



# 9M 2018 Unaudited Financial Results

#1 Russian specialized children's goods retailer

October 2018

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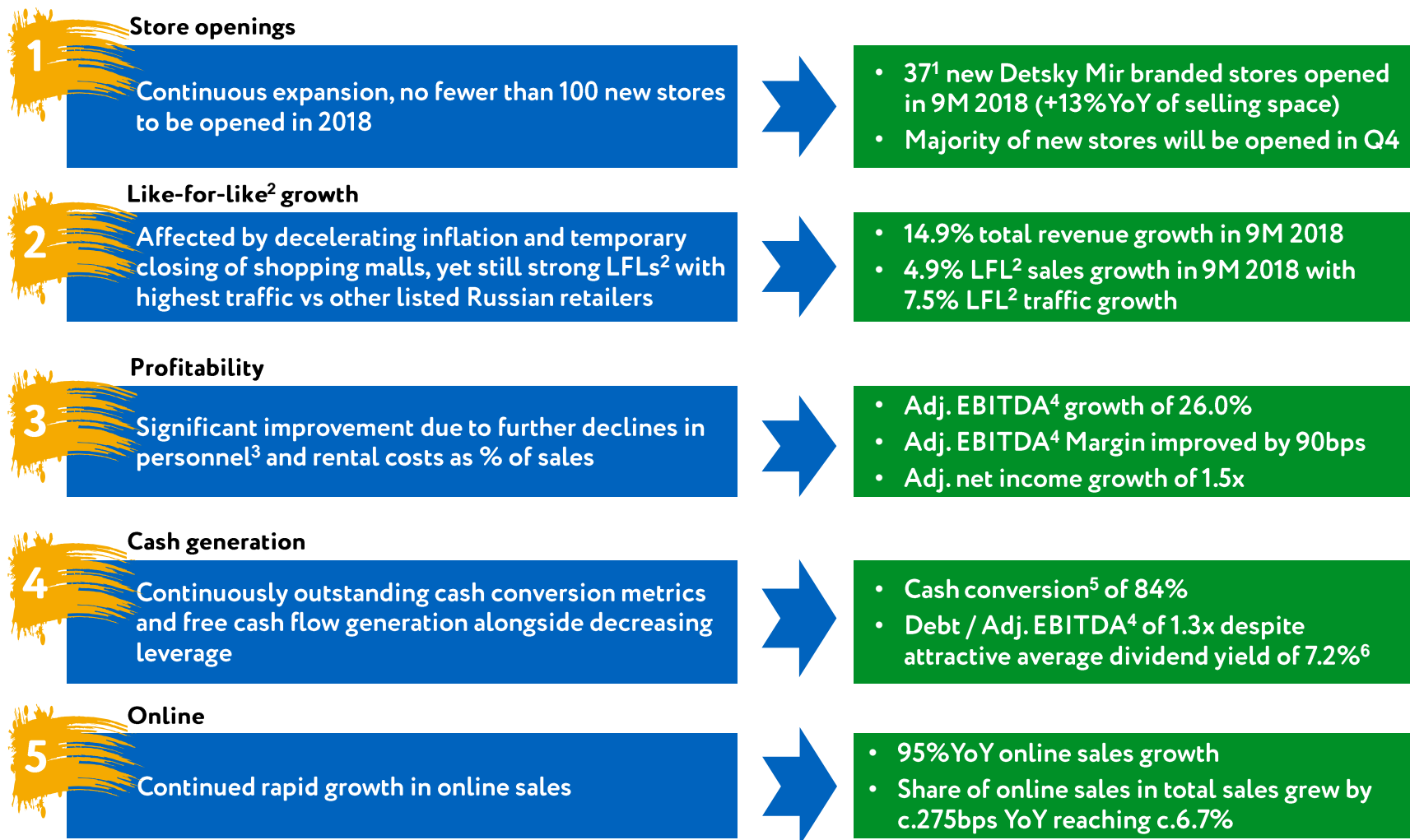
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## 9M 2018 Financial Highlights



Source: Company data. Note: The Company's consolidated financial statements for 2017-2018 under IFRS are presented without reference to the application of IFRS 16, unless specified otherwise.

<sup>1</sup> In 9M 2018, Detsky Mir closed five stores, including two stores in which a fire occurred.

<sup>2</sup> LFL growth includes only DM stores in Russia that have been in operation for at least 12 full calendar months

<sup>3</sup> Excluding share-based compensation and cash bonuses under the LTI program

<sup>4</sup> Adj. EBITDA is calculated as profit for the year before income tax, FX gain/loss, gain on acquisition of controlling interest in associate, impairment of goodwill, net finance expense, D&A, as well as share-based compensation and cash bonuses under the LTI program

<sup>5</sup> Calculated as (Adjusted EBITDA LTM - Adjusted Capex) / Adjusted EBITDA LTM




<sup>6</sup> Calculated as dividend per share (RUB 6.85 paid out for FY 2017) divided by average share price for at least 12 full calendar months

# Key 2018 Business Initiatives

## Increase Share of Private Labels and Direct Imports

- Growing the share of private labels and direct imports across our four main product categories
- Share in total revenue increased from 33.7% to 36.2% in 9M'17 / 9M'18
- Main focus on toys as our key margin- and traffic-driving category, with medium term private label/direct imports share target of 30%
- Successfully rolled out our BabyGo private label line of affordable diapers
- Introducing fashion private brand with fully in-house design to gain expertise in manufacturing and improve quality via tendering

## Share of Private Labels & Direct Imports in Sales by Category

	9M'17	9M'18	
Toys	16.6%	20.7%	 Mobicaro
Newborns	1.7%	2.4%	 Baby Go
Fashion	89.8%	92.9%	 Tombi
Large Items	64.6%	65.2%	
Other Goods	33.5%	34.3%	

## Geographical Expansion

- Plan to enter Belarus, with first store set to open in 2019 and long-term goal to gain 20% share of this RUB 40bn children's goods market
- Continued regional expansion in 2018:
  - Start opening stores in Russia's Far East Federal District
  - Expand to new cities in Kazakhstan (+30% LFL & 2x sales growth)

## Our Key Strengths for Belarus Expansion

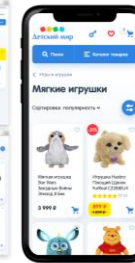
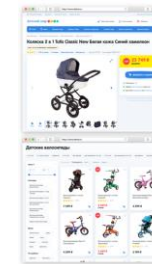


- ✓ Strong brand awareness in CIS
- ✓ Aggressive price positioning
- ✓ Biggest purchasing power in CIS
- ✓ Effective business model (>40% IRR)
- ✓ Efficient supply chain: no customs barriers, adjacent infrastructure, short 2-4 day logistics leg

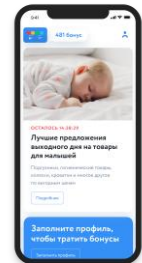
## Continued Upgrades to e-Commerce Platform and Customer Offering

- Home deliveries out of stores in remote cities (mid-term target 2-3 hours): piloting in 10 locations now, full rollout in 2019
- Improve functionality and customer service KPIs of in-store pickups to reach 74% of online sales in 9M18, drive overall LFL sales growth and stimulate cross sales (~15% of online sales)
- Full website redesign: mobile friendly product listings with added reviews and ratings
- Two-phase launch of mobile app: i) loyalty program app in Q4 2018, ii) full-feature mobile app store in 2019

