



 **OBUV
ROSSII**

November 2018



OBUV ROSSII PRESENTATION



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Who We Are: Summary Facts



the 1st

publicly traded company in the Russian fashion retail



218

Cities and towns¹



680

Stores¹



~51,300

sqm selling space^{1,2}



2.0

million pairs sold in 2017



2

Own production plants



>3,100,000

Customer base³



10.8

RUB bn Revenue in 2017⁴



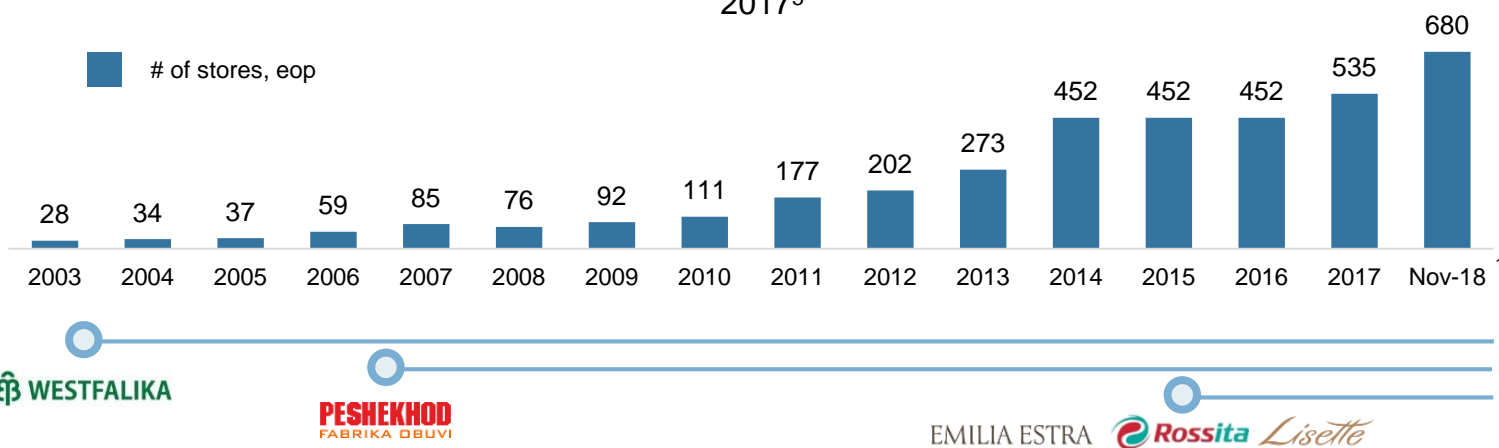
26%

Revenue CAGR in 2012-2017⁵



25.3%

EBITDA margin in 2017⁴



✓ Leading player in the Russian footwear market with distinctive portfolio of well-recognized brands and innovative business model

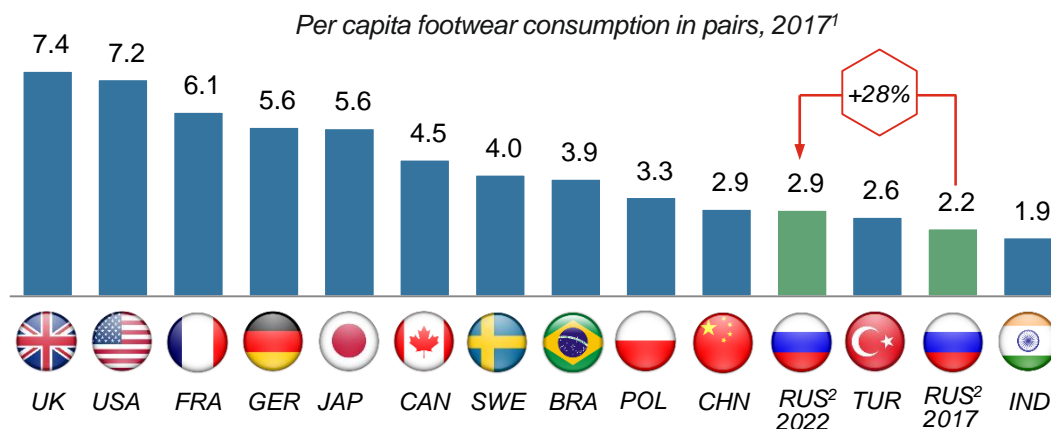


Investment Highlights

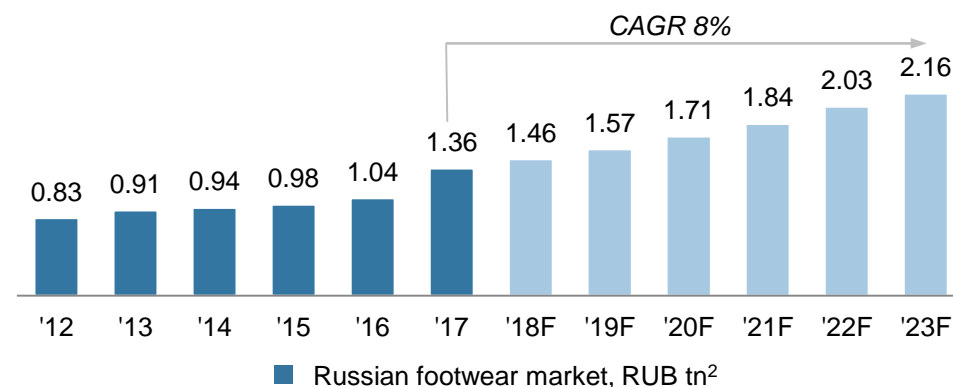


Leading Player In A Fundamentally Attractive Market With Low Level Of Consolidation

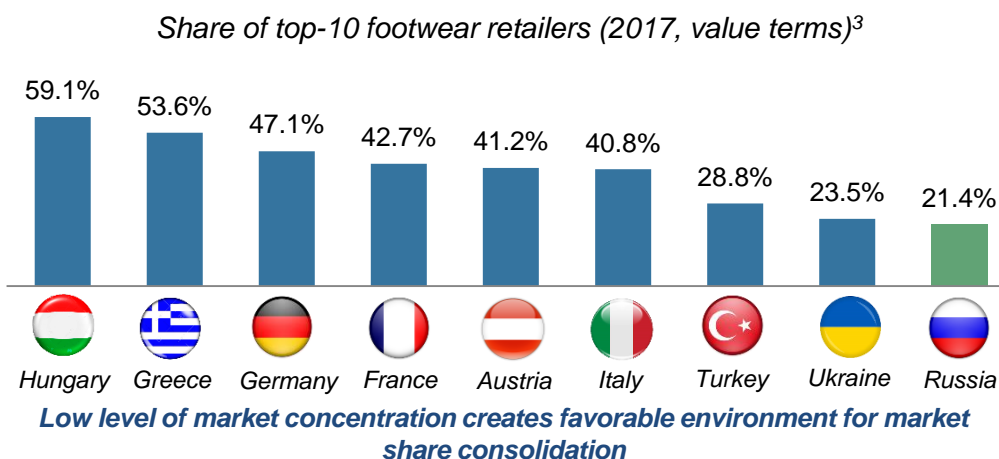
Forecast recovery in per capita footwear consumption








Projected footwear market growth



Russian footwear market overall is also highly fragmented



Largest Russian footwear retailers in mid-price segment

#	Company	Store count ⁴	CAGR '13-17 ⁵	Market share ⁶
1		677	18.5%	1.9%
2		241	(5.4%)	0.8%
3		181	14.0%	0.6%
4		121	n.a.	0.5%
5		100	(0.5%)	0.4%

✓ **We are the largest footwear retailer in Russia in mid-price segment, well-positioned to capture the expected growth of the market and benefit from further market consolidation**

Portfolio Of Well-Recognized And Highly Complementary Brands

 **WESTFALIKA**



- Neo-traditional footwear of German style

 **Rossita**



- Footwear of European style for the whole family (women, men and children)

EMILIA ESTRA



- Bright silhouettes, footwear of Italian style for young women

Lisette



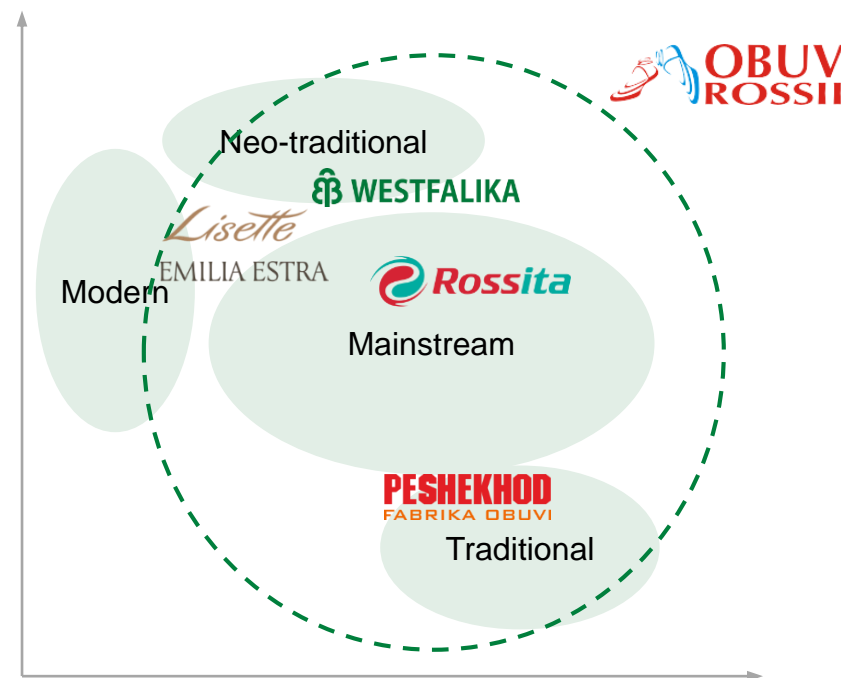
- Fashionable footwear of classic French style for younger audience

