



INVESTOR PRESENTATION

NOVEMBER 2020

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O'KEY GROUP OVERVIEW

O'KEY GROUP: A LEADING RUSSIAN GROCERY RETAILER



#7

Largest food retailer in Russia

77

Total number of hypermarkets

105

Total number of discounters



Top-3

Retailer by number of hypermarkets

591

Selling space (thn sqm)

+46.6%

Discounters revenue growth, 9M 2020



18

Years of experience on the market

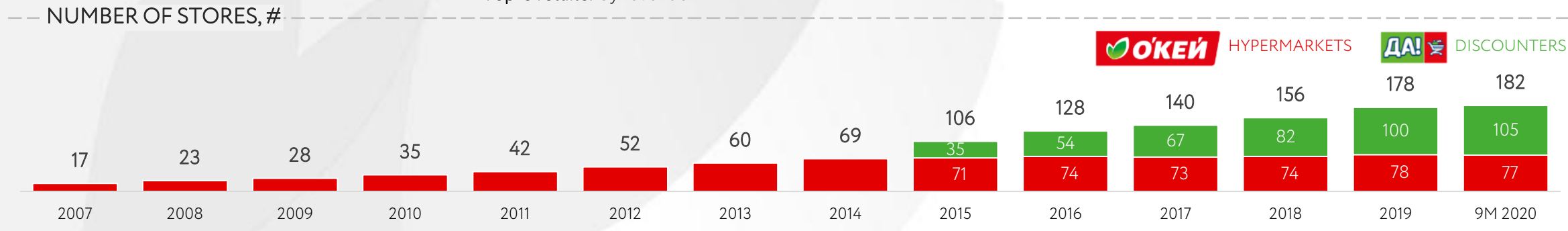
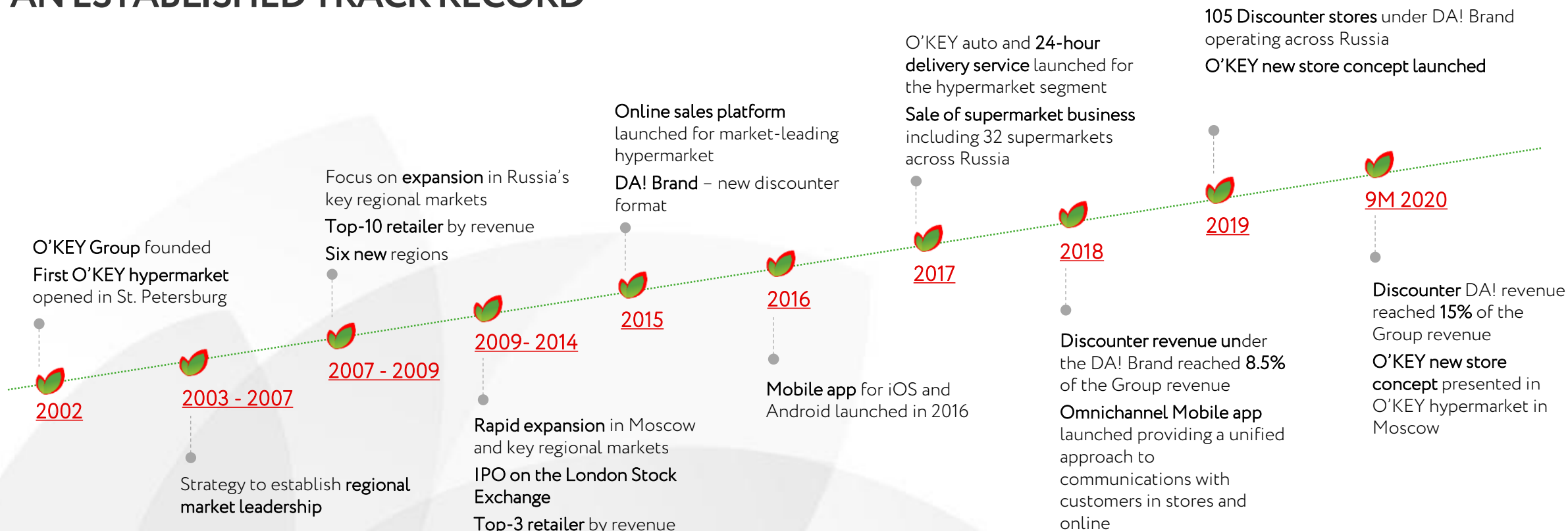
RUB 123.8_{bn}

