



RETAIL



FINANCIAL
SERVICES



MANUFACTURE



E-COMMERCE



OBUV ROSSII

NOVOSIBIRSK
SEPTEMBER 2017



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APPEAL TO INVESTORS

Our company is one of only a few footwear retailers in Russia that has successfully implemented strategic diversification: we are developing several brands, each of them with unique positioning and a large base of regular customers. Adhering to this strategy for over ten years, we have achieved leadership in the mid-price segment of the footwear market and have become one of the top two shoe companies in Russia* with over 500 stores in more than 140 cities.

Obuv Rossii is developing several business lines that supplement one another, thereby producing a synergy effect. Represented by both traditional sales channels and e-commerce, retail is always at the heart of our business. Being an important element of our retail strategy, add-on financial services enable us to develop long term customer relations, whilst simultaneously increasing our revenue and profit margins. Furthermore, the structure of our Group includes manufacturing, enabling both the development of our own production and product expertise (including both the testing of and introduction of new technologies and materials) as well as providing us with the

*As of 30.06.2017, according to Discovery Research Group



opportunity to present our customers with unique collections. Having our own manufacturing operation allows us to tap new markets, e.g. contract manufacturing as well as increasing the flexibility of our business model, decreasing currency and import risks and optimizing logistical expenses.

A key element of our philosophy is the belief that the portfolio of proprietary brands and loyal customers represent the most valuable assets for the company. Each season we present our clients new collections, designed and produced in line with the latest trends. Our integrated operating model enables full control of the value chain: from design and development to sales in our retail chain and online stores. Our management team has extensive experience in the footwear industry, encompassing each individual aspect and activity of the industry. Such an approach allows us to offer our customers high quality products that meet their expectations and requirements. According to our store concepts, there is a wide range of footwear of different styles and own branded related products available at our retail outlets. As a result, our typical store is a place where customers can easily find everything they need to create a total look for the season.

Modern stores are not merely shelves for products; they are multifunctional centers that offer a number of services to their customers. The borders between different retail formats are blurred. For example, our retail stores include: footwear showrooms, pick-up points for online orders, and service centers where additional financial services are offered to the customer, such as: payments, installment programme, cash loans and insurance products. For us, additional financial services are a innovative loyalty programme that allows us to develop long lasting relationships with our customers.

We have already established a successful track record in the capital markets, being the first and the only Russian footwear retailer to issue bonds. This is an important part of our financial strategy, which helps us to diversify our debt portfolio, thereby increasing the share of long-term liabilities and enhancing the company's public image among investors. Since 2011, we have placed bonds for an amount totaling RUB 6.2 billion. Most recently, we became the first issuer in Moscow Exchange's Growth Sector – a new trading segment for small- and mid-cap issuers. We remain committed to working together with our existing and future investors.

Looking to the future, we are very well placed to continue our growth, and to improve our financial performance. Our strategic goal for the next five years is to significantly increase our market share and become the leader on the Russian footwear market in terms of brand awareness, retail operations, profitability, retail IT infrastructure and levels of omni-channel development.

Sincerely,
Anton Titov
Founder, CEO of Obuv Rossii Group



ABOUT COMPANY

- Key facts
- Key business lines
- Retail geography
- Management team
- Time line

KEY FACTS

ONE of the
TOP-2
FOOTWEAR
RETAIL CHAINS
IN RUSSIA*

LEADER
IN THE MID-PRICE
SEGMENT OF THE RUSSIAN
FOOTWEAR MARKET
BY NUMBER OF STORES
(INCLUDING FRANCHISES)**



OVER **500**
RETAIL STORES



MORE THAN **140** TOWNS



5 KEY BRANDS



OVER **50,000** SQM
— TOTAL SHOPPING FLOOR SPACE
(INCLUDING FRANCHISES)



OVER **5,000** SKU
— RANGE OF PRODUCTS



OVER **2.5 mln**
CUSTOMERS**



1.4 mln
PAIRS OF SHOES SOLD IN 2016

* Source: Report "Russian Footwear Market". Discovery Research Group, August 2017.

** As of the end of the first six months of 2017.



Headquarters of Obuv Rossii Group, Novosibirsk, Russia

OBUV ROSSII GROUP

is a nationwide footwear retailer established in 2003 and headquartered in Novosibirsk, Russia. It is a diversified holding, developing several business lines and being one of the leaders on the Russian footwear retail market.



In November 2015, Obuv Rossii was included for the first time in the RBC rating of "Russia's Top-50 Fastest-Growing Companies".



In July 2017, the RAEX (Expert RA) agency confirmed the creditworthiness rating of the Obuv Rossii Group at ruBBB level, the outlook is "stable".







KEY BUSINESS LINES


Obuv Rossii develops several business lines:


RETAIL SALE OF FOOTWEAR AND RELATED PRODUCTS

Obuv Rossii portfolio of retail brands includes the following names:


 **WESTFALIKA** — Westfalika is the Company's main retail brand with mono-brand stores in the mid-price segment.


 **PESHEKHOD**
FABRIKA OBUVI — Peshekhod is a multi-brand footwear supermarket in the low to mid-price segment.


 **EMILIA ESTRA**
shoes boutique — Emilia Estra is a mono-brand shoe boutique with fashionable and ultrafashionable women's shoes and accessories for women.

 **Rossita** — Rossita includes multi-brand stores offering various European style footwear for the whole family.

 **Lisette** — Lisette is represented by mono-brand shoe boutiques offering classic and trendy French-style footwear for young women.

 **S-tep** — S-TEP is a brand offering comfortable casual and semi-sport style footwear.

 **all.go** — All.go is a casual and sport style footwear brand, focusing on comfortable walking and active leisure.

 **SNOW GUARD** — Snow Guard is an outdoor clothing brand. The main concept of Snow Guard is the perfect synthesis of comfort and fashionable trends.

Obuv Rossii stores offer a wide range of related products (e.g., accessories, shoe care products) under its own brands.



E-COMMERCE

Obuv Rossii operates five online stores: westfalika.ru, emilia-estra.ru, westfalika-home.ru, rossita.com and lisette.me. Company's online stores offer a delivery across Russia. Obuv Rossii has implemented omni-channel trading, comprised of both traditional and new sales channels, e.g. internet and mobile phone applications. Adhering to this approach, the Company has achieved a synergy of different sales channels, successfully expanding its customer groups and increasing brand awareness.

FINANCIAL SERVICES

Development of add-on financial services is a trend that will determine the development of retail in the nearest future. This strategy is used by both international and Russian retail leaders such as Walmart, Svyaznoy, Euroset and others. Obuv Rossii started employing this strategy 10 years ago in 2007 by introducing an installment programme through partnerships with financial institutions. In 2010, Obuv Rossii introduced cash loans for loyal customers with positive installment programme credit histories, and in 2015 launched a unified loyalty programme Arifmetika, which provides Obuv Rossii's customers with several financial services, including in-store payments, an e-wallet and more.



