

Press Release
23 July 2015

O'KEY GROUP ANNOUNCES OPERATING RESULTS FOR THE SECOND QUARTER AND SIX MONTHS 2015

O'KEY Group S.A (LSE: OKEY), one of the leading Russian food retailers, announces operating results for the second quarter and the first six months of 2015. All materials published by the Group can be found on its website, <http://okeyinvestors.ru/>

2Q15 Operating Highlights

- Net retail revenue increased 1.6% year-on-year (YoY) to RUB37.6bn;
- Like-for-Like (LFL) revenue decreased by 4.3% YoY, driven by a 5.2% decrease in traffic and a 1.0% increase in average basket;
- Selling space totalled 568 th. sq.m., as at 30 June 2015 (+11.8% YoY).

1H15 Operating Highlights

- Net retail revenue increased 4.4% year-on-year (YoY) to RUB74.9bn;
- Like-for-Like (LFL) revenue decreased by 1.7% YoY, driven by a 3.6% decrease in traffic and a 2.0% increase in average basket;
- Gross margin maintained at the level of six months 2014;
- Two new hypermarkets and three new supermarkets opened (net¹).

Commenting on the results, Heigo Kera, CEO of O'KEY Group, said:

"Due to weaker macroeconomic environment and tougher competition, the first six months of 2015 have been challenging for both the Russian retail industry as a whole and for the O'KEY Group. Despite the strong headwinds we continued to improve our supplier terms, which we have fully translated into best offers for our customers. This resulted in a traffic turnaround at the end of the second quarter.

We have also put a great effort in category revision, we have reviewed our assortment mix and pricing for some goods to fit current economic trends and our customers' changed needs, at the same time preserving our trademark high service level.

We have opened three hypermarkets (two net¹) and three supermarkets in the first half of 2015, strengthening our market position in the regions with the existing presence and successfully entering Irkutsk, a new city for us in Eastern Siberia.

Entering the second half of 2015, we see positive traffic trends as more and more customers learn about our revised shopping proposition.

Supported by O'KEY's strong expertise and deep knowledge of the Russian retail market, we strive to demonstrate a positive turnaround for our business in the near future.

Not shifting our focus from streamlining and strengthening our hypermarket business, we remain committed to launching our discounter project in the next two months."

¹ O'KEY opened three hypermarkets in the first half of 2015 and closed one hypermarket in Moscow in April 2015.



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

"Our discounter project comes to Russia at the right moment. We understand the behaviour of customers at times of economic hardships and offer them the best value for money. The first stores will be opened at the end of the third quarter of 2015. They will be supported by an excellent infrastructure, our state-of-the-art distribution centre and our in-depth knowledge of the local market and international hard discounter best practices. Once we reach the economy of scale, the discounter project will contribute substantially to the group's overall growth."

Operating Summary

Number of new stores (net ¹)	2Q15	2Q14	1H15	1H14
Group	-	1	5	3
Hypermarkets	-	1	2	3
Supermarkets	-	-	3	-

Total stores at the end of the period	1H15	1H14
Group	113	96
Hypermarkets	71	63
Supermarkets	42	33

Trading space as at the end of the period, '000 m ²	As at 30 June 2015	As at 30 June 2014	Change (YoY), %	As at 31 December 2014	Change (YtD), %
Group	568	508	11.8%	552	2.9%
Hypermarkets	515	466	10.5%	503	2.4%
Supermarkets	53	42	26.2%	49	8.2%

Sales Performance, YoY	1H15			1H14		
	Retail revenue, %	Traffic, %	Ticket, %	Retail revenue, %	Traffic, %	Ticket, %
Group	4.4%	3.4%	0.9%	12.3%	5.0%	6.7%
Group, LFL	-1.7%	-3.6%	2.0%	4.0%	-2.9%	7.0%

Sales Performance, YoY	2Q15			2Q14		
	Retail revenue, %	Traffic, %	Ticket, %	Retail revenue, %	Traffic, %	Ticket, %
Group	1.6%	2.2%	-0.7%	12.0%	4.1%	7.4%
Group, LFL	-4.3%	-5.2%	1.0%	3.8%	-3.7%	7.7%



Revenue and LFL

Retail revenue grew 4.4% to RUB74.9bn. for the first six months of 2015, driven primarily by selling space expansion of 11.8% YoY. LFL revenue decreased 1.7% for the first six months of 2015, comprised of a 2.0% LFL ticket growth and a 3.6% LFL traffic outflow.

Influenced by challenging macroeconomic environment and stronger competition in major cities of O'KEY's presence, retail revenue growth slowed down to 1.6% YoY to RUB37.6bn. in the second quarter 2015.

Price inflation was virtually offset by a decrease in items per basket purchased, while declining traffic, coupled with the general trading down, resulted in a LFL decrease of 4.3% in the second quarter of 2015.

However, renewed customer proposition has been well received. Positive trends began to appear at the end of June, as customer visits started to recover (LFL traffic from -6.7% in April to -3.3% in June) and items per visit remained stable.

Calendar

O'KEY will report financial results for the first six months of 2015 (reviewed by the auditors) at the end of August 2015. The announcement will be followed by a conference call.



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, complemented by "O'KEY" supermarkets. The Group opened its first hypermarket in St. Petersburg in 2002 and has demonstrated continuous growth ever since. As of 30 June 2015, O'KEY operated 113 stores across 29 cities in Russia: 71 hypermarkets with an aggregate selling space of approximately 515,000 m² and 42 supermarkets with an aggregate trading space of approximately 53,000 m². As of 30 June 2015, O'KEY employed over 22,000 people.

For further information please contact:

Marina Kagan
Head of Corporate Communications and IR
Tel.: +7(495)663-6677, ext.127
e-mail: ir@okmarket.ru
www.okmarket.ru

Tatiana Kormiltseva
Investor Relations
Tel: +7(495)663-6677, ext. 285
e-mail: Tatyana.Kormiltseva@okmarket.ru
www.okmarket.ru