## Website Redesign



## Mobile App



## Launch of New Business Line - Pet Supplies

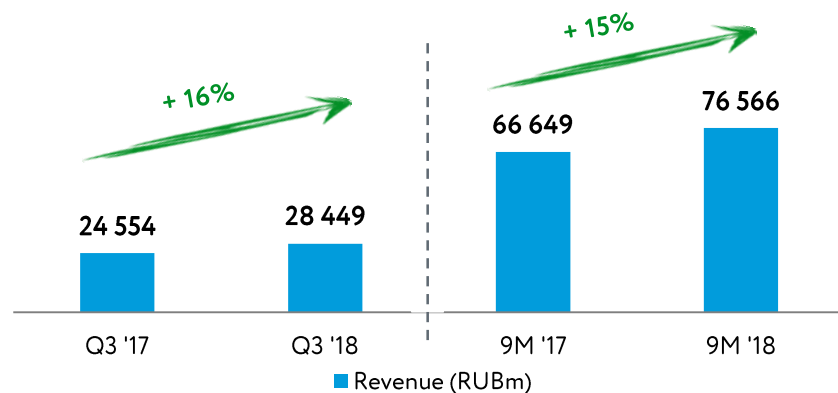
- Begin opening ZOOZAVR branded stores in 4Q 2018: ~200 sqm stores located in same shopping malls as Detsky Mir
- Full-feature high-touch online pet goods store linked to "Detmir.ru", with a combined shopping cart and pickups at both Detsky Mir and ZOOZAVR stores
- Leverage our experience in a comparable, but highly fragmented >RUB 200bn market, as well as synergies in combined logistics and high omni-channel traffic



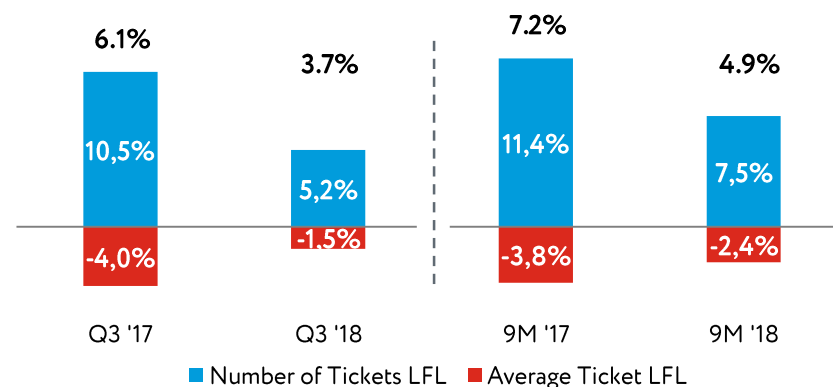


## Continued Solid Top-Line Growth

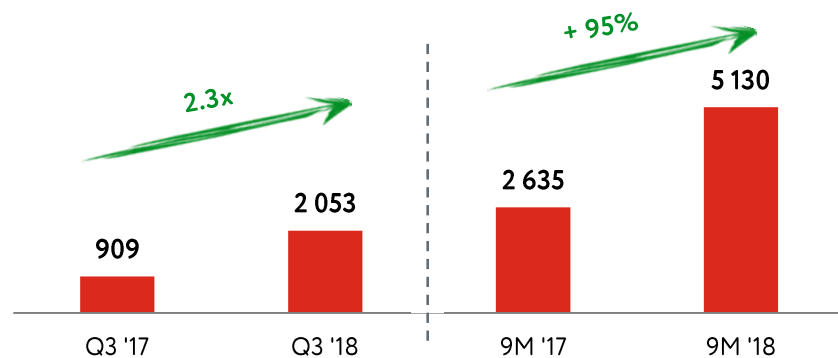
### Total Revenue (RUBm)



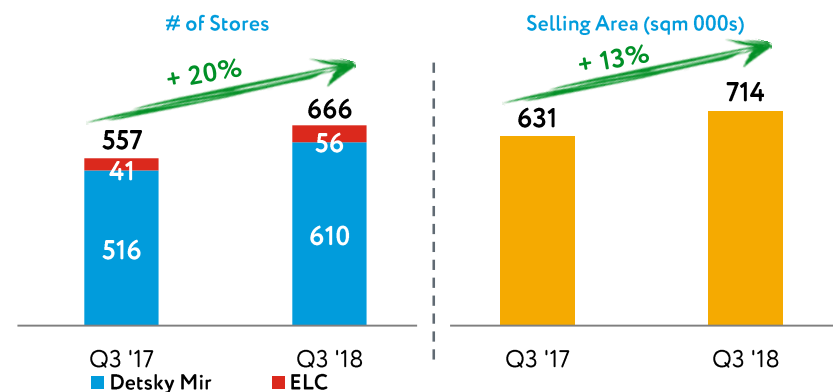
### Like For Like Growth<sup>1</sup>



### E-Commerce Revenue (RUBm)



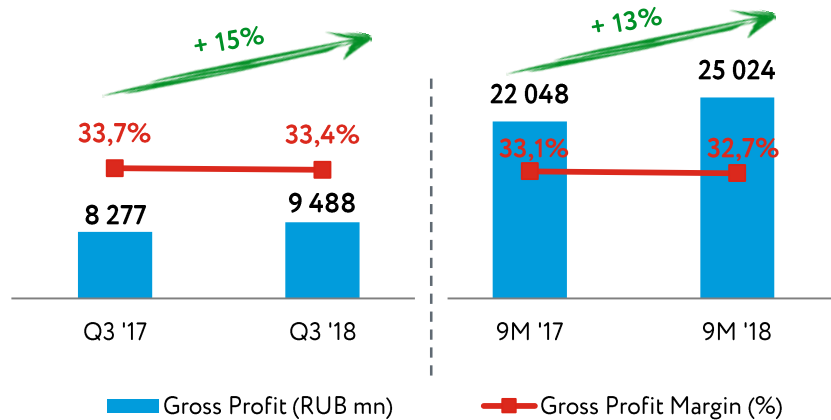
### Store Network



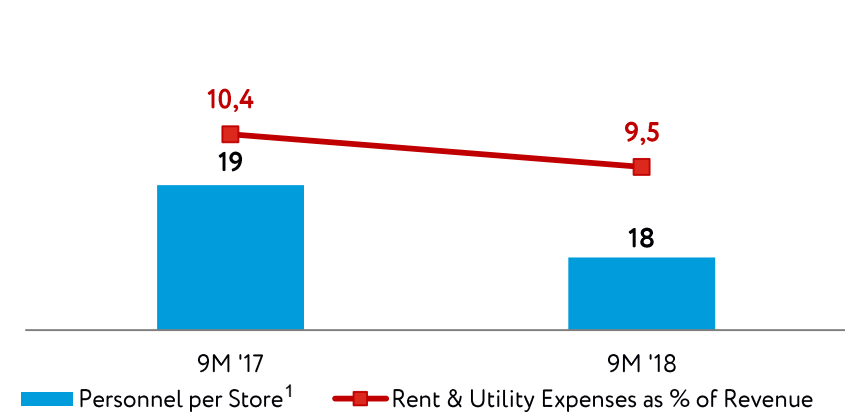
Note: Company's consolidated financial statements for 2017-2018 under IFRS are presented without reference to the application of IFRS 16, unless specified otherwise.  
<sup>1</sup> Includes only Detsky Mir branded stores in Russia. LFL growth includes only DM stores in Russia that have been in operation for at least 12 full calendar months

