

# M.Video and Eldorado start selling virtual SIM cards across Russia

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23 October 2020, Moscow, Russia. M.Video-Eldorado Group (PJSC M.Video, MOEX: MVID), Russia's largest consumer electronics retailer by revenue and part of SAFMAR Group owned by Mikhail Gutseriev, kicked off sales of Tele2 eSIMs in more than 1,000 stores. M.Video and Eldorado are the first retail chains to start offering virtual SIM cards all over Russia, with 9M sales of eSIM-compatible smartphones and tablets up 3 times and 2.5 times in volume terms, respectively.

Thanks to an eSIM, owners of the newest Apple, Samsung and Huawei flagship smartphones will have access to a full range of telecom services without a physical SIM card. An eSIM card can be used by itself or alongside a traditional SIM card for making calls and communications. To purchase an eSIM, all you need to do is contact your nearest M.Video or Eldorado store and present your passport. The card is activated by scanning the received QR code with the phone camera. A virtual SIM comes free of charge with a purchase of a smartphone or a tablet or for RUB 100 if purchased separately, with all Tele2 services and tariffs fully accessible.

M.Video-Eldorado Group believes that in 9M 2020, Russians purchased around 1.7 million eSIM-compatible smartphones worth RUB 130 bn, with the past year's sales of these devices tripling both in volume and value terms. Their share in total smartphone sales increased from 3.5% to 7% in kind, while also rising from 15% to 33% in monetary terms. The eSIM's fast penetration is due to the growing range of compatible flagship smartphones and the strong demand they enjoy among consumers.

Vladimir Chaika, Head of Mobile at M.Video-Eldorado: 'eSIM is gaining traction, with smartphones supporting this technology now accounting for as much as a third of sales. You can't destroy or lose a card of this type. It also makes it possible to leverage all of the phone's functionality by using several numbers on one device. iPhone owners can also switch between operators or tariff plans as needed. Today, these SIM cards are available in our offline stores only, but we expect to start selling them online soon. With the process streamlined in compliance with regulatory requirements and eSIM gadgets getting increasingly affordable, we expect the technology to become mainstream in no time'.

Currently, the Russian market offers more than 20 eSIM-compatible models, including iPhone XS, iPhone XR, iPhone 11 and iPhone SE 2020 families, Samsung Galaxy S20, Galaxy Note20 and Note 20 Ultra flagships, foldable Samsung Fold, Z Fold 2 and Z Flip, as well as Huawei P40 flagships. Last year, the range was

limited to iPhone XS, iPhone XR, and iPhone 11. This year's best-sellers in Russia are iPhone 11 (128 and 64 GB), iPhone XR (64 and 128 GB), and iPhone SE 2020 (64 GB).

In the first nine months, sales of smartphones priced in excess of RUB 50,000 rose by 41% and 48% in volume and value terms, respectively. A stronger interest in this technology gives rise to the need for a high-performance device with enhanced capabilities, which will stay up-to-date for another two or three years. Flagship sales across M.Video-Eldorado Group went up 42% by volume and 50% by value.

In the tablet category, Russian consumers can choose from a range of around ten models of eSIM-enabled iPads by Apple with cellular connectivity. Over the recent year, sales of these devices increased 2.5-fold and 2-fold in kind and in monetary terms, respectively. From January to September, the overall tablet market saw a 3% year-on-year expansion by volume to ca. 1.75 million devices, while in value terms it grew by 18% to around RUB 27 bn. Apple is still No. 1 in value terms. M.Video-Eldorado Group outperformed the market in terms of tablet sales, which added 15.5% by volume and 36% by value.