Q2 2018/19
RESULTS PRESENTATION

9 May 2019

DISCLAIMER AND NOTES

To the extent that statements in this presentation do not relate to historical or current facts, they constitute forward-looking statements. All forward-looking statements herein are based on certain estimates, expectations and assumptions at the time of publication of this presentation and there can be no assurance that these estimates, expectations and assumptions are or will prove to be accurate. Furthermore, the forward-looking statements are subject to risks and uncertainties that could cause actual results, performance or financial position to differ materially from any future results, performance or financial position expressed or implied in this presentation. Many of these risks and uncertainties relate to factors that are beyond **METRO AG's** ability to control or estimate precisely. The risks and uncertainties which these forward-looking statements may be subject to include (without limitation) future market and economic conditions, the behavior of other market participants, invest in innovative sales formats, expand in online and multichannel sales activities, integrate acquired businesses and achieve anticipated cost savings and productivity gains, and the actions of government regulators. Readers are cautioned not to place reliance on these forward-looking statements. **METRO AG** does not undertake any obligation to publicly update any forward-looking statements or to conform them to events or circumstances after the date of this presentation.

This presentation is intended for information only and should not be treated as investment advice or recommendation. It is not, and nothing in it should be construed as an offer for sale, or as a solicitation of an offer to purchase or subscribe to, any securities in any jurisdiction. Neither this presentation nor anything contained therein shall form the basis of, or be relied upon in connection with, any commitment or contract whatsoever. This presentation may not, at any time, be reproduced, distributed or published (in whole or in part) without prior written consent of **METRO AG**.

Not all figures included in this presentation have been audited and certain figures may also deviate substantially from information in the consolidated financial statements of METRO AG, thus, may not be fully comparable to such financial statements. The hypermarket business for sale is reported as a discontinued operation as of 30 September 2018 due to the ongoing sales process. The discontinued segment primarily includes Real and some other individual companies or assets. All following explanations of the business development will focus on the continued operations unless stated otherwise. No representation or warranty is given and no liability is assumed by METRO AG, express or implied, as to the accuracy, correctness or completeness of the information contained in this document and METRO AG undertakes no obligation to update and/or revise any information.

This presentation includes supplemental financial measures which are or may be non-GAAP financial or operative measures. These measures should not be viewed in isolation as alternatives to financial measures presented in accordance with IFRS. Other companies that disclose similarly titled measures may calculate them differently. All amounts are stated in million euros **(€ million)** unless otherwise indicated. Amounts below **€0.5 million** are rounded and reported as 0. Rounding differences may occur.

OUR ORIGIN IS **WHOLESALE** IS OUR FUTURE

2016/17

2017/18

2018/19

INTENSIFICATION

Q2 IN A NUTSHELL

Seasonal impact

- Easter shift from Q2 to Q3
- Adjusted for this shift, LfL-development on the level of Q1 18/19

Horeca and Trader momentum

- Strong LfL growth in Horeca (~3%) and Trader (~5%)
- On- and offline: customized approaches, solutions and customer orientation

Overall stable financial development

- Development in line with expectations
- In H1, EBITDA ex RE at constant currency ~-7%
- Improvement in EPS to PY of € 0.03 (CY -€ 0.09)

Sale of Hypermarket business in final stage

- Exclusivity until end of July signed with redos
- Negotiation status: enterprise value of ~€1.0 bn; equity value and implied cash-in of ~€0.5 bn (as per balance sheet date 31 Mar ’19)
- Resulting impairment of €385 m in Q2 18/19

01 UPDATE ON HYPERMARKET SALE PROCESS

UPDATE ON HYPERMARKET SALE PROCESS

Last two years

- Evaluation of Real's hypermarket business model in the context of METRO's overall strategic direction
- Implementation of new formats and concepts to set the business up for success

Q3 17/18 - today

- Analysis of strategic alternatives and potential consequences
- 13 Sep: Management decides to start divestment process for Real and related business activities
- 30 Sep: Hypermarket business qualifies as discontinued operations (IFRS 5)
- Since Q1 communication:
  - Indicative offers received and reviewed
  - Exclusivity granted to redos until end of July; goal: contract signing based on final due diligence in the summer

Cornerstones of exclusivity agreement (negotiation status)

- Implied enterprise value of ~€1.0 bn; equity value and implied cash-in of ~€0.5 bn (as per balance sheet date 31 Mar '19)
- Resulting non-cash impairment of €385 m in Q2 18/19
- Target structure: METRO will initially retain a 24.9% stake in Real's operating business but will have a put option that can be exercised after three years at the earliest

