



ANNUAL PRESS CONFERENCE FINANCIAL YEAR 2018/19

12 December 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. 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. 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 continued operations unless stated otherwise

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.

CHAMPION FOR INDEPENDENT BUSINESS.

**WE WORK FOR THOSE WHO
WAKE UP EVERY DAY AND WANT
TO MAKE A DIFFERENCE.
THE ONES WHO TOOK THEIR
DREAM AND TURNED IT INTO THEIR
OWN BUSINESS. WE WORK FOR
MILLIONS OF BUSINESS OWNERS
ALL OVER THE WORLD.**



↓
**WE
ARE**
↑

**A PROFESSIONAL
WHOLESALE OFFERING
A WIDE VARIETY OF
PRODUCTS AND
SERVICES, EXPERT
SOLUTIONS AND
INNOVATIVE IDEAS WITH
A SINGLE PURPOSE IN
MIND: TO ENSURE OUR
CUSTOMERS ACHIEVE
SUCCESS IN THEIR
BUSINESS.**



METRO

YOUR SUCCESS IS OUR BUSINESS

A collage of 12 images arranged in a grid-like fashion, showcasing various food service professionals and customers. The images include: a male server in a white shirt and striped apron smiling; a chef pouring milk into a cup; a chef plating a dish; two men talking in a kitchen; a chef working at a pizza oven; a chef decorating pastries; a woman laughing while holding a metal cup; a man looking thoughtful; a woman eating a sandwich; and a man and woman eating together. In the center, the text "01" is displayed in large white font, with "FOCUS" written below it in smaller white capital letters. The entire collage has a blue tint.

5,1%

LfL growth Trader¹

18%

Sales share with
delivery³

4,5%

LfL growth HoReCa

€1.561m

EBITDA

110

Partner via
METRO Markets

€523m

Profit or loss
for the period²

2,5m

Customer feedbacks
via NPS

~180.000

Restaurateurs use
digital tools via DISH

~7.500

Franchise-Partner

7,6m

Orders via
M-SHOP

Figures for continuing operations, incl. METRO China (forecast analysis)

¹ Trader countries excl. Russia: Bulgaria, India, Pakistan, Poland, Romania, Serbia, Slovakia, Czech Republic.

² Attributable to METRO shareholders.

³ New definition of delivery which excludes transportation after check out and pick up.

