O'KEY

INVESTOR PRESENTATION

H1 2021

DISCLAIMER

THESE MATERIALS CONTAIN STATEMENTS ABOUT FUTURE EVENTS AND EXPECTATIONS THAT ARE FORWARD-LOOKING STATEMENTS. THESE STATEMENTS TYPICALLY CONTAIN WORDS SUCH AS 'EXPECTS' AND 'ANTICIPATES' AND WORDS OF SIMILAR IMPORT. ANY STATEMENT IN THESE MATERIALS THAT IS NOT A STATEMENT OF HISTORICAL FACT IS A FORWARD-LOOKING STATEMENT THAT INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE OUR ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

NONE OF THE FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES OR PROSPECTS IN THIS ANNOUNCEMENT SHOULD BE TAKEN AS FORECASTS OR PROMISES NOR SHOULD THEY BE TAKEN AS IMPLYING ANY INDICATION, ASSURANCE OR GUARANTEE THAT THE ASSUMPTIONS ON WHICH SUCH FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES OR PROSPECTS HAVE BEEN PREPARED ARE CORRECT OR EXHAUSTIVE OR, IN THE CASE OF THE ASSUMPTIONS, FULLY STATED IN THIS ANNOUNCEMENT. WE ASSUME NO OBLIGATIONS TO UPDATE THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN TO REFLECT ACTUAL RESULTS, CHANGES IN ASSUMPTIONS OR CHANGES IN FACTORS AFFECTING THESE STATEMENTS.

1

O’KEY GROUP OVERVIEW

O'KEY GROUP AT A GLANCE

18
Years of experience on the market

77
Total number of hypermarkets

122
Total number of discounters

#1
DA! discounter is growth leader in Russian grocery

RUB 174.3bn
Group revenue, 2020

+23.9%
Discounters revenue growth, H1 2021

#3
Retailer by number of hypermarkets in Russia

RUB 14.8bn
Group EBITDA, 2020

+10.2%
Discounters LFL growth, H1 2021

Source: Market position provided by IGD and Infoline, 2020

AN ESTABLISHED TRACK RECORD

2002

O'KEY Group founded

First O'KEY hypermarket opened in St. Petersburg

2003 - 2007

Strategy to establish **regional market leadership**

2007 - 2009

Focus on **expansion** in Russia's key regional markets

Top-10 retailer by revenue

Six new regions

2009- 2014

Rapid expansion in Moscow and key regional markets

IPO on the London Stock Exchange

2015

Online sales platform launched

DA! Brand – new discounter format launched

2016

Mobile app for iOS and Android launched

2017

O'KEY drive-through, and **24-hour delivery service** launched for the hypermarket segment

Sale of supermarket business

2018

Discounter revenue under the DA! Brand reached **8.5%** of the Group revenue

Omnichannel Mobile app launched providing a unified approach to communications with customers in stores and online

2019

100 DA! discounters operating in Russia

2020

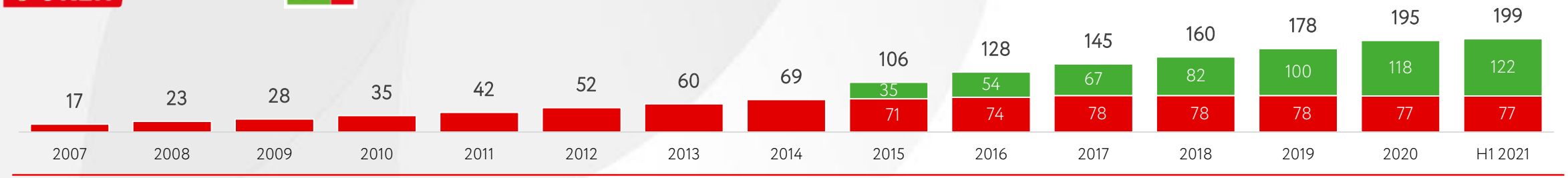
Discounter DA! revenue reached **15%** of the Group revenue

