



МАРКА №1
В РОССИИ



Detsky Mir
RETAIL CHAIN



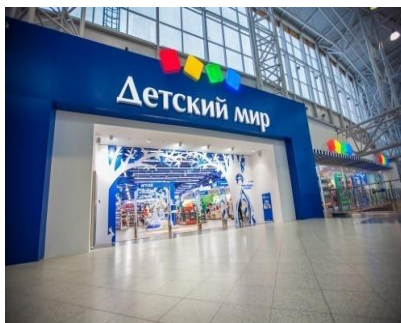
Detsky Mir announces unaudited financial results for the 1st quarter of 2015

28 April 2015



Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of Detsky Mir Group. You can identify forward-looking statements by terms such as “expect,” “believe,” “anticipate,” “continue,” “estimate,” “intend,” “will,” “could,” “would,” “should,” “may” or “might”, the negative of such terms or other similar expressions. These statements are only predictions and actual events or results may differ materially. We do 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 our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, as well as many other risks specifically related to Detsky Mir Group and its operations.

Key financial and operating highlights in Q1 2015



- The **revenue** is up **33%** YoY: from RUB 9.1bn in Q1 2014 to RUB 12.1bn in Q1 2015
 - **LFL¹ sales growth** in Detsky Mir Stores in Q1 2015 was **13%**; LFL average ticket growth was 9%

- **Gross profit** is up **46%**: from RUB 3.0bn in Q1 2014 to RUB 4.4bn in Q1 2015
 - **Gross profit LTM** grew by **26.4%** compared to the corresponding period of the previous year

- **Selling, general and administrative (SG&A) expenses** (as a percentage of the revenue) are down by **1.6 p.p.** from 32.0% in Q1 2014 to 30.3% in Q1 2015, which reflects continuing improvement of business efficiency

- **OIBDA** grew from RUB 66m in Q1 2014 to RUB 689m in Q1 2015
 - **LTM OIBDA** gained **68%**, to RUB 5.5bn, from RUB 3.3bn as of 31 March last year

- For the first time in many years, the Company demonstrated a positive net income of RUB 24m already in the first quarter of the year, vs. a net loss of RUB 435m in Q1 2014
 - **LTM³ net income** is up **91%**, to RUB 2.5bn, from RUB 1.3bn in Q1 2014

- The **total selling space** has increased by 9,000 sq.m: from 390,000 sq.m as of the end of 2014 to 399,000 sq.m as of the end of Q1 2015, after Detsky Mir opened 8 new stores:
 - 1 in Moscow and 7 in other regions of Russia

Notes:

¹ LFL indicators are calculated for Detsky Mir stores only, based on DM stores that had been operating for two full years as of the time of the calculation. E.g., LFL sales in Q1 2015 and Q1 2014 are calculated based on stores that were opened in 2013 and continued operating in 2014 and Q1 2015. LFL revenue is calculated in roubles (incl. VAT, but not merchandise return proceeds).

² OIBDA was calculated based on US GAAP financial reports as revenue less cost of goods sold and selling, research and administrative expenses (on a consolidated basis).

³ LTM OIBDA and LTM net income are calculated for the last 12 months, including Q2-4 2014 and Q1 2015.

Q1 2015 financial performance overview

Key financials in Q1 2015 vs. Q1 2014 (RUB bn, unless specified otherwise)

RUB bn	Q1 2015	Q1 2014	Change YoY
Number of stores	330	257	28.4%
<i>Detsky Mir¹</i>	287	227	26.4%
<i>ELC</i>	43	30	43.3%
Selling space (k sq m)	399	324	23.2%
Revenue	12.2	9.1	32.9%
Selling, administrative and other operating expenses	3.7	3.0	26.2%
<i>% of revenue</i>	30.3%	32.0%	-1.6%
OIBDA	0.7	0.1	936.2%
<i>OIBDA margin (%)</i>	5.7%	0.7%	4.9%
Net income / (loss)	0.02	-0.4	-

Key financials, LTM⁴ as of March 2015 vs. LTM as of March 2014 (RUB bn, unless specified otherwise)

RUB bn	LTM as of March 2015	LTM as of March 2014	Change YoY
Revenue	48.5	38.4	26.2%
Selling, administrative and other operating expenses	13.1	11.5	15.5%
<i>% of revenue</i>	27.1%	29.8%	-2.8%
OIBDA	5.5	3.3	67.8%
<i>OIBDA margin (%)</i>	11.4%	8.6%	2.8%
Net income / (loss)	2.5	1.3	90.6%
<i>Net profit margin</i>	5.2%	3.4%	1.7%
Net debt	11.9	6.8	74.3%
<i>Net debt / OIBDA</i>	2.1x	2.1x	-

Source: DM's unaudited US GAAP report as of Q1 2015

¹ The calculation is made for Detsky Mir stores including Yakimanka Children's Gallery as of 31 March 2015 and 31 March 2014

² LFL indicators are calculated for Detsky Mir stores only based on DM stores that had been operating for two full years as of the time of the calculation. E.g., LFL sales in Q1 2015 and Q1 2014 are calculated based on stores that were opened in 2013 and continued operating in 2014 and Q1 2015. LFL revenue is calculated in roubles (incl. VAT, but not merchandise return proceeds).

