



## Detsky Mir's Online Sales Doubled YoY in Q1 2020

**Moscow, Russia, 15 April 2020** – Detsky Mir Group (“Detsky Mir” or “the Company”, MOEX: DSKY), Russia’s largest specialized children’s goods retailer, announces its operating results for the first quarter ended 31 March 2020.

### Q1 2020 Operating Highlights<sup>1</sup>

- Group unaudited revenue increased by 11.2% year-on-year to RUB 31.0 bn.
  - Online revenue<sup>2</sup> increased by 110.5% year-on-year to RUB 5.4 bn.
  - Revenue in Kazakhstan rose by 31.1% year-on-year to RUB 974 m.
- Like-for-like sales<sup>3</sup> at Detsky Mir stores in Russia and Kazakhstan grew by 4.0%. The number of tickets grew by 4.4%, while the average ticket decreased 0.4%.
- Like-for-like sales at Detsky Mir stores in Russia grew by 3.5%. The number of tickets grew by 3.9%, while the average ticket decreased by 0.4%.
- Like-for-like sales<sup>4</sup> at Detsky Mir stores in Kazakhstan increased by 25.7%.
- Detsky Mir opened 8 new branded stores<sup>5</sup> in Q1 2020. The Group had 846 stores<sup>6</sup> as of 31 March 2020.
- Total selling space increased by 10.2% year-on-year to approximately 847,000 sq. m.
- The total number of issued Detsky Mir loyalty cards increased by 14.3% year-on-year to 24.7 mn, while the number of active loyalty cardholders<sup>7</sup> was 10.6 mn. Transactions using the loyalty card accounted for 81% of total sales.

### Q1 2020 Key Events

- In February 2020, Detsky Mir launched Manu, a new private-label brand of diapers, in the children’s goods markets of Russia, Kazakhstan and Belarus. Developed in partnership with Unicharm, Japan’s largest diaper manufacturer, Manu offers premium Japanese quality for a medium price, giving it a competitive edge over other global brands.
- In March 2020, the Company’s Board of Directors approved the early termination of appointment of Vladimir Chirakhov as the Company’s CEO, to be succeeded by Maria Davydova, Deputy CEO of Commercial Activities since 3 April 2020. Vladimir Chirakhov was elected as Chairman of the Board of Directors of PJSC Detsky Mir.
- In March 2020, Detsky Mir was added to Russia’s list of systemically important companies. In implementing the Presidential Decree On the Announcement of a Public Holiday until the End of April, the Government approved a 23-category-strong list of essential non-food supplies. As diapers, baby pacifiers, feeding bottles and baby care products are included in the list, the decree provides a legal basis for the Detsky Mir retail chain to continue to provide essential supplies to the population while the country is on high alert.
- In March 2019, Expert RA rating agency reiterated Detsky Mir a long-term credit rating of ruA+ with a stable outlook.
- As part of its long-term incentive programme (LTIP), the Company repurchased 1,212,210 ordinary shares of Detsky Mir for RUB 90 m, representing 0.16% of the share capital of the Company.

### Events after the Reporting Period

- As of 15 April 2020, most stores operated by Detsky Mir in Russia remain open, with a total of 88 stores closed temporarily due to the spread of the coronavirus (COVID-19). In Kazakhstan, 36 stores have been

(1) The Company’s consolidated financial measures for 2019-2020 and related interim periods are based on proforma financial information prepared as if IFRS 16 ‘Leases’ had not been adopted, and thus do not represent IFRS measures.

(2) This channel includes online orders at [www.detmir.ru](http://www.detmir.ru), including in-store pick-up.

(3) Hereinafter like-for-like average growth, like-for-like number of tickets growth and like-for-like revenue growth are based on stores in operation for at least 12 full calendar months.

(4) Calculated in the national currency of Kazakhstan (tenge).

(5) In Q1 2020, Detsky Mir closed two stores.

(6) Including 58 ELC and ABC stores, five Detmir Pickup stores as well as eleven Zoozavr stores.

(7) Cardholders who made at least one purchase at Detsky Mir during the last 12 months to 31 March 2020 are considered active.

temporarily closed, with pickup points set up at 19 closed locations for customers to be able to collect the goods ordered from the Detsky Mir online store.

	Q1 2020	Q1 2019	Change
<b>Number of stores</b>	<b>846</b>	<b>748</b>	<b>+13,1%</b>
Detsky Mir	772	674	+14,5%
ELC & ABC	58	68	-14,7%
Zoozavr	11	6	+83,3%
Detmir Pickup	5	-	-
<b>Selling space ('000, sq.m.)</b>	<b>847</b>	<b>769</b>	<b>+10,2%</b>

Detsky Mir in Russia and Kazakhstan	Q1 2020	Q1 2019	Change
<b>Like-for-like revenue growth</b>	<b>4.0%</b>	<b>7.2%</b>	<b>-3,2 p.p.</b>
Like-for-like number of tickets growth	4.4%	8.2%	-3,8 p.p.
Like-for-like average ticket growth	-0.4%	-0.9%	+0,5 p.p.

Detsky Mir in Russia	Q1 2020	Q1 2019	Change
<b>Like-for-like revenue growth</b>	<b>3.5%</b>	<b>6.6%</b>	<b>-3,1 p.p.</b>
Like-for-like number of tickets growth	3.9%	7.5%	-3,6 p.p.
Like-for-like average ticket growth	-0.4%	-0.9%	+0,5 p.p.

