OJSC “Company “M.video” reports 12% retail sales growth in 1H 2009.

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OJSC “Company “M.video” (RTS, MICEX: MVID), one of the Russia’s largest consumer electronics retailers, announced today its unaudited retail sales, like-for-like sales (LfL) and expansion results for the 1st half and 2nd quarter of 2009.

1H 2009 Highlights:

- Retail sales increased 12%
- Like-for-like sales fell by 5.9%
- Debt reduced by 61% vs. FY 2008
- Total space of 13,500 sq.m added

In 1H 2009 M.video retail sales reached 38,442 million Russian rubles (RUB), including VAT, demonstrating 12% growth as compared to 1H 2008. The Company’s LfL sales in 1H 2009 decreased by 5.9% year-on-year in RUB terms.

In 2Q 2009 M.video retail sales fell by 7% in RUB terms while LfL sales reflected downward market trends and demonstrated negative year-on-year performance of -21% in RUB terms as compared to 2Q 2008.

M.video opened 7 new stores in 1H 2009. The Company also closed 2 stores – one in Moscow and one in Naberezhnye Chelny (Republic of Tatarstan), due to low efficiency of those projects. The total number of the Company’s outlets reached 162 stores as of June 30th, 2009 versus 157 stores opened by the year end 2008. The total space of M.video stores amounted to 430,000 sq.m as of June 30th, 2009 demonstrating a 3% increase as compared to FY2008 results.

The group’s net debt position[1] as of June 30th, 2009 amounted to RUB 2.5 billion (total debt of RUB 2.9 billion and cash and cash equivalents of RUB 421 million). During the 1H 2009 M.video substantially decreased its overall debt position by 61% as compared to year end 2008.

Alexander Tynkovan, President and CEO of OJSC “Company “M.video”, said: "2009 has proven to be a challenging period for all retailers as the global economic recession was also felt in Russia. While many market players have had to contend with financial concerns and have been closing stores we continue to open new stores and use our financial strength to capture market share”.

He noted: “When we look at the second quarter results we should remember that we are comparing to a boom period and a sales period that included higher than normal sales due to the Euro 2008 where the Russian team made the semi finals”.

Alexander Tynkovan also stated: “Our strong balance sheet and low leverage send a very good signal to our suppliers and business partners. We will continue with our winning strategy and strengthen our market position while remaining financially strong."

Summary of the 1st half and 2nd quarter 2009 performance:

Retail Sales Performance*						
	1H 2009	1H 2008	% change y-o-y	Q2 2009	Q2 2008	% change y-o-y
RUB million, with VAT	38 442	34 463	12%	15 308	16 411	-7%
RUB million, without VAT	32 578	29 206	12%	12 973	13 908	-7%
LfL Sales Performance**						
	1H 2009 LfL Dynamics, %			Q2 2009 LfL Dynamics, %		
Russian rubles	-5.9%			-20.6%		
Expansion						
	As of 30 June 2009		As of 31 December 2008	New 1H 2009	% change	
Stores	162		157	5***	3%	
Total space, sq. m	430 000		416 500	13 500***	3%	

1 Both net and gross debt positions are presented in Russian roubles as far as the foreign currency loaned loans are given using the official Central Bank of Russia relative exchange rates as of June 30, 2009.

* - M.video group has a functional currency of Russian rubles.

** - LfL data is based upon a comparisom of stores open at January 1, 2008 and not closed for more than two weeks or permanently, or expanded or downsized by >20% of total space.

*** - next of closing