
# HALF-YEAR FINANCIAL REPORT OF METRO GROUP H1/Q2 2015/16

METRO GROUP

# METRO GROUP continues solid operating performance

Q2
Like-for-like sales of METRO GROUP rose by 0.6%, also helped by calendar effects

Reported sales decreased by 0.9% to €13.6 billion (in local currency: +0.7%)

Sales in Germany increased by 1.7%

EBIT improved to €-34 million (Q2 2014/15: €-564 million including goodwill impairment at Real)

EBIT before special items: €11 million (Q2 2014/15: €-24 million) including negative currency effects of €9 million

EPS before special items: €-0.18 (Q2 2014/15: €-0.21)

METRO Cash & Carry
Like-for-like sales growth of 0.5%: 11th consecutive quarterly increase

Sales: -2.9% (including negative portfolio effects due to the sale of the Vietnamese business); in local currency: -0.3%

Sales in Germany increased by 2.0%

Delivery sales +23.5%

Media-Saturn
Like-for-like sales rose by 0.7%: 7th consecutive quarterly increase

Sales: +1.9% (in local currency: +2.8%)

Sales in Germany increased significantly by 4.1%

Online genereated sales of the Media Markt and Saturn sales brands rose by about 35%

Service sales increased significantly to €0.3 billion

Real
Like-for-like sales up 0.5%

Sales: -1.6% due to optimised store network

H1
Like-for-like sales up 0.3%

Sales decreased by 1.1% to €30.7 billion (in local currency: +0.4%)

EBIT reached €1,206 million (H1 2014/15: €312 million)

EBIT before special items: €838 million (H1 2014/15: €867 million) including negative currency effects of €47 million

EPS before special items: €0.95 (H1 2014/15: €1.16)

METRO GROUP guidance confirmed for financial year 2015/16

# OVERVIEW

## H1 2015/16[1]

| € million | H1 2014/15 | H1 2015/16 | Change |
|---|---|---|---|
| Sales | 31,010 | 30,663 | -1.1% |
| Germany | 12,049 | 12,176 | 1.1% |
| International | 18,960 | 18,487 | -2.5% |
| International share of sales | 61.1% | 60.3% | - |
| EBITDA[2] | 1,328 | 1,293 | -2.6% |
| EBIT | 312 | 1,206 | >100% |
| EBIT[2] | 867 | 838 | -3.3% |
| Earnings before taxes (EBT)[2] | 692 | 652 | -5.8% |
| Profit or loss for the period[3, 4] | 10 | 484 | >100% |
| Profit or loss for the period[2, 3, 4] | 378 | 310 | -18.0% |
| EPS (€)[4] | 0.03 | 1.48 | >100% |
| Earnings per share from continuing operations (€)[2] | 0.89 | 0.95 | 7.2% |
| Earnings per share (€)[2, 4] | 1.16 | 0.95 | -18.0% |
| Investments | 388 | 525 | 35.5% |
| Stores[5] | 2,071 | 2,061 | -0.5% |

[1]From continuing operations
[2]Before special items
[3]Profit or loss for the period attributable to shareholders of METRO AG
[4]Includes discontinued operations
[5]As of the closing date 31 March

## Q2 2015/16[1]

| € million | Q2 2014/15 | Q2 2015/16 | Change |
|---|---|---|---|
| Sales | 13,692 | 13,574 | -0.9% |
| Germany | 5,275 | 5,367 | 1.7% |
| International | 8,417 | 8,206 | -2.5% |
| International share of sales | 61.5% | 60.5% | - |
| EBITDA[2] | 206 | 246 | 19.1% |
| EBIT | -564 | -34 | 94.0% |
| EBIT[2] | -24 | 11 | - |
| Earnings before taxes (EBT)[2] | -89 | -72 | 19.5% |
| Profit or loss for the period[3, 4] | -394 | -65 | 83.5% |
| Profit or loss for the period[2, 3, 4] | -67 | -57 | 14.7% |
| EPS (€)[4] | -1.21 | -0.20 | 83.5% |
| Earnings per share from continuing operations (€)[2] | -0.22 | -0.18 | 19.4% |
| Earnings per share (€)[2, 4] | -0.21 | -0.18 | 14.7% |
| Investments | 226 | 188 | -16.7% |
| Stores[5] | 2,071 | 2,061 | -0.5% |

[1]From continuing operations
[2]Before special items
[3]Profit or loss for the period attributable to shareholders of METRO AG
[4]Includes continuing operations
[5]As of the closing date 31 March

# INTERIM GROUP MANAGEMENT REPORT

## Macroeconomic conditions

The global economy continued its uneven development during H1 2015/16. Most Western European economies continued their recovery, albeit at a more moderate pace, bolstered by continued low oil prices and interest rates. Developments in Eastern Europe remained divided, with generally stable trends in Central European countries on the one hand, and Eastern European countries, whose economic developments remained overshadowed by the steep economic decline in Russia, on the other. Growth weakened in Asia, particularly in China. However, as a whole, the region continued to record the strongest growth rates. The global economy's overall growth momentum subsided slightly over the past half-year compared with the same period of the previous year.

Germany recorded generally solid developments during H1 2015/16. Supported by continued strength in the labour market, private consumption and retail in particular bolstered the domestic economy.

The moderate recovery in Western Europe continued. As a result, unemployment continued to decline. This also benefited the retail industry which posted sales growth against a background of virtually stagnant prices.

The Central European economies also proved stable, supported by the moderate recovery in Western Europe. In many countries across the region, nominal retail sales growth actually exceeded 4%. Developments in the Eastern European countries remained overshadowed by the steep economic decline in Russia and Ukraine, which hit private consumption and retail more than other sectors of the economy. Both countries suffered a particularly steep decline in price-adjusted terms which was felt most strongly in such sectors as consumer electronics. In addition, sales were dampened by the continued depreciation of the region's currencies in year-to-year comparison.

While Asia's emerging markets once again recorded the highest economic growth rates, growth in China has weakened. In contrast, India posted overall solid economic growth of around 7%. Japan's economic weakness persisted. Retail sales stagnated during H1 2015/16.

## Financial position and financial performance

### Sales

METRO GROUP posted an increase of 0.3% in like-for-like sales for H1 2015/16 (1 October 2015 to 31 March 2016). Like-for-like sales at METRO Cash & Carry and Media-Saturn maintained their positive momentum, while sales at Real declined due to a negative sales trend in Q1. METRO GROUP sales in local currency increased by 0.4%. However, exchange rate developments – particularly relating to the Russian rouble – and portfolio effects caused reported sales to decline by 1.1% to €30.7 billion.

Like-for-like sales rose by 0.6% in Q2 2015/16 (1 January to 31 March 2016). All sales lines contributed to the company's sales growth. Sales in local currency increased by 0.7%. However, portfolio effects and exchange rate developments caused reported sales to decline by 0.9% to €13.6 billion.

In Germany, like-for-like sales rose by 1.1% in H1 2015/16 on the back of positive trends at METRO Cash & Carry and Media-Saturn. Reported sales increased by 1.1% to €12.2 billion. The first-quarter trend continued in Q2, with like-for-like sales up 1.1%. Sales increased by 1.7% to €5.4 billion in Q2.

International like-for-like sales declined slightly by 0.2% during H1 2015/16. In spite of portfolio changes, sales in local currency nearly matched the previous year's level. Reported sales declined by 2.5% to €18.5 billion. This trend continued in Q2. On a like-for-like basis, sales increased by 0.3%. Sales in local currency declined by 0.5%.

### Special items

Business transactions or a number of uniform business transactions that do not recur regularly, that are reflected in the income statement and that have a significant impact on business activities are classified as special items.

As a result, the presentation of special items better reflects ordinary business performance and contributes to a better understanding of the earnings position. An overview including the reconciliation of special items can be found on pages 15 and 16.

## Earnings

During H1 2015/16, EBIT at METRO GROUP stood at €1,206 million (H1 2014/15: €312 million). This figure includes positive special items totalling €368 million (H1 2014/15: €-555 million). Special items primarily concern gains from the disposal of METRO Cash & Carry Vietnam. EBIT before special items amounted to €838 million (H1 2014/15: €867 million). This decline is due, in particular, to foreign exchange losses of about €47 million, primarily in relation to Russian rouble. As a result, EBIT before special items adjusted for currency effects increased in the reporting period.

In Q2 2015/16, EBIT totalled €-34 million (Q2 2014/15: €-564 million). Special items amounted to €-44 million (Q2 2014/15: €-539 million). The previous year's special items related in particular to a goodwill impairment at Real. EBIT before special items came in at €11 million (Q2 2014/15: €-24 million). As such, EBIT before special items improved significantly by €35 million despite negative currency effects of €9 million.

The net financial result stood at €-197 million (H1 2014/15: €-165 million) and essentially comprised the interest result at €-119 million (H1 2014/15: €-147 million) and the other financial result of €-93 million (H1 2014/15: €-17 million).

The improvement in the interest result by €28 million is due in particular to declining debt and lower interest rates.

The other financial result before special items stood at €-72 million (H1 2014/15: €-28 million) and was thus €-44 million lower than in the same period of the previous year. At €-41 million, this change is due to unhedged, largely non-cash currency effects. These valuation effects primarily relate to foreign currency financings in Eastern Europe. Negative special items in the other financial result relate to currency effects in connection with the sale or abandonment of entire country portfolios.

In H1 2015/16, earnings before taxes amounted to €1,009 million (H1 2014/15: €147 million). Before special items, earnings before taxes totalled €652 million (H1 2014/15: €692 million).

Reported tax expenses of €465 million (H1 2014/15: €163 million) correspond to a group tax rate of 46.1% (H1 2014/15: >100%). The tax rate before special items stands at 42.6% (H1 2014/15: 49.6%).

In H1 2015/16, net profit for the period amounted to €544 million (H1 2014/15: €62 million). Net profit for the period before special items declined from €438 million to €374 million.

In H1 2015/16, earnings per share amounted to €1.48 (H1 2014/15: €0.03). Adjusted for special items, earnings per share amounted to €0.95 (H1 2014/15: €1.16). In Q2 2015/16, earnings per share came to €-0.20 (Q2 2014/15: €-1.21). Adjusted for special items, earnings per share in Q2 2015/16 stood at €-0.18 (Q2 2014/15: €-0.21).

## Investments

METRO GROUP's capex in H1 2015/16 amounted to €525 million (H1 2014/15: €388 million). In Q2 2015/16, METRO GROUP invested €188 million (Q2 2014/15: €226 million). Aside from new store openings, investments concerned rental contract extensions at Real and electronic shelf labelling at Media-Saturn, among other things.

A detailed presentation on the business development of the individual divisions is given on pages 8 to 12.

## Funding

METRO GROUP employs typical ongoing capital market programmes for funding purposes. To cover medium- and long-term funding requirements, the group uses a debt issuance programme. Bonds are issued from this programme. The maximum programme volume amounts to €6.0 billion and was drawn down by about €3.5 billion (in nominal terms) as of 31 March 2016 (31 March 2015: €3.6 billion). In January and February 2016, two bonds with volumes of €50 million and €60 million, respectively, were repaid on maturity.

Short-term financing requirements are covered through the Euro Commercial Paper Programme and a commercial paper programme geared especially to French investors. The maximum volume of each programme amounts to €2.0 billion. The total drawdown on both programmes between October 2015 and March 2016 amounted to €0.3 billion on average (H1 2014/15: €0.8 billion).

In addition, METRO GROUP has bilateral and syndicated credit lines amounting to €3.5 billion with durations up to 2020. As of 31 March 2016, a total of €0.4 billion was drawn down (31 March 2015: €1.0 billion). A total of €3.1 billion in syndicated and bilateral credit lines was not drawn on.

METRO GROUP's credit rating by Standard & Poor's of BBB- with a stable outlook is unchanged.

## Balance sheet

Compared with the end of the financial year as of 30 September 2015, total assets decreased by €2.1 billion to €25.5 billion. Year on year as of 31 March 2015, total assets fell by €3.2 billion.

As of 31 March 2016, METRO GROUP's balance sheet disclosed €5.3 billion in equity. Compared with 30 September 2015, the equity ratio increased significantly from 18.7% to 20.6%. This is due to the lower total assets and the higher equity. Year on year as of 31 March 2015, the equity ratio increased from 15.5% to 20.6%.

Net debt, after netting cash and cash equivalents as well as financial investments with financial liabilities (including finance leases), totalled €2.7 billion as of 31 March 2016. As a result, net debt fell by €2.1 billion compared with 31 March 2015. Compared with 30 September 2015 net debt increased by €0.2 billion.

## Cash flow

Between October 2015 and March 2016, operating cashflow from continued operations amounted to €0.5 billion (H1 2014/15: €0.7 billion).

Cash flow from investing activities totalled €-0.1 billion (H1 2014/15: €-0.6 billion) and includes in particular investments in property, plant and equipment, investment certificates and cash inflows from the sale of METRO Cash & Carry in Vietnam. In addition, this figure includes profit transfers from discontinued operations.

Cash flow from financing activities showed outflows of €2.5 billion (H1 2014/15: inflows of €0.3 billion) that were largely related to redemptions of financial debt.

