Detsky Mir FY 2016 Financial Results

2 March 2017

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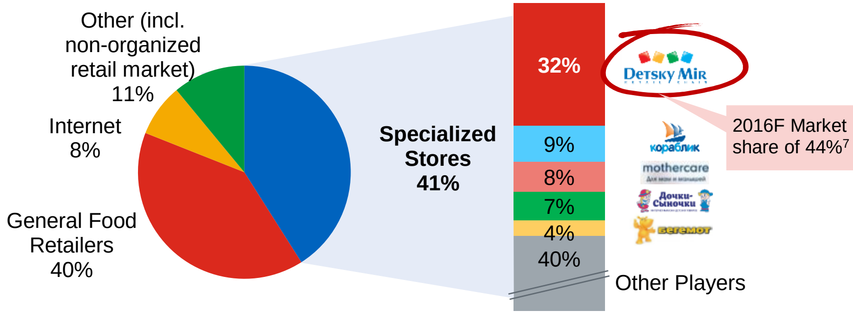
Children Goods Retail Market Leader

Key Facts

- #1 specialized children's goods retailer in Russia
- "Detsky Mir" is an iconic brand with 97% prompted awareness[1]
- 525 stores as of 31 December 2016
  - 468 Detsky Mir branded stores in 171 Russian cities, 45 Early Learning Center ("ELC") stores
  - 12 Detsky Mir branded stores in 7 cities in Kazakhstan
- Diversified product portfolio comprising toys, fashion, products for newborns and other children's goods[2]
- Exceptional growth and return metrics: adjusted EBITDA 2013-2016 CAGR of 44% and 2016 adjusted ROIC of 61%[3]
- c.156 million visits in 2016
- Average store size of c.1,400 sqm, located in modern shopping malls with product range of 20,000–30,000 SKUs
- 11,653 employees as of 31 December 2016[4]
- Market capitalization (MOEX:DSKY) – RUB 62.8bn[5]

Market Positioning[1]

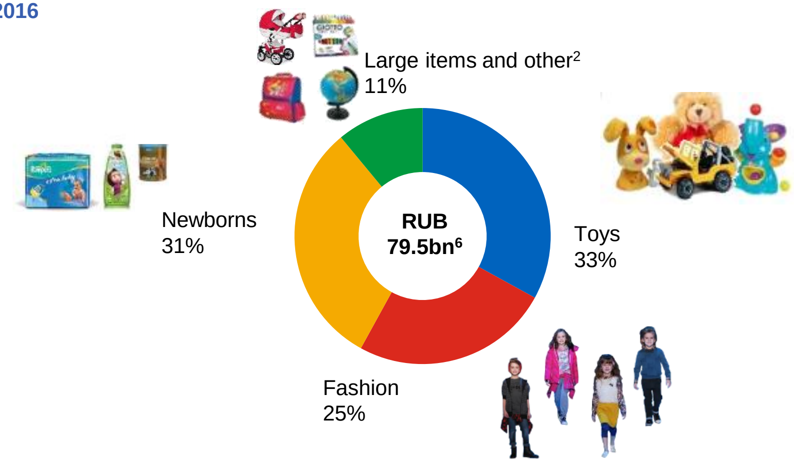
2015 Structure of Children's Goods Retail Market in Russia (%)



DM is the undisputed #1 player in the specialized children's goods market

Revenue Breakdown

2016



Financial Snapshot[8]

	2013	2014	2015	2016	CAGR 13-16
Number of stores (incl. ELC)	252	322	425	525	28%
Selling space, k sqm	320	390	491	596	23%
Revenue, RUBm	36,001	45,446	60,544	79,547	30%
% growth	*30%*	*26%*	*33%*	*31%*	
% 12m trailing LFL growth [9]	*15.3%*	*14.6%*	*13.7%*	*12.3%*	
% LFL growth based on calendar year[10]	*13.4%*	*13.7%*	*12.3%*	*10.8%*	
Gross profit, RUBm	13,908	17,263	21,904	27,108	25%
% margin	*39%*	*38%*	*36%*	*34%*	
Adj. EBITDA, RUBm[11]	2,771	4,463	6,185	8,203	44 %
% margin	*7.7%*	*9.8%*	*10.2%*	*10.3%*	
Adjusted profit for the period, RUBm[12]	1,153	1,685	2,189	3,826	49%
Adjusted ROIC, %[3]	56%	88%	78%	61%	

[1] Source: "Children Goods Market in Russia" report by Ipsos Comcon (December 2016) ("Ipsos Comcon report"). Poll was conducted in December 2016
[2] Including large items, stationery, sports and seasonal goods
[3] Calculated as operating profit divided by average capital invested (simple average of capital invested as at the respective dates). Capital invested is calculated as net debt plus total equity (deficit). Invested capital is adjusted for amounts receivable under a loan granted to CJSC "DM-Finance", carrying amount of Yakimanka building and net book value of the building occupied by the Bekasovo DC in 2015. Operating profit is adjusted for LTI expense and for gain on sale of Yakimanka
[4] Including ELC personnel
[5] Implied market capitalization based on Offer Price (RUB85 per Share) as of 8 February 2017
[6] Consolidated revenue inlc. ELC
[7] Based on Comcon's forecast of specialized channel volume (RUB200.0 Bn incl. VAT) for 2016F and assuming average VAT rate of 10%

[8] The Group's consolidated financial statements for 2013 under US GAAP and 2014–2016 under IFRS. For the line items and the periods presented, there was no difference between the calculation of numbers or presentation under US GAAP and IFRS
[9] LfL growth includes only DM stores in Russia that have been in operations for at least 12 full calendar months.
[10] LfL growth includes only DM stores in Russia that were in operations for one full prior calendar year
[11] Adj. EBITDA is calculated as profit for the period before income tax, FX loss, gain on acquisition of controlling interest in associate, effect on disposal of subsidiary, net finance expense, D&A, adjusted for the one-off effect relating to disposal of the Yakimanka building in 2014, as well as share-based compensation and cash bonuses under the LTI program
[12] Adjusted for one-off effects relating to disposal of Yakimanka building in 2014 , impairment of goodwill in 2015 and expense under the LTI management program

Nationwide Presence with Expanding Regional Footprint

Detsky Mir Branded Store Network

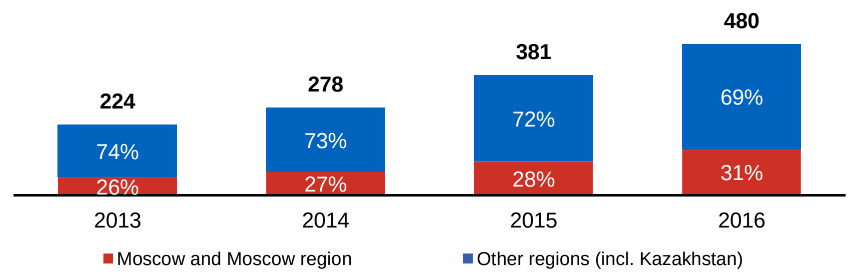
● Cities with over 1 million inhabitants ● Cities with less than 1 million inhabitants

