CECONOMY

Supplementary Information Q4/FY 2019/20

15 December 2020

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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.

Strong finish to the financial year: Exceptional sales performance and better than expected results in Q4

+7.6%

Sales change yoy
adjusted for fx-effects and portfolio changes

123 €m

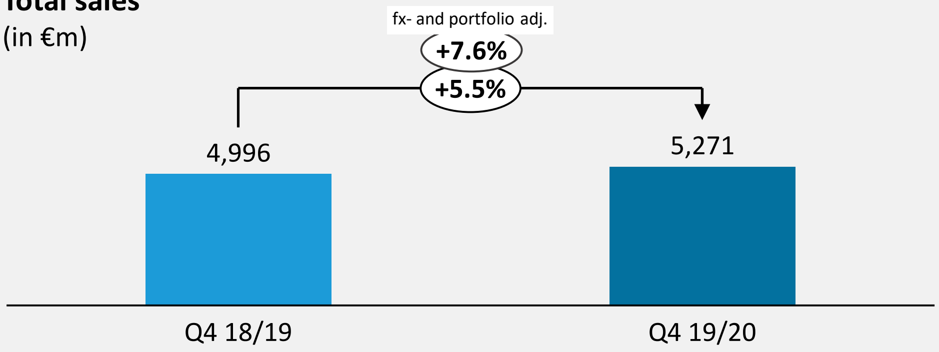
Adj. EBIT[1,2]
excl. associates **28 €m below prior year's level**

[1]Excl. non-recurring effects. [2]Incl. IFRS 16.

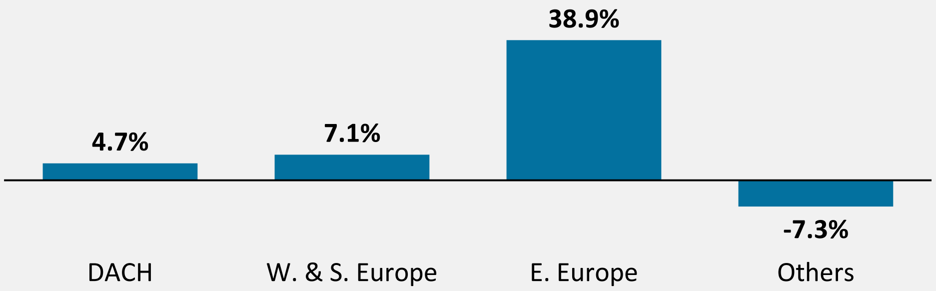
Exceptional sales momentum continued in Q4 driven by sustained consumer demand and successful online activities

Q4

Total sales
(in €m)



Sales by segment
(fx- and portfolio adj., yoy change)



Q4 Highlights

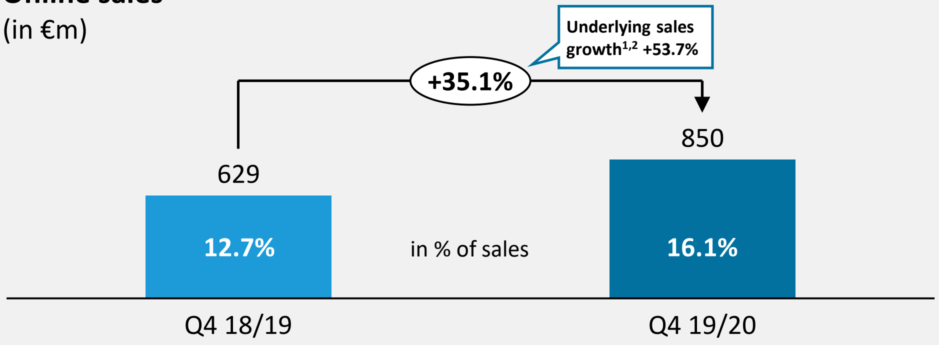
- **Underlying sales[1,2] grew even by +9.8%**
- **DACH:** Germany benefited from successful campaigns and general VAT reduction; double-digit growth in Austria
- **Western & Southern Europe:** Strong consumption rebound in Spain and Italy, especially driven by online business; Netherlands also benefited from low comparison base
- **Eastern Europe:** Turkey with strong sales growth trend
- **Others:** Good sales momentum in Sweden driven by various campaigns; segment decline due to disposal of iBood

[1]Fx- and portfolio-adjusted sales. [2]Excl. technical effect due to switch from agent to principal model for online sales of mobile phones and related contracts as a bundle in Germany.

