

CECONOMY



INVESTOR PRESENTATION

May 2020

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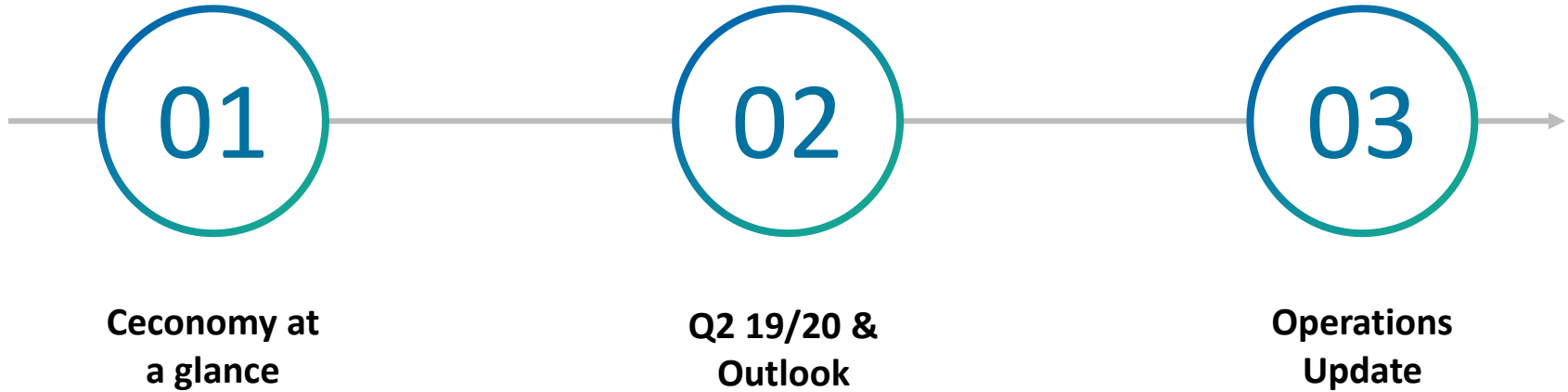
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Agenda

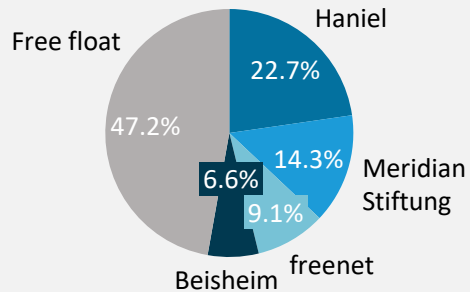


CECONOMY at a glance

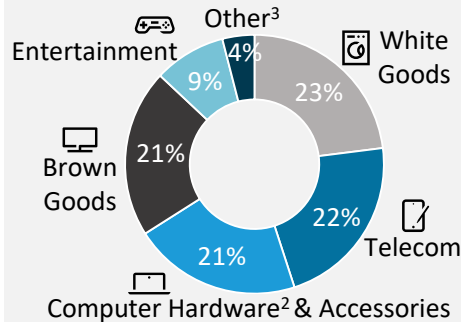
CECONOMY is Europe's largest Consumer Electronics platform

Shareholder structure

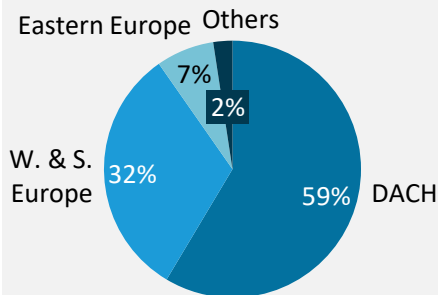
(based on ordinary shares¹)



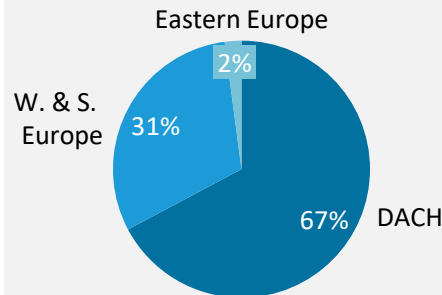
Product category breakdown



Sales per segment



EBIT per segment (excl. Others)



Highlights

- Europe's largest Consumer Electronics platform
- 21.5 €bn of sales, c. 402 €m EBIT in FY 18/19
- >2.9 €bn online sales and 1.5 €bn Services & Solutions sales in FY 18/19
- Leading position in 7 out of 13 countries
- 2 strong brands: MediaMarkt and Saturn
- Multi-channel 1,000+ store network
- Solid financial framework
- Minority investments in Fnac Darty (c. 24%) and M.video (c. 15%)

¹Calculated on the basis of the number of voting rights disclosed pursuant to section 40 para. 1 sentence 1 WpHG. ²Telecommunication devices such as iPads without SIM card included. ³Includes in essence Photo&Office equipment.

We have a strong set of assets and operate in an attractive market

CECONOMY

- Leading multi-channel player for Consumer Electronics
- Differentiated value proposition with Services & Solutions offering
- Large customer base
- Trusted brands
- Strong and reliable partner of suppliers

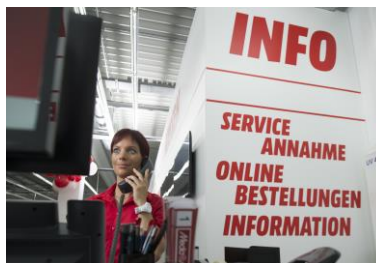


- Digital opens up new product categories
- Ageing population is increasingly seeking technical support
- Connectivity and product complexity drive rising demand for Services & Solutions

Our store network is an asset and integral part of our omni-channel and services strategy

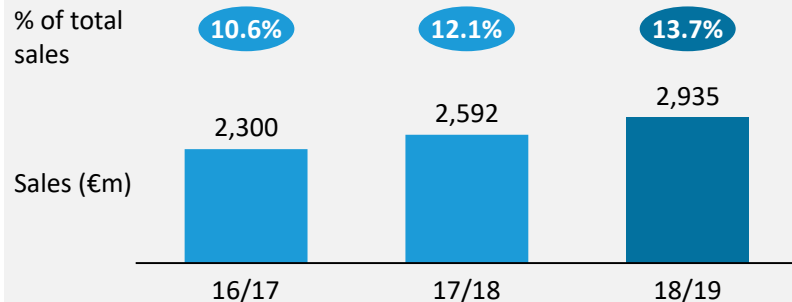
Advantages of CECONOMY's strong physical presence

- Offering customers **tangible product experiences**
- **Showroom** for exclusive and high-end products offering suppliers **visibility of brands**
- **Instant in-store repairs** of mobile devices
- Personal contact and **personalized customer service**
- **Delivery hubs & pick-up places/return points** for online orders

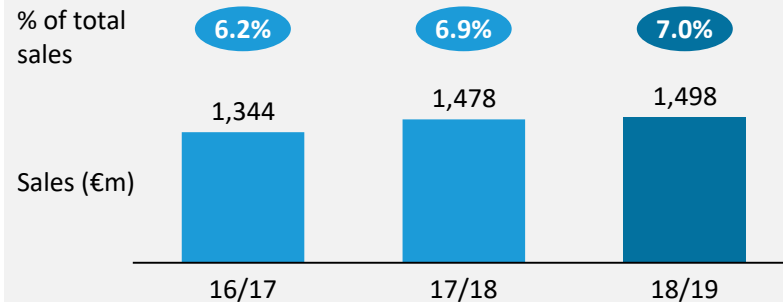


Ongoing progress in the Online and Services & Solutions business

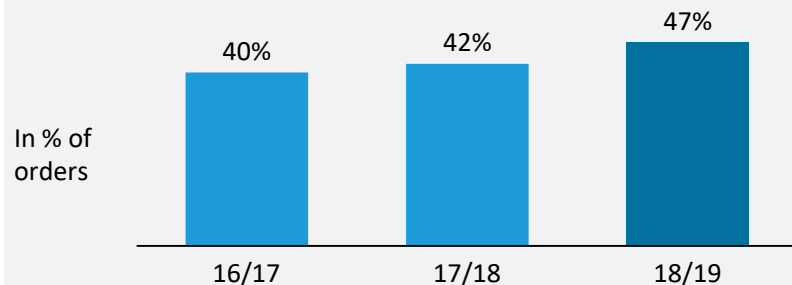
Strong Online business



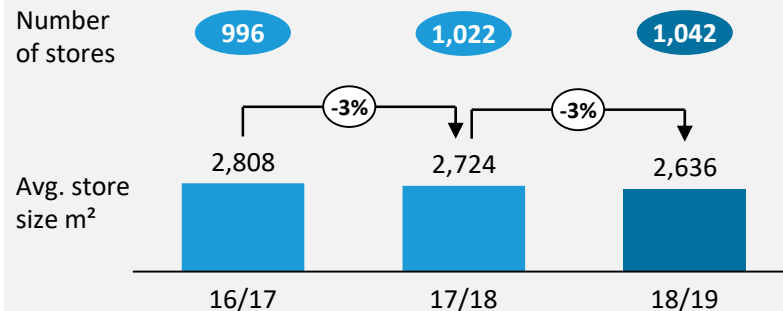
Increasing Services & Solutions business



Growing pick-up rate



Ongoing rightsizing of stores



Note: Business figures represent the continuing operations of CECONOMY, i.e. excl. the Russian MediaMarkt business.