Kazakhstan | Siberian | Ural | Volga
Southern | Northwerstern | Central | Moscow

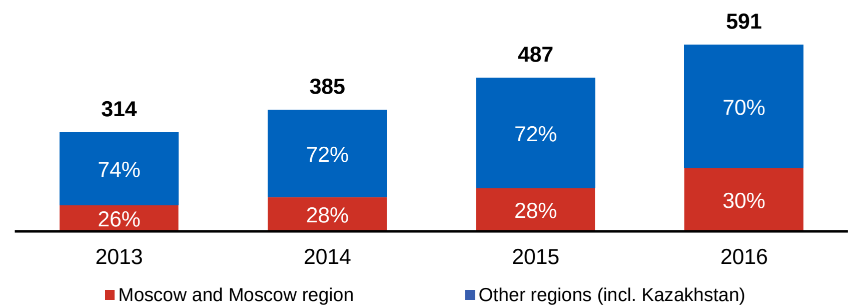
525 Detsky Mir and ELC Stores[1]:

- ✓ Presence in 171 Russian cities out of over 300 cities with more than 50,000 inhabitants
- ✓ Presence in all Top-20 Russian cities
- ✓ Presence in 7 cities in Kazakhstan

Number of Detsky Mir stores[2]:



Detsky Mir selling space (K sqm)[2]:



Established retail chain with growing regional presence

Sources: Company data, Rosstat
[1] As of 31-Dec-2016
[2] Calculated for DM stores excl. ELC stores and Yakimanka stores

Our Customer Proposition and Retail Concept

Traffic generator

Profit generator

Newborns

- Share in DM 2016 revenue: 31%
- Market share[1]: 22%
- Key competitors General food/grocery retailers

Toys

- Share in DM 2016 revenue: 33%
- Market share[1]; 27%
- Key competitors: Specialised children's stores

Large items

- Share in DM 2016 revenue: 4%
- Key competitors: Specialised children's stores

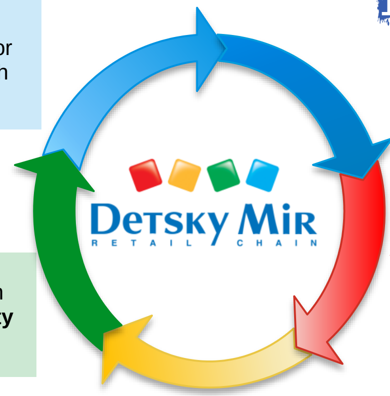
Stationery and other

- Share in DM 2016 revenue: 7%
- Market share[1]; 5%
- Key competitors: Specialised children's stores

Fashion (apparel and footwear)

- Share in DM 2016 revenue: 25%
- Market share[1]; 10% (apparel), 11% (shoes)
- Key competitors: Apparel and footwear retailers, sports goods retailers

Our retail concept



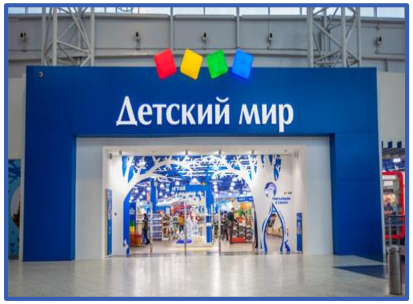
1. One-stop children's shop with **comprehensive assortment** across categories
2. **Affordable prices** focused on middle-income families
3. **Conveniently located** in modern shopping-malls and densely populated residential areas
4. **Long-term** bonding with customers through **loyalty** programmes
5. **Interactive emotive shopping experience** for children and parents with visual merchandising

Standardized store layout

Source: Company data, Ipsos Comcon

[1] Market shares for 2016 based on forecasted data. Newborns market share includes large items. Stationery & other market share is for stationery only

FY2016 Financial & Operating Highlights



High Selling Space Growth

Total selling space increased by 105 k sqm

- 491 k sqm in 2015 vs 596 k sqm in 2016 driven by 101 new store openings[1]

Solid Revenue Growth

Total Revenue increased by 31.4%, reaching RUB 79.5bn

- LFL sales growth[2] of Detsky mir stores in Russia was 12.3% in 2016 (average ticket growth was 6.0% and number of transactions growth was 5.9%)

Operational Efficiency

Over 220bps improvement in SG&A[3] as % of revenue

- optimization measures focused on decrease in rent and payroll costs

Double-Digit EBITDA Margin

Adjusted EBITDA[4] of RUB 8.2bn, up 32.6%

- the EBITDA margin[5] reached 10.3%

High Profit Margin

Adjusted Profit for the period[6] almost doubled year-on-year to RUB 3.8bn

- the Profit margin reached 4.8%

Conservative leverage

Adjusted Net Debt[7] / Adjusted EBITDA improved to 1.4x

- the weighted average interest rate – 12.0% (as of 31 December 2016)

Source: The Group's consolidated financial statements for 2015-2016 under IFRS, Company data

[1] Net growth since the beginning of 2016 amounted to100 stores including one relocation

[2] LfL growth in RUB terms. LfL growth includes only DM stores in Russia that have been in operations for at least 12 full calendar months.

[3] Selling, general and administrative expanses exclude D&A expenses and adjusted for LTI bonuses

[4] Adjusted EBITDA is calculated as profit for the period before income tax, FX loss, gain on acquisition of controlling interest in associate, net finance expense, D&A, adjusted for the one-off effect relating to disposal of the Yakimanka building in 2014, as well as share-based compensation and cash bonuses under the LTI program

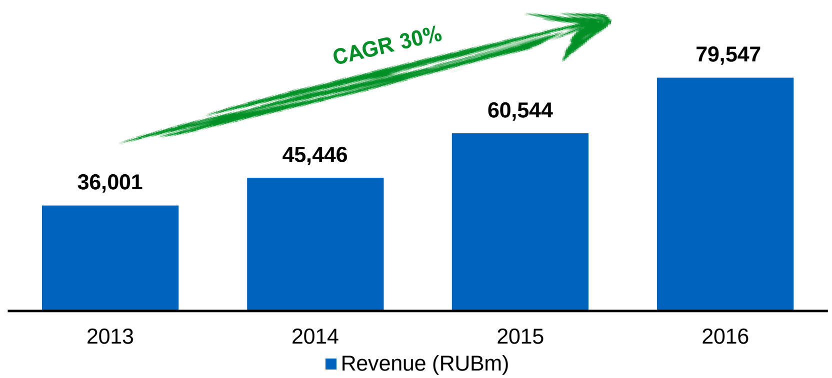
[5] Adjusted EBITDA margin is adjusted EBITDA divided by total revenue

[6] Adjusted for one-off effects relating to disposal of Yakimanka building in 2014 , impairment of goodwill in 2015 and expense under the LTI management program

