

## **OBUV ROSSII GROUP ANNOUNCES OPERATING RESULTS FOR 1ST QUARTER 2020**

**30 April 2020, Novosibirsk, Russia:** Obuv Rossii Group (MOEX: OBUV/ here in after 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 885<sup>1</sup> stores in 360 cities of Russia and two production facilities, announces its operating results for the first quarter ended 31 March 2020.

### **1Q 2020 OPERATING HIGHLIGHTS:**

- Group's consolidated unaudited revenue increased by 3.9% and totaled RUB 2.654 bln, compared with RUB 2.555 bln in the 1<sup>st</sup> quarter 2019.
- Total like-for-like revenue of Obuv Rossii Group rose by 0.3%.
- Total DOS selling space increased by 13.2% year-on-year to 61,500 sq.m. compared with 54,300 sq.m. in the 1<sup>st</sup> quarter 2019.
- The number of holders of the loyalty cards that are valid in all retail chains of the Group over 12 months increased by 15% to 2.640 mln holders, in comparison with 2.295 mln holders in the 1<sup>st</sup> quarter 2019.

### **KEY EVENTS OF 1Q 2020:**

- At the end of 2019 Obuv Rossii signed a partnership agreement with Sberlogistika logistic platform, Sberbank's subsidiary, within the framework of development of the Partner Pickup Points project based on Group's stores. The retailer will deliver online orders as well as accept parcels from individuals. At the first stage the project was launched in 213 sales outlets, further, pickup points of Sberlogistika will function in more than 600 Group's stores.
- In February Obuv Rossii announced its plans to develop online marketplace based on the online store of its main brand — westfalika.ru. The range of goods not presented in Group's stores or presented in the limited line will be sold using marketplace model. In March the project was launched in the test mode in 30 stores of the Siberian region. The online orders through special terminals are available in these stores.
- The turnover of Group's marketplace exceeded 1 bln rubles for three months. At the end of March the company had more than 300 suppliers from such product categories as toys, cookware, small household appliances, cosmetics, etc. The suppliers are from regions all over Russia — from such cities as Moscow, Saint Petersburg, Rostov-on-Don, Kazan, Krasnodar, Omsk, etc. Concept Group (the Concept Club women's apparel brand), Lel' factory, Grandlux company are among the key partners of Obuv Rossii.

### **KEY EVENTS AFTER REPORTING PERIOD:**

- On 20 April 2020, the Ministry of Industry and Trade of the Russian Federation (Minpromtorg) published the first version of the list of strategic enterprises which includes 246 companies from 15 industries. Obuv Rossii Group was included in the list of systemically important organizations in the production of apparel and footwear.

## KEY OPERATING INDICATORS

Indicator	31.03.2020	31.03.2019	Δ, %
<b>Number of Obuv Rossii Group stores</b>	<b>903</b>	<b>756</b>	<b>19.4%</b>
DOS <sup>2</sup>	728	589	23.6%
Franchise	175	167	4.8%
<b>DOS selling space (thousand sqm)</b>	<b>61.5</b>	<b>54.3</b>	<b>13.2%</b>
<b>Number of loyalty cards' holders, mln people</b>	<b>2.640</b>	<b>2.295</b>	<b>15.0%</b>

Indicator	1Q 2020	1Q 2019	Δ, p.p.
<b>Total LFL revenue growth<sup>3</sup></b>	<b>0.3%</b>	<b>6.2%</b>	<b>(5.9 p.p.)</b>

Indicator	1Q 2020	1Q 2019	Δ, p.p.
Share of related products in retail revenues, %	43.5%	38.2%	5.3 p.p.
Online sales, RUB bln	0.222	0.196	13.4%

Indicator	1Q 2020	1Q 2019	Δ, %
Average installment purchase, RUB	7,716	8,978	(14.1%)
Average cash loan, RUB	22,124	17,326	27.7%
Amount of issued contracts on installment payments, RUB bln	0.931	1.030	(9.6%)
Amount of cash loans issued, RUB bln	1.583	0.990	59.9%

Indicator	31.03.2020	31.03.2019	Δ, %
Portfolio size in installment sales, RUB bln	2.901	2.795	3.8%
Portfolio size in cash loans, RUB bln	2.687	1.869	43.8%

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

Despite the challenging economic and epidemiological situation in the country, Obuv Rossii's business has shown growth: Group's consolidated unaudited proceeds for the reporting period increased by 3.9% up to RUB 2.654 bln.

We operated in the ordinary course during the first two months of 2020 with no significant reduction in demand observed in January and February. A decline in foot traffic became noticeable in March, which is the most important month for the spring season, due to the spreading of the coronavirus infection and other factors such as ruble depreciation and slumping oil prices. People started to cut costs in the situation of uncertainty. It had an impact on the Company's like-to-like proceeds, which, nevertheless, showed slight positive dynamics — a growth by 0.3% in the first quarter.

In the first quarter, we continued the transition to a new format of our stores. Now our sales points are multicategory, universal stores offering its customers a wide range of goods including shoes, clothes, accessories, related products and day-to-day goods. According to the results of the first three months of 2020, the share of non-shoe products in the retail proceeds grew up to 43.5% and will be at least 50% according to the results of the year. Stock diversification allows us to mitigate the impact of the downturn when consumption reduces in all product categories. As a result, we increase the probability of purchasing some product from us by every client.

<sup>2</sup> Directly operated stores

<sup>3</sup> The growth of total like-for-like revenue is calculated on the basis of the results of Obuv Rossii Group stores that operated within two full compared periods.

The marketplace model we started using while dealing with our suppliers in November 2019 has been proving its efficiency. In the first quarter, the marketplace turnover exceeded RUB 1 bln. At the end of March, the Prodayom online platform that we use to cooperate with suppliers had over 300 partners.

Online sale development becomes especially essential in the existing situation. This business line demonstrates higher growth rates than offline retail – by 13.4% according to the results of the first quarter. In March 2020, a pilot online marketplace was launched based on our westfalika.ru online store. It will offer products that are not available in our retail chain. We equipped 30 stores in Siberian towns with special zones and monitors to make online orders. The online marketplace will start operating at full capacity by the end of 2020.

We support sales in the current situation due to a diversified business model that implies the development of services. Now we have more than 2,000 partner pickup points for online orders based on our stores. We also offer our customers financial services such as payment on instalments and loans. We started to offer payment on instalments in 2009, and over 1.4 mln clients have used this service over these years. The service of instalment payments is especially popular during a downturn allowing people to purchase products for everyday needs without considerable harm to the family budget. So, instalments play a social function being one of the instruments to support people in a tough economic situation.

Spreading of COVID-19, introduced restrictive measures and the economic slowdown undoubtedly influence the Company's activity. However, we take pains to minimize risks for the business and to mitigate the negative impact. We continue to move forward according to a renewed strategy developing the online channel, increasing the number of partners for our online platform, and developing additional services for our clients. As soon as the country's economy returns to the normal functioning, we will scale up in all key lines.

#### 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 885<sup>4</sup> stores (175 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 accordance with the audited Financial Statements under the IFRS Group, revenue amounted to RUB 13.7 billion for the full year of 2019, net profit was RUB 1.7 billion, and EBITDA was RUB 3.6 billion.

In December 2019, RAEX (Expert PA) assigned the creditworthiness rating to Obuv Rossii Group at ruBBB+ level, a "stable" forecast.

Website of the Group: [www.obuvrus.ru](http://www.obuvrus.ru); online 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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