



DETSKY MIR GROUP ANNOUNCES OPERATING RESULTS FOR 1st QUARTER 2019

15 April 2019. Moscow, Russia. – Detsky Mir Group (“Detsky Mir” or “the Company”, MOEX: DSKY), Russia’s largest specialized children’s goods retailer and a Sistema company (LSE: SSA, MOEX: AFKS), announces its operating results for the first quarter ended 31 March 2019.

Q1 2019 OPERATING HIGHLIGHTS¹

- Group unaudited revenue increased by 16.1% year-on-year to RUB 27.9 bn.
 - Online revenue² increased by 74.1% year-on-year to RUB 2.6 bn.
 - Revenue in Kazakhstan rose by 60.4% year-on-year to RUB 743 m.
- Like-for-like sales³ at Detsky Mir stores in Russia and Kazakhstan grew by 7.2%. The number of tickets grew by 8.2% while the average ticket price decreased by 0.9%.
- Like-for-like sales at Detsky Mir stores in Russia grew by 6.6%. The number of tickets grew by 7.5% while the average ticket price decreased by 0.9%.
- Like-for-like sales⁴ at Detsky Mir stores in Kazakhstan increased by 36.4%.
- Detsky Mir opened six new branded stores⁵ in Q1 2019. The Group had 748 stores as of 31 March 2019.⁶
- Total selling space increased by 12.1% year-on-year to c. 769,000 sq. m.
- The number of total outstanding Detsky Mir loyalty cards increased by 15% year-on-year to 21.6 mln, while the number of active loyalty cardholders⁷ was 9.9 m. Transactions using the loyalty card accounted for 71% of total sales.

Q1 2019 KEY EVENTS

- In Q1 2019, the Company entered the Belarusian market, opening three stores in Minsk. The total selling space of the Belarusian retail chain "Detmir" was approximately 3,000 sq. m.
- In March 2019, RAEX rating agency (“RAEX”) assigned Detsky Mir a long-term credit rating of ruA+ with a stable outlook.
- In March 2019, the Company signed an agreement with Euromagazin 21 Century LLC (Sberbank Group) to acquire commercial premises for a flagship store in Moscow. The total investment in the commercial premises purchase and the opening of the flagship store is estimated at approximately RUB 1.0 bn. The property has a total space of 3,642.5 sq m. The opening of the new Detsky Mir flagship store on Novy Arbat is scheduled for the second half of 2019.
- As part of its long-term incentive programme (LTIP), the Company repurchased 3,862,613 ordinary shares of Detsky Mir for RUB 139 m, representing 0.5% of the share capital of the Company.

	Q1 2019	Q1 2018	<i>Change</i>
Number of stores	748	625	19.7%
Detsky Mir	674	579	16.4%
ELC & ABC	68	46	47.8%
Zoozavr	6	-	-
Selling space ('000, sq.m.)	769	686	12.1%

(1) Hereinafter the figures are presented excluding the effect of the new IFRS 16 accounting standards (“Lease”)

(2) This channel includes online orders at www.detmir.ru, including in-store pick-up.

(3) Hereinafter Like-for-like average growth, like-for-like number of tickets growth and like-for-like revenue growth based on stores in operation for at least 12 full calendar months.

(4) Calculated in the national currency of Kazakhstan (tenge).

(5) In Q1 2019, Detsky Mir closed five stores.

(6) Including 68 ELC and ABC stores, as well as six Zoozavr stores.

(7) Cardholders who made at least one purchase at Detsky Mir during the last 12 months to 31 March 2019 are considered active.

Detsky Mir in Russia and Kazakhstan	Q1 2019	Q1 2018	Change
Like-for-like revenue growth	7.2%	5.7%	1.5 p.p.
Like-for-like number of tickets growth	8.2%	9.3%	(1.1 p.p.)
Like-for-like average ticket growth	-0.9%	-3.3%	2.4 p.p.

Detsky Mir in Russia	Q1 2019	Q1 2018	Change
Like-for-like revenue growth	6.6%	5.1%	1.5 p.p.
Like-for-like number of tickets growth	7.5%	8.8%	(1.3 p.p.)
Like-for-like average ticket growth	-0.9%	-3.4%	2.5 p.p.