# Growing Profitability

## Growing Gross Profit

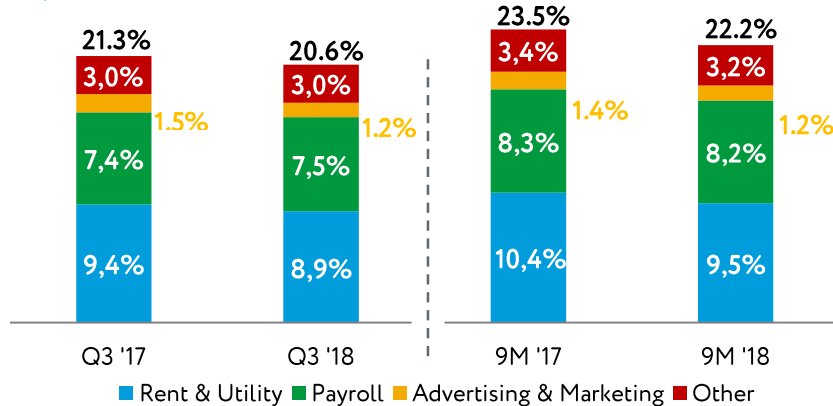


## Personnel per Store and Reduction of Rent Costs

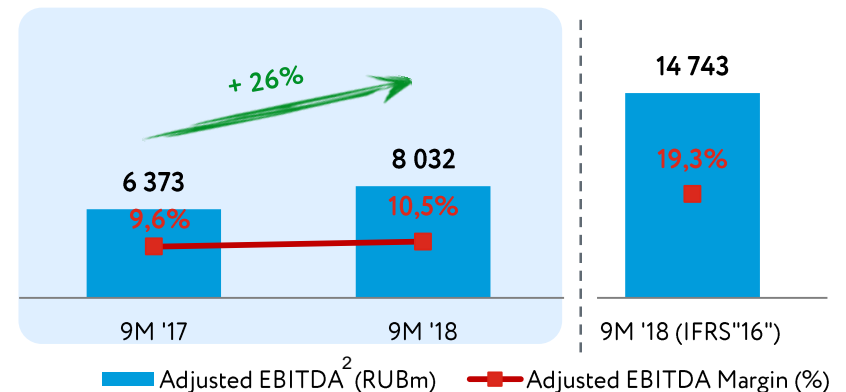


## Strong Operating Leverage Effect<sup>3</sup>

### Adjusted SG&A Expenses<sup>3</sup> as % of Revenue



## Significant Margin Expansion with Scale Benefits



Source: The Company's consolidated financial statements for 2017-2018 under IFRS are presented without reference to the application of IFRS 16, unless specified otherwise.

<sup>1</sup> Excluding personnel in headquarters

<sup>2</sup> Adj. EBITDA is calculated as profit for the year before income tax, FX gain/loss, gain on acquisition of controlling interest in associate, impairment of goodwill, net finance expense, D&A, as well as share-based compensation and cash bonuses under the LTI program

<sup>3</sup> SG&A expenses exclude D&A expenses and adjusted for LTI bonuses, as well as Income received from partial termination of employees' right to receive shares under the LTI program



## Strong Cash Flow Conversion

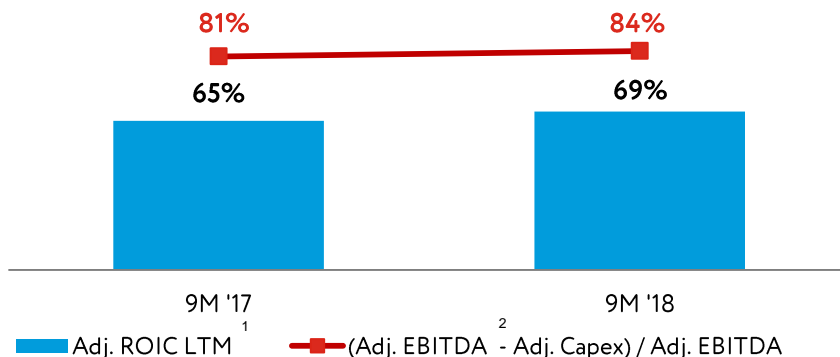
### Comments

- Cash conversion (EBITDA-capex/EBITDA) remains stable at very high levels with improvement in ROIC LTM
- Increase in NWC significantly affected the decline in the Operating Cash flow (expect normalization in Q4):
  - Additional goods purchased to mitigate FX risks (RUB depreciation in Q3) with net effect of RUB 1 bn on NWC
  - Rescheduling of payments between quarters which was affected by the reduction of local suppliers with terms of payment after sales due to the growth in the share of PL and direct imports with net effect of RUB 2 bn on NWC
- Disciplined capex focused on store openings and selective investments in IT and infrastructure; limited maintenance capex requirements

### Cash Flow (RUBm)

	2016	2017	9M '17	9M '18	9M'18 IFRS 16
<b>Adjusted EBITDA<sup>2</sup></b>	<b>8,203</b>	<b>10,663</b>	<b>6,373</b>	<b>8 032</b>	<b>14,743</b>
Changes in NWC	(405)	(1,123)	(3,163)	(6,958)	(6,635)
Cash Income Taxes Paid	(1,468)	(1,523)	(974)	(618)	(618)
Net Finance Expense Paid	(1,813)	(1,645)	(1,185)	(1,110)	(3,703)
Other Operating Cash Flow	1,285	708	347	348	348
<b>Operating Cash Flow</b>	<b>5,801</b>	<b>7,080</b>	<b>1,397</b>	<b>(306)</b>	<b>4,135</b>
CAPEX	(1,747)	(2,468)	(1,242)	(1,283)	(1,283)
<b>Free Cash Flow</b>	<b>4,054</b>	<b>4,612</b>	<b>154</b>	<b>(1,589)</b>	<b>2,853</b>
<b>Investment cash flow</b>	<b>3,165</b>	<b>(1,370)</b>	<b>(168)</b>	<b>(1,283)</b>	<b>(1,283)</b>
<b>Financial cash flow</b>	<b>(8,455)</b>	<b>(5,001)</b>	<b>(2,429)</b>	<b>(88)</b>	<b>(4,529)</b>
<b>Change in Cash</b>	<b>512</b>	<b>710</b>	<b>(1,201)</b>	<b>(1,677)</b>	<b>(1,677)</b>

### Strong Cash Conversion and Financial Returns



Source: The Company's consolidated financial statements for 2016-2018 under IFRS are presented without reference to the application of IFRS 16, unless specified otherwise.

