



Q3 2019/20

**PRESS
CONFERENCE CALL**

6 August 2020



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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. Following the signing of the contract for the disposal of a majority stake in METRO China to Wumei Technology Group, METRO China has been reported as discontinued operation as of 30 September 2019. Meanwhile the sale has been closed and will be reflected in Q3 2019/20 reporting. METRO will retain only 20% stake in METRO China. The discontinued segment primarily includes Real, majority of METRO China and some other individual companies or assets. All following explanations of the business development will focus on the continuing operations unless stated otherwise. Furthermore, the results are reported based on the retrospective adjustments due to IFRS 16.

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.



Q3 2019/20 IN A NUTSHELL



PROTECT



PRESERVE



GROW



- **Ensuring safety** of our employees and customers
- Making sure that stores provide **safe shopping experience** without compromising on **high service**
- Our teams responded with **extraordinary resilience, determination and commitment**
- Our country operations were **quick and proactive** when it came to handling this backdrop. **Flexible C&C operations and strong customer relationship** are very valuable in times of crisis.
- **Proximity to our customers was key.** Various support measures were launched in order to **help** them in these unprecedented times.
- The **entrepreneurial culture and accountability accelerated** performance which started before COVID-19
- **Diversified customer base and flexible operations** cushion the COVID-19 related decline in Horeca and FSD

OUR MISSION: YOUR SUCCESS IS OUR BUSINESS

DEFINED MEASURES RESULTED IN RESILIENCE AND QUICK RECOVERY



Grow: **your success is our business**



HoReCa under pressure in Q3¹ but with **rapid recovery** due to incessant **customer service** and focus on **product availability**. Agility of hybrid model (stores + FSD + services) proved to be advantageous.

Trader with accelerated growth above pre-COVID levels (+10.3%² Q3 19/20) driven by **Russia turnaround**, acceleration of **e-commerce** and trader **franchise**

SCO grew due to strong **customer reactivation** (+16% Q3 19/20)³. Main drivers were **food quality, availability and superior safety**

Overall sales at 75% of PY in April, recovery to 80% in May and **recovery to 95% in June**
Sales in July ~1.5%⁴

¹ HoReCa declined by -47% in Q3 2019/20. ² Trader countries: Bulgaria, Czech Republic, India, Pakistan, Poland, Romania, Russia, Serbia, Slovakia. ³ LfL SCO customer sales. ⁴ Preliminary unaudited figures; calendar support of 1.7%.

METRO – A FULLY FOCUSED WHOLESALER



Transformation into a **pure wholesaler**
completed

More **profitable, cash-generative** and **less levered**

METRO FY2018/19 Guidance view, excluding Real

+0.6%-pts
EBITDA-margin¹

~+€250 m
FCF p.a.²



€1.9 bn
in net cash proceeds³

Balance sheet strength
Firepower to drive **consolidation**

20%
stake in METRO China

Participate in the **upside potential**
Put option with **full flexibility**
Outperformance vs. market during COVID-19

¹ EBITDA-margin post IFRS 16 and excl. gains from real estate transactions ² FCF defined as EBITDA reported – capex excluding finance lease extensions and M&A +/- change in NWC.

³ Sale of the majority stake in METRO China was closed on 23rd April and sale of real was closed on 25th June except for 6 remaining properties to be closed in late summer.

RESILIENCE + ABILITY TO ACT



Strong disruption throughout the industry created an **opportunity** to act, and we did. **Market share gains** in various countries. **Sales** back to **previous year's** level.

