



# Results Presentation Q1 2021/22

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7 February 2022

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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.

In the document, the term "CECONOMY" will be used (for simplicity reasons) also in situations where the business of MediaMarktSaturn Retail Group is concerned.



1

REVIEW Q1 21/22

2

FINANCIAL PERFORMANCE

3

OUTLOOK





## Staying focused during crisis

- ▶ **We delivered a robust performance** while coping with continued COVID restrictions in Germany, the Netherlands and Austria as well as supply shortages and a cyberattack
- ▶ **We further improved operationally** and enhanced our customer-centric omnichannel experience
- ▶ **We continue to implement our strategy** and will emerge stronger from the crisis



# Robust performance – Q1 in line with pre-pandemic levels despite severe headwinds

## 01

Below record-breaking PY, but resilient development with sales of 6.9 €bn, an improved gross margin and an EBIT<sup>1</sup> of 274 €m

## 02

External factors like COVID and supply shortages aggravated performance in Q1 21/22

## 03

Countries with no/less severe COVID restrictions performed well – offline and online

## 04

Total sales<sup>2</sup> grew +2.9% and online sales grew more than 80% compared to pre-pandemic levels<sup>3</sup>

<sup>1</sup>Excl. associates and non-recurring effects and adj. for portfolio changes.

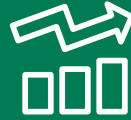
<sup>2</sup>Adj. for currency and portfolio change effects.

<sup>3</sup>Pre-pandemic level = Q1 19/20.

# Current market environment makes PY comparison difficult

Q1 20/21

## Previous year



- ▶ Pulled forward Christmas demand with **high momentum in Consumer Electronics**
- ▶ **Less severe restrictions**, temporary store closures in 14% of stores on average
- ▶ **Government support** and VAT reduction in DE

Q1 21/22

## Current year



- ▶ **External headwinds:** COVID restrictions, supply shortage and cyberattack
- ▶ **Frequency drop of up to ~40% in-stores** (DE, AT, NL) compared to 19/20 due to various COVID restrictions
- ▶ **Little to no government support**



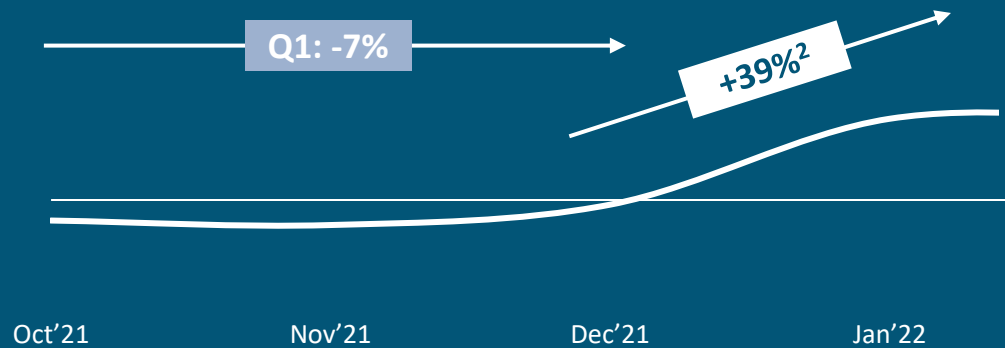
# Group-wide campaigns well managed



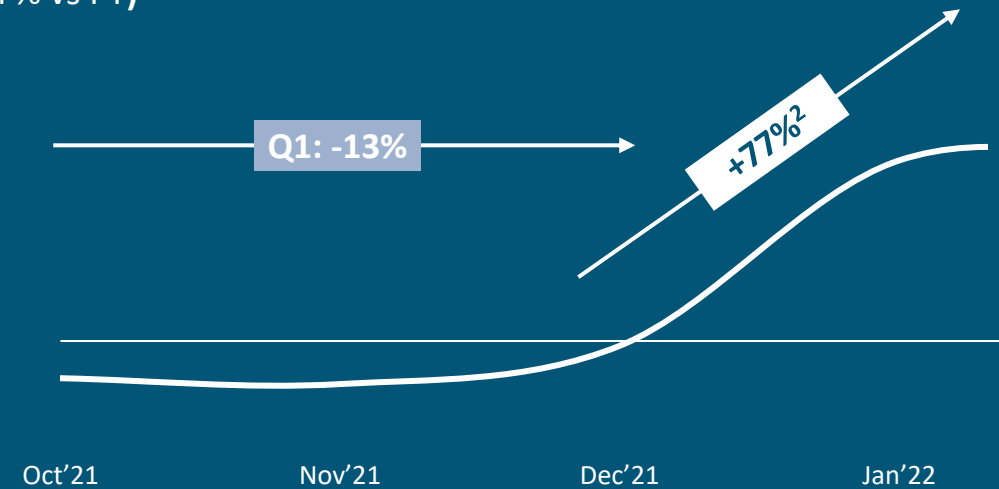
- + European-wide “black campaigns” carried out successfully in all of our 13 country organizations
  - + Total sales in Black November campaign period above 19/20 levels, online sales doubled
  - + Campaigns addressed excess inventory in certain product categories
- 
- COVID restrictions negatively impacting store frequency and consumer sentiment
  - Black Friday offering less attractive due to product shortages as suppliers couldn’t match demand
  - Cyberattack temporarily affected functionalities and customer confidence, especially during Singles’ Week

# Very encouraging uplift of our business since mid-December

Sales trend<sup>1</sup> CECONOMY Group  
(in % vs PY)



Sales trend<sup>1</sup> CECONOMY Germany  
(in % vs PY)



- ▶ **Positive momentum since CW 50**, total sales for CECONOMY on PY level for the 4M 21/22 period
- ▶ Support from low PY base and **proven ability to perform** once stores are allowed to open
- ▶ Brick-and-mortar growth to **facilitate profitable Services & Solutions** business

<sup>1</sup>Adj. for currency and portfolio change effects . <sup>2</sup>Period from 15 December 2021 to 31 January 2022 .



