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## INVESTOR PRESENTATION

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14 DECEMBER 2020

## 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.

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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<sup>(1)</sup>

118

Total number of discounters<sup>(1)</sup>



Top-3

Retailer by number of hypermarkets

600

Selling space ('000 sq. m.)<sup>(1)</sup>

+46.6%

Discounters revenue growth, 9M 2020



18

Years of experience on the market

RUB 123.8<sub>bn</sub>

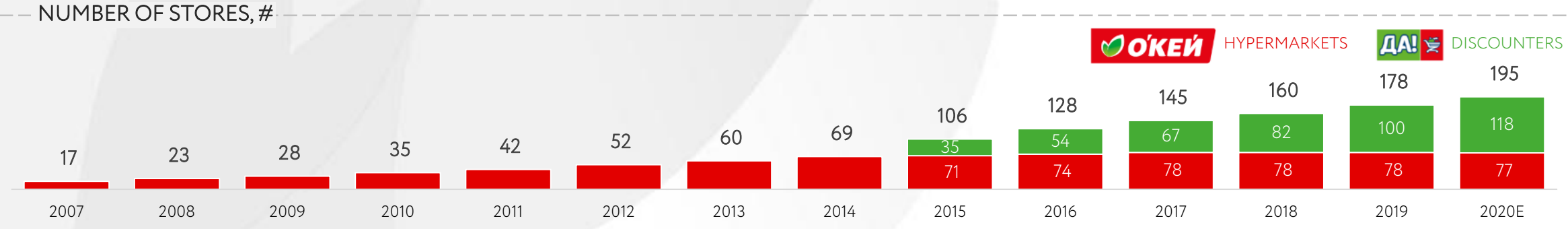
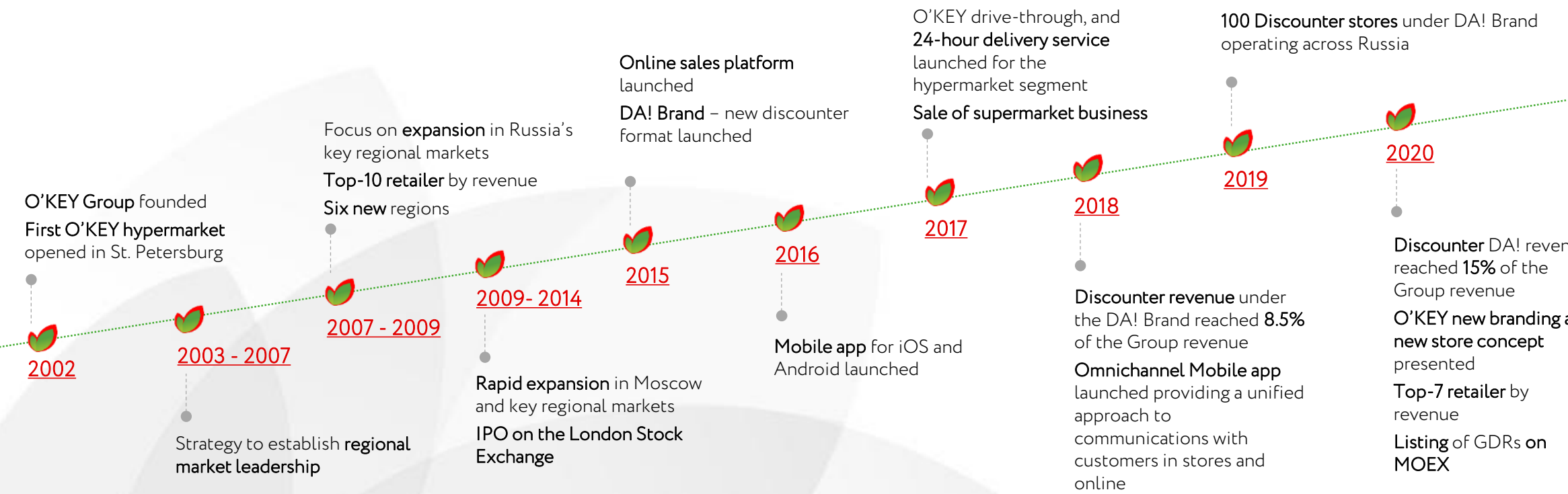
Group retail revenue, 9M 2020