O'KEY new branding and new store concept presented

Listing of GDRs **on MOEX**

NUMBER OF STORES, #

O'KEY HYPERMARKETS ДА! DISCOUNTERS



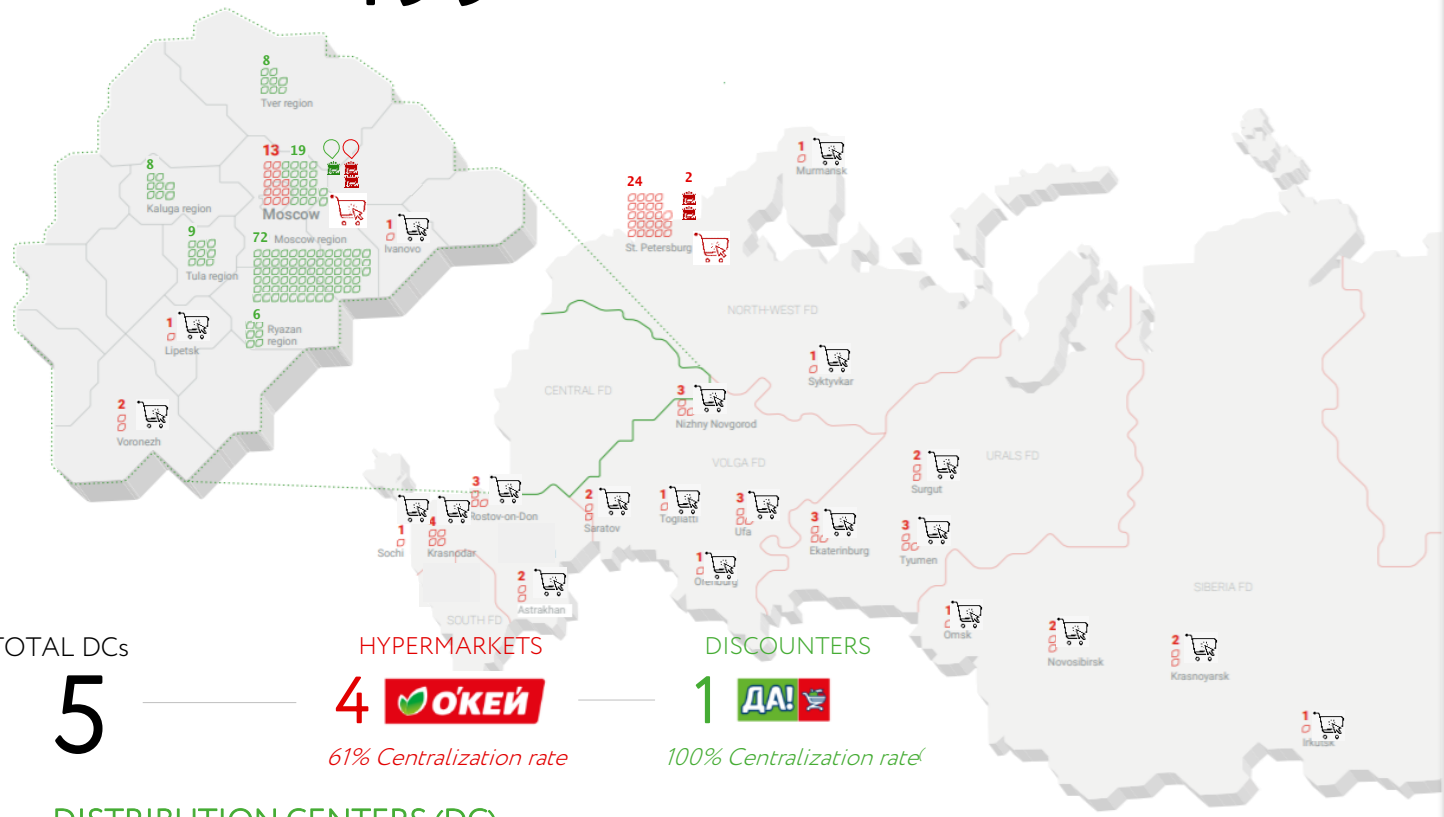
NATIONWIDE PRESENCE WITH FOCUS ON CENTRAL AND NORTH-WEST REGIONS

100% online coverage in cities of presence

TOTAL STORES **199**

HYPERMARKETS **77** О'КЕЙ

DISCOUNTERS **122** ДА!



TOTAL DCs **5**

HYPERMARKETS **4** О'КЕЙ

61% Centralization rate

DISCOUNTERS **1** ДА!

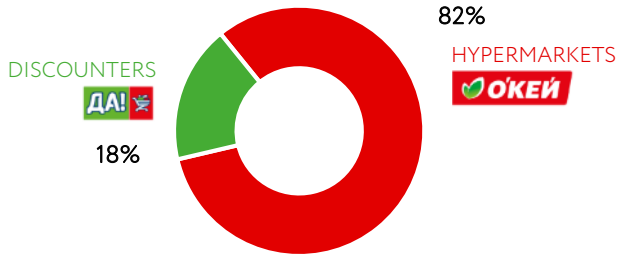
100% Centralization rate

DISTRIBUTION CENTERS (DC)

O'KEY online delivery | *Online delivery via partners* | *O'KEY hypermarket* | *DA! discounter* | *O'KEY DC* | *DA! DC*

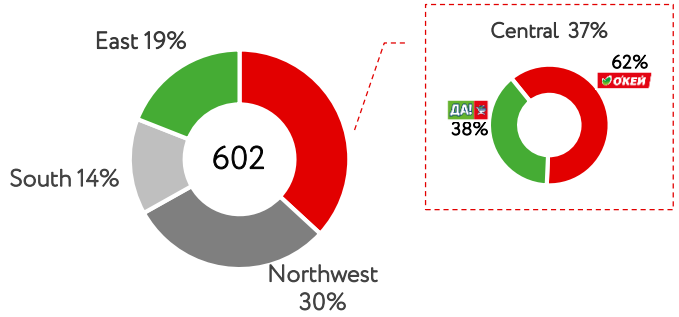
RETAIL REVENUE BREAKDOWN BY FORMAT

RUB bln, H1 2021



SELLING SPACE BREAKDOWN BY REGION

'000 sq. m., H1 2021



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

6,800 sq. m.
Average store selling space

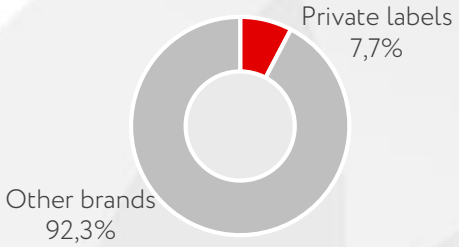
30k SKUs
Average product range

Target audience
People who live within 15 min by car

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

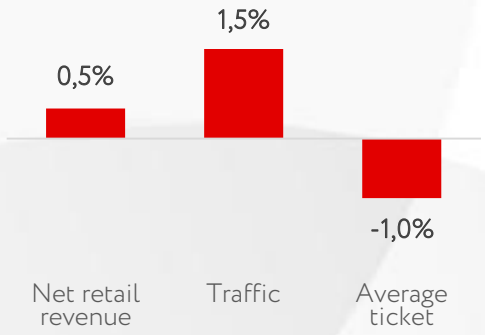
PRIVATE LABELS

Share of private labels in sales, H 1 2021



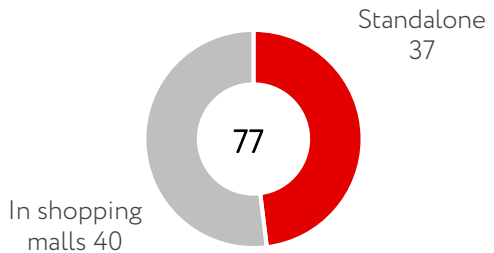
NET RETAIL REVENUE

%, y-o-y in H1 2021



LOCATION

Number of stores, as of H1 2021



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
- **Omnichannel bonus system** to accumulate and spend loyalty points
- Large number of **cash registers, self-scanning** and **self-checkout**