# Omnichannel: Strong focus on execution

## NPS +7 points



- ▶ Currently 50 (vs 43 in PY)
- ▶ Improved in-store & online

## Marketplace



- ▶ Grew strongly yoy in Q1

> 4x

GMV

> 4.5x

Sellers

> 5x

SKUs

## After Sales Spain



- ▶ Close collaboration with industry partners
- ▶ Shorter repair turnaround

## Logistics & Delivery



- ▶ Customer satisfaction with our delivery promise improving
- ▶ More than 50% of logistic network overhaul delivered

“ Fair prices, good service plus option to pick up online orders in the stores without delivery fees, which is great ”  
[NPS quote – Online experience – Pick-up]



“ You need better communication regarding current status of order and easier access to staff via phone ”  
[NPS quote – After sales repairs]



“ I am very satisfied with my purchase decision, based on the very good, patient and friendly advice ”  
[NPS quote – Store experience]



## Customized after sales solutions in Spain

- ▶ We push after sales and turn them into an element of customer loyalty
- ▶ New customer centric processes in Spain, including end-to-end responsibilities for inquiries, led to a significant NPS increase
- ▶ Newly established repair facilities in cooperation with several partner brands reduced repair turnaround time by 35%
- ▶ Wide scope of services including 2<sup>nd</sup> level technical support via call centers



**NPS +17**

After Sales Spain NPS vs Q1 20/21



**96k repairs**

in Q1 21/22

# Strongly growing marketplace

- ▶ Marketplace running in Germany and Spain, expansion to Austria and Netherlands to come in 2022
- ▶ Wide range of assortment (> 500 sellers offer > 400k SKUs) complemented by new categories
- ▶ Strong GMV<sup>1</sup> growth and attractive margin contribution
- ▶ Spanish marketplace operations with break-even in first quarter after launch

<sup>1</sup>GMV = gross merchandise value.



**EBIT  
accretive**



Q1 20/21: 4.5 €m  
Q1 21/22: 20.1 €m

**>100 €m**

FY 21/22 GMV<sup>1</sup> ambition



# Optimizing logistics and delivery

- ▶ Fulfillment lead-times in our warehouses significantly reduced, improvement compared to previous periods of up to >40% in some countries
- ▶ New urban hubs make home deliveries more convenient for customers and more efficient for the organization
- ▶ Together with improvements in our logistic network we free up capacity in our stores, avoid dual handling and consolidate deliveries



