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ОJSC “Company “M.video” H1 2014 Condensed Consolidated Financial Information Presentation

Moscow, August 27, 2014.



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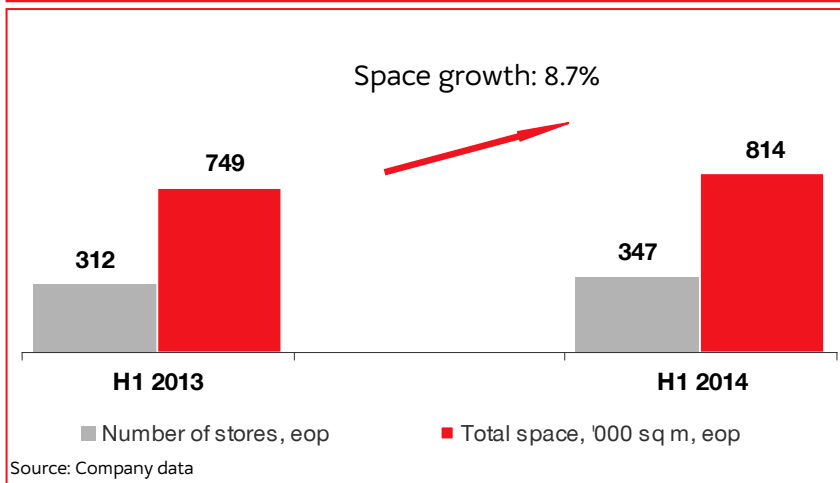
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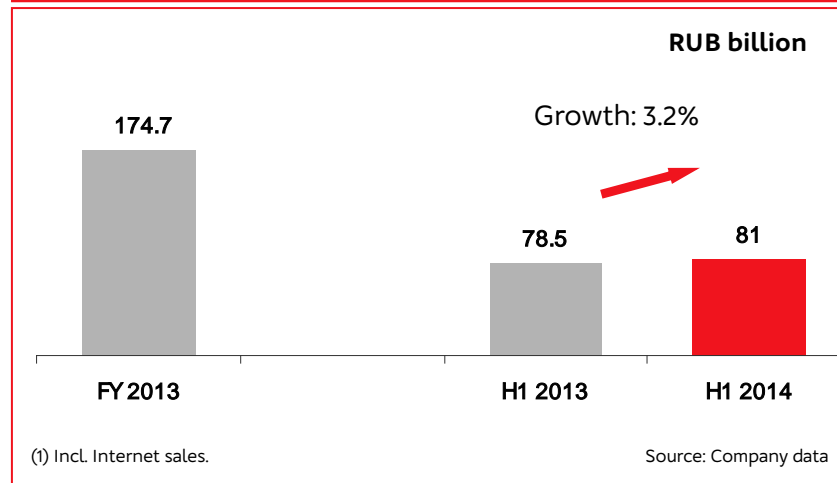
H1 2014 Highlights

- H1 2014 revenue amounted to 81 billion RUB (68.6 billion RUB without VAT), demonstrating a 3.2% increase vs. H1 2013.
- H1 2014 Internet based sales grew by 91% to 6.4 billion RUB (with VAT)
- 16 new stores (14 net) added in H1 2014; network reached 347 stores.
- Net cash position of 3.2 billion RUB

H1 2014 number of stores and total space dynamics



H1 2013-H1 2014 revenue dynamics (with VAT) ⁽¹⁾



Key Financial Indicators

In millions of Russian rubles	H1 2014	H1 2013	y-o-y, %
Sales (with VAT)	80,975	78,486	3.2%
Net revenue	68,623	66,514	3.2%
Gross profit	17,389	16,732	3.9%
<i>As % of net revenue</i>	<i>25.3</i>	<i>25.2</i>	<i>0.1%</i>
Operating expenses*	16,078	15,039	6.9%
<i>As % of net revenue</i>	<i>23.4</i>	<i>22.6</i>	<i>0.8%</i>
Operating profit (EBIT)	1,311	1,693	(22.6%)
<i>As % of net revenue</i>	<i>1.9</i>	<i>2.5</i>	<i>(0.6%)</i>
EBITDA	2,696	2,931	(8%)
<i>As % of net revenue</i>	<i>3.9</i>	<i>4.4</i>	<i>(0.5%)</i>
Net profit	1,122	1,296	(13.4%)
<i>As % of net revenue</i>	<i>1.6</i>	<i>1.9</i>	<i>(0.3%)</i>

* - the operating expenses include selling, general and administrative expenses (SGA), other operating income and other operating expenses.

Key Financial Indicators

(as adjusted for loyalty points breakage of 536 mln RUB in H1 2013)

In millions of Russian rubles	H1 2014	H1 2013 (adj)*	y-o-y, %
Sales (with VAT)	80,975	77,854	4%
Net revenue	68,623	65,978	4%
Gross profit	17,389	16,196	7.4%
<i>As % of net revenue</i>	<i>25.3</i>	<i>24.5</i>	<i>0.8%</i>
Operating expenses	16,078	15,039	6.9%
<i>As % of net revenue</i>	<i>23.4</i>	<i>22.8</i>	<i>0.6%</i>
Operating profit (EBIT)	1,311	1,157	13.3%
<i>As % of net revenue</i>	<i>1.9</i>	<i>1.8</i>	<i>0.1%</i>
EBITDA	2,696	2,395	12.6%
<i>As % of net revenue</i>	<i>3.9</i>	<i>3.6</i>	<i>0.3%</i>
Net profit	1,122	896	25.2%
<i>As % of net revenue</i>	<i>1.6</i>	<i>1.4</i>	<i>0.2</i>

