CECONOMY

Investor Presentation

January 2020

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Agenda

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CECONOMY at a glance

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FY Trading & Outlook

03

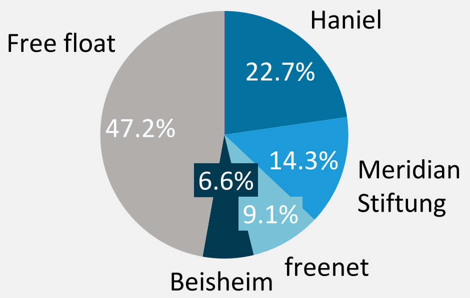
Operations Update

CECONOMY at a glance

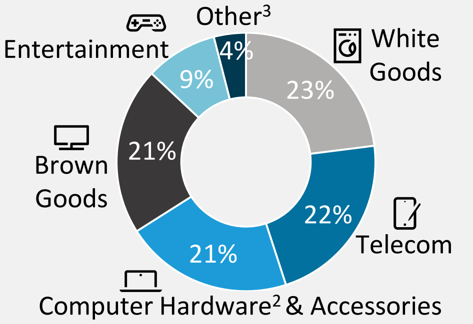
CECONOMY is Europe's largest Consumer Electronics platform

Shareholder structure

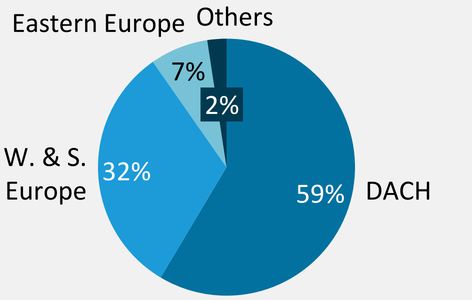
(based on ordinary shares[1])



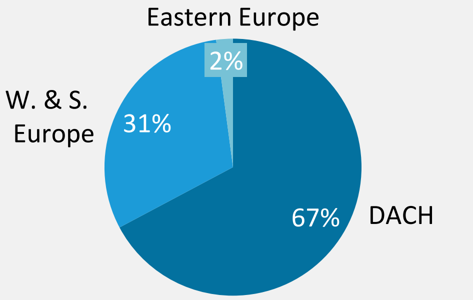
Product category breakdown



Sales per segment



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 8 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%)

[1]Calculated on the basis of the number of voting rights disclosed pursuant to section 40 para. 1 sentence 1 WpHG; [2]Telecommunication devices such as iPads without SIM card included; [3]Includes 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

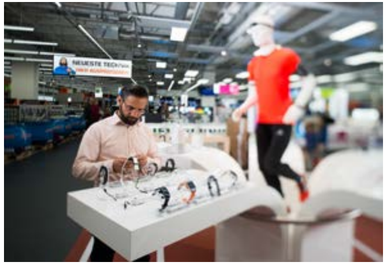
- Digital opens up new product categories
- Ageing population is increasingly seeking technical support
- Connectivity and product complexity drive rising demand for Services & Solutions

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

Advantages of CECONOMY's strong physical presence

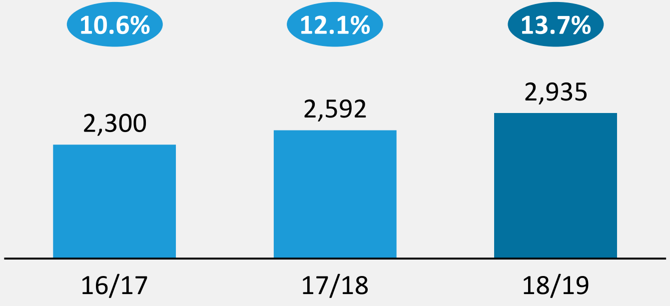
- Offering customers **tangible product experiences**
- **Showroom** for exclusive and high-end products offering suppliers **visibility of brands**
- **Instant in-store repairs** of mobile devices
- Personal contact and **personalized customer service**
- **Delivery hubs & pick-up places/return points** for online orders



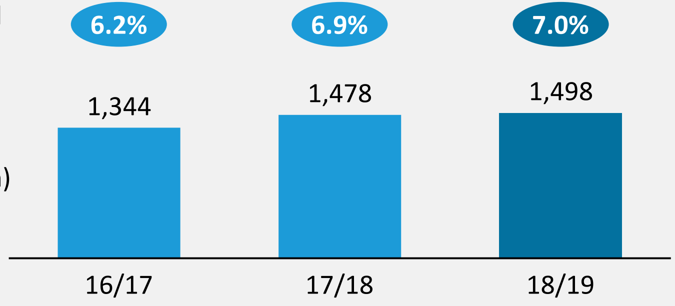



Ongoing progress in the Online and Services & Solutions business

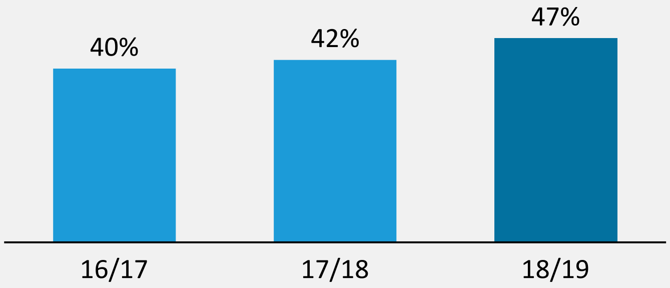
Strong Online business



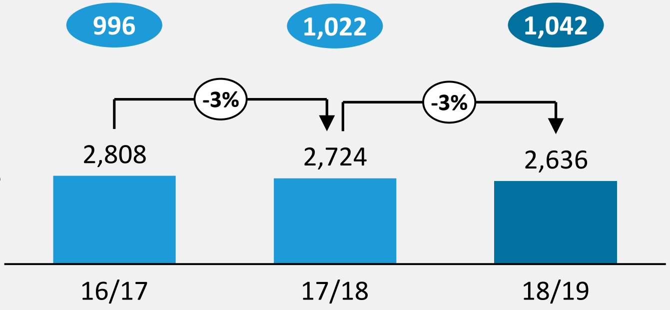
Increasing Services & Solutions business



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	SERVICES & SOLUTIONS	CATEGORY & SUPPLY CHAIN MANAGEMENT	ORGANIZATION & COST STRUCTURE
ONGOING	ONGOING	GRADUAL PROGRESS	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	#2	#3	#4
CECONOMY IS THE LEADER IN MULTI-CHANNEL AND SCALE	CECONOMY HAS A STRONG FINANCIAL PROFILE	CECONOMY HAS THE POTENTIAL TO INCREASE MARGINS AND FREE CASH FLOW GENERATION	CECONOMY HAS THE POTENTIAL TO LEAD THE RETAIL CONSOLIDATION AND TRANSFORMATION IN THE FUTURE

FY Trading & Outlook

We achieved all financial targets in FY 18/19 with earnings even slightly ahead of expectations

+0.8%	629 €m	402 €m	815 €m
Slight increase in fx-adjusted sales	Adj. EBITDA* excl. Fnac Darty on PY level	Adj. EBIT* excl. Fnac Darty +4 €m above PY	Change in NWC –310 €m lower than PY

*Adjusted EBIT/DA excl. expenses in connection with the reorganization and efficiency program and management changes.
Note: Net Working Capital (NWC) acc. to Balance Sheet. PY = prior year.

