

CECONOMY delivers robust financial performance in 2022/23; positive outlook for 2023/24 amidst operating model transformation

FY financial highlights

- **FY sales** up substantially by +4.7%¹ YoY, primarily driven by bricks and mortar
- **Adjusted gross margin**² stable at 17.9% for the full year with a +70bp increase in Q4
- **Adjusted EBIT**² met guidance with a notable increase of €35m YoY to €243m (FY 2021/22: €208m) due to operational improvements, efficiency gains and cost-saving measures
- **Adjusted EPS** reached €0.08 YoY (FY 2021/22: €0.13), decline mainly due to the net loss recognized at equity.
- **Strong lease-adjusted FCF** of €257m, up by €880m YoY (FY 2021/22: –€623m) bolstered by effective stock management
- **Net debt** down by €317m to €1.69bn at the end of FY 2022/23
- **Outlook FY 2023/24:** Slight increase in sales and clear increase in adjusted EBIT

Dr Karsten Wildberger, CEO of CECONOMY AG:

“We have delivered on our guidance for the year, despite the persistent challenging economic environment. Our performance is the result of a consistent customer-centric strategy, increased agility and resilience, as well as strict cost management. Our strong progress in our core strategic areas continues unabated, and we are evolving towards a service-oriented platform with a central focus on the customer. Looking ahead to FY 2023/24, we are confident of delivering another slight increase in sales and a clear increase in adjusted EBIT.”

Key financial data FY

€m	FY 21/22	FY 22/23	Change
Reported sales	21,768	22,242	+2.2%
Of which indexing effect IAS 29 (hyperinflation in Türkiye)	–80	–6	+74
Growth ¹ (%)	3.2%	4.7%	+150bp
Like-for-like sales development	3.5%	4.3%	+80bp
Adjusted gross margin ²	17.8%	17.9%	+10bp
Adjusted EBITDA²	875	910	+35
Adjusted EBITDA margin ³	4.2%	4.2%	–
Reported EBIT	105	–21	–127
Adjusted EBIT²	208	243	+35
Adjusted EBIT margin ³	1.0%	1.1%	+20bp
Net result	126	–39	–165
Adjusted net result	53	37	–15
Reported EPS ⁴ (€)	0.31	–0.08	–0.39
Adjusted EPS⁵ (€)	0.13	0.08	–0.05
Net debt	2,004	1,687	–317

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

²Excluding associates, adjusted for portfolio changes (Sweden, Portugal), pre-IAS 29 and excluding non-recurring effects.

³Margin calculation based on reported sales pre-IAS 29 and adjusted EBIT/EBITDA.

⁴Average number of shares 485,221,084 since 3 June 2022.

⁵Adjusted for portfolio changes and impairment, pre-IAS 29 and with normalized tax effect in PY.

Outlook for FY 2023/24

- Slight increase in currency- and portfolio-adjusted total sales
- Clear increase in adjusted EBIT
- All segments are expected to contribute to sales growth
- Improvement in adjusted EBIT primarily driven by DACH and Western/Southern Europe

The outlook has been adjusted for portfolio changes and excludes earnings effects from equity method companies. Accounting effects of applying IAS 29 in Türkiye as a hyperinflationary economy are likewise excluded, as are non-recurring items, especially those related to the simplification and digitalization of central structures and processes as well as changes in legal frameworks.

Group highlights FY 2022/23

- **Group NPS** up 3 points YoY to 53 in FY 2022/23 (FY 2021/22: 50)
- **Online sales** declined by -6.9% YoY in FY 2022/23. Even so, share of online sales (pre-IAS 29, excluding Sweden and Portugal) remained high at 22.6% of total sales (FY 2021/22: 24.9%); pick-up rate rose to 38% (FY 2021/22: 36.7%); online business higher than before the pandemic times.
- **Services & Solutions sales** increased by +3.2% YoY amounting to a stable 6.2% of total sales (FY 2021/22: 6.2%). The Services & Solutions business benefited from strong demand for telecommunications services, warranties and retail media. However, demand for financing solutions was impacted by the high-interest rate environment.

