METRO

Q1 2019/20

ENVISAGED SALE OF REAL GMBH TO SCP GROUP

PRESS CONFERENCE CALL

13 February 2020

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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

2018/19

2019/20

ACCELERATION
of our transformation strategy

OUR ORIGIN IS

WHOLESALE

IS OUR FUTURE

METRO

METRO CONTINUES TO MAKE PROGRESS IN TRANSFORMING INTO A PURE WHOLESALER

- **METRO** is transforming into a **fully focused Wholesale company**
- We **steadily optimise our portfolio** to further strengthen our B2B profile
- Intensified focus has lead to **rising LFL momentum,** strongly driven by **sales growth with HoReCa and Trader**
- Our **wholesale 360 approach** provides the potential for even stronger **differentiation** and **further growth**
- The envisaged sale of Real and Q1 results **show progress** and **deliver proof** across these strategic approaches

02

FINANCIAL PERFORMANCE

SALES TO EBITDA

	Continuing operations	Continuing operations
P&L in €m / %	**Q1 2018/19**	**Q1 2019/20**
Sales	**7,388**	**7,548**
Like-for-like growth	2.1%	1.0%
thereof Food	*2.8%*	*2.0%*
Reported growth	-1.0%	2.2%
Growth in local currency	1.9%	1.0%
Delivery Sales Share	15%	16%
EBITDA excl. RE gains	**530**	**526**
thereof FX		*9*
thereof transformation costs		*0*
EBITDA margin excl. RE gains	**7.2%**	**7.0%**
Real estate gains	2	1
EBITDA total	**532**	**527**

[1] Trader countries (Bulgaria, Czech Republic, India, Pakistan, Poland, Romania, Russia, Serbia, Slovakia) excl. Russia. [2] YTD incl. 6 weeks into Q2 2019/20 sales trading.

IFRS 16 view

- Unless expressly stated otherwise, all figures refer to continuing operations (without Real and without METRO China) and are reported taking into account the retrospective adjustments made in accordance with IFRS 16

Like-for-like and reported sales growth

- LFL sales growth driven by Eastern Europe (excl. Russia) and Asia as well as HoReCa (3.5%) and Trader (5.6%[1])
- Negative impacts by macroeconomic headwinds and regulations
- YTD current trading[2] well within guidance range
  - HoReCa growth acceleration in most regions
  - Noticeable sales trend improvement in Russia
- Reported sales increases by 2.2% supported by positive currency effects

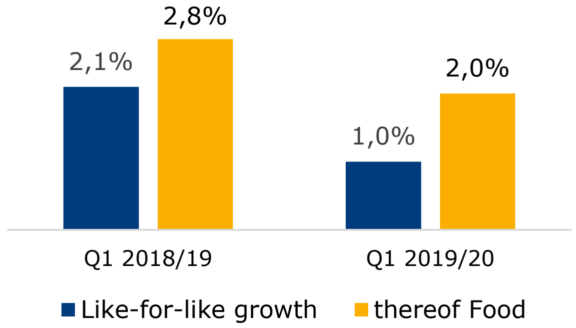
EBITDA excl. RE gains

- EBITDA excl. RE gains roughly on PY level
- Adjusted for currency effects, decrease of -2.2%
- No transformation costs, execution progressing as planned

REGIONAL PERFORMANCE

Germany

€m / %	Q1 2019/20
Sales	**1,347**
Like-for-like growth	-0.3%
Reported growth	-0.4%
EBITDA excl. RE gains	**76**
EBITDA margin	5.7%



Western Europe (excl. Germany)

€m / %	Q1 2019/20
Sales	**2,932**
Like-for-like growth	0.5%
Reported growth	0.4%
EBITDA excl. RE gains	**205**
EBITDA margin	7.0%

Russia

€m / %	Q1 2019/20
Sales	**821**
Like-for-like growth	-5.3%
Reported growth	2.5%
EBITDA excl. RE gains	**87**
EBITDA margin	10.6%

Eastern Europe (excl. Russia)

€m / %	Q1 2019/20
Sales	**1,975**
Like-for-like growth	5.0%
Reported growth	6.1%
EBITDA excl. RE gains	**117**
EBITDA margin	5.9%

Asia

€m / %	Q1 2019/20
Sales	**466**
Like-for-like growth	3.2%
Reported growth	5.2%
EBITDA excl. RE gains	**12**
EBITDA margin	2.6%

EBITDA TO EPS

P&L in €m / %	Continuing operations Q1 2018/19	Continuing operations Q1 2019/20
EBITDA	**532**	**527**
D&A	-185	-200
EBIT	**347**	**327**
Interest and investment result	-61	-56
Other financial result	0	4
Net financial result	-62	-51
EBT	**285**	**276**
Tax rate (3M)	*39%*	*55%*
Net income	172	121
EPS in €	**0.47**	**0.33**

All figures before transformation costs

EBIT

- Slight decline due to higher investments in digitalisation

Net financial result

- Improvement in the interest and investment result due to lower financing costs

Tax

- Increase of tax rate to 55% due to temporarily lower expected income from real estate transactions
- Planned €60-80 m transformation costs will have negative impact on reported tax rate

EPS

- Higher tax rate and higher depreciation negatively affected EPS for continuing operations

03

OUTLOOK & GUIDANCE

OUTLOOK FOR 2019/20

Guidance[1]

	FY 2018/19		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	€1,392m	➡	⟶

[1] At constant FX and before transformation costs and portfolio measures. Only continuing operations (Real and METRO China in IFRS 5).

