

TRADING STATEMENT Q4/FY 2019/20

STRONG FINISH TO THE FINANCIAL YEAR: CECONOMY WITH CONTINUED GOOD TOPLINE MOMENTUM AND BETTER THAN EXPECTED RESULTS IN THE FOURTH QUARTER

Düsseldorf, 23 October 2020

- Strong sales performance continued in Q4 (+10%^{1,3}), especially thanks to sustained demand for work-from-home equipment and home appliances as well as successful online activities
- Online business with marked increase of +54%^{2,3} in Q4, while brick & mortar sales also developed positively, jointly demonstrating the strength of the omni-channel model
- Full-year sales only slightly below prior year (-2%¹) despite more than six weeks of COVID-19 related store closures
- Full-year adjusted EBIT excl. associates at around 230 €m – well above guidance
- Sales momentum has continued into Q1 so far, but uncertainties around COVID-19 obviously remain; focus now lies on the upcoming crucial holiday season
- Strategy update scheduled for 15 December 2020 along with the full-year results presentation

“We have successfully managed this unprecedented time and ended the financial year better than expected. The crisis has prompted more people to make their lives at home more productive, entertaining and enjoyable. We are the go-to-destination to satisfy these needs. This is well reflected in our strong online performance and the recovery of stationary sales since the end of the lockdown. Obviously, uncertainties around COVID-19 and the wider economic outlook remain. Our focus now lies on continuing to offer customers a safe and pleasant shopping experience during the upcoming peak season. We enter the coming months with great respect, but also with self-confidence,” Bernhard Düttmann, CEO of CECONOMY.

Q4 2019/20 preliminary results

- Sales adjusted for currency effects and portfolio changes increased by +7.6% (+7.9% on a like-for-like basis), driven by sustained strong customer demand, successful campaigns and continued good online momentum; underlying sales grew by even +9.8%^{1,3}

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_Countries: All countries except Luxembourg posted a year-on-year increase in sales; Germany, Turkey and Austria performed particularly well

_Product categories: Demand was especially strong for work-from-home equipment, home appliances and TVs, while demand for other brown goods, entertainment products and photo was below the prior year's level

- **Online sales** increased by +35%² yoy to 16.1% of total sales; underlying online sales grew by even +54%^{2,3} yoy; pick-up rate stabilized at around 39%
- **Brick & mortar sales** developed positively thanks to higher checkout value and increase in conversion rates; store traffic levelling recently at around –15% yoy
- **Services & Solutions sales** decreased by –23%² yoy, accounting for 4.7% of total sales; underlying sales came in at –5%^{2,3} yoy; services at in-store “Smartbars” and extended warranties developed positively, while the GSM mobile and other contract business faced a high comparison basis due to strong campaigns in the prior year
- **Adjusted EBIT excl. associates** at around 120 €m (Q4 18/19: 151 €m); strong sales performance supported the result, while the gross margin was lower than prior year, but with a trend improvement compared to 9M

FY 2019/20 preliminary results

- **Sales** adjusted for currency effects and portfolio changes with –1.8% only slightly below the prior year's level (–1.4% on a like-for-like basis), reflecting the adverse impact of the COVID-19-related store closures, which was almost offset by the strong recovery since stores reopened and the solid sales development in the first five months (Oct-Feb)
- **Online sales** with an exceptional increase of +44%² yoy to 4.2 €bn or 20.2% of total sales, thanks to the increased focus of sales activities and resources on the online channel; more than 6 million new webshop customers registered across the Group in the full year
- **Services & Solutions sales** declined by –8%² yoy to 5.4% of total sales, largely due to the COVID-19-related store closures and lower store traffic since the end of the lockdown
- **Adjusted EBIT excl. associates** at around 230 €m (FY 18/19: 403 €m); the decline is the consequence of the lockdown of the stationary business in March and April and a negative margin development resulting mostly from a COVID-19-induced channel shift, higher delivery costs and stock-related effects; the early and extensive measures in response to COVID-19 as well as the consequent implementation of the strategic initiatives had a positive effect on earnings

