

OBUV ROSSII GROUP ANNOUNCES OPERATING RESULTS FOR 2ND QUARTER AND FIRST HALF 2019

24 July 2019, 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 849¹ stores in 329 cities of Russia and two production facilities, announces its operating results for the second quarter and first half ended 30 June 2019.

2Q 2019 OPERATING HIGHLIGHTS:

- Group's consolidated unaudited revenue increased by 26% and totaled RUB 2.814 bln, compared with RUB 2.233 bln in the 2nd quarter 2018.
- Total like-for-like revenue of Obuv Rossii Group rose by 9.3% with like-for-like sales growing by 1.2% and like-for-like proceeds from cash loans business increasing by 34.2%.
- Group's retail chain increased by 82 new DOS² being part of the Westfalika chain, the main brand of Obuv Rossii Group. As of 30 June 2019, the total number of the sales points amounted to 837 stores, of which 166 operated as a franchise.
- Total DOS selling space increased by 23.5% year-on-year from 47,500 sqm in the 2nd quarter 2018 to 58,600 sqm in the 2nd quarter 2019.
- Within 12 months the number of holders of the loyalty cards that are valid in all retail chains of the Group increased by 12.9% to 2.369 mln holders compared with 2.098 mln holders in the 2nd quarter 2018.

1H 2019 OPERATING HIGHLIGHTS:

- Group's consolidated unaudited revenue increased by 19.3% and totaled RUB 5.358 bln, compared with RUB 4.493 bln in the 1st half 2018.
- Total like-for-like revenue of Obuv Rossii Group rose by 7.7% with like-for-like sales growing by 1.6% and like-for-like proceeds from cash loans business increasing by 27%.
- Group's retail chain increased by 110 new stores, 105 of them being directly operated stores and 5 of them being franchising ones.
- Portfolio size in installment sales in 1H 2019 grew by 6.6% to RUB 2.365 bln, portfolio size in cash loans increased by 35.4% to RUB 2.053 bln.

KEY EVENTS OF 2Q 2019:

- In 1H 2018, Obuv Rossii launched 105 DOS and 5 franchising stores in 92 new cities and towns. Therefore the retail chain increased by 36% and comprised 837 stores (including 166 operated as a franchise) in 320 cities and towns of Russia, as of 30.06.2019. The roll-out by regions is the following: Siberia — 43%, Central Russia — 19%, Urals — 20%, the Far East — 18%.

¹ As of 24 July 2019

² DOS – directly operated stores.

- In June 2019, Obuv Rossii held its annual shareholders meeting where it was decided to pay dividends on placed shares of OR PJSC for RUB 2.36 (two point thirty six) per share. The total amount of dividends will be RUB 267 mln or 20% of the Company's net profit for 2018.
- In late June 2019, Obuv Rossii shifted to a tender procurement system and started cooperating with B2B-Center online trading platform being one of the leaders of the Russian market in its segment. It enables Obuv Rossii to reduce the prime cost of procurements, to make the procurement system more competitive, transparent and manageable, to expand a supplier base and to improve the quality of obtained goods and services.
- In the new Spring-Summer season 2019 Obuv Rossii further expanded the apparel range. A new garment category of dresses, blouses and shirts was introduced. In the first half 2019 like-for-like sales of mid-layer clothes exceeded 50%. Over the first six months the total sales of this apparel grew by 96% compared with the same period 2018, their share in retail revenue reached 4%. In the Autumn-Winter season 2019 the collection of trousers and skirts of different styles will be added to the apparel assortment.

KEY OPERATING INDICATORS

Indicator	30.06.2019	30.06.2018	Δ, %
Number of Obuv Rossii Group stores	837	606	38.1%
DOS ³	671	493	36.1%
Franchise	166	113	46.9%
DOS selling space (thousand sq.m.)	58.6	47.5	23.5%
Number of loyalty cards' holders, mln people	2.369	2.098	12.9%

Like-for-Like ⁴	2Q 2019	2Q 2018	Δ, p.p.	6M 2019	6M 2018	Δ, p.p.
Total LFL revenue growth	9.3%	n/a	n/a	7.7%	n/a	n/a
LFL sales growth	1.2%	1.5%	(0.3p.p.)	1.6%	(5.2%)	6.8p.p.
<i>number of tickets growth</i>	<i>(2.6%)</i>	<i>(5.0%)</i>	<i>2.4p.p.</i>	<i>(1.3%)</i>	<i>(8.5%)</i>	<i>7.3p.p.</i>
<i>average ticket size growth</i>	<i>3.8%</i>	<i>6.7%</i>	<i>(2.9p.p.)</i>	<i>3.0%</i>	<i>3.7%</i>	<i>(0.7p.p.)</i>
Growth of LFL proceeds from cash loans business	34.2%	n/a	n/a	27%	n/a	n/a

