

O'KEY GROUP TRADING UPDATE

Q3 & 9M 2019

18 October, 2019

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Q3 & 9M 2019 operating highlights

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9M 2019 Group operating highlights

- Net retail revenue in 9M 2019 increased by 2.9% YoY to RUB 117,003 mln
 - Underlying net retail revenue⁽¹⁾ increased by 3.6% YoY
- LFL net retail revenue in 9M 2019 increased by 1.3% YoY
 - LFL traffic decreased by 0.6%
 - LFL ticket increased by 1.9%

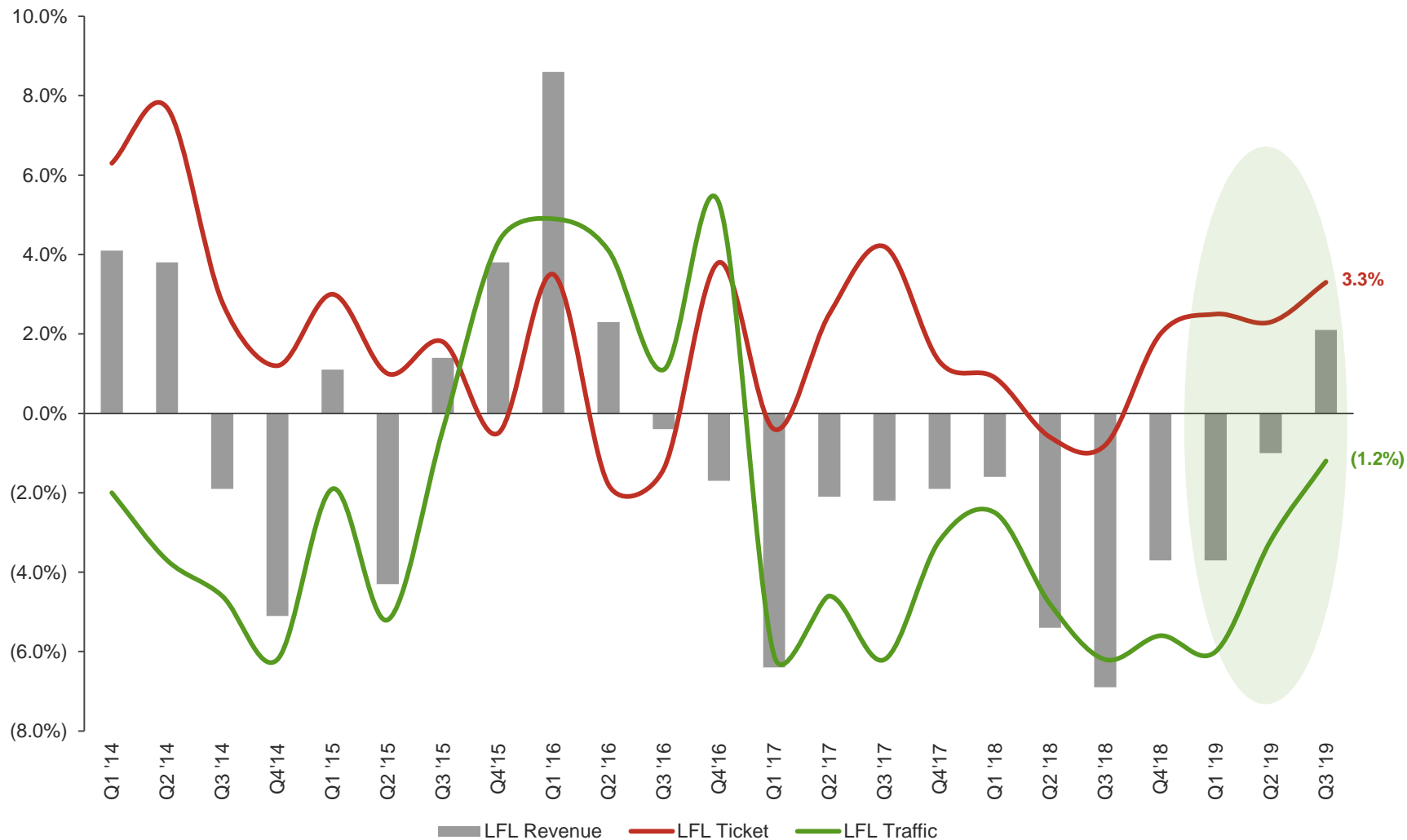
Q3 2019 Group operating highlights

- Net retail revenue in Q3 2019 increased by 4.4% YoY to RUB 38,077 mln⁽²⁾
- LFL revenue in Q3 2019 increased by 3.0% YoY
