



M.VideoEldorado

M.VIDEO- ELDORADO GROUP FY 2019 AUDITED IFRS RESULTS

MARCH 24, 2020

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Content

01



Market trends and Group's operational highlights in FY 2019

Group's financial results in FY 2019

M.VideoEldorado

— FY 2019 key highlights

Integration of Eldorado
completed: single legal entity
and ERP system

A photograph of a retail store interior. In the foreground, there are several promotional signs with green arrows pointing right. The signs contain Russian text: 'ГАРАНТИЯ ЛУЧШЕЙ ЦЕНЫ!', 'ДОСТАВКА ПО ВЫБОРУ ЦЕНЫ!', and 'САМЫЕ ВЫСОКИЕ ЦЕНЫ НА ВСЕ ТОВАРЫ'. The store is decorated with red and white balloons. In the background, there are shelves with products and a sign that says '100 летия цифровой техники на eldorado.ru'.

MediaMarkt stores rebranding
completed

A photograph of a large retail store interior, likely a MediaMarkt store. The store has a red carpet and white shelves. There are many products on the shelves, including electronics and household appliances. The store is well-lit with a grid ceiling.

Unified business model
for M.Video and Eldorado
introduced

A photograph showing a person's hands using a tablet computer. The tablet screen displays various data charts and graphs, including bar charts and line graphs. The background is blurred, showing what appears to be a computer monitor and other office equipment.

RUB 6 billion dividend paid
in December 2019: upon
the successful integration
of M.Video and Eldorado

A photograph of a stack of Russian ruble coins. The coins are of various denominations, including 10, 20, and 50 rubles. The stack is tall and sits on a reflective surface. There are also some loose coins scattered around the base of the stack.

RTD fully rolled-out
in all M.Video stores
by August 2019

A photograph of a person's hands holding a product box and a smartphone. The person is standing in front of a display of products. The product box is for a 'YAMAHA MUSIC' product. The smartphone is held up, and the person appears to be scanning a QR code or using the app.

1,000th Group's store opened,
multi-format model introduced
(Eldo 600, m_mobile)

A photograph of the exterior of a retail store. The store has a large sign that says 'М.Видео элек'. There are also smaller signs and posters on the storefront. The store is decorated with Christmas decorations, including snowflakes and garlands.

Market-first **QR codes** using the
Faster Payments System
project piloted

A photograph showing a hand scanning a QR code. The QR code is overlaid on a circular graphic that resembles a fingerprint scanner. The hand is holding a smartphone, and the QR code is being scanned by the phone's camera.

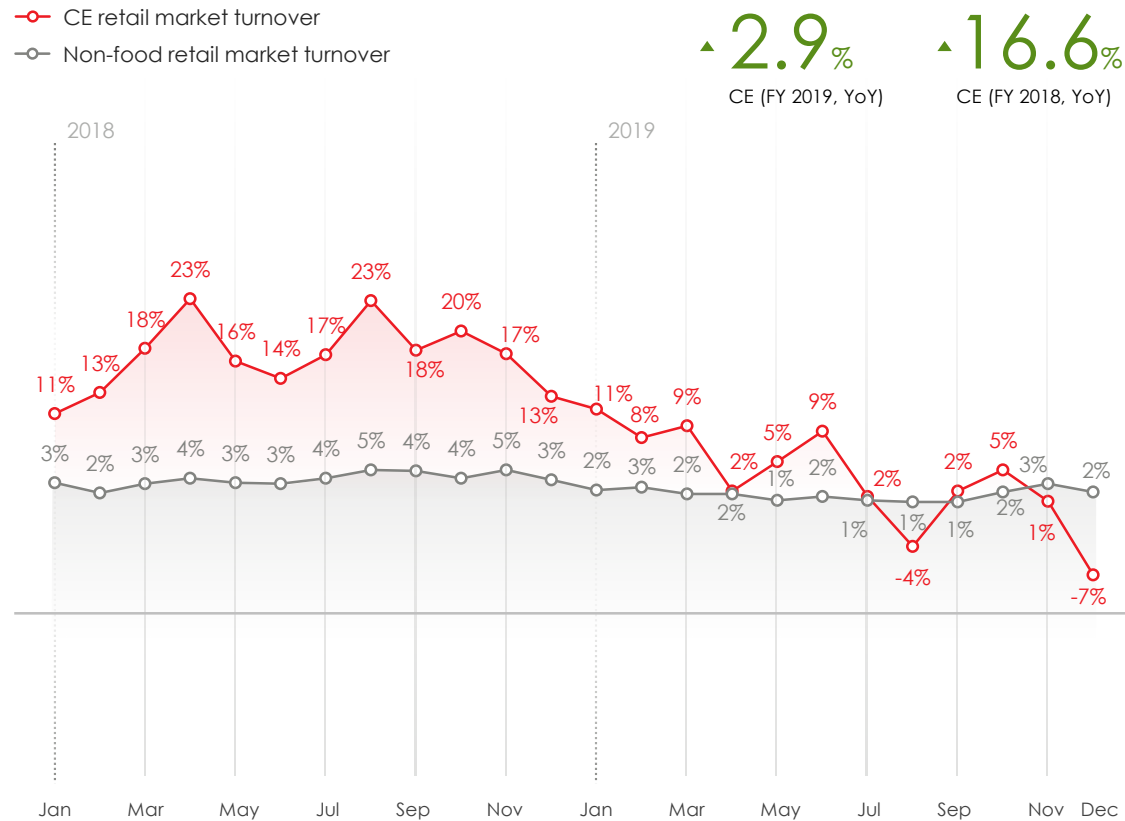
Collection of unwanted
household appliances for
recycling began

A photograph of a large pile of household appliances, including refrigerators, freezers, and other kitchen appliances. The appliances are piled up in a large room, likely a recycling center. The appliances are in various states of disrepair and are ready to be recycled.

Source: Company data 2019

Russian CE market growth slowed down in 2019 due to macro factors and abnormally high base of 2018, though the growth is in line with the 5-year average

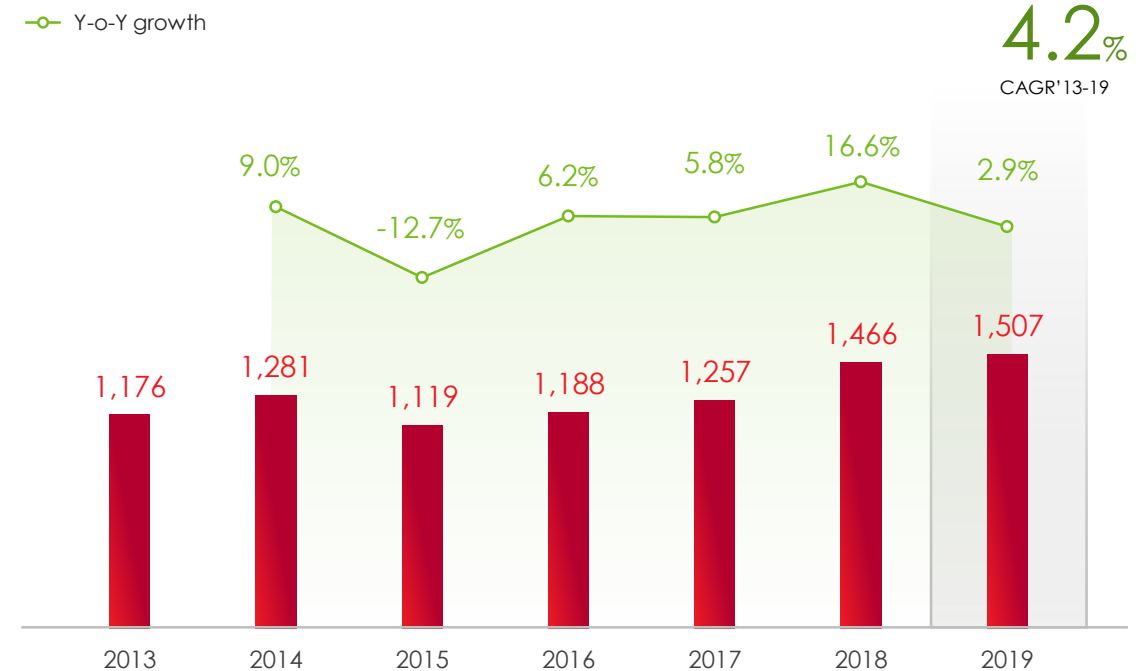
Market turnover dynamics, YoY %



2018 → 2019

Source: Rosstat, GfK

Russian CE market, RUB bn



Russian CE market is mature and on average demonstrates a stable single-digit growth

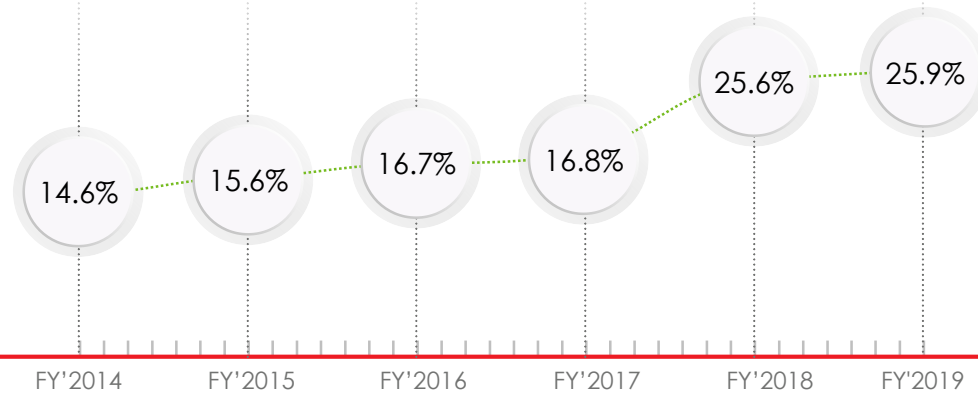
12.7% decline in 2015 and 16.6% increase in 2018 were abnormal mainly driven by external macro factors, in 2019 the market demonstrated **moderate dynamics with 2.9% growth**

CE market growth in 2018 was affected by the Rouble's volatility and expectation of an increase in the VAT rate among other factors

