

O'KEY GROUP FINANCIAL RESULTS

IFRS 1H 2019

27 August 2019

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.

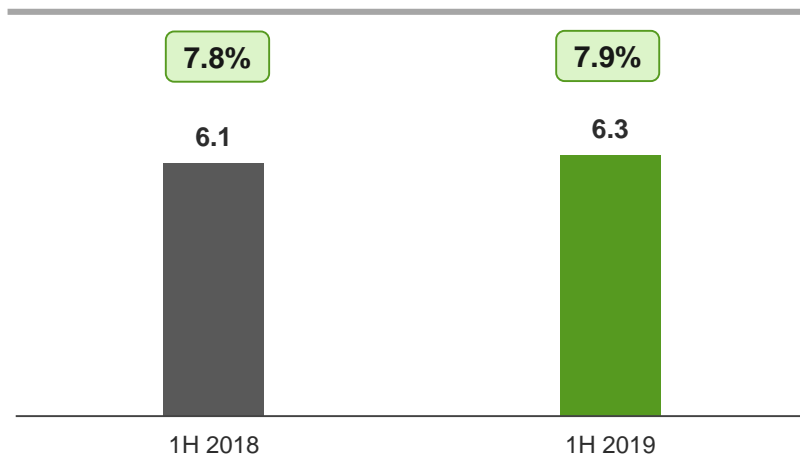
By reviewing this Presentation and/or accepting a copy of this document, you acknowledge and agree to be bound by the foregoing.

Financial highlights

3

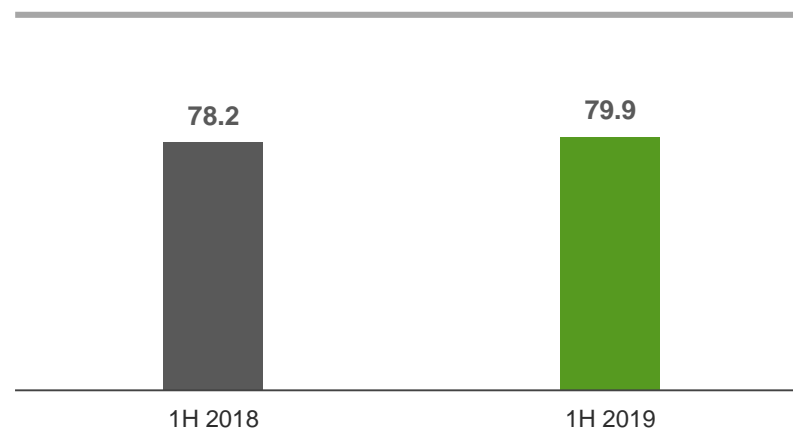
- The Group revenue increased in 1H 2019 by 2.2%
- The Group EBITDA grew by 3.9%YoY to RUB 6,341 mln compared with RUB 6,105 mln in 1H 2018, while the EBITDA margin increased in 13 bps YoY to 7.9%
- Net profit for the Group amounted to RUB 632 mln in 1H 2019 compared to negative RUB 897 mln in 1H 2018