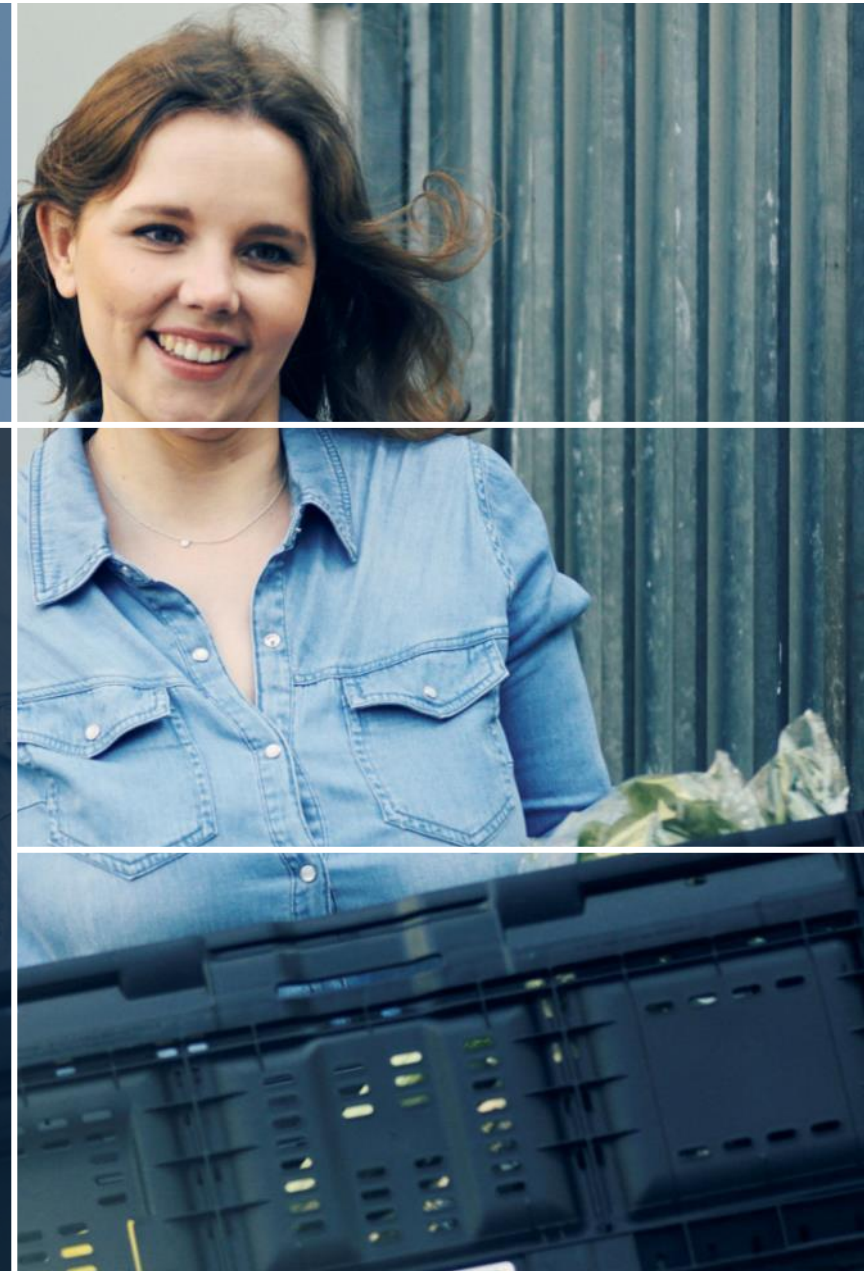
Portfolio transformation towards a **pure wholesaler** is **complete** and results in substantially improved **financial profile**

Strong **financial profile** basis for **M&A** and **dividend continuity**

¹ Includes transaction related cash flow from investing activities of discontinued operations of €1.3 bn. Comprises of €1.9 bn total purchase price less cash and cash equivalents -€0.6 bn.

02

FINANCIAL PERFORMANCE



CRISIS-PROOF BUSINESS MODEL

April: ~75% of sales level
Broad spread of COVID-19 & governmental restrictions

Q2 results communication



- Portfolio diversification partially compensates HoReCa decline as operations were strongly limited
- Broad counter measures initiated
- Resilient Trader with limited volatility
- SCO with mid/low double-digit inflow

May: ~80% of sales level
Initial easing of governmental restrictions



- HoReCa restarting; strong positioning due to flexibility of C&C channel
- Trader stayed on low single-digit growth aided by online and trader franchise
- SCO's basket and frequency were still high

June: ~95%¹ of sales level
Broader loosening of governmental restrictions



- HoReCa recovery was supported by opening of borders
- Trader continued to improve across majority of regions
- SCO was at high single-digit percentage growth; aim to retain new customers