<sup>1</sup> Calculated as operating profit LTM, LTI bonus payments, including, income received from partial termination of employees' right to receive shares under the LTI program, divided by average capital invested. Capital invested is calculated as net debt plus total equity/(deficit) minus amounts receivable under a loan granted to CJSC "DM-Finance"

<sup>2</sup> Adj. EBITDA is calculated as profit for the year before income tax, FX gain/loss, gain on acquisition of controlling interest in associate, impairment of goodwill, net finance expense, D&A, as well as share-based compensation and cash bonuses under the LTI program



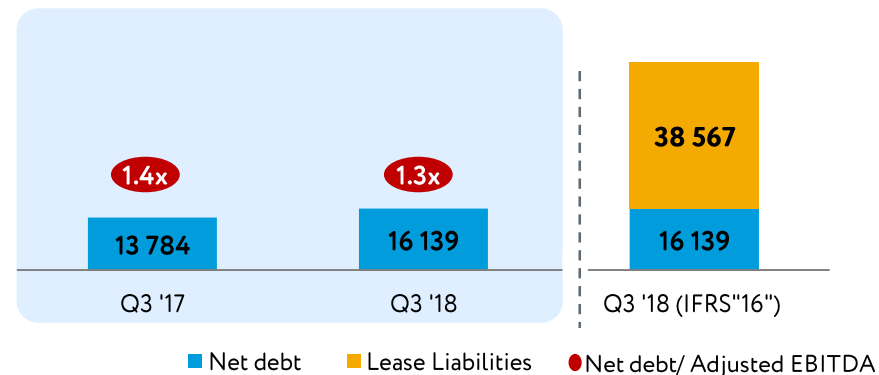
## Conservative Financial Policy and Stable Leverage

### Comments

- Commitment to a conservative financial policy
  - Fully RUB-denominated debt to match RUB revenue
  - Relationships with multiple Russian and international banks
- Leverage<sup>1,2</sup> as of 30 September 2018 is 1.3x of vs. 4.0x average covenant level across the loan portfolio
- Weighted average interest rate<sup>3</sup> – 9.1% (as of Q3 2018)
- Most of the debt has fixed interest rate
- No contingent off-balance sheet liabilities

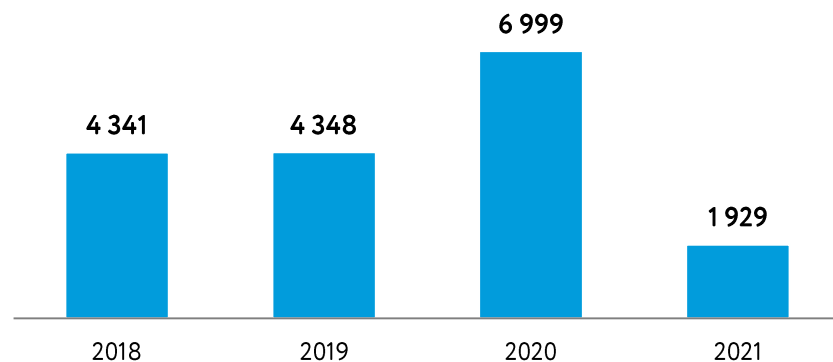
### Leverage<sup>1,2</sup> dynamics

- Total debt – RUB 17.6bn

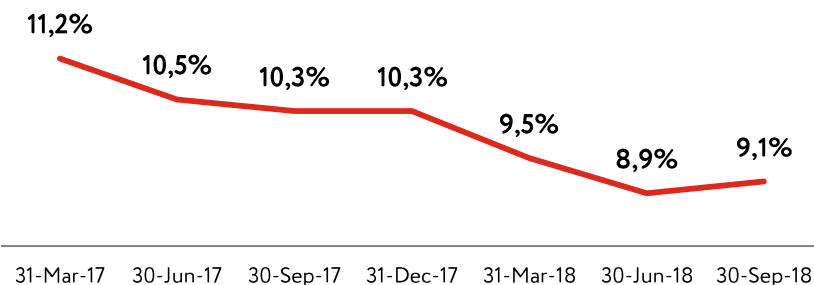


### 30-September-18 Debt Repayment Schedule

(RUBm)



### Weighted average interest rate<sup>3</sup> dynamics (%)



Source: The Company's consolidated financial statements for 2017-2018 under IFRS are presented without reference to the application of IFRS 16, unless specified otherwise.

<sup>1</sup> Net debt is calculated as total borrowings less cash and cash equivalent

<sup>2</sup> Adj. EBITDA is calculated as profit for the year before income tax, FX gain/loss, gain on acquisition of controlling interest in associate, impairment of goodwill, net finance expense, D&A, as well as share-based compensation and cash bonuses under the LTI program

<sup>3</sup> Calculated on the basis of the weighted interest rates applying to the specified indebtedness (weighted by the principal amount of such indebtedness) as of the dates specified.



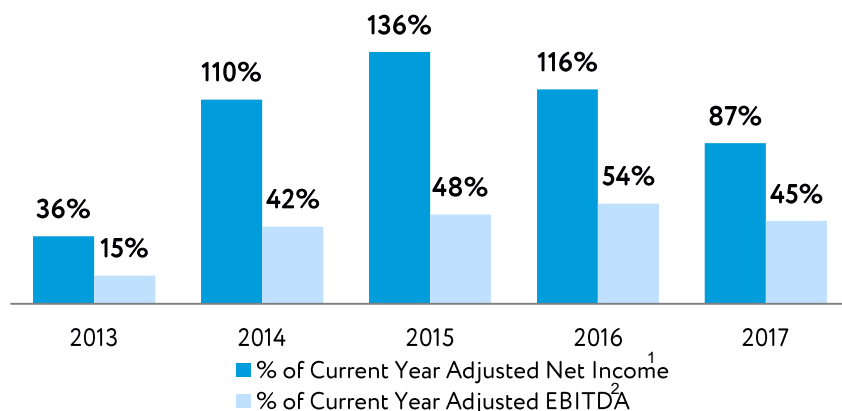


## Sustainably High Returns to Shareholders

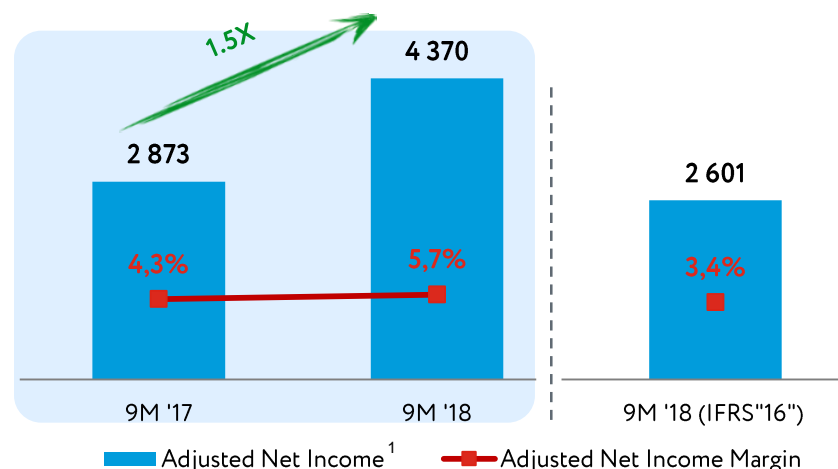
### Comments

- Asset-light cash generative model underpins significant dividend paying capacity
  - Dividends as major differentiator from the majority of Russian high-growth food retailers
  - Ability to consistently maintain sound leverage levels despite significant dividend payout
- Dividend policy: payout ratio of *at least* 50% of consolidated IFRS net income for the previous year
  - Historically, up to 100% of net income *under RAS* paid out
  - Typically two dividend payments per year (9M interim and full year)
- 4.8bn RUB distributed in dividends in 2017 with respect to Q4 2016 and 9m 2017
- Detsky Mir paid out the final dividend for FY2017 of RUB 2.9bn in Q2 2018

