Press Release
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O'KEY GROUP ANNOUNCES FY 2010 RESULTS

O'Key Group S.A., ("O'Key Group", "the Group" or "the Company"), a leading food retailer in Russia (LSE ticker: OKEY), today released its audited consolidated IFRS financial results for the year ended 31 December 2010. These and the company's 2010 Annual Report have been published on the company's website, www.okmarket.ru.

2010 Year-end Highlights:

- Successful IPO of GDRs on London Stock Exchange in November 2010
- Total revenue grew 21.8% to RUB 82.7 billion, while like-for-like revenue increased 7.7% year-on-year
- 11 new stores opened for operation during the year, and two more to date in 2011, bringing total number of O'Key stores to 59 at the date of this release
- EBITDA increased by 20.9% to RUB 7.1 billion
- Net Profit margin reached a historical high of 3.6%

O'Key Group CEO Patrick Longuet said:

"2010 was truly a milestone year for O'Key Group. We are proud to have successfully listed on the London Stock Exchange and to have welcomed such a diverse pool of new investors into the company. We have a long track record of profitable growth in Russia, and we look forward to continuing this growth for the benefit of all of our shareholders.

Our financial performance was strong. We achieved an increase in revenues in 2010, with consolidated group sales up 21.8% on the year at RUB 82.7 billion. Our net profit reached RUB 3.0 billion for the year and EBITDA increased in line with revenue growth to RUB 7.1 billion.

We entered 2011 in a strong financial position. We finished the year with a very low net debt to EBITDA ratio of 0.8. This, combined with our strong financial performance and the proceeds of our successful IPO, means we are extremely well positioned to execute on our continued development strategy."

Financial performance

Income Statement Highlights

RUB millions, unless otherwise indicated	2009	2010	Change 2009/2010
Revenue	67,874.6	82,666.6	21.8%
Gross profit	**14,768.2**	**17,924.0**	**21.4%**
Gross Margin	21.8%	21.7%	(0.1 p.p.)
EBITDA	5,896.3	7,126.7	20.9%
EBITDA Margin	*8.7%*	*8.6%*	*(0.1 p.p.)*
Profit before tax	1,651.3	4,341.0	162.9%
Profit for the year	**714.4**	**3,003.0**	**320.3%**
Net Margin	1.1%	3.6%	2.5 p.p.
Earnings per share			
Basic and diluted earnings per share (RUB)	**6.6**	**11.7**	**5.1**

Revenue

Revenue for the year ended 31 December 2010 rose by 21.8% to RUB 82,666.6 million, from RUB 67,874.6 million in the year ended 31 December 2009. The increase was primarily due to growth in selling space of 23.6% and like-for-like revenue growth.

Like-for-like (LFL) revenue in 2010 increased by 7.7% year-on-year (y-o-y), primarily due to growth in LFL traffic of 4.3% and like-for-like average ticket growth of 3.3%. The LFL analysis included 45 stores.

Cost of Goods Sold and Gross Profit

Cost of goods sold increased by 21.9% to RUB 64,742.6 million in 2010. This increase was in line with revenue growth.

Gross profit increased by 21.4% to RUB 17,924.0 million in the year ended 31 December 2010. In 2010 the Group maintained its gross margin at levels comparable to 2009. All improvements achieved in commercial terms due to the increased scale of operations and growing purchasing power were reinvested into selling prices.

General, Selling and Administrative Expenses

	Year ended 31 December 2009 (RUB millions)	Percentage of revenue (%)	Year ended 31 December 2010 (RUB millions)	Percentage of revenue (%)	Change, p.p.
Personnel costs	(5,229.5)	7.7	(5,989.1)	7.2	(0.5)
Depreciation and amortisation	(1,361.3)	2.0	(1,573.5)	1.9	(0.1)
Advertising and marketing	(363.4)	0.5	(429.9)	0.5	0.0
Operating leases	(672.2)	1.0	(1,069,9)	1.3	0.3
Repairs and maintenance costs	(239.4)	0.4	(257.1)	0.3	(0.1)
Communication and utilities	(891.5)	1.3	(1,101.4)	1.3	0.0
Materials and supplies	(179.1)	0.3	(357.4)	0.4	0.1
Security expenses	(428.5)	0.6	(520.8)	0.6	0.0
Insurance and bank commission	(255.8)	0.4	(327.8)	0.4	0.0
Legal and professional expenses	(133.4)	0.2	(163.3)	0.2	0.0
Operating taxes	(391.6)	0.6	(348.9)	0.5	(0.1)
Other costs	(158.0)	0.2	(268.8)	0.3	0.1
Total general, selling and administrative expenses	**(10,303.7)**	**15.2**	**(12,407.9)**	**15.0**	**(0.2)**

The Group's general, selling and administrative expenses increased by 20.4% to RUB 12,407.9 million in 2010, principally due to the larger size of the Group's operations compared to 2009.

