

# O'KEY GROUP INVESTOR UPDATE

*July 2018*

By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations:

The materials contained in this presentation ("Presentation") have been prepared solely for the use in this Presentation and have not been independently verified. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of O'Key Group S.A. ("the Company"), nor any shareholder of the Company, nor any of its or their affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this Presentation or its contents or otherwise arising in connection with the Presentation.

No part of this Presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

This Presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration nor licensing within such jurisdiction.

Matters discussed in this Presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "will," "may," "should" and similar expressions identify forward looking statements. Forward-looking statements include statements regarding: strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures; growth in demand for products; economic outlook and industry trends; developments of markets; the impact of regulatory initiatives; and the strength of competitors.

The forward-looking statements in this Presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. These assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control and it may not achieve or accomplish these expectations, beliefs or projections. In addition, important factors that, in the view of the Company, could cause actual results to differ materially from those discussed in the forward-looking statements include the achievement of the anticipated levels of profitability, growth, cost, the timely development of new projects, the impact of competitive pricing, the ability to obtain necessary regulatory approvals, and the impact of general business and global economic conditions. Past performance should not be taken as an indication or guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance.

Neither the Company, nor any of its agents, employees or advisors intend or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this Presentation or to update or to keep current any other information contained in this Presentation. The information and opinions contained in this document are provided as at the date of this Presentation and are subject to change without notice.

By reviewing this Presentation and/or accepting a copy of this document, you acknowledge and agree to be bound by the foregoing.


01	O'KEY GROUP OVERVIEW	3
02	O'KEY GROUP Q2 AND 1H OPERATING RESULTS	9
03	O'KEY GROUP STRATEGIC UPDATE	16
04	O'KEY GROUP FINANCIAL RESULTS	39
05	APPENDIX	44

# O'KEY Group at a glance

4


**O'KEY** 78  
ОТЛИЧНО ЖИТЬ ПРАКТИЧНО  
Hypermarkets Stores<sup>(1)</sup>

**ДА!** 70  
Discounters Stores

 **578**  
selling space  
(thsqm)

 **RUB 178bn**  
Revenue 2017

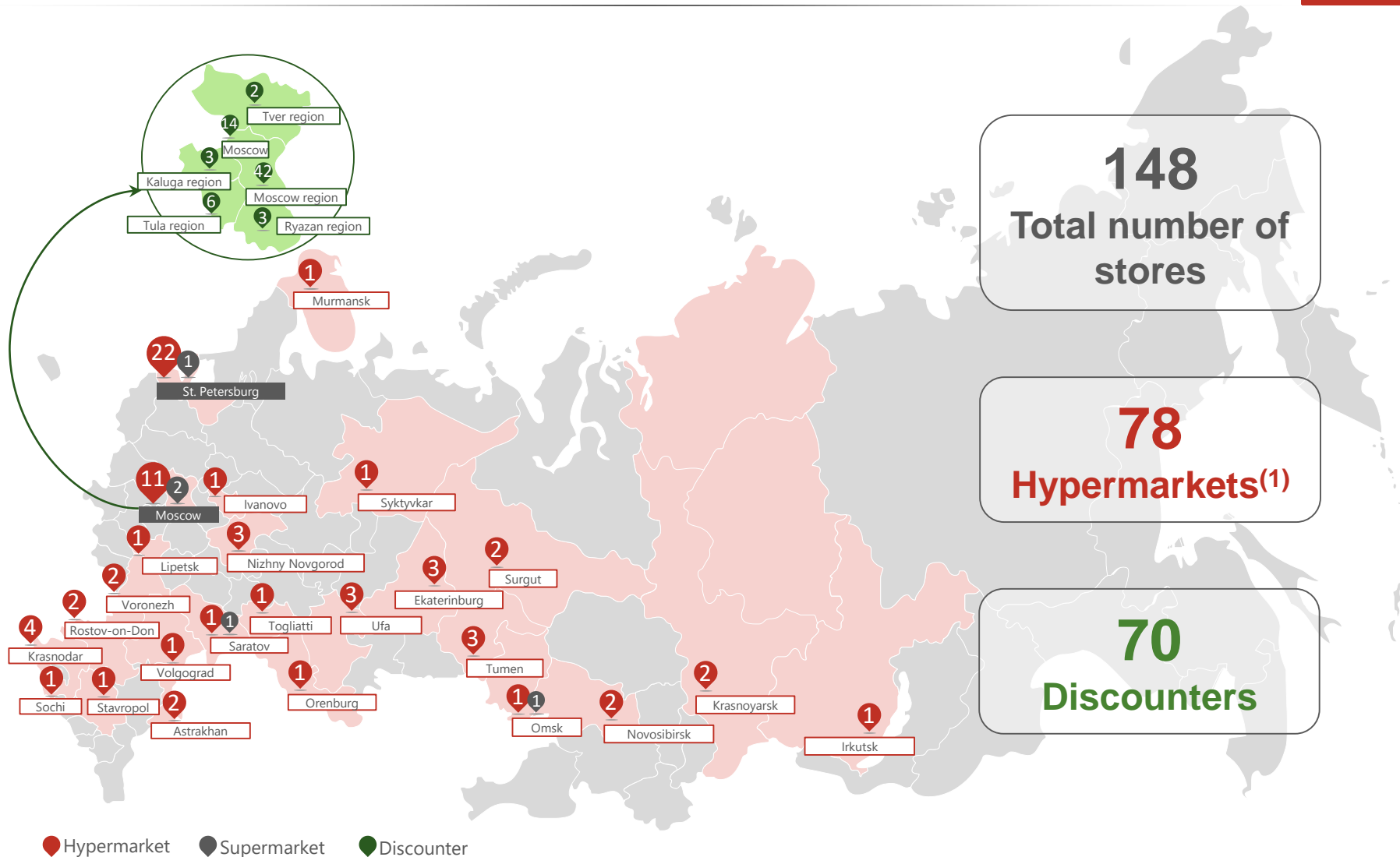
 **12.8%**  
Revenue CAGR  
2009-2017

 **228 mln**  
Clients shopped in 2017

Notes: (1) Including five supermarkets that will be refurbished into compact hypermarkets in 2018

# O'KEY Group geography

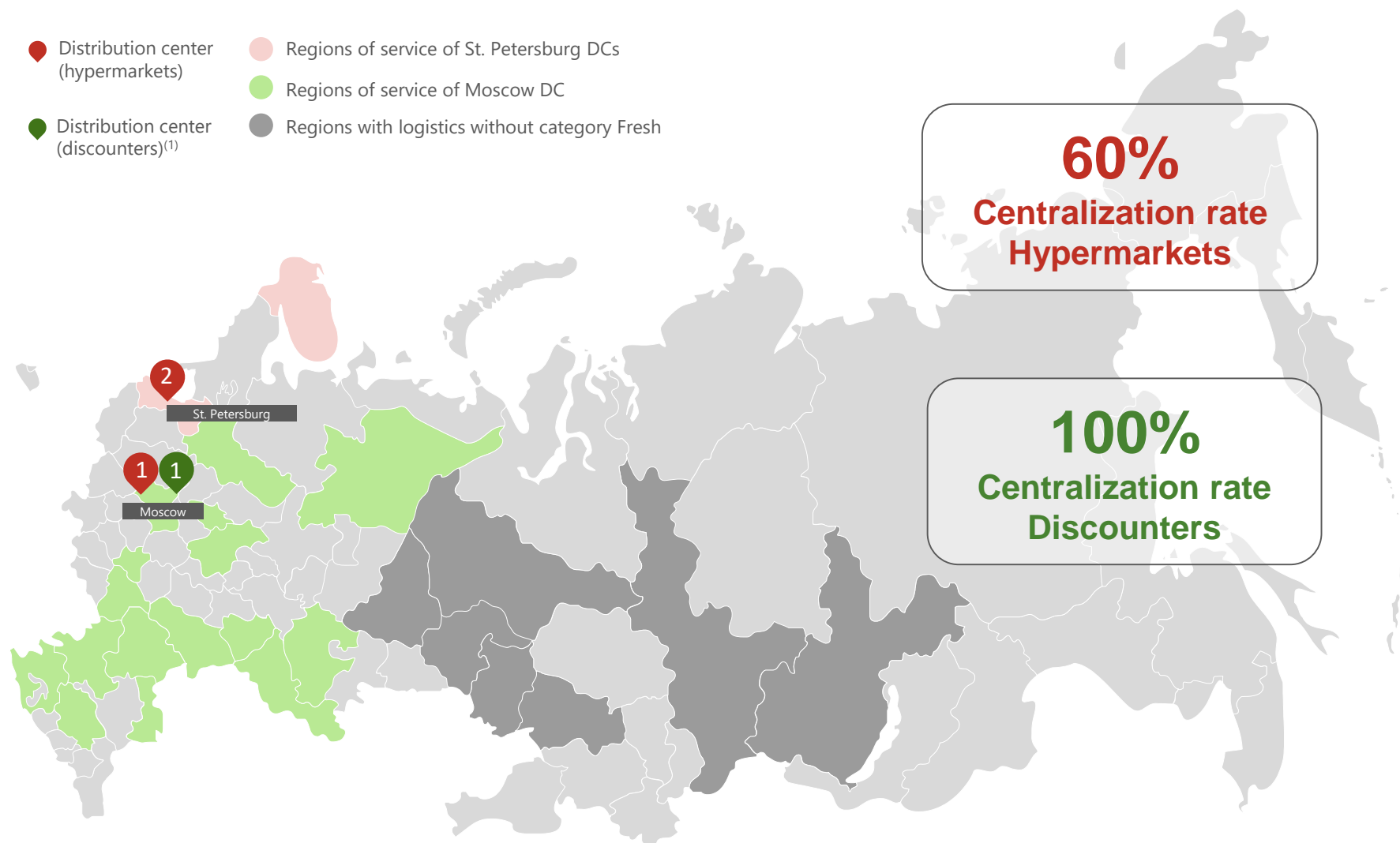
5



Notes: (1) Including five supermarkets that will be refurbished into compact hypermarkets by the end of 2018.

# O'KEY Group supply chain

6



Notes: (1) Service areas are limited to Moscow, Moscow region, Tula region, Tver region, Kaluga region and Ryazan region.

