CECONOMY
“Road(show) to Independence”

June/July 2017
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Any information on the intended "Independence" only reflects the current status and targeted measures / structure, all of which may be subject to changes in the course of the future process.
Creating a focused “Consumer Electronics platform”

INDEPENDENCE

FOCUS

SIMPLICITY

ALL FREE CASH FLOW INVESTED IN CECONOMY

100% MANAGEMENT FOCUS ON CREATING VALUE FOR CECONOMY

FULL VISIBILITY AND TRANSPARENCY
Higher Regional Court in Duesseldorf ruled that actions for rescission or annulment raised by few shareholders are **unfounded** and **do not preclude the demerger implementation** (= “Freigabe”)

**Registration is expected to be performed shortly** since all legal counter-arguments have been ruled out by the Higher Regional Court
UPDATE ON THE CORPORATE GOVERNANCE SITUATION OF MEDIAMARKTSATURN RETAIL GROUP

STATUS UPDATE “MMS MINORITY SHAREHOLDER KELLERHALS”

// **CECONOMY has full strategic freedom.** Mr. Kellerhals is an ordinary shareholder with only a negligible number of shares in CECONOMY.

// **CECONOMY controls MediaMarktSaturn Retail Group.** We can strategically and operationally act based on the clear governance that has been confirmed by multiple court decisions also by the Federal Court of Justice (Bundesgerichtshof).

// Latest move of Kellerhals through his negligible shareholding in METRO AG is an attempt to disrupt a major structural transaction of its fellow shareholder, i.e. the ongoing demerger, through legal action at the level of METRO/CECONOMY.

Relationship between CECONOMY and the minority shareholder of MMS Retail Group is considered as shattered with irreconcilable differences by both parties. We continue to assess possible solutions.
CECONOMY point of departure

// Largest Consumer Electronics player in Europe
// €22bn of sales and >€700m of EBITDA
// €2bn online sales and >€1.3bn of sales in services and solutions
// 2 strong brands: MediaMarkt and Saturn
// Leading market position in 9 European countries
// 1,000+ store network, fully multi-channel enabled and digitalised
// 65,000 employees across Europe
// Net cash in excess of €700m
// Investment grade rating confirmed: Baa3/Stable (Moody’s), BBB-/Stable (Scope)

Note: All figures before special items and based on 2015/16 results

"Road(show) to Independence"
CECONOMY is ready for independence and well progressing in the different change phases in the Consumer Electronics space.

**Rationalisation**
Active management of country, brand and store portfolio, competitive cost base

**Digitalisation**
Digitalisation has changed customer behaviour, impacted retail processes and has created new business models

**Consolidation**
Fragmented market that still offers room for consolidation locally, nationally and internationally

**Transformation**
Business models that focus on the ultimate question: we have a customer, what can we do for her/him?

"Road(show) to Independence"
CECONOMY is a Consumer Electronics platform

CECONOMY acts as a **platform** that brings together various **businesses, concepts, formats** and **brands** active in the **area of Consumer Electronics**

All these activities are based on a **customer community monetisation business model**

Our goal is to increase the **relevance of our businesses, concepts, formats and brands** by **providing solutions** that empower and **support people** in their day-to-day digital life
## CECONOMY’s overall mid-term ambitions

### CORE METRICS

<table>
<thead>
<tr>
<th>Metric</th>
<th>2015/16</th>
<th>MID-TERM AMBITIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales(^1)</td>
<td>€22bn</td>
<td>&gt; 3% CAGR</td>
</tr>
<tr>
<td>EBITDA Margin(^2)</td>
<td>3.3%</td>
<td>direction 5%</td>
</tr>
<tr>
<td>Tax Rate(^2)</td>
<td>49%</td>
<td>direction 40%</td>
</tr>
<tr>
<td>Investments(^3)</td>
<td>1.5% (^6) of sales (2.0% of sales incl. DSL)</td>
<td>1.5% of sales</td>
</tr>
<tr>
<td>FCF Conversion(^4)</td>
<td>44%</td>
<td>60 – 70%</td>
</tr>
<tr>
<td>Dividend</td>
<td>N.M.</td>
<td>45 – 55% % of EPS(^5)</td>
</tr>
</tbody>
</table>

