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CECONOMY confirms its guidance for the full year

- **Sales adjusted for currency effects and portfolio changes up by 1.3% to around €6.9 billion in Q1 2017/18, EBITDA down €51 million year on year to €315 million, EBIT at €258 million (down €49 million year-on-year)**
- **In financial year 2017/18 slight growth in sales adjusted for currency effects and portfolio changes expected, together with an increase in EBITDA and EBIT at least in the mid-single digit percentage range**

Dusseldorf, 9 February 2018 – Following a subdued first quarter, CECONOMY AG is driving ahead with its strategic agenda and accelerating the plan of action it has already put in place to ensure that it meets the targets for financial year 2017/18 which were announced back in December 2017. In addition to the absence of negative one-off effects from the previous financial year, the company will over the coming quarters reap the benefits of restructuring MediaMarkt's operations in Russia and Sweden, in particular, and eliminating losses by closing redcoon country organisations. In Italy, CECONOMY anticipates better operating results under the new management. In addition, further cost savings of around €30 million in total are planned in the administrative units at country and holding company levels. Furthermore, CECONOMY has agreed adjusted targets for the key drivers of net working capital with the country organisations and defined an appropriate plan of action that includes reducing inventories and optimising payment terms.

In the first quarter of this financial year, CECONOMY increased sales adjusted for currency effects and portfolio changes by 1.3 per cent year-on-year to around €6.9 billion (total sales: up 0.6 per cent). Earnings (EBITDA) were down €51 million year on year, at €315 million (Q1 2016/17: €366 million before special items), while EBIT, at €258 million, was down €49 million year-on-year (Q1 2016/17: €308 million before special items). The change in net working capital was down €401 million year-on-year.

CECONOMY AG
Benrather Strasse 18–20
40213 Dusseldorf, Germany
www.ceconomy.de

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In light of the substantial divergence of these results from market expectations, CECONOMY had already published provisional figures for Q1 2017/18 back on 18 January 2018.

"The first quarter of the new financial year was one of mixed feelings. On the one hand, Black Friday was the strongest sales day we ever had in the history of MediaMarktSaturn. On the other hand, December sales in the period around Christmas and December earnings were not as strong as expected. Now we need to make sure we make up the shortfall in earnings," said Pieter Haas, CEO of CECONOMY AG.

"We will close the gap caused by the first quarter through stricter cost discipline, and by accelerating our existing plan of action and by the absence of negative one-off effects. We are still confident of meeting our targets for the year as a whole," said Mark Frese, CFO of CECONOMY AG.

Development of Group sales[1]

€ million	**Q1 2016/17**	**Q1 2017/18**	**Change**
Sales	**6,893**	**6,935**	**0.6%**
Online sales (% of total sales)	10.5%	11.7%	1.2%p.
Services & Solutions sales (% of total sales)	5.6%	5.9%	0.3%p.

[1] All figures for the previous year's quarter only from continuing operations, i.e. CECONOMY.

The lower earnings in Q1 2017/18 were mainly attributable to three factors, some of which will reverse as the year progresses and partly offset by additional measures.

- In Germany in particular, sales in December shifted to the more competitive November due to "Black Friday". The weeks around Christmas in particular – which usually generate strong margins – showed weakness when compared with the previous year.
- Negative technical effects in Italy resulting from high accruals for additional later income made in the first quarter of the last financial year. As financial year 2016/17 progressed, sales in Italy fell short of expectations, which necessitated adjustment of the accruals. Accordingly, these effects will reverse as the year progresses.
- In addition, the increase in the planned costs for establishing the CECONOMY AG holding

company also impacted earnings in Q1 2017/18. Here, again, the effect caused by the lower comparable base in the previous year will diminish as the year progresses.

The development in net working capital was primarily due to the increase in inventories as a result of the weaker sales in December 2017. Strong demand for mobile communications contracts resulted in higher receivables. At the same time, the increase in payables was lower. This was due to shift in the product mix towards product groups with generally shorter payment terms.

Development of Group earnings[1, 2]

€ million	Q1 2016/17	Q1 2017/18	Change
Gross profit	**1,365**	**1,321**	**-44**
Gross margin (%)	*19.8%*	*19.1%*	*-0.8%p.*
EBITDA	**366**	**315**	**-51**
EBITDA margin (%)	*5.3%*	*4.5%*	*-0.8%p.*
EBIT	**308**	**258**	**-49**
EBIT margin (%)	*4.5%*	*3.7%*	*-0.7%p.*
EPS (€)	**0.37**	**0.33**	**-0.04**

[1] All figures for the previous year's quarter only from continuing operations, i.e. CECONOMY.
[2] With the exception of gross profit, all figures are before special items.

4M sales adjusted for VAT campaign increase by 1.6 per cent

Currency-adjusted sales increased by 0.5 per cent in the first four months of the financial year. This figure reflects the decision by Saturn Germany not to repeat the previous year's VAT campaign in January 2018, which resulted in lower sales by comparison. In the four months from October 2017 to January 2018, CECONOMY generated an increase of 1.6 per cent in sales adjusted for the previous year's VAT campaign.

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Online was once again key growth driver

Online continued its growth trend overall in Q1 2017/18, not least thanks to good sales on Black Friday. The two brands – MediaMarkt and Saturn – increased their online sales by around 22 per cent year on year. The ratio of online to total sales increased further, to 11.7 per cent (Q1 2016/17: 10.5 per cent). CECONOMY also made good progress with its efforts to steadily expand its **Services & Solutions** business over the past quarter. Sales in this business increased by 6 per cent overall to €407 million. As at the end of December, the ratio of Services & Solutions sales to total sales was 5.9 per cent (Q1 2016/17: 5.6 per cent). Insurance and financing, warranty extensions and repair services and performed particularly well.

Targets for financial year 2017/18 confirmed

CECONOMY expects a slight year-on-year increase in total sales for the financial year 2017/18. Western & Southern Europe region in particular will contribute to this. Correspondingly, the Company expects a slight improvement in net working capital. Both in terms of EBITDA and EBIT, CECONOMY expects an increase at least in the mid-single-digit percentage range, not taking into account the earnings contributions from the investment in Fnac Darty S.A. The Western & Southern Europe region in particular will contribute to this. The respective comparative figures for financial year 2016/17 have been adjusted for special items. The forecast has also been currency-adjusted and is shown before portfolio changes. In addition, EBITDA and EBIT for 2017/18 include our share of the profit or loss for the period for Fnac Darty S.A. Based on analysts' current estimations, CECONOMY expects this contribution to earnings to be in the low or mid double-digit million euros in financial year 2017/18.

About CECONOMY

CECONOMY AG is the leading platform for companies, concepts and brands in the field of consumer electronics in Europe. The market position of CECONOMY is based above all on the strong brands MediaMarkt and Saturn. With more than two billion contacts per year, the CECONOMY companies are to provide consumers with orientation and solutions, thus allowing consumers to make optimum use of the possibilities of innovative technologies. To this end, CECONOMY intends to develop new concepts and business models which provide consumers with vital added value and which tap the potential for the economic success of the Company and its shareholders.

Press contacts

Andrea Koepfer
+49 (151) 1511 5314
andrea.koepfer@ceconomy.de

Simone Fuchs
+49 (151) 1511 4790
simone.fuchs@ceconomy.de