TO OUR SHAREHOLDERS

16/17

LETTER TO THE SHAREHOLDERS

Dear Ladies and Gentlemen,

Financial year 2016/17 was among the most eventful and strategically important years in the history of METRO. With the initial public offering (IPO) of shares in the new METRO AG, we created the foundation to deliver even more focus, innovation and growth. In a dynamic market environment where habits, needs and demands are changing at an increasingly rapid pace, agility and speed are emerging as the most important factors for success. The new group structure will provide us with considerable advantages in this regard.

At the end of March 2016, the Management Board of the former METRO GROUP informed the shareholders that the merits of demerging the group and spinning off the wholesale and retail business should be investigated. This announcement was followed by an intensive preparation time and the organisational separation by 30 September 2016. At the Annual General Meeting held in February 2017, an overwhelming majority of 99.95% of shareholders voted in favour of the demerger. In July 2017, we were finally on target with our project: the demerger was recorded in the commercial register on 12 July 2017 and shares in the new METRO AG have been trading on the Stock Exchanges in Frankfurt and Luxembourg since 13 July 2017.

Many of you have already been issued with shares in the new company as a result of the demerger. Other shareholders purchased their holdings in our company after the initial public offering. We warmly welcome all of you as shareholders in our company!

After less than 2 months on the stock exchange, METRO already met the criteria for inclusion in the second most important German stock index. Shares in the new METRO AG were included in the MDAX on 18 September 2017. This helps us position ourselves on the capital market and appeal to a wider circle of investors, such as index funds that track the stock market index. In addition to the development of our share price, attractive dividends are an important aspect for many of our shareholders. At the first ordinary Annual General Meeting of the new METRO AG to be held in Düsseldorf on 16 February 2018, to which I cordially invite you, the Management Board and the Supervisory Board will propose payment of a dividend of €0.70 per share on the basis of our dividend policy. I would be delighted to welcome you at the meeting.

Even though the new METRO AG is still a young company, we will be able to report on the development of our company over a complete financial year and also offer a comparison with the previous year. The previous year's financial figures as of 30 September 2016 correspond to those reported in the combined financial statements of the former METRO Wholesale & Food Specialist Group.

We have had an eventful financial year. In our transformation process towards becoming a more customer-focused company, we have taken an important step to focus all our efforts on generating additional value for our customers.

With our METRO Wholesale and Real segments, we are a leading specialist in the wholesale and food retail trade. The METRO Wholesale segment includes our METRO Cash & Carry sales line with stores in 25 countries, but also the entire delivery business, which is making a significant contribution to growth. Real is focusing on the German market with its hypermarkets and will roll out the successfully trialled Food Lover concept, which combines emotional and rational customer needs, in additional stores, either to the full extent or via selected modules. Our digitisation initiatives allow us to promote the development of digital solutions for our hospitality and retail customers. Our goal is to elevate the food and hospitality sector to a whole new level. We understand that assisting our customers in becoming more successful will also deliver rewards for our company.

We will also not rest in our efforts to continuously optimise our business. From today‘s perspective, we do not expect any further major restructuring measures. The practice of adjusting our earnings for special items will not be used beyond the reporting year 2016/17. We will make changes to our reporting in the future; for that reason, all necessary measures from financial year 2017/18 onwards will be included in the reported earnings.

Directing our focus on the wholesale and food retail sector has greatly extended our company's flexibility and agility. This allows us to further sharpen our customer focus, accelerate growth, increase the implementation speed and ultimately improve our operational earning power.

METRO WHOLESALE

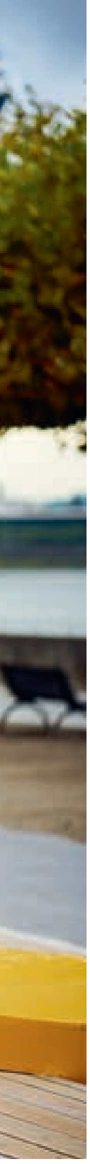
The core customers for our **METRO Cash & Carry** sales line are small and medium-sized companies. We have divided them into 3 customer groups: HoReCa, Trader and Service Companies and Offices. These customer groups vary regionally. In Eastern Europe, for example, food stalls and small traders – especially in countries such as Romania, Poland and Russia – still account for 40% of total food retail sales, compared to less than 10% in Germany. These regional differences are also reflected in our business: while small independent retailers are our main target group in Eastern Europe, we are concentrating our efforts in Southern and Western Europe on the many hotels and restaurants.

Clear trends are evident for the store-based business of METRO wholesale outlets. Assortments are increasingly geared to local needs, inspiration and knowledge transfer are becoming more important and the development of solutions for our customers, such as pre-packed goods or post-purchase delivery, is gaining in relevance. Our focus is on food products, but also on those non-food categories that allow us to provide meaningful support to our customers. The share of food in our total sales revenues will continue to rise as it has done over the past years, with our private label products playing a very important role. Our private label products are designed to provide our customers with unique added value at attractive prices. They also complement the business models of our customers in terms of their composition, processing or packaging.

