



Positive Leadership Winning Strategy



Investor and Analyst Presentation, July 2009.

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I. M.video Snapshot

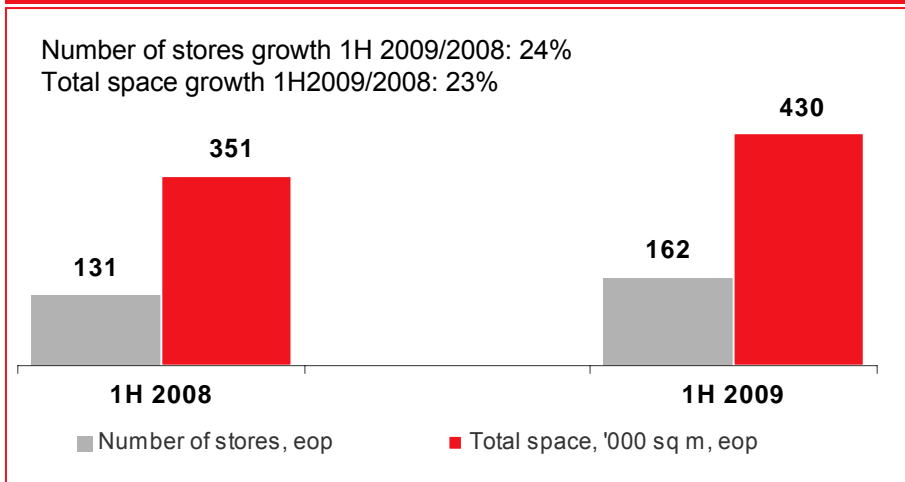
II. Operational Highlights

III. Market Overview

IV. 2008 IFRS Financial Statements Overview

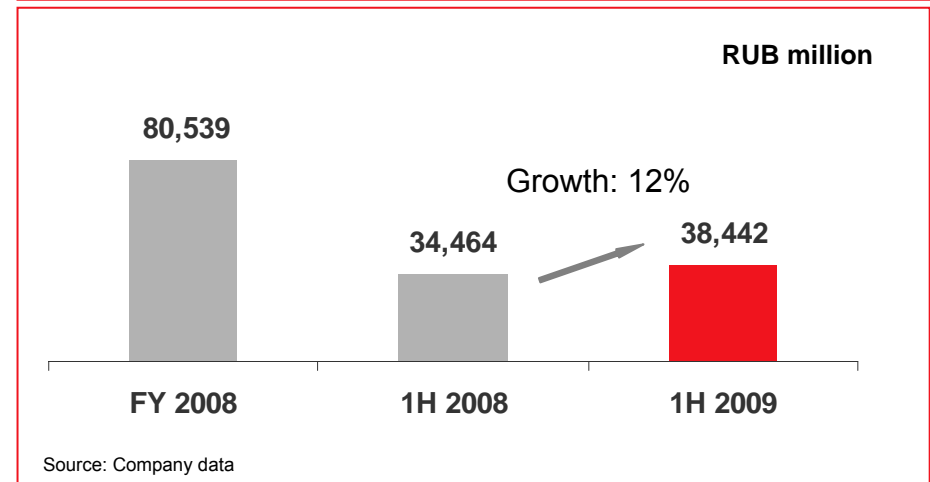
- Russia's leading consumer electronics retailer with a growing market presence
- Strong balance sheet and low leverage level
- 1H 2009 retail sales reached 38.4 billion RUB (32.6 billion RUB without VAT), demonstrating 12% growth vs. 1H 2008
- 162 stores in 67 cities (as of June 30th 2009); 7 new stores opened in 1H 2009.
- Uniform retail store format of 2,000+ sq m of selling space, 20,000+ SKUs of white, grey, brown and media products