# O'KEY Group – An established history

7

- **O'KEY GROUP** was founded
- **FIRST O'KEY HYPERMARKET** opened in St Petersburg

2001 - 2003

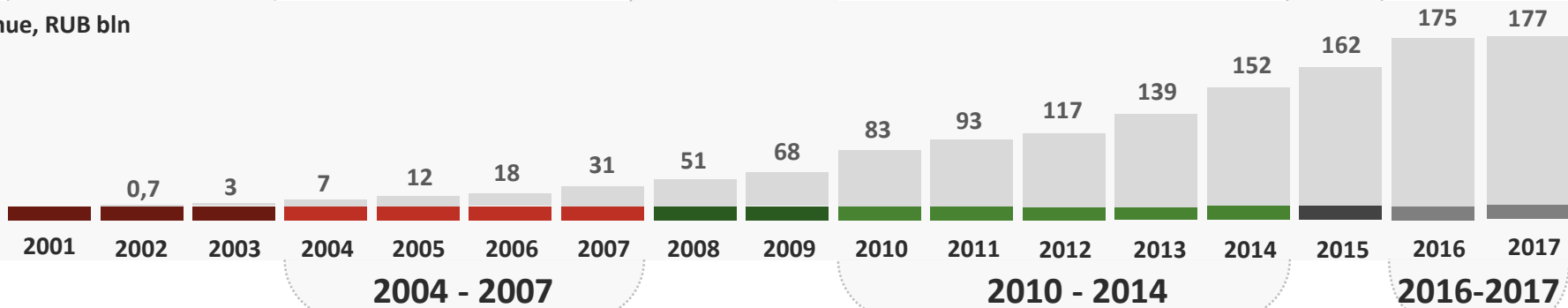
- Focus on **EXPANSION** in Russia's key regional markets
- **6 NEW REGIONS**
- **TOP-10** retailer by revenue
- 37 total stores
- **DOUBLED** selling space to >190 k m2

2008 - 2009

- **ONLINE SALES PLATFORM** launched
- **STRENGTHENING** of management team
- **NEW DISCOUNTER FORMAT** under the DA! brand
- 146 total stores
- **>590 K M2** selling space

2015

Revenue, RUB bln



2004 - 2007

2010 - 2014

2016-2017

- Strategy of establishing **REGIONAL MARKET LEADERSHIP**
- **8 HYPERMARKETS AND 2 SUPERMARKETS** opened in St Petersburg
- **×15 TIMES** increased selling space to 87 k m2

- Emergence as a **ONE OF THE LEADING** national Russian retailers
- **RAPID EXPANSION** in Moscow and key regional markets
- IPO on the London Stock Exchange
- >100 total stores
- **>550 K M2** selling space

- **60%** logistics centralisation level
- Presence in **25 CITIES**
- **MOBILE APP** for iOS and Android launched in 2016
- 145 total stores
- **578 K M2** selling space

# O'KEY Group has an experienced management team

8



## **Miodrag Borojevic**

### **CEO of O'KEY**

2014-2017: CEO REWE Italy  
2002-2014: various executive positions  
in Kaufland



## **Ivan Dropuljic**

### **Commercial and marketing 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



## **Armin Burger**

### **CEO of DA!**

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



## **Martin Piterak**

### **Chief Operating Officer**

2007-2018: Head of Supply Chain and Sales at  
Kaufland, Czech Republic  
1998-2007: various positions in sales, supply chain  
management and logistics in Kaufland  
1996-1998: Logistics specialist, Ahold, Holland



## **Konstantin Arabidis**

### **Chief Financial Officer**

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



## **Elena Polozova**

### **Human Resources Director**

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



## **Anton Farlenkov**

### **Corporate Development Director**

2006-2016: Various leadership positions at Goldman  
Sachs  
2003-2006: various positions in Royal Dutch Shell,  
Infoshare



## **Ivart Papli**

### **Director for Security and Risk Management**

2012-2015: Risk & Security manager  
IKEA Russia  
2002-2012: various positions at DHL

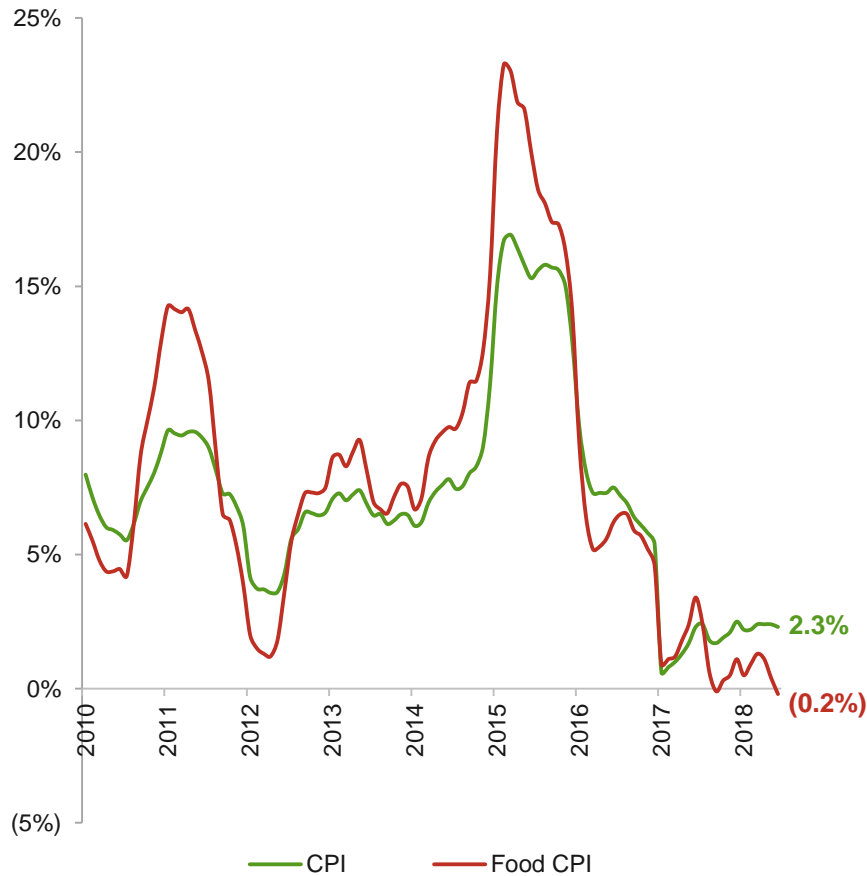


01	O'KEY GROUP OVERVIEW	3
02	O'KEY GROUP Q2 AND 1H OPERATING RESULTS	9
03	O'KEY GROUP STRATEGIC UPDATE	16
04	O'KEY GROUP FINANCIAL RESULTS	39
05	APPENDIX	44

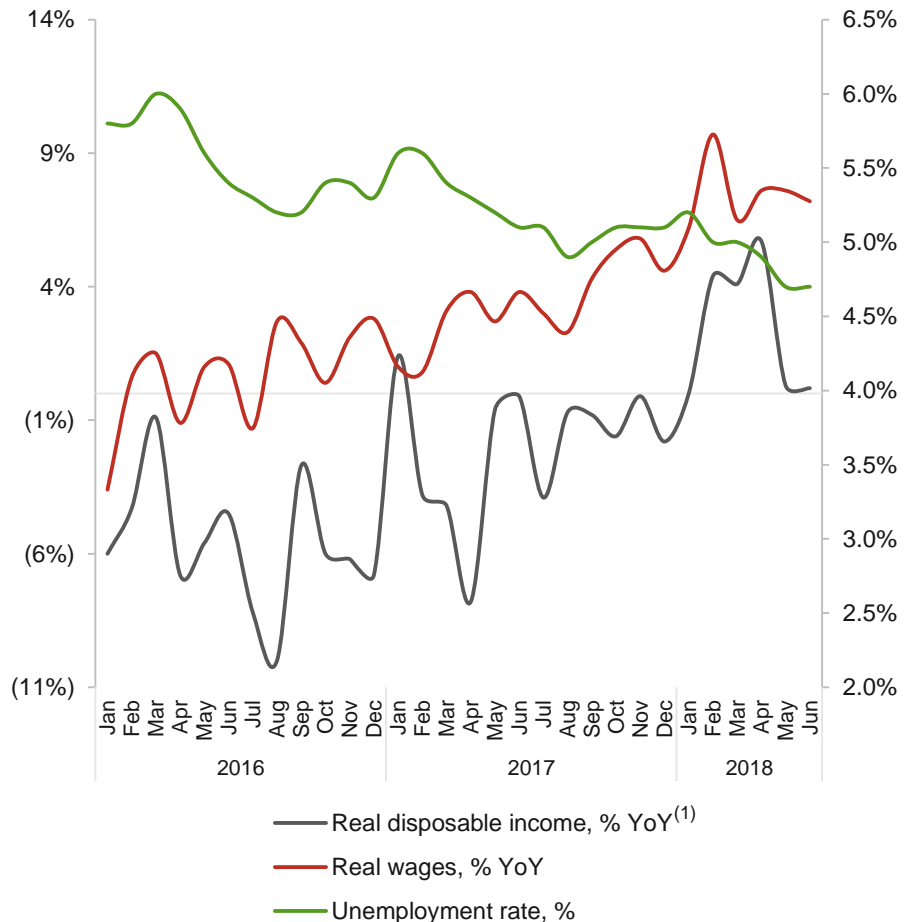
# Macro: headwinds for grocery persisted in Q2 '18

10

Food CPI growth slowed to the lowest level seen in years



In Q2 '18 cautious consumer sentiment continued to prevail despite the gradual recovery in real disposable incomes



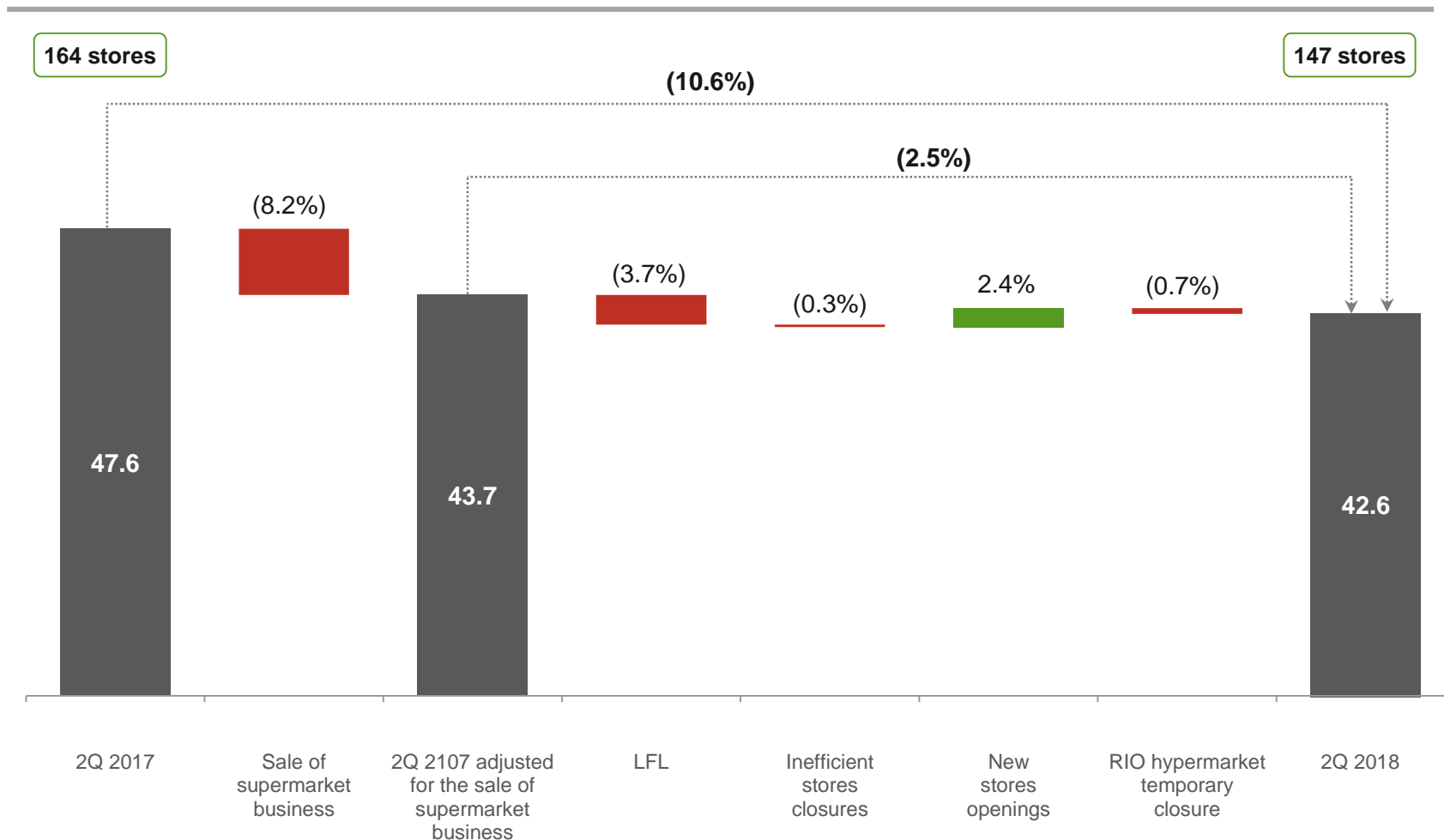
Source: Rosstat

Notes: (1) Real disposable income growth YoY in Jan '17 excluding one time payment to the pensioners.