* - adjustments of RUB 536 million are made for Revenue, Gross Profit, EBIT and EBITDA lines and of RUB 400 million (i.e. 536 million ex. 25.4% tax expense) for the Net Profit line)

Consolidated Income Statement Highlights

Russian rubles, million

	H1 2014	H1 2013
REVENUE	68,623	66,514
COST OF SALES	(51,234)	(49,782)
GROSS PROFIT	17,389	16,732
Selling, general and administrative expenses	(17,128)	(16,009)
Other operating income	1,137	1,011
Other operating expenses	(87)	(41)
OPERATING PROFIT	1,311	1,693
Finance income, net	148	44
PROFIT BEFORE INCOME TAX EXPENSE	1,459	1,737
INCOME TAX EXPENSE	(337)	(441)
NET PROFIT for the period being		
TOTAL COMPREHENSIVE INCOME for the period	1,122	1,296

Operating Expenses

Russian rubles, million

	H1 2014	as % of revenue		H1 2013	as % of revenue
Payroll and related taxes	5,137	7.5%	↑	4,839	7.3%
Lease expenses, net	4,006	5.8%	↑	3,502	5.3%
Advertising & promotional expenses, net	1,863	2.7%	↓	1,849	2.8%
Warehouse services	1,070	1.6%	↑	987	1.5%
Utilities expense	804	1.2%	↑	756	1.1%
Bank charges	525	0.8%	↑	461	0.7%
Security	486	0.7%	=	451	0.7%
Transportation to customers	436	0.6%	↓	462	0.7%
Other SG&A	1,416	2.1%	↓	1,464	2.2%
D&A	1,385	2.0%	↑	1,238	1.9%
Subtotal	17,128	25.0%	↑	16,009	24.1%
Net other operating income	(1,050)	(1.5%)	=	(970)	(1.5%)
Total	16,078	23.4%	↑	15,039	22.6%

EBITDA(R)

Russian rubles, million

Net profit for the period

Income tax expense

Finance income, net

Depreciation and amortization

EBITDA

Rent expense

EBITDAR

As % of net revenue

EBITDA(R) - Earnings before interest, taxes, depreciation & amortization (& rent)

Income tax rate

	H1 2014	H1 2013
Net profit for the period	1,122	1,296
Income tax expense	337	441
Finance income, net	(148)	(44)
Depreciation and amortization	1,385	1,238
EBITDA	2,696	2,931
Rent expense	4,006	3,502
EBITDAR	6,702	6,433
<i>As % of net revenue</i>	<i>9.8</i>	<i>9.4</i>

23%

25%

Consolidated Balance Sheet Summary

Russian rubles, million

	<u>30 June 2014</u>	<u>31 Dec 2013</u>
NON-CURRENT ASSETS:		
Property, plant and equipment	9,346	9,696
Intangible assets	3,632	3,190
Other	3,509	3,350
Total non-current assets	16,487	16,236
CURRENT ASSETS:		
Inventories	28,726	34,215
Accounts receivable and prepaid expenses	1,079	1,151
Income tax and other taxes receivable	1,356	1,454
Cash and cash equivalents	3,152	11,542
Short-term investments	55	-
Other current assets	13	21
Total current assets	34,381	48,383
TOTAL ASSETS	50,868	64,619

Consolidated Balance Sheet Summary (continued)

Russian rubles, million

	30 June 2014	31 Dec 2013
EQUITY:		
Total equity	11,475	13,933
NON-CURRENT LIABILITIES:		
Deferred tax liabilities	73	73
Provisions	7	10
Total non-current liabilities	80	83
CURRENT LIABILITIES:		
Trade accounts payable	25,622	39,159
Other payables and accrued expenses	4,634	4,548
Advances received	1,133	1,133
Dividends payable	3,568	-
Deferred revenue	3,555	4,555
Other	801	1,208
Total current liabilities	39,313	50,603
Total liabilities	39,393	50,686
TOTAL EQUITY AND LIABILITIES	50,868	64,619

Consolidated Cash Flow Statement Summary

Russian rubles, million

OPERATING ACTIVITIES:

Total comprehensive income for the period		
Adjustments		
Operating cash flows before movements in working capital		
Change in working capital		
Cash used in operations		
Income taxes, interest and forward contract settlement		
Net cash used in operating activities		

H1 2014

H1 2013

1,122

1,296

2,213

2,319

3,335

3,615

(9,065)

(4,797)

(5,730)

(1,182)

(1,118)

(1,308)

(6,848)

(2,490)

INVESTING ACTIVITIES:

PP&E		
Short-term investments with banks		
Purchase of intangible assets		
Interest received		
Net cash used in investing activities		

(800)

(1,208)

(55)

981

(836)

(556)

149

91

(1,542)

(692)

FINANCING ACTIVITIES:

Proceeds from short-term loans and borrowings		
Repayment of short-term loans and borrowings		
Net cash generated by financing activities		

1,115

3,511

(1,115)

(3,511)

-

-

NET DECREASE IN CASH AND CASH EQUIVALENTS

(8,390)

(3,182)

CASH AND CASH EQUIVALENTS, at the beginning of the period

11,542

6,521

CASH AND CASH EQUIVALENTS, at the end of the period

3,152

3,339

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