Number of stores and total space dynamics



Source: Company data

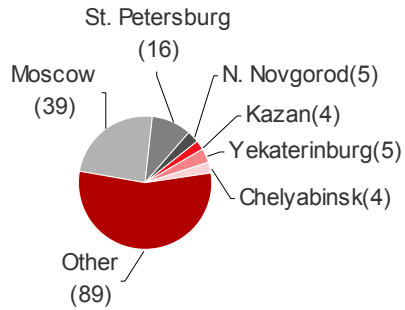
Retail sales dynamics (with VAT) ⁽¹⁾



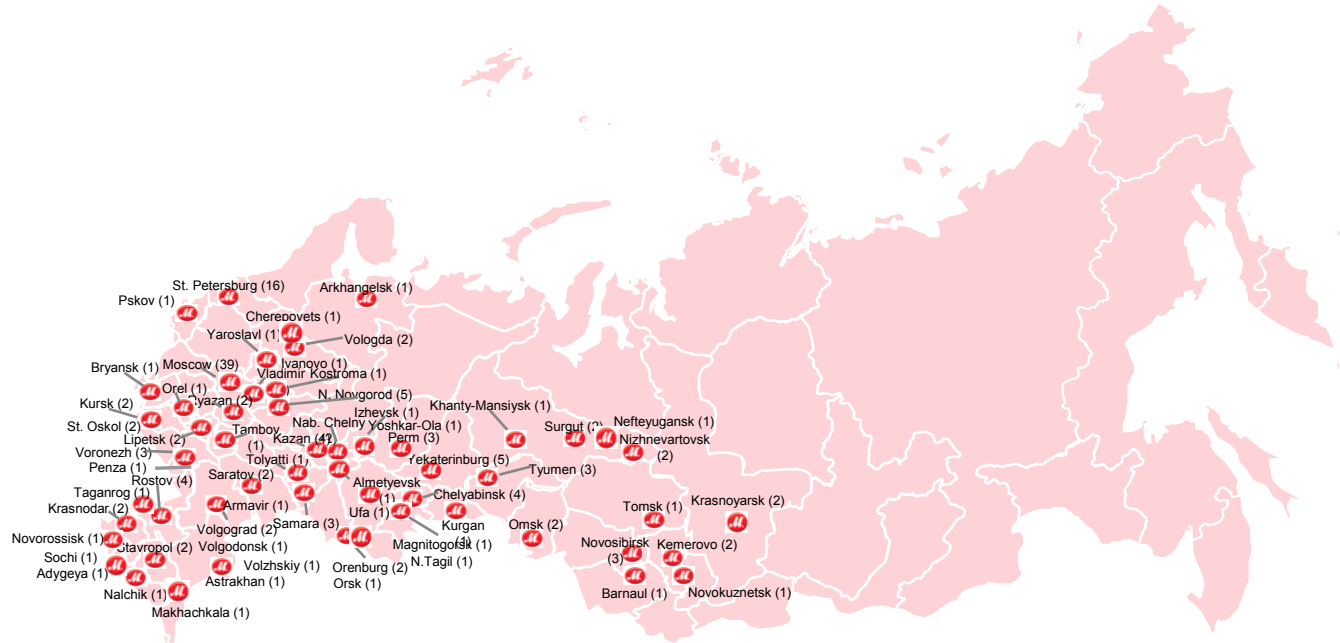
(1) Incl. Internet sales, excl. wholesale sales and other revenue. 2008-2009 data is based on unaudited management accounts.

Store count as of June 30, 2009

Total:
162 stores
67 cities



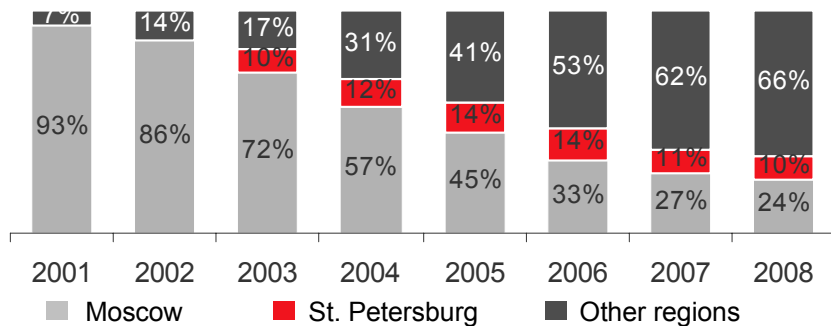
Source: Company data



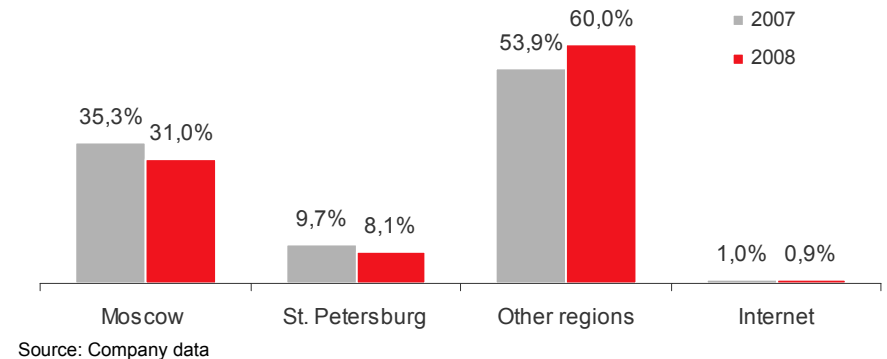
Wide geographic presence with a leading position in major cities

Increasing share of regional operations

Store count by regions (% of total)



2007-2008 retail revenue breakdown



Replication of the uniform store model and selective approach to new markets

- Store model is easily replicated, maximum flexibility and control over the brand and format standards, no franchise operations
- Cost of store opening ≈ RUB 55 million (excl. working capital)
- “ABC” cities concept – potential cities are categorised by population and analyzed for market potential
- Potential for increasing number of stores in cities of presence leveraging on existing distribution platform

