

# Commerzbank-ODDO BHF Corporate conference

5 September 2023



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# Agenda

# MediaMarktSaturn is the leading CE retailer in Europe.

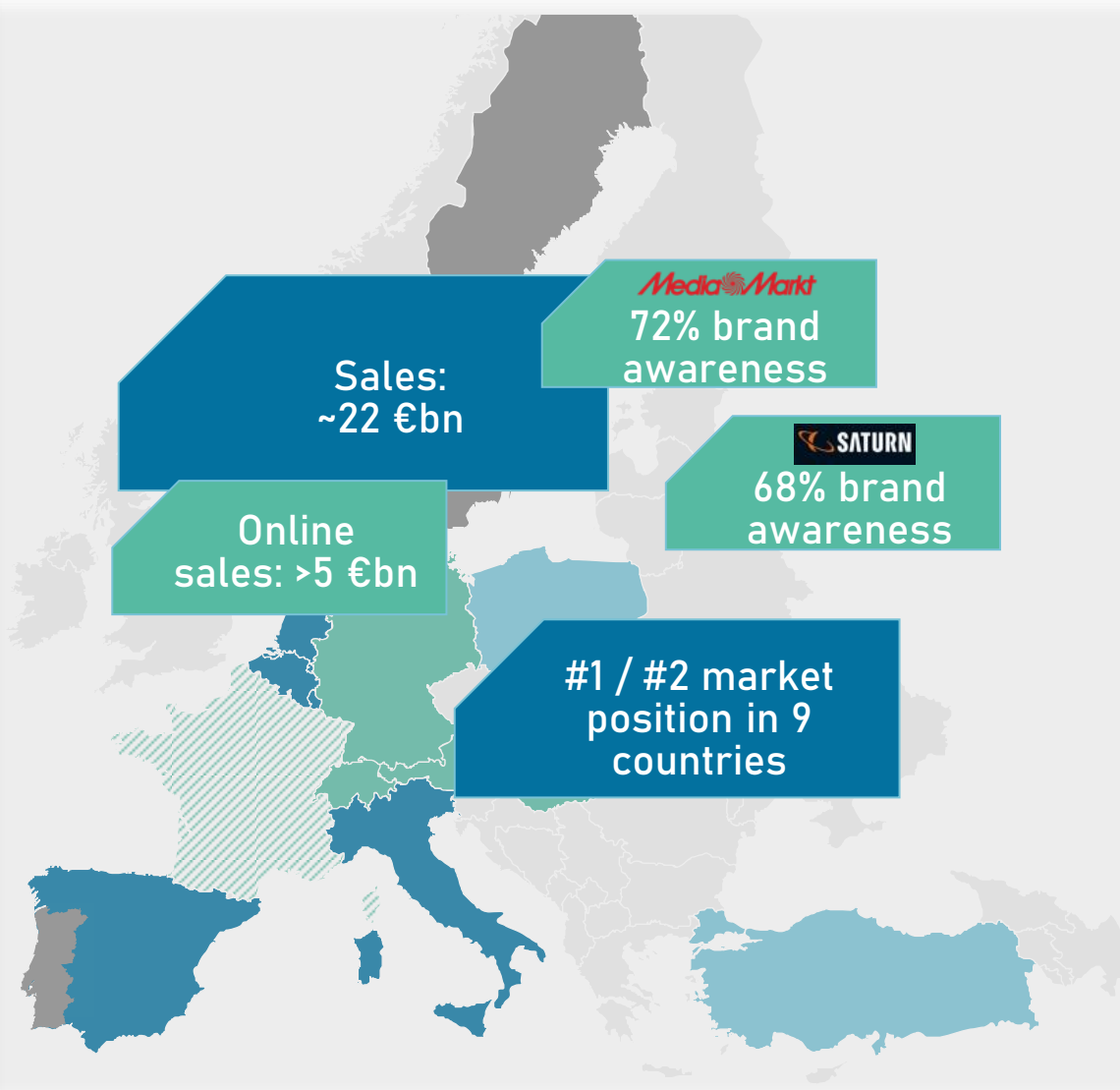
Customer  
Contacts  
>2bn

Reach



Proximity

Stores  
>1k



Employees  
~45k

Personal  
services



Partner  
network

Long-standing  
strong Supplier  
relationships

# Market leading positions across Europe.



We hold the  
**#1 or #2**  
 position in 9 out of 13  
 countries of presence<sup>1</sup>

<sup>1</sup>Source: Own CECONOMY analysis based on market research data by GfK and further market research sources.

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# We operate in a constantly growing industry

