TO OUR SHARE-HOLDERS

LETTER TO THE SHAREHOLDERS

Dear Ladies and Gentlemen,

Our origin is wholesale, wholesale is our future. We have consistently aligned our company in that direction in recent years. Since 2012, we have focused all our efforts on wholesale while simultaneously modernising and localising our business models. The restructuring of the group took high priority. For example, with more than one major annual transaction in the area of mergers and acquisitions, we have demonstrably forged ahead with portfolio simplification. This allowed us to reduce the company's debt by around €5 billion. At the same time, we have been expanding our core business, wholesale. With a consistent focus on the 2 core customer groups HoReCa (hotels, restaurants and catering companies) and Traders (independent grocery stores) we were once again able to report noticeable sales growth in the past financial year. This enabled us to create the foundation for further growth and to identify new business opportunities. All things considered, we are much more vital and agile today than at the beginning of our transformation. This also puts us in a position to respond much faster to an increasingly dynamic market environment.
As a shareholder, you join us in the implementation of our strategy. During the group restructuring phase we were able to distribute more than €2 billion to our shareholders. Thank you for supporting us on this path.
In financial year 2018/19, we made great progress with our transformation strategy once again:

- The sale of the hypermarket business is well advanced. We are in the final stages of negotiations and are working with the potential buyer on the future concept for Real, which includes retaining part of the core business and passing on some store networks to competitors. Moreover, the early involvement of the antitrust authorities has increased transaction

CEO video in the online report:
https://reports.metroag.de

security. Therefore, we are confident that we will be able to sign off on the transaction in the very near future.

- In October 2019, we signed an agreement to **sell a majority stake in METRO China** to Wumei. As a result of the sale, the global share of sales of the core customer groups HoReCa and Traders will increase significantly, while METRO's 20% stake will open up various strategic partnership opportunities with Wumei. We expect this transaction to result in a net cash inflow of more than €1 billion, after deduction of debt, taxes and other transaction costs. These proceeds will provide room and flexibility for future growth initiatives. As a result of the sale, METRO China is reported as a discontinued operation as of 30 September 2019 in accordance with IFRS 5. However, selectively it is still included in this annual report for the purpose of comparison with the outlook for the past financial year and as the basis for the dividend proposal.

- Group-wide, we achieved like-for-like sales growth of 2.4% including METRO China. This is the **highest growth in the last decade for METRO Wholesale**. This clearly shows how our strategic approach Wholesale 360 increases customer relevance and consequently our sales.
- As expected, EBITDA from operating activities of the group as a whole declined by −4.2% due to higher investments in IT and digitalisation as well as the ongoing macroeconomic challenges in Russia. By contrast, EBITDA grew in the Western Europe, Germany and Asia segments.
- Supplemented by income from real estate transactions in the amount of €388 million which clearly exceeded expectations, a largely stable tax rate and a significantly improved financial result, we considerably increased **earnings per share from 1.22 to 1.44** (including METRO China). On this basis, we will propose a **dividend of €0.70 per share** to the Annual General Meeting of METRO AG. This dividend proposal corresponds to 49% of earnings per share (including METRO China) and is thus in line with our dividend policy.

With the completed reduction of the conglomerate, the focus on the wholesale business and the expansion of service offerings for our customers, we will succeed in further increasing the value of the company. As part of the voluntary takeover offer by EP Global Commerce (EPGC), whom we welcome among our shareholders, you, our current shareholders, have held onto a majority of your shares. By doing so, you have confirmed your confidence in METRO's strategy and we thank you for that.

Focus on wholesale

Let me take this opportunity to explain in more detail why the wholesale business offers so many opportunities for us. METRO operates in attractive and constantly growing markets. The addressable HoReCa and Traders markets comprise more than €650 billion and more than €850 billion, respectively, for our country portfolio. Growth rates in these markets continue to rise, driven primarily by increasing disposable income and more people eating out. Our clear focus on added value for professional customers will further increase our relevance for these target groups. Consequently, growth rates in our core business will also continue to develop positively. Market consolidation offers another opportunity for growth in wholesale. We operate in very fragmented markets with plenty of opportunities for additional dynamic growth through acquisitions. We intend to make greater use of this opportunity in the coming years, particularly in our European countries.

We strive for long-term customer relationships characterised by a high level of loyalty. Currently, 78% of our sales are generated by customers who purchase goods and services from us on a regular basis. Moreover, orders from HoReCa and Traders customers average approximately €225, while purchases from retail consumers only come in at around one tenth of this value.

Our strong localisation efforts have made us a preferred partner for professional customers in many countries. This wealth of data enables us to better understand the needs of our customers and accommodate them even better. At the same time, we are constantly working on improving the efficiency of our operations, because we know that with every saving that we get, we can invest into generating additional value for our customers. This also includes further development of our own brands. In 2017, we joined forces with professional chefs to align our brand image and product range with the wholesale sector. In 2018 we rolled out this product mix in all countries, and like-for-like sales of own-brands grew by 3% in financial year 2018/19. The sales share is now 16%. We still see a lot of potential here beyond the current successes – especially with HoReCa customers and in the delivery business.

In order to consistently align ourselves to the needs of our customers, we continually ask them for their opinion. With the **Net Promoter Score (NPS)**, we frequently collect feedback and measure customer satisfaction in order to identify improvement potential and prioritise operational projects. The Net Promoter Score has been introduced worldwide in all METRO stores and distribution centres, with all countries exhibiting positive NPS ratings. So far, METRO has received feedback from roundly 2.2 million customers and more than 610,000 callbacks have already taken place.

METRO is well positioned to play a leading role in the HoReCa and Traders sector and is increasingly exploiting this opportunity: once the sale of the majority stakes of METRO China is completed, the core customer groups will account for 70% of total sales. This is more than 10 percentage points above the level of about 10 years ago. Like-for-like sales growth for these 2 target groups in financial year 2018/19 was 4.2% for HoReCa sales and 5.1% for Traders sales in the focus countries.

On the way to becoming a complete solution partner – the Wholesale 360 approach

We have laid the foundation for a successful future, but what happens next? How can we build on the accelerating growth to further increase customer relevance and capture additional market share? The answer lies at the heart of our strategy. Since 2012, we have been working continuously to contribute to the success of our professional customers. We are accomplishing this with tailor-made product assortments, improved sales channels and, increasingly, also by inspiring and training our customers. Our goal is to be the preferred partner for our professional customers. How can we assert this claim even more? Only by putting ourselves completely in the shoes of our customers and identifying the challenges they face. And there are many. Rising costs, higher regulatory requirements, increasing competitive pressure and staff shortages are just a few examples. The reality in our customers' operations is often very similar: a great deal of passion but very little support. We want to change that by supporting them with digital tools, advice and services. Our goal is to offer our customers added value in as many areas as possible. We call this Wholesale 360. Of course, we will not be able to do this on our own. Rather, we will focus on targeted partnerships. We are convinced that this approach will help us make our customers even more successful. We are aspiring to intensify our customer relationships and are already seeing the fruits of our work today as these initiatives are leading to the acquisition of many new customers. Service quality in the core business is and remains a key component. In financial year 2018/19, we were able to further increase these in various countries.

The **delivery business** continued to grow strongly at around 10% and thus accounted for a share of 17% of total sales. The delivery companies Classic Fine Foods in Asia, Pro à Pro in France and Rungis Express in Germany and Switzerland significantly contributed to this growth. This development was also facilitated by the roll-out of our online ordering system, which significantly simplifies and accelerates recurring ordering processes for HoReCa customers in particular. As a result, the average order ticket rose by up to 18%. In financial year 2018/19, we processed approximately 5.3 million orders using this tool. In March 2019, METRO also supported thedelivery business by entering the Myanmar market. In contrast to other countries, METRO does not operate any store-based wholesale stores in Myanmar, but offers customers a purchasing experience with a virtual one-stop shop solution that combines online wholesale with delivery service.

