

M.VideoEldorado

M.Video-Eldorado Non-deal Roadshow

SEPTEMBER 2020

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— **New reality** for retail and consumer electronics

01

RETAIL = ONLINE

02

ONLINE = SMARTPHONE

03

**WE WERE ONLINE BEFORE
IT WENT MAINSTREAM**



Post-pandemic tailwinds

- Work from home becoming the new normal
- Digital devices and household items = essential spending
- Stay-at-home economy based on digital entertainment, DIY, connectivity and consumerization of healthcare
- **Shopping accelerated its shift into smartphones**

— Group at a Glance



#1 CE retailer in Russia and TOP-10 worldwide

With significant growth potential fuelled by online sales

26%

Market share in Russian CE retail market in 2019

~1.5x

The size of closest competitor

#1

Online CE retailer in Russia

#1

CE retailer for top-10 global brands in Russia



ULTIMATE coverage of the world's largest country

On the back of strong infrastructure platform and unparalleled online coverage

1,037

Stores = fulfilment centers = pick-up points¹

66

Distribution centers

90%

Population covered by the same day delivery in 1mln + cities

~130mn

People covered in 252 cities (incl. catchment area)



Consistently strong performance

Backed by solid revenue growth, strong EBITDA margin and comfortable leverage

RUB365bn

Revenue FY 2019

9%

Revenue CAGR² '17-19²

6%+

Sustainable EBITDA margin

1.7x

Net Debt/EBITDA FY 2019



Dual brand strategy



ONE RETAIL strategy

RUB144bn
Total online sales in 2019³

15.8 mln
Online orders in 2019

~3% share
of orders from mobile app in 2019



Loyal customers

Brand awareness **100%**



38 mln
86 NPS



34 mln
73 NPS



Reputable shareholders



SAFMAR

~74%

CECONOMY

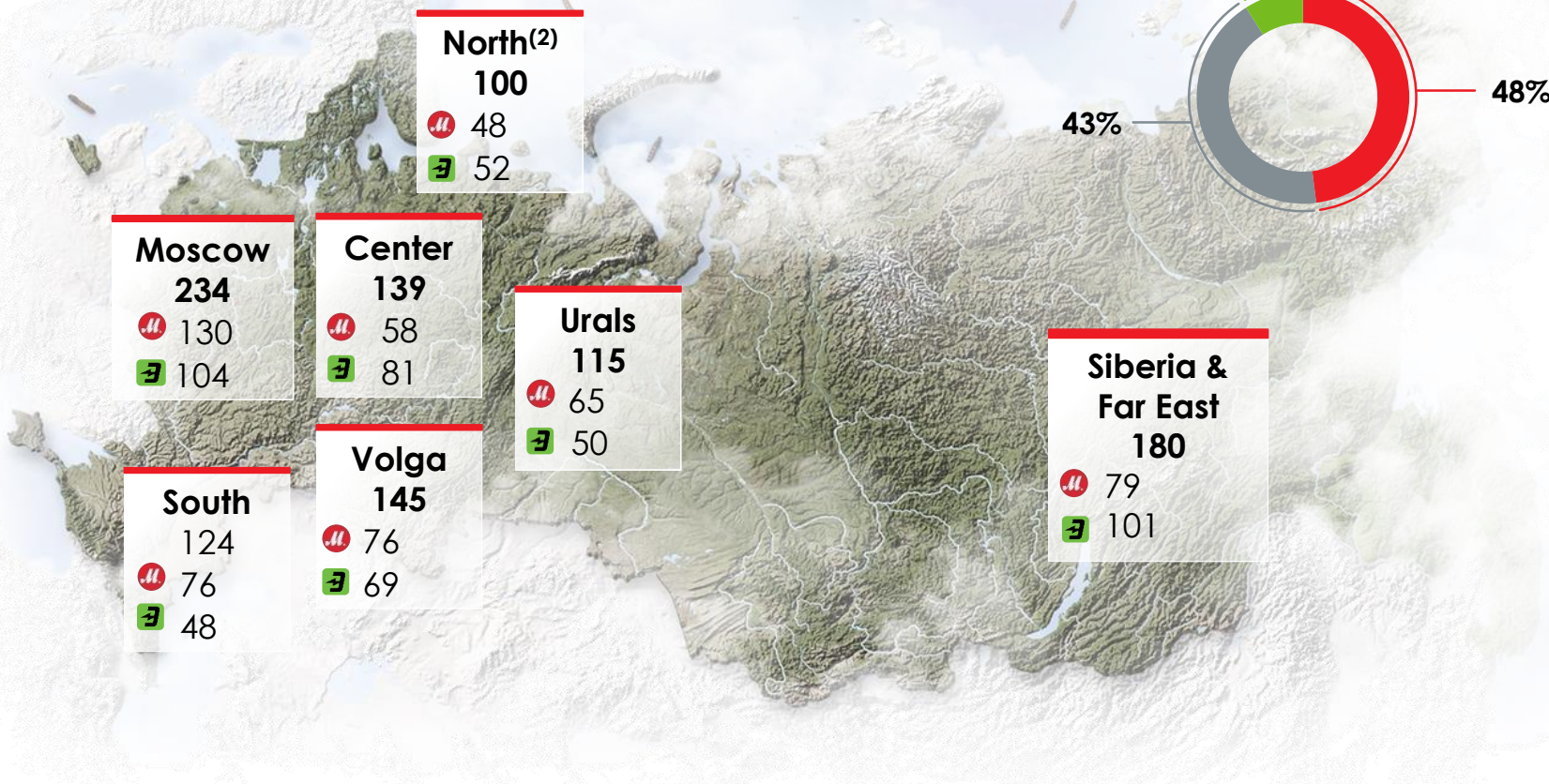
15%


(1) As of Dec 2019; (2) Growth rate for FY19 vs FY17 based on M.Video and Eldorado year end financial results for FY 2019 and pro-forma results for FY 2017; (3) Total Online Sales (TOS) (with VAT) of M.Video-Eldorado Group, in-line with the ONE RETAIL strategy, include all sales to authorized clients through various channels: home delivery, in-store pick-up, and sales to clients checked-in through shop assistants' mobile devices connected to Real-Time Dealing platform (RTD). RTD is currently available in M.Video stores only
Source: Company data


– Online-driven Business Augmented by Extensive Footprint (1)


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


Unique and well-invested store-based infrastructure solving for last mile





- 

>US\$2bn
invested in stores and logistics infrastructure since 1993
- 

1,037
Stores = fulfilment centers =
= pick-up points
- 

9 / 58
Distribution centers /
Regional mini-DCs
- 

100% online coverage
in cities of operation
- 

90% same day
delivery in 1m+ cities
- 

90% next day
delivery in all cities of presence

(1) As of June 30, 2020
(2) Including St-Petersburg

Transformational period for our business:

- ONE Retail brought forward by ~2 yrs
- Cooperation with other players **boosts sales & customer satisfaction**
- Profitable **online growth**
- Validation of stores as **important pillars of online growth**