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Strategy Update: Save-the-date

- CECONOMY will present its strategy update, including the next steps in the company's transformation process, on Tuesday, 15 December 2020 at 10:00 am CET, together with the presentation of the full year 2019/20 results for analysts and investors
- In light of the current situation, the event including a Q&A session will be hosted virtually, via webcast

All figures reported herein are preliminary and unaudited. Full financial disclosure of the results for financial year 2019/20 will be published on 15 December 2020 at 07:00 CET.

Financial ratios: Further background regarding the financial ratios referred to may be found on pages 52 to 55 of the annual report for financial year 2018/19 and regarding the latest guidance in the quarterly report Q3/9M 2019/20 on page 7 – available at <https://www.ceconomy.de/en/>.

¹ Fx- and portfolio adjusted sales growth

² Excluding MediaMarkt Greece business (portfolio change)

³ Excluding a technical effect due to switch from agent to principal model for online sales of mobile phones and related contracts as a bundle in Germany

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APPENDIX

Preliminary sales development

	Sales (€ million)		Change Q4 2019/20	Currency effects Q4 2019/20	Sales adjusted for currency and portfolio change effects	Like-for-like sales (local currency)
	Q4 2018/19	Q4 2019/20			Q4 2019/20	Q4 2019/20
Total	4,996	5,271	5.5%	-1.1%	7.6%*	7.9%
DACH	2,891	3,024	4.6%	-0.1%	4.7%*	5.1%
Western/Southern Europe	1,614	1,680	4.1%	0.0%	7.1%	7.0%
Eastern Europe	374	456	21.9%	-17.0%	38.9%	37.0%
Others	117	111	-4.6%	2.8%	-7.3%	4.4%

*Excluding a technical effect due to switch from agent to principal model for online sales of mobile phones and related contracts as a bundle in Germany, underlying Group sales in Q4 2019/20 came in at +9.8% and underlying sales in DACH at 8.4%

	Sales (€ million)		Change FY 2019/20	Currency effects FY 2019/20	Sales adjusted for currency and portfolio change effects	Like-for-like sales (local currency)
	FY 2018/19	FY 2019/20			FY 2019/20	FY 2019/20
Total	21,455	20,831	-2.9%	-0.4%	-1.8%	-1.4%
DACH	12,565	12,323	-1.9%	0.0%	-1.9%	-1.5%
Western/Southern Europe	6,807	6,431	-5.5%	0.0%	-3.4%	-3.7%
Eastern Europe	1,567	1,611	2.8%	-6.9%	9.7%	7.8%
Others	516	465	-10.0%	-0.6%	-9.4%	5.5%

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Store network

	30/06/2020	Openings	Closures	30/09/2020
Germany	426	-	1	425
Austria	52	1	-	53
Switzerland	26	-	1	25
Hungary	32	-	-	32
DACH	536	1	2	535
Belgium	27	-	-	27
Italy	117	-	-	117
Luxembourg	2	-	-	2
Netherlands	50	-	-	50
Portugal	10	-	-	10
Spain	88	-	-	88
Western/S. Europe	294	-	-	294
Poland	88	-	-	88
Turkey	78	-	-	78
Eastern Europe	166	-	-	166
Sweden	28	-	-	28
Others	28	-	-	28
CECONOMY	1,024	1	2	1,023

Financial calendar

Q4/FY 2019/20 results & Strategy Update	Tuesday	15 December 2020
Q1 2020/21 results	Tuesday	9 February 2021
Annual General Meeting	Wednesday	17 February 2021
Q2/H1 2020/21 results	Tuesday	11 May 2021
Q3/9M 2020/21 results	Thursday	12 August 2021
Q4/FY 2020/21 trading statement	Tuesday	26 October 2021
Q4/FY 2020/21 results	Tuesday	14 December 2021

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