In the Traders segment, we continued to roll out and optimise our **franchise system**, which is primarily represented in Eastern Europe under various names. We provide our customers with a comprehensive range of support services that enable them to compete with retail chains. Today we already have 7,460 franchisees as METRO partners and we are determined to provide additional solutions. This includes various digital tools and an online ordering system that already significantly simplifies the ordering process thus ties our customers more closely to METRO.

7,460
franchisees

For HoReCa customers, we want to continuously expand our range of services. One of our goals is to provide the widest range of products. To this end, we created a new platform: METRO MARKETS. In September 2019, we launched the online B2B marketplace developed especially for wholesale business, which builds on the experience of Real's highly successful marketplace. We sell our own goods via this platform, but at the same time also work together with strong trading partners. We make our brand and our reach available to HoReCa specialists from all over the world. METRO MARKETS is clearly aimed at HoReCa customers and offers a wide range of non-food products tailored to the hospitality industry. After only 2 months, the marketplace already offered around 87,000 non-food articles for the hospitality industry through 110 partners. In just a few months, we will multiply the assortment range and depth and thus offer restaurateurs further significant added value.

We have also made good progress in the digitalisation of the hospitality industry. In particular, our proprietary **digital tools** have received a very good response. The DISH platform connects restaurateurs online and offers them digital tools for more efficient operation of their businesses. Today, it already has more than 170,000 customers who use digital services such as a fully comprehensive online presence or the reservation tool. Our goal is to make the data the best ingredient in the hospitality industry. With our MenuKit, we digitalise the menus of our customers. The data obtained through this method offer a variety of insights, which we communicate to our customers through our specialist advice. This allows us to significantly increase their entrepreneurial success and in turn open up new potential for METRO. A similarly strong potential is offered by the analysis of POS data. The specially designed cockpit increases the transparency of economic relationships even more, so that restaurateurs can use this tool as a 'control centre' for their business decisions. All these examples show that the digitalisation of the hospitality industry can open up considerable economic potential. METRO is ideally positioned to drive this trend forward and further increase its relevance for professional customers.

The collected data continuously open up new possibilities. By analysing the ingredients of a meal, ideas can be developed as to how work steps can be further optimised with modern equipment. Does this mean that METRO wants to fully dive into this sector? No, but it has inspired us to look for ways to target this opportunity. In July 2019, we entered into a cooperation with Pentagast, Germany's largest association of 24 hospitality and canteen kitchen suppliers. The goal of this partnership is to offer restaurateurs tailor-made solutions from a single source and to merge the 2 industry competences of food and technology. For example, restaurateurs will be able to acquire tailor-made offers for efficient and economical kitchen solutions in the future under the name SMART & EASY. Showrooms are also planned in selected METRO stores in order to exhibit a selection of the Pentagast product range in the non-food assortment on an area of approximately 100 m^2. Additional partnerships of this kind are in the works, for example to support our customers with customised financing.

We have also made considerable progress this year when it comes to our **sustainability initiatives**. In addition to its renewed certification as the best in the industry in the Dow Jones Sustainability Index Europe, METRO is also listed as a member of the sustainability stock market index FTSE4Good. This is an enormous sign of appreciation of our work.

With our focus on the food sector, we rely on 3 main topics:

- We want to make our range of products and services more sustainable by positively influencing the availability, quality and health as well as the social and environmental safety of food.
- We promote more conscious consumption, especially through the use of alternative proteins.
- By pooling our partnership strengths, we are fighting against food waste.

50%

reduced food waste by 2025

In financial year 2018/19, for example, METRO was the first retail company in Germany to have its climate targets confirmed by the Science Based Targets initiative (SBTi). Based on estimates of the Science Based Target initiative, METRO is working towards a climate target of 'well below 2 °C' by 2030 by reducing the submitted commitments in category 1 (for example fluorinated gases from cooling in wholesale stores) and category 2 (for example emissions from acquired electricity) by 60% per square metre of selling and delivery space compared to the base year 2011. METRO's climate targets are thus in line with the reductions required to keep global warming well below 2 °C. Furthermore, as part of its commitment to the New Plastics Economy of the Ellen MacArthur Foundation, METRO has set the goal of reducing another 300 tonnes of plastic packaging by September 2023 (basis: October 2018). As a member of the Consumer Goods Forum, METRO has also undertaken to reduce food waste in its own operations by 50% by 2025 compared to 2016.

Outlook

Financial year 2018/19 was a successful year across the entire METRO organisation. Including METRO China, METRO increased like-for-like sales by 2.4% in financial year 2018/19 and thus significantly increased the growth momentum. Reported sales of €29.9 billion were €0.4 billion higher than in the previous year's figures. EBITDA excluding earnings contributions from real estate transactions amounted to €1,173 million. Adjusted for currency effects, EBITDA excluding earnings contributions from real estate transactions was down €52 million or −4.2% compared to the previous year's figures. METRO has thus achieved its targets for financial year 2018/19.

In this annual report, our hypermarket business and METRO China are reported as discontinued operations. We expect both transactions to be closed shortly. Therefore, the outlook for financial year 2019/20 only covers our continuing operations.

For financial year 2019/20, based on the assumption of stable exchange rates and no further adjustments to the portfolio, we expect total sales and like-for-like sales to grow by 1.5% to 3%. This includes a further trend improvement in Russia and a flat sales development in Germany. Western Europe (excluding Germany), Eastern Europe (excluding Russia) and Asia are expected to grow at the previous year's level. Across all segments, the Management Board sees the FSD business in particular and the synergetic interaction of the various channels as well as the focus on HoReCa and Traders customers as growth drivers.

An important focus of METRO is on increasing operating efficiency and portfolio simplification. Against this background, the Management Board announced to adopt efficiency measures on 19 November 2019. In financial year 2019/20, the Management Board expects this to result in non-recurring transfomation costs of €60 million to €80 million.

Before transfomation costs for these efficiency measures, the Management Board expects EBITDA excluding earnings contributions from real estate transactions to be roughly at the level of the past financial year (2018/19: €1,021 million). Earnings in Russia are expected to decline by between €20 million and €30 million as a result of the ongoing repositioning. Earnings growth in Germany and Western Europe (excluding Germany) is expected to compensate for this. For the remaining segments EBITDA is expected to remain roughly at the previous year's level.

The transformation of our company is progressing steadily. This requires the full commitment of all parties involved. In the wholesale segment, the key success factor is our team. Our team members are in daily contact with our customers, procure unique products, develop new concepts and ensure high efficiency of our company. We would therefore like to express our sincere gratitude to all our employees for their commitment and motivation. Their commitment is the foundation for future success. Therefore, we assess the satisfaction level of our employees several times a year by means of an employee survey. This year we were able to record a commitment value of 74%. Thus, we are once again well above average for the retail sector, which is 65% worldwide.

Dear shareholders, I want to take this opportunity to thank you very much. In financial year 2018/19, you once again proved that you believe in METRO and our future success. We find ourselves in a stronger position than a year ago. Our core business is getting better and better; our profile as a focused wholesaler is becoming ever clearer; our opportunities to open up new wholesale business areas are growing continuously; and our motivation to constantly work on new ideas in order to provide even better solutions for our customers has never been as high. In addition, the transaction in China will significantly boost our balance sheet and increase our strategic ability to act.

My colleagues and I look forward to another exciting financial year in which we intend to further enhance our performance profile in order to firmly establish a clear image in the eyes of our customers: METRO is my partner – unmatched in quality, service and innovation.

Yours truly,

Olaf Koch
Chairman of the Management Board of METRO AG

THE MANAGEMENT BOARD

Philippe Palazzi | Heiko Hutmacher | Olaf Koch | Andrea Euenheim | Christian Baier

OLAF KOCH

Chairman of the Management Board

Areas of responsibility
Corporate Communications, Corporate Public Policy, Corporate Development including strategy and M&A, Corporate Legal Affairs & Compliance, Corporate Office, Corporate Investor Relations, responsibility for the METRO Wholesale country organisations in: Bulgaria, Germany including Rungis Express, Croatia, Moldova, Austria, Serbia, Slovakia, Czech Republic, Romania, Ukraine and Hungary, Hospitality Digital, METRO MARKETS, METRO-NOM (since 1 October 2019), Real.