\(^1\) At constant currency before portfolio effects. CAGR = Compound Annual Growth Rate. 
\(^2\) Before special items. 
\(^3\) Cash investments. 
\(^4\) Free Cash Flow conversion defined as EBITDA less cash investments plus/minus changes in net working capital divided by EBITDA; 2015/16 EBITDA before special items, based on reported segment investments and adjusted for changes in net working capital. 
\(^5\) Reported earnings per share. 
\(^6\) Adjusted for one-time investment in Digital Shelf Labels (DSL).
Key value drivers and enablers

Value driver

#1 Online, Mobile, Store
UPDATE

#2 Services & Solutions
UPDATE

#3 Customer Data / CRM
UPDATE

#4 Selective expansion
UPDATE

#5 Category Management, Pricing, Supply Chain
UPDATE

Redefine central vs. decentral

Enabler

#6 Portfolio
UPDATE

#7 Competitive Cost Base
UPDATE

#8 Net Working Capital
UPDATE

#9 People transformation
UPDATE

#10 Digital & technology leadership
UPDATE

"Road(show) to Independence"
Why invest in CECONOMY?

<table>
<thead>
<tr>
<th>#1</th>
<th>#2</th>
<th>#3</th>
<th>#4</th>
</tr>
</thead>
<tbody>
<tr>
<td>CECOMONY LEADS THE CONSOLIDATION AND TRANSFORMATION IN A DYNAMIC RETAIL CATEGORY</td>
<td>CECOMONY IS THE LEADER IN MULTI-CHANNEL AND SCALE</td>
<td>CECOMONY HAS A STRONG FINANCIAL PROFILE</td>
<td>CECOMONY HAS THE POTENTIAL TO INCREASE MARGINS AND FREE CASH FLOW GENERATION</td>
</tr>
</tbody>
</table>
CECONOMY Point of Departure
The largest Consumer Electronics Player in Europe with #1 positions in 9 countries

DIVERSIFIED EXPOSURE WITH 1,023 STORES & WEBSHOPS ACROSS 15 COUNTRIES IN EUROPE

FACT BOX
Market shares

Source: Overview of store network (FY 15/16A); Own METRO analysis based on market research data by GfK. Panel data for consumer electronics based on retail panel as of September 2016.

CECONOMY is leading in Europe at an all-time high market share

"Road(show) to Independence"
One of the leading multi-channel players in Europe

**Online Generated Sales (in € million & total sales share)**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY 13/14</th>
<th>FY 14/15</th>
<th>FY 15/16</th>
<th>LTM*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,446</td>
<td>1,766</td>
<td>1,952</td>
<td>2,239</td>
</tr>
<tr>
<td>Sales Share</td>
<td>5.9%</td>
<td>8.1%</td>
<td>8.9%</td>
<td>10.2%</td>
</tr>
</tbody>
</table>

**CECONOMY's multi-channel offering**

- Total online sales of more than EUR **2.2 billion LTM**
- Around **300,000 SKUs online**
- Best-in-class integration of **store/online/mobile** channels
- **3.2 million online visitors** per day (FY 15/16)
- Wide range of delivery services, including **express and same-day delivery**
- Unmatched **pick-up option** (> 40% of online orders)
- Product **in-store availability can be checked online**

**Pick-up rate (in % of online orders)**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY 13/14</th>
<th>FY 14/15</th>
<th>FY 15/16</th>
<th>LTM*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>33%</td>
<td>40%</td>
<td>42%</td>
<td>42%</td>
</tr>
</tbody>
</table>

* LTM = Last 12 months up to March 2017.