— Group continued to outperform the market in 2019

M.VideoEldorado

● Market Share, %



Sales Growth, YoY, %

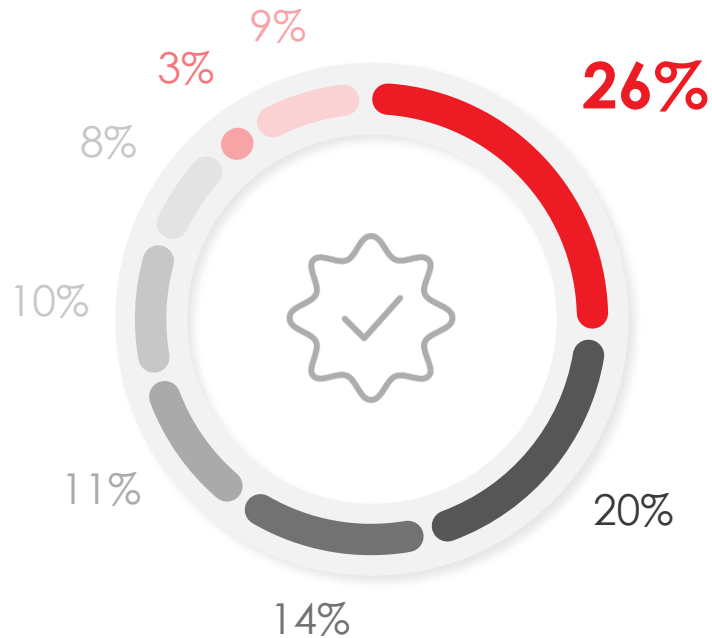
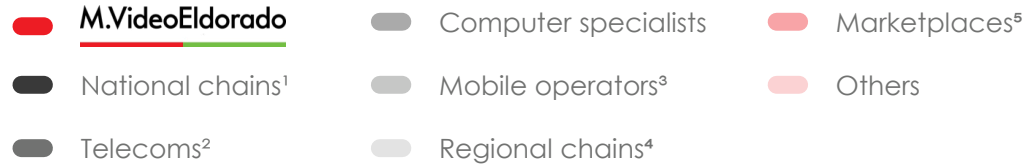
	FY'2014	FY'2015	FY'2016	FY'2017	FY'2018	FY'2019
<i>M.Video</i>	▲ 18.8%	▼ 5.5%	▲ 13.3%	▲ 7.7%	▲ 19.6%	▲ 4.6%
<i>ЭЛЬДОРАДО.RU</i>	n/a	n/a	n/a	n/a	▲ 14.1%	▲ 2.4%
M.VideoEldorado	n/a	n/a	n/a	n/a	▲ 17.7%	▲ 3.8%
Market	▲ 9.0%	▼ 12.7%	▲ 6.2%	▲ 5.8%	▲ 16.6%	▲ 2.9%

- 01 The Group **consistently outperforms** the market on top line growth
- 02 The Group **continuously increases** the market share
- 03 Both M.Video and Eldorado **grew faster than the market** in 2019

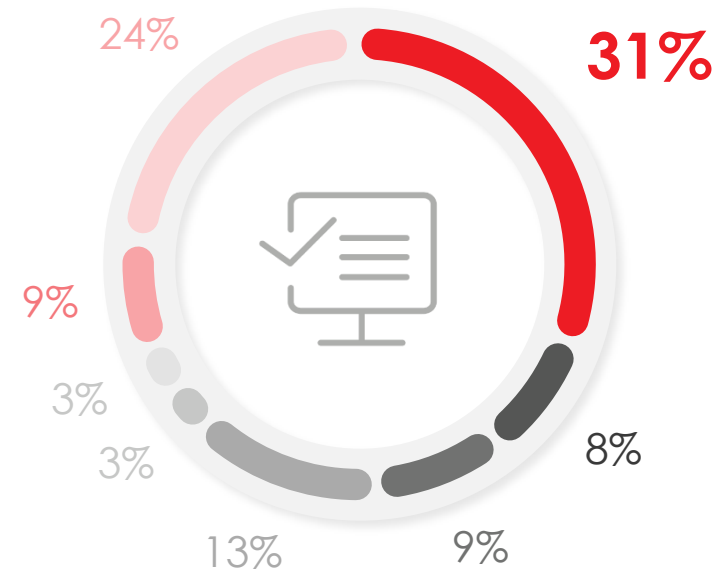
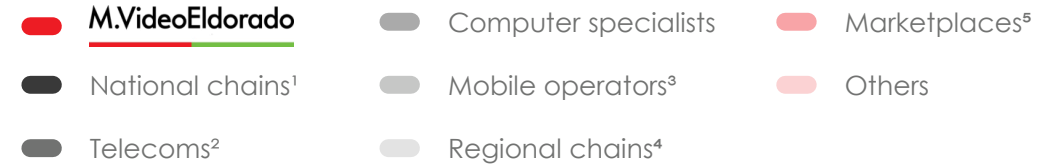
Source: Rosstat, Company data, market shares and growth provided by GFK, online market without B2B Group sales (net turnover) growth implies pro-forma results, based on management accounts

— M.Video-Eldorado is an undisputable CE market leader in Russia with strong online presence

Russia CE total market

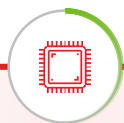


Russia CE online market



(1) DNS and RBT; (2) Svyaznoy, Euroset and others; (3) Beeline, MegaFon, MTS and Tele2; (4) Technopark, Nord, Poisk.ru and others; (5) Marketplaces
 Source: GFK, Company data 2019

Eldorado strengthens Digital categories 5 times outpacing the market



63%

Digital amounted to 63% of the total CE market in Russia



x3

Group grew 3 times faster than the Digital market



44%

M.Video increased Digital share in its sales to 44%



x5

Eldorado grew 5 times faster than the market

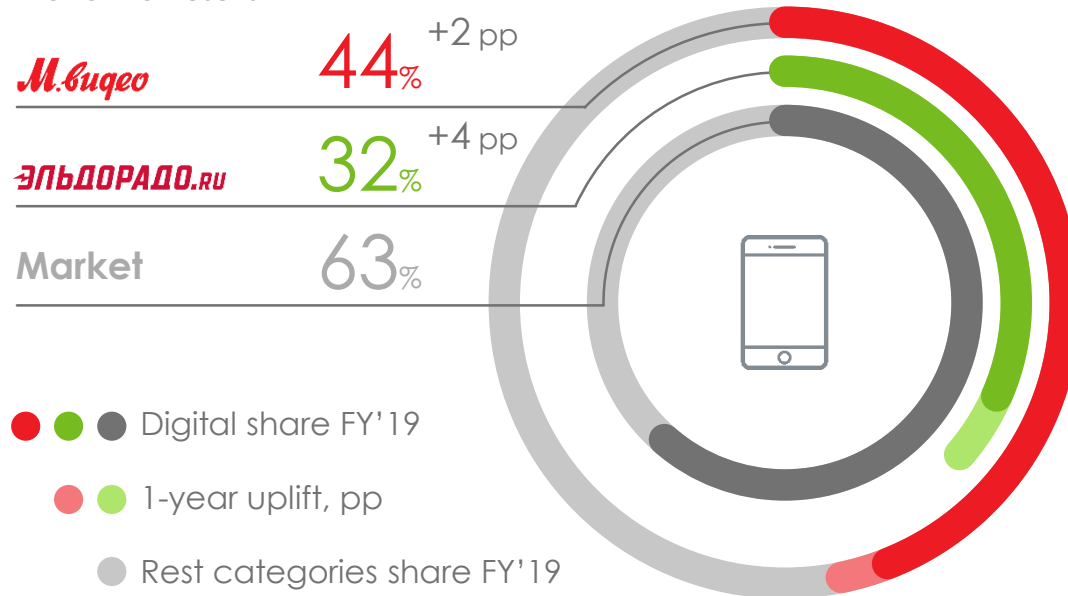
FY'19 / FY'18 Digital sales growth

Pro-forma Results



Digital in sales / market structure

Pro-forma Results



The term "Digital" encompasses the following eco-units: Mobile Technics, Home Office, Entertainment & Photo/Video Group sales (net turnover) growth implies Pro-forma results, based on management accounts, Source: GFK, Company data

— m_mobile: aiming for digital market leadership



513 shop-in-shops

Shop-in-Shops in all M.Video stores



19 m_mobiles

Standalone stores in 2019



Incl. **1** pilot store

Co-branding with MTS

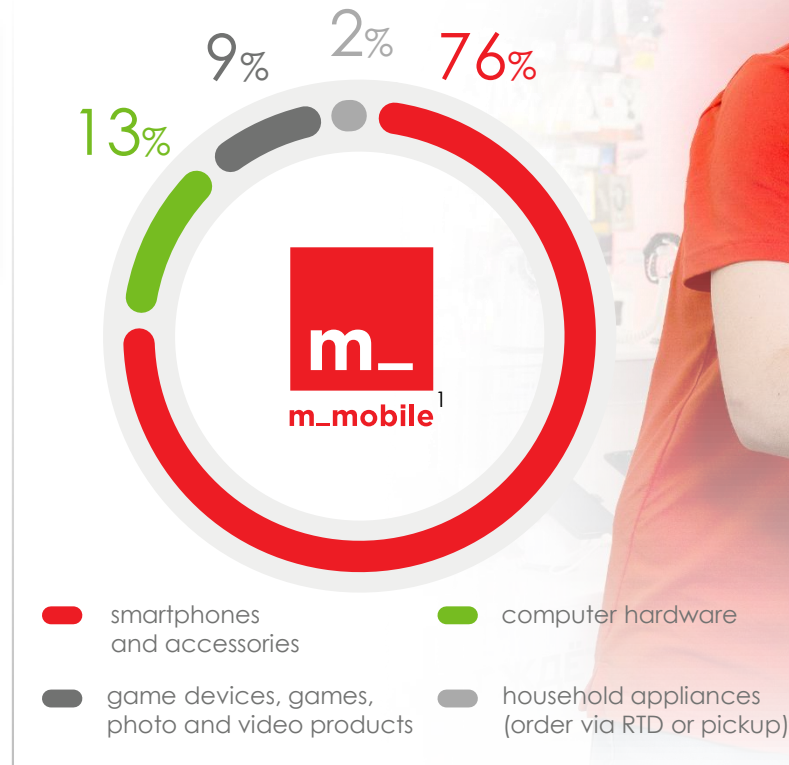
Unique retail format for Russian market:

200-300 sq. m	Coffee-zone
More than 2,000 digital items	Fun zones: VR, gaming, music

86 RUB bn m_mobile sales with VAT in FY 2019

>2.5x Outpacing market sales growth (mobile technics market in Russia +7% in FY 2019)

>50% Over half of all smartphones are sold with attachment of services/accessories



(1) Sales structure is applicable to standalone m_mobile stores
Source: Company data, GFK 2019

— Enhancing customer proposition via consumer credits and cashless payment M.VideoEldorado



