



Q1 2019/20

RESULTS PRESENTATION

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Düsseldorf, 07 February 2020

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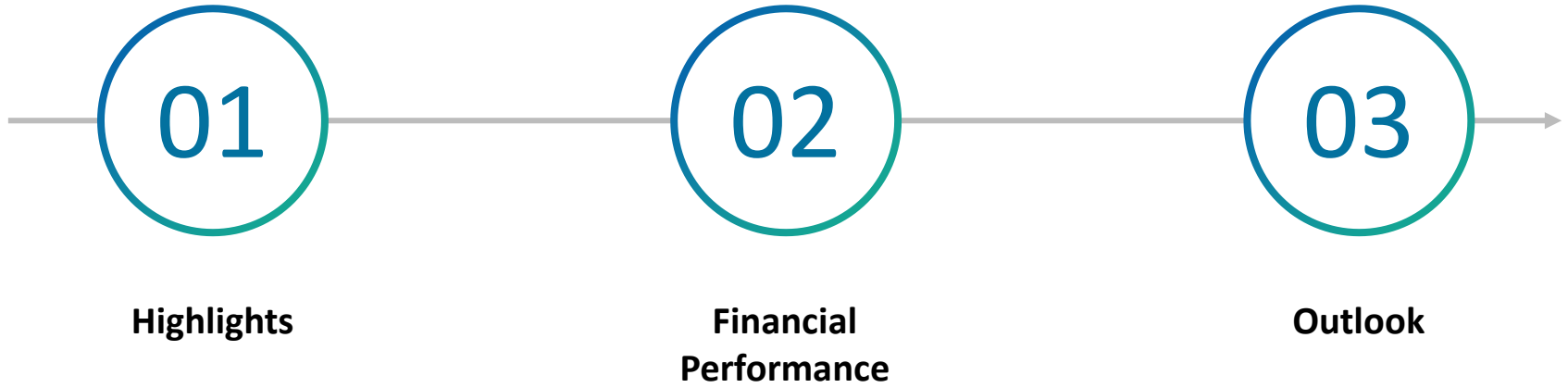
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All numbers shown are as reported, unless otherwise stated. All amounts are stated in million euros (€ million) unless otherwise indicated. Amounts below €0.5 million are rounded and reported as 0. Rounding differences may occur.

Agenda



01

Highlights

CECONOMY's Q1 19/20 in a nutshell



Successful Black Friday period, both in-store and online



Christmas business impacted by pull-forward effects due to increasing importance of Black Friday



Solid growth rates in Online and Services & Solutions



Adverse macro conditions and intense competition in Southern Europe



Encouraging earnings improvement driven by Services & Solutions and cost optimization, esp. in Germany



Poland still with weak performance

In Q1 we built the foundation for a sound financial year 19/20



Sales change yoy
adjusted for fx-effects and
portfolio changes



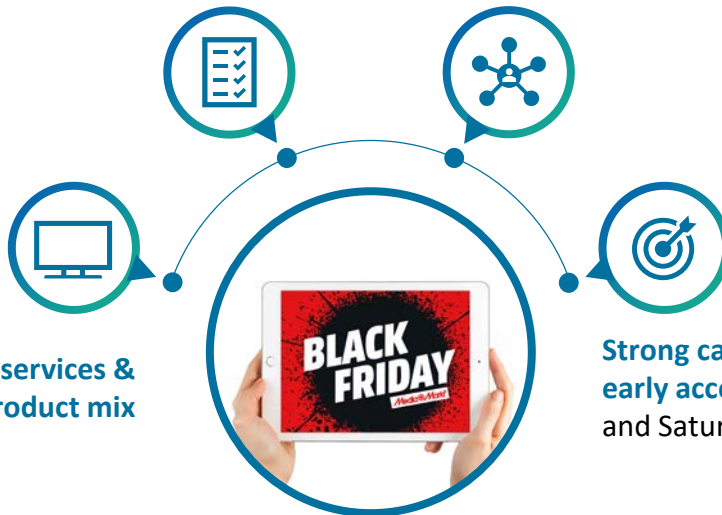
Adj. EBIT^{1,2}
excl. associates³
+20 €m vs. PY

Note: ¹ Adjusted EBIT before non-recurring earnings effects in connection with the reorganization and efficiency program and portfolio changes. ² Incl. IFRS 16. ³ Companies accounted for using the equity method

We continued the success of last year and built again a profitable Black Friday

Centrally prepared and orchestrated campaign concepts for entire group supported by professional toolkit

