CECONOMY

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in the digital world

Press release

CECONOMY counters significant dip in consumer sentiment

- **Third quarter of 2021/22:**
  - **Sales[1] up 6.3 % to €4.7 billion (Q3 2020/21: €4.4 billion)**
  - **EBIT[2] reduced by €16 million to €-109 million (Q3 2020/21: €-93 million)**
  - **Services & Solutions increased by 23.1 % to €299 million (Q3 2020/21: €243 million)**
  - **Online share of total sales at 22.9 %, considerably higher than the pre-pandemic level (Q3 2018/19: 13.0 %)**

- **First nine months of 2021/22:**
  - **Sales[1] up 3.2 % to €16.5 billion (9M 2020/21: €16.2 billion)**
  - **EBIT[2] at previous year's level at €102 million (9M 2020/21: €106 million)**

- **Outlook for 2021/22:**
  Sales[1] at the previous year's level (2020/21: €21.4 billion) and EBIT[2] of €150 million to €210 million (2020/21: €237 million)

- **CEO Dr Karsten Wildberger:**
  "Since June, consumer sentiment has deteriorated significantly. Faced with sustained high inflation and a drastic rise in energy costs, our customers are acting more cautiously. We are anticipating the fact that the environment will not improve any time soon. However, even in this complex situation, we want to strengthen our competitive position. We are optimizing our cost structures and continuing the consistent implementation of our omnichannel strategy to further improve the shopping experience for our customers across all channels."

Düsseldorf, 11 August 2022 – In the third quarter of the current financial year, CECONOMY AG ("CECONOMY") increased sales[1] by 6.3 % compared with the prior-year period to around €4.7 billion (Q3 2020/21: €4.4 billion). However, in the wake of the increasingly muted consumer sentiment, the sales trend reversed over the course of the quarter. In the reporting period, adjusted operating earnings (EBIT[2]) amounted to €-109 million, down €16 million on the previous year's figure (Q3 2020/21: €-93 million). Earnings development was negatively influenced by the considerably increased inflation, which also resulted in higher procurement costs. Because of intense competition, additional investments in campaigns and special promotions have been necessary as well. When comparing against the previous year, it should be noted that the previous year's earnings were supported by government COVID-19 subsidies of €45 million. On a nine-month basis, CECONOMY generated sales[1] of €16.5 billion. This reflects an increase of 3.2% compared to the previous year (9M 2020/21: €16.2 billion). At €102 million, EBIT[2] is around the previous year's level

[1] Absolute sales include effects from first-time application of IAS 29 (hyperinflation Turkey) in the amount of € 66 million; deviation from previous year adjusted for currency effects and portfolio changes

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

(9M 2020/21: €106 million).

Strengthening the competitive position by close customer focus and optimized cost structure
“Since June, consumer sentiment has deteriorated significantly. We need considerable investments to attain our sales,” said Dr Karsten Wildberger, CEO of CECONOMY and MediaMarktSaturn. “We are seeing weaker demand in Germany in particular. Faced with sustained high inflation, a drastic rise in energy costs and a potential gas crisis, our customers are acting cautiously. We areanticipating the fact that the environment will not improve any time soon. However, even in this complex situation, we want to strengthen our competitive position. We are optimizing our cost structures and continuing the consistent implementation of our omnichannel strategy to further improve the shopping experience across all channels.”

Customer satisfaction reaches new high
The company’s close customer focus is taking increasing effect: The net promoter score (NPS) – the figure MediaMarktSaturn uses to measure customer satisfaction – has continuously improved in recent quarters. In the third quarter, the company-wide NPS across all sales channels reached 53, the highest figure since measurements began (Q3 2020/21: 47).

Heterogeneous development in the individual segments
Business performance in the individual segments was mixed: In the third quarter, sales in the **DACH segment** grew by a good 5 % compared to the prior-year period as brick-and-mortar business recovered. However, a substantial decline in demand was seen here over the course of the quarter, especially in Germany. In the **Western/Southern European segment**, CECONOMY did not quite reach the previous year’s sales level in the reporting period. Here, development was curbed by weaker business performance in the Netherlands and in Belgium. Particularly in Italy, however, the company continued the positive trend of the previous quarters. CECONOMY again saw the strongest growth in the **Eastern European segment** with an increase in sales adjusted for currency effects and portfolio changes of nearly 64 %. This was primarily driven by continuously good customer demand in Turkey. At the same time, the influence of extremely high inflation must be taken into account here.

Online share of total sales remains considerably higher than the pre-pandemic level
As in the previous quarters, the online business again made a significant contribution to the company’s performance in the reporting period. In light of the recovery in brick-and-mortar business after COVID-19 restrictions were dropped, online sales amounted to around €1.1 billion in the third quarter of the current financial year (Q3 2020/21: €1.5 billion). This represents 22.9 % of total sales. To put this into context: online share has therefore nearly doubled compared to the third quarter of 2018/19, the last directly comparable period before the COVID-19 pandemic (Q3 2018/19: 13.0 %). For the medium-term an online sales share of around 30 % of total sales remains

the target.

Further expansion of Services & Solutions business

In the strategically important and highly profitable Services & Solutions business, CECONOMY continued the positive development of the previous quarters: Sales grew by 23.1 % to €299 million in the third quarter (Q3 2020/21: €243 million). The share of total sales thus increased from 5.5 % to 6.4 %. This positive development was supported, among other things, by the recovery in brick-and-mortar business compared to the previous year. For example, there was good demand for Smartbar services, extended warranties and mobile phone contracts in the stores. Improved online services also contributed to the further strengthening of the business. Among other things, improved online shop functions paid off here.

Outlook: Sales[1] at previous year's level and EBIT[2] of €150 million to €210 million

In light of significantly altered conditions and the recent severe dip in consumer sentiment, CECONOMY had to adjust its outlook for the full year in mid-July. As things stand, the company expects sales[1] to be at previous year's level (2020/21: €21.4 billion). For EBIT[2], CECONOMY expects to achieve a figure between €150 million and €210 million (2020/21: €237 million). "Our original assumptions for future development were made obsolete by the economic and energy crisis. We are currently dealing with extremely adverse conditions and have to assume that consumer sentiment will remain at a low level in the coming months. Particularly in the DACH segment, sustained high inflation including a sharp rise in energy costs will impact demand," said Florian Wieser, CFO of CECONOMY and MediaMarktSaturn. "We are prepared for this and are solidly financed, so we can keep going even in this extremely challenging environment."

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

Uwe Wolfinger
+49 (0)151 1511-3933
uwe.wolfinger@ceconomy.de