



Ukrainian electronics retail sector

Oleg MASHKOV,

Chairman of the Board of Directors of MKS,

Open JSC EKVIN (parent company to MKS)

Overview of JSC EKVIN

Company strategy

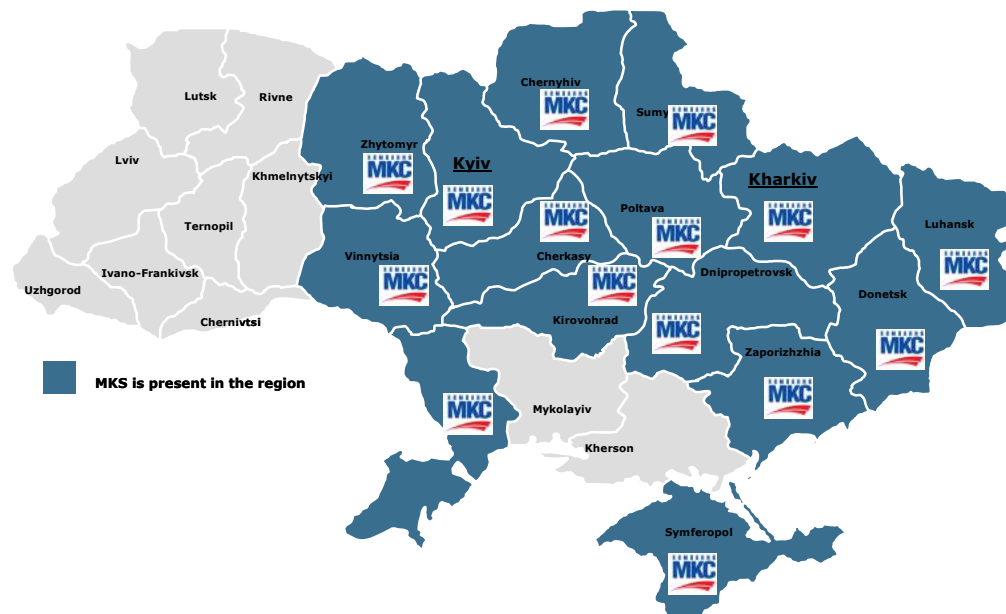
Financial results

Presentation Summary

MKS is Ukraine's largest consumer electronics chain

- Open JSC Ekvin owns 100% of consumer electronics chain MKS
- MKS is Ukraine's leading CE retailer and #1 retailer in the IT product sector
- 65 stores in 29 cities of Ukraine reach of 55% of Ukraine's population (29 mln people)
- MKS outlets are located in the most developed Eastern and Central Ukrainian markets
- Diversification into corporate sector (23% of 2007 sales)

MKS in Ukraine's regions



Multi-format strategy

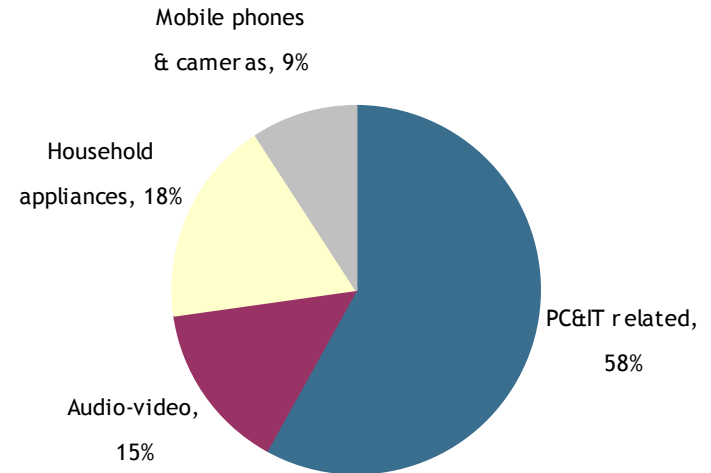
- MKS is present in all retail formats:
 - Electronics hypermarkets, trade area of over 1500 sq.m (7 outlets)
 - Sales: \$4,863 per sq.m ('07)
 - CE Supermarkets, trade area of 400 up to 1100 sq.m (18 outlets)
 - Sales: \$5879 per sq.m
 - Supermarkets, trade area of 300-500 sq.m (16 outlets)
 - Sales: \$9057 per sq.m
 - PC shops, trade area of 100-300 sq.m (28 outlets)
 - Sales: \$11680 per sq.m



Our competitive advantages help us sustain leadership on the market

- Well-devised trade and branded product portfolio
- Ca. 58% is ensured by PC&IT-related products which enjoy faster replacement cycle and as a result, underpin company's growth: growth in 2007 at 74% y-o-y
- Stronger diversification into corporate sector: the share of corporate sales increased to 23% in 2007 from 13% in 2006
- MKS branded PCs accounted for about 24% of MKS retail sales. MKS operates its own PC assembly line and produced 60,117 PCs, out of which 24,151 PCs were sold through corporate sales department
- Service is MKS's key differentiation factor
- Quality management system ISO 9001

