

# METRO SCORE

**Wholesale to the max**

**Q3 2022/23**

**RESULTS PRESENTATION**

11 August 2023

# WITH YOU TODAY



**DR. STEFFEN  
GREUBEL**

**CHIEF EXECUTIVE OFFICER**



**MICHAEL  
BOUSCHELJONG**

**SENIOR VICE PRESIDENT FINANCE**



# IN LINE WITH sCORE PLAN

1

**MACRO AND MARKET ENVIRONMENT**

2

**IN LINE PERFORMANCE VS. STRONG PY**

3

**MULTICHANNEL WINNING MODEL**

4

**sCORE INITIATIVES PROGRESSED**

5

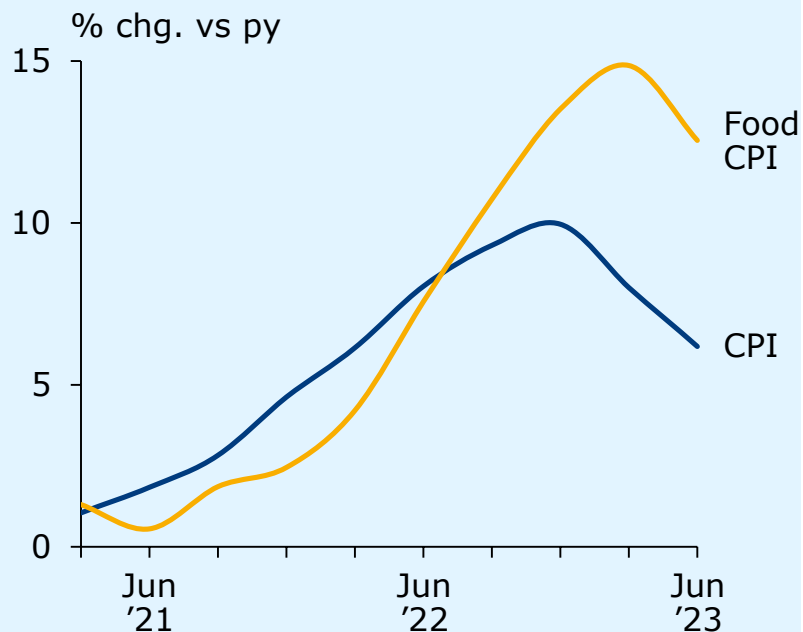
**STRATEGY & AMBITIONS CONFIRMED**



*Milan (Italy), May 2023*

# MACRO AND MARKET ENVIRONMENT

## FOOD INFLATION<sup>1</sup>



Slightly decrease vs. Q2 '23,  
high vs. PY

**Impact on sales and costs**

## INTEREST RATES

€3,2 bn Net debt

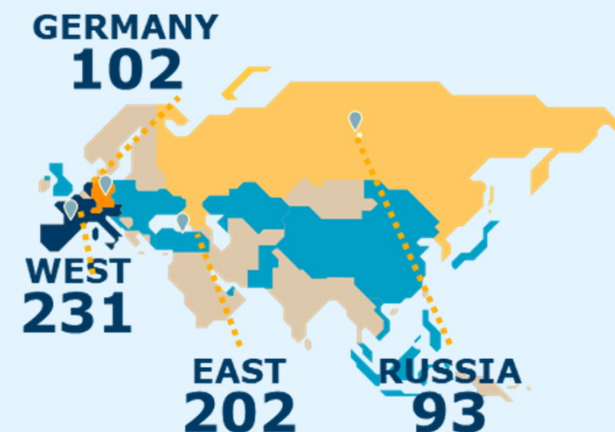


30. Jun 23

**Our balance sheet is strong**

Reducing the impact of rising  
interest

## COUNTRY PORTFOLIO



No further country exits  
expected

**Focus on sCore execution**

<sup>1</sup> Euro area, CPI = Consumer Price Index. Source: CREST Panel, European Commission services, Oxford economics, own analysis.



