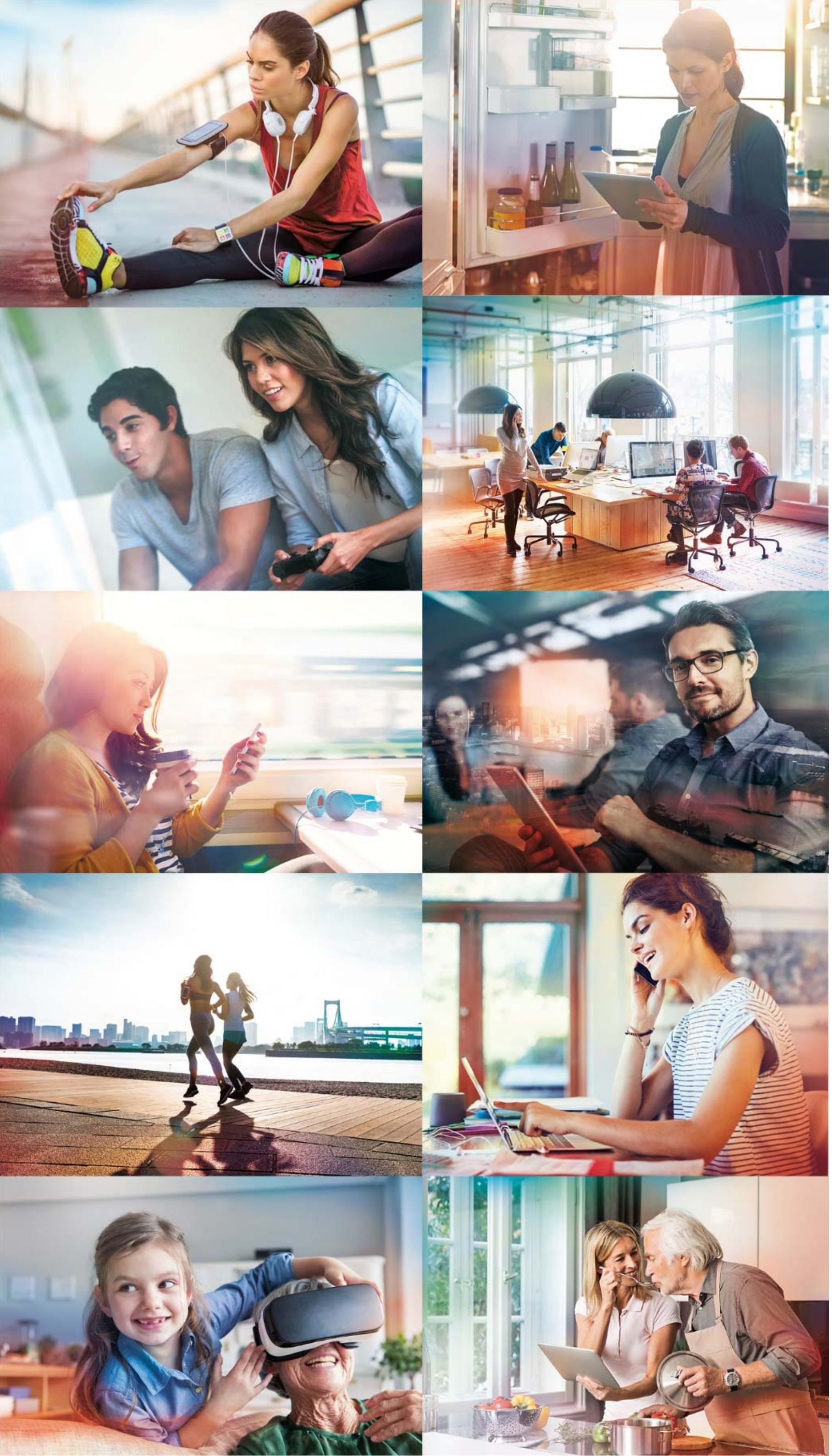

CECONOMY

Quarterly Statement
Q3/9M 2017/18

KEY VALUE DRIVERS[1]

Q3 2017/18

Online

€2,537 million
LTM[2] online sales

+20.9%
Online sales growth

Services & Solutions

€1,507 million
LTM[2] Services & Solutions sales

+25.6%
Services & Solutions sales growth

Multichannel

40.5%
Pick-up rate

Loyalty

16.6 million
Members in customer programmes

+1.4 million
Members in customer programmes

[1] Business figures represent the continuing operations of CECONOMY.
[2] Last twelve months.

THE THIRD QUARTER IN REVIEW

»

In the third quarter, we continued the good progress made in Q2. With plus 21 per cent in Online/Mobile and plus 26 per cent in Services/Solutions, both key business areas demonstrated exceptional growth rates. On a nine-months basis the group's net working capital is much better than in the previous year. We have put all our efforts into driving forward our strategic agenda and accelerating the measures needed to support the operational result. We know that the fourth quarter is the key quarter to reach our targets, but we are confident that we can reach the goals we have set.

«

Pieter Haas,
Chief Executive Officer

»

We look back on an eventful third quarter: with the Russia transaction we have taken a major step towards solving our portfolio issues. Encouraging sales momentum surrounding the World Cup as well as earnings increases in Italy have contributed to a catch-up of the negative result incurred in the first quarter. In the fourth quarter, we will need to improve once again compared to the previous year in order to achieve our goals. To ensure this, we have implemented the necessary measures. The capital increase carried out also strengthens our capital position. Given our prudent financial strategy, this allows us to have more flexibility for the further implementation of our strategic agenda.

«

Mark Frese,
Chief Financial Officer

Contents

This document represents a quarterly statement according to Section 53 Frankfurt Stock Exchange Regulations.

CECONOMY is managed on the basis of key performance indicators derived from IFRS (International Financial Reporting Standards) specifications Furthermore, the following key performance indicators are utilised: total sales growth adjusted for currency effects and portfolio changes, net working capital, EBITDA and EBIT.

For more details of the management-relevant key performance indicators, please refer to pages 49 to 52 of CECONOMY's Annual Report 2016/17.

The tax expense recognised was calculated in accordance with the regulations governing interim financial reporting using what is known as the integral approach.