Our full focus is on the execution of our four strategic initiatives



**DIGITAL
GROWTH**

ONGOING



**SERVICES &
SOLUTIONS**

ONGOING



**CATEGORY &
SUPPLY CHAIN
MANAGEMENT**

GRADUAL PROGRESS



**ORGANIZATION &
COST STRUCTURE**

SHORT TERM

We have accelerated our digital growth efforts



- **Consolidation** of six different webshop platforms to **one common IT platform**
- Significantly **improved webshop front-end** in Germany and **new app** with improved user interface
- **3rd largest webshop** in Germany, incl. MediaMarkt and Saturn



Ongoing improvements of our platforms enabling a better omni-channel customer journey



New webshop platform

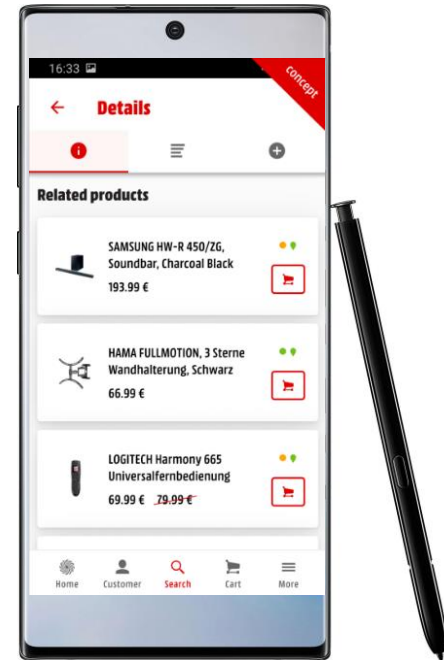
State of the art platform for faster responsiveness and improved customer experience; go-live in Germany in November '19 and roll-out in other countries to follow

Assisted selling

Digitizing our sales colleagues with a new app to improve processes, efficiency & customer satisfaction by **combination of store & online assortment**

Market place

Enabling us to **broaden our assortment, increase the number of online SKUs** and improve product availability; launch in Q4 19/20 (expand into more categories/services in 2021)





We have improved our Services & Solutions offering



Harmonized **service offering** at **SmartBars** across all stores



Increasing customer demand for **screen protection, ready-to-use** and **repairs**



Tendered, refined & rolled out **new insurances & warranties proposition** in Germany





Ongoing focus on achieving best-in-class attachment rates in all countries

Insurances & Warranties

Further ramp-up and roll-out of **standardized customer proposition** to strengthen customer relationships

SmartBars

Group-wide **full utilization of SmartBars potential** with harmonized offerings of three core services

Subscription models

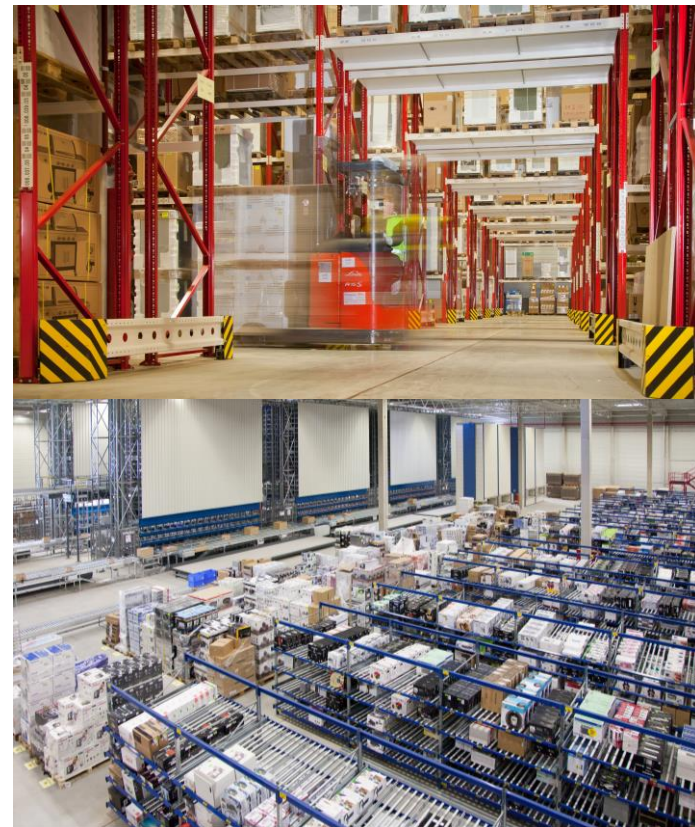
Drive **recurring revenue models** through own **billing platform** for e.g. security software





Progress on the centralization of our Category and Supply Chain Management is also steadily building

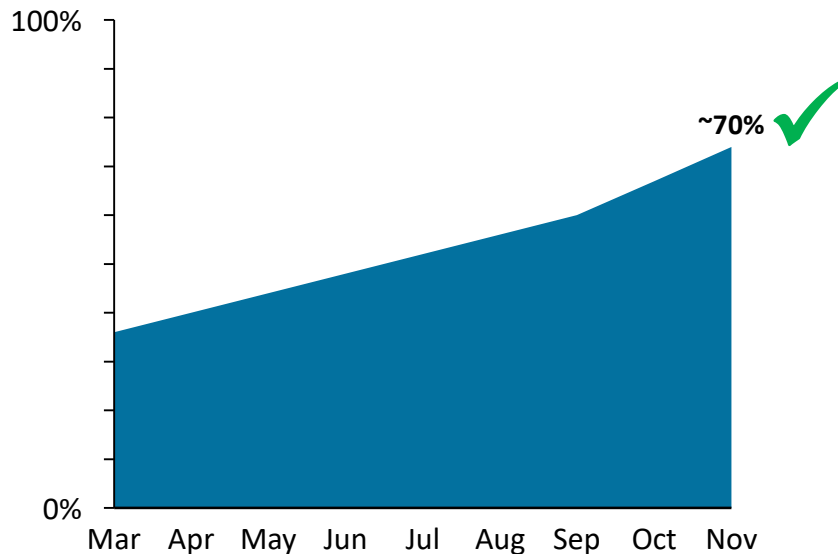
- Roll-out of **central pricing system** in Germany
- Go-live of **category management** pilot store including new systems in Spain
- Ramp-up of **central logistics platform** in Germany and in the Netherlands





Centralization of procurement volumes on track; pricing and category management with gradual progress

Ramp-up of central negotiated purchasing in 2019 in Germany
(in % of purchasing volume)



Current focus

- Ramp-up of **centrally negotiated procurement volume** in Germany, Spain, Italy and the Netherlands **on track**
- Better control of **margins** & reliable **price promises** across all channels through **pricing cockpit & simulator** in all key countries
- Implementation of state-of-the-art **IT-system** for **Forecasting & Replenishment** to improve **product availability**
- Implementation of **automated Digital Floor & Shelf-Planning** for creating store layouts based on **local customer preferences** to rationalize selling space

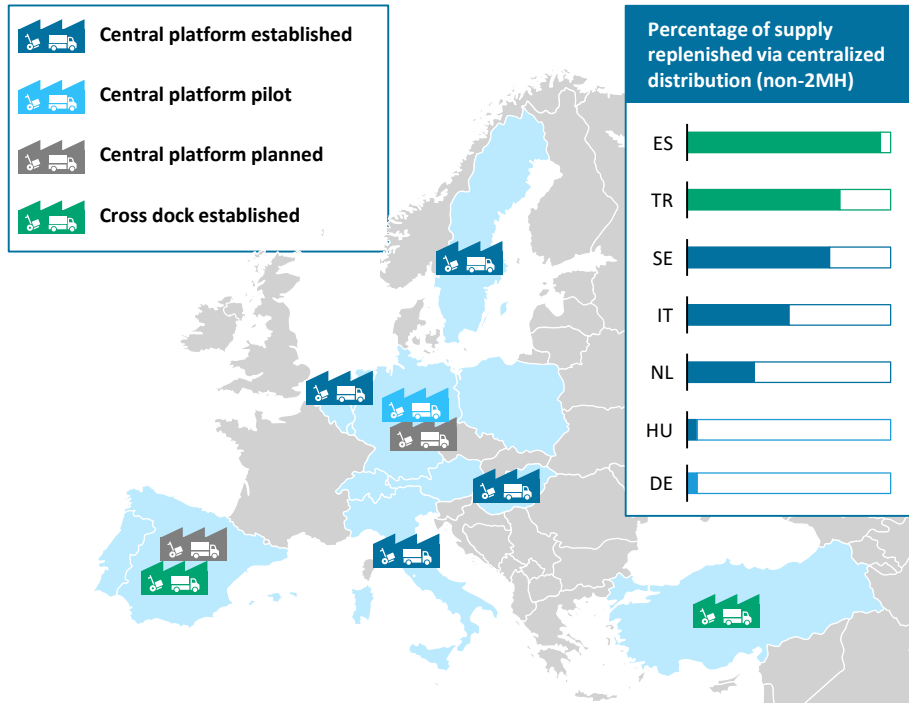
Logistics will build on centralization and national distribution centres



Transforming our supply chain into an omni-channel logistics network ...

