

CECONOMY

**IR
Presentation**

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**Reorganization
& Efficiency
Program**

29 April 2019

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All numbers shown are as reported, unless otherwise stated. All amounts are stated in million euros (€ million) unless otherwise indicated. Amounts below €0.5 million are rounded and reported as 0. Rounding differences may occur.

The Reorganization & Efficiency Program in a nutshell

110-130 €m

Run-rate
savings

c. 20%

Reduction of the
Group's admin
expenses¹ in Germany

150-170 €m

Expenses²

< 1.5 years

Pay-back
period

¹ Before cost allocation to other P&L line items. ² Excluding 34 €m of expenses booked already in Q1 18/19 related to top management changes and excluding additional non-cash accounting effects of 20 €m.

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

CECONOMY

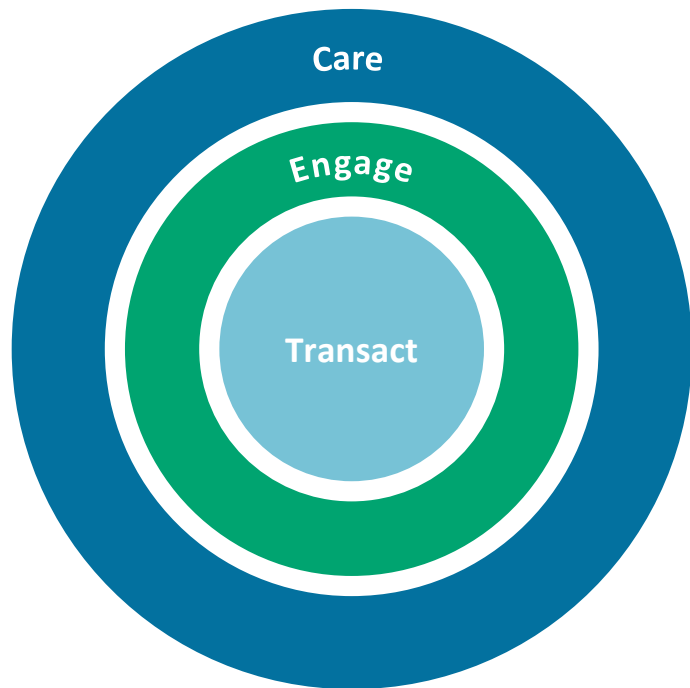
- Leading multi-channel player for Consumer Electronics
- Differentiated value proposition with Services & Solutions offering
- Large customer base
- Trusted brands
- Strong and trusted partner of suppliers



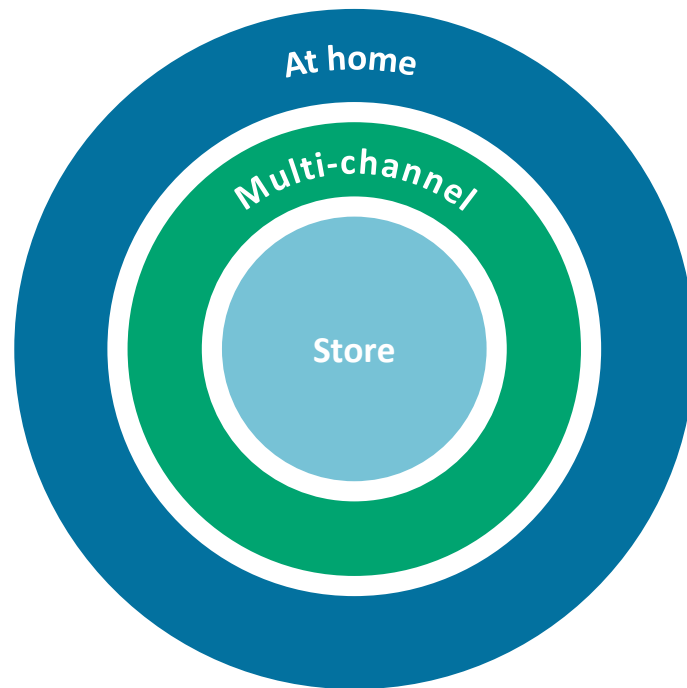
- Digital opens up new product categories
- Ageing population is increasingly seeking technical support
 - Connectivity and product complexity drive rising demand for Services & Solutions

