METRO GROUP

Media-Saturn posts strong increase in earnings

METRO GROUP generates better operating performance – net debt at record low

- **EBIT before special items totals €1,024 million (Q1 2013/14: €1,073 million); negative currency effects of about €60 million dampen earnings**
- **EPS before special items at €1.36 (Q1 2013/14: €1.35)**
- **Net debt reduced markedly by €0.9 billion to €1.5 billion**
- **Sale of MAKRO Cash & Carry Greece completed**
- **Guidance confirmed for financial year 2014/15**

Düsseldorf, 10 February 2015 – METRO GROUP generated better operating performance in the first quarter of financial year 2014/15: Due exclusively to negative currency effects of about €60 million, EBIT before special items came in below the previous year's level at €1,024 million (Q1 2013/14: €1,073 million). Media-Saturn, however, boosted its earnings by about 20% during the three months from October to December 2014. Adjusted for currency effects and portfolio changes, group sales rose by 2.6% during Q1 2014/15, with like-for-like sales increasing by 2.1%. The group also continued to markedly strengthen its balance sheet: year-to-year, net debt declined by €0.9 billion to €1.5 billion, the lowest level in more than 10 years. "Unfortunately, the weak rouble obscures our overall good operating performance", said Olaf Koch, Chairman of the Management Board of METRO AG. "Adjusted for negative currency effects, our earnings were actually higher than in the same quarter of the previous year. Media-Saturn's business developed very well, with good like-for-like sales growth across all regions reflected in significantly higher earnings. METRO Cash & Carry also posted the 6th consecutive increase in like-for-like sales. At the same time, the group made significant progress in its debt reduction efforts. Overall, we remain confident that we will achieve our sales and earnings targets for the full year."

In spite of the continuously challenging global economic environment, METRO GROUP posted currency- and portfolio-adjusted sales growth of 2.6% for Q1 2014/15 (October to December 2014) compared with the previous year's quarter. Reported sales declined by 2.2% to €18.3 billion. This decline is due mostly to the

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sale of Real in Eastern Europe as well as to significant negative currency effects in large parts of Eastern Europe, particularly Russia and Ukraine. On a like-for-like basis, sales increased markedly by 2.1%. Delivery sales and multichannel sales, two important strategic growth drivers, also continued to show strong momentum. **Delivery sales** increased substantially by 10.8% to €0.7 billion in Q1 2014/15 (in local currency: +12.3%). During the first quarter of 2014/15, METRO GROUP's **online sales** totalled €0.6 billion, a rise of more than 30.0% compared with the previous year's quarter. The share of **own brand sales** declined slightly to 10.3% between October 2014 and December 2014 compared with 10.6% in the previous year's period. This is also due to the fact that more customers chose more expensive branded articles during the Christmas business than a year earlier.

METRO GROUP has also reached another milestone in its efforts to **focus its portfolio:** The sale of Greek wholesale subsidiary MAKRO Cash & Carry to local retailer Sklavenitis was completed on 30 January 2015. The transaction comprises MAKRO Greece's entire operations with nine cash & carry stores and the associated real estate portfolio. METRO GROUP expects the sale to have a neutral effect on EBIT in financial year 2014/15. Sklavenitis has taken over the employees of MAKRO Greece.

Sales and earnings development of METRO GROUP

In **Germany**, sales increased by 0.1% to €7.7 billion during the first quarter of 2014/15. This was due to positive developments at Media-Saturn. All sales lines generated substantial sales growth during the Christmas business.
International sales fell by 3.8% to €10.6 billion in Q1 2014/15. Currency-adjusted sales rose by 0.7% including negative portfolio effects (Real Eastern Europe and MAKRO Cash & Carry Egypt). The **international share of sales** decreased from 58.8% to 57.8%.In **Western Europe**, sales rose by 1.1% to €5.6 billion in Q1 2014/15. This is due to positive developments at Media-Saturn, particularly in Spain. Sales in **Eastern Europe** declined by 12.4% to €4.0 billion in Q1 2014/15. This is due to strong currency effects as well as the sale of Real Eastern Europe. Adjusted for currency effects, sales were down only slightly by 0.4%. Sales in **Asia/Africa**

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grew by 10.5% to €1.0 billion. Currency effects had a positive impact here. Measured in local currency, sales rose by 2.8%.

