



МАРКА №1
В РОССИИ



Detsky Mir
RETAIL CHAIN



Detsky Mir announces unaudited financial results for 9 months of 2016

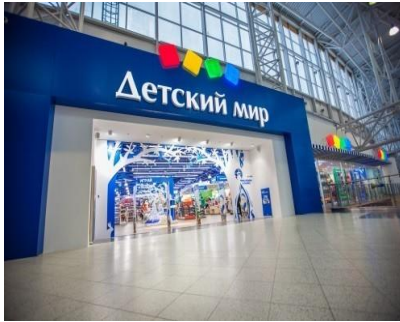
24 November 2016



This presentation is for information purposes only.

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. 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. The Company and all its directors, officers, employees and advisors herewith state that they are not obliged to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events, save as required under applicable laws.

Key unaudited financial and operating results for 9 months of 2016



- **Total selling space increased** by 42 k sq m: from 491 k sq m in 2015 to 533 k sq m for 9 months of 2016 driven by 40 new store openings¹
- **Revenue increased** by 35.7% as compared to the respective period of the previous year: from RUR 40.0bn for 9m 2015 to RUR 54.2 bn for 9m 2016
 - LFL² revenue growth of Detsky mir stores in Russia was 12.7% for 9m 2016 (average ticket growth was 8.2% and number of transactions growth was 4.2%)
- **Gross profit increased** by 31.2% the respective period of the previous year from RUR13.8 bn for 9m 2015 to RUR18.1 bn for 9m 2016
 - **Gross margin** for 9m 2016 was 33.3%
- **Selling, administrative and other operating expenses**³ as a share of revenue decreased by almost 2.5 b.p. to 24.8% as compared with 27.3% for 9m 2015. driven by increased operational efficiency
- **OIBDA**⁴ increased by 58.6% year-on-year to RUB 4.6bn for 9m 2016 as compared to RUB 2.9bn for 9m 2015; the **OIBDA margin**⁵ reached 8.5%
- **Net income** more than doubled year-on-year to RUB 1.7bn for 9M 2016
- **The net debt**⁶/**adjusted OIBDA LTM ratio**⁷ as of September 2016 improved to 1.6x vs 3.2x as of 30 sep 2015

Source: DM's unaudited IFRS report for 9m 2016, Company data

Notes:

¹ Net chain growth since the beginning of 2016 amounted to 39 stores including relocation

² LFL measures is calculated on the basis of operations of Detsky mir branded stores in Russia only. The Detsky Mir stores that are included in like-for-like comparisons are those stores that have been open within a calendar year for which the like-to-like comparison is being made. For example, the like-for-like comparison of retail sales between 9m 2016 and 9m 2015 would include revenue of all Detsky Mir stores that were opened during the course of 2014 and that were in operation during 2015 and 9m 2016. Like-for-like revenue is calculated on the basis of store revenue in roubles (including VAT but excluding returns)

³ Selling, administrative and other operating expenses exclude depreciation and amortization costs

⁴ OIBDA is calculated based on the financial statements under IFRS by adding depreciation and amortization costs to operating income

⁵ OIBDA margin is OIBDA divided by total revenue

⁶ Net debt is calculated as total borrowings less cash and cash equivalent

⁷ Adjusted OIBDA LTM excludes one-off effects related to the disposal of the Yakimanka building and payments under the long term incentive scheme

Overview of the financial results for 9 months 2016 (unaudited)

Key results in 9m 2016 vs. 9m 2015 (RUB bn. unless specified otherwise)

	9m 2015	9m 2016	Change
Number of stores (units)	370	464	25.4%
<i>Detsky Mir¹</i>	326	420	28.8%
<i>ELC</i>	44	44	-
Selling space (thousand sq m)	435	533	22.5%
Revenue	40.0	54.2	35.7%
Gross profit	13.8	18.1	31.2%
<i>Gross margin (%)</i>	34.6%	33.3%	-1.3b.p
Selling, administrative and other operating expenses²	10.9	13.5	23.9%
<i>% of revenue</i>	27.3%	24.8%	-2.5b.p.
OIBDA³	2.9	4.6	58.6%
<i>OIBDA margin (%)</i>	7.4%	8.5%	1.2b.p.
Net income	0.7	1.7	142.9%
<i>Net profit margin (%)</i>	1.6%	3.1%	1.5b.p.