 - LFL traffic decreased by 0.2%
 - LFL ticket increased by 3.2%
- Five discounters were opened in 9M 2019
- Total selling space amounted to 589,362 sq. m as of September 30st 2019 (increase by 1.8% YoY)

Notes: (1) Excluding the effect from supermarket business sale; (2) As the last supermarkets included into the deal perimeter were transferred to the buyer in Q2 2018, we stopped calculating underlying net retail revenue dynamics on quarterly basis starting from Q3 2019 as it is no longer relevant for the analysis.

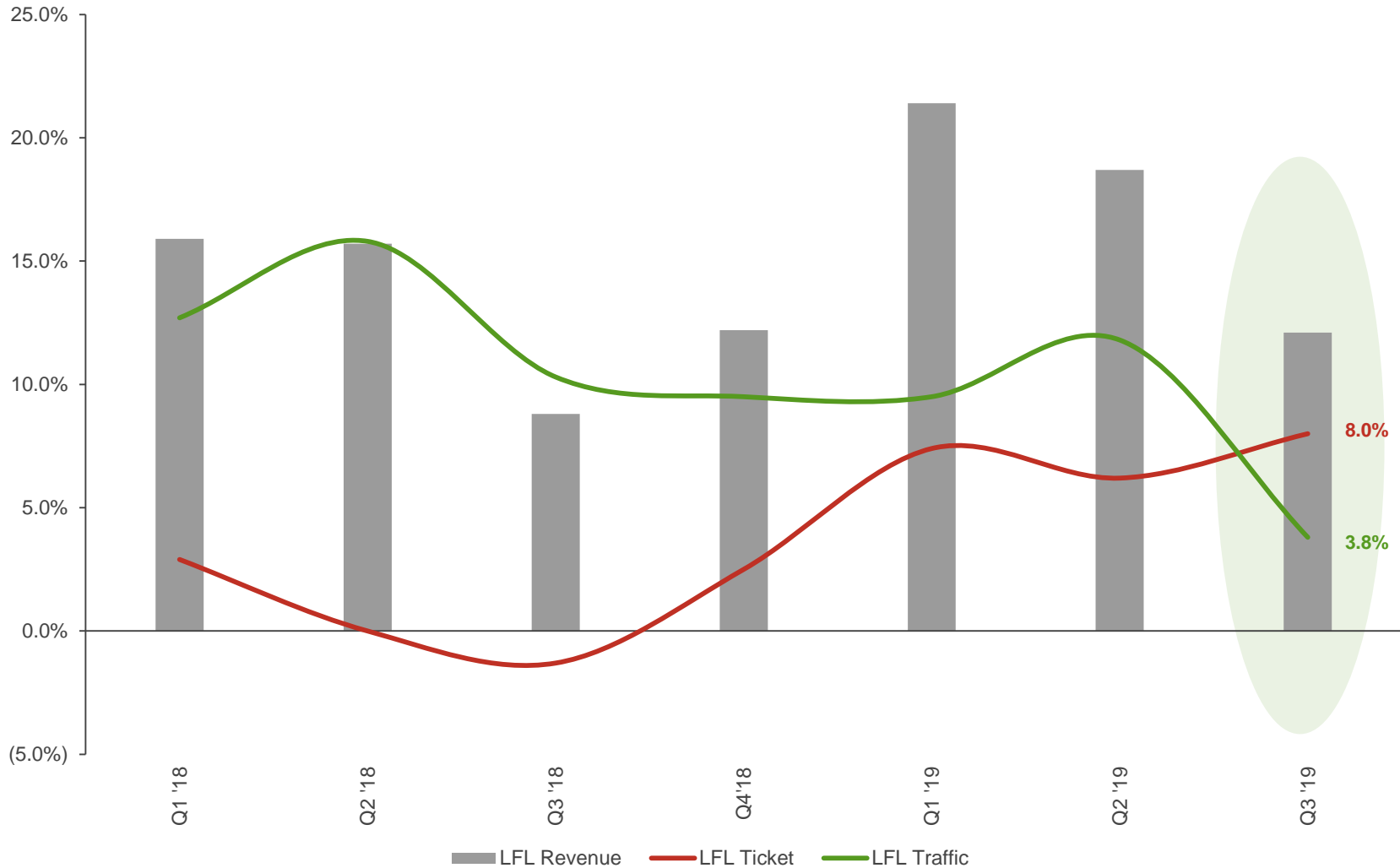
In Q3 2019, hypermarkets' operating performance continued to demonstrate gradual recovery

