



МАРКА №1
В РОССИИ



Detsky Mir
RETAIL CHAIN



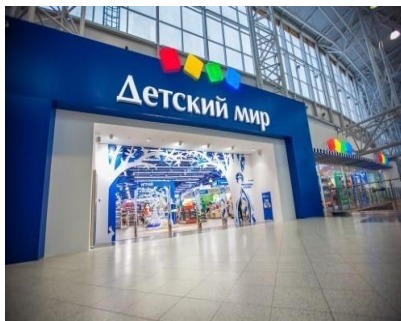
Detsky Mir announces its financial results for 9 months of 2015

18 November 2015



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 for 9 months of 2015



- **Total space increased** by 45 k sq m: from 390 k sq m in 2014 to 435 k sq m for 9 months of 2015 driven by 49 new store openings (48 Detsky Mir branded stores and 1 ELC branded store)
- **Revenue increased** by 34.1% compared to the respective period of 2014: from RUR29.8 bn for 9 months of 2014 to RUR 40.0 bn for 9 months of 2015
 - LFL¹ Detsky Mir revenue growth is 13.8% for 9 months of 2015 (average ticket growth is 9.1% and traffic growth is 4.3%)
- **Gross profit increased** by 26.7% compared to the previous year: from RUR10.9 bn for 9 months 2014 to RUR13.8 bn for 9 months of 2015
 - Gross margin for 9 months of 2015 is 34.6%
- **Selling, research and administrative costs (SG&A)** (as % of revenue) **went down** from 29.1% for 9 months of 2014 to 27.3% for 9 months of 2015 driven by operational improvements, focused on raising operating margins
- **OIBDA² increased** by 29.9%: from RUR2 263 mln for 9 months of 2014 to RUR2 940 mln for 9 months of 2015
 - OIBDA LTM³ for the last twelve months increased by 36.6% compared to the respective period of 2014
- **Net income for 9 months of 2015** became positive (RUR657 mln) vs RUR613 mln for 9 months of 2014
 - Net income LTM³ for the last 12 months increased by 20.8% compared to the respective period of 2014

Notes:

¹ LFL measure 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 during the entirety of the two years for which the like-to-like comparison is being made. For example, the like-for-like comparison of retail sales between 9 months 2015 and 9 months 2014 would include revenue of all Detsky Mir stores that were opened during the course of 2013 and that were in operation during the entirety of 2014 and 9 months 2015. Like-for-like revenue is calculated on the basis of store revenue in roubles (including VAT but excluding returns)

² OIBDA is a non-GAAP measure, which is calculated on the basis of the US GAAP financial statements. OIBDA is defined as total revenue minus cost of sales and selling, research and administrative costs

³ OIBDA LTM and Net income LTM is calculated on the basis of last twelve months results: for 2015 LTM this period includes 4 quarters 2014 and 9 months 2015.

Overview of the financial results for 9 months 2015

Key indicators for 9 months 2015 on 9 months 2014 (in RUR mln, if not indicated otherwise)

	9 m 2014	9 m 2015	change %
Number of stores, units	296	370	25.0%
Detsky Mir stores ¹	255	326	27.8%
ELC stores	41	44	7.3%
Selling space (ksqm)	362	435	20.2%
Revenue	29 794	39 967	34,1%
% LFL revenue growth ²	14,2%	13,8%	
Gross profit	10 923	13 842	26,7%
Gross margin, %	36,7%	34,6%	
SG&A	8 665	10 896	25,8%
% of revenue	29,1%	27,3%	
OIBDA³	2 263	2 940	29,9%
Margin, %	7,6%	7,4%	
Net income	613	657	7,2%
Margin, %	2,1%	1,6%	

Key LTM⁴ indicators: September 2015 LTM on September 2014 LTM (in RUR mln, if not indicated otherwise)⁵

	LTM ⁴ 14	LTM ⁴ 15	Change, %
Number of stores, units	296	370	25,0%
Detsky Mir stores ¹	255	326	27,8%
ELC stores	41	44	7,3%
Selling space (ksqm)	362	435	20,2%
Revenue	41 719	55 619	33,3%
Gross profit	15 982	20 182	26,3%
Gross margin, %	38,3%	36,3%	
SG&A	11 891	14 590	22,7%
% of revenue	28,5%	26,2%	
OIBDA⁴	4 089	5 587	36,6%
Margin, %	9,8%	10,0%	
Net income⁴	1 728	2 087	20,8%
Margin, %	4,1%	3,8%	

Source: Unaudited financial statements based on US GAAP for 9 months 2015

¹ Including Detsky Mir branded stores, but excluding "Yakimanka Children's Gallery" as of 30 September 2014 and 30 September 2015

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Key facts

Network growth + 49 stores

- For 9 months 2015 store chain increased by 49 new stores :
 - 48 new Detsky Mir branded stores
 - 1 new ELC branded store

Revenue growth +34.1%

- For 9 months 2015 revenue growth of 34.1% was driven by:
 - High like-for-like growth rate of 13.8%
 - Maturity of the stores opened in 2013 and 2014

OIBDA growth +29.9%

- For 9 months 2015 OIBDA growth of 29.9% was driven by:
 - SG&A expenses decrease by 1.8 p.p.