... based on central platforms

- **Central platforms** in the Netherlands, Italy and Spain as well as pilot in Germany (Erfurt) already established
- **Central platform** for Germany (Göttingen) starts in autumn 2020
- **Omni-channel logistics operations** go-live for Benelux and Iberia in 2020



Organization & Cost Structure: We have launched a program to reduce complexity and costs, primarily in Germany

- **Completed staffing** of central management team
- **Streamlining** of organizations at CECONOMY and MediaMarktSaturn Holding and Germany
- **Portfolio solutions** for Juke, RMG, iBood, Greece

Reorganization & Efficiency Program		
Central Functions	Portfolio	
	Target	Status
Timeframe	6 – 18 months	
Run-rate savings	110 – 130 €m	
Total P&L expenses ¹	204 – 224 €m	c. 190 €m

¹Incl. 34 €m of expenses booked in Q1 18/19 related to top management changes and incl. non-cash accounting effects.

Why invest in CECONOMY?

#1

**CECONOMY IS THE
LEADER IN
MULTI-CHANNEL
AND SCALE**

#2

**CECONOMY HAS A
STRONG
FINANCIAL PROFILE**

#3

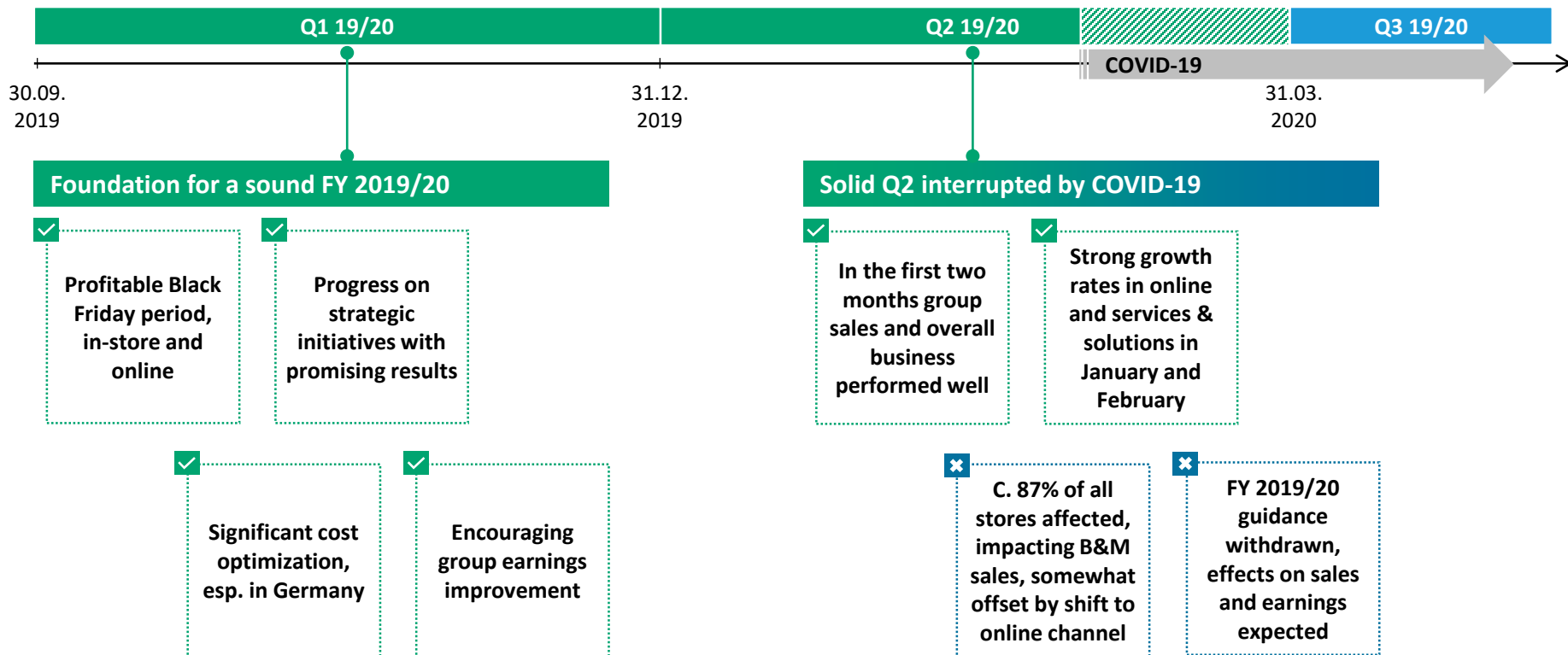
**CECONOMY HAS
THE POTENTIAL TO
INCREASE
MARGINS AND
FREE CASH FLOW
GENERATION**

#4

**CECONOMY HAS
THE POTENTIAL TO
LEAD THE RETAIL
CONSOLIDATION
AND
TRANSFORMATION
IN THE FUTURE**

Q2 19/20 & Outlook

After a solid start into FY 2019/20, the second quarter started off well, but was then impacted by the outbreak of COVID-19



CECONOMY's Q2 19/20 in a nutshell



Strong performance in January and February



Marked increase in pure online sales in March, supported by successful adaption of business model (shipment-from-store)



Successful, proactive crisis management incl. immediate initiation of short-term cost and liquidity mitigation measures



Sales performance and gross margin in March strongly impacted by COVID-19 related store closures



Lack of sales in combination with high operating leverage led to substantial bottom-line impact



Impairment of Fnac Darty stake

The negative impact of the COVID-19 pandemic is already evident in the Q2 financial figures



-6.6%

Sales change yoy
adjusted for fx-effects and
portfolio changes



-131 €m

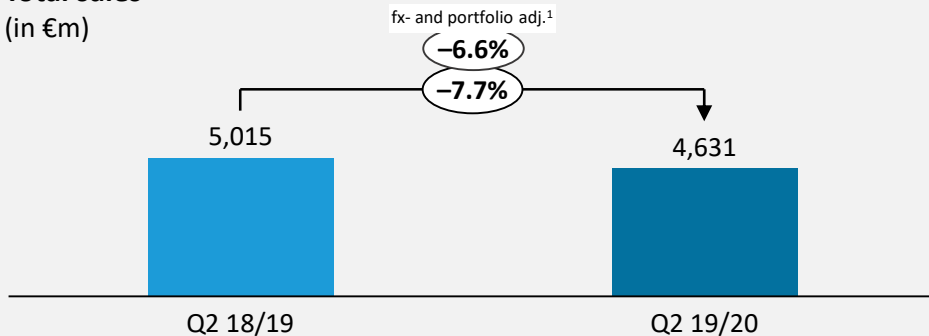
Adj. EBIT^{1,2}
excl. associates³
-157 €m vs. PY

Note: ¹Adjusted EBIT before non-recurring earnings effects in connection with the reorganization and efficiency program and portfolio changes. ²Incl. IFRS 16. ³Companies accounted for using the equity method.

Sales decline driven exclusively by COVID-19 related store closures

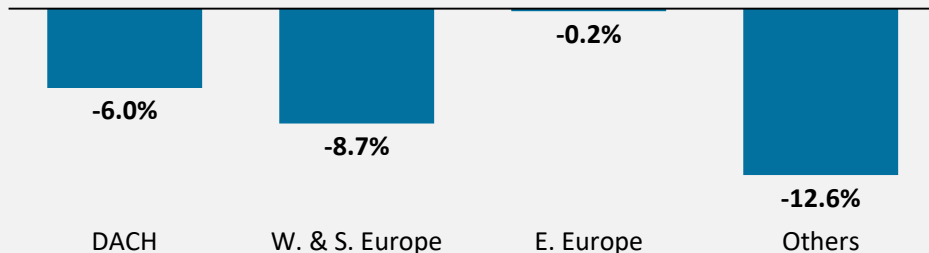
Q2

Total sales
(in €m)



Sales by segment

(fx- and portfolio adj.¹, yoy change)



¹Excluding Greek MediaMarkt business (portfolio adjustment).