# Risks and opportunities

Since the preparation of the consolidated financial statements (3 December 2015), no material changes arose from the reported opportunities and risks concerning the ongoing development of METRO GROUP as described in detail in the Annual Report 2014/15 (pp. 121 to 138).

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

# Sustainability

At the end of 2015, METRO GROUP had already achieved its climate protection target of reducing specific greenhouse gas emissions by 20% by 2020 compared to 2011. For this reason, METRO GROUP set itself a new, ambitious climate protection target following the climate talks in Paris. METRO GROUP plans to halve its specific greenhouse gas emissions by 2030 compared to 2011. The motivation behind this is to continue to improve METRO GROUP's energy and resource management while contributing to the political goal of limiting global warming to less than 2 degrees Celsius compared to the pre-industrial level.

On 17 March 2016, the 20 distributors participating in the Retailers' Environmental Action Programme presented the environmental obligations on which they will regularly report over the next 3 years. REAP is a joint platform with the Environment Directorate-General of the European Commission, to which retailers will report on their efforts to create a circular economy. It also allows for exchange with political actors in regard to upcoming legislative initiatives within the set of measures on the circular economy – for example, on packaging or food waste. One of the specific examples is METRO Cash & Carry's effort to optimise its home-brand packaging in 8 countries by 2018. Media-Saturn is currently developing a customer guidance system – which will be introduced in 2016 – for recommendable sustainable products in its stores and online. The next significant step is to underpin the measures with specific goals and performance indicators, which should take place in the coming weeks with the cooperation of the sales lines.

Real offers a diverse range of fruit and vegetables from permaculture farming. While environmentally friendly food and EU organic products refrain from using artificial fertilisers, the permaculture form of cultivation goes one step further. In so doing, it renounces chemically synthetic pesticides and fertilisers, instead resorting to organic supplementary fertilisers or mulch material. Permaculture protects the soil, air, water and, above all, people. Initially, Real has started with a small product range consisting of pomegranates, kumquats, oranges and avocados. In H1 2015/16, the range was expanded to make it more diverse. Real stores now also offer spring onions, radishes, carrots, endives, baby spinach, lamb's lettuce and oriental mixed salad as part of their product range.

# METRO Cash & Carry

| | Sales (€ million) | | Change (€) | | Currency effects | | Change (local currency) | | Like-for-like (local currency) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 |
| Total | 14,889 | 14,535 | -3.1% | -2.4% | -3.8% | -2.4% | 0.6% | 0.0% | 1.2% | 0.3% |
| Horeca | 6,659 | 6,848 | -0.1% | 2.8% | 0.3% | -1.0% | -0.4% | 3.9% | -0.1% | 1.8% |
| Multispecialists | 6,409 | 6,193 | -2.7% | -3.4% | -7.6% | -3.8% | 5.0% | 0.4% | 2.8% | -1.6% |
| Traders | 1,408 | 1,365 | -11.0% | -3.1% | -9.3% | -5.0% | -1.7% | 1.9% | 1.0% | 2.0% |
| Others* | 413 | 130 | - | - | - | - | - | - | - | - |

| | Sales (€ million) | | Change (€) | | Currency effects | | Change (local currency) | | Like-for-like (local currency) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 |
| Total | 6,691 | 6,498 | -2.5% | -2.9% | -2.7% | -2.5% | 0.3% | -0.3% | 1.1% | 0.5% |
| Horeca | 2,956 | 3,047 | -0.1% | 3.1% | 0.9% | -1.3% | -1.0% | 4.4% | -0.7% | 2.2% |
| Multispecialists | 2,941 | 2,848 | -0.9% | -3.2% | -6.0% | -3.7% | 5.1% | 0.5% | 2.6% | -1.4% |
| Traders | 625 | 598 | -9.1% | -4.3% | -9.8% | -4.5% | 0.6% | 0.2% | 3.4% | 0.5% |
| Others* | 169 | 6 | - | - | - | - | - | - | - | - |

*including primarily sales of divested country operations

METRO Cash & Carry launched the New Operating Model in financial year 2015/16 to improve its business management. In the context of the introduction of the new management model, the individual METRO Cash & Carry countries were divided into the following segments:

- Horeca: focusing on hotels, restaurants, catering firms
- Multispecialists: focusing on Horeca, traders and SCO (service, companies and offices)
- Traders: focusing on independent resellers such as kiosk operators, bakers and butchers
- Others: trading offices (procurement offices) and countries from which METRO Cash & Carry has withdrawn

This categorisation was guided by the respective national subsidiary's strategic focus on customer groups and expected market potential. At nearly 50%, the Horeca segment currently accounts for the largest share of METRO Cash & Carry sales. Under the New Operating Model, strategy and financial planning (Value Creation Plans) starts with the customer and the various market segments with the objective of identifying and exploiting the additional potential for METRO Cash & Carry in the individual countries. To achieve this objective, the company specifically aims to better understand the requirements of selected key customer groups to support the transformation from a transaction-based partner into a systemically important partner.

Starting in Q1 2015/16, sales and earnings of METRO Cash & Carry are reported based on this new structure. The new segments thus replace the previous reporting regions of Germany, Western Europe, Eastern Europe and Asia/Africa. The Horeca segment includes France, Germany, Italy, Japan, Portugal, Spain, Turkey and Classic Fine Foods. Multispecialists include Austria, Belgium, Bulgaria, China, Croatia, India, Kazakhstan, Netherlands, Pakistan, Russia, Serbia, Slovakia, Czech Republic and Hungary. The trader segment includes Moldavia, Poland, Romania and Ukraine.

METRO Cash & Carry recorded a positive overall development. Like-for-like sales increased by 0.3% in H1 2015/16. Sales in local currency matched the previous year's level. Reported sales fell by 2.4% to €14.5 billion (H1 2014/15: €14.9 billion). However, it should be noted that exchange rate and portfolio effects had a negative impact on sales.

Like-for-like sales improved during Q2 2015/16 and increased by 0.5%, supported by positive calendar effects, which resulted in the 11th consecutive quarterly increase in like-for-like sales. Sales in local currency declined slightly. Like half-year sales, reported quarterly sales declined by 2.9% due to exchange rate and portfolio effects.

Delivery sales continued their very positive trend, rising by 23.4% to €1.7 billion in H1 2015/16. Sales of Classic Fine Foods contributed to this positive development as they had not yet been included in the previous year's figure. Delivery sales now account for 11.8% of sales of METRO Cash & Carry, a new record. Delivery sales continued their upward trend in Q2 2015/16, rising by 23.5% to €0.8 billion.

Like-for-like sales in the Horeca segment rose by 1.8% during H1 2015/16. Sales in local currency increased by 3.9%. Reported sales increased by 2.8%. The positive first-quarter trend gained additional momentum in Q2 2015/16. On a like-for-like basis, sales increased by 2.2%. Germany continued the positive trend from the Christmas quarter with like-for-like sales growth of 2.0%. This trend reflected the continued positive impact of the customer offensive. The positive trend in like-for-like sales also continued in Turkey, Italy and Spain. In France, positive momentum increased markedly compared to the same quarter in the previous year and Q1 2015/16.

Like-for-like sales in the Multispecialists segment declined by 1.6% during H1 2015/16. Sales in local currency rose by 0.4%. Conversely, reported sales declined by 3.4% as the first-quarter trend continued in Q2. While the sales in Russia came in still slightly negative, the sales trend was slightly positive already. The customer group Trader is here now more in focus as this segment continues to offer strong potential, particularly in the franchise area. In contrast, like-for-like sales increased markedly in India and Hungary while Belgium and the Netherlands in particular recorded lower like-for-like sales.

Like-for-like sales in the Trader segment increased by 2.0%. Lower sales in Poland were more than offset by the positive trend in Romania and Ukraine. Sales in local currency also increased by 1.9%. Conversely, reported sales declined by 3.1% due to currency effects. The first-quarter trend slowed in Q2.

| € million | H1 2014/15 | H1 2015/16 | Change | Q2 2014/15 | Q2 2015/16 | Change |
|---|---|---|---|---|---|---|
| EBIT | 504 | 865 | 71.6% | 19 | -12 | - |
| EBIT before special items | 519 | 497 | -4.3% | 37 | 38 | 2.7% |
| Investments | 166 | 172 | 3.5% | 89 | 67 | -25.2% |

In H1 2015/16, EBIT amounted to €865 million (H1 2014/15: €504 million). This figure includes the sale of METRO Cash & Carry Vietnam as a positive special item. Restructuring expenses at METRO Cash & Carry in the Netherlands had an opposite effect. EBIT before special items amounted to €497 million (H1 2014/15: €519 million). This decline is essentially due to negative year-to-year currency effects of €40 million in Russia. As a result, METRO Cash & Carry's EBIT improved in local currency terms.

In Q2 2015/16, EBIT before special items came to €38 million (Q2 2014/15: €37 million). This figure includes negative currency effects totalling €8 million, which particularly relate to Russia. As a result, METRO Cash & Carry's EBIT improved markedly in local currency terms.

In H1 2015/16, investments in expansion and modernisation amounted to €172 million (H1 2014/15: €166 million). METRO Cash & Carry opened 6 stores during this period. The store network was expanded by 4 Cash & Carry stores in Russia and by 1 store each in France and India. One store was closed in Romania. As announced, the 19 stores in Vietnam were disposed of as part of the sale of this business.

As of 31 March 2016, METRO Cash & Carry operated 750 stores in 26 countries: 107 stores in Germany, 233 in Western Europe, 291 in Eastern Europe and 119 in Asia.

# Media-Saturn

| | Sales (€ million) | | Change (€) | | Currency effects | | Change (local currency) | | Like-for-like (local currency) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 |
| Total | 12,035 | 12,148 | 4.8% | 0.9% | -1.3% | -1.0% | 6.1% | 1.9% | 4.4% | 0.6% |
| Germany | 5,588 | 5,789 | 3.7% | 3.6% | 0.0% | 0.0% | 3.7% | 3.6% | 2.7% | 2.0% |
| Western Europe (excl. Germany) | 4,815 | 4,926 | 5.5% | 2.3% | 0.4% | 0.4% | 5.1% | 1.9% | 3.7% | 0.5% |
| Eastern Europe | 1,632 | 1,433 | 6.7% | -12.2% | -11.8% | -7.8% | 18.5% | -4.4% | 13.2% | -4.8% |

| | Sales (€ million) | | Change (€) | | Currency effects | | Change (local currency) | | Like-for-like (local currency) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 |
| Total | 5,161 | 5,259 | 5.7% | 1.9% | -1.2% | -0.9% | 6.9% | 2.8% | 5.2% | 0.7% |
| Germany | 2,399 | 2,498 | 7.0% | 4.1% | 0.0% | 0.0% | 7.0% | 4.1% | 5.9% | 1.1% |
| Western Europe (excl. Germany) | 2,127 | 2,169 | 6.3% | 1.9% | 0.9% | -0.2% | 5.4% | 2.2% | 3.7% | 0.8% |
| Eastern Europe | 634 | 592 | -0.6% | -6.6% | -12.3% | -6.5% | 11.7% | 0.0% | 8.0% | -0.8% |

Like-for-like sales of Media-Saturn rose by 0.6% in H1 2015/16 compared with the previous year's period, recording the 7th consecutive quarterly sales increase. Measured in local currency, Media-Saturn's sales rose by 1.9%. Total sales increased by 0.9% to €12.1 billion. The sales trend improved during Q2 2015/16 compared with Q1 2015/16. Like-for-like sales increased by 0.7% while sales in local currency rose by 2.8%. Reported sales also increased by 1.9% to €5.3 billion. The sales line continued to gain market share across most countries. In addition, its sales included the service sales of acquired company RTS for the first time.

Online generated sales increased by 10.9% to €1.1 billion during H1 2015/16. Online generated sales also grew during Q2, rising by 9.6% to €0.5 billion. While Redcoon posted lower sales due to the reduction of unprofitable wholesale business, the Media Markt and Saturn sales brands were able to boost sales by 34.5% during H1 2015/16. In Q2, sales of the two sales brands jumped by 34.8%.

Service sales increased markedly to €0.7 billion (H1 2014/15: €0.5 billion) in H1 2015/16, thanks partly to the initial consolidation of RTS. Service sales in Q2 rose to €0.3 billion (Q2 2014/15: €0.2 billion).

In Germany, sales increased markedly by 2.0% during H1 2015/16. Reported sales rose by 3.6% to €5.8 billion. In Q2 2015/16, like-for-like sales increased by 1.1%. Reported sales rose by as much as 4.1%, leading to another increase in market share in Germany.

On 18 February 2016, the new customer loyalty programme "Media Markt Club" was rolled out across Germany. With this programme, Media-Saturn is continuing its transformation into a customer-centric organisation. The programme launch was supported by a comprehensive marketing campaign. Media Markt Club rewards multiple purchases, offers customers extended return periods as well as access to all sales receipts through the customer account. In addition, individual Media Markt stores organise special local events, activities, competitions and surprises.

