Q1 2020
Unaudited Financial Results

#1 Russian specialized children's goods retailer

April 2020

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Q1 2020 Financial highlights

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1 Store Openings

Continuous expansion, will be opened not less than new 80 stores in 2020

- 8[1] new Detsky Mir branded stores opened in Q1 2020 (+10.2% YoY of selling space)
- Majority of new stores will be opened in Q4

2 Like-For-Like[2] Growth

Solid LFL[2] sales growth due to low price competition as well as high traffic

- 11.2% total revenue growth in Q1 2020
- 4.0% LFL[2] sales growth in Q1 2020 with 4.4% LFL[2] traffic growth

3 Profitability

Sustainable improvement in profitability due to further declines in SG&A[3] costs as % of sales

- Adj. EBITDA[4] growth of 20.5%
- Adj. EBITDA margin improved by 60 bps

4 Cash Generation

Continuously outstanding cash conversion metrics and free cash flow generation

- Cash conversion[5] of 85%
- Decline in Net debt[6] / adj. EBITDA LTM to 1.6x

5 Online

Continued rapid growth in online sales

- 110.5% YoY online sales growth in Q1 2020
- Share of online in sales[7] reached 25% in March 2020 vs 15.7% in Q4 2019

Source: Company data. Note: 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.

[1] In Q1 2020, Detsky Mir closed two stores.

[2] Hereinafter, lfL growth includes only DM stores in Russia and Kazakhstan that have been in operation for at least 12 full calendar months. Revenue of each store included into like-for-like comparison represents retail revenue of the store (including VAT, excluding plastic bags and revenue from online orders delivered by couriers) for respective period but excludes store revenue for those months in which the store was not operating for 3 days or more.

[3] Excluding share-based compensation and cash bonuses under the LTI program.

[4] Hereinafter, adj. EBITDA is calculated as profit for the period before income tax expense, foreign exchange (loss)/gain, gain on acquisition of controlling interest in associate, finance expense, finance income, depreciation and amortization, adjusted for share-based compensation expense and cash bonuses under the LTI program.

[5] Hereinafter, calculated as (Adj. EBITDA – Capex) / Adj. EBITDA.

[6] Hereinafter, net debt is calculated as total borrowings (defined as long term loans and borrowings and short-term loans and borrowings and current portion of long-term loans and borrowings) less cash and cash equivalents. Lease liabilities are not included in the calculation of net debt. Adj. EBITDA LTM is calculated as adj. EBITDA (as defined above) for the last 12-months period.

[7] Online share in Detsky Mir revenue in Russia.

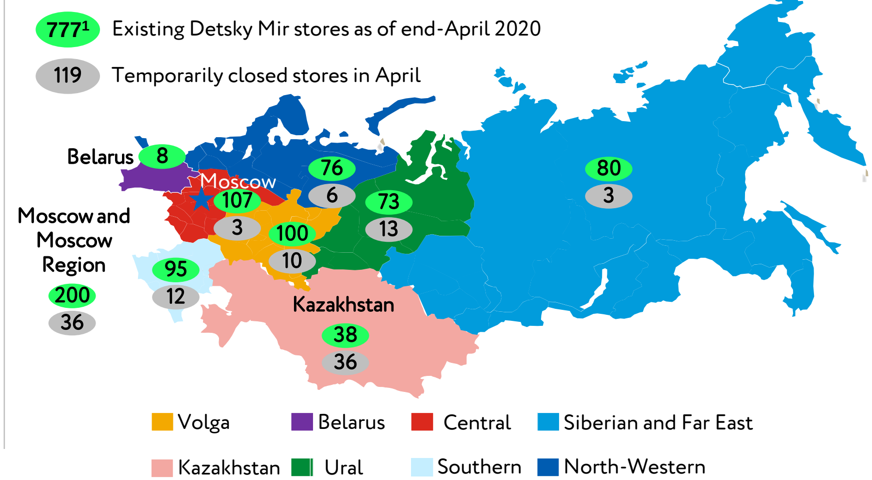
COVID-19 – Business update

detsky mir

Recent performance (April 2020)

- The lockdown in Russia and Kazakhstan has been effective since end of March
- Detsky Mir is Systemically Important Company to Russia
  - The Russian government approved a 23-category-strong list of non-food essentials incl. diapers and babycare products
- 90% of Detsky Mir stores remain open in Russia (100% in Belarus)
  - 83 temporarily closed stores (mostly in large malls)
- 36 Detsky Mir stores have been temporarily closed in Kazakhstan
  - 12 pickup points launched at closed lactations for online store
- Group sales decreased by 33% YoY in first 27 days of April (-19% YoY last week)
- Online sales growth reached 3.5x in first 27 days of April with a 41% online share
  - 77% of in-store pickup service in total online sales
- Products for newborns are strong performers with a 41% share of total sales

Breakdown of Detsky Mir closed stores (COVID-19)



Management response to COVID-19 pandemic

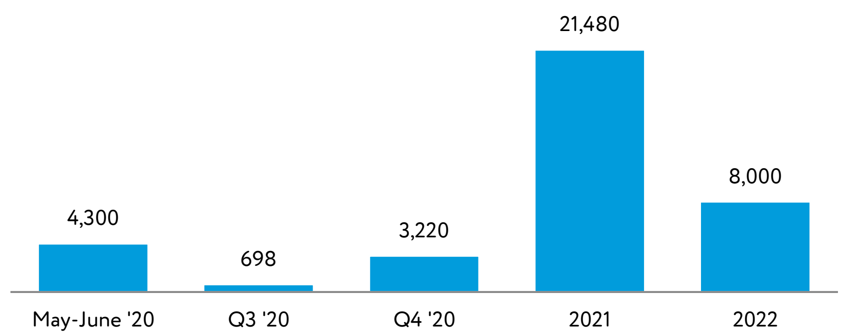
- Safety first and remote work (secured stocks of protective equipment, intensive disinfection of all premises, introducing contactless delivery service)
- Logistic and IT infrastructures are ready to double the share of online sales
- Ensuring the adequate inventory (additional purchases for RUB 5 bn in Jan-Feb)
- Chinese producers resumed work at the beginning of March
- Zero rental costs for closed stores, as well as successfully negotiating rental discounts proportional to the traffic decrease
- Adjusting retail staffing levels to sales (70% of variable part in salaries)
- 80% of goods produced abroad / 30% direct import – fully hedged for next 3m
- Refinancing of the short-term debt of RUB 11bn (extended for another 12m) with RUB 10bn of immediately available cash and cash equivalents in case of longer lockdown
- No material changes in Capex (most of 2020 openings would take place in Q4)

