

STORES –
CENTRE OF THE CUSTOMER EXPERIENCE

STORE FORMATS

as of 31 December 2018



1,600 m²



~29 employees



Large cities.
Population >200,000.
Key shopping centres



475 stores

M.Video

TOP CUSTOMER EXPERIENCE
AND SERVICE LEVEL, STATE-OF-THE-ART
TECHNOLOGY, LEADING BRANDS



1,450 m²



~23 employees



Large cities.
Population >200,000.
Class B and Class C shopping centres,
less commonly Class A



445 stores

Eldorado

NEIGHBOURHOOD STORES, SIMPLICITY AND SPEED,
BEST DEAL HERE AND NOW



Average
sales area



Average number
of employees

**650** m²**~15** employees

All types of cities.
Population >50,000.
Street retail, Class B and Class C shopping centres

**16** stores

Eldorado 600

NEIGHBOURHOOD STORES, SIMPLICITY AND SPEED,
BEST DEAL HERE AND NOW

**190** m²**~11** employees

Large cities.
Premium locations

**5** stores

m_mobile

DIGITAL PRODUCTS STORE
WITH HIGH-END SERVICE

**Locations****Stores**

M.VIDEO STORES

M.Video stores are constantly developing their concept and format with advances in technology, changing customer preferences and the opportunities afforded by retail design. The current store concept was developed by the Group in collaboration with CampbellRigg, a well-known British agency.

The standard M.Video store format is represented by stores with an average sales area measuring 1,600 m² and a product grid of 5,000-7,000 SKUs on store shelves. M.Video stores also offer access to the Group's entire product range – more than 30,000 SKUs – through the m_RTD information system

A store's retail space is divided into 13 zones according to primary product type and service: checkout, product pickup, service, and lending. Inventory storage is located alongside the sales area in each store.

Beginning in 2018, zones of new experience (experience-zones) have appeared in stores where visitors can learn about the latest technology, such as smart homes, virtual reality (VR), 3D printing, etc. These zones also feature demonstrations of M.Video's innovative products and give people the opportunity to try products out for themselves.

Along with M.Video's corporate design elements, an important component of the retail space design is dedicated vendor display areas, such as Apple, Samsung, Miele, Perenio Smart Home zone, and many others. At the end of 2018, areas approximately

11,800 vendor zones and demo-stands had been set up by vendors in the M.Video network. The costs of these vendor displays are co-financed by suppliers.

In 2019, M.Video launched a pilot navigation system in its stores based on augmented reality (AR) technology. Store visitors can use the M.Go app on their smartphones to quickly navigate large stores and be directed to the desired store zone. In the future, functionality will be expanded to include a button with a function to call sales staff to the zone where a customer needs help. Gamified marketing activities and personalised communications will also be introduced.

M.Video flagship store – a technology testing area

M.Video's flagship store at the Belaya Dacha shopping centre in Moscow region, with annual turnover of approximately RUB 3 billion, features a sales area measuring 4,800 m² and the company's largest product grid. The store's unique format was designed by the British agency Frazer. The Group uses the store as a testing area for innovative projects. In 2018, the store launched experience-zones where customers can try out new high-tech products, pick up online orders using a chat bot and experience a number of other new developments. As part of the store's gaming ecosystem zone, a gaming museum was installed, which showcases retro game consoles and accessories from Sony, Microsoft and Nintendo.

>30,000
SKUs

~11,800
vendor zones
and demo-stands
had been set up
in the M.Video
network

~ RUB 3 billion
annual turnover
of M.Video's
flagship store

See p. 71

M.Video store zones

m_mobile	Digital products and accessories: smartphones and tablets, laptops, etc. The m_mobile zone has its own sales consultants and separate check-out area
Photo- & Videocamera	Photography and video products, including advanced SLR cameras. A photo expert works in the zone
M.Game	Products for gamers and anyone interested in video games. This zone includes both gaming consoles and computer-based video games
Kitchen	Kitchen appliances. This zone includes coffee products promising a good start and continuation of the day
Health & Beauty	Personal care products, divided by male and female products
Other zones	Computer equipment, televisions, built-in appliances, kitchen appliances (kitchen appliances and small appliances), home care equipment (kitchen appliances and small appliances), climate control equipment, Audio / Video / Car audio

Space for gamers

Starting in late 2017, M.Game zones have been opening at M.Video stores under the store-within-a-store format. M.Game zones feature game consoles, VR headsets, accessories and 4K monitors that can be tried out and used for eSports tournaments. M.Game features several thousand products for games, and people are welcome to try out the latest offerings right in a store. Moreover,

there is a wide range of digital content available: in-game currency, digital codes, subscriptions, add-ons and much else. The centre of the M.Game zones features dedicated check-out registers and customer service stations.

