

Total Online Sales of M.Video-Eldorado Group rose by 79% to 31% of Total Net Sales in 9M 2019

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9M 2019 highlights (pro-forma)

- M.Video-Eldorado Group net sales increased by 6.3% year-on-year to RUB 299.0 billion (with VAT)
- Group's Total Online Sales (TOS) rose by 78.8% year-on-year to RUB 91.4 billion (with VAT), and amounted to 30.6% total Group's net sales
- Group's Like-for-Like (LFL) sales declined by 3.4% for 9M 2019 compared to 9M 2018, due to high base of last year. Group's LFL sales improved by 8.9% for 9M 2019 compared to 9M 2017

Q3 2019 highlights:

- M.Video-Eldorado Group net sales stood almost flat year-on-year and amounted to RUB 105.4 billion (with VAT) in Q3 2019
- Group's Total Online Sales (TOS) grew by 71.3% year-on-year to RUB 32.3 billion (with VAT) to 30.6% of Group's net sales
- Group's Like-for-Like (LFL) sales declined by 9.9% in Q3 2019 versus 3Q 2018, due to high base of last year. Group's LFL sales rose by 0.7% for Q3 2019 compared to Q3 2017

Group's net sales rose by 6.3% year-on-year to RUB 299.0 billion (with VAT) in the first nine months of 2019, driven mainly by expansion program, supported by Total Online Sales growth.

In the first nine months of 2019, M.Video net sales increased by 7.0% year-on-year to RUB 200.0 billion (with VAT). Eldorado net sales grew by 5.0% year-on-year to RUB 98.9 billion (with VAT).

"Sales growth of 4-5% per year characterizes the Russian market of consumer electronics as mature and stable. M.Video and Eldorado, even in a conservative market, demonstrate solid growth and strengthen their positions – M.Video-Eldorado Group delivered growth of 6.3%, while, according to GFK, the market grew by 4.8% year-on-year for the first nine months of 2019. LFL sales dynamics reflects the general market trends of slowed down growth and cyclical demand. The Group's LFL sales were naturally lower than in exceptionally strong 2018, but higher than in 2017, which indicates healthy development of our retail business," – said M.Video-Eldorado Group President Alexander Tynkovan.

“M.Video-Eldorado Group showed overall sales growth above the market, thanks to the ONE RETAIL strategy, under which the company considers stores as the organic continuation of the website and mobile application united by one platform. Mobile technologies give us the opportunity to authorize customers not only online, but also in stores, which allows us to better understand our customers, make individual proposals, and more accurately plan business processes. This improves NPS, loyalty, and, ultimately, provides sales growth and efficiency. In nine months 2019, M.Video and Eldorado stores opened on the sites of ex-MediaMarkts, as planned, showed sales above the networks’ average and positively impacted overall sales,” – Mr. Tynkovan added.

In 9M 2019, M.Video’s total online sales (home delivery, pick-up and checked-in sales through sellers’ mobile devices RTD) doubled year-on-year to RUB 72.9 billion (with VAT), due to implementation of RTD project in M.Video and growing number of shop assistants equipped with special smartphones for authorization and consultations of customers. By August 2019, the company has completed the RTD rollout and has equipped around 10,000 of its sellers across the whole M.Video store chain with RTD devices.

Eldorado’s online sales (home delivery and pick-up) rose by 15.1% year-on-year to RUB 18.6 billion (with VAT) driven by growing traffic and the average ticket.

Total online sales of the two brands reached 30.6% of the Group’s net sales in 9M 2019.

“As part of the ONE RETAIL strategy, which is the next step after the successful implementation of the omni-model, we have revised the Group's approach to accounting for online sales. The Group's technology solutions enable customers to make a virtually seamless transition between online and offline in the selection and purchase process. Uniform prices, assortment, services, authorization and personal offers allow our customers to complete the transaction in any convenient way. For example, one can work with a shop assistant in a store to review the models of laptops, select a few suitable ones, and ask to send them to his/her e-mail box. Later, the client can look once again through the short list available in his/her personal account on the web site, and make an online order to be paid and picked-up in the store, if convenient. Technically, it would be an in-store purchase, but, in fact, that is an online sale. Thus, the classical approach classifying sales by channels does not reflect anymore neither all possible scenarios of clients’ behavior, nor business processes of the companies which have successfully implemented omni-model and are evolving further. The approach of M.Video-Eldorado Group shows the real impact of online business, as it accounts customers authorized through any channel, whether it is a website, a customer’s mobile application, or a mobile device of a shop assistant. The higher the share of authorized users, the more the company knows about its customers,

communicates with them more successfully and conducts business more efficiently,” – emphasized Enrique Fernandez, Chief Executive Officer of M.Video-Eldorado Group.

For 9M 2019, the Group opened 49 stores net, including 20 M.Video, 19 Eldorado and 10 m_mobile stores, bringing the total stores number to 990 as of 30 September 2019.

Full version of release is available for [download](#).