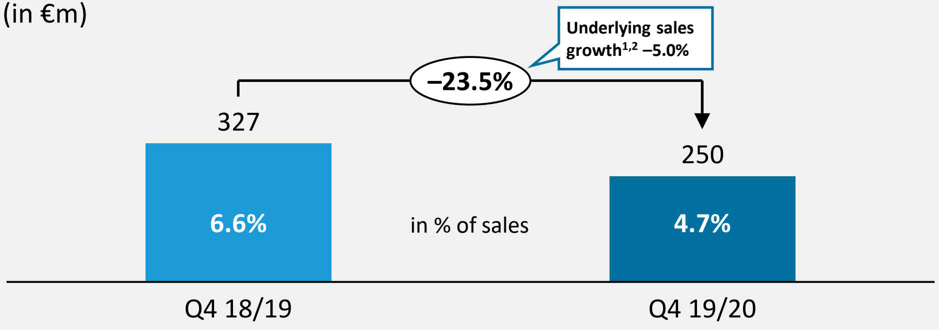
Online grew at elevated levels, while Services & Solutions was below prior year

Q4

Online sales[1]
(in €m)



Services & Solutions sales[1]
(in €m)



Q4 Highlights

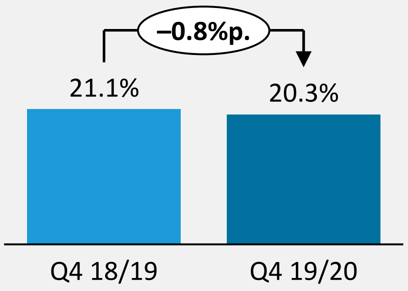
- **Dynamic online growth in addition to positive stationary sales development**
- **Strong double-digit online growth** especially in Western and Southern Europe countries
- **1.3 million new customers** registered in webshops across the Group
- **Pick-up rate stabilized** at around 39%
- **Services & Solutions** primarily impacted by technical effect, but also lower store traffic
- **High demand** for "Smartbar" services & extended warranties; GSM mobile & other contract business below prior year's level

[1]Excl. Greek MediaMarkt business (portfolio adjustment). [2]Excl. technical effect due to switch from agent to principal model for online sales of mobile phones and related contracts as a bundle in Germany.

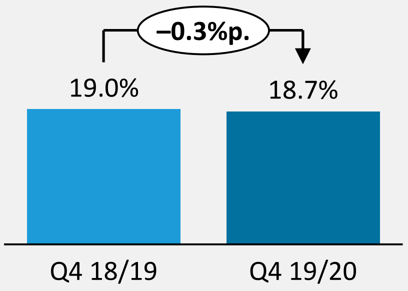
Gross margin decline in Q4 but with trend improvement compared to 9M period

Q4

Gross margin[1] (in % of sales)

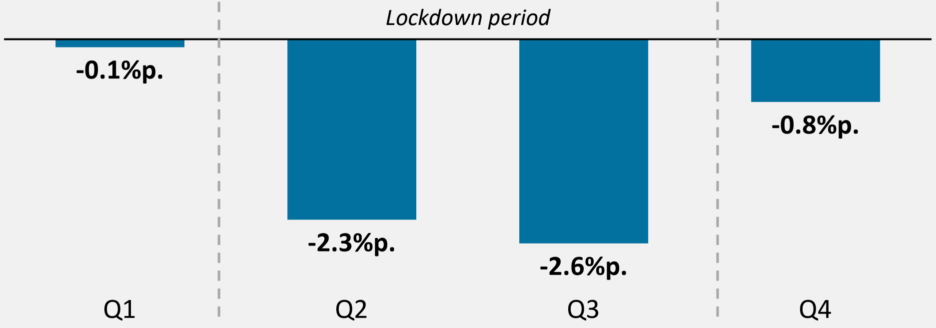


OPEX[1,2] (in % of sales)