## Growth opportunities



**Sustainability**  
Sustainable and energy-efficient products

**+50%**

CAGR in energy-efficient category segments<sup>3</sup>



**Premium products**  
More premium products in key categories

**47%**

of consumers prefer fewer but higher quality items<sup>3</sup>



**New categories**  
Growth in new categories – health, mobility, virtual reality

**+10%**

CAGR<sup>1,2</sup>



**Adjacent service business**  
Services for higher convenience and “peace of mind”

**+16%**

CAGR<sup>1,2</sup>



# And guide customers through an increasingly complex world

Convenient and seamless shopping experience



Customer-centric assortment



Lifecycle services



Sustainable products and solutions

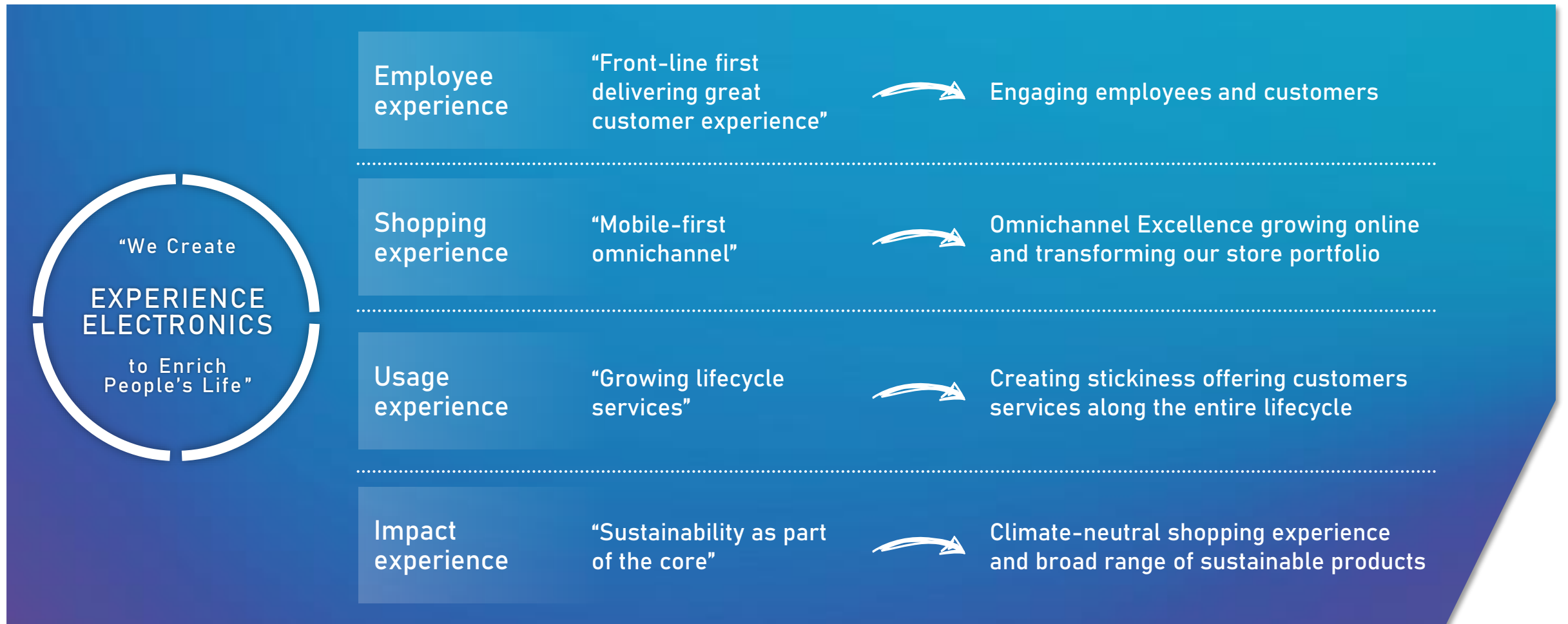


Strong and reliable partner to the industry

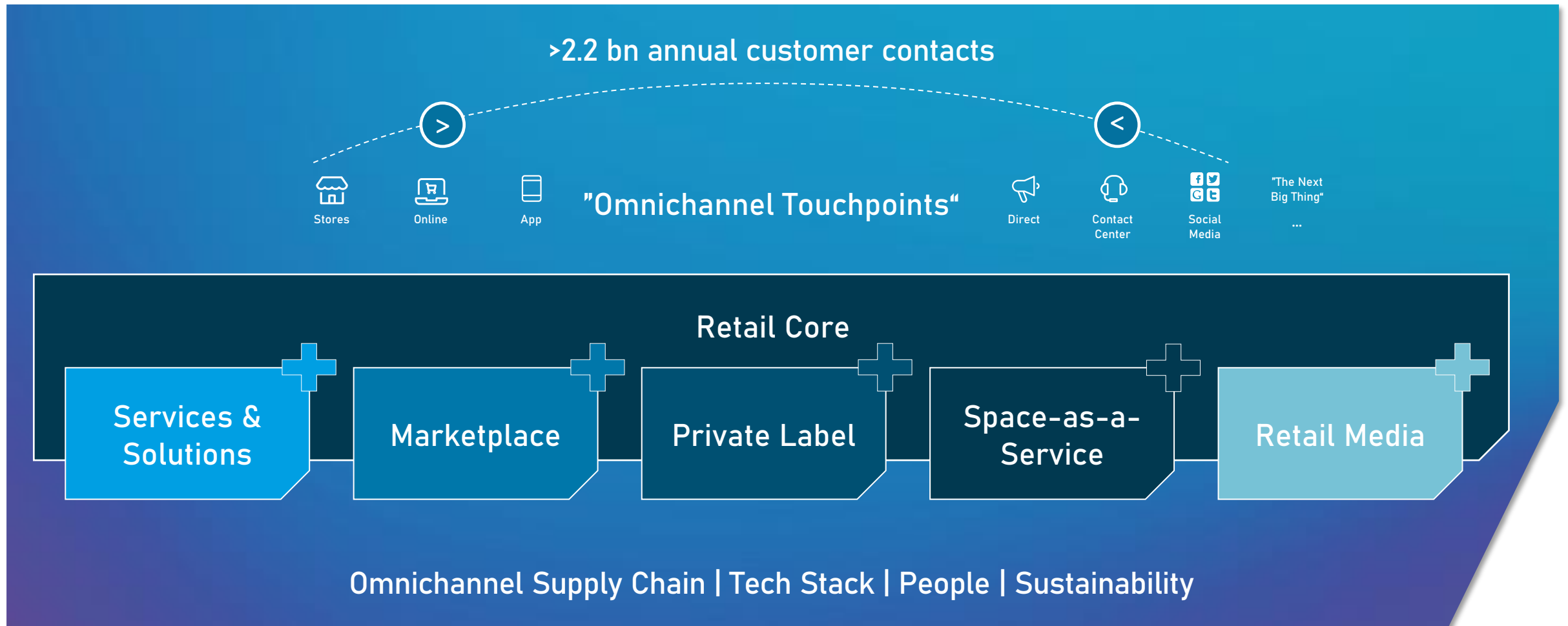




# Four strategic pillars provide direction

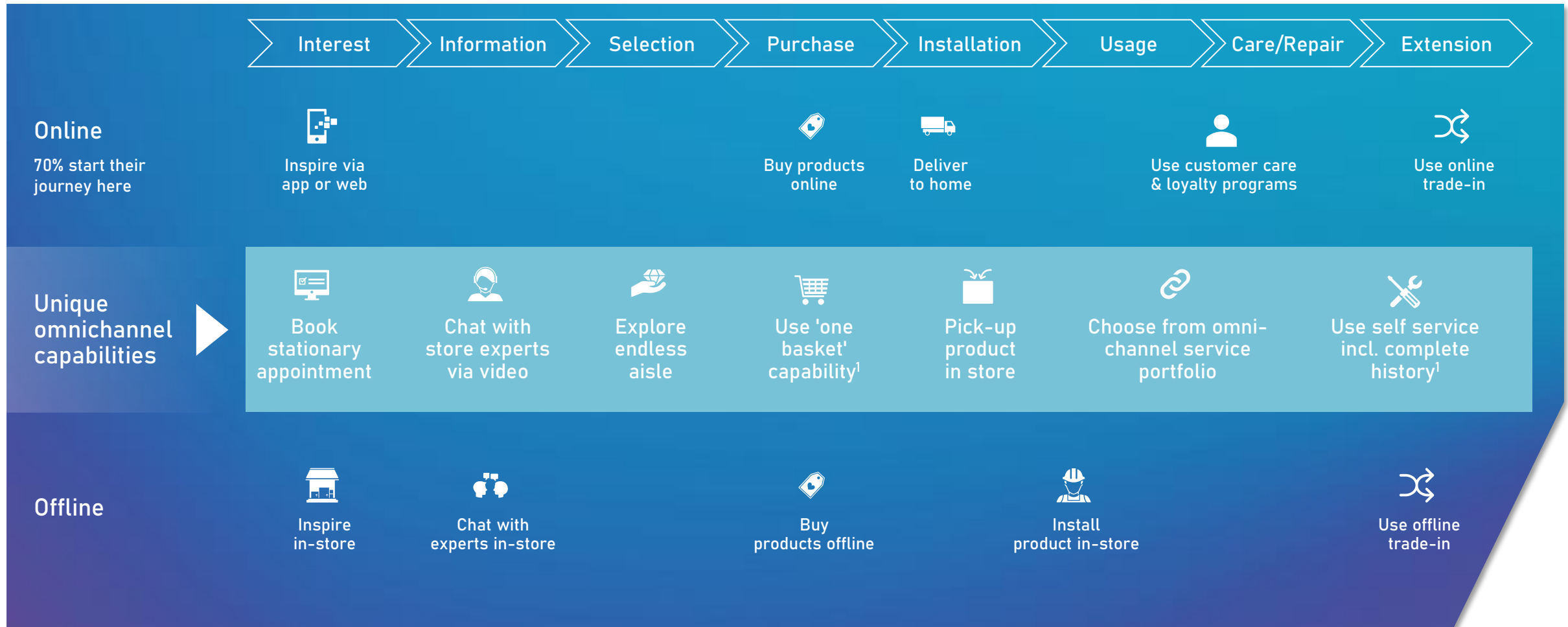


# Moving from CE retail to a retail service platform with several business models



# We continuously improve the omnichannel shopping experience

Illustrative—exemplary customer journey

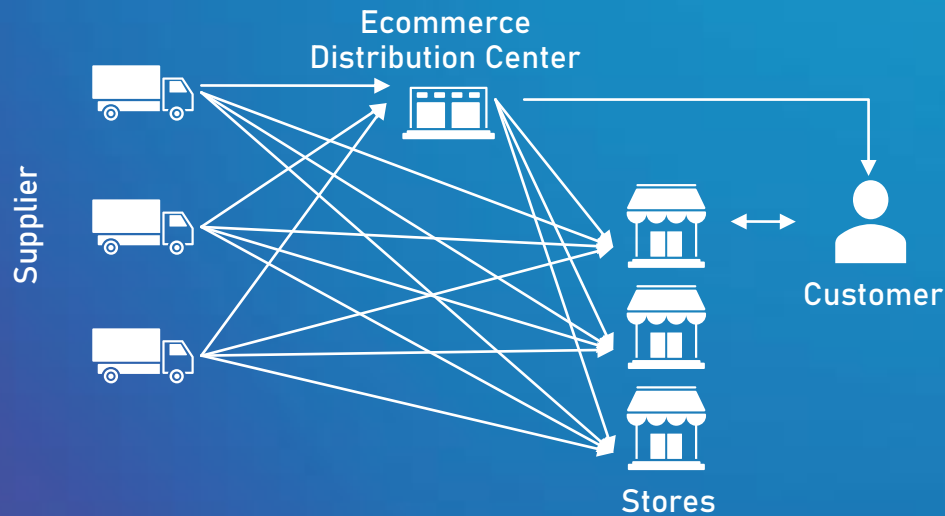


<sup>1</sup>Coming soon

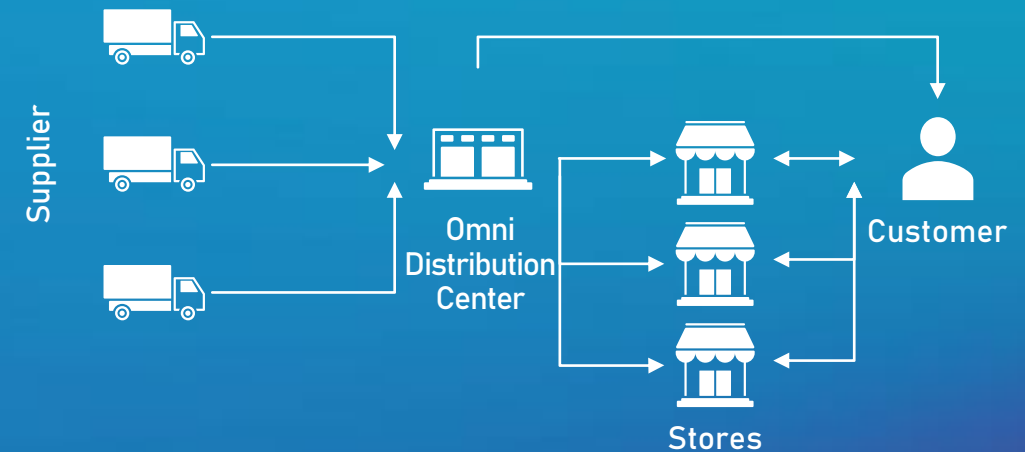
# We are also transforming our supply chain – from store-centric to multi-tier omnichannel networks...