Profile
Olaf Koch was appointed Chief Executive Officer of METRO AG on 2 March 2017 for a term ending on 1 March 2022. From 14 September 2009 until the end of 2011 he was a member of the Management Board (Chief Financial Officer) of the former METRO AG (now: CECONOMY AG), and from 1 January 2012 to 12 July 2017 he was the Chief Executive Officer of the company. 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.

CHRISTIAN BAIER

Chief Financial Officer

Areas of responsibility
Corporate Accounting, Corporate Controlling & Finance, Corporate Risk Management, Corporate Tax, Corporate Treasury, Global Business Services (since 1 October 2019), Group Internal Audit (since 1 October 2019), 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. His current appointment as a member of the Management Board runs until 30 September 2020. In addition Mr Baier is reappointed from this date until 30 September 2025. He was the Chief Financial Officer (CFO) of METRO Cash & Carry (now METRO Wholesale) 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 (now: CECONOMY AG). Mr Baier joined METRO Cash & Carry Germany (now METRO 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.

ANDREA EUENHEIM

Chief Human Resources Officer and Labour Director Since 1 November 2019

Areas of responsibility
Human Resources (Campus HR, Compensation, Global Mobility & HR Processes, Global Talent Management & Recruiting, HR Operations & Leadership, Labour Relations Germany & Labour Law), METRO Campus Services.

Profile
Andrea Euenheim was appointed member of the Management Board and Labour Director of METRO AG on 1 November 2019 for a term ending on 31 October 2022.

Prior to that, she worked at Amazon in Seattle, USA, from October 2015, initially as HR Director of Global Consumer Products and since the end of 2017 as HR Director of Global Expansion, Mergers and Acquisitions (M&A). Before moving to the USA, Andrea Euenheim was responsible for personnel management at Amazon Europe since 2007, primarily overseeing Germany, Italy, Spain and France. From 2001 to 2007, she worked for General Electric, where her last position was Head of Human Resources for Germany, Austria and Switzerland at GE Commercial Finance, Fleet Services. Andrea Euenheim completed her master's degree in linguistics, sociology, psychology and business administration at the University of Passau.

HEIKO HUTMACHER

Member of the Management Board Until 31 December 2019

Areas of responsibility
In the period from 1 November to 31 December 2019, Heiko Hutmacher's HR responsibilities will be transferred to Andrea Euenheim.

Until 30 September 2019, Heiko Hutmacher was also responsible for Corporate Responsibility, Customer Experience, Global Business Services, Group Internal Audit and METRO-NOM.

Profile
Heiko Hutmacher assumed his position as a member of the Management Board on 2 March 2017 and was appointed Chief Human Resources Officer and Labour Director of METRO AG on 31 August 2017. His appointment as Labour Director ended on 31 October 2019; Mr Heiko Hutmacher will leave the company at his own request on 31 December 2019. 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 and Labour Director. From April 2012 to June 2015, Mr Hutmacher headed the Human Resources Department at METRO Cash & Carry (now METRO Wholesale). Mr Hutmacher holds a degree in business administration. His experience in human resources spans over 30 years, including posts at IBM and Akzo Nobel.

PHILIPPE PALAZZI

Chief Operating Officer

Areas of responsibility
METRO Wholesale centralised functions (Corporate Responsibility [since 1 October 2019], Customer Experience [since 1 November 2019], Digital Transformation, Expansion & Investment, Food Service Distribution, Global Branding & Activation, Global Business & Supplier Management, Global Food Sourcing, Global Non-Food, Global Own Brand Management, International Expansion, Pricing, Quality Assurance, Supply Chain Management, Trader Franchise), responsibility for the METRO Wholesale country organisations in: Belgium, China, France including Pro à Pro, India, Italy, Japan, Kazakhstan, Myanmar, the Netherlands, Pakistan, Poland, Portugal, Russia, Spain and Turkey, Classic Fine Foods, METRO ADVERTISING, METRO SOURCING International.

Profile
Philippe Palazzi was appointed member of the Management Board of METRO AG on 7 May 2018 for a term ending on 30 September 2021. From 1 July 2015 to 6 May 2018, he held the position of Operating Partner with responsibility for METRO France including Pro à Pro, MAKRO Spain and MAKRO Portugal. He previously held the position of Chief Customer and Marketing Officer at METRO AG and various posts at the METRO country organisations, most recently as Chief Executive Officer of METRO Italy.

THE YEAR IN REVIEW

SELECTED EVENTS IN FINANCIAL YEAR 2018/19

Q1 2018/19

Own Business Day
9/10/2018 – For the 3rd time, METRO honours the commitment of small and medium-sized entrepreneurs at Own Business Day. METRO encourages own business owners to place their offers online free of charge on a platform and thus become part of a major marketing campaign.

DISH – digital service connects restaurateurs
16/10/2018 – As part of the METRO digital offensive, interested restaurateurs can receive a free website. The new DISH online platform offers hospitality operators additional tools for more efficient management of their businesses. They include a free internet presence, a free online reservation tool and other digital solutions from third-party providers.

Sustainability: Global commitments to the New Plastics Economy
29/10/2018 – METRO signs the Ellen MacArthur Foundation's global commitment to the New Plastics Economy. Among other things, 100% of plastic packaging is supposed to be reusable, recyclable or compostable by 2025.

Award for F-Gas Exit Programme
22/11/2018 – METRO is honoured at the ATMOsphere Europe conference for the F-Gas Exit Programme as the industry's best food retailer. The programme is part of METRO's commitment to reduce CO_2 emissions group-wide by 50% by 2030.

E-Commerce platform for Trader customers
27/11/2018 – In addition to the digital ordering platform M-Shop for hospitality industry customers, METRO launches a tailor-made online shop for Traders customers in Romania. METRO-NOM cooperates with IT service provider Spryker to set up the e-commerce platform.

METRO and Target announce international start-up programme
3/12/2018 – With the 'METRO Target Retail Accelerator certified by Techstars', international start-ups are given the opportunity to be supported by mentors in their efforts to set up a company with access to global wholesale and retail markets. For the first time, METRO cooperates with Target, a leading retail chain in the USA.

Q2 2018/19

9 METRO companies named 'Top Employer 2019'
14/2/2019 – Once again, the METRO national subsidiaries in Belgium, Bulgaria, France, Italy, Pakistan, Poland and Turkey have received the 'Top Employer' award. METRO AG and METRO-NOM are also certified for the first time. The award recognises the fact that METRO places its employees at the centre of its entrepreneurial activities and offers an outstanding work environment.

Annual General Meeting approves dividend
15/2/2019 – METRO AG's Annual General Meeting approves all resolutions proposed by the management and approves a dividend of €0.70 per ordinary share and preference share. As in the previous year, a stable dividend was distributed despite the ongoing transformation process.

METRO received 'Gold Class' award at Sustainability Award 2019
26/2/2019 – METRO is included in the Sustainability Yearbook for the 4th time in a row with the highest distinction: 'Gold Class'. The yearbook, published by the international investment entity RobecoSAM, presents companies that draw attention through their outstanding sustainability performance. The positive rating is the result of RobecoSAM's annual Corporate Sustainability Assessment (CSA).

Start of the purchasing cooperation Horizon International
6/3/2019 – The purchasing cooperation Horizon International between METRO, Auchan Retail, Dia Group and Casino Group starts in 47 countries in Europe, Asia and South America. The cooperation brings together market participants who share a common vision for new supplier relationships – from services for international suppliers to supporting small and medium-sized enterprises in their international development.

METRO expands its international portfolio by adding Myanmar
8/3/2019 – METRO announces its official market entry in Myanmar. Supported by highly efficient digital ordering and delivery services, METRO Myanmar serves local commercial customers in the rapidly growing restaurant and tourism sector. Instead of stationary wholesale stores, METRO offers its customers a delivery service. Customers can order via website or mobile app.

