

ONE RETAIL – NEXT STEP TO RETAIL EVOLUTION

M.VIDEO – ELDORADO GROUP

H1 2019 Interim
IFRS Results

M.VideoEldorado

August 26, 2019



— Content & liability disclaimer

The information contained in this presentation or enclosed herewith is provided and intended for informational purposes only and should not be relied on for any investment decisions. The information provided in the presentation includes assumptions and financial information on M. Video and Eldorado operations and expectations which are «indicative». Specifically, some of the 2008-2019 information presented is taken from the M. Video-Eldorado Group management information system and as such may be unaudited and may include accruals and estimates. Except for numbers which can be traced to the audited Consolidated Financial statements for the years ended 31 December 2007-2018 the numbers may not have been subjected to any audit testing nor have the IFRS policies necessarily been applied to these numbers/calculations. All M. Video Group companies information provided in this

presentation is provided on an «as is» basis. M. Video believes and has done everything within its power to ensure the information is not misleading, nevertheless M. Video does not take any responsibility for the accuracy or completeness of the information. Likewise, for the forward looking information provided, these are based upon the M. Video-Eldorado Group management high level, longer term views and not on detailed budgeting or forecasting principles. The addressees of the presentation should not take these numbers as the true and accurate numbers and as such not disseminate, or refer to these numbers for any purpose other than for the purpose they were given, namely for informational purpose. A person who uses the information contained in this presentation does so at his/her own risk.

Market trends and Group's operational highlights in H1 2019

Group's financial results in H1 2019 and guidance for FY2019

Group's strategy 2022 update and forecast



The Company demonstrated sound results in H1 2019 on the back of improved efficiency and successful integration

Consolidation of M.Video and Eldorado in one legal entity (OOO "MVM"), transition to one ERP-system



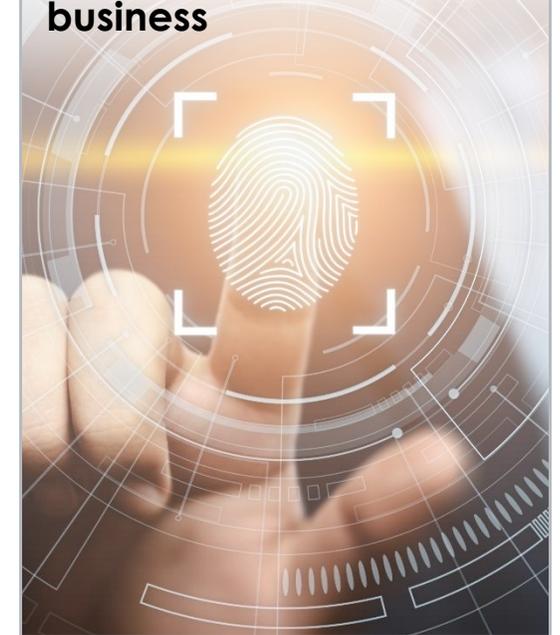
Completion of MediaMarkt stores rebranding (56 openings in total)



Eldorado business model re-start

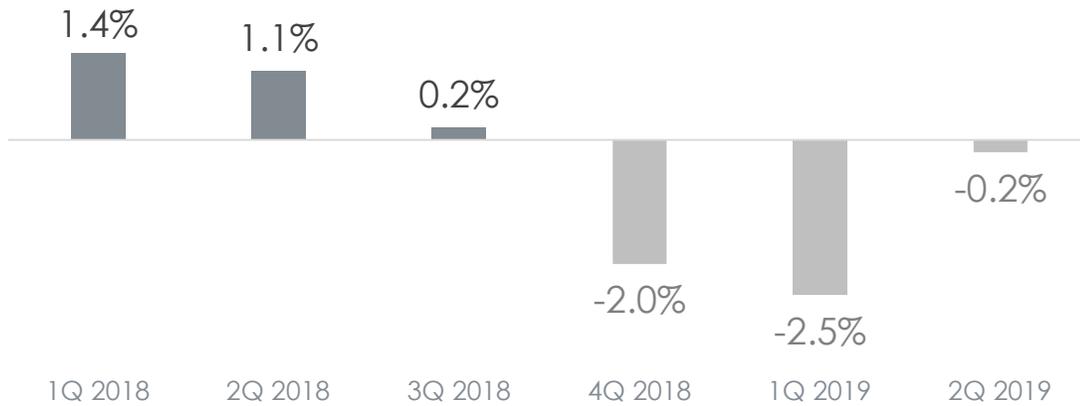


Group's Vision and Mission formed: Activate the Future as a sustainable and socially responsible business



— Russian retail market slowed down in H1 2019 following real disposable income decline

Real disposable income YoY, %



Non-food price index, %



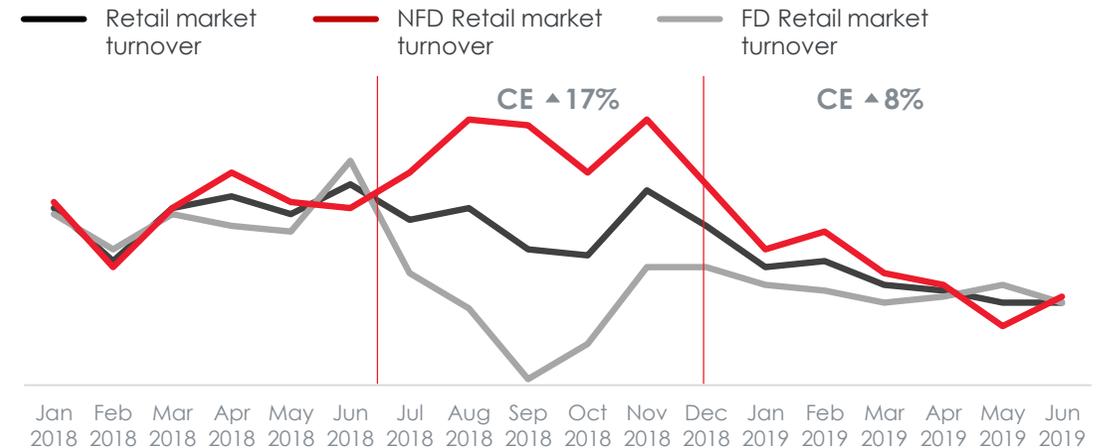
Source: Rosstat

01 Starting from Q4' 18 real disposable income is declining

02 Purchasing power of population is affected by declining disposable income and increased inflation (VAT, excises on gasoline, etc.)

03 Retail market slowed down following disposable income – consumer electronics normally first to save on, and first to recover with the consumption cycle

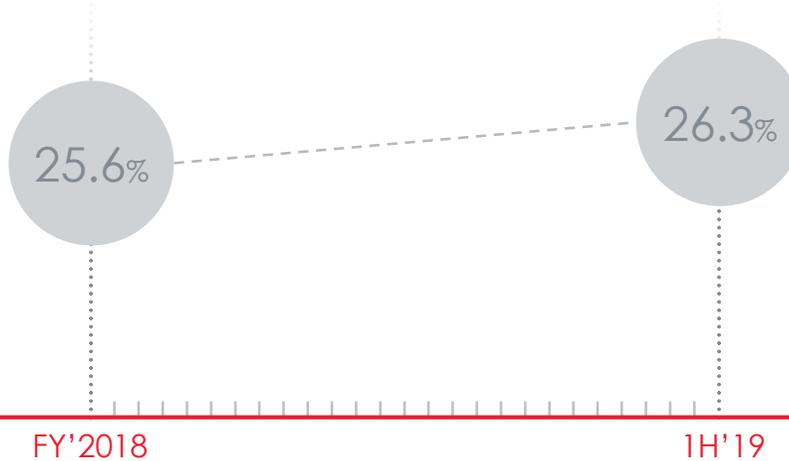
Retail market turnover, YoY %



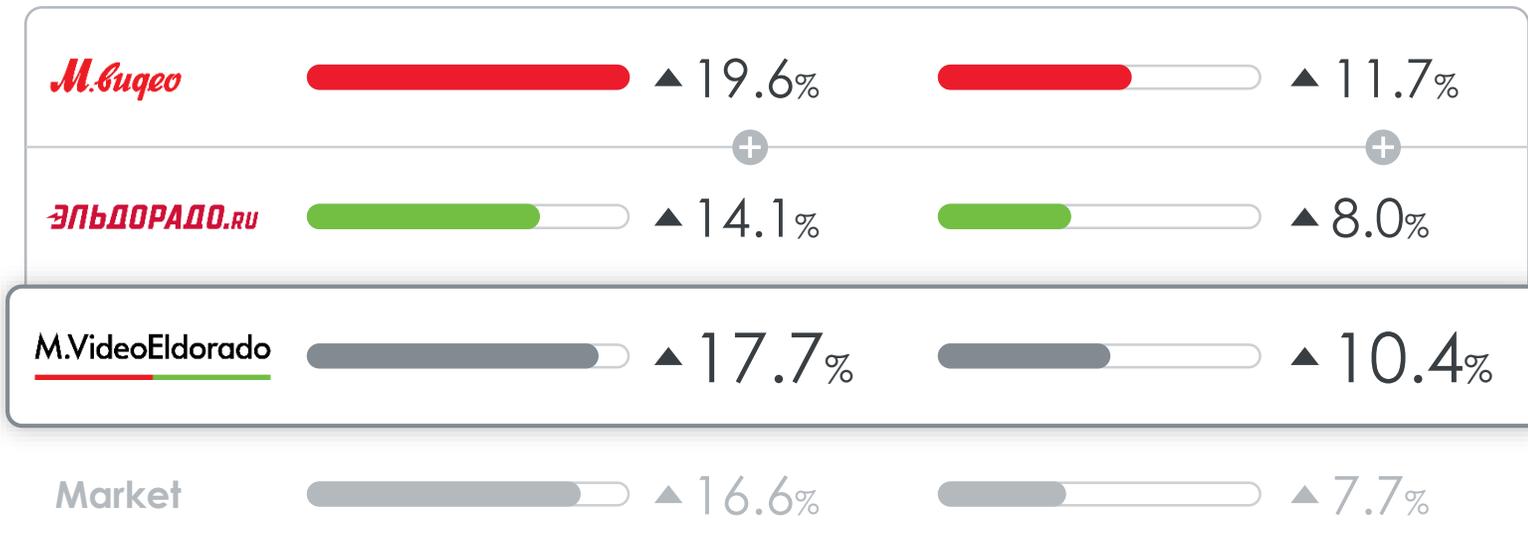
— Group continued to outperform the market in H1 2019

M.VideoEldorado

● Market Share, %



Sales Growth, YoY, %



Key Market Highlights in H1 2019

01 The Group outperformed the market and took +0.7 pp market share with growth of sales +10.4% YoY

02 Both M.Video and Eldorado grew faster than the market

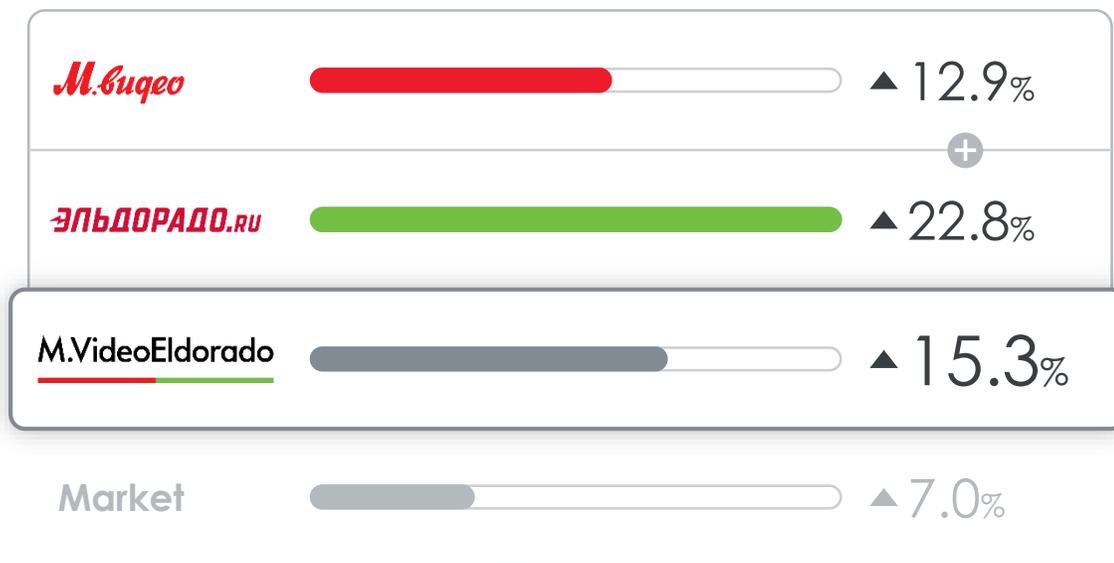
Source: Market shares and growth provided by GFK, online market with out B2B
Group sales (net turnover) growth implies Pro-forma results, based on management accounts

