



DETSKY MIR GROUP REVENUE INCREASES BY 16.3% TO RUB 28 BN IN Q2 2019

Moscow, Russia, 18 July 2019 – Detsky Mir Group (“Detsky Mir”, “the Group” or “the Company”, MOEX: DSKY), Russia’s largest specialized children’s goods retailer and a Sistema company (LSE: SSA, MOEX: AFKS), announces its operating results for the second quarter and first half ended 30 June 2019.

Q2 2019 OPERATING HIGHLIGHTS¹

- Group unaudited revenue increased by 16.3% year-on-year to RUB 28 bn.
 - Online revenue² increased by 70.8% year-on-year to RUB 2.7 bn.
 - Revenue in Kazakhstan rose by 46.5% year-on-year to RUB 766 m.
- Like-for-like sales³ at Detsky Mir stores in Russia and Kazakhstan grew by 6.7%. The number of tickets grew by 8.5%, while the average ticket decreased by 1.7%.
- Like-for-like sales at Detsky Mir stores in Russia grew by 6.2%. The number of tickets grew by 7.8%, while the average ticket decreased by 1.4%.
- Like-for-like sales⁴ at Detsky Mir stores in Kazakhstan increased by 38.4%.
- Detsky Mir opened 17 new branded stores⁵ in Q2 2019. The Group had 760 stores as of 30 June 2019.⁶
- Total selling space increased by 10.3% year-on-year to approximately 777,000 sq. m.
- The total number of issued Detsky Mir loyalty cards increased by 13.8% year-on-year to 22 mln, while the number of active loyalty cardholders⁷ was 10.1 m. Transactions using the loyalty card accounted for 78.8% of total sales.

H1 2019 OPERATING HIGHLIGHTS

- Group unaudited revenue increased by 16.2% year-on-year to RUB 55.9 bn.
 - Online revenue increased by 72.3% year-on-year to RUB 5.3 bn.
 - Revenue in Kazakhstan rose by 53.1% year-on-year to RUB 1.5 bn.
- Like-for-like sales at Detsky Mir stores in Russia and Kazakhstan grew by 6.9%. The number of tickets grew by 8.3%, while the average ticket decreased by 1.3%.
- Like-for-like sales at Detsky Mir stores in Russia grew by 6.4%. The number of tickets grew by 7.6%, while the average ticket decreased by 1.2%.
- Like-for-like sales at Detsky Mir stores in Kazakhstan increased by 37.4%.
- Detsky Mir opened 23 new branded stores⁸ in H1 2019.

Q2 2019 KEY EVENTS

- In April 2019, Detsky Mir successfully issued its series BO-07 exchange-traded bond with a nominal value of RUB 5 bn and a coupon rate of 8.90% p.a. The put option is in 3 years.
- In May 2019, Detsky Mir paid out a final dividend of RUB 3.3 bn for Q4 2018. The dividend yield of Detsky Mir shares was more than 10%⁹.
- In June 2019, Detsky Mir launched a mobile application for customers in Kazakhstan and Belarus. In addition to the convenient use of a virtual loyalty card, customers can check the current balance of their bonus points and their transaction history, as well as follow promos so as not to miss the most attractive discounts.

(1) Excluding the effect of the new IFRS 16 (“Lease”) accounting standards.

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

(3) Hereinafter like-for-like average growth, like-for-like number of tickets growth and like-for-like revenue growth based on stores in operation for at least 12 full calendar months.

(4) Calculated in the national currency of Kazakhstan (tenge).

(5) In Q2 2019, Detsky Mir closed three stores.

(6) Including 66 ELC and ABC stores, as well as six Zoozavr stores.

(7) Cardholders who made at least one purchase at Detsky Mir during the last 12 months to 30 June 2019 are considered active.

(8) In H1 2019, Detsky Mir closed eight stores.

(9) Last twelve months dividend yield is calculated at the record date.

	Q2 2019	Q2 2018	Change
Number of stores	760	650	16.9%
Detsky Mir	688	599	14.9%
ELC & ABC	66	51	29.4%
Zoozavr	6	-	-
Selling space ('000, sq.m.)	777	704	10.3%

Detsky Mir in Russia and Kazakhstan	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
Like-for-like revenue growth	6.7%	6.7%	-	6.9%	6.2%	0.6 p.p.
Like-for-like number of tickets growth	8.5%	9.4%	(1.1 p.p.)	8.3%	9.3%	(1.0 p.p.)
Like-for-like average ticket growth	-1.7%	-2.5%	0.8 p.p.	-1.3%	-2.9%	1.6 p.p.