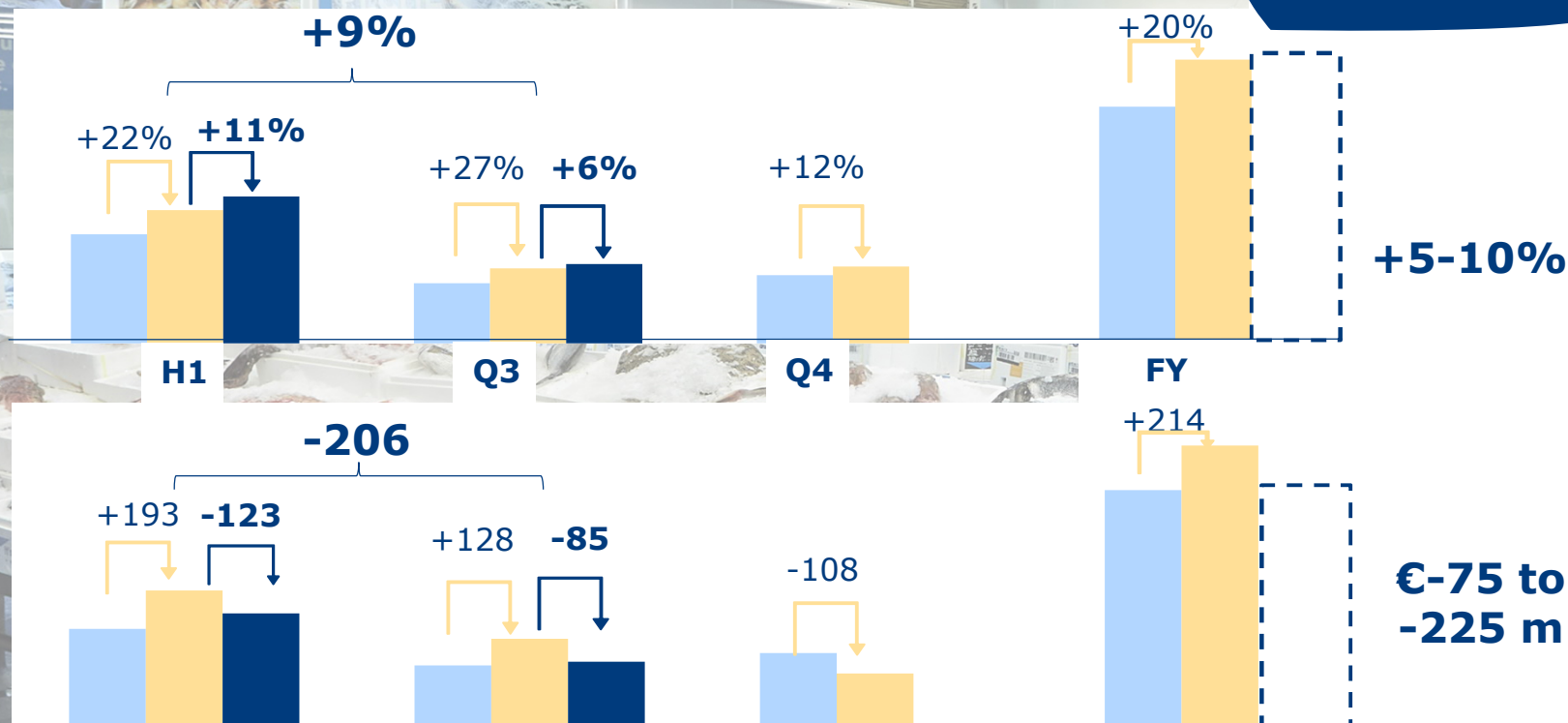
# Q3: sCORE EXECUTION IN LINE WITH OUTLOOK

SALES<sup>1</sup>

ADJ. EBITDA<sup>1,2</sup>

FY OUTLOOK<sup>1</sup>

- Q3 challenging vs. strong PY
- Q4 sales & adj. EBITDA growth expected
- FY sales/ adj. EBITDA → in line with outlook



+5-10%

€-75 to -225 m

FY20/21  
FY21/22  
FY22/23

<sup>1</sup> All figures are at constant currency. FY 21/22 figures are reported view, FY 22/23 figures (incl. outlook) are in portfolio-adj. view (excl. JP, MY, BE Opco, IN, JHB). <sup>2</sup> Adj. EBITDA – in €m, EBITDA pre transformation costs, real estate gains

