

M.VideoEldorado

M.Video-Eldorado 2Q & 1H 2020 Operating Results & Market Update

JULY 23, 2020

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IMPORTANT NOTICE

Starting from 2Q 2020, M.Video-Eldorado Group discontinues disclosure of like-for-like (LFL) store sales. The Group's management believes that these disclosures do not fully represent the Group's performance given a surge in online sales and their share in the Group's net turnover, as well as the management's focus on delivering a seamless shopping experience while retaining offline stores as an essential part of our ONE RETAIL business model.

Content

01

2Q 2020 Key Events & Operational Highlights

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— ONE RETAIL became a reality in 3 weeks

01 Customers are now smartphone-centric and multi-channel

02 All the benefits of internet and in-store shopping plus ubiquity and ease of use via smartphone access

ONE RETAIL ramp-up

3 months vs 3 years planned



Reformatted stores

Safety first
All operations online



>50% of sales
are now online



New partnerships

Last mile & client outreach
(Ozon, RuPost, Yandex Taxi, X5)



Best service

15 min store pickup
0.5-2 hrs taxi delivery



Shop assistants now online

- via video calls (remote)
- via m_RTD handheld devices (instore)



Mobile app

provides all necessary merchandise information via QR code





PUTTING PEOPLE AND SAFETY FIRST



Safety

Adherence to all sanitary protocols to protect customers and employees, safe and contactless environment across all operations



Employment

Group has met its payroll obligations, retaining all its retail staff and offering enhanced life and health insurance coverage



Store operation

At the peak of lockdown, >90% of stores remained operational in their usual format or as pick-up points, mobile phone or dark stores with all safety precautions

Partnerships and new initiatives

ozon.ru



5 Пятёрочка

Yandex Market



Yandex Taxi



goods.ru

Gett

Cost control and financial sustainability



Austerity measures and strict payment discipline across the Group



CAPEX optimization to prioritize online business and customer experience



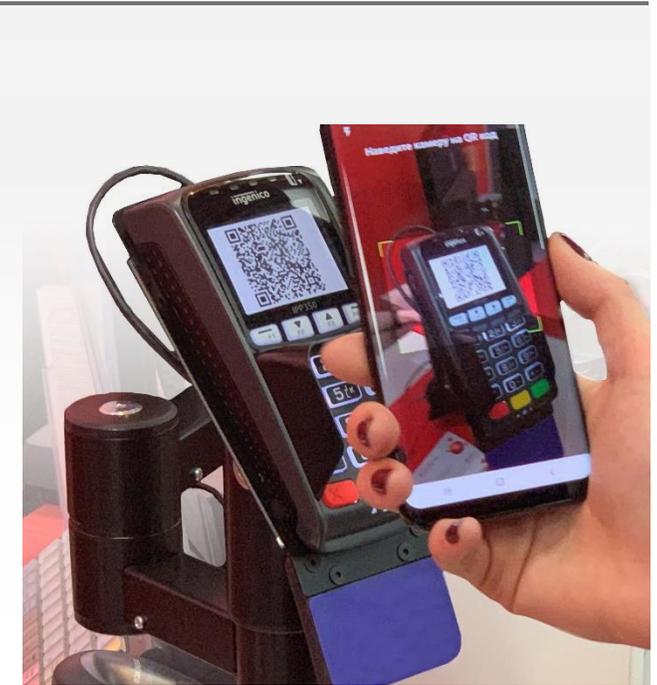
Optimization of payments and terms of cooperation with partners

– Safety through technology – going the extra mile

>90%

of stores were operational in various formats during lockdown

- **Contactless payments** from smartphone via link or app
- **Contactless POS**
- **QR-code on price tags** for quick product access
- **Remote video calls** to consult with shop assistants
- **Digital shelf-space** for wider choice
- **Contactless delivery** to the car trunk or via taxi



— Our team: we do care

30k+

Group's operating personnel

The Group retained the majority of its staff, guaranteeing a stable monthly income for those employees who have continued working at stores, irrespective of sales results.

95%

HQ staff working from home

Many employees have the opportunity to be transferred to other functions.