MANUFACTURE OF FOOTWEAR

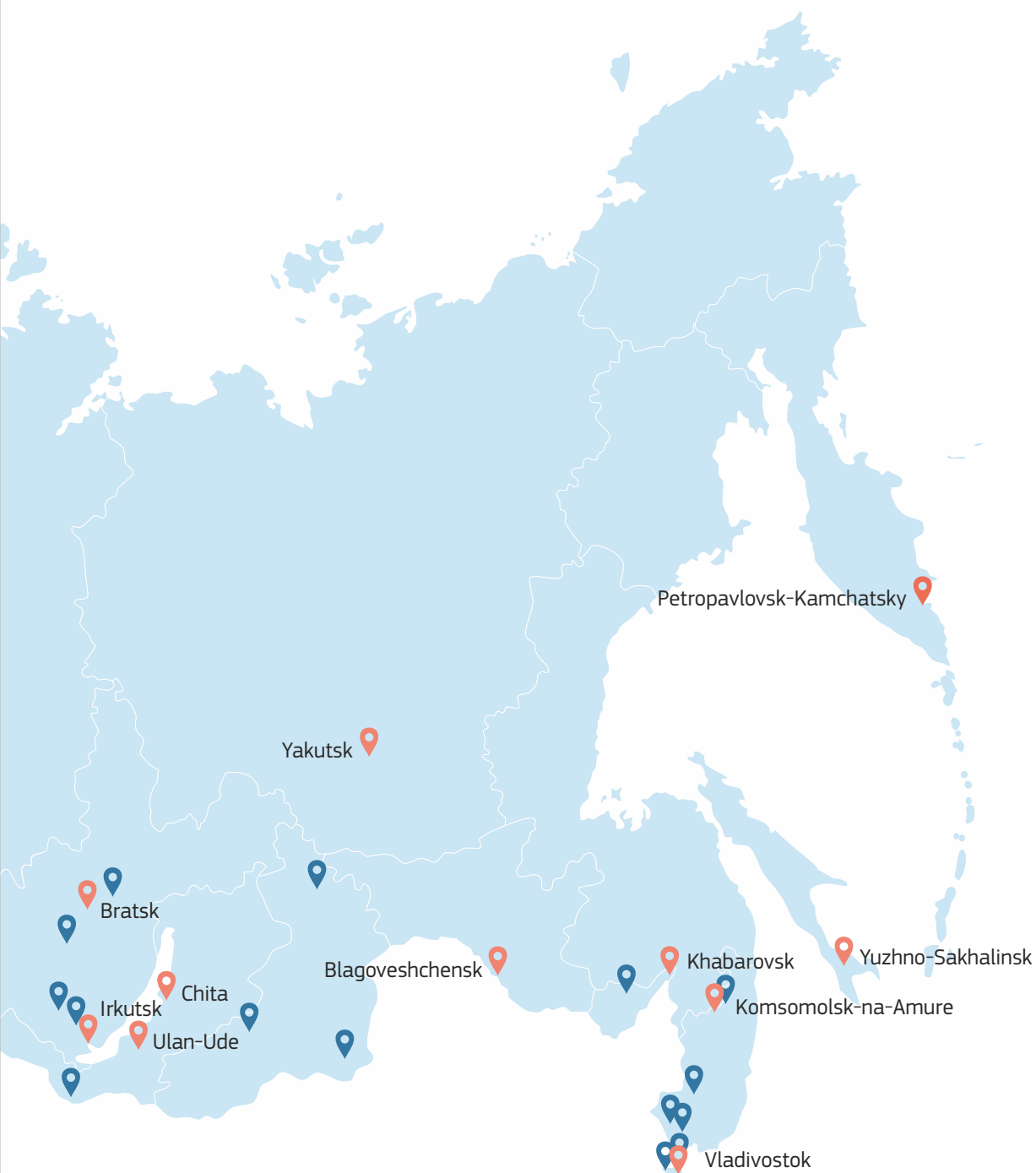
Obuv Rossii operates two manufacturing facilities located in Novosibirsk and Berdsk, Novosibirsk region.

Obuv Rossii is able to produce footwear utilizing all core sole fixation technologies (cement shoe construction method, direct injection method, vulcanized rubber construction method, etc.) In 2016, the Company entered a new market sector — the manufacture of special-purpose footwear for various industries.

RETAIL GEOGRAPHY



TOTAL SHOPPING FLOOR SPACE (INCLUDING FRANCHISES) — MORE THAN 50 000 SQM (as of 30.06.2017).





WESTFALIKA
www.westfalika.ru
ИНТЕРНЕТ-МАГАЗИН

НОВАЯ КОЛЛЕКЦИЯ
Осенняя Зима 2016-17

Приглашаем на Клиентский Westfalika!

14 сентября с 14.00 до 20.00
в магазине Westfalika (ул. Коммуны, 54, ТЦ «Солнечный берег»)
15 сентября с 13.00 до 19.00
в магазине Westfalika (ул. Коммуны, 54, ТЦ «Солнечный берег»)

В программе мероприятия:

- «Подарки для всех покупателей»
- «Индустриальный клиентский вечер»
- «Легенда Лангмат» (ул. Коммуны, 54, ТЦ «Солнечный берег»)
- «Мастер-класс»
- «Мастер-класс» (ул. Коммуны, 54, ТЦ «Солнечный берег»)
- «Презентация новой коллекции»
- «Презентация»

GIACCI **PRADA** **GUCCI** **LOUIS VUITTON**

www.westfalika.ru
8 800 100 10 10



MANAGEMENT TEAM



ANTON TITOV, CEO of Obuv Rossii Group

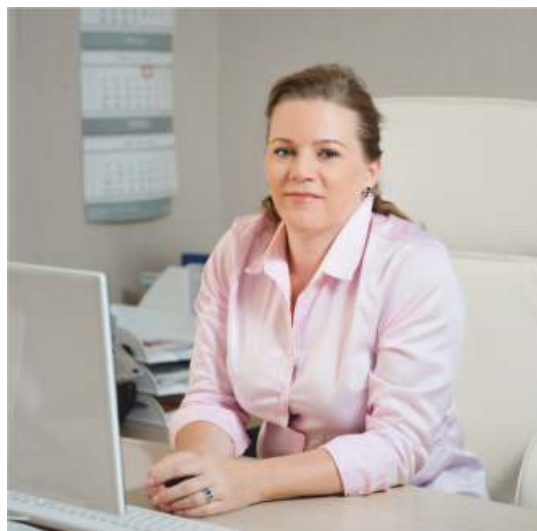
Anton Titov was born in 1980. Mr. Titov has over 20 years of professional experience, including 14 years with Obuv Rossii. He started his career in the family business — Westfalika footwear company, and since 1997 has been engaged in international business activity. In 2001, he became the director of a sheepskin factory which was a part of the Westfalika Group. In 2003, he became the founder and CEO of Obuv Rossii. In just over 10 years, Obuv Rossii, which started as a small regional retail chain of 6 stores, has grown into a nationwide company which continues to develop in several business areas.



Obuv Rossii is one of the leaders on the Russian footwear market. Currently the Company manages more than 500 stores in more than 140 Russian cities. Anton Titov was named the "Entrepreneur of the Year 2008" – award, founded and presented by Ernst & Young and he was also nominated for the "Young Entrepreneur" award. He was ranked among TOP-10 most successful young owners and managers, according to the "Finance" magazine (March 2009). "Delovoi Kvartal" magazine (Business Quarter) included Anton Titov in the TOP-10 most effective businessmen of the region (August 2010). In 2011, he won the "Best Russian Young Entrepreneur" award. In 2013, he was the winner of the Man of the Year award in the retail category (award by Delovoy Kvartal Magazine). In 2015, Anton Titov became a laureate of the "Business Personalities" award in the category of "Promotion of Novosibirsk Region", organized by Kommersant Siberia magazine.

ELENA AGEYEVA, CFO of Obuv Rossii Group

Elena Ageyeva was born in 1977. She has 16 years of industry experience, including 14 years with Obuv Rossii. In 1997, Elena graduated from the Faculty of Economics at Novosibirsk State University (NSU) in "Mathematical Methods in Economics", and in 1999 completed a Master's Degree at the Faculty of Economics at NSU. Elena has extensive CFO experience, overseeing business performance and finance in a number of Novosibirsk companies, incl. Obuv Rossii, where Elena holds CFO role since 2006. Elena has a degree in Management awarded by the MBA Strategy Program of the Open University in the UK.



YULIA DONINA, CCO of Obuv Rossii Group

Yulia Donina was born in 1975. She has 16 years of industry experience, including 14 years at Obuv Rossii. In 1998, she graduated from the Novosibirsk branch of Moscow State Academy of the Consumer Goods Industry with a distinction. Upon graduation, Yulia joined Westfalika, where she initially worked as a wholesale manager and later became CCO of the Westfalika Group. In 2003 she became CCO of Obuv Rossii. She

completed an MBA course at the Novosibirsk Business School of the Open University of the UK (LINK) which includes the following credits: "Manager and Personnel", "Manager and Company", "Finance and Information", "Marketing and Quality Management". Yulia's additional education includes training and master classes in marketing, merchandising and retail chain management.



