

CECONOMY

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CECONOMY AG with strong quarterly results - Outlook for 2020/21, however, subject to significantly increased uncertainties due to prolonged temporary store closures as a result of COVID-19

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Preliminary business development in the first quarter of 2020/21

CECONOMY AG ("CECONOMY") has closed the first quarter of the new financial year 2020/21 with a strong sales and earnings performance despite numerous COVID-19-related restrictions in stationary retail and local lockdowns in a number of countries.

Based on preliminary figures, CECONOMY expects sales adjusted for currency and portfolio change effects to increase by around 11.4 per cent for the first quarter of 2020/21. This positive sales development is mainly due to the strong start during the first two months, which were characterised by continued pleasing customer demand as well as successful promotions such as "Black November". This more than compensated for the renewed temporary closures of the stationary stores and increasing restrictions in November and December. In November 2020, an average of around 31 per cent and in December on average even around 62 per cent of MediaMarkt and Saturn stores were affected by a temporary closure due to COVID-19, including the stores in Germany, Austria, the Netherlands as well as the majority of the stores in Poland. The online business recorded extraordinary growth of around 117 per cent across the Group, which corresponds to a sales share in the quarter of around 30 percent (Q1 2019/20: 15.4 per cent).

Furthermore, CECONOMY expects an adjusted Group EBIT* of around €346 million for the first quarter of 2020/21 (Q1 2019/20: €289 million). The year-on-year increase in adjusted Group EBIT* of around €56 million is mainly due to strong sales growth. Decreasing personnel and material costs thanks to increased cost efficiency as well as government support in the context of the COVID-19 pandemic also contributed to this development. On the other hand, the result for the quarter was impacted by a negative gross margin development. This is mainly due to the COVID-19-related increased shift to the online channel, coupled with higher delivery costs, as well as lower Services & Solutions income due to the COVID-19-related store closures and declining customer footfall. Transaction costs of around €6 million in connection with the transaction announced on 14 December 2020 regarding the acquisition of the minority stake in MediaMarktSaturn and the reorganisation of the shareholder structure are not included in the adjusted Group EBIT*.

Outlook for 2020/21 subject to significantly increased uncertainties due to extension of local lockdowns

Despite the strong start in the first quarter of 2020/21, the further course of business as well as the outlook for the full year 2020/21 is subject to significantly increased uncertainties in view of the difficult-to-estimate duration of the COVID-19 pandemic and the new and extended lockdowns in a large number of countries.

The outlook for the financial year 2020/21 published on 15 December 2020 was based on the assumption that the further impact of the COVID-19 pandemic on both the overall economic situation and the Group's situation would not deviate significantly from the extent known at that time. Longer-lasting, widespread closures of a significant part of the stationary business, as has now occurred in Germany, Austria, the Netherlands and Switzerland, were not taken into account at that time.

CECONOMY will continuously reassess the impact of the COVID-19 pandemic on the business and the continuity of the company's targets for financial year 2020/21.

All figures published herein are preliminary and unaudited. Detailed results for the first quarter of 2020/21 will be published on 9 February 2021 at 07:00 CET.

Financial ratios: The outlook for financial year 2020/21 (p. 25) and further background regarding the financial ratios referred to (pp. 28 to 30) are available in the annual report for financial year 2019/20 published on the company's website at the following link:

https://www.ceconomy.de/media/ceconomy_annual_report_2019_20.pdf

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*Adjusted for portfolio changes and does not take into account the earnings effects from companies accounted for using the equity method. Non-recurring earnings effects in connection with COVID-19-related store closures as well as the introduction of a harmonised group-wide organisational structure ("Operating Model") announced on 12 August 2020 are not included. Expenses in connection with the transaction announced on 14 December 2020 regarding the acquisition of the minority shareholding in MediaMarktSaturn and the reorganisation of the shareholder structure are also not taken into account.

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