

CECONOMY

We empower life in the digital world

CECONOMY AG

Results Presentation Q3 2016/17

Duesseldorf, 31 August 2017

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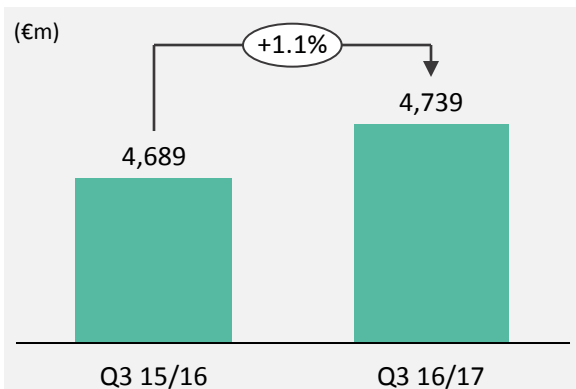
All numbers shown are before special items, unless otherwise stated. All amounts are stated in million euros (€ million) unless otherwise indicated. Amounts below €0.5 million are rounded and reported as 0. Rounding differences may occur.

01

Highlights and Strategic Initiatives

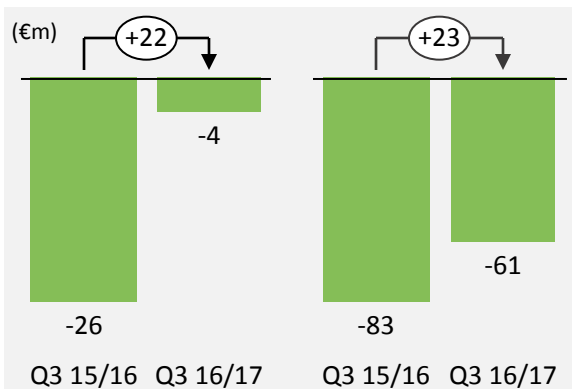
Pieter Haas, CEO

Solid sales and EBITDA/EBIT performance, slightly higher NWC outflow



Sales

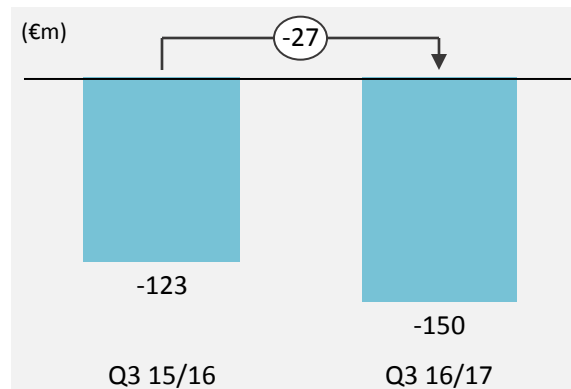
- // Total sales supported by strong like-for-like sales of +2.7%
- // Germany, Spain & Turkey lead sales growth
- // Lower sales in Italy, Switzerland & Russia
- // Online sales again key driver with +16%
- // Services & solutions sales up 2%



EBITDA

EBIT

- // Gross margin improved by 0.7%p.
- // Higher profitability thanks to strong online growth, tight cost control and focused marketing spend
- // Leading countries Germany & Spain with positive development also in Turkey
- // Declines in Italy & Russia



Change in Net Working Capital

- // Higher receivables due to growth in commission business led to slight worsening of change in net working capital in Q3
- // Over 9-months period, however, in total €200m lower net working capital outflow, mainly driven by rise in trade payables and lower trade receivables

Note: EBITDA/EBIT before special items. NWC = Net Working Capital acc. to Cash Flow Statement.



Independent and ready for the future

- // Demerger of METRO GROUP became effective on 12 July 2017
- // Start as the largest Consumer Electronics platform in Europe
- // Independent trading of CECONOMY (ticker: CEC) on the Stock Exchange from 13 July 2017
- // Renaming to CECONOMY AG on 11 August 2017

CECONOMY's point of departure: Europe's largest CE platform

CECONOMY acts as a platform that brings together various businesses, concepts, formats and brands active in the area of Consumer Electronics. All these activities are based on a customer community monetisation business model.

We are the

No. 1

in Europe



22

 bn. € sales

719

 m€ EBITDA

2

 bn. € online sales

1.3

 bn€ services & solutions sales

65,000

employees across Europe



Present in

15

 countries

6

 million

daily customer contacts



Note: All figures before special items and based on 2015/16.

