



WE EMPOWER LIFE  
IN THE DIGITAL WORLD



## CECONOMY facts & figures<sup>1</sup>

€ million	2014/15 <sup>2</sup>	2015/16	2016/17
Sales	21,738	21,870	22,155
Currency-adjusted growth in sales (in %)	4.7	1.5	1.4
Like-for-like sales development (in %)	3.1	0.1	1.9
EBITDA <sup>3</sup>	663	719	704
EBIT <sup>3</sup>	420	466	471
Net working capital	-1,043	-779	-820
Online sales	1,766	1,952	2,407
Services & Solutions sales	994	1,301	1,379
Gross margin (in %)	21.1	20.4	20.6
EBITDA margin (in %) <sup>3</sup>	3.0	3.3	3.2
EBIT margin (in %) <sup>3</sup>	1.9	2.1	2.1
Tax rate (in %) <sup>3</sup>	49.5	48.8	44.1
Net result <sup>3</sup>	136	152	189
Earnings per share <sup>3</sup>	0.42	0.47	0.58
Cash flow from operating activities	333	378	521
Cash flow from investing activities	-48	-376	-744
Cash flow from financing activities	-170	-454	140
Free cash flow	97	-19	-256
Net liquidity (+)/net debt (-)	555	642	317
Investments (according to the segment report)	256	406	319
Number of stores	1,007	1,023	1,053
Selling space, as of 30/09 (in thousand m <sup>2</sup> )	3,034	2,976	2,960
Workforce by full-time equivalents, as of 30/09	57,658	58,251	57,852

<sup>1</sup> From continuing operations

<sup>2</sup> Figures from the combined financial statements of CE GROUP for financial years ending 30 September 2016, 2015 and 2014 (can be downloaded from [www.metrogroup.de](http://www.metrogroup.de) under the Publications tab)

<sup>3</sup> Before special items



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# LETTER TO SHAREHOLDERS

**Ladies and gentlemen,**

CECONOMY has been standing on its own two feet since 13 July 2017. Gaining our independence is part of a long-term transformation process with a clear goal: we are aligning our business model closely to the changing living environments of our customers.

Digitalisation has changed the structure of retail in general and above all the consumer electronics business forever. The spotlight is trained more closely on customers than ever before. They are extremely well informed, have a clear picture of their needs and demand their fastest possible, spot-on satisfaction.

CECONOMY is superbly positioned for this new world. We have invested extensively in our multi-channel activities. And we can link all channels seamlessly: in-store, online, mobile or home shopping. Our customers can reach us any time, anywhere. This is also our response to pure players who, unlike us, are not able to offer their customers the same extensive coverage with all of these channels. We are investing in enhancing the efficiency of our supply chain and in expanding our services portfolio. Over the past three years we have completely redefined the strategy in our core business, the MediaMarktSaturn Retail Group. We are in the process of examining our country, brand and store portfolios, and streamlining them wherever necessary. Our locations have been digitalised. This has included equipping them throughout with digital price tags, which puts us in a position to offer our customers attractive prices all the time, and to respond quickly and efficiently to our competitors.

But digital alone is not enough. Our customers do not want to dispense with the human element in this new world, as demonstrated by their decision not only to shop online. Online can never replace the experience of actually going shopping. Social and emotional components are essential parts of the ideal shopping experience, along with digital components. All the more so because customers want people who can give them advice on what are in some cases extremely complex products, and who actually help them make a decision.

Every single one of our employees plays a starring role in this new world. The basis of trust existing between our sales teams in the stores and our customers is one of our key competitive advantages over purely online vendors. Our employees do not only offer competent advice; they also create “memorable experiences” for our customers day in, day out.

We have thus evolved into a reliable partner and daily supporter of our customers in a digital world that is both fascinating and increasingly complex. Digital life is part of the everyday lives of our customers. We help them to live this life without worries or problems. Exactly in keeping with our brand promise: we empower life in the digital world.

**// THANKS TO OUR STAFF**

I have already spoken about the key role that motivated and competent employees play in this scenario. Precisely for this reason, I wish to take this opportunity also to thank our colleagues on behalf of my Board colleagues: you are what makes the success of the Company possible at all. They take a passionate and committed interest in our issues in tune with the saying: “What you wish to ignite in others must first burn within yourself.”



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### // GOAL ACHIEVED! INCREASED TOTAL SALES AND EBIT

We are in the midst of massive changes and are operating in an economic environment that remains challenging. And yet we still managed to achieve our goals in our first year of independence. We were able to increase total sales to €22.2 billion, equivalent to an increase of 1.3 per cent on the previous year. Our sales growth picked up even more pace in the fourth quarter, gaining 4.6 per cent.

We also met our target for earnings (EBIT) before special items. Earnings of €471 million were slightly ahead of the previous year's figures of €466 million. On an FX-adjusted basis, our EBIT increased by €10 million or 2.2 per cent.

### // SHARE PERFORMANCE AND DIVIDENDS

Our satisfactory business development is also reflected in the performance of the CECONOMY shares. Before the new METRO AG was spun off, shares of the former METRO GROUP earned a total return including dividends of around 14 per cent in the period from 30 September 2016 to 12 July 2017. The price of CECONOMY ordinary shares has also performed well. The share price increased by 4 per cent between 13 July 2017 – the day on which CECONOMY shares traded independently for the first time – and the end of the financial year. This marks an outperformance versus the Stoxx 600 Retail index of around 5 per cent. Benchmarked against the Euro Stoxx Retail Index, the outperformance was even more than 8 per cent. The trend in the first weeks of the new financial year was significantly optimistic.

We want to keep distributing attractive dividends in future. Based on earnings per share of € 0.58 before special items, the Management Board and Supervisory Board are proposing a dividend payment of € 0.26 per ordinary share to the next Annual General Meeting. This proposal equates to a payout ratio of 45 per cent and is thus in line with our published dividend policy.

### // CLEAR AND AMBITIOUS GROWTH TARGETS

We have defined clear targets for the future – in terms of both sales and earnings. Over the medium term, we plan to increase sales by more than 3 per cent on average each year and to earn an EBITDA margin of around 5 per cent. We have defined the strategy and measures to achieve these targets. Also in the medium term, we want online business to account for as much as 15 per cent and services & solutions for around 10 per cent of sales.

We are also striving to play a leading role in the consolidation of the market. Our acquisition of a stake in Fnac Darty S.A. has demonstrated our ability to act in the important French consumer electronics market as well, so shortly after gaining independence.

CECONOMY has both the ambition and the opportunities to remain the leading platform for companies, concepts and brands in the field of consumer electronics and thus to grow further.

Please accept our warm invitation to join us at our Annual General Meeting on 14 February 2018, where we will demonstrate that we are optimally placed to operate successfully on the market as an independent company.

I look forward to seeing you there.

I sincerely thank you for your loyalty and for the trust you have placed in us.

Your

**PIETER HAAS**

Chief Executive Officer, CECONOMY AG



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# THE MANAGEMENT BOARD

**MARK FRESE**  
**Chief Financial Officer**

**// Responsibilities:** Accounting; Controlling & Reporting; Treasury & Insurances; Investor Relations; M&A; Pensions & Payroll; IT Management & Services; Tax; Supply Chain

**// Profile:** Mark Frese was appointed Chief Financial Officer on the Management Board of CECONOMY AG on 13 July 2017. He is appointed until 31 December 2020. The 53-year-old was Chief Financial Officer for METRO Cash & Carry Europe/MENA between 2010 and 2012 before being appointed Chief Financial Officer and member of the Management Board of METRO AG. Mark Frese worked in various management functions since 1994, including several years spent at former METRO subsidiary Kaufhof.



**PIETER HAAS**  
**Chief Executive Officer**

**// Responsibilities:** Strategy; Business Development; Portfolio Management; Value Creation Planning; Communications, Public Policy & Sustainability; Human Resources; Innovation; Digital; Audit

**// Profile:** Pieter Haas has been Chief Executive Officer and Labour Director of CECONOMY AG since 13 July 2017 and is appointed until 1 March 2022. He has also been Chair of the Management of Media-Saturn-Holding GmbH since 2016. The 54-year-old joined the management of the Dutch country organisation of Media-Saturn-Holding GmbH back in 2001 and was appointed its Chief Operating Officer in 2008. Prior to joining Media-Saturn Holding GmbH, Pieter Haas occupied various management positions at office product retailer Buhrmann B.V./Corporate Express (now Staples Advantage GmbH & Co. KG) and worked as a consultant for management consultancy Hay Group.

**DR DIETER HAAG**  
**MOLKENTELLER**  
**Chief Legal and Compliance Officer**

**// Responsibilities:** Corporate Law; Corporate Office; Competition & Antitrust; Data Protection; Compliance; Risk Management

**// Profile:** Dr Dieter Haag Molkenteller has been a member of the Management Board and Chief Legal and Compliance Officer at CECONOMY AG since 13 July 2017. He is appointed until 30 September 2020. Dr Dieter Haag Molkenteller was Group General Counsel and Chief Compliance Officer of METRO GROUP from 2012 to 2017. Before that, he occupied various management positions within METRO AG between 1998 and 2012. Prior to joining METRO, the 58-year-old worked as Legal Counsel at Lurgi AG (now part of Air Liquide Group) and as legal advisor to Bundesanstalt für vereinigungsbedingte Sonderaufgaben, the federal agency charged with special tasks associated with German reunification.





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# THE YEAR IN REVIEW

## SELECTED EVENTS DURING FINANCIAL YEAR 2016/17

### Q1 2016/17

#### // Saturn Ingolstadt sets the standards for experiencing technology trends in German retail



8 November 2016 – Saturn has redesigned its store in Ingolstadt and presents an innovative concept for consumer electronics (CE) retail. “Paul” – Germany’s first robot assistant in the CE trade – leads customers directly to the products they are looking for. And visitors can try out games and drones in a huge gaming and virtual reality area. Further highlights at the store include a fully equipped smart home living room, a service area with glass workshop for immediate smartphone repairs, and 24-hour collection of goods ordered online.

#### // CECONOMY presents itself at Capital Markets Day

15 December 2016 – At Capital Markets Day in Düsseldorf, the management of METRO GROUP reveals for the first time the names of the new companies following the demerger of the Group: METRO Wholesale & Food Specialist AG will be called METRO AG, while METRO AG will change its name to CECONOMY AG. Both commercial enterprises presented their equity stories and brand positioning to investors, the financial market and the public.

### Q2 2016/17

#### // MediaMarkt launches a pilot project for renting tech gadgets



20 January 2017 – MediaMarkt has joined forces with Berlin FinTech startup Grover to offer the option of renting state-of-the-art gadgets from its online shop for a limited period. Although the pilot project is just starting, customers can already choose from some 500 products, including smartphones, drones, games consoles, cameras, laptops and robot vacuum cleaners. The range of products available for rent from MediaMarkt is the largest in Germany. The minimum rental period is one month, after which customers can return appliances at any time.

#### // Retail Media Group is CECONOMY's first newly founded company

2 February 2017 – CECONOMY announces the establishment of its first subsidiary, Retail Media Group GmbH (RMG). The Berlin startup helps advertisers to develop individually tailored online campaigns to ensure maximum reach of clearly specified target groups. RMG is linked to the online and mobile platforms of the participating retailers, such as





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MediaMarkt and Saturn, and therefore has access to a broad range of non-personalised statistics about visitors and purchases. RMG marks the starting point from which CECONOMY plans to reap the commercial benefit of its six million customer contacts every day.

### // Shareholders approve the demerger of METRO GROUP

**6 February 2017** – At its Annual General Meeting in Düsseldorf, 99.95 per cent of the shareholders of METRO AG approve the demerger of the Group into a food specialist and a consumer electronics specialist. The shareholders also voted in favour of allocating the new shares at a ratio of 1:1, which means that all shareholders of former METRO AG will receive one CECONOMY share and one additional share in the new METRO AG following the split.

99.95

PER CENT

of shareholders voted in favour  
of demerging the METRO GROUP

### // Rebranding: Media-Saturn-Holding GmbH changes its name to MediaMarktSaturn Retail Group

**27 February 2017** – Media-Saturn-Holding GmbH starts operating under its new brand name MediaMarktSaturn Retail Group. In doing so, the Company is aligning its branding even more consistently to the names of its sales companies. The Company thus wants to make its MediaMarkt and Saturn brands clear and self-explanatory, both to external target groups, and within the scope of its employer branding.

### // CECONOMY is new principal shareholder of DTB Deutsche Technikberatung GmbH

**7 March 2017** – CECONOMY is the new principal shareholder of DTB Deutsche Technikberatung GmbH (DTB). With its professional network of consultants, the startup promises fast help with installing, networking and troubleshooting electronic appliances at its customers' homes. By investing in DTB, CECONOMY is extending its promise of service and customer value in its after-sales activities, thus taking a further step towards simplifying the lives of consumers in the digital world. The rollout of the DTB service portfolio throughout the MediaMarkt and Saturn store networks in Germany is scheduled in parallel.

## Q3 2016/17

### // MediaMarktSaturn Retail Group hands its music subsidiary 24-7 over to 7digital

**20 June 2017** – MediaMarktSaturn Retail Group is to hand over the activities of its B2B music subsidiary 24-7 to 7digital, the market leader in B2B digital musical services. In return, MediaMarktSaturn will become the biggest individual shareholder while strengthening its own digital music business in the field of streaming as an important customer. 7digital offers companies the technical infrastructure and global music rights for operating music streaming and radio services.

### // Court allows METRO GROUP to split

**22 June 2017** – The Higher Regional Court of Düsseldorf rules in favour of the demerger of METRO GROUP. After a few shareholders had brought actions against the planned demerger, METRO AG initiated a motion for expedited registration in order to have the hive-down and demerger entered in the commercial register despite the pending lawsuits and to enable independent trading of the shares of the future CECONOMY AG on the stock exchange.



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**// Future CECONOMY AG awarded investment grade rating by Moody's and Scope**

27 June 2017 – Shortly before its IPO, rating agencies Moody's and Scope gave the future CECONOMY AG investment grade ratings with a stable outlook. According to Moody's (investment grade rating Baa3), the reason for the appraisal is above all the business size, the wide regional positioning and the multi-channel capability of the future CECONOMY AG. Scope (investment grade rating BBB-) likewise highlights the strong presence of the Company in the European consumer electronics markets and the solid balance sheet resources.

**Q4 2016/17**

**// Saturn store in Freiburg is the first climate-neutral store in Germany**



6 July 2017 – Following extensive renovation, the Saturn store in Freiburg is reopening and presenting the first climate-neutral selling space operated by Saturn in Germany. On behalf of the Saturn store in Freiburg, the Primaklima organisation will plant some 16,000 square metres of trees in a reforestation project in the Bolivian rainforest, which will fully compensate for the estimated 455 tonnes of CO<sub>2</sub> emitted by the store throughout 2017. The new "Go green now" slogan draws customers' attention to particularly sustainable products.

**// Demerger of METRO GROUP entered in the commercial register**

12 July 2017 – Entry of the hive-down and demerger in the commercial register marks completion of the split of METRO GROUP and the birth of the future CECONOMY AG as an independent company.

**// Future CECONOMY AG to remain on MDAX following demerger**

13 July 2017 – Following the demerger of METRO GROUP into two separate companies, the future CECONOMY AG will be listed independently on the Frankfurt Stock Exchange for the first time. The shares will continue to be listed on MDAX under the new code CEC.

CEC

is the new stock market code  
of the future CECONOMY AG

**// Future CECONOMY AG acquires minority stake in Fnac Darty S.A.**

26 July 2017 – The future CECONOMY AG signs an agreement to acquire a minority stake in the French retailer Fnac Darty S.A. and takes over the entire previous investment of the French holding company Artémis S.A. Fnac Darty S.A. is France's leading retailer of consumer electronics and household appliances, with a market share of 23 per cent and a presence in nine other countries. Future CECONOMY AG is buying about 24.33 per cent of the shares in the company. The investment makes the future CECONOMY AG the largest shareholder in Fnac Darty S.A. The transaction was closed on 24 August 2017.



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**// Retailtech Hub: MediaMarktSaturn Retail Group is expanding its accelerator into an open platform**

9 August 2017 – MediaMarktSaturn Retail Group is expanding its accelerator into an open platform for retail companies and startups. Under the name “Retailtech Hub”, the programme will focus on tech startups along the entire retail value chain beyond consumer electronics. In addition, it will also be open to other retail companies. The programme will be carried out together with the accelerator experts from the “Plug and Play Tech Center” in Silicon Valley. It will focus on pilot projects jointly implemented with MediaMarktSaturn Retail Group and future programme partners.

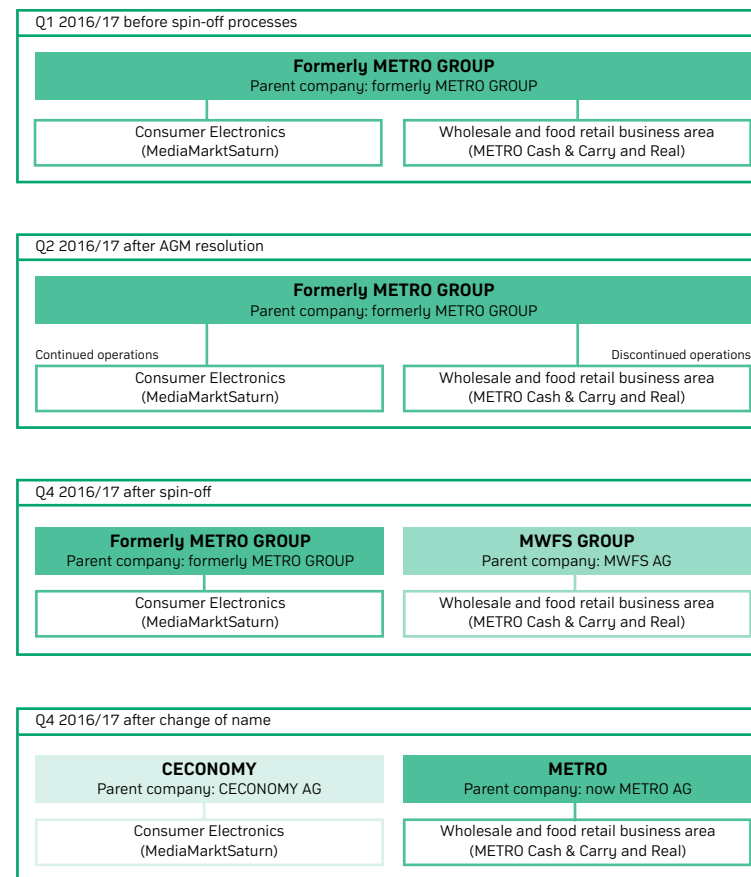
**// Name change to CECONOMY AG is entered in the commercial register**

11 August 2017 – The renaming of METRO AG to CECONOMY AG is officially entered in the commercial register. Thus, one of the last steps following the demerger of METRO GROUP into two independent companies has been completed.

**// CECONOMY publishes third quarter figures**

31 August 2017 – CECONOMY publishes its quarterly figures as an independent company for the first time.

**Terminology**



To aid understanding of the company names before and after the demerger of METRO GROUP, this chart tracks the individual steps leading to the demerger in simplified form.



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# CECONOMY SHARE PERFORMANCE

## // Period prior to independent trading

Prior to the hive-down and spin-off of the wholesale and food retail business to new METRO AG, the shares of former METRO GROUP generated a total return, including dividends, of around 14 per cent in the period from 30 September 2016 to 12 July 2017. This result was far superior to the total return of the broadly diversified Stoxx 600 Retail Index with its performance of 2 per cent, and better than the total return of about 8 per cent generated by the more concentrated Euro Stoxx Retail Index. The shares were merely outperformed by the MDAX, which was slightly better at nearly 16 per cent. During the entire period, the share price never once fell below the closing price of € 26.49 as of 30 September 2016.

Most of the performance was generated in December 2016, helped particularly by the presentation of the Annual Report 2015/16 on 14 December 2016 and the success of the two Capital Markets Days hosted by the future CECONOMY AG and the new METRO AG on 15 December 2016. With investors uncertain over the following months as to whether the hive-down and spin-off would actually take place, as planned, towards mid-year 2017, the share price dipped slightly from € 31.59 as of end-December 2016 to € 29.19 as of 12 July 2017 including an ex-dividend markdown of € 1.00 per share. On average, some 819,000 shares were traded daily on Xetra between 30 September 2016 and 12 July 2017.

## // First day of independent trading

Shares of the future CECONOMY AG were traded independently on the stock exchange for the first time on 13 July 2017. The shares opened at € 9.32. Following lively trading which saw the share price peak at € 10.48, the shares of the future CECONOMY AG closed on their first day of independent trading at € 9.58. This represents an increase of 3 per cent over the opening price. Neither the selling pressure from investors wanting to focus exclusively on new METRO AG nor the technical selling pressure exerted by index funds had any significant adverse effect on CECONOMY's share performance. Nearly 24 million shares changed hands on the Xetra platform on the first day of trading, and more than 32 million on all the stock exchanges in Europe. Since the price of new METRO AG shares dropped significantly by around 10 per cent on the first day of trading, shareholders who had held on to both shares until the end of trading suffered a combined loss of around 5 per cent.

## // Second day of independent trading until financial year-end

Between the closing price on 13 July 2017 and 30 September 2017, the price of CECONOMY shares rose by around 4 per cent, performing better than all the indices mentioned above. The difference between the solid performance of CECONOMY shares and the Euro Stoxx Retail Index was particularly marked, with the latter earning a negative total return of more than 4 per cent. During this period, average trading volumes were in the region of 2 million shares every day. Apart from the first ten days of trading as an independent share, which were characterised by investor repositioning and index movements, some 1.2 million shares were traded every day on average.

From their first day of independent trading until the presentation of the figures for the third quarter 2016/17, CECONOMY AG shares trended slightly downwards. One exception was 26 July 2017, the day on which the contract governing the acquisition of around 24.33 per cent of French competitor Fnac Darty S.A. was announced. On that day, the shares closed around 7 per cent up, at €9.89, although these price gains were gradually whittled away over the coming weeks. The publication on 31 August 2017



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of the figures for the third quarter, which was accompanied by confirmation of our forecast for financial year 2016/17 as a whole, marked the start of a small year-end rally for CECONOMY shares. From their closing price of €8.92 on the day before the announcement, the shares temporarily rose to €10.13 before closing at €9.96 on the day before 30 September 2017.

### Total return

Share/Index	Ticker	30/09/2016 to 12/07/2017 (closing prices)	13/07/2017 to 29/09/2017 (closing prices)
METRO ordinary shares	MEO	13.9 %	
CECONOMY ordinary shares	CEC		4.0 %
Stoxx 600 Retail Index	SXRP	2.1 %	-0.7 %
Euro Stoxx Retail Index	SXRE	8.4 %	-4.4 %
MDAX index	MDAX	15.6 %	3.7 %

Data based on Xetra closing prices  
Source: Bloomberg

### CECONOMY shares: Fact sheet

	Ordinary shares	Preference shares
Code number	725 750	725 753
ISIN code	DE 000 725 750 3	DE 000 725 753 7
Reuters code	CECG.DE	CEC1_p.DE
Bloomberg code	CEC GY	CEC1 GY
Number of shares	324,109,563	2,677,966

## // Shareholder structure of CECONOMY AG

### FREE FLOAT

The free float of CECONOMY AG in the amount of 50.132 per cent of the voting rights is divided among a large number of national and international investors. Voting right notifications from fund management firms and other publicly available data sources indicate that US and British investors account for the largest share of institutional investors, followed by investors from France, Germany and Switzerland.

According to a voting rights notification published on 1 August 2017, J O Hambro Capital Management Limited is now the largest institutional investor. The investment company holds voting rights of 3.04 per cent. In a voting rights notification published on 18 July 2017, fund management company BlackRock, Inc. announced that its holdings had fallen below the 3 per cent voting rights threshold and reported a share of 1.76 per cent of the voting rights. Three fund companies operated by Franklin-Templeton – Franklin Mutual Series Funds, Franklin Mutual Advisers, LLC and Templeton Global Advisors Limited – also published notifications of voting rights, on 15 December 2016, 26 January 2017 and 5 February 2017, respectively, to announce that their shares of the voting rights had also fallen below the 3 per cent threshold in each case.

### PRINCIPAL SHAREHOLDERS

Shareholder groups Haniel, Meridian Stiftung, Essen, (formerly: Schmidt-Ruthenbeck) and Beisheim are the principal shareholders of CECONOMY AG. According to notifications published under the German Securities Trading Act [Wertpapierhandelsgesetz, WpHG], they held 49.868 per cent of the voting rights as of 30 September 2017, with the Haniel shareholder group holding the largest voting share of 24.996 per cent. The Meridian Stiftung, Essen, (formerly: Schmidt-Ruthenbeck) shareholder group is second largest shareholder, with a share of voting rights of 15.772 per cent, while the Beisheim shareholder group is third largest, with 9.100 per cent of the voting rights.

Further, Haniel Finance Deutschland GmbH announced on 20 July 2017 that the conversion price of the May 2020 convertible bond issued by Haniel had been adjusted to reflect the hive-down and spin-off of the



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wholesale and food retail business to new METRO AG. Since all shareholders of the former METRO AG received both one future CECONOMY AG share and a share in the new METRO AG per share, the conversion price as determined by the calculation agents changed to €14.4812 per CECONOMY AG share (previously €38.6021 per former METRO AG share).

### // Dividend and dividend policy

Continuing the dividend policy of former METRO AG, CECONOMY AG plans, as a rule, to distribute around 45 to 55 per cent of the earnings per share before special items. Depending on future economic performance and the profitability of investment projects, future dividend payments could be both higher and lower.

The Management and Supervisory Boards of CECONOMY AG will therefore propose to the Annual General Meeting of CECONOMY AG on 14 February 2018 a dividend of €0.26 per ordinary share and €0.32 per preference share. Based on earnings per share of €0.58 before special items, this equates to a payout ratio of around 45 per cent per ordinary share and is thus commensurate with the general target range of 45 to 55 per cent.

On the basis of Xetra closing prices on the day before 30 September 2017, the dividend yields are as follows: 2.6 per cent per ordinary share and 3.4 per cent per preference share.

### // Analysts' recommendations

At the end of the financial year 2016/17, 14 analysts from international banks and brokers were monitoring and evaluating CECONOMY shares. Eight analysts or 57 per cent of analysts rated CECONOMY shares as "buy". Five analysts (36 per cent) rated them as "hold" or "neutral". One analyst rated the shares as "sell". The median value of share price targets was € 11.00, equivalent to about 10 per cent share price potential compared with the common share's closing price of € 9.96 on 29 September 2017.

### // Investor Relations

The Investor Relations department maintains a close and transparent dialogue with CECONOMY investors, providing them with all legally permissible information on the financial and economic performance of CECONOMY AG. Capital market support is based on the principles of:

- > Topicality: assurance of information leadership
- > Continuity: regardless of the current financial position of the Company
- > Credibility: dissemination of completely accurate information
- > Equal treatment: all recipients receive the same information at the same time

Through its membership of the German Equity Institute (Deutsches Aktieninstitut e. V., DAI) in Frankfurt am Main, CECONOMY AG actively supports efforts to foster an equity investment culture in Germany. In addition, CECONOMY AG is committed to the principles of open and continuous communication through its membership of the German Investor Relations Association (Deutscher Investor Relations Verband e. V., DIRK).

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## TO OUR SHAREHOLDERS

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# GOALS AND STRATEGY

The Düsseldorf-based CECONOMY AG is the leading European platform for companies, concepts and brands in the field of consumer electronics (CE). CECONOMY Group companies offer consumers guidance and solutions for gaining maximum benefit from the opportunities offered by innovative technologies. CECONOMY develops new concepts and business models that provide key added value for consumers and create new economic potential for the Company and its shareholders.

CECONOMY is active in an industry that is currently undergoing great upheaval. It is determined by four major market developments and five customer trends.

## MARKET TRENDS

### // STREAMLINING

Increasing number of channels, strong price pressure and good transparency are making competition fiercer.

### // DIGITALISATION

The increasingly digital world is changing customers' behaviour, influencing retail processes and opening up new business opportunities. The boundaries between bricks-and-mortar business, online including mobile retail are increasingly disappearing.

### // CONSOLIDATION

The CE industry in Europe is a fragmented market offering scope for consolidation at regional, national and international level.

### // TRANSFORMATION

The fundamental changes in the CE industry are opening up new opportunities and scope for new business models. Focus is always on the customers, and the key question is: What can we do for these customers?

## CUSTOMER TRENDS



### // GOOD TRANSPARENCY

Customers are better informed and more knowledgeable than ever before.

### // INCREASED COMPETITION

Nowadays, competition is fiercer than it has ever been as all market players make use of all channels to try and win over the same customers.



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### // GROWING COMPLEXITY OF PRODUCTS AND SERVICES

Customers are benefiting from limitless choice and are increasingly adopting a new approach to using products, by borrowing, renting or sharing them, for example. In light of the growing complexity and diversity of the products and services on offer, customers are simultaneously increasingly demanding clarity and support in their search for the right solution.

### // INCREASING CONVENIENCE

Customers demand simple, fast and consistent processes from start to finish of their shopping experience. Customers don't just want products nowadays; they expect solutions. They want support and personalised treatment in each and every channel.

### // NEW TECHNOLOGIES

Digital technologies are reinforcing these trends and allowing customers to discover and examine what is new and to shop in a multitude of channels promising outstanding performance.

As this transformation evolves, it is creating huge potential for us and for our brands and formats. CECONOMY is operating successfully within these change processes and is playing a leading role in shaping them. They form the basis from which we derive our strategy and targets.

## OUR STRATEGY

We empower life in the digital world – as Europe's leading CE platform, we develop solutions that make everyday life easier for consumers in the digital world.

With more than six million customer contacts every day, we know exactly what we are talking about and what people want in the digital world. After all, this world is only really smart if it actually works. Most consumers have long since stopped seeing consumer electronics just as leisure accessories or useful gadgets, and now view them as essential for life.



### // RIGOROUS CUSTOMER ORIENTATION

Our customers' needs and expectations form the starting point for all our strategic considerations. We assure complete customer orientation by examining customers' needs and behaviours, expanding our multi-channel activities, particularly in our core business within the framework of MediaMarktSaturn Retail Group, and steadily growing our portfolio of services.

### // EXPERTISE IN DESIGNING SOLUTIONS

It's no longer just about buying a product and switching it on – it has to be connected to WiFi or integrated into the smart home. We offer solutions regardless of the contact interface chosen by a customer. Our services are available everywhere – at our stores, online, mobile or even at home.

One major element of this strategy is the market launch of the DTB Deutsche Technikberatung GmbH in Germany, which we plan to have implemented in full by the end of 2018.





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Numerous projects in other countries show the effect our service approach has when put into practice.

In **Germany**, we plan to launch our StartKlar (ready to go) service by mid-2018 that will enable customers to take their purchases – especially mobile end appliances – away from the stores already fully set up and ready to go.

In the **Netherlands**, we want to expand the “Always on” model, which guarantees unlimited support for mobile appliance malfunctions.

In **Spain**, we are turning the stores into experience and service centres for customers. We are further improving our digital store concept where the provision of advice plays a key role, and are offering customer training schemes.

In **Belgium**, we are collaborating with the startup Parcify on next-working day delivery by bicycle courier and installation of goods ordered online that weigh less than 30 kilograms.

To make sure our solutions work we must make sure the design of our in-house processes is commensurate with modern-day requirements.

### // COMPREHENSIVE DIGITALISATION

Comprehensive digitalisation of proprietary business models is crucial in optimising retail for the digital world. CECONOMY has already reshaped its processes for key areas of its operations, such as pricing. For example, digital price tags, which we have introduced across the board at MediaMarktSaturn Retail Group, enable us to control online and offline prices dynamically. In doing so, we are also driving digitalisation and transformation in the industry.

We are centralising functions, particularly procurement, category management and supply chain. In addition, we are reviewing our locations in all the regions, renegotiating lease agreements and adjusting the retail area.

A significant portion of the savings from this programme will be invested in optimising our IT systems.

## OUR MEDIUM-TERM GOALS

On the basis of the 2015/16 financial year, we have defined clear growth targets, including:

Average **sales growth** of more than 3 per cent. In the medium term, we want online business to account for as much as 15 per cent and services & solutions for around 10 per cent of sales.

An increase to around 5 per cent in the **EBITDA margin**, based on EBITDA of 3.3 per cent of sales in financial year 2015/16.

Annual **cash investments** equivalent to around 1.5 per cent of sales, resulting in cash flow conversion of 60 to 70 per cent.

A reduction in the **tax rate** towards 40 per cent, starting from 49 per cent in the 2015/16 financial year.

A **dividend payout** ratio of 45 to 55 per cent of the earnings per share. Depending on future economic performance and the profitability of investment projects, future dividend payments could be both higher and lower.



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## CORNERSTONES OF OUR STRATEGY

### 5 VALUE DRIVERS FOR CONTINUED GROWTH



**ONLINE-MOBILE-STORES**

We make it possible for our customers to combine the products and services of our brick-and-mortar stores with those of our mobile and online channels as they see fit.



**SERVICES & SOLUTIONS**

We are continuously developing our services portfolio further. A key driver here is the expansion of "smart bars" for service and repairs in the markets at our stores.



**CUSTOMER DATA/  
CUSTOMER RELATION-  
SHIP MANAGEMENT**

Customers are the focal point of our business model. This will enable customised communication tailored to individual interests as part of our more than six million customer contacts every day.



**SELECTIVE EXPANSION**

The changed market and customer needs also require an adjustment of our expansion strategy and our locations portfolio. Alternative formats such as shop-in-shop solutions at Tesco or METRO Cash & Carry as well as smaller retail areas supplement our existing locations and enable even more optimal coverage.



**SUPPLY CHAIN,  
CATEGORY MANAGEMENT,  
PRICING**

The changed market conditions require re-determination as to which processes we can manage better centrally or decentrally.

### 5 BASIC CONDITIONS FOR OUR SUCCESS



**PORTFOLIO**

We actively embrace challenge and optimise our country and location portfolio if necessary.



**COMPETITIVE COST  
BASIS**

We continuously review the development of our costs and always target a competitive cost position.



**NET WORKING CAPITAL**

We optimise our net working capital – for example by managing inventories with discipline and continuously improving our category management.



**CULTURAL  
TRANSFORMATION**

We continuously develop our 65,000 employees further in order to offer our customers a unique buying and service experience at all times.



**DIGITAL & TECHNOLOGY  
LEADERSHIP**

We are more than a retail company. We are a technology platform for companies, concepts and brands that is driving digitalisation.



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## FIT FOR THE FUTURE

- // We plan to continue growing, to drive digitalisation and transformation in retail and to play a leading role in consolidating the European market.
- // We want to steadily expand our multi-channel activities and continually grow our portfolio of services.

- // Our financial standing is healthy.
- // We have the potential to increase our margins and our free cash flow.







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# REPORT BY THE SUPERVISORY BOARD

## Dear shareholders

This past financial year was a unique one for our Company. In what constituted the biggest-ever reorganisation in the history of our Company, CECONOMY AG – which was still called METRO AG at the start of the financial year – completed the split of the METRO GROUP, and the former household and consumer electronics retail business has since been operating independently in the marketplace under the name of CECONOMY. CECONOMY is now the leading European platform for companies, concepts and brands in the field of consumer electronics.

In addition to realigning its strategy as part of the split, CECONOMY has also boosted the operations of its key investment, MediaMarktSaturn Retail Group.

In the wake of the demerger, the forecast issued at the start of the financial year was updated in our half-year financial report and now relates solely to CECONOMY. The sales and earnings of CECONOMY were both consistent with this forecast.

Splitting up the former METRO GROUP and building CECONOMY into a powerful and focused company has given the Management Board of CECONOMY AG more entrepreneurial scope, thus paving the way for more growth. Structures have been simplified as a result of the demerger, which also responds to the need for independent planning and management of the separate businesses. In future, the Management Board can concentrate on the innovation and advancement of its own business operations without having to bow to the constraints of a conglomerate of different sales lines.

Not least, becoming independent will enable CECONOMY to put its customers even more centre stage. CECONOMY Group develops solutions that simplify the lives of consumers in the digital world. In doing so, CECONOMY can respond at great speed and even more flexibly than before to the specific needs of its consumers, and provide solutions for meeting these needs. The ability to adjust quickly to changes in the market environment and to the associated challenges is essential to secure lasting business success in an era of increasing digitalisation. Consequently, the Management Board plans to continue its passionate pursuit of the Company's clear alignment to its strategic objectives in the future.

By improving the Company's long-term success and eliminating the former drag on results from the conglomerate structure now that the Group has been split up, you, our valued shareholders, will experience first-hand the impact of the decisions made over the course of the past financial year by the Management Board and the Supervisory Board relating to the implementation of the demerger.

## The work performed by the Supervisory Board in financial year 2016/17

The Supervisory Board of CECONOMY AG (formerly: METRO AG) performed all the duties set forth by law, the Company's Articles of Association and the Code of Procedure for the Supervisory Board in financial year 2016/17.



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The Supervisory Board advised the Management Board on the steering of the Company and monitored its operational management. The cooperation between the Management Board and the Supervisory Board was characterised by an especially intensive exchange. The Supervisory Board and its committees held numerous meetings over the past financial year to discuss the demerger of the METRO GROUP. The material issues addressed at these meetings are discussed in more detail below.

Outside the meetings of the Supervisory Board and its committees, the Management Board has also complied with its duties to provide information at all times. It informed the Supervisory Board in detail, promptly and in accordance with the legal requirements, in written and oral form, about all significant developments in the Group. In particular, the Management Board informed the Supervisory Board about business developments, the situation of the Company and the Group (including the risk situation, risk management and compliance) as well as about the Company's strategy and planning. The Management Board provided detailed explanations of any deviations from planned business performance. As Chair of the Supervisory Board last year, both I and my predecessor, Jürgen B. Steinemann, regularly exchanged information and ideas about key issues and pending decisions with the CEOs, Pieter Haas and, formerly, Olaf Koch.

Based on the Management Board's reports, we discussed all transactions that were of significance to the Company during Supervisory Board meetings and in the committees.

The Supervisory Board was involved in all decisions of material significance to the Company, including measures and transactions for which the Supervisory Board's approval is required by law, on the basis of the Articles of Association or by proprietary determinations. We thoroughly reviewed the relevant matters and discussed their benefits, potential risks and other impacts with the Management Board. The Supervisory Board approved all matters which the Management Board presented to it for approval. We made no use of the rights of inspection and audit granted under Section 111 (2) (1) and (2) German Stock Corporation Act [Aktiengesetz, AktG] because no matters requiring clarification arose.

No conflicts of interest involving members of the Management Board and Supervisory Board arose in financial year 2016/17.

## Number of meetings and attendance

A total of 13 Supervisory Board meetings were held in financial year 2016/17. Two decisions were taken in a written procedure outside a Board meeting.

None of the members of the Supervisory Board appointed for the full financial year attended only half or fewer of the meetings of the Supervisory Board or of the committees on which they sat during the reporting period. Average attendance at the meetings of the Supervisory Board was about 93 per cent.

Regine Stachelhaus was elected by the Annual General Meeting as shareholder representative to the Supervisory Board, effective from the end of said AGM. Accordingly, she was only able to attend five meetings of the Supervisory Board in the period under review, which meant that she was able to attend less than half of the meetings. Since Julia Goldin, Jo Harlow and Dr Bernhard Düttmann joined the Supervisory Board as shareholder representatives following election by the Company's Annual General Meeting on 6 February 2017 and subject to the condition precedent of the demerger as governed by the hive-down and spin-off agreement between METRO AG and METRO Wholesale & Food Specialist AG dated 13 December 2016 becoming effective following entry of the spin-off of METRO AG in the commercial register (on 12 July 2017), they were only able to attend three Supervisory Board meetings during the reporting period. Accordingly, they were only able to attend three Supervisory Board meetings during the reporting period. Daniela Eckardt, Stefanie Friedrich, Birgit Popp, Sylvia Woelke, Ludwig Glosser and Vinko Vrabec were appointed to the Supervisory Board on 13 July 2017 by resolution of the District Court of Düsseldorf to replace the employee representatives Susanne Meister, Dr Angela Pilkmann, Thomas Dommel, Andreas Herwarth, Werner Klockhaus and Xaver Schiller, whose term of office on



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the Supervisory Board ended with the demerger. As a result, they were also only able to attend three meetings during the reporting period.

## Key issues covered by Supervisory Board meetings

During the past financial year, the Management Board provided regular updates on business performance to the Supervisory Board at its meetings.

At its first meeting in financial year 2016/17 in **October 2016**, the Supervisory Board dealt primarily with splitting up the former METRO GROUP, a report on the recent acquisitions of suppliers in the food delivery wholesale sector, and the remuneration of the Management Board. With regard to Management Board remuneration, the Supervisory Board received a report detailing the achievement of corporate targets within the one-year performance-based compensation (short-term incentive) scheme for financial year 2015/16, and passed a resolution on the determination of the individual performance factors for each member of the Management Board for financial year 2015/16. The Supervisory Board also discussed the individual targets for each member of the Management Board for financial year 2016/17. The Management Board informed the Supervisory Board about its examination of the options for entering the food market in Myanmar with a business model adjusted to focus on supply.

At a meeting in **November 2016**, the Supervisory Board primarily dealt with supplementary information provided by the Management Board on the achievement of corporate targets for financial year 2015/16, as well as further discussing the individual targets for each member of the Management Board for financial year 2016/17. The Supervisory Board also approved the restructuring of the real estate portfolio of joint venture Mayfair Holding Company S.C.S.

At a further meeting in November 2016, the Supervisory Board again dealt with a report by the Management Board on the current status of the project to split up the former METRO GROUP. In this respect, the Su-

perisory Board adopted a resolution to prematurely settle the current tranches of the long-term performance-based Management Board remuneration (long-term incentive) scheme, and approved a new remuneration system for the Management Board of the Company, as well as the reappointment and extension of the service contract of Heiko Hutmacher as member of the Management Board and Chief Personnel Officer. The Supervisory Board received information on the new remuneration system for the Management Board of the current METRO AG.

At a meeting in **December 2016**, the Supervisory Board then focused on the Company's annual and consolidated financial statements for financial year 2015/16, the combined management reports for METRO AG and the Group for 2015/16, and the Management Board's proposal for the appropriation of the balance sheet profit to the Annual General Meeting 2017. The auditors attended this meeting and reported the key findings of their audits. The Supervisory Board passed resolutions on the report by the Supervisory Board and the corporate governance report for inclusion in the Annual Report for financial year 2015/16. At this meeting, the Supervisory Board also received a further report from the Management Board on the status of the demerger project and was informed about the demerger documentation.

Another meeting was held in December 2016, at which the Supervisory Board discussed other proposals for resolution by the Annual General Meeting 2017. At this meeting, the Supervisory Board was also informed about potential candidates for election as shareholder representatives to the relevant Supervisory Boards of the two entities resulting from the demerger. We were also provided with a report on the status of the ICS Operations internal control system. The Supervisory Board passed a resolution governing the long-term incentive targets for financial year 2016/17 relating to a new Long-Term Incentive Plan that was scheduled to come into effect once the demerger had become effective and would absorb those parts of tranche 2014/15 of the Sustainable Performance Plan (Version 2014) that were not vested at the time the demerger became effective.

The resolution approving the hive-down and spin-off agreement between METRO AG and METRO Wholesale & Food Specialist AG was adopted by



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the Supervisory Board at an extraordinary meeting, also held in December 2016, which was conducted by telephone conference.

Furthermore, the Supervisory Board adopted a resolution in December 2016 on the further proposals to the Annual General Meeting 2017, without meeting.

At a meeting in **January 2017**, the Management Board provided the Supervisory Board with further information about venturing into the food market in Myanmar. The Supervisory Board received further information from the Management Board on the current status of the demerger project for the former METRO GROUP, in particular on the stock market admission procedure and the stock exchange admission prospectus for trading the shares of the future lead company of the food division, as well as on the sustainability initiatives of METRO GROUP. The Supervisory Board adopted a resolution reappointing Mark Frese to the Management Board for the period from 1 January 2018 until 31 December 2020, and extending and adapting his service contract accordingly.

In **February 2017**, the Supervisory Board passed a resolution on the engagement of the auditor to audit the annual and consolidated financial statements of METRO AG and the combined management report for METRO AG and METRO GROUP for financial year 2016/17. The Supervisory Board also decided to commission a review of the condensed financial statements and interim management report for the first half-year 2016/17, both subject to the election of an appropriate auditor by the Annual General Meeting as proposed by the Supervisory Board. As a precaution, the Supervisory Board decided to give power of attorney to a law firm to represent METRO AG in any legal disputes that might arise in connection with any actions for cancellation of the annual financial statements and any legal challenges or complaints for nullity against resolutions passed by the Annual General Meeting of METRO AG on 6 February 2017.

Without meeting, the Supervisory Board adopted a resolution in February 2017 re-electing Dr Funck to the Accounting and Audit Committee of the Supervisory Board of METRO AG.

In the Supervisory Board meeting in **March 2017**, we were informed about the successful review of OTC derivative contracts in accordance with Section 20 of the German Securities Trading Act [WpHG] for financial year 2015/16. Apart from that, this meeting focused on Management Board remuneration and other Management Board matters. At this meeting, the Supervisory Board passed a resolution revoking the appointment of Pieter Haas until 31 March 2019 while at the same time reappointing him to the Management Board for the period from 2 March 2017 until 1 March 2022. We also decided to appoint Mr Haas as Chair of the Management Board and Labour Director – in each case effective from the day after the effective date of the spin-off until 1 March 2022 – and subsequently to revise his service contract from the day after the effective date of the spin-off until 1 March 2022. The Supervisory Board also passed a resolution revising the service contract of Mark Frese to take effect from the day after the effective date of the spin-off until 31 December 2020. Further, the Supervisory Board decided to appoint Dr Dieter Haag Molkensteller to the Management Board, effective from the day after the effective date of the spin-off until 30 September 2020. With regard to the other members of the Management Board serving at that time – Olaf Koch, Pieter Boone and Heiko Hutmacher – the Supervisory Board adopted a resolution on the resignation from the Board by mutual agreement and termination of the relevant service contracts as of the effective date of the spin-off. With regard to Management Board remuneration, the Supervisory Board decided to amend its resolution passed in November 2016 governing the remuneration system of the future CECONOMY AG by replacing the financial performance target of “Like-for-like sales growth” with “Sales growth adjusted for currency effects and acquisitions” in the Short-Term Incentive Plan, with effect from 1 October 2017. In addition, the Supervisory Board decided to specify in more detail the Long-Term Incentive Plan that was scheduled to apply from the effective date of the spin-off as per Supervisory Board resolution adopted in November 2016, to determine the target values for the long-term incentive scheme for the 2016/17 tranche, and to absorb those parts of the 2015/16 tranche of the Sustainable Performance Plan (Version 2014) not yet vested as of the effective date of the spin-off into a new Long-Term Incentive Plan for the members of the Management Board of CECONOMY AG as a corresponding pro rata target amount with the sole target component being “Earnings per share”, and at the same





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time to determine the corresponding targets for financial year 2017/18. The Supervisory Board also resolved to define thresholds for the 2016/17 targets of the Short-Term Incentive Plan from the effective date of the spin-off.

At its meeting in **May 2017**, the Supervisory Board was again provided with the updated status of the demerger project by the Management Board. Resolutions adopted by the Supervisory Board at this meeting included the service contract of Dr Dieter Haag Molkensteller as member of the Management Board from the day following the effective date of the spin-off until 30 September 2020, and amendment of the Insider Guideline that the Supervisory Board had imposed upon itself by resolution in December 2015 and which it had already revised once by resolution in June 2016.

After the former Chair of the Supervisory Board, Jürgen B. Steinemann, the former Vice-Chair of the Supervisory Board, Werner Klockhaus, and Supervisory Board members Gwyn Burr, Susanne Meister, Dr Angela Pilkmann, Thomas Dommel, Andreas Herwarth, Mattheus P. M. (Theo) de Raad and Xaver Schiller resigned from the Supervisory Board with effect from when the spin-off became effective through entry in the commercial register of METRO AG, and new members Daniela Eckardt, Stefanie Friedrich, Julia Goldin, Jo Harlow, Birgit Popp, Sylvia Woelke, Dr Bernhard Düttmann, Ludwig Glosser and Vinko Vrabec joined the Supervisory Board on 12 July 2017, the new Supervisory Board held its constituent meeting in **July 2017**. At this meeting, the Supervisory Board elected me as its Chair and Jürgen Schulz as Vice-Chair. In addition, the Supervisory Board adopted the resolutions implementing the new Codes of Procedure for the Supervisory Board and the Supervisory Board's Audit Committee. The Supervisory Board then decided the composition of the Supervisory Board Committees stipulated by law and the newly adopted Codes of Procedure (Mediation Committee pursuant to Section 27 (3) of the German Codetermination Act [Mitbestimmungsgesetz, MitbestG], Presidential Committee, Audit Committee and Nomination Committee) and determined – where stipulated by law or the relevant Codes of Procedure – who would be Chair and Vice-Chair of the respective newly formed committees. In a further resolution, the Supervisory Board approved the newly drafted Code of Procedure for the Management Board,

together with the assignment of responsibilities within the Management Board. In its constituent meeting on 25 July 2017, the Supervisory Board also adopted the targets for composition of the Supervisory Board and the competence profile for the Supervisory Board. It defined the target for the number of women on the Management Board and specified the schedule of duties and criteria for the individual targets of Management Board member Dr Dieter Haag Molkensteller from the effective date of the spin-off until the end of financial year 2016/17. The Supervisory Board adopted a further resolution approving the appropriate Management Board resolution governing the type of share certificates to be issued for the future CECONOMY AG. We also passed an appropriate resolution approving the Management Board's plan to acquire a stake of around 24.33 per cent in Fnac Darty S.A. The Supervisory Board was also provided with a report by the Management Board detailing the planned procedure for the forthcoming elections of employee representatives to the Supervisory Board in 2018. In addition, the Management Board shared its evaluation of the situation at Media-Saturn-Holding GmbH with the Supervisory Board.

In an extraordinary meeting held by telephone conference in **August 2017**, the Management Board provided the Supervisory Board with information about the next steps for dealing with the minority shareholder situation at Media-Saturn-Holding GmbH.

The Supervisory Board discussed the draft of the financial report for Q3 2016/17 at a further meeting in August 2017.

Finally, at a meeting in **September 2017**, the Supervisory Board addressed resolutions governing the approval of the finalised medium-term budget (sales, investment and financing projections) for financial year 2017/18, the submission of the declaration of compliance pursuant to Section 161 AktG, and the definition of the individual performance factors for Management Board members Pieter Haas and Mark Frese as well as for former Management Board members Olaf Koch, Pieter Boone and Heiko Hutmacher for the period from the start of financial year 2016/17 until the effective date of the spin-off. The Supervisory Board again received information with regard to the shareholder situation at Media-Saturn-Holding GmbH. In addition, the Management Board report-



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ed to the Supervisory Board on its strategy and the governance systems (internal control system, risk management system, internal auditing system, and compliance management system).

The Chairs of the Supervisory Board Committees also reported routinely to the Supervisory Board on their work at Supervisory Board meetings over the past financial year.

The Supervisory Board regularly excluded individual Management Board members from its discussion of Management Board matters and, where necessary, excluded the entire Management Board to discuss matters in closed sessions.

## Work of the committees

The Supervisory Board has currently formed four committees: Presidential Committee, Audit Committee, Nomination Committee, and Mediation Committee pursuant to Section 27 (3) MitbestG. These committees were formed and populated at the constituent meeting of the Supervisory Board on 25 July 2017.

In accordance with the corresponding rewording of the Code of Procedure for the Supervisory Board and the Code of Procedure for the Audit Committee, the Supervisory Board composed new committees and, in the process, merged the tasks of the former Personnel Committee with the tasks of the former Presidential Committee in the catalogue of tasks of the newly formed Presidential Committee. In addition, the Supervisory Board formed an "Audit Committee" composed of eight ordinary members for a trial period, instead of the former "Accounting and Audit Committee" with its six members. The changes are designed to make the work of the Supervisory Board even more efficient overall. As mentioned, eight members were appointed to the Audit Committee on a trial basis. If the wider membership proves not to have produced the desired improvements in efficiency by the end of the year, the Supervisory Board has reserved the option of reducing the membership on the Audit Committee back to six.

At 13 December 2017, the committees of the Supervisory Board are composed of the following members:

### **Presidential Committee:**

Jürgen Fitschen (Chair), Jürgen Schulz (Vice-Chair), Regine Stachelhaus, Vinko Vrabec

### **Audit Committee:**

Dr Hans-Jürgen Schinzler (Chair), Jürgen Schulz (Vice-Chair), Karin Dohm, Sylvia Woelke, Ulrich Dalibor, Dr Florian Funck, Peter Küpfer, Rainer Kuschewski

### **Nomination Committee:**

Jürgen Fitschen (Chair), Regine Stachelhaus, Dr Bernhard Düttmann, Dr Hans-Jürgen Schinzler

### **Mediation Committee pursuant to Section 27 (3) MitbestG**

Jürgen Fitschen (Chair), Jürgen Schulz (Vice-Chair), Dr Bernhard Düttmann, Ludwig Glosser

The committees generally prepare Board-level consultations and resolutions within the framework of their responsibilities as stipulated by law or the Codes of Procedure. In addition, the Supervisory Board has transferred decision-making responsibilities to the committees within legally permitted parameters.

The responsibilities of the current Supervisory Board Committees are as follows:

### **Presidential Committee:**

In consideration of Section 107 (3) sentence 4 AktG, the Presidential Committee adopts resolutions in place of the Supervisory Board on matters concerning the service contracts of Management Board members that are not related to remuneration, the approval of Management Board members engaging in activities elsewhere as defined in Section 88 AktG and of taking on other part-time duties, particularly Supervisory Board mandates at non-Group companies, the succession planning for the Supervisory Board, and legal transactions with Management Board



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members pursuant to Section 112 AktG. The Presidential Committee also passes resolutions granting loans to the circle of people listed in Sections 89 and 115 AktG (particularly Management Board and Supervisory Board members). If, however, a loan granted to a member of the Management Board must be construed as an element of remuneration, the Presidential Committee acts in a preparatory capacity only. The Presidential Committee also adopts resolutions approving contracts with Supervisory Board members pursuant to Section 114 AktG and legal transactions that require the consent of the Supervisory Board in accordance with the Code of Procedure for the Management Board. In addition, the Presidential Committee has been granted the authority to adopt resolutions in place of the Supervisory Board in instances where it appears unacceptable to delay measures necessary to prevent significant disadvantage to the Company until the next Supervisory Board meeting and a decision cannot be arrived at by the Supervisory Board in the time available. Lastly, the Presidential Committee passes resolutions on all other matters that the Supervisory Board has transferred to it by resolution.

The Presidential Committee acts in a preparatory capacity for the Supervisory Board and submits recommendations for resolutions concerning the appointment and dismissal of Management Board members, the definition of the remuneration system for Management Board members together with the definition and, where appropriate, reduction of the remuneration payable to individual Management Board members pursuant to Section 87 (1) and (2) AktG, monitoring compliance with the German Corporate Governance Code, and preparation of the annual declaration of compliance.

#### **Audit Committee:**

The Audit Committee performs the following duties, in particular, on behalf of the Supervisory Board: Addressing accounting-related issues and supervising the accounting process, discussing quarterly and half-yearly financial reports and partial audit findings. Further responsibilities include supervising the audit and defining areas of particular audit focus, overseeing and ensuring the impartiality of the auditor during the audit, and addressing the additional services provided by the auditor and approving the provision of permissible non-audit services by the auditor

and their network to the Company or a Group entity. The Audit Committee has also been authorised to conduct the tender and selection procedures for financial statement audit mandates in line with legal regulations governing the external rotation of auditors. Issues relating to Group tax budgets and the Management Board's report on donations are also handled by the Audit Committee.

The Audit Committee also acts in a preparatory capacity for the Supervisory Board on the following issues, and submits recommendations for resolutions: Addressing issues relating to risk management and overseeing the effectiveness of the risk management system, overseeing the effectiveness of the internal auditing system, internal control systems and anti-fraud measures, addressing issues relating to compliance and overseeing the Group-wide compliance management system, reviewing the annual and consolidated financial statements including the respective management reports based on the audit findings and additional comments by the auditor and the evaluation of the audit reports, as well as reviewing the Management Board's proposal regarding appropriation of the balance sheet profit, the Supervisory Board's proposal to the Annual General Meeting regarding the election of auditors, engagement of the auditor and agreement on their fees, and the Group's medium-term and annual budgets.

#### **Nomination Committee**

The Nomination Committee is responsible for proposing suitable candidates for the Supervisory Board to propose to the Annual General Meeting for election as shareholder representatives.

#### **Mediation Committee**

By law, the Mediation Committee is responsible for submitting proposals concerning appointments or revocations of appointments to the Management Board in the instances outlined in Section 31 (3) sentence 1 MitbestG, respectively in Section 31 (5) MitbestG in conjunction with Section 31 (3) sentence 1 MitbestG.

The Supervisory Board Committees addressed the following issues in financial year 2016/17:



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#### **Presidential Committee and Personnel Committee**

Over the course of financial year 2016/17, the Presidential Committee and the Personnel Committee – which existed until the constituent meeting of the Supervisory Board on 25 July 2017 – met a total of six times. Some of the meetings were held jointly. One resolution was adopted in a written procedure without the committees meeting.

Material issues discussed in the Presidential and Personnel Committees included the corporate governance of METRO GROUP including preparing Board-level consultations and resolutions about the corporate governance report for financial year 2015/16, information about the implementation of the recommendations of the German Corporate Governance Code, and the preparation of Board-level consultations and resolutions concerning the declaration of compliance in accordance with Section 161 AktG. The Presidential and Personnel Committees also prepared Board-level consultations and resolutions concerning personnel matters relating to the Management Board, and Management Board remuneration including the Management Board remuneration system.

Both the Presidential Committee and the Personnel Committee, which had been set up until the constituent meeting of the Supervisory Board in July 2017, and the newly formed Presidential Committee of the Supervisory Board met without the members of the Management Board if necessary. In some cases, only the Management Board members Olaf Koch and Pieter Haas were present at the meetings.

#### **Audit Committee and Accounting and Audit Committee**

The Accounting and Audit Committee existing until the constituent Supervisory Board meeting on 25 July 2017; the newly formed Audit Committee thereafter held five meetings in total. The Accounting and Audit Committee also adopted one resolution in a written procedure without meeting.

The material issues addressed by the Accounting and Audit Committee, and then the Audit Committee, during the past financial year included discussing and reviewing the annual and consolidated financial statements prepared by the Management Board for financial year 2015/16, the combined management report of METRO AG and the Group for

2015/16. The Accounting and Audit Committee discussed the audit reports and findings from the financial statement audits in the presence of the auditor. On this basis, the Accounting and Audit Committee submitted specific recommendations for resolution by the Supervisory Board including, in particular, the recommendation to approve the annual and consolidated financial statements for financial year 2015/16 and to approve the Management Board's proposal to the Annual General Meeting 2017 on the appropriation of the balance sheet profit, as also discussed by the Accounting and Audit Committee. Furthermore, the Accounting and Audit Committee gave the Supervisory Board a recommendation for the proposal of the Supervisory Board for the Annual General Meeting 2017 regarding the selection of the auditor for the 2016/17 financial year and prepared the awarding of audit contracts in further execution and implementation of the tender and selection procedure for the 2016/17 audit in accordance with Art. 16 (3) Regulation (EU) No 537/2017 of the European Parliament and Council of 16 April 2014 (Audit Regulation). Based on the quotations submitted under the tender, the Accounting and Audit Committee submitted a recommendation to the Supervisory Board regarding the engagement of auditors for the financial statements and the consolidated financial statements for financial year 2016/17, and of auditors for the review of the condensed financial statements and the interim management report for the first half-year of financial year 2016/17, subject to the respective auditor being elected by the Annual General Meeting 2017 as proposed by the Supervisory Board. The Accounting and Audit Committee also addressed the audit plans for the selected auditor and the areas of audit focus. Information about the non-audit services performed by the auditor within the Group was regularly provided to, and approved by, the Accounting and Audit Committee, which also discussed the guidelines for such approval. The Accounting and Audit Committee, and then the Audit Committee, also spent a long time discussing the drafts of the quarterly and half-yearly financial reports for the past financial year, and advised the Management Board on these reports prior to their publication. Finally, the Management Board discussed key events, projects and legal issues with the Accounting and Audit Committee, and then the Audit Committee, in financial year 2016/17. These included, in particular, the demerger project and its implications on the accounts and the combined financial statements, the capital markets' assessment of METRO GROUP, key strategy



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initiatives, and the budget and Group tax plans of the Management Board. In addition, the two committees permanently oversaw the effectiveness of the Group governance functions (internal control system, risk management system, internal auditing and compliance) during the past financial year. To this end, the Accounting and Audit Committee received regular risk & compliance updates and discussed the findings of the audit of the internal Operations control system. The Audit Committee was provided with information on the current status of the internal control system, the risk management system, and the internal auditing and compliance management system after the spin-off became effective. The Management Board also submitted a report on donations to the Accounting and Audit Committee.

The CFO attended the meetings of the Accounting and Audit Committee before the constituent meeting, and the meetings of the Audit Committee after the constituent meeting. Other members of the Management Board, particularly the respective CEO, attended some of the meetings. The auditor was also invited to attend the discussion of certain items on the agenda.

#### **Nomination Committee**

The Nomination Committee met twice in financial year 2016/17.

In its meetings in financial year 2016/17, the Nomination Committee discussed the succession planning for the Supervisory Board, bearing in mind the statutory provisions and the recommendations of the German Corporate Governance Code with regard to Supervisory Board composition, to replace Prof Dr Ann-Kristin Achleitner, who had announced her resignation from the Supervisory Board effective from the end of the Annual General Meeting 2017, and further Supervisory Board members Gwyn Burr, Mattheus P. M. (Theo) de Raad, and Jürgen B. Steinemann (who was Chair of the Supervisory Board at the time), who had announced their intention to resign when the spin-off became effective. The consultations of the Nomination Committee aimed to ensure that the Supervisory Board and its committees were composed of appropriately qualified professionals. Based on its consultations, the Nomination Committee prepared the election proposals for submission by the Supervisory Board to the Annual General Meeting 2017 and adopted the reso-

lution to recommend that the Supervisory Board should propose to the Annual General Meeting 2017 the election of Regine Stachelhaus, effective from the end of said Annual General Meeting, and the election of Julia Goldin, Jo Harlow and Dr Bernhard Düttmann, effective from the effective date of the spin-off, as new members of the Supervisory Board. The Nomination Committee also addressed the composition of the Supervisory Board for the current METRO AG following the demerger.

Members of the Management Board did not attend meetings of the Nomination Committee.

#### **Mediation Committee**

The Mediation Committee did not have to meet during financial year 2016/17.

The Chairs of the Supervisory Board Committees regularly reported to the Supervisory Board at its meetings, providing timely information on the content and outcomes of committee meetings that preceded the relevant Supervisory Board meetings.

➤ A detailed description of the work of these committees is included in the annual declaration on corporate governance, which is available at [www.ceconomy.de/en/company/corporate-governance](http://www.ceconomy.de/en/company/corporate-governance).

## Corporate governance

The Management Board and the Supervisory Board report on CECONOMY AG's corporate governance in the corporate governance report for financial year 2016/17.

➤ The report is published together with the declaration on corporate governance and is also available at [www.ceconomy.de/en/company/corporate-governance](http://www.ceconomy.de/en/company/corporate-governance).

In September 2017, the Management Board and the Supervisory Board of CECONOMY AG issued their most recent declaration of compliance with regard to the recommendations of the Government Commission on the German Corporate Governance Code pursuant to Section 161 AktG.



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The declaration was made permanently available at [www.ceconomy.de/en/company/corporate-governance](http://www.ceconomy.de/en/company/corporate-governance).

➤ The declaration is also published in full in the corporate governance report for 2016/17.

## Annual and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft has reviewed the consolidated financial statements for financial year 2016/17 submitted by the Management Board in accordance with the International Financial Reporting Standards (IFRS) and has given its unqualified approval. The same applies to the annual financial statements 2016/17 of CECONOMY AG prepared in accordance with the regulations of the German Commercial Code [Handelsgesetzbuch, HGB], and the combined management report for CECONOMY AG and the Group. The auditor provided a written report on the findings.

The documents for the annual financial statements and the audit reports were discussed and reviewed in great detail at the meeting of the Audit Committee on 5 December 2017 and at the Supervisory Board meeting on 13 December 2017 in the presence of the auditor. Prior to these meetings, the required documents were distributed to all members of the Audit Committee as well as the Supervisory Board, giving them sufficient time to review them. At both meetings, the auditor reported the key findings of his audit, and was at the Supervisory Board's disposal to answer questions and provide additional information even in the absence of the Management Board. The auditor did not report any material weaknesses of the internal control and early warning system with regard to the accounting process.

KPMG AG Wirtschaftsprüfungsgesellschaft also provided the Supervisory Board with information on services rendered in addition to auditing services. No disqualification or bias issues arose. Based on its own review of the annual financial statements, the consolidated financial statements and the combined management report for financial year 2016/17, the

Supervisory Board had no objections and approved the result of the audit. The Supervisory Board has endorsed the annual financial statements and the consolidated financial statements submitted by the Management Board. The annual financial statements of CECONOMY AG are thus released. Following a careful review of its own and consideration of the interests involved, the Supervisory Board has endorsed the Management Board's proposal for the appropriation of the balance sheet profit.

## Appointments and resignations

In the past financial year, Prof Dr Ann-Kristin Achleitner resigned her office as shareholder representative on the Supervisory Board, effective from the end of the Annual General Meeting on 6 February 2017. Regine Stachelhaus was elected as shareholder representative to the Supervisory Board by the Annual General Meeting, effective from the end of said AGM. Following their respective resignations, effective from the effective date of the spin-off, the former Chair of the Supervisory Board Jürgen B. Steinmann left the Supervisory Board, together with shareholder representatives and ordinary members Gwyn Burr and Mattheus P. M. (Theo) de Raad. At the same time, Julia Goldin, Jo Harlow and Dr Bernhard Düttmann joined the Supervisory Board as shareholder representatives, following their conditional election by the Company's Annual General Meeting on 6 February 2017. When the spin-off became effective, employee representatives Susanne Meister, Dr Angela Pilkmann, Thomas Dommel, Andreas Herwarth, Werner Klockhaus and Xaver Schiller left the Supervisory Board. Daniela Eckardt, Stefanie Friedrich, Birgit Popp, Sylvia Woelke, Ludwig Glosser and Vinko Vrabec were appointed to the Supervisory Board on 13 July 2017 by resolution of the District Court of Düsseldorf to replace the employee representatives. Their appointment is temporary, subject to the condition precedent of completion of the elections of employee representatives to the Supervisory Board to be held following the demerger of METRO GROUP, which have meanwhile been organised.

On behalf of the Supervisory Board, I would like to thank all its members who have retired in the past financial year for their commitment to the



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Company and the spirit of cooperation that prevailed in our Supervisory Board. In their work on the Supervisory Board, they contributed their knowledge and profound experience and made valuable contributions to the Company.

The Annual General Meeting on 6 February 2017 re-elected Dr Florian Funck as shareholder representative to the Supervisory Board. His previous term of office had ended at the close of the Annual General Meeting 2017.

Following the departure of the former Chair of the Supervisory Board, the Supervisory Board elected myself as Chair from among its members at the constituent meeting on 25 July 2017. Jürgen Schulz was elected Vice-Chair. In connection with the resolutions adopted in respect of the new Codes of Procedure for the Supervisory Board and its Audit Committee, and the composition of the Supervisory Board Committees stipulated by law and the newly adopted Codes of Procedure, the Supervisory Board elected Dr Hans-Jürgen Schinzler as Chair of the Audit Committee and Jürgen Schulz as Vice-Chair of the Audit Committee.

Following this particularly intense phase of upheaval and our fresh start over the course of the past financial year, I would particularly like to thank the Management Board and staff of CECONOMY AG on behalf of the whole Supervisory Board for their dedication over the past financial year and their hard work in helping to establish CECONOMY as an independent company.

Düsseldorf, 13 December 2017

On behalf of the Supervisory Board

**JÜRGEN FITSCHEN**  
Chair



**JÜRGEN FITSCHEN**  
Supervisory Board Chairman

// **Profile:** Jürgen Fitschen has been a member of the Supervisory Board of CECONOMY AG (formerly: METRO AG) since 2008. He became Chairman after the division of the METRO GROUP became effective following his election in the constituting meeting of the Supervisory Board held on 25 July 2017.

Jürgen Fitschen was born in 1948 in Harsefeld, Germany. After studying economic sciences at the University of Hamburg and attaining the business studies degree of “Diplom-Kaufmann”, he worked in various high-level management positions at Citibank and Deutsche Bank. Until May 2016, Jürgen Fitschen was Co-CEO of Deutsche Bank AG. He has since continued to act as Senior Adviser for Deutsche Bank. His career has given Jürgen Fitschen exceptional experience in the management of a listed, global company and a wide knowledge of banking and financial topics. The many years he has spent working with Asia has also given him in-depth knowledge regarding the particular issues relating to growth markets.

➤ For more information about Jürgen Fitschen and the other members of the Supervisory Board, please refer to [www.ceconomy.de/en/company/supervisory-board](http://www.ceconomy.de/en/company/supervisory-board).



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# CORPORATE GOVERNANCE REPORT

Pursuant to the recommendation of Section 3.10 of the German Corporate Governance Code [Deutscher Corporate Governance Kodex, DCGK], the Management Board and the Supervisory Board of CECONOMY AG deliver the following report on corporate governance at CECONOMY AG and CECONOMY Group.

The Management Board and the Supervisory Board of CECONOMY AG are firmly committed to the principles of transparent, responsible corporate governance and supervision. They attach great importance to good corporate governance standards.

The voluntary commitment of the corporate bodies to the German Corporate Governance Code is reinforced by the following provision in Section 1 (2) of the Code of Procedure for the Management Board of CECONOMY AG and in Section 1 (2) of the Code of Procedure for the Supervisory Board of CECONOMY AG:

“The Management Board and the Supervisory Board of the Company base their actions on the relevant valid recommendations of the German Corporate Governance Code and deviate from the code’s recommendations only in well-founded exceptional cases. If the Management Board or Supervisory Board intends to deviate from a recommendation, the organs inform each other of the planned move in advance.”

## Implementation of the German Corporate Governance Code

During financial year 2016/17, the Management Board and the Supervisory Board of CECONOMY AG discussed the implementation of the recommendations of the German Corporate Governance Code in detail and

issued the following declaration pursuant to Section 161 (1) of the German Stock Corporation Act [AktG] in September 2017:

“The Management Board and Supervisory Board of CECONOMY AG hereby declare that the recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette have been complied with since the last declaration of compliance was issued by the Management Board and the Supervisory Board of METRO AG (now: CECONOMY AG – the **Company**) in September 2016, with the following exceptions.

### 1. SECTION 4.2.3 (2) SENTENCE 8 DCGK

Since the Management Board and the Supervisory Board of the Company issued their last declaration in September 2016, the Company has been preparing to split the Group into two independent, listed companies: one wholesale & food specialist, the other focusing on consumer electronics.

The split of former METRO GROUP became effective when the demerger was entered in the commercial register of the Company on 12 July 2017 and thus during the course of financial year 2016/17. The remuneration system for members of the Management Board, which was approved by the Supervisory Board in 2014, did not reflect the demerger of METRO GROUP. Against this backdrop, new Management Board remuneration systems specifically geared to the respective business activities of the two new units were developed and introduced in the past financial year, with effect from the date on which the demerger became effective. The remuneration system for the Management Board of CECONOMY AG incorporated changes to the performance targets and benchmarks for both the one-year (short-term in-





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centive) and the multi-year (long-term incentive) variable remuneration schemes, and a resolution was passed governing the tranches already issued as part of the multi-year variable remuneration scheme.

This intra-annual amendment resulted in deviation from the recommendation pursuant to Section 4.2.3 (2) sentence 8 DCGK. This recommendation excludes a subsequent amendment of the performance targets or benchmarks with regard to the variable parts of the remuneration of the Management Board.

The deviation was expected. In the forward-looking section of their last declaration, issued in September 2016, regarding the recommendations of the Government Commission on the German Corporate Governance Code [DCGK] pursuant to Section 161 AktG, the Management Board and the Supervisory Board of the Company had indicated the likelihood of deviation from the recommendation pursuant to Section 4.2.3 (2) sentence 8 DCGK (as amended on 5 May 2015) in the course of financial year 2016/17 provided the demerger took place, as scheduled, during the course of the financial year.

### 2. SECTION 7.1.2 (3) DCGK

Following approval of the planned demerger of former METRO GROUP by the Company's Annual General Meeting in February 2017, the Wholesale & Food Specialist business was required to be recognised as discontinued operations in the Company's statement of financial position under IFRS 5. Although the interim reports as of 31 March 2017 and 30 June 2017, which were affected by this measure, were made publicly available within the statutory periods, they were not published within 45 days of the close of the reporting period as recommended in Section 7.1.2 (3) DCGK. According to this recommendation, mandatory interim financial reports should be made publicly available within 45 days of the close of the reporting period.

The deviation was as expected. In the forward-looking section of their last declaration, issued in September 2016, regarding the recommendations of the Government Commission on the German Corporate Governance Code pursuant to Section 161 AktG, the Management Board and the Supervisory Board of the Company had indicated the likeli-

hood of deviation from the recommendation pursuant to Section 7.1.2 (4) DCGK (as amended on 5 May 2015) in the course of financial year 2016/17, as they assumed that both the recognition as discontinued operations and the anticipated deconsolidation of the Wholesale & Food Specialist business – not least because of the size of spin-off – would require a vast increase in time and effort.

Another deviation from the recommendation pursuant to Section 7.1.2 (3) DCGK is already foreseeable in financial year 2017/18 since the publication of the half-year report for H1/Q2 2017/18 is scheduled for 17 May 2018, which – although still within the statutory period – is not within the recommended period of 45 days from the close of the reporting period. Publication will not be possible until after expiry of the recommended period due to the reorganisation effort required in connection with the demerger and associated transition to an independent listed holding company."

Unlike the half-year financial report for H1/Q2 2017/18, the quarterly statements for Q1 and Q3 2017/18 will be published within the recommended period of 45 days from the close of the reporting period in light of their smaller volume compared to the half-year report.

➤ CECONOMY AG makes the current declarations pursuant to Section 161 AktG permanently available on the website, as well as declarations that are no longer up to date, at [www.ceconomy.de/en/company/corporate-governance](http://www.ceconomy.de/en/company/corporate-governance).

In addition to recommendations, the German Corporate Governance Code contains suggestions that listed companies can – but do not have to – address. CECONOMY AG follows the vast majority of these suggestions. In financial year 2016/17, there was only one suggestion that the Company did not fully implement:

Section 2.3.3 DCGK recommends enabling shareholders to follow the Annual General Meeting via modern communication media such as the internet. As in previous years, CECONOMY AG (which was still called METRO AG at the time of the Company's Annual General Meeting in financial year 2016/17) only broadcast the speech by the Chair of the



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Management Board over the internet in financial year 2016/17. This practice will be continued.

### Division of duties and areas of responsibility between the Management Board and the Supervisory Board

The clear division between corporate management and corporate supervision is a key element of corporate governance for German stock corporations. Duties and areas of responsibility are clearly divided between the Management Board and the Supervisory Board of CECONOMY AG.

The management authority lies with the Management Board of CECONOMY AG, which has three members. It manages Company business on its own responsibility. The key duties of the Management Board include defining corporate objectives and budgets, determining the corresponding strategic position of the Company and Group, and steering and monitoring them. In addition, the Management Board ensures the availability of investment funds, decides on their allocation within the Group, and is responsible for attracting and promoting highly qualified managers.

In accordance with the applicable regulations of the German Codetermination Act, the German Stock Corporation Act and the Company's Articles of Association, the Supervisory Board of CECONOMY AG consists of ten shareholder representatives and ten employee representatives, with women and men both holding at least 30 per cent of the seats (that is, at least three each acting as shareholder representatives and employee representatives, respectively). The Supervisory Board advises the Management Board and oversees their management including the attainment of long-term corporate objectives. The Management Board informs and involves the Supervisory Board in its plans for the future development of CECONOMY and includes the Supervisory Board in decisions about important measures and legal transactions. Above and beyond its legally prescribed approval obligations, the Supervisory Board has determined its own approval requirements for certain types of business dealings and measures planned by the Management Board. The Supervisory Board is also responsible for appointments and revoking appointments to the Management Board.

➤ For more information about members of the Management Board and Supervisory Board, see the notes to the consolidated financial statements of CECONOMY AG, No. 56 – Corporate Boards of CECONOMY AG and their mandates.

➤ The modes of operation of the Management Board and Supervisory Board, the composition and functions of the Supervisory Board committees and information on key corporate management practices are described in the annual declaration on corporate governance. The full wording of the declaration of compliance pursuant to Section 161 AktG is also repeated in this declaration. The statement on corporate management is available on the website [www.ceconomy.de](http://www.ceconomy.de) in the section Company – Corporate Governance.

### Objectives regarding the composition of the Management Board and Supervisory Board

To carry out their duties properly, the Management Board and the Supervisory Board must possess a broad range of knowledge, skills and experience.

#### REQUIREMENTS FOR APPOINTMENTS TO THE MANAGEMENT BOARD

The decisions taken by the Supervisory Board regarding the composition and appointment of the Management Board are based on careful analysis of current and future business challenges. Potential members of the Management Board must not only have solid general qualifications, but must also be individuals capable of helping the Company to address its current situation and future challenges.

In selecting members of the Management Board, the Supervisory Board also heeds the recommendations of the German Corporate Governance Code. In particular, the Supervisory Board considers the issue of diversity, and strives to provide adequate consideration of women.

In financial year 2016/17, no women had yet been appointed to the Management Board of CECONOMY AG, or of METRO AG. In compliance with German legislation governing equal participation of men and women in management positions, the Supervisory Board again set targets and deadlines in financial year 2016/17 for increasing the share of women on the Management Board. According to the law, these deadlines must not exceed five years. In light of the remaining terms of the mem-



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bers of the Management Board currently in office, the Supervisory Board has decided that no women will probably be appointed to the Management Board of CECONOMY AG before 30 September 2020. The Supervisory Board has, however, adopted a longer-term perspective on this target, aiming to ensure that at least one woman be appointed to the Management Board in the long run, within the period from now until 30 June 2022. Given the conceivable composition of the Management Board of three or four members, this would equate to a share of women of at least 25 per cent.

### REQUIREMENTS FOR APPOINTMENTS TO THE SUPERVISORY BOARD

To ensure that the Supervisory Board of CECONOMY AG can duly perform its responsibilities, the members formulated certain objectives regarding appointments in the constituent meeting of the Supervisory Board on 25 July 2017. These objectives are:

#### Diversity

The Supervisory Board has developed its own diversity strategy to ensure that the members of the Supervisory Board complement each other in terms of age, (educational and professional) background, experience and skills, in such a way that the Board as a whole can draw on as diverse a wealth of experience and as broad a spectrum of skills as possible.

The Supervisory Board aims to have a sufficient number of members with international experience or expertise.

The employee representatives and the shareholder representatives should each comply separately with the statutory gender quota of 30 per cent. This means that the Supervisory Board should have at least three female and at least three male members on each side.

The Supervisory Board in its current composition following the effective date of the spin-off adheres to these objectives. The employee representatives contribute their experience from the Group's German business and their administrative expertise from the key holding and cross-divisional service companies in Germany to the Supervisory Board, whereas the shareholder representatives include several members with

national and international retail expertise, as well as specific banking and finance expertise. Some members also have extensive experience in insurance or with consumer goods. In their former capacity as managers, several of the shareholder representatives contribute specific expertise in managing publicly listed globally operating companies to the Supervisory Board, while other individuals representing the shareholders are knowledgeable about digitalisation, marketing and M&A.

The representation of men and women on the Supervisory Board of CECONOMY AG complies with the legal requirements governing equal participation of men and women in management positions. The employee and shareholder representatives each fulfil the gender quota of 30 per cent for the Supervisory Board of CECONOMY AG separately. The Supervisory Board currently (as of November 2017) includes five female representatives on the employee side and four on the shareholder side.

#### Impartiality of the Supervisory Board

At least six of the ten shareholder representatives on the Supervisory Board should be impartial, in accordance with Section 5.4.2 of the German Corporate Governance Code [DCGK].

At least one member of the Board must fulfil the requirements for chairing the Audit Committee. Pursuant to the Code of Procedure for the Audit Committee, the committee chair must be impartial.

The current composition of the Supervisory Board of CECONOMY AG meets these requirements. In accordance with legal stipulations, the Supervisory Board is composed of ten employee representatives and ten shareholder representatives. At least six shareholder representatives are impartial, as defined in Section 5.4.2 DCGK. The Chair of the Audit Committee, Dr Hans-Jürgen Schinzler, is one of the impartial Supervisory Board members, as defined in Section 5.4.2 DCGK.

#### Special requirements related to appointments to the Audit Committee

At least one member of the Board must fulfil the requirements for chairing the Audit Committee. Pursuant to the Code of Procedure for the Audit Committee, the committee chair should be impartial and must possess professional knowledge in the areas of accounting and auditing as well



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as internal control procedures (financial expert). The other committee members should possess sufficient professional knowledge and experience in these areas, and one member of the Audit Committee should ideally also possess special knowledge in the area of compliance.

The current composition of the Supervisory Board's Audit Committee meets these requirements. The impartial Chair of the Audit Committee, Dr Hans-Jürgen Schinzler, possesses professional knowledge in the

areas of accounting, auditing, and internal control procedures. The Vice Chair of the Audit Committee, Jürgen Schulz, is sufficiently knowledgeable and experienced in these fields, as are all other members of the Audit Committee, Karin Dohm, Sylvia Woelke, Ulrich Dalibor, Dr Florian Funck, Peter Küpfer and Rainer Kuschewski. In her current capacity as a member of the Corporate Risk Management & Internal Controls function, and her former capacity as a member of the internal auditing team, Sylvia Woelke also possesses special knowledge in the area of compliance.

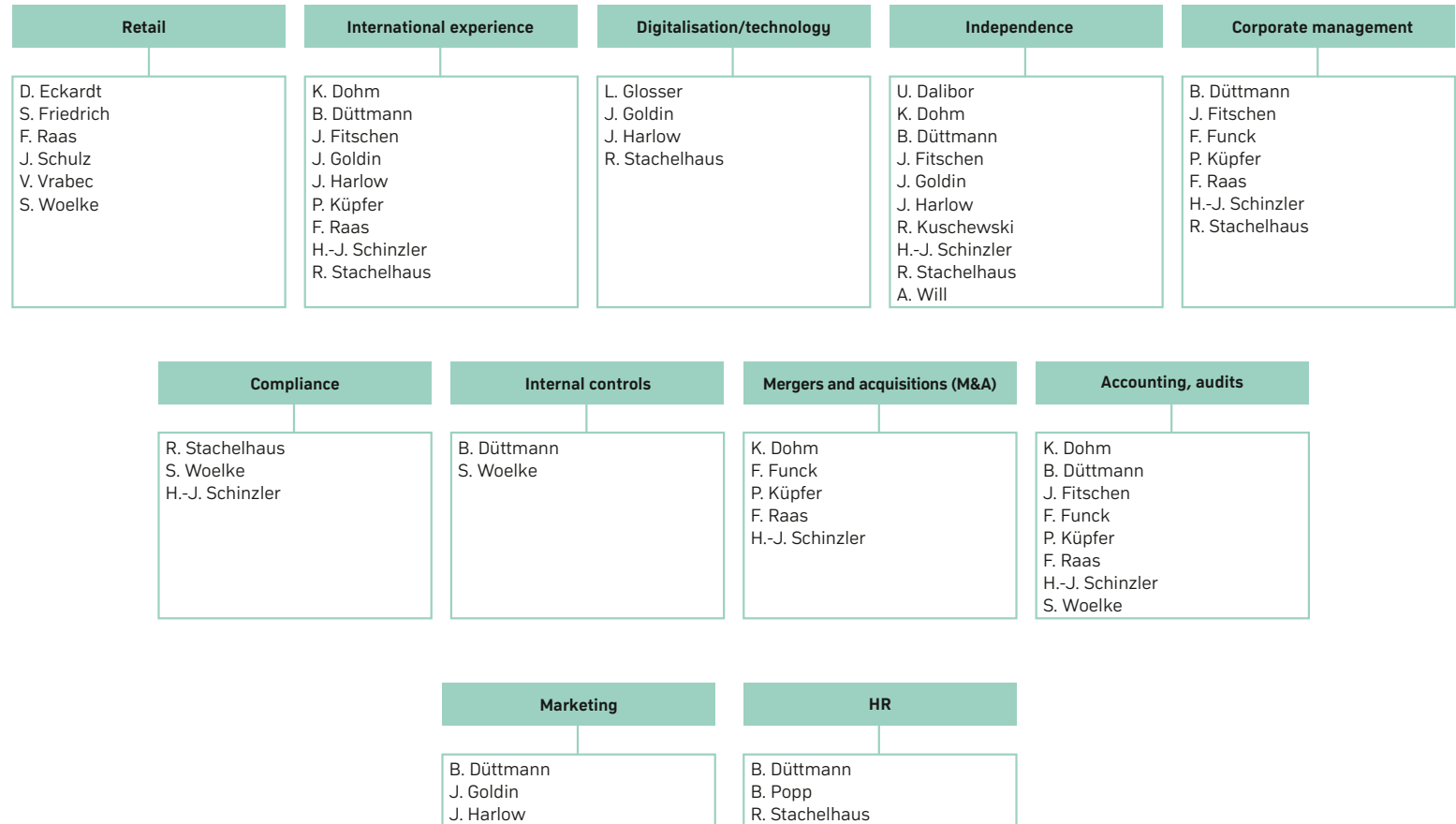


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**Allocation of responsibilities in the Supervisory Board of CECONOMY AG<sup>1</sup>**



<sup>1</sup>Competencies in accordance with the resolution on the competence profile dated 25 July 2017



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### POTENTIAL CONFLICTS OF INTEREST WITHIN THE SUPERVISORY BOARD/TERM OF OFFICE AND AGE RESTRICTIONS

To prevent potential conflicts of interest, members of the Company's Supervisory Board may not assume board functions, consulting tasks or memberships on the supervisory boards of German or international, direct and material competitors.