04

ENVISAGED SALE OF REAL GMBH TO SCP GROUP

AGREEMENT

SCP Group acquires 100% of Real subject to approval by both company’s supervisory bodies and the respective regulatory and controlling authorities:

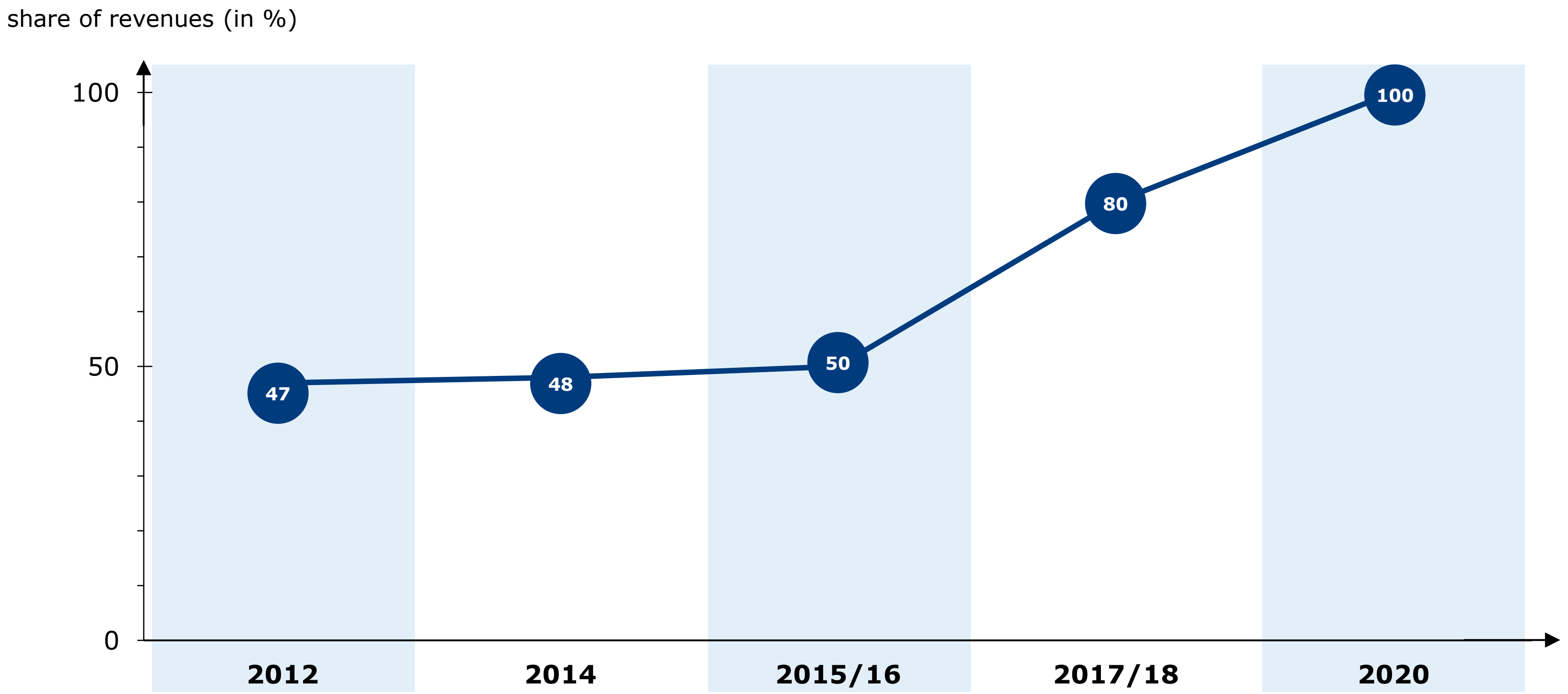
- 276 stores
- Digital business, incl. Real.de
- 80 properties, thereof 65 Real locations
- >34.000 employees with existing contracts

✓ Transaction values Real at €1.0 billion **implied total enterprise value**

✓ Expected **net proceeds** of ~€0.3 billion at closing

✓ Transaction expected **to be closed** in mid of 2020

METRO STRATEGY: FOCUS WHOLESALE SINCE 2012



	2012	2014	2015/16	2017/18	2020
Portfolio exit	**Real Eastern Europe**	**Real Turkey**	**Galeria Kaufhof**	**Demerger CECONOMY**	**Real Germany**
Strategic acquisitions in wholesale			**Classic Fine Foods Rungis Express**	**Pro à Pro**	