Key financials. LTM as of Sep. 2016 vs. LTM as of Sep. 2015 (RUB bn. unless specified otherwise)

	LTM as of Sep. 2015	LTM as of Sep. 2016	Change
Revenue	55.6	74.8	34.5%
Gross profit	20.2	26.1	29.2%
<i>Gross margin (%)</i>	36.3%	34.9%	-1.3b.p.
Adjusted selling, administrative and other operating expense⁴	15.0	18.3	22.0%
<i>% of revenue</i>	27.0%	24.4%	-2.6b.p.
Adjusted OIBDA⁵	5.1	7.9	54.9%
<i>OIBDA margin (%)</i>	9.2%	10.5%	1.3b.p.
Adjusted Net income⁶	1.7	3.2	88.2%
<i>Net profit margin (%)</i>	3.1%	4.3%	1.2b.p.
Net debt⁷	16.5	12.5	
<i>Net debt /Adjusted OIBDA (x)</i>	3.2x	1.6x	

Source: DM's unaudited IFRS report for 9m 2016, Company data

Notes:

¹ Chain growth since the beginning of 2016 amounted to 40 stores excluding relocation

² Excluding depreciation and amortization costs (D&A)

³ OIBDA is calculated based on the financial statements under IFRS by adding depreciation and amortization costs to operating income

⁴ Excluding D&A, one-off effects related to the disposal of the Yakimanka building and payment of bonuses under the long term incentive scheme

Key Facts

40
Detsky Mir
branded stores

- 40 new Detsky Mir branded stores excluding relocation
- Total selling space has increased by 42 k sq.m since the beginning of the year

Revenue growth
+36%

- 36% growth of revenue for 9 months 2016 was due to:
 - Growth in LFL sales of Detsky Mir stores in Russia by 12.7%
 - Increasing maturity of stores opened in 2014 and 2015

Improved operational efficiency

- Selling, administrative and other operating expenses as a percentage of revenue decreased from 27.3% to 24.8% as result improved operational efficiency

Revenue growth
+34%

- Growth of revenue in the last twelve months results from:
 - High LFL sales growth
 - An all-time high number of stores opened in 2015 (104 new stores)
 - Increasing maturity of stores opened in 2014-2015

Improved operational efficiency

- Selling, administrative and other operating expenses as a percentage of revenue decreased from 27.0% to 24.4% as result improved operational efficiency of business

Improved net debt/adjusted OIBDA LTM ratio

- The net debt/adjusted OIBDA LTM ratio as of Sep.2016 improved to 1.6x vs 3.2x as of Sep.2015