PESHEKHOD
FABRIKA OBUVI



- Affordable footwear for everyone

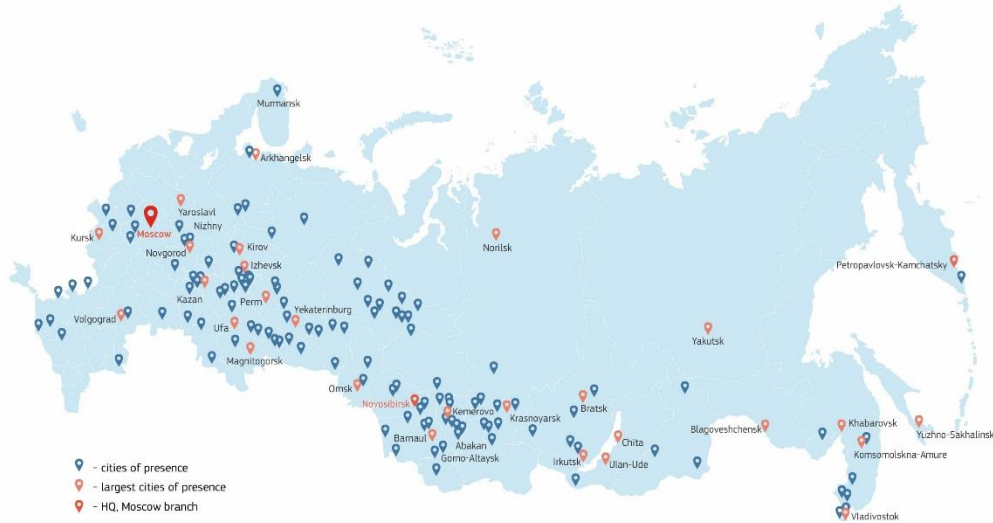
- We are one of a few footwear retailers in Russia that have successfully implemented the strategy of diversification
- We develop several brands, each of them with differentiated positioning and a big group of regular customers



✓ We serve our customers through a portfolio of highly differentiated and complementary brands

Customer-Focused Innovative Retail Concept Providing Unique Customer Experience

Proximity to customers thanks to strong footprint throughout Russia



Multi-channel interaction with our customers underpinned by advanced omni-channel strategy

~3,500,000

Web sites visitors³

>140,000

of OBS² purchases³



77%

OBS²

CAGR 2014-2017

~13%

Conversion rate³

Appealing store concept

- ✓ Eye-catching attractive store concept
- ✓ Modern retail stores located in both shopping malls and street formats

WESTFALIKA



Rossita



EMILIA ESTRA



Lisette



Compelling loyalty programme with convenient payment option and innovative add-on services

3,100,000 +

Customer base¹

2,170,000 +

Loyalty cards issued¹



1,400,000 +

Customers used add-on services¹

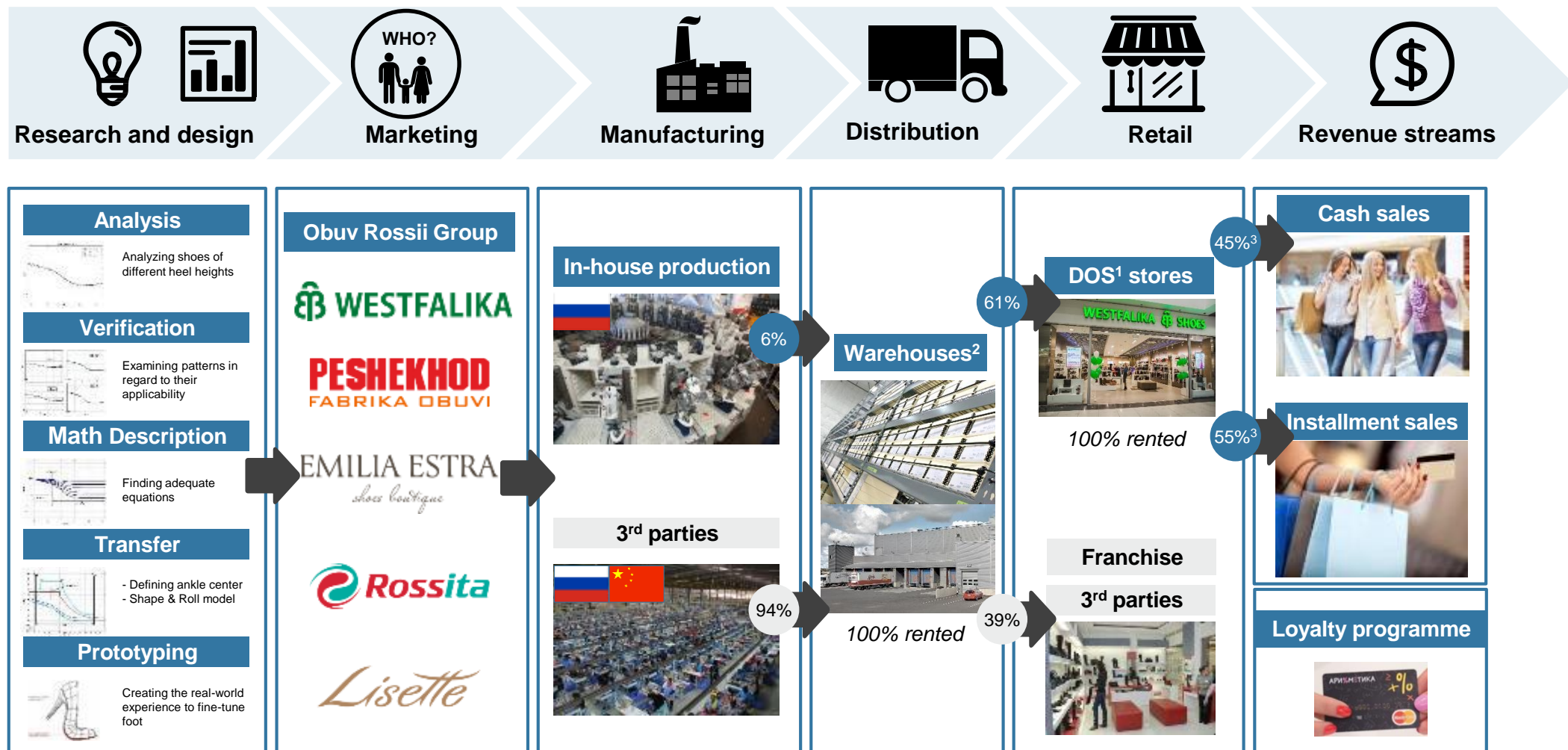
~66%

Of purchases made with loyalty cards in 9M 2018

✓ Our customer-focused innovative concept amplified by omni-channel offering and compelling loyalty programme creates memorable and personalized customer experiences, that lies at the heart of our sustainable and successful growth

4 Full Control Of The Value Chain

As of 9M 2018



- ✓ Vertical integration from product design to distribution enables prudent cost management and shortens lead times
- ✓ Asset-light business model on the back of mainly rented logistic and retail assets
- ✓ Innovative approach at every stage of the value chain from design and production to sales and loyalty programme

Experienced Management Team With Proven Track Record Backed By Shareholders

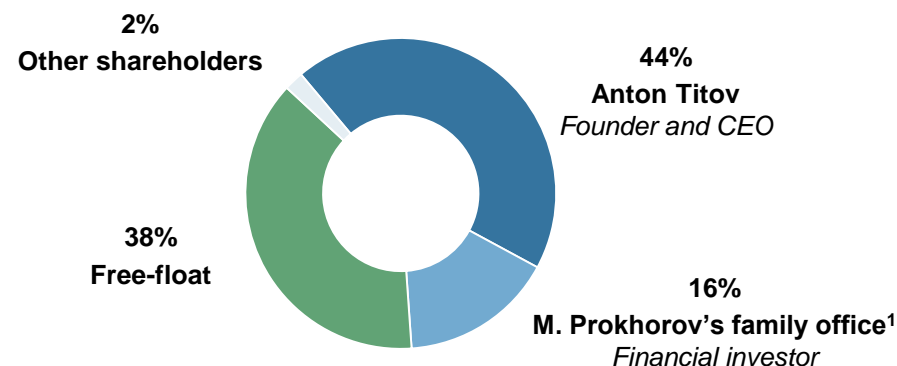
Founder and CEO



Anton Titov

- Founder, CEO and member of the Board of Directors
- Founded Obuv Rossii in 2003
- Over 20 years of experience in footwear industry
- Awards: Retailer of the Year (2013), Entrepreneur of the Year – E&Y (2008)

Shareholder structure



Core management team members



Elena Ageeva

- CFO
- With OR for 16 years



Thomas Frank

- Head of Design
- With OR for 8 years



Svetlana Belova

- Head of HR
- With OR for 12 years



Yulia Donina

- CCO
- With OR for 16 years



Natalia Zhrebtsova








- Head of Legal
- With OR for 10 years



Dmitriy Karpenko

- Head of IT
- With OR for 16 years

Composition of the Board of Directors

Name	Category	Director since	HR & remuneration	Audit
Vyacheslav Shabaykin <i>Chairman</i>		2017		
Tatiana Zotikova <i>Deputy Chairman</i>	INED	2017		
Stanislav Zverev	INED	2017		
Alexey Skvorkin		2017		
Evgenia Gavrikova		2017		
Anton Titov	CEO	2013		
Natalia Zhrebtsova	Head of Legal	2015		

✓ *Stable, proven and experienced management team backed by supportive shareholders, committed to achieve further growth of business, enhancing efficiency and creating long-term shareholder value*

¹ Mikhail Prokhorov is a Russian businessman with estimated wealth of USD 9 billion as of 2017, according to Forbes magazine
Source: Company data

