CECONOMY

Q1

QUARTERLY STATEMENT

2018/19

SELECTED KEY FIGURES[1]

Q1 2018/19

+2.8%

Positive sales development[2] across all segments

+1,097 €m

Change in NWC[3] −120 €m lower than prior year

326 €m

EBITDA[4] +18 €m above prior year

269 €m

EBIT[4] +15 €m above prior year

[1] Business figures represent the continuing operations of CECONOMY
[2] Adjusted for currency effects and portfolio changes
[3] Change in Net Working Capital (NWC) = Change in Net Working Capital according to Cash Flow Statement
[4] Excluding Fnac Darty, adjusted for expenses for restructuring and management changes

THE FIRST QUARTER IN REVIEW

»
After three quarters of stagnating respectively declining total sales, particularly in Germany, we posted a positive sales trend in the first quarter of 2018/19. One of the key contributors to this development was the improved planning related to the promotional days around Black Friday. Black Friday also had a particularly positive impact on our online business, which posted a strong growth rate of 28 per cent. As a result, we were able to expand our leading market position in several countries. Before expenses in connection with top management changes and despite weaker earnings in October, we recorded a slight increase in the operating result. On this basis, we confirm the outlook for our financial year 2018/19.
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Dr Bernhard Duettmann,
Member of the Management Board/CFO

Contents

This document is a quarterly statement according to Section 53 Frankfurt Stock Exchange Regulations.

CECONOMY is managed on the basis of key performance indicators derived from IFRS (International Financial Reporting Standards) specifications. Furthermore, the following key performance indicators apply: total sales growth adjusted for currency effects and portfolio changes, net working capital, EBITDA and EBIT. In financial year 2018/19, EBITDA and EBIT adjusted for restructuring and management changes additionally apply, whereby the management changes relate to the first and second management level at CECONOMY AG, Media-Saturn-Holding GmbH and the MediaMarktSaturn country organisations.

For more details on the management-relevant key performance indicators, please refer to pages 47 to 49 of CECONOMY's Annual Report 2017/18.

Recognised tax expenses were calculated in accordance with the regulations governing interim financial reporting using the so-called integral approach.

Commercial rounding is used for the figures shown in this quarterly statement. This may result in some individual figures not adding up to the totals shown.

As of 1 October 2018, CECONOMY uses the new accounting standards in accordance with IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers).

↗ For additional information on the new accounting standards IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers), please refer to the annual report 2017/18 on pages 135 to 145.

FINANCIAL FIGURES AT A GLANCE[1]

Sales and earnings

€ million	Q1 2017/18	Q1 2018/19	Change
Sales	6,761	6,879	1.7%
Sales development adjusted for currency and portfolio changes effects	1.4%	2.8%	–
Like-for-like sales development	0.7%	2.4%	–
Gross margin	19.0%	18.4%	−0.6%p.
EBITDA	308	291	-5.4%
EBITDA before expenses for restructuring and management changes	308	325	5.8%
of which Fnac Darty	−1	-1	–
EBITDA margin excl. Fnac Darty	4.5%	4.2%	−0.3%p.
EBIT	253	234	−7.6%
EBIT before expenses for restructuring and management changes	253	268	5.9%
of which Fnac Darty	−1	−1	–
Net financial result	2	1	−54.6%
Tax rate	45.3%	37.4%	−7.9%p.
Profit or loss for the period attributable to non-controlling interest from continuing operations	35	40	12.4%
Net result from continuing operations	104	107	3.0%
Earnings per share from continuing operations (€)	0.32	0.30	−0.02

Other operating figures

€ million	Q1 2017/18	Q1 2018/19	Change
Online sales	787	1,007	28.0%
Services & Solutions sales (in accordance with IAS 18)	393	425	8.2%
Services & Solutions sales (in accordance with IFRS 15)	–	342	–
Investments as per segment report	58	36	−37.7%

Cash flow

€ million	Q1 2017/18	Q1 2018/19	Change
Cash flow from operating activities	1,476	1,433	−43
Cash flow from investing activities	−62	−196	−134
Cash flow from financing activities	62	−129	−191
Change in net working capital[2]	1,217	1,097	−120
Free cash flow	1,407	1,381	−26

Statement of financial position

€ million	31/12/2017	31/12/2018	Change
Net working capital	−2,072	−2,223	−151
Net liquidity (+) / Net debt (−)	1,707	2,084	378

Other operating key figures (as of 31/12)

	31/12/2017	31/12/2018	Change
Number of stores	1,008	1,028	20
Retail space (thousand m²)	2,802	2,778	−24
Workforce by full-time equivalents	56,422	54,029	−2,393

[1] Business figures represent the continuing operations of CECONOMY. To ensure comparability, the previous year's figures in the statement of financial position were adjusted for discontinued operations.
[2] Change in net working capital shown from the related statement of financial position items, adjusted for currency effects, investments and divestments.

