Q2 2017/18
RESULTS PRESENTATION

15 May 2018

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The previous year’s financial figures as at and for the six-month period ended 31 March 2017 correspond to those reported in the combined financial statements for the six months ended 31 March 2017 of the former METRO Wholesale & Food Specialist Group (now operating as METRO).

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Q2 KEY FACTS

Sales growth

Reported[1]: 2.0%

Like-for-like: 2.0%

Delivery[2]: +13%

Online (Real): ~+28%

EBITDA and EBITDA margin[3]

EBITDA: €161m (PY €251m)

Margin: 1.9% (PY 3.0%)

EBITDA excl. RE: €153m (PY €177m)

Margin excl. RE: 1.8% (PY 2.1%)

Free Cash Flow (FCF)[4]

Δ EBITDA: -€90m vs PY

Δ Change in NWC: -€6m vs PY

Δ Capex: -€39m vs PY

Δ FCF: -€135m vs PY

Good progress in majority of the companies

[1] Constant currency [2] Wholesale delivery organic and M&A; [3] EBITDA including earnings contributions from real estate transactions;
[4] EBITDA - capex excluding finance lease extensions and M&A +/- change in NWC

METRO

BACKGROUND TO TRADING UPDATE ON 20 APRIL

1

Updated view on Russia.
Decision on fast roll-out of wholesale focus.

2

Decision to terminate temporary tariff agreement with verdi.
Payment of previously lowered fringe benefits in 2017/18.

Earnings revision with lowered expectations for H2 2017/18.

NEW GROUP COO

Philippe Palazzi, new Group COO

Long-standing operational experience

- More than 20 years of wholesale experience with leadership roles in 4 countries in Western / Eastern Europe
- Strong execution track record
- Turnaround of Italy (CEO 2011 - 2014): transformation from undifferentiated C&C to focused Horeca wholesaler

Customer-centric and decisive forward thinker

- Operating Partner for France, Spain and Portugal since 2015
- Global own brand assortment review and strategic relaunch
- Strong focus on customer proximity and community (Own Business Day)
- Successful acquisition and integration of Pro a Pro

What's on his agenda

- VCP execution
- Pricing strategy
- FSD professionalization
- Own brand acceleration
- Seamless customer experience (Omni-channel)
- Partnership with producers

REVISED GUIDANCE AS OF 20 APRIL

Guidance[1]

	FY 2016/17	FY 2017/18
Sales growth in local currency	1.1%	≥0.5%
LfL growth	0.5%	>0.5%
Rep. EBITDA[1] excl. real estate gains	€1,436m[2]	Slightly above PY

