

## **METRO ACHIEVES STRONGEST GROWTH IN WHOLESALE BUSINESS FOR 10 YEARS: LIKE-FOR-LIKE SALES UP 2.4%**

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### Continuing operations (incl. METRO China, excl. Real; 'outlook view')

- Group outlook for financial year 2018/19 reached at upper end of outlook range:
  - Like-for-like sales and sales in local currency increased by 2.4% and 2.5%; outlook: 1-3% growth
  - EBITDA (excluding earnings contributions from real estate transactions, adjusted for currency effects) decreased by -4.2% (2017/18: €1,242 million); decline of merely -2.6% excluding the costs for the voluntary takeover offer (approx. €20 million); guidance: 2-6% decrease
- Earnings per share significantly improved by €0.22 to €1.44
- Management Board and Supervisory Board propose a stable dividend of €0.70 per share
- Focus on wholesale shows significant progress:
  - METRO China: Successful sale of a majority stake to Wumei; METRO China as of 30 September 2019 reported as discontinued operations (in accordance with IFRS 5)
  - Real: Sale process of the hypermarket business well advanced
  - Core customer groups: Strong like-for-like sales with HoReCa (4.5%, incl. METRO China) und Trader (5.1%<sup>1</sup>)

### Continuing operations (excl. METRO China, excl. Real)

- Outlook 2019/20 for continuing operations (excl. METRO China, excl. Real):
  - Like-for-like sales and sales in local currency expected to increase by 1.5-3% respectively
  - EBITDA (excluding earnings contributions from real estate transactions and before transformation costs) expected to be roughly on the level of the past financial year (2018/19: €1,021 million)
  - Positive trends in operating business to continue
- Expected Closing of Real and China transactions will have significant impact on financial year 2019/20; net proceeds of more than €1.5 billion expected
- Positive EPS contribution of ~€3.0 expected from China transaction

<sup>1</sup> Trader countries excluding Russia: Bulgaria, Czech Republic, India, Pakistan, Poland, Romania, Serbia, Slovakia

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**Düsseldorf, 11 December 2019** – METRO increased like-for-like sales in the financial year 2018/19 (incl. METRO China) by 2.4%. In particular Eastern Europe (excl. Russia), Asia and Western Europe (excl. Germany) contributed to the good development. Reported sales (incl. METRO China) of €29.9 billion were 1.5% above the previous year due to negative currency effects, mainly in Turkey and Russia. Adjusted for currency effects reported sales rose by 2.5%. EBITDA excluding earnings contributions from real estate transactions (incl. METRO China) reached €1,173 million after €1,242 million in the fiscal year 2017/18. Adjusted for currency effects, the decrease was -4.2%. Hence METRO reached its sales and earnings outlook for the financial year 2018/19, which includes METRO China. Excluding the costs for the voluntary takeover offer of around €20 million, the decline was only -2.6%.

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‘Our origin is wholesale, wholesale is our future. We made significant progress towards this goal in the financial year 2018/19,’ says Olaf Koch, Chairman of the Management Board of METRO AG. ‘Like-for-like sales growth in the financial year 2018/19 including METRO China reached 2.4%. This is the highest growth for METRO Wholesale in the last decade. In particular, like-for-like sales with the core customer groups HoReCa and Trader grew strongly by 4.5% and 5.1%<sup>2</sup>, respectively. In addition, we sold a majority stake of METRO China to our partner Wumei. We expect this transaction to generate net cash proceeds of more than €1 billion at closing. The sale of Real is in the final phase. Both transactions lead to a further significant focus of our portfolio. Once the China sale is completed, the core customer groups will account for 70% of METRO’s total sales.’

A dividend of €0.70 per share will be proposed at the annual general meeting. This dividend proposal is stable compared to the previous year and corresponds to 49% of earnings per share (‘outlook view’) and is thus in line with METRO’s dividend policy.

In October 2019, METRO signed an agreement to sell a majority stake in METRO China to Wumei. As a result of the sale, METRO China is reported as a discontinued operation as of 30 September 2019. Hence the discontinued operations primarily include METRO China as well as the hypermarket business. METRO AG expects both transactions to be closed shortly. Therefore, the outlook for financial year 2019/20 only covers the continuing operations (excl. METRO China, excl. Real).

