

**DETSKY MIR GROUP ANNOUNCES
OPERATING RESULTS FOR 1st QUARTER 2018**

12 April 2018. Moscow, Russia. – Detsky Mir Group ("Detsky Mir", "the Group" or "the Company") – Russia's largest specialized children's goods retailer, announces its operating results for the first quarter ended 31 March 2018.

1Q 2018 OPERATING HIGHLIGHTS

- Group unaudited revenue increased by 14.0% year-on-year to RUB 24.0 bn.
 - Online revenue¹ increased by 64.9% year-on-year to RUB 1.5 bn.
- Like-for-like sales at Detsky Mir stores in Russia grew by 5.1%², with the number of tickets growing by 8.8% and decline in the average ticket price by 3.4%.
- Detsky Mir opened 5³ new branded stores in the 1st quarter 2018. The Group continued the development of the ELC chain, opening new stores in Moscow and Krasnodar, preserving the focus on optimizing business processes and improving the profitability of the business. Total stores of the Group amounted to 625⁴ as of 31 March 2018.
- Total selling space increased by 15.1% to c. 686,000 sq. m.
- The number of active Detsky Mir loyalty program cardholders increased by 24% year-on-year to 18.8 mln with c.76% of total sales made using the loyalty card.

MATERIAL EVENTS IN THE 1st QUARTER 2018

- MTS Bank and Detsky Mir launched co-branded cards with increased bonuses. Now customers can make purchases with a credit or prepaid card " Detsky Mir - MTS Bank" and pay bonuses up to 100% of the cost of goods in Detsky Mir stores. The main advantage of the cards is that bonuses are accrued when paying with a card not only in Detsky Mir stores, but also in any retail chains.

Indicator	1Q 2018	1Q 2017	Δ, %
Number of stores	625	521	20.0%
Detsky Mir	579	480	20.6%
ELC	46	41	12.2%
Selling space ('000, sq.m.)	686	596	15.1%

Like-for-Like	1Q 2018	1Q 2017	Δ, %
Like-for-Like revenue growth²	5,1%	11,2%	(6.1 p.p.)
Like-for-Like number of tickets growth ²	8,8%	13,3%	(4.5 p.p.)
Like-for-Like average ticket growth ²	-3,4%	-1,9%	(1.5 p.p.)

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

“Despite the ongoing slowdown in inflation and a drop in the real disposable income of households, as well as the high base of the first quarter of the previous year, the company had a successful New Year season and significantly increased its turnover during the gender holidays in February and March. As a result, the consolidated unaudited revenue of the company rose by 14.0% up to RUB 24.0bn in Q1 2018. Detsky Mir's turnover increased substantially by rum-up of the stores opened in 2017-2016, as well as like-for-like sales growth of 5.1% on the back of high traffic levels.

(1) This channel includes online orders at www.detmir.ru, including in-store pick-up.

(2) 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.

(3) In Q1 2018, Detsky Mir closed four stores, including two stores in which a fire occurred.

(4) The number of ELC stores amounted to 46.

The company continues developing its business in Kazakhstan: revenue doubled year-on-year and like-for-like sales went up 30%.

Detsky Mir remains the most popular retail chain selling children's goods in Russia, which enables the company to sign contracts with the largest toy producers and offer the best product range to the customers. For example, in Q1 2018 Detsky Mir entered into a contract with one of the world's major toy producers Spin Master to sell interactive toys Hatchimals and Paw Patrol. Moreover, Detsky Mir has become the first retailer to launch an iconic brand Matchbox by Mattel.

Although most of the new stores are traditionally opened in the second half of the year (a high season), in Q1 we opened 5 Detsky Mir stores, with such towns as Murom and Golitsyno (the Moscow region) added to the company's geographic footprint. The company is planning to launch at least 70 new stores in 2018.

The online store and services remain the focus of the company's development. We continuously improve the quality of customer service (Service Level) at all stages of order processing. The share of online orders ready for pick-up within one hour in any retail store of the chain increased from 45% to 80% in the reporting period. In Q1, the share of the online segment in the Group's total revenue continued growing, having increased to 6%.”

Additional information is available on the Company's corporate website www.corp.detmir.ru

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Detsky Mir Group (MOEX: DSKY) is Russia's largest specialized children's goods retailer. The company operates a network of 625 stores, including 579 Detsky Mir stores in Russia and Kazakhstan located in 221 cities, as well as 46 ELC (Early Learning Centre) stores in Russia. The total selling space as of 31 March 2018 was approximately 686,000 square meters.

In accordance with the audited Financial Statements under IFRS Group revenue amounted to RUB 97.0 bn for FY 2017. Adjusted EBITDA totaled RUB 10.7 bn and adjusted profit for the period amounted to RUB 5.5 bn for FY 2017.

Detsky Mir Group's shareholder structure as of the date of this announcement 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, 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.

(8) 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.

(9) 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.