

**DETSKY MIR GROUP ANNOUNCES  
OPERATING RESULTS FOR 1st HALF 2017**

**24 July 2017. Moscow, Russia.** – Detsky Mir Group ("Detsky Mir", "the Group" or "the Company") (MOEX: DSKY), Russia's largest specialized children's goods retailer, announces its operating results for the first half ended 30 June 2017.

**KEY OPERATING RESULTS FOR 1H 2017**

- Group unaudited revenue increased by 24.8% to RUB 42.1bn, vs. RUB 33.7bn in 1H 2016;
- In accordance with the methodology of calculation of like-for-like comparisons, which would be closer to methodologies used in operating and financial reporting of publicly traded food retailers in Russia, like-for-like sales at Detsky Mir stores in Russia grew by 7.9%<sup>1</sup>, with the number of tickets growing by 12.0% and a decline in the average ticket price by 3.7%;
- Group stores amounted to 528<sup>2</sup> with total retail floorspace of approximately 604,000 sq. m. in the first half of 2017, twelve Detsky Mir branded stores<sup>3</sup> were opened.

	1H 2016	1H 2017	Change, YoY (%)
<b>Number of stores</b>	<b>444</b>	<b>528</b>	<b>18.9%</b>
Detsky Mir	400	488	22.0%
ELC	44	40	(9.1%)
<b>Selling space ('000, sq.m.)</b>	<b>511</b>	<b>604</b>	<b>18.2%</b>

	1H 2016	1H 2017	Change, YoY (p.p.)
<i>Alternative Like-for-Like, %</i>			
<b>Like-for-Like revenue growth, %<sup>1</sup></b>	<b>13.8%</b>	<b>7.9%</b>	<b>(5.9 p.p.)</b>
<i>Like-for-Like number of tickets growth, %<sup>1</sup></i>	2.4%	12.0%	9.6 p.p.
<i>Like-for-Like average ticket growth, %<sup>1</sup></i>	11.1%	(3.7%)	(14.8 p.p.)

	1H 2016	1H 2017	Change, YoY (p.p.)
<i>Like-for-like, %</i>			
<b>Like-for-Like revenue growth, %<sup>4</sup></b>	<b>13.2%</b>	<b>7.7%</b>	<b>(5.5 p.p.)</b>
<i>Like-for-Like number of tickets growth, %<sup>4</sup></i>	1.8%	11.8%	10.0 p.p.
<i>Like-for-Like average ticket growth, %<sup>4</sup></i>	11.2%	(3.6%)	(14.8 p.p.)

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

*"The overall consumer market demonstrated a negative trend in the first half of 2017. Despite the fact that the Company's revenue in "Clothing" and "Footwear" categories was impacted by the cold weather in Central Russia, Detsky Mir Group managed to achieve a significant revenue growth rate of 24.8%. The consolidated unaudited revenue amounted to RUB 42.1bn. One of the key drivers behind the revenue growth was the like-for-like sales growth rate of 7.9%, resulting from the 12.0% growth in the number of transactions (the number of tickets). To increase its LFL sales growth, the Company will launch a number of marketing initiatives within a year.*

*As a result of the first half of 2017, gross margin is expected to remain at the level of same period of the previous year. The unaudited adjusted EBITDA growth was more than 35%.*

(1) Alternative 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.

(2) The number of ELC stores amounted to 40 due to the relocation of retail properties. The opening of new stores is scheduled for the second half of 2017.

(3) In 1H 2017, four Detsky Mir stores were closed for further relocation.

(4) LfL growth includes only DM stores in Russia that were in operations for one full prior calendar year. For example, the like-for-like comparison of retail sales between 1H 2017 and 1H 2016 would include revenue of all Detsky Mir stores that were opened prior to 31 December 2015 and that were in operation during the entirety of 2016 and 1H 2017.

*In 2017, Detsky Mir Group will continue to implement its strategy aimed at market consolidation: we plan to open at least 70 new super- and hypermarkets this year, including at least 5 stores in Kazakhstan.*

*Twelve new Detsky Mir stores were opened in the reporting period, including four stores in the Moscow region and one store in Kazakhstan. The chain's first stores were opened in such cities as Pervouralsk, Oktyabrsky and Aktau.*

*Rapid development of e-commerce remains a key trend in the consumer market, including the segment of children's goods, therefore Detsky Mir pays a lot of attention to the development of its own online store. In the first six months of 2017 the online segment's revenue increased by 63.5% year-on-year. The key driver was the growth of conversion."*

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### **Conference call information**

Detsky Mir's management will host a conference call today at 17:00 pm (Moscow time) / 3:00 pm (London time) / 10:00 am (New York time) to discuss 1H 2017 Trading Update.

The dial-in numbers for the conference call are:

#### **Russia**

+7 495 221 6523

#### **UK**

+44 203 0432440

#### **USA**

+1 877 8874163

**PIN:** 67528794#

The conference title: "Detsky Mir Group – 1H 2017 Trading Update".

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**Detsky Mir Group** (MOEX: DSKY) is Russia's largest specialized children's goods retailer. The company operates a network of 528 stores, including 475 Detsky Mir stores in Russia and 13 in Kazakhstan located in 181 different cities, as well as 40 ELC (Early Learning Centre) stores in Russia. The total selling space as of 30 June 2017 was approximately 604,000 square meters.

In accordance with the audited Financial Statements under IFRS Group revenue amounted to RUB 79.5bn for the full year 2016. Adjusted EBITDA totaled RUB 8.2bn and Adjusted profit for the period amounted to RUB 3.8bn for 2016.

Detsky Mir Group's shareholder structure is as follows: PJSC Sistema<sup>5</sup> - 52.10%; Russia-China Investment Fund (RCIF)<sup>6</sup> - 14.03%; Other shareholders owning less than 5% of the shares - 33.87%.

Lear more at [www.detmir.ru](http://www.detmir.ru), [corp.detmir.ru](http://corp.detmir.ru) or [elc-russia.ru](http://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

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(5) 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.

(6) 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.

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.