Group retail revenue, 9M 2020

+5.8%

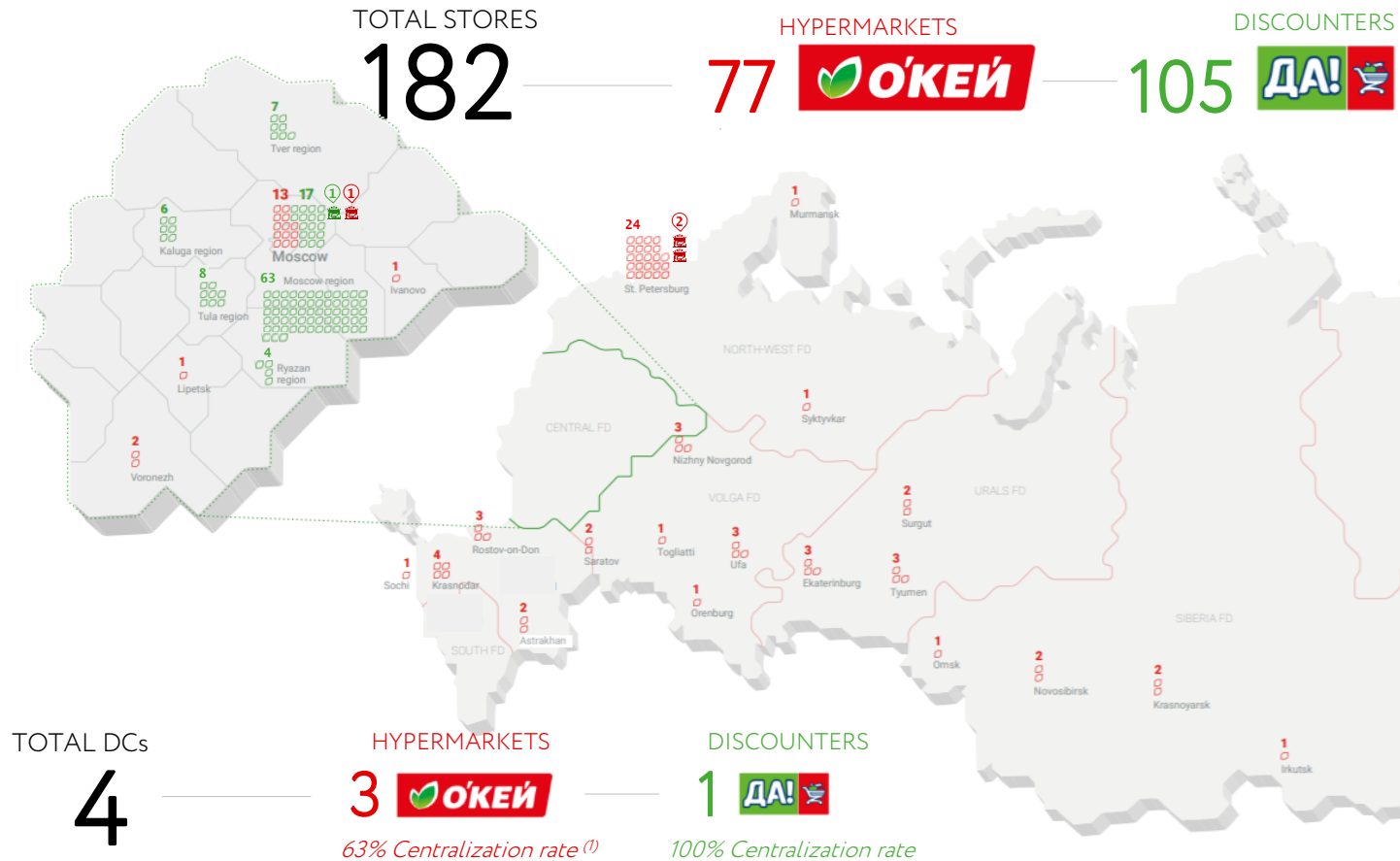
Group LFL revenue growth, 9M 2020

AN ESTABLISHED TRACK RECORD



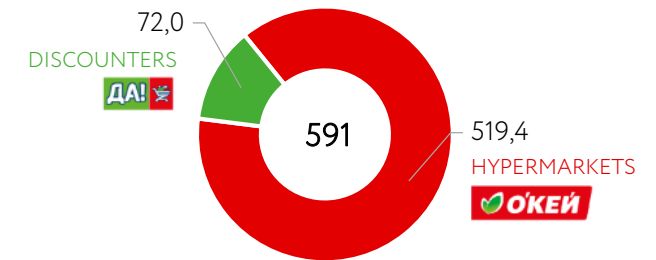
NATIONWIDE PRESENCE WITH FOCUS ON CENTRAL AND NORTH-WEST REGIONS

STORES



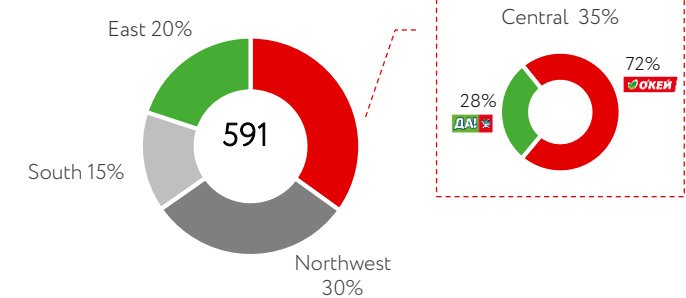
SELLING SPACE BREAKDOWN BY BRAND

sq. m., 9M 2020 eop



SELLING SPACE BREAKDOWN BY REGION

sq. m., 9M 2020 eop



DISTRIBUTION CENTERS

O'KEY hypermarkets DA! discounter O'KEY distribution center DA! distribution center



Notes: ⁽¹⁾ Centralization rate as of 2019; number of stores and DCs as of 30 Sept 2020

COMPETITIVE RETAIL FORMATS COVERING MOST CUSTOMER SEGMENTS AND NEEDS

CITY HYPERMARKETS



DISCOUNTERS



Number of stores
(9M 2020, eop)

77

105



Size of the store
(Average selling space)

6,800 sq. m.

700 sq. m.



Ownership structure
(by selling space, sq. m.)

54%

28%



Net Revenue
(Share in retail revenue, 9M 2020)

RUB 105.0bn / 85%

RUB 18.8bn / 15%



LFL growth
(9M 2020)

+2.8%

+29.6%

DA!: A FAST-GROWING CHAIN OF CLASSIC EUROPEAN DISCOUNTERS



700 sq. m.
Average store selling space

2,800 SKUs
Average product range

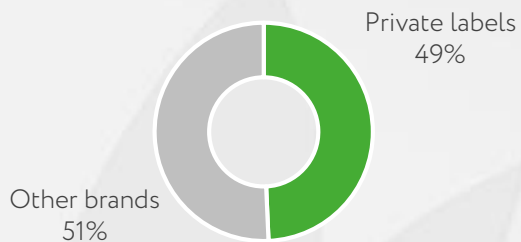


Target audience
Lives within 5 minutes by car/15 min walking distance

Location
Within highly populated residential districts in close proximity to roads

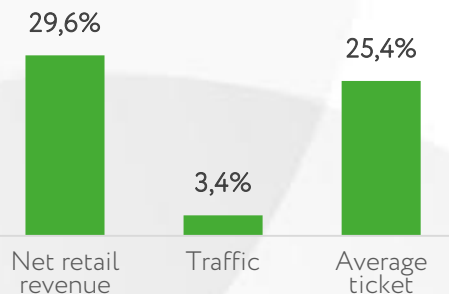
PRIVATE LABELS

Share of private labels in sales, 9M 2020



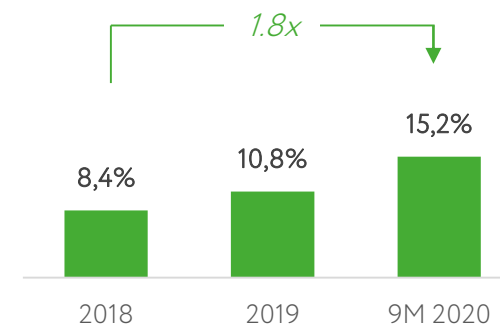
LFL GROWTH

% as of 9M 2020



Share of DA! brand in Group revenue

Share in Net Retail revenue, %



OUR UNIQUE VALUE PROPOSITION

- We carefully select our **private label producers** to ensure the best possible quality
- **50% share of private labels** allows us to offer the best prices to our customers
- **Own logistics** allows us to have a **100% centralization level** with daily deliveries of fresh products to all of our stores
- **Modern design** and **well-trained personnel**
- The **lowest in-store operating costs** due to the low number of SKUs and efficient route planning

