



HALF-YEAR FINANCIAL REPORT
H1/Q2 2017/18

CONTENT

| | |
|-----------|---|
| 1 | Summary |
| 2 | Overview |
| 3 | Interim group management report |
| 3 | Macroeconomic conditions |
| 4 | Earnings, financial and asset position of the group |
| 6 | Earnings position of the sales lines |
| 11 | Risks and opportunities |
| 11 | Report on events after the closing date and outlook |
| 13 | Store network |
| 14 | Condensed interim consolidated financial statements |
| 14 | Income statement |
| 15 | Reconciliation from profit or loss for the period to total comprehensive income |
| 16 | Balance sheet |
| 18 | Cash flow statement |
| 19 | Condensed Statement of changes in equity |
| 20 | Notes to the consolidated interim consolidated financial statements |
| 20 | Segment reporting |
| 26 | Notes to the income statement |
| 29 | Notes to the balance sheet |
| 34 | Events after the quarterly closing date |
| 34 | Other notes |
| 39 | Responsibility statement of the legal representatives |
| 40 | Audit review report |
| 41 | Financial calendar and Imprint |

METRO WITH STABLE SALES DEVELOPMENT IN THE SECOND QUARTER OF 2017/18 – EARNINGS BURDENED

H1: METRO

Like-for-like sales increased by 1.3%; reported sales decreased by 0.3% to €18.6 billion (in local currency: +1.7%)

EBITDA excluding earnings contributions from real estate transactions stood at €761 million (H1 2016/17: €742 million); reported EBITDA reached €769 million (H1 2016/17: €859 million)

EBITDA excluding earnings contributions from real estate transactions rose by 6% at constant currency in comparison to the previous year

The profit or loss for the period attributable to METRO reached €181 million (H1 2016/17: €165 million)

Earnings per share: €0.50 (H1 2016/17: €0.45)

Net debt totals around €4.0 billion (31 March 2017: €3.9 billion)

Q2: METRO

Like-for-like sales increased by 2.0%; reported sales decreased by 0.8% to €8.4 billion (in local currency: +2.0%)

EBITDA excluding earnings contributions from real estate transactions came in at €153 million (Q2 2016/17: €177 million); reported EBITDA reached €161 million (Q2 2016/17: €251 million)

The profit or loss for the period attributable to METRO reached €-52 million (Q2 2016/17: €41 million)

Earnings per share: €-0.14 (Q2 2016/17: €0.11)

H1: METRO Wholesale

Like-for-like sales for METRO Wholesale grew by 1.2%; reported sales decreased by 0.5% lower to €14.8 billion (in local currency: +2.0%)

Growth in delivery sales: more than 20%, to circa 17% of sales

EBITDA excluding earnings contributions from real estate transactions reached €622 million (H1 2016/17: €673 million); reported EBITDA came at €626 million (H1 2016/17: €755 million)

Q2: METRO Wholesale

Like-for-like sales for METRO Wholesale grew by 1.6%; reported sales decreased by 1.8% to €6.7 billion (in local currency: +1.6%)

Growth in delivery sales: more than 13%, to circa 19% of sales

EBITDA excluding earnings contributions from real estate transactions reached €124 million (Q2 2016/17: €155 million); reported EBITDA came in at €128 million (Q2 2016/17: €235 million)

H1: Real

Like-for-like sales at Real grew by 1.7%; reported sales rose by 1.3% to €3.8 billion

Online sales increased by around 37% to circa 2% of sales

EBITDA excluding earnings contributions from real estate transactions reached €136 million (H1 2016/17: €88 million); reported EBITDA came in at €136 million (H1 2016/17: €93 million)

Q2: Real

Like-for-like sales at Real grew by 3.9% and have hence been stabilised for the 4th quarter in a row. Reported sales grew by 3.5% to €1.7 billion

Online sales increased by roughly 28% to circa 2% of sales

EBITDA excluding earnings contributions from real estate transactions reached €36 million (Q2 2016/17: €33 million); reported EBITDA was around €36 million (Q2 2016/17: €38 million)

OVERVIEW

H1/Q2 2017/18

| € million | H1 2016/17 | H1 2017/18 | Change | Q2 2016/17 | Q2 2017/18 | Change |
|---|-------------------|------------|--------|-------------------|------------|--------|
| Sales | 18,608 | 18,560 | -0.3% | 8,514 | 8,449 | -0.8% |
| EBITDA excluding earnings contributions from real estate transactions | 742 | 761 | 2.6% | 177 | 153 | -13.3% |
| Earnings contributions from real estate transactions | 118 | 8 | -93.3% | 75 | 8 | -89.5% |
| EBITDA | 859 | 769 | -10.5% | 251 | 161 | -36.0% |
| EBIT | 504 | 413 | -18.0% | 78 | -18 | - |
| Earnings before taxes (EBT) | 429 | 333 | -22.5% | 57 | -60 | - |
| Profit or loss for the period ¹ | 165 | 181 | 9.5% | 41 | -52 | - |
| Earnings per share (€) ¹ | 0.45 ² | 0.50 | 9.5% | 0.11 ² | -0.14 | - |
| Investments | 346 | 322 | -6.8% | 259 | 191 | -26.3% |
| Locations ³ | 1,033 | 1,044 | 1.1% | 1,033 | 1,044 | 1.1% |

¹ Attributable to METRO.
² Pro forma disclosure.
³ As of the closing date of 31 March.

INTERIM GROUP MANAGEMENT REPORT

MACROECONOMIC CONDITIONS

The solid global economic upturn continued during the 1st half of 2017/18. Low inflation rates due to stable energy prices, improvements in the labour market and thriving global trade had a positive effect on overall economic development. In general, however, the risk of a potentially looming trade war, particularly between China and the USA, placed a strain on the future development of world trade.

The trend in **Germany** during the 1st half of 2017/18 was very solid once again. The continued favourable situation in the labour market, low inflation rates and, in particular, high demand from abroad, spurred German gross domestic product. Consumption and retail also continued to lift domestic economy, which was also seen in the solid growth of retail sales. Economic output in some industries was even close to capacity limits.

Invigorated growth continued in all of the countries of **Western Europe** in the 1st half of 2017/18; this was particularly due to improved investments and solid export figures. Private consumption and retail sales gathered steam once again, but the trend was somewhat less dynamic than in the overall economy, as real wages were slow to increase in Western Europe. A continued expansive approach to monetary policy continues to ensure low interest rates.

The **Russian economy** remained on a continued yet still-volatile path to growth during the 1st half of 2017/18. The trend in private consumption and retail sales was slightly more positive again for the first time. Consumer confidence also improved over the previous year during the 1st half of 2017/18. The share of consumers who lowered their purchases of staples dropped in recent months. While price-conscious shopping is still widespread, savings strategies in the food sector are being scaled back. The rate of inflation stood at a record low in the 1st half of 2017/18, as a result of exchange rate stabilisation and a stable oil price. However, political crises, and a resurgence of the spiral of sanctions with the USA, might adversely affect economic development in Russia.

Economic growth in **Eastern Europe** was vigorously improved in the 1st half of 2017/18. Private consumption spending in particular made a positive contribution towards economic development: real wages in the region are greatly improving, inflation rates are holding

steady or dropping, and unemployment in some of the countries of Eastern Europe has reached record lows. These factors also produced solid growth in retail sales.

The emerging economies of **Asia** once again demonstrated the highest economic growth of all the METRO countries in the 1st half of 2017/18. Development in India and China remained positive. Japan's economy also returned to a solid path of real growth during the past half-year. Just how a potentially looming trade war will affect economic growth in the region remains to be seen, as all three countries have a high export orientation.

EARNINGS, FINANCIAL AND ASSET POSITION OF THE GROUP

Key performance indicators

Our operational steering revolves around a strategic focus on sales growth and improved profitability of our operations. Accordingly, the key performance indicators for METRO in financial year 2017/18 are like-for-like sales¹ growth, currency-adjusted total sales growth and EBITDA excluding earnings contributions from real estate transactions. Earnings contributions from real estate transactions include profit or loss from the disposal of land or land-use rights and/or of buildings in the context of a sale, reduced by cost components incurred in connection with real estate transactions.

In addition, METRO is managed based, inter alia, on the following key performance indicators, defined in accordance with IFRS: profit or loss for the period, earnings per share and cash flow. Further alternative performance indicators that are not, however, defined in accordance with IFRS, are reported EBITDA (including earnings contributions from real estate transactions), reported EBIT, investments, net working capital, net debt, free cash flow conversion² and return on capital employed (RoCE). These key figures are consistently and uniformly determined to ensure year-on-year comparability. The key performance indicators not defined in accordance with IFRS are not directly comparable with the key figures of other companies.

For more details of the key performance indicators used for management purposes, please refer to pages 49–50 of the METRO Annual Report 2016/17 and the footnotes to the tables on page 90 of the report.

Sales

METRO increased its like-for-like sales in H1 2017/18 by 1.3%. This was aided by a positive like-for-like trend at METRO Wholesale and Real. In local currency, METRO's sales grew by 1.7% in the 1st half of the year. Reported sales decreased by 0.3% €18.6 billion due to negative currency effects.

In Q2 2017/18, like-for-like sales at METRO rose by 2.0%. This positive like-for-like trend was bolstered particularly by the Easter shift. In local currency, METRO's sales also grew by 2.0%. Reported sales

decreased by 0.8% to €8.4 billion due to negative currency effects.

Earnings

In H1 2017/18, earnings before interest, taxes, depreciation and amortisation (EBITDA) excluding earnings contributions from real estate transactions totalled €761 million (H1 2016/17: €742 million). The increase is driven by the absence of restructuring-related expenses, among others at Real, in comparison to the previous year and one time income in the Others segment in the current year. On the other hand, particularly the sales decline in Russia, which was amplified by negative currency effects, affected the earnings development and led to a development below the previous year's level.

Earnings contributions from real estate transactions were recorded in the amount of €8 million (H1 2016/17: €118 million). **EBITDA** in the 1st half of the year reached €769 million (H1 2016/17: €859 million).

In the 2nd quarter of 2017/18, EBITDA excluding earnings contributions from real estate transactions stood at €153 million (Q2 2016/17: €177 million). There were earnings contributions of €8 million from real estate transactions (Q2 2016/17: €75 million). EBITDA stands at €161 million (Q2 2016/17: €251 million).

In H1 2017/18 the **financial result** totals €–81 million (H1 2016/17: €–75 million). The other financial result changed by €–25 million due to temporary positive currency developments (mainly rouble) in the previous year. On the other hand, because of more favourable refinancing conditions the interest result improved by €12 million.

Earnings before taxes in H1 2017/18 reached €333 million (H1 2016/17: €429 million).

The **tax expenses** of €147 million (H1 2016/17: €250 million) correspond to a tax rate of 44% (H1 2016/17: 58%). Due to the adjusted earnings outlook (ad hoc announcement of 20 April 2018) and the related consequences for taxation, the tax rate for the current year exceeds the originally expected tax rate of 40%. The high tax rate in the previous year was mainly influenced by demerger and restructuring effects that did not lead to a corresponding reduction in tax expenses.

Profit or loss for the period reached €185 million in H1 2017/18 (H1 2016/17: €179 million).