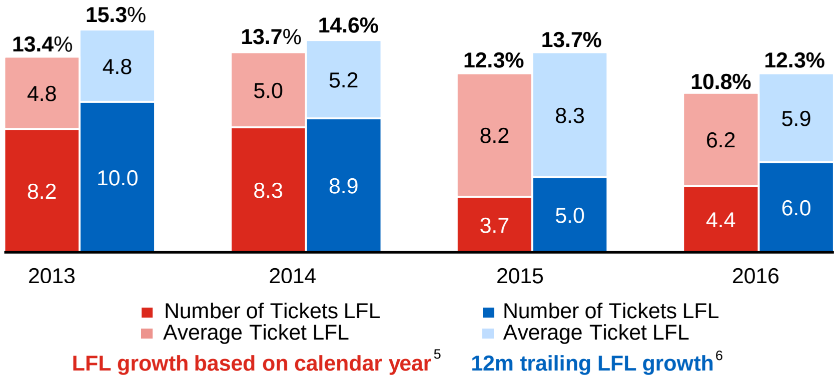
[7] Adjusted Net debt is calculated as total borrowings less cash and cash equivalent / adjusted for the loan issued to CJSC "DM-Finance" (Sistema's subsidiary), fully repaid on February 27, 2017

Strong Financial Performance

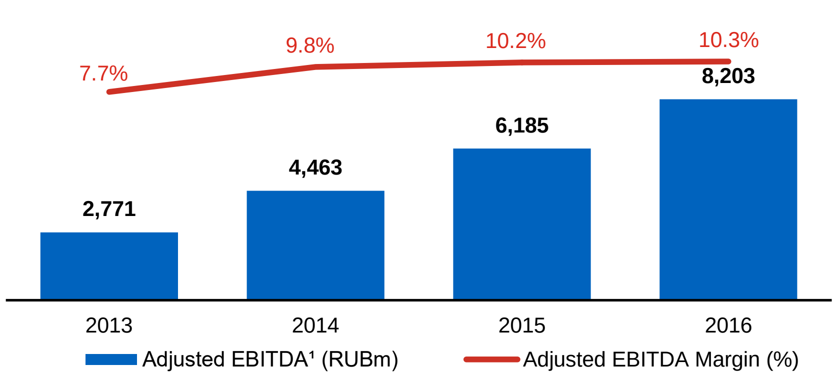
Exceptional Revenue Growth Trajectory…



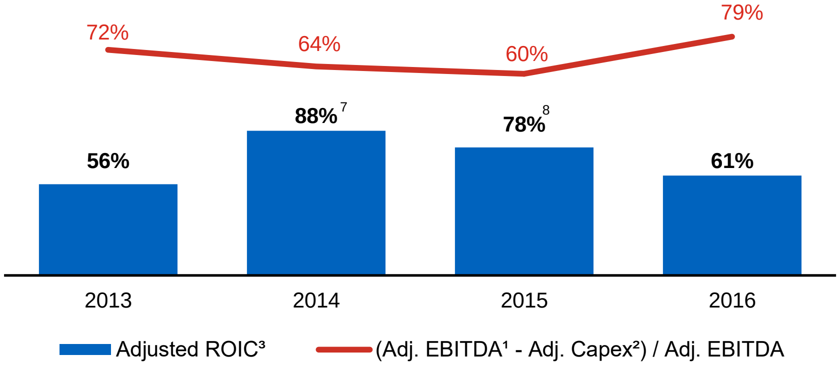
…Underpinned by Strong and Consistent Like For Like Growth[4]



Significant Margin Expansion with Scale Benefits



Strong Cash Conversion and Financial Returns



Source: Company data. Note: The Company's consolidated financial statements for 2013 under US GAAP and 2014-2016 under IFRS. For the line items and the periods presented, there was no difference between the calculation of numbers or presentation under GAAP vs IFRS.

[1] Adjusted for one-off items

[2] Adjusted for Bekasovo distribution center construction

[3] Calculated as operating profit, adjusted for the effect of disposal of Yakimanka building, divided by average capital invested. Capital invested is calculated as Net Debt plus total equity(deficit) minus a loan granted to CJSC "DM-Finance", carrying amount of Yakimanka building and net book value of the building occupied by the Bekasovo distribution centre

[4] Includes only Detsky Mir branded stores in Russia

[5] LfL growth includes only DM stores in Russia that were in operations for one full prior calendar year

[6] LfL growth includes only DM stores in Russia that have been in operations for at least 12 full calendar months

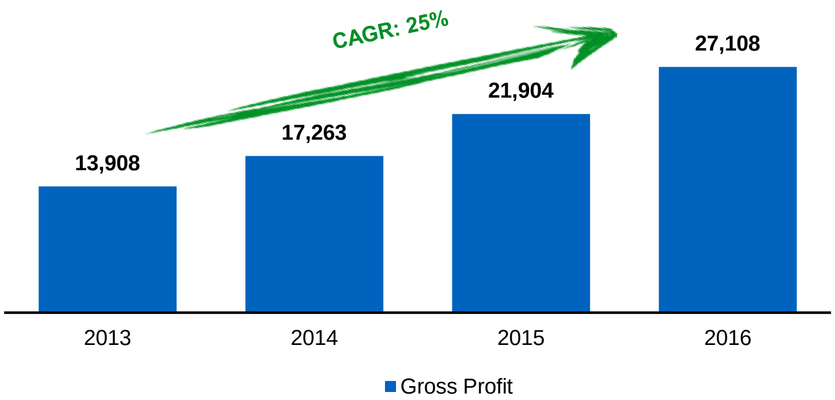
[7] Represents ROIC with operating profit in 2014 as adjusted for gain on sale of Yakimanka and LTI bonus payments and investment capital for 2013 as adjusted to exclude Yakimanka NBV

[8] Represents ROIC with operating profit adjusted for LTI bonus payments and investment capital as adjusted to exclude the construction value of the Bekasovo distribution center, which was completed in 2015 and was not operational for most of the year

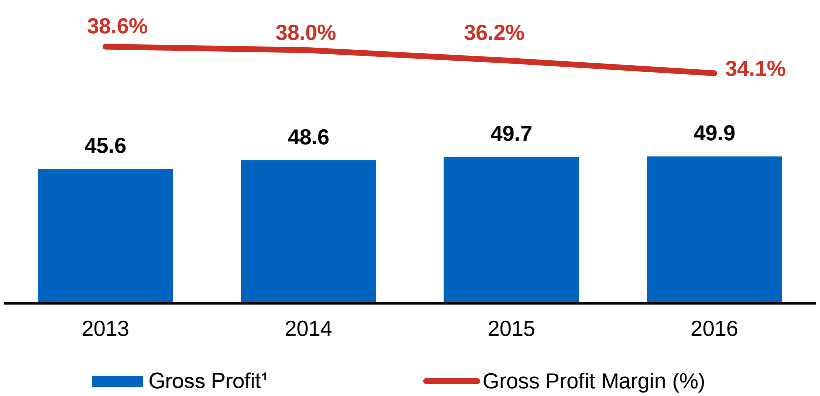
Growing Profitability

Gross Profitability is Managed on per Sqm Basis[1]

(RUBm)