New MediaMarkt web platform handling double traffic, **improved delivery performance** and improved availability of offers



Cross-selling of bundles, focus on **services & solutions** and higher margin **product mix**

Strong campaigns with focus on services, **early access** for MediaMarkt club members and Saturn card holders

After an already strong prior year, we generated solid double-digit sales growth rates in-store and online



+1,000k

More items sold during 5-day Black Friday period vs. PY



+15%

More online shoppers visited our websites vs. PY



+2%

More customers visited our stores vs. PY

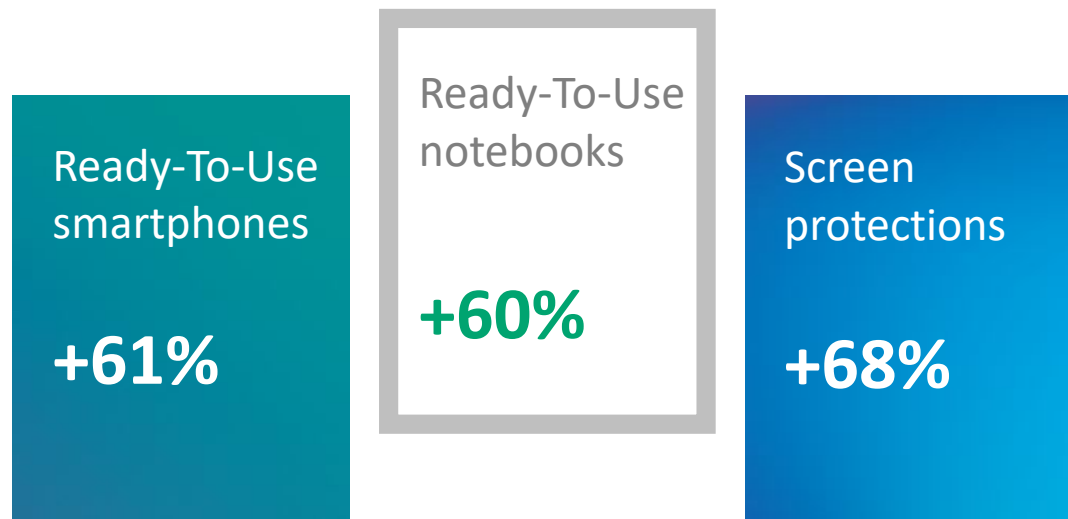
Note: Figures for 5-day Black Friday period including Thursday to Cyber Monday compared to the comparable prior-year period. Figures excluding Greek MediaMarkt business (portfolio adjustment).

Attractive bundles increased attachment rates during Black Friday, driving smartphone, computer hardware and GSM accessories sales

➤ Countries were well prepared to **meet high stationary and online traffic** (e.g. partly pre-configured Ready-To-Use items)

➤ Many campaign products were offered as **“Ready-To-Use” bundles** which supported particularly **smartphone and computer hardware sales**

➤ **GSM accessories with very good development** due to good attachment rate



Note: Figures for 5-day Black Friday period including Thursday to Cyber Monday compared to the comparable prior-year period. Figures excluding Greek MediaMarkt business (portfolio adjustment).

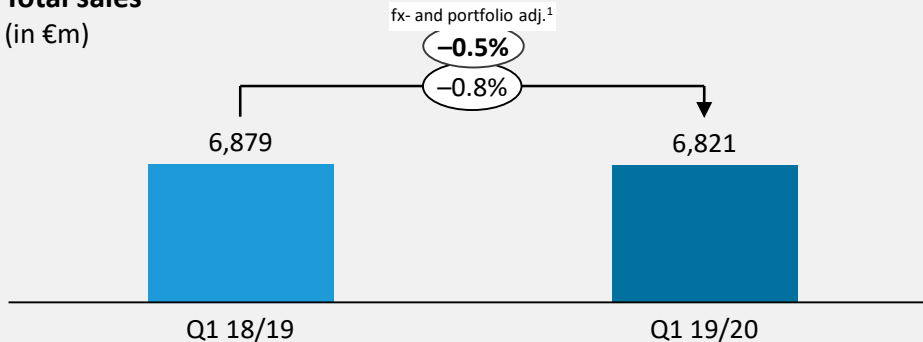
02

Financial Performance

Fx- and portfolio adjusted sales¹ nearly on prior-year's level (excl. iBood)