The regular limit on terms of office on the Supervisory Board is ten years. Shareholder representatives should generally serve for a term of three years. The Supervisory Board may, at its discretion, approve justified exceptions to these rules.

Candidates proposed for election to the Supervisory Board for the first time should, as a rule, not be older than 65 at the time of election. Only candidates who are younger than 71 at the time of election should generally be proposed for election to the Supervisory Board. The Supervisory Board may, at its discretion, approve justified exceptions to these rules.

The Supervisory Board of CECONOMY AG currently meets these requirements. No member of the Supervisory Board assumes a function for direct, material competitors. The self-defined rules for the term of office on the Supervisory Board of CECONOMY AG have been observed without exceptions in financial year 2016/17. Although currently two members of the Supervisory Board are older than 71, they will remain on the Board until their terms of office expire at the end of the Annual General Meeting 2018 and 2021, respectively. Accordingly, they were not among the candidates proposed to the Annual General Meeting last year for election to the Supervisory Board. In addition, the Supervisory Board of METRO AG had already approved justified exceptions in both cases. The Board determined that the in-depth knowledge and experience of the members in question were particularly valuable to the future work of the Supervisory Board.

### Compliance and risk management

Compliance and risk management are integral parts of the value-based management practiced by CECONOMY.

CECONOMY's business activities are subject to various legal stipulations and self-imposed standards of conduct. CECONOMY AG has bundled its measures for securing compliance with these rules and regulations in its Group-wide compliance management system.

The aim of the compliance management system is systematically and sustainably to prevent, detect and sanction regulatory infringements within the Company and the Group. To this end, CECONOMY regularly identifies behavioural compliance risks, establishes the necessary organisational structures and rigorously monitors and controls these risks through the responsible divisions. In its Group-wide systematic reporting, key compliance risks and measures are transparently communicated and documented. The need for the further development of the compliance management system is ascertained from the results of regular internal controls and audits.

Risk management at CECONOMY is a systematic, Group-wide process that helps the Company management identify, assess, monitor and manage risks and opportunities. As such, risk and opportunity management is a uniform process. The risk management system ensures that unfavourable developments and events are transparently flagged early on and their implications analysed to enable the Company to put the necessary countermeasures in place. Equally, the opportunity management system enables early identification and analysis of any opportunities that arise so that they can specifically be exploited. Both the compliance management system and the risk and opportunity management system are subject to continuous improvement.

They are managed through the internal control system [ICS]. CECONOMY AG further improved its management systems in financial year 2016/17 and adjusted them to the new structure of CECONOMY following the spin-off.

➤ For more information about compliance and risk management, see the combined management report – risk and opportunity report – as well as the declaration on corporate governance. The declaration can be found on the website at [www.ceconomy.de/en/company/corporate-governance](http://www.ceconomy.de/en/company/corporate-governance).



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### Transparent corporate management

Transparency is an essential element of good corporate governance. The website [www.ceconomy.de](http://www.ceconomy.de) serves as an important source of information for CECONOMY AG shareholders, the capital market and the general public. Aside from a host of information about CECONOMY's strategy, brands and business, the site also contains IR publications, investor news, and ad hoc and other legal disclosures. CECONOMY also publishes the dates for its most important regular publications and events (announcements of annual sales results, annual reports as well as quarterly and half-year reports, the annual business press conference and the Annual General Meeting) on its website with reasonable advance notice. The website also offers information shown as part of annual business press conferences, roadshows, investor conferences and information events for private investors.

### The Annual General Meeting

The Annual General Meeting of CECONOMY AG gives shareholders the opportunity to use their legal rights, that is, in particular, to exercise their rights to vote (where these apply) as well as to address questions to the Company's Management Board. To help shareholders exercise their individual rights at the Annual General Meeting, CECONOMY AG posts documents and information for each Annual General Meeting in advance on its website.

The registration and legitimization procedure for the Annual General Meetings of CECONOMY AG complies with German stock corporation law and international standards. All shareholders wanting to attend an Annual General Meeting of CECONOMY AG and exercise their voting rights must register and supply proof of their right to attend and exercise voting rights. Written proof of share ownership in German or English from the custodian of the securities deposit account satisfies this requirement. A deposit of shares is not necessary. Proof of share ownership must correspond to the beginning of the 21st day before each Annual General Meeting. Like the registration for the Annual General Meeting, it must be submitted to CECONOMY AG at the address specified in the invitation within the time frame specified by law and in the Articles of Association.

Detailed registration and attendance conditions are announced in the invitation to each Annual General Meeting.

Shareholders who are unable to attend the Annual General Meeting in person may exercise their voting rights through a proxy. The necessary voting right authorisation must be provided in written form. In certain cases, described in the invitation to the Annual General Meeting, simplified formal stipulations may apply, such as issuing voting right authorisations to banks or shareholder associations.

Shareholders may also authorise Company-appointed proxies to exercise their voting rights (known as proxy voting). The following rules apply: In addition to voting right authorisations, shareholders must also provide instructions on how to exercise these voting rights. The proxies appointed by the Company are obliged to vote according to these instructions. For the assignment of voting rights during the Annual General Meeting for those shareholders who initially participate in the Annual General Meeting but who want to leave early without forgoing the exercise of their voting rights, proxies appointed by CECONOMY AG are also available. Of course, this does not affect the right to appoint other proxies to exercise one's voting rights. The details on proxy voting are given in the invitation to each Annual General Meeting.

In the interest of shareholders, the Chair of the Annual General Meeting, who as a rule is the Chair of the Supervisory Board, works to ensure that the Annual General Meeting is conducted efficiently and effectively. The objective is to complete a regular CECONOMY AG Annual General Meeting within four to six hours at most.

### Managers' transactions, share ownership by members of the Management and Supervisory Boards

Pursuant to Art. 19 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation), members of the Management and Supervisory Boards as persons discharging managerial responsibilities must inform CECONOMY AG of any transactions involving their own CECONOMY shares or CECONOMY bonds or related financial instruments (referred to



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as Managers' Transactions). This notification requirement also applies to persons closely associated with members of these corporate bodies. However, a minimum threshold has been introduced for reporting such transactions, with transactions under €5,000 in any calendar year not reportable.

➤ Notifications of managers' transactions during financial year 2016/17 have been published in the Legal Announcements section of the website at [www.ceconomy.de/en/investor-relations/#anchor4](http://www.ceconomy.de/en/investor-relations/#anchor4).

### Audit

#### AUDIT 2016/17

On 6 February 2017, following completion of the tender and selection process for the financial statements audit in 2016/17 pursuant to Art. 16 (3) of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 (Audit Regulation), the Annual General Meeting of CECONOMY AG (which was still called METRO AG at the time) appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, [KPMG] to audit the financial statements for financial year 2016/17 and to perform a review of the condensed financial statements and the interim management report for the first half of financial year 2016/17. In awarding the corresponding auditing contract, the Supervisory Board considered the recommendations listed in Section 7.2 of the German Corporate Governance Code.

Throughout the audit, which was completed in November 2017, KPMG did not notify the Supervisory Board of any grounds for disqualification or conflicts. There was also no evidence that any existed.

In the course of the audit, there were no unexpected substantial findings or events concerning Supervisory Board functions. As a result, no extraordinary report from the auditor to the Supervisory Board was required. The auditor found no irregularities in the Management and Supervisory Boards' declarations of compliance.

#### AUDITOR'S IMPARTIALITY

The auditor fulfils two key functions. Their audit activities help the Supervisory Board in exercising corporate control while providing the basis for the trust of the general public and capital market participants, in particular, in the accuracy of the annual financial statements and management reports. The auditor's impartiality is a key precondition for fulfilling these two functions.

One of the foremost tasks of the Audit Committee of CECONOMY AG is therefore the reassurance of the auditor's impartiality. The committee reviewed this impartiality again in financial year 2016/17.

➤ For more information on corporate governance at CECONOMY Group, please refer to the website at [www.ceconomy.de/en/company/corporate-governance](http://www.ceconomy.de/en/company/corporate-governance).



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## OVERALL STATEMENT BY THE MANAGEMENT BOARD OF CECONOMY AG ON THE BUSINESS DEVELOPMENT AND SITUATION OF CECONOMY

In a still challenging economic environment, CECONOMY once again increased total sales and EBIT before special items. The Management Board can therefore look back on an overall successful financial year 2016/17. With the demerger of METRO GROUP and the Company's resulting independence, the most important step was also taken to continue to grow as Europe's leading platform for companies, concepts and brands in the consumer electronics sector. The acquisition of a stake of approximately 24.33 per cent in the French consumer electronics retailer Fnac Darty S.A. also demonstrates CECONOMY's potential as one of the leading players to push the consolidation of the European market in consumer electronics retailing forward.

Overall, the Management Board is satisfied with the Company's performance, especially as all of CECONOMY's expected sales and earnings targets were achieved. As a result, we will once again propose an attractive dividend to our shareholders.



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## OVERVIEW OF FINANCIAL YEAR 2016/17 AND FORECAST

In financial year 2016/17, the demerger of the former METRO GROUP into two legally independent listed companies announced in March 2016 was completed by way of a hive-down and spin-off (hereinafter: demerger). First, the wholesale and food retail business including real estate as well as the associated management and service activities were hived down from the former METRO AG and subsequently spun off. The Consumer Electronics division remained in the former METRO AG, now CECONOMY AG, as a continuing operation.

### Results of continuing operations

- Total sales of CECONOMY increased by 1.3 per cent to €22.2 billion in financial year 2016/17 (in local currency: +1.4 per cent)
- Like-for-like sales rose by 1.9 per cent in financial year 2016/17
- CECONOMY's EBIT before special items improved by €6 million to €471 million (2015/16: €466 million), including negative exchange rate effects of around €4 million
- Reported EBIT increased from €312 million to €334 million
- Profit or loss for the period before special items rose to €249 million (2015/16: €227 million)
- CECONOMY's earnings per share before special items of improved significantly to €0.58 (2015/16: €0.47)

### Financial and asset position

- Net liquidity amounts to €317 million (2015/16: Net debt of €2,301 million)

- Investments from continuing operations amounted to €319 million (2015/16: €406 million)
- Cash flow from operating activities for continuing operations €521 million (2015/16: €378 million)
- Total assets and liabilities amount to €8,280 million (30/09/2016: €24,952 million)
- Equity: €666 million (30/09/2016: €5,332 million); equity ratio: 8 per cent (30/09/2016: 21.4 per cent)
- Stable rating in the investment grade range: Baa3/Stable (Moody's), BBB-/Stable (Scope)



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**Outlook of CECONOMY**

The forecast is adjusted for exchange rate effects and before portfolio changes.

**SALES**

For financial year 2017/18 CECONOMY expects a slight increase in total sales compared to the previous year. The Western/Southern Europe region in particular will contribute to this. Correspondingly, we expect a slight improvement in net working capital compared with the previous year.

**EARNINGS**

Both in terms of EBITDA and EBIT, CECONOMY expects an increase at least in the mid single-digit percentage range, not taking into account the earnings contributions from the investment in Fnac Darty S.A. The Western/Southern Europe region in particular will contribute to this. The comparative previous-year figures for 2016/17 have been adjusted for special items (EBITDA: €704 million, EBIT: €471 million).

In addition, EBITDA and EBIT for 2017/18 include our share of the profit or loss for the period for Fnac Darty S.A. Based on current analysts' estimates, we expect this investment to make a contribution to earnings in the low to mid double-digit millions in financial year 2017/18.



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## GROUP PRINCIPLES

### Group business model

CECONOMY is the leading platform for companies, brands and concepts in the field of consumer electronics in Europe. CECONOMY's brand pledge – We empower life in the digital world – describes the Company's ambition to offer tailor-made solutions to support consumers and make their lives easier in a world that is becoming steadily more digital.

The business model builds on a clear division of responsibilities. The Group is headed by CECONOMY AG, which covers basic strategic management holding functions such as finance, controlling, legal and compliance.

Operational business is handled by several brands, with the main focus on MediaMarktSaturn Retail Group with its brands MediaMarkt and Saturn. The online retailer iBood and the entertainment platform Juke complete the range of products and services offered by the MediaMarktSaturn Retail Group.

Retail Media Group (RMG) is a further Group subsidiary of CECONOMY AG. CECONOMY AG is also the main shareholder of DTB Deutsche Technikberatung GmbH.

CECONOMY also holds a minority stake of around 24.33 per cent in Fnac Darty S.A., the leading consumer electronics and household appliances retailer in France.



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**Overview of CECONOMY**

**MediaMarkt**, founded in 1979, now operates around 850 stores in 14 European countries and is steadily expanding its position as Europe’s leading consumer electronics retailer. MediaMarkt is consistent in promoting the core of its brand – entertainment – in its range, pricing, customer assistance and after-sales service. Its declared aim is to make MediaMarkt the most enjoyable place for customers to shop consumer electronics – whenever and wherever they are. The recipe for success includes not just the very latest brand products at prices that are always fair, but also individual advice and a portfolio of tailor-made after-sales services, ranging from delivery to assembly and installation and up to repairs of electronic appliances. MediaMarkt also offers customers the option of renting appliances rather than buying them. In nearly all the countries where it has a store presence, MediaMarkt also operates online shops adapted for mobile use, which are closely linked to the store-based business. The company has positioned itself as a provider of continuous customer experience that spans all sales channels – while at the same time giving its customers the option of flexibly combining all mobile, online and offline services with each other. In addition, MediaMarkt operates various online portals for consumers, focusing on topics such as Smart Home, Gaming and Virtual Reality, and featuring technology and lifestyle trends and special offers. **redcoon** is a MediaMarkt brand in Germany with a comprehensive portfolio of consumer electronics. This means that the MediaMarktSaturn Retail Group also offers the right products and services to customers who prefer purely online retailers.

**Saturn** has been a specialist for electronic brand products at consistently fair prices for more than 50 years. Nowadays, Saturn operates some 200 stores in four European countries. Saturn stores offer their customers a technology experience, featuring a range comprising an average of 45,000 consumer electronics, gaming, virtual reality, smart home, telecommunications, computer and photography products and household appliances. Saturn also incorporates augmented and virtual reality elements to present the very latest technologies to customers while in store. Saturn enhances its store-based business in Germany with its online shop and mobile channels. Within the framework of this multi-channel strategy, Saturn customers reap the benefits of both online shopping and the personal advice and comprehensive services offered by the local stores and at home. Saturn publishes a magazine entitled “Turn On” in hard copy, as well as on YouTube and social media, to keep technology enthusiasts up to date with the latest trends and to report on the latest developments in digital lifestyle.

**iBood** stands for “Internet’s Best Online Offer Daily” and is Europe’s biggest live shopping portal. Customers can find new brand products at particularly low prices on iBood. Availability is limited, and the products change daily. A key element of this business model is the exchange about products and offers within the iBood community.

**Juke** is the product developed by Juke Entertainment GmbH, a subsidiary of MediaMarktSaturn Retail Group. More than 46 million songs and other digital content can be borrowed, purchased and consumed via Juke. Juke users also receive support in the more than 400 MediaMarkt and Saturn stores across Germany.



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**Retail Media Group (RMG)** develops customised advertising campaigns based on impersonal visitor and purchase statistics. The CECONOMY subsidiary draws on the online and mobile platforms operated by the participating retailers, such as MediaMarkt, Saturn or Thalia. RMG helps advertisers to develop online campaigns that ensure maximum reach of defined target groups.

**Deutsche Technikberatung (DTB)** offers professional assistance – either individually on site or remotely – with home installation, networking and troubleshooting of electronic appliances. In addition, cooperation with MediaMarkt and Saturn makes customers' lives easier in the digital world: DTB consultants can design solutions for an unlimited technology experience at home.

## Strategic investment

**Fnac Darty** is the leading consumer electronics and household appliances retailer in France with a market share of 23 per cent and a presence in nine additional countries. The Group consists of a multi-channel network of 664 outlets, including 455 in France. Through its two commercial websites, [www.fnac.com](http://www.fnac.com) and [www.darty.com](http://www.darty.com), Fnac Darty S.A. operates the second most frequently visited e-commerce platform in France with more than 13.6 million visitors per month. As a leading omnichannel retailer, Fnac Darty S.A. achieved proforma sales of €7.4 billion in 2016 in the year of the merger of Fnac and Darty. The stake in Fnac Darty S.A. of approximately 24.33 per cent underscores CECONOMY's ambition to further strengthen its position as the leading European platform for companies, brands and concepts in the consumer electronics sector.



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**Store network by country**

	30/09/2016	Openings 2016/17	Closures 2016/17	30/09/2017
Germany	424	5	0	429
Austria	49	1	0	50
Switzerland	28	0	-1	27
Hungary	22	2	0	24
<b>DACH</b>	<b>523</b>	<b>8</b>	<b>-1</b>	<b>530</b>
Belgium	23	7	-2	28
Greece	11	1	0	12
Italy	111	5	0	116
Luxembourg	2	0	0	2
Netherlands	49	0	0	49
Portugal	9	1	0	10
Spain	79	4	0	83
<b>Western/Southern Europe</b>	<b>284</b>	<b>18</b>	<b>-2</b>	<b>300</b>
Poland	83	3	0	86
Russia	61	1	-5	57
Turkey	45	10	-2	53
<b>Eastern Europe</b>	<b>189</b>	<b>14</b>	<b>-7</b>	<b>196</b>
Sweden	27	0	0	27
<b>Others</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>27</b>
<b>CECONOMY</b>	<b>1,023</b>	<b>40</b>	<b>-10</b>	<b>1,053</b>





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## Management system

During financial year 2016/17, METRO GROUP was split into two independent, listed companies. This entailed a restructuring of the control system of the two companies. The CECONOMY control system will be discussed in more detail in the next section. Prior to this, the definition of the key figures which METRO GROUP has forecast for 2016/17 as the most important key figures in its annual report 2015/16 is briefly discussed here.

Key figure	Explanation	Reference
<b>Forecast-relevant key figures in financial year 2016/17</b>		
Sales growth, adjusted for currency translation effects and based on the current Group structure	Total sales are stated in euros. The sales generated in a given period in the countries are translated at the corresponding average exchange rate. Currency-adjusted sales growth is determined by translating the sales of the previous year's period at the exchange rate of the corresponding period of the current year. An adjustment for significant changes in the Group's structure is made by taking into account sales affected by these changes neither in the current year nor in the previous year.	Earnings situation
Like-for-like sales growth	Like-for-like sales growth refers to like-for-like sales growth in local currency or with respect to a comparable group of locations or sales concepts such as online retail and delivery. The figure includes only sales of locations with a comparable history of at least one full financial year. This means that locations affected by openings, closures or material changes to the business during the reporting period or comparable year are excluded.	Earnings situation
EBIT before special items	EBIT is defined as earnings before interest and taxes. Special items include one-time transactions or a number of one-time transactions of the same type, which make it difficult to gauge a company's operating performance and are reported in the statement of profit or loss. This includes, in particular, restructuring and efficiency improvement programmes.	Earnings situation

CECONOMY's ambition is to offer tailor-made solutions to support consumers and make their lives easier in a world that is becoming steadily more digital. In order to consolidate and expand its position as the leading European platform for companies, brands and concepts in the consumer electronics sector, CECONOMY's management system is consistently geared to the needs of all stakeholders.

The key figures used by CECONOMY to control the Company are presented below. In addition to a brief description of the content of the respective key figure, reference is made to the corresponding section of the annual report, which provides a more detailed description of the key figure in its overall context. The following table summarises how the key performance indicators are used in a value-oriented manner to sustainably increase the corporate value of CECONOMY.

The key performance indicators of CECONOMY, total sales growth adjusted for currency effects and portfolio changes as well as net operating assets, EBITDA and EBIT, are highlighted at the beginning of the table. CECONOMY provides a forecast for these main key figures. The key figures are grouped below according to their allocation to the statement of profit or loss, statement of cash flows, statement of financial position and other operating figures.



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Key figure	Explanation	Reference
<b>Forecast-relevant key figures in financial year 2017/18</b>		
Sales adjusted for currency and for portfolio changes	Total sales are stated in euros. The sales generated in a given period in the countries are translated at the corresponding average exchange rate.  Currency-adjusted sales growth is determined by translating the sales of the previous year's period at the exchange rate of the corresponding period of the current year.  Adjustments are made for portfolio changes by taking into account sales affected by the measure neither in the current year nor in the previous year.	from 2017/18
EBITDA	EBITDA is the profit of CECONOMY before financial result, taxes, depreciation, amortisation, impairment and reversals of impairment losses on property, plant and equipment, intangible assets and investment properties (earnings before interest, taxes, depreciation and amortisation).	Earnings position
EBIT	EBIT is defined as CECONOMY's earnings before interest and taxes.	Earnings position
Net working capital	Net working capital as non-current operating assets is defined as follows:  Inventories + Trade receivables + Receivables due from suppliers + Credit card receivables + Advance payments on inventories - Trade payables - Liabilities to customers - Deferred revenues from vouchers and customer loyalty programmes - Provisions for customer loyalty programmes and rights of return - Prepayments received on orders = Net working capital	Financial and asset position
<b>Other key figures in the statement of profit or loss</b>		
Total sales	Total sales are stated in euros. The sales generated in a given period in the countries are translated at the corresponding average exchange rate.	Earnings position
Total sales growth	Total sales growth refers to the percentage change in total sales compared with the corresponding period of the previous year.	Earnings position

Key figure	Explanation	Reference
Like-for-like sales growth	Like-for-like sales growth refers to like-for-like sales growth in local currency or with respect to a comparable group of locations or sales concepts such as online retail and delivery. The figure includes only sales of locations with a comparable history of at least one full financial year. This means that locations affected by openings, closures or material changes to the business during the reporting period or comparable year are excluded.	Earnings position
Online sales	The key figure online sales comprises the sales generated via the internet. This includes both the sales of the Online Pure Player and the sales generated by MediaMarktSaturn Retail Group via their websites. Goods ordered online and collected at the store are also included here.	Earnings position
Online growth	Online growth refers to the change in online sales compared with the corresponding period of the previous year.	Earnings position
Online share	The online share refers to the share of online sales in the total sales of the relevant period.  $\text{Online share} = \frac{\text{Online sales}}{\text{Total sales}}$	Earnings position
Services & Solutions sales	Services & Solutions revenues are those revenues that are not pure sales of goods. Examples are warranty extensions, brokerage of mobile phone contracts, repair services, and delivery and assembly.	Earnings position
Services & Solutions growth	Services & Solutions growth refers to the change in Services & Solutions revenues compared with the corresponding period of the previous year.	Earnings position
Services & Solutions share	The Services & Solutions share represents the share of Service & Solutions sales in total sales for the relevant period.  $\text{Services \& Solutions share} = \frac{\text{Services \& Solutions sales}}{\text{Total sales}}$	Earnings position
Gross margin	The gross margin is the ratio of gross profit on sales and total sales.  $\text{Gross margin} = \frac{\text{Gross profit on sales}}{\text{Total sales}}$  Gross profit is defined as total sales less cost of goods sold, plus any subsequent rebates granted by suppliers.	Earnings position
EBITDA margin	The EBITDA margin is the ratio of EBITDA to total sales.  $\text{EBITDA margin} = \frac{\text{EBITDA}}{\text{Total sales}}$	CECONOMY facts & figures
EBIT margin	The EBIT margin is the ratio of EBIT to total sales.  $\text{EBIT margin} = \frac{\text{EBIT}}{\text{Total sales}}$	CECONOMY facts & figures



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Key figure	Explanation	Reference
EBT	EBT is the earnings before taxes (EBT) of CECONOMY.  EBIT +/- Net financial result = EBT	Earnings position
Tax rate	The tax rate is the ratio of tax expense to earnings before taxes (EBT).  $\text{Tax rate} = \frac{\text{Tax expense}}{\text{EBT}}$	Earnings position
Minority interest in profit or loss for the period	The minority interest in the profit or loss for the period refers to the share of the net profit or loss for the period attributable to non-controlling interests (synonym for "profit or loss for the period attributable to non-controlling interests").	Earnings position
Net working capital	Net income is defined as the figure which, after deduction of non-controlling interests, is calculated from the result for the period (synonymous with "profit or loss for the period attributable to CECONOMY shareholders").	Earnings position
Earnings per share (EPS).	EPS is the ratio of net income to the number of shares issued (ordinary and preference shares).  $\text{EPS} = \frac{\text{Net income}}{\text{No. of shares issued}}$	Earnings position
<b>Key figures in the cash flow statement</b>		
Change in net working capital	As part of the cash flow from operating activities, changes in the items in the statement of financial position attributable to net operating assets are shown here, adjusted for currency effects, which are reported separately, and investments and divestments.	Financial and asset position
Income taxes paid (cash taxes)	As part of the cash flow from operating activities, the actual cash outflow for income taxes in the relevant period is shown here.	Cash flow statement
Cash flow from operating activities	The cash flow from operating activities refers to movements in the item "Cash and cash equivalents", which are allocated to operating activities. These mainly comprise EBITDA adjusted for additions to or reversals of provisions, changes in net operating assets and tax payments.	Financial and asset position
Investments (CAPEX)	Cash investments is the absolute amount of cash investments in the period under review. For this purpose, the "Acquisition of subsidiaries", "Investments in property, plant and equipment (excl. finance leases)" and "Other investments" from cash flow from investing activities are combined.	Cash flow statement
Cash flow from investing activities	The cash flow from investing activities refers to movements in the item "Cash and cash equivalents", which are allocated to investing activities. This mainly comprises cash investments and inflows from divestments.	Financial and asset position

Key figure	Explanation	Reference
Dividends paid	The key figure dividends paid includes the cash outflows to shareholders contained in the cash flow from financing activities and includes both the distribution to ordinary and preference shareholders and payments to non-controlling shareholders.	Cash flow statement
Cash flow from financing activities	The cash flow from financing activities refers to movements in the item "Cash and cash equivalents", which are allocated to financing activities. This mainly comprises payments of dividends, borrowing/redemption of borrowings and interest payments.	Financial and asset position
Free cash flow	Free cash flow is the sum of all actual cash flows before payments to equity and debt capital providers and before inflows from divestments.  Cash flow from operating activities - Investments = Free cash flow	CECONOMY facts & figures
<b>Key figures in the statement of financial position</b>		
Equity	Under IFRS accounting, equity is a residual value resulting from the formation of the difference between assets and liabilities.	Financial and asset position
Equity ratio	The equity ratio is the ratio of equity to total assets and liabilities.  $\text{Equity ratio} = \frac{\text{Equity}}{\text{Total assets and liabilities}}$	Financial and asset position
Borrowings	Borrowings comprise current and non-current financial liabilities including finance leases.	Financial and asset position
Cash and cash equivalents	Cash and cash equivalents comprise cash and cash equivalents as well as investments in the form of current bank balances and debt securities available for sale.	Financial and asset position
Net liquidity/net debt	Net liquidity/net debt is calculated by offsetting financial liabilities against cash and cash equivalents.  Borrowings - Cash and cash equivalents = Net liquidity/net debt	Financial and asset position
<b>Other key operational figures</b>		
Cash flow conversion	Cash flow conversion is the percentage ratio of simplified free cash flow to EBITDA.  $\text{Cash flow conversion} = \frac{\text{EBITDA} - \text{Investments} + \text{Change in net working capital}}{\text{EBITDA}}$	Goals and strategy



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Key figure	Explanation	Reference
Investments according to the segment report	The key figure investments in the segment report includes all additions to non-current intangible assets, property, plant and equipment (e.g. land, buildings, expenditure on modernisation) and investment property. In contrast to cash investments, this item also includes the present value of finance leases entered into. However, this figure does not include payments for financial assets, advance payments on account or prepayments of rent.	Investments/divestments
Total number of stores	The number of stores refers to the number of brick-and-mortar stores with a selling space that can be quantified in square metres.	Group business model/earnings position
Total new openings	Number of new openings in a period.	Group business model/earnings position
Total closings	Number of closings in a period.	Group business model/earnings position
Selling space	The selling space is the total area of all stores in square metres.	Earnings position
Average selling space per store	The average selling space per store is calculated as the ratio of the total area of all stores in square metres and the number of stores as of the closing date.  Average selling space per store = $\frac{\text{Total area of all stores in square metres}}{\text{Number of stores}}$	Earnings position
Number of employees	This key figure specifies the number of full-time employees as of the closing date.	Employees

Based on similar economic conditions and the economic characteristics of business activities, individual countries are aggregated into the following **operating segments**, which are subject to reporting requirements:

- DACH (Germany, Austria, Switzerland, Hungary)
- Western/Southern Europe
- Eastern Europe

All non-reportable operating segments and activities that do not meet the definition criteria of an operating segment are summarised under “Other”.

As part of CECONOMY’s **value-based management**, key figures and targets are regularly checked for their orientation towards a sustainable increase in corporate value. The perspective of the shareholders and other stakeholders is taken into account. In addition to the strong focus on sales and margin ratios, which is typical for the retail sector, cash flow also plays an important role in CECONOMY’s key figure system. Based on the 2015/16 financial year, CECONOMY’s management formulated a medium-term ambition before portfolio changes and assigned it the following key figures and corresponding target values:

- Sales growth (>3% average growth rate)
- EBITDA margin (close to 5%)
- Investments (around 1.5% of sales) and cash flow conversion (60% to 70%)
- Tax rate (close to 40%)
- Dividends (generally 45% to 55% of EPS, depending on future economic development and the profitability of investment projects)

The former METRO GROUP had defined the key performance indicators for value-based management Cost of Capital (EBITaC) and Return on Capital Employed (RoCE), which are not used by CECONOMY.

## Sustainability management

CECONOMY makes life easier in the digital world. The products and technologies that make this world possible are not necessarily sustainable at first glance because of their power consumption. However, they open up completely new opportunities for a sustainable lifestyle, for example



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through the needs-oriented control of heating, cooling and lighting. At the same time, the worldwide web creates transparency about product characteristics and the sustainability governance of companies. Because CECONOMY makes the advantages of digitalisation available to customers, it is a logical step to apply these advantages itself. We therefore assume the responsibility of leading the companies we invest in and setting individual economic goals for them with social requirements that go beyond the legal requirements. We must respect the limits imposed by the environment. By taking this approach, we act today for the good of tomorrow. Accordingly, our business activities are designed to create added value while reducing negative effects. This makes all aspects of our business sustainable.

Until the demerger of METRO GROUP, key stakeholders were regularly asked to evaluate the sustainability efforts of the Group in its former structure within the scope of specific ratings. These evaluations provided important motivation to us and served as a management tool for the former METRO GROUP because they demonstrated the progress of our activities and potential to improve them.

Prior to the demerger, the sustainability performance of the former METRO GROUP received positive evaluations: In July 2017, for example, the former METRO GROUP was once again included in the FTSE4Good Global/Europe Index. Oekom Corporate Rating reassessed CECONOMY in the summer of 2017, and once again awarded the restructured CECONOMY Prime Status C+ (scale D- to A+). In financial year 2016/17, the former METRO GROUP was also ranked best in the industry for the third consecutive year in the internationally important sustainability indices Dow Jones Sustainability World and Europe.

Until the demerger, the former METRO GROUP focused on the value chain and those areas of our interaction with society where it could exercise the most influence. Based on our former structure, we had identified the following areas of responsibility: Focus on commitment to our employees, sustainable operations, sustainable procurement and assortment, sustainable consumption, and social engagement.

**Sustainability approach**

Since the splitting up of METRO GROUP, CECONOMY AG has been working on designing and developing its own approach to ensure sustainability is afforded the necessary importance and presence within the Company's overall strategy. This approach is based on a roadmap for the next twelve months, starting with a comprehensive material analysis that we performed in 2017.

**Anchoring sustainability at CECONOMY**

Embedding sustainability in the core business operations of our key investments is essential to realise our future vision.

CECONOMY AG plans to set up a "Sustainability Committee" to make sure this happens. It will be based on the Sustainability Committee of the MediaMarktSaturn Retail Group (MMSRG), which was founded in November 2015 and meets quarterly. CECONOMY's Sustainability Committee will be responsible for defining the Group strategy for sustainability to provide a basis and guidance for the individual strategies of our investment companies. Both the issues relating to sustainability at CECONOMY AG itself, as well as the status of programmes and activities in place at our investment companies will be discussed, and appropriate decisions made, by CECONOMY's Sustainability Committee.

Members of CECONOMY's Sustainability Committee will consist of the Chairs and Vice-Chairs of the investment companies, although initially most of the members will come from MMSRG and CECONOMY AG.

In addition, executives in each country and service organisation of MMSRG have been appointed as "Sustainability Managers" to carry the idea and strategy into their respective organisation. Our goal is to ensure that all executives as well as every single member of staff acknowledge the significance of sustainability with respect to both themselves and their professional environment, and that they conduct themselves accordingly.



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**Sustainability approach of MMSRG**

The sustainability approach adopted by MMSRG, our largest investment, is closely linked to the vision and strategy of CECONOMY. Accordingly, MMSRG regards itself as a responsible and sustainable partner, daily companion and navigator for consumers in an increasingly digitised world. As a supplier of products and services that considerably influence society and the environment, MMSRG has also derived sustainability goals from this mission, and has structured them in three dimensions of action.

**Activity dimensions of sustainability targets**



MMSRG is committed to embedding sustainability firmly in its future business practices. Through digitalisation and new service concepts coupled with a broad spectrum of sustainable products, the scope is widening, especially for supporting the sustainability effects of our customers and for satisfying the demands we make of ourselves as a responsible enterprise.

**Responsible portfolio**

The key factor driving the economic success of our retail brands MediaMarkt and Saturn has always been the huge choice: an average market offers around 45,000 products to its customers locally. Around 300,000 items are available in the German online shops of the two retail brands MediaMarkt and Saturn, for example. Key aspects of our commitment to sustainability include assuring that our suppliers' production facilities adhere to social standards, as well as providing comprehensive advice and information on sustainability aspects of all our products. By adopting this approach, MMSRG helps its customers opt for entertainment electronics and services that support a more sustainable lifestyle.

**STRICT SUPPLIER MANAGEMENT STANDARDS (OWN BRANDS)**

When it comes to its own brands – ok., Peaq, Isy and Koenic – MMSRG focuses on adherence to strict social standards in the facilities that manufacture the appliances. The core labour standards dictated by the International Labour Organisation (ILO) form an integral part of our contract terms and conditions. Moreover, the Company responsible for own brands – Imtron GmbH – has since 2014 been a member of the Business Social Compliance Initiative (BSCI), which was set up to protect workers' rights in factories. The core elements reviewed under this membership include the Company's management practice, environmental protection and health & safety aspects at work, as well as any violations of the ban on child and forced labour. The BSCI's Code of Conduct is derived from the SA8000 Standard issued by Social Accountability International (SAI). It obliges its members to ensure performance of regular external audits of its suppliers and to comply with other requirements defined by the Initiative.



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**INFORMING CUSTOMERS ABOUT SUSTAINABLE PRODUCTS**

Since 2012, Saturn has been collaborating in Germany with Utopia, an Internet platform for sustainable consumption. Particularly sustainable items available in numerous Saturn stores and through the online shop are marked with a green label "Recommended by Utopia". In order to provide its customers with even better information about sustainability aspects of electrical products, Saturn has developed a new communication concept, which is being tested at its store in Freiburg. The slogan "Go green now" aims to provide customers with better information about products that are particularly resource efficient. These products are also labelled accordingly. The criteria for the classification of the devices are regularly checked by a neutral party and meet the requirements of the EcoTopTen criteria (environmental friendliness and total costs).

In addition, the Saturn store in Freiburg – like all other MediaMarkt and Saturn stores in Germany – converted its electricity supply to 100 per cent green power from German hydropower plants at the start of 2017. This Saturn store is leading the way as the first-ever store to be certified as a climate-neutral business. Its estimated total emissions of 455 tonnes of CO<sub>2</sub> in 2017 will be fully compensated.

**Responsibility for the environment, climate and resources**

When designing new and refurbishing existing stores and other properties, MMSRG places great importance on energy efficiency and is constantly striving to find new ways of minimising its resource consumption. Most of the environmental pollution for which electronic products are accountable is caused during production and operation. There are, however, numerous ways to reduce this pollution, even in retail. MMSRG has set itself the goal of leading the way in environmental and climate protection and resource efficiency.

**REDUCING ELECTRONIC SCRAP**

MMSRG also assumes responsibility for electronic products at the end of the product life cycle. Each year, around ten million tonnes of electronic scrap occur worldwide. Although this scrap can be recycled with no loss of quality and virtually infinitely, it is often dumped in the household waste.

Customers in Germany have been able to return old electrical appliances to any MediaMarkt or Saturn store since 2005, which means that we have fulfilled our legal obligations in full by voluntarily taking it back. Returned appliances are taken to a certified initial treatment plant for proper recycling. Added to this, we don't impose any restrictions on the appliances we take back. MMSRG Germany alone received 35,000 tonnes of electrical appliances back in financial year 2016/17. This figure represents 50 per cent of the total volume of old electrical appliances returned in Germany (about 70,000 tonnes).

**EFFICIENT ENERGY UTILISATION**

MMSRG operates more than 1,000 stores around the globe, featuring thousands of electronic products for customers to try. The group of companies is committed to efficient energy management and to constantly modernising its stores and administrative buildings in order to reduce the energy used at these locations. For example, we use energy monitoring in the markets. In addition, MMSRG is making targeted investments in more energy-efficient lighting at its stores. LED light strips have since been installed in more than 200 stores. Compared with conventional T8 and T5 tubes, LED light strip lamps require up to 50 per cent less power. The group of companies aims to install LED lighting systems in all of its stores internationally between now and 2025 at the latest. By 2030, MMSRG expects this and other measures to produce like-for-like savings of 30 per cent electricity compared to 2011. As an intermediate target, MMSRG wanted to save 15 per cent electricity through its programme "Saving Energy 2.0" by the end of 2020. It had already exceeded this goal by the end of 2016, with savings of nearly 20 per cent.

In addition, the group of companies is striving to establish a high standard of quality with regard to the sustainable fittings and technical equipment in its stores. To achieve this, MMSRG has compiled an internationally standardised Sustainable Property Guideline based on the Gold Standard of the LEED classification system for energy-efficient and environmentally compatible building design.



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## Responsibility to employees and society

Since MMSRG wants its employees to be both a success factor and ambassadors when it comes to sustainability, it encourages individual sustainable engagement and offers a varied spectrum of benefits to boost their personal well-being. MMSRG supports society and the environment by inspiring its customers to make the right purchasing decisions.

### SUSTAINABILITY IN INITIAL AND FURTHER TRAINING PROGRAMMES

Store employees regularly attend product training sessions organised by the manufacturers to enable them to provide advice and answer questions about product sustainability, above and beyond the conventional product information. These training programmes also address issues such as energy efficiency and water consumption. At Saturn in Germany, for example, course attendants also take part in online training sessions focusing on special sustainability aspects of smartphones, tablets and notebooks, such as rare minerals, factory labour conditions and conflict commodities.

At its head office in Ingolstadt, MMSRG has incorporated sustainability as a key element into its trainee plans and talent programmes. Sustainability even plays a role during the recruitment process and is one of the modules in the Assessment and Development Centre. During their induction in Ingolstadt, international managers are introduced to the sustainability initiatives of MMSRG.

### INFORMING EMPLOYEES ABOUT SUSTAINABILITY

Our employee magazine "GoGreen" was launched in March 2016 for everyone working at Saturn stores. It discusses ongoing sustainability initiatives at Saturn in Germany, lists interesting facts and figures about sustainability, such as changes to laws or regulations, and showcases specific examples from various stores around Germany. The magazine is published four times a year. In addition, the extensive information offered on the intranet, in the internal social network Yammer, and on the social media channels Facebook, Twitter and Xing, which are often used by employees, enable intensive engagement with the topic of sustainability and provide concrete action tips.

## Employees

CECONOMY is continuing the activities of the former METRO GROUP in the Consumer Electronics division, particularly with the MediaMarkt and Saturn sales brands.

The following information therefore relates exclusively to the operations continued under CECONOMY.

### Sustainable human resource policies

We have set ourselves the goal of increasing the relevance of our concepts, formats and brands, supporting our customers in an increasingly digital world and making their lives easier with our tailor-made solutions. To achieve this goal, we need dedicated employees who bring our strategy to life in their everyday work and create added value for our customers. One thing is certain: CECONOMY can only grow if we support our employees. Our human resource strategy focuses on two key aspects: human resource management, which includes employee recruitment, retention and development; and occupational safety and health management. Our objective is to attract the very best employees, to support them in accordance with their drive and abilities, and to strengthen their long-term connection to our company. By taking this approach, we strive to be the employer of choice among current and future employees.

### Recruiting employees

In the competition for the most highly skilled employees and executives, we at CECONOMY are taking steps to polish our image among potential applicants. For us, this also includes the initial training of young employees for retail, through which we can recruit employees from our own ranks.





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**Training programmes at CECONOMY**

	2015/16 <sup>1,2</sup>	2016/17
Number of trainees in Germany	2,420	2,328
Number of trainees internationally	394	395
Newly employed trainees in Germany	801	780
Trainee ratio (incl. interns and students) in Germany	8.9%	8.7%

<sup>1</sup> Due to a changed calculation basis in Germany, the figures for 2015/16 cannot be compared with the figures for previous years  
<sup>2</sup> The disclosures for 2015/16 relate exclusively to the MediaMarktSaturn Retail Group.

In financial year 2016/17, training focused on the topics of customer orientation and digital skills.

For example, the “Digital Dino meets Digital Native” project was launched for trainees by the MediaMarktSaturn Retail Group (MMSRG) Germany. In this programme, trainees and employees form teams in order to learn across generations.

Regarding the link between training and the digital world as well, CECONOMY was represented by MMSRG as a business representative in an advisory capacity in the BIBB (Federal Institute for Vocational Education and Training) committee on the establishment of the new job requiring training. The job requiring training will be launched on 1 September 2018 and training will take place at MMSRG Germany in Ingolstadt.

In addition, we are working intensively on digital supplementary modules for all CECONOMY training courses.

The MediaMarkt sales brand further increased the number of trainees in the 2016/17 financial year. In order to maintain the quality of training at the highest level, the trainers in the markets on the e-learning platform “Fit with MediaMarkt” are supported by their own departments (Trainer toolbox). This toolbox contains complete information on recruiting, onboarding, mentoring and development of the trainees.

The Saturn sales brand also relies on close cooperation with the trainers in the stores for its training. A national meeting of trainers was held for

this purpose. In addition to the possibility of exchanging ideas and networking and making spontaneous presentations, they worked together on the content of a future-oriented training course.

At the Trainee Academy, Saturn trainees are prepared for their future careers and accompanied through the entire training. The annual Top Trainee Event is the crowning achievement for all trainees who are taken on at Saturn.

In addition to dual vocational training, we offer young people the opportunity to attend a dual course of study with practical modules. In financial year 2016/17, around 50 students were registered in Germany.

**TALENT DEVELOPMENT**

For its junior employees at MMSRG, CECONOMY conducts special trainee programmes with a focus on finance, IT and multi-channel marketing. These programmes encourage graduates to take personal responsibility for themselves and at the same time offer individual design freedom in terms of process, programme design and personal development.

The sales brands MediaMarkt and Saturn are focusing on the continuous expansion of their dual degree programmes in Germany. The focus of these programmes is on individual development and needs-oriented further training of junior employees.

In order to promote exchange and networking within the talent groups as well as with management, Saturn held a talent day, and other events.

**EMPLOYER BRAND AND HUMAN RESOURCE MARKETING**

By rebranding from “Media-Saturn” to “MediaMarktSaturn Retail Group”, CECONOMY was also able to strengthen the employer brand MMSRG among graduates and young professionals. This helps recruiters to raise awareness and identify potential talent. As part of this effort, MMSRG developed and implemented a creative and appealing IT campaign. In order to improve the impression the Company makes on potential recruits, the career page was revised. You can now find the way to our career portal with just a few clicks.



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CECONOMY continues to focus on direct dialogue in the recruitment of young talents and IT specialists. In order to generate new talent, CECONOMY representatives were also represented at trade fairs, universities and workshops in the financial year 2016/17. For the first time, CECONOMY was represented at the Taktraum Festival and the Metronom – regional events that facilitate an intensive exchange with students.

In order to counteract the shortage of IT specialists and strengthen digital skills, CECONOMY relies on participation in hackathons and meetings – events and forums where concrete IT issues are worked on and trends and innovations are discussed. For the first time, MMSRG was represented at DAHOAM, a conference for developers. In addition, the social media channels were further expanded.

In addition, an employee recommendation programme called #plus1 was launched at MMSRG. The aim of the programme is to encourage employees to recommend vacancies within CECONOMY to their immediate network.

### EMPLOYER OF CHOICE: FROM ZERO TO 26

For the twelfth time, 20,000 pupils in grades eight to 13 at general and vocational schools were interviewed about their preferred employers and career plans. MMSRG jumped from zero to 26 in the study this year and is among the top 100 for the first time – despite the fact that the retail sector has even lost slightly in comparison with other industries in the survey.

### Remuneration models and succession planning

Entrepreneurship is a value traditionally strongly anchored at CECONOMY and especially at MMSRG. The remuneration structures are therefore oriented towards the market and to the success of the Company. Our systematic succession planning enables our skilled employees and managers to develop attractive careers within CECONOMY.

### PERFORMANCE-BASED COMPENSATION FOR EXECUTIVES

Our compensation systems include a monthly fixed salary and a one-year variable salary component, the amount of which depends on the

profitability and economic development of our Company. In addition, there are models of performance-based remuneration with a long-term incentive effect whose structure is at the discretion of the Company.

### PERFORMANCE REVIEWS AND SUCCESSION PLANNING

Within CECONOMY, systematic development of managers is a central task of the Company's management. In this way, we ensure that the skills and competencies of our managers are consistently aligned with the needs and strategic goals of our Company. In addition, we are able to offer our managers targeted international career paths – regardless of the company in which they are employed. Moreover, our career planning processes enable us to identify and support suitable candidates for key positions in the Company. This ensures that we are able to fill the greatest number of vacancies possible from our own ranks.

### INDIVIDUAL JOB PERFORMANCE REVIEWS

CECONOMY supplemented its competency model "Passion for the Customer" to include an online-based 360-degree feedback instrument for high-potential managers. This instrument can be applied flexibly and can also be used for 180-degree feedback.

### EXECUTIVE DEVELOPMENT

The German country organisation of the MediaMarkt sales brand has consistently pursued the path that was successfully embarked upon with the "Fit for Management" programme last year in this financial year.

45 managers completed the pilot project. The focus of the project is on the sustainability of the measures. Among other things, the exchange and networking of the participants – including various leadership programmes – was promoted through alumni meetings.

In addition, two further education programmes were launched: the talent programme, which is designed to assist employees at the start of their career, and the potential programme, which includes the development of young managers for the next steps in their management and specialist careers.



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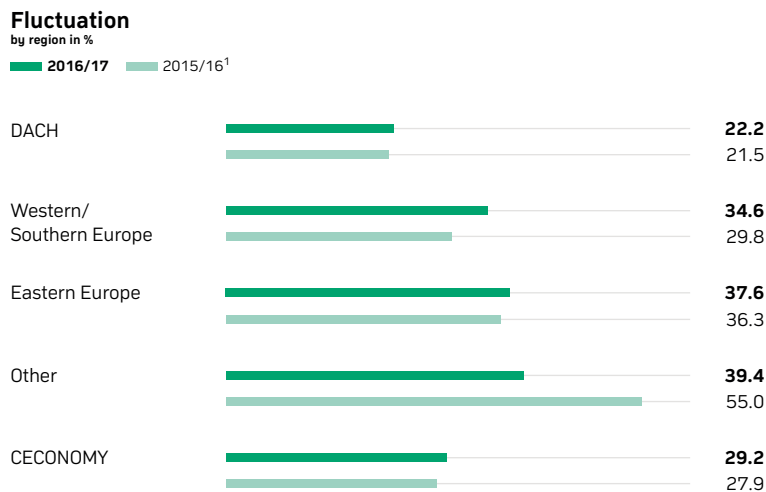
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Furthermore, the management vision for the future was designed to develop a modern understanding of leadership that meets the requirements of the working world 4.0.

**EMPLOYEE TURNOVER RATE**

In the period under review, CECONOMY’s average length of service at the Company was 6.1 years, slightly higher than in the previous year (2015/16: 6 years in respect of MMSRG). Turnover rates varied widely according to region. The chart shows the turnover rates by region for comparison purposes. The turnover rate is calculated as the number of employees leaving the Company in relation to the average number of employees (by headcount) in the year under review.



<sup>1</sup>The disclosures for 2015/16 relate exclusively to the MediaMarktSaturn Retail Group.

**Further training for employees**

We are determined to promote lifelong learning among our staff as a way of responding to current and future challenges in retailing.

A central focus of CECONOMY’s continuing education is the digitalisation of the working world. In May 2017, for example, MMSRG held the “Digital Campus” event for all employees at its Ingolstadt site and selected international colleagues from the national companies for the third time in order to promote the digital transformation of the Company. This year’s programme included nine thematic worlds, including Data Era, Digital Transformation, Future Retail, Mixed Reality and Robotics. During the two-day event, employees were able to choose from more than 40 presentations, panel discussions and new formats. In addition, employees were able to try out the latest digital products and technologies at more than 30 booths on 600 square metres of exhibition space, and test their digital capabilities in a self-designed Digital Escape Room, for example.

CECONOMY continues to rely on the blended learning approach for digitalisation. The e-learning platforms “Saturn Online Academy” and “Fit with MediaMarkt” were used intensively in the past financial year, among other things, for onboarding new employees of the two sales brands.

**EMPLOYEE ENGAGEMENT**

In order to integrate the wealth of experience, knowledge and creativity of the employees in an even more targeted manner, CECONOMY AG (formerly METRO AG) launched the idea management system “MyIdea”. Employees who have ideas on how to optimise processes, simplify processes or realise potential savings are given the opportunity to introduce them. In July 2014, the MMSRG launched the idea management programme “Ideas4Us”.

Since then, around 1,000 ideas have been submitted and numerous proposals are on the way to being implemented. Regular activities are conducted to motivate employees to submit suggestions for improvements of all kinds. In addition, employees have access to an ideas platform where they can view and evaluate suggestions, as well as a wide range of opportunities to find out about ideas that are currently being implemented. With a focus on digitalisation, it is now also possible to submit ideas on a mobile basis.



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**Occupational safety and health management**

CECONOMY places high priority on ensuring fair working conditions for all employees. Promoting occupational safety and health plays an important role in a personnel-intensive business like trade and retail. Due to demographic change, its importance continues to grow. We respond to these requirements with circumspect and structured activities.

For example, CECONOMY AG offers employee support programmes that give them the opportunity to seek psychological advice. In work-related conflict situations, but also in the event of private troubles, external experts are available who offer support in finding solutions, independently and anonymously.

**Diversity management**

	2015/16 <sup>1,2</sup>	2016/17
Average age of the workforce (years)	35.5	35.9
Share of employees in the 50-plus age group as a proportion of the total workforce in Germany	15.8%	17.3%
Share of employees in the 50-plus age group as a proportion of the total workforce at international level	9.8%	10.7%
Employees with recognised severe disability or equivalent persons in Germany	541	565
Employees with recognised severe disability or equivalent persons at international level	537	517

<sup>1</sup> Due to a changed calculation basis in Germany, the figures for 2015/16 cannot be compared with the figures for previous years.  
<sup>2</sup> The disclosures for 2015/16 relate exclusively to the MediaMarktSaturn Retail Group.

We firmly believe that inclusion and diversity lead to better business results for CECONOMY – through improved representation of our customers within the Company, access to a larger talent pool and greater employee engagement and development. Going beyond gender diversity, our approach places the focus on the individuality and diversity of our employees, thereby creating a truly empowering work environment for all Company employees. For this reason, CECONOMY must create an inclusive work environment and open work culture in which individual differences are respected, valued and developed, resulting in a diverse

workforce in which each individual can fully unfold and leverage his or her individual potential and strengths.

CECONOMY relies on international cooperation, among other things, to execute its growth strategy successfully. In total, employees from 132 nations working together at CECONOMY. As at the closing date of 30 September 2017, 19.1 per cent of MMSRG’s country organisation directors are from foreign subsidiaries.

The stated aim is to promote diversity in the Company. The diversity of our employees is one of our great strengths for the sustained success of our Company. The CECONOMY Code of Conduct categorically excludes discrimination based on race, ethnic origin, religion, belief, disability, age, sexual orientation or gender. Any form of harassment, such as bullying or sexual harassment, is prohibited. Employees can contact their managers or the Compliance Officer if they have any questions. A whistleblower system also enables all employees to report any violations of this principle anonymously.

At MMSRG, this principle is implemented by the compliance guideline “Style and Practice”. This excludes discrimination in any shape or form. Employees can contact their managers and the relevant departments if they have any questions. An international reporting system also enables all employees to report any violations of this principle anonymously. As an Equal Opportunity Employer, we offer all employees and candidates equal opportunities regardless of gender, age, race, ethnic origin, sexual identity, disability, religion or belief.

Through diversity management, we aim to achieve a proportion of women in management positions that corresponds to the employee structure. Currently, 39.9 per cent of CECONOMY’s total workforce is female, 39.6 per cent in Germany. In management positions, the proportion is 25 per cent.

CECONOMY encourages women to participate in programmes for young talent. In 2016/2017, 42 per cent of the trainees at MMSRG in Germany were female. In the “Foundation Management Programme”, the proportion was 40 per cent.



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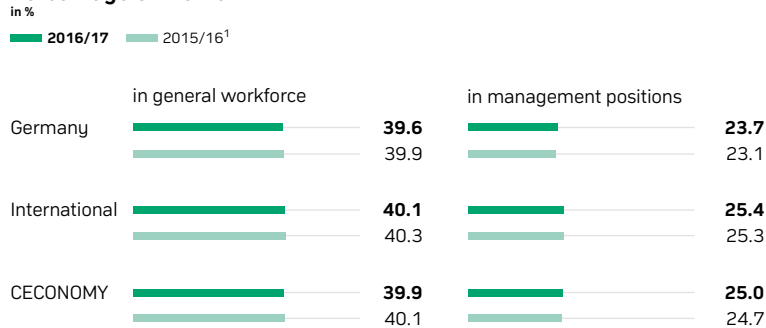
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**EQUAL OPPORTUNITIES**

As part of our diversity management, we promote equal professional opportunities for men and women. In 2011, together with other listed German companies, CECONOMY (formerly METRO GROUP) voluntarily pledged to increase the share of women in management levels one to three. During financial year 2013/14, CECONOMY (formerly METRO GROUP) renewed its voluntary pledge to increase the proportion of women in management positions. At CECONOMY AG, the proportion of women in the first two management levels under the Management Board is targeted to reach 15 per cent at the first level and 45 per cent at the second management level by the end of the 2019 financial year. We take these objectives into account in succession planning and recruitment.

**Percentage of women**



<sup>1</sup>The disclosures for 2015/16 relate exclusively to the MediaMarktSaturn Retail Group.

➤ For more information about the objectives regarding the composition of the Management and Supervisory Boards, see chapter "Corporate governance – Corporate governance report".

**WORK-LIFE BALANCE PROGRAMMES BASED ON PHASES OF LIFE**

At CECONOMY, we place great value on the compatibility of work and family life. Therefore we naturally offer our employees flexible working time models and extensive home office options.

Since 2010, the headquarters of MMSRG in Ingolstadt has been certified as a family-friendly company by the Hertie Foundation. As part of an array of measures aimed at supporting work-life balance, childcare during school holidays as well as nursery slots for children of employees are offered in Ingolstadt. In emergency situations, the services of the non-profit care services association Mobile Familie e. V. can be used for issues surrounding childcare or family member care.

In addition, MMSRG provides support by endorsing flexible working times. With the three-month sabbatical, employees have the option to take a longer break from everyday working life. The "My Day Off" programme allows them to gain up to twelve extra days of holiday per year. This is offset by a reduction in salary.

The share of part-time employees at CECONOMY is 19.5 per cent. In Germany, 16.8 per cent of our employees worked part-time and internationally the figure was 21.3 per cent.

**Employer-employee relationships**

CECONOMY supports open dialogue at various levels between its management and employees or employee representatives. We want to ensure good long-term working conditions for employees and thus contribute to growth. Specifically, this means:

- We apply the principles of fair working conditions and social partnership in all our activities.
- We encourage our management to create an open and trusting work environment in which people share their ideas and problems.
- We regularly meet our employees and/or their representatives to inform them about the business situation and ask them for feedback.

At the European level, the CECONOMY Euro Forum acts as a European works council.



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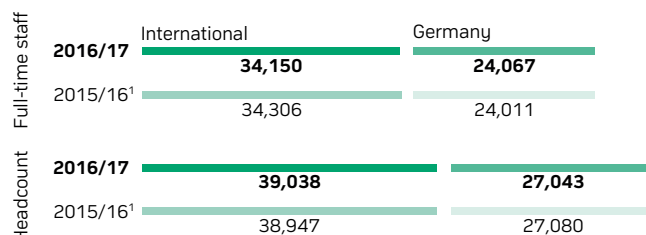
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CECONOMY also continues its social dialogue with works councils and unions on national level.

**Development of staff numbers**

During the reporting period, CECONOMY employed an average of 58,217 (2015/16: 58,317 in respect of MMSRG) full-time equivalents. This corresponds roughly to the previous year's level. The majority of our employees work outside our home market of Germany. MMSRG employed an average of 58,141 full-time equivalents in the reporting period. Approximately 49 per cent are employed in the DACH region, 41 per cent of them in Germany.

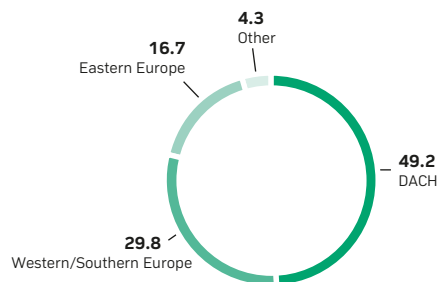
**Employees: Full-time staff and headcount**



<sup>1</sup>The disclosures for 2015/16 relate exclusively to the MediaMarktSaturn Retail Group.

**Employees by region 2016/17**

Full-time in %



**Development of personnel expenses**

Our personnel expenses remained unchanged year-on-year at €2.3 billion (2015/16: €2.3 billion, based on MMSRG). Of this amount, €1.9 billion (2015/16: €1.9 billion) was accounted for by wages and salaries. The rest was attributable to social welfare contributions, pension expenses and employee benefits.

We encourage our staff to set up their own private pension accounts. Our Group-wide future package provides them with voluntary benefits that exceed the collective bargaining standards generally seen in the industry. During the reporting year, 4,155 employees in Germany took advantage of these benefits (2015/16: 4,269 employees, based on MMSRG). This represents 15.4 per cent of employees (2015/16: 15.6 per cent).

➤ For more information about personnel expenses, see the notes to the consolidated financial statements, No. 16 – Personnel expenses.



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**Development of employee numbers by country and segment as of the closing date of 30/09<sup>1</sup>**

	Full-time equivalents <sup>2</sup>		By headcount	
	2016 <sup>3</sup>	2017	2016 <sup>3</sup>	2017
Germany	25,037	25,060	28,083	28,122
Austria	2,381	2,358	2,834	2,821
Switzerland	1,087	1,020	1,272	1,207
Hungary	1,294	1,339	1,312	1,355
<b>DACH</b>	<b>29,799</b>	<b>29,777</b>	<b>33,501</b>	<b>33,505</b>
Belgium	1,564	1,585	1,642	1,660
Greece	793	737	859	789
Italy	5,213	4,932	5,870	5,594
Luxembourg	128	132	132	136
Netherlands	3,591	3,908	4,737	5,214
Portugal	540	514	604	563
Spain	5,357	5,431	6,523	6,657
<b>Western/Southern Europe</b>	<b>17,186</b>	<b>17,240</b>	<b>20,367</b>	<b>20,613</b>
Poland	5,019	5,044	5,066	5,097
Russia	2,976	2,471	2,996	2,487
Turkey	1,921	2,043	1,921	2,044
<b>Eastern Europe</b>	<b>9,916</b>	<b>9,558</b>	<b>9,983</b>	<b>9,628</b>
<b>Others</b>	<b>1,351</b>	<b>1,375</b>	<b>1,845</b>	<b>1,861</b>
<b>CECONOMY</b>	<b>58,251</b>	<b>57,951</b>	<b>65,696</b>	<b>65,607</b>

<sup>1</sup> Due to a changed calculation basis in Germany, the figures for 2015/16 cannot be compared with the figures for previous years.

<sup>2</sup> Rounding differences may occur

<sup>3</sup> The disclosures for 2015/16 relate exclusively to the MediaMarktSaturn Retail Group.



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## Characteristics of the accounting-related internal control system

The objective of the accounting-related internal control system is to employ tools and measures to identify, assess, manage and monitor risks that might impact proper accounting. The system incorporates preventive, monitoring and detection measures that are firmly embedded in the accounting and reporting process to assure proper procedure when preparing financial statements.

Overarching responsibility for all processes related to the preparation of the consolidated and individual financial statements, as well as the combined management report of CECONOMY AG, rests with the Board department of the Chief Financial Officer. The actual preparation of the financial statements as well as the combined management report in the legal sense is the responsibility of the Management Board of CECONOMY AG. The Supervisory Board of CECONOMY AG is responsible for approving and releasing the consolidated and annual financial statements and the combined management report.

Building on the "Internal Control – Integrated Framework" concept of the Committee of Sponsoring Organisations of the Treadway Commission (COSO), the Accounting department of CECONOMY AG has defined Group-wide minimum requirements regarding the design of the accounting-related internal control system. These requirements are subject to continuous review and improvement.

They address risk control matrices governing the design of control mechanisms, the implementation of controls, accountabilities and reviews of the effectiveness of the controls.

– Design of controls: Taking a top-down approach, the Company has identified the risk of significant errors with regard to financial reporting for material financial and accounting processes, and has stipulated binding Group-wide control objectives which the key Group companies must meet through Company-specific control activities.

– Implementation of controls: The Group companies must keep records of the implementation of these controls.

– Effectiveness of controls: The major Group companies are obliged to evaluate the effectiveness of controls at the end of each financial year (self-evaluation). A uniform Group-wide method must be applied and the results of the self-evaluations must be reported using a standardised reporting format.

The Group companies must confirm that their self-evaluations were conducted using the stipulated method. Aside from the control activities, the Group companies must also report on the other four components of the COSO framework: control environment, risk assessment, information and communication, as well as monitoring.

Companies' individual reports are validated centrally and compiled into an overall report on CECONOMY's accounting-related internal control system. This is reported to the Governance, Risk, and Compliance (GRC) Committee and the Management Board of CECONOMY AG.

The Supervisory Board of CECONOMY AG monitors the effectiveness of the internal control system.

The material accounting-related processes are discussed in more detail below.

The half-year financial statements and the consolidated financial statements of CECONOMY AG are prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union. A Group-wide IFRS accounting guideline that is compulsory for all companies included in the consolidated financial statements ensures the uniform application in CECONOMY of accounting procedures in accordance with IFRS. The management of each key Group company must accompany each report with a letter of representation confirming compliance with the IFRS accounting guideline. Amendments to IFRS are continually included in the guideline and communicated to all companies included in the consolidated financial statements.





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Standard operating procedures and deadlines for global milestones are defined and communicated for each upcoming report. The Accounting function of CECONOMY AG monitors adherence to the global financial statements calendar. The local scheduling of specific actions relating to the financial statements and monitoring of the milestones and activities required to achieve these Group milestones as part of the local preparation of the financial statements are part of the responsibilities of the respective company's management.

SAP-based accounting systems are mainly used for local preparation of the financial statements of consolidated companies according to IFRS for consolidation purposes. Functional separation is guaranteed to assure control processes such as the principle of dual control.

Local accounting-related business data are collated by a central consolidation system (CCH Tagetik) to which all consolidated Group companies of CECONOMY are linked. This system provides for a uniform accounts table used by all consolidated companies in accordance with the IFRS accounting guideline.

Once they have been transmitted to the consolidation system, the local data are subjected to an automated plausibility review in relation to accounting-specific contexts and dependencies. Any errors or warning messages generated by the system during this validation process must be addressed by the person responsible for the financial statements before the data are transmitted to the consolidation function. In addition, all key Group companies must add comments in the consolidation system to explain any notable deviations in key items on the statement of financial position and the statement of profit or loss compared to the previous period.

Once the local data have been submitted and validated, the process of preparing the consolidated financial statements commences, for which, again, milestones, activities and deadlines are defined. The actions typically associated with the preparation of consolidated financial statements constitute specific milestones. These milestones include making sure the consolidation group is complete, checking the punctual submission of complete and correct data, typical consolidation steps – such as

consolidating capital, expenses and income – and, ultimately, completing the Annual Report. Personnel responsibilities for these milestones are documented, and stand-in arrangements considered.

The Group also relies on external service providers to handle support activities related to the preparation of the consolidated financial statements. These services essentially relate to valuations of pension obligations and share-based payments.

The consolidation measures required to prepare the consolidated financial statements are subject to various systematic and manual controls. The automated plausibility reviews (validations) used for local data also apply to the consolidation measures. Additional monitoring mechanisms at Group level include target-performance comparisons as well as analyses dealing with the composition and changes of individual items in the statement of financial position and the statement of profit or loss.

Access regulations for accounting-related EDP systems guarantee IT security. Each company included in the consolidated financial statements is subject to the regulations concerning IT security, which are summarised in an appropriate guideline. This ensures that users only have access to the information and systems needed to fulfil their specific task.

Access regulations for the consolidation system are implemented to ensure adherence to IT security regulations (writing and reading authorisations). Authorisations to use the consolidation system are managed centrally by CECONOMY AG.

In addition to self-assessing effectiveness, the internal audit function regularly checks the effectiveness of CECONOMY's accounting-related internal control system. This independent monitoring process ensures the discovery and remedy of any potential weaknesses in the control system, and supports its continuous optimisation.



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# ECONOMIC REPORT

## Macroeconomic and sector-specific parameters<sup>1</sup>

The following comments on the macroeconomic and sector-specific parameters include descriptions relevant to both the continued and discontinued operations of CECONOMY in financial year 2016/17.

### Global economy

In the 2016/17 financial year, the development of the global economy was more positive and more uniform than in the previous year. In Western Europe, the moderate upswing continued almost without exception. The economies were supported by persistently low interest rates and only moderately rising prices. Developments in Eastern Europe were also somewhat more uniform: the Central European countries continued to grow steadily. The countries of Eastern Europe, in particular the Russian economy, showed signs of recovery. In Asia, growth in China settled at a slightly lower level than in previous years. However, the region as a whole continued to show the strongest growth, and economic risks declined. Overall, the growth trend of the global economy continued to improve in the past financial year compared with the same period of the previous year.

### Germany

Germany continued to develop solidly across all sectors in financial year 2016/17. Consumer spending and trade and retail also supported the German economy, albeit to a somewhat lesser extent than in the previous year, due to the continuing positive development of the labour market. In addition, the upturn in world trade also stimulated exports and thus had a positive impact on the economy.

### Western/Southern Europe

In Western Europe, growth began to pick up in 2016/17, mainly due to an improvement in labour market trends and export activity. Furthermore, in some countries, the burden of budget consolidation was reduced, with positive effects on the economy. Retailers benefited from an improvement in private consumption with only a slight increase in prices in the past financial year. Again in 2016/17, the most positive economic development in Western Europe was again recorded in Spain.

### Eastern Europe

The economy in Eastern Europe recorded a solid upturn in the 2016/17 financial year, which continued to strengthen at the end of the financial year. Overall, the countries of Central Europe developed somewhat more stably, but growth in Eastern Europe also picked up again. In particular, the Russian economy again recorded moderate growth on a price-adjusted basis. This was mainly due to the significant stabilisation of the rouble and the associated decline in inflation. Retail sales also benefited from this decline in the inflation rate and the stabilisation of the labour market. On a price-adjusted basis, they reversed course and rose slightly in the second half of financial year 2016/17.

### Asia

Asia's economy continued to show stable high growth rates in financial year 2016/17. China and India recorded slightly weaker development than in the previous year, but remained on a stable growth path, with growth of just over 6.5 per cent each. Japan's economy has recently been developing somewhat more strongly again, although growth remains at a low level. Domestic sales and trade growth in the Asian countries followed the good economic performance and were consistently positive.

<sup>1</sup>The numbers indicating the development of gross domestic product in the section "Macroeconomic parameters" represent the entire years of 2016 and 2017. As such, the figures for 2017 represent projections. Unless otherwise indicated, the qualitative statements in the text refer to the reporting period.



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**Development of gross domestic product in key global regions and Germany**

Percentage change year-on-year	2016 <sup>1</sup>	2017 <sup>2</sup>
World	3.2	3.6
Germany	1.9	2.0
Western Europe (excl. Germany)	1.8	2.0
Eastern Europe	1.2	2.8
Asia	5.3	5.1

Source: Feri

<sup>1</sup> Previous year's figures may differ from those of the 2015/16 Annual Report, as final figures were not available at the time of its completion and a change to purchasing power adjusted figures was made in 2017.

<sup>2</sup> Forecast

**Sector development in consumer electronics retailing**

German consumer electronics retailing sales performance was significantly positive in financial year 2016/17. Growth in the reporting period was boosted partly by the conversion of the terrestrial TV signal in several major German regions and the associated higher demand in the TV segment.

As such, the consumer electronics segment accounted for a significant share of the positive performance in the German electronics market, together with small electrical appliances, which continued to record significant growth. Smartphones – an important submarket – and large electrical appliances recorded slightly weaker growth, in contrast.

In consumer electronics retailing in Southern Europe, after several years of growth, Spain recorded only a slightly positive performance in financial year 2016/17. In contrast, Portugal managed to record strong growth compared to previous years. Performance in Italy is slightly positive at present.

Starting from different levels, the Eastern European markets performed well across the board, while Russia again showed positive market development, following negative growth the previous year in difficult economic conditions. Growth in Turkey was again very dynamic in financial year

2016/17, although it fell short of the growth rates witnessed in recent years. As the economic situation in Greece remains difficult, growth in this market continues to be slightly negative.

Switzerland has not yet fully recovered from its move to unpeg the Swiss franc from the euro. After two years of significant shrinkage, growth in the market increased slightly in financial year 2016/17.

Sweden, Belgium, the Netherlands and Austria – all generally regarded as saturated markets – recorded solid growth.

**Industry development of discontinued operations**

Sales in the **self-service wholesale trade** developed well overall worldwide, but varied in the regions in which METRO operates.

In the German self-service wholesale trade, sales declined slightly in the 2016/17 financial year. The development was thus somewhat behind that of grocery retailing, which again recorded a slight increase. In the reporting period, however, the positive sales trend of the customer group of hotel and restaurant operators (HoReCa) had a positive impact.

In Western Europe, self-service wholesale trade recorded slight growth, in line with economic development. In Portugal and Spain, in particular, the positive development of the HoReCa sector contributed significantly to this trend.

In the Central and Eastern European countries as a whole, self-service wholesale trade also developed slightly positively. The Turkish market grew on a price-adjusted basis despite the stagnating hotel and catering industry and rising inflation. In Russia, the sector recovered as a result of declining inflation and the general economic recovery. In Central Europe, the growth trend varied by country.

The Asian markets in which METRO is active recorded stable development. India, in particular, turned in a positive performance. Compared to the growth rates of recent years, China's development was somewhat



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more restrained. The delivery business remained a growth driver here, as before.

In the 2016/17 financial year, **grocery retailing** continued to develop positively, with nominal sales growth of 1.2 per cent. All organisational forms participated in the increase in sales in the grocery retail sector. The big winners in the past five years have been supermarkets with a wide range of products, and organic markets. In the 2016/17 financial year, customers were again prepared to spend a higher proportion of their net disposable household income on food. The discounter business was able to overcome a brief period of weakness and to increase its turnover again. In the case of hypermarkets, the restructuring process initiated by the nationwide operators continues. Only small grocery stores are steadily losing ground.

## Results of operations, financial position and net assets

### Earnings position

#### COMPARISON OF FORECAST WITH ACTUAL BUSINESS DEVELOPMENTS

With the approval of the Annual General Meeting of the former METRO AG on 6 February 2017 on the demerger of the former METRO GROUP into two independent listed companies, the forecast of CECONOMY (former METRO GROUP), which relates exclusively to the continuing operations of CECONOMY, was already adjusted in the half-year financial statement in 2016/17.

#### Sales

CECONOMY had forecast slight sales growth adjusted for currency effects for financial year 2016/17. This goal was achieved with an increase of 1.4 per cent in local currency.

CECONOMY had expected like-for-like sales growth (in local currency) to increase slightly. With a 1.9 per cent increase in like-for-like sales, this target was also met.

#### Earnings

Adjusted for exchange rate effects, CECONOMY's EBIT before special items was expected to show a slight increase compared with the figure for financial year 2015/16 of €466 million. Adjusted for negative currency effects of €4 million, EBIT was €10 million or 2.2 per cent higher than in the previous year. CECONOMY has thus met its forecast.



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**GROUP SALES<sup>1</sup> INCREASED THANKS TO SUSTAINED GROWTH IN THE ONLINE BUSINESS**

	Sales (€ million)		Change		Currency effects		Change (local currency)		Like-for-like sales (local currency)	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
<b>Total</b>	<b>21,870</b>	<b>22,155</b>	<b>0.6%</b>	<b>1.3%</b>	<b>-0.9%</b>	<b>-0.1%</b>	<b>1.5%</b>	<b>1.4%</b>	<b>0.1%</b>	<b>1.9%</b>
DACH	12,358	12,662	2.3%	2.5%	0.1%	0.0%	2.3%	2.4%	0.7%	3.2%
Western/Southern Europe	6,609	6,714	1.4%	1.6%	0.0%	0.0%	1.4%	1.6%	0.6%	-0.6%
Eastern Europe	2,181	2,226	-11.2%	2.0%	-8.2%	-0.4%	-3.0%	2.4%	-2.3%	3.1%
Others	722	553	5.2%	-23.4%	-0.1%	-1.5%	5.2%	-21.9%	-8.2%	0.2%

<sup>1</sup>All figures from continuing operations only

In financial year 2016/17, CECONOMY AG's sales increased by 1.3 per cent to €22.2 billion or 1.9 per cent on a like-for-like basis. The higher like-for-like sales growth is due mainly to the restructuring of redcoon and its exclusion from the like-for-like panel as a result. Currency-adjusted sales increased by 1.4 per cent in the past financial year 2016/17. There were no changes in the Group structure that would require adjustment.

Sales in the mobile communications and white goods segments grew at an above-average rate in the reporting period. In addition to a favourable basis for comparison, the introduction of new mobile communications and entertainment products also contributed to revenue growth in the fourth quarter.

The reconciliation from reported sales to like-for-like sales in local currency is shown in the following:

€ million	2015/16	2016/17
Total sales in € (as reported)	21,870	22,155
Total sales in local currency	21,852	22,155
Sales of stores that were not part of the like-for-like panel in 2016/17	751	643
<b>Like-for-like sales in local currency</b>	<b>21,101</b>	<b>21,512</b>

**NOTES TO SALES BY SEGMENT**

**DACH**

In the DACH segment, sales in the 2016/17 financial year rose by 2.5 per cent to €12.7 billion. This growth was mainly driven by the positive development in our home market of Germany. This growth reflected, among other things, the positive impact of the Saturn value-added tax campaign in January and the "5 Years of MediaMarkt Onlineshop Deutschland" campaign in May. In contrast, there was a decline in sales in Switzerland in financial year 2016/17, due in particular to declining footfall. However, the decline in sales was halted in the fourth quarter.

**Western/Southern Europe**

Sales in the Western/Southern Europe segment increased by 1.6 per cent to €6.7 billion in the past financial year, due in part to numerous



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new openings. Growth in Spain and the Netherlands made a major contribution to the increase in sales. In Italy, the significant decline in revenues recorded in the first nine months of the year in a market environment with aggressive pricing was made up for significantly in the fourth quarter by optimised pricing and an improved assortment.

**Eastern Europe**

The Eastern Europe segment recorded a 2 per cent increase in sales to €2.2 billion in the 2016/17 financial year. Strong overall demand for consumer electronics and improved category management boosted sales again in Turkey. The growth was more than sufficient to compensate for the continuing negative development in Russia.

**Others**

The significant decline in sales of -23.4 per cent to €0.6 billion in the Others segment is primarily due to the termination of redcoon operations in six countries.

**ONLINE BUSINESS CONTINUES TO DRIVE GROWTH**

In the online business, the two retail brands MediaMarkt and Saturn achieved a sales increase of around 40 per cent in the past financial year. Total online sales in the Group including pure play online activities (including redcoon) rose by around 23 per cent. At €2.4 billion, it accounted for 10.9 per cent of total sales. In the previous year, this figure was 8.9 per cent.

Our pick-up option (collection in store of goods ordered online) again contributed to this sales growth. This option was selected in around 42 per cent of all transactions generated online. Our campaign celebrating the 5th anniversary of our MediaMarkt Online Shop in Germany also had a positive impact on both sales and gross margin in the third quarter. In addition, the expansion of our online business continues to progress. For example, we increased the number of items available online to around 350,000 by the end of the financial year.

**POSITIVE SALES TREND IN SERVICES & SOLUTIONS**

Sales in the Services & Solutions division also developed positively. At €1.4 billion, they were 6 per cent higher than in the previous year and accounted for 6.2 per cent of total sales. This was boosted by the expansion of our "SmartBars", which meanwhile offer repair and other services in 642 stores. There was also strong growth in the areas of the brokerage of mobile phone contracts and the financing business.

**CUSTOMER LOYALTY PROGRAMME RECORDS SUSTAINABLE GROWTH**

Our two customer loyalty programmes – MediaMarkt Club and Saturn Card – also continued to develop very satisfactorily. Since the beginning of the financial year, the MediaMarkt Club in Germany has welcomed around 2 million new members, taking total membership to 3.2 million as of 30 September 2017, while the number of holders of our recently launched Saturn Card has now risen to 600,000 in Germany.

With the successful launch of both programmes in Germany, we see this as confirmation of our commitment to actively promoting their introduction in other countries.

**TOTAL NUMBER OF STORES AT 1,053 AT THE END OF THE FINANCIAL YEAR**

At the end of the last financial year, our network comprised 1,053 stores in total. As part of our selective expansion strategy, a total of 40 new stores (of which nine are shop-in-shop locations) were opened. The largest number of new store openings was in Turkey with ten new stores, followed by Belgium with seven new stores, and Germany and Italy with five each. In contrast, a total of ten stores were closed during the same period. Of these, five were in Russia, two each in Belgium and Turkey, and one in Switzerland. In addition to measures to reduce space at existing stores, the smaller size of the new store openings has reduced average selling space across all locations by 3.4 per cent to 2,811 square metres by the end of the 2016/17 financial year. At the end of the previous 2015/16 financial year, the average selling space per store was still 2,909 square metres. The total selling space was 2,960 thousand square metres, after standing at 2,975 thousand square metres in the previous year.



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**SLIGHT DECLINE IN EBITDA, BUT EBIT INCREASES SLIGHTLY<sup>1</sup>**

in € million	EBITDA		Special items		EBITDA before special items		EBIT		Special items		EBIT before special items	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
<b>Total</b>	<b>619</b>	<b>597</b>	<b>100</b>	<b>107</b>	<b>719</b>	<b>704</b>	<b>312</b>	<b>334</b>	<b>-154</b>	<b>-138</b>	<b>466</b>	<b>471</b>
DACH	470	516	22	23	493	539	298	384	-60	-38	359	421
Western/Southern Europe	212	148	18	21	230	169	137	65	-21	-26	158	91
Eastern Europe	-45	-15	54	49	9	34	-102	-57	-67	-60	-35	3
Others	-18	-52	6	13	-12	-39	-22	-58	-6	-14	-16	-44

<sup>1</sup>All figures from continuing operations only

The **EBITDA** of CECONOMY AG decreased in the past financial year, from €619 million to €597 million.

This includes **special items** amounting to €107 million, compared with €100 million in the previous year. The special items in the financial year 2016/17 resulted mainly from a Group-wide efficiency enhancement project, the restructuring in Russia and provisions for legal risks from past activities at redcoon.

**EBITDA before special items** fell from €719 million in the previous year to €704 million. This decrease is due in particular to additional expenses for the establishment of a listed company. The previous year's result also included income of €35 million from the redemption of pension obligations, which was offset in the current financial year by lower results from plan curtailments of €18 million. Without these effects, EBITDA would have increased by around €12 million. The online activities and higher subsequent reimbursements made a particularly positive contribution. While Germany and Turkey improved their results, results deteriorated in Italy and Switzerland in particular.

The difference between EBITDA and EBIT before special items decreased by €21 million to €233 million. Impairment losses in Germany and Russia not related to restructuring had a negative impact on the previous year's figures.

As a result, **EBIT before special items** improved by €6 million to €471 million. Reported **EBIT** increased by €22 million to €334 million.

**NOTES TO EARNINGS BY SEGMENT**

**DACH**

In the DACH segment, **EBITDA** increased from €470 million to €516 million. The special items included in EBITDA remained virtually unchanged at €23 million in the past financial year. **EBITDA before special items** thus improved from €493 million to €539 million.

Germany in particular contributed to the improvement in earnings thanks to strong growth in online sales, higher subsequent rebates and strong sales of white goods products. In contrast, the decline in sales in Switzerland also led to a deterioration in profitability. However, this trend was halted in the fourth quarter.



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**EBIT before special items** in the DACH segment improved by €63 million to €421 million. Reported **EBIT** increased by €85 million to €384 million.

### Western/Southern Europe

The segment Western/Southern Europe recorded a decline in **EBITDA** in the past financial year from €212 million in the previous year to €148 million. The special items included in this figure increased slightly from €18 million in the previous year to €21 million. Accordingly, the segment reported a decline in **EBITDA before special items** from €230 million to €169 million.

The aggressive competitive environment in Italy contributed to this decline in earnings. In Spain, on the other hand, earnings developed positively, while earnings were down in the Netherlands, due to a negative one-off accounting effect resulting from the insolvency of a major telecom provider.

**EBIT before special items** in the Western/Southern Europe segment fell by €-67 million to €91 million, while reported **EBIT** fell by €-72 million to €65 million.

### Eastern Europe

**EBITDA** of the Eastern Europe segment improved in the past financial year from €-45 million in the previous year to €-15 million. EBITDA included special items of €49 million. These were slightly lower than in the previous year (€54 million). The majority was due to restructuring measures in Russia. In addition, there were special factors in connection with legal risks from past activities at redcoon Poland. **EBITDA before special items** improved from €9 million to €34 million.

The positive development in the Eastern Europe segment was mainly due to a significant improvement in earnings in Turkey and stabilisation in Russia.

**EBIT before special items** in the Eastern Europe segment rose by €37 million to €3 million, while reported **EBIT** improved by €44 million to €-57 million.

### Others

The Others segment comprises, in particular, activities relating to CECONOMY AG in its capacity as strategic management holding company, and operations of smaller companies.

**EBITDA** in the Others segment fell from €-18 million to €-52 million. The special items included in EBITDA increased from €6 million in the previous year to €13 million in the past financial year, due mainly to costs in connection with the demerger. Accordingly, the segment reported a decline in **EBITDA before special items** from €-26 million to €-39 million.

This decline is mainly due to the higher holding costs resulting from the hive-down and spin-off of the wholesale and food and retail business. The previous year's result also included income of €35 million from the redemption of pension obligations, which was offset in the current financial year by lower results from plan curtailments of €18 million.

**EBIT before special items** in the Others segment fell by €-28 million to €-44 million, while reported **EBIT** declined by €-36 million to €-58 million.

