



Q3 2019/20

RESULTS PRESENTATION

Dr Bernhard Düttmann, Karin Sonnenmoser, Ferran Reverter
Düsseldorf, 13 August 2020

DISCLAIMER AND NOTES

This disclaimer shall apply in all respects to the entire presentation (including all slides of this document), the oral presentation of the slides by representatives of CECONOMY AG, any question-and-answer session that follows the oral presentation, hard copies of the slides as well as any additional materials distributed at, or in connection with this presentation. By attending the meeting (or conference call or video conference) at which the presentation is made, or by reading the written materials included in the presentation, you (i) acknowledge and agree to all of the following restrictions and undertakings, and (ii) acknowledge and confirm that you understand the legal and regulatory sanctions attached to the misuse, disclosure or improper circulation of the presentation.

To the extent that statements in this presentation do not relate to historical or current facts, they constitute forward-looking statements. All forward-looking statements herein are based on certain estimates, expectations and assumptions at the time of publication of this presentation and there can be no assurance that these estimates, expectations and assumptions are or will prove to be accurate. Furthermore, the forward-looking statements are subject to risks and uncertainties including (without limitation) future market and economic conditions, the behaviour of other market participants, investments in innovative sales formats, expansion in online and omnichannel sales activities, integration of acquired businesses and achievement of anticipated cost savings and productivity gains, and

the actions of public authorities and other third parties, many of which are beyond our control, that could cause actual results, performance or financial position to differ materially from any future results, performance or financial position expressed or implied in this presentation.

Accordingly, no representation or warranty (express or implied) is given that such forward-looking statements, including the underlying estimates, expectations and assumptions, are correct or complete. Readers are cautioned not to place reliance on these forward-looking statements. See also "Opportunity and Risk Report" in CECONOMY's most recent Annual Report for risks as of the date of such Annual Report. We do not undertake any obligation to publicly update any forward-looking statements or to conform them to events or circumstances after the date of this presentation. This presentation is intended for information only, does not constitute a prospectus or similar document and should not be treated as investment advice. It is not intended and should not be construed as an offer for sale, or as a solicitation of an offer to purchase or subscribe to, any securities in any jurisdiction. Neither this presentation nor anything contained therein shall form the basis of, or be relied upon in connection with, any commitment or contract whatsoever. CECONOMY AG assumes no liability for any claim which may arise from the reproduction, distribution or publication of the presentation (in whole or in part). The third parties whose data is cited in this presentation are neither registered broker-dealers nor financial advisors and the permitted use of any data does not constitute financial advice or recommendations.

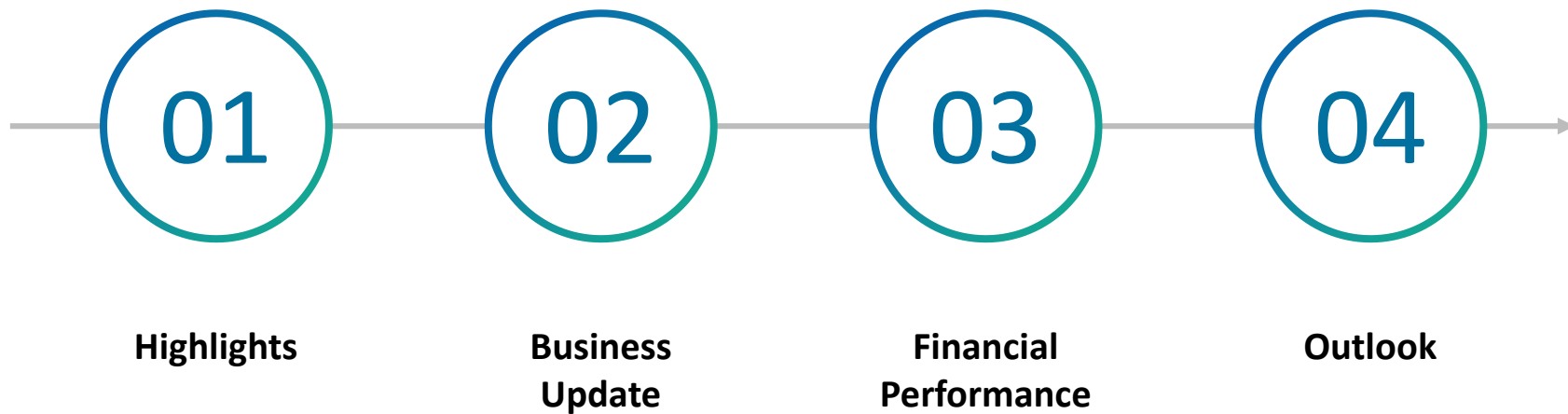
Historical financial information contained in this presentation is mostly based on or derived from the consolidated (interim) financial statements for the respective period. Financial information with respect to the business of MediaMarktSaturn Retail Group is particularly based on or derived from the segment reporting contained in these financial statements.

Such financial information is not necessarily indicative for the operational results, the financial position and/or the cash flow of the CECONOMY business on a stand-alone basis neither in the past nor in the future and may, in particular, deviate from any historical financial information based on corresponding combined financial statements with respect to the CECONOMY business. Given the aforementioned uncertainties, (prospective) investors are cautioned not to place undue reliance on any of this information. No representation or warranty is given and no liability is assumed by CECONOMY AG, express or implied, as to the accuracy, correctness or completeness of the information contained in this presentation.

This presentation contains certain supplemental financial or operative measures that are not calculated in accordance with IFRS and are therefore considered as non-IFRS measures. We believe that such non-IFRS measures used, when considered in conjunction with (but not in lieu of) other measures that are computed in accordance with IFRS, enhance the understanding of our business, results of operations, financial position or cash flows. There are, however, material limitations associated with the use of non-IFRS measures including (without limitation) the limitations inherent in the determination of relevant adjustments. The non-IFRS measures used by us may differ from, and not be comparable to, similarly-titled measures used by other companies. Detail information on this topic can be found in CECONOMY's Annual Report 2018/19, pages 52-55.