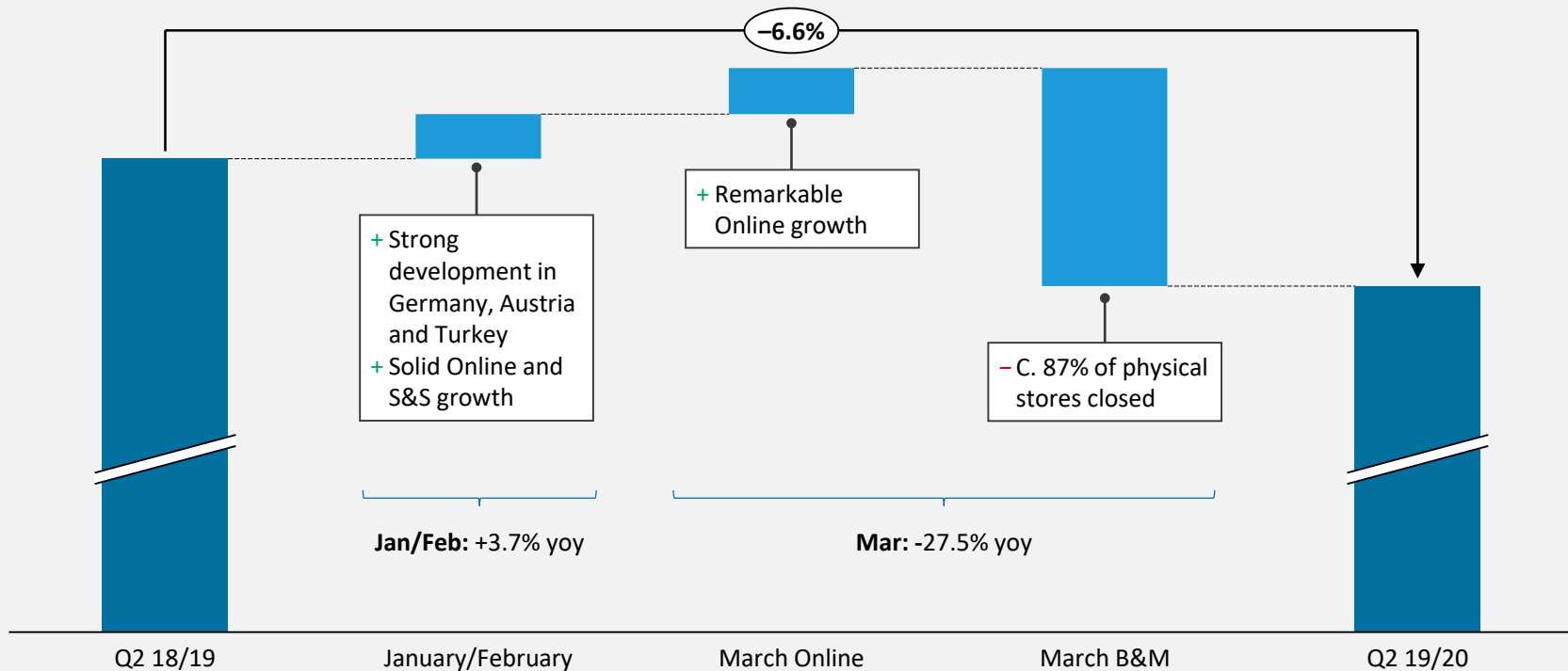
Q2 Highlights

- **Fx- and portfolio adjusted¹ sales excl. iBood at -6.3%**
- **DACH:** Germany, Austria and Switzerland impacted by store closures in March; Hungary continued to grow solidly
- **Western & Southern Europe:** Italy and Spain faced strong decline, largely driven by store closures; sales in the Netherlands on PY's level
- **Eastern Europe:** Turkey with solid double-digit growth despite store closures; Poland impacted by early store closures
- **Others:** Positive sales momentum in Sweden; segment decline due to disposal of iBood

Closure of c. 87% of our physical stores led to a drop in Group sales of around 28% in March

Q2

Sales development (fx- and portfolio adj.¹, yoy change)

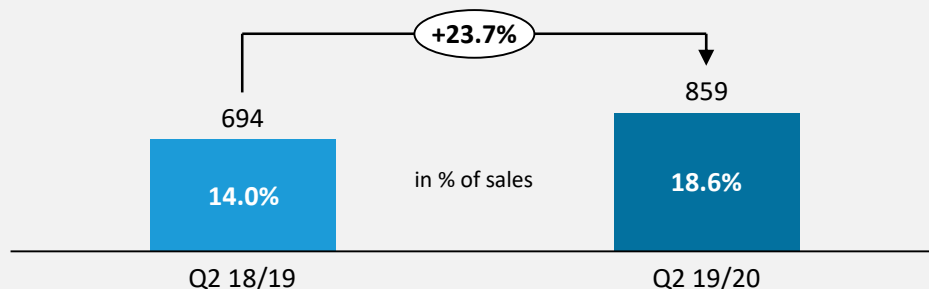


¹Excluding Greek MediaMarkt business (portfolio adjustment).

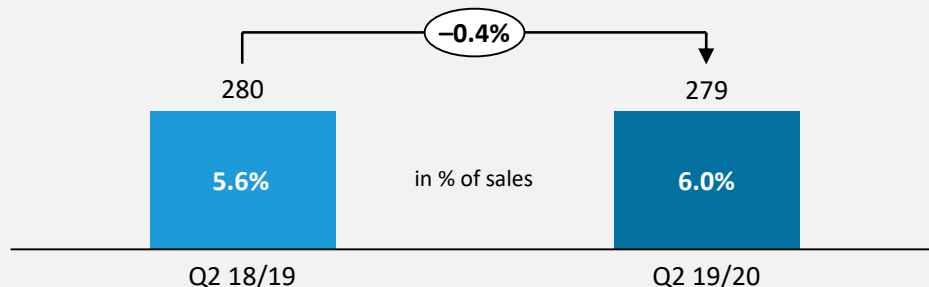
COVID-19-related channel shift in March led to strong growth in Online, while it was a headwind for Services & Solutions

Q2

Online sales¹
(in €m)



Services & Solutions sales¹
(in €m)



¹Excluding Greek MediaMarkt business (portfolio adjustment).

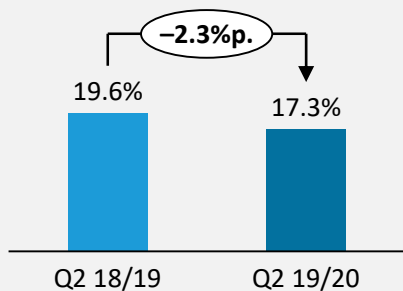
Q2 Highlights

- Online¹ growth +26.9% excl. iBood
- Doubling of pure online¹ sales in March (+98%) with further ramp-up in April (approx. +300%)
- Shipment from store facilitated to support online sales
- Pick-up option (only partly available to customers in March) at 34% vs. 47% in PY
- Services & Solutions sales on PY's level after double-digit increase in the first 2 months of Q2
- Strong demand for extended warranties and insurances, other categories below PY due to COVID-19 impact

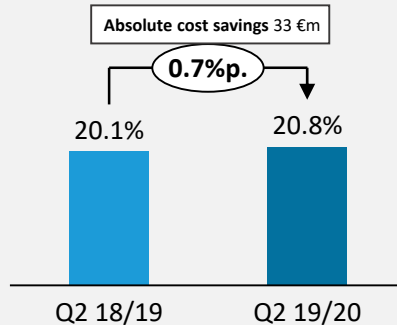
EBIT decline essentially attributable to negative sales and margin development in connection with COVID-19 store closures

Q2

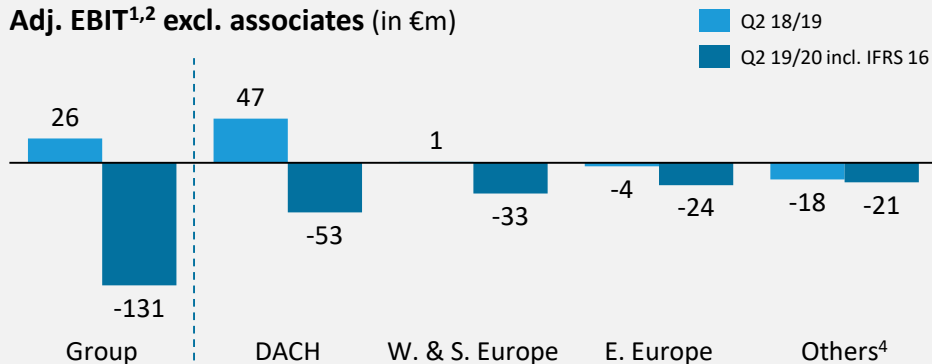
Gross margin^{1,2} (in % of sales)