Eldorado strengthens Digital categories 3 times outpacing the market



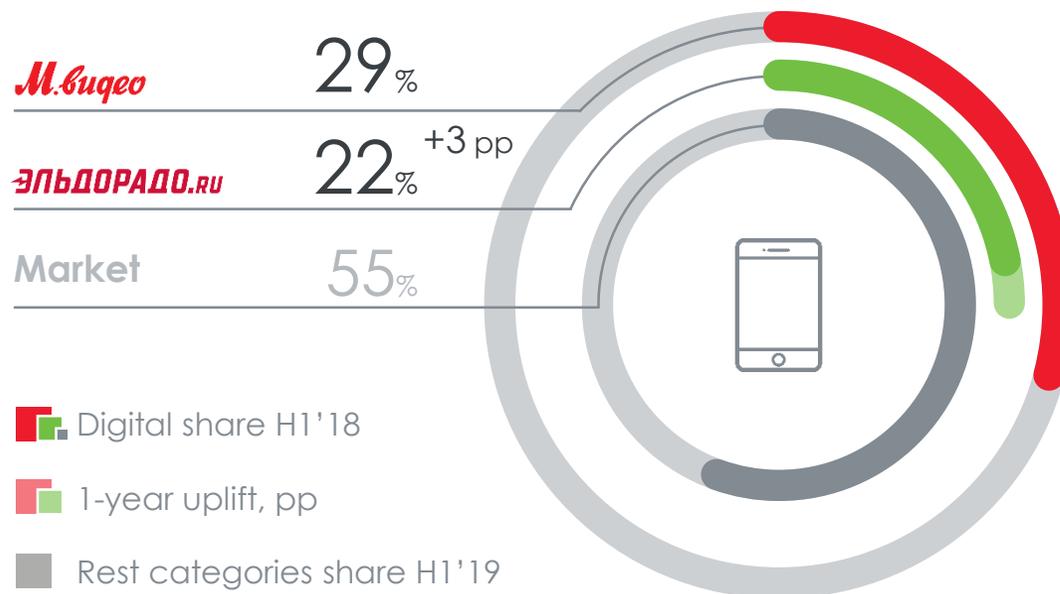
H1'19 / H1'18 Digital sales growth

Pro-forma Results



Digital in sales / market structure

Pro-forma Results



The term "Digital" encompasses the following categories: telecom, computers, cartridges
Group sales (net turnover) growth implies Pro-forma results, based on management accounts

— Group's Sales and OBS showed double-digit growth in H1 2019

Double-digit growth

Group demonstrated double-digit sales growth with flattish LFL sales, driven by expansion and online

+17.4%

Group delivered double-digit online sales growth of +17.4% YoY. Pick-up rate was 75% of the Group's OBS

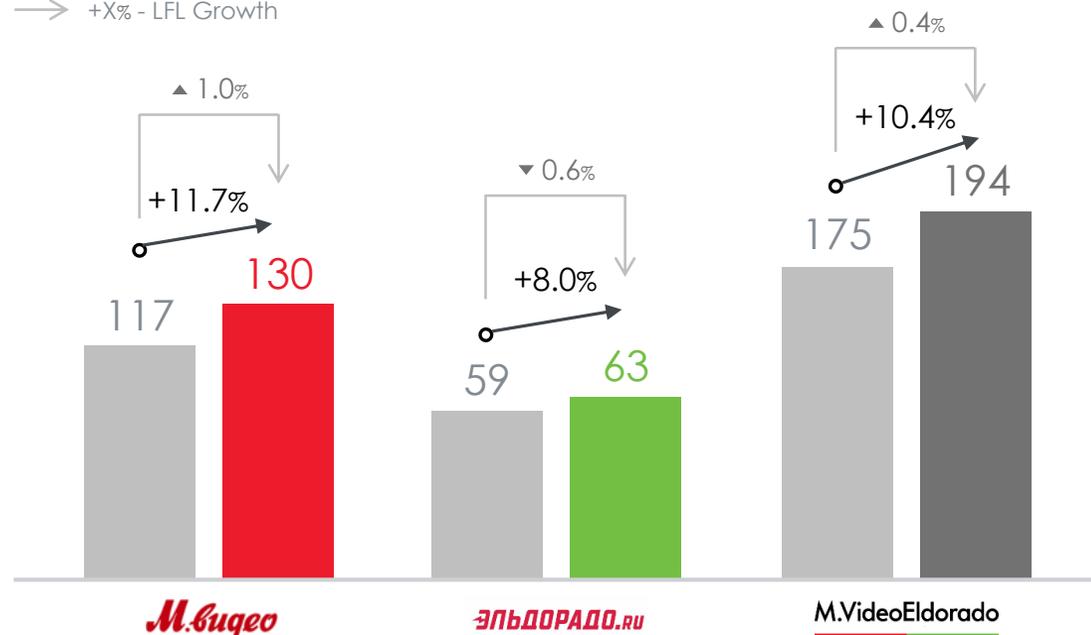
H1 Group Sales (incl. VAT)

RUB bn

■ H1'18 ■ H1'19

○ — +X% - YoY

→ +X% - LFL Growth

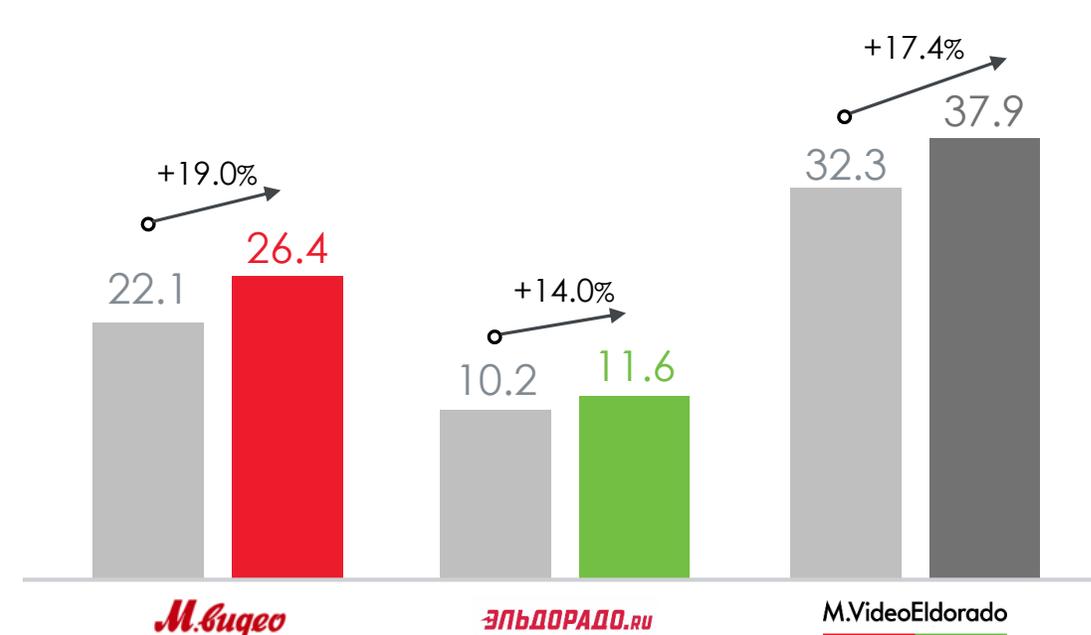


H1 Group Online Sales (incl. VAT)

RUB bn

■ H1'18 ■ H1'19

○ — +X% - YoY



Eldorado business model re-start

Business model

- 01 Omni for web/store assortment, prices, services
- 02 Assortment (focus on middle/low price segments)
- 03 Private Label (TVs) "HI" launched
- 04 Digital categories
- 05 Credit broker rolled-out: 19% of credit sales

Stores

- 01 Restyling inline with new CVP
- 02 New format "Eldo 600" (+25 stores in 2019E)
- 03 Lower cost operating model
- 04 Shopping malls & stand-alone proximity stores (if profitable)

Marketing

- 01 CVP - best value for money, convenience, close to me
- 02 New promo: price/best deals, rassrochka, EldoSALE
- 03 E-shop: usability, design, productivity +100%
- 04 Mobile app development
- 05 Loyalty program restart
- 06 New SMM-strategy

