

A large, yellow, rounded rectangular graphic element is positioned on the left side of the slide. It has a white outline and a white shadow, giving it a 3D effect. The text is overlaid on this graphic.

# PRESENTATION GERMAN CORPORATE CONFERENCE

17 January 2018

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The previous year's financial figures as of 30 September 2016 correspond to those reported in the combined financial statements of the former METRO Wholesale & Food Specialist Group (now operating as METRO).

This presentation includes supplemental financial measures which are or may be non-GAAP financial or operative measures. These measures should not be viewed in isolation as alternatives to financial measures presented in accordance with IFRS. Other companies that disclose similarly titled measures may calculate them differently. All numbers shown are before special items, unless otherwise stated. All amounts are stated in million euros (€ million) unless otherwise indicated. Amounts below €0.5 million are rounded and reported as 0. Rounding differences may occur.

# WHO WE ARE

# A STRONG INTERNATIONAL WHOLESALE GROUP (B2B)

## By operating segment

Wholesale (warehouse & foodservice)  
(B2B)  
80%



Food retail  
(B2C)  
20%

FY '16/17 sales: €37bn

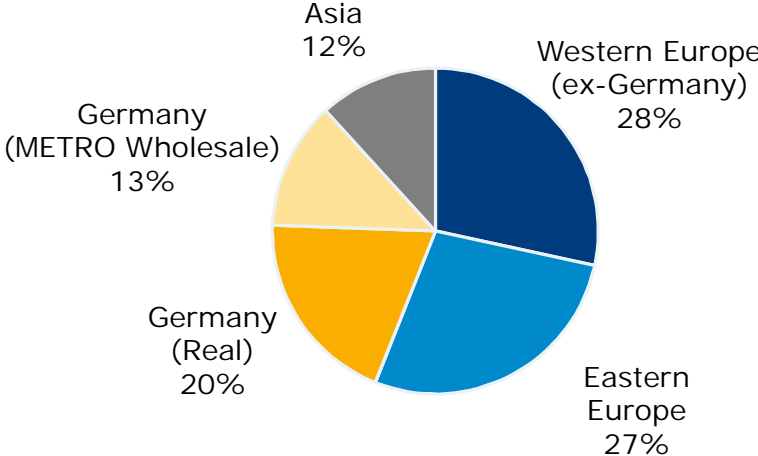
Wholesale (warehouse & foodservice)  
(B2B)  
91%



