M.video reports 58% increase in net profit in the first half of 2012.

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Moscow, August 29, 2012. OJSC “Company “M.video” (“M.video” or the “Group”), Russia's largest consumer electronics retailer (RTS-MICEX: MVID), releases today its condensed consolidated unaudited financial information prepared in accordance with International Financial Reporting Standards (IFRS) for the half year ended 30 June 2012.

M.video sales increased by 26% to 69 billion Russian rubles (RUB) with VAT in H1 2012. Growth in revenue was achieved due to the opening of the new stores as well as due to increased like-for-like stores sales of 16.3% and Internet sales growth of 71% in H1 2012.

The Group’s gross profit increased by 24% and amounted to 14.4 billion RUB. M.video’s gross profit % amounted to 24.6% in H1 2012 as compared to 25.0% in H1 2011. In 2012 the Group has 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 periods the Group reported these expenses within Selling, General and Administrative expenses.

M.video’s operating profit (EBIT) reached 1.5 billion RUB in H1 2012 (1.14 billion in H1 2011) with the EBIT margin amounted to 2.6% (2.5% in H1 2011).

The Group’s EBITDA improved to 2.5 billion RUB versus 1.9 billion in H1 2011 while an EBITDA margin increased to 4.3% in H1 2012 (H1 2011 – 4.1%).

M.video net profit for H1 2012 increased by 58% to 1.2 billion RUB as compared to 766 million RUB in H1 2011.

Alexander Tynkovan, President and CEO of OJSC “Company “M.video”, commented: “M.video demonstrated excellent financial performance. We again achieved great sales results and managed to obtain higher efficiency of operations reaching significant growth of our profitability”.

He added: “We are also pleased to reiterate our ambitious expansion targets for this year and to continue with our regional based Internet sites opening as well as at least 35 new retail stores by the year end 2012”.

M.video key financial results for the H1 2012 based on condensed consolidated financial information*:

In millions of Russian rubles	H1 2012		H1 2
Sales (with VAT)	69,140		54,8
Net revenue	58,593		46,5
Gross profit**	14,434		11,(
As % of net revenue	24.6		
Operating expenses(1)	12,926		10,4
As % of net revenue	22		2
Operating profit (EBIT)	1,508		1,1
As % of net revenue	2.6		
EBITDA	2,517		1,9
As % of net revenue	4.3		
Net profit	1,208		1
As % of net revenue	2		

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

** In 2012 the Group has 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 periods 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.