

PYATEROCHKA TO RECYCLE UNSOLD FOOD

Moscow, 07 November 2019 – X5 Retail Group ("X5" or the "Company"), a leading Russian food retailer (LSE and MOEX ticker: "FIVE"), announces an initiative launched by its Pyaterochka proximity stores to transfer unsold food and merchandise that has become unsaleable before the expiry date for recycling into animal feed. The chain plans to roll out this initiative across all its stores by April 2020, with ca. 70% of such items to be sent for processing.

The decision was made following a 10-month pilot project covering nearly all the regions where Pyaterochka operates. As part of the pilot, the chain was able to increase the volume of food sent for recycling to 2.5 kt a month, which is up to 30% of the potential waste from over 5,000 stores.

For this purpose, Pyaterochka launched a new business process for sorting, packing and sending a portion of unsold stocks to the project partners on a daily basis. The partners are ten companies from across Russia that collect fruit, vegetables, pastry and groceries that have become deformed and unsaleable before the expiry date, to turn them into animal feed.

As an active supporter of sustainable resource use, X5 is committed to waste minimisation. This is achieved, among other things, through more accurate inventory planning, which includes big data-driven demand modelling along with more frequent product deliveries, better adaptation of the product mix to customer needs and smaller MOQs negotiated from suppliers. On top of that, Pyaterochka labels and gives a discount of some 20–40% for close to expiry items.

Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – ‘BB+’, Moody's – ‘Ba1’, 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 and the hypermarket chain under the Karusel brand.

As of 30 September 2019, X5 had 15,752 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 14,850 Pyaterochka proximity stores, 811 Perekrestok supermarkets and 91 Karusel hypermarkets. The Company operates 43 DCs and 4,029 Company-owned trucks across the Russian Federation.

For the full year 2018, revenue totalled RUB 1,532,537 mln (USD 24,439 mln), Adjusted EBITDA reached RUB 109,871 mln (USD 1,752 mln), and net profit for the period amounted to RUB 28,642 mln (USD 457 mln). In 9M 2019, revenue totalled RUB 1,265,130 mln (USD 19,440 mln), adjusted EBITDA reached RUB 95,975 mln (USD 1,475 mln), and net profit amounted to RUB 25,043 mln (USD 385 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.08%, treasury shares – 0.01%, Shareholders with less than 3% – 40.62%.

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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