CECONOMY acquired 24% stake in FNAC DARTY to gain exposure to attractive French market

Acquisition of 24% stake in FNAC DARTY

- // Acquisition of approx. 24% stake of FNAC DARTY S.A. from Artémis S.A., becoming **largest shareholder**
- // **Financial investment** to gain exposure to **attractive French market**
- // First **strategic move** as an independent company delivering on our ambition to further strengthen our position as the leading European Consumer Electronics platform
- // **Transaction** concluded on 24 August 2017

M&A activities are an integral part of CECONOMY's strategy

- // CECONOMY is constantly considering **add-on acquisitions and broader European opportunities** to strengthen its position
- // CECONOMY has the **required freedom of action** to execute these M&A activities
- // There are **no restrictions from agreements with the Media-Saturn minority shareholder** to partly or fully acquire companies of any size outside Germany
- // The **articles of association** of Media-Saturn-Holding form the **legal basis** for this. Other shareholder agreements do not provide otherwise

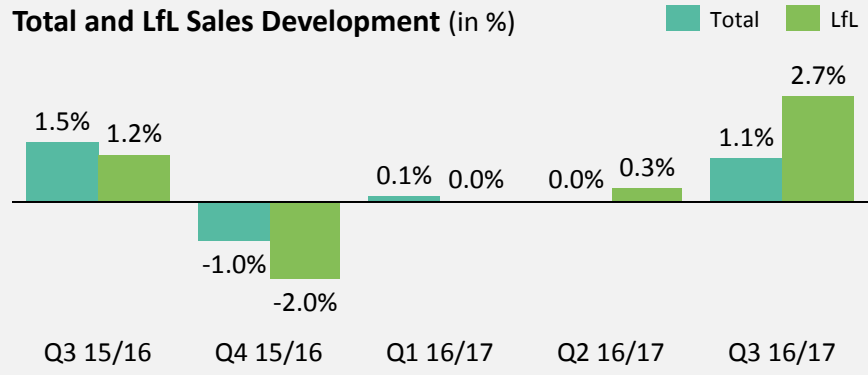
02

Financials and Outlook

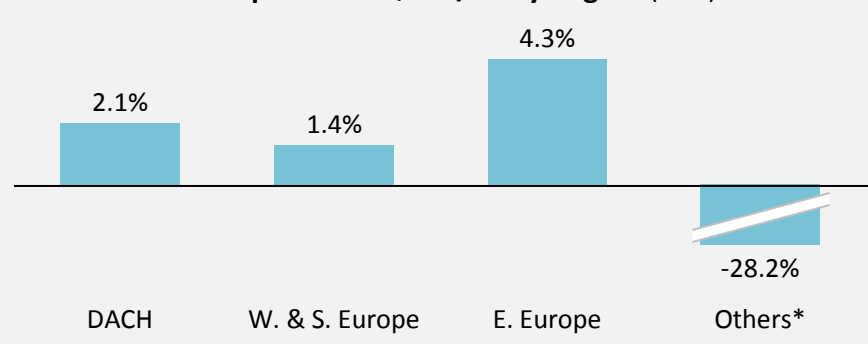
Mark Frese, CFO

Solid overall sales performance supported by strong like-for-like sales

Total and LfL Sales Development (in %)



Total Sales Development in Q3 16/17 by Region (in %)



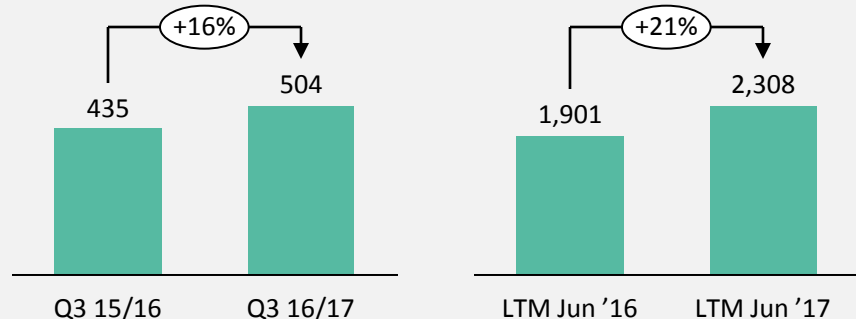
*Others: Including discontinued country operations.

