

## METRO I NCREASES LIKE-FOR-LIKE SALES AND REACHES ADJUSTED GUI DANCE

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### Old Setup

- Adjusted group guidance for the financial year 2017/18 reached:
  - Like-for-like sales and sales in local currency increased by 0.7%
  - EBITDA (excluding earnings contributions from real estate transactions, adjusted for currency effects) increased by 1.2% (2016/17: €1,436 million)
- Earnings per share (EPS) adjusted for Real goodwill impairment improved to €1.08 (>20% growth); after goodwill impairment €0.95 (2016/17: €0.89)
- Management and Supervisory Board propose a dividend of €0.70 per share
- Focus on wholesale shows good progress:
  - Real: Sale process on schedule; Hypermarket business as of 30 September 2018 reported as discontinued operations
  - Wholesale: Like-for-like sales increased by 1.3%; strongly driven by HoReCa and Trader

### New Setup

- Guidance 2018/19 for the continued operations:
  - Sales on a constant currency basis expected to increase by 1-3%
  - EBITDA (excluding earnings contributions from real estate transactions) 2-6% below prior year due to the expansion of digitalisation activities and the continuing transformation in Russia

Duesseldorf, 13 December 2018 – METRO AG increased like-for-like sales in the financial year 2017/18 by 0.7%. Due to negative currency effects, reported sales decreased by 1.6% to €36.5 billion. EBITDA excluding earnings contributions from real estate transactions reached €1,396 million (2016/17: €1,436 million). Adjusted for currency effects, EBITDA excluding earnings contributions from real estate transactions rose by 1.2%. Hence METRO reached its adjusted guidance. The adjustment of the guidance in April 2018 resulted from reduced expectations for the Russian business and the termination of the temporary tariff agreement between Verdi and Real. “Overall, the financial year

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2017/18 was a successful one for METRO. We have made significant progress in many areas but also had to overcome a number of unexpected challenges. We have come very far in our transformation to focus fully on the wholesale business, which showed positive like-for-like growth for the fifth year in a row", said Olaf Koch, Chairman of the Management Board of METRO AG. „Thanks to the measures initiated for our Russian business, we were able to prove in the second half of the year that we can tackle and solve challenges. Likewise, we have put in place the best conditions to allow Real to have a successful, independent future on its own. This sale process is making good progress. Next year we are going to be very active once again. Our priorities are the continuing focus on our key target groups HoReCa and Trader, as well as the expansion of our digital business.“

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A dividend of €0.70 per share will be proposed at the annual general meeting. In order to provide the shareholders an attractive dividend yield and dividend continuity, as well as to demonstrate our trust in the future of METRO, the dividend proposal corresponds to 74% of EPS and thus exceeds the distribution quota of 45-55% of EPS provided for in METRO's dividend policy.

The hypermarket business, which is for sale, is reported as discontinued operations as of 30 September 2018, due to the ongoing sales process. Within the scope of the required annual audit, the goodwill of €64 million attributed to Real was impaired in full. Adjusted for this non-cash relevant impairment the earnings per share improved by more than 20% to €1.08.

The discontinued operations primarily include Real and some other individual companies or assets. All following explanations of the business development will focus on the continued operations unless stated otherwise.

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Continued operations

Continued and discontinued operations

€m	2016/17	2017/18	Change	2016/17	2017/18	Change
Sales	29,903	29,476	-1.4%	37,140	36,534	-1.6%
Sales in local currency <sup>1</sup>	29,048	29,476	1.5%	36,285	36,534	0.7%
Sales like-for-like	27,508	27,859	1.3%	34,455	34,685	0.7%

<sup>1</sup> Sales in local currency of the previous year were calculated by converting reported sales of the previous year at the average exchange rate of the current financial year.

Continued operations

Continued and discontinued operations

€m	2016/17	2017/18	Change	2016/17	2017/18	Change
EBITDA excl. RE gains	1,267	1,242	2.5% <sup>2</sup>	1,436	1,396	1.2% <sup>2</sup>
EBITDA	1,443	1,370	-	1,611	1,525	-5.3%
EBT	674	693	-	649	578	-10.9%
Profit for the period	379	458	-	345	348	0.9%
Profit for the period attributable to the shareholders of METRO AG	359	454	26.4%	325	344	5.9%
Reported EPS in €	0.99	1.25	26.4%	0.89	0.95	5.9%

<sup>2</sup> in local currency

Profit for the period from continued operations reached €458 million in financial year 2017/18, amounting to €79 million more than the profit for the previous year's period. The earnings per share of the continued operations increased to €1.25 (2016/17: €0.99) in the financial year 2017/18.

