

CECONOMY



INVESTOR PRESENTATION

February 2020

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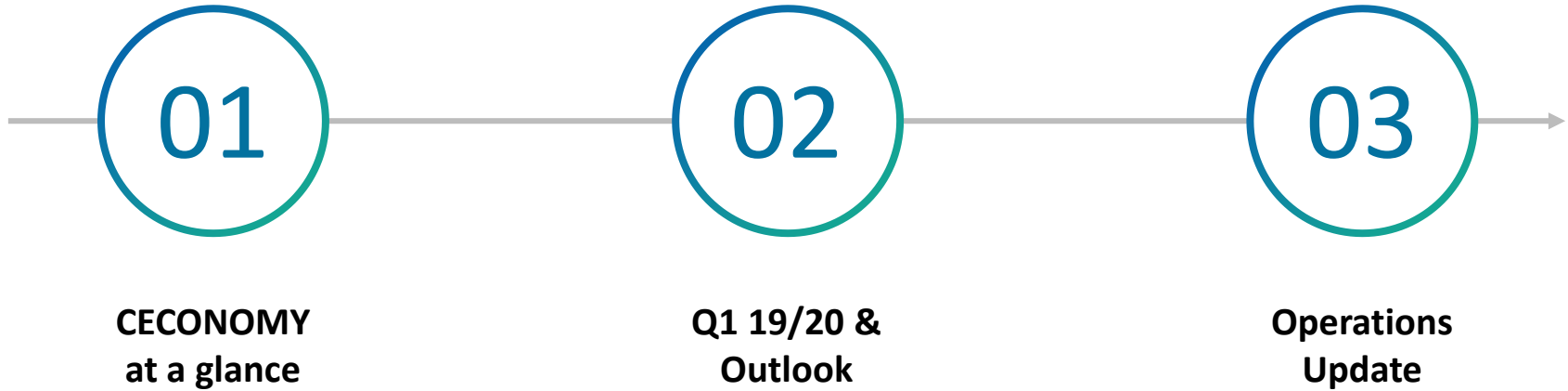
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Agenda

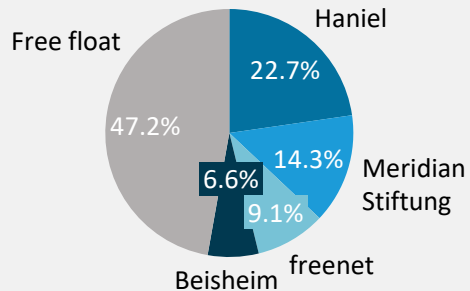


CECONOMY at a glance

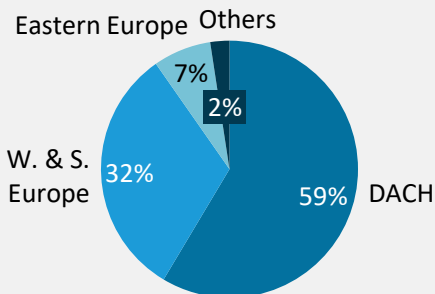
CECONOMY is Europe's largest Consumer Electronics platform

Shareholder structure

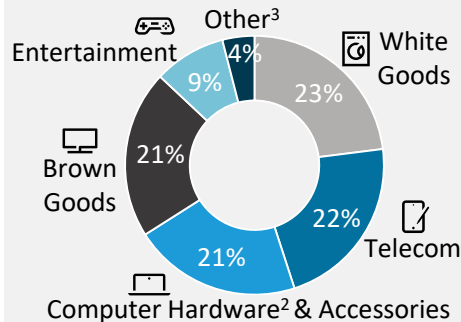
(based on ordinary shares¹)



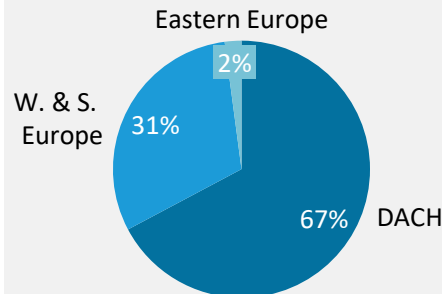
Sales per segment



Product category breakdown



EBIT per Segment (excl. Others)



Highlights

- Europe's largest Consumer Electronics platform
- 21.5 €bn of sales, c. 402 €m EBIT in FY 18/19
- >2.9 €bn online sales and 1.5 €bn Services & Solutions sales in FY 18/19
- Leading position in 7 out of 13 countries
- 2 strong brands: MediaMarkt and Saturn
- Multi-channel 1,000+ store network
- Solid financial framework
- Minority investments in Fnac Darty (c. 24%) and M.video (c. 15%)

¹Calculated on the basis of the number of voting rights disclosed pursuant to section 40 para. 1 sentence 1 WpHG; ²Telecommunication devices such as iPads without SIM card included; ³Includes in essence Photo&Office equipment.

We have a strong set of assets and operate in an attractive market

CECONOMY

- Leading multi-channel player for Consumer Electronics
- Differentiated value proposition with Services & Solutions offering
- Large customer base
- Trusted brands
- Strong and trusted partner of suppliers

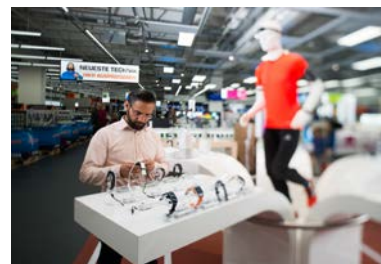
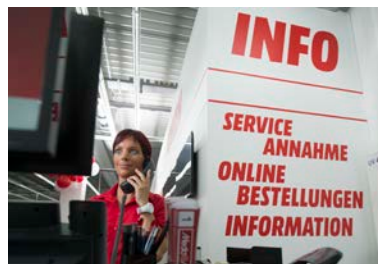
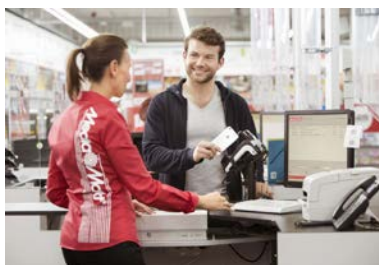


- Digital opens up new product categories
- Ageing population is increasingly seeking technical support
- Connectivity and product complexity drive rising demand for Services & Solutions

Our store network is an asset and integral part of our omni-channel and services strategy

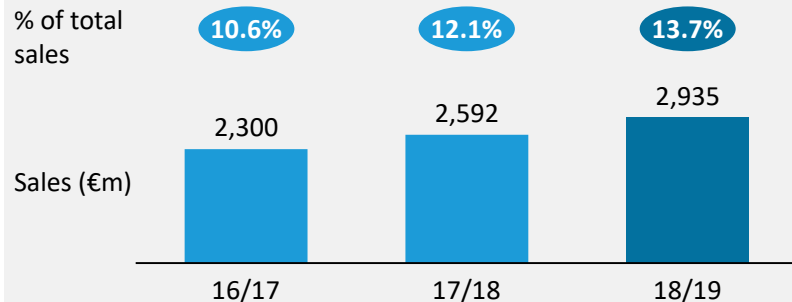
Advantages of CECONOMY's strong physical presence

- 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 **personalized customer service**
- **Delivery hubs & pick-up places/return points** for online orders

