METRO GROUP

Press Release
March 17, 2010

New corporate structure of METRO Group

- **Metro Cash & Carry's operations to be split into two units Europe/MENA and Asia/New Markets**
- **Objective: Safeguard Shape's success and accelerate international expansion**
- **Consequent continuation of Shape 2012 in the holding companies: More efficient and customer-oriented organisation**
- **Streamlined and focused management functions**
- **METRO AG and Metro Cash & Carry Holding integrated**

Düsseldorf, March 17, 2010 – METRO Group is given a new corporate structure. The chief aspect is the split of Metro Cash & Carry into two business units – Europe/MENA, managed by Joël Saveuse, and Asia/New Markets, managed by Frans Muller. The new structure reflects the great importance Metro Cash & Carry has within the Group, and takes into account the considerably different regional market requirements. Furthermore, the organisational basis strengthens the successful implementation of the Shape programme, as well as the acceleration of the international expansion in the medium term. At the same time, METRO Group's management organisation will be significantly simplified. The management and administrative functions at the Group's holding company, METRO AG, and at Metro Cash & Carry are to be, to a large extent, integrated. Hereby, METRO Group is implementing the leitmotif of Shape 2012, namely to become more efficient and more customer-orientated, in the holding structures. At METRO AG's ordinary Supervisory Board meeting on 16 March 2010 the respective resolutions were passed.

METRO Group thus underlines the importance of the Cash & Carry business for the Group. Metro Cash & Carry is to generate a large part of the earnings improvement potential targeted through Shape. Already last year, comprehensive measures were implemented here. The new structure enables METRO Group to address more intensively the strategic focal areas, which differ from region to region. The focal areas for the business unit Europe/MENA mainly comprise the turnaround in Germany, the extension of private labels and the further development of the delivery service. The focal areas of the business unit Asia/New Markets will be the acceleration in the medium term of the international expansion, as well as the improvement in the capital efficiency of new store openings.

In the course of the new Group structure implementation, administrative functions at METRO AG and at Metro Cash & Carry are to be, to a large extent, integrated, and duplicate functions avoided. Thus the company increases management's effectiveness and realises cost savings. No additional expenses are expected to be incurred for the implementation, as these are already included in the planning of the special items from the Shape programme.

“Shape got to a very good start in 2009 and already contributed €208 million to EBIT in its first year”, said Dr Eckhard Cordes, CEO of METRO Group. “Having concentrated, in the first phase, especially on cost savings, we are now focusing in particular on productivity gains. Thereby, Metro Cash & Carry, as one of the Group’s growth drivers, assumes a key position. The new structure enables us to implement the kicked-off change processes in the most optimal way.”

The composition of METRO AG’s Management Board remains unchanged. Frans Muller will be responsible for the business unit Asia/New Markets, and Joël Saveuse will be responsible for Europe/MENA. At the same time, Saveuse will remain responsible for Real within the Management Board. The operational management of Real will be split between Roland Neuwald for Real Germany, and Didier Fleury for Eastern Europe.

METRO Group’s portfolio strategy remains unaffected by the structural changes. With regard to structures and staffing, the other sales divisions remain unchanged.

METRO Group emerges stronger from the economic crisis

At the same time, METRO Group on Wednesday released its financial results for the year 2009. The company successfully closed the financial year. Adjusted for currency effects, METRO Group increased sales by 0.2% despite the worldwide economic crisis and gained market shares in many countries. Operating cash flow before financing activities increased significantly, and net debt decreased noticeably. The earnings contribution from the efficiency- and value-enhancing programme Shape 2012 was significant. Three out of four sales divisions succeeded in increasing their EBIT before special items. All in all, EBIT before special items was €2.024 billion and thereby outperformed the market expectations of € 1.97 billion. “The comprehensive reorganisation of the Group bore, gratifyingly fast, fruit”, says Dr Eckhard Cordes, CEO of METRO Group. “We propose an unchanged dividend of €1.18 to participate our shareholders appropriately in this success. Shape 2012 is well on track and we expect a tangible increase in earnings in 2010.”