**NPS +6**

Delivery & Pick-up NPS  
vs Q1 20/21



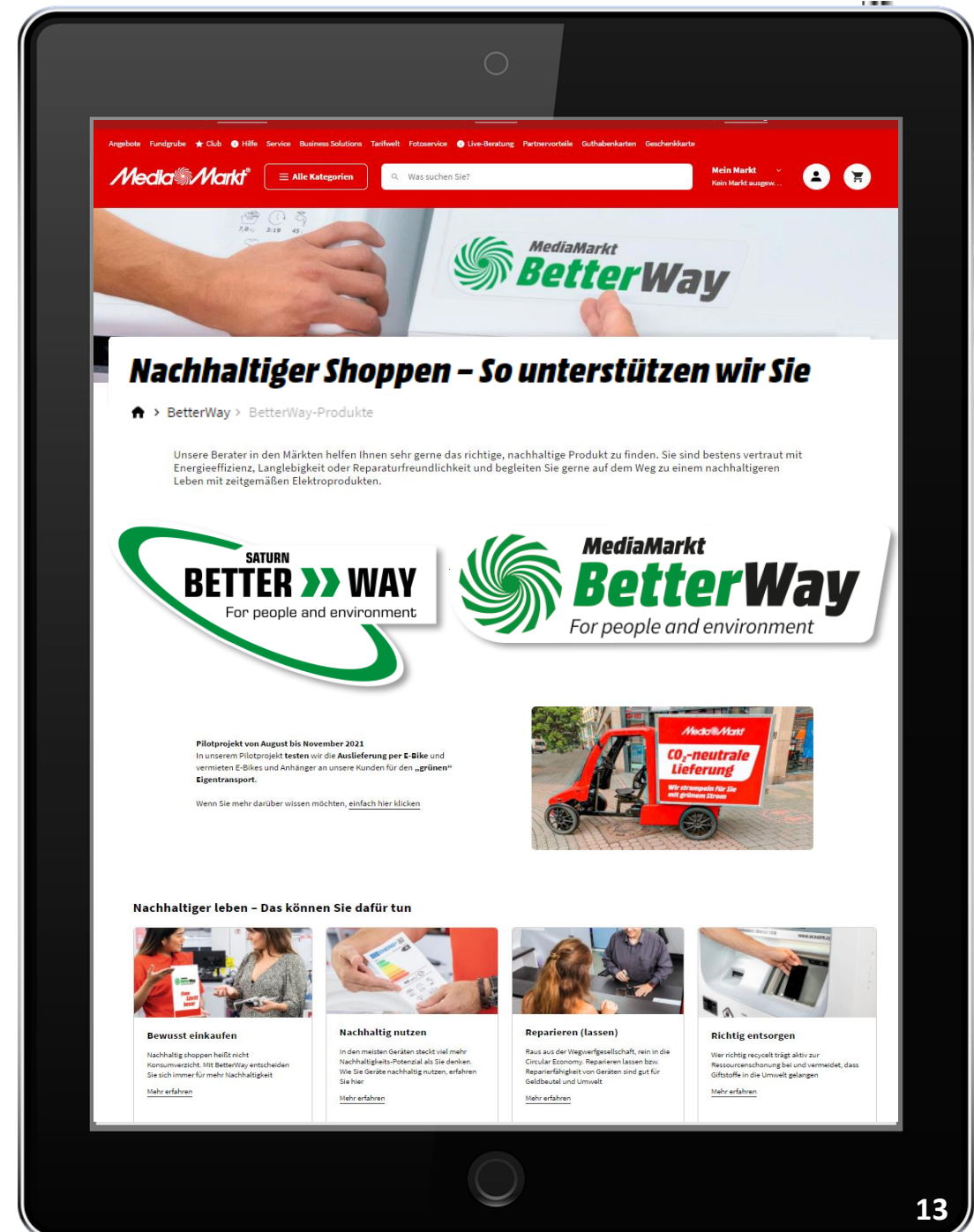
**>75%**

of pick-up orders available  
within 30 minutes



# Together on the BetterWay – Sustainability

- ▶ Launch of our umbrella logo “BetterWay” for a sustainable lifestyle in consumer electronics
- ▶ Products certified along key dimensions: socially responsible manufacturing, materials used, emissions and energy efficiency or recyclability of a product
- ▶ Logo as group-wide standard for all sustainability activities
- ▶ Doubling of “BetterWay” products (currently >1,000) targeted until 2023





1

**OVERVIEW**

2

**FINANCIAL PERFORMANCE**

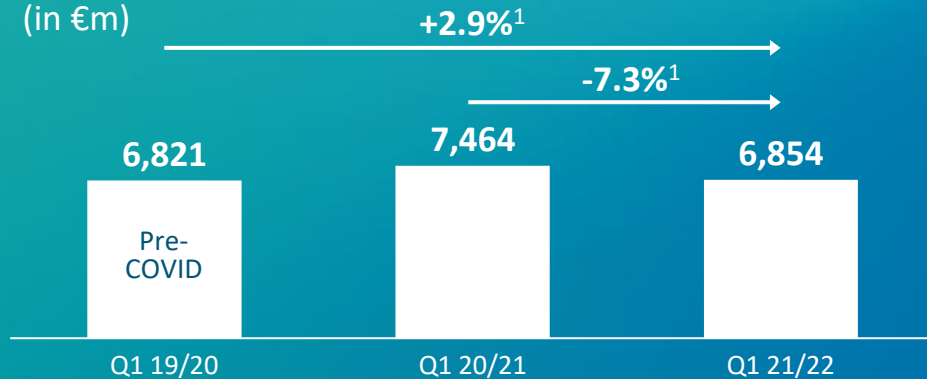
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**OUTLOOK**

# Solid sales and EBIT weathering adverse market conditions



**Total sales**  
(in €m)

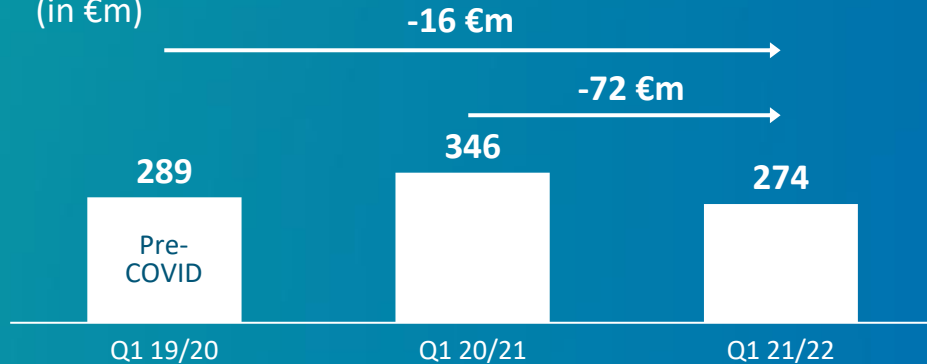


▶ Sales below exceptional prior year, yet above pre-pandemic levels of FY 19/20

▶ Negative impact of COVID-related restrictions in key countries, supply chain disruptions, inflationary pressure and the cyberattack in November



**Adj. EBIT<sup>2</sup>**  
(in €m)



▶ Adj. EBIT close to PPY level despite adverse market conditions and external one-time effects

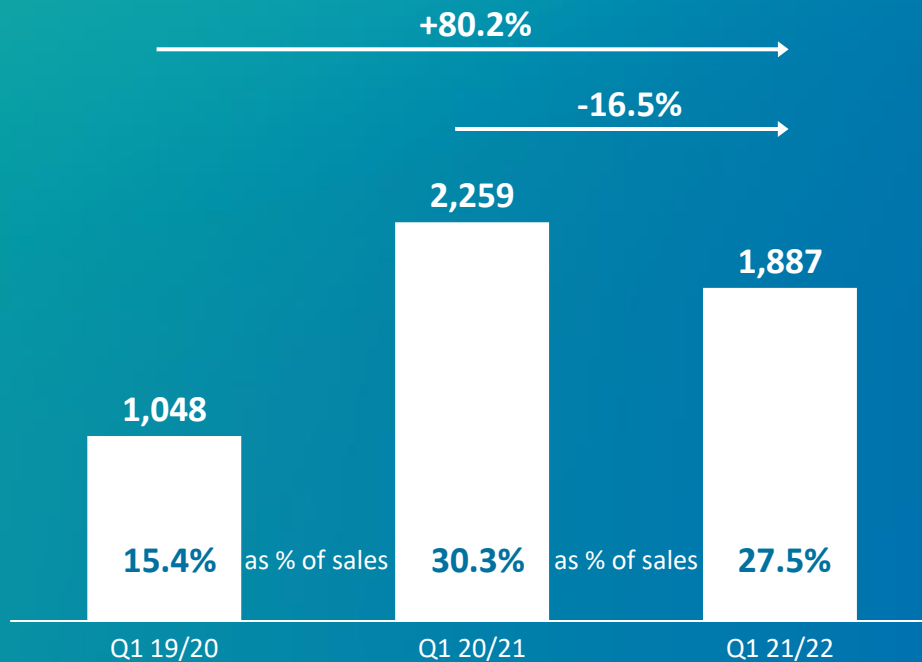
▶ Underlying cost base reduced versus PY and PPY following the implementation of our new Operating Model

<sup>1</sup>Adj. for currency and portfolio change effects. <sup>2</sup>Excl. associates, adj. for portfolio changes and excl. non-recurring effects in connection with (1) COVID-related store closures, (2) the introduction of the new Operating Model and (3) expenses in connection with the acquisition of the minority shareholding in MediaMarktSaturn as well as the reorganization and simplification of the corporate structure.