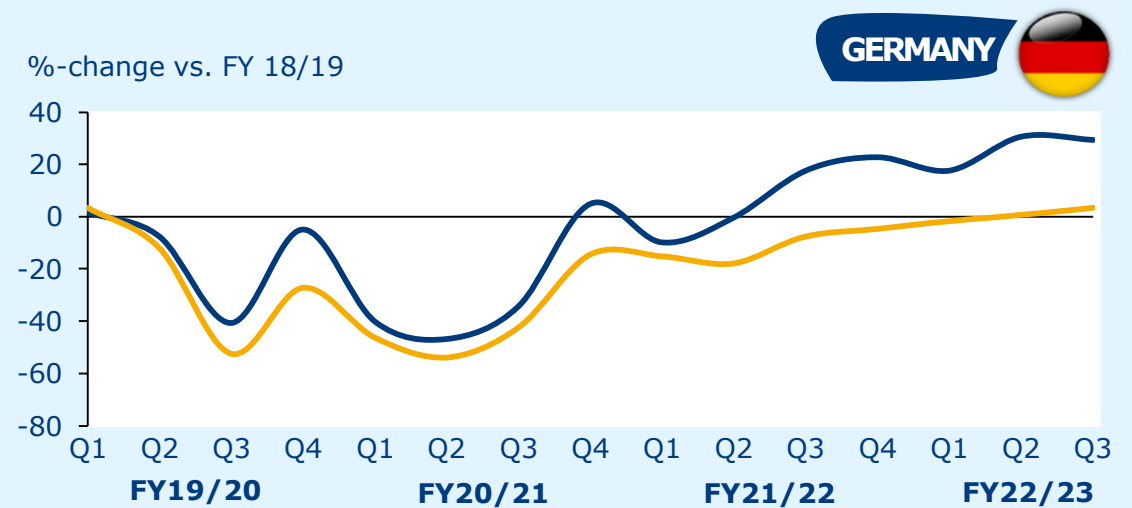
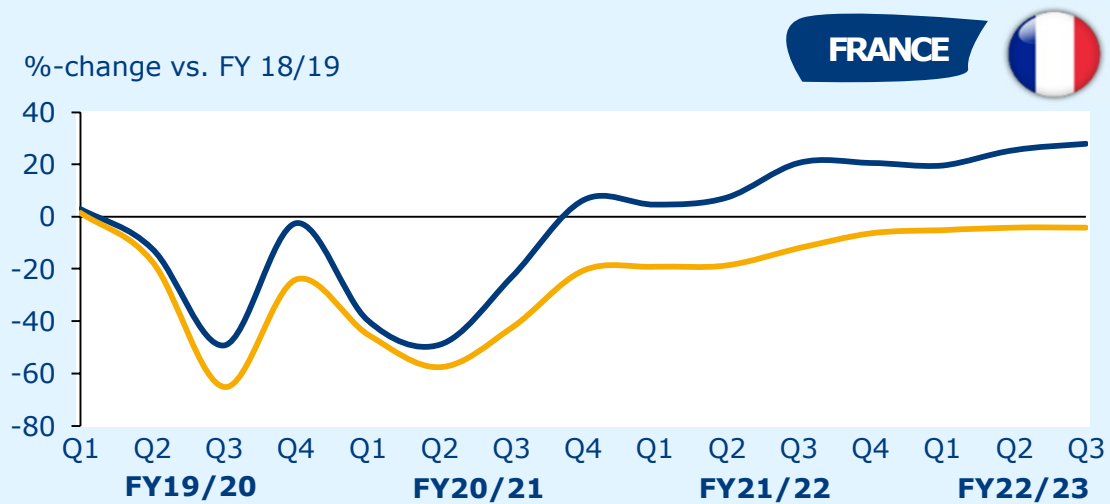
