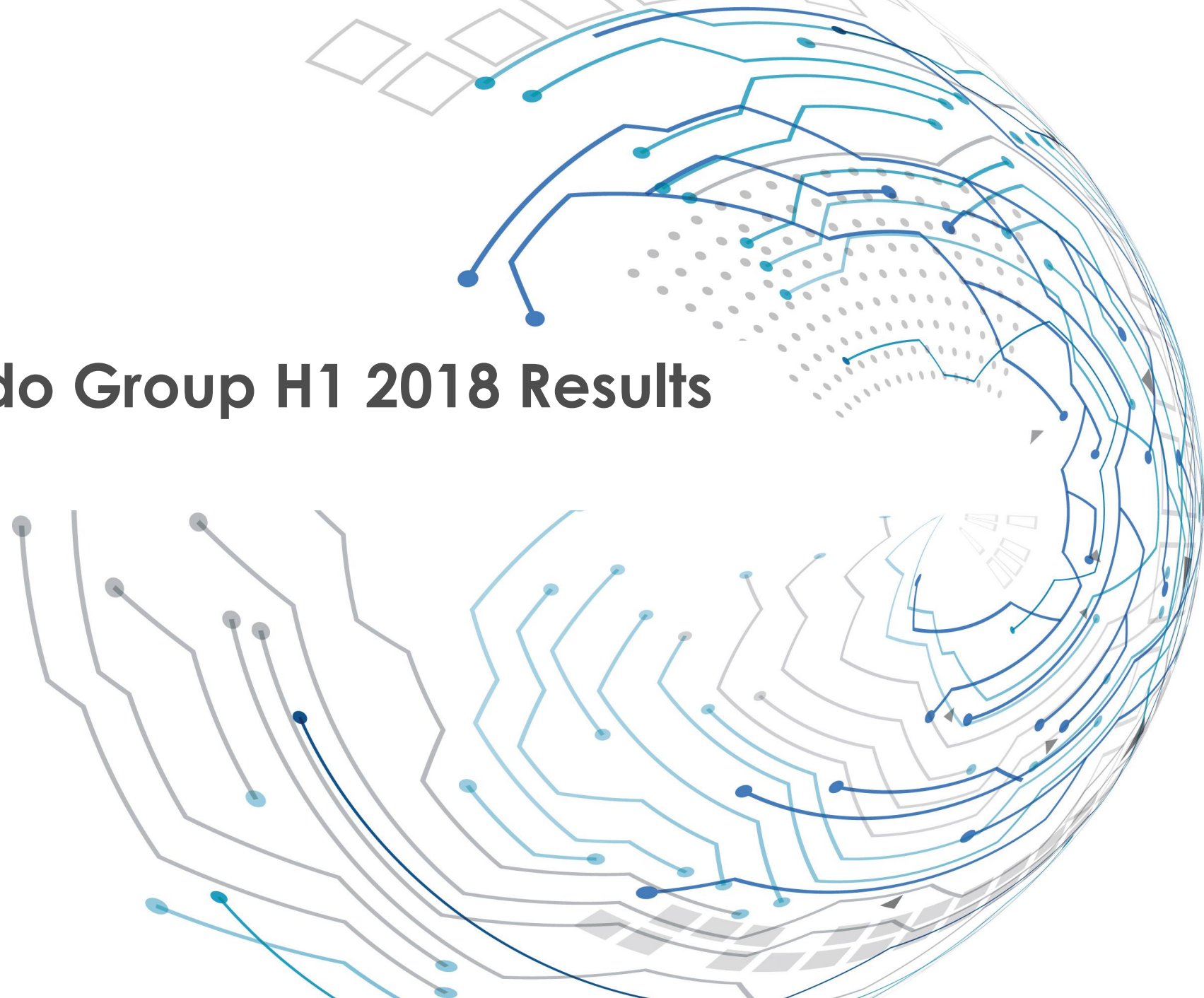




M.Video – Eldorado Group H1 2018 Results

August 27, 2018



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H1 2018 key highlights

1

**Eldorado acquisition completed;
Integration in progress**

2

**Group delivers profound combined
trading & financial results for H1 2018**

3

**MediaMarkt Russian business acquisition
deal to be closed in Q3 2018**

Eldorado acquisition and integration timeline



| 2018 | March | April | May - June | September | By Q1'19 |
|----------------------|--|---|--|---|------------------------------------|
| Eldorado acquisition | <p><u>March 18</u> Eldorado acquisition announcement</p> <ul style="list-style-type: none"> Acquisition cost: 45.5 RUB bn Financing sources: Cash & Debt of c. 40 RUB bn | <p><u>April 26</u> Deal closed, following EGSM approval</p> <p>Integration started</p> <p>Transition to M.Video operating model</p> | <p>Dual brand strategy developed, Eldorado is shifting to M.Video model</p> <p>Back-office processes unified</p> | <p>Eldorado re-concept to be launched</p> | <p>Single legal entity created</p> |
| | <p>First positive outcome of integration: M.Video – Eldorado Group strong performance</p> | <p>“Eldo 600” project to start</p> | <p>Eldorado re-concept to be launched</p> | <p>“Eldo 600” project to start</p> | <p>Single legal entity created</p> |



Consistency in leadership and the best corporate governance – the joint Group’s team effective from May 2018

AGM

Board of Directors



SAID GUTSERIEV
Chairman

MANAGEMENT BOARD



ALEXANDER TYNKOVAN
Founder, President
Management Board Chairman



ENRIQUE FERNANDEZ
CEO



P. BREEV
VP



B. UZHAKHOV
VP



E. SOKOLOVA
CFO

Single back-office created keeping the two competing brands



Front-functions remain separate for each brand




ENRIQUE FERNANDEZ
Group CEO
Management Board Member



Back-office functions merged




STEVEN LEWIS
Managing Director
8 years with M.Video




SERGEY LEE
Managing Director
10 years with M.Video

HR
Logistics

...

Finance
Commerce

Retail
Marketing
E-Commerce
M_Mobile +

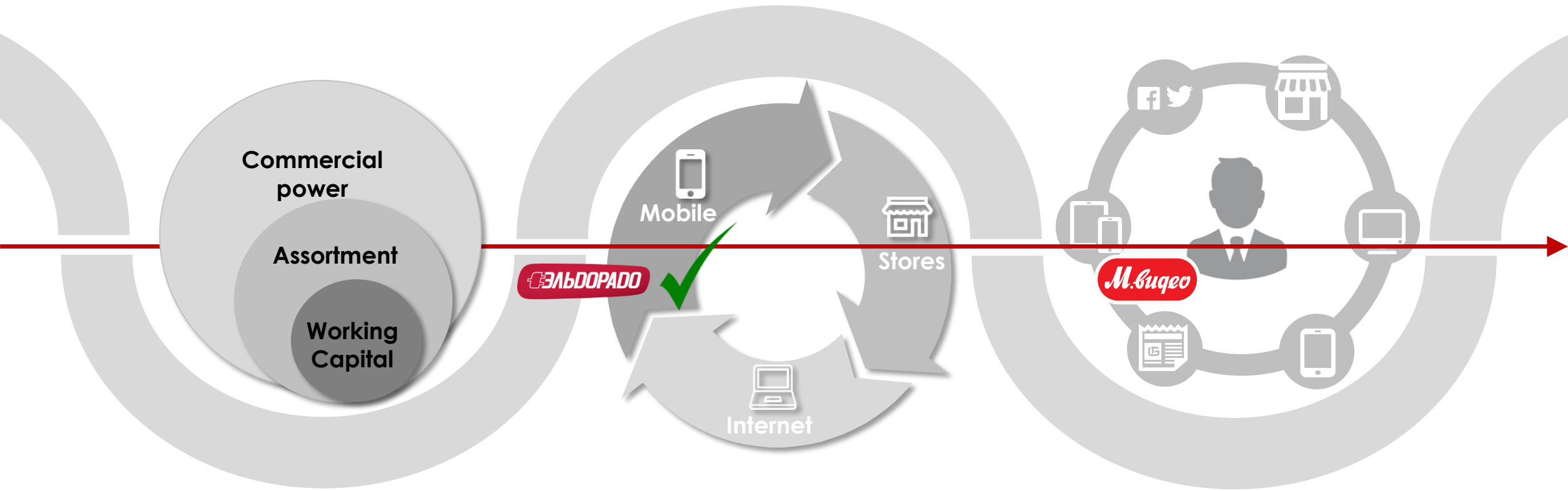
Retail
Marketing
E-Commerce

M.Video efficient model roll-out on Eldorado business – in progress

Efficient
Operating
Model

OMNI

One Retail



Dual brand strategy developed

Willingness to pay



- Center of competence of CE technologies
- State-of-art technologies
- 'A' Level brands
- Full specter of services

- Place of bargains
- Best deals in the Russian CE market
- Simple & convenient

Strategically efficient positioning

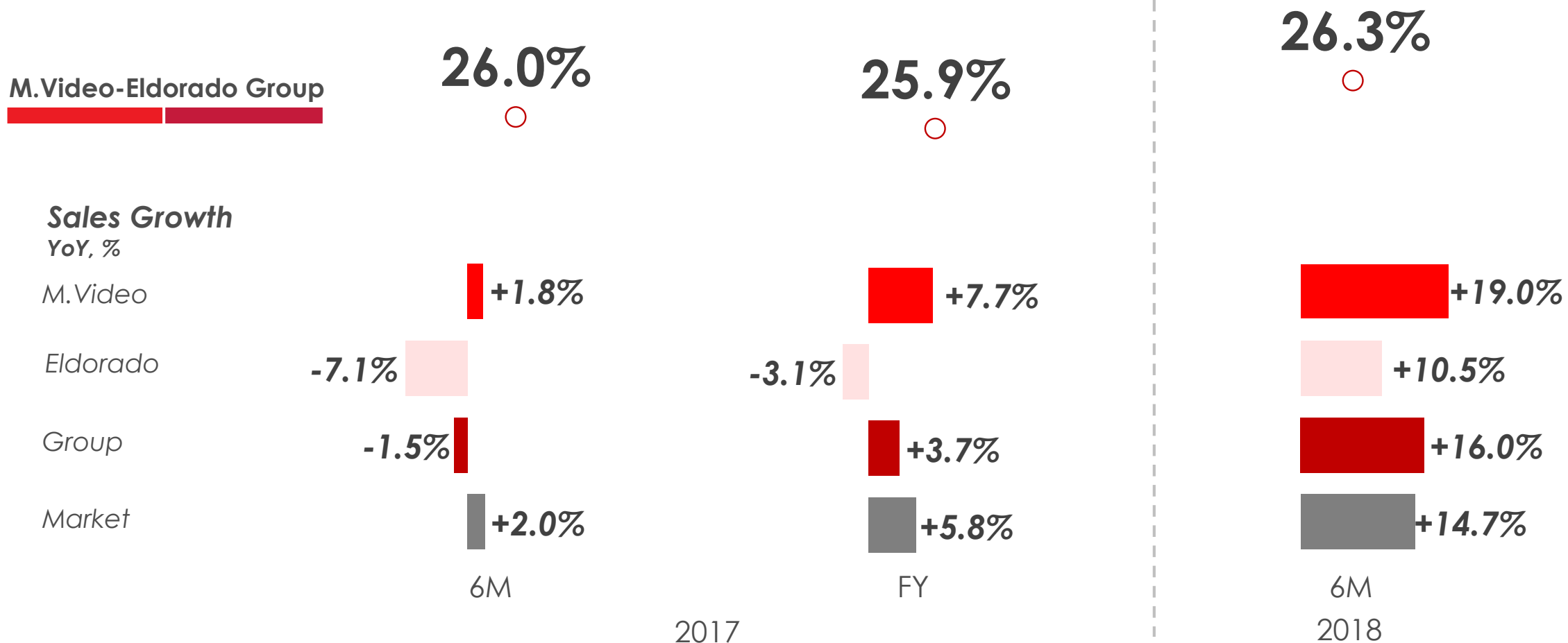
Willingness to save

Group and M.Video outpaced the market with 19.0% sales growth, Eldorado showed double-digit increase in H1 2018



○ Market Share, %

Total CE Market



M.Video outpaced online market by 3 times, Eldorado is transitioning to OMNI-model