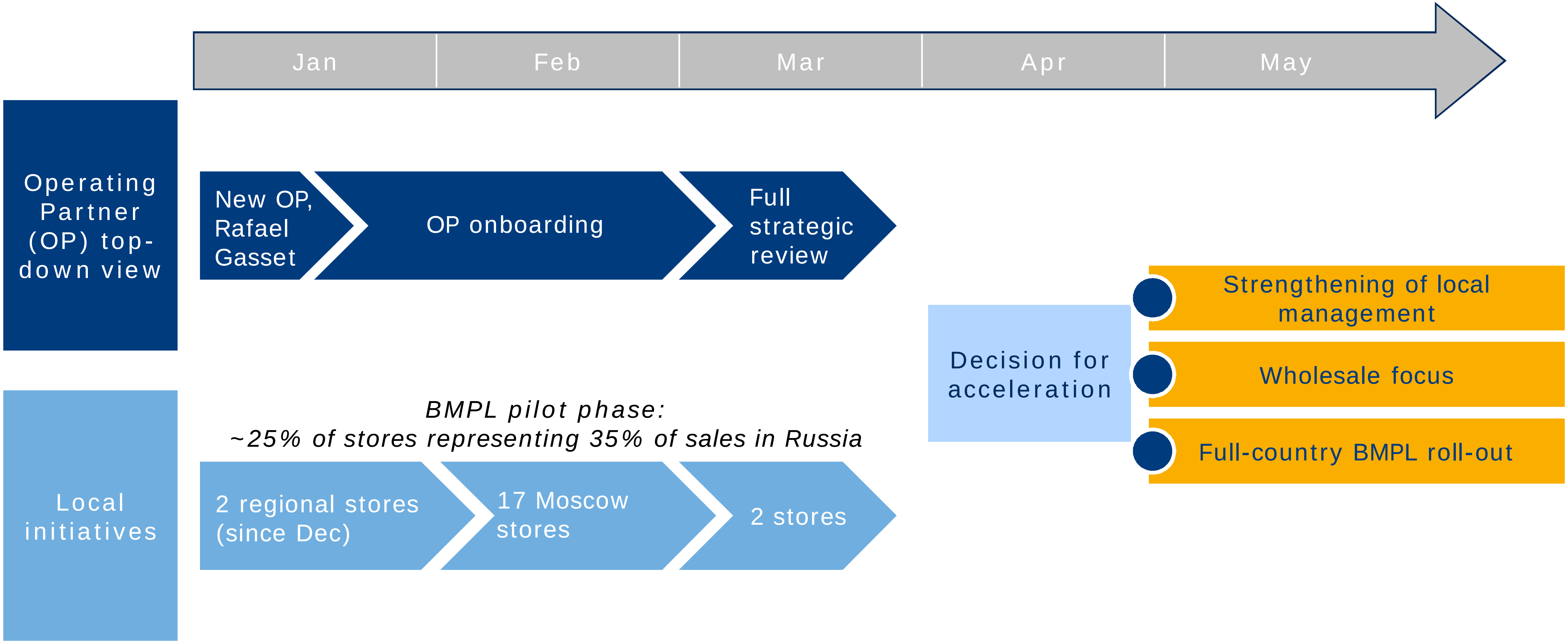
Comments

- Expectations for delivery growth, new stores, real estate gains, capex and FCF conversion confirmed
- Currency: -€45m FX impact expected for FY 2017/18 in EBITDA
- Net financial result: c. -€180m (previously -€200m)
- Tax rate: ≤45% (prev. ≤40%; 46.9% in 2016/17)
- EPS: c. 15% increase (prev. c. 30%, €0.89 in 2016/17)

[1] At constant FX and before portfolio measures
[2] Reported EBITDA 2016/17 of €1,611m less €175m of real estate gains

01 RUSSIA DEEP-DIVE

ACCELERATION OF WHOLESALE FOCUS



STRENGTHENED MANAGEMENT SETUP

Operating Partner
Rafael Gasset

- More than 25 years of retail/wholesale, incl. CEO in Eastern Europe
- Successful Operating Partner in turnaround cases as Poland and prior responsibility for Romania
- Strong process orientation and turnaround track record

CEO
Jere Calmes

>20 years senior management & CEO roles; Russian-speaking

Previous successful turnaround in the Russian context

CCCO[1, 2]
Martin Schumacher

Turnaround of MCC Ukraine

>5 years of transformation advisory with AlixPartners

COO[1]
Patrice Genet

>10 years with METRO as COO

>35 years of experience in retail

CFO
Christina Petermann

>20 years in retail and wholesale

Experience in pricing strategies

Strong and experienced leadership team

[1] Join METRO Russia in the current quarter
[2] CCCO = Chief Customer & Commercial Officer

ACTION PLAN 2018

Wholesale Focus

Increase Trader & Horeca sales share
(mid-term >60%)

Accelerate existing initiatives
- Faster Fasol roll-out through simpler onboarding
- Continue delivery growth through further depots in store

Assortment
- Defined category roles and strategic battles to win
- Reengineering of assortment with a focus on power categories

Store excellence
- Train the staff in product knowledge
- Use new technologies to improve shopping experience (e.g. self-scanning)
- Higher share of pallet presentation (bulk items)