22.0%

Credit sales for both brands



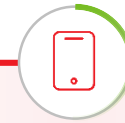
+15.1%

Credit checks in 2019



11 banks

8 available in online



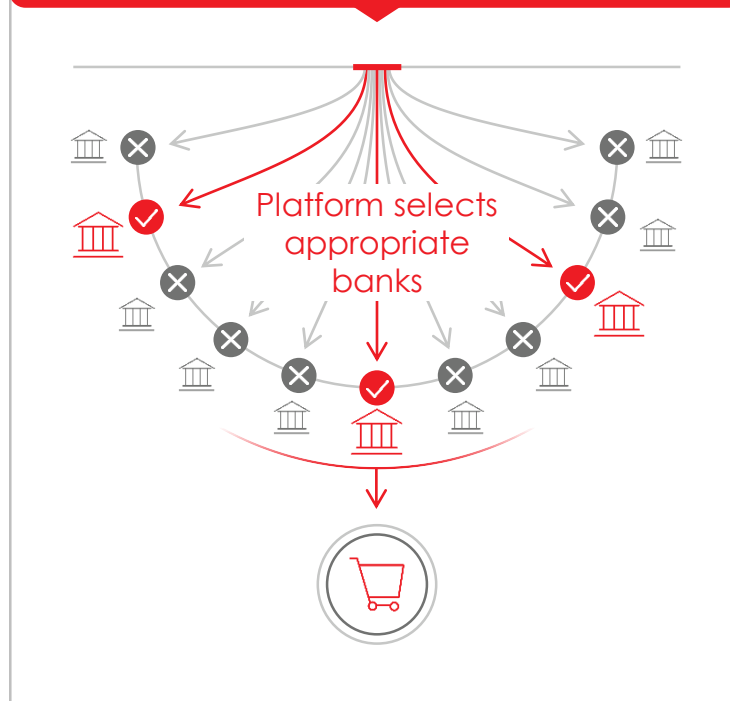
2x

mobile payments doubled for the Group in 2019

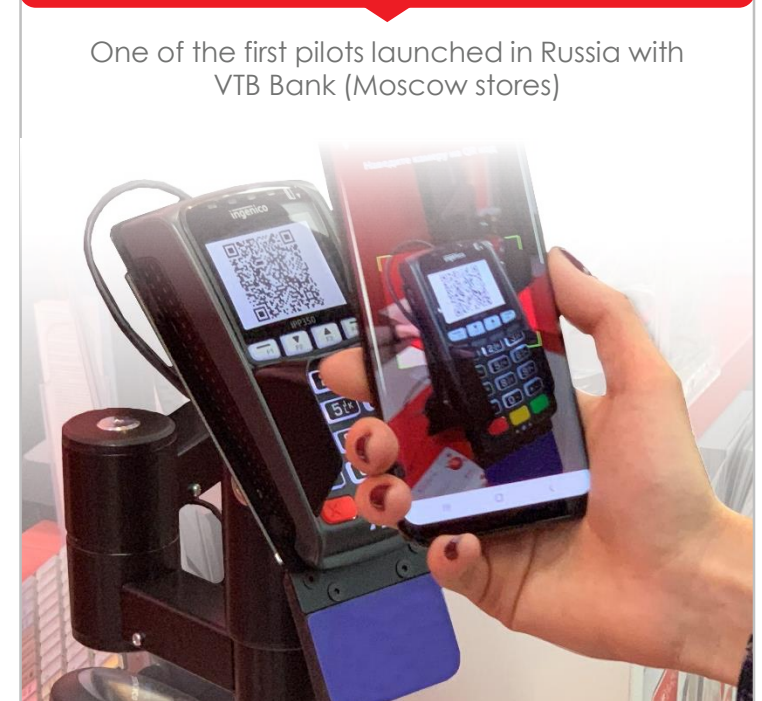
Installment payments



Credit broker platform



Payments via Dynamic QR-codes



— ONE RETAIL – a game changing strategy

Company

Customer



— First results of ONE RETAIL implementation

Real-time dealing fully rolled-out at M.Video stores by August 2019



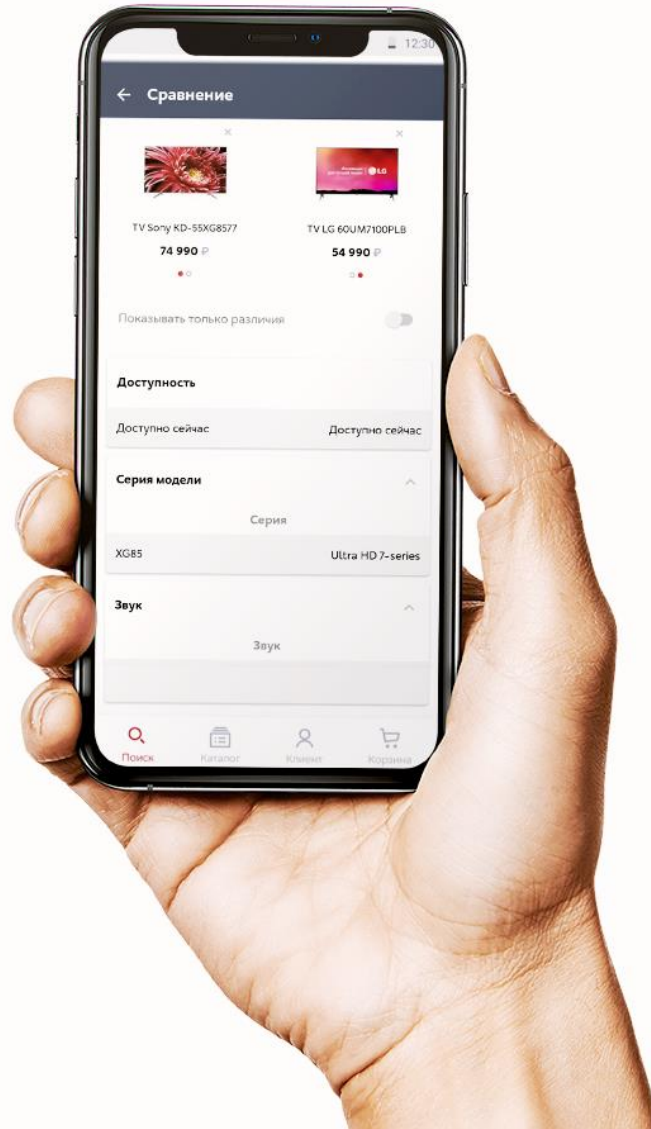
10.7 mn
authorizations
(34% of all RTD checks)



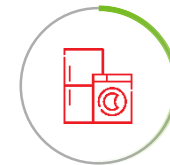
~84%
of M.Video in-store
checks



RUB 16,440
average check
(2x higher vs M.Video retail
avg.)



530+ stores
(100% of M.Video &
m_mobiles connected)



2.3 units
units per transaction
(1.5x more vs M.Video
retail avg.)



91%
NPS by RTD users
(+5.0 pp vs M.Video avg.)

— Group online sales growth boosted by ONE RETAIL in 2019

+3.8% sales growth

Group demonstrated stable growth supported by new store openings and strong online sales growth

+70.2% TOS growth

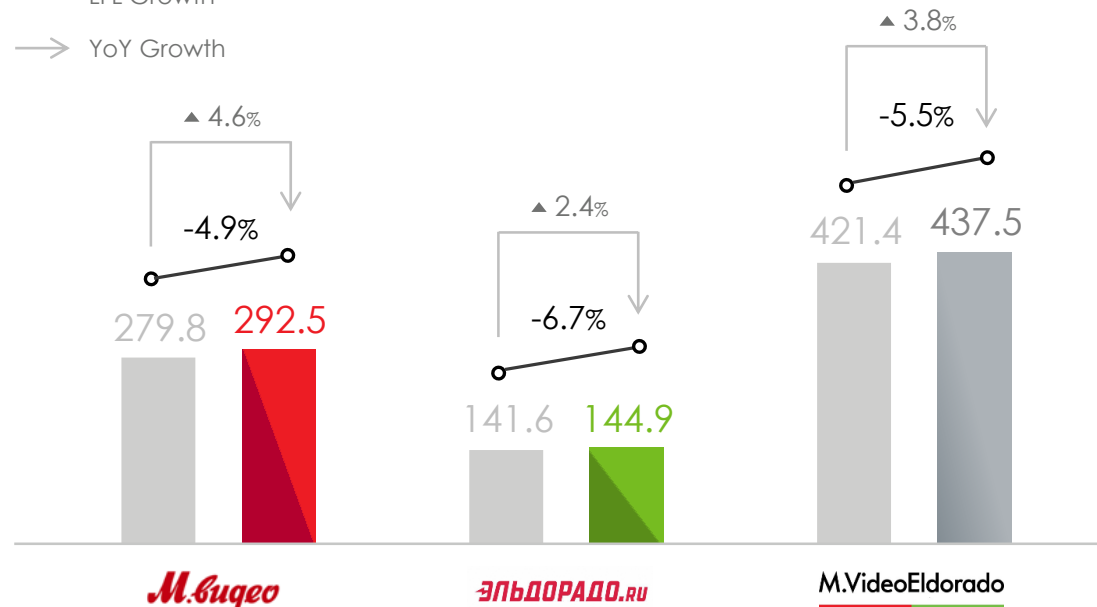
Solid online sales supported by RTD implementation across all M.Video stores as a core component of the new ONE RETAIL strategy