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.

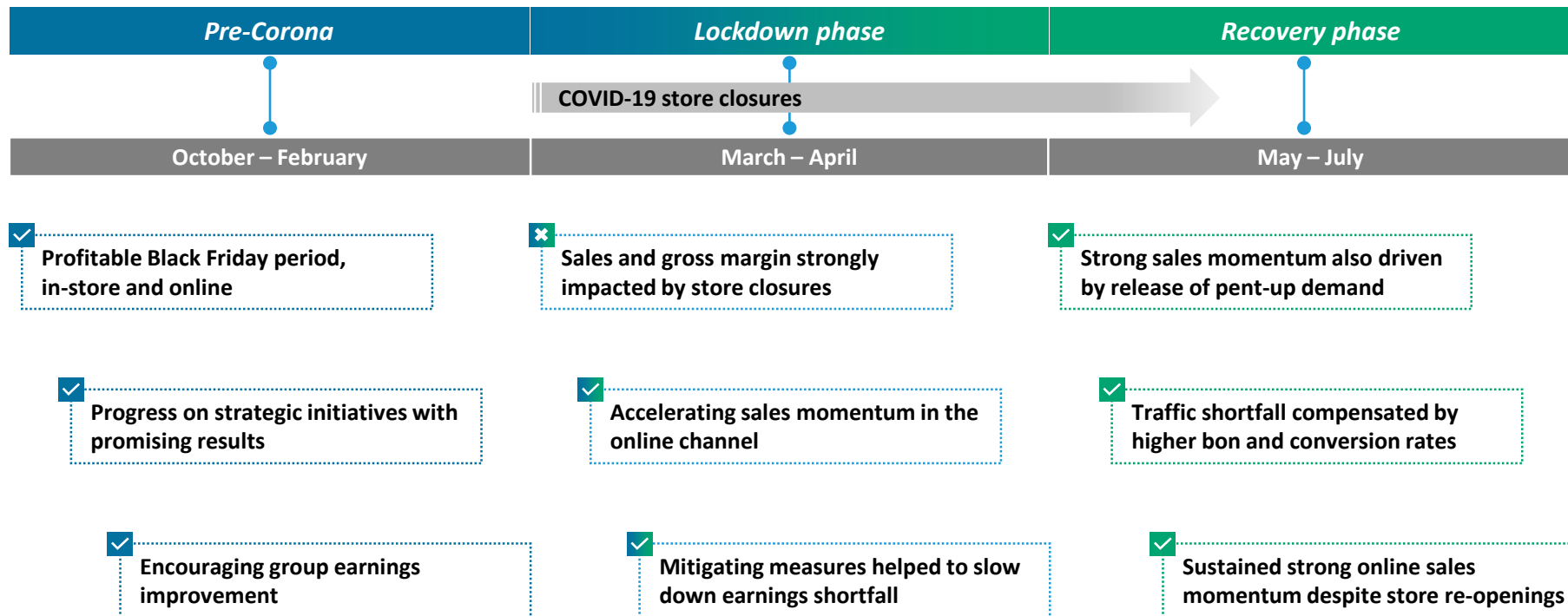
Agenda



01

Highlights

CECONOMY has successfully navigated through this challenging time...



CECONOMY's Q3 19/20 in a nutshell



Strong sales recovery following easing of COVID-19 restrictions



COVID-19 induced channel shift and lower Services & Solutions income weigh on gross margin



Online business with ongoing strong performance despite store reopenings through May and June



Stock age structure still negatively influenced by store closures from March to May



Better than expected result despite extraordinary impact from COVID-19 thanks to pro-active, ruthless execution of contingency measures

The excellent business recovery is already reflected in the third quarter results, which were above expectations



-8.4%

A large blue circle containing the text '-8.4%'. A blue arrow points downwards from the bottom center of the circle to the text below.

Sales change yoy
adjusted for fx-effects and
portfolio changes



-45 €m

A large blue circle containing the text '-45 €m'. A blue arrow points downwards from the bottom center of the circle to the text below.

Adj. EBIT^{1,2}
excl. associates
on prior year's level

¹Adjusted EBIT before non-recurring effects. ²Incl. IFRS 16.

Despite the pandemic, we have not lost sight of our strategic initiatives



**OMNI-
CHANNEL**



**SERVICES &
SOLUTIONS**



**CATEGORY &
SUPPLY CHAIN
MANAGEMENT**



**ORGANIZATION &
COST STRUCTURE**

02

Business Update

We continued to make noticeable progress in many areas



OMNI-CHANNEL

- ✓ **3m new online customers since March**, also driven by increased online marketing
- ✓ **Launch of marketplace** in July with good initial momentum
- ✓ **Store traffic recovering** step by step (pickup back to >40%)
- ✓ **Efficiency improvements in stores** through employee app
- ✓ **Re-branding** in Austria and Luxembourg



SERVICES & SOLUTIONS

- ✓ **Sales recovery** to previous year levels in June, also driven by improved attachment measures in stores and online
- ✓ **Launch monthly subscriptions** with warranty extension G+ in German online channel
- ✓ **Aftersales & repair IT platform roll-out completed** in Germany and progressing in Austria



CATEGORY & SUPPLY CHAIN MANAGEMENT

- ✓ **Introduction of standardized assortment** and supplier framework for each country
- ✓ **Strong increase in centralized procurement** (now >95% centralized on country level)
- ✓ Launch of new **product category pilots**
- ✓ **Continued enhancements in logistics** leading to improved customer experience