# Organic Group total revenue in Q2'18 decreased by 2.5% YoY on the back of strong competition and macro headwinds

11

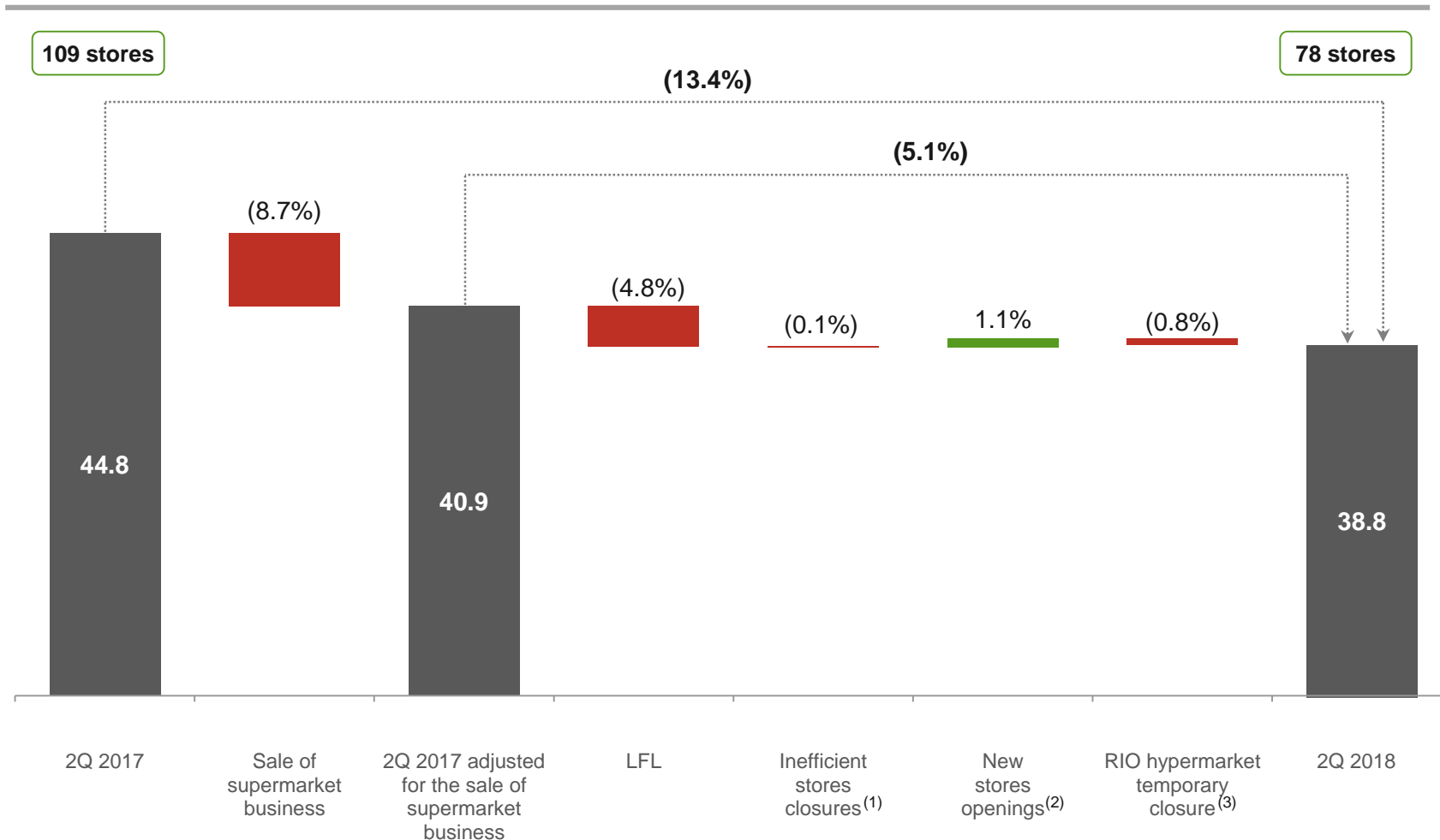
Total revenue, Q2 2017 vs. Q2 2018, RUB bn



# Intensifying competition, near-zero food inflation and less favorable weather conditions affected O'KEY organic revenue growth in Q2 '18

12

Total revenue, Q2 2017 vs. Q2 2018, RUB bn

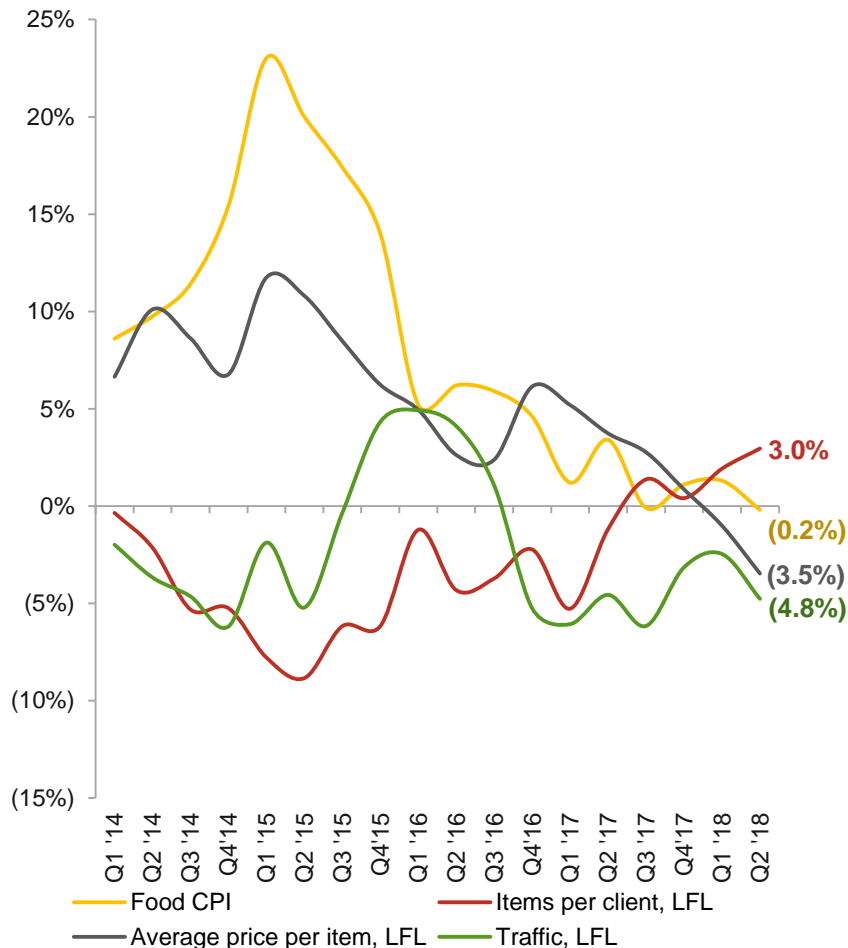


Notes: (1) Closure of hypermarkets in Cherepovets and Sterlitamak in 2Q '17; (2) Opening of supermarket in Sestroretsk in 2Q '17 and hypermarket in Yekaterinburg in 4Q '17; (3) RIO hypermarket in Moscow was temporary closed in July '17 - May '18.

# O'KEY Q2 2018 operating results overview

13

Strong macro headwinds with shelf inflation down by almost 4% YoY put pressure on LFL performance in Q2 '18



The majority of key performance drivers demonstrated negative dynamics in Q2 '18

	Q2 2018	Q2 2017
<b>Traffic, YoY</b>	<b>(4.8%)</b>	<b>(4.6%)</b>
Competition	↑	↑
Weather conditions	↑	↓
Frequency of visits <sup>(1)</sup>	↓	↑
<b>Ticket, YoY</b>	<b>(0.6%)</b>	<b>2.5%</b>
Food CPI	↓	↑
Price per item	↓	↑
Items per client	↑	↓

↑ Increased    ↓ Decreased    — Stayed the same

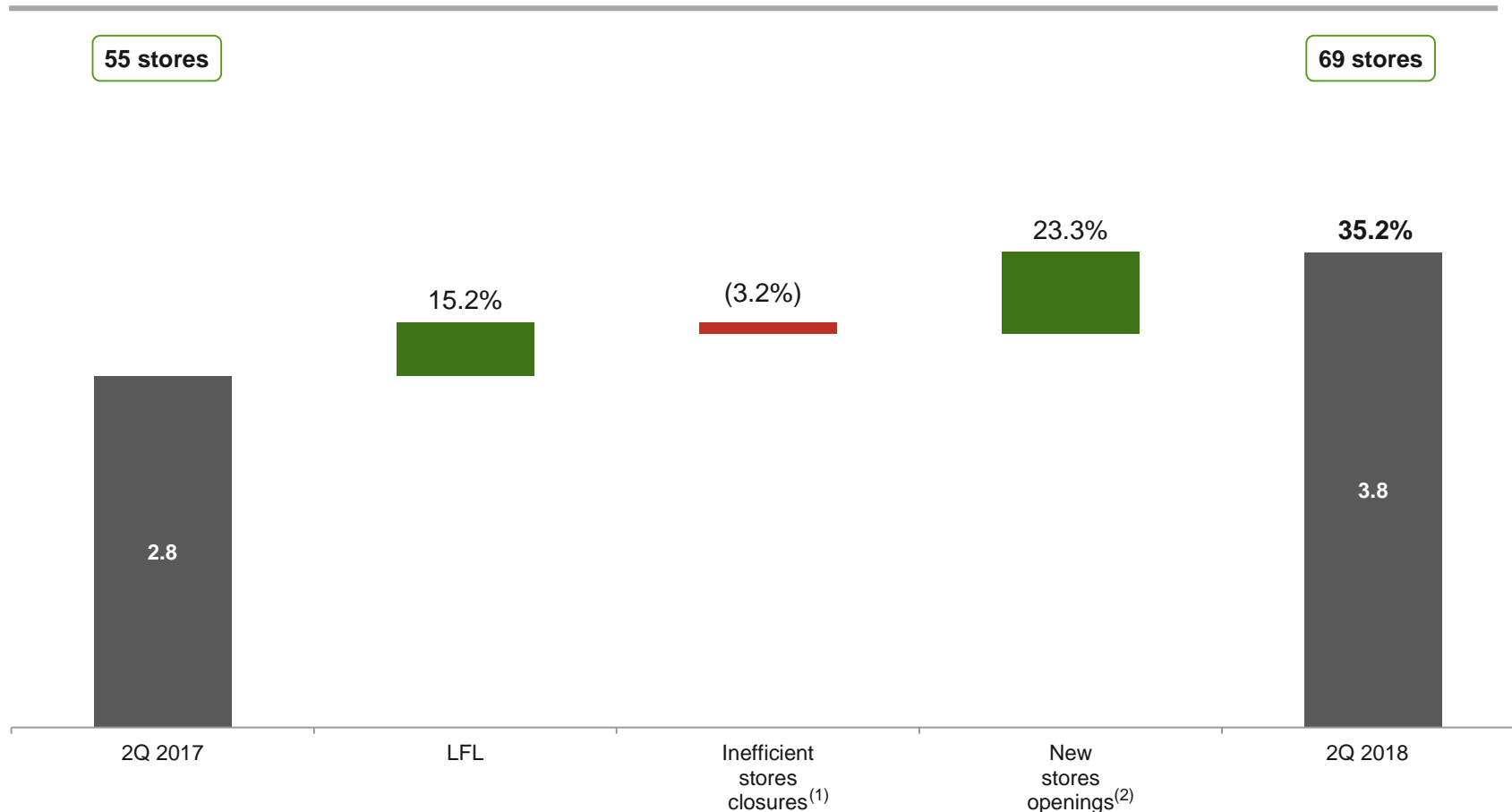
Note: Positive changes, from the hypermarkets' standpoint, are marked in green, negative in red.