Simplified illustration

From sales channel dependent fulfillment  
(Store - Centric)...



...To omnichannel integrated fulfillment  
(Anytime - Anywhere)



...thus, improving availability, delivery excellence, and efficiency

		FY 19/20	FY 21/22	FY 25/26
	Sales & Operations Planning	Not Comparable (New methodology since FY 20/21)	75%+ Availability	90%+ Availability
	Omnichannel Logistics Network	19% Centralization of inbound logistics	34% Centralization of inbound logistics	80% Centralization of inbound logistics
	Delivery Excellence	N/A (FY 20/21: Start of survey)	49 Delivery and pick-up NPS	70 Delivery and pick-up NPS

# Sustainability is part of our DNA



1

"We offer a climate-neutral shopping experience"

2

"We offer the most sustainable range of CE products and are circular business pioneers in Europe"

3

"We take social responsibility for our employees, suppliers and communities"

# We have set ourselves ambitious sustainability targets

## Our growth levers

Ongoing application for “Science Based Targets” (SBTi) and participation in the EU Sustainable Consumption Pledge

Net-zero carbon emissions for scope 1&2 by 2024, scope 3 by 2040

Renewable Electricity use in 100% of our stores, headquarters, central hubs and warehouses until 2030

CECONOMY will engage 80% of its retail suppliers by sales volume to set climate targets until 2028

## Reducing carbon emission

### Scope 1&2

Our operations

Net-zero by 2024

0.3%

of our carbon footprint

### Scope 3

Upstream and downstream

At least absolute target reduction of 33% by 2033<sup>1</sup>

99.7%

of our carbon footprint

1

<sup>1</sup>In Private Label and transport and distribution, baseline 2022, SBTi targets (not yet approved by SBTi; application under review)



# We continuously increase the share of sustainable and energy-efficient products in our assortment

## Broad range of sustainable products

Double the number of BetterWay products in our assortment to c. 7,000 in FY 25/26

Extension of refurbished products to all product groups with high customer demand

Growing share of energy efficient products in top categories (e.g., white goods)

## BetterWay sales share in % across the group



Not launched

3%

c. 20%

FY 18/19

FY 21/22

FY 25/26

## Refurbished products – Sold units

c. 220,000

8,000

FY 18/19

FY 21/22

FY 25/26

2

# We invest in our people and measure the success of our strategic initiatives



People Experience

“Let’s Go!”  
Employer Branding Campaign  
  
Diversity, equity & inclusion roadmap  
and clear targets



Business Performance

Performance Management Process  
& International Leadership Program



Customer Experience

Group-wide Store-Employees  
Upskilling Program

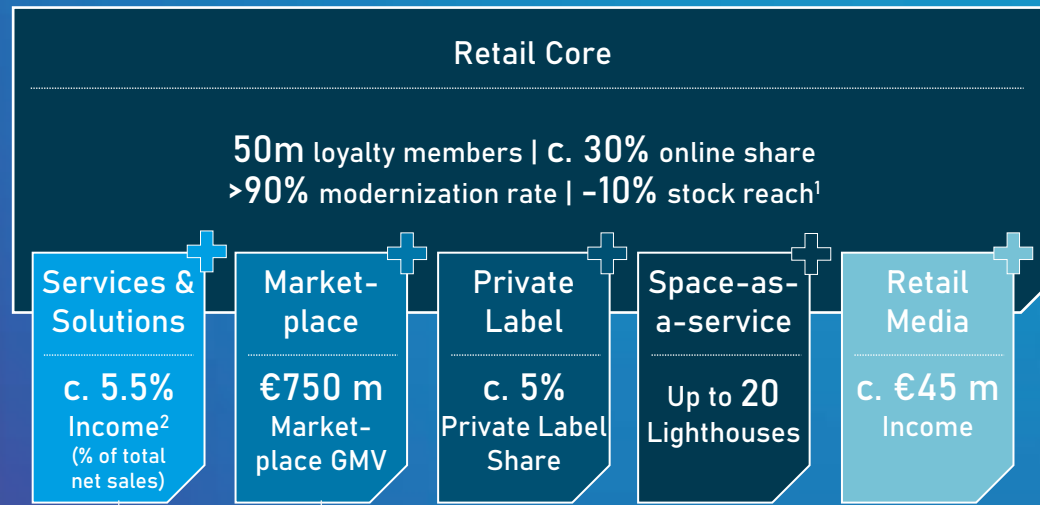
**+31 NPP<sup>1</sup>**  
over the last two years

3

<sup>1</sup>Net Promoter People

# Our key pledges for FY25/26 – regularly communicated to capital markets

## Our key pledges for FY 25/26...



## ...and further KPI targets

### Retail core

# of customer contacts	2.2 bn	# of sold refurbished products	c. 220,000
Sales with loyalty members	c. +60% <sup>1</sup>	Availability	>90%
Area productivity	c. +10% <sup>1</sup>	Centralization of inbound logistics	80%
Location Costs (% of net sales)	-0.2%p. <sup>1</sup>	Delivery and pick-up NPS	70
# of Lighthouse stores	up to 20	# cities with zero-emission delivery	>80
BetterWay Sales share	c. 20%	Carbon emission scope 1&2	Net-zero
# of BetterWay products	c. 7,000		

### Marketplace

Marketplace Share <sup>3</sup>	c. 10%
--------------------------------	--------


### Services & Solutions

Number of repairs	c. 3.5 m
# of Trade-Ins	>600,000


<sup>1</sup>Compared to FY 21/22; <sup>2</sup>Operational Services & Solutions income in % of total net sales (excluding e.g., Retail Media, Marketplace commissions & fees, deliveries); <sup>3</sup>Marketplace gross merchandise value in % of total gross merchandise value (Marketplace + Retail Online), only countries with a Marketplace considered

# Our growth plan targets >€500 m EBIT and c. €200 m FCF

Key financial figures	FY 21/22	Growth plan FY 25/26
Adjusted EBIT	€208 m <sup>1</sup>	>€500 m
Gross margin	17.6% <sup>1</sup>	c. 20%
Adjusted OPEX ratio	17.7% <sup>1</sup>	c. 18%
Net Sales	€21.1 bn <sup>1</sup>	Slightly above market growth
Cash Investments	€254 m	c. €300 m
Free Cash Flow <sup>2</sup>	-€533 m	Steady growth to c. €200 m



EBIT increase of c. 150%



Free Cash Flow increase of c. €700 m

<sup>1</sup>Portugal & Sweden adjusted; <sup>2</sup>Adjusted for IFRS 16 leases

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# Good Q3 performance prompts us to revise our outlook for FY 22/23

- / CE market up 2% in Q3 (-5% excl. TR)
- / CECONOMY maintained its market share with gains in DE, AT, NL, TR
- / Increase in adj. EBIT due to stable gross margin and successful cost control
- / Cash position further improved
- / Updated FY 22/23 outlook: based solely on a positive Scenario 1
- / Sweden transaction closed as of 1 August 2023

**+7.4%**  
Q3 sales  
growth<sup>1</sup> vs. PY

**+€43 m**  
Q3 adjusted  
EBIT<sup>2</sup> vs. PY

**+€990 m**  
9M FCF vs. PY

# Update on our key pledges following our CMD

Business fields	KPI	FY 2021/22	Progress 9M 2022/23	FY 2025/26
Retail Core	Loyalty members <sup>1</sup>	34 m	↑	50 m
Retail Core	Online share	25%	↘	c. 30%
Retail Core	Modernization rate <sup>1</sup>	30%	↑	> 90%
Retail Core	Stock reach progress <sup>1, 2</sup>	10.3 weeks	↑	- 10%
Space-as-a-service	# Lighthouses <sup>1</sup>	5	↑	Up to 20
Services & Solutions	Income in % of total sales <sup>3</sup>	4.5%	→	c. 5.5%
Marketplace	GMV	€65 m	↑	€750 m
Private Label	Private Label share	2.3%	→	c. 5%
Retail Media	Income	c. €5 m	↑	c. €45 m