FY

Gross margin development[1] 19/20 vs. PY



Q4 Highlights

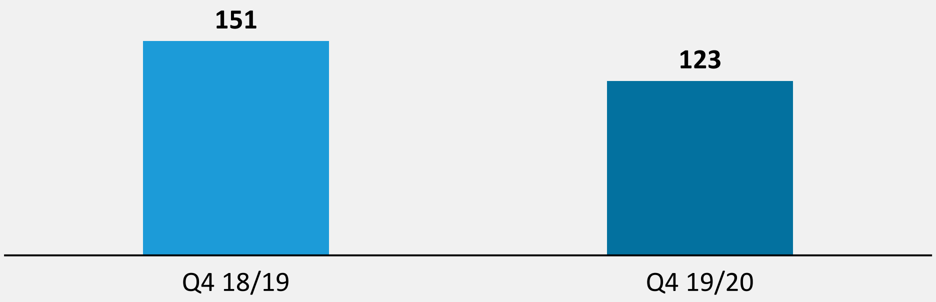
- **Gross margin[1]** with trend improvement compared to 9M period (–1.4%p.)
- **Gross margin** unfavourably impacted especially by channel shift coupled with higher delivery costs and lower Services & Solutions income
- **OPEX** impacted by negative effects such as software impairment and right-of-use asset impairments
- **Ongoing operational cost savings** related to lower personnel expenses and indirect spend

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

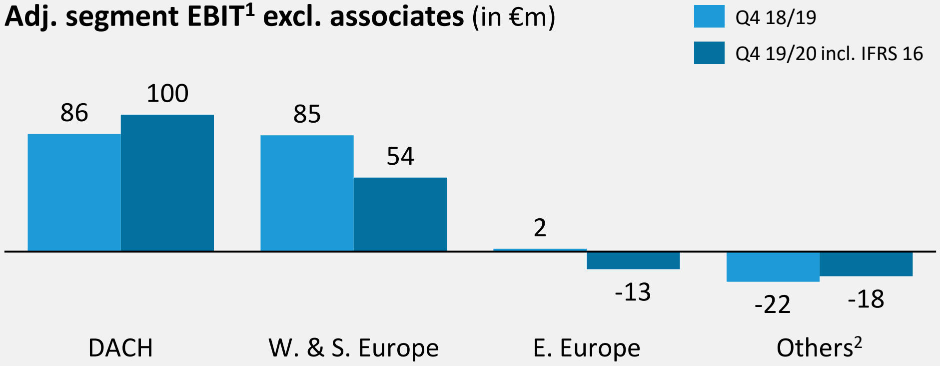
Good topline growth and tight cost control largely offset gross margin decline in Q4

Q4

Adj. EBIT[1] excl. associates (in €m)



Adj. segment EBIT[1] excl. associates (in €m)



Q4 Highlights

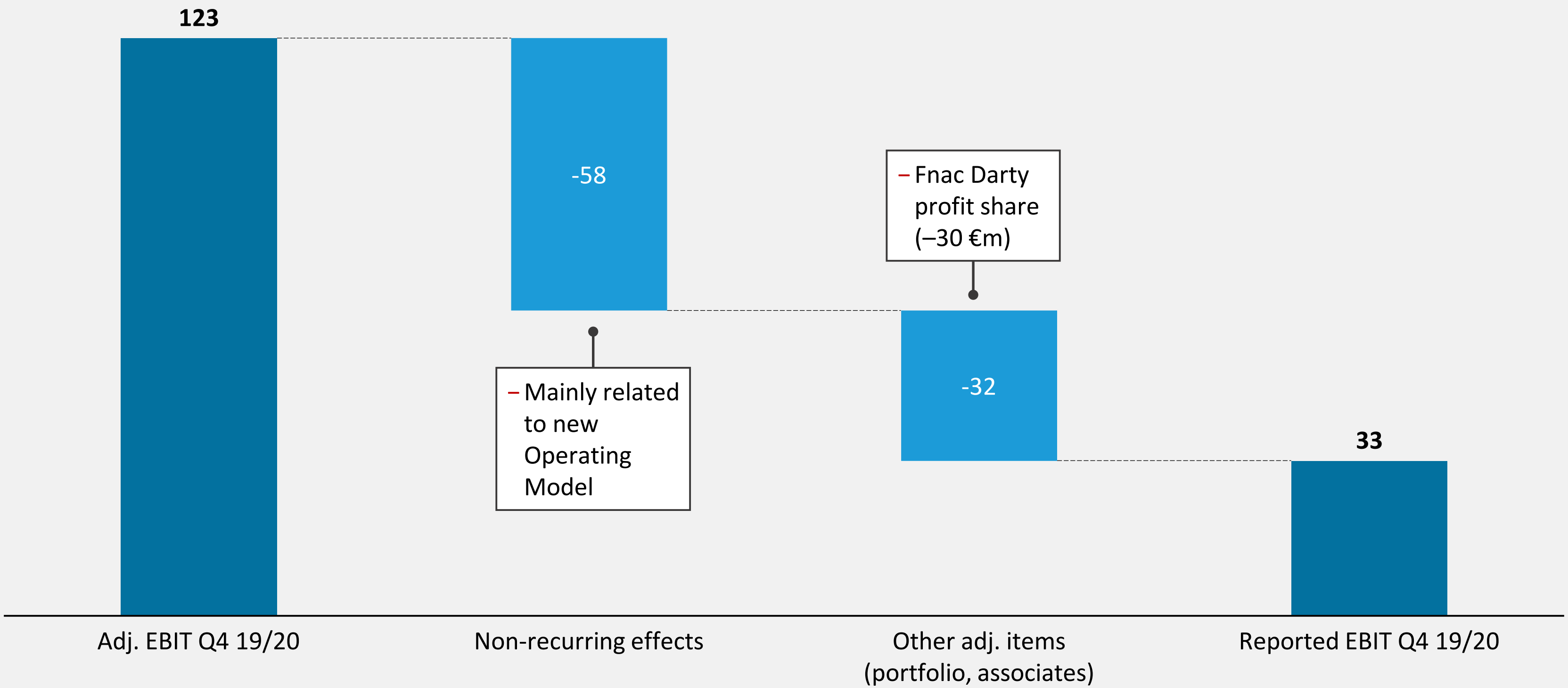
- **DACH:** Solid earnings increase in Germany supported by strong sales growth overcompensating the impact of software impairment
- **W. &. S. Europe:** Gross margin decline weighed on earnings in Spain and Italy; strong sales performance led to slight earnings increase in the Netherlands
- **Eastern Europe:** Lower earnings in Poland also due to high comparison base as a result of lower necessary risk provisions at redcoon in PY; Turkey impacted by negative currency effects
- **Others:** Slight sales-related earnings increase in Sweden; lower CECONOMY HQ costs