Q3 2018/19

Expansion of own-brand portfolio to include organic assortment
15/4/2019 – METRO's own-brand portfolio is expanded by an organic assortment with focus on fruits and vegetables. With METRO Chef Bio the wholesaler meets the growing demand of its customers for organic products. The own brand METRO Chef Bio will initially be introduced at METRO Austria and successively rolled out.

Exclusivity agreement signed for sale of Real
8/5/2019 – METRO and a consortium led by Redos agree on exclusive contract negotiations. The goal is to conclude a contract based on detailed due diligence.

METRO is committed to human rights in the supply chain
1/6/2019 – METRO becomes a member of Sedex. The non-profit organisation collects data on social standards in the supply chain. METRO is thus strengthening its own commitment to enforcing and complying with social standards.

METRO sets science-based target for itself
14/6/2019 – METRO expanded the climate target to the supply chain and as the first German retailer set a recognised science-based target for itself. METRO undertakes to reduce its Scope 1 and Scope 2 CO_2 emissions by 60% per square metre of selling and delivery space by 2030 compared to 2011. Furthermore, METRO is committed to reducing absolute Scope-3-CO_2 emissions (supply chain) by 15% by 2030 compared to 2018.

Q4 2018/19

METRO cooperates with Pentagast
22/7/2019 – METRO Germany and Pentagast, the largest association of catering and canteen kitchen suppliers in Germany, will start a strategic cooperation in September 2019, initially at 6 METRO locations/ stores in Germany.

Trader franchise continues to grow
24/7/2019 – METRO expands its Trader Franchise concept. The number of Trader Franchise locations in the various Eastern European countries grows by 600 to 7,100 locations within one year.

Andrea Euenheim is appointed as the new Labour Director to the Management Board of METRO AG
2/8/2019 – As of 1 November 2019, Andrea Euenheim will be appointed to the Management Board of METRO AG as the new Labour Director. She is succeeding Heiko Hutmacher, who is leaving the company as of 31 December 2019 at his own request.

Voluntary takeover bid by EPGC falls short of minimum acceptance threshold
9/8/2019 – EP Global Commerce VI GmbH (EPGC), an acquisition companycontrolled by Daniel Křetínský, has not reached the minimum acceptance threshold of 67.5% for its voluntary takeover offer published on 10 July 2019.

11 European wholesale stores sold
2/9/2019 – METRO PROPERTIES sold 11 wholesale stores in Poland, Hungary and the Czech Republic in August 2019. METRO continues to operate all wholesale stores at the respective locations based on long-term leases agreed as part of sale-and-leaseback transactions.

METRO MARKETS online marketplace launched in Germany
13/9/2019 – METRO is further expanding its digital portfolio for the hospitality industry with a new online marketplace. At the launch of the platform, more than 20,000 non-food items from approximately 40 partners are on offer. METRO MARKETS is responsible for the development and operation of the digital B2B platform.

New product solution Gourvenience under own-brand METRO Chef
24/9/2019 – Using the own-brand METRO Chef, METRO Germany introduces the Gourvenience assortment. The 200 articles comprise high-quality convenience products for restaurateurs.

Verification of efficiency measures
25/9/2019 – METRO AG confirms to review efficiency measures with regard to administrative structures, processes and business activities. The efficiency measures to be examined would be triggered by the intended sale of the hypermarket business and the resulting smaller size of the company and would predominantly depend on this transaction.

Customer focus through Net Promoter Score
30/9/2019 – Since the implementation of the Net Promoter Score roundly 2.2 million customer feedbacks have been collected. This enables METRO to respond even more efficiently to customer needs and offer customers a better shopping experience and improved delivery.

Events after the closing date

Sale of METRO China
11/10/2019 – METRO AG signs contract to sell a majority stake in METRO China to Wumei. After this transaction, the core customer groups HoReCa and Trader contribute around 70% to METRO's sales. In addition, the transaction offers further opportunities to accelerate growth organically and through acquisitions.

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

With the significant acceleration of like-for-like sales growth by 2.4% (including METRO China) METRO reaches the outlook delivered for the financial year 2018/19. Thereby METRO confirms that the focus on the wholesale business is already moving in the right direction, although METRO is still dealing with a difficult market environment in Russia. EBITDA (excluding earnings from real estate divestments) was also in line with the forecasted corridor with around −4% compared to the previous year.

With regard to the voluntary takeover offer issued by EP Global Commerce in summer 2019, Management Board and Supervisory Board were of the opinion that the offered price significantly undervalues the earnings' power and value perspective of METRO. It is now up to all of us to dedicate all our strengths to realize the real value of METRO!

Jürgen Steinemann

Chairman of the Supervisory Board

Profile

Jürgen Steinemann was born in 1958 in Damme, Germany. He graduated with a degree in business administration from the European Business School in Wiesbaden, London and Paris in 1985 and initially held different management positions at Eridania Béghin-Say, Unilever and Nutreco. Jürgen Steinemann was CEO of Barry Callebaut AG from 2009 to 2015 and has been a member of the company's board of directors since 2014. From 2015 to the demerger of the former METRO GROUP in July 2017, Mr Jürgen Steinemann was a member of the Supervisory Board of the former METRO AG (now: CECONOMY AG) and Chairman of the Supervisory Board since February 2016. Jürgen Steinemann has been a member and Chairman of the Supervisory Board of the new METRO AG since 2017.

- **More information about the other members of the Supervisory Board can be found at www.metroag.de in the section company – Supervisory Board.**

Strategic projects planned with foresight, such as for example the sale of the majority stake in METRO China, affirm the clear focus on the target of being a pure wholesaler. Another major step towards reaching this target is the planned sale of Real which is driven forward, cautiously keeping an eye on the prospectus for the employees and the future viability of Real.

At the end of the financial year, we initiated a change in the Management Board. Heiko Hutmacher is leaving the company at his own request at the end of the year. We thank Heiko Hutmacher for his support in the last 8 years. Andrea Euenheim is taking over the position as Labour Director. We are convinced that she is an experienced and inspiring new member of the Management Board of METRO AG.

On behalf of the Supervisory Board, I would like to thank the Management Board and all employees for their work in financial year 2018/19, which was not only marked by greater intensity and more focus on the wholesale business but also by a large number of strategic projects.

The demonstrated commitment is one of the most important prerequisites for a further successful growth of our company.

Advice and supervision in consultation with the Management Board

In financial year 2018/19, the Supervisory Board performed the duties imposed on it by law, the Articles of Association and the Code of Procedure. We advised the Management Board in relation to the management of METRO AG and the group and supervised its activities. The Management Board furnished us with detailed written and verbal information on all significant developments within METRO at the Supervisory Board meetings (and also in-between, if necessary) in a timely manner and in accordance with the statutory requirements. Its reporting in particular included information on the intended business policies and other fundamental concerns relating to corporate planning, as well as the ongoing business development and information about the situation of the company and the group (including the risk position, risk management and compliance). The Management Board provided detailed explanations for any deviations from planned business performance. Based on the Management Board's reports, we discussed all transactions that were of significance to the company at the Supervisory Board meetings and within the committees. The Supervisory Board was involved in all decisions bearing material significance for the company. These decisions included inter alia the joint reasoned statement of Management Board and Supervisory Board with regard to the voluntary takeover offer of EP Global Commerce VI GmbH as well as measures and transactions for which the Supervisory Board's approval was prescribed by law as well as the Articles of Association or intercompany regulations, such as for example the sale of the majority stake in METRO China. We thoroughly reviewed the relevant matters and discussed benefits, potential opportunities, risks and other implications with the Management Board. Managers from the relevant departments of METRO attended meetings to address particular agenda items.

Prof. Dr Edgar Ernst as the Chairman of the Audit Committee and I as the Chairman of the Supervisory Board continuously, closely and regularly exchanged information and ideas with regard to key issues and pending decisions with the Chief Financial Officer and/or the Chief Executive Officer also outside of meetings. I was also in contact with the members of the Supervisory Board outside of meetings. In our capacity as committee chairmen, Prof. Dr Edgar Ernst and I also reported in detail on the work and recommendations of the respective committees at the subsequent Supervisory Board meeting. Since no matters requiring clarification arose in financial year 2018/19, we did not make use of the Supervisory Board's rights of inspection and audit pursuant to § 111 Section 2 Sentence 1 and 2 of the German Stock Corporation Act (AktG).

