

O'KEY GROUP TRADING UPDATE

Q2 AND 1H 2018

24 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.

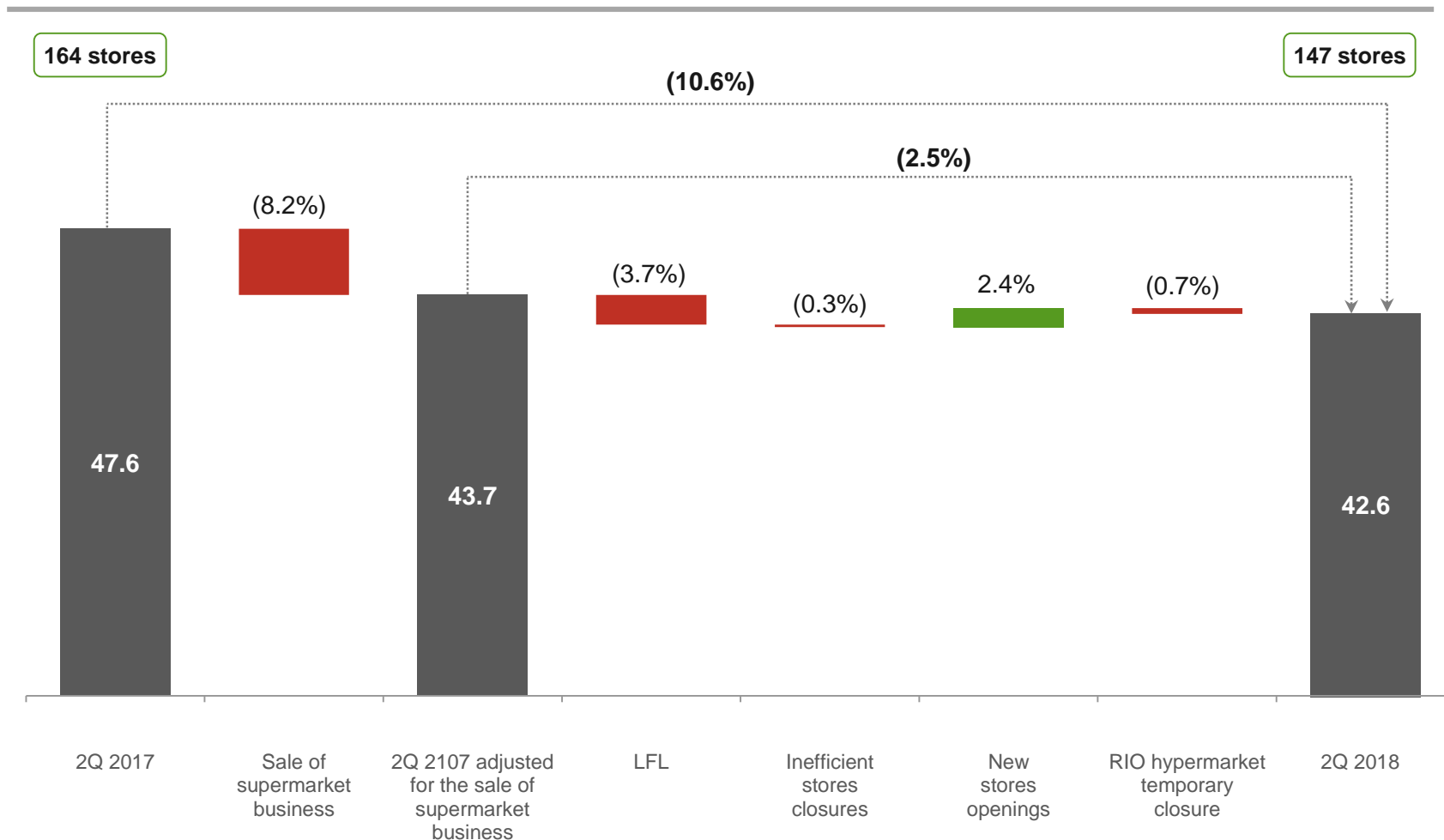
Group operating highlights

- Total revenue in 1H 2018 decreased by 8.7% YoY to RUB 88,068 mln
 - Organic total revenue⁽¹⁾ decreased by 1.6% YoY
- LFL revenue in 1H 2018 decreased by 2.3% YoY
 - LFL traffic decreased by 1.5%
 - LFL ticket decreased by 0.8%
- Total revenue in Q2 2018 decreased by 10.6% YoY to RUB 42,618 mln
 - Organic total revenue decreased by 2.5% YoY
- LFL revenue in Q2 2018 decreased by 4.0% YoY
 - LFL traffic decreased by 2.2%
 - LFL ticket decreased by 1.8%
- One hypermarket was reopened and two discounters were opened in Q2 2018
- Total selling space amounted to 577,248 sq. m as of June 30th 2018 (decrease by 5.6% YoY)

