

OBUV ROSSII GROUP ANNOUNCES

REVIEWED FINANCIAL RESULTS FOR 2ND QUARTER AND 1ST HALF 2018

20 August 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 630 stores in 190 cities of Russia and two production facilities, announces the unaudited financial results in accordance with International Financial Reporting Standards (IFRS) for the second quarter and first half ended 30 June 2018.

2Q 2018 FINANCIAL HIGHLIGHTS:

- Group unaudited consolidated revenue increased by 22.9% and amounted to RUB 2.233 bln, compared to RUB 1.818¹ bln in the 2nd quarter of 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 grew by 6.7%.
- Gross profit grew by 23.9% to RUB 1.450 bln, compared to RUB 1.171 bln in the 2nd quarter of 2017.
- Gross profit margin reached 64.9% growing by 3.6 p.p.
- EBITDA² decreased by 3.4% and accounted for RUB 0.532 bln, compared to RUB 0.551 bln in the same period of 2017.
- EBITDA margin declined by 5 p.p. and amounted to 23.8%.
- Net profit rose by 14% to RUB 0.230 bln, compared to RUB 0.202 bln in the 2nd quarter of 2017.
- Net profit margin was 10.3% compared to 10.6% in the same period of 2017.

1H 2018 FINANCIAL HIGHLIGHTS:

- Group unaudited consolidated revenue increased by 13.9% and amounted to RUB 4.493 bln, compared to RUB 3.944¹ bln in the 1st half of 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 grew by 3.7%.
- Gross profit grew by 6.4% to RUB 2.638 bln, compared to RUB 2.479 bln in the 1st half of 2017.
- Gross profit margin was 58.7% decreasing by 1.1 p.p.

¹ Adjusted revenue according to unified taxation methodology

² EBITDA = Profit (loss) before taxation + (Interest payable – Interest receivable + Depreciation of fixed and intangible assets).

- EBITDA³ decreased by 16.6% and accounted for RUB 0.877 bln, compared to RUB 1.052 bln in the same period of 2017.
- EBITDA margin declined by 5.9 p.p. and amounted to 19.5%.
- Net profit decreased by 10.1% to RUB 0.313 bln, compared to RUB 0.348 bln in the 1st half of 2017.
- Net profit margin was 7% compared to 8.4% in the same period of 2017.
- Net debt / EBITDA LTM ratio decreased to 2.5x compared to 2.7 in the 1st half 2017.

Anton Titov, CEO of Obuv Rossii Group, commented:

We are actively developing our retail chain and are being far ahead of the schedule. The Group fulfilled the plan of stores rollout for this year and launched 100 new stores by 20 August 2018. We considerably enhanced our sales geography, as well due to entering towns with population from 50 to 100 ths. people. Now the retail chain of the Group comprises 630 stores in 190 cities. Taking into account favourable situation at the Russian footwear market as well as good results of our activity in small towns, we have decided to increase the number of new stores openings for this year up to 150.

In the second quarter, the revenue of the Group increased substantially — by 22.9% to RUB 2.233 bln; in the first half of the year the dynamics was 13.9% — to RUB 4.493 bln. In the second quarter, the gross profit rose by 23.9% and net profit — by 14%, we also had a positive like-for-like growth in the second quarter. Thus, we have partially compensated for the impact of the abnormally cold weather on the sales of footwear in the first quarter. The like-for-like average ticket size increased by 6.7% in the second quarter and by 3.7% in the first half of the year. This is a result of successful implementation of the assortment diversification strategy and increase of the complex purchases' share in the chain.

The following market factors have a positive effect on the growth of the retail chain and main indicators: a revival of consumer demand, the low level of the market consolidation and low competition, a wide choice of shopping premises on beneficial terms. We also demonstrate high indicators due to the diversification of the assortment, development of high-margin commodity groups, omni-channel sales, and supplementary services.

In the first half of the year, we continued to improve the assortment, expanded the collections of the casual style footwear that is especially popular now, and the collections of clothes. The results of the first half of the year showed that the share of related goods increased by 3.2% to 31.5%. The e-commerce also demonstrates its growth: in the first six months the share of online sales in the retail revenue rose by 2.7% to 12.8%.

On the basis of results of 2017, we paid dividends in the amount of RUB 262.3 mln, which was 20% of the net profit of the company in 2017. The amount of dividends per one share was RUB 2.32.

The Group intends to further develop according to the announced plans, to be ahead of the schedule, to enhance stores rollout, to develop its range of goods and client services.