"Road(show) to Independence"
Multi-channel offering is a clear USP for CECONOMY – Customers act “multi-channel” & channels benefit each other

30% of all store visitors have initially visited our webshop

Full multi-channel customer journey leads to a conversion rate >20%

More than 50% of online purchases started in one of our stores

There is a 60% higher likelihood of selling a product if the customer visited our webshop

63% of our webshop visitors use our mobile site, tablet or app versions to browse for products

Source: EHI / MMS Market Research / Google Analytics / Store Counter. Numbers from: MediaMarkt Germany / April 2017 – based on all customers = 1,000.
Multi-channel is the winning model

Where do German consumers buy CE products?
Sales share in Germany (in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Online business of brick&amp;mortar retailers</th>
<th>Online Pure Player</th>
<th>Brick&amp;mortar shops - convenience &amp; specialised (w/o online business)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>78%</td>
<td>16%</td>
<td>5%</td>
</tr>
<tr>
<td>2012</td>
<td>77%</td>
<td>17%</td>
<td>6%</td>
</tr>
<tr>
<td>2013</td>
<td>76%</td>
<td>17%</td>
<td>7%</td>
</tr>
<tr>
<td>2014</td>
<td>74%</td>
<td>17%</td>
<td>8%</td>
</tr>
<tr>
<td>2015</td>
<td>73%</td>
<td>17%</td>
<td>10%</td>
</tr>
<tr>
<td>2016</td>
<td>72%</td>
<td>17%</td>
<td>11%</td>
</tr>
</tbody>
</table>


"Road(show) to Independence"
The store network is an asset again and integral part of CECONOMY’s multi-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 **personalised customer service**
- **Delivery hubs & pick-up places/return points** for online orders

**FACT BOX**

Store visitors (FY 15/16)

2.6m per day

Stores are an asset and a sustainable part of the business model.

"Road(show) to Independence"
CECONOMY offers the full CE assortment, reflecting a truly “connected world”

Product Category Breakdown FY 15/16

- Telecommunications: 17%
- White Goods: 22%
- Computer Hardware & Accessories: 23%
- Entertainment: 10%
- Other²: 6%

¹ Telecommunication devices such as iPads without SIM card included; ² Includes in essence Photo & Office equipment.

"Road(show) to Independence"
CECONOMY is highly relevant to its suppliers and a strategic partner of choice

Sales Share in % (CECONOMY)\(^1\)  |  CECONOMY Supplier  |  CECONOMY’s Weight at Vendor / Supplier\(^1\)
---|---|---
20\%  |  Supplier 1  |  18\%
11\%  |  Supplier 2  |  14\%
5\%   |  Supplier 3  |  27\%
4\%   |  Supplier 4  |  16\%
3\%   |  Supplier 5  |  24\%
3\%   |  Supplier 6  |  14\%
3\%   |  Supplier 7  |  20\%
3\%   |  Supplier 8  |  15\%
2\%   |  Supplier 9  |  17\%
2\%   |  Supplier 10 |  26\%

Read: CECONOMY generates 20\% of its sales with supplier1 products

Read: 26\% of supplier10 sales in the CECONOMY geographic footprint comes through via CECONOMY

Source: Key figures TOP 10 Manufacturers (own METRO analysis based on GFK), total in retail (excl. entertainment) FY15/16. \(^1\) Within CECONOMY’s geographic footprint.
CECONOMY focuses on a full range of services & solutions along the customer journey

(PRE-)BUY
// Consumer credit and leasing
// Insurance
// Extended warranties
// Care plans
// @home advice

SET-UP & USE
// Personalised products
// Customer advisory & training
// Delivery
// Set-up & installation
// Digital content
// 3rd party services: energy, connectivity, digital content

REPAIR
// Refurbishment
// In-warranty repairs (in-store, remote, at home)
// Repairs not covered by insurance or warranty
// Asset recovery and recycling

FACT BOX
Services & Solutions Sales (in €m, FY 2015/16)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (€m)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>13/14</td>
<td>0.9</td>
<td></td>
</tr>
<tr>
<td>14/15</td>
<td>1.0</td>
<td>+44%</td>
</tr>
<tr>
<td>15/16</td>
<td>1.3</td>
<td></td>
</tr>
</tbody>
</table>

FACT BOX
% of sales (FY 15/16)

- Services & Solutions: 94%
- Products: 6%

"Road(show) to Independence"
CECONOMY has an already large and valued base of >13 million loyal members* in 8 countries

* Base: May 2017. ** Germany with a revenue penetration of 25% (official launch of Club only in February 2016).