## NET FINANCIAL RESULT AND TAXES

€ million	2015/16	2016/17
<b>Earnings before interest and taxes EBIT</b>	<b>312</b>	<b>334</b>
Earnings share of non-operating companies recognised at equity	0	0
Other investment result	0	-5
Interest income/expenses (interest result)	-12	-11
Other financial result	-10	-10
<b>Net financial result</b>	<b>-22</b>	<b>-26</b>
<b>Earnings before taxes EBT</b>	<b>290</b>	<b>308</b>
Income taxes	-198	-186
<b>Profit or loss for the period from continuing operations</b>	<b>92</b>	<b>121</b>
Profit or loss for the period from discontinued operations after tax	565	1,032
<b>Profit or loss for the period</b>	<b>657</b>	<b>1,153</b>





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### Net financial result

At €-26 million, the financial result was relatively constant compared to the previous year (2015/16: €-22 million). The change of €-4 million mainly results from the impairment of the shares in Locafox GmbH, which is reflected in the investment result.

➤ For more information about the net financial result, see the notes to the consolidated financial statements, Nos. 6 to 8 – Other income from investments/earnings share of operating/non-operating companies recognised at equity, Other investment result, Net interest income/interest expenses, and Other financial result.

### Taxes

The recognised income tax expense of €186 million (2016/17: €198 million) are €12 million lower than in the previous year, which is mainly due to lower actual taxes outside Germany.

€ million	2015/16	2016/17
Actual taxes	177	167
thereof Germany	(118)	(118)
thereof international	(59)	(49)
thereof tax expenses/income of current period	(171)	(160)
thereof tax expenses/income of previous periods	(6)	(7)
Deferred taxes	21	19
thereof Germany	(-8)	(19)
thereof international	(29)	(0)
	<b>198</b>	<b>186</b>

The Group tax rate represents the relationship between recognised income tax expenses and earnings before taxes. In the period under review, the Group's tax rate from continuing operations before special items was 44.1 per cent (2015/16: 48.8 per cent). The reported Group tax rate is 60.6 per cent (2015/16: 68.4 per cent).

➤ For more information about income taxes, see the notes to the consolidated financial statements, No. 10 – Income taxes.



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**PROFIT OR LOSS FOR THE PERIOD AND EARNINGS PER SHARE**

Profit for the period from continuing operations rose by €30 million to €121 million (2015/16: €92 million) thanks to improved EBIT and lower tax expenses.

The total profit or loss for the period according to the statement of profit or loss for the 2016/17 financial year was €1,153 million, €496 million higher than in the same period of the previous year (2015/16: €657 million.). This includes the profit or loss for the period from continuing operations of €1,032 million, which, due to the demerger, increased by €467 million compared with the previous year (2015/16: €565 million). The profit or loss for the period from discontinued operations includes current earnings from discontinued operations to the deconsolidation, taking into account the suspended scheduled depreciation in the amount of €456 million as well as the non-cash result from the deconsolidation in the amount of €576 million.

Earnings per share before special items from continuing operations were €0.58, 11 cents higher than the previous year's figure (2015/16: €0.47). Total earnings per share are €3.37 (2015/16: €1.83). This includes the aforementioned deconsolidation result of €576 million and the effect of the depreciation not taken in current income. Both effects are non-cash.

Earnings per share in the reporting period remained unchanged with a weighted number of 326,787,529 shares. On this basis, the profit or loss for the period attributable to CECONOMY AG shareholders from continuing operations before special items of €189 million and the profit or loss for the period attributable to CECONOMY AG shareholders (net profit) of €1,102 million were allocated. There was no dilution from so-called potential shares in financial year 2016/17 or in the previous year.

**Profit or loss for the period and earnings per share**

		2015/16	2016/17	Change	
				Absolute	%
Profit or loss for the period from continuing operations	€ million	92	121	30	32.4
Profit or loss for the period attributable to non-controlling interests from continuing operations <sup>1</sup>	€ million	46	34	-12	-25.4
Profit or loss for the period from continuing operations attributable to the shareholders of CECONOMY AG (€ million)	€ million	46	87	41	89.6
Earnings per share from continuing operations <sup>2</sup>	€	0.14	0.27	0.13	89.6
Earnings per share from continuing operations before special items <sup>1,2</sup>	€	0.47	0.58	0.11	24.3

<sup>1</sup> Previous year's figure includes a non-cash component of €15 million from the restructuring of market companies.

<sup>2</sup> After non-controlling interests



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**SPECIAL ITEMS<sup>1</sup>**

**Special items by segment**

€ million	2015/16 as reported	2016/17 as reported	2015/16 special items	2016/17 special items	2015/16 before special items	2016/17 before special items
<b>EBITDA</b>	<b>619</b>	<b>597</b>	<b>100</b>	<b>107</b>	<b>719</b>	<b>704</b>
thereof DACH	470	516	22	23	493	539
Western/Southern Europe	212	148	18	21	230	169
Eastern Europe	-45	-15	54	49	9	34
Others	-18	-52	6	13	-12	-39
Consolidation	0	0	0	0	0	0
<b>EBIT</b>	<b>312</b>	<b>334</b>	<b>154</b>	<b>138</b>	<b>466</b>	<b>471</b>
thereof DACH	298	384	60	38	359	421
Western/Southern Europe	137	65	21	26	158	91
Eastern Europe	-102	-57	67	60	-35	3
Others	-22	-58	6	14	-16	-44
Consolidation	0	0	0	0	0	0
Net financial result	-22	-26	0	0	-22	-26
<b>EBT</b>	<b>290</b>	<b>308</b>	<b>154</b>	<b>138</b>	<b>444</b>	<b>446</b>
Income taxes	-198	-186	-19	-10	-217	-197
<b>Profit or loss for the period from continuing operations</b>	<b>92</b>	<b>121</b>	<b>136</b>	<b>128</b>	<b>227</b>	<b>249</b>
<b>Profit or loss for the period from discontinued operations after tax</b>	<b>565</b>	<b>1,032</b>	<b>-65</b>	<b>-340</b>	<b>500</b>	<b>692</b>
<b>Profit or loss for the period</b>	<b>657</b>	<b>1,153</b>	<b>70</b>	<b>-212</b>	<b>727</b>	<b>941</b>
Profit or loss for the period attributable to non-controlling interests	58	51	29	26	88	78
from continuing operations	46	34	29	26	75	60
from discontinued operations	13	17	0	1	13	18
Profit or loss for the period attributable to shareholders of CECONOMY AG	599	1,102	41	-239	639	864
from continuing operations	46	87	106	102	152	189
from discontinued operations	553	1,015	-65	-341	487	674
<b>Earnings per share in € (basic = diluted)</b>	<b>1.83</b>	<b>3.37</b>	<b>0.12</b>	<b>-0.73</b>	<b>1.96</b>	<b>2.64</b>
from continuing operations	0.14	0.27	0.32	0.31	0.47	0.58
from discontinued operations	1.69	3.11	-0.20	-1.04	1.49	2.06

<sup>1</sup> For an explanation of special items, see chapter "Group principles – Management system"



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**Special items by category 2015/16**

in € million	as reported	Special items					before special items
		Portfolio changes	Restructuring and efficiency enhancement measures	Risk provisions and impairments of goodwill	other special items		
EBITDA	619	5	58	-	37	719	
EBIT	312	5	111	-	37	466	
Net financial result	-22	-	-	-	-	-22	
EBT	290	5	111	-	37	444	
Income taxes	-198	-	-19	-	-	-217	
Profit or loss for the period from continuing operations	92	5	93	-	37	227	
Profit or loss for the period from discontinued operations	565	-391	283	-	42	500	
Profit or loss for the period	657	-386	376	-	79	727	
Profit or loss for the period attributable to non-controlling interests	58	-	29	-	-	88	
from continuing operations	46	-	29	-	-	75	
from discontinued operations	13	-	-	-	-	13	
Profit or loss for the period attributable to shareholders of CECONOMY AG	599	-386	346	-	79	639	
from continuing operations	46	5	63	-	37	152	
from discontinued operations	553	-391	283	-	42	487	



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**Special items by category 2016/17**

in € million	as reported	Special items					before special items
		Portfolio changes	Restructuring and efficiency enhancement measures	Risk provisions and impairments of goodwill	other special items		
EBITDA	597	1	85	-	21	704	
EBIT	334	15	102	-	21	471	
Net financial result	-26	-	-	-	-	-26	
EBT	308	15	102	-	21	446	
Income taxes	-186	-2	-9	-	0	-197	
Profit or loss for the period from continuing operations	121	14	93	-	21	249	
Profit or loss for the period from discontinued operations	1,032	-505	84	-	82	692	
Profit or loss for the period	1,153	-492	177	-	103	941	
Profit or loss for the period attributable to non-controlling interests	51	1	26	-	-	78	
from continuing operations	34	-	26	-	-	60	
from discontinued operations	17	1	-	-	-	18	
Profit or loss for the period attributable to shareholders of CECONOMY AG	1,102	-493	151	-	103	864	
from continuing operations	87	14	67	-	21	189	
from discontinued operations	1,015	-506	84	-	82	674	



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## Financial and asset position

### CAPITAL STRUCTURE

As at 30 September 2017, CECONOMY's consolidated statement of financial position shows equity of €666 million (30/09/2016: €5,332 million). The reduction is mainly due to the demerger.

The equity ratio is 8.0 per cent (30/09/2016): 21.4 per cent).

Based on the annual financial statements of CECONOMY AG prepared in accordance with German commercial law, the capital reserve was reduced to €128 million as a result of the hive-down and spin-off. Other demerger-related disposals in shareholders' equity were offset against reserves retained from earnings, resulting in a negative amount of €-294 million, which is mainly attributable to pension revaluation effects included in other comprehensive income.

€ million	Note no.	30/09/2016	30/09/2017
<b>Equity</b>	<b>32</b>	<b>5,332</b>	<b>666</b>
Share capital		835	835
Capital reserve		2,551	128
Reserves retained from earnings		1,934	-294
Non-controlling interests		12	-2

Net liquidity as of 30 September 2017 was €317 million (30/09/2016: Net debt €2,301 million, of which €2,943 million from discontinued operations).

Net liquidity/net debt is calculated by netting financial liabilities including finance leases in the amount of €544 million (30/09/2016: €4,759 million, of which €4,740 million from discontinued operations) with cash and cash equivalents in accordance with the statement of financial position in the amount of €861 million (30/09/2016: €2,368 million, of which €1,797 million from discontinued operations) as well as current financial investments in the amount of €0 million (30/09/2016: €90 million, of which €90 million from discontinued operations).

The change from net debt to net liquidity is mainly due to the demerger. In the previous year, net liquidity from continuing operations amounted to €642 million. The €325 million decrease in net liquidity from continuing operations to €317 million is mainly due to an increase in financial debt, primarily as a result of the acquisition of the 24.33 per cent interest in Fnac Darty S.A.

€ million	30/09/2016	30/09/2017
Cash and cash equivalents according to the statement of financial position	2,368	861
Current financial investments <sup>1</sup>	90	0
Borrowings (incl. finance leases)	4,759	544
<b>Net liquidity (+)/net debt (-)</b>	<b>-2,301</b>	<b>317</b>

<sup>1</sup>Shown in the statement of financial position under other financial and non-financial assets (current)

As at 30 September 2017, non-current liabilities amounted to €1,062 million (30/09/2016: €5,950 million, of which €5,048 million from discontinued operations).

Non-current liabilities as of the closing date consist mainly of provisions for pensions and similar obligations amounting to €640 million (30/09/2016: €1,414 million, of which €979 million from discontinued operations) and non-current financial liabilities in the amount of €278 million (30/09/2016: €3,812 million, of which €3,796 million from discontinued operations).

The significant decrease in non-current liabilities of €4,888 million is primarily due to the demerger. Non-current liabilities from continuing operations amounted to €902 million in the previous year. The increase of €160 million to €1,062 million is almost exclusively due to the combined effect of an increase in financial debt of €262 million and a decrease in provisions for pensions and similar obligations of €127 million.

As at 30 September 2017, CECONOMY had current liabilities of €6,551 million (30/09/2016: €13,670 million, of which €7,856 million from discontinued operations).



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Current liabilities as of 30 September 2017 consist mainly of trade liabilities amounting to €4,929 million (30/09/2016: €9,383 million, of which €4,889 million from discontinued operations) and current financial liabilities in the amount of €266 million (30/09/2016: €947 million of which €944 million from discontinued operations) and current other financial and non-financial liabilities in the amount of €1,113 million (30/09/2016: €2,465 million, of which €1,358 million from discontinued operations).

The reduction in current liabilities of €7,119 million is mainly due to the demerger. Current liabilities from continuing operations amounted to €5,814 million in the previous year. The increase of €737 million is due to an increase in trade liabilities of €436 million and current financial liabilities of €263 million.

Compared with 30 September 2016, the debt ratio has increased by 13.3 percentage points to 92 per cent. After being at 69.7 per cent on 30 September 2016, the ratio of current liabilities of 86 per cent to total liabilities increased by 16.4 percentage points.

➤ For more information about the maturity, currency and interest rate structure of financial liabilities as well as the credit facilities, see the notes to the consolidated financial statements, No. 37 – Financial liabilities.

€ million	Note no.	30/09/2016	30/09/2017
<b>Non-current liabilities</b>		<b>5,950</b>	<b>1,062</b>
Provisions for pensions and similar obligations	33	1,414	640
Other provisions	34	383	51
Borrowings	35, 37	3,812	278
Other financial and non-financial liabilities	35, 38	191	86
Deferred tax liabilities	25	150	8
<b>Current liabilities</b>		<b>13,670</b>	<b>6,551</b>
Trade payables	35, 36	9,383	4,929
Provisions	34	705	199
Borrowings	35, 37	947	266
Other financial and non-financial liabilities	35, 38	2,465	1,113
Income tax liabilities	35	170	44
Liabilities related to assets held for sale	31	0	0

➤ For more information about the development of liabilities, see the notes to the consolidated financial statements under the numbers listed in the table. Information about contingent liabilities and other financial liabilities can be found in the notes to the consolidated financial statements, No. 45 – Contingent liabilities and No. 46 – Other financial liabilities.

## INVESTMENTS/DIVESTMENTS

In the financial year 2016/17 CECONOMY invested €319 million, around €90 million below the previous year's level (continuing operations). While expenditures for expansion activities were kept stable, investments in modernisation measures declined significantly. This is, however, exclusively due to the nationwide introduction of electronic price tags in MediaMarkt and Saturn stores in the previous year, which moved point-of-sale digitalisation ahead. Excluding this one-off investment, expenditure on modernisation measures remains at the previous year's level. Following the investment in the acquisition of RTS Elektronik Systeme GmbH (RTS) in the previous year, the acquisition of Electronic Repair Logistics B.V. in the Netherlands in the current financial year further expanded our service expertise. A total of 40 new stores were opened in



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the 2016/17 financial year, compared with 33 new store openings in the previous year. Despite the higher number of expansion investments, there is a clear trend toward selective expansion with new, less capital-intensive small formats, which account for more than half of the new openings.

**Investments according to CECONOMY segment report**

€ million	2015/16	2016/17	Change	
			Absolute	%
DACH	244	168	-76	-31.1
Western/Southern Europe	113	112	-1	-0.6
Eastern Europe	47	34	-13	-26.9
Others	3	5	2	51.8
<b>CECONOMY</b>	<b>406</b>	<b>319</b>	<b>-87</b>	<b>-21.5</b>

€168 million was invested in the **DACH** region in financial year 2016/17. Investment is thus around €76 million below the previous year's level. This is due mainly to the introduction of the Electronic Shelf Label (ESL) and the acquisition of RTS in the previous year. Investments in expansion declined due to a lower number of new store openings and a focus on smaller store formats. A total of eight stores were opened in the DACH region, following eleven new store openings in the previous year. In Germany, the store network was expanded by five new locations; in addition to three new openings, two stores were taken over by the Expert Flösch network group. Two stores were opened in Hungary in the new shop-in-shop format in cooperation with Tesco. In addition, a new store was opened in Austria. In Switzerland, a store in Bern was closed.

Investments in **Western/Southern Europe** in financial year 2016/17 amounted to €112 million, around €1 million below the previous year's level. Also due to the implementation of the Electronic Shelf Label (ESL) in the previous year, investments in modernisation measures declined significantly. This was counterbalanced by higher investments in expansion (a total of 18 new stores with seven new openings in the previous year) and the acquisition of Electronic Repair Logistics B.V. in the Nether-

lands. Expansion focused on Belgium, with seven new openings; Italy, with five new openings; and Spain, with four new openings. Branch networks in Greece and Portugal were supplemented by one location each. In Belgium, six of the seven new store openings will be operated in the shop-in-shop format at MAKRO Belgium stores. Two stores in Belgium were also closed in the reporting period.

In **Eastern Europe**, €34 million was invested in financial year 2016/17, which is €13 million less than in the same period of the previous year. The decline is the result of lower investments in modernisation due to the rollout of the Electronic Shelf Label (ESL) in the previous year. Expansion investments were slightly lower than in the previous year, with a total of 14 new store openings, one store fewer than in the previous year. As in the previous year, the focus of expansion was on Turkey, with ten new store openings. Three stores were opened in Poland and another store was opened in Russia in September in a METRO Cash & Carry store, using the shop-in-shop concept. In addition, five stores were closed in Russia and two stores were closed in Turkey.

Investments in the **Others segment** amounted to €5 million in financial year 2016/17 (2015/16: €3 million). Investments related primarily to concept and modernisation measures as well as intangible assets.

In 2016/17, CECONOMY received €34 million in cash from **divestments** (2015/16: €21 million). This relates mainly to the sale of shelves and other equipment from closed stores.





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**LIQUIDITY (CASH FLOW STATEMENT)**

From continuing operations, operating activities in the financial year 2016/17 generated cash outflow of €521 million (2015/16: €+378 million). The year-on-year improvement of €143 million is mainly due to the positive development of net working capital (2016/17: €52 million, 2015/16: €-225 million, deviations from values in the statement of financial position due to translation effects and changes in the consolidation group). This improvement was achieved despite a one-off payment of €220 million from the METRO benevolent fund in the previous year, which was reported under other operating activities (2016/17: €64 million, 2015/16: €233 million).

Investing activities from continuing operations amounted to cash inflow of €744 million (2015/16: €-376 million). The change compared with the previous year is mainly due to payments for the acquisition of the investment in Fnac Darty S.A.

The cash flow from financing activities from continuing operations was an inflow of €140 million (2015/16: €-454 million), mainly due to proceeds from non-current borrowings of €512 million in connection with the acquisition of approximately 24.33 per cent of Fnac Darty S.A.

➤ For more information, see the cash flow statement in the consolidated financial statements as well as the notes to the consolidated financial statements, No. 42 – Notes to the cash flow statement.

**Cash flow statement<sup>1</sup>**

€ million	2015/16	2016/17
<b>Cash flow from operating activities of continuing operations</b>	<b>378</b>	<b>521</b>
Cash flow from operating activities of discontinued operations	1,192	236
Cash flow from operating activities	1,569	758
<b>Cash flow from investing activities of continuing operations</b>	<b>-376</b>	<b>-744</b>
Cash flow from investing activities of discontinued operations	354	-1,544
Cash flow from investing activities	-22	-2,287
<b>Cash flow before financing activities of continuing operations</b>	<b>2</b>	<b>-222</b>
Cash flow before financing activities of discontinued operations	1,546	-1,308
Cash flow before financing activities	1,548	-1,530
<b>Cash flow from financing activities of continuing operations</b>	<b>-454</b>	<b>140</b>
Cash flow from financing activities of discontinued operations	-3,130	-91
Cash flow from financing activities	-3,584	49
Total cash flows	-2,036	-1,480
Currency effects on cash and cash equivalents	-13	-27
Total change in cash and cash equivalents	-2,049	-1,507

<sup>1</sup>Abridged version. The complete version is shown in the consolidated financial statements.



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**FINANCIAL MANAGEMENT**

**Principles and objectives of financial activities**

The financial management function at CECONOMY ensures the permanent liquidity of the Group, manages cash flows throughout the Group, and reduces financial risks where economically feasible. The Treasury function manages these tasks centrally for the Group as a whole, with the aim of centrally steering the financing requirements and assets of Group companies to ensure surplus cash flows are invested at attractive terms and conditions or that any refinancing requirements can be funded where possible on the international capital markets. This applies to operating activities as well as to investments. CECONOMY aligns its selection of investment and financial products to the maturities of the underlying transactions.

METRO GROUP's financial activities are based on a financial budget for the Group, which covers all relevant companies and is updated monthly. In addition to daily reconciliation of the Group-wide financial status, CECONOMY prepares both a short-term liquidity plan and a long-term liquidity plan for three months after the end of the financial year, which is updated on a rolling basis.

In addition, an intensive dialogue with bond investors and credit analysts facilitates capital market access. Our Creditor Relations team also presents the Company to all key European financial markets during its annual roadshow. Investors and analysts can also learn about CECONOMY's high-performance capabilities in face-to-face meetings and tours.

The following principles apply to all Group-wide financial activities:

**Financial unity:** By presenting a single face to the financial markets, the Group obtains better terms on financial markets.

**Financial scope:** In our relationships with banks and other business partners in the financial arena, we consistently maintain our scope of action in order to remain independent.

**Centralised risk management:** We conduct financial transactions to cover our financing requirements and hedge risks related to underlying business transactions. CECONOMY's total financial portfolio is centrally monitored by the Treasury function.

**Centralised risk monitoring:** Changes in financial parameters, such as interest rate or exchange rate fluctuations, can impact the financing activities of CECONOMY. Associated risks are regularly quantified by the Treasury in the context of scenario analyses. Open risk positions – for example, financial transactions without an underlying business transaction – may only be concluded after the Management Board of CECONOMY AG has granted the appropriate approval.

**Exclusively authorised contractual partners** CECONOMY conducts financial transactions only with contractual partners who have been authorised by the Treasury function. The creditworthiness of these contractual partners is tracked daily, based on their ratings and the monitoring of their credit risk ratios (essentially credit default swap analyses). On this basis, the Treasury function at CECONOMY continuously monitors adherence to the authorised limits.

**Approval requirement:** As a matter of principle, all financial transactions of CECONOMY companies are conducted with CECONOMY AG. In cases where this is not possible for legal reasons, these transactions are concluded with another Group company on behalf of the Group company or directly between the Group company and the external financial partner in coordination with CECONOMY AG.

**Audit security:** The principle of dual control applies within our Company. All processes and responsibilities are laid down in Group-wide guidelines. The conclusion of financial transactions is organisationally separated from the settlement and controlling functions.

➤ For more information about the risks stemming from financial instruments and hedge accounting, see the notes to the consolidated financial statements, No. 44 – Management of financial risks.



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### Ratings

Ratings evaluate the ability of a company to meet its financial obligations. They communicate the creditworthiness of a company to potential debt capital providers. In addition, ratings facilitate access to international capital markets. CECONOMY AG has commissioned Moody's Investor Service – a leading international ratings agency – and Scope Ratings – an agency that is increasingly making a name for itself in European ratings – to continuously analyse CECONOMY's creditworthiness.

The current ratings awarded to CECONOMY AG by Moody's Investor Service and Scope Ratings are as follows:

#### Moody's Investors Service

Category	2017
Non-current	Baa3
Current	P-3
Outlook	Stable

#### Scope Ratings

Category	2017
Non-current	BBB-
Current	S-2
Outlook	Stable

Based on these ratings, CECONOMY has access to all financial markets.

### Financing measures

CECONOMY AG's medium- and long-term financing needs are covered by issues on the capital markets. In March 2017, the Company successfully issued several promissory note loans with a total volume of €250 million and terms of five, seven and ten years, respectively.

A euro-denominated commercial paper programme with a maximum volume of €500 million is available to cover the short-term financing requirements of CECONOMY AG. As at 30 September 2017, commercial paper with a nominal volume of €254 million was outstanding.

The Group had access to sufficient liquidity at all times. CECONOMY AG has adequate reserves comprising both the liquidity available within the Company, and a syndicated credit facility of €550 million together with multi-year guaranteed credit facilities of €490 million. These comprehensive multi-year credit facilities, which are listed in the table below, were undrawn as of 30 September 2017.



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**CECONOMY's undrawn credit facilities**

€ million	30/09/2016			30/09/2017		
	Total	Remaining term		Total	Remaining term	
		up to 1 year	more than 1 year		up to 1 year	more than 1 year
Bilateral credit facilities	681	437	244	498	8	490
Utilisation	-276	-132	-144	-8	-8	0
Unutilised bilateral credit facilities	405	305	100	490	0	490
Syndicated credit facilities	2,525	0	2,525	550	0	550
Utilisation	0	0	0	0	0	0
Unutilised syndicated credit facilities	2,525	0	2,525	550	0	550
Total credit facilities	3,206	437	2,769	1,048	8	1,040
Total utilisation	-276	-132	-144	-8	-8	0
<b>Total undrawn credit facilities</b>	<b>2,930</b>	<b>305</b>	<b>2,625</b>	<b>1,040</b>	<b>0</b>	<b>1,040</b>

**ASSET POSITION**

In financial year 2016/17, total assets decreased by €16,672 million to €8.3 billion as a result of the demerger (30/09/2016: €25.0 billion).

The non-current assets as of 30 September 2017 were €2,144 million (30/09/2016): €13,369 million, of which €11,595 million from discontinued operations). This mainly consists of goodwill amounting to €531 million (30/09/2016: €3,361 million, of which €2,847 million from discontinued operations) and property, plant and equipment in the amount of €858 million (30/09/2016: €8,141 million, of which €7,260 million from discontinued operations) and non-current financial liabilities in the amount of €135 million (30/09/2016: €104 million, of which €89 million from discontinued operations) and investments accounted for using the equity method in the amount of €458 million (30/09/2016: €188 million, of which €183 million from discontinued operations).

The €11,225 million decrease in non-current assets is mainly due to the demerger. This was partly offset by the acquisition of the 24.33 per cent stake in Fnac Darty S.A., which was acquired as a €458 million investment and accounted for using the equity method. In addition, the inclusion of the investments classified as non-current in the amount of 1 per cent in the current METRO AG and 6.61 per cent in METRO PROPERTIES GmbH & Co. KG resulted in an increase in non-current financial assets of €116 million.



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€ million	Note no.	30/09/2016	30/09/2017
<b>Non-current assets</b>		<b>13,369</b>	<b>2,144</b>
Goodwill	8	3,361	531
Other intangible assets	19	497	100
Property, plant and equipment	20	8,141	858
Investment properties	22	126	0
Financial assets	23	104	135
Investments accounted for using the equity method	23	188	458
Other financial and non-financial assets	24	289	22
Deferred tax assets	25	663	39

➤ For more information about the development of non-current assets, see the notes to the consolidated financial statements under the numbers listed in the table.

As at 30 September 2017, current assets amounted to €6,136 million (30/09/2016: €11,583 million, of which €6,655 million from discontinued operations). At the closing date, they consisted mainly of inventories amounting to €2,553 million (30/09/2016: €5,456 million, of which €3,063 million from discontinued operations) and trade receivables in the amount of €498 million (30/09/2016: €808 million, of which €485 million from discontinued operations) and current other financial and non-financial assets in the amount of €2,136 million (30/09/2016: €2,734 million of which from discontinued operations €1,278 million) and cash and cash equivalents of €861 million (30/09/2016: €2,368 million, of which €1,707 million from discontinued operations).

The €5,447 million decrease in current assets is also mainly due to the demerger. By contrast, trade receivables increased by €175 million and inventories by €161 million. In addition, other financial and non-financial assets from continuing operations increased by €680 million. This increase is primarily due to the addition of the nine-per cent stake in the current METRO AG amounting to €584 million.

€ million	Note no.	30/09/2016	30/09/2017
<b>Current assets</b>		<b>11,583</b>	<b>6,136</b>
Inventories	26	5,456	2,553
Trade receivables	27	808	498
Other financial and non-financial assets	24	2,734	2,136
Entitlements to income tax refunds		216	87
Cash and cash equivalents	30	2,368	861
Assets held for sale	31	0	0

➤ For more information about the development of current assets, see the notes to the consolidated financial statements under the numbers listed in the table.

Net working capital developed as follows in the financial year 2016/17:

€ million	30/09/2016	30/09/2017
Inventories	5,456	2,553
Trade receivables	808	498
Receivables due from suppliers	1,774	1,246
Receivables from credit cards	104	68
Advance payments on inventories	12	0
Trade payables	-9,383	-4,929
Liabilities to customers	-184	-129
Deferred revenues from vouchers and customer loyalty programmes	-163	-69
Provisions for customer loyalty programmes and rights of return	-56	-19
Prepayments received on orders	-48	-39
<b>Net working capital</b>	<b>-1,680</b>	<b>-820</b>

Net working capital increased by €860 million compared with the previous year to €-820 million (30/09/2016: €-1,680 million of which €-901 million from discontinued operations). Net working capital for continuing operations thus showed an improvement.

The amount of net working capital as of 30 September 2017 is mainly based on inventories amounting to €2,553 million (30/09/2016:



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€5,456 million of which €3,063 million from discontinued operations), trade receivables of €498 million (30/09/2016: €808 million, of which from discontinued operations €485 million), receivables due from suppliers of €1,246 million (30/09/2016: €1,774 million of which €562 million from discontinued operations), trade liabilities of €4,929 million (30/09/2016: €9,383 million, of which €4,889 million from discontinued operations).

This increase is mainly due to the demerger. Inventories from continuing operations increased by €160 million, trade receivables by €175 million and trade liabilities by €436 million.



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# REPORT ON EVENTS AFTER THE CLOSING DATE AND OUTLOOK

## Report on events after the closing date

### Events after the closing date

Between the closing date (30 September 2017) and the date of preparation of the consolidated financial statements (29 November 2017) there was no event of material importance for the assessment of CECONOMY AG's and CECONOMY's net assets, financial position and results of operations.

## Outlook

The outlook of CECONOMY AG considers relevant facts and events that were known at the time the consolidated financial statements were prepared, and that impact future business developments. Alongside numerous sources from national and international economic research institutes and organisations, the outlook is mainly based on analysis provided by Feri Trust. The following conclusions reflect a mid-range scenario of expectations.

### Economic parameters for 2017/18

With global political uncertainty persisting, the outlook for economic development remains equally unpredictable.

As things stand at present, global economic growth is expected to recover in calendar year 2017, boosted by stronger US growth of 2.2 per cent and economic revival in the emerging markets, and especially Brazil and Russia. This revival in the emerging markets is expected to produce growth of 4.0 per cent, helped by higher oil prices.

In contrast, the future of the Eurozone remains uncertain in light of a host of unresolved issues. Nevertheless, the area continues to indicate moderate economic growth of 2.1 per cent. Economic uncertainty is increasing at present in the USA, fuelled by the continued vagueness of the US president's economic policy. Furthermore, the Chinese economy is expected to slow down marginally as it transitions to a greater service orientation. Last but not least, the complex scenario is rounded off by the current political turbulence in Latin America.

Against this backdrop, the world economy is expected to grow by 2.8 per cent in real terms in 2017, which is a significant improvement on the previous year's figure of 2.2 per cent. This trend is, moreover, expected to continue in 2018.

Over the medium term, factors that will strongly influence global economic performance include the further course of monetary policy and the currently high levels of sovereign, corporate and private debt. Overall, the global economy has still not returned to a path of sustainable economic growth in 2017 following the financial and sovereign debt crisis.

### DACH

Boosted by favourable financing terms and conditions and a robust labour market which is ensuring solid domestic demand, the German economy gained further strength over the course of 2016. At present, inflation is rising significantly, from 0.4 per cent in 2016 to 1.7 per cent in 2017. Recovering energy prices and weaker public spending will probably dampen the increase in consumer spending in the foreseeable future. Nevertheless, economic growth in Germany is expected to increase slightly in real terms, from 1.9 per cent last year to 2.0 per cent in 2017. It can be assumed that the sustained growth trend, with an ex-



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pected real growth rate of 1.8 per cent in 2018, will continue to have an effect on the real development of the retail business in the future.

In Austria, growth in 2017 is expected to be significantly stronger at 2.4 per cent, compared with an increase of 1.5 per cent in the previous year, due to strong domestic demand. It can be assumed that a solid growth trend of 1.8 per cent will continue in 2018.

In Switzerland, on the other hand, growth in the overall economy is not expected to accelerate in 2017. With an increase of 0.9 per cent in real terms, the trend is below the levels of 2016. Real growth of 1.7 per cent is expected for 2018. Overall, the economic environment in Switzerland will remain challenging in 2018, but at a high level.

After a relatively weak real economic trend in 2016, with 2 per cent growth due to a lack of investment, Hungary is again expected to record a 3.7 per cent increase in economic output in 2017, supported by robust private consumption. It can be assumed that a solid growth trend of 3.3 per cent in real terms will continue in 2018.

**Western/Southern Europe**

Following years of (overall) solid growth rates, the economy in Western Europe is expected to continue expanding in 2017 at a stable rate of 1.9 per cent. The uncertainties provoked by the Brexit referendum and the current lack of clarity in US economic policy pose a risk of declining GDP growth given the close economic and financial ties between Western Europe and both countries. At the same time, the low interest environment continues to boost growth, although it remains to be seen which course European Central Bank monetary policy will take beyond 2017. Furthermore, the solid labour market with declining unemployment rates in all key Western European countries is cushioning the impact of declining rates of private consumption growth.

We expect real economic growth of about 1.7 per cent for calendar year 2018. The Netherlands (2.1 per cent) and Spain (2.6 per cent) continue to outperform this trend, although growth momentum is expected to slow in Spain. Italy – Western Europe’s fourth-largest economy – continues to

labour under structural economic problems and a persistently very high level of sovereign debt. Over the medium term, only slight growth of just over 1.1 per cent is expected here, as well. In both Spain and Italy, private consumption is a key driver of economic development. It remains to be seen how rising inflation impacts the further development of consumer behaviour in real terms.

In light of the national impacts of the Brexit referendum, the UK is facing real GDP growth rates of less than 1.1 per cent.

**Eastern Europe**

Following (overall) moderate expansion in 2016, economic growth in Eastern Europe is picking up again in 2017. The growth rate of 3.0 per cent is significantly higher than that for Western Europe over the same period. For 2018, this growth trend is expected to continue and 2.9 per cent real economic growth is expected.

This trend is being primarily supported by the anticipated development in Russia, which is coupled with real GDP growth of around 1.4 per cent in 2017. After two years of economic contraction, we expect to see a moderately positive growth rate of more than 2.0 per cent over the coming years, helped not least by higher oil and gas prices.

With domestic demand recovering, we expect economic growth in Poland to gain more momentum in 2017 and 2018, with growth of 4.2 per cent and 3.3 per cent, respectively. Irrespective of these positive macroeconomic growth expectations, it remains to be seen what impact the currently planned (partial) Sunday opening bans will have on sales trends in the retail industry.

Following a major decline in GDP expansion in 2016, growth in Turkey started increasing significantly towards the end of the calendar year, with the latest forecasts expecting growth of 5.7 per cent for 2017, boosted by a sharp decrease in value added tax on certain product groups, low hurdles to loan approvals, and increased public spending. These political measures are not, however, resolving the deficits inherent in the Turkish economy that are manifested in the continued weakness





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of the Turkish lira vis-à-vis the euro. Private consumption is expected to decline once state intervention ends on 30 April 2017. The tourist industry is a key economic factor that is expected to witness moderate improvement over the course of the current year. In the medium term, from 2018 the Turkish economy is expected to grow by just under 2 per cent in real terms – significantly less than past years (2014 to 2017).

### Consumer electronics retailing

Consumer electronics retailing in Europe is likely to continue its stable development in financial year 2017/18.

In view of the high base level and the relatively low speed of innovation expected in Germany, the electronics retail sector will probably see slight growth in financial year 2017/18.

Technological advances in the TV segment are expected to continue and generate growth momentum in the brown goods sector. Major sporting events are also expected to boost growth moderately in 2018. Trending product categories such as health, sports and beauty, virtual reality and leisure electronics (hoverboards, drones, etc.) will probably stimulate growth and generate initial volume effects. The networking of home automation, household appliances and consumer electronics – subsumed under the term “smart home” – will also continue to grow in relevance.

The saturated Western European electronics markets will continue to record moderate growth in 2018 at the previous year’s level.

Growth in consumer electronics will continue, albeit at different rates across Eastern Europe. Although market growth in Russia is currently only moderate in local currency terms, the positive development of the rouble makes the growth rates look strong in euro terms. Since this one-off currency effect will not recur in 2018, we expect slight to moderate growth in euro terms for the coming year. Poland will continue to grow as in recent years, albeit at a slightly lesser pace from 2018 onwards. However, it remains to be seen what impact the currently planned (par-

tial) Sunday opening bans in Poland will have on sales trends in the retail industry. In light of the political and economic uncertainties, we expect growth in the Turkish market to be slightly weaker in 2018 than has been the case in the past.

### Outlook of CECONOMY

The forecast is adjusted for exchange rate effects and before portfolio changes.

#### SALES

For financial year 2017/18 CECONOMY expects a slight increase in total sales compared to the previous year. The Western/Southern Europe region in particular will contribute to this. Correspondingly, we expect a slight improvement in net working capital compared with the previous year.

#### EARNINGS

Both in terms of EBITDA and EBIT, CECONOMY expects an increase at least in the mid single-digit percentage range, not taking into account the earnings contributions from the investment in Fnac Darty S.A. The Western/Southern Europe region in particular will contribute to this. The comparative previous-year figures for 2016/17 have been adjusted for special items (EBITDA: €704 million, EBIT: €471 million).

In addition, EBITDA and EBIT for 2017/18 include our share of the profit or loss for the period for Fnac Darty S.A. Based on current analysts’ estimates, we expect this investment to make a contribution to earnings in the low to mid double-digit millions in financial year 2017/18.



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# RISK AND OPPORTUNITY REPORT

## Risk and opportunity management system

The demerger of METRO GROUP has resulted in numerous organisational changes. Against this background, CECONOMY has redesigned parts of its risk and opportunity management system to meet the requirements of the new organisation adequately. The new risk and opportunity management system of CECONOMY is presented and explained below. The risk and opportunity profile has also changed due to the demerger of METRO GROUP. The former top risks of METRO GROUP are no longer classified as the material risks for CECONOMY.

In a dynamic market environment, the early identification and systematic exploitation of opportunities is a fundamental entrepreneurial task. This is the prerequisite for our Company's long-term success. CECONOMY is continuously exposed to risks that can impede the realisation of our short-term and medium-term objectives or the implementation of long-term strategies. In some cases, however, we must consciously take controllable risks so as to be able to exploit opportunities in a targeted manner. We define risks as internal or external events resulting from uncertainty over future developments that can negatively impact the realisation of our corporate objectives. We define opportunities as possible successes that extend beyond the defined objectives and can thus positively impact our business development. We consider risks and opportunities as inextricably linked. For example, risks can emerge from missed or poorly exploited opportunities. Conversely, exploiting opportunities in dynamic growth markets or in new business areas always entails risks.

With this in mind, we regard our Company's risk and opportunity management system as a tool that helps us to realise our corporate goals. It is a systematic, Group-wide process. It helps the Company's management to identify, assess and control risks and opportunities. As such, risk and opportunity management is a uniform process. Risk management renders developments and events that could hinder us from reaching our business targets transparent at an early stage and analyses their implications. This allows us to put the necessary countermeasures and monitoring into place in a timely manner. At the same time, this forecasting process allows us to exploit emerging opportunities systematically.

## CENTRALISED MANAGEMENT AND EFFICIENT ORGANISATION

Group-wide risk and opportunity management tasks and responsibilities are clearly defined and reflect our corporate structure. We combine centralised business management by the management holding company CECONOMY AG with the decentralised operating responsibility of our Group companies.

It is the responsibility and a legal requirement of the Management Board of CECONOMY AG to have an adequate governance system in place. This includes, in particular, the risk management, internal control and compliance management systems, as well as internal auditing as components of the governance, risk and compliance system (GRC system). This organisational structure is based on the governance elements identified in Section 107 Section 3 of the German Stock Corporation Act [AktG] as well as the German Corporate Governance Code [DCGK]. The goal of this guideline is to render structures and processes more transparent as well as provide for a uniform procedural-organisational framework for the subsystems. In this way, we aim to increase the transparency and efficiency of the GRC system within CECONOMY as a whole and continuously to improve its effectiveness.

CECONOMY AG's Group committee for governance, risk and compliance (GRC committee) regularly discusses ways to harmonise and refine the GRC subsystems. The committee also regularly discusses the current risk and opportunity situation. Permanent members are representatives of the Group divisions Accounting, Controlling & Reporting, Risk Man-



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agement, Internal Control System, Treasury & Insurance, Group Corporate Legal, Group Compliance, Strategy & VCP, Mergers & Acquisitions, as well as representatives of the risk management of MediaMarktSaturn Retail Group.

**RISK MANAGEMENT**

The Management Board of CECONOMY AG assumes overall responsibility for the adequacy and effectiveness of the risk management system as part of the GRC system. Risks are identified, assessed, managed and monitored by the Group companies. Key elements of internal monitoring include effectiveness checks in the form of self-assessments by the management of the Group companies as well as internal audits.

The effectiveness of risk management is also monitored by the Supervisory Board of CECONOMY AG. In compliance with the provisions of the German Corporate Control and Transparency Act [Gesetz zur Kontrolle und Transparenz im Unternehmens-bereich, KonTraG], the external auditor submits the Company's early detection system as part of the risk management system to a periodic review. The results of this review are presented to the Management Board and Supervisory Board.

CECONOMY AG Corporate Risk Management is responsible for the management and development of our risk management system. The approach, methods and standards of risk management are determined for the Group in coordination with the GRC Committee and, as a current material investment, the MediaMarktSaturn Retail Group. CECONOMY AG Corporate Risk Management informs the Management Board of CECONOMY AG promptly and continuously about significant developments in risk management, ensures the exchange of information within our Company and supports the further development of risk management in the Group companies.

**OPPORTUNITY MANAGEMENT**

Systematically identifying and communicating opportunities is an integral part of the management and controlling system of CECONOMY. Opportunities may refer to internal or external events and developments that can have a positive impact on our business development. As a mat-

ter of principle, we strive to ensure that CECONOMY's main opportunities compensate for the identified risks and that there is at least a balanced relationship between opportunities and risks for the Company.

We conduct macroeconomic analyses, study relevant trends and evaluate market, competition and location analyses. In addition, we analyse the critical success factors of our business models and relevant cost drivers of our Company. The Management Board of CECONOMY AG specifies the derived market and business opportunities as well as efficiency enhancement potential in the context of strategic as well as short-term and medium-term planning. To this end, it seeks close communication with the heads of the Group divisions and the management of the Group companies. As a Company, we focus primarily on business approaches driven by the market and by customers. We continuously review the various elements of our sustainable long-term growth strategy.

**REPORTING**

Group reporting is the central element of internal risk and opportunity communication. It is complemented by risk and opportunity management reporting. The aim is to allow for the structured and continuous monitoring of risks and opportunities and document this in line with legal and regulatory stipulations. In this way, the Management Board receives regular information on the risk situation and ensures that negative trends are identified in good time and appropriate countermeasures can be taken.

We conduct an annual risk inventory to systematically map and assess all material Group-wide risks based on quantitative and qualitative indicators and uniform criteria relating to loss potential and the probability of occurrence. The results of the risk inventory and the risk portfolio are updated on a regular basis.

From a functional point of view, the risk managers at Group level validate the results reported by the Group companies for their area of responsibility. In a second step, they summarise these in a functional risk profile coupled with a detailed description of material individual risks. In a third step, risk profiles for selective categories are validated in direct interac-



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tion between the risk managers at Group level and the GRC committee, and specific steps to improve risk management are devised.

In addition, we consider the results of the analyses of strengths, weaknesses, opportunities and threats carried out as part of the strategic planning process. We also consider analyses and reports that we compile as part of our medium-term planning and projections. Furthermore, we examine relevant results from the internal control system, the compliance management system, the opportunity management system, and internal auditing.

The overarching risk and opportunity portfolio at CECONOMY that emerges from these findings enables us to gain a very good understanding of the Company's risk and opportunity situation. The GRC report describes the status quo and contains recommendations for risk management. In addition, the main features of the GRC subsystems are presented, including planned measures to improve the effectiveness of the GRC subsystems.

The Management Board of CECONOMY AG informs the Supervisory Board and in particular the Audit Committee on an ongoing basis about risk and opportunity management. Once a year, the Supervisory Board receives a comprehensive written report informing it about the organisation and alignment of risk and opportunity management as well as the current risk and opportunity situation.

When preparing the half-year financial report, we regularly review and update the overarching risk and opportunity portfolio for CECONOMY compiled in the previous year.

Furthermore, an emergency notification system takes effect if serious risks to our asset, financial and earnings position arise. In this case, the Management Board of CECONOMY AG directly and promptly receives the necessary information.

## Strict risk policy principles

In principle, METRO GROUP takes entrepreneurial risks only if they are manageable and if the associated opportunities promise reasonable added value. Business interests and risk management aspects are therefore carefully weighed up and harmonised to the extent possible.

We bear the risks associated with core retail processes ourselves. The core processes include the development and implementation of business models, decisions about store locations, and the procurement and sale of merchandise and services. Risks from support processes are reduced within the Group or, where this appears sensible, transferred to third parties. In principle, we do not assume risks that are not related to core processes or support processes.

## Risk management details clearly defined

The coordinated and efficient implementation of measures within risk management is guaranteed by the fact that all relevant facts are compiled in sets of rules based on the internationally recognised standards COSO II and IDW PS 981.

Our Group-wide risk management system thus records all strategic, operational, financial and compliance risks.

In principle, we consider all external and internal risks for prospective one- and three-year periods.

## RISK CLASSIFICATION

All risks identified are classified based on uniform standards and quantitative and qualitative indicators with respect to loss potential (negative effects on our corporate objectives and key performance indicators EBIT and EBITDA) and probability of occurrence (in per cent). In assessing the extent of damage, we distinguish between five classes of Group risks in particular: < €5 million, ≥ €5 million, ≥ €25 million, ≥ €50 million, ≥ €150 million. The probability of occurrence for Group risks is also divided into five classes: unlikely (≤ 5 per cent), low (> 5 to 25 per cent),



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possible (> 25 to 50 per cent), likely (> 50 to 90 per cent), high (> 90 per cent). All risks are assessed on the basis of their potential impact at the time of the risk analysis and before potential risk-minimising measures (presentation of gross risks, that is, before the implementation of risk-limitation measures, but taking into account measures that have already been effectively implemented). In principle, but at least from a probability of occurrence of 25 to 50 per cent, concrete measures are defined and implemented for each risk in order to control or avoid the risk or to mitigate the effects associated with it.

**Presentation of the risk situation**

In addition to the general risks, the Management Board of CECONOMY AG has identified and evaluated the following risks (gross risks) for the reporting period, which are material for CECONOMY.

CECONOMY's risks are classified into three categories – high, medium and low – on the basis of the loss potential and the probability of occurrence:

≥ 150 million Critical	1	M	H	H	H	H
≥ 50 million Considerable	2	M	M	H	H	H
≥ 25 million Significant	3	L	M	M	M	H
≥ 5 million Moderate	4	L	L	L	M	M
< 5 million Marginal	5	L	L	L	L	L
		E	D	C	B	A
		≤ 5% - Unlikely	> 5-25% - Minor	> 25-50% - Possible	> 50-90% - Likely	> 90% - High

The risks classified as high (H) are considered material for CECONOMY and are described in detail below. The sequence does not reflect the significance of the risks. Risks that we classify as medium (M) or low (L)

are not presented separately in the risk and opportunity report unless we expect the risk to become particularly relevant for the Group or our shareholders in the future.

No.	Material risks 2016/17	Risk group	Risk assessment
1	Significant intensification of competition in the transformation to digital	Risks related to the retail business	high
2	Default of receivables due to insolvency of business partners	Risks related to the retail business	high
3	Rating downgrade of CECONOMY AG	Financial risks	high
4	Budget and forecast deviations due to increasingly dynamic customer behaviour and against the background of macroeconomic developments (including the reduction in the value of goodwill and assets as a result of the deviation)	Financial risks	high

In the following, we explain the material risks, classified into various risk groups and the corresponding control measures.

**RISKS RELATED TO THE RETAIL BUSINESS**

Particularly in the saturated markets of Western Europe and against the backdrop of digital change, the retail industry is characterised by a high rate of change and intense competition. The resulting conditions can influence business development and represent natural business risks. A major business risk is a significant intensification of competition in the transformation to digital, especially from online retailers such as Amazon (risk no. 1). The intense competition for market share in saturated markets and, during the consolidation phase against competitors that price aggressively, can lead to increasing pressure on margins and the loss of market share. In order to mitigate this risk, we continuously monitor the market and our competitors and play an active role in market consolidation.

We also regularly evaluate internal and external information so that we can identify market trends and the changing needs of our customers at an early stage.



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In addition, the default of receivables due to the insolvency of important suppliers, in particular mobile communications providers, is also a risk that we continuously monitor and control (risk no. 2). To this end, we regularly analyse information about our suppliers in order to be able to take early protective measures with regard to outstanding receivables if necessary. This naturally also includes an examination of the creditworthiness of our contractual partners. We grant higher receivables only to business partners with good credit ratings. In addition, regular checks are carried out to determine whether, for example, an adjustment of existing contracts with mobile phone providers can contribute to a reduction in the risk of default.

**FINANCIAL RISKS**

The risk of price changes (interest rate risks, currency risks, share price risks), liquidity risks, credit risks in dealings with counterparties in the context of financial transactions and risks arising from cash flow fluctuations may have a significant negative impact on our financial result. CECONOMY's financial risks are therefore managed centrally.

Ensuring CECONOMY AG's unlimited access to the capital markets is integral to the management of financial risks. A downgrading of our rating to a non-investment grade below Baa3/BBB- would have a negative impact on our liquidity and Group financing (risk no. 3). In addition, negative effects on net working capital cannot be ruled out. In principle, a deterioration in net working capital would trigger additional financing requirements. For this reason, we continuously optimise and monitor ratings-relevant key figures to allow us to initiate countermeasures at short notice. In order to counteract this risk, our strategy focuses on optimising our net working capital and funds for investment.

In addition, we have identified unexpected deviations from the budget or forecast as a further risk (risk no. 4), particularly in view of increasingly dynamic customer behaviour and macroeconomic developments. Such discrepancies could cause us to fail to meet our targets or to make business decisions based on incorrect assumptions. This might necessitate a revaluation of assets, including goodwill, which would have a negative impact on our assets and results of operations (EBIT). Deviations from

our forecasts could also lead to a loss of confidence on the capital market. For this reason, we attach high priority to measures designed to limit these risks. In this context, we consistently implement strategic and organisational measures aimed at improving the quality of data and forecasts and at improving earnings. Special emphasis is placed on countries for which there is an impairment risk.

In addition, the steps we take to counter these risks include careful monitoring as well as effective internal controls for the budget and forecast process. We also continue to intensify the planning process and the related internal information flow and coordination processes. Closer integration of strategic planning and the budgeting process as well as a stronger involvement of the supervisory bodies in the strategy and budgeting process contribute to this. We also support the proactive implementation of CECONOMY's strategy by developing and implementing value creation plans at the country level. Finally, the outlook offers insights into the Group's expectations for business development during the coming financial year.

**RISKS RELATED TO BUSINESS PERFORMANCE**

The online business is a strong growth driver for CECONOMY. We are therefore constantly pushing ahead with the expansion of our online activities. The resulting increase in complexity presents additional challenges and risks, which we counteract by working closely with the relevant departments. A delay in online expansion due to the intensification of competition, especially from online retailers such as Amazon, could lead to a weakening of CECONOMY's competitive position and thus dampen sales growth.

In addition, significantly slower growth than forecast in the Services & Solutions division may result in a loss of market share to our competitors. In addition to negative effects on sales and EBITDA/EBIT, the relevance of the Services & Solutions division for our business model and for communications with the capital market could have capital market-related effects.



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In addition to the material risks for CECONOMY described above, there are also risks resulting from the demerger of METRO GROUP, for example tax risks. These were continuously monitored and evaluated prior to and after the demerger. For CECONOMY, however, we estimate the probability of occurrence to be less than 5 per cent and therefore do not consider the risks to be material for the Group.

The following risks are continuously analysed in the context of risk management due to their general significance, but from today's perspective they are not material for CECONOMY.

One risk that is not considered material to CECONOMY relates to the macroeconomic and political situation in the countries in which we operate. The uneven development of the global economy with solid growth in Western and Central Europe and weaker development in the Eastern European markets presents challenges for CECONOMY. In addition, the constantly changing basic conditions in these countries as well as unrest, changes in political leadership and attacks represent risks for CECONOMY. In this context, Turkey stands out during the reporting period, as the domestic political situation remains tense. However, our international presence provides us with the opportunity to offset economic, legal and political risks as well as fluctuations in demand between individual countries.

In addition, we have identified new and increasingly complex regulations on data protection, such as the processing of personal data or the use of customer-specific information, as a risk to our Company. We are therefore actively preparing for the implementation of the new general data protection regulation. This includes a large number of strategic and organisational measures, including strengthening awareness of the requirements of data protection at all levels in the Group, as well as anchoring the obligation to comply with data protection regulations in the employment contracts in accordance with the German Federal Data Protection Act [Bundesdatenschutz-gesetz, BDSG]. In particular, employees of Company units who have access to and work with sensitive data are given intensive training on the subject of data protection and data security.

We have also identified disruptions of important business processes, such as downtimes of IT systems or cyber attacks, as a non-material risk for CECONOMY. Systems for online retailing must be continuously available, as these systems are a prerequisite for unlimited access outside normal store hours. Systems that are essential for business operations in the stores, especially checkouts, are largely self-contained and can continue to be used for some time even during events such as network failures or the failure of central systems. In the event of partial network failures, they can automatically reroute shipments or switch to redundant routes. Modern technologies such as remote server management and cloud computing allow us to use our hardware efficiently. In addition, in the event of one or more server failures, centralised IT systems can be quickly restored.

In addition, other non-material risks may arise from the various legal regulations and self-imposed standards of conduct to which CECONOMY is subject. For example, in CECONOMY's business relationships with suppliers, antitrust law risks may arise, for example, in areas such as the resale prices for merchandise. Appropriate risk provisions were created for pending antitrust proceedings where liability is sufficiently substantiated. Employees in sensitive business areas receive intensive training as part of the antitrust programme. As a matter of principle, legal requirements in the various jurisdictions, as well as the expectations of our customers and the public regarding corporate compliance, have continued to increase and become more complex. In response to these requirements, CECONOMY has established a Group-wide compliance system that it continuously refines. The aim of this system is to systematically and sustainably prevent regulatory infringements within the Company.

**Presentation of opportunities**

CECONOMY has numerous opportunities to ensure long-term positive business developments. Above all, these are due to the fact that we respond in a rigorous manner and at an early stage to the needs of our customers. Our main goal is to create added value for our customers and to provide support to them in the digital world. To this end, we are con-



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stantly developing new business models, solutions and formats and making use of the opportunities arising from digitalisation.

We also take into account demographic developments, increasing differentiation in the mature markets of Western Europe and population growth in developing and emerging countries. We analyse the relevant global and national trends and take decisions aimed at systematically exploiting opportunities of the future and creating competitive edges.

We have identified the following opportunities that may have a positive impact on our ability to meet our corporate goals over the next five years as material for CECONOMY.

**OPPORTUNITIES FROM THE DEVELOPMENT OF BUSINESS CONDITIONS**

During financial year 2017/18, we expect a slight improvement in business conditions for retail, which, however, could support our sales and earnings development.

**STRATEGIC BUSINESS OPPORTUNITIES**

CECONOMY is very well known in the countries in which it operates. We have assumed leading positions in many markets. We must further strengthen and expand these. Weaker market participants have withdrawn, especially in countries with challenging basic conditions. We are working to fill these gaps or, when reasonable, to take over individual locations and plan to actively move pan-European market consolidation forward. Market exits of competitors would create additional opportunities for market share gains. To this end, we continuously analyse competitors and other potential acquisition candidates. We also see additional potential in the successful repositioning of national and subsidiary companies operating in a difficult economic environment (e.g. Russia, Italy). Ongoing transformation, repositioning and restructuring measures aim to improve the market position and boost its profitability, particularly with respect to focal topics such as the consolidation of procurement activities, logistics and the country portfolio.

Another important opportunity for the future success of our Company is a significantly faster than expected expansion of the online business.

The online business in retailing is experiencing high growth rates and the online market share could start to come close to that of the brick-and-mortar business. We believe that the positive development in the online business will continue and create continued competitive momentum both in the store-based business and in online retail over the medium term. As a result, it is imperative for CECONOMY to further develop its internet sales channel. Our internet presence has already intensified in recent years and we are continuously optimising our online shops. In financial year 2016/17, we made further progress in the transformation from a purely brick-and-mortar store to a multi-channel distribution channel, combining the advantages of the physical and digital world. Unlike pure online providers, we create real added value for customers this way. In order to ensure further online expansion, we invest not only in technical resources but also in our employees, who bring the necessary expertise to our companies.

We also see an important opportunity in the further expansion of our service offering. The focus of these efforts is on the customer and his or her needs, for example in providing support for increasingly complex products. To this end, we have set up smart bars at our stores to carry out repairs on site and assist customers in the event of problems. In order to support our customers in technical matters at home, we cooperate with DTB Deutsche Technikberatung GmbH, in particular. Against this backdrop, we are constantly reviewing possible acquisitions that will further enhance our range of services. In addition, we develop and implement new service concepts that extend and complement our range of services.

We see a further opportunity in our strategic investment in Fnac Darty S.A., in which we acquired a stake of around 24.33 per cent in July 2017.

We also see opportunities in intensified cooperation with our strategic partners. For example, we are already testing our shop-in-shop concepts, which include the electronics departments of METRO Cash & Carry, in Russia.

We believe that the application of innovative ideas relating to progressing digitalisation will increasingly shape the future of retail and drive the





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development of new business models. Digitalisation also influences the behaviour of our customers. In our Group, we see potential for those new business models which offer excellent added value to our customers, in line with our strategy and building on existing strengths of our operating processes. We therefore continually review new concepts and maintain an intensive exchange with startups that are relevant to us, in some cases through direct investments in startups, in order to gain insight into new business areas and develop innovative ideas. In the past, the Space-lab Accelerator programme has been mainly used for this. In the future, CECONOMY will be supported by the newly founded "Retailtech Hub".

### BUSINESS PERFORMANCE OPPORTUNITIES

In addition to systematically tapping cost-cutting potential, productivity increases, especially through process optimisation, and the centralisation of core functions across the entire organisation create the basis for sustainable success. This effort includes a number of projects that we have already initiated and will systematically continue to pursue. These include, for example, centralising our purchasing and optimising the supply chain. Should we make more progress in implementing further productivity enhancements than we currently expect, this could have a positive impact on our business development.

Sustainability is important to us and we believe that it will continue to grow in importance globally. Expectations of customers, employees, investors, policymakers and society will increase, and we want to live up to them. To this end, we are developing a holistic sustainability strategy that we are systematically implementing. In addition to increasing the attractiveness of our brand, the range of products and our own brands, we see in the area of sustainability an abundance of new business models that we are currently analysing in detail with regard to their potential. In addition, we continually review further opportunities and initiatives in sustainability. These include developing a more sustainable range of products and services as well as taking measures to reduce CO<sub>2</sub> emissions. These opportunities and our social commitment can have a positive impact on our reputation. This will help us to grow our sales over the medium term. We also believe that a stronger focus on sustainability can have a positive impact on our shares. This will make us more attractive,

especially to investors with a sustainable outlook, and we will be able to gain access to better conditions.

### Overall assessment of the risk situation by the Company's management

The Management Board and the Supervisory Board of METRO AG are regularly informed about the Company's risk and opportunities situation. The demerger of METRO GROUP has changed the overall risk and opportunity profile, meaning that it is no longer comparable with the previous year. To evaluate the present risk situation, we not only analysed individual risks and opportunities: the interdependencies between risks were also analysed and rated according to their probability and impact. The assessment has shown that the overall risks are manageable. The individual and cumulative risks identified do not represent risks that jeopardise the continuity of CECONOMY AG due to illiquidity or over-indebtedness over a period of at least one year. We are confident that CECONOMY's earnings strength provides a solid foundation for sustained positive business developments and the exploitation of numerous opportunities. This assessment is mirrored by the rating of the internationally leading, independent rating agency Moody's, whom we commissioned. CECONOMY has an investment grade credit rating of Baa3 – with a stable outlook. The Management Board of CECONOMY AG does not currently expect any fundamental change in the risk and opportunities situation.



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# REMUNERATION REPORT

This remuneration report provides explanatory information on the remuneration of the Management Board, Supervisory Board and executives of CECONOMY AG. The main features of the remuneration system for the Management Board and Supervisory Board are presented, as well as the structure and amount of the remuneration. For executives, the report provides information on their share-based remuneration.

The information on the Management Board and Supervisory Board follows the German Commercial Code [HGB] and the recommendations of the German Corporate Governance Code [DCGK].

## **Significant remuneration systems for the members of the Management Board of the former METRO AG and for the members of the Management Board of CECONOMY AG in financial year 2016/17**

The remuneration system for the members of the Management Board of the former METRO AG valid at the beginning of financial year 2016/17 was approved by 99.6 per cent of the votes cast at its Annual General Meeting on 20 February 2015. As a result, it was not yet able to account for the division of the former METRO GROUP into two independent, listed companies in the year under review. Against this backdrop, the Supervisory Board of former METRO AG had developed new Management Board remuneration systems for the two units resulting from the division, which it specifically focused on the respective business activities in consumer electronics and the wholesale and food retail segment.

Once the spin-off took effect, the remuneration was settled during the year in accordance with the remuneration system applicable at the beginning of the 2016/17 financial year. Since the beginning of financial year 2017/18, CECONOMY AG has been subject to the new remuneration

system, which was approved by the Annual General Meeting of former METRO AG on 6 February 2017 with 79.1 per cent of the votes cast and which the Supervisory Board of former METRO AG again adjusted in individual aspects at its meeting in March 2017.

The main characteristics, primarily of the remuneration of the Management Board of the former METRO AG in financial year 2016/17 for the period until the spin-off took effect (members of the Management Board active up to the time of the spin-off Olaf Koch, Pieter C. Boone, Mark Frese, Pieter Haas, Heiko Hutmacher), and the remuneration of the Management Board of CECONOMY AG in financial year 2016/17 after the date of the spin-off are presented below, as is the remuneration of the Management Board of CECONOMY AG (from this time the members of the Management Board in office were Pieter Haas, Mark Frese und Dr Dieter Haag Molkenteller) in financial year 2016/17.

### **GENERAL CHARACTERISTICS**

The remuneration system for the Management Board includes the general benchmarks for determining the individual remuneration of the members of the Management Board, as well as specific guidelines for the composition and structure of the individual remuneration components. In accordance with the provisions of the German Stock Corporation Act [AktG] and the German Corporate Governance Code [DCGK], the Supervisory Board of CECONOMY AG decides on the system for the remuneration of the Management Board. With a view to this determination, the Code of Procedure of the Supervisory Board of CECONOMY AG has assigned the task of preparing the Supervisory Board's resolution and, if necessary, of issuing a recommendation for a resolution to the Presidential Committee. The Supervisory Board of the former METRO AG had delegated this preparatory work to the Personnel Committee of the Supervisory Board of the former METRO AG until the spin-off took effect.

In principle, the total compensation of the Management Board consists of a fixed annual salary and two variable performance-related components. In order to create balanced incentives to increase the Company's success, the two variable components differ in their bases of assess-



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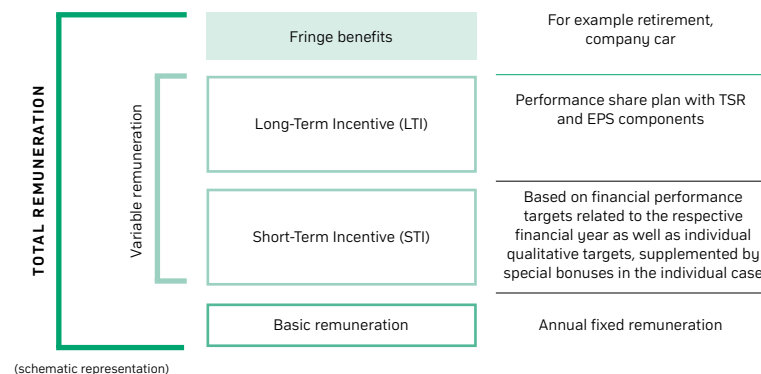
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ment, both with regard to the parameters on which they are based and the relevant observation periods.

In addition to the remuneration components in the narrower sense, the Company also offers post-employment benefit plans and other supplemental benefits.

Total compensation of the Management Board and the individual remuneration components are geared appropriately to the responsibilities of each individual member of the Board, his or her personal performance and the Company's economic situation, and fulfil legal stipulations regarding customary remuneration. New members of the Management Board may receive a reduced fixed salary and variable remuneration compared to members who have served longer on the Management Board. There is no provision for remuneration to increase as the time served on the Management Board increases.

**Remuneration system for the members of the Management Board**



(schematic representation)

**Fixed salary**

The fixed salary is agreed with the respective Management Board members as fixed remuneration and is paid out in monthly instalments.

**Performance-based compensation (short-term incentive)/special bonuses**

The short-term incentive (STI) rewards the Company's operating performance on the basis of financial performance targets for the respective financial year.

A target value in euros is set for each member of the Management Board. The payout amount is calculated by multiplying the target value by a certain factor. The respective factor is determined as the overall target achievement level of the target achievement levels of the relevant financial performance targets, which have been determined in advance.

Achievement of the financial performance targets defined in detail is measured by the development of predefined parameters or key Company figures in relation to the respective financial year.

To determine whether a target has been achieved, before the beginning of the relevant financial year, the Supervisory Board generally determines thresholds (entry barriers) and target values for the achievement of each performance target and a performance target value of 1.0 (equivalent to 100 per cent target achievement) for each parameter to be considered. In accordance with the regulations in the employment contracts of the members of the Management Board, the Supervisory Board takes into account the Company's annual budget submitted by the Management Board for approval by the Supervisory Board for the relevant financial year when determining the threshold values. After the end of the financial year, the degree to which targets have been achieved is measured for each of the performance targets and a target achievement factor is determined. The following sample calculation illustrates the range of possible target achievement levels:

- If 100 per cent of the target is met, the target achievement level is 1.0.
- If the level of target achieved is less than or equal to the threshold, the target achievement level is 0.0.



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43	Overview of financial year 2016/17 and forecast	To ensure the individual performance orientation of Management Board remuneration and to reward the performance of individual members of the Management Board, the Supervisory Board reserves the general right to reduce or increase the weight of the individual short-term incentive by up to 30 per cent at its discretion.
45	Group principles	In addition, the Supervisory Board may grant special bonuses to members of the Management Board for exceptional performance.
66	Economic report	<b>Long-term incentive</b> The long-term incentive (LTI) is designed to achieve sustainable growth in the Company's value and, accordingly, applies a multi-year assessment basis.
87	Report on events after the closing date and outlook	The long-term incentive is usually structured as a plan, from which the members of the Management Board are issued with individual tranches each financial year, and with a term of usually three to four years. Achievement of the target is determined over the term of the respective tranche on the basis of performance targets, which provide specific incentives for long-term and sustainable corporate development, taking into account the expectations of shareholders and other stakeholders.
90	Risk and opportunity report	As part of the long-term incentive, a target amount in euros is also initially set for each member of the Management Board. The payout amount is calculated by multiplying this target value by the factor of overall target achievement.
<b>98</b>	<b><u>Remuneration report</u></b>	Separate rules for the payout of the tranches have been agreed upon for the case of employment being terminated.
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**REMUNERATION SYSTEM FOR THE MEMBERS OF THE MANAGEMENT BOARD OF THE FORMER METRO AG UNTIL THE SPIN-OFF TOOK EFFECT**

In the past financial year, the spin-off made it necessary to adjust the performance targets and benchmarks during the year. This related to both the one-year variable remuneration and the multi-year variable remuneration. In this context, the previously issued tranches of the multi-year variable remuneration were also corrected, which required the declaration of a deviation from the recommendation in accordance with Section 4.2.3 (2) sentence 8 DCGK.

**Performance-based compensation (short-term incentive) / special bonuses**

The remuneration system, which was unchanged from the previous year at the beginning of the 2016/17 financial year, initially provided for rewarding the Company's operating performance through the short-term incentive, with the following three financial performance targets for the financial year having a relative weighting of one third each:

- EBIT before special items of the former METRO GROUP,
- METRO GROUP's return on capital employed (ROCE), and
- Like-for-like sales growth of the former METRO GROUP.

For the spin-off year 2016/17, however, the Supervisory Board decided to modify the STI in the event that the spin-off of the wholesale and food retail business from the former METRO AG became effective – as expected – before the end of financial year 2016/17. If the spin-off of the wholesale and food retail business became effective before the end of the 2016/17 financial year, the STI would be settled and paid out during the year. The ROCE performance target, which, due to the highly seasonal nature of the retail business, cannot be reasonably settled for during the course of the year, should be left out of the equation and settlement should be based solely on the two other performance targets, which in this case should be weighted at 50 per cent each. The settlement of the STI during the financial year should then be based on the achievement of



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targets at the immediately preceding quarterly closing date and the STI target values calculated pro rata.

The effective date of the spin-off, which was entered in the commercial register of the former METRO AG on 12 July 2017, resulted in the relevant dates for determining the achievement of the target achievement and for the pro rata calculation of the STI target values. Accordingly, the individual target values and payout caps shown in the following table were used as a basis for the interim financial statements.

€	Target value of the short-term incentive for financial year 2016/17 up to the time the spin-off took effect	Payout cap for financial year 2016/17 up to the time the spin-off took effect
Olaf Koch	938,710	1,877,420
Pieter C. Boone	569,032	1,138,064
Mark Frese	704,032	1,408,064
Pieter Haas	704,032	1,408,064
Heiko Hutmacher	704,032	1,408,064

### Long-term incentive

At the beginning of financial year 2016/17, former METRO AG issued various tranches from the following plans to the members of the Management Board:

#### – Performance share plan – Tranche 2013

The last tranche of the performance share plan issued in the short financial year 2013 and not yet completed at the beginning of the financial year 2016/17 was based on the allocation of performance shares, which after a period of at least three years were entitled to a cash payment depending on the development of the price of the former METRO share in absolute and relative terms compared to the average value of the DAX 30 and Euro Stoxx Retail stock indices – total return. In order to support the incentive effect of the performance share plan, which is geared to sustainable corporate development, Share Ownership Guidelines were also introduced, which make the payment of the performance shares conditional on the members of the Management Board building and holding a self-financed investment in former METRO shares.

#### – Sustainable Performance Plan (2013/14)

The 2013/14 tranche of the Sustainable Performance Plan 2013/14 had a term of three years and was determined by the performance targets “Return on equity/total shareholder return (TSR)” and “Sustainability”.

#### – Sustainable Performance Plan Version 2014

The tranches 2014/15 and 2015/16 of the Sustainable Performance Plan Version 2014 were based on the three performance targets “Return on equity/total shareholder return (TSR)”, “Sustainability” and “Earnings per share (EPS)”. In addition to share-based key figures and internal growth, the target setting and the corresponding incentive effect also took into account qualitative aspects of business, environmental and social company management.

In November 2016, the Supervisory Board of former METRO AG resolved to settle the performance-based remuneration with long-term incentive effect during the year for those tranches of performance-based remuneration that had not actually been terminated at the time the spin-off became effective. Accordingly, the tranches of Sustainable Performance Plan 2013/14 that had not yet been terminated as planned at the time the spin-off became effective, were settled and paid out at fair value. For the tranches Sustainable Performance Plan 2014/15 and Sustainable Performance Plan 2015/16, the portions earned at the relevant point in time were settled and paid out at fair value, while the portions not yet earned at this point in time and their corresponding pro rata target values were transferred to a new long-term incentive plan for the unit resulting from the allocation. For the portion of the tranche Sustainable Performance Plan 2014/15 contributed to the new plans, the key figure established was “Return on Capital Employed (ROCE) before special items”. For the portion of the tranche Sustainable Performance Plan 2015/16 contributed to the new plans, the performance period was shortened to 40 exchange-trading days after the Annual General Meeting in 2019 and the key figure was set as “Earnings per share (EPS)”.



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**REMUNERATION SYSTEM FOR THE MEMBERS OF THE MANAGEMENT BOARD OF THE FORMER CECONOMY AG UNTIL THE SPIN-OFF TOOK EFFECT**

The remuneration system for the members of the Management Board of the former CECONOMY AG from the time the spin-off took effect include, in addition to a fixed salary, a short-term performance-based remuneration component and a performance-based remuneration component with a long-term incentive effect. In addition, the Company grants members of the Management Board post-employment benefits and other supplemental benefits.

**Short-term performance-based remuneration (short-term incentive)**

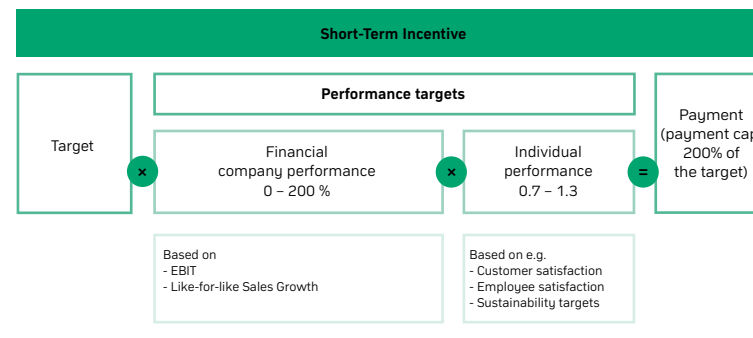
For the STI in financial year 2016/17, from the date on which the spin-off takes effect, the following equally weighted parameters apply:

- EBIT before special items
- Like-for-like sales growth

In accordance with the interim settlement in financial year 2016/17 at the time the spin-off took effect, the following pro rata target values and payout caps were used for the short-term incentive in financial year 2016/17 from the time the spin-off took effect, calculated pro rata:

	Target value of the short-term incentive for financial year 2016/17 from the time the spin-off took effect	Payout cap for financial year 2016/17 from the time the spin-off took effect
€		
Pieter Haas	231,677	463,355
Mark Frese	182,903	365,806
Dr Dieter Haag Molkenteller	87,097	174,194

**Short-term performance-related remuneration**



**Long-term incentive**

The LTI provides incentives to achieve sustainable and long-term corporate development, taking into account internal and external performance as well as the interests of shareholders and other stakeholders associated with the Company. For this reason, a multi-year assessment basis is used: the annual tranches of the performance share plan have a three-year performance period.

Conditional performance shares are allocated to each member of the Management Board, the number of which corresponds to the ratio of the individual target value and the average share price of the Company's ordinary share at the time of allocation. This is based on the average Xetra closing price of the Company's ordinary share over a period of 40 consecutive stock exchange trading days immediately following the Company's Annual General Meeting in the grant year. The performance period ends on the 40th stock exchange trading day after the Annual General Meeting of the third financial year following the issue of the tranche. After the performance period of a tranche has expired, the final number of performance shares is determined. This depends on the achievement of two performance targets, which are each weighted at half of the LTI's target amount:

- Earnings per share (hereinafter: EPS);



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– Return on equity/total shareholder return (hereinafter: TSR).

**EPS component:** As a rule, at the beginning of the financial year in which the tranche of the performance share plan is granted, the Supervisory Board decides on a lower threshold (entry barrier) for target achievement and an EPS target value for 100 per cent target achievement. A factor is allocated to the specific degree of target achievement: if the degree of target achievement is less than or equal to the entry barrier at the end of the performance period, the factor is zero; if the target achievement is 100 per cent, it is 1.0. The factor for all other values (including above factor 1.0) is determined linearly.

**TSR Component:** The target achievement factor of the TSR component is developed on the basis of the relative development of the return on the Company's ordinary shares in the performance period compared with a defined benchmark index or certain comparison groups.

At the beginning of the financial year in which the performance share plan is granted, the Supervisory Board also normally decides on a lower threshold (entry barrier) and a TSR target value for 100 per cent fulfilment of the target.

The Xetra closing prices of the Company's ordinary shares are calculated over a period of 40 consecutive stock exchange trading days immediately after the Company's Annual General Meeting in the grant year in order to determine the achievement of the target. This is used to calculate the mean, which is known as the starting share price. The performance period for this component begins on the 41st stock exchange trading day after the Annual General Meeting. Over a period of 40 consecutive stock exchange trading days immediately following the Annual General Meeting three years after determination of the initial price and issue of the respective tranche, the Xetra closing prices of the Company's ordinary shares are determined. This is used again to calculate the mean, which is known as the ending share price. The TSR percentage value will be determined on the basis of the change in the Company's ordinary or performance share price and the total amount of hypothetically reinvested

dividends throughout the performance period in relation to the starting and ending share prices in accordance with the following formula:

**TSR components**

$$TSR = \frac{\text{Final price}_3 \times \prod_{t=1}^3 \text{dividend adjustment}_t}{\text{Starting price}_0} - 1$$

$$\text{Dividend adjustment factor}_t = \frac{\text{Closing price before dividend distribution}_t}{\text{Closing price before dividend distribution}_t - \text{dividend distribution}_t}$$

The Company's TSR calculated in this way is compared with the TSR of a defined benchmark or a defined peer group (index TSR) in the performance period. The respective degree of target achievement is assigned a factor. If the degree of target achievement after the performance period has ended is smaller or equal to the entry hurdle, the factor is zero, for a target achievement of 100 per cent it is 1.0. The factor for all other values (including above a factor of 1.0) is determined in a linear fashion.

**Determination of the target number of the performance shares and payment amount:** From the target achievement factor of the EPS and TSR component, the arithmetic mean is formed, which forms the overall target achievement factor. With this total target achievement factor, the target number of the performance shares is determined by means of linear interpolation, which result in a cash payment in euros at the end of the performance period of the tranche. In this process, the number is limited to a maximum of 300 per cent of the conditionally assigned number of performance shares.

The payment amount, which is calculated per performance share, is thus determined as follows: once again, the Xetra closing prices of the Company's ordinary share are determined over a period of 40 consecutive trading days immediately following the Annual General Meeting three years after calculating the starting share price and issuing the applicable tranche. The average is again formed from this and all dividends paid



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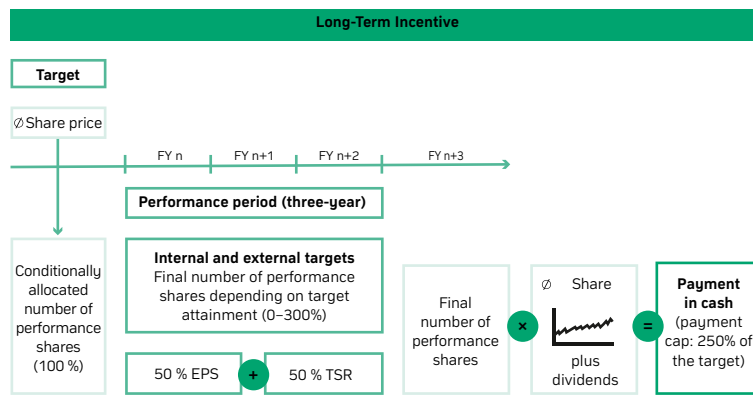
during the performance period for the ordinary share of the Company added to it. This equity factor is multiplied by the number of performance shares determined and then subsequently determines the payment amount.

The payment amount is limited to a maximum of 250 per cent of the agreed individual target amount (payment cap).

The payment of the LTI is made no later than four months after the ordinary Annual General Meeting, which decides on the appropriation of the balance sheet profit of the last financial year of the performance period, but not before approving all annual and consolidated financial statements for the financial years of the performance period.

**Share Ownership Guidelines:** The Performance Share Plan is linked to Share Ownership Guidelines. As a requirement for the payment of performance shares in cash, the members of the Management Board are obliged to establish for each tranche an independently financed investment in ordinary shares of the Company by the end of February in the third year of the performance period. In this process, the amount to be invested per tranche by the Chair of the Management Board is two thirds of his gross annual base salary, and for an ordinary member of the Management Board, 50 per cent of his or her gross annual base salary. The plan aims for the Chair of the Management Board to have invested 200 per cent, and an ordinary member of the Management Board 150 per cent of his or her gross annual base salary in ordinary shares of the Company within five years of service, with reference to the purchase price calculated for the relevant shares. The number of purchasable ordinary shares is guided by the average price of the Xetra closing prices of the ordinary share on the 40 directly consecutive trading days after the statement of financial position conference, which is held before the month of February in the third year of the performance period. It corresponds to the quotient of the amount to be invested from the gross annual base salary and the average price determined. If the independently financed investment in ordinary shares of the Company on the relevant necessary due date is not fulfilled or not fulfilled completely, the determined payment amount is initially paid out in cash, but with the obligation to invest in ordinary shares of the Company until the Share Ownership Guidelines have been fulfilled.

**Performance-based remuneration**







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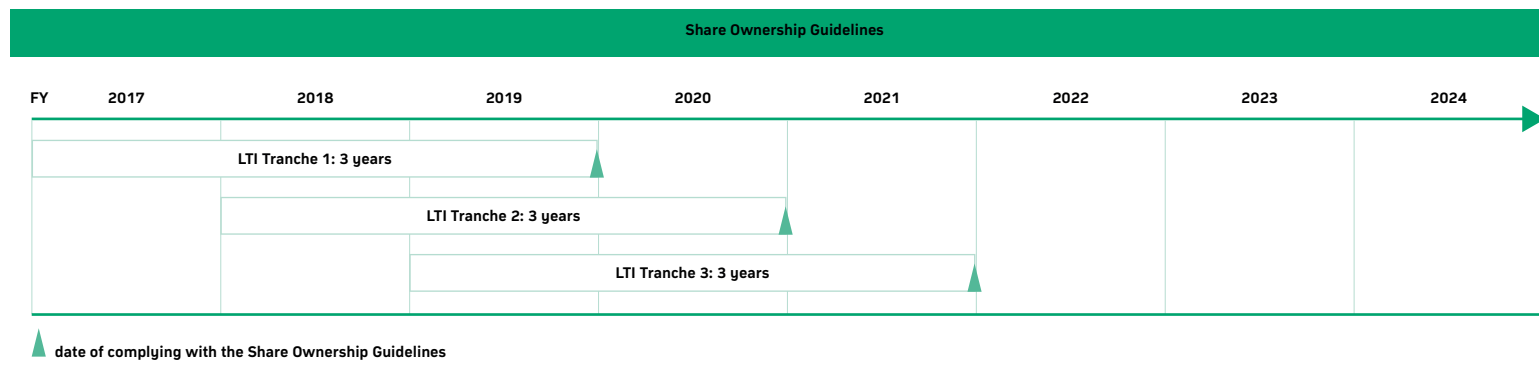
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**Share Ownership Guidelines**



**Regulations for the departure of a member of the Management Board:** If a member of the Management Board leaves the Company on expiry of his or her term in office, entitlements obtained during the term of the service agreement do not become due early, but under the conditions of the LTI at the regular end of the tranches in the same way as for the members of the Management Board who are still active for the Company.

Payments from the LTI are not made in the following cases:

- Release of a member of the Management Board for good cause
- Immediate removal of a member of the Management Board
- Cancellation of the service agreement by the Company for good cause
- Early termination of the service agreement or removal of the appointment to the Management Board or release by the Company on request of the relevant member of the Management Board. If the Supervisory Board has indications of well-founded exceptions, such as in cases of hardship, it may deviate from the above regulations at its discretion.

In the event of amicable revocation of the appointment and/or an amicable early termination of the service agreement of a member of the Management Board and if the wish of the relevant member of the Management Board is not authoritative for this, a pro rata calculation of the claims for the period in which the member of the Management Board was active on the board function until removal is carried out. Calendar months that were started are considered in full for this purpose. In doing so, tranches not yet granted are not included. LTI benefits are granted at the regular end of the tranches in the same way as for the members of the Management Board who are still active for the Company.

**Post-employment benefit plans**

In 2009, post-employment benefit plans were introduced for members of the Management Board in the form of a direct commitment with a contribution-based and a performance-based component.

The contribution-based component is financed jointly by the Management Board and the Company. Here, the apportionment of "7 + 14" applies. If the member of the Management Board contributes 7 per cent of their defined assessment base, the Company adds the double contribution. When a member of the Management Board leaves the Company before retirement age, the contributions retain the level they have



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reached. The performance-based component is congruently reinsured by Hamburger Pensionsrückdeckungskasse VVaG (HPR). The interest rate for the contributions is paid in accordance with the Articles of Association of the HPR with regard to profit participation, with a guarantee applying to the paid-in contribution.

There is an entitlement to pension provisions

– if the working relationship ends with or after the reaching of standard retirement age as applies to the German state pension scheme.

– as early retirement benefits, if the working relationship ends at the age of 60 or after the age of 62 for pension benefits that were granted after 31 December 2011, as well as ends before reaching standard retirement age.

– in the case of disability or death insofar as the relevant conditions for entitlement have been met.