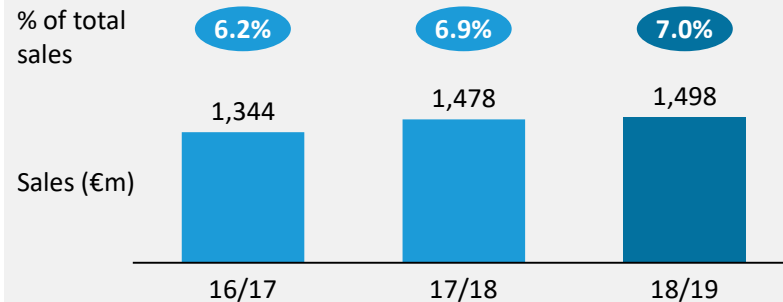


Ongoing progress in the Online and Services & Solutions business

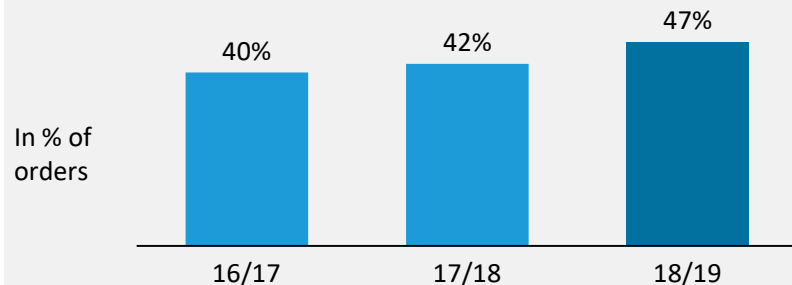
Strong Online business



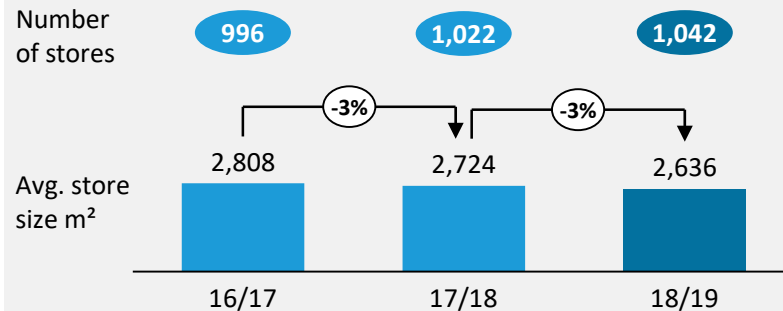
Increasing Services & Solutions business



Growing pick-up rate



Ongoing rightsizing of stores



Note: Business figures represent the continuing operations of CECONOMY, i.e. excl. the Russian MediaMarkt business.

Our full focus is on the execution of our four strategic initiatives



**DIGITAL
GROWTH**

ONGOING



**SERVICES &
SOLUTIONS**

ONGOING



**CATEGORY &
SUPPLY CHAIN
MANAGEMENT**

GRADUAL PROGRESS



**ORGANIZATION &
COST STRUCTURE**

SHORT TERM

We have accelerated our digital growth efforts



Consolidation of six different webshop platforms to **one common IT platform**



Significantly **improved webshop front-end** in Germany and **new app** with improved user interface



3rd largest webshop in Germany, incl. MediaMarkt and Saturn





We have improved our Services & Solutions offering



Harmonized **service offering** at **SmartBars** across all stores



Increasing customer demand for **screen protection, ready-to-use** and **repairs**



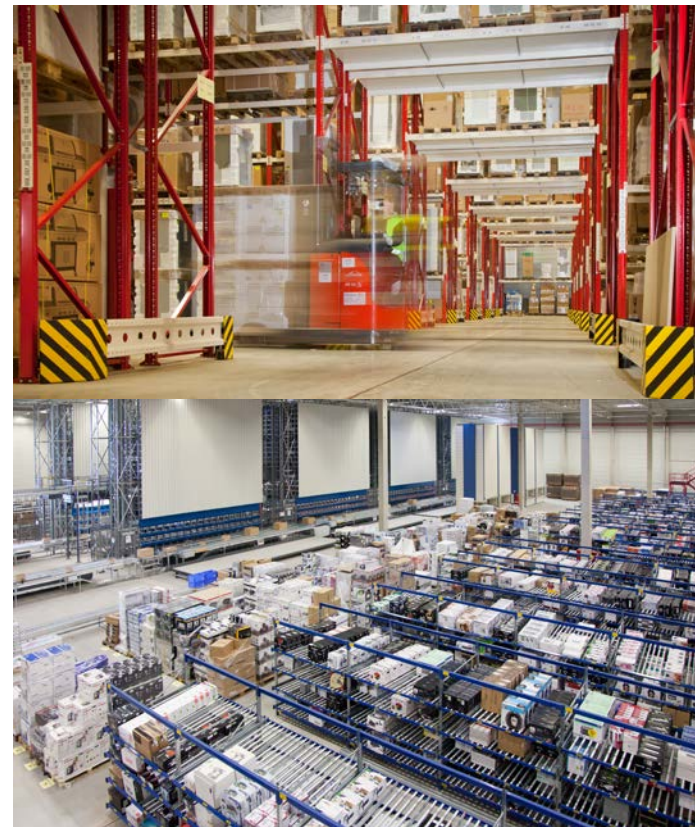
Tendered, refined & rolled out **new insurances & warranties proposition** in Germany





Progress on the centralization of our Category and Supply Chain Management is also steadily building

- Roll-out of **central pricing system** in Germany
- Go-live of **category management** pilot store including new systems in Spain
- Ramp-up of **central logistics platform** in Germany and in the Netherlands



We have launched a program to reduce complexity and costs, primarily in Germany

- **Completed staffing** of central management team
- **Streamlining** of organizations at CECONOMY and MediaMarktSaturn Holding and Germany
- **Portfolio solutions** for Juke, RMG, iBood, Greece

Reorganization & Efficiency Program		
Central Functions	Portfolio	
	Target	Status
Timeframe	6 – 18 months	
Run-rate savings	110 – 130 €m	
Total P&L expenses ¹	204 – 224 €m	c. 190 €m

¹ Incl. 34 €m of expenses booked in Q1 18/19 related to top management changes and incl. non-cash accounting effects.

Why invest in CECONOMY?

#1

**CECONOMY IS THE
LEADER IN
MULTI-CHANNEL
AND SCALE**

#2

**CECONOMY HAS A
STRONG
FINANCIAL PROFILE**

#3

**CECONOMY HAS
THE POTENTIAL TO
INCREASE
MARGINS AND
FREE CASH FLOW
GENERATION**

#4

**CECONOMY HAS
THE POTENTIAL TO
LEAD THE RETAIL
CONSOLIDATION
AND
TRANSFORMATION
IN THE FUTURE**

Q1 19/20 & Outlook

CECONOMY's Q1 19/20 in a nutshell



Successful Black Friday period, both in-store and online



Solid growth rates in Online and Services & Solutions



Encouraging earnings improvement driven by Services & Solutions and cost optimization, esp. in Germany



Christmas business impacted by pull-forward effects due to increasing importance of Black Friday



