# QUARTERLY STATEMENT

# Q1 2018/19

# CONTENT

# SLIGHT DECLINE IN EARNINGS WITH INCREASING LFL SALES

Like-for-like sales increased by 2.3%; in local currency, sales grew by 2.1%, reported sales declined by -0.6% to €8.0 billion

EBITDA excluding earnings contributions from real estate transactions stood at €470 million (Q1 2017/18: €504 million); reported EBITDA reached €472 million (Q1 2017/18: €504 million)

EBITDA excluding earnings contributions from real estate transactions adjusted for currency effects was -3.4% lower than previous year

The profit or loss for the period attributable to the shareholders of METRO amounted to €181 million (Q1 2017/18: €180 million)

Earnings per share: €0.50 (Q1 2017/18: €0.50)

Net debt stood at €2.4 billion (31 December 2017: €2.8 billion, thereof €2.4 billion in continuing operations)

Outlook for financial year 2018/19 confirmed

# OVERVIEW

## Q1 2018/19

| € million | Q1 2017/18[1] | **Q1 2018/19** | Change |
|---|---|---|---|
| Sales | 8,066 | **8,017** | -0.6% |
| EBITDA excluding earnings contributions from real estate transactions | 504 | **470** | -6.8% |
| Earnings contributions from real estate transactions | 0 | **2** | - |
| EBITDA | 504 | **472** | -6.4% |
| EBIT | 364 | **335** | -7.9% |
| Earnings before taxes EBT | 333 | **296** | -11.2% |
| Profit or loss for the period from continuing operations[2] | 180 | **181** | 0.4% |
| Earnings per Share from continuing operations (€)[2] | 0.50 | **0.50** | 0.4% |
| Profit or loss for the period[2] | 232 | **202** | -12.7% |
| Earnings per Share (€) | 0.64 | **0.56** | -12.7% |

[1] Adjustment of previous year due to discontinued operations and according to explanation in notes
[2] attributable to METRO shareholders

# SALES, EARNINGS AND FINANCIAL POSITION

All following explanations of the business development focus on the continuing operations unless otherwise stated.

## Sales

Like-for-like sales at METRO rose by 2.3% in Q1 2018/19. This growth is mainly attributable to the very positive like-for-like sales development in Eastern Europe excluding Russia and Asia. It was further supported by a slightly positive day effect. In local currency, METRO sales increased by 2.1%. Reported sales decreased by -0.6% to €8.0 billion mainly due to the negative development of the Russian and Turkish currency.

## Earnings

The earnings before interest, taxes, depreciation and amortisation (EBITDA) excluding earnings contributions from real estate transactions of METRO reached a total of €470 million in Q1 2018/19 (Q1 2017/18: €504 million). This decrease is mainly attributable to the negative development of the Russian and Turkish currency as well as the operational development in Russia. Adjusted for currency effects EBITDA excluding earnings contributions from real estate transactions decreased by €-16 million (-3.4%).

Earnings contributions from real estate transactions totaled €2 million (Q1 2017/18: €0 million). EBITDA in Q1 2018/19 amounted to €472 million (Q1 2017/18: €504 million).

The financial result in Q1 2018/19 stood at €-40 million (Q1 2017/18: €-31 million). This change is mainly attributable to currency fluctuations in the Turkish Lira.

Earnings before taxes amounted to €296 million in Q1 2018/19 (Q1 2017/18: €333 million).

For the continuing operations a tax rate of 37.9% is expected for the financial year 2018/19. This results in income tax expenses of €112 million (Q1 2017/18: €149 million) for an EBT of €296 million (Q1 2017/18: €333 million). The group including discontinued operations shows a tax rate on prior year level of 39.6% (Q1 2017/18: 40.0%).

The profit or loss for the period from continuing operations attributable to METRO shareholders amounted to €181 million (Q1 2017/18: €180 million).

The profit or loss for the period from continuing and discontinued operations attributable to METRO shareholders amounted to €202 million in Q1 2018/19 (Q1 2017/18: €232 million).

Earnings per share from continuing operations reached €0.50 (Q1 2017/18: €0.50). Earnings per share from continuing and discontinued operations reached €0.56 (Q1 2017/18: €0.64).

## Financial position

The reported net debt, after netting cash and cash equivalents as well as financial investments with financial liabilities (including finance leases), totaled €2.4 billion as of 31 December 2018 (31 December 2017: €2.8 billion, thereof €2.4 billion in continuing operations).