~ **x2 growth** in online sales
~ **60%** of sales are online sales

Mutually beneficial **partnerships**
Safety through technology initiatives

Smartphone-centric customer experience
augmented by store infrastructure

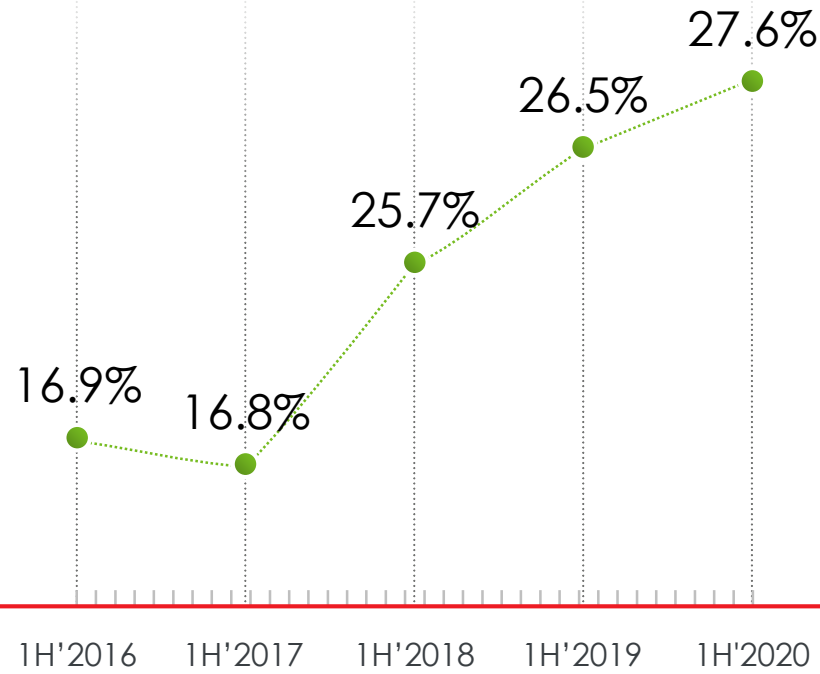
+0.8 pp EBITDA margin
+20% EBITDA, solid cash generation

3P Marketplace ramp-up with complementary categories (x3 SKUs by year-end)
Further **private label** development (TVs)

— **Group continued to outperform** the overall market in H1 2020 due to strong online momentum, leadership in digital and WFH categories

M.VideoEldorado

● Group Market Share, %



Market Shares by Brands, %

Brand	1H'2016	1H'2017	1H'2018	1H'2019	1H'2020
M.Video	16.9%	16.8%	17.1%	17.8%	18.4%
ЭЛЬДОРАДО.RU	n/a	n/a	8.6%	8.7%	9.2%

01

The Group **consistently outperforms** the market in top line growth and sales of core categories

02

The Group **continuously increases** the market share thanks to further roll-out of ONE Retail model

03

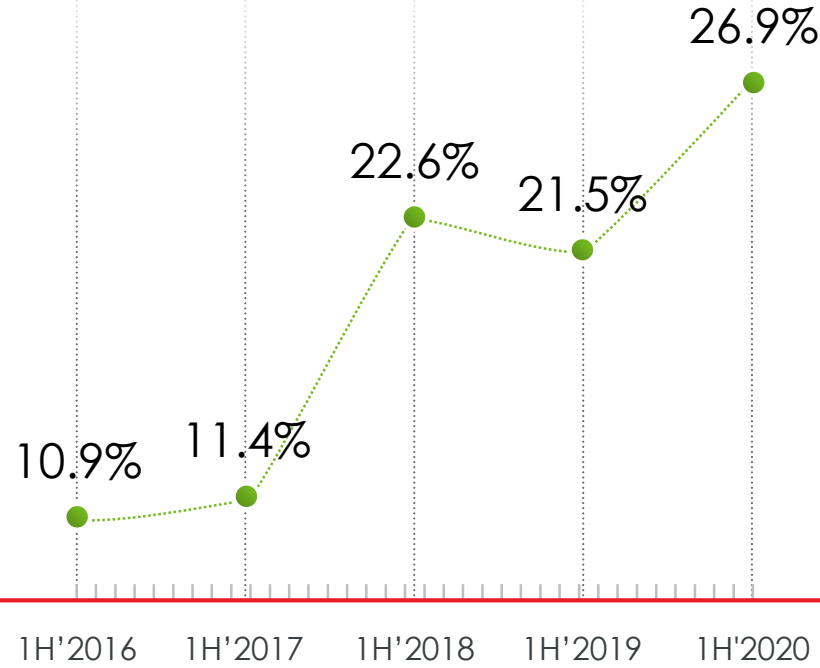
Both M.Video and Eldorado **grew faster than the market** in 1H 2020

Source: GfK. According to GfK, the total CE market grew by 10.5%, while the Group's turnover increased by 14.8% in H1 2020. The difference between Group's and GfK data on turnover growth is described by a different approach to evaluating large categories of CE market.

— Group increased its share in online CE market by more than 500 bps due to ONE RETAIL ramp-up and well-invested store-based infrastructure

M.VideoEldorado

● Group Online Market Share, %



Market Shares by Brands, %

Brand	1H'2016	1H'2017	1H'2018	1H'2019	1H'2020
M.Video	10.9%	11.4%	15.2%	14.8%	18.0%
	+	+	+	+	+
ЭЛЬДОРАДО.RU	n/a	n/a	7.4%	6.7%	9.0%

01

Pandemic created **strong online momentum** that benefits players with solid e-com footing