OUTLOOK

The outlook is adjusted for exchange rate effects and before portfolio changes. Still to be specified expenses in connection with the restructuring and optimisation of structures and business processes at administrative and central units are not included. Expenses for already announced management changes in top management are also not included.

SALES

For financial year 2018/19, CECONOMY expects a slight increase in total sales compared to the previous year. We expect net working capital to decline moderately.

EARNINGS

Both in terms of EBITDA and EBIT, CECONOMY expects a slight decline, not taking into account the earnings contributions from the investment in Fnac Darty S.A. The segments DACH and particularly Eastern Europe will contribute to this decline, while the segment Western/Southern Europe will develop slightly positive. The comparative previous-year figures for 2017/18 are €630 million EBITDA and €399 million EBIT.

In addition, EBITDA and EBIT will also include our share of the profit or loss for the period for Fnac Darty S.A. Based on current analyst estimates, we expect this investment to make a contribution to earnings in the mid double-digit million euro range in financial year 2018/19.

EVENTS IN THE FIRST QUARTER

At the start of the new financial year, the Swiss country organisation disposed of a consumer credit portfolio of CHF 100 million. This is the result of a customer financing program, which allows Swiss customers not only to buy products at MediaMarkt, but also to finance them there directly using a credit card. The financing used for this can be paid back flexibly any time within a period of three years. The disposal of these customer receivables allows the Swiss country organisation to release cash, thus strengthening its net working capital. The selected structure envisages a revolving monthly sale of the newly created credit card receivables over the next five years.

On 13 October 2018, CECONOMY AG issued an ad-hoc communication announcing personnel changes in the Management Board of CECONOMY AG. In an extraordinary meeting, the CECONOMY AG Supervisory Board and Pieter Haas, Chairman of the Management Board (CEO), mutually decided to part ways with immediate effect. The Management Board decided that Ferran Reverter Planet, Chief Operating Officer (COO) at Media-Saturn-Holding GmbH (MSH), is to assume the mandate previously exercised by Pieter Haas as Managing Director of MSH delegated by CECONOMY. On the basis of an understanding with the Supervisory Board, Mark Frese decided to continue to perform his duties as a member of the Management Board until a successor is appointed and to agree to an amicable revocation of his employment contract. On 18 December 2018, CECONOMY AG announced that Mark Frese is leaving the company as of 31 December 2018. The Supervisory Board delegated Dr Bernhard Duettmann, member of the CECONOMY AG Supervisory Board, as a member of the Management Board on an interim basis. From 1 January 2019, the CECONOMY AG Management Board is made up of Dr Bernhard Duettmann and Dr Dieter Haag Molkenteller.

As part of the new personnel set-up of the Group, a detailed program on the transformation of the corporate culture and organisation has been initiated. Also, a concept for the restructuring and optimisation of structures and business processes at administrative and central units is currently being drafted. The level of expenses in connection with the restructuring is currently being determined. CECONOMY is planning to announce details on this, at the latest when publishing its Q2/H1 2018/19 half-year financial report on 21 May 2019.

On 17 October 2018, Moody's confirmed CECONOMY AG's Baa3 rating and changed the outlook for the rating from Stable to Negative, while Scope has retained its stable outlook for the BBB– rating.

EVENTS AFTER THE REPORTING DATE

On 30 January 2019, CECONOMY AG issued an ad-hoc communication announcing the conclusion of personnel changes in the CECONOMY AG Management Board. The Supervisory Board of CECONOMY AG appointed at an extraordinary meeting Joern Werner as a member of the Management Board with effect from 1 March 2019 and also appointed him as new Chairman of the Management Board (CEO). In addition, the Supervisory Board appointed Karin Sonnenmoser as a member of the Management Board with focus on Finance (CFO) with effect from 1 March 2019. The interim function of Dr Bernhard Duettmann as a member of the Management Board ends on 31 March 2019. From this date Dr Duettmann resumes his currently suspended activity on the Supervisory Board of the company. As of 1 April 2019, the Management Board of CECONOMY will again consist of three members: Joern Werner (CEO), Karin Sonnenmoser (CFO) and Dr Dieter Haag Molkenteller (CLCO).