Food retail  
(B2C)  
9%

FY '16/17 EBITDA: €1.6bn  
% margin: 4.3%

## By geography



FY '16/17 sales: €37bn

# FULLY FOCUSED ON CUSTOMER VALUE AND COMPLETELY LOCALISED

Customer centricity as core of our strategy



Fully empowered group of B2B companies

Wholesale



FSD



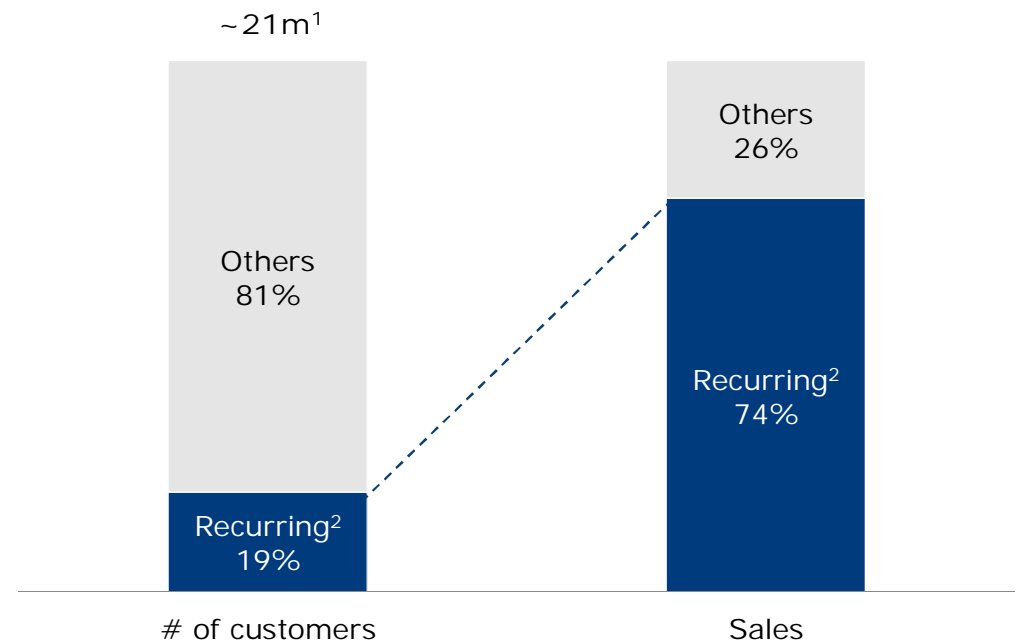
Source: Company information

# BUILT ON STRONG RELATIONSHIPS AND RECURRING REVENUES

## Strong proximity to our customers



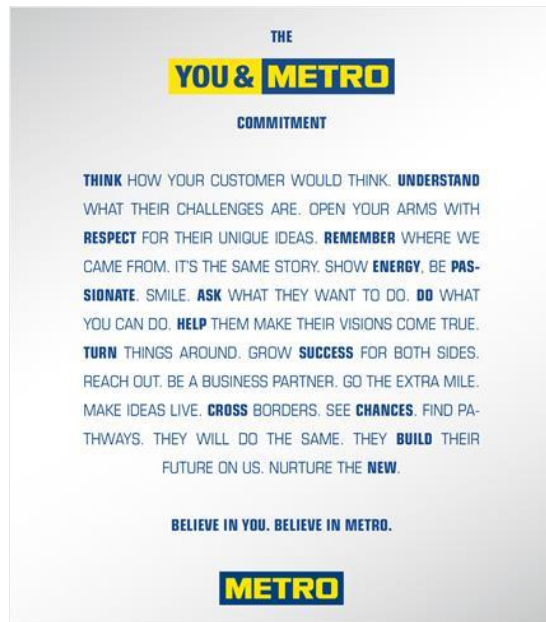
## High sales share from recurring customers<sup>2</sup>



Source: Company information; Note: data for FY '15/16 for METRO Wholesale based on like-for-like ("LFL"); Data based on internal management system, so-called METRO WFS data warehouse, prepared using self-reporting customer classification; Sales are statistical, excluding non strategic categories (e.g. tobacco, petrol, empties), acquired companies (CFF, Rungis, Midban) and country divestments; consequently, deviations from financial information as reported in the METRO WFS combined financial statements may occur; See page 19 for LFL definition. <sup>1</sup> Customers are considered "buying" customers if they at least bought once at METRO Wholesale in the last 12 months; <sup>2</sup> Recurring customers are defined as # of HoReCa and Trader customers visiting  $\geq 26$  times and # of SCOs visiting  $\geq 12$  times over a 12-month period

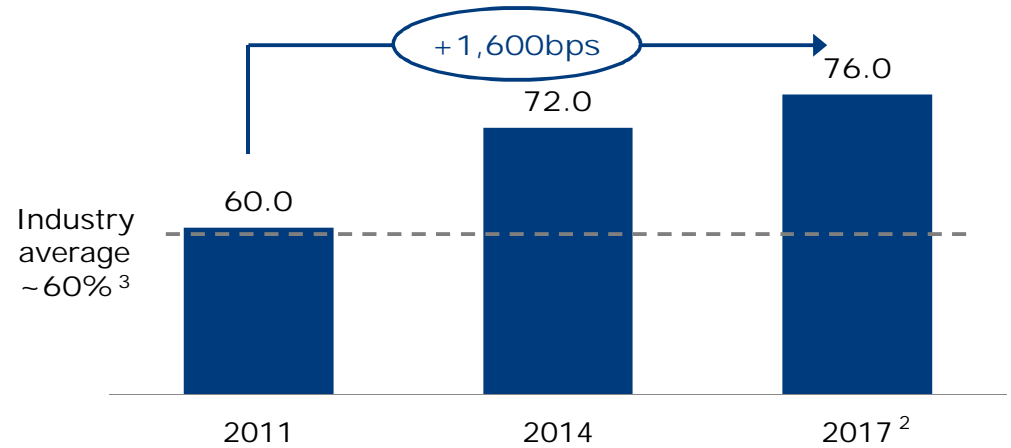
# WELL FOUNDED ON HIGHLY ENGAGED TEAMS

## Strong focus on company culture



## Steady progress in employee engagement<sup>1</sup>

Employee engagement survey (%)



