

# METRO

**Q2 2019/20**

**PRESS  
CONFERENCE CALL**

7 Mai 2020

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WHOLE-SALE

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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.



01

FOCUS

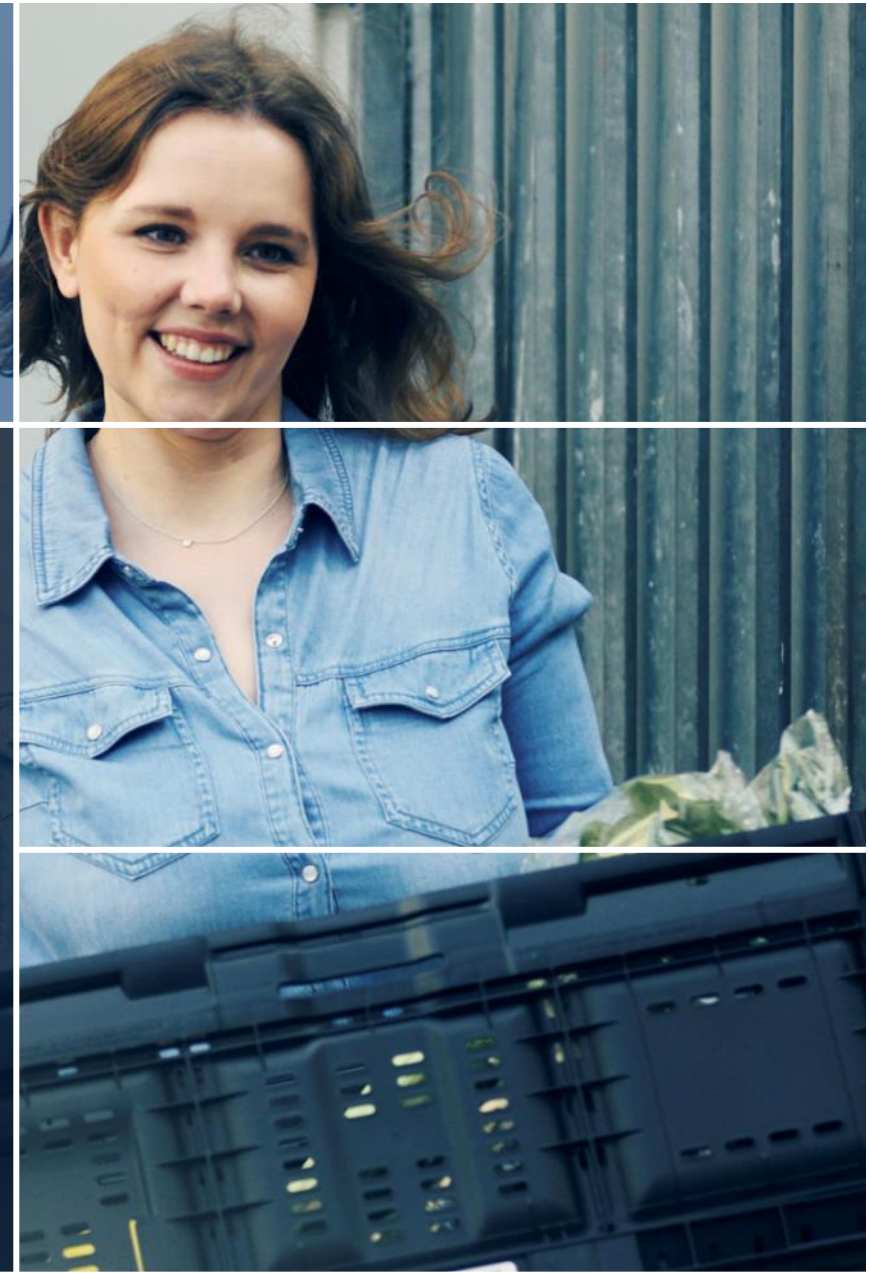


# KEY FACTS IN Q2 2019/20

- ▶ METRO with **2.3% like-for-like sales growth**, despite significant impacts from COVID-19 crisis since March. **Adjusted EBITDA** above previous year.
- ▶ METRO has been **significantly less affected** by the COVID-19 crisis than others, due to immediate and consistent measures to protect the company and **due to a strong balance sheet**
- ▶ The **digitalisation initiated pre crisis** has prepared METRO well and made us more agile. We use this situation to **advance both METRO's and our customers' digitalisation.**
- ▶ METRO has launched **numerous initiatives** to support and strengthen our customers. This crisis is an opportunity to further expand our position as **partner for independent entrepreneurship** and to capture growth potential.
- ▶ **Sale of a majority stake in METRO China** to Wumei Technology Group in exchange for net cash proceeds of more than €1.5 billion successfully completed. Progress of **sale transaction of hypermarket business Real** to SCP Group according to plan.
- ▶ **Outlook for FY 2019/20 withdrawn** on 3 April. Based on a projection of the business development from mid-March until end of April, METRO expects that every month in the current lock-down situation will cause a sales decline of 2%-point compared to PY.
- ▶ Solid liquidity access: **Reduction of net debt** leads to a stronger equity value and agility