HoReCa



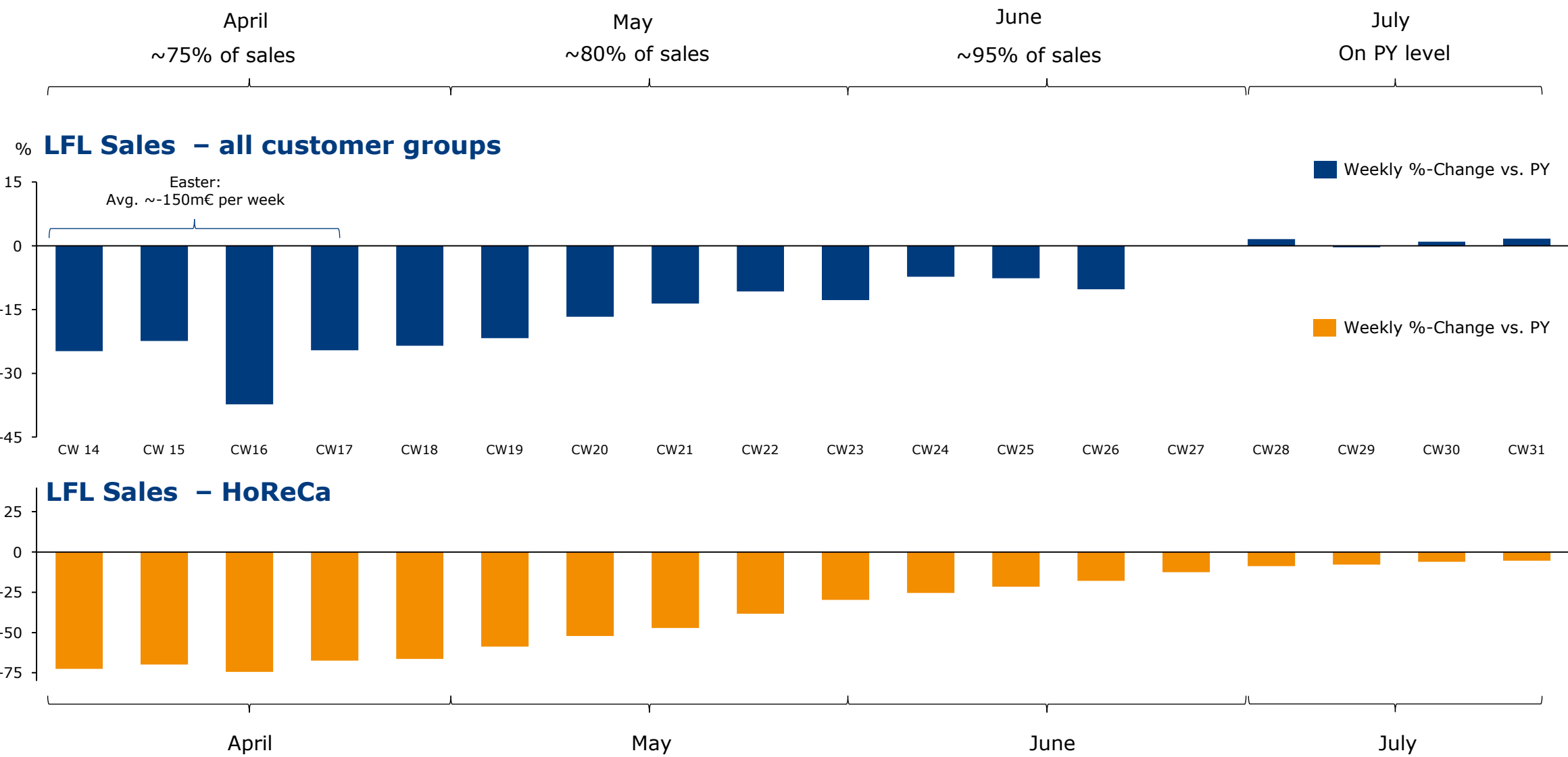
Trader²



SCO

¹ Break-even achieved first week of July. ² Full Trader sales.

GRADUAL WEEK BY WEEK IMPROVEMENT



SALES TO EBITDA

	Continuing operations	Continuing operations
P & L in €m / %	Q3 2018/19 ¹	Q3 2019/20 ¹
Sales	6,940	5,568
Like-for-like growth	3.1%	-17.5%
<i>thereof Food</i>	3.9%	-18.3%
Reported growth	2.4%	-19.8%
Growth in local currency	3.2%	-17.4%
Delivery sales share	18%	12%
EBITDA adjusted² (excl. transformation costs and earnings contributions from real estate transactions)	373	175
<i>thereof FX</i>		-12
EBITDA margin adjusted	5.4%	3.1%
Transformation costs	0	-1
Real estate gains	32	2
Reported EBITDA³	404	176

Sales growth

- Sales development driven by mix of
 - Stable accelerated growth with Trader & SCO
 - HoReCa sales affected by lockdowns but steep recovery
- HoReCa customers with clear preference for the stores; putting temporary pressure on FSD
- Reported sales growth affected by negative currency development in Eastern Europe, especially Turkey

EBITDA and EBITDA margin

- EBITDA impacted in line with sales development; countered by intense and successful efforts to save costs across countries
- Structures made flexible to react quickly to pandemic development
- "Others": costs savings from efficiency measures and licence fee from Wumei⁴
- Continuous trend improvement throughout Q3 as lockdowns were released and sales trend improved
- EBITDA to PY in constant currency:
April -€99m, May ~-€60m and June ~-€26m

¹ All figures reported in accordance with IFRS 16. ² Adj. EBITDA - EBITDA excl. transformation costs and real estate gains. ³ Reported EBITDA - incl. transformation costs and real estate gains. ⁴ Part of transaction includes licence fee paid by Wumei for use of brand over next three years; reported in segment "Others".