○ Market Share, %

Online CE Market

M.Video-Eldorado Group

21.0%

22.7%

24.0%

Sales Growth

YoY, %

M.Video

+16.2%

+42.5%

+72.8%

Eldorado

+6.2%

-1.8%

-1.6%

Group

+11.5%

+21.3%

+39.6%

Market

+9.3%

+12.0%

+23.8%

6M

FY

6M

2017

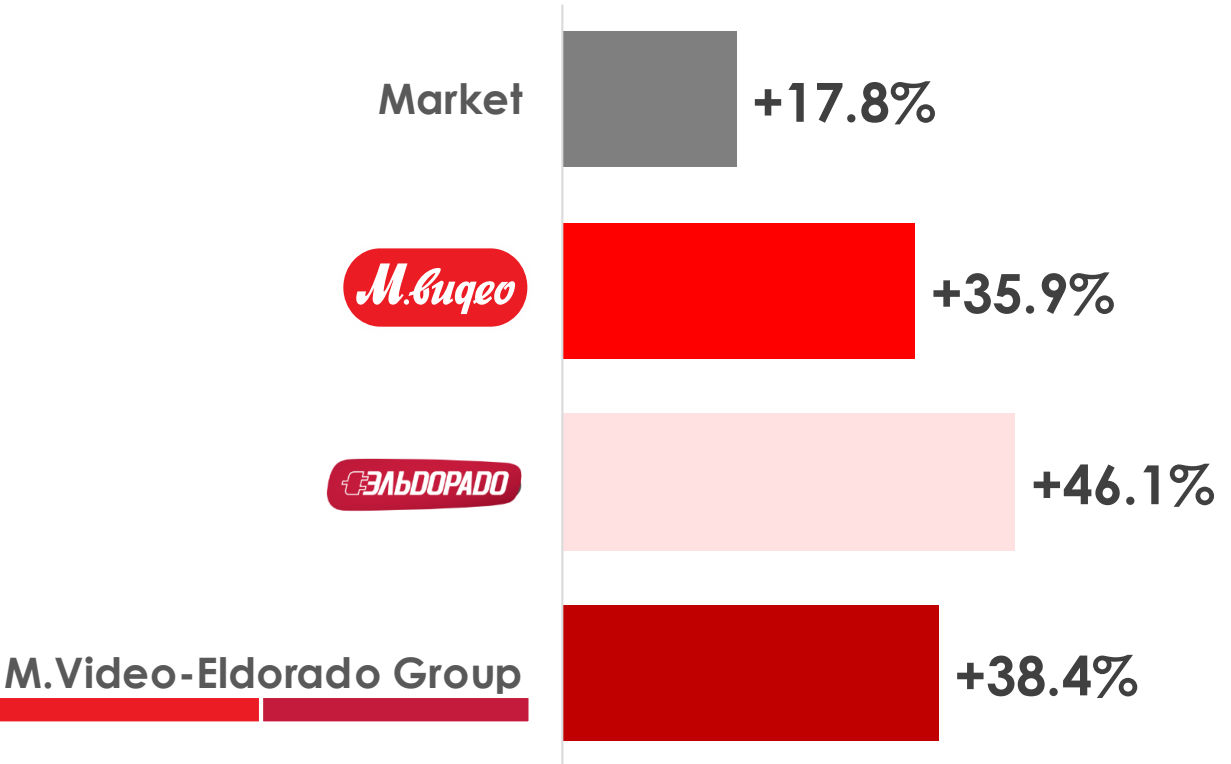
2018

The Group showed fantastic progress in Digital category growing twice faster than the market



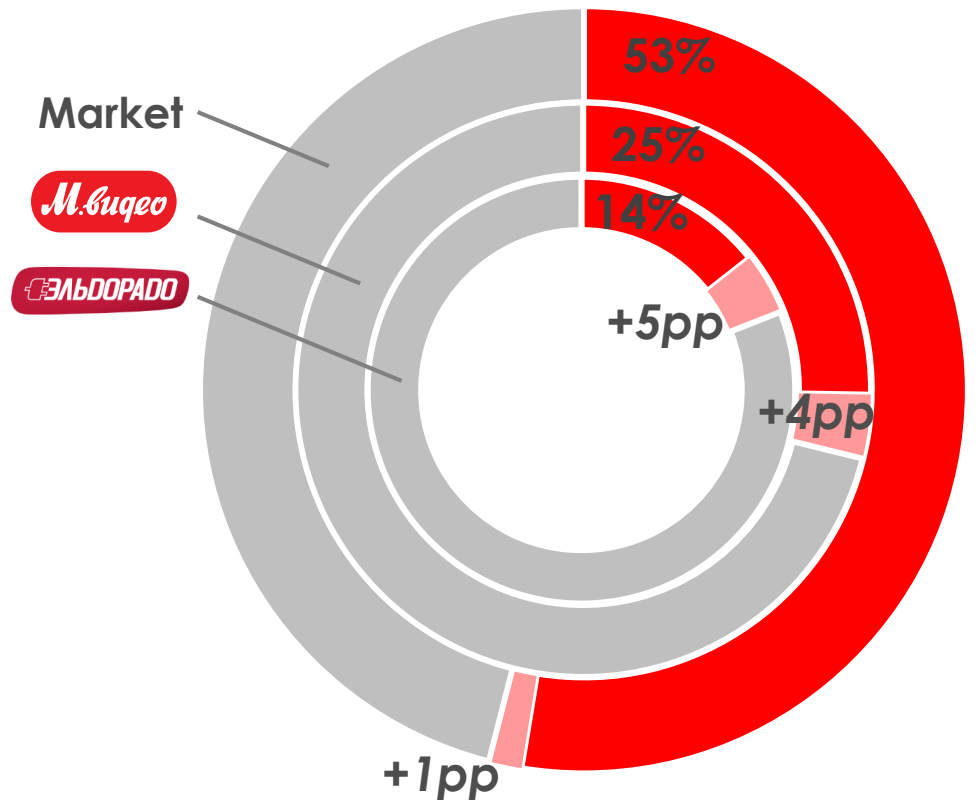
H1'18 / H1'17 Digital sales growth, %

Pro-forma



Digital in sales/market structure, %

■ Digital share H1'17 ■ 1 year uplift, pp
■ Rest categories share H1'18 Pro-forma



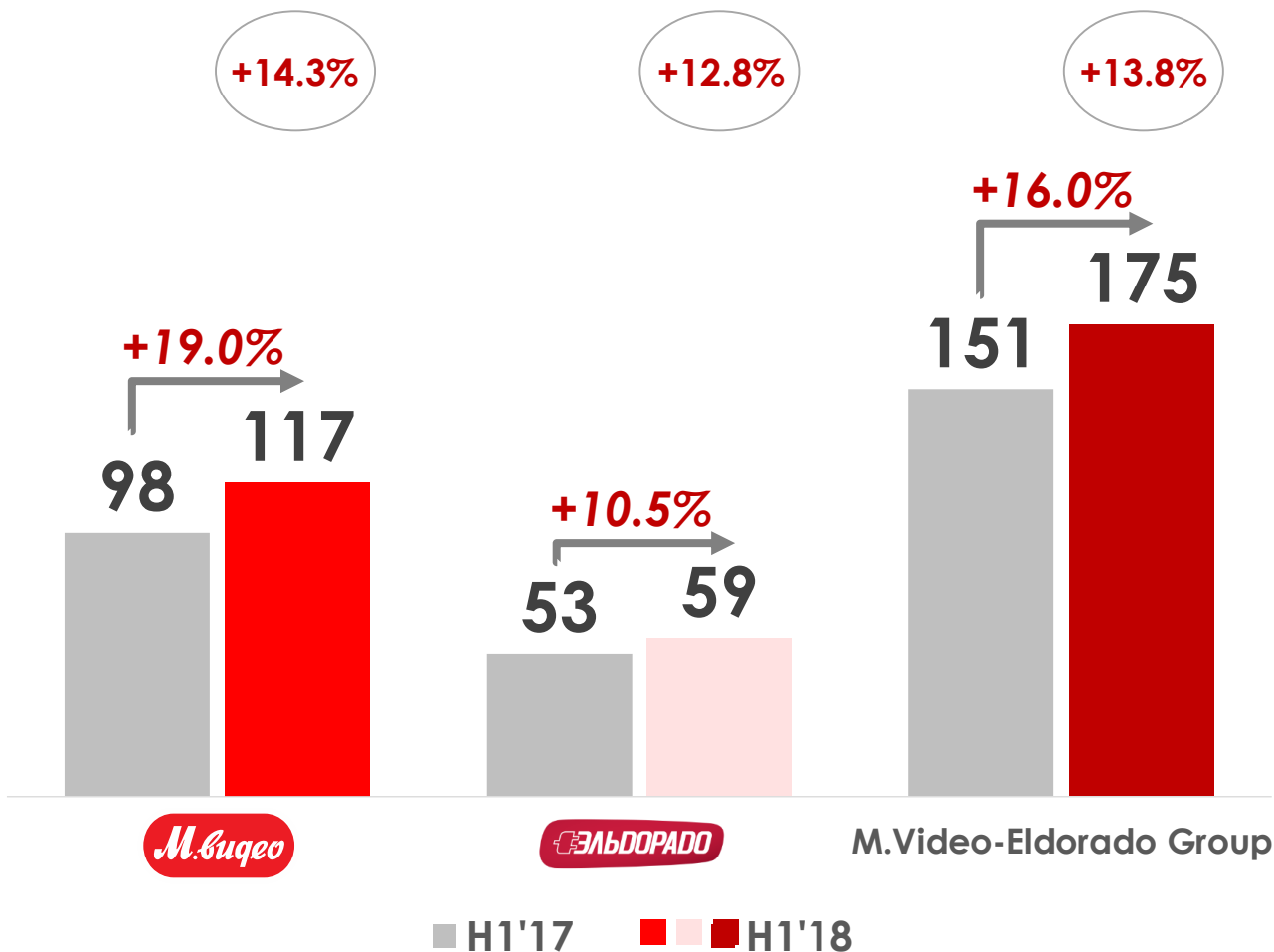
M.Video leads, Eldorado sales metrics improved showing double-digit growth first time for the last 2 years