Notes: (1) Based on loyalty cards data.

# DA! discounters continued to demonstrate healthy growth in Q2 '18

14

Total revenue, Q2 2017 vs. Q2 2018, RUB bn

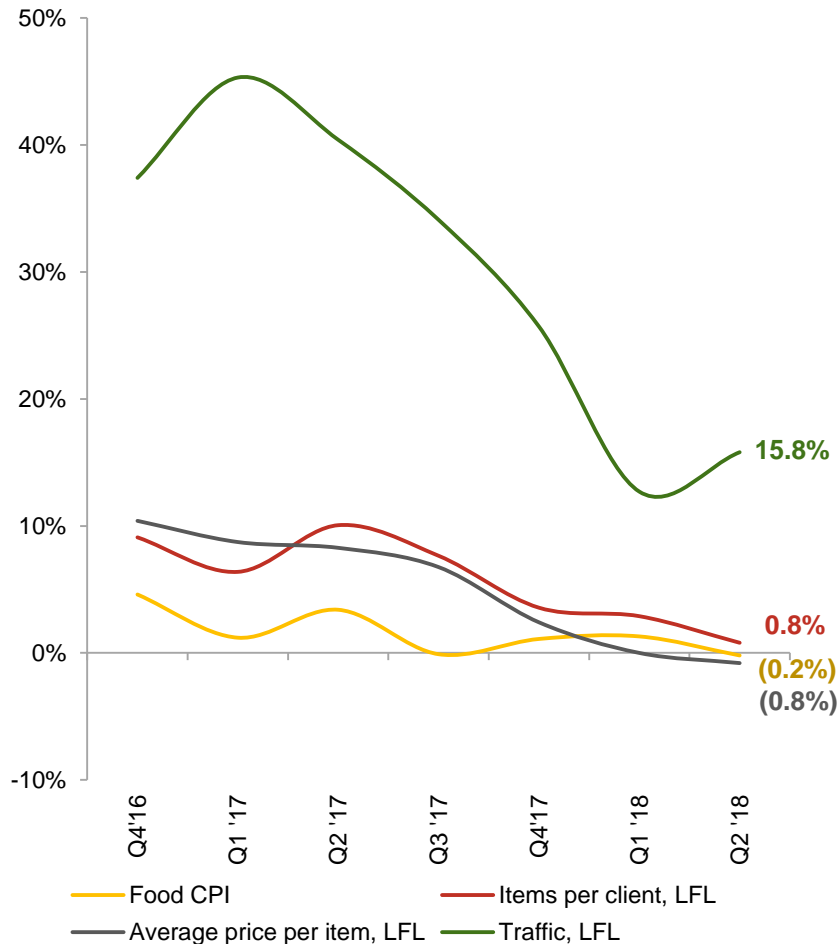


Notes: (1) Closure of three discounters in 1Q '18; (2) Opening of 17 new discounters in July '17- June '18.

# DA! Q2 2018 operating results overview

15

The positive trend in LFL traffic alongside the steadily growing share of private labels in the basket led to LFL net retail revenue growth in Q2 '18



Despite negative trends in key performance drivers in Q2 '18, rising recognition of the discounters business model aided the Company's performance

	Q2 2018	Q2 2017
Traffic, YoY	15.8%	40.4%
Competition	↑	↑
Weather conditions	↑	↓
Ticket, YoY	0.0%	19.2%
Food CPI	↓	↑
Price per item	↓	↑
Items per client	↑	↑

↑ Increased    ↓ Decreased    — Stayed the same

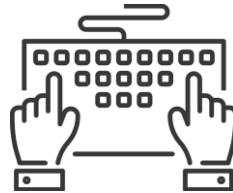
Note: Positive changes, from the discounters' standpoint, are marked in green, negative in red.

01	O'KEY GROUP OVERVIEW	3
02	O'KEY GROUP Q2 AND 1H OPERATING RESULTS	9
03	O'KEY GROUP STRATEGIC UPDATE	16
04	O'KEY GROUP FINANCIAL RESULTS	39
05	APPENDIX	44





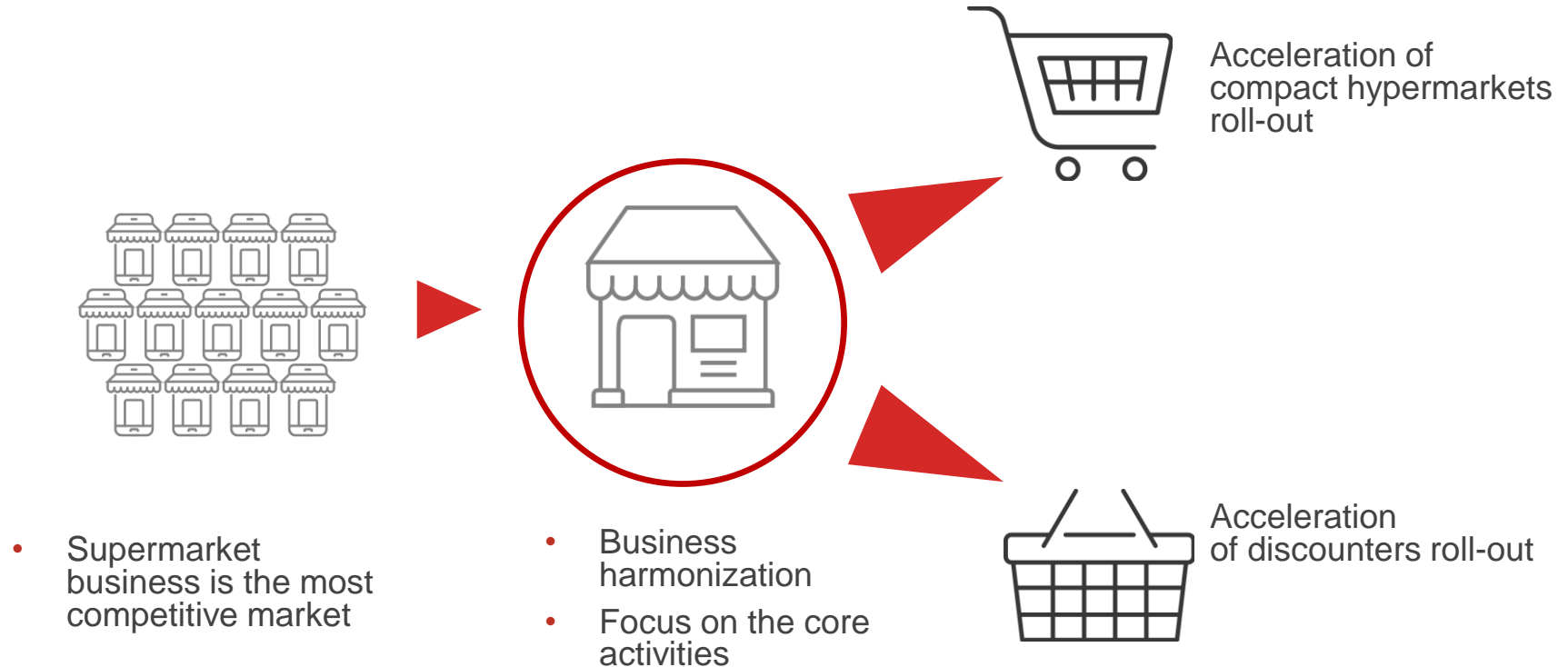
**COMPACT  
HYPERMARKETS**



**E-COMMERCE**



**DISCOUNTERS**



# Divestment of supermarket business overview

19

## KEY DEAL PARAMETERS

### Seller

O'KEY

### Acquirer

X5 Retail Group

### Assets sold

32 supermarkets in St. Petersburg, Moscow, Volgograd, Moscow and Leningrad regions, Astrakhan, Voronezh, Lipetsk, Togliatti, Krasnodar, Novocherkassk

### Selling space

- Total: 68,063 sq. m (34% owned and 66% rented)
- Net: 40,500 sq. m (30% owned and 70% rented)

### Transaction consideration

RUB 7.2bn RUB (Enterprise value)

**12 Dec 2017**

Framework agreement  
to sell supermarket  
business signed

**Dec 2017**

15 supermarkets  
transferred to  
Perekrestok

**Jan 2018**

13 supermarkets  
transferred to  
Perekrestok

**April 2018**

4 supermarkets  
transferred to  
Perekrestok

## Efficiency to value

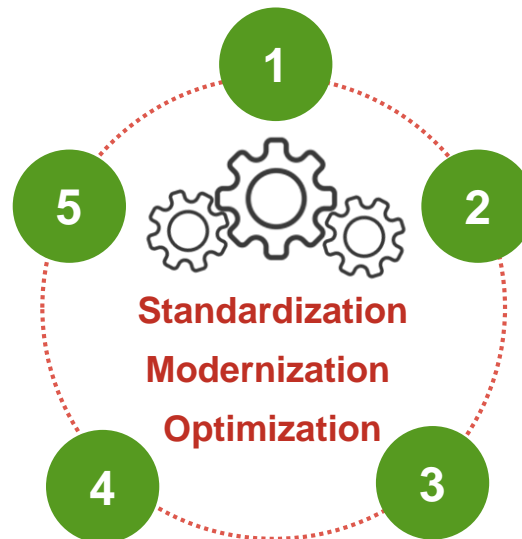
Process excellence  
Improvement of working environment  
Being professional in everything we do

## Assortment & Marketing

Standard diverse assortment portfolio  
Private labels evolution  
New marketing tools

## Enhancing of Supply chain

Easy stock replenishment  
Maximum level of availability



## New IT Infrastructure

More automation  
Fast and user friendly IT tools

## Store enhancement

Store renovation

# O'KEY transformation under way

21

## Strategic commitments

## Initiatives launched and completed in Q2 2018



### EFFICIENCY TO VALUE

- ✓ Completion of the executive management team formation



### ENHANCING OF SUPPLY CHAIN

- ✓ Transformation of imported goods supply chain to increase efficiency of operations
- ✓ Warehouse management system<sup>(1)</sup> upgrade to streamline the level of centralization



### STORE ENHANCEMENT

- ✓ Reopening of hypermarket in Moscow (RIO) which was temporary closed in Q3 2017



### NEW IT INFRASTRUCTURE

- ✓ New ERP system (Microsoft Dynamics AXAPTA) is fully integrated within the perimeter of all stores
- ✓ Pilot phase of category management system (Oracle RPAS) completion. Successful integration into the commercial operations



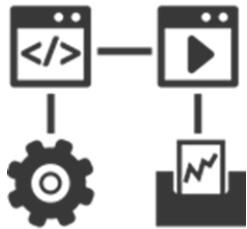
### ASSORTMENT & MARKETING

- ✓ Last phase of Operating CRM<sup>(2)</sup> system development to be launched in 3Q '18

**O'KEY**  
ОТЛИЧНО ЖИТЬ ПРАКТИЧНО

Notes: (1) Manhattan WMS; (2) Manzana Loyalty 2015 based on Microsoft Dynamics CRM 2015.