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

4

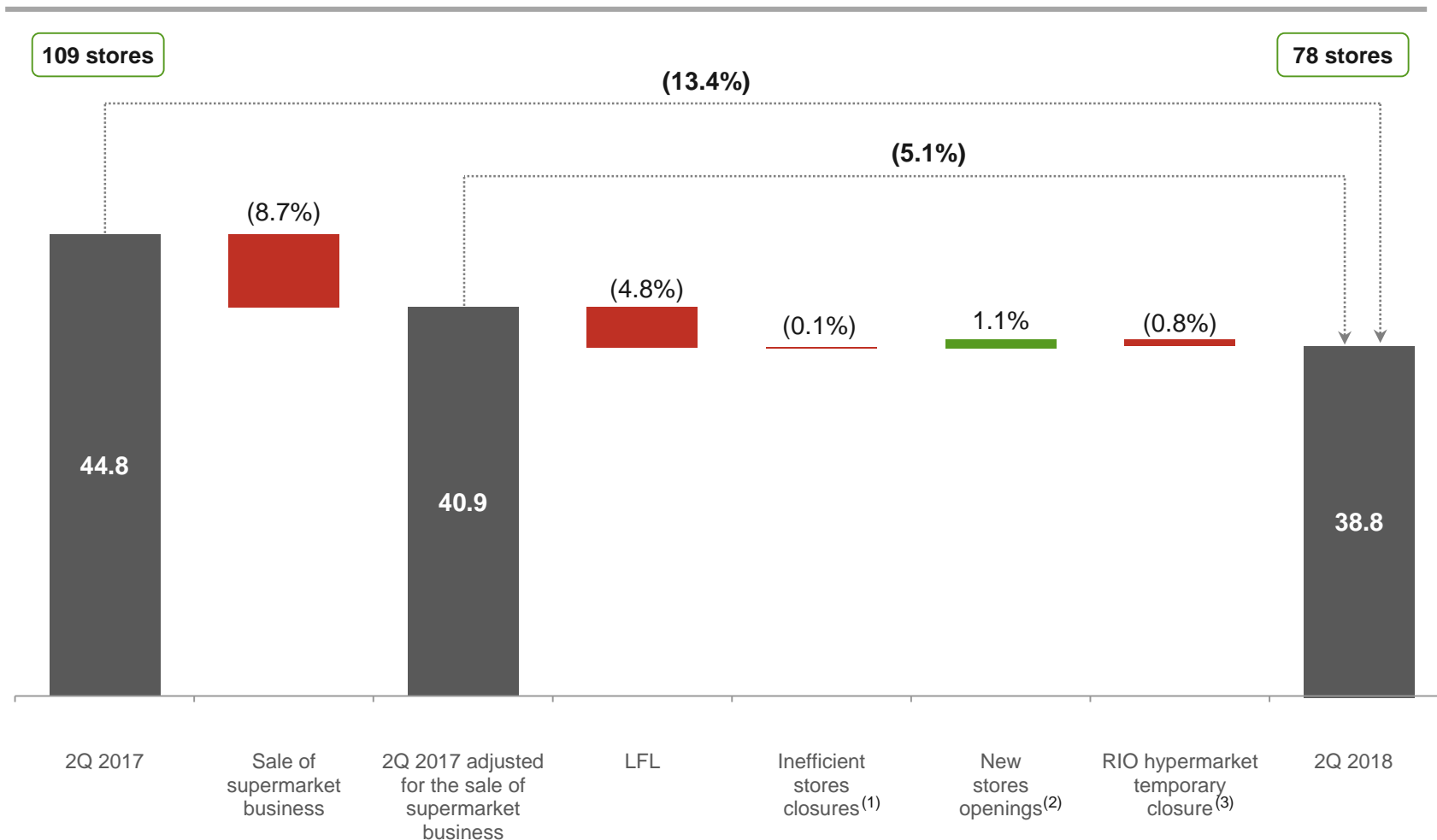
Total revenue, Q2 2017 vs. Q2 2018, RUB bn



