

METRO GROUP (DB: ME0) 1H17 Results: Flat Sales Trends

	1H17	1H16	YoY Change
Revenues (EUR Mil.)	€12,151	€12,149	0.0%
Gross Margin	19.8%	20.3%	(50) bps
SG&A/Sales	18.3%	18.2%	10 bps
Adjusted Operating Margin	2.4%	2.8%	(40) bps
Adjusted Diluted EPS (EUR)	€0.33	€0.47	(29.8)%

1H17 ended March 31, 2017; Continuing operations consisting of Media-Saturn business only

Source: Company reports/Fung Global Retail & Technology

- **Metro Group has demerged into two entities, splitting its consumer electronics retailing business (Media-Saturn) and its food retailing/wholesaling division (Metro Cash & Carry and Real). In terms of reporting, the Media-Saturn division has been classified as continuing operations, and the Metro Cash & Carry and Real businesses are now classified as discontinued operations.**
- **Media-Saturn reported net sales of €12,151 million in 1H17, flat versus the same period last year. Constant currency sales were also flat. Comparable store sales increased 0.1% year over year.**
- **Media-Saturn expects a slight year-over-year increase in sales and EBIT for FY17.**

1H17 Continuing Operations Results

Sales from continuing operations (Media-Saturn) were €12,151 million in 1H17, marking flat growth on both a reported and constant currency basis. Comparable store sales expanded by a slight 0.1% year over year.

The gross margin decreased by 50 basis points to 19.8% and the SG&A margin increased marginally. The operating margin decreased by 40 bps year over year to 2.4%. Adjusted continuing EPS was €0.33, down by 29.8% year over year.

1H17 Discontinued Operations Results

The Metro Cash & Carry business reported 1H17 revenues of €14,867 million, up 2.3% year over year and up 1.1% on a constant currency basis. Comparable store sales expanded slightly, by 0.4% year over year.

The German Real hypermarket business reported declining sales of 5.7% year over year to €3,718 million. Comparable store sales declined 3.4% year over year.

The combined adjusted EBIT margin from discontinued operations including both Metro Cash & Carry and Real increased by 50 bps to 3.5%.

Outlook

The forecast for Metro Group now exclusively relates to continuing operations. Metro Group expects a slight increase in sales for FY17. Comparable store sales are also expected to increase slightly year over year in FY17. Management expects adjusted EBIT to increase slightly compared to €466 in FY16.

The discontinued operations segment including Metro Cash & Carry and Real will be stock-listed as an independent entity in mid-2017.



FLASH REPORT

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