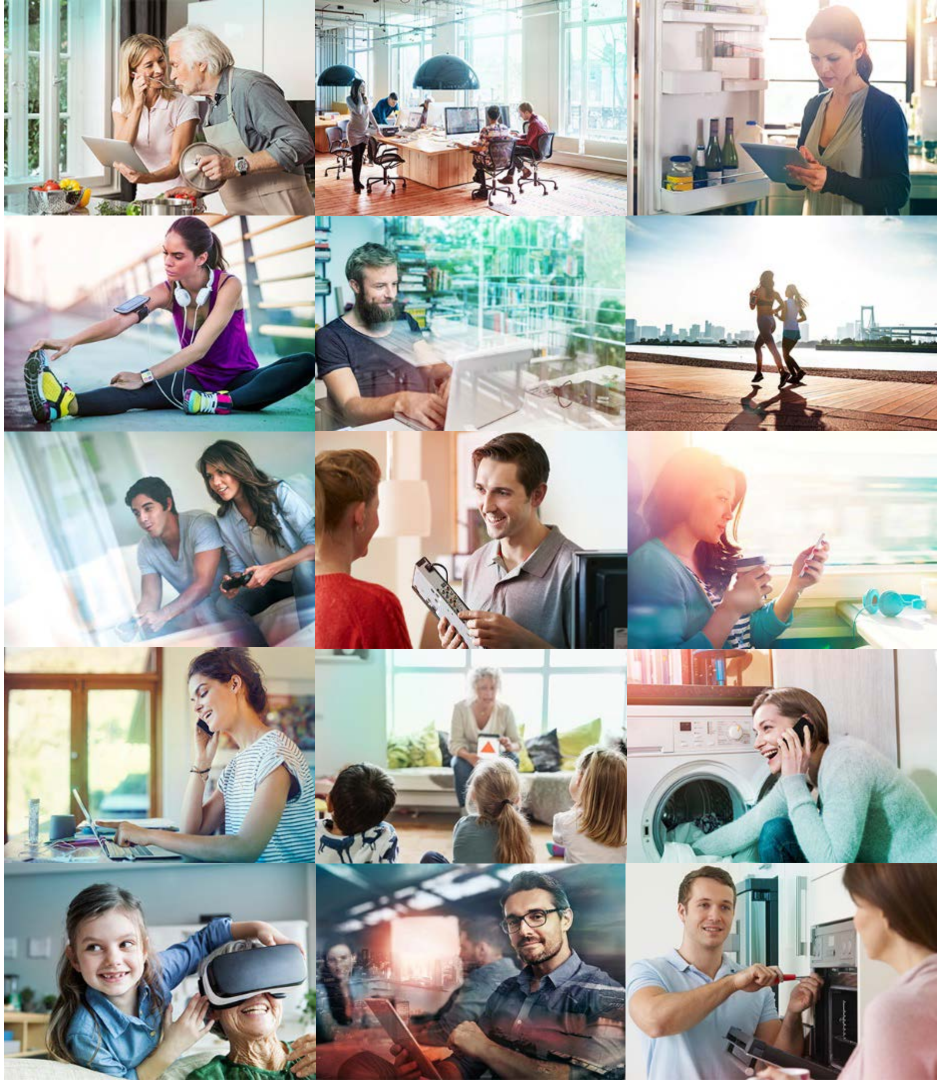
CECONOMY

Results Presentation
Q4/FY 2017/18

Dusseldorf, 19 December 2018



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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.

Presenters

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Overview

01 Introduction

02 Performance

03 Outlook

04 Strategy & Operations

01
Introduction

Note: All figures from continued operations.

Progress overshadowed by earnings shortfall in FY 17/18

– Shift of **December sales** into more **competitive November** last year

– **Profit shortfall**, esp. in Germany, despite support from **positive non-recurring effects**

– **Speed** of executing **strategic initiatives** regarding centralization did not live up to expectations

– No short-term **strategic solution** for Sweden, measures to improve earnings intensified

– No acquisition of stake of MediaMarktSaturn's **minority shareholder**

\+ **Online** and **Services & Solutions** with double-digit sales growth

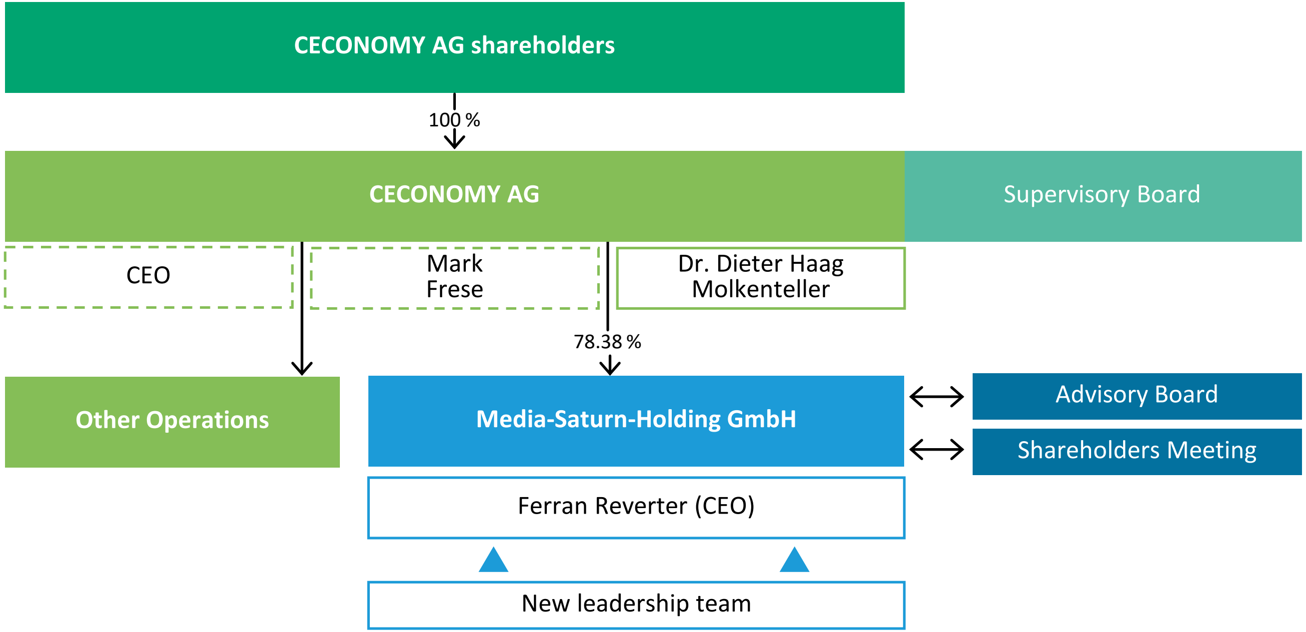
\+ **Solution** for loss-making **Russian** business