# Online sales remain substantially above pre-pandemic levels



Online sales  
(in €m)



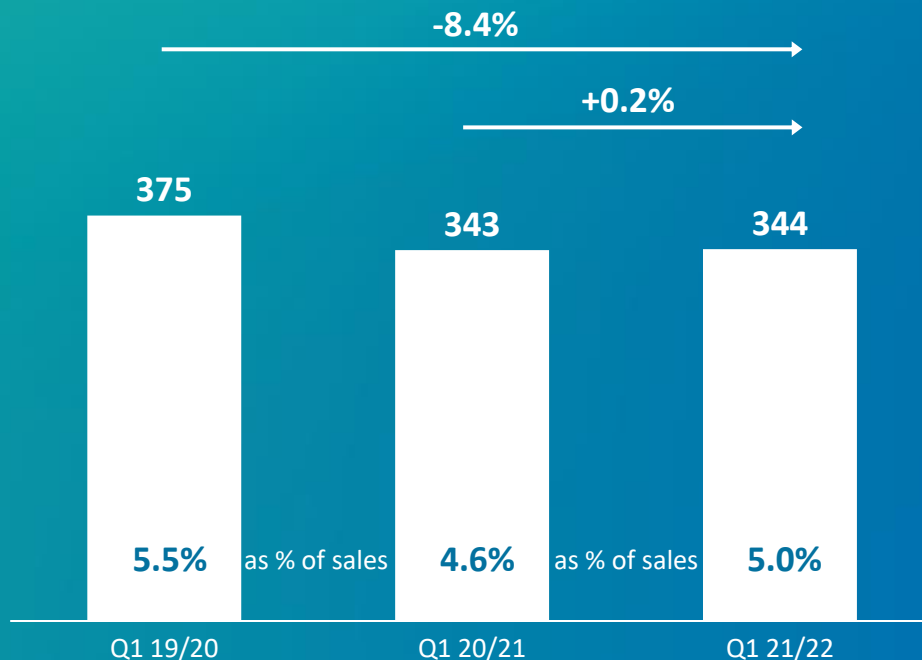
- ▶ Online share remains on sustainably elevated levels
- ▶ Absolute online sales development adversely impacted by limited product availability and cyberattack
- ▶ Pick-up ratio improved to 36% (+4%p. yoy) despite COVID-related restrictions in brick-and-mortar business



# Stable Services & Solutions business despite lower group sales



## Services & Solutions sales (in €m)

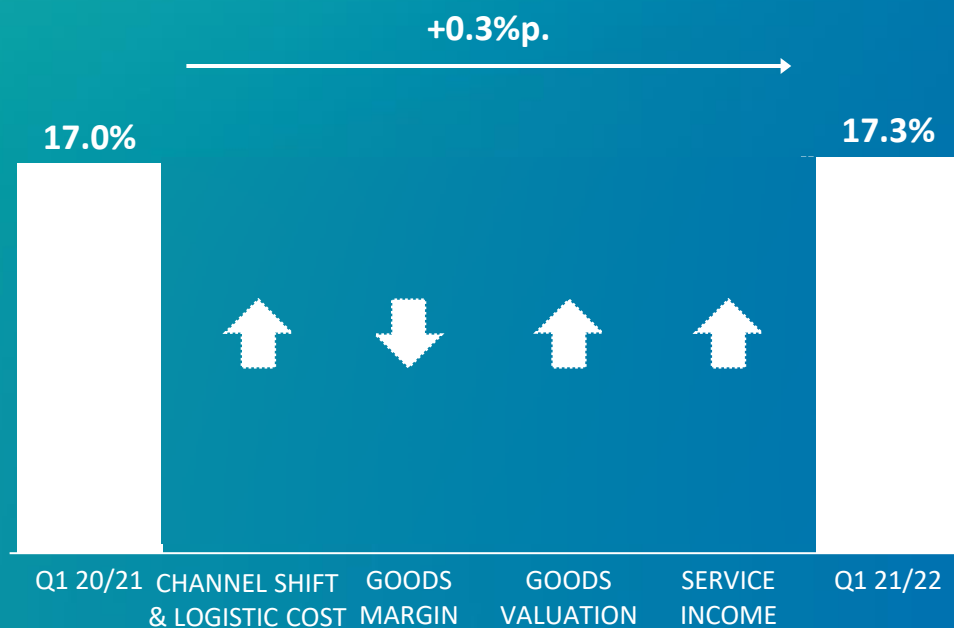


- ▶ Stable Services & Solutions sales against reduced store frequency, lower sales and more transactional business
- ▶ Insufficient product availability in categories with high attachment rate
- ▶ Improvement in operational attachment rate both online and offline
- ▶ Recently improved functionalities and service enhancements should additionally support Services & Solutions sales in the expected more favorable business conditions in the next quarters

