

## OBUV ROSSII GROUP ANNOUNCES

### AUDITED FINANCIAL RESULTS FOR FULL YEAR 2018

**5 April 2019, Novosibirsk, Russia:** Obuv Rossii Group (MOEX: OBUV/ hereinafter the "Company" or, together with its subsidiary and dependent companies, "Obuv Rossii" or the "Group"), one of the two largest footwear retailers in Russia and the leader in the mid-price segment of the Russian footwear market<sup>1</sup>, comprising 758<sup>2</sup> stores in 271 cities of Russia and two production facilities, announces audited financial results in accordance with International Financial Reporting Standards (IFRS) for the fourth quarter and full year ended 31 December 2018.

#### 4Q 2018 FINANCIAL HIGHLIGHTS:

- Group revenue increased by 4.5% and amounted to RUB 3.732 bln, compared to RUB 3.572 bln in the 4<sup>th</sup> quarter of 2017.
- Like-for-like<sup>3</sup> sales of Obuv Rossii Group decreased by 12.3%:
  - Like-for-like number of tickets went down by 11.3%;
  - Like-for-like average ticket size declined by 1.1%.
- Gross profit grew by 19.1% to RUB 2.333 bln, compared to RUB 1.959 bln in the 4<sup>th</sup> quarter of 2017.
- Gross profit margin reached 62.5% growing by 7.7 p.p.
- EBITDA<sup>4</sup> increased by 10.5% and accounted for RUB 1.049 bln, compared to RUB 0.949 bln in the same period of 2017.
- EBITDA margin grew by 1.5 p.p. and amounted to 28.1%.
- Net profit declined by 20.2% to RUB 0.511 bln, compared to RUB 0.640 bln in the 4<sup>th</sup> quarter of 2017.
- Net profit margin amounted to 13.7% compared to 17.9% in the same period of 2017.

#### FY 2018 FINANCIAL HIGHLIGHTS:

- Group revenue increased by 9% and amounted to RUB 11.554 bln, compared to RUB 10.604<sup>5</sup> bln in 2017.
- Like-for-like<sup>2</sup> sales of Obuv Rossii Group decreased by 8.8%:
  - Like-for-like number of tickets decreased by 9.4%;
  - Like-for-like average ticket size increased by 0.7%.
- Gross profit grew by 16% to RUB 6.789 bln, compared to RUB 5.853 bln in 2017.

<sup>1</sup> In terms of the number of stores and revenue for 2018, according to Discovery Research Group

<sup>2</sup> As of 5 April 2019

<sup>3</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 one full previous calendar year.

<sup>4</sup> EBITDA = Profit (loss) before taxation + (Interest payable – Interest receivable + Depreciation of fixed and intangible assets).

<sup>5</sup> Normalized revenue according to unified taxing methodology

- Gross profit margin increased by 4.6 p.p. and amounted to 58.8%.
- EBITDA<sup>6</sup> grew by 4.3% and accounted for RUB 2.855 bln, compared to RUB 2.737 bln in 2017.
- EBITDA margin slightly declined by 0.6 p.p. and amounted to 24.7%.
- Net profit rose by 1.7% to RUB 1.332 bln, compared to RUB 1.310 bln in 2017.
- Net profit margin accounted for 11.5%, compared to 12.1% in 2017.
- Net debt / EBITDA ratio grew to 2.9x as of 31 December 2018, from 1.7x as of 31 December 2017.

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

In 2018, Obuv Rossii showed sustainable growth of all key performance indicators and continued implementing the strategy aimed at expanding its footprint, consolidating the market and gaining market share. In 2018, our retail chain increased by 192 stores and comprised 727 sales outlets in 232 cities and towns, as of 31.12.2018. The company raised the revenue by 9% to RUB 11.55 bln, the net profit grew by 1.7% to RUB 1.33 bln, and EBITDA<sup>4</sup> margin amounted to 24.7%.

The Company's strategy is based on establishing long-term relations with our customers, therefore we adapt the format of our stores, products and services to the maximum to clients' needs. For example, in 2018, we continued developing the stock, introduced some new product categories, and expanded the apparel line. Sales of related products exceeded RUB 2.6 bln, with their share in the retail revenue achieving 35%. Our stores offer a wide range of products and present brand fashion stores allowing the customers to buy total look for a season in one place, in one go.

