

# Next steps to Retail Evolution

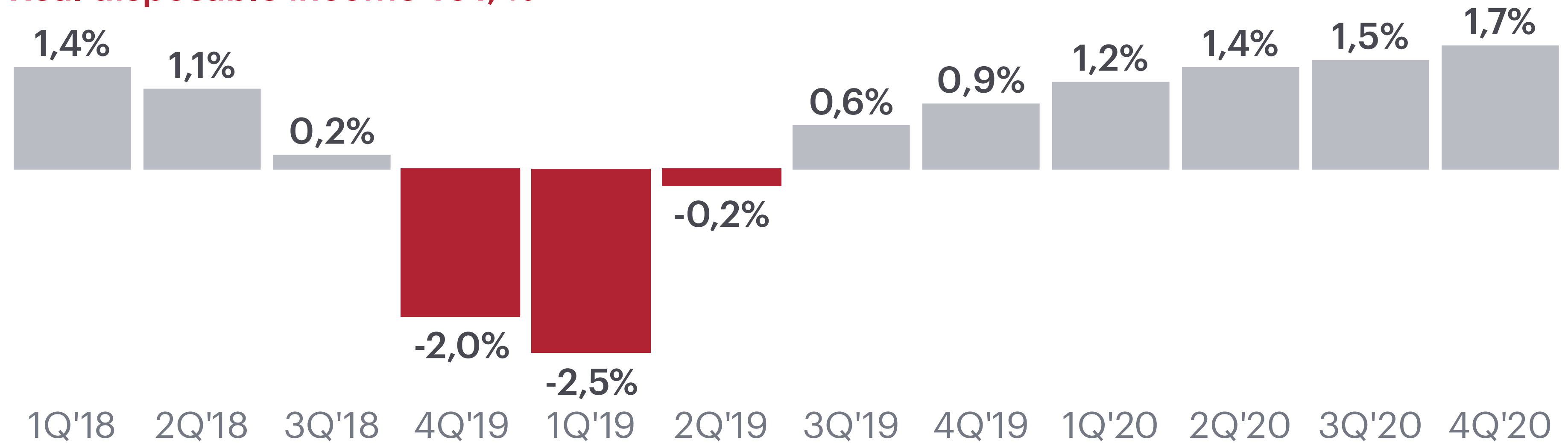
M.Video-Eldorado Group

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October 8, 2019

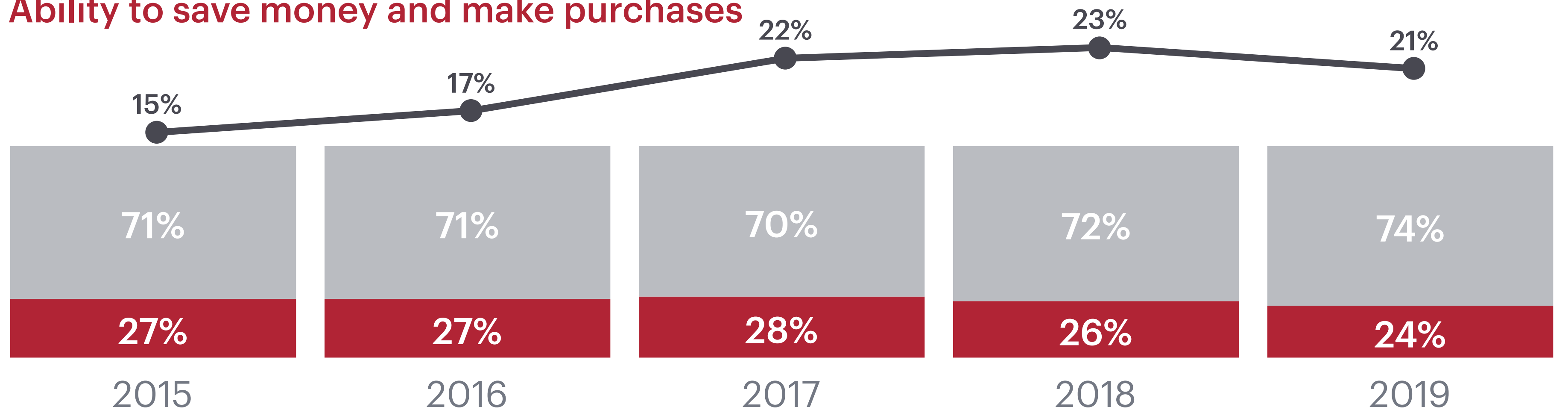
- Starting from Q4' 18 real disposable income is declining
- Purchasing power of population is affected by declining disposable income and increased inflation (VAT, excises on gasoline, etc.)
- Consumers are not able to increase savings and consider current economic situation stagnant

