METRO WITH ROBUST BUSINESS DEVELOPMENT IN 2019/20 DESPITE COVID-19; RETURN TO SUSTAINABLE SALES AND EARNINGS GROWTH EXPECTED AFTER PANDEMIC

- Adjusted Group sales and earnings targets achieved for the 2019/20 financial year (FY) with figures in the upper end of guidance range:
  - Like-for-like sales: -3.9% (guidance: -3.5% to -5%)
  - Adj. EBITDA: €1,158 million; adj. for currency effects, it was thus €-205 million below previous year (guidance: ~ €-200 million to €-250 million)
- Traders and SCO sales significantly above previous year, HoReCa sales recovered quickly and above market level
- Sustainable turnaround in Russia with 3.8% like-for-like sales growth, Germany almost at previous year's level
- Net cash inflow of around €2.0 billion from successfully completed portfolio measures, net debt decreases to €3.8 billion (2018/19: €5.4 billion)
- The profit or loss for the period attributable to the shareholders of METRO AG from continuing and discontinued operations amounts to €460 million (2018/19: €322 million) and earnings per share to €1.27 (2018/19: €0.89)
- Dividend proposal based on reported EPS: €0.70 per share
- Outlook 2020/21: METRO expects sales (both total sales and like-for-like) to be slightly below previous year. EBITDA adjusted is expected to decline by a mid-double-digit million euro amount[1]

Düsseldorf, 14 December 2020 – With the exception of Q3, which was impacted by COVID-19, METRO looks back on an overall robust FY 2019/20, in which the transformation to a pure wholesaler was completed. From the second half of Q3, thanks to the continuous easing of government restrictions and the roll-out of numerous operational initiatives, business development improved continuously again. In Q4 2019/20, another significant trend improvement was achieved in all regions and business development was almost at the level of the previous year. In FY 2019/20, METRO was even able to gain significant market shares

[1] This guidance is based on stable exchange rates, no adjustments to the portfolio and a fast and substantial recovery of the hospitality and tourism industry from mid Q2 of FY 2020/21.

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in its core business, amongst others in Germany, France and Italy and is showing a distinct positive development in Russia and Eastern Europe. As such, METRO has emerged very satisfactorily from the first phase of the COVID-19 pandemic. Overall, METRO achieved its adjusted sales and earnings targets for FY 2019/20 at the upper end of the guidance range.

"The past 2019/20 financial year also presented METRO with new challenges, which we mastered as a strong team with a clear focus and flexible responses. We were able to complete our portfolio measures as planned, continued to reduce our debt and, as a pure wholesaler, set the course for future growth," said Olaf Koch, Chairman of the Management Board of METRO AG. "With its holistic wholesale approach, METRO has proven to be very resilient to crisis. This includes the sales channels' flexibility with store-based, online and delivery business, METRO's contribution to the successful new start of independent business owners in the hospitality industry, the further digitalisation of the industry sector and numerous measures to strengthen independent traders such as expanding the franchise concept."

With a decline in like-for-like sales of -3.9%, METRO achieved the adjusted outlook target at the upper end of the guidance range (-3.5% to -5%). Reported sales decreased by -5.4% to €25.6 billion. The adjusted EBITDA reached a total of €1,158 million in FY 2019/20 (2018/19: €1,392 million). Government measures to contain the COVID-19 pandemic had a negative impact on the majority of segments. It was offset by cost savings amongst others by the efficiency programme announced at the headquarters, improved earnings in logistics, licensing income from the partnership with Wumei and stable operating performance in Russia, Eastern Europe (excl. Russia) and Germany. Furthermore, the exchange rate developments of primarily the Russian and Turkish currencies negatively impacted earnings. Adjusted for currency effects, the decrease was €-205 million (-15.1%) compared to previous year. With this decline, METRO is at the upper end of its guidance (~ €-200 million to €-250 million). Transformation costs of €47 million were incurred in FY 2019/20 (2018/19: €0 million). They were exclusively incurred in the Others segment and relate in particular to the successful restructuring at the headquarters. Earnings contributions from real estate transactions amounted to €3 million (2018/19: €339 million). The reported EBITDA reached a total of €1,113 million (2018/19: €1,731 million).

The profit or loss for the period from continuing operations in FY 2019/20 was €-140 million, €567 million below the profit or loss for the period of the previous year of €427 million. The profit or loss for the period attributable to

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the shareholders of METRO AG from continuing and discontinued operations amounts to €460 million (2018/19: €322 million). This increase is mainly attributable to the sale of the majority stake in METRO China. On this basis, METRO achieved earnings per share of €1.27 from its continuing and discontinued operations in FY 2019/20 (2018/19: €0.89). This forms the basis for the dividend recommendation.