RESULTS IN DETAIL

Earnings position

	Sales (€ million)		Change	Currency effects	Sales adjusted for currency and portfolio change effects	Like-for-like sales (local currency)
	Q1 2017/18	Q1 2018/19	Q1 2018/19	Q1 2018/19	Q1 2018/19	Q1 2018/19
Total[1]	**6,761**	**6,879**	**1.7%**	**−1.0%**	**2.8%**	**2.4%**
DACH	3,959	4,067	2.7%	0.0%	2.7%	2.8%
Western/Southern Europe	2,080	2,156	3.7%	0.0%	3.7%	3.4%
Eastern Europe	541	482	−10.9%	−11.1%	0.2%	−4.0%
Others	181	173	−4.0%	−4.5%	0.4%	−1.5%

[1] All figures in the previous year are from continuing operations only

POSITIVE DEVELOPMENT OF GROUP SALES

In the **first quarter of 2018/19**, CECONOMY generated Group sales of €6.9 billion, an increase of 1.7 per cent. Adjusted for currency and portfolio change effects, sales were even up 2.8 per cent year-on-year. On a like-for-like basis, Group sales recorded an increase of 2.4 per cent compared to the prior-year period.

A key factor impacting the positive sales development was the successful campaign days around Black Friday in November, particularly in the DACH and Western and Southern Europe segments. In comparison with the prior year, the sales planning for the key Black Friday days as well as the anticipation of pre- and post-effects were considerably improved. This more than compensated the expected declining sales trend in December. The online business continued to develop in a very positive fashion across all segments, with strong double-digit growth rates, completely making up for the slight decline in in-store sales.

EXPLANATION OF SALES IN THE DACH SEGMENT

In the **first quarter of 2018/19**, the DACH segment generated sales of €4.1 billion, an increase of 2.7 per cent. Adjusted for currency effects and before portfolio changes sales also grew by 2.7 per cent. A main contributor here was strong growth in Germany, driven particularly by the Black Friday campaigns. As a result, the expected decline in December sales was more than offset. In Switzerland, intensified online activities began to have an effect. In addition, sales developed in a positive fashion, also due to the Black Friday campaigns.

EXPLANATION OF SALES IN THE WESTERN AND SOUTHERN EUROPE SEGMENT

In the **first quarter of 2018/19**, the Western and Southern Europe segment generated sales of €2.2 billion, an increase of 3.7 per cent. Adjusted for currency and portfolio change effects, sales also increased by 3.7 per cent. A key factor driving the sales uplift was growth in Spain and Italy. In both countries, the Black Friday campaigns in particular and further sales boosts from pre-campaigns in October had a positive influence. In Spain, two new store openings also contributed to the rise in sales. On the other hand, sales declined in Belgium, while remaining stable in the Netherlands.

EXPLANATION OF SALES IN THE EASTERN EUROPE SEGMENT

In the **first quarter of 2018/19**, sales in the Eastern Europe segment dropped by −10.9 per cent to €0.5 billion. Adjusted for currency effects and portfolio changes, sales were up 0.2 per cent, slightly higher than the comparable figure of the previous year. The strong depreciation of the Turkish lira continued to negatively impact segment sales. On the other hand, before currency effects, Turkey posted solid sales growth and grew in the double-digits also due to the store openings during the previous year. Sales declined in Poland as a result of fierce competition and the fewer Sunday opening days in comparison with the previous year.

EXPLANATION OF SALES IN THE OTHERS SEGMENT

In the **first quarter of 2018/19**, sales in the Others segment fell by −4.0 per cent to €0.2 billion. Adjusted for currency effects and portfolio changes, sales were up 0.4 per cent, slightly above the previous year's level. Sales in Sweden were influenced primarily by negative currency effects, whereas the business in local currency was on prior year's level.

	Sales (€ million)		Change (%)	In % of total sales
	Q1 2017/18	Q1 2018/19		
Online	787	1,007	28.0	14.6
Services & Solutions (in accordance with IAS 18)	393	425	8.2	6.2
Services & Solutions (in accordance with IFRS 15)	–	342	–	–

ONLINE BUSINESS REMAINS GROWTH DRIVER

The successful growth in the online business again continued in the **first quarter of 2018/19**, with online sales surging 28.0 per cent to approximately €1.0 billion. The online share of total sales was amounted to 14.6 per cent (Q1 2017/18: 11.6 per cent). The Black Friday campaigns had a particularly positive impact on the online business.