Highlights

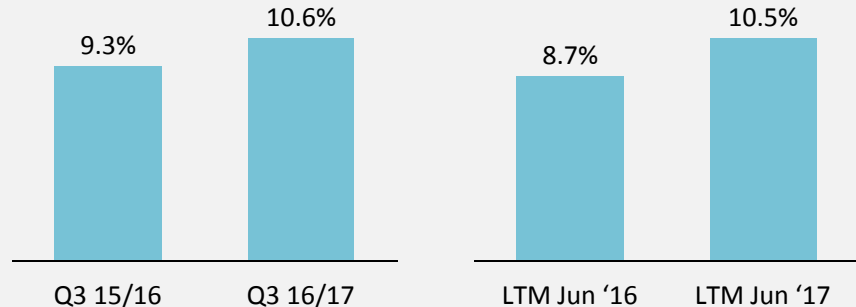
- // Strong growth in Germany (+1.3% and +5.8% LfL excl. redcoon, respectively) driven by increased demand for white goods, mobile phones and TV receivers
- // Strong marketing campaigns and continued sales push for services & solutions positively affected sales growth in Spain
- // Sustained sales growth in Turkey driven by overall strong demand for CE products and optimised assortments fully compensated decline in Russia
- // Sales decline in Switzerland and Italy mainly due to decreasing store traffic
- // Lower "Others" mainly driven by closure of redcoon country operations in Benelux, Austria and Iberia in autumn 2016

Online has been once again among the key sales drivers

Online Sales (in €m)



Online Sales (% of total sales)

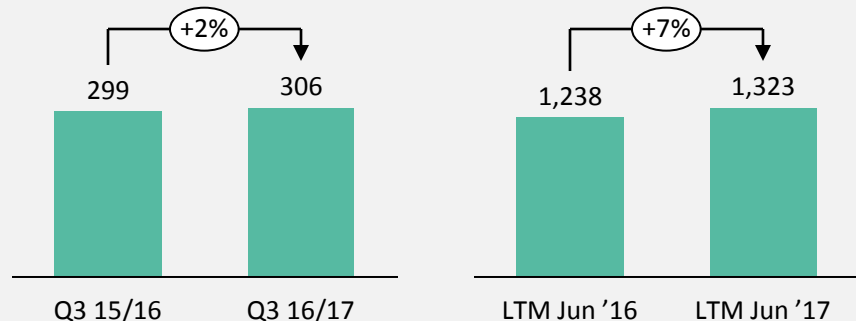


Highlights

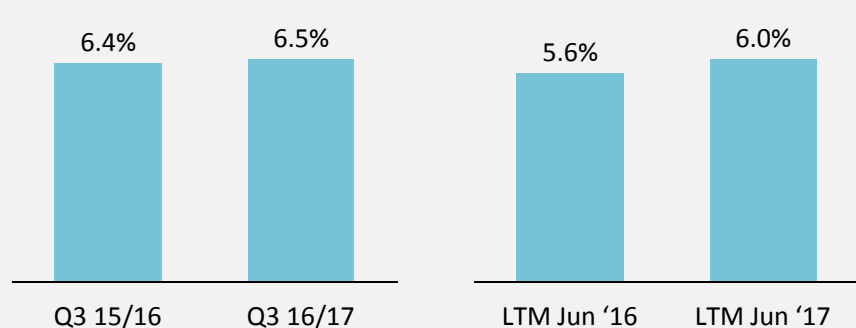
- // Online generated sales of MediaMarkt and Saturn rose by 33% year-on-year or 16% year-on-year incl. redcoon, respectively
- // Online sales accounted for 10.6% of total sales
- // Pick-up rate remained high at around 41%
- // Positive impact of 5-year MediaMarkt webshop anniversary campaign in Germany
- // Double-digit % increase in the number of website visitors
- // Online assortment expanded to c. 330k SKUs from around 300k SKUs at the end of last quarter

Roll-out of “smart bars” supporting growth in services & solutions

Services & Solutions Sales (in €m)