In accordance with METRO AG's dividend policy, a dividend of €0.70 per share will be proposed to the Annual General Meeting of METRO AG. This dividend proposal corresponds to 55% of the reported earnings per share.

METRO

METRO	2018/19[1]	2019/20
Sales (€ billion)	27.1	25.6
Year-on-year change	1.1%	-5.4%
Change in local currency[2]	2.2%	-4.0%
Change like-for-like	2.1%	-3.9%

[1] Adjustment of previous year due to full retrospective application of IFRS 16 (leases).
[2] 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.

€ million	2018/19[1]	2019/20	Change
Adjusted EBITDA[2]	1,392	1,158	-16.8%
EBITDA	1,731	1,113	-35.7%
Earnings before taxes (EBT)	728	-32	-
Profit or loss for the period (cont. ops.)	427	-140	-
EPS in € (cont. ops.)	1.16	-0.40	-
Profit or loss for the period (cont. and discount. ops)	322	460	
Reported EPS in € (cont. and discount. ops)	0.89	1.27	-

[1] Adjustment of previous year due to full retrospective application of IFRS 16 (leases).
[2] EBITDA excluding transformation costs and earnings contributions from real estate transactions.

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Sales and earnings development in the segments

The segments with a high Trader and SCO share could compensate the decline in HoReCa sales through the positive sales development in these two customer groups. The sales growth in Russia and Eastern Europe (excl. Russia) was positive, while Germany remained roughly on previous year's level. In segments with a high HoReCa share and with more intense governmental measures, the restrictions imposed on restaurants and hotels had a bigger impact on business development, particularly in Western Europe (excl. Germany). This results in the following detailed perspective:

In Germany, like-for-like sales declined by -0.8% in FY 2019/20, thus remaining almost at the level of the previous year. Reported sales declined by -0.8%. The development of sales varied in the 4 quarters. In the 1st half of the year, sales developed positively and were above previous year's level, partly supported by pre-purchases at the beginning of the pandemic. In the course of the government-imposed restrictions, sales declined significantly in Q3. The gradual re-opening of the hospitality industry and tourism business initiated a continuous, strong trend improvement, which points to market share gains. In Q4, positive like-for-like sales growth was thus already achieved again. The adjusted EBITDA reached a total of €125 million in FY 2019/20 (2018/19: €128 million). In this segment, the strong sales development in H1 of 2019/20 had a positive effect and managed to largely compensate for the COVID-19-related declining sales development in Q3 2019/20. METRO Germany performed significantly better overall than Rungis Express, where government restrictions had a significantly more negative impact due to the strong focus on hospitality industry customers.

Like-for-like sales in Western Europe (excl. Germany) declined significantly in FY 2019/20 due to the impact of the COVID-19 pandemic by -10.6%. The effects of temporary restaurant closures due to the COVID-19 pandemic became clearly noticeable in the course of the FY, particularly in France, Italy, Spain and at Pro à Pro. However, in Q4 the sales trend already improved significantly compared to Q3 2019/20, with clear signs of market share gains in France, Italy and Spain. The adjusted EBITDA declined to €394 million in FY 2019/20 (2018/19: €636 million). This significant decline is mainly a consequence of the COVID-19-related government restrictions on the hospitality and tourism industry. In particular in France, Italy, Spain and Pro à Pro, they had a significant negative impact on sales development in the wake of the COVID-19 pandemic.

In Russia, like-for-like sales in FY 2019/20 were clearly positive with an increase of 3.8%. This development is attributable to the strategic repositioning measures already initiated in the previous year as well as pre-

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purchases related to the COVID-19 pandemic. Increased demand from Traders and SCO customer groups, the expansion of the Fasol trader franchise business and the growing e-commerce business were positive drivers. Sales in local currency increased by 4.2% and have remained continuously above the level of the previous year since the beginning of calendar year 2020. As a result of negative currency effects, the reported sales decreased by -0.7%. The adjusted EBITDA amounted to €224 million in FY 2019/20 (2018/19: €235 million). Adjusted for currency effects, EBITDA was at the same level as last year, with an attractive pricing model contributing to sustained sales growth and stable earnings.