Revenue growth +33.3%

- LTM Revenue growth was driven by :
 - High like-for-like growth rates of 13.6% and 13.8% in 2014 and for 9 months 2015
 - An all-time high number of stores opened in 2014 (56 new Detsky Mir stores)
 - Increasing maturity of stores opened last year

OIBDA growth +36.6%

- LTM OIBDA growth by 36.6% is a result of SG&A costs decrease as % of revenue that was driven by the effects from implemented operational improvements

Net income growth +20.8%

- LTM net income growth is a result of high revenue growth as well as of the business efficiency improvement

³ OIBDA is a non-GAAP measure, which is calculated on the basis of the US GAAP financial statements.

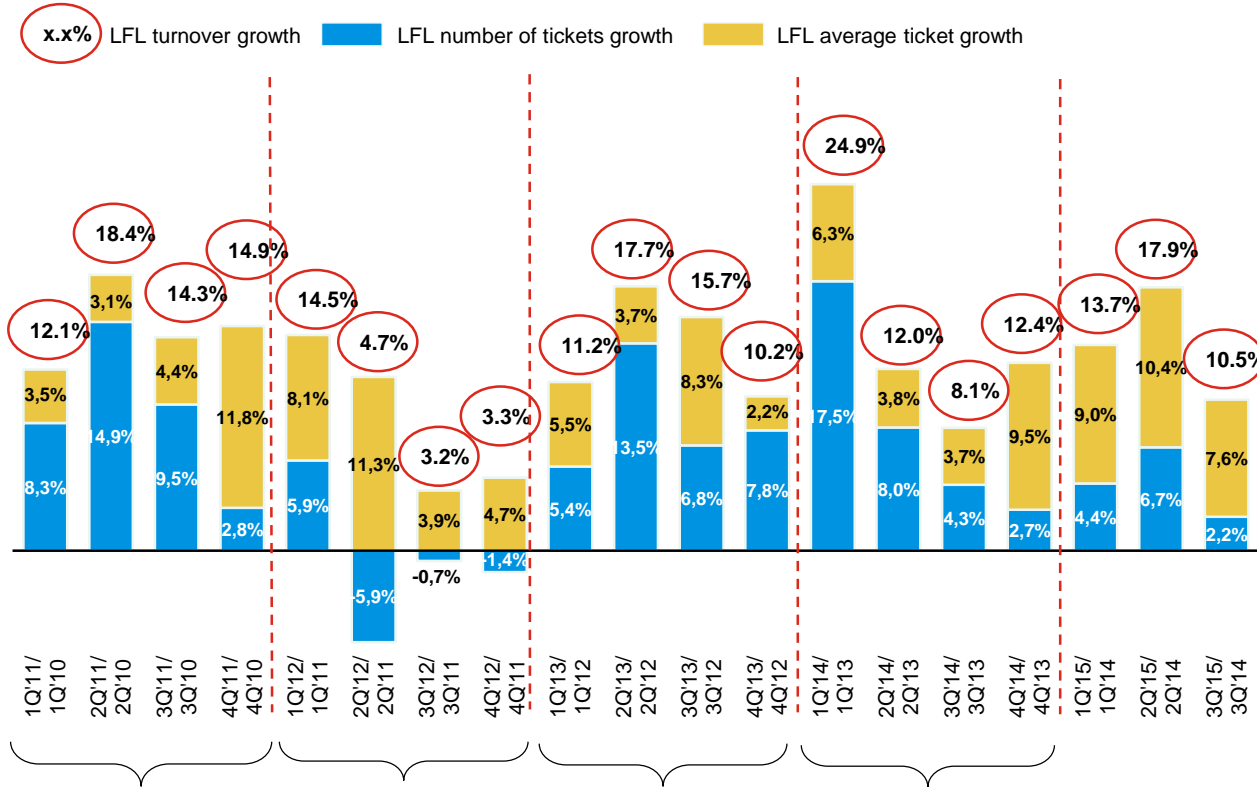
OIBDA is defined as total revenue minus cost of sales and selling, research and administrative costs

⁴ OIBDA LTM and Net income LTM is calculated on the basis of last twelve months results: for 2015 LTM this period includes 4 quarter 2014 and 9 months 2015.

⁵ Financial results are presented, including of disposal of Yakimanka building in 2014

Robust like-for-like performance

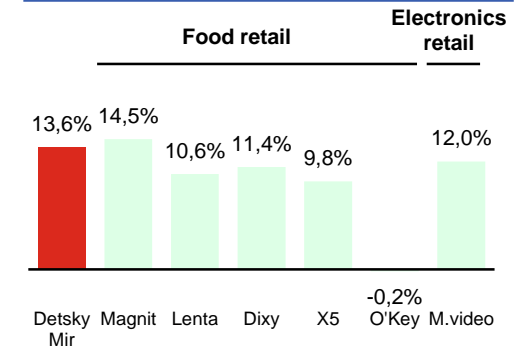
Like-for-like sales (in RUR)



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 2014



LFL growth in 2011

LFL growth in 2012

LFL growth 2013

LFL growth 2014

LFL growth for 9 months 2015

Total	14.9%	5.6%	13.4%	13.6%	13.8%
Average ticket	6.1%	6.4%	4.8%	5.1%	9.1%
Traffic (# of tickets)	8.3%	(0.7%)	8.2%	8.1%	4.3%

Source: Company data

In 2015 Detsky Mir continues to demonstrate attractive growth rates (LFL +14%)

* LFL base for 2014 – 176 stores; 2015 – 210

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