We are transforming our business model with the evolution of our customer needs

HOW we interact



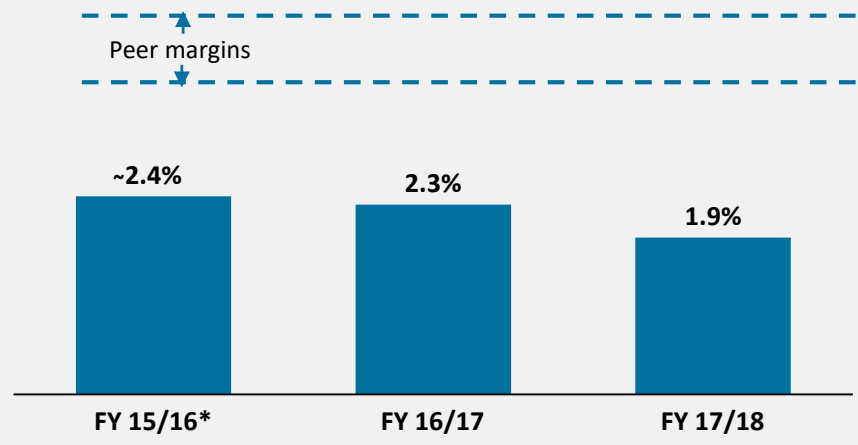
WHERE we interact



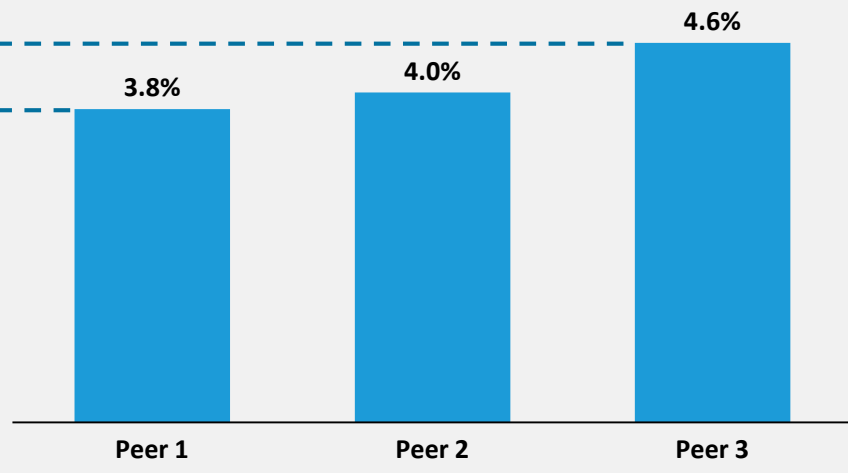
We have not fully utilized our potential and our performance has been disappointing in recent years

CECONOMY's EBIT margin development

(before special items, excl. Fnac Darty and Russia)



Peers' EBIT margin (last FY)



We need to increase our efficiency and profitability

*Unaudited pro-forma figure for FY 15/16 excluding Russia.

We need to become a more agile organization – our current structures and processes slow down execution

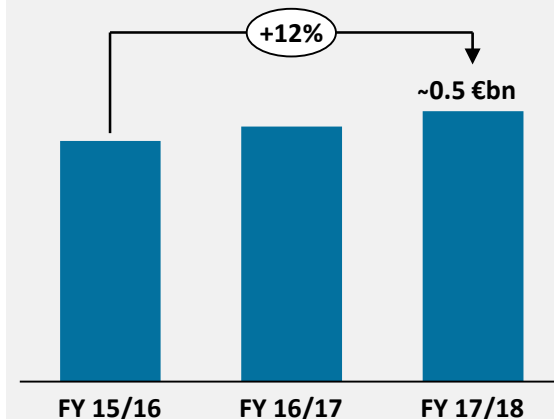
Complex structures and redundant functions

Unclear roles and responsibilities

Non-standardized processes

Limited resources for future investments

Group administrative expenses¹ in Germany



We need to streamline processes, enable faster decision-making and ultimately reduce costs

¹ Before cost allocation to other P&L line items.

