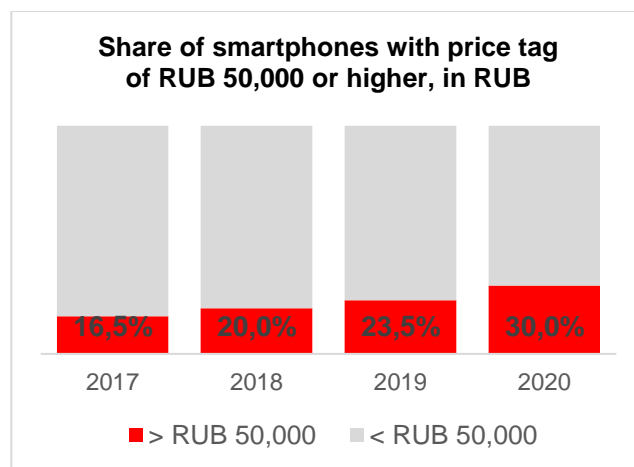
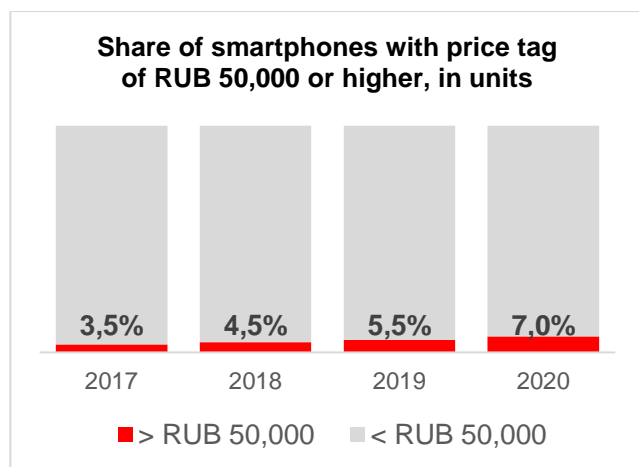


Russians move towards flagship smartphones – sales share of most expensive devices hits 30%

04 September 2020, Moscow – M.Video-Eldorado Group (PJSC M.Video, MOEX: MVID), Russia's largest consumer electronics retailer and part of the SAFMAR Group owned by Mikhail Gutseriev, has analysed the 2020 demand for smartphones costing more than RUB 50,000. According to results for the first eight months of 2020, the sales share of upmarket smartphones reached 30% and 7% in value and volume terms, respectively. Since 2017, interest in the most expensive smartphone models has doubled in both value and volume terms. In 2020, 1 in 4 upmarket smartphone devices was purchased from an M.Video or Eldorado store.

Between January and August 2020, the Russian smartphone market sold around 1.4 million devices, taking RUB 100 billion in revenue. Russian consumer interest in this type of smartphones has risen dramatically from the corresponding period last year, up 40% and 45% in volume and value terms, respectively. This has been facilitated by a number of key developments, including the long-term nature of the demand, the expansion of product ranges with new models from the leading Chinese brands and folding smartphones, and ease of access to credit and trade-in programmes. M.Video and Eldorado sales in this segment of the market grew by 46% and 53% in volume and value terms, respectively.

For the first eight months of 2020, the sales share of smartphones costing over RUB 50,000 reached 7% in volume terms (up 1.5% YoY), and 30% in value terms (up 7% YoY). This represents a two-fold increase in both indicators, when compared to the corresponding period in 2017. For M.Video, flagship smartphones already make up a significant proportion of total sales, reaching 15% in volume terms, and 43% in value terms.



Since June, the Russian smartphone market has continued to demonstrate strong performance. Based on results for the first eight months of 2020, sales rose by 6.5% and 13% in volume and value terms to hit 20.2 million devices and RUB 342 billion, respectively. Between January and August 2020, M.Video-Eldorado Group reported a rise in sales by 30% in both volume and value terms – 4.5 and 2.3 times ahead of the market, respectively.

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For the eight months of 2020, the Russian market's average ticket grew by 6% to hit RUB 16,900 driven by the growing interest in models priced at RUB 50,000 and over. It is becoming a much more common occurrence for consumers to replace their ageing smartphones with newer, more up to date models that will remain relevant in 2–3 years' time and will allow the user to complete everyday tasks more efficiently. The flagship models come with the latest technological advancements, including higher performance, a bare frame screen of 6" on average (some models reach 6.9"), up to five rear cameras that allow for extremely high photo and video quality, a large built-in memory capacity (up to 512 GB) and a battery capacity starting in most cases from 4000Mah. Last but not least, all devices are assembled with care and built using high quality and reliable materials (ceramics, glass, aluminium alloys and other metals).