Adverse macro conditions and intense competition in Southern Europe



Poland still with weak performance

In Q1 we built the foundation for a sound financial year 19/20



-0.5%

Sales change yoy
adjusted for fx-effects and
portfolio changes

289 €m

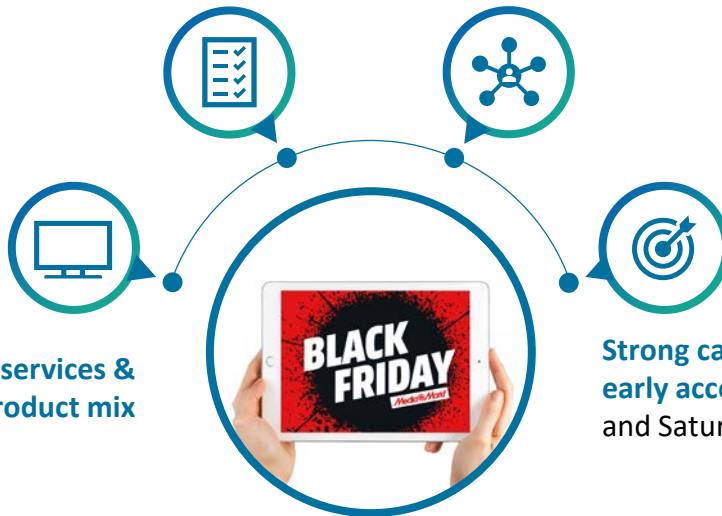
Adj. EBIT^{1,2}
excl. associates³
+20 €m vs. PY

Note: ¹ Adjusted EBIT before non-recurring earnings effects in connection with the reorganization and efficiency program and portfolio changes. ² Incl. IFRS 16. ³ Companies accounted for using the equity method

We continued the success of last year and built again a profitable Black Friday

Centrally prepared and orchestrated campaign concepts for entire group supported by professional toolkit

New MediaMarkt web platform handling double traffic, **improved delivery performance** and improved availability of offers



Cross-selling of bundles, focus on **services & solutions** and higher margin **product mix**

Strong campaigns with focus on services, **early access** for MediaMarkt club members and Saturn card holders

After an already strong prior year, we generated solid double-digit sales growth rates in-store and online



+1,000k

More items sold during 5-day Black Friday period vs. PY



+15%

More online shoppers visited our websites vs. PY



+2%

More customers visited our stores vs. PY

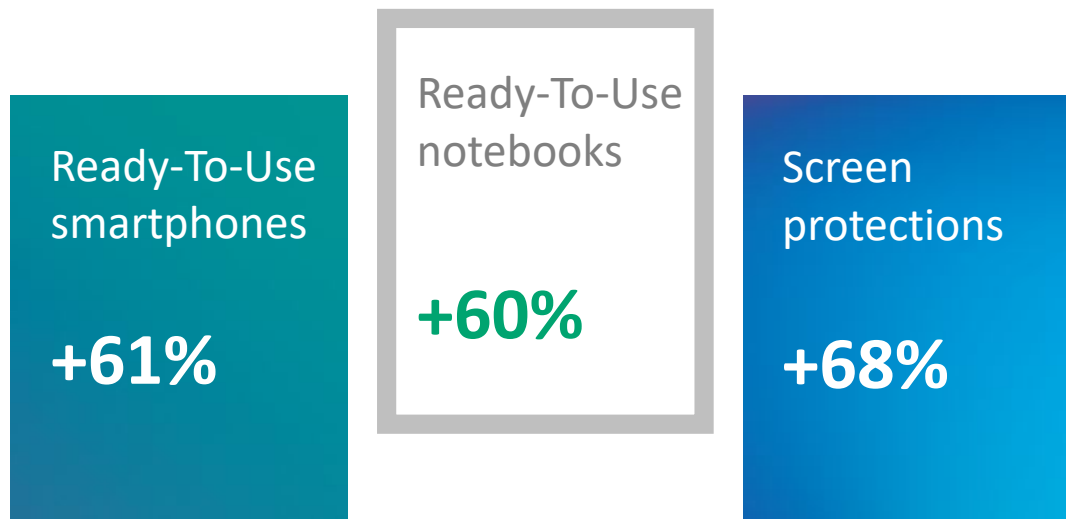
Note: Figures for 5-day Black Friday period including Thursday to Cyber Monday compared to the comparable prior-year period. Figures excluding Greek MediaMarkt business (portfolio adjustment).

Attractive bundles increased attachment rates during Black Friday, driving smartphone, computer hardware and GSM accessories sales

➤ Countries were well prepared to **meet high stationary and online traffic** (e.g. partly pre-configured Ready-To-Use items)

➤ Many campaign products were offered as **“Ready-To-Use” bundles** which supported particularly **smartphone and computer hardware sales**

➤ **GSM accessories with very good development** due to good attachment rate

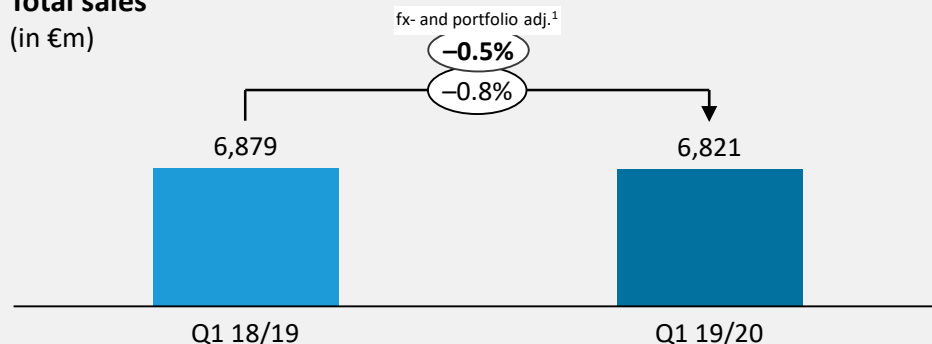


Note: Figures for 5-day Black Friday period including Thursday to Cyber Monday compared to the comparable prior-year period. Figures excluding Greek MediaMarkt business (portfolio adjustment).

Fx- and portfolio adjusted sales¹ nearly on prior-year's level (excl. iBood)

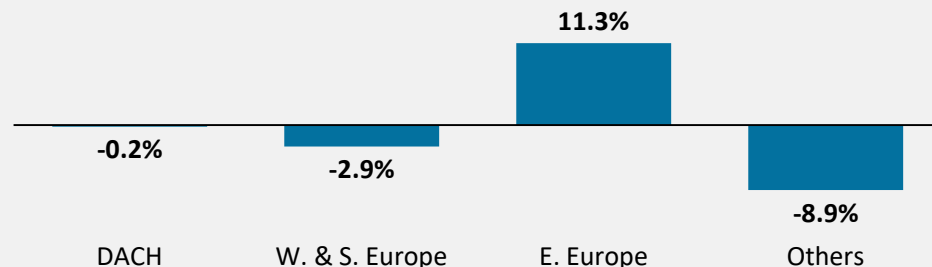
Q1

Total sales
(in €m)



Sales by segment

(fx- and portfolio adj.¹, yoy change)



¹ Excluding Greek MediaMarkt business (portfolio adjustment).