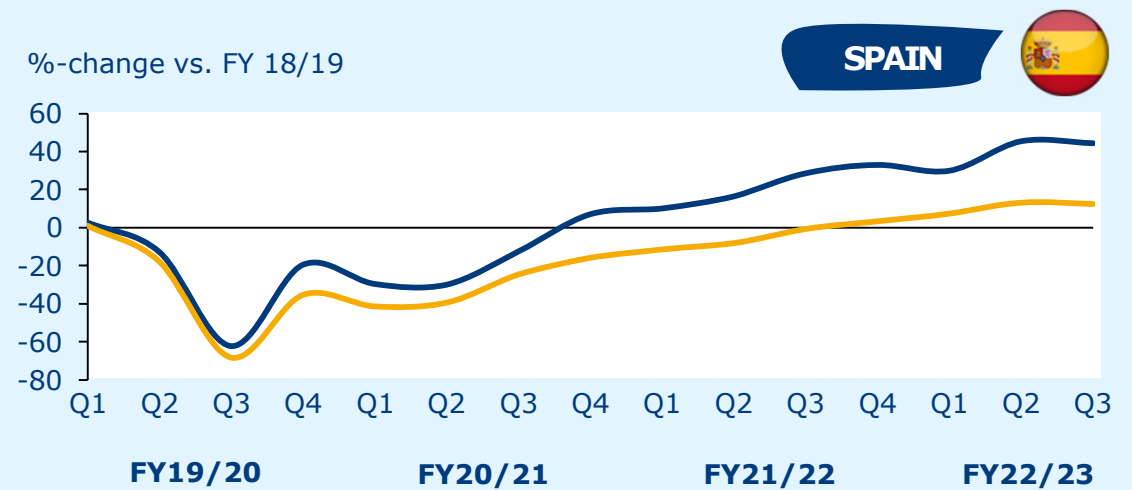
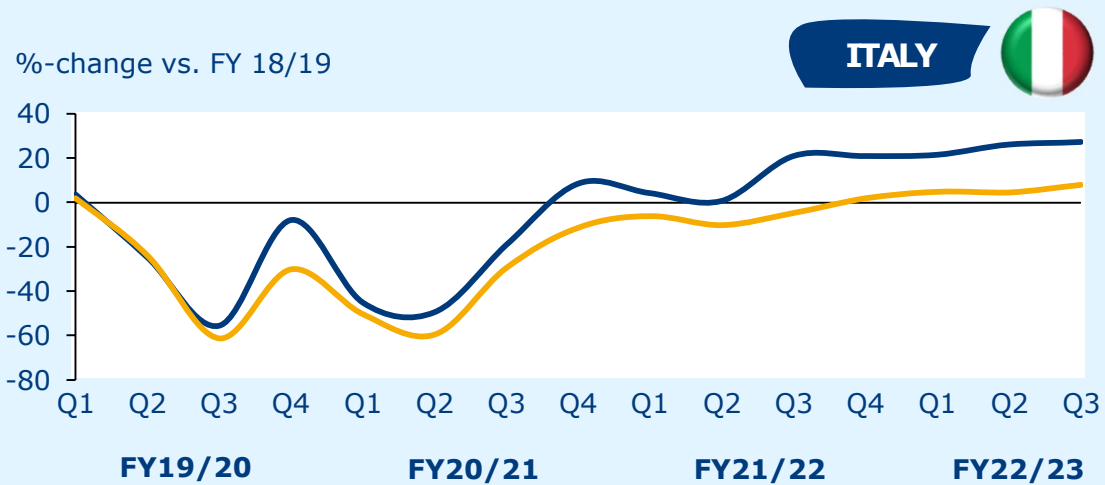
France, Nice, October 2022