02 FINANCIAL PERFORMANCE

SALES TO EBITDA
(1/5)

€m / %	Q2 2017/18	Q2 2018/19
Like-for-like growth	**1.6%**	**1.2%**
thereof Food	2.4%	1.8%
Reported growth	**-1.7%**	**0.2%**
Growth in local currency	**1.7%**	**1.6%**
Delivery Sales Share	19%	20%
EBITDA excl. RE gains	**111**	**83**
thereof FX		-3
EBITDA margin excl. RE gains	**1.6%**	**1.2%**
Real estate gains	7	32
Total EBITDA	**118**	**116**

Like-for-like growth

- Resilient like-for-like sales development driven by Eastern Europe and Asia
- Adjusted for Easter shift, Q2 grew on the same level as Q1

Reported growth

- Subdued reported growth on the back of negative FX effects especially in Russia and Turkey
- Solid sales growth in local currency of 1.6%

EBITDA and EBITDA margin excl. real estate

- Decrease is mainly attributable to the Easter shift, as well as continuous roll-out and development of digital solutions
- EBITDA excl. real estate transactions and adjusted for currency effects decreased by €41 m in H1 or -7% vs PY

SALES TO EBITDA
(2/5)

METRO Germany

€m / %	Q2 2017/18	Q2 2018/19
Sales	**1,067**	**1,024**
Like-for-like growth	3.3.%	-3.1%
Excl. Easter Shift		-0.1%
Reported growth	2.6%	-4.1%
EBITDA excl. RE gains	**-12**	**-23**
EBITDA margin	-1.1%	-2.2%
Real estate gains	0	0
Total EBITDA	**-12**	**-23**

- Adjusted for Easter shift, LfL-growth was largely flat
- On 7-months basis, LfL-growth came in at 0.8%[1]
- EBITDA is negatively impacted by Easter shift

[1] unaudited.

METRO Western Europe

€m / %	Q2 2017/18	Q2 2018/19
Sales	**2,339**	**2,333**
Like-for-like growth	-0.2%	-0.3%
Excl. Easter Shift		1.1%
Reported growth	1.8%	-0.3%
EBITDA excl. RE gains	**24**	**20**
EBITDA margin	1.0%	0.9%
Real estate gains	0	0
Total EBITDA	**24**	**20**

- Adjusted for Easter shift, solid 1.1% LfL-growth
- Annualisation of Pro à Pro consolidation softens reported growth rate
- EBITDA in PY benefited from one-time gain; adjusted for this gain EBITDA grew driven by various countries in the region

SALES TO EBITDA
(3/5)

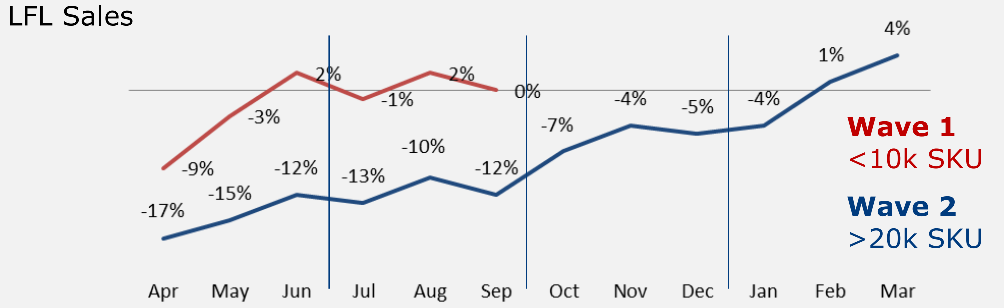
METRO Russia

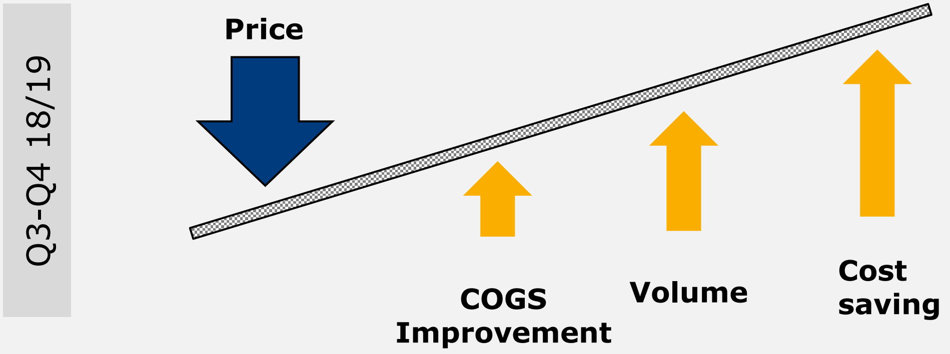
€m / %	Q2 2017/18	Q2 2018/19
Sales	**624**	**573**
Like-for-like growth	-8.6%	-4.0%
Reported growth	-21.0%	-8.3%
EBITDA excl. RE gains	**35**	**30**
thereof FX		-2
EBITDA margin	5.6%	5.2%
Real estate gains	0	0
Total EBITDA	**35**	**30**