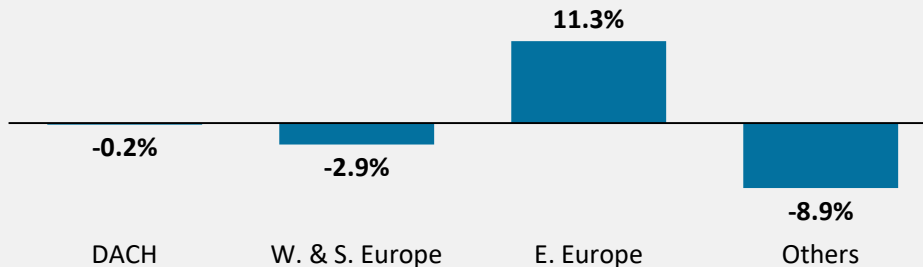
Q1

Total sales
(in €m)



Sales by segment

(fx- and portfolio adj.¹, yoy change)



Q1 Highlights

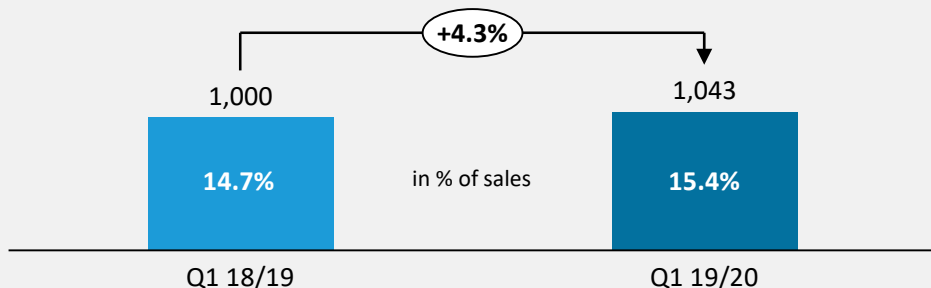
- **Fx- and portfolio adjusted¹ sales excl. iBood** nearly on PY's level (-0.2%)
- **DACH:** Germany with strong Black Friday, but offset by softer subsequent Christmas trading; strong performance in Austria and Hungary
- **Western & Southern Europe:** Spain mainly impacted by shift in campaign plan; Italy impacted by macro environment and competition; Netherlands with declining sales
- **Eastern Europe:** Turkey with strong double-digit growth; Poland with slight sales decline
- **Others:** Solid fx-adj. sales increase in Sweden; sales decline due to disposal of iBood

¹ Excluding Greek MediaMarkt business (portfolio adjustment).

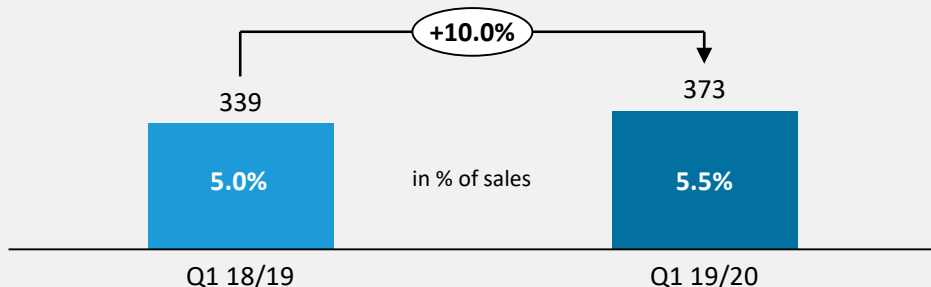
Online and Services & Solutions are the key growth drivers

Q1

Online sales¹ (in €m)



Services & Solutions sales¹ (in €m)



¹ Excluding Greek MediaMarkt business (portfolio adjustment).

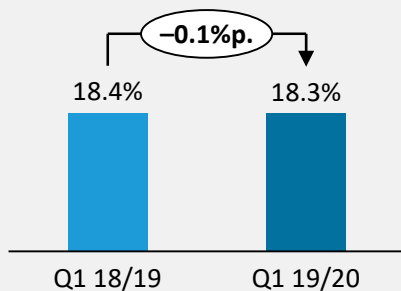
Q1 Highlights

- **Online¹ growth +5.9% excl. iBood**
- **"Black Friday" campaigns** with particularly positive effect on online business
- **Online business** impacted by high comps (+28%) and shift of campaign planning in Spain
- **Strong demand for pick-up option** at 47% vs. 44% in the prior-year period
- **Double-digit growth of SmartBar services:** Ready-To-Use, screen protection, in-store repair
- **Positive development of extended warranties and mobile business**, while consumer financing business was below PY's level

