

# O'KEY Group of Companies

## Roadshow Presentation





## Disclaimer

By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations:

The information in this document has been prepared by O'KEY GROUP S.A. (the "Company") solely for use at a presentation to be held in connection with the proposed offering (the "Offering") of ordinary shares in the form of global depository receipts (the "Securities") by the Company and certain shareholders of the Company (the "Selling Shareholders").

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 presentation 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 the presentation. 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.

Investment in the Securities will also involve certain risks. A summary of the material risks relating to the Offering will be set out in the section headed "Risk Factors" in the prospectus. There may be additional material risks that are currently not considered to be material or of which the Company and its advisors or representatives are unaware.

This document and its contents are confidential and are being provided to you solely for your information and may not be retransmitted, further distributed to any other person or published, in whole or in part, by any medium or in any form for any purpose. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice. The Company relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

This presentation has not been approved by the UK Financial Services Authority. This presentation does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities, and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. The information in this presentation is subject to verification, completion and change. The contents of this presentation have not been verified by the Company or by Goldman Sachs International or VTB Capital plc (the "Managers"). Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its shareholders, directors, officers or employees or any of the Managers (and their shareholders, directors, officers or employees) or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this presentation. None of the Company nor any of its shareholders, directors, officers or employees nor the Managers nor any of their shareholders, affiliates (within the meaning of Rule 405 under the U.S. Securities Act of 1933 (the "Securities Act")), directors, officers or employees nor any other person accepts any liability (in negligence or otherwise) whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith. In giving this presentation, neither the Company nor its respective advisers and/or agents undertake any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent.

Investors and prospective investors in the Securities of the Company are required to make their own independent investigation and appraisal of the business and financial condition of the Company and the nature of the Securities. Any decision to purchase Securities in the context of the proposed Offering, if any, should be made solely on the basis of information contained in an offering circular or prospectus published in relation to such Offering. No reliance may be placed for any purpose whatsoever on the information contained in this presentation, or any other material discussed verbally, or on its completeness, accuracy or fairness. This presentation does not constitute a recommendation regarding the Securities of the Company.

Any offer of Securities to the public that may be deemed to be made pursuant to this document in any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive") is only addressed to qualified investors in that Member State within the meaning of the Prospectus Directive.

This document is an advertisement for the purposes of the applicable measures implementing the Prospectus Directive. A prospectus prepared pursuant to the Prospective Directive is intended to be published, which, if published, can be obtained in accordance with the applicable rules.

**NOT FOR DISTRIBUTION INTO THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR THE RUSSIAN FEDERATION**





## Disclaimer

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments who fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons in (i), (ii) and (iii) above together being referred to as "relevant persons"). Any investment activity to which this communication may relate is only available to, and any invitation, offer, or agreement to engage in such investment activity will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. Persons distributing this document must satisfy themselves that it is lawful to do so.

The information in this presentation is given in confidence and the recipients of this presentation should not engage in any behaviour in relation to qualifying investments or related investments (as defined in the Financial Services and Markets Act 2000 (the "FSMA") and the Code of Market Conduct made pursuant to FSMA) which would or might amount to market abuse for the purposes of FSMA.

This document does not constitute an advertisement or an offer of securities in the Russian Federation. It is not intended to be and must not be distributed publicly and/or to, or for the benefit of, persons who are not "Qualified Investors" (in the meaning of the Russian securities laws) in the Russian Federation. The securities have not been and will not be registered in Russia and are not intended for "offering", "placement" or "circulation" in Russia (each as defined in Russian securities laws).

This document does not constitute an advertisement or an offer of securities in the Grand Duchy of Luxembourg. It is not intended to be and must not be distributed publicly and/or to, or for the benefit of, persons who are not qualified investors (in the meaning of the Luxembourg law of 10 July 2005 on prospectuses for securities) in the Grand Duchy of Luxembourg.

Neither this presentation nor any copy of it may be taken or transmitted into, or distributed, directly or indirectly in, the United States of America, its territories or possessions Australia, Canada, Japan or the Russian Federation. This presentation is not a public offer of securities for sale in the United States. The Securities proposed in the Offering have not been and will not be registered under the Securities Act and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The Company does not intend to register any portion of the proposed Offering under the applicable securities laws of the United States, Australia, Canada, Japan or the Russian Federation, or conduct a public offering of any Securities in the United States, Australia, Canada, Japan or the Russian Federation. Subject to certain exceptions, the Securities may not be offered or sold within Australia, Canada, Japan or the Russian Federation or to any national, resident or citizen of Australia, Canada, Japan or the Russian Federation. Any failure to comply with these restrictions may constitute a violation of U.S., Australian, Canadian, Japanese or Russian securities laws, as applicable. The distribution of this document in other jurisdictions may also be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

The Managers are acting for the Company in connection with the proposed Offering and for no one else and will not be responsible to anyone other than the Company for providing the protections afforded to clients of the Managers, nor for providing advice in relation to the proposed Offering or any other matter referred to herein. Any prospective purchaser of the Securities in the Company is recommended to seek its own independent financial advice. The Managers have not authorized the contents of, or any part of, this document.

**NOT FOR DISTRIBUTION INTO THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR THE RUSSIAN FEDERATION**





# Offering structure and timing

<b>Issuer</b>	<ul style="list-style-type: none"> <li>■ O'KEY GROUP S.A.</li> </ul>
<b>Offering size</b>	<ul style="list-style-type: none"> <li>■ Approximately up to 38,141,031 shares or 15.1% of the current share capital:             <ul style="list-style-type: none"> <li>■ Primary shares: up to 15,186,000 shares (6.0% of the share capital)</li> <li>■ Secondary shares offered by Selling Shareholders: up to 22,955,031 shares (9.1% of share capital), including:                 <ul style="list-style-type: none"> <li>- Brookvalley Ltd – up to 12,148,800 shares</li> <li>- Barleypark Ltd – up to 6,060,606 shares</li> <li>- Caraden Ltd – up to 4,745,625 shares</li> </ul> </li> </ul> </li> <li>■ GDR / Share ratio: 1:1</li> </ul>
<b>Greenshoe</b>	<ul style="list-style-type: none"> <li>■ Greenshoe: up to 3,796,500 shares, granted by the Company</li> </ul>
<b>Price range</b>	<ul style="list-style-type: none"> <li>■ US\$ 9.9 – 12.9 per GDR</li> </ul>
<b>Offering Structure</b>	<ul style="list-style-type: none"> <li>■ GDRs only to be offered</li> <li>■ Private placement to QIBs in the USA under Rule 144A and to institutional investors under Reg S outside US</li> <li>■ No retail offering (QIs only)</li> </ul>
<b>Listing</b>	<ul style="list-style-type: none"> <li>■ GDRs on London Stock Exchange (Standard Listing)</li> <li>■ Ordinary shares to remain unlisted</li> </ul>
<b>Ticker</b>	<ul style="list-style-type: none"> <li>■ OKEY LI</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>■ Further expansion of hypermarket and supermarket operations</li> <li>■ Partial repayment of current indebtedness and general corporate purposes</li> </ul>
<b>Joint Global Coordinators &amp; Joint Bookrunners</b>	<ul style="list-style-type: none"> <li>■ Goldman Sachs International, VTB Capital</li> </ul>
<b>Lock-up</b>	<ul style="list-style-type: none"> <li>■ 180 days for the Company and Selling Shareholders</li> </ul>

Indicative schedule: October – November 2010						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

- Roadshow & Bookbuilding: 18 Oct -1 Nov
- Books Close: 1 Nov
- Pricing & Allocations announcement: 2 Nov



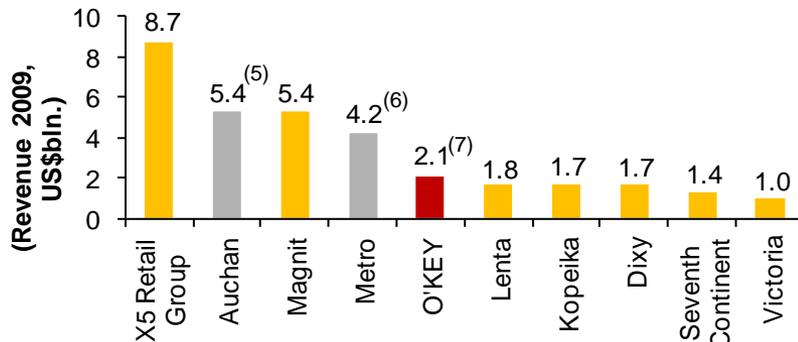
## Overview

- A leading Russian food retailer in the hypermarket segment in terms of revenue in 2009<sup>(1)</sup>
- One of the leading food retailers in St. Petersburg with a strong defendable market position<sup>(2)</sup>
- Hypermarkets are the core format, with satellite supermarkets to fill in locations better suited for smaller stores
- Concept of a modern European hypermarket providing a pleasant and convenient shopping experience
- Distinctive assortment proposition with a wide product range
- High levels of customer loyalty

## Core hypermarket format with supplementary supermarkets (as of June 30, 2010)

	Hypermarkets	Supermarkets
Number of stores	32	20
Av. store size, sq.m.	13,461	1,966
Av. selling space, sq.m.	7,577	1,202
Number of constant SKUs <sup>(3)</sup>	35,400	9,100
Typical location	main public transportation hubs	residential districts
Consistent design to provide comfortable shopping environment in both formats		

## # 3 Russian food retailer<sup>(4)</sup>



SOURCE: Company's data

(1) Public data disclosed by each of the Russian food retail companies, (2) Planet Retail as of 25 June 2010

(3) "Constant" SKUs are those SKUs which have been sold at least once during the last quarter, (4) Excluding multinationals, (5) INFO Line data – estimated 2009 revenue based on 9M actual figures and 4Q forecasts according to RAS. Including Atak supermarkets, (6) Excluding revenue of Media Markt – electronics retailer of Metro Group. Source: Analysts' meeting presentation of Metro Group

AG (dated 17 March, 2010), (7) Figures initially reported in Russian Roubles were converted into US\$ using CBR average exchange rate for 2009 – 31.72 RUB/USD, (8) 2005–2006 audited accounts were prepared in US\$ and converted into RUB using CBR average exchange rates (28.29 RUB/US\$ for 2005, 27.19 RUB/US\$ for 2006)

## Key financial indicators

RUB billion	2005 <sup>(8)</sup>	2006 <sup>(8)</sup>	2007	2008	2009	1H 09	1H 10
Revenue	11.0	16.7	30.5	51.1	67.9	31.5	38.3
Growth rate	n/a	52%	83%	68%	33%	n/a	21%
Gross profit	1.9	3.4	6.5	10.8	14.8	6.6	8.1
Gross margin	17.7%	20.5%	21.2%	21.0%	21.8%	21.0%	21.2%
EBITDA	1.1	1.4	2.2	4.5	5.9	2.3	3.2
EBITDA margin	10.0%	8.7%	7.2%	8.9%	8.7%	7.2%	8.2%

SOURCE: Audited IFRS financial statements for 2005-2009, and reviewed IFRS 1H 2009 and 1H 2010 FS





**O'KEY**

## Investment highlights

A leading Russian food retailer with strong expertise in supermarkets ...