24/7

Remote medical help assistance and psychological counselling

The Group also offered enhanced life and health insurance to its employees



– 2Q 2020 – transformational quarter for online business

M.Video and Eldorado websites

76m

Average monthly websites' visitors in 2Q

x1.6

online traffic

x2.5

paid orders

Mobile app development and ramp-up

3.6m

M.Video mobile app installs

x6

growth in WAU

x1.3

Order completion rate

Logistics and last mile boost

x2

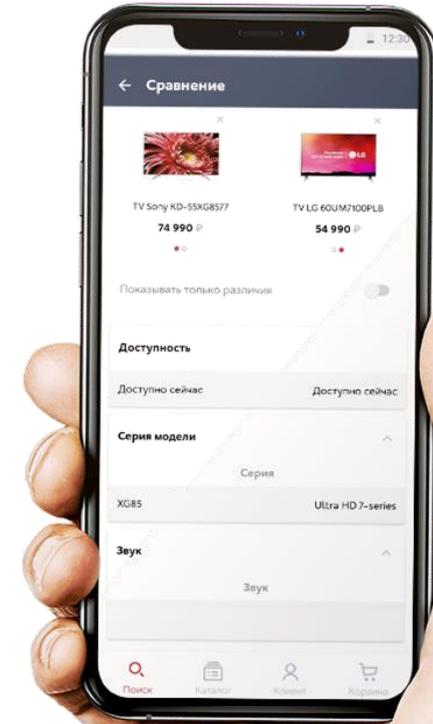
courier delivery capacity

+8

'last mile' partnerships

x2.7

Delivery & pickup



Content

02

2Q and 1H 2020 Operational Results

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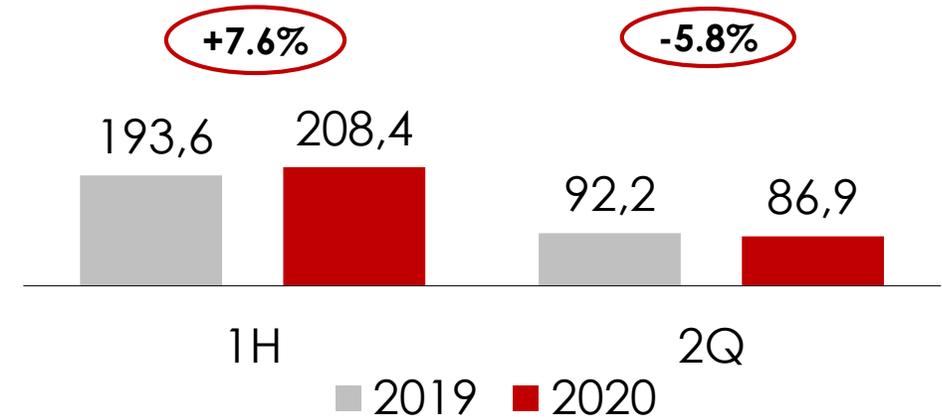


– 2Q & 1H 2020 operational highlights

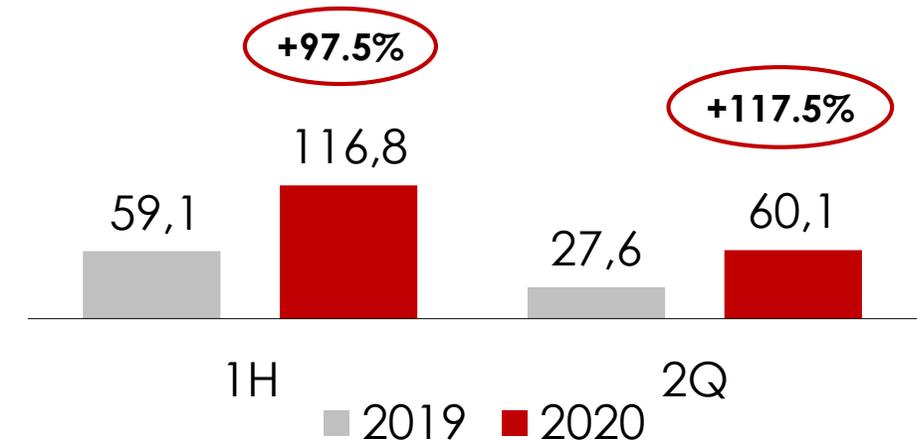
7.6% growth in net sales in 1H'20 driven by:

- 19.8% growth in sales delivered in 1Q'20
- Better than expected performance in 2Q'20 despite nation-wide quarantine restrictions
- 2x growth in total online sales
- 13% increase in average ticket
- Market-beating growth in home office and mobile digital devices amid work- and study from home surge
- Ramp-up in B2B sales