\+ **Optimized tax structure** leading to substantial improvement of underlying **tax rate**

\+ **Improved financial leverage** and rating KPIs

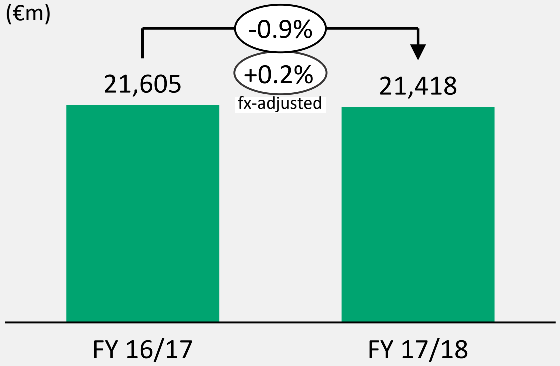
\+ Agreement to **sell c. 9% stake in METRO AG**; 3.6% stake already closed

CECONOMY is repositioning itself in personnel terms



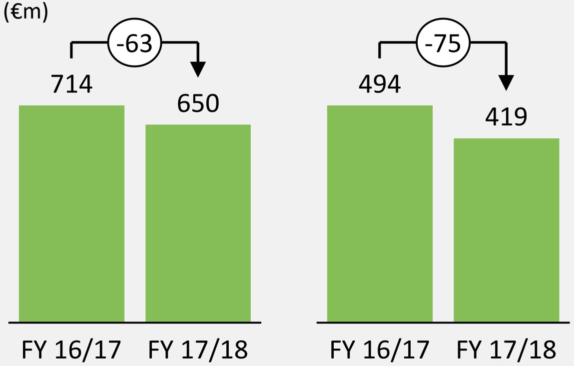
Search process for permanent CEO and CFO successors at CECONOMY is well underway

Fx-adjusted sales and NWC improved, but EBIT/DA lower than expected (excl. Russia)



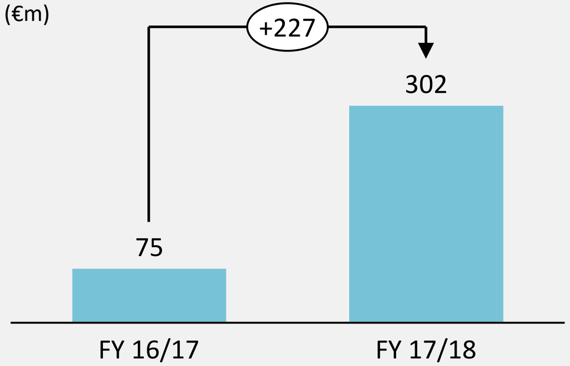
Sales

- Fx-adjusted sales increased by +0.2% (-0.9% on a reported basis)
- Turkey, Spain and Italy main drivers for fx-adjusted growth, while Germany and Switzerland declined
- Online sales up +13% yoy
- Services & Solutions grew by +10% yoy



EBITDA EBIT

- **EBIT**, incl. €21m Fnac Darty contribution, **declined by €-75m yoy** (€-71m fx-adjusted)
- Gross margin declined by -0.5%p. to 20.1%
- Sales- and margin-driven decline, particularly in Germany
- Support from positive non-recurring effects
- Goodwill impairment in Switzerland (€7m)



Change in Net Working Capital (NWC)

- **Change in NWC improved to €302m**
- Higher trade payables driven by temporary optimization of payment terms and higher purchasing volumes due to VAT campaigns in Germany
- Free Cash Flow (FCF), adjusted for the Fnac Darty acquisition in the prior year, improved by around €206m

Note: EBITDA & EBIT incl. Fnac Darty; EBITDA & EBIT in FY 16/17 before special items. Change in Net Working Capital acc. to Cash Flow Statement.

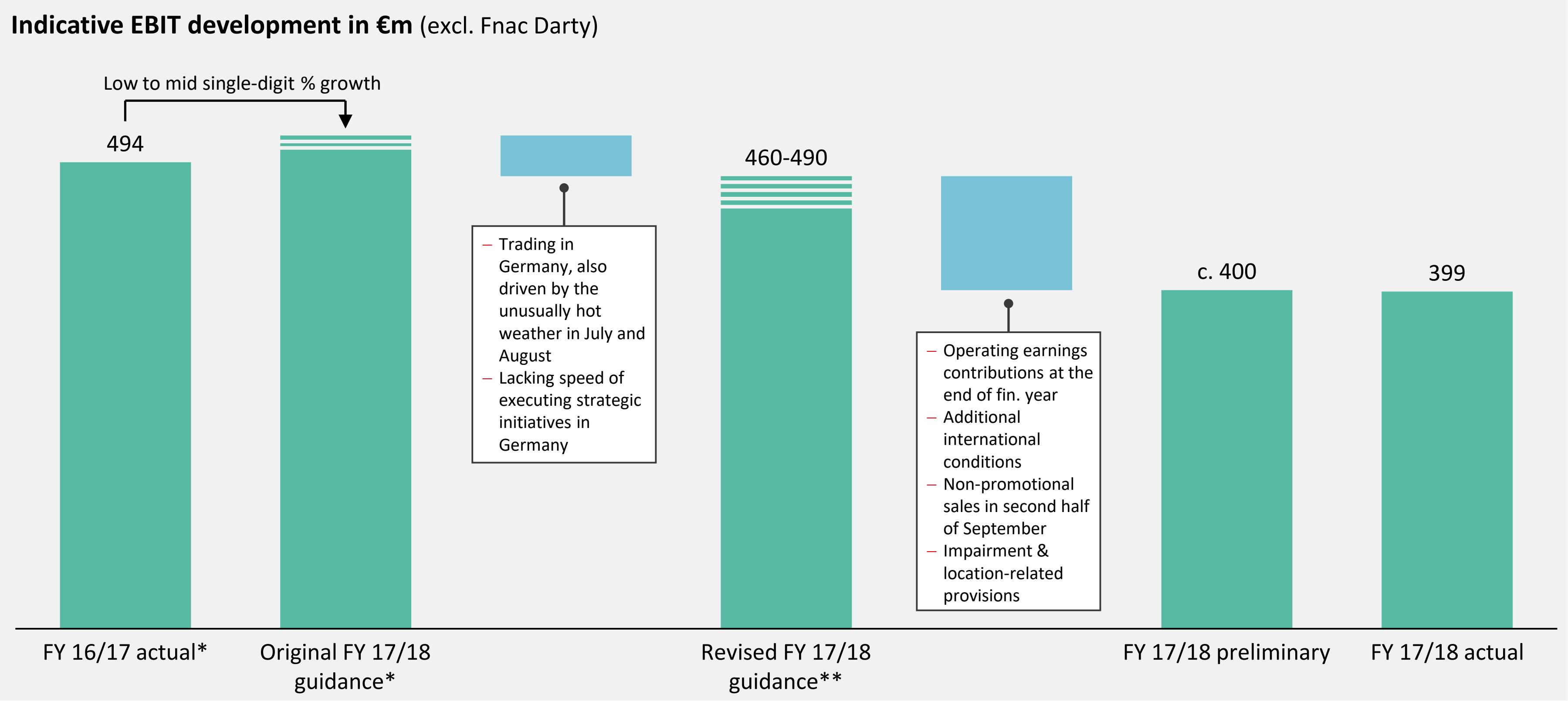
CECONOMY fell short on its EBIT/DA targets in FY 17/18