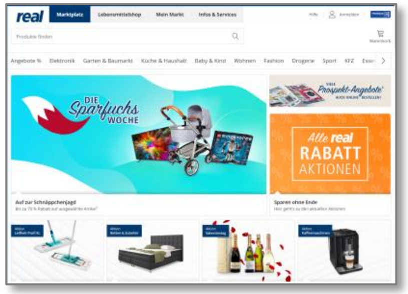
REAL

The hypermarket business emerged from acquisitions of numerous formats. It has been under considerable competitive pressure for years. Furthermore, Real faced cost disadvantages of 30% due to the tariff situation. In 2015 a realignment was achieved.

New store format (Markthalle)

>10%
frequency & sales[1]

Online marketplace



10x GMV[2]
in five years

Competitive cost structure

RTG Retail Trade Group

~~ZTV~~

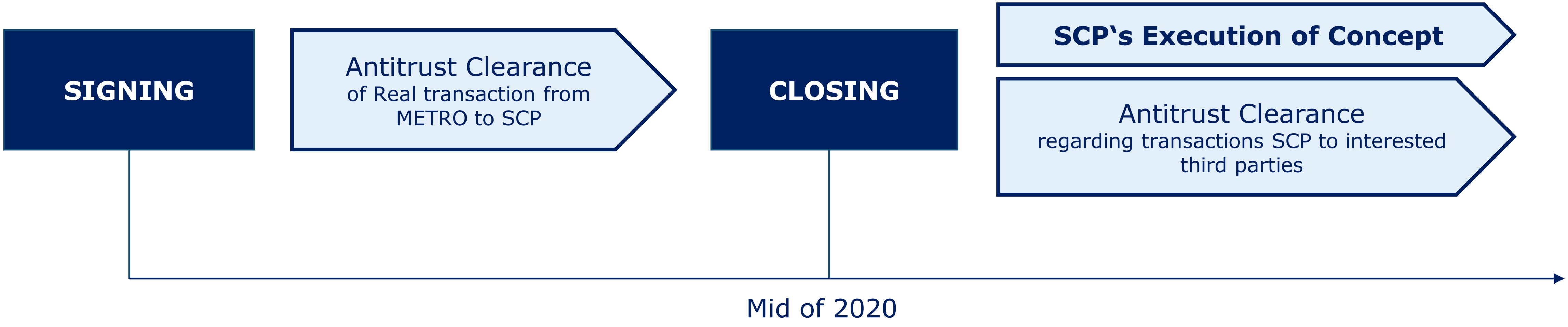
- Significant **improvements** in **purchasing conditions** since 2017
- No **company collective agreement**

[1] FY 2018/19 Actual. [2] GMV = Gross Merchandise Value.

AGREED FRAMEWORK CONDITIONS

- **SCP Group is the sole buyer** of Real group; SCP Group will, together with its strategic partner x+bricks, reposition the Real real estate portfolio
- Core of **50 Real stores** shall continue to operate under the Real brand for **24 months**
- **Majority of Real stores will be sold** to other retail companies
- Commitments from acquiring retail companies **to continue to employ Real employees** are expected; transfers according to § 613 a BGB where legal conditions are in place
- Should Real employees nevertheless lose their jobs, they will receive a **pre-determined severance payment** based on existing agreements with the General Works Council
- Individual solutions for each location; **number of site closures approx. 30**
- **Investments in adaption/reconstruction** of some spaces in preparation for use by food- and non-food retailers
- **METRO provides services to Real** on the basis of service contracts for a limited transitional period
- SCP Group plans to **sell the digital business**

NEXT STEPS


SIGNING
Antitrust Clearance
of Real transaction from
METRO to SCP
CLOSING
SCP's Execution of Concept
Antitrust Clearance
regarding transactions SCP to interested
third parties
Mid of 2020

METRO: FOUNDATION FOR FURTHER GROWTH

- **METRO** as **fully focused wholesaler**
- Significant **strengthening of balance sheet**
- Higher **financial flexibility**
- **Rising momentum** in like-for-like sales growth
- Net proceeds of more than €1.5 bn[1] enables **dividend continuity**, **new investment opportunities** and **reduction of net debt**

[1] Preliminary, net of transaction costs (taxes, advisors), based on 30.9.2019, subject to closings of METRO China and Real.

SUMMARY

- **Clarity on future path forward** for Real
- **Employment prospects** for a significant number of employees
- **Social safeguards** for employees as a result of the voluntary general works agreement

→ Following the sale of Real, **METRO** is a **pure wholesaler** focused on **improving its operational performance** and **further growth.**

Our **special thanks** go to all employees, works councils as well as the management and executives of Real.

Q&A

Olaf Koch, CEO

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