Key Facts

New openings + 8 stores

- In Q1 2014 the DM chain increased by 8 stores:
 - 1 in Moscow and 7 in other regions of Russia
- Total selling space has increased by 9,000 sq.m since the beginning of the year

Revenue growth +33%

- 33% growth of revenue in Q1 2015 is due to:
 - Growth in LFL sales by 13%
 - Increasing maturity of stores opened in 2013 and 2014 (89 stores)

OIBDA growth to RUB689 mln

- OIBDA grew significantly due to:
 - Revenue growth
 - Decrease in operating expenses by 1.6 p.p.

Revenue growth +26%

- Growth of revenue in the last twelve months results from:
 - High LFL sales growth
 - An all-time high number of stores opened in 2014 (56 new Detsky Mir stores)
 - Increasing maturity of stores opened last year

OIBDA growth +68%

- OIBDA growth by 68% results from a drop in the share of operating expenses in revenue by 2.8 p.p. on the back of growing business efficiency

Net income growth +91%

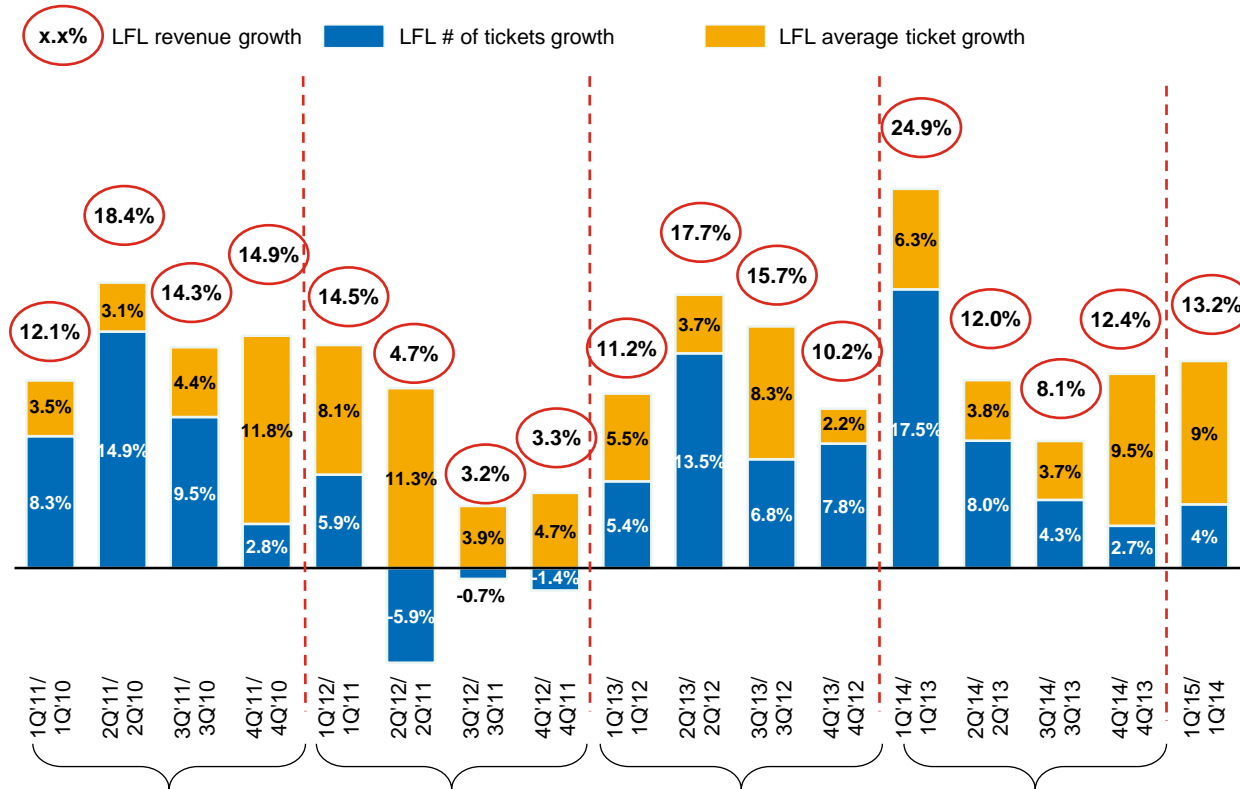
- Growth of net income in the last 12 months results from a fast growth in revenue, a steady gross profit margin, and a decrease in operating expenses as a percentage of revenue

³ OIBDA was calculated based on the US GAAP financial report as revenue less cost of goods sold and selling, research and administrative expenses (on a consolidated basis).