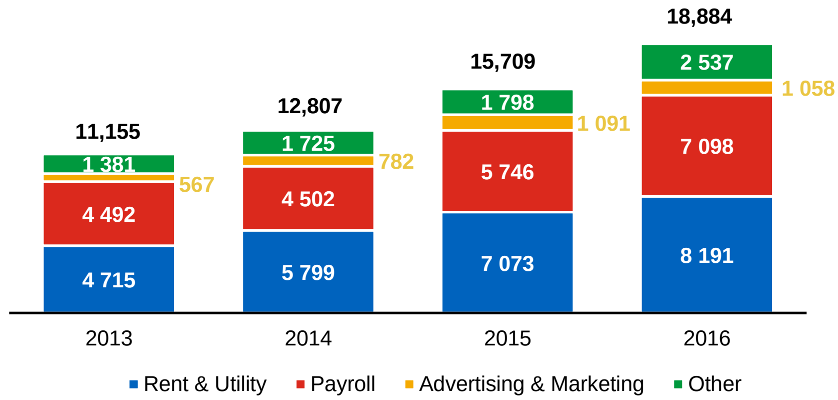


(RUB ‘000 per sqm)

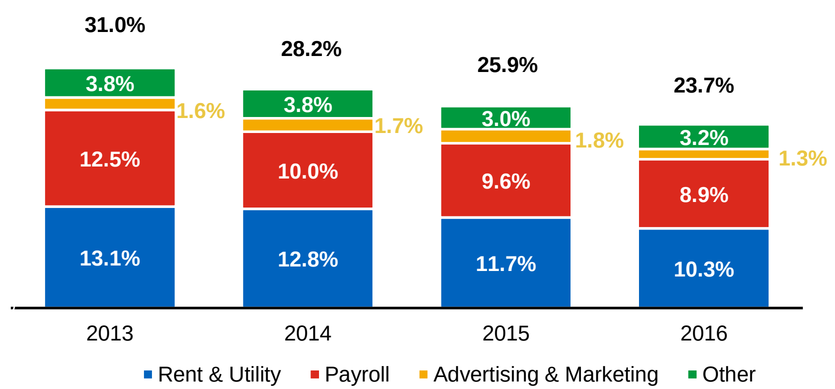


Focus on Operating Costs Optimization Generates Substantial Profitability Improvements[2]

(RUBm)



(Adjusted SG&A expenses² as % of revenue)



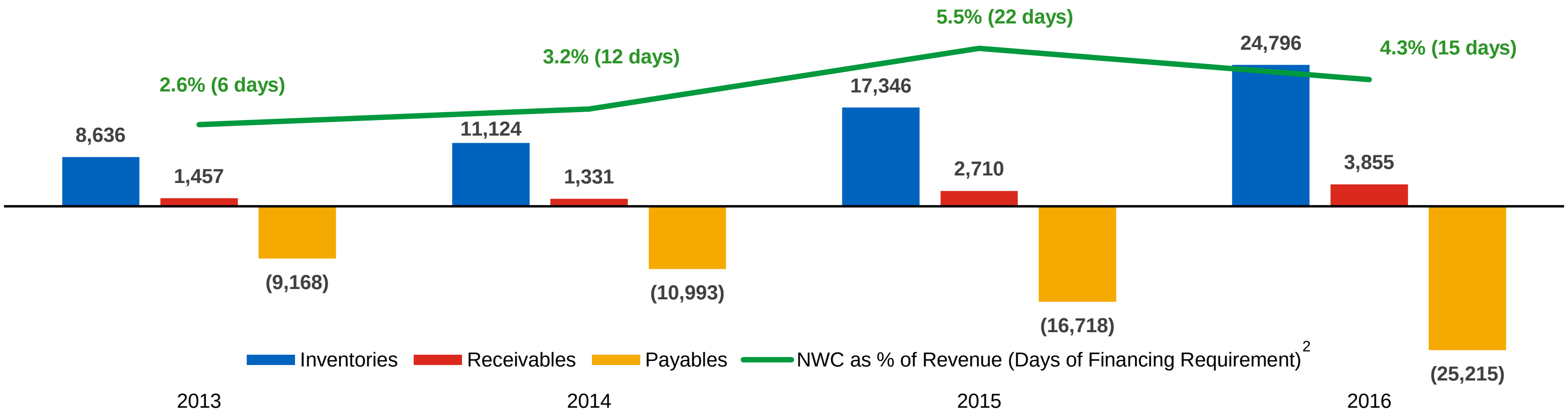
Source: Company data. Note: The Company's consolidated financial statements for 2013 under US GAAP and 2014-2016 under IFRS. For the line items and the periods presented, there was no difference between the calculation of numbers or presentation under GAAP vs IFRS

[1] Calculated per average space for the period

[2] SG&A expenses exclude D&A expenses and adjusted for LTI bonuses

Net Trade Working Capital Overview

Focus on Constant Improvement & Optimization of NWC[1]

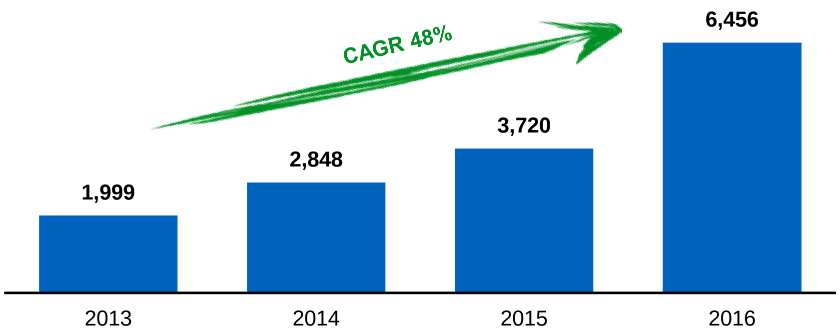


- Increase in trade working capital in 2015 mainly driven by
  - Change of margin structure (shift from back to front thus higher retro-bonuses thus increased AR)
  - Company has opened new DC, initial fill-up resulted in inventory level growth
  - Increase in number of new stores also resulted in inventory level growth
- Improvements in 2016 achieved via
  - Improved logistics processes efficiency
  - Improved AR: retro-bonuses are calculated and received on a monthly basis instead of quarterly effective beginning of 2016

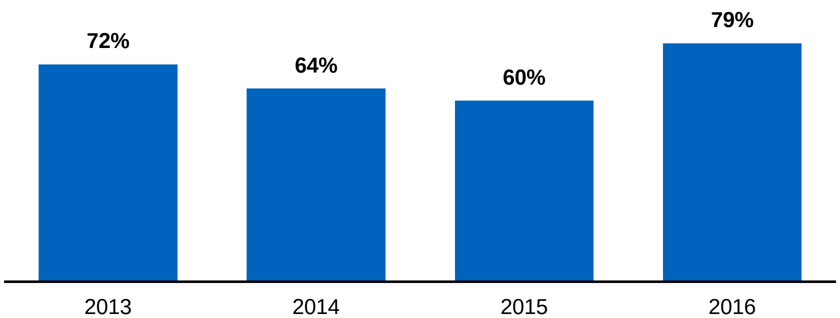
Source: Company data.
Note: The Company's consolidated financial statements for 2013 under US GAAP and 2014-2016 under IFRS. For the line items and the periods presented, there was no difference between the calculation of numbers or presentation under GAAP vs IFRS.
[1] Net trade working capital calculated as Receivables + Inventories – Payables
[2] Days of Inventories / Receivables / Payables turnover calculated as corresponding metric divided by COGS / Revenue / COGS multiplied by 365 for FY numbers.