Detsky Mir in Russia	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change
Like-for-like revenue growth	6.2%	6.1%	0.1 p.p.	6.4%	5.6%	0.9 p.p.
Like-for-like number of tickets growth	7.8%	8.9%	(1.1 p.p.)	7.6%	8.9%	(1.3 p.p.)
Like-for-like average ticket growth	-1.4%	-2.6%	1.2 p.p.	-1.2%	-3.0%	1.8 p.p.

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

“In Q2 2019, the Company accelerated revenue growth to 16.3% YoY, with consolidated unaudited revenue reaching RUB 28 bn.

“Revenue growth was primarily driven by organic expansion and by the ramp-up of new stores. At the same time, Q2 LFL sales across Detsky Mir stores in both Russia and Kazakhstan increased by 6.7% YoY. The company won over new customers and boosted the number of transactions by 8.5%, which is among the highest growth rates in the Russian retail market.

“Toys and children's clothing were the fastest-growing product categories in the past quarter. Efficient pricing of private-label products and frequent online promos fed into strong sales of the Spring/Summer apparel collection. This category accounted for 27% of Detsky Mir's total revenue in Russia, up 1.2 p.p. YoY.

“Private labels such as Demi Star (toys for girls), Mobicaro (toys for boys), Attivio (construction sets and arts) and BabyGo (toys for infants) were also among the Company's best-sellers in Q2, accounting for 16.4% of total toy sales, a 7.2 p.p. increase YoY. Other toys in high demand included those produced by international brands such as Mattel (Hot Wheels & Enchantimals) and Spin Master (PAW Patrol).

“The online store detmir.ru generated RUB 2.7bn in revenue in Q2, up 70.8% YoY, or 9.7% of total DM sales (up 3.1 p.p. YoY), with baby products and toys accounting for nearly 70% of online sales. In-store pick-up remains the most convenient and popular delivery method among our customers, accounting for 88% of orders made in Q2 2019. DM will spend the second half of 2019 refining the online store's service standards and functions by launching a new mobile app, promoting direct deliveries from stores, and introducing new product filters and specifications.

“Detsky Mir is continuing to consolidate the market through regional and international expansion. The second quarter of 2019 saw 17 openings, including three in the Moscow region and one in Belarus, with the first-ever DM stores opened in Komsomolsk-on-Amur, Birobidzhan and Ussuriysk in Russia, and Gomel in Belarus. In addition, the company's expansion plan for H2 2019 expects at least 60 new openings.”

Additional information is available on the Company's website, <https://ir.detmir.ru/>

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Detsky Mir Group (MOEX: DSKY) is a multi-format retailer and Russia's largest specialized children's goods retailer. The Group comprises the Detsky Mir retail chain, ELC (Early Learning Centre in Russia) and the ABC retail chains, as well as the Zoozavr pet supplies retail chain. The company operates a network of 688 Detsky Mir stores located in 258 cities in Russia, Kazakhstan and Belarus, as well as 51 ELC and 15 ABC stores as of 30 June 2019. The Zoozavr retail chain comprises six stores. Total selling space was approximately 777,000 square meters.

In accordance with the audited Financial Statements under IFRS, Group revenue amounted to RUB 110.9 bn for FY 2018, adjusted EBITDA totalled RUB 12.7 bn and adjusted profit amounted to RUB 7.2 bn.

Detsky Mir Group's shareholder structure as of the date of this announcement is as follows: PJSC Sistema¹⁰ - 52.10%, Russia-China Investment Fund (RCIF)¹¹ - 14.03%, other shareholders owning less than 5% of the shares - 33.87%.

Lear more at www.detmir.ru, elc-russia.ru, ir.detmir.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.

(10) Sistema PJSC is a publicly-traded diversified Russian holding company serving over 150 million customers in the sectors of telecommunications, children's goods retail, paper and packaging, healthcare services, agriculture, high technology, banking, real estate, pharmaceuticals and hospitality.

(11) RCIF, an equity fund established by the Russian Direct Investment Fund (RDIF) and China Investment Corporation (CIC), holds its stake in PJSC Detsky Mir through its funds: Floette Holdings Limited and Exarzo Holdings Limited.