

TRADING STATEMENT Q3 2019/20

CECONOMY WITH NOTICEABLE SALES RECOVERY FOLLOWING EASING OF COVID-19 RESTRICTIONS AND BETTER THAN EXPECTED RESULTS IN THE THIRD QUARTER 2019/20

Düsseldorf, 16 July 2020

- **Group sales rebounded in May and gained further momentum in June after extraordinary COVID-19 impact on sales in April**
- **After easing of COVID-19 restrictions, still muted store traffic more than offset by higher checkout value and increase in conversion rates**
- **Online business increased by c. +145% in Q3, accounting for 35% of total sales; strong online performance continued through May and June despite gradual store reopenings**
- **Better than expected Q3 result with adjusted EBIT on prior year's level thanks to COVID-19 related cost savings and strong sales development in May and June**
- **New outlook against the backdrop of the recent positive trends in conjunction with prevailing macroeconomic risks and trailing corona-related headwinds**

“Following the huge level of disruption that COVID-19 has imposed on CECONOMY in recent months, we are encouraged by the return to positive trading in May and further strong sales momentum in June. Overall, we performed better in the third quarter than originally expected. Meanwhile, the strong shift to our online sales channels continued. The pandemic has certainly acted as an accelerator for our online business. Our stores will continue to play a vital role in our omni-channel approach, but we need to respond to the changing customer habits and adapt in order to act sustainable in the new retail reality. We are continuously reassessing the situation around the COVID-19 pandemic but remain confident regarding the long-term prospects for us as the market leader for CE products in Europe,” **Bernhard Düttmann, CEO of CECONOMY.**

Q3 2019/20 preliminary results

- **Sales** adjusted for currency effects and portfolio changes decreased by –8.4% (–7.6% on a like-for-like basis); reported sales declined by –10.0% to 4,107 €m; the decline is exclusively the result of COVID-19 related store closures in April; with the gradual reopenings, the business returned to growth in May, which further accelerated in June

TRADING STATEMENT Q3 2019/20

- **Online sales** (excl. MediaMarkt Greece) increased by approx. +145% yoy reaching 35% of total sales
- **Services & Solutions sales** (excl. MediaMarkt Greece) decreased by around –18% yoy accounting for around 5% of total sales due to store closures in April and lower store traffic thereafter coupled with ongoing capacity restrictions
- **Product mix shifted during COVID-19** due to changed customer needs; Computer, Entertainment Hardware and TV saw highest increase in sales share, while sales share of Mobile and White Goods decreased
- **Adjusted EBIT excl. associates on prior year's level**, driven by COVID-19 related cost measures and sales recovery in May and June, which fully compensated margin-related decline in the quarter and negative sales impact resulting from COVID-19 related store closures in April

Business update regarding COVID-19

	April 2020	May 2020	June 2020
Sales (in €m)	809	1,551	1,747
Sales adjusted for currency and portfolio change effects	–43%	3%	12%
Online sales ¹	209%	133%	97%
Average of open stores per month	14%	70%	100%

¹Excluding Greek MediaMarkt business (portfolio change)

Based on preliminary and unaudited figures

April: Lockdown phase

- **April was marked by the closure of the majority of our stores.** A total of 881 (c. 86%) out of 1,025 stores were closed with the exception of Hungary, Netherlands, Portugal and Sweden, which faced restrictions such as reduced opening hours or restricted access. After many weeks of lockdown, the German government agreed on a gradual easing of COVID-19 related shopping restrictions. Starting on 22 April 2020, many stores reopened in various German federal states, restricted to smaller, clearly partitioned retail spaces not exceeding 800m². Reopened stores complied with all required and recommended hygiene and safety standards
- **Sales materially impacted by COVID-19 related store closures in most of the countries;** sales adjusted for currency effects and portfolio changes decreased by around –43% yoy
- **Sharp increase in online business could partly mitigate sales losses of store closures;** online sales (excl. MediaMarkt Greece) increased by approx. +209% yoy, also facilitated by “ship-from-store” capability; pure online sales even stood at around +300% yoy; the number of new first-time buyers in our webshops increased groupwide by 1 million

TRADING STATEMENT Q3 2019/20

May: Reopening phase

- **As of 13 May 2020, the vast majority of all MediaMarkt and Saturn stores across Europe reopened** in compliance with the prescribed hygiene and safety standards. The only country in which stores remained closed was Turkey. In Germany, all stores were able to make use of their entire selling space again after the sales area restrictions were lifted on 13 May 2020. In Spain, as of 11 May 2020, all stores reopened with wide-ranging restrictions, including a general exclusion of white goods and entertainment goods from sale in stationary stores
- **Positive sales development** despite still COVID-19 induced store closures at the beginning of the month; sales adjusted for currency effects and portfolio changes increased by +3% yoy; notably the DACH countries and Italy posted a strong performance, also the Netherlands and Sweden continued the positive sales trend
- **Decline in in-store traffic more than compensated** by higher checkout value and conversion
- **Strong shift to online sales channels continued in all countries** with an increase of online sales (excl. MediaMarkt Greece) of approx. +133% yoy, driven by the strength of our omni-channel model; in all countries, number of online visits increased even in those countries without store closures, while the pick-up ratio was still far below prior year's levels; online growth continued to be facilitated by "ship-from-store" capability