2.6m MediaMarkt Club members in Germany

2.2m transactions per months are done by loyalty members across those 8 countries

>13m loyalty club/card members across all countries

Ø 42% of all purchases are done by loyalty members across those 8 countries**
CECONOMY Targets, Value Drivers & Enablers
Key value drivers and enablers

1. Online, Mobile, Store
2. Services & Solutions
3. Customer Data / CRM
4. Selective expansion
5. Category Management, Pricing, Supply Chain
6. Portfolio
7. Competitive Cost Base
8. Net Working Capital
9. People transformation
10. Digital & technology leadership

Redefine central vs. decentral
Key initiatives to further grow online/mobile/store

**Assortment**
- Expansion of online CE assortment from currently c. 300k SKUs to 1m SKUs
- **Dropshipment** initiatives to increase assortment without capital locked

**Usability**
- Optimising every single customer contact and drive (micro-) conversions onsite
- Reducing page load times and continuous improvement

**Availability**
- Making assortment available at all touchpoints with full multi-channel capabilities (digital shelf extensions)
- Optimising access to stock across stores, warehouses, suppliers

**Price**
- Optimise pricing strategy by e.g. introducing automated lifecycle pricing to ensure timely and effective price management
- Using price optimisation algorithms

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Initiatives have been identified and are currently implemented to reach mid-term ambition of 12-15% online sales target

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1 Including pick-up.

CECONOMY

"Road(show) to Independence"

Public

June/July 2017 (revised) // 25
Increased services penetration will also drive CECONOMY’s sales and margin targets

| In-store services | Full roll-out of in-store service and repair “smart bars” (> 510 already in place)  
| Additional services to be added: e.g. trade in, personalisation of products |
| At-home and remote services | Full roll-out of Deutsche Technikberatung (DTB) at-home consultation and installation services across Germany by end of next year  
| Build up of remote service capabilities (call centre including social web care, chat, messenger) to offer 24/7 seamless support |
| Subscription models | Expanding trial of subscription model “always on” providing unlimited support and protection against failure of mobile devices (75,000 contracts sold in the Netherlands in 1st year) |
| Services processes | Reducing turn-around times through implementation of new service software  
| Central cloud contact centre solution for contact management with customers |

Relentless focus on strengthening service value proposition – in-store, remote & at home of customers

| Services & Solutions Sales (% of total sales) |
| Services & Solutions Sales (15/16) | Mid-term ambition |
| 6% | c.10% |

"Road(show) to Independence"
CECONOMY gathers relevant data from its loyalty members driving additional sales and efficiencies

**Leveraging CRM potentials**

**Loyalty effect:**
- MediaMarkt Club and Saturn Card loyalty programs implemented to capture customer data in exchange for benefits
- Positive impact on frequency, sales and share-of-wallet of CRM members through rewarding loyal behaviour

**Up- and cross selling:**
- Increased relevancy through offers based on individual customer profile and buying behaviour

**Marketing efficiency:**
- Re-allocation of marketing spending into CRM channels
- Optimisation of response and costs based on customer data

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*Base: Members: 12 months average of members with 1+ year Club membership, 05/17, DE; Non-members: Market research, basis 12 months  
1 Source: External "Diary Study" (1454 participants, 6591 scans; 12.2015-04.2017)
CECONOMY also continues selective store expansion contributing to the overall sales growth target

<table>
<thead>
<tr>
<th>Number of stores</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>H1 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>986</td>
<td>1,007</td>
<td>1,023</td>
<td>1,034</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average size of stores (in square meters)</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>H1 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,131</td>
<td>3,056</td>
<td>2,909</td>
<td>2,861</td>
<td></td>
</tr>
</tbody>
</table>

**Formats and measures**

// Roll-out especially of smaller store formats such as **proximity** and shop-in-shop concepts

// Focus on smaller formats leads to **reduced store size** but still access to full assortment via multi-channel offering

// **Consolidation**: Opportunities in core countries to acquire existing profitable competitor outlets and integrate them into the MediaMarkt and Saturn store network

// Modest growth in **number of stores** expected, excluding roll-out of shop-in-shop

**Ongoing expansion, yet at a lower pace and with smaller formats**
Significant potential to increase margins by either improving or exiting “question-mark” countries

Core Peers (Listed)
EBITDA Margin$^{1,2}$ (LTM)

