METRO

Q1 2018/19
RESULTS PRESENTATION

12 February 2019

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OUR ORIGIN IS WHOLESALE IS OUR FUTURE

2016/17

2017/18

2018/19

INTENSIFICATION

Q1 IN A NUTSHELL

2018/19
Intensification
Extension of our wholesale model

Horeca and Trader momentum
- Strong LfL growth in Horeca and Trader of ~+5%
- On- and offline: customized approaches, solutions and customer orientation

Sales recovery in Russia
- Price investments triggered sales trend improvement
- Trader franchise increasingly drives sales

Overall stable financial development
- Development in line with expectations
- EBITDA ex RE at constant currency -3%
- Stable EPS (€ 0.50)

Good progress on sale of Hypermarket business
- Progress according to plan, timing confirmed
- Indicative offers expected shortly

METRO

01 UPDATE ON HYPERMARKET SALE PROCESS

METRO

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 - today
- 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)
- Since then:
  - Formal process started, advisers mandated, data room opened (Dec ‘18 update)
  - Indicative offers expected shortly

Next steps
- Select bidders for next phase
- Execute and conclude sales process in next 2 to 4 months
- Key target: Sell the hypermarket business as a whole for attractive valuation and enable sustainable future for hypermarket business

UPDATE ON HYPERMARKET BUSINESS

Discontinued operations

€m / %	Q1 2017/18	Q1 2018/19
Sales	**2,045**	**2,010**
Like-for-like growth	0.0%	-0.6%
Reported growth	-0.5%	-1.7%
EBITDA excl. RE gains	**104**	**52**
EBITDA margin	5.1%	2.6%
Real estate gains	0	0
Total EBITDA	**104**	**52**
EPS from disc. operations	**0.14**	**0.06**

- EBITDA decrease primarily driven by termination of temporary tariff agreement and expenses for future store closures
- Depreciation and amortization on fixed assets suspended in line with IFRS 5

Commercial and omni-channel model

Food Lover/"Markthalle"

- Next opening in Bielefeld with more in the pipeline

Modular concept roll-out

- Continued roll-out in '18/19

Online marketplace

- >14m SKUs; 65% GMV growth

Competitive cost

Tariff

- Sustainable cost through new tariff model
- c. 5,600 people hired under new tariff as of Jan

02 FINANCIAL PERFORMANCE

METRO

SALES TO EBITDA
(1/5)

€m / %	Q1 2017/18	Q1 2018/19
Like-for-like growth	**1.0%**	**2.3%**
thereof Food	1.9%	3.1%
Reported growth	**0.4%**	**-0.6%**
Growth in local currency	**2.1%**	**2.1%**
Delivery Sales Share	16%	18%
EBITDA excl. RE gains	**504**	**470**
thereof FX		-18
EBITDA margin excl. RE gains	**6.2%**	**5.9%**
Real estate gains	0	2
Total EBITDA	**504**	**472**

Like-for-like growth

- Strong like-for-like sales development particularly supported by Eastern Europe and Asia
- Both stationary and delivery business contributed to the like-for-like growth

Reported growth

- Decline of -0.6% driven mainly by negative FX effects in Russia and Turkey
- Again strong sales growth in local currency of 2.1%

EBITDA and EBITDA margin excl. real estate

- Decrease is mainly attributable to the negative development of the Russian and Turkish currency as well as the operational development in Russia
- EBITDA excl. real estate transactions and adjusted for currency effects decreased by €16 m or -3% vs. PY

SALES TO EBITDA
(2/5)

METRO Germany

€m / %	Q1 2017/18	Q1 2018/19
Sales	**1,370**	**1,352**
Like-for-like growth	2.3%	-0.2%
Reported growth	1.7%	-1.3%
EBITDA excl. RE gains	**66**	**68**
EBITDA margin	4.8%	5.0%
Real estate gains	0	0
Total EBITDA	**66**	**68**