O'KEY FRESH AND ULTRA FRESH PROPOSITION AS A COMPETITIVE ADVANAGE

STRONG FOCUS ON ULTRA-FRESH AND FRESH PRODUCTS

- >50% share of fresh, ultra-fresh, fruits & veg in O'KEY sales volumes
- Fresh, ultra fresh products and fruits & vegetables are important traffic drivers for O'KEY stores
- All O'KEY stores offer around 5,000 items across fresh fish, seafood, poultry, meat, sausages, cheese, steaks, and farm-fresh dairy products
- Direct imports of fresh fruits and vegetables
- Around 400 kinds of fresh fruit, vegetables, berries and greens
- The Hot Bread – freshly baked bread three times a day

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

DA!: FAST-GROWING CLASSIC EUROPEAN DISCOUNTERS

700 sq. m.
Average store selling space

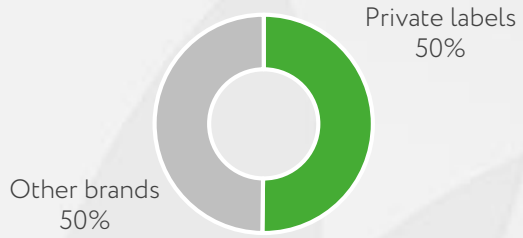
2,800 SKUs
Average product range

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

Location
Within highly populated residential areas with easy road access

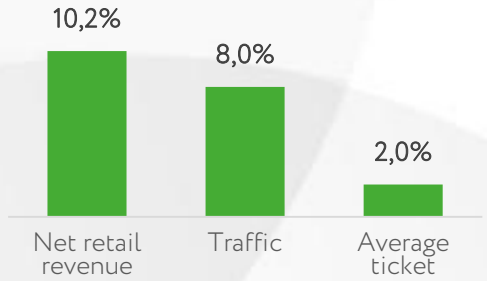
PRIVATE LABELS

Share of private labels in sales, H1 2021



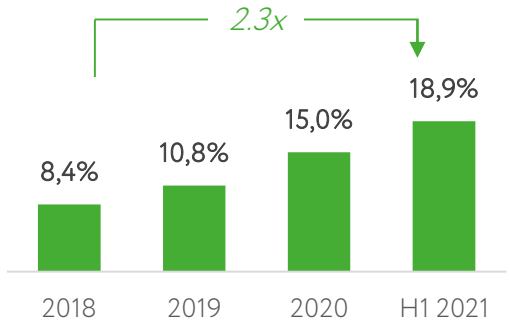
LFL GROWTH

%, as of H1 2021



Share of DA! brand in Group revenue

Share in Net Retail revenue, %



OUR UNIQUE VALUE PROPOSITION

- Carefully selected products and own brand producers to ensure the best possible quality
- Tailor-made own brands and packaging designed by DA! under different brand names
- 50% share of own brands to offer best price to the customer – every day low prices
- Own logistics and 100% centralization level with daily deliveries of fresh products to all of the stores
- Low operating costs due to cost-optimizing procedures, efficient processes and low number of SKUs
- Modern design and well-trained personnel, fast check-out

DA! EXCLUSIVE OWN BRAND EXPERTISE

>1,000 active SKUs

- Exclusive own brands portfolio accounting for 50% of sales
- On average, 20-30% cheaper than branded products of the same quality
- Positioned against A-brands in each product category
- Long-term mutually beneficial collaboration with producers
- Participation in all the stages of production: selection of suppliers, quality control and production audit, eco-friendly and high-quality packaging design

Exclusive own brands to guarantee the best quality at the lowest possible price

FRESH QUALITY TO DIFFERENTIATE OUR OFFER AT DA!

- >40% share of fresh in DA! sales
- Daily delivery of fruits and vegetables to all DA! stores
- Direct imports of fresh fruits and vegetables
- A wide range of dairy and meat produce
- >40 items of freshly baked pastries

O'KEY IS A TOP-10 PLAYER IN GROCERY E-COMMERCE

- Russian-wide network with own delivery service in key cities of Moscow and St-Petersburg
- Online orders are fulfilled by the closest hypermarket
- Ongoing mobile app development, including multiple services in personal accounts with updated version launched in 2020
- Omnichannel bonus system launched to accumulate and spend loyalty points in 2020
- Focus on both growth and profitability of e-com business

CONSUMER CHOICES FOR ORDER COLLECTION

HOME DELIVERY

PICK UP POINTS

DRIVE THROUGH

+62.6%
YoY total online growth in H1 2021

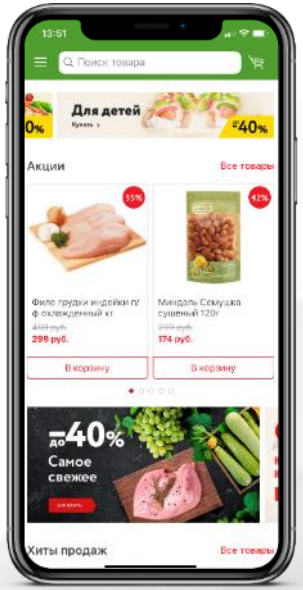
>30k
Available SKUs

2.8%
Total online share of O'Key revenue in H1 2021

54%
Share of online sales via mobile app in Q2 2021

O`KEY HAS A FUNCTIONAL MOBILE APPLICATION AND FAST HOME DELIVERY

FUNCTIONAL MOBILE APP

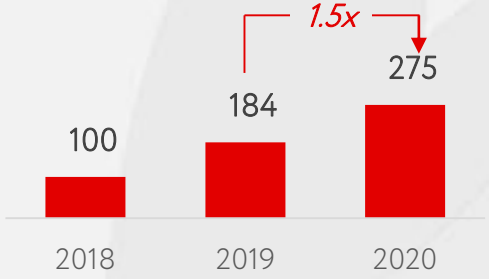


O'KEY mobile app allows customers to:

- 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

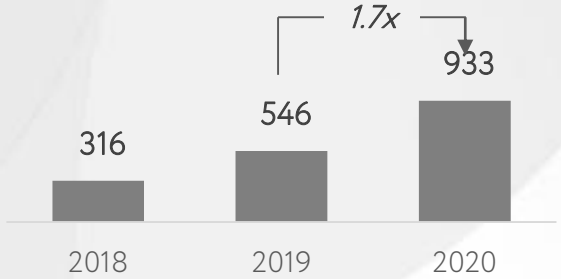
ACTIVE CUSTOMERS

'000 people



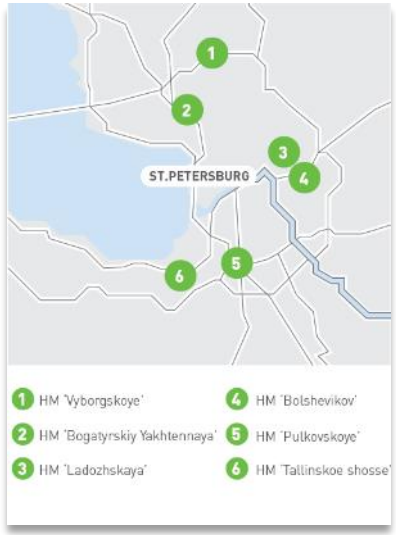
MOBILE APP DOWNLOADS

'000 for the period



ATTRACTIVE REGIONS OF DELIVERY

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



13
Delivery storehouses

90 mins
"Fast delivery" launched in 2020

RUB 2,900
Average ticket for express delivery in H1 2021

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

- Since 2020, the company covers all regions of its presence via partnership with delivery operators
- The company sees great potential and continues to invest in own e-comm business focusing on Moscow and St.-Petersburg as key cities of its operations

Source: Company data, 2020 - H1 2021

2

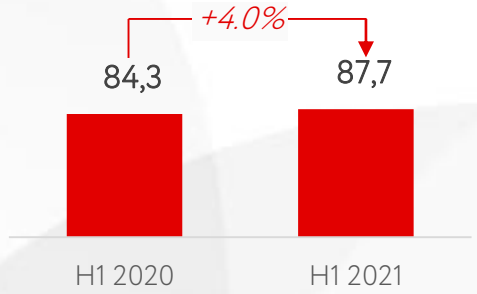
H1 2021 OPERATIONAL & FINANCIAL RESULTS

H1 2021 GROUP OPERATING HIGHLIGHTS

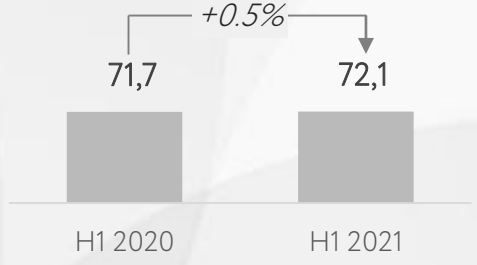
NET RETAIL REVENUE

RUB bn

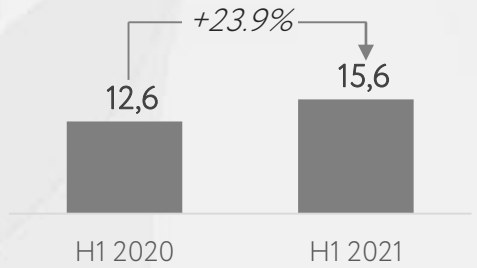
Group



О'КЕЙ

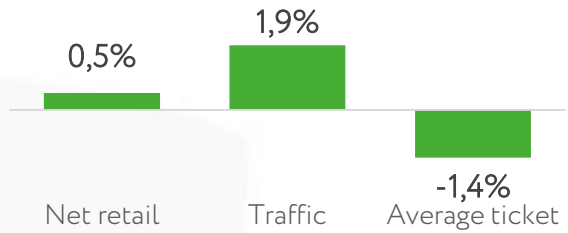


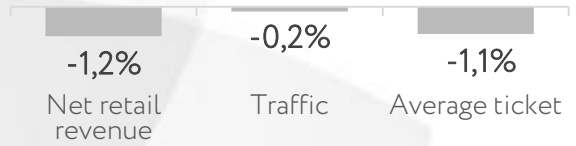
ДА!

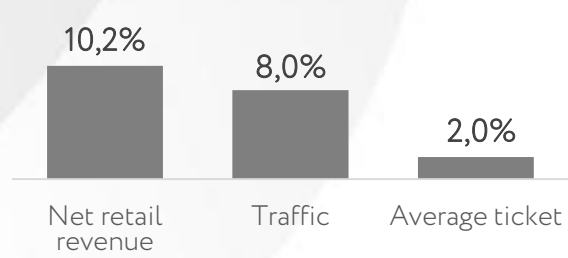


LFL NET RETAIL REVENUE

%, YoY



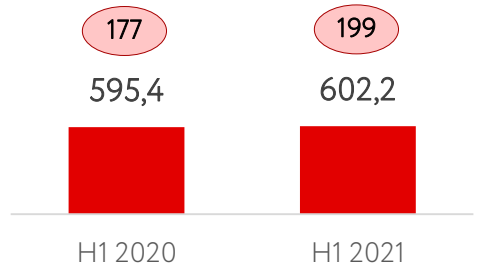




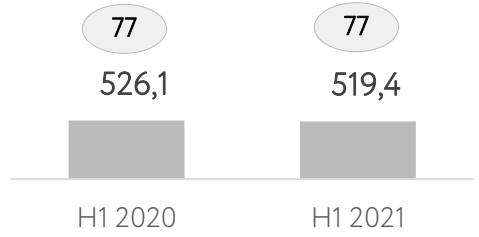
SELLING SPACE

'000 sq. m.