6 Multiple Layers Of Future Growth



1

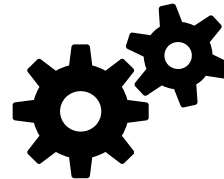
Store roll-out

- Further expand the store base with majority of stores to be launched in well explored regions
- Selective approach to entering new regions

2

Profitable LFL growth

- Continuous push toward use of best in class retail technologies
- Further assortment expansion with high-margin products
- Additional services development



4

Improvements across the value chain

- Expand own production to create unique product offering and manage FX and import risks
- On-going improvements in supplier terms and reduction of working capital
- IT penetration enhancement

3

Development of own production

- Production of special-purpose footwear for corporate clients
- Utilization of existing facilities' spare capacity



6

Brand awareness improvement

- Nationwide advertising campaigns including new marketing channels
- Further improving quality and efficiency of our ads





5

Customer experience improvement

- Further enhancement of our mobile apps and websites functionality
- Enhancement of customer loyalty through additional value adding services
- Omni-channel sales development and non-traditional loyalty programme

Large Market Capacity Creating Opportunities To Grow

Potential market capacity

Brand	Catchment area, '000 people	Market capacity
 WESTFALIKA	70	> 1,300 stores
 Rossita	150	> 500 stores
EMILIA ESTRA	80	> 950 stores
 Lisette	80	> 950 stores
 PESHEKHOD FABRIKA OBUVI	150	> 500 stores

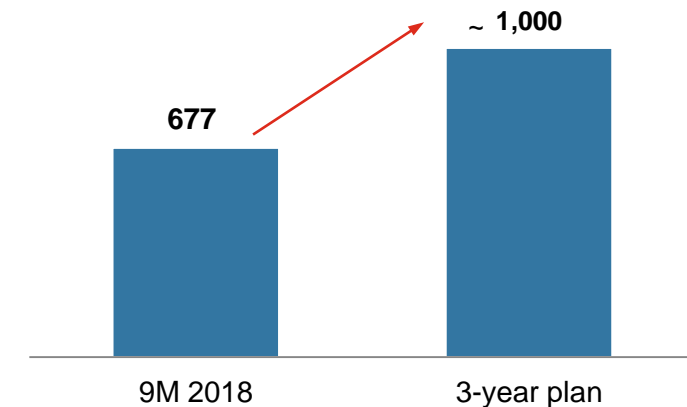
Total market capacity of our stores

> 4,200 stores

Mid-term expansion plan

- We aim to double its store network up to ~1,000 stores¹ over the next three years in existing regions and establish footprint in selected new areas
- Majority of stores will be launched in geographies where the Group is currently present to benefit from Obuv Rossii's existing regional teams and associated economies of scale

Total # of stores¹



- ✓ Total market capacity of our stores (more than 4,200 stores) leaves enough room for further development
- ✓ We aim to double its store network over the next three years
- ✓ Unlike in food retail, in fashion retail there is traffic synergy between closely located stores

Continuous Dialog With Real Estate Owners Ensures Execution Of Roll-Out Plan

Regions selection

Key criteria for entering new regions

- Stable economic situation
- Reasonable logistics
- Skilled personnel

Available locations in selected regions

Shopping malls

1,000

- Available locations in ca. 500 shopping malls in regions where the Group is willing to launch new stores

Street retail

2,000

- Available locations provided by ca. 500 real estate agencies that cooperate with Obuv Rossii

Feasibility study completed

500

Initial screening criteria

- Appropriate selling space in sqm terms
- Presence of footwear retailers in the area
- Location in high-traffic zone
- Decent exterior & interior
- Selling space meets basic requirements (e.g. selling space more than 60%)

400-500

Signing / negotiation stage

120

- Signed contracts: 122 premises
- Negotiation stage 30 premises

250-300

- Ready to start negotiations with real estate owners

~400 locations available for new openings

✓ Predictable openings pipeline due to detailed stores roll-out plan



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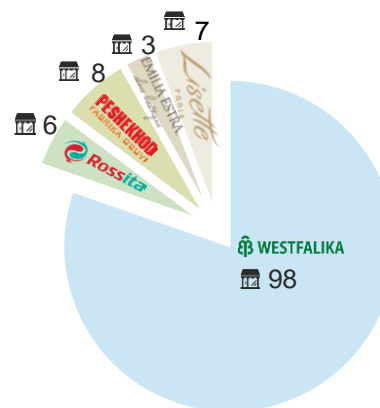


Retail Chain Expansion Update

DOS¹ stores roll-out in 9M 2018



Total: 122 DOS¹ stores

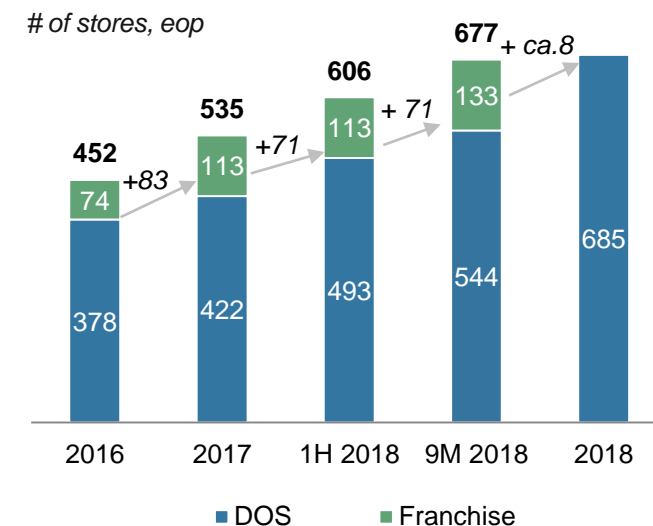


Total: 122 DOS¹ stores

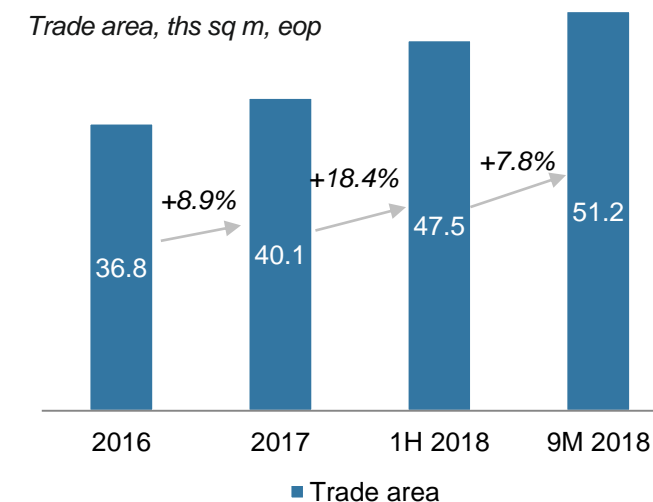
- Obuv Rossii will continue developing its retail chain and it plans to open 150 stores by the end of the year according to its revised investment program.
- In 9M 2018 were opened 122 DOS¹ stores.
- We expand mainly in the cities with established operations and existing upside potential
- We aim at opening new DOS¹ of all our core brands, thus, implementing our multi-brand strategy aimed at targeting wide audience of customers of different social groups

✓ Continuous expansion of retail network in full accordance with previous guidance

Retail network



Trade area



¹ DOS – directly operated stores

Source: audited IFRS financial statements for 2014-2017, reviewed IFRS financial statements for 1H 2017-1H 2018, management accounts



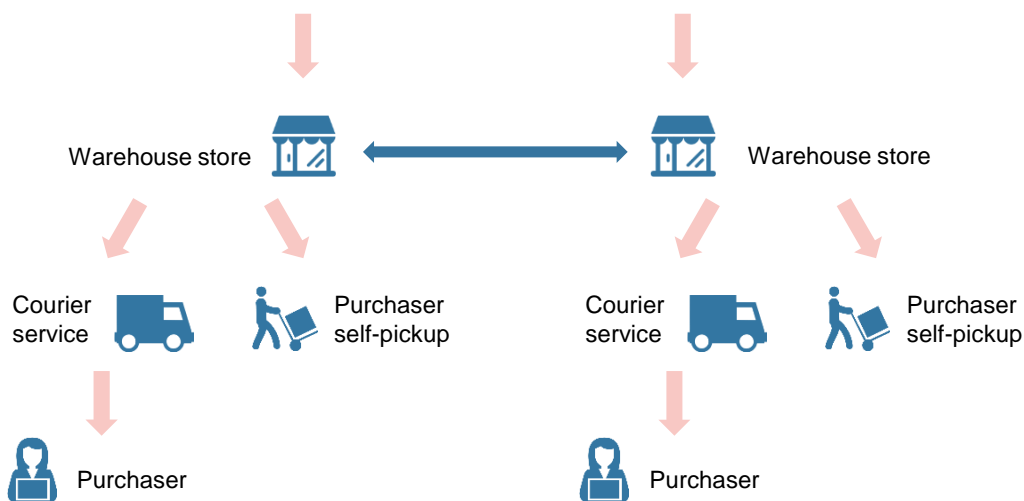
Distribution System Improvement



- We implemented new approach to our distribution and logistics system when every our store performs the function of both a mini-warehouse and a customer pick-up point
- We have created infrastructure to deliver goods to any Russian region

- Differentiated customer experience vs. competitors
- Transportation costs reduction
- Multiple delivery options for e-commerce

Online-store 24/7



More than 90% of our online stores clients prefer self-pickup service

Westfalika.ru warehouse stores



Store = Warehouse of an online store

✓ *Implementation of mini-warehouses and customer pick-up points approaches supports online- and retail-based sales as well as enhancing business efficiency*

Omni-Channel Evolution

Development initiatives

- In the 9M 2018 the number of orders of online stores increased by 10% due to the improvement of : internal business processes, call center services and delivery system.