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

5

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

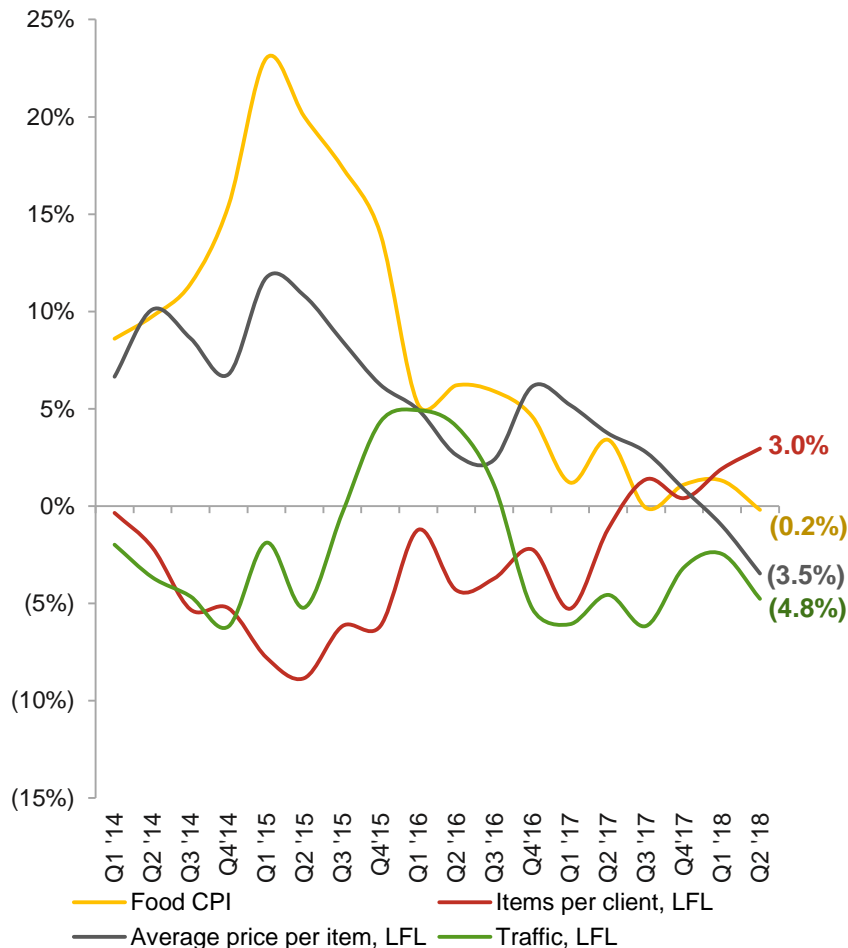


Notes: (1) Closure of hypermarkets in Cherepovets and Sterlitamak in 2Q '17; (2) Opening of supermarket in Sestroretsk in 2Q '17 and hypermarket in Yekaterinburg in 4Q '17; (3) RIO hypermarket in Moscow was temporary closed in July '17- May '18.

O'KEY Q2 2018 operating results overview

6

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



Notes: (1) Based on loyalty cards data.