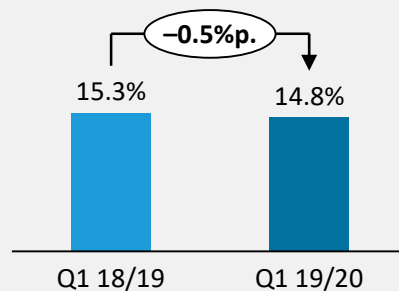
Solid operational EBIT improvement mainly driven by Services & Solutions and cost savings

Q1

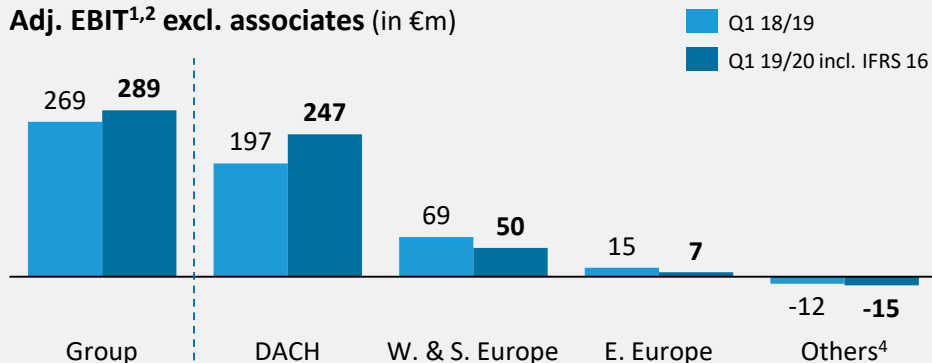
Gross margin^{1,2} (in % of sales)



OPEX^{1,2,3} (in % of sales)



Adj. EBIT^{1,2} excl. associates (in €m)