[1]Excl. non-recurring effects and adjusted for portfolio changes. [2] Incl. consolidation.

Restructuring expenses related to new Operating Model and negative Fnac Darty profit share additionally weighed on reported EBIT

Q4

Adj. EBIT[1] excl. associates to reported EBIT (in €m)



[1]Excl. non-recurring effects and adjusted for portfolio changes.

EPS declined mainly due to impairment of Fnac Darty stake and lower COVID-19-related operational earnings

€m	FY 18/19	FY 19/20	Change
EBITDA	**465**	**991**	**526**
EBIT	**224**	**–80**	**–304**
Net financial result	**12**	**–45**	**–56**
Earnings before taxes	**235**	**–125**	**–360**
Income taxes	–77	–93	–16
Profit or loss for the period	**158**	**–218**	**–376**
Non-controlling interest	37	19	–18
Net result	121	–237	–358
EPS (in €)	**0.34**	**–0.66**	**–1.00**

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

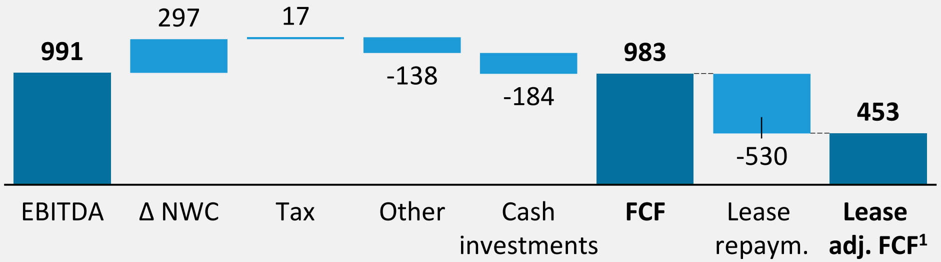
FY Highlights

- **Reported EBIT** includes c. 9 €m IFRS 16 effect; decline largely due to Fnac Darty impairment of 268 €m, but also COVID-19-related lower operational earnings
- **Net financial result** impacted by higher interest expenses due to IFRS 16 related recognition of lease liabilities; PY includes gain on the disposal of 5.4% METRO stake
- **Tax rate** at –74.0%; negative tax rate essentially due to Fnac Darty impairment
- **EPS** declined by –1.00 €