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Discounters continued to demonstrate solid growth trends in Q3 2019

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Group transformation under way: O`KEY

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Strategic commitments

Initiatives launched and completed in Q3 2019



NEW IT INFRASTRUCTURE

- ✓ Modernization of IT infrastructure in line with the adopted strategy



SUPPLY CHAIN

- ✓ Implementation of a series of logistics initiatives, aimed at more efficient palletising processes at distribution centres and faster pallet unloading at hypermarkets



ASSORTMENT & MARKETING

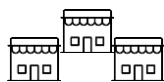
- ✓ Initiation of an in-store rezoning programme. The programme will help harmonise and standardise the assortment within our available trading space in accordance with approved clustering
- ✓ Expansion of 'O`KEY selection' private label brand
- ✓ Modernization of promo areas in hypermarkets
- ✓ Improvement of promo offers
- ✓ Focus on fresh and ultra-fresh categories

Group transformation under way: DA!

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Strategic commitments

Initiatives launched and completed in Q3 2019



GROWTH & EXPANSION

- ✓ One new discounter were opened. The remaining 14 stores will be opened before the end of the year
- ✓ Redesign of the in-store bakery



ASSORTMENT & MARKETING

- ✓ Listing of new Private Label SKUs
- ✓ Seasonal changes in assortment and merchandising
- ✓ Private label rebranding



THE BEST VALUE PROPOSITION

- ✓ Improvement of recipes in private label assortment



Food CPI marginally slowed down in Q3 2019

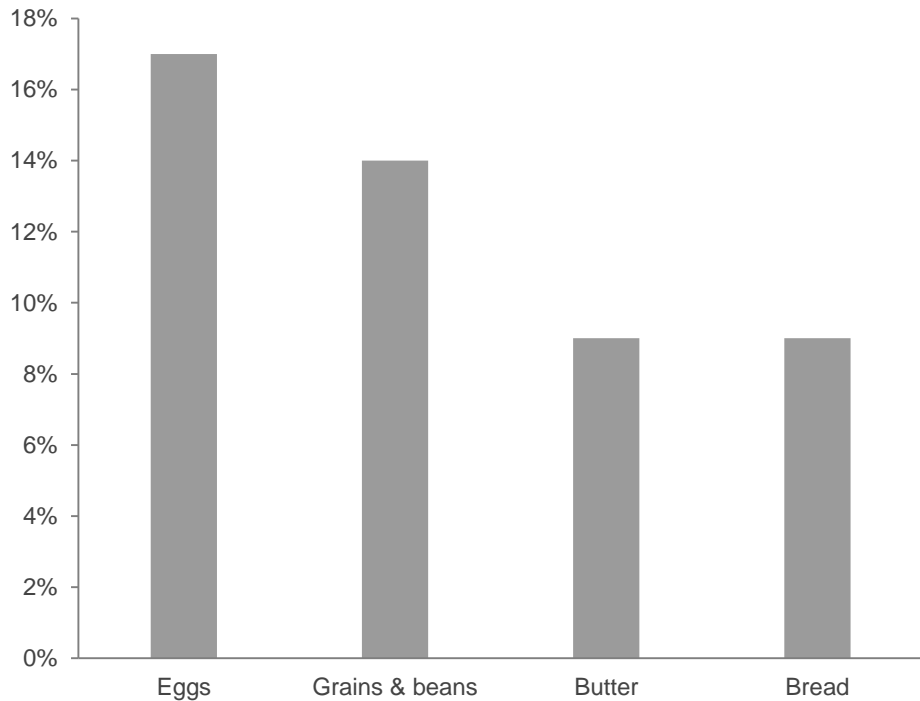
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In Q3 2019, food CPI marginally slowed down but remained supportive overall...