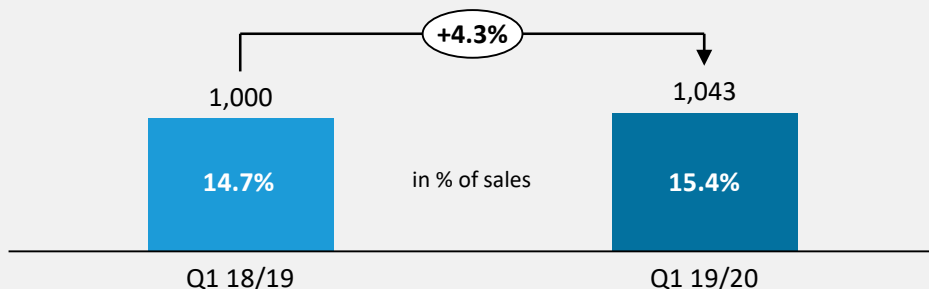
Q1 Highlights

- **Fx- and portfolio adjusted¹ sales excl. iBood** nearly on PY's level (−0.2%)
- **DACH:** Germany with strong Black Friday, but offset by softer subsequent Christmas trading; strong performance in Austria and Hungary
- **Western & Southern Europe:** Spain mainly impacted by shift in campaign plan; Italy impacted by macro environment and competition; Netherlands with declining sales
- **Eastern Europe:** Turkey with strong double-digit growth; Poland with slight sales decline
- **Others:** Solid fx-adj. sales increase in Sweden; sales decline due to disposal of iBood

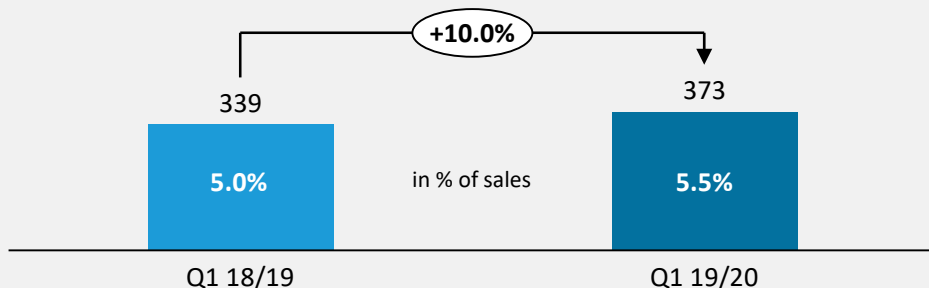
Online and Services & Solutions are the key growth drivers

Q1

Online sales¹ (in €m)



Services & Solutions sales¹ (in €m)



¹ Excluding Greek MediaMarkt business (portfolio adjustment).

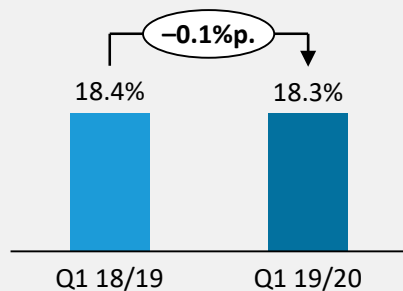
Q1 Highlights

- **Online¹ growth +5.9% excl. iBood**
- **"Black Friday" campaigns** with particularly positive effect on online business
- **Online business** impacted by high comps (+28%) and shift of campaign planning in Spain
- **Strong demand for pick-up option** at 47% vs. 44% in the prior-year period
- **Double-digit growth of SmartBar services:** Ready-To-Use, screen protection, in-store repair
- **Positive development of extended warranties and mobile business**, while consumer financing business was below PY's level

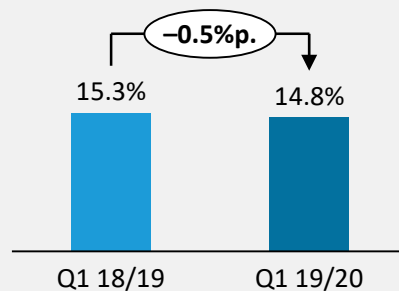
Solid operational EBIT improvement mainly driven by Services & Solutions and cost savings

Q1

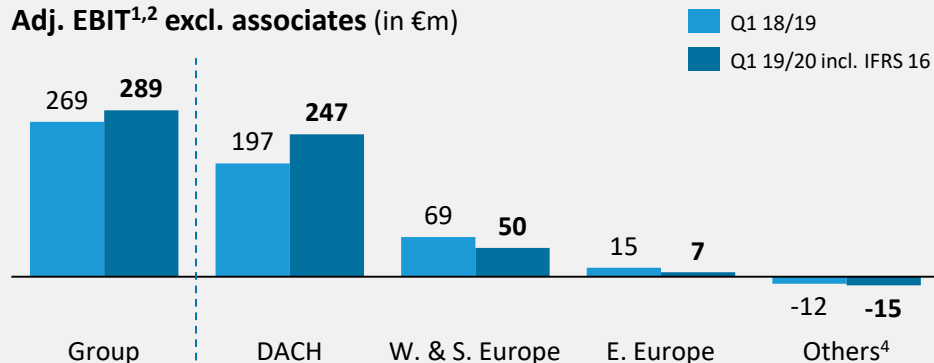
Gross margin^{1,2} (in % of sales)



OPEX^{1,2,3} (in % of sales)



Adj. EBIT^{1,2} excl. associates (in €m)