Debt maturities as of 30 April 2020 (RUB m)

Total debt – RUB 37.7bn (of which immediately available cash and cash equivalents– RUB 10.5bn)

On demand undrawn credit lines – RUB 17.0 bn from 1st class banks

The proceeds of RUB 3bn from the recent issued bond will be received on 7th May



Source: Company data

Note: 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

[1] Includes five Detmir Pickup stores

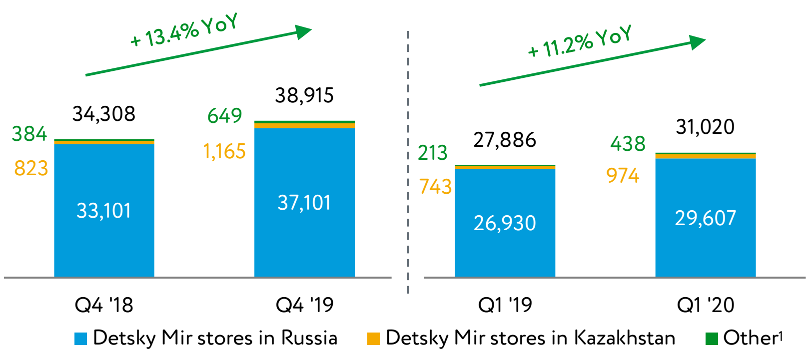
Unlocking new growth horizons

FY 2019-Q1 2020 key achievements and significant future upside

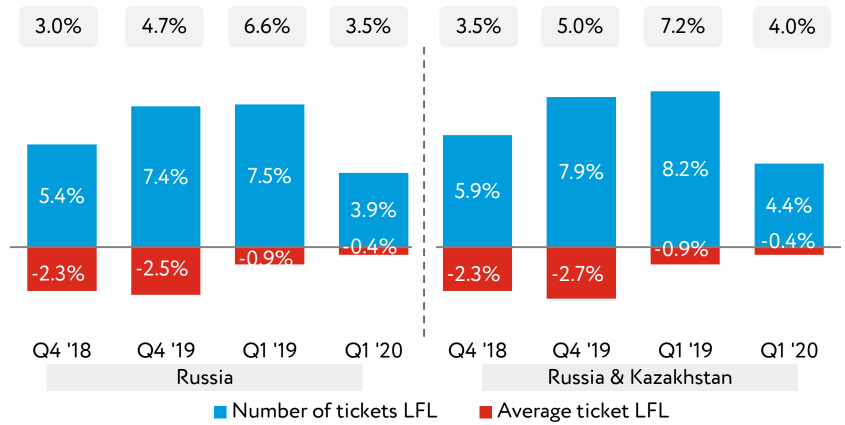
	FY 2019-Q1 2020 Highlights	Drivers of future upside
eCommerce Development	• Last mile delivery with same-day and next-day options • Ideal in store service with 95% online pickup orders ready within 60 min • New integrated mobile app (40% of online sales) • Successfully piloting marketplace (+15,000 SKU)	• Last mile delivery promotion and development (New Regional DCs) • "Mobile first concept" • Full scale rollout of children's goods marketplace – Fashion and FMCG
White Space Expansion	• 101 Detsky Mir stores opened in 2019 • Continued growth in Kazakhstan with 38 stores • Entry in Belarus with 8 stores (achieved breakeven on EBITDA level)	• ~300 more Detsky Mir core format stores in 2020-23 (Russia, Kazakhstan and Belarus) • New Detmir Pickup format (~2,000 stores) • CIS expansion (entry in Kyrgyzstan in 2020)
Customer Traffic Generation	• Increased share of private label / direct imports by 570bps YoY to 41.6% in 2019 (+210bps YoY in Q1 2020) • Loyalty program promotion – 25m loyalty cards holders, generating 81% of revenue in Q1 2020 • New CRM platform	• Mid-term target share of private label / direct imports of 60% • Launching of private label Manu diapers (affordable premium Japanese quality) • CRM personalization and segmentation
New Categories	• Pilot Zoozavr pet supplies stores	• Full rollout of Zoozavr concept

Continued Solid Top-Line Growth

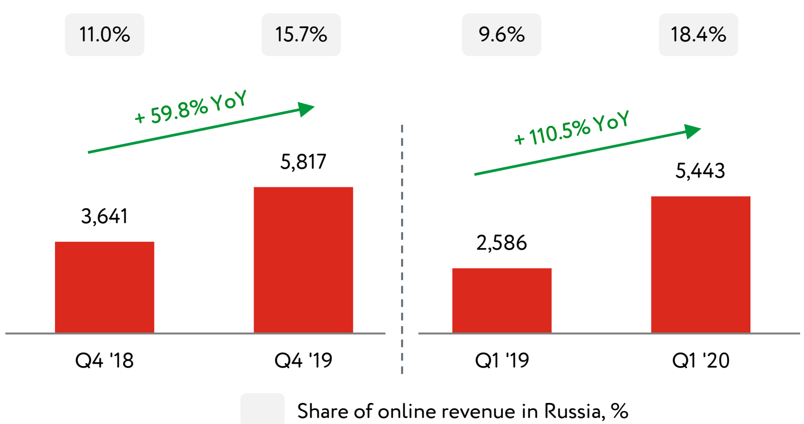
Total revenue (RUB m)



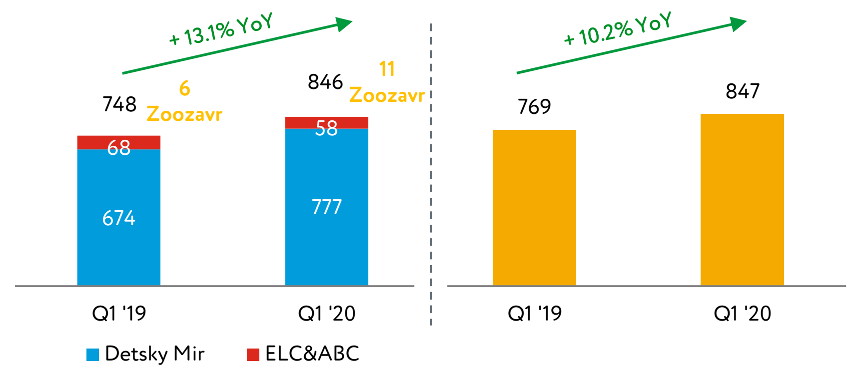
Like-for-like sales growth



E-commerce revenue (RUB m)