Process optimization
- Optimization of cost structures and pricing processes

BMPL concept

Qt.	Price	
5x	540	Wholesale price
3x	570	Middle ground
1x	600	Entry price

~ 35k SKUs in a store

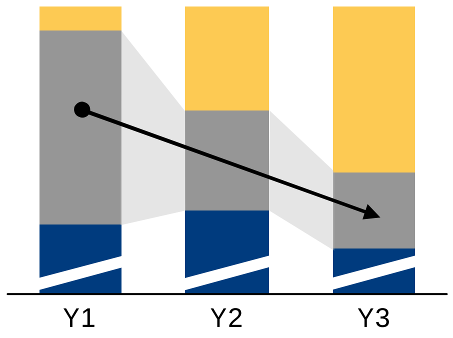
< 10k SKUs under BMPL

PROVEN B2B CONCEPT WITH EARLY TRACTION IN RUSSIA

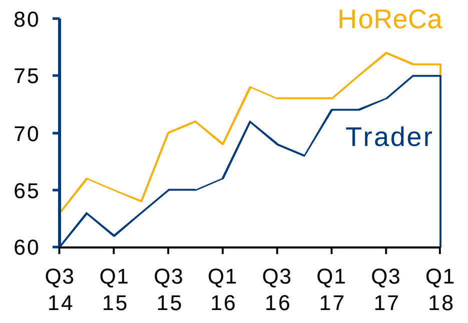
Proven strategy in Romania / Ukraine

- Replaces promo / customer-individual pricing
- Sustainably better price perception
- Traction 4-5 months post full SKU roll-out
- Sales growth with limited margin invest
  - Romania: ~+20% sales, -120 bps in margin
  - Ukraine: ~+10% in sales, -100 bps in margin

BMPL % of sales (RO)



Price Perception (RO)



BMPL Promo/CIP Regular Sales

Application to Russia

Early traction

- Following 4-5 months ramp-up phase, pilot stores already show 3-7%pp higher sales vs regional benchmark

Status of roll-out

- 50% of planned SKUs are already implemented
- Full roll-out planned by end of July
- Supplier support successfully negotiated for ~3,800 SKUs

METRO RUSSIA:
ACCELERATED TRANSFORMATION TOWARDS B2B

	Q2 2016/17	Q2 2017/18
LfL growth	-3.5%	-8.6%
Sales	€0.8bn	€0.6bn
EBITDA[2]	€70m	€35m *(-€11m FX)*
EBITDA Margin	8.9%	5.6%

Network

91 stores /
3 depots

EEI: 85 (PY 80)
NPS: fully finished

Activation

Capture more potential in a €76bn Trader and a €15bn Horeca market[1]

METRO EXPO

>21,000 visitors; increase vs. PY

>350 suppliers and producers

+25% orders vs PY

Fasol (franchise)

600 Fasol signed contracts

300 applications at Expo

[1] Sell-out value; *Source: Internal, Market data: METRO from Euromonitor Passport Retailing and Consumer Foodservice Sell out values for 2017* [2] *Excluding real estate gain*

02 FINANCIAL PERFORMANCE

SALES IN Q2

%	Q2 2016/17	Q2 2017/18
Like-for-like growth	-1.1%	2.0%
METRO Wholesale	0.1%	1.6%
Real	-5.4%	3.9%
Reported growth	2.4%	-0.8%
METRO Wholesale	5.4%	-1.8%
Real	-7.8%	3.5%
Sales share of respective sales line		
Delivery: Wholesale	16%	19%
excl. Pro à Pro	*14%*	*16%*
Online: Real	1%	2%

Like-for-like growth

- Solid like-for-like growth of 2.0% in Q2 on the back of earlier Easter this year and despite unfavorable weather in Western Europe
- Wholesale: strong growth in Eastern Europe, Asia and Germany

Reported growth

- Wholesale: affected by adverse currency effects, in particular in Russia, Turkey and China

Multichannel sales share

- Continued double-digit sales growth for METRO Wholesale delivery business; Pro à Pro consolidation in Feb 2017
- Real with 28% online growth to 2% of sales

FY guidance

- Easter has supported sales development in Q2, resulting in H1 like-for-like growth of 1.3% and reported growth (local currency) of +1.7%
- Revised FY guidance is ≥0.5% in local currency for total sales