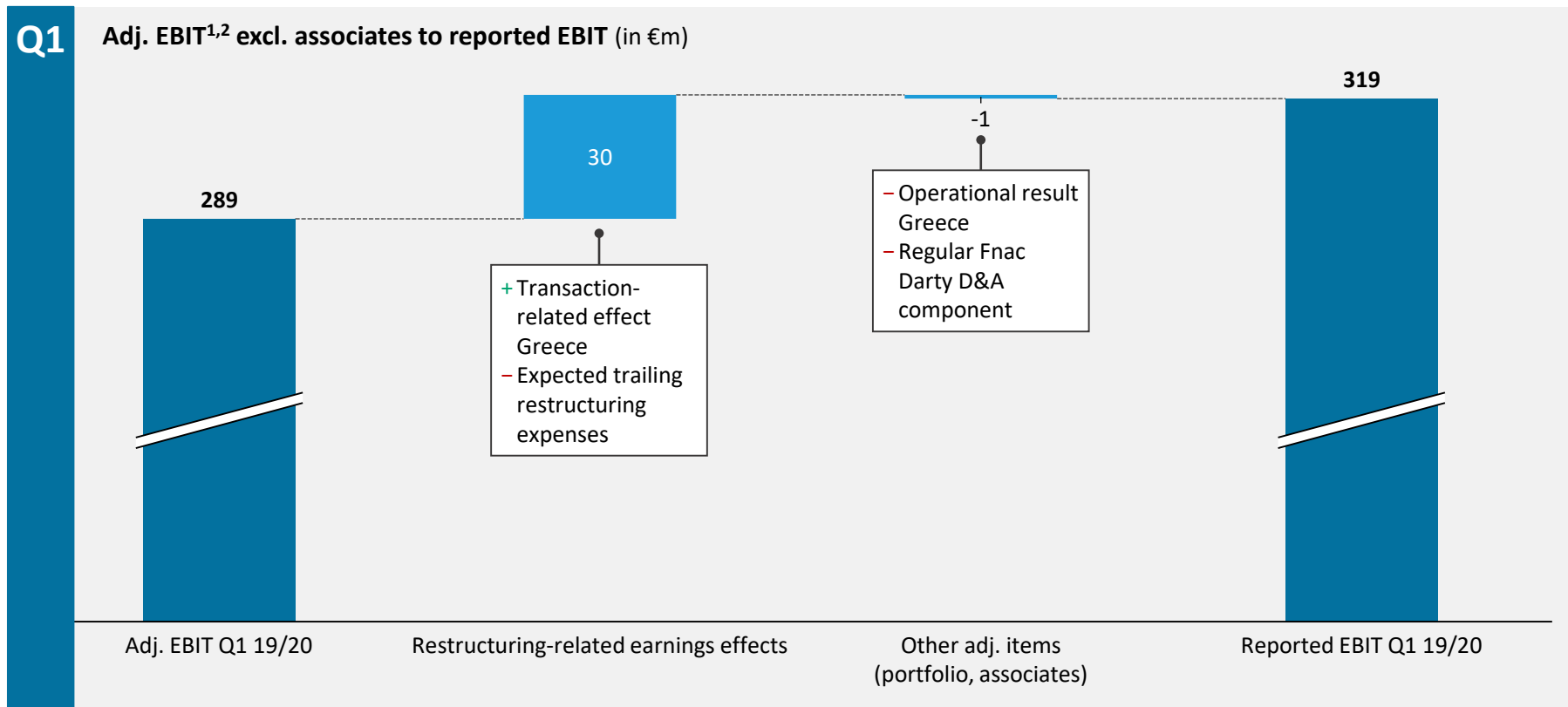


Q1 Highlights

- **Gross margin with trend improvement, cost savings** in PEX and indirect spend
- **DACH:** Strong performance in Germany driven by Services & Solutions and cost savings
- **Western & Southern Europe:** Spain and Italy impacted by macro environment and competition; Netherlands also with declining result, but with slight trend improvement
- **Eastern Europe:** Poland with ongoing negative trend, Turkey benefiting from market growth
- **Others:** Severance payment at CECONOMY level and slight decline in Sweden

¹ Excl. non-recurring earnings effects in connection with the reorganization and efficiency program. ² Adjusted for portfolio changes ³ Sum of SG&A expenses and Other operating expenses. ⁴ Incl. consolidation.

Reported EBIT benefited predominantly from positive one-time effect related to Greek transaction



Note: EBIT incl. IFRS 16 effect. ¹Adjusted EBIT excl. associates and non-recurring earnings effects in connection with the reorganization and efficiency program announced on 29 April 2019. ²Adjusted for portfolio changes.

EPS improvement mainly driven by higher earnings and lower tax rate

€m	Q1 2018/19	Q1 2019/20	Change
EBITDA	291	509	218
EBIT	234	319	84
Net financial result	1	9	8
Earnings before taxes	235	327	92
Income taxes	-88	-105	-17
Tax rate	37.4%	32.0%	-5.3%p.
Profit or loss for the period	147	222	75
Non-controlling interest	40	53	13
Net result	107	170	62
EPS (in €)	0.30	0.47	0.17

Note: reported EBIT/DA; EBIT/DA in CY incl. IFRS 16 effect. ¹ Before associates, M.video and restructuring-related effects.

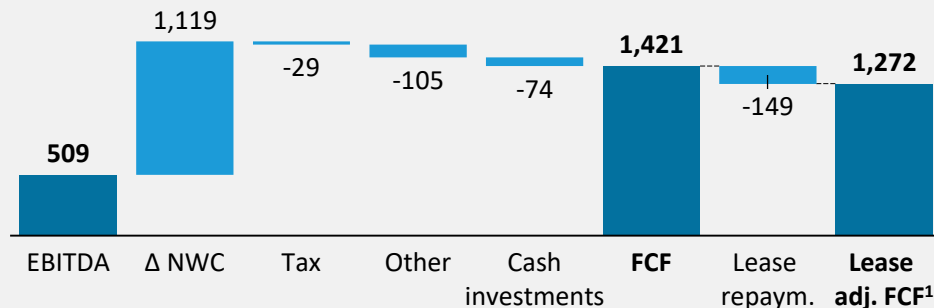
Q1 Highlights

- **Reported EBITDA** includes c. 138 €m IFRS 16 effect
- **Reported EBIT** includes c. 2 €m IFRS 16 effect
- Reported earnings in CY include positive effect related to Greek transaction; PY impacted by expenses for restructuring and management changes
- **Net financial result** benefited from payment of M.video dividend in the amount of 13 €m
- **Tax rate** improved to 32% mainly due to non-taxable gain related to Greek transaction; underlying tax rate¹ at 38%
- **EPS** increased by 0.17 € yoy

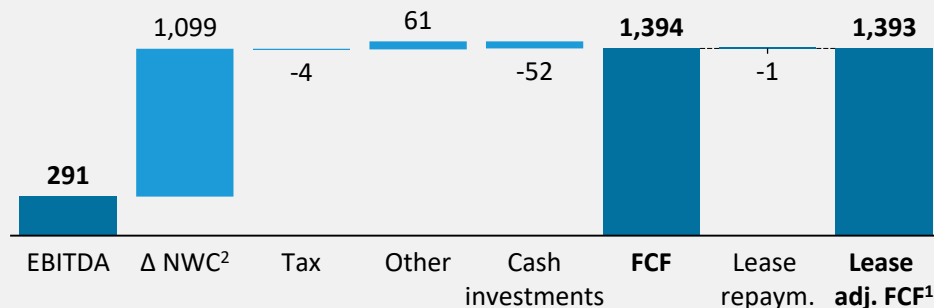
Adjusted Free Cash Flow below prior-year's level mainly due to restructuring-related cash outflows and higher cash taxes

Q1

2019/20: Free Cash Flow (in €m)



2018/19: Free Cash Flow (in €m)



¹ Lease adjusted free cash flow subtracts the repayment of lease liabilities for better FCF comparability under IFRS 16 ² Prior-year adjustments due to changes in presentation and definition.

Q1 Highlights

- **Change in NWC improved slightly** due to higher increase in trade payables, mainly resulting from higher starting point as of 30 September 2018
- **Cash tax payments** in prior-year period benefited from tax optimization in FY 17/18
- **Other OCF Q1 19/20** mainly impacted by restructuring-related cash outflows and reversal of non-cash effects related to Greek transaction
- **Other OCF Q1 18/19** lower trade tax receivables and the settlement of receivables in connection with Russia transaction turn into tough comparison base this year

Outlook for FY 19/20 confirmed

- Adjusted for portfolio changes
- Excluding non-recurring earnings effects in connection with the reorganization and efficiency program announced on 29 April 2019

	FY 19/20 incl. IFRS 16	thereof IFRS 16 effect
Fx-adjusted sales	Slight increase	
EBIT (excl. associates)	445 – 475 €m	5 – 15 €m

Operations Update

In 2018/19 we prepared for sustainable success

1

Leadership team established and **new critical competencies on-boarded**

2

Leaner organization and a more **competitive cost structure**, especially in Germany

3

Faster decision-making processes due to **clearer responsibilities**

4

Clear focus on consistently **transforming our business**

5

Progress across all four **strategic initiatives** and **acceleration**

2019/20: Ongoing implementation of the strategic initiatives

CUSTOMER-CENTRIC OMNI-CHANNEL BUSINESS MODEL



DIGITAL GROWTH

Improve online/omni-channel conversion, growth, margins (e.g. online services) and customer retention



SERVICES & SOLUTIONS

Improve attachment rates, ramp-up existing services and extend services portfolio



CATEGORY & SUPPLY CHAIN MANAGEMENT

Deploy Category Management and central planning globally, and improve last mile delivery



ORGANIZATION & COST STRUCTURE

Reduce overall costs, implement harmonized organizational structures and optimize store portfolio



Digital Growth: Ongoing improvements of our platforms enabling a better omni-channel customer journey

