

# M.video reports Net Profit increase by 22% up to 5.5 billion rubles in 2016

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Moscow, March 22, 2017. PJSC M.video, Russia's largest consumer electronics retailer by revenue (MOEX: MVID), releases its audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2016.

M.video demonstrated the strong growth of the key business indicators in 2016.

M.video's sales in 2016 amounted to 216.2 billion Russian rubles (RUB), including VAT, demonstrated 13.3% growth as compared to 2015.

The Company's EBITDA in 2016 amounted to 10.3 billion RUB versus 8.8 billion RUB in the previous year while EBITDA margin came to 5.65% as compared to 5.46% in 2015.

M.video's Net Profit for 2016 amounted to 5.5 billion RUB and has grown by 22% as compared to 4.5 billion RUB in 2015.

The Company's Gross profit in 2016 amounted to 42.9 billion RUB and showed 10.3% growth from 38.9 billion RUB in 2015. Gross profit as a % of revenue amounted to 23.4% (24.1% in 2015).

SG&A expenses (Selling, General & Administrative expenses) as % of revenue in 2016 decreased to 20.4% from 21.4% year on year due to proper cost-control management and efficient optimization of business processes.

President of M.video Alexander Tynkovan commented: "Despite all economic challenges M.video has shown sales dynamic twice better than the market in general that allowed us to strength leadership and grow market share. We outperformed the market not only in such traditional categories as large and small home appliances, TVs and entertainment, but also in telecom and gadgets. We deliver best-in-class retail service to our customers through omnichannel model, we offer to our clients not just products but complex solutions, we manage assortment and stock together with our suppliers and we select best retail locations. We continuously look for efficiency improvements in all the business processes within operations and we have a strong financial position and straightforward balance sheet to protect interests of our stakeholders and investors".

“M.video continues to grow both online and offline sales and the global trend for online-offline channels merge has become now a new reality in the Russian market. More than 50% of the customers start the product selection journey in the internet, only 7% of Consumer Electronics buyers in Russia make purchases online, others prefer to go into the stores to make a final choice or pick up goods. As omnichannel retailer we deliver strong top-line dynamics that reflects the efforts to suggest our customers the best experience at any point of contact”, - Mr. Tynkovan added.

"Despite the strengthening of the ruble consumers are guided by the price when making decisions about purchase and are inclined to look for the most advantageous offer. M.Video's best-price guarantee program as a part of the marketing strategy, as well as promotional activities and lucrative credit offers have a positive effect on sales and attract new customers", - said M.video CEO Enrique Fernandez.

“M.video is concentrated on new growth opportunities and despite strong competition on the telecom market our market share in telecom has doubled through the last two years. We can confirm that we occupy one of the top of mind positions in this category in the market now. We have introduced a new concept m\_mobile, which was piloted and then rolled out through the whole retail network. The growth in telecom has been also achieved due to the proper category management, successful launch of flagship models and tailored credit offers available for smartphones. The implementation of m\_mobile concept not only provides better sales opportunities, but also helps us to sustain appropriate gross margin levels by higher attachment rates of services and accessories to goods”, - Mr. Fernandez commented.

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