Our **delivery business** is a great success story. We now deliver our products to customers far beyond the 25 countries in which we currently operate wholesale stores. The targeted acquisition of food service distribution specialists (FSD) – most recently Pro à Pro in February 2017 – has enabled us to extend this service to currently 35 countries worldwide. Of the approximately €30 billion worldwide sales revenues in the METRO Wholesale segment, the delivery business already accounts for more than €4.6 billion. Double-digit growth rates have been achieved by responding to the specific needs of our customers with great accuracy. We have also extended our range of products in line with the growing number of delivery customers. While purchases were initially delivered from our stores, we now also operate 87 hubs dedicated to our delivery business.

We have also expanded our franchise network to currently 5,087 partners. Our trader franchise programme supports retailers in Eastern Europe in planning and designing their stores as well as in implementation. The advice we give goes far beyond the composition of the assortment. We also assist our partners in all kinds of business-related issues and offer solutions for their daily business operations. We intend to employ our franchise solution to significantly increase our number of customers from the Trader segment, especially in Russia.

Our customers are passionate entrepreneurs. This is unmistakably expressed in their dedication and in the diversity and quality of their daily business activities. It is, however, a fact that most small and medium-sized businesses are still working without much technological support. This situation offers significant potential for our customers to improve their results considerably. Progressing **digitisation** has created cost-effective yet powerful solutions that can help independent entrepreneurs increase their sales and reduce their costs and administrative burden. Our HoReCa Digital business unit focuses exclusively on identifying which solutions we can use to make the greatest positive contribution to the success of our customers. Besides the many start-ups we have supported through METRO Accelerator powered by Techstars, we work with numerous other companies offering digital solutions to small and medium-sized businesses in the hospitality and food retail industries. In pilot projects in Berlin, Paris, Milan, Barcelona and Vienna, we have provided approximately 500 customers with digital solutions which support them in running their business. The results were positive and reaffirm our strategy to significantly expand our exposure to HoReCa Digital. Digital solutions will add to our customers' success and, at the same time, further increase the relevance of METRO for small and medium-sized enterprises. In addition, we offer innovators in digital fields a unique platform to reach a significant number of customers efficiently in a short time. We want to help both established companies and start-ups to reach the very fragmented markets of independent hospitality operators and retailers. We aim to make a noticeable contribution to significantly accelerating digitisation in our industry sector.



Our customers are part of a great community of independent entrepreneurs. We support this community in many different ways across numerous countries. Since 2016, we have also organised the Own Business Day. On this day, we celebrate the diversity, creativity and passion of independent entrepreneurs around the world. We organise various events that highlight our appreciation and respect for the outstanding performance of these entrepreneurs. We also provide them with a platform to make their businesses even more popular and attractive with unique offerings. 20,000 entrepreneurs participated in the first Own Business Day, with more than 100,000 in the following year. The use of digital tools plays a major role in this growth. The Own Business Day is made accessible worldwide via an app specifically developed for this purpose.

REAL

Turning to our **Real** sales line, we are proud to have made great progress in refining our market profile. Real is already the nation's retailer with the widest range of products. It offers outstanding quality. To further increase customer appeal, we need to reinforce the actual benefits by enhancing them with emotional aspects. A unique concept aiming in this direction is the new Markthalle Krefeld, which was implemented in November 2016. Customers who are excited about variety in particular are looking for inspiration and advice. This is exactly what we aim to provide with the new store concept: it combines an extensive food assortment and outstanding freshness with elements of themed food experiences, making the hypermarket an ideal place for connoisseurs. The concept has been well received by the customers. The customer foot-print has increased sustainably by 30%. Based on the experience we have gained, the expansion of the concept to other stores is already planned with our next location in Brunswick. We will also roll out individual modules of this concept across a larger number of stores. Our objective is to further increase the appeal for our customers as quickly and effectively as possible.

The online business of Real has also taken a big step forward. The Hitmeister shopping portal, which we acquired in 2016, was successfully integrated into the real.de website in February 2017. Consumers can now choose from a very large product range. The growth rates are enormous and we are excited about the encouraging results. Online sales grew by more than 50%. Real now also offers online shopping for food products. The orders are packed ready to go and can be picked up from one of the 9 Real stores currently offering this service. Alternatively home delivery, including fresh food, is available in many areas. Our plan is to set up a nationwide delivery service after conducting a trial in Düsseldorf.

METRO understands its role as a member of society who contributes to the creation of additional value. We have a moral obligation to balance our economic interests with both social demands and the requirements of our customers, employees, investors and business partners. That is why sustainability is an integral part of our actions and firmly anchored in our company and our sales lines. Coinciding with the publication of this report, we have released a Corporate Responsibility Progress Report. The sustainability management of the new METRO AG is already receiving accolades: the rating agency Oekom Research has accepted us into the wholesale industry sector and made us the industry leader with a prime rating. We were named industry leader in the Indices Dow Jones Sustainability World and Europe for the third time in financial year 2016/17.

Financial year 2016/17 was a successful one across the entire METRO organisation. METRO increased like-for-like sales revenues by 0.5% in financial year 2016/17. At €37.1 billion, reported sales revenues were 1.6% higher than in the previous year. EBIT before special items amounted to €1,106 million.

How will financial year 2017/18 develop? Our sales lines have almost completed their transformation process. Future expenses for the remaining measures will no longer be reported as special items. For you, that means that starting in financial year 2017/18, we will only report a single earnings figure.