REGIONAL SALES DEVELOPMENT

Simplified view

Customers split (rounded, in %, FY 18/19)

METRO

HoReCa

Trader

SCO

Lockdown

Start

Duration

Intensity of
measures

LfL sales

Q3 19/20

July LfL¹

Russia

16 %

30 %

54 %

Late March

6 - 8 weeks
lockdown



+6.0%

~ +16%

**Eastern
Europe**

37 %

31 %

32 %

Mid March

6 - 8 weeks
lockdown



-7.4%

~ +3%

Germany

46 %

13 %

41 %

Mid March

6 - 8 weeks
lockdown



-9.5%

~ +3%

**Western
Europe**

65 %

16 %

20 %

Mid March

~10 weeks
lockdown



-32.8%

~ -2%

Asia

40 %

31 %

28 %

January, second
wave in March

Ongoing



-19.2%

~ -11%

¹ July: Preliminary unaudited figures, 1.7% calendar support.



Medium/low



Medium

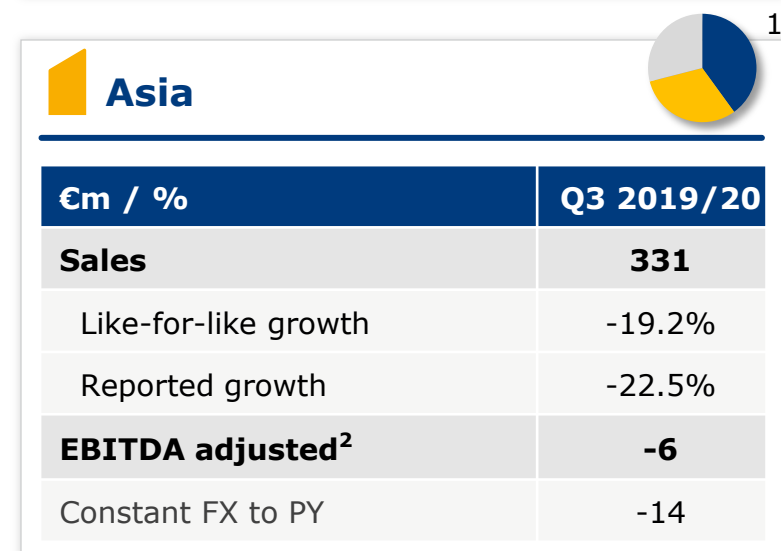
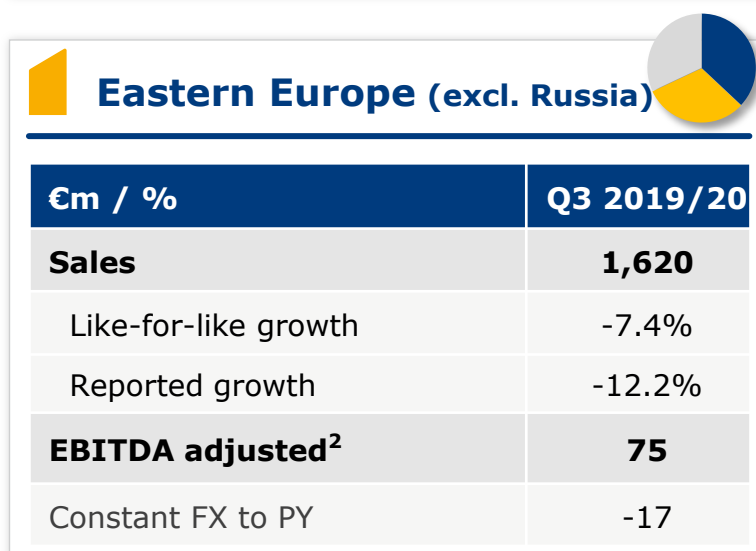
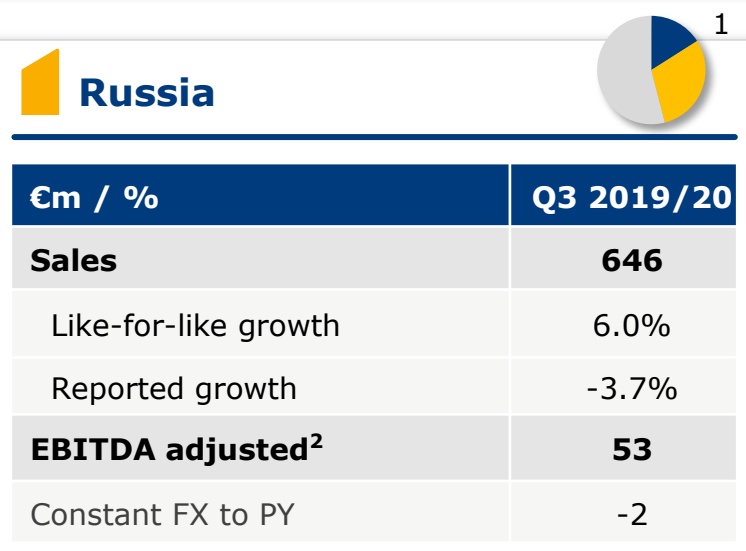
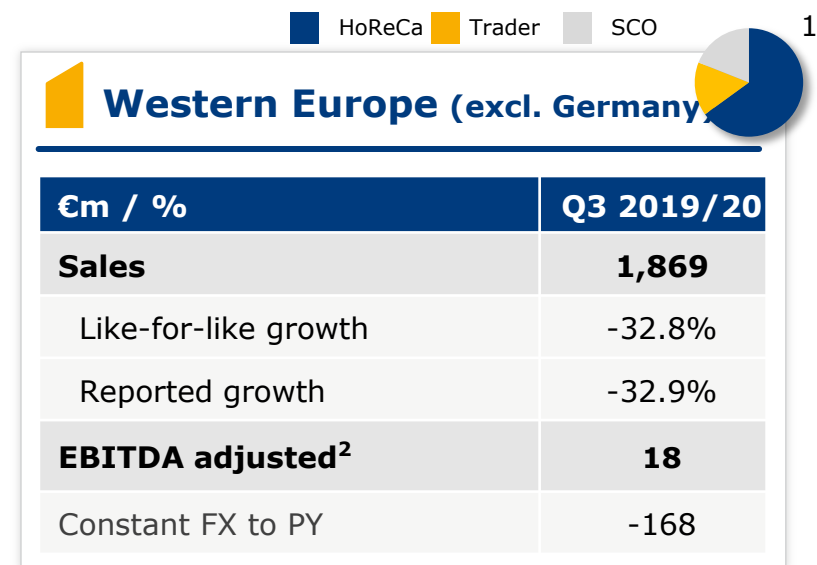
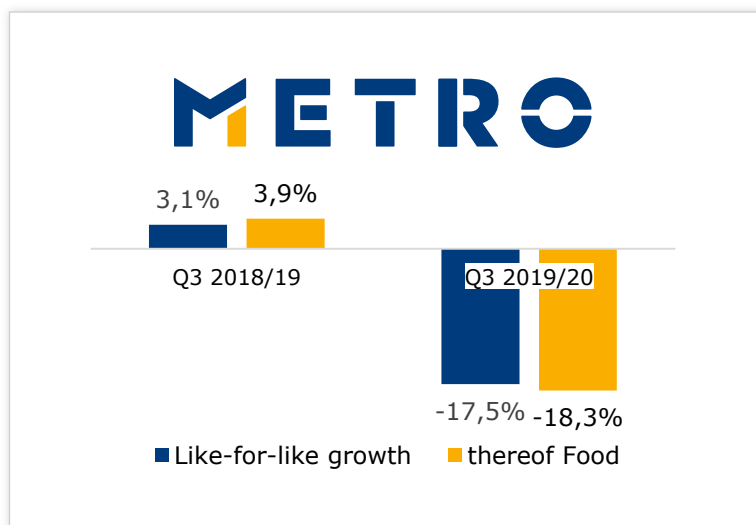
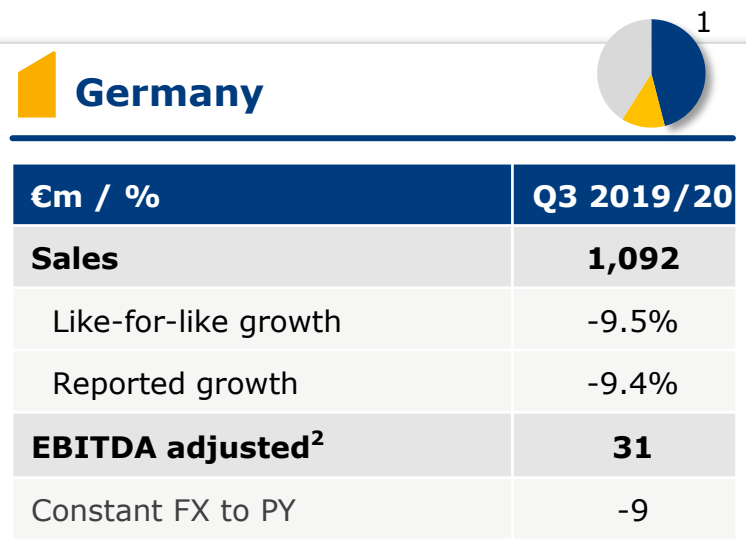


Medium/High



High

REGIONAL PERFORMANCE



¹ Like-for-like sales share FY 2018/19. ² Adj. EBITDA - EBITDA excl. transformation costs and real estate gains. Note: Transformation costs affect segment "Others".