The Supervisory Board held 8 meetings in financial year 2018/19, with 1 meeting convened as an extraordinary meeting. Moreover, 2 resolutions were passed in a written procedure outside a Supervisory Board meeting. In so-called closed sessions, the members of the Supervisory Board regularly exchanged views without the participation of the members of the Management Board. As was customary in the past, both the shareholder and employee representatives on the Supervisory Board of METRO AG discussed relevant agenda items in separate preliminary meetings.

The members of the Supervisory Board are required to disclose any conflicts of interest without delay. Member of the Supervisory Board Dr Florian Funck is also a member of the Management Board of Franz Haniel & Cie. GmbH, which, at the time of the takeover offer by EPGC Global Commerce VI GmbH, indirectly held about 15.20% of the voting rights in METRO AG as documented in the voting rights notification dated 5 October 2018. Due to the business relationship of Franz Haniel & Cie. GmbH with EP Global Commerce, Dr Florian Funck was neither involved in the flow of information in financial year 2018/19 nor did he take part in deliberations and resolutions of the Supervisory Board concerning the voluntary takeover offer of EP Global Commerce VI GmbH. No further conflicts of interest involving members of the Management Board and the Supervisory Board arose in financial year 2018/19.

Key issues covered by Supervisory Board meetings

November 2018 – At this meeting, the Management Board initially informed us routinely about current business developments. In this setting, the Management Board also reported on the status of preparations for a sales process of Real. We then discussed the company's capital market outlook for 2018/19. We also resolved on the individual performance factors of the members of the Management Board for determining the amount of the short-term incentive for financial year 2017/18 and dealt with Management Board remuneration for 2018/19, in particular the discussion of the individual targets for the individual members of the Management Board. We discussed the annual report on governance functions in the group and, to prepare for the annual report, dealt with the non-financial statement to be issued for the first time in financial year 2017/18. Furthermore, we passed a resolution to mandate a consultant for succession planning in the boards and were informed about the company's sustainability initiatives and changes in top management.

December 2018 – Our Supervisory Board meeting held on 7 December 2018 focused on the annual and consolidated financial statements and the combined management reports for METRO AG and for the group for financial year 2017/18, including the non-financial statement as well as the proposal for the appropriation of the balance sheet profit to the Annual General Meeting 2019. The auditor attended this discussion and reported on the key findings of his audits. Other important subjects discussed at the Supervisory Board meeting were, in addition to the ordinary report by the Management Board about the current business development, the adoption of a resolution concerning the Report of the Supervisory Board and the Corporate Governance Report for financial year 2017/18, as well as the preparation of the Annual

General Meeting 2019. We also received information on the development of preparations for the Real sales process and the company's communication strategy.

February 2019 – In a meeting held immediately before the Annual General Meeting on 15 February 2019, the Management Board provided information about the current business development. It also reported on the development of the country organisation in China and the status of strategic considerations in this regard. As a precautionary measure, the Supervisory Board adopted a resolution granting power of attorney to a law firm, in particular in relation to potential actions for rescission and/or annulment against resolutions adopted by the Annual General Meeting 2019. Subject to the appointment of the auditor by the Annual General Meeting, we approved the audit assignments for the 2018/19 annual and consolidated financial statements and the review of the condensed financial statements and interim management report for the first half of financial year 2018/19. We also reviewed the status of the public prosecution's investigation of suspected insider trading and market manipulation. Ultimately, we received information on changes in top management and the review of OTC derivative contracts pursuant to § 32 of the German Securities Trading Act (WpHG, old version).

In a written procedure immediately following the Annual General Meeting, the Supervisory Board re-elected Dr Fredy Raas as a member of the Audit Committee. This re-election was necessary after his membership of the Supervisory Board ended at the end of the Annual General Meeting on 15 February 2019 and he had been re-elected by the Annual General Meeting on the same day.

May 2019 – As part of the information on current business developments, the Management Board provided detailed information on the status of the sales process of Real. The Supervisory Board passed a resolution to mandate an independent consultant to revise the existing remuneration system for the members of the Management Board of METRO AG. After receiving information on the changes in top management, the Supervisory Board dealt with the subject of leadership at METRO and obtained information on talent management and succession planning. Another resolution of the Supervisory Board addressed the adjustment of Mr Heiko Hutmacher's employment contract with regard to the waiver of the post-contractual restraint on competition. In this context, a resolution was also passed to mandate a consultant (including a budget) for the succession of the position of Labour Director.

Moreover, the members of the Supervisory Board had the opportunity to participate in an internal training event on the subject of 'HoReCa customers as a strategic basis for METRO'.

June 2019 – The 2-day strategy meeting in Moscow focused on consulting with the Management Board on the status quo and strategy of METRO Wholesale, particularly in Russia and Germany, as well as the group and portfolio strategy. We dealt with the initiatives to transform METRO into a pure wholesaler and to improve earnings. We also talked about the realignment of the business model towards the strategic target groups HoReCa and Traders. The Supervisory Board also discussed personnel matters relating to the Management Board and passed a resolution to terminate the appointment of Mr Heiko Hutmacher as a member of the Management Board and Labour Director by mutual consent no later than 31 December 2019. In this regard, the conclusion of a termination agreement with Mr Heiko Hutmacher was also approved.

July 2019 – On 21 June 2019, EP Global Commerce VI GmbH, a special purpose entity directly held by Mr Daniel Křetínský and Mr Patrik Tkáč, announced that it intended to make a voluntary public takeover offer to the shareholders of METRO AG to acquire all ordinary and preference shares. Consequently, a resolution was passed by the Supervisory Board outside a meeting on the establishment of a Takeover Committee with equal representation for the duration of the takeover process. The task of this committee was to deal with the takeover process on an ongoing basis and to prepare all necessary or expedient tasks and decisions of the Supervisory Board in this respect.

In an extraordinary meeting on 23 July 2019, the Supervisory Board dealt exclusively with the takeover process in addition to the current business development. The strategic and financial parameters of the takeover offer were examined. The measurement and fairness opinions of the respective investment banks were explained in detail and discussed with the financial and legal consultants of the company and the Supervisory Board. After preparatory work by the Takeover Committee and with the support of the financial and legal consultants of the company and the Supervisory Board, the Supervisory Board passed a resolution on a joint reasoned statement by the Management Board and the Supervisory Board of METRO AG pursuant to § 27 of the German Securities Acquisition and Takeover Act (WpÜG) on the voluntary takeover offer.

At the Supervisory Board meeting held at the end of July as scheduled, the members of the Supervisory Board were informed about the status of the takeover process and the sales process of Real. Furthermore, the Supervisory Board received an investment review regarding the acquisition of Pro à Pro in February 2017. With regard to personnel matters relating to the Management Board, a resolution was passed on the appointment of Ms Andrea Euenheim as a member of the Management Board and as Labour Director of METRO AG effective 1 November 2019 and on the corresponding revocation of Mr Heiko Hutmacher as Labour Director. The Supervisory Board also discussed the concept prepared by the Presidential Committee with support of the remuneration consultant for the revision of the remuneration system for the Management Board.

September 2019 – At its September meeting, the Supervisory Board focused on budget and medium-term planning for financial year 2019/20 and subsequent years. Moreover, the Supervisory Board was updated on the sales process of Real and discussed the strategic options with regard to METRO China. Routinely, the Supervisory Board dealt with the remuneration of the Management Board and resolved on the performance targets of the short-term incentive for financial year 2019/20 for the members of the Management Board. In addition, the Supervisory Board adopted schedules of responsibilities of the Management Board of METRO AG, which are valid from 1 October 2019 and from 1 November 2019, when Ms Andrea Euenheim joined the Management Board. Furthermore, we again discussed the concept for revising the Management Board remuneration system. We resolved on the declaration of conformity pursuant to § 161 of the German Stock Corporation Act (AktG) and mandated the auditor to conduct a limited assurance audit of the company's non-financial statements. After METRO Germany's management was filled with a dual leadership position in July 2019, Co-CEOs Frank Jäniche and Christof Knop introduced themselves to the Supervisory Board and explained their strategic and operational plans. The Management Board also provided an overview of the development of the company's IT strategy and information about the project to introduce a new goods management system.