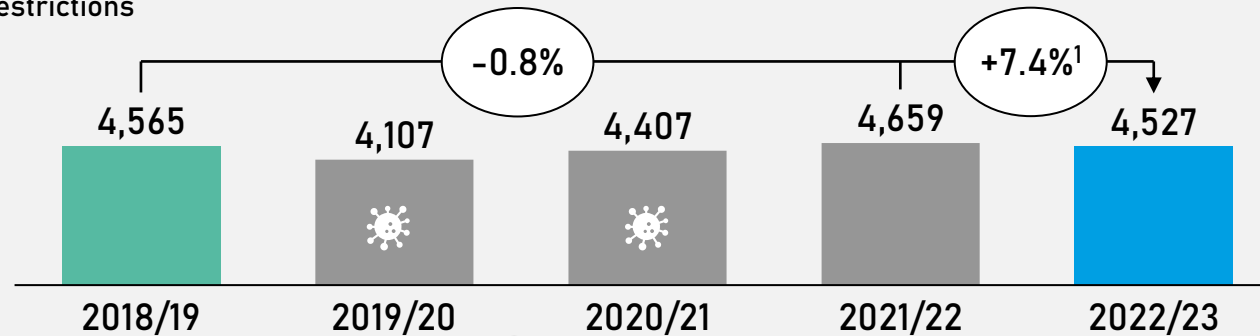


# Continued good performance in Q3 prompts us to update our guidance

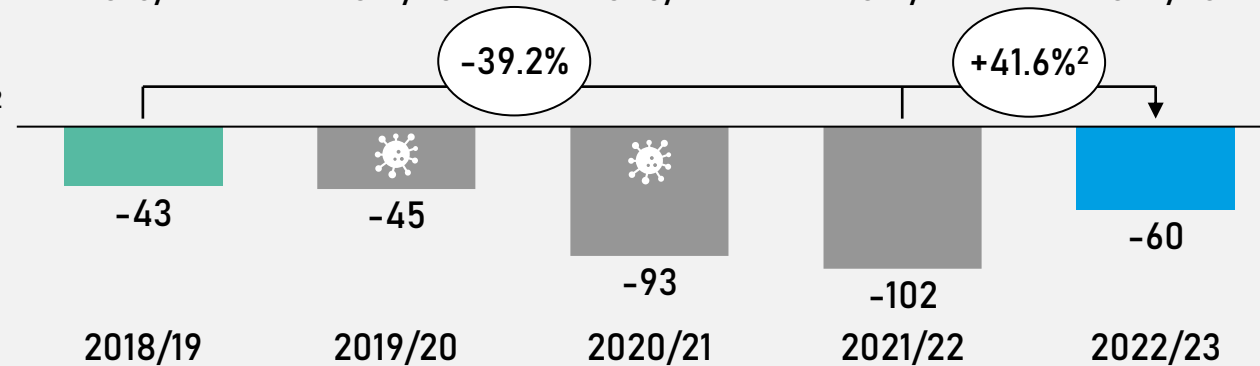
## Q3 development over the years

☼ = COVID restrictions

Reported Sales  
(€m)



Adj. EBIT<sup>2</sup>  
(€m)



/ Good sales performance (+7.4%<sup>1</sup> vs. PY)

/ Sales increase driven by B&M. Improving trend in Italy. Türkiye remains a strong driver with continued volume uplift

/ + €43 m EBIT improvement due to positive operating leverage as well as cost control

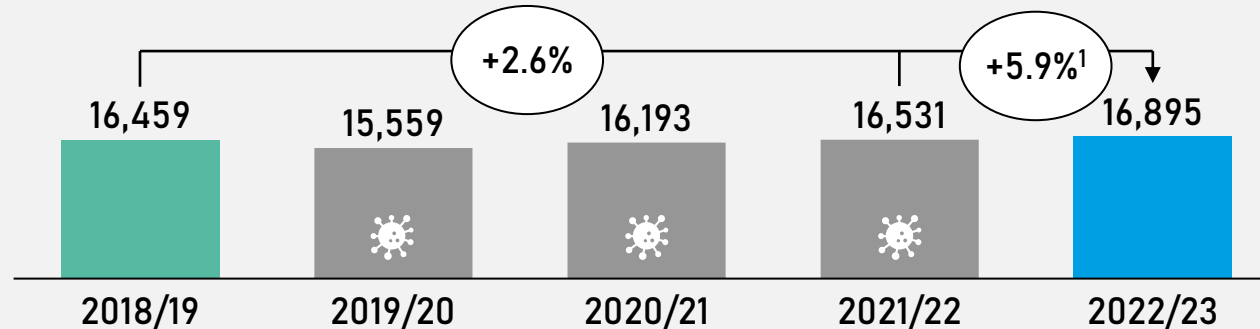
/ Updated FY 22/23 outlook based solely on Scenario 1

# 9M performance leads us to select scenario 1 as our sole guidance

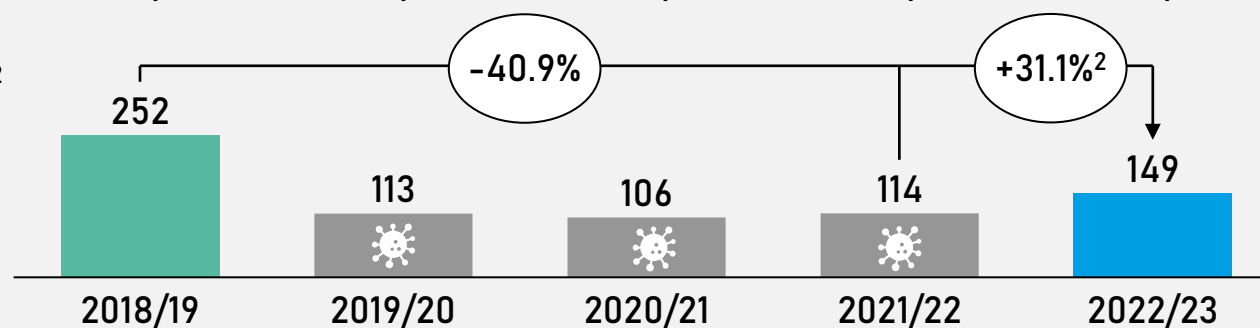
## 9M development over the years

☼ = COVID restrictions

Reported Sales  
(€m)



Adj. EBIT²  
(€m)



/ 9M sales performance solid (+5.9%¹ vs. PY)

/ Sales increase driven by DACH and Eastern Europe

/ EBIT increased by €35 m thanks to good performance in Q3 2022/23

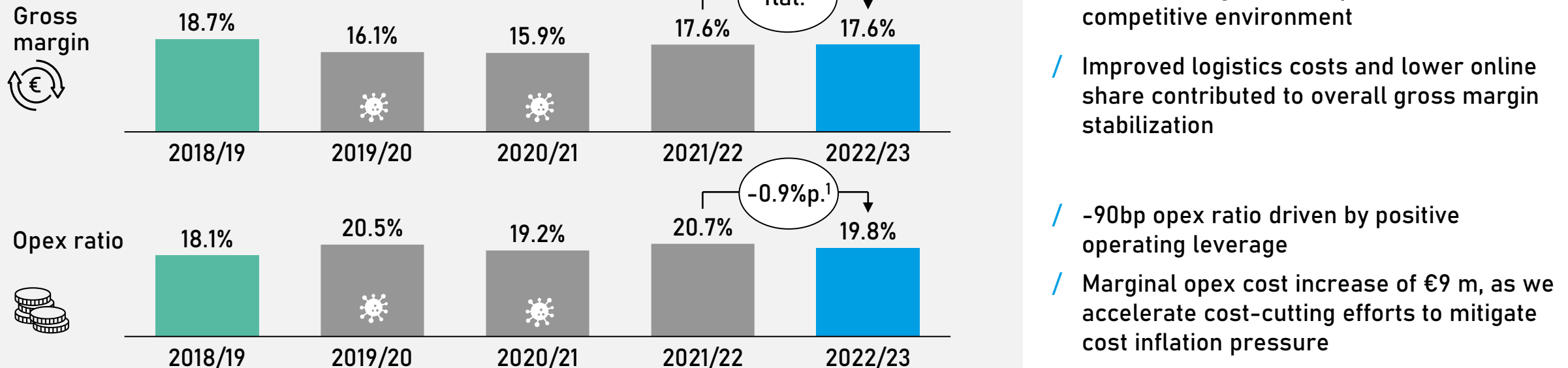
/ Improving trend in Spain and Italy, good performance in DACH and Eastern Europe

¹Adj. for currency and portfolio change effects, pre IAS 29. ²Excl. associates, adj. for portfolio changes, pre IAS 29 and excl. non-recurring effects.