# Q3: STABLE GROWTH DESPITE CHALLENGES

SALES			ADJ. EBITDA <sup>2</sup>	
Δ to PY <sup>1</sup>	Q3		Δ to PY <sup>1</sup>	Q3
<div>Portf. adj. +6%</div> <div>  +2%                 </div>	€7,642 m	<b>METRO</b>	<div>  €-89 m                 </div>	€332 m
+2%	€1,257 m	<b>GERMANY</b>	€-30 m	€35 m
+2%	€3,355 m	<b>WEST</b>	€-8 m	€195 m
-3%	€557 m	<b>RUSSIA</b>	€-8 m	€37 m
+4%	€2,413 m	<b>EAST</b>	€-8 m	€89 m
	€60 m	<b>OTHERS</b>	€-34 m	€-23 m

<sup>1</sup> At constant currency. <sup>2</sup> Adj. EBITDA - EBITDA pre transformation costs, real estate gains. Adj. EBITDA consolidation effect for Q3 €0 m vs Q3 PY €2 m.

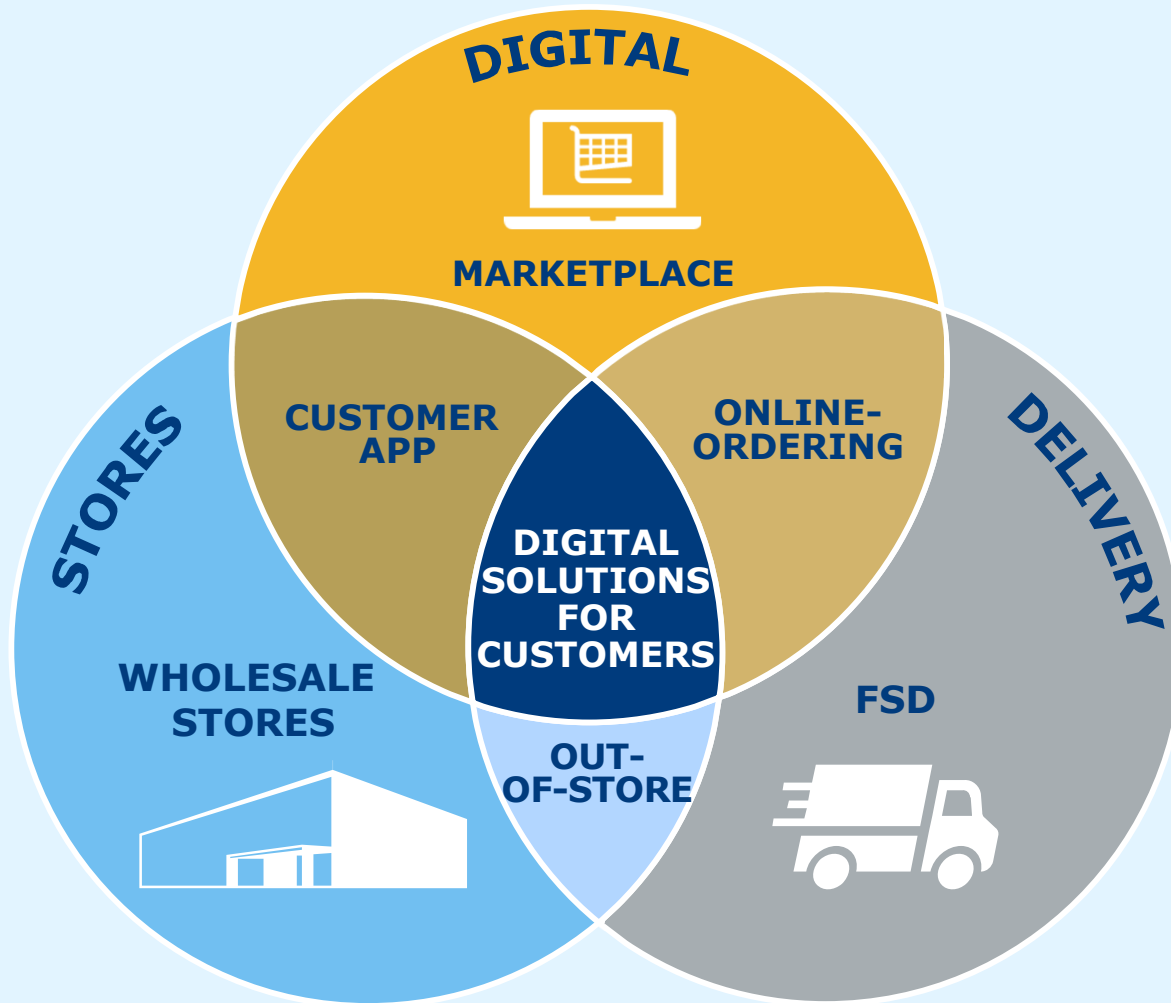
# Q3: CONTINUED MARKET OUTPERFORMANCE



Source: NPD Group CREST Panel

— METRO HoReCa Food — Market (NPD Group)

# MULTICHANNEL WINNING MODEL



## »»» SIGNIFICANT ADVANTAGES



**MORE EFFICIENT FOR CUSTOMERS**



**IDEAL USE OF EXISTENT INFRASTRUCTURE**







**CONSIDERABLE COMPETITIVE ADVANTAGE**



# STORE PRICING INITIATIVES EXPANDING



- **Buy More Pay Less:** volume-driven **wholesale pricing initiatives** and store transformer.
- The sales uplift is **sustainable and continues** (Serbia and Bulgaria >1 year).
- From learnings, implementation in **new countries goes faster** (Spain and Croatia <1 year).

				
#SKU reduction <sup>1</sup> (k)	-12	-7	-6	-5
#BMPL Jun 23 (k)	~4	~6	~3	~2
BMPL Sales Share cum Jun 23 (%)	47%	39%	18%	14%

<sup>1</sup> Figures vs. FY21.

