

Analytics by M.Video-Eldorado: in June, Russia's smartphone market delivers stronger performance than in March

2 July 2020, Moscow, Russia. M.Video-Eldorado Group (PJSC M.Video, MOEX: MVID), Russia's largest consumer electronics retailer by revenue and part of the SAFMAR Group owned by Mikhail Gutseriev, has analysed the demand for smartphones in 1H 2020. In June, the Russian smartphone market resumed robust growth after a decline in demand in April and flat year-on-year sales in May. In June, the market was up by 13% in volume terms and by 20% in value terms, with sales higher than in March 2020, before the lockdown was put in place. In 1H 2020, the demand for smartphones in Russia increased by 5% in volume terms and by 7.5% in value terms. In January to June 2020, sales by M.Video-Eldorado Group grew almost seven times faster than the market in volume terms.

According to M.Video-Eldorado Group, in June 2020 smartphone sales in Russia increased by 13% in volume terms and by 20% in value terms to 2.65 million smartphones and RUB 44 billion, respectively. This is higher than in March 2020, when 2.4 million smartphones were sold for RUB 42.7 billion. Demand peaked in the first week of the month, which is attributable to the full reopening of most shopping centres and electronics retail stores after the lockdown, and new product releases.

In 1H 2020, the Russian market was up by 5% in volume terms and by 7.5% in value terms, with around 14 million smartphones being sold for RUB 232 billion. The average ticket in January to June 2020 slightly increased by 2.5 % to RUB 16,500. The devices that cost up to RUB 20,000 accounted for over 70% of all sales in Russia. The share of smartphones that cost above RUB 50,000 rose by 7%. The share of flagship smartphones in value terms increased from 24% to 30% year-on-year.

In January to June 2020, M.Video-Eldorado Group reported a rise in sales by 34% in volume terms and by 27 % in value terms – nearly 7 and 3.5 times ahead of the market in volume and value terms, respectively.

Vladimir Chaika, Head of Mobile at M.Video-Eldorado commented: *'Smartphones have become an indispensable part of our lives, evolving into much more than just a communication tool and being used for a variety of purposes, from taking pictures and making payments to shopping for food or clothes. The growing use of smartphones and the continuous spread of new technologies make smartphones one of the most popular devices. In 1H 2020, the Russian market has been gaining momentum, and we expect it to continue its positive trajectory through the remainder of the year. Despite the rise of online shopping, brick-and-mortar stores remain the key shopping destination for most Russians. As part of our One Retail strategy, we offer our customers a fully integrated experience based on high-quality and personalised service wherever they choose or make their purchases. Our convenient retail formats and focus on customer needs along with efficient logistics, a wide product range and competitive prices help us further solidify our market leadership'.*

Every second smartphone sold in Russia comes from either Honor, Huawei or Xiaomi

The Chinese brand Honor remained the market leader by smartphone sales in volume terms in every month of 1H 2020, while Apple beats its rivals in terms of revenue. The five most popular brands in Russia are Honor, Samsung, Xiaomi, Apple and Huawei. They account for 84% of all smartphones sold and 94% of the market in value terms. Leading Chinese manufacturers

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continue to strengthen their positions, with Honor, Huawei and Xiaomi taking up as much 52% of the market in volume terms. Their aggregate share was almost half of that in 2018, coming in at 41% in 2019. In total, over 60% of the Russian market is in the hands of two dozen Chinese brands.

Honor 8A and Samsung Galaxy A51 were the top-selling smartphone models in Russia in 1H 2020 and Q2 2020, respectively

In 1H 2020, the Top 5 best-selling smartphones in Russia in volume terms were the Honor 8A, Samsung Galaxy A10, Honor 10i, Samsung Galaxy A51 and A30s. The Top 5 best-sellers in value terms comprised four Apple's models, including the iPhone 11 (128GB and 64GB), iPhone XR (64GB) and iPhone 11 Pro Max (256GB), and one Samsung's phone – the Galaxy A51.

From April to June, the Samsung Galaxy A51, Honor 8A, Honor 20 Lite, Samsung Galaxy A10 and Honor 10i enjoyed the greatest popularity among Russian consumers. In value terms, the iPhone 11 (128GB and 64GB), Samsung Galaxy A51 (64GB and 128GB) and iPhone XR (64GB) were the market leaders.

About M.Video-Eldorado Group

About M.Video-Eldorado Group (PJSC M.video) is Russia's largest consumer electronic retailer uniting the M.Video and Eldorado brands in the market for home appliances and electronics. The companies' total annual turnover exceeds RUB 430 billion, including VAT (FY 2019). The M.Video-Eldorado Group is the only Russian publicly-traded company in the electronics retail sector. The company's shares are currently traded on Moscow Exchange (ticker: MVID).

The Group operates Russia's largest online platform for consumer electronics and household appliances commanding a market share of over 30%. As of March 31, 2020, the Group also operates 514 stores under the M.Video brand, 504 stores under the Eldorado brand and 20 m_mobile stores in more than 250 cities across Russia with a total selling space of 1,451 thousand square meters. The Group has 100% online coverage in all cities of operation.

Investor Relations:

Maxim Novikov, IR Director,
Maxim.Noviikov@mvideo.ru
Tel: +7 (495) 644 28 48, ext. 1425

Media Contacts:

Valeriya Andreeva, Head of PR
valeriya.andreeva@mvideo.ru
Tel: +7 (495) 644 28 48, ext. 7386