ORGANIZATION & COST STRUCTURES

- ✓ **Continued focus on flexibilization of costs**, e.g. turnover rents
- ✓ **New operating model** blueprint and roadmap defined

We also learnt key lessons for the next phase of our transformation



We demonstrated
that we can react
fast to
fundamentally
changing
conditions



An agile group-
wide contingency
approach proved
highly effective
and successful



Embedding a more
central approach
and agility in the
organization to
accelerate the
transformation

Our New Operating Model will introduce standardized organization and operations across all countries & stores



New Operating Model

HQ & Country functions



- Introduction of group-wide standardized organization and operations across all countries
- Central definition and roll-out of operational strategy including core concepts
- Clusters of countries



Leaner structures and consistent, faster processes

Store organization



- Implementation of new store organization
- Transfer administrative tasks from stores to the countries and HQ
- Higher degree of centralized processes, more customer focus in stores



Ensure maximum customer orientation and a consistent customer experience with an efficient organization

We will establish unified structures with clear responsibilities...



Clear responsibilities

Clear responsibilities for strategic guidelines, standard design and execution of activities



Unified structures

Identical organizational design of management structure in countries and for stores



Customer focused

Customer oriented central structures – leaner, clearer accountability and faster



Harmonized HQ and country functions

Managing
Director
Commercial

(General)
Managing
Director Sales

Managing
Director
Finance

Examples of country clusters



BeNeLux



Iberia



...and empower store employees as well as free up resources to offer outstanding customer service



Efficient organization

Standardized, unified structures and clearly defined responsibilities to fully focus on the customer



Passion for customer

Omni-channel and service-oriented perspective through a dedicated employee training program

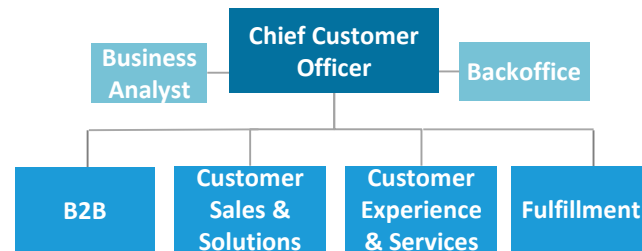


Store productivity

Digital tools for the improvement of service quality and efficiency



New store leadership structure



Store productivity tools



We will further optimize our store network, which remains a key element of our omni-channel approach

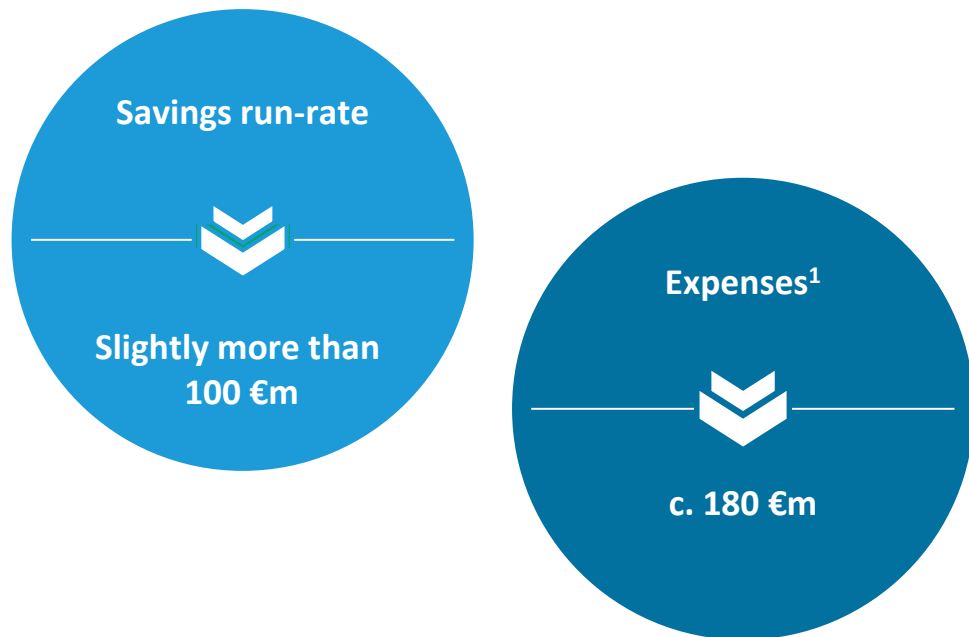


Optimization of store network

- 14 stores across Europe to be permanently closed in response to COVID-19 impacts
- Further potential closure of loss-making stores subject to further monitoring of the store network
- Continue right-sizing of stores
- Continued flexibilization of rental costs



Our goal is to achieve savings of slightly more than 100 €m per year towards an improved cost base



Program expected to run for 24 – 36 months, majority of savings in FY 22/23 expected



Significant part of expenses expected to still become earnings effective in FY 19/20



Cash pay-back period of <1.75 years



A total of up to 3,500 FTEs expected to be reduced, primarily outside Germany

¹Includes c.5 €m non-cash accounting effects.