Indicator	2Q 2019	2Q 2018	Δ, p.p.	6M 2019	6M 2018	Δ, p.p.
Share of related products in retail revenues, %	31.9%	29.6%	2.3 p.p.	35.3%	31.5%	3.8 p.p.
Online sales, RUB bln	0.186	0.173	7.5%	0.382	0.311	22.9%
Share in retail revenue, %	14.6%	14.5%	0.1 p.p.	14.3%	12.8%	1.5 p.p.

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 two full compared periods.

Indicator	2Q 2019	2Q 2018	Δ, %	6M 2019	6M 2018	Δ, %
Average installment purchase, RUB	7,459	7,193	3.7%	8,214	7,793	5.4%
Average cash loan, RUB	18,448	14,488	27.3%	17,942	14,250	25.9%
Amount of issued contracts on installment payments, RUB bln	0.865	0.738	17.2%	1.894	1.569	20.7%
Amount of cash loans issued, RUB bln	1.282	0.787	62.9%	2.272	1.511	50.4%

Indicator	30.06.2019	30.06.2018	Δ, %
Portfolio size in installment sales, RUB bln	2.365	2.219	6.6%
Portfolio size in cash loans, RUB bln	2.053	1.516	35.4%

Anton Titov, CEO of Obuv Rossii Group, comments:

The first six months of 2019 were successful for the company: we increased the revenue by 19.3%. Opening of new stores and ramp-up of the stores that were launched last year became the key drivers. Over the six months, we opened more than 100 directly operated stores, significantly expanded our footprint and entered 92 new towns. Developing the network, we prioritize small towns that demonstrate good results. In general, we are pursuing the development program we announced for this year, and we plan to launch the total of 150 new retail outlets by the end of 2019.

We saw positive dynamics in like-for-like sales, as well as the growing average ticket size during the first six months of 2019 due to further improvement of our stocks, expansion of the related products line, including clothing. Like-for-like sales are also fueled by additional services that we provide to customers in our stores, in particular, payments on instalments. The average ticket when buying on instalments is two or three times higher than the average ticket when the payments are made traditionally.

In general, the add-on services play an increasingly bigger role in the development of the Company, which is explained by significant changes in the retail business. Stores that are a part of the daily route of the customer from home to work and back become points of sale providing a wide range of high-tech services, including financial ones. Taking into account this trend, we observed during the first six months of this year a considerable growth of like-for-like proceeds from cash loans business – by 27%; in addition, the average amount of the loan is increasing. Providing additional services is an important part of the loyalty program for our Company allowing the development of long-term relations with our customers.

We have achieved significant results in the Pick-Up Points project. During the first six months of the year, we expanded the list of our partners and are currently working with five logistic operators in the Russian e-commerce market. Online customers get approximately 5,000 parcels weekly from Obuv Rossii stores. At the end of the reporting period, pickup points for online orders operated in over 600 retail points; total over 100 thousand parcels were delivered for the six months. The conversion into sales for the customers who come to get a parcel and additionally buy products or services in Obuv Rossii stores amounted to 4.5% over this period.

As for online sales, they also grew during the first six months – by 23%; their share in retail proceeds made up 14.3% thanks to further improvement of our approach to planning and to holding advertising campaigns based on efficiency indices. As a result, the traffic in our online stores has qualitatively improved, traffic from social networks has more than doubled. We also started to work with website visitors more productively and

consistently using online chats, personal recommendation, subscription to news and social networks. This year, we plan to upgrade the mobile application and launch a revised version of westfalika.ru, the website of our main online store.

In 2019, we will continue to aggressively open store mainly in small towns, to develop the financial services in connection with the growing demand, to upgrade the IT infrastructure and to introduce new solutions for the loyalty program improvement, launching new services and online sales development.

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 849⁵ stores (166 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 September 2018, RAEX (Expert PA) confirmed the creditworthiness rating of Obuv Rossii Group at ruBBB+ level, a "stable" forecast.

In accordance with the audited Financial Statements under the IFRS Group, revenue amounted to RUB 11.55 billion for the full year of 2018, net profit was RUB 1.33 billion, and EBITDA was RUB 2.86 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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