## Cash flow

Cash flow from operating activities recognizes a cash inflow of €0.4 billion in Q1 2018/19 (Q1 2017/18: €0.4 billion cash inflow).

Cash flow from financing activities came in at €-0.1 billion (Q1 2017/18: €-0.1 billion) and is mainly attributable to investments in property, plant and equipment. The other investments include payouts for intangible assets and financial assets.

Cash flow from financing activities recognizes a cash outflow of €0.4 billion (Q1 2017/18: €0.7 billion cash outflow).

# METRO SEGMENTS[1]

| | Sales (€ million) | | Change (€) | | Currency effects | | Change (local currency) | | Like-for-like (local currency) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** |
| Total | **8,066** | **8,017** | **0.4%** | **-0.6%** | **-1.7%** | **-2.7%** | **2.1%** | **2.1%** | **1.0%** | **2.3%** |
| Germany | 1,370 | **1,352** | 1.7% | **-1.3%** | 0.0% | **0.0%** | 1.7% | **-1.3%** | 2.3% | **-0.2%** |
| Western Europe (excl. Germany) | 2,887 | **2,921** | 5.7% | **1.2%** | 0.0% | **0.0%** | 5.7% | **1.2%** | 0.7% | **1.0%** |
| Russia | 910 | **801** | -10.1% | **-11.9%** | -1.1% | **-9.2%** | -9.1% | **-2.8%** | -8.9% | **-2.4%** |
| Eastern Europe (excl. Russia) | 1,846 | **1,861** | 2.6% | **0.8%** | -3.2% | **-5.5%** | 5.8% | **6.3%** | 6.4% | **6.4%** |
| Asia | 1,038 | **1,072** | -5.7% | **3.3%** | -6.3% | **-3.5%** | 0.6% | **6.9%** | 0.3% | **5.9%** |
| Others | 17 | **10** | -63.8% | **-38.3%** | -0.4% | **0.0%** | -63.4% | **-38.3%** | - | - |

[1]see notes for segment reporting

METRO's like-for-like sales rose by 2.3% in Q1 2018/19. This growth is mainly attributable to the very positive like-for-like sales development in Eastern Europe excluding Russia and Asia. It was further supported by a slightly positive day effect. In local currency, METRO sales increased by 2.1%. Reported sales decreased by -0.6% to €8.0 billion mainly due to the negative development of the Russian and Turkish currency.

In Germany, like-for-like sales slightly declined by -0.2% in Q1 2018/19 against high comparison base. However, reported sales declined by -1.3% amongst others due to one store closure.

Like-for-like sales in Western Europe (excluding Germany) rose by 1.0% in Q1 2018/19. France, Italy and Spain particularly contributed to the development. Reported sales grew by 1.2% to €2.9 billion. The reported sales growth in Q1 2017/18 was mainly supported by the acquisition of Pro à Pro, which contributes to reported sales as of 1 February 2017.

In Russia, the rolled out measures showed positive results and like-for-like sales have decreased only by -2.4%. Sales in local currency decreased by -2.8%. As a result of the negative currency effects, the reported sales decreased by -11.9%.

In Q1 2018/19, the like-for-like sales in Eastern Europe (excl. Russia) grew measurably by 6.4%. Almost all countries have contributed to this growth. Sales rose by 6.3% in local currency. Due to negative exchange rate developments, mainly coming from Turkish Lira, the reported sales increased by only 0.8%.

Like-for-like sales in Asia increased in Q1 2018/19 by 5.9%. All countries have contributed to this development. Sales in local currency increased by 6.9%. Due to negative currency effects, reported sales increased by only 3.3%.

The delivery business of METRO continued to grow dynamically and sales in Q1 2018/19 increased by about 9% to €1.4 billion. As a result, the delivery business accounts for 18% of total sales. The sales growth reported in Q1 2017/18 was also supported by the acquisition of Pro à Pro.

