Press Release
30 August 2012

O'KEY GROUP ANNOUNCES FINANCIAL RESULTS FOR 1H 2012

33.7% INCREASE IN EBITDA TO RUB 3.7 BILLION

O'Key Group S.A., ("O'Key Group", "the Group" or "the Company"), one of the leading food retailers in Russia (LSE ticker: OKEY), today released its unaudited interim consolidated IFRS financial results for the period ended 30 June 2012. All related materials have been published on the Company's website, okeyinvestors.ru/.

1H 2012 Highlights:

- Total revenue grew 26.5% to RUB 54.1 billion, while like-for-like revenue increased 7.9% year-on-year (y-o-y)
- 4 new stores opened for operation during the first six months of 2012
- Gross margin reaches 22.5%
- EBITDA increases by 33.7%
- 36% increase in net profit to RUB 1.5 billion

O'Key Group CEO Patrick Longuet said: "Despite pressures facing food retailers in Russia, the strength of our business model helped generate a 26.5% increase in total revenues to RUB 54.1 billion and a 33.7% increase in EBITDA to RUB 3.7 billion.

"Growth for the reporting period was mostly due to an increase in selling space, while store traffic continues to grow on a like-for-like basis, which is testament to the strength of our brand and our product offering. Our average ticket grew in-line with Russia's CPI rate of inflation, which remained at a modest 3.8%.

"We continue to benefit from our growing scale and our centralized purchasing function as it increases our buying power and enables us to negotiate improved commercial terms. This is keeping our margins high and helps mitigate growing SG&A expenses as we increase our footprint.

"We wish to reiterate our ambition to keep growing our selling area by 30% and we also reiterate the full year guidance we have provided on revenue, which we expect will grow by 25-30%, on our EBITDA margin which we expect to be at 7.8% - 8.0% and on our CAPEX commitments which remain at approximately RUB 15 billion for 2012. In addition, to provide greater insight into our development pipeline, you will see that we are increasing transparency and disclosing total number of stores under development and their respective completion stages. This information provides clarity on our actual committed pipeline, as well as our anticipated store completion dates and it demonstrates that our growth plans are very much intact."

Financial performance

Income Statement Highlights

RUB millions, unless otherwise indicated	1H 2012	1H 2011	Change 2012/2011
Revenue	54,121.6	42,797.6	26.5%
Gross profit	**12,175.4**	**9,084.2**	**34.0%**
Gross Margin	22.5%	21.2%	1.3 p.p.
EBITDA	3,704.8	2,770.7	33.7%
EBITDA Margin	6.8%	*6.5%*	0.3 p.p.
Profit before tax	2,248.4	1,679.4	33.9%
Profit for the period	**1,469.8**	**1,081.1**	**36%**
Net Profit Margin	2.7%	2.5%	0.2 p.p.
Earnings per share			
Basic and diluted earnings per share (RUB)	**5.5**	**4.0**	**1.5**

Revenue

Revenue rose by 26.5% to RUB 54,121.6 million in the first half of 2012, from RUB 42,797.6 million in the first half of 2011. Total revenue growth was driven by an increase in the selling space of 25.6% and was further enhanced by LFL results.

Like-for-like[1] revenue in 1H2012 increased by 7.9% y-o-y, driven by LFL ticket growth of 3.7%. LFL traffic grew by 4.0%. The LFL analysis currently includes 58 stores.

Rental income increased by 49.5% in 1H 2012 to RUB 474.7 million as a result of adding new stores with shopping galleries and filling vacant locations in existing stores.

Cost of Goods Sold and Gross Profit

Cost of goods sold increased by 24.4% to RUB 41,946.2 million in 1H 2012 which is broadly in line with revenue growth.

Gross profit increased by 34.0% to RUB 12,175.4 million in the first half of 2012, compared to RUB 9,084.2 million in 1H 2011. The gross margin for 1H 2012 increased by 1.3 p.p. to 22.5%. The improvement was driven primarily by better purchasing conditions due to the increased scale of operations and growing purchasing power.

[1] LFL analysis included 58 stores

General, Selling and Administrative Expenses

	1H 2012	Percentage of revenue	1H 2011	Percentage of revenue	Change, p.p.
	(RUB millions)	**(%)**	**(RUB millions)**	**(%)**	
Personnel costs	(4,833.3)	8.9	(3,342.1)	7.8	1.1
Depreciation and amortization	(1,041.0)	1.9	(896.7)	2.1	(0.2)
Advertising and marketing	(340.2)	0.6	(213.0)	0.5	0.1
Operating leases	(1,090.3)	2.0	(811.6)	1.9	0.1
Repairs and maintenance costs	(201.6)	0.4	(141.2)	0.3	0.1
Communication and utilities	(869.3)	1.6	(767.2)	1.8	(0.2)
Materials and supplies	(110.6)	0.2	(140.5)	0.3	(0.1)
Security expenses	(342.0)	0.6	(294.6)	0.7	(0.1)
Insurance and bank commission	(227.6)	0.4	(181.7)	0.4	0.0
Legal and professional expenses	(152.0)	0.3	(101.8)	0.2	0.1
Operating taxes	(249.2)	0.5	(196.0)	0.5	0.0
Other costs	(59.0)	0.1	(84.9)	0.2	(0.1)
Total general, selling and administrative expenses	**(9,515.8)**	**17.6**	**(7,171.5)**	**16.8**	**0.8**

The Group's general, selling and administrative expenses grew by 32.7% to RUB 9,515.8 million in 1H 2012 primarily due to an increase in personnel costs. As a percentage of revenue, general, selling and administrative expenses increased by 0.8 percentage point to 17.6% in the first half 2012.