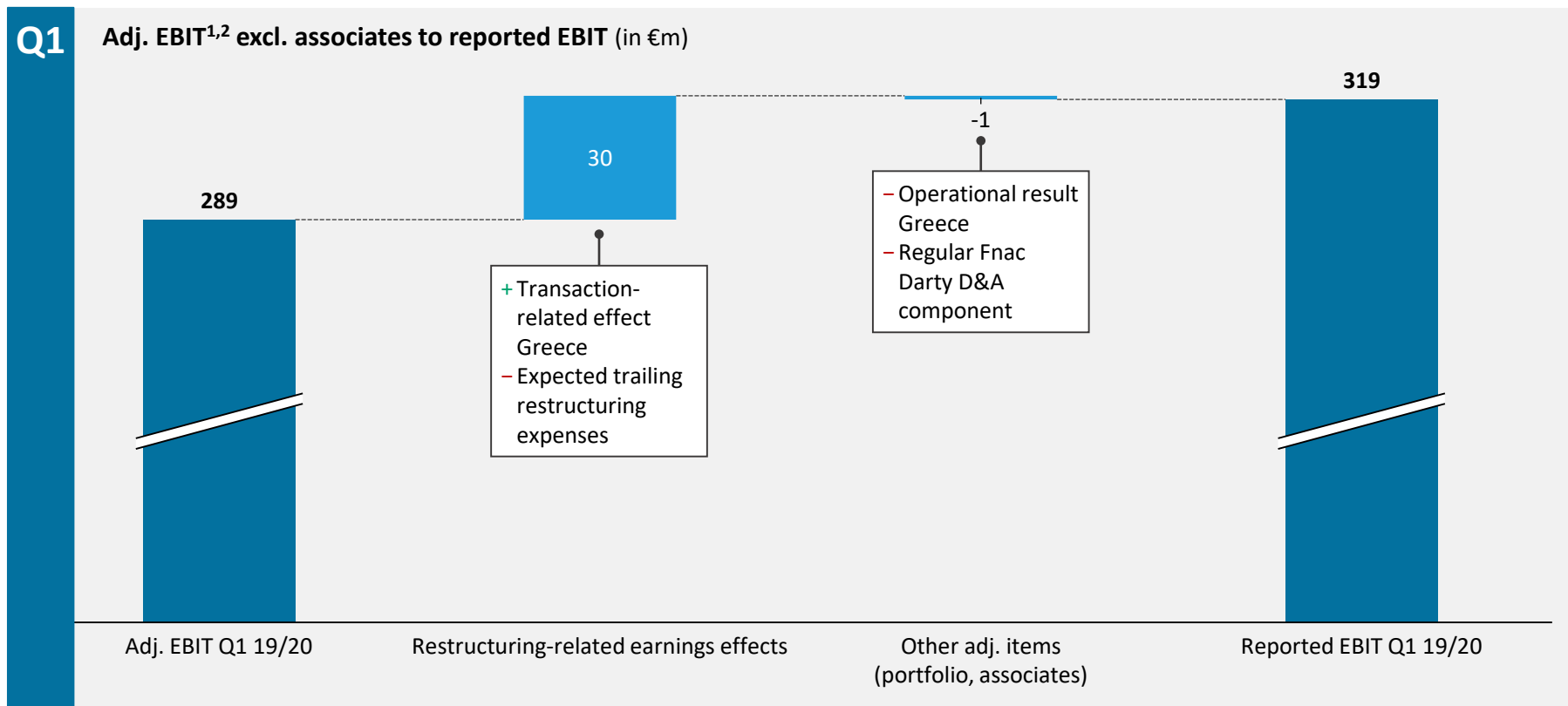


Q1 Highlights

- **Gross margin with trend improvement, cost savings** in PEX and indirect spend
- **DACH:** Strong performance in Germany driven by Services & Solutions and cost savings
- **Western & Southern Europe:** Spain and Italy impacted by macro environment and competition; Netherlands also with declining result, but with slight trend improvement
- **Eastern Europe:** Poland with ongoing negative trend, Turkey benefiting from market growth
- **Others:** Severance payment at CECONOMY level and slight decline in Sweden

¹ Excl. non-recurring earnings effects in connection with the reorganization and efficiency program. ² Adjusted for portfolio changes ³ Sum of SG&A expenses and Other operating expenses. ⁴ Incl. consolidation.

Reported EBIT benefited predominantly from positive one-time effect related to Greek transaction



Note: EBIT incl. IFRS 16 effect. ¹Adjusted EBIT excl. associates and non-recurring earnings effects in connection with the reorganization and efficiency program announced on 29 April 2019. ²Adjusted for portfolio changes.

EPS improvement mainly driven by higher earnings and lower tax rate

€m	Q1 2018/19	Q1 2019/20	Change
EBITDA	291	509	218
EBIT	234	319	84
Net financial result	1	9	8
Earnings before taxes	235	327	92
Income taxes	-88	-105	-17
Tax rate	37.4%	32.0%	-5.3%p.
Profit or loss for the period	147	222	75
Non-controlling interest	40	53	13
Net result	107	170	62
EPS (in €)	0.30	0.47	0.17

Note: reported EBIT/DA; EBIT/DA in CY incl. IFRS 16 effect. ¹ Before associates, M.video and restructuring-related effects.

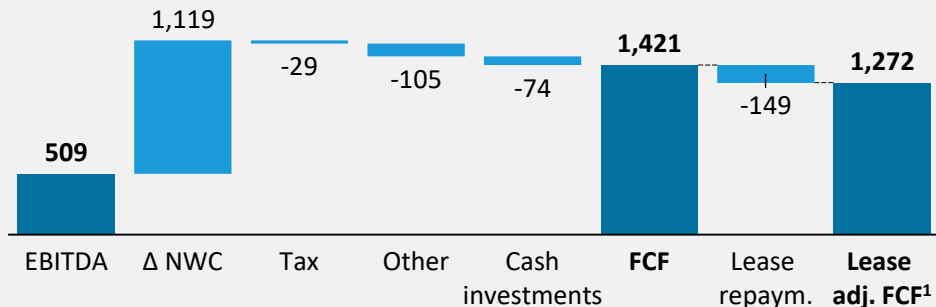
Q1 Highlights

- **Reported EBITDA** includes c. 138 €m IFRS 16 effect
- **Reported EBIT** includes c. 2 €m IFRS 16 effect
- Reported earnings in CY include positive effect related to Greek transaction; PY impacted by expenses for restructuring and management changes
- **Net financial result** benefited from payment of M.video dividend in the amount of 13 €m
- **Tax rate** improved to 32% mainly due to non-taxable gain related to Greek transaction; underlying tax rate¹ at 38%
- **EPS** increased by 0.17 € yoy

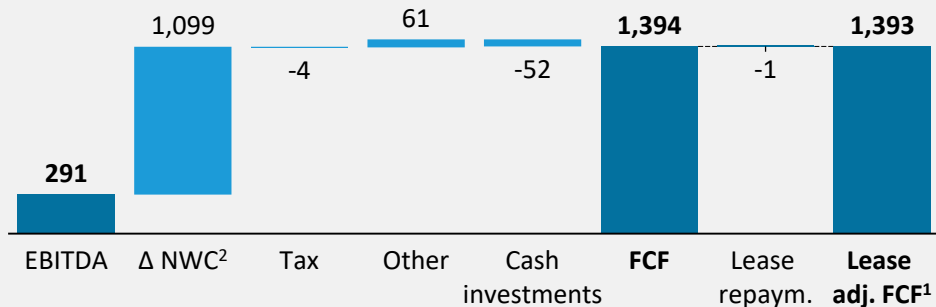
Adjusted Free Cash Flow below prior-year's level mainly due to restructuring-related cash outflows and higher cash taxes