The strong online sales growth was also due to the pick-up option (in-store collection of goods ordered online) which continued to be very popular among our customers. In the first three months of the reporting period, the pick-up rate was approximately 43 per cent (Q1 2017/18: approximately 42 per cent).

POSITIVE RECEPTION OF SERVICES & SOLUTIONS ONGOING

From 1 October 2018, CECONOMY uses the new accounting standard IFRS 15 (Revenue from Contracts with Customers), replacing IAS 18 (Revenue). The major impact of IFRS 15 on Services & Solutions sales emerges in the mobile communications area. Here CECONOMY generates both service revenues from brokering a mobile phone contact and at the same time also sells the customer the respective mobile device. With IFRS 15, the changed revenue allocation using the relative stand-alone selling prices instead of the residual values results in a changed revenue allocation in comparison with IAS 18. This change results in a revenue shift from Services & Solutions sales to sales from product sales.

Excluding IFRS 15, sales in Services & Solutions in the **first quarter of 2018/19** increased by 8.2 per cent to €425 million, corresponding to a Services & Solutions share of 6.2 per cent in total sales (Q1 2017/18 in accordance with IAS 18: 5.8 per cent). In accordance with IFRS 15, sales in Services & Solutions in the first quarter of 2018/19 amounted to €342 million. Brokering insurances and repair services developed particularly positive.

			EBITDA					EBIT
	EBITDA	EBITDA	EBITDA before expenses for restructuring and management changes	Change compared to prior year	EBIT	EBIT	EBIT before expenses for restructuring and management changes	Change compared to prior year
€ million	Q1 2017/18	Q1 2018/19	Q1 2018/19	Q1 2018/19	Q1 2017/18	Q1 2018/19	Q1 2018/19	Q1 2018/19
Total[1]	**308**	**291**	**325**	**18**	**253**	**234**	**268**	**15**
DACH	222	215	228	6	193	184	197	3
Western/Southern Europe	79	85	88	8	61	66	69	8
Eastern Europe	21	20	20	–1	16	15	15	–1
Other	–16	–29	–11	5	–17	–31	–12	5

[1] Including consolidation

REPORTED GROUP EARNINGS BELOW PRIOR YEAR

In the **first quarter of 2018/19,** reported Group EBITDA declined by €–17 million to €291 million. This includes expenses for restructuring and management changes of €34 million, relating to changes of the first and second management level, especially at CECONOMY AG, Media-Saturn-Holding GmbH and the German country organisation. Adjusted for these expenses, Group EBITDA increased by €18 million to €325 million. Compared to the first quarter of the previous year, the gross margin declined by 0.6 percentage points to 18.4 per cent. However, the decline in the gross margin is 0.3 percentage points lower than in the previous year, driven primarily by the better planning and steering of Black Friday.

In the first quarter of 2018/19, at €57 million, depreciation and amortisation was €3 million above the prior year's figure. Therefore, Group EBIT was €234 million or €268 million before expenses for restructuring and management changes, after €253 million in the prior-year period.

In the first quarter, the stated expenses for changes in the top management negatively impacted earnings. Adjusted for these expenses, approximately half of the EBITDA and EBIT increase is the result of the better planning and steering of the campaign days around Black Friday as well as declining personnel and location costs. There were also positive one-time effects such as a measurement effect from Services & Solutions sales as a consequence of introducing IFRS 15 and the settlement of claims for damages. Weaker earnings in October across the Group had an opposite effect, but these were more than compensated for in the months of November and December.

EXPLANATION OF THE RESULT IN THE DACH SEGMENT

In the **first quarter of 2018/19**, the DACH segment generated an EBITDA of €215 million, €–7 million below the prior year's level. Adjusted for the expenses for restructuring and management changes in Germany and Switzerland, EBITDA increased by €6 million to €228 million. At €31 million, depreciation and amortisation was slightly higher than the previous year's figure of €29 million. Thus, the DACH segment generated an EBIT of €184 million respectively €197 million before expenses for restructuring and management changes (Q1 2017/18: €193 million).