<table>
<thead>
<tr>
<th>Company</th>
<th>EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fnac Darty</td>
<td>3.9%</td>
</tr>
<tr>
<td>Best Buy</td>
<td>5.7%</td>
</tr>
<tr>
<td>Dixons Carphone</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

Peer LTM margins range from 3.9-6.2%

CECONOMY
EBITDA Margin$^2$ (FY 2015/16)

- Lowest 5 countries: -1.6%
- Group: 3.3%
- Best 5 countries: 4.3%
- Mid-term ambition: direction 5%
- Best country: 5.4%

EBITDA margin to improve towards 5%

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$^1$ Company filings for LTM data as of Nov. 2016, numbers calendarised to September year end. $^2$ EBITDA before special items.

"Road(show) to Independence"
Restructuring of redcoon almost completed; full-fledge restructuring plan to reach break-even in Russia and Sweden initiated

<table>
<thead>
<tr>
<th>redcoon</th>
<th>Russia</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Closure</strong> of operations in Austria, Spain, Portugal and Benelux in 2016</td>
<td><strong>Centralisation</strong> of pricing, procurement and category management</td>
<td><strong>Strong push on online and services &amp; solutions</strong></td>
</tr>
<tr>
<td><strong>Closure</strong> of operations in Italy decided</td>
<td><strong>Rightsizing</strong> of stores and renegotiations of rental contracts</td>
<td><strong>Rightsizing of stores</strong></td>
</tr>
<tr>
<td><strong>Full integration</strong> of redcoon Germany and Poland into country organisation</td>
<td><strong>Reduction</strong> of headquarter &amp; store costs</td>
<td><strong>Cost measures &amp; back-end optimisation, esp. in supply chain</strong></td>
</tr>
<tr>
<td><strong>Harmonisation</strong> of redcoon and MediaMarkt back-end in Germany and Poland</td>
<td><strong>Expansion</strong> of shop-in-shop concept</td>
<td></td>
</tr>
</tbody>
</table>

"Road(show) to Independence"
Turnaround of MediaMarkt Turkey well on track

Operational improvements

- End-to-end **centralised pricing**
- Completely **centralised procurement and category management** across all categories
- Optimisation of stock via **centralised demand planning**
- **Sizable reduction in-store headcount** despite portfolio growth
- Significant **increases in service attach rate** and online sales

Store restructuring & focused expansion

- **Restructuring** of 34 stores completed, resulting in 9 closings and 25 downsizings
- Dedicated **expansion strategy** with 5 new store openings per March 2017
- Highly **flexible lease agreements** for new stores
- Roll-out of **operational excellence measures** (e.g. new incentive schemes for service personnel)

Positive EBIT contribution from Turkey by year-end expected
New category management initiatives aim offering the right range and assortment at the right price

Optimisation opportunities in the area of assortment building

- Aligning brand and price structure to market situation and customer demands
- Providing the right level of entry price products
- Ensuring full distribution of top selling products across all stores/channels
- Transferring high performing online SKUs to offline stores and vice versa
- Providing the foundation for state-of-the-art inventory management and demand planning
- Creating freedom for store staff to focus on selling the right products, services and content to our customers

Initiatives also provide the foundation for additional efficiencies in purchasing, supply chain and operations
Centralisation of supply chain processes from predominantly direct store delivery to a more central and regional structure

Product flows and logistics locations: Today

- **INDUSTRY**
  - Parcel factory (online)
  - Online warehouse
  - MediaMarkt & Saturn stores
  - Parcels
  - 2 MH*

- **CUSTOMER**
  - MediaMarkt & Saturn stores

- Direct delivery to more than 400 individual stores in Germany
- High coordinating efforts for suppliers and higher operational costs

Product flows and logistics locations: Target picture

- **INDUSTRY**
  - Parcel factory (online)
  - Central warehouse
  - Pallets
  - Regional warehouses
  - 1 MH* / 2MH*

- **CUSTOMER**
  - MediaMarkt & Saturn stores

- New central warehouse and regional structure for MediaMarktSaturn Germany
- One central inventory for both brands
- Efficient automated store replenishment

*1 MH = 1 man handling, 2MH = 2 man handling.

