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ANNUAL REPORT 2015/16
CONSOLIDATED FINANCIAL STATEMENTS OF METRO AG

METRO GROUP

METRO GROUP IN FIGURES[1]

€ million		2013/14[2]	2014/15	2015/16	Change in %
Key financial figures					
Like-for-like sales development	%	–0.1	1.5	**0.2**	–
Sales (net)		59,937	59,219	**58,417**	–1.4
thereof METRO Cash & Carry		30,513	29,690	**28,999**	–2.3
thereof Media-Saturn		20,981	21,737	**21,869**	0.6
thereof Real		8,432	7,735	**7,478**	–3.3
EBITDA		2,228	2,177	**2,530**	16.2
EBITDA before special items[3]		2,509	2,458	**2,509**	2.1
EBIT		1,077	711	**1,513**	–
EBIT before special items[3]		1,531	1,511	**1,560**	3.2
thereof METRO Cash & Carry[3]		1,125	1,050	**1,043**	–0.7
thereof Media-Saturn[3]		335	442	**454**	2.7
thereof Real[3]		81	88	**100**	13.9
EBT (earnings before taxes)		536	259	**1,167**	–
Earnings before taxes and special items		1,060	1,067	**1,242**	16.3
Profit or loss for the period[4]		182	714	**657**	–8.0
from continuing operations		–3	–221	**608**	–
from discontinued operations		185	935	**49**	–
Profit or loss for the period before special items[3, 4, 5]		600	625	**639**	2.4
Earnings per share (basic = diluted)[4, 5]	€	0.39	2.06	**1.83**	–11.0
Earnings per share before special items[3, 4, 5]	€	1.84	1.91	**1.96**	2.4
Dividend per ordinary share	€	0.90	1.00	**1.00**[6]	–
Dividend per preference share		1.13[7]	1.06	**1.06**[6]	–
Cash flow from operating activities[4]		2,008	1,846	**1,552**	–15.9
Investments		1,001	1,411	**1,413**	0.1
Equity ratio[4]	%	17.8[8]	18.7	**21.4**	–
Net debt[4]		4,655	2,527	**2,301**	–9.0
Employees (annual average by headcount)		233,584	226,895	**219,678**	–3.2
Locations		2,063	2,068	**2,064**	–0.2
Selling space (1,000 m²)		10,790	10,563	**10,352**	–2.0

[1]Rounding differences may occur
[2]Adjustment due to discontinued operations (Galeria Kaufhof) in financial year 2014/15
[3]Special items for 2014/15 and 2015/16 are found on pages 110 and 111
[4]Including discontinued operations
[5]After non-controlling interests
[6]Subject to the resolution of the Annual General Meeting
[7]The dividend contains a preference dividend of €0.17 per preference share to cover the dividend that was not paid in the short financial year 2013 and that must be subsequently paid in accordance with the Articles of Association of METRO AG
[8]Adjustment due to revised disclosure in financial year 2014/15

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TO OUR SHARE-HOLDERS

LETTER TO THE SHAREHOLDERS

Dear Ladies and Gentlemen,

Both operationally and strategically, financial year 2015/16 was a significant year for METRO GROUP. Our core businesses continued their positive trend and we further strengthened our balance sheet thanks to our consistent drive to create value for our customers and our efforts to sharpen the focus of our business activities. We have been doing this since we launched METRO GROUP's repositioning in 2012 and we are making increasing headway in this respect. Our achievements to date motivate and inspire us to continue on this course. We can do this with confidence based on what we have already achieved and in the knowledge that we can implement even more improvements in the future.

Another thing we have learned over the past few years is that our customers' needs and requirements are changing ever faster and that the speed of innovation is increasing. In an environment of dynamic change, our markets are faced with ever new challenges. For us, this means that our future success depends even more on our ability to continue to sharpen our focus. We will achieve the desired results only if we tackle the opportunities and challenges with drive and focus. For this reason, we explored the option of creating two high-performing, focused retail companies from a diversified group over the past financial year.

On 30 March 2016, we informed you of our plans to split METRO GROUP into a wholesale and food retail specialist and a consumer electronics group. After the successful completion of the analytical and preparatory phase, the implementation is now pending. The demerger of METRO GROUP into two independent, high-performing and exchange-listed retail companies is the final logical step in the transformation of our group and is set to be concluded by mid-2017. Both companies are to be established as separate joint-stock corporations with their own public listings, company profiles as well as management and supervisory boards. The goal is to give each of the two companies and their respective management full control over their own strategies to further sharpen customer focus, accelerate growth and increase the speed of implementation and therefore ultimately improve the operational performance strength in general. Both companies will also make independent decisions relating to acquisition and cooperation opportunities and will therefore be in a better position to systematically implement their strategies.

We have created the preconditions for the successful demerger of METRO GROUP through our customer-centric value creation strategy and the continual transformation process. In financial year 2015/16, we achieved our sales and earnings targets in a market environment that was challenging. Both our METRO Cash & Carry and our Media-Saturn sales lines registered an increase in like-for-like sales, which was also reflected in earnings. At Real, we continued to make significant progress in strengthening our competitiveness and shaping the future business concept.

METRO Cash & Carry, which gave METRO GROUP its name, is also our biggest and most international business. As part of its explicit focus on customer and market requirements, METRO Cash & Carry introduced the New Operating Model in financial year 2014/15 and implemented it in 2015/16. Even after a short time, it was evident that this organisational model strengthens customer orientation and the entrepreneurial spirit in our sales line. The foreign subsidiaries now have more creative freedom in their operations and more responsibility. Nonetheless, our sales line can continue to coordinate value-adding measures across its international markets – but now under local responsibility. In addition, there is a new and more flexible form of strategic corporate planning: each country has produced an individual Value Creation Plan, in which it lays down its strategic and financial planning for the forthcoming three to five years – with the aim of realising additional value potential.

By the end of October, all foreign subsidiaries had prepared their Value Creation Plans, and some of them are already in the implementation phase. The activities and measures in this regard are manifold and geared specifically to customer preferences in the respective country. The objective is to provide customers with attractive solutions and thus to expand customer relations into trusted and sustainable partnerships.

After the August 2015 purchase of the Classic Fine Foods group – one of Asia's leading providers in the fast-growing food service business, particularly for premium hotels and restaurants in Asian megacities – we took over Rungis Express in the last financial year. Rungis Express is one of the leading providers in the food service distribution (FSD) business in Germany, focusing on direct delivery of premium foods to customers in the hotel, restaurant and catering (Horeca) sectors. The acquisition complements METRO Cash & Carry Germany's previous delivery business by adding special competencies, particularly in the area of fresh and ultra-fresh food as well as the related logistics. In July 2016, we also announced the purchase of Pro à Pro, the French food supplier for commercial customers. Pro à Pro is one of France's most important FSD providers, supplying about 42,000 customers and focusing on large customers in the corporate catering business, canteens in the public and private sectors, system catering and independent food service businesses. With this acquisition, METRO Cash & Carry is strengthening its French wholesale business in the FSD growth segment and creating an additional offering for METRO Cash & Carry customers in France. The transaction has yet to be closed.

METRO Cash & Carry is continuing to promote the area of digitisation. For a second time, we launched the METRO Accelerator initiative in Berlin together with Techstars. Through this programme, we support young businesses that create and implement solutions for customers in the food service and hospitality industries. The goal is to develop sustainably successful business models from innovative ideas within a period of three months.

METRO Cash & Carry is also on the right track in operational terms, like-for-like sales have risen for 13 consecutive quarters, but we are still not where we want to be. The implementation of our Value Creation Plans offers immense additional potential and therefore requires full management attention.

Media-Saturn has established itself as a multichannel provider. This is confirmed by the strong growth in online-generated revenue at Media Markt and Saturn. Overall, our sales line was able to boost the internet share of total sales to almost 9 per cent in financial year 2015/16. We see particular opportunities in the dovetailing of online and store-based retailing. Furthermore, we expanded Media-Saturn's business model specifically by adding service options. Not least due to the takeover of the customer care and repair service provider RTS, our sales line can now offer a range of services that includes the design, installation, inspection, maintenance and repair of the most diverse electronic products through to the establishment of fully networked households – a range that is unique in this form in Europe.

In addition, METRO GROUP has acquired a stake in the start-up company Deutsche Technikberatung, a participant in Media-Saturn's first Spacelab accelerator programme. Deutsche Technikberatung provides technical assistance for the home and offers quick help on technical issues through a professional network of advisers. Selected and specially trained technical advisers assist private customers and small businesses in all questions relating to the purchase, installation, networking and troubleshooting of modern technology.

We have had great success with the Media Markt Club, through which the sales brand offers its customers wide-ranging benefits, offers and sales promotions. Among other things, all purchases are registered online. As a result, customers no longer have to search for receipts when they wish to return merchandise or make a warranty claim. By 30 September 2016, 2.1 million customers in four countries were members of the Media Markt Club. The company is using this strong community to get even closer to the customer and to continue to deepen its customer relationships.

Media-Saturn's operational business developed positively, with sales and earnings rising compared with the previous year. Media-Saturn also managed to further increase its operating margin compared to the previous year, not just through an

improved revenue mix and a higher proportion of services, but also through continuously efficient cost management.

Real has pushed ahead with its transformation over the past few years. With the pilot of its new hybrid store concept, the sales line has reached an important milestone in its strategic repositioning. The aim of the hybrid store concept is to further accentuate Real's product expertise in the fresh and ultra-fresh food area while continuing to offer price-conscious bulk shoppers an attractive product range. To achieve this, Real is focusing on new offerings that consider both emotional and rational customer wishes, offering a product range that is optimally aligned to this goal, a wider range of service and consultation options as well as food service offerings. At the end of November 2016, we opened the first renovated store in Krefeld. We are therefore setting new standards for the German food retail sector. A prerequisite for further investment in this concept in the coming years is an agreement on competitive long-term collective bargaining conditions. In June 2016, we agreed on the key parameters for a future package with the responsible trade union. Based on this foundation, we can improve Real's competitiveness and make comprehensive investments in the modernisation and repositioning of our operations.

Due to the closure of unprofitable stores, sales at Real declined. Aside from improved purchasing terms and greater cost discipline, these measures have helped Real to improve its earnings. Another major step towards more efficiency is the reorganisation and restructuring of the company's administration. As a result of numerous corporate acquisitions in the past, the administrative units of Real are spread across several locations all over Germany. In the foreseeable future, all central functions are to be consolidated at the sales line's Düsseldorf location.

Financial year 2015/16 was generally successful for **METRO GROUP** and we met our forecasts. METRO GROUP increased its like-for-like sales by 0.2 per cent in financial year 2015/16. At €58.4 billion, reported sales were 1.4 per cent lower than a year earlier due to negative currency and portfolio effects. However, METRO GROUP's sales in local currency rose 0.4 per cent. EBIT before special items amounted to €1,560 million. We were once again confronted with negative exchange rate effects. Adjusted for these effects, we recorded a pleasing improvement here as well. Net debt was reduced yet again and now stands at €2.3 billion compared with €2.5 billion at the previous year's closing date.

METRO's ordinary shares also turned in a positive performance in financial year 2015/16. The share price rose by 7.3 per cent to €26.49. In addition, we paid a dividend of €1.00 per ordinary share in February 2016.

On the basis of earnings per share before special items of €1.96 (2014/15: €1.91), the Management Board and Supervisory Board will propose a dividend of €1.00 per ordinary share for you, our company's shareholders, to consider at the next Annual General Meeting. Please take into account that we have achieved the very good earnings per share before special items even though the income contribution of Galeria Kaufhof was fully incorporated in the previous year's figures. The dividend proposal is made on the basis of our dividend policy to distribute about 45 per cent to 55 per cent of earnings per share before special items. This corresponds to a distribution rate of 51 per cent.

