



Q2/H1 2019/20

RESULTS PRESENTATION

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Düsseldorf, 14 May 2020

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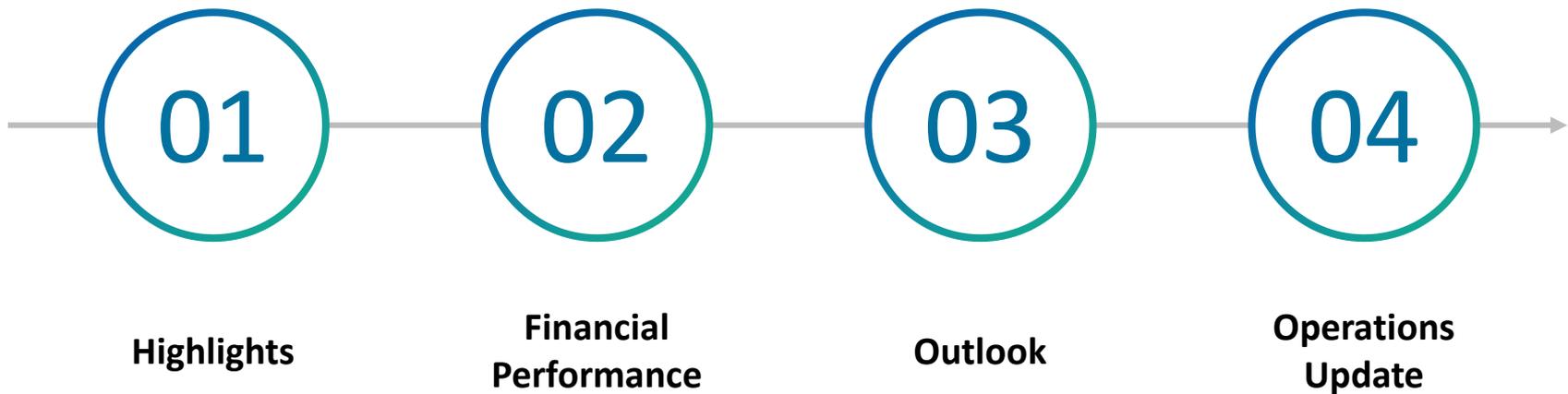
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All numbers shown are as reported, unless otherwise stated. All amounts are stated in million euros (€ million) unless otherwise indicated. Amounts below €0.5 million are rounded and reported as 0. Rounding differences may occur.