As of 31 December 2018, the store network comprised of 771 stores (31 December 2017: 760 stores). In Q1 2018/19 2 stores were opened (1 in China, 1 in Turkey).

| | EBITDA excluding earnings contributions from real estate transactions | | | Earnings contributions from real estate transactions | | EBITDA | | EBIT | | Investments | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 2017/18 | **Q1 2018/19** | Change (€) | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** |
| Total | **504** | **470** | **-34** | **0** | **2** | **504** | **472** | **364** | **335** | **100** | **90** |
| Germany | 66 | **68** | 3 | 0 | **0** | 66 | **68** | 47 | **49** | 6 | **7** |
| Western Europe (excl. Germany) | 170 | **175** | 5 | 0 | **0** | 170 | **175** | 136 | **140** | 17 | **13** |
| Russia | 108 | **79** | -29 | 0 | **0** | 108 | **79** | 94 | **66** | 23 | **5** |
| Eastern Europe (excl. Russia) | 123 | **113** | -9 | 0 | **2** | 123 | **116** | 99 | **92** | 10 | **18** |
| Asia | 35 | **36** | 0 | 0 | **0** | 35 | **36** | 19 | **19** | 10 | **11** |
| Others | 2 | **-2** | -4 | 0 | **0** | 2 | **-2** | -31 | **-32** | 35 | **36** |

The earnings before interest, taxes, depreciation and amortisation (EBITDA) excluding earnings contributions from real estate transactions of METRO reached a total of €470 million in Q1 2018/19 (Q1 2017/18: €504 million). This decrease is mainly attributable to the negative development of the Russian and Turkish currency as well as the operational development in Russia. EBITDA excluding earnings contributions from real estate transactions decreased by €-16 million (-3.4%) adjusted for currency effects.

In Germany, EBITDA excluding earnings contributions from real estate transactions reached €68 million (Q1 2018/19: €66 million).

In Western Europe (excluding Germany), EBITDA excluding earnings contributions from real estate transactions reached €175 million (Q1 2017/18: €170 million).

EBITDA excluding earnings contributions from real estate transactions in Russia reached €79 million (Q1 2017/18: €108 million). Adjusted for currency effects, the decline amounts to €-18 million and is mainly margin related.

In Eastern Europe (excl. Russia), EBITDA excluding earnings contributions from real estate transactions reached €113 million (Q1 2017/18: €123 million). This decrease is mainly attributable to the negative currency development. Adjusted for currency effects, the decline only amounts to €-4 million.

EBITDA excluding earnings contributions from real estate transactions in Asia came in on prior year level (currency adjusted €+1 million).

In the segment Others, EBITDA excluding earnings contributions from real estate transactions reached €-2 million (Q1 2017/18: €2 million). Income from one-time damage compensations in a low double digit million Euro amount, mainly incurred in the Others segment, overcompensated investments into digital solutions/IT.

However, EBITDA excluding earnings contributions from real estate transactions still decreased by €-4 million due to a one-time gain in the prior year.

## Discontinued operations

Like-for-like sales of the discontinued operations in Q1 2018/19 decreased slightly by -0.6%. Reported sales declined by -1.7% due to two temporary store closures. The online business real.de continued to develop dynamically. GMV (Gross Merchandise Value) grew by 65% to €171 million.

The EBITDA excluding earnings contributions from real estate transactions reached a total of €52 million (Q1 2017/18: €104 million). This decrease is mainly attributable to a negative effect on earnings resulting from the termination of the future collective agreement as well as expenses for future store closures.

As a result of reporting as discontinued operations and according to IFRS 5, depreciation and amortisation on fixed assets of €43 million have been suspended.

# REPORT ON EVENTS AFTER THE CLOSING DATE AND OUTLOOK

## Report on events after the closing date

In January 2019 METRO concluded the sale of a property in Bangalore/India. The sale led to a profit amounting to a low double digit million Euro amount.

# OUTLOOK

## Outlook for METRO

The outlook is based on the assumptions of stable exchange rates and no further adjustments to the portfolio and is given only for the continuing operations of METRO. Our reporting also assumes a continuously complex geopolitical situation.

## Sales

Despite the persistently challenging economic environment in particular in Russia, METRO expects to see an increase in overall sales in the range of 1–3% for financial year 2018/19, mainly driven by Eastern Europe (excluding Russia) and Asia. For Russia, a measurable trend improvement is expected.
METRO equally expects an increase in like-for-like sales in the range of 1–3% in financial year 2018/19, also mainly driven by Eastern Europe (excluding Russia) and Asia. For Russia, a measurable trend improvement is expected.

## Earnings

EBITDA excluding earnings contributions from real estate transactions is expected to decrease by around 2–6% compared to financial year 2017/18 (€ 1,242 million), particularly driven by an expected double-digit percentage decrease in the segment Others (2017/18: €–129 million) as well as by an expected mid- to high-single-digit percentage decrease in the segment Russia. For all other segments an EBITDA around previous year level is expected.