DMITRY KARPENKO,

IT Director of Obuv Rossii Group

Dmitry Karpenko was born in 1972. He has 23 years of industry experience, including 14 years with Obuv Rossii Group. Dmitry has higher education qualifications from the Faculty of Information Science and Computers and Faculty of Business at Novosibirsk State Technical University. He has a professional international diploma from the MBA program of the Novosibirsk Business School of the Open University of the UK (LINK).



Dmitry has experience of working in large companies, leaders in their industries. He has experience in management of all possible IT systems of large, territorially distributed companies, ranging from daily routine issues to the development of IT strategy as well as introduction of turnkey integrated IT solutions. Dmitry joined Obuv Rossii in 2003.



SVETLANA BELOVA,

HR Director
of Obuv Rossii Group

Svetlana Belova was born in 1973. She has 18 years of industry experience, including 10 years with Obuv Rossii. In 1998 Svetlana graduated from Barnaul State Pedagogical University in the field of "Teacher of Pedagogics and Psychology". In 1998-1999 she completed advanced professional training courses in "Management and Psychology of Education".

In 2011, she completed MBA program at the Novosibirsk Business School of the Open University of the UK (LINK) in "Company and Personnel Management" and "Marketing and Finance Management". Svetlana also has a business coaching qualification. Svetlana is highly experienced in organizing field-oriented trainings, business workshops and master classes. She has 11 years of experience in HR management. From September 2008 onwards Svetlana has been the Head of the HR department at Obuv Rossii.

NATALIA ZHEREBTSOVA, Head of Legal of Obuv Rossii Group

Natalia Zherebtsova was born in 1978. She has 20 years of industry experience, including 8 years at Obuv Rossii Group. In 2000, Natalia graduated from the Novosibirsk branch of Moscow Academy for the Humanities in Law. She holds international certificates recognizing her legal professional education.

She has worked at major Russian and international companies, and has substantial experience of working as a Board Member. She studied management and has professional certificates: "Successful Manager", "Skills of Effective Delegation", "System of Balanced Indicators", "Tax Inspections and Disputes". Natalia is highly experienced in supporting the current activities of the Company, in the areas of corporate management, litigation, managing complex legal issues, as well as organizing and controlling the work of the legal department.



SERGEY YUNG, Manufacturing Director of Obuv Rossii Group

Sergey was born in 1977. He has 11 years of industry experience, including 3 years at Obuv Rossii Group. In 1999, he graduated from Krasnoyarsk State-University in the field of "Management". Sergey has significant experience of holding top-management positions in large Russian enterprises, such as Sberbank, IFC Bank and other, including manufacturing

companies. From July 2014 onwards, Sergey has been working in Obuv Rossii and since September 2015 he has held the position of the Manufacturing Director within the Group.



NATALYA PAULI,

Head of PR
of Obuv Rossii Group

Natalya Pauli was born in 1980. She has 13 years of industry experience, including 9 years at Obuv Rossii Group. In 2002, she graduated from the Faculty of Journalism at Novosibirsk State University with distinction, and in 2004 she completed a Master's Degree in Social Philosophy. Natalya has also studied at the Center of European Education of Novosibirsk State University.



Natalya studied in the Netherlands, Germany, US and holds a degree in Mass Communication and PR. From 2004 to 2008 she worked in the PR agency of Positive Relations as a Deputy Director for Development. In 2010, she completed a program at the Novosibirsk Business School of the Open University of the UK (LINK) as part of an MBA course in Effective Management. She was involved in the implementation of projects for major international companies such as Amway, Euroset and Bayer Schering Pharma. She participated in the organization of the regional PR conference from 2004 to 2007. In February 2008, she became Head of PR division of Obuv Rossii. Natalya speaks English and German. She has publications in the field of marketing and PR for business organizations.