Due to more efficient management of our online stores, deeper integration of online and offline sales channels, Group's online sales increased by 10.3% with its share in retail sales reaching 13% according to the results of 2018. We are aggressively integrating into the logistic infrastructure of the Russian e-commerce market cooperating with big operators in opening pick up points based on our stores. The goal of this project is to enhance the quality of services provided to our clients and to increase foot traffic and omnichannel sales.

In 2019, we will continue to develop according to the announced investment program: we plan to launch 150 stores all over Russia. For this purpose, we will not only expand our presence in big cities, but we will also continue to actively enter small towns and settlements with the population 50 thousand people and more, which will enable us to strengthen leadership positions in various regions all over Russia. We plan to improve all our stock items following the strategy of diversification, to develop the omnichannel trade model and to master the mobile sales channel, to introduce new services, technologies and solutions improving customer experience. Such an integrated approach will allow us to further consolidate the market, to increase the Company's share on it and to demonstrate high performance.

## KEY FINANCIAL & OPERATING HIGHLIGHTS FOR 4Q2018 and FY 2018

### Operating highlights

Indicator	31/12/2018	31/12/2017	Δ, %
<b>Number of Obuv Rossii Group stores</b>	<b>727</b>	<b>535</b>	<b>35.9%</b>
DOS <sup>7</sup>	566	422	34.1%
Franchise	161	113	42.5%
<b>DOS selling space (thousand sq.m.)</b>	<b>53.8</b>	<b>40.1</b>	<b>34.2%</b>
<b>Number of loyalty cards' holders, mln people</b>	<b>2.239</b>	<b>1.946</b>	<b>15.1%</b>

Like-for-Like <sup>8</sup>	4Q 2018	4Q 2017	Δ, p.p.	FY 2018	FY 2017	Δ, p.p.
<b>LFL sales growth</b>	<b>(12.3%)</b>	<b>10.9%</b>	<b>(23.2p.p.)</b>	<b>(8.8%)</b>	<b>2.8%</b>	<b>(11.7p.p.)</b>
Number of tickets growth	(11.3%)	4.7%	(16.0p.p.)	(9.4%)	(3.7%)	(5.7p.p.)
Average ticket size growth	(1.1%)	6.0%	(7.1p.p.)	0.7%	6.8%	(6.1p.p.)
<b>Cash loans Like-for-Like</b>	<b>23.2%</b>	<b>(15.1%)</b>	<b>38.3p.p.</b>	<b>(2.6%)</b>	<b>(6.4%)</b>	<b>3.8%</b>

Indicator	4Q 2018	4Q 2017	Δ, p.p.	FY 2018	FY 2017	Δ, p.p.
Share of related products in retail revenues, %	37.4%	32.7%	4.7p.p.	34.9%	31.4%	3.5p.p.
Online sales, RUB bln	0.396	0.347	14.0%	0.857	0.777	10.3%
Share in retail revenue, %	15.0%	12.6%	2.4p.p.	12.9%	11.0%	1.9p.p.

### Financial highlights

Russian rubles (RUB), billion	4Q 2018	4Q 2017	Δ, %	FY 2018	FY 2017	Δ, %
<b>Revenue</b>	<b>3.732</b>	<b>3.572</b>	<b>4.5%</b>	<b>11.554</b>	<b>10.604<sup>9</sup></b>	<b>9.0%</b>
retail revenue	2.577	2.667	(3.4%)	6.660	6.880 <sup>8</sup>	(3.2%)
wholesale revenue	0.741	0.527	40.8%	3.381	2.224	52.0%
cash loans revenue	0.414	0.379	9.3%	1.514	1.500	0.9%
<b>Gross profit</b>	<b>2.333</b>	<b>1.959</b>	<b>19.1%</b>	<b>6.789</b>	<b>5.853</b>	<b>16.0%</b>
<i>Gross profit margin, %</i>	<i>62.5%</i>	<i>54.8%</i>	<i>7.7p.p.</i>	<i>58.8%</i>	<i>54.2%</i>	<i>4.6p.p.</i>

<sup>7</sup> DOS – Directly operated stores.

<sup>8</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.