In Western Europe, like-for-like sales increased by 0.5% in H1 2015/16. Several countries experienced favourable developments while like-for-like sales in Switzerland declined. Measured in local currency, sales rose by 1.9%. Reported sales rose by 2.3%. Growth momentum increased during Q2 compared to Q1. Like-for-like sales increased by 0.8% in Q2 2015/16. Sales in local currency rose by 2.2%. Reported sales increased by 1.9%, supported in particular by positive developments in the Netherlands and Spain. In contrast, sales in Italy declined.

In Eastern Europe, like-for-like sales fell by 4.8% in H1 2015/16. Sales in local currency declined by 4.4%. Reported sales fell by 12.2% on the back of the weak first-quarter development. In December 2014, at the height of the rouble crisis, the Russian business had benefited from substantial pull-forward effects. This effect related to the first 4 months of H1 2014/15. In Q2 2015/16, like-for-like sales in Eastern Europe were more or less stable. Sales in local currency matched the previous year's level. Due to negative currency effects, reported sales declined by 6.6%. While like-for-like sales in Russia were only slightly lower in Q2 and sales in Poland declined, sales in

Turkey gained even more momentum, with like-for-like sales up nearly 20%. In Hungary, sales were also positive.

| € million | H1 2014/15 | H1 2015/16 | Change | Q2 2014/15 | Q2 2015/16 | Change |
|---|---|---|---|---|---|---|
| EBIT | 332 | 332 | 0.1% | -13 | 31 | - |
| EBIT before special items | 369 | 352 | -4.8% | 20 | 43 | >100% |
| Investments | 81 | 142 | 75.5% | 40 | 78 | 95.4% |

As in the previous year, EBIT stood at €332 million in H1 2015/16. This figure includes special items totalling €-20 million (H1 2014/15: €-38 million). EBIT before special items declined to €352 million from €369 million. This decline is due to the comparison with a previous year's quarter marked by pull-forward effects in Russia. No such positive earnings effects materialised during Q1 2015/16.

In Q2 2015/16, EBIT before special items improved markedly from €20 million to €43 million. Aside from cost reductions, this was due to positive contributions from commissions and supplier compensation.

During H1 2015/16, capex amounted to €142 million (H1 2014/15: €81 million) and comprised new store openings and store modernisations as well as the nationwide introduction of electronic shelf labelling. The sales line opened 13 consumer electronics stores during H1 2015/16, including 4 in Germany and 4 in Turkey. The store network was expanded by 1 consumer electronics store each in Italy, Poland, Hungary, Greece and Russia. Two stores were closed in Russia and 1 store each was closed in Italy and Germany.

As of 31 March 2016, the store network of Media-Saturn comprised 1,016 stores in 15 countries: 420 consumer electronics stores in Germany, 372 in Western Europe and 224 in Eastern Europe.

## Real

| | Sales (€ million) | | Change (€) | | Like-for-like (local currency) | |
|---|---|---|---|---|---|---|
| | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 |
| Germany | 4,059 | 3,945 | -0.7% | -2.8% | 1.0% | -0.6% |

| | Sales (€ million) | | Change (€) | | Like-for-like (local currency) | |
|---|---|---|---|---|---|---|
| | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 |
| Germany | 1,829 | 1,800 | -0.7% | -1.6% | 1.1% | 0.5% |

During H1 2015/16, like-for-like sales at Real decreased slightly. In an environment characterised by intense competition and deflationary price trends, like-for-like sales in the food segment were nearly stable in year-to-year comparison while non-food sales declined. Due mostly to store disposals, reported sales declined by 2.8% to €3.9 billion compared with the previous year's period. In Q2, the calendar effect had a positive impact on like-for-like sales, which increased by 0.5%. In contrast, the lower number of stores caused reported sales to decline by 1.6% to €1.8 billion.

Online sales developed very positively, increasing by more than 60% to €37 million in H1 2015/16. Real continues to focus strongly on the online business and plans investments in its digital expertise. To strengthen its online business, the sales line signed contracts for the acquisition of the shopping portal "Hitmeister" (www.hitmeister.de) at the end of March 2016.

Real thus continues to expand its capabilities and expertise in the digital area.

| € million | H1 2014/15 | H1 2015/16 | Change | Q2 2014/15 | Q2 2015/16 | Change |
|---|---|---|---|---|---|---|
| EBIT | -432 | 66 | - | -506 | -18 | 96.5% |
| EBIT before special items | 48 | 67 | 39.3% | -36 | -16 | 54.9% |
| Investments | 77 | 157 | >100% | 65 | 14 | -78.1% |

In H1 2015/16, EBIT stood at €66 million (H1 2014/15: €-432 million). This figure does not include any substantial special items (H1 2014/15: €-480 million). EBIT before special items amounted to €67 million, compared with €48 million in the previous year's period.

In Q2 2015/16, EBIT before special items came to €-16 million (Q2 2014/15: €-36 million). This increase is due in particular to the closure of loss-making stores during the previous year, better purchasing conditions and higher cost efficiency.

Capex amounted to €157 million in H1 2015/16 (H1 2014/15: €77 million). This concerns primarily rental contract extensions.

Two Real stores were closed during H1 2015/16. As a result, the German sales network comprised 291 stores as of 31 March 2016.

# Others

| € million | H1 2014/15 | H1 2015/16 | Change | Q2 2014/15 | Q2 2015/16 | Change |
|---|---|---|---|---|---|---|
| Sales | 26 | 35 | 35.2% | 12 | 16 | 39.0% |
| EBIT | -93 | -53 | 42.9% | -64 | -33 | 47.4% |
| EBIT before special items | -70 | -73 | -3.9% | -45 | -53 | -18.5% |
| Investments | 63 | 54 | -15.1% | 31 | 29 | -8.7% |

The Others segment comprises, among others, METRO AG as the management holding company of METRO GROUP, the procurement organisation in Hong Kong, which also operates on behalf of third parties, as well as logistics services and real estate activities of METRO PROPERTIES, which are not attributed to any sales lines (i.e. speciality stores, warehouses, head offices, etc.).

In H1 2015/16, sales in the Others segment totalled €35 million (H1 2014/15: €26 million). This includes, among other things, the 4 remaining Real stores in Romania and commissions from the third-party business operated by METRO GROUP's Hong Kong-based procurement organisation.

In H1 2015/16, EBIT stood at €-53 million (H1 2014/15: €-93 million) and included positive special items of €20 million. EBIT before special items amounted to €-73 million (H1 2014/15: €-70 million).

# Subsequent events and outlook

## Events after the quarter-end closing

METRO AG's acquisition of Rungis express was completed on 1 April 2016. As a result, the premium food supplier is now part of METRO GROUP. In the run-up to the closing the pertinent competition authorities and the Supervisory Board of METRO AG had approved the transaction. The Rungis express group generated sales of approximately €140 million in financial year 2015 with about 600 employees.

At an employees meeting on 25 April 2016, employees at METRO Cash & Carry Germany's headquarters were informed about possible efficiency increases and cost savings. In this context, the personnel structure at headquarters is likely to be adjusted as well. According to current plans, this will affect up to 300 full-time positions. This is likely to result in a special item in the mid double-digit million euro range.

Other material events after the closing date are outlined in the chapter "Other legal issues" on pages 34 and 35.

## Macroeconomic outlook

Overall, global economic developments remain fragile. The moderate recovery in Western Europe is likely to continue near term. Over the medium term, structural weakness – particularly in France and Italy – will serve to constrain the region's growth momentum. At the same time, public indebtedness – not only in Greece – will continue to impact medium-term growth prospects. Compared with past years, METRO GROUP expects the Western European retail industry to show solid nominal growth of about 1.5% during the current financial year. In Germany, robust labour market conditions and low prices continue to bolster conditions for consumption and retailing. As a result, Germany's retail industry is expected to outperform the Western European average again in this financial year. In Eastern Europe, Russia is expected to recover only slowly. The Russian economy is expected to gradually bottom out during Q4 of the current financial year. In contrast, METRO GROUP projects continued robust economic developments in the Central European countries. In spite of China's loss of economic momentum, Asia's emerging markets will remain the fastest-growing region for METRO GROUP. In contrast, macroeconomic conditions in Japan remain challenging. METRO GROUP expects the global economic growth to fall slightly short of the previous year's level at about 2.4% in financial year 2015/16.

## Outlook

The METRO GROUP forecast is based on the current group structure and refers to currency-adjusted figures. In addition, it is based on the assumption of a persistently complex geopolitical situation.

### Sales

For financial year 2015/16, METRO GROUP continues to expect a slight increase in overall sales, despite the persistently challenging economic environment.

In like-for-like sales, METRO GROUP foresees a slight increase that will follow the 1.5% gain in the previous year. METRO Cash & Carry and Media-Saturn are expected to be the key drivers of total sales and like-for-like sales growth; METRO GROUP projects an improvement compared with the previous year for the Real sales line.

### Earnings

In financial year 2015/16, earnings development will also be shaped by the persistently challenging economic environment. Nevertheless, METRO GROUP remains confident that it can continue its earnings growth as a result of the progress it has made and will continue to make in transforming its business models. Aside from operational improvements, METRO GROUP will again closely focus on efficient structures and strict cost management in 2015/16 in this context.

For these reasons, METRO GROUP expects EBIT before special items to rise slightly above the €1,511 million achieved in financial year 2014/15, including income from real estate sales. METRO Cash & Carry and Media-Saturn are expected to be the key drivers of the increase. Developments at the Real sales line will depend on the successful implementation of the measures that have been initiated.

## Demerger of the group

Management and Supervisory Boards will make a decision on the contemplated demerger of METRO GROUP into a wholesale and food specialist and a consumer electronics group after a period of intensive consultation and review. Should ongoing assessments prove to be positive and the shareholders vote in favor, the implementation of the demerger is aimed for mid-2017. This would result in the creation of two independent, stock-listed companies as market leaders in their respective sectors.

# Store network

## Store network development H1 2015/16

| | 30/9/2015 | New store openings/ acquisitions H1 2015/16 | Closures/ disposals H1 2015/16 | 31/3/2016 | Change (absolute) |
|---|---|---|---|---|---|
| METRO Cash & Carry | 764 | +6 | -20 | 750 | -14 |
| Media-Saturn | 1,007 | +13 | -4 | 1,016 | +9 |
| Real | 293 | | -2 | 291 | -2 |
| Total | 2,068* | +19 | -26 | 2,061* | -7 |

## Store network as of 31 March 2016

| | METRO Cash & Carry | | | Media-Saturn | | | Real | | | METRO GROUP | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Openings/ additions H1 2015/16 | Closures/ disposals H1 2015/16 | 31/3/2016 | Openings/ additions H1 2015/16 | Closures/ disposals H1 2015/16 | 31/3/2016 | Openings/ additions H1 2015/16 | Closures/ disposals H1 2015/16 | 31/3/2016 | Openings/ additions H1 2015/16 | Closures/ disposals H1 2015/16 | 31/3/2016 |
| Germany | | | 107 | +4 | -1 | 420 | | -2 | 291 | +4 | -3 | 818 |
| Austria | | | 12 | | | 48 | | | | | | 60 |
| Belgium | | | 15 | | | 23 | | | | | | 38 |
| France | +1 | | 94 | | | | | | | +1 | | 94 |
| Italy | | | 48 | +1 | -1 | 110 | | | | +1 | -1 | 158 |
| Luxembourg | | | | | | 2 | | | | | | 2 |
| Netherlands | | | 17 | | | 49 | | | | | | 66 |
| Portugal | | | 10 | | | 9 | | | | | | 19 |
| Spain | | | 37 | | | 77 | | | | | | 114 |
| Sweden | | | | | | 27 | | | | | | 27 |
| Switzerland | | | | | | 27 | | | | | | 27 |
| **Western Europe (excl. Germany)** | **+1** | | **233** | **+1** | **-1** | **372** | | | | **+2** | **-1** | **605** |
| Bulgaria | | | 11 | | | | | | | | | 11 |
| Croatia | | | 8 | | | | | | | | | 8 |
| Czech Republic | | | 13 | | | | | | | | | 13 |
| Greece | | | | +1 | | 11 | | | | +1 | | 11 |
| Hungary | | | 13 | +1 | | 22 | | | | +1 | | 35 |
| Kazakhstan | | | 7 | | | | | | | | | 7 |
| Moldova | | | 3 | | | | | | | | | 3 |
| Poland | | | 41 | +1 | | 80 | | | | +1 | | 121 |
| Romania | | -1 | 30 | | | | | | | | -1 | 30 |
| Russia | +4 | | 88 | +1 | -2 | 66 | | | | +5 | -2 | 154 |
| Serbia | | | 10 | | | | | | | | | 10 |
| Slovakia | | | 6 | | | | | | | | | 6 |
| Turkey | | | 29 | +4 | | 45 | | | | +4 | | 74 |
| Ukraine | | | 32 | | | | | | | | | 32 |
| **Eastern Europe** | +4 | -1 | 291 | +8 | -2 | 224 | | | | +12 | -3 | 515 |
| China | | | 82 | | | | | | | | | 82 |
| India | +1 | | 19 | | | | | | | +1 | | 19 |
| Japan | | | 9 | | | | | | | | | 9 |
| Pakistan | | | 9 | | | | | | | | | 9 |
| Vietnam | | -19 | | | | | | | | | -19 | 0 |
| **Asia** | **+1** | **-19** | **119** | | | | | | | **+1** | **-19** | **119** |
| **Total** | **+6** | **-20** | **750** | **+13** | **-4** | **1,016** | | **-2** | **291** | **+19** | **-26** | **2,061*** |

