

CECONOMY AG: Preliminary results for the 1st quarter of financial year 2017/18: EBIT below prior-year period; full year outlook confirmed

CECONOMY AG / Key word(s): Quarter Results

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Based on preliminary figures for the 1st quarter of financial year 2017/18, we expect CECONOMY Group to achieve an EBIT of around 260 million Euro compared to an EBIT before special items* of 308 million Euro in the respective prior-year period. On the basis of current information, this decline is primarily attributable to the following reasons:

- Price reductions around Black Friday, in particular in Germany, to support the leading market position. This resulted in a shift of December sales into the more competitive November.
- Negative technical effects due to last year's planning-related higher accruals in Italy. These will be compensated over the course of the current year.
- Costs for the build-up of the CECONOMY AG holding.

On the Group level, the change in net working capital* is likely to be around 380 million Euro lower compared to the respective prior-year period. This development was mainly caused by lower payables due to increased direct sourcing from suppliers. Moreover, higher levels of new stock, in particular in Germany, resulting from weaker-than-anticipated December sales as well as an increase in receivables impacted net working capital.

We expect CECONOMY Group's sales to grow by +1.3% adjusted for exchange rate effects and portfolio changes. Reported sales increased by +0.6% from 6,893 million Euro to 6,935 million Euro (+0.5% on a like-for-like* basis).

At the same time, CECONOMY AG confirms its financial year 2017/18 outlook as published on December 19, 2017. In addition to ongoing operational improvements, the company expects a considerable earnings improvement in Italy. Furthermore, negative one-time effects in the prior year such as the SATURN VAT campaign in January and the insolvency of a business partner in the Netherlands will not recur.

All figures reported herein are preliminary and unaudited. Full financial disclosure for the first quarter 2017/18 will be published on February 9, 2018 at 07:00 am CET.

Person making the notification:

Sebastian Kauffmann
Vice President Investor Relations
CECONOMY AG

* Like-for-like sales and Change in Net Working Capital (NWC) are defined in CECONOMY Group's annual report 2016/17, pages 50 to 51. EBIT before special items is defined on pages 75 to 77. CECONOMY Group's annual report 2016/17 is accessible at www.ceconomy.de/en.

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Company: CECONOMY AG
Benrather Straße 18-20
40213 Düsseldorf
Germany
Phone: +49 (0)211 5408-7223
Fax: +49 (0)211 6886-5500
E-mail: sebastian.kauffmann@ceconomy.de
Internet: www.ceconomy.de
ISIN: DE0007257503, DE0007257537, Weitere: www.ceconomy.de/de/investor-relations/
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