

## **AFTER SOLID Q2, COMPREHENSIVE SET OF COVID-19 RELATED MEASURES INITIATED, WITHDRAWAL OF OUTLOOK DUE TO NOTICEABLE IMPACT OF REGULATORY MEASURES**

1 - 3

- Development of METRO AG's sales and earnings in H1 19/20 according to preliminary figures are in the guidance range; guidance for FY 2019/20 is withdrawn due to lack of visibility on the duration of government measures
- SCO business benefits strongly so far (>50%), while the HoReCa business suffers in particular (ca. -75%)
- Safety and health of employees and customers continue to have top priority
- Goods supply is assured, almost all stores are open (>95%)
- Development of new business areas, temporary access for end consumers in selective countries
- Liquidity sustainably secured due to high liquidity reserves, no short-term bond maturities and expected cash inflow of >€1.5 billion from the timely completion of the sales of METRO China and Real
- Measures to reduce costs are initiated

**Düsseldorf, 03 April 2020** – METRO AG (METRO) responds to the Covid-19 pandemic with a comprehensive package of measures and is well positioned to weather the current situation with its decentralized organizational structure and sufficient liquidity reserves. The protection and safety of employees and customers is of paramount importance to us and is reflected in all measures taken. These include compliance with distance and hygiene rules in the stores as well as the consistent use of home office for administrative staff. In addition, METRO ensures supply chain continuity for food and other products. METRO bundles the demand volume of METRO countries through various trading offices and thus often negotiates directly with the producers. This ensures short supply chains and always high availability of goods. In addition, the wholesaler is working on programs to support customers from the hospitality industry and trading sector.

"While Covid-19 continues to spread widely around the world, the safety and health of our employees and customers is our top priority," says Olaf Koch, CEO of METRO AG. "We have taken immediate and consistent action to respond to the temporary decline in the HoReCa business. We reduce our costs, ensure our supply chain continuity and support our customers with numerous initiatives. All this is made possible by the great commitment, passion and creativity of our employees, to whom I

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would like to express my greatest gratitude."

2 - 3

The vast majority of METRO stores (>95%) continue to operate for our customers. The broad assortment coupled with high availability and uncompromising quality resulted in increased frequency and demand of existing and new SCO customers in almost all countries at the beginning of the crisis triggered by Covid-19 (sales increase of more than 50% at times). Therefore, especially at the end of February and the beginning of March, the first negative effects coming from the restrictions in the hospitality sector could be overcompensated. Sales to HoReCa customers, who were particularly affected by temporary closures in many countries, have declined significantly by up to 75%. In the meantime, METRO supports its customers through digital programs such as a voucher generator (HilfeLokal.de) or a simple ordering tool, which can be easily activated on the free website. "The support of our customers is of highest priority. We want to ensure that restaurateurs make it through these difficult times as good as possible" says Olaf Koch, CEO of METRO AG.

At the same time, METRO makes every effort to contribute to the food supply situation. This includes, amongst others, the cooperation with delivery operators in several countries. Together with partners, METRO delivers groceries to private households. In addition, in some countries, the government has temporarily allowed to open to the retail customers, which allows METRO to contribute to the quality of food supply.

METRO has taken various measures and, also due to the strategic decisions taken in recent years, sees itself in a good position to overcome and emerge stronger from the crisis situation triggered by Covid-19:

- 1) **Diversification:** METRO's diversified portfolio of countries and customer groups reduces dependence on the currently affected hospitality markets in Western and Southern Europe and allows exploiting sales potentials with SCO and retail customers.
- 2) **Efficiency measures:** METRO actively reduces costs, optimizes cash flow and opens up new business areas. For example, through the suspension of all non-essential investments, active working capital management, the optimization of administrative functions and hiring freezes at headquarters and countries, or the temporary opening of stores to retail customers in selected countries. In addition, selected countries make use of government programs such as shortened work time (ie. Kurzarbeit).
- 3) **Liquidity:** METRO has significantly reduced net debt in recent years and has high and sustainable liquidity reserves. In addition, there are no bonds maturing until October 2021.
- 4) **Portfolio optimisation:** METRO expects the closing of METRO China and Real in second quarter of 2020. The expected net cash proceeds from these transactions of more than €1.5 billion will strengthen the balance sheet, increase liquidity reserves and increase optionality for investment into the operating business as soon as the economic re-

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covery phase begins.

3 - 3

- 5) Continuity:** METRO supports HoReCa-customers with several measures and initiatives, thereby strengthens the customer relationships and underscores METRO's purpose „Your success is our business“. For example, all website customers have been provided with an online ordering tool for free. METRO countries further support customers with targeted tips and information with regards to claiming governmental support.
- 6) Growth:** METRO specifically prepares for the phase after the “lock-down“. This includes preparation on product availability as well as supporting our customers for the restart. Comprehensive action plans have been developed.

Due to the lack of visibility over the duration of the state-mandated shutdown during the Covid-19 pandemic, the Management Board today decided to withdraw its guidance for continuing operations for the 2019/20 financial year published on 11 December 2019. Due to the dynamic development related to Covid-19, the Management Board refrains from issuing a new guidance for the 2019/20 financial year. Based on an extrapolation of the current development, METRO expects that each additional month with the current level of restrictions will result in sales losses of approx. EUR 500 million or approx. 1.5% to 2%-points of sales decline.

METRO plans to reassess this at the latest simultaneously with the release of the quarterly results for Q2 of the fiscal year 2019/20 on 7 May 2020. Despite the current crisis, METRO will pursue its strategic objectives with consistency and conviction.

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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