*Including 4 stores in the Others segment

# Reconciliation of special items[1]

## H1 2015/16

### Special items

by sales line

| € million | As reported | | Special items | | Before special items | |
|---|---|---|---|---|---|---|
| | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 |
| EBITDA | 1,248 | 1,665 | 80 | -372 | 1,328 | 1,293 |
| thereof METRO Cash & Carry | 718 | 1,074 | 6 | -367 | 724 | 707 |
| Media-Saturn | 460 | 452 | 28 | 14 | 488 | 467 |
| Real | 81 | 138 | 32 | 0 | 113 | 138 |
| Others | -10 | 7 | 14 | -20 | 4 | -13 |
| Consolidation | -1 | -6 | 0 | 0 | -1 | -6 |
| EBIT | 312 | 1,206 | 555 | -368 | 867 | 838 |
| thereof METRO Cash & Carry | 504 | 865 | 15 | -368 | 519 | 497 |
| Media-Saturn | 332 | 332 | 38 | 20 | 369 | 352 |
| Real | -432 | 66 | 480 | 0 | 48 | 67 |
| Others | -93 | -53 | 23 | -20 | -70 | -73 |
| Consolidation | 1 | -4 | 0 | 0 | 1 | -4 |
| Net financial result | -165 | -197 | -10 | 12 | -175 | -186 |
| EBT (earnings before taxes) | 147 | 1,009 | 545 | -356 | 692 | 652 |
| Income taxes | -163 | -465 | -180 | 186 | -343 | -278 |
| Profit or loss for the period from continuing operations | -16 | 544 | 365 | -170 | 349 | 374 |
| Profit or loss for the period from discontinued operations after tax | 78 | 0 | 11 | 0 | 89 | 0 |
| Profit or loss for the period | 62 | 544 | 376 | -170 | 438 | 374 |
| Profit or loss for the period attributable to non-controlling interests | 52 | 60 | 8 | 4 | 60 | 64 |
| from continuing operations | 52 | 60 | 8 | 4 | 60 | 64 |
| from discontinued operations | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit or loss for the period attributable to shareholders of METRO AG | 10 | 484 | 368 | -174 | 378 | 310 |
| from continuing operations | -68 | 484 | 357 | -174 | 289 | 310 |
| from discontinued operations | 78 | 0 | 11 | 0 | 89 | 0 |
| Earnings per share in € (basic = diluted) | 0.03 | 1.48 | 1.13 | -0.53 | 1.16 | 0.95 |
| from continuing operations | -0.21 | 1.48 | 1.10 | -0.53 | 0.89 | 0.95 |
| from discontinued operations | 0.24 | 0.00 | 0.03 | 0.00 | 0.27 | 0.00 |

[1]Adjustment of previous year's figures due to discontinued operations (Galeria Kaufhof group)

# Reconciliation of special items[1]

## Q2 2015/16

### Special items

by sales line

| | As reported | | Special items | | Before special items | |
|---|---|---|---|---|---|---|
| € million | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 |
| EBITDA | 140 | 205 | 66 | 40 | 206 | 246 |
| thereof METRO Cash & Carry | 131 | 93 | 9 | 52 | 140 | 145 |
| Media-Saturn | 54 | 94 | 24 | 7 | 79 | 102 |
| Real | -25 | 18 | 22 | 1 | -3 | 19 |
| Others | -19 | 1 | 10 | -20 | -8 | -19 |
| Consolidation | -2 | -2 | 0 | 0 | -2 | -2 |
| EBIT | -564 | -34 | 539 | 44 | -24 | 11 |
| thereof METRO Cash & Carry | 19 | -12 | 18 | 51 | 37 | 38 |
| Media-Saturn | -13 | 31 | 33 | 12 | 20 | 43 |
| Real | -506 | -18 | 469 | 1 | -36 | -16 |
| Others | -64 | -33 | 19 | -20 | -45 | -53 |
| Consolidation | -1 | -1 | 0 | 0 | -1 | -1 |
| Net financial result | -62 | -64 | -2 | -18 | -65 | -83 |
| EBT (earnings before taxes) | -626 | -98 | 537 | 26 | -89 | -72 |
| Income taxes | 236 | 45 | -214 | -16 | 22 | 29 |
| Profit or loss for the period from continuing operations | -390 | -53 | 323 | 10 | -67 | -43 |
| Profit or loss for the period from discontinued operations after tax | -7 | 0 | 11 | 0 | 4 | 0 |
| Profit or loss for the period | -397 | -53 | 334 | 10 | -63 | -43 |
| Profit or loss for the period attributable to non-controlling interests | -3 | 12 | 7 | 2 | 4 | 14 |
| from continuing operations | -3 | 12 | 7 | 2 | 4 | 14 |
| from discontinued operations | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit or loss for the period attributable to shareholders of METRO AG | -394 | -65 | 327 | 8 | -67 | -57 |
| from continuing operations | -387 | -65 | 316 | 8 | -71 | -57 |
| from discontinued operations | -7 | 0 | 11 | 0 | 4 | 0 |
| Earnings per share in € (basic = diluted) | -1.21 | -0.20 | 1.00 | 0.02 | -0.21 | -0.18 |
| from continuing operations | -1.19 | -0.20 | 0.97 | 0.02 | -0.22 | -0.18 |
| from discontinued operations | -0.02 | 0.00 | 0.03 | 0.00 | 0.01 | 0.00 |

[1]Adjustment of previous year's figures due to discontinued operations (Galeria Kaufhof group)

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## Income statement [1]

| € million | H1 2014/15 | H1 2015/16 | Q2 2014/15 | Q2 2015/16 |
|---|---|---|---|---|
| Sales | 31,010 | 30,663 | 13,692 | 13,574 |
| Cost of sales | -24,980 | -24,667 | -11,102 | -10,950 |
| Gross profit on sales | 6,030 | 5,996 | 2,590 | 2,624 |
| Other operating income | 570 | 957 | 249 | 223 |
| Selling expenses | -5,125 | -5,006 | -2,575 | -2,505 |
| General administrative expenses | -690 | -714 | -367 | -362 |
| Other operating expenses | -473 | -29 | -461 | -16 |
| Earnings share of operating companies recognised at equity | 0 | 2 | 0 | 2 |
| Earnings before interest and taxes EBIT | 312 | 1,206 | -564 | -34 |
| Earnings share of non-operating companies recognised at equity | 0 | 3 | 0 | 0 |
| Other investment result | -1 | 12 | 0 | 12 |
| Interest income | 34 | 33 | 22 | 20 |
| Interest expenses | -181 | -152 | -89 | -76 |
| Other financial result | -17 | -93 | 5 | -20 |
| Net financial result | -165 | -197 | -62 | -64 |
| EBT (earnings before taxes) | 147 | 1,009 | -626 | -98 |
| Income taxes | -163 | -465 | 236 | 45 |
| Profit or loss for the period from continuing operations | -16 | 544 | -390 | -53 |
| Profit or loss for the period from discontinued operations | 78 | 0 | -7 | 0 |
| Profit or loss for the period | 62 | 544 | -397 | -53 |
| Profit or loss for the period attributable to non-controlling interests | 52 | 60 | -3 | 12 |
| from continuing operations | 52 | 60 | -3 | 12 |
| from discontinued operations | 0 | 0 | 0 | 0 |
| Profit or loss for the period attributable to shareholders of METRO AG | 10 | 484 | -394 | -65 |
| from continuing operations | -68 | 484 | -387 | -65 |
| from discontinued operations | 78 | 0 | -7 | 0 |
| Earnings per share in € (basic = diluted) | 0.03 | 1.48 | -1.21 | -0.20 |
| from continuing operations | -0.21 | 1.48 | -1.19 | -0.20 |
| from discontinued operations | 0.24 | 0.00 | -0.02 | 0.00 |

[1] Adjustment of previous year's figures due to discontinued operations (Galeria Kaufhof group)

# Reconciliation from profit or loss for the period to total comprehensive income

| € million | H1 2014/15 | H1 2015/16 | Q2 2014/15 | Q2 2015/16 |
|---|---|---|---|---|
| Profit or loss for the period | 62 | 544 | -397 | -53 |
| Other comprehensive income | | | | |
| Items of “other comprehensive income” that will not be reclassified to profit or loss | -151 | -47 | -26 | -45 |
| Revaluation of defined benefit pension plans | -213 | -67 | -36 | -65 |
| Income tax attributable to items of “other comprehensive income” that will not be reclassified to profit or loss | 62 | 20 | 10 | 20 |
| Items of “other comprehensive income” that may be reclassified to profit or loss | -44 | -23 | 152 | -11 |
| Currency translation differences from translating the financial statements of foreign operations | -52 | -19 | 144 | -5 |
| Effective portion of gains/losses from cash flow hedges | 8 | -3 | 9 | -7 |
| Gains/losses on remeasuring financial instruments in the category “available for sale” | 0 | -1 | 0 | 0 |
| Income tax attributable to items of “other comprehensive income” that may be reclassified subsequently to profit or loss | 0 | 0 | -1 | 1 |
| Other comprehensive income | -195 | -70 | 126 | -56 |
| Total comprehensive income | -133 | 474 | -271 | -109 |
| Total comprehensive income attributable to non-controlling interests | 52 | 58 | -3 | 12 |
| Total comprehensive income attributable to shareholders of METRO AG | -185 | 416 | -268 | -121 |

# Balance sheet

## Assets

| € million | 30/9/2015 | 31/3/2015 | 31/3/2016 |
|---|---|---|---|
| Non-current assets | 13,207 | 14,686 | 12,996 |
| Goodwill | 3,301 | 3,193 | 3,322 |
| Other intangible assets | 464 | 373 | 467 |
| Property, plant and equipment | 7,955 | 9,577 | 7,848 |
| Investment properties | 170 | 194 | 178 |
| Financial assets | 117 | 74 | 63 |
| Investments accounted for using the equity method | 184 | 94 | 183 |
| Other financial and non-financial assets | 292 | 320 | 280 |
| Deferred tax assets | 724 | 861 | 655 |
| Current assets | 14,449 | 14,025 | 12,526 |
| Inventories | 5,439 | 6,588 | 6,009 |
| Trade receivables | 702 | 576 | 706 |
| Financial assets | 6 | 1 | 3 |
| Other financial and non-financial assets | 3,435 | 3,026 | 3,347 |
| Entitlements to income tax refunds | 202 | 257 | 233 |
| Cash and cash equivalents | 4,415 | 3,009 | 2,209 |
| Assets held for sale | 250 | 568 | 19 |
| | 27,656 | 28,711 | 25,522 |

## Equity and liabilities

| € million | 30/9/2015 | 31/3/2015 | 31/3/2016 |
|---|---|---|---|
| Equity | 5,172 | 4,464 | 5,252 |
| Share capital | 835 | 835 | 835 |
| Capital reserve | 2,551 | 2,551 | 2,551 |
| Reserves retained from earnings | 1,793 | 1,053 | 1,850 |
| Non-controlling interests | -7 | 25 | 16 |
| Non-current liabilities | 6,841 | 7,774 | 6,042 |
| Provisions for pensions and similar obligations | 1,270 | 1,902 | 1,331 |
| Other provisions | 492 | 375 | 430 |
| Borrowings | 4,731 | 5,236 | 3,925 |
| Other financial and non-financial liabilities | 206 | 145 | 212 |
| Deferred tax liabilities | 142 | 116 | 144 |
| Current liabilities | 15,643 | 16,473 | 14,228 |
| Trade liabilities | 9,550 | 10,350 | 9,547 |
| Provisions | 628 | 582 | 615 |
| Borrowings | 2,635 | 2,767 | 1,687 |
| Other financial and non-financial liabilities | 2,488 | 2,398 | 2,115 |
| Income tax liabilities | 148 | 152 | 264 |
| Liabilities related to assets held for sale | 194 | 224 | 0 |
| | 27,656 | 28,711 | 25,522 |