- Continuous Horeca growth not fully compensated for Black Friday actions last year
- Horeca sales continue to increase both in stationary and delivery business driven by frequency and basket
- EBITDA is slightly above previous year

METRO Western Europe

€m / %	Q1 2017/18	Q1 2018/19
Sales	**2,887**	**2,921**
Like-for-like growth	0.7%	1.0%
Reported growth	5.7%	1.2%
EBITDA excl. RE gains	**170**	**175**
EBITDA margin	5.9%	6.0%
Real estate gains	0	0
Total EBITDA	**170**	**175**

- Strong Horeca development translating into ~+2%p sales share increase
- Annualisation of Pro à Pro consolidation softens reported growth rate
- Improvement in EBITDA is especially driven by positive development in France and Belgium

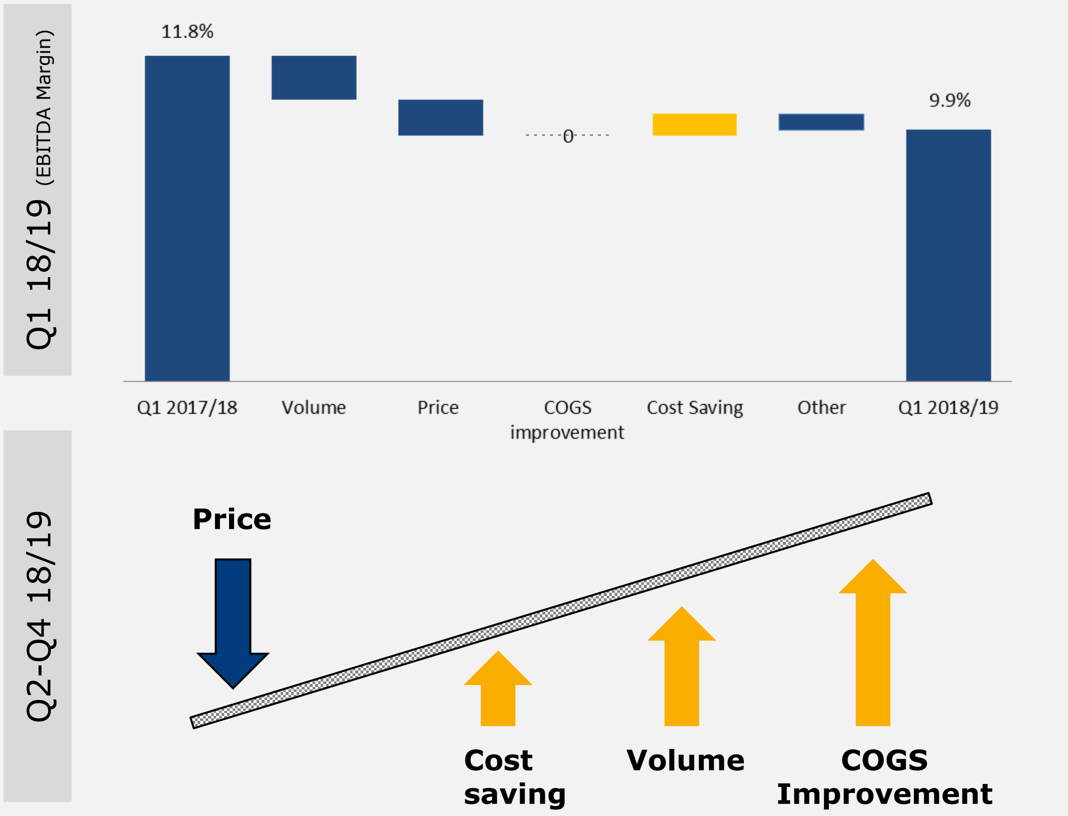
SALES TO EBITDA
(3/5)

METRO Russia

€m / %	Q1 2017/18	Q1 2018/19
Sales	**910**	**801**
Like-for-like growth	-8.9%	-2.4%
Reported growth	-10.1%	-11.9%
EBITDA excl. RE gains	**108**	**79**
thereof FX		-10
EBITDA margin	11.8%	9.9%
Real estate gains	0	0
Total EBITDA	**108**	**79**