Retail chain



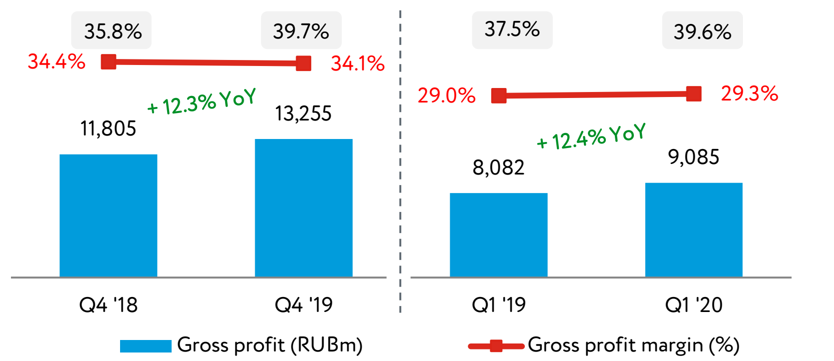
Source: Company data. The Company's consolidated financial measures for 2019-2020 and related interim periods are based on proforma financial information prepared as if IFRS 16 'Leases' had not been adopted, and thus do not represent IFRS measures.

[1] This segment includes performance of ELC, ABC, Zoozavr stores as well as Detsky Mir retail chain in Belarus (8 stores)

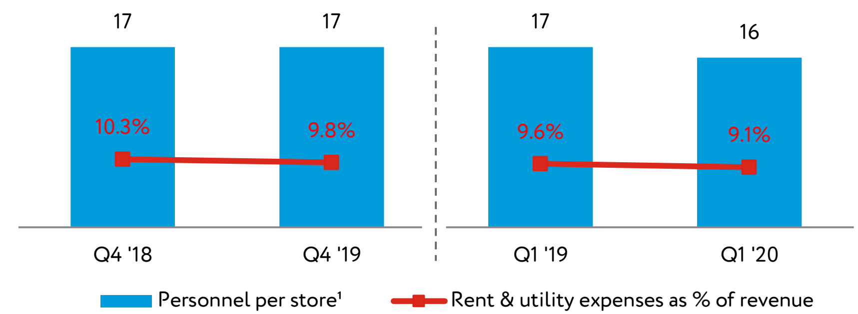
Consistently strong profitability

Strategic investment of margin in price leadership …

Private label a& direct imports, % of Revenue

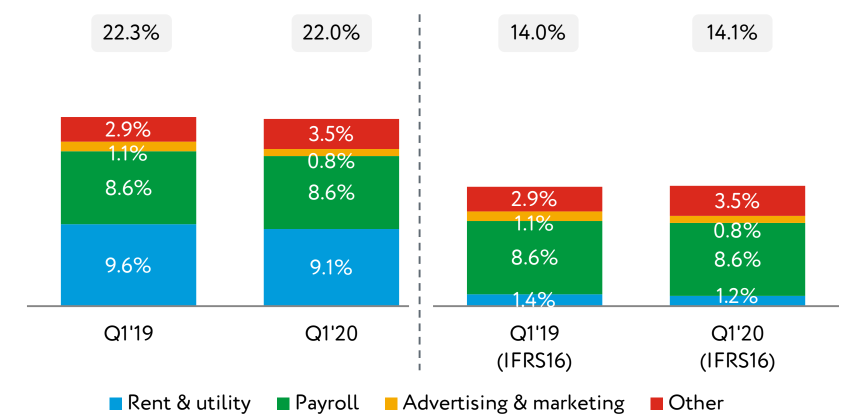


… is offset by gradual optimization of store personnel and reduction of rent costs …

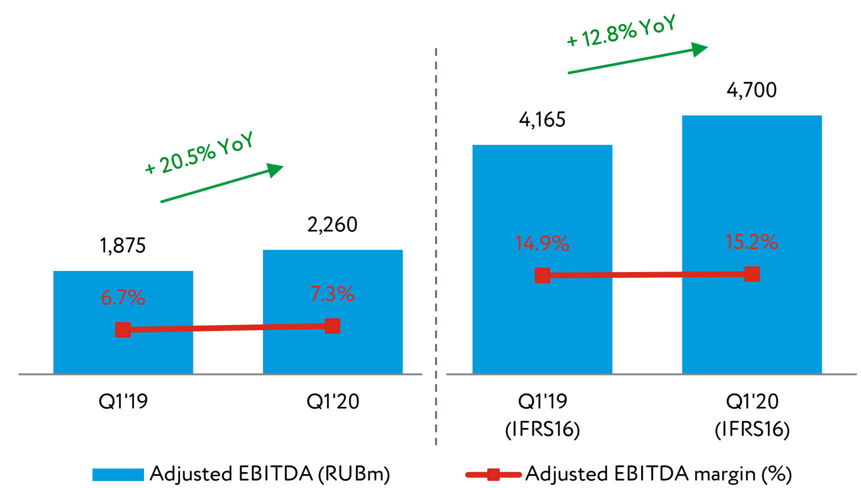


… along with consistently declining SG&A expenses (as % of revenue) …

Adjusted SG&A Expenses[2] as % of Revenue



… resulting in consistently strong profitability



Source: Company data. 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.

[1] Excluding personnel in headquarters

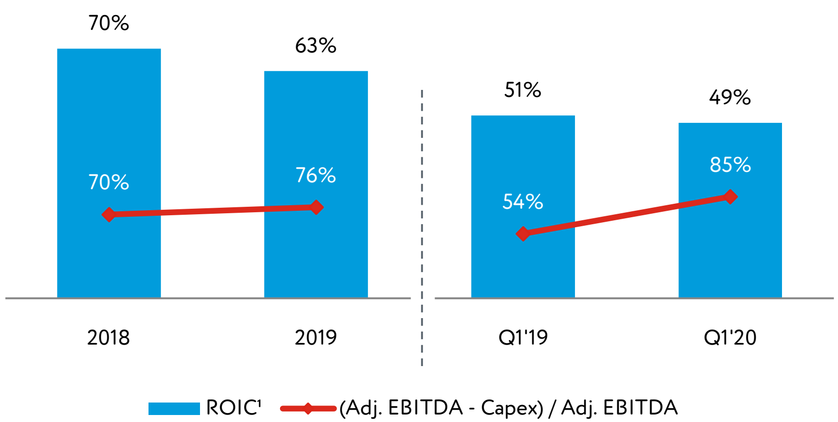
[2] Hereinafter, adjusted selling, general and administrative expenses is calculated as selling, general and administrative expenses adjusted for depreciation and amortization expenses, additional share-based compensation expense and cash bonuses under the LTI program.