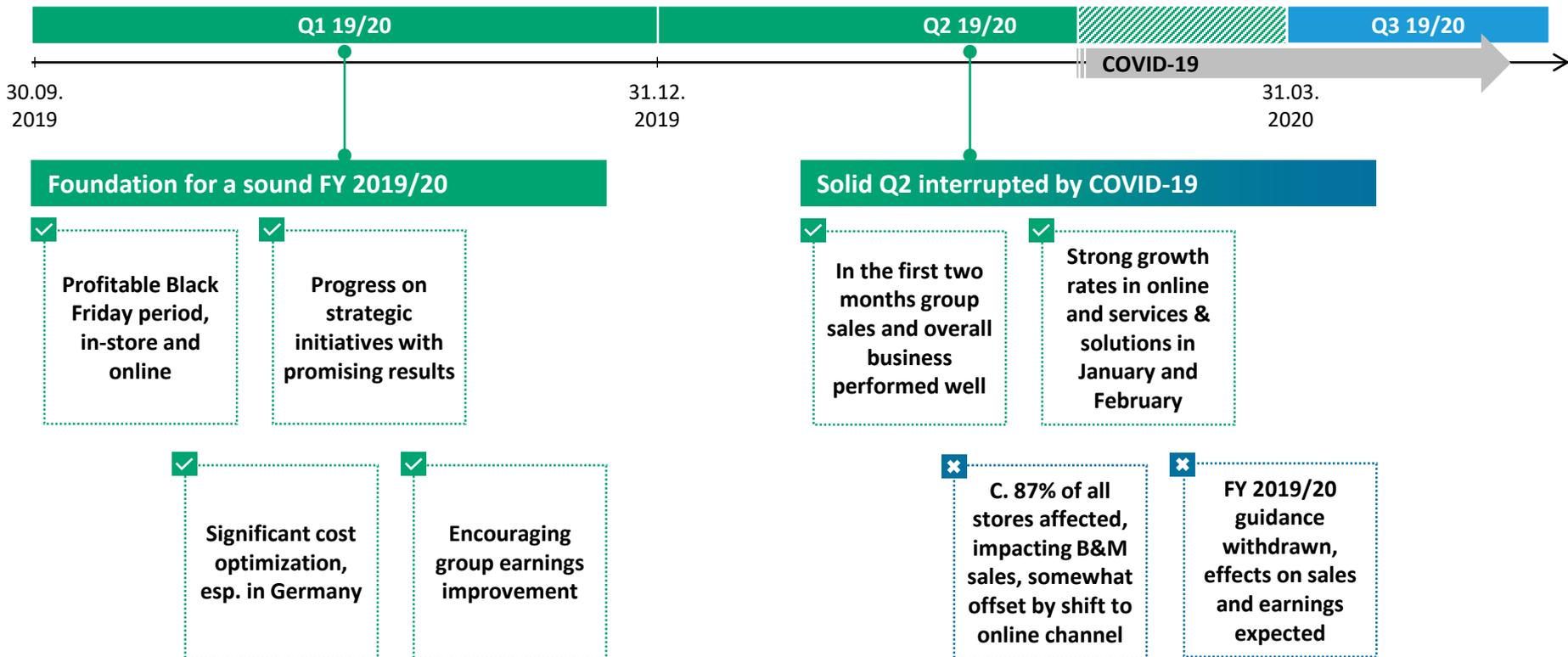
Agenda



01

Highlights

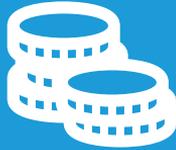
After a solid start into FY 2019/20, the second quarter started off well, but was then impacted by the outbreak of COVID-19



CECONOMY has adopted a successful pro-active crisis management approach to mitigate COVID-19 impacts



Ensuring a safe environment for employees and customers



Implementing comprehensive cost and liquidity measures



Preparing for the reopening and a strong commercial comeback

CECONOMY has increased its financial flexibility by safeguarding and expanding access to substantial back-up lines

1.7 €bn RCF

KFW
& banking consortium



Ensures **access to additional liquidity** in an unprecedented time



Sufficient back-up even for **potentially longer lock-down and a possible second wave**



Mitigation of current COVID-19 impact



Underpins our continued prudent financial policy

CECONOMY's Q2 19/20 in a nutshell



Strong performance in January and February



Sales performance and gross margin in March strongly impacted by COVID-19 related store closures



Marked increase in pure online sales in March, supported by successful adaption of business model (shipment-from-store)



Lack of sales in combination with high operating leverage led to substantial bottom-line impact



Successful, proactive crisis management incl. immediate initiation of short-term cost and liquidity mitigation measures



Impairment of Fnac Darty stake

The negative impact of the COVID-19 pandemic is already evident in the Q2 financial figures

-6.6%

Sales change yoy
adjusted for fx-effects and
portfolio changes

-131 €m

Adj. EBIT^{1,2}
excl. associates³
-157 €m vs. PY

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

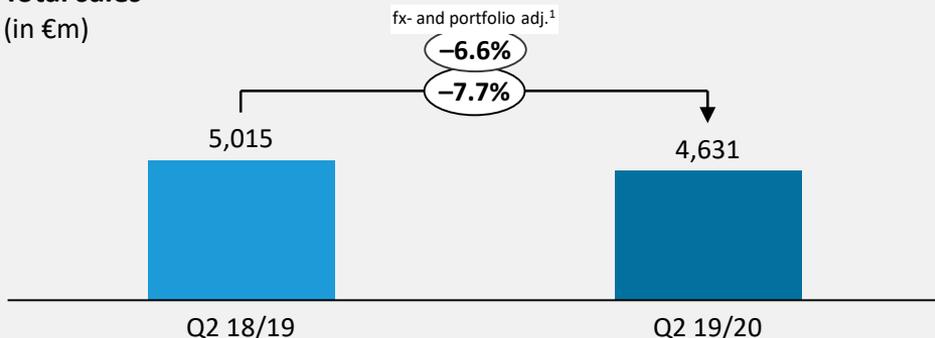
02

Financial Performance

Sales decline driven exclusively by COVID-19 related store closures

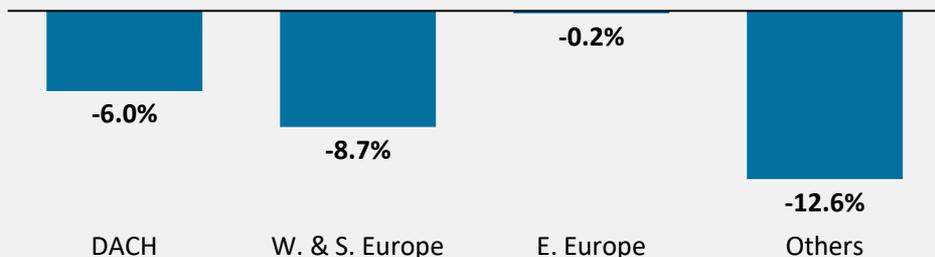
Q2

Total sales
(in €m)



Sales by segment

(fx- and portfolio adj.¹, yoy change)



¹Excluding Greek MediaMarkt business (portfolio adjustment).

