

TRADING STATEMENT

CECONOMY SEES SURGE IN ONLINE SALES PARTLY COMPENSATING STORE CLOSURES; COMPREHENSIVE MEASURES TO CONTAIN COVID-19 IMPACT INITIATED

Düsseldorf, 17 April 2020

- Group sales and earnings in 5M 19/20 developed solidly and well in line with expectations
- March performance strongly impacted by COVID-19 related store closures
- Marked increase in pure online sales in March (+98%) thanks to the refocusing of resources and commercial activities on the online channel in reaction to COVID-19
- Surge in demand for home office equipment, refrigerators and freezers as well as DIY and gardening products; product availability is secured
- Comprehensive measures to contain COVID-19 impact on earnings and liquidity initiated

“In the first five months of financial year 19/20, our business developed nicely. We felt comfortable with the achieved earnings increase and were fully on track to reach our FY guidance. Since Mid-March, however, the regulatory measures and consequent negative effects of the COVID-19 pandemic have become noticeable group-wide. CECONOMY has taken immediate action to respond to this situation. We have seen a strong increase in online purchases in recent weeks as customers are looking for home office equipment and other products to feel well equipped at home. We have also immediately initiated extensive cost and liquidity measures. At the same time, we are already looking into the future and preparing for the phase after the lockdown. The current situation is demanding, but we see the current COVID-19 crisis as an opportunity to accelerate the transformation of our business model.” **Bernhard Düttmann, CEO of CECONOMY.**

H1 19/20 preliminary results

- **Sales** adjusted for currency effects and portfolio changes decreased by –3.1%; however, until the end of February (5M), sales adjusted for currency effects and portfolio changes developed in line with expectations (+0.9%), driven by solid Services & Solutions and Online growth
- **Adjusted EBIT** declined by –137 €m yoy to 159 €m due to the COVID-19 related store closures; after the first five months, we felt comfortable with the achieved earnings increase and were fully on track to reach our FY guidance

TRADING STATEMENT

Q2 19/20 preliminary results

- **Sales** adjusted for currency effects and portfolio changes decreased by –6.6% (–6.2% on a like-for-like basis); reported sales declined by –7.7% to 4,631 €m; decline driven exclusively by store closures related to COVID-19; 2M sales (January-February) adjusted for currency effects and portfolio changes were up +3.7%

_DACH (–6.0% fx-adj.): Germany, Austria and Switzerland negatively impacted by store closures in March, which was only partly compensated by marked increase in online; Hungary continued to grow solidly, partly driven by store openings in the previous year

_Western/Southern Europe (–8.7% fx- and portfolio-adj.): Italy and Spain faced a strong negative decline, largely driven by store closures; the Netherlands posted a stable sales development

_Eastern Europe (–0.2% fx-adj.): Turkey with solid double-digit growth despite store closures towards the end of March; Poland with positive sales development in the first two months, but subsequently impacted by early store closures

_Others (–12.6% fx-adj.): Positive sales momentum in Sweden; segment decline due to disposal of iBood

- **Online sales** (excl. MediaMarkt Greece) increased by approx. +24% yoy to 18.6% of total sales
- **Services & Solutions** sales (excl. MediaMarkt Greece) on prior year's level, accounting for 6.0% of total sales, after a double-digit increase in the first two months of Q2
- **Adjusted EBIT** declined by –157 €m yoy to –131 €m, despite a strong yoy increase in the first two months of Q2; the decline is essentially attributable to the negative sales development coupled with a negative margin development resulting from the COVID-19 related store closures in March. On the other hand, initial savings in connection with the recently introduced COVID-19 cost measures had a positive effect, whereby short-time work in Germany and Austria will only have an effect on results from April onwards.

Business update regarding COVID-19

In response to the global COVID-19 pandemic, CECONOMY takes all necessary measures to safeguard the business and to ensure the safety of its employees and customers. In detail, the current situation and measures are as follows:

- **Online business:** Online trading has been particularly strong in the last weeks (March pure online sales excl. pick-up and shipment-from-store +98%) thanks to our refocusing of commercial activities and resources on this channel. Our online channels remain open in all of the Group's online markets.

TRADING STATEMENT

_Shipment-from-store: To respond to rising customer demand, in many markets, we have started to fulfill online orders for products that are not available in the online warehouse partly out of the stores.

_Delivery: Delivery currently functions smoothly without restrictions. Stringent health and hygiene measures to protect our people in the stores and warehouses have been adopted.

_Pick-up points: At many locations it is possible to pick up the online orders on site at specially equipped pick-up points.