Earnings per share in H1 2017/18 were around €0.50 (H1 2016/17: €0.45).

¹ The like-for-like sales development reflects sales growth in local currency on a comparable area or with respect to a comparable group of locations or merchandising concepts, such as online and delivery services. The figure only includes sales from locations with comparable data going back at least 1 year. This means that locations which opened, closed or underwent substantial refurbishment in either the reporting period or the reference year must be excluded from consideration.

² FCF conversion defined as (EBITDA reported – capex excluding finance lease extensions and M&A +/- change in NWC)/EBITDA reported

Investments

METRO's investments in H1 2017/18 totalled €322 million (H1 2016/17: €346 million). In Q2 2017/18, METRO invested €191 million (Q2 2016/17: €259 million). The prior-year quarter includes the acquisition of Pro à Pro, the French food supplier for commercial customers, with a resulting increase of long-term assets of about €143 million. In the current year investments were mainly made for new store openings, modernisation as well as IT and digitalisation.

Financing and net debt

Medium- to long-term financing needs are covered by a bond issuance programme that is suitable for the capital market and has a maximum volume of €5 billion. On 13 February 2018, a maturing bond of €50 million with a coupon of 3.5% was repaid on time. A 5-year bond for €500 million with a coupon of 1.125% was placed on 6 March 2018. As of 31 March 2018, the bond issuance programme was utilised with a total of €2.901 billion (31 March 2017: €2.501 billion).

Short-term financing requirements are covered through the Euro Commercial Paper Programme, with a maximum volume of €2 billion. During the reporting period, the programme was utilised at an average level of €471 million. As of 31 March 2018, utilisation stood at €677 million (31 March 2017: €1,101 million).

As of 31 March 2018, bilateral credit facilities totalling €609 million were utilised (31 March 2017: €319 million). As a cash reserve, METRO continues to have two syndicated credit facilities at its disposal, with a total amount of €1,750 million, in addition to multi-year bilateral credit facilities in the amount of €250 million.

As of 31 March 2018, net debt after offsetting cash and cash equivalents plus financial investments against

borrowings (including finance leases) amounted to €4.0 billion (31 March 2017: €3.9 billion).

Balance sheet

Total assets changed by €–0.1 billion versus the end of the financial year on 30 September 2017 to €15.7 billion. In a year-on-year comparison to 31 March 2017, total assets changed by €–0.4 billion.

METRO's consolidated balance sheet recognises €3.1 billion in equity as of 31 March 2018.

There has been no material change in the equity ratio versus 30 September 2017, which remains at 20%. In a comparison to 31 March 2017, the equity ratio is at its prior-year level as well.

Cash flow

Cash flow from operating activities came in at €–0.1 billion in H1 2017/18 (H1 2016/17: cash outflow of €0.1 billion).

Cash flow from investing activities stood at €–0.3 billion (H1 2016/17: €–0.3 billion) and mainly includes investments in property, plant and equipment. The previous year's figure included investments in money market funds totalling €–481 million along with €–181 million in payouts for the acquisition of Pro à Pro. This contrasts with €540 million in cash inflow from the disposal of financial investments.

Cash flow from financing activities recognises a cash inflow of €0.3 billion (H1 2016/17: €0.1 billion cash inflow). In the previous year, the line item for "profit and loss transfers and other financing activities" includes a payout of €221 million to CECONOMY in connection with the initial liquidity setup.

EARNINGS POSITION OF THE SALES LINES

METRO Wholesale

| | Sales (€ million) | | Change (€) | | Currency effects | | Change (local currency) | | Like-for-like (local currency) | |
|------------------------------------|-------------------|---------------|---------------|---------------|------------------|---------------|-------------------------|---------------|--------------------------------|---------------|
| | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 |
| Total | 14,867 | 14,791 | 2.3% | -0.5% | 1.2% | -2.5% | 1.1% | 2.0% | 0.4% | 1.2% |
| Germany | 2,386 | 2,432 | -2.3% | 2.0% | 0.0% | 0.0% | -2.3% | 2.0% | -5.0% | 2.6% |
| Western Europe (excluding Germany) | 5,030 | 5,225 | 1.0% | 3.9% | 0.0% | 0.0% | 1.0% | 3.9% | -0.9% | 0.3% |
| Russia | 1,803 | 1,534 | 18.9% | -14.9% | 18.4% | -5.3% | 0.5% | -9.6% | -0.9% | -8.8% |
| Eastern Europe (excluding Russia) | 3,274 | 3,359 | 0.3% | 2.6% | -2.8% | -2.9% | 3.1% | 5.4% | 4.1% | 6.0% |
| Asia | 2,335 | 2,227 | 7.2% | -4.6% | -1.2% | -7.4% | 8.4% | 2.8% | 5.5% | 2.4% |
| Others | 39 | 13 | -74.5% | -66.4% | 0.2% | -0.1% | -74.7% | -66.3% | -9.3% | 0.0% |

| | Sales (€ million) | | Change (€) | | Currency effects | | Change (local currency) | | Like-for-like (local currency) | |
|------------------------------------|-------------------|---------------|---------------|---------------|------------------|---------------|-------------------------|---------------|--------------------------------|---------------|
| | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 |
| Total | 6,852 | 6,730 | 5.4% | -1.8% | 2.8% | -3.4% | 2.6% | 1.6% | 0.1% | 1.6% |
| Germany | 1,039 | 1,064 | -2.7% | 2.4% | 0.0% | 0.0% | -2.7% | 2.5% | -5.5% | 3.1% |
| Western Europe (excluding Germany) | 2,298 | 2,339 | 4.9% | 1.8% | 0.0% | 0.0% | 4.9% | 1.8% | -0.2% | -0.2% |
| Russia | 790 | 624 | 34.2% | -21.0% | 36.6% | -10.6% | -2.4% | -10.4% | -3.5% | -8.6% |
| Eastern Europe (excluding Russia) | 1,475 | 1,513 | 1.5% | 2.6% | -2.7% | -2.5% | 4.2% | 5.1% | 5.1% | 5.7% |
| Asia | 1,235 | 1,190 | 4.5% | -3.6% | -0.3% | -8.5% | 4.8% | 4.8% | 2.1% | 4.3% |
| Others | 14 | 0 | -15.8% | -100.0% | 0.0% | 0.0% | -15.8% | -100.0% | -21.4% | 0.0% |

Like-for-like **sales** at METRO Wholesale increased by 1.2% in H1 2017/18. All of the regions except for Russia contributed to this development. In local currency, sales increased by 2.0%. Due to adverse exchange rate developments – especially in Russia, Turkey and China – reported sales fell by 0.5% to €14.8 billion.

Like-for-like sales at METRO Wholesale rose by 1.6% in Q2 2017/18; this development was supported by the Easter trade. All of the regions contributed to this growth, with the exception of Western Europe excluding Germany and Russia. In local currency, sales grew by 1.6%. Due to adverse exchange rate developments – especially in the Asian countries, Russia and Turkey – reported sales fell by 1.8% to €6.7 billion.

Like-for-like sales in **Germany** increased by 2.6% in H1 2017/18. Reported sales grew by 2.0%.

During the 2nd quarter of 2017/18, like-for-like sales in Germany rose by 3.1%, due in part to the Easter shift. Reported sales grew by 2.4%.

Like-for-like sales in **Western Europe excluding Germany** increased by 0.3% in H1 2017/18. France and Portugal in particular contributed to this development. Reported sales increased by 3.9% to €5.2 billion. A particular contributing factor was the acquisition of Pro à Pro.

Like-for-like sales dropped by 0.2% in Q2 2017/18. Particularly as the result of acquisition activities, reported sales increased by 1.8% and totalled €2.3 billion.

With a decline of 8.8%, the trend in like-for-like sales in **Russia** was significantly negative in H1 2017/18. In local currency, sales fell by 9.6% while reported sales decreased by 14.9%.

Like-for-like sales in Q2 2017/18 decreased by 8.6% in Russia. In local currency, sales fell by 10.4%, while reported sales dropped by 21.0%.

Like-for-like sales in **Eastern Europe excluding Russia** recorded a clear upturn of 6.0% in H1 2017/18. This was primarily driven by Romania, Turkey and Ukraine. In local currency, sales were up 5.4%. Due to negative currency effects – especially in Turkey – reported sales increased by just 2.6%.

The trend in Eastern Europe excluding Russia in like-for-like sales in Q2 2017/18 was clearly positive and stood at 5.7%. In local currency, sales were up 5.1%. Due to negative currency effects – especially in Turkey – reported sales increased by only 2.6%.

Like-for-like sales in **Asia** were 2.4% higher in H1 2017/18. All of the countries contributed to this. In local currency, sales were up 2.8%. Due to negative exchange rate developments, reported sales decreased by 4.6%.

Like-for-like sales in Q2 2017/18 increased by 4.3%. China and India in particular contributed to this development. In local currency, sales were up 4.8%. Due to negative exchange rate developments, reported sales decreased by 3.6%.

METRO Wholesale's **delivery** business grew strongly in H1 2017/18, with sales increasing by more than 20% to €2.5 billion. As a result, the delivery business now accounts for 17% of sales. This is largely attributable to the acquisition of Pro à Pro.

Sales grew by approximately 13% during Q2 2017/18 and reached 19% of sales.

| | EBITDA excluding earnings contributions from real estate transactions | | | Earnings contributions from real estate transactions | | | EBITDA | | EBIT | | Investments | |
|------------------------------------|---|------------|------------|--|------------|--|------------|------------|------------|------------|-------------|------------|
| | H1 2016/17 | H1 2017/18 | Change (€) | H1 2016/17 | H1 2017/18 | | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 |
| Total | 673 | 622 | -51 | 82 | 4 | | 755 | 626 | 534 | 411 | 261 | 152 |
| Germany | 49 | 53 | 4 | -1 | 0 | | 48 | 53 | 11 | 16 | 11 | 18 |
| Western Europe (excluding Germany) | 172 | 194 | 22 | 1 | 0 | | 174 | 195 | 110 | 126 | 200 | 45 |
| Russia | 192 | 143 | -50 | 0 | 0 | | 192 | 143 | 164 | 116 | 18 | 48 |
| Eastern Europe (excluding Russia) | 173 | 167 | -6 | 0 | 1 | | 173 | 168 | 121 | 118 | 15 | 21 |
| Asia | 89 | 83 | -6 | 81 | 3 | | 170 | 86 | 130 | 53 | 17 | 19 |
| Others/consolidation | -2 | -19 | -16 | 0 | 0 | | -2 | -19 | -3 | -19 | 0 | 2 |

| | EBITDA excluding earnings contributions from real estate transactions | | | Earnings contributions from real estate transactions | | EBITDA | | EBIT | | Investments | |
|---------------------------------------|---|---------------|---------------|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Q2 2016/17 | Q2 2017/18 | Change (€) | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 |
| Total | 155 | 124 | -31 | 80 | 4 | 235 | 128 | 128 | 20 | 212 | 85 |
| Germany | -15 | -12 | 3 | -1 | 0 | -15 | -12 | -34 | -31 | 8 | 12 |
| Western Europe (excluding Germany) | 6 | 24 | 18 | 0 | 0 | 6 | 24 | -25 | -10 | 183 | 28 |
| Russia | 70 | 35 | -35 | 0 | 0 | 70 | 35 | 56 | 22 | 4 | 25 |
| Eastern Europe (excluding Russia) | 54 | 44 | -10 | 0 | 1 | 54 | 45 | 30 | 20 | 8 | 12 |
| Asia | 48 | 48 | -1 | 81 | 3 | 129 | 51 | 112 | 34 | 10 | 8 |
| Others/consolidation | -9 | -15 | -6 | 0 | 0 | -9 | -15 | -9 | -15 | 0 | 1 |

In H1 2017/18, **EBITDA excluding earnings contributions from real estate transactions** totalled €622 million (H1 2016/17: €673 million). This reduction was primarily due to a sales-related downtrend in Russia and negative currency effects in the Asian countries, Russia and Turkey.