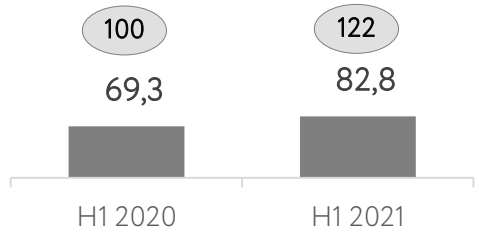
Number of stores



Number of stores



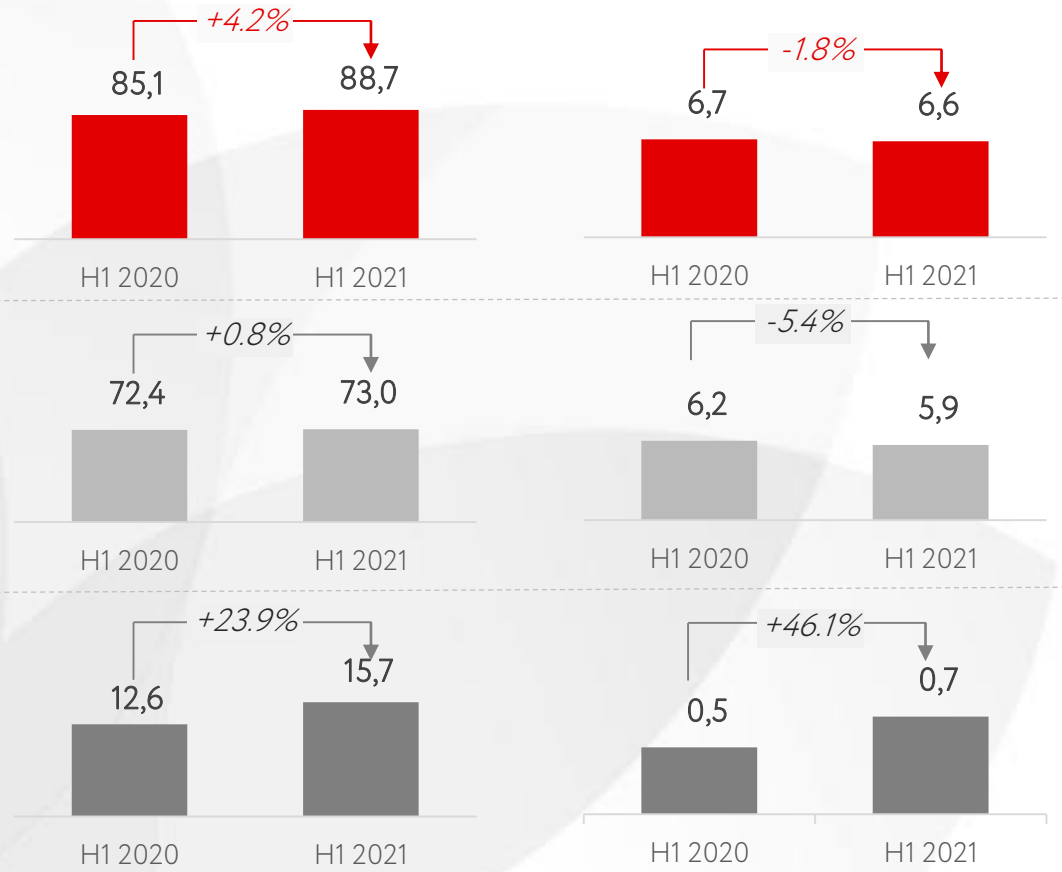
Number of stores



H1 2021 GROUP FINANCIAL HIGHLIGHTS

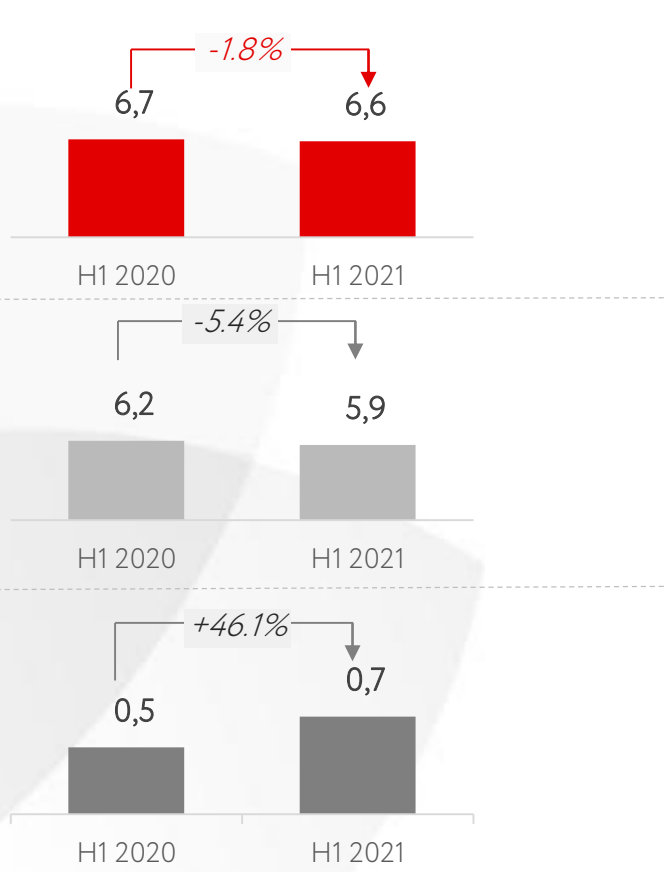
REVENUE

RUB bn



EBITDA

RUB bn



H1 2021 HIGHLIGHTS

- **Group revenue** grew by 4.2% YoY to RUB **88,662** mln
- **Group gross profit** increased by 2.6% to RUB **19,486** mln
- **Group gross margin amounted to** 22.0%
- **Group EBITDA** amounted to RUB 6,575 mln
- **Group EBITDA margin** stood at 7.4%
- **DA!** discounters **EBITDA** rose by 46.1% YoY to RUB 671 mln
- **Group** reported **net profit** of RUB 152 mln

GROUP EBITDA MARGIN REFLECTS TRANSPORTATION AND SALARY COSTS RISES

EBITDA MARGIN DYNAMICS YoY

% of revenue

H1 2021 HIGHLIGHTS

- **EBITDA margin** stood at 7.4% in H1 2021:
- **Gross margin** dropped by 0.3 pp YoY due mainly to transportation costs inflation, offset partially by stronger commercial margins and rental income
- **Personnel** costs grew by 0.1pp YoY mainly on the back of salary indexation at the hypermarkets
- **Marketing** costs decreased by 0.1pp YoY led mainly by advertising mix optimization towards digital media
- **Operating leases** increased by 0.2pp YoY from low comparable base of last year when the company temporarily re-negotiated rental terms during the pandemic related lockdown in H1 2020
- **Other costs** declined by 0.1pp YoY, mainly due to a decrease in operational taxes