# Stabilized gross margin and rigorous cost control drive adj. EBIT improvement

## Q3 development over the years

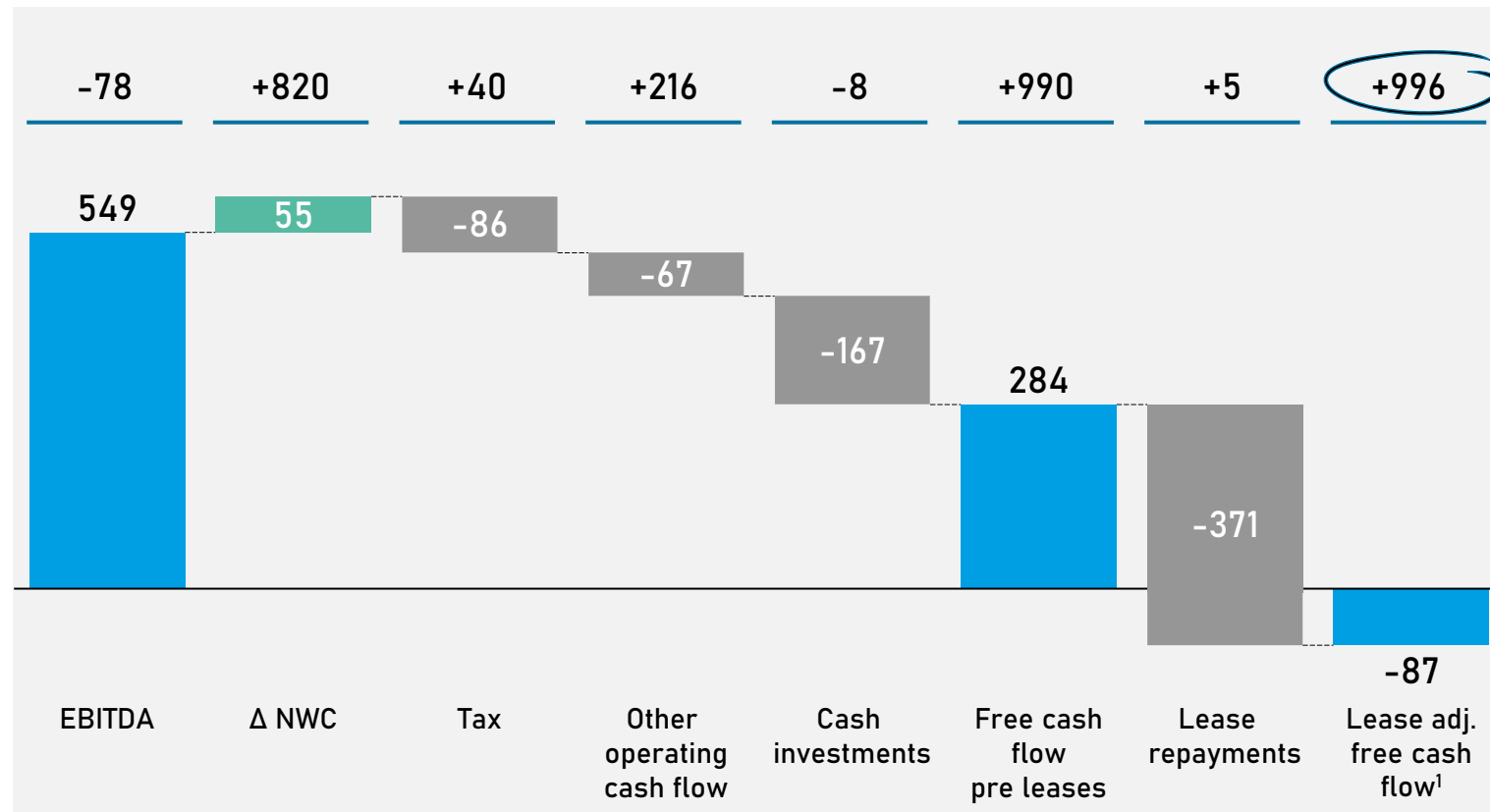
🦠 = COVID restrictions



<sup>1</sup>Excl. Sweden which is classified as disposal group in accordance with IFRS 5 from Q2 2021/22, Portugal from Q3 2021/22; pre IAS 29.

# Strong free cash flow development due to significant NWC improvement

Free cash flow (FCF) in 9M 2022/23 (yoy change, €m)



## Δ NWC

/ Strong yoy increase due to stock reduction and receivables management

## Tax

/ Lower advance payments for upcoming years and higher refunds from previous years

## Other operating cash flow

/ Normalizing in current year, previous year impacted by cash-out deferred payments

## Cash investments

/ Higher cash investments due to modernization measures

<sup>1</sup>Lease-adjusted FCF subtracts the repayment of lease liabilities for better FCF comparability under IFRS 16.

# Post 9M, we are updating our guidance and now focus exclusively on scenario 1 with a moderate sales increase

FY 2021/22	FY 2022/23 Guidance scenario 1	FY 2022/23 Guidance scenario 2
Sales	Moderate increase <sup>1</sup>	Clear decrease <sup>1</sup>
Adj. EBIT <sup>2</sup> €208 m	Clear increase	Clear decrease
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.	Less favorable development of the overall economic environment; declining demand in the consumer electronics market, which is relevant for the country portfolio.

<sup>1</sup>Adj. for currency and portfolio change effects (Sweden and Portugal), pre IAS 29. <sup>2</sup>Excl. associates, adj. for portfolio changes (Sweden and Portugal), pre IAS 29 and excl. non-recurring effects.

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# CECONOMY – Leading consumer electronics retailer in Europe

**MediaMarktSaturn**  
Retail Group

Strong and traditional brands with 1,024 stores

**MediaMarkt**

851 stores; c. 39,000 employees

- No. 1 electronics retailer in EU, DE
- Strong presence in 11 countries
- Huge assortment of products
- Individual customer advice
- Extensive portfolio of services

**SATURN**

132 stores; c. 5,000 employees

- No. 1 electronics retailer in DE
- Located at attractive sites
- Broad range of brand products
- Spacious sales areas
- Excellent service and advice

**DEUTSCHE  
TECHNIKBERATUNG**

Cooperation with MediaMarktSaturn in DE  
Installation, connection, troubleshooting  
Service on site or by remote maintenance

M.VideoEldorado

15% stake

FNAC DARTY

24% stake

# We trust in our international management team to deliver our transformation



**Dr Karsten Wildberger**

Chief Executive Officer



**Dr Kai-Ulrich Deissner**

Chief Financial Officer



**Dr Sascha Mager**

Chief Operating Officer - Germany



**Guido Monferrini**

Chief Operating Officer - Italy, Austria, Switzerland, Sweden, Hungary



**Iris Pruefer**

Chief Human Resources Officer



**Remko Rijnders**

Chief Operating Officer - BeNeLux, Iberia, Turkey, Poland



**Michael Schuld**

Chief Commercial & Marketing Officer



**Andrew Wolfe**

Chief Technology Officer

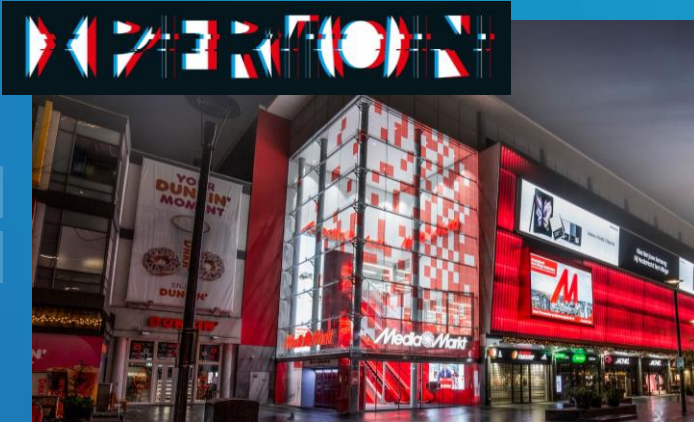
# Four store formats, all around experience zones, services, and the human touch

## LIGHTHOUSE

Inspiration and

Experience

>4,000sqm



## XPRESS

Proximity and

Convenience

c. 400-1,100sqm



## CORE

Availability and

Advice

c. 1,200-3,500sqm



## SMART

Omnichannel and

City center location

c. 70-500sqm



# We target the complete overhaul of core store portfolio by FY 25/26

## Refreshing our store portfolio

6 Lighthouse stores with significantly increased frequency & profitability – 20 stores planned until FY 25/26

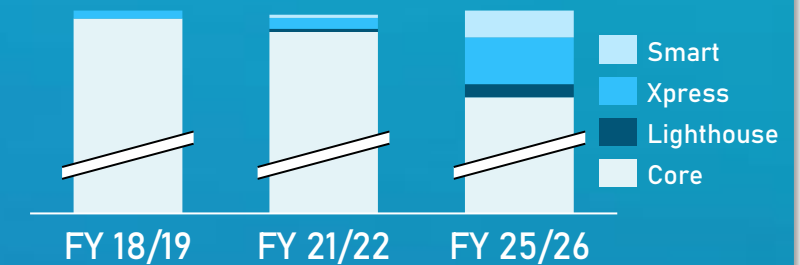
Successful operation of >10 Xpress stores in Hungary since 2016 – further expansion in other countries

Core refresh: optimized assortment & department flow increasing space utilization & service offerings

Area productivity increased by 3% since 18/19 – target is +10% by 25/26

## How we measure success

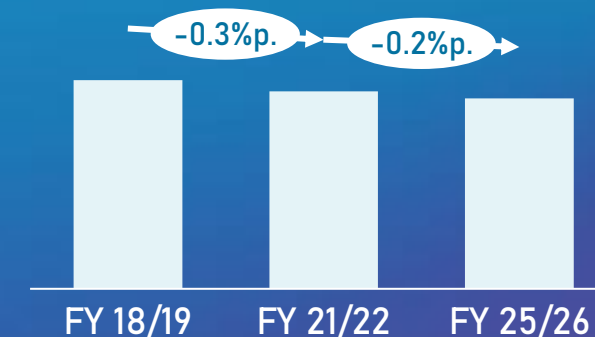
Store portfolio development  
(#stores)