The New Operating Model is the fundament for the next phase of our transformation

The ultimate goal is to become **customer's 1st choice**



Further develop omni-channel proposition combined with new income pools



Improve customer experience and operational excellence



Embrace technology and big data to build fast & efficient operations

New Operating Model

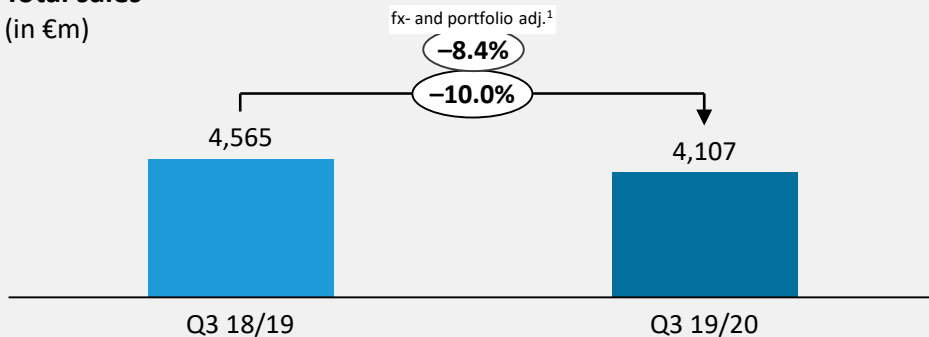
03

Financial Performance

Negative sales development exclusively related to COVID-19 lockdowns

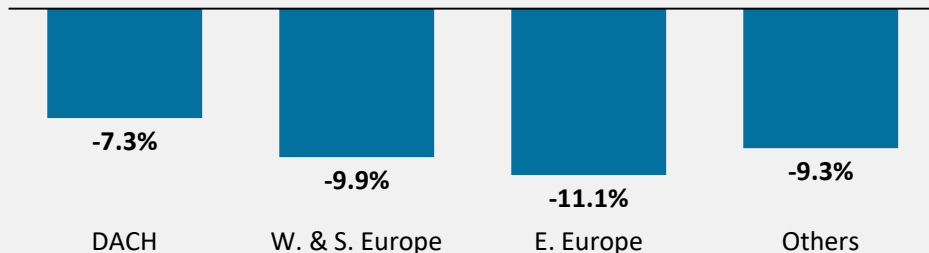
Q3

Total sales
(in €m)



Sales by segment

(fx- and portfolio adj.¹, yoy change)

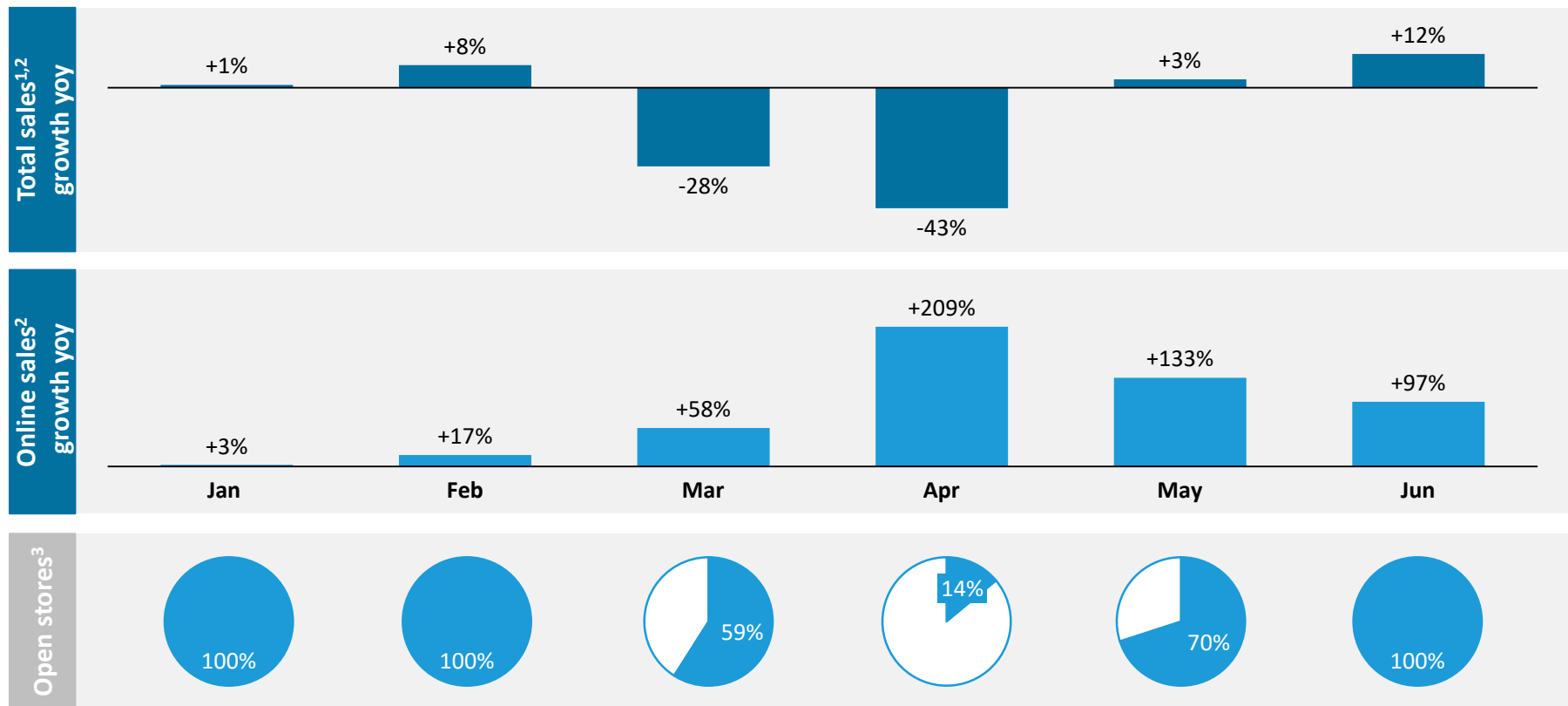


¹Excl. Greek MediaMarkt business (portfolio adjustment).

