
DIVESTMENT OF REAL ALLOWS TO FOCUS ON CORE BUSINESS

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- METRO AG intends to sell Real as a whole
- The divestment process has started and is progressing
- With the new pay scale model, Real laid an important foundation for an independent future

Düsseldorf, 23 November 2018 – The divestment process of Real and its related business activities announced by the Management Board of METRO AG in mid-September is progressing as planned. With annual sales of more than seven billion euro, around 34,000 employees and 279 stores¹, Real is one of the leading hypermarket operators in Germany.

“Our intention is to divest Real as a whole and only consider serious prospective buyers will be considered”, stressed Olaf Koch, Chairman of the Management Board of METRO. “We will thoroughly examine all incoming proposals with the support of appropriate consultants.” METRO is convinced that hypermarkets fulfil an important role as a full-range provider in Germany, but the company plans to focus completely on its wholesale activities going forward.

The management of Real has been consistently driving the company’s realignment since 2015, thereby creating the essential conditions for an independent future in the German food retail sector. These measures also cover the implementation of a new pay scale model in June this year which allows Real to successively adjust its personnel expenses to the standard levels in this industry.

While existing Real employees will benefit from wage continuity, new employees will be remunerated according to the new pay scale model. With this move, Real remains committed to a collective bargaining commitment unlike many of its competitors in the food retail sector. Hence, the allegation that Real abandoned collective agreements is not sustainable. Since June 2018, around 3,600 employees have been hired under the new pay scale model – in the vast majority of the cases with the consent of local employee representatives. This shows that Real remains an attractive employer who continues to pay its new employees much better than many competitors.

“Following two years of negotiations with Verdi, including personal involvement in meetings from my side, there was no willingness to participate in developing a competitive solution for Real: neither to reform the regional collective agreement nor to conclude an in-house collective agreement with Real”, said Olaf Koch. “In view of this obvious deadlock we were compelled to take action to safeguard the further development of the company.”

Over the past few years the Real management, together with the Management Board of

¹ As at 30 September 2018 the store network included 279 hypermarkets, three less than one year ago (two of them are closed temporarily due to renovation).

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METRO, has revitalised its store-based business and systematically driven the evolution of its online activities. With these moves, important measures have been taken to support successful growth:

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- The Markthalle concept, which has been operated successfully at the flagship store in Krefeld for around two years already, is now being implemented in Braunschweig since October and will also be realised in Bielefeld starting next year. The modular concept has already been implemented in 19 hypermarkets since the end of last year, with noticeable effects on customer frequency and, as a result, on sales volumes.
- The online business of real.de has evolved into a dynamic growth driver. Sales (GMV) on this marketplace have risen to over €380 million in the financial year just ended, corresponding to a growth of around 90% year on year. With 12 million articles, real.de meanwhile ranks among the largest digital marketplaces in Germany.
- By bundling central functions under the umbrella of RTG, Real can now leverage significant synergy effects thanks to volume bundling, best prices and joint administrative functions, and thereby realise more efficient cost structures. RTG meanwhile features seven member companies.

METRO is a leading international specialist in wholesale and food retail. The company operates in 35 countries and employs more than 150,000 people worldwide. In financial year 2017/18, METRO generated sales of around €36.5 billion. The company provides custom solutions to meet the regional and international needs of its wholesale and retail customers. With its sales brands METRO/MAKRO Cash & Carry and Real as well as delivery services and digitalisation initiatives METRO sets the standards for tomorrow: for customer focus, digital solutions and sustainable business models. More information at www.metroag.de

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