

## **M.Video-Eldorado Group Consolidated Net Income Grew by 20% to RUB 8.4 bn, consolidated EBITDA margin reached 6.5% in 2018**

March 21, 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 consolidated audited financial information prepared in accordance with the International Financial Reporting Standards (IFRS) and its condensed combined pro-forma financial results based on internal management accounts for the full year ended 31 December 2018.

### **FY 2018 Group's Key Financial Highlights (audited consolidated IFRS results, including Eldorado numbers for May-December 2018)<sup>1</sup>:**

- The Group's Consolidated Net Revenue increased by 62.0% year-on-year to RUB 321.1 billion in FY 2018
- The Company's Consolidated Gross Profit grew by 69.0% year-on-year and amounted to RUB 78.6 billion, while the Gross Margin improved by 100 basis points year-on-year to 24.5% in FY 2018
- The Group's Consolidated EBITDA grew 76.0% year-on-year and amounted to RUB 20.8 billion, while EBITDA Margin increased by 50 basis points year-on-year to 6.5% in FY 2018
- The Group's Consolidated Net Profit rose by 20.3% year-on-year to RUB 8.4 billion in FY 2018

### **FY 2018 Group's Key Financial Highlights (combined pro-forma, including Eldorado results for FY2018 and FY2017)<sup>2</sup>:**

- The Group's Combined Pro-forma Net Revenue grew by 15.7% year-on-year to RUB 352.5 billion in FY 2018
- The Company's Combined Pro-forma Gross Profit increased by 19.4% year-on-year and amounted to RUB 86.7 billion, while the Gross Margin improved by 80 basis points year-on-year to 24.6% in FY 2018
- The Group's Combined Pro-forma EBITDA increased 39.2% year-on-year and amounted to RUB 21.3 billion, while EBITDA Margin increased by 100 basis points year-on-year to 6.0% in FY 2018

"The significant growth of all key pro-forma business indicators of the company clearly confirms that M. Video has successfully consolidated Eldorado and just in a few months has created an effectively managed business with annual turnover of more than 420 billion rubles, becoming one of the ten largest consumer electronics retailers in the world. We merged all support functions, leaving the two independent from each other and still competing retail chains. This allowed M. Video-Eldorado Group, on the one hand, to attract new customers and expand the audience. On the other hand, we received synergies of 6 billion rubles in 2018, which is one and a half times more than we forecasted at the planning stage of the deal. The Group's EBITDA margin increased to 6%, one of the best performance in the household appliances and consumer electronics market globally, which proves both the efficiency of the business model and the expertise of the management team", - commented Alexander Tynkovan, President of M.Video-Eldorado Group.

"The two competing brands within one Group assume a precise market positioning and formats development for each of the networks. M.Video has focused on trendsetters and clients seeking innovative solutions in electronics, while Eldorado is about best value for money. The results of this positioning we see already in 2018: Group sales increased by almost 18% versus the average market growth of 17%, and in digital

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<sup>1</sup>The Group's audited consolidated IFRS statements for FY 2018 include Eldorado financial results from the acquisition date, i.e. for eight months (May-December) of 2018.

<sup>2</sup>The Group's condensed combined pro-forma financial statements, based on internal management accounts, for FY 2018 include Eldorado financial results for the full financial years 2018 and 2017.

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categories, such as smartphones, laptops, and accessories, the Group is ahead of the market nearly by half. Both brands successfully compete not only in traditional retail, but also in online: Internet sales of M.Video grew one and a half times faster than the market, and Eldorado shows strong growth after the transition to the omnichannel model," - commented on the results of the year Enrique Fernandez, Chief Executive Officer of M.Video-Eldorado Group.

In 2019, the Group will continue to develop IT systems and implement innovative solutions based on biometrics, blockchain, data science, which aims to improve business efficiency and offer customers the best service. The development of online sales, the absolute synchronization of all services in stores and online, including mobile solutions, as well as the growth of sales of digital categories remains a priority for both networks. M.Video will continue to open stand-alone stores for digital products under m\_mobile sign and, by the end of the year, plans to fully transfer the work of shop assistants to mobile devices instead of fixed terminals. Eldorado will focus on the development of a new smaller store format of about 600 sq.m. trading area and regular special promotions at the best prices on the market," – Mr. Fernandez added.

## **FY 2018 M.Video-Eldorado Group Key Financial Highlights (Audited Consolidated IFRS Results, including Eldorado numbers for May-December 2018)<sup>1</sup>:**

In millions of Russian rubles (without VAT)	<b>FY 2018</b>	<b>FY 2017</b>	<b>y-o-y, %</b>
<b>Net revenue</b>	<b>321,102</b>	<b>198,197</b>	<b>62.0%</b>
<b>Gross profit</b>	<b>78,639</b>	<b>46,527</b>	<b>69.0%</b>
<b>Gross margin, %</b>	<b>24.5%</b>	<b>23.5%</b>	<b>+100 bp</b>
Selling, general and administrative expenses	69,234	40,754	69.9%
Other operating income, net	5,278	2,407	119.3%
<b>Operating profit</b>	<b>14,683</b>	<b>8,180</b>	<b>79.5%</b>
Finance income / (cost), net	(3,108)	659	(571.6%)
<b>Profit before income tax</b>	<b>11,575</b>	<b>8,839</b>	<b>31.0%</b>
Income Tax Expense	3,210	1,885	70.3%
<b>Net profit</b>	<b>8,365</b>	<b>6,954</b>	<b>20.3%</b>
<b>Net margin, %</b>	<b>2.6%</b>	<b>3.5%</b>	<b>(90 bp)</b>
<b>EBITDA</b>	<b>20,753</b>	<b>11,794</b>	<b>76.0%</b>
<b>EBITDA margin, %</b>	<b>6.5%</b>	<b>6.0%</b>	<b>+50 bp</b>

<sup>1</sup> The Group's audited consolidated IFRS statements for FY 2018 include Eldorado financial results from the acquisition date, i.e. for eight months (May-December) of 2018.

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## FY 2018 M.Video-Eldorado Group Key Financial Highlights (Combined Pro-forma, including Eldorado results for FY2018 and FY2017)<sup>1</sup>:

In millions of Russian rubles (without VAT)	FY 2018	FY 2017	y-o-y, %
Net Sales (with VAT)	421,365	358,093	17.7%
<b>Net revenue</b>	<b>352,519</b>	<b>304,720</b>	<b>15.7%</b>
<b>Gross profit</b>	<b>86,709</b>	<b>72,599</b>	<b>19.4%</b>
<b>Gross margin, %</b>	<b>24.6%</b>	<b>23.8%</b>	<b>+80 bp</b>
<b>EBITDA</b>	<b>21,274</b>	<b>15,282</b>	<b>39.2%</b>
<b>EBITDA margin, %</b>	<b>6.0%</b>	<b>5.0%</b>	<b>+100 bp</b>

### Note for editors:

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 31 December 2018, the Group operated 475 under M.Video, 461 stores under Eldorado, and 5 stores under m\_mobile brand in more than 200 cities of the Russian Federation. The Group's selling space was 1,391 ths sqm, and total space was 1,845 ths sqm as of 31 December 2018.

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<sup>1</sup> The Group's condensed combined pro-forma financial statements, based on internal management accounts, for FY 2018 include Eldorado financial results for the full financial years 2018 and 2017.