Payment can be made in the form of capital, instalments or a life-long pension. A minimum benefit is granted in the case of invalidity or death. In such instances, the total amount of contributions that would have been credited to the member of the Management Board for every calendar year up to a credit period of ten years, but limited to the point when the individual turns 60, will be added to the benefits balance. This performance-based component is not reinsured, but will be provided directly by the Company when the benefit case occurs.

Furthermore, since 2015, members of the Management Board have been offered the option of converting future compensation components in the fixed salary as well as in the variable remuneration into Company pension entitlements with Hamburger Pensionsrückdeckungskasse VVaG as part of a tax-privileged compensation conversion scheme.

**Further supplemental benefits**

The supplemental benefits granted to members of the Management Board, in addition to occupational pension provisions, include non-cash

benefits and expense allowances (for example, company cars). A cap exists for the cash value benefits associated with the private use of company cars and for the amount of supplemental benefits overall.

**Benefits in the event of the employment relationship ending**

In the event of an early end to their activity, the active members of the Management Board are paid out the contractual claims existing for the remaining period of their employment contracts in principle in the form of one-off remuneration, while the severance payment including supplemental benefits will in any event not exceed the value of two annual salaries (severance payment cap). Benefits in the event of an end to their activities are granted to the active members of the Management Board in addition to the provisions for pensions as described, in connection with a change in control or in the form of a waiting allowance for the period of a non-compete clause following contract termination. Pensions for non-activity are not granted.

In the event of the death of a member of the Management Board during active service, his or her surviving dependants will be paid the fixed salary for the month in which the death occurred as well as for an additional six months.

**Payment caps**

The remuneration should under Item 4.2.3 of the DCGK overall and as regards its variable remuneration components have maximum limits in terms of the amount. The variable remuneration components are limited in their amount by the payment caps of the STI (200 per cent of the target amount) and LTI (250 per cent of the target amount), and the post-employment benefit plans on the basis of the percentage contribution on the basis of the measurement basis. The cap for the supplemental benefits is defined as a total of €150,000. In addition, the remuneration for each member of the Management Board is individually limited to a total of an absolute maximum figure (total payment cap). As such, for each member of the Management Board, the remuneration has maximum thresholds overall and as regards the individual remuneration components.



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**Remuneration of the Management Board in financial year 2016/17<sup>1</sup>**

€ thousand	Financial year	Fixed salary	Supplemental benefits	STI total	LTI	
					Value of granted tranche <sup>2</sup>	Total <sup>3</sup>
Olaf Koch <sup>5</sup>	2015/16	1,200	41	1,277	2,624	5,142
	<b>2016/17</b>	<b>939</b>	<b>12</b>	<b>614</b>	<b>-</b>	<b>1,565</b>
Pieter Haas	2015/16	900	146	958	1,968	3,972
	<b>2016/17</b>	<b>1,140</b>	<b>26</b>	<b>1,049</b>	<b>1,139</b>	<b>3,354</b>
Pieter C. Boone <sup>5</sup>	2015/16	720	18	702	1,575	3,015
	<b>2016/17</b>	<b>569</b>	<b>14</b>	<b>310</b>	<b>-</b>	<b>893</b>
Mark Frese	2015/16	900	79	878	1,968	3,825
	<b>2016/17</b>	<b>900</b>	<b>71</b>	<b>828</b>	<b>899</b>	<b>2,698</b>
Dr Dieter Haag Molkensteller <sup>4</sup>	2015/16	-	-	-	-	-
	<b>2016/17</b>	<b>152</b>	<b>5</b>	<b>175</b>	<b>131</b>	<b>463</b>
Heiko Hutmacher <sup>5</sup>	2015/16	900	56	878	1,968	3,802
	<b>2016/17</b>	<b>704</b>	<b>14</b>	<b>384</b>	<b>-</b>	<b>1,102</b>
Total	2015/16	4,620	340	4,693	10,103	19,756
	<b>2016/17</b>	<b>4,404</b>	<b>142</b>	<b>3,360</b>	<b>2,169</b>	<b>10,075</b>

<sup>1</sup> Statements pursuant to Section 285 Sentence 1 No. 9 a and Section 314 (1) No. 6 a of the German Commercial Code (HGB) (excluding provisions for post-employment benefit plans)

<sup>2</sup> Shown here is the fair value at the time of granting the tranche.

<sup>3</sup> Total of the columns fixed salary, supplemental benefits, short-term incentive and value of the granted tranche of the long-term incentive

<sup>4</sup> Member of the Management Board since 13 July 2017

<sup>5</sup> Member of the Management Board until 13 July 2017



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**Benefits granted**

	Olaf Koch				Pieter Haas				Pieter C. Boone			
	2015/16	2016/17	2016/17	2016/17	2015/16	2016/17	2016/17	2016/17	2015/16	2016/17	2016/17	2016/17
	Chair of the Management Board: 01/01/2012–12/07/2017 Member of the Management Board: 14/09/2009–12/07/2017				Chair of the Management Board: since 13/07/2017 Labour Director: since 13/07/2017 Member of the Management Board: since 01/04/2013				Member of the Management Board: 01/07/2015–12/07/2017			
			Minimum value	Maximum value			Minimum value	Maximum value			Minimum value	Maximum value
€ thousand												
Fixed salary	1,200	939	939	939	900	1,140	1,140	1,140	720	569	569	569
Supplemental benefits	41	12	12	12	146	26	26	26	18	14	14	14
<b>Total</b>	<b>1,241</b>	<b>951</b>	<b>951</b>	<b>951</b>	<b>1,046</b>	<b>1,166</b>	<b>1,166</b>	<b>1,166</b>	<b>738</b>	<b>583</b>	<b>583</b>	<b>583</b>
One-year variable remuneration <sup>1</sup>	1,200	939	0	1,877	900	936	0	1,872	720	569	0	1,138
Multi-year variable remuneration <sup>2</sup>												
Roll-over of the 2014/15 tranche of the Sustainable Performance Plan (version 2014) into a new LTI plan depending on ROCE; granted on 29/08/2017, end of performance period: 40 trading days after the ordinary Annual General Meeting of CECONOMY AG in 2018 (the actual granting of the new plan without taking into account the reduction of the former granting in accordance with the old plan is stated)	-	-	-	-	-	310	0	775	-	-	-	-
Roll-over of the 2015/16 tranche of the Sustainable Performance Plan (version 2014) into a new LTI plan depending on EPS; granted on 29/08/2017, end of performance period: 40 trading days after the ordinary Annual General Meeting of CECONOMY AG in 2019 (the actual granting of the new plan without taking into account the reduction of the former granting in accordance with the old plan is stated)	2,624	-	-	-	1,968	831	0	2,078	1,575	-	-	-
Performance Share Plan 2016/17 tranche	-	-	-	-	-	1,139	0	2,848	-	-	-	-
<b>Total</b>	<b>5,065</b>	<b>1,890</b>	<b>951</b>	<b>2,828</b>	<b>3,914</b>	<b>4,382</b>	<b>1,166</b>	<b>8,739</b>	<b>3,033</b>	<b>1,152</b>	<b>583</b>	<b>1,721</b>
Pension expenditure	169	263	263	263	129	320	320	320	135	203	203	203
<b>Total remuneration</b>	<b>5,234</b>	<b>2,153</b>	<b>1,214</b>	<b>3,091</b>	<b>4,043</b>	<b>4,702</b>	<b>1,486</b>	<b>9,059</b>	<b>3,168</b>	<b>1,355</b>	<b>786</b>	<b>1,924</b>

<sup>1</sup>The figures shown here relate to the short-term incentive excluding any potential additional special bonuses.

<sup>2</sup>Shown here is the fair value at the time of granting the tranche.



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Benefits granted  
(continued)

	Mark Frese				Dr Dieter Haag Molkensteller				Heiko Hutmacher			
	Member of the Management Board: since 01/01/2012				Member of the Management Board: since 13/07/2017				Chief Human Resources Officer: 01/10/2011–12/07/2017 Member of the Management Board: 01/10/2011–12/07/2017			
	2015/16	2016/17	2016/17	2016/17	2015/16	2016/17	2016/17	2016/17	2015/16	2016/17	2016/17	2016/17
€ thousand	Minimum value		Maximum value		Minimum value		Maximum value		Minimum value		Maximum value	
Fixed salary	900	900	900	900	-	152	152	152	900	704	704	704
Supplemental benefits	79	71	71	71	-	5	5	5	56	14	14	14
<b>Total</b>	<b>979</b>	<b>971</b>	<b>971</b>	<b>971</b>	<b>-</b>	<b>157</b>	<b>157</b>	<b>157</b>	<b>956</b>	<b>718</b>	<b>718</b>	<b>718</b>
One-year variable remuneration <sup>1</sup>	900	887	0	1,774	-	87	0	174	900	704	0	1,408
Multi-year variable remuneration <sup>2</sup>												
Roll-over tranche 2014/15 of the Sustainable Performance Plan (version 2014) into a new LTI plan depending on ROCE; granted on 29/08/2017, end of performance period: 40 trading days after the ordinary Annual General Meeting of CECONOMY AG in 2018	-	310	0	775	-	43	0	107	-	-	-	-
Roll-over tranche 2015/16 of the Sustainable Performance Plan (version 2014) into a new LTI plan depending on EPS; granted on 29/08/2017, end of performance period: 40 trading days after the ordinary Annual General Meeting of CECONOMY AG in 2019	1,968	831	0	2,078	-	114	0	286	1,968	-	-	-
Performance Share Plan tranche 2016/17	-	899	0	2,248	-	131	0	328	-	-	-	-
<b>Total</b>	<b>3,847</b>	<b>3,898</b>	<b>971</b>	<b>7,846</b>	<b>-</b>	<b>532</b>	<b>157</b>	<b>1,052</b>	<b>3,824</b>	<b>1,422</b>	<b>718</b>	<b>2,126</b>
Pension expenditure	127	250	250	250	-	34	34	34	127	197	197	197
<b>Total remuneration</b>	<b>3,974</b>	<b>4,148</b>	<b>1,221</b>	<b>8,096</b>	<b>-</b>	<b>566</b>	<b>191</b>	<b>1,086</b>	<b>3,951</b>	<b>1,619</b>	<b>915</b>	<b>2,323</b>

<sup>1</sup>The figures shown here relate to the short-term incentive excluding any potential additional special bonuses.

<sup>2</sup>Shown here is the fair value at the time of granting the tranche



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**Accruals**

	Olaf Koch		Pieter Haas		Pieter C. Boone		Mark Frese		Dr Dieter Haag Molkenteller		Heiko Hutmacher	
	Chair of the Management Board: 01/01/2012– 12/07/2017 Member of the Management Board: 14/09/2009– 12/07/2017		Chair of the Management Board: since 13/07/2017 Labour Director: since 13/07/2017 Member of the Management Board: since 01/04/2013		Member of the Management Board: 01/07/2015– 12/07/2017		Member of the Management Board: since 01/01/2012		Member of the Management Board: since 13/07/2017		Chief Human Resources Officer: 01/10/2011– 12/07/2017 Member of the Management Board: 01/10/2011– 12/07/2017	
€ thousand	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Fixed salary	1,200	939	900	1,140	720	569	900	900	-	152	900	704
Supplemental benefits	41	12	146	26	18	14	79	71	-	5	56	14
<b>Total</b>	<b>1,241</b>	<b>951</b>	<b>1,046</b>	<b>1,166</b>	<b>738</b>	<b>583</b>	<b>979</b>	<b>971</b>	<b>-</b>	<b>157</b>	<b>956</b>	<b>718</b>
One-year variable remuneration	1,277	614	958	1,142	702	310	878	902	-	210	878	384
Multi-year variable remuneration												
Payment 2013 tranche Performance Share Plan	-	1,631	-	979	-	102	-	0	-	0	-	0
Payment of 2013/14 tranche of the Sustainable Performance Plan	-	2,131	-	1,279	-	0	-	1,598	-	0	-	1,598
Payment of the share of the 2014/15 tranche of the Sustainable Performance Plan (version 2014) earned at the time of the spin-off	-	2,043	-	1,532	-	211	-	1,532	-	0	-	1,532
Payment of the share of the 2015/16 tranche of the Sustainable Performance Plan (version 2014) earned at the time of the spin-off	-	824	-	618	-	494	-	618	-	0	-	618
Other	0	0	0	0	0	0	0	0	-	0	0	0
<b>Total</b>	<b>2,518</b>	<b>8,194</b>	<b>2,004</b>	<b>6,716</b>	<b>1,440</b>	<b>1,700</b>	<b>1,857</b>	<b>5,621</b>	<b>-</b>	<b>367</b>	<b>1,834</b>	<b>4,850</b>
Pension expenditure	169	263	129	320	135	203	127	250	-	34	127	197
<b>Total remuneration</b>	<b>2,687</b>	<b>8,457</b>	<b>2,133</b>	<b>7,036</b>	<b>1,575</b>	<b>1,903</b>	<b>1,984</b>	<b>5,871</b>	<b>-</b>	<b>401</b>	<b>1,961</b>	<b>5,047</b>



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**Services after the end of employment in financial year 2016/17 (including provisions for post-employment benefit plans)**

In financial year 2016/17, a total of €1.267 million according to International Financial Reporting Standards (IFRS) and €1.312 million according to the German Commercial Code (HGB) was used for the remuneration of the members of the Management Board of CECONOMY AG (formerly METRO AG) active in this financial year for benefits to be provided after the end of their employment (2015/16: €0.69 million determined according to IFRS and €0.62 million determined according to the German Commercial Code (HGB)). Thereof, according to IFRS, the pensions provisions of Mr Koch made up about €0.263 million, of Mr Haas about €0.320 million, of Mr Boone about €0.203 million, of Mr Frese about €0.250 million, of Dr Haag Molktenteller about €0.034 million, and of Mr Hutmacher about €0.197 million. The corresponding figures in accordance with HGB for the pensions provisions of Mr Koch made up about €0.264 million, of Mr Haas about €0.344 million, of Mr Boone about €0.224 million, of Mr Frese about €0.255 million, of Dr Haag Molktenteller about €0.034 million, and of Mr Hutmacher about €0.191 million.

The provisions amount in accordance with IFRS and HGB as at 30 September 2017 is for Mr Haas about €0.086 million (IFRS)/about €0.082 million (HGB), for Mr Frese about €0.012 million (IFRS)/about €0.011 million (HGB) and for Dr Haag Molktenteller about €0.006 million (IFRS)/about €0.006 million (HGB). The cash amount of the obligation volume in accordance with IFRS and HGB is for Mr Haas about €1.507 million (IFRS)/about €1.504 million (HGB), for Mr Frese about €1.836 million (IFRS)/about €1.835 million (HGB), and for Dr Haag Molktenteller about €0.564 million (IFRS)/about €0.564 million (HGB). With the exception of the provisions listed in the last paragraph, the cash value of the commitment volume is offset by assets.

**Total compensation of members of the Management Board in the 2016/17 financial year**

Former members of the Management Boards of CECONOMY AG (formerly METRO AG) and the companies that were merged into CECONOMY AG (formerly METRO AG) as well as their surviving dependants received benefits in the amount of €3.4 million in the 2016/17 financial year

(2015/16: €3.4 million). The present value of provisions for current pensions and pension entitlements made in accordance with IFRS amounts to €47.6 million (30/09/2016: €53.2 million). The corresponding cash value of provisions for current pensions and pension entitlements according to the German Commercial Code (HGB) amounts to €38.8 million (30/09/2016: €40.4 million).

**Long-term incentive for executives**

**LONG-TERM INCENTIVE AT CECONOMY AG**

**Sustainable Performance Plan Version 2014 (2014/15–2016/17)**

After the first tranche of the Sustainable Performance Plan (hereinafter: SPP) was issued in financial year 2013/14, an adjustment to the SPP from the 2014/15 financial year was decided: the SPP Version 2014 with an original plan period of four tranches until the following financial year 2017/18. For the 2014/15 tranche of the SPP Version 2014, a three-year performance period applied; from tranche 2015/16 a four-year performance period. With the demerger on 12 July 2017, however, the SPP ends early with the 2016/17 financial year.

A target value in euros was set for the eligible managers. The payout amount was calculated by multiplying the target value by the factor of overall target achievement. This, in turn, was calculated by determining the target achievement factors, each of which is rounded to two decimal points, for each of the three performance targets. The arithmetic mean of the factors, also rounded to two decimal points, gave the overall target achievement factor. The payout amount was limited to a maximum of 250 per cent of the target value (payout cap). Separate rules for the payout of the tranches were agreed upon for the case of employment termination.

The SPP Version 2014 was based on the following three performance targets:

- Total shareholder return (TSR),



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– Sustainability, and

– Earnings per share (EPS).

The relative development of the total shareholder return of the former METRO share, compared to a defined comparative index in the performance period, determined the target attainment of the TSR components. To calculate the target achievement factor of the TSR component, the Xetra closing prices of the former METRO ordinary share were determined over a period of 40 trading days directly after the ordinary Annual General Meeting of the former METRO AG in the year of granting. This was used to calculate the arithmetic mean, which is known as the starting share price.

The performance period for the respective tranche began on the 41st trading day following the Annual General Meeting. Once again, the Xetra closing prices of the METRO ordinary share are determined over a period of 40 consecutive trading days immediately following the Annual General Meeting after calculating the starting share price and issuing the applicable tranche. This was used again to calculate the arithmetic mean, which is known as the ending share price. The TSR percentage value was determined on the basis of the change in the METRO share price and the total amount of hypothetically reinvested dividends throughout the performance period in relation to the starting and ending share prices.

The METRO TSR calculated in this manner was compared with the TSR of the Stoxx Europe 600 Retail index (index TSR) during the performance period, and the factor for computing the TSR component determined in this way:

- If the former METRO’s TSR was identical to the index TSR, the factor for the TSR component was 1.0;
- If the former METRO’s TSR was 30 percentage points or more below the index TSR, the factor for the TSR component was 0.0;

– If the former METRO’s TSR was 30 percentage points above the index TSR, the factor for the TSR component was 2.0.

In the case of target achievement with intermediate values and more than 30 percentage points, the TSR factor for the SSP Version 2014 is calculated using linear interpolation to two decimal points.

For the determination of the target achievement factor of the sustainability component, CECONOMY AG – at the time still operating as METRO AG in its function as a holding of the former METRO GROUP – participated every year in the Corporate Sustainability Assessment, which was conducted by the external service provider RobecoSam AG. RobecoSAM AG used this assessment to determine the ranking of the former METRO AG within the industry group Food and Staples Retailing defined in accordance with the Global Industry Classification Standard (GICS). S&P Dow Jones Indices uses this ranking as the basis for decisions regarding a company’s inclusion in the Dow Jones Sustainability Indices (DJSI). The former METRO AG is informed each year by RobecoSam AG about its new ranking. The Company’s average ranking per tranche – rounded to whole numbers – was determined on the basis of the rankings communicated by RobecoSam AG. The factor for the sustainability component was determined on the basis of the average ranking during the performance period.

The target achievement factor for the EPS component, which was introduced for the first time in the SPP Version 2014, was calculated as follows: Generally, an EPS target value (before special items) for the third or fourth year of the EPS performance period, a lower threshold/entry barrier as well as an upper threshold for 200 per cent target achievement were decided upon at the beginning of the financial year. The EPS value actually achieved during the performance period was compared to the approved values and the factor for calculating the EPS component is determined as follows:

- If the EPS target value was achieved, the factor for the EPS component was 1.0;





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– If only the lower entry barrier or a value lower than it was achieved, the factor for the EPS component was 0.0;

– In the event of 200 per cent target achievement, the factor for the EPS component was 2.0.

– In the case of target achievement with intermediate values and more than 200 per cent, the EPS factor for the SPP Version 2014 was calculated using linear interpolation to two decimal points.

The demerger on 12 July 2017 makes the final performance measurement of the SPP Version 2014 impossible based on the pre-determined performance targets. An external expert therefore determined the cash value of the relevant tranches in accordance with a recognised actuarial method on the day of the demerger and paid them out accordingly to those eligible. Those parts of the target values that had not yet vested were transferred to an “LTI-Roll over”. A ROCE performance target was set for the 2014/15 tranche; this portion will mature at the end of the original performance period in April 2019. An EPS performance target was set for the 2015/16 tranche and the performance period was reduced by one year to April 2019 when it will mature.

The total payout amount for both tranches in financial year 2016/17 for the seven eligible people at CECONOMY AG was €409,818.25.

Tranche	Payment in 2016/17	Roll-over target amount
2014/15	€255,323.50	€51,642.35
2015/16	€154,494.75	€207,802.87

The current tranches of share-based payment programmes resulted in expenses of €6 million (2015/16: €28 million) in the financial year, made up nearly exclusively of discontinued operations.

The provisions relating to the programmes as at 30 September 2017 amount to €0.05 million (30/09/2016: €0.34 million). Thereof €0.02 million relates to the 2014/15 tranche (30/09/2016:

€0.26 million) and €0.03 million the 2015/16 tranche (30/09/2016: €0.08 million).

**LONG-TERM INCENTIVE FOR THE DISCONTINUED OPERATIONS**

The explanations below relate to the long-term incentives for the discontinued operations for the period from the start of the 2016/17 financial year until the demerger came into effect on 12 July 2017.

**Entitlement for the wholesale business (MCC LTI)**

The long-term incentive developed in past financial year for the then sales line METRO Cash & Carry (MCC LTI) was designed specifically for the operating model. It was issued for the first time in the 2015/16 financial year to the senior executives and the management bodies of the METRO Cash & Carry (MCC) companies. This is a cyclical plan that is issued every three years. The respective performance targets focus primarily on value creation in the individual national subsidiaries or for the wholesale segment overall, as well as their sustained development and prospects to measure their success. The performance period of the MCC LTI runs from 1 April 2016 to 31 March 2019. Over this period, the individual target amounts are designed proportionately. The final target amount accumulated at the end of the performance period is based on the period of eligibility for the MCC LTI as well as on the individual’s position. According to the terms of the plan, senior managers can be included pro rata in the group of eligible persons or can leave the plan.

**Entitlement for the food retail segment (Real LTI)**

The Real long-term incentive (Real LTI) was developed during this financial year for the food retail segment. Top management and management bodies of the food retail business area were eligible. Its performance period started on 1 April 2017 and ends on 31 March 2020. It also replaces the further eligibility for the SPP 2.0. The way it works is based on MCC LTI, and is described below.

**How MCC and Real LTI work**

After the end of the relevant performance period, the payout amount is determined by multiplying the respectively accumulated individual target amount by a total target achievement factor. The target achievement



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rate of this factor for the past performance and future value components accounts for 45 per cent each; the remaining 10 per cent is accounted for by the target achievement rate of the sustainability component. The payout amount is capped and the total target achievement factor cannot drop below zero.

The relevant measure for the past performance and future value components for eligible executives at the MCC national subsidiaries is the performance/value creation of the relevant MCC national subsidiary. The relevant measure for the other eligible executives is the overall performance of the relevant former MCC or Real sales line.

The past performance component rewards the achievement of internal commercial target values and is determined on the basis of the internal metric EBITDA after special items, generated cumulatively over financial years 2015/16 to 2017/18 for MCC and 2016/17 to 2018/19 for Real. Separate target values have been defined for target achievement factors of 1.0 and 0.0, respectively. In the case of intermediate values and values above 1.0, the factor for target achievement is calculated using linear interpolation to two decimal points. The target achievement factor for the past performance component cannot drop below zero and is capped.

The future value component reflects the external valuation of MCC and Real, respectively, in relation to the expected future performance of the respective national subsidiary and the respective former sales line as a whole from an analyst's perspective. To set the targets, the enterprise value of the respective sales line was determined on the basis of analyst valuations before the start of the performance period. It is determined again at the end of each performance period. The enterprise value of the MCC national subsidiaries is derived from the enterprise values of the former MCC sales line. Separate target values have been defined for target achievement factors of 1.0 and 0.0, respectively. In the case of intermediate values and values above 1.0, the factor for target achievement is calculated using linear interpolation to two decimal points. The target achievement factor for the future value component cannot drop below zero and is capped.

The performance target achievement for the sustainability component is determined by the average ranking achieved by CECONOMY AG (still trading as METRO AG acting as the holding company of the former METRO GROUP) during the respective performance period in an externally conducted Corporate Sustainability Assessment. The former METRO AG participated in each year of the performance periods in the Corporate Sustainability Assessment conducted by the independent service provider RobecoSam AG every year of the performance periods. RobecoSam AG used these assessments to determine the ranking of the former METRO AG within the industry group "Food & Staples Retailing", defined in accordance with the Global Industry Classification Standard (GICS). RobecoSam AG will inform the former METRO AG of any changes in its sector classification. In the case of material changes in the composition of the companies or ranking method, RobecoSam AG can determine adequate comparable values.

The Company's average ranking, rounded up to whole numbers, was determined on the basis of the rankings communicated during the respective performance period. The factor for the sustainability component was determined in the following manner on the basis of the average over the performance period:

Average ranking (rounded)	Sustainability factor
1	3.00
2	2.50
3	2.00
4	1.50
5	1.25
6	1.00
7	0.75
8	0.50
9	0.25
Below 9	0.00

As at the closing date, none of the managers of CECONOMY AG qualified for payments from MCC LTI or Real LTI.



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**Sustainable Performance Plan (2013/14)**

After the last tranche of the Performance Share Plan was paid in the short financial year 2013, the first tranche of the Sustainable Performance Plan (hereinafter: SPP) was issued in financial year 2013/14.

A target value in euros was set for the eligible managers. This depends for 75 per cent on the TSR component and for 25 per cent on the sustainability component.

The calculation of the TSR component follows the method described for the SPP Version 2014; however, the factor for the TSR component is a maximum of 3.0 (cap). Furthermore, the following additional condition applies assuming the TSR factor is positive: a payment of 75 per cent of the target amount multiplied by the TSR factor will be made only if the calculated final price of the former METRO share does not fall below the initial share price. Should this condition not be met, the calculated amount will not initially be paid. In this case, an entitlement to payment will exist only if the Xetra closing price of the former METRO ordinary share is higher than or equal to the initial share price for 40 consecutive trading days within a three-year period from the end of the performance period. Should this condition not be met within three years after the performance period ends, no payment will be made of the TSR component of the tranche.

Similarly, the method described for the SPP Version 2014 also applies to the calculation of the factor for the sustainability component, with the factor for the sustainability component depending on the average ranking during the performance period.

The following additional condition will also apply: A payment of 25 per cent of the target amount multiplied by the sustainability factor will be made only if the ranking of the former METRO AG does not fall by more than two places below the last published ranking before the issuance of the tranche in any year of the performance period. Otherwise, the factor for the sustainability component will be zero. The payment cap for the sustainability component amounts to three times the target amount.

The sustainability component was paid as normal to those eligible under the plan conditions following the end of the performance period on 3 April 2017. As the additional payout condition for the TSR component was not achieved, this part was not yet due for payment. Due to the demerger on 12 July 2017, however, no final measurement of achievement of the TSR components based on the defined criteria was now possible. An external assessor applied a recognised financial process to calculate the cash value of the TSR components on the date of the demerger, and it was paid out to those eligible on this basis.

In financial year 2016/17, none of the CECONOMY AG management team was eligible for payments under the SPP.

**Performance Share Plan (2009–2013)**

In 2009, the former METRO AG introduced a Performance Share Plan for a period of five years, for which the last tranche was issued in the short financial year 2013. Under this scheme, eligible managers were given an individual target amount for the Performance Share Plan (target value) reflecting with the significance of their responsibilities. The target number of performance shares was calculated by dividing this target value by the share price upon grant, based on the average price of the METRO share during the three months up to the granting date. The key metric in this calculation was the three-month average price of the former METRO share before the grant date. A performance share entitles its holder to a cash payment in euros equivalent to the price of the former METRO share on the payment date. The key metric in this calculation is also the three-month average price of the former METRO share before the payment date.

Based on the relative performance of the former METRO share compared with the median of the DAX 30 and Euro Stoxx Retail indices – total return – the final number of performance shares payable is determined after the end of a performance period of at least three and at most 4.25 years. It corresponds to the target number of shares when an equal performance with these stock indices is achieved. Up to an outperformance of 60 per cent, the number increases linearly to a maximum of 200 per cent of the target amount. Up to an underperformance of 30 per



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cent, this is accordingly reduced to a minimum of 50 per cent. In the case of an underperformance of more than 30 per cent, the number is reduced to zero.

Payment can be made at six possible times, which are set in advance. The earliest payment date is three years after granting of the performance shares. From this time, payment can be made every three months. The eligible managers can choose the date upon which they wish to exercise performance shares. Distribution over several payment dates is not permitted. The payment cap amounts to five times the target value.

METRO GROUP introduced Share Ownership Guidelines along with its Performance Share Plan: as a prerequisite for payments of performance shares, eligible executives are obliged to undertake continuous self-financed investment in former METRO shares up to the end of the three-year vesting period. This ensures that, as shareholders, they will directly participate in share price gains as well as potential losses of the former METRO share. The required investment volume generally amounts to approximately 50 per cent of the individual target value.

The exercise period for the 2013 tranche ended in July 2017. None of the senior managers at CECONOMY AG was entitled to payments under the Performance Share Plan in financial year 2016/17. The Performance Share Plan duly ended on 1 July 2017 and there are no further claims under the plan.

**Compensation of members of the Supervisory Board**

In accordance with Art. 13 of the Articles of Association of CECONOMY AG and what is, in this respect, similar wording in Art. 13 of the Articles of Association of the former METRO AG, the Supervisory Board members receive fixed annual remuneration payable at the end of the respective financial year. An individual member's remuneration is generally €80,000.

The individual amount of Supervisory Board remuneration takes into account the duties and responsibilities of the individual members of the Supervisory Board based on their oversight remit. Due to their special responsibilities, the Chair of the Supervisory Board receives three times, his Vice-Chair and the committee Chairs double, and the members of the Supervisory Board committees one and a half times, the compensation of an ordinary Supervisory Board member, but not the chair and members of the Mediation Committee pursuant to Section 27 (3) MitbestG. In addition, the increased remuneration for a committee member or chair only applies if during the financial year in question the said committee has held at least two meetings or adopted other resolutions on at least two occasions.

A Supervisory Board member who holds several offices at the same time receives compensation for only one office; if levels of remuneration are different, the member is compensated for the most highly paid office.

The remuneration factors that potentially apply to the fixed annual remuneration for individual Supervisory Board members are shown in the summary below:

**Remuneration factors**

Chair of the Supervisory Board	●●●
Vice-Chair	●●
Committee chairs <sup>1</sup>	●●
Committee members <sup>1</sup>	●●
Members of the Supervisory Board	●

<sup>1</sup> For at least two meetings/resolutions of the committee in the relevant financial year

Supervisory Board members who have been members of the Supervisory Board for only part of the financial year receive a twelfth of the remuneration for each new month of their activity. This correspondingly applies to members of a committee, the Chair or Vice-Chair of the Supervisory Board, or the chair of a committee.



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The figures given in the summary below apply to financial year 2016/17. The circumstances that increase the remuneration for an individual member of the Supervisory Board and the underlying periods for the members of the Supervisory Board or members of the committees are noted for the individuals concerned.

**Remuneration of Supervisory Board members for financial year 2016/17 pursuant to Art. 13 of the Articles of Association of the former METRO AG and Art. 13 of the Articles of Association of CECONOMY AG<sup>1</sup>**

€	Financial year	Fixed salary
<b>Jürgen B. Steinemann</b>		
(01/10/2016–12/07/2017, including as Chair of the Supervisory Board, Chair of the Supervisory Board Presidential Committee, Chair of the Personnel Committee, chair of the Nomination Committee, and Chair of the Mediation Committee: 01/10/2016–12/07/2017)		
	2015/16	186,667
	<b>2016/17</b>	<b>200,000</b>
<b>Jürgen Fitschen</b>		
(01/10/2016–30/09/2017, including as Chair of the Supervisory Board, Chair of the Supervisory Board Presidential Committee, Chair of the Nomination Committee, and Chair of the Mediation Committee: 25/07/2017–30/09/2017 and as member of the Supervisory Board Presidential Committee, Personnel Committee and Nomination Committee: 01/10/2016–25/07/2017)		
	2015/16	120,000
	<b>2016/17</b>	<b>150,000</b>
<b>Werner Klockhaus</b>		
(01/10/2016–12/07/2017, including 01/10/2016–12/07/2017 as Vice-Chair of the Supervisory Board and Vice-Chair of the Supervisory Board Presidential Committee, Vice-Chair of the Personnel Committee, Vice-Chair of the Accounting and Audit Committee, and Vice-Chair of the Mediation Committee)		
	2015/16	160,000
	<b>2016/17</b>	<b>133,333</b>
<b>Jürgen Schulz</b>		
(01/10/2016–30/09/2017, including as Vice-Chair of the Supervisory Board, member of the Supervisory Board Presidential Committee, Vice-Chair of the Audit Committee, and member of the Mediation Committee: 25/07/2017–30/09/2017)		
	2015/16	66,667
	<b>2016/17</b>	<b>100,000</b>
<b>Prof. Dr oec. Dr iur. Ann-Kristin Achleitner</b>		
(01/10/2016–06/02/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>33,333</b>
<b>Gwyn Burr</b>		
(01/10/2016–12/07/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>66,667</b>



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€	Financial year	Fixed salary
<b>Ulrich Dalibor</b> (01/10/2016–30/09/2017, including as member of the Audit Committee: 25/07/2017–30/09/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>90,000</b>
<b>Karin Dohm</b> (01/10/2016–30/09/2017, including as member of the Audit Committee: 25/07/2017–30/09/2017)		
	2015/16	53,333
	<b>2016/17</b>	<b>90,000</b>
<b>Thomas Dommel</b> (01/10/2016–12/07/2017)		
	2015/16	66,667
	<b>2016/17</b>	<b>66,667</b>
<b>Dr Bernhard Düttmann</b> (12/07/2017–30/09/2017, including as member of the Nomination Committee, and as member of the Mediation Committee: 25/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>20,000</b>
<b>Daniela Eckardt</b> (13/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>20,000</b>
<b>Stefanie Friedrich</b> (13/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>20,000</b>
<b>Dr Florian Funck</b> (01/10/2016–30/09/2017, including as member of the Accounting and Audit Committee: 01/10/2016–25/07/2017, and as member of the Audit Committee: 25/07/2017–30/09/2017)		
	2015/16	120,000
	<b>2016/17</b>	<b>120,000</b>
<b>Ludwig Glosser</b> (13/07/2017–30/09/2017, including as member of the Mediation Committee: 25/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>20,000</b>
<b>Julia Goldin</b> (12/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>20,000</b>
<b>Jo Harlow</b> (12/07/2017–30/09/2017)		
	2015/16	

**Remuneration of Supervisory Board members for financial year 2016/17 pursuant to Art. 13 of the Articles of Association of the former METRO AG and Art. 13 of the Articles of Association of CECONOMY AG<sup>1</sup>**

€	Financial year	Fixed salary
	<b>2016/17</b>	<b>20,000</b>
<b>Andreas Herwarth</b> (01/10/2016–12/07/2017, including as member of the Accounting and Audit Committee: 01/10/2016–12/07/2017)		
	2015/16	113,333
	<b>2016/17</b>	<b>100,000</b>
<b>Peter Küpfer</b> (01/10/2016–30/09/2017, including as member of the Audit Committee: 25/07/2017–30/09/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>90,000</b>
<b>Rainer Kuschewski</b> (01/10/2016–30/09/2017, including as member of the Accounting and Audit Committee: 01/10/2016–25/07/2017, and as member of the Audit Committee: 25/07/2017–30/09/2017)		
	2015/16	120,000
	<b>2016/17</b>	<b>120,000</b>
<b>Susanne Meister</b> (01/10/2016–12/07/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>66,667</b>
<b>Dr Angela Pilkmann</b> (01/10/2016–12/07/2017)		
	2015/16	6,667
	<b>2016/17</b>	<b>66,667</b>
<b>Birgit Popp</b> (13/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>20,000</b>
<b>Matthaus P. M. (Theo) de Raad</b> (01/10/2016–12/07/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>66,667</b>
<b>Dr Fredy Raas</b> (01/10/2016–30/09/2017, including as member of the Accounting and Audit Committee: 01/10/2017–25/07/2017)		
	2015/16	120,000
	<b>2016/17</b>	<b>113,333</b>
<b>Xaver Schiller</b> (01/10/2016–12/07/2017, including as member of the Supervisory Board Presidential Committee, as member of the Personnel Committee, and member of the Mediation Committee: 01/10/2016–12/07/2017)		
	2015/16	120,000
	<b>2016/17</b>	<b>100,000</b>



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€	Financial year	Fixed salary
<b>Dr jur. Hans-Jürgen Schinzler</b> (01/10/2016–30/09/2017, including as Chair of the Accounting and Audit Committee: 01/10/2016–25/07/2017, and as Chair of the Audit Committee: 25/07/2017–30/09/2017, as member of the Nomination Committee: 01/10/2016–25/07/2017, and member of the Nomination Committee: 25/07/2017–30/09/2017)		
	2015/16	160,000
	<b>2016/17</b>	<b>160,000</b>
<b>Regine Stachelhaus</b> (06/02/2017–30/09/2017, including as member of the Supervisory Board Presidential Committee, and member of the Nomination Committee: 25/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>63,333</b>
<b>Vinko Vrabec</b> (13/07/2017–30/09/2017, including as member of the Supervisory Board Presidential Committee: 25/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>30,000</b>
<b>Angelika Will</b> (01/10/2016–30/09/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>80,000</b>
<b>Sylvia Woelke</b> (13/07/2017–30/09/2017, including as member of the Audit Committee: 25/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>30,000</b>
	<b>Total<sup>2</sup></b>	<b>1,973,334</b>
	<b>2016/17</b>	<b>2,276,667</b>

<sup>1</sup> Plus any applicable value added tax in each case in accordance with Art. 13 (5) of the Articles of Association

<sup>2</sup> Reported figures for 2015/16 relate to active members of the Supervisory Board in financial year 2016/17.

In accordance with the provisions of the Articles of Association, the Company also reimburses members of the Supervisory Board for expenses they incur in the exercise of their office. Any value added tax payable on the remuneration and reimbursement of expenses will also be reimbursed to the members of the Supervisory Board.

In financial year 2016/2017, individual members of the Supervisory Board of CECONOMY AG (former METRO AG) also received compensation from the relevant Group companies of the former METRO GROUP and CECONOMY for Supervisory Board mandates at Group companies.

**Other intra-Group compensation of members of the Supervisory Board for financial year 2016/17<sup>1</sup>**

€	Financial year	
Werner Klockhaus	2015/16	9,300
	<b>2016/17</b>	<b>9,300</b>
Thomas Dommel	2015/16	4,500
	<b>2016/17</b>	<b>4,500</b>
Rainer Kuschewski	2015/16	6,200
	<b>2016/17</b>	<b>1,550</b>
Xaver Schiller	2015/16	9,000
	<b>2016/17</b>	<b>9,000</b>
Total	2015/16	29,000
	<b>2016/17</b>	<b>24,350</b>

<sup>1</sup> Plus any applicable value added tax in each case

Beyond this, the members of the Supervisory Board were not granted any remuneration or benefits for work they performed personally, in particular, consulting and brokerage services, on behalf of companies of the former METRO GROUP as defined in section 5.4.6 of the German Corporate Governance Code.



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## DISCLOSURES PURSUANT TO SECTIONS 315 (4) AND 289 (4) HGB (SUPERSEDED VERSION) AND EXPLANATORY REPORT BY THE MANAGEMENT BOARD

### Composition of share capital (Section 315 (4) No. 1 and Section 289 (4) No. 1 German Commercial Code [HGB] (superseded version))

As at 30 September 2017, the share capital of CECONOMY AG totalled €835,419,052.27. It is divided into 324,109,563 ordinary bearer shares (proportional value of the share capital: around €828,572,941 or about 99.18 per cent) and 2,677,966 preference bearer shares (proportional value of the share capital: around €6,846,111 or about 0.82 per cent). The proportional value per share amounts to about €2.56.

Each ordinary share grants one voting right. In addition, ordinary shares entitle the holder to dividends. In contrast to ordinary shares, preference shares principally do not carry voting rights and give a preferential entitlement to profits in line with Art. 21 of the Articles of Association of CECONOMY AG. This section states the following:

“(1) Holders of non-voting preference shares will receive from the annual balance sheet profit a preference dividend of €0.17 per preference share, which shall be paid in arrears.

(2) Should the balance sheet profits available for distribution not be sufficient in any one financial year to pay the preference dividend, the arrears (excluding any interest) shall be paid from the balance sheet profits of future financial years in an order based on age, i.e. in such manner that any older arrears are paid off prior to any more recent ones and that the preferred dividends payable from the profit of

a financial year are not distributed until all of any accumulated arrears have been paid.

(3) After the preference dividend has been distributed, the holders of ordinary shares will receive a dividend of €0.17 per ordinary share. Thereafter, a non-cumulative extra dividend of €0.06 per share will be paid to the holders of non-voting preference shares. The extra dividend shall amount to 10 per cent of such dividend as, in accordance with Section 4 herein below, will be paid to the holders of ordinary shares insofar as such dividend equals or exceeds €1.02 per ordinary share.

(4) The holders of non-voting preference shares and of ordinary shares will equally share in any additional profit distribution in the proportion of their shares in the capital stock.”

Other rights associated with ordinary and preference shares include in particular the right to attend the Annual General Meeting (Section 118 (1) AktG), the right to information (Section 131 AktG) and the right to file a legal challenge or a complaint for nullity (Section 245 Nos. 1–3, Sections 246, 249 AktG). As well as the said right to receive a dividend, shareholders have in principle a right to subscribe to capital increases (Section 186 (1) AktG). They are also entitled to the liquidation proceeds following dissolution of the Company (Section 271 AktG) and to compensation and a severance payment in certain structural measures, including those under Sections 304 ff., 320 b, 327 b AktG.





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**Voting-related restrictions (Section 315 (4) No. 2 and Section 289 (4) No. 2 HGB (superseded version))**

To the knowledge of the Management Board, the following agreements exist or existed during financial year 2016/17. These agreements can be regarded as restrictions in the sense of Section 315 (4) No. 2 and Section 289 (4) No. 2 HGB (superseded version):

A pooling agreement exists between Beisheim Capital GmbH, Düsseldorf, Germany, and Beisheim Holding GmbH, Baar, Switzerland, which includes the CECONOMY AG shares held by Beisheim Capital GmbH and Beisheim Holding GmbH.

In preparation for the demerger of CECONOMY AG (which was then still operating under the name of METRO AG), each of the three major shareholders of CECONOMY AG – the Haniel shareholder group, the Schmidt-Ruthenbeck shareholder group and the Beisheim shareholder group – has entered into temporary lock-up agreements at arm’s length conditions with CECONOMY AG for their CECONOMY shares, and has agreed to certain other restrictions on title of these shares.

There may also be statutory restrictions of the voting rights, for example pursuant to Section 136 AktG or, where the Company was to hold own shares, pursuant to Section 71 b AktG.

**Capital holdings (Section 315 (4) No. 3 and Section 289 (4) No. 3 HGB (superseded version))**

The following direct and indirect capital holdings (pursuant to Section 22 WpHG) exist which exceed ten per cent of the voting rights:

Name/company	Direct/indirect stake exceeding 10 per cent of voting rights
Haniel Finance Deutschland GmbH, Duisburg, Germany	Direct
Franz Haniel & Cie. GmbH, Duisburg, Germany	Indirect
Palatin Verwaltungsgesellschaft mbH, Essen, Germany	Direct
BVG Beteiligungs- und Vermögensverwaltungs-GmbH, Essen, Germany	Indirect
Gebr. Schmidt GmbH & Co. KG, Essen, Germany	Indirect
Gebr. Schmidt Verwaltungsgesellschaft mbH, Essen, Germany	Indirect
Meridian Stiftung, Essen, Germany	Indirect

The above disclosures are based, in particular, on the notifications under Section 21 WpHG, which CECONOMY AG has received and published.

Notifications of voting rights published by CECONOMY AG can be found on the website [www.ceconomy.de](http://www.ceconomy.de) in the section Investor Relations – Legal Announcements.

**Owners of shares with special rights and type of voting rights control where capital holdings are held by employees (Section 315 (4) No. 4 and 5 and Section 289 (4) Nos. 4 and 5 HGB (superseded version))**

The Company has not issued any shares with special rights pursuant to Section 315 (4) No. 4 and Section 289 (4) No. 4 HGB (superseded version). No capital holdings are held by employees within the meaning of Section 315 (4) No. 5 and Section 289 (4) No. 5 HGB (superseded version).



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**Regulations governing the appointment to and removal of members from the Management Board, and changes to the Articles of Association (Section 315 (4) No. 6 and Section 289 (4) No. 6 HGB (superseded version))**

The appointment to and removal of members from the Management Board of CECONOMY AG are governed by Sections 84, 85 AktG and Sections 30, 31, 33 of the German Codetermination Act [MitbestG]. Art. 5 of the Articles of Association of CECONOMY AG additionally stipulates that the Management Board shall consist of at least two members, and also that the Supervisory Board shall determine the number of members of the Management Board.

Amendments of the Articles of Association of CECONOMY AG shall in principle be determined in accordance with Sections 179, 181, 133 AktG. In addition, there are numerous other provisions of the German Stock Corporation Act [AktG] which may apply in the case an amendment to the Articles of Association and modify or replace the aforementioned provisions, for example Sections 182 et seqq. AktG in the case of capital increases, Sections 222 et seqq. AktG in the case of capital reductions or Section 262 AktG for the dissolution of the public limited company. Amendments which only affect the version of the Articles of Association may be decided on by the Supervisory Board pursuant to Art. 14 of the Articles of Association of CECONOMY AG without a resolution by the Annual General Meeting.

**Powers of the Management Board (Section 315 (4) No. 7 and Section 289 (4) No. 7 HGB (superseded version))**

**AUTHORITIES TO ISSUE NEW SHARES**

The Annual General Meeting on 6 February 2017 authorised the Management Board to increase the share capital, with the consent of the Supervisory Board, by issuing new ordinary bearer shares in exchange for cash or non-cash contributions in one or more tranches for a total maximum of €417,000,000 by 5 February 2022 (authorised capital).

In the process, a subscription right is granted to existing shareholders. The new shares may also be acquired by banks or equivalent entities as defined in Section 186 (5) sentence 1 AktG chosen by the Management Board if they agree to tender them to the shareholders. However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholder subscription rights in the following cases:

- For the settlement of fractional amounts
- Where the shares are issued in exchange for contributions in kind for the purpose of company mergers or the acquisition of companies, parts of companies, businesses, parts of businesses, or shares in companies.
- In the case of capital increases in exchange for cash deposits, to the extent necessary in order to grant the owners of the warrant or convertible bearer bonds issued by the Company, or by Group companies in which the Company directly or indirectly has at least a 90 per cent share, a right to subscribe to new ordinary shares to the extent to which they would be entitled as shareholders after exercise of the right or fulfilment of the obligation under the warrant or convertible bearer bonds or after exercise of a substitution authority of the Company.
- In the case of capital increases in consideration of cash deposits, if the nominal amount of said capital increases does not in aggregate exceed 10 per cent of the share capital and the issue price of the new ordinary shares in each case does not fall significantly below the stock price of the Company's previously listed shares with the same terms. The limit of 10 per cent of the Company's share capital is reduced by the share of the share capital represented by the Company's own shares which are (i) used as own shares or sold during the term of authorised capital while excluding subscription rights of the shareholders in analogous application of Section 186 (3) sentence 4 AktG, or (ii) issued from contingent capital to service warrant or convertible bearer bonds which, in turn, have been or are issued while excluding subscription rights in analogous application of Section 186 (3) sentence 4 AktG. The portion of the share capital attributable to shares that are being issued in ex-



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change for contributions in cash and/or in kind during the term of this authorisation with an exclusion of the shareholders' subscription rights may not exceed 20 per cent of the Company's share capital existing at the point in time of the adoption of the resolution by the Annual General Meeting.

The Management Board is authorised, with the consent of the Supervisory Board, to define further details of the capital increases. The authorised capital has not been used to date. There are no concrete plans as to the utilisation of this authorisation.

### AUTHORISATION TO ISSUE WARRANT AND/OR CONVERTIBLE BONDS

The Annual General Meeting on 20 February 2015 authorised the Management Board to issue, in each case with the consent of the Supervisory Board, warrant or convertible bearer bonds (in aggregate, "bonds") with an aggregate par value of up to €1,500,000,000 prior to 19 February 2020, on one or more occasions, and to grant the holders of warrant or convertible bearer bonds warrant or conversion rights or impose warrant or conversion obligations upon them for ordinary bearer shares in CECONOMY AG, representing up to €127,825,000 of the share capital in accordance with the terms of the warrant or convertible bearer bonds. Contingent capital of up to €127,825,000 was created in connection with this authorisation (contingent capital I).

The bonds may also be issued by affiliates of CECONOMY AG as defined in Section 18 AktG in which CECONOMY AG directly or indirectly holds at least 90 per cent of the shares. In that case, the Management Board is authorised to assume, in each case with the consent of the Supervisory Board, a guarantee for those bonds on behalf of CECONOMY AG and grant their holders warrant or conversion rights to ordinary shares in CECONOMY AG or impose warrant or conversion obligations upon them.

Shareholders will be granted statutory subscription rights in that the bonds will be acquired by a bank or syndicate of banks contingent upon agreement to offer the bonds to the shareholders. If bonds are issued by an affiliate of CECONOMY AG as defined in Section 18 AktG in which CECONOMY AG directly or indirectly holds at least 90 per cent of shares, CECONOMY AG

must ensure that statutory subscription rights are granted to the shareholders of CECONOMY AG in accordance with the above sentence.

However, the Management Board is authorised to exclude, in each case with the consent of the Supervisory Board, shareholder subscription rights for fractional amounts arising from proportional subscriptions to the extent necessary to grant or impose warrant or conversion rights or obligations with respect to the holders of existing warrant or conversion rights or obligations in the amount to which they would be entitled to as shareholders after exercise of the warrant or conversion rights or fulfilment of the warrant or conversion obligation.

The Management Board is also authorised to entirely exclude, in each case with the consent of the Supervisory Board, shareholder subscription rights to bonds issued in exchange for cash payment carrying warrant or conversion rights or obligations insofar as the Management Board concludes, after careful review, that the issue price of the bonds is not substantially lower than the hypothetical market value ascertained using recognised financial mathematical methods. This authorisation to exclude subscription rights applies to bonds which are issued with warrant or conversion rights or obligations to ordinary shares comprising no more than 10 per cent of the share capital at the time the authorisation takes effect or – if this value is lower – at the time the authorisation is exercised. The proportion of share capital which is (i) attributable to shares of the Company which are issued or sold during the term of said authorisation excluding the subscription right in direct or analogous application of Section 186 (3) sentence 4 AktG, and (ii) attributable to shares of the Company which are issued or are to be issued to service warrant or convertible bearer bonds, which in turn have been issued during the term of said authorisation (pursuant to other authorisations) excluding the subscription right by analogous application of Section 186 (3) sentence 4 AktG, will count towards this 10 per cent limit.

Where bonds are issued which grant a warrant or conversion right or create a warrant or conversion obligation, the warrant or conversion price will be determined in accordance with the provisions in Art. 4 (8) of the Articles of Association of CECONOMY AG.



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In the case of bonds carrying warrant or conversion rights or warrant or conversion obligations, the warrant or conversion price may be adjusted after closer determination in order to preserve the value of such warrant or conversion rights or warrant or conversion obligations in the event their economic value is diluted, to the extent that such an adjustment is not already provided for by law. The terms of the bonds may also provide for an adjustment of warrant or conversion rights or warrant or conversion obligations in case of a capital reduction or other extraordinary measures or events (for example, unusually high dividends, acquisition of control by third parties). In case of the acquisition of control by third parties, the terms of the bonds may provide for adjustment of the warrant or conversion price in accordance with typical market terms. Furthermore, the terms of the bonds may provide for a variable conversion ratio and/or variable warrant and conversion price, with the warrant or conversion price being determined within a range to be set based on the development of the share price during the term. Nor must the minimum issue amount according to the stipulations in Art.4 (8) of the Articles of Association of CECONOMY AG be undercut.

The terms of the bonds may grant CECONOMY AG the right, in lieu of providing ordinary shares upon the exercise of warrant or conversion rights, to make a cash payment corresponding to the volume-weighted average price of CECONOMY AG ordinary shares on the Xetra trading system (or a functionally comparable successor system replacing the Xetra system) of the Frankfurt Stock Exchange during a period of several days before or after the exercise of warrant or conversion rights is announced for the number of ordinary shares which would otherwise be delivered. This period will be determined by the Management Board. The terms of the bonds may also state that the warrant or convertible bonds may, at CECONOMY AG's option, be converted into existing ordinary shares in CECONOMY AG or shares in another exchange-listed company, in lieu of conversion into new ordinary shares from contingent capital, and that warrant rights or obligations can be fulfilled through the delivery of such shares.

The terms of the bonds may also call for a warrant or conversion obligation at the end of the term (or at any other time), or authorise

CECONOMY AG to grant bond holders ordinary shares in CECONOMY AG or shares in another exchange-listed company upon maturity of bonds carrying warrant or conversion rights (including bonds which mature due to termination), in whole or in part, in lieu of a maturity payment in cash. The percentage of share capital represented by the ordinary shares in CECONOMY AG issued upon the exercise of warrant or conversion rights must not exceed the par value of the bonds. Sections 9 (1) and 199 (2) AktG apply.

The Management Board is authorised to determine, in each case with the consent of the Supervisory Board, the further details pertaining to the issuance and terms of the bonds, particularly the coupon, issue price, term, division into shares, rules for the protection against dilution and the warrant or conversion period, or to define such details in consultation with the executive bodies of the affiliate of CECONOMY AG which issues the warrant or convertible bonds in accordance with Section 18 AktG.

To date, the authorisation to issue warrant and/or convertible bonds has not been used and no concrete plans exist as to the utilisation of this authorisation.

### **AUTHORISATION TO BUY BACK THE COMPANY'S OWN SHARES**

The Company is authorised to buy back its own shares in accordance with Section 71 AktG. Pursuant to Section 71 (1) No. 8 AktG, the Company was authorised by resolution of the Annual General Meeting of 20 February 2015 to purchase own shares of any class up until 19 February 2020. The authorisation is limited to the acquisition of shares collectively representing a maximum of ten per cent of the share capital issued as of the date the Annual General Meeting resolution is passed or – if this value is lower – at the time the authorisation is exercised. The shares acquired on the basis of this authorisation, together with any own shares acquired for other reasons held by the Company or attributable to it in accordance with Sections 71a et seqq. AktG, shall collectively not exceed 10 per cent of the Company's share capital at any time.



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The shares may be acquired on the stock exchange or by a public tender offer. The authorisation contains specifications in each case concerning the purchase price and the procedure when a public tender offer is over-subscribed.

The Management Board is authorised to use the shares in the Company acquired based on the above authorisation or based on a previously issued authorisation for the following purposes:

- Sale of shares of the Company on the stock exchange or by an offer to all shareholders,
- Listing of shares of the Company on foreign stock exchanges on which they have previously not been admitted for trading, in which case the authorisation will contain requirements concerning the initial listing price,
- Transfer of shares of the Company to third parties for a non-cash consideration as part of company mergers or in the acquisition of companies, parts of companies, businesses, holdings in companies or other assets,
- Sale of shares of the Company by means other than via the stock exchange or via an offer to all shareholders, provided that the sale is for cash payment and at a price not substantially lower than the stock exchange price in effect for listed shares of the Company with the same terms on the date of the sale. The foregoing authorisation is limited to the sale of shares collectively representing no more than 10 per cent of the share capital at the time the authorisation takes effect or – if this value is lower – at the time the authorisation is exercised. The proportion of share capital which is (i) attributable to shares of the Company which are issued during the term of said authorisation excluding the subscription right in direct or analogous application of Section 186 (3) sentence 4 AktG, and (ii) attributable to shares of the Company which are issued or are to be issued to service warrant or convertible bearer bonds, which in turn have been issued during the term of said authorisation excluding the subscription right by analogous application of

Section 186 (3) sentence 4 AktG, shall count towards this cap of 10 per cent of the share capital.

- Delivery of shares to holders of warrant or convertible bearer bonds of the Company or its affiliates, in accordance with Section 18 AktG under the terms and conditions applicable to such warrant or convertible bonds. This also applies to the delivery of shares based upon the exercise of subscription rights, which in the event of a sale of Company shares through an offer to all shareholders or in the event of a capital increase with subscription rights may be granted to holders of warrant or convertible bearer bonds of the Company or any of its affiliates in accordance with Section 18 AktG to the same extent that holders of such warrant or convertible bearer bonds would have subscription rights for shares of the Company after exercising the warrant or conversion rights or performing the warrant or conversion obligations. The shares transferred based upon this authorisation shall collectively not exceed a pro rata amount of 10 per cent of the share capital at the time the authorisation takes effect or – if this value is lower – at the time the authorisation is exercised, insofar as such shares were issued to service warrant or conversion rights or obligations granted or imposed in application of Section 186 (3) sentence 4 AktG mutatis mutandis. The limit of 10 per cent of the share capital is reduced by the pro rata amount of share capital represented by any shares issued or sold during the effective period of this authorisation by application of Section 186 (3) sentence 4 AktG mutatis mutandis.
- Dividend payment in the form of shares (scrip dividend), whereby Company shares are used (also partially and optionally) to service dividend rights of shareholders,
- Redemption of shares of the Company, without the need for any further resolution by the Annual General Meeting. Such redemption may also be accomplished without an increase in capital by adjusting the proportional value of the remaining no-par value shares to the share capital of the Company. In this case, the Management Board is authorised to adjust the number of no-par value shares in the Articles of Association.



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The above authorisations to acquire and use the Company's own shares based on the above or previous authorisations may be exercised in whole or in part, on one or more occasions, individually or collectively by the Company or its affiliates in accordance with Section 18 AktG or by third parties acting for their account or for the account of the Company. The above authorisations may be exercised for ordinary shares as well as preference shares or for ordinary shares or preference shares only.

Using own shares in accordance with above authorisations other than selling acquired Company shares on the stock exchange or by offer to all shareholders requires consent of the Supervisory Board.

The subscription rights of shareholders are excluded if Company shares are used for any of the purposes authorised above except for the authorisation to sell own shares by offer to all shareholders, authorisation for dividend payments in form of a scrip dividend, and authorisation for the redemption of shares without the need for any further resolution by the Annual General Meeting.

The Management Board is authorised to exclude shareholder subscription rights for residual amounts if Company shares are used according to the authorisation to sell own shares by offer to all shareholders in compliance with the principle of equal treatment ("Gleichbehandlungsgrundsatz", Section 53a AktG). In addition, the Management Board is authorised to exclude shareholder subscription rights if Company shares are used for dividend payments in form of a scrip dividend.

On 20 February 2015, the Management Board was also authorised by the Annual General Meeting to acquire shares under this authorisation by use of put or call options or futures (hereinafter: futures) or a combination thereof (hereinafter: derivatives). The acquisition of shares using derivatives is limited to shares collectively representing a maximum of 5 per cent of the share capital issued as of the date the Annual General Meeting resolution is passed or – if this value is lower – at the time the authorisation is exercised. The derivative's term of maturity must be chosen such that the acquisition of shares using derivatives does not take place after 19 February 2020. The derivatives contracts must be

concluded with one or more credit institution(s) that are independent of CECONOMY AG and/or one or more companies meeting the requirements of Section 53 (1) sentence 1 or Section 53 b (1) sentence 1 or (7) of the German Banking Act [Kreditwesengesetz, KWG]. The characteristics of the derivatives must ensure that they are serviced only with shares purchased in compliance with the equal treatment principle (Section 53a AktG). This requirement is met by shares purchased on a stock exchange.

The option premium received by the Company for put options/paid for call options must not fall significantly below the theoretical market value determined using recognised financial mathematical models for the options concerned. The purchase price per Company share to be paid when exercising a put or call option or upon due date of the futures may not be more than 10 per cent higher or lower than the average closing price (arithmetic mean) of the same class of Company shares in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange over the three days of trading before concluding the corresponding derivative transaction (excluding incidental costs but taking the received or paid option premium into consideration).

If the Company's own shares are acquired using derivatives in compliance with the above regulations, the rights of shareholders to enter into derivative transactions with the Company as well as any put options for shareholders are excluded.

The regulations listed above also cover the use of the Company's own shares acquired using derivatives.

To date, the authorisation granted by resolution adopted by the Annual General Meeting on 20 February 2015 to buy back the Company's own shares in accordance with Section 71 (1) No. 8 AktG, also by using derivatives, has not been used, nor are there any specific plans to use this authorisation.

In financial year 2016/17, the Management Board did, however, decide to grant ordinary shares in CECONOMY AG to CECONOMY AG employees



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in three tranches as an incentive. The transfer of the tranches to the employees will commence at the start of financial year 2017/18 and continue at the start of calendar years 2018 and 2019. The CECONOMY AG shares needed to service this programme and representing a total volume of approximately €90,000.00 will be repurchased under the statutory authorisation granted in Section 71 (1) No. 2 AktG. The CECONOMY AG shares destined for transfer to the employees will also be purchased in three tranches at the start of financial year 2017/18 and at the start of calendar years 2018 and 2019, respectively. The relevant number of ordinary shares in CECONOMY AG that are slated for issue to the employees of CECONOMY AG in each tranche will be repurchased accordingly. As per statutory regulations, shareholders' subscription rights will be excluded in the share repurchase programme.

**Fundamental agreements subject to change of control (Section 315 (4) No. 8 and Section 289 (4) No. 8 HGB (superseded version))**

As a borrower, CECONOMY AG is currently party to a syndicated credit agreement and to multi-year bilateral credit agreements that the lender may cancel in the event of a change of control. The requirements of a change of control are, first, that the shareholders who controlled CECONOMY AG at the time at which each contract was signed lose control over CECONOMY AG. The second requirement is the assumption of control of CECONOMY AG by one or more parties. In this case, the banks may cancel the contracts and demand repayment of the loans governed by the agreements. The regulations as described here are common market practice and serve to protect creditors. In financial year 2016/17, these loans were not drawn upon.

**Compensation agreements in the event of a change of control (Section 315 (4) No. 9 and Section 289 (4) No. 9 HGB (superseded version))**

The decision in financial year 2016/17 to reappoint/appoint Pieter Haas, Mark Frese and Dr Dieter Haag Molkenteller to the Management Board of

CECONOMY AG was accompanied by the inclusion in their contracts of clauses governing compensation agreements in the event of a takeover bid that became effective on the day after the hive-down and spin-off of METRO Wholesale & Food Specialist AG became effective. In accordance with these agreements, these members of the Management Board are granted an exceptional right of termination in the event of a change of control accompanied by significant limitations imposed on their Management Board roles, which they must exercise within six months of the change in control. If the appointment of one of these members of the Management Board ends, either as a result of their exercising their exceptional right of termination or by mutual agreement, within six months of the change in control, that member of the Management Board will be paid the contractual claims to which they are entitled for the residual term of their contract in one lump sum. Such severance payment including supplemental benefits is, however, capped at the equivalent of three years' remuneration. A change of control is deemed to have occurred when one shareholder, or several shareholders acting together, acquire or have acquired control as defined in Section 29 of the German Securities Acquisition and Takeover Act [Wertpapierübernahmegesetz, WpÜG] by virtue of holding at least 30 per cent of the voting rights in CECONOMY AG.

In the event of a change of control at CECONOMY AG prior to 31 December 2019, most of the staff are conditionally entitled to higher severance payments. A higher severance payment equivalent to two years' fixed salary plus simple base bonus amount is payable if CECONOMY AG terminates an employee's contract (notwithstanding dismissal for cause) within one year of the change of control or if the job description or responsibilities of an employee change(s) by at least 50 per cent within two years of the change of control (notwithstanding voluntary resignation by the employee), and that employee is not offered alternative employment in another company within the CECONOMY Group or has not received a binding offer of employment from or through another company within CECONOMY Group.



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## SUPPLEMENTARY NOTES FOR CECONOMY AG (PURSUANT TO THE GERMAN COMMERCIAL CODE)

### Demerger of the former METRO GROUP

The former METRO AG (now: CECONOMY AG) and METRO Wholesale & Food Specialist AG (now METRO AG) concluded a hive-down and spin-off agreement (hereinafter: spin-off agreement) in notarised form on 13 December 2016. In accordance with the spin-off agreement, the former METRO AG (now: CECONOMY AG) transfers all assets and liabilities, which form the sales lines of the wholesale and food retail business operated by METRO Cash & Carry and Real and further associated real estate and service activities, to METRO Wholesale & Food Specialist AG (now: METRO AG). The Consumer Electronics business (entertainment and household electronics), which is operated in the Media-Saturn sales division, remained with the former METRO AG (now: CECONOMY AG), along with the associated service and support activities.

The former METRO AG (now: CECONOMY AG) had already placed 100 per cent of its stake in METRO Wholesale & Food Specialist AG into MWFS Zwischenholding GmbH & Co. KG (hereinafter: MWFS KG) in preparation for the demerger.

The transfer of assets and debts to METRO Wholesale & Food Specialist AG (now METRO AG) has taken place in the form of legally independent measures, both by way of a hive-down and a spin-off under the German Transformation Act [UmwG].

With the spin-off, the majority of the MWFS operations (including the associated employees and operating and office equipment), the intangible assets of the former METRO AG, in particular the licence agreements and rights of use for the brands METRO and real, - the participation in

METRO Dienstleistungs Holding GmbH, METRO Cash & Carry International GmbH (six percent share) and other equity investments, as well as the liabilities to finance the Group companies to METRO Wholesale & Food Specialist AG (now METRO AG), which in return receive about 10 per cent (after completion of the subsequent spin-off, they dilute approximately 1 per cent), which has received shares in the share capital of METRO Wholesale & Food Specialist AG (now METRO AG). Subsequently, the assets and liabilities of the former METRO AG (now: CECONOMY AG), which are not attributable to the spin-off assets or the entirety of the economic activities of the Consumer Electronics business segment assigned to CECONOMY AG, were transferred to METRO Wholesale & Food Specialist AG (now: METRO AG) by means of the spin-off. In return for the spin-off, the shareholders of the former METRO AG (now: CECONOMY AG) shares in METRO Wholesale & Food Specialist AG (now METRO AG), which represent around 90 per cent of the share capital of METRO Wholesale & Food Specialist AG (now METRO AG).

Following the demerger, CECONOMY AG now has a direct stake of approximately 1 per cent of the Company's share capital and an indirect stake of approximately 9 per cent through its subsidiary MWFS Zwischenholding GmbH & Co. KG due to the dilution effects of the capital increase at the current METRO AG during the course of the spin-off.

The entry of the hive-down and the spin-off of the Company in the commercial register took place on 12 July 2017.

The shares of CECONOMY AG and the current METRO AG have been traded separately on the stock exchanges in Frankfurt am Main and Luxembourg since 13 July 2017.





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The renaming of the former METRO AG as CECONOMY AG was entered into the commercial register on 11 August 2017, and the renaming of the former MWFS AG as METRO AG on 18 August 2017.

Against the background of the demerger, the figures for the 2016/17 financial year for CECONOMY AG are not comparable with the previous year's figures. In order to provide comparability, additional information on selected items in the statement of financial position and statement of profit or loss is provided in the Notes to the previous year's figures in order to clarify the effects of the demerger through the hive-down and spin-off of the Wholesale and Food Retail segment.

### Overview of financial year 2016/17 and outlook of CECONOMY AG

As the management holding company of CECONOMY, CECONOMY AG is highly dependent on the development of the Group in terms of its own business development, position and potential development with its key opportunities and risks.

In light of the holding structure, the most important key performance indicator for CECONOMY AG in terms of GAS 20 is commercial net profit or loss – contrary to the case for the Group as a whole.

### Business development of CECONOMY AG

The business development of CECONOMY AG is primarily characterised by the development and dividend distributions of its investments. CECONOMY AG's annual financial statements prepared under German commercial law serve as the basis for dividend distribution. The statement of profit or loss and statement of financial position of CECONOMY AG prepared in accordance with the German Commercial Code (HGB) are outlined below.

## Results of operations of CECONOMY AG and profit appropriation

### Statement of profit or loss for the financial year from 1 October 2016 to 30 September 2017 in accordance with HGB

€ million	2015/16	2016/17
Investment result	124	157
Net financial result	-42	-5
Other operating income	746	1,006
Personnel expenses	-226	-21
Depreciation/amortisation/impairment losses on intangible assets and property, plant and equipment	-4	0
Other operating expenses	-570	-37
Income taxes	-15	0
<b>Earnings after tax</b>	<b>13</b>	<b>1,100</b>
Other taxes	-1	0
<b>Net profit or loss</b>	<b>12</b>	<b>1,100</b>
Profit carried forward from the previous year	57	13
Withdrawals from the capital reserves	0	2,431
Withdrawals from the revenue reserves	272	2,388
Reduction in assets due to the demerger	0	-5,824
<b>Balance sheet profit</b>	<b>341</b>	<b>108</b>

For financial year 2016/17, CECONOMY AG reported an investment result of €157 million (2015/16: €124 million; comparable previous year's value €56 million). The earnings from investments amounting to €158 million contained therein relate to profit shares from the limited partnership in METRO PROPERTIES GmbH & Co. KG amounting to €8 million (2015/16: comparable previous year's value of €0 million) and the distribution of capital reserves of CECONOMY Retail GmbH of €150 million (2015/16: comparable previous year's €35 million). Income from profit and loss transfer agreements amounts to €5 million (2015/16: €24 million in the previous year) is attributable mainly to CECONOMY Retail GmbH, which holds 78.38 per cent of Media-Saturn-Holding GmbH. Expenses from loss transfers amounting to €6 million



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mainly relate to CECONOMY Data GmbH amounting to €4 million (2015/16: comparable to previous year's value of €3 million) and the CECONOMY Retail GmbH amounting to €2 million (2015/16: comparable to previous year's €0 million).

A fiscal unit for income taxes exists for certain subsidiaries. There is no fiscal unit for income taxes between CECONOMY AG and subsidiaries of CECONOMY AG.

The financial result of CECONOMY AG is mainly characterised by interest paid from the compounding of provisions for pensions and similar obligations liabilities and interest expenses from the liabilities accepted in the 2016/17 financial year under the Multi-Currency Commercial Paper Programme and the long-term promissory note loan. The improvement in the financial result compared to the previous year is in particular due to the demerger, as all financial liabilities were transferred as at 30 September 2016, meaning that CECONOMY AG had significantly lower debt at the closing date. This was offset by the transfer of loans in connection with the demerger, which led to lower interest income.

Within the scope of the demerger, assets and liabilities with a negative carrying amount of €992 million have been transferred to the current METRO AG (formerly MWFS AG). The positive hive-down result has been recognised in profit or loss and is reported under other operating income. The change in other operating income is therefore attributable to the demerger. This was in particular offset by the elimination of transfer pricing income from the transfer pricing model agreed with the wholesale and food retail companies as well as other group offsetting. In the past financial year, the ruling of the Federal Labour Court on the so-called "late marriage" clause was used for the first time in the accounting of pension obligations. The resulting plan curtailments in considering the surviving dependants' rights led to a reduction in pension accrual that was reported in other income.

Personnel expenses totalled €21 million in the current financial year 2016/17. Costs for wages and salaries came to €19 million. As at 30 September 2017, CECONOMY AG had 75 employees (30/09/2016:

1,082, average across four quarters). Part-time employees and temporary workers were converted into full-time equivalents. The decline in personnel expenses overall compared to the previous year is due to the merger.

Other operating expenses in the current financial year 2016/17 mainly include consulting expenses and other expenses in connection with the demerger. The year-on-year change is primarily due to the merger, as services from the former METRO AG as a holding company were previously provided almost exclusively to companies in the wholesale and food retail business. Likewise, the risks from the transfer pricing model related exclusively to Group companies in the wholesale and food retail business.

Net profit amounted to €1,100 million (2015/16: €12 million), mainly due to the hive-down result on the transfer of €992 million.

From the balance sheet profit of €341 million reported for the financial year 2015/16, dividends were distributed in the 2016/17 financial year in accordance with the resolution of the Annual General Meeting of the former METRO AG (now: CECONOMY AG) on 6 February 2017 amounting to €1.00 per ordinary share and €1.06 per preference share, that is, a total of €327 million. The balance was carried forward to new account as profit. The profit carried forward of €13 million was used to offset the reduction in assets from the spin-off.

Regarding the appropriation of the balance sheet profit for 2016/17, the Management Board of CECONOMY will propose to the Annual General Meeting to distribute from the reported balance sheet profit of €108 million a dividend amounting to €0.26 per ordinary share and €0.32 per preference share – that is, a total of €85 million – and to carry forward the remaining amount to the new account.



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**Financial position of CECONOMY AG**

**CASH FLOWS**

Cash inflows in financial year 2016/17 resulted partly from inflows (bond) from a multi-currency commercial paper programme with a volume of €254 million. Cash inflows were also due to a promissory note loan of €250 million. As at the closing date, cash and cash equivalents primarily consisted of credit balances of €4 million with banks. The decrease in cash and cash equivalents compared with the previous year is attributable to the demerger and the payment of the dividend for the previous financial year.

**CAPITAL STRUCTURE**

**Equity and liabilities**

€ million	30/09/2016	30/09/2017
<b>Equity</b>		
Share capital	835	835
Ordinary shares	828	828
Preference shares	7	7
(Contingent capital)	(128)	(128)
Capital reserve	2,558	128
Reserves retained from earnings	2,388	0
Balance sheet profit	341	108
	<b>6,122</b>	<b>1,071</b>
<b>Provisions</b>	<b>447</b>	<b>134</b>
<b>Liabilities</b>	<b>3,230</b>	<b>578</b>
<b>Deferred income</b>	<b>5</b>	<b>0</b>
	<b>9,804</b>	<b>1,783</b>

Liabilities consisted of equity of €1,071 million (30/09/2016: €6,122 million) and provisions, liabilities, and prepaid expenses and deferred charges of €712 million (30/09/2016: €3,682 million). As at the closing date, the equity ratio amounted to 60.1 per cent compared with

62.4 per cent in the previous year. The change in equity is largely attributable to the net asset decrease due to the demerger.

Provisions for pensions and similar obligations of €84 million (30/09/2016: €93 million; comparable previous year's value €91 million) for direct pension commitments and €35 million (30/09/2016: €38 million; comparable previous year's value €38 million) were created for shortfalls in the underfunded support facilities.

Within the item "Provisions for pensions and similar obligations", asset values of reinsurance policies amounting to €19 million (30/09/2016: €39 million; comparable previous year's value €17 million) were offset. The assets of the reinsurance policies are pledged and insolvency-secured. The cost of acquisition essentially corresponds to the fair value of the reinsurance policies and the settlement amount of the obligations. There were no significant offsetting expenses and income in this regard.

As part of the demerger, provisions for pensions and similar obligations of around €2 million were transferred to employees of the current METRO AG, leaving CECONOMY AG with provisions for pensions and similar obligations of €129 million.

The change in tax provisions to €0 million is fully based on the hive-down.

The other provisions of €15 million mainly consist of €8 million in employee benefits and €5 million of outstanding cost accounting. Of the other provisions of €309 million recognised as at 30 September 2016, €298 million were transferred as part of the demerger.

The bonds include liabilities from commercial paper programmes newly concluded in the 2016/17 financial year. The multi-currency commercial paper programme is used to service short-term financing needs. It is an ongoing capital market programme with a maximum volume of €500 million. As at 30 September 2017, the programme has a volume of €254 million. The bonds reported in the previous year were fully transferred amounting to €1,751 million as part of the demerger. CECONOMY AG



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has adequate reserves comprising both the liquidity available within the Company, and a syndicated credit facility of €550 million together with multi-year guaranteed credit facilities of €490 million. These extensive multi-year credit facilities were not drawn as of 30 September 2017.

Liabilities to banks include a promissory note loan arranged in the 2016/17 financial year amounting to €250 million. The liabilities to banks reported in the previous year were fully transferred amounting to €94 million as part of the demerger.

Cost and investment calculations are reported under trade payables amounting to €5 million. Within the scope of the demerger, trade payables amounting to €21 million were completely divested as at 30 September 2016.

Of the liabilities to affiliated companies amounting to €56 million, €6 million were attributable to liabilities from profit and loss transfer agreements in financial year 2016/17, and a substantial amount of €50 million out of short-term financial investments performed by the Group companies of CECONOMY AG. The significant reduction in the statement of financial position item compared to the previous year is due to the demerger, as liabilities to Group companies of the current METRO AG with a volume of €1,209 million have been transferred.

Other liabilities of more than €13 million mainly include a €8 million reimbursement of VAT by the tax office, which relates to companies of the current METRO AG and will therefore be passed on to them. As part of the demerger, the majority of other liabilities – approximately €44 million – was transferred as at 30 September 2016.

**Net assets of CECONOMY AG**

**Assets**

€ million	30/09/2016	30/09/2017
<b>Fixed assets</b>		
Intangible assets	32	1
Property, plant and equipment	2	0
Financial assets	7,705	1,561
	<b>7,739</b>	<b>1,562</b>
<b>Current assets</b>		
Receivables and other assets	1,433	215
Cash on hand, bank deposits and cheques	618	4
	<b>2,051</b>	<b>219</b>
<b>Deferred income</b>	<b>14</b>	<b>2</b>
	<b>9,804</b>	<b>1,783</b>

Assets totalled €1,783 million as at the closing date (30/09/2016: €9,804 million) and consisted mainly of financial assets of €1,561 million (30/09/2016: €7,705 million). Financial assets represent 87.6 per cent (30/09/2016: 78.6 per cent) of total assets.

Shares in affiliated companies amounted to €1,548 million as at 30 September 2017 (30/09/2016: €6,835 million, compared to previous year €869 million) and comprise essentially 100 per cent of the shares in CECONOMY Retail GmbH with a book value of €651 million, which in turn holds the majority of the shares in Media-Saturn-Holding GmbH. In addition, 100 per cent of the shares with a book value of €433 million are held in MWFS Zwischenholding GmbH & Co. KG, through which CECONOMY AG indirectly holds a stake of approximately 9 per cent in the current METRO AG and 100 per cent of the shares in CECONOMY Retail International GmbH, which in turn holds a 24.33 percent stake in Fnac Darty S.A. in Ivry-sur-Seine, France, acquired in the year under review, with a book value of €453 million.



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The change in shares in affiliated companies compared to the previous year is attributable to the demerger in the year under review. As at 30 September 2016, shares with a book value of €5,966 million, attributable to the wholesale and food retail business, were transferred by way of the hive-down and spin-off. Cumulative depreciation of €458 million was also transferred.

All loans, totalling €869 million, were also divested as part of the demerger, as they were owed to wholesalers and food retailers.

The shareholdings mainly comprise 6.61 per cent of the shares in METRO PROPERTIES GmbH & Co. KG and the approximately one percent share held by CECONOMY AG in the current METRO AG. This approximate one percent share held by CECONOMY AG in the current METRO AG is tax-exempt for seven years, which means that it cannot be sold without accepting negative tax consequence. As a result of the demerger, the stakes no longer exist in affiliated companies, so they are reported under the equity investments.

Receivables from affiliated companies amounting to €163 million mainly comprise €5 million receivables from profit and loss transfer agreements (30/09/2016: comparable previous year: €24 million), receivables from the distribution of capital from an additional subsidiary of €150 million (30/09/2016: comparable previous year: €35 million) as well as €8 million in receivables from the financing function of CECONOMY AG as a holding company against Group companies (30/09/2016: comparable prior-year figure: €1 million).

Other assets amounting to €52 million mainly include tax refund claims of €50 million (30/09/2016: compared to previous year €60 million) plus related interest receivable.

The changes to receivables and other assets compared to the previous year is essentially due to the demerger.

## Risk situation of CECONOMY AG

As CECONOMY AG is closely engaged with the Group companies through financing and guarantee commitments as well as direct and indirect investments, among other things, the risk situation of CECONOMY AG is highly dependent on the risk situation of CECONOMY Group. As a result, the summary of the risk situation issued by the Company's management also reflects the risk situation of CECONOMY AG.

## Outlook of CECONOMY AG

The business development of METRO AG as the management holding company essentially depends on the development and dividend distributions of its investments. CECONOMY AG assumes that the net income for the coming financial year 2017/18 will be at the level of the previous year, excluding the result from the divestment (2016/17: €992 million).

## Investments planned by CECONOMY AG

In the context of CECONOMY's investment activities, CECONOMY AG will support Group companies with increases in shareholdings or loans, where necessary. In addition, investments in shareholdings in affiliated companies may result from intra-group share transfers.

## Declaration on corporate management

The declaration on corporate management is available on the Company's website ([www.ceconomy.de](http://www.ceconomy.de)) in the section Company – Corporate Governance.





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**Statement of profit or loss for the financial year from 1 October 2016 to 30 September 2017**

€ million	Note no.	2015/16	2016/17
<b>Sales</b>	<b>1</b>	<b>21,870</b>	<b>22,155</b>
Cost of sales		-17,398	-17,594
<b>Gross profit on sales</b>		<b>4,472</b>	<b>4,561</b>
Other operating income	2	173	167
Selling expenses	3	-3,826	-3,830
General administrative expenses	4	-497	-552
Other operating expenses	5	-10	-10
Earnings share of operating companies recognised at equity	6	0	0
<b>Earnings before interest and taxes EBIT</b>		<b>312</b>	<b>334</b>
Earnings share of non-operating companies recognised at equity	6	0	0
Other investment result	6	0	-5
Interest income	7	27	19
Interest expenses	7	-39	-31
Other financial result	8	-10	-10
<b>Net financial result</b>		<b>-22</b>	<b>-26</b>
<b>Earnings before taxes EBT</b>		<b>290</b>	<b>308</b>
Income taxes	10	-198	-186
<b>Profit or loss for the period from continuing operations</b>		<b>92</b>	<b>121</b>
Profit or loss for the period from discontinued operations after tax	11	565	1,032
<b>Profit or loss for the period</b>		<b>657</b>	<b>1,153</b>
Profit or loss for the period attributable to non-controlling interests	12	58	51
from continuing operations		(46)	(34)
from discontinued operations		(13)	(17)
Profit or loss for the period attributable to shareholders of CECONOMY AG		599	1,102
from continuing operations		(46)	(87)
from discontinued operations		(553)	(1,015)
<b>Earnings per share in € (basic = diluted)</b>	<b>13</b>	<b>1.83</b>	<b>3.37</b>
from continuing operations		(0.14)	(0.27)
from discontinued operations		(1.69)	(3.11)



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**Reconciliation from profit or loss for the period to total comprehensive income for the financial year from 1 October 2016 to 30 September 2017**

€ million	Note no.	2015/16	2016/17
<b>Profit or loss for the period</b>	<b>11.12</b>	<b>657</b>	<b>1,153</b>
<b>Other comprehensive income</b>			
<b>Items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>	<b>32</b>	<b>-147</b>	<b>-2</b>
Remeasurement of defined benefit pension plans	33	-207	113
Income tax attributable to items of other comprehensive income that will not be reclassified subsequently to profit or loss		60	-115
<b>Items of other comprehensive income that may be reclassified subsequently to profit or loss</b>	<b>32</b>	<b>52</b>	<b>465</b>
Currency conversion differences from the translation of financial statements of foreign operations		49	533
Effective portion of gains/losses from cash flow hedges		2	-71
Gains/losses on remeasuring financial instruments in the category "available for sale"		0	-5
Income tax attributable to items of other comprehensive income that may be reclassified subsequently to profit or loss		1	9
<b>Other comprehensive income</b>	<b>32</b>	<b>-95</b>	<b>463</b>
<b>Total comprehensive income</b>	<b>32</b>	<b>562</b>	<b>1,617</b>
Total comprehensive income attributable to non-controlling interests	32	54	51
Total profit attributable to shareholders of CECONOMY AG	32	508	1,566





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**Statement of financial position as at 30 September 2017**

**Assets**

€ million	Note no.	30/09/2016	30/09/2017
<b>Non-current assets</b>		<b>13,369</b>	<b>2,144</b>
Goodwill	18	3,361	531
Other intangible assets	19	497	100
Property, plant and equipment	20	8,141	858
Investment properties	22	126	0
Financial assets	23	104	135
Investments accounted for using the equity method	23	188	458
Other financial and non-financial assets	24	289	22
Deferred tax assets	25	663	39
<b>Current assets</b>		<b>11,583</b>	<b>6,136</b>
Inventories	26	5,456	2,553
Trade receivables	27	808	498
Other financial and non-financial assets	24	2,734	2,136
Entitlements to income tax refunds		216	87
Cash and cash equivalents	30	2,368	861
Assets held for sale	31	0	0
		<b>24,952</b>	<b>8,280</b>



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**Equity and liabilities**

€ million	Note no.	30/09/2016	30/09/2017
<b>Equity</b>	<b>32</b>	<b>5,332</b>	<b>666</b>
Share capital		835	835
Capital reserve		2,551	128
Reserves retained from earnings		1,934	-294
Non-controlling interests		12	-2
<b>Non-current liabilities</b>		<b>5,950</b>	<b>1,062</b>
Provisions for pensions and similar obligations	33	1,414	640
Other provisions	34	383	51
Borrowings	35, 37	3,812	278
Other financial and non-financial liabilities	35, 38	191	86
Deferred tax liabilities	25	150	8
<b>Current liabilities</b>		<b>13,670</b>	<b>6,551</b>
Trade payables	35, 36	9,383	4,929
Provisions	34	705	199
Borrowings	35, 37	947	266
Other financial and non-financial liabilities	35, 38	2,465	1,113
Income tax liabilities	35	170	44
Liabilities related to assets held for sale	31	0	0
		<b>24,952</b>	<b>8,280</b>



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**Statement of changes in equity for the financial year from 1 October 2016 to 30 September 2017**

€ million	Note no.	Subscribed share capital	Capital reserve	Effective portion of gains/losses from cash flow hedges	Gains/losses on remeasuring financial instruments in the category "available for sale"	Currency translation differences from translating the financial statements of foreign operations	Re-calculation of defined benefit pension plans
<b>30/09 / 01/10/2015</b>	<b>32</b>	<b>835</b>	<b>2,551</b>	<b>70</b>	<b>0</b>	<b>-626</b>	<b>-646</b>
Earnings after tax		0	0	0	0	0	0
Other comprehensive income		0	0	2	0	50	-205
Total comprehensive income		0	0	2	0	50	-205
Capital increases		0	0	0	0	0	0
Dividends		0	0	0	0	0	0
Capital transaction with a change in the ownership interest without loss of control		0	0	0	0	0	0
Other changes		0	0	0	0	0	0
<b>30/09 / 01/10/2016</b>	<b>32</b>	<b>835</b>	<b>2,551</b>	<b>72</b>	<b>0</b>	<b>-576</b>	<b>-851</b>
Earnings after tax		0	0	0	0	0	0
Other comprehensive income		0	0	-71	-5	536	110
Total comprehensive income		0	0	-71	-5	536	110
Capital increases		0	0	0	0	0	0
Dividends		0	0	0	0	0	0
Capital transaction with a change in the ownership interest without loss of control		0	0	0	0	0	0
Other changes		0	-2,423	0	0	0	482
<b>30/09/2017</b>	<b>32</b>	<b>835</b>	<b>128</b>	<b>0</b>	<b>-5</b>	<b>-40</b>	<b>-259</b>

<sup>1</sup>The dividend shown includes dividends to minority shareholders in the amount of €-21 (2015/16: €24 million) the shares of which are fully shown as borrowed capital due to put options.