New webshop platform

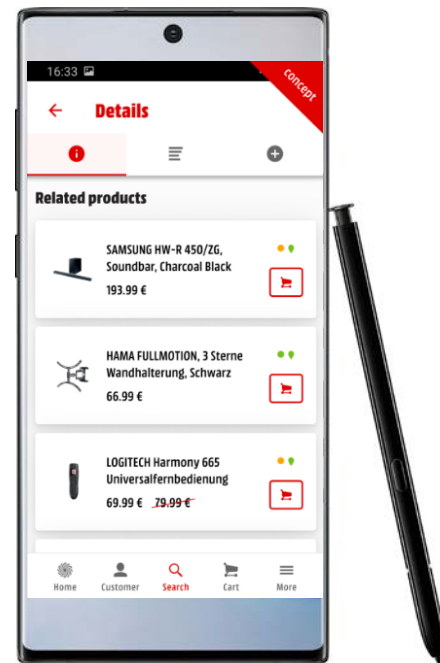
State of the art platform for faster responsiveness and improved customer experience; go-live in Germany in November '19 and roll-out in other countries to follow

Assisted selling

Digitizing our sales colleagues with a new app to improve processes, efficiency & customer satisfaction by **combination of store & online assortment**

Market place

Enabling us to **broaden our assortment, increase the number of online SKUs** and improve product availability; go-live in Germany in May 2020 expected





Services & Solutions: Focus on achieving best-in-class attachment rates in all countries

Insurances & Warranties

Further ramp-up and roll-out of **standardized customer proposition** to strengthen customer relationships

SmartBars

Group-wide **full utilization of SmartBars potential** with harmonized offerings of three core services

Subscription models

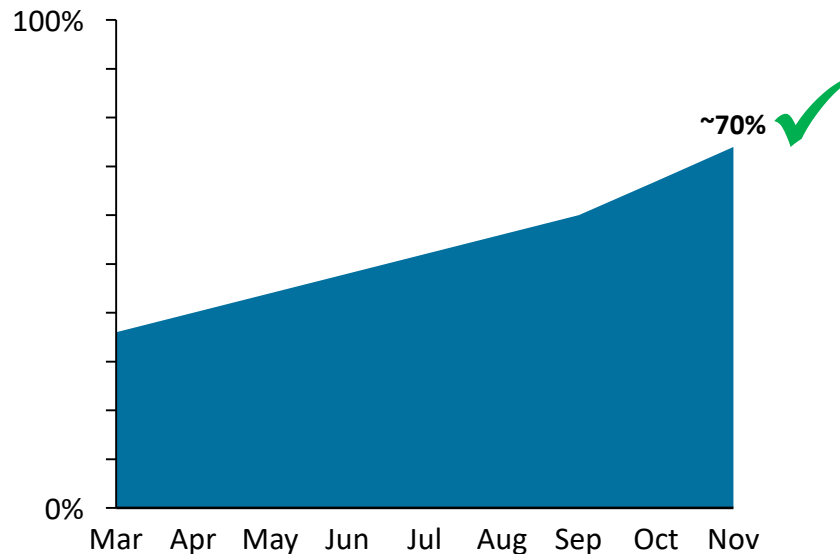
Drive **recurring revenue models** through own **billing platform** for e.g. security software





Centralization of procurement volumes on track; pricing and category management with gradual progress

Ramp-up of central negotiated purchasing in 2019 in Germany
(in % of purchasing volume)



Current focus

- Ramp-up of **centrally negotiated procurement volume** in Germany, Spain, Italy and the Netherlands **on track**
- Better control of **margins** & reliable **price promises** across all channels through **pricing cockpit & simulator** in all key countries
- Implementation of state-of-the-art **IT-system** for **Forecasting & Replenishment** to improve **product availability**
- Implementation of **automated Digital Floor & Shelf-Planning** for creating store layouts based on **local customer preferences** to rationalize selling space

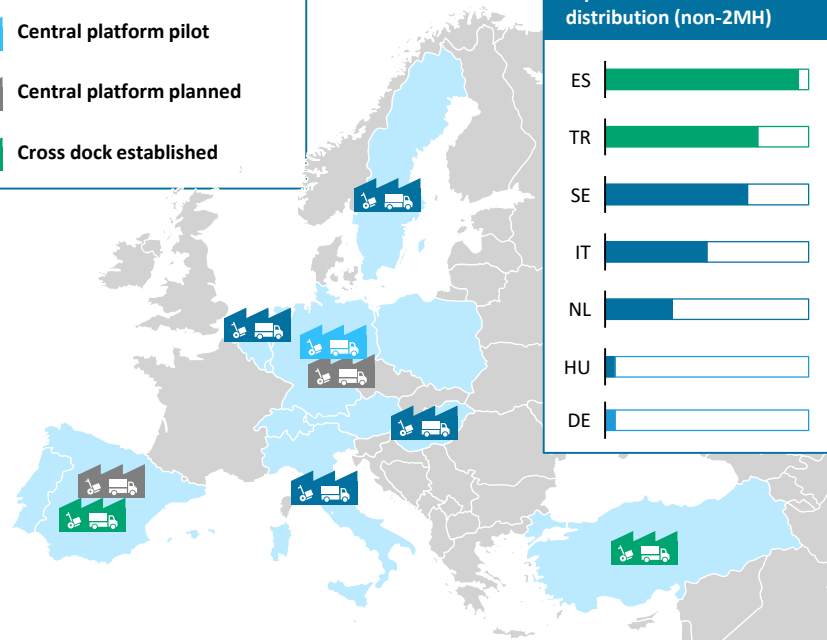
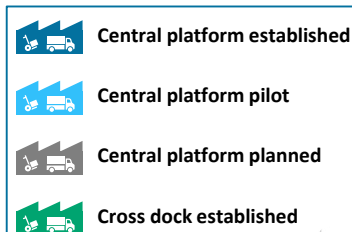
Logistics will build on centralization and national distribution centres



Transforming our supply chain into an omni-channel logistics network ...

... based on central platforms

- **Central platforms** in the Netherlands, Italy and Spain as well as pilot in Germany (Erfurt) already established
- **Central platform** for Germany (Göttingen) starts in autumn 2020
- **Omni-channel logistics operations** go-live for Benelux and Iberia in 2020



Summary

FOCUS

FIXING THE BASICS

Laying the
foundation for a
sustainable future



EXECUTE

TRANSFORMING THE BUSINESS

Changing into a
customer-centric
business model



**We focus on our omni-channel business model
and want to be customers' first choice**

26 MARCH 2020
10 AM – 2 PM

CECONOMY



CECONOMY HQ
DÜSSELDORF

Back-up

Sales & number of stores by country

	Sales (€m)	
	FY 17/18	FY 18/19
Germany	10,340	10,472
Austria	1,161	1,150
Switzerland	569	578
Hungary	340	364
DACH	12,410	12,565
Belgium	701	697
Greece	186	193
Italy	2,096	2,157
Luxembourg	65	65
Netherlands	1,581	1,495
Portugal	146	151
Spain	2,002	2,050
Western/S. Europe	6,777	6,807
Poland	1,037	970
Turkey	651	596
Eastern Europe	1,689	1,567
Sweden	462	439
Others	542	516
CECONOMY	21,418	21,455

30/09/2018	Number of Stores		30/09/2019
	Openings	Closures	
432	2	-3	431
52	-	-	52
27	-	-1	26
24	8	-	32
535	10	-4	541
29	-	-2	27
12	-	-	12
115	2	-	117
2	-	-	2
49	-	-	49
10	-	-	10
85	3	-	88
302	5	-2	305
86	5	-1	90
71	8	-1	78
157	13	-2	168
28	-	-	28
28	-	-	28
1,022	28	-8	1,042