EBITDA⁽¹⁾, RUB bn

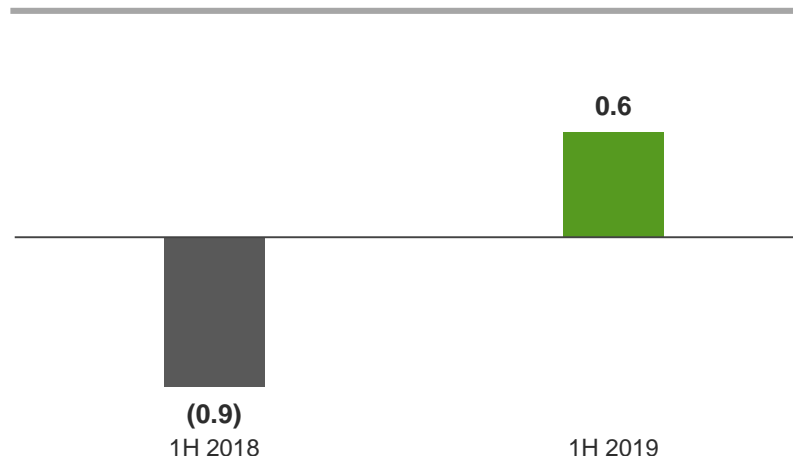


 EBITDA margin

Revenue, RUB bn



Net profit/(loss), RUB bn

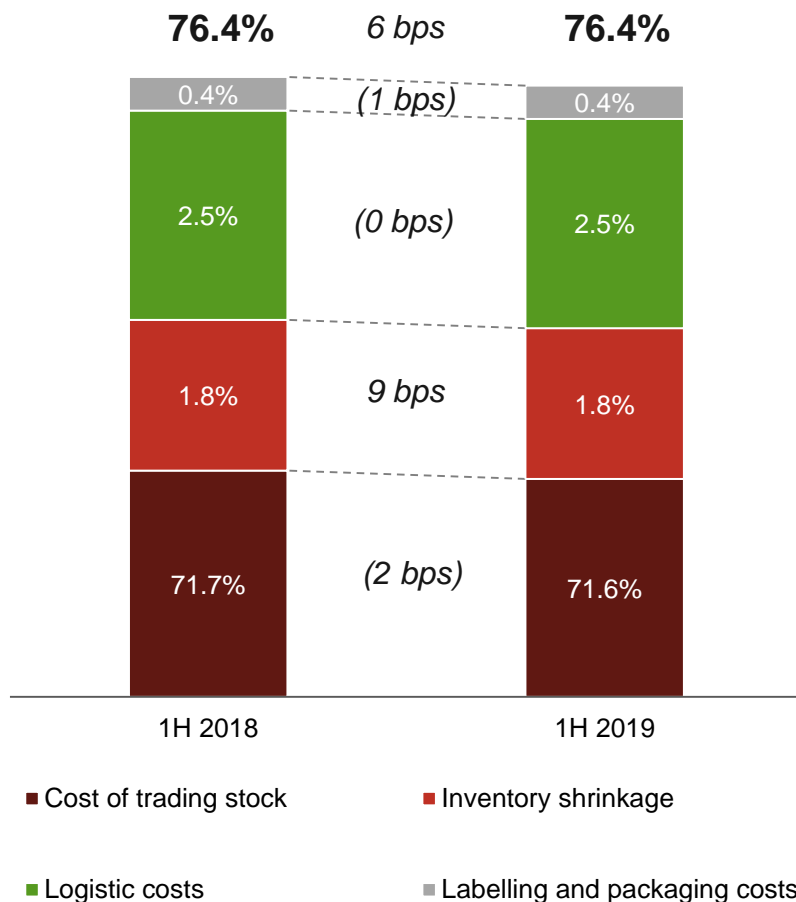


Notes: ⁽¹⁾ The Group has adopted IFRS 16 from 1 January 2019. Upon implementing the standard, the Group's management began to assess Company performance based on the figures presented in accordance with IFRS 16.

In 1H 2019 COGS stayed almost flat YoY as percentage of revenue

4

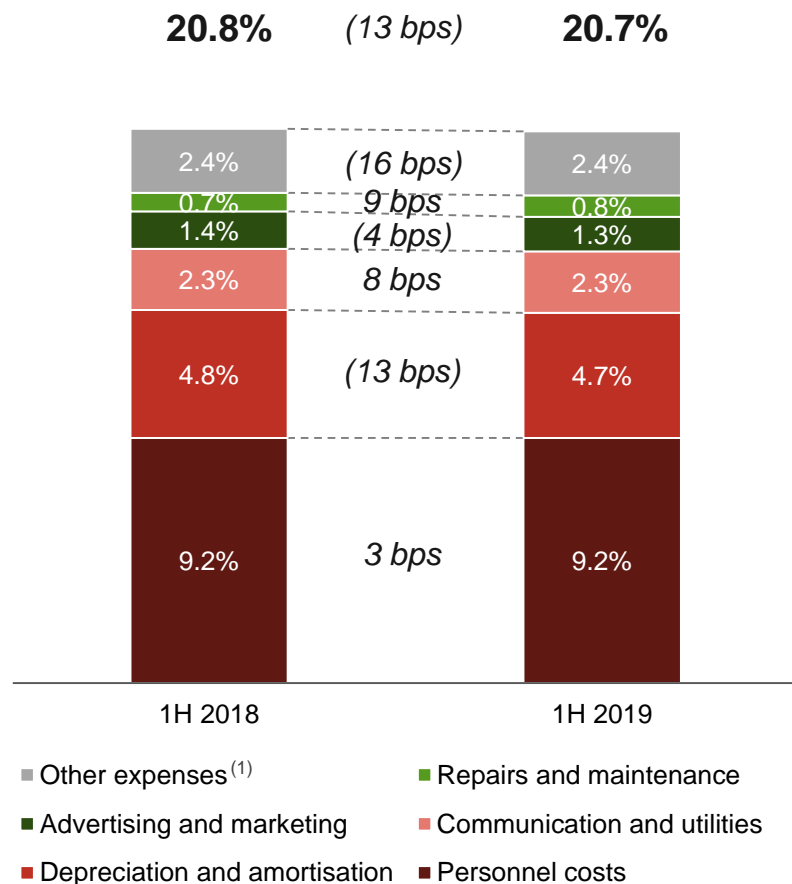
COGS breakdown as percentage of revenue



- Cost of trading stock decreased by 2 bps YoY;
- Inventory shrinkage increased by 7.2% in absolute terms YoY mainly due to cancelling supplier returns of products with a shelf-life of less than 30 days;
- Logistics cost stayed almost the same YoY.

In 1H 2019 SG&A expenses decreased by 13 bps

SG&A expenses breakdown as percentage of revenue



- Personnel costs up by 3 bps YoY driven by necessary wage increases at hypermarket business in the second half of 2018;
- Communication, utilities, repairs and maintenance expenses increased by 17 bps YoY due to tariffs indexation in the second half of 2018 and planned equipment repairs in 1H 2019;
- Advertising and marketing expenses stayed almost flat YoY.

Notes: ⁽¹⁾ Other expenses include security expense, insurance and bank commissions, operating taxes, legal and professional expenses, expenses relating to variable lease payments and operating lease expenses, materials and supplies and other costs.

In 1H 2019 EBITDA margin increased by 13 bps driven by better purchasing terms and higher efficiency of operations