H1 2018 Group Sales (w. VAT), RUB bn

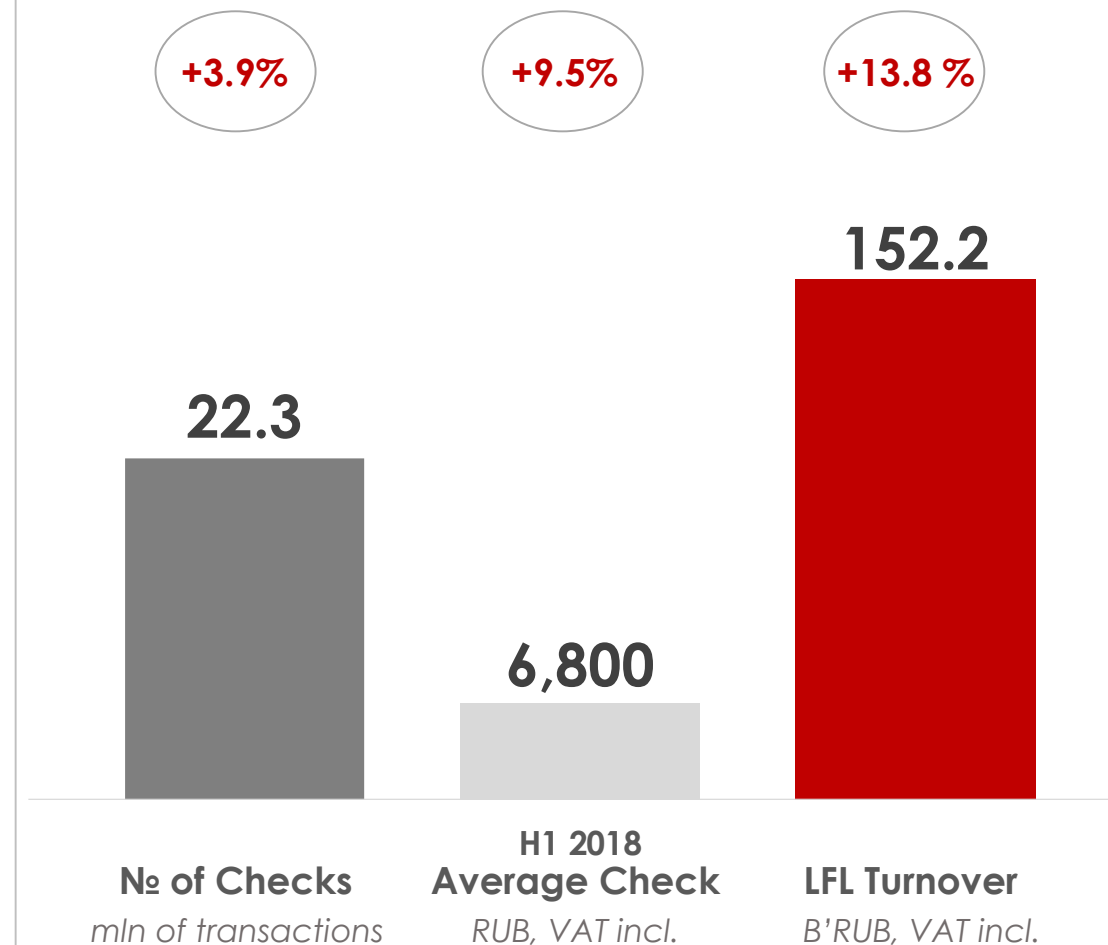
+x% - YoY

+x% - LFL Growth



H1 2018 Group Like-for-Like Sales

+x% - YoY

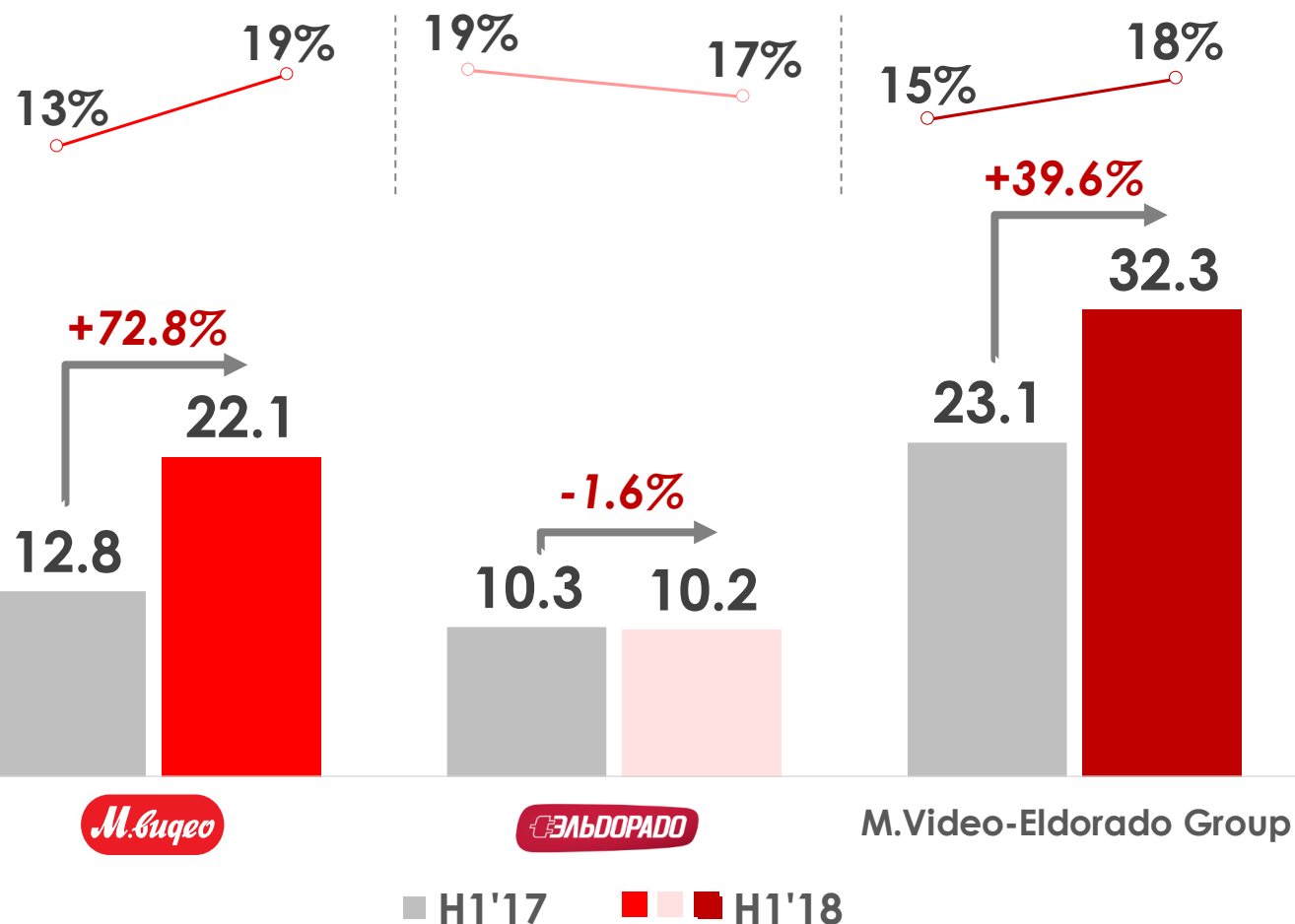


M.Video keeps winning online, Eldorado is transferring to Omni-model



H1 2018 Group Online Sales (w. VAT), RUB bn

+x% - YoY ○○○○ Share in total sales



1. Fantastic M.Video internet performance over 70% growth
2. We saw temporary drop in Eldorado OBS:
 - Eldorado is switching to Omni-channel model, and has aligned prices in offline and online
 - Non-CE categories were eliminated in Eldorado
3. Share of OBS is healthy 18% for the Group
4. Pick-up was 74.7% of the Group's OBS

The group became a profound leader in Russian consumer electronics market



840 Stores in 200 Cities

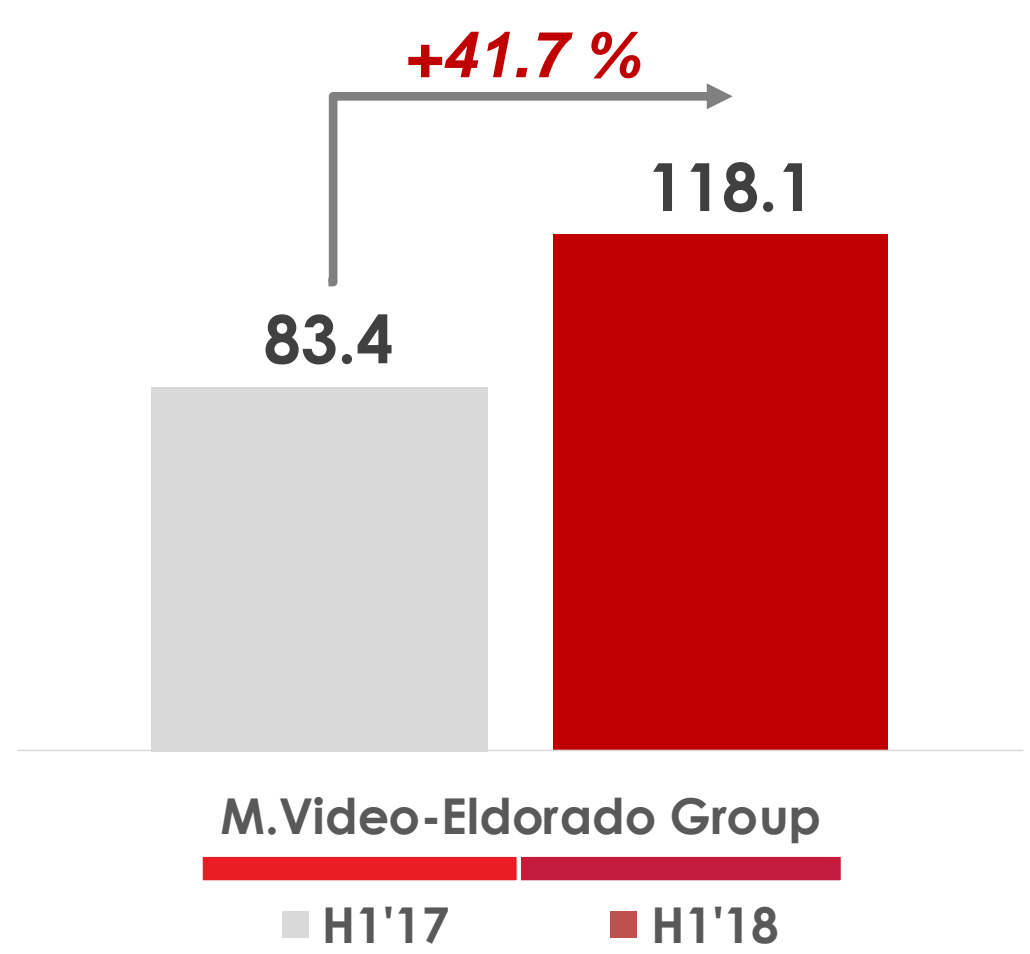


| | M.Video | Эльдorado |
|---------------------------|---------|-------------------|
| H1 2018 HIGHLIGHTS | | |
| Net Sales (w.VAT), RUB bn | 117 | 175 59 |
| Market Share | 17.5% | 26.3% 8.8% |
| Online Market Share | 16.1% | 24.0% 7.9% |
| # of Stores | 429 | 840 411 |
| Total Area, K SQM | 967 | 1,720 753 |

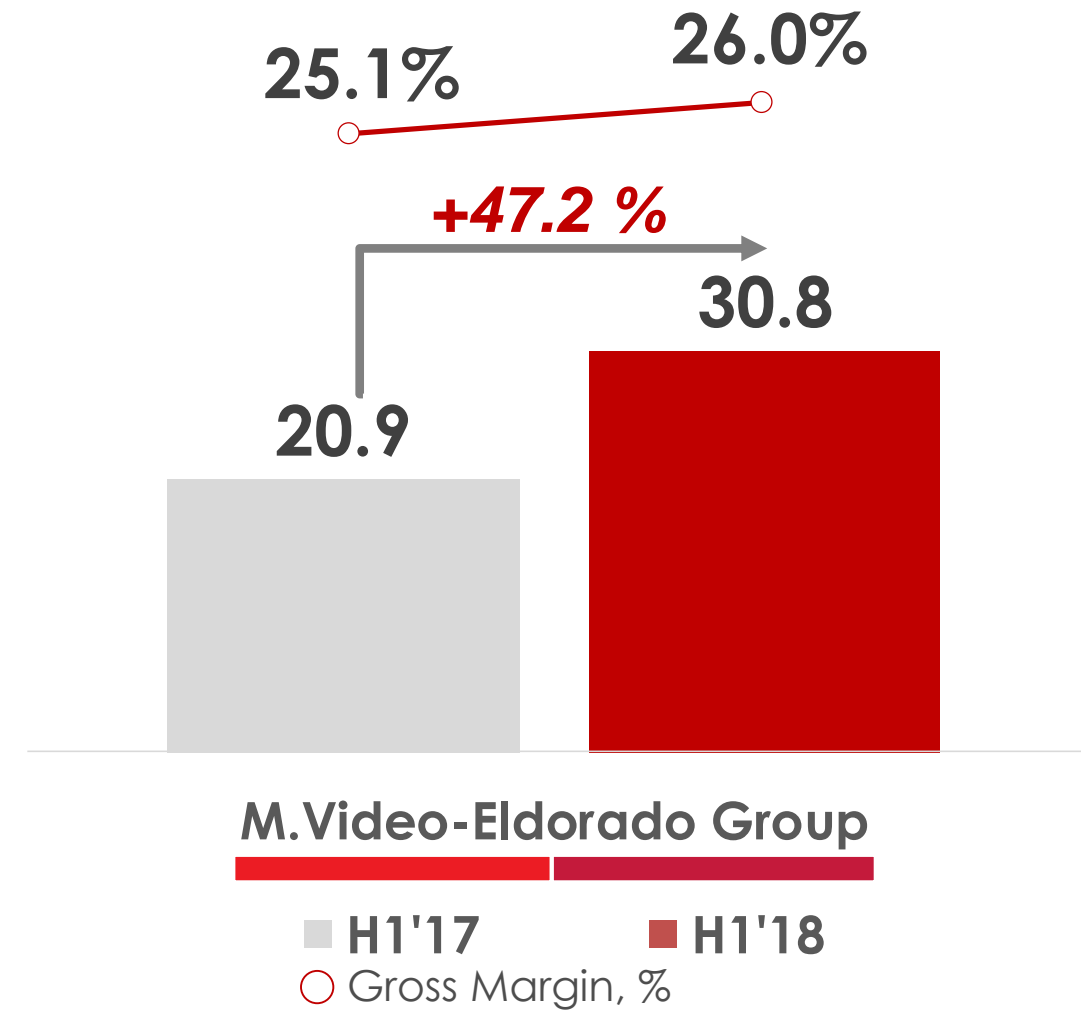
Source: Company data for H1 2018, Market share data – GFK, 6m2018 based on 2017 panel