3

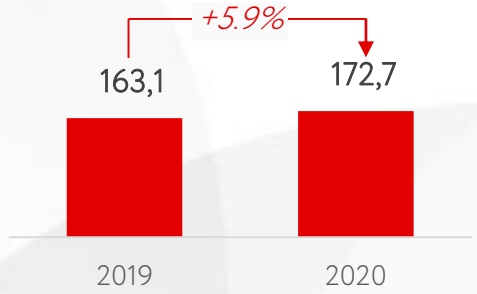
FY 2020 OPERATIONAL & FINANCIAL RESULTS

FY 2020 GROUP OPERATING HIGHLIGHTS

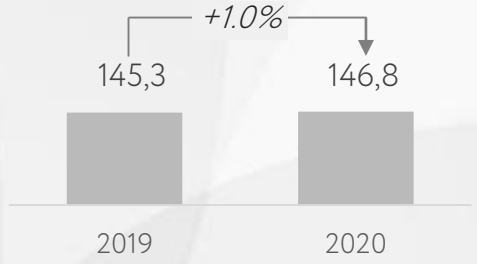
NET RETAIL REVENUE

RUB bn

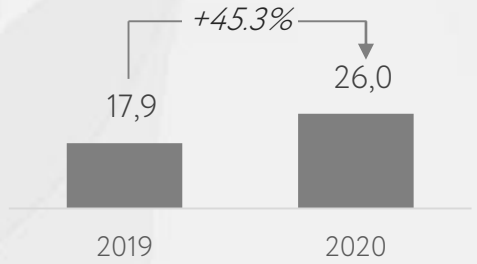
Group



О'КЕЙ

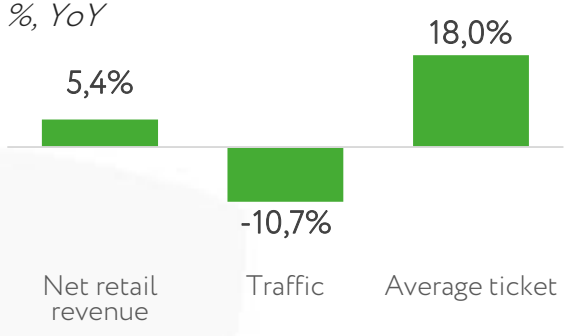


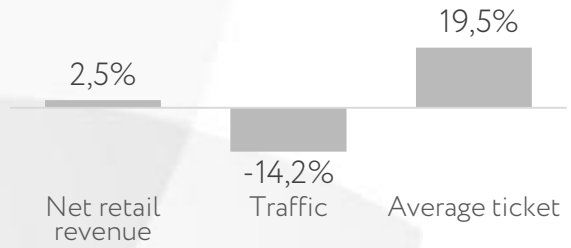
ДА!

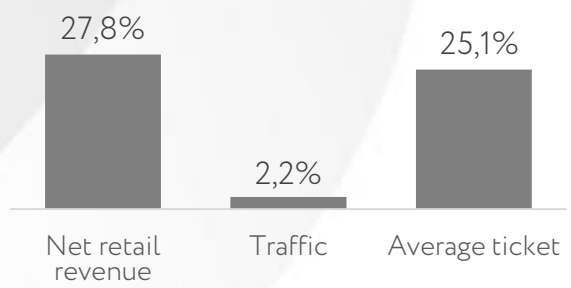


LFL NET RETAIL REVENUE

%, YoY

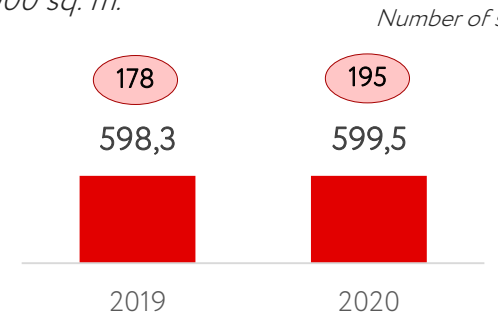


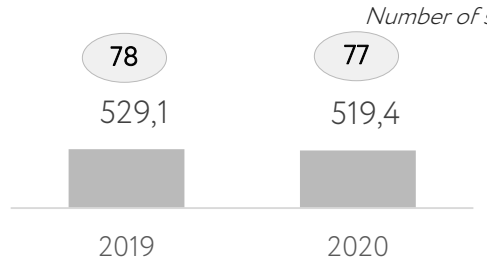


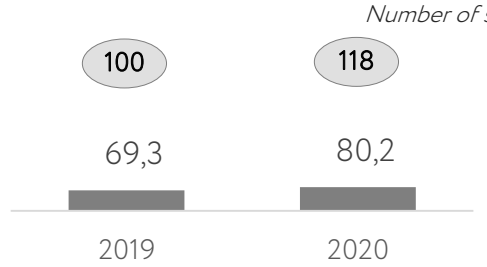


SELLING SPACE

'000 sq. m.

