

Press release

## Q1 22/23 – CECONOMY grows more strongly than the market and drives transformation

- Sales<sup>1</sup> increase by 4.9 per cent to €7.1 billion – larger market shares gained.
  - EBIT<sup>2</sup> reached €224 million and is thus in line with expectations.
  - Services & Solutions grows by 14.5 per cent to €394 million.
  - Brick-and-mortar sales increased by 6.0 per cent to €5.3 billion.
  - Online share of total sales double the pre-COVID level at 25.5 per cent.
  - Further improvement in customer satisfaction – NPS (net promoter score) rises to 53, the highest-ever figure.
  - Liquidity considerably increased by €350 million to €2.6 billion as of 31 December 2022.
- CEO Dr Karsten Wildberger: “We have made a solid start into the new financial year. Our good preparation for Christmas business paid off and generated a lot of customer demand. We grew more strongly than the market. At the same time, we made further progress in terms of operations and in the implementation of our strategy. Our measures to dampen inflationary pressure are taking effect. We are therefore heading into the coming months with confidence and a great sense of determination.”

**Düsseldorf, 14 February 2023** – CECONOMY AG (“CECONOMY”), Europe’s leading company for consumer electronics, started the new financial year with good customer demand, increasing sales by 4.9 per cent to €7.1 billion in the first quarter of 2022/23 (PY: €6.9 billion). The brick-and-mortar business continued to recover, and the Services & Solutions segment saw uninterrupted dynamic growth. Adjusted operating earnings reached €224 million (PY: €274 million) and were thus in line with expectations. The comparison with the previous year is especially shaped by inflation-driven cost increases. However, CECONOMY successfully compensated for some of these cost increases through strict cost management.

### Market shares increased – operating business strengthened

CECONOMY increased its market shares in nine out of 13 countries and significantly strengthened the operating business in key markets. In the largest market – Germany – CECONOMY made substantial progress on reversing the trend and improved earnings compared to the previous year. CECONOMY also recovered considerably and increased earnings in the Netherlands. In Turkey, the company sustained its profitable growth trajectory. In contrast, business development in Italy was affected by adverse macroeconomic conditions.

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

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

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### **Customer satisfaction reaches new record figure**

In the implementation of their strategy, CECONOMY and MediaMarktSaturn are doing everything to further improve the customer experience and customer satisfaction across all channels. An important performance indicator for measuring the progress here is the net promoter score (NPS). In the first quarter, the company increased the NPS by 6 points year-on-year to 53, the highest figure since measurements began.

### **Dynamic growth in the Services & Solutions business continued**

The Services & Solutions business is making a material contribution to the further improvement in customer satisfaction. The segment has become an important growth driver for CECONOMY, which is simultaneously strengthening the company's profitability. In the first quarter, CECONOMY increased sales here by 14.5 per cent to €394 million. This equates to 5.6 per cent of total sales.

The good performance in the Services & Solutions segment is driven by the growth in brick-and-mortar business. The company impressed its customers with very good offers for mobile phone contracts and extended warranties. New services such as the trade-in of used electronic devices or rental services, whereby customers can use the latest trend products for a limited time, developed promisingly. CECONOMY will continue to consistently expand the strategically important Services & Solutions business with a greater focus on sustainability.

### **Ongoing recovery in brick-and-mortar business**

The recovery in the brick-and-mortar business continued in the first quarter of the new financial year. Thanks to increasing footfall, the company increased sales in its stores by 6.0 per cent to €5.3 billion. CECONOMY invests in the customer experience and has already modernized a third of its stores and better aligned them with customer needs. The use of space in the redesigned stores is about 10 per cent more productive than in the stores that have not yet been modernized.

### **Online business stabilized at a high level**

At €1.8 billion, around a quarter of total sales came from the online business in the first quarter. The online share is therefore still nearly twice as high as it was before the COVID-19 pandemic. CECONOMY will continue to strengthen the online business. In the reporting period, the pick-up rate amounted to 37 per cent – and validated the company's omnichannel approach. This includes the marketplace, which continued to pick up momentum in the reporting period. After a successful roll-out in Germany, Spain and Austria, the company had around 900 resellers with a total of 700,000 products on its platform at the end of December 2022.

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### **Liquidity significantly strengthened**

The measures that CECONOMY has taken to strengthen its liquidity have proven effective: At the end of 2022, the company considerably increased its cash by €350 million to €2.6 billion. This was primarily driven by the optimization and reduction of inventories. In addition, CECONOMY managed to substantially improve goods turnover.

### **Focus on strict cost management and improvement of profitability**

CECONOMY continues to focus on strict cost discipline. The company has kept its operating expenditure stable in relation to sales. CECONOMY will continue to adjust its cost structure to the altered conditions. The company is streamlining structures in its central and management functions and increasingly digitalizing processes. CECONOMY is also utilizing marketing synergies through shared advertising campaigns for its successful retail brands, MediaMarkt and Saturn.

In addition, CECONOMY is increasingly gearing its product mix toward profitability and adding new, profitable product categories. “Costs, profitability and liquidity remain at the very top of our agenda,” said Dr Kai-Ulrich Deissner, the new CFO of CECONOMY and MediaMarktSaturn since 1 February. “We have set the right course – and still have lots of potential. We will set all efforts in action to further improve in these areas. Consistent cost management is the key requirement.”

### **Outlook: Scenario 1 more likely – a clear increase in adjusted EBIT and a slight increase in total sales targeted**

Given the uncertain economic environment, CECONOMY has created two scenarios for planning for the rest of the year: In scenario 1, the company expects a slight increase in total sales and a clear increase in adjusted EBIT in 2022/23. This is assuming that the macroeconomic conditions will not deteriorate and the consumer electronics market will shrink moderately at the most. Scenario 2 represents a less favourable macroeconomic environment than currently foreseen, which would also more severely decrease demand in the consumer electronics market. In this case, CECONOMY would have to factor in a clear decrease in total sales and adjusted EBIT.

CEO Dr Karsten Wildberger: “After everything we saw in the first quarter, we think scenario 1 is more likely and can confirm our assessment from December.”

### **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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