6

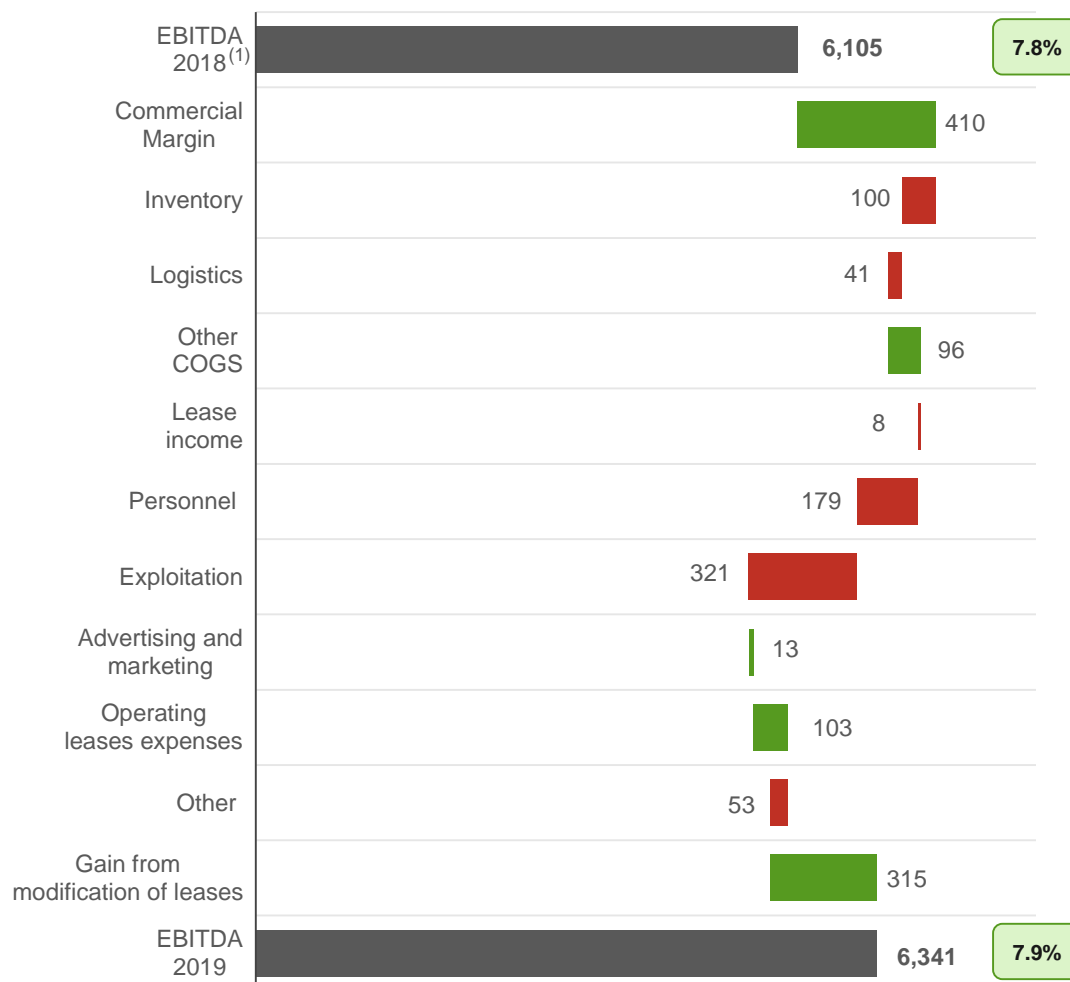
1H 2019 EBITDA was up by 3.9% to

RUB 6,341 mln due to:

- (+) increase of commercial margin: impact RUB 410 mln
- (-) increase of inventory shrinkage: impact RUB 100 mln
- (-) increase of logistics costs: impact RUB 41 mln
- (+) other COGS components decrease: impact RUB 96 mln
- (-) decrease of lease income: impact RUB 8 mln
- (-) increase of personnel costs: impact RUB 179 mln
- (-) increase of exploitation costs: impact RUB 321 mln
- (+) decrease of advertising & marketing costs: impact RUB 13 mln
- (+) decrease of operating lease expenses: impact RUB 103 mln
- (-) increase of other costs: impact RUB 53 mln
- (+) Gain from modification of lease agreements: RUB 315 mln

EBITDA
margin

1H 2019 EBITDA – key drivers, RUB mln

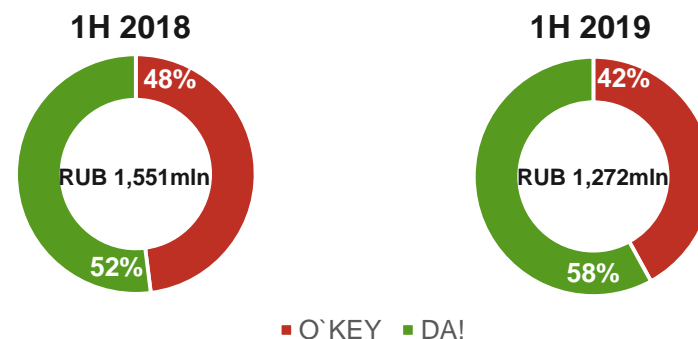


Notes: ⁽¹⁾ 1H 2018 EBITDA restated in line with IFRS16 guidelines.

Capital expenditures in 1H 2019 decreased by 18% YoY

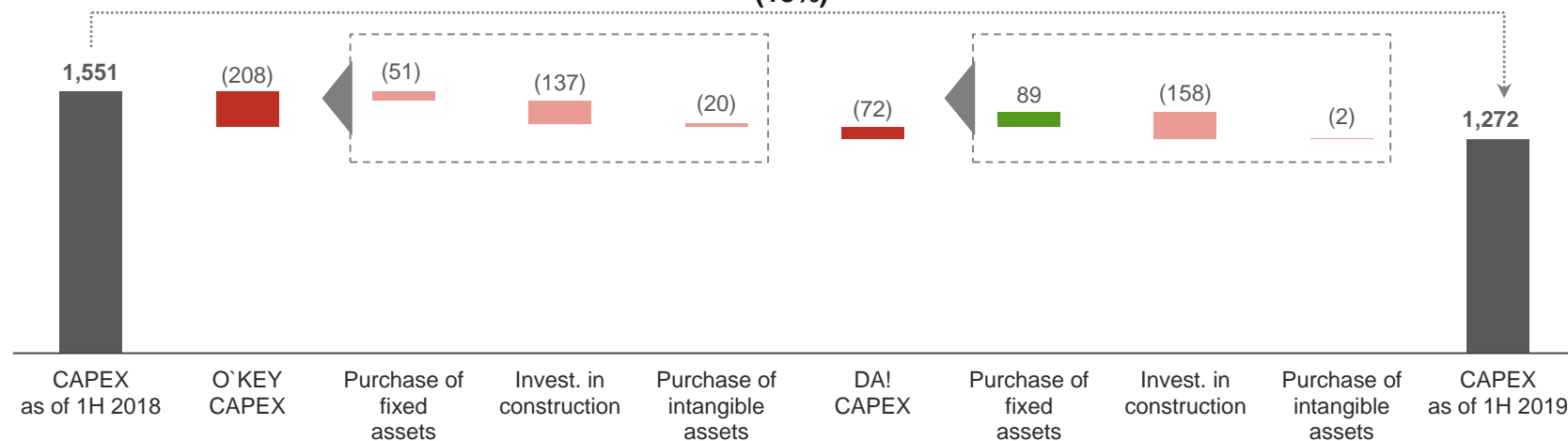
- In 1H 2019, the Group invested RUB 531 mln (excluding VAT) into the development of its hypermarket business
- In 1H 2019, the Group invested RUB 740 mln (excluding VAT) in growing its discounter business