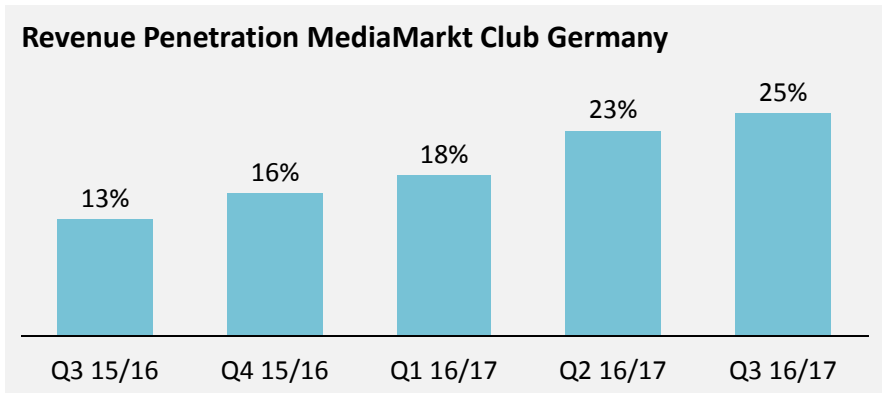
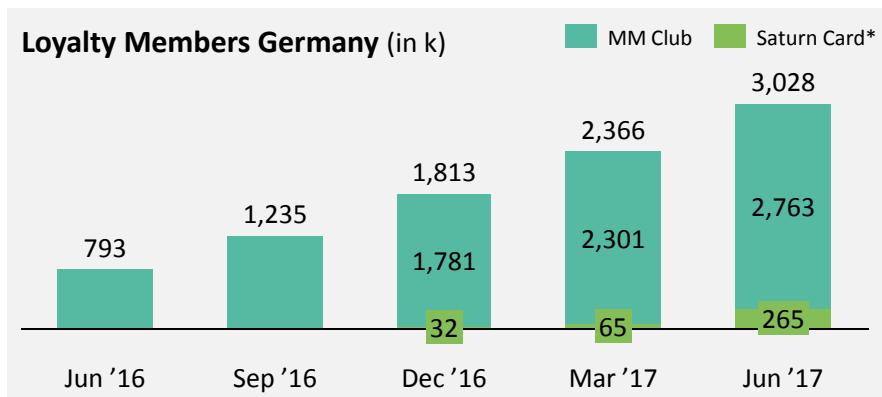
Services & Solutions Sales (% of total sales)



Highlights

- // Services & solutions sales up 2% year-on-year in Q3 and up 7% over the last 12 months
- // Services & solutions sales accounted for 6.5% of total sales
- // Service “smart bars” now already implemented in 565 stores (+55 vs. March), with many “smart bars” however still in ramp-up phase
- // DTB roll-out plan on track: DTB service now offered at 118 MediaMarkt and Saturn stores in Germany
- // ZIR service software to strengthen after-sales service business implemented in 5 countries
- // Additional sales generated through customer care team/customer support hotline

Sustained growth in the number of loyalty program members

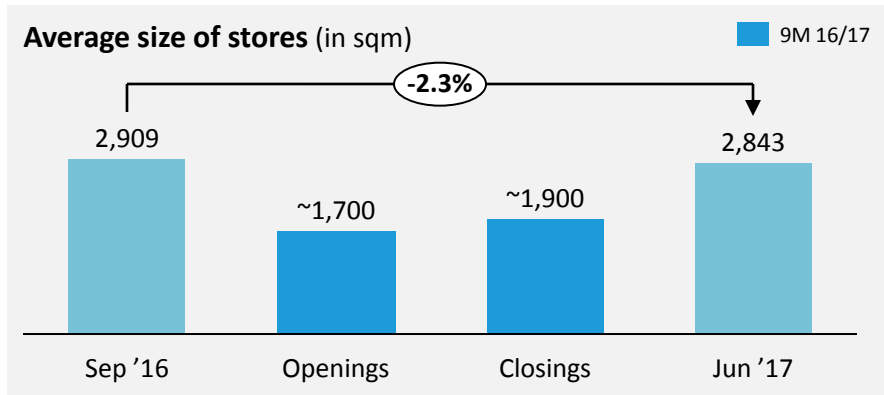
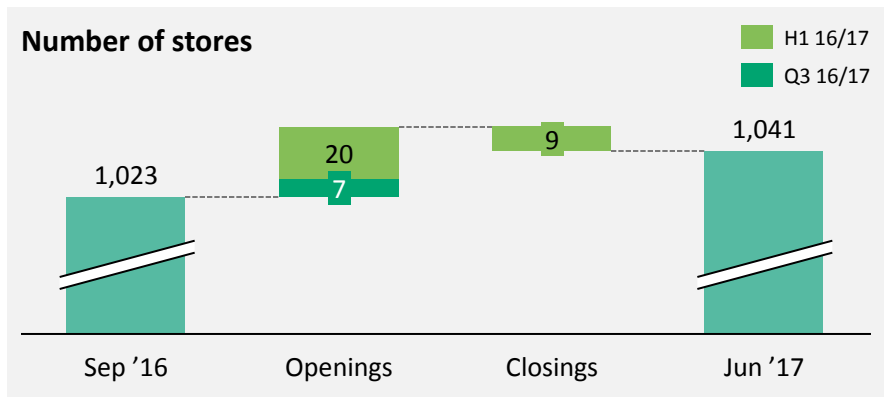