In financial year 2016/17, our focus is still on generating sustainable growth and increasing like-for-like sales as well as earnings. The implementation of the Value Creation Plans at METRO Cash & Carry, which has now started, will lead to special items for the last time while also generating initial positive earnings contributions. Media-Saturn, as market leader in Europe, will continue to expand its online business, so we anticipate a good business development overall. With the opening of the pilot store in Krefeld, Real has created a unique concept in German food retail sector and achieved a key milestone in its strategic repositioning.

At this point, I would like to express my warmest thanks to our approximately 220,000 employees for their can-do attitude, their commitment and the role they play in realising our goal of continuously creating value for our customers. The overall success of METRO GROUP is owed to our staff, who work enthusiastically to offer our customers an inspiring shopping experience. Thanks to their energy and passion, we can look to the future with confidence, and only together can we master our future challenges.

One important event that I would like to cordially invite you to is our Annual General Meeting, which will take place on 6 February 2017 in Düsseldorf. I am hoping for your attendance in large numbers or at least your instructions so that your voting rights can be represented. There, you will be able to vote on the demerger of METRO GROUP into a wholesale and food retail specialist and a consumer electronics group, as well as the usual agenda points. Even after the demerger of the company, you will remain shareholders to the full extent since you will receive additional shares in the new company without the need for any additional payment. We expect the public listing to be implemented by mid-2017. In the process, two independent, exchange-listed market leaders would be formed in their respective segments and we would write a completely new chapter in METRO AG's company history.

I sincerely thank you for your loyalty and for the trust you have placed in us.

Best regards,

OLAF KOCH

Chairman of the Management Board
of METRO AG

THE MANAGEMENT BOARD

PIETER C. BOONE
Member of the Management Board

Responsibilities

METRO Cash & Carry

Profile

Pieter C. Boone has been a member of the Management Board of METRO AG since 1 July 2015 and is appointed until 30 June 2018. The 49-year-old has been with METRO GROUP since 2011. In March 2012, he was appointed Managing Director of METRO Cash & Carry Russia. He previously held various management positions at the Dutch trading company SHV Holdings in Peru, the Philippines, Malaysia, Thailand and Indonesia.

OLAF KOCH
Chairman of the Management Board

Responsibilities

Corporate Communications, Group Strategy, Corporate M&A, Corporate Legal Affairs & Compliance, Corporate Office, Corporate Public Policy, Horeca Digital and Business Innovation, Real

Profile

Olaf Koch took over as Chairman of the Management Board of METRO AG on 1 January 2012 and is appointed until 13 September 2018. In addition, he was CEO of METRO Cash & Carry until 30 September 2015, a position he held jointly with Pieter C. Boone from 1 July 2015. The 46-year-old joined the Management Board of METRO AG as CFO in September 2009. He previously worked for the financial investor Permira. Koch, who holds a degree in business administration, launched his career in 1994 at Daimler-Benz AG. From 2002 to 2007, he was a member of the Executive Board of Mercedes Car Group.

MARK FRESE
Chief Financial Officer

Responsibilities

Group Finance (Corporate Planning & Controlling, Corporate Treasury, Corporate Group Financial Services, Financial Asset & Pension Management), Corporate Accounting, Global Business Services, Corporate Group Tax, Corporate Investor Relations, Corporate Risk Management & Internal Control Finance, METRO PROPERTIES, MIB METRO GROUP Insurance Broker, METRO LOGISTICS

Profile

Mark Frese was named Chief Financial Officer of METRO AG on 1 January 2012. The 52-year-old is appointed until 31 December 2017. In addition, he served as CFO of METRO Cash & Carry from April 2012 to July 2015. Frese has worked for METRO GROUP since 1994. After serving in various management positions at former group subsidiary Galeria Kaufhof, he was appointed to the position of Head of Planning & Controlling at METRO AG in 2009. In September 2010, he took over as CFO of METRO Cash & Carry Europe/MENA.

PIETER HAAS
Member of the Management Board

Responsibilities

Media-Saturn

Profile

Pieter Haas has been a member of the Management Board since 1 April 2013 and is appointed until 31 March 2019. Following his appointment as Vice Chairman of the Management Board of Media-Saturn-Holding GmbH in May 2014, Pieter Haas was named Chairman of the Management Board on 1 January 2016. He had already worked for the sales line. In 2001, he took on the role of managing director at the sales line's Dutch subsidiary. Haas was appointed to the Management Board of Media-Saturn-Holding GmbH as COO in 2008. In the ten years leading up to his career at Media-Saturn, the 53-year-old businessman held leadership roles at various companies.

HEIKO HUTMACHER
Chief Human Resources Officer

Responsibilities

Human Resources (HR Campus, Corporate House of Learning, Corporate Performance & Rewards, Executive Resources, Group Labour Relations & Labour Law, HR Operations, HR Processes, Analytics & Projects, Talent Management, Leadership & Change), Corporate IT Management, Group Internal Audit, Sustainability & Regulatory Affairs, METRO SYSTEMS, MGT METRO GROUP Travel Services

Profile

Heiko Hutmacher has been a member of the Management Board of METRO AG since October 2011 with responsibility for Human Resources. From April 2012 to June 2015, the 59-year-old also over-saw human resources at METRO Cash & Carry. The businessman has more than 30 years of experience in human resources management, including at IBM and Akzo Nobel. Heiko Hutmacher is appointed until 30 September 2017.

THE YEAR IN REVIEW

Selected events during financial year 2015/16

Q1 2015/16

Purchasing cooperation strengthens Real's competitiveness

5/10/2015 – Real and Privates Handelshaus Deutschland GmbH (PHD), Germany's leading private buying alliance, launch a purchasing cooperation accounting for about 7 per cent of Germany's total FMCG (fast-moving consumer goods) trade volume. By pooling their procurement volumes, both partners will improve their purchasing terms and strengthen their competitive position in the market.

Supporting local refugee aid

26/10/2015 – METRO GROUP sets up a €1 million fund for refugee aid. Group employees may request a one-time sum of €10,000 per employee for projects they are interested in pursuing. The company aims to offer non-bureaucratic help, alleviate acute needs and contribute to the integration of refugees.

Saturn opens "Saturn Connect" store in Cologne

29/10/2015 – As part of its ongoing efforts to advance its multichannel strategy, Saturn launches a new concept for digital lifestyle products and services called "Saturn Connect": in a highly frequented high-street location in Cologne, the new store presents products from four theme worlds including smartphones, wearables and virtual reality glasses. A special focus is on comprehensive advice and services such as smartphone repairs and data transfers. Starting in 2017, the new concept will be introduced at other highly frequented locations in Germany.

Top scores in CDP climate ranking

4/11/2015 – METRO GROUP ranks among the companies with the best climate reporting in the German-speaking world. The international non-profit organisation Carbon Disclosure Project (CDP) names METRO GROUP "Sector Leader Consumer Staples" and "Index Leader MDAX" in its climate ranking. CDP evaluates whether companies are effectively addressing the opportunities and risks arising from climate change and whether they provide transparent information on these efforts.

Same-day delivery available across Germany

19/11/2015 – Media Markt and Saturn are forging ahead with the expansion of their express delivery service launched in 2014 and now offer same-day delivery from nearly all locations across Germany. Customers can have their online or in-store purchases delivered to their home within three hours. The service is offered in collaboration with tiramizoo, a Munich-based provider specialising in same-day delivery.

Q2 2015/16

Sale of METRO Cash & Carry Vietnam completed with the receipt of the purchase price

7/1/2016 – Thai TCC Land International Pte. Ltd. acquires METRO GROUP's wholesale business in Vietnam including all 19 wholesale stores and the associated real estate portfolio. The total transaction value is €655 million; it was already recognised in the first quarter.

Demo Day of METRO Accelerator powered by Techstars

28/1/2016 – The eleven finalists of the first METRO Accelerator powered by Techstars present their digital business ideas to about 400 investors and experts in Berlin. The start-up programme launched by METRO GROUP and US company Techstars as well as R/GA aims to support the digital transformation of the hotel, restaurant and catering sectors with innovative solutions.

Founding of "METRO Chair of Innovation"

9/2/2016 – METRO GROUP and the Ecole hôtelière de Lausanne (EHL) establish a joint chair for digital innovation in the hotel, restaurant and catering sectors. The aim of the "METRO Chair of Innovation" is to research the digitisation in the Horeca sector in key markets like France, Italy, Spain, Germany and Japan as well as strengthen academic teaching in this area.

METRO GROUP acquires Rungis Express

12/2/2016 – METRO GROUP further strengthens the delivery business of its wholesale segment METRO Cash & Carry in Germany with the acquisition of premium food supplier Rungis Express. The retail company acquires the German and international business of Rungis Express, which will continue to operate as an independent company, as well as the associated logistics and service activities.

Change on the Supervisory Board

19/2/2016 – Jürgen B. Steinemann is elected as Chairman of the Supervisory Board of METRO AG. Karin Dohm is elected as a new member of the Supervisory Board. She succeeds Franz Markus Haniel who gave up his membership at the end of the Annual General Meeting 2016.

Participation in integration initiative "Wir zusammen" ("We together")

1/3/2016 – METRO GROUP joins with more than 40 other companies in the "Wir zusammen" ("We together") initiative. The German business initiative supports the integration of refugees by pooling existing partner projects on the website www.wir-zusammen.de.

METRO GROUP announces plans for a demerger of the group

30/3/2016 – METRO GROUP prepares the demerger of the group and the creation of two independent companies focused on their respective market segments. The aim is to create a wholesale and food specialist as well as a company focused on consumer electronics products and services. Both companies will be separate, exchange-listed corporations with own management and supervisory boards. The demerger is scheduled to be implemented by mid-2017.

METRO GROUP acquires shopping portal Hitmeister

31/3/2016 – Real signs the purchase contract to acquire Cologne shopping portal Hitmeister, strengthening its capabilities in online non-food retail and fuelling the growth of its online business.

Q3 2015/16

Second round of METRO Accelerator powered by Techstars

12/4/2016 – METRO Cash & Carry and the international start-up network Techstars launch the application phase for the second METRO Accelerator powered by Techstars. The ten selected international start-ups are offered €120,000 in investment capital as well as access to expert networks to advance the digitisation of the hotel, restaurant and catering business.

Spacelab kicks off second round of tech accelerator

4/5/2016 – As part of the tech accelerator Spacelab, founded in 2015, Media-Saturn also invests in start-ups along the entire value chain in 2016. The sales line particularly focuses on entrepreneurs in the areas of fintech, internet of things, connected home, adtech and mobile commerce.

METRO GROUP invests in digital POS system Orderbird

11/5/2016 – METRO GROUP acquires stake in start-up Orderbird, the leading iPad-based point-of-sale (POS) system for restaurants in the German-speaking region. With this investment, METRO GROUP underscores its commitment to creating value for food service and hospitality customers with digital solutions.

Q4 2015/16

METRO GROUP plans retail logistics park

5/7/2016 – METRO GROUP plans to build Germany's largest retail logistics park for the German METRO Cash & Carry and Real stores in Marl – on an area of more than 220,000 square metres, with about 1,000 employees. Together with the centre in Kirchheim an der Weinstraße and the warehouse in Hamm, the new location will form the basis for METRO GROUP's new logistics network in Germany.

Minority holding in start-up Deutsche Technikberatung

7/7/2016 – METRO GROUP acquires a stake in Cologne start-up Deutsche Technikberatung. Drawing on a network of consultants, the participant of Media-Saturn's first Spacelab accelerator programme offers private customers and small businesses quick answers to technical questions.

