



Detsky Mir's Total Sales Growth Accelerated to 14.4% in Q4

Moscow, Russia, 20 January 2021 – Detsky Mir Group (the “Group”, “Detsky Mir” or the “Company”, MOEX: DSKY), the largest children’s goods retailer in Russia and Kazakhstan, announces its operating results for the fourth quarter and twelve months ended 31 December 2020.

Q4 2020 Operating Highlights¹

- Group unaudited consolidated revenue increased by 14.4% year-on-year to RUB 44.5 bn, compared to RUB 38.9 bn in Q4 2019.
- Online revenue² increased 2.2x year-on-year to RUB 12.7 bn.
 - The share of online sales in total revenue of Detsky Mir in Russia increased 1.9x year-on-year to 29.8%.
 - The share of in-store pick-up service amounted to 83.4%.
- Revenue in Kazakhstan increased by 21% year-on-year to RUB 1.4 bn.
- Like-for-like sales³ at Detsky Mir stores in Russia and Kazakhstan grew by 5.9%. The number of tickets increased by 1.2%, while the average ticket grew 4.7%.
- Like-for-like sales at Detsky Mir stores in Russia grew by 5.7%. The number of tickets increased by 1.4%, while the average ticket grew by 4.3%.
- Detsky Mir opened 41 new branded stores⁴ in Q4 2020, as well as 11 new Detmir Pickup stores and 7 new Zoozavr stores. The Group had 868 stores⁵ as of 31 December 2020:
- Total selling space increased by 6.4% year-on-year to approximately 897,000 sq. m.
- The total number of Detsky Mir loyalty cards issued increased by 11.4% year-on-year to 26.8 m, while the number of active loyalty card holders⁶ was 10.7 m. Transactions involving a loyalty card accounted for 84.2% of total sales.

FY 2020 Operating Highlights

- Group unaudited consolidated revenue increased by 11% year-on-year to RUB 142.9 bn, compared to RUB 128.7 bn in 2019.
- Online revenue increased 2.4x year-on-year to RUB 34.8 bn.
 - The share of online sales in total net revenue of Detsky Mir in Russia increased 2.2x year-on-year to 25.2%.
 - The share of in-store pick-up service amounted to 82.2%.
- Revenue in Kazakhstan increased by 1.6% year-on-year to RUB 3.8 bn.
- Like-for-like sales at Detsky Mir stores in Russia and Kazakhstan grew 3.9%. The number of tickets decreased 1.5%, while the average ticket grew 5.5%.
- Like-for-like sales at Detsky Mir stores in Russia grew 4.0%. The number of tickets decreased 1.4%, while the average ticket grew 5.4%.
- Detsky Mir opened 71 new branded stores⁷ in 2020, as well as 12 new Detmir Pickup stores and 10 new Zoozavr stores.

(1) The Company's consolidated financial measures for 2019–2020 and related interim periods are based on proforma financial information prepared as if IFRS 16 “Leases” had not been adopted, and thus do not represent IFRS measures.

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

(3) Hereinafter like-for-like RUB sales growth, like-for-like number of tickets growth and like-for-like average ticket growth are based on stores in operation for at least 12 full calendar months. A store is included in the calculation of the monthly like-for-like if the difference between the worked periods in comparable months does not exceed three business days.

(4) In Q4 2020, Detsky Mir closed one store.

(5) Including 16 Detmir Pickup stores as well as 20 Zoozavr stores.

(6) Cardholders who made at least one purchase at Detsky Mir during the last 12 months to 31 December 2020 are considered active.

(7) In 2020, Detsky Mir closed five stores. In Q3 2020, in order to improve profitability on the back of the accelerated opening of the compact-format Detmir Pickup stores, the Group decided to close ELC and ABC branded stores, the share of which in the total revenue of the Group comprised less than 0.3% in 2020.