*Nov 16-Apr 17: Saturn Card pilot running with 14 pilot stores; nation-wide roll-out of Saturn Card on 29 May 2017.

Highlights

- // >13m members already enrolled in loyalty programs across 8 countries
- // German MediaMarkt Club continues strong growth in number of members, counting c. 2.8m in June 2017 vs. c. 2.3m in March 2017
- // 25% of sales are generated by MediaMarkt Club members in Germany in Q3 2016/17
- // Nation-wide launch of Saturn Card in Germany at the end of May with already around 200k additional Saturn Card holders in just 4 weeks
- // Thalia, European book store chain and e-reader provider as first new retail partner for Retail Media Group network

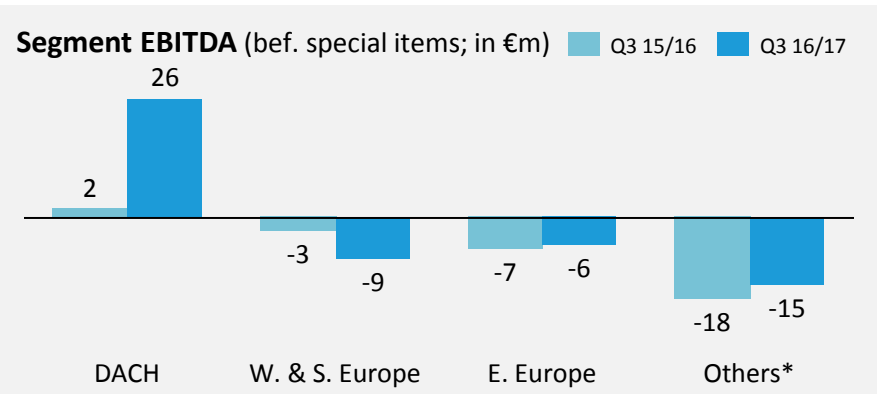
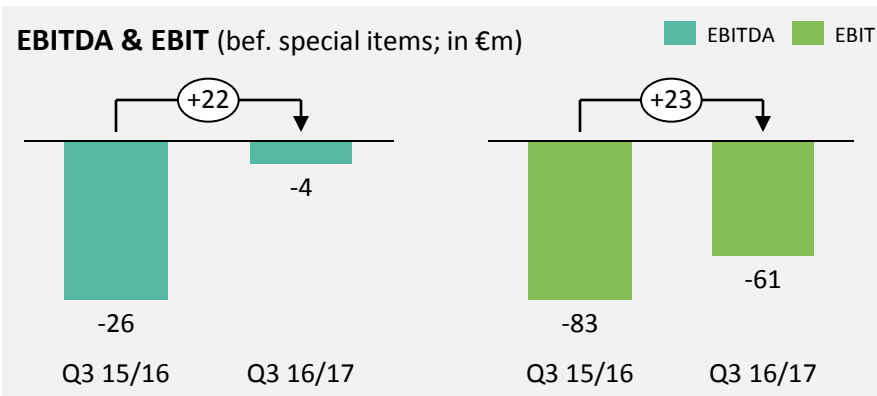
Opening of smaller stores leading to continued reduction in avg. store size



Highlights

- // Selective store expansion with 7 openings and no closures in Q3 2016/17
- // Out of this, 4 MediaMarkt stores were opened at MAKRO in Belgium
- // Additional openings in Spain, Turkey and Greece
- // Average store size further reduced by 2.3% since September 2016 due to rightsizing of stores and opening of smaller store formats
- // MediaMarkt to open 84 shop-in-shop solutions in METRO Cash & Carry stores in Russia in October 2017
- // Size of shop-in-shop solutions to range between c. 350 sqm and c. 1,000 sqm with limited CAPEX requirements