- Close attention to preparing high quality content for our online stores:
 - own photostudio
 - dedicated team of professional photographers and color correction artists
- Improved SMM coverage of our brands

Impressive performance in 9M 2018

Omni-channel sales, including e-commerce, increased

by
20%

Mobile audience of Westfalika online store reached

50%

Number of orders rose

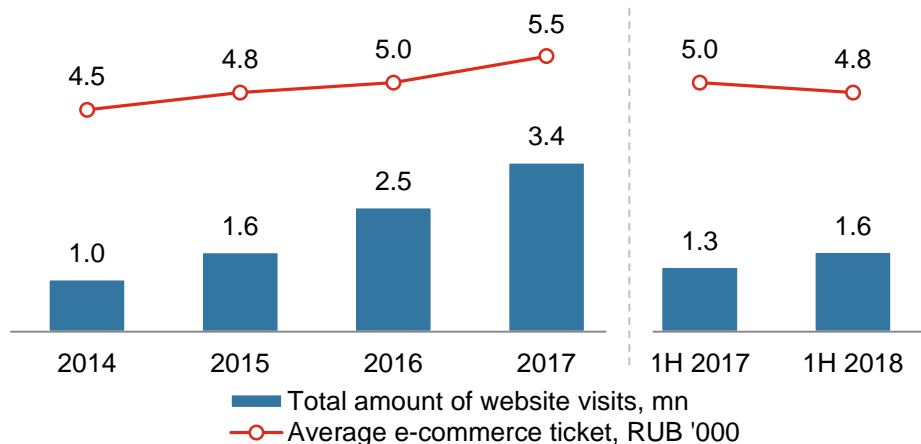
by
10%

Number of orders made via mobile devices soared

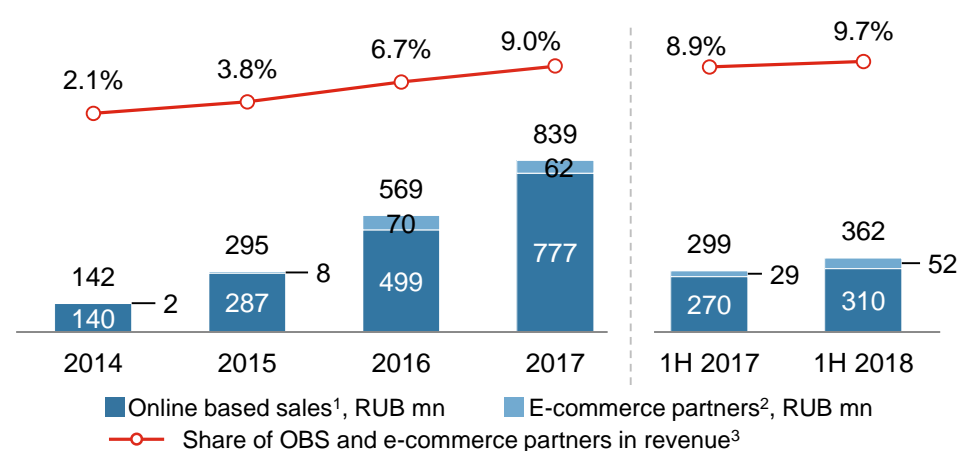
1.2
times

Consistent growth of omni-channel revenue

of website visits and average ticket



OBS¹ and revenue from e-commerce partners²



✓ We successfully implement our omni-channel strategy which leads to rapid growth of online-based revenue

Developments Since IPO



Guidance given at IPO for FY2017

Actuals



1

Retail chain expansion: more than doubling store count by opening ~500 stores in ca. 3 years

- 83 new stores opened in 2017
- 150 new stores are expected to be opened in 2018



2

Persistently high gross margin and EBITDA margin going forward

- Gross margin of 54.2% in 2017
- EBITDA margin of 25.3% in 2017



3

Developing high-margin related products segment

- Share of high-margin related products (bags, apparel, accessories) in retail revenue amounted to 31.4% in 2017



4

Growing share of online revenue

- Continuous development of omni-channel and online-platform resulted in 56% growth of omni-channel sales in 2017
- 5 standalone online-platforms in place

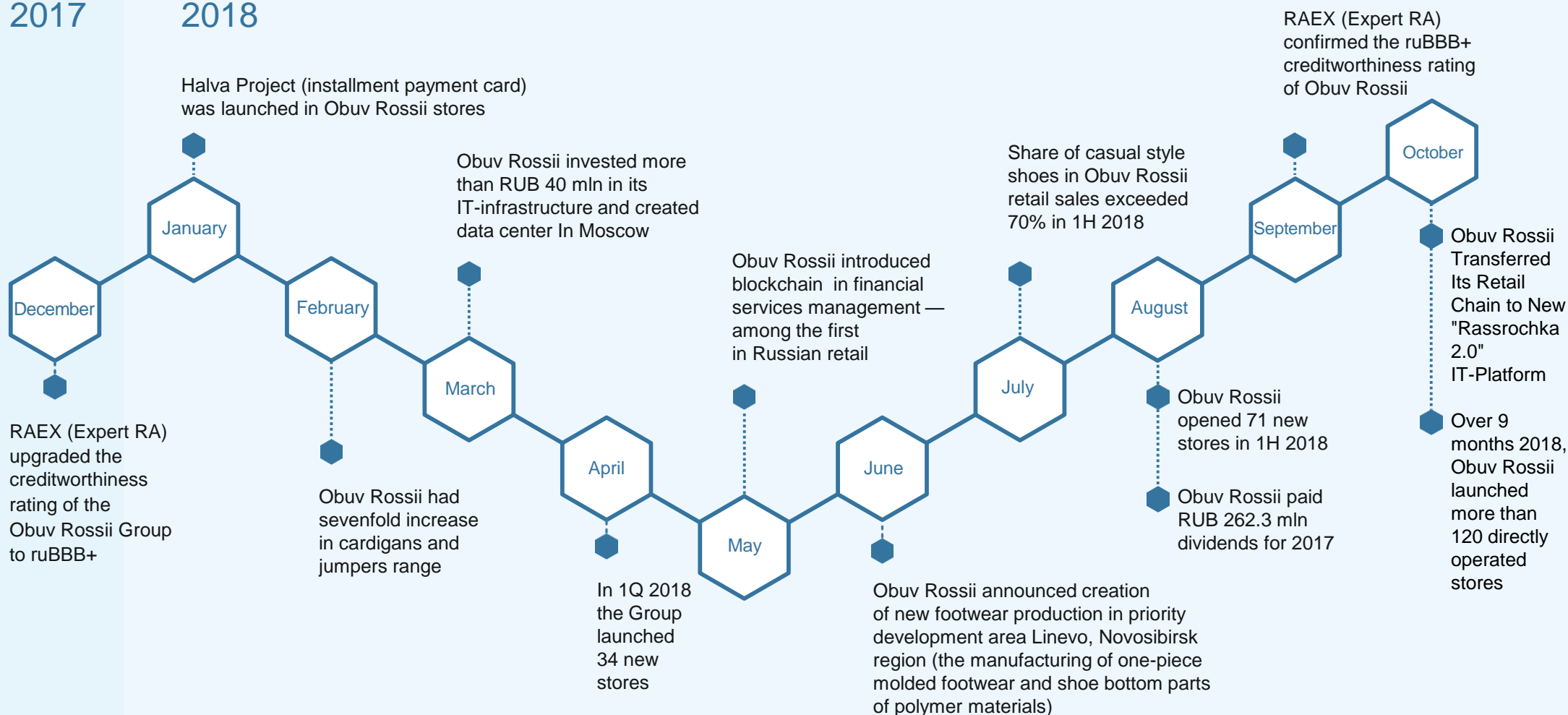


Key events December 2017 — September 2018



2017

2018





Customer interaction

Halva Installment Payment Cards: Obuv Rossii Group became a partner of Sovcombank PJSC and connected to the Halva Project: now purchases with the use of the Halva Installment Payment Cards can be made in all stores of the company.

The Halva Project is sweepingly gaining popularity and now works in more than 80 thousand retail outlets all over the country.

The main objectives of the Group's participation in the project are to expand the range of services for our customers, to attract new customers and to increase the retail revenue of the company.



Remote payments: In 2017, Obuv Rossii introduced new service of online payments in the installment payments and cash loans projects including payments via the "Sberbank Online". Now the share of such payment **exceeded 3%**.

The Company plans to expand further the opportunities of remote payments in 2018, including the introduction of online payments with the use of Arifmetika cards (an innovation loyalty program that operates in all Obuv Rossii stores).



Arifmetika mobile application: Obuv Rossii launched the mobile application of its innovation loyalty programme Arifmetika. It enables the holders of Arifmetika MasterCard to make payments and money transfers, to add other cards to an account, to look through transactions' history, to monitor its loan and installment debts, to reload the card and to withdraw funds.

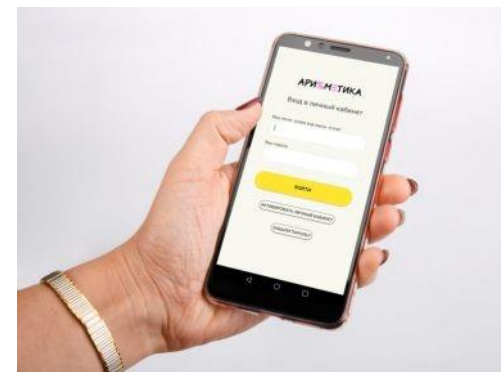
More than **2 mln**

Arifmetika cards have been issued including

180 ths.

Mobiles application is a new communication channel with the Group's clients, it provides new services and opportunities to the Group's customers.