**O'KEY**  
GROUP OF COMPANIES



## **STANDARD BUSINESS PROCESSES**

Establishing process baseline in order to prepare to breakthrough



## **ENHANCEMENT OF IN-STORE OPERATING GOVERNANCE MODEL**

Leveraging corporate platform to create value as a company



## **STRIVING FOR EXCELLENCE**

Best-in-class team to achieve quality leadership and service excellence

## 2 SC: On-time. Full. Efficient.

23

	2017A	2018E
Centralization	60%	75%
# of DCs	1 federal & 2 regional DCs	1 federal & 2 regional DCs
WH and transport management	Manhattan WMS <sup>(1)</sup> TMS <sup>(2)</sup>	Manhattan WMS <sup>(1)</sup> Cloud TMS <sup>(3)</sup>
Replenishment (WH and store)	Microsoft Dynamics AXAPTA 4.0	ORACLE RPAS

Notes: (1) Manhattan WMS - warehouse management system; (2) TMS – transportation management system; (3) Cloud TMS – transport management system based on the cloud platform.



**MODERN  
LOOKING  
STORES**

---



**«LIFE-STYLE»  
DESTINATION**

---



**SIMPLIFIED  
SHOPPING  
EXPERIENCE**

---









	2017A	2018E
ERP	Microsoft Dynamics AXAPTA 2004/2012 <sup>(1)</sup>	Microsoft Dynamics AXAPTA 2004/2012 <sup>(2)</sup>
Supply Chain	Manhattan WMS, TMS Oracle RPAS	Manhattan WMS, Cloud TMS Oracle RPAS
Category management	Oracle RPAS	Oracle RPAS
Space management	JDA <sup>(3)</sup> in process of implementations	JDA
CRM	Manzana Loyalty 2013 based on Microsoft Dynamics CRM 2013 (beginning stage)	Manzana Loyalty 2015 based on Microsoft Dynamics CRM 2015 (upgraded stage)

Notes: (1) Microsoft Dynamics AXAPTA 2012 is in the process of implementation; (2) Implementation of the program into back office procedures will continue into 2019; (3) JDA - management of stores planogram.



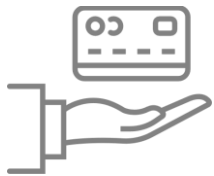
## SMART PROMO

- New promo tools
- Co-promo and incremental sales
- Flexible approach across store formats, customer segments & geo-locations



## TARGET MARKETING

- Personalized offers
- Cross & Up-sell activities



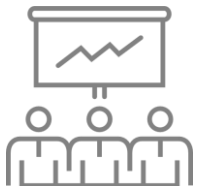
## LOYALTY PROGRAM

- Reward initial loyalty and encourage more purchases
- Providing customers a sense of value
- Target segment-focused solution



## PRICING POSITION IMPROVEMENT

- Changing of customer's pricing perception



## PRIVATE LABEL EVOLUTION

- Increase of Private Label share

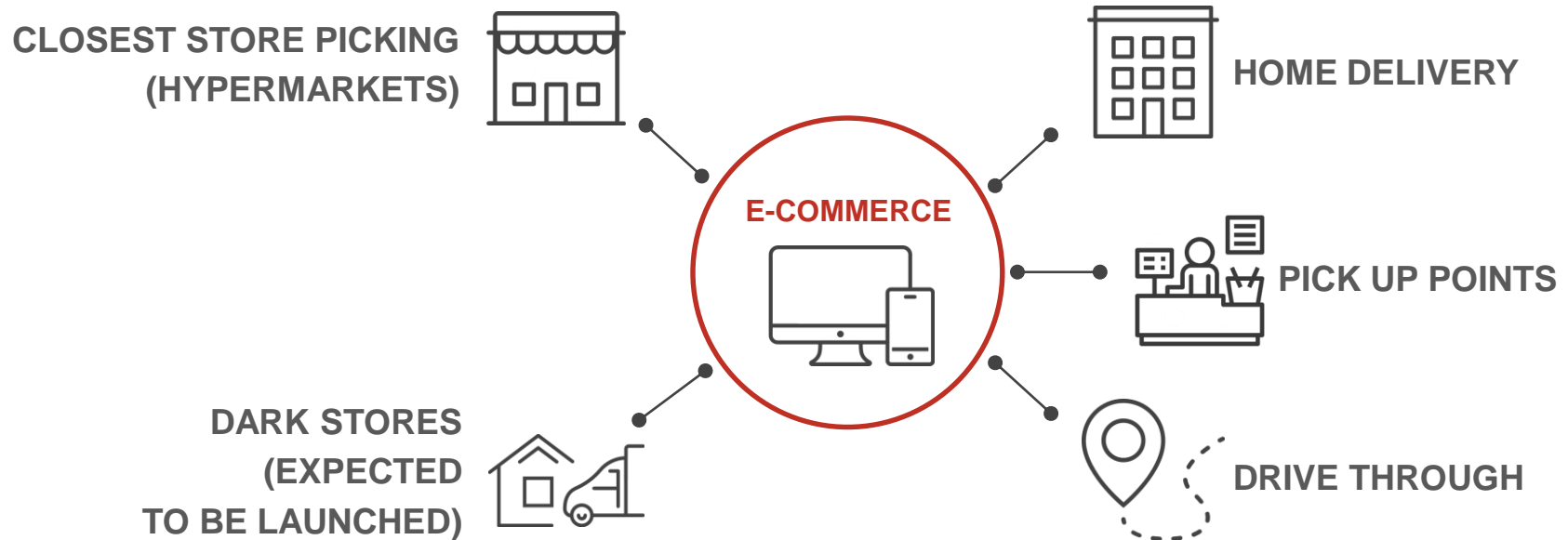


## ALIGNMENT OF ASSORTMENT

- Focus on imports to create a differentiating factor

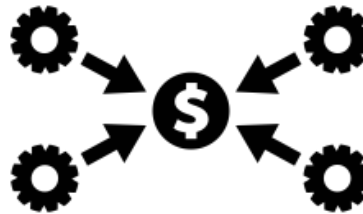
## OPERATIONAL MODEL FOR ORDER MANAGEMENT

## CONSUMER CHOICES FOR ORDER COLLECTION





**SALES DENSITY INCREASE  
BY UP TO 10%**



**COSTS TO DECREASE BY  
AT LEAST 10%**



**EBITDA MARGIN  
TO REACH UP TO 8%**

# Discounters at glance

31



**70**  
Stores



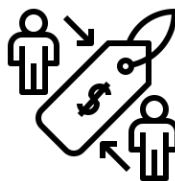
**RUB 10.3bn**  
Revenue 2017



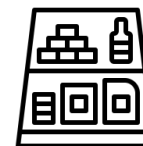
**700 sq. m**  
Average store  
selling space



**100%**  
Logistics  
centralisation



**2350**  
SKU



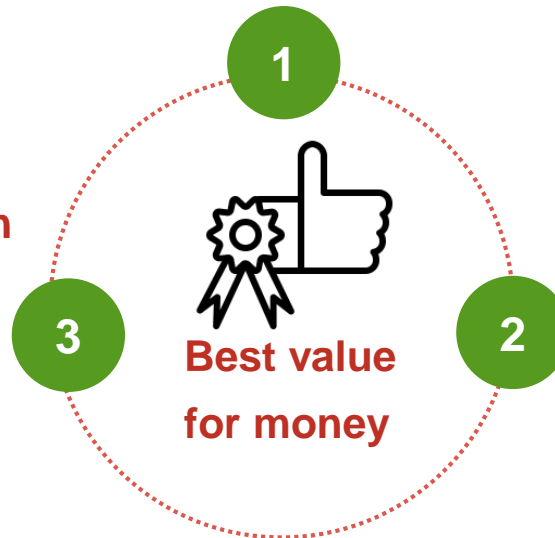
**40%**  
Private label SKUs

## Growth and expansion

Up to 170 stores by the end of 2020  
Enhancing shopping experience

## The best value proposition

Best quality  
Best price  
Convenient locations  
Excellent customer service



## Assortment & Marketing

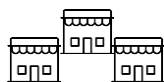
Strong private labels and  
exclusive assortment  
New marketing tools





## Strategic commitments

## Initiatives launched and completed in 2Q 2018



### GROWTH & EXPANSION

- ✓ Two new discounters were opened<sup>(1)</sup>
- ✓ Introduction of new lightning concept – focused light



### ASSORTMENT & MARKETING

- ✓ 55 new private label SKU's introduced
- ✓ Listing of new frozen products and goods sold by weight<sup>(2)</sup>



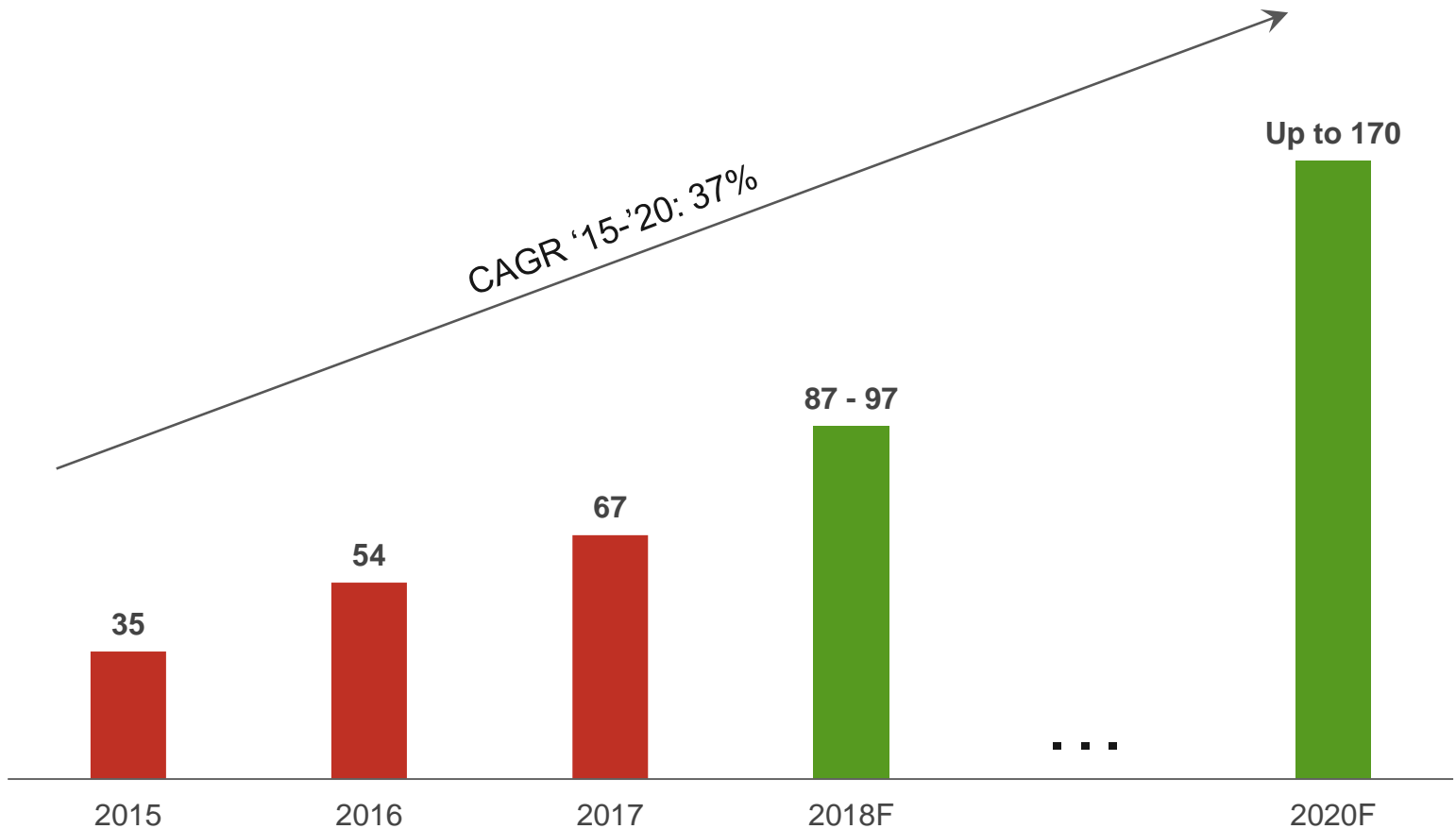
### THE BEST VALUE PROPOSITION

- ✓ Improvement of recipes in private label assortment
- ✓ Introduction of new customer baskets – bigger and more comfortable