EBITDA excluding earnings contributions from real estate transactions fell to €124 million in Q2 2017/18 (Q2 2016/17: €155 million), owing particularly to the continued negative trend in Russia.

Real

| | Sales (€ million) | | Change (€) | | Like-for-like (local currency) | |
|---------|-------------------|------------|------------|------------|--------------------------------|------------|
| | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 |
| Germany | 3,718 | 3,767 | -5.7% | 1.3% | -3.4% | 1.7% |

| | Sales (€ million) | | Change (€) | | Like-for-like (local currency) | |
|---------|-------------------|------------|------------|------------|--------------------------------|------------|
| | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 |
| Germany | 1,660 | 1,718 | -7.8% | 3.5% | -5.4% | 3.9% |

Like-for-like **sales** at Real increased by 1.7% in H1 2017/18. Reported sales grew by 1.3% to €3.8 billion.

Like-for-like sales increased by 3.9% in Q2 2017/18. This increase is attributable particularly to the Easter shift. Reported sales grew by 3.5%.

The trend in **online sales** remained very positive, rising by about 37% in H1 2017/18 to about 2% of sales. In Q2 2017/18, sales rose by approximately 28% to circa 2% of sales.

| | EBITDA excluding earnings contributions from real estate transactions | | | Earnings contributions from real estate transactions | | EBITDA | | EBIT | | Investments | |
|---------|---|------------|------------|--|------------|------------|------------|------------|------------|-------------|------------|
| | H1 2016/17 | H1 2017/18 | Change (€) | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 |
| Germany | 88 | 136 | 48 | 6 | 0 | 93 | 136 | 24 | 59 | 32 | 90 |

| | EBITDA excluding earnings contributions from real estate transactions | | | Earnings contributions from real estate transactions | | EBITDA | | EBIT | | Investments | |
|---------|---|------------|------------|--|------------|------------|------------|------------|------------|-------------|------------|
| | Q2 2016/17 | Q2 2017/18 | Change (€) | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 |
| Germany | 33 | 36 | 3 | 6 | 0 | 38 | 36 | 4 | -5 | 19 | 60 |

In H1 2017/18, **EBITDA excluding earnings contributions from real estate transactions** reached €136 million (H1 2016/17: €88 million). The previous year's figure included expenses for restructuring measures totalling €47 million.

In Q2 2017/18, **EBITDA excluding earnings contributions from real estate transactions** reached €36 million (Q2 2016/17: €33 million).

Others

| Sales (€ million) | | |
|-------------------|------------|------------|
| | H1 2016/17 | H1 2017/18 |
| Others | 22 | 2 |

| Sales (€ million) | | |
|-------------------|------------|------------|
| | Q2 2016/17 | Q2 2017/18 |
| Others | 2 | 1 |

| | EBITDA excluding earnings contributions from real estate transactions | | | Earnings contributions from real estate transactions | | EBITDA | | EBIT | | Investments | |
|--------|---|------------|------------|--|------------|------------|------------|------------|------------|-------------|------------|
| | H1 2016/17 | H1 2017/18 | Change (€) | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 |
| Others | -21 | 5 | 26 | 36 | 4 | 15 | 9 | -51 | -57 | 53 | 82 |

| | EBITDA excluding earnings contributions from real estate transactions | | | Earnings contributions from real estate transactions | | EBITDA | | EBIT | | Investments | |
|--------|---|------------|------------|--|------------|------------|------------|------------|------------|-------------|------------|
| | Q2 2016/17 | Q2 2017/18 | Change (€) | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 |
| Others | -10 | -6 | 4 | -6 | 4 | -16 | -3 | -48 | -33 | 27 | 45 |

In addition to central METRO activities, the Others segment includes the purchasing organisation in Hong Kong, which is also active for unrelated third parties, as well as the logistics services and the real estate activities of METRO PROPERTIES, which are not assigned to the sales lines (e.g. retail parks, warehouses, head offices).

Sales in the Others segment fell by €20 million in the 1st half of 2017/18. This decrease is essentially due to the fact that the previous year's sales figures included sales by four Real locations in Romania that have since been sold.

In Q2 2017/18, sales totalled €1 million (Q2 2016/17: €2 million).

In H1 2017/18, **EBITDA excluding earnings contributions from real estate transactions** was around €5 million (H1 2016/17: €-21 million). The increase is particularly attributable to reversals of provisions and one-off income in connection with the settlement of previous company disposals.

In Q2 2017/18, **EBITDA excluding earnings contributions from real estate transactions** was around €-6 million (Q2 2016/17: €-10 million).

RISKS AND OPPORTUNITIES

Since the date of preparation of the consolidated financial statements (30 November 2017), the following material risks and opportunities for the prospective development of the group have emerged against the comprehensive disclosures made in the METRO Annual Report 2016/17 (pages 101-110):

During the 2nd half of the year, METRO anticipates METRO Russia sales to come in below forecast levels – also due to the further deterioration of the geopolitical situation. The repositioning of the business in the 2nd half of the year will also generate additional costs in excess of those originally expected. All in all, this leads to a reduction in the expected earnings contribution by METRO Russia.

Given that negotiations with the ver.di trade union with regard to a competitive remuneration structure for Real concluded without reaching a result leads to an increased risk of a negative short- and medium-term impact on earnings.

There are no risks that could endanger the company's existence and, at present, none can be identified for the future.

From a real estate perspective, the risks of deficient rental cover were reduced through successful remarketing. Construction risks, on the other hand, lead to a short-term increase in risk. These findings have been nearly fully resolved. The existing control mechanisms are also currently undergoing revision.

REPORT ON EVENTS AFTER THE CLOSING DATE AND OUTLOOK

Events after the quarterly closing date

Against the backdrop of the inconclusive end to negotiations with the trade union ver.di on a competitive remuneration structure at Real, in its meeting of 20 April 2018, the Supervisory Board of real ,- SB-Warenhaus GmbH agreed to spin the business off to METRO Services GmbH. Subsequently, the management board of METRO AG and the management board of real ,- SB-Warenhaus GmbH communicated the extraordinary termination of the future collective agreement to ver.di. Once this spin-off is complete, future negotiations with the trade union side concerning the collective agreement applicable to Real will be conducted within the scope of membership in the employers' association AHD – Unternehmervereinigung für Arbeitsbedingungen im Handel und Dienstleistungsgewerbe e. V. This new situation results in short- and medium-term risks that, in our estimation, could negatively affect the earnings position in the current financial year by an amount in the low to medium double-digit millions.

Furthermore these risks have been classified as potential evidence for goodwill impairment for the cash generating unit Real Germany. According to IAS 36 the required review of goodwill did not result in a decline in goodwill of Real Germany, although the gap between book value and headroom reduced.

On 7 May 2018, the Supervisory Board of METRO AG appointed Philippe Palazzi as Member of the Management Board and Chief Operating Officer of METRO AG with immediate effect. He will take over responsibilities from Pieter Boone who will leave the company by mutual consent.

Economic outlook

METRO AG has adjusted its outlook for earnings and sales for the financial year 2017/18 on 20 April 2018 due to the overall development of the business. The outlook continues to be based on the assumption of stable exchange rates without portfolio adjustments. Our reporting will also assume a continuously complex geopolitical situation.

Sales

With regard to overall sales METRO AG expects a growth rate of minimum 0.5% in the financial year 2017/18 (before: minimum 1.1%). Opposed to this, we expect for METRO Russia a sales development considerably below the prior year. For Real we expect a slight improvement compared to the previous year. For the financial year 2017/18, the management board of METRO AG continues to expect the like-for-like development to slightly surpass the 0.5% growth

delivered in the reporting year 2016/17. Here we expect for METRO Russia a development markedly lower than the year before.

Earnings

The Management Board of METRO AG expects the EBITDA (exchange-rate adjusted and excluding earnings contributions from real estate transactions) of METRO to increase slightly in the financial year 2017/18 as compared to last year's result of EUR 1,436 million (before: approximately 10%). Opposed to this, for METRO Russia a strong decrease compared to the year before is expected.

We assume that the heterogeneous development of earnings will continue in the due course of the financial year, whereby Real earnings will be strongly impacted by the cancellation of the temporary tariff agreement in the 2nd half of the year.

STORE NETWORK

| | METRO Wholesale ¹ | | | Real | | | Total | | |
|---|--|--------------------------------------|------------|--|--------------------------------------|------------|--|--------------------------------------|--------------|
| | New openings/ additions H1 2017/18 | Closures/ disposals H1 2017/18 | 31/3/2018 | New openings/ additions H1 2017/18 | Closures/ disposals H1 2017/18 | 31/3/2018 | New openings/ additions H1 2017/18 | Closures/ disposals H1 2017/18 | 31/3/2018 |
| Germany | | | 104 | | -1 | 281 | | -1 | 385 |
| Belgium | | | 16 | | | | | | 16 |
| France | +1 | | 98 | | | | +1 | | 98 |
| Italy | | -1 | 49 | | | | | -1 | 49 |
| Netherlands | | | 17 | | | | | | 17 |
| Austria | | | 12 | | | | | | 12 |
| Portugal | | | 10 | | | | | | 10 |
| Spain | | | 37 | | | | | | 37 |
| Western Europe (excluding Germany) | +1 | -1 | 239 | | | | +1 | -1 | 239 |
| Russia | +2 | | 91 | | | | +2 | | 91 |
| Bulgaria | | | 11 | | | | | | 11 |
| Kazakhstan | | | 6 | | | | | | 6 |
| Croatia | | | 9 | | | | | | 9 |
| Moldova | | | 3 | | | | | | 3 |
| Poland | | -1 | 29 | | | | | -1 | 29 |
| Romania | | | 30 | | | | | | 30 |
| Serbia | | | 9 | | | | | | 9 |
| Slovakia | | | 6 | | | | | | 6 |
| Czech Republic | | | 13 | | | | | | 13 |
| Turkey | | | 33 | | | | | | 33 |
| Ukraine | | | 31 | | | | | | 31 |
| Hungary | | | 13 | | | | | | 13 |
| Eastern Europe (excluding Russia) | | -1 | 193 | | | | | -1 | 193 |
| China | +4 | -1 | 93 | | | | +4 | -1 | 93 |
| India | | | 24 | | | | | | 24 |
| Japan | | | 10 | | | | | | 10 |
| Pakistan | | | 9 | | | | | | 9 |
| Asia | +4 | -1 | 136 | | | | +4 | -1 | 136 |
| Total | +7 | -3 | 763 | | -1 | 281 | +7 | -4 | 1,044 |