2017/18



2018/19

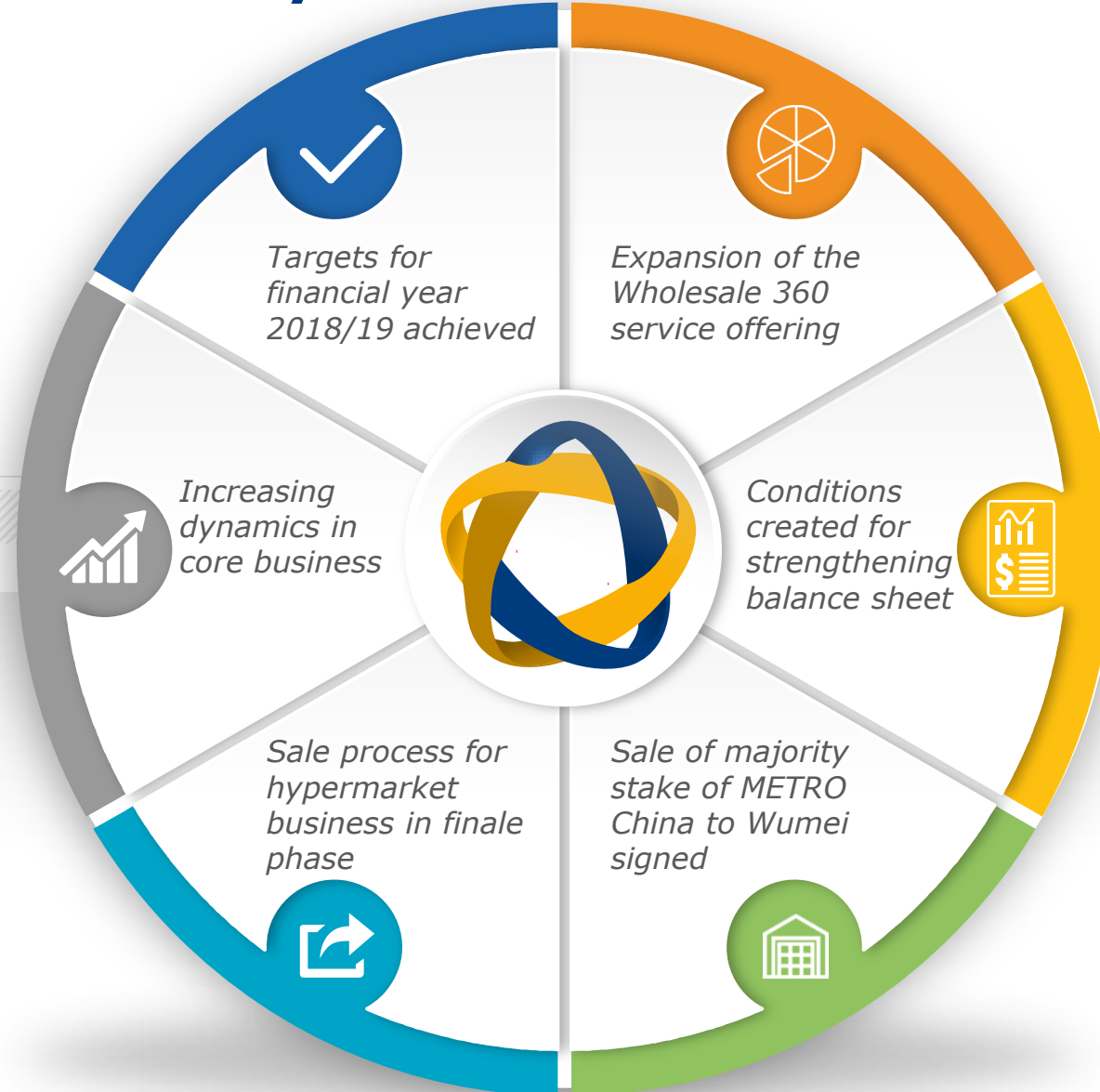


INTENSIFICATION

OUR ORIGIN IS

WHOLESALE **IS OUR FUTURE**

KEY FACTS IN 2018/19



TRANSACTIONS OF REAL AND METRO CHINA

01 Real

- ✓ Sale process for hypermarket business in finale phase
- ✓ Exclusive negotiations and memorandum of understanding with The SCP Group and x+bricks
- ✓ Transaction expected to be signed end of January 2020

02 METRO China

- ✓ Sale of majority stake in METRO China to Wumei signed
- ✓ Values METRO China at €1,9bn EV (>12x EV/EBITDA)
- ✓ METRO to retain 20% stake in Joint Venture
- ✓ Closing expected in Q2 2020

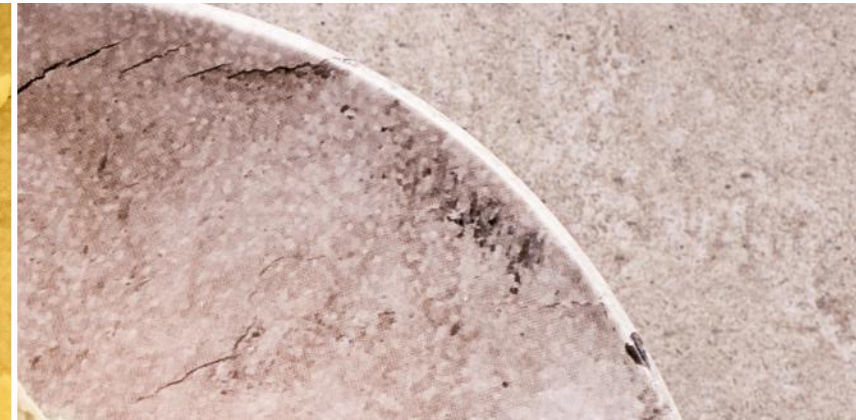
Benefits for METRO

- ✓ Portfolio simplification – one sales line
- ✓ Wholesale focus – 70% sales share with HoReCa & Trader
- ✓ Growth with HoReCa & Trader – accelerate momentum
- ✓ Net proceeds >€1,5bn¹ – grow business, reduce leverage