H1 2018 Group consolidated IFRS Results: Revenue and Gross Profit

Revenue (net of VAT), RUB bn
Consolidated IFRS Results



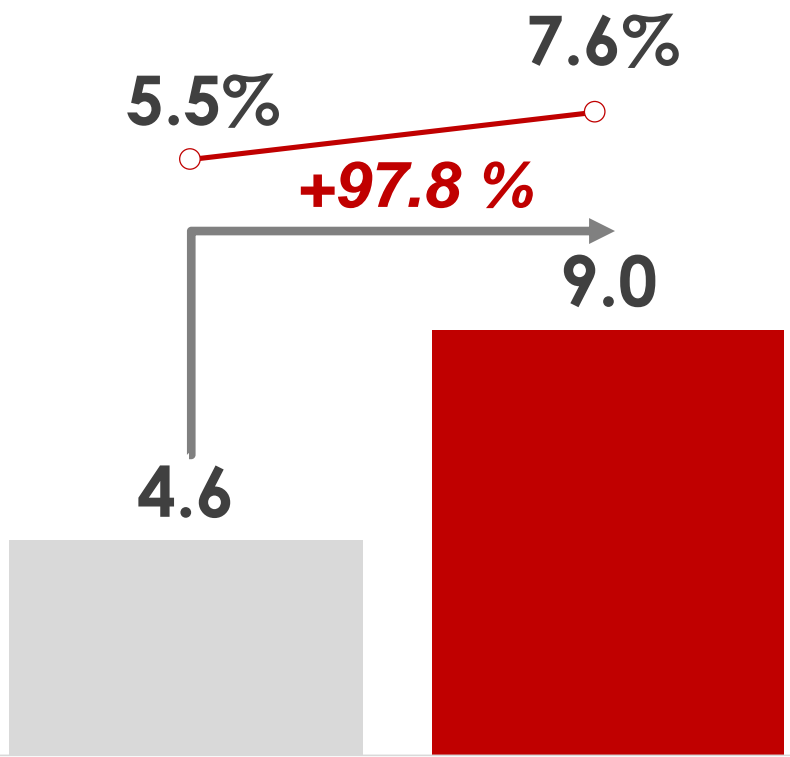
Group Gross Profit, RUB bn
Consolidated IFRS Results



H1 2018 Group consolidated IFRS Results: EBITDA and Net Income

Group EBITDA, RUB bn

Consolidated IFRS Results

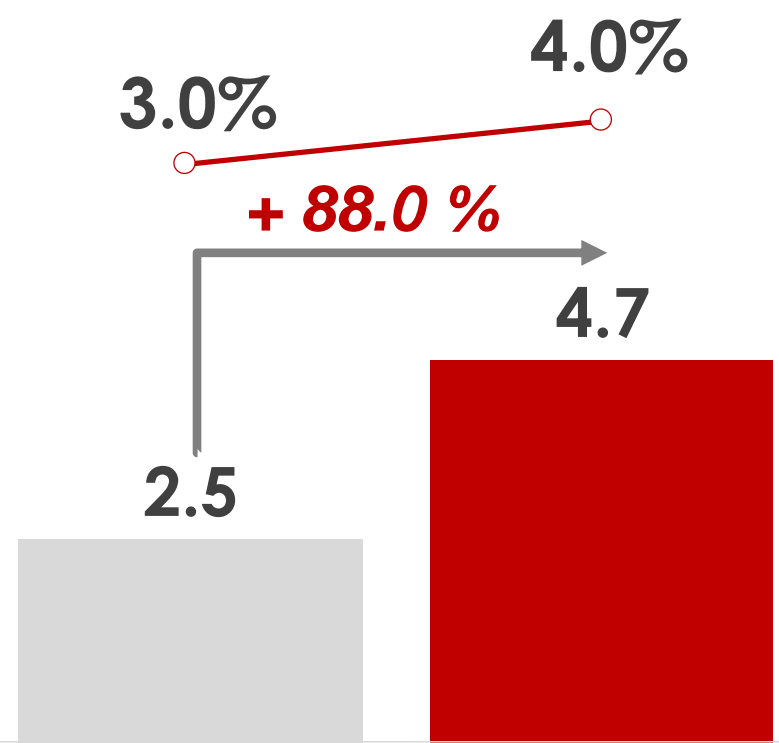


M.Video-Eldorado Group

■ H1'17 ■ H1'18
○ EBITDA Margin, %

Group Net Income, RUB bn

Consolidated IFRS Results



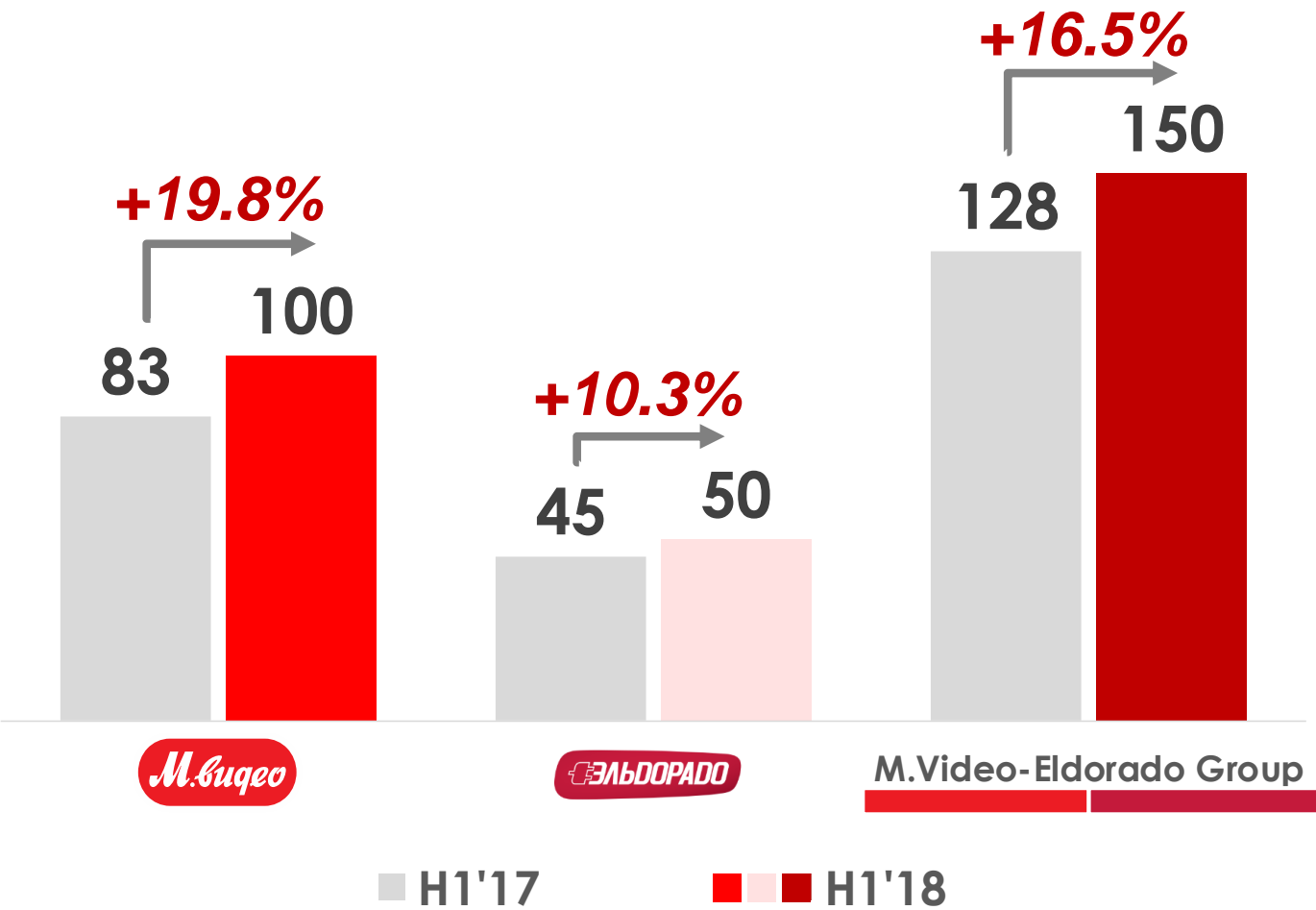
M.Video-Eldorado Group

■ H1'17 ■ H1'18
○ Net Margin, %

H1 2018 Group impressive Revenue & Gross Profit growth (pro-forma)

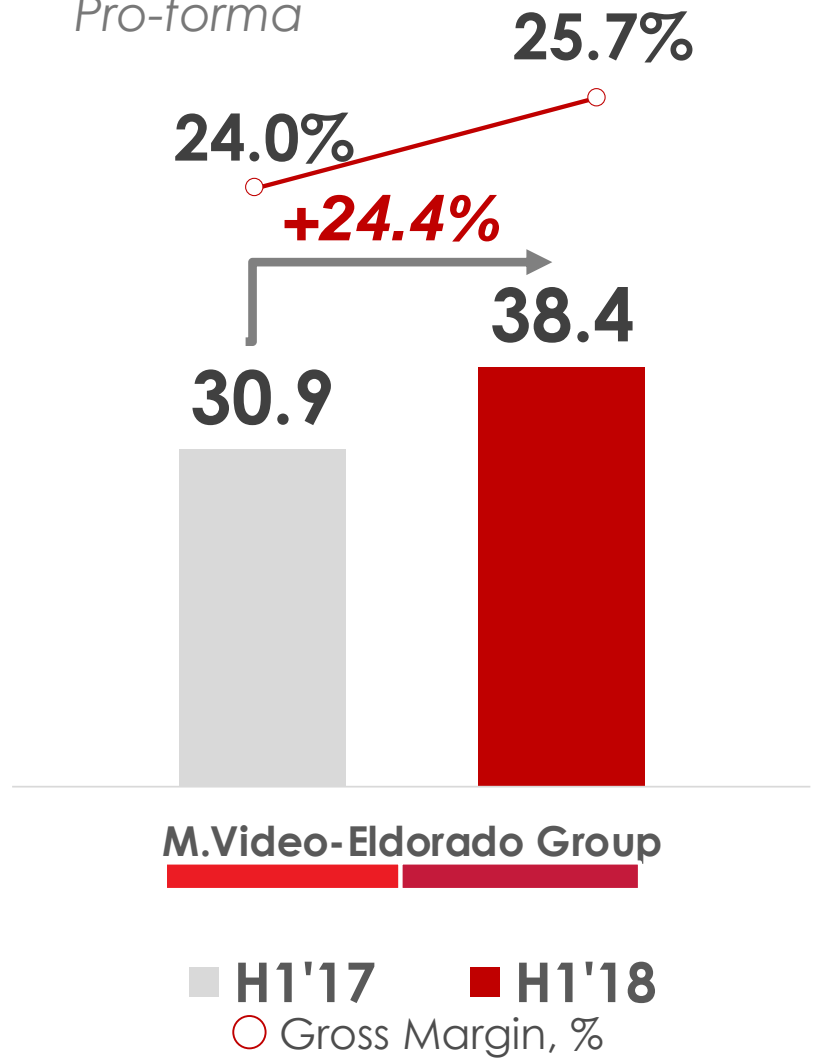
Revenue (net of VAT), RUB bn

Pro-forma

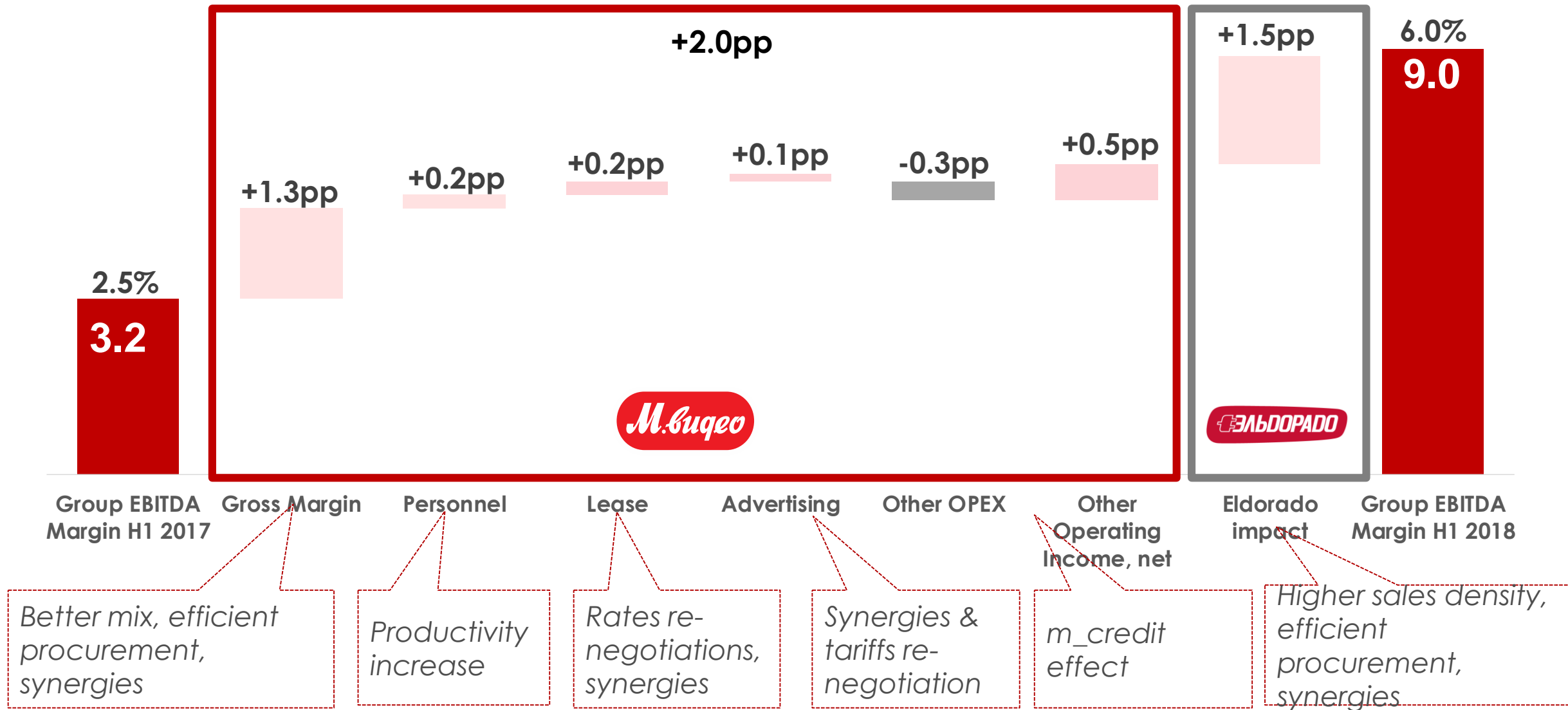


Group Gross Profit, RUB bn

Pro-forma



The Group EBITDA almost tripled, EBITDA Margin improved by 3.5pp in H1 2018 (pro-forma)