¹ The locations and countries of Classic Fine Foods as well as the locations of Pro à Pro and Rungis Express are not shown in the table, as these are depots and warehouses, and only sales locations are counted here.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

| € million | H1 2016/17 | H1 2017/18 | Q2 2016/17 | Q2 2017/18 |
|---|-------------------------|---------------|-------------------------|--------------|
| Sales | 18,608 | 18,560 | 8,514 | 8,449 |
| Cost of sales | -15,095 | -15,111 | -6,959 | -6,928 |
| Gross profit on sales | 3,513 | 3,449 | 1,555 | 1,521 |
| Other operating income | 562 | 434 | 297 | 209 |
| Selling expenses | -3,030 | -3,001 | -1,514 | -1,508 |
| General administrative expenses | -483 | -431 | -227 | -221 |
| Other operating expenses | -65 | -43 | -35 | -21 |
| Earnings share of operating companies recognised at equity | 7 | 5 | 3 | 2 |
| Earnings before interest and taxes (EBIT) | 504 | 413 | 78 | -18 |
| Earnings share of non-operating companies recognised at equity | 0 | 0 | 0 | 0 |
| Other investment result | -7 | 0 | -8 | 0 |
| Interest income | 14 | 19 | 8 | 6 |
| Interest expenses | -99 | -92 | -45 | -47 |
| Other financial result | 18 | -7 | 24 | -1 |
| Financial result | -75 | -81 | -21 | -42 |
| Earnings before taxes (EBT) | 429 | 333 | 57 | -60 |
| Income taxes | -250 | -147 | -6 | 9 |
| Profit or loss for the period after taxes | 179 | 185 | 51 | -51 |
| Profit or loss for the period attributable to non-controlling interests | 14 | 5 | 10 | 1 |
| Profit or loss for the period attributable to METRO | 165 | 181 | 41 | -52 |
| Earnings per share in € (basic = diluted) | 0.45¹ | 0.50 | 0.11¹ | -0.14 |

¹ Pro forma disclosure.

RECONCILIATION FROM PROFIT OR LOSS FOR THE PERIOD TO TOTAL COMPREHENSIVE INCOME

| € million | H1 2016/17 | H1 2017/18 | Q2 2016/17 | Q2 2017/18 |
|---|------------|------------|------------|------------|
| Profit or loss for the period | 179 | 185 | 51 | -51 |
| Other comprehensive income | | | | |
| Items of “other comprehensive income” that will not be reclassified subsequently to profit or loss | 24 | 5 | 6 | 11 |
| Remeasurement of defined benefit pension plans | 41 | 5 | 11 | 14 |
| Income tax attributable to items of “other comprehensive income” that will not be reclassified subsequently to profit or loss | -17 | 0 | -5 | -2 |
| Items of “other comprehensive income” that may be reclassified subsequently to profit or loss | 163 | -48 | 60 | -33 |
| Currency translation differences from translating the financial statements of foreign operations | 163 | -48 | 64 | -33 |
| Effective portion of gains/losses from cash flow hedges | 0 | 1 | -4 | 0 |
| Gains/losses on remeasuring financial instruments in the category “available for sale” | 0 | 0 | 0 | 0 |
| Income tax attributable to items of “other comprehensive income” that may be reclassified subsequently to profit or loss | 0 | 0 | 0 | 0 |
| Other comprehensive income | 187 | -43 | 66 | -21 |
| Total comprehensive income | 366 | 142 | 117 | -72 |
| Total comprehensive income attributable to non-controlling interests | 14 | 5 | 10 | 1 |
| Total comprehensive income attributable to shareholders of METRO AG | 352 | 137 | 107 | -73 |

BALANCE SHEET

ASSETS

| € million | 30/9/2017 | 31/3/2017 | 31/3/2018 |
|---|---------------|---------------|---------------|
| Non-current assets | 9,225 | 9,545 | 9,069 |
| Goodwill | 875 | 881 | 870 |
| Other intangible assets | 473 | 475 | 477 |
| Property, plant and equipment | 6,822 | 7,025 | 6,699 |
| Investment properties | 126 | 153 | 113 |
| Financial assets | 92 | 81 | 95 |
| Investments accounted for using the equity method | 183 | 182 | 187 |
| Other financial and non-financial assets | 217 | 223 | 213 |
| Deferred tax assets | 439 | 524 | 416 |
| Current assets | 6,554 | 6,508 | 6,606 |
| Inventories | 3,046 | 3,309 | 3,107 |
| Trade receivables | 575 | 522 | 597 |
| Financial assets | 1 | 1 | 1 |
| Other financial and non-financial assets | 1,214 | 1,314 | 1,284 |
| Entitlements to income tax refunds | 148 | 124 | 168 |
| Cash and cash equivalents | 1,559 | 1,236 | 1,420 |
| Assets held for sale | 11 | 2 | 27 |
| | 15,779 | 16,053 | 15,675 |

EQUITY AND LIABILITIES

| € million | 30/9/2017 | 31/3/2017 | 31/3/2018 |
|---|---------------|---------------|---------------|
| Equity | 3,207 | 3,254 | 3,090 |
| Net assets attributable to the former METRO GROUP | 0 | 3,885 | 0 |
| Other components of equity | 0 | -673 | 0 |
| Share capital | 363 | 0 | 363 |
| Capital reserve | 6,118 | 0 | 6,118 |
| Reserves retained from earnings | -3,320 | 0 | -3,436 |
| Non-controlling interests | 46 | 42 | 45 |
| Non-current liabilities | 4,197 | 4,764 | 4,156 |
| Provisions for post-employment benefits plans and similar obligations | 557 | 610 | 552 |
| Other provisions | 283 | 285 | 249 |
| Financial liabilities | 3,095 | 3,671 | 3,090 |
| Other financial and non-financial liabilities | 162 | 119 | 176 |
| Deferred tax liabilities | 100 | 79 | 89 |
| Current liabilities | 8,376 | 8,035 | 8,430 |
| Trade liabilities | 4,782 | 4,601 | 4,371 |
| Provisions | 456 | 520 | 375 |
| Financial liabilities | 1,611 | 1,497 | 2,298 |
| Other financial and non-financial liabilities | 1,345 | 1,098 | 1,175 |
| Income tax liabilities | 167 | 319 | 210 |
| Liabilities related to assets held for sale | 15 | 0 | 0 |
| | 15,779 | 16,053 | 15,675 |

CASH FLOW STATEMENT

| € million | H1 2016/17 | H1 2017/18 |
|---|--------------|--------------------|
| EBIT | 504 | 413 |
| Depreciation/amortisation/impairment losses/reversal of impairment losses of assets excluding financial investments | 355 | 356 |
| Change in provisions for pensions and other provisions | -17 | -108 |
| Change in net working capital | -494 | -544 |
| Income taxes paid | -103 | -112 |
| Reclassification of gains (-) / losses (+) from the disposal of fixed assets | -112 | -13 |
| Other | -268 | -128 |
| Cash flow from operating activities | -135 | -136 |
| Acquisition of subsidiaries | -180 | -1 |
| Investments in property, plant and equipment (excluding finance leases) | -281 | -297 |
| Other investments | -63 | -69 |
| Financial investments | -481 | -1 |
| Disposals of subsidiaries | -47 | 34 |
| Disposal of fixed assets | 66 | 28 |
| Gains (+) / losses (-) from the disposal of fixed assets | 112 | 13 |
| Disposal of financial investments | 540 | 0 |
| Cash flow from investing activities | -334 | -293 |
| Dividends paid | | |
| to METRO AG shareholders | -8 | -254 |
| to other shareholders | -19 | -8 |
| Redemption of liabilities from put options of non-controlling interests | -20 | 0 |
| Proceeds from long-term borrowings | 1,542 | 1,555 |
| Redemption of borrowings | -1,100 | -925 |
| Interest paid | -100 | -86 |
| Interest received | 13 | 19 |
| Profit and loss transfers and other financing activities | -213 | -9 |
| Cash flow from financing activities | 95 | 292 |
| Total cash flows | -374 | -137 |
| Currency effects on cash and cash equivalents | 10 | -5 |
| Total change in cash and cash equivalents | -364 | -142 |
| Total cash and cash equivalents as of 1 October | 1,599 | 1,562 |
| Cash and cash equivalents shown under IFRS 5 assets | 0 | 3 |
| Cash and cash equivalents as of 1 October | 1,599 | 1,559 |
| Total cash and cash equivalents as of 31 March | 1,236 | 1,420 ¹ |
| Cash and cash equivalents shown under IFRS 5 assets | 0 | 0 |
| Cash and cash equivalents as of 31 March | 1,236 | 1,420 |

¹ Of the cash, €6 million is subject to restrictions on title.

CONDENSED STATEMENT OF CHANGES IN EQUITY

| € million | Net assets attributable to the former METRO GROUP | Share capital | Capital reserve | Reserves retained from earnings ² | Total equity before non- controlling interests | Non- controlling interests | Total equity |
|--|---|------------------|--------------------|---|---|----------------------------------|-----------------|
| 1/10/2016 | 3,748 | 0 | 0 | -860 | 2,888 | 36 | 2,924 |
| Earnings after taxes | 165 | 0 | 0 | 0 | 165 | 14 | 179 |
| Other comprehensive income | 0 | 0 | 0 | 187 | 187 | 0 | 187 |
| Total comprehensive income | 165 | 0 | 0 | 187 | 352 | 14 | 366 |
| Dividends | -8 ¹ | 0 | 0 | 0 | -8 | -19 | -27 |
| Transactions with the former METRO GROUP | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other changes | -20 | 0 | 0 | 0 | -20 | 11 | -9 |
| 31/3/2017 | 3,885 | 0 | 0 | -673 | 3,212 | 42 | 3,254 |
| 1/10/2017 | | 363 | 6,118 | -3,320 | 3,162 | 46 | 3,207 |
| Earnings after taxes | | 0 | 0 | 181 | 181 | 5 | 185 |
| Other comprehensive income | | 0 | 0 | -43 | -43 | 0 | -43 |
| Total comprehensive income | | 0 | 0 | 137 | 137 | 5 | 142 |
| Capital increases | | 0 | 0 | 0 | 0 | 1 | 1 |
| Dividends | | 0 | 0 | -254 | -254 | -8 | -262 |
| Capital transactions with change in participating interest | | | | 0 | | | |
| | | 0 | 0 | | 0 | 0 | 0 |
| Other changes | | 0 | 0 | 0 | 0 | 2 | 2 |
| 31/3/2018 | | 363 | 6,118 | -3,436 | 3,045 | 45 | 3,090 |

¹ Reported dividends include dividends to minority shareholders in the amount of €8 million, the shares of which are shown fully as debt capital due to put options.