OPEX^{1,2,3} (in % of sales)



Adj. EBIT^{1,2} excl. associates (in €m)



Q2 Highlights

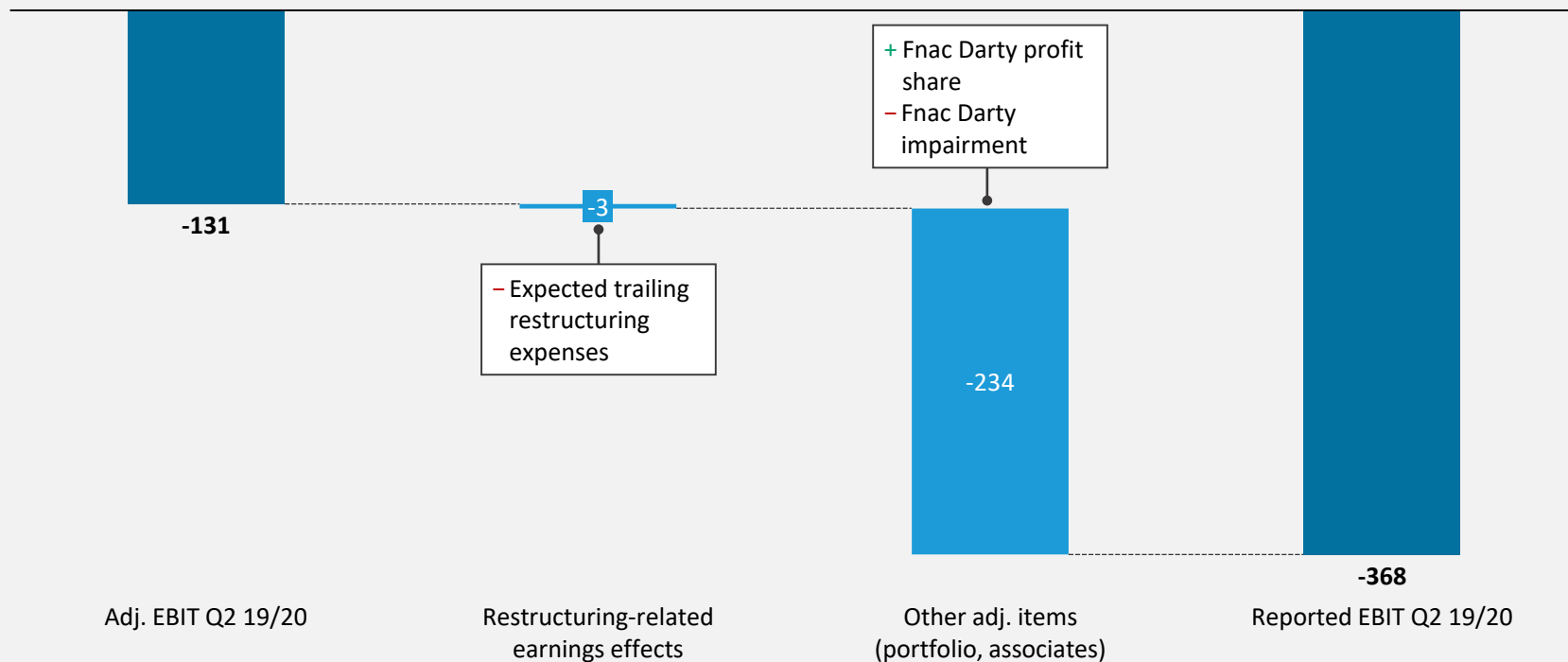
- **Positive trend development of the gross margin** in January/February; in March, **gross margin impacted** by channel and product mix, higher delivery costs and stock-related effects
- **Initial COVID-19 cost measures had a smaller positive impact**; full impact materializing in April
- **DACH / W. & S. Europe**: Sales- and margin-related decline in Germany, Spain and Italy due to store closures; also Netherlands below PY
- **Eastern Europe**: Poland with ongoing earnings weakness
- **Others**: Declining earnings in Sweden

¹Excl. non-recurring earnings effects in connection with the reorganization and efficiency program. ²Adjusted for portfolio changes. ³Sum of SG&A expenses and Other operating expenses. ⁴Incl. consolidation.

Reported EBIT additionally impacted by impairment of Fnac Darty stake

Q2

Adj. EBIT^{1,2} excl. associates to reported EBIT (in €m)



Note: EBIT incl. IFRS 16 effect. ¹Adjusted EBIT excl. associates and non-recurring earnings effects in connection with the reorganization and efficiency program announced on 29 April 2019. ²Adjusted for portfolio changes.

EPS impacted by lower operational earnings and Fnac Darty impairment

€m	Q2 2018/19	Q2 2019/20	Change
EBITDA	83	102	19
EBIT	19	-368	-387
Net financial result	14	-23	-37
Earnings before taxes	33	-391	-424
Income taxes	-13	82	95
Tax rate	40.3%	20.9%	-19.5%p.
Profit or loss for the period	20	-309	-329
Non-controlling interest	-5	-15	-10
Net result	25	-295	-320
EPS (in €)	0.07	-0.82	-0.89

Note: From continuing operations and based on reported figures; EBIT/DA in CY incl. IFRS 16 effect.

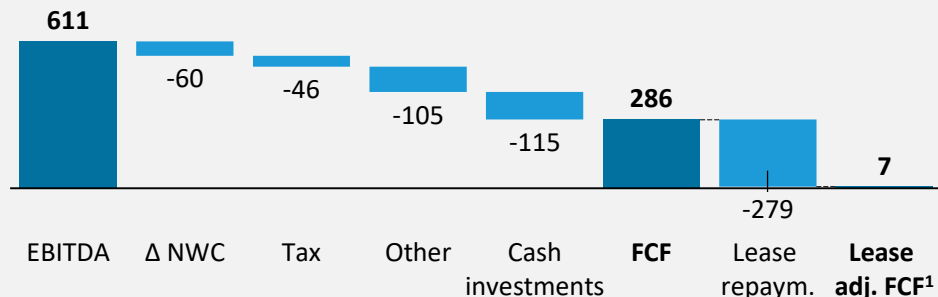
Q2 Highlights

- **Reported EBITDA** includes c. 143 €m IFRS 16 effect
- **Reported EBIT** includes c. 3 €m IFRS 16 effect and Fnac Darty impairment of 268 €m, partly offset by Fnac Darty profit share of 34 €m
- **Net financial result** in prior year included positive effects related to METRO stake still held at that time
- **Tax rate** in H1 at -36.6%; negative tax rate essentially due to Fnac Darty impairment
- **EPS** declined by -0.89 yoy

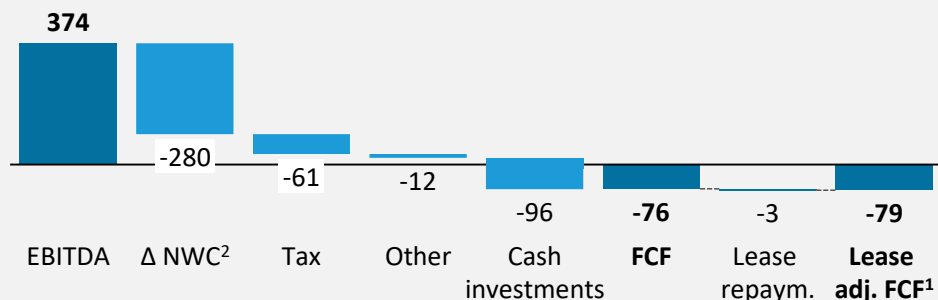
Adjusted Free Cash Flow above prior year due to lower NWC outflow

H1

2019/20: Free Cash Flow (in €m)



2018/19: Free Cash Flow (in €m)



¹Lease adjusted free cash flow subtracts the repayment of lease liabilities for better FCF comparability under IFRS 16. ²Prior-year adjustments due to changes in presentation and definition.