- Y-o-y improvement in like-for-like driven by BMPL performance
- Reported sales impacted by negative FX
- Margin pressure mainly driven by price investment and sales development

Detail on BMPL growth

Full BMPL Assortment





Size of an arrow indicates magnitude

SALES TO EBITDA
(4/5)

METRO Eastern Europe

€m / %	Q2 2017/18	Q2 2018/19
Sales	**1,513**	**1,550**
Like-for-like growth	5.7%	6.8%
Reported growth	2.6%	2.4%
EBITDA excl. RE gains	**44**	**42**
thereof FX		-2
EBITDA margin	2.9%	2.7%
Real estate gains	1	0
Total EBITDA	**45**	**42**

- Like-for-like growth driven by majority of countries
- EBITDA is largely flat at constant FX
- Romania and Ukraine largely compensated for start-up expenses for the distribution center in Czech Republic

METRO Asia

€m / %	Q2 2017/18	Q2 2018/19
Sales	**1,190**	**1,255**
Like-for-like growth	4.3%	3.6%
Reported growth	-3.6%	5.5%
EBITDA excl. RE gains	**48**	**48**
thereof FX		1
EBITDA margin	4.0%	3.8%
Real estate gains	3	30
Total EBITDA	**51**	**79**

- Like-for-like growth is positive across all countries, accelerated growth with Horeca in China and Trader in India
- Real estate gain from project development in India
- EBITDA excl. RE and EBITDA margin are both roughly on PY level

SALES TO EBITDA
(5/5)

Others[1]

€m / %	Q2 2017/18	Q2 2018/19
Sales	**3**	**18**
EBITDA excl. RE gains	**-26**	**-34**
thereof FX		
Real estate gains	3	2
Total EBITDA	**-23**	**-32**

- EBITDA decreases due to higher costs for IT and accelerated roll-out of digital solutions
- Current quarter benefited from a one-time gain
- Small real estate gains in both years

[1]Reflects segment reporting view; basis for 2018/19 guidance

EBITDA TO EPS

€m / %	Q2 2017/18	Q2 2018/19
EBITDA	**118**	**116**
D&A	-136	-145
EBIT	**-17**	**-29**
Interest and investment result	*-35*	*-27*
Other financial result	*0*	*4*
Net financial result	-35	-23
EBT	**-52**	**-52**
Tax rate (6M)	51%	38%
Net income	-45	-34
EPS in €	**-0.13**	**-0.09**

EPS from disc. operations	**-0.02**	**-1.17**
Reported EPS	**-0.15**	**-1.26**
Reported EPS pre impairment	**-0.15**	**-0.20**

EBIT

- Reduction mainly attributable to a slightly increased depreciation

Net financial result

- Improvement in the interest and investment result due to lower financing costs

Tax

- In line with FY range of 37-39%
- Due to technical impacts from application of IFRS 5, previous year tax rate should not be used for comparison purposes

EPS

- Improvement in net financial result and lower tax rate overcompensated decline in EBIT
- **Reported EPS** was significantly impacted by an impairment in discontinued operations
- **Reported EPS pre impairment** came down due to the Easter shift and expenses for tariff in discontinued operations

FCF IN Q2 2018/19

€m / %	Q2 2017/18	Q2 2018/19
EBITDA	**118**	**116**
Change in NWC	-601	-572
Capex[1]	-128	-92
FCF	**-611**	**-549**
Net debt (31 March)	**-3,558**	**-3,571**

Change in NWC

- Improvement against PY driven by some timing effects but also some operational improvements

Capex

- Decrease is mainly due to lower number of new store openings (NSOs CY: 0 and PY: 4)

FCF

- Increase driven by improved NWC contribution and CAPEX efficiency

Net debt

- Year-on-year largely stable

[1] Capex excl. M&A and finance leases

03 STRATEGIC CONTEXT

DESPITE EASTER SHIFT: 3.2% HORECA GROWTH
DRIVEN BY TURKEY, FRANCE AND SPAIN

1

METRO Turkey
- Enriched Own Brand assortment with "Geographically Indicated Products", enabling restaurateurs to build a truly regional menu