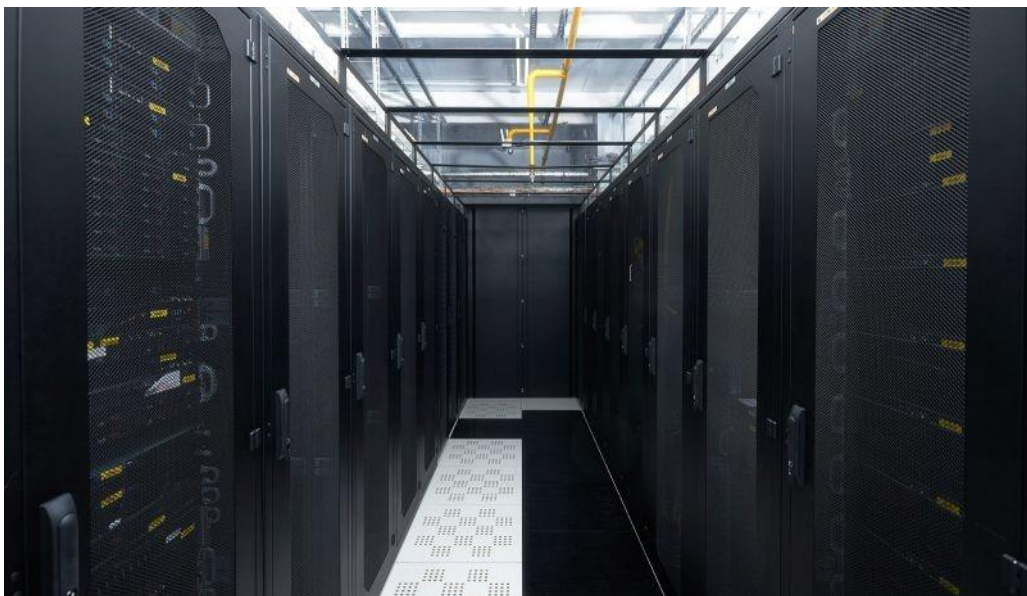
The company plans to widen the range of services introducing QR-payments and partner cash-back.



DATA CENTER IN MOSCOW

Obuv Rossii **invested RUB 40 mln** in its IT-infrastructure development: it launched its own data center in Moscow and increased the capacity of the central DPC in Novosibirsk and of the regional DPC in Khabarovsk.

Obuv Rossii has created **IT-infrastructure for its retail chain expansion, development of omni-channel sales and financial services**: the existing IT-system provides uninterrupted 24/7/365 online operating mode independently of time zones, as well as enhancement of system flexibility, mobility, scalability and failure tolerance.



INSTALLMENT 2.0. AND CUSTOMIZATION

By the Autumn-Winter season Obuv Rossii completed the introduction of new IT-platform for financial services management — Installment 2.0.

It is not attached to the central DPC in Novosibirsk and distributed in three Data Processing Centers of the Company: in Novosibirsk, Moscow and Khabarovsk.

It is more flexible and enables to customize company's offers to its clients taking into account interaction history, which contributes to sales growth.



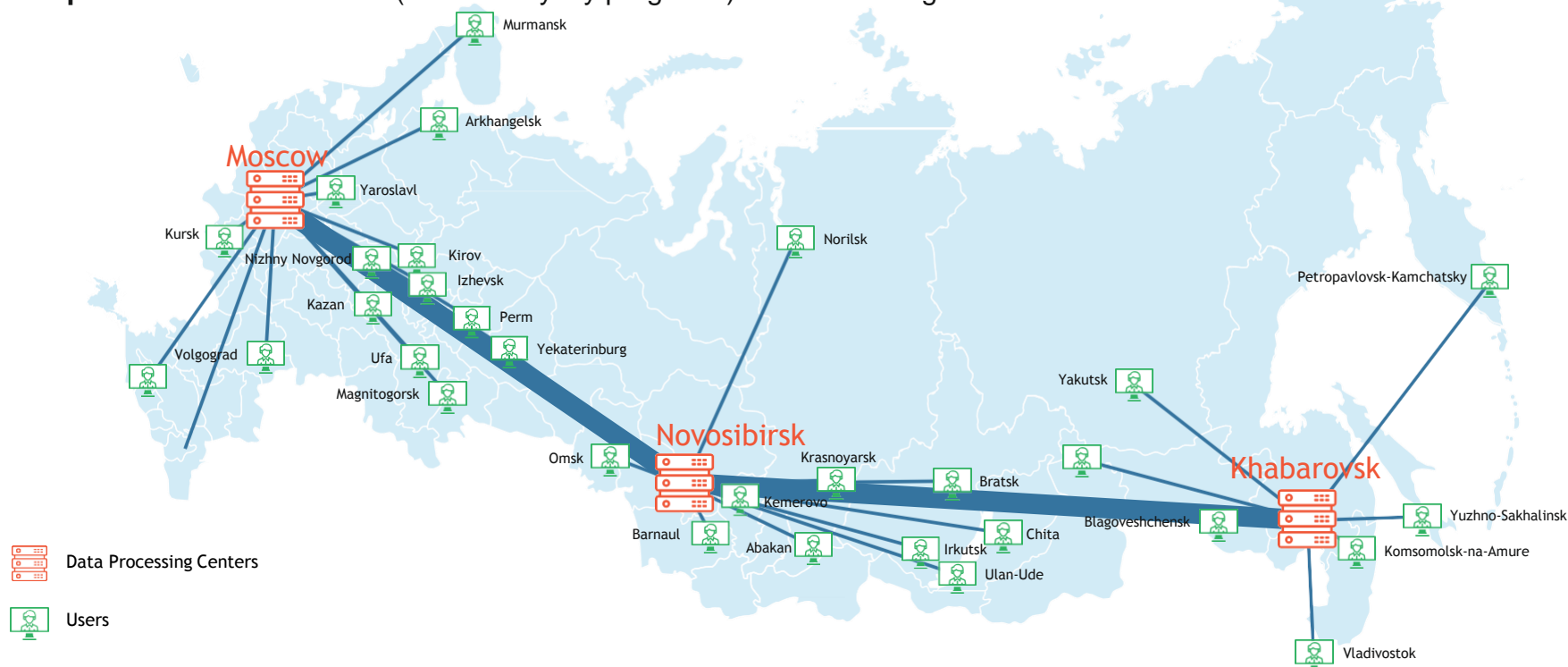
BLOCKCHAIN INTRODUCTION

In May, Obuv Rossii completed a **project of blockchain introduction into its IT-systems to manage Company's financial service projects** such as installment payments and cash loans, among the first in Russian retail.

Introduction of the blockchain **ensures safety, reliability, relevance and authenticity of the information on all transactions (contracts)** excluding a possibility of any unauthorized changes.

For the period May-August 2018 Obuv Rossii **settled more than 190 ths. contracts** on installment payments and cash loans **using blockchain technology**. It has not been detected any attempts of unauthorized changes, business processes has been functioning normally without any slowing down.

The Group has thoroughly studied and tested the technology and now it sees the possibilities of **this technology rollout to other business processes** such as CRM (coalition loyalty programs) and accounting.



Development of range of goods



Casual style: Obuy Rossii continues expanding the collections of the casual style footwear. The popularity of such footwear is growing due to worldwide fashion trends and changes in consumer preferences.

In 1H 2018,
the share of such footwear
in retail revenues exceeded

70%



Apparel and related products: Obuy Rossii is enhancing its collection of mid-layer clothes. It started to sell this assortment in 2017. In Spring-Autumn season 2018, the Group increased the collection of such apparel by 7 times.

In 1H 2018, the share of midlayer
in retail revenue reached

2.2%,

the share
of outerwear was

11.7%

(1H 2017 — 11.4%)

The key season for the apparel is autumn-winter season, so the Group expects the sales of mid-layer clothes to further increase.

In autumn-winter season 2018/2019, the purchase volume of midlayer increased by 5 times in volume terms and by 7 times in value times compared to the same season 2017/2018.



The share of related goods
in retail revenue in 1H 2018 increased

by **3.2% to 31.5%**

Retail chain development

Obuy Rossii has increased **the market capacity for its brands up to 4000 stores** due to entering towns with population from 50 to 100 ths. people.

The Group started to actively open new stores in small towns this year and considerably **enhanced its sales geography**. It entered 27 new cities and towns in 1H 2018.

The Group revised its retail chain development plan for this year and decided to increase the number of new stores openings **for 2018 up to 150**.

Stores in small towns have the following advantages:

Lower CAPEX.

Rent rates two times lower than in big cities.

No advertising expenses.

Lower level of competition.

These stores reach sales targets faster than those in cities do.



NEW AUTUMN-WINTER COLLECTION

The main ideas:

Classical, elegant, comfortable shoes for every day life.

Larger share of shoes of various, bright colours and more interesting design.

Fashionable and comfortable styles.

Various décor.