¹ as per Sep 19 accounts

02

FINANCIAL PERFORMANCE



SALES TO EBITDA

	Continued operations incl. METRO China	Continued Operations ¹
P&L – €m / %	FY 2018/19	FY 2018/19
Sales	29,928	27,082
Like-for-like growth	2.4 %	2.1%
Reported growth	1.5 %	1.1%
Growth in local currency	2.5 %	2.2%
EBITDA excl. RE gains	1,173	1,021
<i>thereof FX</i>	-17	-17
EBITDA margin	3.9%	3.8%
Real estate gains	388	338
EBITDA total	1,561	1,359

Like-for-like growth

- Acceleration of like-for-like growth driven by most regions

Reported growth

- Sales grew by 2.5% in local currency

EBITDA excl. real estate

- EBITDA well within guidance range
- Operational improvement in France, Pro à Pro and Germany
- Negatively affected by ~€20 m VTO costs in Q4

Real estate gains

- FY 2018/19 expectation of ~€250-300m in real estate gains has been overachieved due to earlier execution of two projects in China

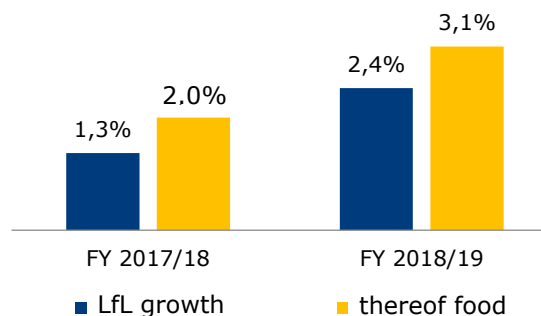
¹ excl. METRO China, excl. Real

REGIONAL PERFORMANCE

Germany

€m / %	FY 2018/19
Sales	4,735
Like-for-like growth	0.3 %
Reported growth	-0.5 %
EBITDA excl. RE gains	95
EBITDA margin	2.0 %

METRO



Western Europe (excl. Germany)

€m / %	FY 2018/19
Sales	10,752
Like-for-like growth	1.3 %
Reported growth	1.3 %
EBITDA excl. RE gains	499
EBITDA margin	4.6 %

Russia

€m / %	FY 2018/19
Sales	2,662
Like-for-like growth	-4.3 %
Reported growth	-5.4 %
EBITDA excl. RE gains	220
EBITDA margin	8.3 %

Eastern Europe (excl. Russia)

€m / %	FY 2018/19
Sales	7,191
Like-for-like growth	6.3 %
Reported growth	3.4 %
EBITDA excl. RE gains	344
EBITDA margin	4.8 %

Asia¹

€m / %	FY 2018/19
Sales	4,543
Like-for-like growth	5.1 %
Reported growth	5.7 %
EBITDA excl. RE gains	176
EBITDA margin	3.9 %

¹ incl. METRO China

EARNINGS PER SHARE

	Continued operations incl. METRO China	Continued Operations ¹
P&L – €m / %	FY 2018/19	FY 2018/19
EBITDA total	1,561	1,359
D&A	-577	-532
Net income	-111	-119
EBT	874	709
Tax rate	39%	42%
Profit or loss for the period²	523	405
EPS in €	+1.44	1.12
Reported EPS (€)	-0.35	
Reported EPS pre Impairment	+0.76	
Cashflow & Balance Sheet – €m / %	FY 2018/19	
FCF	1,152	
FCF Conversion in %	74%	
Net Debt	2,382	
Dividend proposal	0.70	

¹ excl. Real and excl. METRO China, ² Attributable to METRO shareholders.