# sCORE TRANSFORMS INFRASTRUCTURE

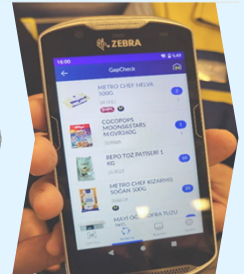
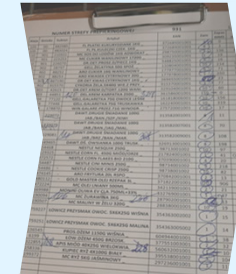
Multichannel Fulfilment Center (MFC), pictures MAKRO PL



- 1 SPACE MANAGEMENT:** to transform the space into efficiency-driven: from retail to wholesale
- 2 STOCK MANAGEMENT:** to **digitalize** store/FSD operations, increase the **stock** accuracy & efficiency
- 3 IN-STORE LOGISTICS:** to achieve **superior service level<sup>1</sup>** and productivity

Before

After



<sup>1</sup> Availability on shelves in the stores and availability for delivery in FSD.

# SALES FORCE IS A KEY TO sCORE EXECUTION



## WHY



- Customer acquisition
- Support of delivery
- Multichannel business growth

## HOW



- +6,500 sales rep. by 2030
- Team leader certification  
"METRO Master Sales Coaches"







## PROGRESS

- +~1.500 in 21 months
- 2030 target ~20% reached
- Certification 100% in Dec '23



FRANCE, Sales Force competition of selling the cooling bags, 2023

# sCORE PROGRESS CONTINUES

	3M	6M	9M
 <b>Sales force</b> (new FTE)	>200	>475	<b>+&gt;650</b>
 <b>Strategic customer</b> (% sales)	68	71	<b>73</b>
 <b>FSD sales share</b> (% sales)	20	22	<b>22</b>
 <b>Digital sales share</b> (% sales)	8	9	<b>11</b>
 <b>Own brand</b> (% sales)	20	21	<b>21</b>
 <b>Depots/OoS</b> (new locations)	0	+8	<b>16<sup>1</sup></b>

<sup>1</sup> Thereof 12 new depots incl. 5 after JHB acquisition and 4 new OoS.



# Q3 IMPACTED BY PORTFOLIO EFFECTS (INDIA)

€m / %	Q3	
	21/22	22/23
Total sales	7,911	7,642
Growth in local currency	27.2%	2.5%
Reported growth	26.6%	-3.4%
Store sales	6,118	5,795
FSD sales	1,775	1,811
METRO Markets sales	18	36
Adj. EBITDA	441	332
thereof FX		-19
Adj. EBITDA margin	5.6%	4.3%
Transformation costs/gains	-136	148
Real estate gains	-1	-1
EBITDA	305	480

## SALES GROWTH

- Reported sales incl. store and FSD sales impacted by portfolio and FX effects
- Significant METRO Markets sales growth above 97%
- Comparison to the strong Q3 PY
- Sales development in line with expectation

## EBITDA AND EBITDA MARGIN

- EBITDA impacted by cost inflation, margin and post-transaction effects (Real) & license income (Wumei)
- Margin decline due to ongoing price investments and assortment/stock rationalization program (esp. DE)
- Incl. FX €-19 m
- Transformation gains from sale of METRO India vs. transformation costs from Belgium sale in PY

# EPS IMPROVES ALSO DUE TO FX EFFECTS

€m	Q3	
	21/22	22/23
<b>EBITDA<sup>1</sup></b>	<b>305</b>	<b>480</b>
<b>D&amp;A</b>	<b>-216</b>	<b>-205</b>
<b>EBIT</b>	<b>88</b>	<b>275</b>
Interest and investment result	-36	-59
Other financial result	-279	-16
<b>Net financial result</b>	<b>-315</b>	<b>-74</b>
<b>EBT</b>	<b>-227</b>	<b>201</b>
<b>Tax expense</b>	<b>-62</b>	<b>-28</b>
<b>Net income<sup>2</sup></b>	<b>-290</b>	<b>174</b>
<b>EPS in €</b>	<b>-0.80</b>	<b>0.48</b>

## NET FINANCIAL RESULT

- Interest and inv. result: PY incl. one-time benefit from a positive court ruling in tax (East) and lower interest
- Other financial result: impacted by non-cash FX-effect: PY negative effect of RUB, CY positive

## TAX

- Calculated on expected FY group tax expense

## EPS

- Adjusted for non-cash FX-effects in other financial result, EPS for Q3 at ~€0.4, for 9M at ~€1.0
- Q3 EPS incl. ~€0.3 effect from METRO India sale
- 9M EPS €1.62 incl. real estate gain from Q1

<sup>1</sup> EBITDA incl. transformation costs and real estate gains. <sup>2</sup> Attributable to METRO shareholders.