Retail revenue breakdown of MKS



Source: Company data, 2007

MKS customer centric model pays off



**#1 CHOICE of the YEAR: RETAIL CHAIN
in the Consumer Electronics sector (based on
customer polls)**

by International Competition - Choice of the Year 2006

**#1 New Technology Retailer in 2007:
among 13 CE retailers in Ukraine (according to
Innovators Guard - 2007 ranking)**



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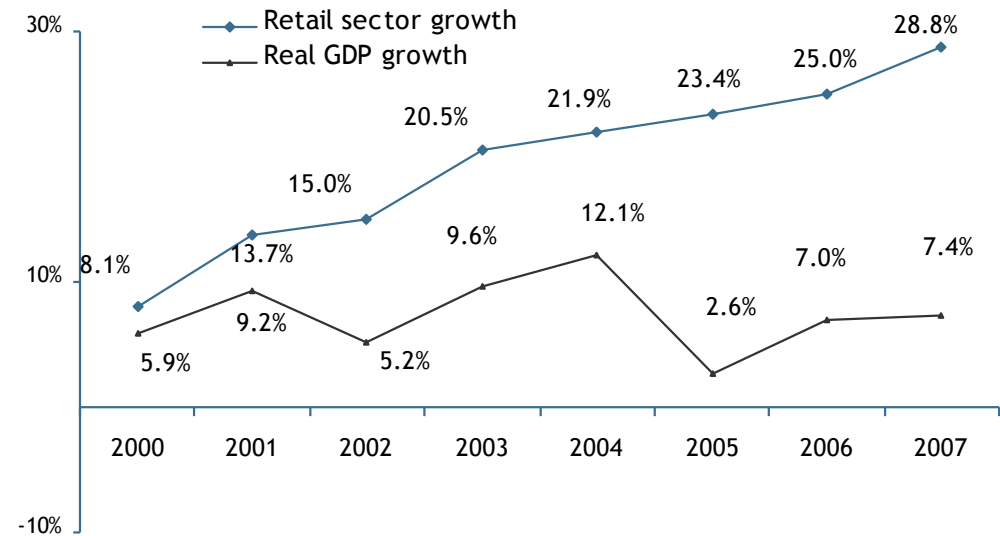
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Favorable macroeconomic conditions for retail sector growth

- We've put a new strategy in place to better respond to accelerating sector growth and greater market appeal:
 - ✓ Low sector penetration: PC penetration in Ukraine at 10%
 - ✓ Strong forecasted growth of real disposable income at CAGR of 16-17% in 2008-2010
 - ✓ Attractive growth of consumer banking at 70% p.a. in 2008-2009
 - ✓ Favorable macro environment: forecasted GDP growth at 5% p.a. in 2008-2010

