

CECONOMY

Annual Results Press Conference FY 2016/17

Date: 19 December 2017



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All numbers shown are before special items, 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.

Overview



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Outlook

01

Highlights

Pieter Haas, CEO



Independent and ready for the future

CECONOMY achieved all targets in FY 2016/17

	FY 2015/16	Outlook (fx-adjusted)	Achieved
€m			
Total sales growth	+0.6%	Slight increase	✓
LfL sales growth	+0.1%	Slight increase	✓
EBIT before special items	466	Slight increase	✓
Investments ¹	406	300-350	✓
Dividend	n.a.	45-55% of EPS ²	✓

¹ Excluding the acquisition of the Fnac Darty stake. ² Before special items.

Strategic highlights in FY 2016/17



Largest shareholder of Fnac Darty following acquisition of c. 24% stake



Successful turnaround to profitability in Turkey; restructuring of redcoon completed



>6m customer contacts daily; customer programmes with >14.5m members internationally



Online/mobile sales >€2bn



Roll-out of smart bars and at home service via RTS and DTB



Opening of Shop-in-Shop Solutions in Belgium, Hungary and Russia

Note: Selected achievements in FY 2016/17.

Our achievements were recognized and rewarded across all value drivers



Online, Mobile, Store

// MediaMarkt.de -
Germany's best online
retailers (DE)

// MediaMarkt -
Germany's best
retailers (DE)



Services & Solutions

// Customer Service
Excellence Award –
MAPIC (ES)

// Champions of Service
(IT)



Customer Data/CRM

// E-Mail-Award 2017:
GOLD „Europe's first
behavioural-based
customer programme
in real-time“ (AT)



Digital & Technology Leadership

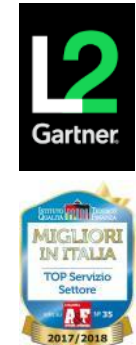
// MediaMarkt Germany -
“No. 3 in L2's Digital IQ
Index ranking: Retail
Europe 2017“ (DE)



People Transformation

// Top Employer 2017
(AT)

// HR Ambassador Award
(BE)



Note: Selected awards in FY 2016/17.