We delivered visible operational and structural progress in a year of transition

	Where we came from		Achievements in FY 18/19	
Operations	Declining profitability	→	Profit stabilization	✓
Portfolio	Impairments and portfolio losses weighed on results	→	Completed sale of METRO stake, solution for Greece & smaller portfolio companies	✓
Reorganization & Efficiency program	Complex structures and high cost base	→	Established foundations for more competitive cost base	✓
Strategy	Strategy lacking execution	→	Progress on all initiatives, but refinement and detailing necessary	!

CECONOMY's FY 18/19 financial performance in a nutshell

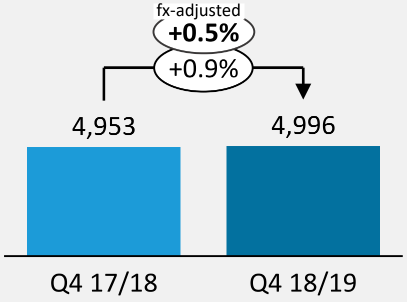
- **Solid market share gains**
- Improved steering of **Black Friday period in 2018**
- **Active management of operational costs**, especially on store level
- **Germany** with **operational turnaround, Italy** and **Spain** with continued **strong performance**
- **Online** business again the **key growth driver**

- Performance in **the Netherlands and Poland** below expectations
- Lower **gross margin**
- **Expenses** related to **cost & efficiency program and top management changes** weighed on reported earnings

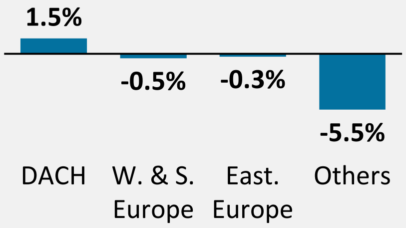
Sales increase mainly driven by solid development in Germany, Spain and Turkey

Q4

Total sales (in €m)

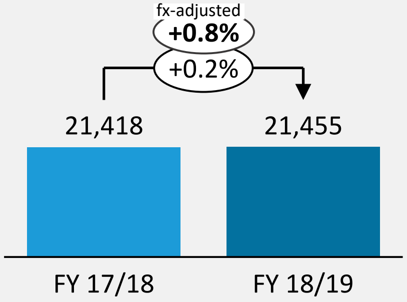


Sales by segment Q4 18/19
(fx-adjusted, yoy change)

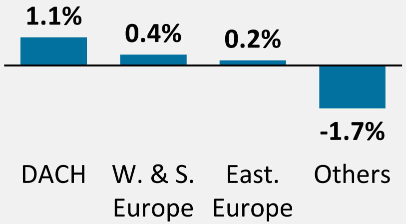


FY

Total sales (in €m)



Sales by segment FY 18/19
(fx-adjusted, yoy change)



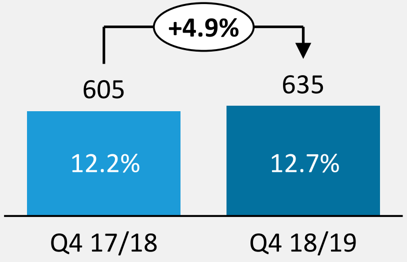
Q4 Highlights

- **DACH:** Successful campaigns in Germany (e.g. MediaMarkt 40 years anniversary); Hungary continued strong growth, also due to expansion
- **Western & Southern Europe:** Strong development in Spain; declining sales in the Netherlands due to competitive environment and switch to new online warehouse
- **Eastern Europe:** Turkey with ongoing solid development; Poland's negative trend continued
- **Others**: Decline at other smaller operating businesses (iBood sale in August); sales in Sweden almost on prior-year's level

Online continued to be the overall growth driver, while Services & Solutions growth has picked up again in Q4

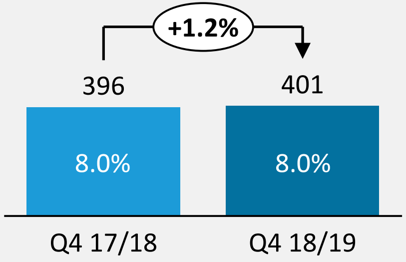
Q4

Online sales (in €m)



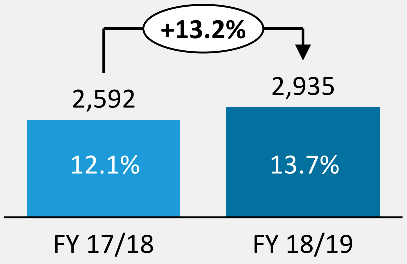
in % of sales

Services & Solutions sales* (in €m)



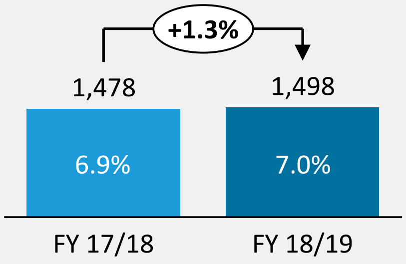
FY

Online sales (in €m)



in % of sales

Services & Solutions sales* (in €m)



Q4 Highlights

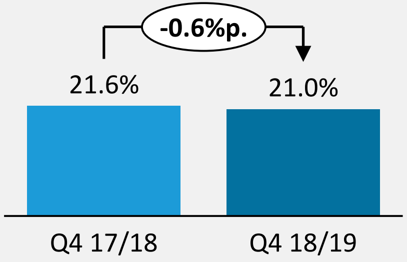
- Solid **online growth** due to higher number of visits and increase of average bon
- Excl. online business in the Netherlands, **online sales increased by +9%** yoy
- **Strong demand** for **pick-up option** at 50% vs. 43% in the prior-year period
- Strong growth in **extended warranties/ insurances, screen protection** and **ready-to-use** as well as **repair services**
- Weaker **financing** and **mobile contracts** business

*According to IAS 18.