€m pre-IAS 29, excluding Sweden and Portugal	FY 21/22	FY 22/23	Change
Online sales	5,193	4,836	-6.9%
Services & Solutions sales	1,296	1,338	+3.2%

Free cash flow

€m	FY 21/22	FY 22/23	Change
EBITDA	866	813	-53
Change in net working capital	-381	332	+713
Tax	-130	-109	+21
Other operating cash flow	-229	-33	+197
Cash investment	-254	-258	-4
Free cash flow	-127	747	+873
Lease repayments	-496	-489	+6
Lease-adjusted free cash flow	-623	257	+880

- In **FY 2022/23 lease-adjusted free cash flow** reached €257m, a significant improvement of €880m YoY. This was primarily driven by favourable developments in net working capital that were mainly attributable to efficient stock reduction and effective receivables management.

- **Other operating cash flow** normalizing in current year, whereas previous year impacted by cash outflow related to deferred payments.

Performance by segment FY 2022/23

€m	DACH	Western/Southern Europe	Eastern Europe	Others ⁴	CECONOMY
Sales (pre-IAS 29)	12,054	7,037	2,760	385	22,236
Growth ¹ (%)	-0.1	-1.5	65.3	-	4.7
Like-for-like (%)	0.0	-1.9	61.5	-	4.3
IAS 29			6		6
Sales post-IAS 29			2,766		22,242
Reported YoY change (%)	0.1	-1.7	34.7	-24.7	2.2
Adjusted EBIT ²	142	36	102	-36	243
Adjusted EBIT margin ³ (%)	1.2	0.5	3.7	-	1.1
Adjusted EBIT YoY change	+65	-78	+72	-20	+35

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

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

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

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

- **DACH:** Sales growth and market share gains in Austria, sales stable in Germany and Hungary, down in Switzerland; EBIT improvement driven by Germany.
- **Western & Southern Europe:** Sales growth in the Netherlands and Spain, stable in Belgium, down in the remaining countries; EBIT gain in the Netherlands, decrease in Spain and Italy.
- **Eastern Europe:** Strong sales growth in Türkiye, decline in Poland; clear EBIT improvement in Türkiye due to positive operating leverage and gross margin development.

Key financial data Q4 2022/23

- Group sales development impacted by a weaker back-to-school period in Europe.
- Stable adjusted EBIT of €94m thanks to better gross margin and strict cost management

€m	Q4 21/22	Q4 22/23	Change
Reported sales	5,237	5,347	+2.1%
Of which indexing effect IAS 29 (hyperinflation in Turkey)	-14	-275	-261
Growth¹ (%)	3.6%	2.4%	-120bp
Like-for-like sales development	4.1%	1.7%	-240bp
Adjusted gross margin ²	19.2%	19.9%	+70bp
Adjusted EBITDA²	269	282	+13
Adjusted EBITDA margin ³	5.2%	5.6%	40bp
EBIT	45	-14	-58
Adjusted EBIT²	94	94	0
Adjusted EBIT margin ³	1.8%	1.7%	-10bp
Net result	120	67	-53
Adjusted net result	-24	28	+52
Reported EPS ⁴ (€)	0.30	0.14	-0.16
Adjusted EPS⁵ (€)	-0.06	0.06	+0.12

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³Margin calculation based on reported sales pre-IAS 29 and adjusted EBIT/EBITDA.

⁴Average number of shares 485,221,084 since 3 June 2022.

⁵Adjusted for portfolio changes and impairment, pre-IAS 29 and with normalized tax effect in PY.

Performance by segment Q4 2022/23

Q4 2022/23

€m	DACH	Western/Southern Europe	Eastern Europe	Others ⁴	CECONOMY
Sales (pre-IAS 29)	2,685	1,675	676	35	5,072
Growth¹ (%)	-5.1	-3.7	69.0	-	2.4
Like-for-like (%)	-4.8	-4.6	63.4	-	1.7
IAS 29			+275		+275
Sales post-IAS 29			951		5,347
Reported YoY change (%)	-4.8	-3.8	71.2	-70.4	2.1
Adjusted EBIT²	29	73	12	-18	94
Adjusted EBIT margin ³ (%)	1.1	4.4	1.8	-	1.9
Adjusted EBIT YoY change	+21	-15	+9	-13	0

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

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

³Margin calculation based on reported sales pre-IAS 29 and adjusted EBIT/EBITDA.