The classification of items on the statement of financial position has been further detailed to enhance transparency. The current item "Receivables due from suppliers", which was formerly included under "Other financial and non-financial assets", is now stated separately. In addition, the aggregate items "Other financial and non-financial assets" and "Other financial and non-financial liabilities" have been split into "Other financial assets" and "Non-financial assets", and into "Other financial liabilities" and "Non-financial liabilities" respectively. The prior-year figures have been adjusted accordingly.

The figures reported in this quarterly statement have been commercially rounded and may therefore not add up to the stated totals in individual instances.

FINANCIAL FIGURES AT A GLANCE[1]

Sales and earnings

€ million	Q3 2016/17[2]	Q3 2017/18	Change	9M 2016/17[2]	9M 2017/18	Change
Sales	4,629	4,598	−0.7%	16,472	16,498	0.2%
Sales development adjusted for currency and portfolio change effects[3]	–	0.8%	–	–	1.0%	–
Like-for-like sales development	2.3%	−0.7%	−3.0%p.	1.0%	0.1%	−0.9%p.
Gross margin	20.4%	20.2%	−0.1%p.	20.1%	19.6%	−0.4%p.
EBITDA	4	26	>100%	417	436	4.5%
of which, Fnac Darty	–	−1	–	–	19	–
EBITDA margin excl. Fnac Darty	0.1%	0.6%	0.5%p.	2.5%	2.5%	0.0%p.
EBIT	−49	−30	39.1%	252	270	6.9%
of which, Fnac Darty	–	−1	–	0	19	–
Net financial result	−11	−154	<−100%	−12	−261	<−100%
Tax rate	47.6%	50.8%	3.2%p.	47.1%	71.6%	24.5%p.
Profit or loss for the period attributable to non-controlling interests from continuing operations	−2	13	–	38	64	67.7%
Net result from continuing operations	−29	−104	<−100%	89	−61	–
Earnings per share from continuing operations (€)	−0.09	−0.32	<−100%	0.27	−0.19	–

Other operating figures

€ million	Q3 2016/17	Q3 2017/18	Change	9M 2016/17	9M 2017/18	Change
Online sales	483	584	20.9%	1,753	1,988	13.4%
Services & Solutions sales	304	381	25.6%	975	1,115	14.4%
Investments as per segment report	77	63	−18.0%	188	190	1.3%

Cash flow

€ million	9M 2016/17	9M 2017/18	Change
Cash flow from operating activities	166	256	89
Cash flow from investing activities	−202	−212	−10
Cash flow from financing activities	−104	65	169
Change in net working capital[4]	−43	18	61
Free cash flow	−61	25	87

Statement of financial position

€ million	30/06/2017	30/06/2018	Change
Net working capital	−744	−857	−113
Net liquidity (+)/Net debt (–)	433	174	−259

Other operating key figures (closing date 30/06)

	30/06/2017	30/06/2018	Change
Number of stores	984	1,019	35
Retail space (in thousand m²)	2,795	2,795	0
Workforce by full-time equivalents	55,572	54,529	−1,043

[1] Business figures represent the continuing operations of CECONOMY. Balance sheet figures were adjusted for discontinued operations to enable comparison.
[2] Starting with EBITDA, all earnings figures are stated before special items
[3] Forecast-relevant key figures, starting from financial year 2017/18
[4] Reported change in net working capital presented from the related statement of financial position items, adjusted for currency effects as well as investments and disinvestments.

OUTLOOK

With the signing of the agreement for the full disposal of the Russian MediaMarkt business and the subsequent classification as discontinued operations, the basis for 2016/17 and the outlook of CECONOMY AG in the current financial year 2017/18 were adjusted. The outlook for CECONOMY AG is thus based on continuing operations and without taking into account the earnings contributions from the investments in Fnac Darty S.A. in the financial year 2017/18.

The outlook is adjusted for currency effects and before portfolio changes. The heterogeneous development of the segments regarding sales and earnings in the first nine months will continue through the full financial year 2017/18.

// SALES

For financial year 2017/18 CECONOMY expects a slight increase in total sales compared to the previous year in its continuing operations. Correspondingly, we expect a slight improvement in net working capital compared with the previous year.

// EARNINGS

Both in terms of EBITDA and EBIT, CECONOMY expects an increase in the low to mid-single digit percentage range in in its continuing operations, not taking into account the earnings contributions from the investment in Fnac Darty S.A. The comparative previous-year figures for 2016/17 have been adjusted for special items (EBITDA: €714 million, EBIT: €494 million).

In addition, EBITDA and EBIT for 2017/18 include our share of the profit or loss for the period for Fnac Darty S.A. Based on the published results, we will recognise a contribution to earnings in the financial year 2017/18 of around €20 million.

EVENTS IN THE THIRD QUARTER

On 20 June 2018, CECONOMY AG announced that Media-Saturn-Holding GmbH, a majority shareholding of CECONOMY AG, has acquired a 15 per cent stake in Russia's leading consumer electronics retailer PJSC M.video (M.video) from its majority owner Safmar Group (Safmar). The purchase price amounts to €258 million; in addition, the entire Russian MediaMarkt business operating at a loss is transferred to Safmar. The closing of the transaction is, inter alia, subject to the authorisation of the Russian antitrust authorities. In this respect, the seller informed us on 31 July 2018 in accordance with the provisions of the purchase agreement that approval had been obtained from the Russian antitrust authorities. The transaction is expected to be completed by the end of September 2018. In accordance with IFRS 5 ("Non-current assets held for sale and discontinued operations"), the Russian MediaMarkt business is classified as discontinued operations from the date of notification of the sale.

On 29 June 2018, CECONOMY AG announced an increase in share capital excluding the subscription rights of CECONOMY shareholders by around ten per cent or 32,633,555 new ordinary bearer shares with no par value in CECONOMY. The overall amount of the new shares were subscribed in a private placement to the digital lifestyle provider freenet AG at an issue price of €8.50 per share. The transaction was carried out in July 2018.

Based on the share price performance of Metro AG, in which CECONOMY holds around ten per cent, an additional value impairment in the amount of around €138 million arose in the third quarter after the first impairment in the second quarter of 2017/18 in the amount of €131 million, which had a negative impact on the financial result. The effective date was the last stock exchange trading day of our quarter period on 29 June 2018 at a price of €10.59 per ordinary share and €11.95 per preference share.