Q4 2020 Key Events

- In December 2020, Detsky Mir paid out the entire net profit for 9M 2020 as an interim dividend, to a total of RUB 3.8 bn, or RUB 5.08 per ordinary share, bringing the total dividend payout for 2020 to RUB 7.8 bn, or RUB 10.58 per ordinary share, up 11.3% year-on-year.
- In December 2020, Gulf Investments Limited (Altus Capital) acquired a 25.0% stake in Detsky Mir.
- In December 2020, the Company's Board of Directors resolved to convene an Extraordinary General Meeting of Shareholders on 12 March 2021, and following the recommendation of the Nomination and Remuneration Committee proposed that the Extraordinary General Meeting considered the [following candidates](#) to the new Board of Directors.
- Furthermore, Detsky Mir opened its [second flagship hypermarket](#) in December 2020. Located in Moscow's MEGA Tepy Stan mall, the new store is designed as a shopping and entertainment space for both children and parents.
- In December 2020, Detsky Mir signed an agreement with the developer PNK Group for the construction of a third federal distribution center outside Yekaterinburg. The site measures 63,200 sq. m and is slated for commissioning in Q1 2022.
- In December 2020, Detsky Mir appointed Nikolay Ermakov as its new Chief Technical Officer and member of the Company's Management Board. Mr. Ermakov brings more than 16 years of experience in information technology, digital transformation and product development (X5 Retail Group, Gett and Rambler & Co).
- In November 2020, Detsky Mir took the top spot among Russian retailers on Russia's 50 Best Employers 2020 List released by Forbes.
- In October 2020, the Company signed a preliminary agreement to open an 8,000 sq. m regional distribution center in Kazan, based on Russian Post's fulfillment center and scheduled for commissioning in Q2 2021.
- In October 2020, Detsky Mir announced the full-scale launch of its own marketplace, which offers suppliers a new personal account functionality with all the necessary features, and has grown the total online assortment 2.5 times to 250,000 SKUs.
- In October 2020, the Company launched a super-express delivery service from Detsky Mir stores. Customers in 250 cities across Russia can now receive their orders within two hours of placing them on the website, and a good number of deliveries in Moscow are fulfilled by own courier service.
- In October 2020, the Company continued to enhance the UX of the detmir.ru online store by launching a new personal account, optimizing the shopping cart and adding Apple Pay and Google Pay to the mobile application, with results of A/B testing showing that revenue per user increased by 15%.
- Detsky Mir was included in the annual Corporate Philanthropy Leaders ranking under the Good Practice category.

	2020	2019	Change
Number of stores	868	842	+3.1%
Detsky Mir	832	766	+8.6%
ELC & ABC	-	62	-
Zoozavr	20	10	+100%
Detmir Pickup	16	4	+300%
Selling space ('000, sq. m)	897	843	+6.4%

Like-for-like Russia and Kazakhstan	Q4 2020	Q4 2019	Change	FY 2020	FY 2019	Change
Like-for-like revenue growth	5.9%	5.0%	+0.9 p.p.	3.9%	7.2%	-3.3 p.p.
Like-for-like number of tickets growth	1.2%	7.9%	-6.7 p.p.	-1.5%	8.5%	-10 p.p.
Like-for-like average ticket growth	4.7%	-2.7%	+7.4 p.p.	5.5%	-1.2%	+6.7 p.p.

Like-for-like Russia	Q4 2020	Q4 2019	Change	FY 2020	FY 2019	Change
Like-for-like revenue growth	5.7%	4.7%	+1.0 p.p.	4.0%	6.8%	-2.8 p.p.
Like-for-like number of tickets growth	1.4%	7.4%	-6.0 p.p.	-1.4%	7.9%	-9.3 p.p.
Like-for-like average ticket growth	4.3%	-2.5%	+6.8 p.p.	5.4%	-1.0%	+6.4 p.p.

Maria Davydova, PJSC Detsky Mir Chief Executive Officer, said:

"The past year of 2020 was a challenging one, not only for our Company, but also for the entire retail industry. The increased level of uncertainty, as well as new operational and logistics challenges have really made us stronger and allowed us to demonstrate the high efficiency of our business model. Both customers and the competitive environment were in flux over the year, with high demand for online shopping prompting many retailers to accelerate their digital business transformation.