- Significant improvement as a result of active business repositioning. Fasol sales visibly contributing to LfL sales development (~+1%p.) and BMPL resulting in volume uptick
- Reported sales impacted by negative FX
- EBITDA at €-18 m at constant FX, mainly due to price investment

Detail on EBITDA drivers



Size of an arrow indicates magnitude

SALES TO EBITDA
(4/5)

METRO Eastern Europe

€m / %	Q1 2017/18	Q1 2018/19
Sales	**1,846**	**1,861**
Like-for-like growth	6.4%	6.4%
Reported growth	2.6%	0.8%
EBITDA excl. RE gains	**123**	**113**
thereof FX		-5
EBITDA margin	6.6%	6.1%
Real estate gains	0	2
Total EBITDA	**123**	**116**

- Like-for-like growth driven by majority of countries, particularly Romania with Traders, Turkey with Horeca
- Margin pressure largely driven by start-up expenses for the distribution center in Czech Republic; EBITDA -€4 m at constant FX

METRO Asia

€m / %	Q1 2017/18	Q1 2018/19
Sales	**1,038**	**1,072**
Like-for-like growth	0.3%	5.9%
Reported growth	-5.7%	3.3%
EBITDA excl. RE gains	**35**	**36**
thereof FX		0
EBITDA margin	3.4%	3.3%
Real estate gains	0	0
Total EBITDA	**35**	**36**

- Like-for-like growth across all countries, accelerated growth rates especially in China and India
- EBITDA and EBITDA margin are both roughly on PY level

SALES TO EBITDA
(5/5)

Others[1]

€m / %	Q1 2017/18	Q1 2018/19
Sales	**17**	**10**
EBITDA excl. RE gains	**2**	**-2**
thereof FX		-2
Real estate gains	0	0
Total EBITDA	**2**	**-2**

- EBITDA slightly decreases due to higher costs for IT; following our strategic approach of intensifying and accelerating the roll-out of digital solutions
- Previous and current year benefited from one-time gains

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

EBITDA TO EPS

€m / %	Q1 2017/18	Q1 2018/19
EBITDA	**504**	**472**
D&A	-140	-137
EBIT	**364**	**335**
Interest and investment result	*-26*	*-30*
Other financial result	*-5*	*-10*
Net financial result	-31	-40
EBT	**333**	**296**
Tax rate	45%	38%
Net income	180 [1]	181
EPS in €	**0.50**	**0.50**
Reported EPS	**0.64**	**0.56**

EBITDA

- Reduction mainly attributable to FX development and lower contribution from some regions, especially Russia

Net financial result

- Decrease of other financial result driven by currency fluctuations in the Turkish Lira (non-cash and one-time)

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 as lower taxes compensate the EBITDA development
- **Reported EPS** came down due to expenses for store closures and tariff in discontinued operations

[1] Lease contracts previously based on Euro had to be converted into Turkish Lira, resulting in retrospective adjustment of deferred taxes assets and liabilities (€1 m effect on net income)

FCF IN Q1 2018/19

€m / %	Q1 2017/18	Q1 2018/19
EBITDA	**504**	**472**
Change in NWC	138	95
Capex[1]	-100	-85
FCF	**542**	**482**
Net debt (31 Dec)	**2,377**	**2,354**

Change in NWC

- Decline against PY driven by seasonal effects

Capex

- Decrease is mainly due to expansion with leaner, more cost efficient formats (NSOs CY: 2 and PY: 3), while digital investments increased slightly

FCF

- Decrease driven by lower EBITDA and NWC contribution which was partially compensated by lower capex

Net debt

- Year-on-year largely stable

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

03 STRATEGIC CONTEXT

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4.7% HORECA GROWTH DRIVEN BY FRANCE, TURKEY AND GERMANY

1

France (Wholesale & Pro à Pro)
- Customized customer strategy leveraging omni-channel expertise
- Proactive measures around yellow vest demonstrations