02

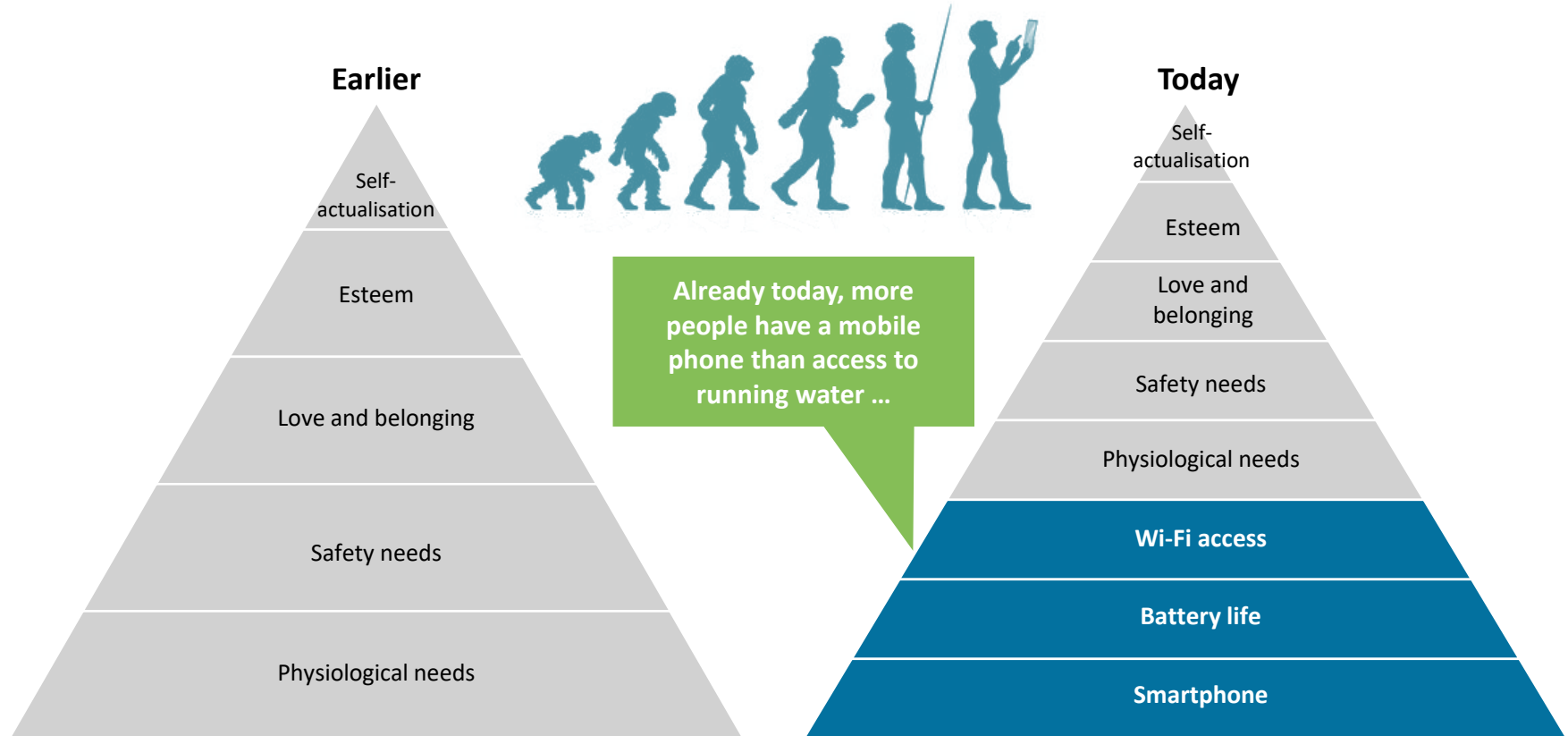
Strategy

Pieter Haas, CEO

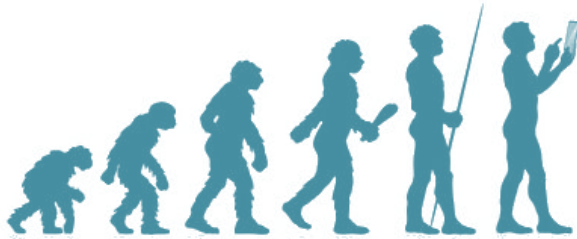
Digitisation has fundamentally changed the Consumer Electronics market



We live in the age of the „phono sapiens“



We know what the „phono sapiens“ needs and ensure that its digital world is up and running



The phono sapiens has outsourced parts of his brain into his smartphone.

The phono sapiens is unable to handle certain tasks when his smartphone is dysfunctional.

The phono sapiens has to and wants to be „online“ all the time.

**We are excellently positioned to seize the opportunities
that emerge with the changing CE industry**

We empower life in the digital world

„We are everywhere“

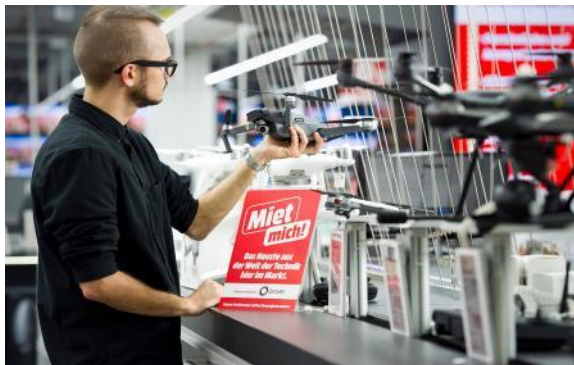
Total
stores
>1,000

Daily customer
contacts
>6 Mio.

Employees all
over Europe
>65.000

Members in
customer
programmes
>14,5 Mio.