Source: Company info

+30%
Sales of digital

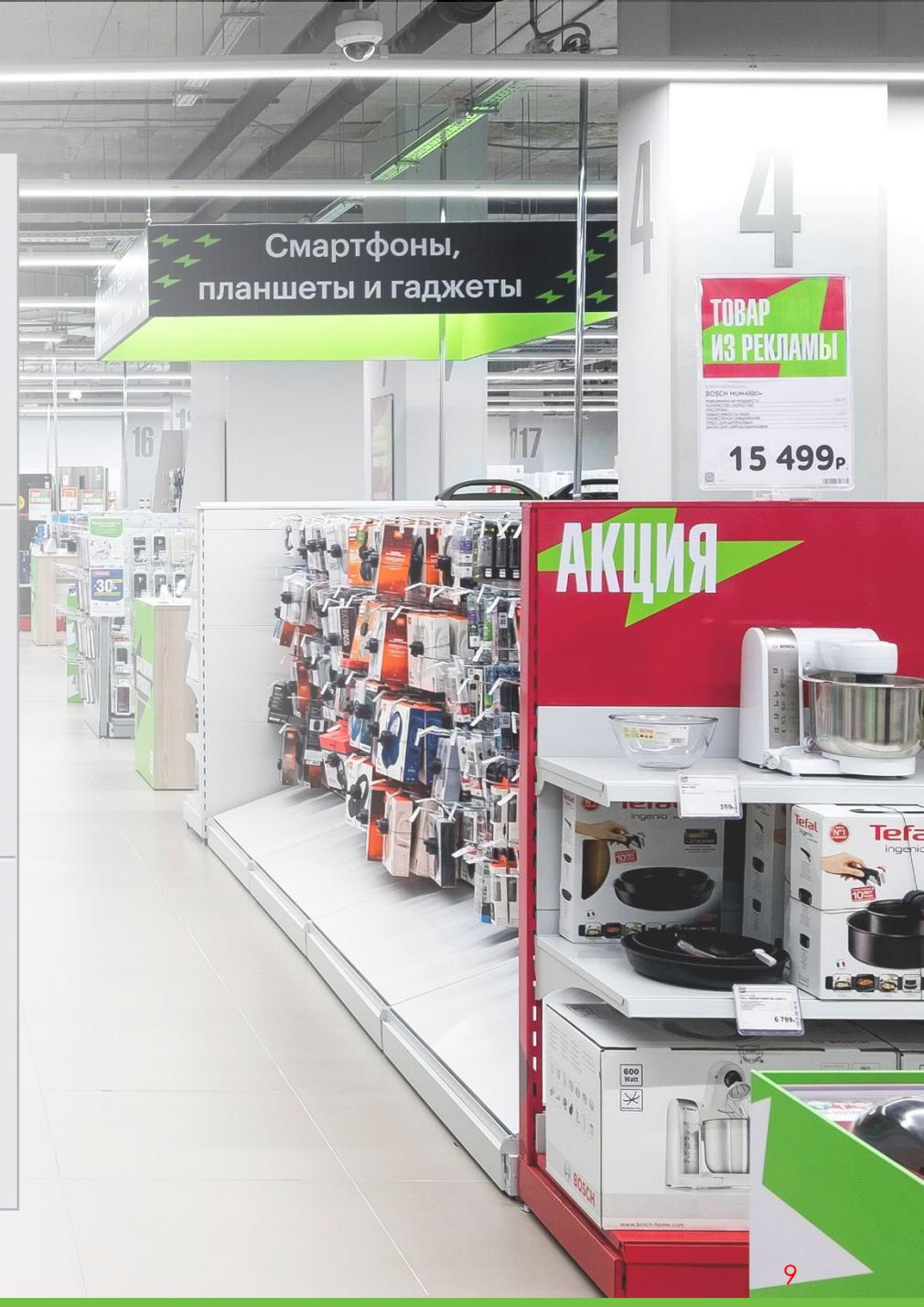
 3x outpaced
the market

+14%
Online sales

 2x faster than
H1'18

63%
NPS

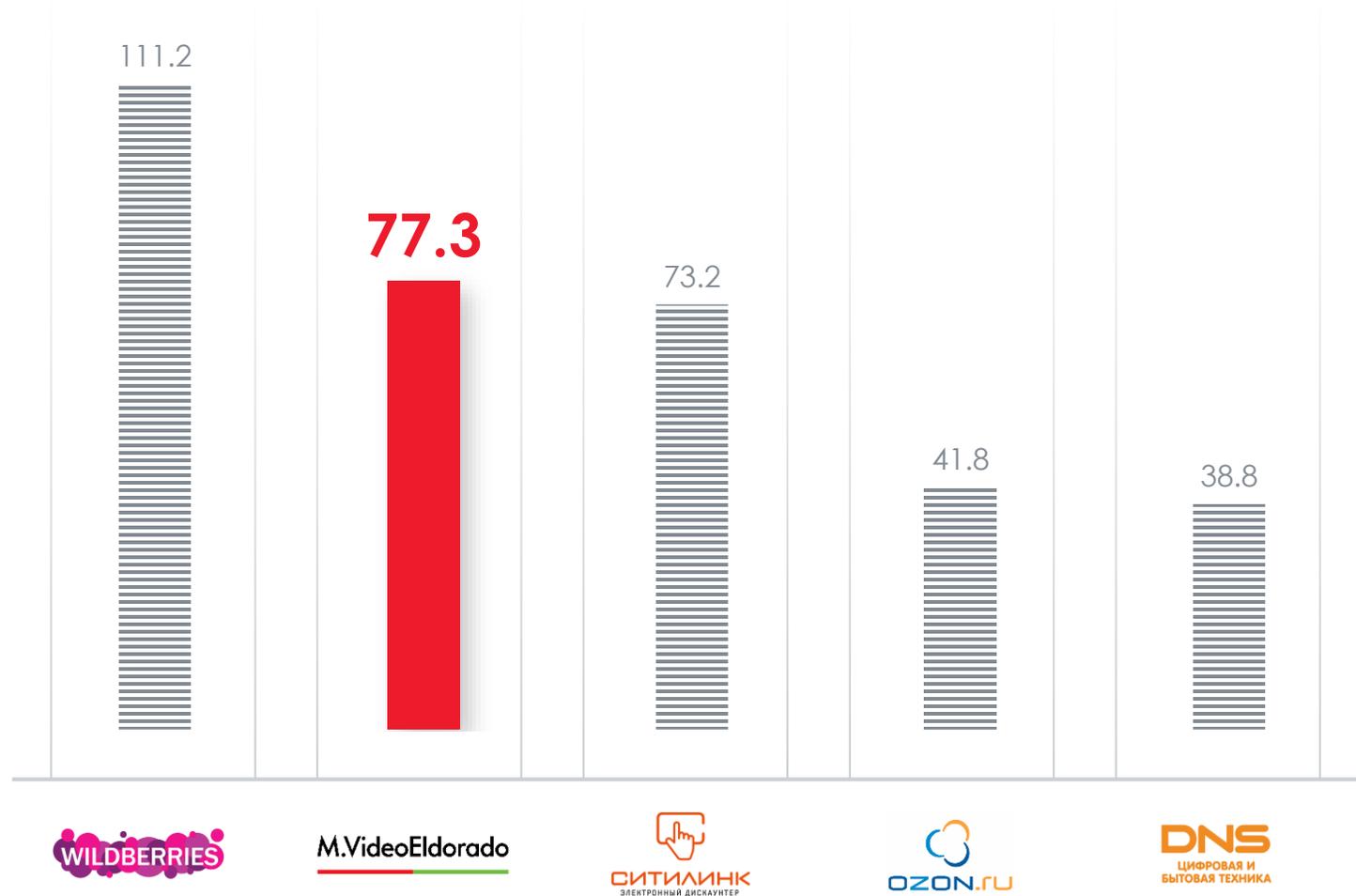
 +5.5 pp



- The Group is already the largest public e-commerce retailer in Russia and transforming to online driven business

Top-5 online retailers in Russia in 2018

RUB bn (with VAT)



Group's Online performance in H1 2019

24.5% market share
RUB 38 bn classic OBS

66% of M.Video sales were online driven
RUB 86 bn (OBS+RTD)

RUB 98 bn Group's online driven sales (OBS+RTD)

Source: DATA Insight 2018, GFK H1 2019 online market w/o B2B
M.Video-Eldorado Group online sales in 2018 imply pro-forma results, based on management accounts

— Group increased its footprint by 36 stores in H1 2019, 80+ stores planned in H2 M.VideoEldorado

Group substantially strengthened its position in

Moscow (+12)

North (+6)

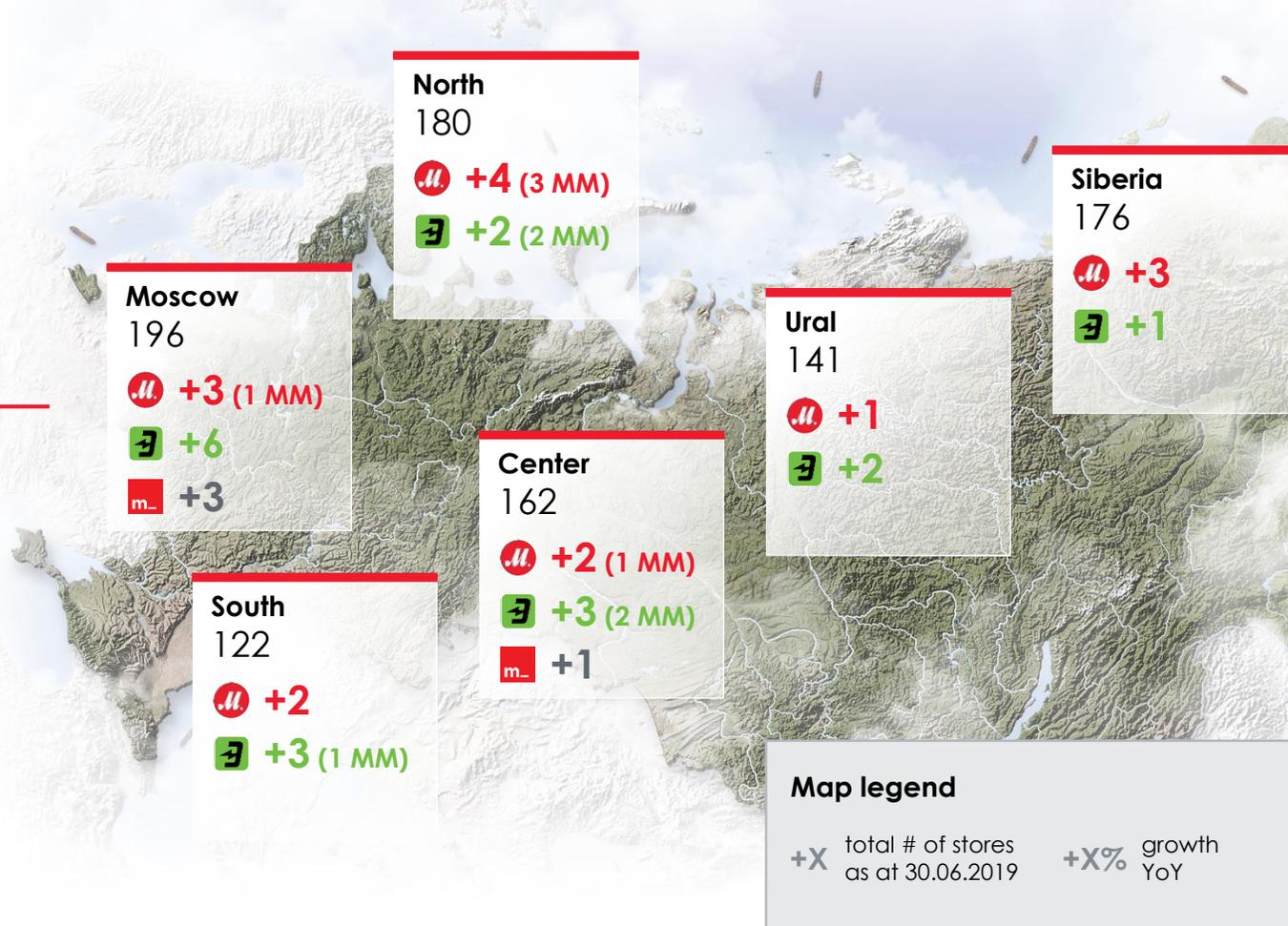
Center (+6)

4

new digital

m_mobile standalone stores were opened

977 Stores in 220 Cities



Key Success Factor for

Online-driven Business

1H'19 HIGHLIGHTS



Net Sales (w.VAT), rub bln	130	63	194
----------------------------	-----	----	-----

# of Stores ¹	499	478	977
--------------------------	-----	-----	-----

# of new stores	19	17	36
-----------------	----	----	----

Total Area, K SQM	1 060	840	1 900
-------------------	-------	-----	-------

Map legend

+X total # of stores as at 30.06.2019 +X% growth YoY

m_mobile standalone stores are included in M.Video stores number
Source: Company data for H1 2019

CONTENT

2 /3

Market trends and Group's operational highlights in H1 2019

Group's financial results in H1 2019 and guidance for FY 2019

Group's strategy 2022 update and forecast



H1 2019 "IAS 17" Group Revenue and Gross profit

Revenue grew by

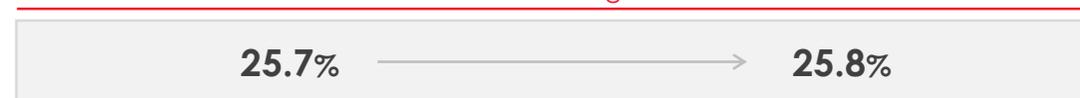
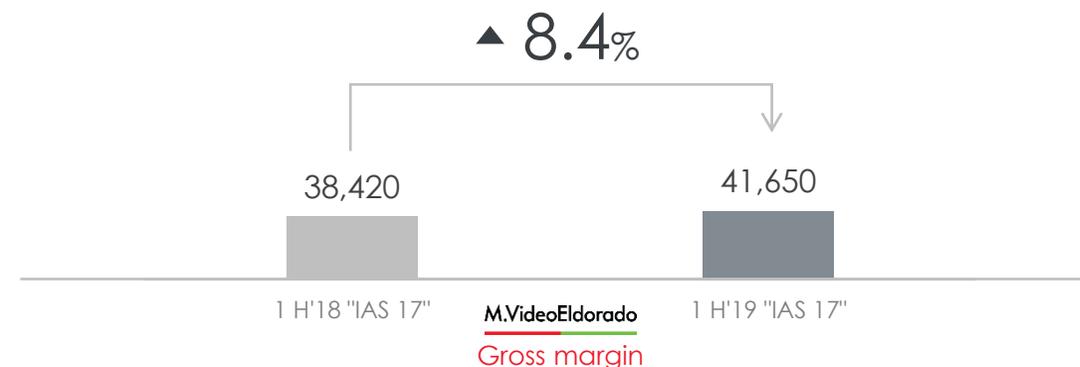
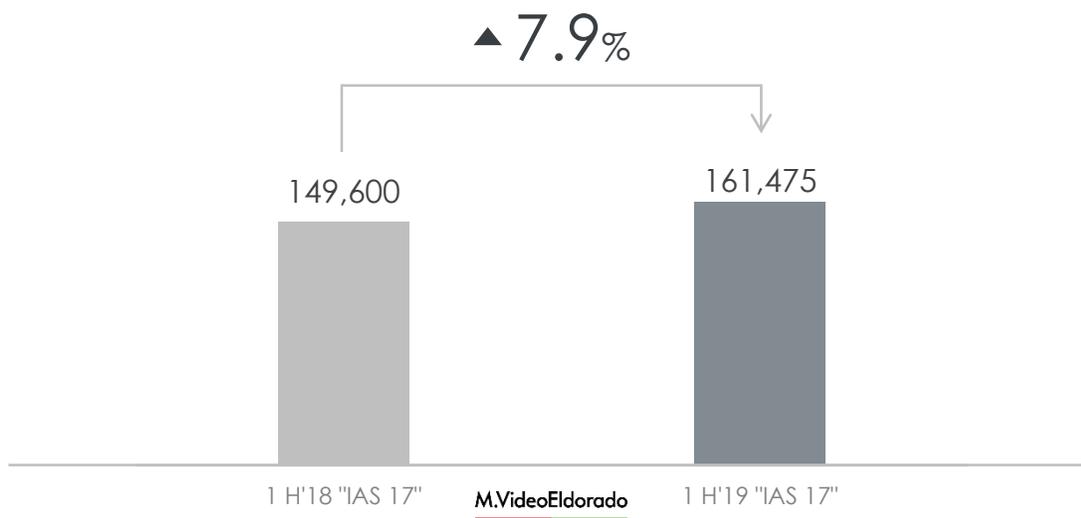
+7.9%

