

Press release

CECONOMY persists in a challenging environment and starts new financial year with good demand

- **Financial year 2021/22: Upper range of the updated outlook achieved.**
 - Sales¹ increased by 3.2 % to €21.8 billion (PY: €21.4 billion).
 - EBIT² reached €197 million (PY: €237 million).
 - Services & Solutions increased by 21.6 % to €1.3 billion (PY: €1.1 billion).
 - Online share of total sales at 24.6 %, nearly twice the pre-pandemic level (FY 2018/19: 13.7 %).

- **Good customer demand in the first months of financial year 2022/23: Sales in October and November exceeded previous year's level.**

- **CEO Dr Karsten Wildberger: "We are heading into the coming months with a great sense of determination. The measures we are taking in order to prevail in these challenging times are taking effect. We have successfully advanced our strategic transformation and are becoming more efficient as an organization. We have started the new financial year with good customer demand."**

Düsseldorf, 15 December 2022 – CECONOMY AG ("CECONOMY") again demonstrated its resilience in financial year 2021/22 and achieved the upper range of the outlook updated in July. Despite worsened economic conditions, the company increased its sales¹ by 3.2 % to €21.8 billion (PY: €21.4 billion). This growth was driven by the clear recovery in the brick-and-mortar business and the dynamic performance in the Services & Solutions business. Adjusted operating earnings (EBIT²) amounted to €197 million (PY: €237 million). The company achieved earnings improvements in all regions outside the DACH segment (Germany, Austria, Switzerland, Hungary). In the DACH segment, earnings were curbed in an intense competitive environment by increased inflation, which also resulted in higher procurement costs. The lack of COVID-19 support compared with the previous year must also be taken into account.

"We performed better than expected. The measures we have been implementing to compete in these challenging times are taking effect. We have successfully advanced our strategic transformation and are becoming more efficient as an organization," declared Dr Karsten Wildberger, CEO of CECONOMY and MediaMarktSaturn.

¹ Sales adjusted for currency effects and portfolio changes, before IAS 29

² Adjusted EBIT before companies accounted for using the equity method, portfolio changes, IAS 29 and non-recurring effects

Press release

Customer satisfaction improved further

In the implementation of its omnichannel strategy, the company is doing everything to further improve the shopping experience and customer satisfaction across all channels. And succeeding: In the past financial year, CECONOMY increased its net promoter score (NPS) – the figure used to measure customer satisfaction – by 5 points to 50 points. In the fourth quarter, the NPS even climbed to 52 points.

Dynamic growth in the Services & Solutions business

The Services & Solutions business makes an important contribution to customer satisfaction. In the past financial year, CECONOMY increased sales here by a considerable 21.6 % to €1.3 billion (PY: €1.1 billion). This equates to 6.2 % of total sales (PY: 5.2 %). In the fourth quarter of 2021/22, the company further increased the Services & Solutions share to 7.4 % – the highest figure to date. This positive development was particularly driven by growth demand for repair services at the SmartBars in the stores and for mobile phone contracts as well as for warranty extensions. Improved online services also supported the growth. CECONOMY will continue to expand the exceptionally profitable Services & Solutions business.

Online business significantly above pre-pandemic level

At €5.3 billion, around a quarter of the company's total sales in the past financial year came from the online business. The online share was therefore nearly twice as high as it was before the COVID-19 pandemic (FY 2018/19: 13.7 %). The growing importance of the MediaMarkt and Saturn online shops is also confirmed by the latest analyses from the EHI Retail Institute: mediamarkt.de has risen to third place in the ranking of the largest online shops in Germany, while saturn.de is currently in sixth place. CECONOMY continues to strengthen its online activities and has launched its own marketplace in Germany, Spain, and now also in Austria. The Dutch launch is imminent.

Clear recovery in brick-and-mortar business

After COVID-19 restrictions were lifted, the brick-and-mortar business recovered significantly over the course of financial year 2021/22. The company's stores are again attracting around 25 % more customers than in the previous year. In order to further strengthen the brick-and-mortar business, CECONOMY is modernizing existing stores, making more productive use of space, and also opening new stores. In calendar year 2022, four new Lighthouse stores opened their doors. In these large technology experience centres, the company and its partners present the industry's innovations.

Focus on cost management, profitability and liquidity

CECONOMY anticipates that the phase of macroeconomic and geopolitical uncertainty will persist and continues to adjust its costs to the altered conditions. The company is streamlining structures in its central and management functions and increasingly digitalizing administrative processes and workflows for the management of its stores. In Germany, CECONOMY will also utilize synergies

Press release

through shared advertising campaigns for its two successful retail brands, MediaMarkt and Saturn. To improve profitability, the company will continue expanding the high-earning Services & Solutions business and updating the product range in line with customers' needs.

CECONOMY has sufficient liquidity to continue its strategic advancement. "In recent years, we have pursued a prudent financial policy and secured good financing conditions ahead of rising interest rates," said Florian Wieser, CFO of CECONOMY and MediaMarktSaturn. "We have access to so far unutilised credit facilities of more than €1 billion beyond the current financial year." In order to strengthen liquidity, the company is continuously optimizing its inventories and goods turnover.

Outlook: Clear earnings increase and slight sales increase targeted

In order to account for the uncertain economic conditions, CECONOMY is planning for two scenarios. The company is prepared for the macroeconomic environment to remain challenging. "At the same time, we are heading into the coming months with a great sense of determination," said CEO Karsten Wildberger. "We continue to make progress, and have started the new financial year with good demand."

For financial year 2022/23, CECONOMY expects a clear increase in earnings and a slight increase in sales. This is assuming that the macroeconomic conditions will not deteriorate further and the consumer electronics market will shrink moderately at the most.

However, if the macroeconomic environment develops less favourably than currently foreseen and demand in the consumer electronics market therefore declines more severely, this would also impact CECONOMY's business performance. In this scenario, which is currently considered less likely, the company would have to factor in clear declines in sales and earnings.

CECONOMY started the new financial year with good customer demand with competition remaining intense; sales in October and November 2022 exceeded the previous year's level. The company successfully implemented the centrally managed campaigns during the Black Friday period throughout Europe. This was based on the new brand identity, whereby CECONOMY and MediaMarktSaturn use the slogan "Let's Go" to convey their strategic direction: attractive customer experiences across all channels, personal advice and service, close integration of online and offline, sustainability.

Press release

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