€m	FY 16/17 excl. Russia	Initial outlook excl. Russia Fx-adjusted	Adjusted outlook[1] Fx-adjusted	Final results
Total sales	**21,605**	Slight increase	Slight increase	**+0.2% fx-adj.**
EBITDA (excl. Fnac Darty)	**714**	Low to mid single-digit % growth	680 - 710	**630 (-80 fx-adj.)**
EBIT (excl. Fnac Darty)	**494**	Low to mid single-digit % growth	460 - 490	**399 (-91 fx-adj.)**
Fnac Darty profit share (cons.)	**0**	Low to mid double-digit €m amount	around 20	**21**
Net working capital		Slight improvement	Slight improvement	**+302**

Preliminary figures were around €630m EBITDA and €400m EBIT.

Note: Sales figures for Italy for FY 16/17 and FY 17/18 were restated to present revenues related to extended warranties on a net basis. Change in NWC acc. to Cash Flow Statement. [1] Outlook as of revised guidance per Sept. 18, 2018.

The earnings deviation is mainly due to significantly lower than expected operating earnings contributions at the end of FY 17/18



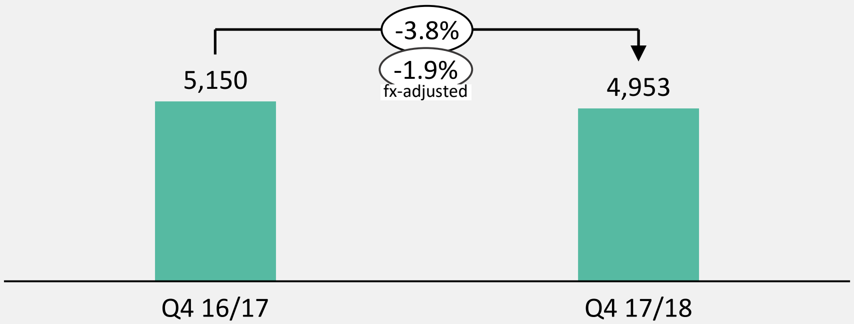
*Adjusted due to the full disposal of the Russian MediaMarkt business and the subsequent classification as discontinued operations as per ad hoc release on 20 June 2018. **As per ad hoc release on 18 September 2018.

02
Performance

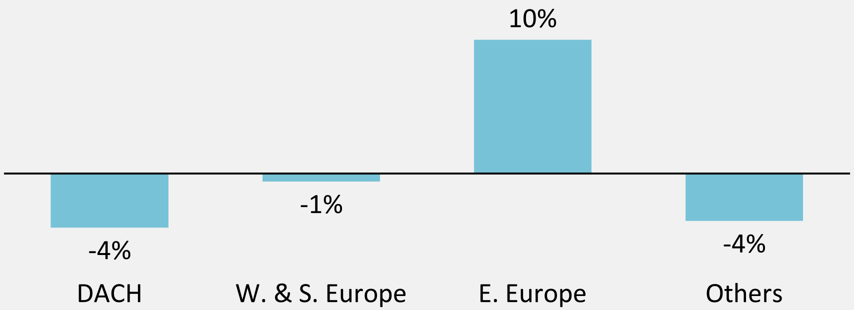
Note: All figures from continued operations.

Sales faced tough comps in Q4 and were negatively impacted due to the weather conditions in July and August

Total sales



Q4 17/18 sales by segment (fx-adjusted, yoy change)



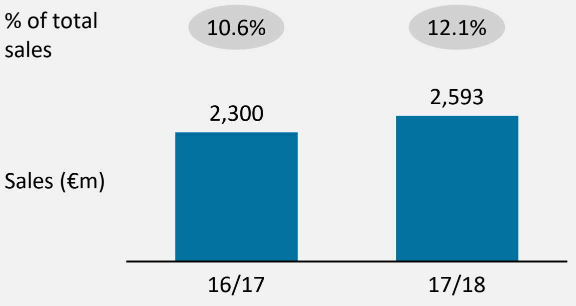
Highlights

- // Positive momentum from promotional campaigns in September could not compensate for the overall decline in sales in Germany
- // Switzerland with declining sales in an intense competitive market, while Hungary continued to grow double-digit
- // Positive development in Italy, while the business in the Netherlands, Belgium and Spain was below the prior-year period
- // Turkey again with double-digit sales growth, also driven by inflation
- // Declining sales at other smaller operating businesses and slightly lower sales in Sweden

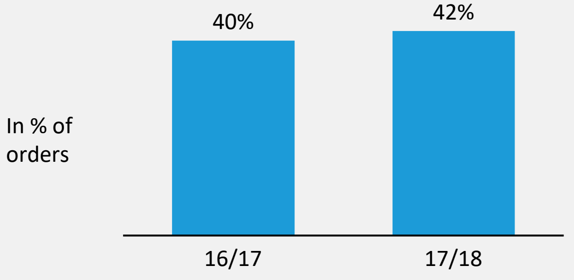
Note: Sales figures for Italy for 16/17 and 17/18 were restated to present revenues related to extended warranties on a net basis.