# POSITIVE FCF DUE TO GOOD OCF DEVELOPMENT

Q3 22/23 (€ m)

		$\Delta^1(\text{€m})$
<b>EBITDA<sup>2</sup></b>	<b>480</b>	<b>+175</b>
NWC		317 +188
Other OCF		-140 -261
<b>OCF</b>	<b>656</b>	<b>+103</b>
Investments		-128 -41
Divestments		-20 -14
Leasing		-139 +11
Net interest		-12 -4
Other		-13 -69
<b>FCF</b>	<b>384</b>	<b>-14</b>

**Net debt 31 Mar 23**  
€3,791 m

**€-582m**

**Net debt 30 Jun 23:**  
€3,209 m

## OPERATING CASH FLOW

- NWC improvement: expected effects from assortment/stock optimization & collection of supplier receivables
- Other OCF: mainly deconsolidation of BE in PY and IN in CY (reversal effect from transformation costs/gains, neutralized)

## INVESTMENTS/DIVESTMENTS

- Investments in network and sustainability for sCore execution as well as R&M

## OTHER

- PY incl. cash-in from close-out of remaining RUB swaps

## NET DEBT

- Reduction incl. positive FCF and effect from M&A<sup>3</sup> activities

<sup>1</sup> Q3 FY 22/23 vs Q3 PY 21/22. <sup>2</sup> EBITDA incl. transformation costs and real estate gains. <sup>3</sup> M&A activities: METRO India and JHB.

# FY22/23: OUTLOOK REITERATED

## DRIVE MARKET SHARE GAINS



Sales growth

## PRODUCTIVITY GAINS & COST INFLATION



Adj. EBITDA decline

## BIG PROPERTY DEVELOPMENT



~€200 m gains (Oct `22)

## NORMALIZATION OF D&A, NET FINANCIAL RESULT<sup>1</sup>, TAXES



€1.2 to €1.6 EPS

## CASH INVESTMENTS



~€600 m

## NET DEBT



~€0.3 bn improvement

<sup>1</sup> Subject to FX development (especially RUB).



# OUR STRATEGY AND AMBITIONS RECONFIRMED



Germany, Karlsruhe, October 2022

**SALES**  
**EBITDA**  
**FREE CASH FLOW**

## INVEST (FY 22-25)

**-UPDATED IN DEC-**

+5-10% CAGR

+5-7% CAGR

re-invest into growth



## 2030 AMBITION

>€40 bn

>€2 bn

>€0.6 bn

# Q&A



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# EVENTS AND FINANCIAL CALENDAR

## UPCOMING EVENTS

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**18 Sep 23** Baader Investment Conference (S. Greubel)

## FINANCIAL CALENDAR 22/23

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**19 Oct 23** Trading Statement 2022/23

**13 Dec 23** FY 2022/23 (Report: 6.30 pm)

**14 Dec 23** FY 2022/23 call → BPC

# MPULSE

## Topics and background – from wholesale and from the world of our customers

### PRINT MAGAZINE



- Next issue published **in August**
- Featuring Sven Elverfeld and other exciting topics around gastronomy
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„Buy more,  
pay less“  
explained for  
different target  
groups



#### Customer

#### What's behind the METRO bulk price?

The bulk price benefit for METRO customers is obvious. But what's METRO's objective with the buy-more-pay-less strategy?



Customer

Larger quantities,  
smaller prices –  
how the METRO  
volume discount  
works



Multichannel

METRO's best  
offer for  
customers is  
called  
multichannel

Advantages of  
the multichannel  
strategy

... AND  
MUCH  
MORE!



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# PORTFOLIO ADJUSTED GUIDANCE BASIS

	21/22: reporting	22/23: reporting	22/23: guidance
<b>Exits<sup>1</sup></b> Japan and Myanmar Belgium India	✓ JP/MM, BE, IN incl.	✗ JP/MM, BE excl. ✓ IN incl.	✗ JP/MM, BE, IN excl.
<b>Acquisitions<sup>2</sup></b> Davigel <sup>3</sup> Eijsink, Günther AGM, JHB	✓ incl. since consolidation	✓ incl. since consolidation	✓ incl. since consolidation ✗ only JHB excl.
<b>Sales and adj. EBITDA</b> at constant currency	20.4% to €29,8 bn +€214 m to €1,389 m		base €28,3 bn base €1,370 m