... managed by highly talented and experienced professionals

... circa 10 years of successful growth ...

... and a strong and effective real estate portfolio ...



**O'KEY**

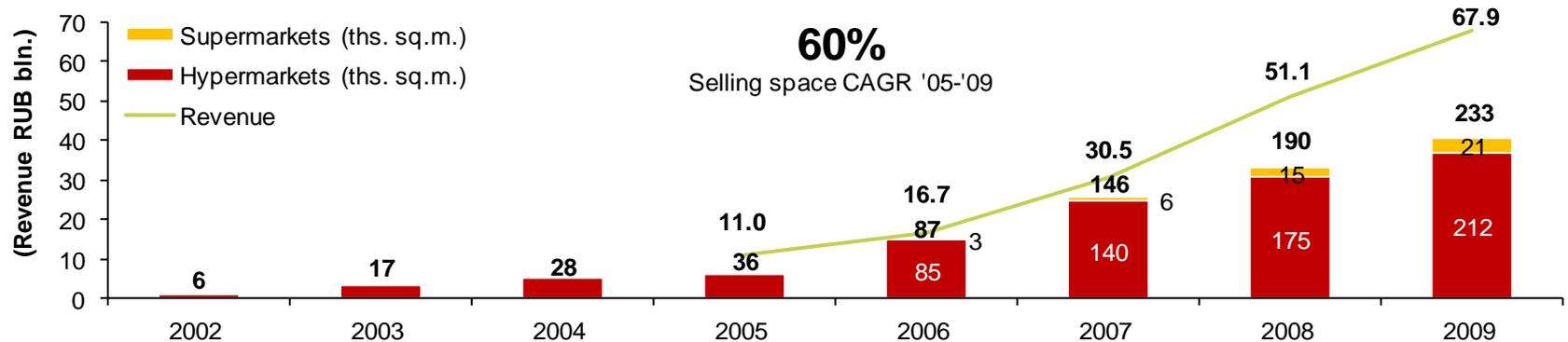
... operating in one of the world's most attractive food retail markets ...

... with highly efficient operations ...

... providing a strong customer proposition ...

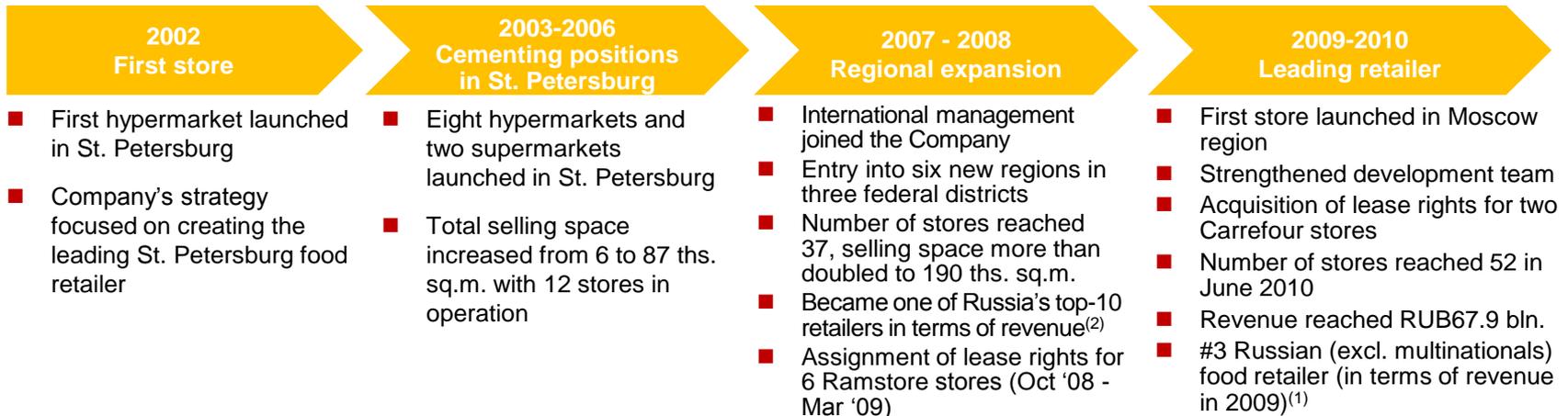


## Selling space dynamics



SOURCE: Company, audited IFRS financial statements for the years 2005-2009

## Key milestones of the Company's history



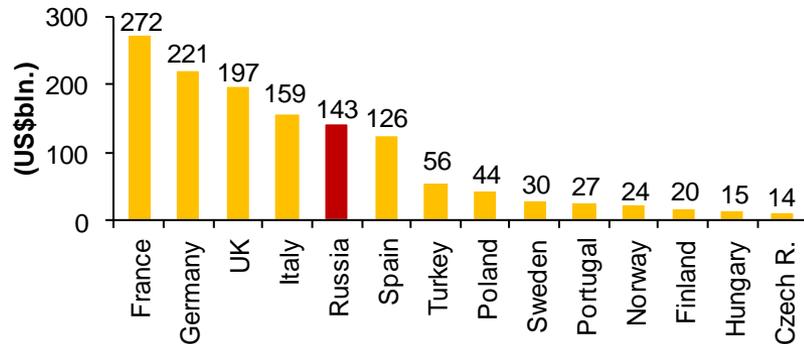
(1) Public data disclosed by each of the Russian food retail companies





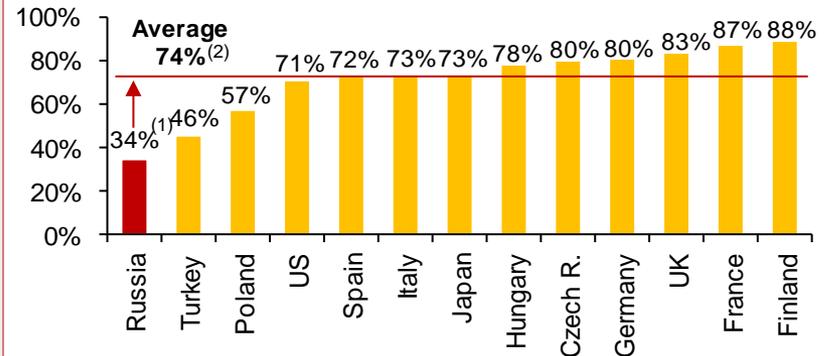
# Russia is one of the world's most attractive food retail markets

## Russia is one of the largest food retail markets in Europe ...



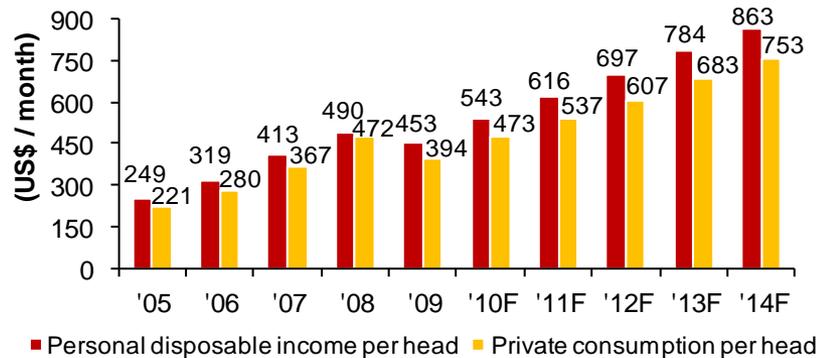
SOURCE: Euromonitor data for 2009 (as of 25 June 2010)

## ... with one of the lowest rates of penetration by modern retail ...



SOURCE: Euromonitor data for 2009 (as of 25 June 2010)

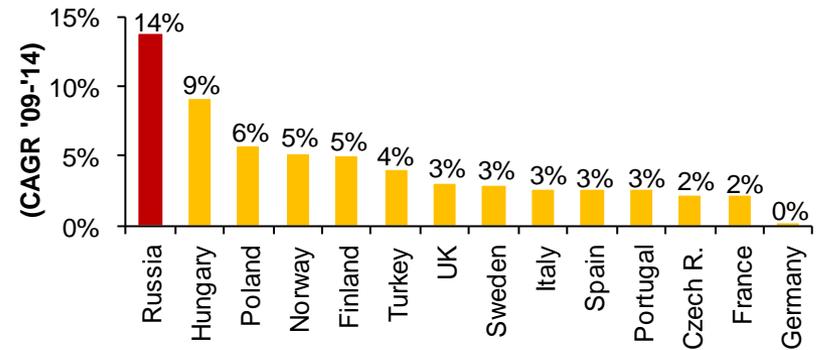
## ... and recovering consumption and income levels ...



