METRO GROUP
MADE TO TRADE.

WE'RE CREATING CUSTOMER VALUE

Annual Report 2012
Consolidated financial statements of METRO AG

Sustainability Report 2012

METRO GROUP in figures[1]

€ million		2010	2011	2012	Change in %
Key financial figures					
Sales (net)		67,258	65,926[2]	**66,739**	1.2
METRO Cash & Carry		31,095	31,121[2]	**31,636**	1.7
Real		11,499	11,032[2]	**11,017**	−0.1
Media-Saturn		20,794	20,604	**20,970**	1.8
Galeria Kaufhof		3,584	3,119[2]	**3,092**	−0.9
Others		286	50[2]	**24**	−51.5
EBITDA		3,591	3,429	**3,014**	−12.1
EBITDA before special items[3]		3,726	3,651	**3,292**	−9.8
EBIT		2,211	2,113	**1,391**	−34.2
EBIT before special items[3]		2,415	2,372	**1,976**	−16.7
METRO Cash & Carry[3]		1,104	1,148	**947**	−17.5
Real[3]		132	134	**102**	−23.6
Media-Saturn[3]		625	542	**326**	−39.7
Galeria Kaufhof[3]		138	121	**136**	12.4
Real Estate[3]		698	643	**652**	1.4
Others[3]		−282	−197	**−168**	14.7
Consolidation[3]		0	−19	**−20**	−14.8
Financial result		−581	−640	**−581**	9.4
Financial result before special items[3]		−581	−640	**−559**	12.8
Earnings before taxes		1,630	1,473	**810**	−45.0
Earnings before taxes and special items[3]		1,834	1,732	**1,417**	−18.2
Profit or loss for the period		936	741	**101**	−86.3
Profit or loss for the period before special items[3]		1,139	979	**717**	−26.8
Earnings per share (basic = diluted)	€	2.60	1.93	**0.01**	−99.5
Earnings per share before special items[3, 4]	€	3.12	2.63	**1.89**	−27.9
Dividend per ordinary share	€	1.35	1.35	**1.00[5]**	−25.9
Dividend per preference share	€	1.485	1.485	**1.06[5]**	−28.6
Cash flow from operating activities		2,514	2,092[2]	**2,340**	11.9
Investments		1,683	2,095	**1,437**	−31.4
Depreciation/amortisation		1,427	1,350	**1,635**	21.1
Equity		6,460	6,437	**6,101**	−5.2
Equity ratio	%	18.4	18.9	**17.5**	–
Net debt		3,478	4,075	**3,245**	−20.4
Employees (annual average headcount)		283,280	280,856	**278,811**	−0.7
Locations		2,131	2,187[6]	**2,243**	2.6
Selling space (1,000 m²)		12,771	12,954	**13,003**	0.4

1 Including possible rounding differences
2 Adjustment of previous year (see chapter "Notes to the Group accounting principles and methods")
3 Special items for 2011 and 2012 are shown on pages 102 and 103
4 After non-controlling interests
5 Subject to the resolution of the Annual General Meeting
6 Including first-time inclusion of METRO Cash & Carry satellite stores opened in 2009/2010 (total of 14)

METRO GROUP
MADE TO TRADE.

ANNUAL REPORT 2012

LETTER TO THE SHAREHOLDERS

Dear Ladies and Gentlemen,

Düsseldorf,
20 March 2013

About a year ago, I announced in my letter to you that 2012 would be a challenging financial year for your Company. At the time, it was clear that the sovereign debt crisis in Europe would increasingly hurt consumption in many countries. For this reason, we based our guidance on the assumption that the economy would continue to slow.

In the second half of the year, however, the economy slowed even further than we – and many economic research institutes – had expected. As a result, unemployment in many parts of Europe climbed to record levels. Furthermore, some governments intensified their budget-cutting efforts, taking such steps as raising value added tax rates as a way of easing their heavy debt loads. Economic conditions worsened in particular for our customers in Southern and Eastern Europe. With few exceptions, disposable income and purchasing power fell sharply throughout Europe.

Despite the array of negative events and developments, we took many important, forward-looking decisions in 2012. We recalibrated the strategy used in all sales lines and put added customer value at the centre of our thinking and actions. This resulted in a clear prioritisation of the changes that needed to be made in our assortments, services and formats. These decisions were the sole reason for our success in increasing sales for the entire year and gaining market share in many countries. The new direction we have taken involves certain costs that we have consciously decided to accept. After all, we truly believe in the long-range added value that our new direction will produce for the Company. At the same time, we have strengthened our commitment to lean structures and low costs in order to bolster our earnings power.

And we have increased our focus. Our reason for doing so is quite clear: we realise that this is the only way to achieve the effectiveness we need to carry out the transformation. Within our sales lines, we are focusing on critical projects and regions, and we have also optimised our portfolio. We have divested our money-losing wholesale business in the United Kingdom, found a buyer for Real in Eastern Europe and decided to discontinue Media Markt's operations in China. These were difficult decisions to take. But they will help us to bolster our earnings power and increase the returns on our investments.

We have also worked intensely to foster our management culture. Obviously, this process will take several years. Nonetheless, we made significant progress in this effort during 2012.

All this demonstrates one point to you: METRO GROUP and its sales lines are undergoing far-reaching change. This transformation process is both protracted and intense. But, above all, it is necessary. After all, the needs of our customers change just as rapidly as our business conditions do. These changes pose no threat to us. Rather, we view them as a tremendous opportunity to increase the appeal and allure of our range of products and services to customers. Nothing motivates us more than positive customer feedback, increasing satisfaction and the resulting growth in sales. With these goals in mind, we took additional strategic and operational steps during the past financial year. Here are just a few of them.

At METRO Cash & Carry, our highest-earning sales line, we are working to make our professional customers even more successful. To achieve this goal, we have closely examined the local expectations and needs of individual customer groups in country after country. To attract professional customers to our stores, we have systematically optimised product ranges and prices and also worked to develop more efficient logistics. Furthermore, we have expanded our solution expertise. This effort has primarily included the tremendously successful delivery business as well as support and consulting programmes for small retailers and the strengthening of our sales force organisation. We are focusing in particular on the 8 core countries that we identified in 2012. They are the keys to our overall success. To use our resources as effectively as possible, we have also strictly prioritised our strategic initiatives. As a result, we took important steps in 2012 that were designed to bolster and expand the leading position that METRO Cash & Carry maintains in the wholesale business.

Our Real sales line added a sharper regional focus to its hypermarkets in Germany. In the process, it also continued to invest in variety and quality. It is obvious that we cannot be satisfied with recent trends. The line's earnings power is well below our expectations. Realising this, we have intensified the transformation process. Many promising concepts and ideas have already been introduced by individual hypermarkets. We now intend to scale them and forcefully continue pursuing the new direction. As part of this effort, we have given individual market managers more freedom to add locally produced items and specialities to their assortments. Our mid-range goal is to create stable, balanced earnings power.