2Q & 1H 2020 Total Net Sales YoY, RUB bn



2Q & 1H 2020 Total Online Sales YoY, RUB bn

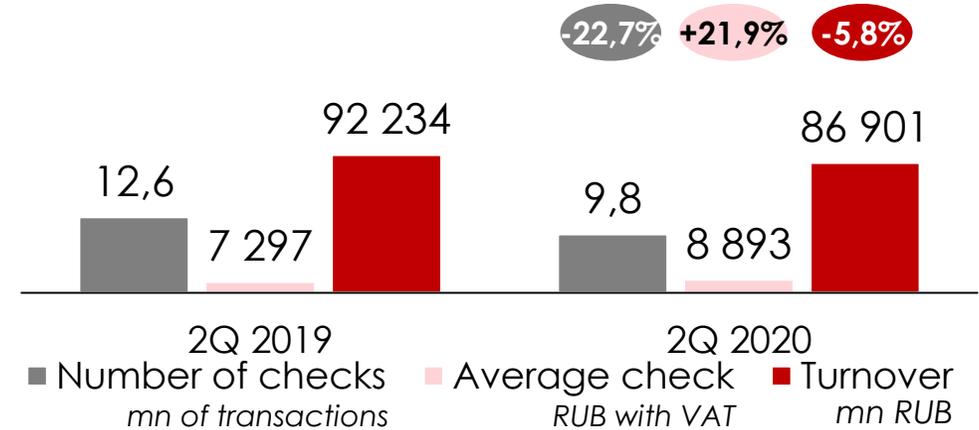


– 2Q 2020 Group & Brands' Performance

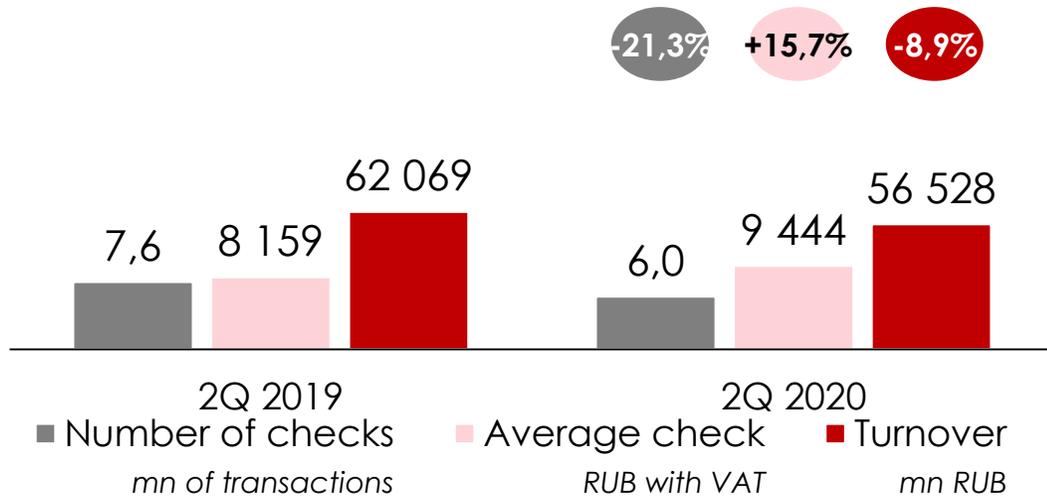
Better than expected 2Q'20 performance due to:

- Increase in average order value (ticket) and units per transaction even despite lower credit sales
- Somewhat stronger performance of Eldorado with footprint in smaller cities less affected by quarantine restrictions
- Fast-track scaling of online sales with strong performance in both brands

