



## **DETSKY MIR GROUP ANNOUNCES UNAUDITED FINANCIAL RESULTS FOR 1st QUARTER 2016**

**12 May 2016. Moscow, Russia.** Detsky Mir Group ("Detsky Mir" or "the Group"), Russia's largest children's goods retailer, announces its unaudited financial results under International Financial Reporting Standards (IFRS) for the first quarter of 2016, which ended on 31 March 2016.

### **KEY FINANCIAL RESULTS FOR 1st QUARTER 2016**

- Group unaudited revenue increased by 35.1% to RUB 16.4bn, vs. RUB 12.2bn in Q1 2015;
- Like-for-like sales at Detsky Mir stores in Russia grew by 13.1%<sup>1</sup>, with the number of checks growing by 0.9% and the average check increasing by 12.1%;
- Gross profit increased by 25.2% year-on-year to RUB 5.5bn vs. RUB 4.4bn in Q1 2015; the gross margin reached 33.4%;
- Selling, general and administrative expenses<sup>2</sup> 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<sup>3</sup> as of March 2016 improved to 2.0x vs 2.3x in Q1 2015.

### **Vladimir Chirakhov, CEO of Detsky Mir Group, said:**

*“Detsky Mir Group continued to actively expand in the first quarter: unaudited consolidated revenue increased by 35.1% year-on-year to RUB 16.4bn. We maintained the double-digit pace of sales growth at comparable stores, with like-for-like sales growth of 13.1%.*

*Selling, general and administrative expenses as a share of revenue decreased by nearly 2 p.p. as we implemented projects to improve operational efficiency and automated business processes, thereby optimizing our back-office and sales headcount. OIBDA increased by 16.9% to RUB 806mln in Q1 2016.*

*Kazakhstan remains one of our priority areas of focus. In the first quarter, like-for-like sales growth (KZT) at Detsky Mir stores in Kazakhstan was 50.3%. Although our Kazakh stores account for a relatively small proportion of total sales, we see great business opportunities in this area, and plan to open at least five stores in 2016.”*

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(1) Here and elsewhere like-for-like (LFL) sales and average check are calculated in Russian roubles. Trends are presented for the comparative period (Q1 2016 to Q1 2015) and include only Detsky Mir stores in Russia.

(2) Selling, general and administrative expenses, and other operating expenses are calculated without depreciation and amortisation

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

**FINANCIAL PERFORMANCE**  
**IN Q1 2016 VS. Q1 2015**

<i>RUB bn</i>	Q1 2015	Q1 2016	Change, YoY (%)
<b>Number of stores (units)</b>	<b>330</b>	<b>428</b>	<b>29.7%</b>
<i>Detsky Mir<sup>4</sup></i>	287	384	33.8%
<i>ELC</i>	43	44	2.3%
<b>Selling space (thousand sq m )</b>	<b>399</b>	<b>494</b>	<b>23.8%</b>
<b>Revenue</b>	<b>12.2</b>	<b>16.4</b>	<b>35.1%</b>
<b>Selling, administrative and other operating expenses</b>	<b>3.7</b>	<b>4.7</b>	<b>26.8%</b>
<i>% of revenue</i>	30.3%	28.5%	-1.8 p.p
<b>OIBDA</b>	<b>0.7</b>	<b>0.8</b>	<b>16.9%</b>
<i>OIBDA margin (%)</i>	5.7%	4.9%	-0.8 p.p
<b>Net income / (loss)</b>	<b>0.02</b>	<b>0.1</b>	<b>322.0%</b>

**FINANCIAL PERFORMANCE**  
**IN 12 MONTHS ENDING 31 MARCH 2016**

<i>RUB bn</i>	LTM as of March 2015	LTM as of March 2016	Change YoY,%
<b>Revenue</b>	<b>48.5</b>	<b>64.8</b>	<b>33.7%</b>
<b>Selling, administrative and other operating expenses<sup>5</sup></b>	<b>13.6</b>	<b>16.7</b>	<b>23.0%</b>
<i>% of revenue</i>	28.0%	25.8%	-2.3 p.p
<b>OIBDA<sup>6</sup></b>	<b>5.1</b>	<b>6.3</b>	<b>23.9%</b>
<i>OIBDA margin (%)</i>	10.5%	9.7%	-0.8 p.p
<b>Net income / (loss)<sup>7</sup></b>	<b>2.1</b>	<b>2.3</b>	<b>5.7%</b>
<i>Net profit margin (%)</i>	4.4%	3.5%	-0.9 p.p
<b>Net debt</b>	<b>11.4</b>	<b>12.6</b>	
<i>Net debt / OIBDA (x)</i>	2.3x	2.0x	

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**For additional information contact:**

**Nadezhda Kiseleva**

Head of PR

Office: +7 (495) 781-08-08, ext. 2041

Cell: +7 (903) 969-00-86

[nkiseleva@detmir.ru](mailto:nkiseleva@detmir.ru)

**Sergey Levitskiy**

Head of M&A and Business Valuation

Office: +7 (495) 781-08-08, ext. 2315

Cell: + 7 903 971 43 65

[slevitskiy@detmir.ru](mailto:slevitskiy@detmir.ru)

(4) Chain growth since the beginning of 2016 amounted to four stores excluding relocation

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

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

(7) 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

**Detsky Mir Group** is the largest children's goods retailer in Russia. The Group includes the nationwide retail chain Detsky Mir, the ELC retail chain, and two online stores (Detsky Mir and ELC). As of 31 March 2016, Detsky Mir had 384 stores in Russia and Kazakhstan, while the ELC retail chain consisted of 44 stores in Russia. The total retail floorspace of the chain is 494 thousand sq.m. Detsky Mir's principal shareholder is Sistema JSFC. Websites: [www.detmir.ru](http://www.detmir.ru), [corp.detmir.ru](http://corp.detmir.ru), [elc-russia.ru](http://elc-russia.ru)

**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, the company reported revenues of RUB 708.6 billion for 2015 and total assets of RUB 1.3 trillion as of December 31, 2015. Sistema's global depository 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. Website: [www.sistema.com](http://www.sistema.com).

*Some of the information in this document may contain projections or other forward-looking statements regarding future events of the Detsky Mir Group and Sistema JSFC. Such statements contain phrases like "expected", "estimated", "intended", "will", "could", negatives of such statements, and other similar expressions. We would like to warn you that such statements are assumptions only and the actual course of events and their results may differ significantly from such statements. We do not intend to revise such statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Due to numerous factors, the actual results of the Detsky Mir Group and Sistema JSFC may differ significantly from those stated in our assumptions and projections. Such factors may include general economic conditions, competitive environment in which we operate, risks related to the operations in Russia, rapid technological or market changes in our sphere of business, and many other risks directly related to the Detsky Mir Group and Sistema JSFC and their activities.*