CAPEX structure



Capital Expenditures YoY change analysis, excluding VAT, RUB mln

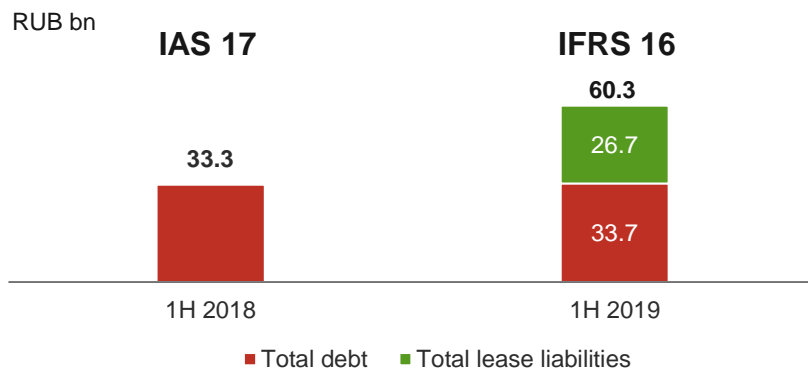
(18%)



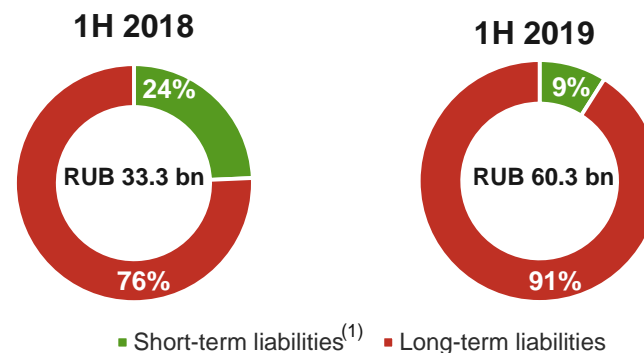
Interest-bearing liabilities structure

8

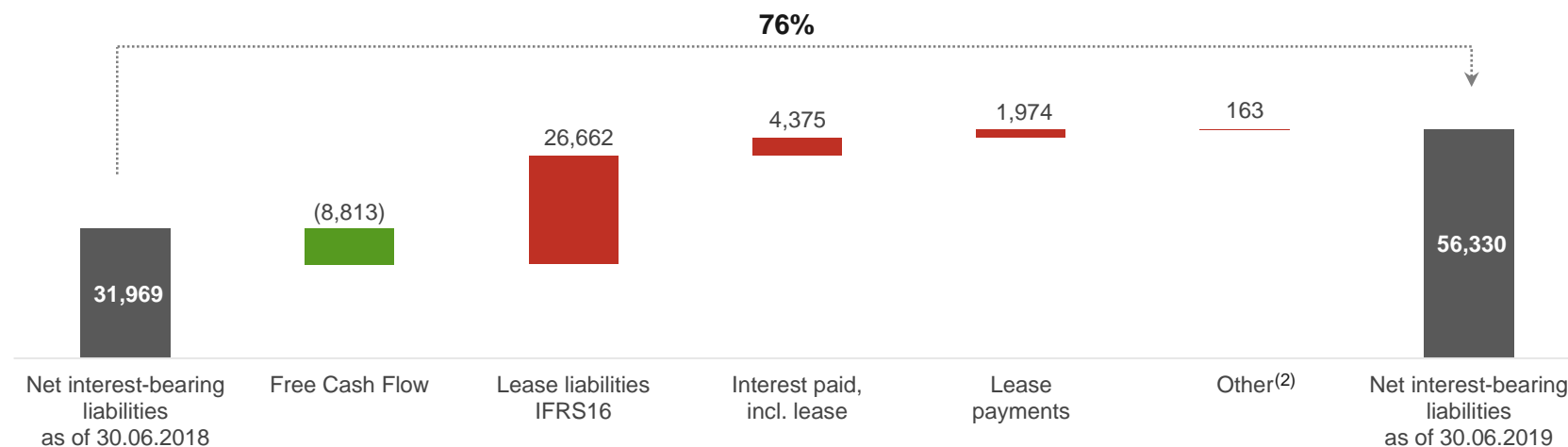
IFRS16 vs. IAS17



Short-term vs. long-term



YoY change analysis, RUB mln



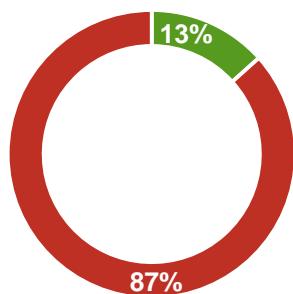
Notes: ⁽¹⁾ Short-term debt does not include interest accrued on loans and borrowings; ⁽²⁾ Other financial payments, effect of exchange rate fluctuations on cash and cash equivalents and other.

