



Q3 2018/19 RESULTS PRESENTATION

23 July 2019

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OUR ORIGIN IS **WHOLESALE** IS OUR FUTURE

2016/17



2017/18



2018/19



INTENSIFICATION

Q3 IN A NUTSHELL



- **Strong performance in key regions**

- Strong Q3 performance: 3.4% LfL growth
- Horeca 4.9%, Trader¹ 4.4%, Food 4.2% LfL growth
- EBITDA growth in Germany, Western Europe and Asia

- **Russia long-term repositioning in progress**

- Turnaround is moving ahead but taking longer
- LfL-growth impacted by continuous reduction of bulk sales and World Cup in PY

- **Good 9M development**

- Store sales and delivery drove the 2.3% LfL growth
- EBITDA ex RE at constant currency ~-3%
- EPS increase to 0.71€ (0.67€ in PY)

- **Sale of Hypermarket business in final stage**

- Due diligence making good progress
- Exclusivity extended until mid-Sep
- Terms unchanged (implied cash-in of ~€0.5 bn)²

¹Trader countries excl. Russia: Bulgaria, Czech Republic, India, Pakistan, Poland, Romania, Serbia, Slovakia ² effect as at 31/3/2019 ; a different closing date might lead to a different value due to seasonality of our business

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 - Q2 18/19

- 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)
- 08 May: Exclusivity granted to redos



Status update

- Negotiations at advanced stage; exclusivity extended to mid-Sep
- Terms of initial exclusivity agreement remain unchanged
- Goal: Signing in September

02

FINANCIAL PERFORMANCE

SALES TO EBITDA

(1/5)

€m / %	Q3 2017/18	Q3 2018/19
Like-for-like growth	1.0%	3.4%
<i>thereof Food</i>	1.5%	4.2%
Reported growth	-2.8%	2.8%
Growth in local currency	0.7%	3.6%
Delivery Sales Share	19%	20%
EBITDA excl. RE gains	305	316
<i>thereof FX</i>		-2
EBITDA margin excl. RE gains	4.1%	4.2%
Real estate gains	0	32
Total EBITDA	305	347

Like-for-like growth

- Strong like-for-like sales development in most regions
- Driven by both delivery and stores
- Adjusted for Easter shift, Q3 grew by 2.2%

Reported growth

- Reported growth was slightly affected by negative FX effects predominantly from Turkey
- Solid sales growth in local currency of 3.6%

EBITDA and EBITDA margin excl. real estate

- Increase is predominantly driven by Easter shift as well as operational improvement in France, Pro à Pro and China
- In Q3, EBITDA excl. real estate transactions and adjusted for currency effects increased by €13 m or 4% vs PY
- In 9M, EBITDA excl. real estate transactions and adjusted for currency effects decreased by €28 m or -3% vs PY

SALES TO EBITDA

(2/5)

METRO Germany

€m / %	Q3 2017/18	Q3 2018/19
Sales	1,170	1,205
Like-for-like growth	-1.4%	3.6%
<i>Excl. Easter Shift</i>		0.5%
Reported growth	-2.2%	3.0%
EBITDA excl. RE gains	21	31
EBITDA margin	1.8%	2.6%
Real estate gains	0	0
Total EBITDA	21	31

- Resilient LfL growth even if adjusted for Easter
- With support coming from both delivery and in-store business, all customer groups have contributed to the LFL growth
- EBITDA is positively impacted by Easter shift

Addressing Horeca needs 360°

Continuously meeting Horeca purchasing needs:

- **10 quarters of >2%** Horeca LfL growth in 2-year stacked¹
- Pilot² region **~+7%** in Horeca sales for Q3 vs PY

New cooperation to address equipment needs:

- Strategic alliance with  PENTAGAST®
- Germany's largest network for kitchen equipment, solutions and services
- Unique value proposition for HoReCa customers

METRO Markets (market place) launch in Autumn

Becoming #1 Marketplace for Gastronomy

¹2 year stacked – same quarter values added together year after year ² Pilot region Rhineland is aimed to test new HoReCa solutions und promote optimized customer approaches.

