

## OBUV ROSSII GROUP ANNOUNCES

### REVIEWED FINANCIAL RESULTS FOR 2<sup>ND</sup> QUARTER AND 1<sup>ST</sup> HALF 2019

**16 August 2019, Novosibirsk, Russia:** Obuv Rossii Group (MOEX: OBUV/ hereinafter the "Company" or, together with its subsidiary and dependent companies, "Obuv Rossii" or the "Group"), the first publicly traded company in the Russian fashion retail, comprising 870<sup>1</sup> stores in 341 cities of Russia and two production facilities, announces the unaudited financial results in accordance with International Financial Reporting Standards (IFRS) for the second quarter and first half ended 30 June 2019.

#### **2Q 2019 FINANCIAL HIGHLIGHTS:**

- Group unaudited consolidated revenue increased by 26.7% and amounted to RUB 2.830 bln, compared to RUB 2.233 bln in the 2<sup>nd</sup> quarter of 2018.
- Total like-for-like revenue of Obuv Rossii Group rose by 9.3% with like-for-like sales growing by 1.2% and like-for-like proceeds from cash loans business increasing by 34.2%.
- Gross profit in the 2<sup>nd</sup> quarter accounted for RUB 1.424 bln. Gross profit margin amounted to 50.3%.
- EBITDA<sup>2</sup> in the 2<sup>nd</sup> quarter accounted for RUB 0.469 bln. EBITDA margin amounted to 16.6%.
- Net profit in the 2<sup>nd</sup> quarter totaled RUB 0.105 bln. Net profit margin was 3.7%.

#### **1H 2019 FINANCIAL HIGHLIGHTS:**

- Group unaudited consolidated revenue increased by 19.8% and amounted to RUB 5.384 bln, compared to RUB 4.493 bln in the 1<sup>st</sup> half of 2018.
- Total like-for-like revenue of Obuv Rossii Group rose by 7.7% with like-for-like sales growing by 1.6% and like-for-like proceeds from cash loans business increasing by 27%.
- Gross profit grew by 13.2% to RUB 2.988 bln, compared to RUB 2.638 bln in the 1<sup>st</sup> half of 2018. Gross profit margin was 55.5%.
- EBITDA increased by 24.8% and accounted for RUB 1.095 bln, compared to RUB 0.877 bln in the same period of 2018. EBITDA margin amounted to 20.3%.
- Net profit grew by 3% to RUB 0.322 bln, compared to RUB 0.313 bln in the 1<sup>st</sup> half of 2018. Net profit margin was 6%.
- Net debt / EBITDA LTM ratio increased to 3.1x compared to 2.5 in the 1<sup>st</sup> half 2018.

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<sup>1</sup> As of 16.08.2019

<sup>2</sup> EBITDA = Profit (loss) before taxation + (Interest payable – Interest receivable + Depreciation of fixed and intangible assets).

**Anton Titov, CEO of Obuv Rossii Group, commented:**

We continue expanding our retail chain, developing new lines and increasing our business volume. In the first six months, the revenues grew by 19.8% up to RUB 5.38 billion. We have significantly expanded our retail footprint, entered 92 new towns, having increased our retail chain by 36% which consisted of 837 stores by the end of the first six months (including 166 franchising stores) in 320 cities and towns in Russia. We launched new sales outlets mainly in Siberia. Many stores were opened in the Urals region, Central part of Russia and the Far East as well.

One of the main tasks for our company is to increase operational efficiency, which allows us to offer our customers a wide choice of products and services and to develop new sales channels. During the first six months, the Group's gross margin grew by 13.2% having made up RUB 3 billion; EBITDA rose by 24.8% up to RUB 1.09 billion. We also decreased the share of selling, general and administrative expenses in the revenue by 4.6 p.p. due to the optimization of costs connected with opening stores, focusing on small towns, relocating some sales outlets and decreasing the rent.

Issuing cash loans has made a significant contribution to the Company's key financial figures growth. Over the first six months, the revenues in this line increased by 28% up to RUB 0.92 billion. Such services in our stores are becoming more and more popular due to changes determining the development of retail in the near future such as a blurring lines between retail formats and the introduction of the concept of a store as a multiservice centre.