Debt portfolio maturity

9

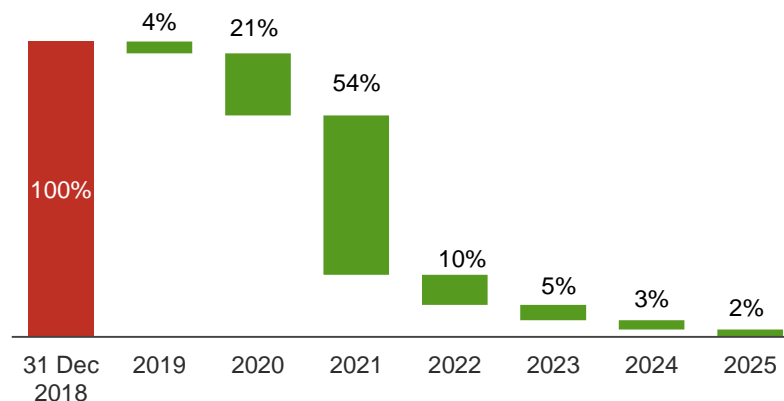
- 97% of debt portfolio is RUB-denominated
- In July, 2019 RAEX (EXPERT RA) affirmed O`KEY a 'ruA-' rating with a stable outlook
- In April, the Group placed unsecured bonds in the amount of RUB 5 bn on MOEX bearing coupon rate of 9.35% p.a. The bonds mature in April 2029 with the option for bond holders to claim early repayment in April 2022
- As at the end of 1H 2019, the Group's weighted average interest rate decreased from 9.1% as at the end of 1H 2018 to 8.9%. The Group maintains its strong focus on debt portfolio optimisation

Debt portfolio coverage



■ Secured ■ Unsecured

Debt portfolio maturity



Covenants and liquidity

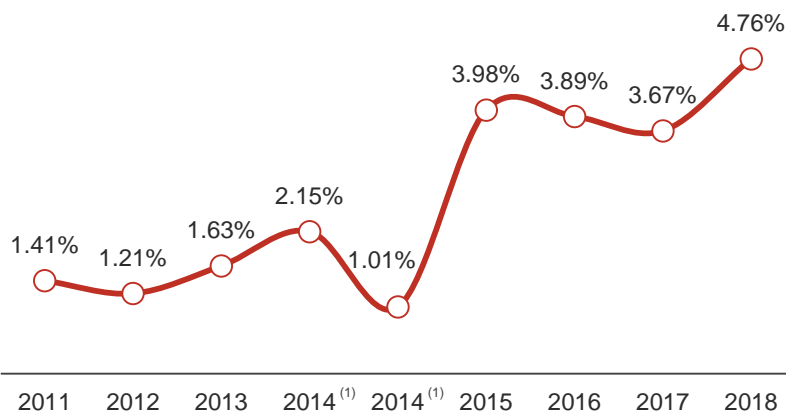
Parameter	1H 2019 (IFRS16)	1H 2018 (IAS17)
Cash & cash equivalents, RUB mln	4,016	1,334
Available credit lines, RUB mln	13,450	12,700
Net debt/EBITDA ⁽¹⁾	3.9x	3.5x

Notes: ⁽¹⁾ Short-term debt does not include interest accrued on loans and borrowings.

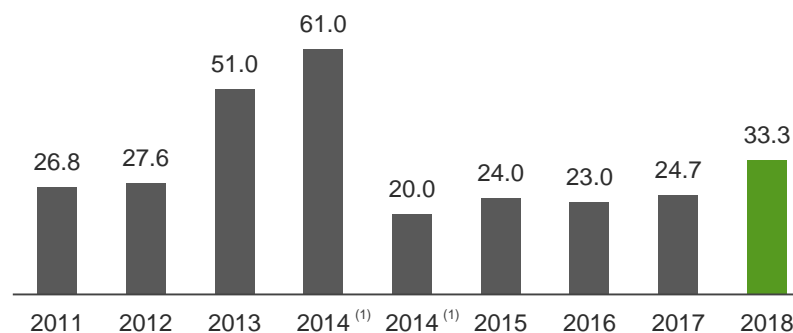
- O`KEY's dividend policy:

- Depends on net income and retained earnings of the key subsidiaries of O`KEY Group S.A.
- Frequency of payments per year is not limited
- Target payout – 25% of consolidated net profit
- The payout amount may vary subject to BoD decision

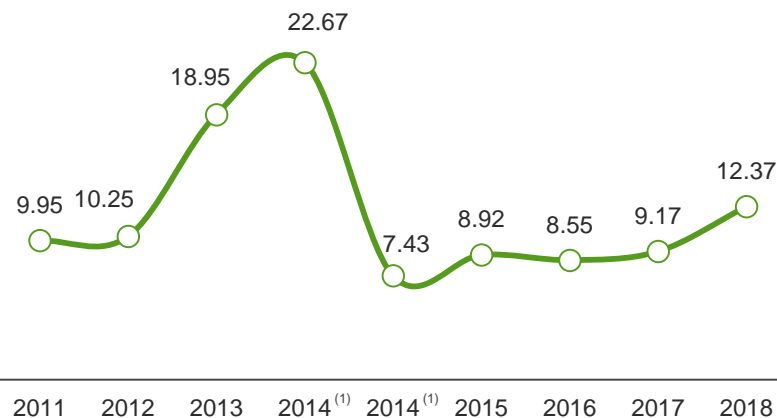
Dividend yield⁽²⁾



Interim dividend paid, US\$ mln



Dividend per GDR, US\$ cents, gross



Notes: ⁽¹⁾ In 2014 the Group distributed dividends two times; ⁽²⁾ At the record date.



