

Store Closures Impact Ceconomy Q2 Results

Written by Frederick Douglas
19 May 2020

The coronavirus hits Ceconomy, as the MediaMarkt and Saturn owner sees fiscal Q2 (ending March 2020) sales drop by -6.6% to €4.6 billion, mainly due to store closures brought about pandemic lockdown measures.



The retailer also reports adjusted EBIT for the quarter is down by €157 million to -€131m, while earnings before tax total -€391m, a massive drop from the €33m of the previous year. Profit is down from €20m to a loss of -€309m.

As mentioned earlier, such results are due to store closures, even if Ceconomy says it managed to increase "pure internet" sales by 98% in March through an early concentration of sales activities on the online channel. The retailer had to close 87% of stores in March, but it has already managed to reopen 92% of group-wide outlets. It also has a number of short-term measures in place, including short-time work, deferral of tax payments, suspension of rental payment and a voluntary salary waiver by board members, senior managers and employees.

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Results for fiscal Q2 are "mixed" on a regional level. DACH sales are down by -6% Y-o-Y, while store closures leave "significant" negative impact on sales in Italy and Spain, leading to a sales drop of -8.7%. E. European sales are relatively stable with a -0.2% Y-o-Y drop, as Turkey achieves "solid" double-digit growth and Polish sales decline due to early store closures.

Looking to the future, Ceconomy withdraws previous outlook and states it can only predict the effects for the full year 2019/2020 to a "limited" extent. The retailer expects a decline in sales for the fiscal year, with significant declines in EBIT. However the year should see some positive effect of €5-15m through the introduction of IFRS 16.

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