The Media-Saturn sales line picked up the pace of the realignment process and markedly increased its competitiveness. It noticeably improved its price position, continued to optimise its range of products and significantly boosted its marketing effectiveness. All these steps are reflected in very strong market share trends. In 2012, Media-Saturn continued to expand its multichannel sales strategy. The dovetailing of online retailing with the stationary stores of Media Markt and Saturn represents a true edge over simple mail-order retailing. Up to 50 percent of online customers take advantage of the opportunity to go to a store and pick up items they ordered online. By year's end, this form of multichannel sales was available in 9 countries. Media-Saturn has clearly maintained its leading position in consumer electronics retailing and definitely has the potential to continue to outpace its competitors. This strength will be provided by both the competitiveness of stationary retailing and the rapid growth of the online business.

The performance of Galeria Kaufhof shows that a well-run department store concept has a future. The sales line has further refined its range of products to meet the needs of its target groups by taking such steps as improving its product mix and store layout. During the past year, we also continued to invest in our stores and increase their appeal. In 2012, we improved our online shop by increasing the range of available products and expanding its functionality. From the comfort of their own homes, customers can visit this shop at any time and select items from its comprehensive range of products. Thanks to these efforts, our market share in the textile sector grew.

METRO PROPERTIES uses its expertise to support the expansion of our sales lines around the world – from location planning to construction. The bundling of expertise within a single source will help us in future to increase our stores' energy efficiency. This, in turn, will lower costs and protect the environment.

As part of our mission as a company, we are determined to always balance our business activities with issues that affect the environment and society as a whole. Consequently, the motto of the sustainability vision we developed in 2012 is: “METRO GROUP. We deliver quality of life.” The climate target that we reset in 2012 is an example of how we are applying this vision to our day-to-day business operations. By 2020, we intend to cut specific greenhouse gas emissions by 20 percent per square metre of selling space compared with 2011 levels. You can learn more by reading our sustainability report, which is being released for the first time as part of the annual report.

To sum up: we are doing everything possible to put METRO GROUP back on track for sustainable growth in sales and earnings. For this reason, we cannot be satisfied with our earnings performance in 2012. With an EBIT before special items of €2.0 billion, we finished below the previous year's level which had been our target. The major reason for this outcome was the previously described worsening of business conditions in the second half of the year, a development that we were able to offset only to a limited degree. In addition, special items related to the restructuring and redirection of METRO AG had a negative impact on net profit for the period.

By contrast, our sales performance was good, and this development led to gains in market share particularly in the fourth quarter. Overall, we boosted sales by 1.2 percent. Adjusted for the divestment of our wholesale business in the United Kingdom during 2012 and the sale of Saturn in France, growth even increased by 2.3 percent. During the past year, our cash flow was much better than earnings thanks, in part, to optimised investment activities. As a result of targeted investments and divestments as well as improved management of net working capital, we were able to significantly reduce net balance sheet debt. We intend to continue this positive trend and create the conditions that will lead to a better rating. The final divestment of Real's business in Eastern Europe (excluding Turkey), which we are seeking to complete this year, will contribute to this effort. Overall, we will measurably strengthen the balance sheet of METRO AG by taking these steps.

The entire Management Board would like to express its sincere thanks to the Company's 282,984 employees whose hard work has helped to strengthen the competitiveness of METRO GROUP and to gain market share. In a difficult business environment, they made a tremendous contribution to the Company.

I would also like to express my thanks to you, our shareholders, for the trust you have placed in us. The price of the METRO share in 2012 may not have reflected our progress. Nonetheless, we intend to pay a dividend based on our operational earnings performance before special items, as we have done in years past. For this reason, we will propose a dividend of €1.00 per ordinary share to the Annual General Meeting on 8 May 2013.

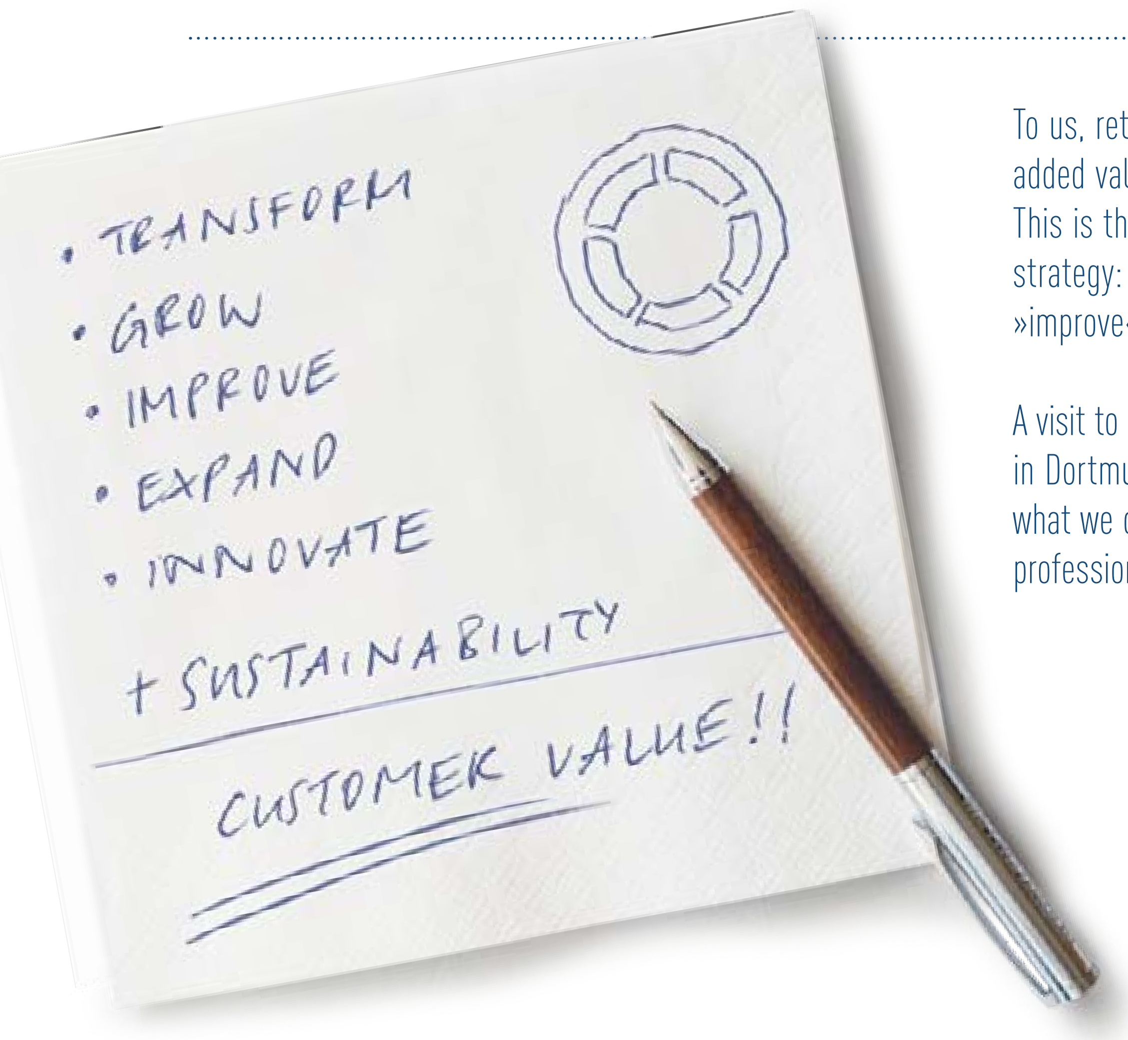
What are we expecting in 2013? A major change: as a result of a proposal approved by the Annual General Meeting in May 2012, our financial year 2013 will only cover the months of January to September. This change will mean that the high-volume Christmas business that is so important to retailers will not be included in our results. Rather, it will become part of the first quarter of our financial year in future. Nonetheless, the year of 2013 will be an important financial year for us. I believe that the programmes we have introduced will take hold and have the desired effect, even if business conditions remain exceptionally difficult.