EBITDA TO EPS

	Continuing operations	Continuing operations
P & L in €m / %	Q3 2018/19	Q3 2019/20
Reported EBITDA	404	176
D&A	-192	-197
EBIT	212	-21
<i>Interest and investment result</i>	-61	-52
<i>Other financial result</i>	2	14
Net financial result	-59	-38
EBT	153	-59
Tax expenses	-61	-78
Net income	-92	-137
EPS from continuing operations in €	0.25	-0.38
Reported EPS in €	0.32	1.41
Net debt (30 June)	6,164	4,408

EBIT

- Decrease due to government restrictions affecting top line and lower real estate gains

Net financial result

- Improvement in the interest and investment result due to lower financing costs
- Other financial result positively affected by appreciation of currencies in CEE countries with EUR based lease contracts

Tax

- Tax expense is calculated based on expected tax expense for FY 19/20
- Q3 is impacted by a tax catch-up effect to match the expected tax expense for the full year
- Implied tax rate not meaningful due to low negative EBT and resulting high & volatile tax rate

EPS

- Decrease in EPS from continuing operations driven by a combination of operating deleverage, low real estate gains and FX volatility
- Growth in reported EPS significantly driven by resilient business model and successful execution of transformational transactions

Net debt

- €1.8 bn improvement due to disposal of majority stake in METRO China (€1.6 bn) and hypermarket business (€0.3 bn)



04

STRATEGIC UPDATE

REINFORCING OUR STRATEGIC APPROACH



Q3 2018/19



Convenience & out-of-home consumption

Supported overall quick rebound



Connected consumer

Fast ramp-up of B2B2C and e-commerce via M|SHOP for Trader and SCO



Hospitality digitalization

COVID-19 disruption leads to stronger demand for new solutions. The crisis has turned into a catalyst for modernization.



HORECA: TRUE PARTNERSHIP IS KEY



HoReCa Europe:

SMEs: ~1.7m

Volume: ~€600 bn¹

Highly fragmented supply base



- Short term impact through lockdowns **not seen as long-lasting change in trends**
- **Out-of-home-consumption still expected to grow** due to preferences and habits
- **Business models** however need to be **adjusted**

■ **Operational excellence** to support customers in difficult times (focus on product availability, stores remained open etc.)

■ **Fair pricing** to ensure **predictability** for our customers

■ **Support and advise** to adjust the business and to apply for government aid packages

■ Controlled support on **payment terms**

■ Support of public campaigns to address the **needs of the sector**. Contribution to #restartGastro concepts (**whitepapers**).

*As a result we observed **above market performance** due to beneficial setup and clear customer focus leading to an up to 40%-pts outperformance in some countries*

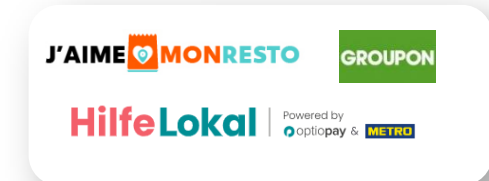
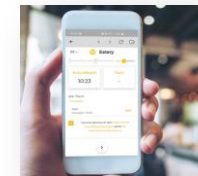
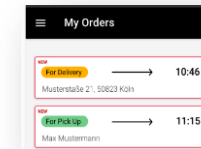
¹EURb, sell-out value 2018, MCC countries -WE incl. DE, EE incl. RU, Asia without CN; MCC countries excl. countries with pure play FSD operations (e.g. CFF) HoReCa market according to Euromonitors definition excluding social foodservice Source: Euromonitor

HORECA: EXTENSION OF SERVICES

During the last months we intensified our efforts to support our customers in adjusting their business to the new circumstances. We launched and activated several additional services:



- **Online meal ordering**
- **Collaboration with car rental companies**
- **Voucher sales**
- **Digital Check-In Tool**
- **Digital Menu Tool**



At the same time our digital base continued to grow:

~200,000 DISH accounts, >30,000 reservation sites, etc.



Leading to **positive business impact**. Digital tools have helped **customer acquisition**. Furthermore we have clear evidence that **digital accounts** have **2x purchasing frequency** than non-digital accounts.