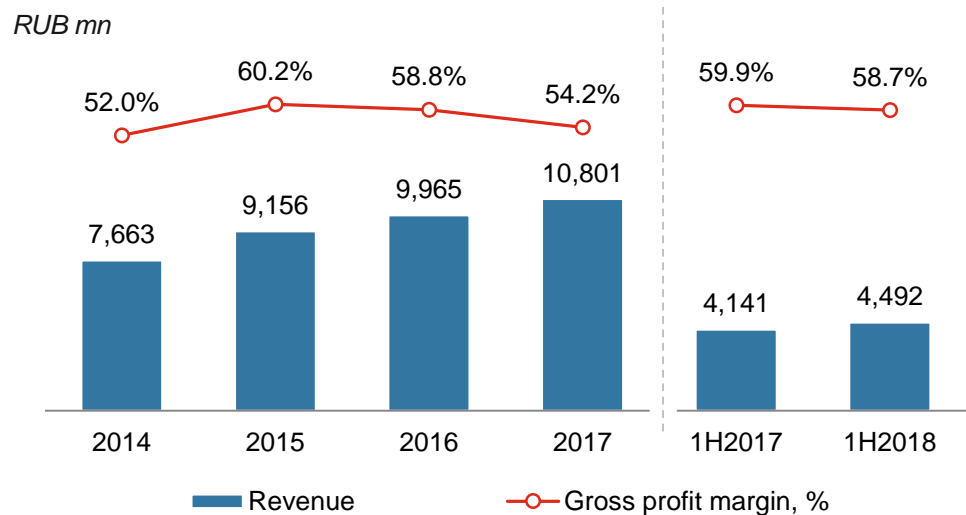


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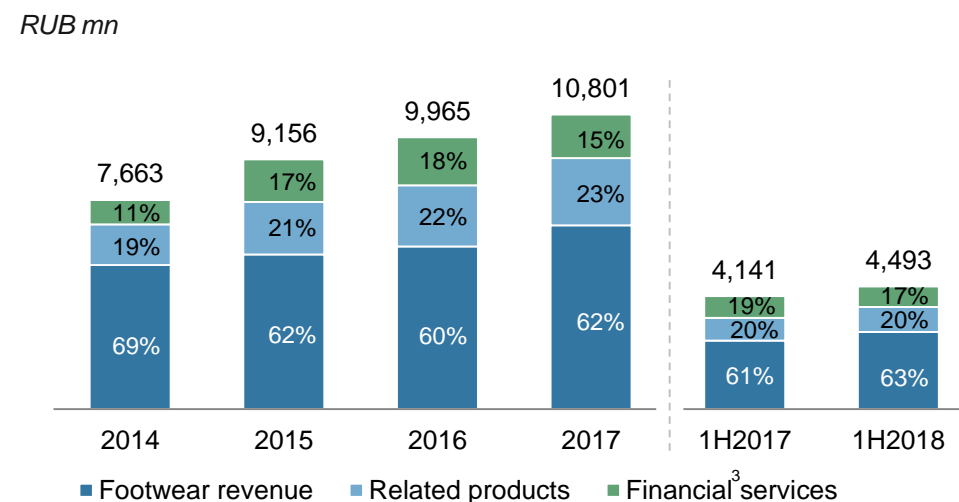


Financial Highlights

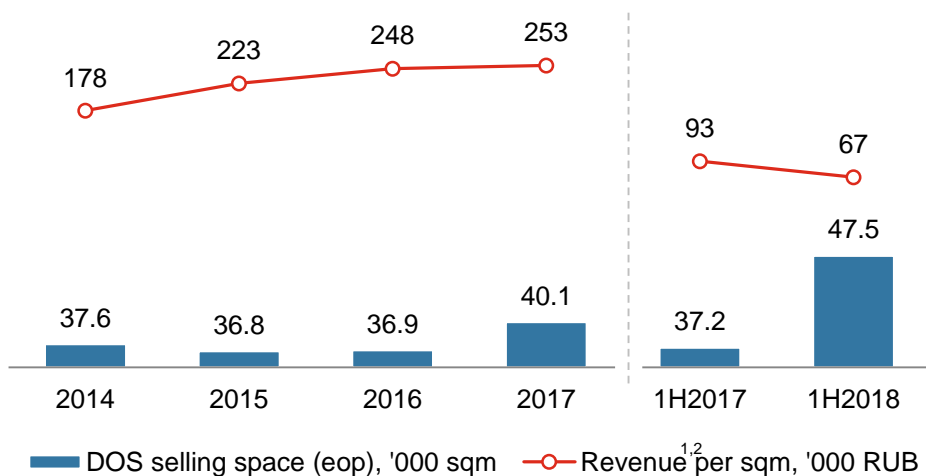
Revenue and gross margin



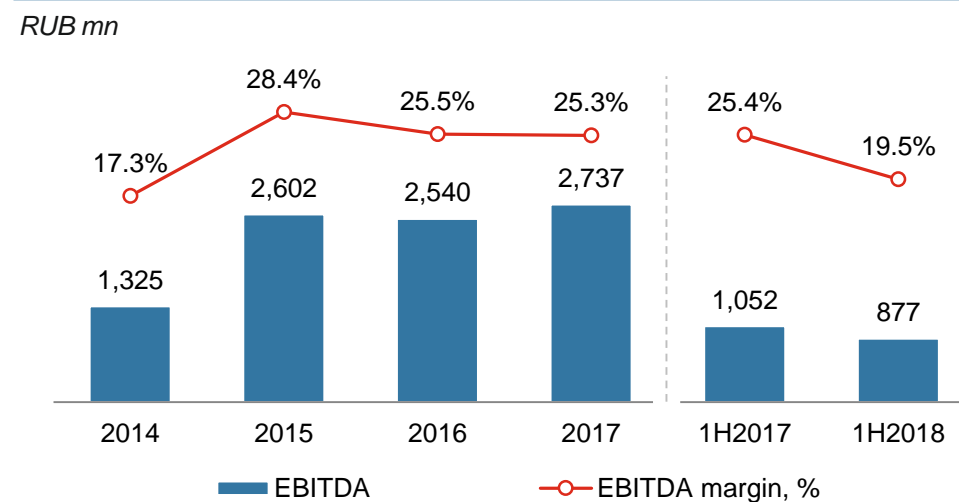
Revenue diversification



High revenue density



EBITDA margin



Related products segment

- Despite offering wide range of related products, we focus on footwear – share of related products in our retail revenue is 31.5%
- We offer bags, apparel, textiles, footwear care products, cosmetics and other high-margin products, which drive our LFL growth and improve customer loyalty

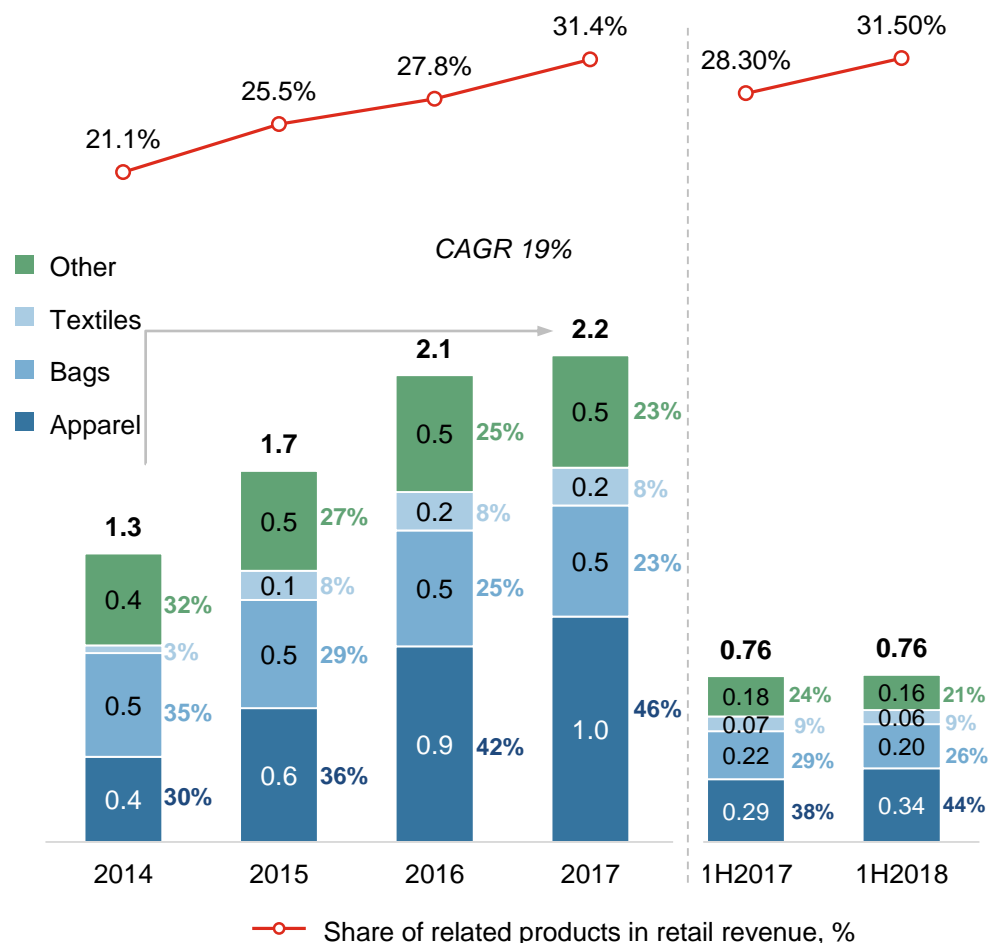
New initiatives

- Obuy Rossii continues to improve the stock of the related products and expands its collections of the mid-layer clothing such as pullovers, cardigans and jackets. In the spring-summer 2018, the collection of such clothing was expanded seven times.
- The share of the mid-layer clothing in the retail proceeds during the first six months reached 2.2%, the share of outdoor clothing was 11.7%. In general, the related products share increased by 3.2% up to 31.5%.