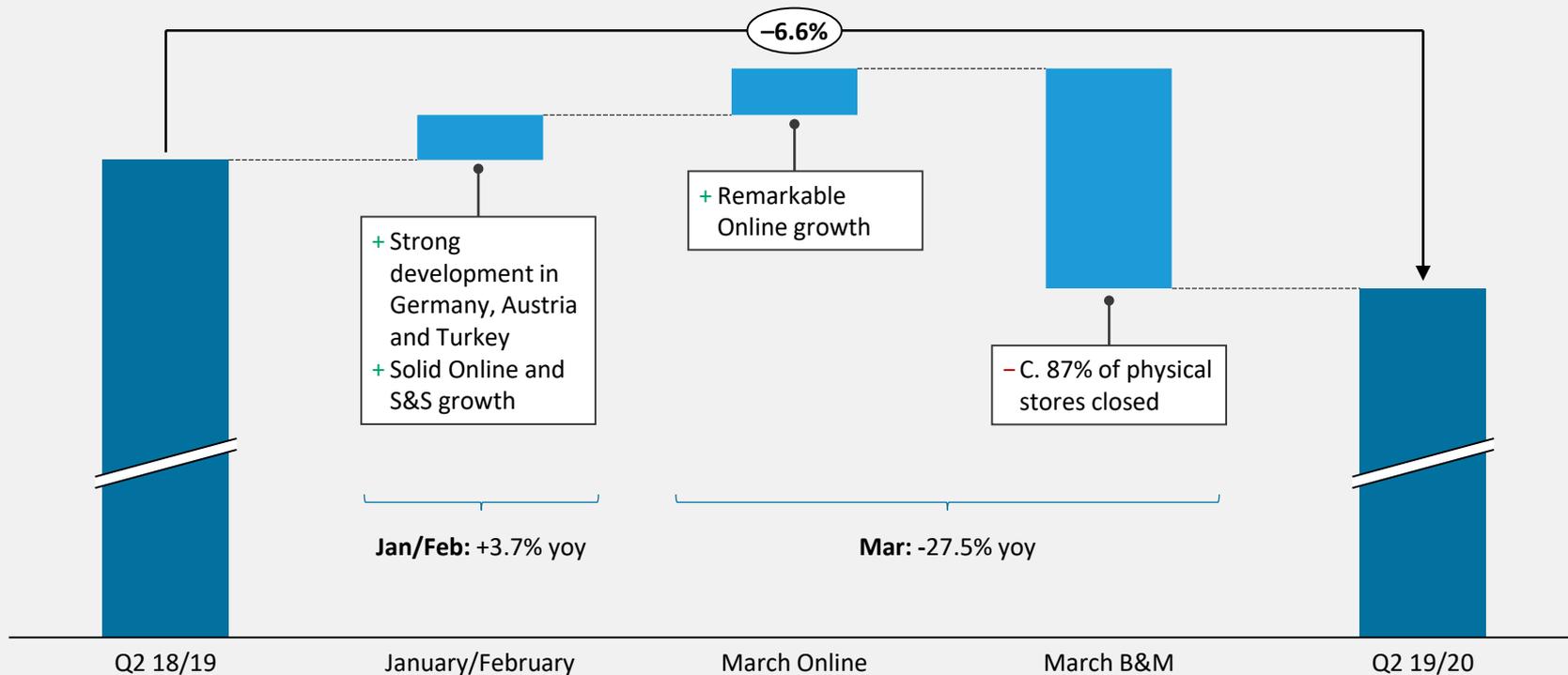
Q2 Highlights

- **Fx- and portfolio adjusted¹ sales excl. iBood at -6.3%**
- **DACH:** Germany, Austria and Switzerland impacted by store closures in March; Hungary continued to grow solidly
- **Western & Southern Europe:** Italy and Spain faced strong decline, largely driven by store closures; sales in the Netherlands on PY's level
- **Eastern Europe:** Turkey with solid double-digit growth despite store closures; Poland impacted by early store closures
- **Others:** Positive sales momentum in Sweden; segment decline due to disposal of iBood

Closure of c. 87% of our physical stores led to a drop in Group sales of around 28% in March

Q2

Sales development (fx- and portfolio adj.¹, yoy change)

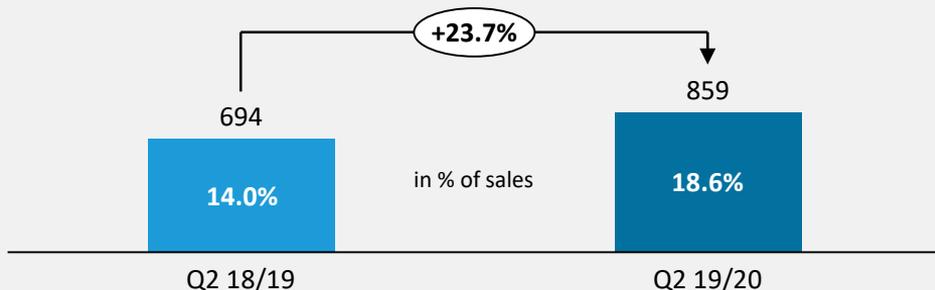


¹Excluding Greek MediaMarkt business (portfolio adjustment).