- **Revenue growth:** we revised the guidance upwards to low single digit growth



- **Expansion:** up to 20 new discounters
- **Revenue:** double digit LFL growth
- **Breakeven:** by the end of 2019

APPENDIX

Three major shareholders

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

Board of Directors

- Mr. Heigo Kera, Chairman
- Mr. Dmitry Troitskiy, Non-Executive Director
- Mr. Dmitry Korzhev, Non-Executive Director
- Mr. Boris Volchek, Non-Executive Director
- Mr. Mykola Buinycky, Independent Director

Committees of the Board of Directors

Remuneration Committee



Mr. Heigo Kera

Chairman of the Remuneration committee

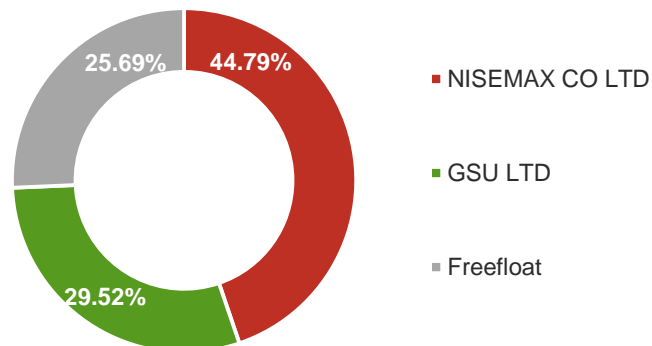
Audit Committee



Mr. Mykola Buinycky

Chairman of the Audit committee

Shareholder structure

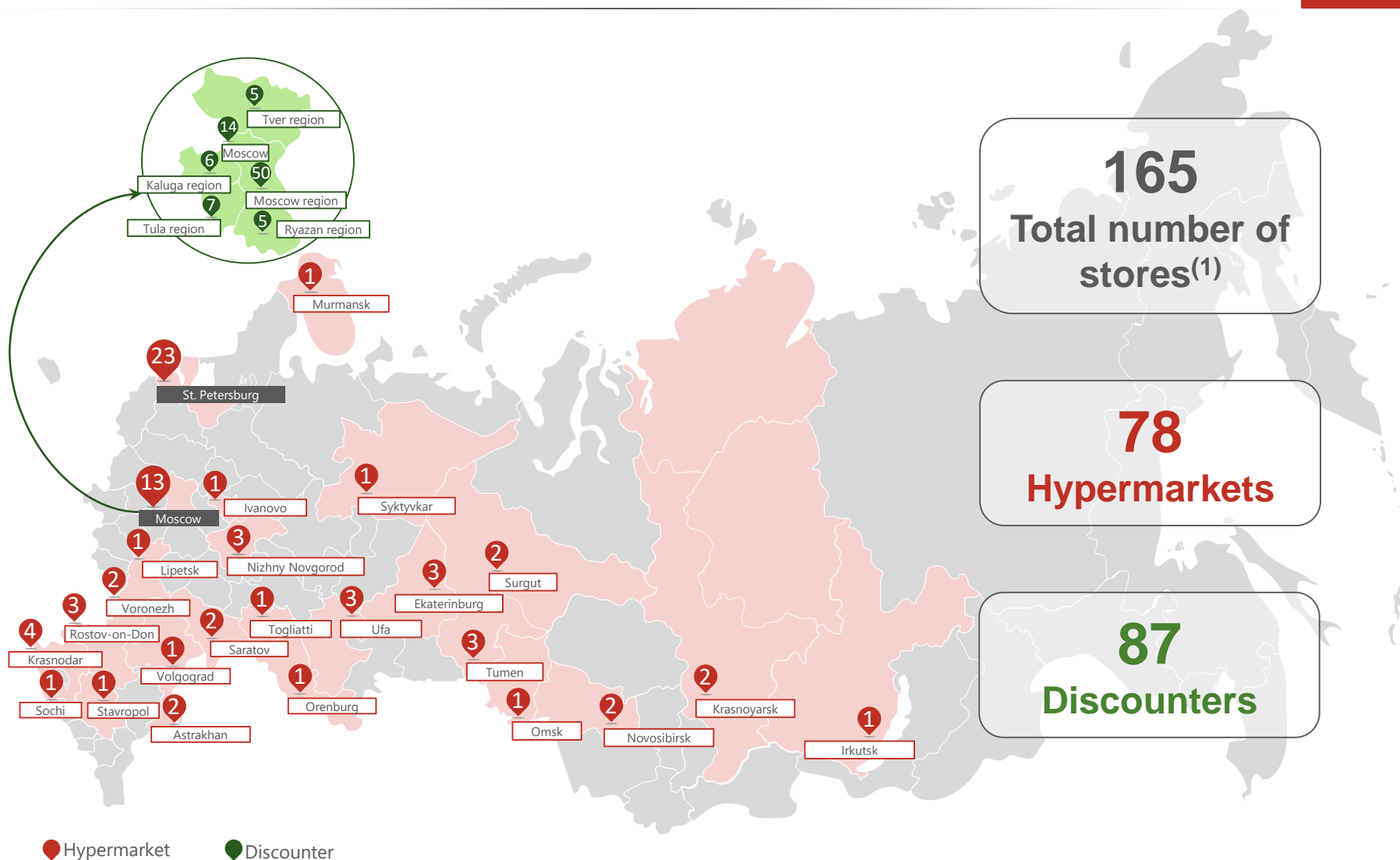


Appendix: Key operating data by quarter

14

Category ⁽¹⁾	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019
Total sales, RUB bn	48.8	47.6	46.6	55.9	198.9	45.5	42.6	41.6	52.2	181.9	45.3	45.4
<i>Growth</i>	<i>0.5%</i>	<i>4.9%</i>	<i>0.7%</i>	<i>(1.2%)</i>	<i>1.1%</i>	<i>(6.9%)</i>	<i>(10.6%)</i>	<i>(10.7%)</i>	<i>(6.6%)</i>	<i>(8.5%)</i>	<i>(0.4%)</i>	<i>0.2%</i>
O`KEY	46.4	44.8	43.7	52.4	187.3	42.1	38.8	37.8	47.7	166.5	40.7	40.1
DA!	2.4	2.8	2.9	3.5	11.7	3.3	3.8	3.8	4.5	15.4	4.6	5.3