02

The Group maintains its **online leadership** despite fierce competition

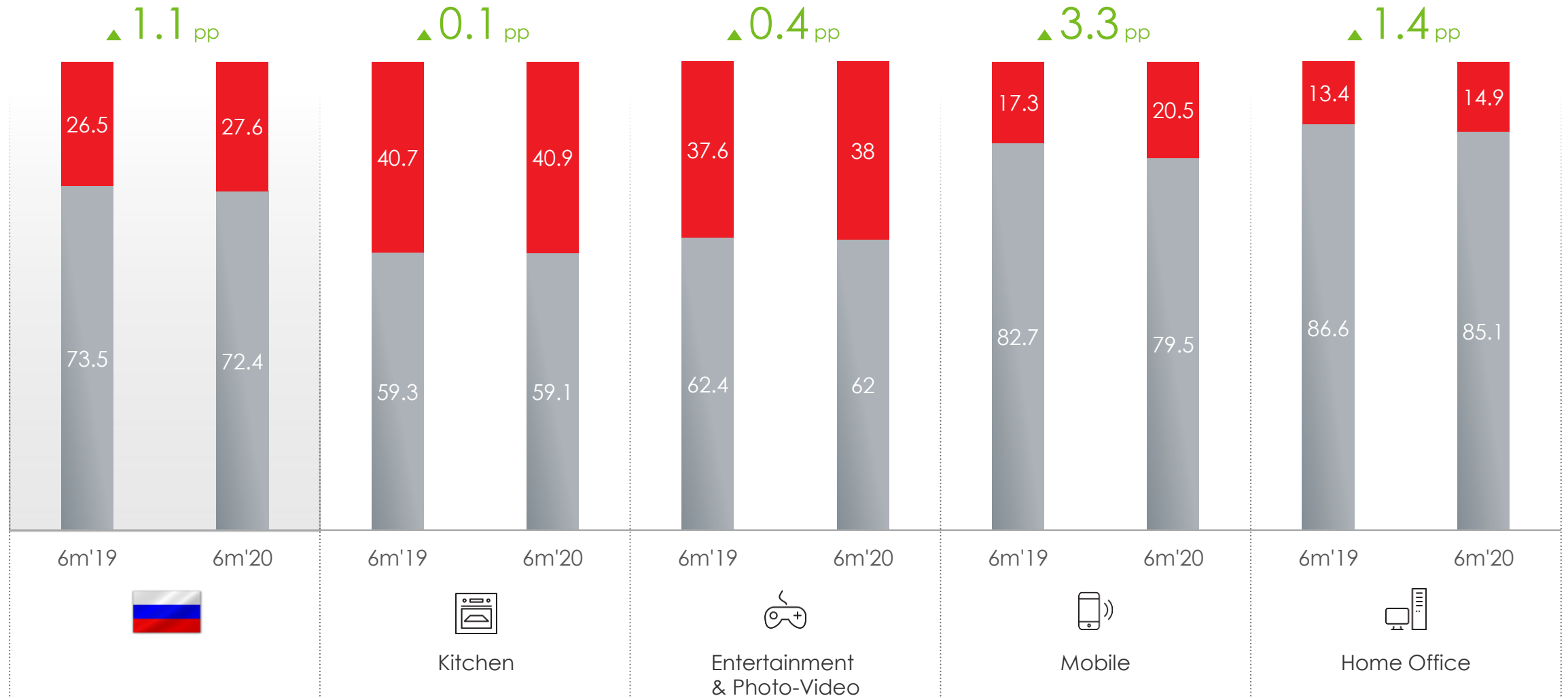
03

Eldorado online sales catch up to M.Video with next leg of growth from mobile app launch by year-end

Source: GfK. According to GfK, the online CE market grew by 70.2%, while the Group's turnover increased by 113.2% in H1 2020. The difference between Group's and GfK data on turnover growth is described by a different approach to evaluating large categories of CE market.

— Growth of market share in categories Kitchen, Entertainment & Photo-Video, Mobile and Home Office

Market share, % **XXpp** Group M.Video-Eldorado ■ Group M.Video-Eldorado ■ All other players



Source: GfK data with internal expert assumptions and calculations



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



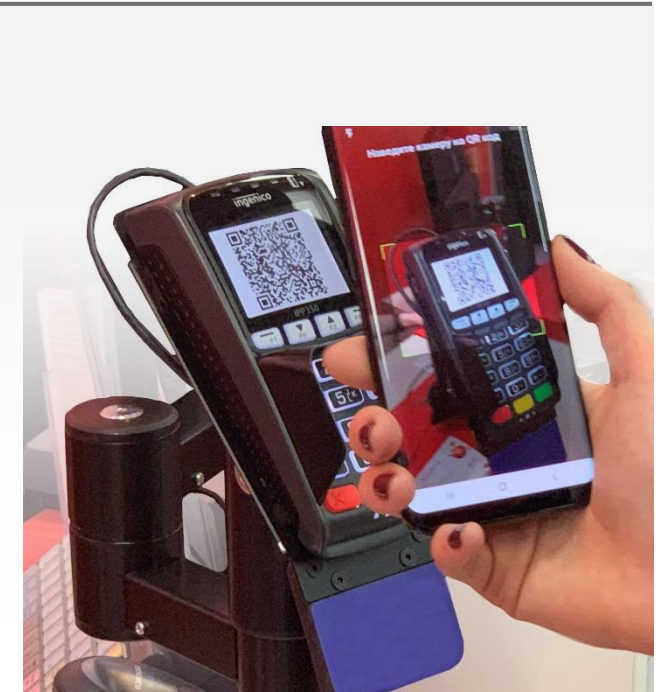
Optimization of payments and terms of cooperation with partners

– 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



— **Partnerships and new initiatives:**
sales and NPS boost, new customers acquisition

Sales via marketplaces

ozon.ru

Yandex Market

goods.ru

Last mile partnerships



Yandex Taxi



5 Пятёрочка



Video calls with in-store assistants

~24%

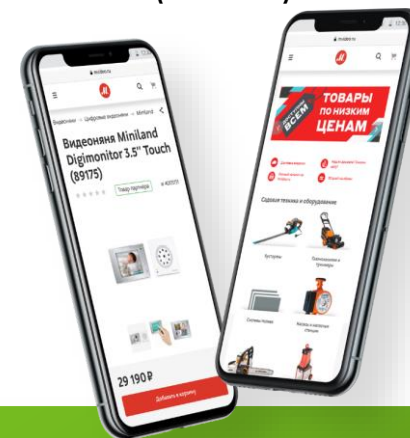
sales conversion rate



e-Payments

~14%

of total turnover (1H'20)



+RUB 4.6 bn
in net sales (1H'20)

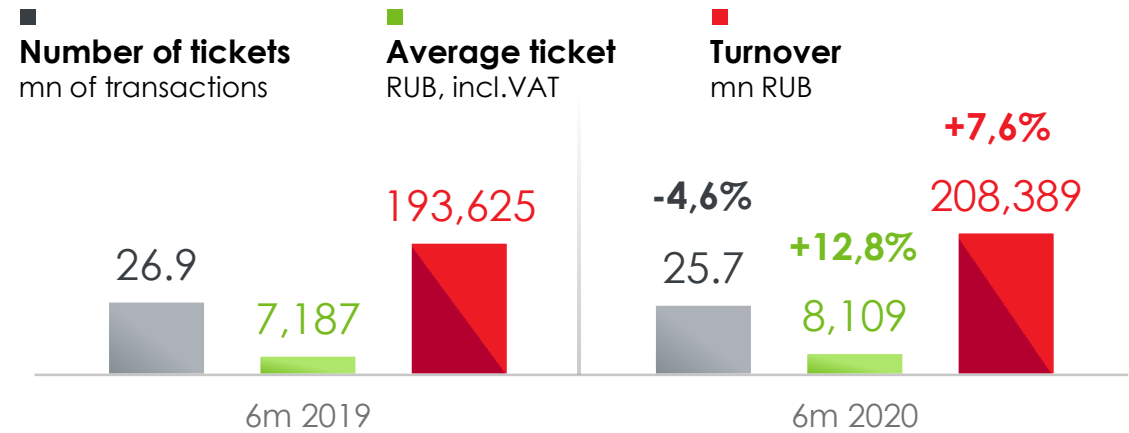
+10 pp
YoY growth

– 1H 2020 operational highlights

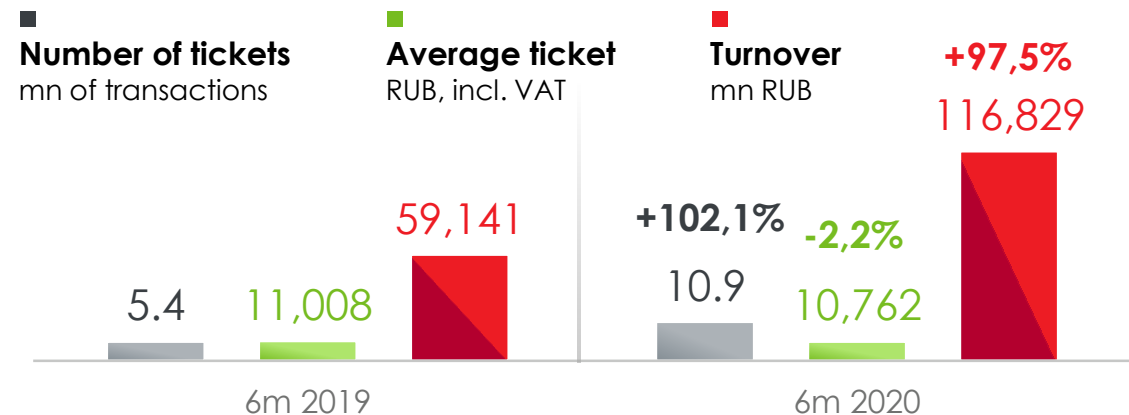
Growth in net sales in 1H'20 driven by:

- 01 19.8% growth in sales delivered in 1Q'20
- 02 Better than expected performance in 2Q'20 despite nation-wide lockdown restrictions
- 03 ~2x growth in total online sales
- 04 13% increase in average ticket
- 05 Market-beating growth in home office and mobile digital devices amid work and study from home surge
- 06 Ramp-up in B2B sales

1H 2020 Group Sales YoY



1H 2020 Group TOS Drivers YoY⁽¹⁾



(1) Total online sales of M.Video-Eldorado Group in line with its ONE RETAIL strategy include all online sales to authorised customers through various channels: home delivery, in-store pick-up, and sales to clients checked-in through shop assistants' mobile devices connected to Real-Time Dealing platform (RTD). RTD is currently available in M.Video stores only.