EVENTS AFTER THE REPORTING DATE

The increase in share capital of CECONOMY AG from €835,419,052.27 to €918,845,410.90 announced on 29 June 2018 was entered into the commercial register on 12 July 2018. CECONOMY will use the proceeds of €277 million to strengthen its balance sheet and increase its financial capacity for the further implementation of its strategic agenda. After the capital increase, the largest shareholder according to the published documents pursuant to the German Securities Trading Act is the shareholder group Haniel with around 22.7 per cent of the voting rights. Followed by Meridian Stiftung, Essen, (formerly: Schmidt-Ruthenbeck) with voting rights of around 14.3 per cent. freenet, as a new anchor shareholder, holds around 9.1 per cent. These are followed by the shareholder group Beisheim with around 6.6 per cent of the voting rights. The free float of CECONOMY AG is around 47.2 per cent.

RESULTS IN DETAIL

Earnings position

	Sales (€ million)		Change		Currency effects		Sales adjusted for currency and portfolio change effects[1]		Like-for-like sales (local currency)	
	Q3 2016/17	Q3 2017/18	Q3 2016/17	Q3 2017/18	Q3 2016/17	Q3 2017/18	Q3 2016/17	Q3 2017/18	Q3 2016/17	Q3 2017/18
Total	**4,629**	**4,598**	**1.2%**	**−0.7%**	**−0.4%**	**−1.4%**	**–**	**0.8%**	**2.3%**	**−0.7%**
DACH	2,690	2,652	2.1%	−1.4%	0.1%	−0.4%	–	−1.0%	3.9%	−2.0%
Western/Southern Europe	1,445	1,445	1.4%	0.0%	0.0%	0.0%	–	0.0%	−1.4%	−0.8%
Eastern Europe	380	388	6.7%	2.0%	−5.0%	−13.5%	–	15.5%	7.3%	7.7%
Others	114	114	−28.0%	−0.1%	−2.2%	−6.4%	–	6.3%	−0.6%	7.0%

[1] Forecast-relevant key figures, starting from financial year 2017/18

	Sales (€ million)		Change		Currency effects		Sales adjusted for currency and portfolio change effects[1]		Like-for-like sales (local currency)	
	9M 2016/17	9M 2017/18	9M 2016/17	9M 2017/18	9M 2016/17	9M 2017/18	9M 2016/17	9M 2017/18	9M 2016/17	9M 2017/18
Total	**16,472**	**16,498**	**0.4%**	**0.2%**	**0.4%**	**−0.9%**	**–**	**1.0%**	**1.0%**	**0.1%**
DACH	9,694	9,567	1.1%	−1.3%	0.5%	−0.4%	–	−0.9%	1.7%	−0.9%
Western/Southern Europe	5,075	5,188	0.2%	2.2%	0.0%	0.0%	–	2.2%	−1.8%	0.4%
Eastern Europe	1,290	1,327	5.7%	2.9%	1.6%	−7.4%	–	10.2%	8.1%	4.9%
Others	412	416	-22.4%	0.9%	0.6%	−3.5%	–	4.4%	−0.1%	5.1%

[1] Forecast-relevant key figures, starting from financial year 2017/18

With the signing of the agreement on the full disposal of the entire Russian MediaMarkt business, this is reported as discontinued operations beginning with the third quarter 2017/18. The reported numbers for the third quarter of 2017/18 were adjusted for the figures of the Russian MediaMarkt business and the previous year's figures adjusted accordingly. It should be noted that the general overhead costs allocated to Russia and a cost allocation by the service company xplace for the operation of the digital price tags remain within the continuing operations since this reflects the current status immediately after the transaction. The consummation of the transaction is scheduled to be completed in late September 2018.

// GROUP SALES SLIGHTLY ABOVE PREVIOUS YEAR

Group sales of CECONOMY increased by 0.2 per cent to around €16.5 billion in the **first nine months of 2017/18**. Adjusted for currency effects and portfolio changes, sales in the first nine months were 1.0 per cent higher compared to the value of the previous year. Like-for-like, Group sales were nearly at the previous year's level, with 0.1 per cent. The first half of 2017/18 was essentially characterised by moderate Christmas trading as well as the deliberately not repeated VAT campaign at Saturn Germany, which provided a significant contribution to sales in the previous year. In contrast, the fact that the pre-Easter week was in March had a positive effect.

In the **third quarter of 2017/18,** Group sales of CECONOMY decreased by –0.7 per cent to around €4.6 billion compared with the same period in the previous year. Adjusted for currency effects and portfolio changes, sales grew by 0.8 per cent. In addition to encouraging sales momentum surrounding the World Cup, this positive development was particularly due to strong growth rates in the areas of Online as well as Services & Solutions, which compensated for the shift of the Easter trading into the second quarter. Like-for-like, Group sales posted a decline of –0.7 per cent compared with the same period last year.

// EXPLANATION OF SALES IN THE DACH SEGMENT

The DACH segment recorded sales of €9.6 billion in the **first nine months of 2017/18**, which corresponds to a decline of 1.3 per cent. Adjusted for currency effects and portfolio changes, sales were –0.9 per cent below the previous year's level. In the first half of 2017/18, this was due to the deliberately not repeated VAT campaign at Saturn in Germany in the previous year, the expected lower sales of redcoon Germany and a decline in sales in Switzerland.

In the **third quarter of 2017/18**, sales in the DACH segment declined by 1.4 per cent and reached a total of €2.7 billion. Before currency effects and portfolio changes, sales fell by 1.0 per cent in comparison to the previous year. Positive sales momentum from the campaigns surrounding this year's World Cup could not compensate for the overall decline in sales in Germany.

// EXPLANATION OF SALES IN THE WESTERN AND SOUTHERN EUROPE SEGMENT

The Western and Southern Europe segment generated sales in the **first nine months of 2017/18** of €5.2 billion, which corresponds to an increase of 2.2 per cent. Adjusted for currency effects and portfolio changes, sales also grew by 2.2 per cent. In the first half of the year, sales developed particularly positive in Spain and Italy.

At €1.4 billion, sales in Western and Southern Europe in the **third quarter of 2017/18** remained at the same level as in the previous year. Sales adjusted for currency effects and portfolio changes also remained at the same level as in the previous year. In Spain, the campaigns surrounding the World Cup as well as double-digit growth in Online and Services & Solutions had a positive effect, which largely compensated for the negative development in the majority of the other units in the Western and Southern Europe segment.

