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CECONOMY and MediaMarktSaturn create organizational basis to accelerate the transformation process

- **Harmonization of structures in the countries and introduction of a standardized organization in all of the approximately 1,000 stores**
- **Further improvement of the shopping experience through customer-oriented reorganization and centralization of administrative tasks**
- **No impact on the outlook for fiscal year 2019/20**

Düsseldorf/Ingolstadt, 12 August 2020 – CECONOMY AG ("CECONOMY") and the MediaMarktSaturn Retail Group ("MediaMarktSaturn") are pushing ahead with the transformation of the Group. Both companies have made significant operational progress in recent years in digitization, the expansion of the Services & Solutions business and in improving cost efficiency, amongst others. In order to accelerate the transformation, CECONOMY and MediaMarktSaturn are now introducing a group-wide harmonized organizational structure ("Operating Model"). The Kellerhals family, represented by Convergenta Invest GmbH, who holds around 22% of MediaMarktSaturn, also supports the decision.

The new Operating Model focuses on harmonized management structures and standardized, efficient processes and procedures across all countries. This applies to the administrative functions in the country organizations as well as to the organization of the stores. The new Operating Model thereby also takes into account the ongoing centralization of processes. The new, harmonized management structure for the stores and the relief from administrative tasks will enable employees to focus on the customer experience to the greatest extent possible.

"In mastering the crisis, we have shown that we can react fast to fundamentally changing conditions. An agile set-up with central control functions proved to be extremely effective and successful. We now want to implement such an approach group-wide in order to create important requirements for the strategic development of the company," says Dr Bernhard Düttmann, CEO of CECONOMY.

Standardization of structures and processes as a strong basis for future growth and fast implementation

The new target organization is intended to simplify the standardization of processes and increase efficiency in the country organizations. In addition, regional country clusters will be

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formed, and certain countries will be merged organizationally.

MediaMarktSaturn will also harmonize management structures in the stores throughout Europe. In each of the currently around 1,000 stores, a standard organization will be introduced that is headed by a Chief Customer Officer. This will create the organizational prerequisites for a consistently convincing customer experience. The stores will also be relieved of administrative tasks in order to focus their capacities even more strongly on customers. The transfer of these activities to the headquarters of the country organizations also supports the central control of important processes, including those in category management, purchasing and logistics.

"We are making progress according to plan. With the new Operating Model, we lay the organizational foundation for driving forward our strategic initiatives. With a harmonized, lean and efficient management organization across Europe, we will become more customer-oriented and faster", explains Ferran Reverter, CEO of MediaMarktSaturn. "In addition, we will invest even more intensively than before in the comprehensive further training of our employees. The newly launched "Passion4Customer" program is intended to make a significant contribution to further expanding our advisory and service competence in the stores."

The company will provide employees with additional digital tools to further improve service quality and efficiency and make many activities easier for them. These include, for example, the employee app, which contains information on product availability and competitor prices, as well as coupons and video product information.

Corona-related store closures to a limited extent

In view of declining customer frequencies as a result of COVID-19, MediaMarktSaturn is also reviewing the store portfolio throughout Europe. The group has already decided to close 14 loss-making stores permanently. In addition, the number of European stores may decline slightly further in the coming months.

In the course of the implementation of the new Operating Model, a total of up to 3,500 full-time jobs may be reduced in the next 24 to 36 months, primarily in foreign European countries. As of 30 June 2020, the company had around 45,000 full-time employees throughout Europe. Details are being discussed with the employee representatives, which are expected to begin shortly.

Savings of just over €100 million per year expected

CECONOMY expects the implementation of these measures to result in sustainable savings of just over €100 million per year, the majority of which are to take effect from financial year 2022/23. Expenses for the implementation of the measures will probably amount to a total of approximately €180 million, of which a significant portion is expected in the current financial year 2019/20. The outlook for financial year 2019/20 published on 16 July 2020 remains unaffected.

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About CECONOMY

CECONOMY AG empowers life in the digital world. It is leading for concepts and brands in the field of consumer electronics. The companies in the current CECONOMY portfolio have billions of consumer contacts per year and provide products, services and solutions that make life in the digital world easy and enjoyable, creating value for consumers and shareholders alike.

About MediaMarktSaturn

The MediaMarktSaturn Retail Group is Europe's leading commerce company for consumer electronics and related services. It sees itself as a partner, daily companion and navigator for consumers in an increasingly digitized world. MediaMarktSaturn and its portfolio of formats and brands flexibly respond to the needs of different customer groups and countries. Apart from fronting the MediaMarkt and Saturn brands, which comprehensively network their approximately 1,000 bricks-and-mortar stores (including 430 in Germany) with online sales platforms, the MediaMarktSaturn Retail Group's portfolio includes its own brands PEAQ, KOENIC, ISY and ok.

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