Overall, the result in Germany before expenses for restructuring and management changes was up slightly above the prior year's level. Weaker earnings in October were also partially countered by the improved steering of Black Friday. Other factors positively impacting the result were a higher cost efficiency as a result of personnel savings and more strongly focussed marketing activities. The result was also underpinned by a measurement effect on Services & Solutions sales resulting from the introduction of IFRS 15. Despite higher sales, earnings in Switzerland were only at the level of the previous year also due to ongoing competitive and price pressure.

EXPLANATION OF THE RESULT IN THE WESTERN AND SOUTHERN EUROPE SEGMENT

In Western and Southern Europe, EBITDA rose in the **first quarter of 2018/19** by €6 million to €85 million. This includes expenses for restructuring and management changes of approximately €2 million. Adjusted for these expenses, EBITDA stood at €88 million. At constant depreciation and amortisation, EBIT increased to €66 million and

€69 million before expenses for restructuring and management changes (Q1 2017/18: €61 million).

This increase is attributable primarily to the positive earnings development in Italy, which was driven especially by strong sales growth coupled with declining costs resulting from the successful restructuring and repositioning which took place in the previous financial year.

EXPLANATION OF THE RESULT IN THE EASTERN EUROPE SEGMENT

In the **first quarter of 2018/19**, EBITDA in the Eastern Europe segment at €20 million was almost on par with the previous year. With almost constant depreciation and amortisation of €5 million, EBIT of €15 million was also approximately at the prior year's level (Q1 2017/18: €16 million). In the reporting period, there were no expenses for restructuring and management changes.

In the first quarter, the weaker result in Turkey was almost entirely compensated for by an improvement in Poland, despite lower sales. It should be taken into account here that this was due solely to positive one-time effects at redcoon Poland and in connection with the settlement of a claim for damages.

EXPLANATION OF THE RESULTS IN THE OTHERS SEGMENT

The Others segment covers, in particular, the activities of CECONOMY AG, the earnings contributions of Fnac Darty S.A. as well as Sweden and the activities of smaller companies. In the **first quarter of 2018/19**, EBITDA in the Others segment declined by €−14 million to €−29 million. At almost constant depreciation and amortisation, EBIT dropped to €−31 million (Q1 2017/18: €−17 million).

The decline is entirely attributable to the expenses for management changes at CECONOMY AG of approximately €19 million. This was countered by a slight earnings improvement of €3 million to €−2 million on the back of the ongoing optimisation of the operating business in Sweden (Q1 2017/18: €−4 million). Other, smaller operating companies in the Others segment generated an EBIT of €0 million (Q1 2017/18: €−2 million).

	EBITDA			EBIT		
€ million	EBITDA	Expenses for restructuring and management changes	EBITDA before expenses for restructuring and management changes	EBIT	Expenses for restructuring and management changes	EBIT before expenses for restructuring and management changes
Total[1]	**291**	**34**	**325**	**234**	**34**	**268**
DACH	215	13	228	184	13	197
Western/Southern Europe	86	2	88	66	2	69
Eastern Europe	20	0	20	15	0	15
Others	−29	19	−11	−31	19	−12

[1] Including consolidation

The following comments relate to the result of continuing operations including expenses for restructuring and management changes.

DECLINE IN EARNINGS PER SHARE

With the **net financial result** almost unchanged at €1 million (Q1 2017/18: €2 million), the decline in EBIT resulted in **earnings before taxes** of €235 million (Q1 2017/18: €255 million). With the lower earnings, tax expenses declined to €88 million (Q1 2017/18: €116 million). In comparison with the first quarter of 2017/18, the tax rate decreased from 45.3 per cent to 37.4 per cent. The higher tax rate in the prior year's first quarter was particularly due to tax risk provisions at the level of Media-Saturn-Holding. In addition, the declining tax rate was also influenced by the tax optimisation projects implemented in the prior year.

This resulted in the **profit for the period** increasing by €7 million to €147 million. Without the expenses for restructuring and management changes in the first quarter of 2018/19, the profit for the period would have increased by €35 million to €175 million. As expenses for the management changes at CECONOMY AG cannot be allocated to minority interests, the share of minority interest in the profit for the period rose by €4 million to €40 million. Accordingly, the profit for the period attributable to shareholders of CECONOMY AG amounted to €107 million (Q1 2017/18: €104 million). **Earnings per share** at €0.30 were only €0.02 below the prior year's figures despite a higher share count (Q1 2017/18: €0.32 per share). Excluding the expenses for restructuring and management changes in the first quarter of 2018/19, earnings per share would have even been €0.05 higher at €0.37.