SALES TO EBITDA

(3/5)

METRO Western Europe

€m / %	Q3 2017/18	Q3 2018/19
Sales	2,724	2,784
Like-for-like growth	-1.2%	2.2%
<i>Excl. Easter Shift</i>		0.8%
Reported growth	-0.6%	2.2%
EBITDA excl. RE gains	141	154
EBITDA margin	5.2%	5.5%
Real estate gains	0	29
Total EBITDA	141	183

- Good LfL-growth supported by Easter shift
- Majority of the countries contributed to the LfL growth
- EBITDA growth driven especially by France and Pro à Pro
- Real estate gain from sale and lease back project in Spain

METRO Eastern Europe

€m / %	Q3 2017/18	Q3 2018/19
Sales	1,785	1,846
Like-for-like growth	6.2%	7.1%
Reported growth	0.9%	3.4%
EBITDA excl. RE gains	89	86
<i>thereof FX</i>		-2
EBITDA margin	5.0%	4.7%
Real estate gains	0	0
Total EBITDA	89	86

- Like-for-like growth driven by majority of countries, especially Turkey, Romania and Ukraine
- EBITDA is largely flat at constant FX

SALES TO EBITDA

(4/5)

METRO Russia

€m / %	Q3 2017/18	Q3 2018/19
Sales	676	671
Like-for-like growth	-3.2%	-4.8%
Reported growth	-19.5%	-0.8%
EBITDA excl. RE gains	71 <small>(incl. ~€10m one-time)</small>	56
<i>thereof FX</i>		1
EBITDA margin	10.5%	8.4%
Real estate gains	0	0
Total EBITDA	71	56

- LfL impacted by bulk sales reduction and World Cup in PY
- Reported sales slightly supported by positive FX
- EBITDA in PY included one-time gain of ~€10m in EBITDA; remaining margin pressure mainly driven by price investments and first wave of process optimization measures in PY

Addressing Trader needs and topics

Continuous reduction of bulk sales (tobacco):

- Adjusted for Tobacco, LfL growth is ~-2%

Good BMPL development:

- Positive volume growth in BMPL assortment
- Roughly on Q2 level

Fasol

- >1,700 stores signed
- Expected to contribute ~2%p to the LFL for the year

**Russia
long-term
repositioning in
progress**

SALES TO EBITDA

(5/5)

METRO Asia

€m / %	Q3 2017/18	Q3 2018/19
Sales	981	1,037
Like-for-like growth	4.1%	5.5%
Reported growth	-0.8%	5.7%
EBITDA excl. RE gains	38	42
<i>thereof FX</i>		0
EBITDA margin	3.8%	4.1%
Real estate gains	0	0
Total EBITDA	38	42

- Strong like-for-like growth driven by majority of countries
- Accelerated growth with Horeca in China and Trader in India
- EBITDA growth in line with sales development

Others¹

€m	Q3 2017/18	Q3 2018/19
Sales	12	7
EBITDA excl. RE gains	-55	-54
<i>thereof FX</i>		0
Real estate gains	0	2
Total EBITDA	-55	-52

- EBITDA in the previous year was impacted by negative one-time effects, current year includes costs for roll-out of digital solutions
- Small real estate gain in current quarter

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

EBITDA TO EPS

€m / %	Q3 2017/18	Q3 2018/19
EBITDA	305	347
D&A	-130	-140
EBIT	175	207
<i>Interest and investment result</i>	-29	-29
<i>Other financial result</i>	3	3
Net financial result	-27	-26
EBT	148	181
Tax rate (9M)	43%	38%
Net income	110	110
EPS in €	0.30	0.30
EPS from disc. operations	-0.15	-0.08
Reported EPS	0.15	0.22

D&A

- Increase in D&A driven by higher IT-Investments with shorter useful life

Net financial result

- Net financial result stable on good PY level

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

- EPS from continuing operations is on PY level; the growth in EBITDA is offset by
 - higher depreciation
 - a lower computed tax amount for Q3 17/18
- Reported EPS increased by 0.07€ due to paused depreciation under IFRS 5 in discontinued operations