# 1 Growth and expansion: up to 170 stores

34

Number of stores



# 1 Enhancing the shopping experience

35



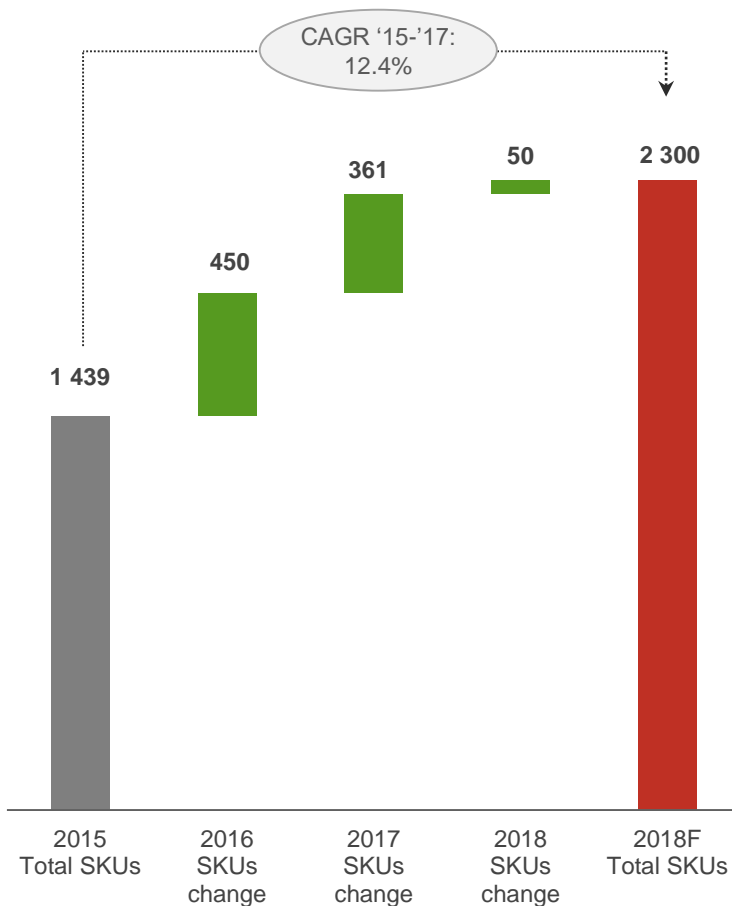


# 1 Enhancing the shopping experience

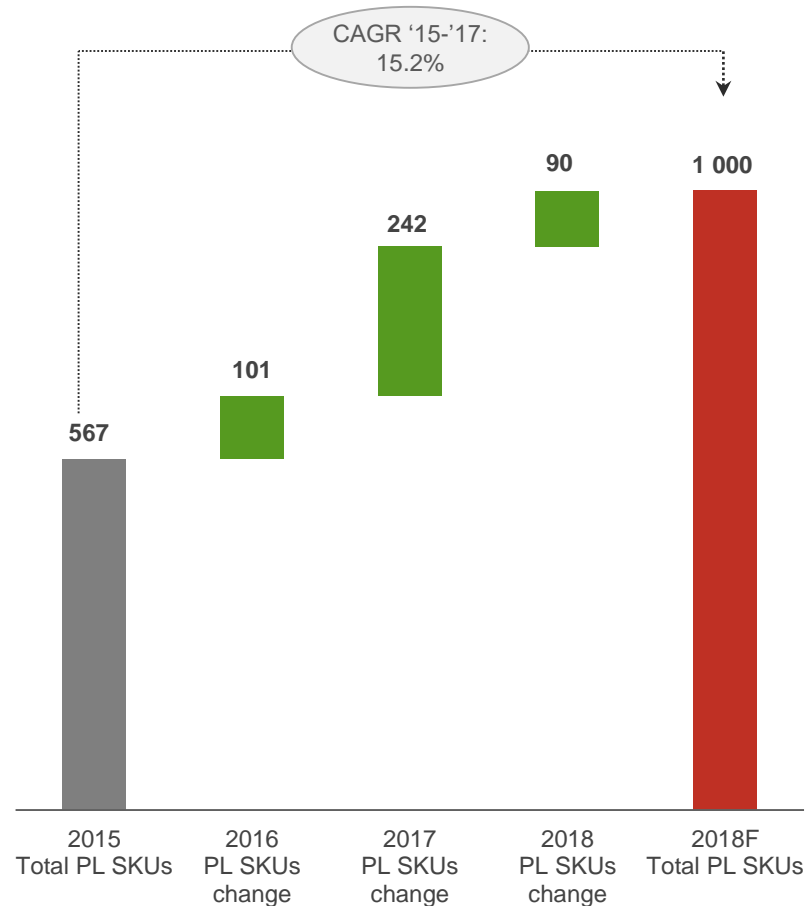
36



## Total SKUs growth



## Private label SKUs growth



## LIMITED PRODUCT RANGE

Low prices

High turnover per SKU



## STRONG PRIVATE LABELS



## SUPPLY CHAIN

Own distribution centre –

100% centralisation



## OUR STAFF

More than 1,700 employees

Well trained personnel

Positive working environment

Excellent customer service



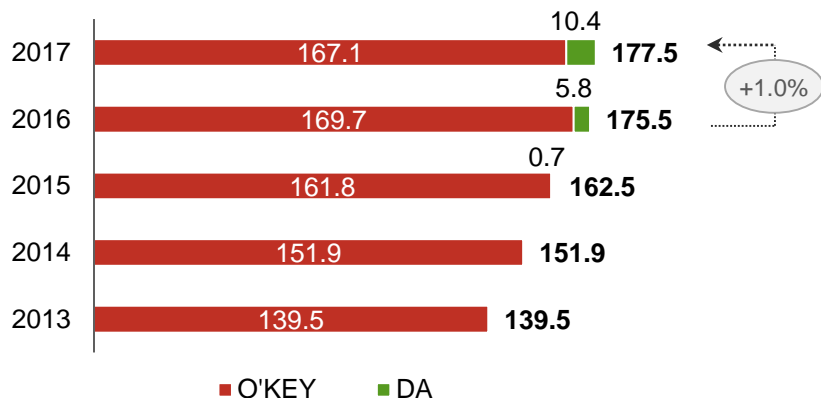
**Modern and attractive  
store design**

01	O'KEY GROUP OVERVIEW	3
02	O'KEY GROUP Q2 AND 1H OPERATING RESULTS	9
03	O'KEY GROUP STRATEGIC UPDATE	16
04	O'KEY GROUP FINANCIAL RESULTS	39
05	APPENDIX	44

