M.video reports increase in net revenue and major improvements in profitability in the first half of 2015.

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M.video (“M.video” or the “Group”), Russia's largest consumer electronics retailer by revenue (MOEX: MVID), releases today its interim condensed consolidated unaudited financial information prepared in accordance with the International Financial Reporting Standards (IFRS) for the half year ended 30 June 2015.

M.video’s sales increased by 2.3% to 83 billion Russian rubles (RUB) with VAT in H1 2015.

The Group’s gross profit increased by 10.1% and amounted to 19 billion RUB. M.video’s gross profit margin increased to 26.9% in H1 2015 as compared to 25% in H1 2014.

M.video’s EBITDA amounted to 4.3 billion RUB versus 2.7 billion in H1 2014 demonstrating 58% growth year-on-year. The Group’s EBITDA margin amounted to 6% in H1 2015 versus 3.9% in H1 2014.

M.video’s net profit for H1 2015 grew more than twofold and amounted to 2.3 billion RUB as compared to 1.1 billion RUB in H1 2014.

Alexander Tynkovan, CEO of M.video, commented: “We can be proud of those outstanding results our team achieved in the first half of 2015. M.video is further increasing its market share: our revenue grew while the overall Consumer Electronics market significantly deteriorated in the 6 months of 2015”.

He added: “It is also quite important that M.video remains profitable in the turbulent economic circumstances. At the same time we continue to increase our Internet sales while preserving the current levels of profitability. It gives an additional support for the further expansion of our Omni Channel model and helps us to open new stores, get best locations and enjoy strongest relationship with the key suppliers of the Home Electronics in the Russian market”.

M.video key financial results for the H1 2015 based on condensed consolidated financial information*:

In millions of Russian rubles	H1 2015		H1 2
Sales (with VAT)	83,143		81,
Net revenue**	70,460		68,
Gross profit***	18,962		17,
As % of net revenue	26.9		
Operating expenses(1)	16,346		15,
As % of net revenue	23.2		2
Operating profit (EBIT)	2,616		1,
As % of net revenue	3.7		
EBITDA	4,258		2,
As % of net revenue	6,0		
Net profit	2,306		1,
As % of net revenue	3.3		

* - All key financial indicators are calculated without 18% VAT (value added tax) unless mentioned otherwise.

** - the amount of 2,492 million RUB was recognized as revenue in January 2015 in accordance with IFRS; this amount was classified as prepayment in 2014 having physical delivery made in 2015 when products were delivered to customers.

*** - starting from 2015 revenues from delivery to customers are classified as revenues whereas previously these were included into Other operating income. Related delivery costs are classified within Cost of sales as compared to SG&A in the past. Comparative information for 6m 2014 has been reclassified respectively.

(1)The operating expenses include selling, general and administrative expenses (SGA), other operating income and other operating expenses.