M.video reports 23% increase in net profit for FY 2012.

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OJSC “Company M.video” (“M.video” or the “Group”), Russia's largest consumer electronics retailer by revenue (MICEX-RTS: MVID), releases today its audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2012.

M.video sales increased by almost 20% to 158 billion Russian rubles (RUB), including VAT in FY 2012. Growth in revenue was mainly driven by M.video’s opening of 42 stores, 9.3% increase in like-for-like stores sales including a 60% increase in online sales.

The Group’s gross profit increased by 20% to 33 billion RUB in 2012 (27.5 billion RUB in 2011) or as a % of revenue reached 24.7% (24.6% in 2011). In 2012 the Group changed presentation of its consolidated financial statements with respect to classification of transportation expenses associated with moving merchandise inventories from central distribution warehouses to the Group’s retail stores and presented them as part of Cost of Sales. In prior years the Group reported these expenses within Selling, General and Administrative expenses.

M.video’s operating profit (EBIT) reached 5.4 billion RUB in 2012 (4.6 billion RUB in 2011) and the EBIT margin was 4.0% (4.1% in 2011).

The Group’s EBITDA improved to 7.5 billion RUB versus 6.2 billion RUB in 2011 while an EBITDA margin remained flat at 5.6% compared to 2011.

M.video’s net profit for 2012 increased by almost 23% to 4 billion RUB as compared to 3.4 billion RUB in 2011.

Alexander Tynkovan, President of OJSC “Company “M.video”, commented: “The Company demonstrated positive performance in 2012 adding 42 new stores, growing both revenue and net profit and opening 16 new cities for the Internet operations. In 2012 we also paid out a record high special dividend of 30 rubles per share to our shareholders which is indicative of the cash generating abilities of the Company”.

He also added: “We are very enthusiastic about developing further our Omni-Channel strategic initiative which allows us to increase M.video’s brand presence in the Russian Consumer Electronics market”.

M.video key financial results for the FY 2012 based on IFRS consolidated financial statements*:

In millions of Russian rubles	2012		2(
Sales (including VAT)	157,640		132,(
Net revenue	133,593		111,9
Gross profit**	32,955		27,5
As % of net revenue	24.7		2
Operating expenses(1)	27,583		22,9
As % of net revenue	20.6		2
Operating profit (EBIT)	5,372		4,(
As % of net revenue	4.0		
EBITDA	7,525		6,1
As % of net revenue	5.6		
Net profit	4,141		3,1
As % of net revenue	3.0		

* All key financial indicators are calculated without 18% VAT (value added tax) unless mentioned otherwise.

** In 2012 the Group changed presentation of its consolidated financial statements with respect to classification of transportation expenses associated with moving merchandise inventories from central distribution warehouses to the Group’s retail stores and presented them as part of Cost of Sales. In prior years the Group reported these expenses within Selling, General and Administrative expenses.

(1) The operating expenses include selling, general and administrative expenses (SGA), other operating income and other operating expenses.