



OBUV ROSSII GROUP ANNOUNCES

UNAUDITED FINANCIAL RESULTS FOR 1ST QUARTER 2018

18 May 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 581 stores in 168 cities of Russia and two production facilities, announces the unaudited financial results in accordance with International Financial Reporting Standards (IFRS) for the first quarter ended 31st March 2018.

1Q 2018 FINANCIAL HIGHLIGHTS:

- Group consolidated unaudited revenue increased by 6.3 % and totaled RUB 2.260 bln, compared with RUB 2.126¹ bln in the 1st quarter 2017.
- Like-for-like sales of Obuv Rossii Group decreased by 10.9 %:
 - Like-for-like number of tickets decreased by 12.9 %;
 - Like-for-like average ticket size increased by 2.4 %.
- Gross profit in the 1st quarter 2018 amounted to RUB 1.188 bln. Gross profit margin is 52.6%.
- EBITDA² in the 1st quarter 2018 accounted for RUB 0.345 bln. EBITDA margin is 15.3%.
- Company's net profit in the 1st quarter 2018 amounted to RUB 0.083 bln. Net profit margin is 3.7%.

Anton Titov, CEO of Obuv Rossii Group, comments:

Obuv Rossii fulfilled its plans of store opening in the first quarter. Over the reporting period, the retail chain of the Company increased by 34 stores and by the end of the first quarter consisted of 569 retail outlets in 165 cities. Obuv Rossii opened stores all over Russia, expanded its footprint and entered 10 new cities. The total DOS selling space increased by 16.2% up to 43.9 thousand sq.m.

During the first quarter, the revenue of Obuv Rossii increased by 6.3% up to 2.260 bln rubles. However, the net profit and EBITDA in the first three months of 2018 saw negative dynamics. It was connected with a significant shift in the seasons, which influenced the result of sales in retail in general and, as a result, with the reduction of consumer traffic and retail proceeds, as well as with the active expansion of the retail chain in the first quarter.

The Group continued to improve the range of both footwear and the related products. The lines of stylish shoes and casual sport shoes that have been especially popular during the past several seasons were expanded. The Company introduced also some new categories of related products such as middle layer clothes. According to the results of the first quarter, the share of clothes in retail sales of the Company increased to 15.2%, the share of related products was 33.4%. Obuv Rossii sees great potential for further growth in the category of clothes.

¹ Adjusted revenue according to unified taxation methodology

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

The Group continues to develop omnichannel sales. In the first quarter, the online sales share in the retail proceeds made up 13.4%. The share of mobile audience of Obuv Rossii online stores is increasing: during the first quarter, it grew by 11% reaching 53%. Taking into account this trend, the Group launched some upgraded mobile versions of the websites for key online stores of Rossita.com and Westfalika.ru, and in May 2018, along with the Westfalika mobile application that has existed since 2014, a Rossita mobile application for iOS and Android platforms will begin to work.

In the first quarter, Obuv Rossii achieved significant results in increasing the online sales efficiency: the number of fulfilled orders grew by 26%. It is connected with the fact that the Group is enhancing its internal processes, call center operation and is improving the delivery system.

The Company continues its efforts to maintain an optimum debt level by diversifying its credit portfolio and choosing the instruments that make it possible to attract financing on most favorable terms. According to the results of the first quarter, the average weighted interest rate reduced to 10.12%.

The Group moves in line with the announced plans and will fulfil its chain development program for this year already by the autumn-winter season, having opened 100 stores. Plans of the Company are accompanied by positive dynamics on the shoe market: according to the forecast of Discovery Research Group, in the next five years, Russian shoe market will grow by 4-5% on average in volume terms and by 6-8% in value terms.

KEY FINANCIAL & OPERATING HIGHLIGHTS FOR 1Q2018

Operating highlights

Indicator	31.03.2018	31.12.2017	Δ (to 12.2017), %	31.03.2017	Δ (to 03.2017), %
Number of Obuv Rossii Group stores	569	535	6,4%	508	12,0%
DOS ³	456	422	8,1%	404	12,9%
Franchise	113	113	-	104	8,7%
DOS selling space (thousand sq.m.)	43.9	40.1	9.4%	37.8	16.2%
Number of loyalty cards' holders, mln people	2.017	1.946	3.7%	1.648	22.4%

Indicator	1Q 2018	1Q 2017	Δ,pct
Share of related products in retail revenues	33.4%	29.7%	3.7 pct
Like-for-Like ⁴	1Q 2018	1Q 2017	Δ,pct
LFL sales growth	(10.9%)	(2.5%)	(8.3 pct)
Number of tickets growth	(12.9%)	(5.0%)	(7.9pct)
Average ticket size growth	2.4%	2.6%	(0.3 pct)

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.

Financial highlights

Russian rubles (RUB), billion	1Q 2018	1Q 2017	Δ, %
Revenue	2.260	2.126⁵	6.3%
retail revenue	1.244	1.359	(8.5%)
wholesale revenue	0.658	0.413	59.5%
cash loans revenue	0.358	0.355	0.9%
Gross profit	1.188	1.308	(9,2%)
<i>Gross profit margin, %</i>	52.6%	58.7%	(6.1 pct)
SG&A (excluding provisions)	(0.952)	(0.929)	2.4%
<i>% of revenue</i>	(42.1%)	(41.7%)	(0.4 pct)
EBITDA	0.345	0.501	(31.1%)
<i>EBITDA margin, %</i>	15.3%	22.5%	(7.2 pct)
Net profit for the period	0.083	0.146	(43.3%)
<i>Net profit margin, %</i>	3.7%	6.5%	(2.9 pct)

Indicator	1Q 2018	1Q 2017	Δ, pct
Average commission on installment loans (%)	2.3%	3.3%	(1.0 pct)
Average interest rate on cash loans (%)	214.3%	206.4%	7.9pct

Indicator	31.03.2018	31.03.2017	Δ, %
Installment loan loss for principal debt provisions for the period (thousand RUB)	55 393	102 615	(46.0%)
Cash loan loss for principal debt provisions for the period (thousand RUB)	26 980	49 722	(45.7%)
Cost of risk ⁶ for installment loans (%)	6.7%	10.6%	(3.9 pct)
Cost of risk ⁷ for cash loans (%)	3.7%	5.8%	(2.1 pct)

Company profile:

Obuv Rossii 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 581 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.

⁵ Adjusted revenue according to unified taxation methodology

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

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



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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