Gross profit improved by

+8.4%

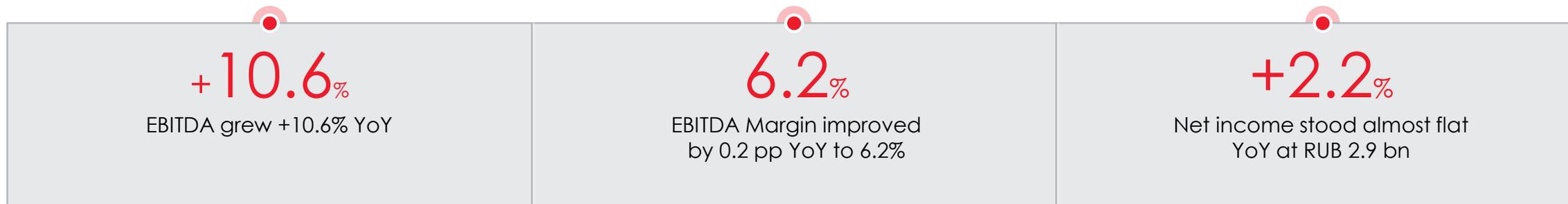
Group Revenue (net of VAT), rub bln

Group gross profit, rub bln



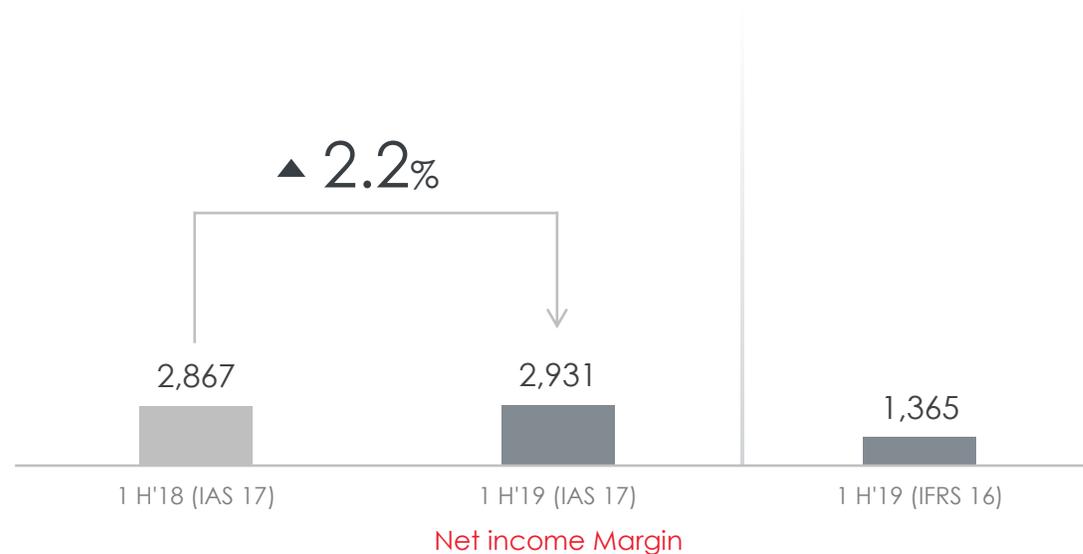
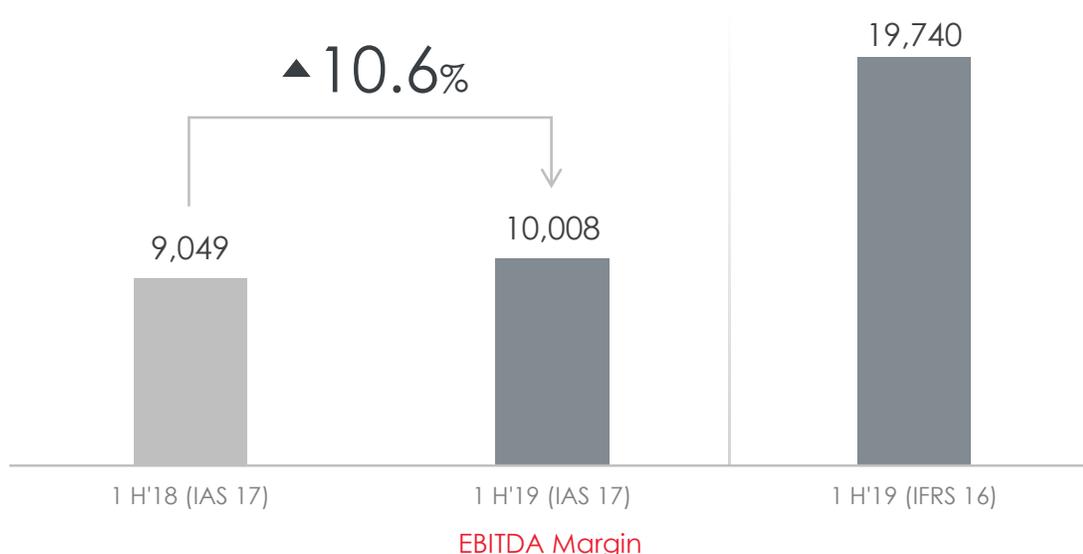
Note: Eldorado results for H1 2018 are represented on 6 months basis

— H1 2019 Group interim results: EBITDA and Net Income



Group EBITDA, rub bln

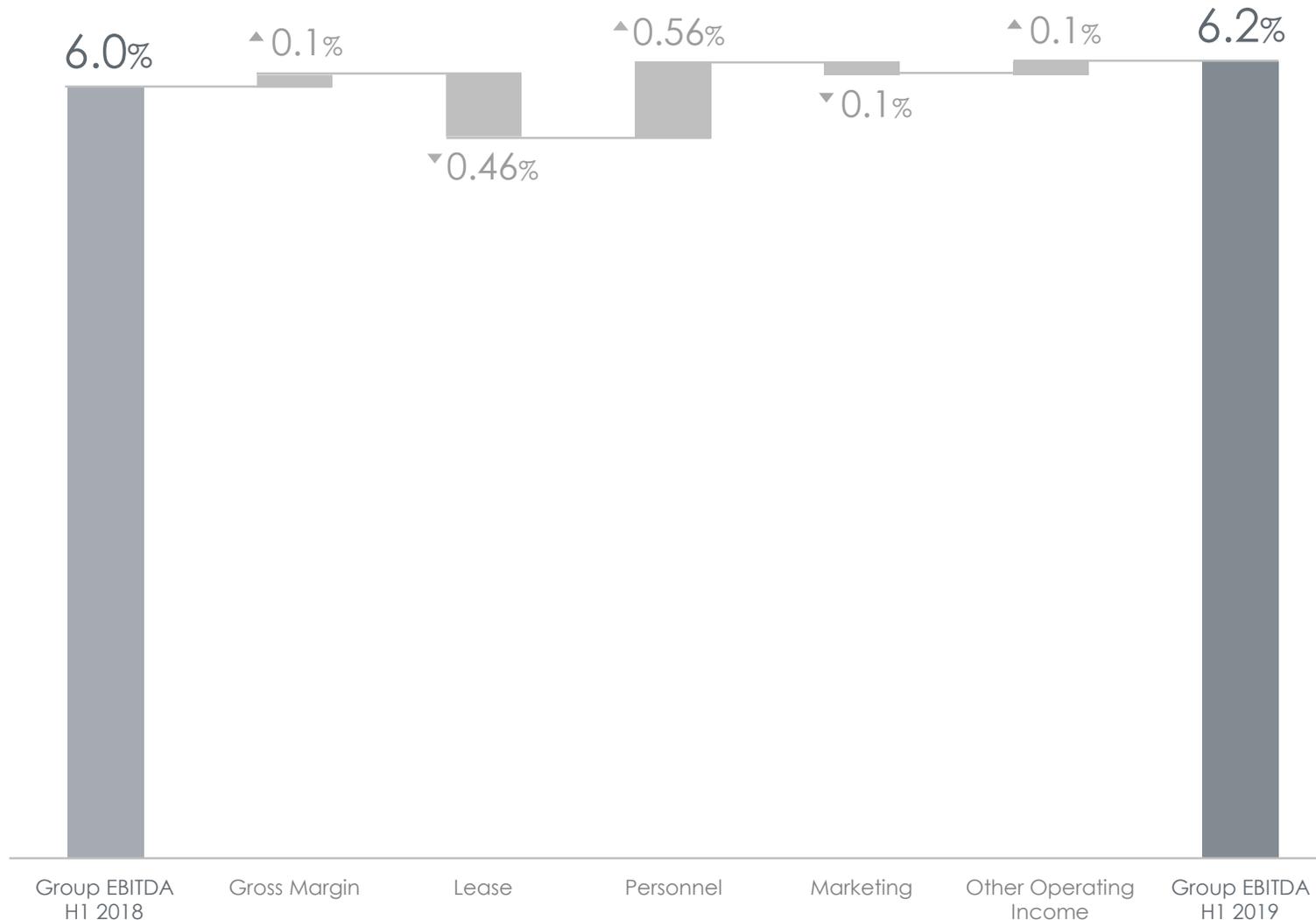
Group Net Income, rub bln



6.0%	6.2%	12.2%	M.VideoEldorado	1.9%	1.8%	0.8%
------	------	-------	-----------------	------	------	------

Note: Eldorado H1 2018 results presented on 6 months basis

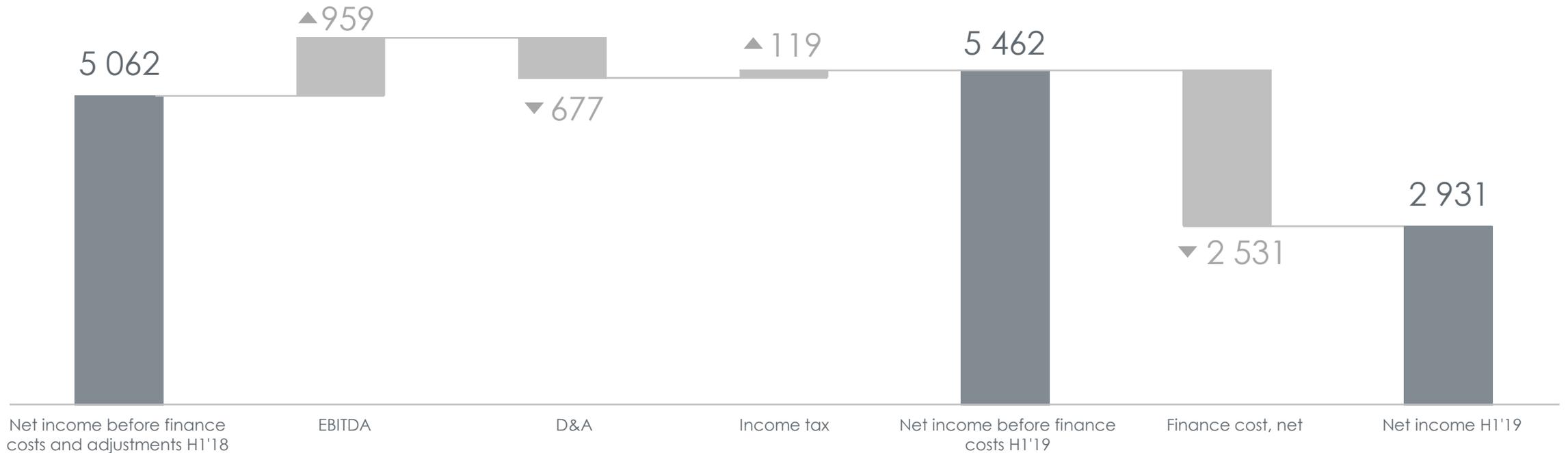
— Group EBITDA Margin (“IAS 17”) improved by 0.2 pp YoY mainly due to personnel cost savings, partly offset by growth of lease



Note: Eldorado H1 2018 results presented on 6 months basis

- EBITDA Margin gained +0.2 pp YoY
- Gross Margin grew +0.1 pp YoY due to efficient procurement and commercial function
- Rent increased by +0.46 pp YoY due to expansion
- Personnel expenses decreased by +0.56 pp YoY due to synergies and productivity growth
- Other operating income includes positive m_credit effect