Expansion plan and delivery

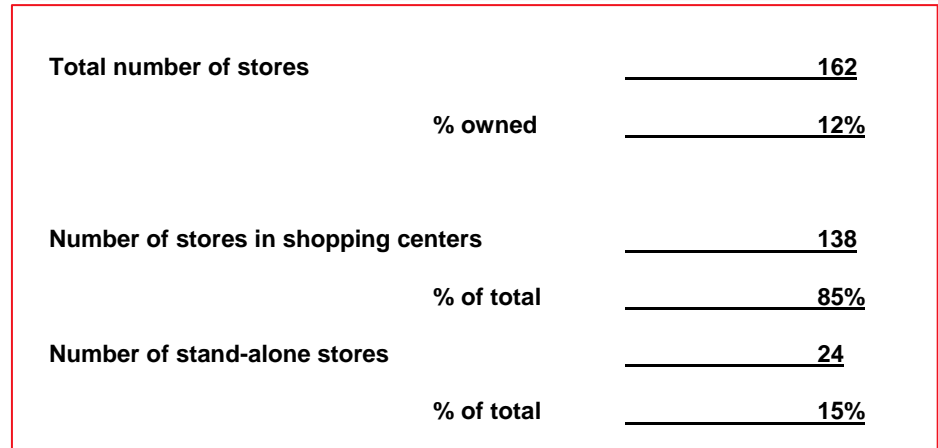
- M.video plans to open from 15 up to 23 new stores in FY2009
- FY 2008 expansion: 37 new store opened, 16 new cities entered
- 1H 2009: 7 new stores opened, 13 500 sq.m added; 2 stores closed (Moscow and N.Chelny)

Real estate structure, as of June 30, 2009



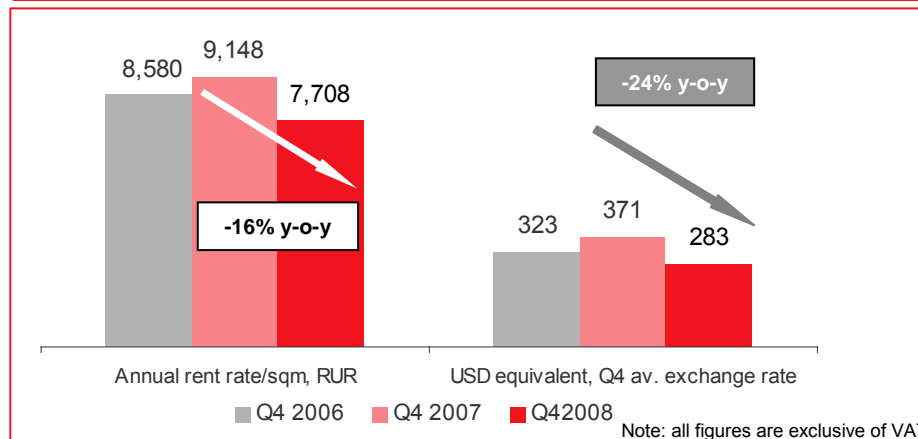
Source: Company data

Shopping centers vs. stand-alone stores, as of 30.06.09



Source: Company data

Rent rates for stores opened in Q4 2006, 2007 and 2008



Source: Company data

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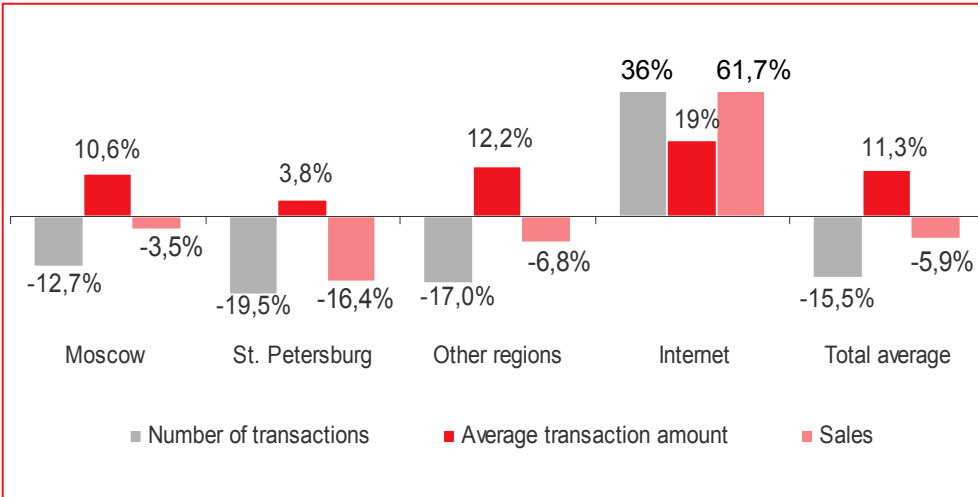
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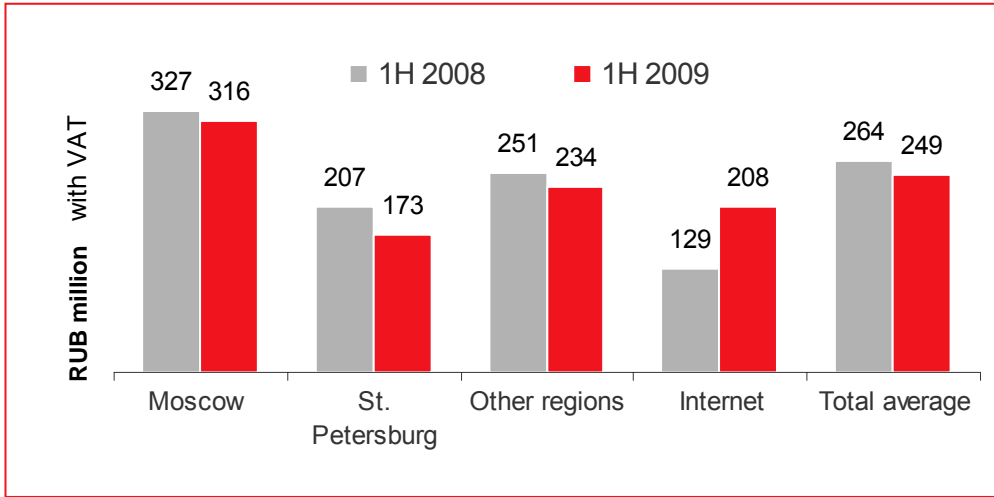
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1H 2009 – 1H 2008 LfL performance analysis