Solid progress in the Online and Services & Solutions business

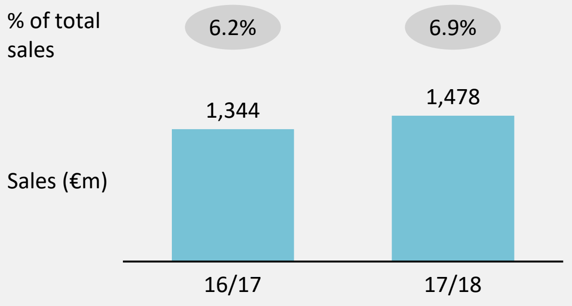
Strong Online business



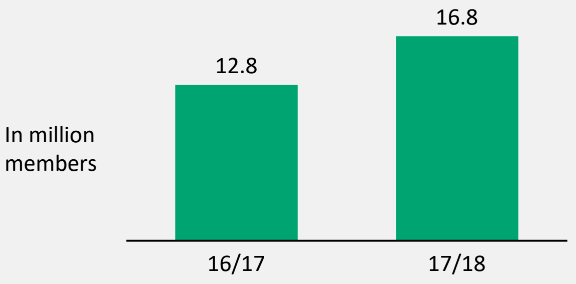
Stable pick-up rate



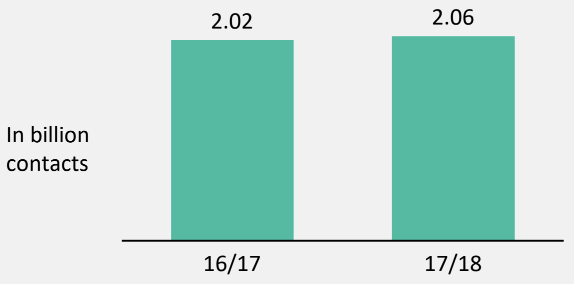
Increasing Services & Solutions business



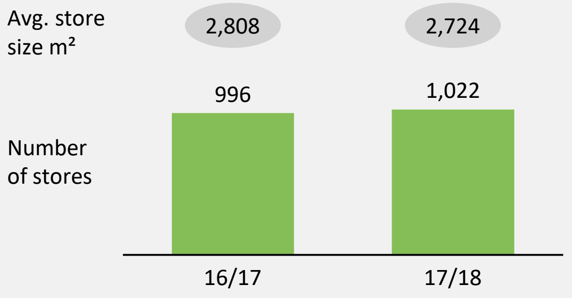
Growing CRM basis



Rising number of customer contacts



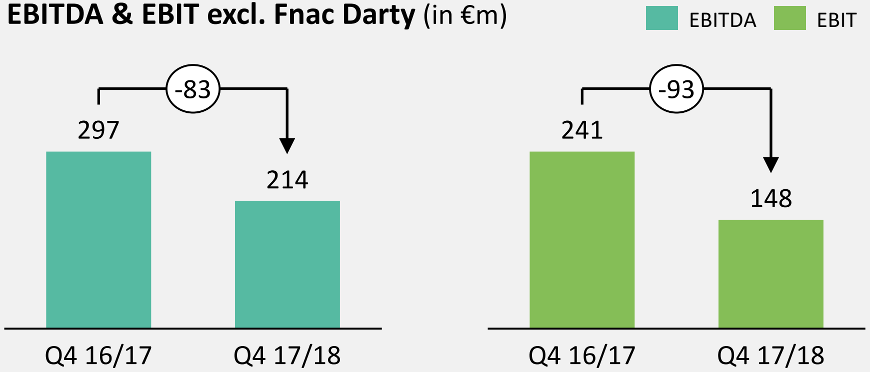
Ongoing rightsizing of stores



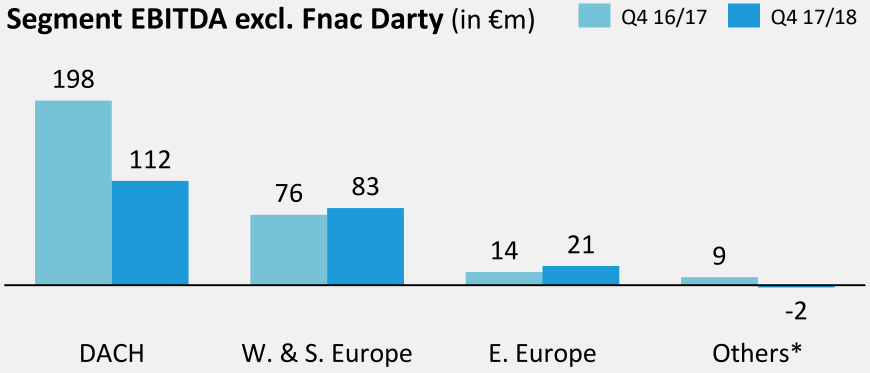
Note: Business figures represent the continuing operations of CECONOMY, i.e. excl. the Russian MediaMarkt business. CRM data for Poland not included due to change to new CRM IT platform.