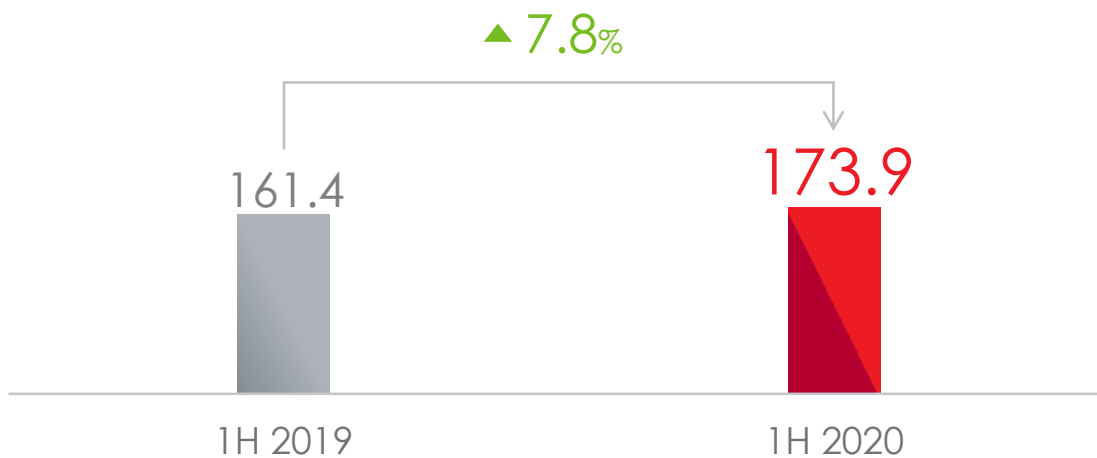
– 1H 2020 Group revenue and gross profit

- Strong revenue growth in 1Q'20 and better-than-expected 2Q'20 with ~2x growth in online sales
- 13% increase in average ticket and market-beating growth in home office and mobile digital devices amid work and study from home surge

Revenue grew by

+7.8%

Group revenue (net of VAT), RUB bn



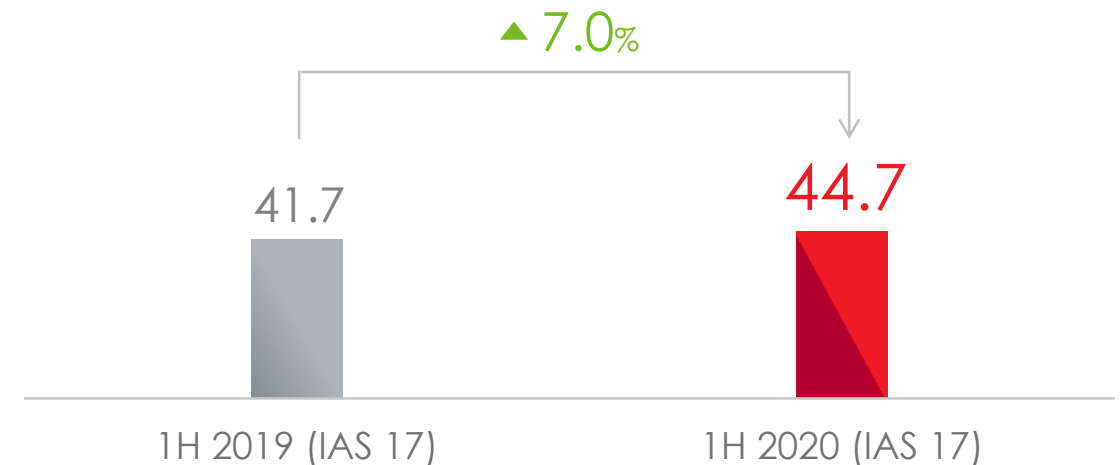
% of online in total sales

31% → **56%**

Gross profit improved by

+7.0%

Group gross profit, RUB bn



Gross margin

25.9% → **25.7%**

– 1H 2019 Group EBITDA and net income

- Austerity measures and efficient inventory management yielded better-than-expected EBITDA and margins
- Overall negative effect from COVID-19 is estimated at RUB 248 mn (protective gear, sanitation, rent losses)