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

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

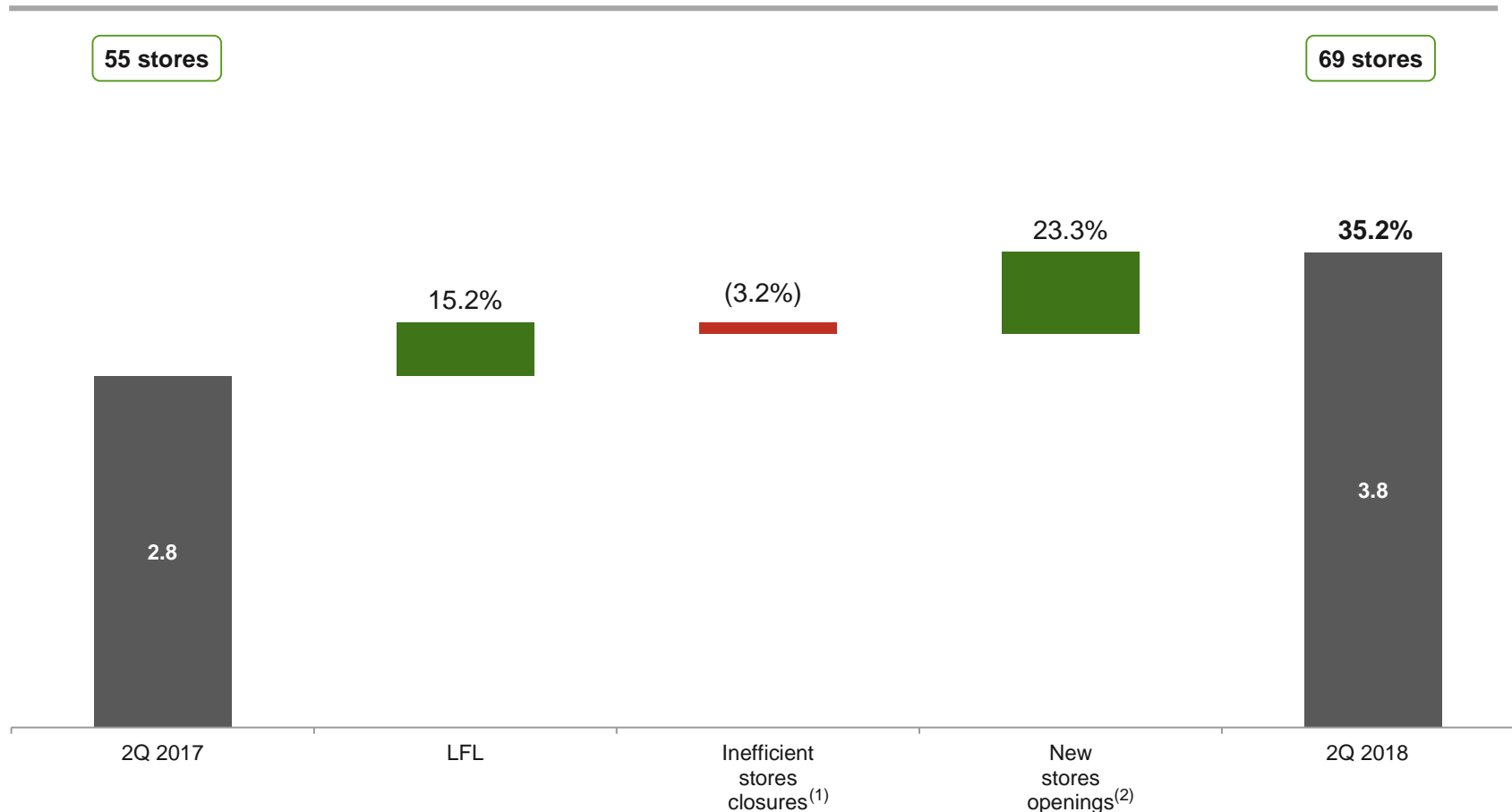
↑ Increased ↓ Decreased — Stayed the same