SOURCE: EIU as of 25 June 2010

(1) Rosstat data for total grocery retail market value and Euromonitor data for modern retail formats value, (2) Average excluding Russia

## ... which should fuel Russian food retail market growth



SOURCE: Euromonitor data for 2009 (as of 25 June 2010)



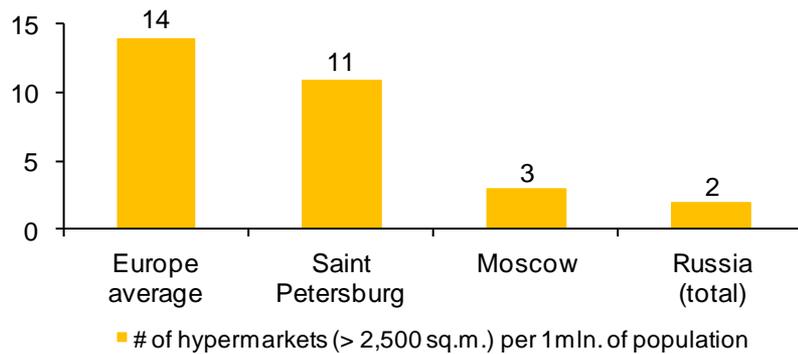


# O'Key has strong expertise in hypermarkets, format with appealing growth prospects

## Distinctive expertise in hypermarkets

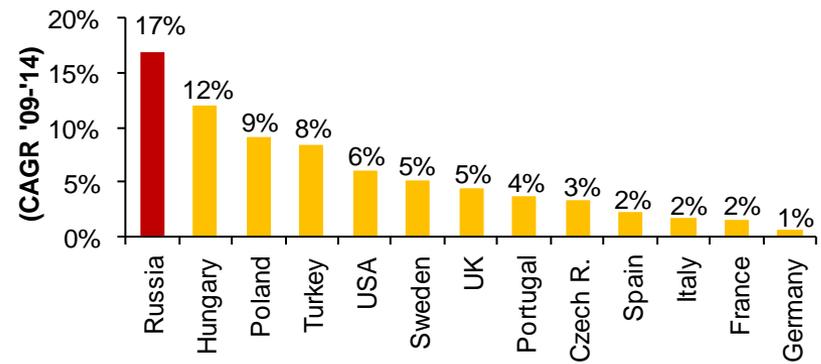
- Focused on one core format – hypermarkets
- Supermarkets (O'Key Express brand) – a satellite format, providing a better fit for specific locations (i.e. residential areas)
- Strong track record in the hypermarket format – roll-out through organic growth and store acquisitions
- Concept of a classic modern European hypermarket:
  - up to 64,000 SKUs of food / non-food products
  - affordable prices
  - large share of fresh food, own bakery and delicatessen
  - convenient locations with large parking area and selling space

## Significant undersupply of hypermarkets in Russia...



SOURCE: AC Nielsen as of 7 June 2010

## ... with high growth potential in this segment relative to overall market



SOURCE: Euromonitor data for 2009 (as of 25 June 2010)





# OKEY

## Convenient locations only

### Typical hypermarket location



#### Key statistics (as of June 30, 2010)

- Number of stores: 32
- Total area: 488,304 sq.m.
- Constant SKUs: 35,400<sup>(1)</sup>
- Av. selling space: 7,577 sq.m.
- Average ticket – RUB 802

#### Locations

- Convenient locations near main public transportation hubs
- Target audience – people living within 10 minutes by car / 30 minutes by public transport from the store
- Coverage radius of up to 7 km
- Areas of low or limited competition from other hypermarkets
- Large parking area (at least 1 car per 10 sq.m. of selling area<sup>(2)</sup>)

(1) "Constant" SKUs are those SKUs, which have been sold at least once during the last quarter, (2) Could vary by region

### Typical supermarket location



#### Key statistics (as of June 30, 2010)

- Number of stores: 20
- Total area: 39,326 sq.m.
- Constant SKUs: 9,100<sup>(1)</sup>
- Av. selling space: 1,202 sq.m.
- Average ticket – RUB 402

#### Locations

- Convenient locations within highly populated residential districts
- Target audience – people living within walking distance (15 minutes) or 5 minutes by car
- Coverage radius of up to 2 km
- In close proximity to roads
- Ground floor stores or freestanding buildings





# Distinctive concept emphasizing a pleasant and convenient shopping experience

## Modern, well positioned and designed stores ...

- ✓ **Convenient locations** with large parking areas and selling space
- ✓ **Appealing interior design** with good lighting, convenient shelf layout and no “warehouse” feel
- ✓ **Family friendly infrastructure** with supervised in-store play areas for children
- ✓ **Own bakery and delicatessen shop**
- ✓ Established and constantly evolving **loyalty programs** (loyalty cards, discounts for strategic products etc)
- ✓ **Large number of cash registers** designed for fast check-out
- ✓ **Wide range of additional 3<sup>rd</sup> party services** available under the same roof: pharmacies stores, dry-cleaning, restaurants & bars, ATMs

## Customers are a key focus of our business

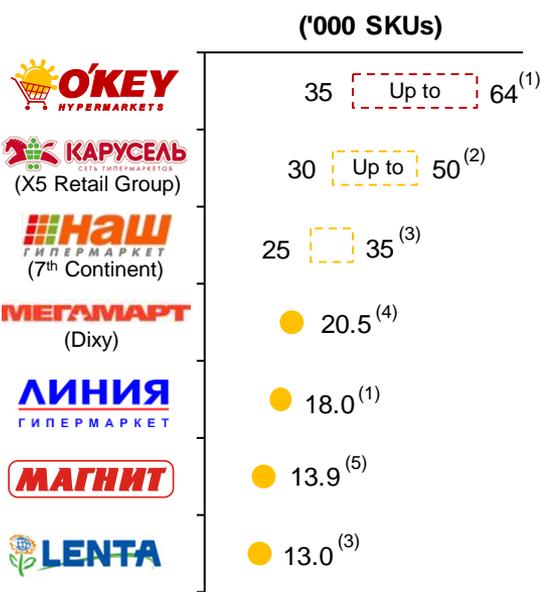




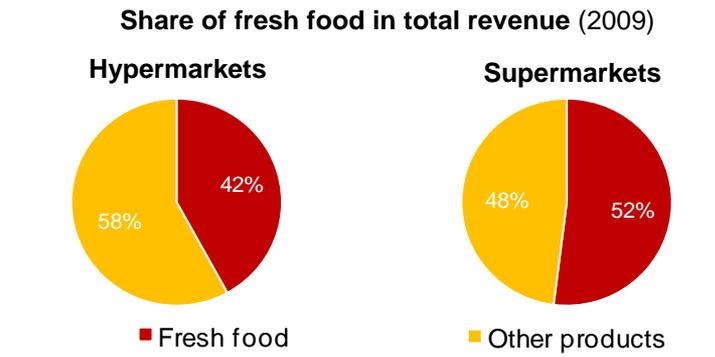
# Strong customer proposition with a particular focus on fresh & delicatessen and non-food products

## Wide product range ...

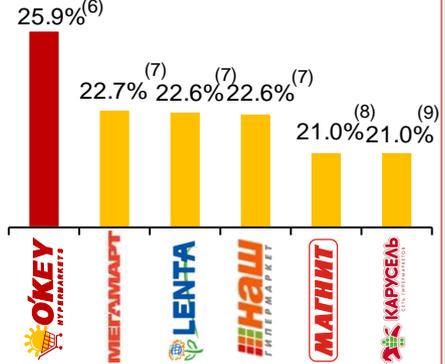
- Up to 64,000 SKUs of food and non-food products at affordable prices
- Product matrix of 3 categories: basic, average and average +



## ... with a focus on fresh & delicatessen products ...



## ... as well as a high share of non-food goods



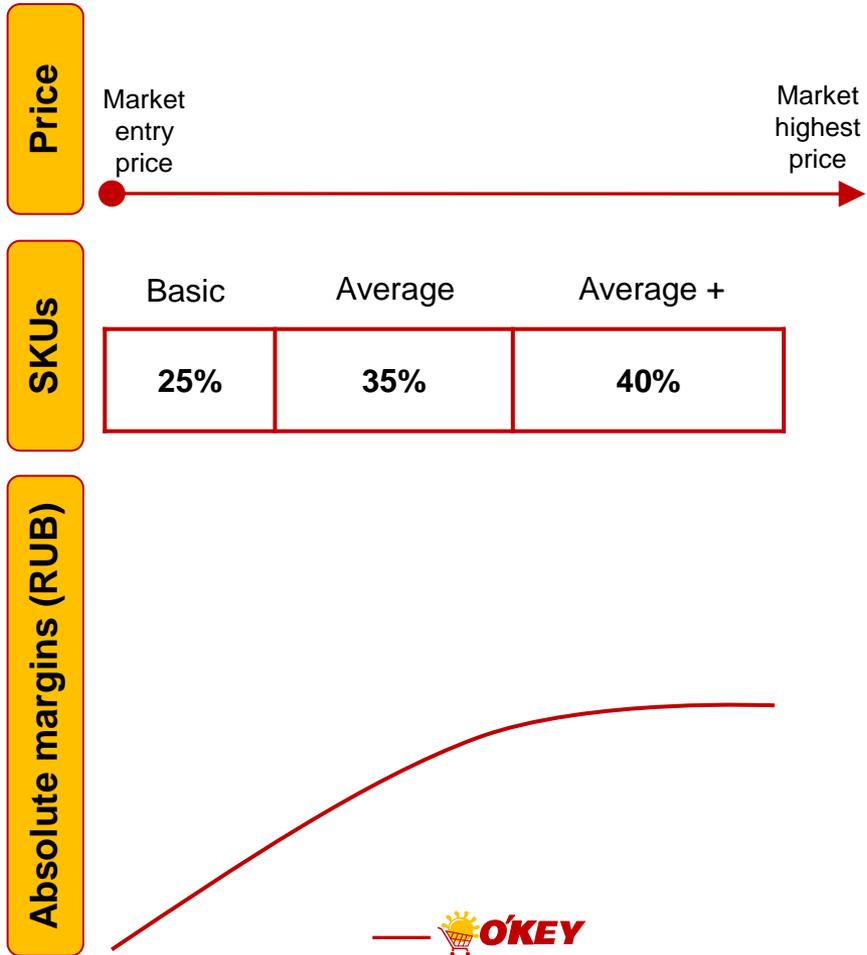
SOURCE: Companies' data; for Megamart, Linia and Magnit - average number of SKUs  
 (1) As of 30 June, 2010, (2) As of October 2009, (3) Planet Retail data as of 30 June 2010, (4) As of 31 March 2009, (5) As of 31 March 2010, (6) Company data for hypermarket format for 2009, (7) Planet Retail data for hypermarkets format for 2009, (8) Magnit data for hypermarkets format as of 9M 2009, (9) X5 Retail Group data for Karusel hypermarket format as of November 2009





All customer needs are addressed and better products are offered at affordable prices ...