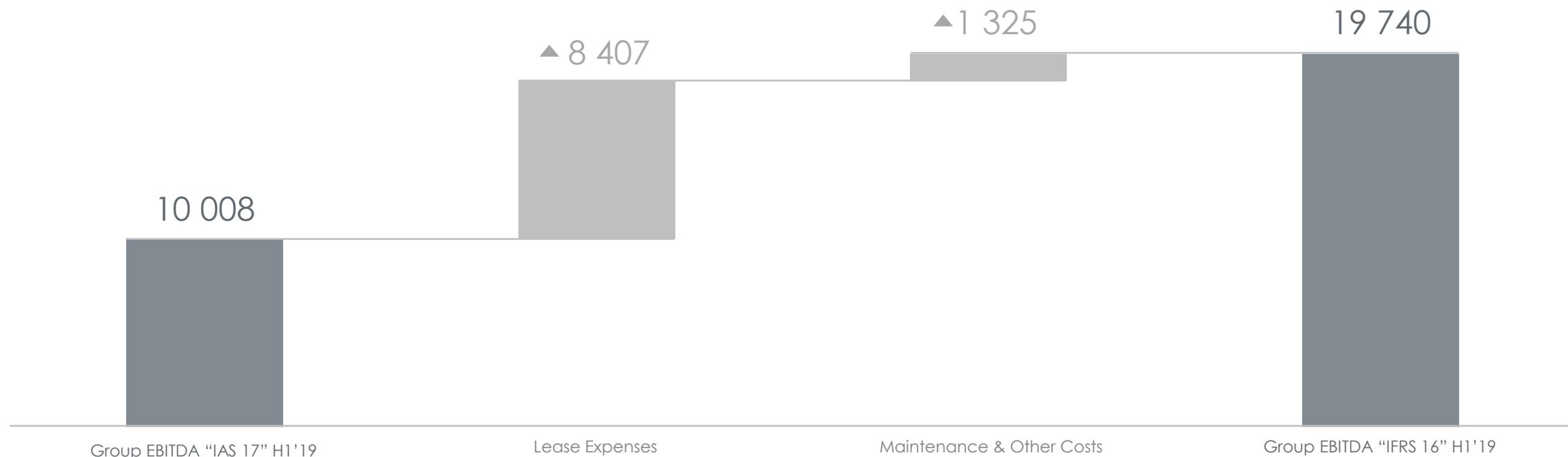
— Group Net Income (“IAS 17”) stood at RUB 2.9 bn in H1 2019, due to finance costs



Note: Eldorado H1 2018 results presented on 6 months basis

- “IFRS 16” vs “IAS 17” EBITDA for H1 2019 is higher due to long-term lease contracts expenses recognition changes

<p>Lease contracts related expenses of RUB 9.7 bn were excluded from EBITDA “IFRS 16”</p>	<p>EBITDA “IFRS 16” was RUB 19.7 bn RUB 9.7 bn higher vs “IAS 17”</p>	<p>EBITDA margin “IFRS 16” was 12.2%, vs. 6.2% “IAS 17”</p>
--	--	--



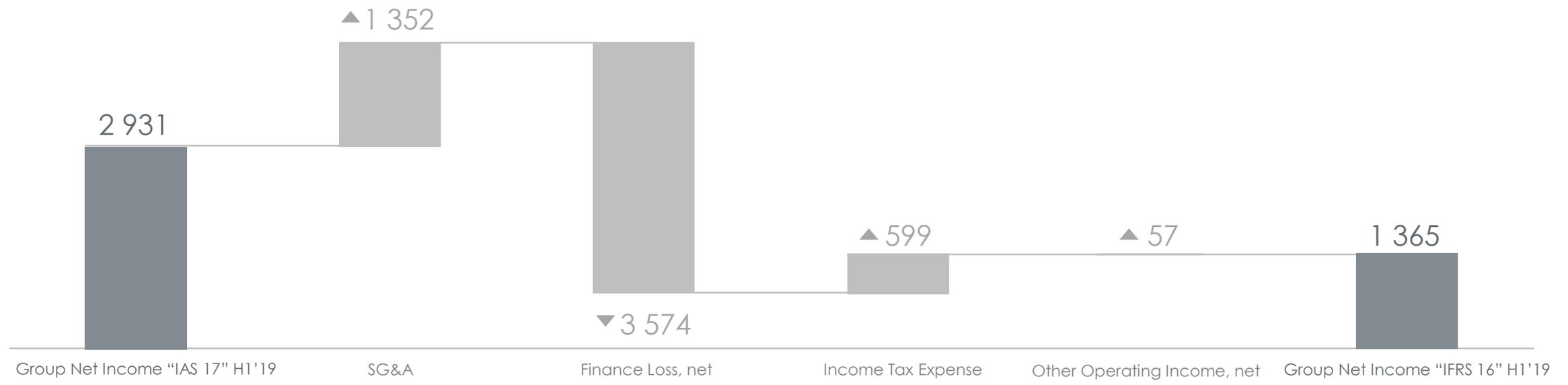
— “IFRS 16” vs. “IAS 17” Net Income for H1’19 lower mainly due to changes in Finance loss (net) and SG&A

RUB 1.4 bn Operating expenses net of D&A were excluded from P&L under “IFRS 16”

Additional finance loss of **RUB 3.6 bn** was added to P&L under “IFRS 16”

RUB 1.4 bn Net Income under “IFRS 16” was recognized in H1 2019

- + 8 407 Lease expenses
- 8 323 D&A
- + 1 359 Maintenance & other property operating costs
- 91 Other

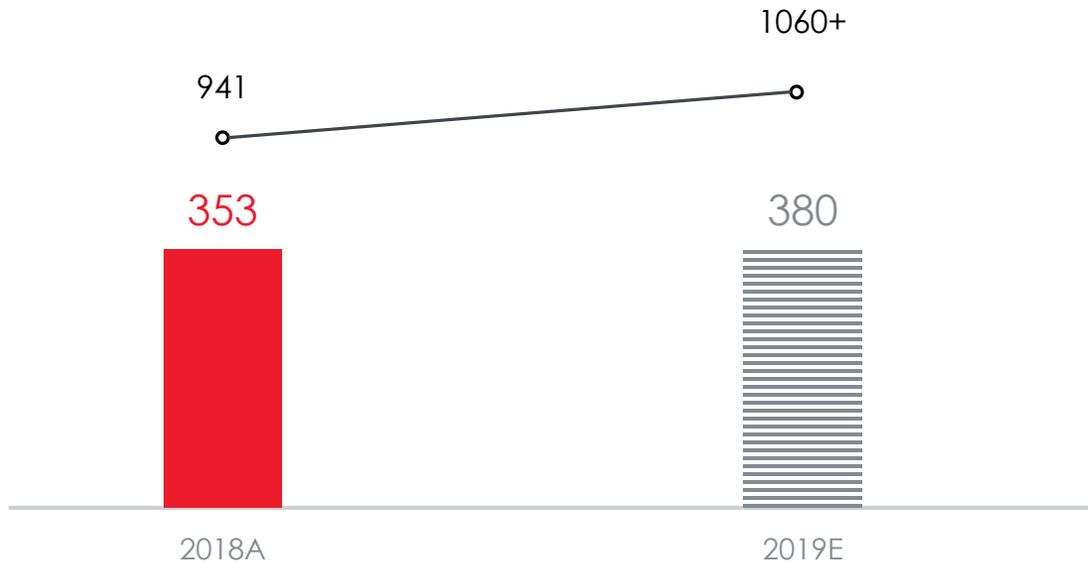


M.Video-Eldorado Group forecast for FY 2019

<p>RUB 380 bn</p> <p>The Group confirms Revenue forecast in 2019 (RUB bn)</p>	<p>> 6%</p> <p>EBITDA margin is projected</p>	<p>+120</p> <p>stores</p>
--	---	----------------------------------

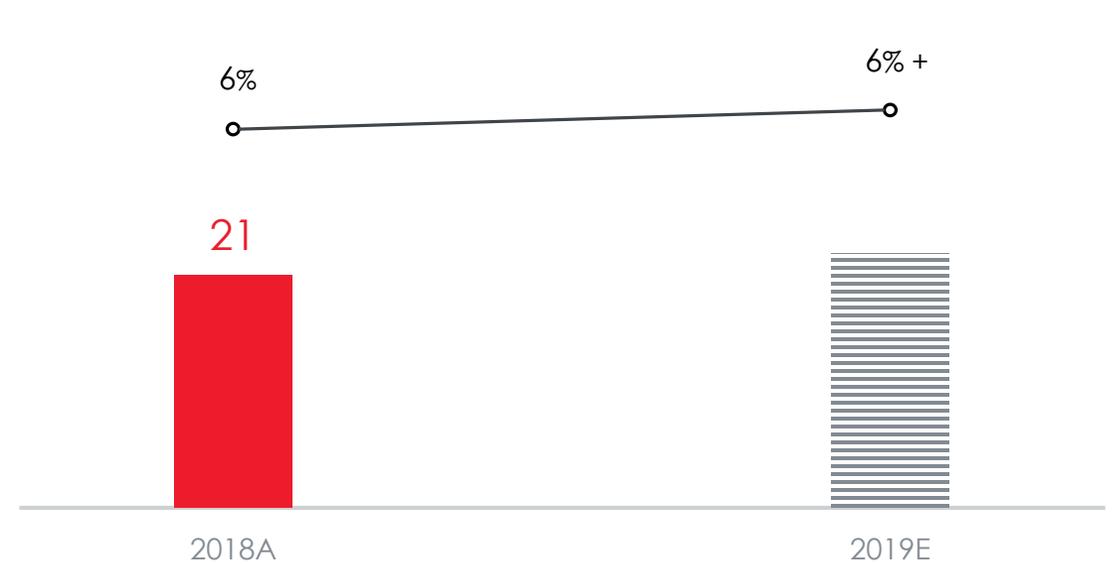
Revenue (net of VAT)

RUB bn



EBITDA ("IAS 17")

RUB bn



The information provided is based on M.Video's expectations which are indicative and cannot be considered as an official guidance

3

/3

Market trends and Group's operational highlights in H1 2019

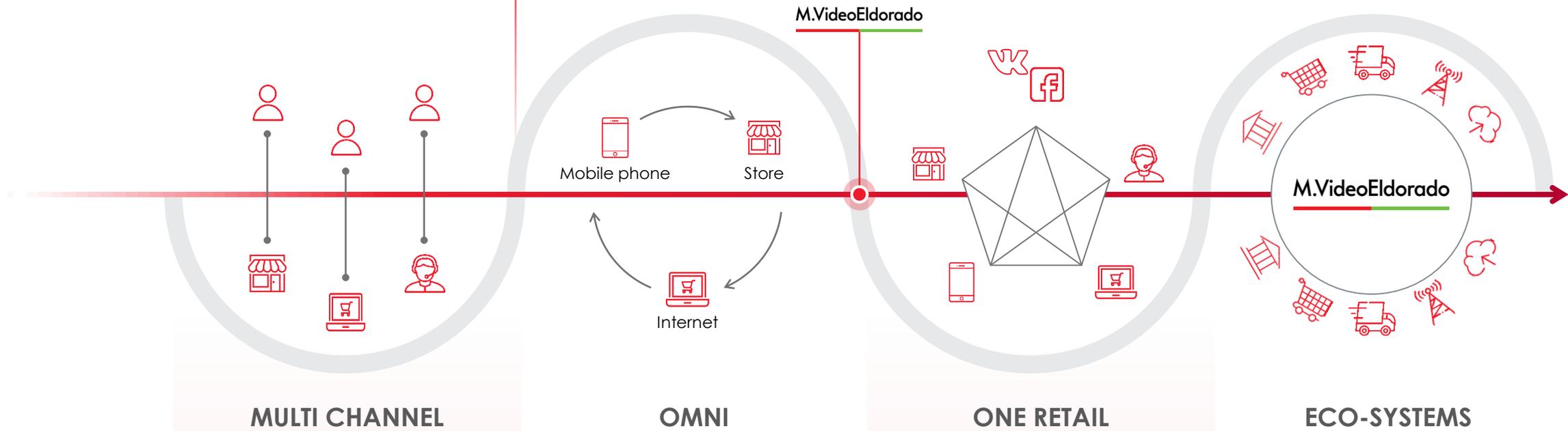
Group's financial results in H1 2019 and guidance for FY 2019

Group's strategy 2022 update and forecast



— Digital Transformation of M.Video-Eldorado Group to ONE RETAIL

OMNI WAS YESTERDAY, ONE RETAIL — FOR TOMORROW



Customer journey	Independent	Overlapping	<ul style="list-style-type: none"> • The end of channels • Online comes to offline 	<ul style="list-style-type: none"> • Shopping for emotions • Mobile • Without any effort • Cross-industry experience
Product & service	Channel unique	Aligned	<ul style="list-style-type: none"> • Data-driven • Deep segmentation 	Enriched data from different markets Individual