# Various factors contributed to a higher gross margin



**Gross margin**  
(as % of sales)

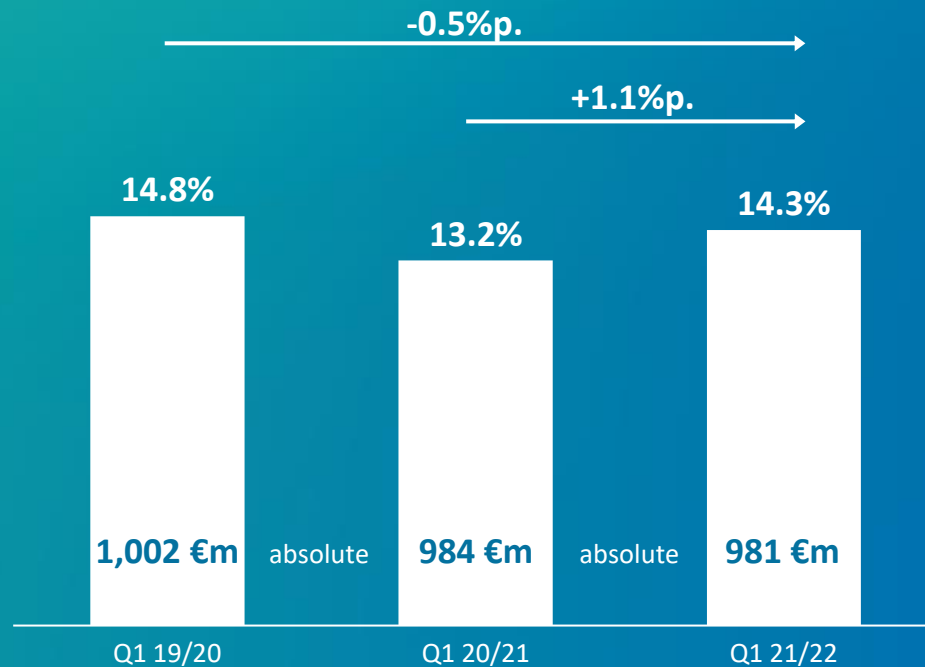


- ▶ Positive impact from channel shift and customer delivery thanks to lower online share and improved pick-up ratio
- ▶ Competitive environment and availability of goods weighing on goods margin.
- ▶ Planned stock cleaning efforts impacting goods margin negatively and goods valuation positively
- ▶ Higher share of Services & Solutions business driven by online

# Reduced operational costs and lower COVID-related subsidies



**OPEX<sup>1</sup>**  
(as % of sales)



- ▶ Stable absolute OPEX amount achieved despite lower COVID-related state subsidies
- ▶ OPEX ratio reduction of 0.5%p. compared to pre-COVID levels driven by savings from implementation of new Operating Model
- ▶ Operational cost savings as a response to reduced store frequency on top of an overall already improved cost base

<sup>1</sup>Excl. associates and non-recurring effects and adj. for portfolio changes.

# All segments except DACH on par with PY & well ahead of pre-pandemic levels

## DACH

€m / %	Q1 21/22
<b>Total sales</b>	<b>3,919</b>
Growth in LC <sup>1</sup>	-11.5%
Reported yoy change	-11.4%
<b>Adj. EBIT<sup>2</sup></b>	<b>180</b>
Adj. EBIT margin	4.6%
<b>Adj. EBIT yoy change</b>	<b>-79</b>

## EASTERN EUROPE

€m / %	Q1 21/22
<b>Total sales</b>	<b>552</b>
Growth in LC <sup>1</sup>	11.4%
Reported yoy change	-2.9%
<b>Adj. EBIT<sup>2</sup></b>	<b>23</b>
Adj. EBIT margin	4.2%
<b>Adj. EBIT yoy change</b>	<b>7</b>

## WESTERN & SOUTHERN EUROPE

€m / %	Q1 21/22
<b>Total sales</b>	<b>2,216</b>
Growth in LC <sup>1</sup>	-3.4%
Reported yoy change	-3.4%
<b>Adj. EBIT<sup>2</sup></b>	<b>73</b>
Adj. EBIT margin	3.3%
<b>Adj. EBIT yoy change</b>	<b>-1</b>

## OTHERS

€m / %	Q1 21/22
<b>Total sales</b>	<b>166</b>
Growth in LC <sup>1</sup>	-7.0%
Reported yoy change	-5.7%
<b>Adj. EBIT<sup>2</sup></b>	<b>-2</b>
Adj. EBIT margin <sup>3</sup>	-
<b>Adj. EBIT yoy change</b>	<b>1</b>

▶ **DACH** with sales- and margin-related decline in light of ongoing COVID restrictions

▶ **W. & S. Europe** with mixed picture; Spain below exceptional PY, Italy with positive sales and earnings development

▶ **E. Europe** with margin improvement in Poland; positive margin development in Turkey overcompensated cost inflation, devaluation of the Turkish lira continued

<sup>1</sup>Adj. for currency and portfolio change effects. <sup>2</sup>Excl. associates and non-recurring effects and adj. for portfolio changes. <sup>3</sup>Segment Others includes CECONOMY AG holding, hence respective EBIT margin would not offer a reasonable comparison.



# EPS decline in line with EBIT development



## EBITDA to EPS (in €m)

	Q1 20/21	Q1 21/22
<b>EBITDA</b>	<b>521</b>	<b>445</b>
<b>EBIT</b>	<b>340</b>	<b>276</b>
Net financial result	-10	-10
<b>Earnings before taxes</b>	<b>330</b>	<b>266</b>
Income taxes	-126	-106
<b>Profit or loss for the period</b>	<b>204</b>	<b>160</b>
Non-controlling interest	51	38
Net result	153	122
<b>EPS (€)</b>	<b>0.43</b>	<b>0.34</b>

▶ Reported EBIT decline in line with adj. EBIT development; only minor restructuring items in both years

▶ Stable financial result driven by higher dividends from M.video and negative FX effects

▶ Reported tax rate in Q1 with 39.8% slightly above PY (38,1%) mainly due to decline in earnings and larger impact from non-tax effective expenses

