



DETSKY MIR GROUP ANNOUNCES ITS 1H 2015 OPERATING RESULTS

23 July 2015. Russia, Moscow. Detsky Mir Group (hereinafter referred to as "Detsky Mir" or "the Group"), Russia's largest children's goods retailer, announces its unaudited operating results for 1H 2015 ended on 30 June 2015.

KEY OPERATING RESULTS FOR 1H 2014

- The Group's revenue has increased by 36.6%, to RUB 24.7bn, vs RUB 18.1bn in 1H 2014.
- Detsky Mir's like-for-like sales gained 15.8%¹ (with the number of checks growing by 5.5%, and the average check growing by 9.8%);
- The number of stores in the Group increased to 347 as a result of 26 new stores opened in 1H 2015, including 25 new Detsky Mir stores and 1 ELC stores

Reporting date	30.06.2014	31.12.2014	30.06.2015
Number of stores	265	322	347
<i>Detsky Mir</i> ²	232	278	303
<i>ELC</i>	32	43	44
Retail floorspace (K sq.m)	328	390	411

Period	1H 2014	1H 2015	Growth
Revenue (RUB m)	18 115	24 744	36.6%
LFL sales	18,2%	15,8%	-2,4 p.p.
LFL number of checks	13,4%	5,5%	-7,9 p.p.
LFL average check	4,3%	9,8%	+5,5 p.p.

Vladimir Chirakhov, CEO of Detsky Mir Group:

“Revenue in 1H 2015 grew by 37% YoY. The high growth rate largely results from high LFL sales: LFL growth totalled 15.8%, mostly due to the growth of the average check by 9.8% and the growth in the number of checks by 5.5%.

(1) LFL and average check are hereinafter specified as year on year in Russian roubles in comparative periods

(2) Excluding one Yakimanka Children's Gallery store

Detsky Mir Group continued implementing its strategy of territorial expansion and improving business efficiency. In 1H 2015 the Group opened 26 new stores, including 25 DM stores and 1 ELC stores. 10 out of the 26 new stores were opened in the Moscow region. For the first time our stores opened their doors in the cities such as Irkutsk, Kotlas (Arkhangelsk region), Kovrov (Vladimir region), Glazov (Udmurt Republic), Krasnoznamensk (Moscow region). In June, the 300th store of Detsky Mir was opened.

The new DM stores open in our new concept, which was first presented in December 2013 in the MEGA Belaya Dacha shopping mall, which becomes an additional factor stimulating growth in both traffic and the number of items in the average check.

The successful development of Detsky Mir Group allows us to reconsider the plans of territorial expansion: all the results of 2015 will be open at least 80 DM stores instead of the planned 60 stores, and 2 stores ELC.

In 1H 2015 the Group integrated a single system SAP. The key processes such as ordering of goods in the stores, cash management reporting, management of promotions and pricing, E-commerce (including the process in-store pick-up), inventory management and much more were automated. Currently all DM stores are working under SAP.

Strategically important direction is the Internet-commerce (e-commerce), in June, about hundreds of new pick-up points were opened in our stores. Therefore, at the moment the online store has 550 own and collaborating pick-up points.”

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The Detsky Mir Group is the largest children's goods retailer in Russia. The Group includes the national-wide retail chain Detsky Mir, the luxury shopping centre Yakimanka Children's Gallery, the ELC retail chain, and two online stores (DM and ELC). As of 30 June 2015, Detsky Mir's chain is represented by 303 stores in Russia and Kazakhstan. The total floorspace of the chain is 411 K sq.m. Detsky Mir's principal shareholder is Sistema JSFC. Websites: www.detmir.ru, www.det-mir.ru.

Sistema is a publicly-traded diversified Russian holding company serving over 100 million customers in the sectors of telecommunications, high technology, radio and space technology, banking, retail, mass media, tourism and healthcare services. Founded in 1993, the company reported revenues of US\$ 16.6 billion for FY2014 and total assets of US\$ 20.7 billion as at Wednesday, December 31, 2014. Sistema's global depository receipts are listed under the symbol "SSA" on the London Stock Exchange. Sistema's ordinary shares are listed under the "AFKS" ticker on the Moscow Stock Exchange. Website: www.sistema.com.

Some of the information in this document may contain projections or other forward-looking statements regarding future events of the Detsky Mir Group and Sistema JSFC. Such statements contain phrases like "expected", "estimated", "intended", "will", "could", negatives of such statements, and other similar expressions. We would like to warn you that such statements are assumptions only and the actual course of events and their results may differ significantly from such statements. We do not intend to revise such statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Due to numerous factors, the actual results of the Detsky Mir Group and Sistema JSFC may differ significantly from those stated in our assumptions and projections. Such factors may include general economic conditions, competitive environment in which we operate, risks related to the operations in Russia, rapid technological or market changes in our sphere of business, and many other risks directly related to the Detsky Mir Group and Sistema JSFC and their activities.