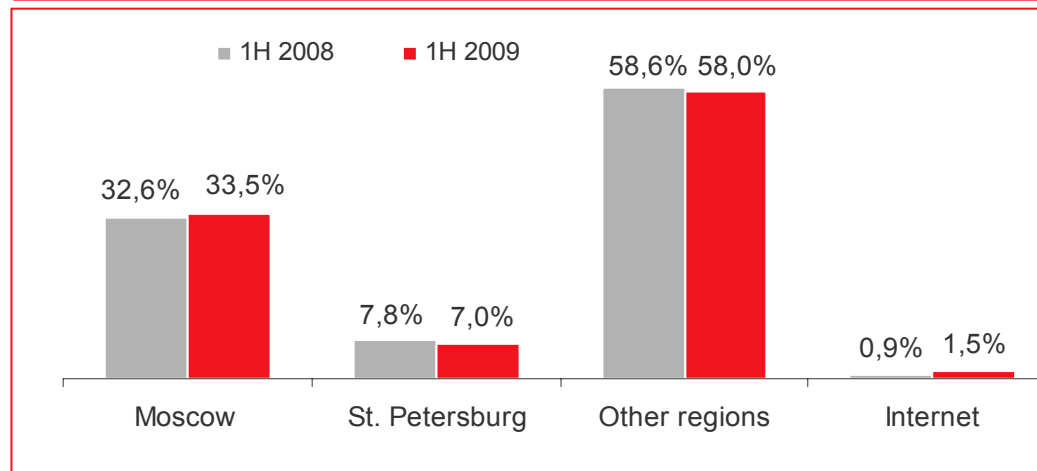
1H 2009 – 1H 2008 LfL dynamics, %



1H 2009 – 1H 2008 LfL revenue per store

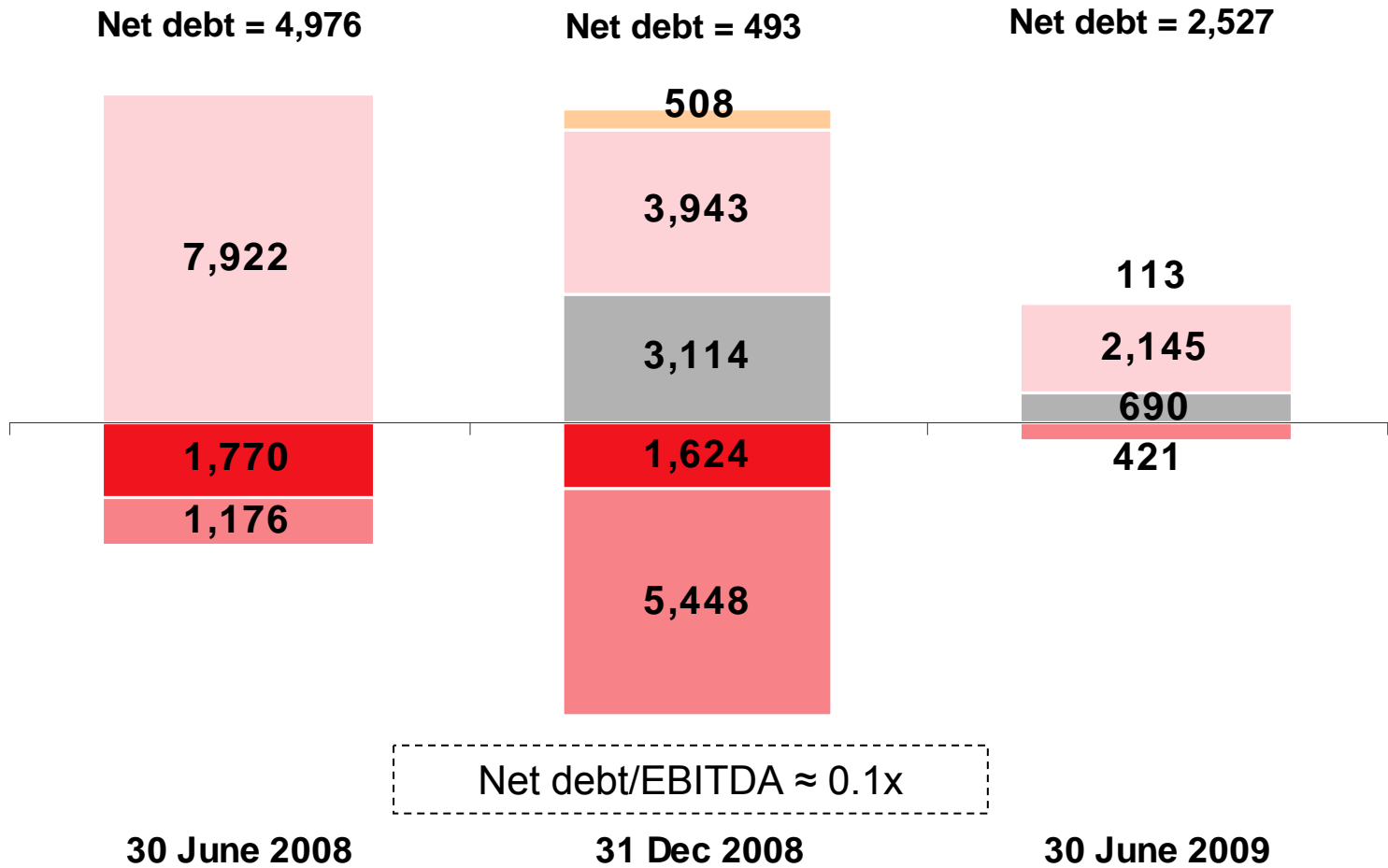


1H 2009 – 1H 2008 LfL revenue breakdown, %



Note: LfL data is based upon a comparison of stores open at January 1, 2008 and not closed for more than two weeks or permanently, or expanded or downsized by >20% of total space