<sup>1</sup> Country exits at the beginning of financial year 2021/22. Belgium incl. until May (incl.) 2022; Sales and adj. EBITDA in Segment West. India incl. until April (incl.) 2023; Sales and adj. EBITDA in Segment East. <sup>2</sup> Acquisition of Davigel: first-time consolidation 1 January 2021. Acquisition of Eijsink: first-time consolidation 31 March 2022; Sales and Adj. EBITDA in Segment Other. Acquisition of AGM: first-time consolidation 2 May 2022; Sales and Adj. EBITDA in Segment West. Acquisition of Günther: first-time consolidation 1 August 2022; Sales and Adj. EBITDA in Segment Other. Acquisition of JHB: first-time consolidation May 2023; Sales and Adj. EBITDA in Segment West. <sup>3</sup> Davigel was re-named thereafter to Pro a Pro Spain.

# FREE CASH FLOW DETAILS

€ million	Q3 21/22	Q3 22/23
EBIT	88	275
Depreciation/amortisation/impairment losses/reversal of impairment losses of fixed assets excl. financial investments	216	205
Change in provisions for pensions and other provisions	-29	-14
Change in net working capital	128	317
Paid (-) / received income taxes	-45	-41
Reclassification of gains (-) / losses (+) from the disposal of fixed assets	0	-1
Lease payments received	16	16
Other	178	-99
<b>Cash flow from operating activities of continuing operations</b>	<b>553</b>	<b>656</b>
<b>Cash flow from operating activities</b>	<b>553</b>	<b>656</b>
Acquisition of subsidiaries	-58	-101
<b>Investments in property, plant and equipment and in investment property (excl. right-of-use assets)</b>	<b>-53</b>	<b>-88</b>
<b>Other investments</b>	<b>-34</b>	<b>-40</b>
Investments in monetary assets	1	0
Disposal of subsidiaries	-41	282
<b>Divestments</b>	<b>34</b>	<b>20</b>
Cash flow from investing activities	-152	73
Dividends paid	0	-6
Proceeds from borrowings	251	1379
Redemption of borrowings	-516	-1771
<b>Lease payments</b>	<b>-150</b>	<b>-139</b>
<b>Interest paid</b>	<b>-10</b>	<b>-16</b>
<b>Interest received</b>	<b>2</b>	<b>4</b>
<b>Other financial activities</b>	<b>56</b>	<b>-13</b>
Cash flow from financing activities	-366	-562
Total cash flows	35	167

## FREE CASH FLOW

399

384

# SEGMENTS: SALES TO EBITDA

1/3

## METRO Germany

€m / %	Q3 21/22	Q3 22/23
Sales	1,234	1,257
Growth in local currency	17.3%	1.8%
Reported growth	17.3%	1.9%
Adj. EBITDA	64	35
thereof FX		0
Adj. EBITDA margin	5.2%	2.8%
Real estate gains	0	0
Transformation costs/gains	0	0
EBITDA	64	35

## METRO West

€m / %	Q3 21/22	Q3 22/23
Sales	3,301	3,355
Growth in local currency	31.7%	1.6%
Reported growth	31.7%	1.6%
Adj. EBITDA	203	195
thereof FX		0
Adj. EBITDA margin	6.1%	5.8%
Real estate gains	0	1
Transformation costs/gains	-138	1
EBITDA	65	196



# SEGMENTS: SALES TO EBITDA

2/3

## METRO Russia

€m / %	Q3 21/22	Q3 22/23
Sales	707	557
Growth in local currency	3.4%	-2.7%
Reported growth	23.2%	-21.1%
Adj. EBITDA	54	37
thereof FX		-8
Adj. EBITDA margin	7.6%	6.7%
Real estate gains	0	0
Transformation costs/gains	0	0
EBITDA	54	37

## METRO East

€m / %	Q3 21/22	Q3 22/23
Sales	2,639	2,413
Growth in local currency	33.3%	4.2%
Reported growth	25.7%	-8.6%
Adj. EBITDA	108	89
thereof FX		-11
Adj. EBITDA margin	4.1%	3.7%
Real estate gains	0	0
Transformation costs/gains	0	149
EBITDA	108	237

# SEGMENTS: SALES TO EBITDA

3/3

## Others

€m	Q3 21/22	Q3 22/23
Sales	31	60
Adj. EBITDA	10	-23
thereof FX		
Real estate gains	-1	-1
Transformation costs/gains	2	-1
EBITDA	11	-26

## METRO

€m / %	Q3 21/22	Q3 22/23
Sales	7,911	7,642
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