June: Recovery phase

- **Since 01 June 2020, all stores in Turkey are also open again**, which means that by now all MediaMarkt and Saturn stores in all countries across Europe have reopened for customers. In many cases, restricted opening hours and capacity restrictions still apply. In Spain store operations still faced some restrictions throughout the first week of June
- **Double-digit sales growth supported by all countries**; sales growth adjusted for currency effects and portfolio changes accelerated to around +12% yoy driven by catch-up effects and recovery of in-store sales; DACH countries continued the strong trend from May, while Spain and Turkey posted a strong sales recovery in June; Services & Solutions sales recovering and reaching nearly prior year's level
- **In-store traffic recovering** with an improving trend in June, yet it is still down vs. PY; checkout value and conversion remain elevated and compensate lower traffic
- **Online sales remain on high level** despite fully reopened store operations, with online sales growth (excl. MediaMarkt Greece) of approx. +97% yoy, driven by higher visits and higher checkout value; trend of pick-up ratio is improving, but still below prior year
- **Liquidity situation reflects positive sales development in June**; at the end of June, a total of around 150 €m had been drawn from the credit lines for disposition purposes; additional syndicated credit facility tranche concluded in mid-May with the participation of the KfW has not been used at any time so far

TRADING STATEMENT Q3 2019/20

Further developments

- **A temporary sales tax reduction** as part of the German government's economic stimulus package was introduced on 1 July 2020 and will remain in force until 31 December this year. MediaMarkt and Saturn pass on the full sales reduction to its customers
- **Rebranding of Saturn stores in Austria** with effect from 1 October 2020 to focus exclusively on the MediaMarkt brand, which is better known and more present in Austria; MediaMarktSaturn will continue to pursue its successful two-brand strategy in Germany
- **CECONOMY is continuously reassessing the situation surrounding the COVID-19 pandemic** and continues to push ahead with the further refinement and implementation of its strategic initiatives and centralization measures

New outlook for FY 2019/20

- Based on the preliminary business development of the first nine months as well as the current insights, the most important key figures for FY 2019/20 are hereby specified, yet under the assumption that there are no further COVID-19 related restrictions in the remaining months of the fiscal year that will again impact the business
- Positive sales trend from June continued so far in July, but in light of a potential phasing-out of catch-up effects and prevailing macroeconomic uncertainties, sales momentum expected to rather slow down over the course of Q4; trailing COVID-19 related headwinds on supplier income expected for Q4 as well as partial reduction of COVID-19 induced overstock
- The outlook is adjusted for portfolio changes. Non-recurring earnings effects in connection with the reorganization and efficiency program announced on 29 April 2019 are not included

	FY 2019/20 incl. IFRS 16	thereof IFRS 16 effect
Fx-adjusted sales	Slight decline	
Adjusted EBIT (excl. associates)	165 – 185 €m	5 – 15 €m

All figures and statements reported herein are preliminary and unaudited. Full financial disclosure for Q3/9M 2019/20 will be published on 13 August 2020 at 07:00 am CEST.

TRADING STATEMENT Q3 2019/20

APPENDIX

Preliminary sales development

	Sales (€ million)		Change Q3 2019/20	Currency effects Q3 2019/20	Sales adjusted for currency and portfolio change effects	Like-for-like sales (local currency)
	Q3 2018/19	Q3 2019/20			Q3 2019/20	Q3 2019/20
Total	4,565	4,107	-10.0%	-0.8%	-8.4%	-7.6%
DACH	2,662	2,468	-7.3%	0.0%	-7.3%	-6.6%
Western/Southern Europe	1,452	1,270	-12.5%	0.0%	-9.9%	-9.7%
Eastern Europe	343	271	-21.1%	-10.0%	-11.1%	-11.8%
Others	108	98	-9.1%	0.2%	-9.3%	13.3%

	Sales (€ million)		Change 9M 2019/20	Currency effects 9M 2019/20	Sales adjusted for currency and portfolio change effects	Like-for-like sales (local currency)
	9M 2018/19	9M 2019/20			9M 2019/20	9M 2019/20
Total	16,459	15,559	-5.5%	-0.3%	-4.6%	-4.2%
DACH	9,674	9,300	-3.9%	0.1%	-3.9%	-3.4%
Western/Southern Europe	5,192	4,751	-8.5%	0.0%	-6.6%	-7.0%
Eastern Europe	1,193	1,155	-3.2%	-4.1%	1.0%	-0.9%
Others	400	353	-11.6%	-1.5%	-10.1%	5.8%

Store network

	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

TRADING STATEMENT Q3 2019/20

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