

M.Video announces the improvement of key performance indicators amid the decline of consumer electronics market in Q1 2017

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Moscow, April 18, 2017. PJSC M.video (MOEX: MVID), Russia's largest consumer electronics retailer by revenue, announced today its unaudited sales, performance indicators and expansion results for the 1st quarter of 2017.

Q1 2017 highlights:

- Sales amounted to 52 billion RUB, including VAT;
- Online based sales grew by 5.9% up to 6,5 billion RUB, including VAT;
- Like-for-like sales demonstrated 6.5% decline.

"The Russian consumer electronics market showed the decline in the first quarter of 2017 due to the continued decrease in traffic and retail prices on the back of the ruble appreciation. The sales of large household appliances, televisions, computers in Russia showed 4-8% decrease. This trend had the most significant impact on our sales in January 2017 compared to the high sales base in the beginning of 2016 that was caused by the growth of the dollar exchange rate. In February and March 2017 we were able to improve the trend and increase sales by 6% year-on-year. In January 2017 the ruble appreciated by 30% compared to the same period last year which led to a decrease in retail prices for consumer electronics, while M.Video sales in units during the first quarter of 2017 showed 5-15% growth in the core categories. Despite the general trend of traffic and average price reduction for the entire consumer electronics market M.Video managed to grow its share and increase the gap from competitors in such key categories as large and small household appliances, TVs and others, - said the president of M.video Alexander Tynkovan. - We may say that the consumer electronics market in Russia entered the period of normalized demand after active growth at the stage of saturation and unstable investment demand following ruble volatility".

"M.Video has also showed improvement in the key retail performance indicators that affect our bottom-line. The key indicators of the retail network efficiency such as average number of goods per transaction and the conversion rate showed the best dynamics during the last two years. The average number of

goods per transaction increased by 4%, the conversion rate increased by 5.6% due to the best assortment, low price guarantee and high level of service", stressed Alexander Tynkovan.

"According to our estimates in the first quarter of 2017 the consumer electronics market demonstrates negative dynamics both in money terms and in units in core categories. At the same time M.Video continues to concentrate on strengthening its share and attracting a new audience, as well as increasing efficiency due to sale of accessories and services. Not only we grow our share in the core categories but we also increase sales of new categories such as gaming, digital content, etc. Our market share of these categories has grown up to more than 40%. We have also increased sales of services in the first quarter of 2017 by almost 20% and services attachment rate demonstrated double-digit growth. We continue the development of projects aimed at improving customers experience and loyalty, implementation of special promotions, as well as consumer credit with the most favorable terms of loans without increasing the purchase price which makes any appliances affordable to our customers", - said the chief executive officer of M.Video Enrique Fernandez.

M.Video opened one new store in Q1 2017. The total number of the Company's stores amounts to 399 in 165 cities of Russia as of the end Q1 2017. The selling space of M.Video network amounts to 664,000 sq.m, while the total space amounts to 897,000 sq.m as of March 31th, 2017.

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