In 2018, several dozen new M.Game zones opened in more than 10 Russian cities. The concept has strengthened the company's leading position on the market for gaming equipment, which is one of the fastest growing segments in the home appliance and electronics market.

ELDORADO STORES

In 2018, the Eldorado network underwent a rebranding as part of the company's new business strategy and market positioning, updating the logo, advertising concept, and store design. The renewed brand's core principles are simplicity, convenience and proximity to customers.

A focus on plainness and minimalism in line with global trends became the basis of the Eldorado store design concept. Retail space is divided into two parts: traditional household appliances (the zone is structured as a warehouse showroom) and the entry zone, conceived as an open display of smartphones and tablets. The rebranding provides for the creation of customer service centres in all stores, which combine the sales and service functions in a single place, including online order pickup and customer lending.

Store zones correspond to key product categories: mobile devices, entertainment, photo and video, home office, home theatre and audio, kitchen appliances, home, care and health & beauty. As part of the strategy to increase the share of digital product sales, digital zones are being

created in all Eldorado stores. In 2018, such zones were opened in 130 stores, and in 2019, another 90 stores will feature digital zones.

At the end of 2018, more than 3,500 vendor dedicated areas had been installed in Eldorado stores.

Typically, Eldorado stores are located in Class B shopping centres. A key factor in choosing a store's location is its accessibility for mass-market consumers. At the same time, as part of the Group's two-brand strategy, a number of Eldorado stores are located in Class A shopping centres near M.Video stores. In these locations, Eldorado is successfully attracting buyers who are focused on the affordable price segment and standard set of services.

In 2019, Eldorado plans to open stores in two main formats:

- stores with an area measuring 1,000-1,200 m² where space not dedicated to sales is reduced and the range of products offered in the retail zone is increased;
- Eldorado 600 stores.

130

digital zones were opened in Eldorado stores in 2018

>3,500

vendor dedicated areas had been installed in Eldorado stores at the end of 2018





Eldorado 600 format

In 2018, the Eldorado network was expanded to include the new Eldorado 600 format, where stores have an average sales area of just over 600 square metres. These are small shops within walking distance and are mostly located outside shopping centres. The stores' product range, which starts at 2,000 items, primarily includes household appliances and electronics models that have proven to be popular in Eldorado stores.

M_MOBILE STORES

In 2018, M.Video launched stores in a unique format for the Russian market – m_mobile (previously, the concept had been used successfully for selected zones in the M.Video network). m_mobile stores, measuring 200 square metres, offer only digital products: a wide range of more than 200 smartphone models, smartwatches, laptops, tablets, smart home gadgets, as well as gaming devices and accessories.

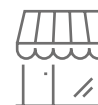
The m_mobile format is aimed at consumers interested in high-tech gadgets and a high level of service. All products are in open display, and any device can be held and tested (e.g., listening to music with headphones, measuring quality of a smartphone camera, etc). At the same time, customers can receive

Eldorado stores will be found either in cities or towns with populations of 50,000 or more. The introduction of this format will expand the company's presence in priority regions, which will reduce the cost of opening stores. In 2018, the Group opened 16 Eldorado 600 stores, and in 2019, plans call for the number of such stores to increase to 25–30.

personalised expert advice on digital devices and mobile communications. Visitors have access to rate plans from any of Russia's four mobile service providers.

m_mobile stores offer services from the M.Credit loan broker, and stores also work as pickup points for small equipment, with customers having the ability to order smartphones, laptops small devices and accessories at mvideo.ru and collect them at the nearest m_mobile store.

New m_mobile stores are found in high-end locations with high traffic. The first store in this format was opened in Moscow on the first floor of the Afimall City shopping and entertainment centre.