EPS (continued operations)

- EPS from continued operations of €1.44 well above expectations, also due to lower financing costs

EPS (reported)

- Reported EPS is mainly reduced due to an impairment (non-cash)
- Adjusted, the reported EPS amounts to €0.76

FCF

- FCF increases by €155m to €1,152m
- FCF conversion of 74% exceeds target corridor from medium-term guidance (50-60%) as in PY

Net Debt

- Strong cashflow development leads to reduced net debt by >€300m

Dividend

- Solid year for continued operations
- On this basis, dividend proposal of €0.70 which corresponds to a payout ratio of around 49%.

ALL FINANCIAL TARGETS ACHIEVED OR EXCEEDED – DIVIDEND PROPOSAL OF €0.70

Sales & EBITDA

- Performance at upper end of guidance range



Properties

- ~€100m above expectations



Depreciation, Net income, Taxes

- results on/above expectations



EPS

- ~€0.20 better than expected



FCF & Net Debt

- > €300m reduced net debt
- External confirmation of the rating (investment grade)

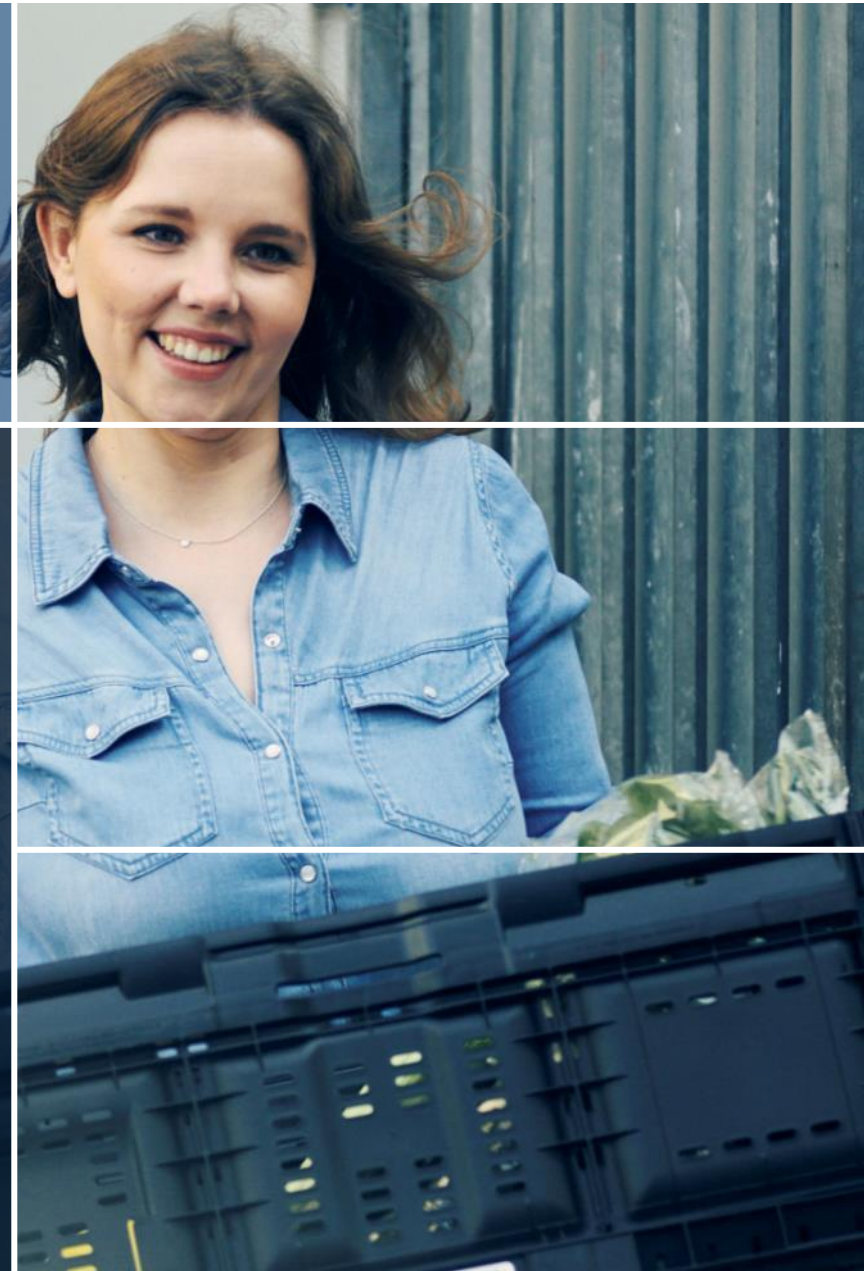


**€0.70
dividend
proposal**
(€0.70 2017/18)



03

