

Press Release
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O'KEY GROUP S.A. announces unaudited operating results for 2Q and 1H 2014

O'KEY GROUP S.A. (the "Company" or "O'KEY"), one of the leading Russian food retailers, announces its unaudited operating results for the second quarter and first half of 2014.

Operating Highlights

- Retail revenue increased by 12.0% year-on-year (y-o-y) in 2Q;
- A 7.7% increase in like-for-like (LFL) average ticket in 2Q;
- LFL revenue grew by 3.8% in 2Q;
- Selling space exceeded 508,000 sq.m. as at 30 June 2014.

Tony Maher, CEO of O'KEY, commented:

"Our operational performance in the second quarter of 2014 is similar to trends seen in the first quarter. Our revenue growth continues to come under pressure from external and internal competition. The latter comes as a result of a number of our new stores being opened in cities where we are already present, and this encourages some of our regular customers to move across to our new stores. In the second quarter, LFL ticket growth accelerated to 7.7%, compared to 6.3% in the first quarter. However, the uptake in average basket was offset by a decline in traffic. As a result, our LFL revenue increased to 3.8% for the quarter.

"To address the issue of traffic decline, we have revised our approach to advertising and promotional campaigns in the most competitive areas. During the second quarter, we increased the intensity of existing promos and have added several new campaigns. Alongside our promotional campaigns, we have increased the frequency of our advertising and expanded its reach. The feedback on these initiatives has been very positive. At the same time, it is important to note that most of these changes were introduced during the reporting quarter and in selected cities, subsequently having a limited impact on our second quarter performance.

"In the second quarter, our pipeline of committed locations has expanded by ten new contracts for supermarket and discounter store openings. During the reporting quarter, we opened one hypermarket, which takes our total selling space up to 508,000 sq.m."

"Looking ahead to the remainder of the year, we will continue working on strengthening our competitive position and the initial signs from our promotional and advertising campaigns are encouraging."



Key operating results:

Number of new stores	1H 2014	1H 2013
Company	3	2
Hypermarkets	3	2
Supermarkets	-	-

Stores at the end of the period	1H 2014	1H 2013
Company	96	85
Hypermarkets	63	54
Supermarkets ¹	33	31

Trading space at the end of the period, '000 sq.m.	1H 2014	1H 2013	Growth
Company	508	437	16.2%
Hypermarkets	466	396	17.7%
Supermarkets	42	41	2.4%

Net Retail Revenue, mln RUB	1H 2014	1H 2013	Growth
Company	71,693	63,853	12.3%

LFL indicators, %	1H 2014	1H 2013
Retail Revenue, LFL	4.0	7.5
Average ticket, LFL	7.0	6.4
Number of tickets, LFL	-2.9	1.1

Net Retail Revenue, mln RUB	2Q 2014	2Q 2013	Growth
Company	37,036	33,075	12.0%

LFL indicators, %	2Q 2014	2Q 2013
Retail Revenue, LFL	3.8	9.6
Average ticket, LFL	7.7	7.8
Number of tickets, LFL	-3.7	1.7

Number of New Stores Under Development

	<i>Locations secured, obtaining construction permits</i>	<i>Land works, shell&core construction in progress</i>	<i>Fit-out in progress</i>	<i>Total number of stores under development</i>
<i>Hypermarkets</i>	22	16	3	41
<i>Supermarkets</i>	35	3	1	39

¹ Number of supermarkets and trading space as of 30.06.2014 excludes the supermarket closed in April 2014.



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 of March 31, 2014, O’KEY operated 96 stores in 23 cities across Russia: 62 hypermarkets with an aggregate selling space of approximately 456,000 square meters and 34 supermarkets with an aggregate trading space of approximately 45,000 square meters. As at 31 March 2014, O’KEY employed more than 24,500 people.

Based on the audited consolidated financial statements for the FY 2013, O’KEY’s revenue was RUB 139.5 billion, like-for-like revenue growth rate was 8.0% and its EBITDA margin was 7.9%.

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