Strong Cash Flow Conversion

Adj. EBITDA[1] Less Adj. Capex[2] (RUBm)



Cash Flow Conversion[3] (%)



Cash Flow (RUBm)

	2013	2014	2015	2016
Adjusted EBITDA[1]	**2,771**	**4,463**	**6,185**	**8,203**
Changes in NWC	(93)	(1,640)	(4,300)	(407)
Cash Taxes	(477)[5]	(657)	(1,190)	(1,468)
Net Finance Expense	(507)	(795)	(1,879)	(1,812)
Other Operating Cash Flow	331	121	505	1,285
Operating Cash Flow	2,025	1,492	(679)[4]	5,801
Capital Expenditure	**(772)**	**(1,945)**	**(5,308)**	**(1,747)**
DC Construction	-	(330)	(2,842)	-
Store Openings, IT & Maintenance	(772)	(1,615)	(2,465)	(1,747)
Free Cash Flow	1,253	(453)	(5,987)	4,054

Source: The Group's consolidated financial statements for 2013 under US GAAP and 2014–2016 under IFRS. For the line items and the periods presented, there was no difference between the calculation of numbers or presentation under US GAAP and IFRS.
[1] Calculated as EBITDA, adjusted for the one-off effect relating to disposal of the building occupied by the Yakimanka Gallery in 2014, as well as additional share-based compensation expense
[2] Capex excludes construction capex for Bekasovo DC
[3] Calculated as (Adjusted EBITDA – Adjusted Capex) / Adjusted EBITDA

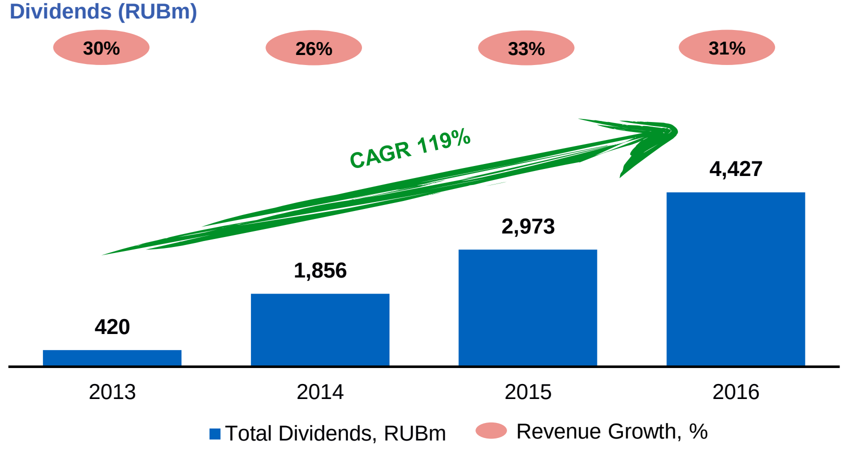
[4] 2015 Operating Cash Flow was negatively affected by Increase of Accounts Receivable from Supplier Bonuses due to change in front/back margin mix, VAT Receivables for DC Construction and NWC Investment in New Openings.
[5] Calculated as Income tax expense plus deferred tax income benefit

Sustainably High Returns to Shareholders

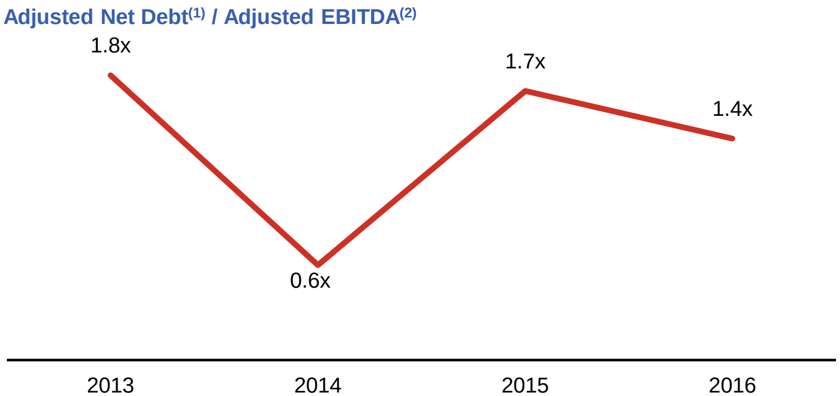
Comments

- Detsky Mir offers a combination of sustainable growth and significant dividend paying capacity
  - Dividends as major differentiator from the majority of Russian high-growth food retailers
- Dividend policy is to pay not less than 50% of consolidated IFRS net profit of the previous year
  - More than 100% of consolidated net profit (under IFRS, corresponding to up to 100% under RAS) were paid as dividends historically
- The decision to pay dividends must be approved by the General Shareholders' Meeting on a recommendation of the Board of Directors

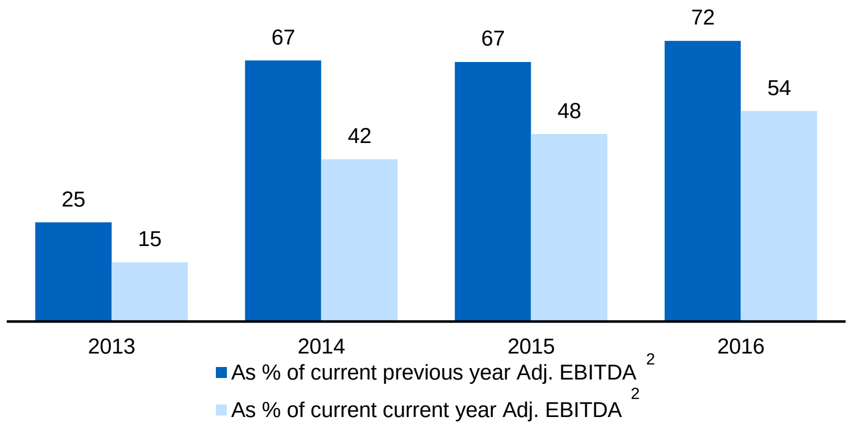
History of Dividend Payments



Leverage Dynamics



Dividends as % of Adjusted EBITDA



Source: Company data

Note: The Company's consolidated financial statements for 2013 under US GAAP and 2014-2016 under IFRS. For the line items and the periods presented, there was no difference between the calculation of numbers or presentation under GAAP vs IFRS.