In **financial year 2009** sales decreased by 3.6% to €65.5 billion. However, adjusted for currency effects, sales increased by 0.2%. Sales in **Germany** declined by 0.6% to €26.5 billion. In this context, it should be noted that METRO Group temporarily supplied the Extra supermarkets, which were sold on 1 July 2008, until the third quarter of 2008. In addition, the Group divested the operative business of AXXE Reisegastronomie during the reporting year. Adjusted for these effects, sales in Germany were almost on prior year’s level (-0.1 percent). Hence METRO Group’s sales outperformed the German market, which declined by 1.5%. **International** sales were impacted by negative currency effects, especially in Eastern Europe, and declined by 5.5% to €39.0 billion. However, adjusted for currency effects, international sales increased by 0.7%. Business outside Germany contributed 59.5% to Group sales. In **Western Europe** sales remained almost stable at €20.9 billion and grew by 0.3% when adjusted for currency effects. Sales in **Eastern Europe** declined by 12.8% to €15.8 billion as a result of the economic crisis and strong currency effects. However, in local currency sales grew by 1.4%. In **Asia/Africa** sales increased by 4.8% to €2.3 billion (in local currency: +0.6%).

METRO Group's **EBIT** before special items declined by 8.9% to €2.024 billion. The sales divisions Real, Media Markt and Saturn, as well as Galeria Kaufhof and Real Estate were able to increase EBIT before special items year-on-year despite the economic and financial crisis. Conversely, Metro Cash & Carry fell short of the prior year level and suffered most from currency effects. "We have weathered the most severe economic crisis in 80 years. This is something the whole Group can be proud of", stressed Cordes.

Earnings per share from continuing operations before special items reached €2.10 following €3.04 last year. The decrease reflects, aside from the EBIT development, the lower financial result and the increased tax rate. The **net profit for the period** before special items increased by 14.1% to €824 million. After minority interests, profit attributable to shareholders of METRO AG increased by 21.4% to €686 million.

For the financial year 2009, the Management Board and Supervisory Board propose to the Annual General Meeting on 5 May 2010 the payment of a stable **dividend** of €1.18 per ordinary share, and of €1.298 per preference share.

Capex in the financial year 2009 amounted to €1.5 billion and came in slightly below the announced budget. This strategy of foresight and caution had positive effects on the **net debt**, which enabled a decrease of €369 million to €4.2 billion year-on-year. The **equity ratio** declined slightly from 17.9% to 17.8% mainly due to currency effects. Capex was predominantly invested in the continued international expansion of the divisions Metro Cash & Carry, Real as well as Media Markt and Saturn. The required land and buildings are thereby reported in the Real Estate segment. All in all, METRO Group opened 80 new **stores**, thereof 18 Metro Cash & Carry stores, 12 Real hypermarkets and 50 Media Markt and Saturn consumer electronics stores.

In 2009 METRO Group had an average workforce of 286,091 **employees**.

Shape 2012 already strengthens earnings in 2009

METRO Group's **efficiency- and value-enhancing programme Shape 2012** was in the planning before the start of the global economic crisis and commenced in January 2009. Already in its first year, Shape's earnings contribution of €208 million has been significant. "Shape 2012 enabled us to compensate a large part of last year's crisis-related earnings effects", says Cordes. "This demonstrates the potential this programme has."

This results from the Group's structural reorganisation in the first phase of Shape 2012. One core element thereof was the disintegration of centralised procurement. The sales divisions gained thus full responsibility for the operating business. For METRO Group this decentralisation means a paradigm change. “We entrench more entrepreneurial spirit in the whole Group. The sales divisions’ enlarged room for operational manoeuvre contributes essentially to the Group’s dynamic growth”, Cordes emphasises. On the other hand, strategic management functions, like Finance, Controlling and Compliance, have been more centralised.