THOMAS FRANK,

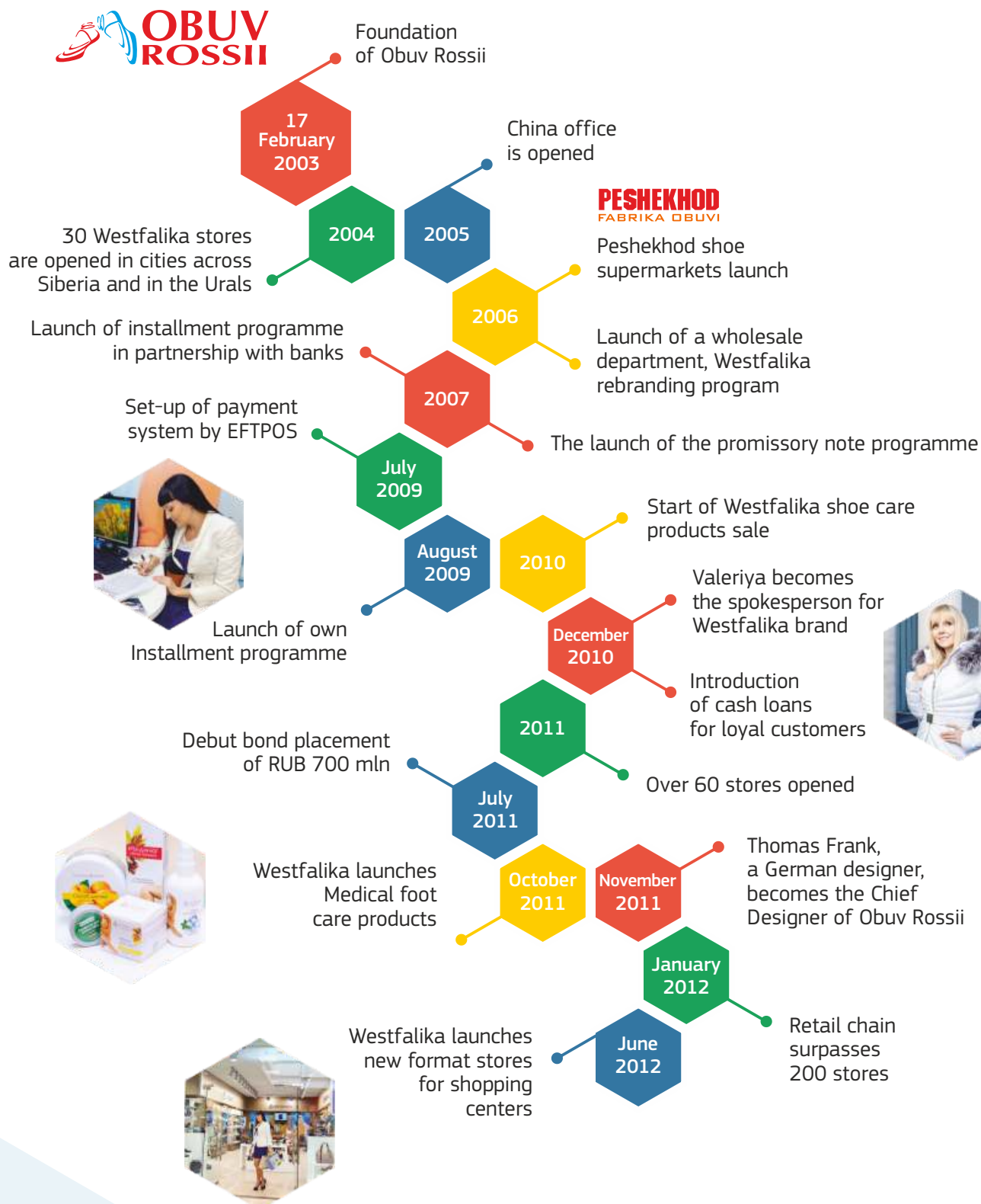
Chief Designer
of Obuv Rossii Group

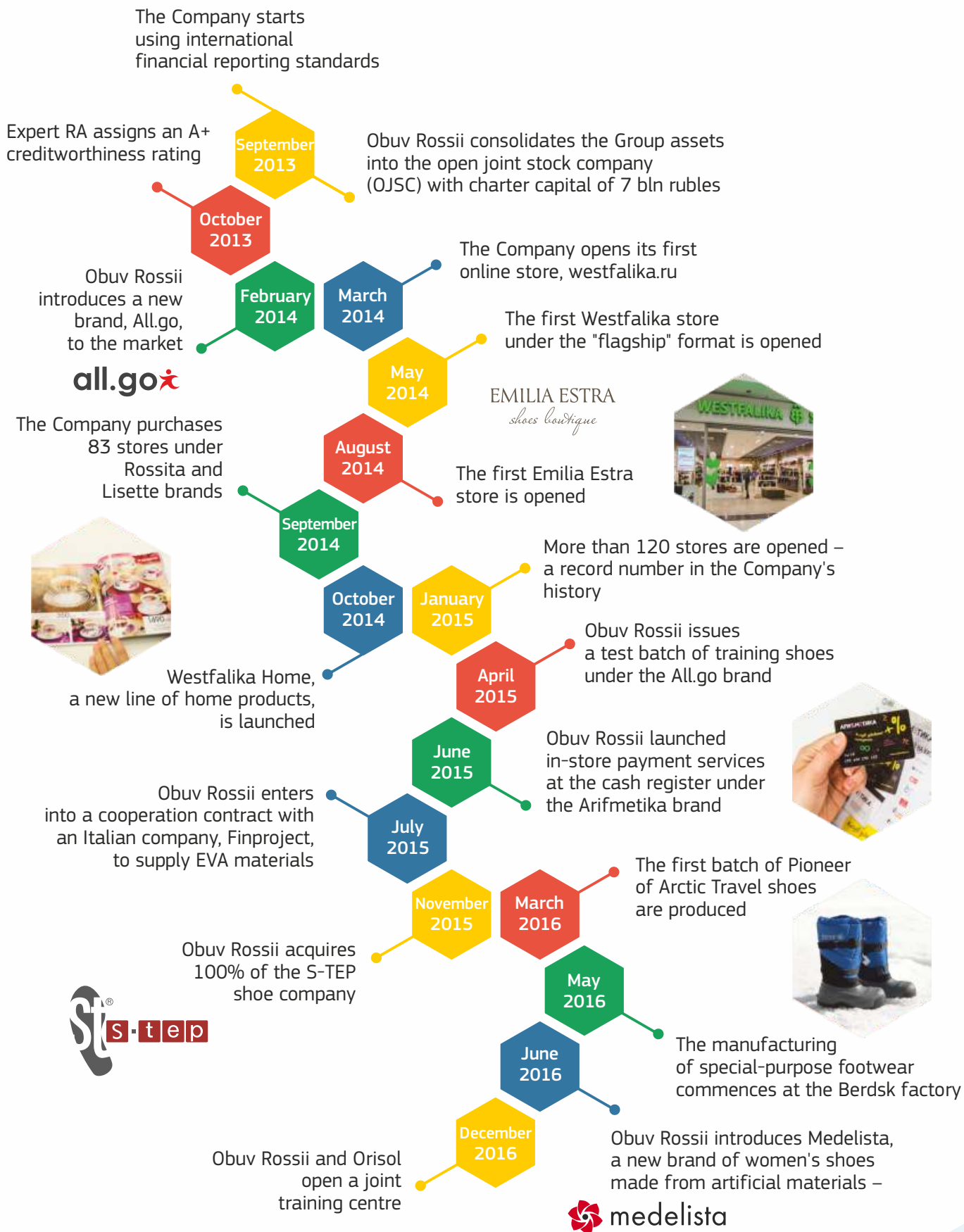
Thomas Frank graduated from the Higher Professional School of Shoe Designers in Pirmasens, Germany. He has over 30 years of industry experience, including 6 years at Obuv Rossii. Thomas has worked with famous shoe brands such as Peter Kaiser, Ara, Dockers and Tom Tailor. In these roles, he has developed existing brands and has created new design concepts.

Thomas owns a design studio in Pirmasens, the heart of the German footwear industry. He creates his own collections and develops new shoe models for each season. Since November 2011, Thomas has been working as Chief Designer of Obuv Rossii. He creates and improves Westfalika collections, as well as develops the brand.



TIME LINE







MAIN BUSINESS LINES:

RETAIL SALE OF FOOTWEAR AND
RELATED PRODUCTS



Retail brands



WESTFALIKA



PESHEKHOD
FABRIKA OBUVI





EMILIA ESTRA



Lisette



VAST RANGE OF PRODUCTS PORTFOLIO

FOOTWEAR



BAGS



APPAREL



RETAIL BRANDS



www.westfalika.ru

Westfalika is the main retail chain of the Obuv Rossii Group. Today, Westfalika has more than 300 stores in more than 100 Russian cities.

Westfalika includes mono-brand stores in the mid-price segment. Westfalika offers European-style shoes which are elegant, beautiful and comfortable. Westfalika footwear is made of genuine leather and fur. Every season, Westfalika offers unique collections, developed in line with main fashion trends.

Westfalika is an everyday city footwear brand.



The Chief Designer of the Westfalika chain is Thomas Frank, German footwear designer. Thomas has over 30 years of experience, having worked with well-known European brands such as Peter Kaiser, Ara, Dockers, and Tom Tailor. The fruitful collaboration with this designer enables the Company to make our shoe models more stylish, elegant and eye-catching.

The spokesperson of the Westfalika brand is the famous singer, Valeriya, who spearheads advertising campaigns and participates in the design of new shoe models. Westfalika has a line of fashionable shoes under the brand name "Valeriya by Westfalika".



In addition to footwear, Westfalika stores also offer a wide range of related Westfalika branded products. In the retail space, there are separate areas for clothes, branded racks for hosiery, shoe care and foot care products, etc.











PESHEKHOD FABRIKA OBUVI

www.peshekhod.ru

Peshekhod chain was launched in 2006. Peshekhod stores are multi-brand shoe supermarkets that offer a wide range of footwear for various categories of customers. The chain currently has over 45 stores in major cities across Siberia and the Urals regions.

The chain offers approximately 2,000 models of women's, men's and children's footwear for all seasons and styles. Peshekhod's assortment comprises last season's collections of the Group's other brands as well as its own branded footwear.

The target audience of Peshekhod is 20-60-year-old men and women who lead an active lifestyle and wish to look trendy. The chain's product range includes both stylish, fashionable shoes and classical models for every day.









EMILIA ESTRA

www.emilia-estra.ru

In 2014, Obuv Rossii introduced a new footwear chain under Emilia Estra brand.

Brand operates in the mid-price segment, targeting young women audience aged 25 to 30. The key Emilia Estra brand feature is bright, fashionable and unique character of its products. The product range in Emilia Estra stores consists of women's fashionable and trendy designer leather shoes, as well as accessories and shoe care products under the same brand.

In October 2014, Emilia Estra online store was launched.













www.rossita.com

Rossita brand has been on the market since 1992. The Group acquired Rossita brand and store chain operated under the same brand name in 2014.

Rossita stores offer a wide range European shoes for the whole family: stylish shoes for women, practical footwear for men, and comfortable shoes for children. In addition to Rossita brand, the chain offers footwear of both leading European and Russian brands.

The first collection of women's shoes under Rossita brand was presented for the 2015 spring/summer season. Currently it comprises more than 30% of the women's footwear assortment of Rossita's stores.

In October 2015, the Rossita.com online store was launched.







Launched in 2002, Lisette brand is well known across many regions of Russia. Lisette chain consists of over 40 comfortable and relatively small-sized retail stores, exclusively located in shopping malls.

Lisette adheres to the French style of footwear design: sophisticated, easy and feminine. Lisette creates original collections. Varied decor: perforation, contrasting stitching, hems and applications distinguish collections under this brand and ensure that each model looks both expressive and unique. In order to create a harmonious total look, Lisette stores offer handbags and other related accessories that perfectly complement the shoes.

Lisette brand was included in the Obuv Rossii Group portfolio in 2014 as a result of the Rossita group acquisition.



More than **40** Lisette retail stores



Lisette

PARIS







all.go

All.go is a new brand of casual footwear for men and women. The brand was launched in the spring of 2014. Initially, the collections of All.go consisted only of models for summer, beach and garden shoes, made from an ultra-light EVA material. In 2015, spring-autumn walking shoes, as well as snow joggers, were included. In the summer of 2016, the collection was extended via the addition of canvas sneakers. Some of the All.go shoe models are produced at the Company's own production site in Novosibirsk.





