
METRO DECIDES TO WIND DOWN ITS JAPANESE WHOLESALE OPERATIONS

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- METRO aims for leading market positions in wholesale business
- METRO Japan will end its business operations by October 2021 (operational wind-down)
- The real estate portfolio will be sold (asset sales)
- Positive one-off and recurring cash flow impact expected

Düsseldorf, 5 August 2021 – As a result of an ongoing review of the country portfolio, wholesaler METRO AG today announced the decision to start the wind-down process for its Japanese wholesale business. METRO aims to cease the operative business by the end of October 2021, whereby all 10 stores and the delivery business will be closed. The company has thoroughly analysed alternative options but sees no path to profitable growth and a leading wholesale position in the Japanese market. The exit of METRO Japan business will lead to one-off costs in Q4 2020/21 and one-time free cash flow gains through asset sales over the next 2 years. The recurring annual impact is positive on both P&L and cash flow. METRO Japan will make every effort to assist its employees through the transition in a fair manner and act fully in line with employer practice standards.

“In each market it is operating in, METRO aims to achieve a leading market position as food wholesaler. METRO Japan has been under pressure for quite some time. We finally made the decision that we do not see the opportunity to achieve necessary scale in Japan and thus to reach our profitability targets and sustainable growth in sales. Hence, we have concluded that METRO Japan is not a strategic fit for the company’s long-term objectives,” explains Dr Steffen Greubel, CEO of METRO AG. “On behalf of our Management Board I want to extend my sincere appreciation to our Japanese colleagues for their diligent work, enduring passion and commitment in serving our customer over the past 20 years.”

With 10 wholesale stores all situated in the Greater Tokyo area, METRO Japan has been serving predominantly professional customers in the hospitality sector for the last 20 years. However, an unfavorable market position coupled with increasingly competitive landscape limited the company’s growth potential and weighted on profitability. METRO Japan has undertaken numerous attempts such as adjusting store formats, improving the

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assortment and expanding the delivery business to reposition the business. These attempts didn't show reasonable results due to lack of scale and highly competitive market characteristics.

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METRO Japan will cease its business operations by October 2021, while the real estate portfolio in Japan will be sold. The portfolio includes 6 owned land plots with stores and 3 locations with long-term leases. As the result of this transaction, METRO expects a recurring uplift of approx. €15 million in FCF¹ and up to €5 million in EBITDA. The company expects a negative one-off impact of between €30 million and €50 million on EBITDA in Q4 FY20/21. Overall, the proceeds from selling the real estate are expected to clearly surpass the one-off cash-outs for the wind-down, making the transaction cash-positive.

The Japanese operations of Classic Fine Foods (CFF), the food service distribution specialist of METRO, are not affected by this decision, CFF will continue to operate in Japan.

METRO Japan operates 10 stores in prefectures of Kanto region. The business served approx. 100,000 buying customers in the last year and achieved total sales of approx. €250 million in the financial year 2019/20 at an EBITDA of ~€-5 million and FCF of ~€-15 million. METRO Japan has approx. 1,200 employees.

METRO is a leading international wholesale company with food and non-food assortments that specialises in 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 also supports the competitiveness of entrepreneurs and independent 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. More at www.metroag.de. Additionally, have a look in our online magazine www.mpulse.de, where we report on what moves our customers, employees, partners, and suppliers – and what we move for them.

¹ FCF=FCF conversion definition

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