H1 Highlights

- **Adj. Free Cash Flow improved by 86 €m**
- **Change in NWC improved** due to higher increase in trade liabilities, driven by higher starting point as of 30 September 2018 and the temporary extension of payments in the context of COVID-19
- **Other OCF** at – 105 €m mainly impacted by reversal of non-cash effects related to Greek transaction and restructuring-related cash outflows
- **Increase in cash investments** mainly due to cash-effective investment into the joint venture in Greece; modernization and expansion investments below PY

In view of the developments in connection with COVID-19, the original outlook for FY 19/20 was withdrawn

“Knowns”

- Solid performance in 5M 19/20, **fully on track** to reach original FY guidance
- March performance essentially **impacted by Corona-induced store closings**
- Sales and margin in **April impacted by Corona-induced store closings**, yet **mitigating cost measures helped to slow down earnings shortfall**
- **Cost reduction** linked to Reorganization & Efficiency program **not at risk**

“Unknowns”

- **Further development of the coronavirus outbreak**
- **Pace of normalization** subsequent to stores reopening
- Extent of **economic recession**
- Possible long-term effects on **consumer behavior and trends**

New outlook for FY 19/20

- Coronavirus impact on the Company's business for the full year cannot be predicted with sufficient reliability at this time
- Adjusted for portfolio changes
- Excluding non-recurring earnings effects in connection with the reorganization and efficiency program announced on 29 April 2019

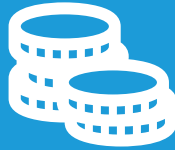
	FY 19/20 incl. IFRS 16	thereof IFRS 16 effect
Fx-adjusted sales	Below prior year	
EBIT (excl. associates)	Significantly below prior year	5 – 15 €m

Operations Update

CECONOMY has adopted a successful pro-active crisis management approach to mitigate COVID-19 impacts



Ensuring a safe environment for employees and customers



Implementing comprehensive cost and liquidity measures



Preparing for the reopening and a strong commercial comeback

We have managed to react to the crisis early and have taken bold immediate measures to protect our people and business

Starting point

- **We have managed to react to the crisis early**
 - Early indications from our suppliers/partners in Asia
 - Leverage of early insights from Italy (HQ in Milan)
 - Establishment of internal task force already in January

Bold immediate measures



Comprehensive measures to ensure health and safety of our employees and customers (in stores and HQs)



>30k employees in short-time work



Suspension of rental payments for closed stores



Reduction of investments (stores)



Extension of payment terms with suppliers



Suspension of brick & mortar marketing



Deferral of tax payments

We have implemented structural improvements to our business model during COVID-19 that will continue to bring benefits long-term

Structural improvements

to cope with immediate challenges from COVID-19 and to accelerate change

Costs



Flexibilization of our fixed costs
(e.g. rent, logistics costs)

Supply chain



Adaption of our supply chain
to tremendous omnichannel
growth (backbone, last mile)

Marketing



Strong shift towards digital
marketing and targeted
below-the-line communication

IT



Accelerated implementation of
“one inventory” and new
capability “ship from store”

We have successfully leveraged our omni-channel business model to keep sales momentum during the crisis

Online



- **Strong increase in pure online sales** in March (+98% yoy) **further accelerating** in April (approx. +300% yoy)
- High number of **new first-time buyers**
- New **“ship-from-store”** capability
- **High product availability** and **fast delivery** times through “pick-up” and “ship-from-store”



Stores



- **87% of stores were closed** at the end of March
- **Increasing re-openings since mid-April**, now 943 stores open (92%)
- **Full assortment and smartbars** available to our customers
- **Sales at re-opened stores normalize fast**, also driven by **release of pent-up demand**

We are now working to sustainably transform our business model for the post-COVID-19 era

Strengthen omni-channel proposition

- **Further strengthen online** (roll-out new webshop/app, increase online attachments)
- **Play-out omni-channel advantages** (e.g. delivery from store, smartbar services)
- **Improve operations based on advanced data analytics** (become smart retailer)

Continue rigorous cost management

- **Further improve our sales and service productivity**
- **Accelerate right-sizing of our store footprint**
- **Further flexibilization of overall cost base**

Tap into new income pools

- **Launch marketplace** in Q4 19/20 (expand into more categories/services in 2021)
- Introduce **advertising services** for suppliers (“transfer WKZ into the online world”)
- Monetize our **supply chain capabilities** (both towards customers and suppliers)

Looking ahead, we see challenges but also strong opportunities for us as the market leader for CE products in Europe

COVID-19 Crisis



Challenges

- **Store sales** are expected to catch up only gradually
- **Risk of 2nd COVID-19 wave**
- **The macro-economic situation will reduce consumer spend** for CE in 2020+, effects will vary by country

Opportunities

- **Opportunity to grab market share** in times of accelerating market consolidation
- **We will become even more relevant** for our suppliers and landlords
- **Online sales will remain elevated** in addition to recuperating store sales
- **Strong demand uptake in many categories** (e.g. home office, home entertainment, home schooling)

CECONOMY has increased its financial flexibility by safeguarding and expanding access to substantial back-up lines

1.7 €bn RCF

KFW
& banking consortium



Ensures **access to additional liquidity** in an unprecedented time



Sufficient back-up even for **potentially longer lock-down and a possible second wave**

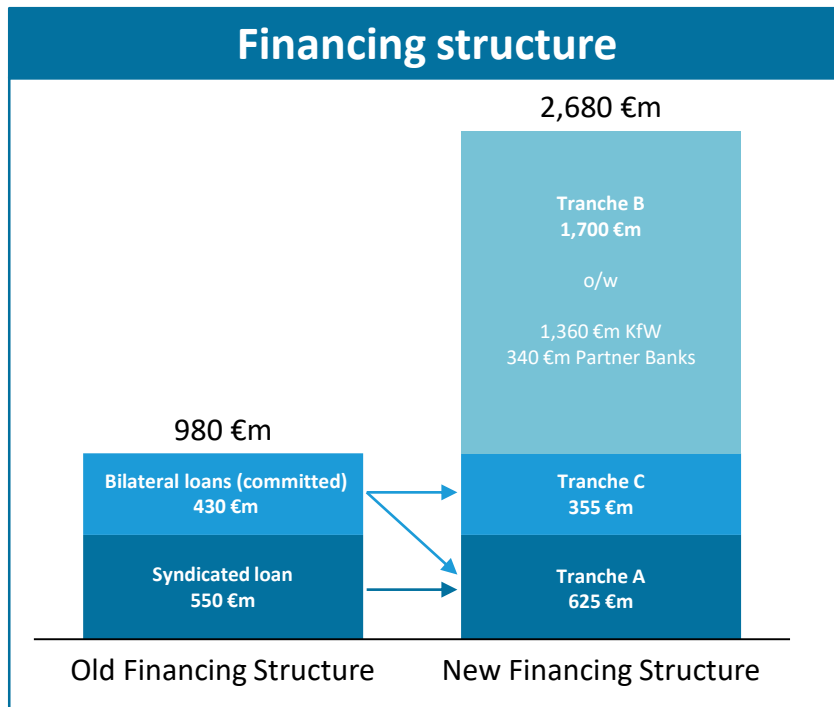


Mitigation of current COVID-19 impact



Underpins our continued prudent financial policy

New syndicated loan of 1,700 €m complements our existing credit lines



New syndicated loan **complements existing committed credit facilities** of 980 €m



Existing bilateral loans and syndicated loan will be rolled into Tranche A and C



One condition is that CECONOMY **suspends dividend payments** for the duration of Tranche B



Maturities:

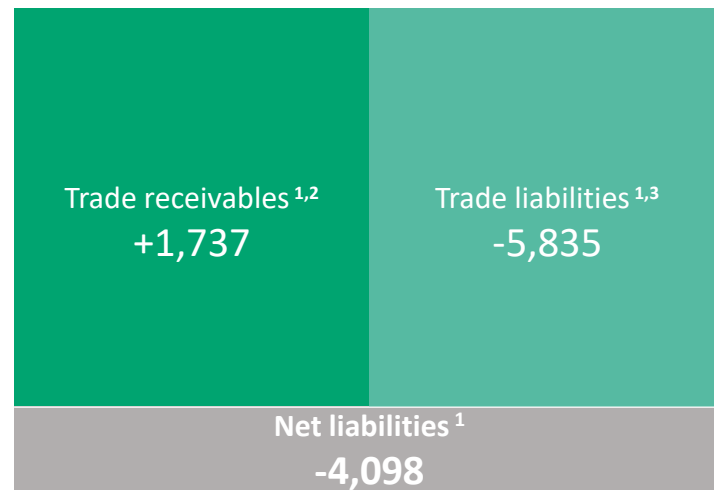
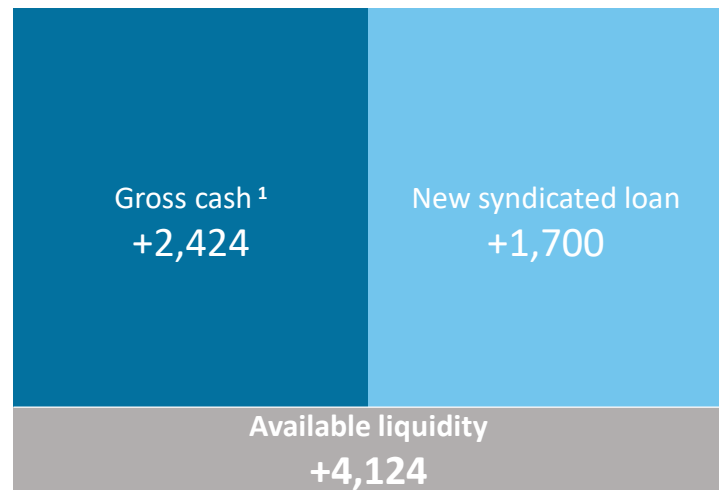
Tranche B
Tranche C
Tranche A

December 2021¹
June 2022²
January 2024

¹1-year extension option at KfW's discretion. ²Automatically extends by one year if tranche B is extended.