Analogous to our medium-term goals, we anticipate positive growth of our total revenue again in financial year 2017/18, assuming stable exchange rates and no portfolio adjustments. We aim for our growth rate to at least match the 1.1% growth achieved in financial year 2016/17. We expect the EBITDA excluding earnings contributions from real estate transactions to increase by at least 10% on the previous year's result (€1,436 million). Our goals include new stores as well as the continued expansion of the delivery business and the roll-out of our market hall concept in existing Real stores.

It is important to me to mention our more than 150,000 employees, for whom the transformation period and demerger were quite challenging. I would like to express, also on behalf of my colleagues, our deep gratitude to them for going the extra mile with us. We are well aware of the fact that our employees are the key to our success. This is why we regularly conduct surveys to measure staff engagement, which provides information about how well our employees identify with their company. The positive result attained in the past financial year reaffirms the path we have chosen, but also indicates areas with room for improvement, which we will work on.

Thank you for your interest, your loyalty and the continued trust you place in us. METRO AG has great plans for the future. My colleagues on the Management Board and I look forward to paving the way for the future together with our colleagues, our customers, our partners and you, our shareholders.

Yours faithfully,

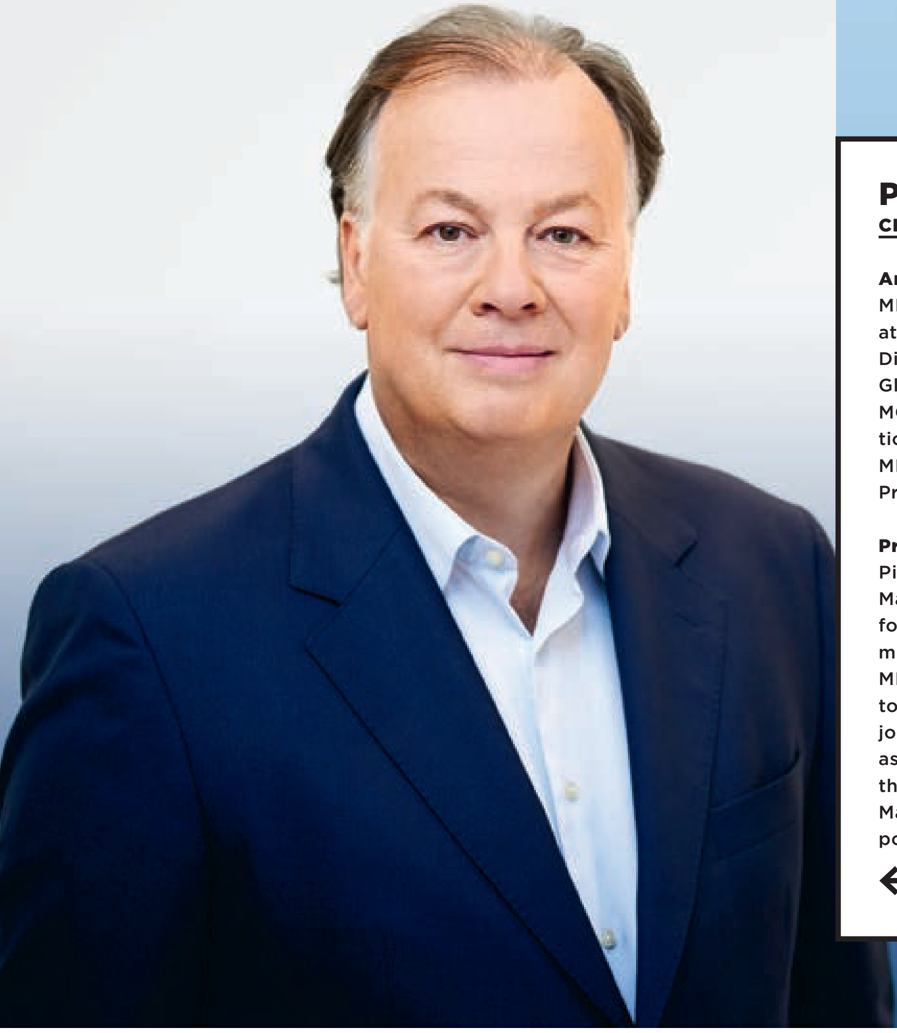
Olaf Koch
CHAIRMAN OF THE MANAGEMENT BOARD OF METRO AG

THE MANAGEMENT BOARD

Olaf Koch
CHAIRMAN OF THE MANAGEMENT BOARD

Areas of responsibility
Corporate Communications and Public Policy, Investor Relations and Corporate M&A, Corporate Legal Affairs & Compliance, Corporate Office, Corporate Strategy, HoReCa Digital, Real

Profile
Olaf Koch was appointed Chief Executive Officer of METRO AG on 2 March 2017 for a term ending on 1 March 2022. He was the Chief Executive Officer of the former METRO AG (now: CECONOMY AG) from 1 January 2012 to 12 July 2017 and Chief Financial Officer of the same company from 14 September 2009 until the end of 2011. He was previously employed at the financial investor Permira. Following his graduation in business administration, Mr Koch started his career at Daimler-Benz AG in 1994. He was a board member of Mercedes Car Group from 2002 to 2007.