<sup>2</sup>The dividend shown includes dividends to minority shareholders in the amount of €-6 million (2015/16: €-6 million) the shares of which are fully shown as borrowed capital due to put options.



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**Statement of changes in equity for the financial year from 1 October 2016 to 30 September 2017**

€ million	Income tax attributable to components of other comprehensive income	Other reserves retained from earnings	Total reserves retained from earnings	Total equity before non-controlling interests	Non-controlling interests	Total equity
<b>30/09 / 01/10/2015</b>	<b>131</b>	<b>2,864</b>	<b>1,793</b>	<b>5,179</b>	<b>-7</b>	<b>5,172</b>
Earnings after tax	0	599	599	599	58	657
Other comprehensive income	62	0	-91	-91	-4	-95
Total comprehensive income	62	599	508	508	54	562
Capital increases	0	0	0	0	0	0
Dividends	0	-351 <sup>1</sup>	-351	-351	-38 <sup>2</sup>	-389
Capital transaction with a change in the ownership interest without loss of control	0	0	0	0	-2	-2
Other changes	0	-16	-16	-16	5	-11
<b>30/09 / 01/10/2016</b>	<b>193</b>	<b>3,096</b>	<b>1,934</b>	<b>5,320</b>	<b>12</b>	<b>5,332</b>
Earnings after tax	0	1,102	1,102	1,102	51	1,153
Other comprehensive income	-105	0	464	464	0	463
Total comprehensive income	-105	1,102	1,566	1,566	51	1,617
Capital increases	0	0	0	0	0	0
Dividends	0	-349 <sup>1</sup>	-349	-349	-35 <sup>2</sup>	-384
Capital transaction with a change in the ownership interest without loss of control	0	-1	-1	-1	1	0
Other changes	-89	-3,837	-3,444	-5,867	-32	-5,899
<b>30/09/2017</b>	<b>-2</b>	<b>11</b>	<b>-294</b>	<b>668</b>	<b>-2</b>	<b>666</b>



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**Cash flow statement for the financial year from 1 October 2016 to 30 September 2017**

€ million	Note no.	2015/16	2016/17
EBIT		312	334
Scheduled depreciation, appreciation and impairments on assets	14	307	264
Change in provisions for pensions and similar obligations	33, 34	-53	-37
Change in net working capital	26, 27, 36	-225	52
Income taxes paid		-199	-160
Reclassification of gains (-) / losses (+) from the disposal of fixed assets		6	5
Other		230	64
<b>Cash flow from operating activities of continuing operations</b>		<b>378</b>	<b>521</b>
Cash flow from operating activities of discontinued operations		1,192	236
<b>Cash flow from operating activities</b>		<b>1,569</b>	<b>758</b>
Acquisitions of subsidiaries		-28	-18
Investments in property, plant and equipment (excl. finance leases)	20 21	-314	-231
Other investments		-56	-528
Disposal of subsidiaries		0	0
Disposal of fixed assets	19, 20, 21, 22	21	34
<b>Cash flow from investing activities of continuing operations</b>		<b>-376</b>	<b>-744</b>
Cash flow from investing activities of discontinued operations		354	-1,544
<b>Cash flow from investing activities</b>		<b>-22</b>	<b>-2,287</b>
Dividends paid	32		
to CECONOMY AG shareholders <sup>3</sup>		-351	-349
to other shareholders <sup>4</sup>		-24	-15
Redemption of liabilities from put options of non-controlling interests		-3	-2
New borrowings		0	512
Redemption of borrowings		-56	-1
Interest paid		-39	-22
Interest received		24	19
Profit and loss transfers and other financing activities		-4	-2
<b>Cash flow from financing activities of continuing operations</b>		<b>-454</b>	<b>140</b>
Cash flow from financing activities of discontinued operations		-3,130	-91
<b>Cash flow from financing activities</b>		<b>-3,584</b>	<b>49</b>
<b>Total cash flows</b>		<b>-2,036</b>	<b>-1,480</b>
Currency effects on cash and cash equivalents		-13	-27



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<b>Total change in cash and cash equivalents</b>	<b>-2,049</b>	<b>-1,507</b>
Cash and cash equivalents as at 1 October	4,417	2,368
less cash and cash equivalents reported in assets in accordance with IFRS 5	2	0
<b>Cash and cash equivalents as at 1 October</b>	<b>4,415</b>	<b>2,368</b>
Total cash and cash equivalents as at 30 September	2,368	861
less cash and cash equivalents reported in assets in accordance with IFRS 5	0	0
<b>Cash and cash equivalents as at 30 September</b>	<b>30</b>	<b>2,368</b>
	<b>861</b>	<b>861</b>

<sup>1</sup> The cash flow statement is explained in the notes to the consolidated financial statements, No. 42 - Notes to the cash flow statement

<sup>2</sup> Deviations from the statement of financial position values result from translation effects and changes in the consolidation group

<sup>3</sup> The reported dividend includes dividends to minority shareholders of €-21 million (2015/16: €- 24 million) whose shares are fully reported as liabilities due to put options.

<sup>4</sup> The reported dividend includes dividends to minority shareholders of €-6 million (2015/16: €-6 million) whose shares are fully reported as liabilities due to put options.



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## Segment reporting<sup>1</sup>

### Operating segments

€ million	DACH		Western/Southern Europe		Eastern Europe		Others		Consolidation		CECONOMY <sup>2,3</sup>	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
External sales (net)	12,358	12,662	6,609	6,714	2,181	2,226	722	553	0	0	21,870	22,155
Internal sales (net)	38	21	7	2	0	1	80	21	-125	-46	0	0
Sales (net)	12,396	12,683	6,616	6,716	2,181	2,227	803	574	-125	-46	21,870	22,155
EBITDA	470	516	212	148	-45	-15	-18	-52	0	0	619	597
EBITDA before special items	493	539	230	169	9	34	-12	-39	0	0	719	704
Scheduled amortisation, depreciation and impairment losses	173	133	76	83	57	45	7	6	0	0	313	267
Reversals of impairment losses	1	0	1	1	1	3	3	0	0	0	6	3
EBIT	298	384	137	65	-102	-57	-22	-58	0	0	312	334
EBIT before special items	359	421	158	91	-35	3	-16	-44	0	0	466	471
Investments	244	168	113	112	47	34	3	5	0	0	406	319
Long-term segment assets	858	843	502	520	142	126	21	22	0	0	1,523	1,512

<sup>1</sup> Segment reporting is explained in the notes under No. 43 – Segment reporting

<sup>2</sup> Contains external sales of € 10,579 million in Germany in 2016/17 (2015/16: € 10,344 million) and long-term segment assets as of 30 September 2017 amounting to € 721 million (30/09/2016: € 744 million).

<sup>3</sup> Contains external sales of € 2,088 million in Italy in 2016/17 (2015/16: € 2,108 million) and long-term segment assets as of 30 September 2017 amounting to € 152 million (30/09/2016: € 158 million).



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# Notes on the Group accounting principles and methods

## Accounting principles

CECONOMY AG, the parent company of the CECONOMY (hereinafter: CECONOMY) Group, has its head office at Benrather Strasse 18–20, 40213 Düsseldorf, Germany, and is registered at the District Court of Dusseldorf under the registration number HRB 39473. The consolidated financial statements and the Group management report are submitted to the operator of the Federal Gazette and published in the Federal Gazette. The entire annual report is also available on line at [www.ceconomy.de](http://www.ceconomy.de).

These consolidated financial statements as at 30 September 2017 were prepared in accordance with International Financial Reporting Standards (IFRS). They comply with all mandatory applicable accounting standards and interpretations adopted by the European Union as of this date. Compliance with these standards and interpretations ensures a true and fair view of the net assets, financial position and results of operations of CECONOMY.

The consolidated financial statements in their present form comply with the stipulations of Section 315a of the German Commercial Code (HGB). Together with Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002 concerning the application of international accounting standards, they form the legal basis for Group accounting in accordance with international standards in Germany.

The date at which the Management Board of CECONOMY AG signed the consolidated financial statements (29 November 2017) also represents the date at which the Management Board released the consolidated financial statements for publication and submitted them to the Supervisory Board.

The present consolidated financial statements are based on the historical cost principle. The main exceptions are financial instruments recognised at fair value, and financial assets and liabilities that are recognised

as hedged items at fair value within a fair value hedge. Furthermore, non-current assets held for sale and disposal groups as well as discontinued operations are recognised at fair value less costs to sell as long as this value is lower than the carrying amount. Liabilities from cash-settled share-based payments are also recognised at fair value. In addition, provisions are valued at the anticipated settlement amount.

The statement of profit or loss has been prepared using the cost of sales method.

Certain items in the statement of profit or loss and the statement of financial position have been combined to increase transparency and informative value. These items are listed separately and are described in detail in the notes.

The consolidated financial statements have been prepared in euros. Unless otherwise indicated, all figures are stated in million euros (€ million). Decimal places have been omitted in some cases in tables to enhance clarity. Figures in tables may include rounding differences.

The following accounting and measurement methods were used in the preparation of the consolidated financial statements.

## Application of new accounting methods

### ACCOUNTING STANDARDS APPLIED FOR THE FIRST TIME IN FINANCIAL YEAR 2016/17

The following accounting standards and interpretations revised, amended and newly adopted by the International Accounting Standards Board (IASB) that were binding for CECONOMY AG in financial year 2016/17 were applied for the first time in these consolidated financial statements, unless the Company opted for voluntary early adoption:

#### IAS 1 (Presentation of Financial Statements)

In the context of the "Disclosure Initiative", the following amendments to IAS 1 (Presentation of Financial Statements) were made with respect to the materiality principle, the presentation of net assets, the statement of





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profit or loss and other comprehensive income as well as disclosures in the notes to the financial statements.

In accordance with the materiality principle, information should not be obscured by aggregating information; materiality considerations apply to all parts of a financial statement; and the materiality principle must be considered even when a standard requires a specific disclosure.

The possibility of breaking line items down or them grouping together in the financial statements in the interests of relevance, and of including specifications of subtotals, has been considered, and the principles of clarity and comparability have been observed when determining the sequence of disclosures.

The aforementioned changes have not affected these financial statements.

We would like to clarify that the shares in other comprehensive income of associates and joint ventures accounted for using the equity method are now grouped together and recognised within the other comprehensive income of CECONOMY AG based on whether or not they will subsequently be reclassified to profit or loss in the statement of profit or loss.

### Additional IFRS amendments

The annual improvements to IFRS 2012–2014 include a clarification in IAS 34 (Interim Financial Reporting) regarding the disclosure of information elsewhere in the interim financial report.

In addition, as part of the improvements, two clarifications were made in IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations). If an entity reclassifies an asset (or disposal group) from the “held for sale” to the “held for distribution” category and an entity thus moves from one method of disposal to the other without interruption, this reclassification is seen as a continuation of the original plan of sale. As a result, the entity can continue to apply the accounting requirements applicable to assets (or disposal groups) that are classified as held for sale. The same applies to reclassifications from the category “held for distribution” to

“held for sale”. The reclassification does not result in an extension of the period in which the sale or distribution must be completed.

Assets (or disposal groups) that no longer satisfy the criteria for recognition as held for distribution must be treated in the same way as an asset that is no longer recognised as held for sale and must no longer be recognised in accordance with IFRS 5.

The following accounting standards were also applicable for the first time in financial year 2016/2017 but without any major impact on CECONOMY:

- IFRS 10/IFRS 12/IAS 28 (Amendment: Investment Entities: Applying the Consolidation Exception)
- IFRS 11 (Amendment: Accounting for Acquisitions of Interests in Joint Operations)
- IAS 16/IAS 41 (Amendment: Bearer Plants)
- IAS 16/IAS 38 (Amendment: Clarification of Acceptable Methods of Depreciation and Amortisation)
- IAS 27 (Amendment: Equity Method in Separate Financial Statements)

### ACCOUNTING STANDARDS THAT WERE PUBLISHED BUT NOT YET APPLIED IN FINANCIAL YEAR 2016/17

A number of other accounting standards and interpretations newly adopted or revised by the IASB were not yet applied by CECONOMY AG in financial year 2016/17 because they were either not yet mandatory or have not yet been endorsed by the European Commission.



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Standard/ Interpretation	Title	Effective date according to IFRS <sup>1</sup>	Application at CECONOMY AG from <sup>2</sup>	Endorsed by EU <sup>3</sup>
IFRS 2	Share-based Payment (Amendment: Classification and Measurement of Share-based Payment Transactions) <sup>4</sup>	01/01/2018	01/10/2018	No
IFRS 4	Insurance Contracts (Amendment: Applying IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts)	01/01/2018	01/10/2018	Yes
IFRS 9	Financial Instruments	01/01/2018	01/10/2018	Yes
IFRS 9	Financial Instruments (Amendment: Prepayment features with negative compensation <sup>4</sup> )	01/01/2019	01/10/2019	No
IFRS 10/IAS 28	Consolidated Financial Statements/Investments in Associates and Joint Ventures (Amendment: Sales or contributions of assets between an investor and its associate/joint venture <sup>4</sup> )	Unknown <sup>5</sup>	Unknown <sup>5</sup>	No
IFRS 15	Revenue from Contracts with Customers	01/01/2018	01/10/2018	Yes
IFRS 15	Revenue from Contracts with Customers (Clarifications)	01/01/2018	01/10/2018	Yes
IFRS 16	Leases	01/01/2019	01/10/2019	Yes
IFRS 17	Insurance Contracts <sup>4</sup>	01/01/2021	01/10/2021	No
IAS 7	Statement of Cash Flows (Amendment: Disclosure initiative)	01/01/2017	01/10/2017	Yes
IAS 12	Income Taxes (Amendment: Recognition of deferred tax assets for unrealised losses)	01/01/2017	01/10/2017	Yes
IAS 28	Investments in Associates and Joint Ventures (Amendment: long-term interests in associates and joint ventures <sup>4</sup> )	01/01/2019	01/10/2019	No
IAS 40	Investment Property (Amendment: Transfers of investment property <sup>4</sup> )	01/01/2018	01/10/2018	No
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01/01/2018	01/10/2018	No
IFRIC 23	Uncertainty over Income Tax Treatments <sup>4</sup>	01/01/2019	01/10/2019	No
Various	Improvements to IFRS (2014–2016) <sup>4</sup>	01/01/2018 <sup>6</sup>	01/10/2018 <sup>6</sup>	No

<sup>1</sup>Without prior application

<sup>2</sup>Applicable only after 1 October due to deviation of the financial year from the calendar year: Approval for application (endorsement) from EU has been made

<sup>3</sup>Status: 29 November 2017 (date of the signature from the Management Board of CECONOMY AG)

<sup>4</sup>Official German title still unknown - thus independent translation

<sup>5</sup>Indefinite deferral of effective date by IASB

<sup>6</sup>Application of changes to the IFRS 12 starting from the 2017/2018 financial year



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### IFRS 2 (Share-based Payment)

The amendment "Classification and Measurement of Share-based Payment Transactions" relates to three aspects of IFRS 2.

Until now, IFRS 2 has contained no guidance on how vesting conditions affect the fair value of liabilities for cash-settled share-based payments. IASB has now added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. As a result, market performance conditions and non-service conditions must be considered in fair value, while service conditions and other performance conditions must be considered in the quantity of instruments.

An exception has now been introduced for share-based payments under which an entity settles a share-based payment agreement net. In future, this share-based payment is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

Clarification has also been provided in that the original liability recognised in respect of a cash-settled share-based payment that changes to an equity-settled share-based payment because of modifications of the terms and conditions must be derecognised. The equity-settled share-based payment must then be recognised at the modification date to the extent that services have been rendered up to the modification date. Any difference between the carrying amount of the liability and the amount recognised in equity will be recognised in profit or loss immediately.

These amendments to IFRS 2 apply to financial years beginning on or after 1 January 2018. Subject to the respective EU endorsement, CECONOMY AG will therefore apply these regulations for the first time on 1 October 2018. These amendments will be applied prospectively to appropriate transactions of CECONOMY AG.

### IFRS 9 (Financial Instruments)

The new IFRS 9 (Financial Instruments) will replace IAS 39 (Financial Instruments: Recognition and Measurement) covering the classification and measurement of financial instruments.

Financial instruments are recognised when the company preparing the financial statements becomes a contractual partner and thus has acquired the rights of the financial instrument or assumed comparable obligations. As a rule, the initial measurement of financial assets and liabilities is at fair value adjusted for transaction costs, if applicable. Only trade receivables without a significant financing component are recognised at the transaction price.

Regulations for classification must be taken into account at the time of recognition. In accordance with IAS 39, the subsequent measurement of a financial asset and a financial liability is linked to its classification. Financial assets are classified on the basis of the characteristics of contractual cash flow of the financial asset and the business model which the entity uses to manage the financial asset. The original four measurement categories for financial assets were reduced to two categories: financial assets recognised at amortised cost (category 1) and financial assets measured at fair value (category 2), whereby the latter category has two subcategories.

If the financial asset is held within a business model whose objective is collecting payments such as principal and interest, and if the contract terms stipulate certain payments are exclusively for principal and interest, this financial instrument will in principle be recognised at amortised cost (category 1). If the objective of the business model is collecting payments and selling financial assets, and if the payment dates are fixed, the changes in its fair value are recognised in other comprehensive income outside of profit or loss (subcategory 2 a). If these criteria are not cumulatively met, the financial asset is measured at fair value through profit or loss (subcategory 2 b). Amortised cost is determined using the effective interest method, while IFRS 13 (Fair Value Measurement) is applied to determine fair value measurement.

As a rule, equity instruments are classified as subcategory 2 b based on the classification criteria stated above. However, for equity instruments, an irrevocable election can be made upon initial recognition to classify them as subcategory 2 a. Furthermore, all debt instruments not recognised at fair value through profit or loss may be classified as subcategory



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ry 2 b when doing so eliminates or significantly reduces a measurement or recognition inconsistency (fair value option).

In general, financial liabilities are measured at amortised cost (category 1). In some cases, however, such as with financial liabilities held for trading, fair value measurement through profit or loss is required (sub-category 2 b). Here, too, an entity may elect to apply the fair value option, that is, the measurement at fair value through profit or loss. In contrast to financial assets, financial liabilities can include embedded derivatives that are required to be separated. If separation is required, the host contract is usually measured according to the rules of category 1 and the derivative according to the rules of subcategory 2 b.

Unlike IAS 39 (which uses the "Incurred Loss Model"), IFRS 9 focuses on expected losses. This Expected Loss Model uses the General Approach, which has a fundamental three-phase record of impairments. At the first stage, impairment losses are recognised in the amount of the losses resulting from default on the financial instrument expected in the next twelve months. At stage two, the expected-credit losses that result from all possible default events over the expected life of the financial instrument must be recognised. Calculation at this stage is based on a portfolio of similar instruments. Financial instruments are reclassified from the first to the second stage when the default risk since initial recognition has increased significantly and exceeds a minimum default risk. At the third and final stage, impairment losses are recognised for additional objective indications with respect to the individual financial instrument.

A simplified approach based on the expected loss throughout the lifetime (similar to stage 2) can be applied to trade receivables, certain leasing receivables and contract assets, as well as in certain other cases.

In order to reduce the complexity and make hedge accounting more comprehensible on the statement of financial position, the following key changes were made. The scope of possible hedged items was expanded. For example, several risk positions can now be more easily combined into a single hedged item and hedged. The net position can be designated as the hedged item if the risks partially offset each other in the combined risk position. In addition, non-derivative financial instruments

classified as subcategory 2 b can be designated as hedging instruments. Furthermore, thresholds are no longer stipulated for measuring effectiveness. Instead, effectiveness is assessed in reference to the economic relationship between the hedged item and hedging transaction, taking into account the hedging ratio and default risk.

IFRS 9 will come into effect in the reporting year beginning on or after 1 January 2018. CECONOMY AG will therefore apply these regulations for the first time on 1 October 2018. As part of a project dealing with the introduction of IFRS 9 at CECONOMY AG, the impact of the new standard was further analysed over the course of the financial year just ended.

CECONOMY is currently in the impact analysis phase. First, an inventory of all financial instruments in the Group as at 30 September 2016, is carried out. The financial instruments are then classified as debt capital, equity capital or derivatives based on their properties and in terms of business model and the presence of solely interest and repayment cash flows in order to identify the relevant valuation categories. In addition, the qualitative impacts from the change to the Expected Credit Loss Model and the new IFRS 9 regulations regarding financial liabilities were determined. CECONOMY currently has a manageable portfolio of fairly simple financial instruments: for example, no hedge accounting is made. Therefore, according to our current knowledge, it can be assumed that the financial instruments for which the new impairment regulations apply in the form of the general approach application will primarily be affected.

In the next step, CECONOMY will use the current findings to make a simulation of the quantitative implications of the IFRS 9 regulations to the relevant key figures. In this context, the exercising of the Fair Value Option was discussed. At the same time the future notes as well as the necessary adjustments to the accounting system will be analysed.

The impact analysis will be followed by the implementation phase of the new CECONOMY IFRS accounting, in order to show the financial instruments in compliance with IFRS 9 starting from 1 October 2018 after the "Go Live" as the final phase. In addition to the project, supported by the accounting side, an implementation project for a new IT solution in the



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Treasury department is being implemented in order to support the IFRS 9 accounting and measurement from a technical point of view, with emphasis on the accounting systems.

An amendment to the standards was published retroactively to the adoption of the new IFRS 9. It amended the regulations of IFRS 9 in that the cash flow condition is also met if compensation payments are negative. Measurement is therefore possible at amortised cost or at fair value recognised in equity. It also clarifies that, following restructuring of a financial liability, the carrying amount must be immediately adjusted through profit or loss.

The change to IFRS 9 will come into force in the reporting year starting on or after 1 January 2019. Subject to the respective EU endorsement, CECONOMY AG will therefore apply these regulations for the first time on 1 October 2019. The project dealing with the introduction of IFRS 9 at CECONOMY AG also considers the impact of the amendment.

### **IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures)**

A conflict exists between the current requirements of IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures) regarding the sale or contribution of assets between an investor and its associate or joint venture. IAS 28 requires a partial gain or loss recognition, limited to the unrelated investors' interests in the investee, for all transactions between an investor and its associate or joint venture. IFRS 10, in contrast, requires that the gain or loss that arises on the loss of control of a subsidiary be recognised in full.

The amendment clarifies how to account for the gain or loss from transactions with associates or joint ventures, with the partial or full recognition requirement depending on whether or not the assets being sold or contributed are a business as defined in IFRS 3 (Business Combinations). IFRS 3 defines a business as an integrated set of activities that is required to have inputs and processes which together are used to create outputs.

If the sold or contributed asset classifies as a business, the gain or loss from the transaction must be recognised in full. In contrast, the gain or loss from the sale of assets that do not classify as a business to associates or joint ventures or their contribution to associates or joint ventures must be recognised only to the extent of the unrelated investors' interests in the associate or joint venture.

If a group of assets is to be sold or contributed in separate transactions, the investor must assess whether this group of assets constitutes a single business and should be accounted for as a single transaction.

The IASB has indefinitely deferred the original effective date of this amendment for financial years starting on or after 1 January 2016. As a result, the date of first-time application of this amendment at CECONOMY AG is unknown. As CECONOMY AG currently follows the rules of IFRS 10, future transactions will be impacted accordingly.

### **IFRS 15 (Revenue from Contracts with Customers)**

The new IFRS 15 will replace IAS 18 (Revenue) and IAS 11 (Construction Contracts) and related interpretations and stipulates a uniform and comprehensive model for recognising revenue from customers.

The new standard uses a five-step model to determine the amount of revenue and the date of realisation. In the first step, contracts with the customers are identified. A contract is within the scope of IFRS 15 if it has been approved by the contractual parties, the customer's rights to goods and services and the company's payment terms can be identified, and if the agreement has commercial substance. In addition, it must be probable that the company will collect the consideration. If a company has more than one contract with a single customer at (virtually) the same time, and if the contracts are financially linked, the contracts can be combined and treated as a single contract.

As a rule, a contract as defined in IFRS 15 can include several performance obligations. Possible separate performance obligations are therefore identified within a single contract in the second step. A separate performance obligation is identified when a good or service is distinct. This is the case when the customer can use a good or service on its own



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or together with other readily available resources and it is separately identifiable from other commitments in the contract.

In the third step, the transaction price corresponding to the expected consideration is determined. The consideration may include fixed and variable components. For variable compensation, the expected amount is estimated, carefully based on either the expected value or the most probable amount, depending on which amount best reflects the amount of consideration. In addition, the consideration includes the interest rate effect if the contract includes a financing component significant to the contract, the fair value of non-cash considerations and the effects of payments made to the customer such as rebates and coupons.

The allocation of the transaction price to separate performance obligations is carried out in the fourth step. In principle, the transaction price is allocated to the separately identified, definable performance obligations in relation to the relative standalone selling price. Observable data must be used to determine the standalone selling price. If this is not possible, estimates are to be made. For this purpose, IFRS 15 suggests various methods for estimating according to which the estimates are based on market prices for similar services or expected costs plus a surcharge. In exceptional cases, the estimate can also be based on the residual value method.

In the fifth and final step, revenue is recognised at the point in time when the performance obligation is satisfied. The performance obligation is satisfied when the control of the good or service is transferred to the customer. The performance obligation can be satisfied at a point in time or over a period of time. If the performance obligation is satisfied over time, the revenue is recognised over the period the performance obligation is satisfied in a manner that best reflects the continuous transfer of control over time.

In addition to the five-step model, IFRS 15 addresses various special topics such as the treatment of costs for obtaining and fulfilling a contract, presentation of contract assets and liabilities, rights of return, commission business, customer retention and customer loyalty programmes. In addition, the disclosures in the notes are significantly ex-

panded to include mandatory qualitative and quantitative disclosures in the future on contracts with customers, on significant estimates and judgements as well as changes over time.

The IFRS 15 will come into effect in the reporting year beginning on or after 1 January 2018. CECONOMY AG will therefore apply these regulations for the first time on 1 October 2018. As part of a project for the introduction of IFRS 15 at CECONOMY AG the consequences of the new standards as over the course of the previous financial year will be analysed.

CECONOMY is currently in the impact analysis phase. The first step identifies the business models in Germany and analyses them against the backdrop of the IFRS 15 rules, applying the five-phase model to each business model. The necessary adjustments to the accounting and valuation are then determined. Based on the current analytical results, CECONOMY assumes that the business models for "Mediating a mobile phone contract with the sale of a discounted mobile telephone", "Sale of retail goods in connection with a cost-free service", and "Distribution of a coupon to customers" will be made in association with one of the previously named business models through the future revenue allocation based on the individual disposal price relative to the revenue realisation in accordance with IFRS 15 in comparison to IAS 18, whereby the revenue allocation is made based on the residual value.

Currently, the findings from the taking up of business models in Germany are made available to the entire country portfolio in a second step, in order to identify additional business models. At the same time necessary future notes are also determined. In accordance with IFRS 15 CECONOMY notes will have a far greater scope in the Annex, particularly regarding the required distribution of the revenue based on categories. The design of a corresponding revenue matrix is currently under discussion.

Based on these qualitative analyses the next step involves the analysis of the quantitative impacts as well as the necessary technical adjustments in order to use these as the basis for selecting the transition methods. The implementation phase for the new CECONOMY-IFRS accounting rules will follow the impact analyses in order to show the reve-



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nue under IFRS 15 starting on 1 October 2018 for the final phase (Go Live).

A clarification was released following the adoption of the new IFRS 15. It supplements the IFRS 15 regulations with respect to the identification of performance obligations, principal versus agent considerations and the separation of licences. It also includes provisions for a simplified transition to IFRS 15.

The clarifications to IFRS 15 apply to financial years beginning on or after 1 January 2018. CECONOMY AG will therefore apply these regulations for the first time on 1 October 2018. As part of the previously initiated project to launch IFRS 15 at CECONOMY AG the impact of the clarification will also be taken into account.

### IFRS 16 (Leases)

The new standard IFRS 16 will replace the currently applicable standard IAS 17 (Leases) and IFRIC 4 (Determining Whether an Arrangement Contains a Lease). IFRS 16 generally applies to contracts that convey the right to use an asset, rental contracts and leases, subleases and sale-and-leaseback transactions. A lessee can elect to apply IFRS 16 to leases of certain intangible assets, whereas agreements on service concessions or leasing of natural resources are outside the scope of IFRS 16.

In contrast to IAS 17, the definition of a lease in IFRS 16 focuses on the concept of control. A lease exists when a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The key change in IFRS 16 compared to IAS 17 concerns the lessee accounting model. Lessees no longer have to classify leases as operating or finance. Instead, the lessee recognises a right-of-use asset and a lease liability upon commencement of the lease when the lessor makes an underlying asset available for use by the lessee.

The lessee measures the lease liability at the present value of the lease payments payable over the lease term. The lease payments include all fixed payments less any lease incentives for the conclusion of the con-

tract. All index and interest-based variable lease payments are added. Variable payments representing fixed payments in an economic sense are shown as well as expected payments arising from residual value guarantees. The exercise price of a purchase or lease extension option must be included if the lessee is reasonably certain to exercise that option. In addition, the lease payments must include payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Measurement must be based on the interest rate implicit in the lease. If the lessee is unable to determine this interest rate, the lessee's incremental borrowing rate may be applied. Over the term of the lease, the lease liability is accounted for under the effective interest method in consideration of lease payments made. Changes in the calculation parameters, such as changes in the lease term, a reassessment of the likelihood that a purchase option will be exercised or expected lease payments, require remeasurement of the liability.

The right-of-use asset that must also be recognised is always capitalised in the amount of the liability. Lease payments that have already been made must be included, together with all directly attributable costs. Any payments received from the lessor that are related to the lease are deducted. Measurement also considers any reinstatement obligations from leases.

After initial recognition, the right-of-use asset can be measured at amortised cost or using the revaluation method, respectively, under IAS 16 (Property, Plant and Equipment) or IAS 40 (Investment Property). When applying the amortised cost model, the right-of-use asset is depreciated over the shorter period lease term or its useful life. On the other hand, if enough assurance is available at the start of the lease agreement that the property will be transferred to the lessee, the scheduled depreciation is made over the life of the underlying asset. IAS 36 (Impairment of Assets) must be considered.

Correspondingly, remeasurement of the lease liability to reflect changes in lease payments leads to an adjustment of the right-of-use asset outside of profit or loss, whereby any negative adjustments exceeding the



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carrying amount must be recognised through profit or loss. Negative impairments exceeding the book value are recognised as profit or loss.

Lessees can elect to make use of several policy options. Lessees can elect to apply IFRS 16 accounting to a portfolio of leases with similar characteristics. In addition, they may elect not to apply the right-of-use approach to short-term leases (with a maximum term of twelve months) and low-value assets. Low-value assets are a component of leases that, individually, are not material to the business. If a lessee elects to make use of this policy option, the lease is recognised in accordance with the previously applicable IAS 17 regulations on operating leases.

In the future, comprehensive qualitative and quantitative information must be provided in the notes to the financial statements.

The revised definition of leases also applies to the lessor and can lead to assessments deviating from IAS 17. However, the lessor continues to classify a lease as either an operating lease or a finance lease. Except for sale-and-lease-back transactions, IFRS 16 does not result in any material changes for lessors.

In the case of sale-and-leaseback transactions, the sold entity must first apply the requirements of IFRS 15 to determine whether a sale has actually occurred. If the transfer is classified as a sale in accordance with IFRS 15, the seller/lessee measures a right-of-use asset arising from the leaseback as the proportion of the previous carrying amount of the asset that relates to the right of use retained. The gain (or loss) that the seller/lessee recognises is limited to the proportion of the total gain (or loss) that relates to the rights transferred to the buyer/lessor. If the transfer is not a sale, the transaction is treated like a financing transaction without disposing of the asset.

The IFRS 16 will come into effect in the reporting year beginning on or after 1 January 2019. CECONOMY AG will apply the rules only after 1 October 2019 and thus not apply them voluntarily at an earlier date. As part of a project dealing with the introduction of IFRS 16 at CECONOMY AG, the impact of the new standard was further analysed over the course of the financial year then ended.

CECONOMY is currently in the impact analysis phase. For this purpose, an inventory of all the lease agreements in the Group was carried out on 30 June 2016 in a first step, and the quantitative effects in the change from IAS 17 to IFRS 16 determined by means of a simulation. As CECONOMY currently primarily takes the position of the lessee in operating lease agreements, the results from the analyses carried out to date, allow one to assume that, taking into account the historical lease portfolio, there will be a positive effect on the forecast-relevant management figures of EBIT and EBITDA in the year of implementation, with the intensity of the effect depending on the EBIT of the selected transition method. According to the initial estimates, we assume these key figures will be in the low to mid nine-digit range in the first year after the switch while taking into account the historical leasing profile. According to current analyses, the modified retroactive approach will be elected in the year of the transition from IAS 17 to IFRS 16 and the capitalisation of short-term lease agreements and low-value assets will be waived. Whether a negative impact is seen on equity capital or the equity capital remains unchanged is contingent upon the transition method selected. In addition to the effects listed above, the transition year will likely see a statement of financial position extension in the low billion-euro range. In parallel to the impact analysis, a tender for IT solutions will be opened, which will be used for recording data as well as the evaluation and creation of notes for lease agreements.

In the current second phase, the simulation is being run based on the data from 30 June 2017. The determination of key figures uses previous decisions pertaining to the exercise of optional rights. Then an examination of the exercised option rights and determination of the future notes will be made.

In the next step the focus will move to the implementation of the IT solutions for the CECONOMY IFRS accounting, while in the final phase – Go Live – the lease agreements valid from 1 October 2019 under IFRS 16 will be shown.

### IAS 7 (Statement of Cash Flows)

The amendments to IAS 7 in the context of the Disclosure Initiative will require entities to provide disclosures on the following changes in liabili-





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ties arising from financing activities: changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. Borrowings are defined as liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flow from financing activities.

In addition, the amendments state that changes in financial liabilities must be disclosed separately from changes in other assets and liabilities.

These amendments to IAS 7 apply to financial years beginning on or after 1 January 2017. CECONOMY AG will thus apply the rule for the first time on 1 October 2017 and expand their recognition correspondingly.

### Additional IFRS amendments

At this point, the first-time application of the other standards and interpretations listed in the table as well as of other standards revised as part of the annual improvements is not expected to have a material impact on the Group's net assets, financial position and results of operations.

### Change in estimates

As part of the capitalisation of ancillary acquisition costs to determine the amount of inventories also generated a new estimate with a positive effect of €14 million in the continued areas, which appeared as early as 31 March 2017. No such effects are expected in subsequent periods.

### Segment reporting

As at 13 July 2017 the whole sale and food retail business – and thus the METRO Cash & Carry and Real segments (including the other relevant real estate and holding activities) – was derecognised from the current CECONOMY Group. Accordingly, the scope of segment reporting has changed. Please refer to our discussion of the demerger and segment reporting.

### Hive-down and spin-off at the former METRO GROUP

Over the course of the past financial year, the demerger of the former METRO GROUP, which was announced back in March 2016, was com-

pleted, and the Group was split into two legally independent, stock exchange-listed entities by way of hive-down and spin-off (hereinafter: spin-off). In the process the whole sale and food retail business, including real estate and thus the associated management and service activities, was transferred from the METRO AG to METRO Wholesale & Food Specialist AG (henceforth: MWFS AG). The former METRO AG retained the Consumer Electronics division. After the split the former METRO AG was re-incorporated as CECONOMY AG. The MWFS AG was then incorporated as the METRO AG.

➤ A diagram showing the naming before, during and after the split can be found in the [Review chapter](#).

Following adoption of the appropriate resolution and approval of the demerger agreement by the Annual General Meeting of the former METRO AG on 6 February 2017, the business of METRO Wholesale & Food Specialist (MWFS) was reported separately in the consolidated statement of financial position of the former METRO AG as discontinued operations, in accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), until the spin-off became effective. From then on, depreciation of the individual assets and liabilities of MWFS's business was no longer stated in the consolidated statement of financial position of the former METRO AG; instead they were measured at the lower of carrying amount and fair value less costs to sell. The values for the previous year at 30 September 2016 were not adjusted in compliance with IFRS 5. The statement of profit or loss 2016/17 states the result of MWFS's business separately as the result from discontinued operations. The payment flows from the MWFS operations are also listed as discontinued operations in the cash flow statement. The previous year's figures for the statement of profit or loss and the cash flow statement have been adjusted accordingly.

At the same time, as per resolution adopted by the Annual General Meeting in accordance with IFRIC 17 (Distributions of Non-cash Assets to Owners), a liability to distribute non-cash assets as a dividend to shareholders of the former METRO AG was recognised outside of profit or loss in the amount of €8.16 billion. This liability was measured at the fair value of the assets to be transferred and was equivalent to 90 per cent of



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the fair value of the MWFS business sector at that time. The value of the direct and indirect investment in MWFS AG that remained with the former METRO AG was not taken into consideration. The liability was recognised in equity, resulting in a decline in equity of the same amount. As a result, the former METRO AG reported negative equity temporarily, from 6 February 2107 until deconsolidation of MWFS's business.

In the subsequent period up to deconsolidation, the non-cash distribution liability was subsequently valued income neutral. On 30 June 2017, a level 2 valuation process from IFRS 13 was used to determine the fair value of the liability. The fair value was derived from market data. This involved, first, taking the stock market value of the new MWFS AG shares as calculated following the listing on 13 July 2017. Second, the stock market value, based on the development of the total stock market value of the former METRO AG (now: CECONOMY AG) was determined prior to the MWFS AG on the 30 June 2017 closing date. This produced a fair value of the liability to distribute non-cash assets as a dividend of €5.88 billion. The reduction of €2.28 billion of the liability outside of profit or loss is due, primarily, to a change in measurement method, as the liability was recognised for the first time and as at 31 March 2017 on the basis of an appraisal derived from the Company's budget plans (Level 3 method).

Accordingly, the assets and liabilities stated separately as discontinued operations were remeasured. Measurement according to IFRS 5 is based on the principle of the lower of carrying amount and fair value less costs to sell. The revaluation did not reveal any need for impairment.

The business operations of the MWFS business sector were deconsolidated from the former METRO AG when the spin-off became effective following entry in the commercial register in July 2017. In the process the non-cash distribution liabilities and discontinued operations were deconsolidated as separately listed assets. By contrast the recognition of the ten-percent participation in the MWFS AG as well as the participation in the METRO PROPERTIES AG at 6.61 per cent. In addition, following deconsolidation, receivables and liabilities between the former METRO GROUP and MWFS GROUP were recognised for the first time in the consolidated statement of financial position.

The former METRO AG changed its name to CECONOMY AG, effective 11 August 2017. MWFS AG took over the METRO AG Company on 18 August 2017.

➤ The impacts on the statement of financial position are discussed in the sections "Profit or loss for the period from continuing operations" and "Assets held for sale/liabilities related to assets held for sale".

**Consolidation group**

In addition to CECONOMY AG, all companies indirectly or directly controlled by CECONOMY AG are included in the consolidated financial statements if these companies individually or as a Group are not immaterial to the consolidated financial statements. Control exists if there is a possibility to control a Company's financial and business policy through a majority of voting rights or according to the Articles of Association, Company contract or contractual agreement in order to benefit from this Company's business activities.

Following the spin-off of the wholesale and food retail business, the scope of the consolidation group of CECONOMY AG has changed considerably. Please refer to our discussion of the demerger.

Non-controlling interests exist essentially in Media-Saturn-Holding GmbH. For an overview of significant non-controlling interests, see note No. 32.

In addition to CECONOMY AG, 462 German (30/09/2016: 654) and 437 international (30/09/2016: 643) companies were included in the consolidated financial statements.



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The Group of consolidated companies changed as follows in financial year 2016/17:

<b>As at 01/10/2016</b>	1,297
<b>Changes in financial year 2016/17</b>	
Accruals from discontinued divisions prior to demerger	42
Disposals of discontinued divisions prior to demerger	12
Disposal due to demerger	425
Newly founded companies	6
Acquisition of continued divisions	4
Disposal of continued divisions	13
<b>As at 30/09/2017</b>	<b>899</b>

Deconsolidated companies are included as Group companies up to the date of their disposal.

The new establishments pertain to five companies in Spain and one in Germany.

The acquisitions in the continued divisions primarily in the Dutch ZES Group (Electronic Repair Logistics B.V.).

The disposals in continuing operations relate to eight mergers, four liquidations and one sale.

Influences from demerger changes to the scope of consolidation are explained individually in the corresponding end-of-year items.

An affiliated subsidiary (30/09/2016: eight, of which eight from discontinued operations) was not fully consolidated for materiality reasons, but was capitalised at the acquisition costs and recognised under financial assets.

**STRUCTURED ENTITIES**

At the reporting date CECONOMY does not hold any shares in structured companies (30/09/2016: eleven, of which eleven from discontinued operations). The previously recognised structured companies were leas-

ing companies. The object of the leasing company was essentially the acquisition and the leasing and management of assets. Relationships with unconsolidated structured entities did not exist.

**INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

Three associates/joint ventures (30/09/2016: 28, of which 27 from discontinued operations) were consolidated in the financial report using the equity method.

Another company (30/09/2016: three, of which two from discontinued operations) were recognised at the acquisition costs, as the reasons of materiality allowed for the equity method application to be waived.

**NON-CONTROLLING INTERESTS**

Significant minorities exist, in particular, at the level of the subgroup holding company, Media-Saturn-Holding GmbH, with registered offices in Ingolstadt; its share is 21.62 per cent. In addition, other minor non-controlling interests are held in the subgroup, which can be found in the following notes. The following information is for the subgroup level in comparison to the prior year. The remaining material non-controlling interests were derecognised as part of the demerger.

On 30 September 2017 the non-controlling interests of 21.62 per cent remained unchanged relative to the previous year. The non-controlling equity interest totalled a consolidated €-2 million compared to €-24 million in the previous year. An outflow of dividends to non-controlling interests of €15 million was made, compared to €24 million in the previous year. The shareholding of controlling interests in the profit or loss for the period from continuing operations in the current years are €34 million (2015/16: €46 million). The revenues generated at the level of the subgroup amount to €22,154 million (2015/16: €21,870 million).

The following notes on the assets and liabilities include the consolidation at the subgroup level but not the consolidation at the Group level. The non-current assets on 30 September 2017 totalled €1,559 million (30/09/2016: €1,596 million), the current assets were €5,492 million (30/09/2016: €4,866 million), non-current liabilities €210 million



(30/09/2016: €203 million) and current liabilities €6,268 million (30/09/2016: €5,803 million).

In the previous year, the following significant minorities also existed in discontinued operations, in addition to the significant minorities at the level of the subgroup holding company, Media-Saturn-Holding GmbH:

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### Overview of major subsidiaries with non-controlling interests in discontinued operations

Name	Head office	in %	Non-controlling interests		Non-current assets	Current assets	Non-current liabilities	Current liabilities	Sales	Profit shares
			As at 30/09/2016	Dividends paid						
METRO Jinjiang Cash & Carry Co., Ltd.	Shanghai, China	10.00	9	0	276	738	3	856	2,635	4



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At the Media-Saturn-Holding GmbH (MSH) Shareholder Meeting, resolutions need to pass with 80 percent approval of the votes; however, the competency of the shareholder meeting is limited to primarily shareholder matters. Such matters include the release of the annual financial report, the utilisation of net profit, the approval of Company management, the appointment of a financial report auditor, and the appointment and dismissal of managing directors. The appropriation of net profit is regulated in the MSH Articles of Association, which dictate the full disposal of net income as dividends. Thus the annual profit of the Company plus and profit carryforwards and minus and loss carryforwards is distributed in the full amount to the shareholders. Any deviation from this principle requires the unanimous approval of the Shareholder Meeting. Note that the appointment and dismissal of the managing directors is also limited, as CECONOMY has reserved the sole right to appoint and dismiss the managing director. Materially relevant Company activities, such as the approval of the budget for MediaMarktSaturn Retail Group, do not fall under the remit of the Shareholder Meeting but is an approval competency granted to HSH's existing advisory commission, where CECONOMY has the majority of the seats, and where a majority require a simple majority of the votes cast. The legal rules limiting conflicts of interests also apply.

➤ A complete list of Group companies and associates is given in No. 55 – Overview of the major fully consolidated Group companies. A complete listing of all consolidated companies as well as associated companies under No. 57 for companies with the controlling interest is held by CECONOMY AG as at 30 September 2017 pursuant to Section 313 German Commercial Code (HGB).

### Consolidation principles

The financial statements of German and foreign subsidiaries included in the consolidated accounts are prepared using uniform accounting and valuation methods as required by IFRS 10 (Consolidated Financial Statements).

Consolidated companies that, unlike CECONOMY AG, do not close their financial year on 30 September prepared interim financial statements for IFRS consolidation purposes. In principle, subsidiaries are fully consoli-

dated insofar as their consolidation is of material importance to the presentation of a true and fair view of the net assets, financial position and results of operations.

In accordance with IFRS 3 (Business Combinations), capital consolidation is effected using the purchase method. In the case of business combinations, the carrying amounts of the investments are offset against the revalued pro rata equity of the subsidiaries as of their acquisition dates. Any positive differences remaining after the allocation of hidden reserves and hidden burdens are capitalised as goodwill. Goodwill is tested for impairment regularly once a year, or more frequently if changes in circumstances indicate a possible impairment. If the carrying amount of a unit that was assigned goodwill exceeds the recoverable amount, an impairment loss of the goodwill is recognised to the amount of the difference between both values.

In addition, in the case of company acquisitions, hidden reserves and burdens attributable to non-controlling interests must be disclosed and reported in equity as "non-controlling interests". CECONOMY does not use the option to recognise the goodwill attributable to non-controlling interests. In accordance with IFRS 3, any negative differences remaining after the allocation of hidden reserves and hidden burdens, as well as after another review during the period in which the business combination took place, are recognised through profit or loss.

Purchases of additional shareholdings in companies where a controlling interest has already been acquired are recognised as equity transactions. As a result, the assets and liabilities are not remeasured at fair value, nor are any gains or losses recognised. Any differences between the cost of the additional shareholding and the carrying amount of the net assets on the date of acquisition are directly offset against the capital attributable to the buyer.

Any impairment losses and reversals of impairment losses to shares in consolidated subsidiaries carried in the individual financial statements are reversed.



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Investments in associates and joint ventures are accounted for using the equity method and treated in accordance with the principles applying to full consolidation, with existing goodwill being included in the amount capitalised for investments. The recognition of income from investments in associates, joint ventures and joint operations in the statement of profit or loss depends on whether the investee carries out operating or non-operating activities. Operating activities include the retail and wholesale businesses as well as related support activities (for example, renting/leasing of retail properties, procurement, logistics). Income from operating associates, joint ventures and joint operations is recognised in EBIT; income from non-operating entities is recognised in the net financial result. Any deviating accounting and measurement methods used in the financial statements of entities valued using the equity method are retained as long as they do not substantially contradict CECONOMY's uniform accounting and valuation methods.

In accordance with IFRS 11, the individual partners in joint arrangements recognise their portion of jointly held assets and jointly incurred liabilities in their own statement of financial position.

Intra-Group profits and losses are eliminated; sales, expenses and income as well as receivables and liabilities and/or provisions are consolidated. Interim results in fixed assets or inventories resulting from intra-group transactions are eliminated unless they are of minor significance. In accordance with IAS 12 (Income Taxes), deferred taxes are recognised for consolidation procedures.

Unrealised gains from transactions with companies accounted for using the equity method are derecognised against the investment in the amount of the Group's share in the investee.

In joint arrangements, each of the partner companies recognises its own portion of sales, income and expenses resulting from the joint arrangement in its statement of profit or loss.

A reduction in the holding in a subsidiary must be recognised in reserves retained from earnings as an equity transaction outside of profit or loss as long as the parent company can continue to exercise control. If a

reduction in the holding or its complete disposal entails a loss of control, full consolidation of the subsidiary is ended when the parent company has lost its control opportunity over the subsidiary. All assets, liabilities and equity items that were previously fully consolidated will then be derecognised at amortised group carrying amounts. Deconsolidation of the derecognised holdings is carried out in line with the general rules on deconsolidation. Any remaining residual shares are recognised at fair value as a financial instrument according to IAS 39 or as a holding valued using the equity method pursuant to IAS 28.

## Currency translation

### FOREIGN CURRENCY TRANSACTIONS

In the subsidiaries' separate financial statements, transactions in foreign currency are valued at the rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are valued at the closing date exchange rate. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated at the rate prevailing at the time the fair value was determined. Non-monetary items measured at historical acquisition or production costs in foreign currency are translated at the rate valid at the transaction date.

In principle, gains and losses from exchange rate fluctuations incurred until the closing date are recognised in profit or loss. Currency translation differences from receivables and liabilities in foreign currency, which must be regarded as a net investment in a foreign operation, equity instruments held for sale, and qualified cash flow hedges are reported as reserves retained from earnings outside of profit or loss.

### FOREIGN OPERATIONS

The annual financial statements of foreign subsidiaries are translated into euros according to the functional currency concept of IAS 21 (The Effects of Changes in Foreign Exchange Rates). The functional currency is defined as the currency of the primary economic environment of the subsidiary. Since all consolidated companies operate as financially, economically and organisationally autonomous entities, their respective local currency is the functional currency. The translation of the assets and liabilities is thus performed using the report date rate for the closing



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date. The items in the income state are generally translated using the average rate for the financial year. Differences from the translation of the financial statements of foreign subsidiaries do not affect income and are shown as separate items under reserves retained from earnings. To the extent that foreign subsidiaries are not under the full control of the parent company, the relevant share of currency differences is allocated to the non-controlling interests.

Currency differences are recognised through profit or loss in the net financial result in the year in which the operations of a foreign subsidiary are deconsolidated or terminated. In a partial disposal in which a controlling interest in the foreign subsidiary is retained, the relevant share of cumulated currency differences is allocated to the non-controlling inter-

ests. Should foreign associates or jointly controlled entities be partially sold without the loss of significant influence or joint control, the relevant share of the cumulated currency differences is recognised in the statement of profit or loss.

In financial year 2016/17, no functional currency of a consolidated Company was classified as hyperinflationary as defined by IAS 29 (Financial Reporting in Hyperinflationary Economies).

The following exchange rates were applied in the translation of key currencies outside the European Monetary Union that are of major significance for CECONOMY:



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		Average exchange rate per €		Exchange rate at closing date per €		
		2015/16	2016/17	30/09/2016	30/09/2017	
	Egyptian pound	EGP	9.25176	18.79223	9.85335	20.78390
	Bosnian mark	BGN	1.95583	1.95583	1.95583	1.95583
	British pound	GBP	0.78209	0.87177	0.86103	0.88178
	Croatian kuna	HRK	1.95583	1.95583	1.95583	1.95583
	Chinese renminbi	CNY	7.25857	7.52183	7.44630	7.85340
	Danish krone	DKK	7.45069	7.43772	7.45130	7.44230
	Hong Kong dollar	HKD	8.62172	8.59544	8.65470	9.22140
	Indian rupee	INR	74.22463	72.61794	74.36550	77.06900
	Indonesian rupiah	IDR	14,923.41000	14,704.02000	14,566.22000	15,888.51000
	Indian rupee	JPY	124.09443	122.90301	113.09000	132.82000
	Indonesian rupiah	KZT	370.06902	360.51395	375.52000	402.64000
	Japanese yen	HRK	7.55920	7.46142	7.52200	7.49500
	Moroccan dirham	MAD	10.86310	10.85997	10.91235	11.11785
	Moldovan leu	MDL	22.09941	21.12759	22.16110	20.74650
	Norwegian krone	NOK	9.36916	9.18636	8.98650	9.41250
	Norwegian krone	PKR	116.46653	116.00002	116.96670	124.35150
	Pakistani rupee	PLN	4.33360	4.29356	4.31920	4.30420
	Polish zloty	RON	4.47856	4.54062	4.45370	4.59930
	Pound sterling	RUB	75.28270	65.71585	70.51400	68.25190
	Romanian leu	SEK	9.35415	9.62646	9.62100	9.64900
	Russian rouble	CHF	1.09130	1.09089	1.08760	1.14570
	Serbian dinar	RSD	122.49388	122.45092	123.29290	119.36590
	Singapore dollar	SGD	1.53280	1.53981	1.52350	1.60310
	Swedish krona	CZK	27.04140	26.67131	27.02100	25.98100
	Swiss franc	TRY	3.25276	3.88674	3.35760	4.20130
	Turkish lira	UAH	27.55541	29.07864	28.94817	31.37857
	Hungarian forint	HUF	312.27877	308.69863	309.79000	310.67000
	US dollar	USD	1.11098	1.10467	1.11610	1.18060
	Vietnamese dong	VND	24,274.08000	24,607.59000	24,585.96000	26,487.30000





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## Statement of profit or loss

### RECOGNITION OF INCOME AND EXPENSES

In accordance with IAS 18 (Revenue), **sales and other operating income** are reported as soon as the service is rendered or the goods are delivered. In the latter case, the timing is determined by the transfer of risk to the customer. Where customers are granted the right to return goods and cancel services, sales are recognised only if the probability of return can be reliably estimated. To this end, return rates are calculated on the basis of historical data and projected to future take-back obligations. No sales are recognised for the portion allocated to the expected returns; instead, a provision is recognised. Sales are shown after deduction of value added tax, rebates and discounts. Gross amounts are shown – that is, at the level of the customer payment (less sales tax and revenue reduction) – where the Company assumes the essential opportunities and risks associated with the sale of the goods or services. Net sales are shown for commission transactions, as defined by the Company. Sales revenues from contracts with several contractual components (for example, sale of goods plus additional services) are realised when the respective contractual components have been fulfilled. Sales are realised based on the estimated relative fair value of the individual contractual components.

Performance-based **government grants** attributable to future periods are recognised on an accrual basis according to the corresponding expenses. Performance-based grants for subsequent periods which have already been received are shown as deferred income, and the corresponding income is recognised in subsequent periods.

**Operating expenses** are recognised as expenses upon use of the service or on the date of their causation.

The **financial result** primarily includes interest income as well as foreign exchange effects. Interest is recognised as income or expenses and, where applicable, on an accrual basis using the effective interest method. Debt capital interest that is directly attributable to the acquisition or production of a qualified asset represents an exception as it must be capitalised as part of the acquisition or production costs of the asset

pursuant to IAS 23 (Borrowing Costs). As a rule, dividends are recognised as income when the legal claim to payment arises.

### INCOME TAXES

**Income taxes** concern direct taxes on income and deferred taxes. As a rule, they are recognised through profit or loss unless they are related to business combinations or an item that is directly recognised in equity or other comprehensive income.

## Statement of financial position

### GOODWILL

In accordance with IFRS 3 (Business Combinations), **goodwill** is capitalised. Goodwill resulting from business combinations is attributed to the group of cash-generating units (CGUs) that benefits from the synergies of this business combination. In accordance with IAS 36 (Impairment of Assets), a CGU is defined as the smallest identifiable group of assets that generates cash inflows largely independently from the cash inflows of other assets or groups of assets. As a rule, single locations represent CGUs at CECONOMY. They are generally monitored at the level of the organisational unit in each country. The goodwill associated with the sales lines carved out as part of the demerger are monitored at the level of the three customer clusters – Horeca, Traders and Multispecialists – at METRO Cash & Carry, but at the level of the sales line organisational units in each country at Real. Goodwill impairment tests are therefore conducted at the level of the respective group of cash-generating units.

Goodwill is regularly tested for impairment once a year – or more frequently if changes in circumstances indicate a possible impairment. If an impairment exists, an impairment loss is recognised through profit or loss. To determine a possible impairment, the recoverable amount of a CGU is compared to the respective carrying amount of the CGU. The recoverable amount is the higher of value in use and fair value less costs to sell. An impairment of the goodwill allocated to a CGU applies only if the recoverable amount is lower than the total of carrying amounts. No reversal of impairment loss is performed if the reasons for the impairment in previous years have ceased to exist.



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**OTHER INTANGIBLE ASSETS**

**Purchased other intangible assets** are recognised at cost of purchase. In accordance with IAS 38 (Intangible Assets), **internally generated intangible assets** are capitalised at their production cost. Research costs, in contrast, are not capitalised, but immediately recognised as expenses. The cost of manufacture includes all expenditure directly attributable to the development process. This may include the following costs:

<b>Direct costs</b>	Direct material costs
	Direct production costs
	Special direct production costs
<b>Overheads</b> (directly attributable)	Material overheads
	Production overheads
	Depreciation/amortisation/impairment losses on property, plant and equipment
	Development-related administrative costs

Borrowing costs are factored into the determination of production costs only in the case of qualified assets pursuant to IAS 23 (Borrowing Costs). Qualified assets are defined as non-financial assets that take a substantial period of time to prepare for their intended use or sale.

The subsequent measurement of other intangible assets with a finite useful life takes place based on the cost model. No use is made of the revaluation option. All other intangible assets of CECONOMY with a finite useful life are subject to straight-line amortisation. Capitalised proprietary and acquired software as well as comparable intangible assets are amortised over a period of ten years, and licences primarily over the course of their life. These intangible assets are examined for indications of impairment at each closing date. If the recoverable amount is below the amortised acquisition or production cost, an impairment loss is recognised. The impairment loss is reversed if the reasons for the impairment in previous years have ceased to exist.

Other intangible assets with an infinite useful life are not subject to straight-line amortisation, but are subjected to an impairment test at

least once a year. Impairments and value gains are recognised through profit or loss based on the historical cost principle.

**PROPERTY, PLANT AND EQUIPMENT**

**Property, plant and equipment** are recognised at amortised acquisition or production cost pursuant to IAS 16 (Property, Plant and Equipment). The manufacturing cost of internally generated assets includes both direct costs and directly attributable overhead. Borrowing costs are only capitalised in relation to qualified assets as a component of acquisition or production costs. Any **Investment Grants** will be presented in compliance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance), by reducing the acquisition costs for the relevant asset by the amount of the grant. No accruals on liabilities are made for the grants. **Asset retirement obligations** are included in the acquisition or production costs at the discounted settlement amount. Subsequent acquisition or production costs of property, plant and equipment are only capitalised if they result in a higher future economic benefit for CECONOMY.

The scheduled depreciation of plant property and equipment is carried out using the straight line method in accordance with the acquisition cost methods in IAS 16. No use is made of the revaluation model. Throughout the Group, the planned depreciation is based on the following useful lives:

Buildings	10 to 33 years
Leasehold improvements	8 to 15 years or shorter lease period
Business and office equipment	3 to 13 years
Machinery	3 to 8 years

Capitalised reinstatement costs are depreciated on a pro rata basis over the useful life of the asset.

Pursuant to IAS 36, an impairment test will be carried out if there are any indications of impairment of property, plant and equipment. Impairment losses on property, plant and equipment will be recognised if the recoverable amount is below the amortised acquisition or production costs.



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Impairment losses are reversed up to the amount of amortised acquisition or production costs if the reasons for the impairment have ceased to exist.

In accordance with IAS 17 (Leases), economic ownership of leased assets is attributable to the lessee if all the material risks and rewards incidental to ownership of the asset are transferred to the lessee (**finance lease**). If economic ownership is attributable to a CECONOMY company acting as lessee, the leased asset is capitalised at fair value or at the lower present value of the minimum lease payments when the lease is signed. The scheduled depreciation will be carried out – in keeping with comparable Plant, Property and Equipment assets – over the life or over the term of the lease, should this be shorter. However, should sufficient certainty be found for the transfer of the leased property to the lessee at the end of the lease, the scheduled depreciation will extend to the end of that object's life. Payment obligations resulting from future lease payments are carried as liabilities. Conversely, they are recognised as receivables when CECONOMY is acting as the lessor.

An **operating lease** applies when economic ownership of the leased object is not transferred to the lessee. The lessee does not recognise assets or liabilities for operating leases, but merely recognises rental expenses in its statement of profit or loss over the term of the lease using the straight-line method, while CECONOMY as the lessor recognises an asset as well as a receivable.

In the case of leasing agreements relating to buildings and related land, these two elements are generally treated separately and classified as finance or operating leases.

### INVESTMENT PROPERTIES

In accordance with IAS 40 (Investment Property), **investment properties** comprise real estate assets that are held to earn rentals and/or for an increase in value. Analogous to property, plant and equipment, they are recognised at cost less depreciation and potentially required impairment losses based on the cost model. Measurement at fair value through profit or loss based on the fair value model does not apply. The scheduled depreciation of an investment property is linear over a life of 15 to

33 years. Furthermore, the fair value of these properties is stated in the notes. It is determined on the basis of recognised measurement methods, including an assessment and the consideration of project development opportunities.

### FINANCIAL ASSETS

**Financial assets (financial investments)** that do not represent **associates** under IAS 28 (Investments in Associates and Joint Ventures) or **joint ventures** under IFRS 11 (Joint Arrangements) are recognised in accordance with IAS 39 (Financial Instruments: Recognition and Measurement) and assigned to one of the following categories:

- “Loans and receivables”
- “Held to maturity”
- “At fair value through profit or loss”
- “Available for sale”

The first-time recognition of financial assets is effected at fair value. Incurred transaction costs are considered for all categories with the exception of the category “at fair value through profit or loss”. Measurement is always effected at the trade date.

Depending on the classification to the categories listed above, financial assets are capitalised either at amortised cost or at fair value:

- **“Loans and receivables”** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised at amortised cost using the effective interest method.
- The measurement category **“held to maturity”** includes non-derivative financial assets with fixed or determinable payments and fixed maturity, with the Company having both the positive intention and the ability to hold them to maturity. They are also recognised at amortised cost using the effective interest method.



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– The category **“at fair value through profit or loss”** comprises all financial assets “held for trading” as the fair value option of IAS 39 is not applied within CECONOMY. For clarification purposes, the entire category is referred to as “held for trading” in the notes to the consolidated financial statements. Financial instruments “held for trading” are financial assets that are either acquired or incurred principally for the purpose of selling or repurchasing in the near term or that are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Furthermore, this category includes derivative financial instruments that are not part of an effective hedge. Financial instruments “held for trading” are measured at fair value through profit or loss.

– The category **“available for sale”** represents a residual category for primary financial assets that cannot be assigned to any of the other three categories. CECONOMY does not make use of the optional designation of financial assets as “available for sale”. “Available for sale” financial assets are recognised at fair value in equity. Fluctuations in the fair value of “available for sale” financial assets are recognised in other comprehensive income. The amounts recognised are not reclassified to profit or loss for the respective period until the financial asset is derecognised or lasting impairment of the assets has occurred.

Investments are assets to be classified as “available for sale”. **Securities** are classified as “held to maturity”, “available for sale” or “held for trading”. **Loans** are classified as “loans and receivables”.

Financial assets designated as **hedged items** as part of a fair value hedge are recognised at fair value through profit or loss.

Equity instruments for which no quoted price on an active market exists and the fair value of which cannot be reliably measured, as well as derivatives on such equity instruments, are recognised at cost.

At each closing date, financial assets that are not measured at fair value through profit or loss are examined for objective, substantial indications of impairment. Such indications include delayed interest or redemption payments, defaults and changes in the borrower’s creditworthiness. If

there are any such indications, the respective financial asset is tested for impairment by comparing the carrying amount to the present value. The present value of financial assets measured at amortised cost corresponds to the present value of expected future cash flows, discounted at the original effective interest rate. However, the present value of equity instruments measured at cost in the category “available for sale” corresponds to expected future cash flows discounted at the current market interest rate. If the present value is lower than the carrying amount, an impairment loss is recognised for the difference. Where decreases in the fair value of “available for sale” financial assets were previously recognised in other comprehensive income outside of profit or loss, these are now recognised as an impairment loss up to the amount determined.

If, at a later date, the present value increases again, the impairment loss is reversed accordingly. In the case of financial assets recognised at amortised cost, the impairment loss reversal is limited to the amount of amortised cost which would have occurred without the impairment. In the category “available for sale”, the reversal of previously recognised impairment losses for equity instruments is shown outside of profit or loss in other comprehensive income, while for debt instruments it is shown in profit or loss up to the amount of the impairment loss previously recognised. Increases in value for debt instruments beyond this are recognised outside of profit or loss in other comprehensive income.

Financial assets are derecognised when the contractual rights to cash flows from the item in question are extinguished or have expired or the financial asset is transferred.

### OTHER FINANCIAL AND NON-FINANCIAL ASSETS

The financial assets included in **other financial and non-financial assets** that are classified as “loans and receivables” under IAS 39 are measured at amortised cost.

**Other assets** include, among others, derivative financial instruments to be classified as “held for trading” in accordance with IAS 39. All other receivables and assets are recognised at amortised cost.

**Prepaid expenses and deferred income** comprise transitory accruals.



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### DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities are determined using the asset-liability method in accordance with IAS 12 (Income Taxes). Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets or liabilities in the consolidated financial statements and their tax base. Deferred tax assets are also considered for unused tax loss and interest carryforwards.

Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available in the future to allow the corresponding benefit of that deferred tax asset to be realised.

Deferred tax assets and deferred tax liabilities are netted if these income tax assets and liabilities concern the same tax authority and refer to the same tax subject or a group of different tax subjects that are jointly assessed for income tax purposes. Deferred tax assets are remeasured at each closing date and adjusted if necessary.

Deferred taxes are determined on the basis of the tax rates expected in each country upon realisation. In principle, these are based on the valid laws or legislation that has been passed at the time of the closing date.

The assessment of deferred taxes reflects the tax consequences arising from how CECONOMY expects to recover the carrying amounts of its assets and settle its obligations as of the closing date.

### INVENTORIES

In accordance with IAS 2 (Inventories), merchandise carried as inventories is reported at cost of purchase. The acquisition costs are recognised, either based on an individual valuation of the income from the perspective of the procurement market or through application of the average cost method. Supplier compensation to be classified as a reduction in the cost of purchase lowers the carrying amount of inventories. Ancillary purchase costs include both internal and external costs as long as they are directly attributable to the purchase process.

Merchandise is valued as at the closing date at the lower of cost or net realisable value. Merchandise is written down on a case-by-case basis if

the net realisable value declines below the carrying amount of the inventories. Such net realisable value corresponds to the anticipated estimated selling price less the directly attributable direct costs necessary to make the sale.

If the reasons for writing down the merchandise have ceased to exist, the previously recognised impairment loss is reversed.

CECONOMY's inventories never meet the definition of qualified assets. As a result, interest expenses on borrowings relating to inventories are not capitalised pursuant to IAS 23 (Borrowing Costs).

### TRADE RECEIVABLES

In accordance with IAS 39, trade receivables are classified as "loans and receivables" and recognised at amortised cost. Where their recoverability appears doubtful, the trade receivables are recognised at the lower present value of the estimated future cash flows. Aside from the required specific bad debt allowances, lump-sum specific bad debt allowances account for the general credit risk.

### INCOME TAX ASSETS AND LIABILITIES

The disclosed income tax assets and liabilities concern domestic and foreign income taxes for the reporting period as well as previous years. They are determined in compliance with the tax laws of the respective country.

In addition, the effects of tax risks are considered in the determination of income tax liabilities. The premises and assessments underlying these risks are regularly reviewed and taken into consideration in the determination of income tax.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cheques, cash balances, balances at lending institutions other short-term liquid financial assets such as the available balance on attorney escrow accounts or funds currently in transit, with an original maturity of no more than three months. They are valued at the respective nominal amount.



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### NON-CURRENT ASSETS HELD FOR SALE, LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), an asset is classified as a **non-current asset held for sale** if the respective carrying amount will be recovered principally through a sale transaction rather than through continuing use. A sale must be planned and realisable within the subsequent twelve months. The valuation of the asset's carrying amount pursuant to the relevant IFRS must directly precede a first-time classification as held for sale. In case of reclassification, the asset is measured at the lower of carrying amount and fair value less costs to sell and presented separately in the statement of financial position. Liabilities related to assets held for sale are also presented separately in the statement of financial position.

In accordance with IFRS 5, a **discontinued operation** is recognised as such if it is held for sale or has already been disposed of. An operation is a component of an entity representing a separate material business operation or geographical business operation which forms part of an individual, approved plan for divestment of a separate material business operation or geographical business operation or represents a subsidiary that was acquired solely for resale. The valuation of the component of an entity's carrying amount pursuant to the relevant IFRS must directly precede the first-time classification as being held for sale. In case of reclassification, the discontinued operation is measured at the lower value of carrying amount and fair value less costs to sell. Discontinued operations are presented separately in the statement of profit or loss, the statement of financial position, the cash flow statement, and the segment reporting, and explained in the notes. With the exception of the statement of financial position, the previous year's amounts are restated accordingly. Internal Group relationships with discontinued operations are not recognised in the statement of financial position up to the point of deconsolidation. The statement of profit or loss will then recognise performance relationships between continuing and discontinued operations income/expenses within the continuing operations should the performance relationships also remain in place after deconsolidation.

### EMPLOYEE BENEFITS

Employee benefits include:

- Short-term employee benefits
- Pensions
- Obligations similar to pensions
- Termination benefits
- Share-based compensation

**Short-term employee benefits** include wages and salaries, social security contributions, vacation pay and sickness benefits and are recognised as liabilities at the repayment amount as soon as the associated job performance has been rendered.

**Pensions** are provided in the context of defined benefit or defined contribution plans. In the case of **defined contribution plans**, period-relevant contribution obligations to the external pension provider are recognised as expenses for post-employment benefits at the same time as the beneficiary's job performance is rendered. Missed payments or prepayments to the pension provider are accrued as liabilities or receivables. Liabilities with a term of more than twelve months are discounted.

The actuarial measurement of provisions for pensions as part of a **defined benefit plan** is effected in accordance with the projected unit credit method stipulated by IAS 19 (Employee Benefits) on the basis of actuarial opinions. Based on biometric data, this method takes into account known pensions and pension entitlements at the closing date as well as expected increases in future wages and pensions. Where the employee benefit obligations, as determined, or the fair value of the plan assets increase or decrease between the beginning and end of a financial year as a result of experience adjustments (for example, a higher fluctuation rate) or changes in underlying actuarial assumptions (for example, the discount rate), this will result in actuarial gains or losses. These are recognised in other comprehensive income with no effect on profit or loss.



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Effects of plan changes and curtailments are recognised fully under service costs through profit or loss. The interest element of the addition to the provision contained in the pension expense is shown as interest paid under the financial result. Insofar as plan assets exist, the amount of the provision is generally the result of the difference between the present value of defined benefit obligations and the fair value of the plan assets.

**Provisions for obligations similar to pensions** (such as anniversary allowances and death benefits) are comprised of the present value of future payment obligations to the employee or their surviving dependants less any associated assets measured at fair value. The amount of provisions is determined on the basis of actuarial opinions in line with IAS 19. Actuarial gains and losses are recognised in profit or loss in the period in which they are incurred.

**Termination benefits** comprise severance payments to employees. These are recognised as liabilities through profit or loss when contractual or factual payment obligations towards the employee are to be made in relation to the termination of the employment relationship. Such an obligation is given when a formal plan for the early termination of the employment relationship exists to which the Company is bound. Benefits with terms of more than twelve months after the closing date must be recognised at their present cash value.

The share bonuses granted under the share-based payment system are classified as **"cash-settled share-based payments"** pursuant to IFRS 2 (Share-based Payment). Proportionate provisions measured at the fair value of the obligations entered into are formed for these payments. The proportionate formation of the provisions is prorated over the underlying vesting period and recognised in profit or loss as personnel expenses. The fair value is remeasured at each closing date during the vesting period until exercised based on an option pricing model. Provisions are adjusted accordingly in profit or loss.

Where granted share-based payments are hedged through corresponding hedging transactions, the hedging transactions are measured at fair value and shown under other financial and non-financial assets. The

portion of the hedges' value fluctuation that corresponds to the value of fluctuation of the share-based payments is recognised in personnel expenses. The surplus amount of value fluctuations is recognised in other comprehensive income outside of profit or loss.

### (OTHER) PROVISIONS

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), **(other) provisions** are formed if legal or constructive obligations to third parties exist that are based on past business transactions or events and will probably result in an outflow of financial resources that can be reliably determined. The provisions are stated at the anticipated settlement amount with regard to all identifiable risks attached. With individual obligations, the settlement amount with the highest possible probability of occurrence is used. If the determination of the provision for an individual situation results in a range of equally probable settlement amounts, the provision will be set at the average of these settlement amounts. For a multitude of uniform situations, the provision is set at the expected value resulting from the weighting of all possible results with the related probabilities.

Long-term provisions with a term of more than one year are discounted to the closing date using an interest rate for matching maturities which reflects current market expectations regarding interest rate effects. Provisions with a term of less than one year are discounted accordingly if the interest rate effect is material. Claims for recourse are not netted with provisions, but recognised separately as an asset if their realisation is considered virtually certain.

Provisions for onerous contracts are formed if the unavoidable costs of meeting the obligations under a contract exceed the expected economic benefits resulting from the contract. Provisions for deficient rental cover related to leased objects are based on a consideration of individual leased properties. Provisions in the amount of the present value of the funding gap are formed for all closed properties or properties with deficient rental cover. In addition, a provision is created for store-related risks related to leased, operational or not yet closed stores insofar as a deficient cover of operational costs or a deficient rental cover despite



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consideration of a possible subleasing for the respective location arises from current corporate planning over the basic rental term.

Provisions for restructuring measures are recognised if a constructive obligation to restructure was formalised by means of the adoption of a detailed restructuring plan and its communication vis-à-vis those affected as of the closing date. Restructuring provisions comprise only obligatory restructuring expenses that are not related to the Company's current activities.

Warranty provisions are formed based on past warranty claims and the sales of the current financial year.

### FINANCIAL LIABILITIES

In accordance with IAS 39, **financial liabilities** that do not represent liabilities from finance leases are assigned to one of the following categories:

– "At fair value through profit or loss" ("held for trading")

– "Other financial liabilities"

The first-time recognition of financial liabilities and subsequent measurement of financial liabilities **"held for trading"** is effected based on the same stipulations as for financial assets.

The category **"other financial liabilities"** comprises all financial liabilities that are not "held for trading". They are carried at amortised cost using the effective interest method as the fair value option is not applied within CECONOMY.

Financial liabilities designated as the hedged item in a fair value hedge are carried at their fair value. The fair values indicated for the financial liabilities in the notes have been determined on the basis of the interest rates prevailing on the closing date for the remaining terms and redemption structures.

In principle, financial liabilities from finance leases are carried at the present value of future minimum lease payments.

A financial liability is derecognised only when it has expired, that is to say, when the contractual obligations have been redeemed or annulled, or have expired.

### OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES

Other financial liabilities and other liabilities are generally recognised at the repayment amount.

Prepaid expenses and deferred charges comprise transitory accruals.

### TRADE PAYABLES

Trade payables are recognised at amortised cost.

### Other

### CONTINGENT LIABILITIES

Contingent liabilities are, on the one hand, possible obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of uncertain future events that are not entirely under the Company's control. On the other hand, contingent liabilities represent current obligations arising from past events for which, however, an outflow of economic resources is not considered probable or whose amount cannot be determined with sufficient reliability. In accordance with IAS 37, such liabilities are not recognised in the statement of financial position but disclosed in the notes. Contingent liabilities are determined on the basis of the principles applying to the measurement of provisions.

### ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments are used solely for hedging purposes. They are used in accordance with the respective Group guideline.

In accordance with IAS 39, all derivative financial instruments are recognised at fair value and shown under other financial and non-financial assets or other financial and non-financial liabilities.





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The derivative financial instruments are valued using the interbank conditions possibly including the credit margins or stock market values for CECONOMY. The median price for the closing date is applied. Where no stock exchange prices can be used, the fair value is determined by means of recognised financial models.

In the case of an effective hedge accounting transaction (hedge accounting) pursuant to IAS 39, changes in the fair values of the derivatives designated as fair value hedges and of the risk hedged in the underlying transaction are reported in profit or loss. In cash flow hedges, the effective portion of the fair value change of the derivative is recognised in other comprehensive income outside of profit or loss. Reclassification to

the statement of profit or loss occurs only when the underlying transaction generates a profit or loss. The ineffective portion of the change in value of the hedging instrument is immediately reported in profit or loss.

### SUPPLIER COMPENSATION

Depending on the underlying circumstances, supplier compensation is recognised as a reduction in the cost of purchase, reimbursement or payment for services rendered. Supplier compensation is accrued at the closing date insofar as it has been contractually agreed upon and is likely to be realised. Accruals relating to supplier compensation tied to certain calendar year targets are based on projections.



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**Summary of selected measurement methods**

Item	Measurement method
<b>Assets</b>	
Goodwill	Cost of purchase (subsequent measurement: impairment test)
Other intangible assets	
Purchased other intangible assets	(Amortised) cost
Internally generated intangible assets	Development costs (direct costs and directly attributable overhead)
Property, plant and equipment	(Amortised) cost
Investment properties	(Amortised) cost
Financial assets	
"Loans and receivables"	(Amortised) cost
"Held to maturity"	(Amortised) cost
"At fair value through profit or loss" ("held for trading")	At fair value through profit or loss
"Available for sale"	At fair value recognised in equity
Inventories	Lower of cost and net realisable value
Trade receivables	(Amortised) cost
Cash and cash equivalents	At nominal value
Assets held for sale	Lower of carrying amount and fair value less costs to sell
<b>Equity and liabilities</b>	
Provisions	
Provisions for pensions and similar obligations	Projected unit credit method (benefit/years of service method)
Other provisions	Discounted settlement amount (with highest probability of occurrence)
Financial liabilities	
"At fair value through profit or loss" ("held for trading")	At fair value through profit or loss
"Other financial liabilities"	(Amortised) cost
Other financial and non-financial liabilities	At settlement amount or fair value
Trade payables	(Amortised) cost



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## Judgements, estimates and assumptions

The preparation of the consolidated financial statements was based on a number of **judgements, estimates and assumptions** that had an effect on the value and presentation of the reported assets, liabilities, income and expenses as well as contingent liabilities.

### JUDGEMENTS

Information on the key discretionary decisions that materially affected the amounts reported in these consolidated financial statements can be found in the following notes:

- Determination of the consolidation group by assessing control opportunities (chapter: "Consolidation group"). Aside from structured entities (special purpose entities), this particularly concerns investments where the control opportunity is not necessarily tied in with a simple majority of voting rights due to special regulations in the Articles of Association.
- Classification of leases as finance leases or operating leases – including sale-and-leaseback transactions (No. 2 – Other operating income, and No. 20 – Property, plant and equipment)
- Determination whether CECONOMY is the principal or agent in sales transactions (No. 1 – Sales)
- Estimation of the expected date of conclusion of a transaction with respect to the classification as "non-current assets held for sale, liabilities related to assets held for sale and discontinued operations" (No. 31 – Assets held for sale / liabilities related to assets held for sale).

### ESTIMATES AND ASSUMPTIONS

Information on estimates and underlying assumptions with significant effects on these consolidated financial statements is included in the following notes:

- Uniform group determination of life for depreciable assets (No. 14 – Scheduled depreciation and impairment, No. 19 – Other intangible assets, and No. 20 – Property, plant and equipment)
- Occasion-related audit of the recoverability of depreciable assets (No. 14 – Scheduled depreciation and impairment, No. 19 – Other intangible assets and No. 20 – Property, plant and equipment)
- Annual audit of the recoverability of business or company valuations (No. 18 – Goodwill)
- Collectibility and accrual of receivables – particularly supplier receivables and provisions (No. 24 – Other financial and non-financial assets)
- Accrued recognition of supplier payments (No. 26 – Inventories, and No. 24 – Other financial and non-financial assets)
- Ability to realise future tax receivables – particularly from tax loss carryforwards (No. 25 – Deferred tax assets/ deferred tax liabilities)
- Measurement of inventories (No. 26 – Inventories)
- Determination of provisions for post-employment benefit plans (No. 33 – Provisions for pensions and similar obligations)
- Determination of other provisions – for example, for deficient rental cover and onerous contracts, restructuring, warranties, taxes and risks emerging from legal proceedings and litigation (No. 34 – Other provisions (non-current)/provisions (current))

Although great care has been taken in making these estimates and assumptions, actual values may deviate from them in individual cases. The estimates and assumptions used in the consolidated financial statements are regularly reviewed. Changes are taken into account at the time new information becomes available.



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## Capital management

The goals of the CECONOMY capital management strategy include the securing of business operations, increasing the value of the Company, the creation of solid capital base for financing future growth as well as the securing of attractive dividend payments and servicing of capital.

The CECONOMY capital management strategy has not changed from the previous year.

### EQUITY AND LIABILITIES AS WELL AS NET LIQUIDITY/ NET DEBT IN THE CONSOLIDATED FINANCIAL STATEMENT

The equity capital was valued at €666 million (30/09/2016: €5,332 million), whilst borrowings were €7,614 million (30/09/2016: €19,620 million).

Net liquidity as at 30 September 2017 was €317 million (30/09/2016: Net debt was €2,301 million, of which €2,943 million from discontinued operations). The transition from net debt to net liquidity was primarily the result of discontinued operations.

€ million	30/09/2016	30/09/2017
<b>Equity</b>	<b>5,332</b>	<b>666</b>
<b>Borrowings</b>	<b>19,620</b>	<b>7,614</b>
<b>Net liquidity (+)/net debt (-)</b>	<b>-2,301</b>	<b>317</b>
Financial liabilities (incl. finance leases)	4,759	544
Cash and cash equivalents according to the statement of financial position	2,368	861
Current investments <sup>1</sup>	90	0

<sup>1</sup>Shown in the statement of financial position under other financial and non-financial assets (current)

### LOCAL CAPITAL REQUIREMENTS

The CECONOMY capital management strategy is consistently focused on making sure the consolidated companies are supplied with capital sufficient for local conditions. During the current financial year, all external capital requirements were fulfilled. This includes, for example, adherence to a defined level of indebtedness or a fixed equity ratio.

## Notes on company mergers

As per the purchase agreement of 7 July 2016, the former METRO GROUP acquired 100 per cent of the shares in Pro à Pro from ETS FR Colruyt SA on 1 February 2017. The group is composed of individual companies consolidated under COLRUYT France SAS, France. The purchase price was in the mid-triple digit million euros range and was paid in cash. The initial consolidation was made in Q2 2016/2017 and was component of the METRO Cash & Carry segment.

The fair value of the acquired assets and debt of the consolidated group was composed of the following at the time of purchase:

€ million	
<b>Assets</b>	
Other intangible assets	41
Property, plant and equipment	61
Deferred tax assets	9
Inventories	53
Trade receivables	105
Other financial and non-financial assets (current)	22
Entitlements to income tax refunds	0
Cash and cash equivalents	70
	<b>361</b>
<b>Liabilities</b>	
Provisions for pensions and similar obligations	5
Other provisions	4
Financial liabilities (non-current)	1
Deferred tax liabilities	17
Trade payables	99
Financial liabilities (current)	1
Income tax liabilities	0
Other financial and non-financial liabilities (current)	16
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The trade receivables included in the above mentioned assets correspond to the respective contractually agreed amounts and are regarded as fully recoverable.