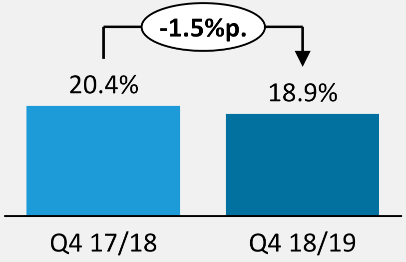
Strict cost discipline more than compensated lower gross margin

Q4

Gross margin[1] (in % of sales)

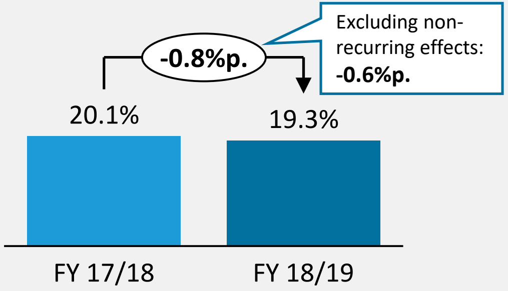


OPEX[1,2] (in % of sales)

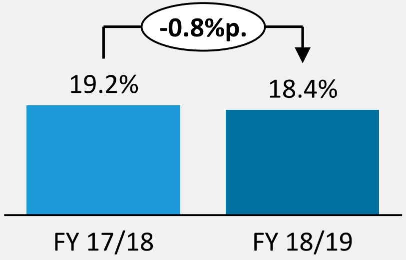


FY

Gross margin[1] (in % of sales)



OPEX[1,2] (in % of sales)



Q4 Highlights

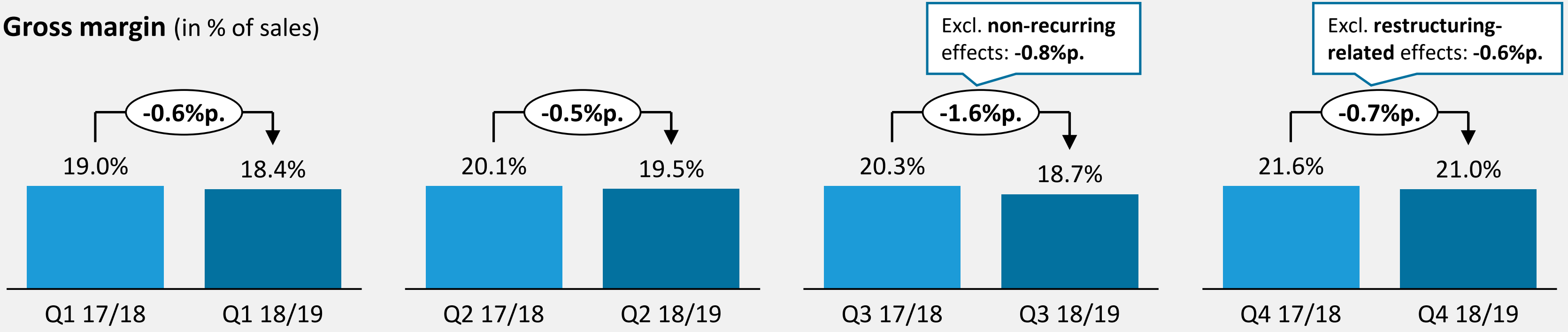
- **Gross margin** with slight trend improvement in Q4 compared to 9M development
- **OPEX** reduction due to active operational cost management driven by e.g. optimization of back-office processes and personell deployment in German stores
- Reduction of **personnel** and **marketing** expenses as well as lower **material** costs, especially in Germany, Switzerland and Italy
- C. **10 €m savings** in connection with Reorganization & Efficiency Program

[1] Excluding restructuring-related expenses [2] Sum of SG&A expenses and Other operating expenses

The gross margin was impacted by non-recurring effects, especially in prior-year's third quarter

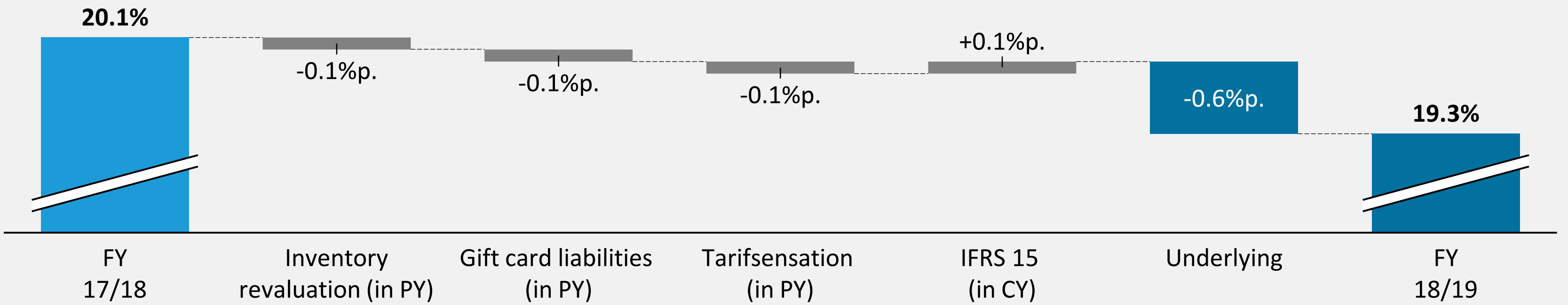
Q

Gross margin (in % of sales)



FY

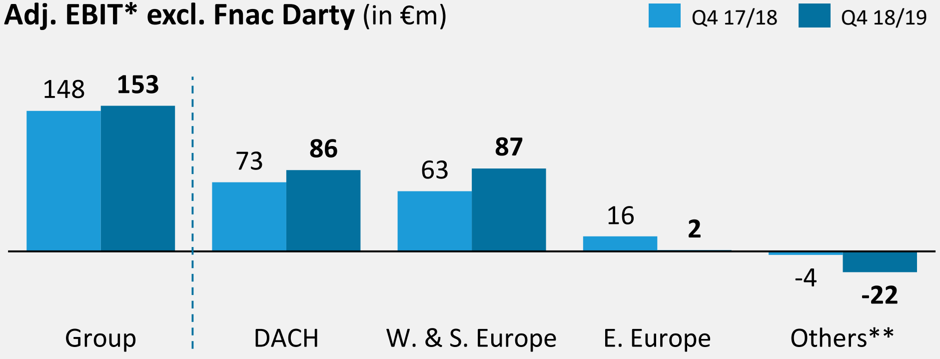
Gross margin (in % of sales)



EBIT increase driven by significant cost savings, higher income from Services & Solutions and positive sales development

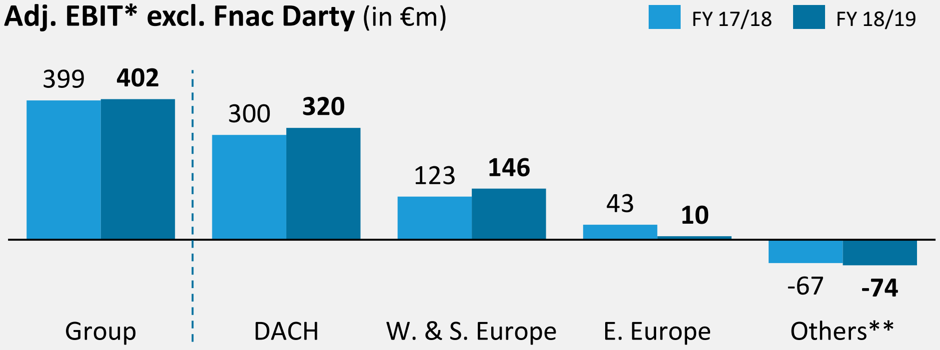
Q4

Adj. EBIT* excl. Fnac Darty (in €m)



FY

Adj. EBIT* excl. Fnac Darty (in €m)



