

M.VideoEldorado

M.Video-Eldorado Group's online sales jumped by 70% to reach RUB 144 billion in 2019

28 January 2020, 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 expansion results for M.Video and Eldorado retail chains for the full year and the fourth quarter ended 31 December 2019.

FY 2019 highlights (pro-forma¹):

- M.Video-Eldorado Group net sales rose by +3.8% year-on-year to RUB 437.5 billion (with VAT).
- Group's Total Online Sales (TOS)² grew by +70.2% year-on-year to RUB 144.0 billion (with VAT) and amounted to 32.9% of total net sales.
- In FY 2019, Group's Like-for-Like (LFL) sales declined by -5.5% vs. FY2018 and grew by +7.1% compared to FY 2017, mainly due to high comparison base of 2018.
- The Group opened 97 stores net and operated 1,038 stores as of December 31, 2019.

Q4 2019 highlights:

- M.Video-Eldorado Group net sales declined by -1.4% year-on-year to RUB 138.3 billion (with VAT) in Q4 2019.
- Group's TOS grew by +57.2% year-on-year to RUB 52.6 billion (with VAT) to new record high 38.0% of Group's net sales.
- In Q4 2019, Group's LFL sales declined by -9.7% vs Q4 2018 and rose by +3.5% compared to Q4 2017, due to high base of Q4 2018.

"In 2019, M.Video-Eldorado Group completed Eldorado integration – we created one legal entity, moved all operations to single ERP-system, and realized all planned synergies. The latter illuminates efficiency of our business model where two brands are run by one company and reinforce one another. As a result, in accordance with previously announced plans, the Group has reached a new sustainable EBITDA margin level and, in December 2019, returned to the practice of dividend payments. We see realizing further business growth potential yet maintaining best-in-class profitability levels as a next development milestone".

"According to Gfk, Russian consumer electronics market went up by 2.9% in 2019. Having integrated all benefits of online and offline channels within one business model the Company has delivered above the market 3.8% top line growth bringing its sales to RUB 437.5 billion in 2019. Our total online sales jumped by 70% in 2019 to reach RUB 144 billion while the overall internet consumer electronics market demonstrated almost 20% growth, by Gfk. Over 30% of our top line comes from online, indicating the Company's successful transformation from omni-channel to ONE RETAIL model", – commented M.Video-Eldorado Group President Alexander Tynkovan.

"We see that in spite of the high internet sales growth, the share of customers utilizing multichannel approach (by going both online and offline) has been growing and reached 70% in the consumer electronics market. With that in mind, we have rolled out our RTD solution (mobile application for shop assistants) across all M.Video stores throughout 2019. Since August 2019, over 10,000 M.Video shop assistants can check-in the customer at a store via this application and provide a personalized experience and unique offering, thereby positively impacting sales."

"Today M.Video is able to compare and analyze the client behavior online and in a store. We get unique inputs for creating convenient environment and personalized proposals for each customer. Last year we've also launched M.Video's mobile app that has enjoyed over a million downloads and one of the highest ratings in its

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.

² Total Online Sales (TOS) 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.

M.VideoEldorado

class. We will proceed with the digital transformation of our business to secure future growth and efficiency gains”, – emphasized Enrique Fernandez, Chief Executive Officer of M.Video-Eldorado Group.

“Telecom segment remains one of the key consumer electronics market drivers. The Group tapped into the segment several years ago and has become one of the key players since then. M.Video-Eldorado Group smartphones sales were up by 17% YoY in money terms in 2019, above the market dynamics. Moreover, our customers purchase every second device with an accessory or an additional service. This “ecosystem” approach based on meeting customer needs in telecom and other categories allows us to strengthen market leadership and enhance efficiency”, – Mr. Fernandez added.

Group’s net sales increased by +3.8% year-on-year to RUB 437.5 billion (with VAT) in the full year of 2019, driven by expansion program, and supported by Total Online Sales growth.

