



## OBUV ROSSII GROUP ANNOUNCES OPERATING RESULTS FOR 2<sup>ND</sup> QUARTER AND FIRST HALF 2018

**26 July 2018 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 615 stores in 184 cities of Russia and two production facilities, announces its operating results for the second quarter and first half ended 30 June 2018.

### **2Q 2018 OPERATING HIGHLIGHTS:**

- Group consolidated unaudited revenue increased by 22.3% and totaled RUB 2.225 bln, compared with RUB 1.819<sup>1</sup> bln in the 2<sup>nd</sup> quarter 2017.
- Like-for-like sales of Obuv Rossii Group increased by 1.5%:
  - Like-for-like number of tickets decreased by 5%;
  - Like-for-like average ticket size increased by 6.7%.
- Group retail chain increased by 37 new DOS<sup>2</sup>, 31 of them being part of the Westfalika chain, the main brand of Obuv Rossii Group. As of 30 June 2018, the total number of the points of sale stood at 606 stores, of which 113 operated as a franchise.
- Total DOS selling space increased by 27.7% year-on-year to 47,500 sq.m.
- The number of holders of the loyalty cards that are valid in all retail chains of the Group increased by 27.3%, compared with the same period 2017, up to 2.098 mln holders, 65% of purchases were made with the use of the loyalty cards within the reporting period.

### **1H 2018 OPERATING HIGHLIGHTS:**

- Group consolidated unaudited revenue increased by 13.6% and totaled RUB 4.482 bln, compared with RUB 3.946<sup>1</sup> bln in the 1<sup>st</sup> half 2017.
- Like-for-like sales of Obuv Rossii Group decreased by 5.2%:
  - Like-for-like number of tickets decreased by 8.5 %;
  - Like-for-like average ticket size increased by 3.7 %.
- Group retail chain increased by 71 new DOS, 51 of them being part of the Westfalika chain, the main brand of Obuv Rossii Group.
- Portfolio size in installment sales in 1H 2018 grew by 15.8% to RUB 2.222 bln, portfolio size in cash loans increased by 5.6% to RUB 1.516 bln.

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<sup>1</sup> Normalized revenue is reported.

<sup>2</sup> DOS – Directly operated stores.

## KEY EVENTS OF 2Q 2018:

- In 1H 2018 Obuv Rossii opened 71 own stores in 61 cities all over Russia. As a result, the Obuv Rossii chain grew by 13.3%, counting 606 stores (including 113 franchising stores) in 180 towns in Russia as of 30 June 2018. Stores roll-out according to regions: Siberia — 48%, the Urals and Central Russia — by 22%, the Far East — 7%. Stores roll-out according to brands: 51 Westfalika stores, by 7 — Lisette and Peshekhod stores, by 3 — Emilia Estra and Rossita stores.
- In May, Obuv Rossii was one of the first Russian retail companies to introduce blockchain in its business processes. The Group uses the technology to protect personal data of its clients that request payments on instalments for their purchases or get cash loans.
- On 29 June, the Group held its Annual Meeting of Shareholders where a decision was made to pay dividends for 2017 in the amount of RUB 2.32 per share. The total amount of the dividends will be RUB 262.3 mln or 20% of the Company's net profit in 2017.

## KEY OPERATING INDICATORS

Indicator	30.06.2018	30.06.2017	Δ, %
<b>Number of Obuv Rossii Group stores</b>	<b>606</b>	<b>511</b>	<b>18.6%</b>
DOS	493	398	23.9%
Franchise	113	113	-
<b>DOS selling space (thousand sq.m.)</b>	<b>47.5</b>	<b>37.2</b>	<b>27.7%</b>
<b>Number of loyalty cards' holders, mln people</b>	<b>2.098</b>	<b>1.648</b>	<b>27.3%</b>

Like-for-Like <sup>3</sup>	2Q 2018	2Q 2017	Δ, pct	1H 2018	1H 2017	Δ, pct
<b>LFL sales growth</b>	<b>1.5%</b>	<b>-10.3%</b>	<b>11.7%</b>	<b>-5.2%</b>	<b>-6.3%</b>	<b>1.2%</b>
Number of tickets growth	-5.0%	-14.1%	9.2%	-8.5%	-10.3%	1.8%
Average ticket size growth	6.7%	4.5%	2.3%	3.7%	4.5%	-0.8%

Indicator	2Q 2018	2Q 2017	Δ, pct	1H 2018	1H 2017	Δ, pct
Share of related products in retail revenues	29.6%	26.7%	2.9%	31.5%	28.3%	3.2%

Indicator	30.06.2018	30.06.2017	Δ, %
Portfolio size in installment sales (bln RUB)	2.222	1.919	15.8%
Portfolio size in cash loans (bln RUB)	1.516	1.436	5.6%

Indicator	2Q 2018	2Q 2017	Δ, %	1H 2018	1H 2017	Δ, %
Average installment purchase, RUB	7,193	6,998	2.8%	7,793	7,548	3.2%
Average cash loan, RUB	14,488	13,361	8.4%	14,250	13,138	8.5%

<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.

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

We finished the first six months of 2018 with good results. The Group is fulfilling this year's plan for opening stores ahead of schedule: over the six months, 71 new stores were opened instead of the planned 60 stores. We have significantly expanded our regional outreach and entered 27 new towns. We mainly opened stores under our main brand of Westfalika (51 sales outlet). During the first six months, the retail chain of the Group increased by 13.3% counting 606 stores in 180 Russian towns as of 30 June 2018.

During the second quarter, we considerably increased our revenues: by 22.3% up to RUB 2.225 bln. As a whole, during the first six month, the revenue grew by 13.6% up to RUB 4.482 bln. The main factors that contributed to the positive dynamics include the retail chain expansion, improvement of the collections, stock diversification, development of new product groups including clothing, and promotion of Internet sales and additional services to the customers.

Observing growing popularity of the casual, semi-sport, comfortable classics shoe styles for already several seasons in a row, Obuv Rossii expands its collections of such shoes which are presented in the range of all retail chains of the Group. The company develops also a separate all.go brand within the shop-in-shop format: shoes of the semi-sport and casual (sneakers, canvas sneakers, etc.)

Obuv 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. For the first time, the Company offered this product group to its customers in 2017. In the spring-summer 2018, the collection of such clothing was expanded seven times. These new products are popular because they are universal, comfortable models made of high quality materials with natural fibres. 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%.

As for e-commerce, the traffic of all Obuv Rossii's online stores has increased by 21%. In 1H 2018 the share of e-commerce in Group's retail revenue was 12.8%; as compared with the similar period of 2017, the growth made up 2.7%. Over the first six months of 2018, the share of people who visited Group's online stores using their mobile devices reached 50.2%.

Obuv Rossii expands its retail chain and increases its shares in regions using the favourable situation on the Russian shoe market: it is not consolidated well and is not saturated well, while the consumer demand is growing. There are also favourable conditions on the commercial property market: there is a good choice of prospective commercial premises in regions in places with good traffic. Market factors, wise product portfolio policy, development of omni-channel sales and additional services for customers will allow the Group to further fulfil its chain development plans successfully and to show growth of its key indicators.

**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 615 stores (113 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 December 2017, RAEX (Expert PA) upgraded the creditworthiness rating of Obuv Rossii Group to ruBBB+ level, a "stable" forecast. 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 accordance with the audited Financial Statements under the IFRS Group, revenue amounted to RUB 10.8 billion for the full year of 2017, net profit was RUB 1.31 billion, and EBITDA was RUB 2.74 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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