Substantial earnings shortfall in Q4 17/18 driven by declining sales, esp. in Germany and Switzerland, along with a declining gross margin

EBITDA & EBIT excl. Fnac Darty (in €m)



Segment EBITDA excl. Fnac Darty (in €m)

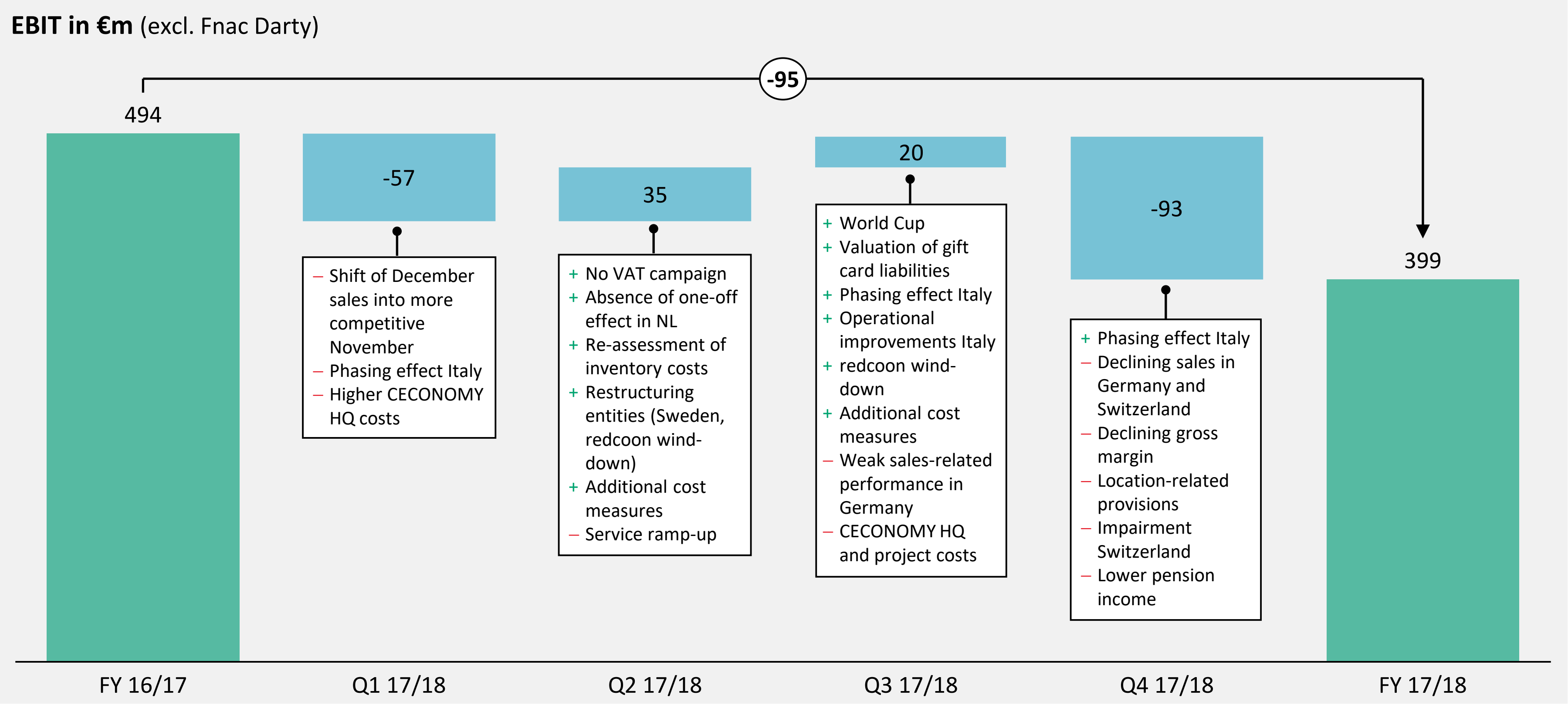


Note: EBITDA & EBIT in Q4 16/17 before special items. *Others: Including consolidation.

Highlights

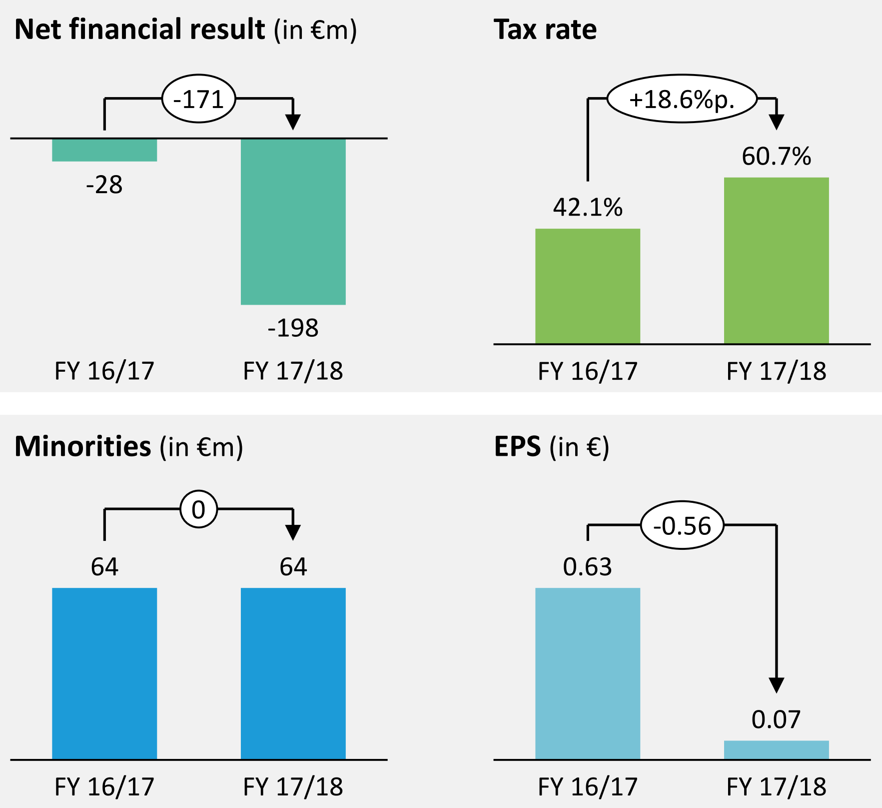
- // Gross margin declined by -0.9%p. to 21.6%
- // Weaker than expected trading in Germany driven by unusually hot weather in July and August in Germany
- // Earnings in Switzerland impacted by sales decline and also goodwill impairment
- // Italy benefited from previous year's reversal of the accrual-related effect
- // Positive earnings development in Turkey mainly due to sales growth
- // Others impacted by lower pension income (-€6m yoy)
- // Location-related provisions for Switzerland, Sweden and Greece also weighed on earnings

We recovered the Q1 earnings shortfall and were still on track after 9 months, but then Q4 turned out significantly lower than expected



Note: EBIT in FY 16/17 before special items.