Despite all the challenges, creating added value for customers will increasingly become the focus of our work. We are continuing to work hard on getting your Company back onto the growth track. In the end, this effort will produce higher returns – for METRO GROUP and for you.

Sincerely,

Olaf Koch
Chairman of the Management Board of METRO AG

BEST SERVICE, BEST PRODUCTS – DAY AFTER DAY



To us, retailing is all about creating added value for the customer. This is the premise of our 5-point strategy: »transform«, »grow«, »improve«, »expand« and »innovate«.

A visit to the 4-star L'Arrivée hotel in Dortmund shows just what we can do for private and professional customers.


METRO

»Why do so many retailers expect me, the customer, to come to them? There is usually no time in a hotel's daily workflow for it.«

Julian Scheibel
Sous-chef,
l'Arrivée HOTEL & SPA, Dortmund

Intense focus on customers' expectations

METRO Cash & Carry is the name of METRO GROUP's largest sales line. Its name refers to the business model: cash & carry. Here, professional customers can select, pay for and take away all of their purchases during a trip to one single wholesale store. Our sales line has popularised the cash & carry principle in many European, Asian and African countries. In the process, it has become the international market leader in the self-service wholesale trade.

But past success should not be confused with future success. After all, the needs of professional customers – including restaurants, catering companies, hotels, small independent retailers and service providers – are in constant flux. Today, these customers expect METRO Cash & Carry to offer not only products but also solutions that they can use in their daily business operations. Our job is to identify these expectations and to come up with an appropriate solution.

In the case of the l'Arrivée hotel, this involves streamlining procurement and saving time in the process. When sous-chef Julian Scheibel needs to stock his kitchen, he does not have to drive to a wholesale store. Instead, he just places his order by telephone, and METRO Cash & Carry delivers the goods the very next day. This service saves time and helps avoid car trips.

Our sales line introduced the delivery service in Germany in 2009. Doing so was a significant improvement to its business model. Today, numerous customers in 29 countries put their trust in the sales line's products and services. In 2012, METRO Cash & Carry's delivery service generated sales of €2.2 billion, or 7 percent of total sales.

CUSTOMER VALUE

Our customers' needs are changing, and we need to change with them. To succeed, we must answer a number of questions: Who are our customers? What are their needs? And what types of services do they expect us to provide? We are continuously improving our business model on the basis of the answers to these questions. We systematically implement the measures that we think will generate the greatest added value for customers. Sometimes, this means breaking with old habits.

»With our delivery service,
we reach customers
who expect something more
than just cash & carry.«

Nina Schutte
Delivery Service,
METRO Cash & Carry store, Dortmund-Oespel


METRO
METRO
Tortilla
L'arrivée
METRO

»In the hotel business,
it's the details that count,
all the way down to the hand towels.
We need solid high-quality products,
sold at reasonable prices.«

Annika Martin
Spa Manager,
l'Arrivée HOTEL & SPA, Dortmund

Attractive services and assortments

Private and professional customers have a number of shopping options available to them today. The range of retail formats extends from speciality stores to full-range online shops. Companies are competing for customers' business by offering better and better services.

In this marketplace, growth is achieved primarily by retailers who make their product ranges especially attractive and offer added value to customers in the process. For this reason, we make investments that are specifically designed to lower the product prices paid by customers. And that is why all our sales lines create assortments that no other retail and wholesale company offers in this form. Own-brand products play a major role in this effort. These are products that our sales lines have specially made in accordance with their specific requirements – also in terms of social and environmental criteria – and then sell under their own name. In every store and outlet, customers will find own-brand products that provide good quality at reasonable prices. At METRO Cash & Carry, the share of sales generated with these products is 16.7 percent.

Our cash & carry operator has taken a special approach to this work: it has tailored its range of own-brand products to meet the exact needs of its most important customer groups. Horeca Select, for instance, offers everything the professional kitchen needs – from flounder fillets to spatulas. For hotels like the l'Arrivée in Dortmund, METRO Cash & Carry has developed the own brand H-Line: a high-quality assortment of reasonably priced products that will make a guest's stay as pleasurable as possible.

CUSTOMER VALUE

We want to provide our customers with ranges of products that they will not find in this form at any other retailer. One example of our commitment is our own-brand products. They sharpen our profile and increase our overall appeal to private and professional customers alike. This generates like-for-like sales growth, and we can increase the productivity of our existing stores.