...largely driven by higher prices for eggs, grains & beans, butter, bread, and others products

Price dynamics in August 2019 vs August 2018

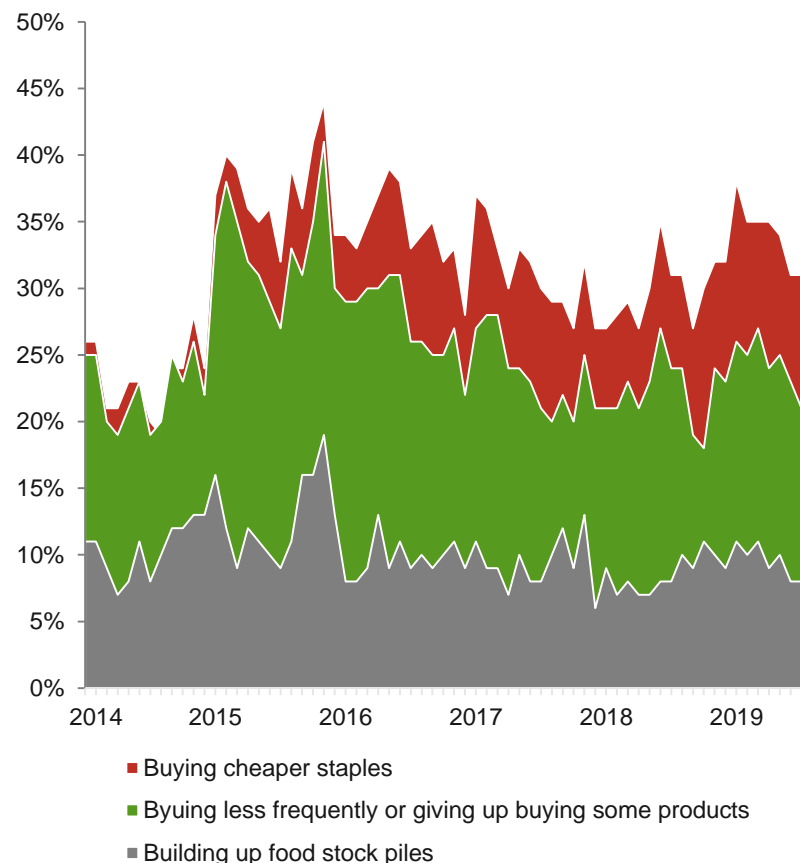
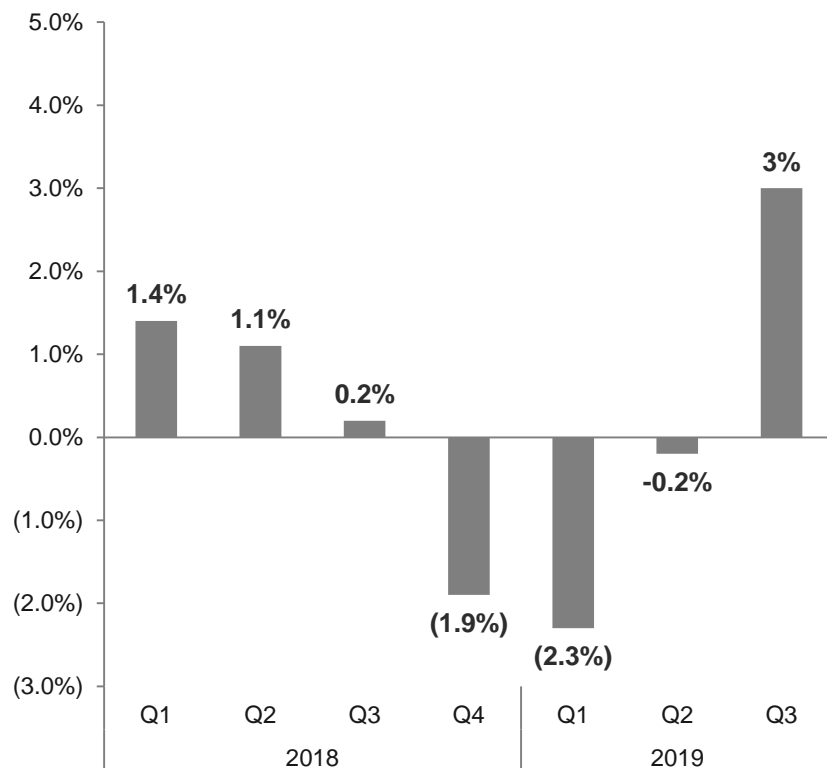


