



МАРКА №1
В РОССИИ



Detsky Mir
RETAIL CHAIN



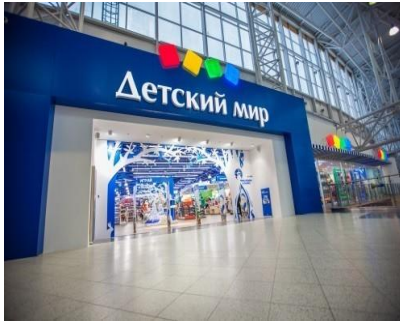
Detsky Mir announces unaudited financial results for the 1st quarter of 2016

12 May 2016



Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of Detsky Mir Group. You can identify forward-looking statements by terms such as “expect,” “believe,” “anticipate,” “continue,” “estimate,” “intend,” “will,” “could,” “would,” “should,” “may” or “might”, the negative of such terms or other similar expressions. These statements are only predictions and actual events or results may differ materially. We do 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 our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, as well as many other risks specifically related to Detsky Mir Group and its operations.

Key financial and operating results in Q1 2016



- **Total space increased** by 4 k sq m: from 490 k sq m in 2015 to 494 k sq m in Q1 2016 driven by 4 new store openings
- **Revenue increased** by 35.1% compared to the respective period of the previous year: from RUR12.2 bn in Q1 2015 to RUR 16.4 bn in Q1 2016
 - LFL¹ Detsky Mir revenue growth is 13.1% in Q1 2016 (average ticket growth is 12.1% and traffic growth is 0.9%)
- **Gross profit increased** by 25.2% compared to the previous year: from RUR4.4 bn in Q1 2015 to RUR5.5 bn in Q1 2016
 - **Gross margin** in Q1 2016 is 33.4%
- **Selling, general and administrative expenses** as a share of revenue decreased by almost 2 p.p. to 28.5% compared with 30.3% in Q1 2015, driven by increased operational efficiency
- **OIBDA** increased by 16.9% year-on-year to RUB 0.8bn vs RUB 0.7bn in Q1 2015; the **OIBDA margin** reached 4.9%
- **Net income** more than quadrupled year-on-year to RUB 0.1bn
- **The net debt/adjusted OIBDA LTM ratio**² as of March 2016 improved to 2.0x vs 2.3x in Q1 2015

Notes:

¹ LFL measures is calculated on the basis of operations of Detsky mir branded stores only. The Detsky Mir stores that are included in like-for-like comparisons are those stores that have been open within a calendar year for which the like-to-like comparison is being made. For example, the like-for-like comparison of retail sales between Q1 2016 and Q1 2015 would include revenue of all Detsky Mir stores that were opened during the course of 2014 and that were in operation during 2015 and Q1 2016. Like-for-like revenue is calculated on the basis of store revenue in roubles (including VAT but excluding returns)

² Adjusted OIBDA LTM excludes one-off effects related to the disposal of the Yakimanka building and payments under the long term incentive scheme

Q1 2016 financial performance overview

Key financials in Q1 2016 vs. Q1 2015 (RUB bn, unless specified otherwise)

RUB bn	Q1 2015	Q1 2016	Change YoY
Number of stores	330	428	29.7%
<i>Detsky Mir</i> ¹	287	384	33.8%
<i>ELC</i>	43	44	2.3%
Selling space (k sq m)	399	494	23.8%
Revenue	12.2	16.4	35.1%
Selling, administrative and other operating expenses	3.7	4.7	26.8%
<i>% of revenue</i>	30.3%	28.5%	-1.8p.p.
OIBDA	0.7	0.8	16.9%
<i>OIBDA margin (%)</i>	5.7%	4.9%	-0.8p.p.
Net income / (loss)	0.02	0.1	322.0%

Key financials, LTM as of March 2016 vs. LTM as of March 2015 (RUB bn, unless specified otherwise)

RUB bn	LTM as of March 2015	LTM as of March 2016	Change YoY
Revenue	48.5	64.8	33.7%
Selling, administrative and other operating expenses ²	13.6	16.7	23.0%
<i>% of revenue</i>	28.0%	25.8%	-2.3p.p.
OIBDA ³	5.1	6.3	23.9%
<i>OIBDA margin (%)</i>	10.5%	9.7%	-0.8p.p.
Net income / (loss) ⁴	2.1	2.3	5.7%
<i>Net profit margin</i>	4.4%	3.5%	-0.9p.p.
Net debt	11.4	12.6	
<i>Net debt / OIBDA</i> ³	2.3x	2.0x	

Source: DM's unaudited IFRS report as of Q1 2016

¹ Chain growth since the beginning of 2016 amounted to four stores excluding relocation

² Excluding one-off effects related to payment of bonuses under the long term incentive scheme

Key Facts

4 new stores

- In Q1 2016 4 new stores were opened excluding relocation
- Total selling space has increased by 4 k sq.m since the beginning of the year

Revenue growth +35%

- 35% growth of revenue in Q1 2016 is due to:
 - Growth in LFL sales by 13%
 - Increasing maturity of stores opened in 2014 and 2015

Improved operating efficiency

- Reduction of the share of selling, general and administrative expenses from 30.3% to 28.5% of revenue driven by improved operating efficiency and costs cutting

Revenue growth +34%

- Growth of revenue in the last twelve months results from:
 - High LFL sales growth
 - An all-time high number of stores opened in 2015 (104 new stores)
 - Increasing maturity of stores opened last year

Improved operating efficiency

- Reduction of the share of selling, general and administrative expenses from 28.0% to 25.8% of revenue driven by improved operating efficiency of business