2

METRO France
- Brigades – In Store Sales Force
- proactive selling, empowering store employees

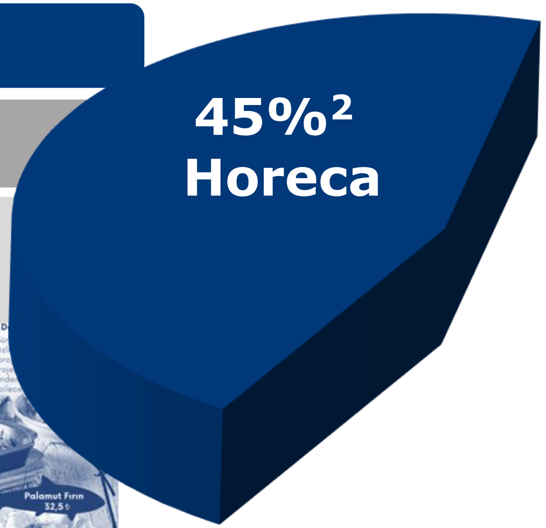
3

makro Spain
- "Board on tour" - aligning strategy on every level of organization
- NPS-induced pricing enhancement

Horeca

+3.2%[1] LfL growth

Restaurants, cafés, caterers, hotels, canteens

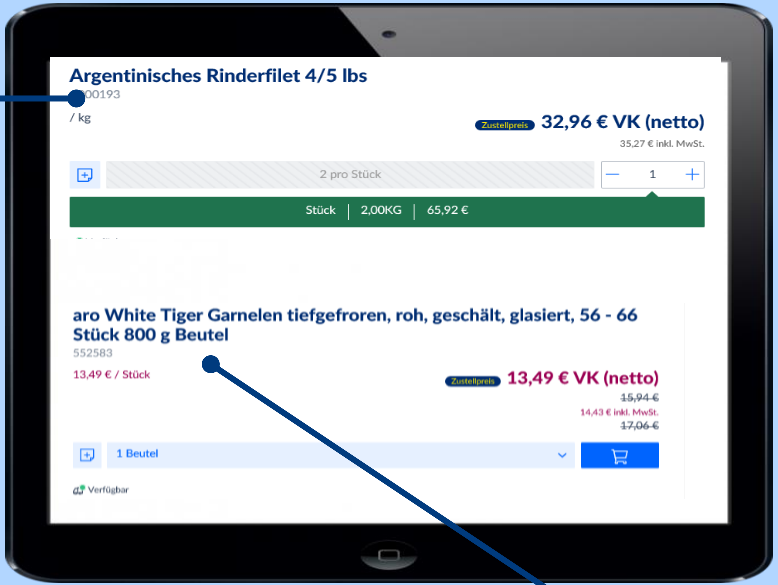


METRO Turkey – local assortment as a driver for customer's success

[1] Horeca Like-for-like sales Q2 2018/19 [2] FY2017/18 Horeca Sales Share

FUTURE PROFESSIONAL CUSTOMER GROWTH
ACCELERATED BY INTERFACE DIGITALISATION

Horeca



Special delivery prices and synchronization with stock availability

Special functionality to order weight articles per piece

METRO Germany
https://lieferservice.metro.de/

17 countries live or activation ongoing

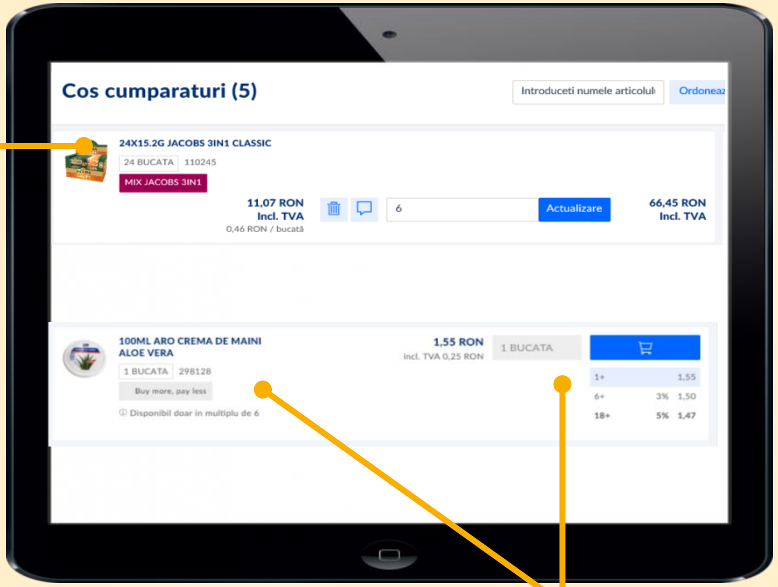
M | SHOP

~40% online ordering share

~ +10% to FY17/18

~400,000 customer-defined baskets

Trader



Predefined baskets, simplifies ordering process

Minimum order quantity
BMPL pricing
Picking optimization

METRO Romania
https://distributie.metro.ro/

METRO

DESPITE EASTER SHIFT: 4.6% TRADER GROWTH
DRIVEN BY ROMANIA, INDIA AND POLAND

1

METRO Romania
- Increased pallet presentation. Key articles next to the entrance and cashier zone
- Simplified customer flow

2

METRO India
- First pilots of SmartKirana
- Benefiting Kiranas, METRO and suppliers

3

makro Poland
- Sales Force academy and Active selling academy for store employees and sales representatives

21%[2] Trader

Trader

+4.6%[1] LfL growth

Traders, kiosks, mom-and-pop-shops, kiranas

METRO Romania increased pallet presentation

[1] Trader countries (Bulgaria, Czech Republic, India, Pakistan, Poland, Romania, Russia, Serbia, Slovakia) excl. Russia [2] FY2017/18 Total Trader Sales Share

04 OUTLOOK & GUIDANCE

OUTLOOK FOR 2018/19

Guidance[1]

	FY 2017/18	FY 2018/19
Sales growth in local currency	1.5%	1-3% growth
LfL growth	1.3%	1-3% growth
EBITDA excl. real estate gains	€1,242 m	2-6% reduction

Technical effects for Q3

P&L

- Positive calendar effect due to Easter shift
- EBITDA in previous year impacted by one-offs
    - One-time loss in Others of ~-€20 m
    - One-time gain in Russia of ~€10 m
- Real estate gains:
    - further projects already at advanced stage
    - majority of gains expected in Q4