»With our own-brand products, we make a pledge to our customers: to offer high-quality products at affordable prices. Before we add a product to our range, we examine it closely and also the company that makes it.«

Melanie Rüppel
Own-Brand Manager Nonfood,
METRO Cash & Carry, Düsseldorf


2X

»When I buy a new electronic device for the hotel, I have to keep an eye on costs. I usually find the widest assortment and the best prices online.«

Sven Claußmeyer
Director,
l'Arrivée HOTEL & SPA, Dortmund

Dovetailed sales for more comfort

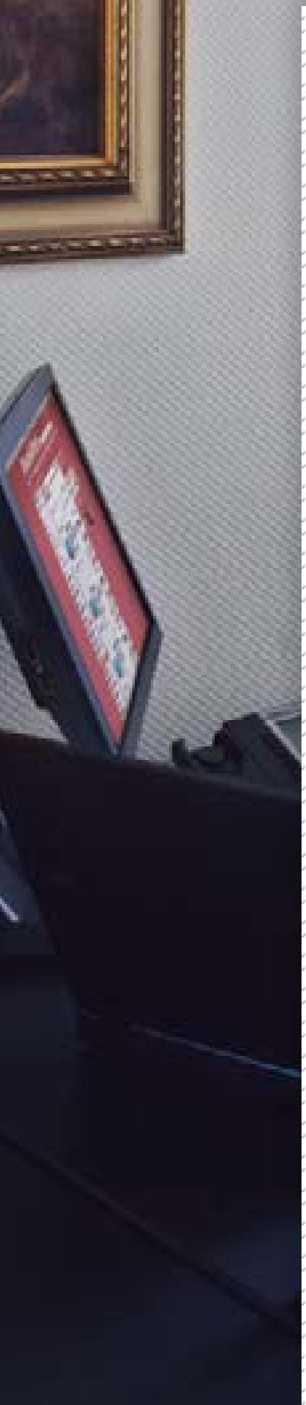
Online shopping is becoming increasingly popular. In Germany alone, retailers generated about €27.6 billion in sales with their online stores in 2012, according to the German E-Commerce and Distance Selling Trade Association (bvh). This means that online and mail-order sales amounted to 9.4 percent of total retail sales. The digital sales channel offers a world of benefits: customers really appreciate the huge selection and the possibility of comparing prices.

Established retailers – and this includes our sales lines – face 2 key challenges in the realm of virtual shopping. They have to recalibrate their concepts and expand them to include e-commerce and mobile-commerce options. Our sales lines focus in particular on closely dovetailing their stationary business with new online offerings. Thanks to this multichannel approach, customers can obtain the desired products and services both from the online shops and in bricks-and-mortar stores. When necessary, they can easily move from one sales channel to another. For instance, a product purchased online can be easily exchanged at a nearby store.

The second challenge faced by retailers is to offer selected products and services at prices that are comparable to those of online shops. That is, without endangering their own margins and commercial futures. For this reason, METRO GROUP continuously improves all processes in the Company and in its partnerships with external partners. We can pass on some of the savings to our customers – as new offerings or lower prices. This enables Media-Saturn, for instance, to build on its position as Europe's leading consumer electronics retailer and win over not only private consumers but also critical professional customers like Sven Claußmeyer of the l'Arrivée hotel.

CUSTOMER VALUE

As a retail and wholesale company that is focusing on the future, we have to provide our customers with both options: online and bricks-and-mortar shopping. Our strength is our ability to closely dovetail our channels in order to bring together the best of both worlds: comfort, variety and an enjoyable shopping experience. The precondition is to have a dynamic organisation that is capable of stabilising revenues and increasing cash flow. This gives us the financial freedom to make additional investments in improved services and competitive prices.



»I can’t ignore online retailing. Rather, I have to be able to stay ahead of the game. This means two things: transparent prices and improved service.«

Volker Barth
Managing Partner,
Media Markt, Düsseldorf


MediaMarkt


UNSER
real

»I absolutely love shopping. Germany has an unbelievable number of stores and great product ranges. Many more than we have at home.«

Maria Rosomakha
Guest at the l'Arrivée HOTEL & SPA, Dortmund, during a visit to Germany

Locally successful, internationally active

The dynamic growth markets of Eastern Europe and Asia have done a great deal of catching-up to Western Europe and North America in recent years – also in terms of consumption. Consumer need for all sorts of products and services has increased as purchasing power has grown.

For METRO GROUP, a number of opportunities for sales growth are arising from this development. We already do business in 32 countries and have 2,243 locations. We produce about 62 percent of our sales outside Germany – and this total is trending upwards. Our international position enables us to tap new customer groups in many regions of the world.

To fuel the expansion of our sales lines, we set clear priorities regarding the allocation of our investment budget: we are primarily opening new locations in China, Russia and Turkey because we expect the largest growth there. In 2012, we invested about €290 million in our expansion in these countries and added 33 new stores to our network of locations. As part of our expansion, we are creating modern retail structures in the local area and generating jobs. With the help of our real estate company METRO PROPERTIES, we apply optimised procedures in the planning, the purchase of land as well as the erection and operation of new stores. In doing so, we can effectively put our financial resources to good use.

CUSTOMER VALUE

We also put our business efforts to the test internationally. We create added value for the customer wherever we do business and that helps us earn money. Our targeted expansion effort invigorates the local retail landscape and leads to the creation of an attractive range of products and services overall.

»We ensure that METRO GROUP is present where the customers of today and tomorrow are.«

Stefan Herbert
Senior Manager Architectural Design,
METRO PROPERTIES, Düsseldorf

»Fresh and innovative – this is what our cuisine is all about. I expect the same from my business partners: surprise me with new solutions.«

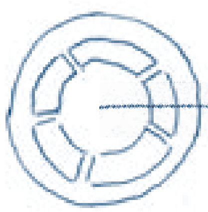
Dennis Rother
Executive Chef and Food & Beverage Manager,
l'Arrivée HOTEL & SPA, Dortmund

Innovations for the customer

Demographic change, digital life, mobile business – the impact that megatrends like these have on the shopping behaviour of our customers will continue to increase in the future. The speed of innovation cycles is picking up. To keep up with these developments, we must continuously fine-tune our concepts. A strong commitment to innovation is a precondition for the retail business of tomorrow.

For us as a retail and wholesale company, being innovative has very little to do with conducting research on new technologies and processes. Rather, we focus on monitoring the latest developments – including those outside the retail business – identifying the best ideas, evaluating their potential and exploiting their benefits. This can include new technologies or concepts that make customers like Dennis Rother from the l'Arrivée hotel more successful. For this reason, it is vital for us to compare the trends with our knowledge of customers. We also view efforts to streamline work processes as innovations. Such efforts can facilitate consistently high product quality at lower costs.

Our innovation management is fuelled by intensive dialogue within our own Company – and by collaboration with external networks.



CUSTOMER VALUE

Innovations are the foundation of tomorrow's business models. We anticipate trends, exploit new technological developments and generate our own momentum for added customer value. This approach enables us to continuously improve METRO GROUP and thus guarantee the Company's long-term success.

»Fish is available in all of our German wholesale stores 48 hours after it has been caught – thanks to our innovative logistics procedures.«

Nicole Winkler
Head of Quality Assurance Fresh Fish,
METRO LOGISTICS, Groß-Gerau

»As entrepreneurs, we must
keep future generations in mind.
This is true for both small companies
and major corporations.«

Ernst Claußmeyer
Managing Director,
l'Arrivée HOTEL & SPA, Dortmund

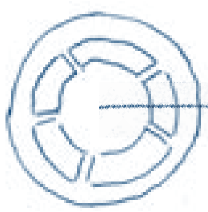
Acting sustainably

Most customers have clear expectations for their retailers: a wide range of attractive products and services, skilled and friendly employees as well as reasonable prices. More and more private and professional customers expect – consciously or unconsciously – companies to assume additional responsibility, that is, to act in a socially and environmentally conscious manner.