Q4 Highlights

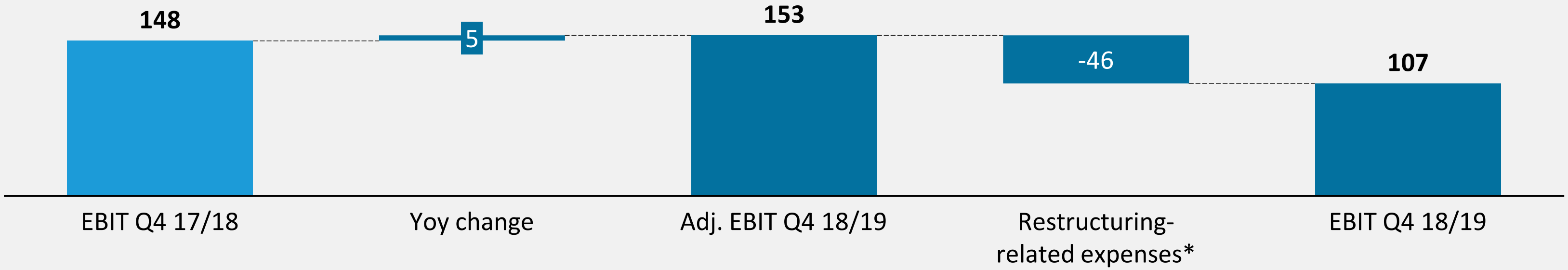
- **DACH:** Switzerland benefited from lower costs; earnings in Germany exceeded recent expectations due to higher cost savings
- **Western & Southern Europe:** Strong performance in Spain and Italy more than compensated ongoing sales and margin-related pressure in the Netherlands
- **Eastern Europe:** Ongoing sales and margin-related pressure in Poland
- **Others:** Decline largely due to non-recurrence of pension income in the prior year; weaker earnings in Sweden

*Adjusted EBIT excl. expenses in connection with the reorganization and efficiency program and management changes. **Others: Including consolidation.

Adjusted EBIT slightly above prior-year's level, while restructuring-related expenses weighed on reported earnings as expected

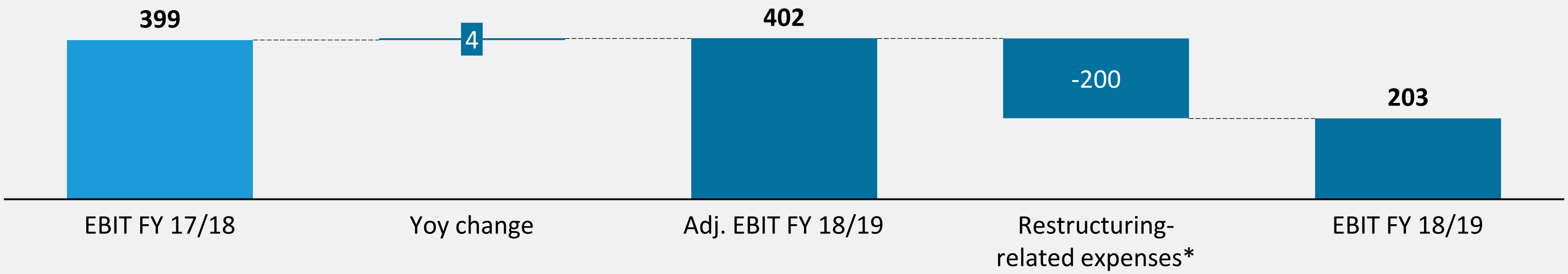
Q4

EBIT excl. Fnac Darty (in €m)



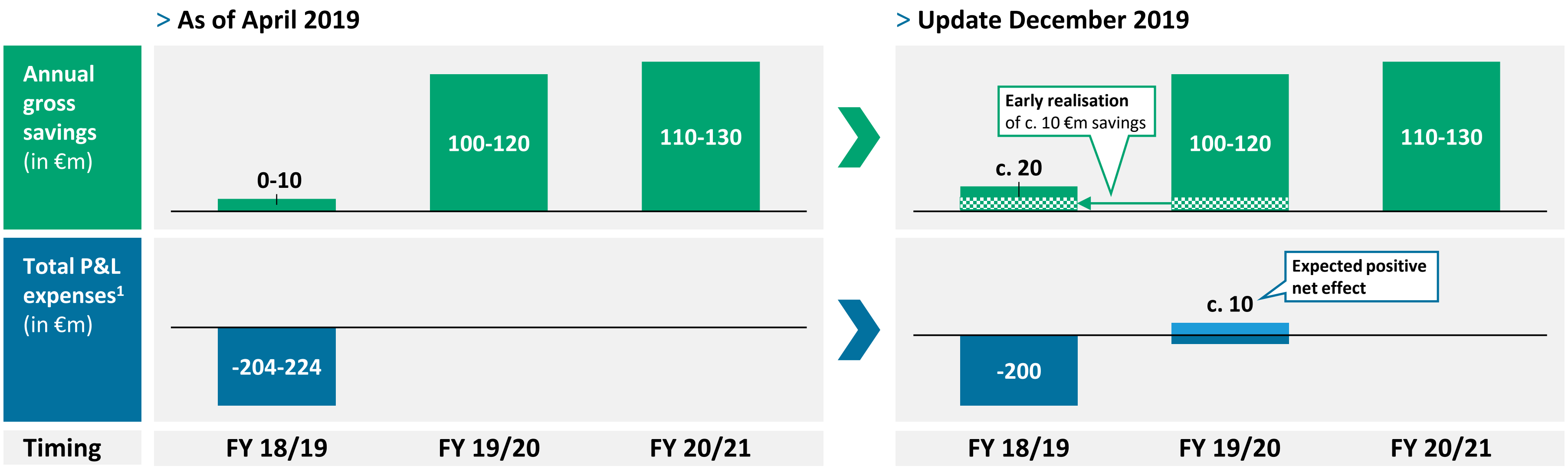
FY

EBIT excl. Fnac Darty (in €m)



*Expenses in connection with the reorganization and efficiency program and management changes in EBIT.

The Reorganization & Efficiency Program is fully on track



Some **savings already realized earlier** in FY 18/19; total restructuring-related P&L expenses **lower than expected**

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

EPS negatively impacted by restructuring-related expenses, while financial result and tax rate had a positive impact