**Vladimir Chirakhov, PJSC Detsky Mir Chairman of the Board of Directors, said:**

*“At Detsky Mir, we are more than just the industry leader – today, we are systemically important company to Russia, as we play a socially significant role of providing children with essential food and non-food items. The prominent position that Detsky Mir occupies in the Russian market is all down to our affordable prices, wide choice of children’s goods, a well-developed e-commerce platform, convenient store locations, and a strong social commitment.*

*“During the 2014–2015 crisis, our team proved its worth by delivering the best set of results in the Company’s entire history, and the success of our chosen strategy has been time and time again evidenced by our robust financial performance and strong levels of interest from investors. Once more we have been able to take all the necessary steps in anticipation of considerable risks to our business: adapting business processes to facilitate quick responses to a rapidly changing environment, maximizing safety for our employees and customers, as well as ensuring we have the required inventory of essential goods.*

*“This superior agility and our overall success are driven by Detsky Mir’s high-performance team, which over the past eight years has been consistently proving that the Company can tackle any challenge, and is well positioned for the growth opportunities that lie ahead.”*

**Maria Davydova, PJSC Detsky Mir Chief Executive Officer, said:**

*“Despite the challenging economic and epidemiological situation both in Russia and on a global scale, Detsky Mir has delivered strong business growth: our consolidated unaudited revenue rose by 11.2% year-on-year to RUB 31.0 billion.*

*“We made a strong showing over the New Year season and the traditional Russian ‘Men’s Day’ and ‘Women’s Day’ holiday period during the first quarter. However, the significant growth in demand for essential goods seen in mid-March was followed by a marked decline in traffic across shopping malls in the last ten days of the month. As a result, like-for-like sales in Russia and Kazakhstan increased by 4.0%, driven largely, as before, by the growth in the number of tickets, at 4.4% in Q1 of 2020.*

*“Essentials like diapers, baby food and baby care products were the fastest growing categories in the first quarter, increasing their share in the chain’s total revenue by 1.7 p.p. year-on-year to 36%. In the apparel and footwear*

category, we successfully sold off our winter collection and generated strong sales at the start of the spring/summer season, with the share of these goods hitting 24% of total Detsky Mir sales in Russia.

"Toys were also a strong performer in Like-for-like sales; however, their share in Detsky Mir's total sales decreased to 31% in Q1, on the back of strong demand for essential items. The month-end spike in demand for arts and crafts and board games brought the share of this category in total toys sales up to 17.6% for March 2020 (up 1.4 p.p. year-on-year).

"We have been pushing private labels across all categories, maintaining our strong focus on the transition to direct import contracts to provide the best price guarantee to our customers. The share of private labels and direct contracts in total sales has grown by 2.1 p.p. year-on-year to 39.6% over the first quarter.

"The current market dynamics reinforce the role of e-commerce as the key business segment, and Detsky Mir has maintained superior customer service levels in online delivery, as consumers increasingly move their shopping online. Detsky Mir's online revenue more than doubled year-on-year to RUB 5.4 billion in Q1 2020. The online share of Detsky Mir's total sales in Russia reached 25% in March. This strong online performance was led by essentials, with sales of diapers and baby food more than tripling year-on-year on detmir.ru, amidst increased demand for our online courier delivery service. We leverage our extensive retail network of brick-and-mortar stores to offer a next-day direct delivery option to our customers in the 30 largest Russian cities. Nevertheless, our in-store pickup service for online orders remains the biggest sales channel, accounting for 80% of total sales in March. Our new mobile app has also been increasingly gaining traction with our customers since its launch in late 2019, with as many as 2.1 million downloads at Q1-end, and a 40% share of online sales in the last week of March.

"We are also delighted with the strong performance of our key pilots in Q1 2020: the apparel and footwear category expanded its assortment by 50% to 30,000 SKUs, driven by our marketplace development efforts. We expect the assortment in this category to grow to 50,000 SKUs by the end of the second quarter, and have plans to launch a marketplace for fast moving consumer goods. Our piloted Detmir Pickup compact stores and Zozavr pet supplies stores have absolutely smashed their sales targets, emerging as strong performers in the current market environment. Detailed growth plans for these chains will not be announced until the end of Q2 2020, when we will take stock of the pilot outcomes.

"We have been agile in our responses to the emerging challenges surrounding the coronavirus (COVID-19) outbreak. We are fully aware of the Company's responsibilities, and the social importance of our continued work during this challenging lockdown period, and have rolled out 'contactless' online delivery to maximize safety for our customers stuck at home. Our online store couriers and staff at offline stores and distribution centers have been fully equipped with the required personal protective equipment, and disinfection efforts have been stepped up across all our sales spaces and buildings."

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**Detsky Mir Group** (MOEX: DSKY) is a multi-format retailer and Russia's largest specialized children's goods retailer. The Group comprises the Detsky Mir and the Detmir Pickup retail chains, the ELC (Early Learning Centre in Russia) and the ABC retail chains, as well as the Zozavr pet supplies retail chain. The Company operates a retail chain of 772 Detsky Mir stores located in 297 cities in Russia, Kazakhstan and Belarus, five Detmir Pickup stores, as well as 46 ELC, 12 ABC and eleven Zozavr stores as of 31 March 2020. Total selling space was approximately 847,000 square meters