Strong cash flow conversion

Comments

- Strong cash conversion (Adj. EBITDA- Capex/ Adj. EBITDA) driven by high level of ROIC
- Increase in NWC significantly affected the decline in the Operating Cash flow:
  - Additional goods purchased to mitigate FX risks (RUB depreciation in March) with net effect of RUB 3 bn on NWC
- Decrease in financing expense on the back of the low debt at the beginning of the year
- Disciplined capex focused on store openings and selective investments in IT and infrastructure; limited maintenance capex requirements

Strong cash conversion and financial returns



Cash flow (RUB m)

	2018	2019	Q1 19	Q1 20	Q1'19 IFRS 16	Q1'20 IFRS 16
Adjusted EBITDA	12,666	14,725	1,875	2,260	4,165	4,700
Changes in NWC	(7,156)	(132)	(4,944)	(7,661)	(4,742)	(7,597)
Cash income taxes paid	(1,083)	(1,696)	(657)	(702)	(657)	(702)
Net finance expense paid	(1,624)	(2,023)	(437)	(179)	(1,446)	(821)
Other operating cash flow	688	348	187	(79)	186	(81)
Operating cash flow	**3,489**	**11,222**	**(3,976)**	**(6,361)**	**(2,494)**	**(4,501)**
CAPEX	**(3,793)**	**(3,507)**	**(863)**	**(338)**	**(863)**	**(338)**
DC construction	(1,825)	(449)	(194)	(28)	(194)	(28)
Store openings, IT & maintenance[2]	(1,968)	(3,058)	(669)	(310)	(669)	(310)
Free cash flow	(303)	7,715	(4,839)	(6,699)	(3,357)	(4,839)
Investment cash flow	(3,794)	(3,467)	(855)	(326)	(855)	(326)
Financial cash flow	483	(9,322)	2,836	(15,754)	1,354	13,894
Change in cash	180	(1,567)	(1,996)	9,067	(1,996)	9,067

Source: Company data

Note: 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

[1] Calculated as operating profit for the past 12-months period, divided by average capital invested (simple average of the balance of capital invested at the end of respective periods). Capital invested is calculated as net debt plus total equity/(equity deficit);

[2] In 2019, the increase in capital expenses was driven by a RUB 844m payment (net of VAT) for the acquisition of premises for the Company's new flagship store in Moscow

Conservative financial policy

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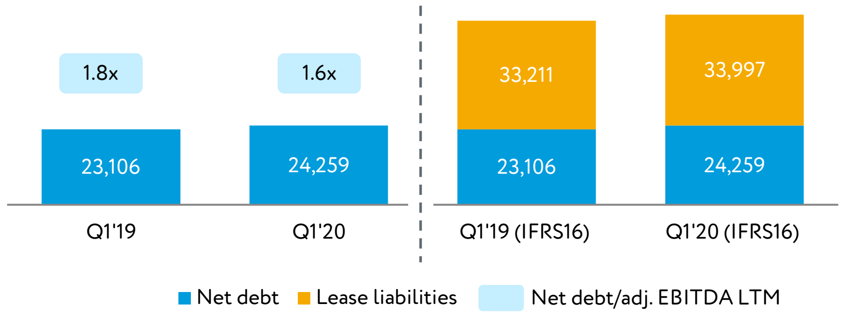
Comments

- Commitment to a conservative financial policy
  - Fully RUB-denominated debt to match RUB revenue
  - Relationships with multiple Russian and international banks
- Net debt / adj. EBITDA ratio as of 31 March 2020 is 1.6 vs. 4.0x average covenant level across the loan portfolio (before IFRS-16)
  - Decreased YoY thanks to NWC optimization
- Weighted average interest rate[1] – 8.5% (as of Q1 2020)
- Most of the debt has fixed interest rate
- No contingent off-balance sheet liabilities
- Available undrawn credit limit of RUB 22.5bn for refinancing of the current credit portfolio aiming at its further diversification and cost reduction

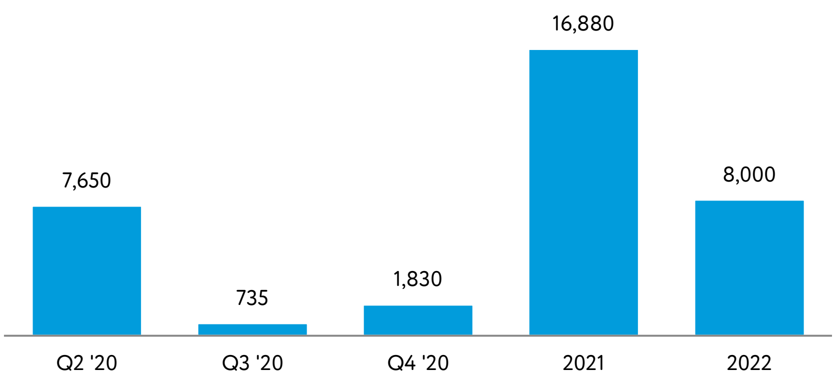
Leverage

- Q1 2020 total debt – RUB 35.1bn

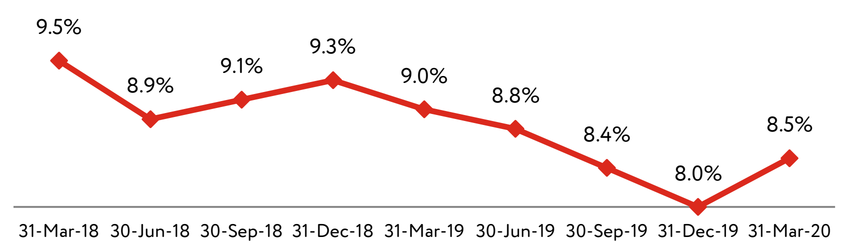


Debt maturities (31 March 2020)

(RUB m)



Weighted average interest rate[1] (%)



Source: Company data

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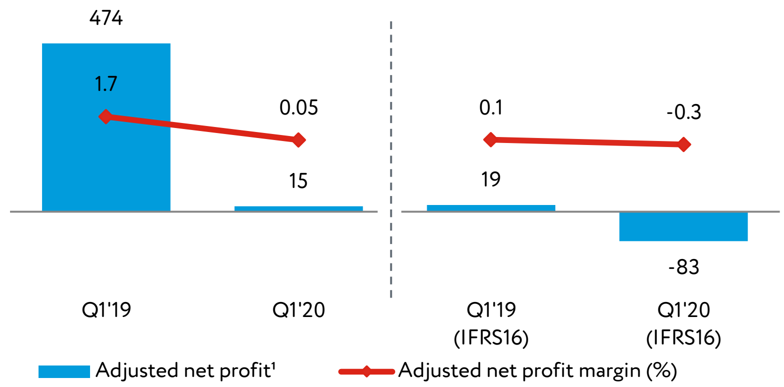
[1] Calculated on the basis of the weighted interest rates applying to the specified indebtedness (weighted by the principal amount of such indebtedness) as of the dates specified