Decline in EPS due to lower earnings and impairment of METRO AG stake



Note: All figures shown from continued operations; FY 16/17 figures shown before special items.

Highlights

// Financial result negatively impacted by €-268m impairment of METRO AG stake, partially offset by €25m METRO AG dividend and also by book gain due to disposal of 3.6% METRO AG stake in September

// Deterioration of tax rate due to non-tax deductible impairment of METRO AG stake; underlying tax rate improved to 34.1%

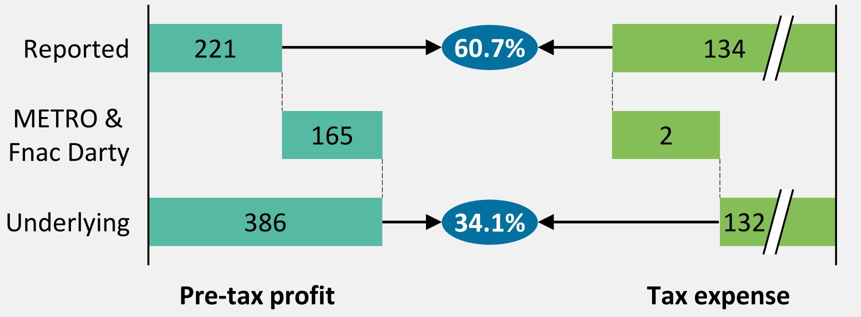
// Adjusted for METRO and Fnac Darty, minorities at around 25% of underlying profit or loss for the period

// EPS decline due to lower earnings and METRO AG stake impairment

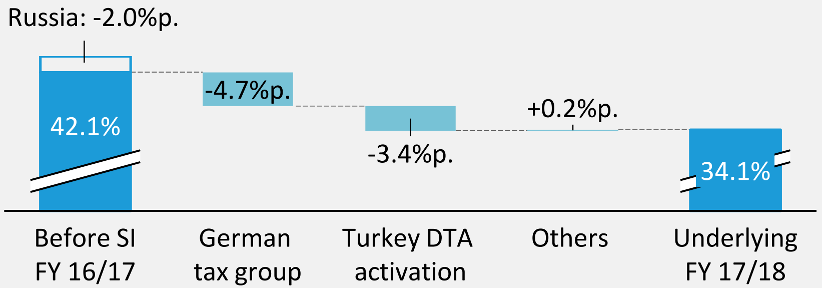
// No meaningful basis for the distribution of a dividend for FY 17/18; general dividend policy remains in place for future years

CECONOMY’s underlying tax rate improved to 34.1%

Transition of reported to underlying tax rate (FY 17/18)



Improvement of underlying tax rate (FY 16/17 vs. FY 17/18)



Highlights

Transition from reported to underlying tax rate (FY 17/18):

// Elimination of METRO AG impairment and dividend, book gain from disposal of 3.6% METRO AG stake and Fnac Darty profit share

Reduction of tax rate before special items of 42.1% (FY 16/17) to underlying tax rate of 34.1% (FY 17/18) by:

// Implementation of tax group with the 91 most profitable German MediaMarkt stores in FY 17/18, thereby utilization of almost all tax loss carry forwards of MSH (one-time tax expense reduction of €22m)

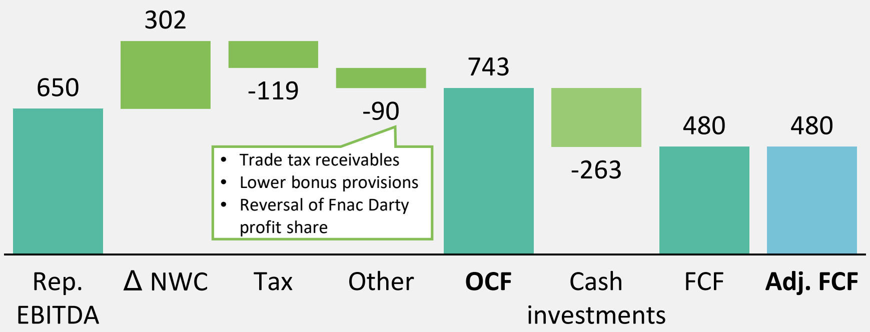
// DTA activation in Turkey due to profitability improve-ments (one-time tax expense reduction of €16m)

// Improvement also driven by elimination of losses of Russian MediaMarkt business

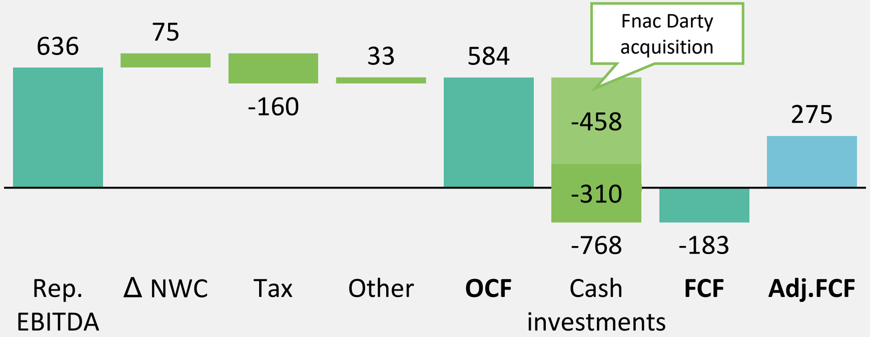
Note: All figures shown from continued operations; FY 16/17 figures shown before special items.