+20.3%

EBITDA growth YoY

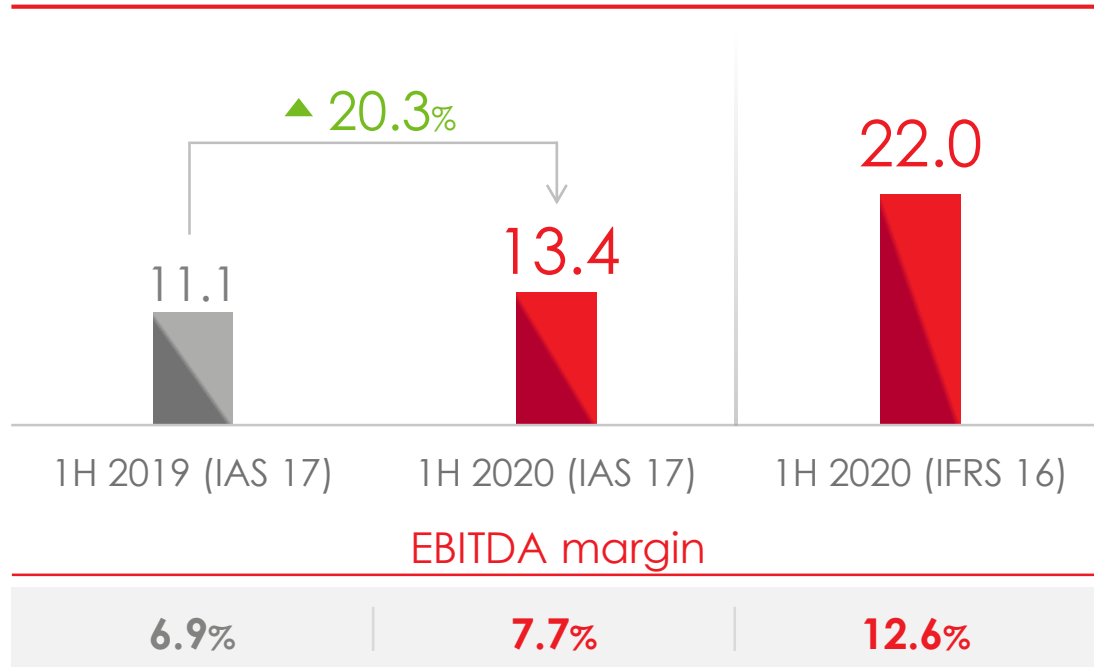
7.7%

EBITDA margin improved
by +0.8pp YoY

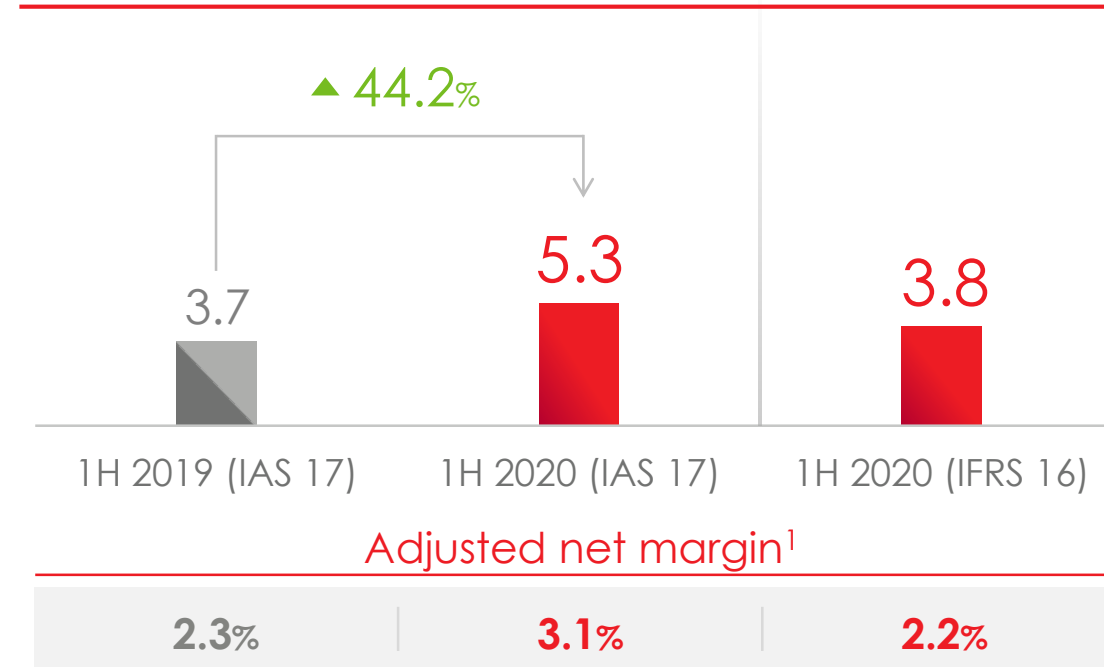
+44.2%

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 0.8 bn in H1 2019, RUB 1.3 bn in H1 2020)

1H 2020 Group cash balance evolution

- Strong cash position gives the Group strategic optionality and allows to re-focus on shareholder returns

RUB 6.3 bn

Cash generated by operating activities

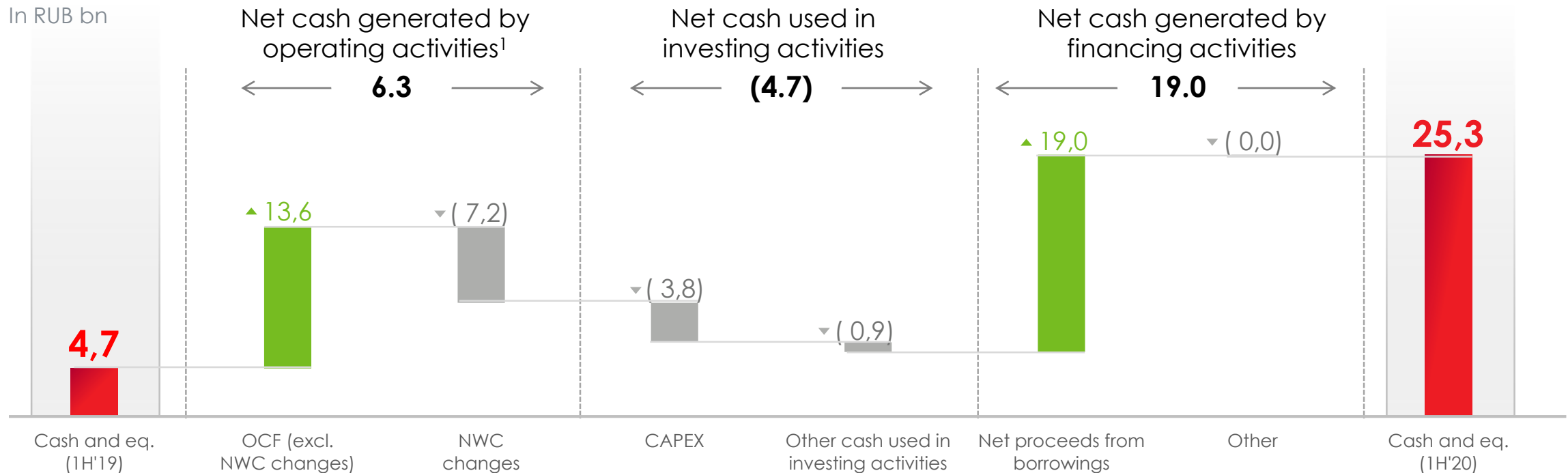
RUB 4.7 bn

Cash used in investing activities

RUB 19.0 bn

Cash generated by financing activities

1H 2020 cash balance evolution (IAS 17)



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

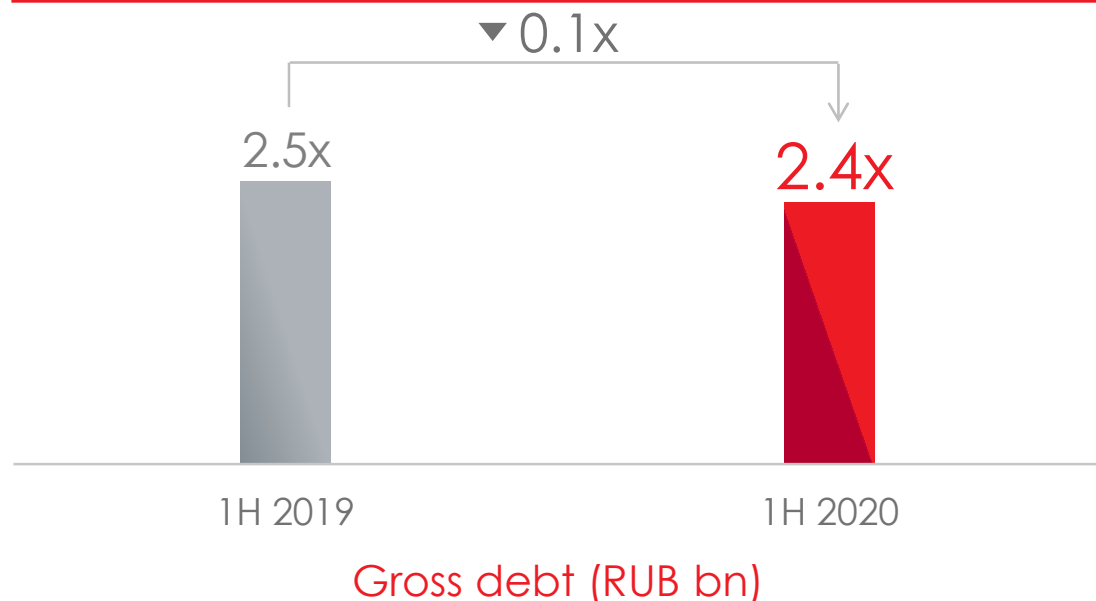
— 1H 2020 Group leverage

- The Group continued its deleverage to reach optimal gearing level
- The Group looks at various opportunities to refinance its outstanding debt in 2021