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

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

7

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

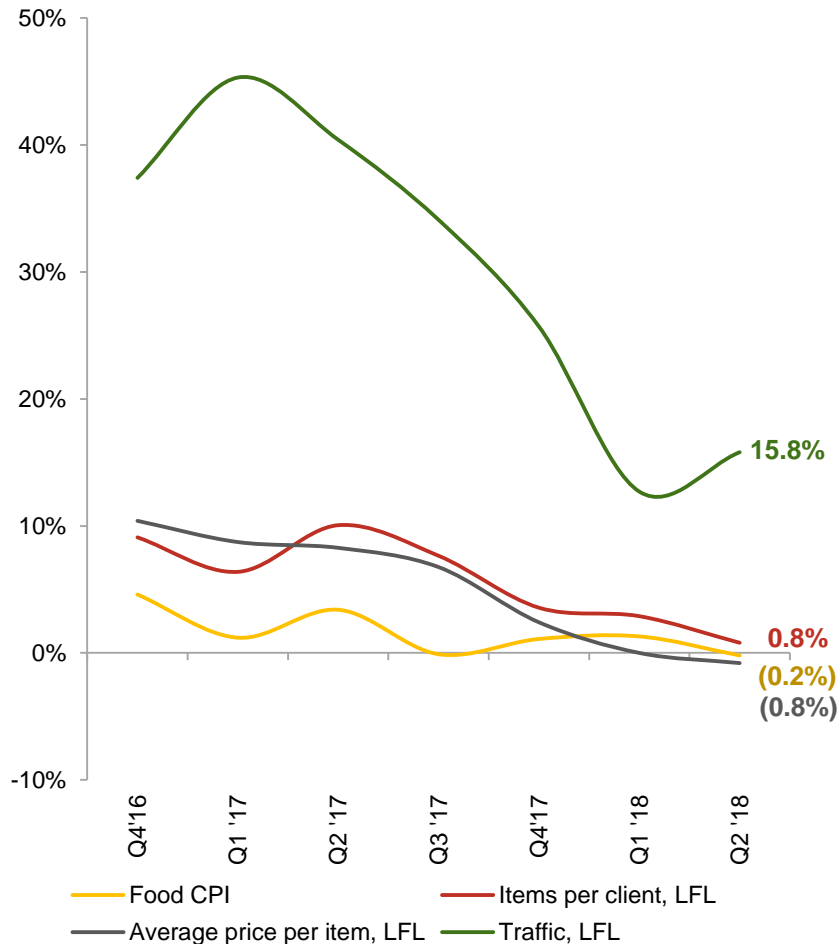


Notes: (1) Closure of three discounters in 1Q '18; (2) Opening of 17 new discounters in July '17- June '18.

DA! Q2 2018 operating results overview

8

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 major part of key performance drivers turning red 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.

O'KEY Group transformation under way (1)

9

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⁽¹⁾ 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⁽²⁾ system development. To be launched in Q3 '18

O'KEY
ОТЛИЧНО ЖИТЬ ПРАКТИЧНО

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

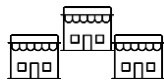
O'KEY
GROUP OF COMPANIES

O'KEY Group transformation under way (2)

10



Strategic commitments



GROWTH & EXPANSION



ASSORTMENT & MARKETING



THE BEST VALUE PROPOSITION

Initiatives launched and completed in Q2 2018

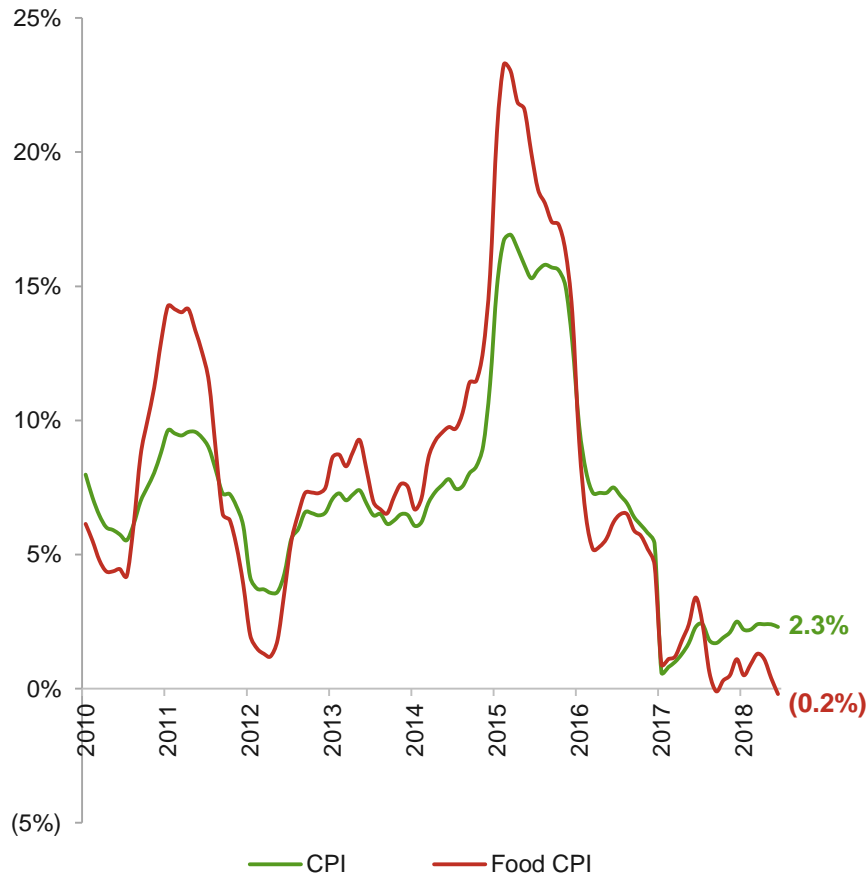
- ✓ Two new discounters were opened⁽¹⁾
- ✓ Introduction of new lightning concept – focused light
- ✓ 55 new private label SKU's introduced
- ✓ Listing of new frozen products and goods sold by weight⁽²⁾
- ✓ Improvement of recipes in private label assortment
- ✓ Introduction of new customer baskets – bigger and more comfortable

Notes: (1) The major part of openings will be performed in 2H '18; (2) Shrimps, khinkali, pelmeni, candies, nuts.

