

CECONOMY maintains its strong momentum in Q3 2023/24 and upgrades its sales outlook

Q3 financial highlights

- Sales up by +6.6%¹ YoY, driven by strong 5.2% LFL growth in bricks and mortar and online.
- **+60bp YoY increase in adjusted gross margin²** to +18.2% due to positive impact from new growth businesses.
- **+€9 m increase in adjusted EBIT³** to -€51 m. Adjusted EBIT margin up 20bp.
- **Adjusted EPS stable at -€0.31.**
- **C. +€100 m improvement in lease-adjusted FCF.**
- **NPS all time high at 61 (+6 points).**
- **Sales outlook FY 2023/24 updated: from slight to moderate increase in total sales adjusted for currency and portfolio effects, adjusted EBIT of between €290 m and €310 m confirmed.**

Dr Karsten Wildberger, CEO of CECONOMY AG:

"We had a strong third quarter, with substantial sales growth and increased profitability. Our strategy is paying off, and I am thrilled to see further progress in our growth areas. We scored with higher sales during the European Football Championship, with a notable demand for TV sets. And we have reached a new peak in customer satisfaction. Concurrently, we are expanding our omnichannel platform: in Switzerland, we are expanding our store presence through the planned acquisition of Melectronics stores, and in Italy, we are growing our store partnership with the food retailer Bennet."

Key financial data

Please note that we booked our profit share in Fnac Darty with - €17 m in Q3 already versus historically Q4. This amount is recorded in reported EBIT.

€m	Q3 22/23	Q3 23/24	Change
Reported sales	4,527	4,918	8.6%
Of which indexing effect IAS 29 (hyperinflation in Türkiye)	-287	+102	+389
Growth ¹ (%)	7.4%	6.6%	-80bp
Like-for-like sales development	6.8%	5.2%	-160bp
Adjusted gross margin ²	17.6%	18.2%	+60bp
Adjusted EBITDA²	105	111	+6
Adjusted EBITDA margin ³	2.2%	2.3%	+10bp
Reported EBIT	-123	-79	+43
Adjusted EBIT²	-60	-51	+9
Adjusted EBIT margin ³	-1.2%	-1.1%	+20bp
Net result group share	-186	-162	+24
Adjusted net profit group share⁴	-153	-151	+2
Reported EPS (€)	-0.38	-0.33	+0.05
Adjusted EPS⁴ (€)	-0.32	-0.31	+0.01
Net debt	-1,968	-1,950	+18

¹Adjusted for currency and portfolio change effects, pre IAS 29.

²Excluding associates, adjusted for portfolio changes (Sweden, Portugal), pre IAS 29 and excluding non-recurring effects, gross margin additionally pre Logistics Transformation Shift (technical shift of personnel costs to COGS).

³Margin calculation based on reported sales pre IAS 29 and adjusted EBIT/EBITDA.

⁴Net profit group share and EPS adjusted for portfolio effects, pre IAS 29.

Outlook for FY 2023/24

- Moderate increase in currency- and portfolio-adjusted total sales.
- Sales growth primarily driven by Western/Southern and Eastern Europe.
- Adjusted EBIT range of between €290 m and €310 m.
- Improvement in adjusted EBIT primarily driven by Western/Southern Europe.

The outlook is adjusted for portfolio changes and excludes earnings effects from companies accounted for using the equity method. Accounting effects of applying IAS 29 in Türkiye as a hyperinflationary economy are likewise excluded, as are non-recurring items, especially those related to the simplification and digitalisation of central structures and processes as well as changes in the legal environment.

Group highlights Q3 2023/24

- **Strong Sales** growth with +5.8% YoY in B&M and +9.7% Online, both portfolio- and fx-adjusted, pre IAS 29; Online share (incl. Marketplace) at 22.2% (+130bp YoY).
- **Growth businesses** performing strongly: strong increase in Operational Services & Solutions income, Marketplace GMV and Retail Media income more than doubled YoY;
- **Group NPS** at all time high, up by 6 points YoY to 61 in Q3.

€m pre-IAS 29, excluding Sweden and Portugal	Q3 22/23	Q3 23/24	Change ¹
Online sales	963	1,034	+9.7%
Services & Solutions sales	301	348	+18.1%

¹Growth adjusted for fx-effects.