Gross leverage decreased by

0.1x

Gross debt / EBITDA (IAS 17)



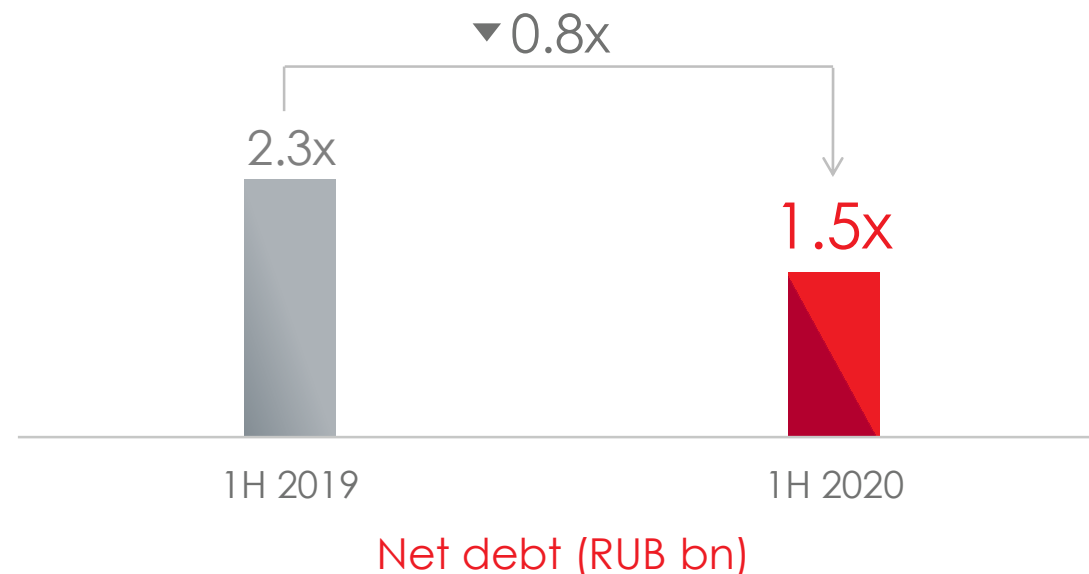
Gross debt (RUB bn)

61.7 → 68.2

Net leverage decreased by

0.8x

Net debt / EBITDA (IAS 17)



Net debt (RUB bn)

56.0 → 42.9

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Digital and online-based company with optionality to transform into multi-category marketplace-centric business

M.Video

The most tech-driven and advanced consumer electronics specialist

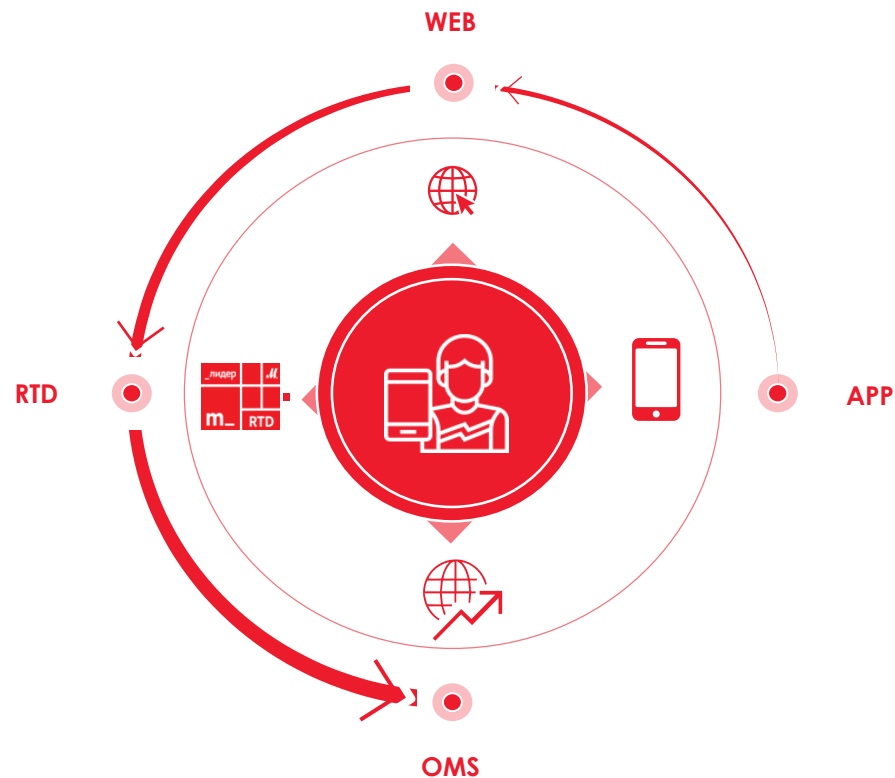
ЭЛЬДОРАДО.RU

The most accessible and ubiquitous consumer electronics (and more!) retailer

— ONE Retail strategy fueled by digital transformation

In 1H'20, IT spend and front projects capex rose 17% and 5% YoY, respectively despite overall CAPEX optimization to ensure online business surge

Seamless customer experience



Tech enablers for ONE RETAIL



Customer interaction



Machine learning



Smart search algorithms



Pick Up using chat bot and machine learning



Digitalisation of business processes

M.VideoEldorado



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

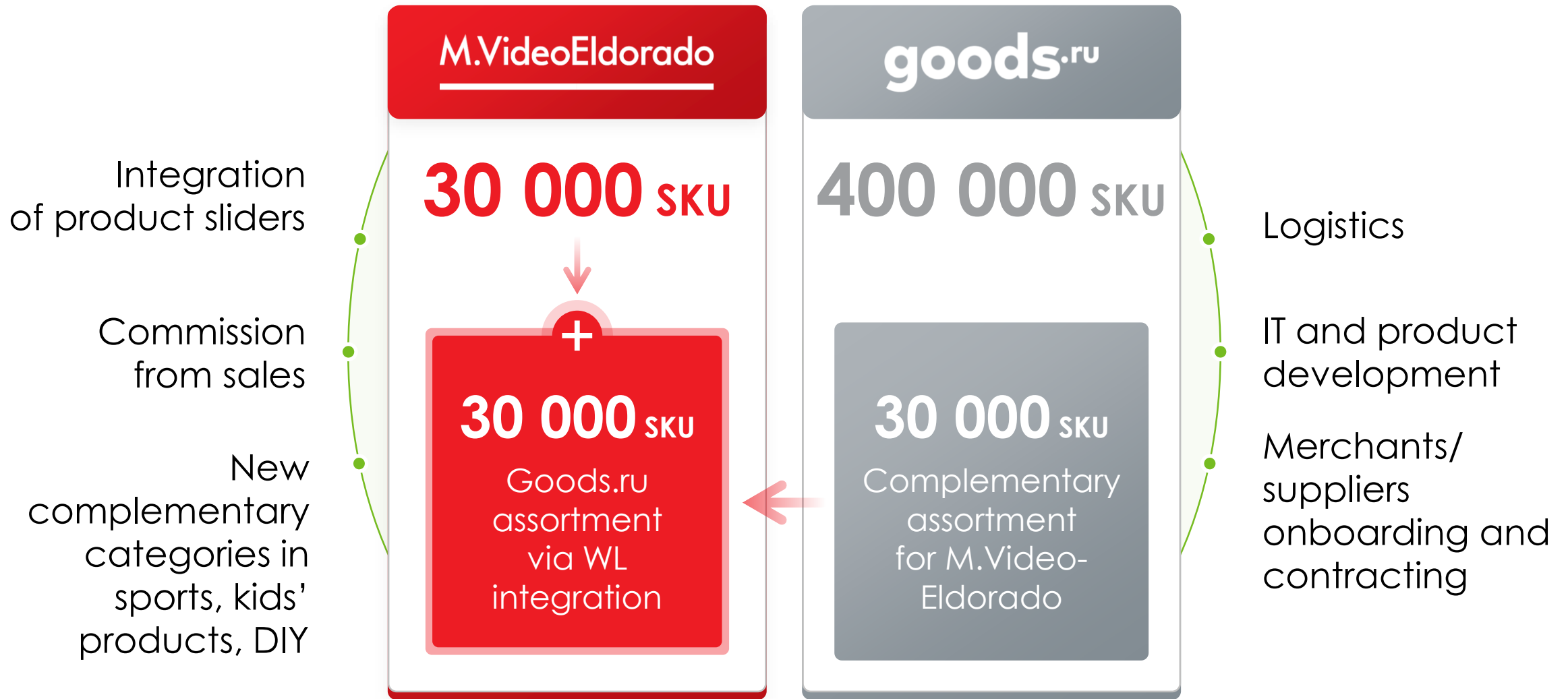
– **Next step** – assortment and CVP development via marketplace M.VideoEldorado