Pieter C. Boone
CHIEF OPERATING OFFICER

Areas of responsibility
METRO Cash & Carry (MCC) Operating Board, Operations, Expansion & Investment MCC, Food Service Distribution MCC, Global Food & Non-Food Sourcing, Global Business & Supplier Management, Marketing MCC, Quality Assurance MCC, Supply Chain / Logistics, Trader Franchise MCC, METRO ADVERTISING, METRO SOURCING International, Classic Fine Foods, Pro à Pro, Rungis Express

Profile
Pieter C. Boone was appointed member of the Management Board of METRO AG on 2 March 2017 for a term ending on 30 September 2020. He was a member of the Management Board of the former METRO AG (now: CECONOMY AG) from 1 July 2015 to 12 July 2017. Mr Boone is 50 years of age and joined METRO Cash & Carry Russia in the year 2011 as the company's Operations Director. He assumed the position of Managing Director at that company in March 2012. Mr Boone previously held management positions in Peru, the Philippines, Malaysia, Thailand and Indonesia for the Dutch trading company SHV Holdings.

Christian Baier
CHIEF FINANCIAL OFFICER

Areas of responsibility
Corporate Accounting, Corporate Controlling & Finance, Corporate Risk Management, Corporate Tax, Corporate Treasury, METRO PROPERTIES, METRO LOGISTICS, MIAG, METRO Insurance Broker

Profile
Christian Baier was appointed member of the Management Board of METRO AG on 11 November 2016 for a term ending on 30 September 2020. He was the Chief Financial Officer (CFO) of METRO Cash & Carry from 1 July 2015 to 1 March 2017 and previously held the position of Group Director Strategy, Business Innovation and M&A at the former METRO AG. Mr Baier is 41 years of age and joined METRO Cash & Carry Germany as a member of the Management Board / Head of Finance and Administration – C+C Schaper – in the year 2011. He holds a BA in business administration and an MBA from New York University and was previously employed at the finance investor Permira and a number of banks.

Heiko Hutmacher
CHIEF HUMAN RESOURCES OFFICER AND LABOUR DIRECTOR

Areas of responsibility
Human Resources (HR Campus, Compensation & HR Processes, Global Talent Management & Recruitment, HR Operations & Leadership, Labour Relations Germany & Labour Law), Corporate Responsibility, Global Business Services, Group Internal Audit, Information & Technology, METRO SERVICES, METRO SYSTEMS

Profile
Heiko Hutmacher assumed his position on the Management Board on 2 March 2017 and was appointed Chief Human Resources Officer of METRO AG on 31 August 2017 for a term ending on 30 September 2020. He was a member of the Management Board of the former METRO AG (now: CECONOMY AG) from 1 October 2011 to 12 July 2017 and held the position of Chief Human Resources Officer. From April 2012 to June 2015, the 60-year-old headed the Human Resources Department at METRO Cash & Carry. Mr Hutmacher holds a degree in business administration. His experience in human resources spans over 30 years, including posts at IBM and Akzo Nobel.

THE YEAR IN REVIEW

SELECTED EVENTS DURING FINANCIAL YEAR 2016/17

Q1 2016/17

METRO Accelerator for Retail announced
16/11/2016 – The mentoring programme METRO Accelerator powered by Techstars will be extended: METRO Accelerator for Retail focuses on entrepreneurs offering digital solutions for small retailers (traders). The joint initiative by METRO and Techstars previously focused on start-ups that are specialised in innovations for the HoReCa sector. In the future, the METRO Accelerator for Hospitality will alternate with the METRO Accelerator for Retail. The programmes aim at driving the digitisation in these 2 industry sectors.

Real opens Markthalle Krefeld
24/11/2016 – Real opened Markthalle Krefeld, a store of an extraordinary size boasting its own food service section and an unparalleled range of fresh produce. It is structured just like a traditional covered market and contains many small shops: a butcher shop, artisanal bakery, coffee roasting house and specialist stores selling wine, cheese or fish. It is the first store based on the new Food Lover concept.

Demo Day METRO Accelerator for Hospitality
7/12/2016 – The Demo Day of the second METRO Accelerator programme for hotels, restaurants and catering operators saw 10 start-up companies presenting their digital business models to around 300 potential investors. The presented solutions included a digital personal assistant and a recruiting platform for event staff.

Capital Markets Day
15/12/2016 – The 2 companies formed by the demerger of the former METRO GROUP used the Capital Markets Day to present their respective strategies and medium-term outlook for the first time. This was also the occasion of unveiling the new company names to the public: METRO will be the name for the leading international wholesale and food retail company, while CECONOMY will be the name of the new consumer electronics company.

Q2 2016/17

METRO Cash & Carry Germany opens additional delivery hubs
10/1/2017 – METRO Cash & Carry Germany expanded the delivery business by opening 4 new delivery hubs in Neu-Ulm, Berlin, Neuss and Neumünster. Together with the existing facility in Weiterstadt, the company now operates 5 central supplier depots. The expansion of the delivery hub network means that METRO Cash & Carry Germany has completed another step on its way to the leading multichannel wholesaler in Germany.

Pro à Pro is providing a boost to the company’s FSD expertise in France
1/2/2017 – Pro à Pro is an important food delivery service for French catering operators. The acquisition allowed METRO Wholesale to significantly expand its delivery network and bolster its expertise in the food service distribution segment of the French wholesale market.