„We are solutions“



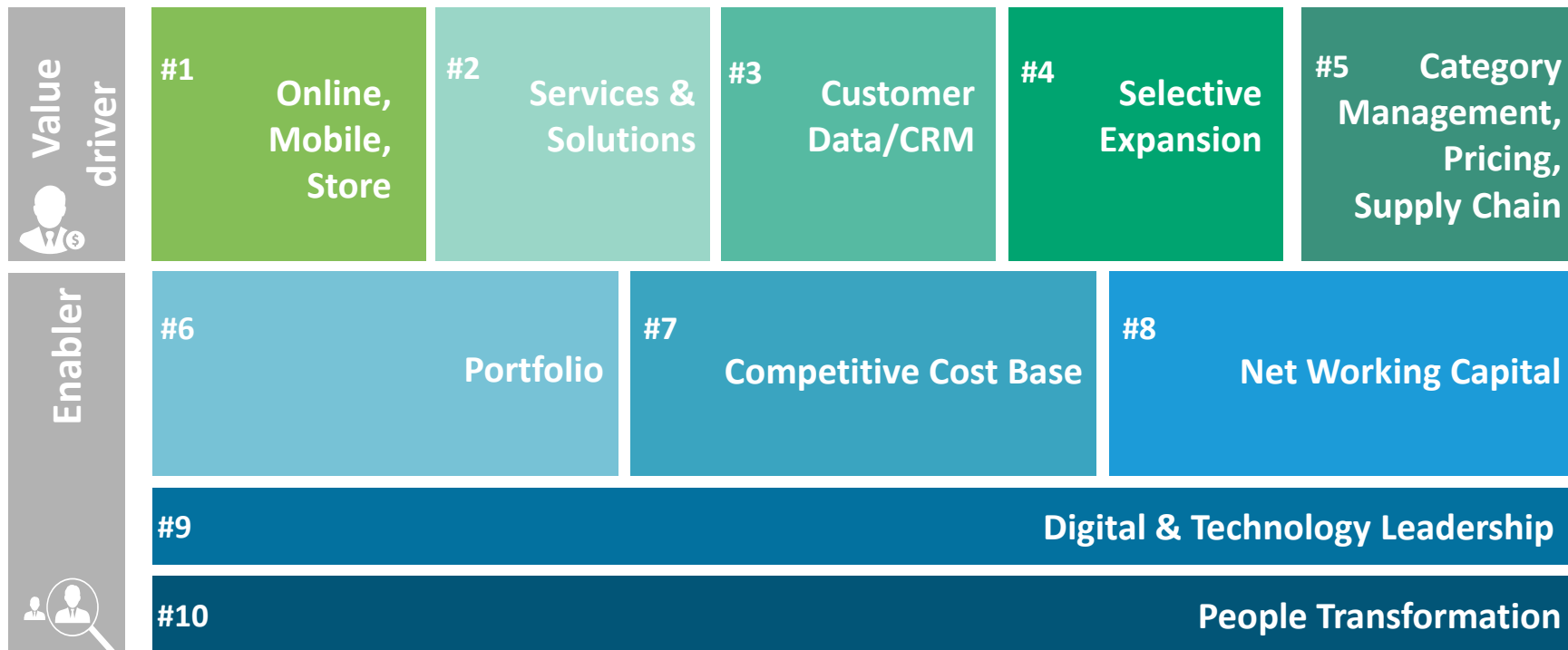
„We are digital“

Daily visitors of our
websites
>3,6 Mio.



Supported
start-ups
10

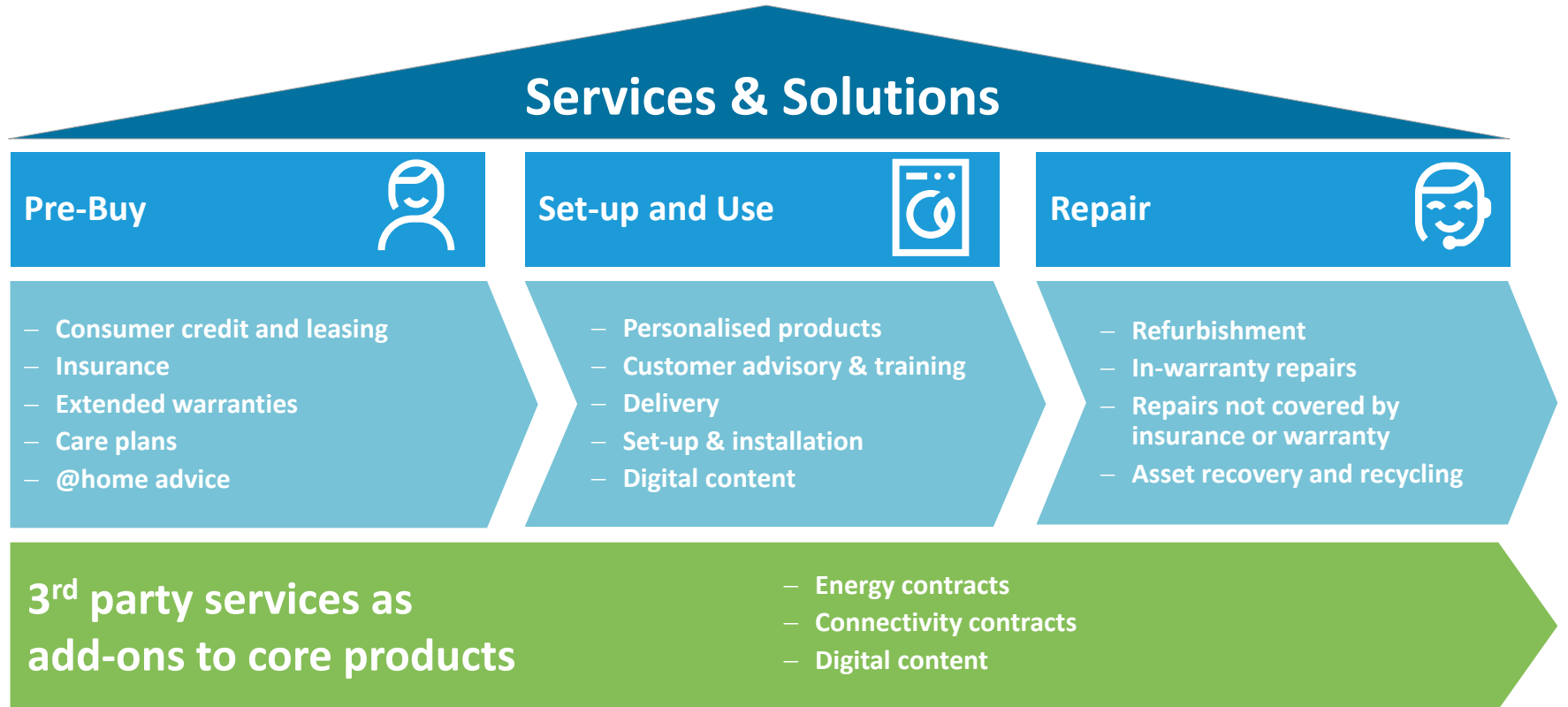
Our plans show a clear and strong value creation potential