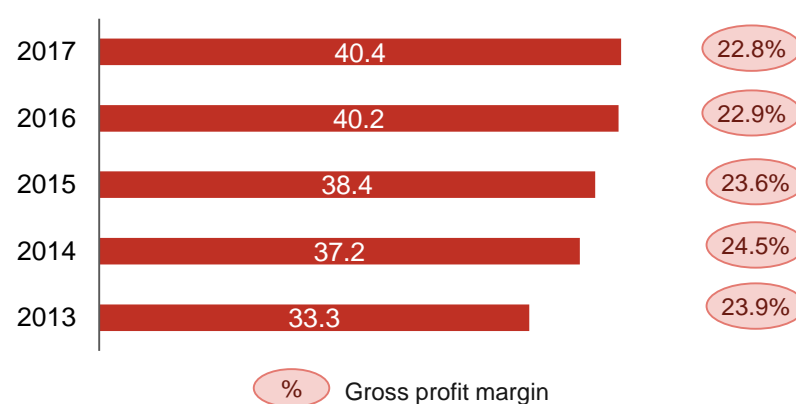
# 2017 Group financial results

40

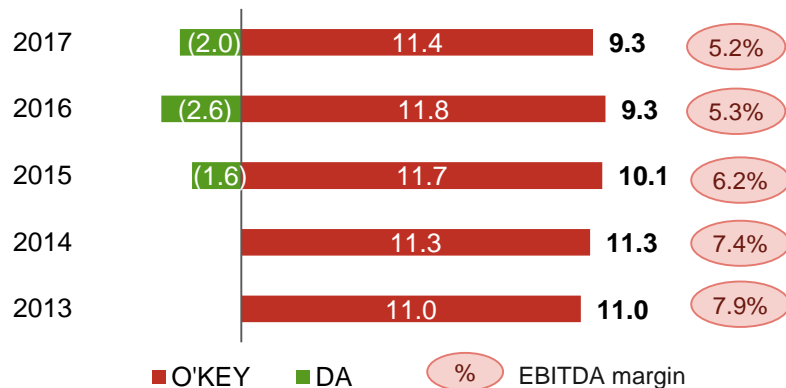
## Total revenue, RUB bn



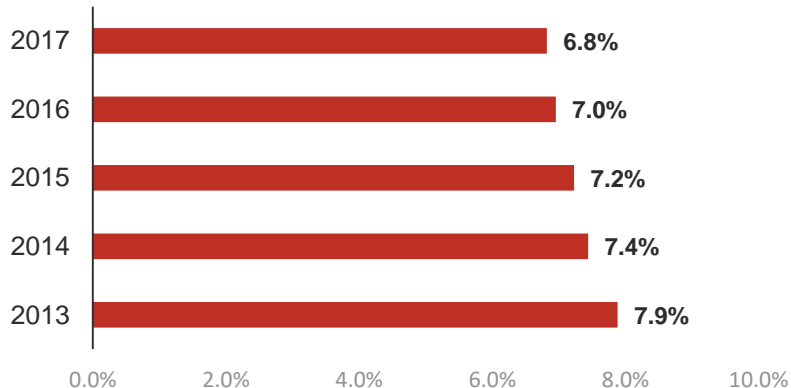
## Gross profit, bn



## Group EBITDA, RUB bn



## O'KEY<sup>(1)</sup> EBITDA margin, %



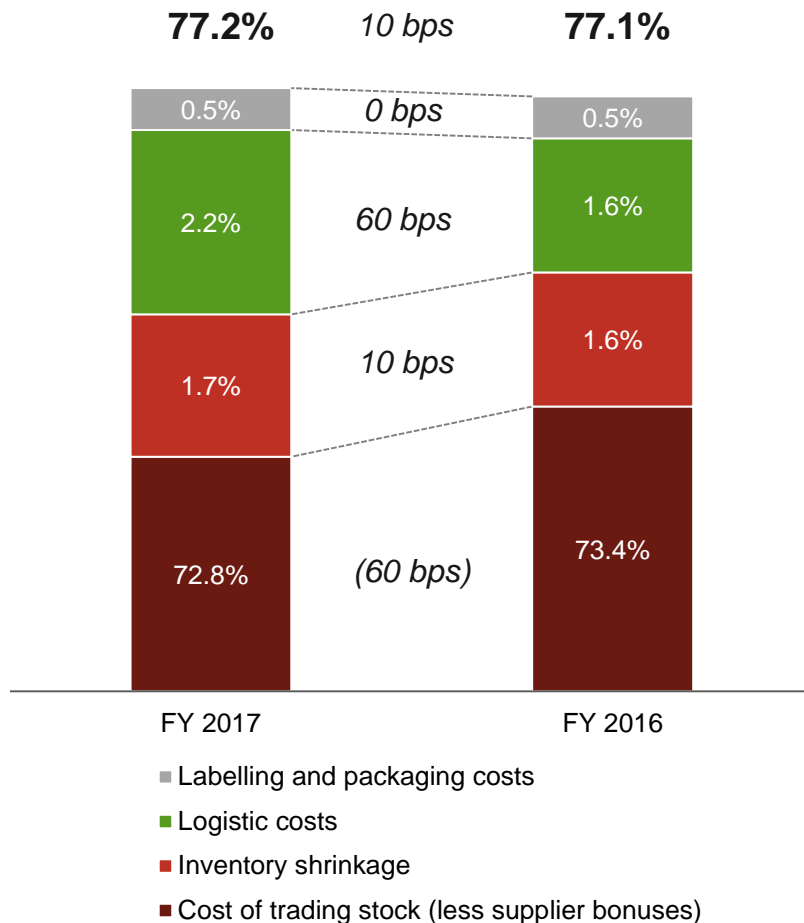
Notes: (1) Hypermarkets and supermarkets business.



# 2017 Group financial results: COGS analysis

41

## COGS breakdown as percentage of revenue



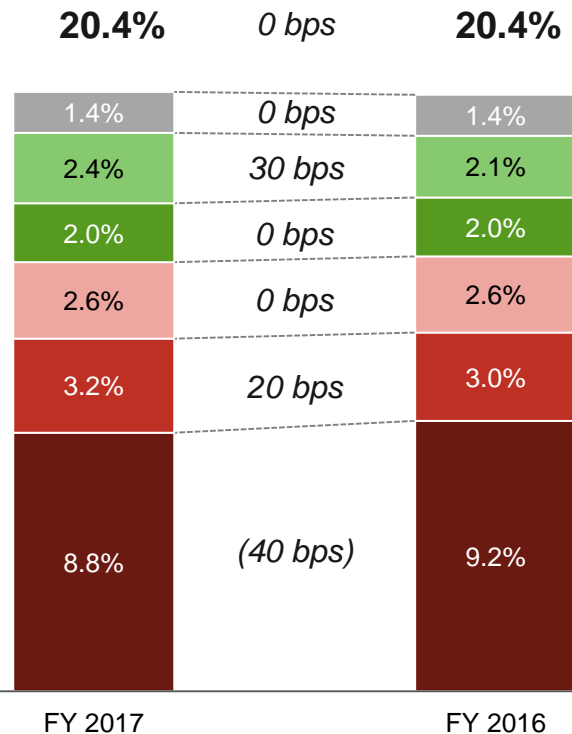
## Highlights

- Logistic cost increase by 60 bps YoY largely driven by:
  - ongoing work on logistics centralization
  - continued expansion of the discounters format during the year
- Improvements are expected in the net logistics costs by the end of 2018, as the centralisation of logistics progresses and its processes become more efficient
- Shrinkage costs increased by 10 bps YoY partially affected by one-off write offs

# 2017 Group financial results: SG&A expenses analysis

42

## SG&A expenses breakdown as percentage of revenue



- Personnel costs
- Operating leases
- Depreciation and amortisation
- Communication and utilities
- Other expenses
- Other store costs

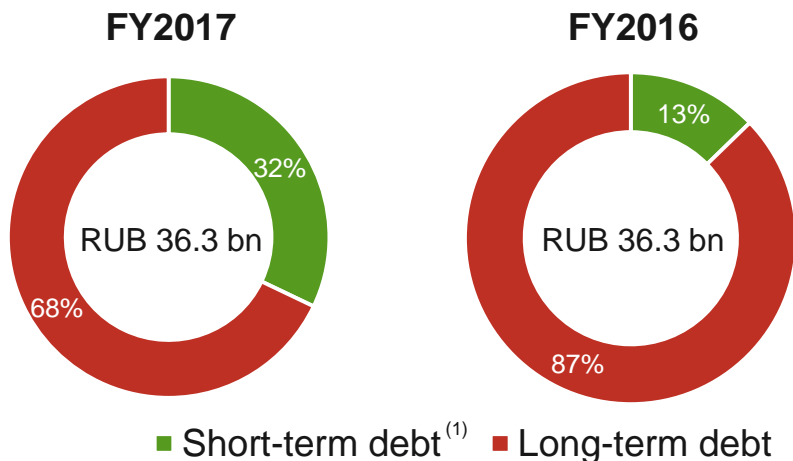
## Highlights

- Personnel costs decreased by 40 bps YoY largely driven by ongoing business processes efficiency increase on both store and head office levels
- Operating lease costs increase by 20 bps YoY was primarily attributable to:
  - rollout of discounters in the second half of the year in line with previously announced plans;
  - revision of lease agreements of two hypermarkets during the year.
- Advertising and marketing expenses (included in other expenses) increased by 20 bps YoY primarily driven by continuous work on our customer value proposition

# 2017 Group financial results: debt profile

43

## Debt structure overview



## Highlights

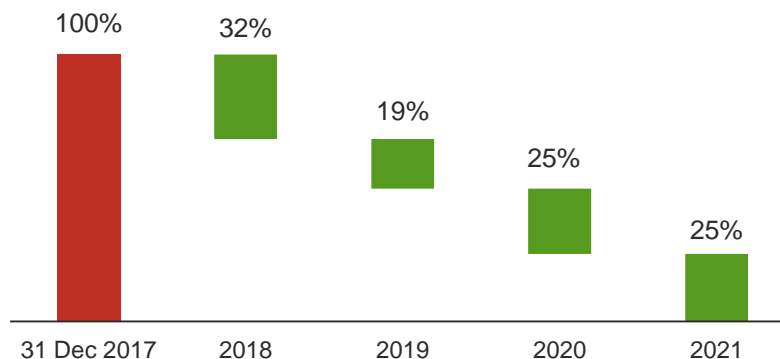
- 97% of debt portfolio is RUB-denominated
- All of the Group's loans and bonds have fixed interest rates
- The main Group covenant - Net Debt/EBITDA below 4x
- In January 2018 Fitch Ratings confirmed the Group's rating at B+ with stable forecast

## Covenants and liquidity

(RUB mln)

Parameter	FY 2017	FY 2016
Cash&cash equivalents	7,750	11,463
Available credit lines	14,015	15,800
Net debt/EBITDA <sup>(1)</sup>	3.1x	2.7x

## Debt portfolio maturity



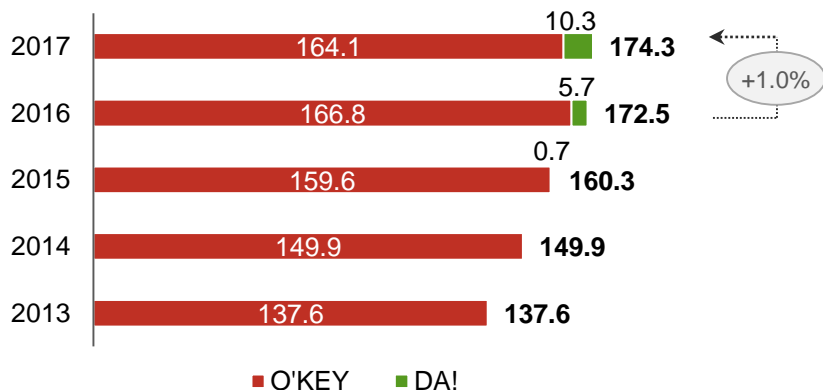
Notes: (1) Short-term debt includes interest accrued on loans and borrowings.

01	O'KEY GROUP OVERVIEW	3
02	O'KEY GROUP Q2 AND 1H OPERATING RESULTS	9
03	O'KEY GROUP STRATEGIC UPDATE	16
04	O'KEY GROUP FINANCIAL RESULTS	39
05	APPENDIX	44

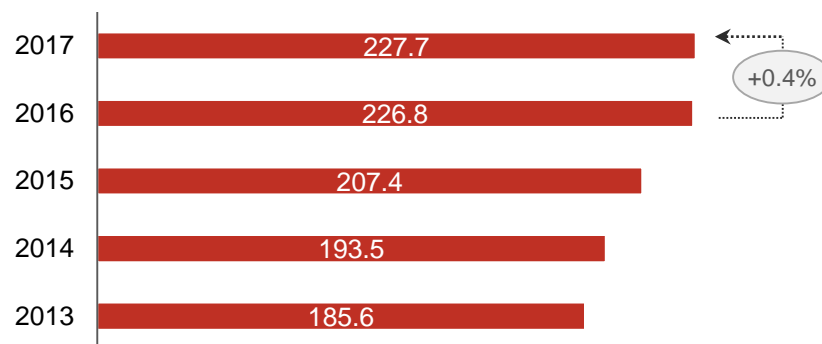
# 2017 Group operating results

45

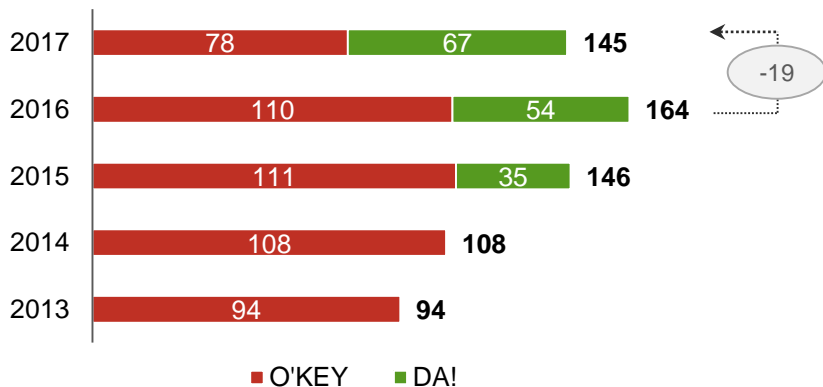
## Net retail revenue, RUB bn



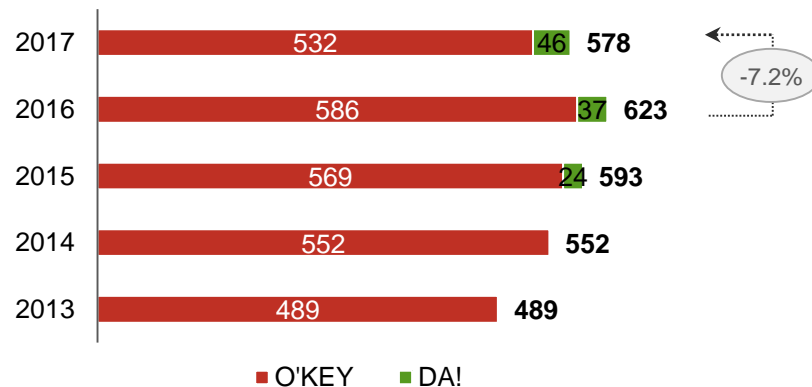
## Group customer traffic, mln



## Number of stores



## Total selling space (ths. sq. m)



# Historical Group operating results

46

## Net retail revenue, $\Delta$

Parameter	2013	2014	2015	2016	2017
All	18.7%	8.8%	6.9%	7.5%	1.3% <sup>(1)</sup>
LFL	8.0%	(0.2%)	0.7%	2.2%	(1.4%)

## Customer traffic, $\Delta$

Parameter	2013	2014	2015	2016	2017
All	9.3%	4.3%	7.2%	9.3%	0.4%
LFL	0.0%	(4.2%)	(0.7%)	1.2%	(2.2%)

## Average ticket, $\Delta$

Parameter	2013	2014	2015	2016	2017
All	8.6%	4.3%	(0.3%)	(1.7%)	0.6%
LFL	8.0%	4.2%	1.4%	0.9%	0.8%

Notes: (1) Adjusted for the sale of supermarket business.

