

O'KEY GROUP

Investors' presentation, November 2018

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O'KEY Group at a glance

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O'KEY 77
ОТЛИЧНО ЖИТЬ ПРАКТИЧНО
Hypermarkets Stores⁽¹⁾

ДА! 73
Discounters Stores

 **578**
selling space
(thb sqm)

 **RUB 78bn**
Revenue 1H 2018

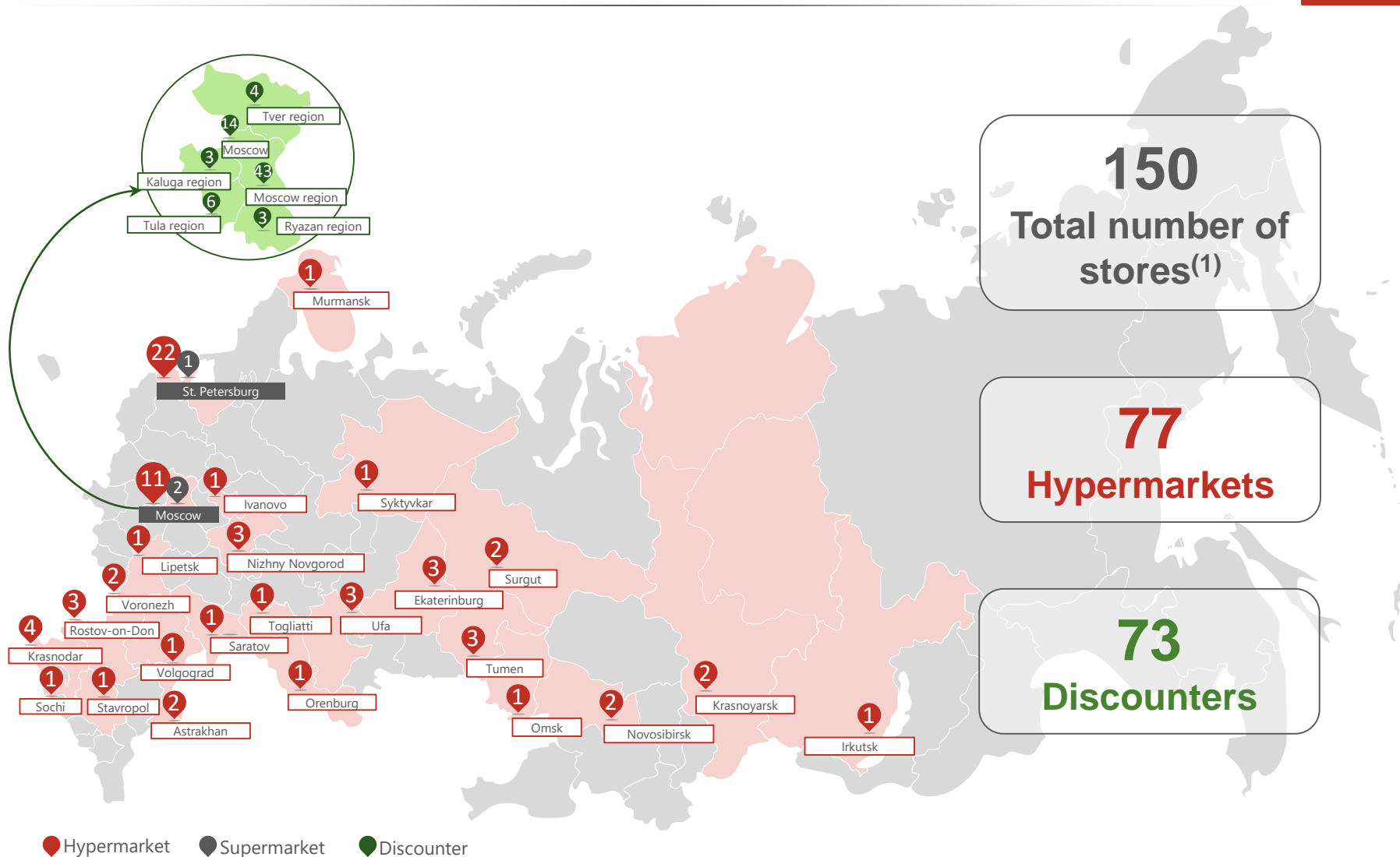
 **10.6%**
Revenue CAGR
1H 2009-1H 2018

 **98 mln**
Clients shopped in 1H 2018

Notes: (1) Including three supermarkets that will be refurbished into compact hypermarkets in 2019

O'KEY geography

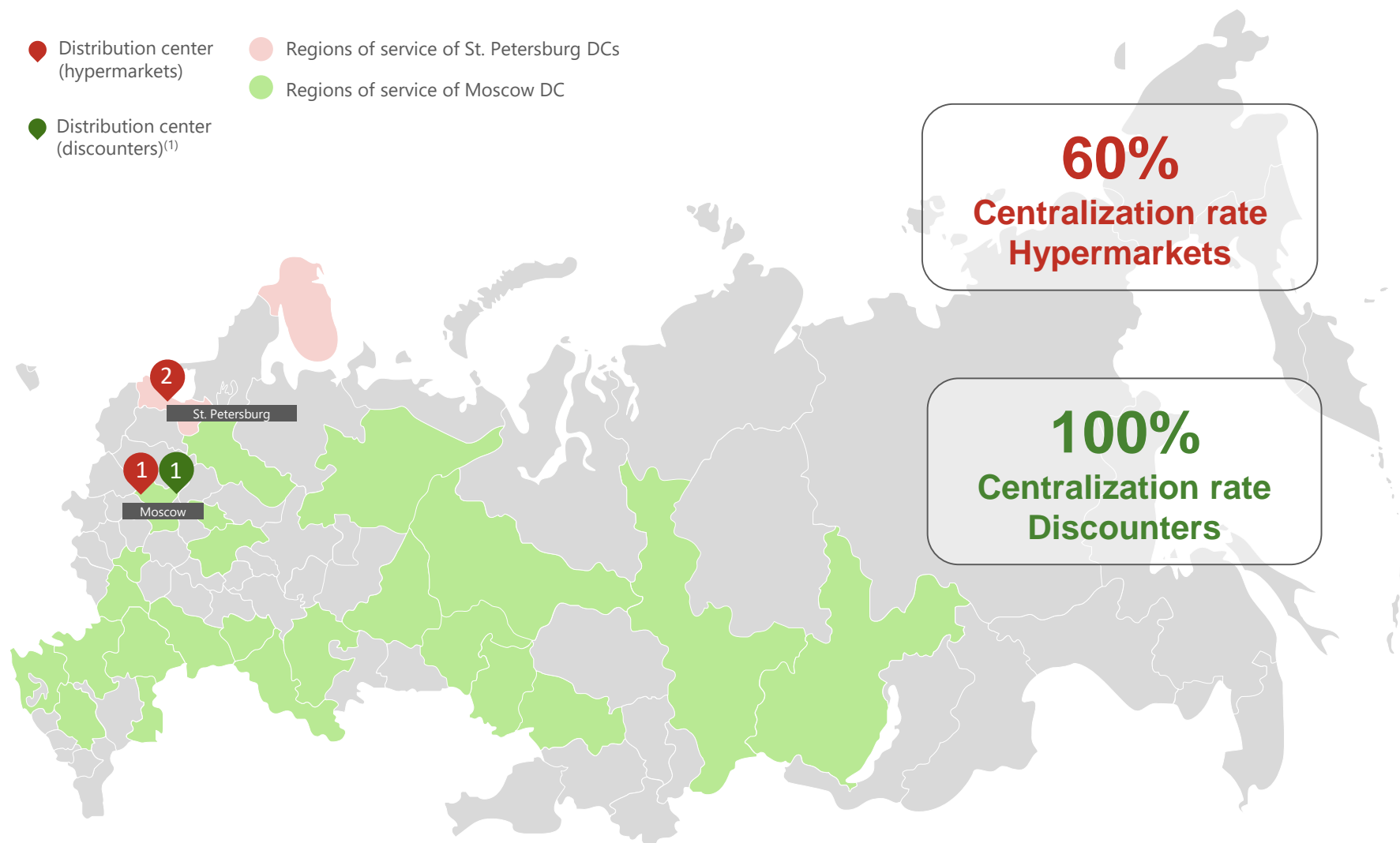
5



Notes: (1) Including three supermarkets that will be refurbished into compact hypermarkets by the end of 2019.

O'KEY supply chain

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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

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

2001 - 2003

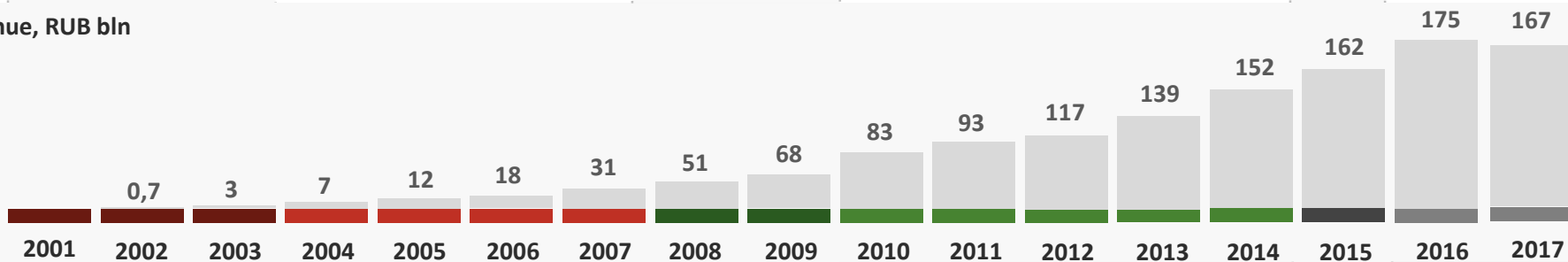
- Focus on **EXPANSION** in Russia's key regional markets
- **6 NEW REGIONS**
- **TOP-10** retailer by revenue
- 37 total stores
- **DOUBLED** selling space to >190 k m2

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 has an experienced management team

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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



Anton Farlenkov
Corporate Development Director

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



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



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



Artem Taraev
Business to business Sales Director

2014-2018: General Director at K-rauta
2007-2014: various positions in METRO Cash & Carry Russia Co.



Elena Polozova
Human Resources Director

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



Pavel Remezov
Real Estate Director

2017-2018: Real Estate and Development Director at OBI
2013-2017: Format development Director at Lenta



Kirill Maslentsyn
Director for PR and GR

2010-2013: Strategic communications Director at PepsiCo Eastern Europe
2008-2010: Strategic communications Director at Wimm-Bill-Dann



Ivart Papli
Director for Security and Risk Management

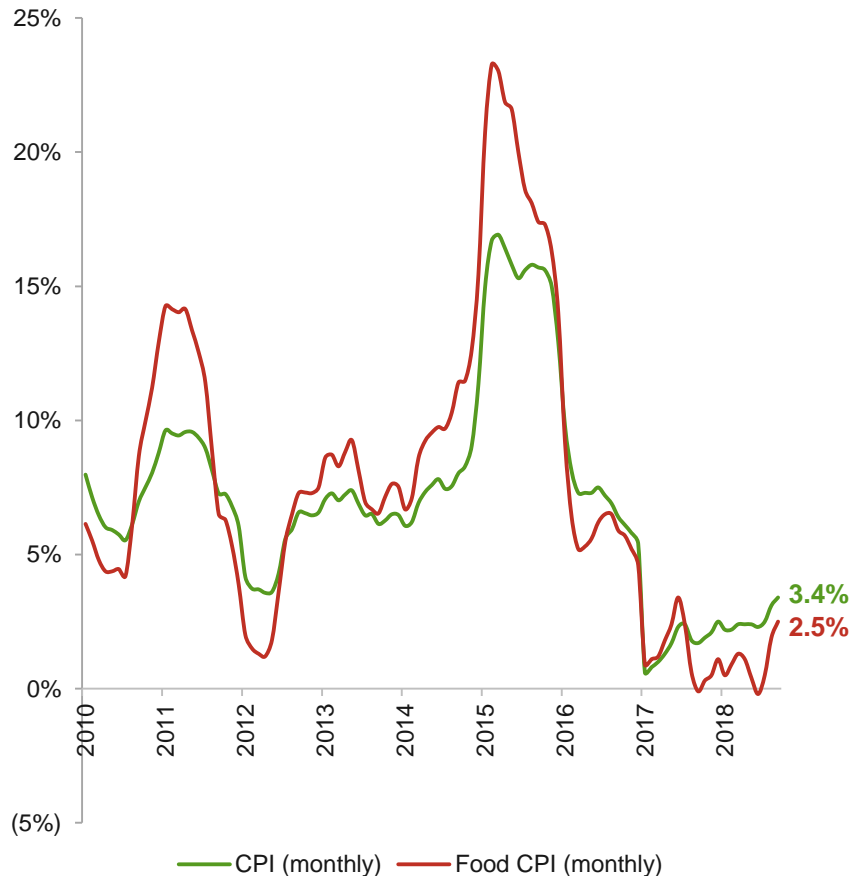
2012-2015: Risk & Security manager IKEA Russia
2002-2012: various positions at DHL