S-TEP shoes

are a result of the lasting molding construction method, non-slip nonfreezing outsole and natural materials.



This brand of men's and women's comfortable shoes has been present on the market since 2000.

S-TEP shoes are manufactured with the use of the progressive German technology of direct injection, allowing the production of solid, light and comfortable shoes that are suitable for both everyday wear and for active leisure.

The lasting molding construction method, non-slip, nonfreezing, outsole, natural materials, and unique design are the main distinctive features of S-TEP shoes. This footwear is manufactured at the Group's factory in Berdsk, which was acquired in 2015.



www.s-tep.ru







SNOW GUARD

www.sguard.ru

In 2014, Obuv Rossii entered the outerwear market with the Snow Guard brand. Initially, the collection included only winter outerwear. In 2015, jackets, raincoats, parkas, etc. were introduced. In 2016, the range of products was expanded with a line of demi-season coats and children's clothing (down jackets and sets of jackets + jumpsuits). Sales of the latter commenced in Rossita stores.



The concept of the Snow Guard brand is the creation of practical and trendy solutions utilizing cutting-edge, innovative technologies. These are clothes for modern, active people who want to look stylish even in cold weather. The Snow Guard brand is developed in the "shop-in-shop" format in the shoe chain stores of Westfalika, Rossita, Peshekhod and Emilia Estra.





WESTFALIKA



EMILIA ESTRA

Lisette







PESHEKHOD
FABRIKA OBUVI






st[®] s-step



MAIN BUSINESS LINES:

RETAIL SALE OF FOOTWEAR AND
RELATED PRODUCTS

-  Related products
-  Total look concept
-  E-commerce

RELATED PRODUCTS



Since 2010, Obuv Rossii has been developing related products under its own brands. Today, there are more than 4,500 SKU of related products: bags, leather products, shoe care products, a specialized line of foot care products, hosiery, textiles and household goods that are available in the Company's stores.

To preserve the unified stores concept and the convenience of customers, dedicated branded zones for related products were created in Group's retail chain stores. These zones have special trading equipment.







Obuv Rossii regularly improves and extends the range of related products in its stores. For example, in 2016 the company expanded its line of bags and included models made from natural leather and produced by Russian manufacturers under the Westfalika brand.



Related products are a dynamically developing aspect of the Group's stores. The sale of non-footwear goods under the Group's own brands increases brand awareness and customer loyalty.



TOTAL LOOK CONCEPT

The diversified product portfolio allows the company to offer customers a full set of footwear, bags and accessories in every store.

The "Total look" concept implies presenting different complementing products together, encouraging the customer to buy the full assortment.

PURCHASE SIZE

18,802 rubles

4 times higher

TOTAL LOOK

4,990 rubles

SHOES



BUSINESS CARD HOLDER 1,290 rubles
 WALLET 2,200 rubles
 KEY HOLDER 472 rubles
 SHINE SPONGE 110 rubles



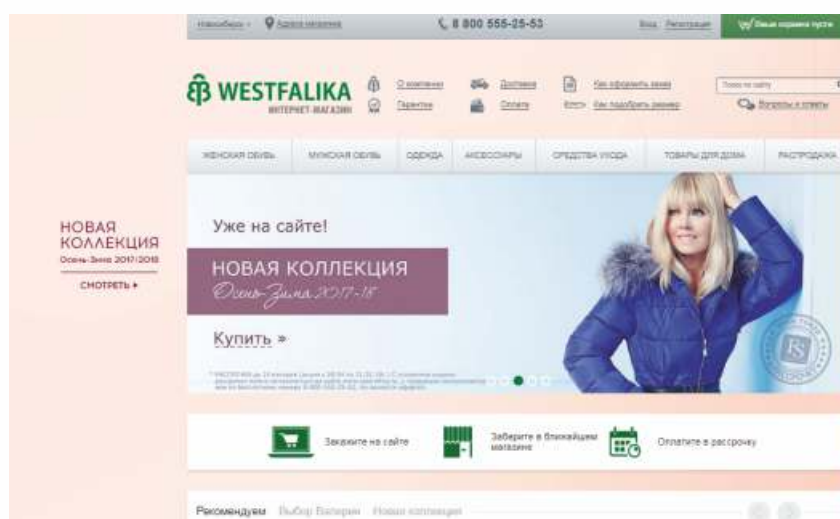
E-COMMERCE



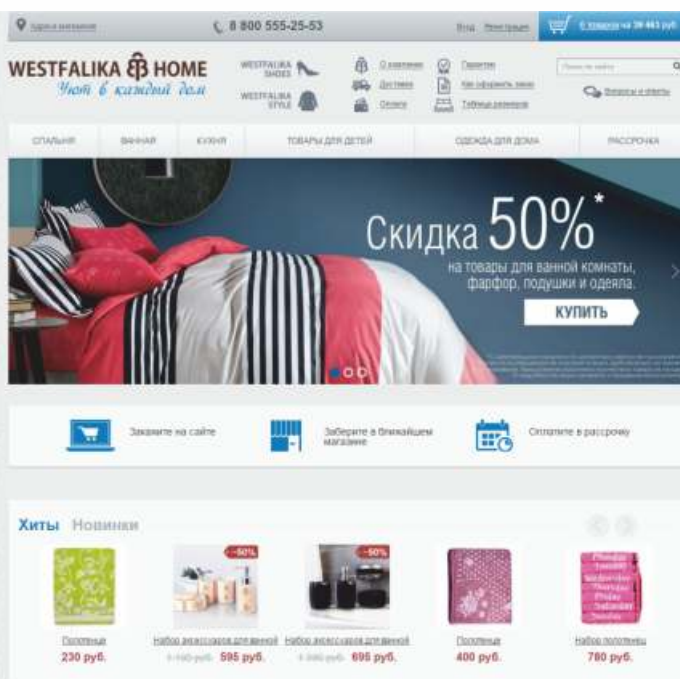
Obuv Rossii entered the e-commerce market in 2014. The company currently operates five online stores: westfalika.ru, emilia-estra.ru, westfalika-home.ru, rossita.com and lisette.me.

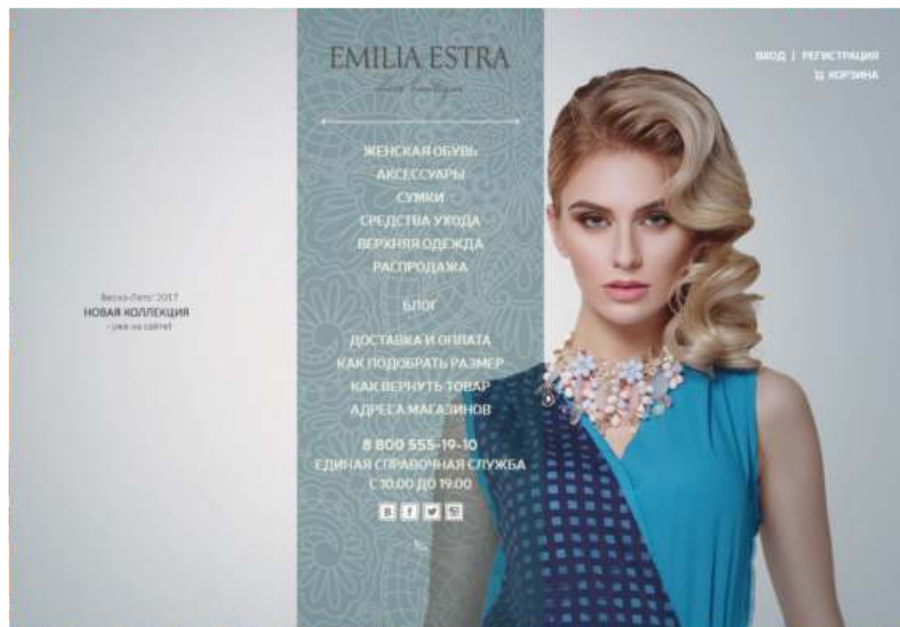
Over the past two years, the range of products at Obuv Rossii's online stores increased significantly: now it includes footwear, clothes, various accessories and related products. For example, there are over 5,000 SKU on the Westfalika.ru online store.