We are everywhere: „Multi-channel“ is the key to success



We are solutions: products and services



We are digital: technology as „enabler“

Enhancing customer experience



Optimising processes (procurement, supply chain, assortment)



Improved product availability



Lower inventories



Optimised pricing strategy across the entire product life cycle



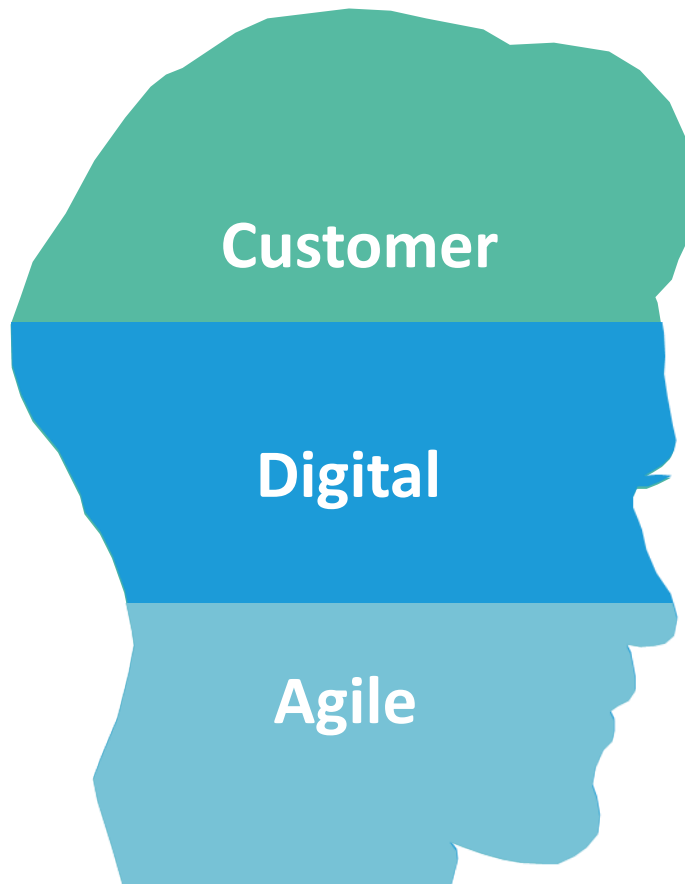
Automated pricing

We have initiated the cultural change

Product

Analogue

Decentralised











Not a digital retailer,
but a retailer for the digital world!

We have defined clear ambitions

Core metrics¹

FY 2015/16

Mid-term ambitions

Sales ¹	€22bn		> 3% CAGR
EBITDA Margin ²	3.3%		direction 5%
Tax Rate ²	49%		direction 40%
Investments ³	1.5% ⁶ of sales (2.0% of sales incl. DSL)		1.5% of sales
FCF Conversion ⁴	44%		60 – 70%
Dividend	N.M.		45 – 55% % of EPS ⁵

¹ At constant currency before portfolio effects. CAGR = Compound Annual Growth Rate. ² Before special items. ³ Cash investments. ⁴ Free Cash Flow conversion defined as EBITDA less cash investments plus/minus changes in net working capital divided by EBITDA; 2015/16 EBITDA before special items, based on reported segment investments and adjusted for changes in net working capital. ⁵ Reported earnings per share. ⁶ Adjusted for one-time investment in Digital Shelf Labels (DSLs).