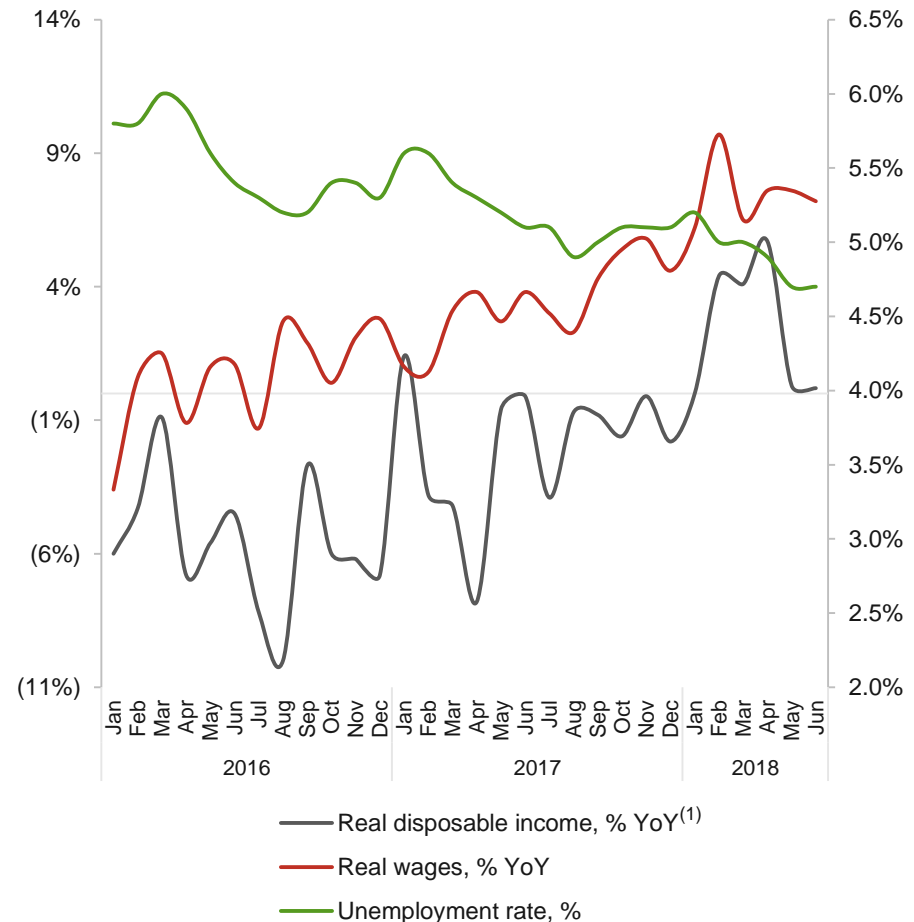
Macro: headwinds for grocery persisted in Q2 '18

11

Food CPI growth slowed down to the lowest level in the several last 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.