Source: Company information, METRO WFS internal survey based on Aon Hewitt methodology

<sup>1</sup> Employee engagement based on Aon Hewitt methodology defined as % of total employee obtaining an average response score >4.5 when responding to the three following questions on a scale from 1 to 6: i) "I gladly tell others great things about working here", ii) "It would take a lot to make me leave this company" and iii) "My company inspires to do my best every day at work"; <sup>2</sup> Survey conducted by the company between April 15, 2017 and May 15, 2017; <sup>3</sup> Global retail benchmark as of 2016 based on Aon Hewitt methodology

# RECENT PERFORMANCE AND KEY TOPICS



# A TRANSITION YEAR – A YEAR OF INTENSIFICATION



*A powerful international wholesale group*

- § Customer value driven localised
- § Strong B2B relationships & recurring revenues
- § Significant growth potential substantiated
- § Solid execution track record
- § Highly engaged teams
- § Active ownership approach
- § Strong cash conversion
- § Up-and-coming food lover retail concept
- § Sound balance sheet
- § Substantial real estate underpin
- § Clear dividend policy
- § Additional prospects: Digitisation of SMEs

Source: Company information

# METRO WHOLESALE - STATIONARY BUSINESS



## The underlying principle

Employee engagement index



Net promoter score



Sustainable like-for-like growth

## Implementation of value creation plans



## What drives like-for-like growth in FY 16/17?

Horeca +4.1%

Trader<sup>1</sup>: +5.7%

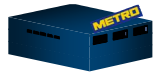
Food: +2.1%

<sup>1</sup> Trader countries: Romania, Poland, Moldova, Ukraine

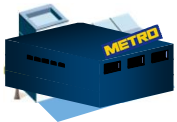
# METRO WHOLESALE - DELIVERY



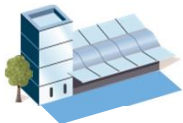
Required infrastructure  
in place



647 out-of-store locations



21 depot-in-warehouse



60 depots

Acquisitions integrated,  
synergies being created



Continued strong  
growth leads to new  
ambition

Minimum  
20% of  
sales by  
2020

# DIGITIZATION OF THE HORECA SECTOR

## Discovery 2013-2014

## Feasibility 2015-2017

## Scale 2018-onwards

- § Analysis of value creation opportunities through digital tools
- § Selective engagement in digital solutions

- § Support for the development of new digital solutions for the HoReCa sector in collaboration with TechStars
- § Development of own solutions
- § Investment in advanced solutions
- § Pilot installation in 5 Metropolitan cities

- § Build the community
- § Scale solutions
- § Enhance the business of SMEs



## OUR AIM: TO BUILD THE LARGEST DIGITAL HORECA COMMUNITY



- A leading international player in wholesale and FSD with a presence in 35 countries
- 21m buying customers
- Significant customer REACH  
>60% in Germany and other Western European Markets
- Established and strong relationships to SMEs
- 759 stores + ~ 7,000 Sales Force members
- Efficient and effective platform for customer acquisition



## DIGITAL CLUB

- Become the largest digital Horeca community in the world
- Clear target for activation of Digital SMEs

2018: 50k members

2020: 500k members

# REAL – REDEFINITION OF BUSINESS MODEL

Combination of outstanding assortment diversity in food and fresh and high quality with stronger emphasis on service, experience and multichannel sales approach.