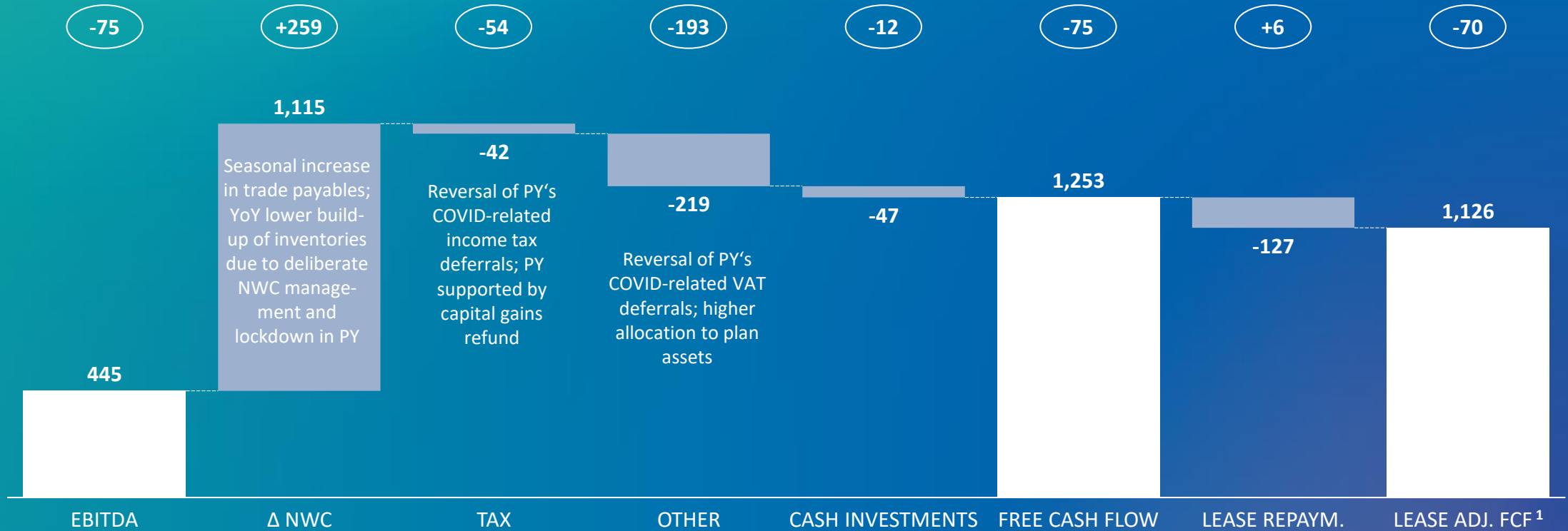
Note: From continuing operations and based on reported figures.

# Stable Free Cash Flow driven by improved inventory position



Free Cash Flow in Q1 21/22  
(in €m)

○ yoy change



<sup>1</sup>Lease adjusted FCF subtracts the repayment of lease liabilities for better FCF comparability under IFRS 16.



1

OVERVIEW

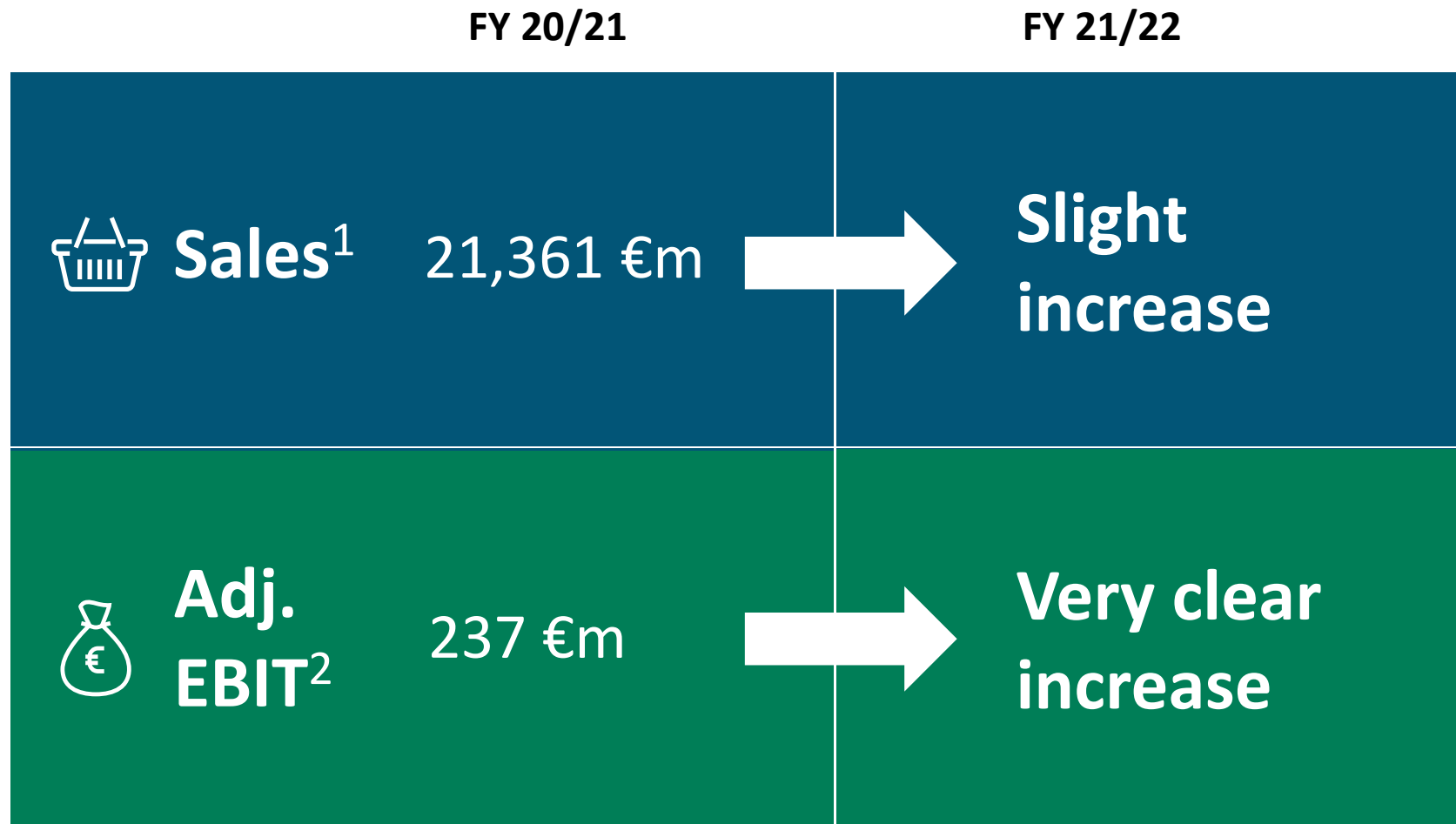
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FINANCIAL PERFORMANCE

