



МАРКА №1
В РОССИИ



Detsky Mir
RETAIL CHAIN



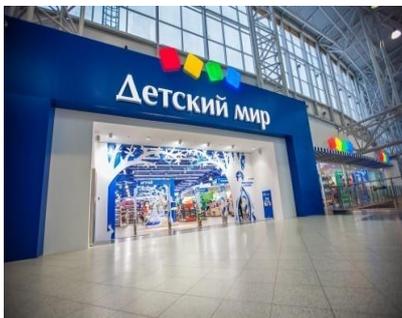
Detsky Mir announces audited financial results for FY 2015

1 March 2016



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 results for FY 2015



- **Total space increased** by 101 k sq m: from 390 k sq m in 2014 to 491 k sq m in 2015 driven by 104 new store openings (103 Detsky Mir branded stores and 1 ELC branded store)
- **Revenue increased** by 33.2% compared to the respective period of 2014: from RUR45.5 bn in 2014 to RUR 60.5 bn in 2015
 - LFL¹ Detsky Mir revenue growth is 12.4% in 2015 (average ticket growth is 8.4% and traffic growth is 3.7%)
- **Gross profit increased** by 26.9% compared to the previous year: from RUR17.3 bn in 2014 to RUR21.9 bn in 2015
 - Gross margin in 2015 is 36.2%
- **Selling, research and administrative costs (SG&A)**² (as % of revenue) **went down** from 29.8% in 2014 to 27.7% in 2015 driven by operational improvements, focused on raising operating margins
- **Adjusted OIBDA**³ **increased** by 38.6%: from RUR6.2 bn in 2014 to RUR4.5 bn in 2015, **OIBDA margin** reached 10.2%
 - Unadjusted OIBDA amounted to RUB 5.1bn
- **Adjusted Net income**³ excluding the additional bonuses payment and other non-operating one-off costs **increased** by 29.9% to RUR2.2 bn compared to the respective period of 2014
 - Unadjusted net income amounted to RUB 1.0bn.

Notes:

¹ LFL measures is calculated on the basis of operations of Detsky mir branded stores only. The Detsky Mir stores that are included in like-for-like comparisons are those stores that have been open during the entirety of the two years for which the like-to-like comparison is being made. For example, the like-for-like comparison of retail sales between 2015 and 2014 would include revenue of all Detsky Mir stores that were opened during the course of 2013 and that were in operation during 2014 and 2015. Like-for-like revenue is calculated on the basis of store revenue in roubles (including VAT but excluding returns)

² Selling, general and administrative expenses are calculated without Depreciation and Amortisation

³ Adjusted OIBDA is calculated as follows: Operating income before depreciation and amortization. FY 2014: excluding one-off effects related to disposal of Yakimanka building and LTI-bonus for CEO; FY 2015: excluding additional bonus payments under the LTI program (in relation to Sistema JSFC's completion of the sale of 23.1% of Detsky Mir to the Russia-China Investment Fund)

⁴ Adjusted Net income - FY 2014 net income, excluding one-off costs related to disposal of Yakimanka building and LTI-bonus for CEO; FY 2015 net income, excluding additional bonus payments under the LTI program (in relation to Sistema JSFC's completion of the sale of 23.1% of Detsky Mir to the Russia-China Investment Fund) and other non-operating one-off costs

FY 2015 financial performance overview

Key financial indicators, 2011-2015 (RUB mln, unless specified otherwise)