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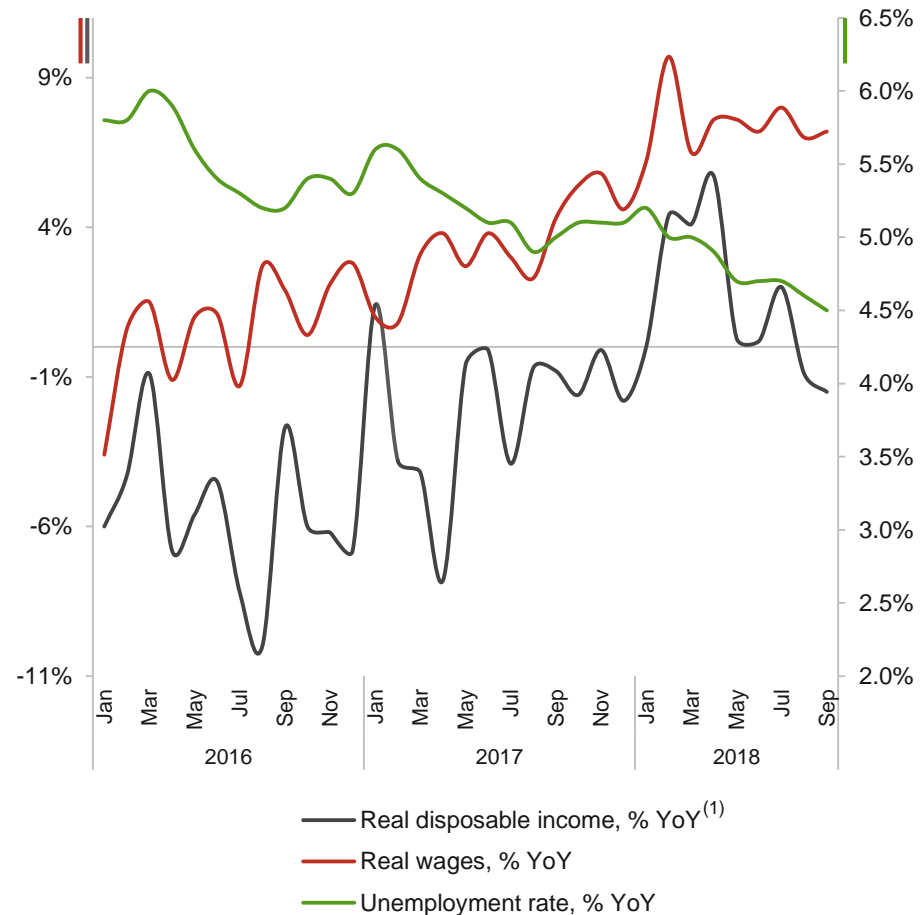
Macro: headwinds for grocery persisted in Q3 '18

10

Food CPI growth picked up in Q3 '18 driven by ruble depreciation and low harvest



In Q3' 18 consumer sentiment weakened as a result of real disposable income moving back to the negative territory



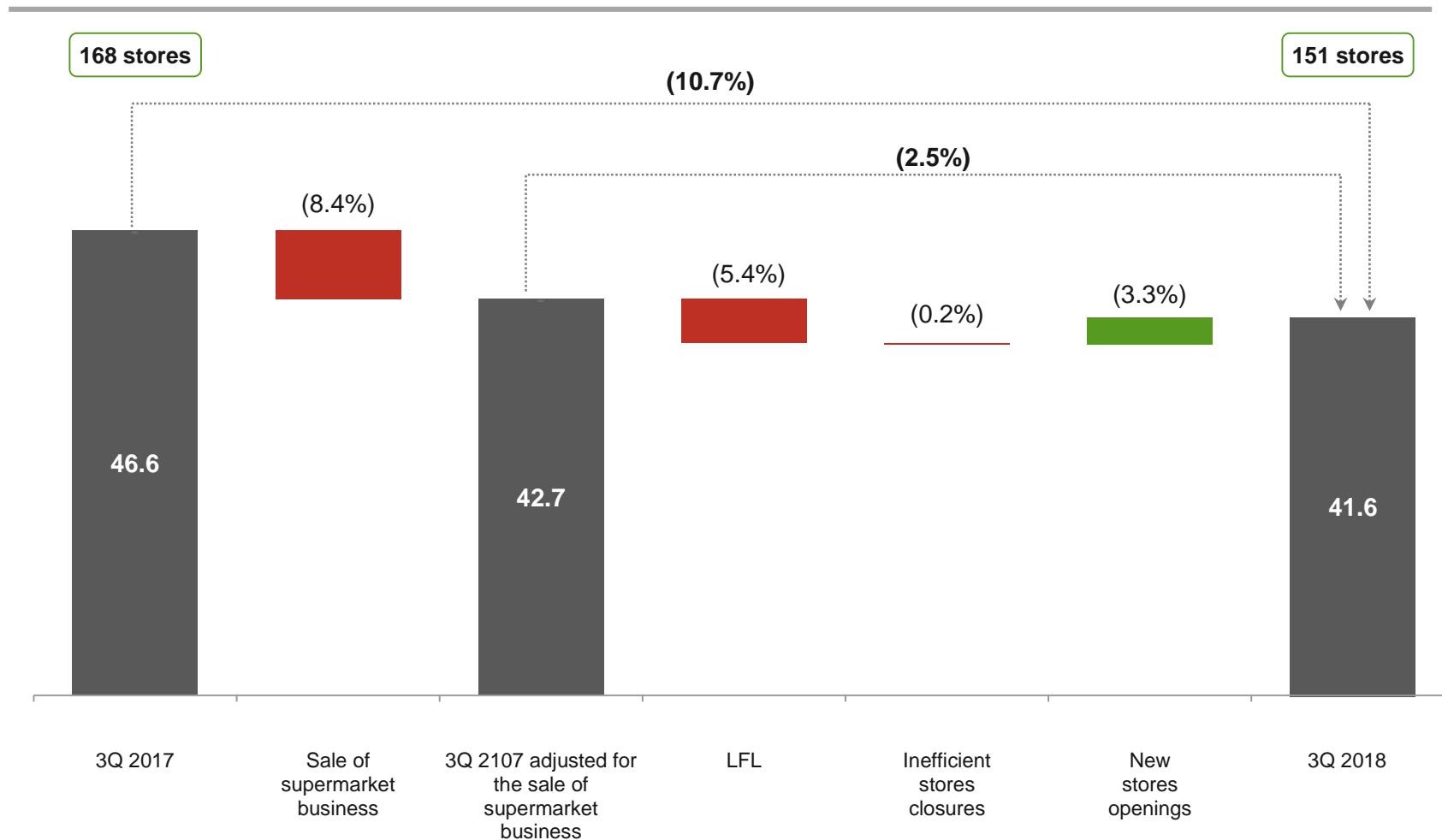
Source: Rosstat

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

Organic Group total revenue in Q3'18 decreased by 2.5% YoY on the back of strong competition and macro headwinds

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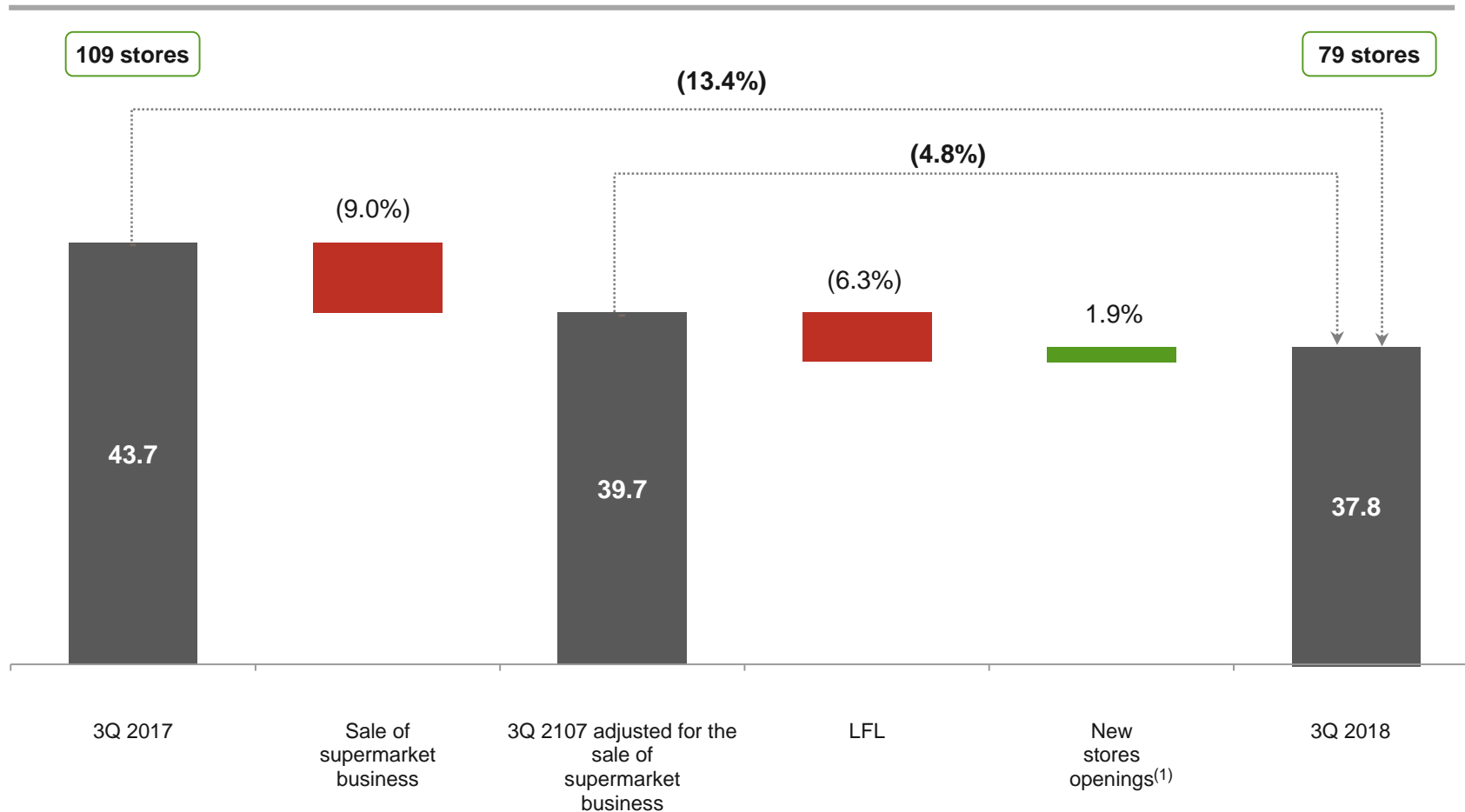
Total revenue, Q3 2017 vs. Q3 2018, RUB bn



Intensifying competition, macroeconomic headwinds and unfavorable weather conditions affected O'KEY organic revenue growth in Q3 '18

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Total revenue, Q3 2017 vs. Q3 2018, RUB bn

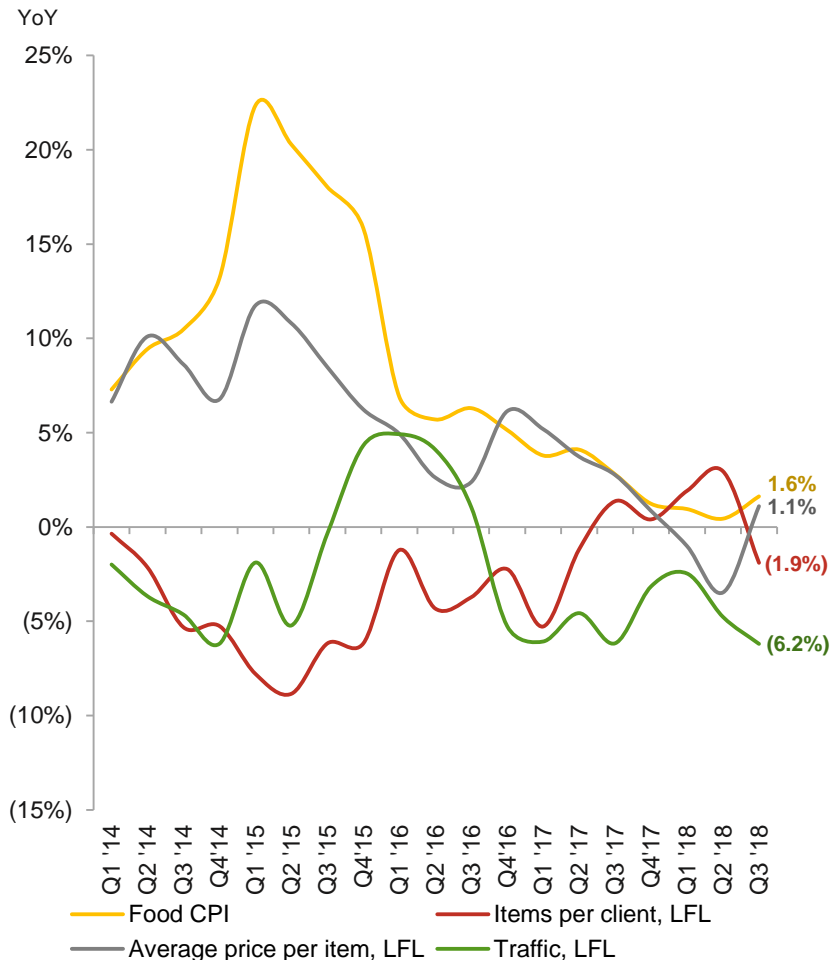


Notes: (1) Opening of hypermarket in Yekaterinburg in 4Q '17 and Novochoerkassk in 3Q '18.