**PARTNER OF CHOICE –
WHOLESALE 360**



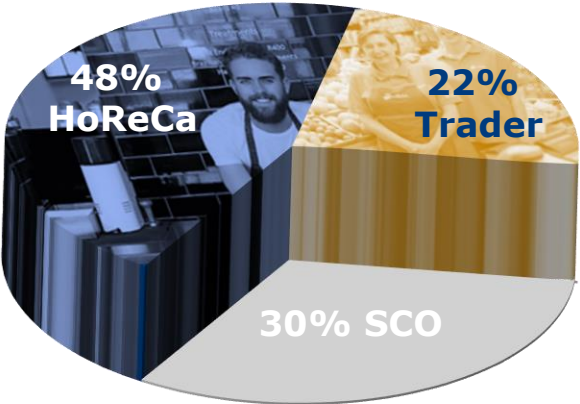
HORECA AND TRADER MAKE UP 70% OF SALES AND DRIVE GROWTH

HoReCa

+4.2%¹ LfL growth

Restaurants, cafés,
caterers, hotels, canteens

Customers are **predominantly independent** with
single or few locations



Trader

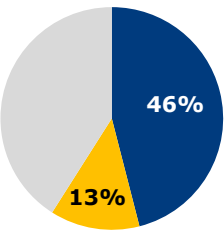
+5.1%² LfL growth

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

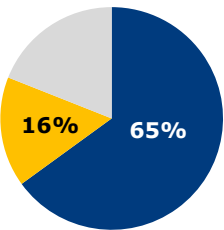
An **independent entrepreneur** running his own
retail business. Supplying consumers nearby

Customer sales shares FY 2018/19⁴

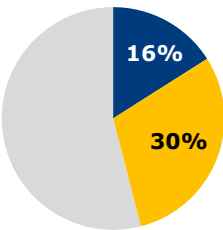
Germany



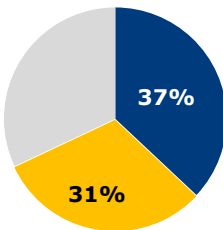
Western Europe



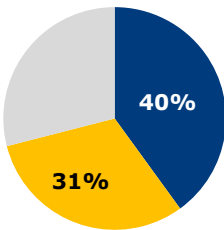
Russia



Eastern Europe



Asia³



¹ Like-for-like sales FY 2018/19 excluding China ² Trader countries (Bulgaria, Czech Republic, India, Pakistan, Poland, Romania, Russia, Serbia, Slovakia) excl. Russia ³ Excluding China ⁴ Like for like sales FY 2018/19. Number of countries reviewed the customer brunches, hence the sales shares have changed in Germany, Eastern Europe and Russia.