// EXPLANATION OF SALES IN THE EASTERN EUROPE SEGMENT

Sales in the Eastern Europe segment increased by 2.9 per cent to €1.3 billion in the **first nine months of 2017/18**. Even adjusting for currency effects and portfolio changes, sales grew by 10.2 per cent. In the first half of the year, the significant devaluation of the Turkish lira weighed on segment sales. Before currency effects, Turkey posted a significant increase in sales.

Sales in the Eastern Europe segment increased by 2.0 per cent to around €0.4 billion in the **third quarter of 2017/18**. Adjusted for currency effects and portfolio changes, sales even grew by 15.5 per cent. Before currency effects, Turkey continued its successful sales trend from the previous quarters and once again grew in the double-digit percentage range also due to inflation.

// EXPLANATION OF SALES IN THE OTHERS SEGMENT

The Others segment recorded sales growth in the **first nine months of 2017/18** of 0.9 per cent to €0.4 billion. Adjusted for currency effects and portfolio changes, sales rose by 4.4 per cent. In the first half of the year, the stabilising business in Sweden contributed to the increase in sales and was able to more than offset the decline in revenues due to the termination of the redcoon operations.

In the **third quarter of 2017/18**, sales in the Others segment declined slightly, by 0.1 per cent, and reached a total of €0.1 billion. Adjusted for currency effects and portfolio changes, segment sales grew by 6.3 per cent. Before currency effects, Sweden was able to continue the positive sales trend since the beginning of the financial year as a result of the initiated restructuring measures.

	Sales (€ million)		Change (%)	in % of total sales
	Q3 2016/17	Q3 2017/18		
Online	483	584	20.9	12.7
Services & Solutions	304	381	25.6	8.3

	Sales (€ million)		Change (%)	in % of total sales
	9M 2016/17	9M 2017/18		
Online	1,753	1,988	13.4	12.1
Services & Solutions	975	1,115	14.4	6.8

// ONLINE BUSINESS CONTINUES TO GROW

The successful growth of the Online business has continued in the first nine months of the reporting period and even accelerated in the third quarter. Total online sales rose in the first nine months by 13.4 per cent to around €2.0 billion and by 20.9 per cent to €584 million in the third quarter. The pure-play online activities of redcoon, which were closed in many countries last year, no longer had a negative impact on sales growth year-on-year. The online share of total sales in the first nine months amounted to 12.1 per cent (previous year: 10.6 per cent) and 12.7 per cent in the third quarter (previous year: 10.4 per cent).

The strong online sales growth was once again due to the pick-up option (in-store collection of goods ordered online) which was very popular among our customers. The pick-up rate was at around 41 per cent in the first nine months of the reporting period (previous year: around 39 per cent). In the third quarter, the rate was at around 40 per cent (previous year: around 39 per cent).

// CONTINUED HIGH DEMAND FOR SERVICES & SOLUTIONS

In the area of Services & Solutions, the successful growth trend also continued in the first nine months of the reporting period, with a sales increase of 14.4 per cent to €1.1 billion. With this, Services & Solutions reached a share of 6.8 per cent of total sales (previous year: 5.9 per cent). The sales growth compared to the previous year accelerated in the third quarter to 25.6 per cent. With this, Services & Solutions generated sales in the amount of €381 million, which corresponds to a sales share of 8.3 per cent (previous year: 6.6 per cent). Mobile communications contracts and insurance as well as repair services and warranty extensions performed particularly well.

Since the start of the World Cup, we have now been providing our customers with our Home Service in all German MediaMarkt and Saturn stores together with our cooperation partner “Deutsche Technikberatung” (DTB). The consistent focus of the service offering in the stores has been extended to 821 stores with the continuous expansion of the “SmartBars”.

// DYNAMIC INCREASE IN THE NUMBER OF MEMBERS ENROLLED IN OUR CUSTOMER PROGRAMMES

The total number of customer programme members in both retail brands reached around 16.6 million members in nine countries as of 30 June 2018. In Germany, the number of MediaMarkt Club members grew by nearly 384,000 to around 4.5 million members as of 30 June 2018, as compared to 31 March 2018. Saturn has also expanded the number of Club members in Germany in the same period by about 198,000 to more than 1.4 million members.

€ million	Reported EBITDA Q3 2016/17	EBITDA before special items Q3 2016/17	EBITDA Q3 2017/18	Change Q3 2017/18	Reported EBIT Q3 2016/17	EBIT before special items Q3 2016/17	EBIT Q3 2017/18	Change Q3 2017/18
Total[1]	**−16**	**4**	**26**	**21**	**−70**	**−49**	**−30**	**19**
DACH	8	24	29	6	−19	−4	−1	3
Western/Southern Europe	−13	−9	6	15	−34	−29	−13	16
Eastern Europe	6	5	14	9	1	0	9	9
Others	−16	−15	−24	−8	−18	−17	−25	−8

[1] Including consolidation

€ million	Reported EBITDA 9M 2016/17	EBITDA before special items 9M 2016/17	EBITDA 9M 2017/18	Change 9M 2017/18	Reported EBIT 9M 2016/17	EBIT before special items 9M 2016/17	EBIT 9M 2017/18	Change 9M 2017/18
Total[1]	**405**	**417**	**436**	**19**	**239**	**252**	**270**	**17**
DACH	313	332	316	−16	228	246	227	−19
Western/Southern Europe	94	94	117	24	34	34	60	26
Eastern Europe	46	42	43	1	31	27	27	0
Others	−49	−50	−40	10	−53	−54	−44	10

[1] Including consolidation

// EBITDA IN THE THIRD QUARTER ABOVE PREVIOUS YEAR

In the **first nine months of 2017/18**, Group EBITDA amounted to €436 million. In the prior-year period, this amounted to €417 million before special items or €405 million including special items. Adjusted for the profit contribution of Fnac Darty, Group EBITDA in the first nine months of 2017/18 of the current financial year reached €416 million and was therefore on previous year's level. The gross margin decreased by 0.4 per cent to 19.6 per cent in the first nine months of 2017/18.

At €166 million, depreciation and amortisation in the first nine months of 2017/18 was roughly on par with the previous year's level. Therefore, Group EBIT amounted to €270 million. In the prior-year period, Group EBIT still amounted to €252 million before special items or €239 million including special items. Excluding the profit contribution of Fnac Darty, Group EBIT was also on previous year's level, at €250 million.