² In the previous year: other components of equity.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT REPORTING H1 2017/18

OPERATING SEGMENTS

| | METRO Wholesale Germany | | METRO Wholesale Western Europe (excluding Germany) | | METRO Wholesale Russia | | METRO Wholesale Eastern Europe (excluding Russia) | | METRO Wholesale Asia | |
|---|----------------------------|---------------|--|---------------|---------------------------|---------------|---|---------------|----------------------|---------------|
| € million | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 |
| External sales (net) | 2,386 | 2,432 | 5,030 | 5,225 | 1,803 | 1,534 | 3,274 | 3,359 | 2,335 | 2,227 |
| Internal sales (net) | 6 | 9 | 1 | 1 | 25 | 19 | 1 | 0 | 0 | 0 |
| Sales (net) | 2,391 | 2,441 | 5,031 | 5,227 | 1,828 | 1,553 | 3,275 | 3,359 | 2,335 | 2,227 |
| EBITDA excluding earnings contributions from real estate transactions | 49 | 53 | 172 | 194 | 192 | 143 | 173 | 167 | 89 | 83 |
| Earnings contributions from real estate transactions | -1 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 81 | 3 |
| EBITDA | 48 | 53 | 174 | 195 | 192 | 143 | 173 | 168 | 170 | 86 |
| Depreciation/a mortisation/im pairment losses | 37 | 37 | 66 | 68 | 28 | 27 | 52 | 49 | 40 | 33 |
| Reversals of impairment losses | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBIT | 11 | 16 | 110 | 126 | 164 | 116 | 121 | 118 | 130 | 53 |
| Investments | 11 | 18 | 200 | 45 | 18 | 48 | 15 | 21 | 17 | 19 |
| Non-current segment assets | 810 | 871 | 2,099 | 1,935 | 1,228 | 1,019 | 1,470 | 1,474 | 1,035 | 985 |

OPERATING SEGMENTS

| | Real | | Others | | Consolidation | | METRO | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| € million | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 |
| External sales (net) | 3,718 | 3,767 | 62 | 16 | 0 | 0 | 18,608 | 18,560 |
| Internal sales (net) | 5 | 5 | 266 | 313 | -304 | -347 | 0 | 0 |
| Sales (net) | 3,723 | 3,772 | 328 | 328 | -304 | -347 | 18,608 | 18,560 |
| EBITDA excluding earnings contributions from real estate transactions | 88 | 136 | -23 | -14 | 2 | -1 | 742 | 761 |
| Earnings contributions from real estate transactions | 6 | 0 | 36 | 4 | -6 | 0 | 118 | 8 |
| EBITDA | 93 | 136 | 13 | -11 | -4 | -1 | 859 | 769 |
| Depreciation/amortisation/impairment losses | 70 | 76 | 67 | 66 | -1 | -1 | 357 | 356 |
| Reversals of impairment losses | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 |
| EBIT | 24 | 59 | -54 | -77 | -2 | 1 | 504 | 413 |
| Investments | 32 | 90 | 54 | 83 | 0 | -2 | 346 | 322 |
| Non-current segment assets | 1,172 | 1,213 | 987 | 912 | -43 | -38 | 8,757 | 8,371 |

TRANSITION TO PRESENTATION IN THE MANAGEMENT REPORT

| | METRO Wholesale segments subject to reporting requirements | | METRO Wholesale Others and Consolidation | | METRO Wholesale | |
|---|---|------------|---|------------|-----------------|------------|
| € million | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 | H1 2016/17 | H1 2017/18 |
| External sales (net) | 14,828 | 14,778 | 39 | 13 | 14,867 | 14,791 |
| Internal sales (net) | 33 | 29 | -26 | -20 | 6 | 9 |
| Sales (net) | 14,860 | 14,807 | 13 | -7 | 14,873 | 14,800 |
| EBITDA excluding earnings contributions from real estate transactions | 675 | 640 | -2 | -19 | 673 | 622 |
| Earnings contributions from real estate transactions | 82 | 4 | 0 | 0 | 82 | 4 |
| EBITDA | 757 | 644 | -2 | -19 | 755 | 626 |
| Depreciation/amortisation/impairment losses | 222 | 215 | 1 | 0 | 223 | 215 |
| Reversals of impairment losses | 2 | 0 | 0 | 0 | 2 | 0 |
| EBIT | 537 | 430 | -3 | -19 | 534 | 411 |
| Investments | 260 | 151 | 0 | 2 | 261 | 152 |
| Non-current segment assets | 6,642 | 6,284 | -9 | -11 | 6,633 | 6,273 |

SEGMENT REPORTING Q2 2017/18

OPERATING SEGMENTS

| | METRO Wholesale Germany | | METRO Wholesale Western Europe (excluding Germany) | | METRO Wholesale Russia | | METRO Wholesale Eastern Europe (excluding Russia) | | METRO Wholesale Asia | |
|---|----------------------------|---------------|--|---------------|---------------------------|---------------|---|---------------|----------------------|---------------|
| € million | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 |
| External sales (net) | 1,039 | 1,064 | 2,298 | 2,339 | 790 | 624 | 1,475 | 1,513 | 1,235 | 1,190 |
| Internal sales (net) | 3 | 5 | 0 | 0 | 12 | 8 | 0 | 0 | 0 | 0 |
| Sales (net) | 1,042 | 1,069 | 2,298 | 2,339 | 802 | 632 | 1,475 | 1,513 | 1,235 | 1,190 |
| EBITDA excluding earnings contributions from real estate transactions | -15 | -12 | 6 | 24 | 70 | 35 | 54 | 44 | 48 | 48 |
| Earnings contributions from real estate transactions | -1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 81 | 3 |
| EBITDA | -15 | -12 | 6 | 24 | 70 | 35 | 54 | 45 | 129 | 51 |
| Depreciation/amortisation/impairment losses | 19 | 19 | 31 | 34 | 14 | 13 | 25 | 25 | 18 | 16 |
| Reversals of impairment losses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBIT | -34 | -31 | -25 | -10 | 56 | 22 | 30 | 20 | 112 | 34 |
| Investments | 8 | 12 | 183 | 28 | 4 | 25 | 8 | 12 | 10 | 8 |
| Non-current segment assets | 810 | 871 | 2,099 | 1,935 | 1,228 | 1,019 | 1,470 | 1,474 | 1,035 | 985 |

OPERATING SEGMENTS

| | Real | | Others | | Consolidation | | METRO | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| € million | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 |
| External sales (net) | 1,660 | 1,718 | 16 | 1 | 0 | 0 | 8,514 | 8,449 |
| Internal sales (net) | 2 | 2 | 132 | 153 | -149 | -168 | 0 | 0 |
| Sales (net) | 1,662 | 1,720 | 148 | 154 | -149 | -168 | 8,514 | 8,449 |
| EBITDA excluding earnings contributions from real estate transactions | 33 | 36 | -19 | -21 | -1 | -1 | 177 | 153 |
| Earnings contributions from real estate transactions | 6 | 0 | -6 | 4 | -6 | 0 | 75 | 8 |
| EBITDA | 38 | 36 | -25 | -17 | -6 | -1 | 251 | 161 |
| Depreciation/amortisation /impairment losses | 34 | 41 | 33 | 30 | 0 | -1 | 173 | 179 |
| Reversals of impairment losses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EBIT | 4 | -5 | -57 | -48 | -6 | 0 | 78 | -18 |
| Investments | 19 | 60 | 27 | 46 | 0 | 0 | 259 | 191 |
| Non-current segment assets | 1,172 | 1,213 | 987 | 912 | -43 | -38 | 8,757 | 8,371 |

TRANSITION TO PRESENTATION IN THE MANAGEMENT REPORT

| € million | METRO Wholesale segments subject to reporting requirements | | METRO Wholesale Others and Consolidation | | METRO Wholesale | |
|---|---|------------|---|------------|-----------------|------------|
| | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 | Q2 2016/17 | Q2 2017/18 |
| External sales (net) | 6,838 | 6,730 | 14 | 0 | 6,852 | 6,730 |
| Internal sales (net) | 15 | 13 | -12 | -8 | 3 | 5 |
| Sales (net) | 6,853 | 6,743 | 2 | -8 | 6,855 | 6,735 |
| EBITDA excluding earnings contributions from real estate transactions | 163 | 139 | -9 | -15 | 155 | 124 |
| Earnings contributions from real estate transactions | 80 | 4 | 0 | 0 | 80 | 4 |
| EBITDA | 244 | 143 | -9 | -15 | 235 | 128 |
| Depreciation/amortisation/i mpairment losses | 107 | 108 | 0 | 0 | 107 | 108 |
| Reversals of impairment losses | 0 | 0 | 0 | 0 | 0 | 0 |
| EBIT | 137 | 35 | -9 | -15 | 128 | 20 |
| Investments | 212 | 84 | 0 | 1 | 212 | 85 |
| Non-current segment assets | 6,642 | 6,284 | -9 | -11 | 6,633 | 6,273 |

NOTES TO THE GROUP ACCOUNTING PRINCIPLES AND METHODS FOR THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements as of 31 March 2018 have been prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting), which governs interim financial statements based on the International Financial Reporting Standards (IFRS). Due to the fact that these are condensed interim financial statements, they do not contain all of the information required under IFRS for consolidated financial statements at the end of a financial year. These interim consolidated financial statements are unaudited, but they have undergone an audit review in accordance with § 115 of the German Securities Trading Act (WpHG).

The interim consolidated financial statements were drawn up in euros. All amounts are stated in millions of euros (€ million) unless otherwise indicated. For greater clarity, decimal places in the tables have been omitted in some cases. Figures shown in the tables may contain rounding differences. The previous years' values as of 31 March 2017 correspond to those of the condensed combined interim financial statements for METRO Wholesale & Food Specialist AG. For the settlement of 31 March 2017, unless otherwise noted, all amounts shown have been commercially rounded.

During the year, material sales-dependent and cyclical matters are accrued.

These interim consolidated financial statements are subject to application of all of the valid standards and interpretations published by the International Accounting Standards Board (IASB), insofar as they have been approved by the European Union. Save for the accounting changes described below, the same accounting and measurement methods were applied as in the last consolidated financial statements as of 30 September 2017. Further information on accounting and measurement methods can be found in the notes to the consolidated financial statements as of 30 September 2017 (see Annual Report 2016/17, pages 159–171).

The tax expense recognised is determined based on the interim financial reporting rules, using the so-called integral approach. The calculation is based on the current business plan at the end of the financial year. Comparing tax expense to pre-tax earnings results in the expected group tax rate applicable to the overall group.

New accounting standards

Below is an explanation of the new standards or standard changes that must be applied in principle, from the standpoint of METRO AG, as from 1 October 2017.

IFRS changes

As part of the annual improvements to IFRS 2014–2016, IFRS 1 (Short-term Exemptions of IFRS) deleted various derogations for first-time adopters of IFRS; METRO is not affected by the amendments to IFRS 1.

Among other things, the improvements to IFRS 2014–2016 include a clarification in IAS 28 (Investments in Associates and Joint Ventures) for certain undertakings in terms of exercising the right of choice of valuing investments held directly or indirectly in an associate or a joint venture through profit or loss at fair value, rather than continue these based on the equity method.

METRO does not currently exercise this option.

Furthermore, IFRS 12 (Disclosure of Interests in Other Entities) clarifies that the reporting obligations under IFRS 12 (with the exception of reporting requirements relating to the aggregated disclosure of the carrying amount of shares in all individually non-essential joint ventures or associates which are accounted for by the equity method, and with the exemption from the disclosure obligations for subsidiaries that hold non-controlling shares that are material for the reporting entity) are also applicable to all companies that hold shares in subsidiaries, joint agreements, associates or non-consolidated structured entities, provided that these shares are classified as “for sale”, “for dividends purposes” or as “discontinued operations” in accordance with IFRS 5. METRO intends to apply this clarification in future transactions.