The initial consolidation of Pro à Pro should be viewed as provisional as pertains to the determination of the final purchase price as well as the valuation of the assets and liabilities. The purchase of Pro à Pro generated Goodwill equivalent to €34 million, primarily contingent on the future potential earnings generated from the expected synergy effects between Pro à Pro and the French arm of the METRO Cash & Carry wholesale organisation.

Pro à Pro is part of the discontinued operations and will be deconsolidated over the course of the demerger.

Starting from the time of the initial consolidation on 1 February 2017 to the deconsolidation on 1 July 2017, Pro à Pro had sales revenue of €313 million (of which with external third parties €303 million) and a profit or loss for the period of €2 million (annual net income), which was recognised as a current result from discontinued operations. Pro à Pro currently has 1,826 employees.

Assuming the company had been acquired on 1 October 2016, Pro à Pro would have had revenues of €542 million and a profit or loss for the period of €5 million prior to deconsolidation.

## Notes on the Statement of profit or loss

### 1. SALES

The (net) sales revenue primarily resulted from the sale of goods and was composed of the following:

€ million	2015/16	2016/17
Sale of goods	20,569	20,776
Services & Solutions sales	1,301	1,379
	<b>21,870</b>	<b>22,155</b>

Revenue increased by 1.3 per cent over the previous year. The clear driver of growth was online sales, which contributed 10.9 per cent in the 2016/2017 financial year after making an 8.9 per cent contribution in the previous year.

40 new locations were opened in financial year 2016/2017. A total of ten locations were closed. Five of them were in Russia, two in both Belgium and Turkey and one in Switzerland. The store network was increased to 1,053 locations as at the closing date.

The revenue performance according to business segments is presented in the segment reporting.



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## 2. OTHER OPERATING INCOME

€ million	2015/16	2016/17
Rent including claiming of ancillary rental costs	8	8
Cost reimbursements	56	57
Services rendered to suppliers	16	17
Gains from the disposal of fixed assets and gains from the reversal of impairment losses	9	6
Income from deconsolidation	0	2
Miscellaneous	84	76
	<b>173</b>	<b>167</b>

The income from cost reimbursements primarily concern third party services.

Services to suppliers were primarily found in the Western/Southern Europe segment at €14 million (2015/16: €15 million) and DACH had €2 million (2015/16: €1 million).

The remaining other operating income includes other revenue from damage compensation totalling €6 million (2015/16: €9 million). In addition, other income also includes the derecognition of expired liabilities of €3 million (2015/16: €3 million) as well as government support of €3 million (2015/16: €3 million).

## 3. SELLING EXPENSES

€ million	2015/16	2016/17
Personnel expenses	1,857	1,878
Cost of material	1,969	1,952
	<b>3,826</b>	<b>3,830</b>

The personal cost increases under selling costs primarily resulted from increased severance payments.

In addition, the material costs fell due to reduced spending on promotions. The impairments also fell in the 2016/2017 financial year primarily due to reduced impairments. The material costs were increased through expenses for material consumption, liquidation of reserves, and transport costs.

## 4. GENERAL ADMINISTRATIVE EXPENSES

€ million	2015/16	2016/17
Personnel expenses	233	254
Cost of material	264	298
	<b>497</b>	<b>552</b>

The general administrative expenses increased relative to the previous year for both personnel and material costs.

The cause for the increase in personnel costs primarily include the increased expenses for post-employment benefits, which were primarily caused by the release of pension obligations equivalent to €35 million, which are contrasted by the lower result in the current financial year due to scheduled cuts of €18 million.

An increase in consulting costs for legal and other services was somewhat compensated by a decline in expenses associated for consulting service associated with various IT projects.

## 5. OTHER OPERATING EXPENSES

€ million	2015/16	2016/17
Losses from the disposal of property classified as non-current assets	9	8
Miscellaneous	1	2
	<b>10</b>	<b>10</b>

The other operational expenses in the 2016/17 financial year remained at the previous year's levels.



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The losses from the disposal of property in the non-current assets primarily include expenses from the disposal of operating and business equivalent totalling €8 million (2015/16: €9 million).

### 6. OTHER INCOME FROM INVESTMENTS/EARNINGS SHARE IN OPERATING/NON-OPERATING COMPANIES RECOGNISED AT EQUITY

The other income from investments amounts to €-5 million (2015/16: €0 million). The decline is primarily the result of impairments to the shares in Locafox GmbH of €5 million.

No income was collected from investments made in Fnac Darty S.A. in Q4 of the 2016/17 financial year. The purchase price allocation also does not generate any material income for the 2016/17 financial year from the continuation for almost a month.

➤ Supplementary notes about the investment can be found under No. 23 – Financial Investments and investments recognised using the equity method.

### 7. NET INTEREST INCOME/INTEREST EXPENSES

The interest income was composed of the following:

€ million	2015/16	2016/17
Interest income	27	19
thereof finance leases	(0)	(0)
thereof from post-employment benefit plans	(1)	(1)
thereof from financial instruments of the measurement categories according to IAS 39:		
loans and receivables incl. cash and cash equivalents	(15)	(15)
held to maturity	(0)	(0)
held for trading incl. derivatives in a hedging relationship according to IAS 39	(0)	(0)
available for sale	(0)	(0)
Interest expenses	-39	-31
thereof finance leases	(-1)	(-1)
thereof from post-employment benefit plans	(-17)	(-10)
thereof from financial instruments of the measurement categories according to IAS 39:		
held for trading incl. derivatives in a hedging relationship according to IAS 39	(0)	(0)
Other financial liabilities	(-2)	(-2)
	<b>-12</b>	<b>-11</b>

Interest income and interest expenses from financial instruments are assigned to the measurement categories according to IAS 39 on the basis of the underlying transactions.

The slight decline in interest income is primarily the result of increased interest income in the previous year for tax reimbursements and liquidation of reserves.

The interest expenses results primarily from the interest expenses for Company pensions. The expenses included interest payment from indirect care obligations of €6 million (2015/16: €9 million) as well as direct claims of €3 million (2015/16: €7 million).



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## 8. OTHER FINANCIAL RESULT

The other financial income and expenses from financial instruments are assigned to measurement categories according to IAS 39 on the basis of the underlying transactions. Besides income and expenses from the measurement of financial instruments according to IAS 39, this also includes the measurement of foreign currency positions according to IAS 21.

€ million	2015/16	2016/17
Other financial income	33	6
thereof currency effects	(11)	(4)
thereof hedging transactions	(1)	(2)
Other financial expenses	-42	-16
thereof currency effects	(-13)	(-17)
thereof hedging transactions	(-3)	(3)
<b>Other financial result</b>	<b>-10</b>	<b>-10</b>
thereof from financial instruments of the measurement categories according to IAS 39:		
loans and receivables incl. cash and cash equivalents	(-2)	(-13)
held to maturity	(0)	(0)
held for trading	(-2)	(5)
available for sale	(0)	(0)
Other financial liabilities	(-6)	(-1)
thereof fair value hedges:		
underlying transactions	(0)	(0)
hedging transactions	(0)	(0)
thereof cash flow hedges:		
ineffectiveness	(0)	(0)

The overall result from currency effects and measurement results from hedging transactions and hedging relationships totalled €-8 million (2015/16: €-4 million).

➤ For more information about possible effects from currency risks, see No. 44 – Management of financial risks.





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**9. NET RESULTS ACCORDING TO MEASUREMENT CATEGORIES**

The key effects of income from financial instruments are as follows:

2015/16									
€ million	Investments	Interest	Fair value measurements	Currency translation	Disposals	Impairments	Other	Net result	
Loans and receivables incl. cash and cash equivalents	0	15	0	2	-1	-4	0	12	
Held to maturity	0	0	0	0	0	0	0	0	
Held for trading incl. derivatives in a hedging relationship according to IAS 39	0	0	-2	0	0	0	0	-2	
Available for sale	0	0	0	0	0	0	0	0	
Other financial liabilities	0	-2	1	-4	2	0	-2	-4	
	<b>0</b>	<b>13</b>	<b>-1</b>	<b>-2</b>	<b>1</b>	<b>-4</b>	<b>-2</b>	<b>6</b>	

2016/17									
€ million	Investments	Interest	Fair value measurements	Currency translation	Disposals	Impairments	Other	Net result	
Loans and receivables incl. cash and cash equivalents	0	15	0	-13	0	-13	0	-11	
Held to maturity	0	0	0	0	0	0	0	0	
Held for trading incl. derivatives in a hedging relationship according to IAS 39	0	0	5	0	0	0	0	5	
Available for sale	-5	0	0	0	0	0	0	-5	
Other financial liabilities	0	-2	-2	-1	3	0	1	-1	
	<b>-5</b>	<b>13</b>	<b>3</b>	<b>-13</b>	<b>3</b>	<b>-13</b>	<b>1</b>	<b>-12</b>	



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Income and expenses from financial instruments are assigned to measurement categories according to IAS 39 on the basis of the underlying transactions.

Investment income and income effects from the disposal of investments as well as impairments/ reversals of impairments are included in other investment income. Interest income and expenses are part of the interest result. Fair value measurements and effects from other financial expenses and currency translation are included in the other financial result. Income effects from the derecognition of other financial liabilities are included in earnings before interest and taxes (EBIT). Income effects from the disposal of assets classified as available for sale are included in the other financial result to the extent that these do not concern investments. Expenses from impairments are essentially included in earnings before interest and taxes.

➤ For more information about impairments, see No. 28 – Impairments of capitalised financial instruments.

Remaining financial income and expenses included in the other financial result primarily concern bank commissions and similar expenses that are incurred within the context of financial assets and liabilities.

10. INCOME TAXES

Income taxes include the expected taxes on income paid or owed in the individual countries as well as deferred taxes.

€ million	2015/16	2016/17
Actual taxes	177	167
thereof Germany	(118)	(118)
thereof international	(59)	(49)
thereof tax expenses/income of current period	(171)	(160)
thereof tax expenses/income of previous periods	(6)	(7)
Deferred taxes	21	19
thereof Germany	(-8)	(19)
thereof international	(29)	(0)
	<b>198</b>	<b>186</b>

The income tax rate of the domestic companies of CECONOMY AG consists of a corporate income tax of 15 per cent plus a 5.5 per cent solidarity surcharge on corporate income tax, as well as the trade tax of 14.7 per cent given an average assessment rate of 420 per cent. Overall a total tax rate of 30.53 per cent, which is equivalent to the rate for the previous year. The income tax rates applied to foreign companies are based on the respective laws and regulations of the individual countries and vary within a range of 9 per cent and 34 per cent (2015/16: 0 to 38 per cent)

Deferred tax liabilities for financial year 2016/17 comprise expenses of €1 million from changes in tax rates (2015/16: €1 million income).

€ million	2015/16	2016/17
Deferred taxes in the statement of profit or loss	21	19
thereof from temporary differences	(19)	(22)
thereof from loss and interest carryforwards	(2)	(-3)

The income tax expenses of €186 million (2015/16: €198 million) relate completely to income from normal operations and are thus €92 million higher (2015/16: €110 million) than the expected income tax expenses of €94 million (2015/16: €88 million), which was the result of the Ger-



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man general tax rate (30.53 per cent) on the Company's annual results prior to income tax.

Reconciliation of estimated to actual income tax expenses is as follows:

€ million	2015/16	2016/17
<b>EBT (earnings before taxes)</b>	<b>290</b>	<b>308</b>
Expected income tax expenses (30.53%)	88	94
Effects of differing national tax rates	5	3
Tax expenses and income relating to other periods	6	7
Non-deductible business expenses for tax purposes	24	28
Effects of not recognised or impaired deferred taxes	72	46
Additions and reductions for local taxes	6	5
Tax holidays	-4	-9
Other deviations	1	12
<b>Income tax expenses according to the statement of profit or loss</b>	<b>198</b>	<b>186</b>
<b>Group tax rate</b>	<b>68.4%</b>	<b>60.6%</b>

The other deviations generally concern changes to permanent differences in investment book value.

### 11. PROFIT OR LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS AFTER TAX

The current results for the spun off and deconsolidated division (see chapter "Demerger of the former METRO GROUP") were transferred along with all relevant consolidation components in the consolidated income state under "Profit or loss for the period from discontinued operations after tax". The previous year results were adjusted accordingly. As a result, profit or loss for the period from discontinued operations after tax is made up as follows:

€ million	2015/16	2016/17
Sales revenue	38,044	28,671
Expenses	-37,167	-27,818
<b>Current earnings from discontinued operations before tax</b>	<b>877</b>	<b>853</b>
Income taxes on current earnings	-361	-397
<b>Current earnings from discontinued operations after tax</b>	<b>516</b>	<b>456</b>
Gains/losses from the remeasurement or disposal of discontinued operations before tax	49	576
Income taxes on gains/losses from remeasurement or disposal	0	0
<b>Gains/losses from the remeasurement or disposal of discontinued operations after tax</b>	<b>49</b>	<b>576</b>
<b>Profit or loss for the period from discontinued operations after tax</b>	<b>565</b>	<b>1,032</b>

The profit or loss for the period from discontinued operations after tax was €1,032 million, the share thereof held by non-controlling interests is €17 million (2015/16: €13 million). The amount includes non-cash valuation/disposal earnings after taxes equal to €576 million. The current results for discontinued operations includes nine months of these operations (2015/16: twelve months), in addition the scheduled depreciation of €217 million has been suspended since February 2017 in compliance with IFRS 5. The earning per share for discontinued operations totalled €3.11.

In the 2015/16 financial year the residual effects from the sale of the department store business to Hudson's Bay Company of Toronto, Canada, in the 2014/15 financial year in the profit or loss for the period from discontinued operations after tax also included income from the valuation/disposal results of €49 million. This comprises gains from the dissolution of provisions for risks related to the sale of the department store business in the amount of €36 million as well as proceeds of €13 million from the disposal of minority stakes in several real estate companies of the Galeria Kaufhof group to its buyer. The full amount was due the shareholders or the former METRO AG.



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In the reconciliation from profit or loss for the period to total comprehensive income (other result), €73 million are included from the valuation of pension plans of the demerged and spun-off business divisions. The resulting income effect amounted to €-19 million. Equity capital previously recognised outside of the statement of profit or loss includes the reconciliation from profit or loss for the period to total comprehensive income of €-69 million, and €-513 million from currency translations at foreign subsidiaries. The income tax effects here are €20 million and €-11 million.

### 12. PROFIT OR LOSS FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Of profit or loss for the period attributable to non-controlling interests, profit shares accounted for €109 million (2015/16: €118 million) net income and €58 million (2015/16: €59 million) in losses. The previous year had a positive non-cash share from the restructuring of market companies of €15 million. This mainly concerns profit/loss shares of non-controlling interests in the Media-Saturn Retail Group.

### 13. EARNINGS PER SHARE

Earnings per share is determined by dividing profit or loss for the period attributable to CECONOMY AG shareholders by the weighted number of issued shares. In the calculation of earnings per share, an additional dividend is generally deducted from profit or loss for the period attributable to CECONOMY AG shareholders. There was no dilution in the reporting period or the year before from potential shares.

	2015/16	2016/17
Weighted number of no-par value shares outstanding	326,787,529	326,787,529
Profit or loss for the period attributable to the shareholders of CECONOMY AG (€ million)	599	1,102
<b>Earnings per share in € (basic = diluted)</b>	<b>1.83</b>	<b>3.37</b>
from continuing operations	0.14	0.27
from discontinued operations	1.69	3.11

The earnings per share from continuing operations was €0.27 (2015/16: €0.14).

Earnings per share from discontinued operations amounted to €3.37 (2015/16: €1.83). Earnings per share including discontinued operations include a non-cash valuation/disposal amount after tax of €576 million. In addition, €217 million from the suspension of the scheduled depreciation since February 2017 in line with IFRS 5 has had a positive effect on current earnings from discontinued operations. This effect was also non-cash.

### 14. SCHEDULED DEPRECIATION AND IMPAIRMENT

Scheduled depreciation and impairment losses of €272 million (2015/16: €315 million) include impairment losses of €45 million (2015/16: €83 million), of which €20 million (2015/16: €32 million) relate to property, plant and equipment and €19 million (2015/16: €49 million) that relate to other intangible assets. Impairment losses on intangible assets essentially concern the DACH region in the amount of €17 million. Impairment losses on property, plant and equipment largely relate to the Eastern Europe region in the amount of €11 million. The attribution of depreciation/amortisation/impairment losses in the statement of profit or loss and the affected asset categories is as follows:



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2015/16 € million	Goodwill	Other intangible assets	Property, plant and equipment	Investment properties	Financial assets <sup>1</sup>	Assets held for sale	Total
Cost of sales	0	41	1	0	0	0	42
thereof depreciation/amortisation	(0)	(5)	(1)	(0)	(0)	(0)	(6)
thereof impairment losses	(0)	(36)	(0)	(0)	(0)	(0)	(36)
Selling expenses	0	23	216	0	0	0	239
thereof depreciation/amortisation	(0)	(13)	(184)	(0)	(0)	(0)	(198)
thereof impairment losses	(0)	(10)	(32)	(0)	(0)	(0)	(42)
General administrative expenses	0	15	16	0	0	0	31
thereof depreciation/amortisation	(0)	(12)	(16)	(0)	(0)	(0)	(28)
thereof impairment losses	(0)	(3)	(0)	(0)	(0)	(0)	(3)
Other operating expenses	0	0	0	0	0	0	0
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Scheduled depreciation/amortisation and impairment losses of financial assets	(0)	(80)	(233)	(0)	(0)	(0)	(313)
Net financial result	0	0	0	0	3	0	3
thereof impairment losses	(0)	(0)	(0)	(0)	(3)	(0)	(3)
<b>Total</b>	<b>0</b>	<b>80</b>	<b>233</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>315</b>
thereof depreciation/amortisation	(0)	(31)	(201)	(0)	(0)	(0)	(232)
thereof impairment losses	(0)	(49)	(32)	(0)	(3)	(0)	(83)



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2016/17 € million	Goodwill	Other intangible assets	Property, plant and equipment	Investment properties	Financial assets <sup>1</sup>	Assets held for sale	Total
Cost of sales	0	6	2	0	0	0	8
thereof depreciation/amortisation	(0)	(5)	(2)	(0)	(0)	(0)	(6)
thereof impairment losses	(0)	(2)	(0)	(0)	(0)	(0)	(2)
Selling expenses	0	26	202	0	0	0	229
thereof depreciation/amortisation	(0)	(9)	(183)	(0)	(0)	(0)	(192)
thereof impairment losses	(0)	(17)	(20)	(0)	(0)	(0)	(36)
General administrative expenses	0	13	17	0	0	0	30
thereof depreciation/amortisation	(0)	(13)	(17)	(0)	(0)	(0)	(29)
thereof impairment losses	(0)	(0)	(1)	(0)	(0)	(0)	(1)
Other operating expenses	0	0	0	0	0	0	0
thereof impairment losses	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Scheduled depreciation/amortisation and impairment losses of financial assets	(0)	(46)	(221)	(0)	(0)	(0)	(267)
Net financial result	0	0	0	0	6	0	6
thereof impairment losses	(0)	(0)	(0)	(0)	(6)	(0)	(6)
<b>Total</b>	<b>0</b>	<b>46</b>	<b>221</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>272</b>
thereof depreciation/amortisation	(0)	(27)	(201)	(0)	(0)	(0)	(228)
thereof impairment losses	(0)	(19)	(20)	(0)	(6)	(0)	(45)

<sup>1</sup> Valued investments included in cost

Of impairment losses of €45 million (2015/16: €83 million), €18 million were attributable to the DACH region (2015/16: €54 million), €13 million to the Eastern Europe region (2015/16: €23 million) and €8 million to the Western/Southern Europe region (2015/16: €3 million).

**15. COST OF MATERIALS**

The cost of materials for purchased goods in the amount of €17,132 million (2015/16: €16,902 million) are included in the cost of sales.



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**16. PERSONNEL EXPENSES**

Personnel expenses are composed as follows:

€ million	2015/16	2016/17
Wages and salaries	1,900	1,931
Social security expenses, expenses for post-employment benefits and related employee benefits	376	401
thereof post-employment benefits	(-8)	(11)
	<b>2,276</b>	<b>2,333</b>

The wages and salaries listed under personnel expenses include expenses for severance payments of €31 million (2015/16: €22 million). Furthermore, restructuring expenses of €4 million (2015/16: €2 million), which also include severance payment components, were included in wages and salaries. The short-term incentive rose slightly from €2 million to €3 million in the 2016/17 financial year. An additional component of wages and salaries is expenses for share-based payments of €4 million (2015/16: €3 million). Income from the reversal of pension obligations in the amount of €35 million was included in the prior result. These were offset in the current financial year against lower results from planned cuts in the amount of €18 million.

Annual average number of Group employees:

Number of employees by headcount	2015/16 <sup>1</sup>	2016/17
Blue collar/white collar	66,027	66,081
Apprentices/trainees	2,814	2,723
	<b>68,841</b>	<b>68,804</b>

<sup>1</sup> The disclosures for 2015/16 relate exclusively to the MediaMarktSaturn Retail Group.

On a personnel basis, 12,859 (2015/16: 12,274 relating to the MediaMarktSaturn Retail Group) part-time employees are taken into consideration. The number of employees working outside of Germany stood at 39,038 (2015/16: 38,947 relating to the MediaMarktSaturn Retail Group).

**17. OTHER TAXES**

Other taxes (for example, tax on land and buildings, motor vehicle tax, excise tax and transaction tax) can be broken down as follows:

€ million	2015/16	2016/17
<b>Other taxes</b>	<b>23</b>	<b>11</b>
thereof from cost of sales	(0)	(0)
thereof from selling expenses	(22)	(8)
thereof from general administrative expenses	(1)	(3)

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**18. GOODWILL**

Goodwill amounts to €531 million (30/09/2016: €3,361 million, of which €2,846 million from discontinued operations).

The change in continuing operations totals €17 million, €13 million of which is essentially attributable to the addition of the Dutch ZES Group (Electronic Repair Logistics B.V).



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At the closing date, the breakdown of goodwill between the major cash-generating units was as shown below:

	30/09/2016		30/09/2017	
	WACC		WACC	
	€ million <sup>1</sup>	%	€ million	%
Media-Saturn Germany/redcoon/RTS	310	6.4	314	6.4
Media-Saturn Italy	72	9.2	72	6.9
Media-Saturn Netherlands/ZES	39	6.5	51	6.4
Media-Saturn Spain	49	9.3	49	6.8
METRO Cash & Carry Horeca	1,126	6.3	-	-
Real Germany	638	5.1	-	-
METRO Cash & Carry Multispecialists	630	7.4	-	-
METRO Cash & Carry Trader	332	9.5	-	-
Other companies	165	-	45	-
	<b>3,361</b>		<b>531</b>	

<sup>1</sup> The previous year's data were adjusted for better comparability.

Based on IFRS 3 regulations in connection with IAS 36, an annual impairment test is carried out on goodwill. This is carried out at the level of a group of cash-generating units. This group is generally the organisation unit per country.

Media-Saturn Germany, redcoon-Group, RTS-Group, Media-Saturn Netherlands and ZES-Group are exceptions from the classification into an organisation unit per country. Due to their close organisational connection, they form the groups of cash-generating units of Media-Saturn Germany/redcoon/RTS and Media-Saturn Netherlands/ZES. The impair-

ment test compares the cumulative carrying amount of the group of cash-generating units with the recoverable amount. The fair value less sales costs was used as the recoverable amount, calculated from the discounted future cash flow and by means of fair value hierarchy level 3 input parameters.

➤ A description of the fair values hierarchy is given under item 41, carrying amounts, and fair values according to valuation categories.

Expected future cash flows are based on a qualified planning process under consideration of intra-Group experience as well as macroeconomic data collected by third-party sources. The detail planning period generally covers three years. Following on from the detail planning period, a growth rate of 1 per cent is generally assumed, as in the previous year. The capitalisation rate as the weighted average cost of capital (WACC) is determined using the capital asset pricing model. In the process, an individual peer group is assumed for all groups of cash-generating units operating in the same business segment. Capitalisation interest rates are further determined under the assumption of a basic interest rate of 1.24 per cent (30/09/2016: 0.9), a market risk premium of 6.75 per cent (30/09/2016: 6.75 per cent) in Germany, and a beta factor of 0.99 (30/09/2016: 1.03 to 1.13). Country-specific risk premiums based on the respective country rating are applied to the equity cost of capital and to the debt cost of capital. The capitalisation interest rates individually determined for each group of cash-generating units after taxes were between 6.4 and 6.9 per cent (30/09/2016: 5.1 to 9.5 per cent).

The mandatory annual impairment test as at 30 June 2017 resulted in the following assumptions regarding the development of sales, EBIT and the EBIT margin targeted for valuation purposes during the detailed planning period, with the EBIT margin reflecting the ratio of EBIT to net sales:





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	Sales	EBIT	EBIT margin	Detail planning period (years)
Media-Saturn Germany/redcoon/RTS	Slight growth	Solid growth	Solid growth	3
Media-Saturn Italy	Solid growth	Substantial growth	Substantial growth	3
Media-Saturn Netherlands/ZES	Solid growth	Substantial growth	Solid growth	3
Media-Saturn Spain	Solid growth	Solid growth	Slight growth	3

As at 30 June 2017, the prescribed annual impairment test confirmed the recoverability of all capitalised goodwill.

In addition to the impairment test, three sensitivity analyses were conducted for each group of cash-generating units. A growth rate decreased by one percentage point was assumed for the first sensitivity analysis. The capitalisation interest rate was raised by 10 per cent for each group of cash-generating units during the second sensitivity analysis. In the third sensitivity analysis, a lump sum discount of 10 per cent was applied to assumed perpetual EBIT. An impairment loss would not result from the assumptions underlying these changes for any group of cash-generating units.

As at 30 September 2017, no indication of an impairment loss emerged, meaning that goodwill did not have to be rechecked for impairment.

€ million	Goodwill
<b>Acquisition or production costs</b>	
As at 01/10/2015	3,928
Currency translation	0
Additions to consolidation group	60
Disposals	0
Reclassifications in IFRS 5	0
Transfers	0
As at 30/09 / 01/10/2016	3,988
Currency translation	1
Additions to consolidation group	17
Disposals	0
Reclassifications in IFRS 5	-3,474
Transfers	0
As at 30/09/2017	531
<b>Scheduled depreciation and impairment losses</b>	
As at 01/10/2015	627
Currency translation	0
Additions	0
Additions to impairment losses	0
Disposals	0
Reclassifications in IFRS 5	0
Reversals of impairment losses	0
Transfers	0
As at 30/09 / 01/10/2016	627
Currency translation	1
Additions	0
Additions to impairment losses	0
Disposals	0
Reclassifications in IFRS 5	-627
Reversals of impairment losses	0
Transfers	0
As at 30/09/2017	0
Carrying amount at 01/10/2015	3,301
Carrying amount at 30/09/2016	3,361
<b>Carrying amount at 30/09/2017</b>	<b>531</b>



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19. OTHER INTANGIBLE ASSETS

€ million	Intangible assets without goodwill	(thereof internally generated intangible assets)
<b>Acquisition or production costs</b>		
As at 01/10/2015	1,864	(940)
Currency translation	1	(0)
Additions to consolidation group	52	(0)
Additions	160	(61)
Disposals	-84	(-44)
Reclassifications in IFRS 5	0	(0)
Transfers	-7	(-3)
As at 30/09 / 01/10/2016	1,986	(954)
Currency translation	7	(0)
Additions to consolidation group	5	(0)
Additions	84	(25)
Disposals	-15	(7)
Reclassifications in IFRS 5	-1,683	(-904)
Transfers	1	(2)
As at 30/09/2017	386	(70)
<b>Scheduled depreciation and impairment losses</b>		
As at 01/10/2015	1,399	(793)
Currency translation	1	(0)
Additions	116	(60)
Additions to impairment losses	52	(1)
Disposals	-72	(-37)
Reclassifications in IFRS 5	0	(0)
Reversals of impairment losses	0	(0)
Transfers	-7	(-21)
As at 30/09 / 01/10/2016	1,489	(797)
Currency translation	1	(0)
Additions	56	(21)
Additions to impairment losses	19	(0)
Disposals	-12	(7)
Reclassifications in IFRS 5	-1,267	(-761)
Reversals of impairment losses	0	(0)
Transfers	0	(0)
As at 30/09/2017	285	(50)
Carrying amount at 01/10/2015	464	(147)
Carrying amount at 30/09/2016	497	(157)
<b>Carrying amount at 30/09/2017</b>	<b>100</b>	<b>(20)</b>



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Other intangible assets have both a limited economic useful life and an unlimited useful life. Intangible assets with a finite useful life are subject to amortisation. Intangible assets with unlimited useful life that would need to undergo an annual or occasion-contingent impairment test no longer existed after the spin-off.

From additions of €84 million, €11 million related to internally generated software, €30 million to concessions, rights and licences, and €43 million to software under development.

Additions to scheduled amortisation to other intangible assets included €29 million scheduled amortisation from discontinued operations provided it was allocated to the period until the reclassification of these operations pursuant to IFRS 5. Scheduled depreciation of €27 million was attributable to the continuing operations of CECONOMY (2015/16: €31 million). They are recognised at €13 million (2015/16: €12 million) under general management costs, €9 million (2015/16: €13 million), under distribution costs and €5 million (2015/16: €5 million) under sales costs.

Of impairment losses of €19 million (2015/16: €52 million), €17 million (2015/16: €50 million) concern concessions, rights and licences purchased, €0 million (2015/16: €1 million) internally generated software and €2 million (2015/16: €1 million) rental rights and rights of use.

Expenses for research and development recorded as an expense mainly concern internally generated software and amounted to €0 million in the 2016/17 financial year (2015/16: €21 million, of which €21 million from discontinued operations).

As in the previous year, no restrictions on property or title exist for intangible assets. Purchase obligations for intangible assets of €3 million (30/09/2016: €1 million, of which €1 million from discontinued operations) were recorded.

## 20. PROPERTY, PLANT AND EQUIPMENT

As at 30 September 2017, property plant and equipment of €858 million (30/09/2016: €8,141 million, of which €7,260 million from discontinued operations) was recognised. The development of property, plant and equipment is reflected in the table below:



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€ million	Land and buildings	Other equipment, factory and office equipment	Construction in progress	Total
<b>Acquisition or production costs</b>				
As at 01/10/2015	9,629	7,605	217	17,451
Currency translation	-19	-2	0	-21
Additions to consolidation group	1	4	0	5
Additions	290 <sup>1</sup>	502	345	1,136
Disposals	-190	-520	-22	-732
Reclassifications in IFRS 5	-8	0	0	-8
Transfers	128	194	-325	-2
As at 30/09 / 01/10/2016	9,832	7,783	215	17,830
Currency translation	154	16	1	171
Additions to consolidation group	0	2	0	2
Additions	26	217	71	314
Disposals	-42	-206	-7	-256
Reclassifications in IFRS 5	-9,934	4,873	-174	-14,981
Transfers	7	77	-83	1
As at 30/09/2017	43	3,015	23	3,081
<b>Scheduled depreciation and impairment losses</b>				
As at 01/10/2015	4,267	5,220	9	9,496
Currency translation	-18	0	0	-18
Additions	319	475	7	801
Additions to impairment losses	13	39	1	53
Disposals	-161	-477	0	-637
Reclassifications in IFRS 5	-5	0	0	-5
Reversals of impairment losses	0	-6	0	-6
Transfers	-6	10	0	4
As at 30/09 / 01/10/2016	4,409	5,262	17	9,688
Currency translation	30	2	1	33
Additions	108	297	1	406
Additions to impairment losses	5	25	0	30
Disposals	-29	-177	0	-206
Reclassifications in IFRS 5	-4,500	3,205	-19	-7,723
Reversals of impairment losses	-2	-3	0	-5
Transfers	-7	7	0	0
As at 30/09/2017	15	2,207	0	2,222
Carrying amount at 01/10/2015	5,362	2,384	208	7,955
Carrying amount at 30/09/2016	5,424	2,520	197	8,141
<b>Carrying amount at 30/09/2017</b>	<b>27</b>	<b>808</b>	<b>23</b>	<b>858</b>

<sup>1</sup> Including reclassifications from "assets held for sale" to property, plant and equipment



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The decrease in property, plant and equipment from €8,141 million to €858 million is mainly due to the spin-off.

Additions to scheduled depreciation on property, plant and equipment included depreciation from discontinued operations in the amount of €204 million, provided it was allocated to the period until the reclassification of these operations pursuant to IFRS 5. Scheduled depreciation of €201 million was attributable to CECONOMY (2015/16: €201 million). Thereof €17 million (2015/16: €16 million) was recognised under general management costs, €183 million (2015/16: €185 million) under distribution costs and €2 million (2015/16: €1 million) under sales costs.

There are no restrictions on title in the form of liens and encumbrances for items of property, plant and equipment (30/09/2016: €30 million, of which €30 million from discontinued operations).

For items of property, plant and equipment, purchase obligations in the amount of €15 million (30/09/2016: €148 million, of which €124 million from discontinued operations) were recorded.

### 21. LEASES

Assets that CECONOMY had at its disposal due to a financial lease amounted to €24 million (30/09/2016: €903 million, of which €890 million from discontinued operations). The mainly concerned rented buildings.

Financial leases are generally concluded over a basic term of between ten and 25 years with the option of extending the least at least once for five years after the basic term expires.

In addition to financial leases, there are rental leases that must be qualified as operating leases according to their economic substance. Operating leases are usually concluded for a basic term of up to fifteen years. Leases include payments partially based on variable and partially based on fixed rental interest.

Payments due under finance and operating leases in subsequent periods are shown as follows:

€ million	Up to 1 year	1 to 5 years	Over 5 years
<b>Finance leases as at 30/09/2016</b>			
Leasing payments to be made in future (nominal)	173	655	1,074
Discount	-13	-137	-499
Present value	159	518	574

€ million	Up to 1 year	1 to 5 years	Over 5 years
<b>Operating leases as at 30/09/2016</b>			
Leasing payments to be made in future (nominal)	1,251	3,754	2,947

€ million	Up to 1 year	1 to 5 years	Over 5 years
<b>Financial leases as at 30/09/2017</b>			
Leasing payments to be made in future (nominal)	4	12	18
Discount	-1	-2	-1
Present value	3	11	18

€ million	Up to 1 year	1 to 5 years	Over 5 years
<b>Operating leases as at 30/09/2017</b>			
Leasing payments to be made in future (nominal)	647	1,700	451

Decreases in leasing payments from operating and financial leases to be made in future in the three periods result from the deconsolidation of the discontinued sector.

Leasing payments from financial leases to be paid in future include the purchase price payments necessary for exercising more favourable purchasing options in the amount of €9 million (30/09/2016: €28 million, of which €19 million from discontinued operations).



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There are no leasing payments that will be paid to CECONOMY in future from properties that are classified as financial leases (subletting) (30/09/2016: €262 million, of which €262 million from discontinued operations).

Leasing payments that will be paid to CECONOMY in future from properties that are classified as operating leases (subletting) stand at a nominal amount of €6 million (30/09/2016: €492 million, of which €477 million from discontinued operations).

The profit or loss for the period includes expenses from leases in the amount of €664 million (2015/16: €1,338 million, of which €674 million from discontinued operations), income from rental leases in the amount of €8 million (2015/16: €264 million, of which €256 million from discontinued operations).

Rental payments from financial leases recorded as an expense in the profit and loss for the period amount to €0 million (2015/16: €4 million, of which €4 million from discontinued operations). Expenses recorded from operating leases from contingent rental payments amount to €42 million (2015/16: €56 million, of which €15 million from discontinued operations).

CECONOMY is not entitled to any claims to receive leasing payments for properties under legal ownership (previous year €292 million, of which €292 million from discontinued operations).

€ million	Up to 1 year	1 to 5 years	Over 5 years
<b>Operating leases as at 30/09/2016</b>			
Leasing payments to be expected in future (nominal)	48	122	122

€ million	Up to 1 year	1 to 5 years	Over 5 years
<b>Operating leases as at 30/09/2017</b>			
Leasing payments to be expected in future (nominal)	0	0	0

## 22. INVESTMENT PROPERTIES

Investment properties are recognised at depreciated cost. As at 30 September 2017, a total of €0 million (30/09/2016: €126 million, of which €126 million from discontinued operations) was recognised. The development of these properties is reflected in the table below:



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€ million	Investment properties
<b>Acquisition or production costs</b>	
As at 01/10/2015	484
Currency translation	1
Additions to consolidation group	0
Additions	1
Disposals	-92
Reclassifications in IFRS 5	-27
Transfers in connection with property, plant and equipment	9
As at 30/09 / 01/10/2016	376
Currency translation	3
Additions to consolidation group	0
Additions	2
Disposals	0
Reclassifications in IFRS 5	-379
Transfers in connection with property, plant and equipment	-2
As at 30/09/2017	0
<b>Scheduled depreciation and impairment losses</b>	
As at 01/10/2015	314
Currency translation	0
Additions	10
Additions to impairment losses	1
Disposals	-53
Reclassifications in IFRS 5	-17
Reversals of impairment losses	-10
Transfers in connection with property, plant and equipment	3
As at 30/09 / 01/10/2016	250
Currency translation	0
Additions	2
Additions to impairment losses	0
Disposals	0
Reclassifications in IFRS 5	-252
Reversals of impairment losses	0
Transfers in connection with property, plant and equipment	0
As at 30/09/2017	0
Carrying amount at 01/10/2015	170
Carrying amount at 30/09/2016	126
<b>Carrying amount at 30/09/2017</b>	<b>0</b>

The total of the fair value of this "Property held as financial investments" is €0 million (30/09/2016: €183 million, of which €183 million from discontinued operations). The fair values from the previous year could not be determined based on the observed market prices. The fair values were therefore determined in accordance with internationally recognised assessment methods, in particular by means of the comparable value method and the discounted cash flow method (level 3 of the three-level assessment hierarchy of IFRS 13 [assessment at fair value]). A detailed planning period of ten years is therefore taken as a basis. In addition to market rent, the discounting interest rates derived from the market were used as important assessment parameters. The determination of discounting interest rates is based on the analysis of the property markets in question along with the evaluation of comparable transactions and market publications from international consulting firms. The discounting interest rates defined in this way therefore reflect both the respective country and location risk as well as the specific property risk. Furthermore, as part of determining the best possible use, project developments were also examined.

Property held as financial investments concerned only the discontinued segment, meaning that in the ongoing financial year no rental income or associated expenses from these properties were shown. In the 2015/16 financial year, rental income from these properties amounted to €23 million, €10 million of which was from financial leases. Expenses of €17 million, €8 million of which was from financial leases, is associated with this rental income. For properties without any rental income, no expenses were incurred in the previous year.

Restrictions on title in the form of liens and encumbrances amounted to €5 million in the previous year for the discontinued segment. No purchase obligations were recorded in the previous year for property held as financial investments.



### 23. FINANCIAL INVESTMENTS AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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	€ million	Loans	Investments	Securities	Total financial assets
	<b>Acquisition or production costs</b>				
	As at 01/10/2015	46	84	2	133
143	Segment reporting	1	0	0	1
	Currency translation				
144	Notes on the Group accounting principles and methods	0	0	0	0
	Additions to consolidation group				
	Additions	15	16	0	31
	Disposals	-3	-74	0	-77
172	Capital management				
	Reclassifications in IFRS 5	0	0	0	0
172	Notes on company mergers	0	0	24	24
	Transfers				
	As at 30/09 / 01/10/2016	58	27	26	112
173	Notes on the Statement of profit or loss	1	0	0	1
	Currency translation				
	Additions to consolidation group	0	0	0	0
	Additions	3	6	7	16
<b>183</b>	<b><u>Notes on the Statement of financial position</u></b>	-1	-1	0	-2
	Disposals				
	Reclassifications in IFRS 5	-47	-25	-9	-82
227	Other notes	0	120	-24	96
	Transfers				
249	Boards of CECONOMY AG and their mandates	13	127	0	141
	As at 30/09/2017				
	<b>Scheduled depreciation and impairment losses</b>				
	As at 01/10/2015	0	16	0	16
285	Responsibility statement of the legal representatives	0	0	0	0
	Currency translation				
	Additions	0	0	0	0
	Additions to impairment losses	3	3	0	6
286	Independent auditor's report	0	-14	0	-14
	Disposals				
	Reclassifications in IFRS 5	0	0	0	0
	Reversals of impairment losses	0	0	0	0
	Transfers	0	0	0	0
	As at 30/09 / 01/10/2016	4	5	0	8
	Currency translation	0	0	0	0
	Additions	0	0	0	0
	Additions to impairment losses	1	5	0	5
	Disposals	0	0	0	0
	Reclassifications in IFRS 5	-4	-4	0	-8
	Reversals of impairment losses	0	0	0	0





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Transfers	0	0	0	0
As at 30/09/2017	0	6	0	6
Carrying amount at 01/10/2015	46	69	2	117
Carrying amount at 30/09/2016	55	23	26	104
<b>Carrying amount at 30/09/2017</b>	<b>13</b>	<b>122</b>	<b>0</b>	<b>135</b>

Shares in the current METRO AG of 1 per cent and 6.61 per cent in METRO PROPERTIES GmbH & Co. KG are included in the financial assets as at 30 September 2017. These are included in the above the table under "Transfers".

The directly held share by CECONOMY AG of approximately 1 per cent in the current METRO AG is marked by a vesting period of seven years with regard to taxes, i.e. it cannot be sold without accepting negative tax consequences.

On 19 September 2016, CECONOMY AG and the current METRO AG concluded an options agreement on the retained limited partner's share in METRO PROPERTIES GmbH & Co. KG. In this agreement, CECONOMY AG grants the current METRO AG a call option and the current METRO AG grants CECONOMY AG a put option with regard to this limited partner's share of CECONOMY AG. The options may be exercised only in specific timeframes of six months each. The call option may be exercised for the first time three years after the spin-off comes into effect and the put option may be exercised for the first time seven years after the spin-off comes into effect. The sale, transfer and pledge of Company shares is connected with contractual approval requirements.



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€ million	Investments accounted for using the equity method
<b>Acquisition or production costs</b>	
As at 01/10/2015	191
Currency translation	0
Additions to consolidation group	0
Additions	13
Disposals	-15
Reclassifications in IFRS 5	0
Transfers	0
As at 30/09 / 01/10/2016	190
Currency translation	0
Additions to consolidation group	0
Additions	458
Disposals	-2
Reclassifications in IFRS 5	-184
Transfers	-5
As at 30/09/2017	458
<b>Scheduled depreciation and impairment losses</b>	
As at 01/10/2015	7
Currency translation	0
Disposals	0
Reclassifications in IFRS 5	0
Reversals of impairment losses	-5
Transfers	0
As at 30/09 / 01/10/2016	2
Currency translation	0
Disposals	0
Reclassifications in IFRS 5	-2
Reversals of impairment losses	0
Transfers	0
As at 30/09/2017	0
Carrying amount at 01/10/2015	184
Carrying amount at 30/09/2016	188
<b>Carrying amount at 30/09/2017</b>	<b>458</b>

On 26 July 2017, CECONOMY AG signed an agreement to purchase approximately 24.33 per cent of the shares in Fnac Darty S.A. issued on 30 June 2017 from Artemis S.A. The transaction was completed on 24 August 2017.

With this purchase, CECONOMY is investing in the French consumer electronics market for the first time, with a volume of approximately €30 billion. Fnac Darty S.A. has a market share of approximately 23 per cent.

Fnac Darty S.A. was included in the consolidated financial statements of CECONOMY in its last available financial statements as at 30 June 2017. Investments recognised in the previous year according to the equity method will be assigned to discontinued operations.

Transition of Fnac Darty S.A. financial market information to the investment carrying value as at 30/09/2017		€ million
100% net assets		939
CECONOMY share in net assets 24.329%		228
Adjustments at fair value, in particular goodwill and intangible assets in consideration of deferred taxes		230
<b>Investment carrying value</b>		<b>458</b>

Information on the profit or loss for the period is published by Fnac Darty S.A. in the second and fourth annual quarters only. This information is the basis for updating the equity investment. No result was recorded for the investment in Fnac Darty S.A. added in the fourth quarter of the 2016/17 financial year. Based on the purchase price allocation, there was no significant effect on the update for just under one month in the 2016/17 financial year.

Details on major investments accounted for using the equity method are listed in the following table. Due to the spin-off, equity investments in, inter alia, Habib Metro Pakistan, OPCI FWP and OPCI FWS and Mayfair Group, previously held in the discontinued segment, were disposed of.

Except for Habib Metro Pakistan (closing date 30 June), all the other named companies had 31 December as the closing date. With their last



available financial statements, the companies were included in the consolidated financial statements of the previous year.

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	Fnac Darty S.A. <sup>1</sup>		Habib Metro Pakistan		OPCI FWP		OPCI FWS		Mayfair Group <sup>2</sup>		Miscellaneous		Total	
€ million	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
143 Segment reporting														
	<b>Size of investment (in %)</b>	-	24.33	40	-	4.99	-	24.99	-	40	-	-	-	-
144 Notes on the Group accounting principles and methods	<b>Market capitalisation</b>	-	521	-	-	-	-	-	-	-	-	-	-	521
	<b>Carrying amount</b>	-	458	47	-	9	-	41	-	80	-	11	0	188
172 Capital management	<b>Notes to the statement of profit or loss</b>	-												
172 Notes on company mergers	Sales	-	3,216	12	-	24	-	23	-	16	-	29	2	104
	Earnings after taxes from continuing operations	-	-15	6	-	14	-	15	-	9	-	5	0	49
173 Notes on the Statement of profit or loss	Earnings after taxes from discontinued operations	-	-88	0	-	0	-	0	-	-	-	0	0	-88
	Other comprehensive income	-	-18	0	-	0	-	0	-	-	-	0	0	-18
	Total comprehensive income	-	-122	6	-	14	-	15	-	9	-	5	0	49
227 Other notes	Dividend payments to the group	-	0	0	-	0	-	0	-	-	-	0	0	0
249 Boards of CECONOMY AG and their mandates	<b>Notes to the statement of financial position</b>	-												
	Non-current assets	-	2,691	61	-	271	-	261	-	201	-	84	0	878
285 Responsibility statement of the legal representatives	Current assets	-	1,861	15	-	1	-	4	-	5	-	17	0	42
	Non-current liabilities	-	1,461	3	-	100	-	100	-	-	-	84	0	287
	Current liabilities	-	2,152	1	-	0	-	0	-	5	-	14	0	20
286 Independent auditor's report														

<sup>1</sup> Information according to the Interim Financial Reports as at 30 June 2017 for the period 1 January 2017 to 30 June 2017.

<sup>2</sup> The Mayfair Group consists of ten property companies.



## 24. OTHER FINANCIAL AND NON-FINANCIAL ASSETS

	€ million	30/09/2016			30/09/2017		
		Total	Remaining term		Total	Remaining term	
			up to 1 year	more than 1 year		up to 1 year	more than 1 year
143 Segment reporting							
144 Notes on the Group accounting principles and methods	Receivables due from suppliers	1,774	1,745	29	1,246	1,246	0
	Miscellaneous financial assets	516	460	56	743	735	8
	<b>Other financial assets</b>	<b>2,290</b>	<b>2,205</b>	<b>85</b>	<b>1,989</b>	<b>1,981</b>	<b>8</b>
172 Capital management	Other tax receivables	365	365	0	87	87	0
172 Notes on company mergers	Prepaid expenses and deferred charges	339	139	199	82	68	14
	Miscellaneous non-financial assets	29	25	4	1	1	0
173 Notes on the Statement of profit or loss	<b>Other non-financial assets</b>	<b>733</b>	<b>529</b>	<b>203</b>	<b>170</b>	<b>155</b>	<b>15</b>
	<b>Other financial and non-financial assets</b>	<b>3,023</b>	<b>2,734</b>	<b>289</b>	<b>2,159</b>	<b>2,136</b>	<b>22</b>

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Receivables from suppliers of €1,246 million (30/09/2016: €1,774 million, of which €562 million from discontinued operations) mainly include both invoiced payments and demarcations for delayed payments from suppliers (for example bonuses and promotion rebates).

The miscellaneous financial assets in particular consist of short-term securities of €584 million, which were added during the spin-off. These relate to the nine-per cent share in METRO AG and are recognised at fair value outside of profit or loss. Further components include receivables from credit card transactions in the amount of €68 million (30/09/2016: €104 million, of which €75 million from discontinued operations), receivables from other financial transactions in the amount of €1 million (30/09/2016: €100 million, of which €99 million from discontinued operations), receivables and other assets relating to real estate in the amount of €6 million (30/09/2016: €24 million, of which €20 million from discontinued operations), receivables from damages in the amount of €1 million (30/09/2016: €8 million, of which €4 million from discontinued operations).

Other tax reimbursement claims include not yet offsettable pre-taxes of €52 million (30/09/2016: €182 million, of which €133 million from dis-

continued operations) sales tax reimbursement claims of €31 million (30/09/2016: €166 million, of which €136 million from discontinued operations) and other tax reimbursement claims of €4 million (30/09/2016: €17 million, of which €11 million from discontinued operations).

Prepaid expenses and deferred charges include deferred rental, leasing and interest prepayments as well as miscellaneous deferments.

Miscellaneous non-financial assets particularly include interest receivables related to tax receivables and prepayments made on inventories.



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**25. DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES**

Deferred tax assets on tax-loss carryforwards and temporary differences before offsetting amount to €123 million (30/09/2016: €1,434 million, of which €1,128 million from discontinued operations) and are €1,311 million lower than on 30 September 2016. Deferred tax liabilities before offsetting amount to €92 million (30/09/2016: €921 million, of which €842 million from discontinued operations) and are €829 million

lower than on 30 September 2016. After offsetting, deferred tax assets of €39 million and deferred tax liabilities of €8 million are shown on the closing date.

Deferred taxes relate to the following statement of financial position items:

€ million	30/09/2016		30/09/2017	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Goodwill	82	174	1	3
Other intangible assets	68	80	1	4
Property, plant and equipment and investment properties	134	492	17	22
Financial investments and investments accounted for using the equity method	4	13	0	0
Inventories	68	11	25	7
Other financial and non-financial assets	49	57	2	25
Assets held for sale	0	0	0	0
Provisions for pensions and similar obligations	323	52	81	11
Other provisions	87	3	18	3
Borrowings	370	11	0	8
Other financial and non-financial liabilities	136	25	44	4
Liabilities related to assets held for sale	0	0	0	0
Outside basis differences	0	4	0	5
Write-downs of temporary differences	-82	0	-116	0
Loss carryforwards	194	0	51	0
<b>Interim total before offsetting</b>	<b>1,434</b>	<b>921</b>	<b>123</b>	<b>92</b>
Offset	-771	-771	-84	-84
<b>Carrying amount of deferred taxes</b>	<b>663</b>	<b>150</b>	<b>39</b>	<b>8</b>



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The decrease in deferred taxes is mainly attributable to the fact that the majority of temporary differences and the existence of tax-loss carryforwards are offset with discontinued operations as part of the spin-off. Of the adjustments on deferred taxes on temporary differences in the amount of €116 million, €68 million relate to discontinued operations. They are included in other comprehensive income unless attributable to pension obligations, and otherwise in earnings from discontinued operations. The adjusted impairment is therefore only €48 million.

Furthermore, as a consequence of the demerger in accordance with Section 15 (3) German Conversion Tax Act [Umwandlungssteuergesetz, UmwStG], the existing tax-loss carryforwards of CECONOMY AG as at 30 September 2016 declined by the ratio at which the assets of CECONOMY AG were spun off to the current METRO AG by taking the common value as a basis. As things stand, a loss of approximately 73 per cent of the tax-loss carryforwards should therefore be assumed, i.e. a loss of corporate tax-loss carryforwards of approximately €1,900 million and trade tax-loss carryforwards of approximately €2,500 million.

The remaining loss and interest carryforwards in the group as a whole are shown in the following table:

€ million	30/09/2016	30/09/2017
Corporation tax losses	8,927	2,205
Trade tax losses	7,674	1,466
Interest carryforwards	191	38

€1,108 million of the corporate tax-loss carryforwards as at 30 September 2017 are allocated to domestic companies and €1,907 million to foreign companies. €144 million of tax-loss carryforwards with regard to

local taxes of foreign companies are included in trade tax-loss carryforwards.

With regard to the remaining tax and interest carryforwards in the group as a whole (compare previous table) and temporary differences are recognised based on a current five-year plan in the following amount as a short-term to medium-term satisfaction of claims is not to be expected:

€ million	30/09/2016	30/09/2017
Corporation tax losses	8,326	2,011
Trade tax losses	7,302	1,348
Interest carryforwards	71	38
Temporary differences	377	455
thereof discontinued operations	137	0

Pursuant to IAS 12 (Income Taxes), deferred tax liabilities shall be formed on the difference amount between the pro rata equity of a subsidiary recorded in the consolidated statement of financial position and the investment carrying amount for this subsidiary in the tax balance of the parent company (known as outside basis differences) if the satisfaction is to be expected. The differences can primarily be attributed to retained earnings of subsidiaries in Germany and abroad. No deferred taxes were recognised for these retained earnings as they will be reinvested over an indefinite period of time or are not subject to relevant taxation. In the case of distributions from subsidiary companies, they were subject to taxation on dividends. Distributions from abroad could moreover trigger withholding tax. As at 30 September 2017, deferred tax liabilities of €5 million (30/09/2016: €4 million) from outside basis differences were considered for planned dividend payments.



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**Tax effects on components of other comprehensive income**

€ million	2015/16			2016/17		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Currency conversion differences from converting the financial statements of foreign business areas	49	-1	48	533	-11	522
thereof currency conversion differences from net investments in foreign business areas	(-12)	(-1)	(-13)	(255)	(-11)	(244)
Effective part of profit/losses from cash flow hedges	2	0	2	-71	26	-45
Profit/losses from the reassessment of financial instruments in the "available for sale" category	0	0	0	-5	0	-5
Deferred taxes on the reassessment of performance-based pension plans	-207	59	-148	113	-115	-2
Other changes	0	0	0	0	0	0
Remaining income tax on other comprehensive income	-2	5	3	0	-6	-6
	<b>-158</b>	<b>63</b>	<b>-95</b>	<b>570</b>	<b>-106</b>	<b>464</b>

As a result of non-taxable events as well as the non-recognition and impairment of deferred taxes, the recognised tax does not correspond to the estimated tax for each item.

**26. INVENTORIES**

Inventories in the year-on-year comparison declined by €2,903 million from €5,456 million to €2,553 million, mainly as a result of the spin-off. Inventories of the continuing segments increased in the year-on-year comparison by €160 million from €2,393 million to €2,553 million.

An increase of €111 million is attributed to the DACH segment, €29 million to the Western/Southern Europe segment, €15 million to the Eastern Europe segment and €5 million to the Other segment.

Inventories include impairment losses of €110 million (30/09/2016: €207 million, of which €105 million from discontinued operations).

In principle, the industry-standard reservations of title apply to CECONOMY's merchandise.

**27. TRADE RECEIVABLES**

Trade receivables declined from €808 million (of which €484 million from discontinued operations) to €498 million due to the demerger. This includes receivables with a remaining term of more than one year totalling €0 million (30/09/2016: €20 million).

The increase in the trade receivables of CECONOMY's continuing operations of €175 million from €323 million to €498 million in a year-on-year comparison is mainly due to the DACH (German-speaking countries) segment.



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**28. IMPAIRMENTS OF CAPITALISED FINANCIAL INSTRUMENTS**

Impairments of capitalised financial instruments measured at amortised cost are as follows:

€ million	Category "loans and receivables"	thereof "loans and advance credit granted"	thereof "other current receivables"
As at 01/10/2015	126	2	125
Currency translation	-1	0	-1
Additions	69	6	62
Reversal	-37	0	-37
Reclassifications under IFRS 5	0	0	0
Utilisation	-26	-2	-24
Transfers	0	0	0
As at 30/09 / 01/10/2016	131	7	126
Currency translation	0	0	0
Additions	42	2	41
Reversal	-17	0	-17
Reclassifications under IFRS 5	-117	-5	-112
Utilisation	-11	0	-11
Transfers	0	0	0
<b>As at 30/09/2017</b>	<b>29</b>	<b>3</b>	<b>26</b>

In the category "loans and receivables", which particularly includes loans, trade receivables, receivables from suppliers as well as receivables and other assets in the real estate area, negative earnings effects from impairments losses amount to €13 million (2015/16: €4 million). This also includes earnings from the receipt of cash from receivables that had already been derecognised in anticipation of uncollectibles of €1 million (2015/16: €2 million). As in the previous year, there were no earnings effects in the category "held to maturity" and from receivables from finance leases (carrying value according to IAS 17).

In principle, impairment losses on capitalised financial instruments are recognised using an adjustment account. They reduce the carrying amount of financial assets.





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**29. MATURITIES AND IMPAIRMENT LOSSES OF CAPITALISED FINANCIAL INSTRUMENTS**

Capitalised financial instruments had the following maturities and impairment losses as of the closing date:

€ million	Total carrying amount 30/09/2016	thereof not past due, not impaired	thereof past due, no specific allowances for impairment losses					
			Due within the last 90 days	Due for 91 to 180 days	Due for 181 to 270 days	Due for 271 to 360 days	Due for more than 360 days	
<b>Assets</b>								
	in the category "loans and receivables"	3,140	2,625	144	12	3	1	2
	thereof "loans and advance credit granted"	58	58	0	0	0	0	0
	thereof "other current receivables"	3,082	2,567	144	12	3	1	2
	in the category "held to maturity"	0	0	0	0	0	0	0
	in the category "held for trading"	4	0	0	0	0	0	0
	in the category "available for sale"	24	1	0	0	0	0	0
		<b>3,168</b>	<b>2,626</b>	<b>144</b>	<b>12</b>	<b>3</b>	<b>1</b>	<b>2</b>
<b>Assets</b>								
	in the category "loans and receivables"	1,913	1,676	82	7	2	5	1
	thereof "loans and advance credit granted"	14	14	0	0	0	0	0
	thereof "other current receivables"	1,899	1,662	82	7	2	5	1
	in the category "held to maturity"	0	0	0	0	0	0	0
	in the category "held for trading"	3	0	0	0	0	0	0
	in the category "available for sale"	706	0	0	0	0	0	0
		<b>2,622</b>	<b>1,676</b>	<b>82</b>	<b>7</b>	<b>2</b>	<b>5</b>	<b>1</b>



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Loans and receivables due within the last 90 days largely result from standard business payment transactions with immediate or short-term payment terms. For loans and receivables more than 90 days past due that are not subject to specific allowances, there is no indication as of the closing date that debtors will not fulfil their payment obligations. For capitalised financial instruments which are not past due and which are not subject to specific allowances, there is no indication based on the debtor's creditworthiness (credit quality) that would require an impairment.

### 30. CASH AND CASH EQUIVALENTS

€ million	30/09/2016	30/09/2017
Cheques and cash on hand	121	64
Bank deposits and other financial assets with short-term liquidity	2,247	798
	<b>2,368</b>	<b>861</b>

Cash and cash equivalents decreased due to the demerger.

➤ For more information, see the cash flow statement and No. 42 – Notes to the cash flow statement.

### 31. ASSETS HELD FOR SALE/LIABILITIES RELATED TO ASSETS HELD FOR SALE

As at 30 September 2017, this item includes no assets held for sale or liabilities related to assets held for sale as sales were considered highly probable within the meaning of IFRS 5 as of the closing date. The development of this item with a view to the sales transactions included during the course of the year is explained below.

#### Division of METRO GROUP by way of demerger

Following adoption of the resolution and approval of the demerger agreement by the Annual General Meeting of the former METRO AG on 6 February 2017, the business of METRO Wholesale & Food Specialist AG was reported separately in the consolidated statement of financial position of the former METRO AG as a discontinued operation, in accordance

with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) (see chapter "Demerger of the former METRO GROUP").

The assets and liabilities were recognised under the item "Assets held for sale" (€18,288 million) and the item "Liabilities related to assets held for sale" (€12,787 million) taking into account the consolidation of all issues in the statement of financial position as of 31 March 2017. The asset and liability items to be consolidated were recognised in the relevant statement of financial position items of continued and discontinued operations.

For reasons of simplification, the deconsolidation took place as of 1 July 2017. Up to this time, the values of the assets held for sale decreased by €350 million to €17,938 million in the course of ordinary business. Against this background, liabilities related to assets held for sale decreased by €421 million to €12,366 million. The composition of the assets and liabilities of the wholesale and food retail business, including other companies, disposed of in the context of the deconsolidation is as follows:



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€ million	
<b>Assets</b>	
Goodwill	2,875
Other intangible assets	513
Property, plant and equipment	7,375
Investment properties	113
Financial assets	91
Investments accounted for using the equity method	182
Other financial and non-financial assets (non-current)	207
Deferred tax assets	356
Inventories	3,208
Trade receivables	532
Financial assets	2
Other financial and non-financial assets (current)	1,311
Entitlements to income tax refunds	161
Cash and cash equivalents	1,012
	<b>17,938</b>
<b>Liabilities</b>	
Provisions for pensions and similar obligations	599
Other provisions (non-current)	276
Financial liabilities (non-current)	3,137
Other financial and non-financial liabilities (non-current)	109
Deferred tax liabilities	192
Trade payables	4,520
Provisions (current)	485
Financial liabilities (current)	1,647
Other financial and non-financial liabilities (current)	1,186
Income tax liabilities	215
	<b>12,366</b>

No depreciation expenses arose in the context of the measurement to be carried out directly prior to the reclassification of all the affected assets and liabilities in discontinued operations. The scheduled depreciation of the relevant non-current assets was suspended from the date the items were reclassified from discontinued operations until the time of deconsolidation. No valuation adjustments had to be made in connection with

the recognition of the assets and liabilities relating to discontinued operations at the lower of carrying amount and fair value less costs to sell/distribute.

The deconsolidation result, including all the expenses directly associated therewith, arising in connection with the spin-off amounted to €576 million after tax and was recognised together with current earnings after taxes of the spun-off business segment in the amount of €456 million in the statement of profit or loss under profit or loss for the period from discontinued operations.

The revaluation effects included cumulatively under other comprehensive income in connection with the measurement of pension plans of the split-off business segment in the amount of €482 million and the related income tax effect of €-86 million were reclassified to other reserves retained from earnings on account of the deconsolidation. The effects of other comprehensive income included in the equity of CECONOMY arising from assets and liabilities held for sale in addition include components from financial instruments previously shown in equity outside of profit or loss in the amount of €-63 million, as well as €530 million from currency differences from foreign subsidiaries, which were reversed through profit or loss on account of the deconsolidation taking into account the attributable income tax effect in the amount of €7 million.

**Real estate**

The value of individual real estate properties held for sale changed by an amount of €2 million from €0 million to €2 million in the course of the first six months of financial year 2016/2017 due to the reclassification of individual real estate properties from non-current assets to assets held for sale. Its value declined again to €0 million due to their sale during the course of the third quarter of the financial year.

**32. EQUITY**

In terms of amount and composition – that is, the ratio of ordinary to preference shares – subscribed capital has not changed compared to 30 September 2016 and amounts to €835,419,052.27. It is divided as follows:



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No-par value bearer shares, accounting par value approximately €2.56		30/09/2016	30/09/2017
Ordinary shares	Units	324,109,563	324,109,563
	€ approximately	828,572,941	828,572,941
Preference shares	Units	2,677,966	2,677,966
	€ approximately	6,846,111	6,846,111
<b>Total shares</b>	<b>Units</b>	<b>326,787,529</b>	<b>326,787,529</b>
<b>Total share capital</b>	<b>€ approximately</b>	<b>835,419,052</b>	<b>835,419,052</b>

Each ordinary share grants one voting right. In addition, ordinary shares entitle the holder to dividends. In contrast to ordinary shares, preference shares principally do not carry voting rights and give a preferential entitlement to profits in line with Art. 21 of the Articles of Association of CECONOMY AG. It states:

“(1) Holders of non-voting preference shares will receive from the annual balance sheet profit a preference dividend of €0.17 per preference share, which shall be paid in arrears.

(2) Should the balance sheet profits available for distribution not be sufficient in any one financial year to pay the preference dividend, the arrears (excluding any interest) shall be paid from the balance sheet profits of future financial years in an order based on age, i.e. in such manner that any older arrears are paid off prior to any more recent ones and that the preferred dividends payable from the profit of a financial year are not distributed until all of any accumulated arrears have been paid.

(3) After the preference dividend has been distributed, the holders of ordinary shares will receive a dividend of €0.17 per ordinary share. Thereafter, a non-cumulative extra dividend of €0.06 per share will be paid to the holders of non-voting preference shares. The extra dividend shall amount to 10 per cent of such dividend as, in accordance with Section 4, will be paid to the holders of ordinary shares insofar as such dividend equals or exceeds €1.02 per ordinary share.

(4) The holders of non-voting preference shares and of ordinary shares will equally share in any additional profit distribution in the proportion of their shares in the capital stock.”

### Authorised capital

The Annual General Meeting on 6 February 2017 authorised the Management Board to increase the share capital, with the consent of the Supervisory Board, by issuing new ordinary bearer shares in exchange for cash or non-cash contributions in one or more tranches for a total maximum of €417,000,000 by 5 February 2022 (authorised capital). The Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholder subscription rights in certain cases. The authorised capital has not been used to date.

### Contingent capital

The Annual General Meeting on 20 February 2015 resolved a contingent increase in the share capital by up to €127,825,000, divided into up to 50,000,000 ordinary bearer shares (contingent capital I). This contingent capital increase is related to an authorisation of the Management Board, with the consent of the Supervisory Board, to issue warrants or convertible bearer bonds (in aggregate, “bonds”) with an aggregate par value of €1,500,000,000 prior to 19 February 2020, in one or more tranches, and to grant or impose upon the bearers of warrants option rights or obligations and upon the bearers of convertible bonds conversion rights or obligations for par value bearer shares in CECONOMY AG representing a proportionate interest of up to €127,825,000 of the share capital in accordance with the terms of the warrant or convertible bearer bonds, or to foresee CECONOMY AG’s right to deliver shares in CECONOMY AG or another listed company as full or partial compensation for a cash redemption of the bonds. The Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholder subscription rights in certain cases. To date, no warrant and/or convertible bonds have been issued based on said authorisation.

### Share buyback

On the basis of Section 71 (1) No. 8 of the German Stock Corporation Act, the Annual General Meeting on 20 February 2015 authorised the company on or before 19 February 2020 to acquire shares of the Company



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of any share class representing a maximum of 10 per cent of the share capital issued at the time the Annual General Meeting has passed the resolution or – if this value is lower – at the time the authorisation is exercised. To date, neither the Company nor any company controlled or majority-owned by that Company or any other company acting on behalf of the Company or of any company controlled or majority-owned by the Company has exercised this authorisation.

For more information about authorised capital, contingent capital, the authorisation to issue warrants and/or convertible bonds, or share buy-backs, see the combined management report – notes pursuant to Section 315 (4) and Section 289 (4) of the HGB (superseded version).

### Capital reserve

After partial offsetting against the non-cash dividend liability, which is accounted for at €5,880 million as of 30 June 2017, the capital reserve amounted to €128 million (30/09/2016: €2,551 million).

### Retained earnings

€ million	30/09/2016	30/09/2017
Effective portion of gains/losses from cash flow hedges	72	0
Gains/losses on remeasuring financial instruments in the category "available for sale"	0	-5
Currency translation differences from translating the financial statements of foreign operations	-576	-40
Remeasurement of defined benefit pension plans	-851	-259
Income tax attributable to components of other comprehensive income	193	-2
Other reserves retained from earnings	3,096	11
	<b>1,934</b>	<b>-294</b>

As at 30 September 2017, reserves retained from earnings decreased by €2,228 million from €1,934 million to €-294 million year-on-year, which is due to the deconsolidation of discontinued operations. Other changes in the amount of €-3,444 million in particular relate to the non-cash assets distributed as a dividend in the context of the split-off to the extent they were not already offset under capital reserves. In addition,

reserves retained from earnings include the payment of dividends for financial year 2015/16 in the amount of €-349 million. Under reserves retained from earnings this was offset by €1,566 million in comprehensive income.

The effects in other comprehensive income (part of comprehensive income) from the translation of foreign business segments in the amount of €536 million are primarily a result of the derecognition of cumulative currency effects from discontinued operations through profit or loss. Furthermore, the effective portions of gains/losses relating to cash flow hedges from discontinued operations were also derecognised through profit or loss in the amount of €-71 million. The cumulative effects from the revaluation of defined benefit pension plans from discontinued operations in the amount of €482 million were reclassified to other reserves retained from earnings outside of profit or loss until deconsolidation. In addition, income in the amount of €110 million arose from the revaluation of defined benefit pension plans in continuing operations.

Changes in the financial instruments presented above and the corresponding deferred tax effect consist of the following components:

€ million	2015/16	2016/17
Initial or subsequent measurement of derivative financial instruments	-2	8
Derecognition of cash flow hedges	4	63
thereof in inventories	(4)	(0)
thereof in net financial result	(0)	(0)
Effective portion of gains/losses from cash flow hedges	2	71
Gains/losses on remeasuring financial instruments in the category "available for sale"	0	-5
	<b>2</b>	<b>66</b>

➤ An overview of the tax effects on components of other comprehensive income can be found under No. 25 – Deferred tax assets/ deferred tax liabilities.

The derecognition of cash flow hedges in the amount of €63 million relates to discontinued operations resulting from the demerger.



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### Non-controlling interests

Non-controlling interests comprise the shares held by third parties in the share capital of the consolidated subsidiaries. They amounted to €-2 million at the end of the financial year (30/09/2016: €12 million). The increase is essentially due to the share of total comprehensive income attributable to non-controlling interests (€51 million). Dividends paid of €35 million had an opposite effect. Non-controlling interests exist only in Media-Saturn-Holding GmbH.

### Appropriation of the balance sheet profit, dividends

Dividend distribution of CECONOMY AG is based on CECONOMY AG's annual financial statements prepared under German commercial law.

As resolved by the Annual General Meeting on 06 February 2017, a dividend of €1 per ordinary share and €1.06 per preference share – that is, a total of €327 million – was paid in financial year 2016/17 from the reported balance sheet profit of €341 million for financial year 2015/16. The balance was carried forward to new account as profit.

Regarding the appropriation of the balance sheet profit for 2016/17, the Management Board of CECONOMY AG will propose to the Annual General Meeting to distribute from the reported balance sheet profit of €108 million a dividend amounting to €0.26 per ordinary share and €0.32 per preference share – that is, a total of €85 million – and to carry forward the remaining amount to the new account.

### 33. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Provisions for post-employment benefit plans are recognised in accordance with IAS 19 (Employee Benefits).

Provisions for post-employment benefits plans consist of commitments primarily related to benefits defined by the provisions of Company pension plans. These take the form of defined benefit plans directly from the employer (employer's commitments) and defined benefit plans from external providers (benevolent funds in Germany and international pension funds). The external providers' assets serve exclusively to finance the pension entitlements, and qualify as plan assets. The benefits under the different plans are based on performance and length of service. The length-of-service benefits are provided on the basis of fixed amounts.

The most important defined benefit pension plans are described in the following.

- **Germany:** CECONOMY grants many employees in Germany retirement, disability and surviving dependant's benefits. New commitments are granted in the form of "defined benefit" commitments within the meaning of IAS 19 (contribution-oriented commitments pursuant to German company pension law), which comprise a payment contribution component and an employer-matching component. Contributions are paid to a pension reinsurance from which benefits are paid out when the insured event occurs. A provision is recognised for entitlements not covered by reinsurance.

In addition, various pension funds exist that are closed for new contributions. In general, these provide for lifelong pensions commencing with the start of retirement or recognised disability. Benefits are largely defined as fixed payments or on the basis of set annual increases. In special cases, benefits are calculated in consideration of accrued statutory pension entitlements. These commitments provide for a widow's or widower's pension of varying size depending on the benefits the former employee received or would have received in the case of disability. Legacy commitments are partially covered by assets held in benevolent funds. Provisions are recognised for those commitments not covered. The benevolent funds' decision-making bodies (Management Board and general assembly of members) comprise both employer and employee representatives. The Management Board decides on the deployment of funds and financial investments. It may commission third parties to manage fund assets. No statutory minimum endowment obligations exist. Insofar as pledged benefits cannot be paid out of the benevolent fund assets, the employer is obliged to assume these payments directly.

- **Switzerland:** In Switzerland, the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA) requires employers to provide occupational pension insurance coverage for their employees. The OPA provides for statutory minimum benefits in the form of defined contribution plans with a guaranteed rate of interest. In addition, minimum contributions are provided for in the OPA.



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The contributions, which are determined as a percentage of pensionable salary, are paid into a pension fund. Upon retirement, the contributions are converted into benefits based on conversion rates. The occupational pension plans are open to new members. The legal form of the pension fund is a foundation.

Occupational pension plans in Switzerland are accounted for as defined benefit plans. CECONOMY grants employees in Switzerland pension entitlements that exceeds the statutory minimum entitlement.

- Additional retirement plans are shown cumulatively under "Other countries".

The following table provides an overview of the present value of defined benefit obligations by CECONOMY countries as well as material obligations:

%	30/09/2016	30/09/2017
Germany	56	88
Netherlands	21	0
United Kingdom	10	0
Switzerland	5	9
Other countries	8	3
	<b>100</b>	<b>100</b>

The plan assets of CECONOMY are distributed proportionally to the following countries:

%	30/09/2016	30/09/2017
Germany	22	65
Netherlands	48	0
United Kingdom	20	0
Switzerland	8	35
Other countries	2	0
	<b>100</b>	<b>100</b>

The above commitments are valued on the basis of actuarial calculations in accordance with IAS 19. The basis for the valuation are the legal, economic and tax circumstances prevailing in each country.

The following average assumptions regarding the material parameters were used in the actuarial valuation:



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	%	30/09/2016					30/09/2017				
		Germany	Netherlands	United Kingdom	Switzerland	Other countries	Germany	Netherlands	United Kingdom	Switzerland	Other countries
143 Segment reporting	Actuarial interest rate	1.20	1.70	2.40	0.15	1.55	1.60 to 2.10	–	–	0.70	2.25
	Inflation rate	1.50	0.90	2.00	0.00	1.90	1.50	–	–	0.00	0.00

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Due to the spin-off of the current METRO, CECONOMY carried out an adjustment in the determination of the actuarial interest rate. For the essential part of the obligation (CECONOMY AG and CECONOMY Retail GmbH), the present value of defined benefit obligations continues to be valued at an interest rate of 1.6 per cent, the determination of which is based on the yield on high-quality corporate bonds and the term of the underlying obligations. For the companies of the MediaMarktSaturn Retail Group in the Eurozone (Germany, Greece, Austria and Italy), a standard actuarial rate of interest in the amount of 2.1 per cent is used, which is based on the corresponding average term of the obligations in these countries. In countries without a liquid market of suitable corporate bonds, the actuarial interest rate was determined on the basis of government bond yields.

Aside from the actuarial interest rate, the inflation rate represents another key actuarial parameter. In the process, the nominal rate of wage and salary increases was determined on the basis of expected inflation and a real rate of increase. In Germany, the rate of pension increases is derived directly from the inflation rate insofar as pension adjustments can be determined on the basis of the increase in the cost of living. In international companies, pension adjustments are also generally determined on the basis of the inflation rate.

The extent of other, non-essential parameters used to determine pension commitments corresponds to the long-term expectations of CECONOMY. The impact of changes in fluctuation and mortality assumptions was analysed for major plans. Calculations of the mortality rate for the German Group companies are based on the 2005 G tables from Prof. Dr

Heubeck. For beneficiaries who did not make use of the option to settle their benefit entitlements through a lump sum capital payment in the past financial year, the mortality rates in table 2005 G have been reduced for the next three years, with a linear decline in the reduction from an initial value of 15 per cent to 0 per cent in year four.

The actuarial valuations outside of Germany are based on country-specific mortality tables. The resulting effects of fluctuation and mortality assumptions have been deemed immaterial and are not listed as a separate component.

The following is a sensitivity analysis for the key valuation parameters with respect to the present value of defined benefit obligations. The actuarial rate of interest and the inflation rate were identified as key parameters with an impact on the present value of defined benefit obligations. In the context of the sensitivity analysis, the same methods were applied as in the previous year. The analysis considered changes in parameters that are considered possible within reason. Stress tests or worst-case scenarios, in contrast, are not part of the sensitivity analysis. The selection of the respective spectrum of possible changes in parameters is based on historical multiyear observations. This almost exclusive reliance on historical data to derive possible future developments represents a methodical constraint.

The following illustrates the impact of an increase/decrease in the actuarial rate of interest by 100 basis points or an increase/decrease in the inflation rate by 25 basis points on the present value of defined benefit obligations:





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		30/09/2016					30/09/2017				
€ million		Germany	Netherlands	United Kingdom	Switzerland	Other countries	Germany	Netherlands	United Kingdom	Switzerland	Other countries
Actuarial interest rate	Increase by 100 basis points	-147.20	-104.30	-38.80	-15.80	-17.60	-63.70	n/a	n/a	-9.40	-2.90
	Decrease by 100 basis points	184.20	145.60	50.40	21.20	20.40	75.60	n/a	n/a	12.40	3.50
Inflation rate	Increase by 25 basis points	33.60	16.80	4.20	3.00	0.10	16.30	n/a	n/a	1.80	0.00
	Decrease by 25 basis points	-32.20	-16.10	-4.10	-2.80	-0.10	-15.70	n/a	n/a	-1.70	0.00

Granting defined benefit pension entitlements exposes CECONOMY to various risks. These include general actuarial risks resulting from the valuation of pension commitments (for example, interest rate risks) as well as capital and investment risks related to plan assets.

With a view to funding future pension payments from indirect commitments and a stable actuarial reserve, CECONOMY primarily invests plan assets in low-risk investment forms. The funding of direct pension commitments is secured through operating cash flow at CECONOMY.

The fair value of plan assets by asset category can be broken down as follows:

	30/09/2016		30/09/2017	
	%	€ million	%	€ million
Fixed-interest securities	45	500	43	98
Shares, funds	20	228	13	29
Real estate	7	83	24	56
Other assets	28	309	20	46
	<b>100</b>	<b>1,120</b>	<b>100</b>	<b>229</b>

Fixed-interest securities, shares and funds are regularly traded in active markets. As a result, the relevant market prices are available. The asset category "fixed-interest securities" includes only investments in investment grade corporate bonds, government bonds and mortgage-backed

bonds ("Pfandbriefe"). Risk within the category "shares, funds" is minimised through geographic diversification.

Real estate assets not used by the Company itself are not traded in an active market.

Other assets essentially comprise receivables from insurance companies in Germany. All of these are first-rate insurance companies.

The actual return on plan assets amounted to €11 million in the reporting period (2015/16: €144 million).

For financial year 2017/18, the Company expects employer payments to external pension providers of approximately €4 million and employee contributions of €5 million in plan assets, with contributions in the Netherlands and Germany accounting for the major share of this total. Expected contributions from payment contribution commitments in Germany are not included in expected payments.



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Changes in the present value of defined benefit obligations have developed as follows:

€ million	2015/16	2016/17
<b>Present value of defined benefit obligations</b>		
At beginning of period	2,235	2,430
<b>Recognised under pension expenses through profit or loss</b>	<b>62</b>	<b>35</b>
Interest expenses	53	28
Current service cost	27	25
Past service cost (incl. curtailments and changes)	24	-18
Settlement expenses	-42	0
<b>Recognised outside of profit or loss under remeasurement of defined benefit pension plans in other comprehensive income</b>	<b>354</b>	<b>-110</b>
Actuarial gains/losses from changes in		
demographic assumptions (-/+)	34	-15
financial assumptions (-/+)	314	-77
experience-based correction (-/+)	6	-18
<b>Other effects</b>	<b>-221</b>	<b>-1,504</b>
Benefit payments (incl. tax payment)	-203	-96
Contributions from plan participants	16	12
Change in consolidation group / transfers	1	-1,412
Currency effects	-35	-8
<b>At end of period</b>	<b>2,430</b>	<b>851</b>

In the course of the deconsolidation and due to the spin-off, the present value of pension obligations decreased by €1,412 million, which was recognised as a change in the scope of consolidation.

In the past financial year, the BAG judgement regarding the so-called "late marriage clauses" in accounting for pension obligations was used in Germany for the first time. The resulting curtailments when taking into account surviving dependants' pension entitlements resulted in a reduction through profit or loss in the pension provision in the amount of €18 million.

Changes in actuarial parameters led to a total decrease in the present value of defined benefit obligations of €92 million (2015/16: increase of €348 million).

The weighted average term of defined benefit obligations for the countries with material pension obligations amounts to:

Years	30/09/2016	30/09/2017
Germany	12	10
Netherlands	24	0
United Kingdom	19	0
Switzerland	16	14
Other countries	9	14

The present value of defined benefit obligations can be broken down as follows based on individual groups of eligible employees:

%	30/09/2016	30/09/2017
Active members	25	12
Former claimants	26	10
Pensioners	49	78



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The fair value of plan assets developed as follows:

€ million	2015/16	2016/17
<b>Change in plan assets</b>		
Fair value of plan assets as of beginning of period	1,090	1,120
<b>Recognised under pension expenses through profit or loss</b>		
Interest income	28	14
<b>Recognised outside of profit or loss under remeasurement of defined benefit pension plans in other comprehensive income</b>		
Gains/losses from plan assets excl. interest income (+/-)	116	-3
<b>Other effects</b>		
Benefit payments (incl. tax payment)	-73	-56
Settlement payments	-43	0
Employer contributions	20	16
Contributions from plan participants	16	12
Change in consolidation group / transfers	0	-867
Currency effects	-34	-7
<b>Fair value of plan assets as of end of period</b>	<b>1,120</b>	<b>229</b>

€ million	30/09/2016	30/09/2017
<b>Financing status</b>		
Present value of defined benefit obligations	2,430	851
Fair value of plan assets	-1,120	-229
Asset adjustment (asset ceiling)	30	0
<b>Net liability / assets</b>	<b>1,340</b>	<b>622</b>
thereof recognised under provisions	1,340	622
thereof recognised under net assets	0	0

At one Swiss company, plan assets exceeded the value of commitments as of the closing date. As the asset limits were not exceeded, no adjustments were made to the asset values. In the previous year, this was the case for a deconsolidated plan in the Netherlands for 2016/17. Since the Company cannot draw any economic benefits from this overfunding, the statement of financial position amount was reduced to €0 in line with

IAS 19.64 (b) in the previous year. The change in the effect of the asset ceiling of approximately €31 million (primarily related to the Netherlands) was recognised in other comprehensive income.

The pension expenses of the direct and indirect Company pension plan commitments can be broken down as follows:

€ million	2015/16	2016/17
Current service cost <sup>1</sup>	27	25
Net interest expenses	27	15
Past service cost (incl. curtailments and changes)	24	-18
Settlements	-42	0
Other pension expenses	1	1
<b>Pension expenses</b>	<b>37</b>	<b>23</b>

<sup>1</sup> Netted against employees' contributions

In addition to expenses from defined benefit pension commitments, expenses for payments to external pension providers relating to defined contribution pension commitments of €24 million (2015/16: €23 million) were recorded as well as payments to the statutory pension insurance in the amount of €161 million (2015/16: €147 million).

Media-Saturn Netherlands participates in a multi-employer plan classified as a defined benefit plan. However, it is administered by a fund that is not able to provide sufficient information to allow it to be recognised as a defined benefit plan. Therefore, it is treated as a defined contribution plan in accordance with IAS 19.34 and IAS 19.148. This is a typical, strictly regulated Dutch pension plan. In the event of a shortfall, Media-Saturn Netherlands would be obliged to compensate for this by making higher contributions to this fund in the future. These higher contributions would then apply to all participating companies. Media-Saturn cannot be held liable for these commitments by other companies. Approximately 27,600 companies in the retail industry participate in this plan and make contributions for a total of more than 255,000 employees. Media-Saturn Netherlands currently makes contributions to this plan for 6,375 employees. Contributions are calculated for five years (currently from 2013 to 2017). These correspond to a set percentage of an employee's salary



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(currently 21.6 per cent), with employees assuming part of the contributions for salaries above €12,866 and no contributions being paid for salaries above €53,701. In financial year 2017/18, contributions to the "Bedrijfspensioenfonds voor de Detailhandel" fund are expected to total approximately €8.5 million. In September 2017, the coverage ratio stood at 110.6 per cent (September 2016: 104.9 per cent).

The provisions for obligations similar to pensions essentially comprise commitments from employment anniversary allowances, death benefits and partial retirement plans. Provisions amounting to €17 million (30/09/2016: €73 million, of which €55 million from discontinued operations) were created for these commitments. The commitments are valued on the basis of actuarial expert opinions. In principle, the parameters used are identical to those employed in the Company pension plan.