Q3 Highlights

- **Fx- and portfolio adjusted¹ sales excl. iBood** at -8.1%
- **DACH:** Germany, Austria and Switzerland impacted by store closures in April followed by noticeable sales recovery in May/June
- **Western & Southern Europe:** Italy and Spain faced sharp decline due to store closures in April and restrictions in May; Netherlands recorded a strong increase in sales
- **Eastern Europe:** Turkey and Poland impacted by store closures in April and May, recovery in June
- **Others:** Positive sales momentum in Sweden, segment decline due to disposal of iBood

Group sales rebounded in May and gained momentum in June after COVID-19 induced headwinds in March and April

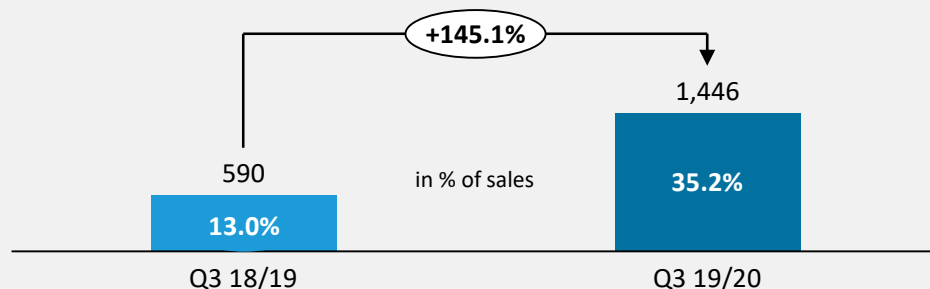


¹Sales adjusted for currency and portfolio change effects. ²Excluding Greek MediaMarkt business (portfolio adjustment). ³Monthly average.

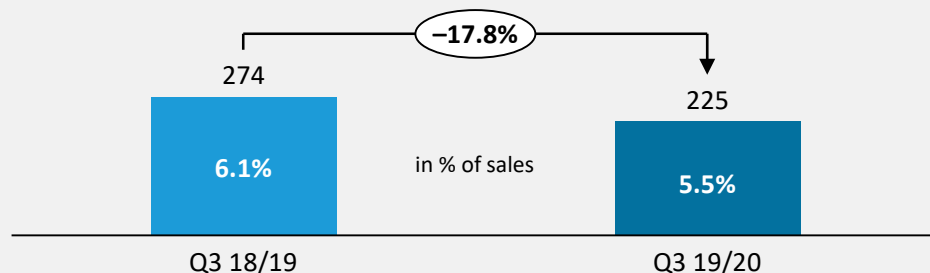
Strong online sales momentum, while Services & Solutions business was mainly impacted by store closures

Q3

Online sales¹
(in €m)



Services & Solutions sales¹
(in €m)



¹Excl. Greek MediaMarkt business (portfolio adjustment).

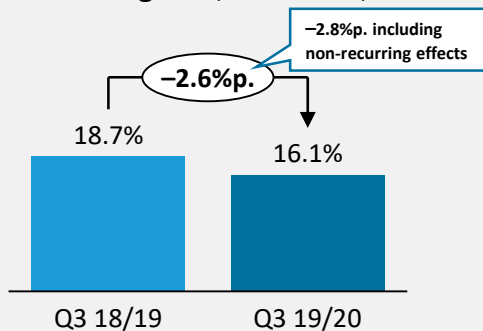
Q3 Highlights

- Online¹ growth +153.1% excl. iBood
- Strong online performance continued, despite gradual reopenings
- Almost 3 million new online customers recorded in our webshops since March
- Pick-up rate at 32% vs. 46% in PY, pick-up rate also recovering (back to >40% in June)
- Services & Solutions business impacted by store closures, lower traffic thereafter and lower service attachment rate online
- Services & Solutions sales recovered to prior year's level in June

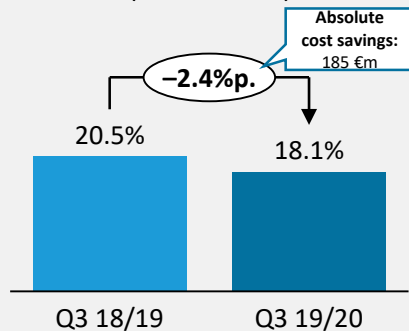
COVID-19 related cost reductions compensated lower gross margin

Q3

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



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

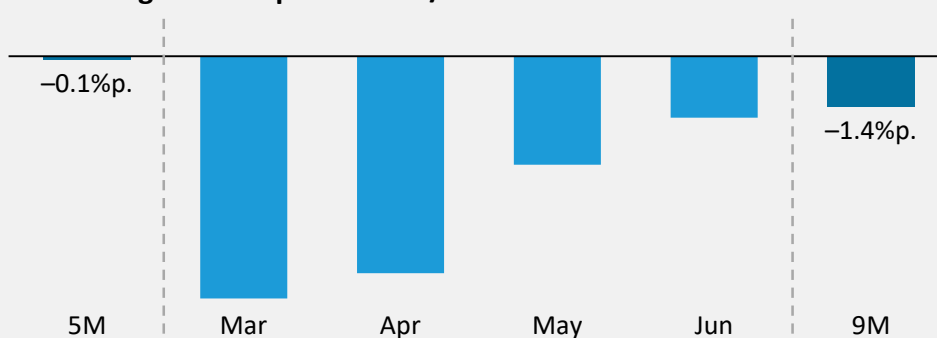


Q3 Highlights

- **Gross margin** impacted by COVID-19 induced channel and product mix effects, higher delivery costs, lower Services & Solutions income and stock-related effects
- **Gross margin with monthly trend improvement** in May and June
- **OPEX reduction** due to successful contingency measures: lower personnel expenses mostly due to short-time work, lower advertising and location costs
- **Ongoing operational cost savings**, also in connection with Reorganization & Efficiency Program