2

Turkey
- Strong FSD basket growth from
  - Cross selling
  - Own Brand / ultra fresh assortment

3

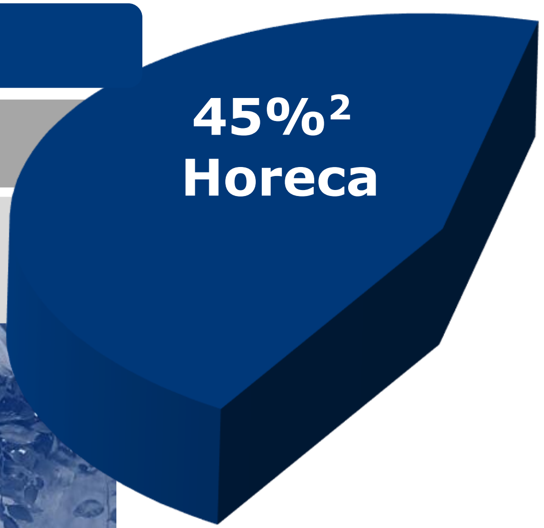
Germany
- Regional sales force approach
- Focus on increasing customer touchpoints

Horeca

+4.7%[1] LfL growth

Restaurants, cafés, caterers, hotels, canteens

Own brand as ingredient for success



[1] Horeca Like-for-like sales Q1 2018/19 [2] FY2017/18 Horeca Sales Share

FUTURE HORECA GROWTH ACCELERATED BY **INTERFACE** DIGITALISATION

Digital interface for Delivery
- 13 countries rolled-out
- 3.4m orders in 2018
- Expected to double in 2019

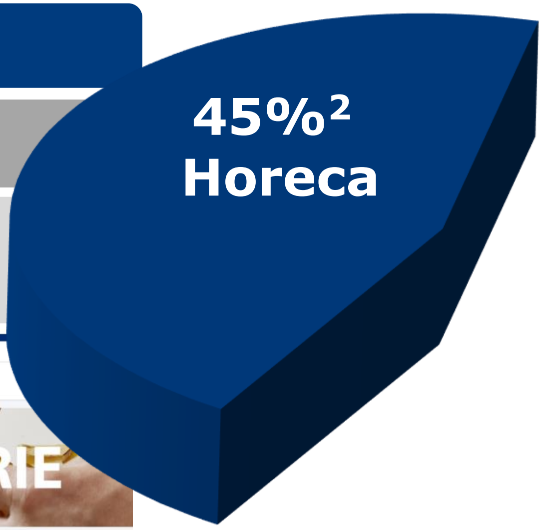
Customer benefits
- Better customer experience
- Predefined basket based on previous purchasing behavior

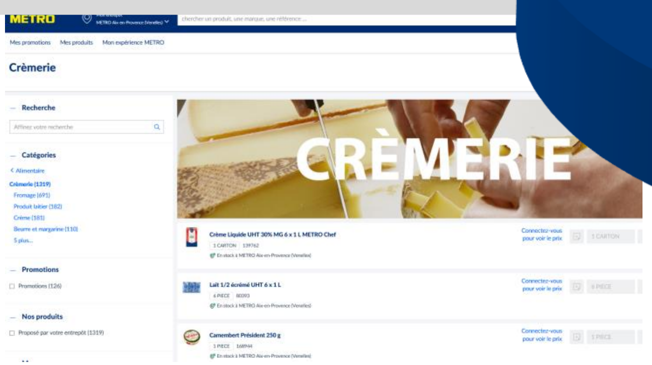
METRO benefits
- Up to 18% basket increase
- Order processing costs reduced by ~50%

Horeca

+4.7%[1] LfL growth

Restaurants, cafés, caterers, hotels, canteens





METRO France, Digital interface for Delivery customers
https://shop.metro.fr/shop

[1] Horeca Like-for-like sales Q1 2018/19 [2] FY2017/18 Horeca Sales Share

FUTURE HORECA GROWTH ACCELERATED BY **CUSTOMER** DIGITALISATION

Digitalisation of customers
- Online platform Dish roll-out (DE, IT, FR, HR)
- 120k+ accounts; ~10k monthly adds
- >350k seats booked with >8,000 restaurants (January sel.)

