

Press release

28 January 2021

O`KEY GROUP ANNOUNCES 6.0% NET RETAIL REVENUE GROWTH IN Q4 2020

O`KEY Group S.A. (LSE, MOEX: OKEY, the “Group” or the “Company”), one of Russia’s leading food retailers, today announces its unaudited operating results for the fourth quarter (Q4) and the twelve months (12M) of 2020.

All materials published by the Group are available on its website www.okeygroup.lu.

Q4 2020 operating highlights

- Group net retail revenue¹ rose by 6.0% YoY to RUB 48,939 mln in Q4 2020, mainly as a result of like-for-like (LFL) net retail revenue growth, supported by DA! selling space expansion.
- Group LFL net retail revenue increased by 4.2% YoY in Q4 2020, driven by growth in both DA! and O`KEY chains.
- Net retail revenue at O`KEY hypermarkets increased by 1.6% YoY to RUB 41,808 mln in Q4 2020 on the back of a 1.8% YoY LFL net retail revenue growth.
- DA! discounters demonstrated a 42.2% YoY net retail revenue growth, reaching RUB 7,131 mln in Q4 2020. This came on the back of a 23.5% LFL net retail revenue increase and a 15.1% YoY expansion of selling space in Q4.
- In line with the previously announced forecast, the Group opened 13 DA! stores (net of closures) in Q4, increasing its total number of DA! stores to 118 by the end of 2020. The Group expects that discounters will remain the main driver of growth going forward.

12M 2020 operating highlights

- Group net retail revenue increased by 5.9% YoY to RUB 172,738 mln in 12M 2020, driven primarily by a 5.4% YoY LFL increase in net retail revenue.
- Net retail revenue for DA! discounters grew by 45.3% YoY to RUB 25,950 mln in 12M 2020 as a result of a 27.8% LFL net retail revenue growth and a 15.8% increase in selling space. The discounter’s share of Group net retail revenue reached 15% in 12M 2020.
- O`KEY hypermarkets’ LFL net retail revenue rose by 2.5% YoY in 12M 2020. This resulted in a net retail revenue increase of 1.0% YoY to RUB 146,788 mln.
- Sales via O`KEY’s delivery platform increased by 28.4% YoY in 12M 2020, reaching 3.7% of O`KEY’s net retail revenue in Moscow and 2.1% in St.-Petersburg.

Q4 2020 – Key Events

- On December 14, the Group listed its GDRs on the Moscow Exchange, aiming to expand its investor base and boost liquidity. The Group intends to maintain its initial listing on the London Stock Exchange, where O`KEY’s GDRs have traded since 2010.

¹ Hereinafter, net retail revenue, LFL net retail revenue, and the average ticket metrics are provided net of VAT.

The full text of the announcement is available at <https://okeygroup.lu/press-center/press-releases/2020/1736/>

- In December, the Company expanded its online delivery operations to 20 more Russian cities. As a result, O`KEY now offers delivery in all of its main regions of operation. The full text of the announcement is available at <https://okeygroup.lu/press-center/press-releases/2020/1740/>

Armin Burger, Chief Executive Officer at O`KEY Group, commented:

“We are pleased with our results in what has been such a challenging year. Our business model, combining modern hypermarkets, uniquely positioned discounters and a developed online platform, proved its flexibility and resilience in a turbulent macroeconomic environment caused by the pandemic. In 12M 2020, the Group’s net retail revenue rose by 5.9% YoY, with a solid LFL growth of 5.4%.”

“DA! discounters reached a 15% share of the Group’s revenue in 12M 2020 and continued to lead the Group’s performance. With its strong value-for-money proposition, carefully selected product offering based on the ‘fresh’ and own brands portfolio, and focus on ‘everyday low prices’, DA! continued to capitalize on a growing long-term trend towards cost-conscious consumption. In 12M 2020, DA! showed record top-line growth for the last three years – net retail revenue rose by 45.3% YoY, with an impressive 27.8% LFL increase driven by both basket and traffic growth.”

“O`KEY hypermarkets demonstrated a 2.5% LFL revenue increase in 12M 2020, enjoying customer loyalty thanks to a well-balanced product range with a particular focus on freshness, competitive prices, a high level of service, and a safe shopping environment. As we mentioned earlier, we are implementing a transformation program across our hypermarkets, aiming to anticipate market trends and further increase our attractiveness to customers in a fast-changing consumer environment.”