According to its e-commerce strategy, Obuv Rossii invests in the development of multi-channel and omni-channel trade where the customers have the opportunity to make purchases using different channels and tools, while switching from one channel to another is "seamless" and client interaction with the Company's brand comes to the fore. Therefore, all of the Company's online stores are mono-brand ones which naturally follows the relevant Company's traditional offline retail chains.



VALERIYA
Westfalika





Due to the presence of the Company's branched retail chain across Russia, Obuv Rossii has established an infrastructure for the delivery of its products to any region. This helps to reduce logistical costs, and offers customers outlet pick-up service (one comprises 90% of all purchases in online stores as of now). In general, this infrastructure enables the Company to carry out the tasks of operational goods delivery more efficiently.





According to the results of the first half of 2017, the number of mobile visitors to the Company's online stores grew by up to

45%

In 2016, traffic of the Company's main online store, Westfalika.ru, grew by 40%. Novosibirsk became the region with the highest traffic according to the results of 2016. Based on incoming orders, Yekaterinburg is the leading region.

An important trend that will determine the direction of e-commerce development in the near future is growing mobilization. For example, in 2016, the share of mobile audience of the Westfalika.ru online store increased by 7% and exceeded 30%. According to the results of the first half 2017 the number of mobile customers of Company's online stores grew up to 45%.







MAIN BUSINESS LINES:

FINANCIAL SERVICES AND
MANUFACTURE OF FOOTWEAR

-  Financial Services
-  Manufacture of footwear

FINANCIAL SERVICES



In 2007, the Company was the first on the footwear market to offer installment programme in partnership with financial institutions. Later, in 2009, Obuv Rossii launched an in-house installment sales service.

In the summer of 2010, the list of add-on financial services was extended: Obuv Rossii started to provide cash loans to its loyal customers who had already purchased shoes under an installment programme and successfully fulfilled their obligations.

These projects are run by a team of over 100 managers with experience working in financial organisations. A group for retail lending was created in the financial services department, as well as an analytical support group, and financial security group.

The Company has developed its own IT system which makes it possible to register and support installment contracts and cash loans online. The scoring system is regularly developed and improved.



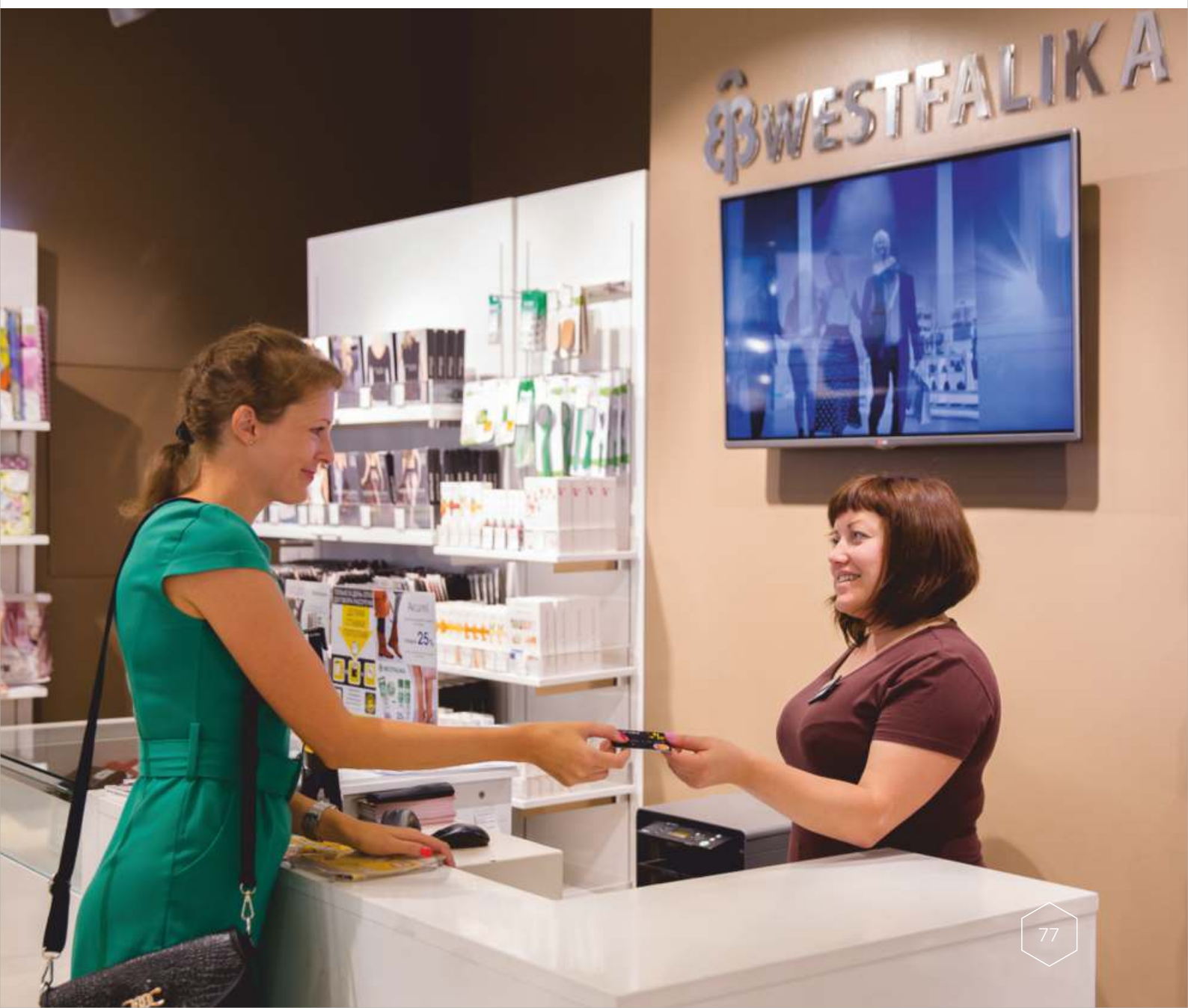


АРИ%МЕТИКА

INNOVATIVE LOYALTY PROGRAMME

In the summer of 2015, Obuv Rossii launched a unified loyalty programme under Arifmetika brand. Platezhny Standart Credit Organization (licence of the Central Bank of the Russian Federation for transfers without opening an account No. 3530-K of 28 January 2015) acts as a system operator and is a part of the Obuv Rossii Group.

Initially, customers were provided with an in-store service that enabled them to pay for various services (internet, mobile communications, etc.). Later, Obuv Rossii consolidated all of the loyalty programmes that operated in the retail networks of the Group, and they subsequently became a single unified loyalty and discount system on the basis of the Arifmetika card. In 2016, the eWallet service came into operation and in the summer of 2016, a prepaid Arifmetika MasterCard was issued, where cash loans are credited.



АРИФМЕТИКА

Арифметика — одна из базовых наук, которой в той или иной степени обладает каждый житель нашей планеты. Система Арифметика включает в себя многообразие карт, которые способны удовлетворить требования большинства современных пользователей платежных и дисконтных карт и никому не составит сложности разобраться с ними.

ВОЗМОЖНОСТИ КАРТЫ

- Платежи на кассах магазинов Партнеров
- Личный кабинет / Электронный кошелек
- Скидки и бонусы у партнеров системы Арифметика
- Арифметика MasterCard
- Арифметика для бизнеса



The development of add-on services is a worldwide trend in retail, i.e. stores not simply offer merchandise to their customers, but are transformed into universal service companies. Such trends can be seen in more advanced Russian retail markets, such as mobile retail. New services facilitate an increase of customer traffic in stores, stimulate cross-selling and improve customers' loyalty.

2,500,000 +
customer base

1,700,000 +
loyalty cards issued

1,000,000 +
customers used add-on services

60% of purchases are made
with loyalty cards
in 1 half of 2017

*As of 1H 2017. Source: Company data.



An innovative loyalty programme: from usual product promotion / bonus programmes to innovative additional services.