O'KEY Q3 2018 operating results overview

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Diminishing real disposable income put a negative pressure on LFL performance in Q3 '18



Notes: (1) Based on loyalty cards data.

The majority of key performance drivers demonstrated the negative dynamics in Q3 '18

	Q3 2018	Q3 2017
LFL traffic, YoY	(6.2%)	(6.2%)
Competition	↑	↑
Weather conditions	↑	↓
Frequency of visits ⁽¹⁾	↓	↓
LFL ticket, YoY	(0.8%)	4.2%
Food CPI	↑	↑
Price per item	↑	↑
Items per client	↓	↑

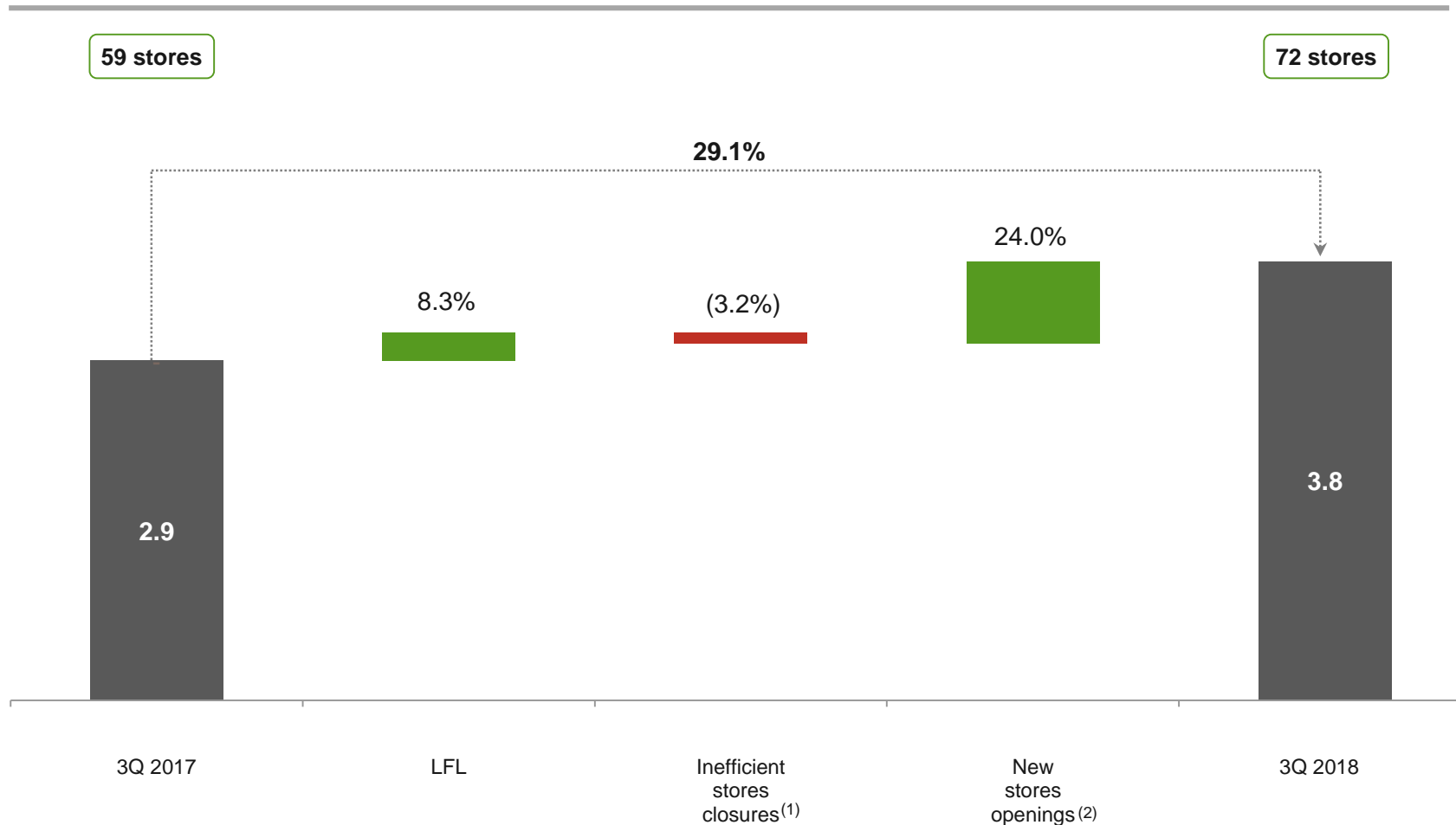
↑ Increased ↓ Decreased — Stayed the same

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

DA! discounters continued to demonstrate healthy growth trends in Q3 '18

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Total revenue, Q3 2017 vs. Q3 2018, RUB bn

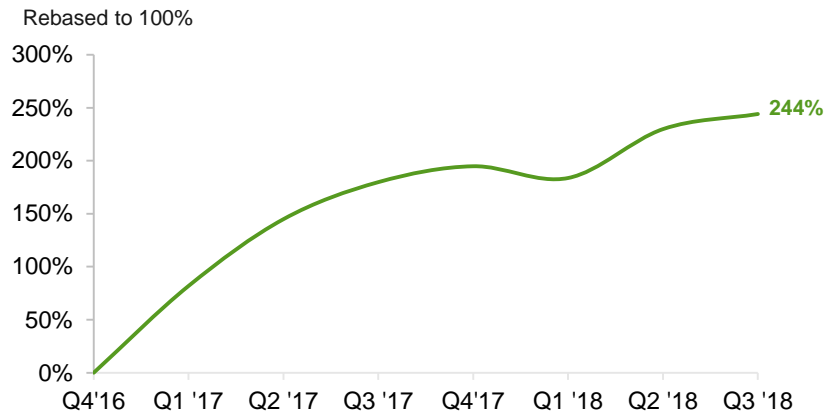


Notes: (1) Closure of three discounters in 1Q '18; (2) Opening of 16 new discounters in October '17- September '18.

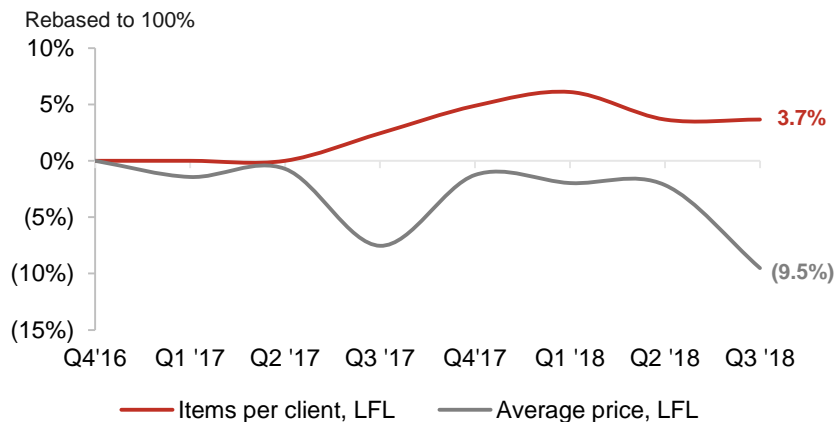
DA! Q3 2018 operating results overview

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While growing popularity of the discounters' value proposition continue to yield solid LFL traffic and steady growth of LFL items per client ...



... the average price per item declines as the clients' preferences shift towards higher margin PL⁽¹⁾ brands



Rising recognition of the discounters business model reflected in the higher share of PL items per basket aided the Company's performance in Q3 '18

	Q3 2018	Q3 2017
LFL traffic, YoY	10.3%	34.1%
Competition	↑	↑
Weather conditions	↑	↓
LFL ticket, YoY	(1.3%)	14.9%
Food CPI	↑	↑
Price per item	↓	↑
Items per client	↑	↑

↑ Increased ↓ Decreased — Stayed the same

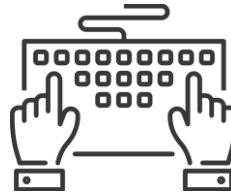
Note: Positive changes, from the discounters' standpoint, are marked in green, negative in red.

Notes: (1) Private labels.

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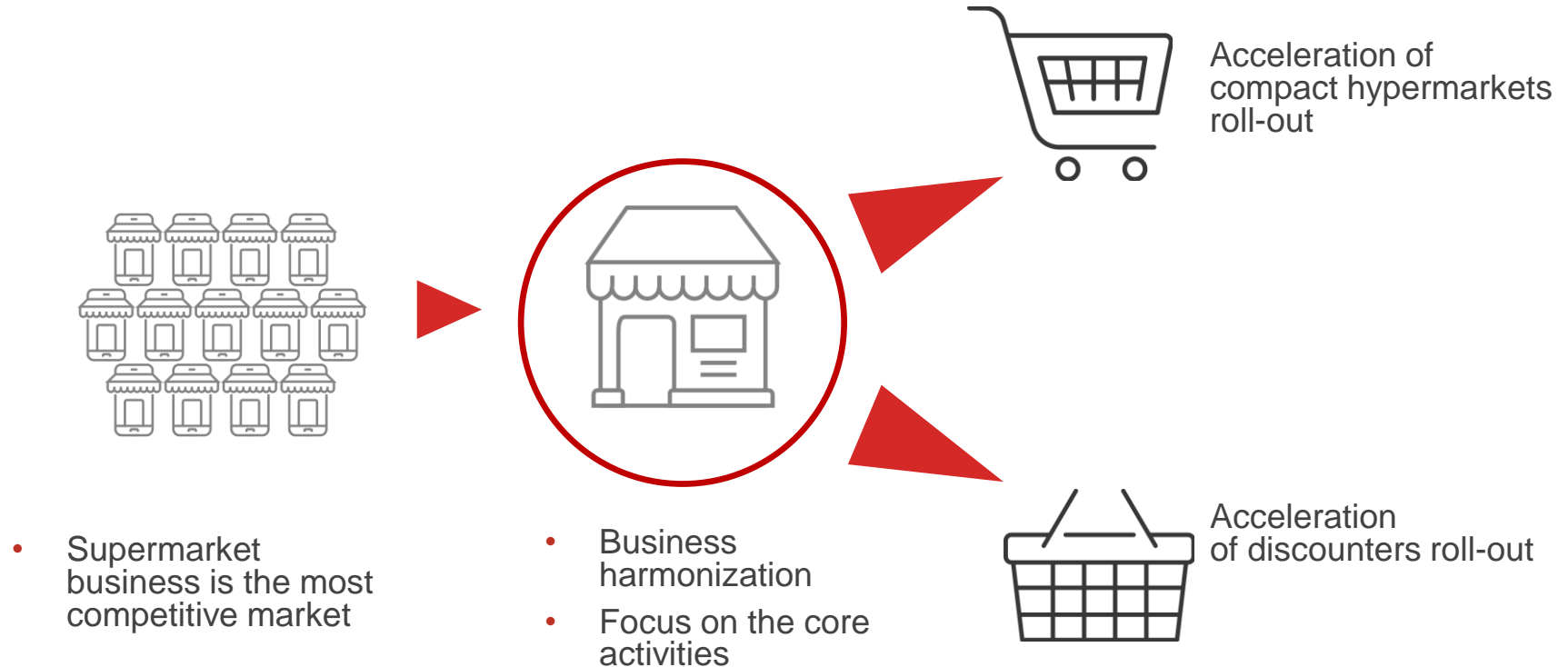
**COMPACT
HYPERMARKETS**



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

Hypermarket Profile

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Share in sales in 1H 2018	92%
Number of stores	77
Average store selling space, '000m ²	7.1
Total selling space (m ²)	526,584
Percentage of owned trade space	54%
Average CAPEX per owned store	RUB 1.1 bln
Average CAPEX per leased store	RUB 350 mln
Payback period per owned store	7 years
Payback period for leased store	4-5 years
Product range	SKUs: 34,000 Fresh + UltraFresh: 45.0% Dry: 15% Non-food: 14% Drinks: 13% Cosmetics/Detergents: 9% Own production: 4%
Average ticket (RUB) in 1H 2018	995
Target audience	Lives within 15 min by car
Locations	Near public transportation hubs, in areas with limited competition