EBITDA IN Q2

€m	Q2 2016/17	Q2 2017/18
EBITDA excl. RE gains	177	153
thereof METRO Wholesale	155	124
thereof FX		*-16*
thereof Real	33	36
thereof Others	-10	-6
EBITDA excl. RE margin	2.1%	1.8%
METRO Wholesale	2.3%	1.8%
Real	2.0%	2.1%
Real estate gains	75	8
METRO Wholesale	80	4
Real	6	0
Others	-6	4
Total EBITDA	251	161

EBITDA and EBITDA margin

- Wholesale EBITDA below PY driven mostly by negative FX impact of €16m and negative development in Russia
- Real benefitted from earlier Easter

Real estate gains

- Real estate gains generated by 3 small sales of excess properties and last part of Chengdu transaction from previous year

FY guidance

- H1 EBITDA excluding real estate gains grew by 6% (at constant currency)

SALES TO EBITDA IN Q2
(1/4)

METRO Wholesale Germany

€m / %	Q2 2016/17	Q2 2017/18
Sales	1,039	1,064
Like-for-like growth	-5.5%	3.1%
Reported growth	-2.7%	2.4%
EBITDA excl. RE gains	-15	-12
EBITDA margin	-1.4%	-1.1%
Real estate gains	-1	0
Total EBITDA	-15	-12

- With tailwinds coming from Easter both delivery and in-store business have experienced solid development in sales
- Continuous increase in recurring Horeca customers translating into increase in basket size and supporting EBITDA margin
- Slightly higher EBITDA margin driven by higher value of the basket

METRO Wholesale Western Europe

€m / %	Q2 2016/17	Q2 2017/18
Sales	2,298	2,339
Like-for-like growth	-0.2%	-0.2%
Reported growth	4.9%	1.8%
EBITDA excl. RE gains	6	24
EBITDA margin	0.3%	1.0%
Real estate gains	0	0
Total EBITDA	6	24

- Like-for-like growth impacted by headwinds from cold weather and continuously challenging operational performance in the Netherlands
- EBITDA improvement was also driven by positive development in France, which was partially a result of non-food assortment reengineering in the previous year and a one-time gain

SALES TO EBITDA IN Q2
(2/4)

METRO Wholesale Russia

€m / %	Q2 2016/17	Q2 2017/18
Sales	790	624
Like-for-like growth	-3.5%	-8.6%
Reported growth	34.2%	-21.0%
EBITDA excl. RE gains	70	35
thereof FX		*-11*
EBITDA margin	8.9%	5.6%
Real estate gains	0	0
Total EBITDA	70	35

- Negative like-for-like growth in line with previous quarter. Reported growth impacted by negative FX impact
- EBITDA margin has come down as a result of the promotional nature of the market
- Total EBITDA was also impacted by negative FX

METRO Wholesale Eastern Europe

€m / %	Q2 2016/17	Q2 2017/18
Sales	1,475	1,513
Like-for-like growth	5.1%	5.7%
Reported growth	1.5%	2.6%
EBITDA excl. RE gains	54	44
thereof FX		*-1*
EBITDA margin	3.7%	2.9%
Real estate gains	0	1
Total EBITDA	54	45

- Strong like-for-like growth driven by majority of the countries, particularly Romania with Trader and Turkey with Horeca customers. Reported growth impacted by negative FX impact
- Decline in EBITDA margin is driven by industry-wide salary indexation
- Total EBITDA was also impacted by negative FX

SALES TO EBITDA IN Q2
(3/4)

METRO Wholesale Asia

€m / %	Q2 2016/17	Q2 2017/18
Sales	1,235	1,190
Like-for-like growth	2.1%	4.3%
Reported growth	4.5%	-3.6%
EBITDA excl. RE gains	48	48
thereof FX		*-4*
EBITDA margin	3.9%	4.0%
Real estate gains	81	3
Total EBITDA	129	51

- Like-for-like growth is positive across all countries; reported growth impacted by negative FX impact
- EBITDA margin is roughly stable, PY included a large real estate transaction
- Total EBITDA was also impacted by negative FX