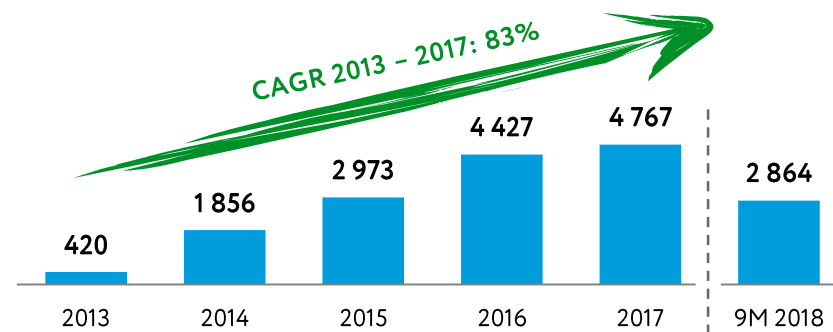
### Dividends as % of Adjusted EBITDA and Adjusted Net Income



### Adjusted Net Income (RUBm)<sup>1</sup>



### History of Declared Dividends (RUBm)



Source: Company's consolidated financial statements for 2017-2018 under IFRS are presented without reference to the application of IFRS16, unless specified otherwise.

<sup>1</sup> Adjusted for the one-off effect relating to additional bonus accruals and Income received from partial termination of employees' right to receive shares under the LTI program

<sup>2</sup> Adj. EBITDA is calculated as profit for the year before income tax, FX gain/loss, gain on acquisition of controlling interest in associate, impairment of goodwill, net finance expense, D&A, adjusted for the one-off effect relating to disposal of the Yakimanka building in 2014, as well as share-based compensation and cash bonuses under the LTI program

# Guidance Update

	Near Term guidance at IPO (8-February-2018)	2017 Actual	Mid- to Long-Term guidance at IPO	Updated guidance
<b>Store Count</b>	<ul style="list-style-type: none"> <li>~70 new stores</li> </ul>	>100 new stores opened <sup>1</sup>	<ul style="list-style-type: none"> <li>~250 new stores in 2017-2020 (increased to 300 in Nov-17)</li> </ul>	<ul style="list-style-type: none"> <li>~100 new stores in 2018</li> <li>At least 300 new stores in 2018-2021</li> </ul>
<b>Revenue</b>	<ul style="list-style-type: none"> <li>Driven by store openings, LFL &amp; ramp ups</li> </ul>		<ul style="list-style-type: none"> <li>Driven by store openings, LFL &amp; ramp ups</li> </ul>	
<b>LFL Revenue Growth</b>	<ul style="list-style-type: none"> <li>Low double-digit growth below 2016 levels, including effect of new store ramp-ups and 103 new stores entering LFL panel in 2017</li> </ul>	7.2% LFL growth, outperforming the market	<ul style="list-style-type: none"> <li>Slightly positive traffic growth, below inflation ticket growth, plus effect of new store ramp ups</li> </ul>	Single-digit growth, outperforming the market
<b>Gross Margin</b>	<ul style="list-style-type: none"> <li>Decline, but by less than 2016 vs 2015, as process of offline price reductions to match online is complete</li> </ul>	✓	<ul style="list-style-type: none"> <li>Stable</li> </ul>	No change in guidance
<b>Rent &amp; Utility Expenses</b>	<ul style="list-style-type: none"> <li>Further meaningful decline as % of revenue vs 2016, with virtually no rise in rent/sqm in a continued soft rentals market</li> </ul>	✓	<ul style="list-style-type: none"> <li>Rents/sqm rise initially slightly above inflation then in line with inflation, so stable as % of revenue</li> </ul>	No change in guidance
<b>Personnel Expenses<sup>2</sup></b>	<ul style="list-style-type: none"> <li>Further meaningful decline as % of revenue vs 2016, on operating leverage</li> </ul>	✓	<ul style="list-style-type: none"> <li>Stable to slightly declining as % of revenue</li> </ul>	No change in guidance
<b>Adjusted EBITDA Margin</b>	<ul style="list-style-type: none"> <li>Double-digit supported by expectations of SG&amp;A efficiency gains and new store ramp-ups more than offsetting the effect of lower gross margins</li> </ul>	✓	<ul style="list-style-type: none"> <li>Double-digit</li> </ul>	No change in guidance

Source: Company data

<sup>1</sup> In 2017, Detsky Mir closed six stores as part of the Company's ongoing rationalization program

<sup>2</sup> Adjusted for share-based compensation and cash bonuses under the LTI program



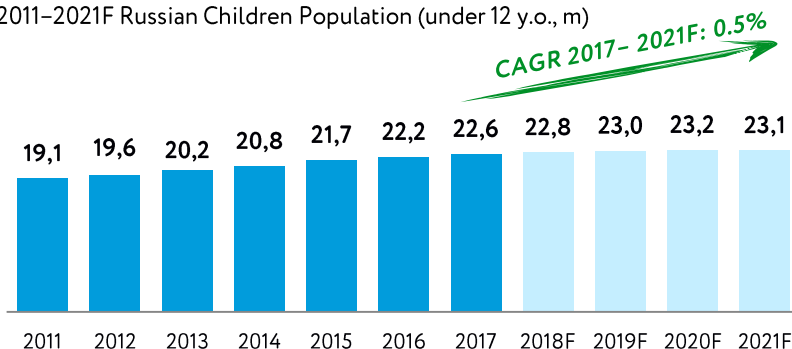
## Appendix



## #1 Player in a Large, Fragmented Market with Attractive Fundamentals

### Steadily Growing Children Population

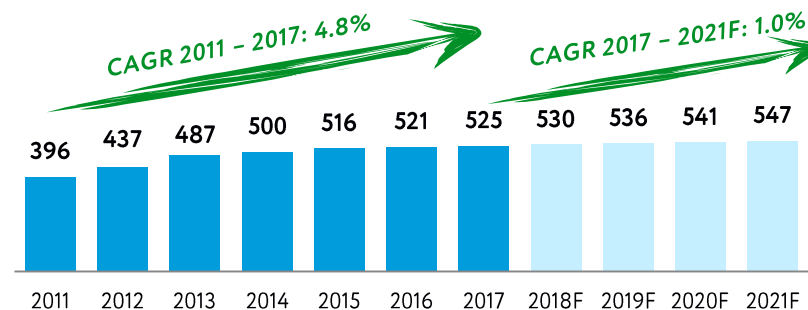
2011–2021F Russian Children Population (under 12 y.o., m)



Source: Ipsos Comcon report

### Large and Growing Addressable Market

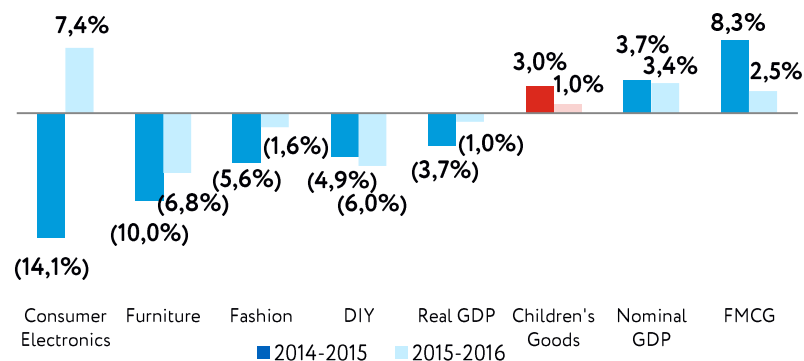
2011–2021F Russian Children's Goods Market (Nominal Prices, RUBbn)