We are developing the omni channel sale model: online sales of the Company grew by 22.9% according to the results of the first six months; their share in the retail revenues made up 14.1%. We are successfully implementing the Pick-up Points project – we cooperate now with such companies as PickPoint, DPD, OZON online retailer, and others. In the first six months, traffic in Obuv Rossii stores increased by 1.3% due to the launch of the project; the conversion into purchases with customers who come to get a parcel amounted to 4.5%. Currently, online customers get in Obuv Rossii stores on average 1,000 parcels a day.

Obuv Rossii continues increasing efficiency, demonstrating high business growth rates, developing various sales channels and introducing innovative services. The Company will further expand its presence in regions thanks to small towns, which will allow the Group to increase its share on regional markets and on the Russian market in general.

**KEY FINANCIAL & OPERATING HIGHLIGHTS FOR 2<sup>ND</sup> QUARTER AND 1<sup>ST</sup> HALF OF 2019**

**Operating highlights**

Indicator	30.06.2019	30.06.2018	Δ, %
<b>Number of Obuv Rossii Group stores</b>	<b>837</b>	<b>606</b>	<b>38.1%</b>
DOS <sup>3</sup>	671	493	36.1%
Franchise	166	113	46.9%
<b>DOS selling space (thousand sq.m.)</b>	<b>58.6</b>	<b>47.5</b>	<b>23.5%</b>
<b>Number of loyalty cards' holders, mln people</b>	<b>2.369</b>	<b>2.098</b>	<b>12.9%</b>

Like-for-Like <sup>4</sup>	2Q 2019	2Q 2018	Δ, p.p.	6M 2019	6M 2018	Δ, p.p.
<b>Total LFL revenue growth</b>	<b>9.3%</b>	<b>n/a</b>	<b>n/a</b>	<b>7.7%</b>	<b>n/a</b>	<b>n/a</b>
<b>LFL sales growth</b>	<b>1.2%</b>	<b>1.5%</b>	<b>(0.3 p.p.)</b>	<b>1.6%</b>	<b>(5.2%)</b>	<b>6.8 p.p.</b>
number of tickets growth	(2.6%)	(5.0%)	2.4 p.p.	(1.3%)	(8.5%)	7.3 p.p.
average ticket size growth	3.8%	6.7%	(2.9 p.p.)	3.0%	3.7%	(0.7 p.p.)
<b>Growth of LFL proceeds from cash loans business</b>	<b>34.2%</b>	<b>n/a</b>	<b>n/a</b>	<b>27%</b>	<b>n/a</b>	<b>n/a</b>

Indicator	2Q 2019	2Q 2018	Δ, p.p.	6M 2019	6M 2018	Δ, p.p.
Share of related products in retail revenues, %	31.9%	29.6%	2.3 p.p.	35.3%	31.5%	3.8 p.p.
Online sales, RUB bln	0,186	0.173	7.5%	0.382	0.311	22.9%
Share in retail revenue, %	14.3%	14.5%	(0.2 p.p.)	14.1%	12.8%	1.3 p.p.

### Financial highlights

Russian rubles (RUB), billion	2Q 2019	2Q 2018	Δ, %	6M 2019	6M 2018	Δ, %
<b>Revenue</b>	<b>2.830</b>	<b>2.233</b>	<b>26.7%</b>	<b>5.384</b>	<b>4.493</b>	<b>19.8%</b>
retail revenue	1.294	1.220	6.1%	2.704	2.464	9.8%
wholesale revenue	1.046	0.652	60.5%	1.760	1.310	34.3%
cash loans revenue	0.489	0.361	35.4%	0.920	0.719	28.0%
<b>Gross profit</b>	<b>1.424</b>	<b>1.450</b>	<b>(1.8%)</b>	<b>2.988</b>	<b>2.638</b>	<b>13.2%</b>
Gross profit margin, %	50.3%	64.9%	(14.6 p.p.)	55.5%	58.7%	(3.2 p.p.)
<b>SG&amp;A</b>	<b>(0.938)</b>	<b>(0.888)</b>	<b>5.7%</b>	<b>(1.836)</b>	<b>(1.738)</b>	<b>5.6%</b>
% of revenue	33.2%	39.8%	(6.6 p.p.)	34.1%	38.7%	(4.6 p.p.)
<b>Charge of allowance for expected credit losses</b>	<b>(0.181)</b>	<b>(0.070)</b>	<b>160.9%</b>	<b>(0.275)</b>	<b>(0.171)</b>	<b>61.5%</b>
<b>EBITDA</b>	<b>0.469</b>	<b>0.532</b>	<b>(11.9%)</b>	<b>1.095</b>	<b>0.877</b>	<b>24.8%</b>
EBITDA margin, %	16.6%	23.8%	(7.3 p.p.)	20.3%	19.5%	0.8 p.p.
<b>Net profit for the period</b>	<b>0.105</b>	<b>0.230</b>	<b>(54.2%)</b>	<b>0.322</b>	<b>0.313</b>	<b>3.0%</b>
Net profit margin, %	3.7%	10.3%	(6.6 p.p.)	6.0%	7.0%	(1.0 p.p.)
<b>EBITDA LTM</b>	<b>3.073</b>	<b>2.562</b>	<b>19.9%</b>	<b>3.073</b>	<b>2.562</b>	<b>19.9%</b>
<b>Net debt</b>	<b>9.537</b>	<b>6.320</b>	<b>50.9%</b>	<b>9.537</b>	<b>6.320</b>	<b>50.9%</b>
Net debt / EBITDA LTM ratio	3.1	2.5	0.6	3.1	2.5	0.6