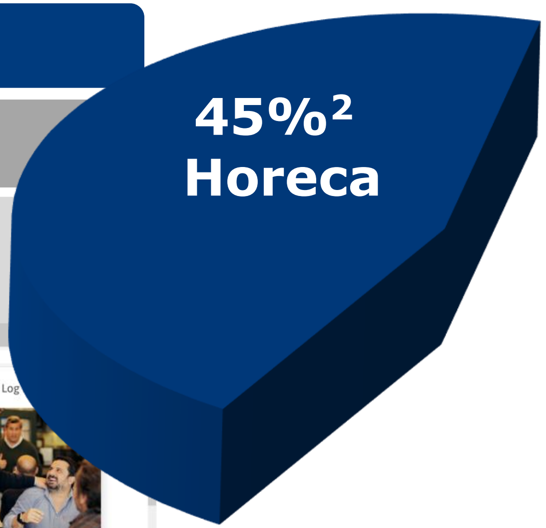
Customer benefits
- More customers due to more visibility
- Less cost versus alternative solutions
- Administrative burden reduced

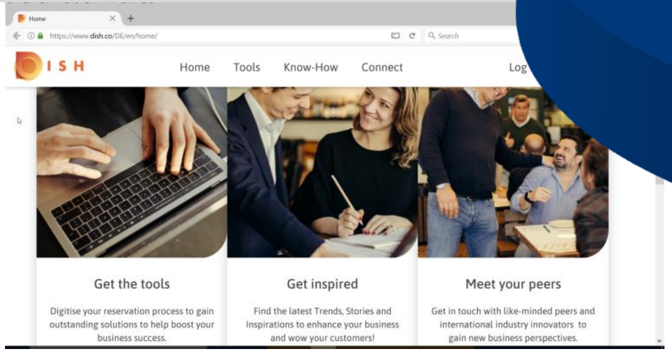
METRO benefits
- Build customer loyalty
- Basis for more complex solutions
- Data access, more customer insights

Horeca

+4.7%[1] LfL growth

Restaurants, cafés, caterers, hotels, canteens





DISH: online platform for Hospitality customers
https://www.dish.co/DE/en/home/

[1] Horeca Like-for-like sales Q1 2018/19 [2] FY2017/18 Horeca Sales Share

4.6% TRADER GROWTH DRIVEN BY ROMANIA, INDIA AND PAKISTAN

1 **Romania**
- Significant food sales growth
  - Continued BMPL improvement
  - Increased communication

2 **India**
- Provided wide range of customer specific gifting solutions ahead of Diwali festival

3 **Pakistan**
- Newly launched Own Brand products
- Freshly by METRO (modern franchise convenience store)

Trader

21%[2] Trader

+4.6%[1] LfL growth

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

Freshly by METRO, first franchise store in Pakistan

[1] Trader countries (Bulgaria, Czech Republic, India, Pakistan, Poland, Romania, Russia, Serbia, Slovakia) excl. Russia [2] FY2017/18 Total Trader Sales Share

FUTURE TRADER GROWTH ACCELERATED BY INTERFACE DIGITALISATION

Digital interface for Delivery

- 3 month-pilot project in Romania
- Customized product range, price groups, marketing
- Second roll-out country: Russia

