M.Video-Eldorado Group Shows Outstanding Sales Growth of 18% to RUB 421 bn in 2018

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18 January 2019, Moscow, Russia. PJSC M.video (M.Video-Eldorado Group, the Company, or the Group), Russia's largest consumer electronics retailer by revenue (MOEX: MVID), releases today its combined interim unaudited sales, like-for-like sales, and the networks expansion results for M.Video and Eldorado for the fourth quarter and twelve months ended 31 December 2018.

Q4 2018 highlights (pro-forma):

- M.Video-Eldorado Group net sales rose by 21.2% year-on-year to RUB 140.2 billion (with VAT)
- Group’s Like-for-Like (LFL) sales grew by 14.6%
- Combined online-based sales (OBS) increased by 25.2% year-on-year to RUB 26.2 billion (with VAT)

FY 2018 highlights (pro-forma):

- M.Video-Eldorado Group net sales grew by 17.7% year-on-year to RUB 421.4 billion (with VAT)
- Combined Like-for-Like Sales increased by 13.5%
- Online-based sales for the Group rose by 31.0% year-on-year to RUB 77.3 billion (with VAT)
- OBS share in the Group’s total net sales amounted to 18.3%. Pick-up rate stood at 74.4% of the Group’s online-based sales

The Group’s net sales increased by 21.2% year-on-year to RUB 140.2 billion (with VAT) in the fourth quarter of 2018, and by 17.7% year-on-year reaching RUB 421.4 billion (with VAT) in the full year of 2018.

M.Video chain net sales rose by 20.2% year-on-year to RUB 92.8 billion (with VAT) in the fourth quarter of 2018, and by 19.6% year-on-year to RUB 279.8 billion (with VAT) in the full year of 2018.

Eldorado net sales demonstrated solid growth by 23.2% year-on-year to RUB 47.4 billion (with VAT) in the fourth quarter of 2018, and increased by 14.1% year-on-year to RUB 141.6 billion (with VAT) in 2018. In the latter part of 2018, Eldorado renewed its brand identity, advertising strategy and store format to attract new client audience and additionally improve the top-line performance.

Group’s Like-for-Like sales grew by 14.6% in the fourth quarter and by 13.5% in

the full year of 2018, due to number of checks and higher average ticket driven by growing share of digital products, accessories and services in the sales mix. In Q4 2018, M.Video Like-for-Like sales improved by 11.6%, while Eldorado showed record high Like-for-Like growth of 20.7%.

M.Video's online-based sales (pick-up and home delivery) rose by 26.2% year-on-year in the fourth quarter of 2018, driven by growing number of transactions and the average ticket. Eldorado's OBS increased by 22.9% year-on-year in the fourth quarter of 2018, largely due to digital categories driving the average ticket growth.

In 2018, M.Video's OBS increased by 45.7% year-on-year to RUB 52.8 billion (with VAT), and Eldorado's internet sales grew by 7.5% year-on-year to RUB 24.5 billion (with VAT). The Group's OBS accounted to 18.3% of total net sales, and the pick-up rate stood at 74.4% in 2018.

"M.Video-Eldorado joint team, in parallel with a large-scale and complex integration process, successfully accomplished all the tasks the two chains were facing in 2018. M.Video showed a record sales growth over the last five years, of 20%, while Eldorado reached 23% sales growth in Q4 2018. Importantly, the chains' outstanding top-line performance was driven by the brands' precise market positioning and winning new customer audience, rather than inflation or new selling space added largely in December. We have successfully optimized the product range, increased the share of accessories and services in the sales mix, and improved the overall efficiency of our retail business proven by unprecedentedly high like-for-likes of the both brands", — noted M.Video-Eldorado Group President, Alexander Tynkovan.

"By the end of 2022, the Group plans to operate about 1,100 stores, and MediaMarkt acquisition completed in September 2018 contributes to the successful implementation of our long-term strategy. Just within three months upon the deal, we managed to open 46 M.Video and Eldorado stores in former MediaMarkt locations, and up to ten more openings are coming in 2019. Against the market growth rate slowdown projected by some analysts for 2019, our expansion program of 2018, along with the existing network and online business managed by one of the most effective retail groups in Russia, shall allow M.Video and Eldorado to offer their clients the richest product choice at the most attractive prices, and guarantee our business partners productive and sustainable long-term development", - emphasized Mr. Tynkovan.

"Online continues to be a crucial driver of the Russian retail market development, including consumer electronics. Although, over the past year, the share of internet in the Group's total sales rose to 18.3% from 16.5%, approaching European peer benchmarks, M.Video online sales continued to outpace the

market by one and a half times. In 2018, Eldorado turned its online business model to OMNI, and, as a result, both brands showed similarly high online sales dynamics in Q4 2018. At the same time, the both chains saw traffic growth in their stores, meaning our online business grew not at the expense of the retail, but successfully took market share from internet competitors and attracted new customers. Another remarkable trend of the last year we see developing in 2019, is a strong growth of the digital categories – smartphones, laptops, gaming products, and accessories. M.Video has successfully launched standalone shops for digital products, m_mobile, and we plan to increase substantially their number in 2019. We will also continue to develop special digital areas in Eldorado stores," – commented M.Video-Eldorado Group Chief Executive Officer, Enrique Fernandez.

In 2018, the Group increased its network by 102 stores (out of which 87 stores were opened in Q4), and opened 51 M.Video, 46 Eldorado, and 5 m_mobile stores. The Group's total number of stores reached 941 as of December 31, 2018. The store openings of Q4 2018 include 22 M.Video and 24 Eldorado stores rebranded and re-opened at the former MediaMarkt locations in December 2018.

Pro-forma combined operational results for the Group include Eldorado numbers starting from the beginning of the earliest comparable period, i.e. from the beginning of 2017.