In 2019, M.Video net sales rose by +4.6% year-on-year to RUB 292.5 billion (with VAT). Eldorado net sales increased by +2.4% year-on-year to RUB 144.9 billion (with VAT).

Group’s Total Online Sales grew by +70.2% year-on-year to RUB 144.0 billion (with VAT) and amounted to 32.9% of total net sales in the full year of 2019, and 38.0% in Q4 2019.

In 2019, M.Video’s total online sales (home delivery, pick-up and checked-in sales through sellers’ mobile devices RTD) almost doubled year-on-year to RUB 116.4 billion (with VAT) on the back of the RTD project implementation, as well as online traffic and conversion rate growth. In August 2019, the company successfully completed the RTD rollout across M.Video store chain.

Eldorado’s online sales (home delivery and pick-up) grew by +12.8% year-on-year to RUB 27.6 billion (with VAT) driven by growing number of transactions and higher average ticket.

In 2019, the Group opened 97 stores net, including 38 M.Video, 45 Eldorado and 14 m_mobile stores, bringing the total stores number to 1,038 as of 31 December 2019.

Q4 & FY 2019 M.Video-Eldorado Group Sales and Expansion Summary (Pro-forma¹):

Net Sales, mln RUB (with VAT)	Q4 2019	Q4 2018	YoY, %	FY 2019	FY 2018	YoY, %
M.Video	92,468	92,806	-0.4%	292,531	279,769	+4.6%
Eldorado	45,798	47,380	-3.3%	144,941	141,596	+2.4%
M.Video-Eldorado Group	138,265	140,186	-1.4%	437,472	421,365	+3.8%

Total Online Sales², mln RUB (with VAT)	Q4 2019	Q4 2018	YoY, %	FY 2019	FY 2018	YoY, %
M.Video	43,568	25,127	+73.4%	116,433	60,133	+93.6%
Eldorado	9,002	8,304	+8.4%	27,584	24,460	+12.8%
M.Video-Eldorado Group	52,569	33,431	+57.2%	144,017	84,593	+70.2%

Like-for-Like Sales 2019/2018*, %	Q4 2019 /Q4 2018, %	FY 2019 /FY 2018, %
M.Video	-8.5%	-4.9%
Eldorado	-12.3%	-6.7%
M.Video-Eldorado Group	-9.7%	-5.5%

Like-for-Like Sales 2019/2017**, %	Q4 2019 /Q4 2017, %	FY 2019 /FY 2017, %
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M.VideoEldorado

M.Video	+2.2%	+7.2%
Eldorado	+6.0%	+7.1%
M.Video-Eldorado Group	+3.5%	+7.1%

* LFL data is based on a comparison of 782 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. LFL sales include sales via RTD and pick-up.

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Networks Expansion	31.12.2018	31.12.2019	New for 12M 2019, net*	
Stores, #				
M.Video	480	532	+52	
Eldorado	461	506	+45	
M.Video-Eldorado Group	941	1,038	+97	
Selling Space, ths sqm				
M.Video	759	794	+35	+4.7%
Eldorado	633	661	+28	+4.5%
M.Video-Eldorado Group	1,392	1,455	+63	+4.6%
Total Space, ths sqm				
M.Video	1,031	1,115	+84	+8.2%
Eldorado	814	882	+68	+8.3%
M.Video-Eldorado Group	1,845	1,997	+152	+8.2%

* In 12M 2019, 42 M.Video stores and 14 m_mobile stores were opened, and 4 M.Video stores were closed.
In 12M 2019, 49 Eldorado stores were opened, and 4 Eldorado stores were closed.

About M.Video-Eldorado Group

M.Video-Eldorado Group (PJSC "M.video") is the leader of the Russian consumer electronics market consolidating M.Video and Eldorado brands, and Goods marketplace. The Group's combined annual sales are over 435 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 31 December 2019, the Group operated 513 M.Video, 506 Eldorado, and 19 m_mobile stores in more than 250 cities of the Russian Federation. The Group's selling space was 1,455 ths sqm, and total space was 1,997 ths sqm as of 31 December 2019.

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