

## **METRO AG SELLS MAJORITY STAKE IN METRO CHINA TO WUMEI**

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- The transaction values METRO China at an implied total enterprise value of €1.9 billion and a multiple of 0.7x based on its 2017/18 annual sales
- METRO AG expects to receive more than €1 billion in net proceeds at closing
- METRO AG to hold 20% stake in resulting joint venture
- Transaction underscores METRO's progress to focus on core HoReCa and Trader customers

**Duesseldorf, Germany, 11 October 2019** – METRO AG today agreed to a transaction and strategic partnership with Wumei Technology Group (Wumei), whereby METRO AG will sell its entire stake in METRO China and receive a 20% stake in a resulting joint venture. The transaction values METRO China at an implied total enterprise value of €1.9 billion and EV/sales multiple of 0.7x based on its FY 2017/18 annual sales. With METRO China's strongly positive earnings before interest, taxes, depreciation and amortization (EBITDA) of €153 million for FY 2017/18, the transaction achieves an EV/EBITDA multiple of 12x. Upon closing, METRO AG expects to receive net proceeds of more than €1 billion. The current minority shareholders in METRO China intend to divest their total 10% stake in a separate process.

The transaction is subject to customary government and regulatory approvals in China. METRO AG expects the transaction to close by the second-quarter of calendar year 2020 at the latest.

### **Clear Strategic Benefits for METRO AG**

The transaction advances METRO AG's strategy of focusing on its wholesale business. As a result of the transaction, the core customer groups HoReCa and Trader will account for about 70% of METRO's global sales. Additionally, it provides resources to accelerate growth organically and through acquisitions.

At the same time, METRO AG's 20% stake in the joint venture allows it to explore various strategic partnership opportunities with Wumei and its technology partner Dmall, particularly in terms of international

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Management Board: Olaf Koch, Chairman  
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sourcing of goods. METRO will participate in the continued growth of the Chinese business with enhanced prospects in a dynamic market.

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Olaf Koch, CEO of METRO AG, commented: "After assessing various options, we have chosen a path that will further strengthen METRO China's role for consumers. We welcome the investment of the new majority owner for METRO China who shares our values and is committed to building on our track record and footprint in China. This transaction also forms a strategic partnership that will result in greater competitive advantages for METRO China. It will also bring about opportunities for collaboration in commercial activities that will benefit the parties involved and their Chinese and global stakeholders."

He added: "The transaction reflects METRO China's strong business performance and assets and it is another significant step in METRO's strategy to simplify its portfolio and transform to a pure wholesale company focused on the METRO brand and our core customers, HoReCa and Trader. METRO continues to make measurable progress against its strategic priority to be the preferred partner for independent businesses."

### **METRO China's Track Record of Success**

METRO started operations in China in 1996. METRO China is a profitable business servicing 8 million buying customers today with €2.7 billion sales (FY 2017/18) that specializes in supplying food and non-food items. It currently operates 97 stores across China, a significant portion of which are owned properties. METRO's operations in China have generated robust sales growth over the past 23 years and a strong EBITDA margin of more than 5% in FY 2017/18. 70% of its sales come from SCO customers (service companies and offices), significantly more than the METRO average.

### **Clear Strategic Benefits for METRO China and its Stakeholders**

By joining strengths with Wumei, METRO China will benefit from synergies in sourcing and better access to local, ultra-fresh products, resulting in an enriched product offering. Equally important, Wumei and its technology partner Dmall will bring "new retail" expertise that blends offline and online services that will benefit METRO China by expanding its customer reach and accelerating growth in China's rapidly evolving market.

Wumei agrees to continue to operate METRO China independently and from its current headquarters in Putuo, Shanghai under its current Mai De Long brand. METRO China will be led by Claude Sarrailh, the current Chief

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Executive Officer, and his management team. The joint venture will have a seven-person board of directors, including two appointed by METRO AG.

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Citigroup Global Markets Europe AG and J.P. Morgan Securities plc acted as financial advisors and Baker & McKenzie LLP as legal advisor to METRO AG in this transaction.

METRO is a leading international wholesale company with food and non-food assortments that specialises on serving the needs of hotels, restaurants and caterers (HoReCa) as well as independent traders. Around the world, METRO has some 24 million buying customers who can choose whether to shop in one of the large-format stores, order online and collect their purchases at the store or have them delivered. METRO in addition also supports the competitiveness of entrepreneurs and freelancers with digital solutions and thereby contributes to cultural diversity in retail and hospitality. Sustainability is a key pillar of METRO's business. METRO has been the sector leader in the Dow Jones Sustainability Index for the last four years. The company operates in 36 countries and employs more than 150,000 people worldwide. In financial year 2017/18, METRO generated sales of €36.5 billion. In September 2018 METRO AG initiated the divestment process for the food retail chain Real with its 34,000 employees.

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