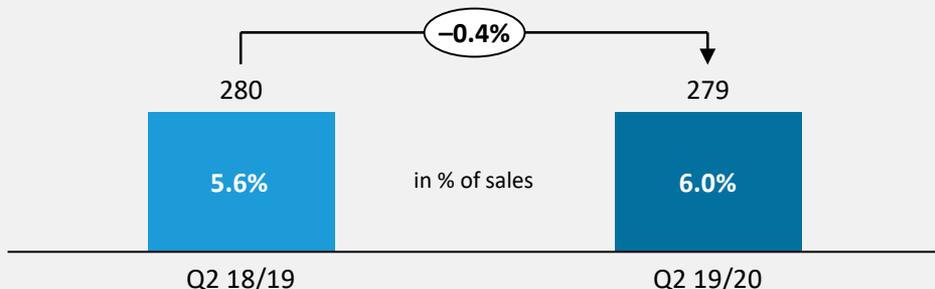
COVID-19-related channel shift in March led to strong growth in Online, while it was a headwind for Services & Solutions

Q2

Online sales¹
(in €m)



Services & Solutions sales¹
(in €m)



Q2 Highlights

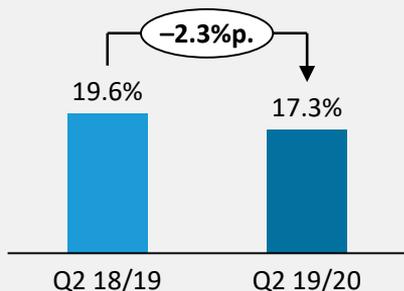
- Online¹ growth +26.9% excl. iBood
- Doubling of pure online¹ sales in March (+98%) with further ramp-up in April (approx. +300%)
- Shipment from store facilitated to support online sales
- Pick-up option (only partly available to customers in March) at 34% vs. 47% in PY
- Services & Solutions sales on PY's level after double-digit increase in the first 2 months of Q2
- Strong demand for extended warranties and insurances, other categories below PY due to COVID-19 impact

¹Excluding Greek MediaMarkt business (portfolio adjustment).

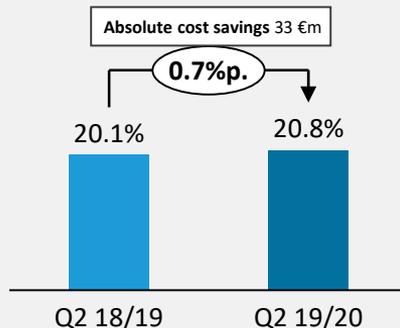
EBIT decline essentially attributable to negative sales and margin development in connection with COVID-19 store closures

Q2

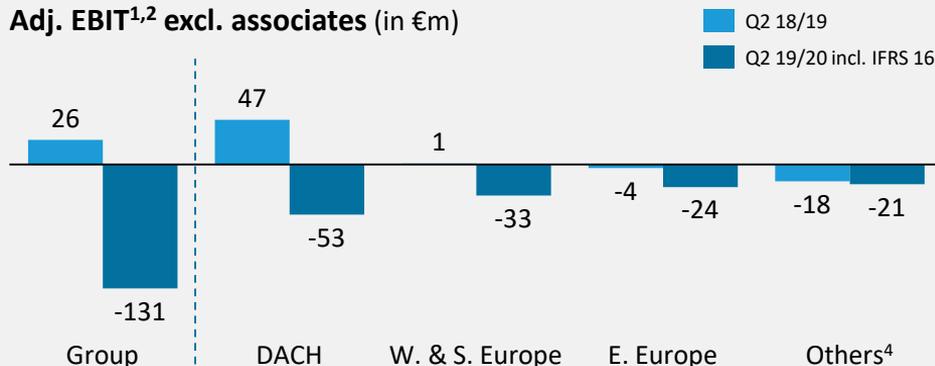
Gross margin^{1,2} (in % of sales)