# Cash flow statement[1]

| € million | H1 2014/15 | H1 2015/16 |
|---|---|---|
| EBIT | 312 | 1,206 |
| Depreciation/amortisation/impairment losses/reversal of impairment losses of assets excl. financial investments | 936 | 459 |
| Change in provisions for post-employment benefit plans and other provisions | -70 | -54 |
| Change in net working capital | -233 | -542 |
| Income taxes paid | -310 | -222 |
| Reclassification of gains (-) / losses (+) from the disposal of fixed assets | -8 | 4 |
| Other | 42 | -375 |
| Cash flow from operating activities of continuing operations | 669 | 476 |
| Cash flow from operating activities of discontinued operations | 199 | 0 |
| Cash flow from operating activities | 868 | 476 |
| Corporate acquisitions | 0 | -29 |
| Investments in property, plant and equipment (excl. finance leases) | -476 | -436 |
| Other investments | -227 | -314 |
| Divestments | 63 | 357 |
| Disposal of fixed assets | 65 | 65 |
| Gains (+) / losses (-) from the disposal of fixed assets | 8 | -4 |
| Cash flow from investing activities of continuing operations | -567 | -361 |
| Cash flow from investing activities of discontinued operations | -43 | 220 |
| Cash flow from investing activities | -610 | -141 |
| Profit distribution | | |
| to METRO AG shareholders[2] | -316 | -349 |
| to other shareholders[3] | -38 | -32 |
| Redemption of liabilities from put options of non-controlling interests | 0 | -86 |
| Proceeds from long-term financial liabilities | 2,172 | 93 |
| Redemption of financial liabilities | -1,181 | -2,038 |
| Interest paid | -178 | -156 |
| Interest received | 41 | 37 |
| Profit and loss transfers and other financing activities | -30 | 0 |
| Cash flow from financing activities of continuing operations | 470 | -2,531 |
| Cash flow from financing activities of discontinued operations | -156 | 0 |
| Cash flow from financing activities | 314 | -2,531 |
| Total cash flows | 572 | -2,196 |
| Currency effects on cash and cash equivalents | 31 | -12 |
| Total change in cash and cash equivalents | 603 | -2,208 |
| Cash and cash equivalents as of 1 October | 2,409 | 4,417 |
| Cash and cash equivalents shown under IFRS 5 assets | 3 | 2 |
| Cash and cash equivalents on 1 October | 2,406 | 4,415 |
| Cash and cash equivalents on 31 March | 3,012 | 2,209 |
| Cash and cash equivalents shown under IFRS 5 assets | 3 | 0 |
| Cash and cash equivalents on 31 March | 3,009 | 2,209 |

[1]Adjustment of previous year's figures due to discontinued operations (Galeria Kaufhof group)
[2]Reported dividends include dividends to minority shareholders in the amount of €-22 million (previous year: €-21 million) whose shareholdings are shown under debt capital due to put options
[3]Reported dividends include dividends to minority shareholders in the amount of €-5 million (previous year: €-6 million) whose shareholdings are shown under debt capital due to put options

# Statement of changes in equity

| € million | Share capital | Capital reserve | Effective portion of gains/losses from cash flow hedges | Gains/losses on remeasuring financial assets in the category "available for sale" | Currency translation differences from translating the financial statements of foreign operations | Revaluation of defined benefit pension plans | Income tax attributable to components of "other comprehensive income" |
|---|---|---|---|---|---|---|---|
| 1/10/2014 | 835 | 2,551 | 82 | 0 | -441 | -865 | 201 |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive income | 0 | 0 | 8 | 0 | -52 | -213 | 62 |
| Capital balance from acquisitions of shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other changes | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31/3/2015 | 835 | 2,551 | 90 | 0 | -493 | -1,078 | 263 |
| 1/10/2015 | 835 | 2,551 | 70 | 0 | -626 | -646 | 131 |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive income | 0 | 0 | -3 | -1 | -18 | -66 | 20 |
| Capital balance from acquisitions of shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other changes | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31/3/2016 | 835 | 2,551 | 67 | -1 | -644 | -712 | 151 |

### Continued statement of changes in equity

| € million | Other reserves retained from earnings | Total reserves retained from earnings | Total equity before non-controlling interests | attributable to "other comprehensive income" | Non-controlling interests | attributable to "other comprehensive income" | Total equity |
|---|---|---|---|---|---|---|---|
| 1/10/2014 | 2,625 | 1,602 | 4,988 | | 11 | | 4,999 |
| Dividends | -316 | -316 | -316 | | -38 | | -354 |
| Total comprehensive income | 10 | -185 | -185 | (-195) | 52 | (0) | -133 |
| Capital balance from acquisitions of shares | -1 | -1 | -1 | | -1 | | -2 |
| Other changes | -47 | -47 | -47 | | 1 | | -46 |
| 31/3/2015 | 2,271 | 1,053 | 4,439 | | 25 | | 4,464 |
| 1/10/2015 | 2,864 | 1,793 | 5,179 | | -7 | | 5,172 |
| Dividends | -349[1] | -349 | -349 | | -32[2] | | -381 |
| Total comprehensive income | 484 | 416 | 416 | (-68) | 58 | (-2) | 474 |
| Capital balance from acquisitions of shares | 0 | 0 | 0 | | -4 | | -4 |
| Other changes | -10 | -10 | -10 | | 1 | | -9 |
| 31/3/2016 | 2,989 | 1,850 | 5,236 | | 16 | | 5,252 |

[1] Reported dividends include dividends to minority shareholders in the amount of about €-22 million (31/3/2015: €-21 million) whose shareholdings are shown under debt capital due to put options

[2] Reported dividends include dividends to minority shareholders in the amount of about €-5 million (31/3/2015: €-6 million) whose shareholdings are shown under debt capital due to put options

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Segment reporting H1 2015/16[1]

**Operating segments**

| | Continuing operations of the group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | METRO Cash & Carry | | Media-Saturn | | Real | | Others | |
| € million | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 |
| Sales | 14,889 | 14,535 | 12,035 | 12,148 | 4,059 | 3,945 | 26 | 35 |
| EBITDA | 718 | 1,074 | 460 | 452 | 81 | 138 | -10 | 7 |
| EBITDA before special items | 724 | 707 | 488 | 467 | 113 | 138 | 4 | -13 |
| Depreciation/amortisation/impairment losses | 215 | 209 | 129 | 120 | 513 | 71 | 83 | 70 |
| Reversals of impairment losses | 1 | 0 | 1 | 0 | 0 | 0 | 1 | 10 |
| EBIT | 504 | 865 | 332 | 332 | -432 | 66 | -93 | -53 |
| EBIT before special items | 519 | 497 | 369 | 352 | 48 | 67 | -70 | -73 |
| Investments | 166 | 172 | 81 | 142 | 77 | 157 | 63 | 54 |
| Segment assets | 11,414 | 10,993 | 5,518 | 5,839 | 2,925 | 2,841 | 2,064 | 1,770 |
| thereof non-current | (7,691) | (7,620) | (1,461) | (1,467) | (1,645) | (1,821) | (1,247) | (1,219) |
| Segment liabilities | 5,557 | 5,238 | 6,044 | 5,964 | 1,518 | 1,424 | 1,640 | 1,511 |
| Selling space (1,000 sqm) | 5,466 | 5,370 | 3,080 | 3,010 | 2,078 | 2,000 | 29 | 29 |
| Stores (number) | 759 | 750 | 1,006 | 1,016 | 302 | 291 | 4 | 4 |

**Operating segments continued**

| | Continuing operations of the group | | | | Discontinued operations of the group | |
|---|---|---|---|---|---|---|
| | Consolidation | | METRO GROUP | | | |
| € million | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 |
| Sales | 0 | 0 | 31,010 | 30,663 | 1,667 | 0 |
| EBITDA | -1 | -6 | 1,248 | 1,665 | 165 | 0 |
| EBITDA before special items | -1 | -6 | 1,328 | 1,293 | n/a | n/a |
| Depreciation/amortisation/impairment losses | -2 | -2 | 938 | 469 | 59 | 0 |
| Reversals of impairment losses | 0 | 0 | 3 | 10 | 0 | 0 |
| EBIT | 1 | -4 | 312 | 1,206 | 106 | 0 |
| EBIT before special items | 1 | -4 | 867 | 838 | n/a | n/a |
| Investments | 0 | 0 | 388 | 525 | 34 | 0 |
| Segment assets | -472 | -422 | 21,448 | 21,021 | 2,182 | 0 |
| thereof non-current | (-43) | (-32) | (12,002) | (12,094) | (1,617) | (0) |
| Segment liabilities | -373 | -374 | 14,387 | 13,763 | 892 | 0 |
| Selling space (1,000 sqm) | 0 | 0 | 10,653 | 10,409 | 1,428 | 0 |
| Stores (number) | 0 | 0 | 2,071 | 2,061 | 135 | 0 |

[1]Adjustment of previous year's figures due to discontinued operations (Galeria Kaufhof group)

# Segment reporting H1 2015/16[1]

**Regional segments**

| | Continuing operations of the group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Germany | | Western Europe (excl. Germany) | | Eastern Europe | | Asia/Africa | |
| € million | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 |
| Sales | 12,049 | 12,176 | 9,860 | 9,942 | 6,852 | 6,240 | 2,248 | 2,305 |
| EBITDA | 346 | 414 | 353 | 359 | 473 | 364 | 79 | 534 |
| EBITDA before special items | 395 | 402 | 369 | 398 | 482 | 401 | 86 | 97 |
| Depreciation/amortisation/ impairment losses | 673 | 217 | 117 | 106 | 112 | 112 | 36 | 34 |
| Reversals of impairment losses | 0 | 10 | 1 | 0 | 2 | 0 | 0 | 0 |
| EBIT | -326 | 206 | 237 | 253 | 363 | 252 | 43 | 500 |
| EBIT before special items | 178 | 194 | 259 | 293 | 375 | 293 | 59 | 63 |
| Investments | 190 | 322 | 74 | 83 | 97 | 97 | 27 | 22 |
| Segment assets | 8,570 | 8,352 | 6,075 | 6,136 | 5,326 | 5,293 | 1,896 | 1,699 |
| thereof non-current | (4,210) | (4,189) | (3,306) | (3,247) | (3,472) | (3,613) | (1,016) | (1,046) |
| Segment liabilities | 6,429 | 6,306 | 4,519 | 4,549 | 2,471 | 2,279 | 1,261 | 1,035 |
| Selling space (1,000 sqm) | 4,395 | 4,301 | 2,669 | 2,632 | 2,795 | 2,776 | 794 | 701 |
| Stores (number) | 825 | 818 | 608 | 605 | 504 | 519 | 134 | 119 |

**Regional segments continued**

| | Continuing operations of the group | | | | | | Discontinued operations of the group | |
|---|---|---|---|---|---|---|---|---|
| | International | | Consolidation[2] | | METRO GROUP | | | |
| € million | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 | H1 2014/15 | H1 2015/16 |
| Sales | 18,960 | 18,487 | 0 | 0 | 31,010 | 30,663 | 1,667 | 0 |
| EBITDA | 905 | 1,257 | -4 | -5 | 1,248 | 1,665 | 165 | 0 |
| EBITDA before special items | 937 | 896 | -4 | -5 | 1,328 | 1,293 | k. A. | k. A. |
| Depreciation/amortisation/ impairment losses | 265 | 251 | 0 | 0 | 938 | 469 | 59 | 0 |
| Reversals of impairment losses | 3 | 0 | 0 | 0 | 3 | 10 | 0 | 0 |
| EBIT | 643 | 1,005 | -4 | -5 | 312 | 1,206 | 106 | 0 |
| EBIT before special items | 694 | 649 | -4 | -5 | 867 | 838 | k. A. | k. A. |
| Investments | 197 | 203 | 0 | 0 | 388 | 525 | 34 | 0 |
| Segment assets | 13,296 | 13,128 | -418 | -459 | 21,448 | 21,021 | 2,182 | 0 |
| thereof non-current | (7,795) | (7,907) | (-3) | (-2) | (12,002) | (12,094) | (1,617) | (0) |
| Segment liabilities | 8,251 | 7,863 | -293 | -405 | 14,387 | 13,763 | 892 | 0 |
| Selling space (1,000 sqm) | 6,258 | 6,108 | 0 | 0 | 10,653 | 10,409 | 1,428 | 0 |
| Stores (number) | 1,246 | 1,243 | 0 | 0 | 2,071 | 2,061 | 135 | 0 |

[1]Adjustment of previous year's figures due to discontinued operations (Galeria Kaufhof group)
[2]Also includes consolidation effects between the regions outside of Germany

# Segment reporting Q2 2015/16[1]

**Operating segments**

| | Continuing operations of the group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | METRO Cash & Carry | | Media-Saturn | | Real | | Others | |
| € million | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 |
| Sales | 6,691 | 6,498 | 5,161 | 5,259 | 1,829 | 1,800 | 12 | 16 |
| EBITDA | 131 | 93 | 54 | 94 | -25 | 18 | -19 | 1 |
| EBITDA before special items | 140 | 145 | 79 | 102 | -3 | 19 | -8 | -19 |
| Depreciation/amortisation/impairment losses | 112 | 106 | 68 | 64 | 481 | 36 | 46 | 35 |
| Reversals of impairment losses | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 |
| EBIT | 19 | -12 | -13 | 31 | -506 | -18 | -64 | -33 |
| EBIT before special items | 37 | 38 | 20 | 43 | -36 | -16 | -45 | -53 |
| Investments | 89 | 67 | 40 | 78 | 65 | 14 | 31 | 29 |
| Segment assets | 11,414 | 10,993 | 5,518 | 5,839 | 2,925 | 2,841 | 2,064 | 1,770 |
| thereof non-current | (7,691) | (7,620) | (1,461) | (1,467) | (1,645) | (1,821) | (1,247) | (1,219) |
| Segment liabilities | 5,557 | 5,238 | 6,044 | 5,964 | 1,518 | 1,424 | 1,640 | 1,511 |
| Selling space (1,000 sqm) | 5,466 | 5,370 | 3,080 | 3,010 | 2,078 | 2,000 | 29 | 29 |
| Stores (number) | 759 | 750 | 1,006 | 1,016 | 302 | 291 | 4 | 4 |