Financial and asset position

CASH FLOW

€ million	Q1 2017/18	Q1 2018/19	Change
Cash flow from operating activities	1,476	1,433	−43
Cash flow from investing activities	−62	−196	−134
Cash flow from financing activities	62	−129	−191
Change in net working capital[1]	1,217	1,097	−120
Free cash flow	1,407	1,381	−26

[1] Change in net working capital shown from the relevant balance sheet items adjusted for currency effects, investments and divestments.

In the first three months of financial year 2018/19, **cash flow from operating activities** from continuing operations resulted in a cash inflow of €1,433 million, compared to a cash inflow of €1,476 million in the previous year.

The €43 million lower cash flow from operating activities is due primarily to the €120 million lower **change in net working capital**. Although net working capital as of 31 December 2018 improved year-on-year, the lower change in the first quarter of 2018/19 is due to a higher basis as of 30 September 2018. The improved net working capital in comparison with the previous year is due primarily to stock reductions as a result of the positive sales trend driven by the campaign days around Black Friday. Furthermore, the sale of customer receivables from a customer financing program in Switzerland, which allows Swiss customers to not only buy products at MediaMarkt, but also to finance them directly using a credit card, contributed to an improved net working capital. There was a contrary effect from the lower increase of trade payables due to the scheduled early payment of liabilities in the context of active cash management.

Cash flow from operating activities was positively impacted by lower income tax expenses, which mainly resulted from the tax optimization measures that were implemented in the financial year 2017/18 and became cash-effective mostly in the first quarter of 2018/19.

Net working capital[1]

€ million	30/09/2017	31/12/2017	Change	30/09/2018	31/12/2018	Change
Inventories	2,449	3,380	932	2,480	3,229	749
Trade receivables	497	560	63	613	572	−42
Receivables due from suppliers	1,197	1,765	568	1,239	1,789	550
Credit card receivables	66	106	40	71	71	0
Prepayments on inventories	0	0	0	0	0	0
Trade liabilities	−4,817	−7,601	−2,784	−5,277	−7,624	−2,347
Liabilities to customers	−129	−137	−8	−45	−10	35
Accrued sales from vouchers and customer loyalty programmes	−63	−74	−11	−137	−177	−40
Provisions/liabilities for customer loyalty programmes and right of return	−19	−29	−10	−23	−25	−1
Prepayments received on orders	−39	−43	−4	−46	−49	−3
Net working capital	**−858**	**−2,072**	**−1,214**	**−1,125**	**−2,223**	**−1,098**

[1] To enable comparison, the previous year's statement of financial position figures were adjusted for discontinued operations.

In the first three months, **cash flow from investing activities** amounted to €–196 million after €–62 million in the comparable prior-year period. This increase was driven primarily by an investment in money market securities of €150 million, while lower expenses for expansion and modernisation had a contrary effect.

For the first three months, **cash flow from financing activities** recorded a cash outflow of €129 million as compared with a cash inflow of €62 million in the previous year. The year-on-year change resulted primarily from a higher net repayment of financial liabilities.

In the first three months, **free cash flow** was €1,381 million, thus only slightly below the previous year's figure of €1,407 million. The decline is primarily due to the lower change of net working capital, while lower expenses for expansion and modernisation had a positive effect.

HIGHER NET LIQUIDITY

As of 31 December 2018, the balance sheet net liquidity was €2,084 million, after €1,707 million in the previous year.

INVESTMENTS CONSIDERABLY LOWER THAN PREVIOUS YEAR

Investments as per segment report totalled €36 million in the first quarter of 2018/19, €–22 million below the prior-year figure (Q1 2017/18: €58 million). In the reporting period, the store network was expanded on a selected basis with 8 stores. Two new stores were opened in Spain, and one each in Germany, Italy, Turkey and Poland. In Poland, also two shop-in-shop concepts were opened at Carrefour. However, in the same period, one store was closed in Belgium and one in Turkey. Due particularly to the smaller size of the new stores, the average **selling space per store** declined by –0.8 percent compared to 30 September 2018 from 2,724 square metres to 2,703 square metres.

FINANCING

CECONOMY AG uses issues on the capital market for medium and long-term financing. For obtaining short-term financial funding, CECONOMY AG has a euro-denominated commercial paper programme with a maximum volume of €500 million. As of 31 December 2018, no commercial paper was utilised.

