

Press Release
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O'KEY GROUP ANNOUNCES OPERATING RESULTS FOR Q3 & 9M 2016

O'KEY Group S.A. (LSE: OKEY, “the Group”), one of the leading Russian food retailers, announces its unaudited operating results for the third quarter and first nine months of 2016. All materials published by the Group are available on its website www.okeyinvestors.ru.

Q3 2016 Highlights

- The Group net retail revenue increased by 6.3% YoY from RUB 38,164 million to RUB 40,565 million
- Traffic increased by 11.0% YoY with average ticket declining by 4.4% YoY
- Retail revenue net of discounter sales grew by 2.6% YoY to RUB 39,095 million
- Traffic net of discounters rose by 3.0% YoY with average ticket net of discounters declining by 0.5% YoY
- Like-for-like (LFL)¹ revenue decreased by 0.4% YoY driven by a 1.1% increase in traffic and a 1.4% decline in average ticket
- In Q3 2016, the Group opened two hypermarkets and two discounters
- Total selling space increased by 8.6% YoY to 621,098 m² with the selling space of hypermarkets growing by 5.8% to 538,567 m², the supermarket selling space declining to 48,457 m² and the selling space of discounters tripling to 34,074 m².

9M 2016 Highlights

- The Group net retail revenue increased by 8.8% YoY from RUB 113,044 million to RUB 122,977 million
- Traffic increased by 12.0% YoY with average ticket declining by 3.0% YoY
- Retail revenue net of discounter sales grew by 5.6% YoY to RUB 119,287 million
- Traffic net of discounters rose by 4.9% YoY with average ticket net of discounters growing by 0.6% YoY
- The LFL revenue increased by 3.5% YoY driven by a 3.3% increase in traffic and a 0.2% increase in average ticket
- In 9M 2016, the Group opened three hypermarkets (one closed), one supermarket (four closed) and 16 discounters.

Heigo Kera, CEO and Chairman of O'KEY Group, said:

“The changes aimed at increasing our business efficiency, which my team launched in May last year, have allowed us to maintain sustainability in the hypermarket and supermarket segment and show positive operating dynamics.

We recorded a 2.6% increase in retail revenue and a 3.0% traffic growth (net of the *DA!* discounters) in Q3. As planned, we opened two new hypermarkets in Moscow and Tyumen with elements of the new store concept – modern design, easy navigation, new approach to the in-store look and feel.

¹ Stores are included in LFL parameter in the 14th month after their opening

In the first 9 months, we achieved a positive trend in our LFL stores delivering a 3.5% growth of retail revenue and a 3.3% increase in traffic. This proves that the course of development chosen in 2016 amid growing competition and shrinking disposable income was correct.

As before, our main focus is a wide range of products for the whole family, including private labels, best value for money proposition, exciting and demanded promotions as well as traditionally high customer service.

We are looking forward to the high sales season in the Christmas and New Year's Eve period, which is crucial to any retailer. We are committed to do our best to finish 2016 with strong operating and financial results."

Armin Burger, Chief Executive Officer of the discounter chain, added:

"In Q3, we opened two more discounters and our ambition is to open another six stores till the year end, which will bring the total number of our stores to 56 by the end of 2016.

The efforts we have put into polishing our range and adapting the assortment mix to the current economic climate as well as changes in customer preferences have led to a substantial increase in traffic and average basket at the end of the third and beginning of the fourth quarter. We are excited to get positive customer feedback on all the changes we have made."

<i>Number of stores, end of period</i>	Q3 2015	Q3 2016	YoY change
Hypermarkets	70	73	+3
Supermarkets	41	37	-4
Discounters	15	50	+35
Total	126	160	+34

<i>Selling space, end of period, m²</i>	Q3 2015	Q3 2016	YoY change
Hypermarkets	509,094	538,567	5.8%
Supermarkets	51,853	48,457	-6.5%
Discounters	10,924	34,074	>200%
Total	571,871	621,098	8.6%

<i>YoY change</i>	Q3 2015			Q3 2016		
	Net retail revenue	Traffic	Average ticket	Net retail revenue	Traffic	Average ticket
Group	7.9%	7.9%	0.0%	6.3%	11.0%	-4.4%
Group LFL*	1.4%	-0.4%	1.8%	-0.4%	1.1%	-1.4%
Group net of discounters	7.7%	7.4%	0.2%	2.6%	3.0%	-0.5%

*In Q3 2016, the Group LFL performance equals to the Group LFL net of discounters as the discounter roll-out started in September 2015.

YoY change	9M 2015			9M 2016		
	Net retail revenue	Traffic	Average ticket	Net retail revenue	Traffic	Average ticket
Group	5.6%	4.9%	0.5%	8.8%	12.0%	-3.0%
Group LFL*	-0.7%	-2.5%	1.9%	3.5%	3.3%	0.2%
Group net of discounters	5.5%	4.8%	0.6%	5.6%	4.9%	0.6%

*In 9M 2016, the Group LFL performance equals to the Group LFL net of discounters as the discounter roll-out started in September 2015

COMPANY OVERVIEW

O'KEY is one of the largest retail chains in Russia. Its primary retail format is the modern Western European style hypermarket under the "O'KEY" brand reinforced by O'KEY supermarket. The Group is developing the innovative discounter format under the "DA!" brand. O'KEY is the first among Russian food retailers to launch e-commerce operations in St. Petersburg and Moscow based on hypermarket assortment.

The Group opened its first hypermarket in St. Petersburg in 2002 and has demonstrated continuous growth ever since. As of October 28, 2016, O'KEY operates 160 stores across Russia – 73 hypermarkets, 37 supermarkets and 50 discounters.

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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