Annual General Meeting approves demerger
6/2/2017 – The shareholders of the former METRO AG approved of the group’s demerger with an overwhelming majority of 99.95% of votes cast. There will be 2 independent market players in the future: METRO operates in wholesale and retail with its sales lines METRO Cash & Carry and Real. CECONOMY is the umbrella organisation for Media Markt, Saturn and other companies, as well as for concepts and brands in the area of consumer electronics.

Real.de completes integration of Hitmeister online shop
17/2/2017 – Real has significantly expanded the product range available from its online shop real.de by integrating the popular online shop Hitmeister. Today, customers can choose from a huge selection of products.

Joint venture agreement for wholesale distribution in Myanmar signed
24/2/2017 – The former METRO GROUP Wholesale & Food Specialist Company formed a joint venture with Yoma Strategic Holdings Ltd., a stock exchange-listed company from Singapore that focuses its activities on Myanmar, for the development of a 1-stop food sales platform in Myanmar. The joint venture agreement provides for METRO to hold 85% of shares in the newly formed METRO Wholesale Myanmar Ltd., while the remaining 15% are held by Yoma Strategic Holdings.

Q3 2016/17

RTG Retail Trade Group established
3/4/2017 – Real and 5 other established retail companies have founded RTG Retail Trade Group with registered office in Hamburg. The objective is to jointly benefit from synergies and potentials and thereby further improve the competitiveness of all partners.

Partnerships with Planday and Yoyo Wallet
21/6 / 26/6/2017 – METRO expands its activities in the area of the digital transformation in the catering sector and (still under the name METRO GROUP) forms partnerships with the start-up companies Planday and Yoyo Wallet. Planday is the leading European provider of digital personnel resource planning and workforce management solutions. Yoyo Wallet offers a combination of quick and easy technologies for mobile payments.

Rating agency S&P confirms METRO's investment grade rating
26/6/2017 – International rating agency Standard & Poor's (S&P) has confirmed the investment grade rating for the future wholesale and food specialist METRO and changed its previously preliminary assessment of BBB-/A 3 from December of the previous year to final.

Q4 2016/17

Shares in the new METRO now trading on the stock exchange
12/7 / 13/7/2017 – As the demerger came into effect on 12 July 2017, shares in METRO commenced trading on the stock exchange. Investors are for the first time able to invest in the business of a dedicated wholesale and food specialist. The shareholders of the former METRO AG will receive one additional share in the new METRO AG for each share already held by them.

Demo Day METRO Accelerator for Retail
5/9/2017 – The Demo Day wrapped up the first round of the first Accelerator programme worldwide focusing on retail and wholesale. Following 3 months of comprehensive mentoring and coaching, the 9 participating teams presented their innovative digital solutions for retail companies to around 250 international investors, experts and multipliers.

METRO tops the Dow Jones Sustainability Index in its industry sector
7/9/2017 – The Dow Jones Sustainability World and Europe indices have distinguished METRO as an industry leader in the highly competitive Food & Staples Retailing group for the third time running. METRO is now among the retail companies with the most sustainable operations worldwide.

Interactive exhibition METRO unboxed opened
13/9/2017 – Business partners, customers, suppliers, students, school classes, locals from Düsseldorf and visitors from all over the world were given a glimpse into the world of the new METRO in a temporary exhibition pavilion at the banks of the river Rhine in Düsseldorf. 38 exhibition booths offer interesting insights into the METRO countries and interesting facts on the retail company's international activities and key focal issues.

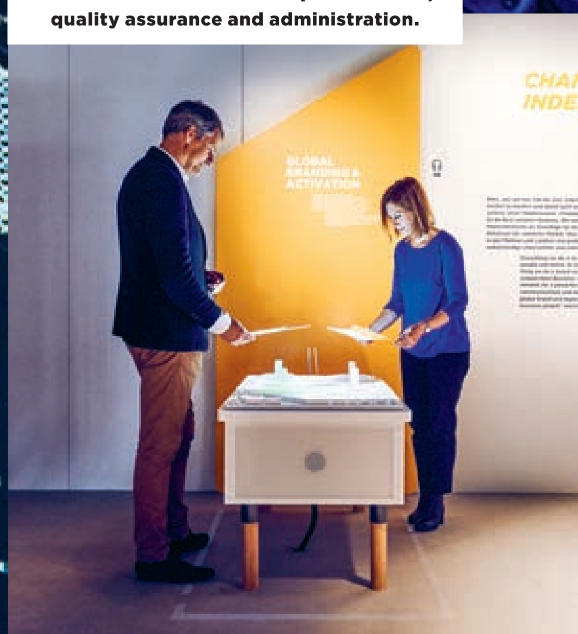
Impressions can be found on the next page.

METRO share included in the MDAX
18/9/2017 – Following a successful index assessment by the German stock exchange, METRO AG shares have been included in the MDAX only 2 months after the company's initial public offering. The second most important German share index reflects the share price development of 50 mainly German companies from the traditional industry sectors.

Some 30,000 visitors came to the METRO unboxed pavilion on the Rhine up until the beginning of October.

All METRO countries were there: from Spain and Bulgaria to India and Japan. Real and the delivery services also presented themselves. The programme was rounded off by cooking events and concerts.