Sustainably high returns to shareholders

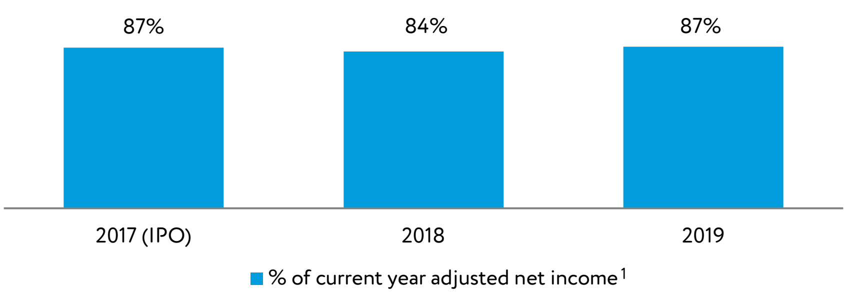
Comments

- 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)
- Detsky Mir paid out the final dividend for FY2018 of RUB 3.3bn in Q2 2019, as well as interim dividends for 9m 2019 of RUB 3.7bn in Q4 2019
- Unrealized FX losses of RUB 1,3bn affected adjusted net losses in Q1 2020

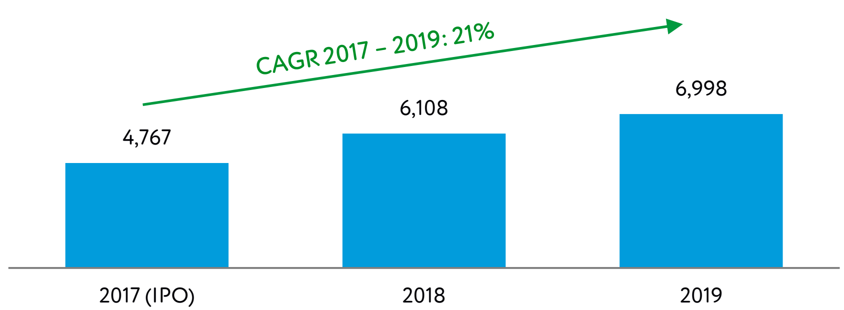
Adjusted net income (RUB m)[1]



Dividends as % of adjusted net income



History of declared dividends (RUB m)



Source: Company data

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[1] Hereinafter adjusted net profit is calculated as profit for the period adjusted for the share-based compensation expense and cash bonuses under the LTI program

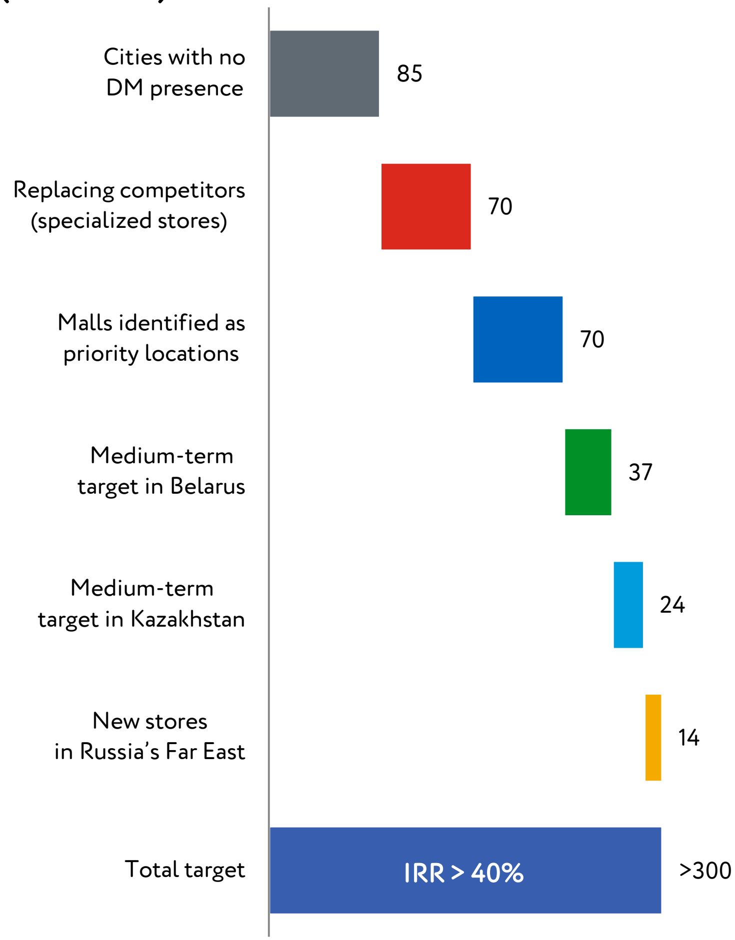
Guidance update

	Previous guidance (5 March 2018, updated 7 November 2019)	2019 actual	New guidance
Store count	• At least 100 new stores in 2019 • At least 300 stores in 2020-23	• 101 new stores	• 80 stores in 2020 (mostly opened in Q4) • At least 300 stores in 2020-23
Revenue	• Single-digit LFL growth ahead of the market, positive traffic, below inflation ticket, puts new store ramp-up effects • Online revenue to increase to 30% of total revenue	• 7.2% total LFL growth, 8.5% ticket • 16.1% total revenue growth • Share of online sales at 11.2%	• Same guidance for 2021-2023 • 2020 Guidance will be updated after Q2 due to COVID-19 outbreak
Gross margin	• Slightly declining to stable reflecting investment in prices to drive traffic	• 32.3% vs 33.2% in 2018	• Same guidance for 2021-2023 • 2020 Guidance will be updated after Q2 due to COVID-19 outbreak
Rent, utility & personnel expenses	• Slightly declining to stable as % of revenue	• Rent & utility expenses of 8.6% vs 9.2% in 2018 • Personnel expenses margin unchanged since 2018 (at 8.0%)	• Same guidance for 2021-2023 • 2020 Guidance will be updated after Q2 due to COVID-19 outbreak
Adjusted EBITDA margin	• Double-digit under IAS17	• 18.5% vs 19.0% in 2018 under IFRS16 • 11.4% vs 11.4% in 2018 under IAS17	• Upper-teens under IFRS16 as well as Double-digit under IAS17 for 2021-2023 • 2020 Guidance will be updated after Q2 due to COVID-19 outbreak