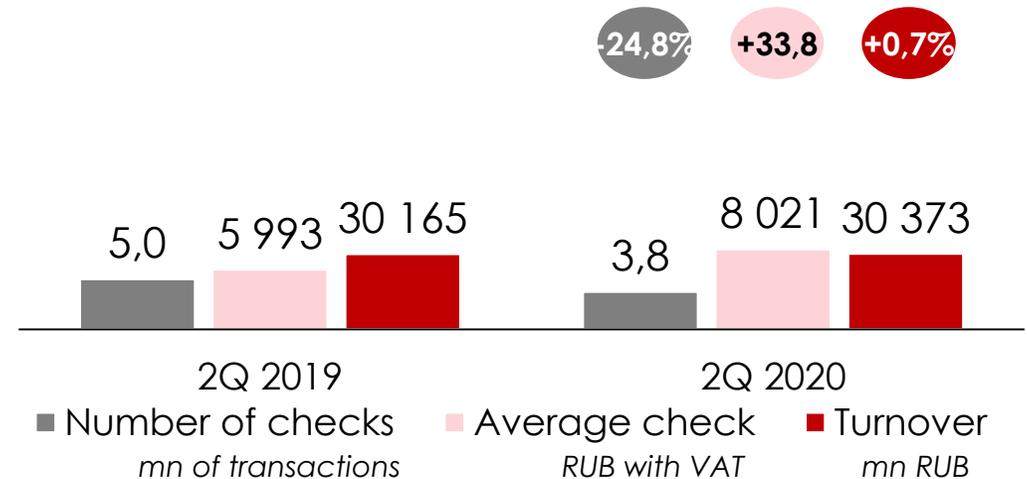
2Q 2020 Group Sales YoY



2Q 2020 M.Video Sales YoY



2Q 2020 Eldorado Sales YoY

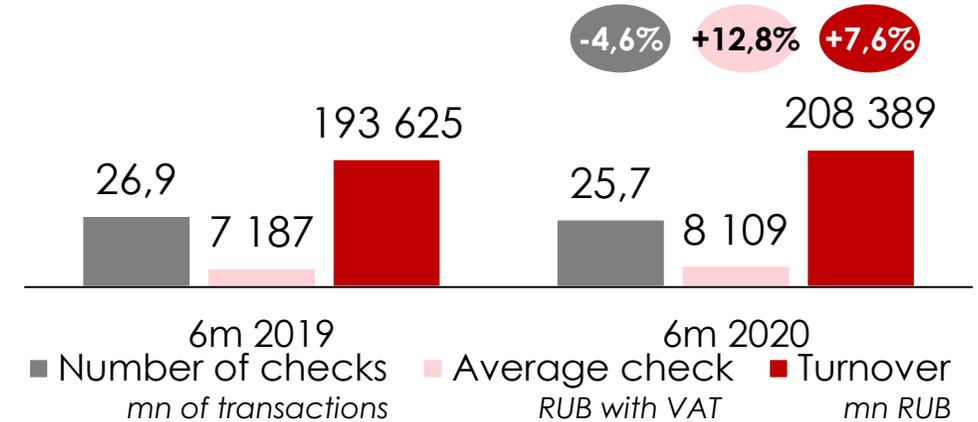


– 1H 2020 Group & Brands' Performance

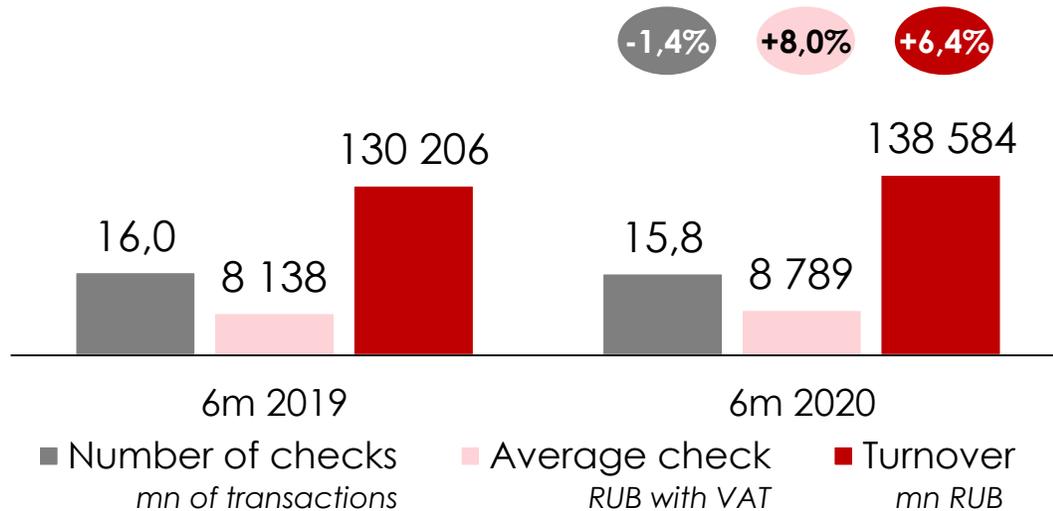
Despite turbulent 2Q'20, solid growth on the back of:

- 2x growth in TOS reaching ~70% of sales in 2Q'20
- 19.8% growth in sales delivered in 1Q'20
- M.Video delivering increased number of orders, due to ramp-up of mobile app
- Strong demand in home office and digital devices categories (laptops, smartphones, microphones, webcams), gaming and SHA