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



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



Q2 Highlights

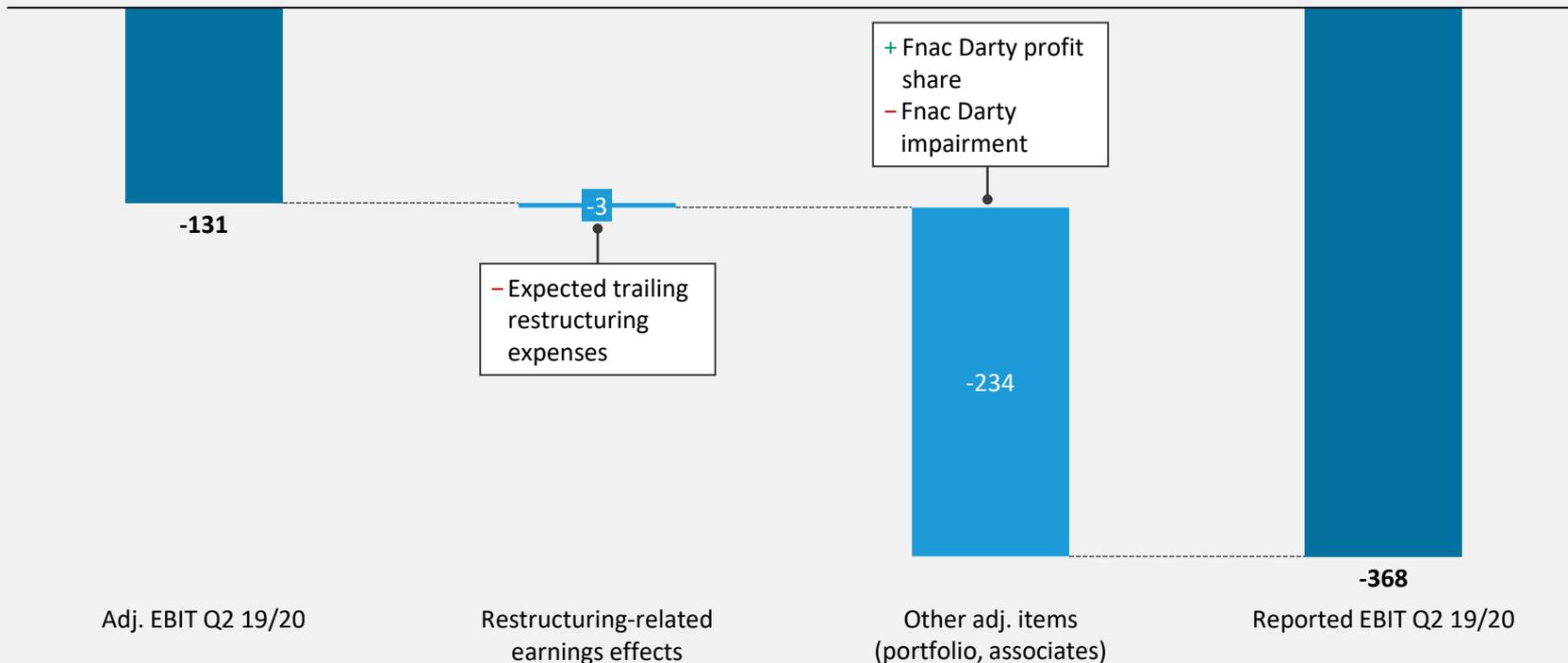
- **Positive trend development of the gross margin** in January/February; in March, **gross margin impacted** by channel and product mix, higher delivery costs and stock-related effects
- **Initial COVID-19 cost measures had a smaller positive impact**; full impact materializing in April
- **DACH / W. & S. Europe:** Sales- and margin-related decline in Germany, Spain and Italy due to store closures; also Netherlands below PY
- **Eastern Europe:** Poland with ongoing earnings weakness
- **Others:** Declining earnings in Sweden

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

Reported EBIT additionally impacted by impairment of Fnac Darty stake

Q2

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



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 impacted by lower operational earnings and Fnac Darty impairment

€m	Q2 2018/19	Q2 2019/20	Change
EBITDA	83	102	19
EBIT	19	-368	-387
Net financial result	14	-23	-37
Earnings before taxes	33	-391	-424
Income taxes	-13	82	95
Tax rate	40.3%	20.9%	-19.5%p.
Profit or loss for the period	20	-309	-329
Non-controlling interest	-5	-15	-10
Net result	25	-295	-320
EPS (in €)	0.07	-0.82	-0.89

Note: From continuing operations and based on reported figures; EBIT/DA in CY incl. IFRS 16 effect.

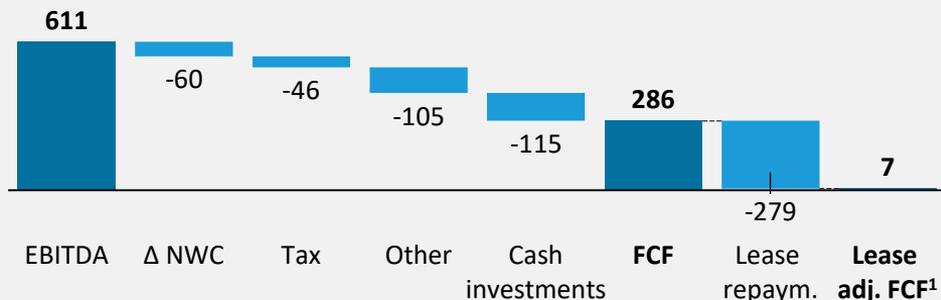
Q2 Highlights

- **Reported EBITDA** includes c. 143 €m IFRS 16 effect
- **Reported EBIT** includes c. 3 €m IFRS 16 effect and Fnac Darty impairment of 268 €m, partly offset by Fnac Darty profit share of 34 €m
- **Net financial result** in prior year included positive effects related to METRO stake still held at that time
- **Tax rate** in H1 at -36.6%; negative tax rate essentially due to Fnac Darty impairment
- **EPS** declined by -0.89 yoy