— How M.Video-Eldorado Group **creates ONE RETAIL** for the most efficient unified customer journey based on technologies and data

One space

No channels (back&front)

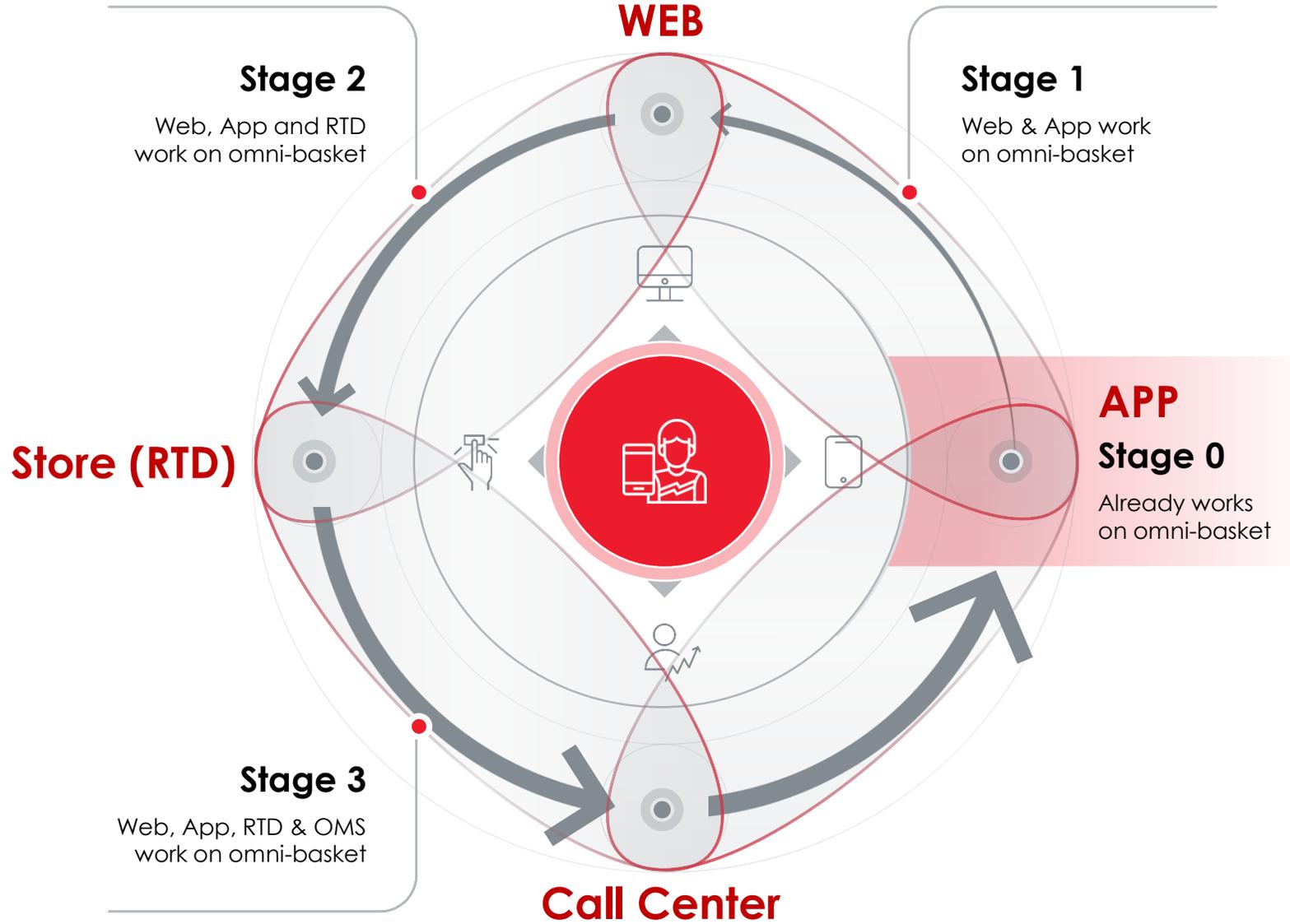
One audience

no channels = no longer online or offline audience,

Digitalization

digitalized from front to back to grow and develop customer experiences and to drive operational efficiencies

Step by step we integrate all clients touch-points in one universe



— M.Video-Eldorado Group **ONE RETAIL** and **DUAL BRAND** strategy perfectly meets current market trends

Market landscape trends 2022 summary

 <p>Russian CE market projected to slowdown to c.5% a.g.r. due to decrease of consumers' real disposable income</p>  <p>Demand polarization in terms of price segments premium / entry level</p>	 <p>Tighter banks' requirements for borrowers result in</p> <ul style="list-style-type: none"> • approval rate decline • deterioration of customer portfolio 	 <p>Chaotic customer journey, looking for "4Es" shopping: engagement, emotion, exclusivity, experience</p>  <p>Marketplaces will continue to change market reality</p>	 <p>Digital products — 55% of Russian CE market — continue to grow their share</p>
--	---	--	---

ONE RETAIL

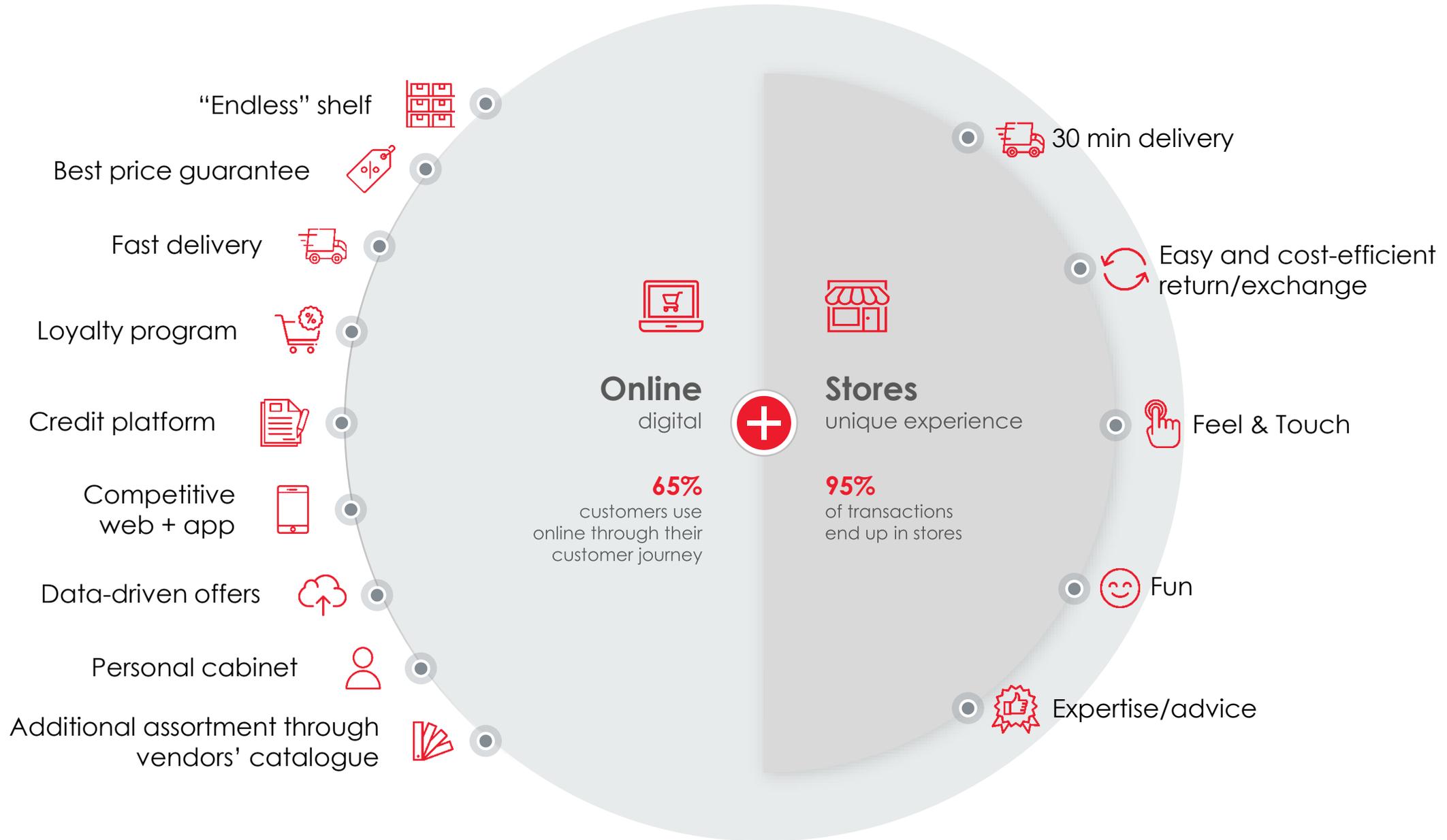
- RTD
- DUAL BRAND strategy
- CREDIT BROKER platform

- CREDIT BROKER platform
- DUAL BRAND strategy

- MOBILE APP
- DIGITAL STORES attractive touchpoints for customers
- RTD

- M_MOBILE stores
- RTD
- CREDIT BROKER platform

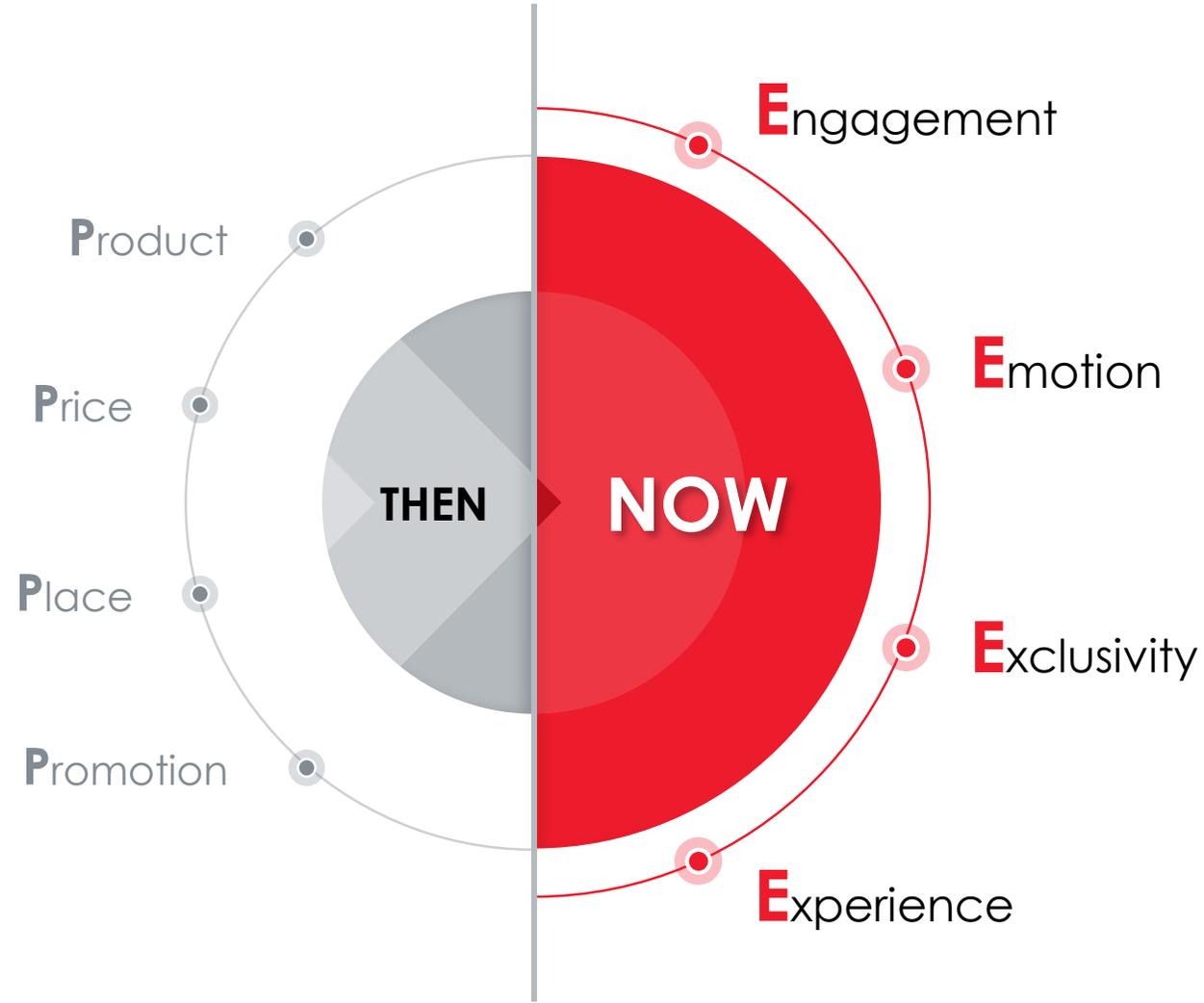
— M.Video-Eldorado Group is **online business** with **stores advantages**