# New reality

Real disposable income YoY, %



Ability to save money and make purchases



Group's Online performance in H1 2019

24.5%

market share

RUB 38 bn classic

OBS

66%

of M.Video sales were online driven

RUB 86 bn

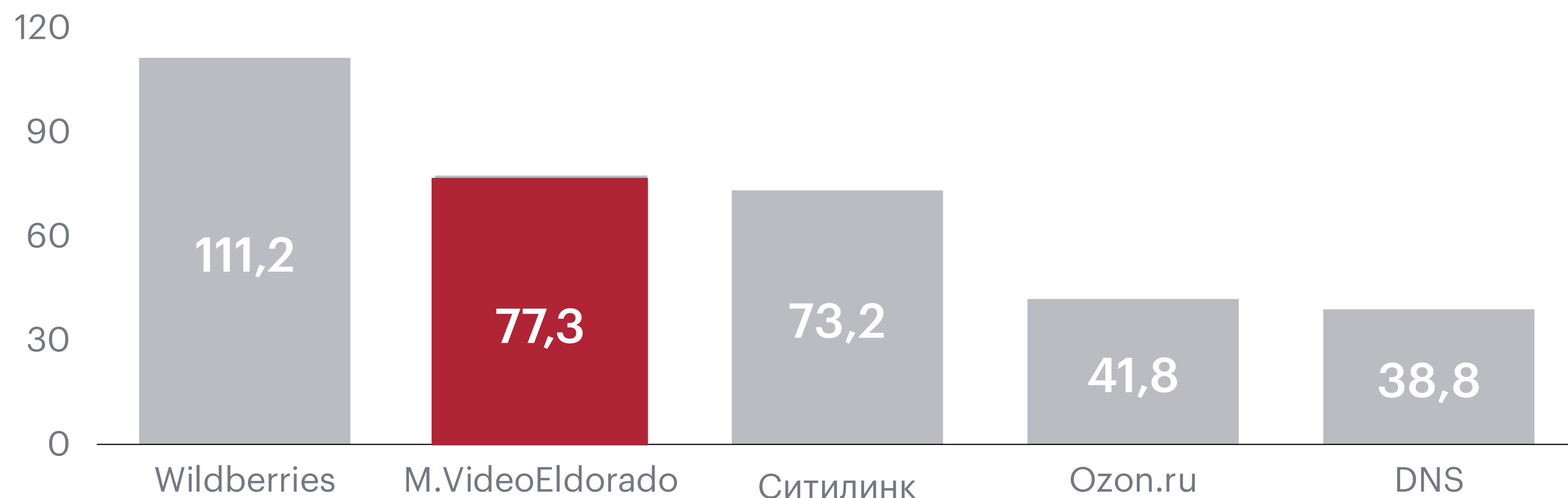
(OBS+RTD)

₹98bn

Group's online driven sales

(OBS+RTD)

The Group is already **the largest public e-commerce retailer** in Russia and transforming to **online driven business**



**Top-5 online retailers in Russia in 2018**  
RUB bn (with VAT)

Source: DATA Insight 2018, GFK H1 2019 online market w/o B2B  
M.Video-Eldorado Group online sales in 2018 imply pro-forma results, based on management accounts

Key Market Highlights in H1 2019

01

The Group outperformed the market and took +0.7 pp market share with growth of sales +10.4% YoY