Store network as of 31 December 2019

	30/09/2019	Openings	Closures	31/12/2019
Germany	431	–	–2	429
Austria	52	–	–	52
Switzerland	26	–	–	26
Hungary	32	–	–	32
DACH	541	–	–2	539
Belgium	27	–	–	27
Greece	12	–	–12	0
Italy	117	–	–	117
Luxembourg	2	–	–	2
Netherlands	49	1	–	50
Portugal	10	–	–	10
Spain	88	–	–	88
Western/S. Europe	305	1	–12	294
Poland	90	–	–	90
Turkey	78	–	–	78
Eastern Europe	168	–	–	168
Sweden	28	–	–	28
Others	28	–	–	28
CECONOMY	1,042	1	–14	1,029

Highlights

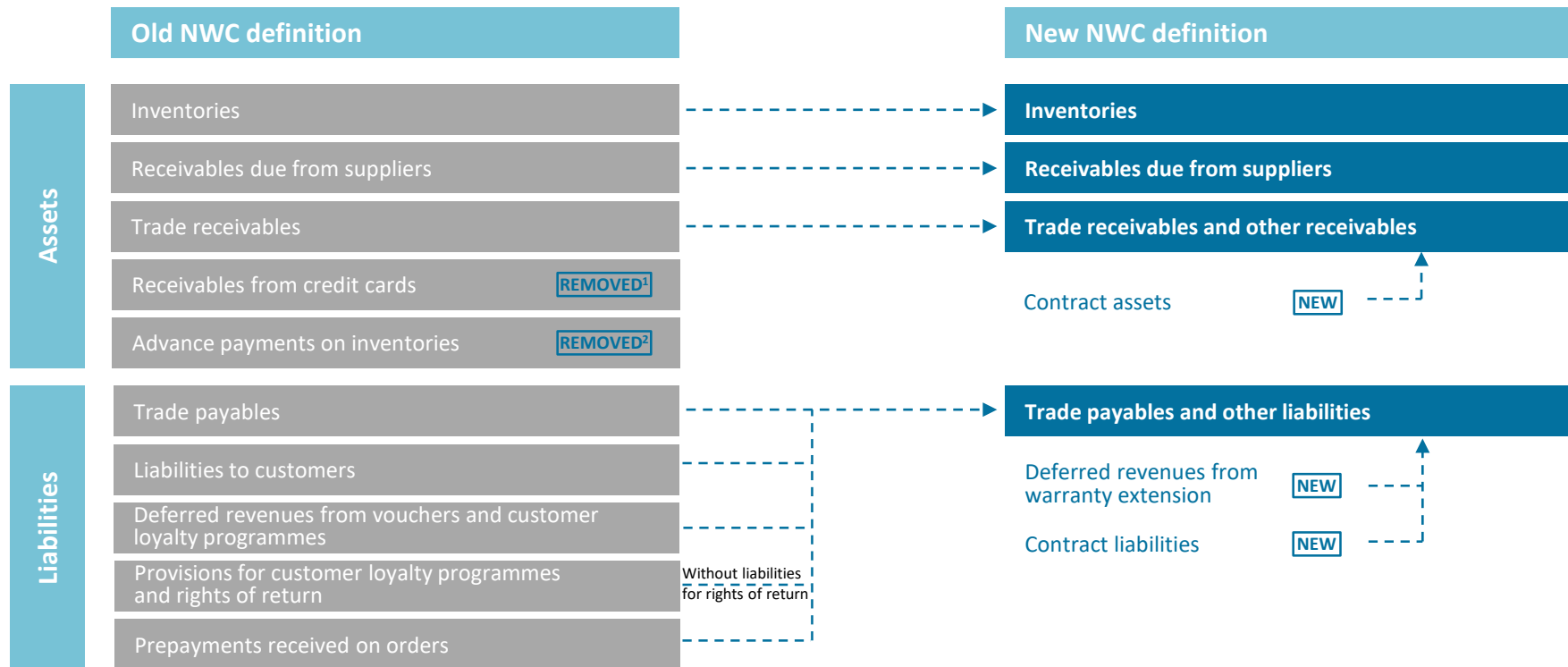
- **Selective expansion** with 1 store opening in the Netherlands
- **2 store closures** in Germany
- **Average store size reduced by c. –1%** to 2,622 sqm since September 2019, mainly due to further store rightsizings and store closures

Net Working Capital¹

€m	30/09/2018	31/12/2018	Change	30/09/2019	31/12/2019	Change
Inventories	2,480	3,229	749	2,548	3,348	801
Trade receivables and other receivables	610	579	-32	455	543	87
Receivables due from suppliers	1,241	1,789	549	1,295	1,851	556
Trade payables and other payables	-5,745	-8,136	-2,391	-5,321	-7,857	-2,536
Net Working Capital	-1,415	-2,539	-1,124	-1,023	-2,115	-1,092

¹ Prior year adjustments due to changes in presentation and definition

New simplified NWC definition as of Q1 2019/20 with all items easily readable from balance sheet positions



¹ Reclassified as Cash and cash equivalent due to similar character ² Removed due to non-material amount

Comparison of new vs old NWC definitions

Old	€m	30/09/2018	30/09/2019
	Inventories	2,480	2,548
	Trade receivables and similar claims	613	417
	Receivables due from suppliers	1,239	1,295
	Receivables from credit cards	71	51
	Advance payments on inventories	0	1
	Trade payables and similar payables	-5,277	-4,914
	Liabilities to customers	-45	-13
	Deferred revenues from vouchers and customer loyalty programmes	-137	-133
	Provisions for customer loyalty programmes and rights of return	-23	-22
	Prepayments received on orders	-46	-45
Net Working Capital		-1,125	-815

New	€m	30/09/2018	30/09/2019
	Inventories	2,480	2,548
	Trade receivables and other receivables	610	455
	Receivables due from suppliers	1,241	1,295
	Trade payables and other payables	-5,745	-5,321
	Net Working Capital	-1,415	-1,023

- NWC becomes easily readable from balance sheet positions
- New definition ensures completeness of NWC positions
- Due to revised disclosure under new definition, NWC is more negative than under old definition
- Redefinition has no economic impact

IFRS 16 effects on EBITDA and EBIT in Q1 19/20

	Adjusted EBITDA ^{1,2}	Adjusted EBITDA ^{1,2} including IFRS 16	IFRS 16 effect
€m	Q1 18/19	Q1 19/20	Q1 19/20
DACH	228	356	80
Western/Southern Europe	87	111	44
Eastern Europe	20	23	12
Others ³	-11	-11	2
Total	325	479	138

	Adjusted EBIT ^{1,2}	Adjusted EBIT ^{1,2} including IFRS 16	IFRS 16 effect
€m	Q1 18/19	Q1 19/20	Q1 19/20
DACH	197	247	1
Western/Southern Europe	69	50	0
Eastern Europe	15	7	1
Others ³	-12	-15	-1
Total	269	289	2

¹ Adjusted EBIT/DA excl. associates and non-recurring earnings effects in connection with the reorganization and efficiency program announced on 29 April 2019. ² Adjusted for portfolio changes ³ Including consolidation.