Appendix: key operating data by quarter

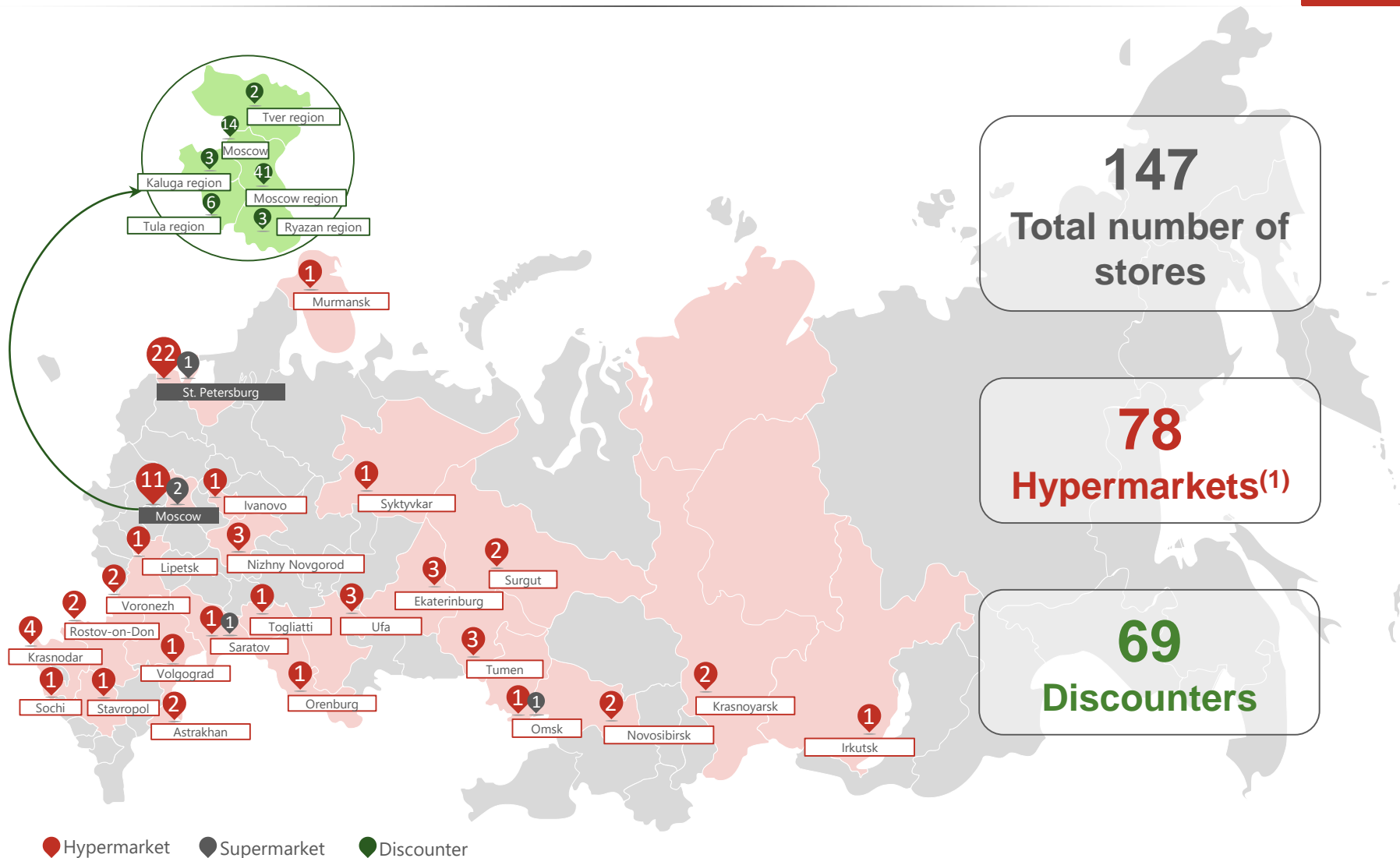
12

Category ⁽¹⁾	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 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
<i>Growth</i>	5.7%	6.1%	4.7%	7.5%	0.5%	4.9%	0.7%	(1.2%)	1.1%	(6.9%)	(10.6%)
O'KEY	43.9	44.6	54.3	190.4	46.4	44.8	43.7	52.4	187.3	42.1	38.8
DA!	1.4	1.7	2.2	6.4	2.4	2.8	2.9	3.5	11.7	3.3	3.8
Number of stores	156	160	164	164	165	164	168	145	145	145	147
O'KEY	108	110	110	110	110	109	109	78	78	78	78
DA!	48	50	54	54	55	55	59	67	67	67	69
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
O'KEY	569,525	587,024	586,001	586,001	586,001	574,069	570,896	531,589	531,589	531,589	529,555
DA!	32,683	34,074	36,890	36,890	37,610	37,610	40,404	46,215	46,215	46,379	47,693
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%)
O'KEY	2.2%	(0.4%)	(1.7%)	2.0%	(6.4%)	(2.2%)	(2.3%)	(1.9%)	(3.2%)	(1.6%)	(5.4%)
DA!			65.5%	65.5%	67.8%	67.4%	54.1%	33.3%	52.0%	15.9%	15.7%
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%)
O'KEY	4.1%	1.1%	(5.3%)	0.9%	(6.1%)	(4.6%)	(6.2%)	(3.2%)	(5.0%)	(2.5%)	(4.8%)
DA!			37.4%	37.4%	45.3%	40.4%	34.1%	25.7%	34.8%	12.7%	15.8%
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%)
O'KEY	(1.8%)	(1.4%)	3.8%	1.0%	(0.4%)	2.5%	4.2%	1.3%	1.9%	0.9%	(0.6%)
DA!			20.4%	20.4%	15.5%	19.2%	14.9%	6.1%	12.7%	2.9%	0.0%