We live up to the expectations of our customers, staff, partners and investors by systematically pursuing our efforts to transform ourselves into a sustainable company. We keep the big picture in mind: we offer quality of life – to our customers, our employees, the people who work for us and society. We have set ambitious goals in these areas.

To fight climate change, we will reduce our emissions of specific greenhouse gases per square metre selling space by 20 percent by the year 2020, compared with 2011 figures. This will protect the environment – and save us money by cutting our consumption of resources. Using our Group-wide energy management system, we can precisely measure our progress and develop the right efficiency-enhancing steps for each location.

This example clearly makes one point: sustainable business practices are directly linked to specific commercial benefits. This could mean optimised processes as well as improved ranges of products and services. In taking this approach, we create new opportunities for future growth.



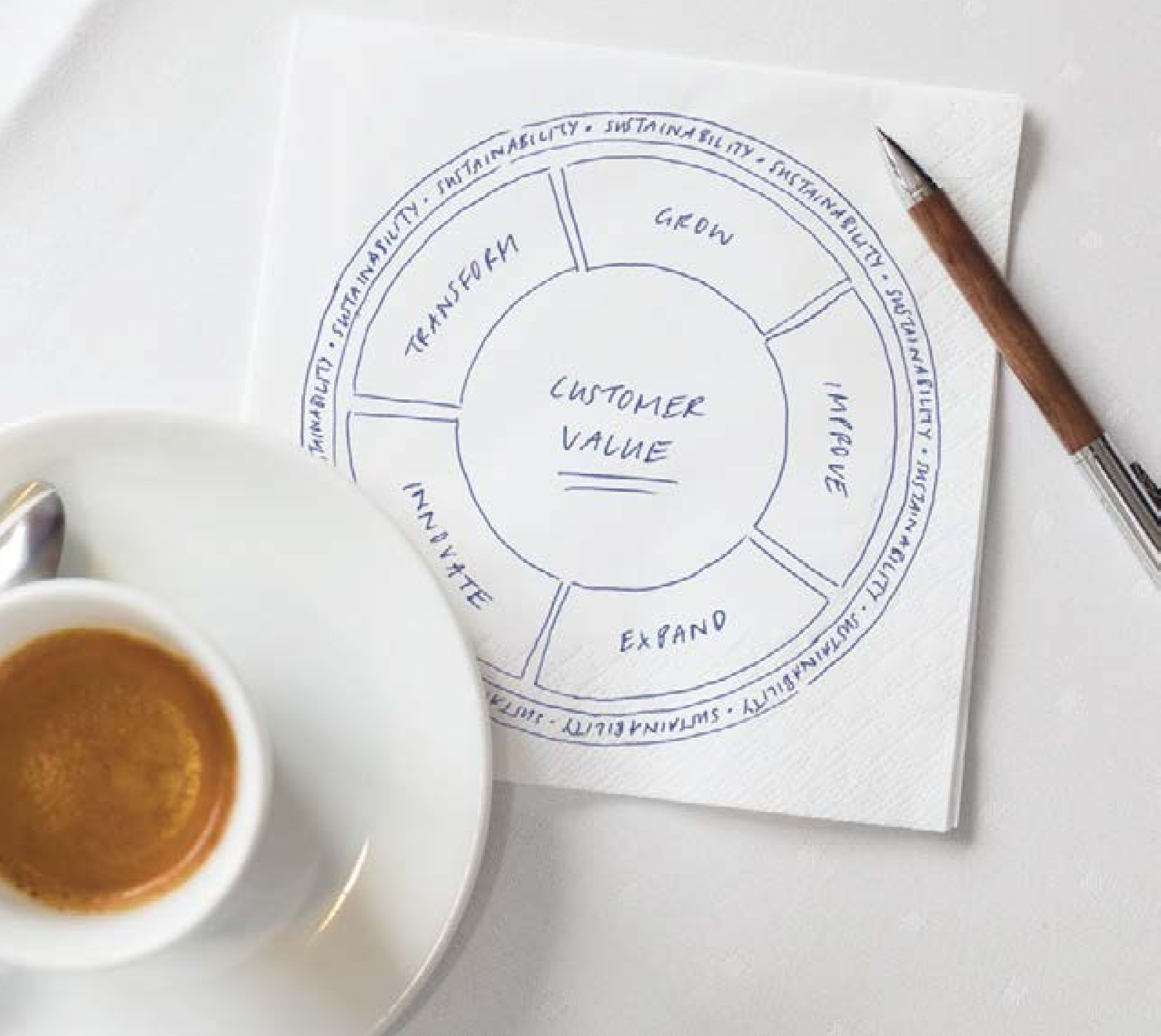
CUSTOMER VALUE

As a company, we intend to remain relevant to our customers. In commercial terms, we are committed to generating long-term returns, not short-range profit maximisation. To strengthen the foundation of our future business activities and minimise risk, we are dedicated to environmental protection and resource conservation as well as social improvements.

»One task for the future
will be ensuring that energy provision
at our locations remains affordable.
A solid database, more efficient
technologies and renewable energies
help us achieve this.«

Olaf Schulze
Managing Director,
METRO PROPERTIES
Energy Management, Düsseldorf

OUR STRATEGIC FOCAL POINTS



METRO GROUP refocused its strategy in 2011 to boost its competitiveness across all sales lines. Sales growth is our top priority. However, we are also boosting our performance strength by increasing our margins and improving our cost position and cash flow. To this end, we rigorously focus our entire Company on creating value for customers on the basis of 5 priorities.

TRANSFORM

Our customers' needs and expectations form the starting point for all our strategic considerations. Which product ranges do they need in their local store? Can we offer new services to attract additional consumers or commercial customers? Which sales channels do we have to develop to meet our customers' increasing demands? Our answers to these questions determine the direction we take in repositioning our sales lines' business models.

GROW

Our second priority is growth in all business areas as measured in terms of 2 key parameters: sales per square metre of selling space and customer satisfaction. We are determined to make significant strides in both areas. We make targeted investments in new services and selective adjustments to our sales lines' price level to improve our response to consumers' and commercial customers' needs and remain competitive. Finally, we encourage productivity enhancements through incentive systems for employees.

IMPROVE

A company's competitiveness depends as much on its process performance as on an attractive product and service offering. For this reason, we have to continually examine our processes. We have to identify and eliminate cost drivers or at least minimise their impact to achieve streamlined, effective organisational structures. In this way, we can improve our cost position and increase our cash flow, which, in turn, funds a large proportion of our investments.

