



OBUV ROSSII GROUP ANNOUNCES

UNAUDITED FINANCIAL RESULTS FOR 3RD QUARTER AND 9 MONTHS 2018

27 November 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 685 stores in 223 cities of Russia and two production facilities, announces the unaudited financial results in accordance with International Financial Reporting Standards (IFRS) for the third quarter and first nine months ended 30 September 2018.

3Q 2018 FINANCIAL HIGHLIGHTS:

- Group unaudited consolidated revenue increased by 7.8% and amounted to RUB 3.330 bln, compared to RUB 3.088 bln in the 3^d quarter of 2017.
- Like-for-like sales of Obuv Rossii Group decreased by 8.8%:
 - Like-for-like number of tickets decreased by 8.8%;
 - Like-for-like average ticket size stayed level.
- Gross profit grew by 28.4% to RUB 1.817 bln, compared to RUB 1.416 bln in the 3^d quarter of 2017.
- Gross profit margin reached 54.6% growing by 8.7 p.p.
- EBITDA¹ increased by 26.1% and accounted for RUB 0.929 bln, compared to RUB 0.736 bln in the same period of 2017.
- EBITDA margin grew by 4 p.p. and amounted to 27.9%.
- Net profit rose by 57.7% to RUB 0.508 bln, compared to RUB 0.322 bln in the 3^d quarter of 2017.
- Net profit margin was 15.3% compared to 10.4% in the same period of 2017.

9M 2018 FINANCIAL HIGHLIGHTS:

- Group unaudited consolidated revenue increased by 11.2% and amounted to RUB 7.823 bln, compared to RUB 7.034² bln in the first nine months of 2017.
- Like-for-like sales of Obuv Rossii Group decreased by 6.6%:
 - Like-for-like number of tickets decreased by 8.6%;
 - Like-for-like average ticket size grew by 2.3%.
- Gross profit grew by 14.4% to RUB 4.456 bln, compared to RUB 3.895 bln in the first nine months of 2017.
- Gross profit margin was 57% increasing by 3.1 p.p.

¹ EBITDA = Profit (loss) before taxation + (Interest payable – Interest receivable + Depreciation of fixed and intangible assets).

² Adjusted revenue according to unified taxation methodology

- EBITDA grew by 1% and accounted for RUB 1.806 bln, compared to RUB 1.788 bln in the same period of 2017.
- EBITDA margin declined by 1.6 p.p. and amounted to 23.1%.
- Net profit increased by 22.5% to RUB 0.821 bln, compared to RUB 0.670 bln in the first nine months of 2017.
- Net profit margin was 10.5% compared to 9.3% in the same period of 2017.
- Net debt / EBITDA LTM ratio increased to 3.07 compared to 3.04 in the first nine months 2017.

Anton Titov, CEO of Obuv Rossii Group, commented:

Obuv Rossii continued to increase its share on regional markets and strengthen its positions as a leader in the mid-price segment. Consolidated unaudited revenue of the Group increased over nine months by 11.2% up to 7.823 bln rubles. Expansion of the retail chain was the main growth driver: Obuv Rossii launched 122 own stores and entered 60 new cities and towns. Stores in small towns with the population from 50 thousand people where the Group started to dynamically develop new outlets during this year showed good results.

One of the main aims of the Company is to maintain high profits and efficiency. In August-September 2018, Obuv Rossii, unlike its competitors, did not have any large-scale sale of the summer and shoe stock, which allowed the Company to increase the retail markup by 25% as compared with the similar period of 2017. It positively influenced profitability: EBITDA in the third quarter increased by 26.1% up to 0.929 bln rubles; EBITDA margin made up 27.9% (4 pct growth). The net profit increased by 57.7% up to 0.508 bln rubles. The line of high-margin related products and clothing, the share of which has been growing for the last several years and has reached 33.4% according to the result of the nine months, is contributing to increased profitability too.

Obuv Rossii invests in the development of the business IT-infrastructure which becomes the basis for further Company's development. In autumn, the Group finished the introduction of the new Rassrochka 2.0 software module to manage financial services. The new platform allows more flexible setup of campaigns for customers and the implementation of personalized approach, which positively influences the sales. In addition, the Company improves the omni-channel model both in retail and in services, and develops new instruments for the interaction with its customers. According to the results of the nine months, online sales of the Group increased by 7.3% as compared with the same period last year; the share in the retail revenue made 11.5%.

Obuv Rossii plans to both develop its own online stores and to cooperate with external online platforms such as Wildberries and Lamoda. The strategy for the omni-channel model development includes the aim of being integrated in the logistic infrastructure of the Russia e-commerce market. Therefore the Company will expand its partnership with other operators of the online sales market, including chains for dispatching and collecting parcels. Pick Point Company became one of the first partners with which Obuv Rossii started a project of creating a network of online order pickup points based on the Group's stores.

Obuv Rossii maintains plans of business development for this year: in 2018 the retail chain will grow by 150 new stores. The Company continues to gain market share in regions by opening stores, including stores in small towns. The Group will continue to improve its stock, develop new lines of the related products including clothing, introduce new solutions to improve customer experience and enhance its online sales.