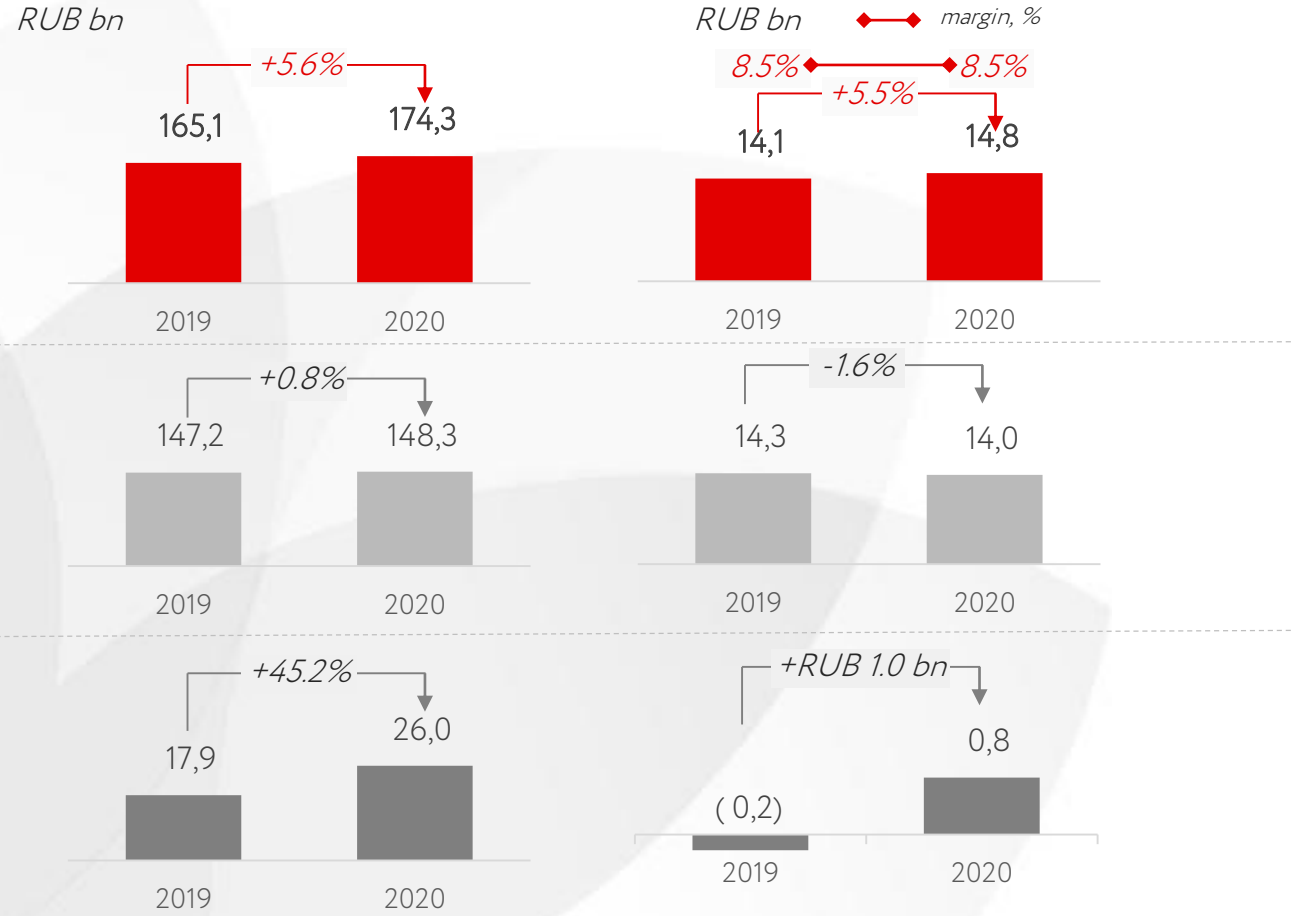






FY 2020 GROUP FINANCIAL HIGHLIGHTS

REVENUE



EBITDA

HIGHLIGHTS

- **Group revenue** grew by 5.6% YoY to RUB **174,341** mln
- **Group gross profit** increased by 5.4% to RUB 39,288 mln
- **Group EBITDA** grew by 5.5% YoY to RUB **14,832** mln
- **EBITDA margin** stood at 8.5%
- **DA!** discounters **EBITDA** improved from negative RUB 215 mln to positive RUB 784 mln in FY 2020
- **Net debt** decreased slightly YoY to 3.6x total interest bearing liabilities (net of cash) to EBITDA

4

CORPORATE GOVERNANCE

INVESTMENT HIGHLIGHTS

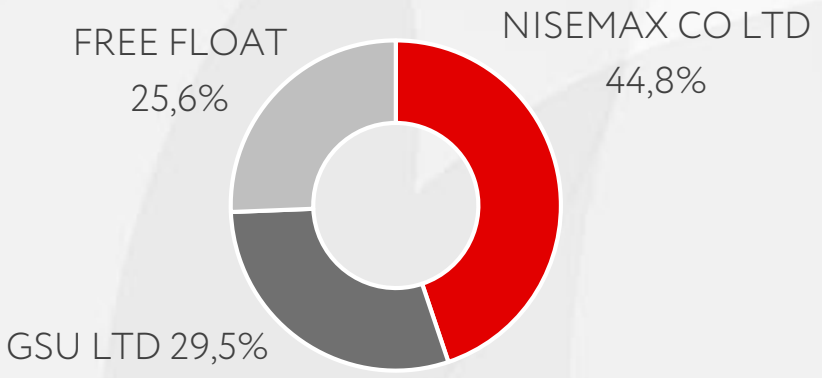
- **Flexible business model based on two competitive shopping formats and an e-commerce platform**, covering all customer segments and needs
- **O'KEY: strong brand and market positioning** in major Russian cities
  DA! discounters: one of the fastest growing grocery chains in the market
- **Top-10 e-grocery retailers with e-commerce** platform in major Russian cities
- **Exceptional expertise in private labels and own production** enables building appealing customer value proposition
- **Highly centralized logistics**: five distribution centres in Moscow and St. Petersburg
- **Focus on cutting-edge IT solutions** and progressive infrastructure
- **Experienced management team** with international retail expertise

HIGH STANDARDS OF CORPORATE GOVERNANCE

MAJOR SHAREHOLDERS

- Mr. Dmitry Korzhev (NISEMAX CO LTD)
- Mr. Dmitry Troitskiy (NISEMAX CO LTD)
- Mr. Boris Volchek (GSU LTD)

SHAREHOLDER STRUCTURE



BOARD OF DIRECTORS

HEIGO KERA,

Group Chairman, Member of the Audit Committee, Chair of the Remuneration Committee

DMITRIY TROITSKIY,

Member of the Remuneration Committee, Non-Executive Director

BORIS VOLCHEK,

Member of the Audit and Remuneration Committees

DMITRIY KORZHEV,

Member of the Audit Committee

MYKOLA BUINYCKYI,

Independent Director, Chair of the Audit Committee

O'KEY STOCK

Exchange	Ticker	Traded since
London Stock Exchange	OKEY	5 Nov 2010
Moscow Exchange, Level 1	OKEY	14 Dec 2020