Source: Ipsos Comcon report

### With Proven Resilience in Downturn Times Compared to Many Other Retail Segments

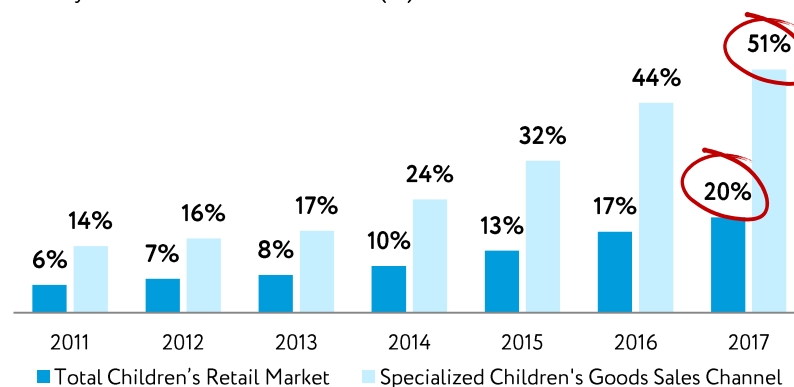
YoY, Nominal Growth in RUB terms (%)



Source: Rosstat, Ipsos Comcon report

### Detsky Mir is The Largest Specialty Children Goods Retailer with Rapidly Growing Market Share

Detsky Mir Market Shares in Russia (%)



Source: Company data, Ipsos Comcon report



## Continuous Development of Our Online Platform

133m website visits in 2017 (+32.6% 9M'18 vs 9M'17)  
78% free traffic (9M 2018)

50,000 SKU offering  
Significant improvement in customer cart UI

2.4m orders in 2017  
(+100% 9M'18 vs 9M'17)

### Delivery methods



**In-store pickup<sup>2</sup>**  
74% of online revenue in 9M '18



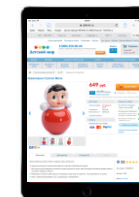
**Courier<sup>1</sup>**  
26% of online revenue in 9M '18

### Key achievements in 2017

- **New Composite Customer Service Level KPI** introduced for each delivery channel and call center
- Increased focus on **UI/UX** – full re-design of the “Customer Cart / Check Out”
- **Upgraded “In-store pickup<sup>2</sup> functionality**
- Increased focus on **UI/UX** – full redesign of the “Customer Cart / Check Out”
- Successfully introduced regular “**Cyber-Monday**” sales in the online store (2.0x-3.0x higher revenues vs ordinary trading days)
- **SAP Hybris implemented**



Desktop



Tablet



Mobile

### Key initiatives for 2018

- **Full redesign of website interface**, incl. product listing
- **Last mile delivery** in remote regions
- Improvement in **SEO traffic**
- “**Ideal Instore**” target - **90%** of online orders to be ready for collection within 1 hour of order being placed (vs **45%** in 4Q'17)
- Number of “**Cyber Mondays**” to be increased to **18**

Source: Company data

<sup>1</sup> Includes delivery to specified address and to pick-up point

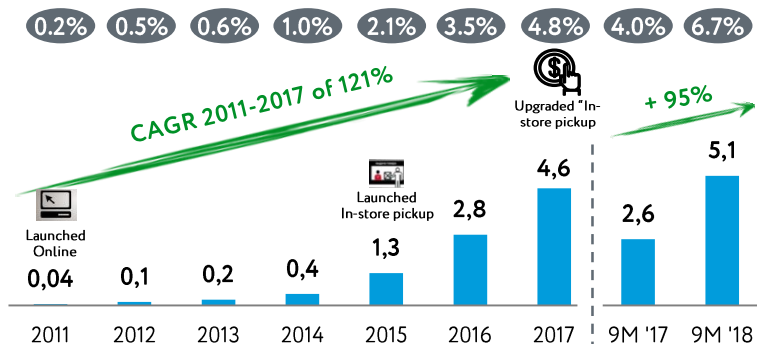
<sup>2</sup> Includes online orders for assortment that is not presented in offline stores but dispatched from Detsky Mir warehouse and delivered via the Company's logistics system to any store of the chain preferred by customer. Implemented in Oct- 2017



## Resulting in Exponential Growth Across All Key Metrics

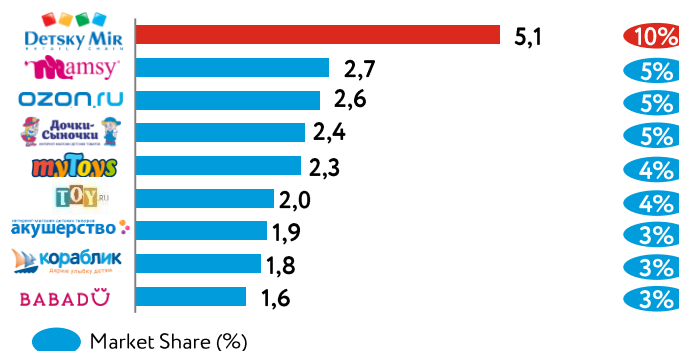
### Accelerated Online Revenue Growth

(RUB bn)<sup>1,2</sup>



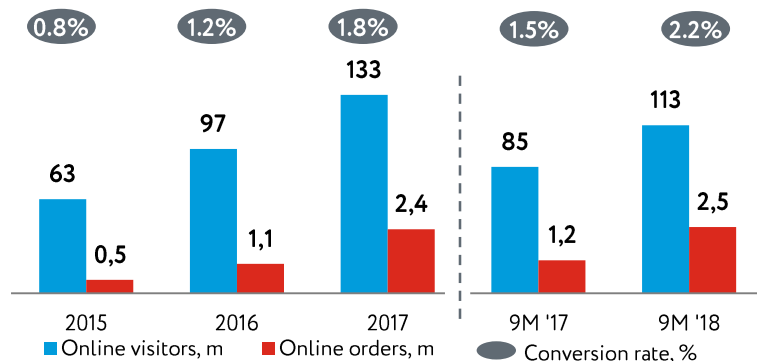
### Russian Top Online Children's Goods Stores

(Online Sales Volume in 2017, RUB bn, incl. VAT)



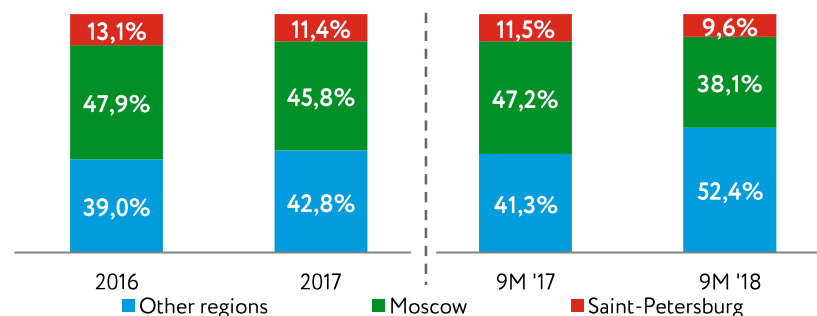
Source: Ipsos Comcon, Datainsight

### Continuous growth in traffic and in particular improving conversion...



### ... driven by the increasing share of regional sales

(value of online orders)