SALES TO EBITDA IN Q2

(4/4)

Real

€m / %	Q2 2016/17	Q2 2017/18
Sales	1,660	1,718
Like-for-like growth	-5.4%	3.9%
Reported growth	-7.8%	3.5%
EBITDA excl. RE gains	33	36
EBITDA margin	2.0%	2.1%
Real estate gains	6	0
Total EBITDA	38	36

- Tangible like-for-like growth also supported by Easter; 4th consecutive quarter stable / positive
- Margin improvement is driven by Easter and consequently improved productivity

Others

€m / %	Q2 2016/17	Q2 2017/18
Sales	2	1
EBITDA excl. RE gains	-10	-6
Real estate gains	-6	4
Total EBITDA	-16	-3

- EBITDA slightly improved against demerger-related special items in previous year

EBITDA TO EPS IN Q2

€m / %	Q2 2016/17	Q2 2017/18
EBITDA	251	161
D&A	-173	-179
EBIT	78	-18
Interest and investment result	-45	*-41*
Other financial result	*24*	*-1*
Net financial result	-21	-42
EBT	57	-60
Tax rate (6M)	58%	44%
Net income	51	-51
EPS in €	0.11[1]	-0.14

EBITDA

- Reduction mostly driven by €75m real estate gains in previous year

Net financial result

- Resilience in other financial result despite high FX volatility; PY benefitted from currency-related one-time gain

Tax

- Slight increase in tax rate vs Q1 17/18 driven by adjusted outlook for the year
- Y-o-y improvement is a result of demerger and restructuring costs in PY

EPS

- EPS decrease driven mostly by lower EBITDA. H1 EPS came in at 0.50€, which is 0.05€ above previous year

[1] Pro-forma

FCF IN Q2

€m / %	Q2 2016/17	Q2 2017/18
EBITDA	251	161
Change in NWC	-721	-727
Capex[1]	-104	-143
METRO Wholesale	*-63*	*-84*
Real	*-14*	*-14*
Others/Cons.	*-27*	*-45*
FCF	-573	-709
Net debt (30th March)	3,901	3,961

Change in NWC

- Stable development year on year

Capex

- Wholesale: mostly driven by higher number of store openings (CY:4; PY:1)
- Others: increase driven by investments in IT infrastructure and digital

FCF

- Decrease driven by lower EBITDA contribution as a result of lower real estate gains and slightly higher capex due to store openings and investments related to digital

Net debt

- Year-on-year slight increase in net debt largely driven by increased cash-out for usage of provisions

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

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03 STRATEGIC CONTEXT

METRO WHOLESALE: TRANSFORMATION INTO FOCUSED B2B MODEL

Key customer groups: Horeca	Key customer groups: Trader	Focus categories: Food
+3.6%	-2.5% +3.4%[2]	+2.3%
Like-for-like growth in Horeca in Q2 2017/18 across all countries	Like-for-like growth in Trader countries[1] in Q2 2017/18 including / excluding Russia	Food like-for-like growth in Q2 2017/18

[1] Trader countries: Bulgaria, Czech Republic, India, Pakistan, Poland, Romania, Russia, Serbia, Slovakia
[2] Excluding Russia

METRO GERMANY:
BECOME #1 MARKETPLACE FOR THE GASTRONOMY

	Q2 2016/17	Q2 2017/18
LfL growth	-5.5%	3.1%
Sales	€1.0bn	€1.1bn
EBITDA[2]	€-15m	€-12m
EBITDA Margin	-1.4%	-1.1%

Network

104 stores /
7 depots[1]

EEI: 55 (PY 50)
NPS: ongoing roll-out

Activation

Defining a concept for the future

5 stores remodeled in 2017 with agile adaptation along the way

+3-4% sales improvement

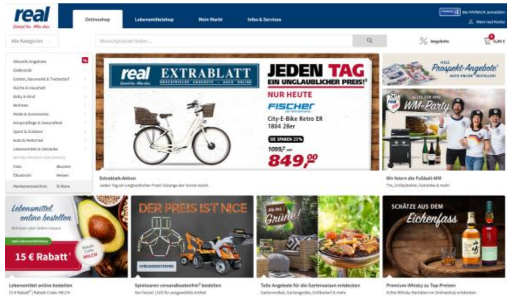
+6% Horeca sales driven by visits & basket