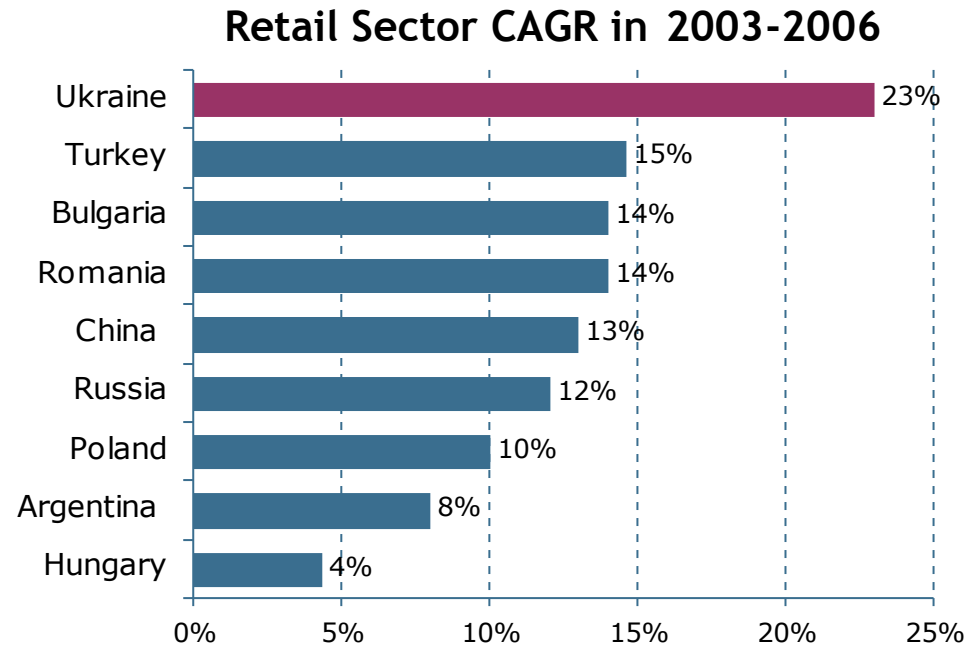
Ukraine: Retail sector dynamics



Source: State Statistics Committee of Ukraine, Concorde Capital forecast

Ukraine is the most dynamic retail market in Europe

- Retail sector CAGR in Ukraine: 23% (2003-2006)- by far the fastest in CEE
- Retail sector growth in 2007: 28.8% in real terms, January 2008 growth of 27.1% y-o-y. Forecasted CAGR at 23% in 2008-2010
- Retail market volume (organized trade) in 2007: USD 63 bln

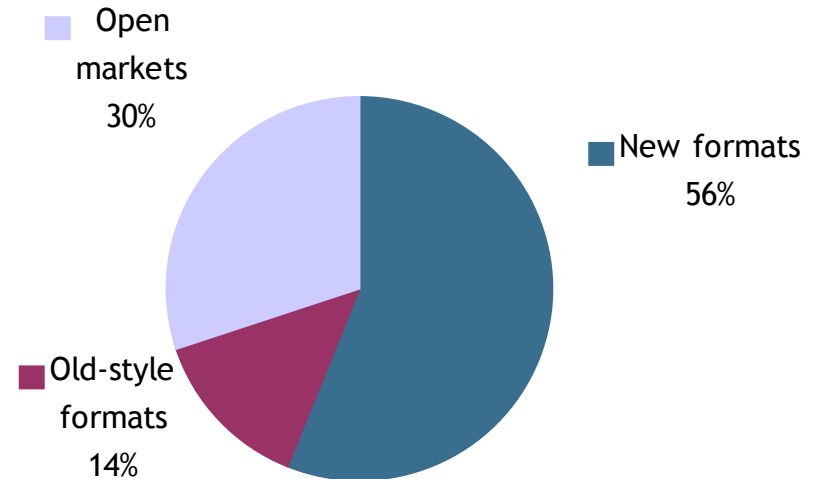


Source: Bloomberg, National statistics committees

Huge potential for Ukrainian retail sector

- Comparatively low share of new trade formats
- Potential for trade space penetration :
 - Paris - 400 sq.m per 1000 capita
 - Warsaw - 340 sq.m
 - Prague - 200 sq. m
 - Kyiv - 100 sq.m
- High potential as retail sales per capita index is quite low in Ukraine :
 - Poland - \$ 3560
 - Czech Republic - \$ 3010
 - Ukraine - \$ 1372

Retail sector sales by trade format



Source: Company data

Key focuses of our strategy

- 2008 program encompasses:
 - To increase the number of stores to 90 at YE2008 to help ensure 33% growth in the retail segment
 - Further focus on the efficiency, increasing gross margin from 14% in 2007 to 15% in 2008, net income margin from 1.3% in 2007 to 1.8% in 2008
 - The enhancement in profitability is expected to come from well-balanced product mix, review each store's SG&A, less expensive financing and increase in share of high marginal corporate segment in MKS's overall sales

Business highlights for 2008

	2007	chg. Yoy	2008	chg. Yoy
Sales	177	54%	248	40%
<i>Retail</i>	124	26%	165	33%
<i>Corporate</i>	39	160%	59	50%
EBITDA	9.1	276%	12.4	36%
<i>% of sales</i>	5.10%	-	5.00%	-
# stores, eop	65	30%	90	38%
Trading area, sq. M	25,091	34%	35,000	39%
PC assembling, ths units	60	67%	75	25%