+5.8%

Group LFL revenue growth, 9M 2020



# AN ESTABLISHED TRACK RECORD



— STORES



**O'KEY**

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



 **6,800 sq. m.**  
Average store selling space

 **30k SKUs**  
Average product range

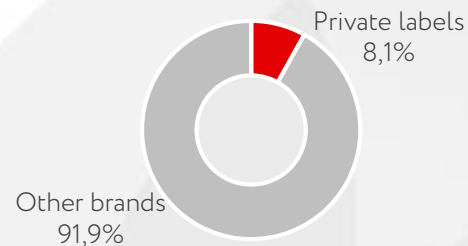
 **Target audience**  
People who live within 15 min by car

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



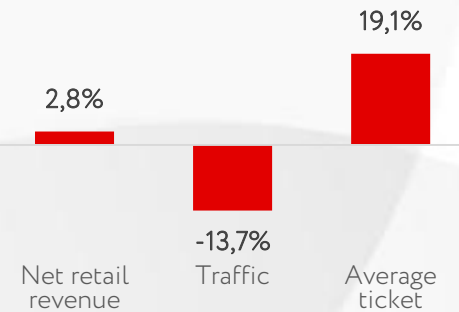
## PRIVATE LABELS

Share of private labels in sales, 9M 2020



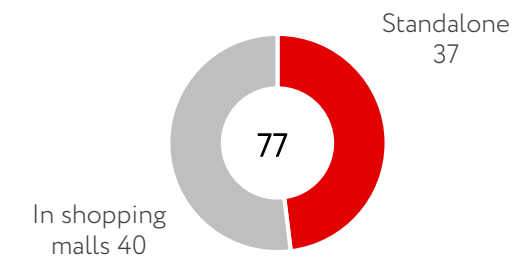
## LFL GROWTH

%, y-o-y in 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
-  **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

- ❑ >40% 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 DIFFERENTIATION THROUGH OWN BRAND PORTFOLIO

**3,200** active SKUs<sup>(1)</sup>

- 85% of products produced by local suppliers
- On average, 20-30% cheaper than branded products of the same quality
- "O'KEY – Customers' Guarantee"<sup>(2)</sup> aids for production audit by independent accredited laboratories
- Long-term cooperation with suppliers
- Dedicated section at the e-commerce website, direct mailing to customers and advertising campaigns to promote own brands

## Extensive variety of private label products

*Selection of O'KEY*  
Premium segment



*O'KEY*  
Mid-price segment



*Other (Baby Island, Home Studio)*  
Mid-price segment



# O'KEY DIGITALISATION FOR PERSONALISED AND ENJOYABLE CUSTOMER EXPERIENCE

## MOBILE SELF CHECK-OUT SCANNERS



## DIGITAL SOMMELIER



## ELECTRONIC PRICE TAGS



## SELF CHECK-OUT ZONES



- ❑ 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



# O'KEY IS A PIONEER IN GROCERY E-COMMERCE

- ❑ Launching in 2015, O'KEY was among the **pioneers in Russian e-grocery**
- ❑ **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