Number of stores	165	164	168	145	145	145	147	151	160	160	162	164
O`KEY	110	109	109	78	78	78	78	79	78	78	78	78
DA!	55	55	59	67	67	67	69	72	82	82	84	86
Selling space, ths sqm	623,611	611,679	611,300	577,804	577,804	577,968	577,248	586,357	584,914	584,914	586,357	587,778
O`KEY	586,001	574,069	570,896	531,589	531,589	531,589	529,555	528,124	528,124	528,124	528,124	528,124
DA!	37,610	37,610	40,404	46,215	46,215	46,379	47,693	58,233	56,790	56,790	58,233	59,654
LFL sales growth	(4.9%)	(0.1%)	(0.2%)	(0.5%)	(1.4%)	(0.7%)	(4.0%)	(1.3%)	-2.70%	(3.3%)	(1.3%)	0.6%
O`KEY	(6.4%)	(2.2%)	(2.3%)	(1.9%)	(3.2%)	(1.6%)	(5.4%)	(3.7%)	-3.70%	(4.3%)	(3.7%)	(1.0%)
DA!	67.8%	67.4%	54.1%	33.3%	52.0%	15.9%	15.7%	20.2%	12.20%	13.1%	21.4%	18.7%
LFL traffic growth	(3.6%)	(1.6%)	(3.1%)	(0.7%)	(2.2%)	(0.8%)	(2.2%)	(3.4%)	-3.40%	(2.6%)	(3.4%)	(0.8%)
O`KEY	(6.1%)	(4.6%)	(6.2%)	(3.2%)	(5.0%)	(2.5%)	(4.8%)	(6.0%)	-5.60%	(4.8%)	(6.0%)	(3.2%)
DA!	45.3%	40.4%	34.1%	25.7%	34.8%	12.7%	15.8%	12.1%	9.50%	12.0%	9.5%	11.8%
LFL ticket growth	(1.3%)	1.5%	2.9%	0.2%	0.8%	0.1%	(1.8%)	2.2%	0.80%	(0.6%)	2.2%	1.4%
O`KEY	(0.4%)	2.5%	4.2%	1.3%	1.9%	0.9%	(0.6%)	3.3%	2.00%	0.4%	3.3%	2.3%
DA!	15.5%	19.2%	14.9%	6.1%	12.7%	2.9%	0.0%	7.2%	2.50%	1.0%	7.4%	6.2%

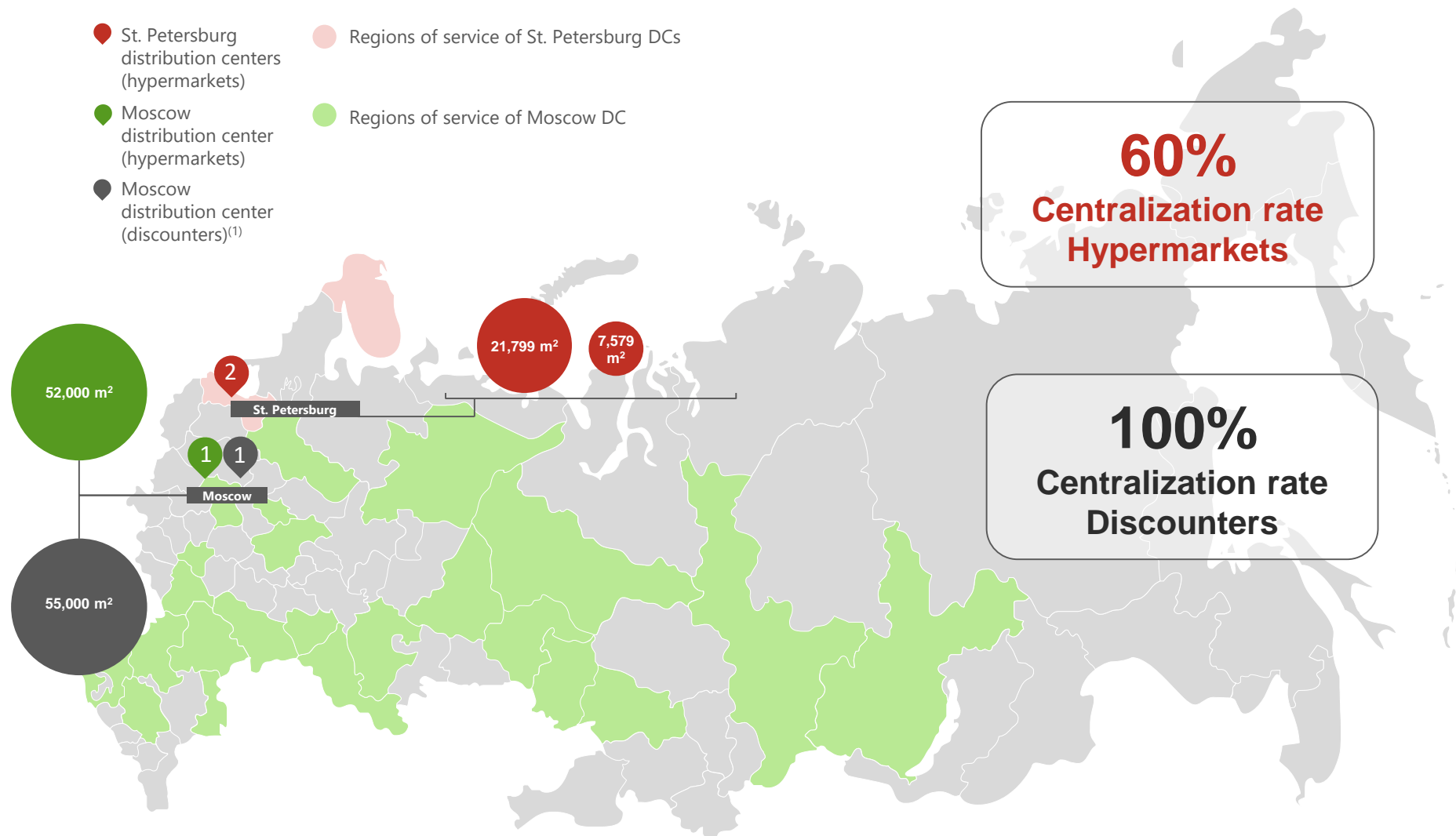
Notes: ⁽¹⁾ O`KEY category includes hypermarkets and supermarkets, DA! category includes discounters.