<sup>2</sup> Trader countries excluding Russia: Bulgaria, Czech Republic, India, Pakistan, Poland, Romania, Serbia, Slovakia

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	Continuing operations incl. METRO China		Continuing operations	
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	2017/18	2018/19	2017/18	2018/19
Sales (€m)	29,476	<b>29,928</b>	26,792	<b>27,082</b>
Change towards previous year	-1.4%	<b>1.5%</b>	-1.5%	<b>1.1%</b>
Change in local currency <sup>1</sup>	1.5%	<b>2.5%</b>	1.3%	<b>2.2%</b>
Change like-for-like	1.3%	<b>2.4%</b>	1.3%	<b>2.1%</b>

<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

	Continuing operations incl. METRO China			Continuing operations		
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€m	2017/18	2018/19	Change	2017/18	2018/19	Change
EBITDA excl. RE gains	1,242	<b>1,173</b>	-4.2% <sup>1</sup>	1,088	<b>1,021</b>	-
EBITDA	1,370	<b>1,561</b>	14.0%	1,216	<b>1,359</b>	11.8%
EBT	693	<b>874</b>	26.1%	576	<b>709</b>	23.1%
Profit for the period	447	<b>533</b>	19.2%	359	<b>411</b>	14.4%
Profit for the period attributable to the shareholders of METRO AG	443	<b>523</b>	18.0%	357	<b>405</b>	13.7%
Reported EPS in €	1.22	<b>1.44</b>	18.0%	0.98	<b>1.12</b>	13.7%

<sup>1</sup> At constant exchange rates

**Profit for the period** (incl. METRO China) reached €533 million in financial year 2018/19, amounting to €86 million more than the profit for the previous year's period of €447 million. On this basis, METRO reached **earnings per share** (incl. METRO China) of €1.44 in financial year 2018/19 after €1.22 in financial year 2017/18.

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## Sales and earnings growth in most regions

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Unless expressly stated otherwise, the presentations given below refer to continuing operations (excluding METRO China, excl. Real).

In **Germany**, like-for-like sales in financial year 2018/19 rose by 0.3%, while reported sales declined by -0.5%, significantly impacted by the first-time application of IFRS 15. EBITDA excluding earnings contributions from real estate transactions reached €95 million in financial year 2018/19 (2017/18: €91 million).

Like-for-like sales in **Western Europe (excl. Germany)** rose by 1.3% in financial year 2018/19 after a negative development in the previous year. Reported sales increased by 1.3%. France, the delivery company Pro à Pro, Spain and Portugal particularly contributed to this. EBITDA excluding earnings contributions from real estate transactions reached a total of €499 million in financial year 2018/19 (2017/18: €491 million).

In **Russia**, the sales trend improved compared to the previous year, but the market environment remains challenging. Like-for-like sales in financial year 2018/19 declined by -4.3%. In local currency, revenues decreased by -3.3%. As a result of negative currency effects, the reported sales decreased by -5.4%. The EBITDA excluding earnings contributions from real estate transactions amounted to €220 million in financial year 2018/19 (2017/18: €266 million). Adjusted for currency effects, the decline amounts to €-40 million and is mainly sales and margin related.

In **Eastern Europe (excl. Russia)**, like-for-like sales development in financial year 2018/19 was clearly positive with an increase of 6.3%. This is predominantly attributable to the performance in Turkey, Romania and Ukraine. In local currency, sales grew by 6.4%. Due to negative currency effects, especially in Turkey, reported sales increased by 3.4% only. EBITDA excluding earnings contributions from real estate transactions reached a total of €344 million in financial year 2018/19 (2017/18: €363 million). Among other things, this decline is due to the negative currency development in Turkey. Adjusted for currency effects, EBITDA excluding earnings contributions from real estate transactions fell by €-11 million.

The segment Asia has changed following the sale of a majority stake in METRO China and comprises India, Japan, Pakistan, Myanmar as well as Classic Fine Foods. Like-for-like sales in **Asia** increased by 5.3% in financial year 2018/19. All countries in this segment and Classic Fine Foods contributed to this result. Sales in local currency grew by 7.3%. Due to negative currency effects, reported sales increased by only 5.2%. EBITDA excluding earnings contributions from real estate transactions reached a total of €11 million in financial year 2018/19 (2017/18: €9 million).

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METRO's **delivery sales** developed very dynamically. In financial year 2018/19, sales rose by 9.2% to €4.6 billion (2017/18: €4.2 billion). As a result, the delivery business now accounts for 17% of sales (2017/18: 16%).