Positive Free Cash Flow in FY 17/18 due to clearly positive NWC

FY 17/18: Free Cash Flow (in €m)



FY 16/17: Free Cash Flow (in €m)



Highlights

// Free Cash Flow, adjusted for the Fnac Darty acquisition in the previous year, improved by c. €206m

// NWC improvement driven by higher trade payables due to temporary optimization of payment terms and an increased purchasing volume due to the promotional campaigns in September in Germany

// Lower cash taxes mainly due to implementation of tax group

// Other OCF impacted trade tax receivables, lower build-up of bonus provisions and reversal of Fnac Darty profit share

// Cash investments, adjusted for Fnac Darty in the previous year, declined by around €47m yoy to €263m (or 1.2% of sales vs. 1.5% of sales in the previous year)

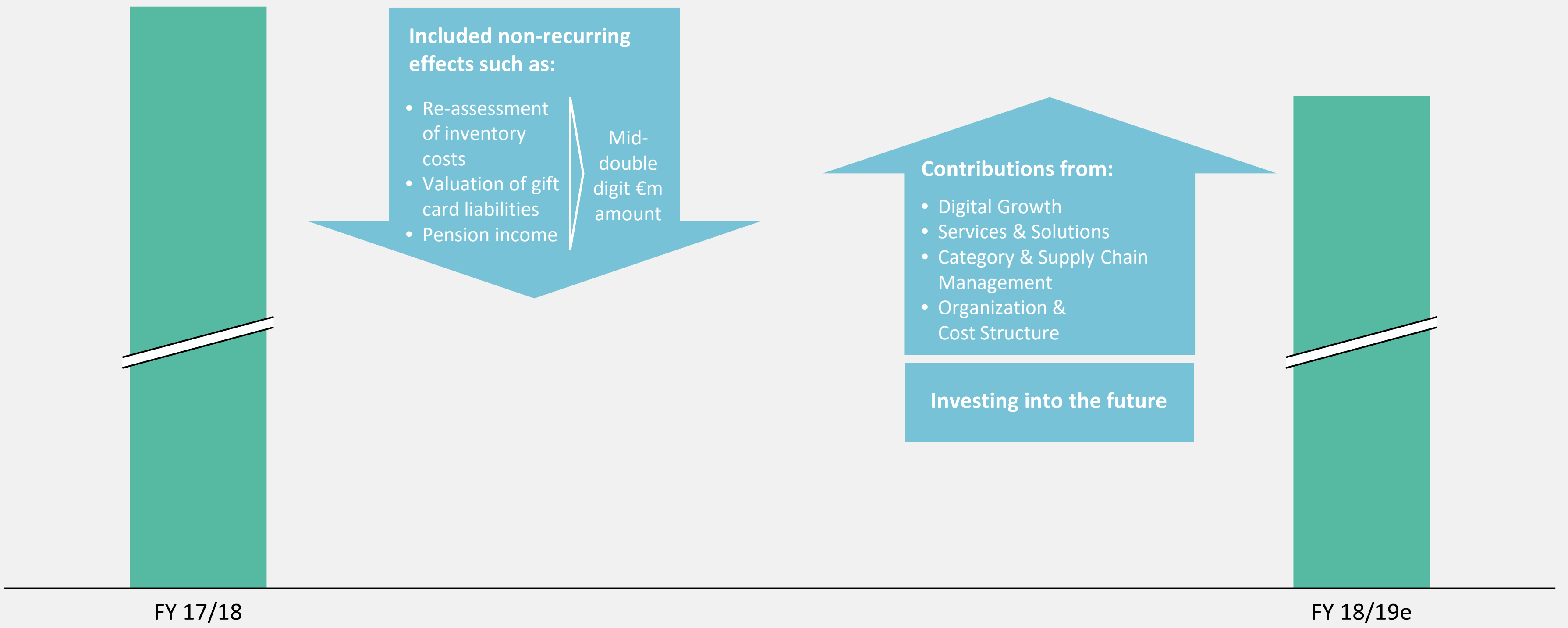
Note: Cash investments and FCF for 9M 17/18 were restated to exclude investments in money market funds from cash investments.

03 Outlook

Note: All figures from continued operations.

CECONOMY will face lack of positive non-recurring effects in the previous year and expects contributions from accelerating its strategic initiatives

Indicative EBIT development (excl. Fnac Darty)



Outlook

The outlook is adjusted for exchange rate effects and before portfolio changes. Still to be specified expenses in connection with the restructuring and optimization of structures and business processes at administrative and central units are not included. Expenses for already announced management changes in top management are also not included.

€m	FY 17/18	FY 18/19
Total sales	21,418	Slight increase
EBITDA (excl. Fnac Darty)	630	Slight decline
EBIT (excl. Fnac Darty)	399	Slight decline
Fnac Darty profit share	21	Mid double-digit €m amount (based on consensus estimate)
Net Working Capital		Moderate decline

Included non-recurring effects such as:
- Re-assessment of inventory costs
- Valuation of gift card liabilities
- Pension income

04

Strategy & Operations

State of MediaMarktSaturn Retail Group

Leading multi-channel business model

Attractive market with rising demand for services

Highly decentral and complex organization and processes

Inconsistent in executing our strategic initiatives and lacking focus

Leadership challenges and new skills required

Disappointing operational and consequently also disappointing financial performance

Requiring investments into the future

Unchanged strong potential not yet fully utilized

We are building a new organization

New Leadership Team at MediaMarktSaturn Retail Group

Chief Executive Officer	Chief Financial Officer	Chief Investment Officer	Chief Operating Officer	Chief Marketing & Digital Officer	Chief Technology Officer

1. Responsible for orchestrating the transformation
2. Define and implement consistent standards across the company
3. Focus on implementation of strategic initiatives

Our focus now lies on the implementation and acceleration of these strategic initiatives

Multi-channel business model

DIGITAL GROWTH

- Improve conversion through optimized user experience and customer journey (e.g. by improving average load times, recommendation share)
- Improve online margins by pushing relevant online services
- Refocus marketing investments and leverage data analytics to drive customer acquisition and retention

SERVICES & SOLUTIONS

- Use country best practices to improve attach rates in existing services portfolio
- Implement new proposition for insurances and extended warranties
- Further ramp-up of Smartbars
- Ramp-up at-home tech support
- Drive recurring revenue models through own billing platform for e.g. security software

CATEGORY & SUPPLY CHAIN MANAGEMENT

- Deploy new, group-wide category management approach
- Roll-out central planning and replenishment
- Centralize supply chain and implement central warehouses with shared stock
- Improve last mile offerings and management of providers

ORGANIZATION & COST STRUCTURE

- Build new management structures and processes
- Redesign store and HQ organizations as part of centralization initiatives
- Optimize and challenge store portfolio to reduce location costs
- Drive general cost reductions (e.g. indirect spend)

This transformation will require initial investments involving restructuring expenses

Requires investments in terms of both money and time

Continue to invest in the future which is about customer experience

Improve IT and logistics systems

Align all other costs to the strategy: location, marketing and organizational costs

We are familiar with transformations and are developing a value creation plan for Germany