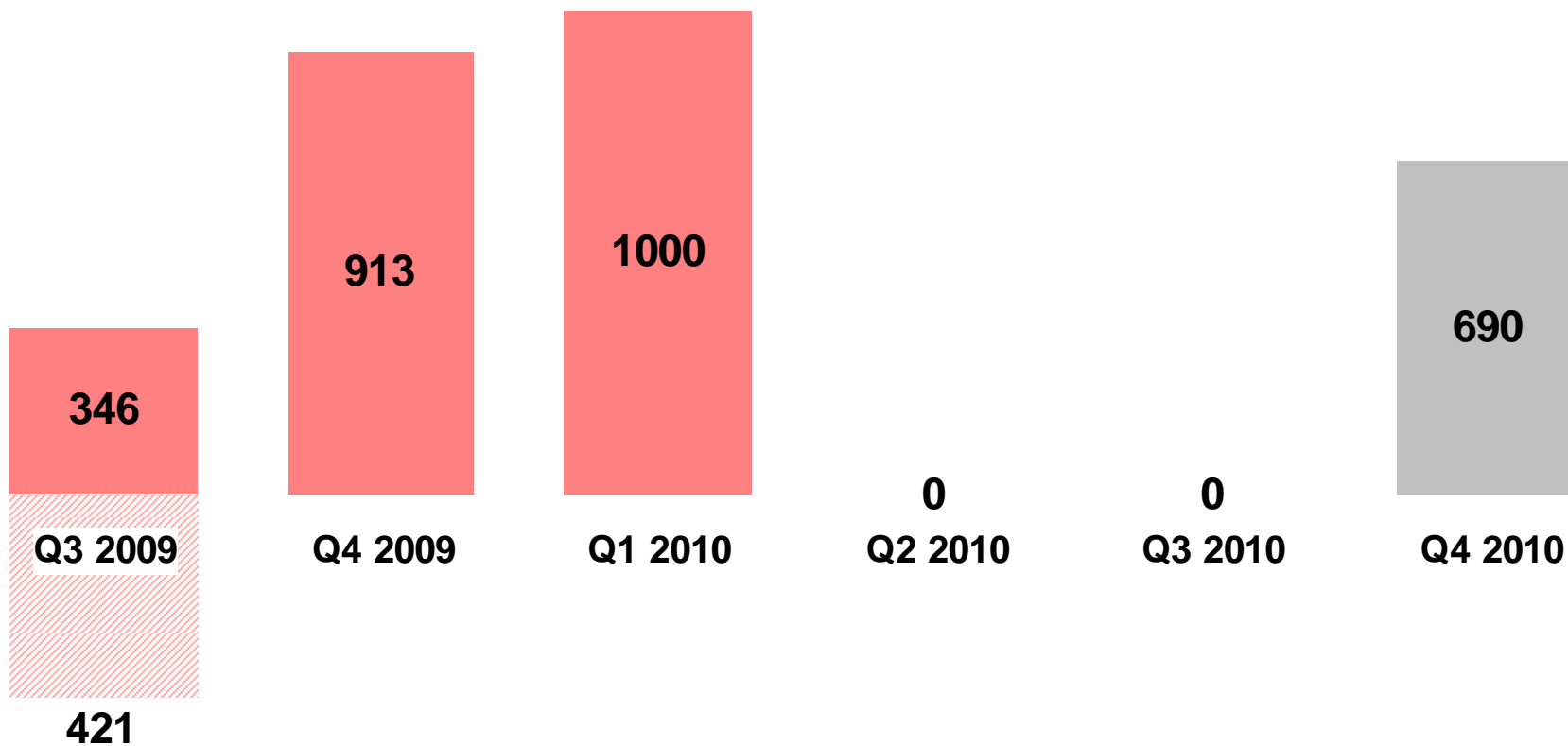
- Long term debt
 - Short term debt and bonds
 - Letters of credit
 - Short term investments
 - Cash and cash equivalents
- In Russian rubles, millions



2009-2010 debt repayment schedule

■ - short term debt ■ - long term debt
 - cash availability at the beginning of period