Group sales, (with. VAT), RUB bn

■ FY 2018 ■ FY 2019

○ LFL Growth

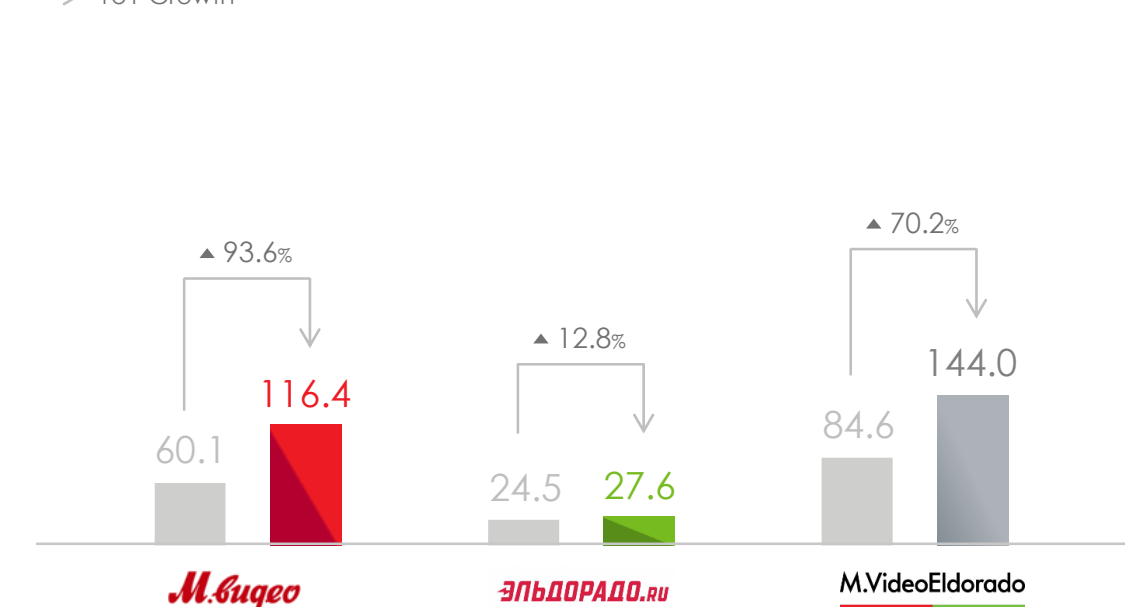
→ YoY Growth



Group total online sales (TOS¹) (with. VAT), RUB bn

■ FY 2018 ■ FY 2019

→ YoY Growth



(1) Defined as home delivery, pick-up and checked-in sales through sellers' mobile devices RTD

Note: FY 2018 figures refer to M.Video and Eldorado pro-forma results (Eldorado results are represented on a full year basis), restated as a result of deconsolidation of Goods.ru

— Group increased its footprint by 97 stores in 2019

1,038 stores in **252** cities of Russia

Key Success Factor for Online-driven Business

2019 HIGHLIGHTS



Total

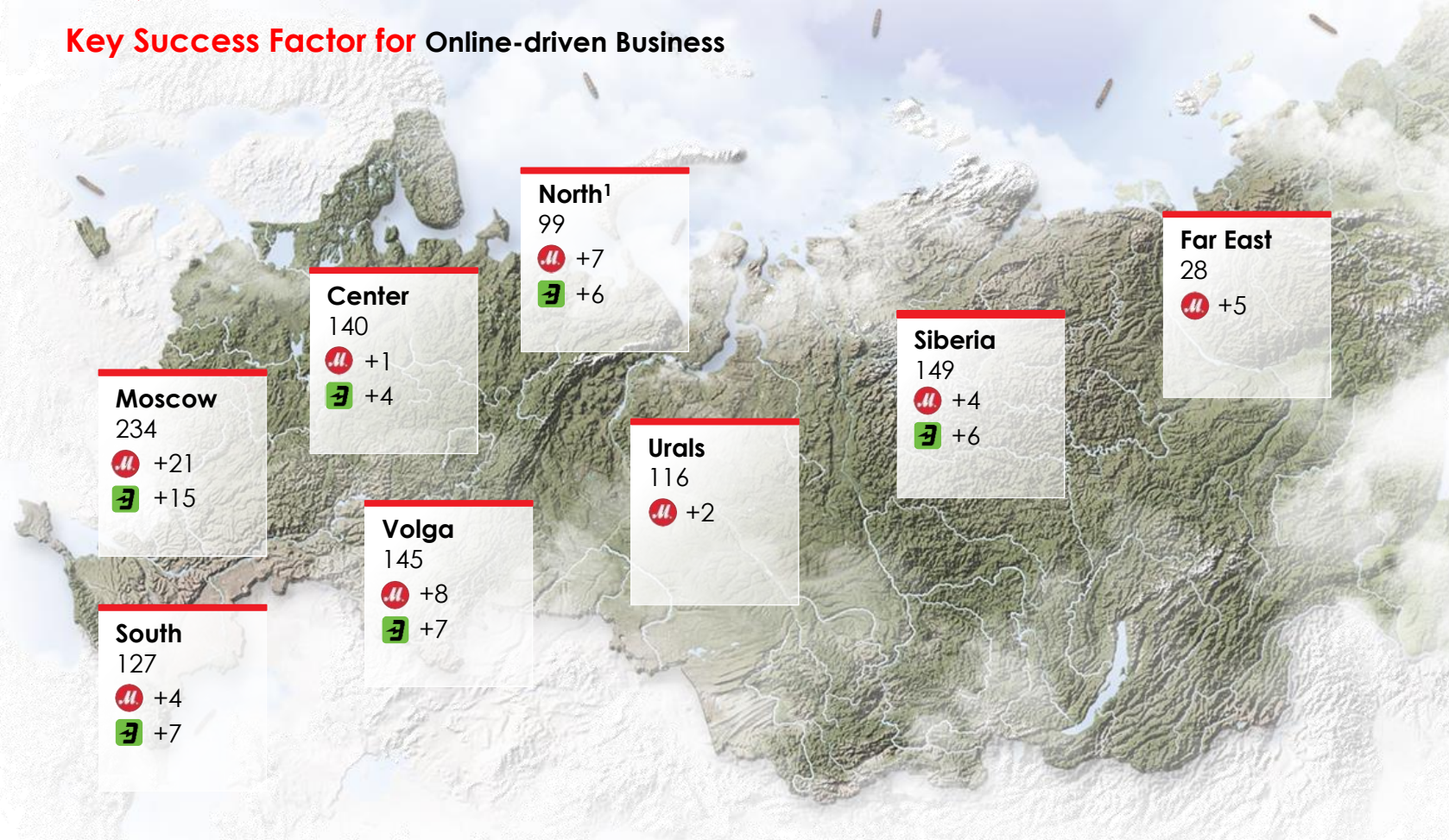
of Stores, eop

513

506

19

1,038



983 stores
leased

55
owned



16 mn
of online orders in 2019



100% online coverage
in cities of presence



90% same day
delivery in 1m+ cities

(1) Including St-Petersburg
Source: Company data 2019

Well-invested infrastructure platform supporting online operations and business expansion