Improved net debt/adjusted OIBDA LTM ratio

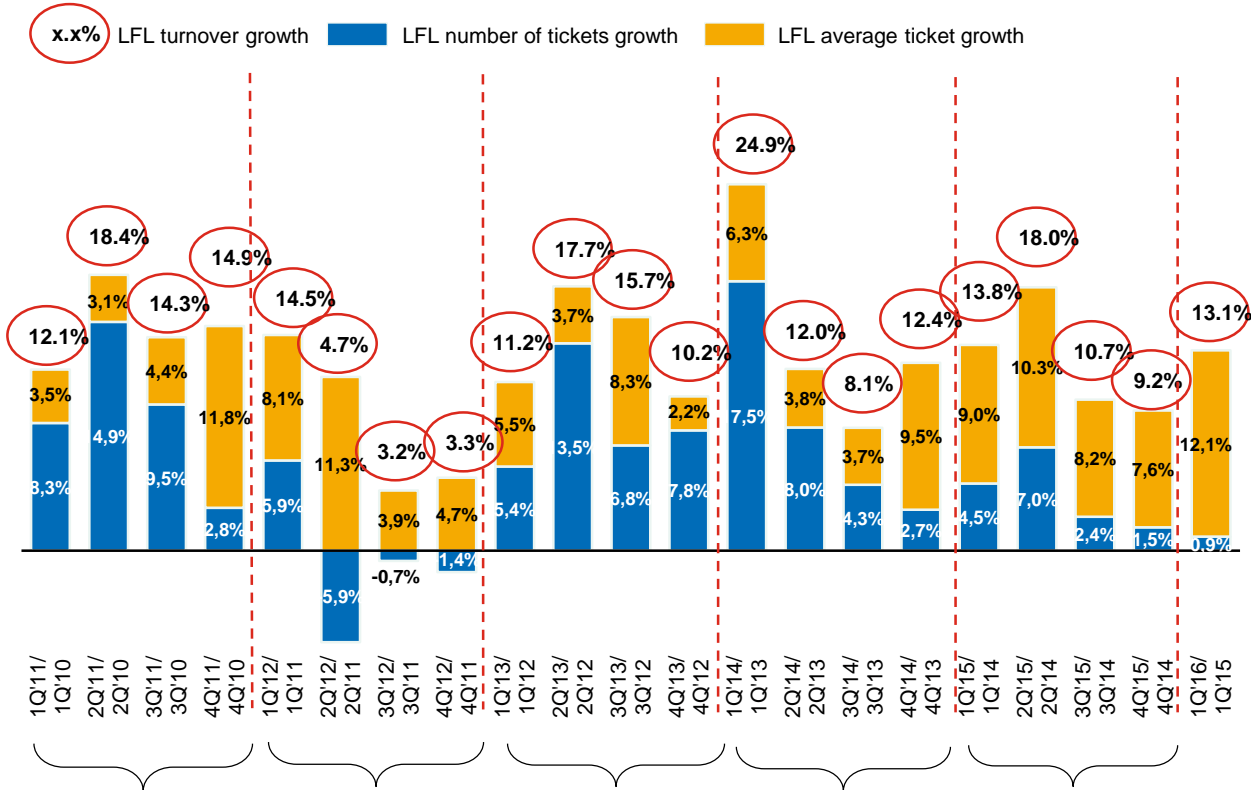
- The net debt/adjusted OIBDA LTM ratio as of March 2016 improved to 2.0x vs 2.3x in Q1 2015

³ Excluding one-off effects related to the disposal of the Yakimanka building and payment of bonuses under the long term incentive scheme

⁴ Excluding one-off effects related to the disposal of the Yakimanka building, payment of bonuses under the long term incentive scheme and other non-operating one-off costs

Robust like-for-like performance

Like-for-like sales (in RUR)



LFL growth in 2011

Total	14.9%
Average ticket	6.1%
Traffic (# of tickets)	8.3%

LFL growth in 2012

Total	5.6%
Average ticket	6.4%
Traffic (# of tickets)	(0.7%)

LFL growth 2013

Total	13.4%
Average ticket	4.8%
Traffic (# of tickets)	8.2%

LFL growth 2014

Total	13.6%
Average ticket	5.1%
Traffic (# of tickets)	8.1%

LFL growth 2015

Total	12.4%
Average ticket	8.4%
Traffic (# of tickets)	3.7%

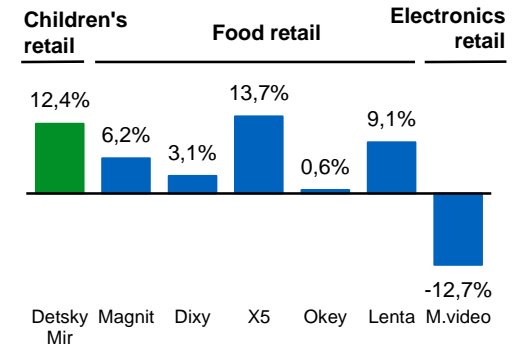
LFL growth Q1 2016

Total	13.1%
Average ticket	12.1%
Traffic (# of tickets)	0.9%

Comments

- Double-digit growth of the like-for-like sales was a result of competitive pricing policy, marketing activities and improvements in merchandising
- Key driver of the like-for-like sales is an increase in traffic
- New openings under new store concept, attractive loyalty program, and competitive prices will be supportive for like-for-like growth in the future

Like-for-like sales growth for FY 2015



Detsky Mir continued showing high growth rates in Q1 2015 based on several factors including high LFL sales growth (+13%)

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