02

Both M.Video and Eldorado grew faster than the market

# Why do we think this works? M.Video-Eldorado Group continued to outperform the market in H1 2019

## Sales Growth, YoY, %

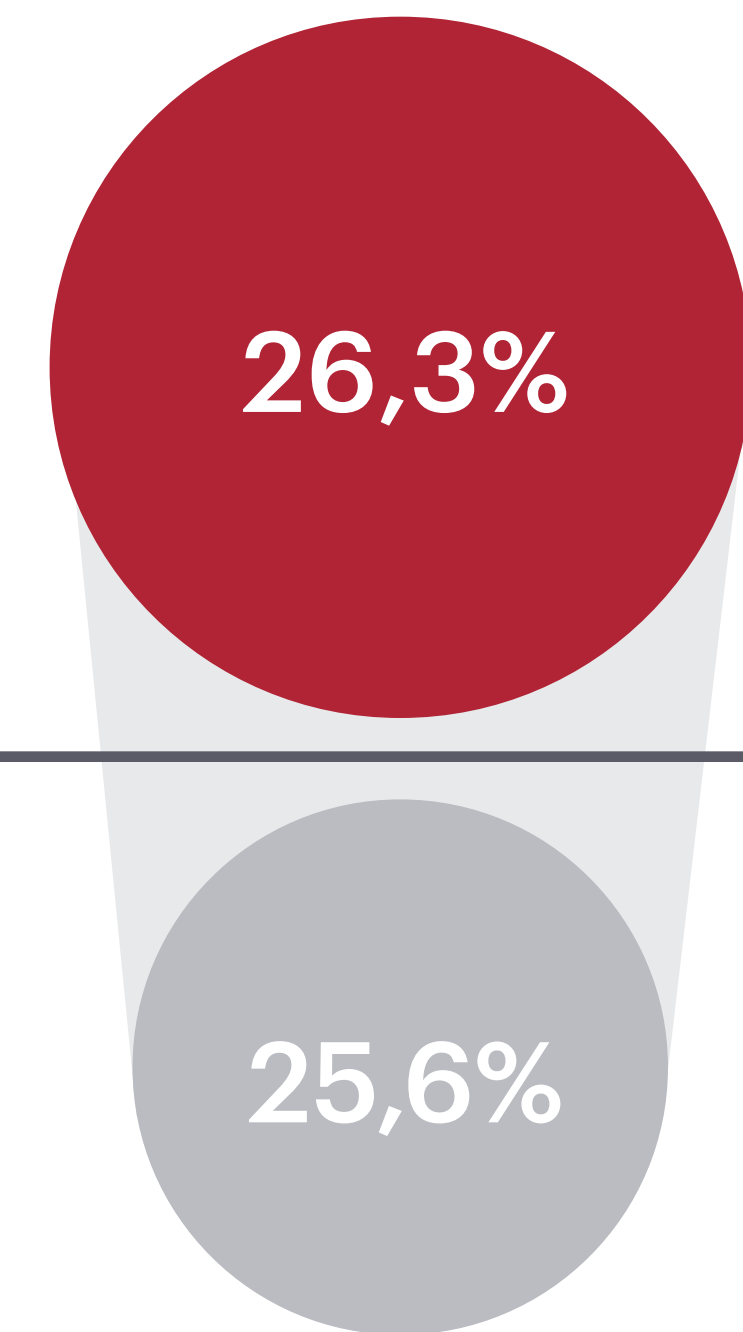
### 1H' 2019

M.Video	11.7%
Eldorado	8.0%
<b>M.VideoEldorado</b>	<b>10.4%</b>
<b>Market</b>	<b>7.7%</b>

### FY' 2018

M.Video	19.6%
Eldorado	14.1%
<b>M.VideoEldorado</b>	<b>17.7%</b>
<b>Market</b>	<b>16.6%</b>

## Market Share, %



Source: Market shares and growth provided by GFK, online market with out B2B Group sales (net turnover) growth implies Pro-forma results, based on management accounts