02

**FINANCIAL  
PERFORMANCE**



# CUSTOMER GROUPS IMPACTED DIFFERENTLY BY COVID-19 RELATED GOVERNMENT RESTRICTIONS

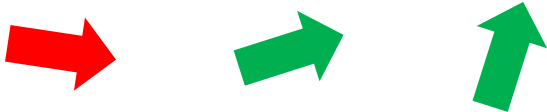
**Operative Development prior to COVID-19**



Strong operational momentum in HoReCa and Trader above Q1 2019/20

Growth across all regions incl. Russia with positive sales momentum

**Beginning of COVID-19 & governmental restrictions**



Stock-up sales overcompensate first negative effects in HoReCa from governmental restrictions

Growth across all regions, especially regions with higher SCO share

**Broad spread of COVID-19 & governmental restrictions**



Portfolio diversification partially compensates HoReCa decline as HoReCa operations are prohibited or strongly limited

Counter measures initiated on country and group level



# SALES TO EBITDA

	Continuing operations	Continuing operations
P&L in €m / %	Q2 2018/19 <sup>1</sup>	Q2 2019/20 <sup>1</sup>
<b>Sales</b>	<b>5,898</b>	<b>6,006</b>
Like-for-like growth	1.0%	2.3%
<i>thereof Food</i>	1.5%	3.8%
Reported growth	-0.4%	1.8%
Growth in local currency	1.3%	2.1%
Delivery sales share	18%	16%
<b>EBITDA adjusted (excl. transformation costs and RE gains)</b>	<b>130</b>	<b>133</b>
<i>thereof FX</i>		-3
<b>EBITDA margin adjusted</b>	<b>2.2%</b>	<b>2.2%</b>
Transformation costs	0	-45
Real estate gains	32	0
<b>EBITDA total</b>	<b>163</b>	<b>87</b>

## Like-for-like sales

- Like-for-like sales growth driven by all regions except for Western Europe (excl. Germany) and benefiting from additional day due to leap year
- Accelerated store based growth in Q2 at 3.8%
- Delivery sales growth of -5.3% impacted by COVID-19, leading to reduced sales share in Q2
- Reported sales affected by negative currency development in Eastern Europe, especially Turkey

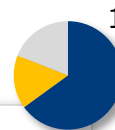
## Adjusted EBITDA and EBITDA margin

- Adj. EBITDA<sup>2</sup> roughly on PY level
- Germany, Eastern Europe, Russia and Others compensate decline in Western Europe and Asia
- Others benefit from improved operating result in logistics and cost savings from efficiency measures in headquarter
- Adjusted EBITDA in constant currency decreased by -1.0% in H1
- Reported EBITDA<sup>3</sup> impacted by transformation costs and lack of RE gains

<sup>1</sup> All figures reported in accordance with IFRS 16. <sup>2</sup> Adj. EBITDA - EBITDA excl. transformation costs and real estate gains. <sup>3</sup> Reported EBITDA - incl. transformation costs and real estate gains.

# REGIONAL PERFORMANCE

■ HoReCa ■ Trader ■ SCO

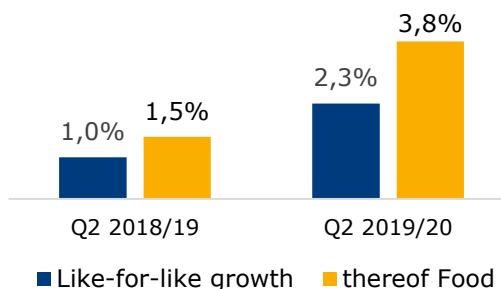


## Germany



€m / %	Q2 2019/20
<b>Sales</b>	<b>1,074</b>
Like-for-like growth	4.8%
Reported growth	4.9%
<b>EBITDA adjusted<sup>2</sup></b>	<b>-4</b>
EBITDA margin	-0.4%

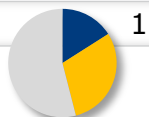
## METRO



## Western Europe (excl. Germany)

€m / %	Q2 2019/20
<b>Sales</b>	<b>2,185</b>
Like-for-like growth	-6.3%
Reported growth	-6.3%
<b>EBITDA adjusted<sup>2</sup></b>	<b>23</b>
EBITDA margin	1.0%

## Russia



€m / %	Q2 2019/20
<b>Sales</b>	<b>637</b>
Like-for-like growth	9.8%
Reported growth	11.3%
<b>EBITDA adjusted<sup>2</sup></b>	<b>37</b>
EBITDA margin	5.8%