“To meet growing customer demand for multi-channel shopping, we have substantially increased both our online capacity and speed of delivery through the e-commerce platform. Sales through our delivery service rose by around 30% YoY and reached 1.6% of O`Key’s revenue in 12M 2020. We see great potential for further development and continue to invest in our own e-commerce business focusing, first of all, on Moscow and St.-Petersburg as key cities of our presence.”

“In December 2020, the Group successfully listed its GDRs on the Moscow Exchange while maintaining its primary listing on the London Stock Exchange. As a Group, we are focused on creating value for our customers, partners and shareholders, and the Moscow listing is another important step to diversify our investor base, improve the liquidity of our shares and allow our performance to be better reflected in the Group’s market valuation.”

Operating review

Group Net Retail Revenue for Q4 and 12M 2020

Net Retail Revenue, RUB mln (excl. VAT)	Q4 2020	Q4 2019	YoY, %	12M 2020	12M 2019	YoY, %
O`KEY Group	48,939	46,152	6.0%	172,738	163,154	5.9%
O`KEY hypermarkets	41,808	41,136	1.6%	146,788	145,298	1.0%
DA! discounters	7,131	5,016	42.2%	25,950	17,856	45.3%

Group Like-for-Like Net Retail Revenue Dynamics for Q4 and 12M 2020

LFL Net Retail Revenue, %	Q4 2020 vs. Q4 2019			12M 2020 vs. 12M 2019		
	Net retail revenue	Traffic	Average ticket	Net retail revenue	Traffic	Average ticket
O`KEY Group	4.2%	(12.5%)	19.0%	5.4%	(10.7%)	18.0%
O`KEY hypermarkets	1.8%	(15.7%)	20.7%	2.5%	(14.2%)	19.5%
DA! discounters	23.5%	(0.6%)	24.3%	27.8%	2.2%	25.1%

Note: Q4 and 12M 2020 LFL metrics calculated based on 76 O`KEY and 90 DA! stores.

Group Net Retail Revenue Monthly Metrics for Q4 2020

	Oct	Nov	Dec	Q4 2020	12M 2020
Net retail revenue, % YoY					
O`KEY Group	6.4%	1.1%	9.3%	6.0%	5.9%
O`KEY hypermarkets	2.0%	(4.0%)	5.3%	1.6%	1.0%
DA! discounters	39.2%	41.8%	45.4%	42.2%	45.3%
Customer traffic, % YoY					
O`KEY Group	(8.1%)	(11.5%)	(9.8%)	(9.8%)	(9.2%)
O`KEY hypermarkets	(14.5%)	(18.3%)	(15.6%)	(16.1%)	(15.7%)
DA! discounters	15.1%	13.9%	13.8%	14.2%	15.8%
Average ticket, % YoY					
O`KEY Group	15.8%	14.3%	21.2%	17.6%	16.6%
O`KEY hypermarkets	19.4%	17.6%	24.9%	21.2%	19.8%
DA! discounters	21.0%	24.5%	27.8%	24.7%	25.5%

Group net retail revenue increased by 6.0% YoY to RUB 48,939 mln in Q4 2020, and by 5.9% YoY in 12M 2020, reaching RUB 172,738 mln. This was mainly driven by LFL net retail revenue growth across both store formats.

Group LFL net retail revenue grew by 4.2% YoY in Q4 2020, and by 5.4% YoY in 12M 2020.

The DA! demonstrated a 42.2% YoY increase in net retail revenue to RUB 7,131 mln in Q4 2020, and a 45.3% YoY rise to RUB 25,950 mln in 12M 2020.

LFL net retail revenue for DA! discounters rose by 23.5% in Q4 2020, and by 27.8% in 12M 2020. Both LFL ticket and traffic also experienced positive growth in 12M 2020.

Own brands' share of DA! revenue stood close to 50% in 12M 2020.

In 2020, 18 DA! stores were opened (net of closures), an 18% YoY increase. The Group sees discounters as a major growth contributor to its top- and bottom-line performance in both the medium and long term.

Net retail revenue at O`KEY hypermarkets increased by 1.6% YoY to RUB 41,808 mln in Q4 2020, led by a 1.8% growth in YoY LFL net retail revenue. This was partially offset by a decrease in selling space due to the closure of two O`Key stores in 12M 2020.

In 12M 2020, O`KEY net retail revenue rose by 1.0% YoY to RUB 146,788 mln, on the back of a 2.5% increase in LFL net retail revenue.

Starting from Q2 2020 and till the year end, we observed changes in consumer behavior caused by the pandemic. The customers shopped less frequently, but tended to stockpile in order to minimise visits. In Q4 2020, O`KEY LFL traffic was down by 15.7% YoY, while the average LFL ticket rose by 20.7% driven mainly by more items per basket. As a result, O`KEY LFL net retail revenue increased by 1.8% YoY in Q4 2020.