Company data

<sup>1</sup> The Group's consolidated financial statements for 2011-2013 under US GAAP, 2014-2018 under IFRS. For the line items and the years presented, there was no difference between the calculation of numbers or presentation under US GAAP and IFRS

<sup>2</sup> Including in-store pickup

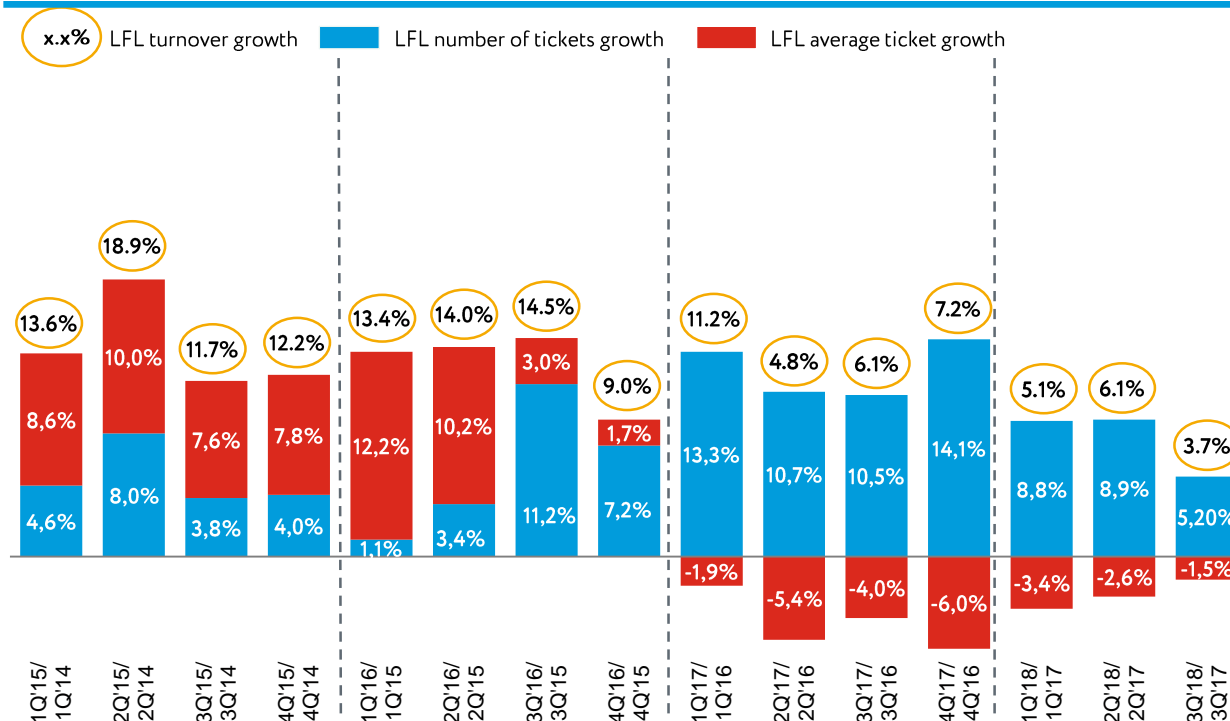
<sup>3</sup> Based on preliminary DetskyMir sales in Russia



# Robust Like-for-Like Performance

Detsky Mir

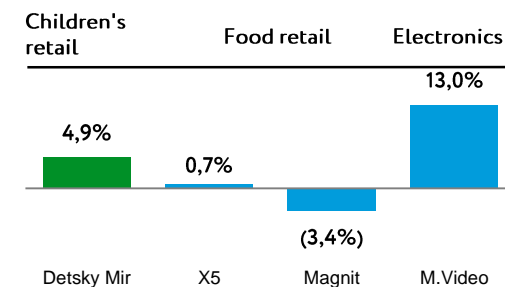
## Like-for-like revenue (in RUB)



## Comments

- Strong growth of like-for-like sales was a result of a competitive pricing policy, marketing activities and improvements in merchandising
- Focus on attracting new customers, resulting in high single digit LFL number of tickets growth in 9M 2018
- New openings under new store concept, attractive loyalty program and competitive prices are key factors supporting further like-for-like growth

## Like-for-like revenue growth in 9M '18



## LFL growth

Total  
Average ticket  
Number of tickets

## LFL growth 2015

13.7%  
8.3%  
5.0%

## LFL growth 2016

12.3%  
5.9%  
6.0%

## LFL growth 2017

7.2%  
(4.4%)  
12.2%

## LFL growth 9M 2018

4.9%  
(2.4%)  
7.5%

**Detsky Mir demonstrated an attractive revenue growth rate (LFL +4.9%) in 9M 2018**

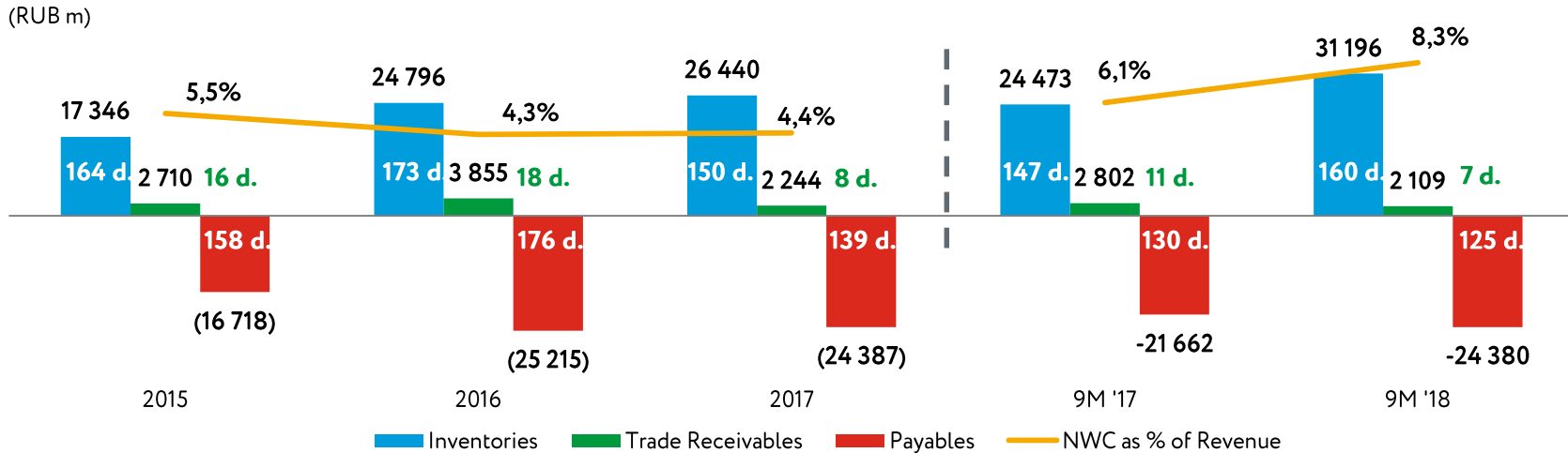
Source: Company data, publicly available data with respect to other companies

\*LFL growth in RUB terms. LFL growth includes only DM stores in Russia that have been in operations for at least 12 full calendar months.



