

Press release

## Good prospects for MediaMarktSaturn: CECONOMY issues positive outlook for full year 2022/23 based on strong performance in the third quarter

- Sales<sup>1</sup> increase by 7.4 % year-on-year to €4.5 billion in Q3 2022/23, to €16.9 billion in the first nine months (+5.9 %<sup>1</sup>)
- Customer satisfaction – NPS (net promoter score) reaches 55, the highest-ever figure
- EBIT<sup>2</sup> significantly improves by €43 million, nine-month figure at €149 million
- Free cash flow increases by nearly €1 billion year-on-year in the first nine months
- Outlook for 2022/23 revised: CECONOMY commits to positive scenario with moderate increase in total sales adjusted for exchange rate effects and a clear increase in adjusted EBIT compared with the previous year

Dr Karsten Wildberger, CEO of CECONOMY AG, says:

“We are proud of our performance in the last quarter. In recent months, we have made major progress on the execution of our strategy, which is firmly geared towards customer benefit. Our financial success is the result. In Germany and Italy, we have rolled out new store formats and significantly increased our external Marketplace sales. We are making great strides in our transformation into a customer-centric service platform and strengthening our position as a leading provider of consumer electronics in Europe. Given our company’s performance in the financial year so far, we are confident about the final quarter and optimistic that we will achieve our growth targets for the year as a whole. I warmly thank all our employees for their tremendous dedication, which led to this success.”

**Düsseldorf, 10 August 2023** – CECONOMY AG (“CECONOMY”), Europe’s leading company for consumer electronics, grew again in the third quarter of 2022/23, increasing sales<sup>1</sup> adjusted for currency effects and portfolio changes by 7.4 % year-on-year to around €4.5 billion. In the reporting period, adjusted operating earnings (EBIT<sup>2</sup>) amounted to around €–60 million, up around €43 million on the previous year’s figure (Q3 2021/22: €–102 million). CECONOMY benefited from continued good customer demand in the brick-and-mortar business and positive development in the Services & Solutions business.

On a nine-month basis, CECONOMY generated sales<sup>1</sup> of €16.9 billion. This equates to an increase of 5.9 % compared with the previous year (9M 2021/22: €16.5 billion). At around €149 million,

<sup>1</sup> Sales adjusted for currency effects and portfolio changes

<sup>2</sup> Adjusted EBIT before non-recurring effects, associates and portfolio changes

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adjusted EBIT<sup>2</sup> was significantly higher than the previous year's level (9M 2021/22: €114 million).

### **Germany still on course for growth, recovery in Western/Southern Europe**

CECONOMY's business performance in the individual segments was largely positive in the third quarter. Customer demand picked up again in the DACH segment, especially in Germany and Austria. In the Western/Southern Europe segment, sales decreased by 1.4 %<sup>1</sup> compared with the prior-year period. However, the Netherlands saw sales growth as a result of good development in the online business and strong demand in the Services & Solutions segment. The Eastern Europe segment achieved substantial growth thanks to strong sales development in Türkiye.

### **Stronger customer demand in the brick-and-mortar business in the DACH region**

In the DACH region, MediaMarktSaturn's customers spent more in brick-and-mortar stores in the third quarter: In Germany, CECONOMY increased sales in its stores by 8,2 %. So far, over a third of stores in the DACH region have been modernized or converted into new store formats with sizes and concepts better tailored to customer needs at the respective location.

### **Online business: increased pick-up rate in a declining overall market**

In a declining market, the online business of CECONOMY and MediaMarktSaturn posted sales of €947 million in the third quarter, less than in the same quarter of the previous year. The online share of total sales was 20.4 % (Q3 2021/22: 22.9 %). Customers continued to follow the trend of ordering online and collecting in store. The pick-up rate therefore increased to around 41 % (Q3 2021/22: 38 %).

### **Sales share in the Services & Solutions business increases to 6.5 %**

The Services & Solutions business generated sales of €302 million in the third quarter. This equated to 6.5 % of total sales (Q3 2021/22: 6.4 %). The sales growth in the Services & Solutions segment was driven among other things by the increased demand in retail media and for extended warranties. In the first nine months of 2022/23, Services & Solutions sales increased by 8.5 % to around €1 billion.

### **Customer satisfaction improved further**

In the implementation of their strategy, CECONOMY and MediaMarktSaturn are doing everything to further improve the customer experience and customer satisfaction across all channels. An indicator for measuring their progress is the net promoter score (NPS). In the third quarter, the company increased its NPS to 55, the highest figure since measurements began.

In the third quarter, CECONOMY and MediaMarktSaturn also made significant progress in the strategic core areas of their retail service platform approach.

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<sup>2</sup> Adjusted EBIT before non-recurring effects, associates and portfolio changes

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### **Accelerated expansion of Marketplace: around 1.2 million products already on the platform**

With their Marketplace, CECONOMY and MediaMarktSaturn extend their product range and offer their customers even greater choice. It is an important source of income for the company, which requires no internal inventory holding and thus avoids the related costs. Marketplace is currently live in Germany, Austria and Spain, where it achieved sales growth of 121 % in the third quarter. Next, Marketplace will be launched in the Netherlands and Italy. The Marketplace range is also growing for customers: At the end of July 2023, the company already had around 1,060 resellers with a total of nearly 1.2 million products on its platform.

### **Free cash flow increased by nearly €1 billion year-on-year**

The measures to strengthen liquidity continue to prove effective: In the first nine months of financial year 2022/23, free cash flow exceeded the previous year's figure by around €990 million. This was driven primarily by the change in net working capital thanks to the successful implementation of the planned reduction of inventories and improved receivables management.

“Step by step, we are adapting our business model for significantly higher profitability and cash generation with a persistently sharp focus on cost management,” said Dr Kai-Ulrich Deissner, CFO of CECONOMY AG. “With a stable gross margin in the third quarter, we substantially increased our operating earnings year-on-year. Despite the challenging circumstances in our industry, our liquidity, free cash flow and inventory management are now much better than they were last year.”

### **Guidance adjusted for a more positive outlook**

In light of the successful course of the financial year in the first nine months, CECONOMY expects sales to increase moderately and adjusted EBIT to improve clearly in 2022/23 as a whole. This is assuming that the macroeconomic conditions will not deteriorate and the consumer electronics market will shrink moderately at the most.

### **About CECONOMY**

CECONOMY AG makes it easier to live in the digital world. It is the leading company in Europe for concepts and brands such as MediaMarkt and Saturn in the consumer electronics sector. The companies in the CECONOMY portfolio have billions of consumer contacts each year and offer products, services and solutions that make living in the digital world as easy and enjoyable as possible. This helps them create added value for customers and for investors.

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