M.VIDEO COMPLETES ACQUISITION OF ELDORADO

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26 April 2018, Moscow – PJSC M.video ("M.Video" or the "Company") (MOEX: MVID), Russia’s largest electronics and consumer appliances retailer, part of Mikhail Gutseriev’s SAFMAR Group (the “Group”), announces that its subsidiary M.video Management LLC has completed the acquisition of 100% of Eldorado LLC (the "Transaction") for RUB 45.5 billion.

Completion of the Transaction and consolidation

The Company has met all requirements for the completion of the acquisition of Eldorado, and has received the necessary permissions in strict accordance with Russian legislation and corporate governance best practices. One of the key stages of the Transaction was approval of the terms of the acquisition by the Company’s shareholders; at an extraordinary general meeting of shareholders (the “EGM”) on 16 April 2018, an absolute majority of shareholders voted in favour of the proposed terms of the Transaction.

The total value of the Transaction is approximately RUB 45.5 billion excluding the debt of Eldorado. This valuation is in line with Eldorado’s fair market value on a discounted cashflow basis as assessed by a Big Four auditor. As part of the Transaction, M.video Management LLC took a loan from VTB Bank, in addition to using its own available funds.

The Company expects legal procedures for the merger of M.Video and Eldorado to be completed by the end of the first quarter of 2019.

The merger of M.Video and Eldorado will increase customer coverage, both in terms of price segmentation and product categories, as well as geographically.

The combined company operates 831 stores in 200 cities and towns in Russia, meaning it will be even closer to its clients.

"We are implementing a bold and unique project for the Russian market that will combine the best competencies of the two companies while maintaining independent and competing retail operations. This approach will not only create new business opportunities due to economies of scale and merging common competencies, but will also allow the two brands, M.Video and Eldorado, to offer their customers a wider range of products and new and improved services, which will have a positive impact on the entire Russian consumer electronics market," said Alexander Tynkovan, President of the combined company and founder of M.Video.

Corporate governance and team

The combined company will create common functions for the two brands, including commercial purchasing, personnel management, logistics, administration, IT and finance. In addition, both brands will have two separate teams responsible for operational management, retail and marketing. The new organisational structure will increase operational efficiency and allow the companies to exchange experience and expertise and conduct joint negotiations when selecting partners. As a result, they will be able to channel more resources into improving the quality of retail operations and customer service.

As part of the first steps towards the integration of the two companies, a new Board of the combined company and management team have been formed, with a number of changes within the M.Video and Eldorado teams. The composition of the Management Board was increased to five people:

· Alexander Tynkovan (Chairman of the Management Board)

· Bilan Uzhakhov

· Pavel Breev

· Enrique Fernandez

· Ekaterina Sokolova

The combined business will be headed by Enrique Fernandez, acting CEO of M.Video. Acting commerce director of M.Video Oleg Muraviev will head the commerce department of the combined company; Ekaterina Sokolova, acting CFO of M.Video, will be head of finance; Irina Dementieva, acting head of the logistics department of M.Video will be in charge of supply management, distribution and logistics. Irina Ivanova, acting operations director of M.Video, will head IT, projects and integration office for combining and transformation of the two companies. Natalya Maleeva, acting HR director of M.Video, will be head of human resources management. Alexey Sukhov will be in charge of legal functions and Denis Golyshev will head the security unit. Alexander Erofeev will manage the combined company's strategic marketing.

Stephen Lewis, the current sales director of the company, will head M.Video's operating retail business. The managing director of Eldorado will be Sergey Li. M.Video's marketing department will be headed by Anton Volodkin; his counterpart at Eldorado will be Vasily Bolshakov.

Buy-back from minority shareholders

In line with current legislation and corporate governance best practices, shareholders who voted against or did not take part in the vote on 13 April 2018 have the right to present their shares for redemption. The redemption price has been set by the Board of Directors of PJSC M.video at RUB 401 per one ordinary share based on an independent appraiser’s report, which is close to the weighted average closing price on Moscow Exchange over the last 12 months. Requests for shares to be bought back must be made before 28 May 2018.

Media Contacts:

Regina Rodnyanskaya, senior PR-manager

e-mail: pr@mvideo.ru

Tel: +7 (495) 644 28 48, ext. 7040

Denis Denisov, EM

e-mail: denisov@em-comms.com

Tel: +7 (495) 363 28 49

Investor Relations:

Natalya Belyavskaya, IR Director

e-mail:natalya.belyavskaya@mvideo.ru

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

M.Video is the largest Russian consumer electronics and appliances retail chain by revenue. The Company started its operations in 1993. In November 2007, M.Video became the first publicly traded company in the domestic consumer electronics retail sector. The Company’s shares presently trade on Moscow Exchange, Russia’s largest exchange platform (ticker: MVID).

In 2017, M.Video became part of SAFMAR Group, one of the largest industrial and financial groups in Russia, comprising industrial, retail, and financial companies, and assets in commercial real estate, construction and real estate development.

As of 31 March 2018, M.Video operates 422 brand name stores in 169 Russian cities. The selling space of M.Video stores is 690,000 sq. m, and the total space is

932,000 sq. m.

Eldorado is a leading Russian retailer of home appliances, electronics and household goods.

The Company's presence spans more than 200 cities, with over 400 stores in different regions of Russia. Eldorado is a five-time winner of the Consumer Rights and Quality of Service award, a three-time winner of the No. 1 Brand in Russia award (2012, 2014, 2016), and the winner of the Company of the Year 2012 and HR Brand 2013 awards.

SAFMAR INDUSTRIAL AND FINANCIAL GROUP is one of Russia’s largest industrial and financial groups, which comprises industrial, retail and financial companies and manages assets in the area of commercial real estate, construction, development and other assets.