METRO GROUP	Q1 2013/14 (€ million)	Q1 2014/15 (€ million)	Change (€)	Change (in local currency)
Sales	18,721	**18,311**	-2.2%	0.4%
Germany	7,709	**7,718**	0.1%	0.1%
Western Europe (excl. Germany)	5,531	**5,592**	1.1%	1.1%
Eastern Europe	4,611	**4,040**	-12.4%	-0.4%
Asia/Africa	870	**961**	10.5%	2.8%

During the first quarter of 2014/15, **EBIT** at METRO GROUP stood at €1,008 million (Q1 2013/14: €1,094 million). This figure includes special items totalling €16 million (Q1 2013/14: €-21 million). EBIT before special items totalled €1,024 million (Q1 2013/14: €1,073 million). Exchange rate losses amount to about €60 million and stem mostly from business in Russian rouble.In the first quarter of 2014/15, **earnings before taxes** amounted to €901 million (Q1 2013/14: €944 million). Before special items, earnings before taxes totalled €909 million (Q1 2013/14: €932 million). Reported tax expenses of €442 million (Q1 2013/14: €430 million) correspond to a group tax rate of 49.1% (Q1 2013/14: 45.6%). The tax rate before special items stands at 44.9% (Q1 2013/14: 46.1%). In the first quarter of 2014/15, **net profit for the period** amounted to €459 million (Q1 2013/14: €514 million). This development is primarily due to the higher reported tax rate. Net profit for the period before special items nearly matched the year-earlier level at €501 million (Q1 2013/14: €503 million). In the first quarter of 2014/15, **earnings per share** amounted to €1.24 (Q1 2013/14: €1.38). Adjusted for special items, earnings per share stood at €1.36, after €1.35 in the previous year's period.

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Earnings of METRO GROUP (€ million)	Q1 2013/14	Q1 2014/15
EBIT before special items	1,073	1,024
Earnings before taxes (EBT) and special items	932	909
Net profit for the period before special items	503	501
Net profit for the period attributable to shareholders of METRO AG before special items	440	445
Earnings per share before special items in €	1.35	1.36
EBIT	1,094	1,008
Earnings before taxes (EBT)	944	901
Net profit for the period	514	459
Net profit for the period attributable to shareholders of METRO AG	451	404
Earnings per share in €	1.38	1.24

Net debt of METRO GROUP amounted to €1.5 billion as of 31 December 2014. As such, net debt declined markedly by €0.9 billion compared with 31 December 2013.

Outlook

The forecast of METRO GROUP is based on the current group structure and refers to currency-adjusted figures. In addition, it is based on the assumption of an unchanged geopolitical situation compared to the last reporting (Annual Report 2013/14).

For financial year 2014/15, METRO GROUP expects to see a slight rise in overall sales, despite the persistently challenging economic environment.

In like-for-like sales, METRO GROUP foresees a slight in-crease that will follow the 0.1% gain in the financial year 2013/14.

In financial year 2014/15, earnings development will also be shaped by the persistently challenging economic environment. Given the progress it has already made, METRO GROUP will continue the transformation of its business models in future. In the process, METRO GROUP will again closely focus on efficient structures and strict cost management.

For these reasons and in spite of diverging developments at the sales lines during the first quarter, METRO GROUP expects EBIT before special items adjusted for

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currency effects to rise slightly above the €1,727 million produced in financial year 2013/14, including typical levels of income from real estate sales.

METRO Cash & Carry

Overall, METRO Cash & Carry recorded the sixth consecutive positive quarter with like-for-like sales growth of 1.4%. Due to exchange rate factors (primarily Russian rouble), sales in euro declined by 3.6% to €8.2 billion. Measured in local currency, sales rose by 1.1%. Sales from the delivery business continued to show positive growth, rising by about 10.8% to €0.7 billion (in local currency by as much as about 12.3%). Sales from the delivery business now account for about 9% of sales of METRO Cash & Carry. Own brands accounted for 16.0% of total sales in Q1 2014/15 after 16.4% in the previous year's period.