## Real Food Lover Krefeld

- Significant sales growth in all product lines
- 30% more customer visits
- Start roll-out Braunschweig in 2017/18

## New image campaign

- Remodeling of 14 Real Stores to new format with key learnings from Krefeld
- Assortment review; 70% food target



## Online

- Very large assortment of more than 12m SKUs
- Gross merchandise value growth of >120%
- 1.4% of total sales; 7.5% of total non-food sales
- Online groceries piloted in 10 cities in Germany

**real.digital**



# REAL ESTATE - SUSTAINABLE VALUE CREATION

Real estate is an integral part and enabler of our long-term strategy  
Project Development as key lever to deliver recurring benefits

Project  
development  
track record...



FY 2016/17

Hongkou



EBIT gain ~€80m

Chengdu



EBIT gain ~€30m

...strong project  
pipeline

- § Defined list of potential projects
- § Focus on delivering sustainable real estate value creation while strengthening the operational business



## A YEAR OF PROGRESS TOWARDS MID-TERM AMBITION

### Sales growth

FY Reported: +1.6%

FY Like-for-like: +0.5 %

FY Delivery<sup>1</sup>: >25%

FY Online (Real): >50%

*Mid-term ambition: +3%  
reported growth*

### EBITDA margin<sup>2</sup>

Before SI<sup>3</sup>: 4.9% (PY 4.9%)

Reported: 4.3% (PY 5.2%;  
adj.<sup>4</sup> 4.0%)

*Mid-term ambition EBITDA  
margin: ~5%, no more  
special items reporting*

### Free Cash Flow (FCF)<sup>5</sup>

Δ EBITDA<sup>4</sup> (rep.): +€138m vs PY

Δ FCF: +€266m vs PY

FCF conversion: 56% (PY 43%)

*Mid-term ambition FCF  
conversion: >60%*

*Incentive scheme fully in line with financial ambition*

<sup>1</sup> Wholesale delivery organic and M&A; <sup>2</sup> Mid-term ambition refers to EBITDA margin before special items; METRO's reporting will move to EBITDA from FY 2017/18 onwards; <sup>3</sup> SI = special items;

<sup>4</sup> excluding the €445m gain from sale of METRO Vietnam

<sup>5</sup> EBITDA reported - capex excluding finance lease extensions and M&A +/- change in NWC



# OUTLOOK FOR 2017/18

	FY 2016/17	FY 2017/18
Sales growth in local currency	1.1%	≥1.1%
LfL growth	0.5%	≥0.5%
Rep. EBITDA <sup>1</sup> excl. real estate gains	€1,436m <sup>2</sup>	c. 10% growth

<sup>1</sup> At constant FX and before portfolio measures

<sup>2</sup> Reported EBITDA 2016/17 of €1,611m less €175m of real estate gains

## STRONG Q1 TOP-LINE PERFORMANCE

### METRO

Reported: +0.2%

Rep. (local currency): 1.5%

Like-for-like: +0.8%

Supported by delivery and  
online

### METRO Wholesale

Reported: +0.6%

Rep. (local currency): 2.3%

Like-for-like: +1.0%

Germany (+2% like-for-like)  
and other regions  
compensate for Russia (-9%  
like-for-like)

### Real

Reported: -0.5%

Like-for-like: +0.0%

Particularly driven by non-food;  
strong growth in online

*Q1 top-line trading well in line with FY 2017/18 guidance*

# EVENTS AND FINANCIAL CALENDAR

## Upcoming events Q1 and Q2 2017/18

- 21 – 23 March 2018 – Analyst and investor trip to METRO Expo, Russia

## Financial calendar

- 13 February 2018 – Q1 Quarterly Statement 2017/18
- 16 February 2018 – Annual General Meeting
- 15 May 2018 – H1/Q2 Financial Report 2017/18
- 2 August 2018 – 9M/Q3 Quarterly Statement 2017/18

METRO

Q&A

BACKUP

## SALES IN FY – ACCELERATION OF GROWTH THROUGH REGIONAL IMPROVEMENT, DELIVERY AND ONLINE

%	FY 2015/16	FY 2016/17
Like-for-like growth	0.2%	0.5%
METRO Wholesale	0.6%	0.9%
<i>thereof Food</i>		2.1%
Real	-1.1%	-1.0%
Reported growth	-2.5%	1.6%
METRO Wholesale	-2.3%	3.0%
Real	-3.3%	-3.1%
Sales share of respective sales line		
Delivery: METRO Wholesale	12.8%	15.6%
<i>excl. Pro à Pro</i>		14.1%
Online: Real	0.9%	1.4%