EXPAND

Efficient processes and optimised cash flows represent the foundation for continued, stable sales growth outside our domestic market of Germany. Many countries in which METRO GROUP is active offer excellent opportunities for enhancing our footprint. We grasp these opportunities by opening new stores in such countries as China, Russia and Turkey, as well as by enhancing our offerings in all other markets.

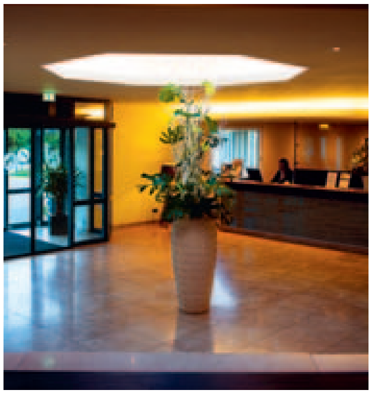
INNOVATE

Creating added value for customers means responding to changing requirements early on – by recognising technology and social trends, by identifying their potential relevance to our own business and by deriving specific solutions such as optimised processes or new sales concepts. The key lies in cultivating a structured dialogue with internal and external experts. This approach forms the foundation of our innovation management.

We have firmly anchored the principle of sustainability in our corporate strategy by aligning our economic objectives with ecological and social requirements. Hence our vision: METRO GROUP. We offer quality of life. For our customers, for our employees, for all people who work for us and for society.

Customer visit: the members of the Management Board of METRO AG at the l'Arrivée hotel

If a retail company wants to create added value for its customers, it has to precisely understand their needs. For the members of the Management Board of METRO AG, the photo session at the l'Arrivée hotel proved to be a great opportunity to sit down with Managing Director Ernst Claußmeyer and his son Sven to discuss the challenges faced by the hospitality industry. What expectations do the 2 businessmen have with regard to the METRO GROUP sales lines? "A broad selection, high quality, reasonable prices and, above all, flexible solutions that help us be more successful," says Ernst Claußmeyer.



»We all have to continue putting ourselves in our customers' shoes.«

Olaf Koch
Chairman of the Management Board of METRO AG

THE MANAGEMENT BOARD

Olaf Koch (second from left)
Chairman

Responsibilities: Corporate Communication, Corporate Group Strategy, Corporate Investor Relations, Corporate Legal Affairs & Compliance, Corporate M&A, Corporate Office, Corporate Programme Management Office, Corporate Public Policy, Corporate Internal Audit, Galeria Kaufhof, Media-Saturn, METRO PROPERTIES, Real, MGB METRO Group Buying Hong Kong

Profile: Olaf Koch took over as Chairman of the Management Board of METRO AG on 1 January 2012 and is appointed until 13 September 2015. The 42-year-old joined the Company as Chief Financial Officer in September 2009. He previously worked for the financial investor Permira. Koch, who holds a degree in business administration, launched his career in 1994 at Daimler Benz AG. Between 2002 and 2007, he was a member of the board of management of Mercedes Car Group. Olaf Koch is married and has 3 children.

Mark Frese (second from right)
Chief Financial Officer

Responsibilities: Corporate Accounting, Corporate Group Tax, Corporate Risk Management & Internal Control Finance, Group Finance (Planning & Controlling, Treasury, Financial Services), METRO GROUP Insurance Broker, METRO SYSTEMS

Profile: Mark Frese was appointed Chief Financial Officer of METRO AG on 1 January 2012. The 48-year-old is appointed until 31 December 2014. Mark Frese has worked for METRO GROUP since 1994. Following senior positions at Group subsidiary Galeria Kaufhof he became the divisional head of Planning & Controlling at METRO AG in 2009. In September 2010, he took over as CFO of METRO Cash & Carry. The economist is married and has 4 children.

Heiko Hutmacher (first from right)
Chief Human Resources Officer

Responsibilities: HR Operations, Corporate House of Learning, Corporate Performance & Rewards, Talent Management, Leadership & Change, Executive Resources, HR Organisation Development, Processes & IT, Labour Relations & Labour Law, METRO GROUP Travel Services

Profile: Heiko Hutmacher joined the Management Board of METRO AG in October 2011 taking charge of human resources. In April 2012, the 55-year-old also assumed responsibility for human resources at METRO Cash & Carry. Hutmacher holds a degree in business management and has more than 30 years' experience in human resources management at such companies as IBM and Akzo Nobel. Heiko Hutmacher is appointed until 30 September 2014. He is married and has 2 children.

Frans W. H. Muller (first from left)

Responsibilities: CEO METRO Cash & Carry (incl. Corporate Food and Nonfood Management, Corporate Marketing, Corporate Operations Management, Corporate Supply Chain Management, Corporate Cross Border Management, Corporate Quality Assurance, Corporate Sustainability & Regulatory Affairs, METRO Group Advertising)

Profile: Frans W. H. Muller has been a member of the Management Board of METRO AG since 2006 and is appointed until 31 July 2014. Muller, who holds a degree in economics and business studies, has been CEO of METRO Cash & Carry since 2008. The 51-year-old began his career at METRO GROUP in 1997 as Operations Director of MAKRO Cash & Carry Netherlands and has since served in various management functions at METRO GROUP companies. Before joining METRO GROUP, he held different management positions at KLM Cargo in Amsterdam, Frankfurt, Vienna and Singapore. Frans Muller is married and has 3 children.

METRO CASH & CARRY

MARCH 2012

JUST TWO STEPS AWAY

SUPPORTING SMALL BUSINESSES ——— LaDoiPaşi – that's the name of the franchise programme that METRO Cash & Carry Romania introduced in March 2012. The name alludes to the customer group supported by the self-service wholesaler's initiative: independent retailers whose shops are just "two steps" away from their respective customer base. Those who participate in the programme receive comprehensive training and advice on product ranges and prices. The experts from METRO Cash & Carry also help franchisees modernise their businesses. Every 14 days, the sales line publishes an advertising brochure that the retailers can use to market their products. METRO Cash & Carry has also introduced similar programmes under different names in Bulgaria, Croatia, Poland and Serbia. Roughly 4,000 franchisees are involved. In Romania alone, more than 400 independent retailers are taking part in LaDoiPaşi. What's in it for METRO Cash & Carry? Customers purchase the majority of merchandise, in particular own-brand articles, through the sales line.

REAL

OCTOBER 2012

AN OFFER
YOU CAN'T
REFUSE

INNOVATIVE MARKETING CAMPAIGN ——— One product, one price, one day: this triad forms the foundation of the "Real Deal" promotion that all German Real hypermarkets ran in October 2012. Every day for 4 weeks, the sales line promoted a different, high-quality product at an unbeatably low price. During the promotional period, customers could purchase, for example, a refrigerator for €69, a digital camera for €10 or a Nintendo Wii gaming console for €111, with limited product sales. The sales line used Facebook, Twitter and newsletters to promote each "Real Deal" on the evening before it was released. Customers learned the actual purchase price on the day of the promotion, possibly from a commercial on the radio. This enabled Real to sustain the excitement. Thanks to the campaign's huge success, Real plans to relaunch it in 2013.