<sup>4</sup> The growth of like-for-like sales, the growth of the like-for-like number of tickets and the average ticket size are calculated on the basis of the results of Obuv Rossii Group stores that operated within two full compared periods.

Indicator	2Q 2019	2Q 2018	Δ, p.p.	6M 2019	6M 2018	Δ, p.p.
Average commission rate on installment loans, %	0.6%	3.0%	(2.4 p.p.)	0.7%	2.6%	(1.9 p.p.)
Average interest rate on cash loans, %	194.0%	211.2%	(17.2 p.p.)	196.0%	212.6%	(16.6 p.p.)

Indicator	30.06.2019	30.06.2018	Δ, %
Installment loan loss provisions for the period, million rub	111.852	65.868	69.8%
Cash loan loss provisions for the period, million rub	93.314	56.215	66.0%
Cost of risk <sup>5</sup> for installment loans, %	5.9%	4.2%	1.7 p.p.
Cost of risk <sup>6</sup> for cash loans, %	4.1%	3.7%	0.4 p.p.

### Company profile:

Obuv Rossii (MOEX: OBUV) is a nationwide footwear company, the first publicly traded company in the Russian fashion retail. Obuv Rossii was established in 2003, it is headquartered in Novosibirsk and has a representative office in Moscow. The main Group business line is the production and sale of footwear and related goods. The Company manages 870<sup>7</sup> stores (172 operate as a franchise) under the brands of Westfalika (a monobrand store of classic footwear), Peshekhod ("Pedestrian") (a multibrand footwear supermarket), Rossita (a store for the whole family), Emilia Estra and Lisette (salons of fashionable footwear), in addition to developing brands of clothes and footwear for the active lifestyle brands of S-tep, All.go and Snow Guard. Furthermore, the Group also owns two manufacturing facilities in the Novosibirsk region.

In October 2017, Obuv Rossii raised 5.9 billion rubles in an IPO on the Moscow Exchange (ticker: OBUV), the issuer being OR PJSC, and in doing so became the first publicly listed company within the Russian footwear and fashion market. In September 2018, RAEX (Expert PA) confirmed the creditworthiness rating of Obuv Rossii Group at ruBBB+ level, a "stable" forecast.

In accordance with the audited Financial Statements under the IFRS Group, revenue amounted to RUB 11.55 billion for the full year of 2018, net profit was RUB 1.33 billion, and EBITDA was RUB 2.86 billion.

Website of the Group: [www.obuvrus.ru](http://www.obuvrus.ru); Internet stores: [www.westfalika.ru](http://www.westfalika.ru), [www.westfalika-home.ru](http://www.westfalika-home.ru), [www.emilia-estra.ru](http://www.emilia-estra.ru), [www.rossita.com](http://www.rossita.com), [www.lisette.me](http://www.lisette.me).

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<sup>5</sup> Cost of risk<sup>5</sup> for installment loans = Loan loss provisions divided by volume of installment loans issued for the financial year

<sup>6</sup> Cost of risk for cash loans = Loan loss provisions divided by volume of cash loans issued for the financial year

<sup>7</sup> As of 16 August 2019

**Disclaimer:**

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