The work of the project teams on roughly 6,000 individual measures is proceeding well. Significant earnings contributions are to be achieved not only by cost savings, but also from productivity gains. After successful implementation, Shape 2012 targets an annual earnings improvement potential of €1.5 billion in 2012 and sustainably thereafter. Broken down, c.€800 million from cost savings and c.€700 million from productivity gains. The resulting earnings improvement from Shape 2012 depends on the development of market conditions. The largest part of the cost savings and productivity gains is allocated to the sales divisions Metro Cash & Carry and Real. Currently, numerous measures of the sales divisions focus on improving customer orientation and, at the same time, productivity. With regard to content, the programme is managed on the basis of the core areas: customer orientation, procurement, private label products, new business models, store operations, administrative processes as well as logistics and supply chain management.

METRO Group sales divisions expand Internet activities

All sales divisions of METRO Group will supplement their stationary business with online platforms and thereby generate additional growth. In doing so, they will cater to the specific wishes of the customers in their respective market segment and extend their Internet activities accordingly. Real, for example, plans to launch an online shop for its non-food assortment. Galeria Kaufhof will extend its existing e-commerce offer by selected assortments. Metro Cash & Carry has already established the link between Internet and stationary retail in the French city of Rodez near Toulouse. There, customers save plenty of time by ordering the merchandise online and collecting it later at the wholesale store readily picked and around the clock. Also the launch of a systematic combination of online and stationary business at Media Markt and Saturn is imminent. Following a successful test phase around the close of the year the Internet offer is to be launched in the Netherlands and Austria as early as in April 2010. Based on the experiences made a decision about introducing such a platform also in Germany will be taken in 2010.

International expansion intensified – Media Markt to start in China in 2010

METRO Group is represented with 2,127 stores in 33 countries. As the third largest retailing company in the world it will again distinctly step up its international growth in the current year and has raised its capex budget from € 1.5 billion to around € 1.9 billion. The number of new store openings will rise appreciably in 2010 (2009: 80). The focus will be on Eastern Europe and Asia. “In the medium to long term, these regions offer an enormous growth potential”, said Cordes.

Especially important for the whole group is the start of Media Markt in China. To this effect, METRO AG and its sales division Media-Saturn signed a joint venture agreement for a joint expansion in China with the Chinese partner Foxconn Technology Group. Under this joint venture agreement, METRO Group and the founding families of Media-Saturn, Kellerhals and Stiefel, hold 75 percent of the shares and Foxconn Technology Group holds 25 percent. The first Media Markt stores are to be opened in Shanghai starting from September 2010. By the middle of the decade Media-Saturn sees a potential of more than 100 stores in China that will open up sizeable job opportunities. In the long term, Media-Saturn targets several hundred Media Markt stores and a market share of over ten percent in China.

Metro Cash & Carry, too, continues its internationalisation. Following the opening of the first wholesale store in Kazakhstan in 2009, the market entry in Egypt will take place in 2010. With this move, METRO Group will be represented in 34 countries. Real continues its selective expansion in Eastern Europe. In total, METRO Group plans to open some 30 Metro Cash & Carry wholesale stores, approximately 5 Real hypermarkets and around 60 Media Markt and Saturn consumer electronics centres in 2010.

Outlook

METRO Group will continue on its profitable growth course and thus expand its position as one of the leading international retail groups over the next few years. Also 2010 will not be an easy year and it remains to be seen whether macroeconomic trends reverse during the course of the year. Whether the current year will bring this trend reversal depends particularly on economic developments in Eastern Europe. The negative trend had not intensified further by the end of the fourth quarter of 2009. Whether this can be interpreted as an indication of a trend reversal remains to be seen during the course of the first half of 2010.