Q1

2019/20: Free Cash Flow (in €m)



2018/19: Free Cash Flow (in €m)



Q1 Highlights

- **Change in NWC improved slightly** due to higher increase in trade payables, mainly resulting from higher starting point as of 30 September 2018
- **Cash tax payments** in prior-year period benefited from tax optimization in FY 17/18
- **Other OCF Q1 19/20** mainly impacted by restructuring-related cash outflows and reversal of non-cash effects related to Greek transaction
- **Other OCF Q1 18/19** lower trade tax receivables and the settlement of receivables in connection with Russia transaction turn into tough comparison base this year

¹ Lease adjusted free cash flow subtracts the repayment of lease liabilities for better FCF comparability under IFRS 16 ² Prior-year adjustments due to changes in presentation and definition.

03

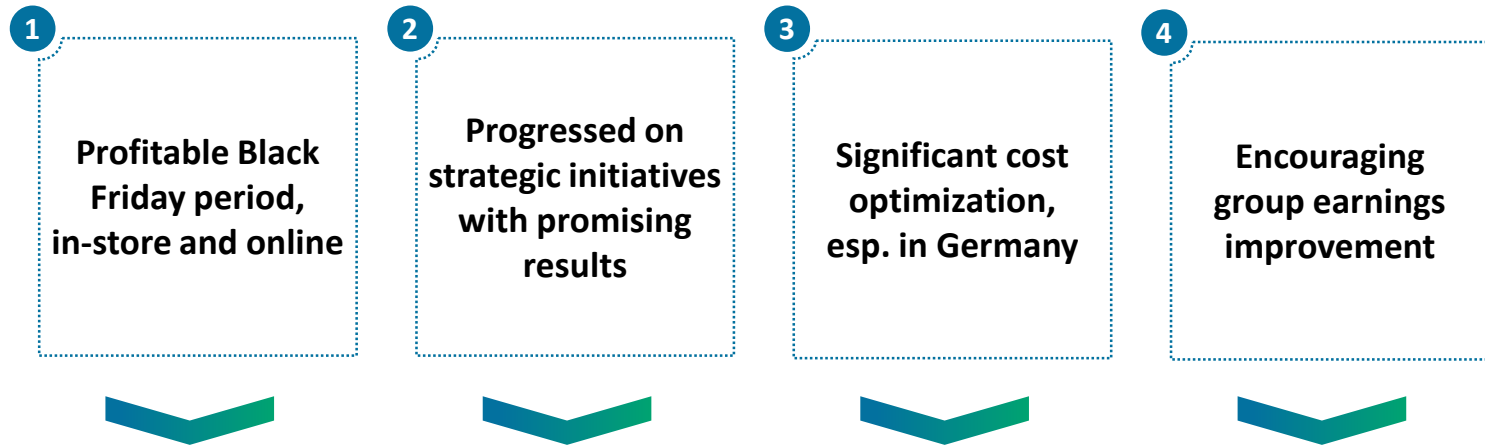
Outlook

Outlook for FY 19/20 confirmed

- Adjusted for portfolio changes
- Excluding non-recurring earnings effects in connection with the reorganization and efficiency program announced on 29 April 2019

	FY 19/20 incl. IFRS 16	thereof IFRS 16 effect
Fx-adjusted sales	Slight increase	
EBIT (excl. associates)	445 – 475 €m	5 – 15 €m

In Q1 2019/20 we focused on a profitable Black Friday period and further executed our initiatives



In Q1 we built the foundation for a sound FY 2019/20

26 MARCH 2020
10 AM – 2 PM

CECONOMY



**STRATEGY
UPDATE**

CECONOMY HQ
DÜSSELDORF

Q&A



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Notes

- All numbers in the presentation incl. IFRS 16 (unless otherwise stated)
- The disposal of the Greek MediaMarkt business is treated as a portfolio effect
- Forecast-relevant EBIT is adjusted for portfolio effects and non-recurring earnings effects in connection with the reorganization and efficiency program announced on 29 April 2019 and excluding associates