O'KEY: MODERN HYPERMARKETS WITH A STRONG CUSTOMER VALUE PROPOSITION



6,800 sq. m.
Average store selling space

30k SKUs
Average product range

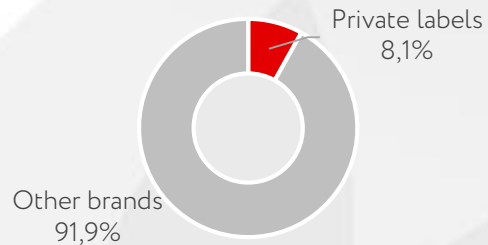
Target audience
People who live within 15 min by car

Location
Near public transportation hubs, close to densely-populated city areas



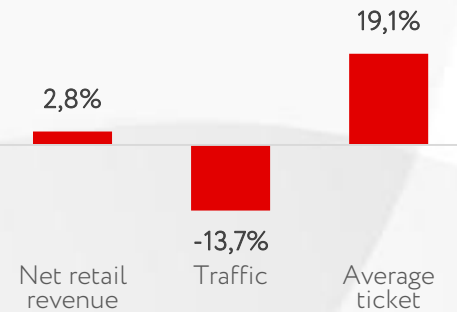
PRIVATE LABELS

Share of private labels in sales, 9M 2020



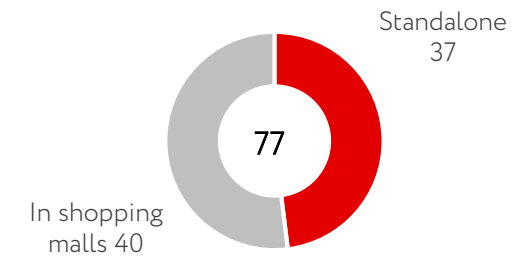
LFL GROWTH

% as of 9M 2020



LOCATION

Number of stores, as of 9M 2020



— OUR UNIQUE VALUE PROPOSITION

- Wide range of **competitively priced, high quality products**, including fresh food, own bakery, delicatessen products and non-food items
- Locations near key traffic intersections**, within easy access to public transportation and/or within highly populated residential district
- Modern shopping environment** with an appealing ambiance
- Family friendly environment** with supervised in-store play areas for children
- Large number of **cash registers** to reduce queues





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O'KEY GROUP OPERATIONAL UPDATE

GROUP COMPETITIVE ADVANTAGES



- ❑ A **strong brand**, well-known in major Russian cities
- ❑ **Two complementing shopping formats**: hypermarkets and discounters, tailored to each customer's everyday needs
- ❑ **Strong e-commerce platform**: one of the leading online grocery stores in Russia
- ❑ **Strong private labels and own products** of high quality at affordable prices, as attested by multiple industry awards
- ❑ Wide selection of **high quality fresh-category products**
- ❑ **Experienced international management team** with unique multi-industry expertise
- ❑ **Highly centralized logistics**: four distribution centres in Moscow and St. Petersburg
- ❑ **Cutting edge IT solutions**

ULTRA-FRESH AND FRESH QUALITY TO DIFFERENTIATE OUR OFFER



STRONG FOCUS ON ULTRA-FRESH AND FRESH PRODUCTS

>40% share of Fresh, Ultra-fresh, Fruits & Veg in sales volumes



- “Ultra Freshness” approach and evening promotions and discounts
- Direct imports of fresh fruits and vegetables
- Around 400 kinds of fresh fruit, vegetables, berries and greens
- “Sit and eat” format to enjoy a hot drink or snack
- The Hot Bread - freshly baked bread three times a day

O'KEY OWN PRODUCTION MEETS DEMAND FOR HIGH QUALITY READY-TO-EAT

OWN PRODUCTION **400** SKUs



THE QUALITY CONTROL SYSTEM FOR OWN PRODUCTION INCLUDES:



Control of raw materials from suppliers during delivery to hypermarkets and storage



Degustation, optical freshness check, shelf-life control



Staff education, hygiene control and process control



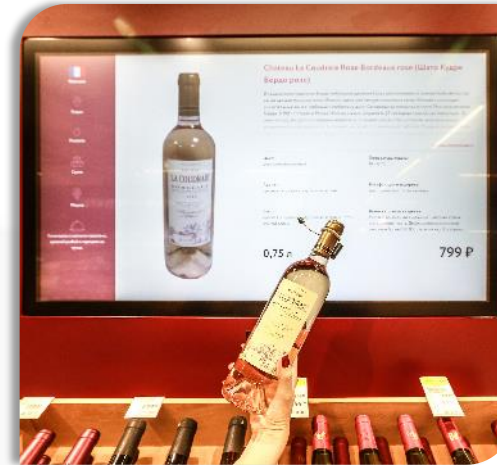
System of quality checks

O'KEY DIGITALISATION FOR PERSONALISED AND ENJOYABLE CUSTOMER EXPERIENCE

MOBILE SELF CHECK-OUT SCANNERS



DIGITAL SOMMELIER



ELECTRONIC PRICE TAGS



- Mobile self-checkout scanners fully integrated with loyalty programme adds **+15%** to average ticket
- Individual offers based on customer's own spending patterns and purchase history during the store visit
- Digital Sommelier designed to show customers detailed information about O'KEY Selection wine

SELF CHECK-OUT ZONES



O'KEY DIFFERENTIATION THROUGH OWN BRAND PORTFOLIO

>2,500 active SKUs

- 85% of products produced by local suppliers
- On average, 20-30% cheaper than branded products of the same quality
- Special quality control programme "Trademark O'KEY – Customers' Guarantee"⁽¹⁾ aids for testing both production facilities as well as samples in independent accredited laboratories
- Dedicated section at the e-commerce website, direct mailing to customer base and advertising campaigns supports sales of our PL products

Extensive variety of private label products



That's what you need!