## Eastern Europe (excl. Russia)



€m / %	Q2 2019/20
<b>Sales</b>	<b>1,703</b>
Like-for-like growth	11.2%
Reported growth	9.9%
<b>EBITDA adjusted<sup>2</sup></b>	<b>64</b>
EBITDA margin	3.7%

## Asia



€m / %	Q2 2019/20
<b>Sales</b>	<b>401</b>
Like-for-like growth	0.2%
Reported growth	0.0%
<b>EBITDA adjusted<sup>2</sup></b>	<b>-1</b>
EBITDA margin	-0.3%

<sup>1</sup> Like-for-like sales share FY 2018/19. <sup>2</sup> Adj. EBITDA - EBITDA excl. transformation costs and real estate gains.



# EBITDA TO EPS

	Continuing operations	Continuing operations
P&L in €m / %	Q2 2018/19	Q2 2019/20
<b>EBITDA total</b>	<b>163</b>	<b>87</b>
D&A	-193	-230
<b>EBIT</b>	<b>-31</b>	<b>-143</b>
<i>Interest and investment result</i>	-60	-55
<i>Other financial result</i>	5	-54
Net financial result	-55	-109
<b>EBT</b>	<b>-86</b>	<b>-252</b>
Tax rate (6M)	42%	71%
Net income	-58	-116
<b>EPS in €</b>	<b>-0.16</b>	<b>-0.32</b>
<b>Adjusted EPS from continuing operations</b>	<b>-0.16</b>	<b>-0.26</b>

## EBIT

- Decrease due to transformation costs and higher depreciation:
  - goodwill impairment for CFF of €25m due to negative impact by COVID-19
  - higher share of software capex and other assets with shorter useful life

## Net financial result

- Improvement in the interest and investment result due to lower financing costs
- IFRS 16 accounting for EUR-based lease contracts paired with strong quarter-end devaluation of many CEE currencies increases volatility in Other financial result

## Tax

- Increase of tax rate to 71% due to transformation costs and temporarily lower expected income from real estate transactions
- 59% tax rate before transformation costs

## EPS

- EPS decrease driven by a combination of one-time costs, no real estate gains, CFF impairment and FX volatility
- Adjusted for transformation costs, EPS is €-0.26



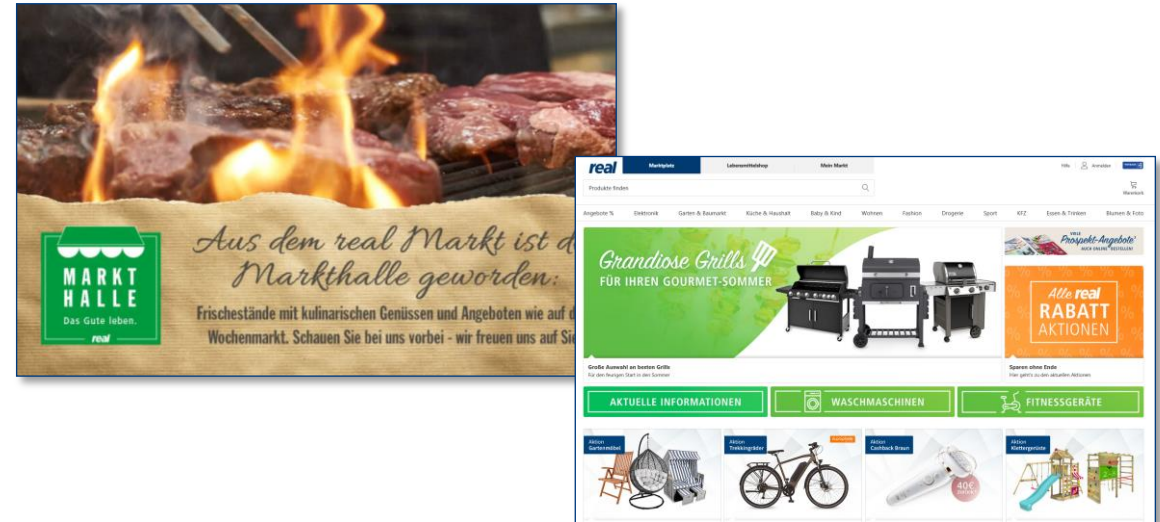
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STRATEGIC UPDATE

# UPDATE ON HYPERMARKET BUSINESS

## Real - Discontinued operations<sup>2</sup>

€m / %	Q2 2018/19	Q2 2019/20
<b>Sales</b>	<b>1,606</b>	<b>1,710</b>
Reported growth	-6.2%	6.4%
Like-for-like growth	-5.1%	8.7%
<b>Reported EBITDA</b>	<b>-6</b>	<b>67</b>
EBITDA margin	-0.4%	3.9%



- Strong sales acceleration due to stockpiling during COVID-19 as well as higher at home consumption
- EBITDA increase driven by strong sales and margin improvement

## Transaction Highlights

- Post-signing process is running well with good momentum to closing; impact of COVID-19 on closing so far limited
- SCP Retail Investments had concluded agreements with the retail companies Kaufland and Edeka for the acquisition of 141 stores.
- Closing is expected to take place in summer with expected net proceeds of ~€0.3 bn<sup>1</sup>

<sup>1</sup> Preliminary, net of transaction costs (taxes, advisors), subject to closing accounts. <sup>2</sup> Numbers are pre IFRS 5.