Personnel costs grew by 44.6% to RUB 4,833.3 million in 1H 2012. This was primarily driven by a 30% increase in headcount between the two periods, which was due to a larger number of store openings. Preopening costs increased substantially in 1H 2012 due to a number of delayed stores. Bonuses relating to top management compensation and share-based payment increased substantially following the completion of respective remuneration contracts. The indexation of salaries which took place in July of 2011 also contributed to the increase in personnel costs for 1H 2012.

Operating leases increased by 34.3% to RUB 1,090.3 million in the reporting period fuelled by the 30% expansion of our leased space compared to 1H 2011. Since 30 June 2011, the proportion of our leased space expanded with the opening of 5 rented hypermarkets and 7 supermarkets.

The cost of communication and utilities declined as a percentage of revenue to 1.6% mostly as a result of frozen tariff rates in 2012.

Net finance costs increased by 44.1% to RUB 494.2 million in the reported period in line with an increase in the Company's borrowings between the two periods. O'Key's effective interest rate for the first half of 2012 was 8.8%.

Profit before income tax increased by 33.9% to RUB 2,248.4 million in the first half of 2012. This improvement is line with gross profit changes.

Income tax expense increased by 30.1% to RUB 778.6 million. The Company's effective rate of tax amounted to 34.6% for the first half of 2012 which corresponds to the level of 1H 2011.

Profit for the period reached RUB 1,469.8 million in the first half of 2012 summarizing the changes described above.

Cash Flows and working capital

(RUB millions)	**1H2012**	**1H 2011**
Net cash from operating activities	71.2	(35.2)
Net cash used in investing activities	(2,499.3)	(1,962.4)
Net cash from financing activities	1,039.0	(2,970.7)
Net increase/(decrease) in cash and cash equivalents	(1,389.1)	(4,968.4)

Net cash from operating activities resulted in an inflow of RUB 71.2 million in 1H2012 compared to the outflow the year before. Cash generated by operating activities before working capital and income tax paid increased by RUB 764.0 million. Working capital contracted due to an increase in trade and other payables and prepayments for current assets, which includes prepaid expenses. Working capital turnover remained at the level of 1H2011. Income tax paid increased by 54.5% due to prepayments for future periods.

Net cash used in investing activities amounted to RUB 2,499.3 million in H1 2012. Investments were principally in construction, refurbishment and acquisition of equipment for new stores as well as land acquisition.

Net cash from financing activities resulted in an inflow of RUB 1,039.0 million net of loan repayments and the payment of a dividend. The Company is increasing its borrowings to finance its expansion program.

Working Capital

O'Key's primary sources of liquidity are cash provided from operating activities and debt financing. As of 30 June 2012, 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 3,632.5 million. O'Key believes that working capital in the food retail industry is usually negative and that maintaining a negative working capital position is desirable.

(RUB millions)	1H 2012	1H 2011
Total Debt	14,019.0	7,862.1
Short-Term Debt	9,104.4	1,181.4
Long-Term Debt	4,914.6	6,680.7
Less: Cash and cash equivalents	1,560.6	736.4
Net Debt	12,458.4	7,125.7
Net Debt / EBITDA[2]	1.5	1.1

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 of 30 June 2012, the Group’s Net Debt to EBITDA ratio stands at 1.5.

New Store Developments

As at 30 June 2012, O’Key operated a total of 75 stores, which comprised of 45 hypermarkets and 30 supermarkets.

As part of O’Key’s commitment to transparency, moving forward the Company will provide greater visibility on store developments as they progress from site identification through to opening, a process which typically takes 18 months subject to external forces such as the granting of standard local authorization permits required for the opening of commercial premises. O’Key is aiming to provide greater clarity on anticipated growth in selling space, as occasional delays resulting from external forces can result in the postponement of opening dates for some stores. Those delays are not changing our development plans, nor do they have substantial effect on our operational targets.

The Company will disclose the information presented in the table below on a regular basis. The table breaks down stores that are currently under development by stages of development.

Number of New Stores Under Development

	Locations secured	*Preparing documentation/ obtaining construction permits*	*Land works, shell&core construction in progress*	*Fit-out in progress*	*Obtaining operating permit*	*Total number of stores under development*
Hypermarkets	*6*	*8*	*6*	*6*	*2*	*28*
Supermarkets	*5*	*1*	*0*	*0*	*1*	*7*

[2] In Net Debt / EBITDA calculation for half year results EBITDA is annualized and includes the value of current half year results plus the value for preceding half year results.

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 December 31, 2011, O'KEY operated 71 stores in 17 cities across Russia: 42 hypermarkets with an aggregate selling space of approximately 308,000 square meters and 29 supermarkets with an aggregate trading space of approximately 38,000 square meters. As at December 31, 2011, O'KEY employed more than 19,000 people.

In accordance with the unaudited consolidated financial statements for the FY 2011, O'KEY's revenue was RUR 93,134 million, like-for-like revenue growth rate was 5.3% and its EBITDA margin was 8.1%.

For further information please contact:

Maksim Kravtsov
Head of Investor Relations
Num. +7(495)6636677, ext. 220
e-mail: ir@okmarket.ru
www.okmarket.ru

Artem Glushenko
Head of Public Relations
Num. +7(495)6636677, ext. 338
e-mail: corpcom@okmarket.ru
www.okmarket.ru