In 2018 the Group opened

16

Eldorado 600 stores

A product grid of more than

2,000

SKUs on Eldorado 600 store shelves

ONLINE SHOPPING – A PRIMARY BUSINESS DRIVER

A key element of the Group's business model is the mvideo.ru and eldorado.ru platforms. The Group aims to offer the widest range of products and services online across Russia without any obstacles for customers.

In 2014, M.Video, one of Russia's first retailers, began a transition to a full omni-channel model, harmonising the product range, pricing and services in the retail network and online. In 2018, Eldorado began transitioning to an omni-channel model. The company began major upgrades to its website, including an improved navigation system, shopping carts, product banners, a means for taking advantage of promotions, etc. (more than 130 upgrades in total).

Today, e-commerce is the fastest growing part of our business. Over the last 5 years, the average rate of growth for M.Video's online sales has been 40.8%, and the share of online sales in the Group's net turnover grew from 5.5% in 2013 to 18.3% in 2018.

At the end of 2018, the M.Video–Eldorado Group became the second largest retailer on the Russian market by volume of online sales and the largest publicly traded e-commerce operator in Russia.

See 'Group overview', p. 2-13

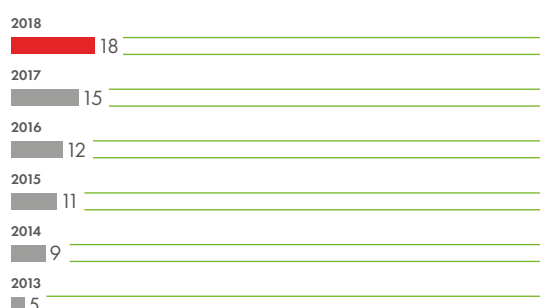
WEBSITES – A KEY SALES TOOL

The Group's websites are universally accessible and convenient sales tool for customers and one of the primary channels for communicating with them. According to the Yandex.Radar rating, mvideo.ru is Russia's largest home appliance website, and eldorado.ru ranks third (during the busy season of November-December 2018, it ranked second).

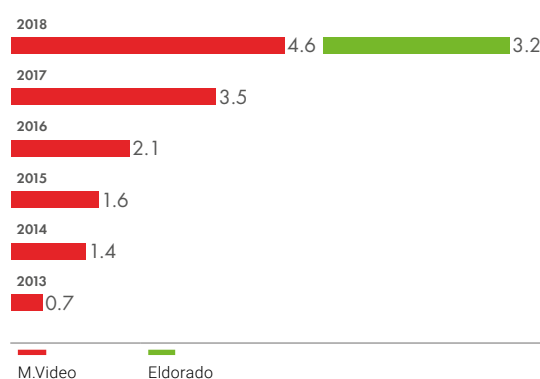
At the end of 2018, the number of visits to the Group's websites was 612.6 million¹, having increased by 18.2% over 2017. The number of purchases on the sites exceeded 7.8 million for the year.

¹ Pro forma result for mvideo.ru and eldorado.ru websites. Source: M.Video–Eldorado Group.

Share of online sales in the Group's net turnover², %

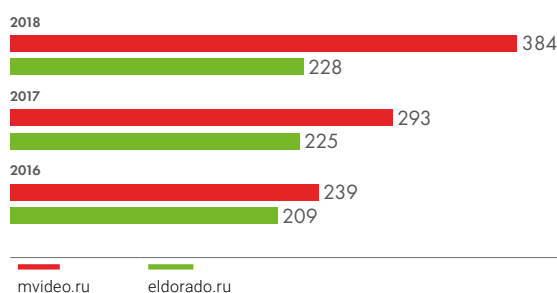


Number of online purchases in the Group², million transactions



² Before 2018, the figure includes only M.Video results.

Number of visits to Group websites³, million



³ Eldorado and the eldorado.ru website became part of the Group in 2018.

The websites' functionality is constantly expanding. Along with standard purchase and sale functions, including through promotions, the websites feature a smart search system, sections with personalised offers, and a personal account that gives customers full access to M.Video and Eldorado loyalty programmes. The personal account also gives users access to their bonus cards and the ability to make transactions using bonus points.