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

- **DACH:** Sales roughly stable in Austria, decrease in other countries; EBIT improvement mainly driven by Germany.
- **Western & Southern Europe:** Sales growth in Spain, stable in Belgium, decrease in other countries. EBIT decrease in Italy, underlying trend improvement in Spain.
- **Eastern Europe:** Triple-digit sales growth in Türkiye; decline in Poland; strong EBIT improvement driven by Türkiye due to positive operating leverage and gross margin development.

We made good progress on our key pledges in FY 22/23

Business fields	KPI	FY 21/22	Progress FY 22/23	FY 25/26
Retail Core	Loyalty members	34m	39m	50m
Retail Core	Online share ¹	25%	23%	c. 30%
Retail Core	Modernization rate	30%	50%	> 90%
Retail Core	Stock reach progress	10.3 weeks	9.1 weeks (-11%)	-10%
Space-as-a-Service	# Lighthouses	6	8	Up to 20
Services & Solutions	Income in % of total sales	4.5%	4.5%	c. 5.5%
Marketplace	GMV	€65m	€137m	€750m
Private Label	Private Label share	2.3%	2.4%	c. 5%
Retail Media	Income	c. €5m	€18m	c. €45m

¹Online share based on 1P and 3P online sales

- Notable increase in the number of **loyalty members** thanks to new points and benefit system
- **Online:** Strong pick-up rate of 38% (+130bp) in 2022/23 and Marketplace enjoying significant momentum
- **Modernization** programme accelerated with 50% of our stores already remodelled
- Strong **stock reach progress** due to optimized availability
- In total now 8 **Lighthouses** with new openings in Vienna and Berlin
- Stable operating **Services & Solutions income** share, 3.9% income increase in FY 2022/23, strong performance of warranties and telecom contracts, MyMediaMarkt Plus pilot launched in Germany in October
- Fast-growing **Marketplace:** 1.4m SKUs on offer, 1,063 vendors onboarded (+41% YoY), roll-out planned in the Netherlands and Italy in 2023/24
- Increase in **Private Label** share with new logistics process for faster importation
- Continued progress in **Retail Media:** Industry partners are responding well to our products, fourth Sponsored Product Ad launched in 2023/24

Application of IAS 29, hyperinflation accounting

Given the technical impact of IAS 29 (hyperinflation) on sales in Türkiye in FY 2022/23, 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
Q4	5,237	14	5,223	5,347	275	5,072

Results call

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

The quarterly statement will be posted on www.ceconomy.de/en/investor-relations at **7am CEST**. A recording of the conference call will be posted shortly after its conclusion.

Store network

The table reflects the strategic adjustment of MediaMarktSaturn's store portfolio. This includes the closure of 49 stores due to portfolio changes in Portugal and Sweden. Despite these closures, the overall trend points to growth and a strengthening of our market presence.

	30/06/2023	Openings Q4 2022/23	Closures Q4 2022/23	30/09/2023	30/09/2022	Openings FY 2022/23	Closures FY 2022/23	30/09/2023
Germany	398	1	-1	398	399	4	-5	398
Austria	54	0	0	54	52	2	0	54
Switzerland	25	0	0	25	25	0	0	25
Hungary	36	3	0	39	36	3	0	39
DACH	513	4	-1	516	512	9	-5	516
Belgium	22	0	0	22	23	0	-1	22
Italy	123	2	0	125	122	4	-1	125
Luxembourg	2	0	0	2	2	0	0	2
Netherlands	48	0	0	48	49	0	-1	48
Portugal	10	0	-10	0	10	0	-10	0
Spain	109	1	0	110	107	4	-1	110
Western/Southern Europe	314	3	-10	307	313	8	-14	307
Poland	81	0	-1	80	81	0	-1	80
Türkiye	94	1	0	95	89	6	0	95
Eastern Europe	175	1	-1	175	170	6	-1	175
Sweden	29	0	-29	0	29	0	-29	0
Others	29	0	-29	0	29	0	-29	0
CECONOMY	1,031	8	-41	998	1,024	23	-49	998

Financial calendar

Q1 FY 2023/24 results	Friday	9 February 2024
Annual General Meeting	Wednesday	14 February 2024
Q2 FY 2023/24 results	Wednesday	15 May 2024
Q3 2023/24 results	Wednesday	14 August 2024
Q4/FY 2023/24 trading statement	Tuesday	29 October 2024
Q4/FY 2023/24 FY results	Wednesday	18 December 2024

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