# STORE NETWORK

## STORE NETWORK BY COUNTRIES AND SEGMENTS[1]

As of **31** December **2018**

| | METRO 30/09/2018 | New store openings Q1 2018/19 | Closures Q1 2018/19 | METRO **31/12/2018** |
|---|---|---|---|---|
| Germany | **103** | **0** | **0** | **103** |
| Austria | 12 | 0 | 0 | **12** |
| Belgium | 17 | 0 | 0 | **17** |
| France | 98 | 0 | 0 | **98** |
| Italy | 49 | 0 | 0 | **49** |
| Netherlands | 17 | 0 | 0 | **17** |
| Portugal | 10 | 0 | 0 | **10** |
| Spain | 37 | 0 | 0 | **37** |
| Western Europe (excl. Germany) | **240** | **0** | **0** | **240** |
| Russia | **93** | **0** | **0** | **93** |
| Bulgaria | 11 | 0 | 0 | **11** |
| Croatia | 9 | 0 | 0 | **9** |
| Czech Republic | 13 | 0 | 0 | **13** |
| Hungary | 13 | 0 | 0 | **13** |
| Kazakhstan | 6 | 0 | 0 | **6** |
| Moldova | 3 | 0 | 0 | **3** |
| Poland | 29 | 0 | 0 | **29** |
| Romania | 30 | 0 | 0 | **30** |
| Serbia | 9 | 0 | 0 | **9** |
| Slovakia | 6 | 0 | 0 | **6** |
| Turkey | 33 | 1 | 0 | **34** |
| Ukraine | 31 | 0 | 0 | **31** |
| Eastern Europe (excl. Russia) | **193** | **1** | **0** | **194** |
| China | 94 | 1 | 0 | **95** |
| India | 27 | 0 | 0 | **27** |
| Japan | 10 | 0 | 0 | **10** |
| Pakistan | 9 | 0 | 0 | **9** |
| Asia | **140** | **1** | **0** | **141** |
| International | **666** | **2** | **0** | **668** |
| METRO | **769** | **2** | **0** | **771** |

[1] The locations and countries of the Classic Fine Foods and those of Pro à Pro and Rungis Express are not shown in the table as they relate to distribution centres and warehouses whereas this table only covers sales locations.

# INCOME STATEMENT

| € million | Q1 2017/18 [1] | **Q1 2018/19** |
|---|---|---|
| Sales revenues | **8,066** | **8,017** |
| Cost of sales | -6,640 | **-6,616** |
| Gross profit on sales | **1,426** | **1,402** |
| Other operating income | 296 | **298** |
| Selling expenses | -1,086 | **-1,091** |
| General administrative expenses | -202 | **-201** |
| Other operating expenses | -74 | **-76** |
| Result from impairment of financial assets | 0 | **-5** |
| Earnings share of operating companies recognised at equity | 3 | **9** |
| Earnings before interest and taxes (EBIT) | **364** | **335** |
| Earnings share of non-operating companies recognised at equity | 0 | **0** |
| Other investment result | 0 | **0** |
| Interest income | 12 | **8** |
| Interest expenses | -39 | **-38** |
| Other financial result | -5 | **-10** |
| Financial result | **-31** | **-40** |
| Earnings before taxes EBT | **333** | **296** |
| Income taxes | -149 | **-112** |
| Profit or loss for the period from continuing operations | 183 | **184** |
| Profit or loss for the period from discontinued operations | 52 | **22** |
| Profit or loss for the period | **235** | **206** |
| Profit or loss for the period attributable to non-controlling interests | 4 | **3** |
| from continuing operations | 4 | **3** |
| from discontinued operations | 0 | **0** |
| Profit or loss for the period attributable to the shareholders of METRO | 232 | **202** |
| from continuing operations | 180 | **181** |
| from discontinued operations | 52 | **22** |
| Earnings per share in **€** (basic **=** diluted) | **0.64** | **0.56** |
| from continuing operations | **0.50** | **0.50** |
| from discontinued operations | 0.14 | **0.06** |

[1] Adjustment of previous year due to discontinued operations and according to explanation in notes