"Road(show) to Independence"
End-to-end supply chain set-up including centralisation of procurement and systems infrastructure offers great value potential

### Optimisation levers

<table>
<thead>
<tr>
<th></th>
<th>Product availability</th>
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</thead>
<tbody>
<tr>
<td>1</td>
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<tr>
<td>2</td>
<td>Product inventory &amp; stock structure</td>
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<tr>
<td>3</td>
<td>Process costs</td>
<td></td>
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<tr>
<td>4</td>
<td>External storage area</td>
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<tr>
<td>5</td>
<td>Service quality (deliveries)</td>
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<tr>
<td>6</td>
<td>Transport costs</td>
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<tr>
<td>7</td>
<td>Purchasing conditions</td>
<td></td>
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</tbody>
</table>

### Roadmap to achieve target picture

- Solution based on 3 interlinked pillars (procurement, logistics infrastructure and systems infrastructure)
- **2 regional warehouses** recently piloted in Northern Germany, especially for larger items such as white goods that are typically not picked up in store by customers
- Current focus on development of **systems infrastructure** (including central SAP-ERP)
- First **central warehouse** planned for 2018
- Gradual set-up of **additional regional warehouses** thereafter
Strategic pillars of growth and profitability are heavily dependent on technology and/or information (systems)

**Technological requirements**

- Scalable order management solution for full speed online initiatives
- Advancement of BI infrastructure to leverage customer data and drive CRM initiatives
- Set-up of advanced analytics capabilities for dynamic pricing implementation
- Tech backbone for central inventory, logistics and procurement

**Continuous investment required to sustain value creation and additional efficiency games**

- Investment into catalysing transformation
- Continuous investment into new technology (e.g. new tools) and analytics capabilities (e.g. experts, software, data)
- Sustainable build-up of excellent digital/tech team
- Efficiency gains against current IT spending baseline
- Additional efficiency gains in current process costs (e.g. deployment of robotic process automation (RPA))

CECONOMY will strongly push digital & technology capabilities to create sustainable return
## Overall mid-term ambitions

### CORE METRICS

<table>
<thead>
<tr>
<th></th>
<th>2015/16</th>
<th>MID-TERM AMBITIONS</th>
<th>COMMENTARY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong>¹</td>
<td>€22bn</td>
<td>&gt; 3% CAGR</td>
<td>Moderate market growth expected. Further increase in market shares in core markets. Online, multi-channel, CRM and services as main drivers.</td>
</tr>
<tr>
<td><strong>EBITDA Margin</strong>²</td>
<td>3.3%</td>
<td>direction 5%</td>
<td>Growing sales to support EBITDA margin development. Additional improvements from Portfolio Optimisation, Category Management and Supply Chain Initiatives.</td>
</tr>
<tr>
<td><strong>Tax Rate</strong>²</td>
<td>49%</td>
<td>direction 40%</td>
<td>Reduction in non-tax deductible special items. Profitability improvement of underperforming countries.</td>
</tr>
<tr>
<td><strong>Investments</strong>³</td>
<td>1.5% of sales² (2.0% of sales incl. DSL)</td>
<td>1.5% of sales</td>
<td>Well-invested state-of-the-art asset base. Low amount of maintenance investments.</td>
</tr>
<tr>
<td><strong>FCF Conversion</strong>⁴</td>
<td>44%</td>
<td>60 – 70%</td>
<td>Tight control of Net Working Capital. Sustainable positive Free Cash Flow generation.</td>
</tr>
<tr>
<td><strong>Dividend</strong></td>
<td>N.M.</td>
<td>45 – 55% % of EPS⁵</td>
<td>Normalised payout ratio of 45–55% targeted. Higher or lower depending on profitability investment opportunities.</td>
</tr>
</tbody>
</table>

¹ At constant currency before portfolio effects. CAGR = Compound Annual Growth Rate. ² Before special items. ³ Cash investments. ⁴ Free Cash Flow conversion defined as EBITDA less cash investments plus/minus changes in net working capital divided by EBITDA; 2015/16 EBITDA before special items, based on reported segment investments and adjusted for changes in net working capital. ⁵ Reported earnings per share. ⁶ Adjusted for one-time investment in Digital Shelf Labels (DSLs).
CECONOMY
We empower life in the digital world