# New marketing gods: one retail, data, 4Es

## Market landscape trends 2022 summary



**Demand polarization**  
in terms of price segments  
**premium / entry level**  
Promo-level is growing



**Tighter banks' requirements**  
for borrowers result in

- approval rate decline
- deterioration of customer portfolio



**Chaotic customer journey,**  
looking for “4Es” shopping:  
engagement, emotion,  
**exclusivity, experience**



**Marketplaces will continue**  
to change market reality

**ONE RETAIL BUSINESS MODEL — NO CHANNELS, FULLY DIGITAL PROCESSES**

**Affordable price perception**  
strategy

**Personalisation**

**Data-driven promo**

**Sales-driven categories**

**Fast&Easy Credits + Online**

**Credit**

products promotion

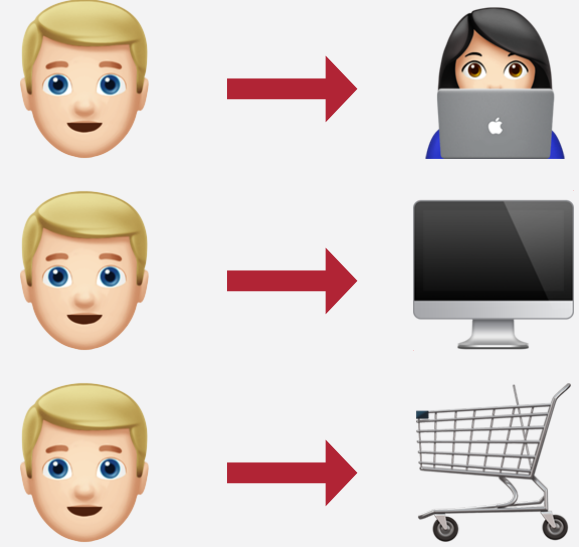

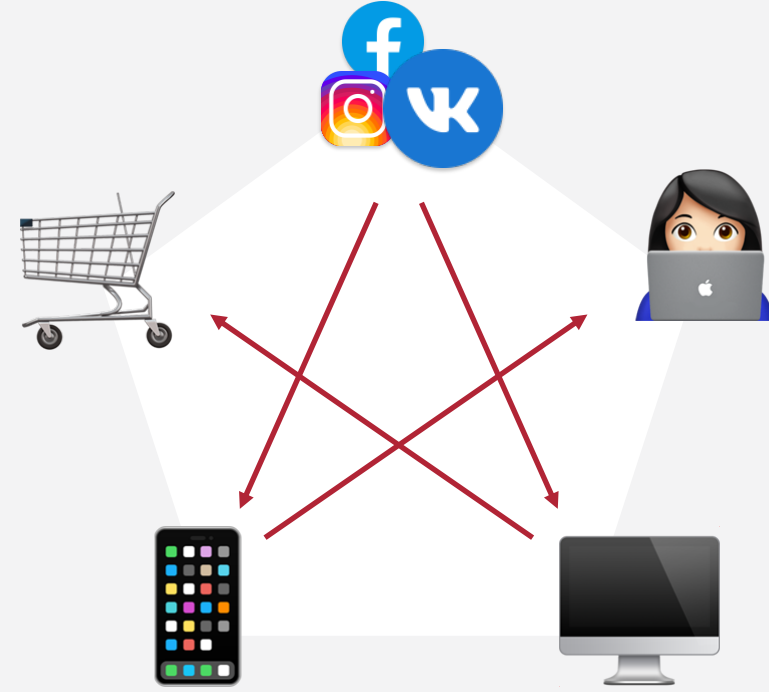

**Data-driven web**

**Mobile app**

**Stores**

as attractive touchpoints  
for customers

# Digital Transformation of M.Video-Eldorado Group to ONE RETAIL

	 <p>MULTI CHANNEL</p>	 <p>OMNI</p>	 <p>ONE RETAIL</p>	 <p>ECO-SYSTEMS</p>
<p><b>Customer journey</b></p>	Independent	Overlapping	<ul style="list-style-type: none"> <li>• The end of channels</li> <li>• Online comes to offline</li> </ul>	<ul style="list-style-type: none"> <li>• Shopping for emotions</li> <li>• Mobile</li> <li>• Without any effort</li> <li>• Cross-industry experience</li> </ul>
<p><b>Product &amp; Service</b></p>	Channel unique	Aligned	<ul style="list-style-type: none"> <li>• Data-driven</li> <li>• Deep segmentation</li> </ul>	Enriched data from different markets Individual



### One space

No channels  
(back&front)



