

M.Video-Eldorado Group Outperformed the Market with 12% Sales Growth in Q1 2019

18.04.2019 10:32

Q1 2019 highlights (pro-forma^[1]):

- M.Video-Eldorado Group net sales increased by 11.7% year-on-year to RUB 101.4 billion (with VAT)
- Group's online-based sales (OBS) rose by 22.3% year-on-year to RUB 20.5 billion (with VAT) amounting to 20% of total net sales
- Group's Like-for-Like (LFL) sales grew by 2.2%

The Group's net sales increased by 11.7% year-on-year to RUB 101.4 billion (with VAT) in the first quarter of 2019. The growth was driven by strong expansion program of 2018, and supported by solid OBS dynamics and positive like-for-likes of both M.Video and Eldorado brands.

M.Video chain net sales rose by 11.7% year-on-year to RUB 68.1 billion (with VAT), and Eldorado net sales increased equally by 11.6% year-on-year to RUB 33.3 billion (with VAT) in the first quarter of 2019.

M.Video's online-based sales (pick-up and home delivery) rose by 21.4% year-on-year to RUB 14.3 billion (with VAT) in the first quarter of 2019, driven by growing number of transactions and the average ticket. Eldorado's OBS increased by 24.3% year-on-year to RUB 6.2 billion (with VAT) in the first quarter of 2019, due to digital categories driving the average ticket growth. The share of OBS in Group's total net sales reached 20.2% in Q1 2019. Pick-up rate rose to 75.9% of online sales in Q1 2019.

Group's Like-for-Like sales grew by 2.2% in the first quarter of 2019, due to growing share of digital products, accessories and services in the sales mix. In Q1 2019, M.Video Like-for-Like sales improved by 1.4%, while Eldorado demonstrated 4.0% Like-for-Like sales growth.

"M.Video-Eldorado Group completed the integration process in the first quarter of 2019, following the operational merger in 2018, the company moved to one legal entity and a single IT system. The unified business model for the two retail chains competing for the best customer service, promos and price offers, allowed both brands to grow their sales above the market, by 12% year-on-year, and increase their market share", - emphasized M.Video-Eldorado Group President, Alexander Tynkovan.

"We estimate the growth of the Russian consumer electronics market slowed

down to c.10% in Q1 2019, as a result of the market natural cyclical development and the economy stabilization. M.Video and Eldorado sustainably deliver double-digit sales growth on the back of the effective retail network supported by additional sales from stores opened in the end of 2018 and expected to ramp up during the whole 2019”, - noted Enrique Fernandez, Chief Executive Officer of M.Video-Eldorado Group.

“We also see growing impact of the Internet on our shoppers, while maintaining traffic to our retail stores. About 70% of our customers use the Internet at some stage of choosing products, but at the same time, up to 95% of all transactions are completed in offline. In 2018, M.Video-Eldorado Group became the largest public e-commerce retailer not only in its segment, but also in the Russian market as a whole. That clearly proves that an effective retail network is an additional driver for online growth. Further digitalization of our business within One Retail strategy will allow M.Video and Eldorado to offer our customers not only favorable prices, but also the best service and shopping experience,” - Mr. Fernandez added.

In Q1 2019, the Group increased its network by 14 stores net, including 5 M.Video, 7 Eldorado, and 2 m_mobile stores. The Group’s total number of stores reached 955 as of March 31, 2019.

[\[1\]](#) 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.