### Pricing model allowing for significant competitive advantages



### Comments

- **Products at affordable prices** in three main segments:
  - Basic
  - Average
  - Average +
- **Prices monitoring:**
  - Daily:  
Fruit & vegetables and top-30 items – prices lower than those of competitors
  - Weekly:  
Top-500 assortment items – prices not higher than those of competitors
- **“First” price concept** – minimum prices for the top selling goods in each product group
- **No negative margins**

### “First” price concept

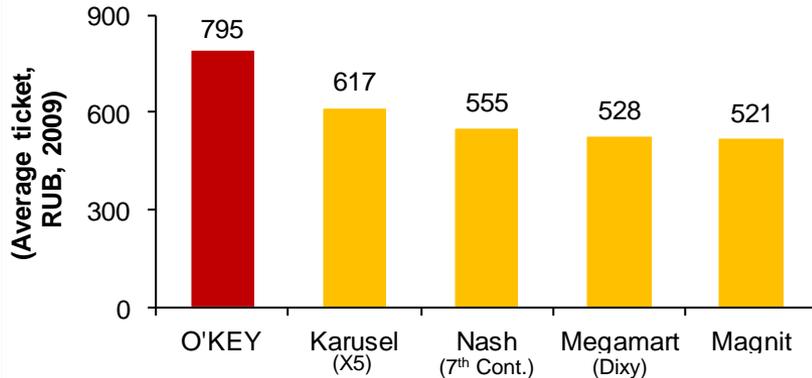
- List of 600 essential products defined
- Regional adjustment
- Availability of products in all stores
- Regular monitoring and negotiations with suppliers to maintain low prices





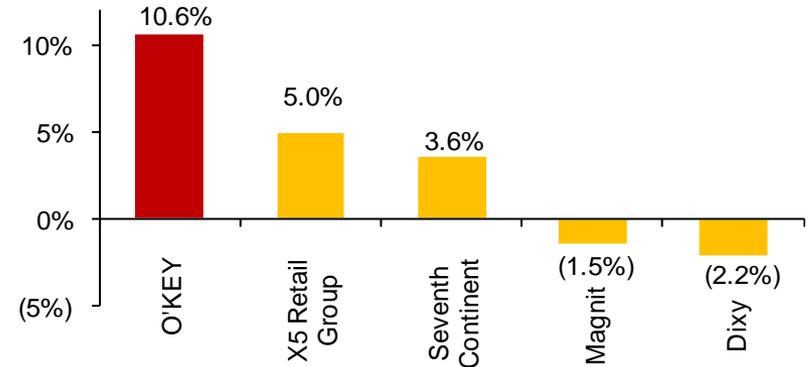
...which translates into our customers' loyalty and high brand equity

**Higher than average basket (hypermarkets) ...**



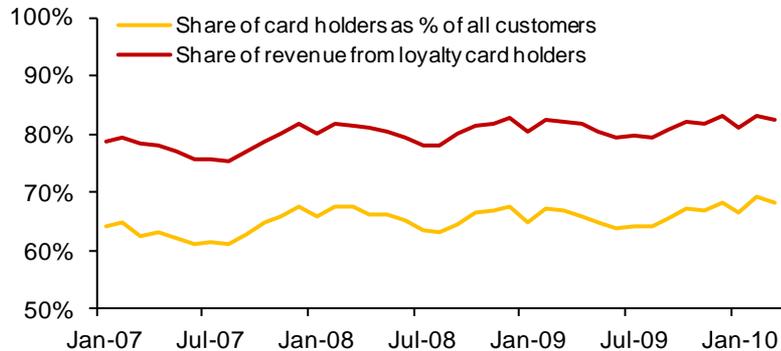
SOURCE: INFOLine research report as of April 2010

**... and LFL traffic growth (RUB terms, 2009) ...**



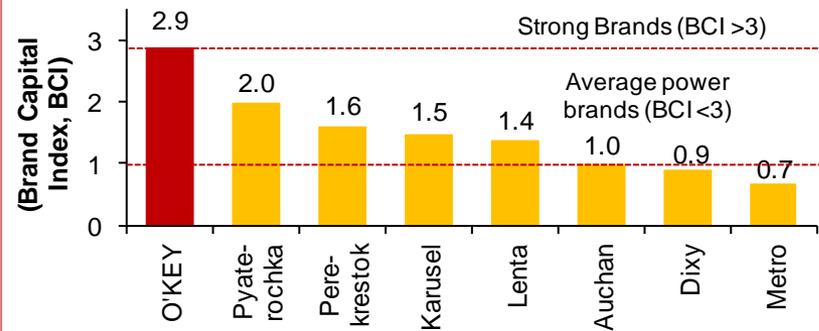
SOURCE: For O'KEY: Management accounts, For other companies: Companies' data

**... supported by high level of customers' loyalty ...**



SOURCE: Company data

**... and a strong well-known brand in St. Petersburg<sup>(1)</sup>**



SOURCE: AC Nielsen as of June 2010

(1) Brand Capital Index is assessed by AC Nielsen under a 10 point scale based on annual interviews of randomly chosen retail customers with respect to their loyalty, consideration, preference, willingness to pay premium and willingness to travel to each of the retail stores



## Geographical coverage



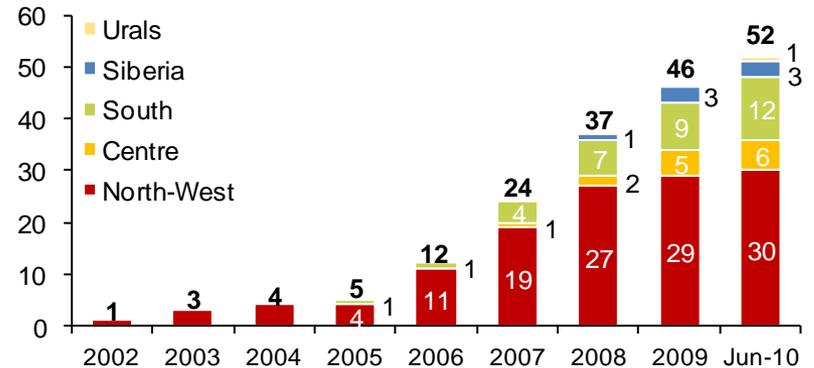
- O'KEY develops its store chain in regions and big cities with relatively high levels of personal income and consumption
- St. Petersburg is the leading Russian region in terms of modern retail penetration. It is the birthplace of major Russian hypermarket chains – O'KEY, Karusel and Lenta

SOURCE: Company data as of 30 June 2010

(1) Including Krasnoe Selo and Kingisep. (2) Including Noginsk and Lobnya. (3) Company's data as of June 30, 2010. Data relates to ownership structure of buildings and other premises (excluding land bank). After real estate transfers total share of owned real estate will decrease to 64%

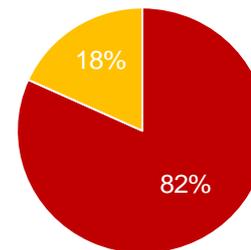


## Historical store roll-out



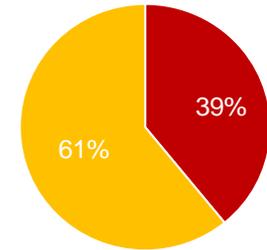
## Real estate ownership structure<sup>(3)</sup>

### Hypermarkets



Total area: 488.3 ths. sq. m.

### Supermarkets



Total area: 39.3 ths. sq. m.

SOURCE: Company data as of 30 June 2010

“Smart” supply chain



SOURCE: Company data as of June 30, 2010

Comments

- Supply chain model based on combining direct delivery, storage warehouses for imported and private label products and cross-docking facilities
- The model brings a number of advantages to the business:
  - Availability of a wide product assortment, tailored to local consumer preferences
  - Low inventory level as products go straight onto shelves upon delivery
  - Few out-of-stock issues as time lags between order, delivery and availability on the shelves are short
  - Supports faster roll-out, as openings are less constrained by availability of own logistics infrastructure
  - Minimizes management time and financial resources spent, as compared to running own logistics
  - Cost of warehousing and delivery born by suppliers
- Proven track record of operations in all regions of O'Key's presence
- Higher stocks turnover and better cash operating cycle
- Plans to expand storage capacity for imported and private label products by setting up additional cross-docking facilities as the density of stores increases in each city
- Currently O'Key plans to outsource logistics facilities and concentrate its resources in retail operations



**Key elements of IT system**

**Covered business segments**

IT Platform

**IBS Suite** (implementation stage)



Start of implementation – August 2009, Expected completion – end of 2012

**Microsoft Dynamics AX**



Launched – May 2002

**Global HRM**



Launched – January 2010

**Data Centre**

- HP Storage Works XP 12 000
- HP Enterprise Virtual Array 8400



- Logistics & purchasing
- Assortment planning
- Price management
- Retail analysis
  
- Accounting
- Inventory management
  
- Human Resources
  
- Data storage and processing

Description



- Provides merchandising decision-support software for multi-divisional, multi-format retailers worldwide. Headquarters based in Lille, France



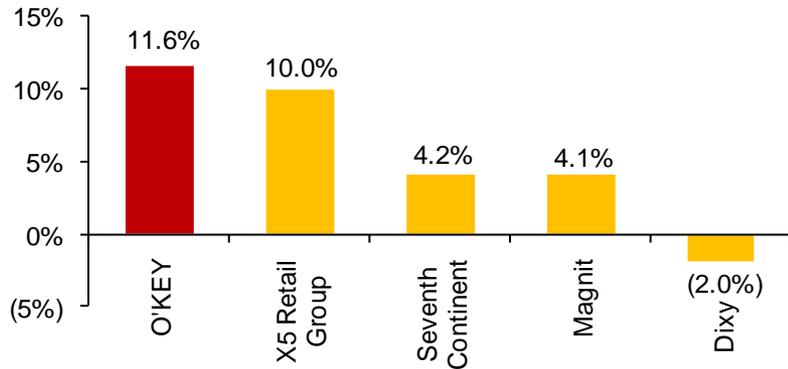
- Provides software solutions based on own GlobalFrameWork platform and Oracle database. Headquarters based in St. Petersburg, Russia