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		

– White label – double SKUs with zero new investments



– M.Video and Eldorado brands' and CVP development

Both brands successfully navigated through the pandemic sharing expertise, best practice and inventory

M.Video Mobile app

ЭЛЬДОРАДО.RU online sales

3.6 million installations
>500,000 weekly average users

>2x Catching up to M.Video

ONE Retail Ecosystem

- **Video calls** with shop assistants
- **Pick-up points** and **parcel lockers** at grocery stores and post office
- **15 minutes pick-up** of online orders
- **Delivery by taxi** services
- **QR-code on price tags** for quick product access
- **Digital shelf-space** for wider choice
- **Contactless delivery** to the car trunk

New Customer Value Proposition

M.Video

- **Highly personalized experience** for tech-savvy customers
- **Widest assortment**, incl. exclusive and premium new products
- **Complementary services**

ЭЛЬДОРАДО.RU

- **Best prices**, proximity to customer, hassle-free online shopping
- **Accessible products and solutions** for everyday use
- **Complementary non-CE** assortment

New/Updated Brands' Visuals

M.Video
Онлайн / Быстро / Рядом

ЭЛЬДОРАДО.RU



— Medium-term outlook

Strategy review



- Leverage and strengthen **online momentum**
- Adapt to **new customer patterns** and habits
- Redefine organic growth drivers
- Adopt **startup mentality**

Store roll-out



- **50-60 total store openings** in 2020 by year-end
- Piloting new smaller Eldorado **proximity stores**

Shareholder returns and engagement



- **Unlocking shareholder value** through re-focusing on returns, investor engagement and transparency

ONE Retail



- Enhancing seamless customer experience through **extended ONE RETAIL model**
- **Assortment development** via marketplace scaling
- Focus on mobile payments, customer retention & personalization

Content

APPENDIX

M.VideoEldorado



— Dual-brand CVP allowing for maximum audience outreach



ASSORTMENT



PRICE



SERVICE



EXPERIENCE



ACCESS



- **100% CE coverage**
- Latest models and **premium offerings**
- **Private label** with state-of-the-art yet accessible tech

Highly personalized price offers through ONE Retail ecosystem

- **Wide range of complementary products** and services, best-in-class after-sale services
- **Responsible consumption:** recycle & reuse

- Stores as **innovation touch-points** with customers
- **Retail-tainment**
- **Personal touch** and live help from professionals

- **24/7 easy and seamless access** through ONE Retail
- **Shop-in-shops** with digital categories



- **Accessible assortment** for everyday use
- **Private labels** and all mass-market top-sellers
- **Wider non-CE assortment**

- **Entry price products** and value-for-money private labels
- **Best promos**

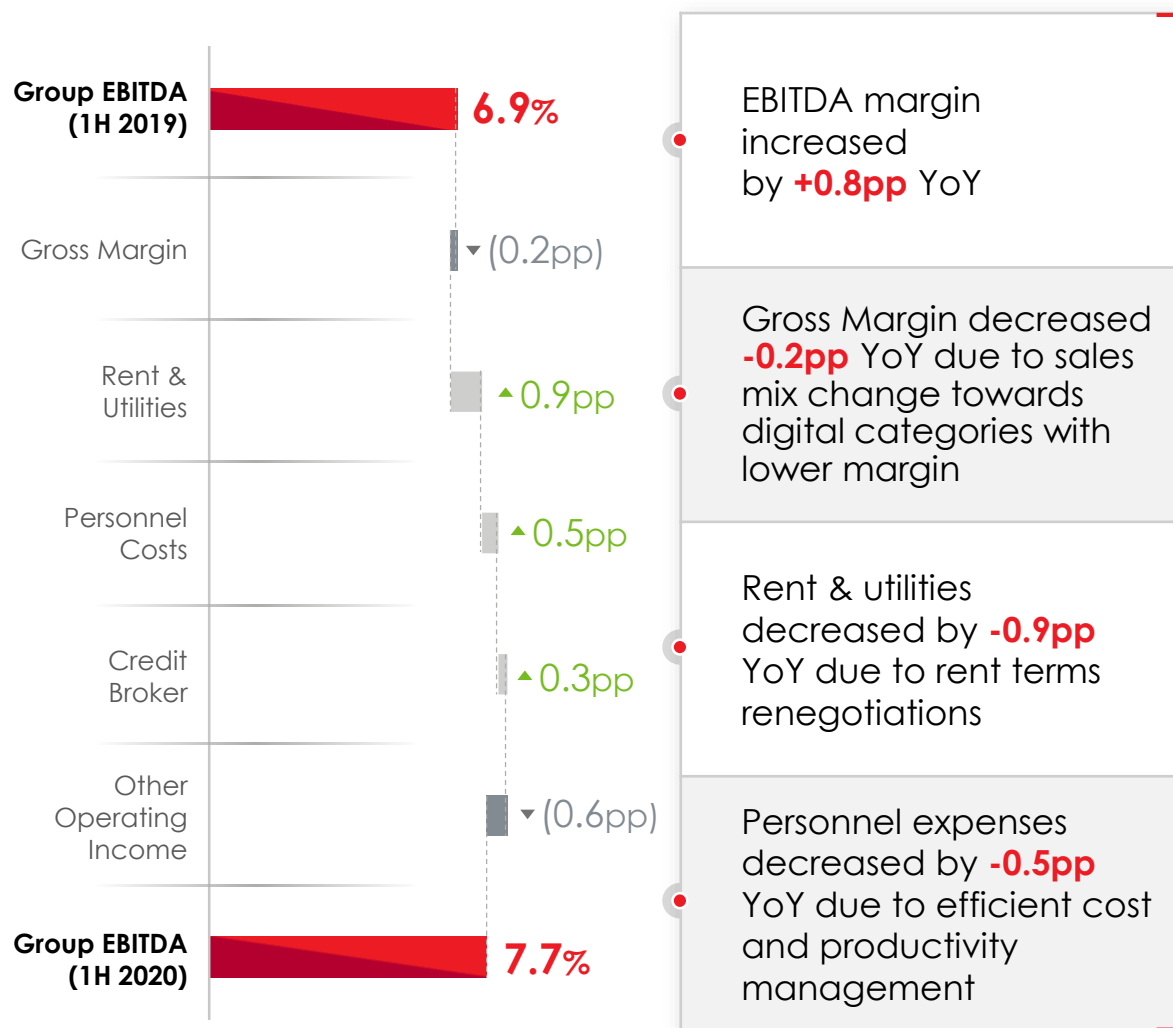
- **Fast delivery** and inexpensive installation
- Focus on **credit sales**