⁴ LTM OIBDA and LTM net income are calculated for the last 12 months, including Q2-4 2014 and Q1 2015.

Sustainable double-digit LFL growth

Growth of LFL sales in roubles



Comments

- Following positive results of Q4 2014, when LFL growth reached 12.4%, the trend continued in Q1 2015 with an LFL growth of 13.2%
- Double-digit LFL sales growth is a positive indicator that reflects the results of efficient pricing and a broad product mix represented in Detsky Mir stores
- Further growth in LFL sales is achievable through a popular loyalty programme (Yo-Yo), competitive prices, and replication of a new interactive concept

LFL growth in 2011

LFL growth in 2012

LFL growth in 2013

LFL growth in 2014

Revenue	14.9%	5.6%	13.4%	13.6%
Average check	6.1%	6.4%	4.8%	5.1%
Number of checks	8.3%	(0.7%)	8.2%	8.1%

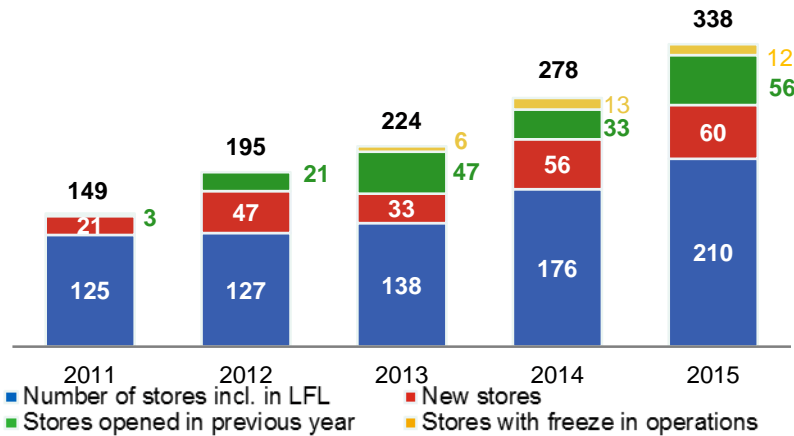
Source: Detsky Mir's data

Detsky Mir continued showing high growth rates in Q1 2015 based on several factors including high LFL sales growth (+13%)

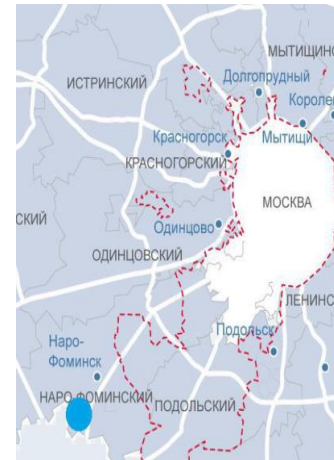
*The LFL calculation base includes 176 stores for 2014 and 210 stores for 2015. LFL parameters are calculated for Detsky Mir stores only.

Key priorities for development in 2015

Opening of at least 60 new Detsky Mir stores



Launch of the new warehouse in Moscow region



Floorspace	70,467 sq m (+100 sq m parking)
Location	Bekasovo (Naro-Fominsk district of the Moscow region)
Direction	South-West, Kiyevskoye, 50 km from MKAD
Date of launch	30 June 2015 (preliminary launch – 22 June 2015)
Corporate approval	Board of Directors Detsky Mir JSC (resolution №22 as of 30 May 2014)

Currency risk mitigation

- ✓ All rental agreements are nominated in local currency (rouble) or in foreign currency with fixed FX-rate
- ✓ Transfer from foreign to domestic currency basis for import contracts (e.g. contract with Fashion Square)
- ✓ Enhanced coordination with domestic producers on the back of increasing demand from consumers (e.g. contract with «Midisa», large Russian producer of shoes)

Corporate and social responsibility

- ! The largest employer in the children`s goods market (above 7 000 employees)
- ! The largest taxpayer among children`s goods retailers (above RUB3 bn tax payments, incl. income tax, social contributions, duties)
- ! Support for ca. 350 children`s institutions, charity of RUB150 mln
- ! Increasing investments by 194% from RUB1.9bn in 2014 to RUB5.7bn in 2015 and improving employment in Moscow region (Bekasovo)

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