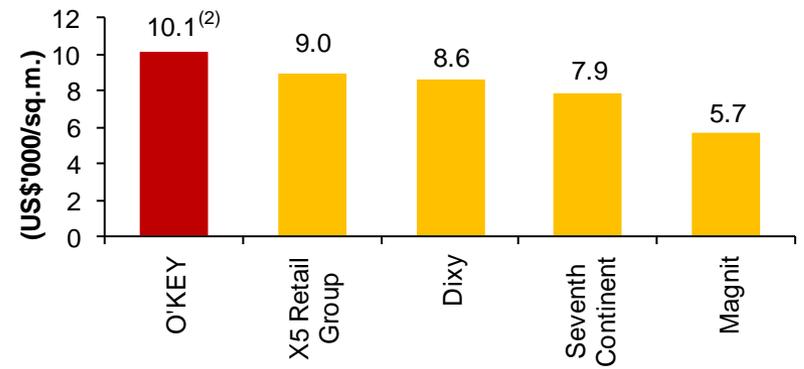
... which is why we have the most efficient operations among Russian public food retailers

### LFL sales growth (RUB terms, 2009)



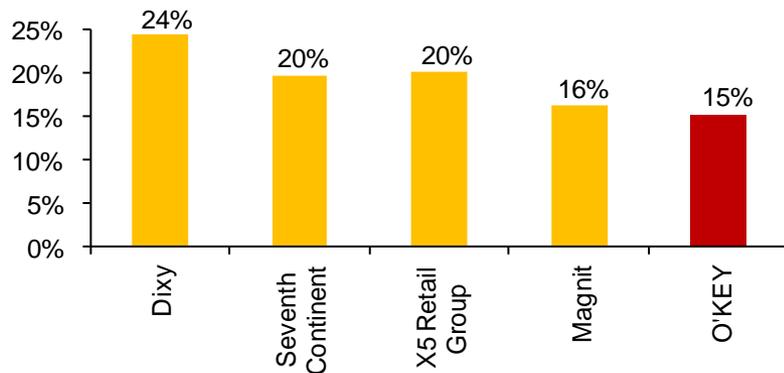
SOURCE: For O'KEY: Management accounts, For other companies: Companies' data

### Revenue per sq.m.<sup>(1)</sup> (2009)



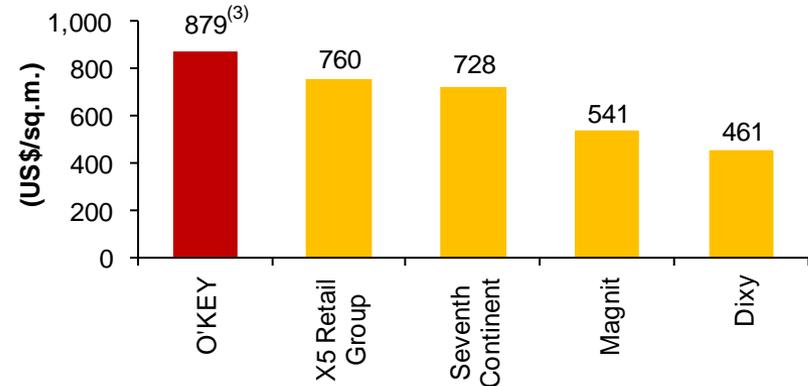
SOURCE: Companies' data

### SG&A as % of revenue (2009)



SOURCE: Companies' data

### EBITDA per sq.m.<sup>(1)</sup> (2009)



(1) Calculated as total Revenue / EBITDA divided by average selling space for the year (average between selling space at the beginning and at the end of the year)



(2) Revenue per sq.m. in the reporting currency equals RUB 321,127. The amount was converted to US\$ using CBR average exchange rate for 2009 (31.72 RUB/US\$)

(3) EBITDA per sq.m. in the reporting currency equals RUB 27,897. The amount was converted to US\$ using CBR average exchange rate for 2009 (31.72 RUB/US\$)



Our competitive strengths make us confident that our strategy will allow us to realize our full potential

## Strategic goals

1

**Continue to expand further into Moscow and other regions in Russia**

2

**Tailor our assortment**

3

**Support our supply chain through logistics**

4

**Implement innovative IT solutions**

## Key plans and targeted results

- Further penetrate the large and lucrative Moscow market
  - Expand presence outside St. Petersburg in cities with high population density and above average net disposable incomes
  - We aim to double the number of 2010 store openings in 2011 and maintain a fast pace of new store openings in the next 5 years
  - By 2015 we plan to establish presence in more than 25 Russian cities
- 
- Further increase the share of non-food (electronics and home appliances)
  - Further customize assortment to local tastes / needs across various cities
  - Product matrix improvements will allow us to further attract more customers from our competitors and encourage more frequent visits
  - Position our private label as premium quality at a medium price, reinforcing our competitiveness
- 
- Ensure constant availability of our assortment across all stores in Russia
  - Expand warehousing capacity to support import and private label operations
  - Set-up a network of cross-docking platforms allowing us to:
    - Procure assortment from all over Russia
    - Be less reliant on assortment inherited from distributors
- 
- Complete the implementation of the advanced integrated retail business software from Soft Solutions
  - Aim to implement CRM software
  - Establish a technological platform to manage retail operations more efficiently, including transactions, purchasing and logistics





# Key financials snapshot

RUB millions	2005	2006	2007	2008	2009	1H 2009	1H 2010
<b>P&amp;L</b>							
<b>Revenue</b>	<b>11,019</b>	<b>16,700</b>	<b>30,533</b>	<b>51,143</b>	<b>67,875</b>	<b>31,488</b>	<b>38,254</b>
<i>YoY growth</i>	<i>n/a</i>	<i>51.6%</i>	<i>82.8%</i>	<i>67.5%</i>	<i>32.7%</i>	<i>n/a</i>	<i>21.5%</i>
<b>Gross profit</b>	<b>1,948</b>	<b>3,421</b>	<b>6,468</b>	<b>10,761</b>	<b>14,768</b>	<b>6,597</b>	<b>8,107</b>
<i>Gross margin</i>	<i>17.7%</i>	<i>20.5%</i>	<i>21.2%</i>	<i>21.0%</i>	<i>21.8%</i>	<i>21.0%</i>	<i>21.2%</i>
<b>EBITDA</b>	<b>1,102</b>	<b>1,446</b>	<b>2,201</b>	<b>4,549</b>	<b>5,896</b>	<b>2,262</b>	<b>3,154</b>
<i>EBITDA margin</i>	<i>10.0%</i>	<i>8.7%</i>	<i>7.2%</i>	<i>8.9%</i>	<i>8.7%</i>	<i>7.2%</i>	<i>8.2%</i>
<b>BALANCE SHEET</b>							
<b>Total assets</b>	<b>15,121</b>	<b>24,275</b>	<b>32,192</b>	<b>31,950</b>	<b>33,946</b>	<b>N/A</b>	<b>33,136</b>
<b>Non-current assets</b>	<b>12,778</b>	<b>19,341</b>	<b>25,978</b>	<b>24,487</b>	<b>25,893</b>	<b>N/A</b>	<b>26,612</b>
Property, plant and equipment	8,549	13,038	17,941	17,337	18,995	N/A	19,728
<b>Current assets</b>	<b>2,343</b>	<b>4,934</b>	<b>6,213</b>	<b>7,463</b>	<b>8,053</b>	<b>N/A</b>	<b>6,524</b>
Inventories	669	1,546	2,606	3,941	5,145	N/A	4,508
Trade and other receivables	1,286	2,049	1,648	1,532	980	N/A	963
Cash and cash equivalents	374	1,317	1,557	1,673	1,462	N/A	487
<b>Total equity</b>	<b>5,416</b>	<b>7,485</b>	<b>9,948</b>	<b>6,290</b>	<b>7,136</b>	<b>N/A</b>	<b>8,069</b>
<b>Total liabilities</b>	<b>9,705</b>	<b>16,790</b>	<b>22,243</b>	<b>25,660</b>	<b>26,811</b>	<b>N/A</b>	<b>25,067</b>
Non-current borrowings	4,888	9,617	5,750	4,326	9,026	N/A	7,508
Current borrowings	869	1,080	7,030	10,768	6,440	N/A	8,101
<b>CASH FLOW</b>							
Net cash from operating activities	416	730	2,554	4,585	2,872	(1,460)	719
Net cash used in investing activities	(3,560)	(6,479)	(5,167)	(4,954)	(3,290)	(2,122)	(1,555)
Net cash from financing activities	3,299	6,752	2,927	446	128	3,373	(157)
<b>Net increase in cash and cash equivalents</b>	<b>155</b>	<b>1,003</b>	<b>313</b>	<b>77</b>	<b>(289)</b>	<b>(209)</b>	<b>(994)</b>

SOURCE: Audited IFRS financial statements for 2005-2009, and reviewed IFRS 1H 2010 FS.

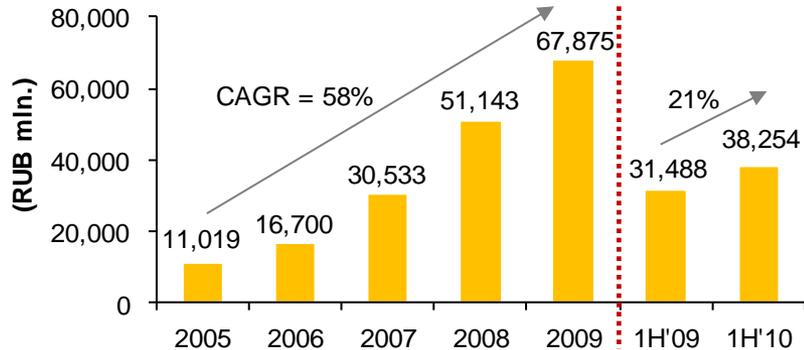
2005-2006 audited accounts were prepared in US\$ and converted into RUB using CBR average exchange rates (28.29 RUB/US\$ for 2005, 27.19 RUB/US\$ for 2006)