<sup>9</sup> Normalized revenue according to unified taxing methodology

<b>SG&amp;A</b>	<b>(1.149)</b>	<b>(1.103)</b>	<b>4.2%</b>	<b>(4.046)</b>	<b>(3.553)</b>	<b>13.9%</b>
<i>% of revenue</i>	30.8%	30.9%	(0.1p.p.)	35.0%	32.9%	2.1p.p.
<b>EBITDA<sup>10</sup></b>	<b>1.049</b>	<b>0.949</b>	<b>10.5%</b>	<b>2.855</b>	<b>2.737</b>	<b>4.3%</b>
<i>EBITDA margin, %</i>	28.1%	26.6%	1.5p.p.	24.7%	25.3%	(0.6p.p.)
<b>Profit for the period</b>	<b>0.511</b>	<b>0.640</b>	<b>(20.2%)</b>	<b>1.332</b>	<b>1.310</b>	<b>1.7%</b>
<i>Profit margin, %</i>	13.7%	17.9%	(4.2p.p.)	11.5%	12.1%	(0.6p.p.)
<b>Net debt</b>	<b>8.392</b>	<b>4.732</b>	<b>77.3%</b>	<b>8.392</b>	<b>4.732</b>	<b>77.3%</b>
<i>Net debt / EBITDA LTM</i>	2.9	1.7	1.2	2.9	1.7	1.2

Indicator	4Q 2018	4Q 2017	Δ, p.p.	FY 2018	FY 2017	Δ, p.p.
Average commission rate on installment loans, %	0,9%	0,2%	0,7p.p.	1,5%	2,2%	(0,7p.p.)
Average interest rate on cash loans, %	193,2%	215,3%	(22,1p.p.)	205,0%	209,8%	(4,8p.p.)
Amount of contracts executed in installments, billion rub	1,780	2,169	(17,9%)	4,440	5,198	(14,6%)
Amount of cash loans issued, billion rub	1,024	0,788	29,9%	3,400	3,426	(0,8%)

Indicator	31/12/2018	31/12/2017	Δ, %
Installment loan loss provisions for the period, billion rub	0.133	0.263	(49.6%)
Cash loan loss provisions for the period, billion rub	0.130	0.126	3.2%
Cost of risk <sup>11</sup> for installment loans, %	3.0%	5.1%	(2.1p.p.)
Cost of risk <sup>12</sup> for cash loans, %	3.8%	3.7%	0.1p.p.

<sup>10</sup> EBITDA = Profit (loss) before taxation + (Interest payable – Interest receivable + Depreciation of fixed and intangible assets).

<sup>11</sup> Cost of risk<sup>11</sup> for installment loans = Loan loss provisions divided by volume of installment loans issued for the financial year

<sup>12</sup> Cost of risk for cash loans = Loan loss provisions divided by volume of cash loans issued for the financial year

### 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 758<sup>13</sup> stores (167 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).

### Additional information:

Contact for mass media:

Natalia Pauli,  
PR Director,

+7 913 750 81 37  
[n.pauli@obuvrus.ru](mailto:n.pauli@obuvrus.ru)

Contact for investors:

Kirill Streblyanskiy,  
Deputy CFO of Capital Markets of Obuv Rossii  
Group,

+7 383 280 80 21  
[k.streblyanskiy@obuvrus.ru](mailto:k.streblyanskiy@obuvrus.ru)

### **Disclaimer:**

Some information in this document may contain prospective estimates and other representations of a predictive nature concerning future events and the future financial and operating activity of Obuv Rossii. One can determine, whether a representation is of a predictive nature, on the basis of the use of such words and expressions as "expect", "believe", "estimate", "intend/plan", "would/would be", "could", "can", including negative forms of these verbs, as well as on the basis of other similar expressions. The Group cautions that these representations are only forecasts, and actual events and results of Obuv Rossii activity can substantially differ from them. Obuv Rossii does not intend to update these representations in order to reflect events and circumstances that occur after this document is published, or in order to reflect the fact of the occurrence of unexpected events. There are many factors as a result of which the actual results of Obuv Rossii activity will substantially differ from the predicted results contained in the representations of a forecast nature, including such factors as the general conditions of economic activity, competitive environment, risks related to the performance of activity in the Russian Federation, rapid technological changes, and changes of the market situation in the industries in which Obuv Rossii performs its activity as well as other risks related in particular to Obuv Rossii and its activity.