In the first half of the year, the negative effects of moderate Christmas trading including the pull-forward effects from the highly competitive "Black Friday" particularly in Germany had an impact on the result. In contrast, however, the absence of known non-recurring effects in the previous year and positive effects from the valuation of goods in our inventories as well as the wind-down of redcoon made a positive contribution.

In the **third quarter of 2017/18**, Group EBITDA of €26 million was generated. In the prior-year period, this amounted to €4 million before special items or €−16 million including special items. The gross margin decreased by 0.1 per cent to 20.2 per cent. At €56 million in the third quarter of 2017/18, depreciation and amortisation slightly exceeded the previous year's value of €54 million. Therefore, Group EBIT amounted to €−30 million. In the prior-year period, Group EBIT amounted to €−49 million before special items or €−70 million including special items.

The result in Germany was broadly at the same level of the previous year. While, on the one hand, declining sales had a negative impact, the result was supported, on the other hand, in particular due to a change in the valuation of gift card liabilities following a revision in the prevailing legal norms. Based on the restructuring initiated in the past financial year and its repositioning, Italy posted solid development in earnings.

In the following comments on figures by year-on-year comparison, the results for the previous year's period are before special items.

// EXPLANATION OF THE RESULT FOR THE DACH SEGMENT

In the segment DACH EBITDA was €−16 million lower in the **first nine months of 2017/18** than in the previous year's period, at €316 million. At €89 million, depreciation and amortisation was slightly above the previous year's level of €86 million. DACH generated EBIT of €227 million (previous year: €246 million). In the first half of the year, the particularly moderate Christmas trading in Germany including pull-forward effects from the highly competitive "Black Friday" as well as the low capacity utilisation in the service business impacted the segment result.

In the **third quarter of 2017/18**, the EBITDA of the DACH segment improved by €6 million to €29 million. At €31 million, depreciation and amortisation was slightly above the previous year's level of €28 million. Therefore, EBIT in the DACH segment improved by €3 million to €−1 million. Despite a solid performance in the Services & Solutions segment and successful campaigns surrounding the World Cup, earnings development in Germany was only broadly at the level of the previous year. While, on the one hand, declining sales had a negative impact, the result was supported, on the other hand, in particular due to a change in the valuation of gift card liabilities following a revision in the prevailing legal norms. The wind-down of redcoon had a positive effect.

// EXPLANATION OF THE RESULT FOR THE WESTERN AND SOUTHERN EUROPE SEGMENT

In Western and Southern Europe, the EBITDA grew in the **first nine months of 2017/18** by €24 million to €117 million. Depreciation and amortisation weakened slightly by €3 million to €57 million. Therefore, EBIT rose to €60 million (previous year: €34 million). The Netherlands, in particular, developed positively in the first half of the year, as it also benefited from the non-recurrence of losses from the insolvency of a telecom provider in the previous year.

In the Western and Southern Europe segment, EBITDA grew in the **third quarter of 2017/18** by €15 million to €6 million. At €19 million, depreciation and amortisation also remained virtually at the previous year's level in the third quarter. Therefore, EBIT improved to €−13 million (previous year: €−29 million). This was largely due to the solid earnings development in Italy as a result of restructuring initiated in the past financial year and its repositioning. In addition, there was a positive effect from the expected reversal of the budget-related high deferrals in the first quarter of the previous year.

// EXPLANATION OF THE RESULT FOR THE EASTERN EUROPE SEGMENT

At €43 million, EBITDA in the Eastern Europe segment in the **first nine months of 2017/18** was around the same level as in the previous year. This does not include the activities of the retail business in Russia, which both in the current year and the previous year were reported as discontinued operations. As depreciation and amortisation was unchanged, EBIT remained constant at €27 million. In the first half of the year, the weaker result in Poland was due to increased personnel costs after a collective bargaining agreement adjustment.

In the **third quarter of 2017/18**, EBITDA improved by €9 million to €14 million due to the developments in Turkey. With amortisation and depreciation unchanged, EBIT increased to €9 million (previous year: €0 million).

// EXPLANATION OF THE RESULT FOR THE OTHERS SEGMENT

In the **first nine months of 2017/18**, EBITDA grew, as compared to the previous year's period, by €10 million to €−40 million. With depreciation and amortisation at the previous year's level, EBIT improved to €−44 million (previous year: €−54 million). In the first half of the year, there were opposing effects from the positive earnings contribution of Fnac Darty and the planned build-up of the CECONOMY AG holding.

In the **third quarter of 2017/18**, EBITDA decreased by €8 million to €−24 million due to planned further build-up of the CECONOMY AG holding as well as project costs. With amortisation and depreciation unchanged, EBIT also decreased to €−25 million (previous year: €−17 million).

// EARNINGS PER SHARE DECLINED

In the following comments on figures by year-on-year comparison, the results for the previous year's period relate to continued operations before special items.

In the **first nine months of 2017/18**, earnings before taxes reduced from €240 million to €9 million. The main reason for this was a significant decline in the financial result by €−248 million to €−261 million, which was mainly due to the value impairment of our stake in Metro AG in the second and third quarter of 2017/18 in the amount of about €268 million. Due to the use of the integrated approach, the lower earnings before taxes led to a tax expense in the amount of €6 million (previous year: €113 million). Compared to the first half of 2017/18, the tax rate increased from 52.9 per cent to 71.6 per cent (9M 2016/17: 47.1 per cent). This increase resulted, in particular, from the non-tax-relevant value impairment of our stake in Metro AG.

Therefore, the profit or loss for the period fell from €127 million to €3 million. As the minorities did not participate in the value impairment of Metro AG, the share of minority interest in the profit or loss for the period grew to €64 million (previous year: €38 million). This resulted in a profit or loss for the period attributable to shareholders of CECONOMY AG of €–61 million (previous year: €89 million) or €–0.19 per share (previous year: €0.27 per share).

Earnings before taxes in the **third quarter of 2017/18** fell from €–61 million to €–184 million. The increase in EBIT did not compensate the decline in the financial result in the amount of €–142 to €–154 million. The significant decline in the financial result is essentially due to the value impairment of our stake in Metro AG. Due to another significant decline of the share price of Metro AG in the third quarter of the current financial year, this resulted in a value impairment to €10.59 per ordinary share and €11.95 per preference share. As a result, the Other Investment result in the third quarter amounted to €–138 million (previous year: €0 million). Furthermore, higher interest expenses contributed to a lower financial result. Tax income increased from €29 million to €93 million.