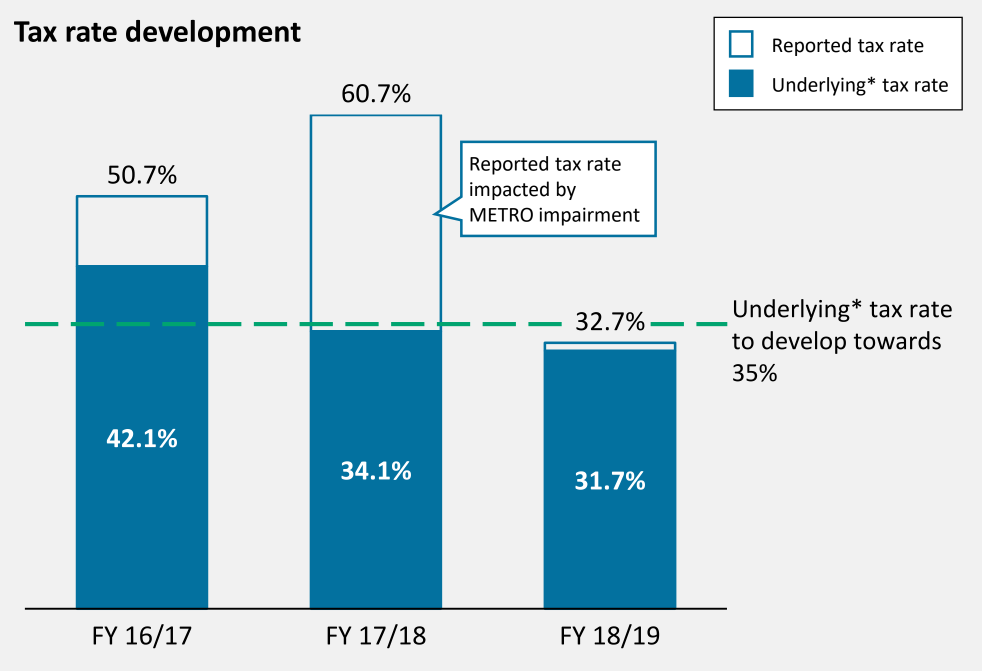
€m	FY 17/18	FY 18/19	Change
EBITDA	**650**	**465**	–186
EBIT	**419**	**224**	–196
Net financial result	**–198**	**12**	210
Earnings before taxes	**221**	**235**	14
Income taxes	–134	–77	57
Tax rate	60.7%	32.7%	28.0%p.
Profit or loss for the period	**87**	**158**	**71**
Non-controlling interest	64	37	–27
Net result	23	121	99
EPS (€)	**0.07**	**0.34**	**0.27**

Highlights

- Reported EBIT impacted by **200 €m restructuring-related expenses** (o/w 14 €m not included in EBITDA mainly related to JUKE)
- **Fnac Darty profit contribution** of 21 €m included in EBIT/DA (FY 17/18: 21 €m)
- **Net financial result** with positive impact from transaction of 5.4% METRO stake; PY mainly impacted by impairments of METRO stake
- **Tax rate** improved due to absence of METRO impairment and ongoing tax optimization
- **No dividend pay-out foreseen** to strengthen equity position and especially in light of the reorganization and efficiency program

Note: Reported EBIT/DA incl. Fnac Darty and incl. expenses in connection with the reorganization and efficiency program and management changes.

CECONOMY's underlying* tax rate shows a continuous improvement, primarily supported by tax optimization projects



Going forward, CECONOMY expects the **underlying tax rate to develop towards 35%** (previously 40%)

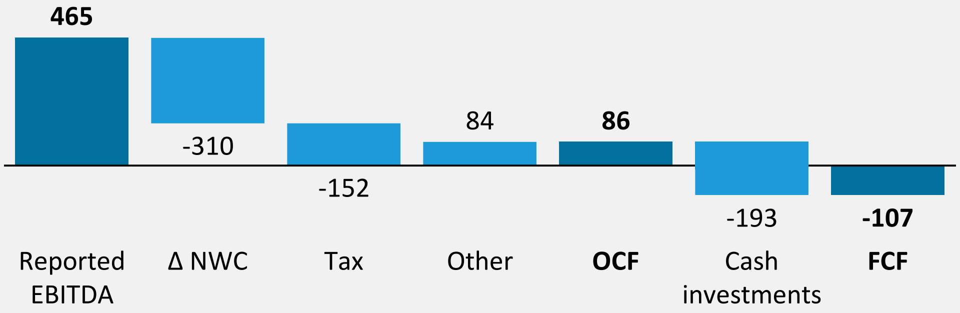
Highlights

- Structural tax optimization and one-time effects from projects **improved the underlying* tax rate**
- **Tax consolidation projects**: New tax groups and mergers implemented in two projects in Germany in both FY 17/18 and FY 18/19 to activate tax-loss carry forwards
- **Portfolio measures:** Closure and disposal of entities with non-utilizable tax losses
- **Structural tax improvements:** Optimization of the transfer-pricing system

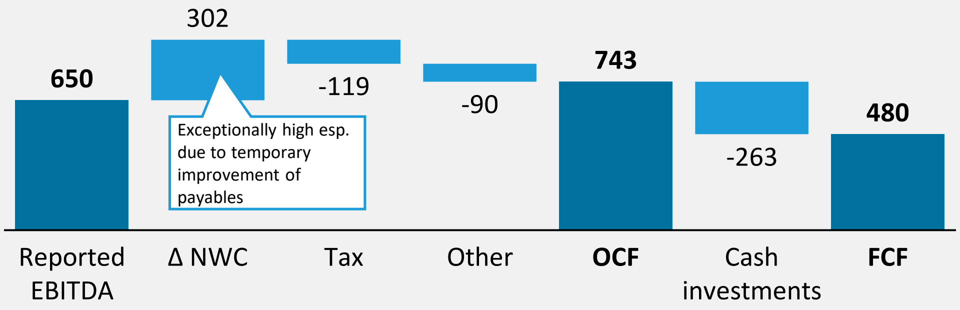
* Excl. any effects from METRO, Fnac Darty and restructuring

As expected, Free Cash Flow mainly impacted by NWC outflow and first restructuring-related cash outflows

FY 18/19: Free Cash Flow (in €m)



FY 17/18: Free Cash Flow (in €m)



Highlights

- **Free Cash Flow at** –107 €m; negatively impacted by expected normalization of NWC and first restructuring-related cash outflows
- **Lower change in NWC** due to high starting point and active cash management
- **Cash taxes** higher due to temporary effects of payment and refund of capital gains tax
- **Other OCF** positive mainly due to reversal of not yet cash effective restructuring-related expenses
- **Cash investments** declined by –70 €m yoy due to lower modernization investments and more selective expansion strategy

Our underlying assumptions for FY 19/20

Sales

Driven mainly by Online and Services & Solutions business

Gross margin

Pressure on goods margin still to continue, but overall gross margin trend improvement expected due to further ramp-up of Services & Solutions business

Costs

Strong cost decline, especially due to reduced personnel expenses, in line with communicated targets

Strategic initiatives

Ongoing improvements in Online and Services & Solutions; progress on centralization steadily building, implementation requiring ramp-up

Outlook for FY 19/20

- 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	SERVICES & SOLUTIONS	CATEGORY & SUPPLY CHAIN MANAGEMENT	ORGANIZATION & COST STRUCTURE
Improve online/omni-channel conversion, growth, margins (e.g. online services) and customer retention	Improve attachment rates, ramp-up existing services and extend services portfolio	Deploy Category Management and central planning globally, and improve last mile delivery	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

