

CECONOMY reports good Q3 performance and revises its FY outlook

Q3 financial highlights

- **Sales** momentum continued; sales growth +7.4%¹ yoy (+6.8% on a like-for-like basis); driven by continued recovery of our B&M business and strong growth in Türkiye.
- **Adjusted gross margin**² stabilized in the quarter.
- **Adjusted EBIT**² up by €43 m yoy to –€60 m (Q3 2021/22: –€102 m) due to positive operating leverage as well as successful cost control. EBIT improvement in all regions, driven by good cost management.
- **Decrease in net result** to –€186 m due to tax income in prior year. Undiluted EPS³ decreased by –€0.14 yoy to –€0.38.
- **Strong lease adj. FCF +€996 m to –€87 m (9M 2021/22: –€1.082 m) in 9M** driven by a favorable development in NWC. Q3 2022/23 FCF –€331m, +€157m yoy improvement. Net debt declined by –€496 m to €1.97 bn at the end of Q3 2022/23.
- **Revised FY 22/23 outlook:** based exclusively on Scenario 1 with a moderate increase in sales (vs. slight previously) and a clear increase in EBIT.

Comments from Dr Karsten Wildberger, CEO of CECONOMY AG

“We have made a successful start to the second half of the financial year, even though the economic environment remains challenging. Our strategy is clear, our implementation plan is solid, and our financial targets are set. We are making vital progress in our strategic core areas and incrementally but continuously moving towards a service-oriented platform centred on the customer. Therefore, we have adjusted our guidance for a more positive outlook.”

Summary of key financial data

€m	Q3 21/22	Q3 22/23	Change
Reported Sales	4,659	4,527	-2.8%
thereof indexing effect IAS 29 (hyperinflation in Turkey)	-66	-287	–
Sales development adjusted for currency and portfolio change effects	6.3%	7.4%	+110bp
Like-for-like sales development	6.7%	6.8%	+12bp
Adjusted gross margin ²	17.6%	17.6%	–
Adjusted EBITDA²	61	105	71.4%
Adjusted EBITDA margin	1.3%	2.2%	85bp
EBIT	–180	–123	31.9%
Adjusted EBIT²	–102	–60	41.6%
Adjusted EBIT margin	–2.2%	–1.2%	99bp
Net result	–95	–186	–94.3%
EPS undiluted³(€)	–0.24	–0.38	–0.14

Reported figures from continuing operations

¹Adj. for currency and portfolio change effects, pre IAS 29.

² Excl. associates, adj. for portfolio changes (Sweden, Portugal), pre IAS 29 and excl. non-recurring effects.

³Average number of shares in 485,221,084 since 3 June 2022.

Application of IAS 29, hyperinflation accounting

Given the technical impact of IAS 29 (hyperinflation) on sales in Türkiye in Q3, we comment on business dynamics pre-IAS 29.

€m	Reported Sales 2021/22	IAS 29 effect	Sales pre IAS 29	Reported Sales 2022/23	IAS 29 effect	Sales pre IAS 29
Q1	6,854	0	6,854	7,066	-15	7,080
Q2	5,019	0	5,019	5,302	32	5,270
Q3	4,659	66	4,593	4,527	-287	4,814

Revised outlook for FY 2022/23

Q3 2022/23 results prompt us to choose scenario 1 as our sole guidance for 2022/23 with a moderate increase for sales vs. slight increase previously, to which the Eastern Europe segment, is expected to contribute.

	FY 21/22	FY 22/23 Guidance scenario 1
Fx- and portfolio-adjusted sales (pre IAS 29)		Moderate increase
Adjusted EBIT ²	€208m	Clear increase
Key assumptions	-	No deterioration of current macroeconomic conditions (inflation, customer demand, availability of goods, no overall restrictions in the retail sector); relevant market for consumer electronics shrinks moderately at most.

Adj. EBIT 2021/22 is €208 m excluding Sweden and Portugal. The outlook is adjusted for portfolio changes and does not take into account the earnings effects from companies accounted for using the equity method. It also does not include non-recurring effects from efficiency increases in connection with the simplification and digitalization of central structures and processes, from the strengthening of the retail brands in Germany, and from legal risks in connection with changes in the legal framework. Accounting effects of the application of IAS 29 in Turkey as a hyperinflationary economy are likewise unaccounted for.

Group highlights

- **Group NPS** improved by +2 points yoy to **55 in Q3 2022/23** leading to 53 for 9M 2022/23
- **Online sales** declined by -6.6 % yoy (pre IAS 29) **in Q3 2022/23**. Online sales (pre IAS 29) share on sustained high level and reached 20.4% of total sales (Q3 2021/22: 22.9%); pick-up ratio came in at 41% (Q3 2021/22: 38%); online business on elevated level compared to pre-COVID times.

Q3/9M Results 2022/23 ended 30 June 2023

10 August 2023

- **Services & Solutions sales** increased by +5.3 % yoy (pre IAS 29), amounting to 6.5% of total sales (Q3 2021/22: 6.5%); Services & Solutions business benefited from a strong demand for warranty extensions and an increase in Retail Media.