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METRO Wholesale increased like-for-like sales – also in Germany

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METRO Wholesale's like-for-like sales grew by 1.3% despite a continuously complex geopolitical situation and considerable negative macro-economic volatility in the financial year 2017/18 and thereby grew for the 5th year in a row.

Our core business in Germany grew again in terms of like-for-like sales (+1.0%)<sup>3</sup>. Eastern Europe excluding Russia (+6.1%) and Asia (+4.0%) recorded particularly positive developments. In Russia, like-for-like sales in financial year 2017/18 declined significantly by 7.0%.

Sales in local currency were up 1.5%. As a result of unfavorable exchange rate developments in Russia, Asia and Eastern Europe, reported revenue decreased by 1.4% to €29.5 billion.

EBITDA excluding earnings contributions from real estate transactions reached a total of €1,321 million in financial year 2017/18 (2016/17: €1,413 million). This decrease is mainly attributable to the decline in sales in Russia and a negative currency development.

In the financial year 2017/18, METRO focused even further and more consistently on the customer groups hotels, restaurants and catering companies (HoReCa) as well as independent traders. Like-for-like sales grew by 3.6% with HoReCa customers and 4.6%<sup>4</sup> with independent traders. Food sales increased by 2%. METRO Wholesale's delivery sales continue to expand dynamically, showing double-digit growth (+14.0%) and accounting for 18% of total sales.

As of 30 September 2018, the store network comprises 769 locations (30/9/2017: 759 locations). 14 stores opened in financial year 2017/18.

Discontinued operations: Sale of Hypermarket business proceeds

The sale process of the hypermarket business, announced by the Management Board in mid-September 2018, advanced further. It will be reported as a discontinued operation as of 30 September 2018. The forecast for financial year 2018/19 will refer to continued operations only.

Real's like-for-like sales declined by 1.7% in financial year 2017/18. This decline is in particular attributable to the ongoing warm weather and a temporarily limited availability of goods in the second half of the year.

<sup>3</sup> with IFRS5 effect, before IFRS5 the like-for-like growth is 0.8%.

<sup>4</sup> Trader countries excluding Russia: Bulgaria, Czech Republic, India, Pakistan, Poland, Romania, Serbia, Slovakia

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Reported sales decreased by 2.3% to €7,1 billion due to three market closures, some of which were temporary.

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EBITDA excluding earnings contributions from real estate transactions of Real reached a total of €143 million in financial year 2017/18 (2016/17: €154 million). The result is negatively affected mainly by the termination of the temporary tariff agreement between Real and Verdi.

Online sales continued to develop very positively. The Gross Merchandise Value, the gross amount of merchandise ordered via the platform Real.de, grew by 90% to around €380 million in the financial year 2017/18.

### Outlook for continued operations

In the financial year 2018/19, the intensification of the wholesale business and the ongoing focus on our core customer groups HoReCa and Trader will be our priority. Hereby, METRO will particularly invest in the further development of the digital business.

Despite the persistently challenging economic environment in particular in Russia, METRO expects to see an increase in overall sales in the range of 1-3% for the financial year 2018/19, mainly driven by Eastern Europe (excluding Russia) and Asia. METRO equally expects an increase in like-for-like sales in the range of 1-3% in the financial year 2018/19, also mainly driven by Eastern Europe (excluding Russia) and Asia. For Russia, a measurable trend improvement is expected.

EBITDA excluding earnings contributions from real estate transactions is expected to decrease by around 2-6% compared to the financial year 2017/18 (€ 1,242million), particularly driven by an expected double-digit percentage decrease in the segment Others (2017/18: € -129 million) as well as by an expected mid- to high-single digit percentage decrease in the segment Russia. For all other segments an EBITDA around previous year's level is expected.

METRO is a leading international wholesale company with food and non-food assortments that specialises on serving the needs of hotels, restaurants and caterers (HoReCa) as well as independent traders. Around the world, METRO has some 24 million customers who can choose whether to shop in one of the large-format stores, order online and collect their purchases at the store or have them delivered. METRO in addition also supports the competitiveness of entrepreneurs and own businesses with digital solutions and thereby contributes to cultural diversity in retail and hospitality. Sustainability is a key pillar of METRO's business. METRO has been the sector leader in the Dow Jones Sustainability Index for the last four years. The company operates in 35 countries and employs more than 150,000 people worldwide. In financial year 2017/18, METRO generated sales of €36.5 billion. In September 2018 METRO AG initiated the divestment process for the food retail chain Real with its 34,000 employees. For more information, please visit [www.metroag.de](http://www.metroag.de)

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