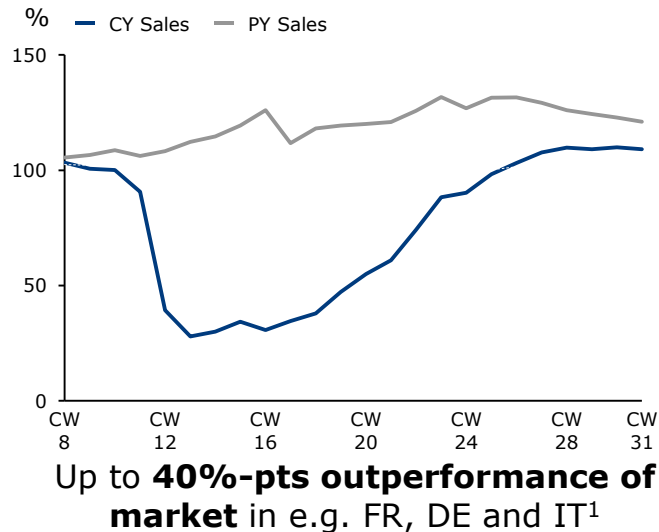
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HORECA: ABOVE MARKET PERFORMANCE

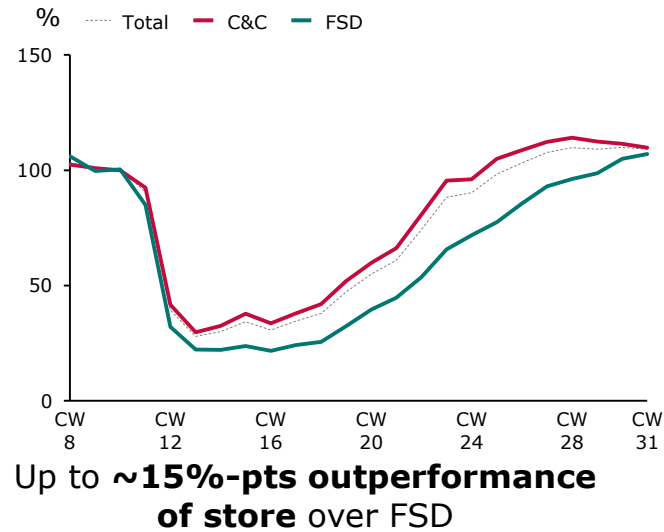
FOCUS DRIVES GROWTH FOR HORECA

Compared to CW3-8 average sales level

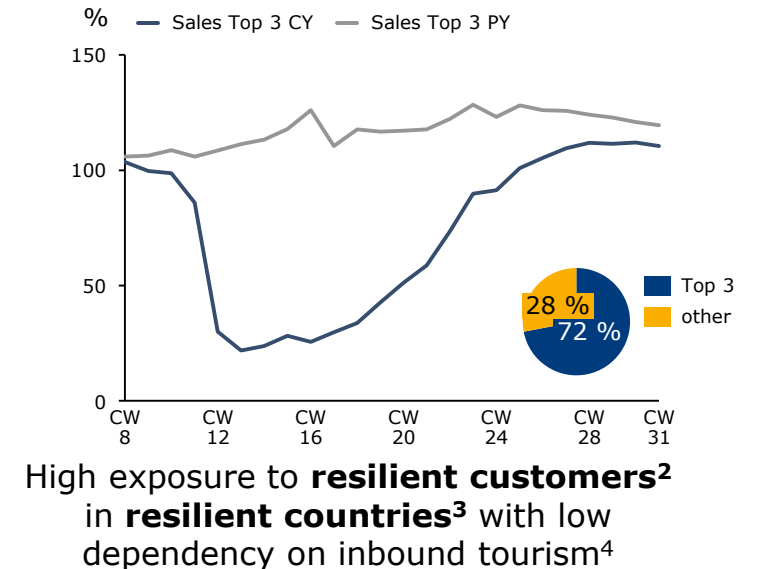
HoReCa sales came back quickly to above market



Taking advantage of channel flexibility



Portfolio skewed to customers that recover first



GERMANY: GOING THE EXTRA MILE!

FOCUS DRIVES GROWTH ABOVE MARKET IN GERMANY



July LfL sel.
~+3%¹

A robust business model appreciated by our customers

- **100%** of stores remained opened
- **100%** Sales Force employment and 100% of hours
- **97%** Food stock availability (stable to pre COVID-19)
- **> NPS** to PY in June and July
- **+28%** reactivated SCO customers during COVID-19

USP through various extensions



- *Webinars*
- *One-time crisis rebates*
- *Payment terms*
- *Reservation Tool*
- *Check-In Tool*
- ...

¹ Preliminary unaudited figures; calendar support of 1.7% on total group. METRO Germany LFL sales include results from Rungis Express, a pure HoReCa FSD player, which is still under pressure.