**Operating segments continued**

| | Continuing operations of the group | | | | Discontinued operations of the group | |
|---|---|---|---|---|---|---|
| | Consolidation | | METRO GROUP | | | |
| € million | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 |
| Sales | 0 | 0 | 13,692 | 13,574 | 674 | 0 |
| EBITDA | -2 | -2 | 140 | 205 | 3 | 0 |
| EBITDA before special items | -2 | -2 | 206 | 246 | n/a | n/a |
| Depreciation/amortisation/impairment losses | -1 | -1 | 706 | 239 | 29 | 0 |
| Reversals of impairment losses | 0 | 0 | 2 | 0 | 0 | 0 |
| EBIT | -1 | -1 | -564 | -34 | -26 | 0 |
| EBIT before special items | -1 | -1 | -24 | 11 | n/a | n/a |
| Investments | 0 | 0 | 226 | 188 | 19 | 0 |
| Segment assets | -472 | -422 | 21,448 | 21,021 | 2,182 | 0 |
| thereof non-current | (-43) | (-32) | (12,002) | (12,094) | (1,617) | (0) |
| Segment liabilities | -373 | -374 | 14,387 | 13,763 | 892 | 0 |
| Selling space (1,000 sqm) | 0 | 0 | 10,653 | 10,409 | 1,428 | 0 |
| Stores (number) | 0 | 0 | 2,071 | 2,061 | 135 | 0 |

[1]Adjustment of previous year's figures due to discontinued operations (Galeria Kaufhof group)

# Segment reporting Q2 2015/16[1]

**Regional segments**

| | Continuing operations of the group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Germany | | Western Europe (excl. Germany) | | Eastern Europe | | Asia/Africa | |
| € million | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 |
| Sales | 5,275 | 5,367 | 4,318 | 4,374 | 2,813 | 2,647 | 1,287 | 1,185 |
| EBITDA | -40 | 50 | 33 | 29 | 114 | 72 | 36 | 53 |
| EBITDA before special items | -6 | 26 | 49 | 66 | 123 | 109 | 43 | 44 |
| Depreciation/amortisation/ impairment losses | 565 | 110 | 62 | 53 | 55 | 59 | 23 | 17 |
| Reversals of impairment losses | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| EBIT | -605 | -59 | -29 | -24 | 60 | 12 | 13 | 37 |
| EBIT before special items | -115 | -83 | -7 | 14 | 71 | 53 | 29 | 27 |
| Investments | 126 | 102 | 39 | 35 | 42 | 42 | 19 | 9 |
| Segment assets | 8,570 | 8,352 | 6,075 | 6,136 | 5,326 | 5,293 | 1,896 | 1,699 |
| thereof non-current | (4,210) | (4,189) | (3,306) | (3,247) | (3,472) | (3,613) | (1,016) | (1,046) |
| Segment liabilities | 6,429 | 6,306 | 4,519 | 4,549 | 2,471 | 2,279 | 1,261 | 1,035 |
| Selling space (1,000 sqm) | 4,395 | 4,301 | 2,669 | 2,632 | 2,795 | 2,776 | 794 | 701 |
| Stores (number) | 825 | 818 | 608 | 605 | 504 | 519 | 134 | 119 |

**Regional segments continued**

| | Continuing operations of the group | | | | | | Discontinued operations of the group | |
|---|---|---|---|---|---|---|---|---|
| | International | | Consolidation[2] | | METRO GROUP | | | |
| € million | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 | Q2 2014/15 | Q2 2015/16 |
| Sales | 8,417 | 8,206 | 0 | 0 | 13,692 | 13,574 | 674 | 0 |
| EBITDA | 183 | 154 | -2 | 1 | 140 | 205 | 3 | 0 |
| EBITDA before special items | 215 | 219 | -2 | 1 | 206 | 246 | k. A. | k. A. |
| Depreciation/amortisation/ impairment losses | 141 | 129 | 0 | 0 | 706 | 239 | 29 | 0 |
| Reversals of impairment losses | 2 | 0 | 0 | 0 | 2 | 0 | 0 | 0 |
| EBIT | 44 | 25 | -2 | 1 | -564 | -34 | -26 | 0 |
| EBIT before special items | 93 | 93 | -2 | 1 | -24 | 11 | k. A. | k. A. |
| Investments | 100 | 85 | 0 | 0 | 226 | 188 | 19 | 0 |
| Segment assets | 13,296 | 13,128 | -418 | -459 | 21,448 | 21,021 | 2,182 | 0 |
| thereof non-current | (7,795) | (7,907) | (-3) | (-2) | (12,002) | (12,094) | (1,617) | (0) |
| Segment liabilities | 8,251 | 7,863 | -293 | -405 | 14,387 | 13,763 | 892 | 0 |
| Selling space (1,000 sqm) | 6,258 | 6,108 | 0 | 0 | 10,653 | 10,409 | 1,428 | 0 |
| Stores (number) | 1,246 | 1,243 | 0 | 0 | 2,071 | 2,061 | 135 | 0 |

[1] Adjustment of previous year's figures due to discontinued operations (Galeria Kaufhof group)
[2] Also includes consolidation effects between the regions outside of Germany

# Notes to the accounting principles and methods for interim consolidated financial statements

These unaudited interim consolidated financial statements as at 31 March 2016 have been prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting), which regulates interim financial reporting under the International Financial Reporting Standards (IFRS). As a condensed interim report, it does not contain all the information required by IFRS for annual consolidated financial statements. These interim consolidated financial statements are unaudited, but they were subject to an auditor's review in accordance with Section 37w (5) of the German Securities Trading Act (WpHG).

These interim consolidated financial statements have been prepared in euros. All amounts are stated in millions of euros (€ million) unless otherwise indicated. Furthermore, to provide a better overview within the tables, decimal places have been partly omitted. Only the numbers within the income statement, reconciliation from profit or loss for the period to total comprehensive income, the balance sheet, the statement of changes in equity and the cash flow statement have been rounded in a way that they form the sum when added up. In all other tables, the individual amounts and the totals were rounded separately. Rounding differences may occur.

During the financial year, sales-related and cyclical items are accounted for pro-rata, where material.

In preparing these interim consolidated financial statements, all applicable standards and interpretations published by the International Accounting Standards Board (IASB), insofar as these were adopted by the European Union, were applied. With the exception of new or revised accounting methods described below, the same recognition and measurement principles have been applied as in the last consolidated financial statements as of 30 September 2015. More information regarding the recognition and measurement principles applied can be found in the notes to the group accounting principles and methods as of 30 September 2015 (see Annual Report 2014/15, pages 178-199).

## New accounting rules

The new and amended standards that are material to METRO AG and have been applied for the first time since 1 October 2015 are explained in the following.

Within the scope of the annual improvements to IFRS 2010–2012, slight revisions were made to IFRS 8 (Operating Segments), among others. For one, aggregation of several operating segments to a single reportable segment in accordance with IFRS 8 now requires a description of the aggregated operating segments. Additionally, the metrics used as a criterion for evaluating the existence of similar economic characteristics must now be disclosed. Due to late endorsement by the EU, METRO AG will comply with these new disclosure requirements for the first time in its consolidated financial statements as of 30 September 2016. A reconciliation of segment assets to group assets is now necessary only if the segment assets are part of reporting to the responsible corporate decision-maker. However, for the time being, METRO AG will continue to report the reconciliations from segment assets to group assets and from segment liabilities to group liabilities.

## New Operating Model

In the course of the introduction of the so-called New Operating Model from 1 October 2015, METRO GROUP classified the individual METRO Cash & Carry countries into three clusters: Horeca (focusing on hotels, restaurants and catering firms), Multispecialists (focusing on the remaining customer groups as well as service companies and offices) and Trader (focusing on independent resellers such as kiosk operators, bakers and butchers). This categorisation was guided by the strategic focus on customer groups and expected market potential. Together with the responsible member of the Management Board, the management of the METRO Cash & Carry segment is responsible for the three clusters. Three operating partners are mandated with the individual clusters and support the countries with overarching measures geared towards specific customer groups.

The introduction of the New Operating Model entailed a change in the identified operating segments at METRO Cash & Carry in accordance with IFRS 8. The three clusters mentioned above now represent operating segments as the allocation of in-house resources and performance measurement by the so-called Chief Operating Decision Maker (member of the Management Board of METRO AG) are based on the three clusters. Previously, individual countries represented operating segments. In addition, the new corporate management and/or monitoring structure entails a modified internal reporting structure. As a result, goodwill is no longer monitored at the level of the sales line / country but at the level of the three clusters. Goodwill has been reallocated accordingly. The required impairment test prior to the reallocation did not lead to any impairments.

## Depreciation/amortisation/impairment losses

Depreciation/amortisation/impairment losses of €469 million (H1 2014/15: €939 million) include impairment losses of €11 million (H1 2014/15: €480 million).

Impairment losses of €11 million are related to Q2 2015/16 (Q2 2014/15: €477 million). These primarily relate to impairment losses in connection with portfolio measures. The attribution of depreciation/amortisation/impairment losses in the income statement and the affected asset categories is as follows:

| € million | H1 2014/15 | H1 2015/16 |
|---|---|---|
| Cost of sales | 8 | 10 |
| Selling expenses | 423 | 408 |
| General administrative expenses | 52 | 51 |
| Other operating expenses | 455 | 0 |
| Net financial result | 1 | 0 |
| | 939 | 469 |

| € million | H1 2014/15 | H1 2015/16 |
|---|---|---|
| Goodwill | 455 | 0 |
| Other intangible assets | 52 | 57 |
| Property, plant and equipment | 415 | 406 |
| Investment properties | 16 | 5 |
| Financial assets[1] | 1 | 0 |
| Assets held for sale | 0 | 0 |
| | 939 | 469 |

[1] Including investments measured at cost and accounted for using the equity method

| € million | Q2 2014/15 | Q2 2015/16 |
|---|---|---|
| Cost of sales | 4 | 6 |
| Selling expenses | 220 | 208 |
| General administrative expenses | 26 | 25 |
| Other operating expenses | 455 | 0 |
| Net financial result | 0 | 0 |
| | 706 | 239 |

| € million | Q2 2014/15 | Q2 2015/16 |
|---|---|---|
| Goodwill | 455 | 0 |
| Other intangible assets | 25 | 29 |
| Property, plant and equipment | 213 | 207 |
| Investment properties | 13 | 3 |
| Financial assets[1] | 0 | 0 |
| Assets held for sale | 0 | 0 |
| | 706 | 239 |

[1] Including investments measured at cost and accounted for using the equity method

Impairments of capitalised financial instruments measured at amortised cost amount to €32 million (H1 2014/15: €32 million). €14 million of this amount are related to Q2 2015/16 (Q2 2014/15: €16 million).

# Notes to the balance sheet

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

Sale of wholesale business in Vietnam

As early as financial year 2013/14, the Management Board of METRO AG decided to dispose of METRO Cash & Carry's wholesale business in Vietnam and, to this effect, signed an agreement with the Thai retail group Berli Jucker Public Company Limited (BJC). After a general meeting at BJC had rejected a transaction, BJC's majority shareholder TCC Holding Co., Ltd. (TCC) replaced BJC as party to the transaction at unchanged economic conditions, according to agreements as of 18 February 2015 and 22 July 2015. The transaction was finally completed in December 2015. As a result, the Vietnamese wholesale business including the associated real estate portfolio was deconsolidated in the quarterly financial statements as of 31 December 2015. Assets held for sale increased by €139 million from €233 million to €372 million between 30 September 2015 and the date of deconsolidation of the company. Correspondingly, liabilities related to assets held for sale have increased by €186 million from €194 million to €380 million. The increase in cash and borrowings was primarily due to a preparatory transaction of the buyer to redeem the external financing. The other changes stem from the continuation of operations. The breakdown of assets and liabilities disposed of in the context of the deconsolidation is shown in the following overview:

| € million | |
|---|---|
| Assets | |
| Property, plant and equipment | 131 |
| Other financial and non-financial assets (non-current) | 54 |
| Inventories | 46 |
| Trade receivables | 4 |
| Other financial and non-financial assets (current) | 23 |
| Cash and cash equivalents | 114 |
| | 372 |
| Liabilities | |
| Provisions for pensions and similar obligations | 1 |
| Trade liabilities | 60 |
| Provisions (current) | 6 |
| Borrowings (current) | 225 |
| Other financial and non-financial liabilities (current) | 88 |
| | 380 |

The EBIT contribution resulting from the deconsolidation amounts to €437 million. This is primarily shown with €451 million as other operating income and €14 million as general administrative expenses. It is allocated fully to the Cash & Carry segment. Additional expenses of €29 million were recognised in the net financial result. In addition, income tax expenses of €79 million were recognised. No expenses were incurred in connection with the measurement of the disposal group at fair value less costs to sell. The transaction has no impact on other comprehensive income.