3

OUTLOOK

# Outlook for FY 21/22 confirmed



## Key Assumptions

- ▶ Influence of the COVID pandemic less harmful as in FY 20/21 (e.g. fewer and shorter closure of stores)
- ▶ Inflation and availability of goods expected to normalize over the course of the year
- ▶ Further drivers: elevated Services & Solutions contribution, recovery of goods margin and cost savings from efficient organizational structures

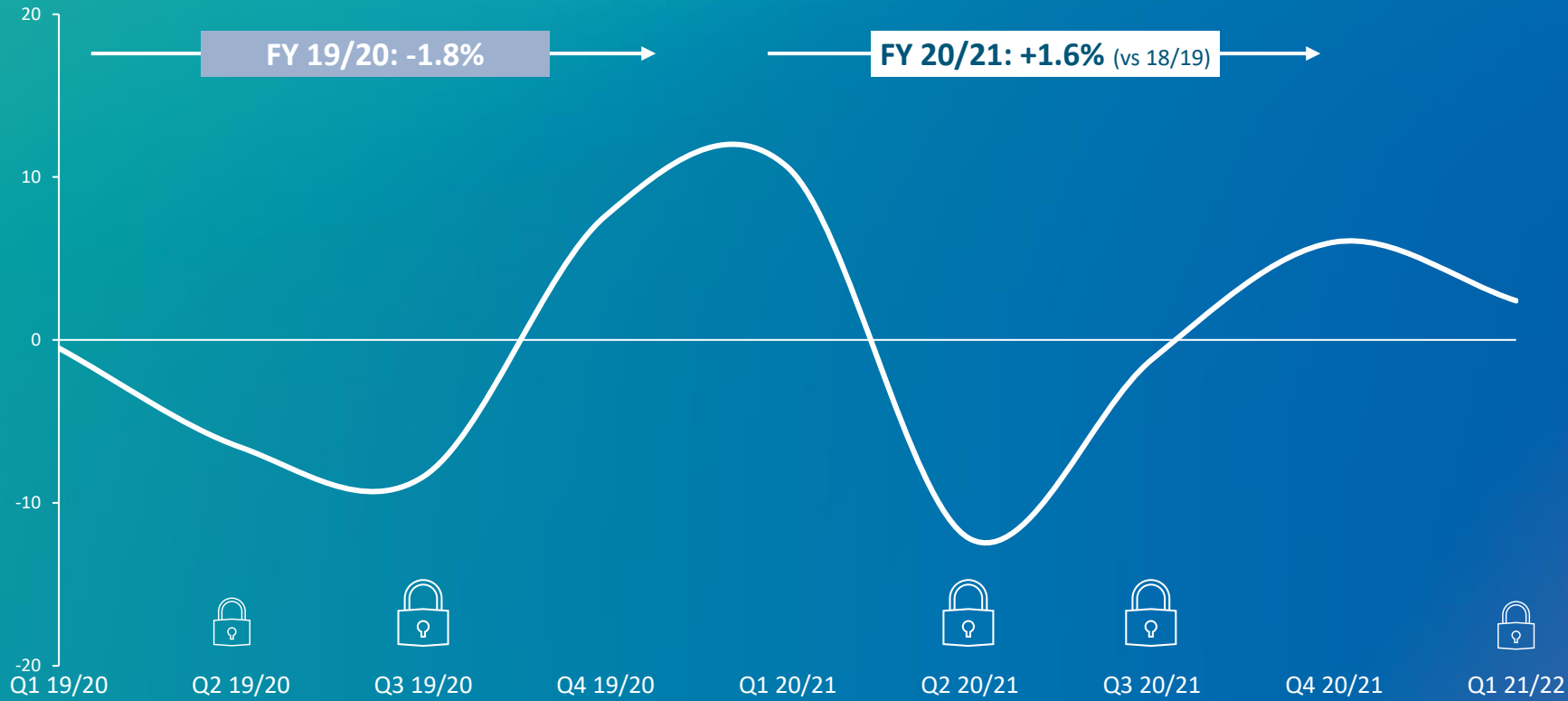
<sup>1</sup>Adj. for currency and portfolio change effects. <sup>2</sup>Excl. associates, adj. for portfolio changes and excl. non-recurring effects.  
Note: Adj. EBIT will be reduced by low double-digit €m amount following cash-neutral change in German store director model (bonus payments instead of dividend).



# Volatile sales due to COVID and related restrictions



Total sales growth<sup>1</sup>  
(in % vs 18/19)



- ▶ Volatile sales development since Q2 19/20 due to lockdowns and the boost from pent-up demand
- ▶ Development above pre-pandemic levels continues in Q1 21/22
- ▶ Q2 21/22 to benefit from fewer COVID restrictions and low PY base

<sup>1</sup>Adj. for currency and portfolio change effects.