IFRS 16 applied as of 1 October 2019 - estimated P&L impact in FY 19/20

	ESTIMATED EFFECT ¹	
Leasing expenses	▼	Decrease by 525-565 €m as leasing expenses are recognized as D&A and interest cost
EBITDA	▲	Increase by 525-565 €m equalling the amount of leasing expenses
D&A	▲	Increase by 515-555 €m due to depreciation of capitalized operating lease asset
EBIT	▲	Increase by approx. 5-15 €m as lease expense is replaced by D&A and interest
Interest expense	▲	Increase by a low double-digit €m amount due to interest cost component
Earnings before taxes	▼	Reduce by a low single-digit €m amount due to higher interest during first years

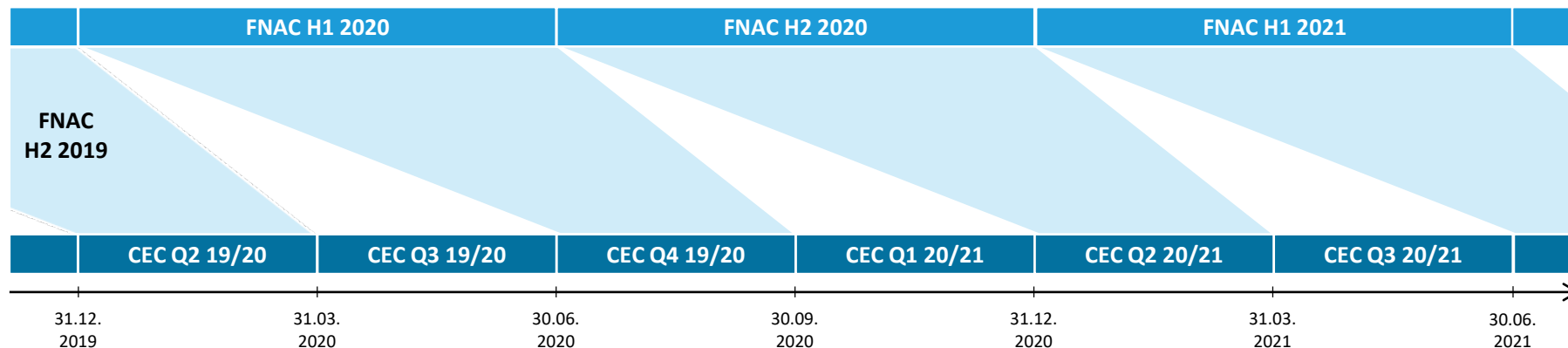
¹ Estimated effect on financials of FY 19/20 as first year of IFRS 16 application; financial effects based on preliminary and unaudited impact analysis as of 11 November 2019.

IFRS 16 applied as of 1 October 2019 - estimated balance sheet and cash flow impact in FY 19/20

	ESTIMATED EFFECT ¹	
Assets	▲	Increase by around 2.3 €bn due to recognition of lease contracts as rights of use assets
Liabilities	▲	Increase by around 2.4 €bn due to recognition of lease contracts as lease liabilities
Operating CF	▲	Increase by 525-565 €m as leasing expenses shift to financing CF
Financing CF	▼	Decrease by 525-565 €m as leasing expenses are recognized as interest and amortization

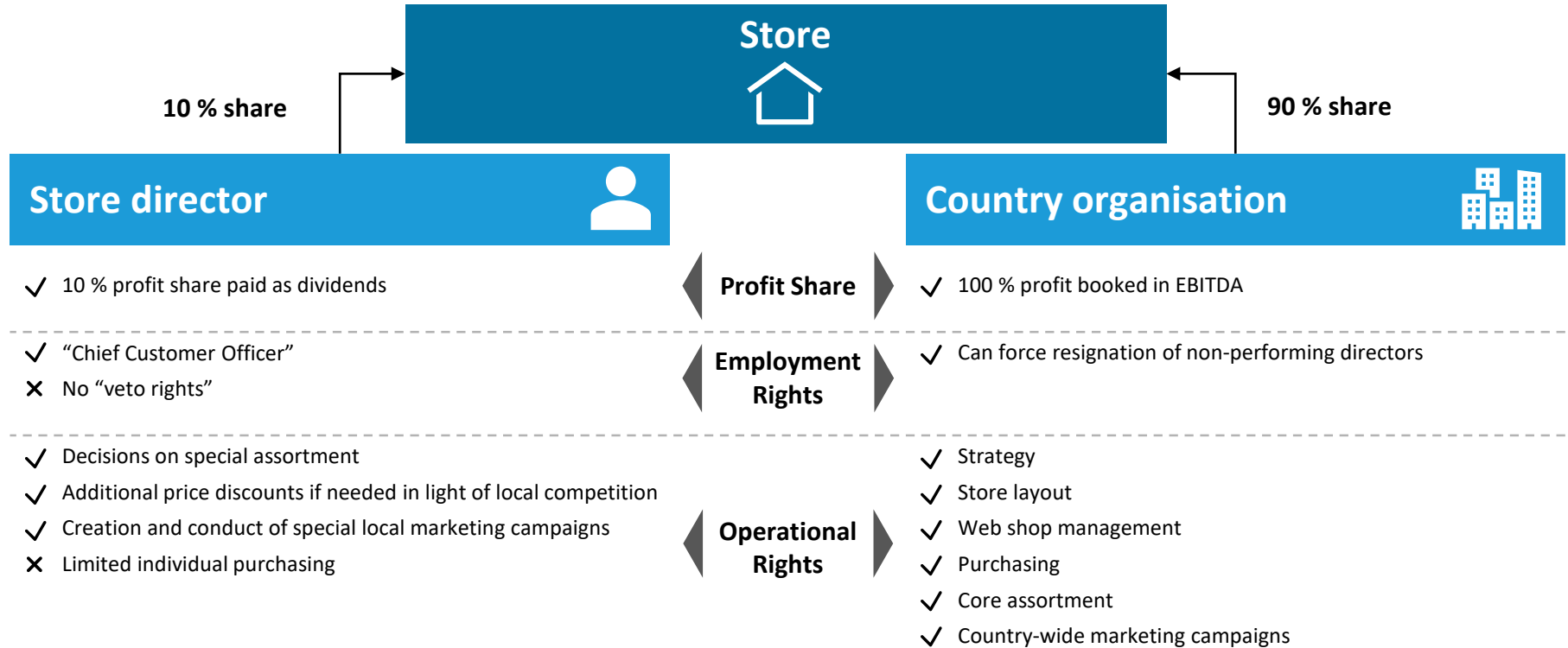
¹ Estimated effect on financials of FY 19/20 as first year of IFRS 16 application; financial effects based on preliminary and unaudited impact analysis as of 11 November 2019.

Fnac Darty consolidation



- Our c.24% stake in Fnac Darty is accounted for as **“Investment accounted for using the equity method”** on the balance sheet
- The share of Fnac Darty’s **net income** will be reported **in our EBITDA and EBIT**
- Due to Fnac Darty’s **semi-annual reporting of net income**, we will report our earnings share semi-annually **in Q2 and Q4**
- Our share of **dividends**, should there be any dividends, will be recognised **earnings-neutral** in our cash flow statement

Store director model as an effective form of incentivisation through 10% share ownership



Financial calendar and events

Financial calendar

Annual General Meeting	12 February 2020
Capital Markets Day	26 March 2020
Q2/H1 2019/20 results	14 May 2020
Q3/9M 2019/20 results	13 August 2020
Q4/FY 2019/20 trading statement	23 October 2020
FY 2019/20 results	15 December 2020

Upcoming events

Roadshow London	10 February 2020
Roadshow Paris	18 February 2020

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