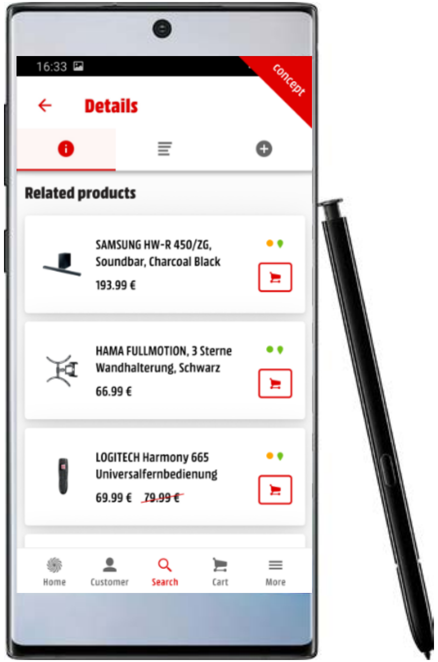
State of the art platform for faster responsiveness and improved customer experience; go-live in Germany in November ’19 and roll-out in other countries to follow

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

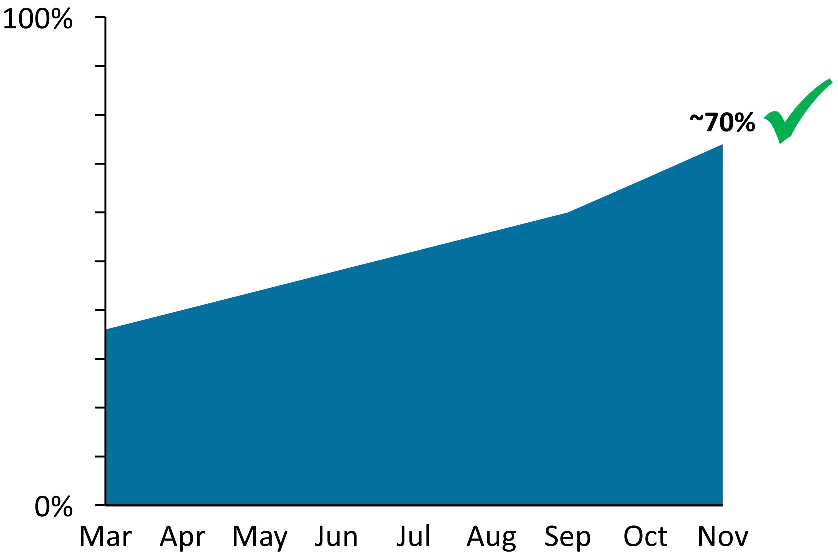


Services & Solutions: Focus on achieving best-in-class attachment rates in all countries

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

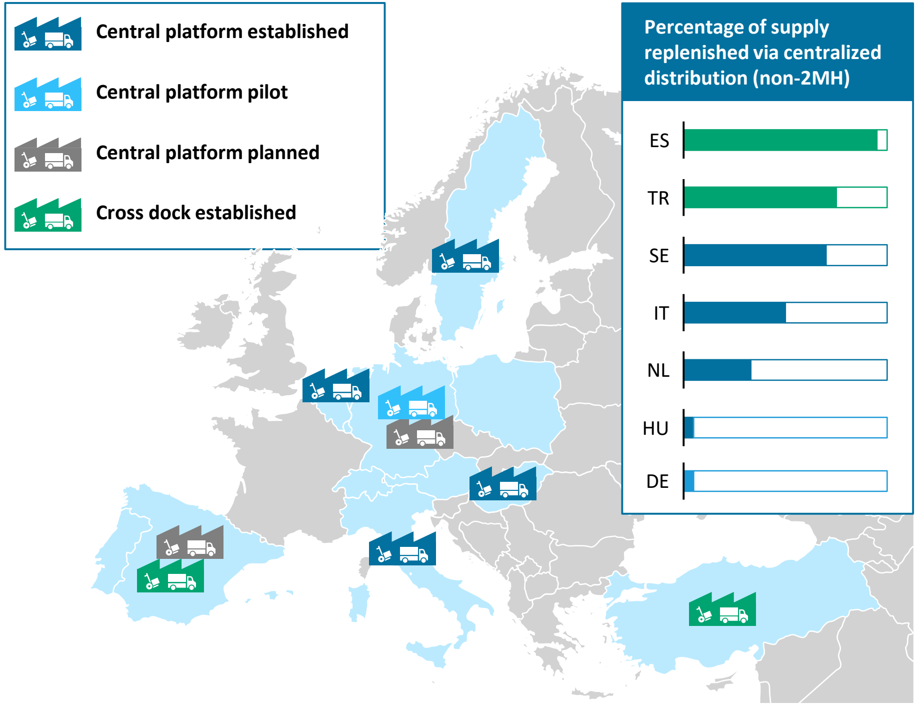
- Ramp-up of **centrally negotiated procurement volume** in Germany, Spain, Italy and the Netherlands **on track**
- Better control of **margins** & reliable **price promises** across all channels through **pricing cockpit & simulator** in all key countries
- Implementation of state-of-the-art **IT-system** 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



We continued the success of last year and built again a profitable Black Friday – centralization was key

- **Centrally elaborated campaign concepts** for entire group supported by professional toolkit
- **Actively steered** pre- and post-campaign period (e.g. Singles Day, Red Friday Warm-up)
- First **joint international sourcing** in key markets (Germany, Italy, Spain)
- **Improved pricing approach** driven by **cross-selling of bundles**
- **Strong marketing strategy** with focus on **services** and higher margin **product mix**

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

Back-up

Store network as of 30 September 2019

	30/06/2019	Openings	Closures	30/09/2019
Germany	431	1	–1	431
Austria	52	–	–	52
Switzerland	26	–	–	26
Hungary	32	–	–	32
DACH	**541**	**1**	**–1**	**541**
Belgium	28	–	–1	27
Greece	12	–	–	12
Italy	117	–	–	117
Luxembourg	2	–	–	2
Netherlands	49	–	–	49
Portugal	10	–	–	10
Spain	87	1	–	88
Western/S. Europe	**305**	**1**	**–1**	**305**
Poland	90	–	–	90
Turkey	73	5	–	78
Eastern Europe	**163**	**5**	–	**168**
Sweden	28	–	–	28
Others	**28**	**–**	**–**	**28**
CECONOMY	**1,037**	**7**	**–2**	**1,042**

Highlights Q4

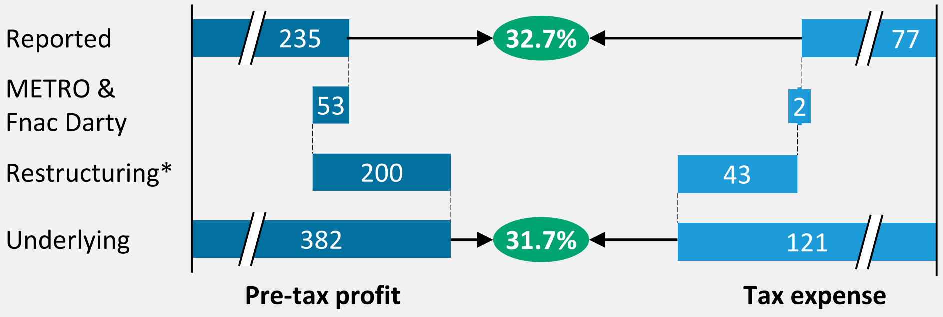
- **Selective expansion** with 7 openings continued (thereof 5 in Turkey)
- **2 store closures** in Germany and Belgium
- **Average store size** reduced by c. –1% to 2,636 sqm since June 2019, mainly due to openings of smaller store formats and further store rightsizings