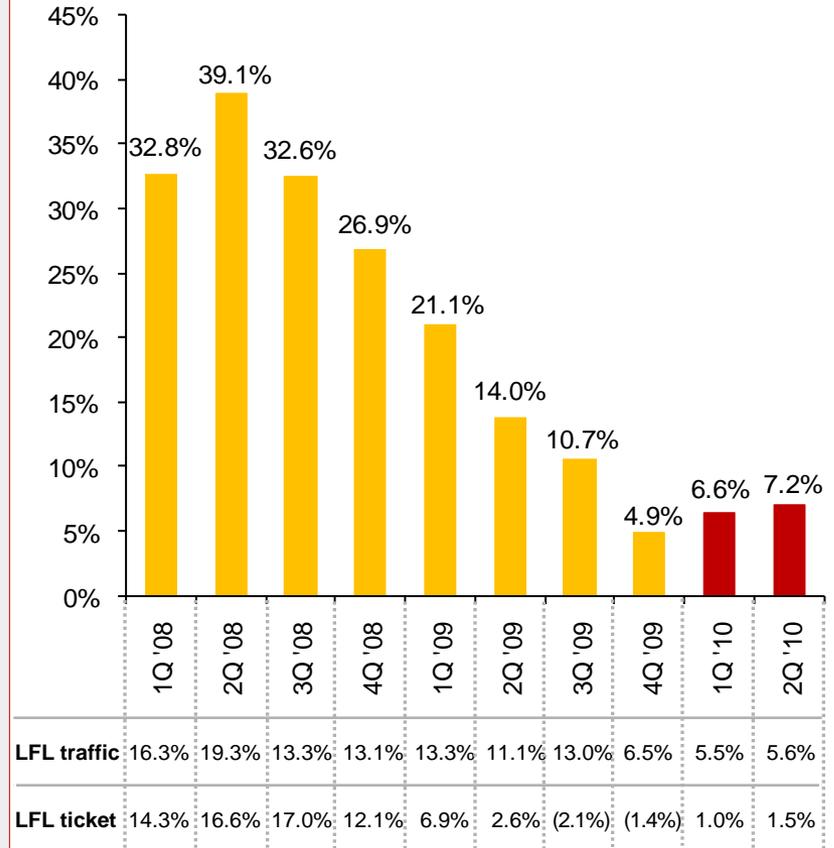


Our historical performance demonstrates our ability to deliver growth and increase efficiency of operations

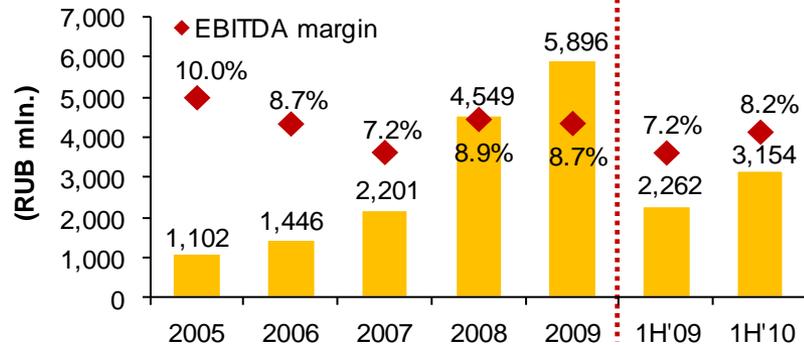
### Revenue



### LFL Sales (RUB terms)



### EBITDA



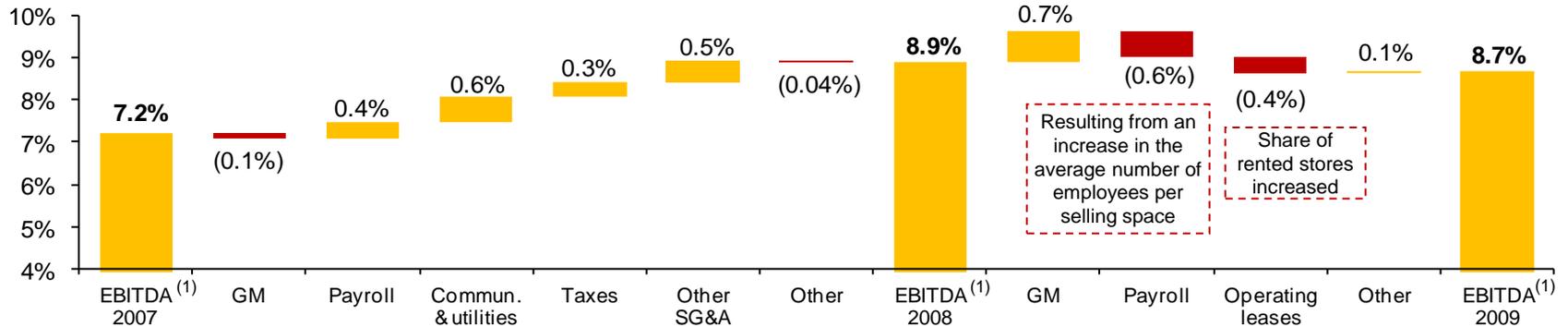
SOURCE: Audited IFRS financial statements for 2005-2009, and reviewed IFRS 1H 2009 and 1H 2010 FS. 2005-2006 audited accounts were prepared in US\$ and converted into RUB using CBR average exchange rates (28.29 RUB/US\$ for 2005, 27.19 RUB/US\$ for 2006)

SOURCE: Management accounts

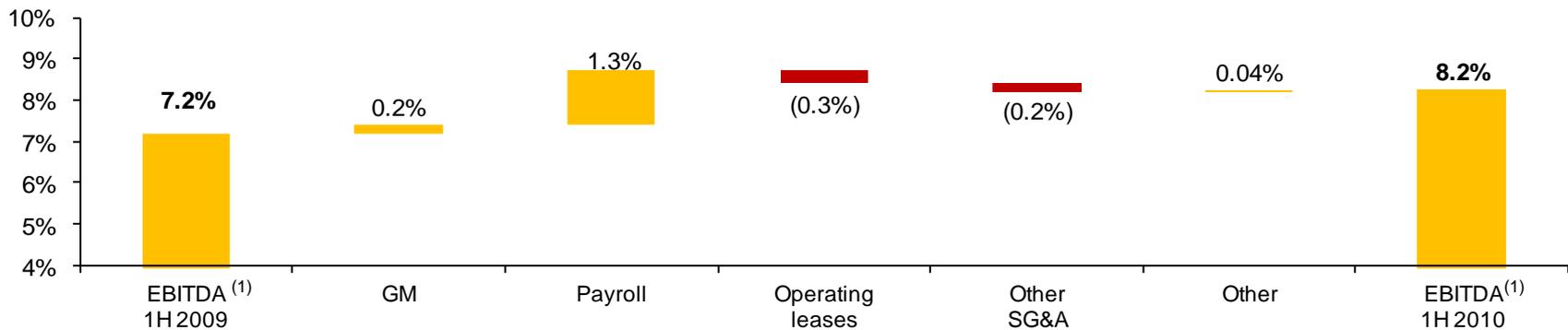
Note: LFL analysis is based on number of stores that had been operating for not less than twelve months and have achieved a mature level of sales



## EBITDA margin bridge 2007-2009



## EBITDA margin bridge 1H 2009 – 1H 2010



SOURCE: Company's calculations based on audited IFRS financial statements for 2007-2009, reviewed IFRS 1H 2009 and 1H 2010 FS for 1H 2009 – 1H 2010

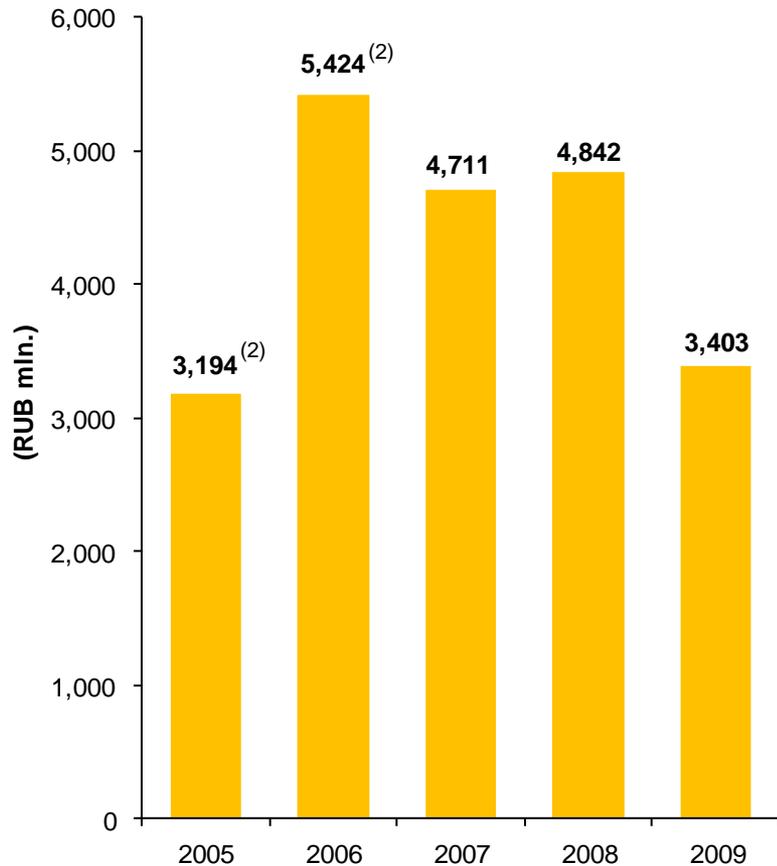
(1) EBITDA calculated according to Company's audited IFRS financials statements methodology as Operating profit / (loss) plus Depreciation & amortisation less (added back) Other operating income and expenses plus Sundry income and expenses





We actively invest in our future growth and increase efficiency of our cash management