9M

Gross margin development^{1,2} 19/20 vs. PY

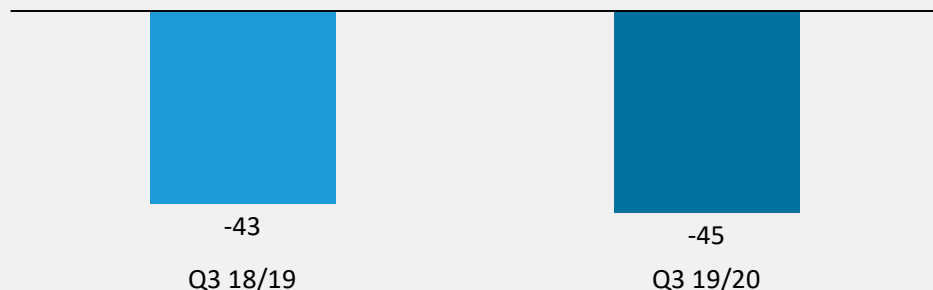


¹Excl. non-recurring effects. ²Adjusted for portfolio changes. ³Sum of SG&A expenses and Other operating expenses.

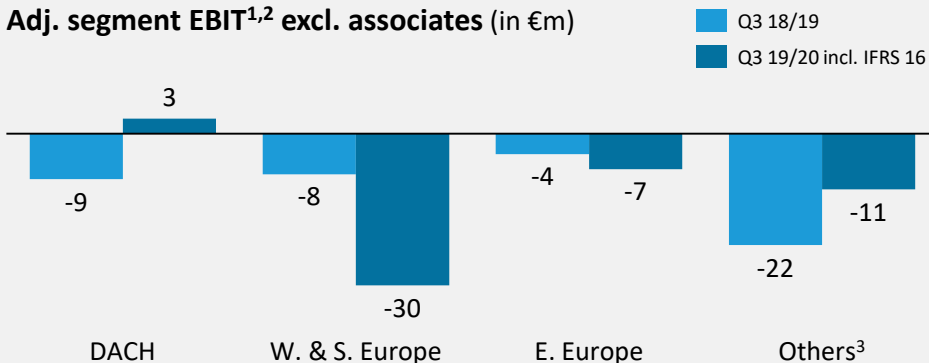
Adjusted EBIT on prior year's level despite COVID-19 impact on business

Q3

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



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



¹Excl. non-recurring effects. ²Adjusted for portfolio changes. ³Incl. consolidation.

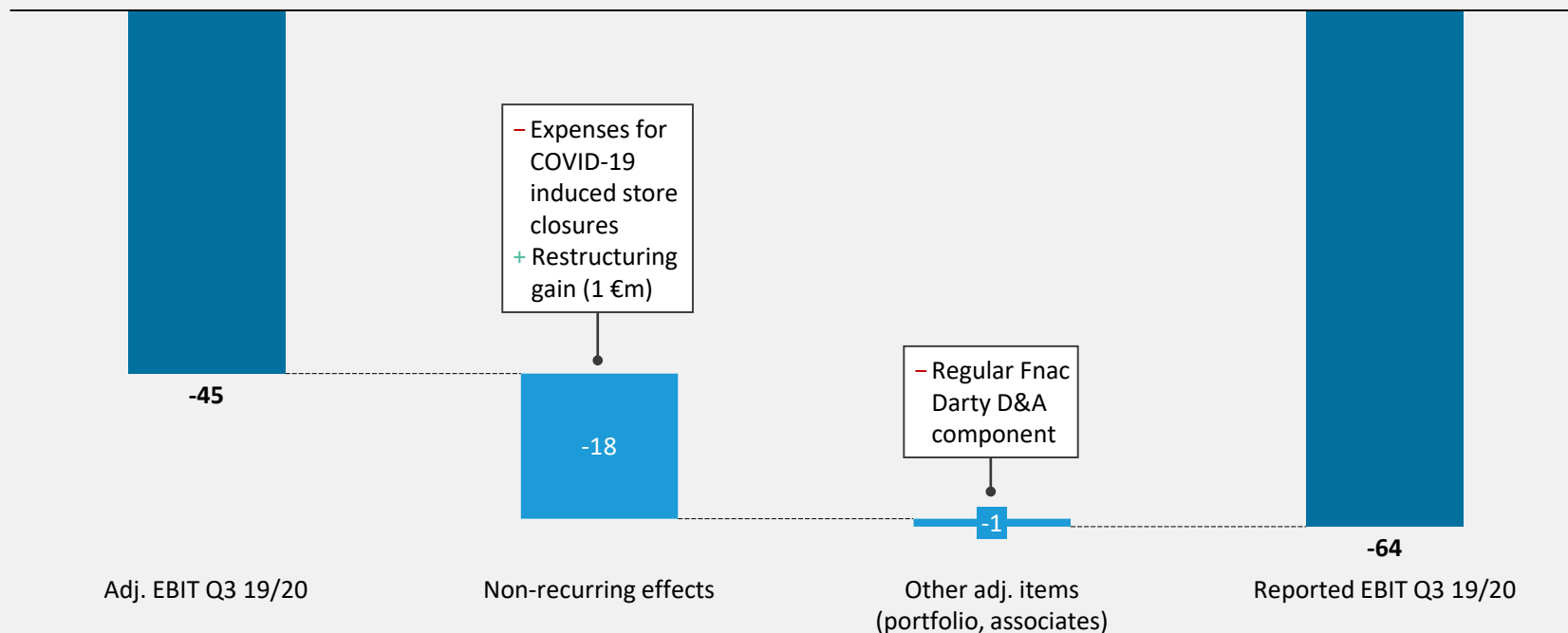
Q3 Highlights

- **Adj. EBIT on prior-year's level**, driven by COVID-19 related cost measures and sales recovery in May and June
- **DACH**: Solid performance in Germany mainly driven by COVID-related cost reductions; EBIT in other countries broadly on prior year's level
- **W. & S. Europe**: Significant sales- and margin-related decline in Spain and Italy; Netherlands with slight earnings increase
- **Eastern Europe**: Lower earnings in Poland; stable result in Turkey despite COVID-19 induced sales disruption
- **Others**: Earnings increase in Sweden and lower CECONOMY HQ expenses

Expenses related to COVID-19 induced permanent store closures impacted reported EBIT

Q3

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



¹Excl. non-recurring effects. ²Adjusted for portfolio changes.