KEY FINANCIAL & OPERATING HIGHLIGHTS FOR 3^D QUARTER AND 9 MONTHS OF 2018

Operating highlights

Indicator	30/09/2018	30/09/2017	Δ, %
Number of Obuv Rossii Group stores	677	519	30.4%
DOS ³	544	406	34.0%
Franchise	133	113	17.7%
DOS selling space (thousand sq.m.)	51.2	38.1	34.4%
Number of loyalty cards' holders, mln people	2.171	1.837	18.2%

Like-for-Like ⁴	3Q 2018	3Q 2017	Δ, pct	9M 2018	9M 2017	Δ, pct
LFL sales growth	(8.8%)	6.1%	(14.9 pct)	(6.6%)	(1.8%)	(4.8 pct)
Number of tickets growth	(8.8%)	0.2%	(9.0 pct)	(8.6%)	(6.6%)	(2.0 pct)
Average ticket size growth	0.0%	5.9%	(5.9 pct)	2.3%	5.2%	(2.9 pct)

Indicator	3Q 2018	3Q 2017	Δ, pct	9M 2018	9M 2017	Δ, pct
Share of related products in retail revenues	36.1%	34.3%	1.8 pct	33.4%	30.6%	2.8 pct

Financial highlights

Russian rubles (RUB), billion	3Q 2018	3Q 2017	Δ, %	9M 2018	9M 2017	Δ, %
Revenue	3.330	3.088	7.8%	7.823	7.034⁵	11.2%
retail revenue	1.619	1.668	(2.9%)	4.083	4.216 ⁵	(3.1%)
wholesale revenue	1.329	1.027	29.4%	2.639	1.697	55.5%
cash loans revenue	0.382	0.393	(2.9%)	1.100	1.122	(1.9%)
Gross profit	1.817	1.416	28.4%	4.456	3.895	14.4%
<i>Gross profit margin, %</i>	<i>54.6%</i>	<i>45.8%</i>	<i>8.7 pct</i>	<i>57.0%</i>	<i>53.9%</i>	<i>3.1 pct.</i>
SG&A	(0.987)	(0.790)	25.0%	(2.896)	(2.450)	18.2%
<i>% of revenue</i>	<i>29.7%</i>	<i>25.6%</i>	<i>4.1 pct.</i>	<i>37.0%</i>	<i>33.9%</i>	<i>3.1 pct.</i>
EBITDA	0.929	0.736	26.1%	1.806	1.788	1.0%
<i>EBITDA margin, %</i>	<i>27.9%</i>	<i>23.8%</i>	<i>4.0 pct</i>	<i>23.1%</i>	<i>24.7%</i>	<i>(1.6 pct)</i>
Net profit for the period	0.508	0.322	57.7%	0.821	0.670	22.5%
<i>Net profit margin, %</i>	<i>15.3%</i>	<i>10.4%</i>	<i>4.8 pct</i>	<i>10.5%</i>	<i>9.3%</i>	<i>1.2 pct</i>
Net debt	8.460	8.427	0.4%	8.460	8.427	0.4%
<i>Net debt / EBITDA LTM ratio</i>	<i>3.07</i>	<i>3.04</i>	<i>0.03</i>	<i>3.07</i>	<i>3.04</i>	<i>0.03</i>

³ DOS = directly operated stores.

⁴ 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.

⁵ Adjusted revenue according to unified taxation methodology

Indicator	3Q 2018	3Q 2017	Δ,pct	9M 2018	9M 2017	Δ, pct
Average commission rate on installment loans (%)	1.0%	2.5%	(1.5 pct)	2.0%	3.6%	(1.7 pct)
Average interest rate on cash loans (%)	205.5%	218.8%	(13.3 pct)	210.1%	208.2%	(1.9 pct)

Indicator	30/09/2018	30/09/2017	Δ, %
Installment loan loss for principal debt provisions for the period (thousand RUB)	100,634	199,660	(49.6%)
Cash loan loss for principal debt provisions for the period (thousand RUB)	89,841	102,532	(12.4%)
Cost of risk ⁵ for installment loans (%)	3.8%	6.6%	(2.8 pct)
Cost of risk ⁶ for cash loans (%)	3.8%	3.9%	(0.1 pct)

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 685 stores (133 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-step, All.go and Snow Guard. Furthermore, the Group also owns two manufacturing facilities in the Novosibirsk region.

In September 2018, RAEX (Expert PA) confirmed the creditworthiness rating of Obuv Rossii Group at the 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; Internet stores: www.westfalika.ru, www.westfalika-home.ru, www.emilia-estra.ru, www.rossita.com, www.lisette.me

Additional information:

Contact for mass media:

Natalia Pauli,
PR Director,

+7 913 750 81 37

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

5. Cost of risk for installment loans = *Loan loss provisions divided by volume of installment loans issued for the reporting period*

6 Cost of risk for cash loans = *Loan loss provisions divided by volume of cash loans issued for the reporting period*

**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.