[1] At constant FX and before portfolio measures

EVENTS AND FINANCIAL CALENDAR

Upcoming events

- 14 May 2019 — Conference London (IR) – JP Morgan
- 16 May 2019 — Roadshow Frankfurt (IR) – Pareto

Financial calendar 2018/19

- 1 Aug 2019 — Quarterly statement Q3/9M
- 12 Dec 2019 — Full Year Results 2018/19

OUR ORIGIN IS **WHOLESALE** IS OUR FUTURE

2016/17

2017/18

2018/19

INTENSIFICATION

Q&A

Olaf Koch, CEO

Christian Baier, CFO

06 APPENDIX

METRO

CASH FLOW STATEMENT

€ million	Q2 17/18	Q2 18/19
EBIT	-17	-29
Depreciation/amortisation/impairment losses/reversal of impairment losses of assets excl. financial investments	136	144
Change in provisions for post-employment benefits plans and other provisions	-42	-2
Change in net working capital	-601	-572
Income taxes paid	-27	-42
Reclassification of gains (-) / losses (+) from the disposal of fixed assets	-7	-34
Other	-79	-148
Cash flow from operating activities of continuing operations	**-637**	**-683**
Cash flow from operating activities of discontinued operations	-89	-155
Cash flow from operating activities	**-726**	**-838**
Acquisition of subsidiaries	0	-1
Investments in property, plant and equipment and in investment property (excl. finance leases)	-128	-67
Other investments	-25	-31
Investments in monetary assets	1	2
Disposals of subsidiaries	1	0
Disposal of fixed assets	-3	39
Gains (+) / losses (-) from the disposal of fixed assets	7	34
Disposal of financial assets	0	0
Cash flow from investing activities of continuing operations	**-147**	**-24**
Cash flow from investing activities of discontinued operations	14	-28
Cash flow from investing activities	**-133**	**-52**
Dividends paid	-254	-262
Redemption of liabilities from put options of non-controlling interests	0	0
Proceeds from new borrowings	1,424	1,714
Redemption of borrowings	-143	-930
Interest paid	-39	-44
Interest received	6	8
Profit and loss transfers and other financing activities	-6	1
Cash flow from financing activities of continuing operations	**988**	**487**
Cash flow from financing activities of discontinued operations	-17	-31
Cash flow from financing activities	**971**	**456**
Total cash flows	**112**	**-433**

CONTACT

Investor Relations

METRO AG
Metro-Straße 1
40235 Düsseldorf
Germany

T +49 211 6886-1280
F +49 211 6886-490-3759
E investorrelations@metro.de

www.metroag.de

METRO