Free cash flow

€m	9M 22/23	9M 23/24	Change
EBITDA	549	683	134
Change in net working capital	37	-155	-192
Tax	-86	-14	73
Other operating cash flow	-52	-214	-163
Cash investment	-167	-169	-2
Free cash flow	281	131	-151
Lease repayments	-371	-355	16
Lease-adjusted free cash flow	-90	-225	-135

- **In the third quarter**, lease-adjusted free cash flow improved by c. €100m YoY
- **In 9M** lease-adjusted free cash flow reached -€225m still - €135m below last year but posting an improving trend following Q3 FCF. The change in Net Working Capital is normalising further given the fact that last year stock level was particularly low. We continued to increase our product availability to support sales growth. We confirm our outlook for positive FCF generation in FY 2023/24.

Performance by segment Q3 2023/24

€m	DACH	Western/ Southern Europe	Eastern Europe	Others ⁴	CECONOMY
Sales (pre-IAS 29)	2,529	1,552	731	5	4,816
Growth¹ (%)	-0.1	5.4	42.1	-5.2	6.6
Like-for-like (%)	-0.1	2.3	38.2		5.2
IAS 29			102		102
Sales post-IAS 29			833		4,918
Reported YoY change (%)	-0.4	3.6	111.0	-95.3	8.6
Adjusted EBIT²	-44	-18	4	7	-51
Adjusted EBIT margin ³ (%)	-1.7	-1.2	0.6	-	-1.1
Adjusted EBIT YoY change	6	7	-16	12	9

¹Adjusted for currency and portfolio change effects, pre-IAS 29.

²Excluding associates, adjusted for portfolio changes (Sweden, Portugal), pre-IAS 29 and excluding non-recurring effects.

³Margin calculation based on reported sales pre-IAS 29 and adjusted EBIT.

⁴Segment Others includes holding functions, hence respective EBIT margin would not offer a reasonable comparison. Including consolidation.

- **DACH:** EBIT growth observed region-wide, with notable improvements in Germany, due to market share expansion and cost-saving initiatives.
- **Western/Southern Europe:** Sales expansion across all countries, with Italy as the exception, bolstering EBIT; significant market share increase throughout the region.
- **Eastern Europe:** Sales and profit increase are moderating as anticipated, mirroring the market's deceleration, particularly in Türkiye.

Good progress on our key pledges in Q3 2023/24

Business fields	KPI	FY 22/23	Target 25/26	Progress Q3 23/24
Retail Core	Loyalty members	39m	50m	↗
Retail Core	Online share ¹	23%	c. 30%	↗
Retail Core	Modernization rate	50%	> 90%	↑
Retail Core	Stock reach progress	9.1 weeks	-10%	↑
Space-as-a-Service	# Lighthouses	8	Up to 20	↗
Services & Solutions ²	Income in % of total sales	4.5%	c. 5.5%	↑
Marketplace	GMV	€137m	€750m	↑
Private Label	Private Label share	2.4%	c. 5%	↑
Retail Media	Income	€18m	c. €45m	↑

¹Online share based on 1P and 3P online sales.

²Operational Services & Solutions income in % of total net sales (excluding e.g., Retail Media, Marketplace commissions & fees, deliveries).

Application of IAS 29, hyperinflation accounting

Given the technical impact of IAS 29 (hyperinflation) on sales in Türkiye in Q3 2023/24, we comment on business dynamics pre-IAS 29.

€m	Reported sales 2022/23	IAS 29 effect	Sales pre-IAS 29	Reported sales 2023/24	IAS 29 effect	Sales pre-IAS 29
Q3	4,527	-287	4,814	4,918	102	4,816

Results call

There will be a live presentation followed by a Q&A session. The call for investors and analysts will start at 9am CEST today: <https://www.webcast-eqs.com/ceconomy-202324-q3>

The quarterly statement will be posted on www.ceconomy.de/en/investor-relations at 7am CEST. A recording of the conference call will be posted shortly after its conclusion.

Store network

The store network has been expanded by four stores in Q3 2023/24.

	31/03/2024	Openings Q3 2023/24	Closures Q3 2023/24	30/06/2024
Germany	398	0	0	398
Austria	55	0	0	55
Switzerland	25	0	0	25
Hungary	39	1	0	40
DACH	517	1	0	518
Belgium	23	0	0	23
Italy	131	0	0	131
Luxembourg	2	0	0	2
Netherlands	55	0	0	55
Spain	110	1	0	111
Western/Southern Europe	321	1	0	322
Poland	80	2	0	82
Türkiye	98	0	0	98
Eastern Europe	178	2	0	180
CECONOMY	1,016	4	0	1,020

Financial calendar

Q4/FY 2023/24 trading statement	Tuesday	29 October 2024
Q4/FY 2023/24 results	Wednesday	18 December 2024

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