Facade of hypermarket in Yekaterinburg



Interior of hypermarket in Yekaterinburg

Efficiency to value

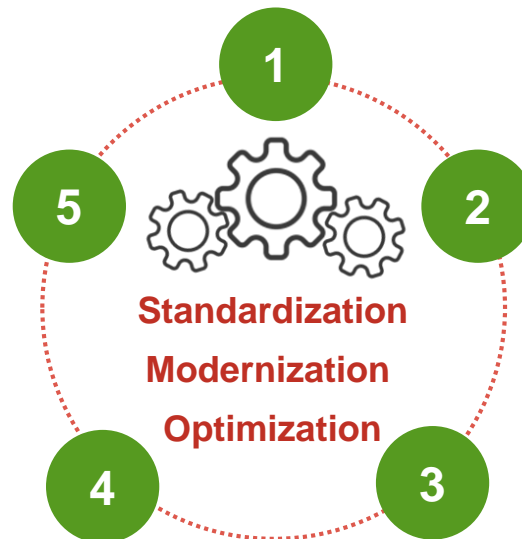
Process excellence
Improvement of working environment
Being professional in everything we do

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

Group transformation under way: O'KEY

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Strategic commitments

Initiatives launched and completed in Q3 2018



SUPPLY CHAIN

- ✓ Transformation of imported goods supply chain to increase efficiency of operations ahead of New Year season



STORE

- ✓ New format compact city hypermarket opened in Novocherkassk, Rostov region
- ✓ 4th Familia store opened in O'KEY hypermarket Pulkovskoe (Saint Petersburg)



NEW IT INFRASTRUCTURE

- ✓ Pilot phase of supply chain management system (Oracle RPAS) completion. Integration into the supply chain operations
- ✓ Roll out of self-scanning technology in Saint Petersburg and Moscow



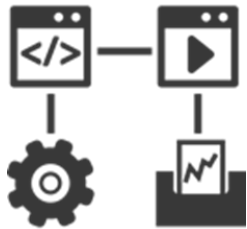
ASSORTMENT & MARKETING

- ✓ Launch of "O'KEY selection" private label brand
- ✓ Price competitiveness improvement by 4 p. p. YoY to 35%⁽¹⁾

O'KEY
ОТЛИЧНО ЖИТЬ ПРАКТИЧНО

Notes: (1) According to the research conducted by third party agency.

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.

24

	2017A	2018E
Centralization	60%	75%
# of DCs	1 federal & 2 regional DCs	1 federal & 2 regional DCs
WH and transport management	Manhattan WMS ⁽¹⁾ TMS ⁽²⁾	Manhattan WMS ⁽¹⁾ Cloud TMS ⁽³⁾
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**

- ✓ Modern look & feel to respond to the customers' expectations for fun and hassle-free shopping
- ✓ Orientation is facilitated by multicolored navigation
- ✓ More efficient organisation of the selling space to respond to the customer expectations
- ✓ Self-checkout counters with Self Scanning technology
- ✓ “Freshh Area” – styled as an open market, area where customers can find the variety of fresh products
- ✓ “Farmer’s Corner” – the area with fresh dairy products delivered every morning from farms
- ✓ Self-service green salad bar
- ✓ Sections of men and women clothes and shoes put at the central positions in the store
- ✓ Enhanced drinks and alcohol sections placed at the far-right corner of the shop



Cafe and bakery in O'KEY hypermarket, Yekaterinburg



“Fresh area” in O'KEY hypermarket, Yekaterinburg





	2017A	2018E
ERP	Microsoft Dynamics AXAPTA 2004/2012 ⁽¹⁾	Microsoft Dynamics AXAPTA 2004/2012 ⁽²⁾
Supply Chain	Manhattan WMS, TMS Oracle RPAS	Manhattan WMS, Cloud TMS Oracle RPAS
Category management	Oracle RPAS	Oracle RPAS
Space management	JDA ⁽³⁾ 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.



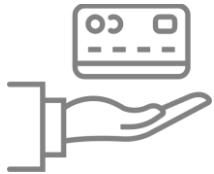
SMART PROMO

- 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



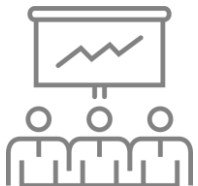
LOYALTY PROGRAM

- 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

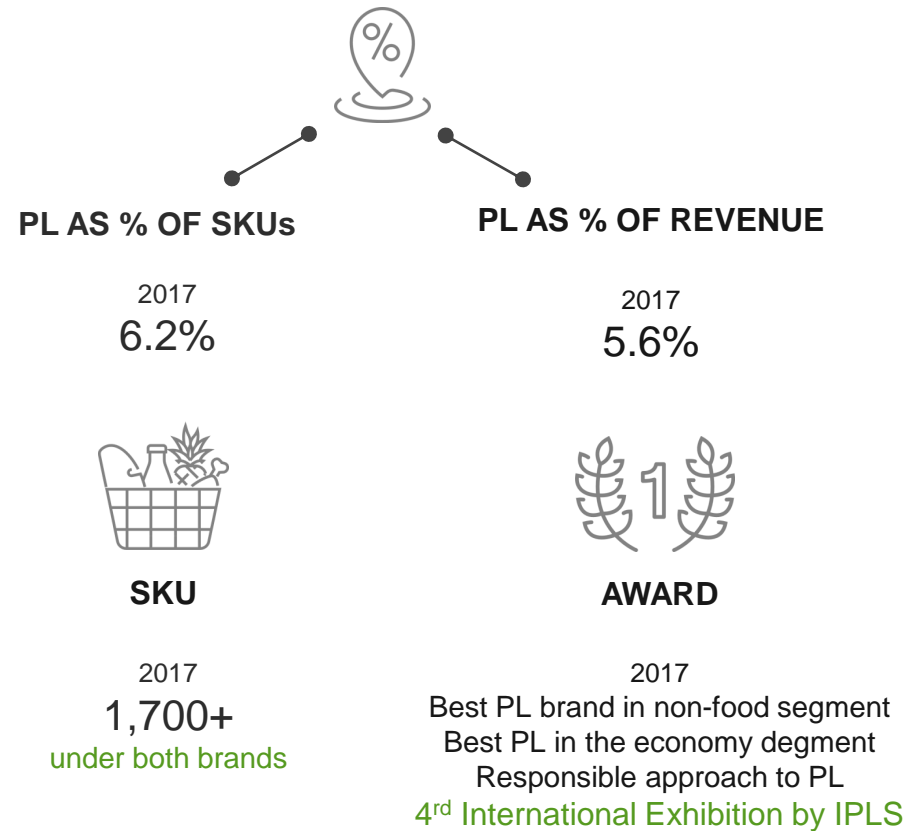
- Increase of Private Label share



ALIGNMENT OF ASSORTMENT

- Focus on imports to create a differentiating factor

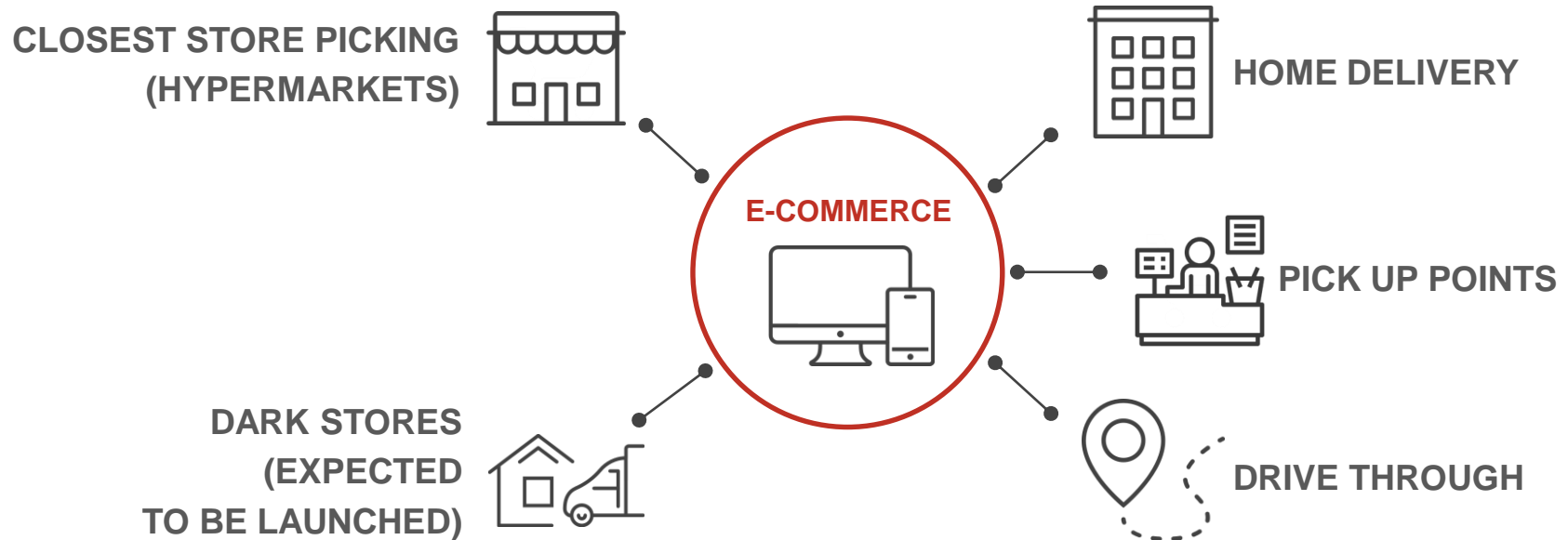
- ✓ Our supermarkets and hypermarkets offer two types of PL brand:
 - ✓ **“That’s What You Need!”** - to cater to the price-sensitive customers (874 SKU)
 - ✓ **“O’KEY”** - to address the needs of customers seeking value-for-money (827 SKU)
- ✓ 85% of products produced by local suppliers
- ✓ Our PL brands are on average cheaper by 20-30% than branded products of the same quality
- ✓ Implemented special quality control programme “Trademark O’KEY – Customers` Guarantee”⁽¹⁾ aids for testing both production facilities as well as samples in independent accredited laboratories
- ✓ O’KEY products are featured in regular catalogues and in dedicated catalogues published twice a year
- ✓ Dedicated section at the e-commerce website, direct mailing to customer base and advertising campaigns supports sales of our PL products
- ✓ In coming years we plan to double the share of private label brands, including non-food categories



Notes: (1) Is a part of our quality control system for products and goods under our private label.

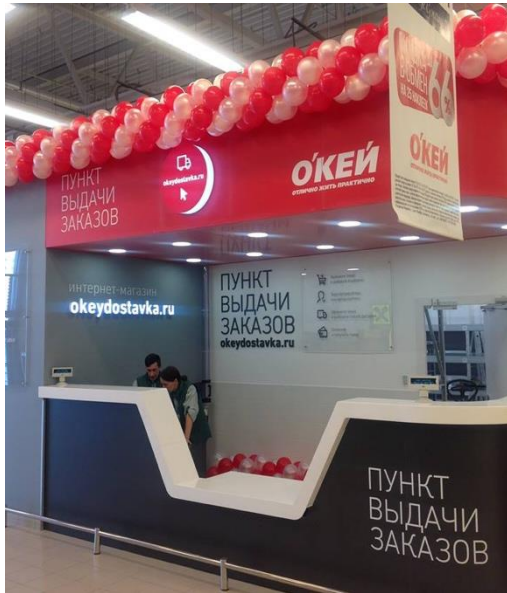
OPERATIONAL MODEL FOR ORDER MANAGEMENT

CONSUMER CHOICES FOR ORDER COLLECTION



Omni: Simple. Fast. Convenient.