Appendix

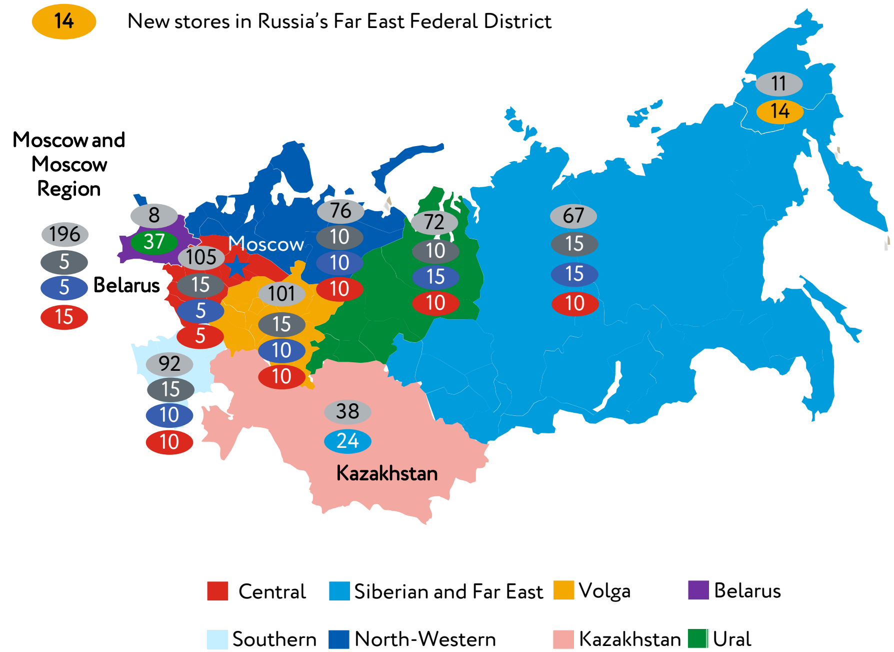
Detsky Mir stores expansion pipeline

Target store rollout (2020-2023)



Geographical location

- 766[1] Existing DM stores
- 85 Cities with no DM Presence (40k -100k inhabitants)
- 70 Replacing competitors (specialized stores)
- 70 Cities with DM Presence (>100k inhabitants)
- 37 Medium-term target stores in Belarus
- 24 Medium-term target stores in Kazakhstan
- 14 New stores in Russia's Far East Federal District



Source: Company data

1 Only Detsky Mir branded stores as of 31-Dec-19

Continuous online growth and improved conversion underpinned by superior customer proposition

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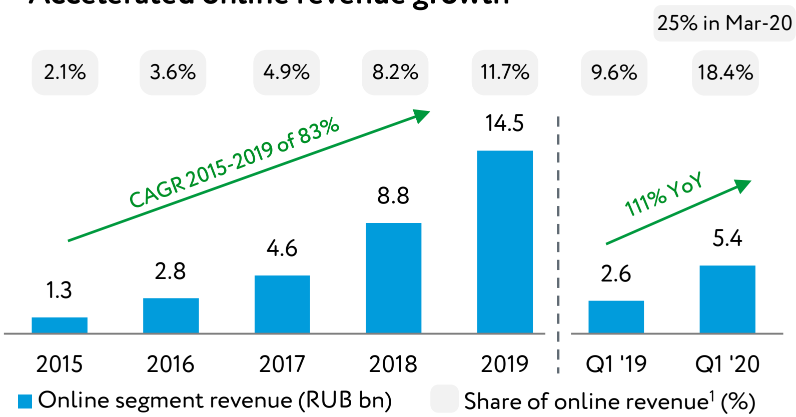
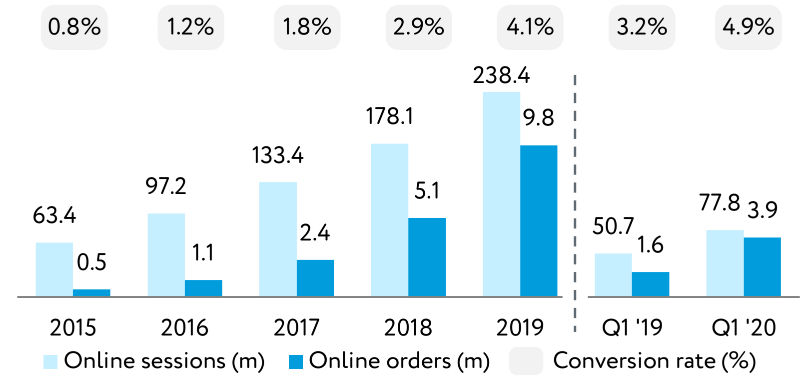
Accelerated online revenue growth



Continued growth in traffic and substantial improvement in conversion rates…



	Market position and growth			Direct delivery[2]		
	Market share in total children's goods retail in Russia (%, 2019)	Online revenue growth (%, 2019)	Market share in online children's goods retail in Russia (%, 2019)	Price (RUB)	Time	Free of charge in-store click and collect
detsky mir	26%	64%	19%	free / free[3]	6 h. / 1 day[3]	1 hour 95% of orders
Дочки-Сыночки	5%	30%	4%	199	3 days	1 hour
WILDBERRIES	8%[4]	81%	51%	free	3 days	na
2018 Кораблик	4%	0%	3%	na	Na	1 hour
OZON	2%[4]	115%	15%	249	1 day	na
myToys	1%[4]	19%	4%	340	2 days	na

Source: Company data for Detsky Mir, Ipsos Comcon data for peers and Detsky Mir market shares, companies websites for direct delivery and in-store pick-up terms
[1] As % of total revenue in Russia
[2] Delivery terms in selected city in Russia with population of 1.0-1.5m for diapers set in price range of RUB 1,900-2,500 as indicated on each website during 2-3pm Moscow time on 31-Mar-20
[3] Same-day (up to 6 hours) delivery is provided in 17 major cities in Russia (c.50% of covered geographies by product turnover), next-day delivery is provided in 30 major cities in Russia (c.80% of covered geographies by product turnover)
[4] Estimated as share of online sales volume in total size of children's goods retail market

Top management compensation structure overview

Annual compensation structure

		CEO	«CEO-1»	«CEO-2»
Fixed		50%	50% - 80%	70% - 85%
Variable	Total	50%	20% - 50%	15% - 30%
	incl. Financial[1]	25%	4% - 15%	3% - 9%
	incl. Functional[2]	25%	16% - 35%	10.5% - 24%

Last LTI programme

At IPO

- %-based payment linked to valuation increase at IPO
- Amount calculated as 3% from the differential between new liquidity event (i.e. IPO) price and RCIF price in 2015
- 50%/50% cash and share based payments (via purchases of shares in the open market)