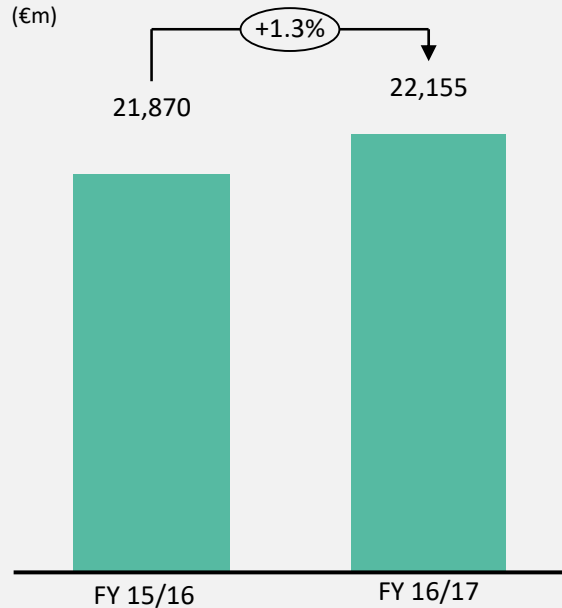
03

Performance

Mark Frese, CFO

CECONOMY 2016/17 with solid sales growth

Sales

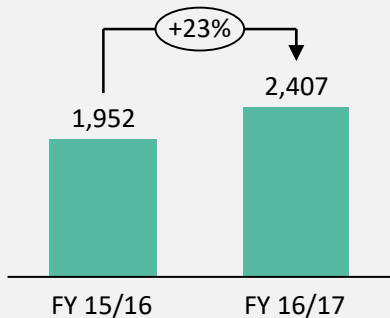


Highlights

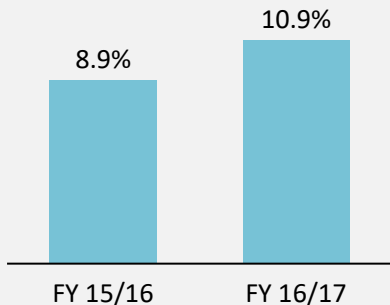
- // Total sales slightly increased by 1.3 percent to €22.2bn (+1.4 percent adjusted for currency effects)
- // Germany, Spain and Turkey led in terms of sales growth
- // Sales decline in Russia and Switzerland; first signs of recovery in Switzerland in Q4 2016/17
- // Strong sales growth in Q4 2016/17 (+4.6 percent to €5.26bn)

Online once again one of the key growth drivers – with increasing share of total sales

Online Sales (in €m)



Online Sales (% of total sales)



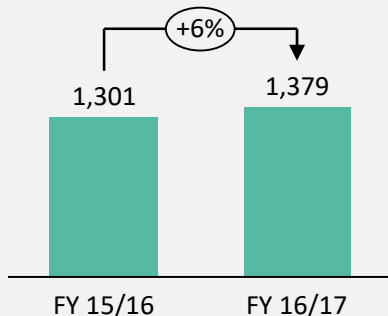
¹ +23 percent including pure player; especially redcoon.

Highlights

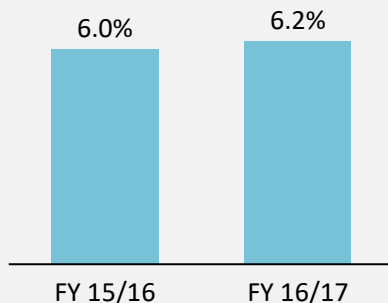
- // Online business of MediaMarktSaturn grew by 40 percent yoy¹
- // Online in FY 2016/17 represents 10.9 percent of total sales
- // Pick-up rate at about 42 percent of all online generated transactions
- // Online assortment further expanded to c. 350k SKUs from c. 280k SKUs one year ago

Continuously rising demand for Services & Solutions

Services & Solutions Sales (€m)



Services & Solutions Sales (% of total sales)

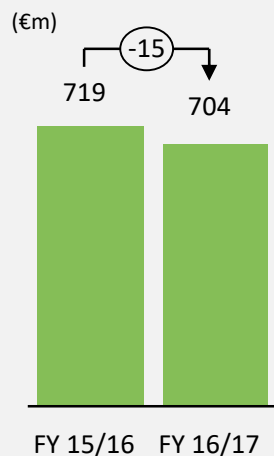


Highlights

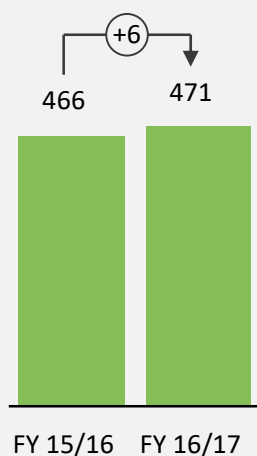
- // Continued growth in FY 2016/17 (+6 percent yoy); largely driven by mobile and financing services
- // Continued roll-out of service “smart bars” to now 642 stores (+77 stores in Q4 2016/17)
- // At home consultation service of Deutsche Technikberatung (DTB) now already offered at more than 200 stores in Germany
- // Significant sales increase in Services & Solutions (+16 percent) in Q4 2016/17