We have identified four strategic initiatives – short-term, we focus on reducing complexity and costs



DIGITAL
GROWTH

ONGOING



SERVICES &
SOLUTIONS

ONGOING



CATEGORY &
SUPPLY CHAIN
MANAGEMENT

GRADUAL PROGRESS



ORGANIZATION &
COST STRUCTURE

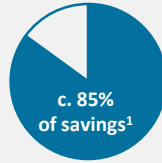
SHORT TERM

Reorganization & Efficiency Program

Our program focuses on two pillars: reorganizing central functions and optimizing the operational entities portfolio

Reorganization & Efficiency Program (expected duration up to 18 months)

Central Functions



Reorganization of central functions at
CECONOMY and MediaMarktSaturn Retail Group
and the country organizations (primarily Germany)

Portfolio



Review of non-core portfolio companies
and associates

¹ thereof around 90% from Germany

We streamline processes and functions and review our venture portfolio

Central Functions

Processes



- Standardized processes across the group
- Tailoring and streamlining of all process-oriented tasks

Responsibilities



- Establishing a lean management organisation
- Centralisation of support functions along with elimination of redundancies
- One function responsible for CECO & MMSRG

Cost reduction



- Fewer administrative tasks
- Reduction of indirect spend
- Headcount reduction across all entities

Portfolio

Venture activities and associates



- **Closure** of streaming platform JUKE
- **Termination** of business activities of Retail Media Group
- **Review of strategic options**, including sale, closure or JV for selected activities and associated companies

JUKE

RMG

FLIP4NEW



Examples: Reorganization of central functions and related administrative functions in Germany

- **Stronger control and improved transparency** by shifting financial steering and controlling functions from various sub-entities to Media-Saturn-Holding
- **Combining standardized tasks**, e.g. invoice control or dunning services, and shifting them to the **Shared Service Center** of MediaMarktSaturn Germany
- **Re- and up-skilling of existing and new employees** in software engineering to replace external consultants
- Move to one **common IT platform**
- **Merger of operational MediaMarkt and Saturn teams to lift in-house synergies**, e.g. regarding the operation and development of the webshops
- **Repositioning of marketing activities** to cope with required changes in the marketing mix (more online, less offline)
- **Bundling of purchases of indirect spend**, resulting in reduction in consultancy costs, travel expenses, etc.

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MediaMarktSaturn
Retail Group

MediaMarktSaturn
Deutschland

MediaMarktSaturn
Technology

**POWER
SERVICE**

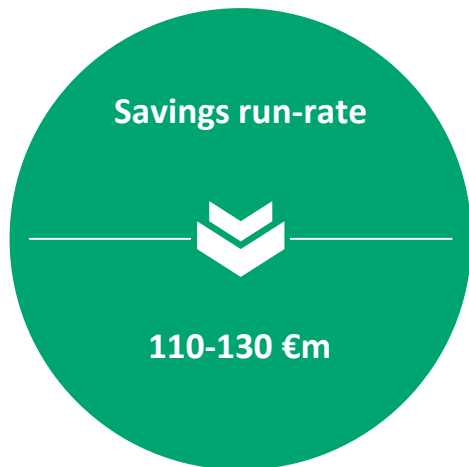
RED BLUE

IMTRON

A MediaMarktSaturn Retail Group Company

& Other Entities

Our goal is to achieve a savings run-rate of around 110-130 €m



Sustainable savings run-rate in FY 20/21 expected



Opposite effect in the low double-digit €m from build-up of new personnel, e.g. in supply chain