METRO GROUP acquires food service distribution (FSD) provider Pro à Pro

8/7/2016 – METRO GROUP signs an agreement to acquire food supplier Pro à Pro, one of France's major food service distribution (FSD) providers. FSD comprises direct delivery to various customer groups including the Horeca sector. The transaction has yet to be closed.

Cooperation with UN World Food Programme

11/7/2016 – METRO Cash & Carry and the UN World Food Programme (WFP) join forces to fight global hunger. Through its global partnership with the United Nations organisation, the wholesaler will contribute to ending hunger, achieving food security and improved nutrition, and promoting sustainable agriculture.

METRO GROUP invests in web service provider Shore

1/8/2016 – As part of its ongoing efforts to advance digital business models, METRO GROUP acquires a stake in Munich-based start-up Shore, a leading European provider of web-based business solutions for local service providers. Shore supports small and medium-sized businesses with a cloud-based software that allows them to digitally manage their business processes.

METRO AG Supervisory Board approves demerger

5/9/2016 – Following a successful analysis of corporate and tax law requirements, the Supervisory Board of METRO AG approves the plans for the demerger of the group. In organisational terms, METRO GROUP's separation into two independent entities will become effective on 30 September 2016.

Top ranking in sustainability indices

8/9/2016 – METRO GROUP is Industry Group Leader 2016 in the highly regarded Dow Jones Sustainability World and Europe indices. Following its top ranking in the Food & Staples Retailing category in 2015, the group thus reconfirms its positioning among the world's most sustainable retail companies.

Early extension of partnership with Tafel food bank organisation

22/9/2016 – METRO GROUP announces the early extension of its cooperation with the German Federation of the Tafel food banks until 2020. For the past ten years, the retail group has been supporting the initiative as a financial sponsor and with food donations. The collaboration with the local Tafel food banks has been operating for more than two decades.

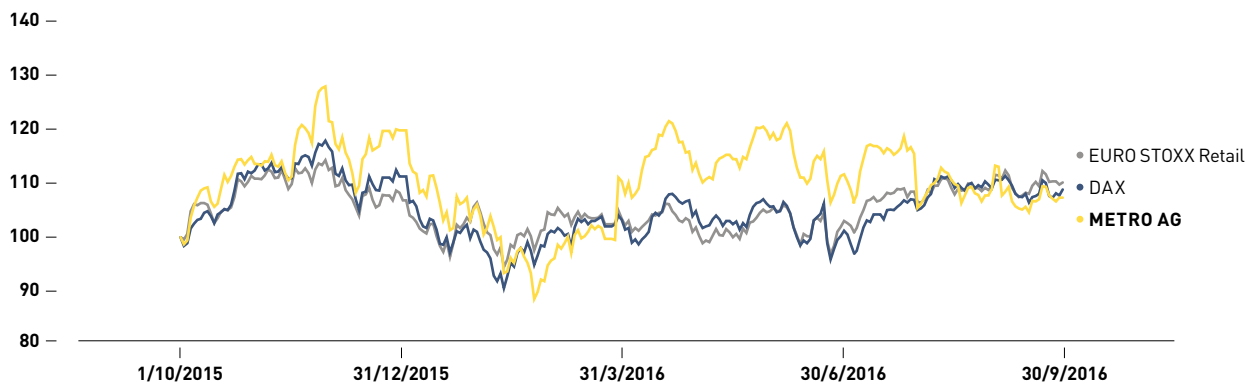
METRO SHARE

After a volatile performance over the year, the METRO share ended financial year 2015/16 with a gain of 7.3 per cent. The closing price of the METRO ordinary share on 30 September 2016 was €26.49 compared with €24.69 a year earlier. The EURO STOXX Retail sector index registered a gain of 10.1 per cent in financial year 2015/16. The German DAX index closely followed this performance with an increase of 8.8 per cent over the year.

The METRO ordinary share had a good start to financial year 2015/16, outperforming the DAX and EURO STOXX Retail, supported by the announcement of sales results for the past financial year on 19 October 2015. In this positive environment, the METRO share reached its high for financial year 2015/16 at €31.56 on 30 November 2015. Subsequently, geopolitical events such as the Russia/Ukraine conflict and the situation in the Middle East dominated global stock market sentiment. Key factors weighing on stock markets included the economic weakness in Asia and the resulting crisis in international commodity markets, led by low oil prices, which fell to a six-year low in January 2016. The terror attacks in Paris, Brussels and Istanbul also weighed on stock market sentiment. Like the DAX and EURO STOXX Retail indices, the METRO share declined, reaching its low for financial year 2015/16 at €21.87 on 24 February 2016. Along with the relevant benchmark indices, the METRO share subsequently recovered again.

On 30 March 2016, METRO GROUP informed capital markets about its preparations for the demerger of the group into two independent, exchange-listed companies focused on their respective market segments. This caused the METRO ordinary share to increase markedly by nearly 12 per cent, temporarily leaving the rest of the stock market behind it. However, following the UK vote to leave the European Union ("Brexit"), stock prices declined on 24 June 2016. The METRO share initially recovered as METRO GROUP is not directly affected by a possible withdrawal of the United Kingdom from the EU. The signing of the contracts to acquire Pro à Pro, the French food supplier for commercial customers, also had a positive effect. Following the disclosure of results for the third quarter of 2015/16, the METRO share price fell before following the sideways movement of the DAX and EURO STOXX Retail indices until the end of the financial year.

Development of the METRO share price (%)



Performance comparison of the METRO ordinary share 2015/16 vs DAX vs EURO STOXX Retail

METRO GROUP	DAX	EURO STOXX Retail
7.3%	8.8%	10.1%

Source: Bloomberg

METRO shares

			2013/14	2014/15	2015/16
Closing price	Ordinary shares	€	26.08	24.69	**26.49**
	Preference shares	€	20.25	20.20	**25.10**
High	Ordinary shares	€	37.28	34.56	**31.56**
	Preference shares	€	29.20	24.44	**26.25**
Low	Ordinary shares	€	25.00	23.06	**21.87**
	Preference shares	€	20.09	19.31	**19.84**
Profit distribution	Ordinary shares	€	0.90	1.00	**1.00**[1]
	Preference shares	€	1.13	1.06	**1.06**[1]
Dividend yield	Ordinary shares	%	3.5	4.1	**3.8**[1]
based on closing price	Preference shares	%	5.6	5.2	**4.2**[1]
Market capitalisation (billion)		€	8.5	8.1	**8.7**

[1] Subject to the resolution of the Annual General Meeting
Data based on Xetra closing prices
Source: Bloomberg

Information about the METRO shares

	Ordinary shares	Preference shares
Code number	725 750	725 753
ISIN code	DE 000 725 750 3	DE 000 725 753 7
Reuters code	MEOG.DE	MEOG_p.DE
Bloomberg code	MEO GR	MEO3 GR
Number of shares	324,109,563	2,677,966

Shareholder structure of METRO AG

The shareholders Haniel, Schmidt-Ruthenbeck and Beisheim are the major shareholders of METRO AG. According to information available to METRO AG based on the notifications of voting rights according to the German Securities Trading Act (WpHG), they held 49.868 per cent of the voting rights as of 30 September 2016. As a result the three major shareholders hold the following shares of voting rights: The Haniel shareholder group is METRO AG's largest shareholder with a voting share of 24.996 per cent. The Schmidt-Ruthenbeck shareholder group is METRO AG's second-largest shareholder, with a share of voting rights of 15.772 per cent. The Beisheim shareholder group is METRO AG's third-largest shareholder, with 9.100 per cent of the voting rights.

In addition, the Haniel shareholder group informed METRO AG that it had issued an exchangeable bond due in May 2020. The bond is linked to about 12 million METRO shares, or about 4 per cent of the company's share capital. If it were fully exercised, Haniel's interest in METRO AG would decline accordingly in the future.

METRO AG's free-float share of 50.132 per cent is divided among a large number of national and international investors. Voting right notifications from fund management firms and other publicly available data sources indicate that US and British investors account for the largest share of institutional investors, followed by investors from France, the Bahamas and Germany. According to a notification of voting rights dated 20 November 2012, the mutual fund company Franklin Mutual Advisers remains METRO AG's largest institutional investor, with a 3.06 per cent share of the voting rights. According to a voting rights announcement dated 11 September 2014, the investment company Templeton Global Advisors Limited holds nearly the same share of voting rights at 3.04 per cent. In addition, Franklin Mutual Series Funds notified the company on 16 July 2015 that it held 3.001 per cent of the voting rights. According to the information available to METRO AG, the share of voting rights of 3.001 per cent that is directly held by Franklin Mutual Series Funds is included in the share of voting rights of 3.06 per cent indirectly held by Franklin Mutual Advisers that was disclosed in the voting rights notification released on 20 November 2012.

The ten largest institutional investors hold about 37 per cent of the free float. In addition, METRO AG's shareholder base includes an estimated 70,000 retail investors.

Market capitalisation and index inclusion

As a result of the positive share price development, METRO AG's market capitalisation increased markedly, rising from €8.1 billion at the end of September 2015 to €8.7 billion at the end of September 2016. On a typical trading day at the Frankfurt stock exchange, the average volume of METRO ordinary shares traded totalled around 1.1 million shares during the reporting year and thus increased compared with the previous year (2014/15: 1.0 million). About 7,500 shares of the less liquid preference shares were traded daily (2014/15: 7,000 shares).

In accordance with Deutsche Börse's rules and regulations, index composition depends on free-float market capitalisation. At the end of September 2016, market capitalisation of METRO AG's free float totalled about €4.3 billion (September 2015: €4.1 billion). As such, METRO GROUP is one of the largest members of the MDAX stock market index in terms of market capitalisation and boasts the second-highest stock market trading volume. The METRO share remains a member of the EURO STOXX Retail.

In Deutsche Börse's index ranking, the METRO AG share ranked 46th in terms of market capitalisation at the end of

September 2016 (September 2015: 43) and 31st in terms of stock market trading volume (September 2015: 32).

As in September 2015, METRO GROUP was recognised as the most sustainable retail company in the Food and Staples Retailing category in the Dow Jones Sustainability Index in September 2016 and was named Industry Group Leader. The group once again improved its overall score. At present, German companies are ranked first in just two sectors. In addition, the METRO share is listed in the Dow Jones Sustainability World and Europe indices.

Following METRO GROUP's inclusion in the FTSE4Good sustainability index in financial year 2013/14, the company's membership of the FTSE4Good Global and the FTSE4Good Europe was confirmed again in financial year 2015/16. These two British indices include companies that set themselves apart through good corporate social responsibility and corporate governance practices.

METRO AG's membership in the world's two most important sustainability index families demonstrates that METRO GROUP is on the right track with its sustainable business practices and that the capital markets are recognising its efforts in this area.

Dividend and dividend policy

METRO GROUP aims to pay an attractive dividend. Given METRO GROUP's improved fundamental economic situation, the group had changed its dividend policy in the previous year by increasing the distribution range from 40 to 50 per cent to about 45 to 55 per cent of earnings per share before special items.

The Management and Supervisory Boards of METRO AG will therefore propose to the Annual General Meeting of METRO AG on 6 February 2017 a dividend of €1.00 per ordinary share and €1.06 per preference share. The payout ratio totals 51.0 per cent based on earnings per share before special items of €1.96 per ordinary share.

On the basis of the closing prices on 30 September 2016, the dividend yields are as follows: 3.8 per cent for ordinary shares and 4.2 per cent for preference shares.