€m (reported)	Q3 21/22	Q3 22/23	Change pre IAS29
Online sales	1,065	984	-6.6%
Services & Solutions sales	299	302	+5.3%

Performance by segment

Q3 2022/23

€m	DACH	Western/Southern Europe	Eastern Europe	Others ⁴	Group
Sales (pre IAS 29)	2,542	1,497	681	93	4,814
Growth¹ (%)	1.6	-1.4	73.9	-	7.4
Like-for-like (%)	1.1	-1.0	69.6	-	6.8
IAS 29			-287		-287
Sales post IAS 29					4,527
Reported yoy change (%)	2.0	-1.6	-25.5	-20.1	-2.8
Adj. EBIT²	-49	-25	20	-8	-60
Adj. EBIT margin ³ (%)	-1.9	-1.6	3.0		-1.2
Adj. EBIT yoy change	18	5	22	-3	43

Q3 2021/22

€m	DACH	Western/Southern Europe	Eastern Europe	Others ⁴	Group
Sales (pre IAS 29)	2,492	1,522	463	116	4,593
Growth¹ (%)	5.3	-2.8	63.6	0.4	6.3
Like-for-like (%)	6.8	-3.0	58.9	-1.3	6.7
IAS 29			-66		-66
Sales post IAS 29					4,659
Reported yoy change (%)	5.3	-2.8	48.3	-3.0	+5.7
Adj. EBIT²	-67	-30	-2	-11	-109
Adj. EBIT margin ³ (%)	-2.7	-2.0	-0.4		-2.4
Adj. EBIT yoy change	-18	-1	2	0	-16

¹Adj. for currency and portfolio change effects, pre IAS 29.

²Excl. associates, adj. for portfolio changes (Sweden, Portugal), pre IAS 29 and excl. non-recurring effects. PY 2021/22 still including Sweden and Portugal

³Margin calculation based on reported sales pre IAS 29 and adj. EBIT.

⁴Segment Others includes CECONOMY AG holding, hence respective EBIT margin would not offer a reasonable comparison.

Key highlights per segment in Q3 2022/23

- **DACH:** Sales increase in DE, AT and decline in HU and CH; EBIT improvement in all countries except CH supported by strong cost management.
- **Western & Southern Europe:** Sales growth in BE and NL, down in the remaining countries. EBIT loss reduction thanks to NL and IT. Underlying trend improvement in ES.
- **Eastern Europe:** Triple-digit sales growth in TR; decline in PL; Strong EBIT improvement due to positive operating leverage and gross margin development.

Free Cash Flow

€m	9M 21/22	9M 22/23	Change
EBITDA	627	549	-78
Change in NWC	-765	55	820
Tax	-126	-86	40
Other operating cash flow	-283	-67	216
Cash investment	-159	-167	-8
Free cash flow	-706	284	990
Lease repayments	-376	-371	5
Lease adj. Free cash flow	-1.082	-87	996

- In **9M 2022/23 lease adjusted Free Cash Flow** reached -€87 m; an improvement of €996 m yoy driven by a favorable development in NWC mainly due to efficient stock reduction and receivables management
- **Other operating cash flow** normalizing in current year, previous year impacted by cash-out of deferred payments
- **Cash investments** increased by €8 m yoy to €167 m due to store modernization measures

Events after reporting date

On July 14, 2023, CECONOMY AG announced that the company's Supervisory Board had extended the management board contract of Dr Karsten Wildberger ahead of schedule and appointed him as CEO for a further five years one year before the end of his current term of office. The ordinary reappointment takes effect on August 1, 2023 and runs until July 31, 2028.

The closing of the MediaMarkt Sweden business took place on August 1, 2023. Please note that it is still included in our reported figures. However, it's excluded from the guidance-relevant KPIs currency- and portfolio-adjusted sales growth, as well as adjusted EBIT.

Q3/9M Results 2022/23 ended 30 June 2023

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Results call

There will be a live presentation followed by a Q&A session; the call for investors and analysts will start at 9:00 am CEST today: [webcast link](#).

The quarterly statement will be available on the following website www.ceconomy.de/en/investor-relations at **07:00 am CEST**. A recording of the conference call will also be available on our website shortly after the end of the call.

Store network

	31/03/23	Openings	Closures	30/06/23
Germany	399	1	-2	398
Austria	53	1	0	54
Switzerland	25	0	0	25
Hungary	36	0	0	36
DACH	513	2	-2	513
Belgium	22	0	0	22
Italy	123	0	0	123
Luxembourg	2	0	0	2
Netherlands	48	0	0	48
Portugal	10	0	0	10
Spain	108	1	0	109
Western/Southern Europe	313	1	0	314
Poland	81	0	0	81
Turkey	90	4	0	94
Eastern Europe	171	4	0	175
Sweden	29	0	0	29
Others	29	0	0	29
CECONOMY	1,026	7	-2	1,031

Financial calendar

Commerzbank ODDO conference	Thursday	5 September 2023
Corporate governance roadshow	Tuesday	12 September 2023
Baader conference	Wednesday	20 September 2023
Q4/FY 2022/23 trading statement	Thursday	26 October 2023
Q4/FY 2022/23 FY results	Monday	18 December 2023

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