KEY FINANCIAL & OPERATING HIGHLIGHTS FOR 2ND QUARTER AND 1ST HALF OF 2018

Operating highlights

Indicator	30.06.2018	30.06.2017	Δ, %
Number of Obuv Rossii Group stores	606	511	18.6%
DOS ⁴	493	398	23.9%
Franchise	113	113	-
DOS selling space (thousand sq.m.)	47.5	37.2	27.7%
Number of loyalty cards' holders, mln people	2.098	1.648	27.3%

Like-for-Like ⁵	2Q 2018	2Q 2017	Δ, p.p.	1H 2018	1H 2017	Δ, p.p.
LFL sales growth	1.5%	(10.3%)	11.7 p.p.	(5.2%)	(6.3%)	1.2 p.p.
Number of tickets growth	(5.0%)	(14.1%)	9.2 p.p.	(8.5%)	(10.3%)	1.8 p.p.
Average ticket size growth	6.7%	4.5%	2.3 p.p.	3.7%	4.5%	(0.8 p.p.)

Indicator	2Q2018	2Q 2017	Δ, p.p.	1H 2018	1H 2017	Δ, p.p.
Share of related products in retail revenues	29.6%	26.7%	2.9 p.p.	31.5%	28.3%	3.2 p.p.

Financial highlights

Russian rubles (RUB), billion	2Q 2018	2Q 2017	Δ, %	1H 2018	1H 2017	Δ, %
Revenue	2.233	1.818⁶	22.9%	4.493	3.944⁶	13.9%
retail revenue	1.220	1.187 ⁶	2.9%	2.464	2.545 ⁶	(3.2%)
wholesale revenue	0.652	0.257	153.5%	1.310	0.670	95.6%
cash loans revenue	0.361	0.374	(3.5%)	0.719	0.729	(1.4%)
Gross profit	1.450	1.171	23.9%	2.638	2.479	6.4%
<i>Gross profit margin, %</i>	<i>64.9%</i>	<i>61.3%</i>	<i>3.6 p.p.</i>	<i>58.7%</i>	<i>59.9%</i>	<i>(1.1 p.p.)</i>
SG&A (including provisions)	(0.957)	(0.731)	31.0%	(1.909)	(1.660)	15.0%
<i>% of revenue</i>	<i>42.9%</i>	<i>38.3%</i>	<i>4.6 p.p.</i>	<i>42.5%</i>	<i>40.1%</i>	<i>2.4 p.p.</i>
EBITDA	0.532	0.551	(3.4%)	0.877	1.052	(16.6%)
<i>EBITDA margin, %</i>	<i>23.8%</i>	<i>28.8%</i>	<i>(5.0 p.p.)</i>	<i>19.5%</i>	<i>25.4%</i>	<i>(5.9 p.p.)</i>
Net profit for the period	0.230	0.202	14.0%	0.313	0.348	(10.1%)
<i>Net profit margin, %</i>	<i>10.3%</i>	<i>10.6%</i>	<i>(0.3 p.p.)</i>	<i>7.0%</i>	<i>8.4%</i>	<i>(1.4 p.p.)</i>

4 DOS – Directly operated stores.

5 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.

6 Adjusted revenue according to unified taxation methodology

Net debt	6.320	7.457	(15.2%)	6.320	7.457	(15.2%)
<i>Net debt / EBITDA LTM ratio</i>	<i>2.5</i>	<i>2.7</i>	<i>(0.2)</i>	<i>2.5</i>	<i>2.7</i>	<i>(0.2)</i>

Indicator	2Q 2018	2Q 2017	Δ, p.p.	1H 2018	1H 2017	Δ, p.p.
Average commission on installment loans (%)	3.0%	5.8%	(2.9 p.p.)	2.6%	4.4%	(1.8 p.p.)
Average interest rate on cash loans (%)	211.2%	200.1%	11.1 p.p.	212.6%	203.0%	9.6 p.p.

Indicator	30.06.2018	30.06.2017	Δ, %
Installment loan loss for principal debt provisions for the period (thousand RUB)	65,868	169,949	(61.2%)
Cash loan loss for principal debt provisions for the period (thousand RUB)	56,215	73,989	(24.0%)
Cost of risk ⁷ for installment loans (%)	4.2%	9.6%	(5.4 p.p.)
Cost of risk ⁸ for cash loans (%)	3.7%	4.1%	(0.4 p.p.)

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 630 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; Internet stores: www.westfalika.ru, www.westfalika-home.ru, www.emilia-estra.ru, www.rossita.com, www.lisette.me

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⁷ Cost of risk for installment loans = *Loan loss provisions divided by volume of installment loans issued for the reporting period*

⁸ 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.