Core modernization rate



Location cost development<sup>1</sup>  
% of net sales



<sup>1</sup>Rental costs & IFRS 16 depreciations, occupancy costs, location depreciations



# We set ourselves ambitious targets to grow our highly profitable private label business

We have already achieved strong private label shares in key categories

Share of private label in % of respective category sales, FY 21/22

White Goods



7.0%

MDA<sup>1</sup>

4.0%

SDA<sup>1</sup>

Accessories



15.0%

Telecom

14.0%

Brown Goods

We will integrate private label into our retail core and grow by >100%

Share of private label in % of overall sales

1.9%

FY 18/19

2.3%

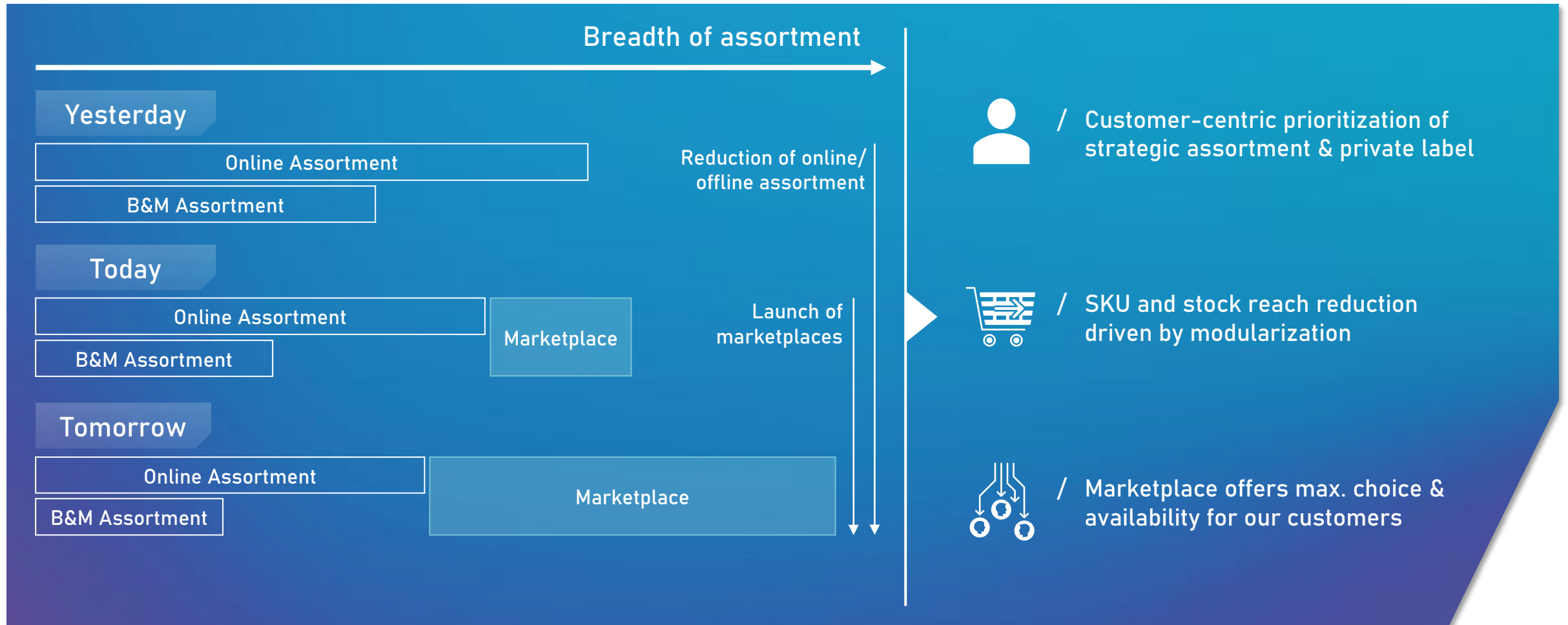
FY 21/22

c. 5.0%

FY 25/26

<sup>1</sup>MDA: Major Domestic Appliances, SDA: Small Domestic Appliances

# We are continuously expanding our customer-centric assortment



# Marketplace is the key driver to enrich our assortment

## Our growth levers

### Assortment:

Currently c. 1,000 sellers offering c. 1 m SKUs with aim to further accelerate seller onboarding & SKU growth

### Customer satisfaction:

Product rating at 4.5<sup>2</sup>, seller rating at 4.2 stars<sup>2</sup>

### Delivery promise:

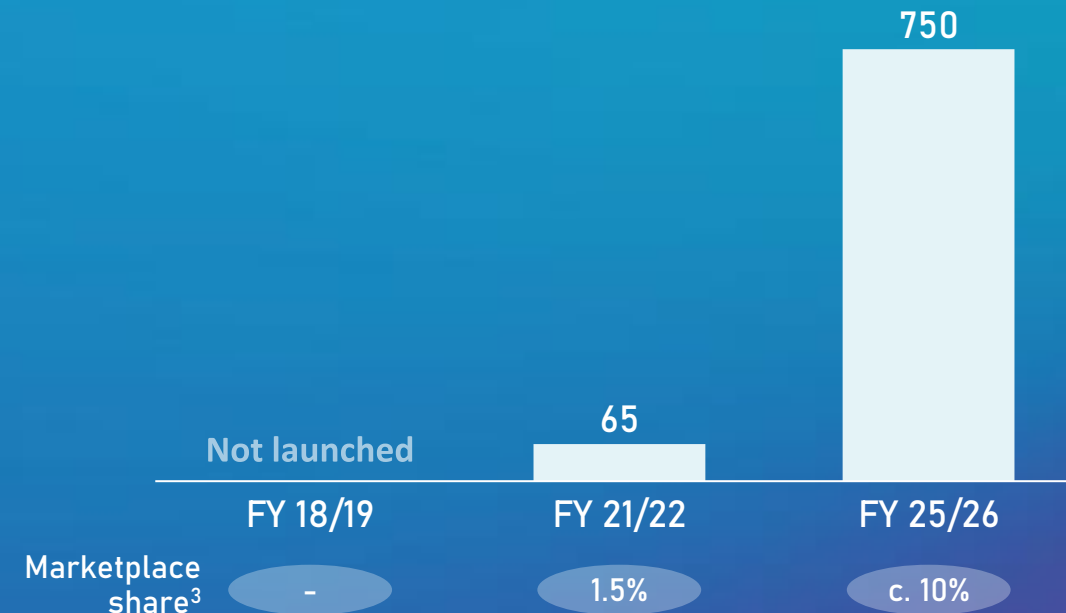
Average shipping time<sup>1</sup> <9 hours<sup>2</sup>

### Platform reach:

Roll-out marketplace to 2 additional countries

## How we measure success

Gross Merchandise Value in €m



<sup>1</sup>Median period of time between acceptance of an order and marked as shipped by the seller (median); <sup>2</sup>01.01.23 – 23.02.23; <sup>3</sup>Marketplace gross merchandise value in % of total gross merchandise value (Marketplace + Retail Online), only countries with a Marketplace considered