IFRS 16 effects on EBITDA and EBIT

€m	Adjusted EBITDA ^{1,2}	Adjusted EBITDA ^{1,2}	IFRS 16 effect
	Q1 18/19	Q1 19/20 including IFRS 16	Q1 19/20
DACH	228	356	80
Western/Southern Europe	87	111	44
Eastern Europe	20	23	12
Others ³	-11	-11	2
Total	325	479	138

€m	Adjusted EBIT ^{1,2}	Adjusted EBIT ^{1,2}	IFRS 16 effect
	Q1 18/19	Q1 19/20 including IFRS 16	Q1 19/20
DACH	197	247	1
Western/Southern Europe	69	50	0
Eastern Europe	15	7	1
Others ³	-12	-15	-1
Total	269	289	2

¹ Adjusted EBIT/DA excl. associates and non-recurring earnings effects in connection with the reorganization and efficiency program announced on 29 April 2019. ² Adjusted for portfolio changes ³ Including consolidation.

Store network as of 31 December 2019

	30/09/2019	Openings	Closures	31/12/2019
Germany	431	–	–2	429
Austria	52	–	–	52
Switzerland	26	–	–	26
Hungary	32	–	–	32
DACH	541	–	–2	539
Belgium	27	–	–	27
Greece	12	–	–12	0
Italy	117	–	–	117
Luxembourg	2	–	–	2
Netherlands	49	1	–	50
Portugal	10	–	–	10
Spain	88	–	–	88
Western/S. Europe	305	1	–12	294
Poland	90	–	–	90
Turkey	78	–	–	78
Eastern Europe	168	–	–	168
Sweden	28	–	–	28
Others	28	–	–	28
CECONOMY	1,042	1	–14	1,029

Highlights

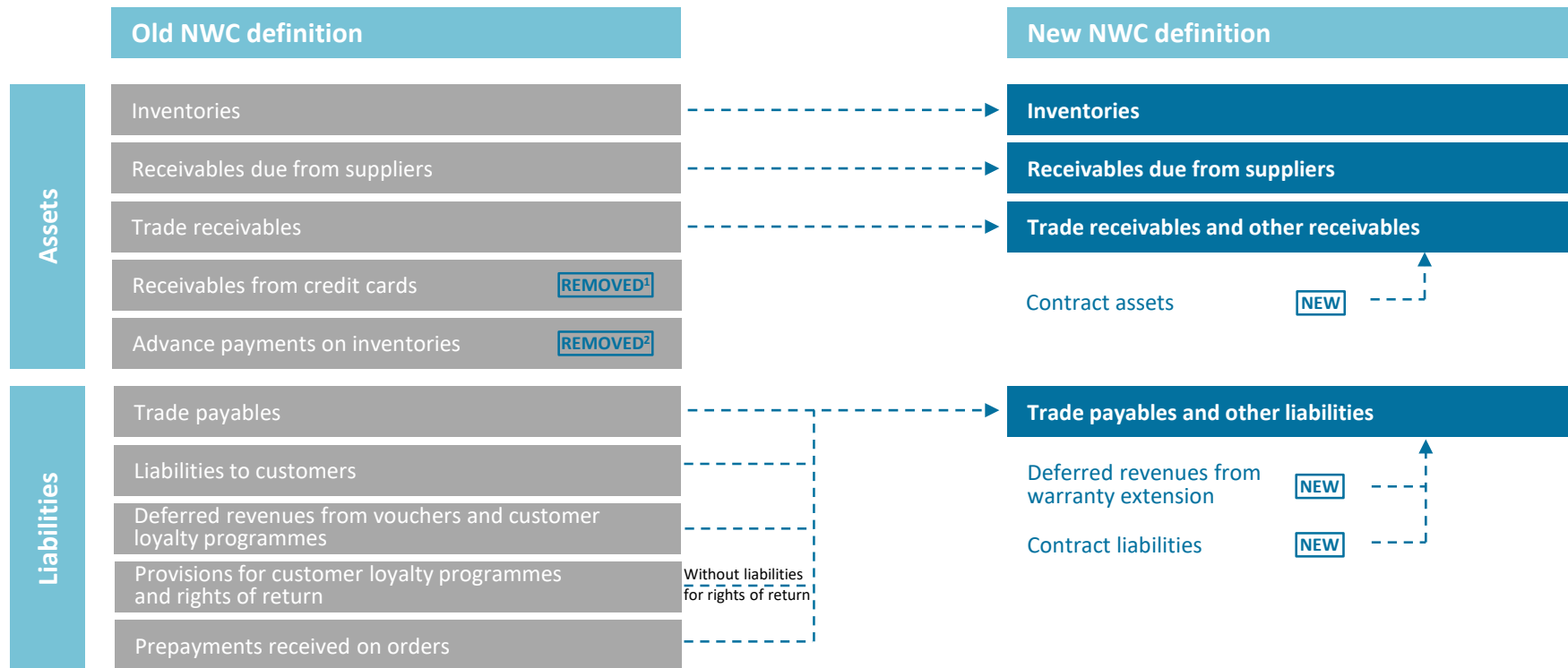
- **Selective expansion** with 1 store opening in the Netherlands
- **2 store closures** in Germany
- **Average store size reduced by c. –1%** to 2,622 sqm since September 2019, mainly due to further store rightsizings and store closures