As part of its transition to the omni-channel business model, in January 2019, Eldorado significantly increased the functionality of the eldorado.ru website. Among the key innovations were a smart search function, increased page loading speed by a factor of 1.5, an improved interface, faster ordering, etc. In the first several weeks that the updated website was live, the purchase conversion rate increased by 10%, and the bounce rate decreased by 5%. Buyers also began viewing more products, with the average duration of sessions increasing by 7%. The mobile version was also optimised, since approximately 55% of sessions on eldorado.ru take place using smartphones and tablets.

The Group is developing web portals as a source of useful and interesting information on consumer electronics, technology and market innovation. One of the website's most popular services is a tool that can be used to compare the characteristics various similar equipment product. The site regularly publishes customer reviews of electronics, including those left by visitors to the site. Users are also given an opportunity to leave feedback and give public ratings for certain products.

CUSTOMER PICKUP – SYNERGY BETWEEN ONLINE PLATFORMS AND RETAIL STORES

Our extensive retail network of nearly 1,000 stores in Russia is significantly expanding our customers' opportunities to pick up online orders in store. When picking up a product in the store, customers can try out their new devices, choose required accessories or content, and consult with store managers. Given the favourable location of the Group's stores and new services, customer pickup remains the most popular way to receive purchases. By the end of 2018, its share of online sales was 74.4%. The high popularity of customer pickup gives the company the ability to effectively control logistics costs, as well as increase traffic and conversion in stores by generating additional sales.

The Group is constantly improving its online order process. In 2018, M.Video offered customers the opportunity to track the entire journey of an online purchase in their personal account on the website; it also improved its self-pickup service with the help of machine learning and a chat bot programme.

See p. 71 

Purchase conversion rate increases

by **10%**
in the first several weeks that the updated website was live

The share of customer pickup in the Group's online sales achieve

74.4%

Share of customer pickup in the Group's online sales¹, %



¹ Pro forma indicator of mvideo.ru and eldorado.ru performance. Source: M.Video–Eldorado Group.

ONE RETAIL CONCEPT – RETAIL OF THE FUTURE

In 2018, the Group set for itself the challenge of achieving a new level of digital interaction with customers based on the ONE RETAIL concept. ONE RETAIL is a single retail space that provides a seamless customer experience both online and offline, as well as a fully personalised service based on the latest digital technologies. Transition to the ONE RETAIL model will strengthen the Group's leadership in a market environment where trade will almost completely turn into a mobile communication format and traditional stores will expand customers' contact with sellers, operating as centres of consumer experience based on the principles of the experience economy.

Regarding the consumer experience, the key tasks under the ONE RETAIL concept are:

- Single space – creation of a unified retail environment without division into online and offline channels;
- Single audience – work with customers as one audience at four points of contact (store, website, mobile app, and the m_RTD system);
- Personalisation – providing individual service based on data analysis and machine learning.

Achieving these objectives requires the timely implementation of integrated technological solutions that enrich the customer experience at all points of interaction with the Group. The Group's full transition to the ONE RETAIL model is planned to occur before the end of 2022.



Enrique Fernandez, M.Video-Eldorado
Group Chief Executive Officer



Given the trajectory of market and technology development, it is not enough to simply be a good online player, and it is not enough to be the best omni-channel example in the market. The Group's next step is the ONE RETAIL strategy. We intend to reach a new level of digitalisation of our business and customer experience, introduce digital technologies in all of the company's business processes, and achieve maximum personalisation in our relations with customers. This is a path that no one has taken before. The Group is ready to accept this challenge, which will open up new opportunities for development and demonstrate our leadership character time and again.

Service personalisation: from the sales staff tablet to the mobile app



Since 2017, M.Video has been developing a unique m_RTD platform. m_RTD allows store sales staff to use tablets and smartphones with special software integrated with the Group's ERP systems; this helps them to advise customers with a higher level of personalisation.

Using an m_RTD tablet, a sales staff member can quickly select the equipment and accessories that are most suitable for the customer, compare M.Video prices in real-time with those of key competitors, offer the best price, update customers on their bonus point balance, and make the best offer that takes into account all current promotions and discounts. If a customer needs more time to think about a purchase, a seller can add the selected items to an online shopping cart and send the customer a link to the shopping cart by email. This functionality enables a significant increase in the probability of purchase: about 13% of customers who receive a link to the online shopping cart return to complete the payment.

At the end of 2018, all M.Video stores were connected to the m_RTD platform and all newly opened stores are immediately connected to the platform.