# CLEAR RESPONSE TO CORONA CRISIS TO SAFEGUARD BUSINESS AND CAPTURE CHANCES FOR GROWTH



+



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**"PROTECT"**

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**"PRESERVE"**

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**"GROW"**

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# PROTECT: CUSTOMERS AND EMPLOYEES HAVE THE HIGHEST PRIORITY FOR METRO

Monitor  
Store measures  
HQ measures

## Countries and HQ monitor the situation:

- Daily COVID-19 cases report
- Political measures and regulation changes

## Common measures in the stores:

- Communication to customers & employees
- Entry restrictions depending country & legal situation
- Store access limited to max. 2 people per card
- Hygiene measures (e.g. disinfectant, cleaning trolleys)
- Face masks/gloves for employees
- Distance markers & glass protection of cashiers
- Request cashless payments

## Common examples for HQ:

- Home-office recommended, swiftly supported by use of Office 365 and Microsoft Teams rolled out in 2019
- A/B team approach for re-opening (in development)



>95% of stores open

# PRESERVE: EFFICIENCY + EFFECTIVENESS

## Manage personnel and related costs



Cancellation of **business travels** and trainings



**Short-time employment** where appropriate, **reduction of overtime**, vacation etc.



**Adjustment of service utilization**

## Product access and flow of goods



Advanced **analytics** in **forecasting** volumes



**Leverage ITO's** (trading offices)



Optimize **availability of critical goods** cross countries

## Adjust operations to market situation



**Store operations review** (e.g. opening hours, Ultra-fresh department closedown)



Review and **stop** of **marketing** activities



**Adjust delivery operations** to **lower volumes**

## Strong focus on cash



Close **monitoring** of **stock** situation



Restrictive **CAPEX** management



Ongoing review of **days receivable outstanding**

# GROW: MEASURES FOR EACH CUSTOMER GROUP

## Strengthening HoReCa

### Crisis management support

- Advisory support: Facilitate access to support programmes

### Adjust HoReCa business

- Activate food ordering via METRO
- Provide delivery via METRO partners
- Sell vouchers via METRO partners
- Provide fast access through digital customer base

### Political reflection

- Support HoReCa needs on local, regional and national level

### Assistance after crisis

- Prepare HoReCa customers for restart
- Clear programmes per country

## New channels for Trader

### Neighbourhood store support

- Important role of independent grocers throughout the crisis
- Product availability and stable attractive terms

### Franchise expansion

- Continued roll-out and enhancement of METRO's franchise network

### B2B2C cooperation

- Acceleration of partnerships with B2C delivery players to participate in rising e-grocery demand

### Click and collect delivery

- Further expand click and collect channel, e.g. through embedding in Companion app

## Addressing SCO

### Re-Discover METRO

- Significant reactivation of METRO customers returning to METRO for high quality and safety. Aim to sustain customer base.

### Discover METRO

- Encourage METRO customers to activate new accounts through Family & Friends programme

### Opening of stores for B2C

- Temporary retail licenses in various countries to support general food supply to the community

### Food delivery to SCOs

- Selected offering of FSD to SCOs
- Swift activation of M-SHOP for B2C

# HOW DO WE SEE OUR FUTURE

COVID-19 with significant short term impact on HoReCa

However: **High quality Food** remaining a **high priority** among consumer preferences

General **desire to eat out** and enjoy excellent food still **very strong**

Gradual **release of restrictions** visible in **various countries**

**Eating out** behavior impacted midterm through **governmental restrictions** and higher **cautiousness**

**Increase in HoReCa** volumes expected as of **May 2020**

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

**C&C + FSD + WS360** ideal combination

**Tactical complementary business** important to cushion volatility

OUR ORIGIN IS

**WHOLESALE**

IS OUR FUTURE







# Q&A



**Olaf Koch, CEO**



**Christian Baier, CFO**

## CONTACT

Corporate Communications

METRO AG  
Metro-Strasse 1  
40235 Duesseldorf  
Germany

T +49 211 6886-4252  
F +49 211 6886-2001  
E [presse@metro.de](mailto:presse@metro.de)

[www.metroag.de](http://www.metroag.de)

**METRO**