HORECA CUSTOMERS

 **+1%p NPS improvement¹**

Activate passionate and purpose driven teams

01

Salesforce

~**6,500** sales force employees

~**10** customer contacts / sales force employee / day



Own business day

Celebrates business owners by advertising them on an online platform with special ideas & offers

>**300k** businesses

>**650k** specials



Lead in assortment relevance

02

Own brand

Cooperation with chefs, customers & suppliers

17% sales share³

+6% growth²

~**24%** share in FSD³



Local products

Close collaboration with regional suppliers to fulfil local needs and address trend to buy local products



Lead in product quality

03

Quality assurance

>**600** people working daily to ensure on the quality of the assortment



Traceability

Transparency along the entire value chain

Turkey, Germany and other countries

Please scan QR code for demonstration



¹ NPS score with HoReCa customers compound growth over quarters FY 2018-19, excluding China ² Like-for-like sales FY 2018/19 for HoReCa excl. METRO China ³ Like-for-like sales FY 2018/19, excl. METRO China

TRADER CUSTOMERS

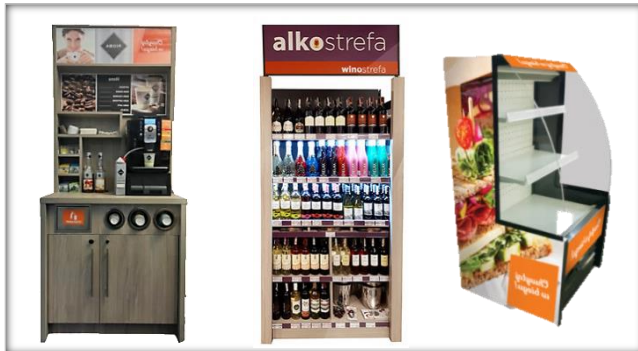
 **+9%p** NPS improvement¹

Customer success focus

01

Equip customers to differentiate from competition

- Core assortment
- Specialized range & local products
- Generating footfall through dedicated solutions



Becoming the wholesale price and cost leader

02

Low price 3 mechanics

- EDLP³ on regular articles
- BMPL⁴ to reward price per volume approach
- 25% margin guarantee on Own Brand²



Strip down to sell up

- Processes are optimized: easy in – easy through – easy out
- No frills – low cost
- Masification, pallet presentation & shelf ready boxes

Achieve recurring revenues through partnership

03

Trader Franchise

~**7,500** stores in 18/19

+15% vs 17/18

3-4x more visits with up to **2.5x** higher basket than non-franchisees



~**€490m** sales in 18/19

One of the **fastest growing** strategic pillars for METRO



¹ NPS score with Trader customers compound growth over quarters FY 2018-19, excluding METRO China ² As a reference from our Own Brand approach in Poland. ³ Every Day Low Prices ⁴ Buy More Pay Less





CHALLENGES FOR OUR CUSTOMERS



Rising **competitive pressure**



Cost increase (labour, leases, etc.)



Intensified **legislation & enforcement**



Changing **consumer demands**



Demanding **working environment**



Economic **challenges**

METRO

pursues the goal of making a sustainable contribution to the success of independent companies

to promote, strengthen and expand the diversity and creativity!

WHOLESALE 360 – EXPANSION 2.0



METRO aims to be a “**partner like no other**” for **HoReCa and Trader** customers...



... and focuses on the areas where SMEs in the hospitality sector face the most expenses ...

...by addressing as many of their needs as possible through a full suite of **wholesale products, services and solutions**

WHOLESALE 360 – EXPANSION 2.0





04

OUTLOOK &
GUIDANCE

OUTLOOK FOR 2019/20

Guidance¹

	FY 2018/19 ²		FY 2019/20
Sales in local currency	2.2%	➡	1.5–3%
Like-for-like growth	2.1%	➡	1.5–3%
EBITDA excl. RE gains	€1,021m	➡	➡



¹ At constant FX and before efficiency effects, portfolio measures and IFRS 16.

² Excl. METRO China.

CONTACT

Corporate Communications

METRO AG
Metro-Straße 1
40235 Düsseldorf
Germany

T +49 211 6886-4252
F +49 211 6886-2001
E presse@metro.de

www.metroag.de

METRO