

ACRA AFFIRMS A(RU) TO LLC “MVM”, CHANGES OUTLOOK TO POSITIVE, AND AFFIRMS A(RU) TO THE BONDS OF LLC “MV FINANCE”

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The credit rating of LLC “MVM” (hereinafter, MVM, or the Company) is based on very strong support from PJSC “M.Video” (hereinafter, M.Video–Eldorado Group, the Group, Supporting Entity, or the SE; ACRA rating A(RU), outlook Positive), and the high dependence of MVM and the Supporting Entity on homogeneous risk factors. The Company’s credit rating outlook has been changed following the change to the credit rating outlook of M.Video–Eldorado Group.

MVM is the primary operating company and balance sheet asset holder of M.Video–Eldorado Group. Given the level of support to MVM from the Supporting Entity and the concentration of assets and cash flows of M.Video–Eldorado Group on MVM, ACRA believes that it is reasonable to apply only the [Methodology for Analyzing Rated Entities Associated with a State or a Group](#) in its rating analysis of the Company, without determining the Company’s standalone creditworthiness assessment (SCA).

KEY ASSESSMENT FACTORS

The very high level of support from M.Video–Eldorado Group is due to the very high scores for the following factors: propensity to provide support, negative impact of the Company’s default for M.Video–Eldorado Group, and the total legal and operational control over MVM. The SE’s share in MVM’s charter capital amounts to 68.94%. M.Video–Eldorado Group also has the right to indirectly manage the remaining 31.06% of the votes attributable to the shares constituting the charter capital of MVM due to the following cross ownership of shares: the Company owns 100% of the charter capital of LLC “BT HOLDING”, which in turn holds a 31.06% share in the charter capital of MVM. The Company is the key operating asset of M.Video–Eldorado Group, which is an evidence of complete operational integration and the Company’s strategic importance to the SE.

Supporting Entity’s credit rating. M.Video–Eldorado Group is the Company’s SE and a leading player in the Russian market of consumer electronics. As of December 31, 2023, the Group owned 1,242 stores. The credit rating of M.Video–Eldorado Group is based on its strong market positions and high business profile assessment. The credit rating of M.Video–Eldorado Group is based on the high assessment of the operational risk profile, large business size, high profitability, as well as strong liquidity and cash flow assessments. The Group’s credit rating is constrained by medium leverage and low coverage. The credit rating outlook is Positive in view of the Agency’s expectations of further recovery in the Company’s sales and profitability in 2024–2026, which may be reflected in improved assessments of leverage and coverage.

KEY ASSUMPTIONS

- M.Video–Eldorado Group maintaining corporate and operational control over the Company;
- MVM retaining its status as the main operating company and balance sheet holder of the property of M.Video–Eldorado Group.

POTENTIAL OUTLOOK OR RATING CHANGE FACTORS

The **Stable outlook** assumes that the rating will highly likely stay unchanged within the 12 to 18-month horizon.

A positive rating action may be prompted by:

- Upgrade of the credit rating of M.Video–Eldorado Group.

A negative rating action may be prompted by:

- Downgrade of the credit rating of M.Video–Eldorado Group;
- M.Video–Eldorado Group losing corporate or operational control over the Company;
- MVM losing its status as the main operating company of M.Video–Eldorado Group.

RATING COMPONENTS

SCA: none.

Support: on par with M.Video–Eldorado Group.

ISSUE RATINGS

Bonds of LLC “MV FINANCE”, series 001P-01 (RU000A103117); maturity date: April 18, 2024, issue volume: RUB 10 bln — **A(RU)**.

Bonds of LLC “MV FINANCE”, series 001P-02 (RU000A103HT3); maturity date: August 7, 2024, issue volume: RUB 9 bln — **A(RU)**.

Bonds of LLC “MV FINANCE”, series 001P-03 (RU000A104ZK2); maturity date: July 22, 2025, issue volume: RUB 5 bln — **A(RU)**.

Bonds of LLC “MV FINANCE”, series 001P-04 (RU000A106540); maturity date: April 17, 2026, issue volume: RUB 7 bln — **A(RU)**.

Credit rating rationale. LLC “MVM” acts as a guarantor for the bond issues of LLC “MV FINANCE”. The bonds are senior unsecured debt instruments of the Company. Due to the absence of either structural or contractual subordination of the issues, ACRA ranks them equal to other existing and future unsecured and unsubordinated debt obligations of the Company. According to ACRA’s calculations, the recovery rate for the senior unsecured debt belongs to category II; therefore, the bond issues are rated A(RU), i.e. on par with the Company.

REGULATORY DISCLOSURE

The credit ratings of LLC “MVM” and the bond issues (RU000A103117, RU000A103HT3, RU000A104ZK2, RU000A106540) of LLC “MV FINANCE” have been assigned under the national scale for the Russian Federation based on the [Methodology for Analyzing Rated Entities Associated with a State or a Group](#) and the [Key Concepts Used by the Analytical Credit Rating Agency within the Scope of Its Rating Activities](#). The [Methodology for Assigning Credit Ratings to Financial Instruments under the National Scale for the Russian Federation](#) was also applied to assign credit ratings to the above issues.

The credit rating of LLC “MVM” and the credit ratings of the bond issues (RU000A103117, RU000A103HT3, RU000A104ZK2, RU000A106540) of LLC “MV FINANCE” were published by ACRA for the first time on March 26, 2021, April 22, 2021, August 11, 2021, July 26, 2022, and April 21, 2023, respectively. The credit rating of LLC “MVM” and its outlook and the credit ratings of the bond issues (RU000A103117, RU000A103HT3, RU000A104ZK2, RU000A106540) of LLC “MV FINANCE” are expected to be revised within one year following the publication date of this press release.

The credit ratings were assigned based on data provided by LLC “MVM”, information from publicly available sources, and ACRA’s own databases. The credit ratings are solicited and LLC “MVM” participated in their assignment.

In assigning the credit ratings, ACRA used only information, the quality and reliability of which were, in ACRA’s opinion, appropriate and sufficient to apply the methodologies.

ACRA provided no additional services to LLC “MVM”. No conflicts of interest were discovered in the course of credit rating assignment.

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Analytical Credit Rating Agency (Joint-Stock Company), ACRA (JSC)
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