As expected, December saw strong customer demand, and net retail revenue growth accelerated across both O`KEY and DA! formats, hitting 5.3% YoY and 45.4% YoY respectively.

In 2020, O`KEY continued to enhance its customer proposition. Ensuring the high quality of our 'ultra-fresh' and 'fresh' product ranges and of our own production remained our key priority. These products' share of total revenue exceeded 45% in 12M 2020. The share of private labels increased by 1.0 pp YoY, amounting to 8.7% of O`KEY retail revenue in Q4 2020.

The Group is transforming its hypermarkets to further enhance the competitiveness of O`KEY stores. At the end of the last year, the Company released a new concept for its O`KEY stores aimed at further improving product offerings and the shopping experience, as well as better utilising selling space. The first re-designed store opened in the Europolis shopping mall in Moscow. The Group plans to gradually upgrade O`KEY stores in line with this new concept.

To address the increased consumer demand for online shopping, the Group has significantly enhanced operational capacity and functionality of its e-commerce platform over the last year. In addition, it has launched a 90-minute express delivery and, among other things, upgraded its mobile application with additional omni-channel features.

Sales via O`KEY's delivery platform increased by 28.4% YoY in 12M 2020, reaching 3.7% in Moscow and 2.1% in St. Petersburg.

In 2020, in addition to its own delivery service in Moscow and St. Petersburg, the Group expanded its online operations across all the major cities of its footprint. This was achieved via partnerships with leading nation-wide delivery operators. The Group plans to continue developing its own e-commerce platform, with a particular focus on the key cities of Moscow and St. Petersburg.

Group Stores Expansion in 12M 2020

Stores and Selling Space	12M 2020	12M 2019	Net change	Change (%)
Number of stores, EoP	195	178	17	9.6%
O`KEY hypermarkets	77	78	(1)	(1.3%)
DA! discounters	118	100	18	18.0%
Total selling space (sq. m.), EoP	599,536	598,308	1,228	0.2%
O`KEY hypermarkets	519,369	529,055	(9,686)	(1.8%)
DA! discounters	80,167	69,253	10,914	15.8%

In 2020, the Company opened one O`KEY hypermarket in St. Petersburg and closed two – in Stavropol and Volgograd. In addition, in-line with our transformational strategy, we optimized selling space of the hypermarket relaunched under the new concept. As a result, total O`KEY selling space was down YoY by 9.7 thousand sq. m (or 1.8%), as of December 31, 2020.

In 2020, the Group opened 18 DA! Stores (net of closures), in line with the previously announced forecast. This increased selling space by 15.8% YoY, as of December 31, 2020.

As of December 31, 2020, the Group operated 77 O`KEY stores and 118 DA! discounters, with a total selling space of 599,536 sq. m.

For further information please contact:

For investors

Natalya Belyavskaya

Head of Investor Relations

+7 495 663 6677 ext. 266

Natalya.Belyavskaya@okmarket.ru

www.okeygroup.lu

For media

Alla Golovatenko

Public Relations Manager

+7 926 169 9117

alla.golovatenko@okmarket.ru

www.okeygroup.lu

ABOUT O`KEY GROUP

O`KEY Group S.A. (LSE, MOEX: OKEY, RAEX – 'ruA-') is one of the leading grocery retailers in Russia, operating hypermarkets under the O`KEY brand and discounters under the DA! brand.

As of December 31, 2020, the Group operated 195 stores across Russia (77 hypermarkets and 118 discounters) with total selling space of 599,536 square meters. The company opened its first hypermarket in St. Petersburg in 2002 and has since demonstrated continuous growth. O`KEY was the first Russian food retailer to launch e-commerce operations in St. Petersburg and Moscow, offering a full range of hypermarket products for home delivery. The Group has six e-commerce pick-up points in Moscow and six e-commerce pick-up points in St. Petersburg. In 2015, the Group launched the first discount chain in Russia under the DA! brand. The Group operates five distribution centres in Russia – three in Moscow and two in St. Petersburg. The Group employs more than 20,000 people.

In 2019, Group's revenue amounted to RUB 165.1 billion, while EBITDA reached RUB 14.1 billion and net income climbed to RUB 747 million.

The O`KEY shareholder structure is as follows: NISEMAX Co Ltd – 44.79%, GSU Ltd – 29.52%, free float – 25.69%.

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.