



**DETSKY MIR GROUP ANNOUNCES
OPERATING RESULTS FOR 9 MONTHS 2016**

26 October 2016. Moscow, Russia. Detsky Mir Group ("Detsky Mir" or "the Group"), Russia's largest children's goods retailer, announces its unaudited operating results for 9 months of 2016, which ended on 30 September 2016.

KEY OPERATING RESULTS FOR 9 MONTHS 2016

- Group unaudited revenue increased by 36% to RUB 54.2bn, vs. RUB 40.0bn for the same period in 2015
- Like-for-like sales at Detsky Mir stores in Russia grew by 12.7%¹, with the number of checks growing by 4.2% and the average check increasing by 8.2%
- Group stores increased to 465 with total retail floor space of approximately 535,000 sq.m. as a result of the opening of 40 new Detsky Mir stores in 9 months 2016

Reporting date	30 September 2015	31 December 2015	30 September 2016	Change, 9m 2016 vs. 9m 2015
Number of stores	370	425	465	26%
<i>Detsky Mir</i> ²	326	381	420	29%
<i>ELC</i>	44	44	45	23%
Retail floorspace (th. sq.m.)	435	491	535	23%

Vladimir Chirakhov, CEO of Detsky Mir Group, said:

“Detsky Mir Group again confirmed its position as the leader on the Russian children's goods market in terms of volume and revenue growth. For 9 months 2016, we achieved a strong revenue growth rate of 36%. The approximately 12.7% growth in comparable sales (like-for-like) continued to be the main driver of revenue growth; it was achieved thanks to an increase of the average check size of 8.2% and an increase in the number of checks of 4.2%.

“E-commerce continues to demonstrate solid financial performance. The Group's revenue from this segment more than doubled year on year for 9 months 2016. One of the main drivers of improvement in e-commerce is the successful integration of online and offline platforms, as well as the widespread presence of Detsky Mir stores in all key regions of the country, that allowed us to provide customers with timely deliveries”.

Detsky Mir Group continues to rapidly expand its retail chain. For 9 months 2016, we opened 40 Detsky Mir stores and one Early Learning Centre store; of these, 21 are in the Moscow region and two are in Kazakhstan.

(1) Here and elsewhere like-for-like (LFL) sales and average check are calculated in Russian roubles. Trends are presented for the comparative period (9m 2016 to 9m 2015) and include only Detsky Mir stores in Russia.

(2) Net chain growth since the beginning of 2016 amounted to 39 stores including relocation

Detsky Mir is represented in 157 Russian cities and five Kazakh cities. At least eighty stores will be opened in dozens of cities in FY 2016, including at least five in Kazakhstan.

The sales geography of the new product line for expectant mothers increased nearly six-fold in September. Now more than 200 stores provide customers with about 90 SKUs of the new products, most of which are produced in Russia. The product brands are Just Mom Ulla (Private label of Detsky Mir), FEST and SUCCESS. Maternity clothes can be purchased in the online store: www.detmir.ru.

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Detsky Mir Group is the largest children's goods retailer in Russia. The Group includes the nationwide retail chain Detsky Mir, the Early Learning Centre (ELC) retail chain, and two online stores (Detsky Mir and ELC). As of 30 September 2016, Detsky Mir had 420 stores in Russia and Kazakhstan, while the ELC retail chain consisted of 45 stores in Russia. The total retail floorspace of the chain is 535 thousand sq.m. Detsky Mir's principal shareholders are Sistema JSFC (72.6%) and the 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 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. 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.