### Total CAPEX dynamics<sup>(1)</sup> (Cash Flow data)



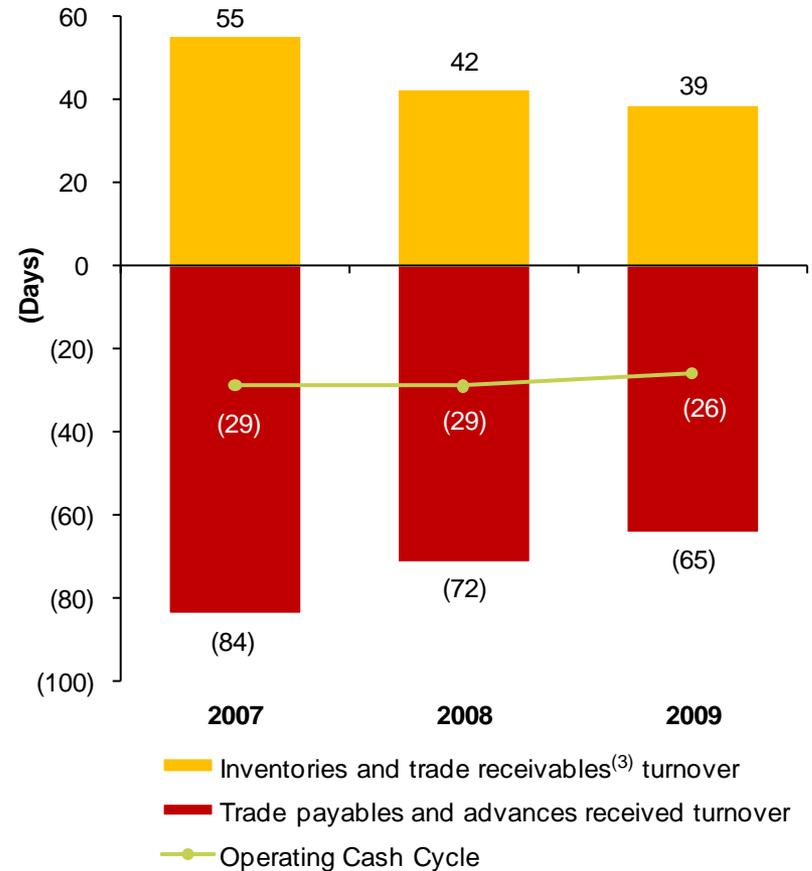
SOURCE: Audited IFRS financial statements (Cash Flow Statement)

(1) Capital expenditures represents the additions to property, plant and equipment as set out in Company's audited IFRS accounts,

(2) 2005–2006 audited accounts numbers were prepared in US\$ and converted into RUB using CBR period average exchange rates (28.29 RUB/US\$ for 2005, 27.19 RUB/US\$ for 2006),

(3) Calculated as inventories and trade receivables including VAT receivable and other receivables (bonuses and discounts from suppliers), but excluding pre paid taxes

### Trade Operating Cash Cycle<sup>(4)</sup>



SOURCE: Company's calculations based on audited IFRS financial statements data.

(4) Inventory and trade receivables turnover days calculated as the average of inventory and trade receivables balances at the beginning and end of the year divided by cost of goods sold for the year and multiplied by 360

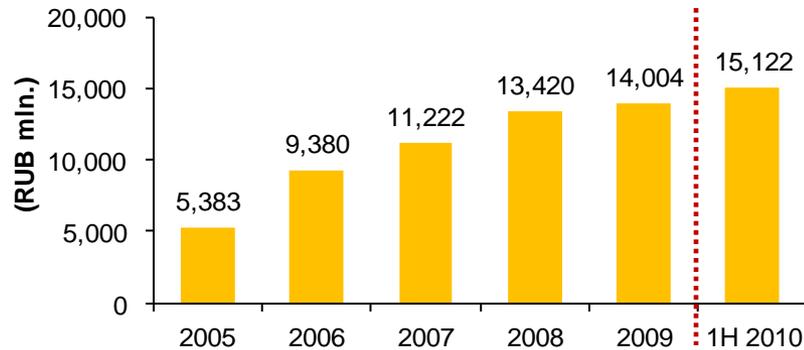
Trade payables and advances received turnover days calculated as the average of trade payables and advances received balances at the beginning and end of the year divided by cost of goods sold for the year and multiplied by 360



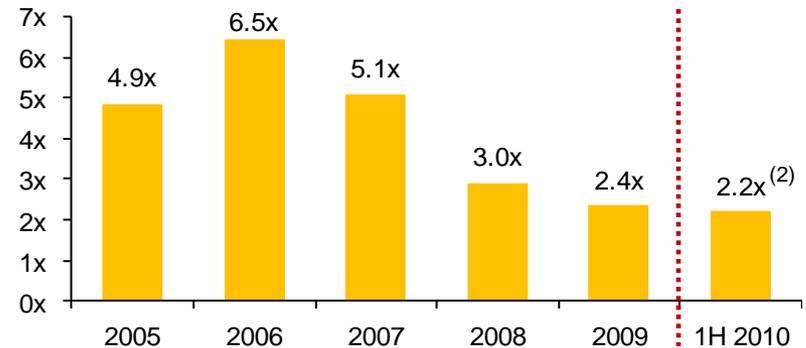


# Despite the aggressive roll-out, we pay special attention to our financial standing

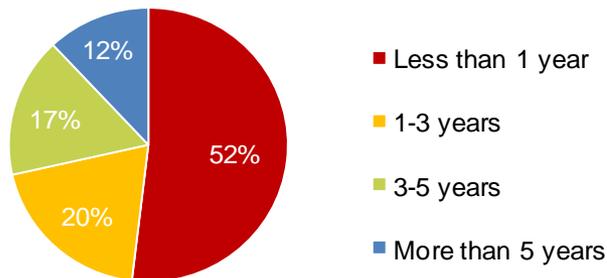
## Net debt<sup>(1)</sup>



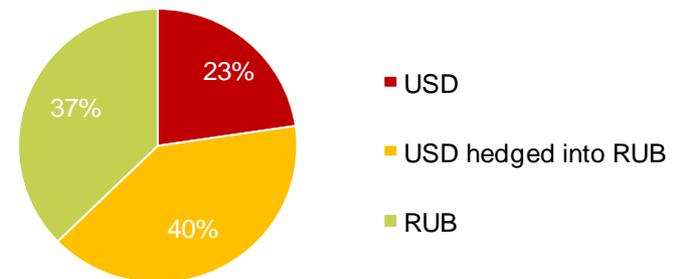
## Net debt / EBITDA



## Debt portfolio structure by maturity (as of June 30, 2010)



## Debt portfolio structure by currency (as of June 30, 2010)



**SOURCE:** Company's calculations based on audited IFRS financial statements for 2005-2009, and reviewed IFRS 1H 2009 and 1H 2010 FS for 1H 2010. 2005-2006 audited accounts were prepared in US\$ and converted into RUB using CBR end of period exchange rates (28.78 RUB/US\$ for 2005, 26.33 RUB/US\$ for 2006).

(1) Calculated as Total interest bearing debt (Current Borrowings plus Non-Current Borrowings) less Cash & Cash Equivalents

(2) EBITDA for 1H 2010 Net debt / EBITDA ratio was calculated on the last 12 months basis, i.e. 2H 2009 EBITDA + 1H 2010 EBITDA



## Corporate governance levels

### Board of Directors

- Responsible for setting strategic goals for the Company
- Board of Directors consists of 5 members including:
  - 3 beneficial owners: Mr. Troitckii, Mr. Korzhev and Mr. Volchek
  - 2 INEDs – heads of audit and remuneration committees
- Meets on a regular basis with the constant participation of Company's CEO

### CEO

- Responsible for implementation of the Group's strategy and setting objectives for operational management

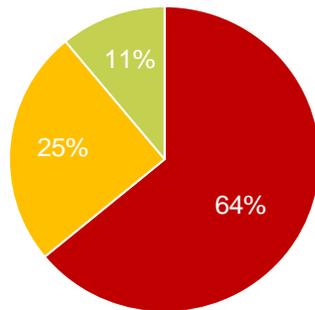
### Top management

- Responsible for day-to-day operational management of the Group

## Dividend policy and management incentive program

- Board of directors is formalizing its dividend policy with the aim to provide dividends on an annual basis with a target ratio of 25% of Group's net profit for the relevant period
- The shareholders put in place the management compensation and incentive plan based on stock performance

## Shareholders structure<sup>(1)</sup>



- Brookvalley Ltd<sup>(2)</sup>
- Caraden Ltd<sup>(3)</sup>
- Barleypark Ltd<sup>(4)</sup>

## Investor Relations



**Maksim Kravtsov**  
IR manager

Responsible for communication with public shareholders and investor community

### Previous experience:

- Occupied various roles in M.Video

(1) As of October 2010

(2) Shareholders of Brookvalley Ltd. are Dmitrii Troitckii and Dmitry Korzhev, (3) Shareholder of Caraden Ltd is Boris Volchek, (4) Shareholder of Barleypark Ltd. is Hillar Teder





# O'Key Group – a unique opportunity in the Russian food retail sector

## Highlights

**A leading Russian food retailer with strong expertise in hypermarkets ...**

**... circa 10 years of successful growth ...**

**... operating in one of the world's most attractive food retail markets ...**

**... providing a strong customer proposition ...**

**... with highly efficient operations ...**

**... and a strong and effective real estate portfolio ...**

**... managed by highly talented and experienced professionals**

## Comments

- ✓ # 3 Russian (excl. multinationals) food retailer in terms of revenue in 2009<sup>(1)</sup>
- ✓ Historical focus on hypermarkets, one of the most attractive food retail segments
- ✓ Distinctive expertise and concept

---

- ✓ Established in 2001
- ✓ Circa 10 years of fast growth and efficiency improvement

---

- ✓ Russia is one of the largest food retail markets in Europe<sup>(2)</sup> ...
- ✓ ... with significant underpenetration of modern retail ...
- ✓ ... and attractive growth prospects

---

- ✓ Large product assortment ...
- ✓ ... that translates into a high average customer basket ...
- ✓ ... supported by strong brand equity

---

- ✓ Russian leader in terms of LFL sales and traffic growth for 2009<sup>(3)</sup>
- ✓ One of the highest revenue per sq.m. among Russian (excl. multinational) food retailers<sup>(4)</sup>
- ✓ One of the highest and sustainable EBITDA margins<sup>(3)</sup>

---

- ✓ 79% of owned real estate as of June 30, 2010 (before real estate transfers), and 64% of owned real estate after RE transfers
- ✓ 11 owned land plots currently available for construction of own stores
- ✓ Significant flexibility in terms of further development, especially in the regions

---

- ✓ Experienced team of professionals with a strong track-record in Russian and international markets
- ✓ CEO Patrick Longuet has more than 30 years of retail experience



(1) Based on public data disclosed by Russian food retail companies

(2) According to Euromonitor data for 2009 as of 25 June 2010

(3) Comparing to Russian public food retail companies, e.g. X5 Retail Group, Magnit, Seventh Continent and Dixy (Companies data) (please, also refer to page 19)

(4) Companies' data (please, also refer to page 19)

# APPENDIX





# Experienced top-management team combining best-in-practice international and local expertise (I)

## Patrick Longuet CEO



One of Europe's most experienced CEOs in the food retail industry with a 27 year track record at Auchan