## Net Trade Working Capital Overview

### Focus on Constant Improvement & Optimization of NWC<sup>1,2</sup>



- Improvements in 2016 achieved via
  - Improved logistics processes efficiency
  - Improved AR: retro-bonuses are calculated and received on a monthly basis instead of quarterly effective beginning of 2016

- Improvements in 2017 achieved via
  - Improved Inventories turnover on the back of optimization of current stock as well as purchases of new goods (positively affected gross margin) and additional promotions agreed with and compensated by suppliers
- Changes in Payables turnover due to an increase in imports and private label purchases (positive effect on gross margin) and better turnover of goods sold with "on being sold" payment condition

- Increase in trade working capital in 9M '18 mainly driven by
  - Additional goods purchased to mitigate FX risks (RUB depreciation in Q3) with net effect of RUB 1 bn on NWC
  - Rescheduling of payments between quarters which was affected by the reduction of local suppliers with terms of payment after sales due to the growth in the share of PL and direct imports with net effect of RUB 2 bn on NWC

Source: Company data.

Note: The Company's consolidated financial statements 2015-2018 under IFRS are presented without reference to the application of IFRS 16. In the transition to the new standard, the comparative figures were not reconciled for 2017.

<sup>1</sup> Net trade working capital calculated as Receivables + Inventories - Payables

<sup>2</sup> Days of Inventories / Receivables / Payables turnover calculated as corresponding metric divided by COGS / Revenue / COGS multiplied by 365 for FY numbers.





## Financial Performance Summary

(RUBm, unless specified otherwise)<sup>1</sup>

	2015	2016	2017	9M '17	9M '18
<b>Number of stores</b>	<b>425</b>	<b>525</b>	<b>622</b>	<b>557</b>	<b>666</b>
Detsky Mir stores	381	480	578	516	610
ELC stores	44	45	44	41	56
<b>Selling space (k sqm)</b>	<b>491</b>	<b>596</b>	<b>688</b>	<b>631</b>	<b>714</b>
<b>Revenue</b>	<b>60,544</b>	<b>79,547</b>	<b>97,003</b>	<b>66,649</b>	<b>76,566</b>
% total sales growth	33.2%	31.4%	21.9%	22.9%	14.9%
% LFL sales growth <sup>2</sup>	13.7%	12.3%	7.2%	7.2%	4.9%
Revenue per sqm <sup>3</sup> (RUB thousand / sqm)	137	146	151	109	109
Online sales <sup>4</sup>	1,260	2,776	4,637	2,635	5,130
Share of online sales	2.1%	3.5%	4.8%	4.0%	6.7%
<b>Gross profit</b>	<b>21,904</b>	<b>27,108</b>	<b>32,798</b>	<b>22,048</b>	<b>25,024</b>
Margin, %	36.2%	34.1%	33.8%	33.1%	32.7%
<b>Gross profit per sqm<sup>3</sup></b> <b>(RUB thousand / sqm)</b>	<b>50</b>	<b>50</b>	<b>51</b>	<b>36</b>	<b>36</b>
Adjusted SG&A <sup>5</sup>	15,708	18,885	22,127	(15,644)	(16,968)
% of revenue	25.9%	23.7%	22.8%	23.5%	22.2%
<b>Adjusted EBITDA<sup>6</sup></b>	<b>6,185</b>	<b>8,203</b>	<b>10,663</b>	<b>6,373</b>	<b>8,032</b>
Margin, %	10.2%	10.3%	11.0%	9.6%	10.5%
<b>Adjusted Profit for the period<sup>7</sup></b>	<b>2,189</b>	<b>3,827</b>	<b>5,501</b>	<b>2,873</b>	<b>4,370</b>
Margin, %	3.6%	4.8%	5.7%	4.3%	5.7%
<b>Total Debt</b>	<b>18,359</b>	<b>14,638</b>	<b>13,592</b>	<b>15,029</b>	<b>17,617</b>
Cash and cash equivalents	(1,934)	(2,445)	(3,155)	1,244	1,479
<b>Adjusted Net Debt<sup>8</sup></b>	<b>10,618</b>	<b>11,133</b>	<b>10,436</b>	<b>13,784</b>	<b>16,139</b>
Adjusted Net Debt / Adjusted EBITDA	1.7x	1.4x	1.0x	1.4x	1.3x
<b>Capex</b>	<b>(5,308)</b>	<b>(1,747)</b>	<b>(2,468)</b>	<b>(1,242)</b>	<b>(1,283)</b>
% of revenue	8.8%	2.2%	2.5%	1.9%	1.7%
<b>Dividends declared</b>	<b>(2,973)</b>	<b>(4,427)</b>	<b>(4,767)</b>	<b>(2,572)</b>	<b>(2,864)</b>

Source: Company data

<sup>1</sup> The Group's consolidated financial statements for 2015–2018 under IFRS are presented without reference to the application of IFRS 16. In the transition to the new standard, the comparative figures were not reconciled for 2017.

<sup>2</sup> LFL growth in RUB terms. LFL growth includes only DM stores in Russia that have been in operation for at least 12 full calendar months

<sup>3</sup> Calculated per average space for the period

<sup>4</sup> Including in-store pickup

<sup>5</sup> Adjusted SG&A expenses are calculated excluding Depreciation and Amortisation, as well as additional bonus payments and Income received from partial termination of employees' right to receive shares under the LTI program

## Comments

### Sales Growth

- Strong support from both network expansion and LFL
- Solid LFL Sales growth rates
- Accelerated rate of new openings in 2017 (+104 stores<sup>9</sup>)

### Improved Operating Efficiency

- Slightly declining gross margin due to investment in price leadership to support traffic and LFL growth
- Over 800bps improvement in SG&A as % of sales over five years (-130bps 9M '18 vs 9M '17)

### Superior EBITDA Margin

- Major SG&A optimisation measures implemented by the new management team since 2013
- Over 320bps margin increase over five years (+90bps 9M '18 vs 9M '17)
- Double-digit EBITDA margin achieved in 2015 and maintained in 2016 - 2017, expected to be maintained in 2018

### Capex

- Asset-light business model allows to achieve superior cash flow generation

### Conservative Financial Policy

- Leverage<sup>8</sup> as of 30-September-2018 is 1.3x vs. 4.0x average leverage covenant level across the loan portfolio

### Attractive Returns for Shareholders

- Continuous dividend payout pattern
- Yearly dividend payments increased more than 10-fold from 2013

<sup>6</sup> Calculated as EBITDA, as well as additional share-based compensation expense and Income received from partial termination of employees' right to receive shares under the LTI program

<sup>7</sup> Adjusted for the one-off effect relating to additional bonus accruals and Income received from partial termination of employees' right to receive shares under the LTI program

<sup>8</sup> Adjusted Net Debt is calculated as Net Debt adjusted for amounts receivable under the loan issued to CJSC "DM-Finance" (Sistema's subsidiary), fully repaid on February 27, 2017.

<sup>9</sup> In 2017, Detsky Mir closed six stores as part of the Company's ongoing rationalisation programme

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