33



Pick-up point - "click and collect"



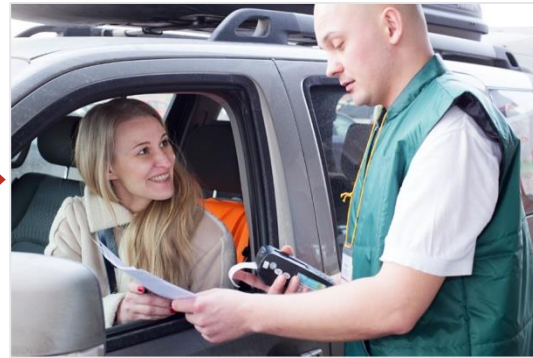
Main page of O'KEY online store



Home delivery service



"Drive through" (1)



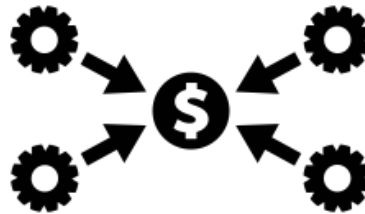
"Drive through" (2)



"Drive through" (3)



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



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



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

Discounters at glance

35



73

Stores



RUB 6.3bn

Revenue 1H 2018



700 sq. m

Average store
selling space



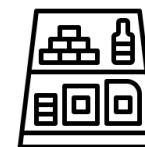
100%

Logistics
centralisation



2,350

SKU



42%

Private label SKUs

Discounters Profile

36

Share in sales in 1H 2018	8%
No. of stores, Nov 2018	73
Average store selling space ('000m ²)	0.7
Total selling space (m ²), Nov 2018	50,298 (8.7% of total)
Percentage of owned space	27.0%
Average CAPEX per owned store	RUB 150 mln
Average CAPEX per leased store	RUB 50 mln
SKU	SKUs: 2,350 PL SKUs: 42% of total SKUs
Product range	Fresh: 45% Dry: 28% F&V: 15% Non-food: 8% Non-food special: 3% Food special: 1%
Full time equivalent	8
Average ticket (RUB) in Q3 2018	437
Target audience	Lives within 5 minutes by car/ 15 min walking distance
Locations	Within highly populated residential districts in close proximity to roads



Interior of discounter in Moscow region



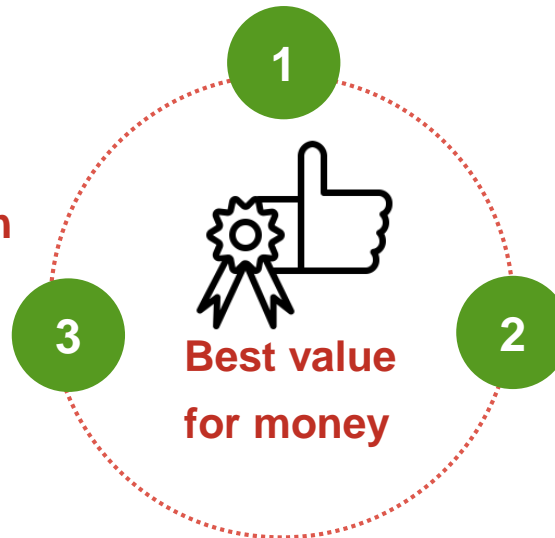
Interior of discounter in Moscow region

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

Group transformation under way: DA!

38

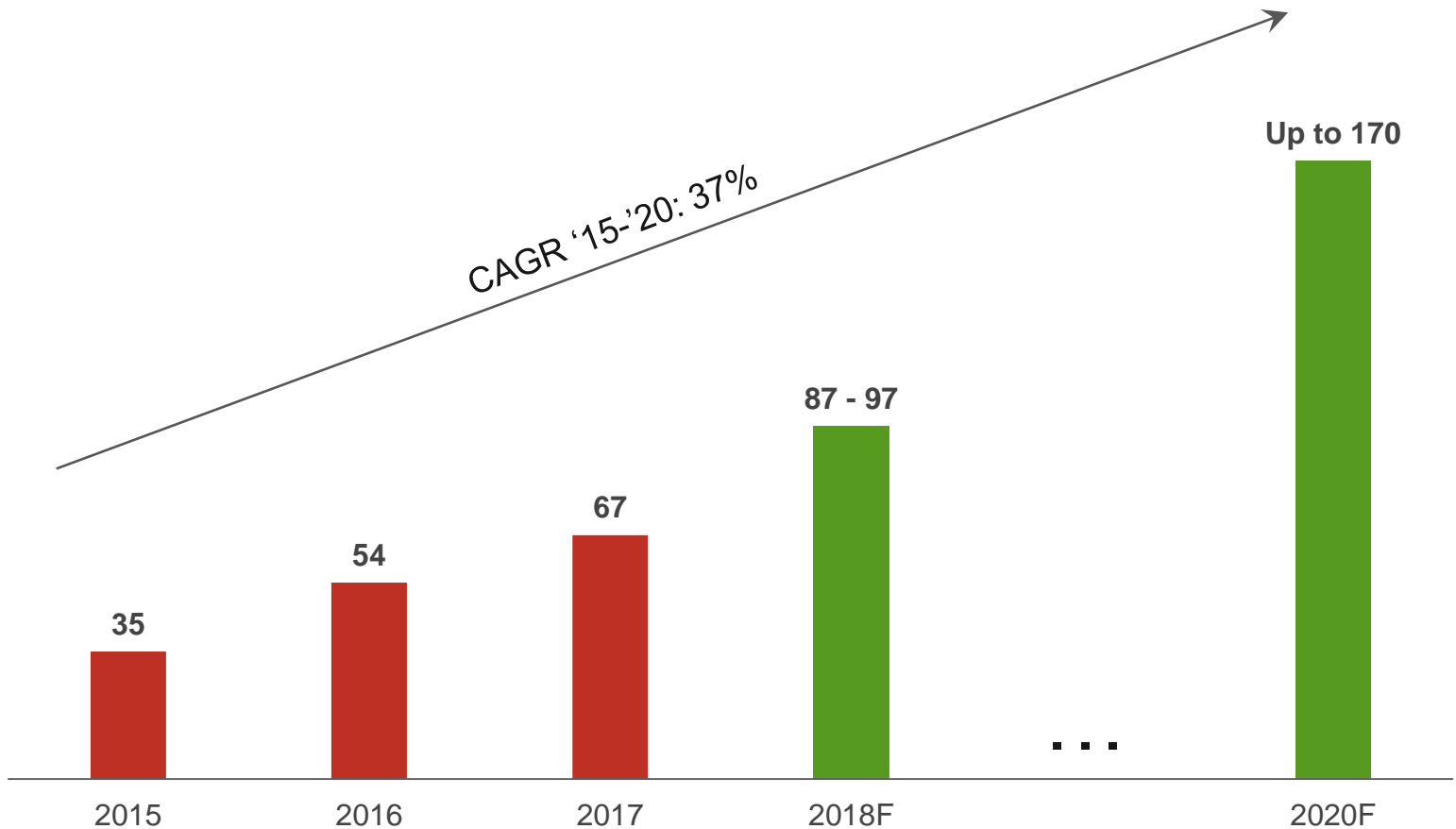


Notes: (1) Shrimps, khinkali, pelmeni, candies, nuts.

1 Growth and expansion: up to 170 stores

39

Number of stores



1 Enhancing the shopping experience

40



1 Enhancing the shopping experience

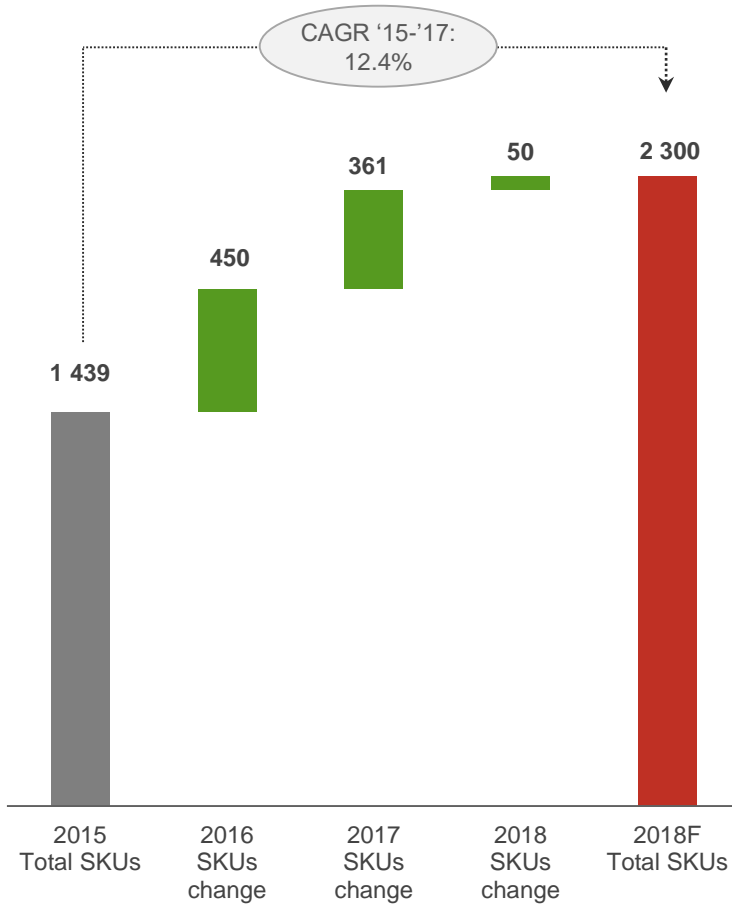
41



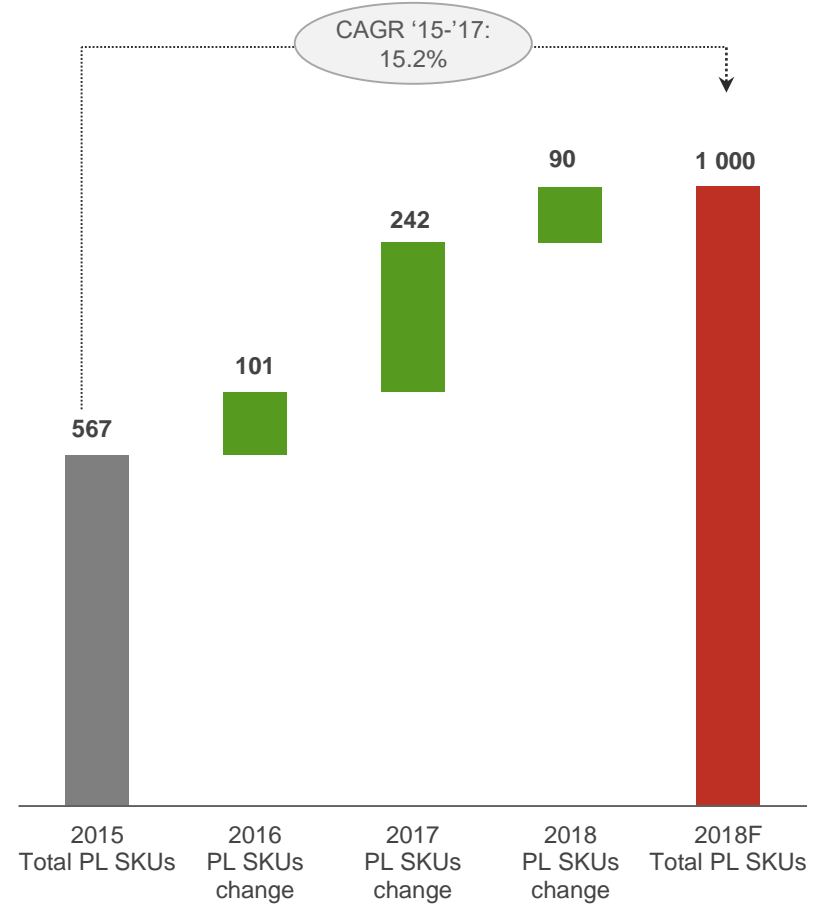
2 Assortment and marketing

42

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



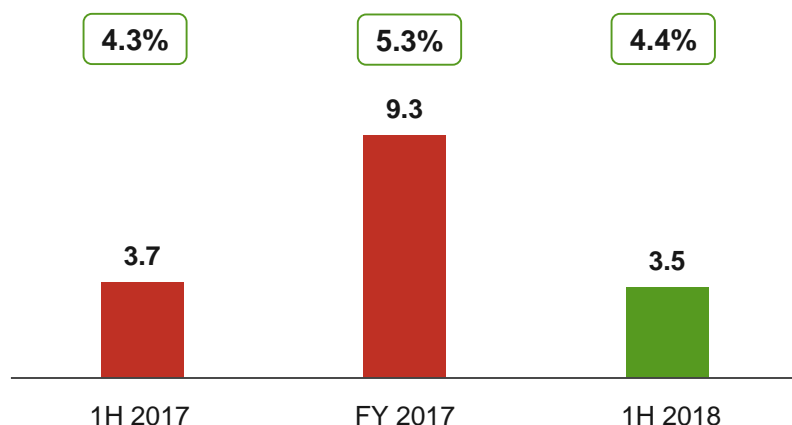
**Modern and attractive
store design**

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Highlights

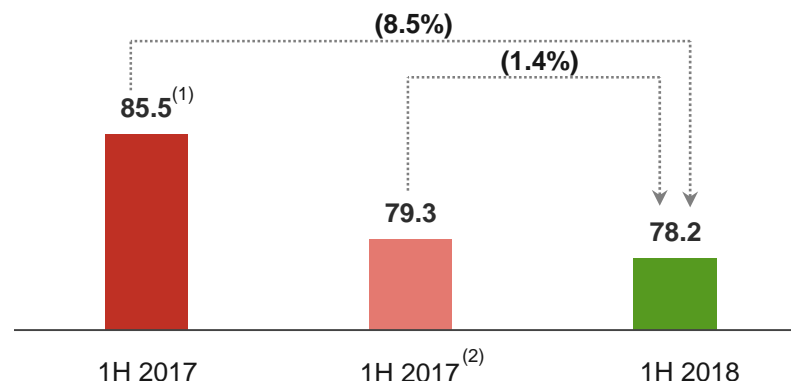
- The Group revenue decline in 1H 2018 by 8.5% was primarily triggered by the supermarket business sale
- Adjusted Group revenue decreased by 1.4% YoY in 1H 2018, on the back of increasing competition and negative macroeconomic trends
- Despite 4.9% decrease YoY in EBITDA, the margin increased by 17 bps YoY, driven by improved purchasing conditions and the increased efficiency of operations across the Company