Operational profitability significantly improved

EBITDA



EBIT



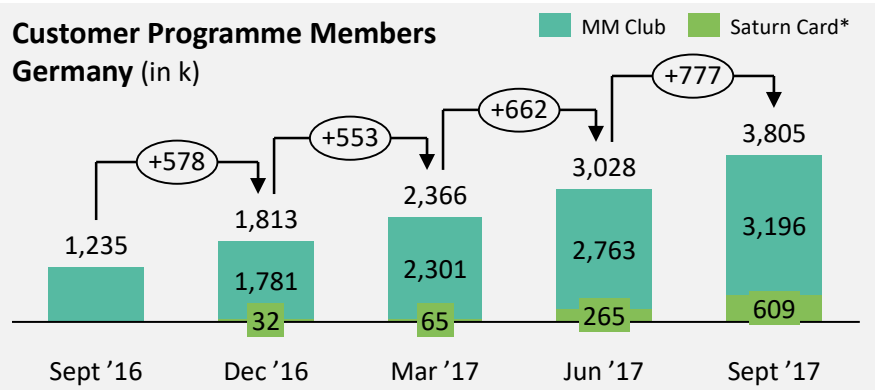
Note: EBITDA and EBIT adjusted for special items

Highlights

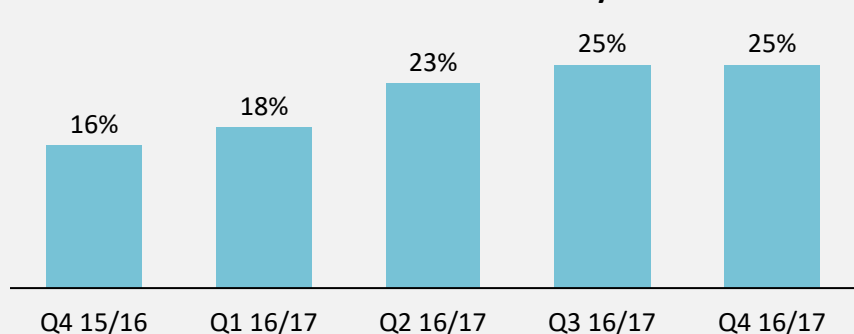
- // EBIT slightly above prior year as expected; EBITDA slightly lower
- // Gross margin increased by 0.2 percentage points to 20.6 percent
- // Earnings impacted by additional expenses for the formation of CECONOMY Holding
- // Previous year's earnings included higher income from the redemption of pension obligations
- // Unscheduled write-downs about €20m lower compared to previous year
- // Strong EBIT growth by €37m to €244m in Q4 2016/17

MediaMarkt Club and Saturn Card continue to grow strongly

**Customer Programme Members
Germany (in k)**



Sales Penetration MediaMarkt Club Germany



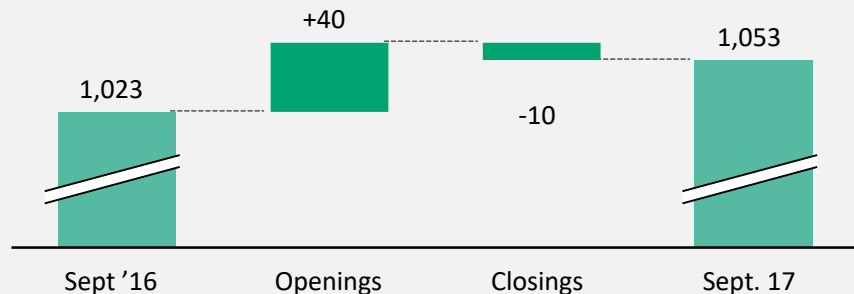
*16 November – 17 April: Saturn Card pilot running with 14 pilot stores; nation-wide roll-out of Saturn Card on 29 May 2017.