Further roll-out across portfolio; Dusseldorf to relaunch in June

[1] Depots of METRO Wholesale, excl. Rungis [2] Excluding real estate gain

REAL: GERMANY'S LEADING "FOOD LOVER" RETAILER

	Q2 2016/17	Q2 2017/18
LfL growth	-5.4%	3.9%
Sales	€1.66bn	€1.72bn
EBITDA[1]	€33m	€36m
EBITDA Margin	2.0%	2.1%



Network

281 stores

65 locations owned

TRANSFORMATION

- Largest offer on country wide level
- New business model with higher service level and gastronomy covers a growing demand
- Very fast growing online marketplace
- Significant real estate underpin with development potential

FINANCIAL IMPROVEMENT

- Continued restructuring effort over the last years
- Established partnership (RTG) with 6 German retailers focusing on synergies along the value chain
- Intensive work on labor cost competitiveness

[1] Excluding real estate gain

REAL: CLEAR ROADMAP FOR THE FUTURE

Commercial model P	Omni-channel business P	Competitive cost (P)
Food Lover/"Markthalle" >+30% in visits +2 stores in preparation **Modular roll-out** +5% in food sales 14 stores remodeled • Higher space share for food • Listing of innovative products • Own brand redesign	**Online marketplace** >100% growth in GMV. 2% of total sales >5,000 merchants ~0.76 million buying customers in Q2 > 11m SKUs **Online groceries** 10 cities in Germany	**RTG update** • Improved purchasing *Synergies:* • own brand & non-food sourcing In progress: • joint logistics, procurement, admin **Tariff** AHD[1] membership secures competitive labor costs

[1] AHD: the Business Association for Work Conditions in Retail and Service Companies

REAL: DEEP-DIVE ON TARIFF

2016-2018: verdi approach

Summer 2016

- METRO and verdi sign a temporary tariff agreement which, for c. two years, provides for:
  - 60% lower fringe benefits; fixed salaries
  - Employment and store network guarantees, no corporate structuring
  - Target to renegotiate the tariff agreement

Lack of progress – Termination on April 20th

- Triggers catch-up on previous savings, i.e. significant increase in PEX for the coming three years

Solution for the future

Implementation of FUTURE TARIFF SETUP

- Transfer of real business operations into other legal entity METRO Services via spin off
- Application of the existing tariff agreement at METRO Services – immediate impact for all new hires

Financial impacts

- Average annual employee fluctuation of 5-7%
- Noticeable savings p.a. expected from tariff
- Initiation of additional cost saving measures

Clear path to sustainable competitive labor cost - at a temporary cost (net effect of ~€-40m in 17/18 and 18/19, break-even in 19/20, thereafter savings)

04 CONCLUDING REMARKS

CONCLUSIONS

- ü Revised guidance confirmed (sales growth ≥0.5%, LfL growth >0.5%, EBITDA slightly above PY)
- ü Mid-term ambition confirmed
- ü Strengthened management in place
  - § New Group COO Philippe Palazzi and increased focus on corporate development
  - § Strengthened Russian management
- ü Refocused plan for addressing the Russian market opportunity with early signs of traction
- ü Sustainable performance in rest of METRO Wholesale: +3.6% Horeca LfL growth, +3.4% Trader LfL[1] growth, +2.3% Food LfL growth
- ü Proven formula for Real with roll-out of food lover concept, omnichannel business and path to competitive wages
- ü Enhanced focus on corporate development and portfolio analysis

[1] Excluding Russia

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FINANCIAL CALENDAR

Financial calendar

- 2 August 2018 – 9M/Q3 Quarterly Statement 2017/18
- 13 December 2018 – Annual Report 2017/18

Q&A

Olaf Koch, CEO

Christian Baier, CFO