Last year, the Group decided to develop M.Video and Eldorado mobile apps taking into account the peculiarities of each brand's value proposition. At the end of the year, M.Video launched a beta version of the app, in which users can access online shopping, a product catalogue with a search function, information about new products, promotions, a map with locations of stores in their city, as well as access to a personal account with information about bonus points. The full version of the app is scheduled to launch in 2019.

Service personalisation on the basis of machine learning



Transition to the ONE RETAIL model involves a deep understanding of customers' needs and the effective use of data in all aspects of their contact with the Group – from finding and selecting a product to payment, delivery, and participation in loyalty programmes. This approach is possible only through the effective use of data analysis, machine learning algorithms and computer vision.

The Group has been actively developing in the area of Data Science over the past two years. In 2018, the Group created the Digital Retail Data Science Centre.

See 'Innovation and Information Technologies', p. 85



Advances in targeted marketing and optimisation of customer experience on the Group's websites are the key objectives being addressed by the centre. A number of developments in this area are now allowing us to increase service personalisation. The Group analyses customer behaviour both online and offline, including customers' purchase history and use of bonus points and other discounts, product views, abandoned shopping carts, and responses to marketing communications, SMS and emails.

The number of M.Video site visitors using search increased by

25%

Smart search



Smart search algorithms analyse all data on purchases and other visitor actions on the mvideo.ru and eldorado.ru websites and use them to provide the most appropriate sample of products. Customers also receive information about promotions that are likely to be of interest to them. If products are not available or delivery will take a considerable amount of time, the websites will offer alternative products with better delivery times. Customers also receive recommendations on the right accessories. When users leave a site without making a purchase, the system can continue interacting with them through targeted mailings, offering alternative products and informing them of price reductions or the availability of previously unavailable products. Smart search solutions have led to the number of M.Video site visitors using search increasing by 25%, and the conversion of search sessions into purchases has increased by 15%.

Customer pickup using chat bot



In 2018, M.Video launched a service whereby customers could pick up online orders in stores that used machine learning and a bot programme. At the store entry, buyers are met by a terminal in which they only need to indicate the order number received by SMS. Using the chat bot, the terminal sends a notification of the customer's arrival to a smartphone, and the first available sales staff member takes the order. Since the product has already been set aside, the store sales staff only needs to pick up accessories that are also recommended by the bot. The process of receiving a product at the store entry area where the terminal is located to exiting the store takes less than 7 minutes. In the future, the company expects to speed up the pickup process to 5 minutes. As of the end of 2018, more than 180 M.Video stores were operating under this new scheme. In the future, M.Video plans to enhance personalisation of the pickup process through closer integration with the m_RTD system. As a result, store sales staff will immediately be able to see customers' history and the discounts and bonuses available to them.



Purchases made on credit

Customers are demonstrating considerable demand for opportunities to purchase consumer electronics on credit. One of the Group's competitive advantages is its consumer lending platform, which is unique on the Russian market. This platform allows customers to buy goods on credit both in the Group's stores and through the mvideo.ru and eldorado.ru websites.

The broker platform deployed across the M.Video and Eldorado networks provides customers with access to the lending programmes of partner banks. After choosing a product at a store, customers can contact representative of the broker platform and submit a loan application, which will be sent for consideration to partner banks.

Online lending is available through the Group's websites for products with a total value in the range of RUB 3,000-250,000. After placing goods in their online shopping cart, customers can fill out a form directly on the site and send an application to several banks. Review of applications takes less than 3 minutes, after which customers may receive several loan offers and choose the one that is most attractive to them. In the case of a loan through the website, loan documents are delivered to customers by the bank's courier, and the purchased goods are delivered by the store's courier. Customers can also receive products and sign documents in the store.

This service is significantly increasing the level of loan approvals. Approval on the broker platform exceeds 80% compared to 64% in cases where representatives of partner banks work only in stores. Additionally, the platform saves customers time and increases the likelihood of loans being issued by increasing the number of banks that process a single application simultaneously.

At the end of 2018, the number of partner banks taking part in the broker platform reached 11, including 5 banks that operate in the online lending service.

In 2018, the online lending platform was successfully deployed on the Eldorado network.



>2 million
Group customers
purchased goods on credit in 2018.