Customer benefits

- Trader specific pricing benefiting bulk purchasing behavior

METRO benefits

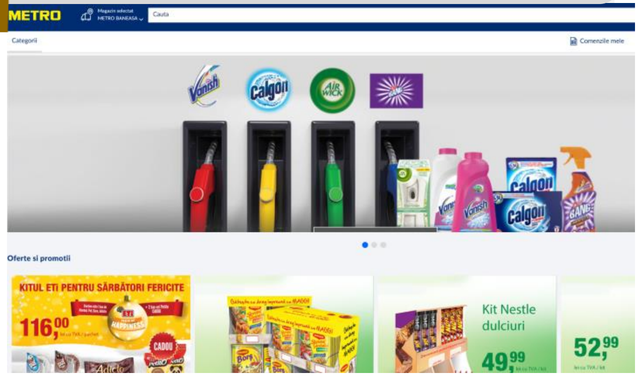
- Volume uptick, cross selling capabilities
- Decreasing cost of order processing

21%[2]
Trader

Trader

+4.6%[1] LfL growth

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



Digital interface for trader customers METRO Romania
https://distributie.metro.ro/

[1] Trader countries (Bulgaria, Czech Republic, India, Pakistan, Poland, Romania, Russia, Serbia, Slovakia) excl. Russia [2] FY2017/18 Total Trader Sales Share

04 OUTLOOK & GUIDANCE

OUTLOOK FOR 2018/19

Guidance[1]

	FY 2017/18	FY 2018/19
Sales growth in local currency	**1.5%**	**1-3% growth**
LfL growth	**1.3%**	**1-3% growth**
EBITDA excl. real estate gains	**€1,242 m**	**2-6% reduction**

Technical effects for Q2

P&L

- Negative calendar effect due to Easter shift from early to mid of April

Cash flow

- NWC: Negative calendar effect due to Easter shift from early to mid of April and earlier Chinese new year

[1] At constant FX and before portfolio measures

EVENTS AND FINANCIAL CALENDAR

Upcoming events

18 Feb 2019	Roadshow London (CFO) – Berenberg
19 Feb 2019	Roadshow Frankfurt (IR) – Baader Bank

Financial calendar 2018/19

15 Feb 2019	AGM
9 May 2019	Half-year financial report H1
1 Aug 2019	Quarterly statement Q3/9M

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OUR ORIGIN IS **WHOLESALE** IS OUR FUTURE

2016/17

2017/18

2018/19

INTENSIFICATION

Q&A

Olaf Koch, CEO

Christian Baier, CFO

06 APPENDIX

CASH FLOW STATEMENT

€ million	Q1 2017/18	Q1 2018/19
EBIT	364	335
Depreciation/amortisation/impairment losses/reversal of impairment losses of assets excl. financial investments	140	137
Change in provisions for post-employment benefits plans and other provisions	-50	-24
Change in net working capital	138	95
Income taxes paid	-85	-85
Reclassification of gains (-) / losses (+) from the disposal of fixed assets	-2	-8
Other	-86	-89
Cash flow from operating activities of continuing operations	**419**	**361**
Cash flow from operating activities of discontinued operations	171	199
Cash flow from operating activities	**590**	**560**
Acquisition of subsidiaries	0	0
Investments in property, plant and equipment and in investment property (excl. finance leases)	-113	-83
Other investments	-41	-51
Investments in monetary assets	-1	-11
Disposals of subsidiaries	33	0
Disposal of fixed assets	21	31
Gains (+) / losses (-) from the disposal of fixed assets	2	8
Disposal of financial assets	0	7
Cash flow from investing activities of continuing operations	**-99**	**-99**
Cash flow from investing activities of discontinued operations	-61	-51
Cash flow from investing activities	**-160**	**-150**
Dividends paid	-8	-7
Redemption of liabilities from put options of non-controlling interests	0	0
Proceeds from new borrowings	131	116
Redemption of borrowings	-754	-528
Interest paid	-34	-36
Interest received	12	8
Profit and loss transfers and other financing activities	-2	3
Cash flow from financing activities of continuing operations	**-655**	**-444**
Cash flow from financing activities of discontinued operations	-24	-22
Cash flow from financing activities	**-679**	**-466**
Total cash flows	**-249**	**-57**

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