— Modern retail has moved from 4 Ps to 4 Es



**Built
transactional
relationships**



**Building
engaging long-
term relationships**

— How M.Video-Eldorado Group builds customer relationships on 4E's

Game zone: customers can test the assortment and play new games before purchase



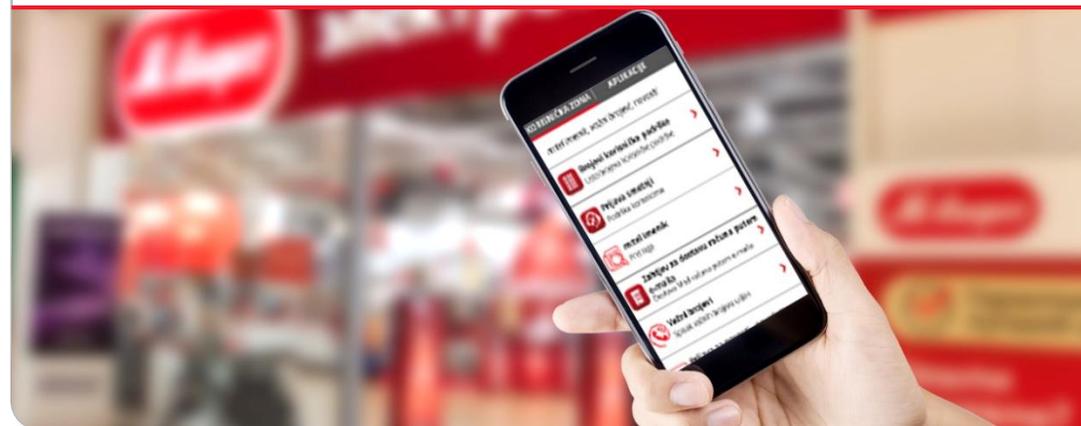
SoundCafe: customers can test the headphones and buy the ones they like



Smart home projects: complex solutions for smart home zones



AR in-store navigation



— Clients appreciate our efforts



25 mln loyal customers

2-6 purchases per year

88 NPS by clients

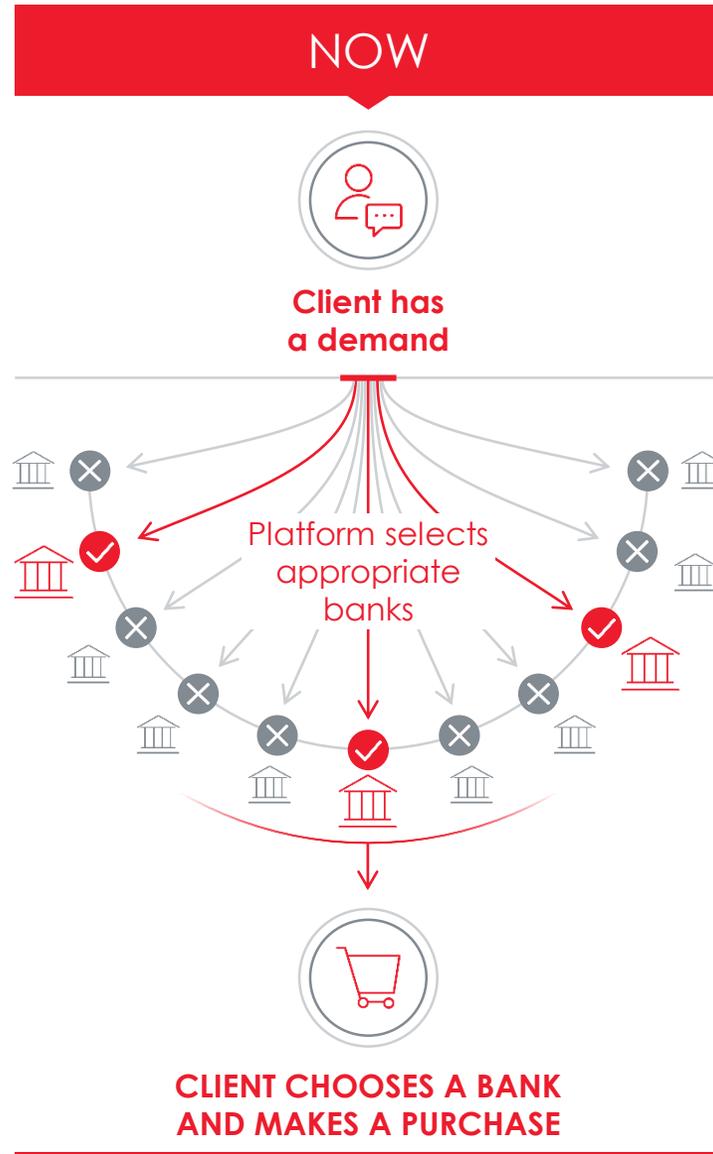


33 mln loyal customers

2-4 purchases per year

72 NPS by clients

— Unique customer proposition in consumer credits



11 banks
5 available in online

20 mins
transaction time (3 times down)

2+ mln
customers in 2018

>80%
approval rate

19%
credit sales for both brands

Source: Company info

— **m_mobile**: aiming to digital market leadership

 **9 stores**

five in Moscow and one for Saint Petersburg, Samara, Gelendzhik and Ekaterinburg

NEW
 **+15**

Stores in 2H 2019

 **Pilot project**

With MTS

Unique retail format for Russian market:

 200-300 sq. m

 Coffee-zone

 More than 2 000 digital items

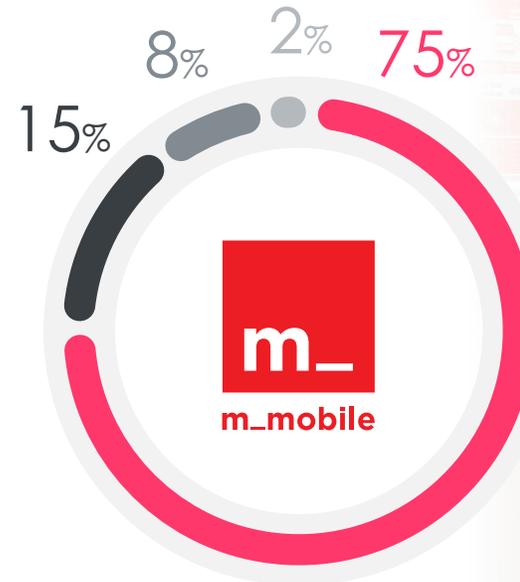
 Fun zones: VR, gaming, music

1.5 RUB bn **M_mobile shops revenue for the first year (x10 higher than market peers)**

+22% **M_mobile sales in 1H2019 (smartphone market in Russia +12%)**

50% **Every second smartphone is sold with attachment (services, accessories)**

Source: Company data



 smartphones and accessories

 computer hardware

 game devices, games, photo and video products

 household appliances (order via RTD or pickup)

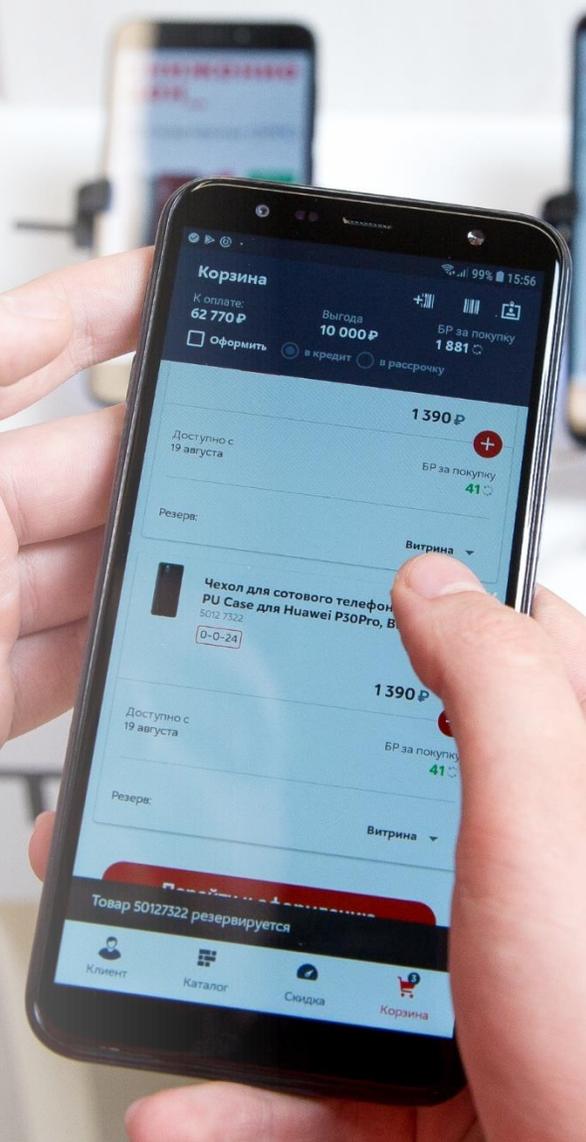


— M_RTD as a core platform for ONE RETAIL



Online experience in stores/ no borders between online/offline.
Instant access to the whole assortment and product information

 Customer	<ul style="list-style-type: none">• Best experience• Personal offers• Transparent prices / discounts / cashbacks	439 stores connected to m_RTD (June '19)
 Shop assistant	<ul style="list-style-type: none">• Real time access to all corporate database• Client recognition• Knowledge base for products, promos, prices etc.• HR-tools and platforms	6000 Shop assistants with RTD (H1 '19) rub 60 bn (x2.7 YoY) RTD sales (H1 '19)
 Business	<ul style="list-style-type: none">• NPS growth• Revenue growth• Employees satisfaction growth	15 900 rub (x2 vs market) Average check (H1 '19)



Source: Company data

— M.Video-Eldorado Group adheres to its 2022 strategy

M.VideoEldorado

2022

Strategy

ONE COMPANY

ONE OPERATING BUSINESS MODEL → ONE RETAIL

TWO BRANDS (DUAL BRAND)