Iberia Turnaround 2011 - 2013	Italy Turnaround 2017/18	Netherlands Value Creation 2017/18	Germany Value Creation 2019
Turnaround during economic crisis	Ruthless cost saving and restructuring programs	Professionalized control systems	Improve structure and processes to manage costs and speed
Restructure cost base	Opening-up new income sources from Services & Solutions	Implementation focus	Focus on fewer topics in line with strategic initiatives
Build-up innovative services business	Implement basic stock and category management approach	Introduction of service standards	Invest into the centralization of the business
Implement cross-docking platform and central repair hub (in 2016)	Change management	Improve store operations	Consumer-centric business model

Foundations laid to improve Black Friday performance, but turning best practices and learnings into actions is a gradual process

October | November | December

Black Friday 2018

Foundations	Challenges
Best practice sharing, early planning and preparation	Still highly decentral organization and processes
Attack rather than react, more cautious sales and stock planning in pre- and post campaign period	Complexity of steering goods margins and conditions
Better goods margin planning and early securing of supplier support	Backbone systems capacity challenged during peak periods
Services as cornerstone of campaign planning – focus on attach during Black Friday period	Different starting points for services in the countries

FY 18/19 will be a year of transition – the transformation already started

1

This company has a great potential that has not been fully utilized.

2

We have to fix the basics and lay the foundation for a sustainable future.

3

We will put the customer back at the center of everything we do.

By doing so, we will be able to lift the huge potentials and improve our operational and consequently also our financial performance sustainably.

Q&A

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Sales & number of stores by country

	Sales (€m)		Number of Stores			
	FY 16/17	FY 17/18	FY 16/17	Openings	Closures	FY 17/18
Germany	10,556	10,340	429	5	–2	432
Austria	1,169	1,161	50	2	0	52
Switzerland	635	569	27	1	–1	27
Hungary	302	340	24	0	0	24
DACH	**12,662**	**12,410**	**530**	**8**	**–3**	**535**
Belgium	686	701	28	1	0	29
Greece	187	186	12	0	0	12
Italy[1]	2,064	2,096	116	1	–2	115
Luxembourg	63	65	2	0	0	2
Netherlands	1,590	1,581	49	0	0	49
Portugal	133	146	10	0	0	10
Spain	1,967	2,002	83	2	0	85
Western/Southern Europe[1]	**6,691**	**6,777**	**300**	**4**	**–2**	**302**
Poland	1,033	1,037	86	3	–3	86
Turkey	666	651	53	18	0	71
Eastern Europe	**1,699**	**1,689**	**139**	**21**	**–3**	**157**
Sweden	474	462	27	1	0	28
Others	**553**	**542**	**27**	**1**	**0**	**28**
CECONOMY[1]	**21,605**	**21,418**	**996**	**34**	**8**	**1,022**

Note: All figures shown from continued operations. [1] Sales figures for Italy for 2016/17 and 2017/18 were restated to present revenues related to extended warranties on a net basis.

Declining EBIT/DA in Q4 and FY 17/18; EPS in FY 17/18 additionally impacted by impairment of METRO AG stake

€m	Q4 16/17	Q4 17/18	Change	FY 16/17	FY 17/18	Change
EBITDA	**297**	**215**	**–82**	**714**	**650**	**–63**
EBITDA excl. Fnac Darty	**297**	**214**	**–83**	**714**	**630**	**–84**
EBITDA excl. Fnac Darty margin	*5.8%*	*4.3%*	*–1.5%p.*	*3.3%*	*2.9%*	*–0.4%p.*
EBIT	**241**	**149**	**–92**	**494**	**419**	**–75**
EBIT excl. Fnac Darty	**241**	**148**	**–93**	**494**	**399**	**–95**
EBIT excl. Fnac Darty margin	*4.7%*	*3.0%*	*–1.7%p.*	*2.3%*	*1.9%*	*–0.4%p.*
Net financial result	**-15**	**63**	**78**	**–28**	**–198**	**–171**
Earnings before taxes	**226**	**212**	**–14**	**466**	**221**	**–245**
Income taxes	–83	–128	–44	–196	–134	62
Tax rate	36.9%	60.2%	23.4%p.	42.1%	60.7%	18.6%p.
Profit or loss for the period	**143**	**84**	**–59**	**270**	**87**	**183**
attributable to non-controlling interest	26	1	–26	64	64	0
attributable to shareholders of CECONOMY AG	117	84	–33	206	23	–183
Number of shares (m)	326.8	354.0	27.2	326.8	333.6	6.8
EPS (€)	**0.36**	**0.24**	**–0.12**	**0.63**	**0.07**	**–0.56**
DPS (€)	**n.a.**	**n.a.**	**n.a.**	**0.26**	**0.00**	**–0.26**

Note: All figures shown from continued operations. Q4 and FY 16/17 figures shown before special items.

Upcoming IFRS 9 and 15 accounting changes effective as of 1 October 2018 and their impact on CECONOMY's financials

IFRS 9

Financial Instruments

Effective: 1 Oct. 2018

// The IFRS 9 accounting change will reduce the impairment requirement for the receivables portfolio

// According to an impact analysis no material impact expected

Financial Impact[1]

Not material

IFRS 15

Revenue from Contracts with Customers

Effective: 1 Oct. 2018

// IFRS 15 related changes in the sales allocation on the basis of standalone selling prices are mainly applicable to Telco related package deals

// As a result a low triple-digit €m shift from Services & Solutions to product sales is expected

// Comparable figures according to IAS18 will be provided on a quarterly basis

Financial Impact[2]

Product sales:
Low triple-digit €m

Service sales:
Low triple-digit €m

[1]Preliminary and unaudited impact analysis as of 31 Dec. 2017; [2]Preliminary and unaudited impact analysis as of 30 Sep. 2017.

Financial calendar and events

Financial calendar

Q1 2018/19 results	8 February 2019
Annual General Meeting	13 February 2019
Q2 2018/19 results	21 May 2019
Q3 2018/19 results	13 August 2019
Q4/FY 2018/19 trading statement	24 October 2019
FY 2018/19 results	17 December 2019

Upcoming events

Commerzbank Conference, New York	15 January 2019
KeplerCheuvreux & Unicredit Conf., Frankfurt	22 January 2019

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