EBITDA, RUB bn

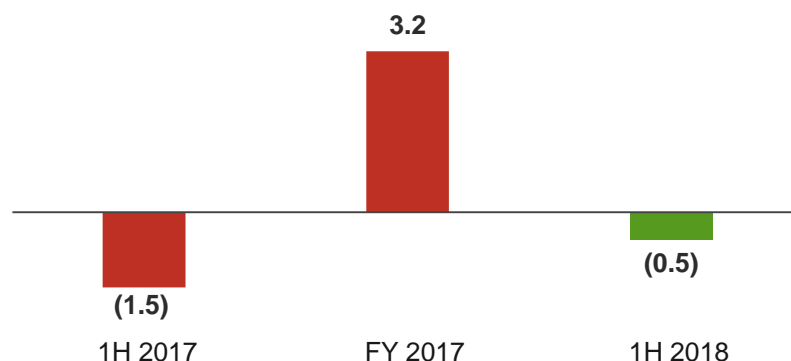


 EBITDA margin

Revenue, RUB bn



Net Income/(loss), RUB bn

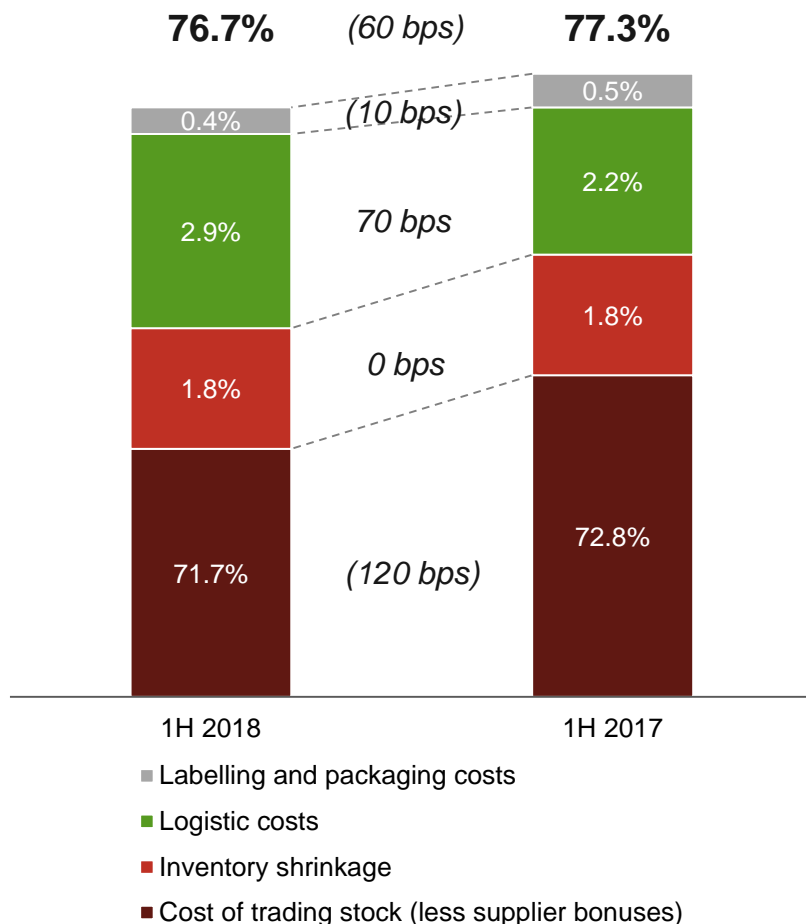


Notes: ⁽¹⁾ From 1 January 2018 the Group adopted IFRS 15 which resulted in changes in accounting policies and adjustments to the amounts recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income; ⁽²⁾ Excluding the effect of the supermarket business sale.

In 1H 2018 COGS decreased by 60 bps driven by more favourable purchasing terms

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COGS breakdown as percentage of revenue

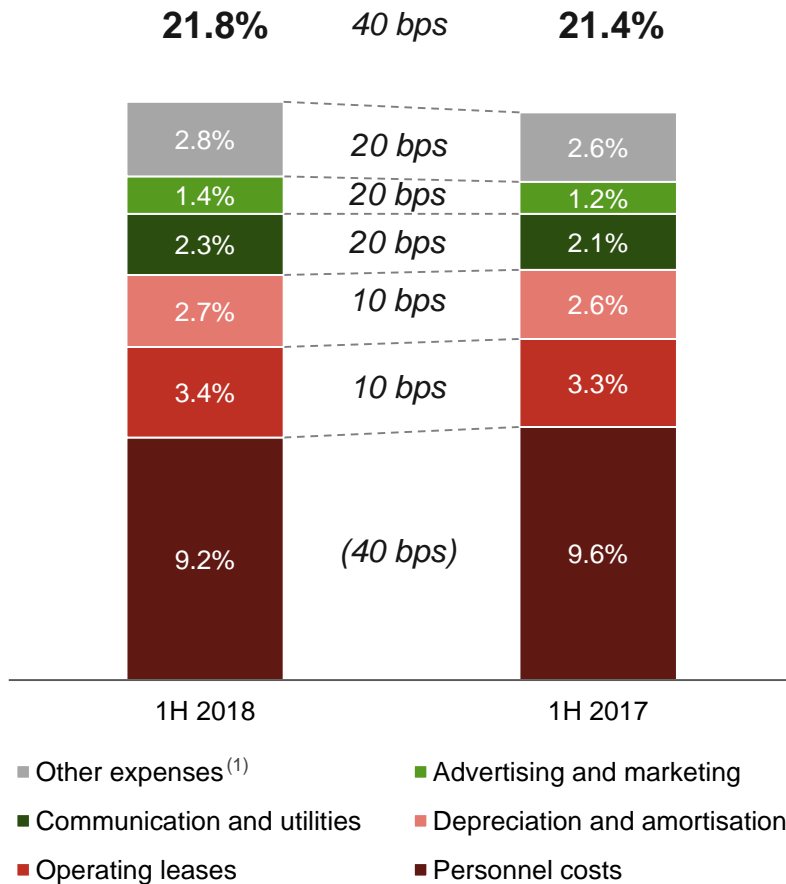


Highlights

- Cost of trading stock (less supplier bonuses) decreased by 120 bps YoY on the back of:
 - more favourable purchasing terms as a result of successful negotiations with suppliers;
 - positive effect from continuous expansion of logistic centralisation.
- Logistic cost increase by 70 bps YoY largely driven by:
 - ongoing work on logistics centralisation;
 - continued expansion of the discounters format during 1H 2018.

In 1H 2018 SG&A expenses increased by 40 bps

SG&A expenses breakdown as percentage of revenue



Highlights

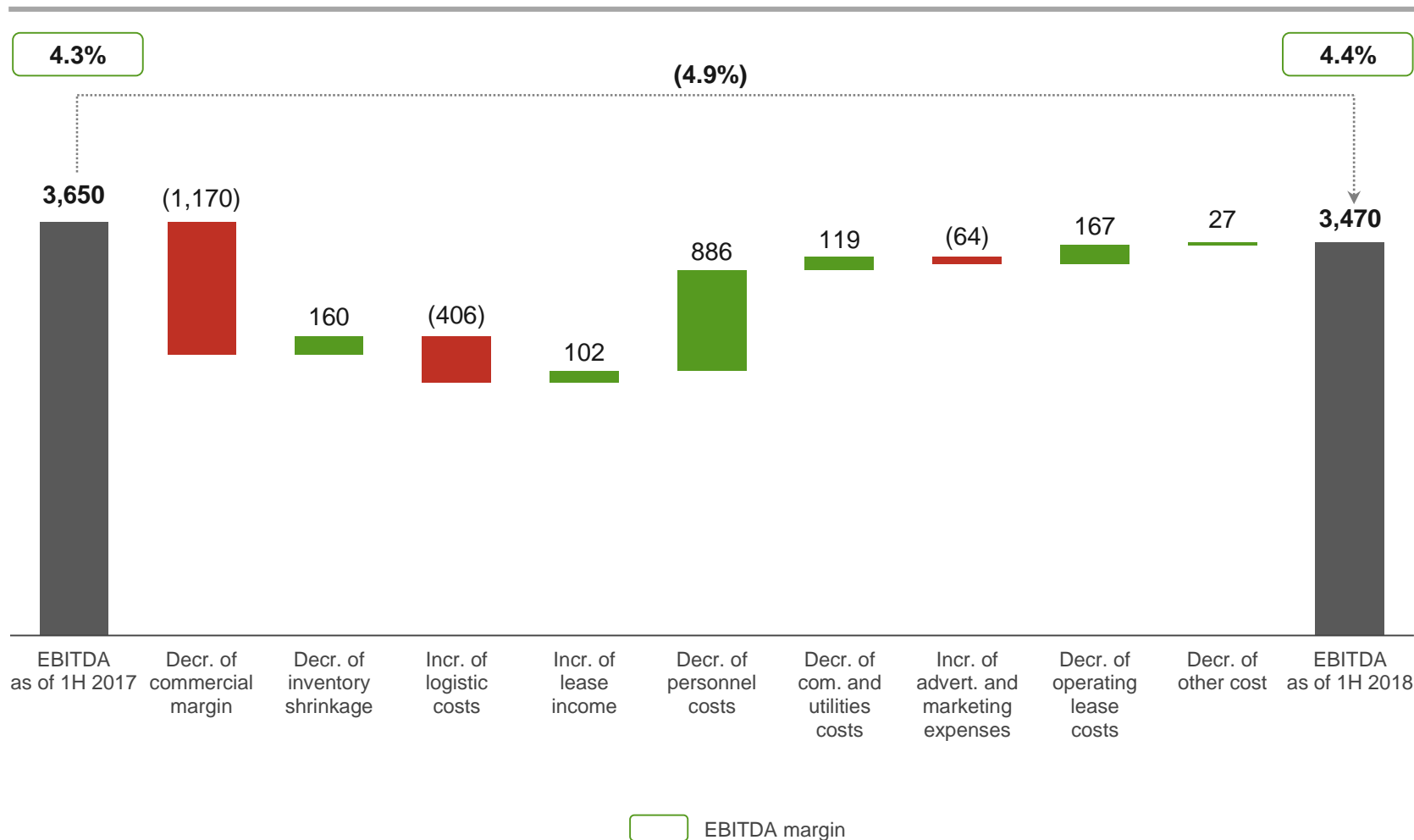
- Personnel costs down by 40 bps YoY largely driven by ongoing business processes optimisation at both store and head office levels;
- Operating lease costs up by 10 bps YoY primarily attributable to rollout of discounters during the reporting period;
- Communication and utilities expenses increased by 20 bps YoY due to tariffs indexation in the second half of 2017;
- Advertising and marketing expenses up by 20 bps YoY primarily driven by marketing campaigns aimed at promoting the 'best value for money' concept and building a stronger brand.

Notes: ⁽¹⁾ Other expenses include repairs and maintenance, security expense, insurance and bank commissions, operating taxes, legal and professional expenses, materials and supplies and other costs.

