METRO AG'S MANAGEMENT BOARD AND SUPERVISORY BOARD RECOMMEND SHAREHOLDERS NOT TO ACCEPT EPGC OFFER

- The Management Board and Supervisory Board welcome EPGC's general support for METROs transformation process
- The Management Board and Supervisory Board of METRO AG are convinced that the Offer Prices for ordinary and preference shares do not reflect METROs fundamental value based on its growth and profitability potential and substantially undervalue METRO
- A takeover by EPGC could limit METROs operational flexibility and its strategic ability to act due to the high leverage

Düsseldorf, 24 July 2019 – Today, the Management Board and the Supervisory Board of METRO AG published their Joint Reasoned Statement as per § 27 of the German Securities Acquisition and Takeover Act (WpÜG). Having completed a thorough assessment, both Boards recommend that shareholders of METRO do not accept the unsolicited Voluntary Takeover Offer EP Global Commerce VI GmbH (EPGC), a holding company controlled by Daniel Křetínský, published on 10 July 2019.

The Management Board and the Supervisory Board are of the opinion that the Offer Prices of €16.00 per METRO ordinary share and €13.80 per METRO preference share substantially undervalue METRO with respect to its earnings and value potential.

This assessment is based on the reasons described in more detail in the Reasoned Statement and on the Management Board's and Supervisory Board's assessment that the Offer Prices for ordinary shares and preference shares do not reflect METROs fundamental value based on its growth and profitability potential.

Olaf Koch, Chairman of the Management Board of METRO AG, said: "We are convinced that our strategy creates sustainable and profitable growth for METROs future. Since 2012, we have been taking decisive action to transform our company and focus it entirely on wholesale. In a changing market environment, METRO is well positioned to play a leading role in the HoReCa and Trader sector.

Sustainable like-for-like growth has further accelerated in recent quarters, driven by the increased relevance for our customers. This is further evidenced by our like-for-like sales growth of 2.3% in the first nine months of the 2018/19 financial year, which we published on 23 July.

We always welcome new investors in the shareholder structure. Irrespective of this, the Management Board and the Supervisory Board believe that METRO is already capable to respond to the dynamically changing market environment. We consider the price offered by EPGC to be inadequate as it substantially undervalues METRO and, even after reviewing its further conditions, recommend our shareholders not to accept the Offer."

Juergen Steinemann, Chairman of METRO AG's Supervisory Board, explained: "METRO has a strategic plan in place, backed by the Supervisory Board, that positions METRO as a leading international wholesaler and food specialist. The Supervisory Board also believes the price offered is not adequate as it substantially undervalues METRO. In addition, more clarity is required regarding EPGC's planned future strategy and the effects of the acquisition financing on the company's ability to act."

The Management Board and the Supervisory Board welcome EPGC's general support for METROs well-advanced transformation process and appreciate constructive dialogue.

Among other considerations, the recommendation of METROs Management Board and Supervisory Board to reject the Takeover Offer is based on the following reasoning:

METROs current and future value potential

- Focus on wholesale strategy: Over the past years, METRO has implemented a far-reaching transformation process, which has progressed well, and developed the company from a conglomerate into a leading wholesale specialist. EPGC also supports key steps of the transformation process that has been underway since 2012, including the sale process for Real and the search for a strategic partner for METROs China business.
- Growth and profit: This transformation is also becoming increasingly apparent in METROs key financial figures. Despite a challenging sector backdrop, METROs wholesale like-for-like sales have been growing for six consecutive years. Most recently, group-wide like-for-like sales growth of 3.4% was achieved in the third quarter of the current financial year, which just ended, despite the challenging situation in the Russia wholesale business. METRO is a healthy and profitable company that has reduced its debt by around €5 bn to €2.7 bn in recent years (both as of September 30, 2012 and 2017/18). This provides financial leeway and flexibility for future growth initiatives.