Entry segment



1,000 SKUs



O'KEY



Medium segment



1,500 SKUs



Selection of O'KEY



Premium segment



>70 SKUs



Other (Baby Island, Farm Collection)



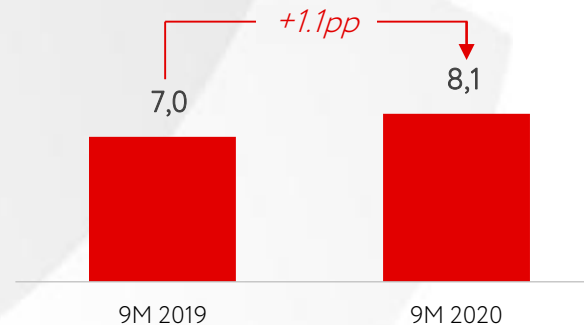
Medium segment



20 SKUs

SHARE IN O'KEY REVENUE

% of net retail revenue



O'KEY IS A PIONEER IN GROCERY E-COMMERCE

- ❑ Launched in 2014, O'KEY was among the **pioneers in Russian e-grocery** and ahead of other Russian public food retailers
- ❑ **Award-winning website and mobile app** providing seamless shopping environment and customer experience
- ❑ Online orders are **fulfilled by the closest hypermarket**
- ❑ **Ongoing mobile app development**, including expansion of services in personal accounts with updated version to be launched by the end of 2020
- ❑ Omnichannel **bonus system launched** to accumulate and spend loyalty points in 2020



+30%
YoY online growth in
9M 2020

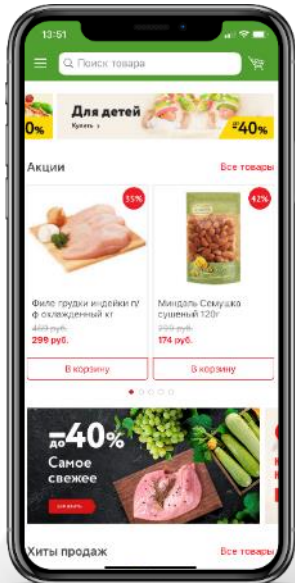
>30k
Available SKUs

45%
Share of online sales via
Mobile App in 3Q 2020



O'KEY'S FUNCTIONAL MOBILE APPLICATION AND FAST HOME DELIVERY

FUNCTIONAL MOBILE APP



O'KEY mobile app allows customers to:



View offline catalogues



Access order and shopping history



Share basket between users



View promotions



Create a loyalty e-card and check bonuses



Use voice assistant



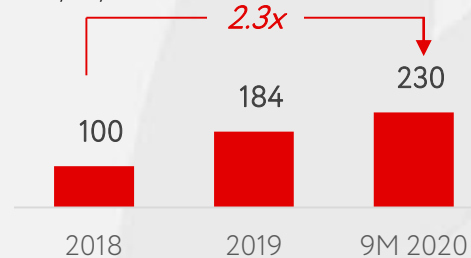
Locate the nearest store



Pay online

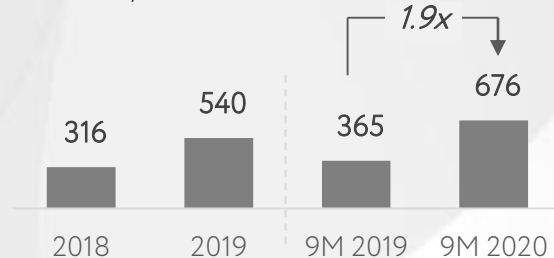
ACTIVE CUSTOMERS

'000 people



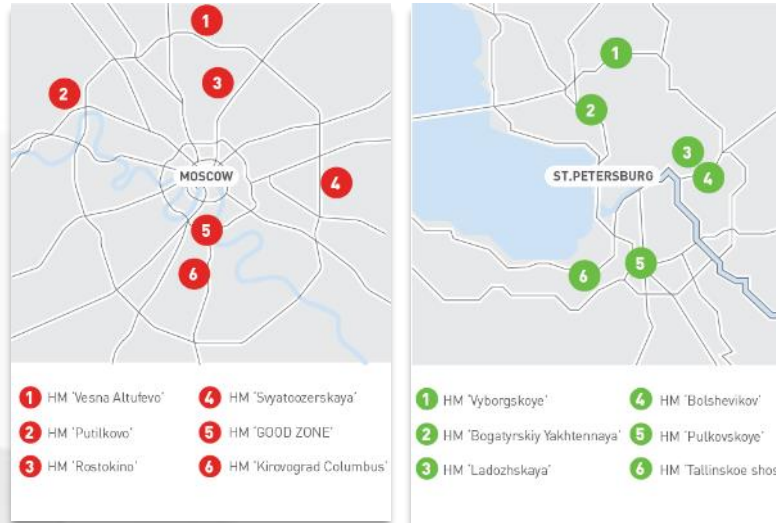
MOBILE APP DOWNLOADS

'000 for the period



ATTRACTIVE REGIONS OF DELIVERY

O'KEY delivery across Moscow region and St. Petersburg...



12

Delivery storehouses

90 mins

"Fast delivery" launched in Q3 2020

25% faster

versus previous express delivery

... as well as delivery in regions in partnership with other operators

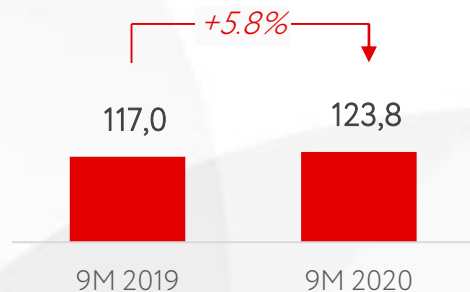
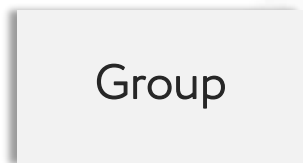
- In Oct 2020, delivery of internet orders in Russia's regions via partnership with Sbermarket delivery operator started. The company also delivers products through igoods service.