In Russian rubles, millions



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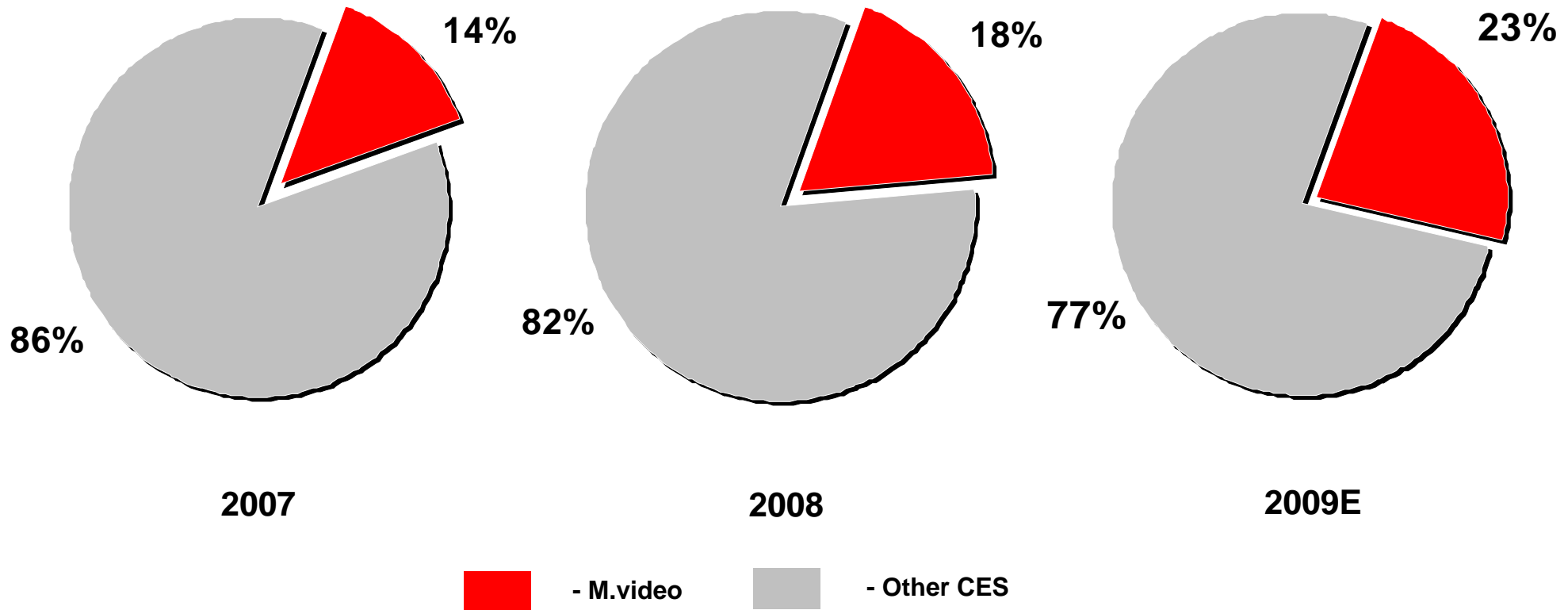
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- **Customers' uncertainty on personal wealth and income:**
 - Russian rouble buying power (inflation, FX rates) is a key
 - decline of per capita and disposal income (unemployment, unavailable credit).
- **Purchase of consumer electronics – investment for households:**
 - increasing demand towards A&B brands at a reasonable price
 - increasing share of WOW and brands promo (M.video: “1000 goods at cost price!”)
- **CE market falls due to lower demand/consumption:**
 - 2009 market decline is estimated at 15-20% y-o-y in value terms vs. booming 2007-9m2008
- **Competitive landscape in CE retail:**
 - weak, highly leveraged players face difficulties with sales, supply etc.
 - unique opportunities for stronger chains to consolidate the market

2007-2009: M.video vs. Russian Consumer Electronics Specialists (CES) market



M.video – clear #1

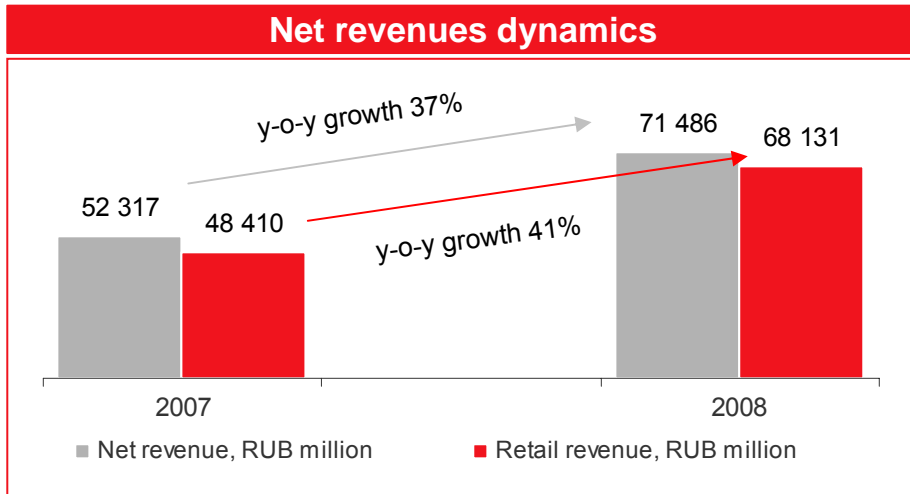
- The fastest growing CE chain in Russia:
 - strong brand
 - solid financial position, low debt level
 - strong buying power/suppliers' relationship
- Rapid market share increase through organic growth:
 - best position to benefit from future market recovery