The above changes either have no effect on these interim consolidated financial statements, or they do not apply.

NOTES TO THE INCOME STATEMENT

Depreciation/amortisation/impairment losses

Depreciation/amortisation/impairment losses in the amount of €356 million (H1 2016/17: €366 million) include impairment losses totalling €12 million (H1 2016/17: €20 million).

The allocation of depreciation/amortisation/impairment losses in the income statement and across the affected asset categories is as follows:

H1 2016/17

| € million | Goodwill | Other intangible assets | Property, plant and equipment | Investment properties | Financial assets ¹ | Total |
|--|------------|-------------------------|-------------------------------|-----------------------|-------------------------------|--------------|
| Cost of sales | 0 | 1 | 7 | 0 | 0 | 8 |
| Selling expenses | 0 | 15 | 288 | 7 | 0 | 310 |
| General administrative expenses | 0 | 29 | 10 | 0 | 0 | 39 |
| Other operating expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| Scheduled depreciation/amortisation /impairment losses and impairment before impairment of financial assets | 0 | 45 | 305 | 7 | 0 | 357 |
| Financial result | 0 | 0 | 0 | 0 | 9 | 9 |
| | 0 | 45 | 305 | 7 | 9 | 366 |
| thereof depreciation/amortisation | (0) | (45) | (295) | (6) | (0) | (345) |
| thereof impairment | (0) | (0) | (10) | (1) | (9) | (20) |

¹ Also contains investments accounted for using the equity method.

H1 2017/18

| € million | Goodwill | Other intangible assets | Property, plant and equipment | Investment properties | Financial assets ¹ | Total |
|--|------------|-------------------------|-------------------------------|-----------------------|-------------------------------|--------------|
| Cost of sales | 0 | 1 | 10 | 0 | 0 | 12 |
| Selling expenses | 0 | 17 | 282 | 3 | 0 | 302 |
| General administrative expenses | 0 | 31 | 11 | 0 | 0 | 42 |
| Other operating expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| Scheduled depreciation/amortisation /impairment losses and impairment before impairment of financial assets | 0 | 49 | 304 | 3 | 0 | 356 |
| Financial result | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 49 | 304 | 3 | 0 | 356 |
| thereof depreciation/amortisation | (0) | (49) | (291) | (3) | (0) | (343) |
| thereof impairment | (0) | (0) | (12) | (0) | (0) | (12) |

¹ Also include investments accounted for using the equity method.

Q2 2016/17

| € million | Goodwill | Other intangible assets | Property, plant and equipment | Investment properties | Financial assets ¹ | Total |
|--|------------|-------------------------|-------------------------------|-----------------------|-------------------------------|--------------|
| Cost of sales | 0 | 1 | 4 | 0 | 0 | 4 |
| Selling expenses | 0 | 8 | 138 | 4 | 0 | 150 |
| General administrative expenses | 0 | 15 | 5 | 0 | 0 | 20 |
| Other operating expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| Scheduled depreciation/amortisation /impairment losses and impairment before impairment of financial assets | 0 | 23 | 147 | 4 | 0 | 173 |
| Financial result | 0 | 0 | 0 | 0 | 8 | 8 |
| | 0 | 23 | 147 | 4 | 8 | 181 |
| thereof depreciation/amortisation | (0) | (23) | (146) | (3) | (0) | (171) |
| thereof impairment | (0) | (0) | (1) | (1) | (8) | (10) |

¹ Also contains investments accounted for using the equity method.

Q2 2017/18

| € million | Goodwill | Other intangible assets | Property, plant and equipment | Investment properties | Financial assets ¹ | Total |
|--|------------|-------------------------|-------------------------------|-----------------------|-------------------------------|--------------|
| Cost of sales | 0 | 1 | 5 | 0 | 0 | 6 |
| Selling expenses | 0 | 8 | 143 | 1 | 0 | 152 |
| General administrative expenses | 0 | 15 | 5 | 0 | 0 | 20 |
| Other operating expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| Scheduled depreciation/amortisation /impairment losses and impairment before impairment of financial assets | 0 | 24 | 154 | 1 | 0 | 179 |
| Financial result | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 24 | 154 | 1 | 0 | 179 |
| thereof depreciation/amortisation | (0) | (24) | (146) | (1) | (0) | (171) |
| thereof impairment | (0) | (0) | (8) | (0) | (0) | (8) |

¹ Also contains investments accounted for using the equity method.

Income taxes

The tax expenses of €147 million (H1 2016/17: €250 million) corresponds to a tax rate of 44% (H1 2016/17: 58%). Due to the adjusted earnings outlook (ad hoc announcement of 20 April 2018) and the related

consequences for taxation, the tax rate for the current year is higher than the originally expected tax rate of 40%. The high tax rate in the previous year was mainly influenced by demerger and restructuring effects that did not lead to a corresponding reduction in tax expenses.

NOTES TO THE BALANCE SHEET

Dividends paid

Dividend distribution of METRO AG is based on METRO AG’s annual financial statements prepared under German commercial law.

From the reported balance sheet profit of €302 million for financial year 2016/17, in accordance with the resolution of the Annual General Meeting of 16 February 2018, dividends were paid out in the amount of €0.70 per ordinary share and €0.70 per preference share, for a total of €254 million, with the remaining amount carried forward to new account. The payout was made on 21 February 2018.

Assets held for sale/liabilities related to assets held for sale

Disposal of MIDBAN ESOLUTIONS, S.L.

On the basis of a decision by the Management Board of METRO AG on 28 September 2017, with effect from 8 November 2017, within the scope of exercise of a put option, METRO sold all of its shares in MIDBAN ESOLUTIONS, S.L., Barcelona, Spain (Midban), to its founding shareholder.

As of 30 September 2017, the “assets held for sale” of Midban, in connection with the subsequent measurement of the disposal group within the meaning of IFRS 5 (15), increased from €11 million to €12 million until the deconsolidation date. The “liabilities related to assets held for sale” remained constant at €15 million until their deconsolidation.

Taking into account the subsequent measurement of all risks in connection with the disposal of Midban, the deconsolidation led to earnings with effect on EBIT in the amount of €0 million. The transaction also had an impact of €0 million on the financial result and on earnings from income taxes. Other comprehensive income was not influenced by deconsolidation.

Real estate

Since 30 September 2017, a total of two individual properties with a total carrying amount of €8 million were reclassified from property, plant and equipment, and one property with a carrying amount of €19 million was reclassified from investment properties to the category of “assets held for sale”, as plans are in place to dispose of these properties within 12 months’ time.

Impact of of defined benefit pension plans

Within the scope of recording actuarial gains and losses, the remeasurement of defined benefit pension plans as of 31 March recognised a total increase in equity of €5 million in other comprehensive income outside of profit or loss during the first 6 months of financial year 2017/18 (H1 2016/17: €41 million increase in equity). The revaluation comprises effects from the higher return on plan assets in the United Kingdom and the effect of the asset cap in the Netherlands. In this context, an effect from deferred taxes in the amount of €0 million (H1 2016/17: €–17 million) had the opposite effect on equity.

The country-related actuarial interest rates and inflation rates have developed as follows:

| | 31/3/2017 | | | | | 31/3/2018 | | | | |
|-------------------------|-----------|-------------|----------------|---------|-----------------|-----------|-------------|----------------|---------|-----------------|
| % | Germany | Netherlands | United Kingdom | Belgium | Other countries | Germany | Netherlands | United Kingdom | Belgium | Other countries |
| Actuarial interest rate | 1.90 | 2.10 | 2.60 | 1.90 | 1.92 | 2.10 | 2.30 | 2.60 | 2.10 | 2.30 |
| Inflation rate | 1.50 | 1.80 | 2.50 | 2.00 | 1.50 | 1.50 | 1.80 | 2.40 | 2.00 | 1.20 |

Carrying amounts and fair values according to measurement categories

The carrying amounts and fair values of recognised financial instruments are as follows:

31/3/2017

| € million | Balance sheet value | | | | |
|---|---------------------|------------------|-----------------------------------|--------------------------------------|--------------|
| | Carrying amount | (Amortised) cost | Fair value through profit or loss | Fair value outside of profit or loss | Fair value |
| Assets | 16,053 | n/a | n/a | n/a | n/a |
| Loans and receivables | 1,445 | 1,445 | 0 | 0 | 1,444 |
| Loans and advance credit granted | 47 | 47 | 0 | 0 | 46 |
| Receivables due from suppliers | 565 | 565 | 0 | 0 | 565 |
| Trade receivables | 522 | 522 | 0 | 0 | 522 |
| Miscellaneous financial assets | 311 | 311 | 0 | 0 | 312 |
| Held to maturity | 0 | 0 | 0 | 0 | 0 |
| Securities | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous financial assets | 0 | 0 | 0 | 0 | 0 |
| Held for trading | 8 | 0 | 8 | 0 | 8 |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 8 | 0 | 8 | 0 | 8 |
| Securities | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous financial assets | 0 | 0 | 0 | 0 | 0 |
| Available for sale | 29 | 28 | 0 | 1 | n/a |
| Investments | 28 | 28 | 0 | 0 | n/a |
| Securities | 1 | 0 | 0 | 1 | 1 |
| Miscellaneous financial assets | 0 | 0 | 0 | 0 | 0 |
| Derivative financial instruments in a hedging relationship according to IAS 39 | 5 | 0 | 0 | 5 | 5 |
| Cash and cash equivalents | 1,236 | 1,236 | 0 | 0 | 1,236 |
| Receivables from finance leases (amount according to IAS 17) | 31 | n/a | n/a | n/a | 45 |
| Assets not classified according to IFRS 7 | 13,299 | n/a | n/a | n/a | n/a |
| Equity and liabilities | 16,053 | n/a | n/a | n/a | n/a |
| Held for trading | 6 | 0 | 6 | 0 | 6 |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 6 | 0 | 6 | 0 | 6 |
| Miscellaneous financial liabilities | 0 | 0 | 0 | 0 | 0 |
| Other financial liabilities | 9,348 | 9,348 | 0 | 0 | 9,442 |
| Borrowings excluding finance leases (including hedged items in hedging relationships according to IAS 39) | 3,997 | 3,997 | 0 | 0 | 4,090 |
| Trade liabilities | 4,601 | 4,601 | 0 | 0 | 4,601 |
| Miscellaneous financial liabilities | 750 | 750 | 0 | 0 | 751 |
| Derivative financial instruments in a hedging relationship according to IAS 39 | 3 | 0 | 0 | 3 | 3 |
| Liabilities from finance leases (amount according to IAS 17) | 1,171 | n/a | n/a | n/a | 1,470 |
| Equity and liabilities not classified according to IFRS 7 | 5,525 | n/a | n/a | n/a | n/a |