9M 2020 GROUP OPERATING HIGHLIGHTS

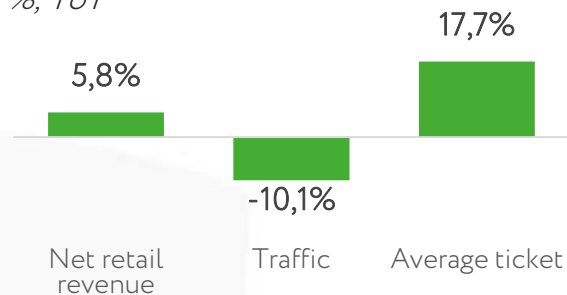
NET RETAIL REVENUE

RUB bn



LFL NET RETAIL REVENUE

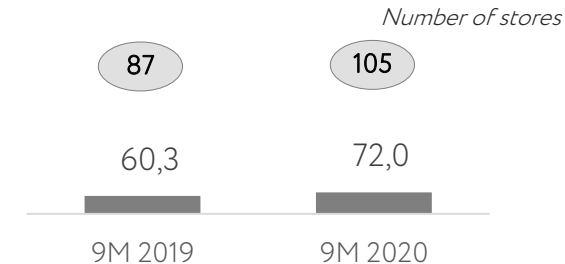
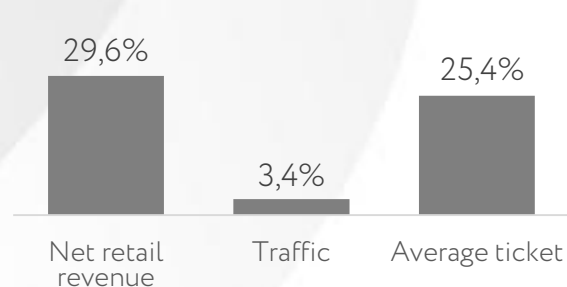
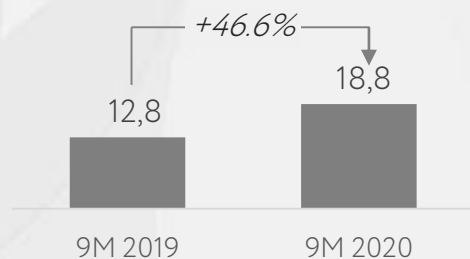
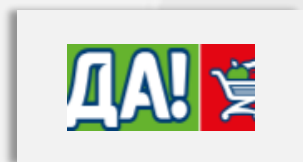
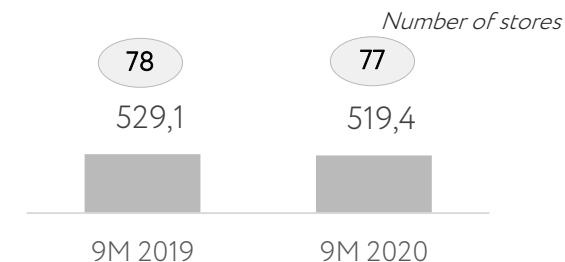
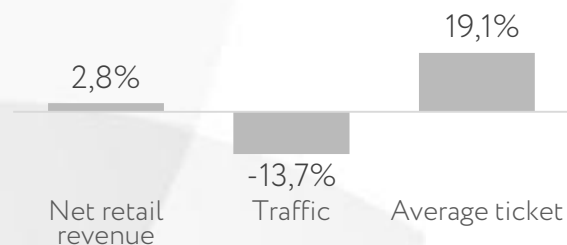
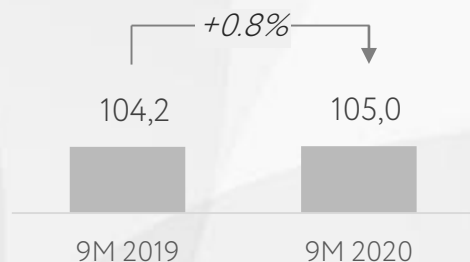
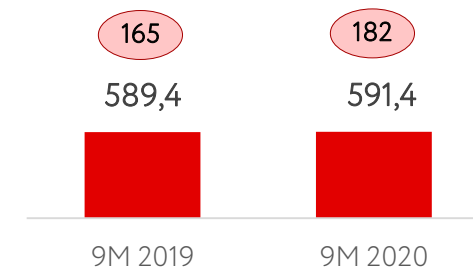
%, YoY



SELLING SPACE

'000 sq. m.

Number of stores





3

O'KEY HYPERMARKETS TRANSFORMATION BASED ON A NEW CONCEPT

NEW O'KEY HYPERMARKET CONCEPT LAUNCHED IN OCTOBER 2020

STRATEGIC RATIONALE

- **Hypermarkets** is a **competitive format** with a growth potential and clear advantages for online retail development
- **Transforming O'KEY hypers based on the new concept** will strengthen our market position and create a foundation for long-term expansion

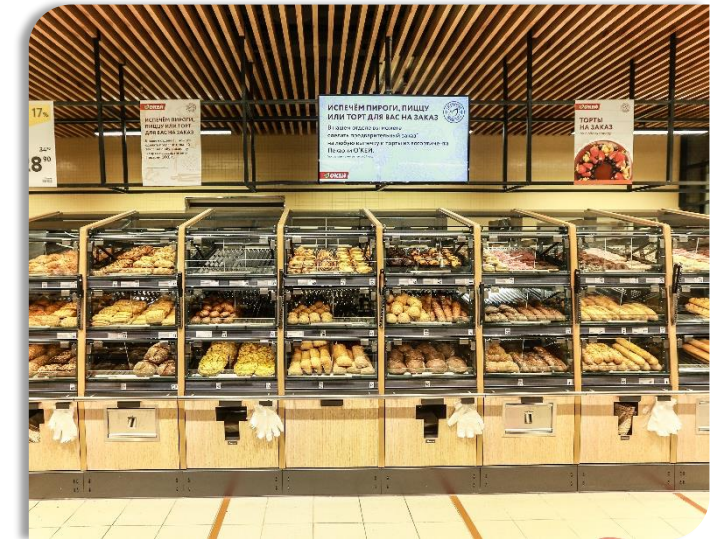
NEW CONCEPT HIGHLIGHTS

- **Improved layouts** and re-imagined approach to product range, while **using** every of **5,500 square meters** as **efficiently** as possible
- **+50%** space allocated **to fresh and ultra fresh** categories as main traffic drivers
- A **comfortable café area** next to the ready-to-eat section
- **Non-food range revitalisation and re-design** of the display, focusing on high-quality items that are most popular with customers



EXCEPTIONALLY STRONG FOCUS ON FRESH & ULTRA-FRESH

- ❑ O'KEY offers around **5,000 items** across **fresh** fish, seafood, poultry, meat, sausages, cheese, steaks, and farm-fresh dairy products
- ❑ **Fresh, ultra fresh products and fruits & vegetables** are important traffic drivers, and found in all of O'KEY stores
- ❑ The **new concept** features **even more impressive** bakery, deli, cheese, sausages, meat and seafood counters