As a percent of revenue, general, selling and administrative expenses decreased by 0.2 percentage points (p.p.) to 15.0% for the year ended 31 December 2010. The decrease was driven by improvements in personnel costs as a percentage of revenues, which was partially offset by an increase in operating lease costs.

Personnel costs increased by 14.5% to RUB 5,989.1 million in 2010. This increase was driven by the staffing of the 11 new stores opened in 2010 and an indexation of salaries that took place in July of 2010. However, when expressed as a percentage of revenue, personnel costs decreased in 2010 by 0.5 p.p. to the level of 7.2% due to efficiency improvements achieved during the year.

The Group optimized working schedules in its existing stores at the end of 2009 in order to improve efficiency in the post-crisis environment. This led to a reduction in the number of employees per sq.m. of selling space by 5.0% on average.

Expenses on operating leases equaled RUB 1,069.9 million for the reported period, an increase of 59.2% over RUB 672.2 million for the year ended 31 December 2009, primarily due to an increase in the share of leased space. This significant increase in the share of leased space was driven by the higher number of rented stores among new openings and by the lease back arrangement executed in late 2010.

Net other operating income for the period was RUB 274.8 million, compared to a net loss of RUB 846.3 million for the year ended 31 December 2009, primarily due to the continued recovery in the Russian real estate market that led to a positive revaluation of the Group's real estate portfolio. Revaluation of properties constitutes a significant part of other operating income and expenses.

Finance costs decreased by 19.6% to RUB 1,354.2 million in the year ended 31 December 2010. This decrease in finance costs was principally due to a decrease in interest rates as a result of further stabilization of financial markets in 2010. Effective interest rates decreased from 9.4% for the year ended 31 December 2009 to 8.1% for the year ended 31 December 2010.

Profit before income tax increased by RUB 2,689.8 million to RUB 4,341.1 million in the year ended 31 December 2010.

Total income tax expense increased by 42.8% to RUB 1,338.1 million in the year ended 31 December 2010 from RUB 936.9 million in the year ended 31 December 2009, primarily due to an increase in profits from retail operations.

Cash Flows and working capital

(RUB millions)	**2009**	**2010**
Net cash from operating activities	2,872.2	5,110.9
Net cash used in investing activities..........	(3,289.6)	(3,393.2)
Net cash from financing activities	128.3	2,404.2
Net increase/(decrease) in cash and cash equivalents...	(289.0)	4,121.9
Effect of exchange rate fluctuations on cash and cash equivalents.....................	77.9	122.9

Net cash from operating activities increased from RUB 2,872.2 million in 2009 to RUB 5,110.9 million in 2010. The increase in cash flow from operating activities was primarily due to an increase in the Group's profitability and to improvements in working capital. The change in working capital was due to an increase in trade accounts payable between comparable periods, which was partially offset by an increase in net trade and other receivables.

The net cash used in investing activities was equal to RUB 3,393.2 million in 2010, and was principally used for purchases of property, plant and equipment. The outflow increased compared to 2009 as a result of the higher number of new openings, which was partially offset by the higher proportion of leased stores among the openings.

Net cash from financing activities contributed RUB 2,404.2 million to the overall cash flow. This was primarily due to the receipt of proceeds from the Group's IPO in November 2010, and was partially offset by repayment of borrowings.

Working Capital

O'Key's primary sources of liquidity are cash provided from operating activities and debt financing. As of 31 December 2010, O'Key's working capital, defined as current assets (excluding cash and cash equivalents and short-term investments) less current liabilities (excluding short-term loans), was negative RUB 4,260.5 million. O'Key believes that the measures of working capital in the food retail industry are customarily negative and that maintaining a negative working capital position is desirable.

(RUB millions)	**2009**	**2010**
Total Debt	15,466.2	11,571.7
Short-Term Debt	6,439.7	3,702.3
Long-Term Debt	9,026.5	7,869.4
Net Debt	14,003.9	5,864.5
Net Debt / EBITDA	2.4	0.8

O'Key considers the ratio of net debt to EBITDA as the principal indicator for evaluating the impact of the total size of its borrowings on its operations. As at 31 December 2010, O'Key's net debt to EBITDA ratio was 0.8.

COMPANY OVERVIEW

"O'KEY" is one of the largest retail chains in Russia. Its primary retail format is the modern Western European hypermarket under the "O'KEY" brand, complemented by "O'KEY - Express" supermarkets.

The Company opened its first hypermarket in St. Petersburg in 2002 and has demonstrated continuous growth ever since. As at 31 December 2010, O'KEY operated 57 stores across Russia: 35 hypermarkets with an aggregate selling space of approximately 260,000 square meters and 22 supermarkets with an aggregate selling space of approximately 27,000 square meters.

In accordance with the audited consolidated financial statements for FY 2010, O'KEY's revenue was RUR 82,667 million, like-for-like revenue growth rate was 7.7% and EBITDA margin was 8.6%.

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