As of 30 September 2019, the **store network** comprises 678 stores (30/9/2018: 675 stores). In financial year 2018/19, 3 stores were opened (1 store each in Croatia, Russia and Turkey). In addition, METRO strengthened its reach by further expanding the delivery infrastructure.

The **EBITDA excluding earnings contributions from real estate transactions** reached a total of €1,021 million in financial year 2018/19 (2017/18: €1,088 million). **Earnings contributions from real estate transactions** totalled €338 million (2017/18: €128 million).

In the financial year 2018/19, METRO focused even further on the **customer groups hotels, restaurants and catering companies (HoReCa)** as well as **independent traders**. Like-for-like sales grew by 4.2% with HoReCa customers and 5.1%<sup>3</sup> with independent traders.

### Discontinued operations

**Like-for-like sales of discontinued operations** (METRO China and Real) increased by 1.0% in financial year 2018/19. Like-for-like sales in China rose by 5.0%, while the hypermarket business developed slightly negative (-0.6%). In local currency, total sales of the discontinued operations rose by 0.4%. Reported sales grew by 0.5% to €9.8 billion.

**The online business through Real.de** continued to develop dynamically. GMV<sup>4</sup> grew by 51% to €579 million in financial year 2018/19 compared to financial year 2017/18.

The **EBITDA excluding earnings contributions from real estate transactions of discontinued operations** reached a total of €2 million in financial year 2018/19 (2017/18: €308 million). While METRO China recorded earnings at the previous year's level, Real developed negatively. The decrease is mainly attributable to the negative effect on earnings resulting from the termination of the future collective agreement, expenses for future store closures as well as store-related risks and the sales and margin development.

As a result of disclosure as discontinued operations and according to IFRS 5, depreciation for the hypermarket business and amortisation on fixed assets of €180 million has been suspended in financial year 2018/19. In financial year 2018/19, an impairment of the hypermarket business in the amount of €401 million was recognised through profit or loss.

<sup>3</sup> Trader countries excluding Russia: Bulgaria, Czech Republic, India, Pakistan, Poland, Romania, Serbia, Slovakia

<sup>4</sup> Gross Merchandise Value

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As of 30 September 2019, the **store network** comprises 97 locations in China (2017/18: 94 locations) and 276 locations for Real (2017/18: 279 locations).

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### **Outlook for continuing operations**

The **outlook** is based on the assumption of stable exchange rates and no further adjustments to the portfolio and only covers METRO's continuing operations. The main opportunities and risks that could influence the outlook are explained in the opportunity and risk report of the annual report. The achievement of our sales and earnings outlook is further based on our assumptions for 2019/20 regarding macroeconomic developments.

### **Sales**

Due to the advancing and successful focus on the HoReCa and Traders customer groups, the Management Board expects total sales and like-for-like sales to grow by 1.5% to 3% in financial year 2019/20 (2018/19: 2.2% growth of total sales and 2.1% growth of like-for-like sales). As a consequence of this focus, a further trend improvement is expected in Russia. Germany is expected to show a flat sales development, while the Western Europe (excl. Germany), Eastern Europe (excl. Russia) and Asia segments are expected to grow at the previous year's level. Across all segments, the Management Board sees the FSD business in particular and the synergetic interaction of the various channels as well as the focus on HoReCa and Traders customers as growth drivers.

### **Earnings**

An important focus of METRO is on increasing operating efficiency and portfolio simplification. Against this background, the Management Board announced to adopt various measures on 19 November 2019. In financial year 2019/20, the Management Board expects this to result in transformation costs of €60 million to €80 million.

Before transformation costs for these efficiency measures, the Management Board expects EBITDA excluding earnings contributions from real estate transactions to be roughly at the level of the past financial year (2018/19: €1,021 million). Earnings in Russia are expected to decline by between €20 million and €30 million as a result of the ongoing repositioning. Earnings growth in Germany and Western Europe (excl. Germany) is expected to compensate for this. For the remaining segments (Eastern Europe excluding Russia, Asia, Others), EBITDA is expected to remain roughly at the previous year's level.

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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 16 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 European sector leader in the Dow Jones Sustainability Index. The company operates in 34 countries and employs more than 100,000 people worldwide. In financial year 2018/19, METRO generated sales of €27.1 billion. In October 2019, METRO AG signed an agreement to sell a majority stake in METRO China. In September 2018 METRO 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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