+10-15% Increase of online traffic in the area where new store is opened



Efficient infrastructure platform

9 distribution centers & 57 regional multiplatforms



>420 thousand m³ of merchandise

Central distribution warehouses capacity



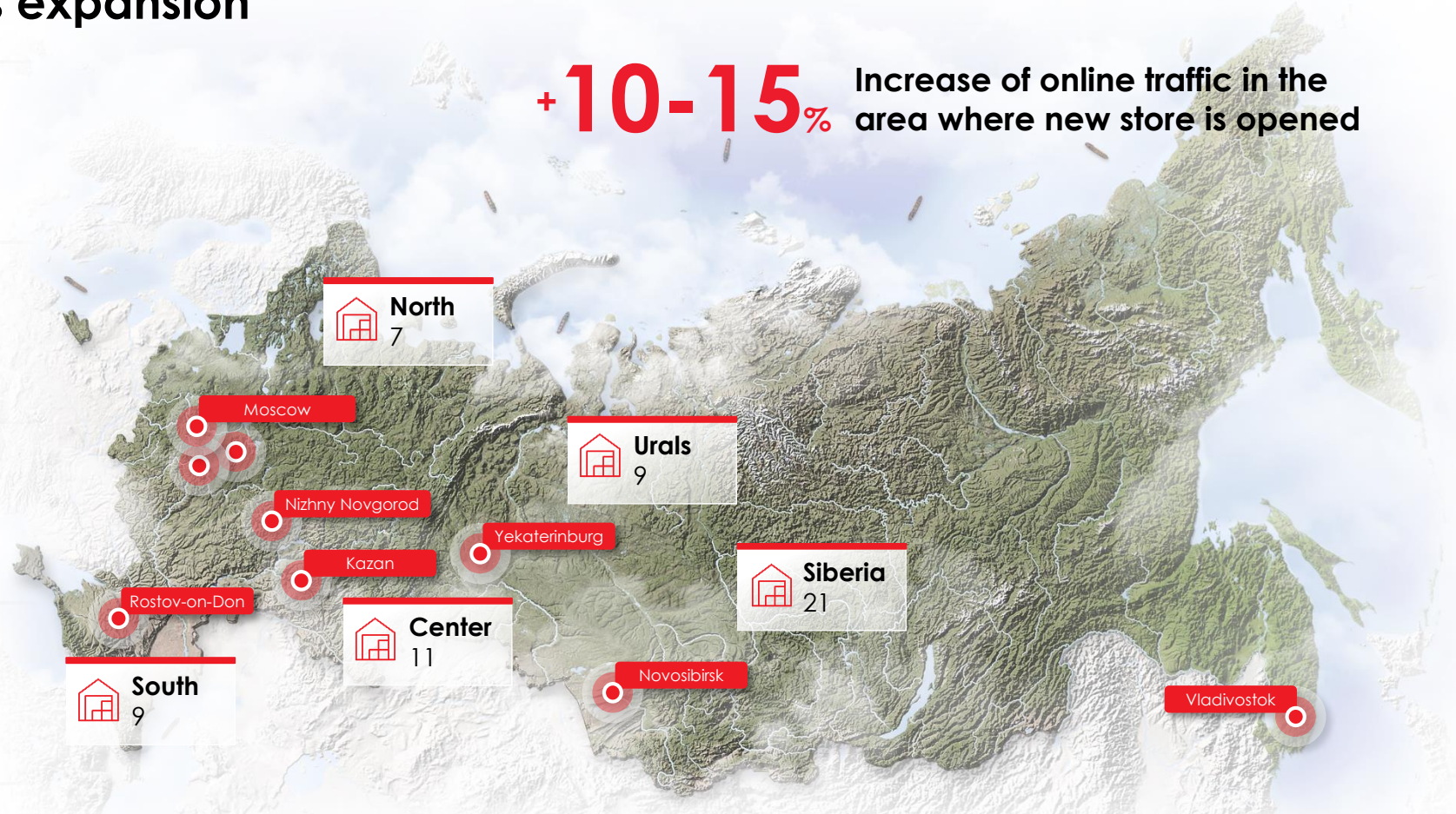
>2.5 mn m³

Annual shipments of merchandise



>35 mn km

Travelled annually



Key transformation projects



Central distribution warehouses



Regional multiplatforms

Logistics integration with Eldorado and MediaMarkt

Optimization of inventory management

Acceleration of client deliveries, 15 mins availability for online orders

Combined delivery and installation of equipment

>1,000 fulfillment centers for online orders across 252 cities

Content

02



Market trends and Group's
operational highlights in FY 2019

Group's financial results in FY 2019

M.VideoEldorado

— FY 2019 Group revenue and gross profit

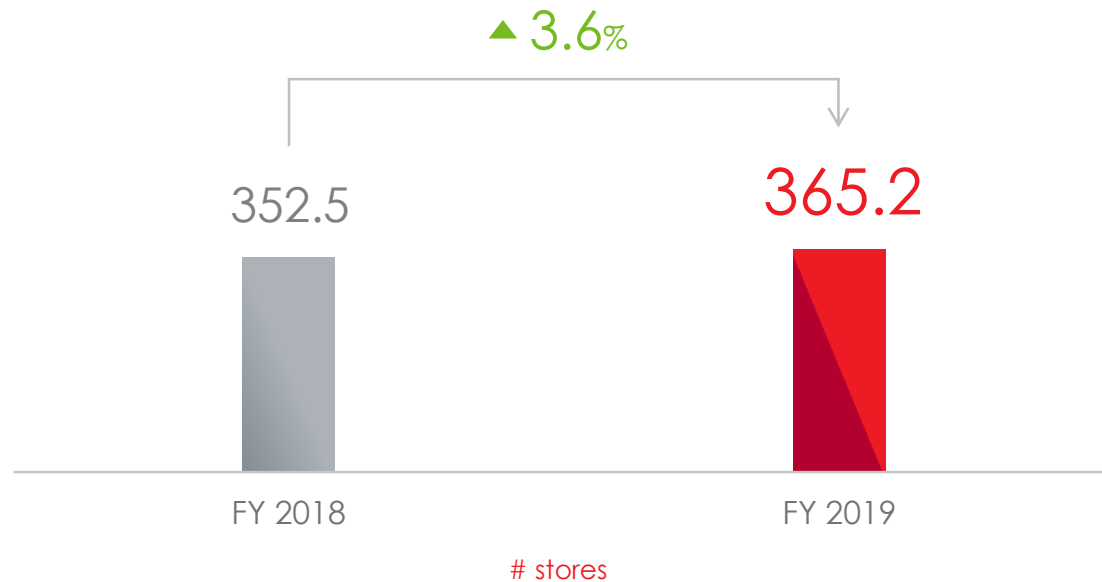
Revenue grew by

+3.6%

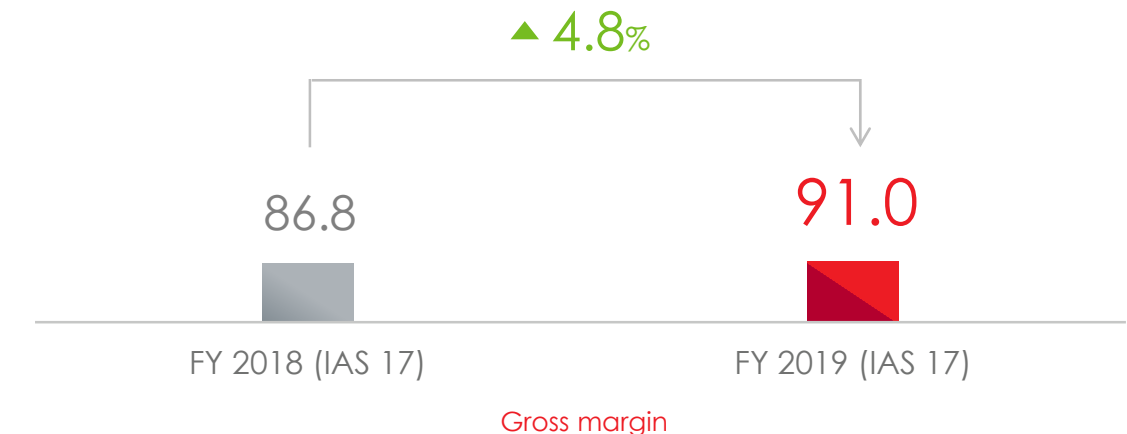