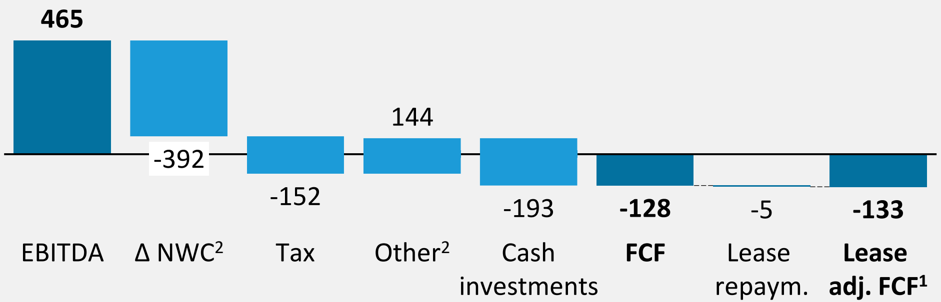
Adjusted Free Cash Flow improved strongly supported by NWC inflow and tax reimbursements

FY

19/20: Free Cash Flow (in €m)



18/19: Free Cash Flow (in €m)



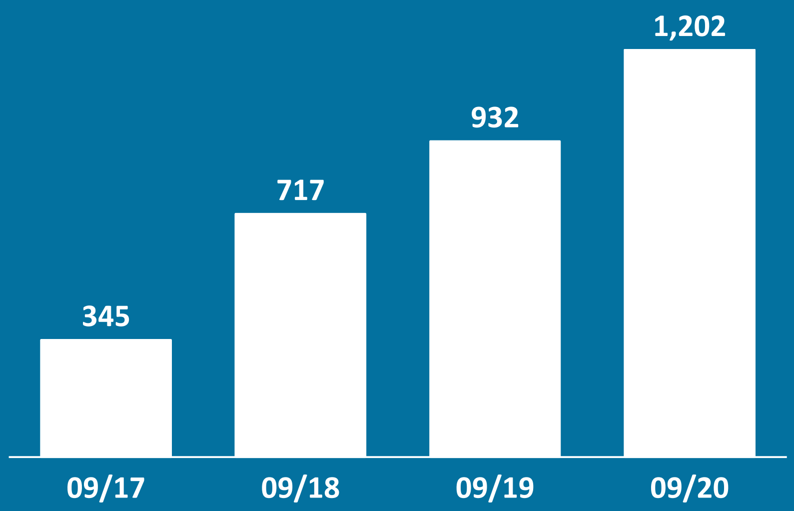
FY Highlights

- **Adj. Free Cash Flow improved strongly by 586 €m yoy**
- **Change in NWC improved significantly** due to strong increase in trade liabilities with a comparatively smaller increase in inventories – both effects are mainly due to the positive sales development in Q4
- **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
- **Other OCF in CY** mainly impacted by cash outs from reorganization & efficiency program as well as funding of plan assets

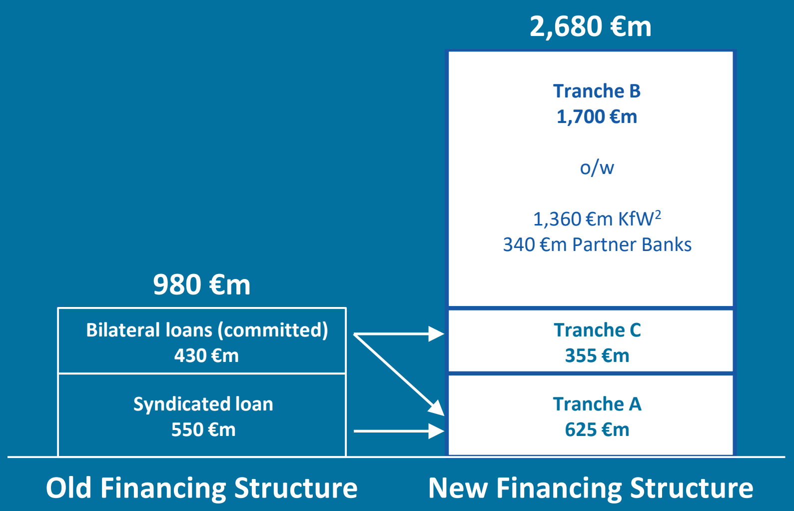
[1]Lease adjusted free cash flow subtracts the repayment of lease liabilities for better FCF comparability under IFRS 16. [2]Prior-year adjustments due to changes in presentation and definition.

Our strong net liquidity position is further strengthened by new back-up credit lines

Net liquidity (leasing adjusted[1])
(in €m)



New financing structure
(as of 12 May 2020)



[1]Excl. lease liabilities. [2]State-owned bank KfW (Kreditanstalt für Wiederaufbau).

