

Press release

CECONOMY with sales growth and new outlook for the current financial year

- Sales in the first nine months of the financial year (€16.2 billion) 5.4%¹ above previous year; adjusted EBIT² only slightly below previous year at €106 million (9M 2019/20: €113 million) – despite nearly six-month closure of MediaMarkt and Saturn stores in Germany.
- Third-quarter sales of €4.4 billion 8.0%¹ higher year-on-year despite COVID-19-related restrictions; adjusted EBIT² down to €–93 million (Q3 2019/20: €–45 million), mainly due to the absence of COVID-19-related support (such as short-time working allowance).
- Online business grows again: Online sales of around €1.5 billion contribute more than one-third of total sales in the third quarter; strong online sales growth of 75.1% on a nine-month comparison.
- Services & Solutions sales increase by 7% in third quarter to €243 million.
- "My first impression is: the company is basically on the right track, but there is a lot to do," says Dr Karsten Wildberger, CEO of CECONOMY and MediaMarktSaturn since August. "We have grown in sales despite adverse circumstances and have made further progress in implementing our strategy."

Düsseldorf, 12 August 2021 - CECONOMY AG ("CECONOMY") performed stably overall in the first nine months of financial year 2020/21 despite the significantly longer lockdown situation in Germany. From October 2020 to June 2021, the company generated Group sales of €16.2 billion, an increase of 5.4%¹ compared with the prior-year period. With adjusted EBIT² of €106 million, the company was not quite able to match the previous year's level (9M 2019/20: €113 million). Overall, the current financial year was affected by around six months of store closures in response to COVID-19, especially in Germany – so the effect was significantly greater than in the previous year.

The restrictions were also felt in the third quarter. Nevertheless, sales in this period increased by 8.0%¹ to €4.4 billion (Q3 2019/20: €4.1 billion). The growth in the third quarter is primarily attributable to an ongoing dynamic development in the online business and to continued strong customer demand in Spain, Italy and Turkey. Therefore, CECONOMY more than compensated for the COVID-19-driven sales decline in the core market Germany. Here, the brick-and-mortar business was also impacted by continued COVID-19 restrictions in large parts of the third quarter.

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In the quarterly comparison, adjusted EBIT² declined to €–93 million (Q3 2019/20: €–45 million). The main reason for the earnings decline is the normalization of the cost base. In the previous year, adjusted EBIT² was positively influenced by government support in response to COVID-19, such as the short-time working allowance.

"My first impression is: there is still a lot to do, but the company is basically on the right track. We have grown in sales despite adverse circumstances and have made further progress in implementing our strategy," explains Dr Karsten Wildberger, CEO of CECONOMY and MediaMarktSaturn since August. "We have prepared ourselves well for the period after Corona in order to take advantage of our opportunities across all customer channels. Because one thing is certain: the consumer electronics market is and will remain an attractive growth market."

Further growth in online business with strong increase on a nine-month basis; Services & Solutions benefits from online demand and recovery of stationary business

The Group also continued to grow in its online business in the third quarter of 2020/21, exceeding the high level of the previous year by 3.3%. As a result, online sales came to around €1.5 billion. Overall, the online share of total sales was over one-third. In Q3 2018/19, the share had still been 13% – on sales of €594 million. The pick-up rate recovered significantly in this quarter – overall, around 43% of customers made use of the option to pick-up online ordered goods (Q3 2019/20: 32%). The strong growth of the online business is even more striking in the nine-month business: At €5.9 billion, online sales were 75.1% higher than in the previous year (9M 2019/20: €3.4 billion).

CECONOMY and MediaMarktSaturn continue to make progress in the Services & Solutions business, posting a sales increase of 7.9% to approximately €243 million in the third quarter. The share of the Services & Solutions business increased in the quarter and accounted for 5.5% of total sales. The Services & Solutions business thus matched the previous year's share – despite the long lockdown. The sale of extended warranties and the services offered at the Smartbars developed particularly positively. The online services business also grew.

The company continues to press ahead with the digitalization of its overall business model, both online and in-store. In connection with this development, CECONOMY and MediaMarktSaturn are expanding digital competencies in a targeted manner and creating 150 new positions for software and app developers.

Gross margin stable at previous year's level; outlook for the current fiscal year 2020/21 updated

In the third quarter, the gross margin was level with the previous year at 15.9%. While the gross margin was primarily impacted by product mix effects and more intense competition, the improved stock level and aging structure compared with the previous quarter and higher income from the

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Services & Solutions business compensated for this.

Based on the business performance to date and the current insights, particularly with regards to catch-up effects and customer behavior since the reopening of stores, CECONOMY has updated its outlook for the current financial year 2020/21. The company expects a slight to moderate increase in total sales¹ (FY 2019/20: €20.8 billion) and adjusted EBIT³ in the range of €210 million to €250 million for the 2020/21 financial year.

In mid-February 2021, CECONOMY had initially suspended the outlook due to increased COVID-19-related uncertainties and the further extension of the lockdown in Germany. The outlook now presented assumes that there will be no new restrictions from the COVID-19 pandemic in the remainder of the financial year that will again impact the stationary business.

New financing structure and commitment to greater sustainability

CECONOMY terminated the syndicated loan agreement concluded in May 2020 with the participation of KfW and set up its post-pandemic financing structure by implementing new credit facilities of €1.06 billion linked to sustainability criteria. Together with the recent issue of a five-year bond of €500 million, the company has created the necessary financial flexibility to also cover its liquidity needs in exceptional circumstances in the future.

“We still have room for improvement, but our operational development is positive overall. Be it sales, costs or our transformation, the trend is going in the right direction despite difficult conditions,” says Florian Wieser, CFO of CECONOMY and MediaMarktSaturn. “We have not had to use the KfW credit facility at any time and have reorganized our financing structure in a sustainable way. We took a very cautious approach, as future developments are subject to a degree of uncertainty with regard to the long-term impact of the pandemic as well as the strained situation in international supply chains.”

CECONOMY last reaffirmed its commitment to sustainability in June, joining the European Commission’s Green Consumption Pledge Initiative. The company is thereby committed to binding sustainability targets and the transparent communication of progress in this area.

¹ Sales adjusted for currency effects and portfolio changes.

² Adjusted EBIT before non-recurring effects, associates and portfolio changes.

³ Excluding associates, adjusted for portfolio changes and excluding non-recurring effects in connection with (1) COVID-19-related store closures, (2) the introduction of the new Operating Model and (3) expenses in connection with the acquisition of the minority shareholding in MediaMarktSaturn and reorganization and simplification of the corporate structure.

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Financial calendar

Annual report FY 2020/21 14 December 2021

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.

Press contact

Max Niklas Gille
+49 (0)151 5822-4202
Maxniklas.gille@ceconomy.de