In Q3 2019 consumer sentiment continued to demonstrate gradual recovery

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Real disposable income improved in Q3 2019 to 3% YoY supported by positive wages dynamics

The percentage of customers who traded down decreased on average to 30% in Q3 2019 from 32% a year ago



APPENDIX

Three major shareholders

- Dmitry Korzhev
- Dmitry Troitskiy
- Boris Volchek

Board of Directors

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

Committees of the Board of Directors

Remuneration Committee



Heigo Kera

Chairman of the Remuneration Committee

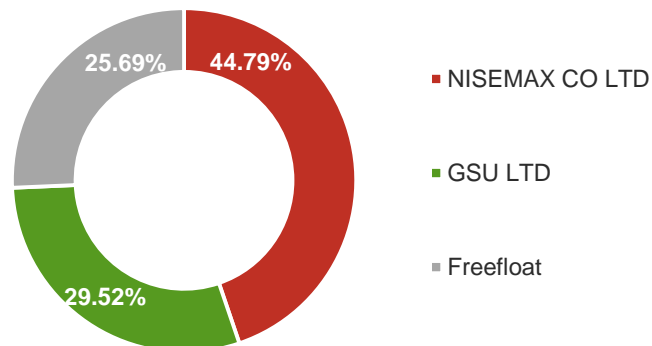
Audit Committee



Mykola Buinycky

Chairman of the Audit Committee

Shareholder structure



Appendix: Key operating metrics by quarter

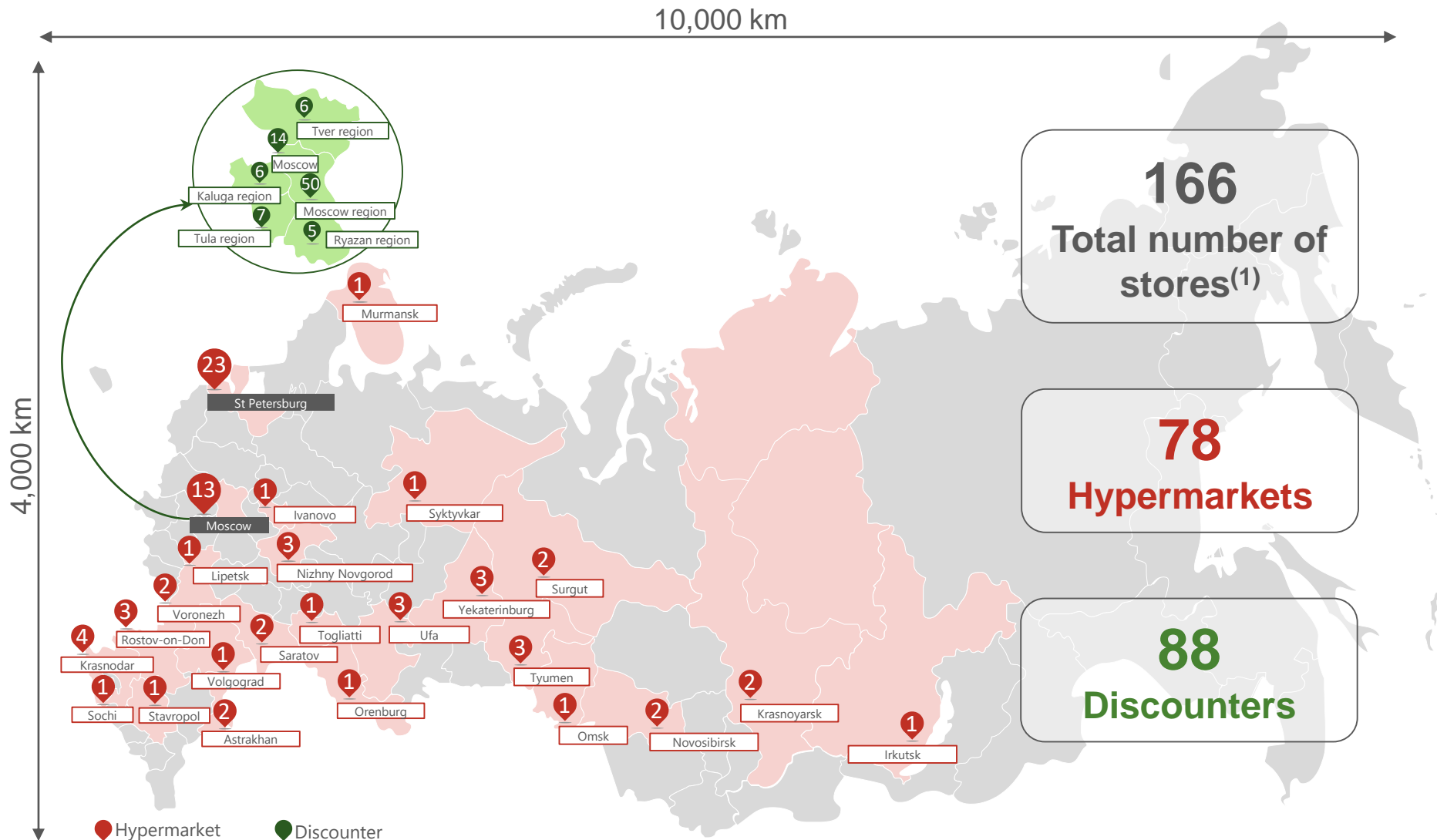
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Category ⁽¹⁾	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019
Total sales, RUB bn	48.8	47.6	46.6	55.9	198.9	45.5	42.6	41.6	52.2	181.9	45.3	45.4	43.8
<i>Growth</i>	<i>0.5%</i>	<i>4.9%</i>	<i>0.7%</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>	<i>5.3%</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	38.9
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	4.9
Number of stores	165	164	168	145	145	145	147	151	160	160	162	164	165
O`KEY	110	109	109	78	78	78	78	79	78	78	78	78	78
DA!	55	55	59	67	67	67	69	72	82	82	84	86	87
Selling space, '000 sq. m	623,611	611,679	611,300	577,804	577,804	577,968	577,248	586,357	584,914	584,914	586,357	587,778	589,362
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	529,055
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	60,307
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%	3.0%
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%)	2.1%
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%	12.1%
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%)	(0.2%)
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%)	(1.2%)
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%	3.8%
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%	3.2%
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%	3.3%
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%	8.0%