[1] Adjusted net debt is calculated as total borrowings less cash and cash equivalent / adjusted for the loan issued to CJSC "DM-Finance" (Sistema's subsidiary) in 2013

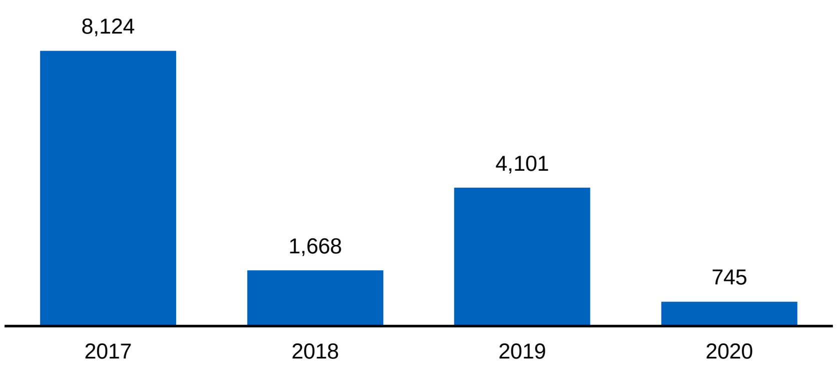
[2] Adjusted EBITDA is calculated as profit for the period before income tax, FX loss, gain on acquisition of controlling interest in associate, net finance expense, D&A, adjusted for the one-off effect relating to disposal of the Yakimanka building in 2014, as well as share-based compensation and cash bonuses under the LTI program

Conservative Financial Policy and Stable Leverage

Comments

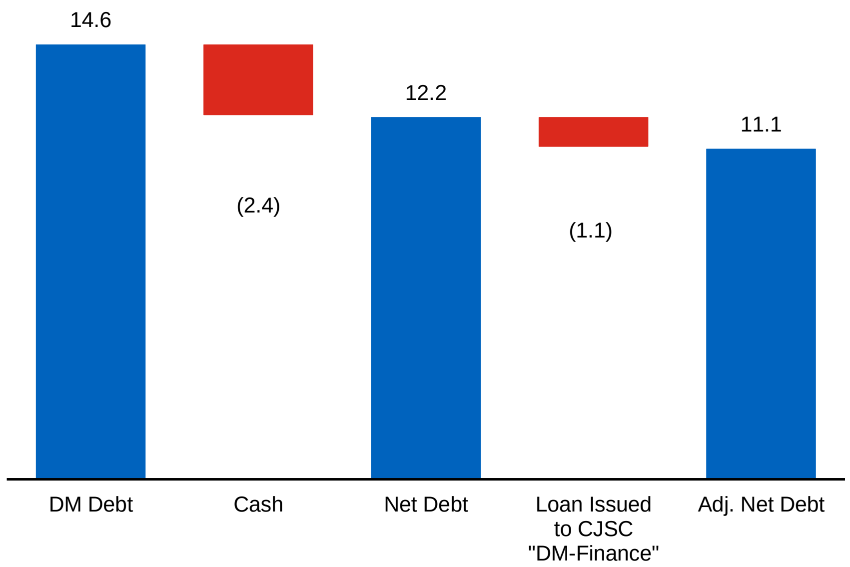
- Commitment to a conservative financial policy
  - Fully RUB denominated debt to match RUB revenue
  - Relationships with multiple Russian and international banks
- Leverage [2] as of 31-Dec-2016 is 1.4x of vs. 4.0x average covenant level across the loan portfolio
- The weighted average interest rate[3] – 12.0% (as of 31 December 2016)
- Most of the debt has fixed interest rate
- No contingent off-balance sheet liabilities

31-Dec-16 Debt Repayment Schedule (RUBm)[4]



31-Dec-16 Adj. Net Debt Calculation (RUBbn)

- Detsky Mir provided CJSC "DM-Finance" (Sistema's subsidiary) with the loan to buy out 25% stake from Sberbank in 2013. Most of the loan (RUB4,875m including interest) was repaid in January/February 2016
- Has been fully repaid on February 27, 2017



Source: Company data
Note: The Company's consolidated financial statements for 2013 under US GAAP and 2014-2016 under IFRS. For the line items and the periods presented, there was no difference between the calculation of numbers or presentation under GAAP vs IFRS.
[1] Adjusted Net debt is calculated as total borrowings less cash and cash equivalent / adjusted for the loan issued to CJSC "DM Finance" (Sistema's subsidiary) on 3 July 2013
[2] Exuding one-off effects related to the disposal of the Yakimanka building and payment of bonuses under the long-term incentive scheme
[3] Calculated on the basis of the weighted interest rates applying to the specified indebtedness (weighted by the principal amount of such indebtedness) as of the dates specified.
[4] Incl. repayment only of the portion of the debt that will not be refinanced.

Update on Performance for 2016 and Outlook

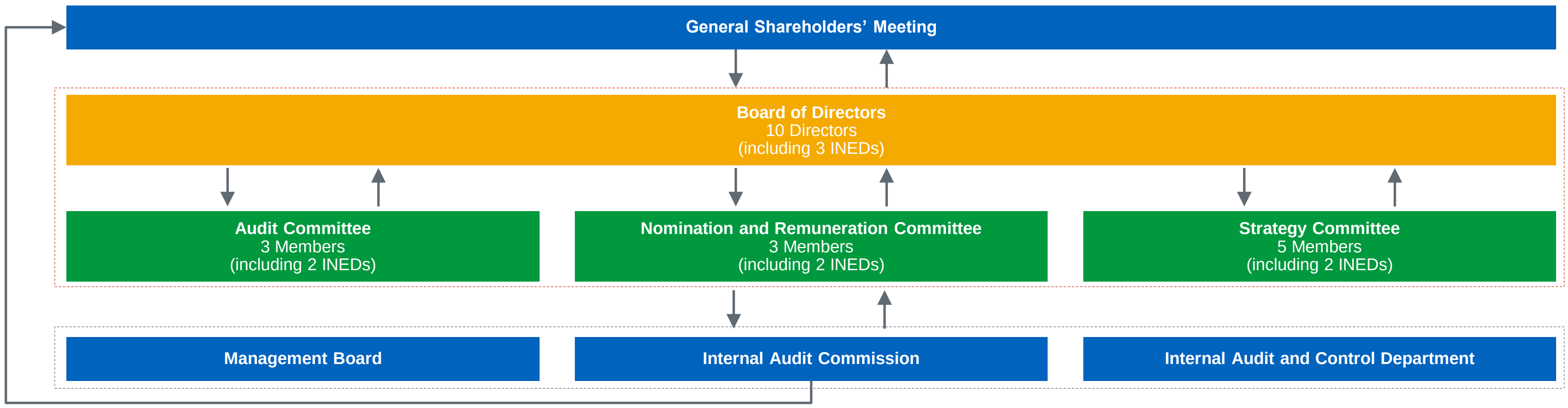
	Actual 2016	Near Term	Mid- to Long-Term
Store Count	▪ 525 as of YE, of which 12 in Kazakhstan and 45 ELC ▪ Store openings ahead of plan: opened 100 new DM stores, closed 1 DM store from an earlier relocation, opened 1 new ELC store	▪ ~70 new stores	▪ ~250 new stores in 2017-20
Revenue	▪ RUB 79.5bn	▪ Driven by store openings, LFL & ramp ups	▪ Driven by store opening, LFL & ramp ups
LFL Revenue Growth	▪ 12.3% - 12m trailing LFL growth ▪ 10.8% - LFL growth based calendar year	▪ Double-digit, in line with 2016, including effect of new store ramp-ups and 103 new stores entering LfL panel in 2017	▪ Slightly positive traffic growth, below inflation ticket growth, plus effect of new store ramp ups
Gross Margin	▪ 34.1%	▪ Decline, but by less than 2016 vs 2015, as process of offline price reductions to match online is complete	▪ Stable
Rent & Utility Expenses	▪ 10.3% as of revenue	▪ Further meaningful decline as % of revenue vs 2016, with virtually no rise in rent/sqm in a continued soft rentals market	▪ Rents/sqm rise first slightly above inflation then in line with inflation, so stable as % of revenue
Personnel Expenses	▪ 8.9% as of revenue	▪ Further meaningful decline as % of revenue vs 2016, on operating leverage	▪ Stable to slightly declining as % of revenue
EBITDA Margin	▪ 10.3%	▪ Double-digit supported by expectations of SG&A efficiency gains and new store ramp-ups more than offsetting the effect of lower gross margins	▪ Double-digit