In addition, a syndicated credit facility is available to CECONOMY AG in a total amount of €550 million and several bilateral credit facilities together totalling €465 million. As of 31 December 2018, neither the syndicated credit facility nor the multi-year bilateral facilities were utilised.

CECONOMY AG retains its investment grade rating from the international rating agencies Moody's and Scope (Moody's: Baa3, Scope: BBB–). On 17 October 2018, Moody's changed its rating outlook for CECONOMY AG to Negative, while Scope has retained its Stable outlook. A downgrade to non-investment grade below Baa3/BBB– would have negative implications for our liquidity and Group financing. Furthermore, negative implications for the net working capital cannot be ruled out. Retaining these investment grade ratings is one of the main pillars of our balanced financing strategy.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income statement[1]

€ million	Q1 2017/18	Q1 2018/19
Sales	**6,761**	**6,879**
Cost of sales	–5,476	–5,613
Gross profit on sales	**1,285**	**1,265**
Other operating income	40	57
Selling expenses	–940	–917
General administrative expenses	–130	–168
Other operating expenses	–1	–4
Earnings share of operating companies recognised at equity	–1	–1
Net impairments on operating financial assets	0	1
Earnings before interest and taxes (EBIT)	**253**	**234**
Other investment result	0	–2
Interest income	9	5
Interest expenses	–7	–8
Other financial result	0	6
Net impairments on non-operating financial assets	0	0

€ million	Q1 2017/18	Q1 2018/19
Net financial result	**2**	**1**
Earnings before taxes (EBT)	**255**	**235**
Income taxes	–116	–88
Profit or loss for the period from continuing operations	**140**	**147**
Profit or loss for the period from discontinued operations	5	0
Profit or loss for the period	**145**	**147**
Profit or loss for the period attributable to non-controlling interests	36	40
from continuing operations	**35**	**40**
from discontinued operations	1	0
Profit or loss for the period attributable to shareholders of CECONOMY AG	108	107
from continuing operations	**104**	**107**
from discontinued operations	4	0
Earnings per share in € (basic = diluted)	**0.33**	**0.30**
from continuing operations	**0.32**	**0.30**
from discontinued operations	0.01	0.00

[1] To enable comparison, the previous year's figures were adjusted for discontinued operations (MediaMarkt Russia business).

Statement of financial position

Assets

€ million	30/09/2018	31/12/2017	31/12/2018
Non-current assets	**2,282**	**2,121**	**2,250**
Goodwill	525	531	525
Other intangible assets	124	103	121
Property, plant and equipment	809	850	788
Financial assets	262	130	253
Contract assets[1]	–	–	7
Investments accounted for using the equity method	488	457	487
Other financial assets	3	4	4
Other assets	11	14	11
Deferred tax assets	59	32	55
Current assets	**6,193**	**9,327**	**8,723**
Inventories	2,480	3,541	3,229
Trade receivables	613	564	572
Receivables due from suppliers	1,239	1,849	1,789
Other financial assets	495	753	635
Other assets	147	215	183
Entitlements to income tax refunds	103	80	80
Cash and cash equivalents	1,115	2,324	2,235
	8,475	**11,448**	**10,974**

Equity and liabilities

€ million	30/09/2018	31/12/2017	31/12/2018
Equity	**665**	**751**	**801**
Share capital	919	835	919
Capital reserve	321	128	321
Reserves retained from earnings	−554	−244	−456
Non-controlling interests	−21	31	18
Non-current liabilities	**1,025**	**1,057**	**1,195**
Provisions for pensions and similar obligations	547	637	545
Other provisions	44	41	41
Financial liabilities	287	282	286
Contract liabilities[1]	–	–	174
Other financial liabilities	52	15	54
Other liabilities	64	71	63
Deferred tax liabilities	31	10	33
Current liabilities	**6,784**	**9,640**	**8,978**
Trade payables	5,277	7,830	7,624
Provisions	190	189	163
Financial liabilities	153	329	16
Contract liabilities[1]	–	–	323
Other financial liabilities	400	492	371
Other liabilities	671	689	335
Income tax liabilities	94	111	146
	8,475	**11,448**	**10,974**

[1] New items in connection with the first-time application of the new accounting standard IFRS 15

Cash flow statement[1]