Net Working Capital¹

€m	30/09/2018	31/12/2018	Change	30/09/2019	31/12/2019	Change
Inventories	2,480	3,229	749	2,548	3,348	801
Trade receivables and other receivables	610	579	-32	455	543	87
Receivables due from suppliers	1,241	1,789	549	1,295	1,851	556
Trade payables and other payables	-5,745	-8,136	-2,391	-5,321	-7,857	-2,536
Net Working Capital	-1,415	-2,539	-1,124	-1,023	-2,115	-1,092

¹ Prior year adjustments due to changes in presentation and definition

New simplified NWC definition as of Q1 2019/20 with all items easily readable from balance sheet positions



¹ Reclassified as Cash and cash equivalent due to similar character ² Removed due to non-material amount

Comparison of new vs old NWC definitions

		30/09/2018	30/09/2019	
Old	€m			
	Inventories	2,480	2,548	
	Trade receivables and similar claims	613	417	
	Receivables due from suppliers	1,239	1,295	
	Receivables from credit cards	71	51	
	Advance payments on inventories	0	1	
	Trade payables and similar payables	-5,277	-4,914	
	Liabilities to customers	-45	-13	
	Deferred revenues from vouchers and customer loyalty programmes	-137	-133	
	Provisions for customer loyalty programmes and rights of return	-23	-22	
Prepayments received on orders	-46	-45		
	Net Working Capital	-1,125	-815	
New	€m			
	Inventories	2,480	2,548	
	Trade receivables and other receivables	610	455	
	Receivables due from suppliers	1,241	1,295	
	Trade payables and other payables	-5,745	-5,321	
		Net Working Capital	-1,415	-1,023

- NWC becomes easily readable from balance sheet positions
- New definition ensures completeness of NWC positions
- Due to revised disclosure under new definition, NWC is more negative than under old definition
- Redefinition has no economic impact

IFRS 16 applied as of 1 October 2019 - estimated P&L impact in FY 19/20

	ESTIMATED EFFECT ¹	
Leasing expenses	▼	Decrease by 525-565 €m as leasing expenses are recognized as D&A and interest cost
EBITDA	▲	Increase by 525-565 €m equalling the amount of leasing expenses
D&A	▲	Increase by 515-555 €m due to depreciation of capitalized operating lease asset
EBIT	▲	Increase by approx. 5-15 €m as lease expense is replaced by D&A and interest
Interest expense	▲	Increase by a low double-digit €m amount due to interest cost component
Earnings before taxes	▼	Reduce by a low single-digit €m amount due to higher interest during first years

¹ Estimated effect on financials of FY 19/20 as first year of IFRS 16 application; financial effects based on preliminary and unaudited impact analysis as of 11 November 2019.

IFRS 16 applied as of 1 October 2019 - estimated balance sheet and cash flow impact in FY 19/20

	ESTIMATED EFFECT ¹	
Assets	▲	Increase by around 2.3 €bn due to recognition of lease contracts as rights of use assets
Liabilities	▲	Increase by around 2.4 €bn due to recognition of lease contracts as lease liabilities
ESTIMATED EFFECT ¹		
Operating CF	▲	Increase by 525-565 €m as leasing expenses shift to financing CF
Financing CF	▼	Decrease by 525-565 €m as leasing expenses are recognized as interest and amortization

¹ Estimated effect on financials of FY 19/20 as first year of IFRS 16 application; financial effects based on preliminary and unaudited impact analysis as of 11 November 2019.

Financial calendar and events

Financial calendar

Annual General Meeting	12 February 2020
Capital Markets Day	26 March 2020
Q2/H1 2019/20 results	14 May 2020
Q3/9M 2019/20 results	13 August 2020
Q4/FY 2019/20 trading statement	23 October 2020
FY 2019/20 results	15 December 2020

Upcoming events

Roadshow London	10 February 2020
Roadshow Paris	18 February 2020

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