Pro-forma results, based on management accounts

Unified processes already bearing fruits: >RUB 2 bn positive effect on Group's EBITDA in H1 2018

1

Single procurement, stock management, and supply chain

- Purchasing power
- Efficient stock relocation
- Single logistics infrastructure



2

Combined SG&A procurement, rent

- Economy of scale
- Efficient negotiations
- Non-commercial tendering centralized



3

Merged back-office: Finance, HR, IT, etc.

- Elimination of functions duplication
- IT-infrastructure optimization
- More transparency over the business

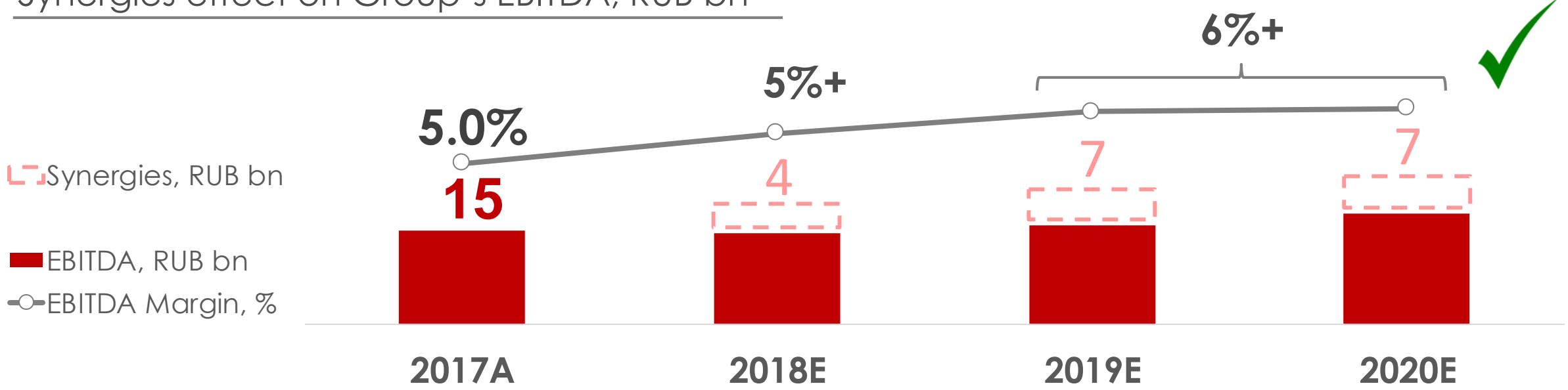


Group's synergies and EBITDA Margin are as planned for 2018

Group's synergies in H1 2018, RUB mln



Synergies effect on Group's EBITDA, RUB bn



The group took the right set of strategic decisions and delivered great results

Achievements



- Increased market share to 26.3%
- Record online market 24.0%



- Online sales grew +40% YoY
- Share of OBS in Sales is 18%



- Group digital sales grew +38%, which is two times above market



- EBITDA doubled to RUB 9.0 bn



- Synergies are on track
- Operating model roll-out on Eldorado
- Developed dual-brand positioning strategy