Analysts' recommendations

METRO GROUP is monitored and evaluated by roughly 35 analysts from respected national and international banks. METRO GROUP regularly reports the respective recommendations and share price targets in the Investor Relations section of its corporate website. As of the close of financial year 2015/16, 55 per cent (30 September 2015: 46 per cent) of analysts recommended the METRO share as a "buy"; 30 per cent (30 September 2015: 42 per cent) rated it a "hold" and 15 per cent (30 September 2015: 12 per cent) a "sell". The median value of share price targets was €31.00 at the end of September 2016 compared with €32.30 on 30 September 2015.

Investor Relations

Throughout the financial year, the Investor Relations department provides comprehensive information to all capital market participants. In performing this work, it applies the guidelines of customer-centred capital market support. In particular, this involves:

- Topicality: assurance of information leadership
- Continuity: consistency in external communications
- Credibility: dissemination of completely accurate information
- Equal treatment: all recipients receive the same information at the same time

The fixed dates for regular reporting form the framework for capital market communications. The financial year began with such communications efforts as the announcement of the sales results for the past financial year in October 2015. During the annual business press conference and a conference call for analysts and investors on 15 December 2015, METRO AG thoroughly presented the annual report covering business developments during financial year 2014/15. The sales report for the Christmas quarter was released on 10 January 2016. A month after the end of each quarter, METRO AG held a conference call to inform capital market participants about the previous reporting period. The conference calls can be followed live online and are available along with a presentation in the Investor Relations section of METRO GROUP's website. The associated reports are also freely available there. The Investor Relations department informs the public about additional relevant developments in the Investor News section.

During financial year 2015/16, the Investor Relations department continued its direct dialogue with shareholders, potential investors and analysts through presentations in all key financial markets in Europe and the United States. In addition, analysts and investors had the opportunity to assure themselves about METRO GROUP's high-performance capabilities during store visits at the METRO GROUP headquarters in Düsseldorf. METRO GROUP receives frequent requests for discussions with company representatives and visits of company locations, reflecting the high level of interest in the group.

The retail investors in METRO AG are another significant shareholder group. They constitute the largest number of investors. Their central and practical source of information is the Investor Relations section of METRO GROUP's website, which is available in German and English. The web presence includes insights into the company's strategy and business development, new publications as well as an archive of annual reports going back to the establishment of METRO AG in 1996. In addition, investors can contact the Investor Relations department directly. The Annual General Meeting provides shareholders with the opportunity to learn more about METRO GROUP and see the members of the Management Board in person. During the Annual General Meeting, the Investor Relations team is available for discussions with investors present at the meeting.

Through its membership in the German Equity Institute (Deutsches Aktieninstitut e. V., DAI) in Frankfurt, METRO AG actively supports efforts to foster an equity investment culture in Germany. In addition, METRO GROUP is committed to the principles of open and continuous communication through its membership in the German Investor Relations Association (Deutscher Investor Relations Verband e. V., DIRK).

Contact Investor Relations

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CORPORATE GOVERNANCE

21

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

Düsseldorf,
8. December 2016

The past financial year was a particularly intense one for METRO GROUP: on the one hand, our company focused on advancing and strengthening its operations. On the other, the past financial year was one of important strategic issues and milestones.

METRO AG met its forecast issued at the start of the year: Both like-for-like sales and EBIT rose slightly compared with the previous year. In addition, net debt was reduced further. At the same time, METRO GROUP's transformation continued to take centre stage in financial year 2015/16.

The planned demerger of the group into two independent, exchange-listed companies through the 2MORROW project is the next milestone in this transformation process aimed at fuelling our growth, our customer orientation and our entrepreneurialism. The Consumer Electronics (Media-Saturn) and Wholesale & Food Specialist (METRO Cash & Carry and Real) units, which have been managed together under the umbrella of METRO AG until now, are fundamentally different, with hardly any operational overlap and synergies between them. The demerger reflects the need to manage the two segments separately with different agendas. The goal is to give the Management Boards of both new companies full control over their own strategies.

As a result, we will focus on the customer even more: under the new structure, both new companies can intensify their relationship with our different customers. They can also recognise and fulfil specific customer requirements with even more flexibility. Structures are being simplified and two efficient, focused companies are emerging that can respond with fast implementation – particularly in times of advancing digitisation – to changes in the market environment and the associated challenges. Both will focus even more on growth, innovation and the further development of their respective operational business. Through the two companies' clear positioning, their passion for enterprise and the people who support it will become visible!

In this way we are creating a foundation that will enable both companies to create even more value in the future – for our customers and for you, our shareholders.

JÜRGEN B. STEINEMANN
Chairman of the Supervisory Board

Profile: Jürgen B. Steinemann has been a member of the Supervisory Board of METRO AG since September 2015 and was appointed Chairman in February 2016. He was born in Damme in 1958. Following a degree in business administration at the European Business School in Wiesbaden, London and Paris, which he completed in 1985, he held different management positions at Eridania Béghin-Say, Unilever and Nutreco before being appointed CEO of Barry Callebaut, the world's leading manufacturer of chocolate and cocoa products, in 2009. Mr Steinemann stepped down from this role, as planned, at the end of September 2015, but he continues to serve the company as a member of the Board of Directors.

For more information about the other members of the Supervisory Board, see the website www.metrogroup.de in the section Company – Supervisory Board.

On behalf of the entire Supervisory Board, I would also like to use this opportunity to thank our employees for their hard work over the past financial year, not just for their ongoing commitment and their passion for our company, but also for the way in which they have endured and accepted the uncertainties caused by the demerger announcement. The Management Board and the Supervisory Board believe that the demerger is the right move to secure our company's future growth and thus our employees' jobs. That is why we have asked our employees to endure this phase of uncertainty. My special thanks go to all employees at Real. Their work and their willingness to waive part of their salary have made a significant contribution to the continued existence of Real as a company. We are fully aware of this and have the highest respect for them. Personally, I would like to thank all employees both in Düsseldorf and in the countries that I have visited so far for the warm welcome they have extended to me as the new Chairman of the Supervisory Board. Witnessing their engagement and their passion for our business, I immediately felt "at home".

Consultation and supervision in dialogue with the Management Board

In financial year 2015/16, the Supervisory Board again carried out the duties set forth by law, by the company's Articles of Association and the Code of Procedure. We advised the Management Board on the steering of METRO AG and the group and continuously supervised the operational management. The cooperation between the Management Board and the Supervisory Board was characterised by an especially intensive exchange that was triggered by the 2MORROW demerger project. In line with the legal obligations, the Management Board at all time adhered to its information duties and provided us with detailed and timely written and oral reports about all material developments at METRO GROUP during Supervisory Board meetings. In particular, it informed us about the 2MORROW demerger project, business developments, the

situation of the company and the group (including the risk situation, risk management and compliance) as well as about the company's strategy and planning. The Management Board provided detailed explanations of any deviations from planned business performance. Based on the Management Board's reports, we discussed all transactions that were of significance to the company during Supervisory Board meetings and in the committees. The Supervisory Board was involved in all decisions of material significance to the company, including measures and transactions for which the Supervisory Board's approval is required by law, on the basis of the Articles of Association or by proprietary determinations. We thoroughly reviewed the relevant matters and discussed their benefits, potential risks and other impacts with the Management Board. The Supervisory Board approved all matters which the Management Board presented to it for approval. As Chairman of the Supervisory Board, I regularly discussed key issues and pending decisions with the Chairman of the Management Board even outside of Supervisory Board meetings. We made no use of the rights of inspection and audit granted under § 111 Section 2 Sentence 1 and 2 of the German Stock Corporation Act (AktG) because no matters requiring clarification arose.

Eleven Supervisor Board meetings were held in financial year 2015/16. Two decisions were taken in a written procedure outside a Board meeting.

None of the members of the Supervisory Board appointed for the full financial year attended only half (or fewer) of the Supervisory Board meetings during the reporting period. Average attendance at the meetings of the Supervisory Board was about 96 per cent; average attendance at the meetings of the committees was 100 per cent.

Mr Franz M. Haniel, former Chairman of the Supervisory Board of METRO AG, resigned his mandate as member and Chairman of the Supervisory Board with effect from the end of the Annual General Meeting on 19 February 2016 and therefore attended fewer than half of the meetings of the Supervisory Board of METRO AG during the reporting period. Since Dr Angela Pilkmann only joined the Supervisory Board on 1 September 2016 as an elected representative of the employees, replacing Mr Hubert Frieling, she could only attend three meetings during the reporting period.

No conflicts of interest involving members of the Management Board and Supervisory Board arose in financial year 2015/16.

Key issues covered by Supervisory Board meetings

November 2015 – At its first meeting in financial year 2015/16, the Supervisory Board dealt primarily with Management Board remuneration. We discussed the short-term incentive for financial year 2014/15 and passed a resolution on the determination of individual performance factors for each member of the Management Board, which will enable the Supervisory Board to reduce or increase the payout amounts calculated on the basis of financial performance targets for each member of the Management Board individually by up to 30 per cent. The Supervisory Board also decided to grant a special bonus to members of the Management Board for the sale of Galeria Kaufhof. In addition, we discussed the long-term incentive and reviewed the performance targets for the tranche to be granted in financial year 2015/16. Finally, we approved the acquisition of an external shareholder's stake in METRO Cash & Carry Romania Srl by METRO Cash & Carry International Holding B.V. and were informed about the current status of the planned disposal of METRO Cash & Carry's wholesale business in Vietnam.

December 2015 – Our audit meeting held in December 2015 focused on the annual and consolidated financial statements for financial year 2014/15, the combined management reports for METRO AG and for the group for 2014/15, the Management Board's proposal for the appropriation of the balance sheet profit to the Annual General Meeting 2016 as well as the Management Board's report on relations with affiliated companies in 2014/15. The auditor attended this meeting and reported on the key findings of his audits. The Management Board also informed us about business developments in the current financial year and we received another status report on the implementation of the disposal of METRO Cash & Carry's wholesale business in Vietnam. We passed resolutions on changes in the composition of the Supervisory Board committees, on the report of the Supervisory Board and the corporate governance report for financial year 2014/15, on the proposed resolutions for METRO AG's 2016 Annual General Meeting, on amendments to the Code of Procedure of the Management Board, the Supervisory Board and the Accounting and Audit Committee as well as on an insider guideline for the Supervisory Board. We also discussed the results of the efficiency review of the Supervisory Board. Finally, we discussed the current situation at Media-Saturn and Real.

In December, the Supervisory Board took a decision on the preparation of the Supervisory Board's election at the Annual General Meeting 2016 in a written procedure outside a Board meeting.

February 2016 – In a meeting held immediately before the Annual General Meeting on 19 February 2016, we approved the acquisition of the premium food supplier Rungis Express to further expand the company's food service distribution business. Subject to the election of the auditors by the Annual General Meeting 2016, we also approved the request for the audit of the annual and consolidated financial statements and the combined management report for financial year 2015/16. As a precaution, we decided to hire a law firm in preparation for the eventuality of legal challenges or complaints for nullity against resolutions passed during the Annual General Meeting 2016. In another meeting immediately after the end of the Annual General Meeting, I was elected as Chairman of the Supervisory Board and Chairman of the Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act (MitbestG). We then re-elected Dr Florian Funck to the Supervisory Board's Accounting and Audit Committee.

May 2016 – The Supervisory Board convened for two meetings in May of the reporting period.

After the Management Board had informed the Supervisory Board about preparations for a demerger of the group into two independent, exchange-listed companies, this planned demerger was the focal topic of the first meeting in May. The implications of the planned demerger for the composition of the Supervisory Board were one reason for our decision to hire an executive search consultant to identify suitable candidates for the Supervisory Board. In addition, the Management Board informed us about current business developments and the completed review of OTC derivative contracts in accordance with § 20 of the German Securities Trading Act (WpHG).