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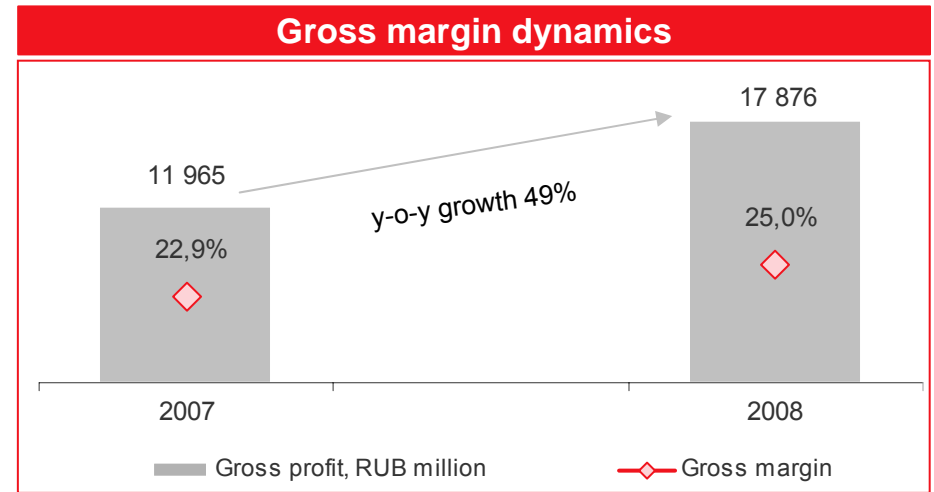
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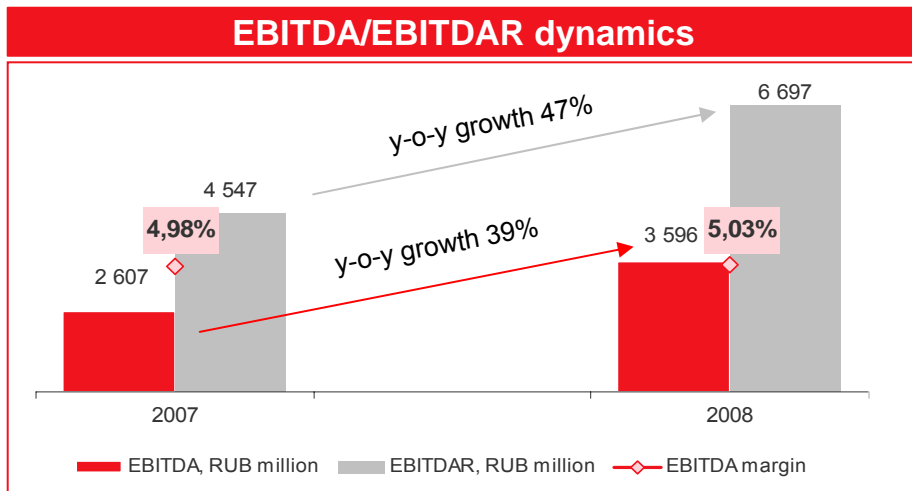
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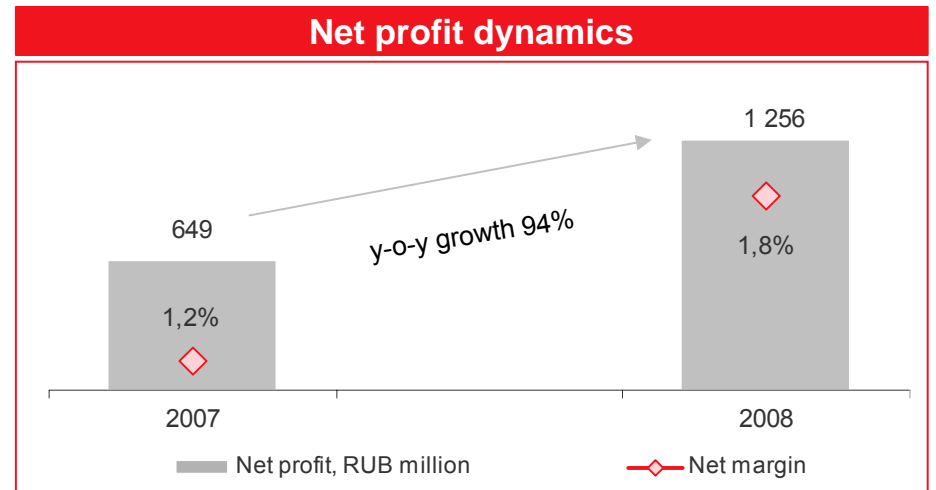
Source: Company FY 2008 consolidated audited financial statements



Source: Company FY 2008 consolidated audited financial statements
Note: 2007 gross margin number was adjusted.