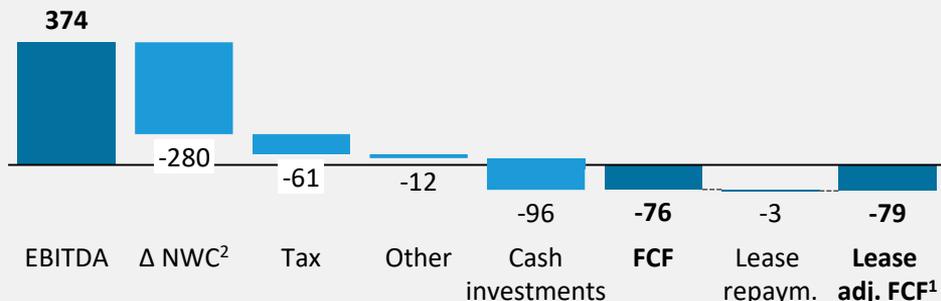
Adjusted Free Cash Flow above prior year due to lower NWC outflow

H1

2019/20: Free Cash Flow (in €m)



2018/19: Free Cash Flow (in €m)



H1 Highlights

- **Adj. Free Cash Flow improved by 86 €m**
- **Change in NWC improved** due to higher increase in trade liabilities, driven by higher starting point as of 30 September 2018 and the temporary extension of payments in the context of COVID-19
- **Other OCF** at – 105 €m mainly impacted by reversal of non-cash effects related to Greek transaction and restructuring-related cash outflows
- **Increase in cash investments** mainly due to cash-effective investment into the joint venture in Greece; modernization and expansion investments below PY

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

03

Outlook

In view of the developments in connection with COVID-19, the original outlook for FY 19/20 was withdrawn

“Knowns”

- Solid performance in 5M 19/20, **fully on track** to reach original FY guidance
- March performance essentially **impacted by Corona-induced store closings**
- Sales and margin in **April impacted by Corona-induced store closings**, yet **mitigating cost measures helped to slow down earnings shortfall**
- **Cost reduction** linked to Reorganization & Efficiency program **not at risk**

“Unknowns”

- **Further development of the coronavirus outbreak**
- **Pace of normalization** subsequent to stores reopening
- Extent of **economic recession**
- Possible long-term effects on **consumer behavior and trends**

New outlook for FY 19/20

- Coronavirus impact on the Company's business for the full year cannot be predicted with sufficient reliability at this time
- 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	Below prior year	
EBIT (excl. associates)	Significantly below prior year	5 – 15 €m

04

Operations Update

We have managed to react to the crisis early and have taken bold immediate measures to protect our people and business

Starting point

- **We have managed to react to the crisis early**
 - Early indications from our suppliers/partners in Asia
 - Leverage of early insights from Italy (HQ in Milan)
 - Establishment of internal task force already in January



Bold immediate measures



Comprehensive measures to ensure health and safety of our employees and customers (in stores and HQs)



>30k employees in short-time work



Suspension of rental payments for closed stores



Reduction of investments (stores)



Extension of payment terms with suppliers



Suspension of brick & mortar marketing



Deferral of tax payments

We have implemented structural improvements to our business model during COVID-19 that will continue to bring benefits long-term

Structural improvements

to cope with immediate challenges from COVID-19 and to accelerate change

Costs



Flexibilization of our fixed costs
(e.g. rent, logistics costs)

Supply chain



Adaption of our supply chain
to tremendous omnichannel
growth (backbone, last mile)

Marketing



Strong shift towards digital
marketing and targeted
below-the-line communication

IT



Accelerated implementation of
“one inventory” and new
capability “ship from store”

We have successfully leveraged our omni-channel business model to keep sales momentum during the crisis

Online



- **Strong increase in pure online sales** in March (+98% yoy) **further accelerating** in April (approx. +300% yoy)
- High number of **new first-time buyers**
- New **“ship-from-store”** capability
- **High product availability** and **fast delivery** times through “pick-up” and “ship-from-store”



Stores



- **87% of stores were closed** at the end of March
- **Increasing re-openings since mid-April**, now 943 stores open (92%)
- **Full assortment and smartbars** available to our customers
- **Sales at re-opened stores normalize fast**, also driven by **release of pent-up demand**

We are now working to sustainably transform our business model for the post-COVID-19 era

Strengthen omni-channel proposition

- **Further strengthen online** (roll-out new webshop/app, increase online attachments)
- **Play-out omni-channel advantages** (e.g. delivery from store, smartbar services)
- **Improve operations based on advanced data analytics** (become smart retailer)