METRO's service companies presented themselves interactively. They provide assistance in areas such as procurement, quality assurance and administration.



METRO SHARE

Shares in the new METRO AG made their trading debut on the Frankfurt and Luxembourg Stock Exchanges on 13 July 2017. Ordinary shares in METRO carry the International Securities Identification Number (ISIN) DE000BFB0019 and the German Securities Identification Number (WKN) BFB001. The METRO ticker symbol is B4B. 46.76% of shares in METRO AG are free-floating.

The first trading day on 13 July 2017 saw the METRO share price closing at €18.05 in the Frankfurt Xetra trading, with the trading volume amounting to around 8.5 million shares.

The share price continued to fluctuate until the end of the financial year and was also influenced by macroeconomic developments and industry sector-specific news. In September, the closing price of ordinary shares in METRO was €17.89. Preference shares ended the financial year at a price of €16.75.

METRO SHARE

			2016/17
Closing price	Ordinary shares	€	**17.89**
	Preference shares	€	**16.75**
High	Ordinary shares	€	**18.45**
	Preference shares	€	**18.50**
Low	Ordinary shares	€	**16.34**
	Preference shares	€	**16.30**
Dividends	Ordinary shares	€	**0.70**[1]
	Preference shares	€	**0.70**[1]
Dividend yield	Ordinary shares	%	**3.9**[1]
based on closing price	Preference shares	%	**4.2**[1]
Market capitalisation (billion)		€	**6.5**

[1] Subject to the resolution of the Annual General Meeting.

Data based on Xetra closing prices
Source: Bloomberg

INFORMATION ABOUT THE METRO SHARES

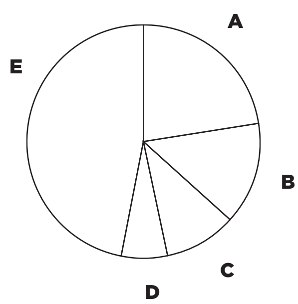
	Ordinary shares	Preference shares
Stock market symbol	B4B GR	B4B3
German Securities Identification Number	BFB001	BFB002
ISIN code	DE000BFB0019	DE000BFB0027
Reuters code	B4B.DE	B4B3_p.DE
Bloomberg code	B4BGR	B4B3GR
Number of shares	360,121,736	2,975,517
Stock market segment	Prime Standard	Prime Standard
Stock exchange	Frankfurt, Luxembourg	Frankfurt, Luxembourg

Shareholder structure of METRO AG

The major shareholders of METRO AG (formerly METRO Wholesale & Food Specialist AG) are Haniel, Schmidt-Ruthenbeck, CECONOMY and Beisheim shareholder groups. According to information available to METRO AG based on the notifications of voting rights according to the German Securities Trading Act (WpHG), they held around 53.23% of the voting rights as of 30 September 2017. This results in the following voting rights of the 4 major shareholders: The Haniel shareholder group is METRO AG's largest shareholder with a voting share of around 22.50%. The Schmidt-Ruthenbeck shareholder group is METRO AG's second-largest shareholder with a voting share of around 14.19%. The third largest shareholder is the CECONOMY shareholder group, which holds approximately 9.99% of voting rights in METRO AG. The fourth-largest shareholder is the Beisheim shareholder group with approximately 6.56% of voting rights.

Approximately 46.76% of METRO AG shares are free-floating and held by a large number of domestic and international investors. Other information available to METRO AG indicates that US and British investors account for the largest share of institutional investors, followed by investors from France and Germany. According to a voting rights notification dated 19 September 2017, the investment company J O Hambro Capital Management Limited is the largest institutional shareholder, holding approximately 2.47% of voting rights (plus 0.99% financial instruments). The 10 largest institutional investors hold around 34% of the free-floating shares.

SHAREHOLDER STRUCTURE



	Number of shares	%	
A	**81,015,280**	**22.50**	Haniel
B	**51,117,363**	**14.19**	Schmidt-Ruthenbeck
C	**36,012,173**	**9.99**	CECONOMY
D	**23,615,334**	**6.56**	Beisheim
E	**168,361,586**	**46.76**	Free-floating shares
	360,121,736	**100,00**	

The information above is in particular based on notifications issued under §§ 21 of the German Securities Trading Act that were received and published by METRO AG.

Market capitalisation and index inclusion

The market capitalisation of METRO AG was €6.5 billion at the end of September 2017. In the time between the initial stock exchange listing and the end of the financial year, a typical trading day at the Frankfurt Stock Exchange saw an average volume of 1.4 million of METRO's ordinary shares traded. Around 4,500 of the significantly less liquid preference shares were exchanged on each trading day.

On the first day of trading, 13 July 2017, shares in the new METRO AG were included in the MDAX under the name METRO Wholesale & Food Specialist AG for a single day. This was due to the demerger of the former METRO GROUP and the fact that the German Stock Exchange index rules stipulate inclusion in the index for both the old company as well as the demerged company for one day. METRO AG as the demerged company was removed from the index after that one day and may requalify for inclusion at a later time. The MDAX comprises the 50 largest German corporations with the highest trading volumes below the DAX 30. The composition is based on fixed inclusion criteria. In addition to being listed in the so-called Prime Standard and a free-float of more than 10%, inclusion in the index depends on the free-float market capitalisation and the stock exchange turnover. Because the new METRO already met the inclusion criteria at the time of the major review conducted in early September, the METRO share has been included in the MDAX since 18 September 2017. The free-float market capitalisation of METRO AG was €2.9 billion at the end of the financial year. METRO is therefore ranked no. 23 in the MDAX. METRO was ranked no. 13 in the MDAX in terms of stock exchange turnover.