# 2Q 2018 Group operating results

47

## Group key operating indicators for the quarter

Segment	Q2 2018			Q2 2017		
	Net retail revenue	Traffic	Average ticket	Net retail revenue	Traffic	Average ticket
LFL group	(4.0%)	(2.2%)	(1.8%)	(0.1%)	(1.6%)	1.6%

## Group key operating indicators for the three months of Q2 2018

Indicator	April	May	June
LFL net retail revenue	(2.7%)	(4.6%)	(4.9%)
LFL customer traffic	(2.1%)	(1.3%)	(3.4%)
LFL average ticket	(0.6%)	(3.3%)	(1.6%)

# 2017 O'KEY operating results

48

## Net retail revenue, Δ

Parameter	2013	2014	2015	2016	2017
All	18.7%	8.8%	6.4%	4.4%	(1.5%)( <sup>1</sup> )
LFL	8.0%	(0.2%)	0.7%	2.0%	(3.2%)

## Customer traffic, Δ

Parameter	2013	2014	2015	2016	2017
All	9.3%	4.3%	6.2%	2.6%	(4.3%)
LFL	0.0%	(4.2%)	(0.7%)	0.9%	(5.0%)

## Average ticket, Δ

Parameter	2013	2014	2015	2016	2017
All	8.6%	4.3%	0.2%	1.7%	2.7%
LFL	8.0%	4.2%	1.4%	1.0%	1.9%

Notes: (1) Adjusted for the sale of supermarket business.



# 2Q 2018 O'KEY operating results

49

## O'KEY key operating indicators for the quarter

Segment	Q2 2018			Q2 2017		
	Net retail revenue	Traffic	Average ticket	Net retail revenue	Traffic	Average ticket
LFL hypermarkets and supermarkets	(5.4%)	(4.8%)	(0.6%)	(2.1%)	(4.6%)	2.5%

## O'KEY key operating indicators for the three months of Q2 2018

Indicator	April	May	June
LFL net retail revenue	(4.0%)	(6.0%)	(6.2%)
LFL customer traffic	(4.4%)	(4.0%)	(6.0%)
LFL average ticket	0.4%	(2.0%)	(0.2%)

# 2017 DA! operating results

50

## Net retail revenue, $\Delta$

Parameter	2016	2017
All	>100%	81.5%
LFL	65.5%	52.0%

## Customer traffic, $\Delta$

Parameter	2016	2017
All	>100%	62.8%
LFL	37.4%	34.8%

## Average ticket, $\Delta$

Parameter	2016	2017
All	5.60%	11.7%
LFL	20.4%	12.7%

# 2Q 2018 DA! operating results

51

## DA! key operating indicators for the quarter

Segment	Q2 2018			Q2 2017		
	Net retail revenue	Traffic	Average ticket	Net retail revenue	Traffic	Average ticket
Discounters	35.2%	33.2%	1.6%	95.3%	64.6%	18.3%
LFL discounters	15.7%	15.8%	0.0%	67.4%	40.4%	19.2%

## DA! key operating indicators for the three months of Q2 2018

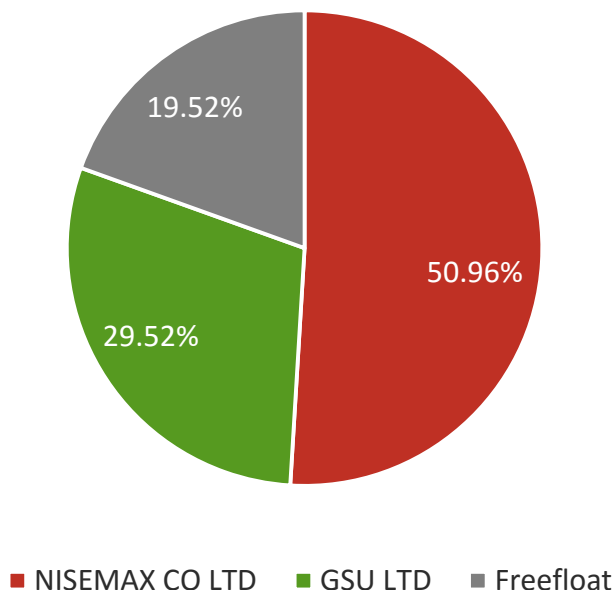
Indicator	April	May	June
Net retail revenue	34.8%	35.3%	35.7%
LFL net retail revenue	16.7%	16.3%	14.2%
Customer traffic	30.9%	35.2%	33.3%
LFL customer traffic	14.4%	17.8%	15.0%
Average ticket	2.9%	0.0%	1.8%
LFL average ticket	2.0%	(1.3%)	(0.7%)

## Three major shareholders are its founders

- Mr. Dmitry Korzhev (owns 11.73%)
- Mr. Dmitri Troitskii (owns 33.05%)
- Mr. Boris Volchek (owns 29.52% of the shares)

## Board of directors

- Mr. Heigo Kera, Chairman and CEO
- Mr. Dmitrii Troitskii, Director
- Mr. Dmitry Korzhev, Director
- Boris Volchek, Caraden Director
- Mykola Buinycky, Independent Director



# Consolidated Balance Sheet

53

RUB, 000s	FY 2017	FY 2016
Investment property	1,075,010	572,542
Property, plant and equipment	44,964,135	48,241,868
Construction in progress	3,313,175	3,485,879
Lease rights	4,437,856	4,578,535
Intangible assets	961,108	893,103
Deferred tax assets	1,917,572	1,277,273
Other non-current assets	1,817,452	2,002,680
<b>Total non-current assets</b>	<b>58,486,308</b>	<b>61,051,880</b>
Inventories	13,524,236	13,706,868
Trade and other receivables	10,275,841	5,871,010
Prepayments	1,280,658	958,467
Other current assets	10,290	41,250
Cash and cash equivalents	7,750,177	11,463,467
Non-current assets held for sale	129,589	-
<b>Total current assets</b>	<b>32,970,791</b>	<b>32,041,062</b>
<b>Total assets</b>	<b>91,457,099</b>	<b>93,092,942</b>
<b>Total equity</b>	<b>24,250,979</b>	<b>22,655,064</b>
Loans and borrowings	24,679,352	31,673,078
Deferred tax liabilities	888,997	692,091
Other non-current liabilities	121,890	139,304
<b>Total non-current liabilities</b>	<b>25,690,239</b>	<b>32,504,473</b>
Loans and borrowings	11,429,881	4,465,260
Interest accrued on loans and borrowings	231,897	156,870
Trade and other payables	28,854,731	32,480,892
Current income tax payable	999,372	830,383
<b>Total current liabilities</b>	<b>41,515,881</b>	<b>37,933,405</b>
<b>Total liabilities</b>	<b>67,206,120</b>	<b>70,437,878</b>
<b>Total equity and liabilities</b>	<b>91,457,099</b>	<b>93,092,942</b>

# Consolidated P&L

54

RUB, 000s	FY 2017	FY 2016
<b>Revenue</b>	177,454,848	175,470,671
Cost of goods sold	(137,010,445)	(135,261,292)
<b>Gross profit</b>	<b>40,444,403</b>	<b>40,209,379</b>
<i>Gross margin</i>	<b>22.8%</b>	<b>22.9%</b>
General, selling and administrative expenses	(36,189,311)	(35,764,206)
Other operating income and expenses	3,335,349	(1,050,739)
<b>Operating profit</b>	<b>7,590,441</b>	<b>3,394,434</b>
<i>Operating margin</i>	<b>4.3%</b>	<b>1.9%</b>
Finance income	114,239	281,631
Finance costs	(3,532,915)	(3,550,403)
Foreign exchange (loss)/gain	(376,375)	145,973
<b>Loss before income tax</b>	<b>3,795,390</b>	<b>271,635</b>
Income tax expense	(628,477)	(409,425)
<b>Loss for the year</b>	<b>3,166,913</b>	<b>(137,790)</b>
<b>Net profit margin</b>	<b>1.8%</b>	<b>N/A</b>

RUB, 000s	FY 2017	FY 2016
Group EBITDA	9 334 993	9 253 206
<i>Group EBITDA margin</i>	<b>5.3%</b>	<b>5.3%</b>
EBITDA for hypermarkets and supermarkets	11 358 589	11 845 435
<i>EBITDA margin hypermarkets and supermarkets</i>	<b>6.8%</b>	<b>7.0%</b>
EBITDA for discounters	(2 023 596)	(2 592 229)

# Consolidated Cash Flow

55

RUB, 000s	FY 2017	FY 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	202,566,776	199,801,345
Other cash receipts	497,880	684,044
Interest received	104,391	257,541
Cash paid to suppliers and employees	(194,385,579)	(186,678,063)
Operating taxes	(672,429)	(670,313)
Other cash payments	(125,740)	(76,312)
VAT paid to budget	(2,182,232)	(1,485,904)
Income tax paid	(928,829)	(159,780)
<b>Net cash from/(used in) operating activities</b>	<b>4,874,238</b>	<b>11,672,558</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of PP&E and initial cost of land lease (excluding VAT)	(3,112,061)	(5,880,420)
Purchase of other intangible assets (excluding VAT)	(439,980)	(450,701)
Proceeds from sales of PP&E and intangible assets (excluding VAT)	186,870	917,819
<b>Net cash used in investing activities</b>	<b>(3,365,171)</b>	<b>(5,413,302)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans and borrowings	7,685,500	24,498,000
Repayment of loans and borrowings	(7,663,017)	(23,480,067)
Interest paid	(3,655,488)	(3,939,956)
Dividends paid	(1,465,798)	(1,472,411)
Other financial payments	(88,340)	(134,577)
<b>Net cash (used in)/ from financing activities</b>	<b>(5,187,143)</b>	<b>(4,529,011)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,678,076)</b>	<b>1,730,245</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>11,463,467</b>	<b>9,768,130</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(35,214)	(34,908)
<b>Cash and cash equivalents at end of the year</b>	<b>7,750,177</b>	<b>11,463,467</b>

# IR CONTACTS

---

**Veronika Kryachko**  
**Head of Investor Relations**

**Tel: +7 495 663 6677 ext 404**

**Mob: + 7 915 380 6266**

**Veronika.Kryachko@okmarket.ru**

**www.okeyinvestors.ru**