# BALANCE SHEET

## ASSETS

| € million | 31/12/2017 [1] | 30/09/2018 [1] | **31/12/2018** |
|---|---|---|---|
| Non-current assets | **9,063** | **7,503** | **7,415** |
| Goodwill | 872 | 797 | **799** |
| Other intangible assets | 470 | 499 | **510** |
| Property, plant and equipment | 6,732 | 5,314 | **5,214** |
| Investment properties | 110 | 97 | **101** |
| Financial assets | 103 | 88 | **87** |
| Investments accounted for using the equity method | 186 | 178 | **185** |
| Other financial assets | 40 | 39 | **37** |
| Other non-financial assets | 168 | 163 | **163** |
| Deferred tax assets | 380 | 329 | **321** |
| Current assets | **6,776** | **7,703** | **8,241** |
| Inventories | 3,281 | 2,108 | **2,353** |
| Trade receivables | 598 | 571 | **523** |
| Financial assets | 1 | 1 | **3** |
| Other financial assets | 920 | 561 | **621** |
| Other non-financial assets | 417 | 353 | **493** |
| Entitlements to income tax refunds | 214 | 206 | **229** |
| Cash and cash equivalents | 1,310 | 1,298 | **1,236** |
| Assets held for sale | 34 | 2,605 | **2,783** |
| | **15,839** | **15,206** | **15,656** |

[1] Adjustment of previous year according to explanation in notes

## EQUITY AND LIABILITIES

| € million | 31/12/2017 [1] | 30/09/2018 [1] | **31/12/2018** |
|---|---|---|---|
| Equity | **3,367** | **3,074** | **3,274** |
| Share capital | 363 | 363 | **363** |
| Capital reserve | 6,118 | 6,118 | **6,118** |
| Reserves retained from earnings | -3,156 | -3,449 | **-3,245** |
| Non-controlling interests | 41 | 41 | **38** |
| Non-current liabilities | **4,212** | **3,427** | **3,429** |
| Provisions for post-employment benefits plans and similar obligations | 564 | 468 | **470** |
| Other provisions | 267 | 126 | **125** |
| Financial liabilities | 3,086 | 2,590 | **2,586** |
| Other financial liabilities | 67 | 56 | **56** |
| Other non-financial liabilities | 108 | 67 | **70** |
| Deferred tax liabilities | 118 | 120 | **121** |
| Current liabilities | **8,261** | **8,705** | **8,952** |
| Trade liabilities | 5,294 | 3,993 | **4,308** |
| Provisions | 412 | 274 | **253** |
| Financial liabilities | 998 | 1,420 | **1,016** |
| Other financial liabilities | 815 | 744 | **676** |
| Other non-financial liabilities | 472 | 392 | **529** |
| Income tax liabilities | 270 | 191 | **234** |
| Liabilities related to assets held for sale | 0 | 1,691 | **1,936** |
| | **15,839** | **15,206** | **15,656** |

[1] Adjustment of previous year according to explanation in notes

# CASH FLOW STATEMENT

| € million | Q1 2017/18[1] | **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 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 investments | 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 | | |
| to METRO AG shareholders | 0 | **0** |
| to other shareholders | -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** |
| Currency effects on cash and cash equivalents | -3 | **7** |
| Total change in cash and cash equivalents | **-252** | **-50** |
| Cash and cash equivalents as of 1 October | 1,562 | **1,396** |
| Cash and cash equivalents reported in assets in accordance with IFRS 5 | 95 | **98** |
| Cash and cash equivalents as of **1** October | **1,467** | **1,298** |
| Cash and cash equivalents as of 31 December | 1,310 | **1,346** |
| Cash and cash equivalents reported in assets in accordance with IFRS 5 | 121 | **110** |
| Cash and cash equivalents as of **31** December | **1,189** | **1,236** |

[1] Adjustment of previous year due to discontinued operations

# SEGMENT REPORTING Q1 2018/19

## OPERATING SEGMENTS

| € million | Germany | | Western Europe (excl. Germany) | | Russia | | Eastern Europe (excl. Russia) | | Asia | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** |
| External sales (net) | 1,370 | **1,352** | 2,887 | **2,921** | 910 | **801** | 1,846 | **1,861** | 1,038 | **1,072** |
| EBITDA excluding earnings contributions from real estate transactions | 66 | **68** | 170 | **175** | 108 | **79** | 123 | **113** | 35 | **36** |
| Earnings contributions from real estate transactions | 0 | **0** | 0 | **0** | 0 | **0** | 0 | **2** | 0 | **0** |
| EBITDA | 66 | **68** | 170 | **175** | 108 | **79** | 123 | **116** | 35 | **36** |
| EBIT | 47 | **49** | 136 | **140** | 94 | **66** | 99 | **92** | 19 | **19** |
| Investments | 6 | **7** | 17 | **13** | 23 | **5** | 10 | **18** | 10 | **11** |