MEDIA MARKT

JANUARY 2012

MEDIA MARKT HITS THE WEB

ONLINE STORE LAUNCHED — On 16 January 2012, Media Markt celebrated the grand opening of its online store with a comprehensive advertising campaign at all German locations. The Internet shop allows Media Markt to combine the advantages of virtual shopping with the convenience of bricks-and-mortar retail. Through this multichannel approach, customers can, for example, place an order on www.mediamarkt.de and on the same day pick up their purchase at the nearest consumer electronics store – as long as it's in stock. Knowledgeable Media Markt employees advise customers on selections and purchasing options over the phone. The sales brand remains completely transparent when it comes to prices: all products cost the same low price in-store as they do online. Through daily comparisons with its chief competitors the company always offers its customers attractive, market-driven, competitive prices. By the end of 2012, more than 10,000 different products were available online at Media Markt, with more than 40 percent of customers taking advantage of the opportunity to pick up their orders at a store.

SATURN

MAY 2012

SERVICES FOR THE ENERGY-AWARE

SERVICES FOR THE ENERGY-AWARE ——— A self-proclaimed "consumer rights headquarters" founded in 2007, the independent sustainability platform www.utopia.de has been collaborating with Saturn since May 2012. The online platform's pithy slogan crystallises its vision: every individual has the power to promote eco-friendly products or support fair working conditions through his or her purchasing behaviour and lifestyle. The goal of this partnership is to provide further momentum to getting energy-saving appliances into German households. To support all those who already value energy efficiency in their search for energy-saving technology, Saturn identifies the most energy-efficient and environmentally friendly appliances with the lowest operating costs in its online store (at www.saturn.de) that have made it onto the EcoTopTen lists produced by the independent non-profit association Öko-Institut by labelling them "Utopia approved". Items that deserve special recommendation, for example because they are most popular among consumers, receive an additional "Utopia product" label. In the "Conserving energy with Saturn" section of its German website, Saturn also provides further information about how to use electricity intelligently and sparingly.

REDCOON

SEPTEMBER 2012

FIRST-CLASS INFRA-STRUCTURE

ERFURT LOGISTICS CENTRE OPENS — It took just 10 months to build Redcoon's new logistics centre in Erfurt. With 53,000 square metres of storage space, the warehouse has room for more than 250,000 items. Every day, electronic products leave Erfurt destined for 10 European countries, a significant portion of the products even on the same day the order was placed. To ship items off as quickly as possible, the logistics centre is, among other things, outfitted with a fully automated warehouse for small parts. On top of that, 48 truck lanes ensure that goods arrive and depart the facility swiftly. Up to 30,000 packages are shipped every day. Redcoon invested €36 million in the first construction phase of the new logistics centre. The sales brand employs about 200 people in Erfurt through the subsidiary redcoon Logistics, and this number is expected to grow to 350 by 2015. With this expansion, Redcoon is well stocked for future growth.

GALERIA KAUFHOF

AUGUST 2012

A WORLD
OF QUALITY
UNDERWEAR

EXPANSION OF THE ONLINE OFFER — Galeria Kaufhof has been attracting customers with its refreshing variety of merchandise and meticulously selected product ranges for more than 130 years. In 2011, the sales line began offering a special shopping experience on the Internet: the www.galeria-kaufhof.de online store is closely integrated with the department stores. Customers can have online purchases delivered to a store as well as exchange them there. It is also possible to order items in a department store and have them sent to one's house. In August 2012, Galeria Kaufhof expanded its online selection of underwear and sleepwear as well as designer swimwear. Shoppers can choose from more than 2,000 items for women, men and kids. Undergarments made from organic cotton are labelled with a "Naturally Galeria" seal. In September, Galeria Kaufhof also began selling socks and stockings on its website. All in all, the online store offers more than 50,000 different products, including toys, shoes and wine.

METRO PROPERTIES

MAY 2012

CONVENIENCE AROUND THE CORNER

CONSTRUCTION OF A NEW SHOPPING CENTRE — The Ruhr metropolis of Essen is getting a facelift: the grounds of a former Krupp cast-steel factory that sat deserted for decades is in the process of becoming a site of a 230 hectare city district dotted with apartment and office buildings as well as parks and lakes. And by autumn 2013, the area, called Krupp-Gürtel (Krupp Belt), will also be home to a modern speciality shopping centre built on 30,000 square metres of land under the direction of METRO PROPERTIES. The subsidiary acquired the plot from ThyssenKrupp AG in 2011, and the cornerstone was laid at the location on Essen's Haedenkampstraße in May 2012. The Real sales line was selected to be the anchor tenant and will occupy the largest plot – 12,000 square metres in total. The nearby hypermarket on Husmannshofstraße will move into the new shopping centre after construction is completed. An interesting facet of the new building is its green roof, which will continue the visual theme of the neighbouring park.

THE YEAR IN REVIEW

SELECTED EVENTS DURING THE FINANCIAL YEAR 2012

Q1/2012

CHANGE ON THE MANAGEMENT BOARD I

↓

01/01/2012 —— Olaf Koch takes up office as the new Chairman of the Management Board of METRO AG. The former Chief Financial Officer of METRO AG succeeds Dr Eckhard Cordes in this position. Mark Frese, previously Chief Financial Officer at METRO Cash & Carry, is appointed Chief Financial Officer of METRO AG.

MEDIA MARKT LAUNCHES MULTICHANNEL SALES

↓

16/01/2012 —— Media Markt's new online store offers customers in Germany even more flexibility when shopping: the online store www.mediamarkt.de is closely interlinked with the German consumer electronics stores. Customers may for instance order electronic products on the Internet for same-day collection at a local store. In addition, customers can order such services as equipment installation assistance over the Internet or at the local store.

SALES TALKS SUSPENDED

↓

17/01/2012 —— METRO GROUP suspends talks with interested parties about the sale of Galeria Kaufhof because of capital market parameters judged unfavourable for the implementation of such a transaction.

THIRD COMPANY DAY-CARE CENTRE

↓

01/02/2012 —— METRO GROUP opens its third company-sponsored day-care centre in Düsseldorf. The facility offers 96 bilingual spots for children from 4 months to 6 years, raising the number of available day-care spots at the Company's headquarters to about 240.

NEW MANAGEMENT STRUCTURES

↓

08/03/2012 —— METRO Cash & Carry merges the 2 business units "Europe/MENA" and "Asia/CIS/New Markets" under a single management board with global responsibility and headed by Frans W. H. Muller as CEO. The aim is to enable the company to respond faster to economic challenges across all markets.