# Today's big variety of Services & Solutions Portfolio



Insurance and warranties



Telecom and digital products



Power Services



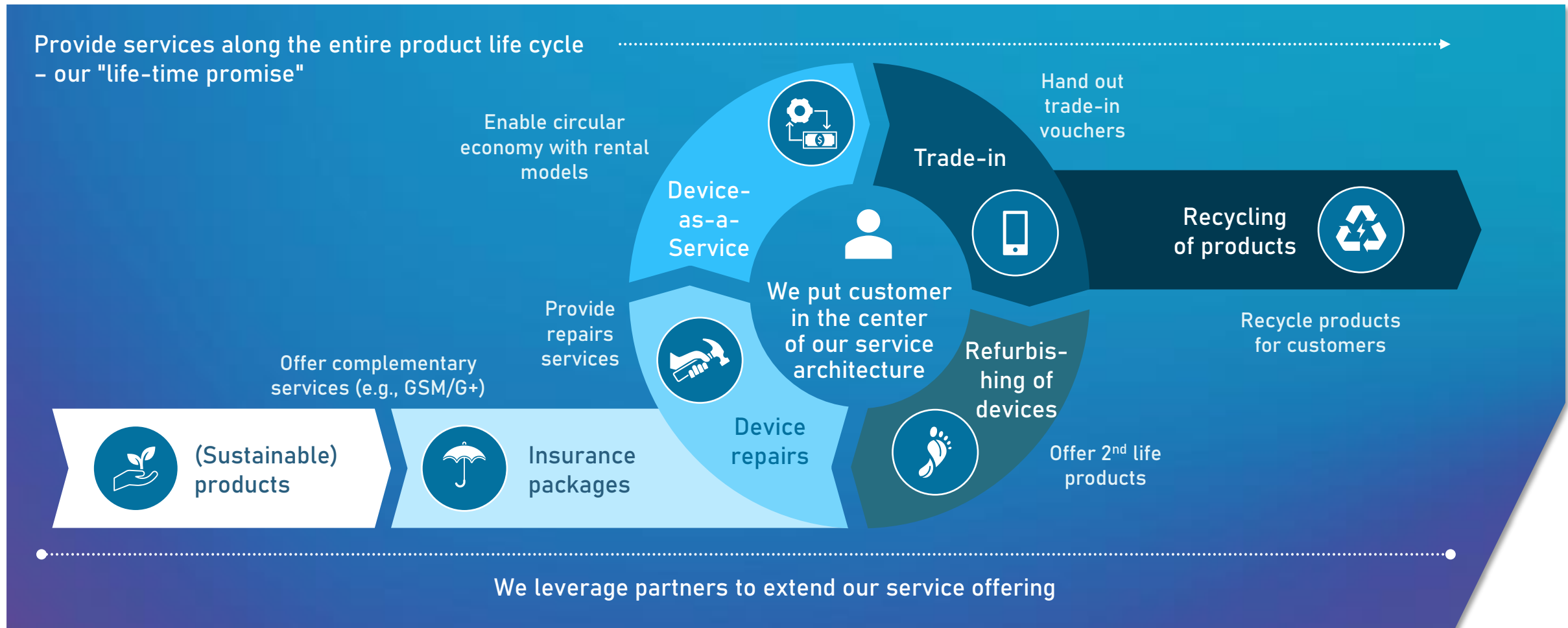
Finance Services



Sustainability services and others



# Services along the entire product life cycle – our "life-time promise"



# We expect >€200 m increase in Services & Solutions income by FY 25/26

## Our growth levers

Train-the-trainer concept established to continuously improve sales excellence – train all employees by end of FY 23/24

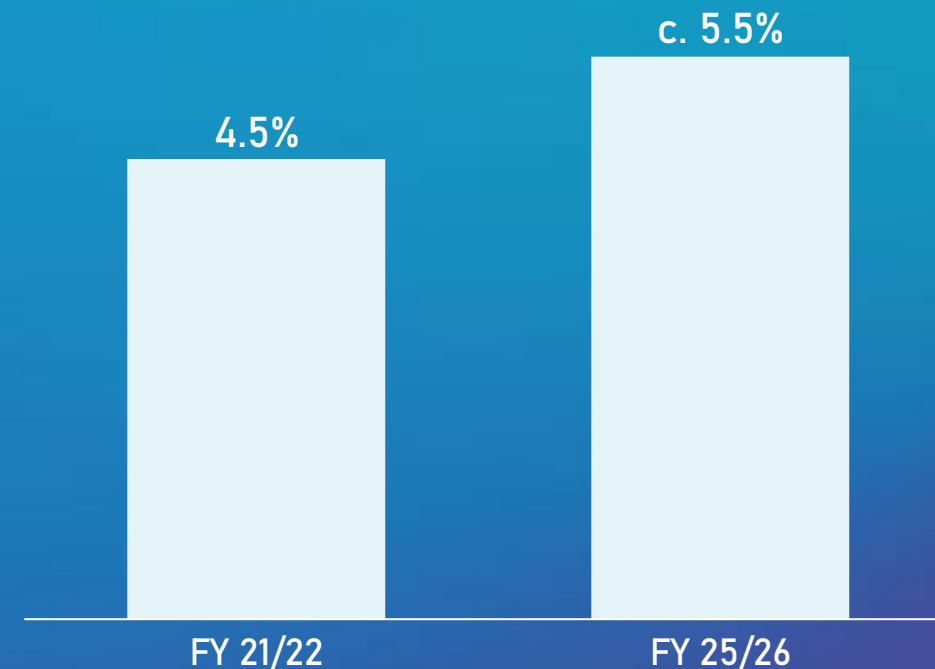
Building own service subscription platform for all countries to increase the share of recurring revenue

Introducing subscription based full protection package for all our customer's devices ("Full care service package")

Building up a Service Eco System where the customer can buy services without products

## How we measure success

Operational Services & Solutions Income in % of total net sales<sup>1</sup>



<sup>1</sup>Operational Services & Solutions income in % of total net sales (excluding e.g., Retail Media, Marketplace commissions & fees, deliveries)

# We are continuously expanding our Retail Media capabilities to drive additional income

## Our growth levers

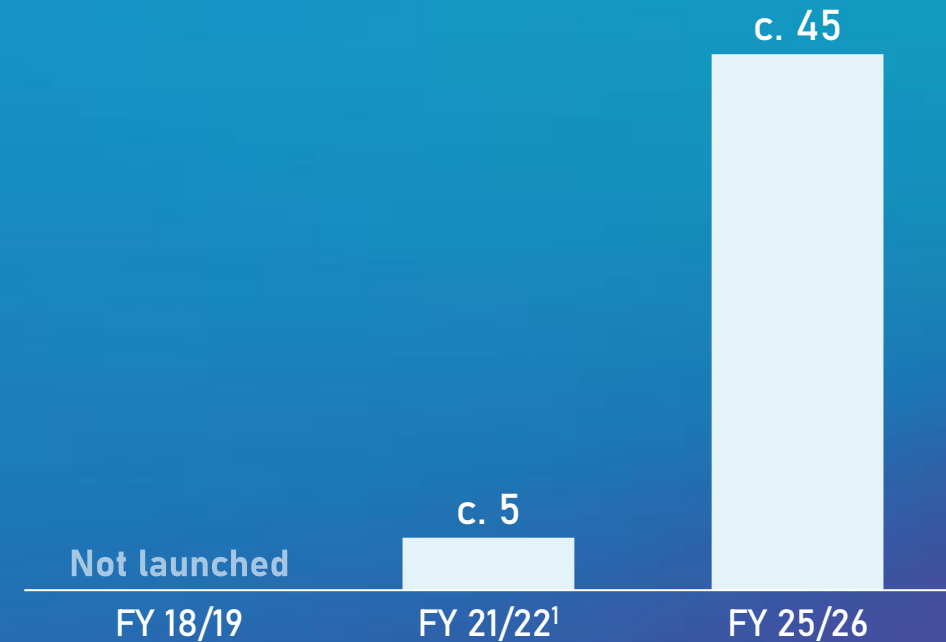
4 products live in core countries since FY 21/22

Partnership with global ad-tech company Criteo successfully established

Products to be rolled out to all countries by 2024 incl. implementation of new products

## How we measure success

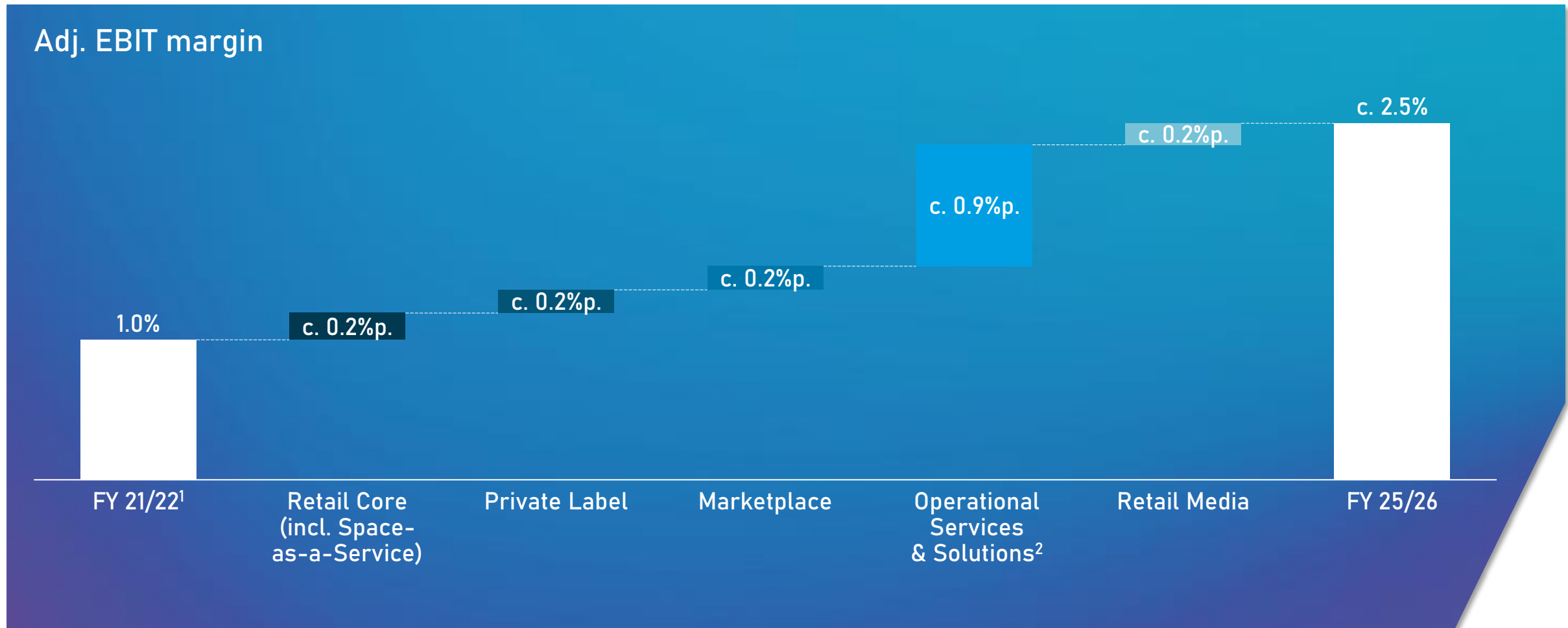
Retail Media Income €m



<sup>1</sup>Pilot in DE, NL, BE with sponsored product ads only

# Service businesses play biggest role in profitability increase

Simplified approximation



¹Portugal & Sweden adjusted; ²Operational Services & Solutions income in % of total net sales (excluding e.g., Retail Media, Marketplace commissions & fees, deliveries)

