

Press release

CECONOMY increases sales and earnings in the second quarter of the financial year

- Sales increased by 6.4 per cent¹ to €5.3 billion in Q2 2022/23, to €12.4 billion in the first half of the year (+5.5¹ per cent)
- Strategic Services & Solutions business grows by 5.2 per cent to €323 million in the quarter
- EBIT² improved by €35 million to –€23 million; half-year figure amounts to €207 million
- Free cash flow increased by more than €800 million in the first half of the year

CEO Dr Karsten Wildberger:

“After a successful Christmas season in the first quarter, our measures are also making a positive impact in the second quarter of the financial year. We have made significant progress in our transformation thanks to the effective implementation of our strategy and continuous optimization of our business processes. Despite the challenging conditions, we are heading confidently into the second half of the year.”

Düsseldorf, 15 May 2023 – CECONOMY AG (“CECONOMY”), Europe’s leading company for consumer electronics, generated more customer demand in the second quarter of 2022/23, increasing sales by 6.4 per cent¹ to €5.3 billion (Q2 2021/22: €5.0 billion). The growth was driven by a recovery in brick-and-mortar business and positive development in the DACH region and Turkey. CECONOMY was also able to gain market share in DACH. In the first half of the year, the company increased sales by 5.5 per cent¹ year-on-year to €12.4 billion (H1 2021/22: €11.9 billion).

Regarding earnings, adjusted EBIT² climbed by €35 million year-on-year to –€23 million. At €207 million in the first six months, adjusted EBIT² was almost at the previous year’s level (H1 2021/22: €216 million).

Strong business in key markets

The company increased its sales and earnings in Germany, the largest single market. This was mainly driven by marketing and logistics synergies, which CECONOMY achieved through the increasingly integrated management of the two retail brands MediaMarkt and Saturn. In Turkey, CECONOMY has again grown very dynamically and profitably.

Strategic Services & Solutions business grows significantly

In the profitable Services & Solutions business, a cornerstone of the corporate strategy, CECONOMY increased sales by 5.2 per cent to €323 million in the second quarter. This equates to 6.1 per cent of total sales. For example, the company made gains with its extended warranty offers as well as new services such as the trade-in of used electronic devices.

¹ Sales adjusted for currency effects and portfolio changes

² Adjusted EBIT before non-recurring effects, associates and portfolio changes

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Strong growth in brick-and-mortar business

Similar to the first quarter, there was significant growth in the brick-and-mortar business: MediaMarktSaturn generated higher footfall, which increased sales by 11 per cent year-on-year to nearly €4.2 billion. The company is modernizing its stores and launching new store formats with sizes and concepts better tailored to customer needs at the respective location.

Online business contributes nearly 22 per cent of total sales

In the second quarter, the online business delivered sales of €1.1 billion, which equates to 21.5 per cent of total sales. This figure is significantly above the pre COVID-19 pandemic level (about 14 per cent). The pick-up rate increased by 3 percentage points year-on-year to 39 per cent.

Customer satisfaction at all-time high

CECONOMY and MediaMarktSaturn are doing everything to continuously improve the customer experience and customer satisfaction, as measured by the net promoter score (NPS). The NPS was 53 in the second quarter, matching the all-time high from the first quarter. Compared with the same period of the previous year, the Group increased the NPS by 4 points.

Free cash flow significantly increased

The measures to strengthen liquidity are proving effective: In the first half of the year, CECONOMY increased its free cash flow by more than €800 million. This was driven primarily by the optimization of inventories and stock turnover.

“Our advances in stock management are paying off,” said Dr Kai-Ulrich Deissner, CFO of CECONOMY and MediaMarktSaturn. “At the same time, we continue to work hard to boost our profitability. This includes adjusting our cost structures to the altered conditions. We are optimizing workflows in the administrative functions and reducing complexity. We want to become faster, more efficient, and more powerful, and thus boost our profitability in a sustainable manner.”

Outlook: Scenario 1 more likely – slight sales growth and clear improvement in adjusted EBIT

In light of the uncertain and volatile economic environment, CECONOMY has created two scenarios for planning for the rest of the year:

In scenario 1, the company expects sales adjusted for exchange rate effects to increase slightly and adjusted EBIT to improve clearly in FY 2022/23. This is assuming that the macroeconomic conditions will not deteriorate, and the consumer electronics market will shrink moderately at the most.

Scenario 2 represents a less favourable macroeconomic development than currently foreseen, which would also more sharply decrease demand in the consumer electronics market. In this case,

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CECONOMY would have to factor in clear declines in sales adjusted for exchange rate effects and adjusted EBIT.

CEO Dr Karsten Wildberger: “Our performance in the first half of the year affirms my confidence for the whole financial year. We continue to consider scenario 1 as the more likely scenario.”

About CECONOMY

CECONOMY AG makes it easier to live in the digital world. It is the leading company in Europe for concepts and brands 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.

Press contact

Uwe Wolfinger
+49 (0)151 1511-3933
uwe.wolfinger@ceconomy.de