In **Germany**, sales declined slightly by 0.6% to €1.4 billion in Q1 2014/15. This decline also reflects the deflationary development of sales prices.

Sales in **Western Europe** totalled €2.9 billion and thus came in 2.1% below the previous year’s figure. The like-for-like decline in sales of 1.3% was due to business developments in Belgium and the Netherlands. All other countries experienced stable or rising like-for-like sales. In **Eastern Europe**, sales fell by 9.9% to €3.0 billion. However, this decline was exclusively due to currency effects. Measured in local currency, sales rose by 4.6%. Like-for-like sales also rose markedly by 4.5%. Supported by inflation, the sales line even recorded double-digit like-for-like growth in Russia. Sales in **Asia/Africa** rose by 10.5% to €1.0 billion during Q1 2014/15. Exchange rates had a positive impact here. Measured in local currency, sales rose by 2.8%. Like-for-like sales actually grew by as much as 3.8%, with nearly all countries contributing to this increase.

During the first quarter of 2014/15, **EBIT** of METRO Cash & Carry amounted to €485 million (Q1 2013/14: €536 million). EBIT before special items amounted to €481 million (Q1 2013/14: €540 million). This decline is due mostly to very negative currency effects of nearly €60 million in Russia.

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METRO Cash & Carry	Q1 2013/14 (€ million)	Q1 2014/15 (€ million)	Change (€)	Change (in local currency)	Like-for-like (in local currency)
Sales	8,508	**8,197**	-3.6%	1.1%	1.4%
Germany	1,363	**1,355**	-0.6%	-0.6%	-0.6%
Western Europe (excl. Germany)	2,916	**2,855**	-2.1%	-2.1%	-1.3%
Eastern Europe	3,360	**3,029**	-9.9%	4.6%	4.5%
Asia/Africa	868	**959**	10.5%	2.8%	3.8%
EBIT before special items	540	**481**	-€59 million		

Media-Saturn

Media-Saturn continued the positive sales trend of the past few quarters and generated strong like-for-like sales growth of 3.8% in Q1 2014/15. Sales in euro rose by 4.1% to €6.9 billion. As a result of the expansion, sales in local currency even grew by 5.6%. All regions contributed to the positive sales development. Media-Saturn continued to forge ahead with the rigorous expansion of its online business and the dovetailing of its sales channels during the first quarter of 2014/15. As a result, online sales rose markedly by more than 25% to €0.5 billion, accounting for more than 7% of Media-Saturn's total sales.

In **Germany**, sales rose by 1.4% to €3.2 billion. Like-for-like sales increased by 0.4%. Customers continue to respond positively to the multichannel offer. The online product range was expanded once again. At the end of December 2014, it consisted of about 90,000 items at Mediamarkt.de and about 80,000 at Saturn.de. In **Western Europe**, sales rose markedly by 4.8% to €2.7 billion. In like-for-like terms, sales also increased noticeably by 3.8%. Development in Spain was particularly favourable, with double-digit growth in like-for-like sales. Sales recovered in Sweden, with like-for-like sales increasing compared with the previous year's figure. Due to the positive development in Western Europe, Media-Saturn continued to expand its market share in several countries. In **Eastern Europe**, sales rose dynamically by 12.0% to €1.0 billion. Measured in local currency, sales even rose by 24.4%. At 17.5%, Media Saturn achieved record-high like-for-like sales growth in Eastern Europe. All countries recorded higher like-for-like sales, with Russia, Hungary and

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Poland achieving double-digit increases. Given expectations of a further weakening of the Russian rouble, pull-forward effects contributed decisively to high growth in Russia.

EBIT of Media-Saturn jumped sharply in the first quarter of 2014/15, rising to €344 million (Q1 2013/14: €292 million). This figure includes special items totalling €5 million (Q1 2013/14: €-3 million). EBIT before special items amounted to €349 million (Q1 2013/14: €289 million), an improvement of 20.8%. The strong increase was largely due to good like-for-like sales growth.

