

M.VideoEldorado

M.Video-Eldorado Group Sales Grew Double-digit above the Market in 1H 2019

18 July 2019, Moscow, Russia. PJSC M.video (M.Video-Eldorado Group, the Company, or the Group), Russia's largest consumer electronics retailer by revenue (MOEX: MVID), releases today its combined interim unaudited sales, like-for-like sales, and the networks expansion results for M.Video and Eldorado for the first six months and the second quarter ended 30 June 2019.

H1 2019 highlights (pro-forma¹):

- M.Video-Eldorado Group net sales increased by 10.4% year-on-year to RUB 193.6 billion (with VAT)
- Group's Like-for-Like (LFL) sales grew by 0.4% year-on-year
- Group's online-based sales (OBS) rose by 17.5% year-on-year to RUB 37.9 billion (with VAT), and by 1.2 pp year-on-year, as a percentage of total Group's net sales, amounting to 19.6%. The share of pick-up in OBS stood at 74.9%

Q2 2019 highlights (pro-forma):

- M.Video-Eldorado Group net sales rose by 9.1% year-on-year to RUB 92.2 billion (with VAT)
- Group's Like-for-Like (LFL) sales declined by 1.5% year-on-year
- Group's online-based sales (OBS) increased by 12.2% year-on-year to RUB 17.4 billion (with VAT)

Group's net sales grew by 10.4% year-on-year to RUB 193.6 billion (with VAT) in the first half of 2019, and by 9.1% year-on-year to RUB 92.2 billion (with VAT) in the second quarter of 2019. The growth was largely attributable to the expansion program of the latter part of 2018, and supported by positive OBS dynamics for both M.Video and Eldorado brands.

In the first half of 2019, M.Video net sales increased by 11.7% year-on-year to RUB 130.2 billion (with VAT), while Eldorado grew its net sales by 8.0% year-on-year to RUB 63.4 billion (with VAT). In the second quarter of 2019, M.Video net sales improved by 11.6% year-on-year to RUB 62.1 billion, and Eldorado net sales increased by 4.4% year-on-year to RUB 30.2 billion (with VAT).

In H1 2019, M.Video's online-based sales (pick-up and home delivery) grew by 19.0% year-on-year to RUB 26.4 billion (with VAT) and Eldorado's OBS rose by 14.1% year-on-year to RUB 11.6 billion (with VAT) driven by growing traffic and the average ticket for both brands. OBS share in net sales reached 20.2% for M.Video and 18.3% for Eldorado. In Q2 2019, M.Video's OBS increased by 16.2% year-on-year to RUB 12.0 billion (with VAT), and Eldorado's OBS by 4.3% year-on-year to RUB 5.4 billion (with VAT), due to growing number of transactions offset partially by the average ticket decrease.

Group's Like-for-Like sales declined by 1.5% in the second quarter, but still showed increase of 0.4% year-on-year for the first half of 2019. M.Video Like-for-Like sales improved by 0.5% in Q2, and by 1.0% in H1 2019, while Eldorado LFL sales declined by 5.3% in Q2, and by 0.6% in H1 2019. The decline was due mainly to the average ticket decrease on the back of aggressive promos in the slowing market, and a change in the product mix towards lower priced products, in-line with the current brand positioning.

"The Russian electronics and household appliances market, which is developing cyclically, naturally slowed down its growth rate – according to our estimates, the market grew c.8% year-on-year, while M.Video-Eldorado Group sales grew double-digit in the first half of 2019", – commented M.Video-Eldorado Group President Alexander Tynkovan.

"The Company attracts two-thirds of its customers via the Internet, and, in fact, is an online business with developed retail network enforcing effective contact with a growing number of buyers. The merger of M.Video and

¹ Pro-forma combined operational results for the Group include Eldorado numbers starting from the beginning of the earliest comparable period, i.e. from the beginning of 2018.

M.VideoEldorado

Eldorado created a firm basis for the Group's further development as an online player and the implementation of our ONE RETAIL strategy, which involves digital transformation of business and customer experience both on the Internet and in retail, as well as full integration of all channels of interaction with each customer," - Alexander Tynkovan added.