NON-FOOD CATEGORY NEW EFFICIENCY AND ATTRACTIVE LOOK

- New concept has **modern displays**, promo stalls, and new attractive design of **non-food areas**
- Non-food range includes items for home and garden, children's goods, as well as skincare products, make-up, and seasonal goods
- **Optimised selling space** to focus on **increasing sales** per square metre, while also **improving the look and feel** of this section of the store





4

1H 2020 FINANCIAL RESULTS

H1 2020 GROUP FINANCIAL HIGHLIGHTS

REVENUE

RUB bn

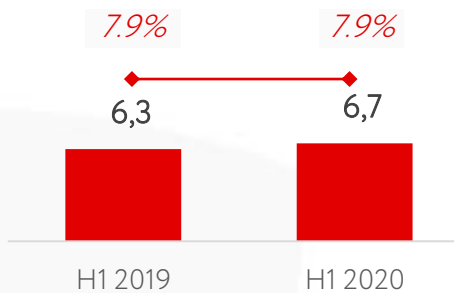
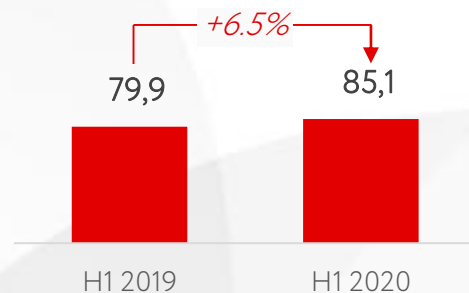
EBITDA

RUB bn

margin, %

HIGHLIGHTS

Group



Group revenue grew by **6.5%** YoY to RUB 85,059 mln

Group gross profit increased by **4.3%** to RUB 19,654 mln

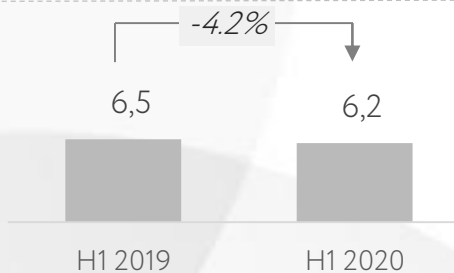
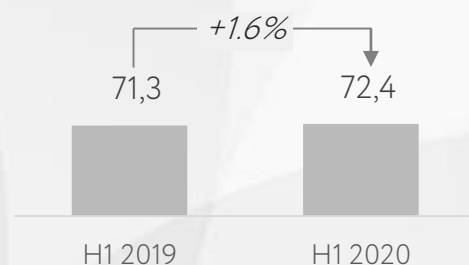
Group EBITDA grew by **5.6%** YoY to RUB 6,698 mln

EBITDA margin stood at **7.9%**

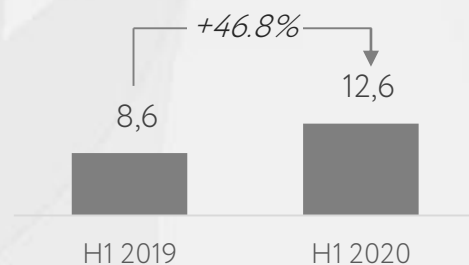
DA! discounters EBITDA improved to positive RUB 459 mln in H1 2020