"In this context, our team's efforts were focused on further enhancing our omnichannel proposition: expanding our retail chain's footprint, strengthening our federal and regional logistics infrastructure, growing our assortment by developing Detsky Mir's marketplace, along with accelerating our online delivery services and improving customer service across our sales channel mix. As a result, we have consolidated our leadership in the children's goods market, becoming one of the largest and fastest-growing e-commerce players in the Children's category.

"During the fourth quarter, we had a successful New Year season, boosting total revenue growth to 14.4%. Importantly, our aggressive push to develop omnichannel engagement has not only enabled us to maintain high growth momentum in like-for-like (LFL) sales, but also put our LFL number of tickets back on a steady growth trajectory. In January 2021, we have been demonstrating similarly strong rates of revenue growth across all segments and expect an improved EBITDA margin for FY 2020, according to preliminary unaudited statements.

"High-margin categories such as Toys and Apparel and Footwear continued to lead the growth during the last quarter of the year, with a 65.5% share in the Company's total revenue. We continued our private-label push across these categories, with the share of private labels in Toys sales increasing by 2.2 p.p. year-on-year to 19.2%, and in Apparel and Footwear by 2.4 p.p. year-on-year to 88.3%. As a result, the share of private labels and direct imports in total annual sales increased by 2.9 p.p. year-on-year to 44.5%.

"We ended the quarter having broken a string of records in our online business, including the share of online channel peaking at 52% of the Detsky Mir chain's total sales on the busiest day of the Black Friday event in November, and selling a record RUB 1.5 bn worth of goods in the last week of December.

"Our online sales more than doubled during the fourth quarter, at almost 30% of the Group's total revenue, due to effective price setting and assortment expansion, as well as our faster order-fulfillment times.

"Our new mobile app has also been increasingly gaining traction with customers since its launch in late 2019, with the number of downloads for the Detsky Mir mobile app passing the 6,100,000 milestone in 2020 and 70% of all online orders placed via the mobile app in the first two weeks of January.

"I should also highlight that we have met our annual expansion target for the retail chain, with most store openings, 59 new stores, taking place during the fourth quarter of 2020.

"Our key objectives encompass the further assortment development of our own private labels and marketplace, a focus on continued regional expansion, including by opening new compact format stores, as well as expansion in the pet supplies market and launches of digital services. Achieving leadership across all e-comm products in terms of mobile app and online store usability is another key pillar of our new digital strategy.

"We have set ourselves the ambitious target of growing the share of online sales to 45% in the medium term by developing direct delivery and in-store fulfillment of online orders. In addition to our strong leadership position in our core Children's category, we see potential for us to become a leader in the pet supplies market with our own Zoolavr brand."

Guidance

Detsky Mir's 2021 guidance for operational and financial performance will be announced in March 2021 following the disclosure of FY 2020 financial results.

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Detsky Mir Group (MOEX: DSKY) is a multi-format omnichannel retailer and the leader in the children's goods sector in Russia and Kazakhstan, as well as a significant player in Belarus. The Group comprises the Detsky Mir and the Detmir Pickup retail chains, the detmir.ru online store and marketplace, as well as the Zoozavr pet supplies retail chain. The Company operates a retail chain of 832 Detsky Mir stores located in 331 cities in Russia, Kazakhstan and Belarus, 16 Detmir Pickup stores, as well as 20 Zoozavr stores as of 31 December 2020. The total selling space was approximately 897,000 square meters.

Detsky Mir's shareholder structure: Gulf Investments Limited (Altus Capital) – 25%; Free-float⁸ – 75%.

Websites: detmir.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, impact of COVID-19 pandemic on macroeconomic situation on the markets of presence and financial results of Detsky Mir and its subsidiaries, as well as many other risks specifically related to Detsky Mir and its operations.

(8) Excluding quasi-treasury shares and shares held by management and directors (0.7% of total shares).