Media-Saturn	Q1 2013/14 (€ million)	Q1 2014/15 (€ million)	Change (€)	Change (in local currency)	Like-for-like (in local currency)
Sales	6,601	**6,875**	4.1%	5.6%	3.8%
Germany	3,146	**3,189**	1.4%	1.4%	0.4%
Western Europe (excl. Germany)	2,564	**2,688**	4.8%	4.9%	3.8%
Eastern Europe	891	**998**	12.0%	24.4%	17.5%
EBIT before special items	289	**349**	+€60 million		

Real

As a result of the disposal of Real Eastern Europe, sales at Real declined from €2.6 billion to €2.2 billion in the first quarter of 2014/15. The figure for the previous year's quarter still included sales of Real in Poland and Turkey. Due to closures, sales of **Real Germany** declined by 0.8% to €2.2 billion. On a like-for-like basis, however, sales increased by 0.9% despite the deflationary price development in the food sector. Following heightened competition in autumn, developments turned distinctly positive again in December. Meanwhile, 50 stores have been remodelled since October 2013 on the basis of the store concept that was successfully tested and established in Essen. Real now offers customers an optimised assortment structure, attractive prices and an enhanced shopping atmosphere in all remodelled stores. The sales line plans to remodel additional stores on the basis of the new concept in financial year 2014/15. In Germany, the own brand share of total sales dropped from 15.8% to 15.2% in Q1 2014/15. This shows that customers purchased more branded products during the Christmas quarter than a year earlier.

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During the first quarter of 2014/15, **EBIT** of Real amounted to €74 million (Q1 2013/14: €121 million). EBIT before special items totalled €84 million, compared with €98 million in the previous year's period. This decline is due to an increased marketing intensity as well as the sale of Real Eastern Europe.

Real	Q1 2013/14 (€ million)	Q1 2014/15 (€ million)	Change (€)	Change (in local currency)	Like-for-like (in local currency)
Total sales	2,607	**2,231**	-14.4%	-14.4%	0.9%
Germany	2,248	**2,231**	-0.8%	-0.8%	0.9%
EBIT before special items	98	**84**	-€14 million		

Galeria Kaufhof

During the first quarter of 2014/15, sales at Galeria Kaufhof fell by 1.0% to €1.0 billion. Like-for-like sales decreased by 1.4%. A major reason for this was the mild weather conditions in autumn, which led to a poor start to the winter season for textile sales. This decline could not be fully compensated in December even though sales increased markedly during the Christmas business.

In **Germany**, sales of Galeria Kaufhof fell by 0.8% to €0.9 billion during the first quarter of 2014/15. Like-for-like sales decreased by 1.1%. The German textile market suffered a sharp, weather-induced decline. Here Galeria Kaufhof held up better, with distinctly positive business developments during the Christmas season. Accordingly, the sales line was able to expand its market share.

In **Western Europe**, sales fell by 3.5% in Q1 2014/15. In like-for-like terms, sales were down by 5.9%. The Christmas business developed very positively following a weak start to the quarter, but could not offset the sales decline.

During the first quarter of 2014/15, **EBIT** of Galeria Kaufhof totalled €139 million (Q1 2013/14: €159 million). There were no special items. The decline is due to the fact that winter items were sold at a discount in the context of active inventory management as the seasonal business progressed.

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Galeria Kaufhof	Q1 2013/14 (€ million)	Q1 2014/15 (€ million)	Change (€)	Like-for-like
Sales	1,002	**993**	-1.0%	-1.4%
Germany	951	**943**	-0.8%	-1.1%
Western Europe	51	**49**	-3.5%	-5.9%
EBIT before special items	159	**139**	-€ 20 million	

METRO GROUP is one of the largest and most important international retailing companies. In the financial year 2013/14 it generated sales of around €63 billion. The company operates around 2,200 stores in 30 countries and has a headcount of around 250,000 employees. The performance of METRO GROUP is based on the strength of its sales brands that operate independently in their respective market segments: METRO/MAKRO Cash & Carry - the international leader in self-service wholesale - Media Markt and Saturn - the European market leader in consumer electronics retailing - Real hypermarkets and Galeria Kaufhof department stores.

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