TRADER: TRUE PARTNERSHIP IS KEY



Trader

SMEs: ~1.3m

Volume: ~€1,000 bn¹

fragmented independent retail market



■ **Operational excellence** to support customers in difficult times
(focus on product availability, stores always open)

■ Ramping up diverse online solutions and partnering with **e-commerce players** to target **end consumer** demands – B2B2C

Pre-existing some countries; quickly set up in others:

5 countries

Offer B2B2C delivery

4 countries

Run pilots

7 countries

Evaluate entering

■ **Trader franchise** continues to grow and proves even more resilient than normal trader

¹EURb, sell-out value 2018, MCC countries -WE incl. DE, EE incl. RU, Asia without CN; MCC countries excl. countries with pure play FSD operations (e.g. CFF) Trader market including traditional grocery retailers, forecourt and CVS Source: Euromonitor

TRADER: FRANCHISE SUCCESS ACCELERATES

FOCUS DRIVES GROWTH IN TRADER



Supporting independent entrepreneurs

Increased engagement and support for our partners during crisis:

Home delivery solution from trader to end consumer

- Running in Romania and Czech Republic for **80** partner stores

Trader Sales Force

- Further development of partner management approach is planned



Developing digital solutions

1/3 of franchisees search for click & collect/delivery options:

M|SHOP Trader

- Front-end solution for delivery, running in Russia and Romania
- **+15%** in basket size
- **+100,000 orders** in Q3 19/20

B2B and B2C solutions

- Launching B2B & B2C solutions in next financial year



Growing our business through franchise

Achieving recurring revenues through partnership:

+24%

Q3 total sales to PY

2.5x

higher basket than average Trader

- **10** countries with Trader franchise model
- **+200 new partners** in Q3
- **~8,000 partners** in total

RUSSIA: BACK TO OUTPERFORMANCE

FOCUS DRIVES GROWTH IN RUSSIA



July LfL sel.
~+16%¹

Operational excellence

Store adjustment

Change to a warehouse feel: more pallet placement for higher availability, wider aisles for easy navigation, lower racks in Nonfood for better visibility

People management

High and improving team engagement; especially at store level, despite recent headcount optimisation and COVID-19

Customer management

More efficient acquisition: +25% in new SCO vs. PY, higher sales per visit of new vs lost customers

Growing our business

Partnership with Sbermarket [B2B2C]

Leveraging logistics infrastructure, outsourcing non-core tasks to partner

50+ cities | 8% of sales share May '20

Fasol development

Continued expansion despite COVID-19 restrictions
+135 new in Q3

Successful territory approach and contact model

"HoReCa Renaissance" development and execution start, incl. METRO-Partner

¹ Preliminary unaudited figures; calendar support of 1.7% on total group

VIEW ON SECTOR CONFIRMED WITH Q3 PROOFPPOINTS

COVID-19 had a significant short-term impact on HoReCa

However: **High quality food** remained and will remain a **high priority** among consumer preferences

General **desire to eat out** and enjoy excellent food is **strong**

Vast majority of **restrictions** have been lifted

HoReCa volumes are **largely on pre COVID-19 levels**

Flexible structures will be **essential** to serve "New HoReCa demand pattern"

C&C + FSD/Franchise + WS360 ideal combination

Tactical complementary business important to cushion volatility



OUR ORIGIN IS

WHOLESALE

IS OUR FUTURE



July LfL sel.
+1.5%

¹ Preliminary unaudited figures; calendar support of 1.7%.

OUTLOOK FOR 2019/20

Guidance¹

	9M 2019/20	FY 2019/20
Sales growth in local currency	-5%	decline 3.5-5%
LfL growth	-5%	decline 3.5-5%
Adj. EBITDA²	€834 m -€192 m to PY	decrease by €200 to €250 m

In addition:

Regional Development for 2019/20

- Russia and Eastern Europe: significantly better than group average
- Western Europe and Asia: weaker than group average
- Others: continuation of positive 9M development, among others supported by the efficiency programme and licence fee from the cooperation with Wumei³

P&L

- Real estate gains: c. €10 m (€339 m in 18/19)
- D&A: c. €-840 m (€-774 m in 18/19)
- Net financial result: c. €-265 m⁴ (€-230 m in 18/19)
- Tax expense: c. €-130 m (€-301 m in 18/19)
- EPS: additional ~€0.15 from remaining property closings from Real transaction
- Reported EPS: Strong basis for dividend continuity in line with payout ratio (45-55% of EPS) in unprecedented year

¹ At constant FX and before transformation costs, portfolio measures and IFRS16. Outlook based on the assumption of stable exchange rates and no further adjustments to the portfolio and only covers METRO's continuing operations. Furthermore, the outlook is based on the assumption that negative impacts of the COVID-19 pandemic will not surge again in countries relevant for METRO and that the stable recovery of the HoReCa sector continues. ² Adj. EBITDA - EBITDA pre transformation costs and real estate gains. ³ Part of the transaction includes licence fee paid by Wumei for use of brand over the next three years; reported in "Others". ⁴ At current exchange rate.

Q&A



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