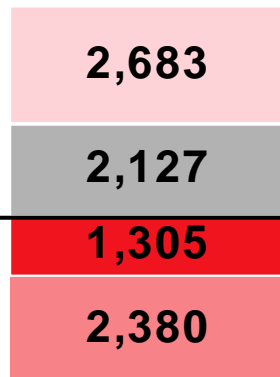
Source: Company FY 2008 consolidated audited financial statements



Source: Company FY 2008 consolidated audited financial statements

- Long term debt
- Short term debt and bonds *Russian rubles, million*
- Letters of credit
- Short term investments
- Cash and cash equivalents

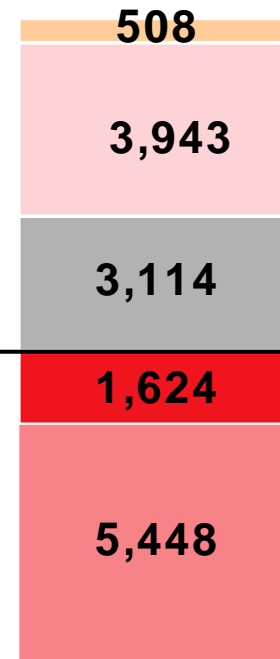
Net debt = 1,140



Net debt/EBITDA ≈ 0.4x

31 Dec 2007

Net debt = 493



Net debt/EBITDA ≈ 0.1x

31 Dec 2008

<i>Russian rubles, million</i>	Audited			
	2008	as % of revenue	2007	as % of revenue
Payroll and related taxes	4,386	6.1	3,058	5.8
Lease expenses (rent)	3,101	4.3	1,940	3.7
Advertising and promotional expenses	2,462	3.4	1,646	3.1
Transportation	1,081	1.5	732	1.4
Warehouse services	1,090	1.5	794	1.5
Depreciation, amortization and impairment loss	863	1.2	523	1.0
Other SG&A	3,088	4.3	2,040	3.9
Net other operating income	(928)		(852)	
Total	15,143	21.2	9,881	18.9

Russian rubles, million

	2008	2007
Net profit for the year	1,256	649
Income tax expense	1,112	587
Interest income	365	848
Depreciation and amortization of non-current assets	863	523
EBITDA	3,596	2,607
Rent expense	3,101	1,940
EBITDAR	6,697	4,547

EBITDA(R) - Earnings before interest, taxes, depreciation & amortization (& rent)



FY 2008 Consolidated Income Statement Highlights

<i>Russian rubles, million</i>	2008	Audited	2007
REVENUE	71,486		52,317
COST OF SALES	(53,610)		(40,352)
GROSS PROFIT	17,876		11,965
Selling, general and administrative expenses	(16,071)		(10,733)
Other operating income	1,061		994
Other operating expenses	(133)		(142)
OPERATING PROFIT	2,733		2,084
Finance costs, net	(365)		(848)
PROFIT BEFORE INCOME TAX EXPENSE	2,368		1,236
INCOME TAX EXPENSE	(1,112)		(587)
NET PROFIT FOR THE YEAR	1,256		649



FY 2008 Consolidated Balance Sheet Summary

<i>Russian rubles, million</i>	Audited 2008	2007
ASSETS		
NON-CURRENT ASSETS:		
Property, plant and equipment	5,917	4,418
Other	1,757	910
Total non-current assets	7,674	5,328
CURRENT ASSETS:		
Inventories	14115	10187
Accounts receivable and prepaid expenses	2181	1834
VAT recoverable and other taxes receivable	1543	1596
Short term investment	1624	1305
Cash and cash equivalents	5448	2380
Other	433	-
	164	97
Total current assets	25,508	17,399
TOTAL ASSETS	33,182	22,727



FY 2008 Consolidated Balance Sheet Summary (continued)

<i>Russian rubles, million</i>	Audited 2008	2007
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY:		
Total shareholders' equity	7,989	6,639
NON-CURRENT LIABILITIES:		
Long-term loans and borrowings	3,114	2,127
Other	565	575
Total non-current liabilities	3,679	2,702
CURRENT LIABILITIES:		
Trade accounts payable	14,878	9,176
Bonds payable	-	118
Short-term loans and borrowings	3,943	2,565
Other	2,693	1,527
Total current liabilities	21,514	13,386
Total liabilities	25,193	16,088
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	33,182	22,727



FY 2008 Consolidated Cash Flow Statement

<i>Russian rubles, million</i>	Audited	
	2008	2007
OPERATING ACTIVITIES:		
Profit for the year	1,256	649
Adjustments	2,890	2,244
Operating cash flows before movements in working capital	4,146	2,893
Change in working capital	1,707	647
Cash generated by operations	5,853	3,540
Income tax, interest and other	(1751)	(2077)
Net cash generated by operating activities	4,102	1,463
INVESTING ACTIVITIES:		
PP&E	(2,535)	(1,476)
Short term investment with banks, net	(68)	(1,290)
Other	41	26
Net cash used in investing activities	(2,562)	(2,740)
FINANCING ACTIVITIES:		
Net cash generated by financing activities	1,347	2,725
Net increase in cash and cash equivalents	2,887	1,448
Cash and cash equivalents at the beginning of the year	2,380	932
Cash and cash equivalents at the end of the year	5,448	2,380

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