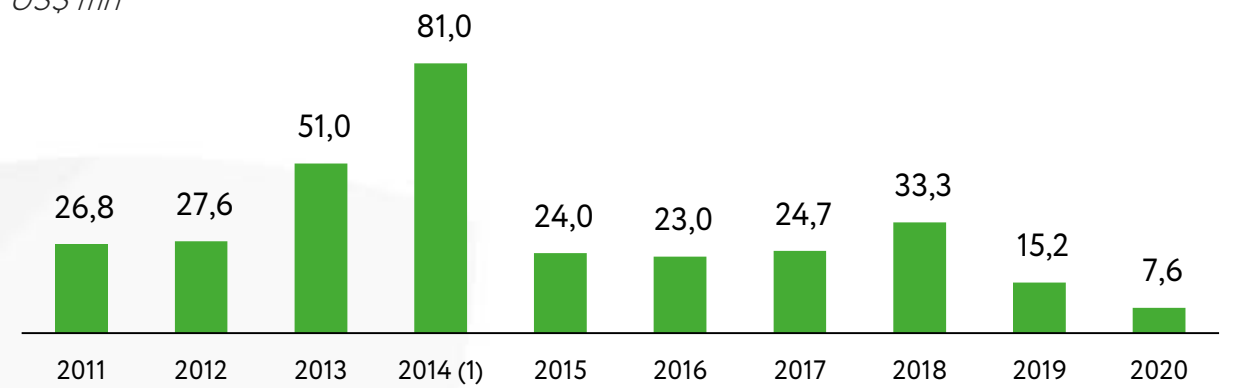
Listing on Moscow Exchange is expected to strengthen O'KEY's positioning, help diversify the Group's shareholder base and increase the liquidity of O`KEY's traded securities.

SUSTAINABLE DIVIDEND TRACK RECORD

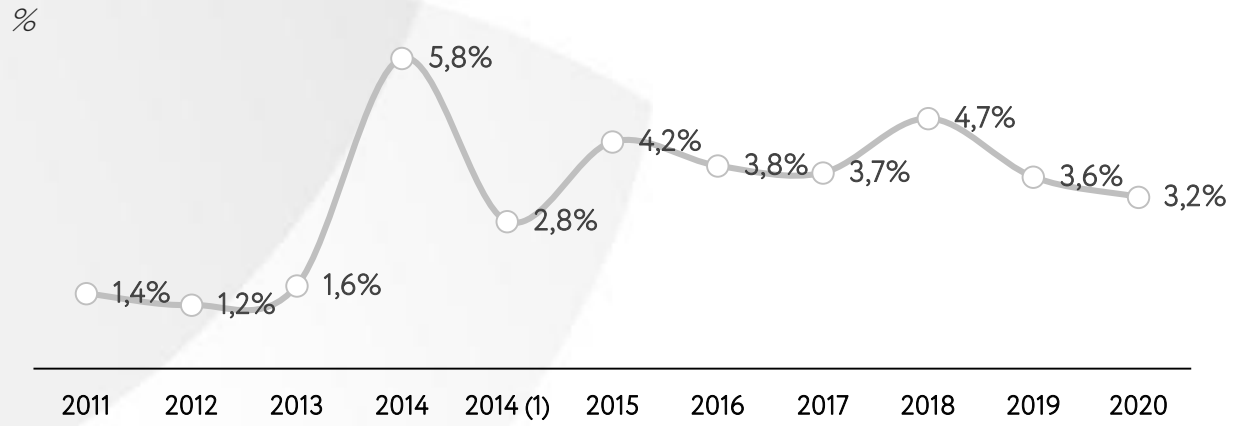
GROUP DIVIDEND POLICY

- Dividend amount depends on business financing needs and general market conditions, and is subject to BoD decision
- Frequency of payments per year is not limited, subject to BoD decision
- Since the Group's IPO on LSE in 2010, the dividends have been paid every year

DIVIDEND PAID



DIVIDEND YIELD (2)



Notes: (1) In 2014, the Group distributed dividends twice; (2) As of the record date.

5

O’KEY HYPERMARKETS TRANSFORMATION BASED ON A NEW CONCEPT

NEW O'KEY HYPERMARKET CONCEPT LAUNCHED IN Q4 2020

STRATEGIC RATIONALE

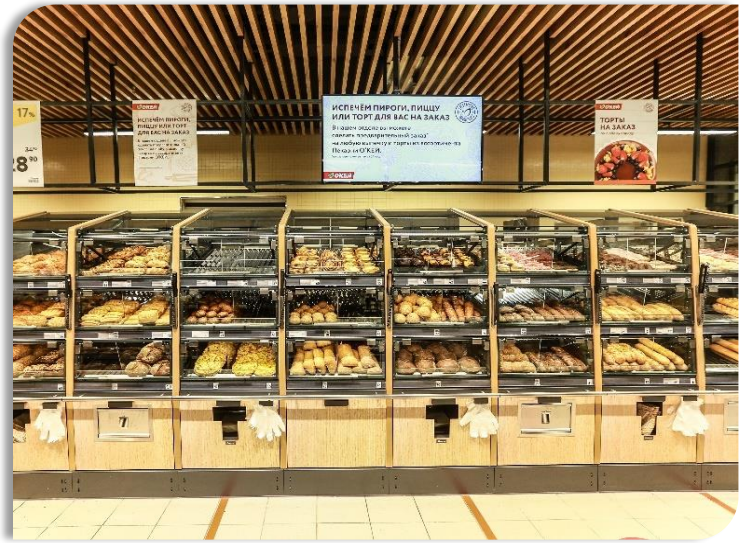
- Competitive format driving synergies and clear advantages for development in online
- Strong potential to improve the efficiencies of sales space utilization
- Strengthening O'KEY's market position and creating a foundation for long-term expansion

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 area reduction by 80%, range revitalisation and re-design of the display, focusing on high-quality items that are most popular with customers

EVEN STRONGER FOCUS ON FRESH & ULTRA-FRESH

- The new concept features even more impressive bakery, deli, cheese, sausages, meat and seafood counters
- Fresh, ultra fresh products and fruits & vegetables areas, as the main traffic drivers for all O'KEY stores, got a new upgraded design and layout



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

PLEASE CLICK HERE TO WATCH A MOVIE ABOUT THE NEW HYPERMARKET

O'KEY