The profit and loss for the period fell from €–32 million to €–90 million. As the minorities did not participate in the value impairment of Metro AG in the third quarter, the share of minority interest in the profit or loss for the period grew from €–2 million to €13 million. This resulted in a profit or loss for the period attributable to shareholders of CECONOMY AG of €–104 million (previous year: €–29 million) or €–0.32 per share (previous year: €–0.09 per share).

€ million	Q3 2016/17[1]	Q3 2017/18	9M 2016/17[1]	9M 2017/18
Earnings before interest and taxes (EBIT)	**−49**	**−30**	**252**	**270**
Other Investment result	0	−138	0	−239
Interest income	4	3	12	18
Interest expenses	−9	−14	−19	−29
Other Financial result	−6	−5	−6	−10
Net financial result	**−11**	**−154**	**−12**	**−261**
Earnings before taxes (EBT)	**−61**	**−184**	**240**	**9**
Income taxes	29	93	−113	−6
Profit or loss for the period	**−32**	**−90**	**127**	**3**
Profit or loss for the period attributable to non-controlling interests	−2	13	38	64
Profit or loss for the period attributable to shareholders of CECONOMY AG	−29	−104	89	−61
Earnings per share in € (basic = diluted)	**−0.09**	**−0.32**	**0.27**	**−0.19**

[1] All previous-year figures are stated before special items.

Financial and asset position

// CASH FLOW

€ million	9M 2016/17	9M 2017/18	Change
Cash flow from operating activities	166	256	89
Cash flow from investing activities	−202	−212	−10
Cash flow from financing activities	−104	65	169
Change in net working capital[1]	−43	18	61
Free cash flow	**−61**	**25**	**87**

[1] Reported change in net working capital presented from the related statement of financial position items, adjusted for currency effects as well as investments and divestments.

In the first nine months of the financial year 2017/18, **cash flow from operating activities** from continuing operations resulted in a cash inflow of €256 million. This compares to a cash inflow from continuing operations of €166 million in the previous year.

The €89 million higher cash flow from operating activities was mainly due to the improvement of the **change in net working capital** by €61 million. This was also influenced positively by a temporary improvement of the trade liabilities due to the weekday effects as of the closing date of 30 June 2018. Income tax payments that were lower by €35 million due to tax refunds for dividends received in previous years had a positive effect.

After a build-up of inventories burdened the net working capital in the first quarter, a significantly lower amount of goods was purchased in the second quarter followed by a slight reduction in inventories over the third quarter. Overall, this was reflected in a lower build-up of inventories through the first nine months of the financial year 2017/18. However, a temporary optimisation of payment terms in the third quarter did not compensate for the reduced build-up of liabilities due to a change in the product mix.

Net working capital[1]

€ million	30/09/2016	30/06/2017	Change	30/09/2017	30/06/2018	Change
Inventories	2,293	2,788	495	2,449	2,819	371
Trade receivables	322	418	97	497	545	48
Receivables due from suppliers[2]	1,157	1,005	−151	1,197	1,102	−95
Credit card receivables	28	40	13	66	57	−9
Prepayments on inventories	0	0	0	0	0	0
Trade liabilities	−4,359	−4,739	−380	−4,817	−5,151	−333
Liabilities to customers	−134	−138	−4	−129	−32	97
Accrued sales from vouchers and customer loyalty programmes	−51	−64	−14	−63	−144	−81
Provisions for customer loyalty programmes and rights of return	−18	−18	0	−19	−17	2
Prepayments received on orders	−32	−37	−5	−39	−38	1
Net working capital	**−795**	**−744**	**51**	**−858**	**−857**	**1**

[1] Balance sheet figures were adjusted for discontinued operations to enable comparison.
[2] Includes €29 million as of 30 September 2016, which was reported in the balance sheet under the other financial assets item in non-current assets

Cash flow from investing activities of continuing operations totalled €−212 million in the first nine months compared to €−202 million in the prior-year period. This increase was largely due to an investment in money market funds in the amount of €45 million, while the absence of corporate acquisitions as well as lower expenses for expansion had the opposite effect.

Cash flow from financing activities of continuing operations recorded a cash inflow of €65 million in the first nine months (previous year: cash outflow of €104 million). The payment of dividends to the shareholders of CECONOMY AG amounted to €85 million. In addition, dividends were paid to store managers in the amount of €30 million (previous year: €32 million). In contrast, the net raising of financing debts amounted to €156 million and a cash inflow of €25 million occurred from the dividend payment of Metro AG. In the previous year, CECONOMY paid out the total dividend in the amount of €327 million prior to the demerger of the former Metro Group.

The **free cash flow** from continuing operations amounted to €25 million in the first nine months and was thus higher by €87 million compared to the previous year. This is largely due to an improved cash flow from operating activities.

// LOWER NET LIQUIDITY

As of 30 June 2018, the balance sheet net liquidity from continuing operations amounted to €174 million. The comparable value for the previous year as of 30 June 2017 for continuing operations was at €433 million. The year-on-year decline is primarily due to the acquisition of a share of around 24 per cent in French competitor Fnac Darty.

// INVESTMENTS UNCHANGED YEAR ON YEAR

According to the segment report, **investments** in the first nine months of 2017/18 amounted to €190 million and are at the same level to the previous year (previous year: €188 million). In the third quarter, €63 million was invested (previous year: €77 million). The network of stores was extended to 29 stores in the first nine months of 2017/18. In contrast, six stores were closed in the reporting period.

At the end of the third quarter, our network comprised 1,019 **stores** in total. In the third quarter, a total of ten stores were newly opened. Most of the openings were in Turkey, with six, followed by one each in Germany, Italy, Spain and Poland. In contrast, two stores in Italy were closed in the same period.

Compared to 30 September 2017, the average **selling space per store** declined by −2.3 per cent to 2,743 square metres, mainly as a result of the smaller size of the newly opened stores and additional store rightsizings. At the end of financial year 2016/17, the average selling space per store was still 2,808 square metres.

// FINANCING

CECONOMY AG uses issues on the capital market for medium- and long-term financing. A euro-denominated commercial paper programme with a maximum volume of €500 million is available to CECONOMY AG. As of 30 June 2018, commercial paper with a volume of €347 million was utilised.