**+30%**

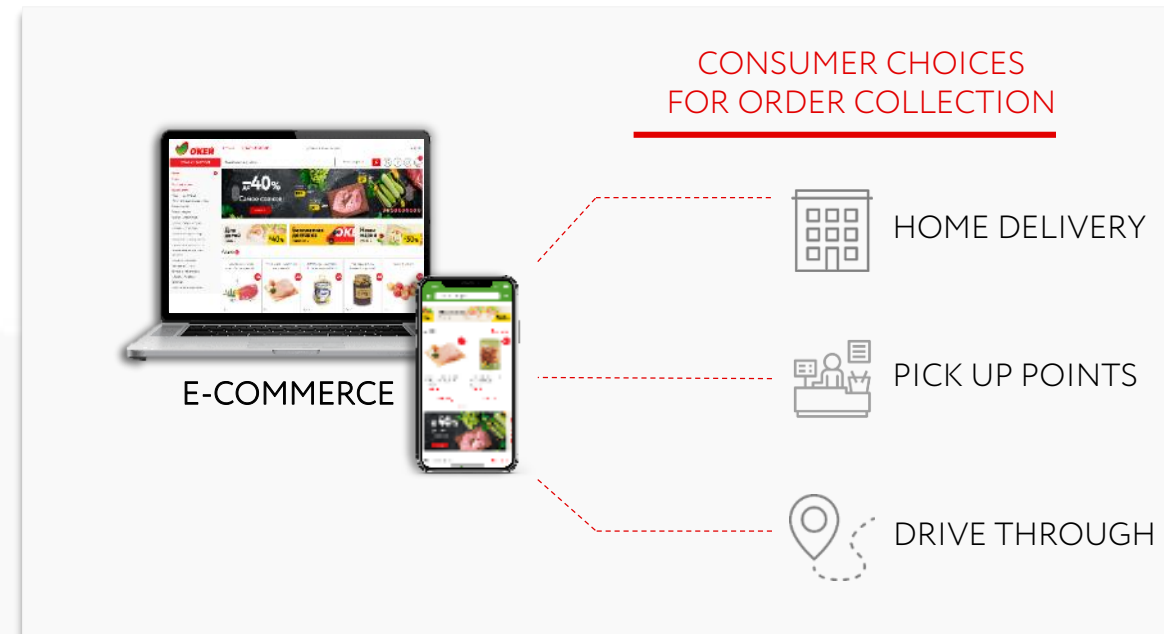
YoY online growth in  
9M 2020

**>30k**

Available SKUs

**45%**

Share of online sales via  
Mobile App in 3Q 2020





# DA!: FAST-GROWING CLASSIC EUROPEAN DISCOUNTERS



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

 **2,800 SKUs**  
Average product range

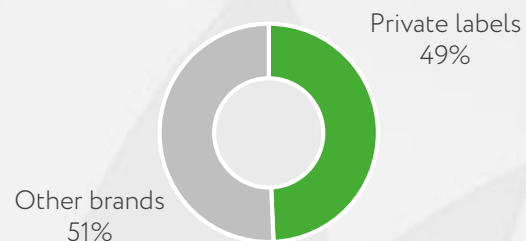
 **Target audience**  
Lives within 5 minutes by car/ 15 min walking distance

 **Location**  
Within highly populated residential areas with easy road access



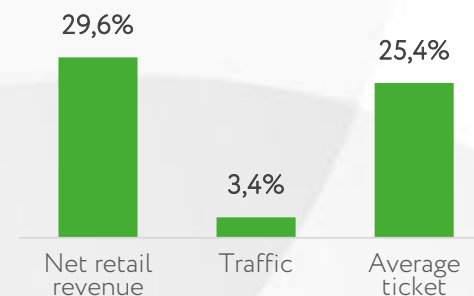
## PRIVATE LABELS

Share of private labels in sales, 9M 2020



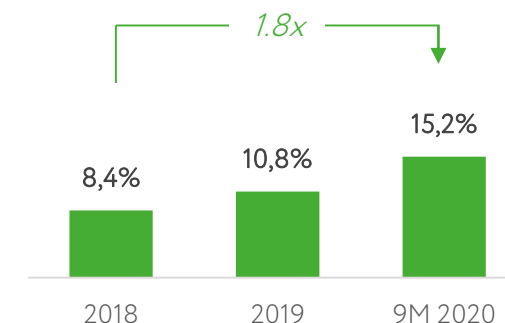
## LFL GROWTH

%, as of 9M 2020









## 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



# GROUP SUSTAINABLE GROWTH AND PERFORMANCE

## TOTAL REVENUE

RUB bn

## EBITDA

RUB bn

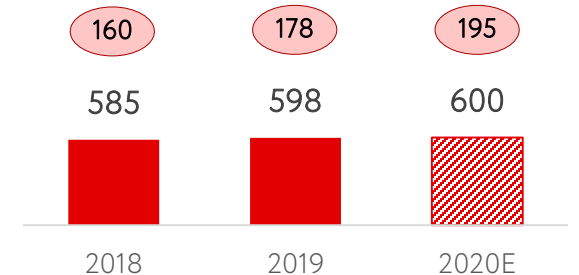
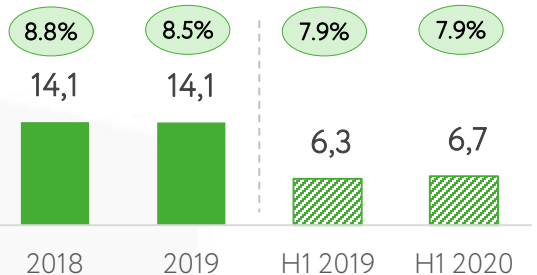
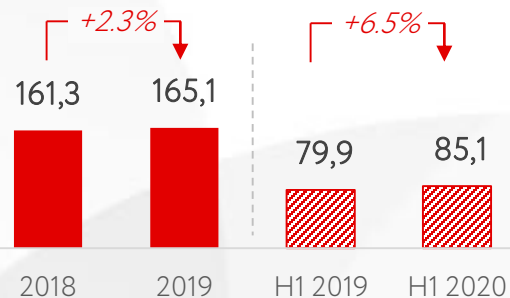
EBITDA margin