MANUFACTURE OF FOOTWEAR



The Group operates two modern factories located in Novosibirsk region.

Obuv Rossii produces shoes using all major shoe construction types: cement, injection molding and their combinations; therefore, there are significant opportunities for the production of Obuv Rossii's product range.

The Group's production facilities are among the most advanced in the country in terms of technology and equipment.



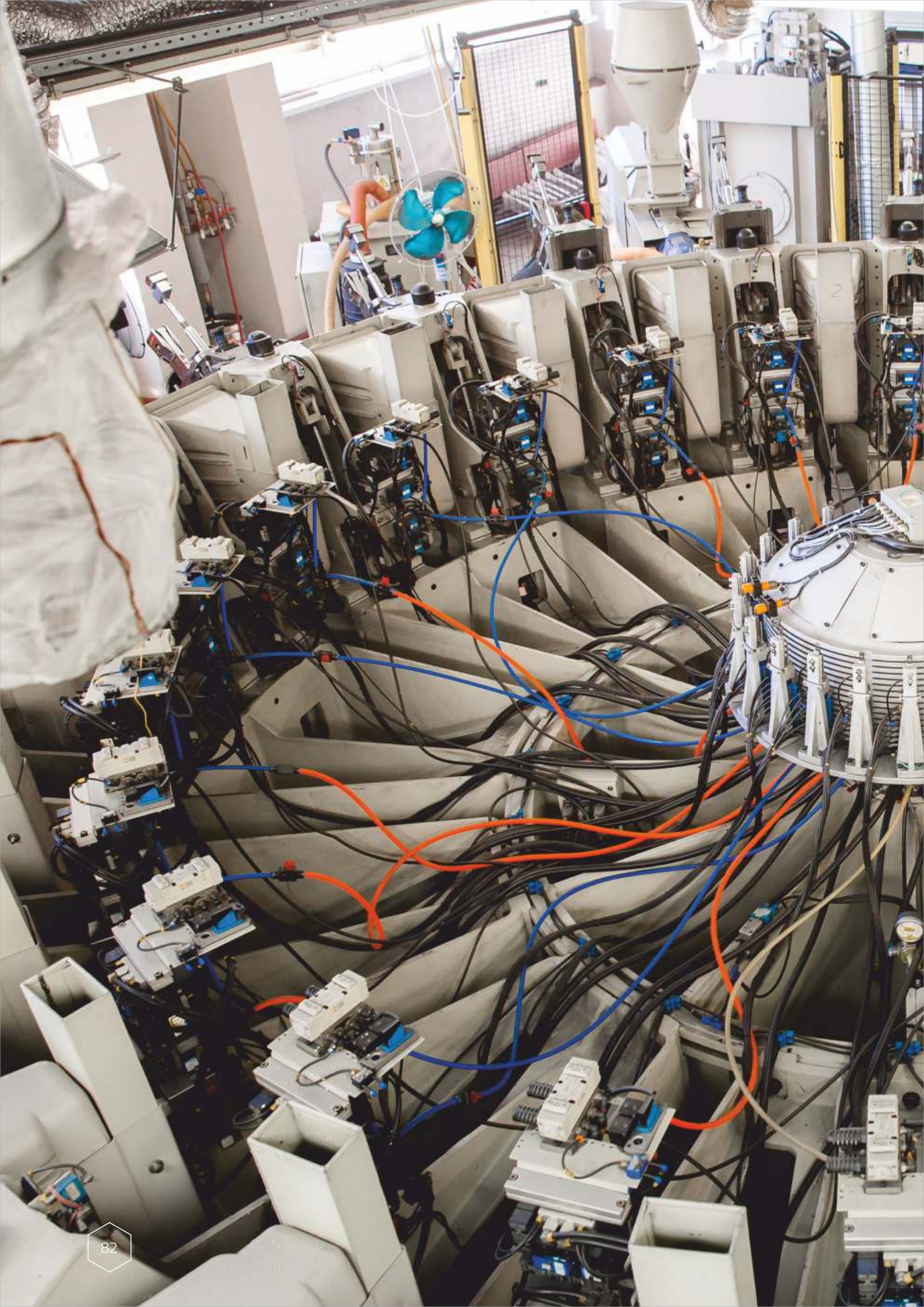
Total area: **9,100 sqm**

Production area: **5,400 sqm**

Production capacity: **500,000**
pairs of shoes p.a.



The shoe factories of Obuv Rossii are characterized by a high degree of automatization and the use of modern high-tech equipment: computerised shoe design, NewLast and Orisol automated shoe cutting and tailoring, and high performance Desma injection molding machines.





The injection molding machine installed at the factory is the unique equipment in Russia. Its special feature is that the material for the shoe sole is poured into the mold in a liquid form, where it congeals in direct contact with the leather. As a result, the sole bonds with the shoe upper at a molecular level.



The company manufactures casual and special purpose shoes, footwear of natural leather, fur, as well as synthetic and polymer materials.

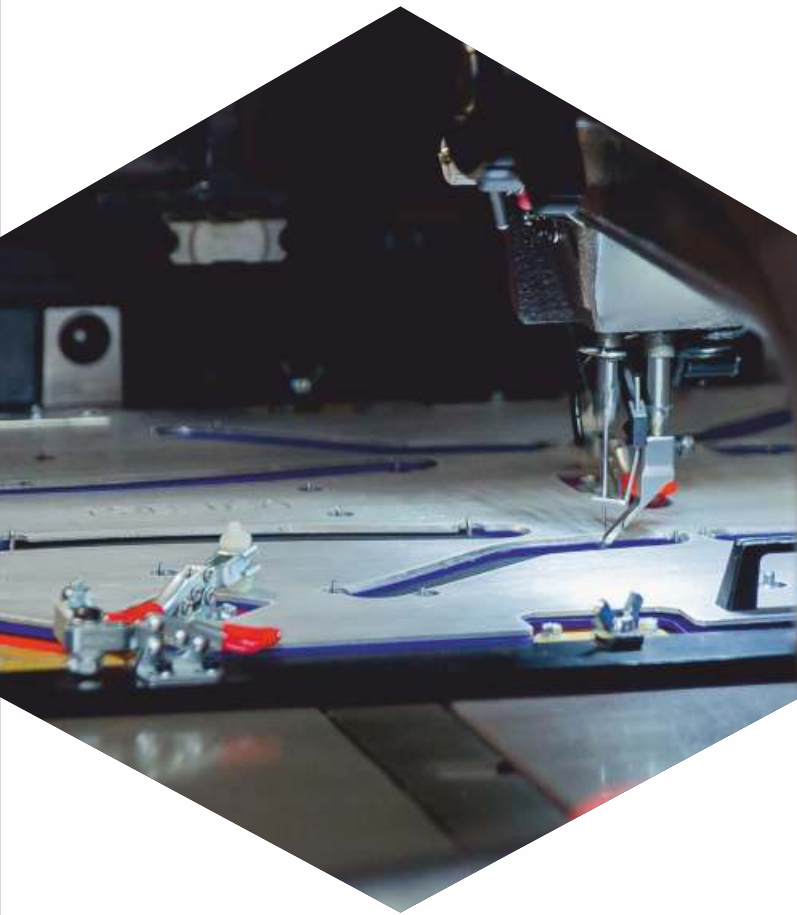


Obuv Rossii develops and introduces its own manufacturing techniques that enable the production of footwear appropriate for Russian climatic conditions. The Company has a team of professional technologists that ensure the highest levels of quality control at every stage of the process.









The Company's own production facilities are also used for testing of new materials and technologies introduced by the Company's R&D team and provides an expertise in quality control when working with factories on an outsourcing basis.



Orisol is an Israeli company, one of the leaders of the world market producing sewing complexes, along with Pfaff of Germany. Orisol Automated Sewing Systems are a new type of machine, they use technology that is ground-breaking within the sphere of footwear production. Orisol systems enable the sewing of complex models of footwear, the upper of which consists of many elements and is made of materials of different textures, for example, semi-sport and sport footwear. The production rate of such systems is 5-6 times higher than that of traditional sewing machines. In addition, Orisol machines make it possible to reduce the reject rate to zero and to highly increase the quality of sewn uppers.