- Focus on high-growth customer: In the wholesale sector, METRO focuses in particular on two target groups characterized by attractive, sustainable growth dynamics: HoReCa (hotels, restaurants and catering companies) and Trader (independent traders). The like-for-like sales growth of these two target groups, which are characterized, among others, by attractive basket sizes, longer-term customer relationships and high shopping frequencies, amounts to 4-5% (9M 2018/19).
- Business model expansion: Over the past years, METRO has developed numerous innovative digital solutions that enable independent caterers to become even more successful. In combination with additional services, METRO will expand its range of services in the coming years and thus further enhance its attractiveness and relevance for customers. This will provide further growth and earnings potential for METRO.
- Use of funds: As part of the repositioning, METRO improved its cash generation, which is partly reinvested in digitalizing customers and the core business as well as in providing shareholders with an attractive dividend. As a result of these investments, METRO has become an innovative solutions provider.

In the view of METRO AG's Management Board and Supervisory Board, the achieved progress and the resulting growth potential are not sufficiently reflected in the Offer Prices.

This applies even though the Management Board and the Supervisory Board indicate that realizing these potentials involves risks. Accordingly, the Management Board and the Supervisory Board acknowledge that short-term investors may decide to accept the Offer, although the Offer Prices are not adequate from the Management Board’s and the Supervisory Board’s point of view.

Assessment of EPGC‘s Offer

- Share price development: EPGC’s share price analysis over the last twelve months is of limited relevance as it focuses on a selection of EPGC-related events only, ignoring progress against METROs transformation strategy. This includes the sale process for the Real business, the search for potential partners for METRO China, the digitization of customers and core business, the improvement measures initiated at METRO Russia and the increased focus on the growing HoReCa and Trader business.

- **Premium:** With a premium of around 2.9%, the Offer Price for METROs ordinary shares is only marginally above the closing price on the day the Offer was announced (21 June 2019). In addition, it only corresponds to a premium of around 10% versus the volume weighted three-month average price of €14.55 as determined by BaFin. This is well below the average control premiums customary for public takeovers in Germany. The multiples implied by the Offer Price are considerably lower than the EV/EBITDA multiples of comparable transactions in the wholesale and food service sector.
- **Analyst target prices:** EPGC's claims that analyst target prices have only been significantly raised due to takeover speculation cannot be substantiated. Various analysts have also referred to the strategic progress in their reports.
- **High leverage burden:**
  - EPGC's Offer is highly leveraged with significant repayment and interest requirements, most likely burdening the company in the event of a successful takeover with a significantly increased debt level. This could limit METROs strategic flexibility and financial leeway and gives reason to suspect that the company's substance could be used for debt servicing.
  - The expected high proportion of leverage could also have a negative impact on METROs credit rating and would in all likelihood have a negative impact on refinancing requirements, refinancing possibilities and their terms and conditions. The rating agency Standard & Poor's has already placed METROs rating on the watch list with a negative outlook. A significant downgrade of METROs credit rating seems likely in case of a consummation of the transaction.

The recommendation of METRO AG's Boards is supported by inadequacy opinions from Bank of America Merrill Lynch and Goldman Sachs (for the Management Board) and Rothschild & Co (for the Supervisory Board). The Management Board is also advised by J.P. Morgan. The Management Board is legally advised by Hengeler Mueller and the Supervisory Board by Berner Fleck Wettich.

The complete explanation of the Management Board's and the Supervisory Board's recommendation to reject the Offer can be found in the Reasoned Statement pursuant to § 27 WpÜG, which is available at https://www.metroag.de/reasoned-statement/.

Important legal disclaimer / liability exclusion

This press release is not an addition to, explanation or summary of the Joint Reasoned Statement from the Management Board and Supervisory Board as per § 27 WpÜG. Shareholders are advised to read the statement in full before reaching their decision as to whether or not to accept the takeover offer.

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 36 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 to transform into a pure wholesale company.