M.Video, SAFMAR Group and MediaMarktSaturn Agreed on Cooperation

20.06.2018 12:08

20 June 2018, Moscow, Russia. PJSC M.video (M.Video, or the Company), Russia's largest consumer electronics retailer by revenue (MOEX: MVID), announces its Board of Directors has approved the terms of the cooperation between Media-Saturn-Holding GmbH (MediaMarktSaturn), M.Video and SAFMAR Group. MediaMarktSaturn, majority-owned by Ceconomy AG, intends to acquire 15% of the share capital of PJSC M.video from its major shareholder, SAFMAR Group. The Russian business of MediaMarktSaturn – MediaMarkt Russia – goes to M.video Management LLC, a 100% subsidiary of PJSC M.video.

SAFMAR Group and MediaMarktSaturn have announced that they had entered into a definitive merger agreement under which SAFMAR Group sells 15% of share capital of PJSC M.video to MediaMarktSaturn for cash consideration and 100% participatory interest in MediaMarkt Russia. MediaMarktSaturn shall be granted a director and an observer seats on the Board of Directors of PJSC M.video. M.Video also intends to join the European Retail Alliance set up recently by MediaMarktSaturn and Fnac Darty.

M.Video shall get 42 MediaMarkt stores in 22 cities of Russia upon completion. Under the deal, M.video Management LLC shall obtain control over MediaMarkt Russia. Upon the completion of the deal, MediaMarkt Russia will have no financial liabilities.

The completion of the deal is subject to the approval by the Federal Antimonopoly Service of the Russian Federation, in addition to other customary closing conditions and necessary corporate procedures in accordance with the current legislation of Russia. The parties expect to close the deal in the third quarter of 2018.

The acquired stores will continue operating under M.Video and Eldorado brand names.

M.Video plans to substantially improve the economic model of the acquired MediaMarkt stores and expects to make additionally up to 110 billion rubles of revenue and up to 11 billion rubles of EBITDA in the period 2019-2022.

“This project allows M.Video to expand its store network very efficiently – our initial strategic goal was to open around 200 stores for M.Video and Eldorado

together in the next five years, while the MediaMarkt acquisition significantly speeds up the implementation of our expansion program. We obtain perfectly located stores in the largest cities of Russia, and, after their rebranding and transition to M.Video operating model, we expect these assets to generate sales per square meter in line with the best M.Video and Eldorado stores, what is 35% higher than the Company's average. Thus, we enlarge the pool of best performing shops in our network. Our business model, based on ensuring the absolute complementarity of online and offline sales, will make it possible to improve the performance of the retail chain, whilst customers benefit from wider product choices, higher levels of service and increasingly convenient purchase methods", – noted M.Video President Alexander Tynkovan.

"We welcome Europe's largest consumer electronics retailer to the M.Video and Eldorado family as a shareholder, and support the integration of MediaMarkt Russia into our business model. We see inherent value in this transaction for all three parties involved. M.Video strengthens its business with new sources of revenue and international retail expertise. MediaMarktSaturn continues its strategy of becoming the European leader of consumer electronics retail. SAFMAR Group optimizes its capital structure and further improves its corporate governance standards. After merger of M.Video with Eldorado we see increasing interest from investors around the globe to the national largest consumer electronics retailer what illustrates the attractiveness of the business model and the strategy of the company", – emphasized M.Video's Chairman of the Board of Directors, Said Gutseriev.

The controlling shareholder of PJSC M.Video is Mikhail Gutseriev's SAFMAR Group, which owns 57.7% of the shares, the free float is 42.3%.

After the completion of the transaction, PJSC M.video shareholder structure is expected to be as follows: SAFMAR Group shall control 42.7% of shares, MediaMarktSaturn shall hold 15% of the shares, and 42.3% of the capital shall remain as a free-float on the Moscow Stock Exchange.

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M.Video Group (PJSC “M.video”) consolidates the consumer electronic retail brands M.Video and Eldorado, and the Goods marketplace. The Group’s combined annual sales are over 360 billion rubles (with VAT). The Group operates more than 800 stores in 200 of the largest cities of the Russian Federation. M.Video Group is the first and only public consumer electronic retailer in Russia. The Company’s shares are traded on the Moscow Stock Exchange (ticker: MVID).

SAFMAR Group, owned by Mikhail Gutseriev, is a controlling shareholder of PJSC “M.video”. SAFMAR Group is one of Russia’s largest industrial and financial groups, which comprises industrial, retail and financial companies and manages, amongst others, commercial real estate, development and construction assets.

M.Video is the largest Russian consumer electronic retail chain by revenue. M.Video started its operations in 1993, and, as of March 31, 2018, runs 422 brand name stores in 169 Russian cities. The selling space of M.Video stores accounts to 690,000 sq. m, while the total space accounts to 932,000 sq. m.

Eldorado is a leading Russian retailer of home appliances and electronics with over 400 stores in more than 200 cities in Russia. As of December 31, 2017, the total space of Eldorado chain was 762,000 sq. m, and selling space was 592,000 sq. m.