Net debt was flat YoY at **3.9x** total interest bearing liabilities to EBITDA

О'КЕЙ

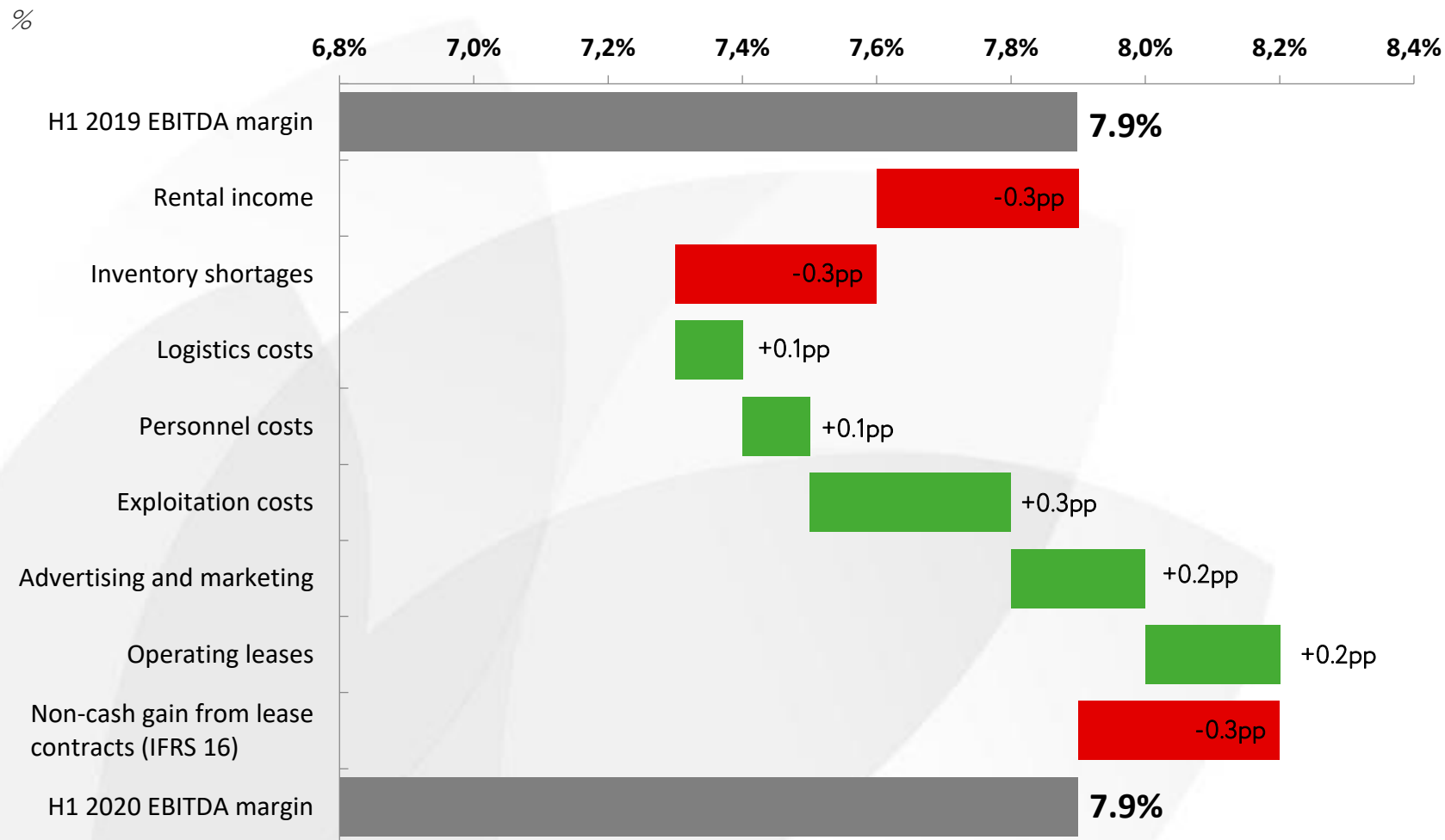


ДА!



GROUP EBITDA MARGIN BRIDGE

EBITDA MARGIN YoY DYNAMICS



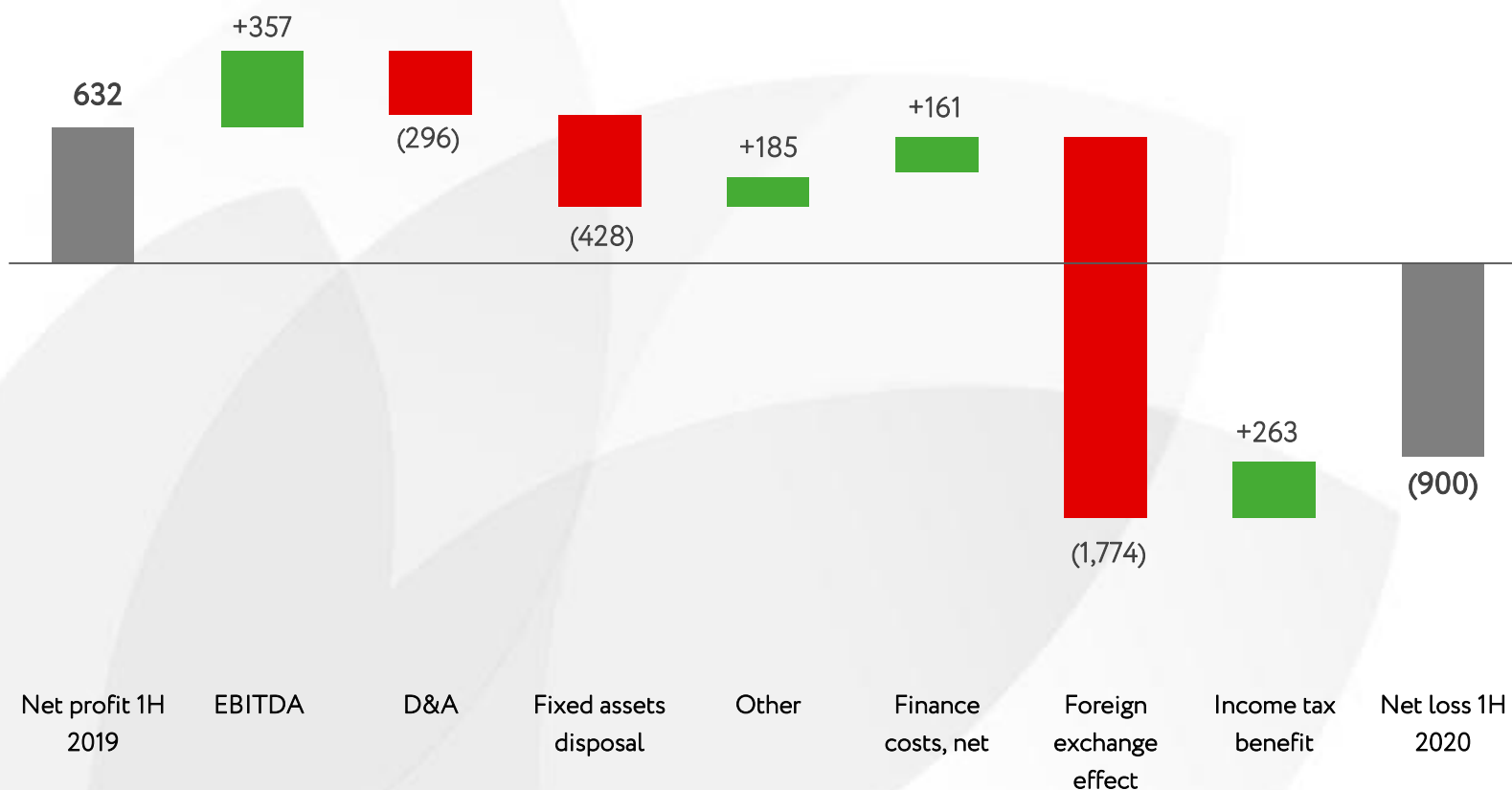
HIGHLIGHTS

- Group EBITDA grew by **5.6%** YoY
- EBITDA margin stood at **7.9%**
- Rental income dropped by **0.3pp** YoY due to lockdown in Q2
- Shrinkage costs went up by **0.3pp** YoY
- Logistics costs and SG&A expenses decreased by **0.9pp** YoY due to cost control and optimisation
- Non-cash gain from lease contract modifications (under IFRS 16) dropped by **0.3pp** (from RUB 315 mln in H1 '19 to RUB 56 mln in H1 '20)

GROUP NET RESULT WAS FULLY ATTRIBUTABLE TO FOREIGN EXCHANGE LOSS IN H1 2020

NET PROFIT&LOSS YoY DYNAMICS

RUB mln



HIGHLIGHTS

- Group **EBITDA** grew by RUB **357** mln YoY
- Finance costs** decreased by RUB **161** mln YoY
- Non cash loss** from **FA disposal** of RUB **360** mln was recognized in H1 2020 vs RUB 68 mln gain in H1 2019
- FX loss** amounted to RUB **1,082** mln in H1 2020 vs RUB 692 mln gain in H1 2019, due mainly to intragroup US-denominated loans and non-current lease liabilities
- Russian rouble** has **weakened**: 1US\$/RUR **+13%**, 1 EUR/RUR **+13.5%** as of 30.06.20 vs 31.12.19
- Group recognized **net loss** of RUB **900** mln in H1 2020, fully attributable to FX loss