Work in the committees

For the purpose of effectively performing its duties, the Supervisory Board relies on the work of 4 permanent committees: the Presidential Committee, the Audit Committee, the Nomination Committee and the Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act (MitbestG). Furthermore, a Takeover Committee was set up for the duration of the takeover process. The committees prepare the board-level consultations and resolutions. In addition, also decision-making responsibilities were transferred to the committees within the legally allowed parameters. The respective chairmen of the committees report to the Supervisory Board regularly and comprehensively with regard to the work in the committees. A detailed description of the working methods of the committees is contained in the corporate governance report, which is combined with the declaration on corporate management pursuant to §§ 289f and 315d of the German Commercial Code (HGB). The corresponding versions as well as information about the current members of the Supervisory Board can be found on the website www.metroag.de/en in the section Company – Corporate Governance.

The permanent committees of the Supervisory Board are composed as follows (status: 4 December 2019):

- **Presidential Committee:** Jürgen Steinemann (Chairman), Werner Klockhaus (Vice Chairman), Xaver Schiller, Dr Liliana Solomon
- **Audit Committee:** Prof. Dr Edgar Ernst (Chairman), Werner Klockhaus (Vice Chairman), Thomas Dommel, Dr Florian Funck, Dr Fredy Raas, Xaver Schiller
- **Nomination Committee:** Jürgen Steinemann (Chairman), Gwyn Burr, Prof. Dr Edgar Ernst
- **Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act (MitbestG):** Jürgen Steinemann (Chairman), Werner Klockhaus (Vice Chairman), Prof. Dr Edgar Ernst, Xaver Schiller

The Supervisory Board's **Takeover Committee**, which was set up for the duration of the takeover process, comprised the following members:

Jürgen Steinemann (Chairman), Thomas Dommel, Prof. Dr Edgar Ernst, Werner Klockhaus, Xaver Schiller, Alexandra Soto

Presidential Committee – The Presidential Committee is mainly concerned with the personnel issues of the members of the Management Board and monitors compliance with legal regulations and the application of the German Corporate Governance Code. In accordance with § 107 Section 3 Sentence 4 of the German Stock Corporation Act (AktG), the Presidential Committee passes resolutions on urgent matters and matters submitted to it by the Supervisory Board. The Presidential Committee held 6 meetings in financial year 2018/19, 3 meetings were convened as an extraordinary meeting. One of the key areas of the committee's work was the preparation of the resolutions to be adopted by the Supervisory Board with regard to the appointment of Ms Andrea Euenheim as a member of the Management

Board and Labour Director of METRO AG as of 1 November 2019 and on the amicable departure of Mr Heiko Hutmacher from the Management Board effective 31 December 2019. Another focus was the work on a concept for revising the existing Management Board remuneration system. Moreover, the committee prepared the individual and strategic performance targets for the members of the Management Board for financial year 2018/19, as well as the short-term incentive for financial year 2019/20. Further issues addressed by the Presidential Committee included corporate governance at METRO, especially the preparation of the declaration of conformity in accordance with § 161 of the German Stock Corporation Act (AktG). The committee also focused on the development of talent management and targeted internal succession planning at various organisational levels.

Audit Committee – The Audit Committee is responsible for supervising the company's accounting, accounting processes, the effectiveness of the internal control system, the risk management system, the internal audit system, compliance and the audit of the annual financial statements (in particular relating to the selection and independence of the auditor and any additional performances rendered by the auditor). 7 committee meetings were held in financial year 2018/19, 1 of which was extraordinarily convened. The CFO, the CEO and I as the Chairman of the Supervisory Board attended all meetings. The auditor and managers of the relevant departments of METRO were consulted on selected issues.

The Audit Committee prepared the meeting of the Supervisory Board in December 2018 and conducted an in-depth review of the annual and consolidated financial statements for financial year 2017/18, the combined management report of METRO AG and the group for financial year 2017/18 as well as the combined non-financial statement contained in the combined management report. The results of the audit were discussed by the Supervisory Board in the presence of the auditor. This formed the basis for the Audit Committee to issue recommendations for resolutions to the Supervisory Board after detailed discussion. These included, in particular, the recommendation to approve the annual and consolidated financial statements for financial year 2017/18 and to approve the Management Board's proposal to the Annual General Meeting 2019 on the appropriation of the balance sheet profit. The members of the Audit Committee discussed the quarterly statement and the half-year financial report for financial year 2018/19 prior to their respective publication.

The Audit Committee also prepared the audit engagements for financial year 2018/19 and considered the auditor's planning of the audit as well as the key audit areas. The committee was informed about the so-called non-audit services provided by the auditors and intensively examined the governance functions within the group (internal control systems, risk management system, internal audit and compliance), the draft budget presented by the Management Board, the group controlling plan and the audit plan prepared by the Internal Audit unit. The Audit Committee further requested information about significant projects and legal issues. They particularly included the legally required ongoing development of European and international accounting standards, accounting-related changes and an evaluation of the ensuing implications for METRO.

The Audit Committee also received reports on business developments between meetings in separate telephone calls in which the Chairman of the Management Board and the Chief Financial Officer took part as scheduled.

Nomination Committee – The Nomination Committee is responsible for proposing suitable candidates for the Supervisory Board's election proposals to the Annual General Meeting. In financial year 2018/19, 2 committee meetings were held for the purpose of preparing election proposals to the Annual General Meeting.

Takeover Committee – In connection with the voluntary takeover offer of EP Global Commerce VI GmbH, this committee dealt with the takeover process and prepared all necessary or expedient tasks and decisions of the Supervisory Board, in particular the joint reasoned statement of the Management Board and the Supervisory Board pursuant to § 27 of the German Securities Acquisition and Takeover Act (WpÜG). Moreover, the Takeover Committee was authorised to select and commission external consultants, in particular financial and legal consultants, in connection with the takeover offer. The Takeover Committee met 6 times. Due to the short-term nature of the scheduled meetings, the option of telephone participation was also granted.

Mediation Committee – The Mediation Committee formulates proposals for the appointment and revocation of members of the Management Board in cases pursuant to § 31 of the German Co-determination Act (MitbestG). The Mediation Committee did not convene a meeting in financial year 2018/19.

Individual attendance at meetings

The individual attendance of members of the Supervisory Board at meetings of the Supervisory Board and its committees is disclosed in the following:

Supervisory Board	Meeting attendance	Attendance in %
Jürgen Steinemann, Chairman	8/8	100
Werner Klockhaus, Vice Chairman	8/8	100
Stefanie Blaser	8/8	100
Herbert Bolliger	8/8	100
Gwyn Burr	7/8	88
Thomas Dommel	8/8	100
Prof. Dr Edgar Ernst	8/8	100
Dr Florian Funck	8/8	100
Michael Heider	8/8	100
Peter Küpfer	7/8	88
Susanne Meister	8/8	100
Dr Angela Pilkmann	8/8	100
Dr Fredy Raas	8/8	100
Xaver Schiller	7/8	88
Eva-Lotta Sjöstedt	7/8	88
Dr Liliana Solomon	6/8	75
Alexandra Soto	7/8	88
Angelika Will	7/8	88
Manfred Wirsch	5/8	63
Silke Zimmer	8/8	100
Total		**93**

Presidential Committee	Meeting attendance	Attendance in %
Jürgen Steinemann, Chairman	6/6	100
Werner Klockhaus, Vice Chairman	6/6	100
Xaver Schiller	6/6	100
Dr Liliana Solomon	4/6	67
Total		**92**

Audit Committee	Meeting attendance	Attendance in %
Prof. Dr Edgar Ernst, Chairman	7/7	100
Werner Klockhaus, Vice Chairman	7/7	100
Thomas Dommel	7/7	100
Dr Florian Funck	7/7	100
Dr Fredy Raas	7/7	100
Xaver Schiller	7/7	100
Total		**100**

Nomination Commitee	Meeting attendence	Attendence in %
Jürgen Steinemann, Chairman	2/2	100
Gwyn Burr	2/2	100
Prof. Dr Edgar Ernst	2/2	100
Total		**100**

Takeover Committee[1]	Meeting attendance	Attendance in %
Jürgen Steinemann, Chairman	6/6	100
Thomas Dommel	6/6	100
Prof. Dr Edgar Ernst	6/6	100
Werner Klockhaus	6/6	100
Xaver Schiller	6/6	100
Alexandra Soto	6/6	100
Total		**100**

[1] Set up for the duration of the takeover process.