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

Appendix: O'KEY geography

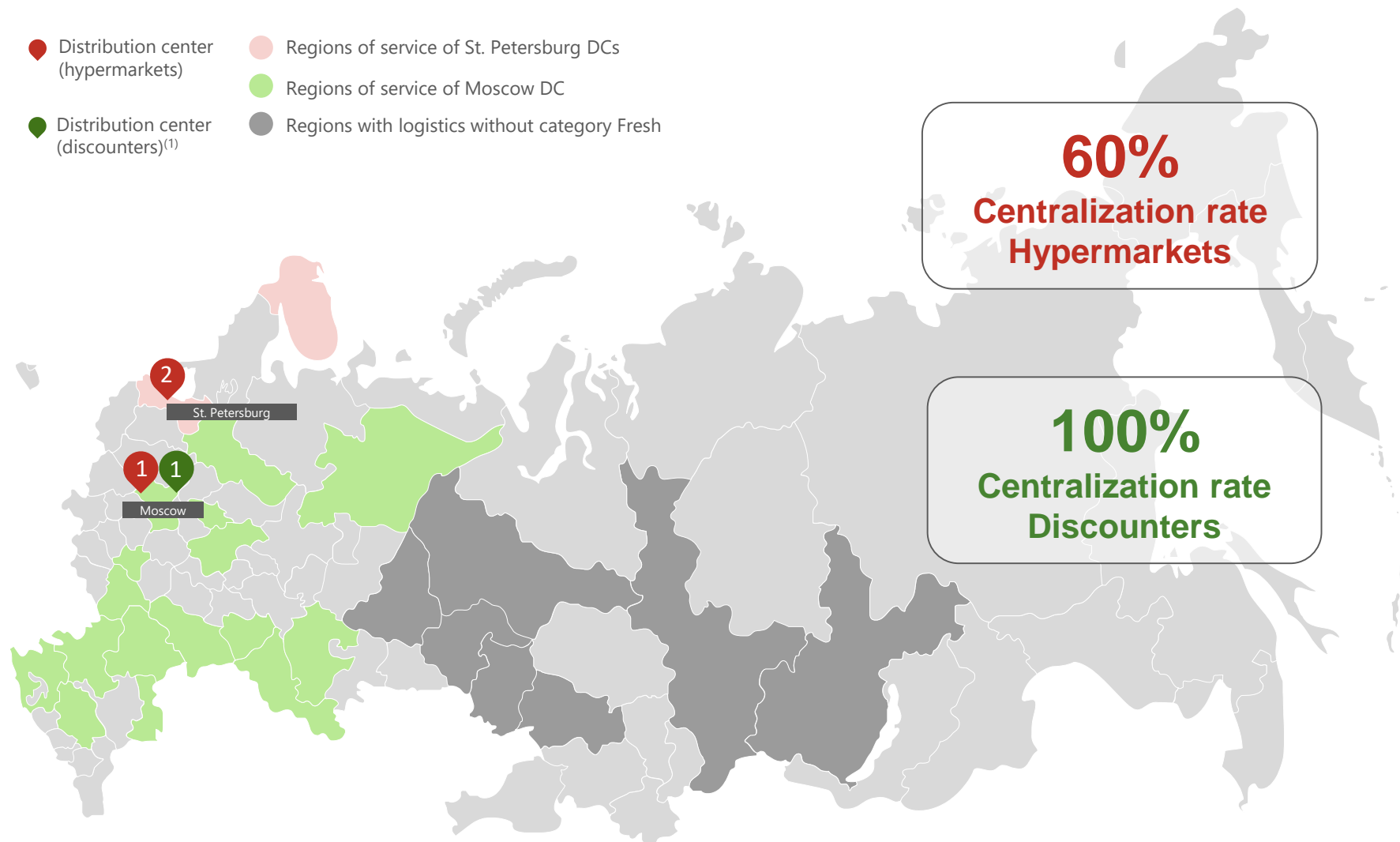
13



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

Appendix: O'KEY supply chain

14



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

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