

Press release

MediaMarktSaturn marks transition to the future: CECONOMY exceeds market expectations with strong results

- Capital market guidance achieved in full
- Sales¹ up 4.7% to €22.2 billion – market share increased in Germany, Austria, Benelux and Türkiye
- Adjusted EBIT² of €243 million
- Improved footfall in brick-and-mortar business, modernization and roll-out of new store formats making good progress
- Number of loyalty members rises steadily to 39 million, customer satisfaction at record high
- Growth areas successfully enhanced:
 - Marketplace gross merchandise value increases by €72 million year on year to €137 million
 - Retail Media ramps up significantly and generates income of €18 million
 - Private Label sales share of 2.4%
 - Income from Operational Services & Solutions share of total sales remains at a high level at 4.5%³
- Free cash flow⁴ increases by €880 million thanks mainly to improved net working capital following structural changes

CEO Dr Karsten Wildberger: “At CECONOMY we have a clear objective: we want to play an active role in shaping the future of retail. Our strong performance shows that we are on the right track with our customer-centric strategy. We improve our customer experience, and we focus on new services and solutions. Our results speak for themselves. We have grown strongly in a challenging market environment and have significantly strengthened our market position. Our customers are already benefitting from our “experience electronics” approach which connects online and offline. This strategic realignment has not only made our organization more efficient and streamlined,

¹ Adjusted for currency and portfolio change effects.

² Adjusted EBIT before non-recurring effects, companies accounted for using the equity method and portfolio changes.

³ Previously, we reported the Services & Solutions (S&S) business division's share of total sales. This key figure also included Retail Media, Space-as-a-Service, Delivery Costs and Marketplace and amounted to 6.2% in the 2022/23 financial year (FY 2021/22: 6.2%). At the Capital Markets Day in June 2023, we also introduced the key figure 'Operational Services & Solutions'. From the 2023/24 financial year, we will also report the share of total income generated by S&S, whereby the definition has also been narrowed and no longer includes Retail Media, Marketplace, Delivery and Space-as-a-Service. This amounted to 4.5% in the 2022/23 financial year (previous year: 4.5%). Our KPI for Services & Solutions, which we aim to achieve by the end of the 2025/26 financial year, relates to this operating Services & Solutions figure. It stands at 5.5%.

⁴ In the case of lease-adjusted FCF, the repayment of lease liabilities is deducted in order to achieve better comparability of FCF in accordance with IFRS 16.

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but also considerably boosted our performance. We have shown that we are agile when responding to market changes and can at the same time offer our customers a seamless and rewarding shopping experience. Our transformation is a strong promise to our customers, our employees and to society to actively play a part in shaping a new retail era. I am deeply grateful to our employees. Their real commitment has been crucial to our success and made these steps forward possible.”

Düsseldorf, 18 December 2023 – CECONOMY AG (“CECONOMY”) again demonstrated resilience in financial year 2022/23 and achieved its capital market guidance in full despite a challenging economic environment. The company increased its sales⁵ by 4.7 per cent to €22.2 billion (2021/22: €21.8 billion). Adjusted EBIT⁶ came to €243 million (2021/22: €208 million), representing year-on-year growth of €35 million (+17 per cent). This upturn was driven primarily by a mix of cost discipline and consistent margin management, as well as by good performance in brick-and-mortar business. While adjusted EBIT – a representation of the company’s operating profitability – saw a positive trend, reported EBIT – which accounts for all earnings-related effects – came to €–21 million. The negative earnings are mainly due to the approximately 23 per cent investment in the French retail group Fnac Darty S.A, which is accounted for using the equity method. A non-cash impairment loss was necessary here on account of the decline in the share price. In addition, the continued accounting of the shareholding had a negative impact. Reported EBIT was also affected by portfolio measures such as the sale of the Sweden and Portugal businesses and restructuring as part of the transformation programme launched in 2022, which resulted in costs in financial year 2022/23 but will generate savings in the long term. The effects related to the investment in Fnac Darty S.A. and the material earnings effects from portfolio adjustments are not cash relevant.

In financial year 2022/23, CECONOMY’s DACH segment generated sales of €12.1 billion, on par with the previous year. While brick-and-mortar business grew, sales in the online business declined. In the Western/Southern Europe segment, sales declined by 1.5 per cent in the past financial year to €7.0 billion. Strong sales growth was seen in the Netherlands, a slight sales increase in Spain. Sales in the Eastern Europe segment climbed by 65.3 per cent⁷, with Türkiye faring particularly well thanks to high demand, its good market position, newly opened stores and inflation trends. The market share increased in Germany, Austria, Benelux and Türkiye.

Growth in brick-and-mortar business, online sales share of 22 per cent

The company saw increasing footfall in its brick-and-mortar business. CECONOMY increased sales in its stores by 6.6 per cent to €16.9 billion. The share of sales generated online, including third-party vendors, declined by 2.49 percentage points in financial year 2022/23 to 22.2 per cent, but

⁵ Adjusted for currency and portfolio change effects, pre-IAS 29.

⁶ Excluding associates, adjusted for portfolio changes (Sweden, Portugal), pre-IAS 29 and excluding non-recurring effects.

⁷ Adjusted for currency and portfolio change effects, pre-IAS 29.

