

## **METRO AG SELLS METRO INDIA TO RELIANCE RETAIL VENTURES LIMITED**

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- METRO aims for leading market position in wholesale
- Indian operations would fall out of METRO's sCore growth strategy due to accelerated shift in industry landscape and increasing competition
- Right time to seize momentum and enable METRO India into the future alongside a strong partner
- Agreement was signed today and is expected to close by March 2023 after regulatory approvals
- The transaction values METRO India at an equity value of INR28.5 billion (€0.3 billion at current exchange rate)
- At closing, a transaction gain of approx. €150 million<sup>1</sup> and an EPS gain are expected
- METRO confirms its sales and EBITDA adjusted outlook for FY 2022/23 and the mid-term ambitions

**Düsseldorf, 21 December 2022** METRO AG has signed today an agreement to divest METRO India to Reliance Retail Ventures Limited ("RRVL"). The scope of the transaction comprises the operative business of all 31 METRO India stores as well as the real estate portfolio that includes 6 store-occupied properties. METRO India's equity value of approx. €0.3 billion implies an EV/sales multiple of 0.6x based on sales of the financial year 2021/22 and considering lease rental and other related liabilities of €150 million. Upon closing of the transaction and assuming constant currency, METRO AG expects a transaction gain of approx. €150 million and an EPS gain. Despite the sale of METRO India, METRO reaffirms its recently increased mid-term ambition.

"With METRO India, we are selling a growing and profitable wholesale business at the right time. Since its market entry 19 years ago, METRO India has established itself as a wholesaler especially for the Kiranas - small street shops - which are widespread in India. At the same time, Indian trade industry is currently experiencing strong consolidation and disproportionate growth in ecommerce, including the B2B segment. Due to the market dynamics a sizeable investment would be required to further grow the business. Therefore, now is the right time to use the momentum and open a new chapter for METRO India. We are convinced that in Reliance we have found a suitable partner who is willing and able to successfully lead METRO India into the future in this market environment. This on the one hand will benefit both our customers and our employees, for whose loyalty and performance we are very grateful, and on the other hand will enable METRO

<sup>1</sup> At current exchange rate, values are subject to change until the day of closing.

### **METRO AG**

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Christian Baier, Christiane Giesen, Rafael Gasset,  
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to focus on accelerating growth in remaining country portfolio", says Dr. Steffen Greubel, CEO of METRO AG.

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The transaction is subject to customary governmental and regulatory approvals in India. METRO AG expects the transaction to close by March 2023.

### **Development of METRO India**

METRO India, headquartered in Bangalore, operates 31 wholesale stores in 21 Indian cities with its approximately 3,500 employees. The business has an established foothold, especially in the south of the country, with 15 stores. In total, METRO India is represented in 8 of the 10 largest cities in the country. The business was the first to introduce the cash-and-carry format in India when it entered the market in 2003 and today has a reach of over 3 million merchants with around 1 million frequently buying customers.

In the past financial year 2021/22, METRO India achieved reported sales of €926 million and generated low double-digit million Euro EBITDA. The business thus achieved its highest sales level to date and is one of the few profitable players in the industry.

METRO aims for leading market position in wholesale. Due to the increasing market consolidation, accelerated digitalisation and intense competition, METRO India operations would not fit METRO's sCore growth strategy in the future. Therefore, further growth for METRO India would be best achieved with an owner who has a more suitable network and presence in India.

### **Strong new owner wants to lead METRO India into the future**

RRVL is the holding company for all retail businesses of the Reliance Group of India. Reliance Retail, a subsidiary of RRVL, is India's largest omnichannel retailer with a diversified product portfolio across Grocery, Fashion & Lifestyle, Pharma & Healthcare and Consumer Electronics, and operates more than 16,500 shops.

METRO India will complement Reliance Retail's retail network in the future. All METRO India stores will continue to operate under the METRO brand during an agreed transition period. For METRO employees and METRO customers, there will be no noticeable changes for the time being.

METRO is a leading international food wholesale company which specialises in serving the needs of hotels, restaurants and caterers (HoReCa) as well as independent merchants (Traders). Around the world, METRO has some 17 million customers who benefit from the wholesale company's unique multichannel mix. Customers can shop for their goods in one of the large stores in their area or have them delivered (Food Service Distribution, FSD) – all with digital support and connection. At the same time, METRO MARKETS is an international online marketplace for professional customers that has been growing and expanding continuously since 2019. Acting sustainably is one of the company principles of METRO which has been listed in various sustainability indices and rankings for many years, including FTSE4Good, MSCI, CDP and the Dow Jones Sustainability Index. METRO operates in more than 30 countries and employs over 93,000 people worldwide. In financial year 2021/22, METRO generated sales of €29.8 billion. More information can be found at [MPULSE.de](https://www.mpulse.de), our online magazine.

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