We have sufficient liquidity to cover all outstanding net liabilities even in a theoretical worst case scenario

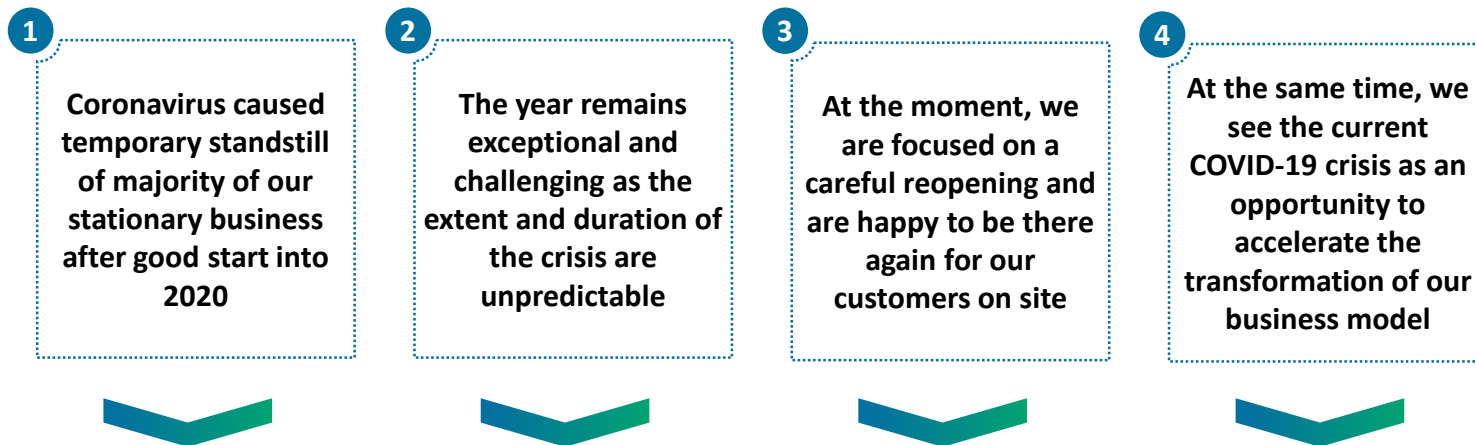
(in €m)



New syndicated loan provides significant leeway even for a theoretical full net working capital unwind

¹As of 31 March 2020. ²Trade receivables and similar claims as well as receivables due from suppliers. ³Trade liabilities and similar liabilities.

Key take-aways



Despite the current situation, we are confident about the attractive long-term prospects of this company

Back-up

Sales & number of stores by country

	Sales (€m)	
	FY 17/18	FY 18/19
Germany	10,340	10,472
Austria	1,161	1,150
Switzerland	569	578
Hungary	340	364
DACH	12,410	12,565
Belgium	701	697
Greece	186	193
Italy	2,096	2,157
Luxembourg	65	65
Netherlands	1,581	1,495
Portugal	146	151
Spain	2,002	2,050
Western/S. Europe	6,777	6,807
Poland	1,037	970
Turkey	651	596
Eastern Europe	1,689	1,567
Sweden	462	439
Others	542	516
CECONOMY	21,418	21,455

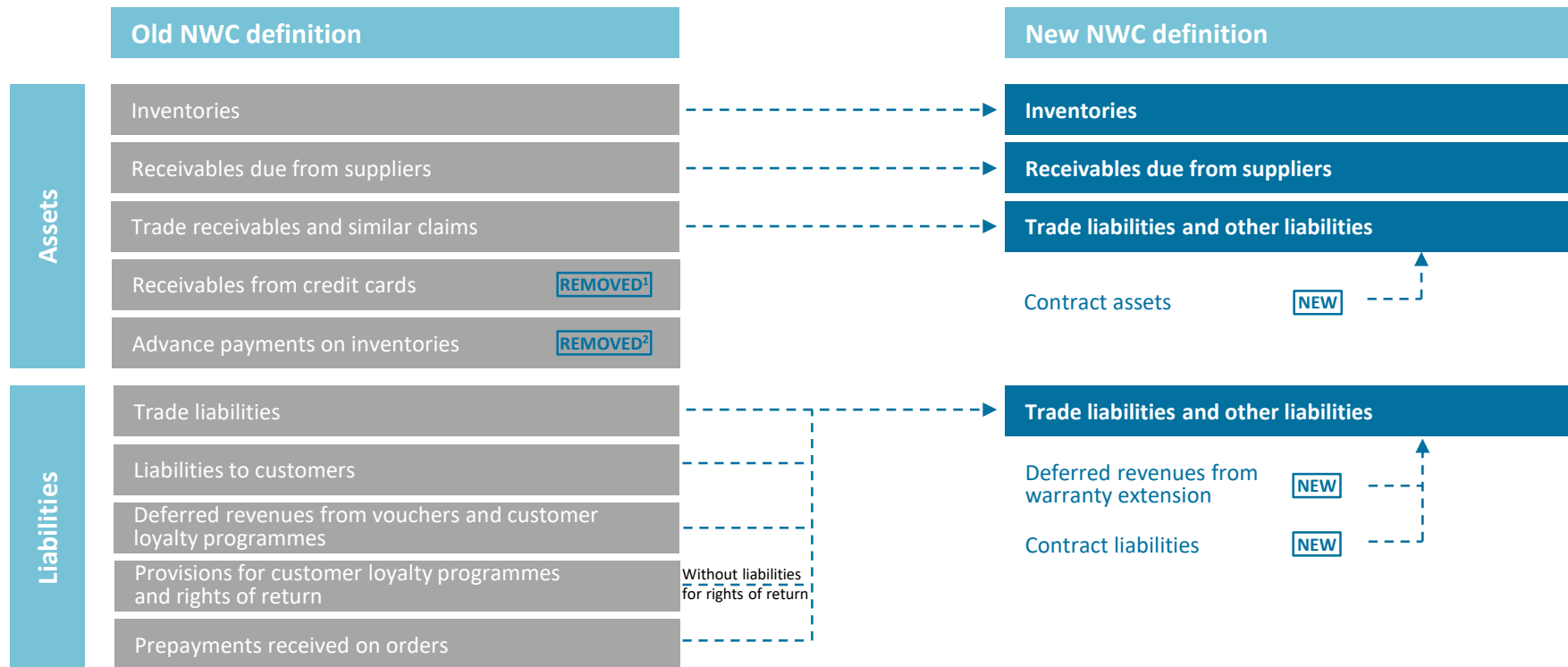
31/12/2019	Number of Stores		
	Openings	Closures	31/03/2020
429	–	–1	428
52	–	–	52
26	–	–	26
32	–	–	32
539	–	–1	538
27	–	–	27
–	–	–	–
117	–	–1	116
2	–	–	2
50	–	–	50
10	–	–	10
88	–	–	88
294	–	–1	293
90	–	–2	88
78	–	–	78
168	–	–2	166
28	–	–	28
28	–	–	28
1,029	–	–4	1,025

Net Working Capital¹

€m	30/09/2018	31/03/2019	Change	30/09/2019	31/03/2020	Change
Inventories	2,480	2,909	429	2,548	3,161	613
Trade receivables and similar claims	610	528	−82	455	460	4
Receivables due from suppliers	1,241	1,240	−1	1,295	1,277	−18
Trade liabilities and similar liabilities	−5,745	−5,835	−90	−5,321	−5,835	−514
Net Working Capital	−1,415	−1,158	254	−1,023	−938	86

¹Prior-year adjustments due to changes in presentation and definition.