Corporate governance

In September 2019, the Management Board and the Supervisory Board of METRO AG issued their declaration of conformity with regard to the recommendations of the Government Commission on the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and published the declaration of conformity on the website www.metroag.de/en in the section Company – Corporate Governance. Reporting on METRO's corporate governance is provided in the Declaration on Corporate Management | Corporate Governance Report. This document has also been published on the website www.metroag.de/en in the section Company – Corporate Governance.

Annual and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft has reviewed the Annual Financial Statements prepared by the Management Board in accordance with the German Commercial Code (HGB) and the consolidated financial statements prepared by METRO AG based on the International Financial Reporting Standards (IFRS). It also reviewed the combined management report for METRO AG and the group for financial year 2018/19 and issued an unqualified audit certificate. The auditor also issued an unqualified certificate about the combined non-financial statement contained in the management report as a result of his audit to provide limited assurance. The auditor provided a written report on the audits.

The documents for the annual financial statements, including the combined non-financial statement, and the audit reports were discussed and reviewed in great detail during the meeting of the Audit Committee on 3 December 2019 and in the Supervisory Board meeting on 4 December 2019 in the presence of the auditor. Prior to these meetings, the required documents were distributed to all members of the Audit Committee as well as the Supervisory Board, giving them sufficient time to review them. In both meetings, the auditor reported about the key findings of his audit and was at the Supervisory Board's disposal to answer questions and provide additional information also in the absence of the Management Board.

The auditor also provided information on services rendered in addition to auditing services. No issues resulting in a disqualification due to bias arose.

Based on our own review of the Annual Financial Statements, the consolidated financial statements and the combined management report as well as the combined non-financial statement for financial year 2018/19, we had no objections and the Supervisory Board approved the result of the audit. As recommended by the Audit Committee, we approved the Annual Financial Statements and the consolidated financial statements submitted by the Management Board. The METRO AG Annual Financial Statements are thus adopted. Following a careful own review and consideration of the interests involved, we approved the Management Board's proposal to the Annual General Meeting 2020 for the appropriation of the balance sheet profit.

Appointments and resignations

The office terms of the members of the Supervisory Board Ms Eva-Lotta Sjöstedt, Ms Alexandra Soto and Dr Fredy Raas ended at the end of the METRO AG Annual General Meeting on 15 February 2019. On the same day, they entered a new office term through election by the Annual General Meeting. In light of the change in the shareholding structure, member of the Supervisory Board Dr Florian Funck resigned his mandate with effect from the end of 7 December 2019.

Effective 1 November 2019, the Supervisory Board appointed Ms Andrea Euenheim as a member of the Management Board and Labour Director. She is succeeding Mr Heiko Hutmacher, who is leaving the company as of 31 December 2019.

Düsseldorf, 4 December 2019

The Supervisory Board

Jürgen Steinemann
Chairman

- **Information about the members of the Supervisory Board can be found on the website www.metroag.de/en in the section Company – Supervisory Board.**

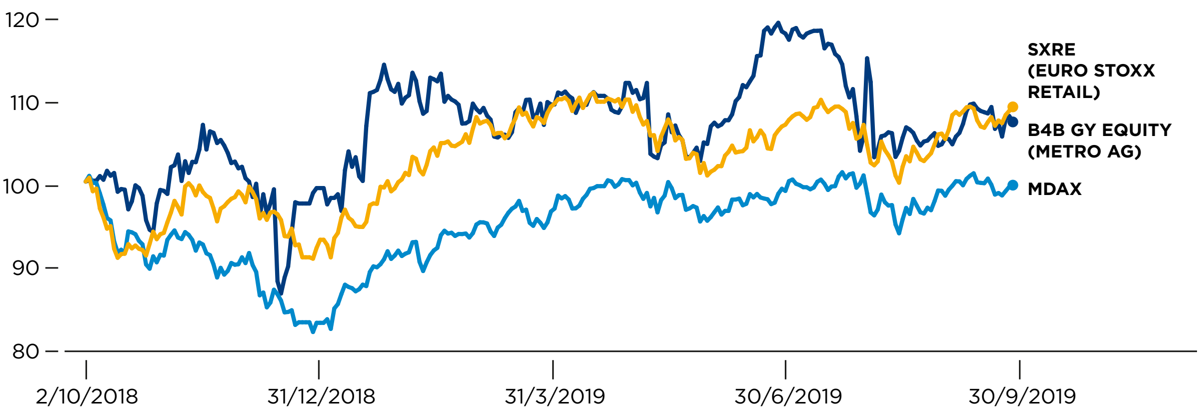
METRO SHARE

Performance of the METRO share

At the beginning of financial year 2018/19, the stock market initially developed weakly, in particular due to the trade conflict between the USA and China as well as due to Brexit. As 2019 progressed, it recovered and the MDAX returned to the previous year's level, reaching 25,887 points on 30 September 2019 (28/9/2018: 25,998 points). In contrast, the EURO STOXX Retail performed very positively and gained 9% compared to 28 September 2018.

As of 30 September 2019, the METRO share finished with a closing price of €14.48 in Xetra trading on the Frankfurt Stock Exchange. This represents an increase of 7%. On a total return basis – and thus comparable with the MDAX – the METRO share recorded an increase of 12% at the end of financial year 2018/19. The preference share traded at €12.90 on 30 September 2019. The METRO share's listing in financial year 2018/19 was marked by a number of positive developments, which were attributable to various business events such as the sale of the hypermarket business and the search for a strategic partner for the Chinese business. Moreover, the share price was influenced by speculation about the voluntary takeover bid by EP Global Commerce. The temporary recovery of the Russian business also made a positive contribution to this trend. The share price was largely stable at the end of the financial year.

DEVELOPMENT OF THE METRO SHARE (%)



METRO SHARE

			2017/18	2018/19
Closing price	Ordinary share	€	13.50	**14.48**
	Preference share	€	12.61	**12.90**
High	Ordinary share	€	18.00	**16.07**
	Preference share	€	17.69	**14.65**
Low	Ordinary share	€	10.08	**11.69**
	Preference share	€	9.93	**10.95**
Dividends	Ordinary share	€	0.70	**0.70**[1]
	Preference share	€	0.70	**0.70**[1]
Dividend yield based on closing price	Ordinary share	%	5.2	**4.81**
	Preference share	%	5.6	**5.41**
Market capitalisation (billion)		€	4.9	**5.3**

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

Data based on Xetra closing prices
Source: Bloomberg

Shareholder structure of METRO AG

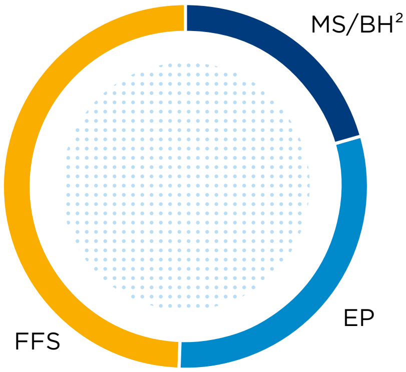
The shareholder structure of METRO AG has changed. In preparing the Annual Financial Statements, the largest (indirect) shareholders of METRO AG, based on the voting rights notifications received by METRO AG in accordance with the German Securities Trading Act (WpHG), are EP Global Commerce GmbH with 29.99% of the ordinary shares and Meridian Stiftung and Beisheim Holding, to which a total of approximately 20.63% of the ordinary shares are allocated on a reciprocal basis memorialised in a pooling agreement. These 3 shareholders hold a total of 50.62% of the voting rights. In addition, Franz Haniel & Cie. GmbH holds 2.71% and CECONOMY AG holds 0.99% of the ordinary shares of METRO AG. In addition, all ordinary shares held by Franz Haniel & Cie. GmbH are subject to a call option of EP Global Commerce GmbH. Under the terms of the demerger agreement, the ordinary shares of CECONOMY AG cannot be sold until 1 October 2023.