Source: Company data


Appendix

Well-Established Governance and Supportive Shareholders

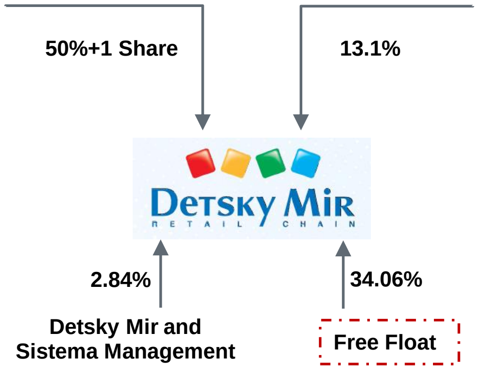
Strong Governance Framework



Prominent Shareholder Base[1]

JOINT-STOCK FINANCIAL CORPORATION SISTEMA

- The largest publicly listed diversified financial corporation in Russia and CIS
- Majority shareholder of MTS, a U.S. listed mobile operator
- Strong track record of consistent dividend payout policies in its portfolio companies



RUSSIA-CHINA INVESTMENT FUND

- Joint fund of Russian Direct Investment Fund (RDIF) and China Investment Corporation (CIC)
- Shareholder of Magnit and Lenta, leading food retailers in Russia
- Long-term committed investor in the Russian market

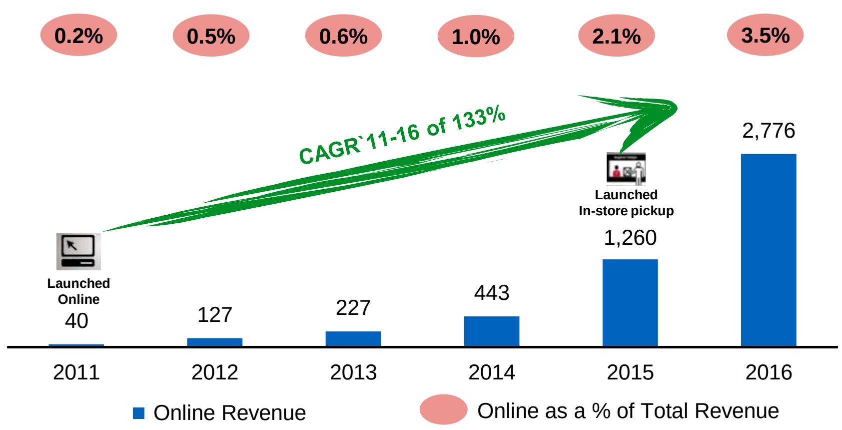
Source: Company data
[1] Assuming the Over-Allotment Option is exercised in full.

Growing e-Commerce Platform with the Leading Online Market Position

Key Achievements in 2013-2016[1]

- ✓ Took the leading market position in 2016
- ✓ Revenue CAGR`11-16 of 133%
- ✓ Price leadership across all categories
- ✓ Low marketing expense on the back of the iconic brand
- ✓ Profitable on standalone basis[2]
- ✓ Over 97m website visits in 2016
- ✓ Double-digit conversion rate growth YoY (2016 2x growth)
- ✓ Product range - 40,000 SKUs
- ✓ Instore pick-up in all offline stores (480 stores as of 31 Dec 2016). Share of in-store pickup in # of orders reached 50%
- ✓ Delivery to point[3] (907 points as of 31.12.2016)
- ✓ Home-delivery service – largest ATV

Accelerated Online Revenue Growth Underpinned by Launch of In-Store Pickup Function in All Opened Stores



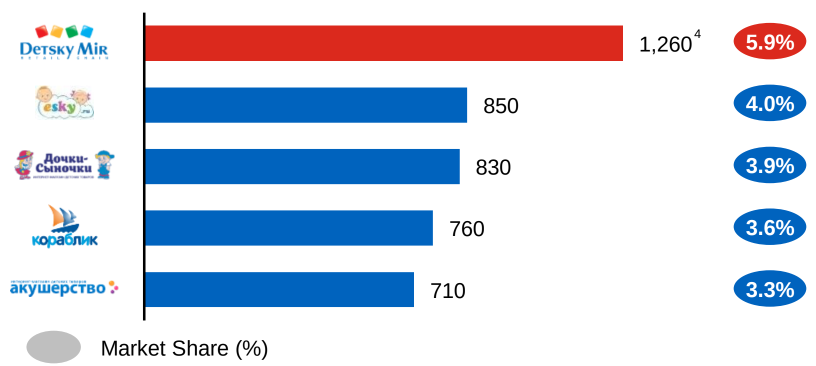
User Interface/Experience Evolution

The omni-channel strategy leveraging Detsky Mir's existing store network throughout Russia

Source: Company data, Ipsos Comcon

Russian Top-5 Online Children's Goods Stores

(Online Sales Volume in 1H16, RUBm, incl. VAT)