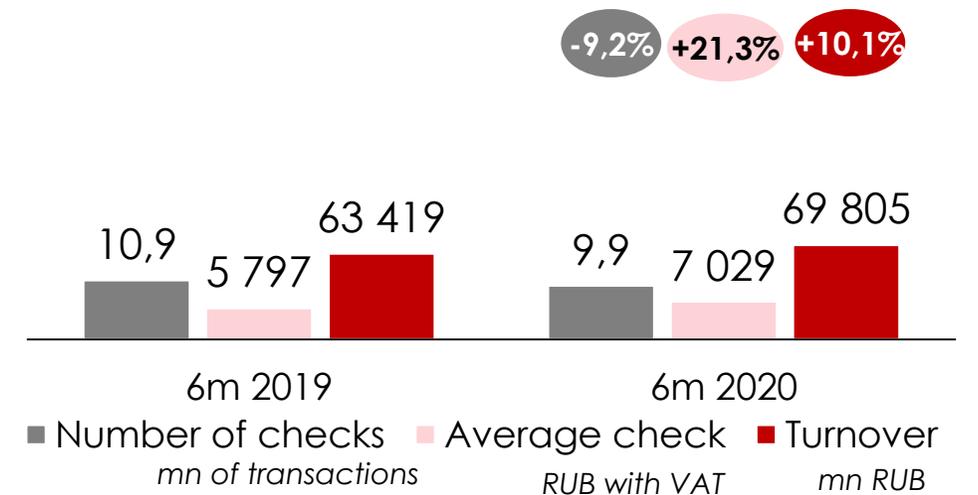
1H 2020 Group Sales YoY



1H 2020 M.Video Sales YoY



1H 2020 Eldorado Sales YoY

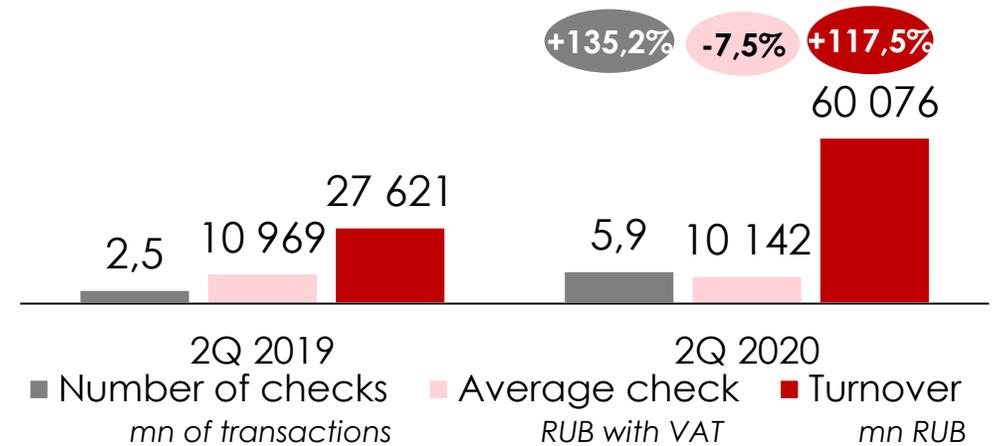


– Total Online Sales (TOS): 2Q 2020 performance

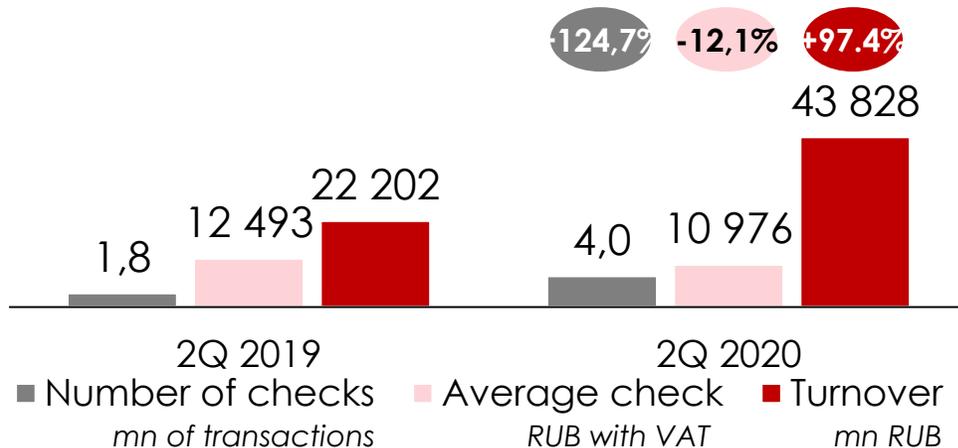
Transformational quarter for online business:

- 118% growth in total online sales, backed by 2.3x growth in number of paid orders
- 3x growth in Eldorado catching up to M.Video boasting stronger online capability
- 2x increase in courier delivery capacity across the Group, backed by 'last mile partnerships' (Yandex.Taxi, Gett, X5, DPD, Russian Post et al.)