GROUP DEBT POSITION WAS STABLE IN H1 2020

HIGHLIGHTS

- In July, 2020 EXPERT RA affirmed O`KEY Group a 'ruA-' rating with a stable outlook
- Net IBL⁽¹⁾ to EBITDA stood flat YoY at 3.9x as of June 30, 2020
- As of June 30, 2020, the Group's weighted average interest rate
- decreased to 8.4% from 8.9% as of June 30, 2019

TOTAL IBL, EoP

RUB mln



NET TOTAL IBL, EoP

	1H 2019	1H 2020
Cash & cash equivalents, RUB mln	4,016	2,181
Net total IBL, RUB mln	56,330	56,535
Net Total IBL/EBITDA LTM	3.9x	3.9x
Available credit lines, RUB mln	13,450	9,900



5

CORPORATE GOVERNANCE

EXPERIENCED MANAGEMENT TEAM WITH STRONG INTERNATIONAL AND RUSSIAN RETAIL EXPERTISE



ARMIN BURGER
CEO of O'KEY

2013-2018: CEO of Da! discounters
2012-2013: CEO and a Member of the Supervisory Board of Praktiker AG
2008-2011: Member of the Super. Board Aldi Süd
1999-2008: CEO Hofer KG, Sattledt, Austria



KONSTANTIN ARABIDIS
Chief Financial Officer

2012-2016: various positions in O'KEY Group
Before 2012: various positions in PWC



IVAN DROPULIC
Commercial Director

2012-2017: Purchasing and Marketing Director, Member of the Board of Kaufland Croatia
2007-2012: Fresh Food Director at Kaufland Croatia
Up to 2007: various positions at Pik Vrbovec and Jamnica



OLGA SURNINA
Marketing Director

2018-2019: JSC Arnest, Marketing Director Russia & CIS
2016-2018: Magnit, Head of Own Production
2013-2016: Nautica, Marketing and PR Director
2010-2013: Nokia International South CIS Branch, Marketing Director



PAVEL LOKSHIN
Chief Operational Officer

2016-2018: CEO of Perekrestok Express
2013-2016: CEO of K-Rauta
2001-2013: various positions in METRO Cash & Carry Russia Co.



ELENA POLOZOVA
Human Resources Director

2013-2015: Senior HR, OKEY
2003-2013: HR Business partner in Magnit



OLGA KUZYAKINA
Real Estate Director

2013-2020: Real estate director in Aton Investment Group
2010-2013: Real estate director in Castorama

HIGH STANDARDS OF CORPORATE GOVERNANCE

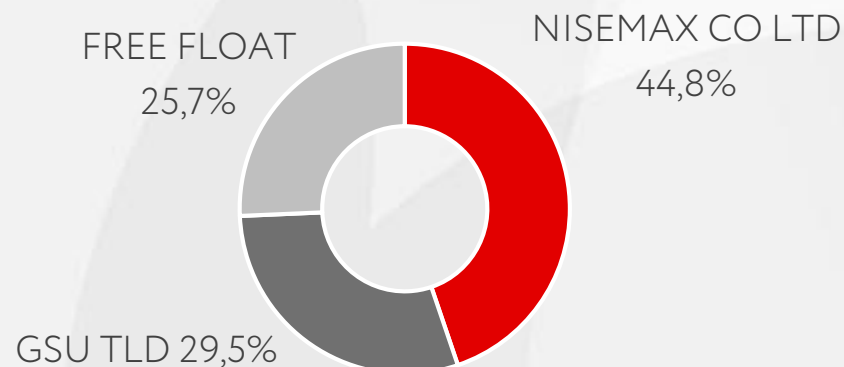
MAJOR SHAREHOLDERS

- Mr. Dmitry Korzhev
- Mr. Dmitry Troitskiy
- Mr. Boris Volchek

BOARD OF DIRECTORS

- □ HEIGO KERA
Group Chairman, Member of the Audit Committee, Chair of the Remuneration Committee
- DMITRIY TROITSKIY
Member of the Board of Directors, Non-Executive Director
- □ BORIS VOLCHEK
Caraden Director, Member of the Audit and Remuneration Committee
- DMITRIY KORZHEV
Director, Member of the Audit Committee
- MYKOLA BUINYCKYI
Independent Director, Chair of the Audit Committee

SHAREHOLDER STRUCTURE



□ Member of the Audit Committee □ Member of the Remuneration Committee

SUSTAINABLE DIVIDEND TRACK RECORD

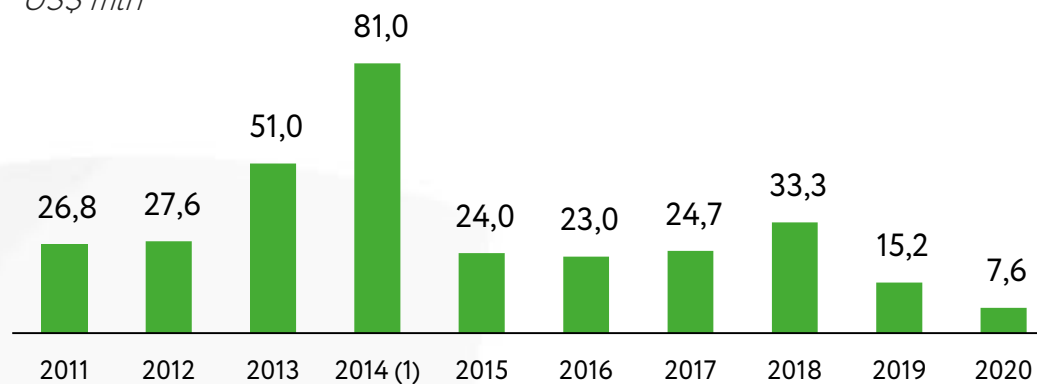
GROUP DIVIDEND POLICY

- Depends on Group's net profit and retained earnings under IFRS
- Target payout – 25% of Group's consolidated net profit
- Frequency of payments per year is not limited, subject to BoD decision

O'KEY Group S.A. GDRs [LSE:OKEY]
 Exchange: London Stock Exchange
 Ratio: 1 DR : 1 ORD
 Depository: BNY Mellon

DIVIDEND PAID

US\$ mln



DIVIDEND YEILD ⁽²⁾

%