LEADING EMPLOYER GERMANY

↓

12/03/2012 —— The CRF Institute (Corporate Research Foundation) names METRO GROUP one of "Germany's Leading Employers", citing its excellent and modern human resources management approach. The quality seal, which has been awarded annually since 2003, recognises companies for their high-quality human resources strategies and practices.

CHANGE ON THE MANAGEMENT BOARD II

↓

31/03/2012 —— Joël Saveuse, member of the Management Board of METRO AG and CEO of the Real Group, leaves the Group. Chairman Olaf Koch assumes responsibility for Real on the Management Board of METRO AG. As a result, the Board now has 4 instead of 5 members.

Q2/2012

METRO GROUP MARATHON

↓

29/04/2012 —— The METRO GROUP Marathon records another increase in participant numbers in its tenth year. Around 14,000 registered runners hit the track in Düsseldorf – roughly 1,000 more than in 2011. The relay event hits a new record with 2,350 registered teams and 9,400 participants, making the METRO GROUP Marathon Germany's largest relay. Once again, the group of runners includes a large number of participants from companies, including 750 employees of METRO GROUP.

CHANGE OF FINANCIAL YEAR

↓

23/05/2012 —— The Annual General Meeting endorses the change of the financial year: starting in 2013, METRO AG's financial year will run from 1 October to 30 September. This will result in an abbreviated financial year in 2013 covering the period 1 January to 30 September 2013. The aim of this move is to decouple the seasonal Christmas business from detractions relating to annual inventories or planning work for the following financial year and thus enhance the Company's forecasting ability.

CHAIRMAN OF THE SUPERVISORY BOARD CONFIRMED

↓

23/05/2012 —— The Annual General Meeting of METRO AG retroactively elects Franz Markus Haniel as a member of the Supervisory Board. The governing body subsequently elects him as its Chairman. Haniel has been Chairman of the Supervisory Board since 18 November 2011. He succeeds Prof. Dr Jürgen Kluge in this position.

GROUNDBREAKING FOR NEW SPECIALITY STORE

↓

25/05/2012 —— METRO PROPERTIES starts construction of a modern speciality store in an area known as the Krupp-Gürtel (Krupp Belt) in Essen. On the occasion of the traditional groundbreaking ceremony, the real estate company presents the construction project to the public. The new speciality store with a total space of about 30,000 square metres is scheduled to open in autumn 2013.

SALE OF MAKRO UK

↓

30/05/2012 —— The Booker Group, a leading grocery retailer in the UK, acquires all 30 wholesale stores as well as all operating assets of MAKRO UK. In return, METRO GROUP receives 9.08 percent of Booker's issued share capital plus a cash payment of £15.8 million.

Q3/2012

EXEMPLARY INCLUSION

↓

09/07/2012 —— Galeria Kaufhof is Germany's first retail company to be represented on the Germany-wide inclusion map published by the Federal Commissioner for Matters relating to Disabled Persons. The sales line offers shopping escorts for blind and visually impaired persons in 78 stores.

1,000TH FRANCHISE STORE IN BULGARIA

↓

10/07/2012 —— The 1,000th store of the METRO Cash & Carry franchise chain

"Moiat Magazin" opens in Sofia. As part of the Trader Franchise Programme that was launched in Bulgaria in 2011, the sales line supports smaller retailers through training, consulting and marketing services. In return, the retailers sell products and own brands of METRO Cash & Carry.

MEDIA-SATURN ACQUIRES RUSSIAN INTERNET PLATFORM

↓

25/07/2012 —— The Media-Saturn sales line acquires Russian online electronics retailer 003.ru. The Internet platform was established in 2000 and generated, with about 50 employees, sales of about €20 million in 2011. With this acquisition, Media-Saturn also takes the step of implementing its dual online strategy in Russia, which complements its multichannel offering by adding a pure Internet sales channel.

ESTABLISHMENT OF ADVISORY BOARD LAWFUL

↓

09/08/2012 —— Dealing with the issue of management control of the Media-Saturn sales line, the Higher Regional Court of Munich and the Court of Arbitration rule that the establishment of an advisory board, which METRO GROUP had requested, is lawful. Decisions about the key business activities of Media-Saturn will be taken by the Board with a simple majority.

NEW MANAGEMENT STRUCTURE AT REAL

↓

10/08/2012 —— Didier Fleury, Head of the Real Group Committee and CEO of Real International, becomes CEO of Real Germany in addition to his current role.

AWARD FOR MOBILE INTERNET PAGE

↓

24/08/2012 —— Saturn receives Google's Mobile Agency Award for the best mobile Internet page. The jury commended, in particular, the online store's user friendliness and navigation.

LISTING IN MDAX

↓

24/09/2012 —— METRO AG is no longer listed in the DAX 30, but in the MDAX (mid-cap DAX). The reasons for being dropped from the DAX blue-chip index are the share's distinctly sub-par performance during the financial year as well as the relatively small proportion of freely tradable METRO AG shares. In accordance with the rules of Deutsche Börse, only the free-float share is considered in determining DAX eligibility.

Q4/2012

LOGISTICS REORGANISED

↓

01/10/2012 —— METRO GROUP pools its cross-divisional logistics activities under a single roof. The newly created METRO LOGISTICS oversees logistics services for the sales lines in Germany as well as overarching international logistics activities. The aim is to simplify supply chain management processes and offer the sales lines improved logistics services.

GUIDANCE REDUCED

↓

05/10/2012 —— METRO GROUP corrects its 2012 forecast for EBIT before special items after the European consumer environment worsens further. In many countries, conditions for consumers have deteriorated as a result of such factors as rising unemployment.

DIVESTMENT OF REAL EASTERN EUROPE

↓

30/11/2012 —— METRO GROUP signs an agreement with French retailer Groupe Auchan to sell Real's Eastern European business for a purchase price of €1.1 billion. Groupe Auchan will acquire the operations and real estate assets of METRO GROUP's Real sales line in Poland, Romania, Russia and Ukraine. Pending approval from the antitrust authorities, the sale is anticipated to close during the course of 2013.

THANK YOU!

METRO GROUP creates added value for its customers. That is our commitment and the promise we make with our strategy. Everything we do centres around providing our customers with attractive offers, impressive solutions and expert advice.

Our 282,984 employees apply this strategy to our operational business every day. Their passion, their dedication and their wealth of ideas bring our Company's vision to life – both internally and externally. It is because of them that our Company is able to retain loyal customers and attract new ones.

We would like to thank everyone who dedicated their time and talent in 2012 to our Company as well as to the repositioning of METRO GROUP on behalf of our customers, our shareholders and the general public. Together, we will take this Company to new heights of success in 2013.

The Management Board of METRO AG

OLAF KOCH **MARK FRESE** **HEIKO HUTMACHER** **FRANS W. H. MULLER**