Notes: ⁽¹⁾ Number of stores as of September 2019.

O`KEY supply chain

16



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

Appendix: Consolidated Balance Sheet

17

RUB, 000s	30 June 2019	31 December 2018
Investment property	1,048,737	1,047,000
Property, plant and equipment	43,036,179	43,770,640
Construction in progress	2,980,565	3,754,546
Right-of-use assets	24,167,963	-
Lease rights	-	4,312,159
Intangible assets	1,251,520	1,294,214
Deferred tax assets	3,687,012	2,438,928
Other non-current assets	935,185	1,405,610
Total non-current assets	77,107,161	58,023,097
Inventories	12,199,937	13,684,473
Trade and other receivables	3,480,092	3,402,946
Prepayments	1,072,033	1,389,038
Other current assets	25,928	25,466
Cash and cash equivalents	4,016,131	8,712,253
Total current assets	20,794,121	27,214,176
Total assets	97,901,282	85,237,273
Total equity	17,147,654	22,481,181
Loans and borrowings	31,974,980	31,964,302
Lease liabilities	22,928,011	-
Deferred tax liabilities	383,908	679,921
Other non-current liabilities	-	112,047
Total non-current liabilities	55,286,899	32,756,270
Loans and borrowings	1,709,214	2,461,437
Interest accrued on loans and borrowings	185,117	97,364
Lease liabilities	3,733,739	-
Trade and other payables	19,538,900	26,861,848
Current income tax payable	299,759	579,173
Total current liabilities	25,466,729	29,999,822
Total liabilities	80,753,628	62,756,092
Total equity and liabilities	97,901,282	85,237,273

Appendix: Consolidated P&L

18

RUB, 000s	1H 2019 (IFRS 16)	1H 2018 (IAS 17)
Revenue	79,883,427	78,179,207
Cost of goods sold	(61,046,967)	(59,952,379)
Gross profit	18,836,460	18,226,828
<i>Gross margin</i>	23.6%	23.3%
Selling, general and administrative expenses	(16,531,707)	(17,047,777)
Other operating income and expenses	138,667	380,770
Operating profit	2,443,420	1,559,821
Finance income	59,008	46,577
Finance costs	(2,625,749)	(1,581,324)
Foreign exchange (loss)/gain	692,220	(642,206)
Profit/(Loss) before income tax	568,899	(617,132)
Income tax benefit	62,990	76,005
Profit/(Loss) for the year	631,889	(541,127)
Net profit margin	0.8%	N/A

RUB, 000s	1H 2019 (IFRS 16)	1H 2018 (IAS 17)
Group EBITDA	6,341	3,470
<i>Group EBITDA margin</i>	7.9%	4.4%
O`KEY EBITDA	6,509	4,370
<i>O`KEY EBITDA margin</i>	9.1%	6.1%
DAI EBITDA	(169)	(899)

Appendix: Consolidated Cash Flow

19

RUB, 000s	1H 2019	1H 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	92,381,998	89,676,521
Other cash receipts	435,310	433,619
Interest received	42,770	39,408
Cash paid to suppliers and employees	(90,150,271)	(92,699,092)
Taxes other than on income	(367,911)	(467,308)
Other cash payments	(30,157)	(19,871)
VAT paid	(1,559,547)	(1,216,504)
Income tax paid	(418,532)	(1,065,330)
Net cash from/(used in) operating activities	333,660	(5,318,557)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of PP&E and right-of-use assets/lease rights (excluding VAT)	(1,126,491)	(1,383,950)
Purchase of intangible assets (excluding VAT)	(145,171)	(167,336)
Proceeds from sale of supermarkets (excluding VAT)	-	6,910,243
Proceeds from sale of subsidiaries	1,552,785	-
Proceeds from sales of PP&E and intangible assets (excluding VAT)	13,220	16,087
Net cash used in investing activities	294,343	5,375,044
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and borrowings	5,250,000	1,100,000
Repayment of loans and borrowings	(5,893,800)	(3,990,268)
Interest paid	(1,432,712)	(1,612,754)
Repayment of principal amount of lease liabilities	(1,974,051)	-
Interest paid on lease liabilities	(1,216,864)	-
Dividends paid	-	(1,879,021)
Other financial payments	(34,920)	(54,522)
Net cash used in financing activities	(5,302,347)	(6,436,565)
Net increase/(decrease) in cash and cash equivalents	(4,674,344)	(6,380,078)
Cash and cash equivalents at the beginning of the period	8,712,253	7,750,177
Effect of exchange rate fluctuations on cash and cash equivalents	(21,778)	(35,318)
Cash and cash equivalents at end of the year	4,016,131	1,334,781

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