This year, demand amongst consumers for reasonably priced smartphones was also high. These consumers, wanting the most value for money, target smartphones ranging from RUB 10,000 to 15,000 in price. This trend resulted in a sales rise of 15%, in both volume and value terms, for this type of smartphones.

Easier access to credit and trade-in programmes has made owning a flagship device a much more realistic prospect for consumers. For M.Video-Eldorado Group, the share of flagship smartphones paid for on an instalment basis remained flat YoY, standing at around 40% of sales. Whether in store or online, consumers can purchase our devices without any form of down payment. Thanks to the trade-in programme, M.Video and Eldorado customers can swap their old smartphones for discounts of up to RUB 50,000 on a new device. Stores will even accept broken devices from any brand, no matter if the damage is internal or cosmetic.

Vladimir Chaika, Head of Telecom at M.Video-Eldorado: 'Smartphones are playing an increasingly important role in our lives. This has become especially apparent throughout the period of the pandemic, where smartphones have become essential for people as a primary method of communication, shopping, entertainment, and a whole host of other daily activities. The increasing presence of smartphones in our lives is also affecting the decisions of the Russian consumer. When purchasing a smartphone, they are now more likely to choose a device with a longer service life. The sales share of these high-end devices could rise even further before the end of this year. This is on the back of new releases from leading brands and price reductions for flagships released in previous years. Smartphones with collapsing screens also represent another growth driving trend'.

Expanding product offerings are another factor in the growth of high-end smartphone sales. Having established their position in the basic and mid-range mobile phone markets, leading Chinese firms are actively expanding their product ranges. In addition to Huawei and OPPO, firms such as Honor, Xiaomi, Vivo and Realme also have models in the RUB 50,000+ price bracket. In total, there are around 15 Chinese firms competing for Russian consumers in this segment. These firms occupy approximately 60% of the total Russian smartphone market in volume terms. Honor, Huawei and Xiaomi account for around 50% of sold devices, while BBK Electronics, which produces OPPO, Vivo, Realme and OnePus smartphones, makes up another 4.5%.

Apple and Samsung remain the leaders of this RUB 50,000+ smartphone market, accounting for the overwhelming majority of sales. Results for January to August 2020 show that, in volume terms, seven of Apple's models (mainly from the current line of iPhone 11), plus three from

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Samsung, were among the most sought after flagship smartphones on the Russian market. Four Samsung and Honor models, along with one each from Xiaomi and Apple, were ranked in the top 10 bestsellers across all price segments.

Top-10 best selling smartphones in Russia, Jan-Aug 2020 (in units)

#	> RUB 50,000	All segments
1	Apple iPhone 11 (128 Гб)	Samsung Galaxy A10 (32 Гб)
2	Apple iPhone 11 (64 Гб)	Samsung Galaxy A51 (64 Гб)
3	Apple iPhone XR (128 Гб)	Honor 8A (32 Гб)
4	Apple iPhone 11 Pro Max (256 Гб)	Honor 10i (128 Гб)
5	Samsung Galaxy S10 (128 Гб)	Honor 9X (128 Гб)
6	Apple iPhone 11 Pro (256 Гб)	Samsung Galaxy A01 (16 Гб)
7	Apple iPhone 11 Pro (64 Гб)	Samsung Galaxy A30s (16 Гб)
8	Samsung Galaxy S20 Plus (128 Гб)	Honor 7A (16 Гб)
9	Apple iPhone XS (64 Гб)	Xiaomi Redmi 7A (16 Гб)
10	Samsung Galaxy S20 (128 Гб)	Apple iPhone 11 (128 Гб)

About M.Video-Eldorado Group

About M.Video-Eldorado Group (PJSC M.video) is Russia's largest consumer electronic retailer uniting the M.Video and Eldorado brands in the market for home appliances and electronics. The companies' total annual turnover exceeds RUB 430 billion, including VAT (FY 2019). The M.Video-Eldorado Group is the only Russian publicly-traded company in the electronics retail sector. The company's shares are traded on Moscow Exchange (ticker: MVID).

The Group operates Russia's largest online platform for consumer electronics and household appliances commanding a market share of over 30%. As of June 30, 2020, the Group also operates 512 stores under the M.Video brand, 505 stores under the Eldorado brand and 20 m_mobile stores in more than 250 cities across Russia with a total selling space of 1,450 thousand square meters. The Group has 100% online coverage in all cities of operation.

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