## OPERATING SEGMENTS

| € million | Others | | Consolidation | | METRO continuing operations | | METRO discontinued operations | |
|---|---|---|---|---|---|---|---|---|
| | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** | Q1 2017/18 | **Q1 2018/19** |
| External sales (net) | 17 | **10** | 0 | **0** | 8,066 | **8,017** | 2,045 | **2,010** |
| EBITDA excluding earnings contributions from real estate transactions | 2 | **-2** | 0 | **0** | 504 | **470** | 104 | **52** |
| Earnings contributions from real estate transactions | 0 | **0** | 0 | **0** | 0 | **2** | 0 | **0** |
| EBITDA | 2 | **-2** | 0 | **0** | 504 | **472** | 104 | **52** |
| EBIT | -31 | **-32** | 0 | **0** | 364 | **335** | 67 | **52** |
| Investments | 35 | **36** | -2 | **0** | 100 | **90** | 31 | **63** |

# NOTES

## Accounting principles

The income statement, balance sheet and cash flow statement have been prepared in accordance with IFRS as adopted for the EU. The income statement, balance sheet and cash flow statement were prepared in accordance with IAS 34 interim financial reporting. With the exception of the following IFRS, which are applied for the first time, the same accounting policies as in the consolidated financial statements from 30 September 2018 were applied.

As of 1 October 2018 METRO applies IFRS 9 (Financial Instruments) while exercising the option to continue the accounting of hedging transactions in accordance with IAS 39 and proceed according to the modified retrospective transition method. The adjustment effect resulting from the first-time application of the standard, which is recognized in the reserves retained from earnings as of October 1, 2018, amounts to a low single-digit million amount compared to the current accounting in accordance with IAS 39.

Furthermore, as of 1 October 2018 METRO applies IFRS 15 (Revenue from Contracts with Customers). The modified retrospective transitional approach has been applied, in which no adjustment of the previous year’s figures is conducted and any resulting adjustment amount is recognised in equity. Furthermore, METRO decided to make use of the simplified process and only applies IFRS 15 retrospectively to contracts that have not been fully performed at the date of the first-time application (1 October 2018).Due to this change, an adjustment to the reserves retained from earnings in a low single-digit million amount was recorded in the opening balance sheet as of 1 October 2018.

The Turkish government issued a decree in September 2018 under which business contracts may only be concluded in Turkish lira and no longer in other currencies such as Euros or US dollars. At METRO, predominantly real estate lease contracts will be affected. The leases contracts of Metro Properties Gayrimenkul Yatirim A.Ş that were previously based on Euros have been converted accordingly to Turkish lira. As a result, as of October 1, 2018, the functional currency of the company will also change from Euro to Turkish Lira. The deferred taxes calculated from the differences between the tax book values previously translated at historical rates and the IFRS values carried in Euros were adjusted retrospectively. As of 1 October 2017 deferred tax assets had been reduced by €30 million, deferred tax liabilities had been increased by €16 million, the effect on income taxes in financial year 2017/18 amounts to €11 million (thereof in Q1 2017/18 €1 million) expenses from deferred taxes. For the financial year 2018/19 onwards no further currency related effects on income taxes are expected, as the functional currency of Metro Properties Gayrimenkul Yatirim A.Ş. will not differ from the local currency anymore.

## Change in segment reporting in the Management report of METRO

Due to the reporting of the hypermarket business as discontinued operations, the segment reporting of METRO has been adjusted slightly. The 5 Wholesale regions continue to represent reportable segments according to IFRS 8.

All remaining entities have been bundled in „Others“, whereby no separate disclosure of individual companies as „Wholesale Others“ as well as total METRO Wholesale will be shown in the management report.

# FINANCIAL CALENDAR

| | | | |
|---|---|---|---|
| Annual General Meeting 2019 | Friday | 15 February 2019 | 10.00 a.m. |
| Half-yearly Financial Report H1/Q2 2018/19 | Thursday | 9 May 2019 | 7.30 a.m. |
| Quarterly Statement 9M/Q3 2018/19 | Thursday | 1 August 2019 | 7.30 a.m. |

All time specifications are CET

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