Gross profit improved by

+4.8%

Group revenue (net of VAT), RUB bn



Group gross profit, RUB bn



— FY 2019 Group EBITDA and net income

+18.1%

EBITDA growth YoY

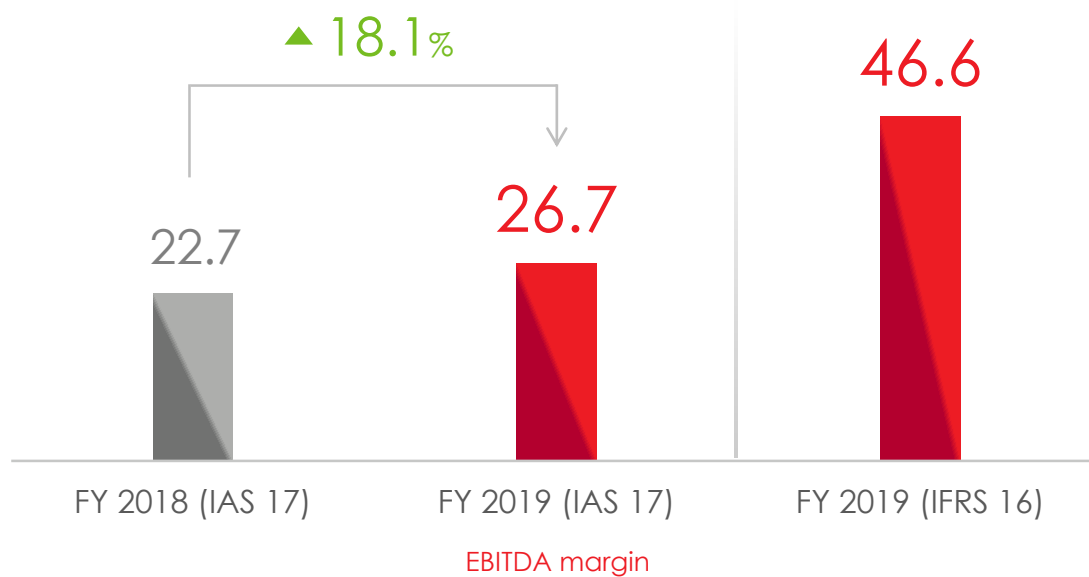
7.3%

EBITDA margin improved by +0.9pp YoY

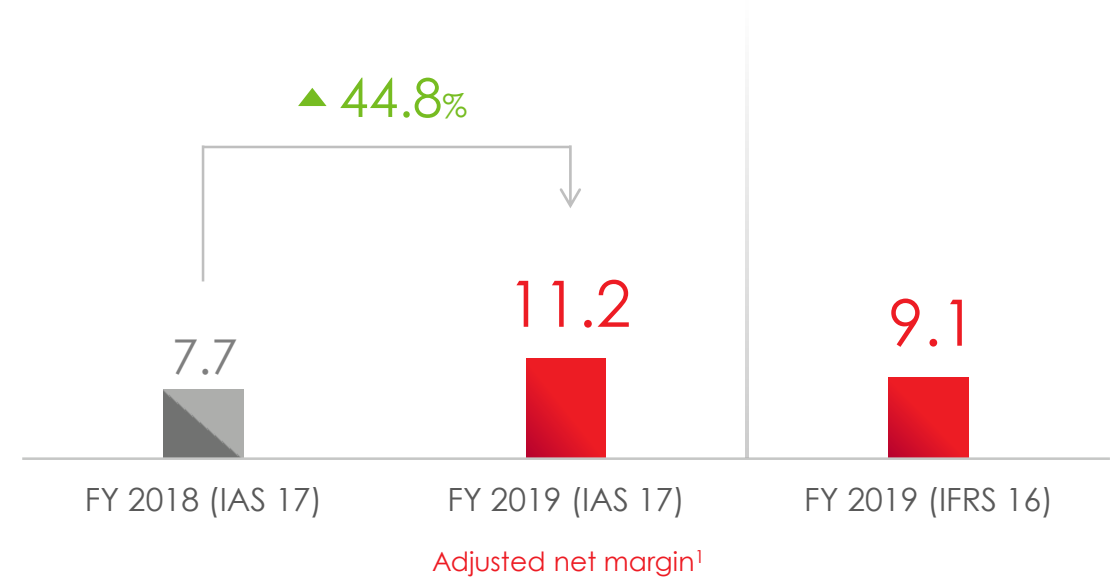
+44.8%

Adjusted net income growth YoY

Group **EBITDA**, RUB bn



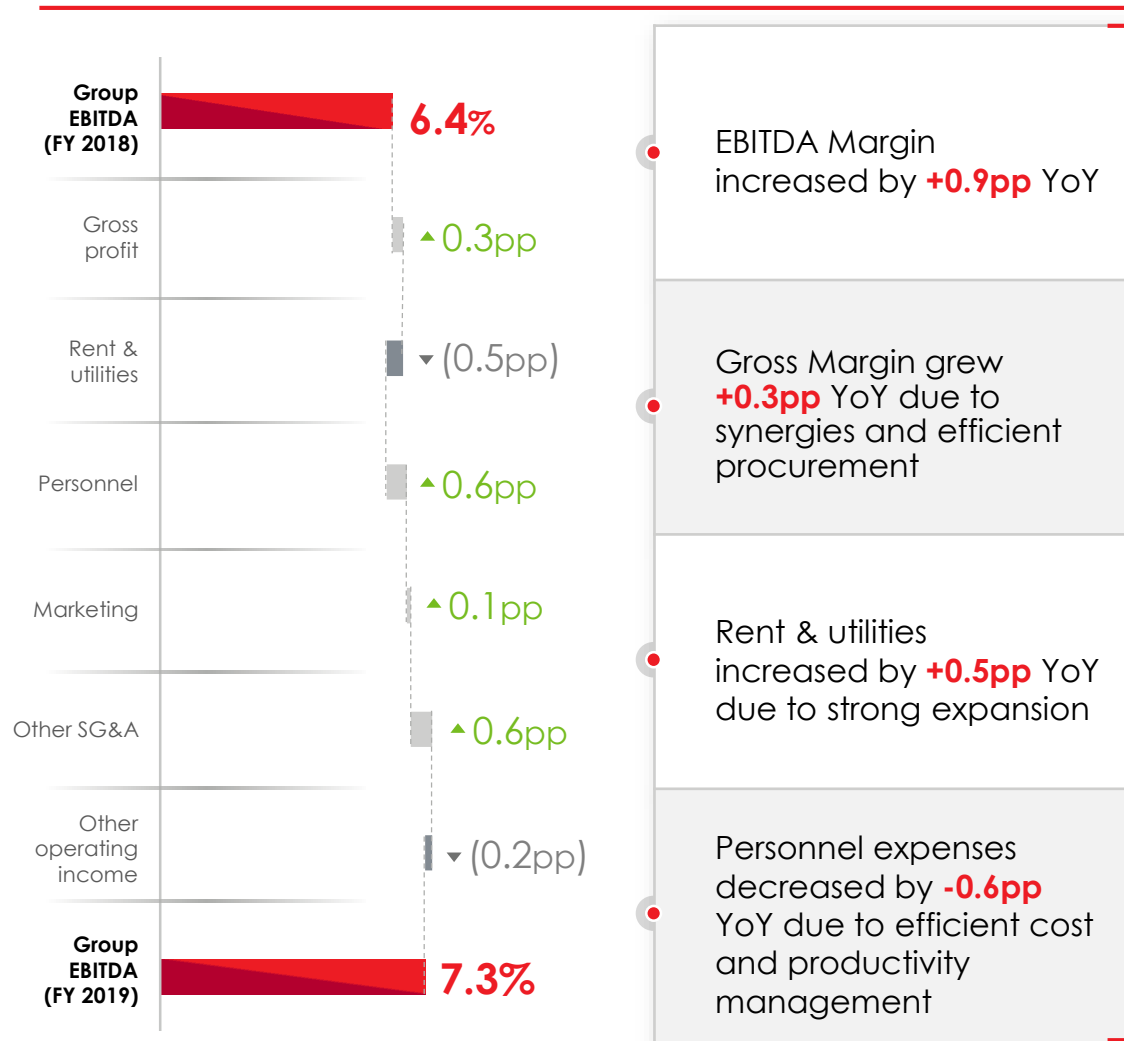
Group **adjusted net income**, RUB bn¹



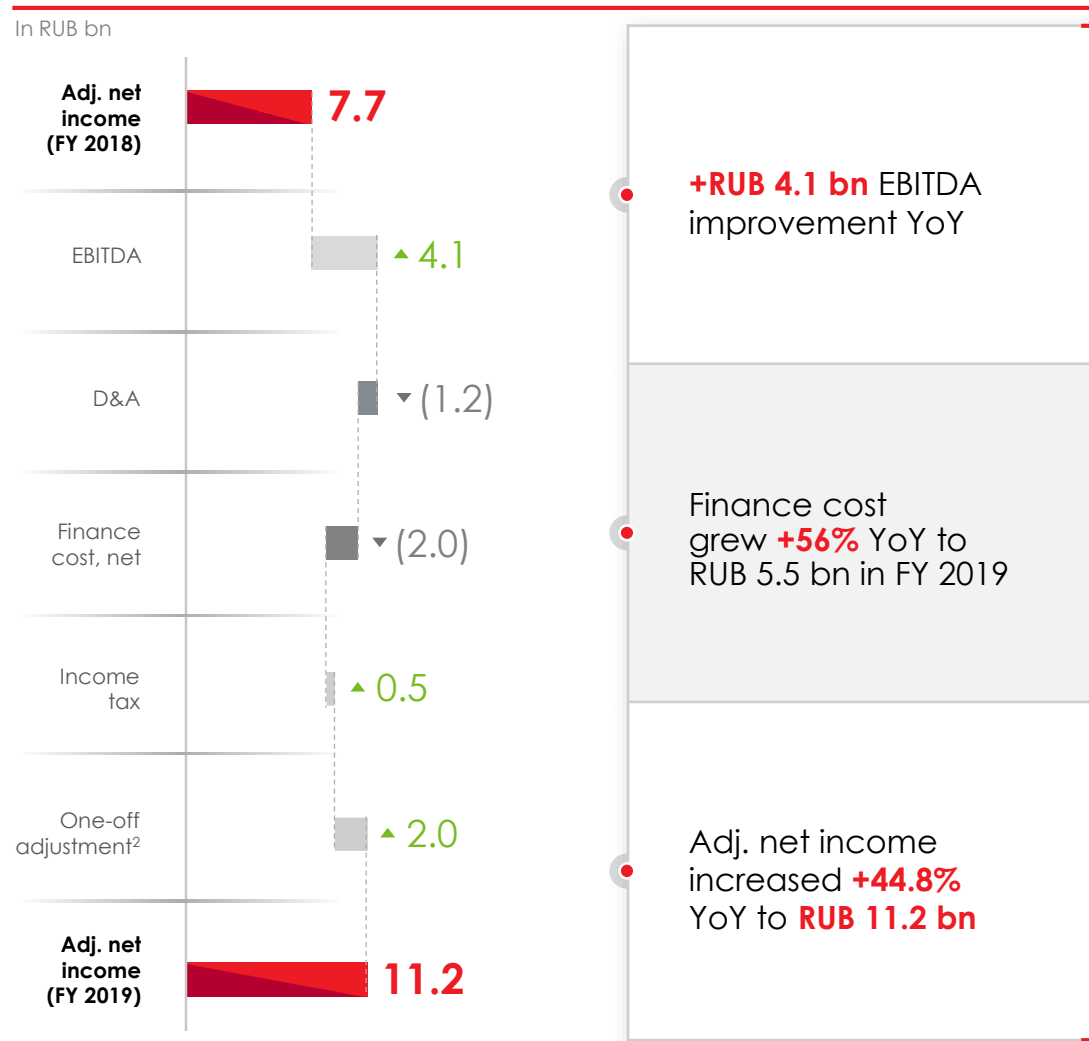
(1) Net income adjusted for loss from investments in associates (RUB 1 bn in FY 2018, RUB 2 bn in FY 2019)

EBITDA margin and net income (“IAS 17”) evolution

EBITDA margin (“IAS 17”) evolution



Adjusted net income¹ (“IAS 17”) evolution



(1) Net income adjusted for loss from investments in associates (RUB 1 bn in FY 2018, RUB 2 bn in FY 2019)

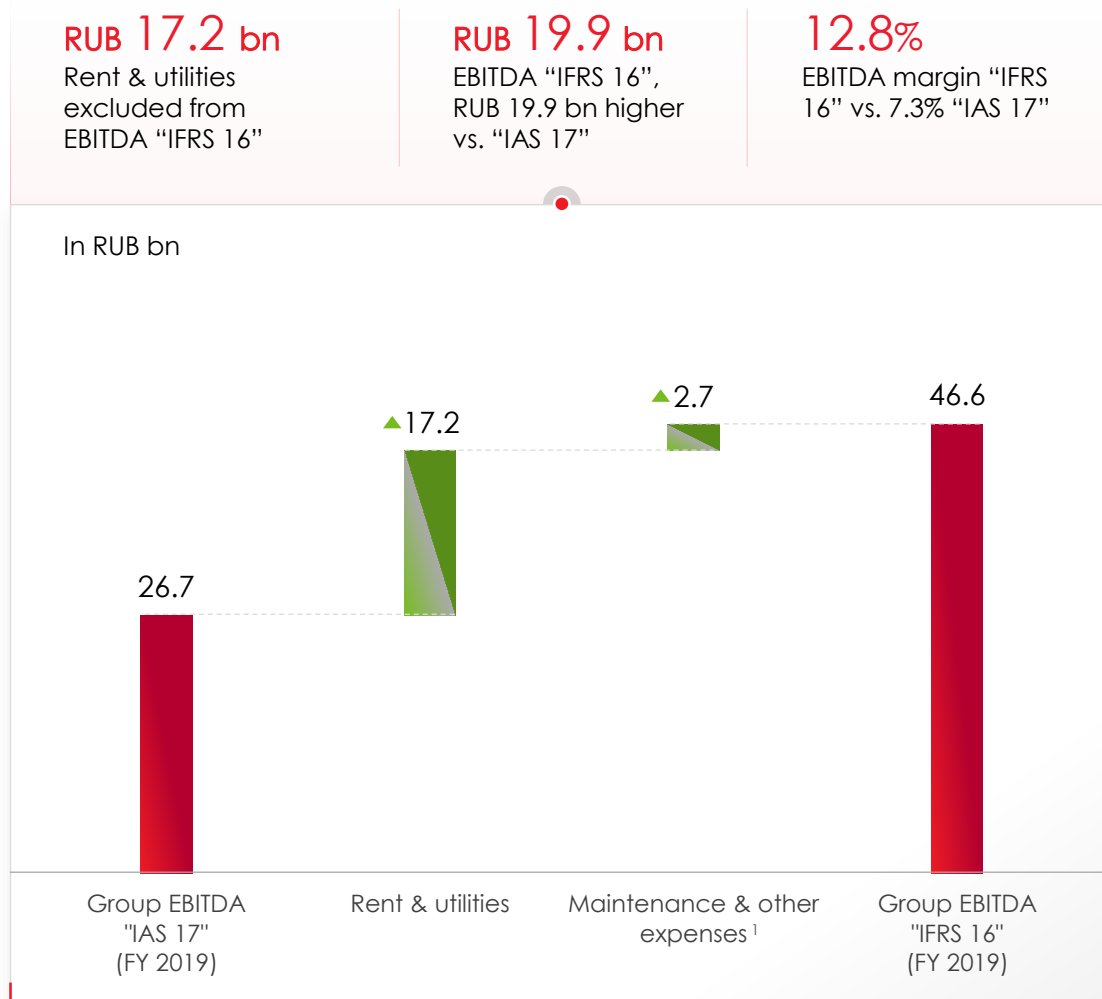
(2) In 2018 there were one-off non-cash write-offs of assets and additional depreciation related to the fair price revaluation of acquired Eldorado assets

