

Press Release
31 May 2018

O`KEY GROUP OPENS NEW FORMAT HYPERMARKET IN MOSCOW

O`KEY Group S.A. (LSE: OKEY, the 'Group'), one of the leading Russian food retailers, announces the opening of a compact city hypermarket in Moscow. The O`KEY hypermarket located in RIO Mall at Dmitrovskoe Highway is the first hypermarket of a new format opened after reconstruction and rebranding.

O`KEY opens a hypermarket in RIO Mall

Opened after renovation, the O`KEY hypermarket in RIO Mall is the 11th store in Moscow for the Group managing 78 hypermarkets across Russia. With the optimised size of the store and a new system of zoning/navigation, the customers can enjoy their shopping journey and find everything they need in 30-40 minutes on average.

The renovated O`KEY hypermarket with a trade area of 5,928 m² offers spacious alleys, simple navigation, own cooking and bakery, a tasting area in the Beverages department, an express café and 29 checkout counters (including 4 express cash desks). A standalone Farmer's Corner offers a choice of dairy products from various farms in the Moscow Region. The assortment includes over 25,500 SKUs with the share of food at 70%. Over 200 employees enable the store operations and maintain a high level of service.

The new hypermarket introduces a new convenient Self Scanning system. With this novelty in place, the customers can do their shopping without any assistance from the store staff by simply scanning the bar codes with the help of individual self-scanner and making payments at the checkout counter. This is a very efficient approach, crucial for residents of a capital city. Electronic price tags are another innovation implemented in the hypermarket.

For O`KEY, the concept of a compact store is not only a novel way of following key trends and consumer behaviour but also offers more efficient category and shelf management, aligned assortment matrices, correct allocation of trading space and competitive price positioning.

The store's operating performance will be supported by a modern space management system. The innovative IT system will automate the business processes associated with space management and replenishment as well as enable proper control over on-shelf availability supporting automatic replenishment and minimising out-of-stock items. By implementing these solutions, the Group will significantly boost customer satisfaction and drive average ticket.

Miodrag Borojević, Chief Executive Officer of O`KEY, commented:

"The new format hypermarkets are more convenient for customers who can now complete their shopping journey within the optimal timeframe, which is of strategic importance in the context of a highly competitive environment. While developing the new format, we have followed the global food retail trends, studied the best practices, implemented our own know-how and streamlined the in-store processes. We are confident that with the wide assortment, smart promotions and attractive pricing our renovated hypermarket will become the store of choice for the residents of the Northern district of Moscow."

OVERVIEW

O`KEY Group S.A. (LSE: OKEY, Fitch – ‘B+’) is one of the largest retail chains in Russia. The Group operates under two main formats: hypermarkets, under the ‘O`KEY’ brand and discounters, under the ‘DA!’ brand.

As at May 31, 2018, the Group operates 145 stores across Russia. The Group opened its first hypermarket in St. Petersburg in 2002 and has since demonstrated continuous growth. O`KEY is the first among Russian food retailers to launch and actively develop e-commerce operations in St. Petersburg and Moscow, offering a full range of hypermarket products for home delivery. The Group operates four distribution centres across the Russian Federation.

For the full year 2017, revenue totalled RUB 177,454,848 thousand, EBITDA reached RUB 9,334,993 thousand, and the net income for the period amounted to RUB 3,166,913 thousand.

The O`KEY shareholder structure is as follows: NISEMAX Co Ltd – 50.95%, GSU Ltd – 29.52%, free float – 19.53%.

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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.

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