The policies of the global MSCI indices take a different approach. Owing to the fact that the former METRO Wholesale & Food Specialist AG was, based on its market capitalisation, the greater entity resulting from the demerger of the former METRO GROUP, the old METRO AG was replaced by METRO Wholesale & Food Specialist AG and was thus included in the MSCI indices from the first trading day.

The METRO share is also included in the relevant industry sector indices EURO STOXX Retail and STOXX 600 Retail.

Many investors place a high priority on the issue of sustainability, including for risk-related reasons. METRO AG was recognised as the most sustainable retail company in the Food and Staples Retailing category in the Dow Jones Sustainability Index, making the company the industry leader in this segment. METRO shares are also listed in the Dow Jones Sustainability World and Dow Jones Sustainability Europe indices. Rating agency Oekom Research issued a prime recommendation for METRO AG in the wholesale category (Trading Companies & Distributors). In this category, METRO immediately assumed the top position among approximately 70 international companies.

METRO shares are also included in the MSCI World ESG Leaders Index and its European counterparts.

METRO's membership in the most important sustainability index groups demonstrates that METRO is on the right track with its sustainable business practices and that the capital markets are rewarding its efforts in this area.

Dividend and dividend policy

METRO intends to pay an attractive dividend. As stated in the securities prospectus, METRO's dividend policy provides for a payout ratio of 45 to 55% of earnings per share.

For financial year 2016/17, the earnings per share before special items are adjusted one last time. Starting in financial year 2017/18, the reported earnings per share are key factors.

The Management and Supervisory Boards of METRO AG will therefore propose to the Annual General Meeting of METRO AG on 16 February 2018 to pay a dividend of €0.70 per ordinary and preference share. The payout ratio corresponds to 45.2% based on earnings per share before special items in the amount of €1.55 per ordinary share.

Based on the closing prices on 30 September 2017, the dividend yields are as follows: 3.9% for METRO ordinary shares and 4.2% for METRO preference shares.

Analysts' recommendations

18 analysts from respected domestic and international banks have started tracking and evaluating METRO AG shortly after trading in the company's shares commenced. METRO AG publishes their recommendations and target share prices in the Investor Relations section at www.metroag.de/en/investors. At the end of financial year 2016/17, 61% of analysts issued "buy" recommendations for the METRO share, while 39% ranked them as "hold". Not a single analyst made a "sell" recommendation. The median value of share price targets was €20.20 at the end of September 2017.

Grade	Bank	Registered office	Share price target (€)
Buy			
	Barclays	London	23.00
	BAML	London	22.50
	Commerzbank	Frankfurt	22.00
	DZ Bank	Frankfurt	22.20
	equinet	Frankfurt	29.00
	Independent Research	Frankfurt	20.00
	Kepler Chevreux	Frankfurt	20.20
	Oddo	Paris	20.00
	Raymond James	London	21.00
	Solventis	Mainz	32.00
	Warburg Research	Hamburg	23.80
Hold			
	Bernstein	London	17.10
	Deutsche Bank	London	16.50
	Exane	London	18.50
	HSBC	London	18.50
	Jefferies	London	17.30
	J.P. Morgan	London	19.00
	Morgan Stanley	London	18.00

Investor Relations

The Investor Relations team at METRO AG is available to provide comprehensive information to all capital market participants. The team is guided by the principles of customer-focused capital market support. These principles affect in particular:

- Topicality: assurance of information leadership
- Continuity: consistency in external communications
- Credibility: disclosure of accurate information
- Equal treatment: all recipients are provided with the same information at the same time

The fixed dates for our regular reporting will in the future provide the framework for our capital markets communications. The year begins with the sales report for the past financial year. The annual report outlining the company's business development in the respective financial year will be presented at the balance sheet press conference in mid-December and in a conference call for analysts and investors. Sales for the Christmas period are announced in January. Approximately one month after the end of each quarter, METRO AG holds a conference call to inform capital market participants about the previous reporting period. These conference calls can be followed live on the internet and are available worldwide along with a presentation in the

Investor Relations section of METRO's website. The associated reports can also be downloaded. Other relevant events can also be found in the Investor Relations section under the subsection Investor News: www.metroag.de/en/investors.

METRO continues its direct dialogue with shareholders, potential investors and analysts through its presence in all key financial markets in Europe and the United States. In addition, analysts and investors may gain a better impression of METRO's performance and innovative capabilities at the METRO AG head office in Düsseldorf. METRO receives frequent requests for discussions with company representatives and visits to company locations, reflecting the high level of interest in the group. In December 2016, a capital market day was conducted in the lead-up to the demerger. The company presented its strategy for the new METRO in much detail and also offered a medium-term outlook. This allowed investors to inform themselves prior to casting their vote on the demerger of the former METRO GROUP and facilitated their decision-making process. The new METRO conducted an investor day in September 2017, which also provided analysts and institutional investors with an opportunity to visit METRO outlets in Krefeld. Real presented the Markthalle Krefeld while METRO Wholesale presented a redesigned wholesale store. This was followed by the CEO and CFO of METRO AG answering questions at the METRO exhibition pavilion located on the banks of the river Rhine in Düsseldorf. The exhibition also presented a comprehensive overview of METRO's international activities.