**34. OTHER PROVISIONS (NON-CURRENT)/PROVISIONS (CURRENT)**

In the reporting period, other provisions (non-current)/provisions (current) changed as follows:

€ million	Real estate-related obligations	Obligations from trade transactions	Restructuring	Taxes	Miscellaneous	Total
As at 01/10/2016	289	101	278	54	366	1,088
Currency translation	-2	0	0	0	-1	-2
Addition	121	71	61	35	111	401
Reversal	-80	-3	-3	-7	-23	-115
Utilisation	-60	-72	-39	-5	-61	-237
Interest portion of the addition/change in interest rate	1	0	0	0	0	1
Disposal under IFRS 5	-174	-63	-284	-22	-338	-881
Reclassification	-1	0	0	0	-3	-4
<b>As at 30/09/2017</b>	<b>95</b>	<b>34</b>	<b>13</b>	<b>57</b>	<b>52</b>	<b>250</b>
Non-current	24	0	6	0	20	51
Current	71	34	6	57	32	199
<b>As at 30/09/2017</b>	<b>95</b>	<b>34</b>	<b>13</b>	<b>57</b>	<b>52</b>	<b>250</b>



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The provisions for real estate related obligations relate to location-related risks in the amount of €66 million (30/09/2016: €124 million, of which €47 million from discontinued operations), deficient rental cover in the amount of €6 million (30/09/2016: €62 million, of which €48 million from discontinued operations), rental obligations in the amount of €17 million (30/09/2016: €48 million, of which €33 million from discontinued operations) and asset retirement obligations in the amount of €3 million (30/09/2016: €32 million, of which €29 million from discontinued operations). In addition there are other real estate obligations of €4 million (30/09/2016: €23 million, of which €23 million from discontinued operations).

Significant components of provisions for merchandise obligations are provisions for rights of return in the amount of €18 million (30/09/2016: €22 million, of which €4 million from discontinued operations), and provisions for warranties in the amount of €13 million (30/09/2016: €20 million, of which €2 million from discontinued operations).

Restructuring provisions totalling €13 million (30/09/2016: €278 million, of which €265 million from discontinued operations) essentially concern the Western/Southern Europe segment. Of the restructuring provision reported in the previous year, €126 million concerned the Cash & Carry segment, €15 million Real, and €125 million other companies in the category of discontinued operations.

The provisions for tax risks totalling €57 million (30/09/2016: €54 million, of which €20 million from discontinued operations) primarily include provisions for value added tax items. The previous year's figure

included the risk provision for income taxes and income tax risks amounts to €54 million (of which €20 million from discontinued operations).

Significant items in the other provisions are provisions for process costs and associated risks totalling €16 million (30/09/2016: €76 million, of which €66 million from discontinued operations) and provisions for share-based payments totalling €1 million (30/09/2016: €40 million, of which €40 million from discontinued operations). Furthermore, the provisions item for warranty and guarantee risks amounts to €0 million (30/09/2016: €29 million, of which €29 million from discontinued operations), provisions for compensation obligations totalling €10 million (30/09/2016: €11 million, of which €9 million from discontinued operations) and interest on tax provisions totalling €13 million (30/09/2016: €9 million, of which €4 million from discontinued operations).

It is assumed that the bulk of the provisions (€199 million of the total of €250 million) will lead to payouts within one year. Of the €51 million of the provisions reported as non-current, €24 million relate to real estate related obligations. These are essentially provisions for location-related risks and deficient rental cover. The payment dates for these types of provisions are connected with the remaining terms of the rental agreements.

➤ For more information about share-based payments, see No. 50 – Long-term incentives for executives.

The interest rates for non-interest-bearing long-term provisions are between 0 and 4.14 per cent, depending on the term and country.



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35. LIABILITIES

€ million	30/09/2016 total	Remaining term			30/09/2017 total	Remaining term		
		up to 1 year	1 to 5 years	more than 5 years		up to 1 year	1 to 5 years	more than 5 years
<b>Trade payables</b>	<b>9,383</b>	<b>9,383</b>	<b>0</b>	<b>0</b>	<b>4,929</b>	<b>4,929</b>	<b>0</b>	<b>0</b>
Bonds	3,164	722	1,172	1,269	254	254	0	0
Liabilities to banks	276	132	127	17	8	8	0	0
Promissory note loans	68	2	12	54	251	1	189	61
Liabilities from finance leases	1,251	91	384	776	31	3	12	17
<b>Borrowings</b>	<b>4,759</b>	<b>947</b>	<b>1,696</b>	<b>2,116</b>	<b>544</b>	<b>266</b>	<b>201</b>	<b>78</b>
Other tax liabilities	325	325	0	0	179	179	0	0
Prepayments received on orders	48	48	0	0	39	39	0	0
Payroll liabilities	816	816	0	0	254	254	0	0
Liabilities from other financial transactions	15	15	0	0	1	1	0	0
Deferred income	608	497	71	41	404	366	27	11
Miscellaneous liabilities	843	764	53	26	321	274	28	19
<b>Other financial and non-financial liabilities</b>	<b>2,656</b>	<b>2,465</b>	<b>124</b>	<b>67</b>	<b>1,199</b>	<b>1,113</b>	<b>55</b>	<b>31</b>
<b>Income tax liabilities</b>	<b>170</b>	<b>170</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>44</b>	<b>0</b>	<b>0</b>
	<b>16,968</b>	<b>12,965</b>	<b>1,819</b>	<b>2,184</b>	<b>6,716</b>	<b>6,352</b>	<b>256</b>	<b>108</b>

36. TRADE PAYABLES

As a result of the demerger, trade payables declined in comparison with the previous year from €9,383 million (of which €4,889 million from discontinued operations) to €4,929 million.

Considering continuing operations in isolation there was a rise of €435 million, from €4,494 million to €4,929 million.

€268 million of this rise was caused by the DACH segment, €133 million by the Western/Southern Europe segment, and €27 million by the Eastern Europe segment.

37. FINANCIAL LIABILITIES

All figures in this section, except for the previous year figures in the tables, relate solely to the continuing operations of CECONOMY. Both the substantial decline in borrowings in comparison with the previous year's closing date and the lower credit-line volumes stem from the deconsolidation in connection with the demerger during the current financial year of those companies still included on the previous year's closing date.

CECONOMY AG's medium- and long-term financing needs are covered by issues on the capital markets. In March 2017 the Company successfully issued several promissory note loans with a total volume of €250 million and terms of five, seven and ten years.



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A short-term euro-denominated commercial paper programme with a maximum volume of €500 million has been available to CECONOMY AG since 14 July 2017. As at 30 September 2017, a nominal volume of €254 million in commercial papers was outstanding.

In addition, syndicated credit facilities totalling €550 million with terms ending in the 2022 calendar year are available to CECONOMY. Options to

extend the period by up to two additional years exist. The syndicated credit facilities have not been utilised.

As at 30 September 2017 additional bilateral bank credit facilities totalling €498 million are available to CECONOMY, €8 million of it with a remaining term of up to one year. At the closing date, €8 million of the bilateral credit facilities had been utilised. Of this amount, €8 million had a remaining term of up to one year.

**CECONOMY: undrawn credit facilities**

€ million	30/09/2016			30/09/2017		
	Total	Remaining term		Total	Remaining term	
		up to 1 year	more than 1 year		up to 1 year	more than 1 year
Bilateral credit facilities	681	437	244	498	8	490
Utilisation	-276	-132	-144	-8	-8	0
Undrawn bilateral credit facilities	405	305	100	490	0	490
Syndicated credit facilities	2,525	0	2,525	550	0	550
Utilisation	0	0	0	0	0	0
Undrawn syndicated credit facilities	2,525	0	2,525	550	0	550
Total credit facilities	3,206	437	2,769	1,048	8	1,040
Total utilisation	-276	-132	-144	-8	-8	0
<b>Total unutilised credit facilities</b>	<b>2,930</b>	<b>305</b>	<b>2,625</b>	<b>1,040</b>	<b>0</b>	<b>1,040</b>

Default by a lender can be covered at any time by the existing undrawn credit facilities or the available money and capital market programmes. CECONOMY therefore has no exposure to creditor default risk.

The following tables show the maturity structure of the financial liabilities. The carrying amounts and fair values given include accrued interest with a remaining term of less than one year.

CECONOMY does not provide collateral security for financial liabilities.



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**Bonds**

		30/09/2016				30/09/2017			
		Nominal values	Nominal values	Carrying amounts	Fair values	Nominal values	Nominal values	Carrying amounts	Fair values
Currency	Remaining term	in million currency	€ million	€ million	€ million	in million currency	€ million	€ million	€ million
EUR	up to 1 year	672	672	722		254	254	254	
	1 to 5 years	1,175	1,175	1,172		0	0	0	
	more than 5 years	1,276	1,276	1,269		0	0	0	
<b>Total</b>		<b>3,123</b>	<b>3,123</b>	<b>3,164</b>	<b>3,299</b>	<b>254</b>	<b>254</b>	<b>254</b>	<b>254</b>

**Liabilities to banks**

		30/09/2016				30/09/2017			
		Nominal values	Nominal values	Carrying amounts	Fair values	Nominal values	Nominal values	Carrying amounts	Fair values
Currency	Remaining term	in million currency	€ million	€ million	€ million	in million currency	€ million	€ million	€ million
<i>(excl. current account)</i>									
EUR	up to 1 year	8	8	10		0	0	0	
	1 to 5 years	57	57	57		0	0	0	
	more than 5 years	17	17	17		0	0	0	
<b>Total</b>		<b>82</b>	<b>82</b>	<b>84</b>	<b>86</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
INR	up to 1 year	1,510	20	20		0	0	0	
	1 to 5 years	2,456	33	33		0	0	0	
	more than 5 years	0	0	0		0	0	0	
<b>Total</b>		<b>3,967</b>	<b>53</b>	<b>53</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
JPY	up to 1 year	1,370	12	12		0	0	0	
	1 to 5 years	4,165	37	37		0	0	0	
	more than 5 years	0	0	0		0	0	0	
<b>Total</b>		<b>5,535</b>	<b>49</b>	<b>49</b>	<b>51</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>





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Promissory note loans

		30/09/2016				30/09/2017			
		Nominal values	Nominal values	Carrying amounts	Fair values	Nominal values	Nominal values	Carrying amounts	Fair values
Currency	Remaining term	in million currency	€ million	€ million	€ million	in million currency	€ million	€ million	€ million
EUR	up to 1 year	0	0	2		0	0	1	
	1 to 5 years	12	12	12		189	189	189	
	more than 5 years	54	54	54		61	61	61	
<b>Total</b>		<b>66</b>	<b>66</b>	<b>68</b>	<b>77</b>	<b>250</b>	<b>250</b>	<b>251</b>	<b>251</b>



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Redeemable loans that are shown under liabilities to banks are listed with the remaining terms corresponding to their redemption date.

The following tables show the interest rate structure of the financial liabilities:

### Bonds

		30/09/2016		30/09/2017	
interest structure	Currency	Remaining term	Nominal values € million	Nominal values € million	
Fixed interest	EUR	up to 1 year	622	254	
		1 to 5 years	1,175	0	
		more than 5 years	1,276	0	
Variable interest	EUR	up to 1 year	50	0	
		1 to 5 years	0	0	
		more than 5 years	0	0	

### Liabilities to banks

		30/09/2016		30/09/2017	
(excl. current account)					
interest structure	Currency	Remaining term	Nominal values € million	Nominal values € million	
Fixed interest	EUR	up to 1 year	8	0	
		1 to 5 years	57	0	
		more than 5 years	17	0	
Variable interest	JPY	up to 1 year	12	0	
		1 to 5 years	37	0	
		more than 5 years	0	0	

### Promissory note loans

		30/09/2016		30/09/2017	
interest structure	Currency	Remaining term	Nominal values € million	Nominal values € million	
Fixed interest	EUR	up to 1 year	0	0	
		1 to 5 years	9	120	
		more than 5 years	54	40	
Variable interest	EUR	up to 1 year	0	0	
		1 to 5 years	3	69	
		more than 5 years	0	22	

The fixed interest rate for short-term and medium-term financial liabilities and the repricing dates of all fixed-interest financial liabilities essentially correspond to the remaining terms displayed. The repricing dates for variable interest rates are less than one year.

➤ The effects of changes in interest rates concerning the variable portion of financial liabilities on the profit or loss for the period and equity of CECONOMY are described in detail in note No. 44 – Management of financial risks.

### 38. OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES

Significant items in the other financial liabilities are liabilities from the purchase of fixed assets totalling €40 million (30/09/2016: €311 million, of which €253 million from discontinued operations), liabilities to customers totalling €129 million (30/09/2016: €184 million, of which €49 million from discontinued operations), liabilities from put options of non-controlling shareholders totalling €59 million (30/09/2016: €71 million, of which €22 million from discontinued operations) and real estate related liabilities totalling €7 million (30/09/2016: €19 million, of which €12 million from discontinued operations).



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Other tax liabilities include sales tax, land tax, payroll and church tax, and other taxes.

Deferred income includes accrued rental, leasing and interest income, as well as accrued sales from customer loyalty programmes, the sale of vouchers and guarantee contracts, and other accruals.

Significant items in the other financial liabilities are liabilities from pre-payments received on orders amounting to €39 million (30/09/2016: €48 million, of which €15 million from discontinued operations) and liabilities from leases (no finance leases) of €39 million (30/09/2016: €57 million, of which €13 million from discontinued operations).

€ million	30/09/2016			30/09/2017		
	Total	Remaining term		Total	Remaining term	
		up to 1 year	more than 1 year		up to 1 year	more than 1 year
Payroll liabilities	816	816	0	254	254	0
Miscellaneous financial liabilities	748	717	31	279	263	15
<b>Other financial liabilities</b>	<b>1,564</b>	<b>1,533</b>	<b>31</b>	<b>533</b>	<b>517</b>	<b>15</b>
Other tax liabilities	325	325	0	179	179	0
Deferred income	608	497	112	404	366	38
Miscellaneous non-financial liabilities	158	110	48	83	51	32
<b>Other non-financial liabilities</b>	<b>1,092</b>	<b>932</b>	<b>160</b>	<b>666</b>	<b>596</b>	<b>70</b>
<b>Other financial and non-financial liabilities</b>	<b>2,656</b>	<b>2,465</b>	<b>191</b>	<b>1,199</b>	<b>1,113</b>	<b>86</b>



NOTES

		30/09/2016					
		(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) - (d)	
		Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial liabilities/assets that are netted in the statement of financial position	Net amounts of financial assets/liabilities that are shown in the statement of financial position	Corresponding amounts that are not netted in the statement of financial position		
		€ million			Financial instruments	Collateral received/provided	Net amount
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144	Notes on the Group accounting principles and methods						
172	Capital management						
172	Notes on company mergers						
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<b>Financial assets</b>							
	Loans and advance credit granted	58	0	58	0	0	58
	Receivables due from suppliers	2,271	497	1,774	142	0	1,632
	Trade receivables	815	7	808	1	0	807
	Investments	23	0	23	0	0	23
	Miscellaneous financial assets	503	1	502	0	0	502
	Derivative financial instruments	6	0	6	1	0	5
	Cash and cash equivalents	2,368	0	2,368	0	0	2,368
	Receivables from finance leases	32	0	32	0	0	32
		<b>6,076</b>	<b>505</b>	<b>5,570</b>	<b>144</b>	<b>0</b>	<b>5,427</b>
<b>Financial liabilities</b>							
	Financial liabilities (excl. finance leases)	3,508	0	3,508	0	0	3,508
	Trade payables	9,870	487	9,383	125	0	9,258
	Miscellaneous financial liabilities	1,568	18	1,550	18	0	1,532
	Derivative financial instruments	14	0	14	1	0	13
	Liabilities from finance leases	1,251	0	1,251	0	0	1,251
		<b>16,211</b>	<b>505</b>	<b>15,706</b>	<b>144</b>	<b>0</b>	<b>15,562</b>



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	(a)	(b)	(c) = (a) - (b)		(d)	(e) = (c) - (d)
	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial liabilities/assets that are netted in the statement of financial position	Net amounts of financial assets/liabilities that are shown in the statement of financial position	Corresponding amounts that are not netted in the statement of financial position		
€ million				Financial instruments	Collateral received/provided	Net amount
<b>Financial assets</b>						
Loans and advance credit granted	14	0	14	0	0	14
Receivables due from suppliers	1,397	151	1,246	62	0	1,184
Trade receivables	505	6	498	12	0	486
Investments	122	0	122	0	0	122
Miscellaneous financial assets	739	0	739	0	0	739
Derivative financial instruments	3	0	3	0	0	3
Cash and cash equivalents	861	0	861	0	0	861
Receivables from finance leases	0	0	0	0	0	0
	<b>3,640</b>	<b>158</b>	<b>3,483</b>	<b>73</b>	<b>0</b>	<b>3,409</b>
<b>Financial liabilities</b>						
Financial liabilities (excl. finance leases)	513	0	513	0	0	513
Trade payables	5,069	140	4,929	49	0	4,881
Miscellaneous financial liabilities	551	18	533	25	0	508
Derivative financial instruments	0	0	0	0	0	0
Liabilities from finance leases	31	0	31	0	0	31
	<b>6,164</b>	<b>158</b>	<b>6,006</b>	<b>73</b>	<b>0</b>	<b>5,933</b>



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The financial instruments that have not been netted could be netted based on the underlying framework agreements, but do not fulfil the netting criteria of IAS 32 (Financial Instruments: Presentation).

### 40. UNDISCOUNTED CASH FLOWS OF FINANCIAL LIABILITIES

The undiscounted cash flows of financial liabilities, trade liabilities and derivative liabilities are as follows:

€ million	Carrying amount at 30/09/2016	Cash flows up to 1 year		Cash flows 1 to 5 years		Cash flows more than 5 years	
		Interest	Redemption	Interest	Redemption	Interest	Redemption
<b>Financial liabilities</b>							
Bonds	3,164	50	672	150	1,175	78	1,276
Liabilities to banks	276	4	130	10	127	1	17
Promissory note loans	68	3	0	9	12	2	54
Finance leases	1,251	82	91	271	384	297	776
Trade payables	9,383	0	9,383	0	0	0	0
Currency derivatives carried as liabilities	14	0	14	0	0	0	0

€ million	Carrying amount at 30/09/2017	Cash flows up to 1 year		Cash flows 1 to 5 years		Cash flows more than 5 years	
		Interest	Redemption	Interest	Redemption	Interest	Redemption
<b>Financial liabilities</b>							
Bonds	254	0	254	0	0	0	0
Liabilities to banks	8	0	8	0	0	0	0
Promissory note loans	251	3	1	9	189	2	61
Finance leases	31	1	3	1	12	2	17
Trade payables	4,929	0	4,929	0	0	0	0
Currency derivatives carried as liabilities	0	0	0	0	0	0	0

### 41. CARRYING AMOUNTS AND FAIR VALUES ACCORDING TO MEASUREMENT CATEGORIES

The carrying amounts and fair values of recognised financial instruments are as follows:



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		Statement of financial position value				
€ million		Carrying amount	(Amortised) cost	Fair value through profit or loss	Fair value outside of profit or loss	Fair value
	<b>Assets</b>	<b>24,952</b>				
	<b>Loans and receivables</b>	<b>3,140</b>	<b>3,140</b>	<b>0</b>	<b>0</b>	<b>3,141</b>
143	Segment reporting					
144	Notes on the Group accounting principles and methods					
	Loans and advance credit granted	58	58	0	0	58
	Receivables due from suppliers	1,774	1,774	0	0	1,774
	Trade receivables	808	808	0	0	808
172	Capital management					
	Miscellaneous financial assets	500	500	0	0	501
	<b>Held to maturity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
172	Notes on company mergers					
	Miscellaneous financial assets	0	0	0	0	0
	<b>Held for trading</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>4</b>
173	Notes on the Statement of profit or loss					
	Derivative financial instruments not in a hedging relationship within the meaning of IAS 39	4	0	4	0	4
	<b>Available for sale</b>	<b>24</b>	<b>23</b>	<b>0</b>	<b>2</b>	
	Investments	23	23	0	0	
	Securities	2	0	0	2	2
	<b>Derivative financial instruments in a hedging relationship within the meaning of IAS 39</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>
227	Other notes					
	<b>Cash and cash equivalents</b>	<b>2,368</b>	<b>2,368</b>	<b>0</b>	<b>0</b>	<b>2,368</b>
249	Boards of CECONOMY AG and their mandates					
	<b>Receivables from finance leases (amount according to IAS 17)</b>	<b>32</b>				<b>46</b>
	<b>Assets not classified according to IFRS 7</b>	<b>19,382</b>				
	<b>Equity and liabilities</b>	<b>24,952</b>				
285	Responsibility statement of the legal representatives					
	<b>Held for trading</b>	<b>10</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>10</b>
	Derivative financial instruments not in a hedging relationship within the meaning of IAS 39	10	0	10	0	10
	<b>Other financial liabilities</b>	<b>14,441</b>	<b>14,440</b>	<b>0</b>	<b>0</b>	<b>14,586</b>
286	Independent auditor's report					
	Financial liabilities excl. finance leases (incl. hedged items in hedging relationships within the meaning of IAS 39)	3,508	3,507	0	0	3,652
	Trade payables	9,383	9,383	0	0	9,383
	Miscellaneous financial liabilities <sup>1</sup>	1,550	1,550	0	0	1,550
	<b>Derivative financial instruments in a hedging relationship within the meaning of IAS 39</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>4</b>
	<b>Liabilities from finance leases (amount according to IAS 17)</b>	<b>1,251</b>				<b>1,577</b>
	<b>Equity and liabilities not classified according to IFRS 7</b>	<b>9,246</b>				

<sup>1</sup> Previous year's figures adjusted owing to altered reporting of put options and earn-out liabilities



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€ million		Statement of financial position value				Fair value
		Carrying amount	(Amortised) cost	Fair value through profit or loss	Fair value outside of profit or loss	
<b>Assets</b>		<b>8,280</b>				
<b>Loans and receivables</b>		<b>1,913</b>	<b>1,913</b>	<b>0</b>	<b>0</b>	<b>1,913</b>
	Loans and advance credit granted	14	14	0	0	14
	Receivables due from suppliers	1,246	1,246	0	0	1,246
	Trade receivables	498	498	0	0	498
	Miscellaneous financial assets	155	155	0	0	155
<b>Held to maturity</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Miscellaneous financial assets	0	0	0	0	0
<b>Held for trading</b>		<b>3</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>3</b>
	Derivative financial instruments not in a hedging relationship within the meaning of IAS 39	3	0	3	0	3
<b>Available for sale</b>		<b>706</b>	<b>57</b>	<b>0</b>	<b>649</b>	
	Investments	122	57	0	65	
	Securities	584	0	0	584	584
<b>Derivative financial instruments in a hedging relationship within the meaning of IAS 39</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents</b>		<b>861</b>	<b>861</b>	<b>0</b>	<b>0</b>	<b>861</b>
<b>Receivables from finance leases (amount according to IAS 17)</b>		<b>0</b>				<b>0</b>
<b>Assets not classified according to IFRS 7</b>		<b>4,797</b>				
<b>Liabilities</b>		<b>8,280</b>				
<b>Held for trading</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Derivative financial instruments not in a hedging relationship within the meaning of IAS 39	0	0	0	0	0
<b>Other financial liabilities</b>		<b>5,975</b>	<b>5,975</b>	<b>0</b>	<b>0</b>	<b>5,975</b>
	Financial liabilities excl. finance leases (incl. hedged items in hedging relationships within the meaning of IAS 39)	513	513	0	0	513
	Trade payables	4,929	4,929	0	0	4,929
	Miscellaneous financial liabilities	533	533	0	0	532
<b>Derivative financial instruments in a hedging relationship within the meaning of IAS 39</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities from finance leases (amount according to IAS 17)</b>		<b>31</b>				<b>31</b>
<b>Liabilities not classified according to IFRS 7</b>		<b>2,274</b>				

Classes were formed based on similar risks for the respective financial instruments and generally correspond to the categories of IAS 39. The table above provides a more detailed breakdown of individual financial

assets and liabilities. Derivative financial instruments in a hedging relationship under IAS 39 and other financial liabilities are classified in each case as a separate class.





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The fair value hierarchy comprises three levels which reflect the degree of closeness to the market of the input parameters used in the determination of the fair values. In cases in which the valuation is based on different input parameters, the fair value is attributed to the hierarchy level corresponding to the input parameter of the lowest level that is significant for the valuation.

**Input parameters for level 1:** quoted prices (that are adopted unchanged) in active markets for identical assets or liabilities which the Company can access at the valuation date.

**Input parameters for level 2:** other input parameters than the quoted prices included in level 1 which are either directly or indirectly observable for the asset or liability.

**Input parameters for level 3:** input parameters that are not observable for the asset or liability.

Of the total carrying amount of investments amounting to €122 million (30/09/2016: €23 million), €57 million (30/09/2016: €23 million) are valued at cost of purchase because their fair values cannot be reliably

determined. These concern off-exchange financial instruments without an active market. One significant item is €51 million for the 6.61 per cent investment in METRO PROPERTIES GmbH & Co. KG. The Company does not currently plan to dispose of the investments recognised at cost of purchase.

At €65 million, the investments recognised at fair value outside of profit or loss all relate to the listed shares in METRO AG reported in the non-current section of the statement of financial position.

In addition, securities totalling €584 million (30/09/2016: €2 million) were subsequently valued at fair value outside of profit or loss. These relate to the listed shares in METRO AG recognised in the current section of the statement of financial position.

The following table shows the financial instruments that are recognised at fair value in the statement of financial position. These are classified into a three-level fair value hierarchy with levels reflecting the degree of closeness to the market of the data used in the determination of the fair values:



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	30/09/2016				30/09/2017			
€ million	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<b>Assets</b>	<b>8</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>652</b>	<b>649</b>	<b>3</b>	<b>0</b>
<b>Held for trading</b>								
Derivative financial instruments not in a hedging relationship within the meaning of IAS 39	4	0	4	0	3	0	3	0
<b>Available for sale</b>								
Investments	0	0	0	0	65	65	0	0
Securities	2	2	0	0	584	584	0	0
<b>Derivative financial instruments in a hedging relationship within the meaning of IAS 39</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity and liabilities</b>	<b>14</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Held for trading</b>								
Derivative financial instruments not in a hedging relationship within the meaning of IAS 39	10	0	10	0	0	0	0	0
Miscellaneous financial liabilities	0	0	0	0	0	0	0	0
<b>Other financial liabilities</b>								
Miscellaneous financial liabilities <sup>1</sup>	0	0	0	0	0	0	0	0
<b>Derivative financial instruments in a hedging relationship within the meaning of IAS 39</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>-6</b>	<b>2</b>	<b>-8</b>	<b>0</b>	<b>652</b>	<b>649</b>	<b>3</b>	<b>0</b>

<sup>1</sup> Previous year's figure altered; put options and earn-out liabilities are valued at (amortised) historical costs



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The measurement of securities (level 1) is carried out based on quoted market prices on active markets.

Interest rate swaps and currency transactions (all level 2) are measured using the mark-to-market method based on quoted exchange rates and market yield curves.

No transfers between levels 1 and 2 were effected during the reporting period.

There were no transfers to or from level 3 during the current financial year or the previous year.

Financial instruments that are recognised at amortised cost in the statement of financial position, but for which the fair value is stated in the notes, are also classified according to a three-level fair value hierarchy.

Due to their mostly short terms, the fair values of receivables due from suppliers, trade receivables and liabilities as well as cash and cash equivalents essentially correspond to their carrying amounts.

The measurement of the fair value of bonds, liabilities to banks and promissory note loans is based on the market interest rate curve following the zero-coupon method in consideration of credit spreads (level 2). The amounts comprise interest prorated to the closing date.

The fair values of all other non-listed financial assets and liabilities correspond to the present value of payments underlying these statement of financial position items. The calculation was based on the applicable country-specific yield curves (level 2) as of the closing date.

## Other notes

### 42. NOTES TO THE CASH FLOW STATEMENT

In accordance with IAS 7 (Statements of Cash Flow), the consolidated cash flow statement describes changes in the Group's cash and cash equivalents through cash inflows and outflows during the reporting year.

The cash and cash equivalents item includes cheques, cash in hand, cash in transit, and bank deposits with a remaining term of up to three months.

The cash flow statement distinguishes between changes in cash levels from operating, investing and financing activities. Cash flows from discontinued operations are shown separately where they concern discontinued business operations.

Cash flows from discontinued operations in the reporting year relate to discontinued wholesale and food retail activities.

The following explanations relate to continuing operations.

During the reporting year cash flows from operating activity of €521 million (2015/16: €378 million) were generated. Depreciation and impairment losses totalled €267 million (2015/16: €313 million): €221 million (2015/16: €233 million) on property, plant and equipment, and €46 million (2015/16: €80 million) on other intangible assets. Reversals of impairment losses, on the other hand, amount to €3 million (2015/16: €6 million).

The change in net working capital of €52 million (2015/16: €-225 million) includes changes in inventories, trade receivables and receivables due from suppliers included in the "Other financial and non-financial assets" item, credit card receivables and prepayments made on inventories. The item also includes changes in trade liabilities and liabilities to customers, deferred sales related to vouchers and customer loyalty programmes, provisions for customer loyalty programmes and rights of return as well as prepayments made on orders.



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Other operating activities resulted in a total cash inflow of €64 million (2015/16: €230 million). This item includes changes in other assets and liabilities as well as deferred income and prepaid expenses. It also includes changes in the assets and liabilities held for sale, adjustments of unrealised currency effects and the elimination of deconsolidation results recognised in EBIT. A key item in the previous year was the payment of €220 million to the METRO benevolent fund.

Investing activities in the reporting year led to a cash outflow of €744 million (2015/16: €376 million). The change in comparison with the previous year results essentially from payments for the acquisition of the holding in Fnac Darty S.A., which is reported in other investments.

The amount of investments in property, plant and equipment shown as cash outflows differs from the inflows shown in the statement of movement in fixed assets in the amount of non-cash transactions. These essentially concern additions from finance leases, exchange-rate effects and changes in liabilities from the acquisition of miscellaneous assets.

There was a cash inflow from financing activity in the reporting year of €140 million (2015/16: outflow of €454 million), which was essentially attributable to proceeds from long-term borrowings of €512 million.

The cash and cash equivalents were subject to no restrictions.

Cash flows from discontinued operations relate to the area to be demerged, with the sales lines METRO Cash & Carry and Real, including real estate and the associated management and service activities. Cash flows from discontinued operations are calculated as follows:

€ million	2015/16	2016/17
EBIT	1,201	1,001 <sup>1</sup>
Scheduled depreciation, appreciation and impairments of assets	710	244
Change in provisions for pensions and similar obligations	65	-58
Change in net working capital	-58	-517
Income taxes paid	-191	-165
Reclassification of gains (-) / losses (+) from the disposal of fixed assets	-151	-126
Other	-383	-143
<b>Cash flow from operating activities of discontinued operations</b>	<b>1,192</b>	<b>236</b>

<sup>1</sup> Without non-cash results from deconsolidation

€ million	2015/16	2016/17
Acquisitions of subsidiaries	-84	-183
Investments in property, plant and equipment (excl. finance leases)	-588	-430
Other investments	-233	-678
Disposal of subsidiaries	559	-1,089
Disposal of fixed assets	700	836
<b>Cash flow from financing activities of discontinued operations</b>	<b>354</b>	<b>-1,544</b>

€ million	2015/16	2016/17
Dividends paid		
to other shareholders	-15	-19
Redemption of liabilities from put options of non-controlling interests	-86	-20
Proceeds from long-term borrowings	596	1,628
Redemption of borrowings	-3,399	-1,554
Interest paid	-277	-147
Interest received	81	28
Profit and loss transfers and other financing activities	-31	-6
<b>Cash flow from financing activities of discontinued operations</b>	<b>-3,130</b>	<b>-91</b>



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Cash outflows at the time of the demerger totalling €-1,012 million are contained in disposals of subsidiaries. In addition, they include payments for the sale of the Galeria-Kaufhof Group in the amount of €-27 million (2015/2016: €220 million).

Financial investments (disposals) are shown under other investments (disposal of fixed assets).

### 43. SEGMENT REPORTING

The segmentation corresponds to the Group's internal control and reporting structures.

The Chief Operating Decision Maker (CODM) of CECONOMY in accordance with IFRS 8 – Segment reporting is the Management Board of CECONOMY AG. Board members are jointly responsible for resource allocation and for assessing operational earnings strength. As a general principle, management at CECONOMY is conducted at country level. The CODM of CECONOMY therefore manages the Company's activities on the basis of internal reporting, which generally contains key indicators for each country. Resource allocation and performance measurement are accordingly also conducted at country level.

CECONOMY is active in a single business field, that of consumer electronics. In combination with a relatively homogeneous orientation its products, services, customer groups and distribution methods are similar in all countries. Based on similar prevailing economic conditions and the commercial circumstances of business activities, individual countries are grouped together in the following business segments that are subject to a reporting obligation:

- DACH (Germany, Austria, Switzerland, Hungary)
- Western/Southern Europe
- Eastern Europe

All business segments that are not subject to a reporting obligation, and business activities that do not meet the definition criteria for a business segment, are grouped together under "Miscellaneous".

[Further details of the segments are contained in the combined management report.](#)

The key components of segment reporting are as follows:

- External sales represent sales of the operating segments to third parties outside the Group.
- Internal sales represent sales between the Group's operating segments.
- The EBITDA segment comprises EBIT before depreciation and reversals of impairment losses on property, plant and equipment, intangible assets and investment properties.
- EBIT is the key ratio for segment reporting and describes operating earnings for the period before net financial result and income taxes. Intra-group rental contracts are shown as operating leases in the segments. The properties are leased at market terms. In principle, location-related risks and impairment risks related to non-current assets are shown only in the segments where they represent Group risks. This also applies by analogy to deferred assets and liabilities, which are only shown at segment level if this was also required in the consolidated statement of financial position.
- Transactions that do not regularly recur such as restructurings or changes to the Group portfolio are adjusted in EBITDA and EBIT before special items.



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The reconciliation from EBITDA before special items to reported EBITDA and the reconciliation from EBIT before special items to reported EBIT are shown in the following table:

€ million	2015/16	2016/17
<b>EBITDA before special items</b>	<b>719</b>	<b>704</b>
Portfolio changes	-5	-1
Restructuring and efficiency enhancing measures	-58	-85
Risk provisions including impairment losses on goodwill	-	-
Miscellaneous special items	-37	-21
<b>Reported EBITDA</b>	<b>619</b>	<b>597</b>
€ million	2015/16	2016/17
<b>EBIT before special items</b>	<b>466</b>	<b>471</b>
Portfolio changes	-5	-15
Restructuring and efficiency enhancing measures	-111	-102
Risk provisions including impairment losses on goodwill	-	-
Other special items	-37	-21
<b>Reported EBIT</b>	<b>312</b>	<b>334</b>

Scheduled depreciation and impairments include special items in the amount of €31 million in the current financial year.

- Segment investments include additions (including additions to the scope of consolidation) to non-current intangible assets, property, plant and equipment, and properties held as financial investments. This does not apply to additions based on the reclassification of "Assets held for sale" as non-current assets.
- Segment assets include non-current and current assets. The main items not included are financial assets, investments accounted for using the equity method, tax items, cash and cash equivalents and assets attributable to discontinued operations.

The reconciliation from segment assets to Group assets is shown in the following table:

€ million	30/09/2016	30/09/2017
<b>Segment assets</b>	<b>1,523</b>	<b>1,512</b>
Non-current and current financial assets	14	135
Investments accounted for using the equity method	5	458
Cash and cash equivalents	661	861
Deferred tax assets	231	39
Entitlements to income tax refunds	93	87
Other entitlements to tax refunds <sup>1</sup>	84	87
Inventories	2,393	2,553
Trade receivables	324	498
Receivables due from suppliers <sup>1</sup>	1,183	1,246
Receivables due from real estate <sup>1</sup>	4	6
Credit-card receivables <sup>1</sup>	28	68
Prepaid expenses and deferred charges <sup>1</sup>	69	68
Receivables from other financial transactions <sup>2</sup>	1	588
Assets held for sale	18,250	0
Other <sup>1,2</sup>	89	74
<b>Group assets</b>	<b>24,952</b>	<b>8,280</b>

<sup>1</sup> Included in the balance-sheet item "Other financial and non-financial assets" (current)

<sup>2</sup> Included in the statement of financial position items "Other financial and non-financial assets (non-current and current)"

In principle, transfers between segments are made based on the costs incurred from the Group's perspective.

## 44. MANAGEMENT OF FINANCIAL RISKS

The CECONOMY AG Treasury manages the Company's financial risks. These include, in particular:

- price risks
- liquidity risks



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– creditworthiness risks, and

– cash flow risks.

➤ For more information about the risk management system, see the combined management report in the economic report – asset, financial and earnings position – financial and asset position – financial management.

### Price risks

For CECONOMY, price risks result from the impact of changes in market interest rates, exchange rates and share prices on the value of financial instruments.

**Interest risks** arise from changes in the interest-rate level. These risks can be mitigated with interest-rate derivatives if necessary.

CECONOMY's remaining interest rate risk is assessed in accordance with IFRS 7 using a sensitivity analysis. In the process, the following assumptions are applied in the consideration of changes in interest rates:

- The total impact determined by the sensitivity analysis relates to the actual balance as at the closing date and reflects the impact for one year.
- Primary variable interest rate financial instruments whose interest payments are not designated as the underlying transaction in a cash flow hedge against changes in interest rates are recognised in the interest result in the sensitivity analysis. Owing to the currently low level of interest rates, sensitivity to a change of ten basis points is determined.
- The sensitivity analysis takes no account of primary fixed-interest financial instruments.
- Financial instruments designated as the hedging transaction within a cash flow hedge to hedge against variable interest flows will only be recognised in the interest result when the payment flows have actually been initiated. However, the measurement of the hedging transaction

at fair value is recognised in reserves retained from earnings outside of profit or loss.

- Interest rate derivatives that are not part of a qualified hedging transaction within the meaning of IAS 39 are recognised at fair value in profit or loss under other financial result, and through the resulting interest flows in the interest result.

As at the closing date, CECONOMY's remaining interest rate risk is primarily the result of variable interest rate receivables and liabilities to banks as well as other short-term liquid financial assets (shown under "cash and cash equivalents") with an aggregate debit balance after consideration of hedging transactions of €699 million (30/09/2016: €2,056 million).

On this overall balance an interest-rate rise of ten basis points resulted in an increase of €1 million (2015/16: €2 million) higher earnings in the interest result per year. An interest-rate decline of ten basis points has the opposite effect: €–1 million (2015/16: €–2 million).

CECONOMY is exposed to **currency risks** by virtue of international purchases of goods and on the basis of costs and funding that are incurred in a currency other than that of the relevant country or are linked to the performance of another currency. The Group "Foreign currency transactions" guideline imposes a hedging requirement for resulting foreign currency positions. Exceptions to this hedging requirement exist where hedging is not economically reasonable and in the case of legal and regulatory restrictions in the respective countries. Forward currency contracts/ options and interest-rate and currency swaps can be considered for hedging purposes.

In line with IFRS 7, the presentation of the currency risk resulting from the exceptions is also based on a sensitivity analysis. In the process, the following assumptions are made in the consideration of a devaluation or revaluation of the euro vis-à-vis other currencies:

The total effect presented by the sensitivity analysis, in terms of its amount and result characteristics, relates to the amounts of foreign



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currency held within the consolidated subsidiaries of CECONOMY and states the effect of a devaluation or revaluation of the euro.

A devaluation of the euro will result in a positive effect if a receivable in the foreign currency exists at a subsidiary which uses the euro as its functional currency and if a liability exists in euro at a subsidiary which does not use the euro as its functional currency. The following table shows the nominal volumes of currency pairs in this category with a positive sign.

A devaluation of the euro will result in a negative effect if a receivable exists in euro at a subsidiary which does not use the euro as its functional currency and if a liability in the foreign currency exists at a subsidiary which uses the euro as its functional currency. Correspondingly, the following table shows the nominal volumes of currency pairs in this category with a negative sign.

By contrast, an appreciation of the euro will have the opposite effect for all currency pairs shown above.

In the sensitivity analysis, the effects of the measurement of non-equity foreign currency positions that are calculated based on the closing date price in line with IAS 21 are recognised in the statement of profit or loss. In the case of net investments in a foreign operation, the effects of the closing date measurement are recognised in equity (other comprehensive income) outside of profit or loss.

Foreign currency futures/options and interest rate and currency swaps that are not part of a qualified hedge under IAS 39 are recognised through the fair value measurement in the statement of profit or loss. In fully effective hedging transactions this effect is offset by the effect from the measurement of the underlying foreign currency transaction.

In the consolidated financial statements, foreign currency future transactions are designated as hedging transactions within a cash flow hedge to hedge merchandise procurement and sales. Changes in the fair value of these hedging instruments are recognised in other comprehensive in-

come until the underlying transaction is recognised through profit or loss.

Effects from the currency translation of financial statements whose functional currency is not the reporting currency of CECONOMY do not affect cash flows in local currency and are therefore not part of the sensitivity analysis.





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The substantial decline in foreign currency volumes, and thus also in possible currency risk positions, is essentially attributable to the discontinued operations contained in the previous year's figures.

As at the closing date, the remaining currency risk of CECONOMY, which is essentially due to an inability to hedge certain currencies for legal reasons or due to insufficient market depth, was as follows:

		Impact of devaluation/revaluation of euro by 10%			
€ million	Currency pair	Volume	30/09/2016	Volume	30/09/2017
<b>Profit or loss for the period</b>			<b>+/-</b>		<b>+/-</b>
	CHF/EUR	+28	3	+2	0
	CNY/EUR	+38	4	0	0
	CZK/EUR	-7	-1	0	0
	EGP/EUR	+31	3	0	0
	GBP/EUR	-9	-1	0	0
	HKD/EUR	-13	-1	0	0
	JPY/EUR	-10	-1	0	0
	KZT/EUR	+13	1	0	0
	MDL/EUR	+38	4	0	0
	NOK/EUR	0	0	-9	-1
	PLN/EUR	+32	3	+23	2
	RON/EUR	+35	4	0	0
	RSD/EUR	+14	1	0	0
	RUB/EUR	+34	3	0	0
	SEK/EUR	+29	3	+26	3
	TRY/EUR	+8	1	0	0
	UAH/EUR	+34	3	0	0
	USD/EUR	-16	-2	-7	-1
<b>Equity</b>			<b>+/-</b>		<b>+/-</b>
	CNY/EUR	+18	2	0	0
	CZK/EUR	+5	1	0	0

KZT/EUR	+237	24	0	0
PLN/EUR	+75	8	0	0
RON/EUR	+7	1	0	0
RSD/EUR	+16	2	0	0
RUB/EUR	+147	15	+90	9
UAH/EUR	+242	24	0	0
USD/EUR	+38	4	0	0

In the previous year, additional currency risks stemmed from US dollar currency holdings of various subsidiaries in which the functional currency is neither the US dollar nor the euro. At a nominal US dollar volume of €+21 million a devaluation of the US dollar by 10 per cent would result in positive effects of €2 million in profit or loss for the period. Conversely, a revaluation of the US dollar would have negative effects of €2 million. At a nominal volume of €+21 million the CNY/USD currency pair accounts for the bulk of this negative effect.

**Interest rate and currency risks** are substantially reduced and limited by the principles laid down in CECONOMY's internal treasury guidelines. These include a regulation applicable throughout the Group, according to which all hedging operations must adhere to predefined limits and must not under any circumstances lead to increased risk exposure. CECONOMY is aware that this severely limits the opportunities to exploit current or expected interest rate and exchange rate movements to optimise results.

In addition, hedging may be carried out using only standard financial derivative instruments whose correct actuarial and accounting mapping and valuation in the treasury system are guaranteed.

As at the closing date, the following derivative financial instruments were being used for risk reduction:



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€ million	30/09/2016			30/09/2017		
	Nominal volumes	Fair values		Nominal volumes	Fair values	
		Financial assets	Financial liabilities		Financial assets	Financial liabilities
<b>Currency transactions</b>						
Currency futures/options						
within fair value hedges	0	0	0	0	0	0
within cash flow hedges	107	2	4	0	0	0
not part of hedges	-388	4	10	-373	3	0
	<b>-281</b>	<b>6</b>	<b>14</b>	<b>-373</b>	<b>3</b>	<b>0</b>

The nominal volume of future currency contracts/options is determined by the net position of the buying and selling values in foreign currency underlying the individual transactions translated at the relevant exchange rate on the closing date. All fair values represent the theoretical value of these instruments upon dissolution of the transaction at the closing date. Under the premise that instruments are held until the end of their term, these are unrealised gains and losses that, by the end of the term, will be fully set off by gains and losses from the underlying transactions in the case of fully effective hedging transactions.

In order to show this reconciliation for the period appropriately, relationships are created between hedging transactions and underlying transactions and recognised as follows:

- Within a fair value hedge, both the hedging transaction and the hedged risk of the underlying transaction are recognised at their fair value. The value fluctuations of both transactions are shown in the statement of profit or loss, where they will be fully set off against each other in the case of full effectiveness.
- Within a cash flow hedge, the hedging transactions are also principally recognised at their fair value. In the case of full effectiveness of the hedging transaction, the value changes will be recognised in equity until the hedged payment flows or expected transactions impact on earnings. Only then will they be recognised in the statement of profit or loss.

- Hedging transactions that, according to IAS 39, are not part of a hedge are recognised at their fair value. Value changes are recognised directly in the statement of profit or loss. Even if no formal hedging relationship was created, these are hedging transaction that are closely connected to the underlying transaction and whose impact on earnings will be netted by the underlying transaction (natural hedge).

The currency derivative deployed were primarily the Russian rouble, the Swiss franc and the Swedish krona.



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The derivative financial instruments have the following maturities:

€ million	30/09/2016 fair values			30/09/2017 fair values		
	Maturities			Maturities		
	Up to 1 year	1 to 5 years	more than 5 years	Up to 1 year	1 to 5 years	more than 5 years
<b>Currency transactions</b>						
Future currency contracts/options						
	0	0	0	0	0	0
within fair value hedges						
within cash flow hedges	-1	0	0	0	0	0
not part of hedges	-7	0	0	3	0	0
	<b>-8</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>

Listed below the maturities are the fair values of the financial assets and liabilities that fall due during these periods.

The repricing dates for variable interest rates are less than one year.

### Liquidity risks

Liquidity risk describes the risk of being unable to procure or provide funding or being able to procure or provide funding only at a higher cost. Liquidity risks may arise, for example, as a result of temporary capital market disruptions, creditor defaults, insufficient credit facilities, or the absence of budgeted incoming payments. The Treasury provides coverage for the financial needs for operations and investments as affordably as possible and with sufficient scope. The necessary information is provided in the consolidated financial planning issued three months after the end of the financial year for the individual companies and is subject such to a deviation analysis. The financial planning is supplemented by a short-term liquidity planning and updated on a rolling basis.

Financing instruments may take the forms of products on the money and capital markets (fixed interest and overnight deposits, promissory note loans, commercial papers) along with multi-year bilateral and syndicated credit facilities. CECONOMY thus has sufficient liquidity reserves

in order to cover liquidity risks should unexpected events have a negative financial impact on cash flows. Please refer to the notes on the statement of financial position entries for further details on financing and credit facility instruments.

➤ Further details are provided in notes No. 30 – Cash and cash equivalents, and No. 37 – Financial liabilities.

Cash pooling allows the surplus liquidity of individual Group companies to be used to fund other Group companies internally. This reduces the Group's debt volume and thus its interest expenses. In addition, CECONOMY draws on the financial expertise pooled in the treasury of CECONOMY to advise the Group companies in all relevant financial matters and provide support. This ranges from the elaboration of investment financing concepts to supporting the responsible financial officers of the individual Group companies in their discussions with local banks and financial service providers. Thus the financial resources of CECONOMY are optimally employed, and all Group companies benefit from the strength and credit standing of CECONOMY in negotiating their financing terms.

### Credit risks

Credit risks arise from the total or partial default by a counterparty, for example, through bankruptcy or in connection with monetary investments and derivative financial instruments with positive market values. CECONOMY's maximum default exposure as of the closing date is reflected by the carrying amount of financial assets totalling €3,483 million (30/09/2016: €5,570 million).

➤ For more information about the amount of the respective carrying amounts, see No. 41 – Carrying amounts and fair values according to measurement categories.

The cash and cash-equivalents include cash balances of €64 million (30/09/2016: €115 million) which have no default risk.

As part of risk management for investments totalling €744 million (30/09/2016: €2,229 million) and derivative financial instruments totalling €3 million (30/09/2016: €6 million), all CECONOMY business part-



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ners need to meet a minimum of credit worthiness, and are also subject to maximum limits for involvement. Cheques and money in circulation are not considered when determining creditworthiness risks. This is based on a system of limits laid down in the Treasury guidelines, which are based mainly on the ratings of international rating agencies, developments of credit default swaps or internal credit assessments. An individual limit is allocated to every counterparty of CECONOMY; compliance is constantly monitored.

The following table shows a breakdown of counterparties by rating class:

### Rating classes

Grade	Moody's	Standard & Poor's	Volume in %
			Financial investments
Investment grade	Aaa	AAA	0.0
	Aa1 to Aa3	AA+ to AA-	2.6
	A1 to A3	A+ to A-	19.1
	Baa1 to Baa3	BBB+ to BBB-	67.4
Non-investment grade	Ba1 to Ba3	BB+ to BB-	10.3
	B1 to B3	B+ to B-	0.0
	Caa to C	CCC to C	0.5
No rating			0.1

The above table shows that, as at the closing date, about 89 per cent of the capital investment volume, including the positive market value of derivatives, had been placed with investment-grade counterparties, in other words, those with good or very good credit ratings. The counterparties that do not yet have an internationally accepted rating are re-spected financial institutions whose creditworthiness can be considered flawless based on analyses. CECONOMY also operates in countries where local financial institutions do not have investment-grade ratings due to the rating of their country. For country-specific reasons as well as cost and efficiency considerations, cooperation with these institutions is

necessary and expedient. These institutions account for about 11 per cent of the total volume.

CECONOMY's level of exposure to creditworthiness risks is thus very low.

### Cash flow risks

A future change in interest rates may cause cash flow from variable interest rate asset and liability items to fluctuate. So-called "stress tests" are used to determine the potential impact interest rate changes may have on cash flow and how they can be capped through hedging transactions in accordance with the Group's internal Treasury guidelines.

## 45. CONTINGENT LIABILITIES

CECONOMY has no contingent liabilities for the 2016/17 financial year of (2015/16: €69 million from discontinued operations).

## 46. OTHER FINANCIAL LIABILITIES

The nominal value of other financial obligations as of 30 September 2017 was €160 million (30/09/2016: €461 million, of which €309 million from discontinued operations) and primarily include acceptance obligations for service agreements.

A legal contingent liability results from the demerger of the METRO GROUP generating a five or ten-year liability obligation under Section 133 (1) and (3) German Transformation Act [Umwandlungsgesetz, UmwG]. The legal entities involved in the demerger shall be indemnified for the liabilities (five years) and the pension obligation (ten years) at CECONOMY AG as transferring legal entities, which were founded prior to the demerger and act as the joint and several debtors. CECONOMY AG estimates the risk of any claims from this liability relationship as very low.

➤ For more information about contractual commitments for the acquisition of other intangible assets and property, plant and equipment, obligations from finance and operating leases as well as investment properties, see notes No. 19 – Other intangible assets, No. 20 – Property, plant and equipment and no. 22 – investment properties.



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**47. REMAINING LEGAL ISSUES**

**Legal disputes related to Media-Saturn-Holding GmbH**

Through its fully owned subsidiary CECONOMY Retail GmbH (CE Retail) – which was METRO Kaufhaus und Fachmarkt Holding GmbH (METRO KFH) until 19 July 2017 – CECONOMY indirectly holds 78.38 per cent of the shares in Media-Saturn-Holding GmbH (MSH). In March 2011, the shareholders' general meeting of MSH resolved, with the votes of CE Retail (at that time still operating under the name METRO KFH), to create an advisory board ("Beirat") to strengthen the governance structures at MSH. The advisory board takes decisions by simple majority in number on operational measures proposed by the management of MSH that require approval. According to the Articles of Association of MSH, CECONOMY AG, or CE Retail, has the right to delegate one more member to the advisory board than the remaining minority shareholder, and therefore has a majority by number on the advisory board.

The appellate court dealing with the appeal of the non-controlling shareholder ruled fully in favour of CE Retail, endorsing the effective establishment of an advisory board and determining that an arbitration court was the responsible authority for all issues of authority and majority requirements of the advisory board. The arbitration court invoked by CE Retail (at that time still operating under the name METRO KFH), endorsed key aspects of CE Retail's position in its arbitral ruling of 8 August 2012: The advisory board can take decisions, through simple majority by headcount, on operational transactions proposed by the management of MSH that require approval. The arbitration finding was declared enforceable with the resolution passed by the Higher Regional Court [Oberlandesgericht, OLG] Munich on 18 December 2013. The German Federal Court of Justice [Bundesgerichtshof, BGH] rejected an appeal from the minority shareholder through its decision of 16 April 2015, so this decision is also final.

The minority shareholder has also filed additional complaints against MSH:

On 21 April 2015, the Ingolstadt District Court [Landgericht, LG] dismissed the complaint by the minority shareholder, who aimed to dismiss

the managing director of MSH imposed by CE Retail (at that time still operating under the name of METRO KFH). The OLG Munich dismissed the appeal lodged by the minority shareholder through its decision of 2 December 2015, and did not allow a further appeal. The minority shareholder then lodged a denial of leave to appeal, which was rejected in the BGH resolution of 17 January 2017. The minority shareholder's complaint is thereby dismissed in a legally binding manner.

In another complaint against MSH lodged at the Ingolstadt LG, the minority shareholder requests that dismissive resolutions at the MSH shareholders' meeting in April 2015 – in relation to the minority shareholder's demands to have MSH's Articles of Association amended – be declared null and void, and that the corresponding resolution be positively agreed as adopted. Such modifications relate to the areas of responsibility of the shareholders' meeting. The LG Ingolstadt dismissed the complaint in its ruling on 16 February 2016. In its ruling on 13 September 2016, the OLG Munich rejected the appeal submitted by the minority shareholder. The minority shareholder's complaint is thereby dismissed in a legally binding manner by the ruling.

In its ruling of 5 April 2016, the LG Ingolstadt upheld a complaint lodged by CE Retail (at that time still operating under the name METRO KFH), involving shareholder resolutions – including those relating to a measure taken by management – that were composed by the minority shareholder alone in a shareholders' meeting that did not have a quorum under the MSH Articles of Association, and that furthermore had no competence, in METRO or CECONOMY's opinion, pertaining to the measures resolved by management. In its ruling on 13 January 2017, the OLG in Munich rejected the appeal submitted by the minority shareholder. The verdict issued in favour of CE Retail (at that time still operating under the name METRO KFH) is final.

In another complaint brought before the LG Ingolstadt, CE Retail (at that time still operating under the name of METRO KFH) seeks to have a supposed resolution of the MSH shareholders' meeting in December 2015 on the continued employment of retired MSH managers in other positions declared null and void. The ruling of LG Ingolstadt on 29 April 2016 upheld the complaint of CE Retail (at that time still operating under the



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name of METRO KFH). In its ruling on 13 January 2017, the OLG in Munich rejected the appeal lodged by the minority shareholder. The verdict issued in favour of CE Retail (at the time METRO KFH) is final.

The minority shareholder brought another complaint before the Ingolstadt LG on 28 January 2016, for annulment and for a positive declarative action against MSH, the object of which was the dismissive resolution from the MSH in December 2015 and for which the minority shareholder demanded the dismissal and suspension of the managing director from CE Retail (at the time METRO KFH) appointed by MSH. The LG Ingolstadt dismissed the minority shareholder's complaint in its ruling on 7 March 2017. The minority shareholder appealed against the ruling on 15 March 2017. In its ruling of 13 October 2017, the OLG in Munich announced its intent to dismiss the minority shareholder's objections without hearing oral arguments, as the tribunal was of the clear opinion that the appeal had no prospect of success.

In another complaint about deficiencies in the resolution, filed on 10 February 2016 against MSH at the LG Ingolstadt, involving other dismissive resolutions of the MSH shareholder meeting in December 2015, the minority shareholder sought to enforce damages claims against MSH management for alleged breach of duty. The LG Ingolstadt dismissed the complaint in its ruling on 18 November 2016. In its ruling on 18 July 2017, the OLG in Munich rejected the minority shareholder's appeal, thus making the appeal inadmissible. The minority shareholder appealed to the BGH on 24 August 2017 to have the inadmissibility of the appeal declared null and void. CECONOMY sees the likelihood of the minority shareholder's suit succeeding as low.

### Litigation pertaining to the CECONOMY AG Annual General Meeting

On 6 February 2017 the Annual General Meeting of CECONOMY (METRO AG at the time) approved the demerger agreement between CECONOMY AG, then still operating as METRO AG, and the current METRO AG, then still known as METRO Wholesale & Food Specialist AG.

In connection with the split of the former METRO GROUP, several shareholders, including the minority shareholder of MSH behind the nullity and/or declaration suits due to the resolution drafted in the Annual Gen-

eral Meeting of CECONOMY AG – which was METRO AG at the time – dated 6 February 2017 under agenda items 3 and 4 granting discharge of the members of the Management Board and the Supervisory Board for the 2015/16 financial year, the resolutions drafted for agenda items 9 and 10 regarding the amendment of Art. 1 of the Articles of Association (Company) as well as other amendments to the Articles of Association and because of the resolution drafted under Agenda item 11 regarding approval for the demerger and spin-off agreement. In addition, several shareholders filed a general declaration against CECONOMY AG and appealed to have the demerger and spin-off agreement null and void, or at least provisionally invalidated. All these suits are pending before the Düsseldorf LG. CECONOMY AG argues that all of these suits are unfounded and already partially inadmissible.

The pending suits against the resolutions approving the demerger agreement is now hindering the entry of the hive-down and spin-off in the commercial registry for CECONOMY AG (which was still incorporated as METRO AG at the time). CECONOMY (then METRO AG) thus initiated an approval procedure in compliance with the German Transformation Act [UmwG] with the OLG Düsseldorf. By order of 22 June 2017, the OLG Düsseldorf decided, after hearing oral arguments, that suits filed against the approval resolution from the Annual General Meeting may not impair the entry of the demerger and spin-off in the commercial register. The decision from the OLG Düsseldorf has the force of law.

The hive-down and spin-off of CECONOMY – which was incorporated as METRO AG at the time – was entered into the commercial register on 12 July 2017 and thus has the force of law.

Some shareholders also attempted to hinder the entry of the demerger and spin-off through entry by the court of registry responsible for CECONOMY AG and the current METRO AG, or at least delay them, and has also requested a cessation of the registration procedure. The requests were denied by the Düsseldorf Local Court [Amtsgericht, AG]. Two shareholders immediately filed a complaint with the OLG Düsseldorf against the resolutions regarding the trade registry matter for CECONOMY AG. The AG Düsseldorf failed to remedy the complaints and presented them to the AG Düsseldorf. Based on the instructions issued to the



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plaintiff from the OLG Düsseldorf, CECONOMY AG is assuming that the complaints are inadmissible and/or unfounded.

Subsequent to the Annual General Meeting on 6 February 2017 two shareholders filed a request for disclosure under Section 132 German Stock Corporation Act [AktG]. The application has since been withdrawn.

The costs are borne in compliance with the rules in the demerger agreement.

### Implementation of antitrust claims for damages

CECONOMY companies have filed suit in a London court against companies of Mastercard. The legal challenge asserts claims for damages based on a decision by the European Commission, which found that the cross-border interbank fees imposed by Mastercard in the period 1992 to 2007 as part of its credit card system, which also impacted national interbank fees, violated European antitrust law. Traditionally, retailers' banks charge interbank fees to retailers as part of retail fees. Some of the legal claims pursued by CECONOMY AG are economically assigned to the current METRO AG. The demerger agreement regulates that claims pursued by CECONOMY AG shall be to the benefit of the METRO AG which was incorporated at the time as METRO Wholesale & Food Specialist AG.

In addition, CECONOMY companies have filed suit at a London court against the companies of Toshiba and Panasonic. The suits are used to assert damage claims based on a decision from the European Commission, which found that seven manufacturers of cathode ray tubes (CRTs) – including Toshiba and Panasonic – had fixed prices, divided up markets and customers between them and also limited their production, and thus violated European antitrust law. The CRTs were installed in televisions and computer screens that were also sold to the CECONOMY companies.

### Further remaining legal issues

In addition, CECONOMY companies are parties to other judicial or arbitral and antitrust law proceedings in various European countries. This also includes investigations by the European Commission into redcoon GmbH, initiated with searches related to suspected anti-competitive agreements with suppliers in 2015. Insofar as the liability has been

sufficiently specified, appropriate risk provisions have been formed for these proceedings.

The MediaMarktSaturn Retail Group is currently pursuing claims against the former shareholders in redcoon GmbH, which primarily stem from the seller failing to disclose tax and cartel violations within the redcoon Group to the MediaMarktSaturn Retail Group during the acquisition process.

CECONOMY is exposed to increasing regulatory trends in value added tax legislation in certain countries, particularly those associated with the fiscalisation of the cash register system and the electronic transfer of tax-relevant data.

On 3 November 2017 the Düsseldorf public prosecutor searched the offices of the current METRO AG. The search was conducted under suspicion of violations of the German Securities Trading Act [WpHG] by former and current board members of the former METRO AG (now CECONOMY AG). The Düsseldorf prosecutor's investigations are based on the suspicion that the former METRO AG should have released the ad hoc notification of 30 March 2016 on the splitting of the former METRO AG at an earlier date. We are of the opinion that the allocation of the former METRO GROUP was in compliance with the legal regulations and assume the current investigations – in which we are fully cooperating with the authorities – and will be seen upon presentation of the findings.

### 48. EVENTS AFTER THE CLOSING DATE

Between the closing date (30 September 2017) and the date of presentation of the accounts (29 November 2017), no event of material importance to an assessment of the net assets, financial position or results of operations of CECONOMY AG and CECONOMY occurred.

### 49. NOTES ON RELATED PARTIES

#### The following companies with material influence

CECONOMY AG is the parent company of CECONOMY and is not controlled by any company. The Haniel Group has a material influence on



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CECONOMY AG, which is recognised as an associate in the Haniel consolidated financial report.

In the 2016/17 financial year the continuing operations at CECONOMY had no material business relationship with the Haniel Group (2015/16: €1 million) with the exception of consideration valued at €6.75 million, which was assigned to discontinued operations in the profit or loss for the period. Liabilities carried forward from considerations received in the previous year were €0 million in the 2016/17 financial year (2016/16: €1 million from discontinued operations).

Business relations with related parties are based on contractual agreements providing for arm's length prices.

### Members of management in key jobs

The management in key positions at CECONOMY includes the Management Board and Supervisory Board of CECONOMY AG. Other than their remuneration, no further considerations were granted between CECONOMY and the management in key positions.

➤ For more information about the basic principles of the remuneration system and the amount of Management and Supervisory Board compensation, see notes No. 51 – Management Board and Supervisory Board.

### Other transactions involving affiliated companies and persons

No transactions with affiliated companies and persons other than those listed above in the continuing operations at CECONOMY took place in the 2016/17, and none in the previous year either. In the current financial year services of €74 million for associated companies were recognised from discontinued operations in the profit or loss for the period.

## 50. LONG-TERM INCENTIVE FOR EXECUTIVES

### Long-term incentives at CECONOMY AG

#### Sustainable Performance Plan Version 2014 (2014/15–2016/17)

After the first tranche of the Sustainable Performance Plan (hereinafter: SPP) was issued, an adjustment to the SPP from the 2014/15 financial

year was decided: the SPP Version 2014 with an original plan period of four tranches until the following financial year 2017/18. For the 2014/15 tranche of the SPP Version 2014, a three-year performance period applied; from tranche 2015/16 a four-year performance period. With the demerger on 12 July 2017, however the SPP ends early with the 2016/17 financial year.

A target value in euros was set for those eligible. The payout amount was calculated by multiplying the target value by the factor of overall target achievement. This, in turn, was calculated by determining the target achievement factors, each of which is rounded to two decimal points, for each of the three performance targets. The arithmetic mean of the factors, also rounded to two decimal points, gave the overall target achievement factor. The payout amount was limited to a maximum of 250 per cent of the target value (payout cap). Separate rules for the payout of the tranches were agreed upon for the case of employment termination.

The SPP Version 2014 was based on the following three performance targets:

- Total shareholder return (TSR),
- Sustainability, and
- Earnings per share (EPS).

The relative development of the total shareholder return of the former METRO share, compared to a defined comparative index in the performance period, determined the target attainment of the TSR components. To calculate the target achievement factor of the TSR component, the Xetra closing prices of the former METRO ordinary share were determined over a period of 40 trading days immediately following the ordinary Annual General Meeting of the former METRO AG in the year of granting. This was used to calculate the arithmetic mean, which is known as the starting share price.





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The performance period for the respective tranche began on the 41st trading day following the Annual General Meeting. Once again, the Xetra closing prices of the METRO ordinary share are determined over a period of 40 consecutive trading days immediately following the Annual General Meeting after calculating the starting share price and issuing the applicable tranche. This was used again to calculate the arithmetic mean, which is known as the ending share price. The TSR percentage value was determined on the basis of the change in the METRO share price and the total amount of hypothetically reinvested dividends throughout the performance period in relation to the starting and ending share prices.

The METRO TSR calculated in this manner was compared with the TSR of the Stoxx Europe 600 Retail index (index TSR) during the performance period, and the factor for computing the TSR component determined in this way:

- If the former METRO's TSR was identical to the index TSR, the factor for the TSR component was 1.0;
- If the former METRO's TSR was 30 percentage points or more below the index TSR, the factor for the TSR component was 0.0;
- If the former METRO's TSR was 30 percentage points above the index TSR, the factor for the TSR component was 2.0.

In the case of target achievement with intermediate values and more than 30 percentage points, the TSR factor for the SSP Version 2014 is calculated using linear interpolation to two decimal points.

For the determination of the target achievement factor of the sustainability component, CECONOMY AG – at the time still operating as METRO AG in its function as a holding of the former METRO GROUP – participated every year in the Corporate Sustainability Assessment, which was conducted by the external service provider RobecoSam AG. RobecoSAM AG used this assessment to determine the ranking of the former METRO AG within the industry group Food and Staples Retailing defined in accordance with the Global Industry Classification Standard (GICS). S&P Dow

Jones Indices uses this ranking as the basis for decisions regarding a company's inclusion in the Dow Jones Sustainability Indices (DJSI). The former METRO AG is informed each year by RobecoSam AG of its new ranking. The Company's average ranking per tranche – rounded to whole numbers – was determined on the basis of the rankings communicated by RobecoSam AG. The factor for the sustainability component was determined on the basis of the average ranking during the performance period.

The target achievement factor for the EPS component, which was introduced for the first time in the SPP Version 2014, was calculated as follows: Generally, an EPS target value (before special items) for the third or fourth year of the EPS performance period, a lower threshold/entry barrier as well as an upper threshold for 200 per cent target achievement were decided at the beginning of the financial year. The EPS value actually achieved during the performance period was compared to the approved values and the factor for calculating the EPS component is determined as follows:

- If the EPS target value was achieved, the factor for the EPS component was 1.0;
- If only the lower entry barrier or a value lower than it was achieved, the factor for the EPS component was 0.0;
- In the event of 200 per cent target achievement, the factor for the EPS component was 2.0;
- In the case of target achievement with intermediate values and more than 200 per cent, the EPS factor for the SPP Version 2014 was calculated using linear interpolation to two decimal points.

The demerger on 12 July 2017 makes the final performance measurement of the SPP Version 2014 impossible based on the pre-determined performance targets. An external expert therefore determined the cash value of the relevant tranches in accordance with a recognised actuarial method on the day of the demerger and paid them out accordingly to those eligible. Those parts of the target values that had not yet vested



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were transferred to an "LTI-Roll over". A ROCE performance target was set for the 2014/15 tranche; this portion will mature at the end of the original performance period in April 2019. An EPS performance target was set for the 2015/16 tranche and the performance period was reduced by one year to April 2019 when it will mature.

The total payout amount for both tranches in financial year 2016/17 for the seven eligible people at CECONOMY AG was € 409,818.25.

Instalment	Payout in 2016/17	Roll-over target amount
2014/15	€ 255,323.50	€ 51,642.35
<b>2015/16</b>	<b>€ 154,494.75</b>	<b>€ 207,802.87</b>

The current tranches of the share-based payment programmes resulted in expenses of €6 million in this financial year (2015/16: €28 million) in the financial year, made up nearly exclusively of the discontinued operations.

The provisions relating to the programmes as at 30 September 2017 amount to €0.05 million (30/09/2016: €0.34 million). Thereof €0.02 million relates to the 2014/15 instalment (30/09/2016: €0.26 million) and €0.03 million to the 2015/16 instalment (30/09/2016: €0.08 million).

### Long-term incentive for the discontinued operations

The explanations below relate to the long-term incentives for the discontinued operations for the period from the start of the 2016/17 financial year until the demerger came into effect of on 12 July 2017.

#### Entitlement for the wholesale business (MCC LTI)

The long-term incentive developed in the past financial year for the then sales line METRO Cash & Carry (MCC LTI) was designed specifically for the operating model. It was issued for the first time in the 2015/16 financial year to the senior executives and the management bodies of the METRO Cash & Carry (MCC) companies. This is a cyclical plan that is issued once every three years. The respective performance targets focus primarily on value creation in the individual national subsidiaries or for

the wholesale segment overall, as well as their sustained development and prospects to measure their success. The performance period of the MCC LTI runs from 1 April 2016 to 31 March 2019. Over this period, the individual target amounts are designed proportionally. The final target amount accumulated at the end of the performance period is based on the period of eligibility for the MCC LTI, as well as on the individual's position. According to the terms of the plan, senior managers can be included pro rata temporis in the group of eligible managers, or can leave the plan.

#### Entitlement for the food retail segment (Real LTI)

The Real long-term incentive (Real LTI) was developed during this financial year for the food retail segment. Top management and management bodies of the food retail business area were eligible. Its performance period started on 1 April 2017 and ends on 31 March 2020. It also replaces the further eligibility for the SPP 2.0. The way it works is based on MCC LTI, and is described below.

#### How MCC and Real LTI work

After the end of the relevant performance period, the payout amount is determined by multiplying the respectively accumulated individual target amount by a total target achievement factor. The target achievement rate of this factor for the past performance and future value components accounts for 45 per cent each; the remaining 10 per cent are accounted for by the target achievement rate of the sustainability component. The payout amount is capped and the total target achievement factor cannot drop below zero.

The relevant measure for the past performance and future value components for eligible executives at the MCC national subsidiaries is the performance/value creation of the relevant MCC national subsidiary. The relevant measure for the other eligible executives is the overall performance of the relevant former MCC or Real sales lines.

The past performance component rewards the achievement of internal commercial target values, and is determined on the basis of the internal metric EBITDA after special items, generated cumulatively over financial years 2015/16 to 2017/18 for MCC or 2016/17 to 2018/19 for Real.



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Separate target values have been defined for target achievement factors of 1.0 and 0.0, respectively. In the case of intermediate values and values above 1.0, the factor for target achievement is calculated using linear interpolation to two decimal points. The target achievement factor for the past performance component cannot drop below zero and is capped.

The future value component reflects the external valuation of MCC and Real respectively, in relation to the expected future performance of the respective national subsidiary and the respective former sales line as a whole from an analyst's perspective. To set the targets, the enterprise value of the relevant sales line was determined on the basis of analyst valuations before the start of the performance period. It is determined again at the end of each performance period. The enterprise value of the MCC national subsidiaries is derived from the enterprise values of the former MCC sales line. Separate target values have been defined for target achievement factors of 1.0 and 0.0, respectively. In the case of intermediate values and values above 1.0, the factor for target achievement is calculated using linear interpolation to two decimal points. The target achievement factor for the future value component cannot drop below zero and is capped.

The performance target achievement for the sustainability component is determined by the average ranking achieved by CECONOMY AG (still trading as METRO AG acting as the holding company of the former METRO GROUP) during the respective performance period in an externally conducted Corporate Sustainability Assessment. The former METRO AG participated in the Corporate Sustainability Assessment conducted by the independent service provider RobecoSam AG every year of the performance periods. RobecoSam AG used these assessments to determine the ranking of the former METRO AG within the industry group "Food & Staples Retailing" defined in accordance with the Global Industry Classification Standard (GICS). RobecoSam AG will inform the former METRO AG of any changes in its sector classification. In the event of material changes in the composition of the companies or the ranking method, RobecoSam AG can determine adequate comparable values.

The Company's average ranking, rounded up to whole numbers, was determined on the basis of the rankings communicated during the re-

spective performance period. The factor for the sustainability component was determined in the following manner on the basis of the average over the performance period:

Average ranking (rounded)	Sustainability factor
1	3.00
2	2.50
3	2.00
4	1.50
5	1.25
6	1.00
7	0.75
8	0.50
9	0.25
Below 9	0.00

As at closing date, none of the senior managers at CECONOMY AG qualified for payments from MCC LTI or Real LTI.

### Sustainable Performance Plan (2013/14)

After the last tranche of the Performance Share Plan was paid in the short financial year 2013, the first tranche of the Sustainable Performance Plan (hereinafter: SPP) was issued in financial year 2013/14.

A target value in euros was set for the eligible managers. This depends for 75 per cent on the TSR component and for 25 per cent on the sustainability component.

The calculation of the TSR component follows the method described for the SPP Version 2014; however, the factor for the TSR component is a maximum of 3.0 (cap). Furthermore, the following additional condition applies assuming the TSR factor is positive: a payment of 75 per cent of the target amount multiplied by the TSR factor will be made, only if the calculated final price of the former METRO share does not fall below the initial share price. Should this condition not be met, the calculated amount will not initially be paid. In this case, an entitlement to payment will exist only if the Xetra closing price of the former METRO ordinary



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share is higher than or equal to the initial share price for 40 consecutive trading days within a three-year period from the end of the performance period. Should this condition not be met within the three years after the performance period ends, no payment will be made of the TSR component of the tranche.

Similarly, the method described for the SPP Version 2014 also applies to the calculation of the factor for the sustainability component, with the factor for the sustainability component depending on the average ranking during the performance period.

The following additional condition will also apply: A payment of 25 per cent of the target amount multiplied by the sustainability factor will be made only if the ranking of the former METRO AG does not fall by more than two places below the last published ranking before the issuance of the tranche in any year of the performance period. Otherwise, the factor for the sustainability component will be zero. The payment cap for the sustainability component amounts to three times the target amount.

The sustainability component was paid as normal to those eligible under the plan conditions following the end of the performance period on 3 April 2017. As the additional payout condition for the TSR components was not achieved, this part was not yet due for payment. Due to the demerger on 12 July 2017, however, no final measurement of achievement of the TSR components based on the defined criteria was now possible. An external assessor applied a recognised financial process to calculate the cash value of the TSR components on the date of the demerger, and it was paid out to those eligible on this basis.

In financial year 2016/17, none of the CECONOMY AG management team was eligible for payments under the SPP.

#### Performance Share Plan (2009–2013)

In 2009, the former METRO AG introduced a Performance Share Plan for a period of five years for which the last tranche was issued in the short financial year 2013. Under this scheme, eligible managers were given an individual target amount for the Performance Share Plan (target value) reflecting the significance of their responsibilities. The target number of

performance shares was calculated by dividing this target value by the share price upon grant, based on the average price of the METRO share during the three months up to the granting date. The key metric in this calculation was the three-month average price of the former METRO share before the grant date. A performance share entitles its holder to a cash payment in euros equivalent to the price of the former METRO share on the payment date. The key metric in this calculation is also the three-month average price of the former METRO share before the payment date.

Based on the relative performance of the former METRO share compared with the median of the DAX 30 and Euro Stoxx Retail indices – total return – the final number of performance payable shares is determined after the end of a performance period of at least three and at most 4.25 years. It corresponds to the target number of shares when an equal performance with these stock indices is achieved. Up to an outperformance of 60 per cent, the number increases linearly to a maximum of 200 per cent of the target amount. Up to an underperformance of 30 per cent, this is accordingly reduced to a minimum of 50 per cent. In the case of an underperformance of more than 30 per cent, the number is reduced to zero.

Payment can be made at six possible times, which are set in advance. The earliest payment date is three years after granting of the performance shares. From this time, payment can be made every three months. The eligible managers can choose the date upon which they wish to exercise performance shares. Distribution over several payment dates is not permitted. The payment cap amounts to five times the target value.

METRO GROUP introduced Share Ownership Guidelines along with its Performance Share Plan: as a prerequisite for payments of performance shares, eligible executives are obliged to undertake continuous self-financed investment in the former METRO shares up to the end of the three-year vesting period. This ensures that, as shareholders, they will directly participate in share price gains as well as potential losses of the former METRO share. The required investment volume generally amounts to approximately 50 per cent of the individual target value.



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The exercise period for the 2013 tranche ended in July 2017. None of the senior managers at CECONOMY AG were entitled to payments from the Performance Share Plan in financial year 2016/17. The Performance Share Plan duly ended on 1 July 2017 and there are no further claims under the plan.

**51. MANAGEMENT BOARD AND SUPERVISORY BOARD**

**Compensation of members of the Management Board in financial year 2016/17**

Remuneration of the active members of the Management Board essentially consists of a fixed salary, short-term performance-based remuneration (short-term incentive and special bonuses), and the share-based payments (long-term incentive) granted in financial year 2016/17.

The short-term incentive for members of the Management Board essentially depends on the development of the key performance metrics EBIT and like-for-like sales growth and also considers the attainment of individually set targets.

The remuneration of the active Management Board members in financial year 2016/17 amounted to €10.1 million (2015/16: €19.8 million). Of this, €4.4 million (2015/16: €4.6 million) is basic salaries, €3.4 million (2015/16: €4.7 million) relates to short-term performance-based remuneration, €2.2 million (2015/16: €10.1 million) depends on performance with long-term incentives, and €0.1 million (2015/16: €0.3 million) is other emoluments.

Performance-based remuneration with a long-term incentive effect granted in financial year 2016/17 (Performance Share Plan) is shown at fair value as of the date granted. In financial year 2016/17, value changes resulted from the current tranches of performance-based payment programmes with a long-term incentive effect. The Company's expenses amounted to €1.8 million for Mr Frese, €1.8 million for Mr Haas, €0.1 million for Dr Haag Molkenteller, €2.1 million for Mr Koch, €0.3 million for Mr Boone and €1.5 million for Mr Hutmacher.

The target amount of the 2016/17 instalment for the members of the Management Board totals €2.9 million.

In addition, the members of the Management Board have been granted a company pension scheme in the form of a direct commitment with a defined contribution and a defined benefit component.

The contribution-based component is financed jointly by the Management Board and the Company. If the member of the Management Board contributes 7 per cent of his or her defined assessment base, the Company adds a double contribution.

Other remuneration consists of non-cash benefits.

**Total compensation of former members of the Management Board**

In financial year 2016/17 former members of the Management Boards of CECONOMY AG (former METRO AG) and the companies that were merged into CECONOMY AG (former METRO AG), as well as their surviving dependants, received €3.4 million (2015/16: €3.4 million). The present value of provisions for current pensions and future pension entitlements under IFRS amounts to €47.6 million (30/09/2016: €53.2 million). The present value of provisions for current pensions and future pension entitlements under the German Commercial Code (HGB) amounts to €38.8 million (30/09/2016: €40.4 million).

➤ The information released under Section 314 (1) No. 6 a indents 5 to 8 of the German Commercial Code (HGB) can be found in the combined management and remunerations report.



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**Compensation of members of the Supervisory Board**

The total remuneration of all members of the Supervisory Board in financial year 2016/17 amounted to €2.3 million (2015/16: €2 million).

➤ For more information about the remuneration of the members of the Supervisory Board, see the combined management and remunerations report.

**52. FEES FOR THE AUDITORS OF THE CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR UNDER SECTION 314 (1) NO.9 HGB**

The following fees related to the services rendered by the auditor KPMG AG Wirtschaftsprüfungsgesellschaft were calculated.

€ million	2016/17
<b>Audit</b>	<b>7</b>
from discontinued operations	(1)
<b>Other assurance and audit-related services</b>	<b>4</b>
from discontinued operations	(3)
<b>Tax consultation services</b>	<b>1</b>
from discontinued operations	(0)
<b>Other services</b>	<b>1</b>
from discontinued operations	(1)
<b>Auditor's fees</b>	<b>14</b>
<b>from discontinued operations</b>	<b>(5)</b>

Only services that are compatible with the task of the auditor of the annual financial statements and consolidated financial statements of CECONOMY AG were provided.

The fee for services related to the annual financial reports from KPMG AG Wirtschaftsprüfungsgesellschaft covers the audit of the consolidated financial accounts and the annual financial statements, as well as various annual audits and the audit of IFRS Reporting Packages for the inclusion of the subsidiaries in the CECONOMY consolidated financial statements, including statutory extensions of scope. Audit-related analytical reviews of interim reports, performance in relation to enforcement procedures and project-related IT audits are also carried out.

Other confirmation services includes as part of the services related to the demerger of CECONOMY (issuing a comfort letter, audit and analytical review of the combined financial reports of the MWFS Group and CECONOMY, initial audit, post-creation audit, audit of contributions in kind and certifications of values). In addition, the other confirmation services include audit activities (for example, sales-based rental agreements, compliance certificates, comfort letter), as well as the audit of selected operational processes under ISAE 3000.

Tax consultancy services relate to support services in the preparation of tax returns and VAT registration applications, consultancy services in connection with the settlement processes for the transfer pricing system, value added tax, and services in connection with international employee secondments. They also include consultancy services relating to corporate transactions and restructuring, which were restricted to the analysis of the facts and description of the available options.

Other services relate to fees for project management support in the context of the demerger as well as in the context of other change management processes (but without management function). In addition, it includes financial due diligences, support in the area of sustainability, and quality assurance activities for planning processes.

**53. DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE**

During financial year 2016/17 the Management and Supervisory Boards of CECONOMY AG have addressed in depth the corporate governance of CECONOMY AG, and in September 2017, issued their statement of compliance, as required by Section 161 (1) AktG, with the recommendations of the Government Commission for a German Corporate Governance Code. This statement has been made permanently publicly available on the website [www.ceconomy.de](http://www.ceconomy.de) under the heading of Company – Corporate Governance.

➤ The declaration is published in full in the corporate governance report for 2016/17.



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**54. ELECTION TO BE EXEMPT FROM SECTION 264 (3) AND SECTION 264 B OF THE GERMAN COMMERCIAL CODE**

The following domestic subsidiaries in the legal form of stock corporations or commercial partnerships will use the exemption provisions un-

der Section 264 (3) and Section 264b of the German Commercial Code, and will thus refrain from preparing their annual financial statements for 2016/17 as well as mostly from preparing their notes and management report (in accordance with the German Commercial Code).