Real estate
The value of individual properties held for sale changed from €17 million to €19 million during the first six months of financial year 2015/16 as a result of the reclassification of individual properties with a total value of €3 million from non-current assets to assets held for sale and the reclassification of real estate assets with a total value of €-1 million to non-current assets.

METRO GROUP expects to dispose of the real estate assets recognised as assets held for sale within a year following their first-time recognition in this balance sheet item. No impairment losses to a lower fair value less costs to sell became necessary. Within segment reporting, these assets are recognised in segment assets of the Cash & Carry (€3 million) and Others (€16 million) segments.

## Dividends paid

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

As resolved by the Annual General Meeting on 19 February 2016, a dividend of €1.00 per ordinary share and €1.06 per preference share, for a total of €327 million, was paid from the reported profit for the period of €384 million for financial year 2014/15, with the remaining amount carried forward to the new account. The dividend was paid out on 22 February 2016.

## Recognition of actuarial gains and losses in equity ("other comprehensive income") from the remeasurement of defined-benefit pension plans

During the first six months of financial year 2015/16, an amount of €-67 million (Q2 2014/15: €-213 million, reducing equity) from the remeasurement of defined-benefit pension plans as of 31 March was recognised in METRO AG's other comprehensive income outside of profit or loss, resulting in a decrease in equity. The remeasurement comprises effects from the lower actuarial interest rate as well as from the adjustment of the inflation rate in the United Kingdom. In this context, an effect from deferred taxes of €20 million had the opposite effect on equity (H1 2014/15: €62 million).

The national actuarial rates of interest and inflation rates have changed as follows:

| | 31/3/2015 | | | | | 31/3/2016 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| % | Germany | Netherlands | United Kingdom | Belgium | Other countries | Germany | Netherlands | United Kingdom | Belgium | Other countries |
| Actuarial interest rate | 1.40 - 1.50 | 1.60 | 3.24 | 1.50 | 1.50 | 1.80 | 2.40 | 3.60 | 1.80 | 1.72 |
| Inflation rate | 1.50 | 2.00 | 2.50 | 2.00 | 1.92 | 1.50 | 1.00 | 2.30 | 2.00 | 1.19 |

# Carrying amounts and fair values according to measurement categories

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

| | 31/3/2015 | | | | |
|---|---|---|---|---|---|
| | | Balance sheet value | | | |
| € million | Carrying amount | (Amortised) cost | Fair value through profit or loss | Fair value outside of profit or loss | Fair value |
| Assets | 28,711 | n/a | n/a | n/a | n/a |
| Loans and receivables | 2,765 | 2,765 | 0 | 0 | 2,765 |
| Loans and advance credit granted | 57 | 57 | 0 | 0 | 57 |
| Receivables due from suppliers | 1,553 | 1,553 | 0 | 0 | 1,553 |
| Trade receivables | 576 | 576 | 0 | 0 | 576 |
| Miscellaneous financial assets | 579 | 579 | 0 | 0 | 579 |
| 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 | 21 | 0 | 21 | 0 | 21 |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 21 | 0 | 21 | 0 | 21 |
| Securities | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous financial assets | 0 | 0 | 0 | 0 | 0 |
| Available for sale | 196 | 20 | 0 | 176 | n/a |
| Investments | 20 | 20 | 0 | 0 | n/a |
| Securities | 176 | 0 | 0 | 176 | 176 |
| Miscellaneous financial assets | 0 | 0 | 0 | 0 | 0 |
| Derivative financial instruments within hedges according to IAS 39 | 68 | 0 | 0 | 68 | 68 |
| Cash and cash equivalents | 3,009 | 3,009 | 0 | 0 | 3,009 |
| Receivables from finance lease (amount according to IAS 17) | 0 | n/a | n/a | n/a | 0 |
| Assets not classified according to IFRS 7 | 22,652 | n/a | n/a | n/a | n/a |
| | | | | | |
| Equity and liabilities | 28,711 | n/a | n/a | n/a | n/a |
| Held for trading | 63 | 0 | 63 | 0 | 63 |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 63 | 0 | 63 | 0 | 63 |
| Miscellaneous financial liabilities | 0 | 0 | 0 | 0 | 0 |
| Other financial liabilities | 18,496 | 18,374 | 48 | 73 | 18,748 |
| Financial liabilities excl. finance leases (incl. hedged items in hedging relationships according to IAS 39) | 6,735 | 6,735 | 0 | 0 | 6,988 |
| Trade liabilities | 10,350 | 10,350 | 0 | 0 | 10,350 |
| Miscellaneous financial liabilities | 1,410 | 1,289 | 48 | 73 | 1,411 |
| Derivative financial instruments within hedges according to IAS 39 | 1 | 0 | 0 | 1 | 1 |
| Liabilities from finance lease (amount according to IAS 17) | 1,268 | n/a | n/a | n/a | 1,583 |
| Liabilities not classified according to IFRS 7 | 8,884 | n/a | n/a | n/a | n/a |

| € million | 31/3/2016 Carrying amount | Balance sheet value (Amortised) cost | Fair value through profit or loss | Fair value outside of profit or loss | Fair value |
|---|---|---|---|---|---|
| Assets | 25,522 | n/a | n/a | n/a | n/a |
| Loans and receivables | 2,901 | 2,901 | 0 | 0 | 2,900 |
| Loans and advance credit granted | 57 | 57 | 0 | 0 | 57 |
| Receivables due from suppliers | 1,713 | 1,713 | 0 | 0 | 1,713 |
| Trade receivables | 706 | 706 | 0 | 0 | 706 |
| Miscellaneous financial assets | 425 | 425 | 0 | 0 | 425 |
| 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 | 7 | 0 | 7 | 0 | 7 |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 7 | 0 | 7 | 0 | 7 |
| Securities | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous financial assets | 0 | 0 | 0 | 0 | 0 |
| Available for sale | 621 | 10 | 0 | 611 | n/a |
| Investments | 10 | 10 | 0 | 0 | **n/a** |
| Securities | 611 | 0 | 0 | 611 | 611 |
| Miscellaneous financial assets | 0 | 0 | 0 | 0 | 0 |
| Derivative financial instruments within hedges according to IAS 39 | 17 | 0 | 0 | 17 | 17 |
| Cash and cash equivalents | 2,209 | 2,209 | 0 | 0 | 2,209 |
| Receivables from finance lease (amount according to IAS 17) | 32 | n/a | n/a | n/a | 46 |
| Assets not classified according to IFRS 7 | 19,733 | n/a | n/a | n/a | n/a |
| | | | | | |
| Equity and liabilities | 25,522 | n/a | n/a | n/a | n/a |
| Held for trading | 31 | 0 | 31 | 0 | 31 |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 31 | 0 | 31 | 0 | 31 |
| Miscellaneous financial liabilities | 0 | 0 | 0 | 0 | 0 |
| Other financial liabilities | 15,142 | 15,036 | 69 | 37 | 15,278 |
| Financial liabilities excl. finance leases (incl. hedged items in hedging relationships according to IAS 39) | 4,331 | 4,331 | 0 | 0 | 4,466 |
| Trade liabilities | 9,547 | 9,547 | 0 | 0 | 9,547 |
| Miscellaneous financial liabilities | 1,265 | 1,159 | 69 | 37 | 1,266 |
| Derivative financial instruments within hedges according to IAS 39 | 0 | 0 | 0 | 0 | 0 |
| Liabilities from finance lease (amount according to IAS 17) | 1,281 | n/a | n/a | n/a | 1,585 |
| Liabilities not classified according to IFRS 7 | 9,067 | n/a | n/a | n/a | n/a |

Classes were formed based on similar risks for the respective financial instruments and correspond to the categories of IAS 39. Derivative financial instruments in a hedging relationship under IAS 39 and other financial liabilities are classified in each case to a separate class.

The fair value hierarchy comprises three levels which reflect the degree of closeness to the market of the input parameters used in the determination of the fair values. In cases in which the valuation is based on different input parameters, the fair value is attributed to the hierarchy level corresponding to the input parameter of the lowest level that is significant for the valuation.

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 valuation date.

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

Input parameters for level 3: Input parameters that are not observable for the asset or liability.

Of the total carrying amount of investments of €10 million (previous year: €20 million) €10 million (previous year: €20 million) are recognised at cost because a fair value cannot be reliably determined. These concern off-exchange financial instruments without an active market. The company currently does not plan to dispose of the investments recognised at historical cost.

In addition, securities in the amount of €611 million (previous year: €176 million) are recognised outside of profit or loss. This primarily concerns highly liquid exchange-listed money market funds.

Miscellaneous financial liabilities include liabilities from put options of non-controlling interests in the amount of €81 million (previous year: €122 million) and earn-out liabilities (contingent consideration in the context of corporate acquisitions) in the amount of €25 million (previous year: €0 million). Of this amount, €37 million (previous year: €73 million) are recognised at fair value outside of profit or loss and €69 million (previous year: €48 million) are recognised at fair value through profit or loss.

The following table depicts the financial instruments that are recognised at fair value in the balance sheet. These are classified into a 3-level fair value hierarchy whose levels reflect the degree of closeness to the market of the data used in the determination of the fair values:

| | 31/3/2015 | | | | 31/3/2016 | | | |
|---|---|---|---|---|---|---|---|---|
| € million | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 |
| Assets | 265 | 176 | 89 | 0 | 635 | 611 | 24 | 0 |
| Held for trading | | | | | | | | |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 21 | 0 | 21 | 0 | 7 | 0 | 7 | 0 |
| Available for sale | | | | | | | | |
| Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Securities | 176 | 176 | 0 | 0 | 611 | 611 | 0 | 0 |
| Derivative financial instruments in a hedging relationship according to IAS 39 | 68 | 0 | 68 | 0 | 17 | 0 | 17 | 0 |
| Equity and liabilities | 185 | 0 | 64 | 122 | 137 | 0 | 31 | 106 |
| Held for trading | | | | | | | | |
| Derivative financial instruments not in a hedging relationship according to IAS 39 | 63 | 0 | 63 | 0 | 31 | 0 | 31 | 0 |
| Miscellaneous financial liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other financial liabilities | | | | | | | | |
| Miscellaneous financial liabilities | 122 | 0 | 0 | 122 | 106 | 0 | 0 | 106 |
| Derivative financial instruments in a hedging relationship according to IAS 39 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Total | 80 | 176 | 26 | -122 | 498 | 611 | -7 | -106 |

The measurement of securities (level 1) is carried out based on quoted market prices on active markets.

Interest rate swaps and currency transactions (all level 2) are measured using the mark-to-market method based on quoted exchange rates and market yield curves.

The fair value of commodity derivatives (level 2) is calculated as the average of the past month's price noted on the exchange.

No transfers between levels 1 and 2 were effected during the reporting period.

Level 3 includes the fair values of liabilities from put options of non-controlling interests as well as earn-out liabilities. The fair value measurement depends on the respective contract details (under consideration of contractual upper value limits) and is carried out using recognised measurement models such as discounted cash flow methods. The key financial figures of the respective companies represent key fair value parameters. A positive development of key financial figures will entail higher fair values while a negative development will lead to lower fair values.

The detailed planning period for the fair values of liabilities from put options determined using the discounted cash flow method under consideration of a perpetuity is three years. The assumed growth rate for the perpetuity is 1.0%. The respective weighted average cost of capital (WACC) is used as the discount rate. It amounted to 5.6% to 8.7% during the reporting year (previous year: 11.6% to 15.2%). A 10% higher interest rate would cause the fair value of the liabilities to decline by €1 million (previous year: €6 million). A 10% lower interest rate would cause the fair value of the liabilities to increase by €1 million (previous year: €8 million).

The changes in value of the put options and earn-out liabilities developed as follows:

| € million | 2014/15 | 2015/16 |
|---|---|---|
| On 1 October | 72 | 177 |
| Total gains (-) or losses (+) for the period | 1 | 5 |
| Profit or loss for the period | 1 | 0 |
| Other comprehensive income | 0 | 5 |
| Changes in goodwill | 1 | 10 |
| Other changes in value outside of profit or loss | 47 | -86 |
| On 31 March | 122 | 106 |

The development presented here includes transaction-related changes totalling €-67 million. This includes the granting of new rights in the amount of €19 million, which, at €9 million, are shown in other comprehensive income and, at €10 million, in change in goodwill. Redemptions of existing rights account for €-86 million. This amount is included in other changes in value outside of profit or loss. No transaction-related changes occurred during the same period of the previous year.

There were no transfers to or from level 3 during the current financial year or the comparable prior-year period.

The change in the put options of non-controlling shareholders and earn-out liabilities that existed as of 31 March 2016 caused goodwill to increase by €10 million. In addition, other comprehensive income declined by €5 million.

During the previous year, the change in put options of non-controlling shareholders that existed as of 31 March 2015 included the recognition of put options in debt by means of a reclassification from equity in the amount of €47 million. In addition, goodwill increased by €1 million and expenses in the amount of €1 million were recognised in the other financial result.