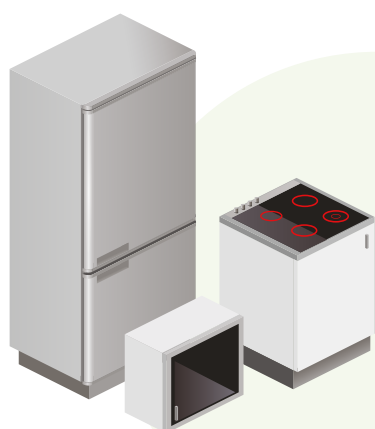
19.8%
the share of sales made using loans out
of total Group sales at the end of 2018

+0.5 pp
y-o-y

Product range

The combined product range of the M.Video–Eldorado Group exceeds 30,000 items. The M.Video and Eldorado product lines are built on the basis of each of the brands' value proposition and in general consist of closely related

product ranges. The M.Video product line is oriented towards the mid-range and upper price segments, which also includes premium class products. Eldorado's product line is focused on the mid-range and mass market price segments, with products being relatively less profitable.



Kitchen appliances

M.Video

ЭЛЬДОРАДО.RU

M.VideoEldorado

22.1 %
share of revenue

30.3 %
share of revenue

24.9 %
share of revenue

7.7 thousand
number of SKUs

8.6 thousand
number of SKUs

13.6 thousand
number of SKUs

>200
brands

>250
brands

>300
brands

The Group's product grids are formed on the basis of market analysis, demand trends, and price monitoring on the primary product categories. Results of the analysis are combined with the retail network's cluster structure based on regional economic and geographic factors. This combination results in a final product grid for each store. The commercial manager is responsible for developing the product grid for each category of products.

An infinite product shelf

Since 2016, M.Video has been developing a vendor catalogue service Vendor Catalog, which involves sales of products stored in suppliers' warehouses. Using a sales team member's m_RTD tablet in the store or on the mvideo.ru website, customers can order products that are in stock at the warehouse of an accredited Group supplier. The service therefore



Home care Health & beauty

M.Video

ЭЛЬДОРАДО.RU

M.VideoEldorado



allows for a significant expansion of the available product range (i.e., 'an infinite product line') without increasing logistics costs. At the end of 2018, sales on the Vendor Catalog platform exceeded RUB 2 billion, it's a 2.8 times increase over 2017.

Sales through vendor catalogue, RUB million



Home theatre and audio

M.Video

ЭЛЬДОРАДО.RU

M.VideoEldorado

19.0%

share of revenue

20.9%

share of revenue

19.6%

share of revenue

3.3 thousand

number of SKUs

1.9 thousand

number of SKUs

4.3 thousand

number of SKUs

>200

brands

>150

brands

>220

brands

Loyalty programmes and customer satisfaction

Loyalty programmes

M.Video and Eldorado aim to ensure long-term customer loyalty both through long-term programmes and investments in attractive short-term offers.

M.Video's main loyalty programme is M.Bonus, an effective shopping programme that helps customers make more advantageous purchases by returning part of the purchase amount to the bonus card and has uniform rules for reward accumulation. For each order in a retail store or on the mvideo.ru website, approximately 3% of the paid amount is credited to a customer's bonus



Mobile devices



ЭЛЬДОРАДО.RU

M.VideoEldorado



6 thousand
number of SKUs

4.1 thousand
number of SKUs

8.3 thousand
number of SKUs

>200
brands

<200
brands

>200
brands

account after all discounts are applied. Customers can use accumulated bonus earnings to pay for future purchases. One bonus rouble equals one rouble.

At the end of 2018, there were a total of 24 million M.Bonus cardholders, an increase of 12% over the previous year. About 80% of active bonus

cardholders made between one and three purchases during the year, with the average purchase amount exceeding RUB 10,000, which is 9% more than a year earlier. The most popular products purchased using the M.Bonus card in 2018 were smartphones, televisions, refrigerators, washing machines as well as built-in equipment and computer equipment.



M.Video

ЭЛЬДОРАДО.RU

M.VideoEldorado

11.0%
share of revenue

7.9%
share of revenue

10.0%
share of revenue

4.5 thousand
number of SKUs

3.5 thousand
number of SKUs

6.5 thousand
number of SKUs

>200
brands

<200
brands

>200
brands

As a result of the m_RTD project's implementation, customers can register for the loyalty programme while they are in the store. Statistics show that mobile consultation attracts 30% more new loyalty programme users.