## In a nutshell

- ▶ Robust performance and confirmation of guidance
- ▶ Easing of COVID restrictions leads to immediate sales uplift, double-digit growth since mid-December
- ▶ Further transformational steps achieved, with strong improvement of in-store experience and logistics network, while full benefits of omnichannel model yet to materialize
- ▶ Consumer Electronics market remains fundamentally attractive, goods availability to normalize over the course of FY 21/22
- ▶ We are implementing our strategy despite adverse general conditions

# Q&A



**Dr Karsten Wildberger**



**Florian Wieser**

# Financial calendar

**Annual General Meeting**

9 FEBRUARY 2022



**Extraordinary General Meeting**

12 APRIL 2022



**Q2/H1 21/22  
results**

13 MAY 2022



**Q3/9M 21/22  
results**

11 AUGUST 2022



**Q4/FY 21/22  
trading statement**

26 OCTOBER 2022



**Q4/FY 21/22  
results**

15 DECEMBER 2022





# Upcoming events

**CFO Roadshow (Baader - DACH region)**

14 FEBRUARY 2022



**CEO Roadshow (Kepler)**

16 FEBRUARY 2022



**Jefferies Pan-European Mid-Cap**

31 MARCH 2022



# Contact

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# APPENDIX

# Envisaged timeline of the transaction with Convergenta Invest GmbH

**9 February 2022**

**Late February 2022**

**12 April 2022**

**Q3/Q4 2021/22**

**Annual General Meeting**

Dividend payment up for approval

**Convocation of  
extraordinary General  
Meeting**

After Annual General Meeting

**Extraordinary General  
Meeting**

Capital increase and convertible  
bonds to be voted by ordinary  
shareholders

**Closing**

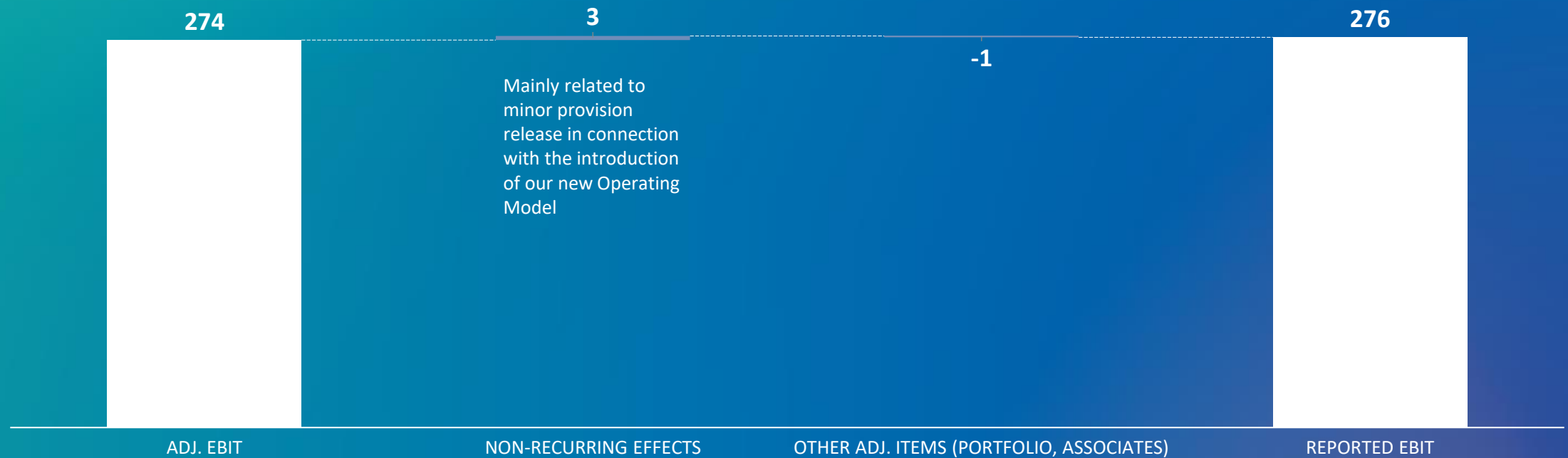
Earliest end of May 2022 –  
Timing i.a. subject to registration of  
capital increase



# Reported EBIT included only minor non-recurring effects or other Adj. items



Adj. EBIT<sup>1</sup> excl. associates to reported EBIT in Q1 21/22  
(€m)



<sup>1</sup>Excl. non-recurring effects and adj. for portfolio changes.

# Net Working Capital

€m	30/09/2020	31/12/2020	Change	30/09/2021	31/12/2021	Change
Inventories	2,949	3,668	719	3,111	3,611	500
Trade receivables and similar claims	488	493	4	361	415	53
Receivables due from suppliers	1,302	1,834	532	1,142	1,701	559
Trade liabilities and similar liabilities	-5,996	-8,109	-2,113	-5,470	-7,653	-2,183
<b>Net Working Capital</b>	<b>-1,256</b>	<b>-2,114</b>	<b>-858</b>	<b>-855</b>	<b>-1,926</b>	<b>-1,071</b>

# All segments except DACH ahead of pre-pandemic levels of 19/20

## DACH

€m / %	Q1 21/22
Total sales	3,919
Growth in LC vs PPY <sup>1</sup>	-3.4%
Adj. EBIT <sup>2</sup>	180
Adj. EBIT margin	4.6%
Adj. EBIT change vs PPY	-67

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€m / %	Q1 21/22
Total sales	552
Growth in LC vs PPY <sup>1</sup>	35.3%
Adj. EBIT <sup>2</sup>	23
Adj. EBIT margin	4.2%
Adj. EBIT change vs PPY	16

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Adj. EBIT change vs PPY	13

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**CECONOMY**