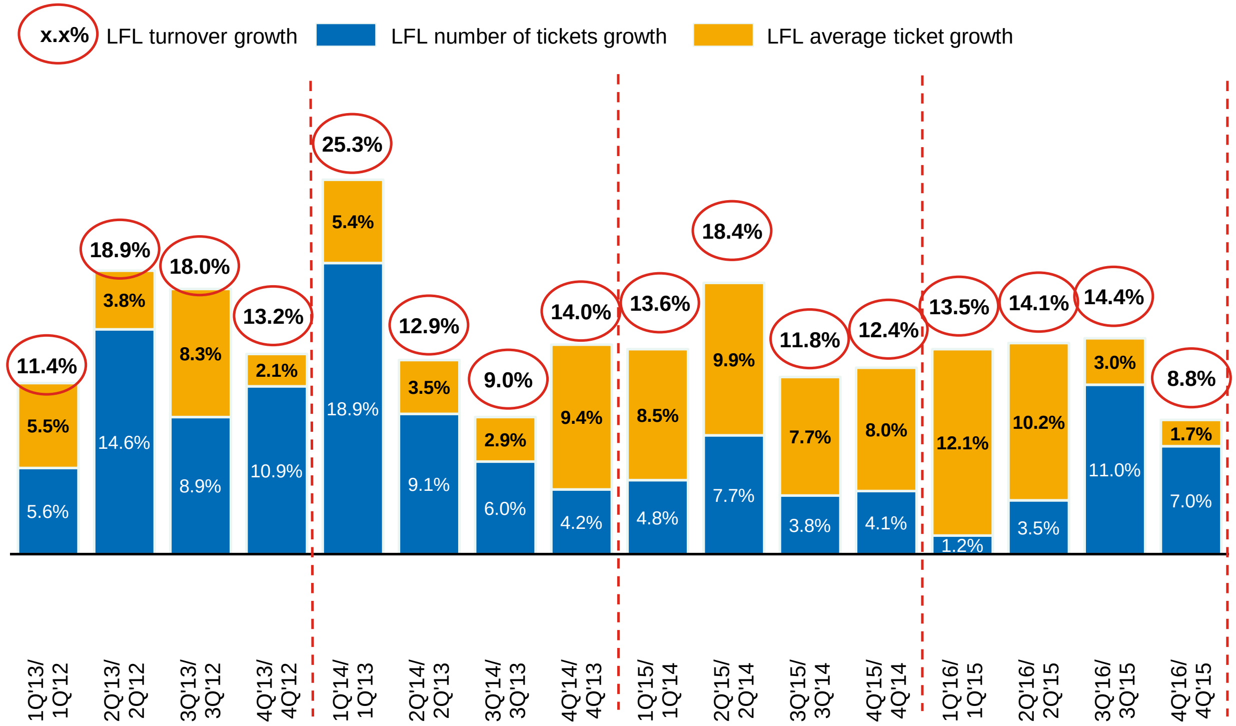


Source: Company data, Data Insight, Ipsos Comcon report

[1] The Group's consolidated financial statements for 2011-2013 under US GAAP and 2014–2016 under IFRS. For the line items and the periods presented, there was no difference between the calculation of numbers or presentation under US GAAP and IFRS
[2] Based on management accounts
[3] Incl. rented pick-up points (Boxberry + Ozon)
[4] Including in-store pickup
[5] Pilot version of the "back to school "site is completed. The Internet store is being further developed

Robust Like-for-Like Performance

Like-for-like revenue (in RUR)*

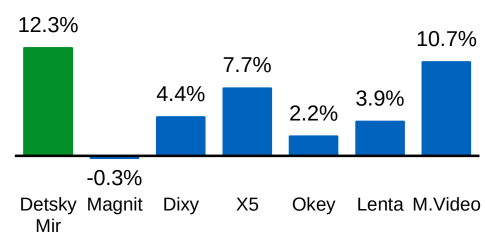


Comments

- 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 revenue is an increase in number of tickets
- New openings under new store concept, attractive loyalty program and competitive prices are key factors supporting further like-for-like growth

Like-for-like revenue growth for FY2016

Children's retail	Food retail	Electronics



	LFL growth in 2013	LFL growth 2014	LFL growth 2015	LFL growth 2016
Total	**15.3%**	**14.6%**	**13.7%**	**12.3%**
Average ticket	4.8%	5.2%	8.3%	5.9%
Number of tickets	10.0%	8.9%	5.0%	6.0%

Source: Company data, publicly available data with respect to other companies
*LfL growth in RUB terms. LfL growth includes only DM stores in Russia that have been in operations for at least 12 full calendar months.

Detsky Mir demonstrated attractive revenue growth rate (LFL +12.3%) for FY2016

Financial Performance Evolution

(RUBm, unless specified otherwise)[1]

	2013	2014	2015	2016
Number of stores	**252**	**322**	**425**	**525**
Detsky Mir stores	224	278	381	480
ELC stores	27	43	44	45
Selling space (k sqm)	**320**	**390**	**491**	**596**
Revenue	**36,001**	**45,446**	**60,544**	**79,547**
% total sales growth	*30.3%*	*26.2%*	*33.2%*	*31.4%*
% LFL sales growth[2]	*15.3%*	*14.6%*	*13.7%*	*12.3%*
Revenue per sqm[3] *(RUB thousand / sqm)*	*118*	*128*	*137*	*146*
Online sales[4]	227	443	1,260	2,778
Share of online sales	*0.6%*	*1.0%*	*2.1%*	*3.5%*
Gross profit	**13,908**	**17,263**	**21,904**	**27,108**
Margin, %	*38.6%*	*38.0%*	*36.2%*	*34.1%*
Gross profit per sqm[3] ***(RUB thousand / sqm)***	***46***	***49***	***50***	***50***
Adjusted SG&A[5]	11,155	12,807	15,708	18,884
% of revenue	*31.0%*	*28.2%*	*25.9%*	*23.7%*
Adjusted EBITDA[6]	2,771	4,463	6,185	8,203
Margin, %	*7.7%*	*9.8%*	*10.2%*	*10.3%*
Adjusted Profit for the period[7]	**1,153**	**1,685**	**2,189**	**3,827**
Margin, %	*3.2%*	*3.7%*	*3.6%*	*4.8%*
Total Debt	**5,922**	**9,716**	**18,359**	**14,638**
Cash and cash equivalents	(860)	(1,670)	(1,934)	(2,445)
Adjusted Net Debt[8]	**5,062**	**2,806**	**10,618**	**11,133**
Net debt	5,062	8,046	16,425	12,193
Adjusted Net Debt / Adjusted EBITDA	*1.8x*	*0.6x*	*1.7x*	*1.4x*
Capex	**(772)**	**(1,945)**	**(5,308)**	**(1,747)**
% of revenue	*2.1%*	*4.3%*	*8.8%*	*2.2%*
Dividends paid	**(420)**	**(1,856)**	**(2,973)**	**(4,427)**

Comments

Sales growth
- Strong support from both network expansion and LFL
- Steadily double-digit LFL rates
- Accelerated rate of new openings in 2016 (+100 stores)

Improved operating efficiency
- Slightly declining gross margin due to investment in price leadership to support traffic and LFL growth
- Over 720bps improvement in SG&A as % of sales over four years

Superior EBITDA margins
- Major SG&A optimisation measures implemented by the new management team since 2013
- 260 bps margin over four years
- Double-digit EBITDA margin achieved in 2015 and maintained in 2016

Capex
- Asset-light business model drives cash flow generation

Conservative financial policy
- Leverage[8] as of 31-Dec-2016 is 1.4x vs. 4.0x average leverage covenant level across the loan portfolio

Attractive returns for shareholders
- The Company paid RUB 4.4bn in dividends to shareholders in 2016
- The amount of dividends increased 11-fold from 2013

Source: Company data

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[2] LfL growth in RUB terms. LfL growth includes only DM stores in Russia that have been in operations for at least 12 full calendar months
[3] Calculated per average space for the period
[4] Including in-store pickup
[5] Adjusted SG&A expenses are calculated excluding Depreciation and Amortisation and additional bonus payments under the LTI program
[6] Calculated as EBITDA, adjusted for the one-off effect relating to disposal of the building occupied by the Yakimanka Gallery in 2014, as well as additional share-based compensation expense
[7] Adjusted for the one-off effect relating to disposal of the building occupied by the Yakimanka Gallery in 2014 (together with related tax effects), as well as additional bonus accruals under the LTI program
[8] Adjusted Net Debt is calculated as Net Debt adjusted for amounts receivable under the loan issued to CJSC "DM-Finance" (Sistema's subsidiary), fully repaid on February 27, 2017

Contact information

Alexey Voskoboinik
Head of Investor Relations
+ 7 (495) 781 08 09. ext. 2582
AVoskoboinik@detmir.ru

Sergey Levitskiy
Head of Capital Markets and Business Valuation
+ 7 (495) 781-08-08. доб. 2315
Slevitskiy@detmir.ru