**Joined the Company in 2007**

### Previous experience:

- 2001-2007 – Head of Auchan Russia
- 1994-2001 – CEO of Auchan Central Europe
- 1980-1994 – various positions from financial controller to marketing director of Auchan France

### Education:

- Higher National School of the Food Industry and Applied Biology of France

**Date of birth:** 1954

## Sebastien Verhaeghe Executive Director



Supervises finance, performance management, legal, audit and IT directors. Advises CEO on long term

planning, strategy and organization

**Joined the Company in 2007**

### Previous experience:

- 2001-2007 - Business Performance, Finance and IT Director in Auchan Russia
- 1998-2001 - Information Systems Director of Auchan Int'l in charge of new countries worldwide
- 1990-1998 – various positions in Auchan Poland and Int'l

### Education:

- MBA from ESC Lille School of Management, France

**Date of birth:** 1966

## Dmitry Pryanikov Financial Director



Joined the Company since its inception and within several years became the CFO of O'KEY Group

**Joined the Company in 2001**

### Previous experience:

- 1995-2001 – various positions in Bank St.Petersburg and other privately held companies

### Education:

- St.Petersburg State Institute of Technology (Economics and management)

**Date of birth:** 1973

## Vladislav Kurbatov Operations Director



Director of the first O'KEY's hypermarket. Responsible for day-to-day control and development of store operations and logistics

**Joined the Company in 2002**

### Previous experience:

- 2004 – present - Sales director of O'KEY group
- 2003-2004 – Administrative director of O'KEY Group
- 2002-2003 – Director of O'KEY's first hypermarket in St.Petersburg

### Education:

- St.Petersburg Military Topographic Academy

**Date of birth:** 1971





## Experienced top-management team combining best-in-practice international and local expertise (II)

### Georges Kowalkowski Marketing & Sales Development Director



Responsible for product mix structure, marketing activity and competitor analysis. 30 years of experience in Auchan

**Joined the Company in 2007**

#### Previous experience:

- 1977-2007 – various positions in Auchan France, Poland and Russia

#### Education:

- University of Lille, France  
Economic faculty

**Date of birth:** 1954

### Maksim Schegolev Expansion Director



Responsible for competitor analysis, acquisitions and rentals of store premises and land sites

**Joined the Company in 2004**

#### Previous experience:

- 2008 - present – Expansion Director of O'KEY Group
- 2004-2008 – various positions from administrative director to head of O'KEY's North-West regional division

#### Education:

- St. Petersburg University for Economics and Finance
- Higher School of the Russian Ministry of Economic Development and Trade

**Date of birth:** 1966

### Eric Richard Construction Director



Responsible for construction and commissioning of the Company's new stores all over Russia

**Joined the Company in 2009**

#### Previous experience:

- More than 20 years of experience in the construction industry at such companies as Bouygues Batiment International, Coplan and SNC Lavalin Europe

#### Education:

- Degree in civil engineering (construction works)

**Date of birth:** 1964

### Alexander Lapin Property management Director



Responsible for efficient property management, legal rights issues and financial control over investment processes

**Joined the Company in 2002**

#### Previous experience:

- 2009 - present – Head of property management department
- 2002-2008 – Deputy CFO of O'KEY Group, CFO of OOO "O'KEY"
- Prior to joining O'KEY worked at several investment companies of North-West region

#### Education:

- St.Petersburg State University for Economics and Finance

**Date of birth:** 1973





## Experienced top-management team combining best-in-practice international and local expertise (III)

### Nataliya Gabelkhaieva Head of food purchase



Responsible for purchasing of food products, control over supply chain, merchandising and sale of goods

**Joined the Company in 2007**

#### Previous experience:

- 2008 – present – Head of OKEY's food products department
- 2007 - 2008 – Head of O'KEY product assortment division
- 2002-2007 – various management positions at Lenta and Metro C&C

#### Education:

- St.Petersburg Hydro-Meteorological Institute

**Date of birth:** 1973

### Maksim Platonov Head of non-food purchase



Joined the Company since its inception. Currently responsible for purchasing of non-food products

**Joined the Company in 2001**

#### Previous experience:

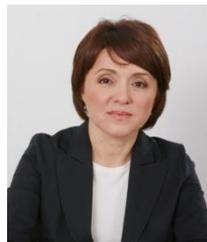
- 2006 - present – Head of OKEY's non-food products department
- 2001-2006 – various positions in O'KEY's assortment management and import of non-food goods

#### Education:

- St.Petersburg State University for Economics and Finance

**Date of birth:** 1978

### Elmira Hadieva Human Resources Director



Responsible for human resources management: selection and recruitment process, training and compensation

**Joined the Company in 2007**

#### Previous experience:

- 1993-2007 – more than 14 years of experience in human resources of British American Tobacco

#### Education:

- Kazan Institute for Finance and economics. Degree in labor economics

**Date of birth:** 1963

### Dmitri Budanov Head of Security



Responsible for security in relation to corporate information, internal processes and human resources

**Joined the Company in 2010**

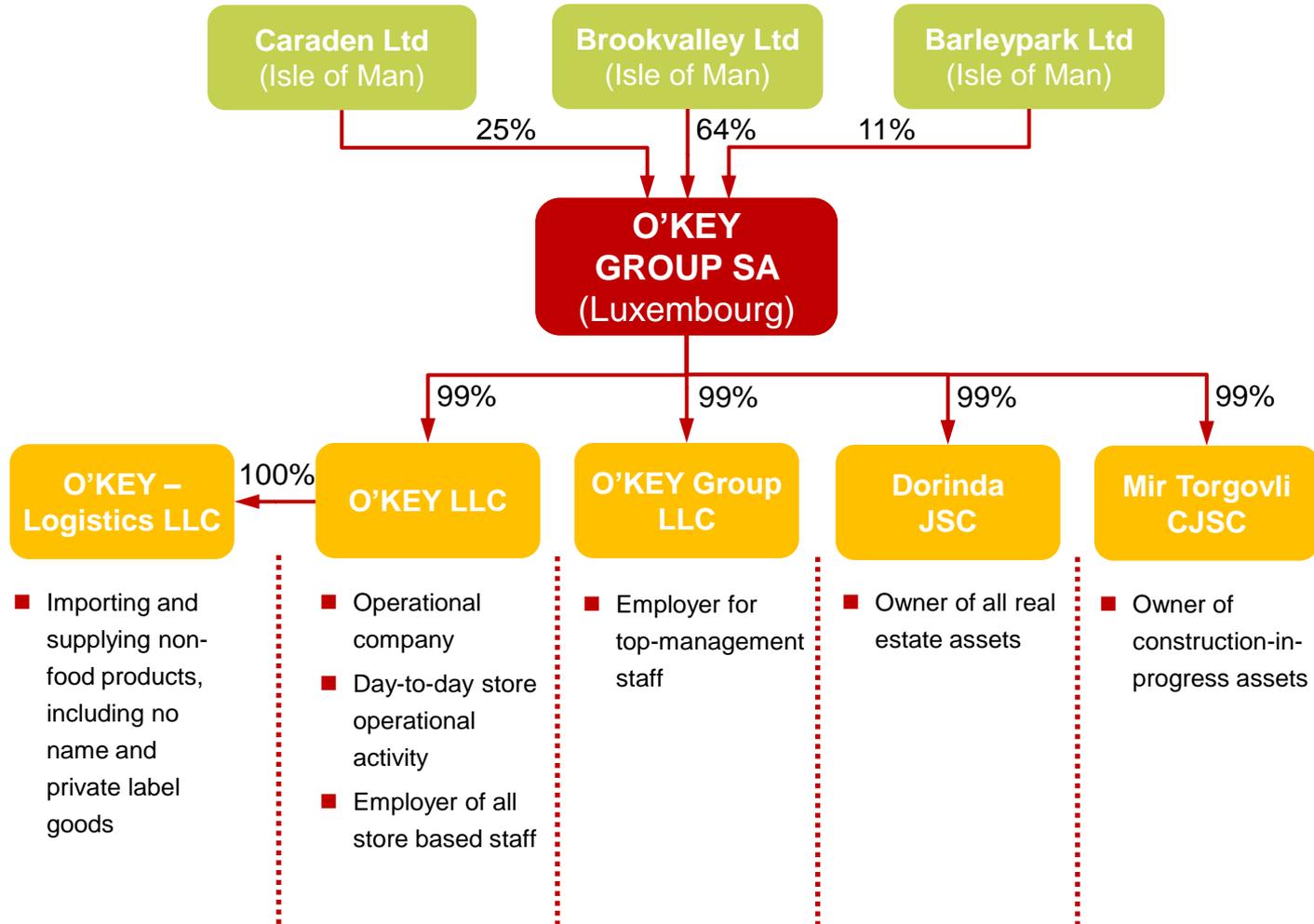
#### Previous experience:

- 1992 – 2010 – various positions in corporate security of Wilbros Pipeline Construction Company, Parvus International, International Risk and Information Services and British American Tobacco

#### Education:

- Moscow State University. Institute of Asian and African Countries





**Note:** Axus Financial Ltd. (British Virgin Islands), which is controlled by O'KEY Group SA (100%), holds 1% stakes in O'KEY LLC, O'KEY Group LLC, Dorinda JSC and Mir Torgovli CJSC





Established private label operations serve as a tool to address customer needs and pricing expectations

### Ultra fresh food products

- In store made products including fresh bakery and delicatessen products



SOURCE: Company's data

### FMCG products

- O'KEY labeled food and non-food products



### Non-branded products

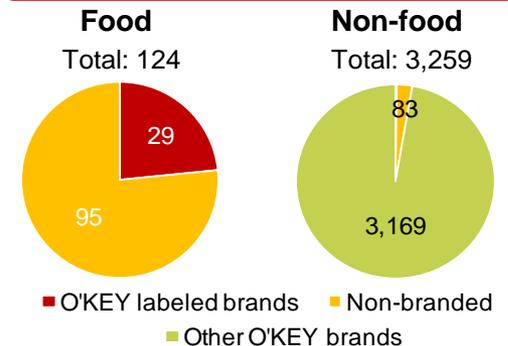


### Non-food products

- Other O'KEY private label brands in clothes, sports goods and other categories



### Number of SKUs



SOURCE: Company data as of June 30, 2010