Headwinds



- Russian CE market is maturing and consolidating



- Single-digit organic growth is forecasted in mid-term

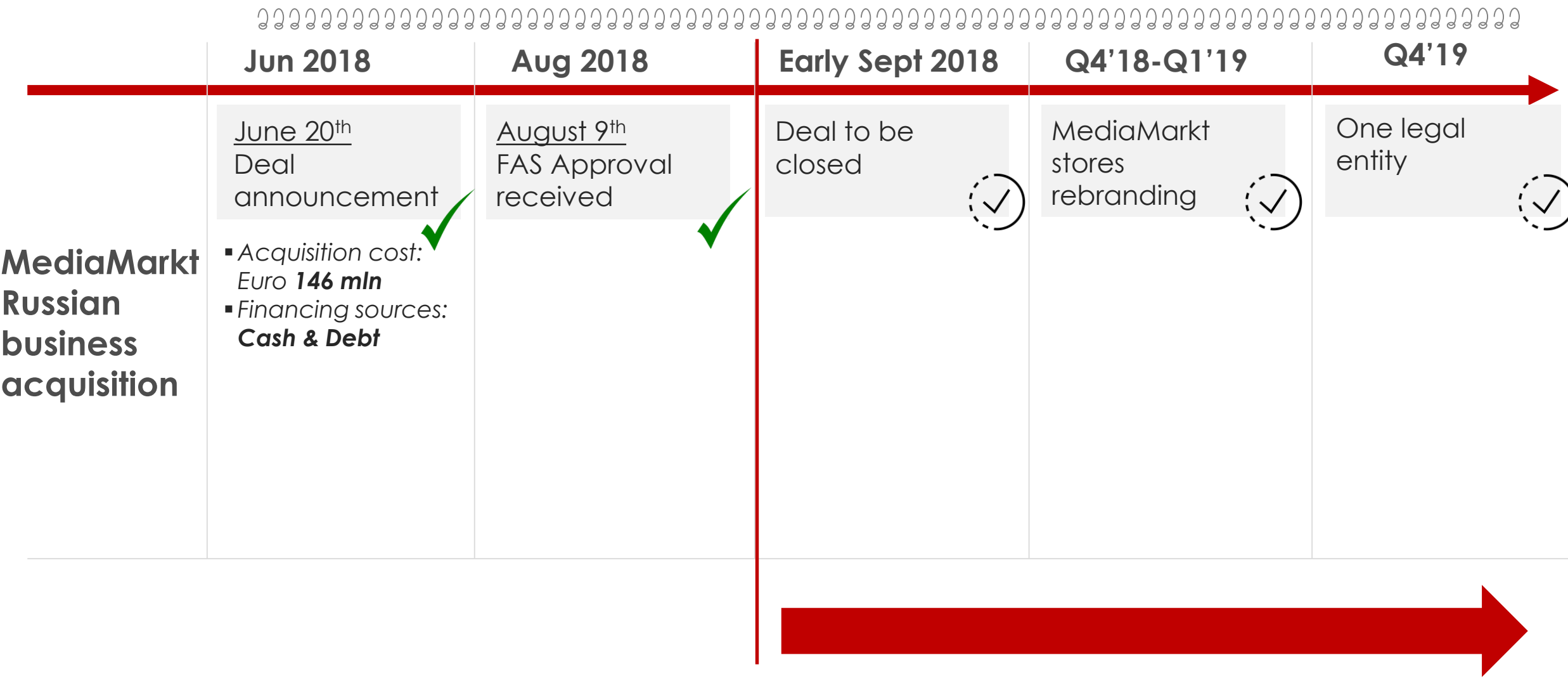


- To grow market share the Group needs to effectively manage expansion

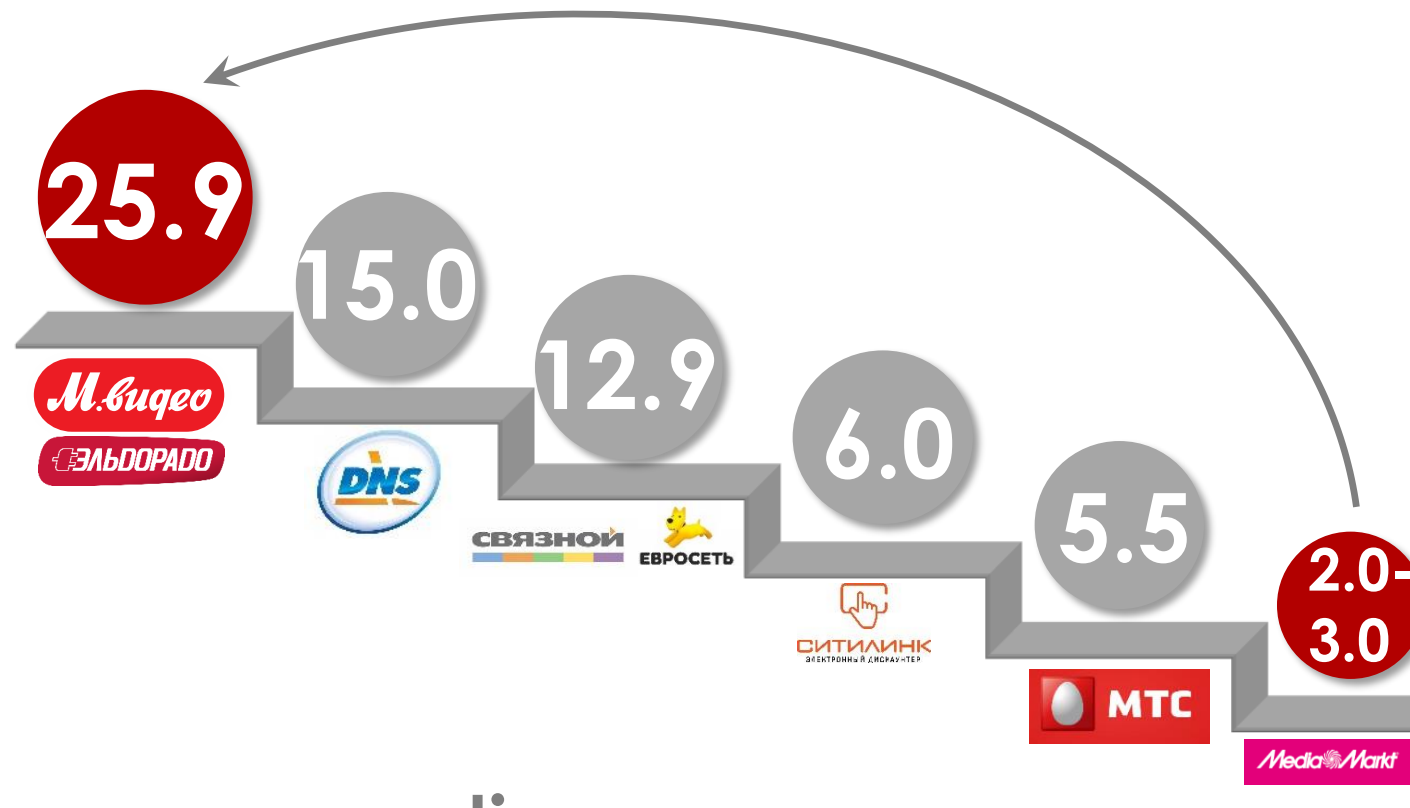


- Intensifying presence of cross-boarder e-commerce players

MediaMarkt Russia acquisition timeline

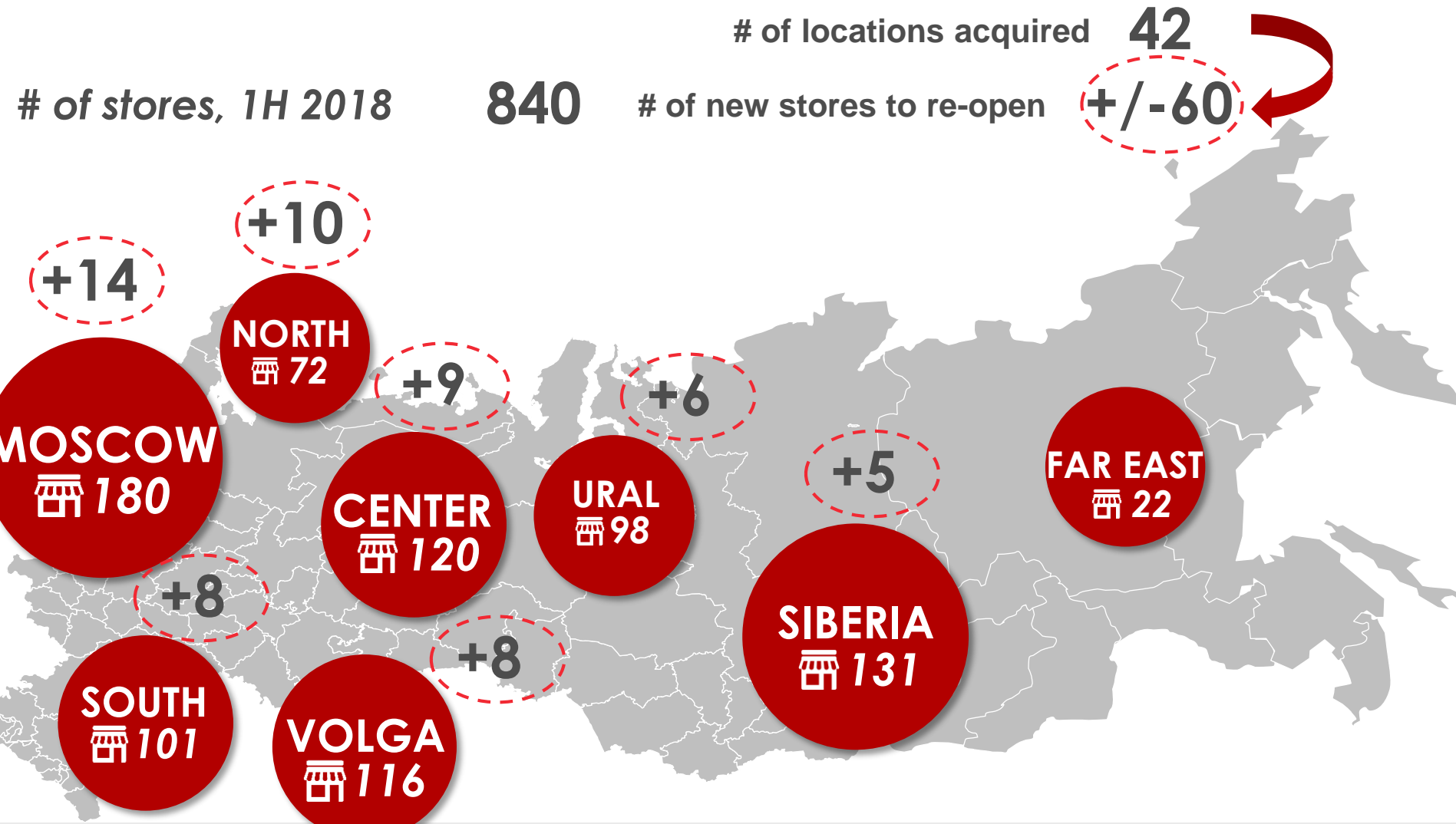


The market is consolidating, and M.Video leads the process



Top-5 players accounting
c.75% of the Russian CE market

M.Video acquires premium locations to open up to 60 new stores as an integral part of its expansion strategy



- ✓ Premium locations, strong presence in Moscow & St.-Pete
- ✓ 60 new stores after rebranding
- ✓ Rebranded stores sales per SQM in-line with top M.Video and Eldorado shops and 35% higher vs. Group's average
- ✓ Up to RUB 110 bn incremental revenue and up to RUB 11 bn EBITDA for 2019-2022

Source: # of stores – latest available companies' public data. *Market shares -GFK 2017 and internal estimates..

MediaMarkt stores profitability to increase 10 times under M.Video and Eldorado business model and brands



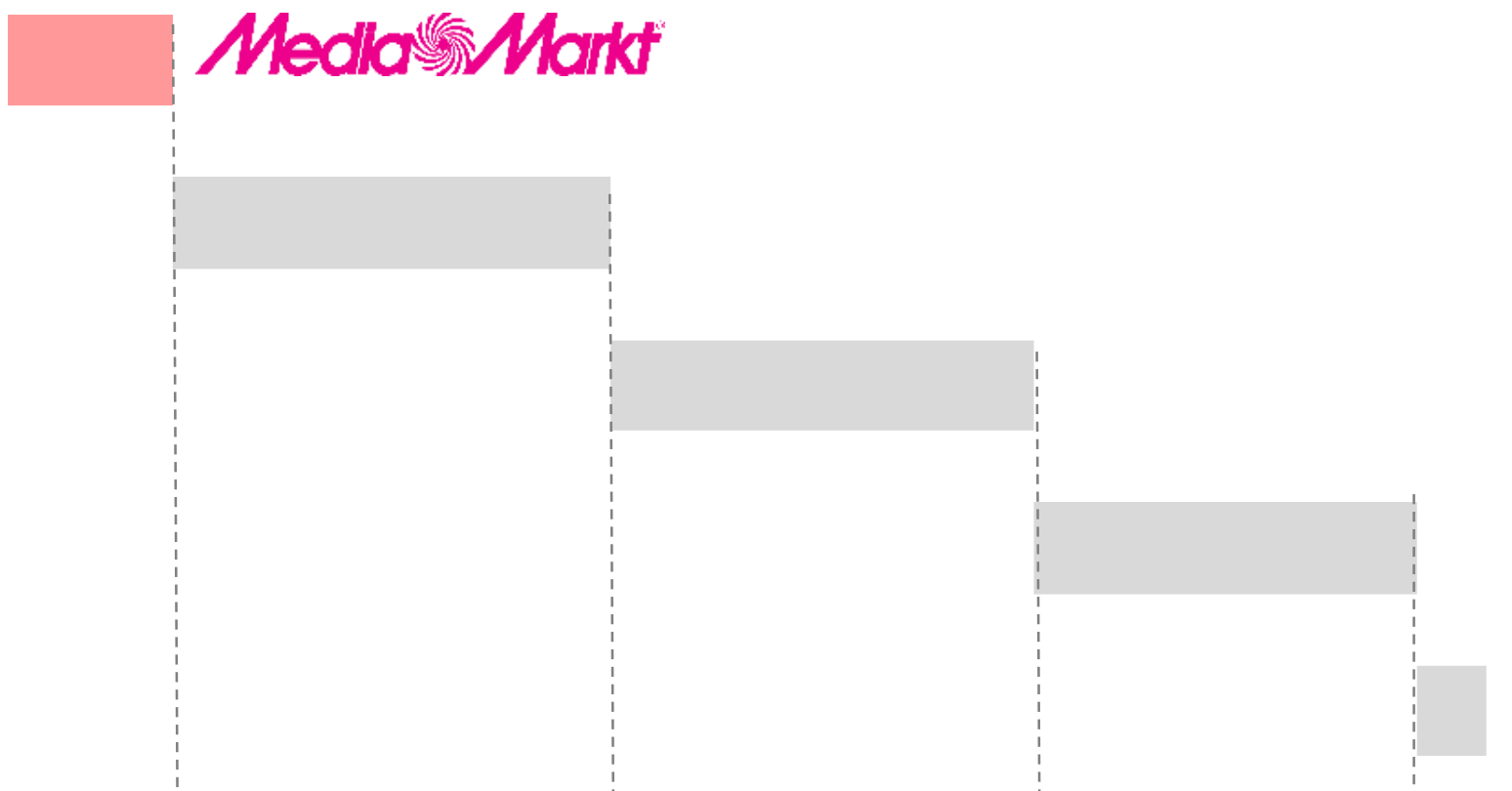
EBITDA Margin in 2017A
(42 MM Stores – store level)

Gross Margin

Advertising expenses,
% of sales

Rent, % of sales

Other operating expenses
& income, net, % of sales



Rebranded 60 stores EBITDA Margin 2020F (store level)