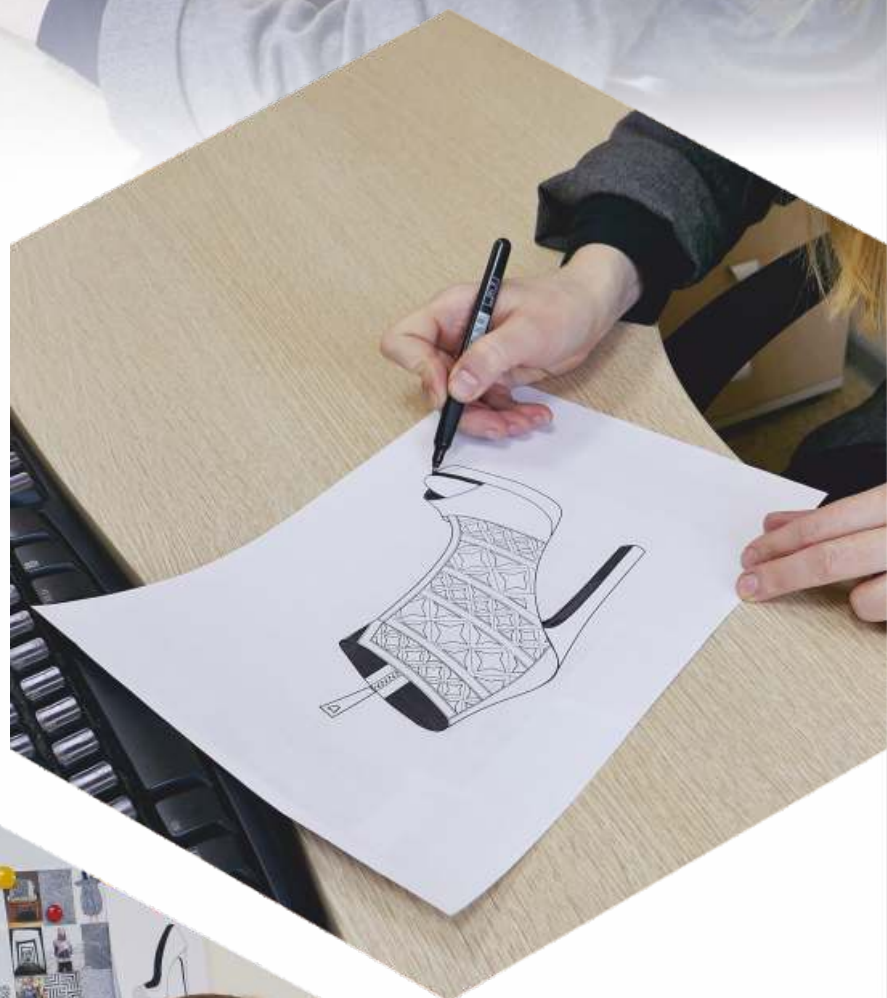
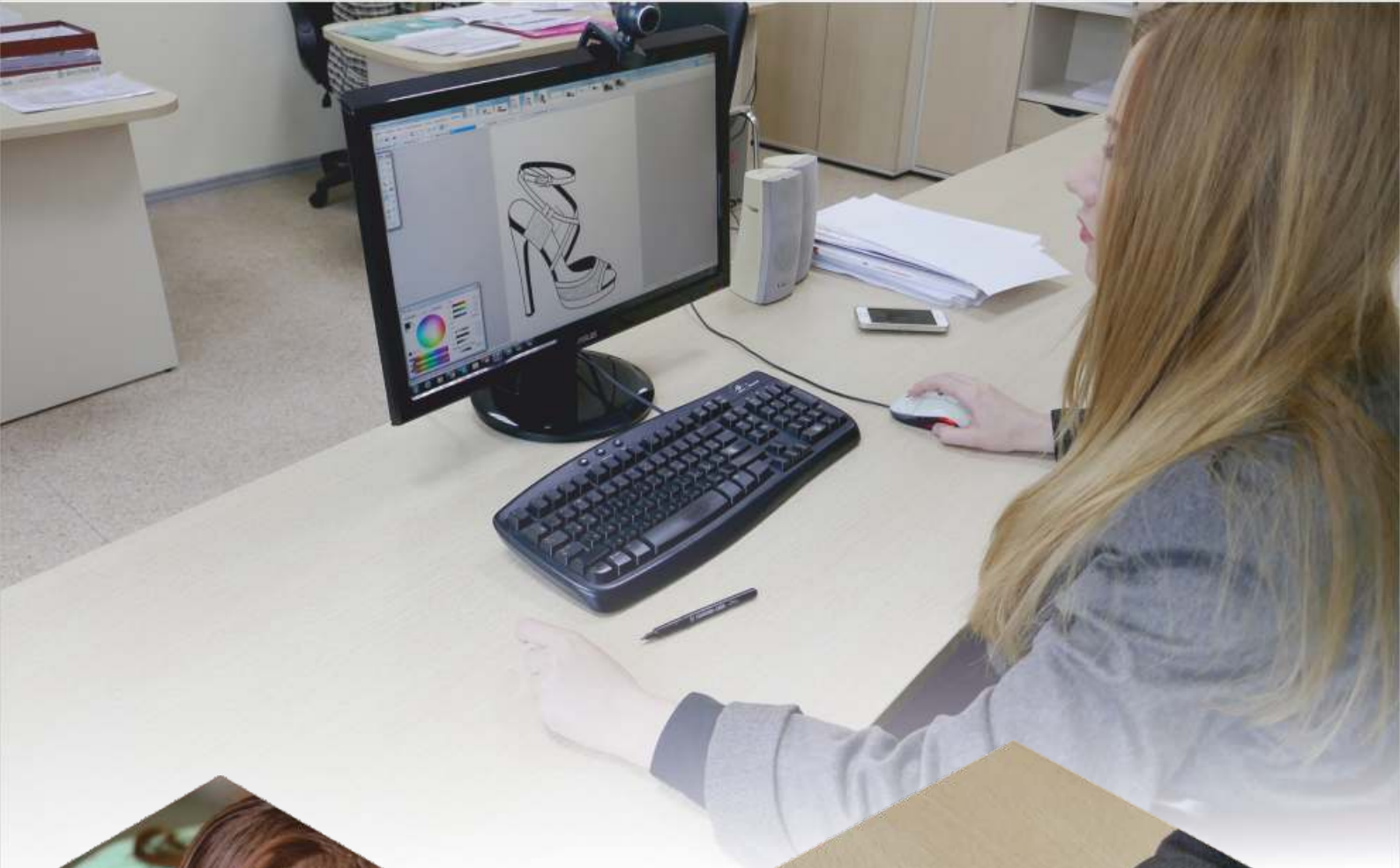
FOOTWEAR DESIGN

The company has its own design centre. Each season Obuv Rossii creates collections taking into account main trends.



*Thomas Frank,
Chief Designer
of Obuv Rossii
Group.*





*Design team
of Obuv Rossii Group.*

ORISOL TRAINING CENTRE

December 2016 saw the opening of the Orisol training center. The center is based on the Obuv Rossii's footwear factory which is located in the city of Berdsk, Novosibirsk Region. Orisol is the world leader in automated sewing systems.

The Orisol training center is aimed to train fashion designers, technologists and engineers that work with modern CNC machines and 3D programs. One of the primary aims of the center is to introduce new technologies to the Russian shoe market and to increase its competitiveness.

The territory covered by the training center operation is Russia and CIS countries. The centre's teaching staff is comprised of engineers from Obuv Rossii, who were trained in Taiwan, as well as specialists of the Orisol Company from Israel, Bulgaria, and Taiwan.







CONTACTS:

Obuв Rossi Group

Head office: 58, Bogdan Khmel'nitsky's St.,
630110, Novosibirsk
+7 (383) 280-80-26

sec02@obuvrus.ru
www.obuvrus.ru

Representative office in Moscow:

12 Presnenskaya Naberezhnaya St.,
Federatsiya-Vostok Tower, Office L1
123317, Moscow
+7 (495) 649-81-52

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www.obuvrus.ru

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