

M.video reports threefold growth in net profit in FY 2010

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OJSC “Company M.video” (“M.video” or the “Group”), Russia's largest 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, 2010.

M.video retail sales increased by 23% to 102 billion Russian rubles (RUB) with VAT in FY 2010. Growth in revenue was mainly driven by M.video’s expansion and opening a record number of 44 stores in 2010 as well as due to increased like-for-like stores sales of 9%. The Group’s gross profit increased to 22.4 billion RUB. M.video’s gross margin grew to 25.8% in FY 2010 as compared to 25.3% in FY 2009.

M.video’s operating profit (EBIT) increased by more than 50% to 3.2 billion RUB with the EBIT margin of 3.7% in FY 2010.

The Group’s EBITDA increased up to 4.5 billion RUB in FY 2010 as compared to 3.2 billion RUB in FY 2009 while the EBITDA margin amounted to 5.2% in FY 2010.

M.video’s net profit for the FY 2010 improved significantly and grew 184% to 2.2 billion RUB from 0.8 billion RUB.

Alexander Tynkovan, President of OJSC “Company “M.video”, commented that: “We demonstrated quite remarkable profitability improvements in FY 2010 while sustaining network expansion and preserving positive cash generation from our operations”. He also added: “Our solid financial position and improved profitability allows us to continue our expansion in Russia while expecting the Company to pay steady amounts in dividends for the foreseeable future”.

M.video key financial results for the FY 2010 based on consolidated financial statements:

In millions of Russian rubles	2010	2009	y-o-y, %
Sales (with VAT),	102 147	85 558	19,4%

including			
Retail sales (with VAT)	101 935	82,982	22,8%
Net revenue, including	86 565	72 507	19,4%
Net retail revenue	86 386	70 324	22,8%
Gross profit	22 361	18 360	21,8%
As % of net revenue	25,8	25,3	0,5%
Operating expenses ¹	19 127	16 243	17,8%
As % of net revenue	22,1	22,4	(0,3%)
Operating profit (EBIT)	3 234	2 117	52,8%
As % of net revenue	3,7	2,9	0,8%
EBITDA	4 523	3 244	39,4%
As % of net revenue	5,2	4,5	0,7%
Net profit	2 221	783	183,7%
As % of net revenue	2,6	1,1	1,5%

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