

Press release

## CECONOMY masters adverse conditions and delivers solid start into the new financial year

- Sales<sup>1</sup> Q1 2021/22: €6.9 billion (Q1 2020/21: €7.5 billion); EBIT<sup>2</sup> Q1 2021/22: €274 million (Q1 2020/21: €346 million). Comparability to previous year's record figures limited due to significantly diverging conditions.
- For better comparability: current Q1 sales are 2.9 % higher than Q1 2019/20 (€6.8 billion), thus ahead of pre-pandemic levels; EBIT close to level of Q1 2019/20 (€289 million).
- Sustained good development of online business in the first quarter – share of total sales: 27.5 %.
- Outlook for 2021/22 confirmed, taking into account continuing uncertainties: slight sales increase and very clear EBIT increase targeted.
- CEO Dr Karsten Wildberger: "We have once again shown that we can stand up to the challenges we are facing. In light of the circumstances, we delivered a solid start into the new financial year. We successfully implemented our pan-European campaigns in the Black Friday and Christmas period, and since mid-December the trend has been very encouraging. We relentlessly focus on becoming a fully customer-centric company and will emerge stronger from the current turbulences."

**Düsseldorf, 7 February 2022** – In the first quarter of the new financial year, CECONOMY AG ("CECONOMY") continued its robust business performance in a challenging environment, even though the record figures from the previous year could not be achieved. But that was expected given the significantly more difficult market conditions. In the reporting period, the company generated sales of around €6.9 billion (Q1 2020/21: €7.5 billion). At the end of December 2021, adjusted operating earnings amounted to €274 million (Q1 2020/21: €346 million).

Any comparison with the same quarter of the previous year must take the diverging conditions into account. The first quarter of 2020/21 was characterized by elevated private consumer spending following the easing of pandemic restrictions. A similar economic boost was not seen in the first months of the current financial year. On the contrary, CECONOMY again faced COVID-19 restrictions in individual countries and bottlenecks in international supply chains in the reporting period. In addition, consumer spending was impacted by the high inflation rate.

Comparing with figures from the first quarter of 2019/20 offers a better analysis of the latest results. Compared with that period, which was characterized by a stable economic environment before the pandemic, the current quarterly sales are 2.9 % higher when adjusted for currency effects and

<sup>1</sup> Sales adjusted for currency effects and portfolio changes

<sup>2</sup> Adjusted EBIT before non-recurring effects, associates and portfolio changes

## Press release

portfolio changes (Q1 2019/20: €6.8 billion). CECONOMY had achieved an EBIT of €289 million at that time.

“We have once again shown that we can stand up to the challenges we are facing. In light of the circumstances, we delivered a solid start into the new financial year,” said Dr Karsten Wildberger, CEO of CECONOMY and MediaMarktSaturn. “We successfully implemented our pan-European campaigns in the Black Friday and Christmas period, and since mid-December the trend has been very encouraging.” With regard to external influences, Wildberger added: “We cannot choose the general conditions, and we have to make the best of them. And that is exactly what we are doing. We relentlessly focus on becoming a fully customer-centric company and will emerge stronger from the current turbulences.”

### **Challenging conditions**

Overall, the level of demand in the first quarter did not reach the extraordinarily high level of the previous year. The COVID-19 restrictions in countries such as Germany and Austria, which only allow access to people who are vaccinated or have recovered from COVID-19, led to a significant reduction in footfall in stores; in the Netherlands and Austria, CECONOMY even had to cope with store closures again. At the same time, the company saw stable business performance in countries not affected by COVID-19 restrictions. The development was particularly good in Italy.

In expectation of potential bottlenecks in the supply chains, CECONOMY had increased its inventories at an early stage and ensured comparatively high product availability. Nevertheless, the deliveries did not cover demand in certain categories such as smartphones and tablets.

Moreover, the attack on MediaMarktSaturn’s IT systems in November temporarily influenced business performance. The company was constantly able to serve its customers via all sales channels, and all systems were quickly restored. However, certain services were temporarily restricted. For example, the pick-up service was unavailable for a few days.

### **Good development in the online business reinforced**

The company’s omnichannel strategy also made a significant contribution to the solid business performance in the first quarter. The good development in the online business was reinforced in the reporting period with sales of nearly €1.9 billion (Q1 2020/21: €2.3 billion). The share of total sales amounted to 27.5 % and was thus much higher than in the fourth quarter of the previous year (20.5 %). Compared with the first quarter of the financial year 2019/20, online sales grew by more than 80 %.

## Press release

### **Services & Solutions**

CECONOMY also demonstrated stability in the strategically important Services & Solutions business in the first quarter. Sales amounted to €344 million and thus reached the previous year's level (€343 million), although the company's total sales were lower than in the same quarter of the previous year in light of the conditions described. Services & Solutions' share of total sales thus increased from 4.6 % to 5.0 %. This was primarily thanks to good demand for Smartbar services and growing online services business.

### **Outlook: Slight sales growth and very clear EBIT increase targeted**

Despite the continuing uncertainties, CECONOMY remains optimistic about the remainder of the financial year. "We should all prepare for a certain degree of volatility; that is simply part of the new normal," said Florian Wieser, CFO of CECONOMY and MediaMarktSaturn. "Despite the persisting adverse circumstances, we confirm our expectation of a slight increase in sales adjusted for currency effects and portfolio changes and a very clear increase in Adjusted EBIT in the full year 2021/22."

The company will specify its outlook as soon as general conditions allow more clarity.

### **About CECONOMY**

CECONOMY AG makes it easier to live in the digital world. It is the leading company in Europe for concepts and brands in the consumer electronics sector. The companies in the CECONOMY portfolio have billions of consumer contacts each year and offer products, services and solutions that make living in the digital world as easy and enjoyable as possible. This helps them create added value for customers and for investors.

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