M.video reports growth of its revenues and strong gross margin performance in FY 2009.

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OJSC “Company “M.video” (“M.video” or the “Group”), Russia's leading consumer electronics retailer (RTS, MICEX: MVID), releases today its audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended December 31st, 2009.

M.video retail sales increased by 3.2% to 83 billion Russian rubles (RUB) with VAT in FY 2009. The Group’s total sales (including revenue from wholesale operations) also increased by 1.4% to 85.6 billion RUB (with VAT). Growth in revenues was driven by M.video’s expansion and was achieved despite a significant market decline due to the impact of the recession.

The Group’s gross profit increased to 18,360 million RUB. M.video’s gross margin amounted to 25.3% in FY 2009 as compared to 25.0% in FY 2008.

M.video’s operating profit (EBIT) reached 2,117 million RUB with the EBIT margin amounted to 2.9% in FY 2009.

The Group’s EBITDA amounted to 3,244 million RUB and the EBITDA margin was 4.5% in FY 2009.

M.video’s net profit for FY 2009 accounted for 783 million RUB.

Alexander Tynkovan, President and CEO of OJSC “Company “M.video”, commented that: “We demonstrated positive sales dynamics in the recessionary period while the whole consumer electronics market reportedly declined in FY 2009. Among our major achievements by the year end 2009 were the improved gross margin, solid balance sheet and strong financial position with a high cash level and no debt”.

He also added: “Our strong financial position allows us to manage our expansion proactively increasing the opening plan up to 30 new stores this year and to pay our first dividend from profits”.

M.video key financial results for the FY 2009 based on consolidated financial statements:

In millions of Russian rubles	2009 г.	2008 г.	y-o-y, %
Sales (with VAT), including	85 558	84 353	1,4%
Retail sales (with VAT)	82 982	80 495	3,2%
Net revenue, including	72 507	71 486	1,4%
Net retail revenue	70 324	68 131	3,2%
Gross profit	18 360	17 876	2,7%
As % of net revenue	25,3	25,0	-
Operating expenses[1]	16 243	15 143	7,3%
As % of net revenue	22,4	21,2	-
Operating profit (EBIT)	2 117	2 733	(22,5%)
As % of net revenue	2,9	3,8	-
EBITDA	3 244	3 596	(10%)
As % of net revenue	4,47	5,03	-
Net profit	783	1 256	(38%)

1 The operating expenses include selling, general and administrative expenses (SG&A), other operating income and other operating expenses.