After IPO

- Approved by the Board of Directors in August 2017
- Covers the 3-year period to February 2020, the third anniversary of the Company's IPO, senior management in continuing employment by the Company as of that anniversary will be eligible for cash payments from a pool equivalent in value to up to 4.6% of the increase in the Company's stock market value (including dividend payments) over the period
- The LTIP also provides for additional cash payments expected to total around RUB 500m (plus any social taxes)

New equity-based compensation programme

The new 3-year LTIP

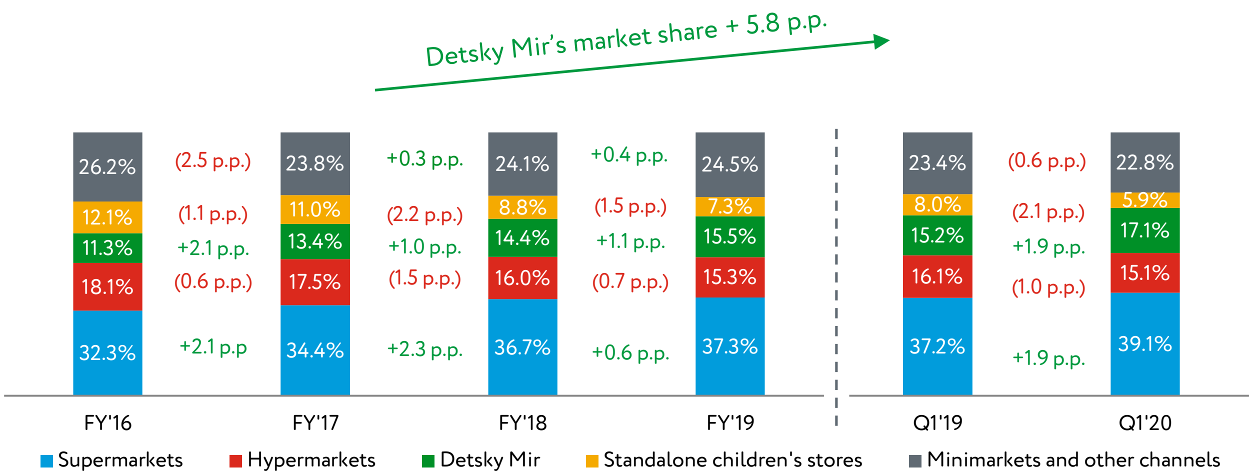
- Approved by the Board of Directors in October 2019
- Covers the 3-year period from the end date of the previous program (Feb 8, 2020) to February 7, 2023
- Senior management team in continuing employment by the Company and in program membership as of April 30, 2024 will be eligible for the Company's share grants and cash payments from a bonus fund valued at up to 4.6% of the increase in the Company's stock market value (incl. dividend payments) over the period. The new LTIP includes more than 20 key employees of the Company

Incentive program to cement the management's long-term focus on shareholder value creation

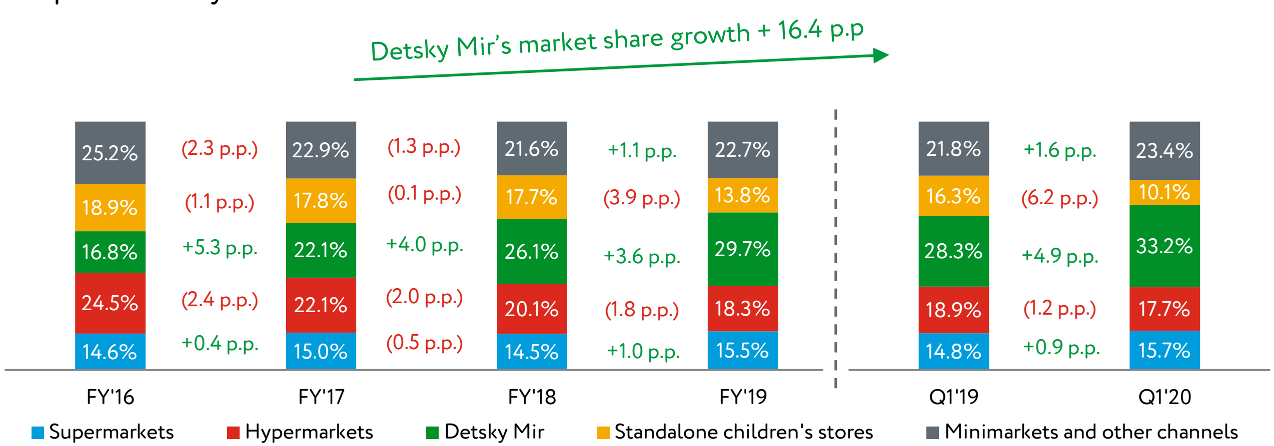
[1] Financial KPIs – EBITDA, net income, revenues
[2] Functional KPIs – specific operational KPIs, individual for each role