In 1H 2018 EBITDA margin increased by 17 bps driven by better purchasing terms and increased efficiency of operations

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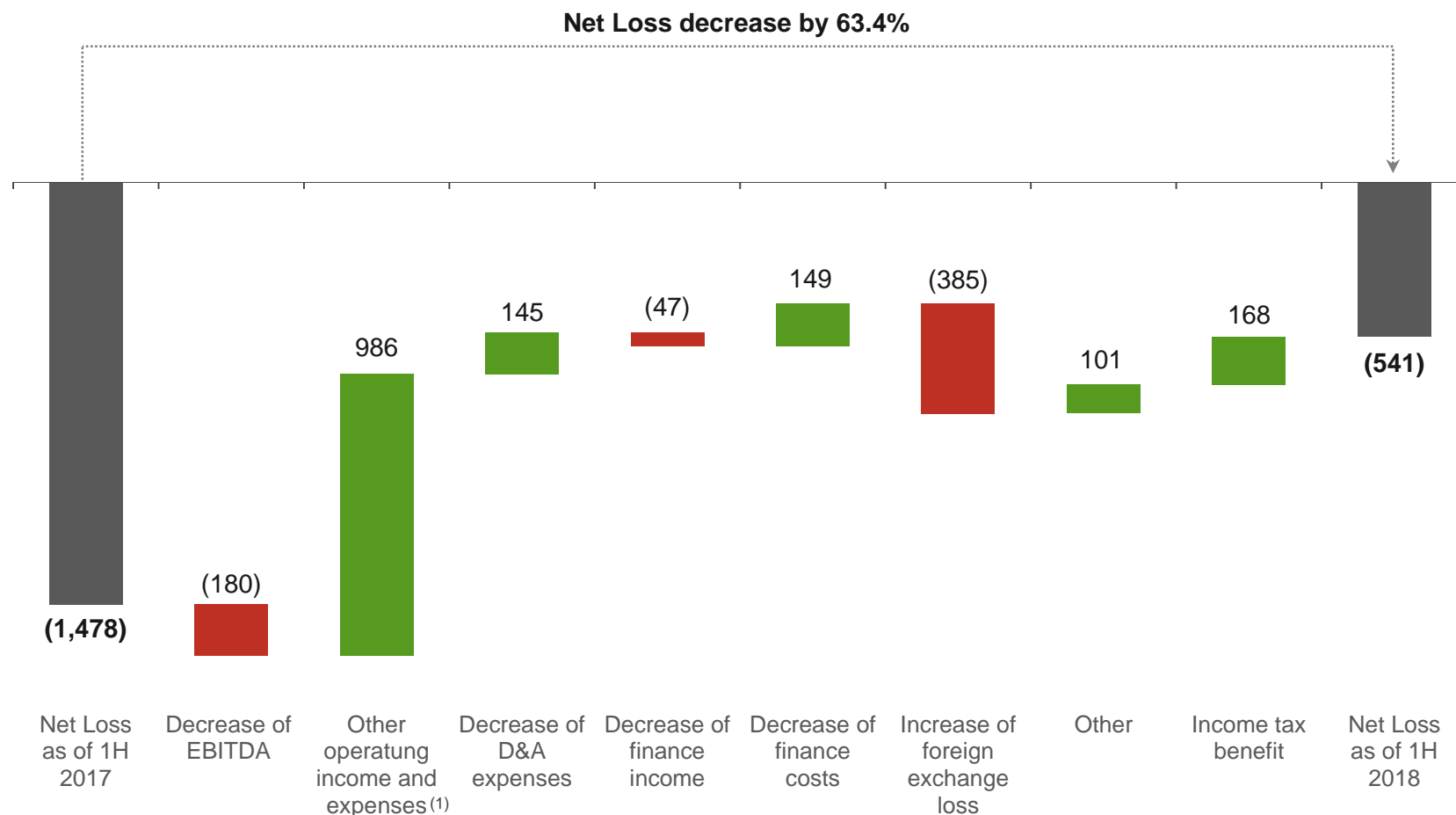
EBITDA YoY change analysis, RUB mln



Net loss decreased almost 3x driven by net gain from the sale of supermarket business and increased operational efficiency

49

Net Loss YoY change analysis, RUB mln

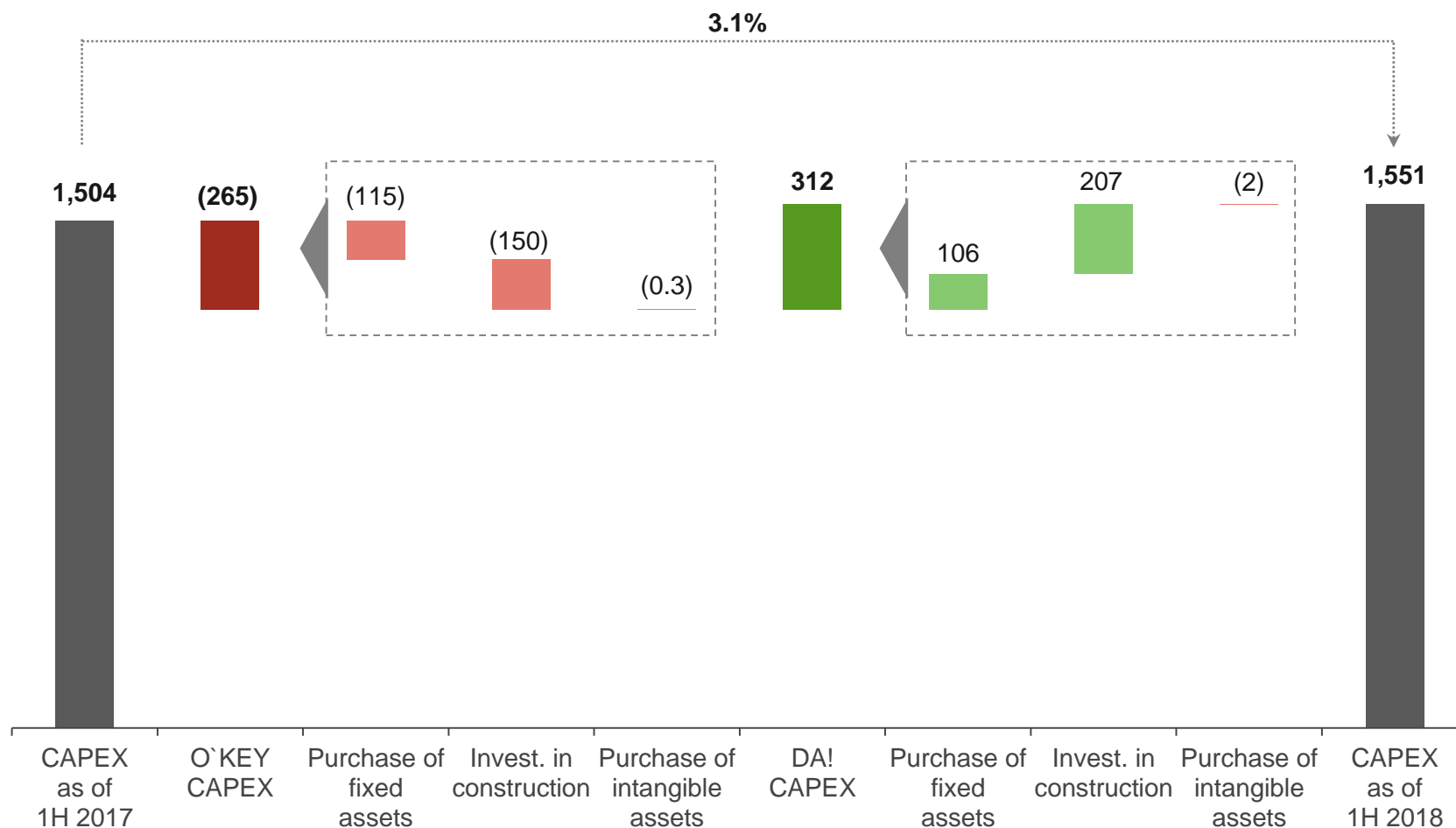


Notes: ⁽¹⁾ Consists of net gain from disposal of non-current assets (gain on disposal of supermarket business and loss on disposal of other non-current assets), impairment of receivables and non-current assets in 1H 2017, which did not take place in 1H 2018.

Capital expenditures in 1H 2018 marginally increased YoY driven by investments into the development of the discounter format

50

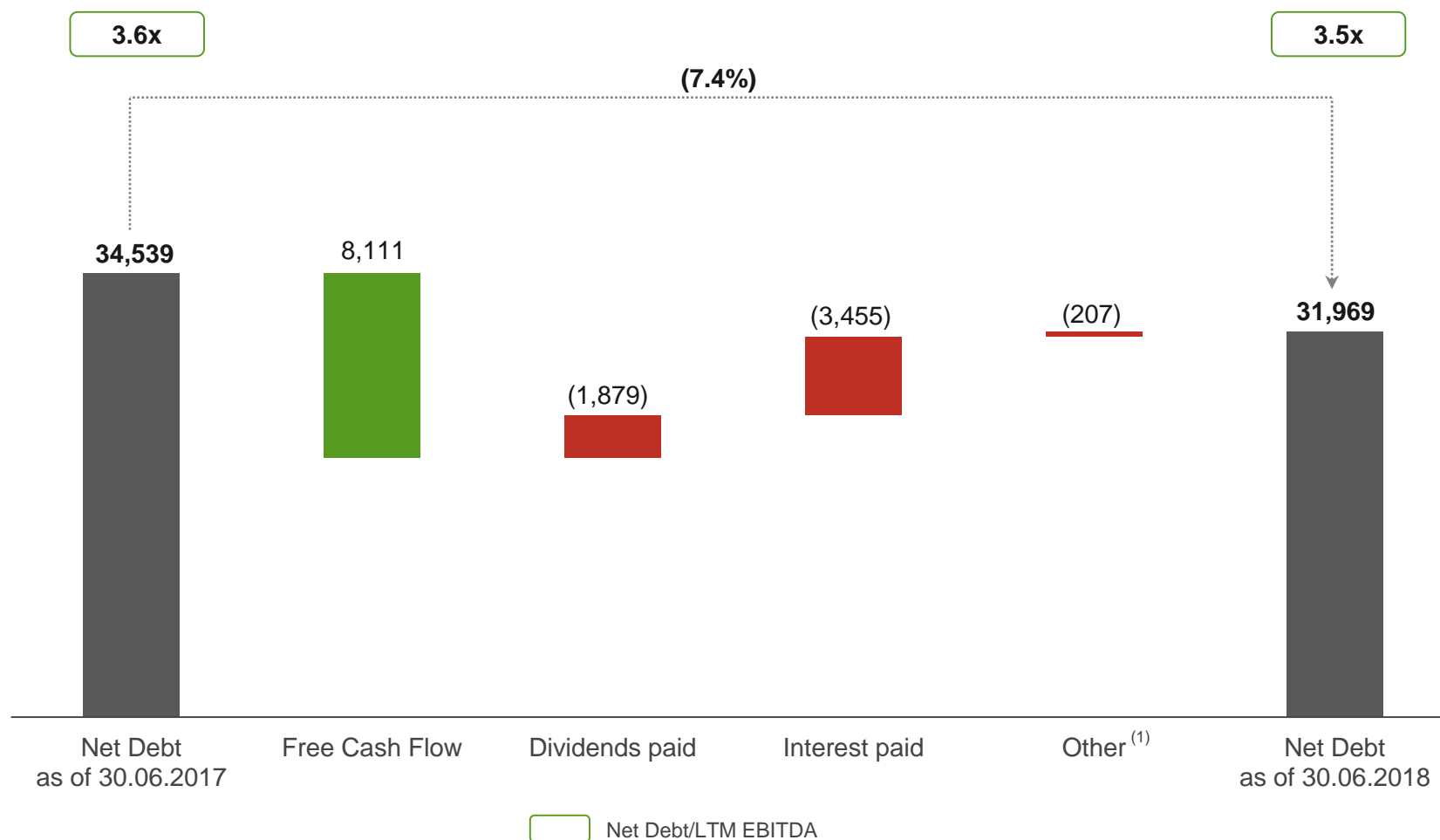
Capital Expenditures YoY change analysis, excluding VAT, RUB mln



In 1H 2018 Net Debt decreased by RUB 2.6 bn YoY

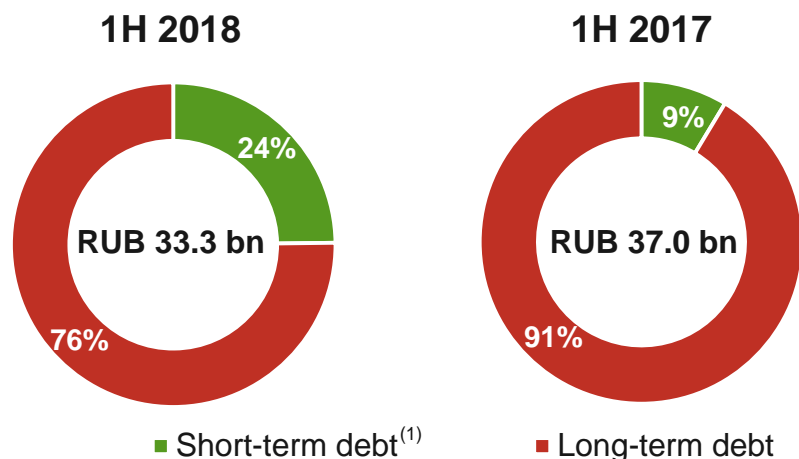
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Net Debt YoY change analysis, RUB mln



Notes: ⁽¹⁾ Other financial payments, effect of exchange rate fluctuations on cash and cash equivalents and other.