31/3/2018

| € million | Balance sheet value | | | | |
|---|---------------------|------------------|-----------------------------------|--------------------------------------|--------------|
| | Carrying amount | (Amortised) cost | Fair value through profit or loss | Fair value outside of profit or loss | Fair value |
| Assets | 15,675 | n/a | n/a | n/a | n/a |
| Loans and receivables | 1,499 | 1,499 | 0 | 0 | 1,497 |
| Loans and advance credit granted | 45 | 45 | 0 | 0 | 44 |
| Receivables due from suppliers | 534 | 534 | 0 | 0 | 534 |
| Trade receivables | 597 | 597 | 0 | 0 | 597 |
| Miscellaneous financial assets | 322 | 322 | 0 | 0 | 322 |
| Held to maturity | 0 | 0 | 0 | 0 | 0 |
| Securities | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous financial assets | 0 | 0 | 0 | 0 | 0 |
| Held for trading | 2 | 0 | 2 | 0 | 2 |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 2 | 0 | 2 | 0 | 2 |
| Securities | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous financial assets | 0 | 0 | 0 | 0 | 0 |
| Available for sale | 44 | 16 | 0 | 27 | n/a |
| Investments | 42 | 16 | 0 | 26 | n/a |
| Securities | 1 | 0 | 0 | 1 | 1 |
| Miscellaneous financial assets | 0 | 0 | 0 | 0 | 0 |
| Derivative financial instruments in a hedging relationship according to IAS 39 | 2 | 0 | 0 | 2 | 2 |
| Cash and cash equivalents | 1,420 | 1,420 | 0 | 0 | 1,420 |
| Receivables from finance leases (amount according to IAS 17) | 30 | n/a | n/a | n/a | 41 |
| Assets not classified according to IFRS 7 | 12,678 | n/a | n/a | n/a | n/a |
| | | | | | |
| Equity and liabilities | 15,675 | n/a | n/a | n/a | n/a |
| Held for trading | 10 | 0 | 10 | 0 | 10 |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 10 | 0 | 10 | 0 | 10 |
| Miscellaneous financial liabilities | 0 | 0 | 0 | 0 | 0 |
| Other financial liabilities | 9,447 | 9,447 | 0 | 0 | 9,504 |
| Borrowings excluding finance leases (including hedged items in hedging relationships according to IAS 39) | 4,254 | 4,254 | 0 | 0 | 4,311 |
| Trade liabilities | 4,371 | 4,371 | 0 | 0 | 4,371 |
| Miscellaneous financial liabilities | 822 | 822 | 0 | 0 | 822 |
| Derivative financial instruments in a hedging relationship according to IAS 39 | 3 | 0 | 0 | 3 | 3 |
| Liabilities from finance leases (amount according to IAS 17) | 1,133 | n/a | n/a | n/a | 1,398 |
| Equity and liabilities not classified according to IFRS 7 | 5,081 | n/a | n/a | n/a | n/a |

Classification was undertaken based on similar risks for the respective financial instruments and is worded identically to the defined categories of IAS 39.

Derivative financial instruments in a hedging dependency in accordance with IAS 39 and other financial liabilities are each assigned to a separate class.

The hierarchy of fair values comprises 3 levels which reflect the degree of closeness to the market of the input parameters used in the determination of the fair values. In those cases in which the measurement is based on different input parameters, the fair value is attributed to the hierarchy level that corresponds to the input parameter of the lowest level of relevance for measurement.

Input parameters for level 1: quoted prices (that are adopted unchanged) in active markets for identical assets or liabilities which the company can access at the measurement date.

Input parameters for level 2: input parameters other than the quoted prices included in level 1 which are either directly or indirectly observable for the asset or liability in question.

Input parameters for level 3: input parameters not observable for the asset or liability in question.

Of the total carrying amount of investments of €42 million (Q2 2016/17: €28 million), €16 million (Q2 2016/17: €28 million) is measured at cost of purchase, as a reliable determination of fair value is not possible. These are financial instruments not listed on the exchange and for which there is no active market. The company currently does not plan to dispose of the investments recognised at cost of purchase. The remaining investments in the amount of €26 million (Q2 2016/17: €0 million) are at fair value recognised in equity.

In addition to this, there are securities in the amount of €1 million (Q2 2016/17: €1 million) that are subsequently measured outside of profit or loss. These are essentially listed, highly liquid money market funds.

The table below represents the financial instruments that are measured at fair value in the balance sheet. These are classified into a 3-level fair-value hierarchy, the levels of which reflect the market proximity of the data involved in the determination of fair values:

| | 31/3/2017 | | | | 31/3/2018 | | | |
|---|-----------|----------|-----------|----------|-----------|----------|-----------|----------|
| € million | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 |
| Assets | 15 | 1 | 13 | 0 | 32 | 1 | 30 | 0 |
| Held for trading | | | | | | | | |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 8 | 0 | 8 | 0 | 2 | 0 | 2 | 0 |
| Available for sale | | | | | | | | |
| Investments | 0 | 0 | 0 | 0 | 26 | 0 | 26 | 0 |
| Securities | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 |
| Derivative financial instruments in a hedging relationship according to IAS 39 | 5 | 0 | 5 | 0 | 2 | 0 | 2 | 0 |
| Equity and liabilities | 9 | 0 | 9 | 0 | 14 | 0 | 14 | 0 |
| Held for trading | | | | | | | | |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 6 | 0 | 6 | 0 | 10 | 0 | 10 | 0 |
| Miscellaneous financial liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other financial liabilities | | | | | | | | |
| Miscellaneous financial liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derivative financial instruments in a hedging relationship according to IAS 39 | 3 | 0 | 3 | 0 | 3 | 0 | 3 | 0 |
| Total | 5 | 1 | 4 | 0 | 18 | 1 | 17 | 0 |

Measurement of the securities (level 1) is performed on the basis of market prices quoted on active markets.

In the case of interest rate swaps and currency transactions (all level 2), there is a mark-to-market valuation based on quoted exchange rates and on the yield curves available on the market.

There were no transfers undertaken between levels 1 and 2 during the reporting period.

Financial instruments stated at amortised cost in the balance sheet, but for which fair value is indicated in the notes, are also classified into a 3-level fair-value hierarchy.

Determination of fair values of bonds, liabilities to banks and promissory note loans is performed based on the market interest rate curve using the zero-

coupon method, taking credit spreads into account (level 2). The interest accrued as of the reporting date is contained in the values.

The fair values of all other miscellaneous financial assets and financial liabilities that are not listed correspond to the present values of the payments associated with these balance sheet items. The calculation was based on the country-specific yield curves valid as of the closing date (level 2).

Repayments and issuance of liabilities

For further information on repayments and issuance of new liabilities, please refer to the section “Financing and net debt” in the chapter “Earnings, financial and asset position of the group” of the management report.

EVENTS AFTER THE QUARTERLY CLOSING DATE

Against the backdrop of the inconclusive end to negotiations with the trade union ver.di on a competitive remuneration structure at Real, in its meeting of 20 April 2018, the Supervisory Board of real, - SB-Warenhaus GmbH agreed to spin the business off to METRO Services GmbH. Subsequently, the management board of METRO AG and the management board of real, - SB-Warenhaus GmbH communicated the extraordinary termination of the future collective agreement to ver.di. Once this spin-off is complete, future negotiations with the trade union side concerning the collective agreement applicable to Real will be conducted within the scope of membership in the employers' association AHD – Unternehmervereinigung für Arbeitsbedingungen im Handel und Dienstleistungsgewerbe e. V. This new situation results in short- and medium-term risks that, in our estimation, could negatively affect the earnings position in the current financial year by an amount in the low to medium double-digit millions.

Furthermore these risks have been classified as potential evidence for goodwill impairment for the cash generating unit Real Germany. According to IAS 36 the required review of goodwill did not result in a decline in goodwill of Real Germany, although the gap between book value and headroom reduced.

On 7 May 2018 the Supervisory Board of METRO AG appointed Philippe Palazzi as Member of the Management Board and Chief Operating Officer of METRO AG with immediate effect. He will take over responsibilities from Pieter Boone who will leave the company by mutual consent.

OTHER NOTES

Segment reporting

Segmentation is a function of the group's internal management and reporting. Through aggregations of operating segments, the reporting segments are oriented around division of the business into individual regions.

What follows is a description of the key components of segment reporting:

- External sales represent sales of operating segments to third parties outside the group.
- Internal sales represent sales between the group's operating segments.
- Segment EBITDA comprises EBIT before depreciation/amortisation/impairment losses/reversals of impairment losses on property, plant and equipment, intangible assets and investment properties.
- Earnings contributions from real estate transactions include EBITDA-related profit or loss from the disposal of land or land-use rights and/or of buildings in the context of a sale transaction. Due to their economic substance, earnings from the sale of pure real estate companies, or from the sale of shares in such companies accounted for at equity, also belong to contributions to earnings from real estate transactions. Cost components incurred in connection with real estate transactions have the effect of reducing earnings.
- EBITDA excluding earnings contributions from real estate transactions are adjusted to exclude all contributions to earnings stemming from real estate transactions.
- The segment control parameter EBIT describes the operating earnings for the period before net financial result and income taxes. Intra-group leases are presented as operating leases within the segments. Rental takes place at market conditions. Location-related risks and the impairment risks of non-current assets are only mapped in the segments if they involve risks to the group. This applies analogously to deferred tax assets and liabilities that are mapped at segment level only if this would also be required in the consolidated balance sheet.
- Segment investments include additions (including additions to the consolidation group) to non-current intangible assets and property, plant and equipment and investment properties. Excluded from this are additions due to reclassification of “assets held for sale” as non-current assets.
- Non-current segment assets include non-current assets. Not included are mainly financial assets, investments accounted for using the equity method, tax items, inventories, trade receivables and receivables due from suppliers as well as cash and cash equivalents.

What follows is a presentation of the reconciliation of non-current segment assets to group assets:

| € million | 31/3/2017 | 31/3/2018 |
|--|---------------|---------------|
| Non-current segment assets | 8,757 | 8,371 |
| Non-current and current financial assets | 82 | 96 |
| Investments accounted for using the equity method | 182 | 187 |
| Receivables from other financial transactions ² | 45 | 11 |
| Deferred tax assets | 524 | 416 |
| Inventories | 3,309 | 3,107 |
| Trade receivables | 522 | 597 |
| Receivables due from suppliers ¹ | 565 | 533 |
| Real estate-related receivables ¹ | 15 | 37 |
| Credit card receivables ¹ | 63 | 94 |
| Other entitlements to tax refunds ¹ | 321 | 298 |
| Prepaid expenses and deferred charges ¹ | 86 | 85 |
| Entitlements to income tax refunds | 124 | 168 |
| Cash and cash equivalents | 1,236 | 1,420 |
| Assets held for sale | 2 | 27 |
| Other | 220 | 226 |
| Group assets | 16,053 | 15,675 |

¹ Included in the balance sheet item "Other financial and non-financial assets" (current).
² Included in the balance sheet items "Other financial and non-financial assets" (non-current and current).

- As a matter of principle, transfers between the segments occur on the basis of costs arising from the group’s perspective.

Change in segment reporting in the METRO notes and management report

Since the beginning of financial year 2017/18, METRO represents segment reporting as described below. Among the segments subject to reporting requirements within the meaning of IFRS 8, the segments METRO Wholesale Germany, METRO Wholesale Western Europe (excluding Germany), METRO Wholesale Russia, METRO Wholesale Eastern Europe (excluding Russia), METRO Wholesale Asia, Real, Others and Consolidation are mapped. Other METRO Wholesale companies and activities are assigned to the Others segment. Segment reporting by regions is eliminated.