9%+

M.Video-Eldorado Group adheres to its announced strategy 2020+



ONE COMPANY

ONE OPERATING BUSINESS MODEL

TWO BRANDS

1

**Business
Model**

2018

Centralization of operations keeping **2 brands**

2

**EBITDA
Margin 6%**

2019

Sustainable EBITDA margin **6%+**

3

**Market
Share**

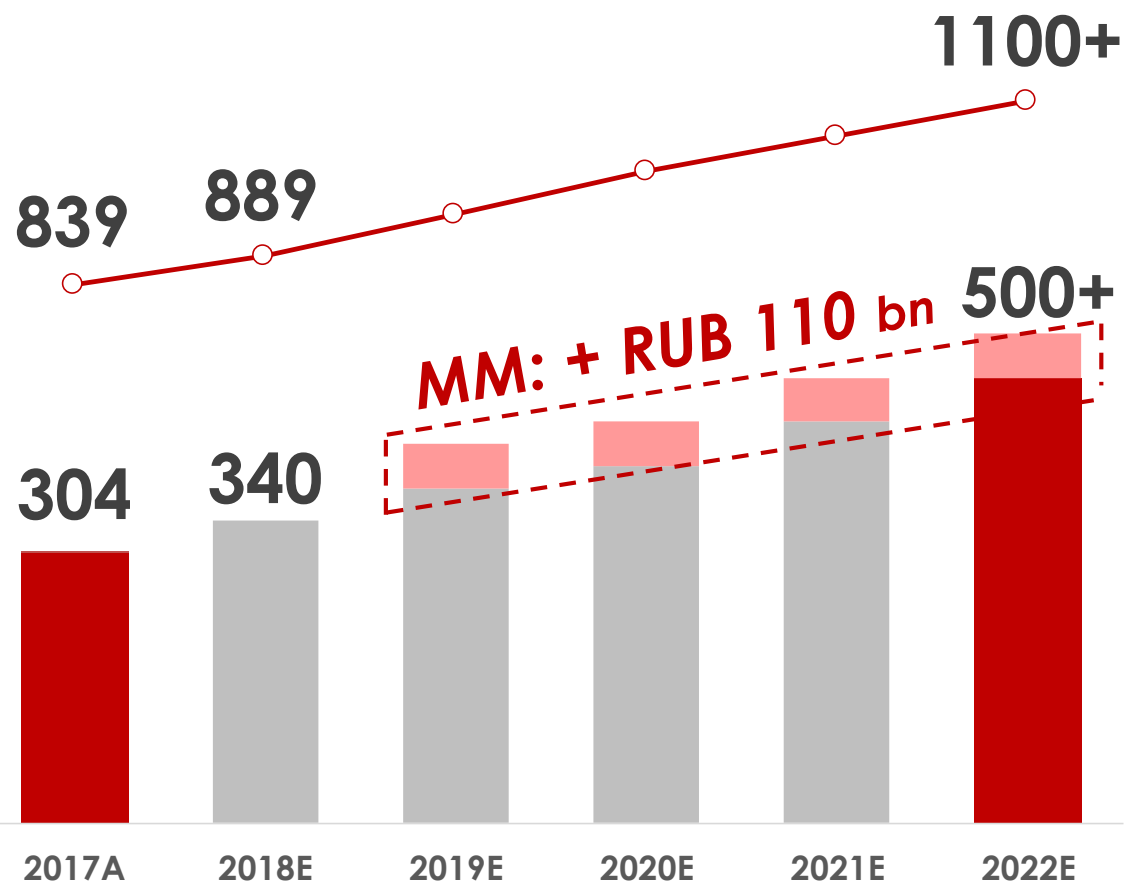
2020+

CE market share **30%+**

M.Video-Eldorado Group financial forecasts including MM

Revenue (net of VAT), RUB bn

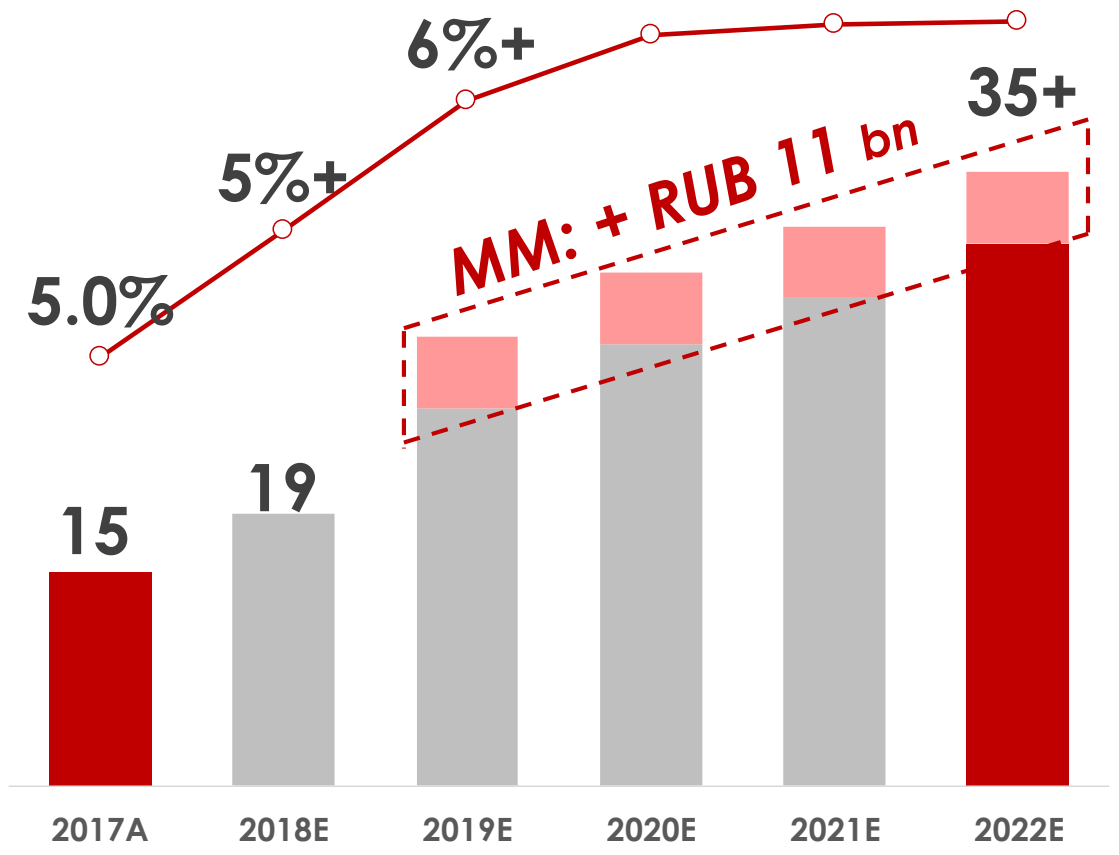
CAGR'17-22F 10%+ Pro-forma



■ Revenue, RUB bn ○ No. of stores

EBITDA, RUB bn

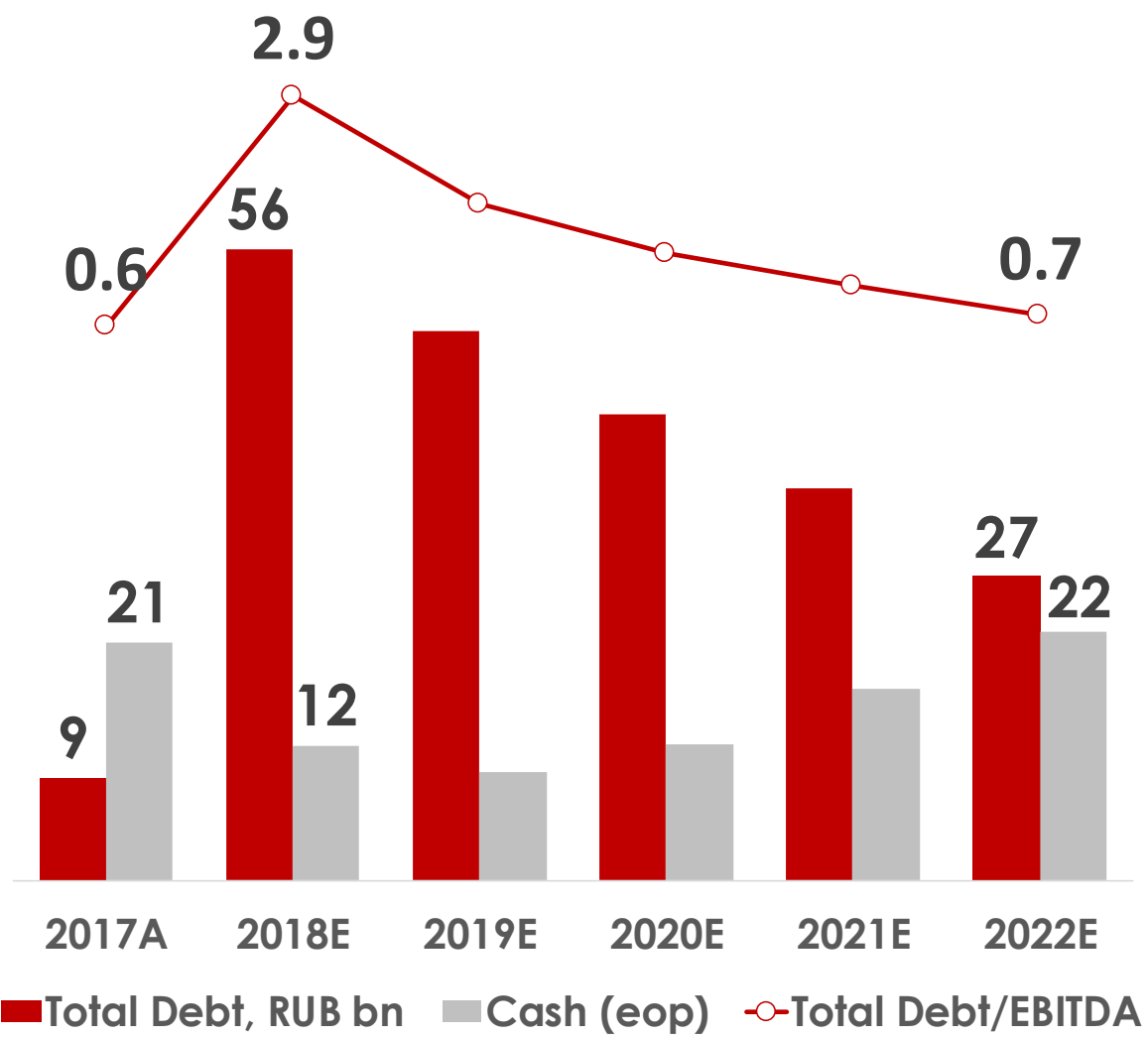
CAGR'17-22F 15%+ Pro-forma



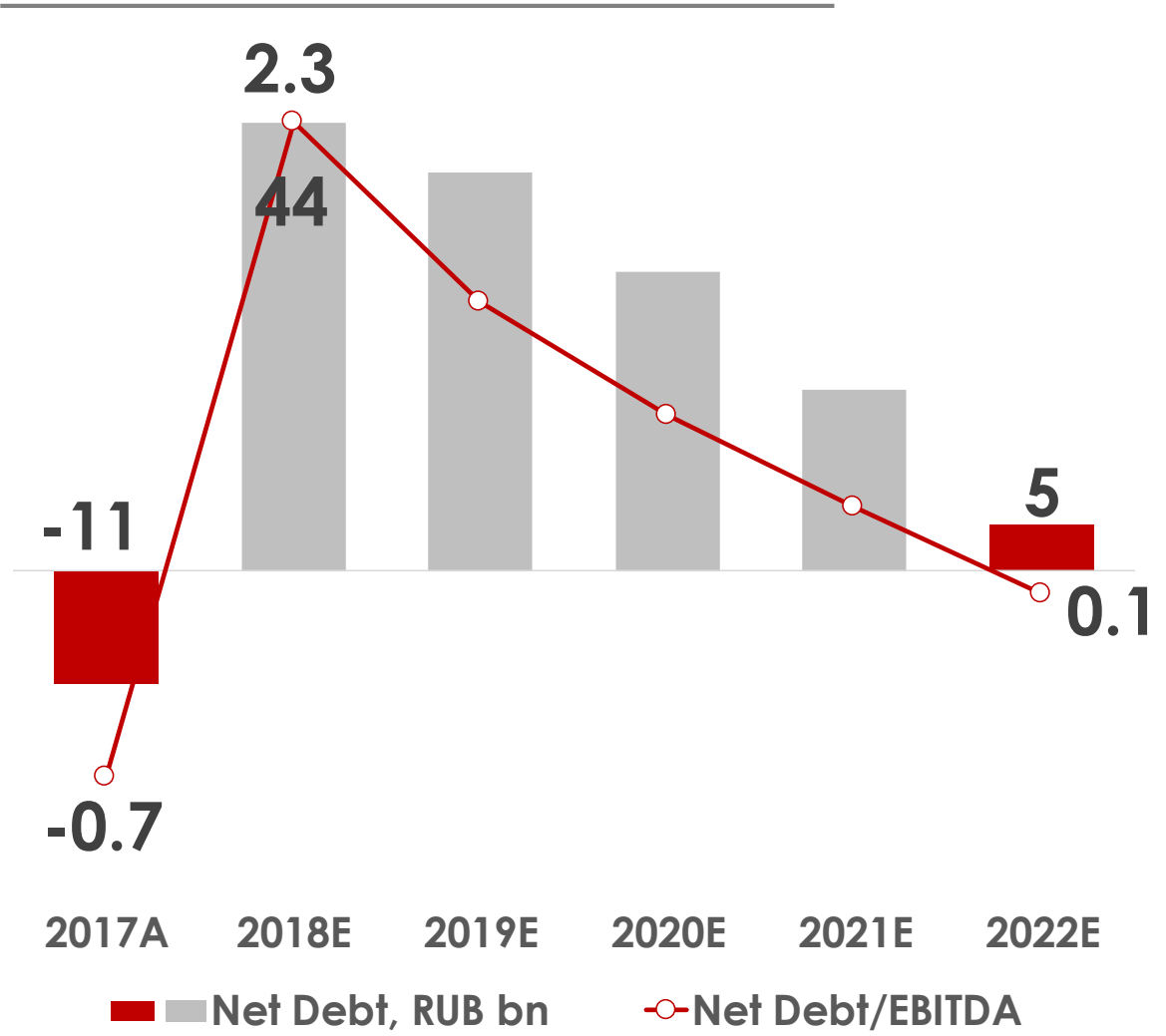
■ EBITDA, RUB bn ○ EBITDA Margin, %

Group debt portfolio 2018E-2020E

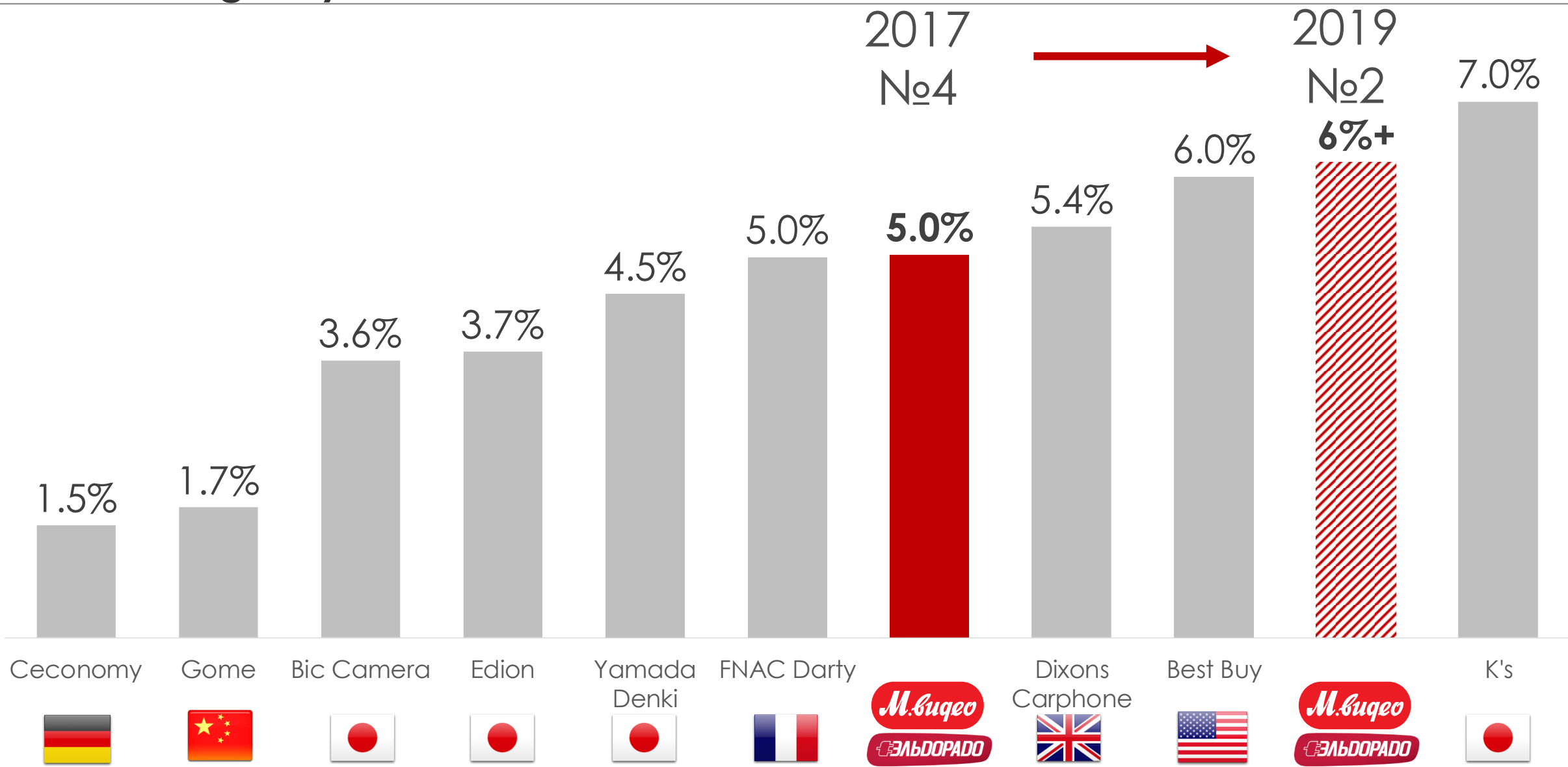
Total Debt & Total Debt/EBITDA



Net Debt & Net Debt/EBITDA



Combined company to have best-in-class EBITDA Margin by 2019+



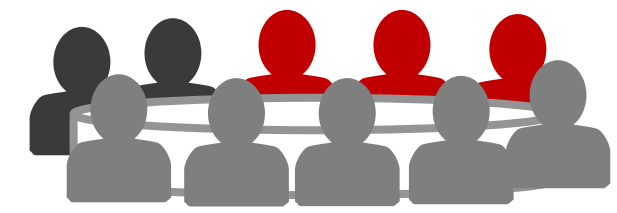
Source: companies data as reported for 2017, Thompson Reuters

Adhering to best corporate governance standards



M.Video capital upon
MediaMarktSaturn deal

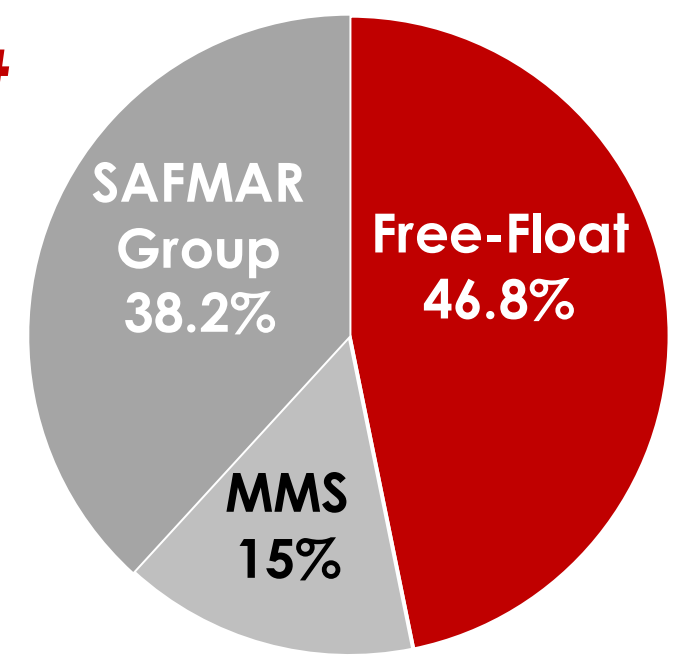
**Board of
Directors**



**3 independent
directors**

14 members

**MediaMarktSaturn to
enter M.Video's Board**



Note: PJSC M.Video capital structure is provided upon potential MM deal closure

Appendix I.

M.Video-Eldorado Group 1H 2018 IFRS
Interim Condensed Consolidated Reporting

Appendix I. Group IFRS Consolidated Statement of Profit & Loss

| in millions of Russian Rubles (VAT excl.) | 6m 2018 | 6m 2017 | Change YoY |
|--|----------------|---------------|----------------|
| Revenue | 118 118 | 83 364 | +41.7% |
| Gross profit | 30 753 | 20 885 | +47.2% |
| Gross margin, % | 26.0% | 25.1% | +1.0pp |
| Selling, general & administrative expenses | 25 828 | 18 720 | +38.0% |
| Other operating income, net | 1 691 | 683 | +147.6% |
| Operating profit | 6 616 | 2 848 | +132.3% |
| Net profit | 4 684 | 2 492 | +88.0% |
| Net Margin, % | 4.0% | 3.0% | +1.0pp |
| EBITDA | 9 016 | 4 558 | +97.8% |
| EBITDA margin, % | 7.6% | 5.5% | +2.2pp |

Appendix I. Group IFRS Consolidated SG&A Expenses Breakdown

| in millions of Russian Rubles (VAT excl.) | 6m 2018 | | 6m 2017 |
|---|---------------|---|---------------|
| Payroll and related taxes | 8 110 | | 5 937 |
| <i>as % of revenue</i> | 6.9% | ● | 7.1% |
| Lease expenses | 5 664 | | 4 284 |
| <i>as % of revenue</i> | 4.8% | ● | 5.1% |
| Advertising & promotional expenses | 2 077 | | 1 601 |
| <i>as % of revenue</i> | 1.8% | ● | 1.9% |
| Utilities, maintenance & other property operating costs | 1 929 | | 1 443 |
| <i>as % of revenue</i> | 1.6% | ● | 1.7% |
| Warehouse services | 748 | | 633 |
| <i>as % of revenue</i> | 0.6% | ● | 0.8% |
| Bank charges | 1 047 | | 663 |
| <i>as % of revenue</i> | 0.9% | ● | 0.8% |
| Repairs and servicing | 565 | | 496 |
| <i>as % of revenue</i> | 0.5% | ● | 0.6% |
| Security | 640 | | 486 |
| <i>as % of revenue</i> | 0.5% | ● | 0.6% |
| Other SG&A | 2 648 | | 1 467 |
| <i>as % of revenue</i> | 2.2% | ● | 1.8% |
| Subtotal | 23 428 | | 17 010 |
| <i>as % of revenue</i> | 19.8% | ● | 20.4% |
| D&A | 2 400 | | 1 710 |
| <i>as % of revenue</i> | 2.0% | ● | 2.1% |
| Total | 25 828 | | 18 720 |
| <i>as % of revenue</i> | 21.9% | ● | 22.5% |

Appendix I. Group IFRS Consolidated Statement of Financial Position

| | 30.06.2018 | 31.12.2017 | Change | |
|--|----------------|----------------|---------------|---------------|
| | RUBm | RUBm | RUBm | % |
| Assets | | | | |
| Non-current Assets | 79 820 | 23 663 | 56 157 | 237.3% |
| Fixed assets | 18 613 | 7 936 | 10 677 | 134.5% |
| Intangible assets | 54 176 | 7 999 | 46 177 | >500% |
| Other non-current | 7 031 | 7 728 | (697) | -9.0% |
| Current assets | 118 565 | 97 862 | 20 703 | 21.2% |
| Inventory | 80 668 | 52 283 | 28 385 | 54.3% |
| Accounts receivable | 23 515 | 21 611 | 1 904 | 8.8% |
