M.Video-Eldorado Group Consolidated Net Income Doubles to RUB 4.7 bn, EBITDA Margin Improves to Record-high of 7.6% in H1 2018

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H1 2018 Group's Key Financial Highlights (IFRS consolidated including Eldorado numbers for May-June 2018)[1]:

· The Group's Consolidated Net Revenue increased by 41.7% year-on-year to RUB 118.1 billion in H1 2018

· The Company's Consolidated Gross Profit grew by 47.2% year-on-year and amounted to RUB 30.8 billion, while the Gross Margin improved by 90 basis points year-on-year to 26.0% in H1 2018

· The Group's Consolidated EBITDA almost doubled year-on-year and amounted to RUB 9.0 billion, while EBITDA Margin increased by 210 basis points year-on-year to 7.6% in H1 2018

· The Group's Consolidated Net Profit increased by 88.0% year-on-year to RUB 4.7 billion, while the Net Margin reached 4.0% in H1 2018

H1 2018 Group's Key Financial Highlights (combined pro-forma)[2]:

· The Group's Combined Pro-forma Net Revenue grew by 16.5% year-on-year to RUB 149.6 billion in H1 2018

· The Company's Combined Pro-forma Gross Profit increased by 24.4% year-on-year and amounted to RUB 38.4 billion, while the Gross Margin improved by 170 basis points year-on-year to 25.7% in H1 2018

· The Group's Combined Pro-forma EBITDA almost tripled year-on-year and amounted to RUB 9.0 billion, while EBITDA Margin increased by 350 basis points

year-on-year to 6.0% in H1 2018

“Having closed the deal to purchase Eldorado in April 2018, M.Video nevertheless showed stable growth in both operational and financial figures, and the growth of certain indicators compared to Eldorado’s last year’s results has been several times higher. The company’s pro-forma gross profit has risen by 24%, EBITDA has increased almost three times, and EBITDA margin has reached a record high of 6%. The financial results demonstrate that a merger of the companies has been a well-weighted and proper step in terms of both perspective return on capital and the interests of customers wishing to obtain access to a wide range of high-quality and affordable electronic appliances”, - noted M.Video-Eldorado Group President Alexander Tynkovan.

“Forecasts and plans are being successfully translated into reality. This is largely due to the efforts of the teams of both companies now working together within the same group. Over a brief period they managed to completely revise and reshape all the essential functions, optimize all the business processes, and attain the planned results concerning sales and profitability. A strategy based on the preservation of the two brands and a merger of the back-office functions has proven effective. Despite the integration, M.Video has kept its growth rates, while Eldorado has shown a rise in all the key indicators following the renovation of its business model. The M.Video-Eldorado Group has attained the principal synergies worth 2.3 billion rubles, and the company is confirming the full volume of synergies totaling 18 billion rubles by 2022”, – emphasized Enrique Fernandez, CEO of the Group.

1H 2018 M.Video-Eldorado Group Key Financial Highlights (Condensed Consolidated IFRS Statements including Eldorado numbers for May-June 2018)[3]:

In millions of Russian rubles (without VAT)	1H 2018		1H
Net revenue	118,118		
Gross profit	30,753		
Gross margin, %	26.0%		
Selling, general and administrative expenses	(25,828)		(1
Other operating income, net	1,691		
Operating profit	6,616		
Net profit	4,684		
Net margin, %	4.0%		

EBITDA	9,016		
EBITDA margin, %	7.6%		

1H 2018 M.Video-Eldorado Group Key Financial Highlights (Combined Pro-forma)[4]:

In millions of Russian rubles (without VAT)	1H 2018		1H
Net Sales (with VAT)	175,304		1
Net revenue	149,600		1
Gross profit	38,420		
Gross margin, %	25.7%		
EBITDA	9,049		
EBITDA margin, %	6.0%		

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 360 billion rubles. 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 30 June 2018, the Group operated 427 under M.Video, 411 stores under Eldorado, and 2 stores under M_Mobile brand in more than 200 cities of Russian Federation. The Group’s selling space was 1,287 ths sqm, and total space was 1,720 ths sqm as of 30 June 2018.

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[1] The Group’s interim condensed consolidated IFRS statements for the first six months ended June 30, 2018 include Eldorado financial results from the acquisition date of April 29, 2018, i.e. for two months May-June of 2018.

[2] The Group’s interim condensed combined pro-forma financial statements, based on internal management accounts, for the first six months ended June 30, 2018 include Eldorado financial results from the beginning of the earliest comparable periods, i.e. from the first six months ended June 30, 2017.

[3] The Group’s interim condensed consolidated IFRS statements for the first six months ended June 30, 2018 include Eldorado financial results from the acquisition date of April 29, 2018, i.e. for two months May-June of 2018.

[4] The Group’s interim condensed combined pro-forma financial statements, based on internal management accounts, for the first six months ended June 30, 2018 include Eldorado financial results from the beginning of the earliest comparable periods, i.e. from the first six months ended June 30, 2017.

Media Contacts:

Valeriya Andreeva, Head of PR

e-mail: valeriya.andreeva@mvideo.ru

Tel: +7 (495) 644 28 48, ext. 7386

Investor Relations:

Natalya Belyavskaya, IR Director

e-mail: natalya.belyavskaya@mvid

Tel: +7 (495) 644 28 48, ext. 1425