€ million	Q1 2017/18	Q1 2018/19
EBIT	253	234
Scheduled depreciation/amortisation/impairment losses, reversals of impairment losses and impairments on assets excluding financial assets	54	57
Change in provisions for pensions and similar obligations	−21	−9
Change in net working capital	1,217	1,097
Income taxes paid	−32	−4
Reclassification of gains (–) / losses (+) from the disposal of fixed assets	1	0
Other	3	58
Cash flow from operating activities of continuing operations	**1,476**	**1,433**
Cash flow from operating activities of discontinued operations	−8	0
Cash flow from operating activities	**1,468**	**1,433**
Acquisition of subsidiaries	0	0
Investments in property, plant and equipment (excl. finance leases)	−58	−46
Other investments	−10	−6
Financial investments and securities	−1	−150
Disposals of financial investments and securities	0	0
Disposal of long-term assets and other disposals	8	7

€ million	Q1 2017/18	Q1 2018/19
Cash flow from investing activities of continuing operations	**−62**	**−196**
Cash flow from investing activities of discontinued operations	−2	0
Cash flow from investing activities	**−64**	**−196**
Dividends paid	0	0
Redemption of liabilities from put options of non-controlling interests	0	−1
Proceeds from long-term borrowings	69	7
Redemption of borrowings	−8	−146
Interest paid	−6	−5
Interest received	9	4
Profit and loss transfers and other financing activities	−1	13
Cash flow from financing activities of continuing operations	**62**	**−129**
Cash flow from financing activities of discontinued operations	0	0
Cash flow from financing activities	**63**	**−129**
Total cash flows	**1,466**	**1,108**
Currency effects on cash and cash equivalents	−3	12
Total change in cash and cash equivalents	**1,463**	**1,120**
Cash and cash equivalents as at 1 October	**861**	**1,115**
Cash and cash equivalents as at 31 December	**2,324**	**2,235**

[1] To enable comparison, the previous year's figures were adjusted for discontinued operations (MediaMarkt Russia business).

Segment reporting[1]

Continuing operations

	DACH		Western/Southern Europe		Eastern Europe		Others		Consolidation		CECONOMY[2]	
€ million	Q1 2017/18	Q1 2018/19	Q1 2017/18	Q1 2018/19	Q1 2017/18	Q1 2018/19	Q1 2017/18	Q1 2018/19	Q1 2017/18	Q1 2018/19	Q1 2017/18	Q1 2018/19
External sales (net)	3,959	4,067	2,080[3]	2,156	541	482	181	173	0	0	6,761[3]	6,879
Internal sales (net)	5	7	0	1	0	0	3	3	–8	–11	0	0
Sales (net)	3,964	4,074	2,080[3]	2,157	542	482	183	177	–8	–11	6,761[3]	6,879
EBITDA	222	215	79	85	21	20	–16	–29	0	0	308	291
EBITDA before expenses for restructuring and management changes	222	228	79	88	21	20	–16	–11	0	0	308	325
Scheduled depreciation/amortisation and impairment losses	29	31	19	19	5	5	1	2	0	0	54	57
Reversals of impairment losses	0	0	0	0	0	0	0	0	0	0	0	0
EBIT	193	184	61	66	16	15	–17	–31	0	0	253	234
EBIT before expenses for restructuring and management changes	193	197	61	69	16	15	–17	–12	0	0	253	268
Investments	38	22	15	9	4	3	1	2	0	0	58	36
Non-current segment assets	842	854	515	484	85	83	22	26	0	0	1,464	1,447

[1] To enable comparison, the previous year's figures were adjusted for discontinued operations (MediaMarkt Russia business).
[2] Contains external sales in Q1 2018/19 for Germany of €3,395 million (Q1 2017/18: €3,297 million) and for Italy of €721 million (Q1 2017/18: €681 million) as well as non-current segment assets as of 31 December 2018 for Germany of €753 million (31 December 2017: €723 million), for Spain of €149 million (31 December 2017: €157 million) and for Italy of €145 million (31 December 2017: €150 million)
[3] Adjustment of the previous year's figures in Italy by a low double-digit million euro amount, in order to present revenues from the sale of extended warranties ("plus warranties") in the net amount of the margin

FINANCIAL CALENDAR

Annual General Meeting	Wednesday	13 February 2019	10:00 a.m.
Half-year financial report Q2/H1 2018/19	Tuesday	21 May 2019	7:00 a.m.
Quarterly statement Q3/9M 2018/19	Tuesday	13 August 2019	7:00 a.m.
Annual report FY 2018/19	Tuesday	17 December 2019	7:00 a.m.

All time specifications are CET/CEST.

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