IFRS 16 effects on EBIT

€m	IFRS 16 effect in EBIT Q4 19/20	IFRS 16 effect in EBIT FY 19/20
DACH	1	4
Western/Southern Europe	1	2
Eastern Europe	2	6
Others[1]	0	-2
Total	**3**	**9**

[1]Including consolidation.

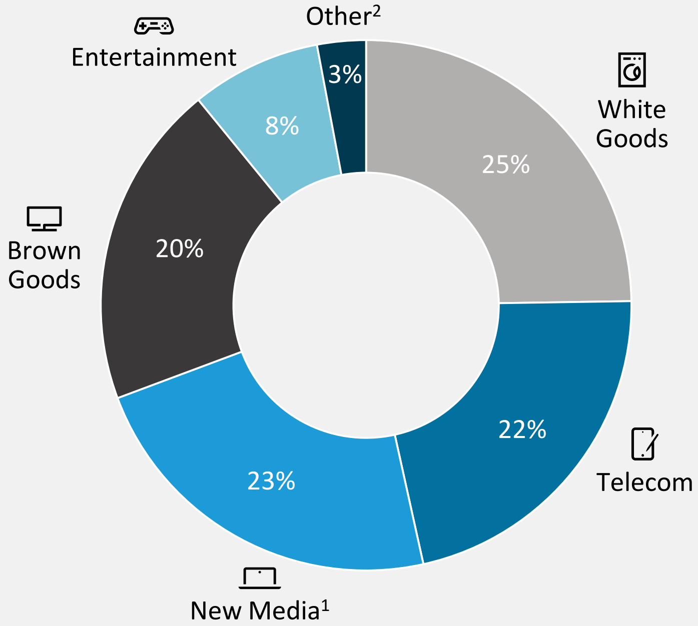
Sales & number of stores by country

	Sales (€m)		Number of Stores			
	FY 18/19	FY 19/20	30/09/2019	Openings	Closures	30/09/2020
Germany	10,472	10,155	431	–	–6	425
Austria	1,150	1,203	52	1	–	53
Switzerland	578	591	26	–	–1	25
Hungary	364	375	32	–	–	32
DACH	**12,565**	**12,323**	**541**	**1**	**–7**	**535**
Belgium	697	698	27	–	–	27
Greece	193	40	12	–	–12	0
Italy	2,157	2,060	117	1	–1	117
Luxembourg	65	56	2	–	–	2
Netherlands	1,495	1,546	49	1	–	50
Portugal	151	160	10	–	–	10
Spain	2,050	1,871	88	–	–	88
Western/S. Europe	**6,807**	**6,431**	**305**	**2**	**–13**	**294**
Poland	970	912	90	–	–2	88
Turkey	596	699	78	–	–	78
Eastern Europe	**1,567**	**1,611**	**168**	**–**	**–2**	**166**
Sweden	439	460	28	–	–	28
Others	**516**	**465**	**28**	**–**	**–**	**28**
CECONOMY	**21,455**	**20,831**	**1,042**	**3**	**–22**	**1,023**

Shift in product category mix driven by changed customer demand due to COVID-19-pandemic

FY

Product category breakdown
(in % of total product sales)



FY Highlights

- **Computer hardware & accessories** developed very positively benefiting from the work-from-home trend prompted by COVID-19
- **White goods category** also recorded growth
- Slight sales decrease of **brown goods** impacted by the cancellation of this year's major sports events
- **Entertainment products** and **photo** below prior year's level; launch of the new gaming consoles from Sony and Microsoft shifted into Q1 20/21

[1]Incl. computer, hardware, computer accessories and smart home. [2]Incl. mainly photo.

Net Working Capital[1]

€m	30/09/2018[1]	30/09/2019[1,2]	Change	30/09/2019[1,2]	30/09/2020	Change
Inventories	2,480	2,548	68	2,548	2,949	402
Trade receivables and similar claims	613	455	–158	455	488	33
Receivables due from suppliers	1,239	1,295	56	1,295	1,302	7
Trade liabilities and similar liabilities	–5,746	–5,321	425	–5,321	–5,996	–675
Net Working Capital	**–1,414**	**–1,023**	**390**	**–1,023**	**–1,256**	**–233**

[1]Adjustments and/or due to a change in definition. [2]Balance sheet figures for 30/09/2019 are presented without the assets and liabilities of the disposal group MediaMarkt Greece. The resulting effect on net working capital is –21€m.

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.
- Non-recurring earnings effects in FY 2019/20 include 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.

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/

CECONOMY