Continue rigorous cost management

- **Further improve our sales and service productivity**
- **Accelerate right-sizing of our store footprint**
- **Further flexibilization of overall cost base**

Tap into new income pools

- **Launch marketplace** in Q4 19/20 (expand into more categories/services in 2021)
- Introduce **advertising services** for suppliers (“transfer WKZ into the online world”)
- Monetize our **supply chain capabilities** (both towards customers and suppliers)

Looking ahead, we see challenges but also strong opportunities for us as the market leader for CE products in Europe

COVID-19 Crisis



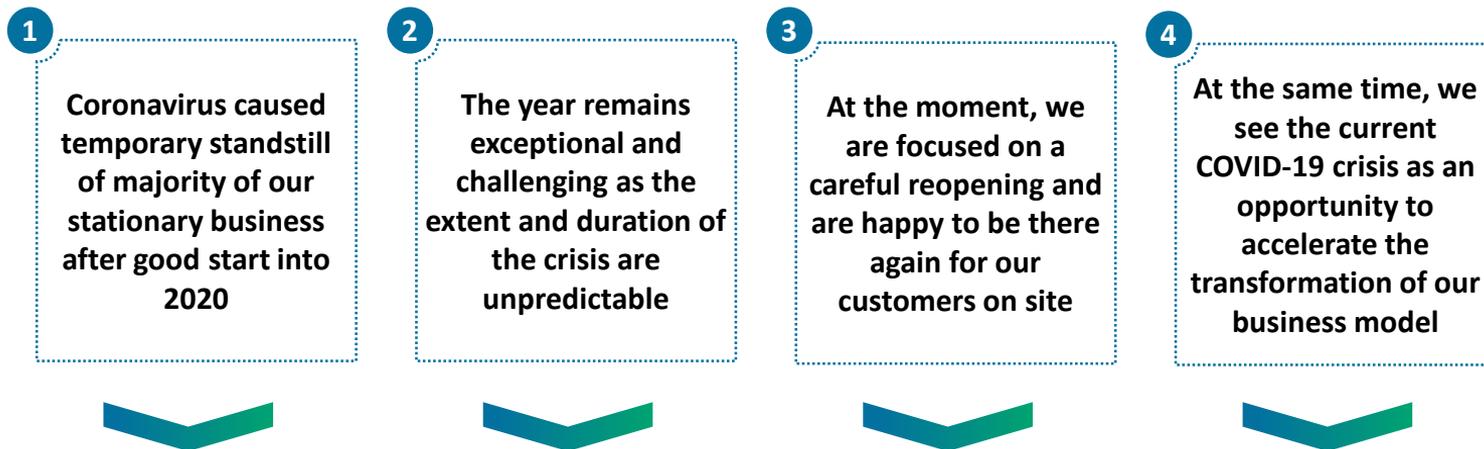
Challenges

- **Store sales** are expected to catch up only gradually
- **Risk of 2nd COVID-19 wave**
- **The macro-economic situation will reduce consumer spend** for CE in 2020+, effects will vary by country

Opportunities

- **Opportunity to grab market share** in times of accelerating market consolidation
- **We will become even more relevant** for our suppliers and landlords
- **Online sales will remain elevated** in addition to recuperating store sales
- **Strong demand uptake in many categories** (e.g. home office, home entertainment, home schooling)

Key take-aways



Despite the current situation, we are confident about the attractive long-term prospects of this company

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
- Guidance-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
	Q2 18/19	including IFRS 16 Q2 19/20	Q2 19/20
DACH	77	58	81
Western/Southern Europe	20	29	44
Eastern Europe	0	-3	12
Others ³	-16	-13	5
Total	81	71	143

€m	Adjusted EBIT ^{1,2}	Adjusted EBIT ^{1,2}	IFRS 16 effect
	Q2 18/19	including IFRS 16 Q2 19/20	Q2 19/20
DACH	47	-53	1
Western/Southern Europe	1	-33	0
Eastern Europe	-4	-24	1
Others ³	-18	-21	0
Total	26	-131	3

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

Store network as of 31 March 2020

	31/12/2019	Openings	Closures	31/03/2020
Germany	429	–	–1	428
Austria	52	–	–	52
Switzerland	26	–	–	26
Hungary	32	–	–	32
DACH	539	–	–1	538
Belgium	27	–	–	27
Italy	117	–	–1	116
Luxembourg	2	–	–	2
Netherlands	50	–	–	50
Portugal	10	–	–	10
Spain	88	–	–	88
Western/S. Europe	294	–	–1	293
Poland	90	–	–2	88
Turkey	78	–	–	78
Eastern Europe	168	–	–2	166
Sweden	28	–	–	28
Others	28	–	–	28
CECONOMY	1,029	–	–4	1,025

