



## TO OUR SHAREHOLDERS

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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	13/07/2017 to
		12/07/2017	29/09/2017
		(closing prices)	(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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