- **Hassle-free** online shopping
- **Proximity** to customer

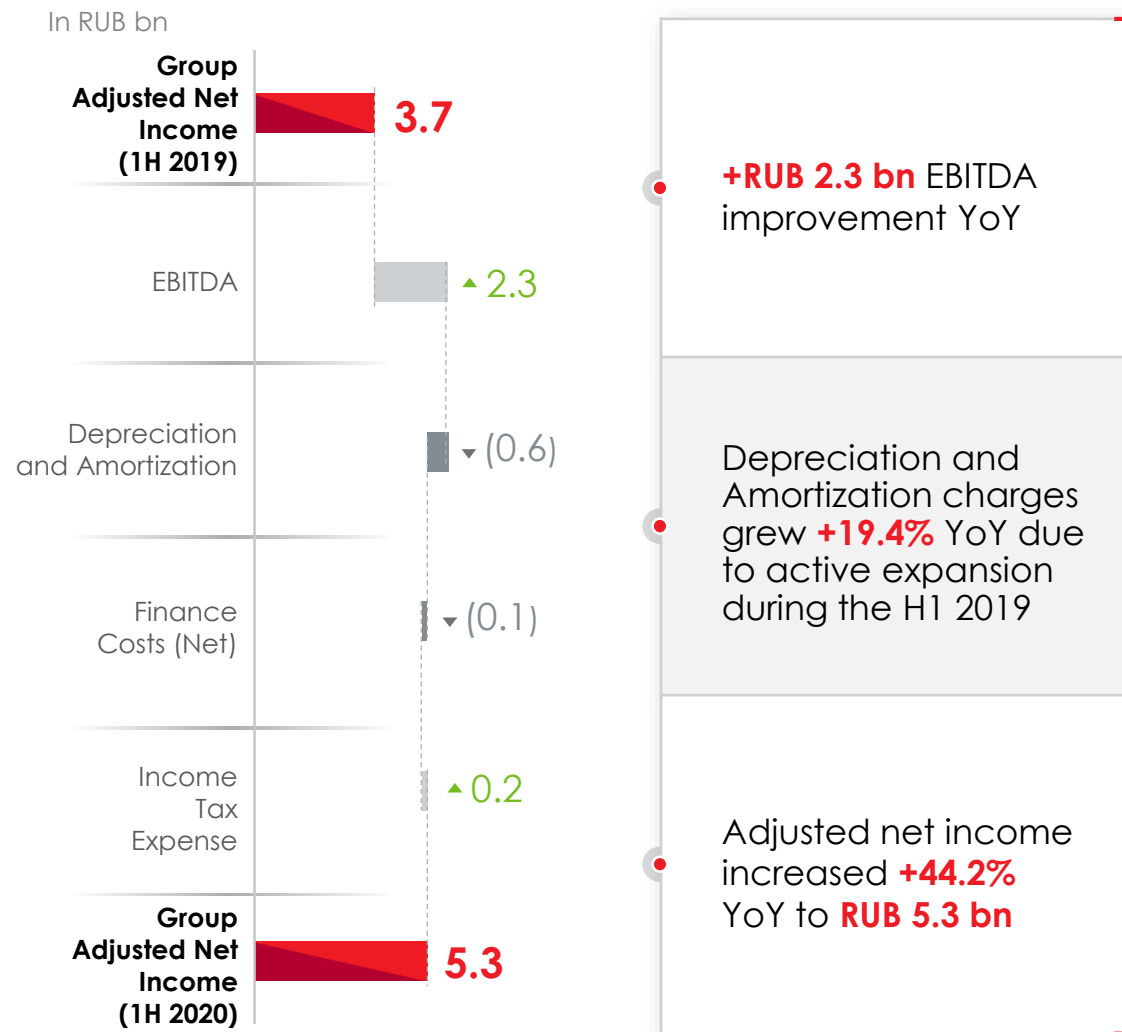
- Development and piloting of **smaller store formats**, street retail and proximity stores
- Access via **popular marketplaces**

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 0.8 bn in H1 2019, RUB 1.3 bn in H1 2020)

— Group SG&A expense breakdown

In millions of Russian rubles (VAT excl.)	1H 2020	1H 2019
	"IAS 17"	"IAS 17"
Personnel Cost	11,004	10,940
As % of revenue	6.3%	6.8%
Rent & utilities	10,210	10,864
As % of revenue	5.9%	6.7%
Advertising & marketing	2,684	2,764
As % of revenue	1.5%	1.7%
Warehouse services	1,922	1,632
As % of revenue	1.1%	1.0%
Bank charges	1,763	1,427
As % of revenue	1.0%	0.9%
Security	1,003	1,005
As % of revenue	0.6%	0.6%
Repair & maintenance	869	1,027
As % of revenue	0.5%	0.6%
Other SG&A	3,353	3,341
As % of revenue	1.9%	2.1%
Subtotal	32,808	32,999
As % of revenue	18.9%	20.4%
TOTAL	36,790	36,334
As % of revenue	21.2%	22.5%

– IR/disclosure calendar 2020 and IR policy

Sep (tbc)	Refinitiv-EM ESG Forum
Oct 14-16	MOEX NY Forum
Oct 26-30	Auerbach Grayson-SOVA Capital Emerging and Frontier Markets Conference
Oct (tbc)	Goldman Sachs EMEA Conference
Nov 25-26	MOEX London Forum
Nov (tbc)	VTB Capital 'Russia Calling!' Forum
Nov (tbc)	BofA Consumer & Retail conference
Nov-Dec (tbc)	Capital Markets/Strategy Day
Dec (tbc)	Woods EMEA conference



Direct-to-investor approach

- More focus on direct investor outreach and engagement via digital platforms
- Find us soon on CloSir – corporate access 2.0 platform



Focus on online growth momentum

Enhanced disclosure of online business metrics as of 2Q'20



ESG-conscious IR policy

- ESG strategy is now in development
- 'We do care' approach fostered by management and shareholders



Transparency and accountability

- New disclosure tools in 2H'20
- Launch of new user-friendly corporate website

– Contact information

PJSC “M.VIDEO”



Address

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



Listing

Moscow Stock Exchange



Web-site

invest.mvideo.ru



Ticker

MVID



For investors' requests, please, contact:



Maxim Novikov



Maxim.Novikov@mvideo.ru



Timur Akhmedzhanov



Timur.Akhmedzhanov@mvideo.ru



For media requests, please, contact:



Valeriya Andreeva



+7 495 644 28 48
ext. 7386



pr@mvideo.ru