The second meeting in May was a two-day strategy meeting in Prague which was also attended by executives from the sales lines. On the first day, we discussed the strategy of the METRO Cash & Carry and Media-Saturn sales lines and particularly with a view to the planned demerger of the group. On the second day, the key topics on the agenda were the strategy of the Real sales line and METRO GROUP's sustainability initiatives. We also discussed budgetary planning for METRO GROUP. Finally, the Management Board informed us about progress made in the preparations for the demerger of the group.

June 2016 – The Supervisory Board decided on a revised insider guideline for the Supervisory Board in a written procedure outside a Board meeting.

July 2016 – Two Supervisory Board meetings were held in July.

The first meeting in early July focused on the planned demerger of the group in particular. The Management Board informed us about the progress made and the individual process steps. In addition, we discussed the legal implications of the demerger and the exchange listing in great detail. We also approved the acquisition of the French food supplier for commercial customers Pro à Pro from the Belgian retail group Colruyt Group. Pro à Pro is one of the leading food service distribution providers in France, offering direct food deliveries to various customer groups including in the hotel, restaurant and catering (Horeca) sector. With this acquisition, METRO GROUP has strengthened its French wholesale business in the growing food service distribution field. Moreover, we approved the conclusion of two rental contracts as well as the required investments for warehouses to be used as national and regional distribution centres.

The second meeting in July again focused on the status of the group's demerger project including the transaction structure. In this context, we discussed the process for the future appointment of Supervisory Board members. At this meeting, the Management Board also informed us about the latest business developments. Lastly, we passed a resolution on the proposal for the election of the auditor for financial year 2016/17 to the Annual General Meeting 2017 following a tender and selection procedure.

September 2016 – The Supervisory Board convened for three meetings in September of the reporting period.

The first meeting at the beginning of the month again focused on the planned demerger of the group. The Management Board informed us about the status of the project and we thoroughly discussed the transaction structure, the corporate and tax law parameters as well as the capital structure of the planned new units. We then approved the preparatory measures for the demerger of the group. In addition, we passed a resolution on the hiring of consultants for the development of new remuneration systems for the planned new units.

In another meeting at the end of the month, we approved the budget for financial year 2016/17. We were also informed about current business developments, the respective branding concepts of the Consumer Electronics and Wholesale & Food Specialist units as well as the group's governance function (internal control system, risk management system, internal audit, compliance).

In the meeting on the following day, the Management Board informed us about progress made in the group's demerger project and related personnel issues. In this context, we also decided to modify the assignment of responsibilities within the Management Board. Management Board remuneration was another focal topic at this meeting. We agreed on the performance targets for the short-term incentive for financial year 2016/17 and on the modalities for the settlement of the short-term incentive over the course of the financial year in case the demerger of the group is effected before the end of financial year 2016/17. Finally, we passed a resolution on investments in a regional distribution and customer fulfilment centre in Prague as well as on the annual declaration of compliance pursuant to § 161 of the German Stock Corporation Act (AktG).

Work of the committees

Five committees support the Supervisory Board in its work, contributing greatly to the Board's overall efficiency: the Presidential Committee, the Personnel Committee, the Accounting and Audit Committee, the Nomination Committee and the Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act (MitbestG). The committees prepare the Board-level consultations and resolutions. In addition, decision-making responsibilities have been transferred to the committees within legally allowed parameters. The contents and results of committee meetings are reported to the Supervisory Board in a timely manner. The work of the committees is described in detail in the annual statement on corporate management pursuant to § 289 a of the German Commercial Code (HGB). It can be found on the website www.metrogroup.de in the section Company – Corporate Governance.

The committees of the Supervisory Board currently is composed as follows:

— **Presidential Committee:**
Jürgen B. Steinemann (Chairman), Werner Klockhaus (Vice Chairman), Jürgen Fitschen, Xaver Schiller

— **Personnel Committee:**
Jürgen B. Steinemann (Chairman), Werner Klockhaus (Vice Chairman), Jürgen Fitschen, Xaver Schiller

— **Accounting and Audit Committee:**
Dr jur. Hans-Jürgen Schinzler (Chairman), Werner Klockhaus (Vice Chairman), Dr Florian Funck, Andreas Herwarth, Rainer Kuschewski, Dr Fredy Raas

— **Nomination Committee:**
Jürgen B. Steinemann (Chairman), Jürgen Fitschen, Dr jur. Hans-Jürgen Schinzler

— **Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act (MitbestG):**
Jürgen B. Steinemann (Chairman), Werner Klockhaus (Vice Chairman),
Xaver Schiller, Dr jur. Hans-Jürgen Schinzler

Date: 8 December 2016

Presidential Committee – The Presidential Committee monitors compliance with legal regulations and the application of the German Corporate Governance Code. In consideration of § 107 Section 3 Sentence 3 of the German Stock Corporation Act (AktG), the Presidential Committee takes decisions about urgent matters and matters submitted to it by the Supervisory Board. The Presidential Committee met twice during financial year 2015/16, each time with the Personnel Committee. Key issues addressed by the Presidential Committee included corporate governance at METRO GROUP, including the corporate governance report for financial year 2014/15, the implementation of the recommendations of the German Corporate Governance Code and the preparation of the latest declaration of compliance in accordance with § 161 of the German Stock Corporation Act (AktG).

Personnel Committee – The Personnel Committee deals primarily with personnel issues concerning the Management Board. Five committee meetings were held in financial year 2015/16. Two meetings were held together with the Presidential Committee. The implications of the planned demerger of the group for Management Board remuneration were one focal point of the committee work during the reporting period: in particular, the committee discussed the treatment of existing single-year and perennial performance-based remuneration for the Management Board as well as the development of new Management Board remuneration systems for the new units geared specially towards the respective business operations. The Supervisory Board resolutions prepared by the committee included, in particular, the resolutions on Management Board members' individual performance factors for the short-term incentive 2014/15, the granting of a special bonus for the sale of Galeria Kaufhof as well as the performance targets for the tranche of the long-term incentive to be granted in financial year 2015/16. In addition, the Personnel Committee prepared the resolution on the hiring of consultants for the development of a new remuneration system and issued a recommendation regarding the performance targets for the short-term incentive for financial year 2016/17 as well as the modalities of a settlement of the short-term incentive over the course of the financial year in case the demerger of the group is effected before the end of financial year 2016/17. The Personnel Committee also discussed succession planning for the Management Board and regularly considered the review of expenses on the basis of the travel cost guidelines that apply to the Management Board as well as Management Board members' ancillary activities.

Accounting and Audit Committee – The key responsibilities of the Accounting and Audit Committee include supervising the accounting process and the audit and monitoring the effectiveness and further development of the internal control system, the risk management system and compliance. Six meetings were held in financial year 2015/16. The CFO attended all six meetings; the Chairman of the Management Board attended five of the six meetings. Representatives of the auditor and managers of the relevant departments of METRO AG attended certain meetings to address particular agenda items.

The Accounting and Audit Committee conducted an in-depth review of the annual and consolidated financial statements for financial year 2014/15, the combined management report of METRO AG and the group for 2014/15 as well as the report of the Management Board on relations with affiliated companies. The results of the audit were discussed in the presence of the auditors. On this basis, the Accounting and Audit Committee made concrete recommendations to the Supervisory Board. These included, in particular, the recommendation to approve the annual and consolidated financial statements for 2014/15 and to approve the Management Board's proposal to the Annual General Meeting 2016 on the appropriation of the balance sheet profit. Moreover, the Accounting and Audit Committee made a recommendation for the Supervisory Board regarding the Supervisory Board's proposal to the Annual General Meeting on the election of the auditor for financial year 2015/16 and prepared the request for the audit. During the reporting period, the committee reviewed the quarterly and half-year financial reports and discussed these with the Management Board prior to their publication. Another focal point of the committee work was the implementation of a tender and selection process for the audit 2016/17 in accordance with Art. 16 Section 3 of Regulation (EU) No. 537/2014 of the European Parliament and Council of 16 April 2014 (Audit Regulation). As a result of this work, the committee issued a recommendation to the Supervisory Board regarding the Supervisory Board's proposal to the Annual General Meeting 2017 on the election of the auditor for financial year 2016/17. Other issues addressed by the Accounting and Audit Committee were the audit plans for the selected auditor and the concept for the approval of so-called non-audit services. In addition, the committee discussed the group's governance functions

(internal control system, risk management system, internal audit and compliance), the Management Board's budget plan and group tax planning. Other topics included donations, amendments to the Code of Procedure of the committee and the result of the efficiency review of the Supervisory Board and its implications for the committee work. The committee also obtained information about the continued development of international accounting standards as well as the completed review of OTC derivative contracts in accordance with § 20 of the German Securities Trading Act (WpHG). Finally, the Management Board discussed key events, projects and legal issues with the Accounting and Audit Committee. These include the acquisition of Rungis Express, the planned demerger of the group, the real estate strategy and the management and status of antitrust law proceedings within METRO GROUP.

Nomination Committee – The Nomination Committee is responsible for proposing suitable candidates for the Supervisory Board's election proposals to the Annual General Meeting. Three committee meetings were held in financial year 2015/16, including one meeting by telephone. Following the recommendations made by the Nomination Committee, the Supervisory Board proposed to the Annual General Meeting 2016 to re-elect Prof. Dr oec. Dr iur. Ann-Kristin Achleitner and Mr Peter Küpfer to the Supervisory Board of METRO AG. Both proposals were accepted. In addition, the Nomination Committee discussed the composition of the Supervisory Board following the demerger of the group.

Mediation Committee – The Mediation Committee formulates proposals for the appointment and dismissal of members of the Management Board in cases pursuant to § 31 of the German Co-determination Act (MitbestG). The Mediation Committee did not have to meet during financial year 2015/16.

Corporate governance

The Management Board and the Supervisory Board report on METRO GROUP's corporate governance in the corporate governance report for financial year 2015/16. Together with the statement on corporate management pursuant to § 289 a of the German Commercial Code (HGB), the report is also published in the section Company – Corporate Governance of the website www.metrogroup.de.

In September 2016, the Management Board and the Supervisory Board of METRO AG issued their most recent declaration of compliance with regard to the recommendations of the Government Commission on the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG). The declaration was made permanently available to shareholders on the website www.metrogroup.de. It also appears in full in the corporate governance report for 2015/16.

Annual and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft has reviewed the consolidated financial statements for financial year 2015/16 submitted by the Management Board in accordance with the International Financial Reporting Standards (IFRS) and has given its unqualified approval. The same applies to the annual financial statements 2015/16 of METRO AG prepared in accordance with the regulations of the German Commercial Code (HGB) and the combined management report for METRO AG and the group. The auditor provided a written report on the findings.

The documents for the annual financial statements and the audit reports were discussed and reviewed in great detail during the meeting of the Accounting and Audit Committee on 6 December 2016 and in the Supervisory Board's audit meeting on 8 December 2016 in the presence of the auditor. Prior to these meetings, the required documents were distributed to all members of the Accounting and Audit Committee as well as the Supervisory Board, giving them sufficient time to review them. In both meetings, the auditor reported about the key findings of his audit and was at the Supervisory Board's disposal to answer questions and provide additional information even in the absence of the Management Board. The auditor did not report any material weaknesses of the internal control and risk management system with regard to the accounting process.

KPMG also provided information on services rendered in addition to auditing services. No disqualification or bias issues arose. Based on our own review of the annual financial statements, the consolidated financial statements and the combined management report for financial year 2015/16, we had no objections and the Supervisory Board approved the result of the audit. We have endorsed the annual financial statements and the consolidated financial statements submitted by the Management Board. The annual financial statements of METRO AG are thus released. Following a careful own review and consideration of the interests involved, we endorsed the Management Board's proposal for the appropriation of the balance sheet profit.