Sales & number of stores by country

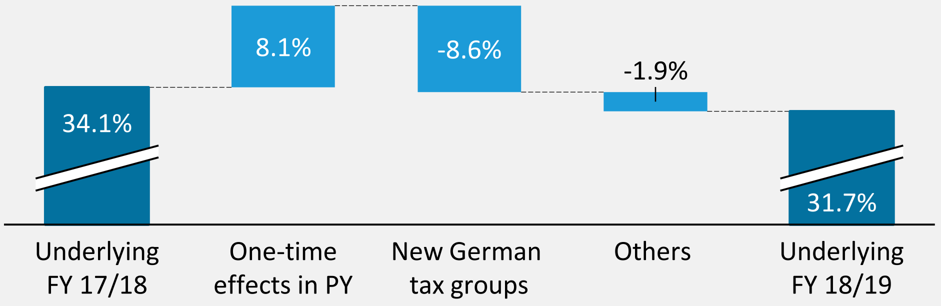
	Sales (€m)		Number of Stores			
	FY 17/18	FY 18/19	30/09/2018	Openings	Closures	30/09/2019
Germany	10,340	10,472	432	2	–3	431
Austria	1,161	1,150	52	–	–	52
Switzerland	569	578	27	–	–1	26
Hungary	340	364	24	8	–	32
DACH	**12,410**	**12,565**	**535**	**10**	**–4**	**541**
Belgium	701	697	29	–	–2	27
Greece	186	193	12	–	–	12
Italy	2,096	2,157	115	2	–	117
Luxembourg	65	65	2	–	–	2
Netherlands	1,581	1,495	49	–	–	49
Portugal	146	151	10	–	–	10
Spain	2,002	2,050	85	3	–	88
Western/S. Europe	**6,777**	**6,807**	**302**	**5**	**–2**	**305**
Poland	1,037	970	86	5	–1	90
Turkey	651	596	71	8	–1	78
Eastern Europe	**1,689**	**1,567**	**157**	**13**	**–2**	**168**
Sweden	462	439	28	–	–	28
Others	**542**	**516**	**28**	–	–	28
CECONOMY	**21,418**	**21,455**	**1,022**	**28**	**–8**	**1,042**

CECONOMY's underlying tax rate improved to 31.7% driven by further tax optimization

Transition of reported to underlying tax rate (FY 18/19)



Improvement of underlying tax rate (FY 17/18 vs. FY 18/19)



Highlights

- **Underlying tax-rate** excl. METRO, Fnac Darty and restructuring-related* effects **improved to 31.7%** vs 34.1% in prior year
- **Restructuring-related* tax savings** reduced reported tax expenses by only **43 €m** in FY 18/19
- Implementation of **31 additional German tax groups and 8 mergers** to activate tax-loss carry forwards led to one-time tax expense reduction of €33m in FY 18/19
- In prior year, implementation of an initial tax group in Germany and DTA activation in Turkey led to **one-time tax expense reduction**

*Effects in connection with the reorganization and efficiency program and management changes

Net Working Capital

€m	30/09/2017[1]	30/09/2018	Change	30/09/2018	30/09/2019[2]	Change
Inventories	2,449	2,480	31	2,480	2,548	68
Trade receivables and similar claims	497	613	117	613	417[3]	–197
Receivables due from suppliers	1,197	1,239	43	1,239	1,295	56
Receivables from credit cards	66	71	5	71	51	–20
Advance payments on inventories	0	0	0	0	1	1
Trade liabilities and similar liabilities	–4,817	–5,277	–460	–5,277	–4,914[4]	363
Liabilities to customers	–129	–45	83	–45	–13	32
Deferred sales from vouchers and customer loyalty programmes	–63	–137	–74	–137	–133	4
Provisions for customer loyalty programmes and right of return, liabilities for right of return	–19	–23	–5	–23	–22	1
Prepayments received on orders	–39	–46	–8	–46	–45	2
Net Working Capital	**–858**	**–1,125**	**–267**	**–1,125**	**–815**	**310**

[1] Balance sheet figures were adjusted for discontinued operations to enable comparison.
[2] Balance sheet figures for the current period do not include the assets and liabilities of the disposal group. The resulting effect for net working capital amounted to €–21 million.
[3] Not including contract assets from future contract extensions in connection with brokerage commissions of €39 million.
[4] This item does not include contract liabilities of €407 million.

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

	Old NWC definition		New NWC definition
Assets	Inventories		Inventories
	Receivables due from suppliers		Receivables due from suppliers
	Trade receivables and similar claims		Trade receivables and similar claims
	Receivables from credit cards REMOVED[1]		Contract assets NEW
	Advance payments on inventories REMOVED[2]		
Liabilities	Trade liabilities and similar liabilities		Trade liabilities and similar liabilities
	Liabilities to customers		Deferred sales from warranty extension NEW
	Deferred sales from vouchers and customer loyalty programmes		Contract liabilities NEW
	Provisions for customer loyalty programmes and right of return	Without liabilities for rights of return	
	Prepayments received on orders		

[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 liabilities and similar liabilities	-5,277	-4,914
Liabilities to customers	-45	-13
Deferred sales from vouchers and customer loyalty programmes	-137	-133
Provisions for customer loyalty programmes and right 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 similar claims	610	455
Receivables due from suppliers	1,241	1,295
Trade liabilities and similar liabilities	-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 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[2] due to recognition of lease contracts as rights of use assets
Liabilities	▲	Increase by around 2.4 €bn[2] due to recognition of lease contracts as lease liabilities

	ESTIMATED EFFECT [1]	
Operating CF	▲	Increase by 525-565 €m as leasing payments shift to financing CF
Financing CF	▼	Decrease by 525-565 €m as leasing payments are recognized as interest and redemption

[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.
[2] Difference between Assets and Liabilities due to other balance sheet related items (e.g. onerous contracts) of around 0.1 €bn which are already recognized. CECONOMY uses the modified retrospective method without equity impact.

Key considerations for financial modelling

Greece transaction

- Closing of the transaction occurred on 29 November 2019
  - As of December 2019, sales and EBIT of Greece are not consolidated anymore
  - No discontinued operation pursuant to IFRS 5 (i.e. no retrospective adjustment of prior year's results)
  - Sales and EBIT of Greece not considered when compared to guidance
- Transaction-related positive EBIT effect of around 35 €m expected[1]
  - To be booked in Western- & Southern Europe in Q1 19/20
  - This effect is excluded from the EBIT guidance
- At-equity contributions of the JV will be booked on a quarterly basis[2] in the Others segment

Net Working Capital

- New NWC definition with four positions easily readable from balance sheet:
  - *Inventories*
  - *Trade receivables and similar claims*
  - *Receivables due from suppliers*
  - *Trade liabilities and similar liabilities*
- Due to revised disclosure under new definition, NWC is more negative than under old definition
- Redefinition has no economic impact

METRO AG

- Expected dividend of c. 2.3 €m[3] to be booked in the *other investment result* in Q2 19/20 (only for the remaining 1% stake)
- Minorities do not participate