"The slower market dynamics is caused by customers trading down to lower price segments, which results in the product mix changes and the average price decrease. The strategy of development of two competing brands within one Group allows us to get access to the widest possible audience. M.Video continues to focus on innovation and premium technologies, accompanying them with the best service on the market. In turn, Eldorado, as an attacking brand, relies on accessibility, available product range and simple promotional mechanics. The brand is still in transition, we have updated the product matrix, focused on the lower price segment and are now forming the perception of this positioning among customers. In this regard, we observed a temporary decline in sales of comparable Eldorado stores in the second quarter of 2019. At the same time, thanks to the wide audience coverage, the Group increases its market share every month in most categories, especially in digital products: smartphones, laptops and accessories", – emphasized M.Video-Eldorado Chief Executive Officer Enrique Fernandez.

"Also, we completed MediaMarkt stores rebranding in the first half of 2019. The Company opened the last 10 out of 56 planned stores of both M.Video and Eldorado brands in premium locations. We expect them to ramp up their potential by the end of the year", – Mr. Fernandez added.

In H1 2019, the Group opened 36 stores net, including 15 M.Video, 17 Eldorado and 4 m_mobile stores, bringing the total stores number to 977 as of 30 June 2019.

Q2 & H1 2019 M.Video-Eldorado Group Sales and Expansion Summary (Pro-forma*):

Net Sales, mn RUB (with VAT)	Q2 2019	Q2 2018	YoY, %	H1 2019	H1 2018	YoY, %
M.Video	62,069	55,609	+11.6%	130,206	116,583	+11.7%
Eldorado	30,165	28,898	+4.4%	63,419	58,725	+8.0%
M.Video-Eldorado Group	92,234	84,507	+9.1%	193,625	175,308	+10.4%

Online Sales (pick-up + home delivery), mn RUB (with VAT)	Q2 2019	Q2 2018	YoY, %	H1 2019	H1 2018	YoY, %
M.Video	11,999	10,324	+16.2%	26,351	22,138	+19.0%
Eldorado	5,419	5,194	+4.3%	11,594	10,165	+14.1%
M.Video-Eldorado Group	17,418	15,518	+12.2%	37,944	32,303	+17.5%

*Pro-forma combined operational results for the Group include Eldorado numbers starting from the beginning of the earliest comparable period, i.e. from the beginning of 2018.

Like-for-Like Sales**, %	2Q 2019 /Q2 2018, %	H1 2019 /H1 2018, %
M.Video	+0.5%	+1.0%
Eldorado	-5.3%	-0.6%
M.Video-Eldorado Group	-1.5%	+0.4%

** LFL data is based on a comparison of 786 stores operating as of January 1, 2018 and not closed for more than two weeks, and/or not expanded or downsized by >20% of their total space.

M.VideoEldorado

Networks Expansion	31.12.2018	30.06.2019	New for 6M 2019**	
Stores, #				
M.Video	480	499	+19	
Eldorado	461	478	+17	
M.Video-Eldorado Group	941	977	+36	
Selling Space, ths sqm				
M.Video	759	781	+22	+2.9%
Eldorado	633	640	+7	+1.1%
M.Video-Eldorado Group	1,392	1,421	+29	+2.1%
Total Space, ths sqm				
M.Video	1,031	1,060	+29	+2.8%
Eldorado	814	840	+26	+3.2%
M.Video-Eldorado Group	1,845	1,900	+55	+3.0%

* In H1 2019, 16 M.Video stores (including 5 rebranded MediaMarkts) and 4 m_mobile stores were opened, while 1 M.Video store was closed due to its relocation.

In H1 2019, 18 Eldorado stores (including 5 rebranded MediaMarkts) were opened, and 1 Eldorado stores was closed.

About M.Video-Eldorado Group

M.Video-Eldorado Group (PJSC "M.video") consolidates consumer electronic retail brands M.Video and Eldorado, and Goods marketplace. The Group's combined annual sales are over 420 billion rubles with VAT. M.Video-Eldorado Group is the first and only public consumer electronic retailer in Russia. The Company's shares are traded on the Moscow Stock Exchange (ticker: MVID).

As of 30 June 2019, the Group operated 490 M.Video, 478 Eldorado, and 9 m_mobile stores in more than 200 cities of the Russian Federation. The Group's selling space was 1,421 ths sqm, and total space was 1,900 ths sqm as of 30 June 2019.

Contacts for media:

Regina Rodnyanskaya, PR Department,
regina.rodnyanskaya@mvideo.ru
tel: +7 (495) 644 28 48, ext. 7040

Contacts for investors:

Natalya Belyavskaya, IR Director,
natalya.belyavskaya@mvideo.ru
tel: +7 (495) 644 28 48, ext. 1425