

M.Video reports 5% sales increase in Q2 2017

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Q2 2017 highlights:

- Sales increased by 5.1% and amounted to RUB 46.2 billion (with VAT);
- LFL sales grew by 1.7%.
- Online Based Sales increased by 27,1% to RUB 6.4 billion (with VAT);

H1 2017 highlights:

- Sales increased by 0.6% and amounted to RUB 98.4 billion (with VAT);
- Like-for-like (LFL) sales decreased by 2.7%;
- Online Based Sales increased by 16.9% to RUB 13.0 billion (with VAT);
- M.video network increased by 2 stores, selling space amounts to 666 ths. sq. m.

“An effective business model focused on the synergy of online and offline sales channels combined with customer-oriented price policy and continuous improvement of additional services allowed M.Video to show positive sales dynamics on a saturated market. M.Video was able to attract a new pool of digital equipment and content buyers and to increase the effectiveness of our network, including online. As a result, the company has compensated negative market trends in early 2017, showing growth both in the quarter and in six months of 2017”, - president of M.Video Alexander Tynkovan noted.

“Although Russian sales of household appliances and electronics demonstrates

some revival in the spring and summer months due to the growth of purchasing on the back of prices reduction, nevertheless the market remains still and has stable demand, so we forecast growth of sales of consumer electronics in Russia in 2017 by 1-2%", - Mr. Tynkovan added.

"M.Video in the first months of this year launched a number of projects that significantly expanded the company's ability to provide the best service in the market in the omnichannel format. Mobile tablets which our sellers started to use first time on the market allow M.Video to offer customers personalized service and the best prices. The new format of consumer credits in M.Video stores and on the website significantly accelerated the registration process, in addition, our customers receive credit approval 1.3 times more often than the average for the market. Qualitatively new approach to sales and service allows M.Video to increase its presence in all channels and in key markets, - said the chief executive officer of M.Video Enrique Fernandez.

M.Video opened three new stores in H1 2017 (including two new stores in Q2 2017), while closed one store due to its relocation. The total number of the company's stores amounts to 400 in 165 cities of Russia as of the end of H1 2017. The selling space of M.Video network amounts to 666,000 sq. m while the total space amounts to 899,000 sq. m. as of June 30th, 2017.

Summary of the 1st half and 2nd quarter 2017 performance:

| | | | | | |
|---|----------------------|----------|--------|----------------------|---------|
| Sales | H1 2017 | H1 2016* | YoY, % | Q2 2017 | Q2 2016 |
| RUB million, with VAT | 98,370 | 97,766 | +0.6% | 46,229 | 46,229 |
| RUB million, net of VAT | 83,364 | 82,852 | | 39,177 | 39,177 |
| Online Based Sales (Home Delivery + Pick Up) | H1 2017 | H1 2016 | YoY, % | Q2 2017 | Q2 2016 |
| RUB million, with VAT | 12,974 | 11,102 | +16.9% | 6,417 | 6,417 |
| RUB million, net of VAT | 10,995 | 9,408 | | 5,438 | 5,438 |
| LFL ** | H1 2017 / H1 2016, % | | | Q2 2017 / Q2 2016, % | |

RUB

-2.7%

+

| Expansion | 31.12.16 | 30.06.17 | New H1 2017** | |
|--------------------------|----------|----------|---------------|-------|
| Stores | 398 | 400 | +2 | +0.5% |
| Selling space, ths. sq.m | 663 | 666 | +3 | +0.5% |
| Total space, ths. sq.m | 895 | 899 | +4 | +0.4% |

* Information is updated in accordance with the IFRS accounting policy relevant for 2016FY.

** LFL data is based upon a comparison of stores open at January 1, 2016 and not closed for more than two weeks or permanently, or expanded or downsized by >20% of total space.

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Note for editors:

M.Video is the largest Russian consumer electronic 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 electronic retail sector. The Company's shares are traded on Moscow Exchange (ticker: MVID).

M.Video runs 400 brand name stores in 165 Russian cities as of June 30, 2017. The selling space of M.Video stores accounts to 666 ths. sq.m, while the total space accounts to 899 ths. sq.m.