M.video

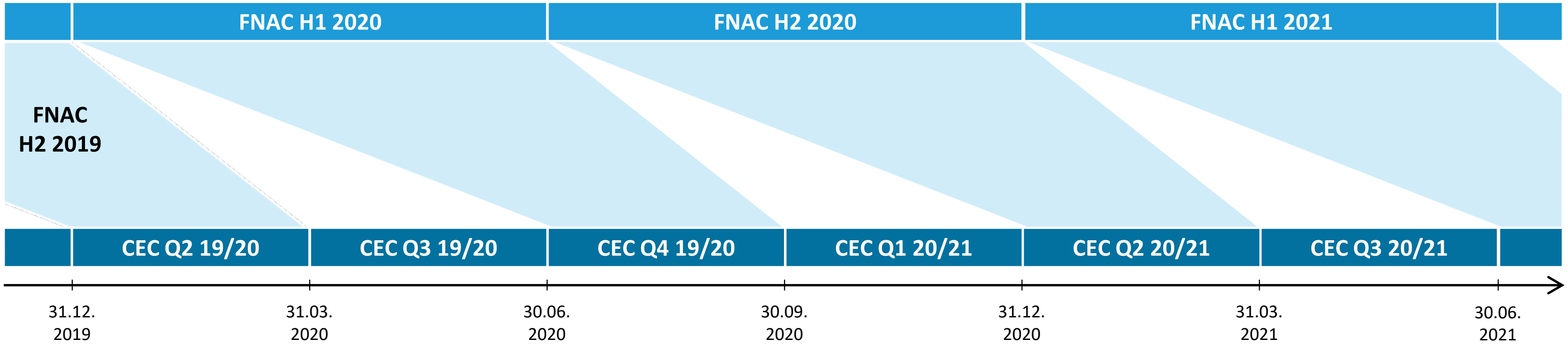
- Dividend of c. 14 €m[4] to be booked in the *other investment result* in Q1 19/20
- Minorities participate with c. 21.6% (in *Profit or loss for the period attributable to non-controlling interests*)

IFRS 16

- EBITDA: Increase by 525-565 €m equaling the amount of leasing expenses
- EBIT: Increase by approx. 5-15 €m as lease expense is replaced by D&A and interest
- Financial liabilities: Increase by around 2.4 €bn due to recognition of lease contracts as lease liabilities

[1] Subject to final PPA and valuation [2] Time shift possible [3] Subject to AGM approval [4] Subject to final FX conversion

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

Store

10 % share

90 % share

Store director		Country organisation
✓ 10 % profit share paid as dividends	**Profit Share**	✓ 100 % profit booked in EBITDA
✓ "Chief Customer Officer" ✗ No "veto rights"	**Employment Rights**	✓ Can force resignation of non-performing directors
✓ Decisions on special assortment ✓ Additional price discounts if needed in light of local competition ✓ Creation and conduct of special local marketing campaigns ✗ Limited individual purchasing	**Operational Rights**	✓ Strategy ✓ Store layout ✓ Web shop management ✓ Purchasing ✓ Core assortment ✓ Country-wide marketing campaigns

Mid-term targets (pre-IFRS 16)

Sales[1]

>3% CAGR

EBITDA margin

direction 5%

Tax rate

c. 35%

Investments[2]

1.5% of sales

FCF conversion[3]

60-70%

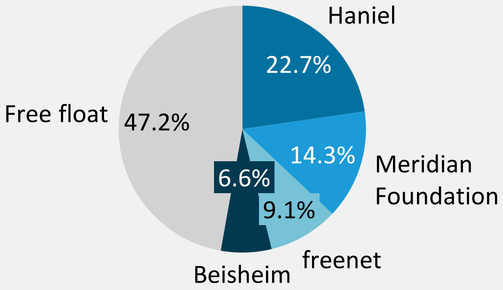
Dividend pay-out ratio[4]

45-55%

[1] At constant currency before portfolio effects. CAGR = Compound Annual Growth Rate. [2] Cash investments. [3] Free Cash Flow conversion defined as EBITDA less cash investments plus/minus changes in net working capital divided by EBITDA; EBITDA adjusted for investment in Fnac Darty stake. [4] % of EPS.

CECONOMY's share at a glance

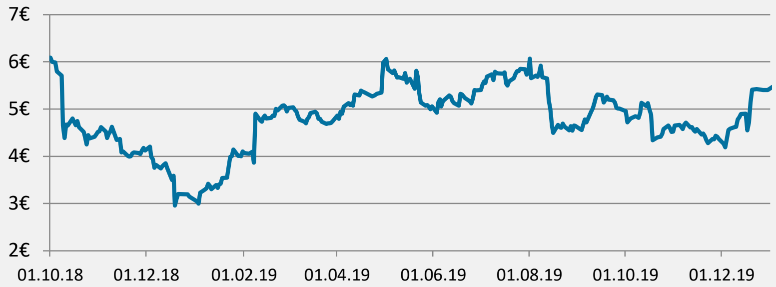
Shareholder structure (based on Ordinary shares[1])



Shareholder	Number of Ordinary shares	% of Ordinary shares*
Haniel	81,015,280	22.71%
Meridian Foundation	51,117,363	14.33%
freenet	32,633,555	9.15%
Beisheim	23,615,334	6.62%
Total	**356,743,118**	

In addition: 2,677,966 Preference shares outstanding

Share price development since 01 Oct 2018 (Ords., XETRA)



Share information	
First day of independent trading	13 July 2017
ISIN code	Ordinary shares: DE 000 725 750 3 Preference shares: DE 000 725 753 7
Bloomberg code	Ordinary shares: CEC GY Preference shares: CEC1 GY

[1] Calculated on the basis of the number of voting rights disclosed pursuant to section 40 para. 1 sentence 1 German Securities Trading Act

CECONOMY has a prudent financial strategy which is underlined by our investment grade ratings

Debt Capital Markets & Credit Investors

Investment-Grade Rating
Moodys: Baa3 (negative);
Scope :BBB- (stable)

Debt Capital Markets
Promissory notes (Schuldschein):
EUR 250m

Commercial Paper Programme
Issuance up to EUR 500m

Improved financial ratios

Reduction of Financial Debt
Deleveraging via use of proceeds of sale of METRO-stake and capital increase

Steering of Trade payables
Active reduction via market place by early regulation against discount

Reduction of Pension liabilities
De-risking via funding and sale of portion of CECONOMY's pension obligations

Significant multi-year back up-facilities and financial assets on balance sheet

Syndicated Revolving Facility
EUR 550m; undrawn

Bilateral Credit Line facilities
EUR 465m: undrawn

Additional Financial assets
Fnac Darty (24%) and M.video (15%)

Reliable bank partners

International Banking Portfolio
- Mix of banking partners ensures coverage of all relevant services
- Steering of bank portfolio based on core-bank-principal (low fluctuations due to reliability)

Financial calendar and events

Financial calendar

Q1 2019/20 results	7 February 2020
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

London Roadshow	10 February 2020
Paris Roadshow	18 February 2020

CECONOMY