## SELLING SPACE AND STORES

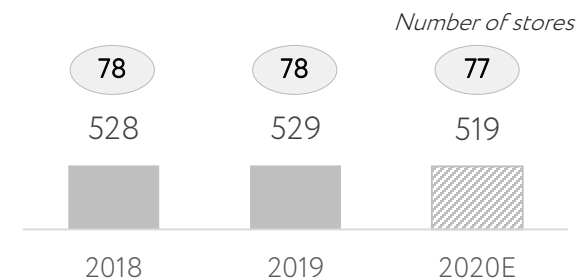
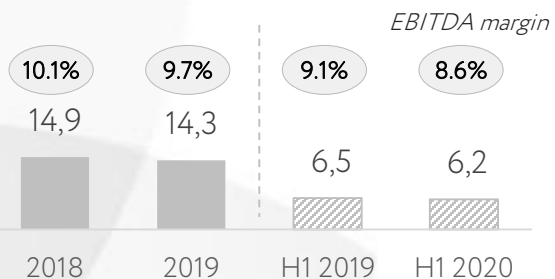
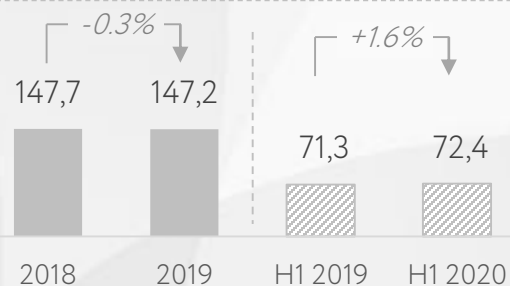
'000 sq. m.

Number of stores

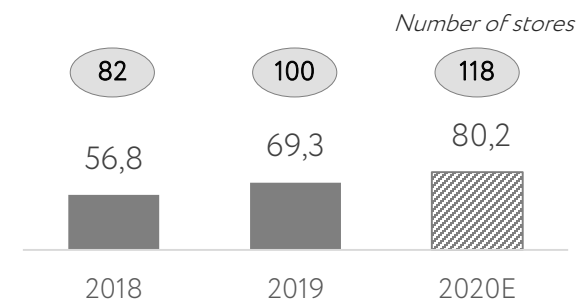
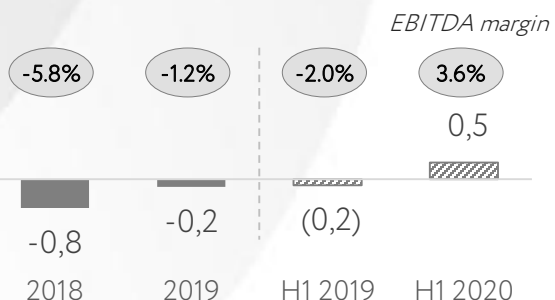
Group



O'KEY



ДА!





# 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



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## O'KEY HYPERMARKETS TRANSFORMATION BASED ON A NEW CONCEPT



# NEW O'KEY HYPERMARKET CONCEPT LAUNCHED IN OCTOBER 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

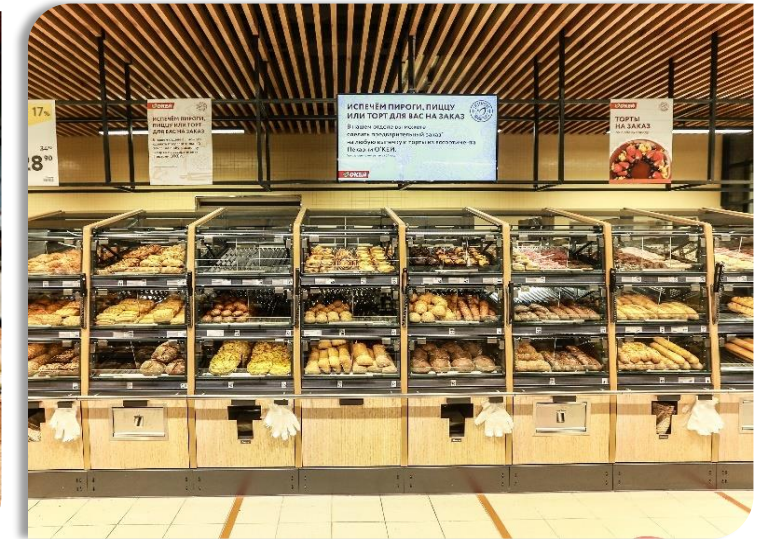
- ❑ **Improved layouts** and re-imagined approach to product range, while **using** every of **5,500 square meters** as **efficiently** as possible
- ❑ **+50%** space allocated **to fresh and ultra fresh** categories as main traffic drivers
- ❑ A **comfortable café area** next to the ready-to-eat section
- ❑ **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