Highlights

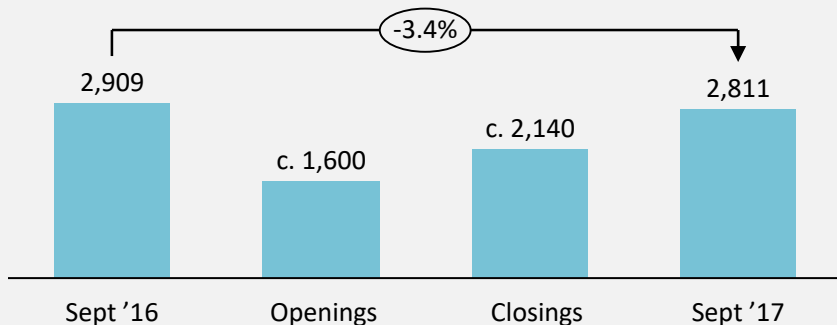
- // Linear growth of MediaMarkt Club Germany continues with around 1m new members every 6 months, now counting 3.2m members 18 months after launch
- // Successful launch of Saturn Card in Germany with more than 600k members after 4 months; Austria launched the Saturn Card in September
- // All customer programmes counted more than 14.5m members in total internationally
- // Our customer programmes also allowed us to focus our advertising budget, which helped to lower marketing spend in FY 2016/17

Continued reduction in average store size

Number of Stores



Average Size of Stores (in sqm)

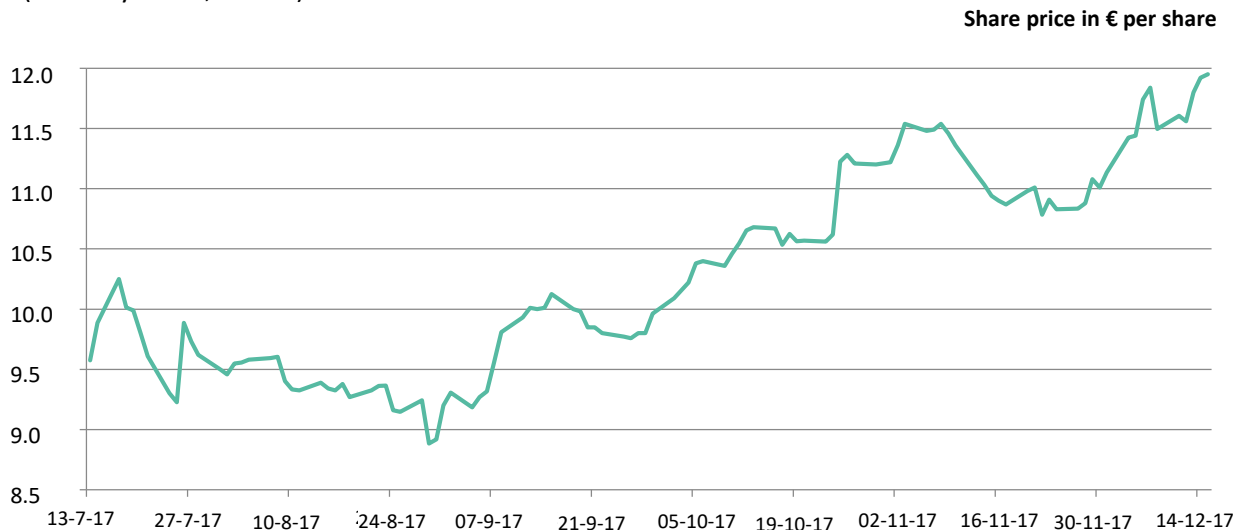


Highlights

- // In total, 40 openings and 10 closings in FY 2016/17
- // Average store size reduced by 3.4 percent over the last 12 months
- // 84 additional Shop-in-Shop solutions in Russian Metro Cash & Carry stores opened in October and November 2017; in total, 89 Shop-in-Shop solutions now live in Russia
- // Low to mid double-digit number of net openings in FY 2017/18 planned, excluding Shop-in-Shop formats and adjusted for closings

Positive development of the CECONOMY share since the demerger

Share price (ordinary share; XETRA)



// Manageable volatility in the first days after independent listing on 13 July 2017

// Share price of ordinary share up 4 percent until 29 September 2017, approx. 25 percent until 15 December 2017