Private investors are another large and significant shareholder group of METRO AG. Their central, one-stop source of information is the Investor Relations section on METRO's website, which is available in German and English. The web presence includes insights into the company's strategy and business development, all new publications as well as an archive of annual reports. Investors are also able to contact the Investor Relations department directly. The Annual General Meeting provides all shareholders with the opportunity to learn more about METRO and see the members of the Management Board in person.

Its active membership in the German Equity Institute (Deutsches Aktieninstitut e. V., DAI) in Frankfurt, allows METRO AG to actively support efforts to foster a shareholder culture in Germany. METRO is also committed to the principles of open and continuous communications, which is expressed in the company's membership in the German Investor Relations Association (Deutscher Investor Relations Verband e. V., DIRK).

Contact Investor Relations

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METRO IN FIGURES

€ million		2014/15	2015/16	**2016/17**	Change in %
Key financial figures					
Sales development (like-for-like)	%	0.6	0.2	**0.5**	–
Sales (net)		37,496	36,549	**37,140**	1.6
thereof METRO Wholesale		29,692	29,000	**29,866**	3.0
thereof Real		7,736	7,478	**7,247**	–3.1
EBITDA		1,606	1,918	**1,611**	–16.0
EBITDA before special items[1]		1,771	1,791	**1,810**	1.0
EBIT		860	1,219	**852**	–30.1
EBIT before special items[1]		1,081	1,106	**1,106**	0.1
thereof METRO Wholesale[1]		1,061	1,048	**1,114**	6.2
thereof Real[1]		93	105	**80**	–24.3
EBT (earnings before taxes)		466	894	**649**	–27.4
EBT (earnings before taxes) and before special items[1]		693	808	**896**	10.9
Profit or loss for the period		265	519	**345**	–33.5
Profit for the period before special items[1]		464	495	**583**	17.8
Earnings per share (basic = diluted)[2]	€	0.70[3]	1.39[3]	**0.89**	–36.0
Earnings per share before special items[1, 2]	€	1.25[3]	1.33[3]	**1.55**	16.5
Dividend per ordinary share	€	0	0	**0.70**[4]	–
Dividend per preference share	€	0	0	**0.70**[4]	–
Cash flow from operating activities		1,252	1,173	**1,027**	–12.4
Investments		1,155	1,007	**827**	–17.9
Equity ratio	%	14.2	18.3	**20.3**	–
Net debt		3,815	3,051	**3,142**	3.0
Employee (annual average by headcount)		165.404	156,852	**155,082**	–1.1
Locations		1,061	1,041	**1,041**	0.0
Selling space (1,000 m²)		7,529	7,377	**7,249**	–1.7

[1] The special items for 2015/16 and 2016/17 are presented in the combined management report: 3 – economic report, 3.2 assets, financial and earnings position – earnings position – special items.
[2] After non-controlling interests.
[3] Pro forma disclosure of combined financial statements.
[4] Subject to the resolution of the Annual General Meeting.

MULTI-YEAR OVERVIEW

		2013/14	2014/15	2015/16	**2016/17**
Key financial figures					
Sales (net)	€ million	38,970	37,496	36,549	**37,140**
EBITDA[1]	€ million	1,957	1,771	1,791	**1,810**
EBIT[1]	€ million	1,275	1,081	1,106	**1,106**
EBIT margin[1]	%	3.0	2.6	3.0	**3.0**
Earnings before taxes[1]	€ million	837	693	808	**896**
Profit or loss for the period[1]	€ million	402	464	495	**583**
thereof profit or loss for the period attributable to shareholders of METRO AG[1]	€ million	40	254	506	**325**
Investments	€ million	757	1,155	1,007	**827**
Total assets	€ million	17,103	18,725	15,992	**15,779**
Equity	€ million	826	2,651	2,924	**3,207**
Equity ratio	%	4.8	14.2	18.3	**20.3**
Equity return on capital employed after taxes	%	48.7	17.5	16.9	**18.2**
Earnings per share (basic = diluted)[2]	€	0.11[4]	0.70[4]	1.39[4]	**0.89**
Dividends					
Dividend per ordinary share[3]	€	0.00	0.00	0.00	**0.70**
Dividend per preference share[3]	€	0.00	0.00	0.00	**0.70**
Operational data					
Employee (annual average by headcount)		173,234	165,404	156,852	**155,082**
Locations		1,077	1,061	1,041	**1,041**
Selling space (1,000 m²)		7,721	7,529	7,377	**7,249**

[1] Before special items; the special items for 2015/16 and 2016/17 are presented in the combined management report as: 3 economic report – 3.2. asset, financial and earnings position – earnings position – special items.
[2] After non-controlling interests.
[3] Subject to the resolution of the Annual General Meeting.
[4] Pro forma disclosure of combined financial statements.