Vladimir Chirakhov, PJSC Detsky Mir Chief Executive Officer, said:

"In Q1 2019, Detsky Mir Group accelerated the pace of growth of its business: consolidated unaudited revenue rose by 16.1% year-on-year to RUB 27.9bn.

"The company's significant growth of turnover is driven by stores opened in 2018-2017 reaching full capacity utilisation, as well as a 7.2% increase in Detsky Mir's like-for-like sales in Russia and Kazakhstan. The company continues to pursue its strategy for consolidation of the children's goods market by attracting new buyers from competing retail chains, which has resulted in an 8.2% increase in the number of cheques.

"During the traditional Russian 'Men's Day' and 'Women's Day' holiday period the Company's sales enjoyed healthy growth, with toys being a major contributor. Toys accounted for 33% of total Detsky Mir sales in Russia in Q1 2019. In the reporting period the company started procurement of toys from Spin Master, one of the world's leading producers by sales volume. In the clothing and footwear category we successfully sold our winter collection and generated strong sales at the start of the spring season, with the share of this category in total Detsky Mir sales in Russia reaching 24%.

"In Q1 2019, we achieved our goal for Detsky Mir's international expansion after opening three stores in the Republic of Belarus. The first stores were launched in the biggest shopping malls located in Minsk. We plan to open at least 80 new Detsky Mir stores by the end of 2019, including 10 stores in Belarus.

"A strategic goal for the Company is to maintain leadership in the online market for children's goods. Due to continuous improvement of service in all delivery channels and introduction of new convenient solutions for customers, we managed to increase the revenue of our online store by 74.1% year-on-year in Q1 2019. For example, 100% of our users have migrated to a new website with improved interface and functionality, which significantly increased the conversion rate of online sales. In 2019, Detsky Mir will launch Detsky Mir online store in Kazakhstan with an in-store pick-up service available. At the same time, the company will improve its mobile application that will include the functions of a full-fledged online store. "

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Detsky Mir Group (MOEX: DSKY) is a multi-format retailer and Russia's largest specialized children's goods retailer. The Group comprises the Detsky Mir retail chain, ELC (Early Learning Centre in Russia) and the ABC retail chains, as well as the Zoolavr pet supplies retail chain. The company operates a network of 674 Detsky Mir stores located in 254 cities in Russia, Kazakhstan and Belarus, as well as 56 ELC and 12 ABC stores as of 31 March 2019. The Zoolavr retail chain comprises six stores. Total selling space was approximately 769,000 square meters.

In accordance with the audited Financial Statements under IFRS, Group revenue amounted to RUB 110.9 bn for FY 2018, adjusted EBITDA totaled RUB 12.7 bn and adjusted profit amounted to RUB 7.2 bn.

Detsky Mir Group's shareholder structure as of the date of this announcement is as follows: PJSC Sistema⁸ - 52.10%, Russia-China Investment Fund (RCIF)⁹ - 14.03%, other shareholders owning less than 5% of the shares - 33.87%.

Lear more at www.detmir.ru, corp.detmir.ru, elc-russia.ru.

Disclaimer

Some of the information in these materials may contain projections or other forward-looking statements regarding future events or the future financial performance of Detsky Mir. You can identify forward looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could," "may" or "might" the negative of such terms or other similar expressions. Detsky Mir wishes to caution you that these statements are only predictions and that actual events or results may differ materially. Detsky Mir does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of Detsky Mir, including, among others, general economic conditions, the competitive environment, risks associated with operating in the Russian Federation, rapid technological and market change in the industries Detsky Mir operates in, as well as many other risks specifically related to Detsky Mir and its operations.

(8) Sistema PJSFC is a publicly-traded diversified Russian holding company serving over 150 million customers in the sectors of telecommunications, children's goods retail, paper and packaging, healthcare services, agriculture, high technology, banking, real estate, pharmaceuticals and hospitality.

(9) RCIF, an equity fund established by the Russian Direct Investment Fund (RDIF) and China Investment Corporation (CIC), holds its stake in PJSC Detsky Mir through its funds: FLOETTE HOLDINGS LIMITED and EXARZO HOLDINGS LIMITED.