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

Due to their mostly short terms, the fair values of receivables due from suppliers, trade receivables and liabilities as well as cash and cash equivalents essentially correspond to their carrying amounts.

The measurement of the fair value of bonds, liabilities to banks and promissory note loans is based on the market interest rate curve following the zero-coupon method in consideration of credit spreads (level 2). The amounts comprise the interest prorated to the closing date.

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

# Other notes

## Segment reporting

Segment reporting has been carried out in accordance with IFRS 8 (Operating Segments). The segmentation corresponds to the group's internal controlling and reporting structures and is generally based on the division of the business into individual sectors.

Aside from the information on the operating segments listed above, equivalent information is provided on the METRO regions. Here, a distinction is made between the regions Germany, Western Europe (excluding Germany), Eastern Europe and Asia/Africa.

- External sales represent sales of the 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 and impairment losses and reversals of impairment losses of property, plant and equipment, intangible assets and investment properties.
- EBIT, as the key ratio for segment reporting, describes earnings before interest and taxes for the period before net financial result and income taxes. Intra-group rental contracts are shown as operating leases in the segments. The properties are leased at market rates. In principle, store-related risks and recoverability risks related to non-current assets are only shown in the segments where they represent group risks. In analogy, this also applies to deferred assets and liabilities, which are only shown at segment level if this was also required in the consolidated balance sheet.
- Segment investments include additions to non-current intangible assets and property, plant and equipment (including additions to the consolidation groups) as well as investment properties, except for additions due to the reclassification of assets held for sale as non-current assets.
- Segment assets include non-current and current assets. They do not include mostly financial assets, investments accounted for using the equity method, tax items, cash and cash equivalents and assets allocable to discontinued operations.
- Discontinued operations comprise Galeria Kaufhof. In the past, Galeria Kaufhof was shown as a separate segment.

The reconciliation from segment assets to group assets is shown in the following table:

| € million | 31/3/2015 | 31/3/2016 |
|---|---|---|
| Segment assets[1, 2] | 21,448 | 21,021 |
| Segment assets Galeria Kaufhof | 2,182 | 0 |
| Non-current and current financial assets | 75 | 66 |
| Investments accounted for using the equity method | 94 | 183 |
| Cash and cash equivalents | 3,009 | 2,209 |
| Deferred tax assets | 861 | 655 |
| Entitlements to income tax refunds | 257 | 233 |
| Other entitlements to tax refunds[3] | 478 | 430 |
| Assets held for sale | 10 | 0 |
| Receivables from other financial transactions[4] | 275 | 706 |
| Other | 22 | 19 |
| Group assets | 28,711 | 25,522 |

[1] Adjustment of previous year due to discontinued operations (see chapter "Notes to the accounting principles and methods for interim consolidated financial statements")
[2] Adjustment of previous year (see chapter "Notes to the accounting principles and methods for interim consolidated financial statements")
[3] Included in the balance sheet item "other financial and non-financial assets" (current)
[4] Included in the balance sheet item "other financial and non-financial assets" (non-current and current)

- Segment liabilities include non-current and current liabilities. They do not include, in particular, borrowings, tax items and liabilities allocable to discontinued operations.

The reconciliation from segment liabilities to group liabilities is shown in the following table:

| € million | 31/03/2015 | 31/03/2016 |
|---|---|---|
| Segment liabilities[1, 2] | 14,387 | 13,763 |
| Segment liabilities Galeria Kaufhof | 892 | 0 |
| Financial liabilities | 8,003 | 5,612 |
| Deferred tax liabilities | 116 | 144 |
| Income tax liabilities | 152 | 264 |
| Income tax provisions[3] | 54 | 39 |
| Other tax liabilities[4] | 283 | 308 |
| Liabilities from other financial transactions[4] | 67 | 40 |
| Liabilities to non-controlling interests[4] | 123 | 88 |
| Liabilities related to assets held for sale | 156 | 0 |
| Interest for other provisions[4] | 13 | 11 |
| Other | 1 | 0 |
| Group liabilities | 24,247 | 20,270 |

[1] Adjustment of previous year due to discontinued operations (see chapter "Notes to the accounting principles and methods for interim consolidated financial statements")
[2] Adjustment of previous year (see chapter "Notes to the accounting principles and methods for interim consolidated financial statements")
[3] Included in the balance sheet items "other provisions" (non-current) and "provisions" (current)
[4] Included in the balance sheet items "other financial and non-financial liabilities" (non-current and current)

- In principle, transfers between segments are made based on the costs incurred from the group's perspective.

## Contingent liabilities

| € million | 31/3/2015 | 31/3/2016 |
|---|---|---|
| Liabilities from suretyships and guarantees | 13 | 14 |
| Liabilities from guarantee and warranty contracts | 40 | 58 |
| | 53 | 72 |

## Remaining legal issues

Information on legal disputes, investigations and other legal issues as well as on the related possible risks and consequences for METRO GROUP can be found in numbers 47. "Other legal issues" and 48. "Events after the closing date" of the notes to the consolidated financial statements of METRO AG as of 30 September 2015.

The following material developments with regard to legal disputes, investigations and other legal issues have occurred since the consolidated financial statements were prepared:

Legal disputes in relation to Media-Saturn-Holding GmbH

After Media-Saturn-Holding GmbH (MSH) and METRO Kaufhaus und Fachmarkt Holding GmbH (METRO KFH) won their case at first instance before the Ingolstadt Regional Court (RC) in proceedings initiated by the minority shareholder over resolutions at MSH's shareholder meeting regarding particular store-location measures that have since been implemented, the Higher Regional Court (HRC) in Munich found partly in favour of the plaintiff on appeal. Through its judgment on 12 April, 2016, the Federal Court of Justice (FCJ) reversed the decision of the appellate court and reaffirmed the judgment of the Ingolstadt RC in favour of MSH and METRO KFH. The complaint of the minority shareholder is thereby dismissed in a legally binding manner.

On 21 April 2015, the Ingolstadt RC dismissed the complaint of the minority shareholder through which the shareholder aims to achieve the dismissal of the managing director of MSH installed by METRO KFH. The HRC in Munich dismissed the appeal lodged by the minority shareholder through its decision of 2 December 2015, and did not allow a further appeal. On 11 January 2016, the minority shareholder filed a complaint with the Federal Court of Justice against the denial of leave to appeal. The proceedings continue accordingly, although METRO considers the chances of success to be slim. The Regional Court of Ingolstadt and the Higher Regional Court of Munich as the court of appeal had already dismissed, with final effect, the minority shareholder's request for an injunction against the respective managing director that would have prohibited him from performing his duties.

In another complaint filed against MSH at the Ingolstadt RC, the minority shareholder requests that dismissive resolutions at the MSH shareholder meeting in April 2015 – in relation to the minority shareholder's demands to have MSH's articles of association amended – be declared null and void, and that the corresponding resolution be noted as positively worded. Such modifications relate to the areas of responsibility of the shareholders' meeting. The Ingolstadt RC dismissed the complaint in its judgment of 16 February 2016. The minority shareholder filed an appeal against the judgment on 16 March 2016. The case is therefore still pending. In METRO's view, the chances of success of the appeal are low.

Another action of the minority shareholder, who filed for a preliminary injunction at the Ingolstadt RC to seek a temporary ban on a measure taken by management, was dismissed in a legally binding manner in a judgment on 13 August 2015. In its judgment of 5 April 2016, the Ingolstadt RC upheld a complaint filed at the court by METRO KFH, involving shareholder resolutions – including those relating to the abovementioned measure taken by management – that are composed by the minority shareholder alone in a shareholder meeting that does not constitute a quorum in accordance with MSH articles of association and that furthermore has no competence, in METRO's opinion, in relation to the measure taken by management.

In another complaint filed at the Ingolstadt RC, METRO KFH seeks to have declared invalid a supposed resolution of the MSH shareholder meeting in December 2015 on the continued employment of retired MSH managers in other positions. In its judgment of 29 April 2016, the Ingolstadt RC upheld the complaint filed by METRO KFH.

Another action of the minority shareholder – for a preliminary injunction against the MSH manager delegated by METRO KFH, in which the minority shareholder again sought to ban the manager in question from working in the post – was dismissed by the Ingolstadt RC in its judgment of 8 March 2016. The minority shareholder filed an appeal against the judgment on 15 March 2016. The case is therefore still pending. In the opinion of METRO KFH, which entered the legal dispute on the side of the manager, the chances of a successful appeal are slim. In the main proceedings, the minority shareholder is pursuing the dismissal of the MSH manager delegated by METRO KFH through another complaint filed against MSH on 28 January 2016, at the Ingolstadt RC, seeking voidance, annulment, and a positive resolution finding, involving dismissive resolutions of the MSH shareholder meeting in December 2015 in relation to the minority shareholder's demands to recall and suspend the manager in question. In METRO's view, the chances of success of the action are slim.

In another resolution-deficiency complaint filed on 10 February 2016, against MSH at the Ingolstadt RC, involving other dismissive resolutions of the MSH shareholder meeting in December 2015, the minority shareholder seeks to enforce damages claims that in the opinion of the minority shareholder exist against MSH management for alleged breach of duty. In METRO's view, the chances of success of the action are slim.

Investigations by the Federal Cartel Office

As reported in the consolidated annual financial statements for financial year 2013/14, on 14 January 2010, the Federal Cartel Office searched former business premises of MGB METRO GROUP Buying GmbH. On 19 December 2011, the Federal Cartel Office had extended the scope of the investigation to also include METRO AG, METRO Cash & Carry International GmbH and METRO Dienstleistungs-Holding GmbH. This extension resulted from the merger of MGB METRO GROUP Buying GmbH into METRO Dienstleistungs-Holding GmbH as part of the decentralisation of central procurement in Germany.

As reported, the Federal Cartel Office used this as a reason to extend the investigation to the parent or group holding company in view of the risk that the legal opponent may cease to exist due to a corporate restructuring with a change of legal form. The authority had already stopped proceedings for a sub-complex without imposition of measures. Two additional sub-complexes were settled out of court and by mutual agreement with the authority through payment of a fine. In 2016, the last remaining sub-complex was also settled by mutual agreement with the authority.

International tax audit

In 2011, income tax arrears in the double-digit millions were incurred at an international group company in connection with a tax audit dating back to 2006. As reported, the company was involved in a legal dispute regarding the legality of the tax assessment note. On 6 April 2016, a binding ruling was issued in favour of the METRO group company. As a result, the claims for recourse asserted against the consultant will be null and void once the wrongly imposed taxes have been repaid.

Claims for damages due to interbank fees in violation of antitrust law

METRO GROUP companies have filed suit in a London court against companies of Mastercard. The legal challenge asserts claims for damages based on a decision of the EU Commission which found that the cross-border interbank fees imposed by Mastercard in the period 1992 to 2007 as part of its credit card system, which also impacted national interbank fees, violated European antitrust law. Traditionally, retailers' banks charge inter-bank fees to retailers as part of retail fees.

Changes in the composition of the Supervisory Board

Mr Franz M. Haniel resigned his mandate as member and Chairman of the Supervisory Board of METRO AG with effect from the end of the Annual General Meeting on 19 February 2016. The Annual General Meeting of 19 February 2016 elected Ms Karin Dohm as a new shareholder representative to the Supervisory Board. On the same day, the Supervisory Board elected Mr Jürgen B. Steinemann as its new Chairman.

## Events after the quarter-end closing

METRO AG's acquisition of Rungis express was completed on 1 April 2016. As a result, the premium food supplier is now part of METRO GROUP. The responsible antitrust authorities and the METRO Supervisory Board had approved the transaction. The Rungis express group generated sales of approximately €140 million in financial year 2015 with about 600 employees.

At an employees meeting on 25 April 2016, employees at METRO Cash & Carry Germany's headquarters were informed about possible efficiency increases and cost savings. In this context, the personnel structure at headquarters is likely to be adjusted as well. According to current plans, this will affect up to 300 full-time positions. This is likely to result in a special item in the mid double-digit million euro range.

Other material events after the closing date are outlined in the chapter "Other legal issues" on pages 34 and 35.

# RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining financial year.

Düsseldorf, 9 May 2016

The Management Board

OLAF KOCH PIETER C. BOONE MARK FRESE PIETER HAAS HEIKO HUTMACHER

# REVIEW REPORT

To METRO AG, Düsseldorf

We have reviewed the condensed interim consolidated financial statements of METRO AG – comprising the balance sheet, the income statement, the reconciliation from net profit for the period to total comprehensive income, the statement of changes in equity, the cash flow statement and selectedexplanatory notes – together with the interim group management report of METRO AG, Düsseldorf, for the period from 1 October 2015 to 31 March 2016 that are part of the semi-annual financial report according to § 37w 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 managment 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 reviews 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 aspects, 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 aspects, 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, 9 May 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Lurweg | Münstermann |
| Auditor | Auditor |

# Financial calendar 2015/16

| | | | |
|---|---|---|---|
| Quarterly Statement 9M/Q3 2015/16 | Tuesday | 2 August 2016 | 7.30 a.m. |
| Trading Statement Financial Year 2015/16 | Wednesday | 19 October 2016 | 7.30 a.m. |

All time specifications are CET

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