Debt structure overview



Highlights

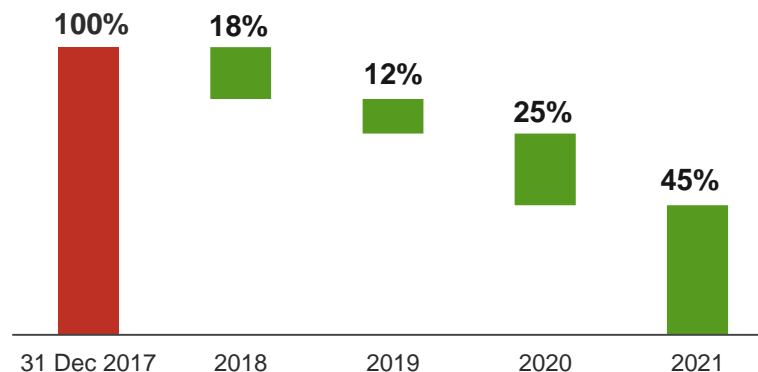
- 97% of debt portfolio is RUB-denominated
- The main Group covenant – Net Debt/EBITDA below 4x
- In January 2018 Fitch Ratings confirmed the Group's rating at B+ with stable forecast
- In July 2018 RAEX (EXPERT RA) assigned O'KEY a 'ruA-' rating with positive outlook

Covenants and liquidity

(RUB mln)

Parameter	1H 2018	1H 2017
Cash&cash equivalents	1,335	2,498
Available credit lines	12,700	16,600
Net debt/LTM EBITDA ⁽¹⁾	3.5x	3.6x

Debt portfolio maturity



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

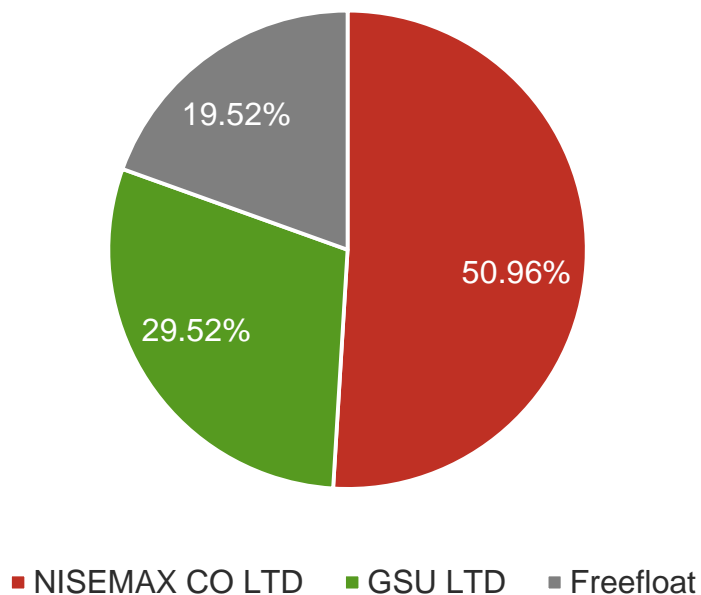
01	O'KEY GROUP OVERVIEW	3
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Three major shareholders are its founders

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

Board of directors

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



Appendix: key operating data by quarter

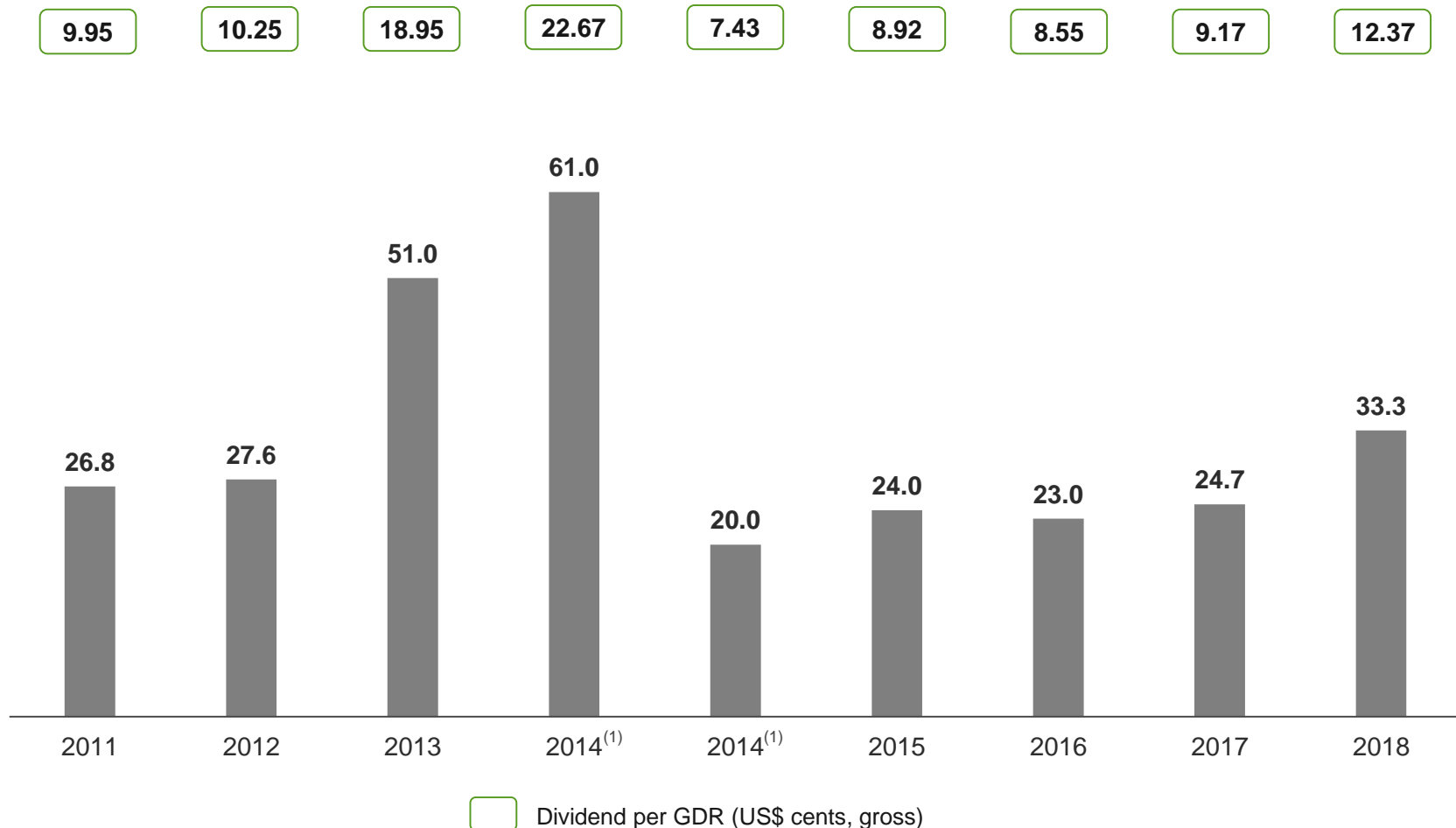
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Category ⁽¹⁾	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018
Total sales, RUB bn	45.4	46.3	56.6	196.9	48.8	47.6	46.6	55.9	198.9	45.5	42.6	41.6
<i>Growth</i>	<i>5.7%</i>	<i>6.1%</i>	<i>4.7%</i>	<i>7.5%</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>
O'KEY	43.9	44.6	54.3	190.4	46.4	44.8	43.7	52.4	187.3	42.1	38.8	37.8
DA!	1.4	1.7	2.2	6.4	2.4	2.8	2.9	3.5	11.7	3.3	3.8	3.8
Number of stores	156	160	164	164	165	164	168	145	145	145	147	151
O'KEY	108	110	110	110	110	109	109	78	78	78	78	79
DA!	48	50	54	54	55	55	59	67	67	67	69	72
Selling space, ths sqm	602,208	621,098	622,891	622,891	623,611	611,679	611,300	577,804	577,804	577,968	577,248	579,150
O'KEY	569,525	587,024	586,001	586,001	586,001	574,069	570,896	531,589	531,589	531,589	529,555	529,469
DA!	32,683	34,074	36,890	36,890	37,610	37,610	40,404	46,215	46,215	46,379	47,693	49,681
LFL sales growth	2.2%	(0.4%)	(1.0%)	2.2%	(4.9%)	(0.1%)	(0.2%)	(0.5%)	(1.4%)	(0.7%)	(4.0%)	(5.9%)
O'KEY	2.2%	(0.4%)	(1.7%)	2.0%	(6.4%)	(2.2%)	(2.3%)	(1.9%)	(3.2%)	(1.6%)	(5.4%)	(6.9%)
DA!			65.5%	65.5%	67.8%	67.4%	54.1%	33.3%	52.0%	15.9%	15.7%	8.8%
LFL traffic growth	4.1%	1.1%	(4.1%)	1.2%	(3.6%)	(1.6%)	(3.1%)	(0.7%)	(2.2%)	(0.8%)	(2.2%)	(4.0%)
O'KEY	4.1%	1.1%	(5.3%)	0.9%	(6.1%)	(4.6%)	(6.2%)	(3.2%)	(5.0%)	(2.5%)	(4.8%)	(6.2%)
DA!			37.4%	37.4%	45.3%	40.4%	34.1%	25.7%	34.8%	12.7%	15.8%	10.3%
LFL ticket growth	(1.8%)	(1.4%)	3.3%	0.9%	(1.3%)	1.5%	2.9%	0.2%	0.8%	0.1%	(1.8%)	(2.0%)
O'KEY	(1.8%)	(1.4%)	3.8%	1.0%	(0.4%)	2.5%	4.2%	1.3%	1.9%	0.9%	(0.6%)	(0.8%)
DA!			20.4%	20.4%	15.5%	19.2%	14.9%	6.1%	12.7%	2.9%	0.0%	(1.4%)

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

Appendix: Interim dividends payment history, US\$ mln

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Notes: ⁽¹⁾ In 2014 the Group distributed dividends two times.

Appendix: Consolidated Balance Sheet

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RUB, 000s	1H 2018	FY 2017
Investment property	1,095,806	1,075,010
Property, plant and equipment	43,935,888	44,964,135
Construction in progress	3,593,548	3,313,175
Lease rights	4,419,277	4,437,856
Intangible assets	1,040,820	961,108
Deferred tax assets	2,129,895	1,917,572
Other non-current assets	2,033,280	1,817,452
Total non-current assets	58,248,514	58,486,308
Inventories	11,920,470	13,524,236
Trade and other receivables	3,427,705	10,275,841
Prepayments	827,302	1,280,658
Other current assets	9,468	10,290
Cash and cash equivalents	1,334,781	7,750,177
Non-current assets held for sale	-	129,589
Total current assets	17,519,726	32,970,791
Total assets	75,768,240	91,457,099
Total equity	22,103,940	24,250,979
Loans and borrowings	25,205,794	24,679,352
Deferred tax liabilities	735,300	888,997
Other non-current liabilities	225,095	121,890
Total non-current liabilities	26,166,189	25,690,239
Loans and borrowings	8,097,516	11,429,881
Interest accrued on loans and borrowings	219,118	231,897
Trade and other payables	18,937,332	28,854,731
Current income tax payable	244,145	999,372
Total current liabilities	27,498,111	41,515,881
Total liabilities	53,664,300	67,206,120
Total equity and liabilities	75,768,240	91,457,099

Appendix: Consolidated P&L

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RUB, 000s	1H 2018	1H 2017
Revenue	78,179,207	85,969,350
Cost of goods sold	(59,952,379)	(66,531,212)
Gross profit	18,226,828	19,438,138
<i>Gross margin</i>	23.3%	22.7%
General, selling and administrative expenses	(17,047,777)	(18,318,171)
Other operating income and expenses	380,770	(612,710)
Operating profit	1,559,821	507,257
Finance income	46,577	93,953
Finance costs	(1,581,324)	(1,730,043)
Foreign exchange (loss)/gain	(642,206)	(257,581)
Loss before income tax	(617,132)	(1,386,414)
Income tax expense	76,005	(91,687)
Loss for the year	(541,127)	(1,478,101)
Net profit margin	N/A	N/A

RUB, 000s	1H 2018	1H 2017
Group EBITDA	3,470,377	3,649,978
<i>Group EBITDA margin</i>	4.4%	4.3%
O`KEY EBITDA	4,370,106	4,608,444
<i>O`KEY EBITDA margin</i>	6.1%	5.7%
DAI EBITDA	(899,729)	(958,466)

Appendix: Consolidated Cash Flow

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RUB, 000s	1H 2018	1H 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	89,676,521	98,152,318
Other cash receipts	433,619	272,291
Interest received	39,408	97,003
Cash paid to suppliers and employees	(92,699,092)	(101,843,222)
Operating taxes	(467,308)	(303,967)
Other cash payments	(19,871)	(86,387)
VAT paid to budget	(1,216,504)	(704,076)
Income tax paid	(1,065,330)	(670,429)
Net cash from/(used in) operating activities	(5,318,557)	(5,086,469)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of PP&E and initial cost of land lease (excluding VAT)	(1,383,950)	(1,334,444)
Purchase of other intangible assets (excluding VAT)	(167,336)	(169,161)
Proceeds from sale of supermarkets (excluding VAT)	6,910,243	-
Proceeds from sales of PP&E and intangible assets (excluding VAT)	16,087	44,811
Net cash used in investing activities	5,375,044	(1,458,794)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and borrowings	1,100,000	5,000,000
Repayment of loans and borrowings	(3,990,268)	(4,077,815)
Interest paid	(1,612,754)	(1,813,428)
Dividends paid	(1,879,021)	(1,465,798)
Other financial payments	(54,522)	(30,850)
Net cash used in financing activities	(6,436,565)	(2,387,891)
Net decrease in cash and cash equivalents	(6,380,078)	(8,933,154)
Cash and cash equivalents at beginning of the period	7,750,177	11,463,467
Effect of exchange rate fluctuations on cash and cash equivalents	(35,318)	(32,233)
Cash and cash equivalents at end of the year	1,334,781	2,498,080

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