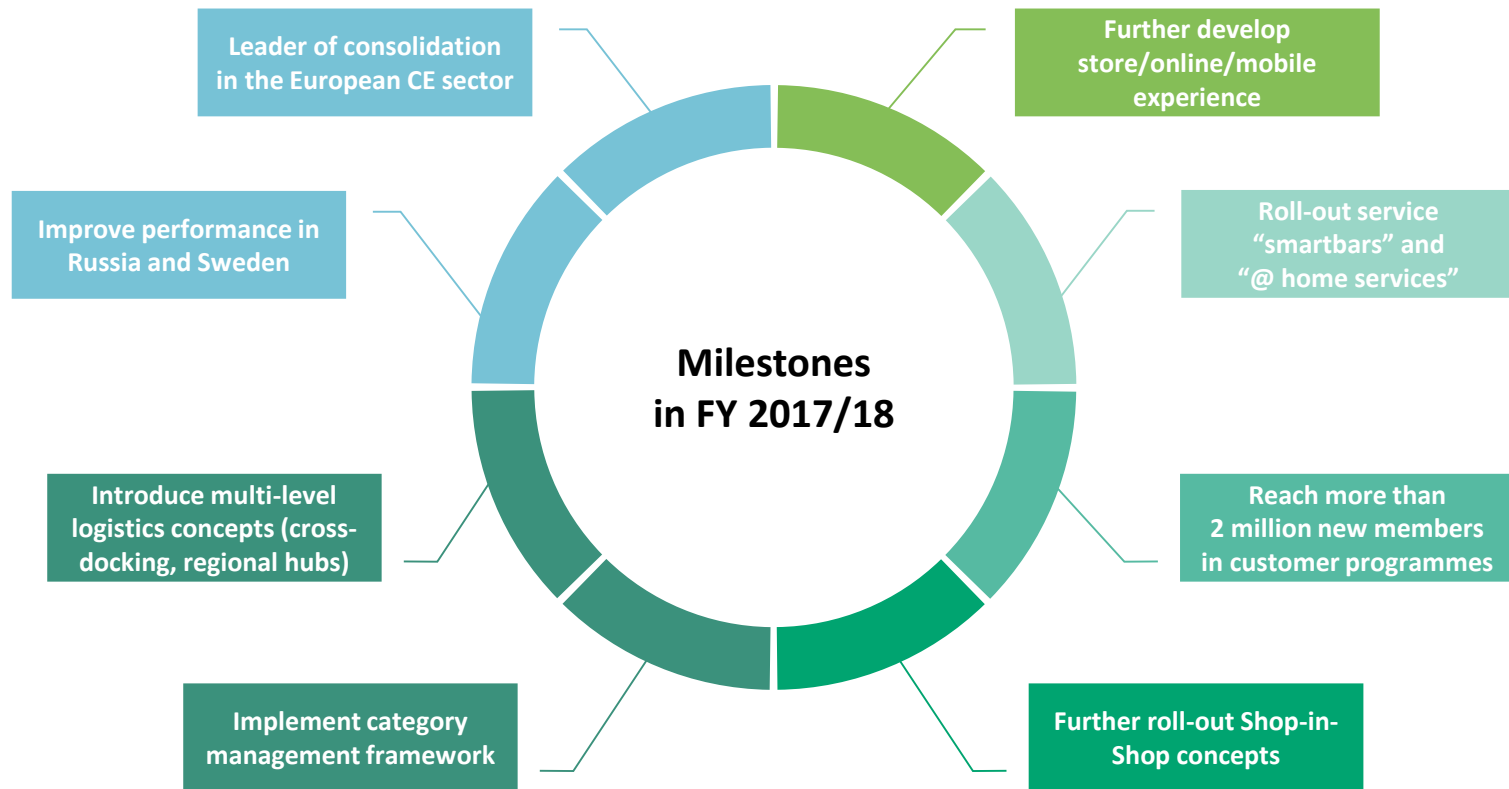
// Dividend proposal of 0.26 Euro per ordinary share to Annual General Meeting on 14 February 2018

04

Outlook

Pieter Haas, CEO and Mark Frese, CFO

We will achieve further strategic and operative progress in FY 2017/18



Outlook: We are also financially planning for further growth

The outlook is adjusted for currency effects and portfolio changes.

	FY 2016/17 ¹	FY 2017/18
€m		
Total sales	22,155	Slight increase ²
EBITDA (excl. Fnac Darty)	704	At least mid single-digit % growth
EBIT (excl. Fnac Darty)	471	At least mid single-digit % growth
Fnac Darty profit share (consensus)	n.a.	Low to mid double-digit €m amount

¹ EBITDA & EBIT in FY 2016/17 before special items. EBITDA & EBIT in FY 2017/18 as reported. ² Correspondingly, a slight improvement in NWC compared with the previous year is expected.



Independent and ready for the future

- // CECONOMY became independent and is the largest Consumer Electronics platform in Europe
- // CECONOMY achieved all targets in FY 2016/17
- // CECONOMY's plans show a clear and strong value creation potential

Q&A



Pieter Haas, CEO



Mark Frese, CFO

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