Appointments and resignations

Upon the order of the District Court in Düsseldorf, Mr Jürgen Schulz and Mr Thomas Dommel were elected to the Supervisory Board as employee representatives on 10 December 2015. Their appointment expires at the end of the Annual General Meeting 2018. Mr Schulz and Mr Dommel succeeded Ms Gabriele Schendel and Mr Uwe Hoepfel whose mandates ended due to the sale of Galeria Kaufhof on 30 September 2015.

Prof. Dr. oec. Dr iur. Ann-Kristin Achleitner and Mr Peter Küpfer, whose mandates ended with the end of the Annual General Meeting 2016, were re-elected to 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 2016. The Annual General Meeting elected Ms Karin Dohm as a new member of the Supervisory Board.

As requested, my court-approved appointment ended with the conclusion of the Annual General Meeting on 19 February 2016. On the same day, the Annual General Meeting elected me as a representative of the shareholders on the Supervisory Board. Immediately after the Annual General Meeting, the Supervisory Board elected me as its Chairman.

Mr Hubert Frieling retired and therefore resigned his Supervisory Board mandate effective 31 August 2016. Dr Angela Pilkmann succeeded him on the Supervisory Board as an elected representative of the employees.

On behalf of the entire Supervisory Board, I would like to take this opportunity to extend my special thanks to Mr Haniel for many years of outstanding commitment to and support of METRO GROUP as a key driver of necessary change. Under his leadership, the Supervisory Board of METRO AG served as an active advisor and sparring partner for the Management Board and thus enabled the Management Board to tackle the far-reaching changes needed to make METRO GROUP fit for the future. I also wish to thank the other members of the Supervisory Board who stepped down from their positions over the past financial year for their consistently constructive cooperation in the interest of our company.

Düsseldorf, 8 December 2016

The Supervisory Board

JÜRGEN B. STEINEMANN
Chairman

CORPORATE GOVERNANCE REPORT

Pursuant to the recommendation of Subsection 3.10 of the German Corporate Governance Code, the Management Board and the Supervisory Board of METRO AG deliver the following report on corporate governance at METRO GROUP.

The Management Board and the Supervisory Board of METRO AG are firmly committed to the principles of transparent, responsible corporate governance and supervision. They attach great importance to good corporate governance standards. Their voluntary commitment to the German Corporate Governance Code is reinforced by the following provision in the corporate bodies' by-laws:

"The Management Board and the Supervisory Board of METRO AG base their actions on the relevant valid recommendations of the German Corporate Governance Code and only deviate from the code's recommendations in well-founded exceptional cases. If the Management Board or Supervisory Board intends to deviate from a recommendation, the organs inform each other of the planned move prior to its implementation."

Implementation of the German Corporate Governance Code

During financial year 2015/16, the Management Board and the Supervisory Board of METRO AG discussed METRO GROUP's implementation of the recommendations of the German Corporate Governance Code in detail and issued the following declaration pursuant to § 161 of the German Stock Corporation Act (AktG) in September 2016:

"The Management Board and Supervisory Board of METRO AG hereby declare that the recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice in the official section of the Federal Gazette in its version of 5 May 2015 have been complied with without exception since the last declaration of compliance was issued in September 2015.

The Management Board and Supervisory Board intend to comply with the recommendations of the Government Commission in its version of 5 May 2015 with the following exceptions in the future:

1. Subsection 4.2.3 Section 2 Sentence 8 of the German Corporate Governance Code

METRO AG is preparing the demerger of METRO GROUP into two independent, exchange-listed companies focusing on the business segments Wholesale & Food Specialist and Consumer Electronics, respectively. The demerger is expected to become effective in mid-2017 and thus over the course of the next financial year 2016/17. The current remuneration system for members of the Management Board, which was approved by the Supervisory Board in 2014, does not reflect the planned demerger of METRO GROUP. Against this background, new Management Board remuneration systems for both new entities are currently being developed. These will be geared specifically to the respective business activities of the new entities. These remuneration systems will be introduced as of the effective date of the demerger. In this context, the company will also decide how to handle the already granted tranches of the long-term incentive. As a result, the performance objectives and comparison parameters for the short-term incentive as well as the long-term incentive are expected to be amended over the next financial year. This intra-annual amendment is expected to lead to a one-time deviation from the recommendation pursuant to Subsection 4.2.3 Section 2 Sentence 8 of the German Corporate Governance Code. This recommendation excludes a subsequent amendment of the performance objectives or the comparison parameters with regard to the variable parts of the remuneration of the Management Board.

2. Subsection 7.1.2 Sentence 4 of the German Corporate Governance Code

In February 2017, the planned demerger of METRO GROUP will be presented to the Annual General Meeting of METRO AG for approval. Following the approval of the Annual General Meeting, the business segment Wholesale & Food Specialist would have to be recognised as a discontinued operation in the meaning of IFRS 5 in the balance sheet of METRO AG and would have to be deconsolidated once the demerger has become effective. Given the size of the business segment that will be split off, both processes will require substantial additional work. As a result, the relevant interim financial statements (most likely the interim financial statements as of 31 March 2017 and 30 June 2017) will be publicly available within the legally required time period, but probably not within 45 days after the end of the reporting period, the recommendation made in Subsection 7.1.2 Sentence 4 of the German Corporate Governance Code."

This and the declarations pursuant to § 161 of the German Stock Corporation Act (AktG) made over the last five years are permanently available to METRO AG shareholders on the website www.metrogroup.de.

In addition to recommendations, the German Corporate Governance Code contains suggestions that listed companies can – but do not have to – address. METRO AG follows the vast majority of these suggestions. In financial year 2015/16, there was only one suggestion that the company did not fully implement:

Subsection 2.3.3 of the German Corporate Governance Code calls for enabling shareholders to follow the Annual General Meeting via modern communication media such as the internet. As in previous years, METRO AG only broadcast the speech by the Chairman of the Management Board in financial year 2015/16. This practice will be continued.

Division of duties and areas of responsibility between the Management Board and the Supervisory Board

The clear division between corporate management and corporate supervision is a key element of corporate governance for German stock corporations. Duties and areas of responsibility are clearly divided between the Management Board and the Supervisory Board.

The Management Board of METRO AG, which has five members, is responsible for running the company. The management duties of the Management Board of METRO AG include defining corporate objectives and determining the strategic positioning for the group as well as managing the company, monitoring and planning. In addition, the Management Board of METRO AG ensures the availability of investment funds, decides on their allocation within the group and is responsible for attracting and supporting highly qualified managers.

In accordance with the stipulations of the German Co-determination Act, the German Stock Corporation Act and the company's Articles of Association, the Supervisory Board of METRO AG consists of ten shareholder representatives and ten employee representatives. In addition, women and men both hold at least 30 per cent of the seats on the Supervisory Board (that is at least six each). The Supervisory Board appoints the members of the Management Board, advises them and monitors their corporate management, including the attainment of long-term corporate objectives. The Supervisory Board is brought into the planning of the development of METRO GROUP by the Management Board to the same degree that it is included in decisions about important measures. Aside from its legally prescribed approval obligations, the Supervisory Board has determined its own approval requirements for certain actions and business dealings of the Management Board.

For more information about members of the Management Board and Supervisory Board, see the notes to the consolidated financial statements of METRO AG in no. 56 – Corporate Boards of METRO AG and their mandates.

The modes of operation of the Management Board and Supervisory Board, the composition and functions of the Supervisory Board committees and information on key corporate management practices are described in the annual statement on corporate management pursuant to § 289 a of the German Commercial Code (HGB). The declaration of compliance pursuant to § 161 of the German Stock Corporation Act (AktG) also appears in full in this report.

The statement on corporate management is available on the website www.metrogroup.de in the section Company – Corporate Governance.

Objectives regarding the composition of the Management Board and Supervisory Board

To properly carry out their duties, the Management Board and the Supervisory Board must possess a broad range of knowledge, skills and experience.

Requirements related to appointments to the Management Board

The decisions taken by the Supervisory Board regarding the composition of the Management Board are based on careful analysis of current and future business challenges. Potential members of the Management Board must not only have solid general qualifications, but must also be individuals capable of helping the company to address its current situation and future challenges.

Diversity on the Management Board

In selecting members of the Management Board, the Supervisory Board also heeds the recommendations of the German Corporate Governance Code. In particular, the Supervisory Board considers the issue of diversity and strives to provide adequate consideration of women. In financial year 2015/16, no woman was yet a member of the Management Board of METRO AG.

According to the German law on equal participation of men and women in management positions, the Supervisory Board decided in the calendar year 2015 on targets and deadlines for the increase of the share of women on the Management Board. In accordance with the law, the first deadline may not exceed 30 June 2017. Until this due date, the Management Board is expected to continue to have no female members. In the long term – that is, until 30 June 2022 – the Supervisory Board plans the membership of at least one woman on the Management Board. In order to reach this target, the Supervisory Board will focus on the search for qualified female candidates in the years ahead.

Requirements related to appointments to the Supervisory Board

To ensure that the Supervisory Board of METRO AG can duly perform its responsibilities, the members have formulated certain objectives regarding appointments. These objectives are:

Diversity on the Supervisory Board

Bearing in mind METRO GROUP's international expansion, the Supervisory Board should include both retail experts for Western European markets and individuals with in-depth experience in the growth regions of Eastern Europe and Asia. The current composition of the Supervisory Board fulfils this target. Employee representatives on the Board contribute experience from each of the group's sales lines in Germany. Several shareholder representatives have national and international retail expertise. Furthermore, several have extensive experience in Eastern Europe and Asia. Two shareholder representatives are former METRO executives who have company-specific expertise.

The representation of women and men on the Supervisory Board of METRO AG follows the regulations of the law on the equal participation of men and women in private-sector and public-sector management positions that became effective in 2015. The employee and shareholder representatives aim at fulfilling the gender quota of 30 per cent for the Supervisory Board of METRO AG separately. The Supervisory Board currently (as of November 2016) includes three female representatives on the employee and shareholder side, respectively.

Impartiality of the Supervisory Board

In accordance with legal stipulations, the Supervisory Board of METRO AG is composed of ten employee representatives and ten shareholder representatives. At least five shareholder representatives are to be impartial in accordance with Subsection 5.4.2 of the German Corporate Governance Code. The current composition of the Supervisory Board of METRO AG fulfils this objective.

Accounting and Audit Committee, impartiality of the committee chairperson

To ensure a qualified appointment to the Accounting and Audit Committee from the members of the Supervisory Board, at least one member of the Board must fulfil the requirements stipulated for the chairperson of the Accounting and Audit Committee. Pursuant to the by-laws of the Accounting and Audit Committee, the committee chairperson must be impartial and possess professional knowledge in the areas of accounting and auditing as well as internal control measures (financial expert). The other committee members should possess sufficient professional knowledge and experience in these areas. Ideally, one potential member of the Accounting and Audit Committee should also possess special knowledge in the area of compliance.

These objectives are implemented through the current composition of the Supervisory Board and its Accounting and Audit Committee. The impartial chairman of the committee is Dr jur. Hans-Jürgen Schinzler.

Potential conflicts of interest within the Supervisory Board / term of office and age restrictions

To prevent potential conflicts of interest, members of the Supervisory Board of METRO AG may not assume board functions,

consulting tasks or memberships on the supervisory boards of German or international, direct and material competitors. This requirement, which is laid down in the by-laws of the Supervisory Board, must be considered in the identification of candidates for the Supervisory Board.

The regular limit for the term of office on the Supervisory Board determined according to the recommendation of the German Corporate Governance Code is 16 years. Additionally, the members of the Supervisory Board may, as a rule, not remain in office after the end of the Annual General Meeting following their 75th birthday. The determination of justified exceptions considering the term of office as well as the age restriction is decided by the Supervisory Board in each case at its own discretion.

