

## **X5 OPENS LAB STORE TO BOOST EFFICIENCY OF INNOVATION PIPELINE**

**Moscow, 10 October 2018** – X5 Retail Group (“X5” or the “Company”), a leading Russian food retailer (LSE and MOEX ticker: FIVE), has launched a lab store in order to fast-track testing of new technologies.

Located in Moscow’s Central administrative district, the lab shares a building with a Pyaterochka store. *“We have created a lab store to search for the best technical solutions in a quick and effective way. It is equipped with everything necessary for lab engineers to take innovations from shed to shelf right then and there. The actual store serves as a platform for checking new technologies’ compatibility with the IT landscape of X5 and assessing customer experience. This is very important because we place customer convenience above all else. If a technology works out in the lab, it easily moves on for pilot testing, which is the next step in evaluating new solutions,”* said Fabricio Granja, X5 Retail Group’s Chief Information Officer.

Right now, engineers are conducting in-store trials of electronic shelf labelling, video analytics, smart shelves and digital information panels, as well as self-scanning and self-checkout scenarios.

Once tested in the lab store, the new technologies will be piloted in Pyaterochka, Perekrestok and Karusel stores, which is when X5 experts will assess their viability and their impact on sales and costs. Based on the outcome of the pilot stage, a decision will be made about whether to roll out a new technology to the rest of a retail format’s stores.

*“There are currently over 500 start-ups going through assessment and preliminary review in X5’s innovation pipeline. Most new technologies need to be checked for proper performance and compatibility with our IT landscape. The lab store makes it possible to quickly arrange a trial for any new concept, which will boost the number of tests and speed up the flow of ideas through the pipeline,”* said Vadim Kapustin, X5’s Strategic Marketing and Planning Director, at the opening of the lab.

**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 30 June 2018, X5 had 13,178 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 12,314 Pyaterochka proximity stores, 691 Perekrestok supermarkets, 93 Karusel hypermarkets and 80 convenience stores. The Company operates 40 DCs and 2,983 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 H1 2018, revenue totalled RUB 734,077 mln (USD 12,368 mln), adjusted EBITDA reached RUB 51,697 mln (USD 871 mln), and net profit amounted to RUB 14,313 mln (USD 241 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% – 40.64%.

**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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