| Cash | 3 564 | 17 791 | (14 227) | -80.0% |
| Other | 10 818 | 6 177 | 4 641 | 75.1% |
| Total Assets | 198 385 | 121 525 | 76 860 | 63.2% |
| Liabilities and equity | | | | |
| Stockholders' equity | 27 347 | 23 154 | 4 193 | 18.1% |
| Equity attributable to owners of the Company | 27 045 | 22 924 | 4 121 | 18.0% |
| Non-controlling interests | 302 | 230 | 72 | 31.3% |
| Liabilities | 171 038 | 98 371 | 72 667 | 73.9% |
| Accounts payable to suppliers | 93 622 | 77 698 | 15 924 | 20.5% |
| Other current liabilities | 36 352 | 20 673 | 15 679 | 75.8% |
| Other non-current liabilities | 41 064 | - | 41 064 | >500% |
| Total Liabilities and Equity | 198 385 | 121 525 | 76 860 | 63.2% |

Appendix I. Group IFRS Consolidated Statement of Cash Flow

| | 6m 2018 | 6m 2017 | Change YoY | |
|---|-----------------|-----------------|-----------------|------------------|
| | RUBm | RUBm | RUBm | % |
| Operating CF | | | | |
| Operating cash flows before movements in WC | 9 729 | 4 604 | 5 125 | 111.3% |
| Inventory change | (570) | 5 471 | (6 041) | -110.4% |
| Trade payables | (12 212) | (18 201) | 5 989 | 32.9% |
| Others | (5 604) | (1 116) | (4 488) | -402.2% |
| Interest paid | (375) | - | (375) | <-500% |
| Income tax paid | (1 597) | (1 556) | (41) | -2.6% |
| Net CF from operations | (10 629) | (10 798) | 169 | 1.6% |
| Investing CF | | | | |
| CAPEX - PPE | (972) | (686) | (286) | -41.7% |
| CAPEX - IA | (1 253) | (984) | (269) | -27.3% |
| Net inflow\ (outflow) from loans issued | 1 631 | - | 1 631 | >500% |
| Investment in associates | (44 088) | (15) | (44 073) | <-500% |
| Interest received | 282 | 432 | (150) | -34.7% |
| Net CF from investing activities | (44 400) | (1 253) | (43 147) | <-500% |
| Financing CF | | | | |
| Dividends paid | - | - | - | 0.0% |
| Net inflow\ (outflow) from short-term borrowings | 41 361 | - | 41 361 | >500% |
| Purchase of treasury shares | (697) | - | (697) | <-500% |
| Non-controlling interests | 150 | - | 150 | >500% |
| Repayment of lease obligations | (16) | - | (16) | <-500% |
| Net CF from financing activities | 40 798 | - | 40 798 | >500% |
| Net increase/(decrease) in cash and cash equivalents | (14 231) | (12 051) | (2 180) | -18.1% |
| Net foreign exchange difference | 4 | 2 | 2 | |
| CASH AND CASH EQUIVALENTS, bop | 17 791 | 18 763 | (972) | -5.2% |
| CASH AND CASH EQUIVALENTS, eop | 3 564 | 6 714 | (3 150) | -46.9% |

Appendix II.

M.Video-Eldorado Group 1H 2018










Pro-forma Combined Reporting

(based on management accounts)

Appendix II. Group Pro-Forma Statement of Profit & Loss

| in millions of Russian Rubles (VAT excl.) | 6m 2018 | 6m 2017 | Change YoY |
|---|---------|---------|------------|
| Net Sales (with VAT) | 175,304 | 151,098 | +16.0% |
| Net Revenue | 149,600 | 128,433 | +16.5% |
| Gross profit | 38,420 | 30,876 | +24.4% |
| Gross Margin, % | 25.7% | 24.0% | +1.6pp |
| EBITDA | 9,049 | 3,187 | +184.0% |
| EBITDA Margin, % | 6.0% | 2.5% | +3.5pp |

Appendix II. Group Pro-Forma SG&A Expenses Breakdown

| in millions of Russian Rubles (VAT excl.) | 6m 2018 | | 6m 2017 |
|---|---------------|---|---------------|
| Payroll and related taxes | 11 162 | | 10 142 |
| <i>as % of revenue</i> | 7.5% |  | 7.9% |
| Lease expenses | 7 711 | | 7 062 |
| <i>as % of revenue</i> | 5.2% |  | 5.5% |
| Advertising & promotional expenses | 2 995 | | 3 124 |
| <i>as % of revenue</i> | 2.0% |  | 2.4% |
| Utilities, maintenance & other property operating costs | 2 651 | | 2 467 |
| <i>as % of revenue</i> | 1.8% |  | 1.9% |
| Warehouse services | 758 | | 652 |
| <i>as % of revenue</i> | 0.5% |  | 0.5% |
| Bank charges | 1 334 | | 976 |
| <i>as % of revenue</i> | 0.9% |  | 0.8% |
| Repairs and servicing | 729 | | 710 |
| <i>as % of revenue</i> | 0.5% |  | 0.6% |
| Security | 947 | | 968 |
| <i>as % of revenue</i> | 0.6% |  | 0.8% |
| Other SG&A | 3 212 | | 2 242 |
| <i>as % of revenue</i> | 2.1% |  | 1.7% |
| Total, excl. D&A | 31 499 | | 28 342 |