The Supervisory Board of METRO AG currently also meets the aforementioned targets. No member of the Supervisory Board assumes a function for direct, material competitors. The self-defined rules for the term of office on the Supervisory Board of METRO AG have been complied with in financial year 2015/16 without the detection of any exceptional case. One member of the Supervisory Board turned 75 in 2015 and is to remain on the Board until the end of the Annual General Meeting that will formally approve the actions of the Management Board for financial year 2016/17. Another member will turn 75 during this term of office. As a result, the Supervisory Board of METRO AG identified a justified exceptional case in both cases. The Board determined that the in-depth knowledge and experience of the members in question were particularly valuable to the future work of the Supervisory Board.

Compliance and risk management

The activities of METRO GROUP are subject to various legal stipulations and self-imposed standards of conduct. METRO GROUP has bundled its measures securing compliance with these rules and regulations in its group-wide compliance management system.

The aim of the compliance management system is to systematically and sustainably prevent, detect and sanction regulatory infringements within the company. To this end, METRO GROUP regularly identifies behavioural compliance risks, establishes the necessary organisational structures and rigorously monitors and controls these risks through the responsible divisions. In its group-wide systematic reporting, key compliance risks and measures are transparently communicated and documented. The need for the further development of the compliance management system is ascertained from the results of regular employee surveys, internal reviews and audits.

METRO GROUP's risk management forms another integral component of value-oriented corporate management. This takes the form of a systematic, group-wide process that helps company management identify, assess and manage risks and opportunities. As such, risk and opportunity management is a uniform process. Risk management renders unfavourable developments and events transparent at an early stage and analyses their implications. This allows the company to put the necessary countermeasures in place. At the same time, it allows a systematic exploitation of emerging opportunities. Both the risk and opportunity management system and the compliance management system are continually refined.

Additionally, risks and opportunities are managed through internal control systems (ICS) and internal auditing. As an independent function, the latter provides auditing of key business processes, conducts event-related tests and reviews the compliance and risk management system as well as the internal control systems.

In financial year 2015/16, METRO AG further modified its management systems. In addition, selected units were tested to determine their effectiveness. The results of the reviews have confirmed that METRO GROUP has adequate management systems. The reviews also provide an important foundation for the further optimisation of the systems and their continuous modification in response to changing business processes in METRO GROUP.

For more information about the subjects of compliance and risk management, see the combined management report – risk and opportunity report – as well as the statement on corporate management pursuant to § 289 a of the German Commercial Code (HGB). The statement is available on the website www.metrogroup.de in the section Company – Corporate Governance.

Transparent corporate management

Transparency is an essential element of good corporate governance. The website www.metrogroup.de serves as an important source of information for METRO AG shareholders, the capital market and the general public. Aside from a host of information on METRO GROUP's business segments and sales lines, the site contains the financial reports of METRO AG as well as investor news, ad hoc statements and other legal in-

formation. METRO GROUP publishes the dates for the most important regular publications and events (announcements of annual sales results, annual reports as well as quarterly and half-year reports, the annual business press conference and the Annual General Meeting) in a financial calendar on its website with a reasonable lead time. The website also offers information shown as part of annual business conferences, roadshows, investor conferences and information events for private investors.

The Annual General Meeting

The Annual General Meeting of METRO AG gives shareholders the opportunity to use their legal rights, that is, in particular, to exercise their rights to vote (where these apply) as well as to address questions to the company's Management Board. To help shareholders exercise their individual rights at the Annual General Meeting, METRO AG posts documents and information for each Annual General Meeting in advance on its website.

The registration and legitimisation procedure for the Annual General Meetings of METRO AG complies with German stock corporation law and international standards. Each shareholder who would like to participate in an Annual General Meeting of METRO AG and exercise his or her voting right there must register and supply proof of the right to participate and exercise voting rights. Written proof of share ownership in German or English from the institution maintaining the securities deposit account satisfies this requirement. A deposit of shares is not necessary. Proof of share ownership must correspond to the beginning of the 21st day before each Annual General Meeting. Like the registration for the Annual General Meeting, it must be submitted to METRO AG at the address specified in the invitation within the time frame specified by law and in the Articles of Association. Concrete registration and participation conditions are made public in the invitation for each Annual General Meeting.

Shareholders who are unable to attend the Annual General Meeting in person may exercise their voting rights through a proxy. The necessary voting right authorisation must be provided in written form. To the benefit of shareholders, eased formal stipulations apply in certain cases that are described in the invitation to the Annual General Meeting. These are, for example, for issuing voting right authorisations to banks or shareholder associations.

Shareholders may also authorise company-appointed proxies to exercise their voting rights (known as proxy voting). The following rules apply: In addition to voting right authorisations, shareholders must also provide instructions on how to exercise these voting rights. The proxies appointed by the company are obliged to vote according to these instructions. For the assignment of voting rights during the Annual General Meeting for those shareholders who initially participate in the Annual General Meeting but who want to leave early without forgoing the exercise of their voting rights, proxies appointed by METRO AG are also available. Of course, the right to appoint other proxies to exercise one's voting rights is not affected by this. The details on proxy voting are listed in the invitation to each Annual General Meeting.

In the interest of shareholders, the chairperson of the Annual General Meeting, who as a rule is the chairperson of the Supervisory Board, works to ensure that the Annual General Meeting is conducted efficiently and effectively. The objective is to complete a regular METRO AG Annual General Meeting within four to six hours at the most.

Managers' transactions, share ownership by members of the Management and Supervisory Boards

Pursuant to Section 19 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation), members of the Management and Supervisory Boards as persons discharging managerial responsibilities must inform METRO AG of any transactions involving their own METRO shares or METRO bonds or related financial instruments. This notification requirement also applies to persons closely associated with members of these corporate bodies. However, a minimum threshold has been introduced for reporting such transactions, with transactions under €5,000 in any calendar year not reportable.

Notifications of managers' transactions during financial year 2015/16 have been published on the website www.metrogroup.de in the section Investor Relations – Legal Announcements.

The ownership of METRO AG shares held by all members of the Management and Supervisory Boards totalled less than 1 per cent of the shares issued by the company as of 30 September 2016.

Audit

Audits 2015/16

On 19 February 2016, the Annual General Meeting of METRO AG elected KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) to be the auditor for financial year 2015/16. The Supervisory Board's commissioning of the contract to carry out the audit of the financial statements considered the recommendations listed in Subsection 7.2 of the German Corporate Governance Code.

Throughout the audit, which was completed in November 2016, KPMG made no reports to the Supervisory Board regarding grounds for disqualification or conflicts. There was also no evidence that any existed. Furthermore, in the course of the audit, there were no unexpected substantial findings or events concerning Supervisory Board functions. As a result, an extraordinary report from the auditor to the Supervisory Board was not required. The auditor found no deviations from the Management and Supervisory Boards' statements of compliance with the German Corporate Governance Code.

Auditor's impartiality

The auditor fulfils two key functions. The auditor supports the Supervisory Board in exercising corporate control. At the same time, the audit activities provide the basis for the trust of the general public and capital market participants, in particular, in the accuracy of the annual accounts, notes to the financial statements and the management reports. The auditor's impartiality is a key precondition for fulfilling these two functions. METRO AG's Accounting and Audit Committee therefore places special importance on reviewing the impartiality of the auditor. This committee also dealt with this review in the context of the implementation of a tender and selection process for the audit 2016/17 in accordance with Art. 16 Section 3 of Regulation (EU) No. 537/2014 of the European Parliament and Council of 16 April 2014 (Audit Regulation) during financial year 2015/16.

For more information about the topic of corporate governance at METRO GROUP, see the website www.metrogroup.de in the section Company – Corporate Governance.

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GOALS AND STRATEGY

GOALS AND STRATEGY

METRO GROUP

METRO GROUP, based in Düsseldorf, is a leading international retail company. Worldwide, around 220,000 employees dedicate themselves to fulfilling the expectations of our customers. Our operating business focuses on wholesale and retail, including online retail. In these areas, our three independent sales lines are leaders:

- METRO Cash & Carry is a leading international player in self-service wholesale trade.
- Media-Saturn is number one among consumer electronics stores in Europe.
- Real is one of the leading hypermarket companies in Germany.

With their products and services, our sales lines serve professional and private customers in 29 countries in Europe and Asia. To tap new target groups and retain customers for the long term, METRO Cash & Carry, Media-Saturn and Real are transforming from product-focused sales businesses into customer- and service-oriented system partners. To this end, they are continuing to dovetail new sales channels such as delivery and online retail as well as supplementary services with their store-based business. Through targeted investments in new, fast-growing companies and own business innovations, the sales lines are bracing for future market challenges.

Focus on customer value

The objective of METRO GROUP's strategy is generating long-range, sustainable growth. First and foremost, our aim is to improve like-for-like sales and earnings as well as tap new business models and sales channels. We are also boosting our performance strength and appeal by optimising our cost position and cash flow, improving our margins and reducing our net debt. The prerequisite for METRO GROUP's long-range, sustainable growth is our persistent focus on creating value for our customers. Five focal points guide us in this work: transform, grow, improve, expand and innovate. They provide the strategic framework for our business activities and lend a shared direction to our group across all sales lines and companies.

Transform

Our customers' needs and expectations form the starting point for all our strategic considerations. Which product ranges do they need? How do they wish to inform themselves, communicate with us and obtain their goods? Can we offer new services to pique the interest of additional consumers or commercial customers in our business model? Which sales channels do we have to develop or expand to meet our customers' increasing demands? Using these questions as our starting point, we have already made significant strides in the areas of multichannel marketing, delivery, franchising and own brands. In these and other areas, we are rigorously forging ahead with the strategic repositioning of our sales lines.

Grow

Our second focal point is growth in all business segments. We intend to achieve this first and foremost by improving like-for-like sales. An absolute focus on the customer is crucial to this effort. We also aim to significantly improve customer satisfaction. To raise our appeal to consumers and professional customers, we are making targeted investments in new assortments, formats and services. In addition, we are selectively adjusting our sales lines' price levels to further bolster their competitive positions. Finally, we are realigning our incentive systems for employees to encourage additional productivity enhancements.

Improve

A company's competitiveness depends as much on its process performance as on an attractive product and service offering. Our objective is to create streamlined, effective organisational structures. For this reason, we must continually examine our processes, systematically review our business portfolio and

improve our cost structure. In this way, we can improve our cash flow and create headroom for additional investments.

Expand
Sales growth, efficient processes and optimised cash flow with stable or improved earnings represent the foundation for our future expansion. After all, our mission is to invest in a business model that is customer-focused, competitive and sustainable. Many countries in which we are active offer excellent opportunities for enhancing our footprint. We are currently focusing our expansion and are seizing new opportunities by opening new stores as well as by enhancing our offering.

Innovate
Creating value for customers means responding to changing needs early on or even shaping this change by recognising technological, societal and consumer trends, by identifying their potential relevance to our own business and by devising specific solutions such as new business models, processes or sales concepts. This work begins by firmly anchoring business innovation within our company structure as well as defining innovation focal points that are relevant to our customers and hold growth potential. The key is cultivating a structured network with internal and external experts. This approach forms the foundation of our innovation management.

For more information about innovation management at METRO GROUP, see the chapter "principles of the group – innovation management".

Framework for sustainable growth
Our business objectives are aligned with ecological and social requirements. For this reason, we have firmly anchored the principle of sustainability within our corporate strategy. Our sustainability vision serves as a group-wide foundation for the long-term transformation of METRO GROUP: "METRO GROUP. We offer quality of life. For our customers, for our employees, for all who work for us, for the environment and for society."

For more information about sustainability management at METRO GROUP, see the chapter "principles of the group – sustainability management".

