



**DETSKY MIR GROUP ANNOUNCES
OPERATING RESULTS FOR 1st HALF 2016**

26 July 2016. Moscow, Russia. Detsky Mir Group ("Detsky Mir" or "the Group"), Russia's largest children's goods retailer, announces its unaudited operating results for the first half of 2016, which ended on 30 June 2016.

KEY OPERATING RESULTS FOR 1st HALF 2016

- Group unaudited revenue increased by 36% to RUB 33.7bn, vs. RUB 24.7bn in 1H 2015
- Like-for-like sales at Detsky Mir stores in Russia grew by 13.0%¹, with the number of checks growing by 1.6% and the average check increasing by 11.2%;
- Group stores increased to 444 with total retail floor space of approximately 511 th. sq.m. as a result of the opening of 20 new Detsky Mir stores in 1H 2016.

Reporting date	30 June 2015	31 December 2015	30 June 2016	Change, 1H 2016 vs. 1H 2015
Number of stores	330	425	444	35%
<i>Detsky Mir²</i>	287	381	400	39%
<i>ELC</i>	43	44	44	2%
Retail floorspace (th. sq.m.)	399	491	511	28%

Vladimir Chirakhov, CEO of Detsky Mir Group, said:

“Unaudited consolidated revenue in the first half of 2016 increased by 36% year-on-year. Despite the continued decline in Russian retail sales, we maintained the double-digit pace of sales growth at comparable stores, with like-for-like sales growth of 13.0%.

Detsky Mir Group remains committed to its strategic goals of expanding its geographical footprint and improving its operational efficiency. In the first half the Group opened 20 new stores, including 11 Detsky Mir stores in the Moscow region and in Kazakhstan. As well as opening our first stores in Moscow region towns including Stupino, Sergiev Posad, Voskresensk and Istria, we have continued to expand outside the capital region, with openings in Kamensk-Uralsky (Urals) and Sterlitamak (Volga region). At the end of June the 400th Detsky Mir store was opened.

Dynamic growth and our strong financial position mean we are able to adjust our previously announced plan of geographical expansion. In 2016, the Company will open at least 80 Detsky Mir stores instead of the previously planned 50.

E-commerce remains our fastest growing segment. In 1H 2016 Group revenue from this segment more than doubled year on year, driven principally by a higher conversion rate.”

(1) Here and elsewhere like-for-like (LFL) sales and average check are calculated in Russian roubles. Trends are presented for the comparative period (H1 2016 to H1 2015) and include only Detsky Mir stores in Russia.

(2) Net chain growth since the beginning of 2016 amounted to 19 stores including relocation

For additional information contact:

Nadezhda Kiseleva

Head of PR

Office: +7 (495) 781-08-08, ext. 2041

Cell: +7 (903) 969-00-86

nkiseleva@detmir.ru

Sergey Levitskiy

Head of M&A and Business Valuation

Office: +7 (495) 781-08-08, ext. 2315

Cell: + 7 903 971 43 65

slevitskiy@detmir.ru

Detsky Mir Group is the largest children's goods retailer in Russia. The Group includes the nationwide retail chain Detsky Mir, the ELC retail chain, and two online stores (Detsky Mir and ELC). As of 30 June 2016, Detsky Mir had 400 stores in Russia and Kazakhstan, while the ELC retail chain consisted of 44 stores in Russia. The total retail floorspace of the chain is 511 thousand sq.m. Detsky Mir's principal shareholders are Sistema JSFC (72.6%), and Russia-China Investment Fund (23.1%). Websites: www.detmir.ru, corp.detmir.ru, elc-russia.ru

Sistema is a publicly-traded diversified Russian holding company serving over 100 million customers in the sectors of telecommunications, high technology, pulp and paper, radio and space technology, banking, retail, mass media, tourism and healthcare services. Founded in 1993, the company reported revenues of RUB 708.6 billion for 2015 and total assets of RUB 1.3 trillion as of December 31, 2015. Sistema's global depository receipts are listed under the symbol SSA on the London Stock Exchange. Sistema's ordinary shares are listed under the ticker AFKS on Moscow 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.