For more information about m_RTD project see section 'Service personalisation: from the sales staff tablet to the mobile app', p. 70

Eldorado's bonus programme operates using a similar mechanism. Members of the club are awarded from 3% to 25% of the value of every purchased product or service as bonus points on their bonus accounts. Bonus points can be used to pay up to 50% of the cost of a new purchase in stores or on the eldorado.ru website. At the end of 2018, the number of programme users exceeded 30 million, having increased by 10% over the previous year. The average purchase of a regular customer at Eldorado at the end of 2018 totalled about RUB 9,000, active bonus club members make more than two purchases per year.



Entertainment photo & video

M.Video

ЭЛЬДОРАДО.RU

M.VideoEldorado

5.0%
share of revenue

2.4%
share of revenue

4.2%
share of revenue

5.7 thousand
number of SKUs

1.9 thousand
number of SKUs

6.4 thousand
number of SKUs

>170
brands

>130
brands

>200
brands

Customer satisfaction

Both M.Video and Eldorado are constantly working to improve customer satisfaction and measure relevant performance. The main customer satisfaction indicator used by the Group is the NPS index, which is the willingness of customers to recommend a place to purchase home appliances and electronics.

A marketing study conducted by Impacto between January and December 2018 showed that M.Video's NPS reached 76%, an increase of 3 percentage points

year-on-year. At the same time, M.Video maintains a high degree of customer satisfaction in all store operating parameters, ranging from 83% for "Ability to buy the latest product models" to 98% in "Overall satisfaction with sales staff" and "Speed of service at the M. Service zone".

The NPS for Eldorado is also high at 59%. Eldorado demonstrates high satisfaction in most parameters, the best of which are "Speed of service in the product pickup zone" (97%), "Speed of service in the service zone" (96%), and "Overall satisfaction with sales staff" (96%).

SUPPLY SYSTEM AND SUPPLIER RELATIONS

ONE OF THE GROUP'S KEY BUSINESS PRIORITIES IS TO BUILD A LONG-TERM STRATEGIC PARTNERSHIP AND MUTUALLY BENEFICIAL RELATIONS WITH SUPPLIERS IN ORDER TO MAINTAIN THE STABILITY OF ITS BUSINESS AND SUSTAINABLE MARKET DEVELOPMENT.

Oleg Muraviev, Commercial Director of M.Video–Eldorado Group said: "It's important for us to see suppliers as partners focused on long-term relationships and development. The quality of our offer for customers depends on the kind of relationship we build with our counterparties. Therefore, we strive for mutually beneficial cooperation that both the Group and all its suppliers can benefit from."

In 2018, during the merger of M.Video and Eldorado, the Group centralised the commercial function of both retail chains. Both Group brands enjoy the advantages of combined commercial purchases, and suppliers have the opportunity to work with a larger player that is able to position their product in all market segments and for all audiences, to provide full geographic coverage in the Russian market. For many manufacturers, M.Video–Eldorado Group is the main channel of entry into the Russian market, since it can ensure the availability of goods for consumers throughout Russia, while also offering advice, service and after-sales support, as well as marketing tools. Thus, the M.Video network has become one of the first major retailers of Russian equipment made by Bork and products produced by the Chinese company Haier, having become a reliable long-term partner for the young brands.

The Group's regular suppliers number about 300 companies. Its largest vendors include global leaders in the household appliances and consumer electronics sector, such as Samsung, Apple, LG, Sony, Huawei, Bosch and others. About 75% of the Group's commercial purchases take place through direct contracts with manufacturers, and the Group buys part of its product range through distributors. As of the end of 2018, the 10 largest suppliers accounted for about 63% of commercial purchases.

The Commercial Division is constantly identifying promising new trademarks and products that could be of interest to Russian consumers and putting the Group in a profitable position in the market. For example, M.Video was the first nationwide retail chain to launch sales in the new fashion category of smart watches, and it is developing the categories of electric vehicles, drones and gadgets for smart homes.

Together with suppliers, the Group carries out dozens of promotions and projects every day. Joint projects are an important element in the development of the ecosystem approach to retail, in which the Group, in addition to its range of products, offers its clients a chance to take part in promotions and events, additional