METRO Cash & Carry

The goal of METRO Cash & Carry is to be the "champion for independent business". The company wants to be a preferred partner for customers in the food service, independent retailer and service provider sectors and achieve a significant market share among these customer groups. To achieve this goal, METRO Cash & Carry continues to forge ahead with its transformation from a transaction-driven partner into a partner who is systematically important to its customers and can address all of their needs with holistic solutions. In the process, the sales line has a strategic focus on the central action areas that have already been identified: establishing the New Operating Model and strictly implementing its strategic repositioning.

New Operating Model
As part of its explicit focus on customer and market requirements, METRO Cash & Carry introduced the New Operating Model in financial year 2014/15. The aim is to transfer greater operational responsibility and creative freedom to the national subsidiaries to be able to respond faster and more flexibly to local demand and specific customer requirements, and thus increase the sales line's growth potential. As part of the introduction of the New Operating Model, the METRO Cash & Carry countries were classified into three clusters: Horeca (focusing on hotels, restaurants and catering firms), traders (focusing on independent resellers such as kiosk operators, bakers and butchers) and multispecialists (focusing on Horeca, traders and service companies and offices). 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 country organisations with overarching measures geared towards specific customer groups. In connection with the New Operating Model, a new approach to strategy and financial planning in the form of Value Creation Plans was introduced. By the end of financial year 2015/16, all METRO Cash & Carry countries had developed plans geared towards their respective markets and customers and began to implement these.

The new model draws on the concept of active ownership. It strengthens entrepreneurial thinking and action at the national subsidiaries and thus represents another move to foster an entrepreneurial spirit across the organisation. The topics of brand, quality, human resources, finance and legal and compliance will continue to be managed centrally.

Aside from the customer-specific country clusters, focus topics of relevance to the entire company such as food service distribution, supply chain and procurement will also be bundled. These topics will be overseen by operating partners with responsibility for one topic each. In addition, the sales line will continue to pursue a company-wide exchange of specialis

expertise through so-called federations. These are international working groups that pursue with sole responsibility overarching topics such as delivery service, foster an exchange of best practices and realise potential economies of scale.

Implementing the initiated strategic repositioning
The explicit focus on the customer with the aim of generating added value is an inherent component of METRO Cash & Carry's mission statement and is firmly entrenched in its strategy. All measures – including those aimed at the company's strategic transformation – begin from the customer's perspective and are coupled with the question of the extent to which this can generate customer value. A holistic understanding of customer needs and business models is a key requirement here. In this way, METRO Cash & Carry manages to offer not just products, but solutions, thereby transforming customer relationships into long-term partnerships.

Improve and transform
METRO Cash & Carry operates in 25 countries in Europe and Asia. The markets in the various countries are at different stages of maturity. As a result, the focal points for the target customer groups differ significantly in the various countries. Because the countries' stages of development are changing continuously, relevant changes must be anticipated at an early stage and local business models adapted accordingly. The Value Creation Plans ensure that this is the case. For example, the business model in Belgium and the Netherlands was optimised by reducing store space. In light of changing customer needs and market conditions, METRO Cash & Carry will continue to constantly examine its portfolio to see whether strategic goals with regard to profitable growth, market shares or increased company value can be achieved.

Grow and expand
Growth is a key component of the company strategy. The wholesale stores play an important role in this. It is thanks to their contribution that METRO Cash & Carry has registered an increase in like-for-like sales for 13 successive quarters. In addition, the sales line has strengthened its presence by opening a total of 17 additional wholesale stores in the expansion countries of Russia, India, China and Turkey.

The sales line also forged ahead with the expansion of its delivery business. For example, three new delivery depots were opened in Germany and one in China to cater to customer needs. Delivery sales increased by 18 per cent in financial year 2015/16 and now amount to about 13 per cent of METRO Cash & Carry's sales. This positive development has also been driven by the takeover and successful integration of the Classic Fine Foods group as well as the acquisition of Germany's leading food delivery service Rungis Express in February 2016. With the agreement to acquire French food supplier Pro à Pro, which was signed in July 2016, METRO Cash & Carry has also prepared the ground for an expanded service offering for customers in the French market. The transaction has yet to be closed.

Innovate
Innovation, both in the core business of wholesale and in delivery as well as in the management of target customer groups, is another fundamental part of METRO Cash & Carry's strategy. For the company, this translates above all into a requirement to identify relevant market trends early on, to recognise changing customer needs and to derive specific solutions. METRO Cash & Carry supports the development of innovative, digital solutions for the food service sector through such initiatives as the METRO Accelerator powered by Techstars. The company uses this programme, which it realises in cooperation with the US company Techstars, to gain access to value-adding, innovative solutions which it can then pass on to its customers in the food service and hospitality sector. The participating start-ups, in turn, benefit from the immense combined network of the two partners. Following the successful first round of the Accelerator during financial year 2014/15 with eleven selected start-ups, the second round with ten international start-ups started in autumn 2016.

Media-Saturn

Media-Saturn is number one among consumer electronics stores and the associated products and services in Europe, with sustainable and profitable market positions in selected countries. The group of companies regards itself as a partner, daily companion and navigator for consumers in an increasingly digitised world.

Increase customer value
Customer shopping behaviour has changed completely because sales channels are increasingly linked. Only a few years ago, store-based retail still served as the starting and finishing point in the purchasing process. Today, however, this process takes place in all kinds of ways – digitally and physically – from the decision to buy a product or service through to completing the transaction. For this reason, the Media Markt and Saturn sales brands were expanded to become multichannel retailers.

In financial year 2015/16, more added value was established for customers: the same-day delivery concept was systematically expanded in Germany and other countries so that customers can receive purchased products even faster. The acquisition of the repair service provider RTS in August 2015 makes more new services possible. For example, customers can set up their PCs directly after purchase in many stores in Germany and have faulty products, such as smartphones, repaired in the store. The expansion of these services is also planned internationally. In order to retain customers, Media Markt has already established the Media Markt Club programme in five countries. A similar programme is being prepared for Saturn. Furthermore, Media-Saturn is fulfilling its mission as a daily companion, partner and navigator with new content offerings. For example, Media Markt and Saturn introduced so-called content marketing portals, such as turn-on.de in Germany and mediatrends.es in Spain. This involves content-driven offerings for consumer electronics, increasing the time that customers spend with the respective Media-Saturn brand.

Transform and grow

In order to satisfy changing customer needs, the company has also systematically developed its portfolio of locations and formats even further. Instead of having a standardised Europe-wide concept, Media-Saturn has implemented innovative store formats on the basis of a new format and concept strategy. In Turkey and Switzerland and at Berlin's central station, for example, stores were opened that were smaller than the traditional locations. In Russia and Turkey, the sales line has introduced a total of six so-called shop-in-shop stores in METRO Cash & Carry wholesale stores since September 2015. In Barcelona, Media Markt's first digital store was opened in July 2016. On a floor space of 400 square metres, the customer can directly purchase about 5,000 digitally presented products in a pilot store, access more than 200 services and experience the benefits of digital technology in the store. This includes, for example, the use of virtual reality devices, regular training courses on topics such as the use of digital cameras and a digital play area for children.

Improve

Customer requirements vary according to location and also change constantly. In order to retain customers and increase their satisfaction, it is essential to respond to changed requirements quickly. For this reason, Media-Saturn made structural changes in financial year 2015/16 and introduced a new operating model. In doing so, the sales line is transferring decision-making powers and responsibility even further to the operating business in order to respond faster and more flexibly to requirements. The store managers maintain their corporate role and take on the function of chief customer officer, who is primarily responsible for the satisfaction of customers. The national subsidiaries are becoming active portfolio managers. Their task is to optimally align the various sales brands and floor designs in each country and thus to attain the highest possible market share as well as a large number of customers. Media-Saturn-Holding concentrates on its role as a higher authority on strategy, focuses on governance topics, and administers general functions.

Innovate

In financial year 2015/16, Media-Saturn further promoted innovations in the three areas of new business models, digital innovation as well as product and service innovation. As part of the Spacelab tech accelerator, which was founded in 2015, Media-Saturn invested in four start-up companies from the service area in the first round of the programme. They underwent a comprehensive mentoring programme and implemented pilot projects, in cooperation with the sales line, in many stores of the sales brands. Furthermore, METRO GROUP acquired a minority stake in Deutsche Technikberatung, one of the participating companies.

In the area of digital innovation, Media-Saturn fitted its European stores with digital price tags. These reduce the efforts needed for price changes and will allow the customer to retrieve additional product information from the price tag using a smartphone. Media-Saturn is also testing how virtual reality (VR) can help customers with their shopping: In the Saturn stores in Berlin and Ingolstadt, kitchens can be configured and viewed in virtual space. Through these and other offerings, many customers were able to have their first experience with high-end VR headsets in the company's stores. In addition, several tests were initiated on subjects such as in-store navigation and robotics.

In the area of product and service innovation, Media-Saturn established new product categories in many stores. Therefore, electric bicycles, robots and so-called hoverboards are now available at Media Markt and Saturn.

Real

Real laid the foundation for its strategic repositioning in financial year 2015/16. In this context, the sales line continued to adapt its cost base and structures, optimised its sales network, forged ahead with the modernisation of its store network and further expanded its online business. In addition, more efficient business processes were introduced and new synergies were created: Since the start of October 2015, Real has partnered with Privates Handelshaus Deutschland GmbH (PHD), the procurement cooperative of Bartels-Langness, Georg Jos. Kaes and Klaas & Kock. Both partners benefit from pooled purchasing, with their combined purchasing volume amounting to about 7 per cent of German fast-moving consumer goods (FMCG) retail. Real achieved more synergy effects through its cooperative agreement, implemented in April 2015, with Markant Handels- und Industriewaren-Vermittlungs AG, which has been responsible for the settlement of Real's entire merchandise business ever since. The goal of the sales line is to further promote the company's repositioning in order to sustainably increase profitability in the coming years.

While realigning the business, Real developed a new concept for selected locations that is being tested for the first time in the Krefeld store. The objective of the so-called hybrid store concept is to adjust the range of goods and services to meet the individual needs of various customer groups, and also to further promote the modernisation process in the retail sector. For this purpose, Real is relying on innovations that take into consideration both emotional and rational customer wishes. For example, the store in Krefeld offers freshly made pizza, pasta and sushi, redesigned presentations of specially defined key merchandise groups (destinations), with goods being presented with more service and advice, and further expands digital networking opportunities and offerings, such as e-coupons, electronic receipts and apps. In this way, Real aims to specifically address target customer groups and to win new customers.

An important element of this strategy is the significant strengthening of customer orientation. In order to create a basis for specific measures, Real analysed customer needs in detail. With the clear focus on high quality of service as well as on customer orientation, the range of products and services as well as the corresponding employee qualification are to be continuously improved.

With the hybrid approach, Real is defining the guidelines for future action and also striving to make a significant contribution to an improved earnings position. The hybrid store concept supplements other repositioning measures that were already implemented successfully or initiated in recent years. These include, among other things, the ongoing portfolio optimisation, the implementation of the efficiency programme for competitive cost structures, and an adjustment of the wage structure through a collective agreement for the future, which is to be negotiated directly between Real and the trade union Verdi.

Real has also set clear goals in the areas of sustainability, online business and innovation. The sales line is striving to reduce its greenhouse gas emissions by at least 50 per cent per square metre of selling space by 2030, using 2011 as the base year. For this purpose, Real is investing in – among other things – improvements to the energy efficiency of stores, new refrigerated counters for sales areas, the use of new light sources and optimisations in the area of waste disposal. In financial year 2015/16, Real also adopted a purchasing guideline with the goal of expanding the share of sustainable products to 30 per cent of the entire range by 2019.

At the same time, