

**DETSKY MIR GROUP ANNOUNCES
OPERATING RESULTS FOR THE FIRST QUARTER 2017**

10 April 2017. Moscow, Russia. – Detsky Mir Group ("Detsky Mir", "the Group" or "the Company") (MOEX: DSKY), Russia's largest specialized children's goods retailer, announces its operating results for the first quarter ended 31 March 2017.

KEY OPERATING RESULTS FOR 1Q 2017

- Group unaudited retail revenue increased by 26.8% to RUB 20.8bn, vs. RUB 16.4bn in 1Q 2016;
- In accordance with the methodology of calculation of like-for-like comparisons, which would be closer to methodologies used in operating and financial reporting of publicly traded food retailers in Russia, like-for-like sales at Detsky Mir stores in Russia grew by 11.2%¹, with the number of tickets growing by 13.3% and a decline in the average ticket price by 1.9%;
- Group stores amounted to 521² with total retail floorspace of approximately 596,000 sq. m. In the first quarter of 2017, two Detsky Mir branded stores³ were opened.

	31.03.2016	31.12.2016	31.03.2017
Number of stores	429	525	521
Detsky Mir	385	480	480
ELC	44	45	41
Selling space ('000, sq.m.)	495	596	596
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	31.03.2016	31.12.2016	31.03.2017
<i>Alternative Like-for-Like, %</i>			
Like-for-Like revenue growth, %¹	13.5%	12.3%	11.2%
<i>Like-for-Like number of tickets growth, %¹</i>	1.2%	6.0%	13.3%
<i>Like-for-Like average ticket growth, %¹</i>	12.1%	5.9%	(1.9%)
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	31.03.2016	31.12.2016	31.03.2017
Like-for-like, %			
Like-for-Like revenue growth, %⁴	13.2%	10.8%	11.2%
<i>Like-for-Like number of tickets growth, %⁴</i>	0.9%	4.4%	13.2%
<i>Like-for-Like average ticket growth, %⁴</i>	12.1%	6.2%	(1.9%)

Vladimir Chirakhov, PJSC Detsky Mir Chief Executive Officer, said:

"In 1Q 2017, Detsky Mir reaffirmed its leadership in the Russian children's goods market. Its consolidated unaudited retail revenue grew by 26.8% to RUB 20.8bn, mainly due to the growing maturity of stores opened in 2016 and 2015, and also to the 11.2% like-for-like sales growth and a double-digit increase of LfL number of customers.

(1) Alternative like-for-like average growth, like-for-like number of tickets growth and like-for-like revenue growth based on the stores that have been in operations for at least 12 full calendar months.

(2) The number of ELC stores amounted to 41 due to the relocation of retail properties. The opening of new stores is scheduled for the second half of 2017.

(3) In 1Q 2017, two Detsky Mir stores were closed for further relocation.

(4) LfL growth includes only DM stores in Russia that were in operations for one full prior calendar year. For example, the like-for-like comparison of retail sales between 1Q 2017 and 1Q 2016 would include revenue of all Detsky Mir stores that were opened prior to 31 December 2015 and that were in operation during the entirety of 2016 and 1Q 2017.

Its dominant market position enables Detsky Mir to sign exclusive agreements with the biggest manufacturers of children's goods. In 1Q, it signed a direct contract with the Japanese company Epoch for supply of the new promising brand Aquabeads, which has already demonstrated high sales in Germany.

Detsky Mir will continue its expanding in 2017 by opening at least 70 new super- and hypermarkets.

Going public was an important milestone for the company, which was highly recognised by the international investment community. Detsky Mir will strive to unlock the full potential of its legendary brand to develop the business in the interests of its shareholders."

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Detsky Mir Group (MOEX: DSKY) is Russia's largest specialized children's goods retailer. The company operates a network of 525 stores, including 468 Detsky Mir stores in Russia and 12 in Kazakhstan located in 178 different cities, as well as 45 ELC (Early Learning Centre) stores in Russia. The total selling space as at 31 December 2016 was approximately 596,000 square meters.

In accordance with the audited Financial Statements under IFRS Group revenue amounted to RUB 79.5bn for the full year 2016. Adjusted EBITDA totaled RUB 8.2bn and Adjusted profit for the period amounted to RUB 3.8bn for 2016.

Detsky Mir Group's shareholder structure is as follows: PJSC Sistema⁵ - 52.10%; Russia-China Investment Fund (RCIF)⁶ - 14.03%; Other shareholders owning less than 5% of the shares - 33.87%.

Lear more at www.detmir.ru, corp.detmir.ru or elc-russia.ru.

Disclaimer

Some of the information in these materials may contain projections or other forward-looking statements regarding future events or the future financial performance of Detsky Mir. You can identify forward looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could," "may" or "might" the negative of such terms or other similar expressions. Detsky Mir wishes to caution you that these statements are only predictions and that actual events or results may differ materially. Detsky Mir does 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 projections or forward-looking statements of Detsky Mir, including, among others, general economic conditions, the competitive environment, risks associated with operating in the Russian Federation, rapid technological and market change in the industries Detsky Mir operates in, as well as many other risks specifically related to Detsky Mir and its operations.

(5) PJSC 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. Sistema's global depositary 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.

(6) RCIF is an equity fund established by the Russian Direct Investment Fund (RDIF) and China Investment Corporation (CIC), hold its stake in PJSC Detsky Mir through its funds: FLOETTE HOLDINGS LIMITED and EXARZO HOLDINGS LIMITED.