- **Store closures:** The situation in many core markets of MediaMarktSaturn is challenging. As at 16 April, a total of 881 out of 1,025 stores were temporarily closed. In compliance with local government instructions, we took the following measures:

	# of stores 31/03/2020	Open stores	Closed stores	Comment
Germany	428	-	428	All stores closed from 19 March 2020
Austria	52	-	52	All stores closed from 16 March 2020, reopening planned for 2 May 2020
Switzerland	26	-	26	All stores closed from 17 March 2020
Hungary	32	32	-	Adjusted opening hours
Belgium	27	-	27	All stores closed from 18 March 2020
Italy	116	11	105	All stores closed from 12 March 2020, some stores reopened on 14 April 2020
Luxembourg	2	-	2	All stores closed from 16 March 2020
Netherlands	50	50	-	Adjusted opening hours
Portugal	10	10	-	Restricted access
Spain	88	-	88	All stores closed from 16 March 2020
Poland	88	13	75	All stores closed from 15 March 2020, some stores reopened on 23 March 2020
Turkey	78	-	78	All stores closed from 23 March 2020
Sweden	28	28	-	All stores open
Total	1,025	144 (14%)	881 (86%)	

- **Planning of store ramp-up:** We have already started with a careful reopening planning and are currently implementing numerous health safety measures in all stores for the time of reopening. Various countries have recently announced a short-term loosening of the current restrictions. We are well prepared to open our stores accordingly and in compliance with valid obligations. In Germany, we are examining possibilities to what extent we can temporarily separate smaller areas in our stores and thus re-open them for our customers as quickly as possible.
- **Product categories:** We see a surge in demand for home office equipment like webcams and monitors, home appliances such as freezers, but also for other selected product groups such as high-pressure cleaners; availability continues to be on a high level and is supported by our ship-from-store capabilities.
- **Cost and liquidity measures:** In light of the disruption to sales, CECONOMY has adopted comprehensive short-term measures to mitigate the impact on earnings and liquidity:

TRADING STATEMENT

_Personnel: CECONOMY has adopted short-time work for around 20,000 employees in Germany. Other countries have also adopted short-time work regulations. As a sign of solidarity, the management boards of CECONOMY and MediaMarktSaturn, senior managers and employees voluntarily waive part of their base salary during the shutdown of stores.

_Rent: The company has preventively suspended rental payments at all currently closed stores for April 2020. We are in close contact with our landlords to find amicable and mutually acceptable solutions.

_Other cost items: We have also immediately acted to reduce brick & mortar marketing and consulting expenses as well as other non-essential spending.

_Tax deferrals: With the respective government bodies, CECONOMY has agreed the deferral of taxes such as VAT, corporate income tax and trade tax.

_Working capital: We have worked closely with our key strategic suppliers and found joint solutions, including temporary extensions of payment terms.

_CapEx suspension: We have suspended investments into expansion and store modernization and thus expect CapEx to be under our prior expectation of c. 1.5% of sales.

- **Financing:** CECONOMY has taken measures to safeguard access to substantial liquidity.

_Credit facilities: CECONOMY AG has a syndicated credit facility totalling 550 €m and several multi-year bilateral credit facilities together totalling 430 €m. As of 31 March 2020, both facilities were fully drawn in light of the current disruption from COVID-19.

_Additional back-up funding: To increase our financial flexibility and ensure access to additional liquidity in an unprecedented time, CECONOMY has applied for a revolving credit facility from KfW.

- **Guidance:** In light of this situation, the Management Board decided on 18 March 2020 to withdraw the outlook for FY 19/20. Due to the dynamics of developments in connection with COVID-19, the Management Board currently refrains from issuing a new outlook.

- **Strategic transformation:** We remain committed to our ongoing transformation and to drive future value for our customers, our employees, and our shareholders. We see the current COVID-19 crisis as an opportunity to accelerate the transformation of our business model.

All figures and statements reported herein are preliminary and unaudited. Full financial disclosure for Q2/H1 19/20 will be published on 14 May 2020 at 07:00 am CEST.

TRADING STATEMENT

Preliminary Sales Development

	Sales (€ million)		Change	Currency effects	Sales adjusted for	Like-for-like sales (local currency)
	Q2 2018/19	Q2 2019/20			Q2 2019/20	
Total	5,015	4,631	-7.7%	-0.3%	-6.6%	-6.2%
DACH	2,945	2,771	-5.9%	0.1%	-6.0%	-5.5%
Western/Southern Europe	1,585	1,410	-11.0%	0.0%	-8.7%	-9.0%
Eastern Europe	367	349	-4.7%	-4.5%	-0.2%	-2.2%
Others	118	102	-14.2%	-1.6%	-12.6%	3.0%

	Sales (€ million)		Change	Currency effects	Sales adjusted for	Like-for-like sales (local currency)
	H1 2018/19	H1 2019/20			H1 2019/20	
Total	11,894	11,453	-3.7%	-0.1%	-3.1%	-2.8%
DACH	7,012	6,832	-2.6%	0.1%	-2.7%	-2.2%
Western/Southern Europe	3,741	3,481	-6.9%	0.0%	-5.4%	-5.9%
Eastern Europe	849	884	4.1%	-2.1%	6.2%	3.8%
Others	292	255	-12.5%	-2.1%	-10.4%	3.1%

Financial calendar

Q2/H1 2019/20 results	Thursday	14 May 2020
Q3/9M 2019/20 results	Thursday	13 August 2020
Q4/FY 2019/20 trading statement	Friday	23 October 2020
Q4/FY 2019/20 results	Tuesday	15 December 2020

TRADING STATEMENT

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