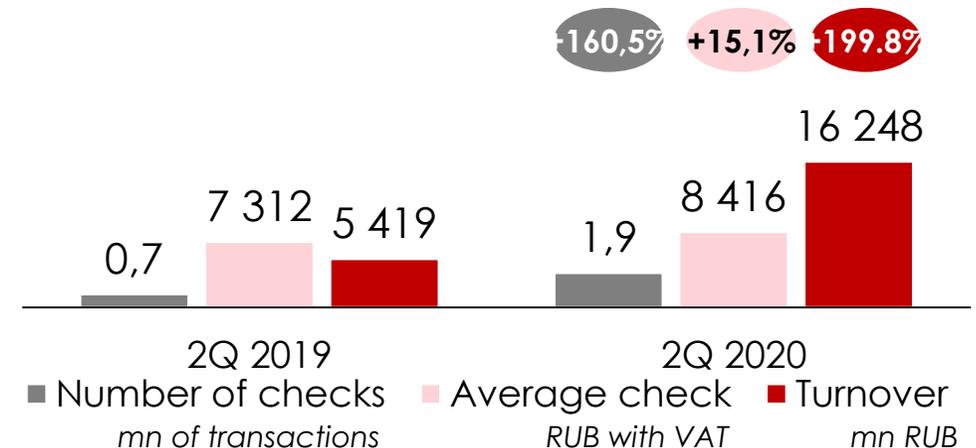
2Q 2020 Group TOS Drivers YoY



M. 2Q 2020 M.Video TOS Drivers YoY



E 2Q 2020 Eldorado Group TOS Drivers YoY

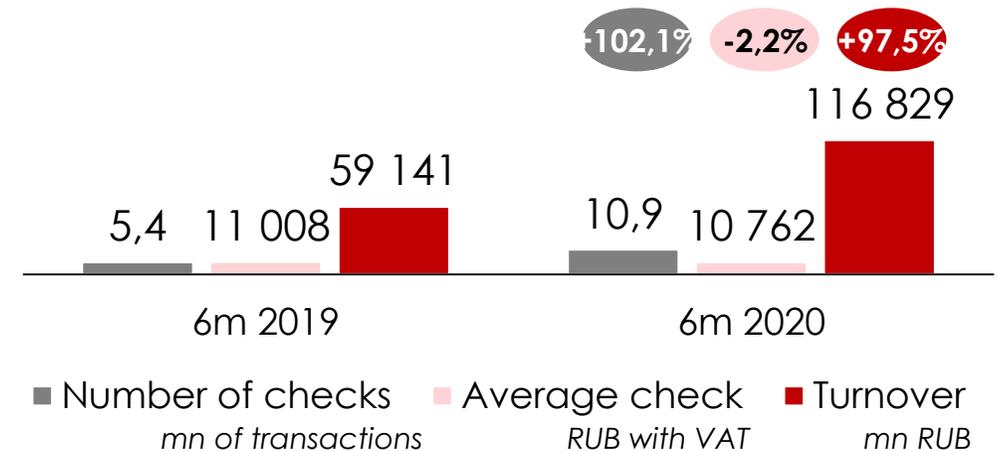


– Total Online Sales (TOS): 1H 2020 performance

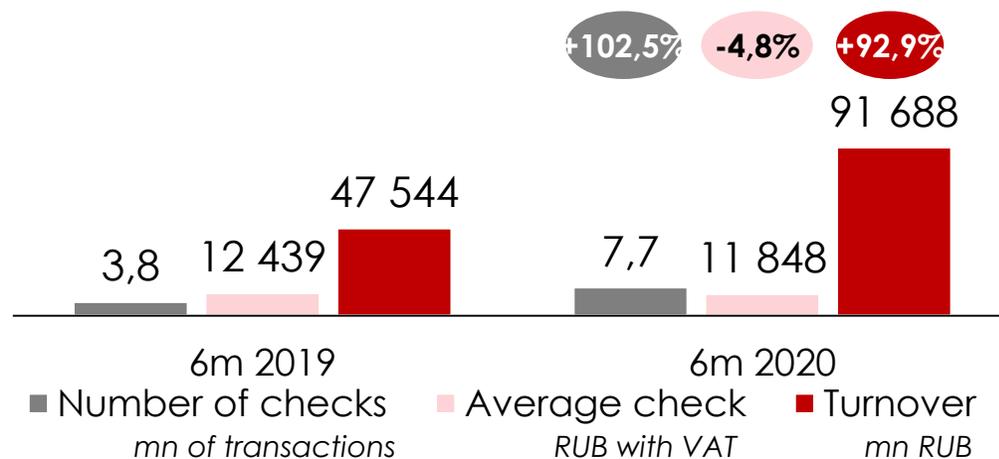
TOS reached a record share of 56% of total sales

- Switched advertising and marketing focus online, driving more traffic and increasing conversion rate on website and in mobile app
- CAPEX redirected towards e-com initiatives, logistics and online sales ramp
- Focus and promotion of digital payments, contactless payments in-store