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

Appendix: O`KEY Group geography

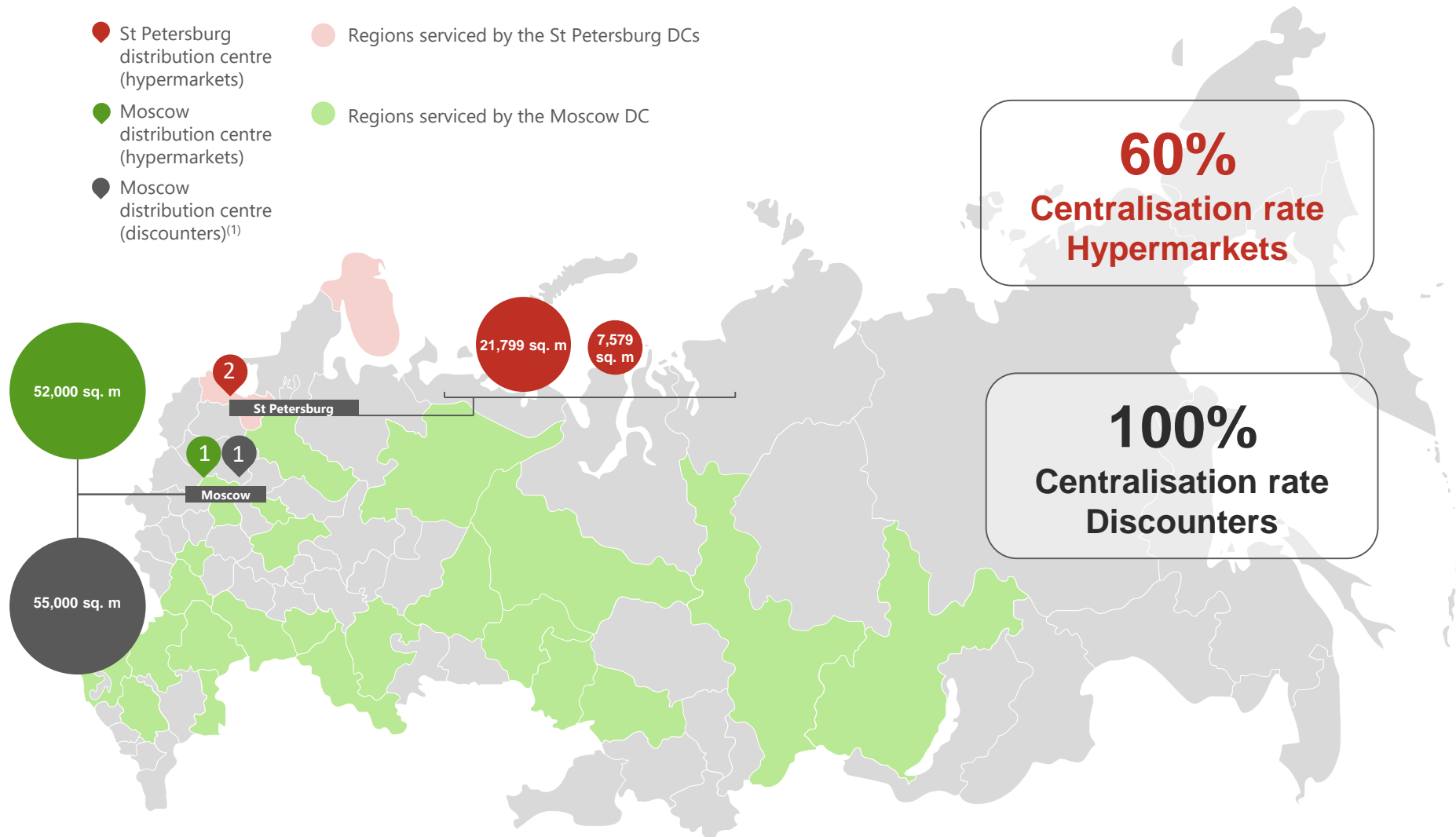
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Notes: ⁽¹⁾ Number of stores as of October 2019.

Appendix: O`KEY Group 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.

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