**Operating companies and service entities**

CECONOMY Data GmbH	Düsseldorf
CECONOMY Digital GmbH	Düsseldorf
CECONOMY Dreizehnte Gesellschaft für Vermögensverwaltung mbH	Ingolstadt
CECONOMY Invest GmbH	Düsseldorf
CECONOMY Retail GmbH	Düsseldorf
CECONOMY Retail International GmbH	Düsseldorf
MWFS Zwischenholding GmbH & Co. KG	Düsseldorf
METRO PROPERTIES Management GmbH	Düsseldorf



## 55. OVERVIEW OF THE MAJOR FULLY CONSOLIDATED GROUP COMPANIES

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	Name	Country	Head office	30/09/2016 Share in %	30/09/2017 Share in %
	CECONOMY AG	Germany	Düsseldorf		
143	Segment reporting				
	Media-Saturn-Holding GmbH	Germany	Ingolstadt	78.4	78.4
144	Notes on the Group accounting principles and methods				
	Media-Saturn Deutschland GmbH	Germany	Ingolstadt	100.0	100.0
	Media-Saturn Helvetia Holding GmbH <sup>1</sup>	Germany	Ingolstadt	100.0	100.0
	Redcoon GmbH	Germany	Aschaffenburg	100.0	100.0
172	Capital management				
	Media - Saturn Beteiligungsges.m.b.H.	Austria	Vösendorf	100.0	100.0
172	Notes on company mergers				
	Media Markt Saturn Holding Magyarország Kft.	Hungary	Budapest	100.0	100.0
	Media Markt Saturn Holding Nederland B.V.	Netherlands	Rotterdam	100.0	100.0
173	Notes on the Statement of profit or loss				
	MEDIA MARKT SATURN, S.A. UNIPERSONAL	Spain	El Prat de Llobregat	100.0	100.0
	MEDIA MARKT TURKEY TICARET LIMITED SIRKETI	Turkey	Istanbul	100.0	100.0
183	Notes on the Statement of financial position				
	MEDIA MARKT-SATURN BELGIUM NV	Belgium	Asse-Zellik	100.0	100.0
	Media Saturn Electronics Hellas Commercial and Holding Anonymi Eteria	Greece	Maroussi	100.0	100.0
	Media Saturn Holding Polska Sp. z o.o.	Poland	Warsaw	100.0	100.0
<b>227</b>	<b>Other notes</b>				
249	Boards of CECONOMY AG and their mandates				
	Mediamarket S.p.A.con Socio Unico	Italy	Curno	100.0	100.0
	MEDIA-SATURN (PORTUGAL), SGPS, UNIPESSOAL LDA	Portugal	Lisbon	100.0	100.0
	Media-Saturn Holding Sweden AB	Sweden	Stockholm	100.0	100.0
285	Responsibility statement of the legal representatives				
	Saturn Luxembourg S.A.	Luxembourg	Luxembourg	100.0	100.0
	OOO Media-Saturn-Russland	Russia	Moscow	100.0	100.0
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<sup>1</sup>Holding company for the Swiss MediaMarkt companies





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## 56. Boards of CECONOMY AG and their mandates

### Members of the Supervisory Board<sup>1</sup>

#### Jürgen Fitschen (Chair from 25 July 2017)

Senior Advisor Deutsche Bank AG

- a) None
- b) Kühne + Nagel International AG, Schindellegi, Switzerland  
Kommanditgesellschaft CURA Vermögensverwaltung GmbH & Co. KG, Hamburg (from 16 November 2016)

#### Jürgen Schulz (Vice-Chair from 25 July 2017)

Head of Service, Saturn Bielefeld

Chair of the Works Council, Saturn Bielefeld

- a) None
- b) None

#### Jürgen B. Steinemann (Chair from 12 July 2017)

Chair of the Supervisory Board of METRO AG

- a) Big Dutchman AG, Vechta-Calveslage  
Ewald Dörken AG, Herdecke (until 6 August 2017)
- b) Barry Callebaut AG, Zurich, Switzerland  
Bankiva B.V. (Plukon Food Group), Haren, Netherlands (from 16 February 2017)  
Lonza Group AG, Basel, Switzerland

#### Werner Klockhaus (Vice-Chair until 12 July 2017)

Chair of the Group Works Council of METRO AG

Chair of the General Works Council of real, – SB-Warenhaus GmbH

- a) real,- SB-Warenhaus GmbH, Mönchengladbach  
Hamburger Pensionskasse von 1905 Versicherungsverein auf Gegenseitigkeit
- b) None

**Prof Dr oec and Dr iur Ann-Kristin Achleitner** (until 6 February 2017)  
Holder of the Professorship for Entrepreneurial Finance and Scientific Co-Director of the Center for Entrepreneurial and Financial Studies (CEFS) at the Munich University of Technology

- a) Deutsche Börse AG, Frankfurt am Main (from 11 May 2016)  
Linde AG, Munich  
Münchener Rückversicherungs-Gesellschaft AG, Munich
- b) Engie SA, Paris, France

#### Gwyn Burr (until 12 July 2017)

Member of the Board of Directors of Hammerson plc, London, UK

- a) None
- b) DFS Furniture plc, Doncaster, South Yorkshire, UK  
Hammerson plc, London, UK  
Just Eat plc, London, UK  
Sainsbury's Bank plc, London, UK

#### Karin Dohm

Global Head of Government & Regulatory Affairs and Group Structuring  
Deutsche Bank AG

- a) Deutsche EuroShop AG, Hamburg  
DB Europe GmbH, Frankfurt am Main
- b) Deutsche Bank Luxembourg S.A., Luxembourg

#### Ulrich Dalibor

Self-employed, employee representative

- a) Maxingvest AG, Hamburg
- b) None

<sup>1</sup>Status of the mandates: 29 November 2017

a) Membership of other statutory supervisory boards as defined in Section 125 (1) sentence 5, 1st alternative AktG  
b) Member of comparable German and international supervisory boards of business enterprises in accordance with Section 125 (1) sentence 5, 2nd alternative AktG



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**Thomas Dommel** (until 12 July 2017)

Chair of the combined Works Council of METRO LOGISTICS Germany GmbH

- a) METRO LOGISTICS Germany GmbH, Kirchheim an der Weinstrasse
- b) None

**Dr Bernhard Düttmann** (from 12 July 2017)

Self-employed Business Consultant

- a) Alstria Office Reit AG, Düsseldorf
- b) None

**Daniela Eckardt** (from 13 July 2017)

Employee Cash desk/Information, Saturn Alexanderplatz Berlin  
Vice-Chair of the Works Council at Saturn Alexanderplatz Berlin

- a) None
- b) None

**Stefanie Friedrich** (from 13 July 2017)

Employee Cash desk/Information, MediaMarkt Trier  
Chair of the Works Council MediaMarkt Trier

- a) None
- b) None

**Dr Florian Funck**

Member of the Management Board of Franz Haniel & Cie. GmbH

- a) METRO AG, Düsseldorf  
TAKKT AG, Stuttgart  
Vonovia SE, Bochum
- b) None

**Andreas Herwarth** (until 12 July 2017)

Vice-Chair of the Works Council of METRO AG

- a) None
- b) None

**Ludwig Glosser** (from 13 July 2017)

Service Manager and Lead Problem Manager Process Management, Media-Saturn IT Services GmbH

Chair of the Works Council at Media-Saturn IT Services GmbH  
Member of Euroforum and member of the Euroforum Steering Board

- a) None
- b) None

**Julia Goldin** (from 12 July 2017)

Executive Vice President & Chief Marketing Officer, Lego Group

- a) None
- b) None

**Jo Harlow** (from 12 July 2017)

Self-employed businesswoman

- a) None
- b) Intercontinental Hotels Group plc, Denham, UK  
Halma plc, Amersham, UK  
J Sainsbury's plc, London, UK

**Peter Küpfer**

Self-employed business consultant

- a) METRO AG, Düsseldorf
- b) AHRB AG, Zurich, Switzerland  
ARH Resort Holding AG, Zurich, Switzerland  
Breda Consulting AG, Zurich, Switzerland  
Cambiata Ltd, Road Town (Tortola), British Virgin Islands  
Cambiata Schweiz AG, Zurich, Switzerland  
Gebr. Schmidt GmbH & Co. KG, Essen  
Lake Zurich Fund Exempt Company, George Town (Grand Cayman), Cayman Islands  
Supra Holding AG, Zug, Switzerland  
Travel Charme Hotel & Resorts Holdings AG, Zurich, Switzerland

**Rainer Kuschewski**

Self-employed, employee representative

- a) None
- b) None



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### **Susanne Meister** (until 12 July 2017)

Member of the General Works Council of real,- SB-Warenhaus GmbH

- a) None
- b) None

### **Dr Angela Pilkman** (until 12 July 2017)

Head of Department Food real,- SB-Warenhaus GmbH

- a) None
- b) None

### **Birgit Popp** (from 13 July 2017)

Head of Department HR, Personnel and Organisational Growth & Change Media-Saturn Deutschland GmbH

- a) None
- b) None

### **Mattheus P.M. (Theo) de Raad** (until 12 July 2017)

Member of Supervisory Board at HAL Holding N.V.

- a) None
- b) HAL Holding N.V., Willemstad, Curacao, Dutch Antilles

### **Dr Fredy Raas**

Managing Director of Beisheim Holding GmbH, Baar, Switzerland, and Beisheim Group GmbH & Co. KG

- a) METRO AG, Düsseldorf
- b) Arisco Holding AG, Baar, Switzerland  
Montana Capital Partners AG, Baar, Switzerland

### **Xaver Schiller** (until 12 July 2017)

Chair of the combined Works Council of METRO Cash & Carry Deutschland GmbH  
Chair of the Works Council of METRO Cash & Carry Large markets, Munich-Brunthal

- a) METRO Grosshandels-gesellschaft mbH, Düsseldorf
- b) None

### **Dr. jur. Hans-Jürgen Schinzler**

Honorary Chair of the Supervisory Board of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in Munich

- a) None
- b) None

### **Regine Stachelhaus** (from 6 February 2017)

Self-employed businesswoman

- a) Covestro AG, Leverkusen  
Covestro Deutschland AG, Leverkusen  
Spie GmbH, Ratingen  
Spie SAG GmbH, Essen
- b) ComputaCenter plc, Hatfield, UK  
Spie SA, Cergy-Pontoise, France

### **Vinko Vrabec** (from 13 July 2017)

Head of Department Recording media/Software, MediaMarkt Rosenheim  
Member of the Works Council, MediaMarkt Rosenheim

- a) None
- b) None

### **Angelika Will**

Self-employed, employee representative  
Honorary judge, Federal Labour Court, Erfurt  
Secretary of the Regional Association Board North Rhine-Westphalia of DHV – Die Berufsgewerkschaft e. V. (federal expert group on retail trade)

- a) None
- b) None

### **Sylvia Woelke** (from 13 July 2017)

Manager Corporate Risk Management & Internal Controls, Media-Saturn-Holding GmbH  
Chairperson of the Works Council of Media-Saturn-Holding GmbH

- a) None
- b) None



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## Supervisory Board committees and their members

### SUPERVISORY BOARD PRESIDENTIAL COMMITTEE (FROM 25 JULY 2017)

Jürgen Fitschen (Chair from 25 July 2017)  
Jürgen Schulz (Vice-Chair from 25 July 2017)  
Regine Stachelhaus (from 25 July 2017)  
Vinko Vrabec (from 25 July 2017)

### SUPERVISORY BOARD PRESIDENTIAL COMMITTEE (UNTIL 25 JULY 2017)

Jürgen B. Steinemann (Chair until 12 July 2017)  
Werner Klockhaus (Vice-Chair until 12 July 2017)  
Jürgen Fitschen (until 25 July 2017)  
Xaver Schiller (until 12 July 2017)

### PERSONNEL COMMITTEE (UNTIL 25 JULY 2017)

Jürgen B. Steinemann (Chair until 12 July 2017)  
Werner Klockhaus (Vice-Chair until 12 July 2017)  
Jürgen Fitschen (until 25 July 2017)  
Xaver Schiller (until 12 July 2017)

### AUDIT COMMITTEE (FROM 25 JULY 2017)

Dr. jur. Hans-Jürgen Schinzler (Chair from 25 July 2017)  
Jürgen Schulz (Vice-Chair from 25 July 2017)  
Ulrich Dalibor (from 25 July 2017)  
Karin Dohm (from 25 July 2017)  
Dr Florian Funck (from 25 July 2017)  
Peter Küpfer (from 25 July 2017)  
Rainer Kuschewski (from 25 July 2017)  
Sylvia Woelke (from 25 July 2017)

### ACCOUNTS AND AUDIT COMMITTEE (UNTIL 25 JULY 2017)

Dr jur. Hans-Jürgen Schinzler (Chair until 25 July 2017)  
Werner Klockhaus (Vice-Chair until 12 July 2017)  
Dr Florian Funck (until 25 July 2017)  
Andreas Herwarth (until 12 July 2017)  
Rainer Kuschewski (until 25 July 2017)

Dr Fredy Raas (until 25 July 2017)

### NOMINATION COMMITTEE (FROM 25 JULY 2017)

Jürgen Fitschen (Chair from 25 July 2017)  
Dr Bernhard Düttmann (from 25 July 2017)  
Dr jur. Hans-Jürgen Schinzler (from 25 July 2017)  
Regine Stachelhaus (from 25 July 2017)

### NOMINATION COMMITTEE (UNTIL 25 JULY 2017)

Jürgen B. Steinemann (Chair until 12 July 2017)  
Jürgen Fitschen (until 25 July 2017)  
Dr jur. Hans-Jürgen Schinzler (until 25 July 2017)

### MEDIATION COMMITTEE PURSUANT TO SECTION 27 (3) GERMAN CO DETERMINATION ACT (MITBESTG) (FROM 25 JULY 2017)

Jürgen Fitschen (Chair from 25 July 2017)  
Jürgen Schulz (Vice-Chair from 25 July 2017)  
Dr Bernhard Düttmann (from 25 July 2017)  
Ludwig Glosser (from 25 July 2017)

### MEDIATION COMMITTEE PURSUANT TO SECTION 27 (3) GERMAN CO DETERMINATION ACT (MITBESTG) (UNTIL 25 JULY 2017)

Jürgen B. Steinemann (Chair until 12 July 2017)  
Werner Klockhaus (Vice-Chair until 12 July 2017)  
Xaver Schiller (until 12 July 2017)  
Dr jur. Hans-Jürgen Schinzler (until 25 July 2017)



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## Members of the Management Board<sup>1,2</sup>

**Pieter Haas** (Chair of Management Board, Chief Executive Officer and Labour Director from 13 July 2017)

Line management responsibility especially for Media-Saturn, Strategy, Business Development, Portfolio Management, Value Creation Planning, Communications, Public Policy, Human Resources, Sustainability, Innovation, Digital, Audit and Retail Media Group

Chair of the Management Board of Media-Saturn-Holding GmbH

- a) None
- b) Tertia Handelsbeteiligungsgesellschaft mbH, Cologne  
Silver Ocean B.V., Amsterdam, Netherlands

**Mark Frese** (Member and Chief Financial Officer)

Line management responsibility especially for Accounting, Reporting, Treasury, Investor Relations, M&A, Pensions, Organisational & IT Support, Tax and Supply Chain

- a) METRO Re AG, Düsseldorf (previously METRO Reinsurance N.V.)
- b) Media-Saturn-Holding GmbH, Ingolstadt – Chair of the Advisory Board  
Allistro Capital Gesellschaft für Beteiligungsberatung mbH, Frankfurt am Main – Member of the Expert Advisory Board

**Dr Dieter Haag Molkenteller** (Member and Chief Legal and Compliance Officer from 13 July 2017)

Line management responsibility, in particular for Corporate Law, Corporate Office, Competition & Antitrust, Data Protection, Compliance and Risk Management, including the GRC Committee

- a) None
- b) Media-Saturn-Holding GmbH, Ingolstadt – Member of the Advisory Board

**Olaf Koch** (Chair of Management Board and Chief Executive Officer until 12 July 2017)

Line management responsibility for Corporate Communications, Group Strategy, Corporate M&A, Corporate Legal Affairs & Compliance, Corporate Office, Corporate Public Policy, HoReCa Digital and Business Innovation and Real

- a) real,- SB-Warenhaus GmbH, Mönchengladbach – Chair
- b) HoReCa Digital GmbH, Düsseldorf – Chair of Advisory Board  
Media-Saturn-Holding GmbH, Ingolstadt – Chair of the Advisory Board until 16 October 2016

**Pieter C. Boone** (Member until 12 July 2017)

Line management responsibility for METRO Cash & Carry

- a) None
- b) None

**Heiko Hutmacher** (Member and Staff Director until 12 July 2017)

Departmental responsibility for Human Resources (HR Campus, Corporate House of Learning, Corporate Performance & Rewards, Executive Resources, Group Labour Relations & Labour Law, HR Operations, HR Processes, Analytics & Projects, Talent Management, Leadership & Change), Corporate IT Management, Group Internal Audit, Sustainability & Regulatory Affairs, METRO SYSTEMS, MGT METRO GROUP Travel Services

- a) METRO Grosshandels-gesellschaft mbH, Düsseldorf  
METRO SYSTEMS GmbH, Düsseldorf  
real,- SB-Warenhaus GmbH, Mönchengladbach
- b) None

<sup>1</sup> Status of departmental responsibilities as of end of financial year (30 September 2017)

<sup>2</sup> Status of the mandates: 29 November 2017

a) Membership of other statutory supervisory boards as defined in Section 125 (1) sentence 5, 1st alternative AktG

b) Member of comparable German and international supervisory boards of business enterprises within the meaning of Section 125 (1) sentence 5, 2nd alternative AktG



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57. SHAREHOLDINGS OF CECONOMY AG AS OF 30 SEPTEMBER 2017 AS PER SECTION 313 HGB

Consolidated subsidiaries

Company name	Head office	Country	% capital share
24-7 Entertainment GmbH	Berlin	Germany	100.00
Accelerate Commerce GmbH	Munich	Germany	100.00
biwigo GmbH	Munich	Germany	100.00
CECONOMY Data GmbH	Düsseldorf	Germany	100.00
CECONOMY Digital GmbH	Düsseldorf	Germany	100.00
CECONOMY Dreizehnte Gesellschaft für Vermögensverwaltungs mbH	Düsseldorf	Germany	100.00
CECONOMY Invest GmbH	Düsseldorf	Germany	100.00
CECONOMY Retail GmbH	Düsseldorf	Germany	100.00
CECONOMY Retail International GmbH	Düsseldorf	Germany	100.00
Electronic Online Services GmbH	Munich	Germany	100.00
Electronic Online Services Invest GmbH	Munich	Germany	100.00
Electronic Repair Logistics B.V.	Goes	Netherlands	51.00
Electronics Online Concepts GmbH	Munich	Germany	100.00
Hansa Foto-Handelsgesellschaft mit beschränkter Haftung	Cologne	Germany	100.00
iBOOD GmbH	Berlin	Germany	100.00
IBOOD Sp. z o. o.	Poznan	Poland	100.00
Imtron Asia Hong Kong Limited	Hong Kong	China	100.00
Imtron GmbH	Ingolstadt	Germany	100.00
Jetsam Service Management GmbH	Wolnzach	Germany	65.00
Juke Entertainment GmbH	Ingolstadt	Germany	100.00
Media - Saturn Beteiligungsges.m.b.H.	Vösendorf	Austria	100.00
MEDIA MARKT – BUDAÖRS Video TV Hifi Elektro Fotó Computer Kereskedelmi Kft.	Budaörs	Hungary	90.00
Media Markt 14 – Produtos Electronicos Lda	Lisbon	Portugal	100.00
MEDIA MARKT 3 DE MAYO SANTA CRUZ DE TENERIFE S.A.	Tenerife	Spain	99.90
MEDIA MARKT A CORUÑA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, SA	La Coruña	Spain	99.90
Media Markt Aigle SA	Aigle	Switzerland	90.00
MEDIA MARKT ALACANT VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Alicante	Spain	99.90
MEDIA MARKT ALBACETE VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Albacete	Spain	99.90
MEDIA MARKT ALCALÁ DE GUADAÍRA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Alcalá de Guadaíra	Spain	99.90



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Consolidated subsidiaries

Company name	Head office	Country	% capital share
MEDIA MARKT ALCALÁ DE HENARES VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Alcalá de Henares	Spain	99.90
MEDIA MARKT ALCORCÓN VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Alcorcón	Spain	99.90
Media Markt Alexandrium B.V.	Rotterdam	Netherlands	95.24
MEDIA MARKT ALFAFAR VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Alfafar	Spain	99.90
MEDIA MARKT ALFRAGIDE - PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisbon	Portugal	100.00
Media Markt Alkmaar B.V.	Alkmaar	Netherlands	95.24
Media Markt Almere B.V.	Almere	Netherlands	95.24
MEDIA MARKT ALMERIA S.A (Unipersonal)	El Prat del Llobregat Barcelona	Spain	100.00
Media Markt Alphen aan den Rijn B.V.	Alphen aan den Rijn	Netherlands	95.24
Media Markt Amersfoort B.V.	Amersfoort	Netherlands	95.24
Media Markt Amsterdam Centrum B.V.	Amsterdam	Netherlands	100.00
Media Markt Amsterdam Noord B.V.	Amsterdam	Netherlands	100.00
Media Markt Amsterdam West B.V.	Amsterdam	Netherlands	95.24
Media Markt Amstetten TV-Hifi-Elektro GmbH	Amstetten	Austria	90.00
Media Markt Apeldoorn B.V.	Apeldoorn	Netherlands	95.24
Media Markt Arena B.V.	Amsterdam	Netherlands	95.24
MEDIA MARKT ARENA Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Budapest	Hungary	100.00
MEDIA MARKT Árkád Video TV Hifi Elektro Foto Computer Kereskedelmi Kft.	Budapest	Hungary	100.00
Media Markt Arnhem B.V.	Arnhem	Netherlands	100.00
Media Markt Assen B.V.	Assen	Netherlands	100.00
MEDIA MARKT AVEIRO - PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	CRC Lisbon	Portugal	90.00
MEDIA MARKT BADAJOZ S.A.	Badajoz	Spain	99.90
MEDIA MARKT BARAKALDO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	San Vicente de Barakaldo	Spain	99.90
MEDIA MARKT BARCELONA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Barcelona	Spain	99.90
Media Markt Basel AG	Basle	Switzerland	91.00
MEDIA MARKT Basilix NV	Sint-Agatha-Berchem	Belgium	100.00
Media Markt Békéscsaba Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Békéscsaba	Hungary	90.00
MEDIA MARKT BENFICA-PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisbon	Portugal	100.00
Media Markt Bergen op Zoom B.V.	Bergen op Zoom	Netherlands	95.24
Media Markt Biel-Brügg AG	Brügg bei Biel	Switzerland	90.00



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Consolidated subsidiaries

Company name	Head office	Country	% capital share
MEDIA MARKT Bilbondo Video-TV-Hifi-Elektro-Computer-Foto, SA	Biscay	Spain	99.90
Media Markt Borås TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Borlänge TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
MEDIA MARKT BRAGA – PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	CRC Lisbon	Portugal	100.00
MEDIA MARKT Braine-l'Alleud SA	Braine-l'Alleud	Belgium	100.00
Media Markt Breda B.V.	Breda	Netherlands	97.62
Media Markt Brugge NV	Bruges	Belgium	90.00
Media Markt Brussel Docks NV	Brussels	Belgium	100.00
Media Markt Bruxelles Rue Neuve Media Markt Brussel Nieuwstraat SA	Brussels	Belgium	90.00
Media Markt Bürs TV-Hifi-Elektro GmbH	Bürs	Austria	90.00
MEDIA MARKT CARTAGENA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Cartagena	Spain	99.90
MEDIA MARKT CASTELLÓ DE LA Plana VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Castellón de la Plana	Spain	99.90
Media Markt CCCI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCVI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCVIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXIX TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXVI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXVII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXVIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXX TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXXI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXXII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXXIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXXIV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
MEDIA MARKT CCLXIV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00





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Company name	Head office	Country	% capital share
Media Markt CCLXV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCLXXV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCLXXXIX TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCLXXXV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCXCII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCXCIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCXCIX TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCXCVI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
MEDIA MARKT CCXLIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
MEDIA MARKT CCXLIV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
MEDIA MARKT Century Center NV	Antwerp	Belgium	90.00
Media Markt Chur AG	Chur	Switzerland	90.00
Media Markt CLXXIX TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
MEDIA MARKT COLLADO VILLALBA, S.A.	Collado Villalba	Spain	99.90
Media Markt Conthey SA	Conthey	Switzerland	90.00
MEDIA MARKT CORDOBA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Cordoba	Spain	99.90
MEDIA MARKT CORDOVILLA-PAMPLONA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Pamplona	Spain	99.90
Media Markt Crissier SA	Crissier	Switzerland	90.00
Media Markt Cruquius B.V.	Cruquius	Netherlands	95.24
MEDIA MARKT Debrecen Video-TV-Hifi-Elektro-Photo-Computer-Kereskedelmi Kft.	Debrecen	Hungary	90.00
Media Markt Den Bosch B.V.	Den Bosch	Netherlands	95.24
Media Markt Den Haag B.V.	The Hague	Netherlands	97.62
MEDIA MARKT Deurne NV	Antwerp	Belgium	100.00
Media Markt Deventer B.V.	Deventer	Netherlands	100.00
MEDIA MARKT DIAGONAL MAR-BARCELONA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Barcelona	Spain	99.90
MEDIA MARKT DIGITAL STORE S.A.U.	El Prat de Llobregat	Spain	100.00
Media Markt Doetinchem B.V.	Doetinchem	Netherlands	95.24
MEDIA MARKT DONOSTI VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Donosti	Spain	99.90
Media Markt Dordrecht B.V.	Dordrecht	Netherlands	100.00
Media Markt Drachten B.V.	Drachten	Netherlands	100.00
Media Markt Duiven B.V.	Duiven	Netherlands	95.24



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Company name	Head office	Country	% capital share
MEDIA MARKT DUNA Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Budapest	Hungary	100.00
Media Markt E298, S.A.U.	El Prat de Llobregat	Spain	100.00
Media Markt E299, S.A.U.	El Prat de Llobregat	Spain	100.00
Media Markt E300, S.A.U.	El Prat de Llobregat	Spain	100.00
Media Markt E301, S.A.U.	El Prat de Llobregat	Spain	100.00
Media Markt E650, S.A.U.	El Prat de Llobregat	Spain	100.00
Media Markt E-Business GmbH	Ingolstadt	Germany	100.00
Media Markt E-Commerce AG	Dietikon	Switzerland	90.00
Media Markt Ede B.V.	Ede (Gld)	Netherlands	95.24
Media Markt Eindhoven Centrum B.V.	Eindhoven	Netherlands	95.24
Media Markt Eindhoven Ekkersrijt B.V.	Son en Breugel	Netherlands	95.24
MEDIA MARKT EL PRAT VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	El Prat de Llobregat Barcelona	Spain	99.90
MEDIA MARKT ELCHE VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Elche	Spain	99.90
Media Markt Emmen B.V.	Emmen	Netherlands	95.24
Media Markt Enschede B.V.	Enschede	Netherlands	100.00
Media Markt Eskilstuna TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Feldkirch TV-Hifi-Elektro GmbH	Feldkirch	Austria	90.00
MEDIA MARKT FERROL, S.A.	Ferrol	Spain	99.90
MEDIA MARKT FINESTRAT S.A.	Finestrat	Spain	99.90
MEDIA MARKT GAIA - PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	CRC Lisbon	Portugal	90.00
MEDIA MARKT GANDIA S.A.	Gandia	Spain	99.90
MEDIA MARKT GAVÀ VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Gavà	Spain	99.90
Media Markt Gävle TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Genève SA	Geneva	Switzerland	90.00
MEDIA MARKT GETAFE VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Getafe	Spain	99.90
MEDIA MARKT GIRONA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Girona	Spain	99.90
Media Markt GmbH TV-HiFi-Elektro	Munich	Germany	90.00
MEDIA MARKT Gosselies/Charleroi SA	Gosselies	Belgium	90.00
Media Markt Göteborg-Bäckebo TV-Hifi-Elektro AB	Stockholm	Sweden	90.01
Media Markt Göteborg-Högsbo TV-HiFi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Göteborg-Torpavallen TV-Hifi-Elektro AB	Stockholm	Sweden	100.00



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MEDIA MARKT GRANADA – NEVADA, S.A.U.	El Prat de Llobregat	Spain	100.00
MEDIA MARKT GRANADA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Pulianas (Granada)	Spain	99.90
Media Markt Grancia SA	Grancia	Switzerland	90.00
Media Markt Granges-Paccot AG	Granges-Paccot	Switzerland	90.00
Media Markt Graz-Liebenau TV-Hifi-Elektro GmbH	Graz	Austria	90.00
Media Markt Groningen Centrum B.V.	Groningen	Netherlands	100.00
Media Markt Groningen Sontplein B.V.	Groningen	Netherlands	95.24
MEDIA MARKT Győr Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Győr (H)	Hungary	100.00
Media Markt Heerhugowaard B.V.	Heerhugowaard	Netherlands	95.24
Media Markt Heerlen B.V.	Heerlen	Netherlands	95.24
Media Markt Helsingborg TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Hengelo B.V.	Hengelo Ov	Netherlands	95.24
MEDIA MARKT Herstal SA	Herstal	Belgium	90.00
Media Markt Hoofddorp B.V.	Hoofddorp	Netherlands	100.00
Media Markt Hoorn B.V.	Hoorn	Netherlands	95.24
MEDIA MARKT HUELVA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, SA	Huelva	Spain	99.90
MEDIA MARKT IBERIAN SERVICES, S.A.U.	El Prat de Llobregat	Spain	100.00
Media Markt Imst TV-Hifi-Elektro GmbH	Imst	Austria	90.00
MEDIA MARKT ISLAZUL MADRID S.A.U.	Madrid	Spain	100.00
MEDIA MARKT Jemappes/Mons SA	Jemappes	Belgium	90.00
MEDIA MARKT JEREZ DE LA FRONTERA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Jerez de la Frontera	Spain	99.90
Media Markt Jönköping TV-Hifi- Elektro AB	Stockholm	Sweden	100.00
Media Markt Kalmar TV-Hifi-Elektro AB	Kalmar	Sweden	90.01
Media Markt Kecskemét Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Kecskemét	Hungary	100.00
MEDIA MARKT KISPEST Video TV HiFi Elektro Photo Computer Kereskedelmi Kft.	Budapest	Hungary	100.00
Media Markt Kortrijk NV	Kortrijk	Belgium	100.00
Media Markt Kriens AG	Kriens	Switzerland	90.00
Media Markt Kristianstad TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
MEDIA MARKT L'HOSPITALET VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	L'Hospitalet	Spain	99.90
MEDIA MARKT LAS ARENAS S.A.	Las Palmas de Gran Canaria	Spain	99.90
MEDIA MARKT ALCALÁ DE HENARES VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Las Palmas de Gran Canaria	Spain	99.90



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Media Markt Leeuwarden B.V.	Leeuwarden	Netherlands	95.24
MEDIA MARKT LEGANES VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Leganes	Spain	99.90
MEDIA MARKT LEIRIA – PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	CRC Lisbon	Portugal	100.00
Media Markt Leoben TV-Hifi-Elektro GmbH	Leoben	Austria	90.00
MEDIA MARKT LEÓN VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	León	Spain	99.90
Media Markt Liège Médiacité SA	Liège	Belgium	100.00
MEDIA MARKT Liège Place Saint-Lambert SA	Liège	Belgium	90.00
Media Markt Liezen TV-Hifi-Elektro GmbH	Liezen	Austria	90.00
Media Markt Linköping TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Linz TV-Hifi-Elektro GmbH	Linz	Austria	90.00
MEDIA MARKT LLEIDA, SA	Lleida	Spain	99.90
Media Markt Logistics AG	Dietikon	Switzerland	100.00
MEDIA MARKT LOGROÑO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Logroño	Spain	99.90
MEDIA MARKT LORCA S.A.	Lorca, Murcia	Spain	99.90
MEDIA MARKT LOS BARRIOS VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Barrios Cadiz	Spain	99.90
MEDIA MARKT LUGO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, SA	Lugo	Spain	99.90
Media Markt Luleå TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Lund TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Maastricht B.V.	Maastricht	Netherlands	95.24
MEDIA MARKT Machelen NV	Machelen	Belgium	100.00
MEDIA MARKT MADRID – PLAZA DEL CARMEN S. A. U.	El Prat de Llobregat	Spain	100.00
MEDIA MARKT MADRID BENLLIURE SA	Madrid	Spain	99.90
MEDIA MARKT MADRID CASTELLANA SA	Madrid	Spain	99.90
MEDIA MARKT MADRID PLENILUNIO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Madrid	Spain	99.90
MEDIA MARKT MADRID VALLECAS S.A (Unipersonal)	El Prat de Llobregat	Spain	100.00
MEDIA MARKT MADRID-VILLAVERDE VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Madrid-Villaverde	Spain	99.90
MEDIA MARKT Majadahonda Video-TV-HiFi-Elektro-Computer-Foto, S.A.	Majadahonda	Spain	99.90
MEDIA MARKT MÁLAGA – PLAZA MAYOR S.A.	El Prat de Llobregat	Spain	99.90
MEDIA MARKT MALAGA-CENTRO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, SA	Malaga	Spain	99.90
Media Markt Malmö-Bernstorp TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Malmö-Svågertorp TV-Hifi-Elektro AB	Stockholm	Sweden	100.00



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MEDIA MARKT MAMMUT Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Budapest (H)	Hungary	90.00
Media Markt Management AG	Dietikon	Switzerland	100.00
Media Markt Marin SA	La Tène	Switzerland	90.00
Media Markt Marketing GmbH	Munich	Germany	100.00
MEDIA MARKT MASSALFASSAR S.A.	Valencia	Spain	99.90
MEDIA MARKT MATARO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Mataró	Spain	99.90
MEDIA MARKT MATOSINHOS PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisbon	Portugal	100.00
MEDIA MARKT Megapark Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Budapest	Hungary	100.00
Media Markt Meyrin SA	Meyrin	Switzerland	90.00
Media Markt Middelburg B.V.	Middelburg	Netherlands	95.24
MEDIA MARKT Miskolc Video TV Hifi Elektro Photo Computer Kereskedelmit Kft	Miskolc	Hungary	100.00
MEDIA MARKT MURCIA NUEVA CONDOMINA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Murcia	Spain	99.90
MEDIA MARKT MURCIA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Murcia	Spain	99.90
MEDIA MARKT NASCENTE – PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	CRC Lisbon	Portugal	90.00
Media Markt Nieuwegein B.V.	Nieuwegein	Netherlands	100.00
Media Markt Norrköping TV-Hifi-Elektro AB	Stockholm	Sweden	90.01
Media Markt Nyíregyháza Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Nyíregyháza	Hungary	90.00
Media Markt Oberwart TV-Hifi-Elektro GmbH	Oberwart	Austria	90.00
Media Markt Oftringen AG	Oftringen	Switzerland	90.00
Media Markt Online Lda	Lisbon	Portugal	100.00
MEDIA MARKT Oostakker NV	Oostakker	Belgium	90.00
MEDIA MARKT Oostende NV	Ostend	Belgium	100.00
Media Markt Örebro TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
MEDIA MARKT ORIHUELA SA	Orihuela	Spain	99.90
MEDIA MARKT PALMA DE MALLORCA FAN S.A (Unipersonal)	El Prat de Llobregat	Spain	99.90
MEDIA MARKT PALMA DE MALLORCA S.A.	Palma de Mallorca	Spain	99.90
MEDIA MARKT Pécs Video TV Hifi Elektro Photo Computer Kereskedelmit Kft.	Pécs	Hungary	90.00
MEDIA MARKT PLACA DE CATALUNYA, SA	El Prat del Llobregat Barcelona	Spain	99.90
MEDIA MARKT PLAZA – PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	CRC Lisbon	Portugal	100.00
Media Markt Polska Sp. z o.o.	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. 19 Spółka Komandytowa	Warsaw	Poland	100.00



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Media Markt Polska Sp. z o.o. 22 Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. 25 Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. 26 Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. 27 Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Białystok Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Bydgoszcz Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Chorzów Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Elbląg Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Gdańsk II Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Gdynia I Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Głogów Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Gorzów Wielkopolski Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Jelenia Góra Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Kalisz Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Konin Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Koszalin Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Kraków II Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Legnica Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Nowy Sącz Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Piotrków Trybunalski Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Płock Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Poznań II Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Przemyśl Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Radom Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Rybnik Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Słupsk Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Tarnów Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Toruń Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Wałbrzych Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Zamość Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Zielona Góra Spółka Komandytowa	Warsaw	Poland	90.00



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Media Markt Polska Sp. z o.o. Bielsko-Biała Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Czeladź Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Częstochowa Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Gdańsk I Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Katowice I Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Kielce Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Kraków I Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Łódź I Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Łódź II Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Lublin Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Olsztyn Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Opole Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Poznań I Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Rzeszów Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Szczecin Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Warszawa 1 Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Warszawa II Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Warszawa III Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Warszawa IV Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Wrocław I Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Wrocław II Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Zabrze Spółka Komandytowa	Warsaw	Poland	90.00
MEDIA MARKT Pólus Center Video TV Hifi Photo Computer Kereskedelmi Kft.	Budapest	Hungary	100.00
Media Markt Power Service AG	Dietikon	Switzerland	100.00
MEDIA MARKT PUERTO REAL VIDEO-TV-HIFI-ELECTRO-COMPUTER-FOTO, S.A.	Cadiz	Spain	99.90
MEDIA MARKT QUART DE POBLET, S.A.	Quart de Poblet	Spain	99.90
Media Markt Region Bern AG	Gümlingen	Switzerland	90.00
Media Markt Ried TV-Hifi-Elektro GmbH	Ried im Innkreis	Austria	90.00
Media Markt Rijswijk B.V.	Rijswijk	Netherlands	100.00
MEDIA MARKT RIVAS-VACIAMADRID VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Madrid	Spain	99.90
Media Markt Roermond B.V.	Roermond	Netherlands	100.00



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MEDIA MARKT Roeselare NV	Roeselare	Belgium	90.00
Media Markt Rotterdam Beijerlandseleaan B.V.	Rotterdam	Netherlands	100.00
MEDIA MARKT SALAMANCA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Sta. Marta de Tormes	Spain	99.90
MEDIA MARKT San Juan de Aznalfarache VIDEO-TV-HIFI-ELECTRO-COMPUTER-FOTO, S.A.	Seville	Spain	99.90
MEDIA MARKT SAN SEBASTIAN DE LOS REYES VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	San Sebastián de los Reyes	Spain	99.99
MEDIA MARKT SANT CUGAT DEL VALLÈS VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Sant Cugat del Vallès	Spain	99.90
MEDIA MARKT Santander Video-TV-Hifi-Elektro-Computer-Foto, SA	Santander	Spain	99.90
MEDIA MARKT SANTIAGO DE COMPOSTELA S. A. U	El Prat de Llobregat	Spain	100.00
MEDIA MARKT SATURN ADMINISTRACION ESPAÑA, S.A.U.	El Prat de Llobregat	Spain	100.00
Media Markt Saturn Holding Magyarország Kft.	Budaörs	Hungary	100.00
Media Markt Saturn Holding Nederland B.V.	Rotterdam	Netherlands	100.00
Media Markt Saturn Vertriebs-GmbH	Ingolstadt	Germany	100.00
MEDIA MARKT SATURN, S.A. UNIPERSONAL	El Prat de Llobregat	Spain	100.00
MEDIA MARKT Schoten NV	Schoten	Belgium	90.00
Media Markt Setúbal – Produtos Informáticos e Electrónicos, LDA.	Lisboa	Portugal	90.00
MEDIA MARKT SEVILLA-SANTA JUSTA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Seville	Spain	99.90
MEDIA MARKT SIERO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Lugones-Siero	Spain	99.90
MEDIA MARKT Sint-Lambrechts-Woluwe NV	Sint-Lambrechts-Woluwe	Belgium	90.00
MEDIA MARKT Sint-Pieters-Leeuw NV	Sint-Pieters-Leeuw	Belgium	90.00
MEDIA MARKT SINTRA – PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisboa	Portugal	100.00
Media Markt Skövde TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Södertälje TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Spittal TV-Hifi-Elektro GmbH	Spittal an der Drau	Austria	90.00
Media Markt St. Gallen AG	St. Gallen	Switzerland	90.00
Media Markt St. Lorenzen TV-Hifi-Elektro GmbH	St. Lorenzen im Mürtal	Austria	90.00
Media Markt Steyr TV-Hifi-Elektro GmbH	Steyr	Austria	90.00
Media Markt Stockholm-Barkarby TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Stockholm-Gallerian TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Stockholm-Heron City TV-HIFI-Elektro AB	Stockholm	Sweden	100.00
Media Markt Stockholm-Länna TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Stockholm-Nacka TV-Hifi-Elektro AB	Stockholm	Sweden	100.00





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MEDIA MARKT Stop Shop Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Budapest	Hungary	100.00
Media Markt Sundsvall TV-Hifi-Elektro AB	Stockholm	Sweden	90.01
MEDIA MARKT Szeged Video-TV-Hifi-Elektro-Photo-Computer-Kereskedelmi Kft.	Szeged	Hungary	90.00
MEDIA MARKT Székesfehérvár Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Székesfehérvár	Hungary	90.00
Media Markt Szolnok Video Tv Hifi Elektro Photo Computer Kereskedelmi Kft.	Szolnok	Hungary	100.00
MEDIA MARKT Szombathely Video-TV-Hifi-Elektro-Photo-Computer-Kereskedelmi Kft.	Szombathely	Hungary	90.00
MEDIA MARKT TARRAGONA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Tarragona	Spain	99.90
MEDIA MARKT TELDE VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Telde (Las Palmas)	Spain	99.90
MEDIA MARKT TENERIFE VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Tenerife	Spain	99.90
MEDIA MARKT TERRASSA S.A.	Terrassa	Spain	99.90
Media Markt The Corner B.V.	Rotterdam	Netherlands	95.24
Media Markt Tilburg B.V.	Tilburg	Netherlands	95.24
MEDIA MARKT TOLEDO S.A.	Toledo	Spain	99.90
Media Markt Turnhout NV	Turnhout	Belgium	90.00
Media Markt TV-HiFi-Elektro Athens II Commercial Anonymi Eteria	Maroussi	Greece	100.00
MEDIA Markt TV-Hifi-Elektro Gesellschaft m.b.H.	Salzburg	Austria	90.00
MEDIA MARKT TV-HiFi-Elektro Gesellschaft m.b.H.	Innsbruck	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro Gesellschaft m.b.H.	Pasching	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro Gesellschaft m.b.H.	Vösendorf	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro Gesellschaft m.b.H.	Klagenfurt	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro Gesellschaft m.b.H.	Villach	Austria	90.00
MEDIA MARKT TV-HiFi-Elektro Gesellschaft m.b.H.	Seiersberg	Austria	90.00
MEDIA Markt TV-HiFi-Elektro GmbH	Hallstadt-Bamberg	Germany	90.05
MEDIA MARKT TV-HiFi-Elektro GmbH	Bad Dürkheim	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH	Herzogenrath	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH	Schwentinental	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH	Lüneburg	Germany	90.00
MEDIA MARKT TV-Hifi-Elektro GmbH	Wiener Neustadt	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro GmbH	St. Pölten	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro GmbH	Dornbirn	Austria	90.00
Media Markt TV-HiFi-Elektro GmbH	Krems an der Donau	Austria	90.00



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MEDIA Markt TV-HiFi-Elektro GmbH	Belm-Osnabrück	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH	Porta Westfalica/Minden	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH	Halle-Peißen	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Aalen	Aalen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Albstadt	Albstadt	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Alzey	Alzey	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Amberg	Amberg	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Ansbach	Ansbach	Germany	90.05
MEDIA Markt TV-HiFi-Elektro GmbH Aschaffenburg	Aschaffenburg	Germany	90.05
MEDIA Markt TV-HiFi-Elektro GmbH Augsburg	Augsburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Augsburg-Göggingen	Augsburg	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Bad Kreuznach	Bad Kreuznach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Baden-Baden	Baden-Baden	Germany	90.00
MEDIA Markt TV-HiFi-Elektro GmbH Bayreuth	Bayreuth	Germany	90.05
MEDIA Markt TV-HiFi-Elektro GmbH Berlin-Biesdorf	Berlin-Biesdorf	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Berlin-Charlottenburg	Berlin-Charlottenburg	Germany	90.00
MEDIA Markt TV-HiFi-Elektro GmbH Berlin-Gropiusstadt	Berlin (Gropiusstadt)	Germany	90.05
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Hohenschönhausen	Berlin-Hohenschönhausen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Berlin-Mitte	Berlin	Germany	90.00
MEDIA Markt TV-HiFi-Elektro GmbH Berlin-Neukölln	Berlin-Neukölln	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Berlin-Prenzlauer Berg	Berlin	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Berlin-Schöneeweide	Berlin (Schöneeweide)	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Spandau	Berlin-Spandau	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Berlin-Steglitz	Berlin	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Tegel	Berlin (Tegel)	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Berlin-Tempelhof	Berlin	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Wedding	Berlin-Wedding	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Bielefeld	Bielefeld	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Bischofsheim	Bischofsheim	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Bochum	Bochum	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Bochum – Ruhrpark	Bochum (Ruhrpark)	Germany	90.00



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Media Markt TV-HiFi-Elektro GmbH Bonn	Bonn	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Brandenburg an der Havel	Brandenburg an der Havel	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Braunschweig	Brunswick	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Bremen	Bremen	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Bremen-Waterfront	Bremen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Bruchsal	Bruchsal	Germany	100.00
Media Markt TV-HiFi-Elektro GmbH Buchholz in der Nordheide	Buchholz	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Buxtehude	Buxtehude	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Castrop-Rauxel	Castrop-Rauxel	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Chemnitz	Chemnitz	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Chemnitz-Röhrsdorf	Chemnitz	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Coburg	Coburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Cottbus/Groß Gaglow	Cottbus	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Deggendorf	Deggendorf	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Dessau	Dessau-Roßlau	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Dietzenbach	Dietzenbach	Germany	100.00
Media Markt TV-HiFi-Elektro GmbH Donauwörth	Donauwörth	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Dorsten	Dorsten	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Dortmund- Hörde	Dortmund	Germany	100.00
Media Markt TV-HiFi-Elektro GmbH Dortmund-Oespel	Dortmund	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Dresden Centrum	Dresden	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Dresden-Mickten	Dresden	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Duisburg	Duisburg-Marxloh	Germany	100.00
Media Markt TV-HiFi-Elektro GmbH Duisburg-Großenbaum	Duisburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Düsseldorf	Düsseldorf	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Düsseldorf-Bilk	Düsseldorf	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Egelsbach	Egelsbach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Eiche	Ahrensfelde-Eiche	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Eisenach	Eisenach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Eislingen	Eislingen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Elmshorn	Elmshorn	Germany	90.00



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Media Markt TV-HiFi-Elektro GmbH Emden	Emden	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Erding	Erding	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Erfurt Thüringen-Park	Erfurt	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Erfurt-Daberstedt	Erfurt	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Erlangen	Erlangen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Eschweiler	Eschweiler	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Essen	Essen	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Esslingen	Esslingen/Weil	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Fellbach	Fellbach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Flensburg	Flensburg	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Frankfurt	Frankfurt a.M.	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Frankfurt – Borsigallee	Frankfurt	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Freiburg	Freiburg	Germany	90.05
MEDIA MARKT TV-HiFi-Elektro GmbH Friedrichshafen	Friedrichshafen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Fulda	Fulda	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Gifhorn	Gifhorn	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Goslar	Goslar	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Göttingen	Göttingen	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Greifswald	Greifswald	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Gründau-Lieblös	Gründau-Lieblös	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Günthersdorf	Leuna	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Gütersloh	Gütersloh	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Halberstadt	Halberstadt	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Halstenbek	Halstenbek	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hamburg-Wandsbek	Hamburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hamburg-Altona	Hamburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hamburg-Billstedt	Hamburg-Billstedt	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Hamburg-Harburg	Hamburg-Harburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hamburg-Hummelsbüttel	Hamburg-Hummelsbüttel	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hamburg-Nedderfeld	Hamburg-Nedderfeld	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hameln	Hameln	Germany	90.05



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Media Markt TV-HiFi-Elektro GmbH Hannover-Vahrenheide	Hannover-Vahrenheide	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Hannover-Wülfel	Hannover-Wülfel	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Heide	Heide	Germany	90.00
MEDIA Markt TV-HiFi-Elektro GmbH Heidelberg	Heidelberg	Germany	100.00
MEDIA MARKT TV-HiFi-Elektro GmbH Heidelberg-Rohrbach	Heidelberg (Rohrbach)	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Heilbronn	Heilbronn	Germany	92.00
Media Markt TV-HiFi-Elektro GmbH Henstedt-Ulzburg	Henstedt-Ulzburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Heppenheim	Heppenheim	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hildesheim	Hildesheim	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Hof	Hof	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Homburg/Saar	Homburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hückelhoven	Hückelhoven	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Idar-Oberstein	Idar-Oberstein	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Itzehoe	Itzehoe	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Jena	Jena	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Kaiserslautern	Kaiserslautern	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Karlsfeld	Karlsfeld	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Karlsruhe	Karlsruhe	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Karlsruhe – Ettlinger Tor	Karlsruhe	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Kassel	Kassel	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Kempten	Kempten	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Kiel	Kiel	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Kirchheim	Kirchheim	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Koblenz	Koblenz	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Köln Hohe Straße	Cologne	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Köln-Chorweiler	Cologne	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Köln-Kalk	Cologne	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Köln-Marsdorf	Köln-Marsdorf	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Konstanz	Konstanz	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Krefeld	Krefeld	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Kulmbach	Kulmbach	Germany	90.00



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MEDIA MARKT TV-HiFi-Elektro GmbH Lahr	Lahr	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Landau/Pfalz	Landau	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Landsberg/Lech	Landsberg am Lech	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Landshut	Landshut	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Leipzig Höfe am Brühl	Leipzig	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Leipzig-Paunsdorf	Leipzig	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Limburg	Limburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Lingen	Lingen	Germany	100.00
Media Markt TV-HiFi-Elektro GmbH Lübeck	Lübeck	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Ludwigsburg	Ludwigsburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Ludwigshafen	Ludwigshafen/Rh.	Germany	95.00
MEDIA MARKT TV-HiFi-Elektro GmbH Magdeburg	Magdeburg	Germany	90.05
MEDIA MARKT TV-HiFi-Elektro GmbH Magdeburg – Bördepark	Magdeburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Main-Taunus-Zentrum	Sulzbach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Mainz	Mainz	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Mannheim	Mannheim	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Mannheim-Sandhofen	Mannheim-Sandhofen	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Marburg	Marburg	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Marktredwitz	Marktredwitz	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Meerane	Meerane	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Memmingen	Memmingen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Mönchengladbach	Mönchengladbach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Mühldorf/Inn	Mühldorf	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Mülheim	Mülheim/Ruhr-Dümpten	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH München-Haidhausen	Munich	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH München-Pasing	Munich	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH München-Solln	Munich-Solln	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Münster	Münster	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Nagold	Nagold	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Neubrandenburg	Neubrandenburg	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Neuburg an der Donau	Neuburg an der Donau	Germany	90.00



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Media Markt TV-HiFi-Elektro GmbH Neumünster	Neumünster	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Neunkirchen	Neunkirchen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Neuss	Neuss	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Neustadt an der Weinstraße	Neustadt/Weinstraße	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Neu-Ulm	Neu-Ulm	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Neuwied	Neuwied	Germany	100.00
MEDIA MARKT TV-HiFi-Elektro GmbH Nienburg	Nienburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Nordhausen	Nordhausen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Nordhorn	Nordhorn	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Nördlingen	Nördlingen	Germany	100.00
MEDIA Markt TV-HiFi-Elektro GmbH Nürnberg-Kleinreuth	Nuremberg	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Nürnberg-Langwasser	Nuremberg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Nürnberg-Schoppershof	Nuremberg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Offenburg	Offenburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Oldenburg	Oldenburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Oststeinbek	Oststeinbek	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Paderborn	Paderborn	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Papenburg	Papenburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Passau	Passau	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Peine	Peine	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Pforzheim	Pforzheim	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Pirmasens	Pirmasens	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Plauen	Plauen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Potsdam	Potsdam	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Ravensburg	Ravensburg	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Recklinghausen	Recklinghausen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Regensburg	Regensburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Rendsburg	Rendsburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Reutlingen	Reutlingen	Germany	90.05
MEDIA MARKT TV-HiFi-Elektro GmbH Rheine	Rheine	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Rosenheim	Rosenheim	Germany	100.00



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Media Markt TV-HiFi-Elektro GmbH Rostock	Sievershagen b. Rostock	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Rostock-Brinckmansdorf	Rostock	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Saarbrücken	Saarbrücken	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Saarbrücken – Saarterrassen	Saarbrücken (Saarterrassen)	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Saarlouis	Saarlouis	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Schiffdorf-Spaden	Schiffdorf-Spaden	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Schwabach	Schwabach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Schwedt	Schwedt	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Schweinfurt	Schweinfurt	Germany	100.00
Media Markt TV-HiFi-Elektro GmbH Schwerin	Schwerin	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Siegen	Siegen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Sindelfingen	Sindelfingen	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Singen	Singen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Sinsheim	Sinsheim	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Speyer	Speyer	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Stade	Stade	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Stralsund	Stralsund	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Straubing	Straubing	Germany	90.05
MEDIA MARKT TV-HiFi-Elektro GmbH Stuhr	Stuhr/Groß-Mackenstedt	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Stuttgart – Mailänder Platz	Stuttgart	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Stuttgart-Feuerbach	Stuttgart-Feuerbach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Stuttgart-Vaihingen	Stuttgart-Vaihingen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Traunreut	Traunreut	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Traunstein	Traunstein	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Trier	Trier	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Ulm	Ulm	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Velbert	Velbert	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Viernheim	Viernheim	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Waltersdorf bei Berlin	Schönefeld/OT Waltersdorf	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Weiden	Weiden	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Weilheim	Weilheim	Germany	90.00





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Media Markt TV-HiFi-Elektro GmbH Weiterstadt	Weiterstadt	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Wetzlar	Wetzlar	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Wiesbaden	Wiesbaden	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Wiesbaden – Äppelallee	Wiesbaden	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Wolfsburg	Wolfsburg	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Worms	Worms	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Wuppertal	Wuppertal	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Würzburg	Würzburg	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Würzburg – Alfred-Nobel-Straße	Würzburg	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Zella-Mehlis	Zella-Mehlis	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Zwickau	Zwickau	Germany	90.05
MEDIA Markt TV-HiFi-Elektro Licht GmbH Ingolstadt	Ingolstadt	Germany	100.00
MEDIA MARKT TV-Hifi-Elektro Wien XI Gesellschaft m.b.H.	Vienna-Simmering	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro Wien XIII GmbH	Vienna	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro Wien XXI Gesellschaft m.b.H.	Vienna	Austria	90.00
MEDIA MARKT Twee Torens Hasselt NV	Hasselt	Belgium	90.00
Media Markt Umeå TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Uppsala TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Utrecht Hoog Catharijne B.V.	Utrecht	Netherlands	95.24
Media Markt Utrecht The Wall B.V.	Utrecht	Netherlands	95.24
MEDIA MARKT VALENCIA COLON SA	Valencia	Spain	99.90
MEDIA MARKT VALÈNCIA-CAMPANAR VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Valencia	Spain	99.90
MEDIA MARKT VALLADOLID VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, SA	Valladolid	Spain	99.90
Media Markt Västerås TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Växjö TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Venlo B.V.	Venlo	Netherlands	95.24
MEDIA MARKT VIGO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Vigo	Spain	99.90
MEDIA MARKT VITORIA-GASTEIZ VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Vitoria	Spain	100.00
Media Markt Vöcklabruck TV-Hifi-Elektro GmbH	Vöcklabruck	Austria	90.00
Media Markt Wels TV-Hifi-Elektro GmbH	Wels	Austria	90.00
MEDIA MARKT-West End Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Budapest	Hungary	90.00



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Media Markt Wholesale B.V.	Rotterdam	Netherlands	100.00
Media Markt Wien III TV-Hifi-Elektro GmbH	Vienna	Austria	90.00
Media Markt Wien XV TV-Hifi-Elektro GmbH	Vienna	Austria	90.00
Media Markt Wien XXII TV-Hifi-Elektro GmbH	Vienna	Austria	90.00
Media Markt Wilrijk NV	Wilrijk	Belgium	90.00
MEDIA MARKT Wörgl TV-Hifi-Elektro GmbH	Wörgl	Austria	90.00
MEDIA MARKT XCV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt Zaandam B.V.	Zaandam	Netherlands	100.00
MEDIA MARKT ZARAGOZA PUERTO VENEZIA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Zaragoza	Spain	99.90
MEDIA MARKT ZARAGOZA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Zaragoza	Spain	100.00
Media Markt Zell am See TV-Hifi-Elektro GmbH	Zell am See	Austria	90.00
Media Markt Zoetermeer B.V.	Zoetermeer	Netherlands	95.24
Media Markt Zürich AG	Zurich	Switzerland	90.00
Media Markt zwei TV-HiFi-Elektro GmbH Dresden-Prohlis	Dresden-Prohlis	Germany	90.00
MEDIA MARKT Zwijnaarde NV	Gent	Belgium	90.00
Media Markt Zwolle B.V.	Zwolle	Netherlands	95.24
MEDIA MARKTPARETS DEL VALLES SA	Pares des Valles	Spain	99.90
MEDIA MARKT-SATURN BELGIUM NV	Asse-Zellik	Belgium	100.00
Media Saturn – Servicos de Apoio Administrativo, Lda.	Lisboa	Portugal	100.00
Media Saturn Electronics Hellas Commercial and Holding Anonymi Eteria	Maroussi	Greece	100.00
Media Saturn Holding Polska Sp. z o.o.	Warsaw	Poland	100.00
Media Saturn Logistyka Spółka z ograniczoną odpowiedzialnością	Warsaw	Poland	100.00
MEDIA SATURN MULTICHANNEL SAU	Prat de Llobregat	Spain	100.00
Media Saturn Online Spółka z ograniczoną odpowiedzialnością	Warsaw	Poland	100.00
Mediamarket S.p.A.con Socio Unico	Curno	Italy	100.00
MEDIA-Markt TV-HiFi-Elektro GmbH Aachen	Aachen	Germany	90.00
MediaMarktSaturn Beschaffung und Logistik GmbH	Ingolstadt	Germany	100.00
MediaOnline GmbH	Ingolstadt	Germany	100.00
MEDIA-SATURN (PORTUGAL), SGPS, UNIPessoal LDA	CRC Lisboa	Portugal	100.00
Media-Saturn Beteiligungen Polska GmbH	Ingolstadt	Poland	100.00
Media-Saturn Deutschland Beteiligungsgesellschaft mbH	Ingolstadt	Germany	100.00



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Media-Saturn Deutschland GmbH	Ingolstadt	Germany	100.00
Media-Saturn e-handel Sverige AB	Stockholm	Sweden	100.00
Media-Saturn Helvetia Holding GmbH	Ingolstadt	Germany	100.00
Media-Saturn Holding Norway AS	Oslo	Norwegen	100.00
Media-Saturn Holding Sweden AB	Stockholm	Sweden	100.00
Media-Saturn Internationale Beteiligungen GmbH	Munich	Germany	100.00
Media-Saturn IT Services GmbH	Ingolstadt	Germany	100.00
Media-Saturn Marketing GmbH	Munich	Germany	100.00
Media-Saturn Nordic Shared Services AB	Stockholm	Sweden	100.00
media-saturn-e-business GmbH	Ingolstadt	Germany	100.00
Media-Saturn-Holding GmbH	Ingolstadt	Germany	78.38
Mellifera Vierte Beteiligungsgesellschaft mbH	Wolnzach	Germany	100.00
METRO Group China Holding Limited	Hong Kong	China	100.00
METRO GROUP International Retail Holding Limited	Hong Kong	China	100.00
MMS Coolsingel BV	Rotterdam	Netherlands	100.00
MMS ONLINE BELGIUM	Zellik	Belgium	100.00
MMS Online Nederland B.V.	Rotterdam	Netherlands	100.00
MS E-Business Concepts & Service GmbH	Ingolstadt	Germany	100.00
MS E-Commerce GmbH	Vösendorf	Austria	100.00
MS E-Commerce Kereskedelmi Korlátolt Felelősségű Társaság	Budaörs	Hungary	100.00
MS ISTANBUL IC VE DIS TICARET LIMITED SIRKETI	Istanbul	Turkey	100.00
MS Multichannel Retailing Ges.m.b.H.	Vösendorf	Austria	100.00
MS New CO Spółka z ograniczoną odpowiedzialnością	Warsaw	Poland	100.00
MS Powerservice GmbH	Vösendorf	Austria	100.00
MWFS Zwischenholding GmbH & Co. KG	Düsseldorf	Germany	100.00
MWFS Zwischenholding Management GmbH	Düsseldorf	Germany	100.00
my-xplace GmbH	Göttingen	Germany	75.10
OOO xplace	Moscow	Russia	100.00
Option 5 B.V.	Goes	Netherlands	100.00
PayRed Card Services AG	Dietikon	Switzerland	100.00
Power Service GmbH	Cologne	Germany	100.00



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PowerService Nederland B.V.	Rotterdam	Netherlands	100.00
Profectis Technischer Kundendienst GmbH & Co. KG	Wolnzach	Germany	100.00
Profectis Verwaltungs GmbH	Wolnzach	Germany	100.00
red blue Marketing GmbH	Munich	Germany	100.00
redblue services GmbH	Munich	Germany	100.00
Redcoon Benelux B. V.	Tilburg	Netherlands	100.00
REDCOON ELECTRONIC TRADE, S.L.	El Prat de Llobregat	Spain	100.00
Redcoon GmbH	Aschaffenburg	Germany	100.00
redcoon GmbH	Vienna	Austria	100.00
REDCOON ITALIA S.R.L.	Turin	Italy	100.00
redcoon Logistics GmbH	Erfurt	Germany	100.00
REDCOON POLSKA Sp. z o.o.	Warsaw	Poland	100.00
redcoon.pl Spółka z ograniczoną odpowiedzialnością	Warsaw	Poland	100.00
Retail Media Group GmbH	Düsseldorf	Germany	75.01
RTS Elektronik Systeme GmbH	Wolnzach	Germany	100.00
RTS Polska Spolka z. o.	Poznan	Poland	90.00
RTS Service Parts Logistics GmbH & Co. KG	Wolnzach	Germany	100.00
RTS Service Solutions GmbH & Co. KG	Wolnzach	Germany	100.00
RTS Service Solutions Verwaltungs GmbH	Wolnzach	Germany	100.00
RTS Sömmerda Service GmbH & Co. KG	Sömmerda	Germany	100.00
RTS Sömmerda Service Verwaltungs GmbH	Sömmerda	Germany	100.00
RTS Spares Verwaltungs GmbH	Wolnzach	Germany	100.00
RTS Supply Chain Solutions GmbH & Co. KG	Wolnzach	Germany	100.00
RTS Supply Chain Solutions Verwaltungs GmbH	Wolnzach	Germany	100.00
Saturn Athens III Commercial Anonymi Eteria	Maroussi	Greece	100.00
Saturn Electro-Handelsges.m.b.H.	Salzburg	Austria	90.00
Saturn Electro-Handelsges.m.b.H.	Vienna	Austria	90.00
Saturn Electro-Handelsges.m.b.H.	Graz	Austria	90.00
Saturn Electro-Handelsgesellschaft m.b.H.	Wiener Neudorf	Austria	90.00
Saturn Electro-Handelsgesellschaft m.b.H.	Linz	Austria	90.00
Saturn Electro-Handelsgesellschaft mbH	Karlsruhe	Germany	90.00



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Saturn Electro-Handelsgesellschaft mbH Ansbach	Ansbach	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Augsburg	Augsburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Bad Homburg	Bad Homburg v. d. Höhe	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Bad Oeynhausen	Bad Oeynhausen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Baunatal	Baunatal	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin I	Berlin (Alexanderplatz)	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Charlottenburg	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Gesundbrunnen	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Köpenick	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin – Leipziger Platz	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin – Märkische Zeile	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Marzahn	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Reinickendorf	Berlin	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Berlin – Schloßstraße	Berlin	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Berlin-Spandau	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Treptow	Berlin	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Zehlendorf	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Bielefeld	Bielefeld	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Bocholt	Bocholt	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Bochum	Bochum	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Braunschweig	Brunswick	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Bremen	Bremen	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Bremen-Habenhausen	Bremen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Bremerhaven	Bremerhaven	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Celle	Celle	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Chemnitz	Chemnitz	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Chemnitz-Zentrum	Chemnitz	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Darmstadt	Darmstadt	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Dessau	Dessau	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Dortmund	Dortmund	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Dortmund-Eving	Dortmund-Eving	Germany	90.00



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Saturn Electro-Handelsgesellschaft mbH Dresden	Dresden	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Duisburg	Duisburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Erfurt	Erfurt	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Erlangen	Erlangen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Essen City	Essen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Essen-Steele	Essen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Esslingen	Esslingen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Euskirchen	Euskirchen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Flensburg	Flensburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Frankfurt/Main	Frankfurt	Germany	90.04
Saturn Electro-Handelsgesellschaft mbH Freiburg	Freiburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Freising	Freising	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Fürth	Fürth	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Gelsenkirchen	Gelsenkirchen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Gelsenkirchen-Buer	Gelsenkirchen-Buer	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Gießen	Gießen	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Göttingen	Göttingen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Gummersbach	Gummersbach	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hagen	Hagen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hamburg-Altstadt	Hamburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hamm	Hamm	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hanau	Hanau	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hannover	Hannover	Germany	90.01
Saturn Electro-Handelsgesellschaft mbH Heidelberg	Heidelberg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Herford	Herford	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hilden	Hilden	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hildesheim	Hildesheim	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Ingolstadt	Ingolstadt	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Isernhagen	Isernhagen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Jena	Jena	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Kaiserslautern	Kaiserslautern	Germany	90.00



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Saturn Electro-Handelsgesellschaft mbH Karlsruhe-Durlach	Karlsruhe	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Kassel	Kassel	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Kempten	Kempten	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Kerpen	Kerpen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Kiel	Kiel	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Kleve	Kleve	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Koblenz	Koblenz	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Krefeld	Krefeld	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Landshut	Landshut	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Leipzig	Leipzig	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Leipzig-Hauptbahnhof	Leipzig/Hbf.	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Leonberg	Leonberg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Lübeck	Lübeck	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Lüdenscheid	Lüdenscheid	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Ludwigsburg	Ludwigsburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Ludwigshafen	Ludwigshafen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Lünen	Lünen	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Magdeburg	Magdeburg	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Mainz	Mainz	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Mannheim	Mannheim	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Marl	Marl	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Moers	Moers	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Mülheim	Mülheim an der Ruhr	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH München	Munich	Germany	90.07
Saturn Electro-Handelsgesellschaft mbH München-Riem	Munich	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Münster	Münster	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Neckarsulm	Neckarsulm	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Neu-Isenburg	Neu-Isenburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Norderstedt	Norderstedt	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Nürnberg	Nuremberg	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Oberhausen	Oberhausen	Germany	90.00



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Saturn Electro-Handelsgesellschaft mbH Oldenburg	Oldenburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Osnabrück	Osnabrück	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Paderborn	Paderborn	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Passau	Passau	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Pforzheim	Pforzheim	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Potsdam	Potsdam	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Regensburg	Regensburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Remscheid	Remscheid	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Reutlingen	Reutlingen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Rostock	Rostock	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH S050	Ingolstadt	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Saarbrücken	Saarbrücken	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Senden	Senden	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Solingen	Solingen	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Stuttgart	Stuttgart	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Stuttgart-City	Stuttgart	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Troisdorf	Troisdorf	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Tübingen	Tübingen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Weimar	Weimar	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Weiterstadt	Weiterstadt	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Wesel	Wesel	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Wiesbaden	Wiesbaden	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Wolfsburg	Wolfsburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Zwickau	Zwickau	Germany	90.00
Saturn Electro-Handelsgesellschaft mit beschränkter Haftung	Cologne	Germany	100.00
Saturn Gerasdorf Electro-Handelsges.m.b.H.	Gerasdorf	Austria	90.00
Saturn Graz V VertriebsgmbH	Graz	Austria	90.00
Saturn Haid Electro-Handelsges.m.b.H.	Haid	Austria	90.00
Saturn Innsbruck Electro-Handelsges.m.b.H.	Innsbruck	Austria	90.00
Saturn Klagenfurt Electro-Handelsges.m.b.H.	Klagenfurt	Austria	90.00
Saturn Luxembourg S.A.	Luxembourg	Luxembourg	100.00





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Saturn Marketing GmbH	Munich	Germany	100.00
Saturn Mega Markt GmbH Wuppertal	Wuppertal	Germany	90.05
Saturn online GmbH	Ingolstadt	Germany	100.00
Saturn Planet Sp. z o.o.	Warsaw	Poland	100.00
Saturn Planet Sp. z o.o. 11 Spółka Komandytowa	Warsaw	Poland	100.00
Saturn Planet Sp. z o.o. 16 Spółka Komandytowa	Warsaw	Poland	100.00
Saturn Planet Sp. z o.o. 19 Spółka Komandytowa	Warsaw	Poland	100.00
Saturn Planet Sp. z o.o. Bydgoszcz Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Gdańsk I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Gdynia I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Gliwice Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Katowice I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Kraków I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Kraków II Spółka Komandytowa	Warsaw	Poland	100.00
Saturn Planet Sp. z o.o. Łódź I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Łódź II Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Lubin Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Lublin I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Poznań I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Poznań II Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Szczecin I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Tychy Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Warszawa I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Warszawa II Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Warszawa III Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Warszawa IV Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Warszawa V Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Wrocław I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Wrocław II Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Techno-Electro-Handelsgesellschaft mbH	Cologne	Germany	100.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	St. Augustin	Germany	90.09



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Company name	Head office	Country	% capital share
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Düren	Germany	90.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Mönchengladbach	Germany	90.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Neuss	Germany	90.09
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Leverkusen	Germany	90.09
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Aachen	Germany	90.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Cologne	Germany	100.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Siegen	Germany	90.01
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Hürth	Germany	90.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Bergisch Gladbach	Germany	100.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH Düsseldorf-Flingern	Düsseldorf	Germany	90.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH Düsseldorf – Königsallee	Düsseldorf	Germany	90.00
Saturn Thessaloniki II Comercial Anonymi Eteria	Maroussi	Greece	100.00
Saturn Wien X VertriebsgmbH	Vienna	Austria	90.00
Saturn Wien XIV Electro-Handelsges.m.b.H.	Vienna	Austria	90.00
Saturn Wien XX VertriebsgmbH	Vienna	Austria	90.00
Saturn Wien XXII Electro-Handelsges.m.b.H.	Vienna	Austria	90.00
Saturn Wien XXIII Electro-Handelsges.m.b.H.	Vienna	Austria	90.00
Saturn-Mega Markt GmbH Halle	Hallet	Germany	90.05
Saturn-Mega Markt GmbH Trier	Trier	Germany	90.05
Silver Ocean B. V.	Amsterdam	Netherlands	90.76
SmartWorld Services GmbH	Wolnzach	Germany	85.00
Tec-Repair GmbH	Wolnzach	Germany	100.00
Tertia Handelsbeteiligungsgesellschaft mbH	Cologne	Germany	60.00
X Place Spain SL	Barcelona	Spain	100.00
XPLACE DIJITAL COZÜM TICARET LIMITED SIRKETI	Istanbul	Turkey	100.00
xplace GmbH	Göttingen	Germany	58.04
XPLACE ITALY S.R.L.	Pianoro	Italy	100.00
XPLACE UK LIMITED	London	England	100.00
Zes Repair B.V.	Goes	Netherlands	100.00
OOO CE Trading solutions	Moscow	Russia	100.00
OOO Media-Markt-Saturn	Moscow	Russia	100.00



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**Consolidated subsidiaries**

Company name	Head office	Country	% capital share
OOO Media-Saturn-Russland	Moscow	Russia	100.00
OOO Saturn	Moscow	Russia	100.00

**Investments accounted for using the equity method**

	Head office	Country	% capital share
Fnac Darty S.A.	Ivry-sur Seine	Belgium	24.33
Juke Nederland B.V.	Rotterdam	Netherlands	50.00
Peoplefone Polska Spółka Akcyjna	Warsaw	Poland	49.00

**Investments**

	Head office	Country	% capital share
7digital Group Plc	London	Great Britain	12.65
Digitales Gründerzentrum der Region Ingolstadt GmbH	Ingolstadt	Germany	6.00
DTB Deutsche Technikberatung GmbH	Cologne	Germany	80.00 <sup>1</sup>
Flip4 GmbH	Friedrichsdorf	Germany	16.00
Locafox GmbH	Berlin	Germany	17.64
METRO AG	Düsseldorf	Germany	9.98
METRO PROPERTIES GmbH & Co. KG	Düsseldorf	Germany	6.61
smart building solutions GmbH	Munich	Germany	50.00

<sup>1</sup> Not fully consolidated and not recognised using the equity method due to its immateriality with regard to the net assets, financial position and results of operations



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29 November 2017

The Management Board



Pieter Haas



Mark Frese



Dr. Dieter Haag Molkensteller



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## Responsibility statement of the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the asset, financial and earnings position of the group, and the combined management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

29 November 2017

The Management Board

Pieter Haas

Mark Frese

Dr. Dieter Haag Molkenteller



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# INDEPENDENT AUDITOR'S REPORT

TO CECONOMY AG, DÜSSELDORF

## Report on the audit of the consolidated financial statements and combined management report

### Opinion

We have audited the consolidated financial statements of CECONOMY AG (operating under the name METRO AG until 11 August 2017) and its subsidiaries (collectively referred to as 'the Group' or 'CECONOMY') – which comprise the consolidated statement of financial position as at 30 September 2017, the statement of profit or loss, the reconciliation of profit or loss to total comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 October 2016 to 30 September 2017, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the combined management report of CECONOMY for the financial year from 1 October 2016 to 30 September 2017.

In our opinion, based on our audit findings,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315a HGB (superseded version), and give a true and fair view of the net assets and financial position of the Group as at 30 September 2017, and of its results of operations for the financial year from 1 October 2016 to 30 September 2017, in accordance with these requirements, and

– the accompanying combined management report as a whole provides a suitable view of the Group's position. In all material respects, the combined management report is consistent with the consolidated financial statements, complies with German statutory requirements and suitably presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we state that our audit has not led to any reservations with respect to compliance of the consolidated financial statements and the combined management report.

### Basis for opinion

We conducted our audit of the consolidated financial statements and combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No 537/2014; hereinafter referred to as 'EU Audit Regulation') and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Our responsibilities under those regulations and guidelines are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements and combined management report' section of our report. We are independent of the Group companies in accordance with the requirements of European Union law as well as German commercial law and the rules of professional conduct, and we have fulfilled our other ethical responsibilities under German professional law in accordance with these requirements. In addition, pursuant to Article 10 (2)(f) EU Audit Regulation, we hereby declare that we did not provide any of the prohibited non-audit services referred to in Article 5 (1) EU Audit Regulation. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion on



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the consolidated financial statements and the combined management report.

### Key Audit Matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2016 to 30 September 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

#### VALUATION OF INVENTORIES

For the accounting policies applied, we refer to the disclosures in the notes in the section 'Explanatory notes to the basis of preparation of the consolidated financial statements' under Statement of financial position. In addition, we refer to the note on 'Inventories'.

#### Financial statement risk

The statement of financial position as at 30 September 2017 reports inventories in the amount of EUR 2,553 million, of which EUR 110 million refers to impairment losses.

Inventories initially measured at cost (taking into account incidental acquisition costs and reductions in the cost of acquisition due to subsequent compensation) must be reduced in value if the inventories are damaged, fully or partially obsolete or if their expected net realisable values no longer cover cost. The determination of net realisable values as an upper limit is subject to judgement. Net realisable value requires in part forward-looking estimates with regard to the amounts that are expected to be realised when selling the inventories. There is the risk for the consolidated financial statements that inventories are overvalued due to unidentified impairment losses.

#### Our audit approach

Based on our understanding of the process used to test inventories for impairment, we assessed the establishment, design and functionality of

the identified internal controls, especially in terms of the calculation of expected net realisable values.

We verified the computational accuracy of the calculations to determine net realisable value and impairment losses for inventory items selected according to risk and size. We assessed the appropriateness of the expected net realisable values and impairment rates applied using CECONOMY's historical and empirical values, among others.

#### Our conclusions

The assumptions underlying the net realisable values as well as judgements exercised by the Management Board are appropriate and reasonable.

#### RECOGNISING COMPENSATION FROM SUPPLIERS

For the accounting policies applied, we refer to the disclosures in the notes in the section 'Explanatory notes to the basis of preparation of the consolidated financial statements' under 'Other'. In addition, we refer to the note on 'Other financial and non-financial assets'.

#### Financial statement risk

The Group's statement of financial position as at 30 September 2017 presents receivables from suppliers in the amount of EUR 1,246 million under 'Miscellaneous financial and other assets'.

CECONOMY Group companies conclude agreements with suppliers on purchasing terms and conditions. These include agreements on subsequent discounts, rebates and other compensation given by suppliers to CECONOMY. Presentation of these agreements in the statement of financial position and statement of profit or loss requires some judgements and assumptions, such as on achieving calendar year targets due to the reporting date deviating from the calendar year, which have a direct influence on the recognition of receivables from suppliers under the aforementioned agreements. There is the risk for the consolidated financial statements that compensation from suppliers is recognised without an underlying agreement. Moreover, there is a risk that the level of compensation realised from suppliers is estimated inaccurately so that the amount recognised for receivables from suppliers is too high.



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### Our audit approach

We examined the process for recording and documenting supplier agreements and the establishment and design of the identified internal controls and assessed the effectiveness of the relevant internal controls in terms of the amount of supplier compensation.

We confirmed the underlying supplier agreements for a selection of receivables from suppliers based on size and risk, and assessed the recognition of supplier compensation in the statement of financial position and statement of profit or loss. To that end, we scrutinised, among others, the underlying assumptions and data used to recognise the receivables from suppliers for realised but not yet invoiced compensation taking into account past experience.

### Our conclusions

The recognition of the realised compensation from suppliers is consistent with the underlying supplier terms and conditions/agreements with the suppliers.

The assumptions used to assess the level of realisation of uninvoiced compensation from suppliers are appropriate.

### MEASUREMENT OF THE PROVISION FOR STORE-RELATED RISKS AND IMPAIRMENT OF LEASEHOLD IMPROVEMENTS

For the accounting policies applied, we refer to the disclosures in the notes in the section 'Basis of preparation of the consolidated financial statements'. In addition, we refer to the note on 'Other provisions (non-current) / provisions (current)'.

### Financial statement risk

The consolidated financial statements of CECONOMY as at 30 September 2017 include provisions for store-related risks in the amount of EUR 66 million for leases for operating stores, in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it (onerous contract). In addition, the consolidated financial statements of CECONOMY recognise equipment, operating and office equipment of EUR 808 million, which also includes leasehold improvements for operating stores. If the carrying

amount of leasehold improvements exceeds their recoverable amount, an impairment loss is recognised.

Measurement of the provision and impairment testing of leasehold improvements are based on the present value of future cash flows expected to be generated at each store, which is determined using the discounted cash flow method. Future cash flows are determined on the basis of multi-year plans for the individual stores.

This measurement is highly dependent on the Company's estimates of future cash flows and therefore subject to considerable uncertainty and judgement, especially in view of the multi-year planning horizon typically used. There is the risk for the financial statements that provisions for store-related risks are inaccurately measured and leasehold improvements at operating facilities are impaired.

### Our audit approach

We evaluated the appropriateness of implemented controls to ensure proper planning. In particular, we examined the release of plans by the responsible committees.

Furthermore, we confirmed the appropriateness of valuation models as well as material assumptions and data. We established whether the plans are reasonable, among others by comparing current with past performance (assessment of the quality of planning in the past), internal expectations and sector information. Furthermore, we evaluated the consistency of planning using information obtained in the course of the audit. We critically evaluated improvements in earnings due to reductions in space and strategic measures that were taken into account in planning. In addition, we assessed the valuation models for the accounting policies applied as well as computational and formal accuracy.

### Our conclusions

The valuation models applied by the Company are consistent with the IFRS accounting policies to be applied and the Management Board's assumptions are appropriate.





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### RECOGNITION OF REVENUE FROM CONTRACT NEGOTIATION

For the accounting policies applied, we refer to the disclosures in the notes in the section 'Basis of preparation of the consolidated financial statements'. Disclosures on the amount of revenue from services can be found under the note 'Sales':

#### Financial statement risk

The consolidated financial statements of CECONOMY as at 30 September 2017 present income arising from the provision of services for the reporting period in the amount of EUR 1,379 million, which also includes revenue from contract negotiation.

CECONOMY negotiates contracts with customers for various service providers. These service providers are mainly mobile communication providers. In return, CECONOMY receives commission from the service providers, which is recognised as revenue.

The negotiated (brokered) contracts include complex arrangements and a number of individual agreements, in which CECONOMY receives, as consideration for its brokerage services, a proportionate share of the future revenue generated by the mobile communication providers with end customers on a continuing basis. There is the risk for the consolidated financial statements that revenue from contract negotiation is estimated inaccurately or recognised without the entitlement to do so.

#### Our audit approach

We examined the process for recognising and documenting revenue from contract negotiation and the establishment and design of the identified internal controls.

We confirmed the underlying agreements and their renewal for a selection of deferrals and receivables from mobile communication providers based on size and risk, and assessed the recognition of revenue in the statement of financial position and statement of profit or loss. To that end, we critically reviewed, among others, the underlying assumptions and data used to recognise deferred receivables from mobile communication providers taking into account past experience.

#### Our conclusions

Revenue from contract negotiation is being recognised in line with the underlying agreements; the deferred income from future shares in the revenue of mobile communication providers with end customers has been properly estimated.

### SPLIT-UP (DEMERGER) OF METRO GROUP AND DECONSOLIDATION OF THE UNDERLYING ASSETS AND LIABILITIES

For the accounting policies applied, we refer to the disclosures in the notes in the section 'Basis of preparation of the consolidated financial statements'. In addition, we refer to the note 'Profit/loss for the period from discontinued operations after tax'.

#### Financial statement risk

The split-up (demerger) of METRO GROUP agreed by resolution of the Annual General Meeting of CECONOMY AG (until 11 August 2017: METRO AG) on 6 February 2017 was entered in the Commercial Register with legal effect on 12 July 2017. Accordingly, the activities of the sales lines METRO Cash & Carry and Real, including real estate and the related control and service activities, were deconsolidated in the fourth quarter of 2016/17.

Due to the volume of the assets and liabilities to be deconsolidated as well as complexity of the demerger agreement, there is the risk for the consolidated financial statements of CECONOMY that the gain on deconsolidation to be recognised through profit or loss was determined inaccurately, reporting requirements were not properly observed or disclosures were not correctly made in the notes.

#### Our audit approach

To assess the proper presentation of the split-up (demerger) of METRO GROUP in the consolidated financial statements of CECONOMY, we initially evaluated the legal basis for the demerger under German company corporation law and evaluated the demerger agreement and the demerger report in respect of the issues relevant to deconsolidation.



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In the course of our audit we assessed whether all assets and liabilities belonging to the disposal group were measured in accordance with the applicable IFRS provisions prior to classification as a disposal group.

We also assessed the established date of deconsolidation based on the relevant clauses in the demerger agreement as well as entry of the demerger in the commercial register.

Furthermore, we evaluated whether the method used to determine the gain on deconsolidation was appropriate. Our audit procedures initially consisted of assessing the measurement of the non-cash dividends payable based on the stock market price of the spun-off division (discontinued operation) after the demerger, assessing the completeness of the deconsolidated assets and liabilities based on the demerger agreement, and evaluating the retained non-controlling interests in entities of the spun-off division (discontinued operation). Finally, we evaluated the recognition in profit or loss of the gains and losses of the disposal group which had previously been recognised under group equity, to the extent subject to 'recycling'.

We also determined whether the disclosures in the notes required under IFRS 5 were made correctly and whether restatements in the statement of profit or loss and statement of cash flows were accurate with respect to presentation of the discontinued operation.

### **Our conclusions**

The gain on deconsolidation was properly determined. It is accurately and properly presented in the notes.

## **Responsibilities of the Management and Supervisory Boards for the consolidated financial statements and combined management report**

The Management is responsible for the preparation of the consolidated financial statements which, in all material respects, comply with IFRS, as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315a HGB (superseded version), and that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, the Management is responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management is responsible for assessing the Group's ability to continue as a going concern. Furthermore, the Management is responsible for disclosing, as applicable, matters related to going concern. In addition, the Management is responsible for using the going concern basis of accounting unless the intention is liquidation or to cease operations, or there is no realistic alternative to do so.

Moreover, the Management is responsible for preparing the combined management report, which as a whole provides a suitable view of the Group's position, as well as, in all material respects, is consistent with the consolidated financial statements, complies with German statutory requirements and suitably presents the opportunities and risks of future development. Furthermore, the Management is responsible for such arrangements and measures (systems) as they determine are necessary to enable the preparation of the combined management report in compliance with the applicable requirements of German commercial law and for providing sufficient and appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for monitoring the Group's financial reporting process for preparing the consolidated financial statements and the combined management report.



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### Auditor's responsibilities for the audit of the consolidated financial statements and the combined management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the combined management report as a whole provides a suitable view of the Group's position, as well as, in all material respects, is consistent with the consolidated financial statements and our audit findings, complies with German statutory requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our opinion on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation, as well as in compliance with the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW], will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

As part of our audit we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated financial statements and the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements, and of the arrangements and measures relevant to the audit of the combined management report, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and combined management report or, if such disclosures are inadequate, to modify our particular opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with IFRS, as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315a (1) HGB (superseded version).
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the combined management report. We are responsible for the direction,



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supervision and performance of the group audit. We remain solely responsible for our audit opinion.

– Evaluate consistency of the combined management report with the consolidated financial statements, its legal compliance and presentation of the Group's position.

– Perform audit procedures on the prospective information presented by the Management in the combined management report. Based on sufficient and appropriate audit evidence, we hereby in particular trace the significant assumptions used by the Management as a basis for the prospective information and assess the appropriate derivation of the prospective information from these assumptions. We are not issuing a separate audit opinion on the prospective information as well as the underlying assumptions. There is a significant, unavoidable risk that future events will deviate significantly from the prospective information.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore

the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

**Other disclosures pursuant to Article 10 of the EU Audit Regulation**

We were appointed as group auditors at the shareholders' meeting held on 6 February 2017. We were appointed by the Supervisory Board on 6 February 2017. Inclusive of the extension pursuant to Section 318 (1)a HGB, we have been engaged as group auditors of CECONOMY AG (operating under the name METRO AG until 11 August 2017) uninterruptedly since the 2005 financial year.

We declare that the audit opinion in this auditor's report is consistent with the additional report to the audit committee referred to in Article 11 of the EU Audit Regulation (audit report).

**Statutory auditor responsible for the engagement**

The auditor responsible for the engagement is Gereon Lurweg.

Cologne, 30 November 2017

KPMG AG  
Wirtschaftsprüfungsgesellschaft  
[Original German version signed by:]

Lurweg  
Wirtschaftsprüfer  
[German Public Auditor]

Münstermann  
Wirtschaftsprüfer  
[German Public Auditor]





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