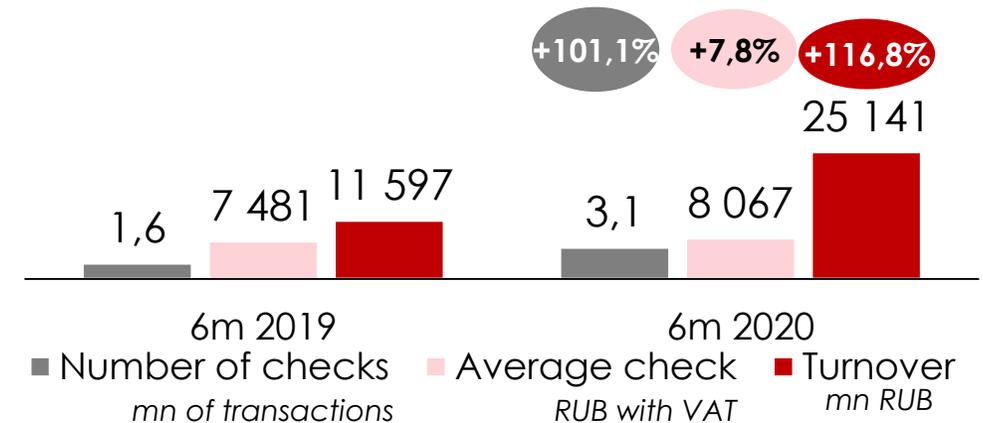
1H 2020 Group TOS Drivers YoY



1H 2020 M.Video TOS Drivers YoY



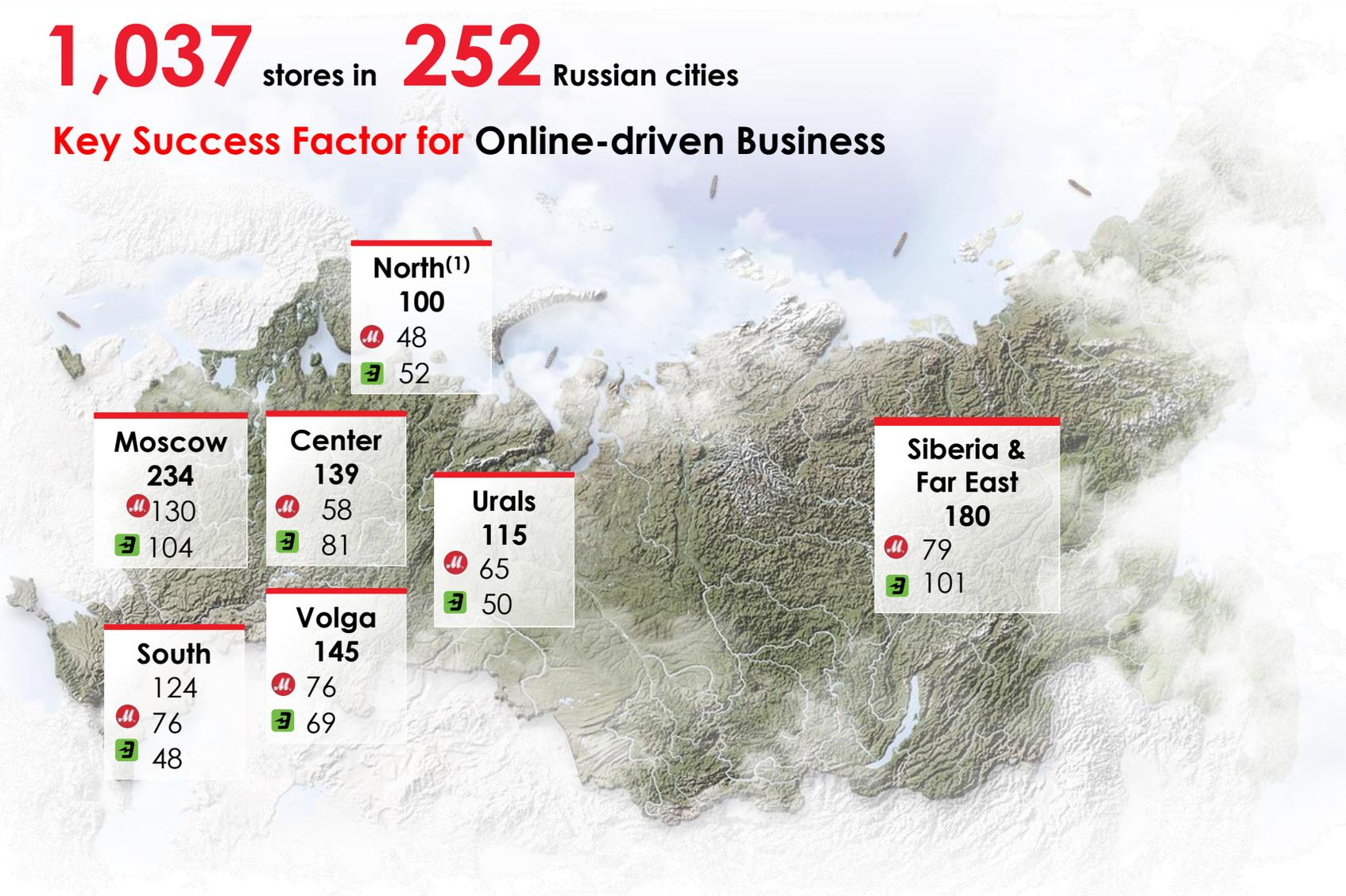
1H 2020 Eldorado Group TOS Drivers YoY



Group's Footprint as of 1H 2020

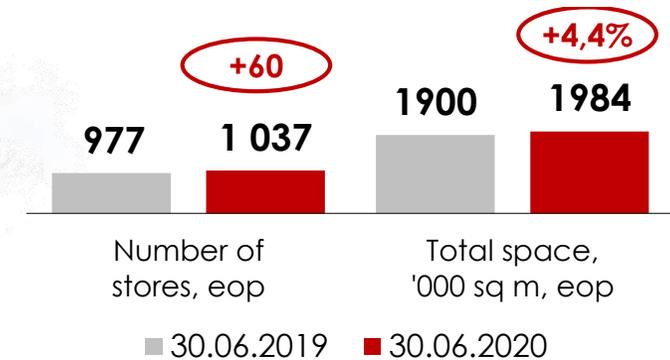
1,037 stores in **252** Russian cities

Key Success Factor for Online-driven Business



				TOTAL
# of Stores	512	505	20	1,037

- **100% online coverage** in all our cities
- **9 DC & 58 regional mini-DCs**
- **90% of population covered by same day delivery** in 1m+ cities
- **90% of population covered by next day delivery** in all cities
- **min 15 min pickup** in all stores



(1) Including St-Petersburg

Content

03

Consumer Electronics Marketplace on M.Video-Eldorado Platform via white label integration with **goods.ru**

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MARKETPLACE: 100% ASSORTMENT COVERAGE IN CE MARKET

Largest online platform for
consumer electronics and
complementary
assortment integrated from

goods.ru

All CE + new categories:

DIY and gardening tools, sporting gadgets,
children care appliances

x3 SKUs up to **90,000** in a few months

~**10% increase** in Group's sales

Availability of assortment via all points-of-
contact of **ONE RETAIL**

Own procurement in case of high demand

Quick rollout with **zero new investment** via
white label integration with goods.ru

– **Next step** – assortment and CVP development via marketplace M.VideoEldorado

As is	 Own stock and procurements of CE	 Customer service and after-sales support	 Vendor catalogue
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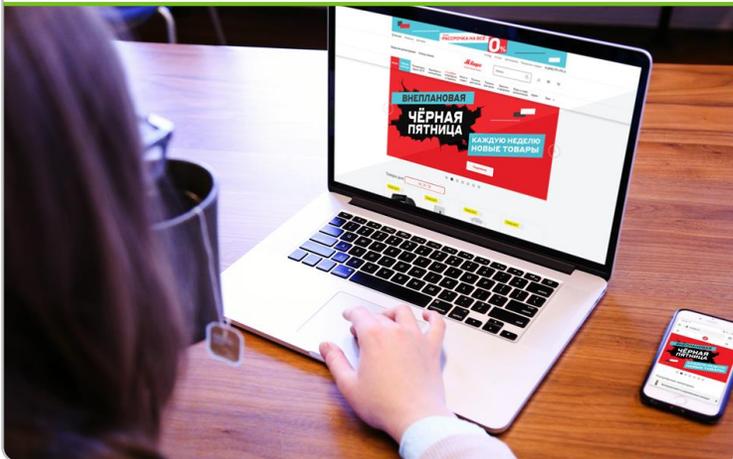
Targeting full launch by the end of 2020

Our goal	 Own stock and procurements of CE and accessories	+	Marketplace:  Direct contracts with large merchants  Goods.ru white label integration  Complementary assortment in non-CE categories
	 Focus on customer service and after-sales service		
	 Vendor catalogue: sale of rare products from vendors' warehouses		

— What customers get: familiar platform with widest choice

Widest assortment

Largest selection of CE
supplemented by related
categories with total
SKUs of
~90,000