# Cost savings are driven by two main initiatives



<sup>1</sup>vs. FY 21/22

# We underpin our prudent financial policy with clear commitments

Leverage target ratio

<2.5x

Net Debt incl. lease liabilities / Adjusted EBITDA

+

Sufficient liquidity reserves

At all times according to macroeconomic conditions...  
... with diverse and well-balanced funding sources

Historical values & outlook:

0.8x

FY 19/20

1.1x

FY 20/21

2.3x

FY 21/22

2.3x

FY 22/23

in €m

Senior unsecured bond

500

Commercial paper  
programme

500

Convertible bond

151

Promissory notes

121

1,060 ESG-linked RCF

No major debt repayment until FY 25/26

# CECONOMY's sales growth momentum sustained in Q3

## Customer experience

NPS of 55, up 2 points yoy

## Countries

Strong performance in DE, NL, TR  
Improving profitability trends in ES and IT

## Stores

B&M sales up 8.2%<sup>1</sup> in Q3 yoy

## Online

Around 300 bp increase in pick-up rate to 41.0%  
In-house share about 20.4%<sup>1</sup>

## Growth business

Marketplace:  
+121% GMV growth

## Services & Solutions<sup>2</sup>

S&S sales up 5.3%<sup>1</sup> yoy to reach 6.5% sales share





# All regions posted EBIT improvement in Q3 2022/23

Segments Q3 2022/23					
€m	DACH	Western/ Southern Europe	Eastern Europe	Others <sup>4</sup>	CECONOMY
Sales ( <i>pre-IAS 29</i> )	2,542	1,497	681	93	4,814
Growth <sup>1</sup> (%)	1.6	-1.4	73.9	-	7.4
Like-for-like (%)	1.1	-1.0	69.6	-	6.8
IAS 29			-287		-287
Sales ( <i>post-IAS 29</i> )					4,527
Reported yoy change (%)	2.0	-1.6	-25.5	-	-2.8
Adj. EBIT <sup>2</sup>	-49	-25	20	-8	-60
Adj. EBIT margin <sup>3</sup> (%)	-1.9	-1.6	3.0	-	-1.2
Adj. EBIT yoy change	18	5	22	-3	43

## DACH

- / Sales increased in DE, AT, and declined in CH and HU
- / EBIT improvement in all countries, except CH, driven by strong cost control

## 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 Türkiye, decline in Poland
- / Strong EBIT improvement due to positive operating leverage and gross margin development

<sup>1</sup>Adj. for currency and portfolio change effects, pre IAS 29. <sup>2</sup>Excl. associates, adj. for portfolio changes, pre-IAS 29 and excl. non-recurring effects.

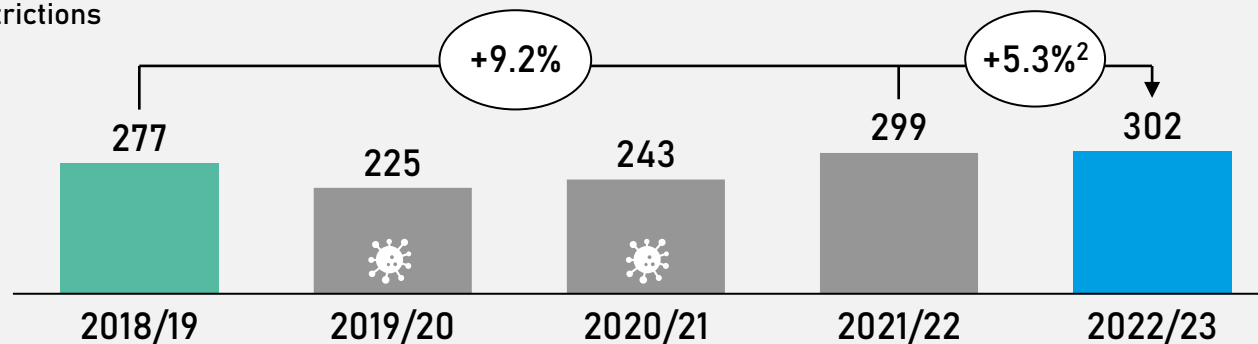
<sup>3</sup>Margin calculation based on reported sales pre-IAS 29 and adj. EBIT. <sup>4</sup>Segment Others includes CECONOMY AG holding, hence respective EBIT margin would not offer a reasonable comparison.

# Robust Services & Solutions sales driven by B&M

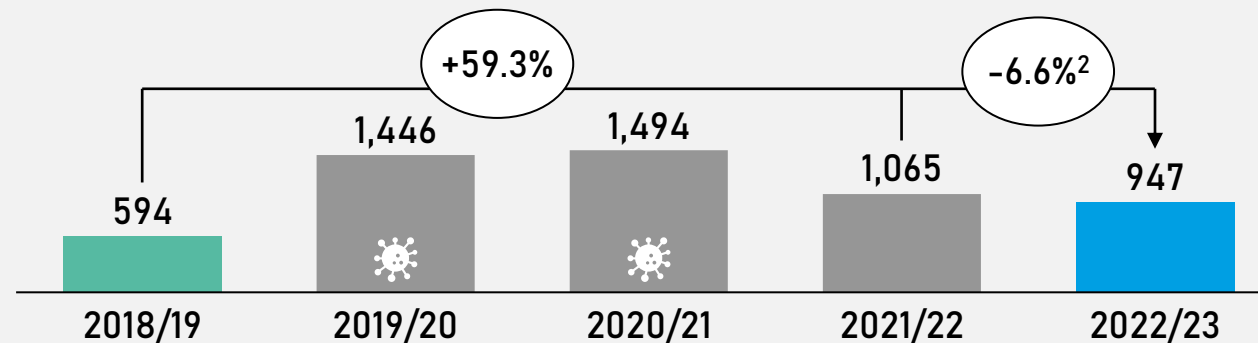
## Q3 development over the years

🦠 = COVID restrictions

Services & Solutions Sales<sup>1</sup> (€m)



Online Sales (€m)



/ Solid development of S&S sales (+5.3% vs PY) driven by B&M

/ Strong performance from warranties and Retail Media

/ Decline in consumer finance particularly in Spain

/ Continued normalization of online sales development. Online share 20.4%<sup>2</sup> of group sales

/ Online share remains above pre-COVID level

<sup>1</sup>includes Services & Solutions, Retail Media, Marketplace commissions & fees, deliveries, <sup>2</sup>pre IAS29.

# Net profit decline mainly due to distorted tax income in PY

Adj. EBIT to EPS	Q3		
€m	2021/22	2022/23	Change € m
Adj. EBIT	-102	-60	43
Non-recurring items	-78	-63	15
EBIT reported	-180	-123	58
Net financial result	-11	-33	-22
Earnings before taxes	-191	-156	35
Income taxes	74	-30	-104
Profit or loss for the period	-117	-186	-68
Non-controlling interests	-22	0	22
Net result	-95	-186	-90
EPS undiluted (€)	-0.24	-0.38	-0.14

## Adj. EBIT

/ €43 m improvement driven by flat gross margin and cost control

## Non-recurring items

/ Reduced despite €31 m restructuring costs and €32 m non-cash costs (IAS 29, Sweden impairment)

## Net financial result

/ Higher interest payments and higher interest on lease liabilities

## Tax

/ Decline driven by extraordinary tax-positive effects in Q3 2022 (lower business expectations, Fnac impairment)

/ Mid double-digit tax charge expected for the FY

## Non-controlling interests

/ Reduced post Convergenta transaction

# Application of IAS 29, hyperinflation accounting

€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

Sales growth	LFL	Expansion	Fx-and portfolio adjusted	Portfolio effect	Fx effect	Growth in € pre-IAS 29	IAS 29	Reported growth in €
Q1	4.5%	0.4%	4.9%	---	-1.5%	3.3%	-0.2%	3.1%
Q2	6.1%	0.3%	6.4%	0.0%	-1.4%	5.0%	0.6%	5.6%
Q3	6.8%	0.6%	7.4%	-0.6%	-2.0%	4.8%	-7.7%	-2.8%

<sup>1</sup>At comparable FX rates.



CECONOMY