X5 TO ROLL OUT COMPUTER VISION TECHNOLOGY

Moscow, 6 June 2018 – X5 Retail Group ("X5" or the "Company"), a leading Russian food retailer (LSE and MOEX ticker: FIVE), has tested video analytics and computer vision technology based on neural networks and AI. The technology contributes to a tenfold increase in the speed of the planogram control process, while also reducing the number of people leaving stores without a purchase by 10% and shrinkage levels by 20%. The technology can be leveraged to boost sales, especially when deployed in real time.

Testing revealed that video analytics add most value to X5 stores when used to control layout and availability of products on shelves, monitor queue length and prevent store thefts, so the Company will focus on these application areas.

Intelligence Retail, a solution developed by the company of the same name that is a resident at the Skolkovo Foundation's IT cluster, scored a 93.7% accuracy rate for on-shelf product recognition. It was tested in five Perekrestok stores in the Moscow Region, notifying employees of empty shelves and the need to replenish the products. During the pilot stage, the technology expanded its recognition capabilities to some 1,500 products. A similar technology was tested at the Pyaterochka chain. Photo and video control over the layout proved efficient, boosting sales of target products.

Video analytics also help to improve the quality of checkout services. Technology for counting the number of customers in a queue is now being rolled out at Karusel hypermarkets and tested in 20 Perekrestok stores in Moscow. When there are more than five people in a queue, store management gets notified of the need to open an additional checkout lane.

This year, X5 plans to scale pilot testing of selected technologies to dozens of stores and integrate computer vision into its business processes and IT systems. The Company estimates that about 60% of its stores can greatly benefit from available video analytics and computer vision tools.

Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – 'BB', Moody's – 'Ba2', S&P – 'BB', RAEX - 'ruAA') is a leading Russian food retailer. The Company operates several retail formats: the chain of proximity stores under the Pyaterochka brand, the supermarket chain under the Perekrestok brand, the hypermarket chain under the Karusel brand and Express convenience stores under various brands.

As of 31 March 2018, X5 had 12,701 Company-operated stores. It has the leading market position in both Moscow and St Petersburg and a significant presence in the European part of Russia. Its store base includes 11,797 Pyaterochka proximity stores, 674 Perekrestok supermarkets, 92 Karusel hypermarkets and 138 convenience stores. The Company operates 39 DCs and 3,038 Company-owned trucks across the Russian Federation.

For the full year 2017, revenue totalled RUB 1,295,008 mln (USD 22,193 mln), Adjusted EBITDA reached RUB 99,131 mln (USD 1,699 mln), and adjusted net profit for the period amounted to RUB 33,768 mln (USD 579 mln). In Q1 2018, revenue totalled RUB 351,518 mln (USD 6,180 mln), adjusted EBITDA reached RUB 22,234 mln (USD 391 mln), and net profit amounted to RUB 5,628 mln (USD 99 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.06%, treasury shares – 0.01%, Shareholders with less than 3% – 40.63%.

Forward looking statements:

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "expected", "plan", "goal", "believe", or other words of similar meaning.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond X5 Retail Group N.V.'s control. As a result, actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements.

Any forward-looking statements made by or on behalf of X5 Retail Group N.V. speak only as of the date of this announcement. Save as required by any applicable laws or regulations, X5 Retail Group N.V. undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

Elements of this press release contain or may contain inside information about X5 Retail Group N.V. within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).

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