	2011	2012	2013	2014	2015	2014-2015, % ч3М.
Number of stores	150	216	252	322	425	32%
Detsky Mir stores	149	195	224	278	381	37%
ELC stores	0	20	27	43	44	2%
Selling space (K sq m)	236	291	320	390	491	26%
Revenue	23,007	27,624	36,001	45,446	60,544	33%
% of LFL sales growth ¹	14.9%	5.6%	13.4%	13.6%	12.4%	
Revenue per sq m ² (RUB thousand /sq. m)	102	105	118	128	137	7%
Online sales ³	40	127	227	443	1,260	184%
Share of online sales	0.2%	0.5%	0.6%	1.0%	2.1%	
COGS	14,235	16,681	22,093	28,183	38,640	37%
% of revenue	61.9%	60.4%	61.4%	62.0%	63.8%	
Gross income	8,772	10,943	13,908	17,263	21,904	27%
Margin, %	38.1%	39.6%	38.6%	38.0%	36.2%	
Gross income per sq m ² (RUB thousand /sq m)	39	42	46	48	50	4%
SG&A⁴	8,026	9,326	11,155	13,523	16,771	24%
% of revenue	34.9%	33.8%	31.0%	29.8%	27.7%	
Adjusted OIBDA⁵	806	1,655	2,771	4,463	6,185	39%
Margin, %	3.5%	6.0%	7.7%	9.8%	10.2%	
OIBDA	806	1,655	2,771	4,910	5,122	4%
Margin, %	3.5%	6.0%	7.7%	10.8%	8.5%	
Adjusted Net income⁶	-217	428	1,153	1,685	2,189	30%
Margin, %	-0.9%	1.5%	3.2%	3.7%	4.0%	
Net income	-217	428	1,153	2,043	976	52%
Margin, %	-0.9%	1.5%	3.2%	4.5%	1.6%	
TOTAL Debt	4,039	2,998	5,922	9,716	18,359	89%
Cash and cash equivalents	2,423	1,631	860	1,670	1,934	16%
Adjusted Net Debt⁷	1,616	1,366	5,062	8,046	11,550	44%
Net debt	1,616	1,366	5,062	8,046	16,425	104%
Adjusted Net Debt /Adjusted OIBDA	2.0x	0.8x	1.8x	1.8x	1.9x	
Net debt/ OIBDA	2.0x	0.8x	1.8x	1.6x	3.2x	

Source: The Company's audited consolidated financial statement for 2011-2014 under US GAAP and 2015 under IFRS, Company data

¹ LFL growth in roubles.

² Calculated per average space for the period.

³ The indicator includes all online orders on the website - www.detsky.ru, including home delivery to customers and in store pick-up

⁴ Selling, general and administrative expenses are calculated without Depreciation and Amortisation

⁵ Adjusted OIBDA is calculated as follows: Operating income before depreciation and amortization. FY 2014: excluding one-off effects related to disposal of Yakimanka building and LTI-bonus for CEO; FY 2015: excluding additional bonus payments under the LTI program (in relation to Sistema JSFC's completion of the sale of 23.1% of Detsky Mir to the Russia-China Investment Fund)

Key Facts

Strong revenue growth (+26%)

- Revenue growth in 2015 driven by:
 - LFL sales at 12.4%
 - growing traffic and full year of functioning of the 56 stores opened in 2014
 - opening of 104 new stores in 2015

Strong gross income growth

- Small decrease in the gross margin in 2015 due to the rouble's depreciation and the need to maintain affordable prices at stores, ensuring additional incoming traffic and eventually strong gross income growth

Improved operating efficiency

- Reduction of the share of selling, general and administrative expenses from 29.8% to 27.7% of revenue driven by improved operating efficiency and costs cutting

Adjusted OIBDA growth +38.6%

- Normalized OIBDA growth by 38.6% is a result of SG&A costs decrease as % of revenue that was driven by the effects from implemented operational improvements

Adjusted Net income growth +29.9%

- Normalized Net income growth is a result of high revenue growth as well as of the business efficiency improvement

