

M.Video Total Sales Grew by 19%, LFL Sales Up 13% in Q4 2017

18.01.2018 10:30

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Total Sales Reached 234 Billion Rubles in Full Year 2017

January 18, 2018, Moscow, Russia. PJSC M.video (M.Video, the Company, or the Group), Russia's largest consumer electronics retailer by revenue (MOEX: MVID), releases today its interim unaudited sales, like-for-like sales, and the network expansion results for the fourth quarter and the full year ended 31 December 2017.

4Q 2017 Highlights:

- Sales increased by 18.6% year-on-year and amounted to RUB 76.8 billion (with VAT)
- Like-for-Like (LFL) sales grew by 12.7%
- Online Based Sales (OBS) demonstrated 68.5% year-on-year growth

12m 2017 Highlights:

- Sales grew by 8.2% year-on-year and amounted to RUB 233.9 billion (with VAT)
- LFL sales increased by 4.1%
- OBS grew by 41.3% year-on-year to RUB 36.7 billion (with VAT)

In the full year of 2017, M.Video Sales increased by 8.2% year-on-year and reached RUB 233.9 billion, including VAT. In the fourth quarter of 2017, M.Video Sales grew by 18.6% year-on-year to RUB 76.8 billion, including VAT. The growth was driven mainly by strong Like-for-Like stores dynamics, and supported by accelerating growth of online sales.

In 2017, M.Video opened 27 new stores (including 20 stores opened in 4Q), and closed one store for relocation. As of December 31, 2017, the Company operated 424 stores in 169 cities of Russia.

“M.Video, consistently merging online and offline channels, improving its customer proposition and guarantying the best price, managed to achieve impressive sales numbers on a volatile market. The operational results M.Video demonstrated on flattish market without any specific drivers, such as ruble devaluation or a feverish demand, clearly witnessed the Company’s financial strength, sustainability of its business model, and the management team effectiveness”, – emphasized M.Video President, Alexander Tynkovan.

“M.Video successfully met its sales revenue forecast and slightly outperformed the store openings guidance in 2017”, - he added.

In 4Q 2017, OBS (including home delivery and instore pick-up) jumped by 68.5% year-on-year, reaching a record 18.5% share of total sales, driven by strong traffic, conversion, and pick-up rates. The Company continued to develop online credit programs, promoted the website attracting online traffic across various channels, and held successfully Black Friday weekends. In the full year of 2017, Online Based Sales increased by 41.3% year-on-year to RUB 36.7 billion (with VAT).

Like-for-Like Sales growth speeded up to 12.7% in 4Q 2017, driven by growing number of transactions and units sold per one basket, while the average basket was lower year-on-year. The improved like-for-like stores performance was due to growing consumer confidence, pay-back from strategic projects, such as M_Mobile and M_Credit, successful promotional activity, re-launch of advertising campaign, and supported by additional traffic from growing instore pick-up. Pick-up rate grew to a record 76% of OBS in 4Q 2017.

“In 2017, the consumer demand for electronics and home appliances recovered slowly. Although the main product categories showed positive sales dynamics in volume terms compared to 2016, only smartphones, accessories and entertainment goods returned to the pre-crisis level of 2013-2014. M.Video outperformed the market both in value and volume terms in the majority of key categories. Our clients, along with indispensable for any successful company competitive prices, personalized promo offerings, and consumer loans, nowadays, pay more attention to online shopping convenience, “seamless” switching between sales channels, delivery accuracy, and additional services variety. A constantly growing share of pick-up – up to outstanding 80% in December – means our stores are located conveniently and perfectly support a new customer journey proving the unbeatable success of our Omni-channel retail strategy”, - commented M.Video Chief Executive Officer, Enrique Fernandez.

“We stay focused on a constant search and implementation of new technologies, such as, for example, convenient online credits, or personal customer service by our store personnel using special tablets. Quick launch of new projects and

permanent efficiency evaluation of implemented solutions make it possible for us to foresee customer expectations, and, hence, improve our topline performance”,
– added Mr. Fernandez.

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