

Press release

CECONOMY demonstrates stability in financial year 2020/21 and remains confident despite adverse conditions

- Sales¹ increased by 3.8 % to €21.4 billion – despite months-long closure of brick-and-mortar stores in important countries; EBIT² level with the previous year (€236 million) at €237 million.
- Strong growth in online business: Sales increase of 65 % more than compensates for pandemic-driven decline in brick-and-mortar business.
- Outlook 2021/22 accounting for imponderables about the further course of the COVID-19 pandemic: slight sales increase and very significant EBIT improvement targeted.
- CEO Dr Karsten Wildberger: “We passed the acid test. Although we still have room for improvement in many areas, our performance in the past financial year speaks for the hard work of our teams and the stability of our business model. The consumer electronic market is attractive. Even if we have to further brace ourselves for volatility, we will stick to our course. We will accelerate the implementation of our omnichannel strategy and purposefully evolve into a sustainable and thoroughly customer-oriented company.”

Düsseldorf, 14 December 2021 - CECONOMY AG (“CECONOMY”) demonstrated stability in financial year 2020/21, which was characterized by the COVID-19 pandemic, and achieved the full-year targets specified in August. Despite months-long store closures in some countries, the company successfully increased its sales by 3.8 % to around €21.4 billion. Adjusted for currency effects and portfolio changes, this figure is higher than before the pandemic. Adjusted EBIT remained almost constant at €237 million (previous year: €236 million).

“The past financial year was a true acid test for our company. We passed this acid test,” said Dr Karsten Wildberger, CEO of CECONOMY and MediaMarktSaturn. “We grew despite the fact that the pandemic-related restrictions were much more pervasive than in the previous year. Although we still have room for improvement in many areas, this performance essentially speaks for the hard work of our teams and the stability of our business model. It has also been proven that the consumer electronic market is attractive and continues to offer great potential.”

¹ Sales adjusted for currency effects and portfolio changes

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

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Online business grows dynamically

The company's omnichannel strategy, the close integration of the online business with brick-and-mortar stores, was a crucial competitive advantage during the lockdowns. Online sales continued to develop dynamically and more than doubled within two years. In the past financial year, the online business grew by nearly 65 % to €6.9 billion. CECONOMY thus more than compensated for the temporary decline in brick-and-mortar business caused by store closures as a result of the pandemic. Online activities now account for a third of the company's total sales. In the past financial year alone, around 8 million new customers registered with the MediaMarkt and Saturn online shops.

Different COVID-19 restrictions in Europe

Characteristically for the entire financial year, CECONOMY saw continuously high customer demand both in-store and online in countries that were not or were less severely affected by COVID-19 restrictions. The development was particularly good in Italy, Spain and Turkey. Thanks to strong business in these countries, the company more than compensated for lower sales in Germany and the Netherlands – both countries were affected by lengthy store closures and opening restrictions.

Despite the lockdowns in Germany and the Netherlands, CECONOMY almost matched the previous year's level in the strategically important Services & Solutions business with sales of €1.1 billion for the full year. The quarterly comparison reveals a much more positive trend: In the fourth quarter of 2020/21, after all stores reopened, sales in this segment increased by 27 % compared with the same quarter of the previous year. This development was driven by solid demand for extended warranties and Smartbar services as well as significant growth in sales from online services.

Customer-oriented omnichannel strategy pursued further

CECONOMY and MediaMarktSaturn also made further progress with the implementation of the customer-oriented omnichannel strategy in the past financial year. For example, they began to introduce new store formats tailored to different customer requirements. With the new concepts, CECONOMY aims to achieve higher overall customer footfall, rising sales and greater profitability. The most recent example was the opening of a new "Lighthouse" store in Rotterdam in November 2021. Conceived as an experience centre for technology, the company presents the industry's product innovations on around 5,000 m² of space here. After the "Tech Village" that opened in Milan in summer 2020, the new store in Rotterdam is CECONOMY and MediaMarktSaturn's second "Lighthouse" project. More will follow.

The company has continued to strengthen its logistics network and opened a large national distribution centre in Göttingen in October. This enables direct procurement from strategic

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suppliers and thus increases product availability.

In addition, CECONOMY has further expanded its range of services – in the stores and in the online shops – and continued to digitalize its business model. Click & Collect, for example: customers who order online can collect their order from the store after just 29 minutes at the latest.

Another example of the evolution of the company's omnichannel approach is the Marketplace that CECONOMY and MediaMarktSaturn launched in Germany last year. The new service has got off to a successful start: more than 400 dealers have already joined, offering around 300,000 products via this platform. In October 2021, the Marketplace also went live in Spain. Launches in Austria and the Netherlands are planned for 2022.

“We have improved in a number of respects in recent months and laid important foundations for accelerating the implementation of our omnichannel strategy in the interests of our customers,” explained CEO Wildberger. “Even if we have to brace ourselves for a certain amount of volatility in the short term given the current development of the pandemic and international flows of goods, we will stick to our course. We will purposefully evolve CECONOMY and MediaMarktSaturn into a sustainable and thoroughly customer-oriented company.”

In line with this ambition, the Group placed sustainability at the very top of the agenda. In June 2021, CECONOMY was one of the first European retail companies to join the “Green Consumption Pledge Initiative” of the European Commission. The company is thus committed to specific sustainability targets and an improvement of its carbon footprint.

Structure of the statement of financial position strengthened, solidly and fully financed and adjusted for sustainability

The consistent focus on sustainability is also evident in the company's reorganized financing structure. In the reporting period, CECONOMY terminated the syndicated loan agreement with the involvement of KfW entered into in May 2020 and signed a new syndicated loan agreement of around €1.1 billion, whose price mechanism is tied to the achievement of sustainability targets. Furthermore, the company issued a five-year bond with a nominal volume of €500 million and thus additionally increased its financial flexibility.

“We have successfully restructured our financing and are thus solidly financed,” explained Florian Wieser, CFO von CECONOMY and MediaMarktSaturn. “Thanks to substantial operating progress, which we achieved in an extremely challenging environment, we strengthened our equity and the structure of our statement of financial position. Even given the increased uncertainty on the international goods and consumer markets, we believe we are well prepared for the further implementation of our strategic initiatives.”

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Outlook: Slight sales growth and very significant earnings improvement targeted

In the short term, there is uncertainty over future business performance as a result of the currently challenging conditions. For example, the further course of the COVID-19 pandemic and the development of the situation in the international supply chains are equally difficult to forecast with any precision. As things stand, CECONOMY has the following targets for 2021/22: The company anticipates a slight increase in sales adjusted for currency effects and portfolio changes and is aiming for a very significant improvement in adjusted EBIT (financial year 2020/21: €237 million). The company will specify its outlook as soon as general conditions allow more transparency.

CECONOMY made a well-prepared start to the new financial year and had increased its inventories as a precaution against potential bottlenecks in the supply chains at an early stage. Gaps in product availability could not be completely avoided in certain categories, such as telecommunications. The last few weeks have been characterized by centrally managed, company-wide and successfully implemented campaigns during the Black Friday period and the run-up to Christmas. The level of demand and footfall in the brick-and-mortar stores in October and November 2021 did not reach the extraordinarily high level of the previous year. Nevertheless, current sales are higher than the figures from the first few months of financial year 2019/20.

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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