Convenient

All items in one order

Courier delivery or
pickup at nearest
M.Video or Eldorado

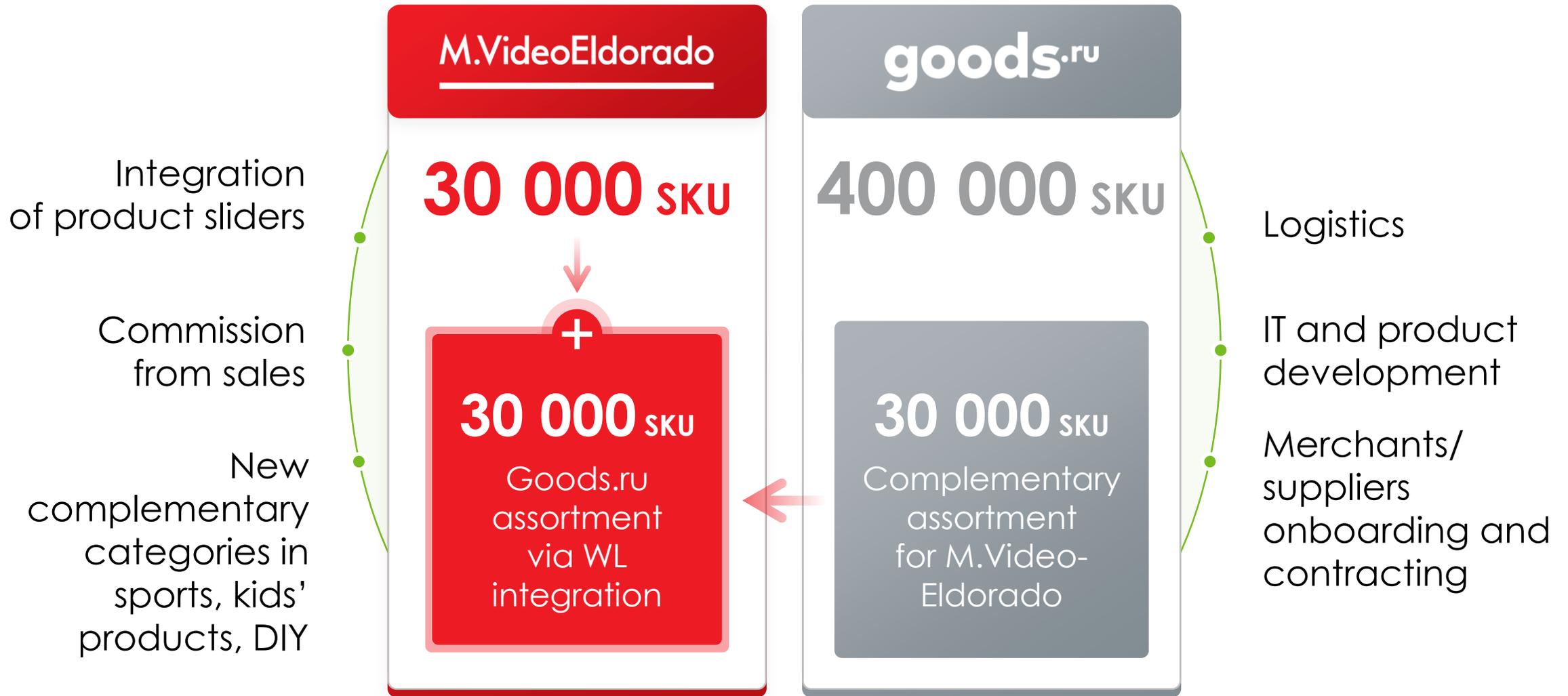


Best deals

Bonuses
Promos
Credit options



– **White label** – double SKUs with zero new investments



— See first new proposals on our platform already now



New categories:



Electric tools



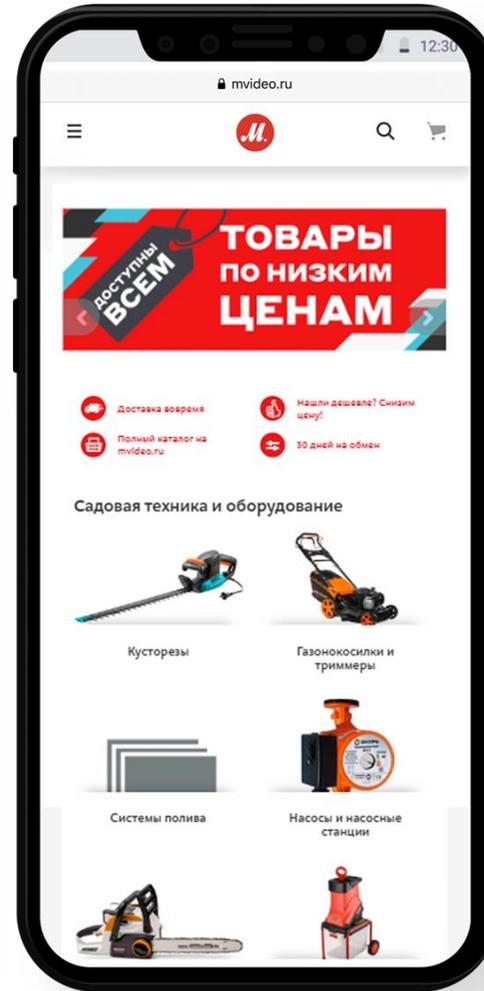
Devices for children



Devices for garden



Sports gadgets



Direct contracts with:



— Contact information

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