EPS impacted by higher taxes despite higher year-on-year earnings

€m	Q3 2018/19	Q3 2019/20	Change
EBITDA	-69	154	223
EBIT	-126	-64	61
Net financial result	12	-13	-25
Earnings before taxes	-113	-77	36
Income taxes	51	-54	-105
Profit or loss for the period	-62	-131	-69
Non-controlling interest	-14	-27	-13
Net result	-48	-104	-56
EPS (in €)	-0.13	-0.29	-0.16

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

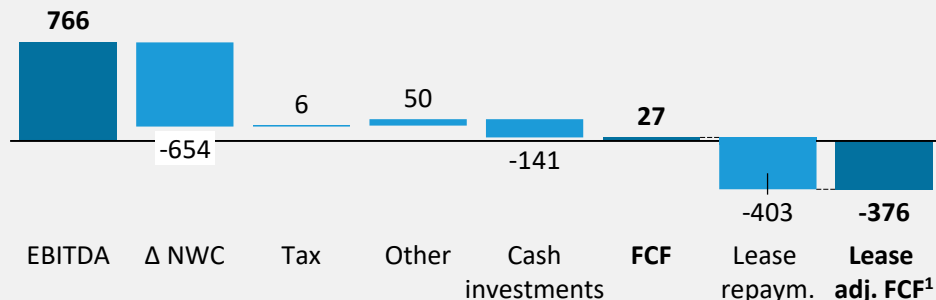
Q3 Highlights

- **Reported EBITDA** includes c. 133 €m IFRS 16 effect
- **Reported EBIT** includes c. 1 €m IFRS 16 effect
- **Net financial result** in prior year benefited from sales of 5.4% METRO AG stake
- **Tax rate** in 9M 19/20 at -54.5%; negative tax rate essentially due to Fnac Darty impairment in Q2 19/20
- **EPS** declined by -0.16 € yoy due to higher taxes as a result of integral tax approach, despite higher earnings

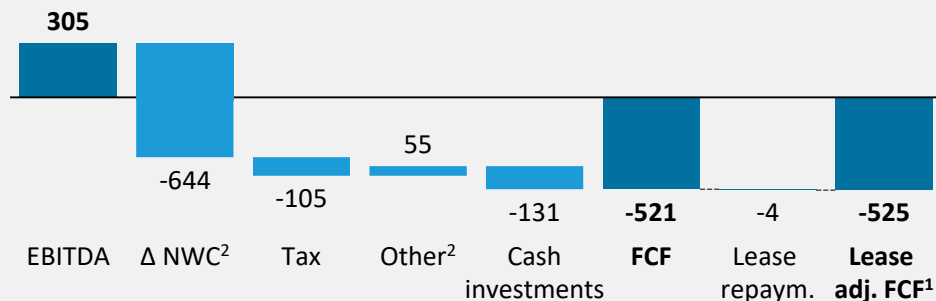
Adjusted Free Cash Flow improved year-on-year

9M

2019/20: Free Cash Flow (in €m)



2018/19: Free Cash Flow (in €m)



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.

9M Highlights

- **Adj. Free Cash Flow improved by 149 €m yoy**
- **Change in NWC broadly stable:** Comparatively lower increase in inventories and a comparatively higher reduction in receivables from suppliers compensated for significantly lower trade liabilities
- **Tax refunds** relating to cash tax prepayments in the previous year led to a cash inflow; also, comparatively fewer tax prepayments as a reaction to COVID-19 were made
- **Increase in cash investments** due to cash-effective investment into the joint venture in Greece; modernization and expansion investments below prior year

04

Outlook

Underlying assumptions for remainder of FY 19/20

Based on the preliminary **business development** in 9M 19/20 and the **current insights**, the outlook for FY 19/20 was specified on 16 July 2020

Assuming **no further COVID-19 related restrictions** in the remaining months of FY 19/20

Sales momentum from June continued in July, **but expected to soften over the course of Q4**, due to potential phasing-out of catch-up effects and prevailing macroeconomic uncertainties

Trailing COVID-19 related headwinds expected in Q4, regarding supplier income and partial reduction of aged overstock

Outlook for FY 19/20

- Adjusted for portfolio changes
- Excluding non-recurring earnings effects in connection with (1) the reorganization and efficiency program announced on 29 April 2019, (2) COVID-19 related store closures and (3) the introduction of the New Operating Model

	FY 19/20 incl. IFRS 16	thereof IFRS 16 effect
Fx-adjusted sales	Slight decline	
EBIT (excl. associates)	165 – 185 €m	5 – 15 €m