Furthermore, a syndicated credit facility is available to CECONOMY AG in a total amount of €550 million with a term until 2023 and multi-year bilateral credit facilities totalling €490 million. Neither the syndicated credit facility nor the multi-year bilateral facilities were utilised as of 30 June 2018.

CECONOMY continues to have an investment grade rating from the international rating agencies, Moody's and Scope (Moody's: Baa3, Scope: BBB−) with a stable outlook in each case. A downgrade of our rating into the non-investment-grade range below Baa3/BBB− would have negative implications for our liquidity and Group financing. Furthermore, negative implications for the net working capital cannot be ruled out. Obtaining this investment grade rating is one of the main pillars of our balanced financial strategy.

Discontinued operations

In accordance with IFRS 5, the Russian MediaMarkt business with the exception of the general overhead costs allocated to Russia and a cost allocation by the service company xplace for the operation of the digital price tags, which remain as continuing operations, are classified as discontinued operations.

The profit or loss for the period from discontinued operations amounted to €–155 million in the first nine months of 2017/18 and €–152 in the third quarter. The majority of the loss is due to the value impairment of the divested Russian MediaMarkt business. Also included are a negative operating result as well as non-recurring expenses in connection with the planned disposal. Profit or loss for the period attributable to non-controlling interests was €–35 million (third quarter: €–34 million). Accordingly, the profit or loss for the period from discontinued operations attributable to shareholders of CECONOMY AG amounted to €–120 million or €–0.37 per share for the first nine months and €–117 million or €–0.36 per share for the third quarter.

The assets held for sale amounted to €160 million and liabilities held for sale were €171 million.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income statement

€ million	Q3 2016/17	Q3 2017/18	9M 2016/17	9M 2017/18
Sales	**4,629**	**4,598**	**16,472**	**16,498**
Cost of sales	−3,686	−3,668	−13,166	−13,257
Gross profit on sales	**943**	**930**	**3,306**	**3,242**
Other operating income	30	29	119	108
Selling expenses	−905	−866	−2,788	−2,710
General administrative expenses	−136	−120	−394	−384
Other operating expenses	−2	−2	−5	−6
Earnings share of operating companies recognised by the equity method	0	−1	0	20
Earnings before interest and taxes (EBIT)	**−70**	**−30**	**239**	**270**
Other investment result	0	−138	0	−239
Interest income	4	3	12	18
Interest expenses	−9	−14	−19	−29
Other financial result	−6	−5	−6	−10
Net financial result	**−11**	**−154**	**−13**	**−261**
Earnings before taxes (EBT)	**−81**	**−184**	**227**	**9**
Income taxes	24	93	−133	−6

€ million	Q3 2016/17	Q3 2017/18	9M 2016/17	9M 2017/18
Profit or loss for the period from continuing operations	**−57**	**−90**	**94**	**3**
Profit or loss for the period from discontinued operations	186	−152	406	−155
Profit or loss for the period	**130**	**−242**	**500**	**−153**
Profit or loss for the period attributable to non-controlling interests	−3	−21	37	28
from continuing operations	**0**	**13**	**31**	**64**
from discontinued operations	−3	−34	6	−35
Profit or loss for the period attributable to shareholders of CECONOMY AG	132	−221	463	−181
from continuing operations	**−57**	**−104**	**64**	**−61**
from discontinued operations	189	−117	400	−120
Earnings per share in € (basic = diluted)	**0.41**	**−0.68**	**1.42**	**−0.56**
from continuing operations	**−0.17**	**−0.32**	**0.19**	**−0.19**
from discontinued operations	0.58	−0.36	1.22	−0.37

Statement of financial position

Assets

€ million	30/09/2017	30/06/2017	30/06/2018
Non-current assets	**2,144**	**1,614**	**2,093**
Goodwill	531	525	531
Other intangible assets	100	100	102
Property, plant and equipment	858	840	817
Financial assets	135	21	109
Investments accounted for using the equity method	458	4	480
Other financial assets[1]	8	8	3
Non-financial assets[1]	15	15	12
Deferred tax assets	39	101	39
Current assets	**6,136**	**23,441**	**6,362**
Inventories	2,553	2,893	2,819
Trade receivables	498	419	545
Receivables due from suppliers[1]	1,246	1,040	1,102
Other financial assets[1]	735	117	527
Non-financial assets[1]	155	195	169
Entitlements to income tax refunds	87	92	186
Cash and cash equivalents	861	746	854
Assets held for sale	0	17,938	160
	8,280	**25,054**	**8,455**

Equity and liabilities

€ million	30/09/2017	30/06/2017	30/06/2018
Equity	**666**	**–445[2]**	**424**
Share capital	835	835	835
Capital reserve	128	2,551	128
Reserves retained from earnings	–294	–3,852[2]	–560
Non-controlling interests	–2	21	21
Non-current liabilities	**1,062**	**1,098**	**1,051**
Provisions for pensions and similar obligations	640	695	632
Other provisions	51	57	36
Borrowings	278	266	295
Other financial liabilities[1]	15	15	13
Non-financial liabilities[1]	70	60	68
Deferred tax liabilities	8	4	8
Current liabilities	**6,551**	**24,401**	**6,980**
Trade liabilities	4,929	4,835	5,151
Provisions	199	157	149
Borrowings	266	8	429
Other financial liabilities[1]	517	6,352	345
Non-financial liabilities[1]	596	586	677
Income tax liabilities	44	97	58
Liabilities related to assets held for sale	0	12,366	171
	8,280	**25,054**	**8,455**

[1] Adjustment due to revised disclosures, see explanation on page 04
[2] The consolidated equity of CECONOMY was temporarily negative in the previous year due to recognition of a liability for distribution of non-cash assets in the amount of €–5,880 million as a dividend as part of the demerger of Metro Group (now CECONOMY) as per the resolution adopted by the Annual General Meeting of Metro AG on 6 February 2017.