Highlights

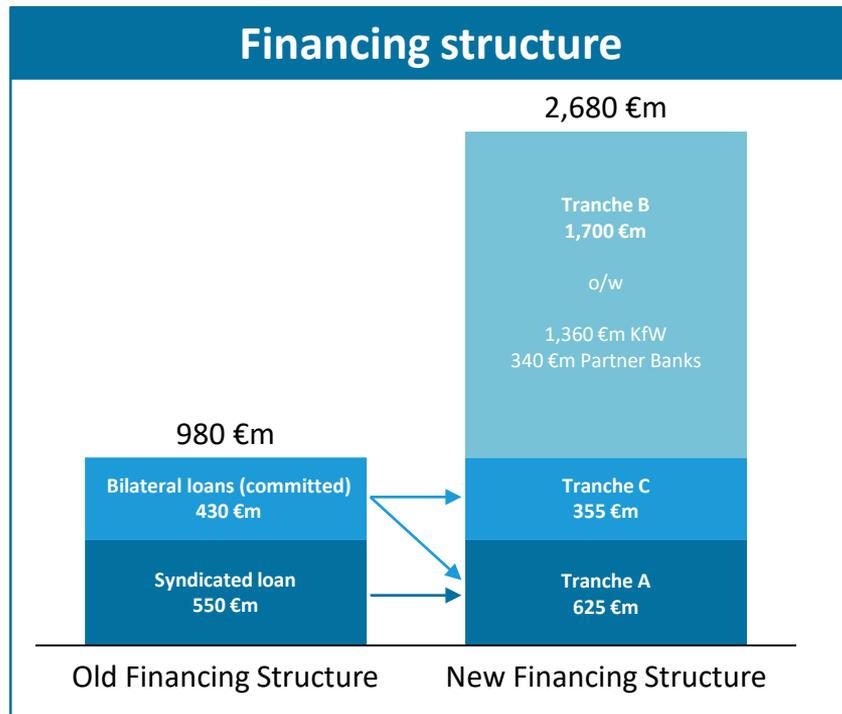
- **Selective expansion** stopped in light of COVID-19 outbreak
- **4 store closures**, thereof 2 stores in Poland and 1 each in Germany and Italy
- **Average store size** at 2,617 sqm at the end of March 2020

Net Working Capital¹

€m	30/09/2018	31/03/2019	Change	30/09/2019	31/03/2020	Change
Inventories	2,480	2,909	429	2,548	3,161	613
Trade receivables and similar claims	610	528	-82	455	460	4
Receivables due from suppliers	1,241	1,240	-1	1,295	1,277	-18
Trade liabilities and similar liabilities	-5,745	-5,835	-90	-5,321	-5,835	-514
Net Working Capital	-1,415	-1,158	254	-1,023	-938	86

¹Prior-year adjustments due to changes in presentation and definition.

New syndicated loan of 1,700 €m complements our existing credit lines



New syndicated loan **complements existing committed credit facilities** of 980 €m



Existing bilateral loans and syndicated loan will be rolled into Tranche A and C



One condition is that CECONOMY **suspends dividend payments** for the duration of Tranche B



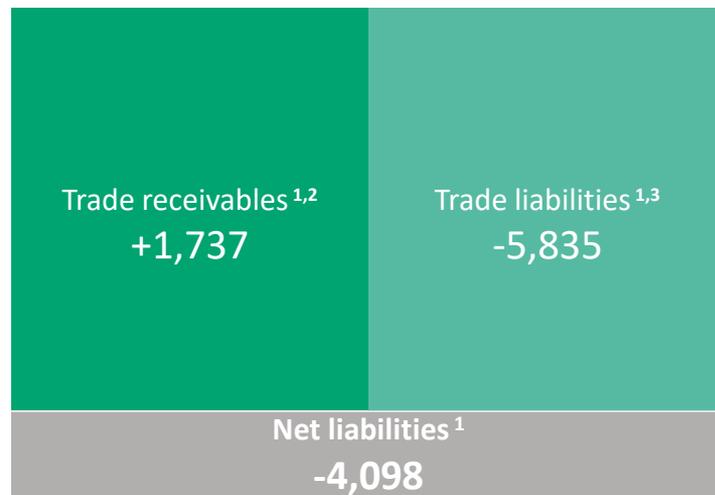
Maturities:

Tranche B	December 2021 ¹
Tranche C	June 2022 ²
Tranche A	January 2024

¹1-year extension option at KfW's discretion. ²Automatically extends by one year if tranche B is extended.

We have sufficient liquidity to cover all outstanding net liabilities even in a theoretical worst case scenario

(in €m)



New syndicated loan provides significant leeway even for a theoretical full net working capital unwind

¹As of 31 March 2020. ²Trade receivables and similar claims as well as receivables due from suppliers. ³Trade liabilities and similar liabilities.

Financial calendar and events

Financial calendar

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

Virtual Roadshow Paris	18 May 2020
Virtual Roadshow DACH/UK/US	19 May 2020
Virtual Roadshow Frankfurt	28 May 2020

CECONOMY