### One audience

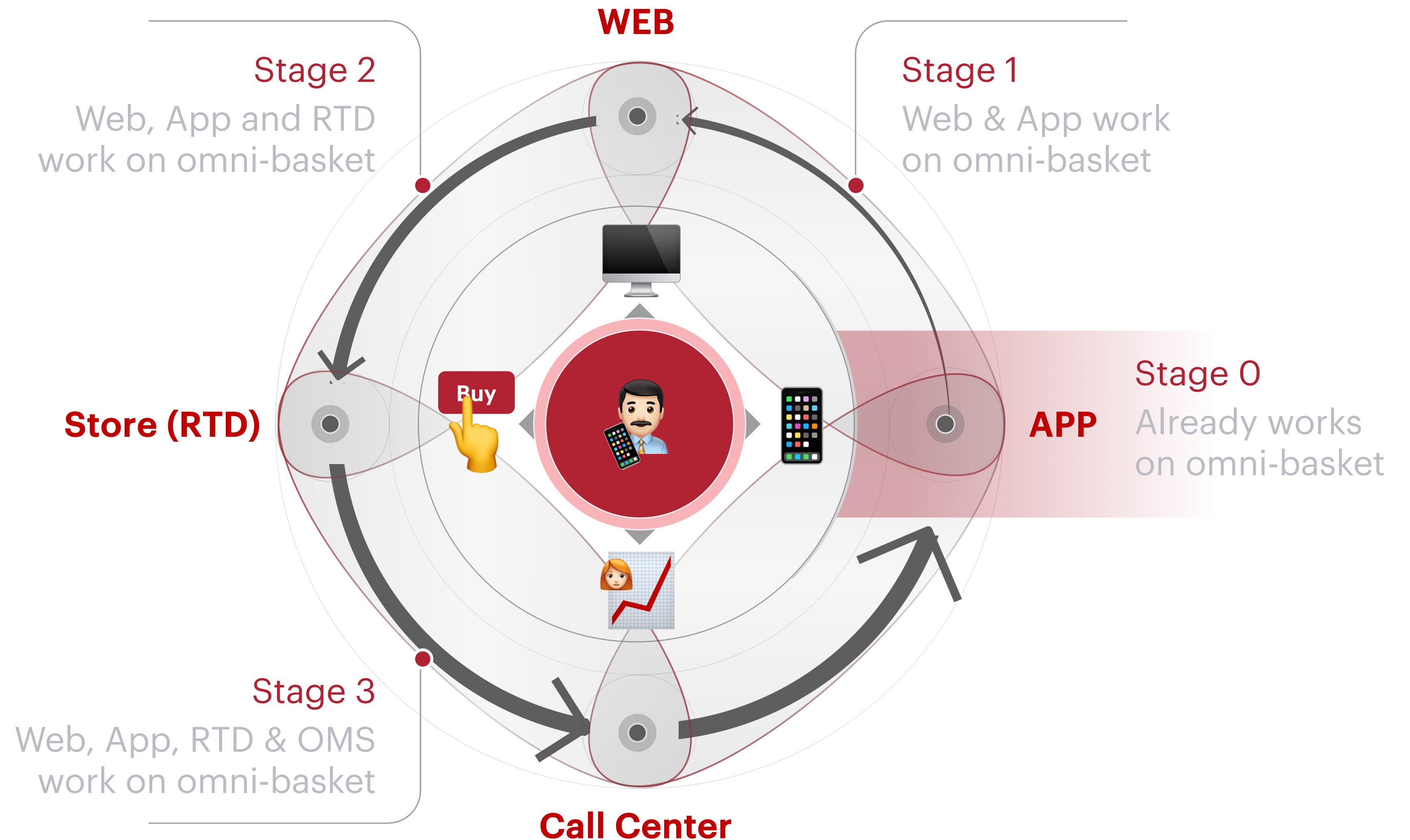
no channels =  
no longer online  
or offline audience,



### Digitalization

digitalized from front  
to back to grow and  
develop customer  
experiences and  
to drive operational  
efficiencies

# How M.Video-Eldorado Group creates ONE RETAIL for the most efficient unified customer journey based on technologies and data



# M.Video-Eldorado Group is online business with stores advantages



## Online digital

- “Endless” shelf
- Best price guarantee
- Fast delivery
- Loyalty program
- Credit platform
- Competitive web+app
- Data-driven offers
- Personal cabinet
- Additional assortment through vendors’ catalogue

**65%**

customers use online through their customer journey



## Stores

unique experience

- 30 min delivery
- Easy and cost-efficient
- return/exchange
- Feel & Touch
- Fun
- Expertise/advice

**95%**

of transactions end up in stores







**+30%**

Sales of digital  
3x outpaced the  
market

**+14%**

Online sales  
2x faster than  
H1'18

**63%**

NPS  
+5.5 pp

# Eldorado model highlights

## **Business model**

- Omni for web/store assortment, prices, services
- Assortment (focus on middle/low price segments)
- Private Label (TVs) "HI" launched
- Digital categories
- Credit broker rolled-out: 19% of credit sales

## **Stores**

- Restyling inline with new CVP
- New format "Eldo 600" (+25 stores in 2019E)
- Lower cost operating model
- Shopping malls & stand-alone proximity stores (if profitable)

## **Marketing**

- CVP — best value for money, convenience, close to me
- New promo: price/best deals, rassrochka, EldoSALE
- E-shop: usability, design, productivity +100%
- Mobile app development
- Loyalty program restart
- New SMM-strategy