— “IFRS 16” VS. “IAS 17” EBITDA and net income overview



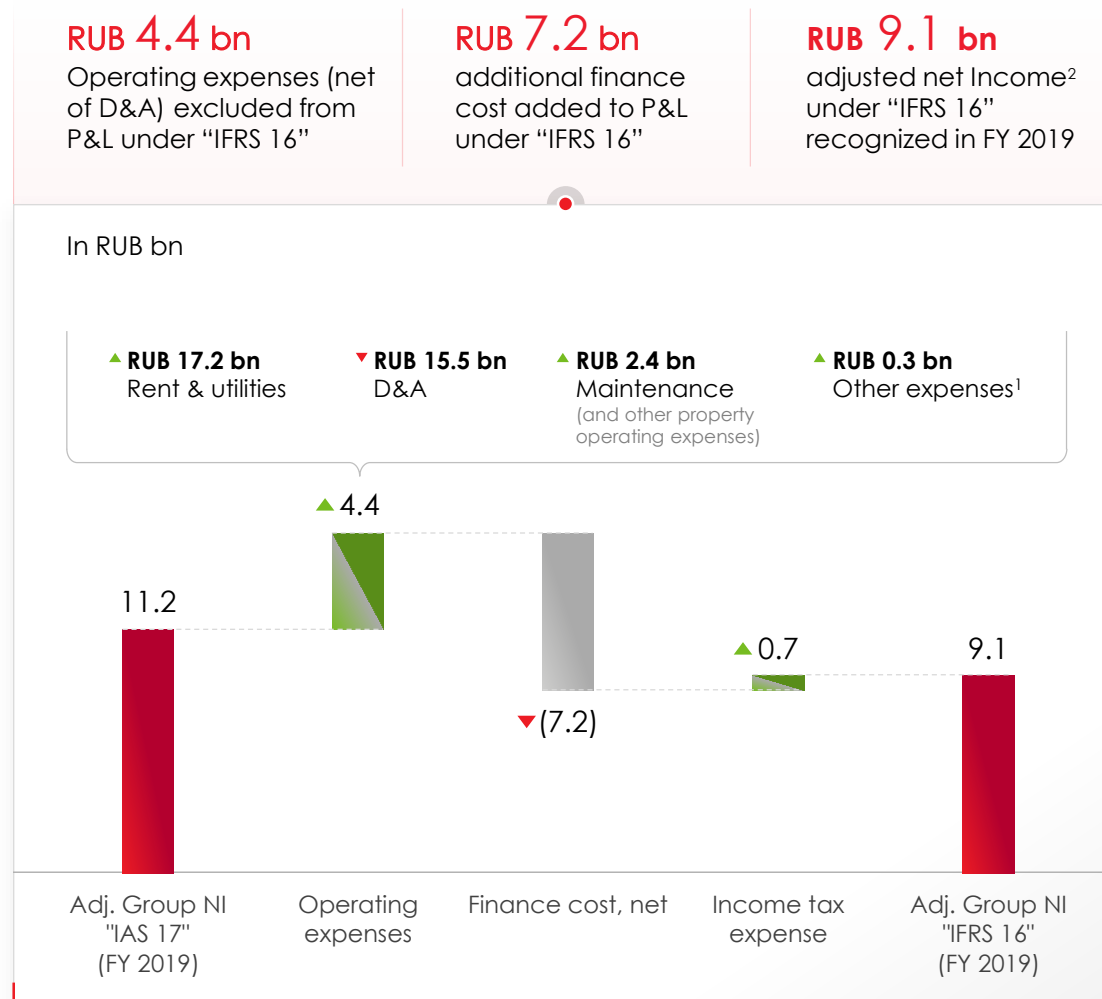
“IFRS 16” EBITDA higher

due to changes in long-term lease expenses recognition



“IFRS 16” Net Income lower

mainly due to changes in finance cost



(1) Includes changes in COGS, advertising and marketing expenses as well as other operating income
 (2) Net income adjusted for loss from investments in associates (RUB 1 bn in FY 2018, RUB 2 bn in FY 2019)

— FY 2019 Group cash balance evolution

RUB 6.3 bn

Cash generated by operating activities

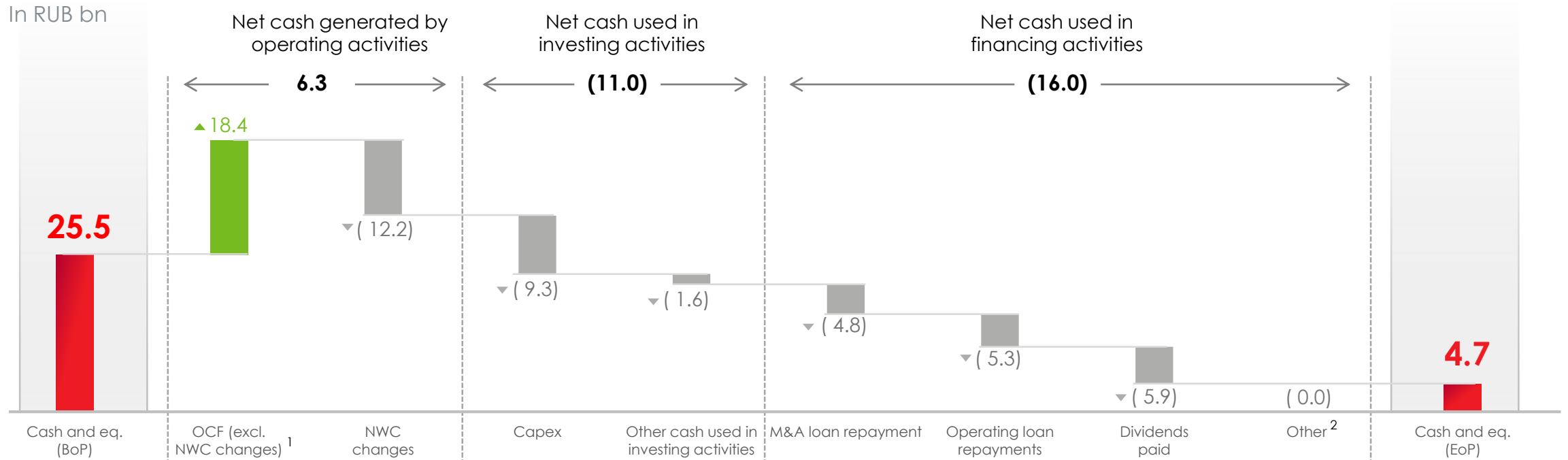
RUB 11.0 bn

Cash used in investing activities

RUB 16.0 bn

Cash used in financing activities

FY 2019 cash balance evolution (IAS 17)



(1) Operating cash flows including interest and income tax paid

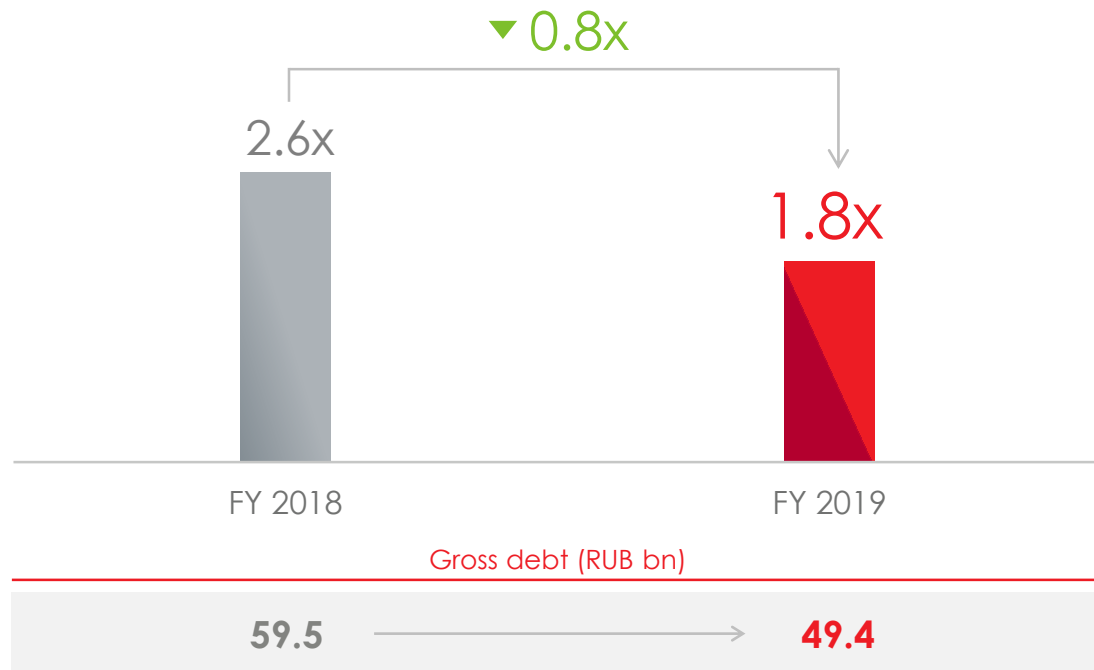
(2) Refers to RUB 48 mn repayment of finance lease

— FY 2019 Group leverage

Gross leverage decreased by

0.8x

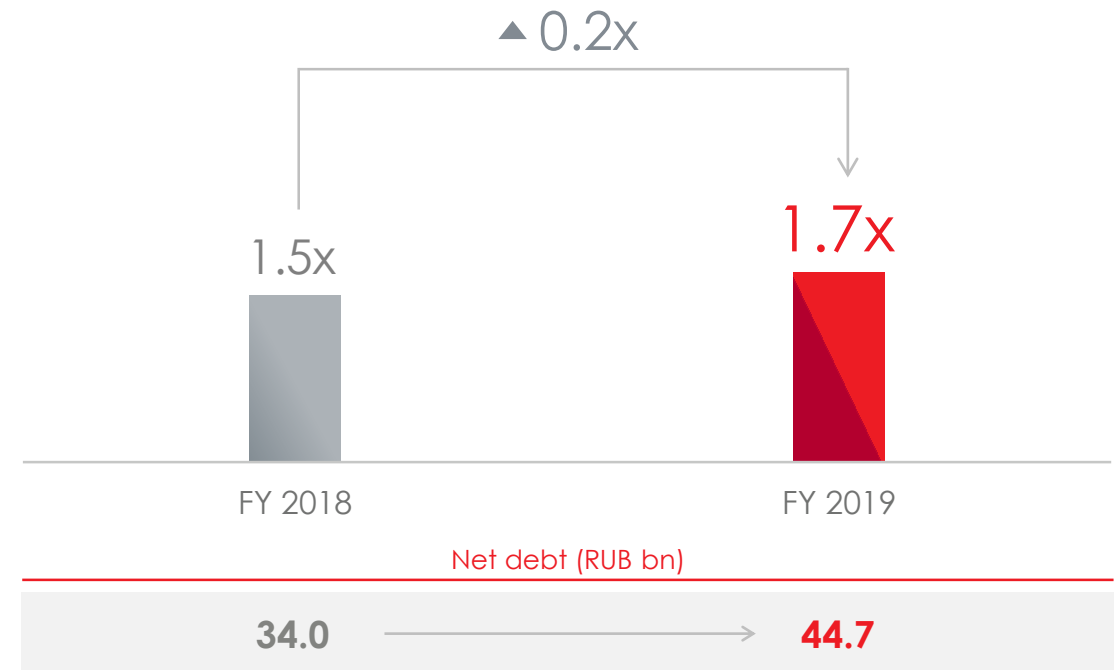
Gross debt / EBITDA (IAS 17)



Net leverage increased to

1.7x

Net debt / EBITDA (IAS 17)