Cash flow statement

€ million	9M 2016/17	9M 2017/18
EBIT	239	270
Scheduled depreciation and amortisation, write-ups and impairments on assets excluding financial assets	165	166
Change in provisions for pensions and other provisions	−32	−49
Change in net working capital	−43	18
Income taxes paid	−124	−89
Reclassification of gains (−)/losses (+) from the disposal of fixed assets	3	2
Other	−43	−62
Cash flow from operating activities of continuing operations	**166**	**256**
Cash flow from operating activities of discontinued operations	181	−75
Cash flow from operating activities	**347**	**181**
Acquisitions of subsidiaries	−13	0
Investments in property, plant and equipment (excl. finance leases)	−175	−153
Other investments	−40	−32
Financial investments	0	−45
Disposal of long-term assets	26	18
Cash flow from investing activities of continuing operations	**−202**	**−212**
Cash flow from investing activities of discontinued operations	−539	−6
Cash flow from investing activities	**−741**	**−218**
Dividends paid	−360	−117
of which: to shareholders of CECONOMY AG	−327	−85
Redemption of liabilities from put options of non-controlling interests	−2	−2
Proceeds from long-term borrowings	255	168
Redemption of borrowings	0	−12
Interest paid	−12	−14
Interest received	13	15
Profit and loss transfers and other financing activities	3	27
Cash flow from financing activities of continuing operations	**−104**	**65**
Cash flow from financing activities of discontinued operations	−90	1
Cash flow from financing activities	**−194**	**66**
Total cash flows	**−588**	**28**
Exchange rate effects on cash and cash equivalents	−22	−24
Total change in cash and cash equivalents	**−610**	**4**
Total cash and cash equivalents as of 1 October	2,368	861
Less cash and cash equivalents shown under IFRS 5 assets	0	0
Cash and cash equivalents as of 1 October	**2,368**	**861**
Total cash and cash equivalents as of 30 June	1,758	865
Less cash and cash equivalents shown under IFRS 5 assets	1,012	11
Cash and cash equivalents as of 30 June	**746**	**854**

Segment reporting

Continuing operations

€ million	DACH		Western/Southern Europe		Eastern Europe		Others		Consolidation		CECONOMY[1]	
	Q3 2016/17	Q3 2017/18	Q3 2016/17	Q3 2017/18	Q3 2016/17	Q3 2017/18	Q3 2016/17	Q3 2017/18	Q3 2016/17	Q3 2017/18	Q3 2016/17	Q3 2017/18
External sales (net)	2,690	2,652	1,445	1,445	380	388	114	114	0	0	4,629	4,598
Internal sales (net)	7	5	0	0	0	0	5	3	−12	−8	0	0
Sales (net)	2,697	2,657	1,445	1,445	381	388	119	117	−12	−8	4,629	4,598
EBITDA	8	29	−13	6	6	14	−16	−24	0	0	−16	26
EBITDA before special items	24	–	−9	–	5	–	−15	–	0	–	4	–
Scheduled depreciation/amortisation and impairment	28	31	21	19	5	5	1	1	0	0	54	56
Reversals of impairment losses	0	0	0	0	0	0	0	0	0	0	0	0
EBIT	−19	−1	−34	−13	1	9	−18	−25	0	0	−70	−30
EBIT before special items	−4	–	−29	–	0	–	−17	–	0	–	−49	–
Investments	33	42	39	10	3	8	1	4	0	0	77	63
Non-current segment assets	829	868	511	491	82	81	21	24	0	0	1,442	1,464

[1] Includes external sales in Q3 2017/18 for Germany in the amount of €2,214 million (Q3 2016/17: €2,248 million) and for Italy in the amount of €441 million (Q3 2016/17: €450 million) as well as long-term segment assets as of 30/06/2018 for Germany of €755 million (30/06/2017: €721 million), for Spain amounting to €150 million (30/06/2017: €148 million) and for Italy amounting to €145 million (30/06/2017: €153 million)

€ million	DACH		Western/Southern Europe		Eastern Europe		Others		Consolidation		CECONOMY[1]	
	9M 2016/17	9M 2017/18	9M 2016/17	9M 2017/18	9M 2016/17	9M 2017/18	9M 2016/17	9M 2017/18	9M 2016/17	9M 2017/18	9M 2016/17	9M 2017/18
External sales (net)	9,694	9,567	5,075	5,188	1,290	1,327	412	416	0	0	16,472	16,498
Internal sales (net)	16	15	2	1	1	0	18	11	−37	−26	0	0
Sales (net)	9,710	9,582	5,077	5,189	1,291	1,327	430	427	−37	−26	16,472	16,498
EBITDA	313	316	94	117	46	43	−49	−40	0	0	405	436
EBITDA before special items	332	–	94	–	42	–	−50	–	0	–	417	–
Scheduled depreciation/amortisation and impairment	86	89	61	57	16	15	4	4	0	0	166	166
Reversals of impairment losses	0	0	0	0	0	0	0	0	0	0	1	0
EBIT	228	227	34	60	31	27	−53	−44	0	0	239	270
EBIT before special items	246	–	34	–	27	–	−54	–	0	–	252	–
Investments	100	133	74	32	11	17	2	8	0	0	188	190
Non-current segment assets	829	868	511	491	82	81	21	24	0	0	1,442	1,464

[1] Includes external sales in 9M 2017/18 for Germany in the amount of €7,990 million (9M 2016/17: €8,089 million) and for Italy in the amount of €1.616 million (9M 2016/17: €1,593 million) as well as long-term segment assets as of 30/06/2018 for Germany of €755 million (30/06/2017: €721 million), for Spain amounting to €150 million (30/06/2017: €148 million) and for Italy amounting to €145 million (30/06/2017: €153 million)

Discontinued operations

€ million	Q3 2016/17	Q3 2017/18
External sales (net)	110	103
Internal sales (net)	0	0
Sales (net)	110	103
EBITDA	−16	−126
EBITDA before special items	−8	–
Scheduled depreciation/amortisation and impairment	4	25
Reversals of impairment losses	0	0
EBIT	−21	−151
EBIT before special items	−11	–
Investments	2	3
Non-current segment assets	45	13

€ million	9M 2016/17	9M 2017/18
External sales (net)	419	387
Internal sales (net)	0	0
Sales (net)	419	387
EBITDA	−38	−125
EBITDA before special items	−15	–
Scheduled depreciation/amortisation and impairment	12	29
Reversals of impairment losses	0	0
EBIT	−50	−154
EBIT before special items	−24	–
Investments	6	6
Non-current segment assets	45	13

FINANCIAL CALENDAR

Trading Statement Q4/FY 2017/18	Thursday	25 October 2018	7:00 a.m.
Results Financial Year 2017/18	Wednesday	19 December 2018	7:00 a.m.

All time specifications are CET

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GENERAL INFORMATION

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Disclaimer

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