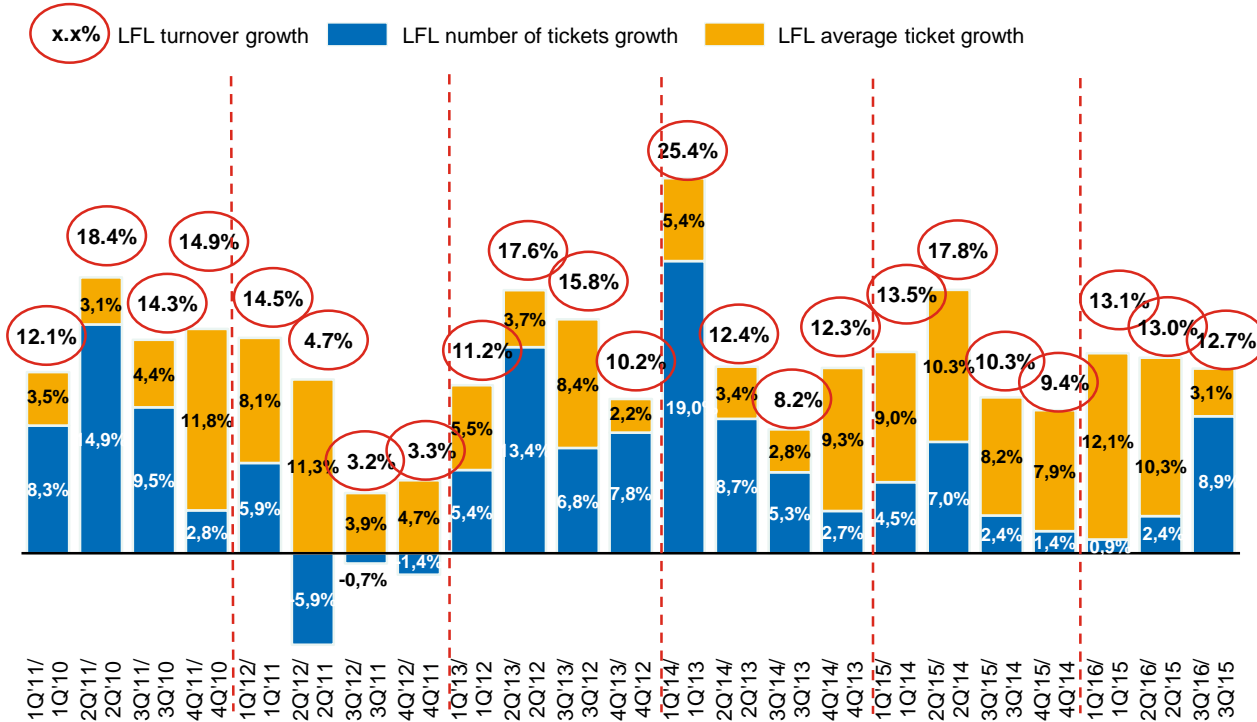
⁵ Excluding one-off effects related to the disposal of the Yakimanka building and payment of bonuses under the long term incentive scheme

⁶ Excluding one-off effects related to the disposal of the Yakimanka building, payment of bonuses under the long term incentive scheme and other non-operating one-off costs

⁷ Net debt is calculated as total borrowings less cash and cash equivalent

Robust like-for-like performance

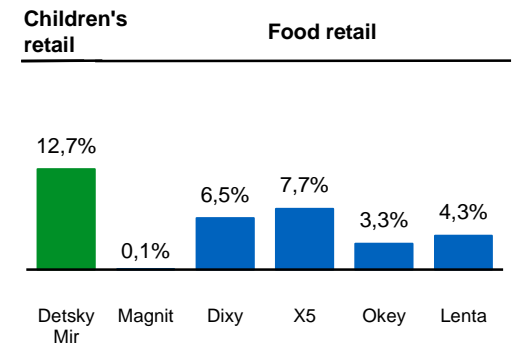
Like-for-like sales (in RUR)*



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 average ticket
- New openings under new store concept, attractive loyalty program and competitive prices are key factors supporting further like-for-like growth

Like-for-like sales growth for 9m 2016*



LFL growth in 2011

Total	14.9%
Average ticket	6.1%
Number of tickets	8.3%

LFL growth in 2012

Total	5.6%
Average ticket	6.4%
Number of tickets	(0.7%)

LFL growth 2013

Total	13.4%
Average ticket	4.8%
Number of tickets	8.2%

LFL growth 2014

Total	13.7%
Average ticket	5.0%
Number of tickets	8.3%

LFL growth 2015

Total	12.3%
Average ticket	8.2%
Number of tickets	3.7%

LFL growth 9m 2016

Total	12.7%
Average ticket	8.2%
Number of tickets	4.2%

Source: Company data, publicly available data with respect to other companies
*LFL measures is calculated on the basis of operations of Detsky mir branded stores in Russia only

Detsky Mir demonstrated attractive growth rates (LFL +12.7%) for 9 months 2016

Contact information

Nadezhda Kiselyova.

Head of the PR Department. Detsky Mir

+ 7 (495) 781 08 09. ext. 2042

nkiseleva@detmir.ru

Sergey Levitskiy

Head of M&A and Business Valuation

+ 7 (495) 781-08-08. доб. 2315

slevitskiy@detmir.ru