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PLEASE [CLICK HERE TO WATCH A MOVIE ABOUT THE NEW HYPERMARKET](#)





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## 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



**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.



**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



**ELENA POLOZOVA**

*Human Resources Director*

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



**ELENA REMENNIKOVA**

*E-Commerce Director*

**2011-2012:** CEO of AMF international delivery of flowers and presents  
**2010-2011:** Chief Commercial Director, Utkonos  
**2000-2009:** Federal purchasing director, X5 Retail Group



**OLGA KUZYAKINA**

*Real Estate Director*

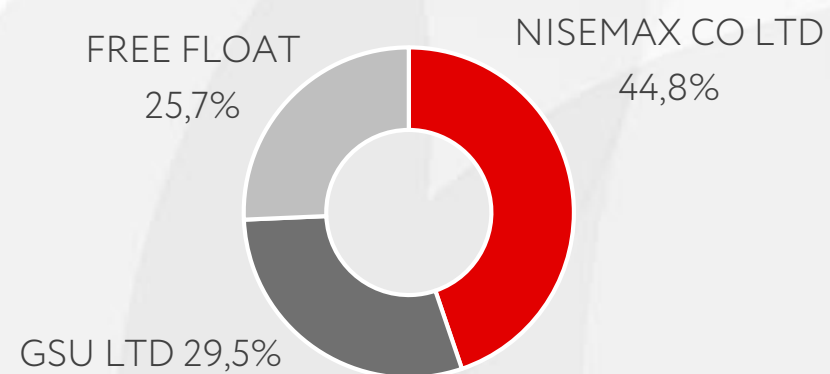
**2013-2020:** Real estate director in Aton Investment Group  
**2010-2013:** Real estate director in Castorama

# HIGH STANDARDS OF CORPORATE GOVERNANCE

## MAJOR SHAREHOLDERS

- Mr. Dmitry Korzhev (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.



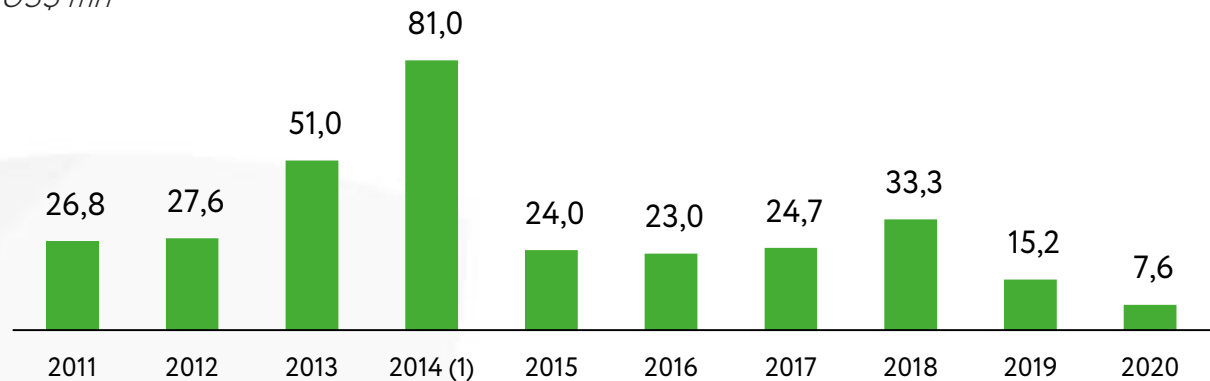
# SUSTAINABLE DIVIDEND TRACK RECORD

## 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

US\$ mn



## DIVIDEND YEILD <sup>(2)</sup>

%

