

M.Video Increases Net Profit by 19.2% to 2.5 Billion Rubles in the First Half of 2017

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August 23, 2017, Moscow, Russia. PJSC 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 first half of the year ended 30 June 2017.

M.video's Net revenue increased by 0.6% year-on-year to 83.4 billion Russian rubles (RUB) in H1 2017.

The Company's Gross profit grew by 5.6% year-on-year and amounted to 20.9 billion RUB in H1 2017. The Gross margin improved by 120 basis points to 25.1% in H1 2017.

The Group's EBITDA margin amounted to 5.5% in H1 2017.

M.video's Net profit increased by 19.2% year-on-year and amounted to 2.5 billion RUB in H1 2017. The Net margin reached 3.0% in H1 2017 compared to 2.5% in H1 2016.

"Russian home appliance and electronics market was showing some recovery in the second quarter of 2017 after the negative dynamics in the beginning of the year. Price deflation in the main product categories has finally resulted in the traffic growth only by summer. Loans and promo-offers remain the key drivers for big purchases, such as large household appliances, televisions, and smartphones. M.video, on the flat market in the first half of the year, managed to not only increase revenue, but also improve the profitability on the back of the growing share of high-margin services and accessories in the sales mix, and the implementation of innovative projects, for example, consumer credits. The strong business model supplemented by the continuous improvement of customer services, and the search for new, more efficient, work formats ensures the company's steady growth even in a mature market," - commented M.video President, Alexander Tynkovan.

"A sound investment in IT combined with a constant search for new approaches

to our sales and services allows M.video to keep the leadership and expand its presence even in the market that lacks active dynamics. For instance, in the partnership with the leading banks, we have launched a completely new “credit broker” program in the stores and on-line. M.Credit allowed us to improve substantially credit conditions for our clients, and double the number of our partner banks. We also see the great growth potential in services and accessories categories, as well as in on-line based sales which continue to grow at double-digit pace”, - M.video Chief Executive Officer, Enrique Fernandez, added.

M.video’s key financials for the H1 2017 based on condensed consolidated financial information:

In millions of Russian rubles	H1 2017	H1 2016
Sales (with VAT)	98 370	98 370
Net revenue	83 364	83 364
Gross profit	20 885	20 885
Gross margin, %	25.1	25.1
Selling, general and administrative expenses	(18 720)	(18 720)
Other operating income, net	683	683
Operating profit	2 848	2 848
Net profit	2 492	2 492
Net margin, %	3.0	3.0
EBITDA	4 558	4 558
EBITDA margin, %	5.5	5.5

Note for editors:

M.video is the largest Russian consumer electronic retail chain by revenue. The Company started its operations in 1993. In November 2007, M.video became the first publicly traded company in the domestic consumer electronic retail sector. The Company’s shares are traded on Moscow Exchange (ticker: MVID).

M.video runs 400 brand name stores in 165 Russian cities as of June 30, 2017.

The selling space of M.video stores accounts to 666,000 sq. m while the total space accounts to 899,000 sq. m.

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(1)The operating The key financial indicators are stated without 18% VAT (value added tax) unless mentioned otherwise. In the course of the preparation of the Company's audited financial statements for the full year of 2016, some financials for the first half of 2016 were adjusted. The adjusted numbers are shown in the table above for the first half of 2016, for comparative purposes.