In Eastern Europe (excl. Russia), like-for-like sales in the FY increased by 2.2%. In most countries, government restrictions on HoReCa customers had a negative impact, with the Traders and SCO business exerting a supportive effect. The sales increase was predominantly attributable to the performance in Ukraine, Turkey and Romania. In local currency, sales increased by 2.2%. Due to negative currency effects, especially in Turkey, reported sales decreased by -0.9%. In the course of FY 2019/20, Eastern Europe achieved a consistently positive like-for-like sales development, with the exception of Q3. The adjusted EBITDA reached a total of €371 million in FY 2019/20 (2018/19: €385 million). Among other things, this decline is due to the negative currency development in Turkey and general cost developments in the region. Adjusted for currency effects, EBITDA excluding earnings contributions from real estate transactions in Eastern Europe (excl. Russia) dropped by €-1 million.

Like-for-like sales in Asia decreased by -7.0% in FY 2019/20. This is mainly due to the sales development at Classic Fine Foods, in Japan and in India as a consequence of the COVID-19 pandemic. In Q4, however, there was an improvement in the trend compared to Q3. Sales in local currency for the FY declined by -6.7%. As a result of negative currency effect, the reported sales decreased by -9.3%. The adjusted EBITDA in Asia reached a total of €0 million in FY 2019/20 (2018/19: €43 million). This is particularly a result of the development of Classic Fine Foods due to unstable political conditions and regulatory restrictions related to the COVID-19 infection. In India and Japan, the COVID-19 related government measures also had a negative impact on the sales development. Adjusted for currency effects, EBITDA excluding earnings contributions from real estate transactions in Asia dropped by €-40 million.

The adjusted EBITDA in the Others segment amounted to €42 million in financial year 2019/20 (2018/19: €-34 million). The non-recurring income from damages in the low double-digit millions included in the previous year, which was mainly generated in the Others segment, was more than offset by cost savings, including those from the implemented efficiency programme at the headquarters, an improved result in logistics and licensing income from the partnership with Wumei.

In FY 2019/20, METRO's delivery sales dropped significantly by -14.3% to approximately €3.9 billion (2018/19: €4.6 billion) and achieved a sales share of 15% (2018/19: 17%). The delivery business also recovered towards the end of the FY, albeit slightly delayed in comparison to the store-based business due to the current customer preference for greater purchasing flexibility provided by the store-based business.

As of 30 September 2020, the store network comprises 678 stores (30/9/2019: 678 stores). In FY 2019/20 there was 1 opening in the Ukraine and 1 closure in Russia.

Outlook

The Management Board of METRO AG expects a return to sustainable sales and earnings growth after the COVID-19 pandemic and confirms the clear ambition to improve METRO's competitive position and to gain further market share. This conviction is backed by a continuously strong financial profile, learnings taken from the first wave of COVID-19, the ability to preempt the needs of the customers and to be a leading player in the expected consolidation of the wholesale industry. For FY 2020/21, however, METRO's financial performance will be impacted by the development of the COVID-19 pandemic. First, there is an impact of COVID-19-related governmental restrictions to public life, which is difficult to estimate. Duration and intensity of those restrictions determine that impact but are yet unknown. Second, there is an upside potential, which would result from an earlier than expected widely available vaccination. The Management Board therefore plans with different scenarios and updates them regularly.

Sales and Earnings

Based on stable exchange rates and no adjustments to the portfolio METRO currently expect sales (both total sales and like-for-like) to be slightly below previous year. EBITDA adjusted is expected to decline by a mid-double-digit million euro amount. This outlook thereby assumes governmental restrictions to public life to last partially until mid Q2 of FY 2020/21 and a fast and substantial recovery of the hospitality and tourism industry thereafter. Experiences gained from managing the first wave of COVID-19 will, along with cost efficiency and proven measures to protect the business, allow METRO to mitigate the impact on METRO's operations compared to spring 2020. In line with observations in November 2020, the Management Board expects one month of full lockdown in the entire country portfolio will

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result in average sales losses of around €400 million equalling sales losses of approximately 1.5 percentage points of sales growth compared to previous year.

The sensitivity of sales and earnings to the duration and severity of governmental restrictions is likely to follow the same pattern as in the previous year, with the by far highest impact in HoReCa driven regions, esp. in the segment Western Europe. In contrast, the segments Russia and the Asia are expected to perform better than the group. On group level, the Management Board generally expect a back end-loaded performance, given the high comparison base in H1 (little to no COVID-19 impact on group level in previous year) and an expected more favourable business environment from spring 2021 onwards.

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 more than 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 listed in the Dow Jones Sustainability Index for 7 consecutive years. The company operates in 34 countries and employs more than 97,000 people worldwide. In financial year 2019/20, METRO generated sales of €25.6 billion. For more information, please visit www.metroag.de

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