

Russian Electronics Giant M.video Faces Slowdown as Panic Buying Subsides

By [The Moscow Times](#)

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Russia's biggest consumer electronics retailer M.video is facing a lackluster start to 2015 after an unprecedented buying spree in December that was spurred by the collapse of the ruble.

Thousands of people flocked to stores last month, during the ruble's sharpest fall of the year, to buy up durable goods such as home appliances and cars to protect their savings before retailers hiked prices. The ruble fell 40 percent in 2014.

M.video said Friday its sales jumped 52 percent in the fourth quarter while in December alone, when the currency repeatedly plunged to all-time lows, they soared 73 percent.

"These are fantastic results but the demand seen in December makes me expect very poor results in the first quarter," said Maria Kolbina, analyst at VTB Capital.

"I have a feeling that people stocked up home appliances for at least a year and a half ahead.

Obviously it will be followed by a fall in sales and like-for-like sales will be deeply negative," said Kolbina.

In a statement on fourth quarter sales, M.video gave no outlook for 2015.

"Clearly some consumers who had planned to buy electronics in 2015, did it in December because of the ruble devaluation," said Denis Davydov, M.video's investor relations director, adding that it was too early to estimate the impact on first-quarter sales.

M.video said fourth-quarter sales rose to around 83 billion rubles [\$1.3 billion] from 54 billion a year ago, driven by a 43 percent jump in like-for-like sales.

The company said it increased prices by 10-15 percent at the end of last month and did not rule out further increases during the first quarter, depending on the moves in the ruble rate.

In November, M.video CEO Alexander Tynkovan said he expected 2015 net profit to be flat or only slightly higher than in 2014 because of the weakening of the ruble and consumer behavior.

VTB's Kolbina said high inflation and a stagnation of Russians' disposable incomes suggested a lack of demand for non-essential goods this year while food will make up a growing part of household budgets.

Sberbank Investment Research said this week that, based on its survey, households were now digging into savings to finance current consumption and that "gloomy expectations" would discourage consumers from making big purchases in 2015.

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