The management report contains reports on the operating segments METRO Wholesale Germany, METRO Wholesale Western Europe (excluding Germany), METRO Wholesale Russia, METRO Wholesale Eastern Europe (excluding Russia), METRO Wholesale Asia, Metro Wholesale Others/Consolidation, Metro Wholesale, Real, and Others. By way of derogation from segment reporting in the notes, the other METRO Wholesale companies within the METRO Wholesale segment not subject to reporting requirements are taken into account under Others.

Notes:

| | | | | | | | | |
|--|--|------------------------|---|----------------------|------|--------|---------------|-------|
| Operating segments subject to reporting requirements | | | | | | | | |
| METRO Wholesale Germany | METRO Wholesale Western Europe (excluding Germany) | METRO Wholesale Russia | METRO Wholesale Eastern Europe (excluding Russia) | METRO Wholesale Asia | Real | Others | Consolidation | METRO |
| | | | | | | | * | |
| Geographical segments: | | | | | | | | |
| Eliminated | | | | | | | | |

Management report

| | | | | | | | | |
|-------------------------|--|------------------------|---|----------------------|--------------------------------------|-----------------|------|--------|
| METRO Wholesale Germany | METRO Wholesale Western Europe (excluding Germany) | METRO Wholesale Russia | METRO Wholesale Eastern Europe (excluding Russia) | METRO Wholesale Asia | METRO Wholesale Others/Consolidation | METRO Wholesale | Real | Others |
|-------------------------|--|------------------------|---|----------------------|--------------------------------------|-----------------|------|--------|

* Pro rata.

Notes on related parties

METRO had the following business relationships to related companies in the 1st half of financial year 2017/18:

| € million | H1 2016/17 | H1 2017/18 | Q2 2016/17 | Q2 2017/18 |
|---|------------|------------|------------|------------|
| Services provided | 51 | 6 | 26 | 8 |
| CECONOMY | 48 | 0 | 25 | 0 |
| Associates | 0 | 3 | 0 | 4 |
| Joint ventures | 0 | 2 | 0 | 2 |
| Miscellaneous related parties | 3 | 1 | 1 | 2 |
| Services received | 65 | 52 | 37 | 22 |
| CECONOMY | 11 | 0 | 6 | 0 |
| Associates | 42 | 42 | 22 | 18 |
| Joint ventures | 0 | 4 | 0 | 1 |
| Miscellaneous related parties | 11 | 6 | 9 | 3 |
| Receivables from services provided as of 31/3 | 22 | 0 | 0 | 0 |
| CECONOMY | 17 | 0 | 0 | 0 |
| Associates | 0 | 0 | 0 | 0 |
| Joint ventures | 0 | 0 | 0 | 0 |
| Miscellaneous related parties | 5 | 0 | 0 | 0 |
| Liabilities from services received as of 31/3 | 7 | 1 | 0 | 1 |
| CECONOMY | 3 | 0 | 0 | 0 |
| Associates | 0 | 0 | 0 | 0 |
| Joint ventures | 0 | 0 | 0 | 0 |
| Miscellaneous related parties | 4 | 1 | 0 | 1 |

Transactions with CECONOMY companies

METRO maintained business relations with companies of CECONOMY. For purposes of the consolidated financial statements, until 12 July 2017, the date of effectiveness of the demerger, CECONOMY companies were considered as related parties to METRO, as, up until this date, METRO was controlled by the entity now known as CECONOMY AG. Accordingly, services provided to and services received from CECONOMY are included in the comparable prior-year figures for the 1st half of 2016/17. Since the date on which the

demerger became effective, transactions with CECONOMY companies were treated as transactions among unrelated third parties; consequently, recognition of transactions with CECONOMY companies are correspondingly eliminated from transactions with related companies during H1 2017/18 (in H1 2016/17, services provided to CECONOMY companies totalled €48 million, and services received from CECONOMY companies totalled €11 million). A comparison with prior-year figures are thus possible only up to a point.

Transactions with associated companies and other related parties

Services in the amount of €52 million (H1 2016/17: €53 million) that METRO companies received from joint ventures, associates and other related parties in the 1st half of 2017/18 consisted mainly of the rental of real estate in the amount of €46 million (H1 2016/17: €43 million) (of which €42 million from associates; H1 2016/17: €42 million), and of provision of services in the amount of €6 million (H1 2016/17: €10 million).

Other future financial liabilities consist of the tenancy agreements with the following associates in the amount of €746 million (H1 2016/17: €731 million): OPCI FWP France, OPCI FWS France, METRO Habib Pakistan and the Mayfair Group.

During H1 2017/18, METRO companies provided services to companies classified among the group of joint ventures, associates and related parties in the amount of €6 million (H1 2016/17: €3 million).

Business relations with related companies are contractually agreed and reflect market conditions. In the first half of 2017/18, as in the previous year, there were no business relationships with related natural persons or companies of individuals in key management positions.

Related individuals (remuneration of individuals in key management positions)

Individuals in key management positions at METRO entail members of the Management Board and of the Supervisory Board of METRO AG.

Disclosure of total remuneration paid to members of management in key positions is waived here in light of considerations of materiality.

Contingent liabilities

| € million | 31/3/2017 | 31/3/2018 |
|---|-----------|-----------|
| Liabilities from suretyships and guarantees | 12 | 12 |
| Liabilities from guarantee and warranty contracts | 52 | 24 |
| | 64 | 36 |

The liabilities from guarantee and warranty contracts are mainly rental guarantees with maturities of up to 10 years, provided it could be ascertained that utilisation was not entirely unlikely. The main cause for the decline involves reduced obligations arising from rental guarantees due to reduced rental periods and termination of leases.

Other legal issues

Complaint proceedings in connection with the demerger of the group

As last reported several shareholders with different directions of attack brought actions against CECONOMY AG in the context of the demerger in the form of actions for rescission, actions for annulment, and/or declaratory actions with the District Court in Düsseldorf targeting, among other things, the resolution passed in the ordinary Annual General Meeting of CECONOMY AG on 6 February 2017, approving of the spin-off and demerger (demerger agreement), as well as, in some respects, the demerger agreement itself. One provision of the demerger agreement makes METRO AG the bearer of the costs of any litigation and legal proceedings in connection with the demerger. On 24 January 2018, the District Court in Düsseldorf issued a judgement dismissing the claim in its entirety. All plaintiffs in all proceedings appealed this decision to the Düsseldorf Higher Regional Court. Because METRO AG continues to consider all of these actions to be inadmissible and/or unfounded, it has not accounted for any risk provision in light of them. As last reported, in the

matter of a request by CECONOMY AG for fast-track proceedings pursuant to the German Transformation Act in light of the above-mentioned actions and based on oral arguments held on 22 June 2017, the Higher Regional Court in Düsseldorf found in favour of the petitioner that there were no grounds standing in the way of the actions against the resolution of the Annual General Meeting for entry of the spin-off and demerger in the commercial registry.

Tax audit abroad

In 2017, a foreign consolidated subsidiary was required to pay back income taxes in the double-digit millions as a result of a tax audit for 2011. The subsidiary is currently involved in a legal dispute over the lawfulness of the tax assessment.

Remaining legal issues

Companies of the METRO group are party to or involved in judicial and arbitration proceedings as well as antitrust law proceedings in various European countries. Where the obligation is sufficiently substantiated, appropriate risk provisions have been constituted for these proceedings.

Furthermore, in some countries, group companies are increasingly exposed to regulatory trends in connection with procurement as well as the changed interpretation of sales tax regulations. Where procurement is concerned, in some countries – such as Russia and the Czech Republic, for instance – the result of this is that the purchasing model for the respective group company had to be adapted to changed regulatory framework conditions as part of complex change processes.

Group companies are claiming damages against companies that conduct themselves in a manner contradictory to antitrust legislation and have damaged the METRO group, such as certain credit card companies or sugar manufacturers.

RESPONSIBILITY STATEMENT OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, we hereby confirm that the interim consolidated financial statements give a true and fair view of the group's assets, financial and earnings position, and that the interim group management report presents the business performance, including business earnings and the position of the group, in such a manner that a true and fair view of the group is conveyed, and that a description is provided of the material opportunities and risks associated with the expected development of the group for the remainder of the financial year.

Düsseldorf, 14 May 2018
The Management Board

| | | | |
|---|---|--|---|
|  |  |  |  |
| OLAF KOCH | CHRISTIAN BAIER | HEIKO HUTMACHER | PHILIPPE PALAZZI |

AUDIT REVIEW REPORT

To METRO AG, Düsseldorf

We have reviewed the condensed interim consolidated financial statements of METRO AG, Düsseldorf, – comprising the balance sheet, the income statement, the reconciliation from net profit for the period to total comprehensive income, the condensed statement of changes in equity, the cash flow statement and selected explanatory notes – together with the interim group management report of METRO AG, Düsseldorf, for the period from October 1, 2017 to March 31, 2018 that are part of the semi annual financial report according to § 115 WpHG [“Wertpapierhandelsgesetz”: “German Securities Trading Act”]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the German Institute of Public Auditors (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Cologne, 14 May 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Lurweg

Koll

Wirtschaftsprüfer [German Public Auditor] Wirtschaftsprüferin [German Public Auditor]

FINANCIAL CALENDAR

| | | | |
|--|----------|------------------|-----------|
| Half-year financial report H1/Q2 2017/18 | Tuesday | 15 May 2018 | 7.30 a.m. |
| Quarterly statement 9M/Q3 2017/18 | Thursday | 2 August 2018 | 7.30 a.m. |
| Annual Report 2017/18 | Thursday | 13 December 2018 | 8.00 a.m. |

All time specifications are CET

IMPRINT

METRO AG
Metro-Straße 1
40235 Düsseldorf, Germany

PO Box 230361
40089 Düsseldorf, Germany

<http://www.metroag.de>

Date of publication
15 May 2018

Investor Relations

Tel. +49 211 6886-1051
Fax +49 211 6886-490-3759
E-mail investorrelations@metro.de

Creditor Relations

Tel. +49 211 6886-1904
Fax +49 211 6886-1916
E-mail creditorrelations@metro.de

Corporate Communications

Tel. +49 211 6886-4252
Fax +49 211 6886-2001
E-mail presse@metro.de

Visit the METRO AG website at www.metroag.de for extensive information and reports about METRO AG.

DISCLAIMER

This half-year financial report contains provisional figures and forward-looking statements. These are based on certain assumptions and expectations at the time of publication of this report. Provisional figures and forward-looking statements are thus associated with risks and uncertainties and may differ significantly from the actual results. Particularly with regard to forward-looking statements, a large number of risks and uncertainties are subject to factors that are not subject to the influence of METRO and cannot be estimated reliably today. Among other things, these factors include future market conditions and economic developments, the behaviour of other market participants, the achievement of expected synergy effects as well as legal and political decisions.

METRO does not feel obliged to publish corrections to these forward-looking statements in order to reflect events or circumstances that have occurred in the period intervening since the publication date of these materials.

The previous year's values for the 6-month period as of 31 March 2017 correspond to those of the condensed combined interim financial statements for the half-year ending on 31 March 2017 of the former MWFS GROUP (METRO Wholesale & Food Specialist Group; now METRO).