Solid EBITDA/EBIT development particularly in DACH region



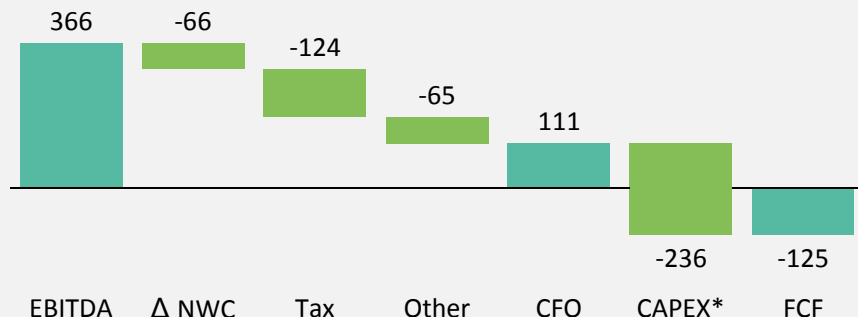
*Others: Includes CECONOMY AG headquarter and discontinued country operations.

Highlights

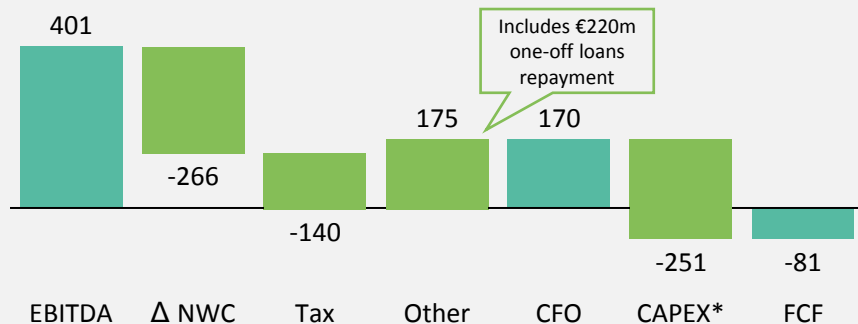
- // Higher profitability mainly due to strong online growth and a marked improvement in the gross margin of 0.7%p.
- // Increase also supported by tight cost control and focused marketing spend
- // Positive development in Spain helped by increase in services & solutions, but did not fully compensate EBITDA decline in Italy
- // Slight decline in Russia was more than compensated by higher earnings in Turkey
- // EBITDA special items of €28m (+€12m yoy) resulting from restructuring efforts in Russia, redcoon restructuring in Germany and remaining closure in Italy as well as group-wide efficiency improvement project

Free Cash Flow improved excluding repayment of loans granted to METRO support fund

9M 2016/17: Free Cash Flow (in €m)



9M 2015/16: Free Cash Flow (in €m)



* Acquisitions, investments in property, plant and equipment and other investments as per cash flow statement.

Highlights

- // €200m lower net working capital outflow in 9M 2016/17 mainly driven by rise in trade payables mainly driven by rise in trade payables and lower trade receivables
- // Lower cash tax payments mainly driven by decrease of withholding taxes and broadly in line with reduction of reported pre-tax profit
- // Other Cash Flow from Operations (CFO) in previous year positively impacted by €220m one-off repayment of loans granted to METRO support fund
- // Slight reduction in CAPEX due to absence of previous year's investments in Digital Shelf Labels and RTS acquisition
- // Reported Free Cash Flow (FCF) €44m lower than previous year, but adjusted for one-off repayment of loans improvement of €176m

Outlook

Guidance 2016/17

€m

	Reported FY 2015/16 ¹	Guidance FY 2016/17	Confirmed
Total sales growth	+0.6%	>0%	✓
LfL sales growth	+0.1%	>0%	✓
EBIT before special items	466	>466 ²	✓
Investments	406	300 – 350	✓

Next reporting dates

Trading statement 2016/17	Wednesday, 25 October 2017
Full-year results 2016/17	Tuesday, 19 December 2017

¹As per Combined Financial Information for CE Group and related supplementary information. ²Based on constant foreign exchange rates.

Q&A



Pieter Haas, CEO



Mark Frese, CFO

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