Related products revenue breakdown

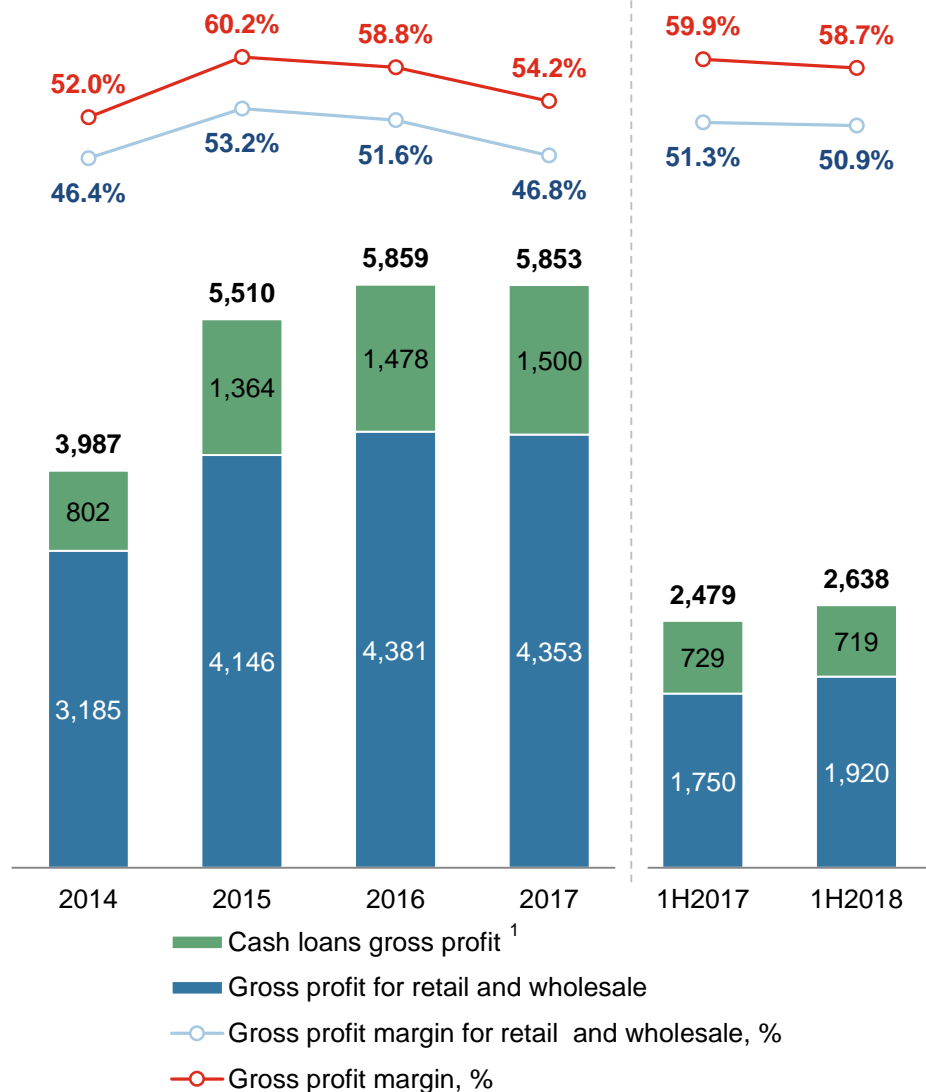
RUB bn



Gross Margin And Operating Efficiency

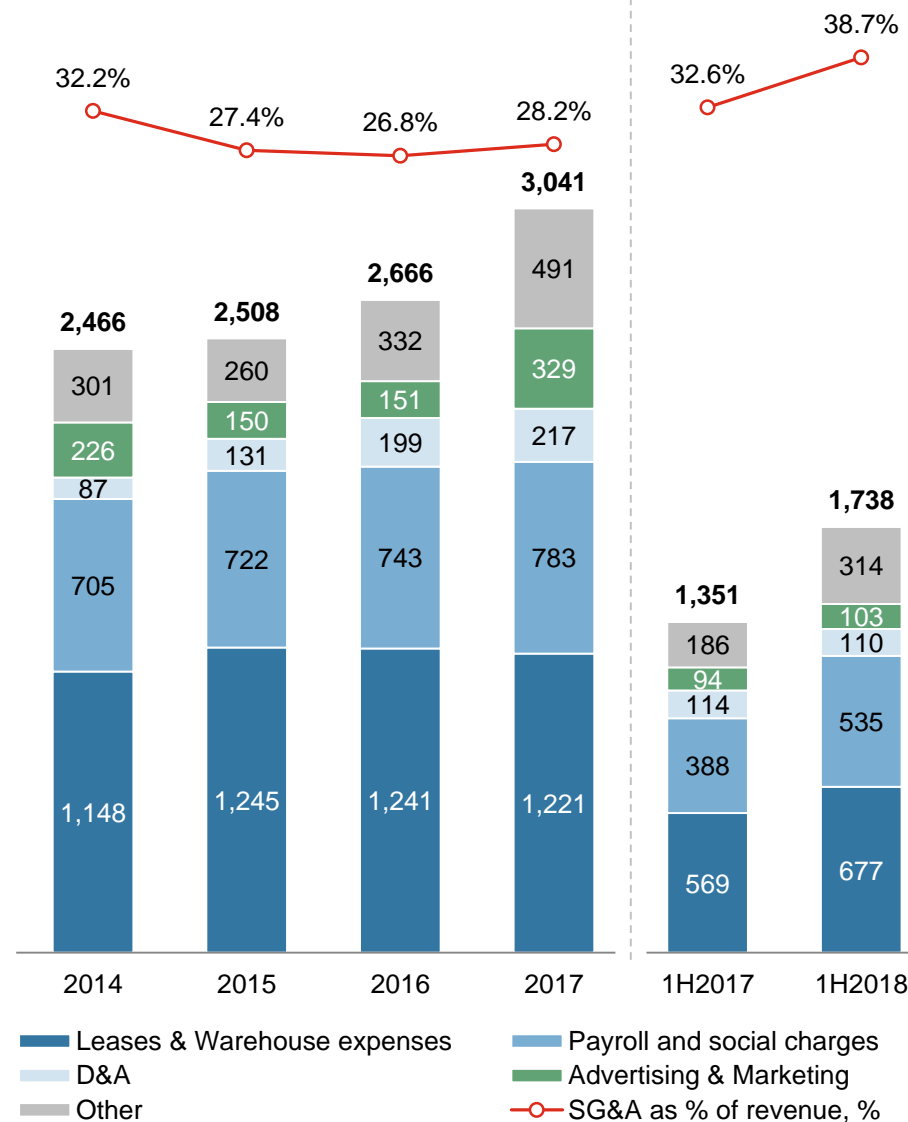
Gross profit

RUB mn



SG&A expenses (excl. provisions)

RUB mn



¹ Cash loans gross profit equals to income from cash loans

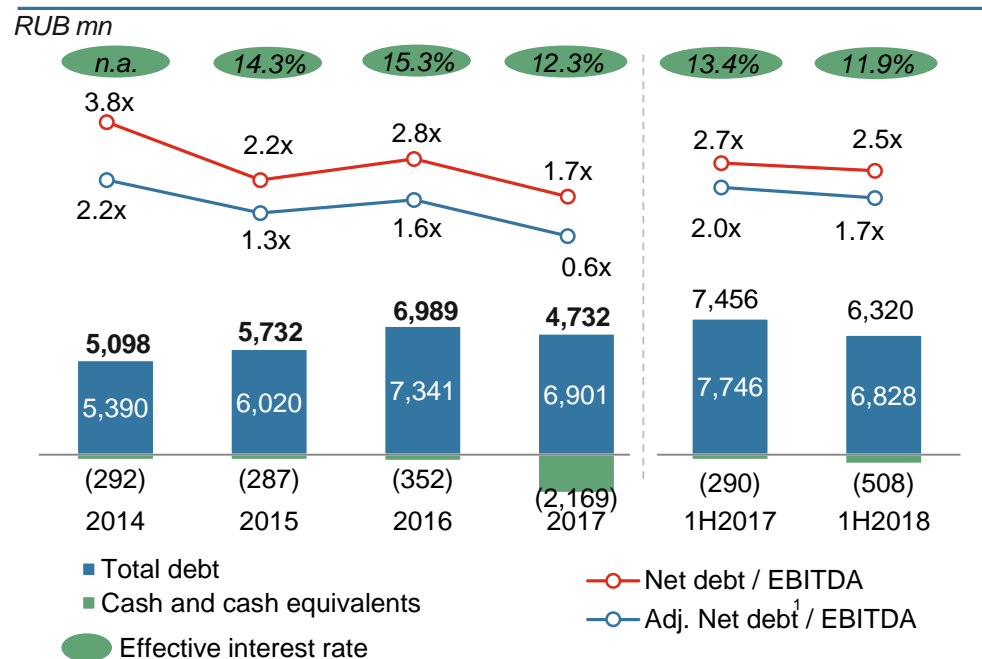
Source: audited IFRS financial statements for 2014-2017, reviewed IFRS financial statements for 1H 2017- 1H 2018



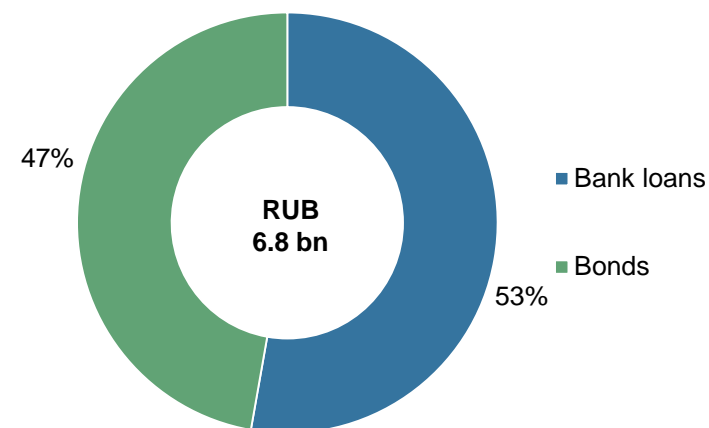
Debt Portfolio Structure



Net debt evolution



Debt portfolio structure by instruments (as of 1H 2018)