### Like-for-like growth

- 0.5% LfL growth; increase driven by METRO Wholesale
  - traction in key customer groups Horeca and Trader
  - traction in focus categories in Food
- METRO Wholesale: driven by positive development in all regions (excl. Germany) and delivery growth
- Real: trend improvement in competitive environment

### Reported growth

- Acquisition of Pro à Pro, positive currency effects, as well as the opening of 13 new stores lead to significant acceleration from -2.5% to 1.6%

### Multichannel sales share

- METRO Wholesale: continued double-digit growth in delivery
- Real: >50% online growth to 1.4% sales share

## EBIT IN FY – REAL ESTATE AND CURRENCY OFFSET DECREASE AT REAL

€m / %	FY 2015/16	FY 2016/17
EBIT before SI	1,106	1,106
METRO Wholesale	1,048	1,114
<i>thereof FX</i>		37
Real	105	80
Others/Consolidation	-48	-87
EBIT margin	3.0%	3.0%
METRO Wholesale	3.6%	3.7%
Real	1.4%	1.1%
Real estate gains	153	175
METRO Wholesale	34	115
Real	0	6
Others	119	60
Consolidation	0	-6

### EBIT and EBIT margin

- EBIT in line with last year
- Driven by FX support and higher real estate gains
- METRO Wholesale compensates decline in Real, caused by sales decrease, higher advertising costs and expansion of online business

### Real estate gains

- Continued focus on value-enhancing, sustainable developments with strong pipeline for coming years
- Three main transactions (~€40m Munich, ~€80m Hongkou, ~€30m Chengdu)

## EBIT TO EPS IN FY 2016/17 – IMPROVED NET FINANCIAL RESULT AND TAX RATE INCREASE EPS

€m, before SI	FY 2015/16	FY 2016/17
EBIT	1,106	1,106
<i>Interest and investment result</i>	-208	-166
<i>Other financial result</i>	-90	-44
Net financial result	-298	-210
EBT	808	896
Tax rate in %	38.7%	34.9%
Net income	495	583
EPS in €	1.33	1.55
Includes one-time tax income		~0.10
Proposed DPS in €		0.70

### Net financial result

- €88m year-on-year improvement driven in equal parts by
  - lower financing costs
  - improved other financial result

### Tax rate

- Significant decrease due to one-time deferred tax income from reversal of deferred tax liabilities
- Adjusted for this gain, tax rate slightly above 2015/16

### EPS

- Significant EPS increase due to lower net financial result and one-time income in taxes
- Adjusted for the tax income, EPS still roughly €0.12 above 2015/16



## FCF IN FY 2016/17 – LOWER RESTRUCTURING, NWC AND CAPEX SAVINGS CAUSE FCF CONVERSION TO SOAR

€m	FY 2015/16	FY 2016/17
EBITDA before SI	1,791	1,810
Special items in EBITDA <sup>1</sup>	-318	-199
EBITDA reported <sup>1</sup>	1,473	1,611
Cash flow $\Delta$ in NWC	-77	-44
Capex <sup>2</sup>	-763	-669
METRO Wholesale	-503	-401
Real	-127	-120
Others	-133	-149
FCF	632	898
FCF conversion in %	43%	56%
Net debt (30 Sep)	3,051	3,142

Lower special items increase reported EBITDA

- METRO Wholesale: minor restructuring (€25m)
- Real: HQ restructuring costs
- Others: €115m, mostly demerger costs

Change in NWC

- Improvement driven by higher NWC focus across the entire country portfolio, despite headwinds in Russia

Capex

- Reduction driven by savings in METRO Wholesale

FCF and FCF conversion

- Overall rise by €266m or 13%-pts. to 56% conversion

Net debt

- Slight increase due to acquisition of Pro à Pro and cash-out from PY restructuring provisions

<sup>1</sup> Adjusted for positive special item from sale of METRO Vietnam (445m EUR)

<sup>2</sup> Capex, excluding M&A and excluding finance lease extensions.



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