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remains elevated. The online share is set to reach 30% by the 2025/26 financial year. In financial year 2022/23, the pick-up rate rose to 38 per cent (2021/22: 37 per cent). This validates the company's omnichannel approach. The company has about 2 billion customer contacts per year and plans to further improve the customer experience and service level to create even stronger customer loyalty. In the past financial year, CECONOMY increased the number of members in its loyalty programme by 5 million to 39 million. This brings the company a big step closer to its goal of acquiring 50 million loyalty customers by 2025/26. Customer satisfaction also reached a record high with a net promoter score of 53, another 3 point increase on the previous year.

Strategic development makes further progress

CECONOMY has committed to going beyond the traditional role of the product-oriented retailer and shifting to a customer-centric service platform that also integrates sustainability and outstanding customer services in all aspects of business. To achieve this, the company set out medium-term targets at its Capital Markets Day in the summer, which will guide its ongoing transformation. CECONOMY has made major progress in meeting these targets and successfully enhanced its growth areas.

1. Expansion of store formats and increased productivity

In line with its principle of "the right format in the right place", CECONOMY is continuing to roll out its various store concepts, from core formats that offer lots of advice, to Lighthouse stores as experience centres, to Xpress stores as local amenities with digital shelf extensions. As well as Hungary, Spain and Türkiye, the new compact Xpress format was also introduced in Austria, Italy and Germany in financial year 2022/23 and will be launched in Belgium in February 2024.

CECONOMY wants to increase the number of Lighthouse stores to up to 20 by financial year 2025/26. A new Lighthouse store has recently opened in Istanbul. In 2024, a new experience concept will also be launched for the first time in Hamburg, combining partner boutiques with technical innovation and gaming worlds.

At the same time, the company is continuing to update its existing stores. 50 per cent of stores have now been modernized, significantly increasing productivity. By the end of the 2025/26 financial year, this figure should be more than 90%.

2. Services & Solutions maintain high level

The Services & Solutions segment has become a key growth driver for CECONOMY that also further bolsters the company's profitability. In financial year 2022/23, Operational Services & Solutions income increased by 3.9 per cent⁸. This equates to a Services & Solutions share of total sales of

⁸ Adjusted for portfolio changes (Sweden, Portugal), pre-IAS 29.

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4.5 per cent⁹ (2021/22: 4.5 per cent). The Services & Solutions segment benefited from the recovery in the brick-and-mortar business, with telecommunication contracts and extended warranties developing particularly positively. The target is to increase the Services & Solutions income to 5.5% of total sales by the 2025/26 financial year.

CECONOMY launched two versions of the new MyMediaMarkt+/MySaturn+ subscription model in Germany at the start of the new financial year. The repair service is for household appliances, TV sets, and audio and entertainment devices and will be further refined on an ongoing basis over the next few months.

3. Marketplace growth area

Marketplace continued to gain ground in the reporting period, continuously increasing sales from month to month to a total of €137 million. The gross merchandise value almost doubled as a result. CECONOMY is aiming for € 750 million by the end of the financial year 2025/26. Following a successful roll-out in Germany, Spain and Austria, the company had around 1,100 resellers with a total of 1.4 million products on its platform at the end of September 2023. It is set to be rolled out in the Netherlands and Italy in 2023/24.

4. Strong performance for Retail Media

Expanding Retail Media plays a key role in CECONOMY's corporate strategy to improve the company's long-term profitability. By financial year 2025/26, income from retail media business is set to increase almost ten-fold compared with financial year 2021/22 to around €45 million. The company is already well on track here, with income rising to €18 million in financial year 2022/23.

5. Development of Private Label

Private Label products offer customers excellent value for money, especially in times of rising inflation, and improve the company's profitability. Private Label accounted for 2.4 per cent of sales in financial year 2022/23, in line with the previous year's level. With a view to improving its product range, the company recently released a new product series for the DACH region developed together with the 2 Michelin star German chef Tim Raue, which should further increase the value of the KOENIC own brand. CECONOMY is aiming to increase the own brand share of total sales to around 5 per cent by financial year 2025/26.

Strict cost management and portfolio optimization demonstrating long-term benefits

CECONOMY is maintaining its strict cost discipline. To shape its transformation into a customer-

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centric service platform, the company continuously analyses its organization and makes adjustments where needed. By selling its operations in Sweden and Portugal, CECONOMY is systematically implementing its “lead or leave” strategy. Margins were also further optimized. “The sharp rise in profitability is also an expression of our consistent focus on growth and increasing value. Our sales growth, a 17 per cent increase in EBIT in line with the guidance, an improved gross and EBIT margin and free cash flow of over €200 million – these are the first tangible results of our transformation, which we will now continue,” said CFO Dr Kai-Ulrich Deissner.

Substantial improvement in liquidity

Measures taken by CECONOMY to strengthen liquidity proved effective, with the optimization and reduction of inventories particularly instrumental. CECONOMY was also able to significantly improve stock reach. Net working capital enjoyed a considerable year-on-year rise. Free cash flow was far higher than in the previous year at €257 million, largely due to very good net working capital.

Outlook: Slight increase in total sales adjusted for currency and portfolio change effects and clear increase in adjusted EBIT.

CECONOMY has set the following targets for 2023/24:

The company again expects a slight increase in total sales adjusted for currency and portfolio change effects and a clear increase in adjusted EBIT. All segments will contribute to sales growth. All segments are expected to contribute to sales growth. The improvement in adjusted EBIT will be primarily driven by DACH and Western/Southern Europe.

CECONOMY is well prepared for the new financial year. The last few weeks were dominated by company-wide, centrally managed Black Friday and pre-Christmas campaigns, which were well received both in stores and online.

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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