New simplified NWC definition as of Q1 2019/20 with all items easily readable from balance sheet positions



¹Reclassified as Cash and cash equivalent due to similar character ²Removed due to non-material amount

Comparison of new vs old NWC definitions

Old	€m	30/09/2018	30/09/2019
	Inventories	2,480	2,548
	Trade receivables and similar claims	613	417
	Receivables due from suppliers	1,239	1,295
	Receivables from credit cards	71	51
	Advance payments on inventories	0	1
	Trade liabilities and similar liabilities	-5,277	-4,914
	Liabilities to customers	-45	-13
	Deferred revenues from vouchers and customer loyalty programmes	-137	-133
	Provisions for customer loyalty programmes and rights of return	-23	-22
	Prepayments received on orders	-46	-45
Net Working Capital		-1,125	-815

New	€m	30/09/2018	30/09/2019
	Inventories	2,480	2,548
	Trade receivables and similar claims	610	455
	Receivables due from suppliers	1,241	1,295
	Trade liabilities and other liabilities	-5,745	-5,321
	Net Working Capital	-1,415	-1,023

- NWC becomes easily readable from balance sheet positions
- New definition ensures completeness of NWC positions
- Due to revised disclosure under new definition, NWC is more negative than under old definition
- Redefinition has no economic impact

IFRS 16 applied as of 1 October 2019 - estimated P&L impact in FY 19/20

	ESTIMATED EFFECT ¹	
Leasing expenses	▼	Decrease by 525-565 €m as leasing expenses are recognized as D&A and interest cost
EBITDA	▲	Increase by 525-565 €m equalling the amount of leasing expenses
D&A	▲	Increase by 515-555 €m due to depreciation of capitalized operating lease asset
EBIT	▲	Increase by approx. 5-15 €m as lease expense is replaced by D&A and interest
Interest expense	▲	Increase by a low double-digit €m amount due to interest cost component
Earnings before taxes	▼	Reduce by a low single-digit €m amount due to higher interest during first years

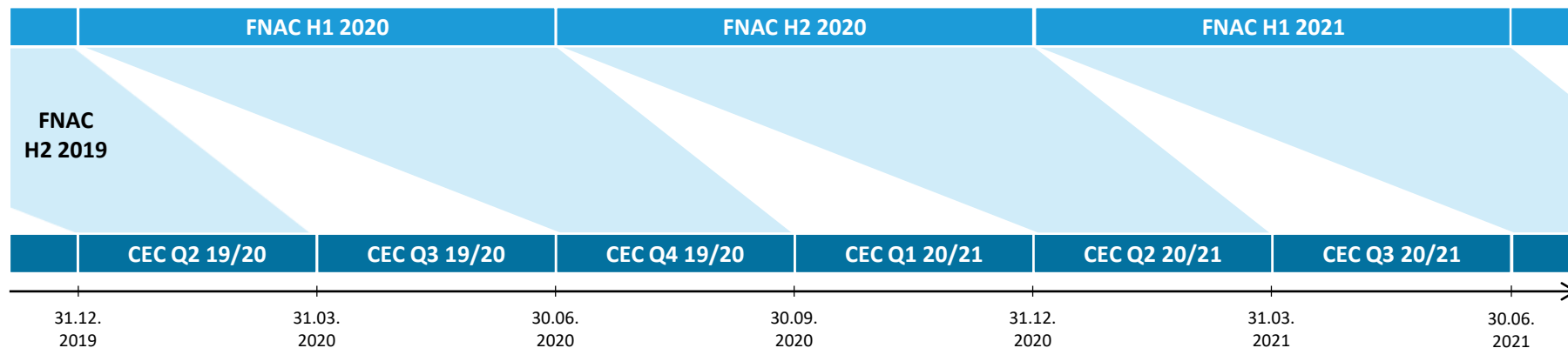
¹Estimated effect on financials of FY 19/20 as first year of IFRS 16 application; financial effects based on preliminary and unaudited impact analysis as of 11 November 2019.

IFRS 16 applied as of 1 October 2019 - estimated balance sheet and cash flow impact in FY 19/20

	ESTIMATED EFFECT ¹	
Assets	▲	Increase by around 2.3 €bn due to recognition of lease contracts as rights of use assets
Liabilities	▲	Increase by around 2.4 €bn due to recognition of lease contracts as lease liabilities
Operating CF	▲	Increase by 525-565 €m as leasing expenses shift to financing CF
Financing CF	▼	Decrease by 525-565 €m as leasing expenses are recognized as interest and amortization

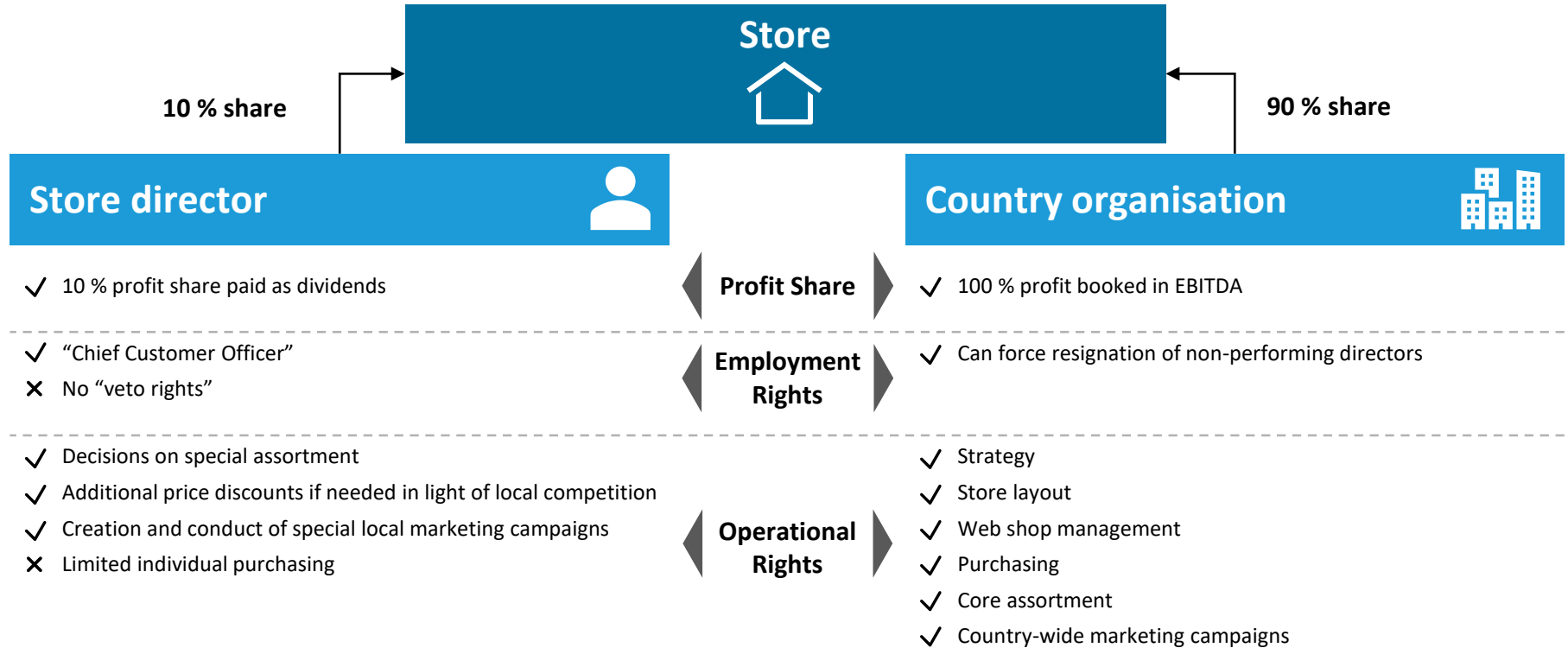
¹Estimated effect on financials of FY 19/20 as first year of IFRS 16 application; financial effects based on preliminary and unaudited impact analysis as of 11 November 2019.

Fnac Darty consolidation



- Our c.24% stake in Fnac Darty is accounted for as **“Investment accounted for using the equity method”** on the balance sheet
- The share of Fnac Darty’s **net income** will be reported **in our EBITDA and EBIT**
- Due to Fnac Darty’s **semi-annual reporting of net income**, we will report our earnings share semi-annually **in Q2 and Q4**
- Our share of **dividends**, should there be any dividends, will be recognised **earnings-neutral** in our cash flow statement

Store director model as an effective form of incentivisation through 10% share ownership



Financial calendar and events

Financial calendar

Q3/9M 2019/20 results	13 August 2020
Q4/FY 2019/20 trading statement	23 October 2020
FY 2019/20 results	15 December 2020

Upcoming events

Virtual Roadshow Paris	18 May 2020
Virtual Roadshow DACH/UK/US	19 May 2020
Virtual Roadshow Frankfurt	28 May 2020

CECONOMY