2018

2019

2022

BUSINESS
MODEL



Centralization of operations
and Dual-brand strategy

EBITDA
MARGIN >6%



Sustainable EBITDA
margin >6%

MARKET
SHARE



CE market
share >30%

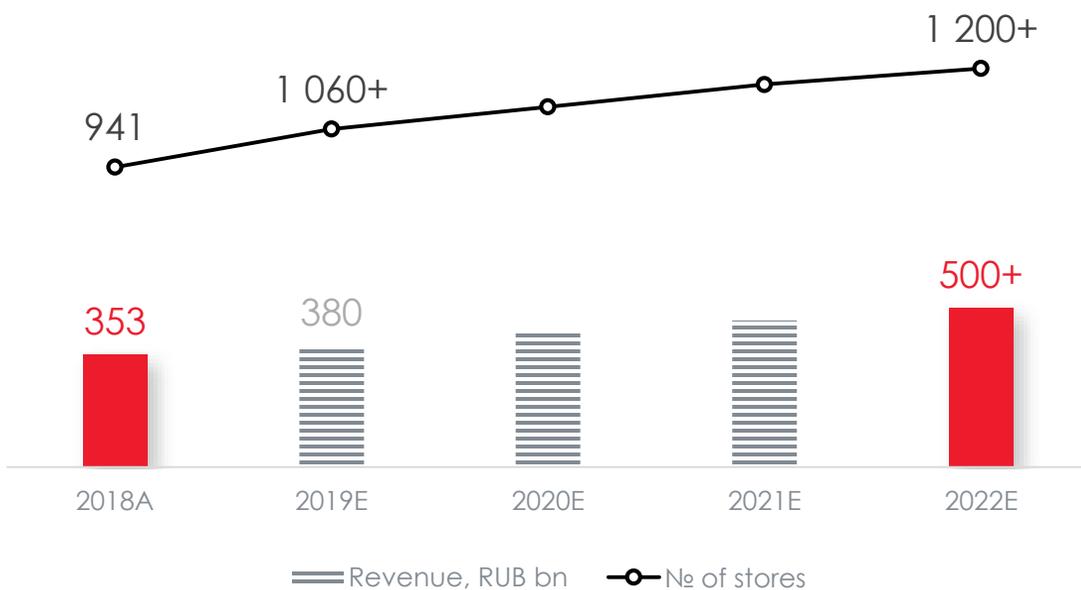
500+

The Group expects the combined Net Revenue to be 500+ RUB bn by 2022

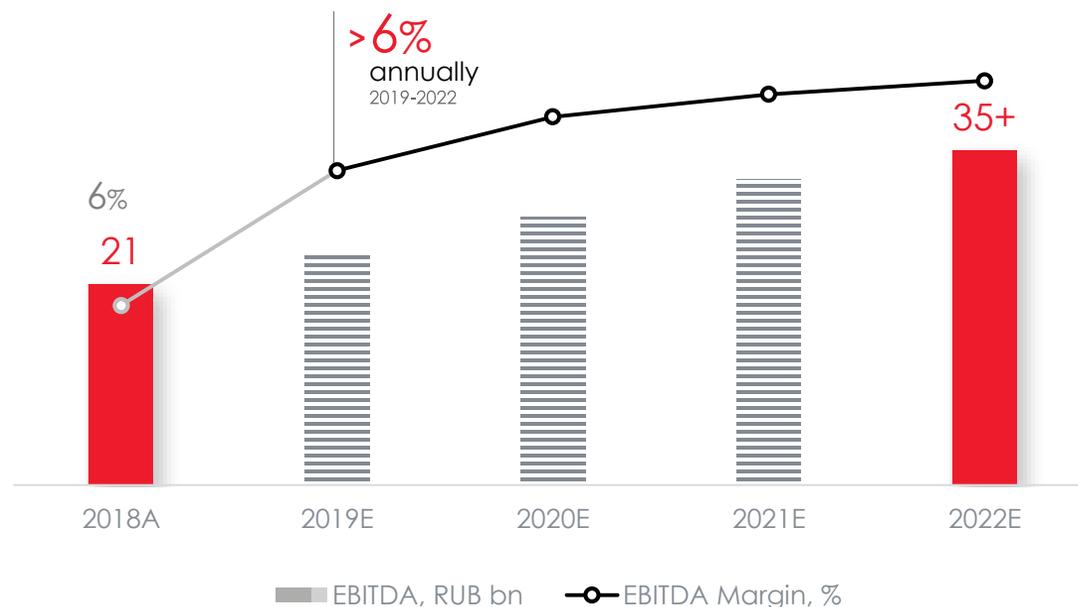
6%

The combined EBITDA margin is to exceed 6% starting from 2019

Revenue (net of VAT), RUB bn



EBITDA / EBITDA margin



Group's debt portfolio forecast 2022

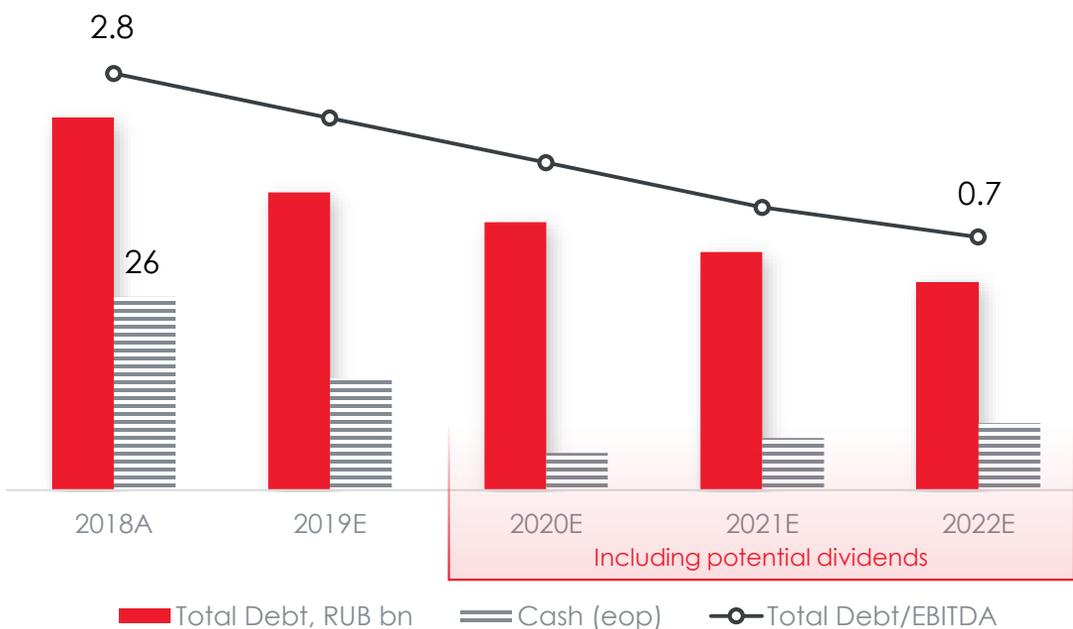
0.7_x

Total Debt/EBITDA is expected to stay at robust 0.7x level in 2022

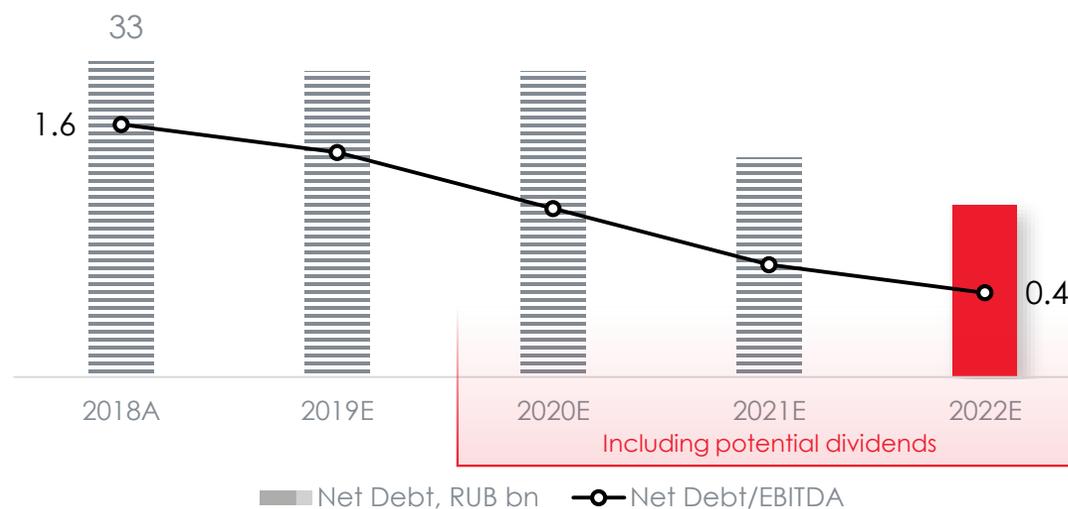
0.4_x

Net Debt/EBITDA is to reach minimum 0.4x level in 2022

Total Debt & Total Debt / EBITDA



Net Debt & Net Debt / EBITDA



— M.Video-Eldorado Group is developing as a **sustainable and socially responsible business**

Activate the future



Partnership within the team



Responsibility for the future



Openness to change



We do care



Courage to innovate

Bringing technology into lives, we give people the gifts of time and inspiration

We build the future to be proud of

APPENDIX

M.Video – Eldorado Group Interim Condensed Consolidated Financial Statements

for H12019

— Group Profit & Loss key highlights

In millions of Russian rubles (VAT excl.)	H1'19	H1'18	Change YoY	H1'19
	"IAS 17"	"IAS 17"		"IFRS 16"
Revenue	161 475	149 600	+7.9%	161 475
Gross Profit	41 650	38 420	+8.4%	41 650
Gross margin, %	25.8%	25.7%	+0.1pp	25.8%
Selling general and administrative expenses	37 434	34 302	+9.1%	36 082
Other operating income, net	2 312	2 128	+8.6%	2 369
Operating profit	6 528	6 246	+4.5%	7 937
Net Income before finance cost and adjustments	5 462	5 062	+7.9%	7 470
Finance income / (cost), net	-2 531	-994	-154.6%	-6 105
Net Income	2 931	2 867	+2.2%	1 365
Net margin, %	1.8%	1.9%	-0.1pp	0.8%
EBITDA	10 008	9 049	+10.6%	19 740
EBITDA Margin, %	6.2%	6.0%	+0.2pp	12.2%

Note: for comparison purposes Eldorado numbers are included for January-June 2018 in 1H 2018 Group's results

— Group SG&A expense breakdown

In millions of Russian rubles (VAT excl.)	H1'19	H1'18	H1'19
	"IAS 17"	"IAS 17"	"IFRS 16"
Payroll and related taxes As % of revenue	11 139 6,9%	11 162 7,5%	11 139 6,9%
Lease expenses As % of revenue	9 062 5,6%	7 711 5,2%	655 0,4%
Advertising & promotional expenses As % of revenue	3 416 2,1%	2 995 2,0%	3 358 2,1%
Maintenance & other property operating costs As % of revenue	2 720 1,7%	2 651 1,8%	1 361 0,8%
Warehouse services As % of revenue	855 0,5%	758 0,5%	855 0,5%
Bank charges As % of revenue	1 452 0,9%	1 334 0,9%	1 452 0,9%
Repairs and servicing As % of revenue	1 029 0,6%	729 0,5%	1 029 0,6%
Security As % of revenue	1 007 6,9%	947 0,6%	1 007 0,6%
Other SG&A As % of revenue	3 273 2,0%	3 212 2,1%	3 423 2,1%
Subtotal As % of revenue	33 953 21,0%	31 499 21,1%	24 279 15,0%
D&A As % of revenue	3 480 2,2%	2 803 1,9%	11 803 7,3%
TOTAL As % of revenue	37 434 23,2%	34 302 22,9%	36 082 22,3%

Note: for comparison purposes Eldorado numbers are included for January-June 2018 in 1H 2018 Group's results

— Group interim condensed Statement of Financial Position

	30.06.2019	31.12.2018
	RUBmn	RUBmn
	"IFRS 16"	"IAS 17"
Assets		
Non-current Assets	160 626	98 481
Fixed assets	20 310	20 734
Intangible assets	19 442	68 767
Other non-current	120 874	9 980
Current Assets	152 658	186 953
Inventory	97 146	113 145
Accounts receivable	33 878	31 457
Cash	5 657	25 669
Other	15 977	16 682
TOTAL ASSETS	313 284	285 434
Liabilities and equity		
Stockholders' equity	32 926	31 375
Equity attributable to owners of the Company	32 434	30 865
Non-controlling interests	492	510
Liabilities	280 358	254 059
Accounts payable to suppliers	121 535	155 420
Other current liabilities	58 948	50 305
Other non-current liabilities	99 875	48 334
TOTAL LIABILITIES AND EQUITY	313 284	285 434

Note: Eldorado results account in 2018 statements for the period May – December 2018, i.e. since the acquisition date

	30.06.2019	30.06.2018
	RUBmn	RUBmn
	"IFRS 16"	"IAS 17"
Operating CF		
Operating cash flows before movements in WC	19 132	9 729
Inventory change	16 539	(570)
Trade payables	(33 884)	(12 212)
Others	(6 649)	(5 604)
Interest paid	(5 890)	(375)
Income tax paid	(2 946)	(1 597)
Net CF from operations	(13 698)	(10 629)
Investing CF		
CAPEX - PPE	(1 692)	(972)
CAPEX - IA	(1 541)	(1 253)
Net inflow/(outflow) from loans issued	-	1 631
Investment in associates	(134)	(44 088)
Interest received	238	282
Net CF from investing activities	(3 129)	(44 400)
Financing CF		
Dividends paid	-	-
Net inflow/(outflow) from short-term borrowings	-	-
Purchase of treasury shares	-	(697)
Non-controlling interests	186	150
Repayment of loans and lease obligations	(3 374)	41 345
Net CF from financing activities	(3 188)	40 798
Net increase/(decrease) in cash and cash equivalents	(20 015)	(14 231)
Net foreign exchanges difference	3	4
CASH AND CASH EQUIVALENTS, bop	25 669	17 791
CASH AND CASH EQUIVALENTS, eop	5 657	3 564

Note: Eldorado results account in 2018 statements for the period May – December 2018, i.e. since the acquisition date

— Contact information

PJSC “M.VIDEO”

Address

**105066, Russia, Moscow
Nizhnaya Krasnoselskaya Str.,
40/12 bld 20**

Web-site

invest.mvideo.ru

Listing

The Moscow Stock Exchange

Ticker

MVID

For investors' requests,
please, contact:



**Natalya
Belyavskaya (IR)**



+7 495 644 28 48
ext. 1425



ir@mvideo.ru

For media requests,
please, contact:



**Valeriya
Andreeva (PR)**



+7 495 644 28 48
ext. 7386



pr@mvideo.ru