Highlights

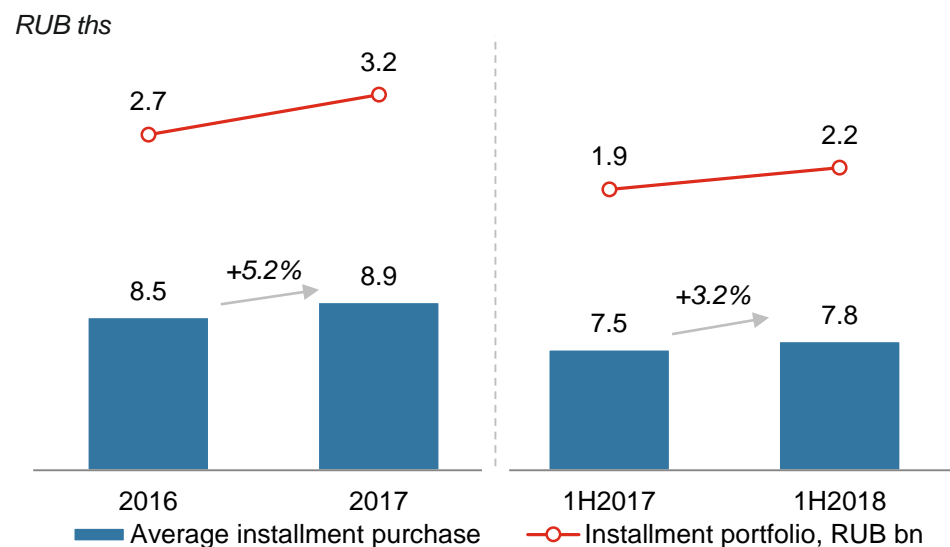
- 100% of our debt is denominated in RUB
 - Reasonable Net debt / EBITDA (LTM) ratio of 2.5 as of 1H 2018
 - Adj. Net debt / EBITDA (LTM) of 1.7 as of 1H 2018
 - Adjustment for installment and cash loans provided to retail customers (excl. loans overdue for more than 91 days), assuming such loans can be easily converted into cash due to reasonably small maturity (6 months for installments and 4 months for cash loans)
- We have no exposure to floating interest rates

¹ Adjustment for installment and cash loans provided to retail customers (excl. loans overdue for more than 91 days);
Source: audited IFRS financial statements for 2014-2017, reviewed IFRS financial statements for 1H 2017- 1H 2018

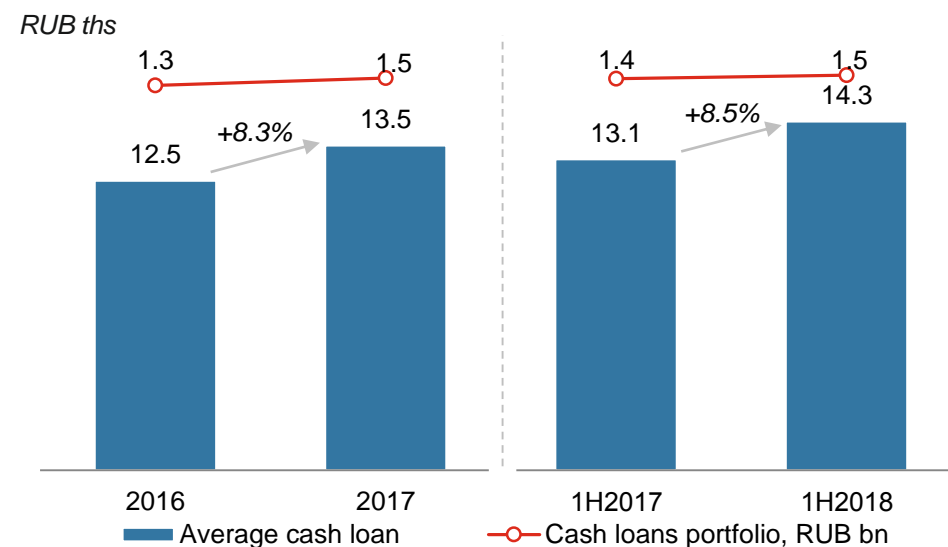


Installments And Cash Loans Development

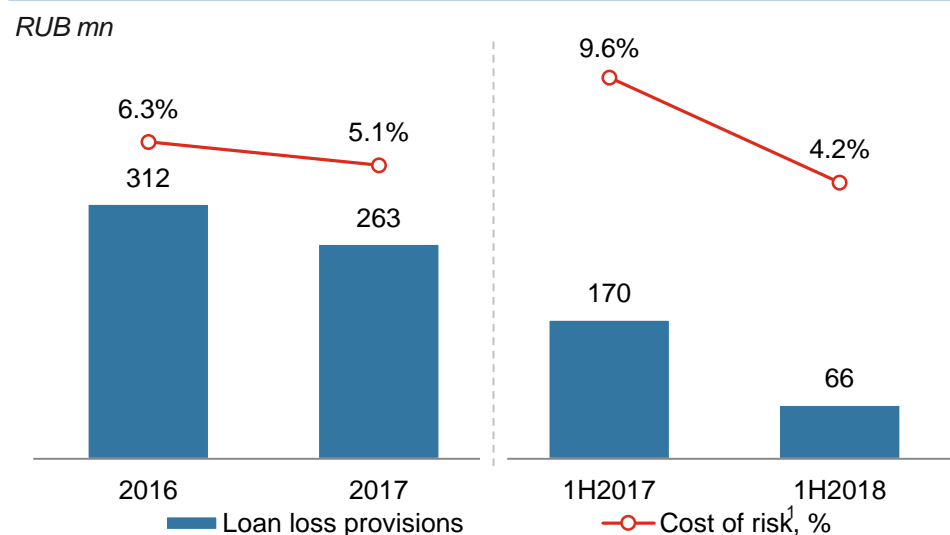
Installments segment development



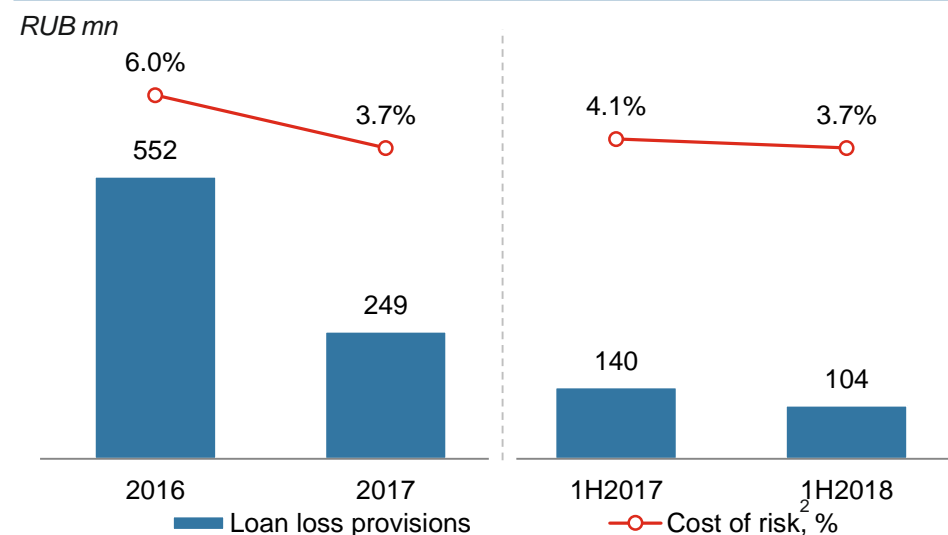
Cash loans segment development



Installments portfolio quality



Cash loans portfolio quality



¹ Loan loss provisions divided by volume of installment loans issued for the financial year; ² Loan loss provisions divided by volume of cash loans issued for the financial year
Source: audited IFRS financial statements for 2014-2017, reviewed IFRS financial statements for 1H 2017- 1H 2018, management accounts



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Financial Performance Evolution



<i>(RUB mn unless stated otherwise)</i>	2014	2015	2016	2017	1H 2017	1H 2018
Financial metrics						
Revenue	7,663	9,156	9,965	10,801	4,141	4,493
growth, %	-	19.5%	8.8%	8.4%	-	8.5%
Retail revenue	5,874	6,844	7,663	7,078	2,743	2,464
growth, %	-	16.5%	12.0%	-7.6%	-	-10.2%
Wholesale revenue	987	948	825	2,224	670	1,310
growth, %	-	-4.0%	-13.0%	169.7%	-	95.6%
Cash loans revenue	802	1,364	1,478	1,500	729	719
growth, %	-	70.0%	8.4%	1.5%	-	-1.4%
Gross profit	3,987	5,510	5,859	5,853	2,479	2,638
margin, %	52.0%	60.2%	58.8%	54.2%	59.9%	58.7%
SG&A expenses (excl. Provisions)	2,466	2,508	2,666	3,041	1,351	1,738
as % of Revenue	32.2%	27.4%	26.8%	28.2%	32.6%	38.7%
EBITDA	1,325	2,602	2,540	2,737	1,052	877
margin, %	17.3%	28.4%	25.5%	25.3%	25.4%	19.5%
Net profit	637	1,469	1,183	1,310	348	313
margin, %	8.3%	16.0%	11.9%	12.1%	8.4%	7.0%
Total debt	5,390	6,020	7,341	6,901	7,746	6,828
Cash and cash equivalents	292	287	352	2,169	290	508
Net debt	5,098	5,732	6,989	4,732	7,457	6,320
CAPEX ¹	1,271	646	469	211	30	125
as % of Revenue	16.6%	7.1%	4.7%	2.0%	0.7%	2.8%

¹ Actual payments for purchase of property, plant, equipment, intangible assets and acquisition of subsidiaries, net of cash acquired
Source: audited IFRS financial statements for 2014-2017, reviewed IFRS financial statements for 1H 2017- 1H 2018

New Stores Launched in 1H 2018



Westfalika Store
in Novosibirsk,
Royal Park
Shopping Mall

Emilia Estra
Store
in Vladivostok,
street-retail



Rossita Store
in Novosibirsk,
Royal Park
Shopping Mall



Westfalika Store in Novosibirsk,
flagship store



Westfalika Store in Novosibirsk,
Versal Shopping Mall

Lisette Store
in Novosibirsk,
Galereya Novosibirsk
Shopping Mall