— **For more information about details of the pooling agreement between Meridian Stiftung and Beisheim Holding, see chapter 7 takeover-relevant disclosures in the combined management report.** **page 141**

49.38% of METRO AG shares are free-floating and held by a number of national and international investors. The shareholder structure reflects the international distribution of the share capital: approximately 15% of ordinary shares are held by investors from the USA, followed by investors from the United Kingdom with approximately 11%, Germany with approximately 13% and Europe (excluding Germany and the United Kingdom) with approximately 7%. The remaining countries account for around 3%.

SHAREHOLDER STRUCTURE[1]

as of 6/11/2019



MS/BH[2]	20.63%	Meridian Stiftung/Beisheim Holding
EP	29.99%	EP Global Commerce
FFS	49.38%	Free-floating shares
	100.00%	

[1] The information above is in particular based on notifications of voting rights pursuant to the German Securities Trading Act that were received and published by METRO AG.

[2] Vote on exercising voting rights under the pooling agreement.

Market capitalisation and index inclusion

The market capitalisation of METRO AG was €5.3 billion at the end of September 2019. 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 in financial year 2018/19 saw an average of around 900,000 of METRO's ordinary shares traded. Around 4,000 of the significantly fewer liquid preference shares were exchanged on each trading day.

The METRO AG ordinary share is included in a number of indices, most noteworthy the MDAX. The MDAX comprises the 60 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 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. As of 30 September 2019, METRO was ranked number 38 in the MDAX in terms of market capitalisation and number 33 in terms of stock exchange turnover.

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

Many investors place high priority on the issue of sustainability. METRO is fostering the continuous dialogue with sustainability-oriented investors, analysts and rating agencies. In 2019, METRO AG was again confirmed as the best company in the industry in the European sustainability ranking of the Dow Jones Sustainability Index. Rating agency Oekom Research issued a prime recommendation for METRO AG in the wholesale category (Trading Companies & Distributors). METRO is also listed in the FTSE4Good index. METRO has been issuing public statements on climate protection and water for many years through CDP. METRO achieved a rating of A- or B- (on a scale from F to A) for both subject areas. Since 2019, METRO has also reported via the CDP on deforestation, which is associated with sensitive raw materials such as soya, palm oil, meat and wood/paper. The results for 2019 were not yet available on the publication date. METRO shares are also included in the MSCI World ESG Leaders Index and its European counterparts.

METRO has set the future course with its initiation and implementation of sustainable business practices.

Dividend and dividend policy

The Management Board and Supervisory Board of METRO AG will propose a dividend of €0.70 per share to the Annual General Meeting on 14 February 2020. This dividend proposal corresponds to 49% of earnings per share of €1.44 for continuing operations including METRO China (outlook view) and is thus within the payout ratio of 45% to 55% as envisaged by METRO’s dividend policy. The dividend yield on the basis of the closing price on 30 September 2019 is 4.8% for the METRO ordinary share and 5.4% for the preference share.

Analysts’ recommendations

20 analysts have regularly published analyses and studies about the METRO share over the course of financial year 2018/19. 16 analysts rated the METRO share neutrally in the medium to long term; 2 analysts recommended selling the share and 2 analysts were ‘restricted’ at the end of the financial year, that is, the analyst firm had internally blocked the submission of recommendations. The median value of share price targets was €14.60 at the end of September 2019 (€12.50 at the end of September 2018).

Grade	Bank	Head office	Share price target (€)
Hold	Baader Bank	Munich	14.00
	Barclays	London	14.00
	Berenberg	London	14.40
	Bernstein Research	London	13.00
	Commerzbank	Frankfurt	15.00
	DZ Bank	Frankfurt	14.00
	HSBC	London	16.00
	Independent Research	Frankfurt	14.80
	Invest Securities	Paris	16.00
	Jefferies	London	14.70
	Kepler Cheuvreux	Frankfurt	14.30
	LBBW	Stuttgart	14.80
	M.M.Warburg	Hamburg	15.30
	MainFirst	London	15.00
	Oddo BHF	Paris	14.50
	Société Générale	Paris	16.00
Sell	Deutsche Bank	London	13.00
	Exane	London	10.80
Restricted	BAML	London	-
	J.P. Morgan	London	-

Investor Relations

The METRO Investor Relations team is in continuous dialogue with analysts, institutional investors and retail investors. The team is guided by the principles of customer-focused capital market support:

- Topicality: assurance of information leadership
- Continuity: consistency in external communications
- Credibility: disclosure of accurate information
- Equal treatment: same information in terms of time and content for all recipients

In addition to the regular quarterly and yearly reporting, the Investor Relations team is also available for personal meetings at roadshows and conferences. It also conducted numerous individual and group discussions, store inspections and telephone conferences.

All information about the METRO share is available in German and English from the Investor Relations section of the website. Among other things, the website also offers additional information about METRO's corporate strategy and business development, all current publications, the schedule of events and the annual report. A webcast is available for all METRO events. The Investor Relations team can also be contacted directly. The Annual General Meeting of METRO AG provides all shareholders with the opportunity to learn about the current developments at METRO.

Its active membership in the German Equity Institute (Deutsches Aktieninstitut e. V., DAI) in Frankfurt allows METRO to actively promote an investment culture with an affinity for equities 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		2017/18[1]	**2018/19**	Change in %
Key financial figures for continuing operations				
Sales development (like-for-like)	%	1.3	**2.1**	–
Sales development in local currency	%	1.3	**2.2**	–
Sales (net)		26,792	**27,082**	1.1
EBITDA excluding earnings contributions from real estate transactions		1,088	**1,021**	−6.1
Earnings contributions from real estate transactions		128	**338**	–
EBITDA		1,216	**1,359**	11.8
EBIT		713	**828**	16.1
EBT (earnings before taxes)		576	**709**	23.1
Profit or loss for the period[2]		357	**405**	13.7
Earnings per share (basic = diluted)	€	0.98	**1.12**	13.7
Cash flow from operating activities		766	**796**	3.9
Investments		565	**499**	−11.7
Net debt		3,102	**2,858**	−7.9
Employees (annual average by headcount)		104,912	**101,654**	−3.1

[1] Previous year's adjustment due to discontinued operations.
[2] Attributable to METRO shareholders.

€ million		2017/18	**2018/19**	Change in %
Key financial figures for continuing operations, incl. METRO China (outlook analysis)				
Sales development (like-for-like)	%	1.3	**2.4**	–
Sales development in local currency	%	1.5	**2.5**	–
Sales (net)		29,476	**29,928**	1.5
EBITDA excluding earnings contributions from real estate transactions		1,242	**1,173**	−5.5
EBITDA excluding earnings contributions from real estate transactions Development[1]	%	1.2	**−4.2**	–
Profit or loss for the period[2]		443	**523**	18.0
Earnings per share (basic = diluted)	€	1.22	**1.44**	18.0
Dividend per ordinary share	€	0.70	**0.70[3]**	–
Dividend per preference share	€	0.70	**0.70[3]**	–

[1] At constant exchange rates.
[2] Attributable to METRO shareholders.
[3] Subject to the resolution of the Annual General Meeting.

In October 2019, METRO signed an agreement to sell a majority stake in METRO China to Wumei. As a result of the sale METRO China is reported as a discontinued operation as of 30 September 2019 in accordance with IFRS 5.

Unless expressly stated otherwise, all presentations refer to continuing operations (excluding the hypermarket business and excluding METRO China).

Only the comparison of outlook with actual business developments as well as the dividend proposal refer to the outlook issued for 2018/19 which includes METRO China.