Case study: gaining market share in baby food and diapers sales

Baby food sales by channel in Russia



Diapers sales by channel in Russia



Comments

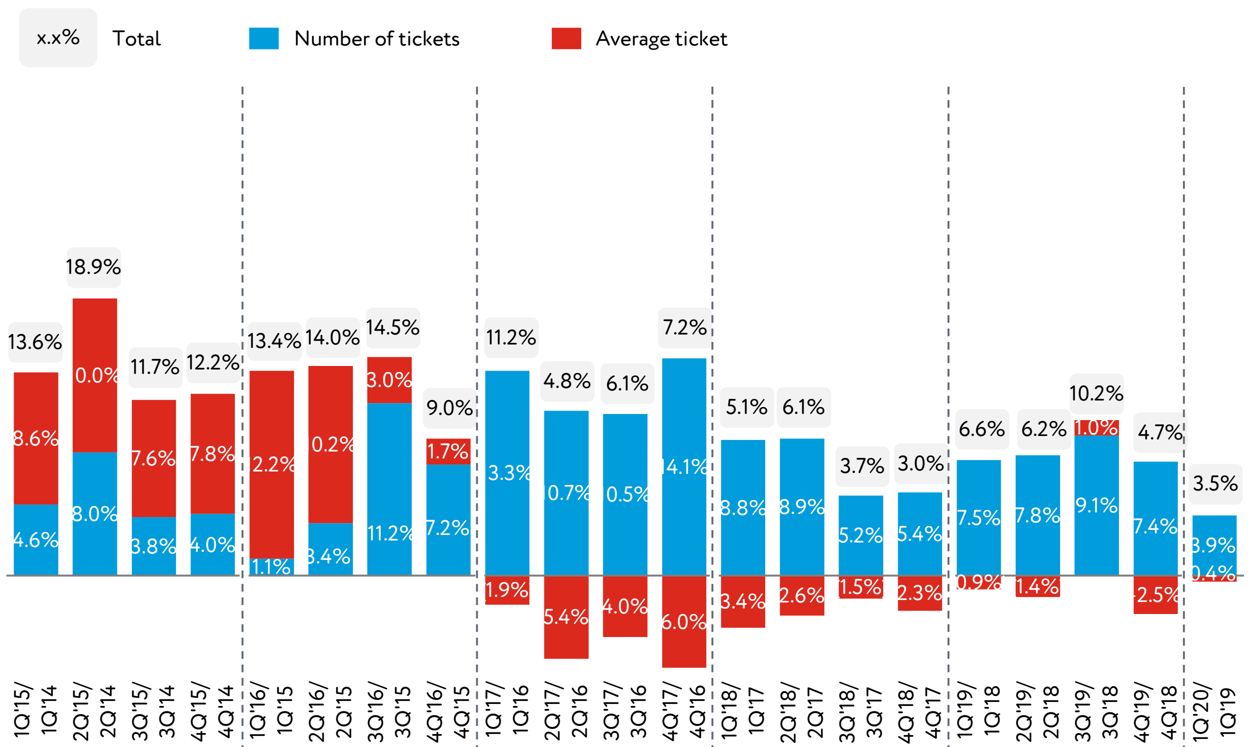
- Baby food and diapers remain key traffic-generating categories for children's goods stores
- Only stores specialized in children's goods offer a full range of baby food and diapers products unlike hypermarkets, which are focused on "bestseller" SKUs
- Detsky Mir took market share away from other channels in these categories
- Notably, Detsky Mir has outperformed food retailers, which have been the largest sales channel for baby food historically
- Detsky Mir's baby food market share increased by 190bps YoY to 17.1% in Q1 2020
- Detsky Mir's diapers market share increased by 490bps YoY to 33.2% in Q1 2020

Detsky Mir's share of the diapers market increased by 2.0x over several years

Source: Nielsen

Robust like-for-like performance

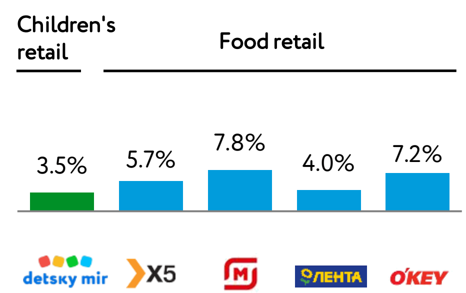
Like-for-like revenue growth



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
- 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 Q1 2020



LFL growth	LFL growth 2016	LFL growth 2017	LFL growth 2018	LFL growth 2019
Total	**12.3%**	**7.2%**	**4.3%**	**6.8%**
Average ticket	5.9%	(4.4%)	(2.4%)	(1.0%)
Number of tickets	6.0%	12.2%	6.9%	7.9%

Detsky Mir (Russia) demonstrated attractive LFL revenue growth rate (+3.5%) in Q1 2020

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

Financial performance summary

(RUB m, unless specified otherwise)[1]

	2018	2019	Q1 2019	Q1 2020
Number of stores	**743**	**842**	**748**	**846**
Detsky Mir and Detmir Pickup	673	770	674	777
ELC, ABC, Zoozavr stores	70	72	74	69
Selling space (k sqm)	**768**	**843**	**769**	**847**
Revenue	**110,874**	**128,764**	**27,886**	**31,020**
% total sales growth	*14.3%*	*16.1%*	*16.1%*	*11.2%*
% LFL sales growth	*4.9%*	*7.2%*	*6.6%*	*4.0%*
Revenue per sqm[2] (RUB thousand / sqm)	*152*	*160*	*36*	*38*
Online sales[4]	8,771	14,489	2,584	5,443
Share of online sales in Russia	*8.2%*	*11.7%*	*9.3%*	*18.4%*
Gross profit	**36,829**	**41,532**	**8,082**	**9,085**
Margin, %	*33.2%*	*32.3%*	*29.0%*	*29.3%*
Gross profit per sqm[2] (RUB thousand / sqm)	***51***	***52***	***10***	***11***
Adjusted SG&A	24,116	26,799	6,205	6,826
% of revenue	*21.8%*	*20.8%*	*22.2%*	*22.0%*
Adjusted EBITDA	**12,666**	**14,725**	**1,875**	**2,260**
Margin, %	*11.4%*	*11.4%*	*6.7%*	*7.3%*
Adjusted profit for the period	**7,229**	**8,022**	**474**	**15**
Margin, %	*6.5%*	*6.2%*	*1.7%*	*0.05%*
Total debt	**21,470**	**19,250**	**24,445**	**35,095**
Cash and cash equivalents	(3,335)	(1,769)	1,339	(10,836)
Adjusted net debt	**18,135**	**17,481**	**23,106**	**24,259**
Adjusted net debt / LTM Adjusted EBITDA	*1.4x*	*1.2x*	*1.8x*	*1.6x*
Capex	**(3,794)**	**(3,507)**	**(863)**	**(338)**
% of revenue	*3.4%*	*2.7%*	*3.1%*	*1.1%*
Dividends declared	**6,108**	**6,998**	**-**	**-**

Comments

Sales Growth

- Strong support from both network expansion and LFL
- Solid LFL Sales growth rates
- High rate of new openings in 2019 (101 stores)

Improved Operating Efficiency

- Stable gross margin due to efficient purchases
- Over 400bps improvement in SG&A as % of sales from 2015 to 2019 (-30bps Q1 2020 vs Q1 2019)

Superior EBITDA Margin

- Major SG&A optimisation measures implemented by the new management team since 2012
- Over 120bps margin increase from 2015 to 2019
- Double-digit EBITDA margin achieved in 2015 and improved in 2016-Q1 2020, expected to be maintained in mid-term

Capex

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

Conservative Financial Policy

- Net debt / adj. EBITDA as of 31-March-2020 is 1.6x vs. 4.0x average leverage covenant level across the loan portfolio

Attractive Returns for Shareholders

- Continuous dividend payout track record
- Yearly dividend payments increased more than 14-fold from 2013

Source: Company data

[1] The Company's consolidated financial measures for 2018-2020 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] Calculated per average space for the period
[3] Online sales (including sales via "in-store pickup" service)

Contact Information

Sergey Levitskiy

Head of Investor Relations

slevitskiy@detmir.ru

+7 903 971-43-65

Detsky mir

+7 495 781-08-08, ext. 2315

detmir.ru