M.Video–Eldorado Group FY 2019 Audited IFRS Result

Note: FY 2018 figures refer to M.Video and Eldorado pro-forma results (Eldorado results are represented on a full year basis) under IAS 17 standard, restated as a result of deconsolidation of Goods.ru

FY 2018 cash flow items as reported (i.e. not pro-forma for Eldorado acquisition)

— Group 2020 YTD operating performance

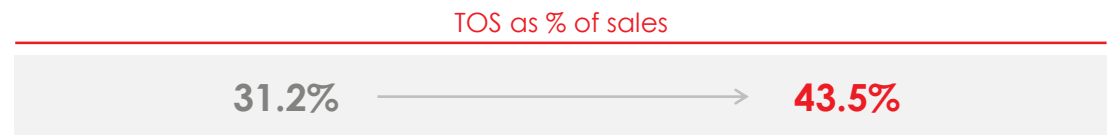
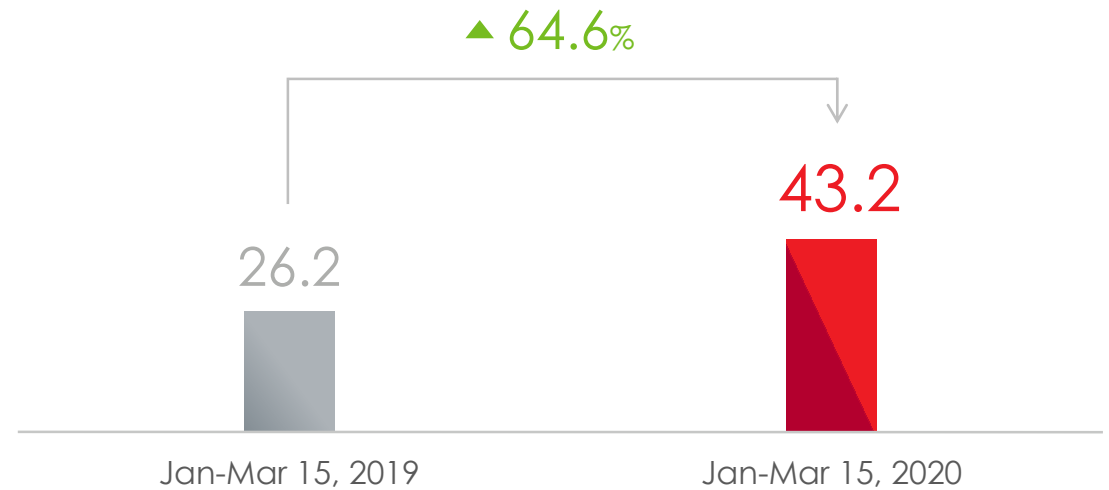
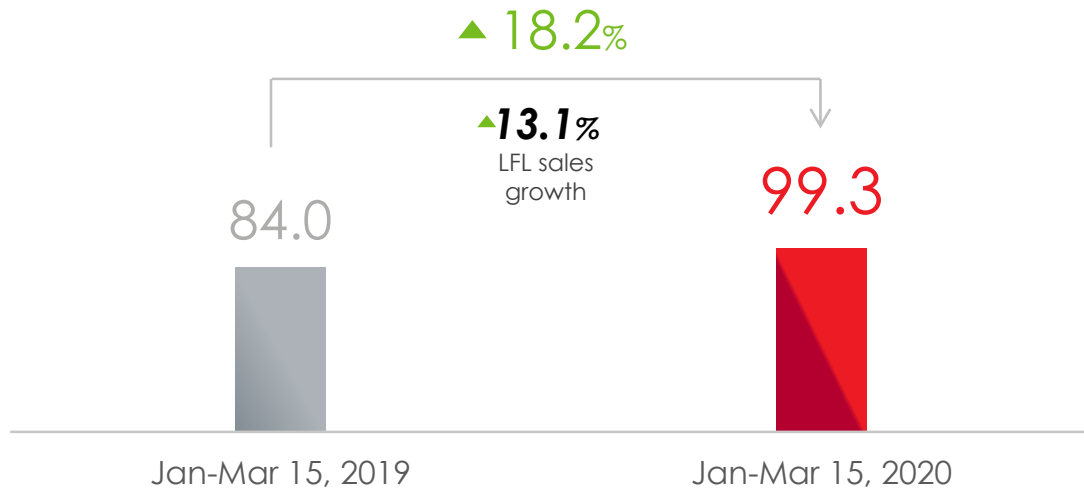
Sales grew by
+18.2%

LFL sales up
+13.1%

TOS as % of Group Sales
43.5%

Group Sales (with VAT), RUB bn

Group TOS (with VAT), RUB bn



Source: Company data Jan-Mar 15, 2020



APPENDIX

M.VideoEldorado

— Group profit & loss key highlights

In millions of Russian rubles (VAT excl.)	FY 2019 "IAS 17"	FY 2018 "IAS 17"	Change YoY	FY 2019 "IFRS 16"
Revenue	365 216	352 483	+3.6%	365 216
Gross profit	91 015	86 839	+4.8%	91 073
Gross margin, %	24.9%	24.6%	+0.3 pp	24.9%
Selling general and administrative expenses (incl. D&A)	(76 767)	(75 986)	+1.0%	(72 546)
Other operating income, net	5 451	5 965	(8.6%)	5 587
Operating profit	19 699	16 819	+17.1%	24 114
Finance income / (cost), net	(5 452)	(3 490)	(56.2%)	(12 666)
Profit before income tax	12 294	12 333	-0.3%	9 493
Income tax expense	(3 069)	(3 581)	(14.3%)	(2 359)
One-off adjustment ¹	N/A	(2 029)	N/A	N/A
Adjusted net income²	11 178	7 718	+44.8%	9 089
Adjusted net margin, %²	3.1%	2.2%	+0.9 pp	2.5%
EBITDA	26 746	22 652	+18.1%	46 617
EBITDA Margin, %	7.3%	6.4%	+0.9 pp	12.8%

1 - In 2018 there were one-off non-cash write-offs of assets and additional depreciation related to the fair price revaluation of acquired Eldorado assets

2 - Net income adjusted for loss from investments in associates (RUB 995 mln in FY 2018, RUB 1 953 mln in FY 2019)

M.Video–Eldorado Group FY 2019 Audited IFRS Result

Note: FY 2018 figures refer to M.Video and Eldorado pro-forma results (Eldorado results are represented on a full year basis) under IAS 17 standard, restated as a result of deconsolidation of Goods.ru

— Group SG&A expense breakdown

In millions of Russian rubles (VAT excl.)	FY 2019 "IAS 17"	FY 2018 "IAS 17"	FY 2019 "IFRS 16"
Personnel	23 438	24 615	23 438
As % of revenue	6.4%	7.0%	6.4%
Rent and utilities	21 335	19 000	4 145
As % of revenue	5.8%	5.4%	1.1%
Advertising & marketing	6 025	6 167	5 914
As % of revenue	1.6%	1.7%	1.6%
Maintenance & other property costs	2 450	2 966	81
As % of revenue	0.7%	0.8%	0.0%
Warehouse services	1 847	1 696	1 847
As % of revenue	0.5%	0.5%	0.5%
Bank charges	3 141	2 892	3 141
As % of revenue	0.9%	0.8%	0.9%
Repair and maintenance	2 342	1 865	2 342
As % of revenue	0.6%	0.5%	0.6%
Security	2 135	1 963	2 135
As % of revenue	0.6%	0.6%	0.6%
Other SG&A	7 008	8 988	7 001
As % of revenue	1.9%	2.5%	1.9%
Subtotal	69 720	70 153	50 044
As % of revenue	19.1%	19.9%	13.7%
D&A	7 047	5 833	22 502
As % of revenue	1.9%	1.7%	6.2%
TOTAL	76 767	75 986	72 546
As % of revenue	21.0%	21.6%	19.9%

— Group statement of financial position

In millions of Russian rubles	31.12.2019 "IAS 17"	31.12.2018 "IAS 17"	31.12.2019 "IFRS 16"
Assets			
Non-current Assets	97 457	98 855	158 711
Fixed assets	19 946	20 597	19 777
Intangible assets	69 671	68 272	69 038
Right-of-use assets	–	–	62 832
Other non-current	7 840	9 986	7 064
Current Assets	191 909	185 475	190 917
Inventory	129 115	113 145	129 115
Accounts receivable	34 247	30 127	34 136
Cash	4 738	25 487	4 738
Other	23 809	16 716	22 928
TOTAL ASSETS	289 366	284 330	349 628
Liabilities and equity			
Stockholders' equity	34 218	30 934	32 127
Equity attributable to owners of the Company	34 218	30 934	32 127
Liabilities	255 148	253 396	317 501
Accounts payable to suppliers	176 211	155 358	176 065
Lease liabilities (current)	–	–	10 532
Other current liabilities	39 214	49 776	33 582
Lease liabilities (non-current)	–	–	57 927
Other non-current liabilities	39 723	48 262	39 395
TOTAL LIABILITIES AND EQUITY	289 366	284 330	349 628

— Group statement of cash flow

In millions of Russian rubles	FY 2019 "IAS 17"	FY 2018 "IAS 17"	FY 2019 "IFRS 16"
Operating CF			
Operating cash flows before movements in WC	26 857	23 722	46 115
Inventory change	(16 946)	(32 114)	(16 946)
Trade payables	20 707	36 579	20 707
Others	(15 929)	810	(16 151)
Interest paid	(5 167)	(2 820)	(12 325)
Income tax paid	(3 253)	(3 024)	(3 253)
Net CF from operations	6 269	23 153	18 147
Investing CF			
CAPEX - PPE	(4 763)	(4 239)	(4 763)
CAPEX - IA	(4 573)	(3 286)	(4 573)
Net inflow/(outflow) from loans issued	-	1 711	-
Investment in associates	(2 514)	(56 447)	(2 514)
Interest received and other	866	802	866
Net CF from investing activities	(10 984)	(61 459)	(10 984)
Financing CF			
Dividends paid	(5 941)	-	(5 941)
Net inflow/(outflow) from borrowings	(10 050)	47 002	(10 050)
Purchase of treasury shares	-	(697)	-
Repayment of loans and lease obligations	(48)	(191)	(11 926)
Net CF from financing activities	(16 039)	46 114	(27 917)
Net increase/(decrease) in cash and cash equivalents	(20 754)	7 808	(20 754)
Net foreign exchanges difference	5	1	5
CASH AND CASH EQUIVALENTS, bop	25 487	17 678	25 487
CASH AND CASH EQUIVALENTS, eop	4 738	25 487	4 738

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