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METRO AG: Withdrawal of guidance for the financial year 2019/20 due to expected negative impact of Covid-19 on sales and earnings in the second half of 2019/20 - METRO sales and earnings development within guidance range in the first half of 2019/20

METRO AG / Key word(s): Forecast

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According to preliminary figures, METRO AG (METRO) achieved a development in sales and earnings within the respective guidance range in the first half of the 2019/20 financial year. For the fiscal year 2019/20 METRO had guided a growth of total sales and like-for-like-sales of between 1.5% and 3% and an EBITDA excluding earnings contributions from real estate transactions roughly at the level of the previous financial year (before transformation costs for the ongoing efficiency programs). The outlook was based on the assumption of stable exchange rates, no further adjustments to the portfolio and only for METRO's continuing operations.

Until the end of February, the operating business was largely unaffected from Covid-19 and developed strongly in the upper end of the guidance range. At the beginning of the crisis situation in Europe triggered by Covid-19, METRO was able to overcompensate the sales and earnings losses of some customer groups (especially hospitality customers) initially due to positive sales and earnings effects in other customer groups (in particular stock ups from SCO customers). Since mid-March, however, the overall trend in terms of sales and earnings has clearly been negative.

This negative development is due to the regulatory measures related to Covid-19, which significantly restrict public life in many of the countries in which METRO operates. These measures have a significant impact on some of our key customer groups (in particular hospitality customers) and therefore also on our business. Based on an extrapolation of the current development, METRO expects that each additional month with the current level of restrictions will result in sales losses of approx. EUR 500 million or approx. 1.5% to 2%-points of sales growth.

It is currently not possible to estimate how long the restrictions on public life will last and how long it will take to normalize afterwards. As a result, the effect on METRO's sales and earnings development for the 2019/20 financial year is currently not quantifiable. Against this background, the Management Board has decided to withdraw the guidance for the 2019/20 financial year, published on 11 December 2019. Due to the dynamic development related to Covid-19, the Management Board refrains from issuing a new guidance for the 2019/20 financial year. METRO plans to reassess this at the latest simultaneously with the release of the quarterly results for Q2 of the fiscal year 2019/20 on 7 May 2020.

METRO has significantly reduced net debt in recent years and has high liquidity reserves. In the second calendar quarter, METRO also expects to complete the M&A transactions of METRO China and Real. The expected net cash inflow from these transactions of more than EUR 1.5 billion will further strengthen METRO's liquidity reserves significantly.

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