

Press Release
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O'KEY GROUP POSTS 13.5% TRAFFIC GROWTH IN 4Q 2015

O'KEY Group S.A. (LSE: OKEY), a leading food retailer in Russia, today announces unaudited operating results for the fourth quarter and full year ended 31 December 2015.

Q4 2015 Operating Highlights:

- Net retail revenue increased by 10.2% Y-o-Y to RUB 47.2 billion (by 8.7% excluding discounter format)
- Traffic increased by 13.5% (by 10.0% excluding discounter format)
- LFL revenue grew by 3.8% with LFL traffic increasing by 4.3% Y-o-Y
- One hypermarket and 20 discounter stores opened.

FY 2015 Operating Highlights:

- Net retail revenue increased by 6.9% Y-o-Y to RUB 160.3 billion (by 6.4% excluding discounter format)
- LFL revenue increased by 0.6% Y-o-Y
- 38 new stores, including two hypermarkets, one supermarket and 35 discounters, opened
- Trading space increased by 7.4%.

Heigo Kera, CEO of O'KEY Group, commented:

“In 2015, the macroeconomic environment challenged both the sector as a whole and our business in particular. We faced these challenges head on and I am pleased to say we were able to deliver a robust 6.9% revenue growth year-on-year, exceeding our guidance, including a strong fourth quarter performance with 4.3% like-for-like traffic growth.

These strong trends reflect the implementation of our turnaround strategy, which saw us revise our product assortment, making it more appealing to all customer groups, develop attractive promotions and reset our private label range to achieve the right positioning, all while sustaining the high level of customer service that is the hallmark of our business.

In addition, we continued our work on the centralisation of logistics, with the opening of one new distribution centre in St. Petersburg, as well as improving our purchasing conditions, leading to a stable commercial margin level compared to 2014. We were also the first federal chain in Russia to launch online food and non-food shopping services with the complete product range of a hypermarket in Moscow and St. Petersburg, using an advanced IT platform. We saw encouraging initial results and great potential for its future development. Behind the scenes, we continued to strengthen our



international management team and I believe we have in place the right mix of deep local knowledge and expertise in international best practices.

The result is that we significantly advanced in forming an optimal value proposition for our customers last year, ensuring that O'KEY continues to stand out from other retailers in terms of three key and complementary factors – price, quality and convenience. What is more, we see ways for further improvement in the future. In addition, we greatly value the potential of our innovation – a hard discounter format that is unique on the Russian market and distinguished by a carefully selected assortment and large share of tailor-made private brands. Last year, as promised, we successfully opened 35 stores under the “DA!” brand.

We expect the macroeconomic situation to remain deeply challenging in 2016. However, I believe we have taken the right steps to secure the long-term, sustainable development of our business and this is reflected in the strong set of operational results for the fourth quarter and the whole year 2015.”

Armin Burger, CEO of O'KEY Discounter Format, added:

“After the successful opening of the first 35 stores under the “DA!” brand in Moscow, Moscow region and Central Russia we are very pleased with the high level of acceptance of our private brands and assortment in general. We have seen our upfront investment in store quality and fresh product assortment pay off. Despite the highly competitive environment, customer numbers and average ticket level have met our expectations. We are also quite pleased with the continuous build-up of “DA!” customer numbers. With the experience obtained during the successful launch of our first stores in 2015, we believe we are well placed to achieve the ambitious goals we have set for our discounter format.”

Operating Summary

Number of new stores (net)*	4Q 2015	4Q 2014	12M 2015	12M 2014
Group	20	10	38	14
Hypermarkets	1	5	2	9
Supermarkets	-1	5	1	5
Discounters	20	-	35	-

* The Group closed 2 hypermarkets and 2 supermarkets during 12M 2015

Total stores at the end of the period (net)	12M 2015	12M 2014
Group	146	108
Hypermarkets	71	69
Supermarkets	40	39
Discounters	35	-

Trading space as at the end of the period, '000 m ² (net)	12M 2015	12M 2014	Change, %
Group	593	552	7.4%
Hypermarkets	518	503	3.1%
Supermarkets	51	49	3.9%
Discounters	24	-	-



Sales Performance	4Q 2015			12M 2015		
	Revenue, %	Traffic, %	Av. Ticket, %	Revenue, %	Traffic, %	Av. Ticket, %
Group	10.2%	13.5%	-3.1%	6.9%	7.2%	-0.4%
<i>Group excluding Discounters</i>	<i>8.7%</i>	<i>10.0%</i>	<i>-1.3%</i>	<i>6.4%</i>	<i>6.2%</i>	<i>0.2%</i>
Group, LFL	3.8%	4.3%	-0.5%	0.6%	-0.7%	1.3%

Sales Performance

Net retail revenue increased by 6.9% for the year driven by increase in traffic of 7.2%. Net trading space grew by 7.4% as two hypermarkets, one supermarket and thirty five discounter stores were opened during the year.

Like-for-like (LFL) revenue for the year grew by 0.6% pulled down by traffic outflow in the first semester. However, as a result of effective price offers the company had the best result in terms of LFL traffic growth in the fourth quarter since 2013. The company carried out successful national promo actions and made regular catalogue offers more interesting for customers. As a result, LFL traffic in December increased by 6.0% Y-o-Y.

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.

None of the future projections, expectations, estimates or prospects in this announcement should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in this announcement. We assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

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 supermarkets and DA! discounters. The Group's e-commerce agenda is driven by its online store.

The Group opened its first hypermarket in St. Petersburg in 2002 and has demonstrated continuous growth ever since. As of December 31, 2015, O'KEY operates 146 stores across 32 cities in Russia: 71 hypermarkets with an aggregate selling space of approximately 518,000 m², 40 supermarkets with an aggregate trading space of approximately 51,000 m² and 35 discounters with an aggregate trading space of approximately 24,000 m². O'KEY employs over 24,000 people as of December 31, 2015.



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