Key take-aways



**We are confident regarding the long-term prospects for us
as the market leader for CE products in Europe**

Q&A



Dr Bernhard Düttmann
Chief Executive Officer
CECONOMY AG



Karin Sonnenmoser
Chief Financial Officer
CECONOMY AG



Ferran Reverter
Chief Executive Officer
Media-Saturn-Holding GmbH

CONTACT

CECONOMY AG **Investor Relations**

Kaistr. 3
40221 Düsseldorf
Germany

Tel.: +49 (211) 5408-7222

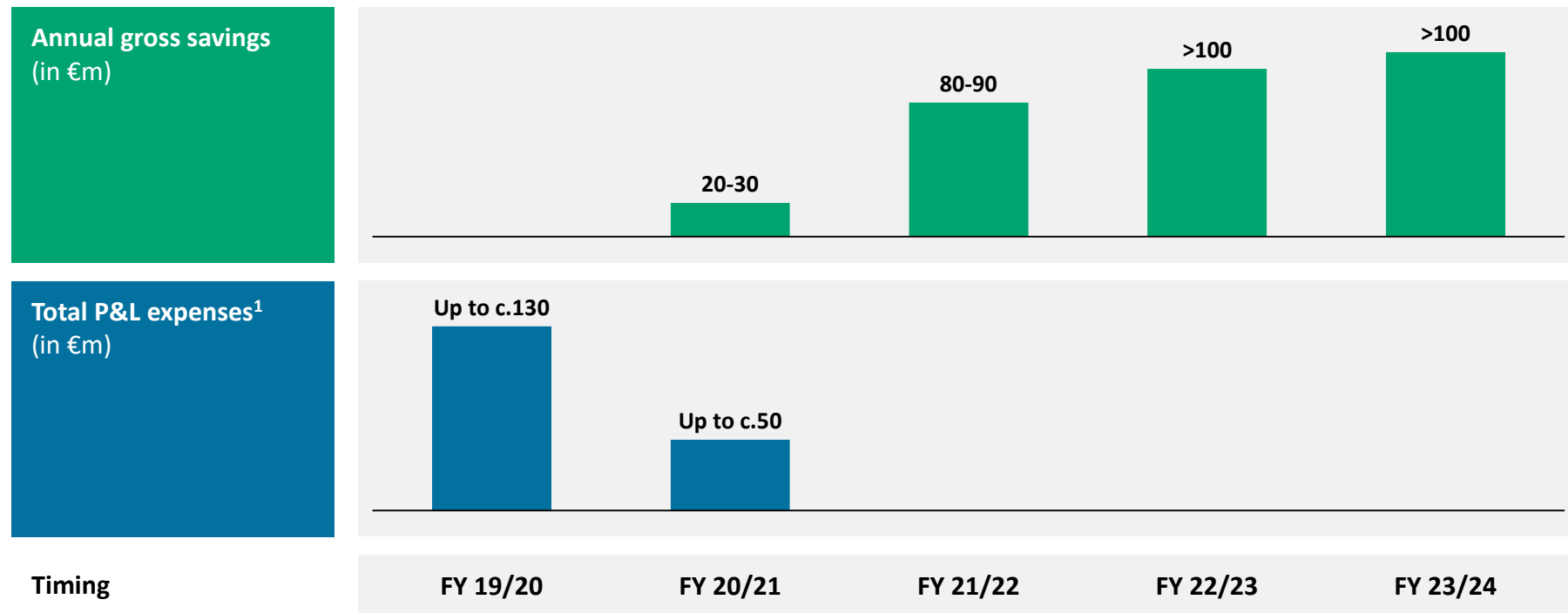
Email: IR@ceconomy.de

<https://www.ceconomy.de/en/investor-relations/>

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 excludes associates and is adjusted for portfolio effects. Non-recurring earnings effects in connection with (1) the reorganization and efficiency program announced on 29 April 2019, (2) COVID-19 related store closures and (3) the introduction of the New Operating Model are also not included.

Phasing of expenses and savings for the New Operating Model and the further optimization of our store network



¹Includes c.5 €m non-cash accounting effects.

IFRS 16 effects on EBITDA and EBIT

	IFRS 16 effect in EBITDA	IFRS 16 effect in EBITDA
€m	Q3 19/20	9M 19/20
DACH	80	241
Western/Southern Europe	40	129
Eastern Europe	12	36
Others ¹	2	9
Total	134	415

	IFRS 16 effect in EBIT	IFRS 16 effect in EBIT
€m	Q3 19/20	9M 19/20
DACH	1	3
Western/Southern Europe	0	1
Eastern Europe	2	4
Others ¹	-1	-2
Total	1	7

¹Including consolidation.

Store network as of 30 June 2020

	31/03/2020	Openings	Closures	30/06/2020
Germany	428	–	2	426
Austria	52	–	–	52
Switzerland	26	–	–	26
Hungary	32	–	–	32
DACH	538	–	2	536
Belgium	27	–	–	27
Italy	116	1	–	117
Luxembourg	2	–	–	2
Netherlands	50	–	–	50
Portugal	10	–	–	10
Spain	88	–	–	88
Western/S. Europe	293	1	–	294
Poland	88	–	–	88
Turkey	78	–	–	78
Eastern Europe	166	–	–	166
Sweden	28	–	–	28
Others	28	–	–	28
CECONOMY	1,025	1	2	1,024

Q3 Highlights

- **1 store opening** in Italy and **2 store closures** in Germany
- **Average store size at 2,608 sqm** at the end of June 2020

Net Working Capital¹

€m	30/09/2018	30/06/2019	Change	30/09/2019	30/06/2020	Change
Inventories	2,480	2,802	322	2,548	2,780	232
Trade receivables and similar claims	610	530	−80	455	467	12
Receivables due from suppliers	1,241	1,157	−83	1,295	970	−325
Trade liabilities and similar liabilities	−5,745	−5,270	476	−5,321	−4,557	763
Net Working Capital	−1,415	−781	634	−1,023	−340	683

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

Financial calendar and events

Financial calendar

Q4/FY 2019/20 trading statement

23 October 2020

FY 2019/20 results

15 December 2020

Upcoming events

Virtual Roadshow KeplerCheuvreux

1 September 2020

Virtual Roadshow Paris, Bryan Garnier

2 September 2020

Commerzbank Corporate Conference, Frankfurt

3 September 2020

Baader Investment Conference, Munich

21 September 2020

9th German Corporate Conference 2020, Munich

23 September 2020

CECONOMY