FCF IN Q3 2018/19

€m / %	Q3 2017/18	Q3 2018/19
EBITDA	305	347
Change in NWC	96	54
Capex ¹	-115	-96
FCF	285	306
Net debt (30 June)	3,447	3,446

Change in NWC

- Decrease against PY driven by timing effects that compensate operational improvements

Capex

- Decrease is mainly due to capex light remodeling (NSOs CY: 2 and PY: 2)

FCF

- Increase driven by EBITDA growth and improved CAPEX efficiency compensating lower NWC contribution

Net debt

- Year-on-year largely stable

¹ Capex excl. M&A and finance leases

04

OUTLOOK & GUIDANCE

OUTLOOK FOR 2018/19

Guidance¹

	FY '17/18	FY '18/19	9M '18/19
Sales growth in local currency	1.5%	1-3% growth	✓ 2.4%
LfL growth	1.3%	1-3% growth	✓ 2.3%
EBITDA excl. real estate gains	€1,242 m	2-6% reduction	✓ -3.1%

FY 18/19 expectations

P&L

- 9M performance well in line with FY group guidance
- FY guidance confirmed
- Small shift between segments for EBITDA:
 - Russia expected at c.15% decline
 - Western Europe / Asia expected to compensate
- Real estate gains (250-300m€) confirmed:
 - 66m€ realized in 9M 18/19
 - ~200m€ signed/pending (exp. closing in August)²
- Improved expectation for net financial result by ~10% to -135m€ (from -150m€)

¹ At constant FX and before portfolio measures

² Including Project EDU with ~ EUR 20m EBITDA contribution (announced in April)

EVENTS AND FINANCIAL CALENDAR



Upcoming events

- 26 July 2019 Roadshow London (CEO and IR)
- 29 July 2019 Roadshow Frankfurt (CEO and IR)
- 29 August 2019 Commerzbank Sector Conference (IR)
- 23 Sept 2019 Goldman Sachs and Berenberg German Corporate Conference (CEO and IR)
- 24 Sept 2019 Baader Investment Conference (IR)



Financial calendar 2018/19

- 24 Oct 2019 Full Year Trading Statement 2018/19
- 12 Dec 2019 Full Year Results 2018/19

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2016/17



2017/18



2018/19



INTENSIFICATION

06 APPENDIX



CASH FLOW STATEMENT

€ million	Q3 17/18	Q3 18/19
EBIT	175	207
Depreciation/amortisation/impairment losses/reversal of impairment losses of assets excl. financial investments	129	140
Change in provisions for post-employment benefits plans and other provisions	-40	-17
Change in net working capital	96	54
Income taxes paid	-87	-47
Reclassification of gains (-) / losses (+) from the disposal of fixed assets	2	-36
Other	20	33
Cash flow from operating activities of continuing operations	295	334
Cash flow from operating activities of discontinued operations	-27	-112
Cash flow from operating activities	268	222
Acquisition of subsidiaries	-1	0
Investments in property, plant and equipment and in investment property (excl. finance leases)	-94	-53
Other investments	-35	-47
Investments in monetary assets	0	-53
Disposals of subsidiaries	-3	0
Disposal of fixed assets	28	53
Gains (+) / losses (-) from the disposal of fixed assets	-2	36
Disposal of financial assets	0	0
Cash flow from investing activities of continuing operations	-107	-64
Cash flow from investing activities of discontinued operations	-36	-24
Cash flow from investing activities	-143	-88
Dividends paid	0	0
Redemption of liabilities from put options of non-controlling interests	0	-12
Proceeds from new borrowings	64	1,918
Redemption of borrowings	-525	-1,994
Interest paid	-35	-33
Interest received	2	5
Profit and loss transfers and other financing activities	5	-9
Cash flow from financing activities of continuing operations	-489	-125
Cash flow from financing activities of discontinued operations	-24	-25
Cash flow from financing activities	513	-150
Total cash flows	-388	-16

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