

Ceconomy, the parent company of Media Markt and Saturn, is in talks with the German state-owned KfW development bank for government aid, as the coronavirus (aka Covid-19) leads to store closures, Bloomberg reports.



According to the news story, the German retailer is looking for no less than €2 billion in financing. One potential scenario has KfW provide around 80% of the loans, with commercial banks providing the rest as part of a special program. Another source suggests Ceconomy may need to top only part of the credit line. Negotiations are reportedly still ongoing, and as such the structure and timing of the financial package are not finalised.

“We’re taking all measures necessary to protect our business and mitigate the developments related to Covid-19,” Ceconomy tells Bloomberg. It also says “we have decided to additionally apply for KfW financing,” while cutting costs and making other changes. KfW has no comment on the Bloomberg story.

The €2bn deal with Ceconomy would mark the 2nd largest rescue loan by KfW. Earlier in March Germany signed off on taking €156bn in new debt, part of an "unprecedented" package to help cushion the economic fallout from the virus, and set up a €600bn fund to provide companies with loans and guarantees, as well as buy stakes in affected businesses.

As for Ceconomy, the retailer withdrew its full-year 2020 outlook on 18 March, even after "solid" January and February results, because of the pandemic leading to store closures across Europe. It also postponed its 26 March capitals-market day, where CEO Bernhard Duettman was set to present a strategy to deal with the online likes of Amazon.

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