METRO Group maintains its medium-term forecast of over 6 percent sales growth per year. For 2010, the company expects sales to exceed the previous year’s level but to still fall short of this target level. Aside from the macroeconomic situation, this is attributable to the lower number of new store openings in 2009 and 2010. METRO Group’s strategy aims for long-term profitable growth, that is, disproportionately higher growth of earnings than sales. The company’s medium-term growth target for EBIT before special effects is more than 10 percent per year. Shape 2012 will unleash its positive earnings impact successively and become fully effective from 2012. Previously, the medium-term growth target was 8 percent per year. Due mostly to the contributions of Shape 2012, METRO Group projects earnings before special items for 2010 tangibly exceeding the level of 2009. The extent of the earnings improvement, however, depends decisively on the development of macroeconomic parameters.

Business Development of the Sales Divisions

Metro Cash & Carry under the impact of exchange rate and price effects

Sales of Metro Cash & Carry were down 7.6% (adjusted for currency effects: -2.5%) in 2009. The sales trend was characterised by a strong buying restraint in the non-food sector, especially in Eastern Europe, caused by the crisis. The devaluation of most Eastern European currencies had a strongly negative impact on sales. Also the declining food prices in Germany affected sales. As a consequence of the sales trend and the high currency effects, **EBIT** before special items dropped by 17.8% to € 936 million. Despite this decline in earnings Metro Cash & Carry demonstrated its high earnings strength also in a difficult economic environment with an EBIT margin before special items of 3.1%.

Real defies the economic crisis – EBIT clearly up year-on-year

Sales of Real in the past financial year came in at € 11.3 billion, a 2.9% decline. Net of negative currency effects sales were up by 1.3% year-on-year. In a difficult environment, Real Germany made further progress within the framework of the repositioning, amongst others by a further increase in the own-brand share. **EBIT** before special items rose by € 46 million to € 52 million. The improvement in earnings is a first sign for the success of the repositioning of Real in Germany.

Media Markt and Saturn distinctly extended market positions

Media Markt and Saturn have further extended their leading position in the European consumer electronics retail sector and won market share in 2009. They stepped up **sales** by 3.7% to € 19.7 billion. In the year under review, Media Markt and Saturn succeeded in increasing **EBIT** before special items to € 608 million in a difficult market environment. The earnings trend in Eastern Europe, which was characterised by a crisis-related drop in sales and negative exchange rate effects, weighed on earnings. The EBIT margin before special items came in at 3.1%.

Galeria Kaufhof raises EBIT for the fifth consecutive year

Despite an overall negative trend in the department store segment and the serious recession in financial year 2009, Galeria Kaufhof stood its ground as the concept and system leader among German department stores. **Sales** of Galeria Kaufhof came in at € 3.5 billion which is only 1.9% below the prior-year value. **EBIT** before special items climbed 3.4% to € 119 million. The company succeeded in once again improving its EBIT margin before special items and achieved a value of 3.4%.

Real Estate segment

From January 1, 2009, the real estate assets are disclosed as a separate segment in the financial reporting of METRO Group. It covers all real estate owned by METRO Group in 32 countries. With the international expansion, an active asset- and portfolio management as well as an optimised use of resources, the value of the real estate assets is to be secured and systematically increased in the long run. Real estate assets are to be acquired in particular in the growth regions in Eastern Europe and Asia while land and buildings in the saturated markets of Western Europe are to be divested to finance the expansion. EBIT before special items in 2009 climbed from € 538 million to € 551 million. This improvement in earnings reflects in particular the higher lease income generated in the context of the expansion of Metro Cash & Carry.

Service:

The CEO's speech will be broadcast live starting from 9:45 a.m. at www.metrogroup.de. This is also where you can find the Annual Report 2009 and the press release for download. Moreover, here you will find further details about the Press Conference.

METRO Group is one of the largest and most international retailing companies. In 2009, the Group reached sales of around € 66 billion. The company has a headcount of some 290,000 employees and operates around 2,100 stores in 33 countries. The performance of METRO Group is based on the strength of its sales brands which operated independently in their respective market segment: Metro/Makro Cash & Carry – the international leader in self-service wholesale, Real hypermarkets, Media Markt and Saturn – European market leader in consumer electronics retailing, and Galeria Kaufhof department stores. More information at: www.metrogroup.de

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