Source: Company data

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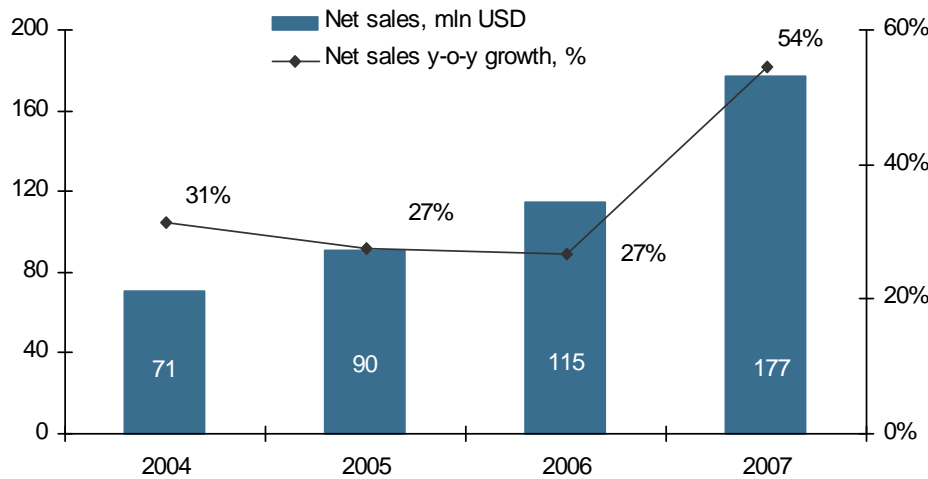
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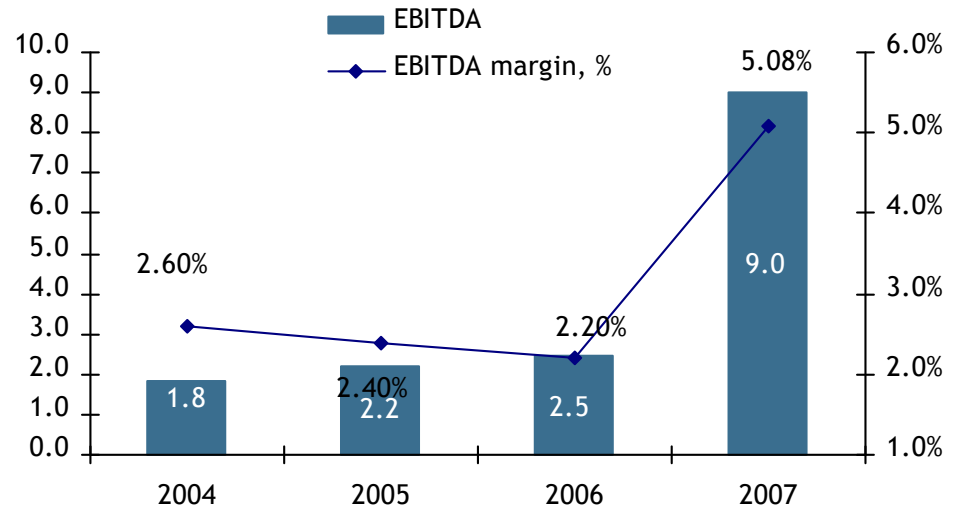
Financial Performance

Net sales, USD mln



Source: Company data

EBITDA, USD mln



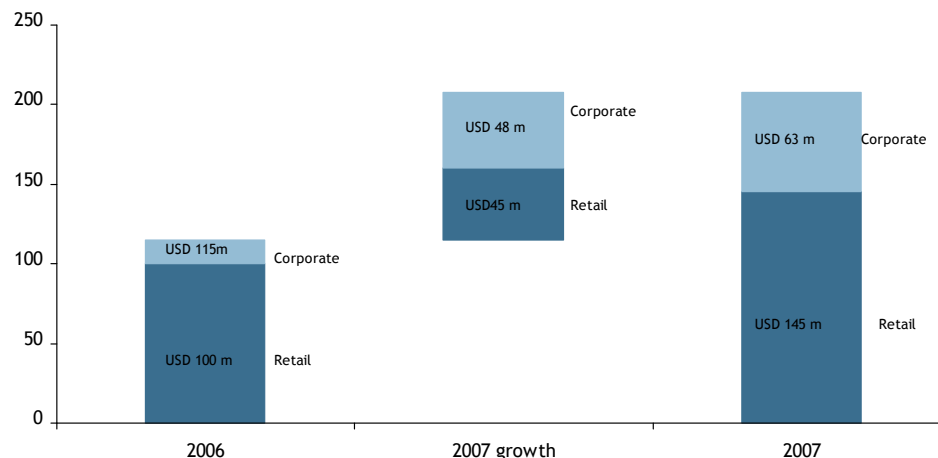
Source: Company data

- Net sales grew at 54% in 2007
- Selective product mix, selective market presence, stringent control of SG&A
- Debt refinancing at a lower interest rate

2007 Operating and Financial Improvements

- Diversification into corporate segment: sales from this segment increased by 2.5 times and now accounts for 22% of the total sales
- Further development of retail: penetration into new markets: Sumy, Cherkassy, Kirovograd - really attractive markets
- Focus on profitability: currently we are traded by larger premium to Russian CE retailer M.Video, however, there is still significant premium by EV/Sales indicator
- Increase in assembly of PC by 1.5 times to 60,117

Company revenue, USD mln



Source: Company data

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What EKVIN offers:

- ✓ Opportunity to buy into the fastest growing CE sector in the Ukrainian economy
- ✓ Opportunity in the fastest retail growth market in Europe
- ✓ Opportunity to invest into the most dynamic PC -related segment of electronics retail where the growth surpasses 20% p.a.
- ✓ Investing in Ukraine's leading CE company MKS

OJSC «EKVIN»

(retail banner MKS)

PFTS Ticker: KVIN

Bloomberg Ticker: KVIN UZ

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