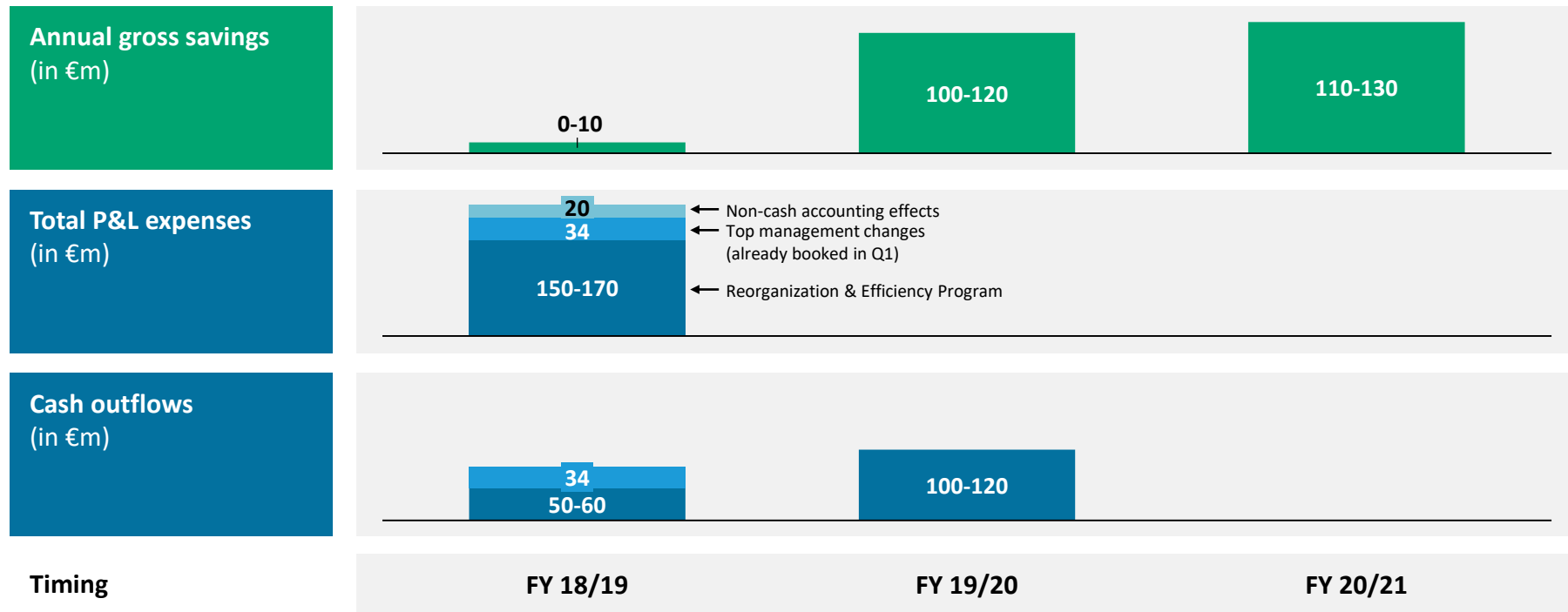
Pay-back period of <1.5 years for program related expenses¹ booked in FY 18/19



Additional non-cash accounting effects of c. 20 €m in FY 18/19 expected

¹ Excluding 34 €m of expenses booked already in Q1 18/19 related to top management changes and excluding additional non-cash accounting effects of 20 €m.

Total expenses to only weigh on FY 18/19 reported earnings, benefits to kick-in from next fiscal year



Our underlying assumptions for FY 18/19 are still valid

1



Implementation of Reorganization & Efficiency Program to start now

2



Only smaller benefits from the Program to come through in FY 18/19

3



Positive impacts from centralization and excellence to become visible gradually

The outlook for FY 18/19 remains unchanged


- Adjusted for exchange rate effects and before portfolio changes
- Excludes expenses in connection with the restructuring and optimization of structures and business processes
- Excludes expenses for already announced management changes in top management

€m	FY 17/18	FY 18/19
Total sales	21,418	Slight increase
EBITDA (excl. Fnac Darty)	630	Slight decline
EBIT (excl. Fnac Darty)	399	Slight decline
Fnac Darty profit share	21	Mid double-digit €m amount (based on consensus estimate)
Net Working Capital		Moderate decline

Included non-recurring effects such as:

- Re-assessment of inventory costs
- Valuation of gift card liabilities
- Pension income

We transform our business model and lift promised potentials



This company has a great potential that has not been fully utilized.

We fix the basics and lay the foundation for a sustainable future.

**We focus on one thing:
THE CUSTOMER.**

Q&A



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