Attractive returns for shareholders

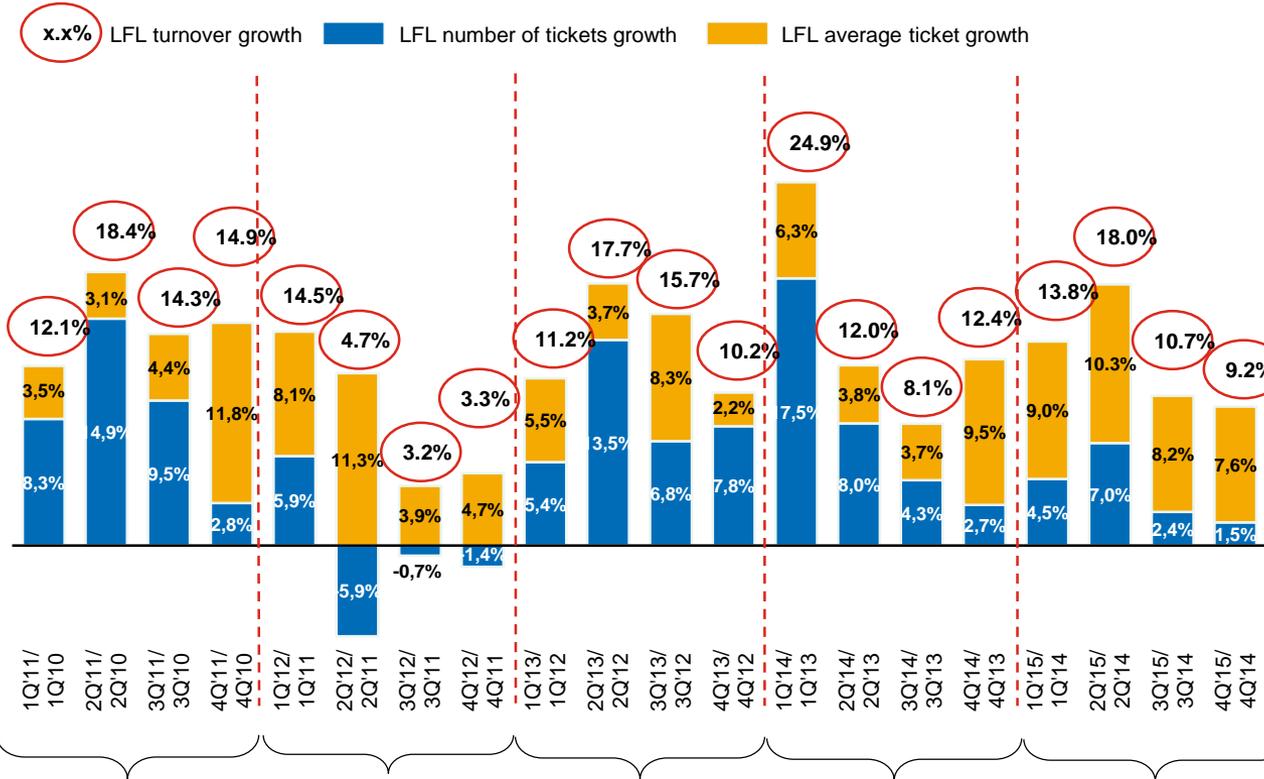
- The Company paid RUB 3.0bn in dividends to shareholders in 2015
 - The sum of dividends grew 7-fold from 2013

⁶ Adjusted Net income - FY 2014 net income, excluding one-off costs related to disposal of Yakimanka building and LTI-bonus for CEO; FY 2015 net income, excluding additional bonus payments under the LTI program (in relation to Sistema JSFC's completion of the sale of 23.1% of Detsky Mir to the Russia-China Investment Fund) and other non-operating one-off costs

⁷ The ratio is adjusted for the repayment under the loan agreement №381-FZ dated 03.07.2013 to CJSC "DM-Finance" (Sistema) at the end of January 2016. Cash was directed on repayment of the part of Detsky Mir's revolving debt

Robust like-for-like performance

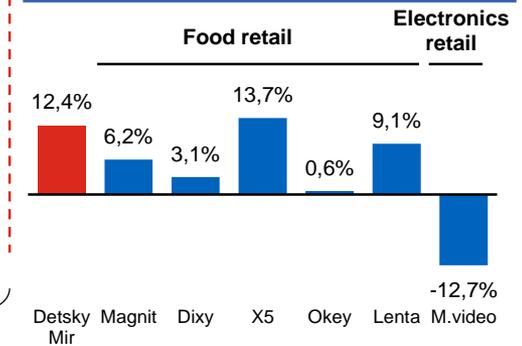
Like-for-like sales (in RUR)



Comments

- Double-digit growth of the like-for-like sales was a result of competitive pricing policy, marketing activities and improvements in merchandising
- Key driver of the like-for-like sales is an increase in traffic
- New openings under new store concept, attractive loyalty program, and competitive prices will be supportive for like-for-like growth in the future

Like-for-like sales growth for FY 2015



LFL growth in 2011

Total	14.9%
Average ticket	6.1%
Traffic (# of tickets)	8.3%

LFL growth in 2012

Total	5.6%
Average ticket	6.4%
Traffic (# of tickets)	(0.7%)

LFL growth 2013

Total	13.4%
Average ticket	4.8%
Traffic (# of tickets)	8.2%

LFL growth 2014

Total	13.6%
Average ticket	5.1%
Traffic (# of tickets)	8.1%

LFL growth 2015

Total	12.4%
Average ticket	8.4%
Traffic (# of tickets)	3.7%

Source: Company data

In 2015 Detsky Mir continues to demonstrate attractive growth rates (LFL +12%)

* LFL base for 2014 – 176 stores; 2015 – 210

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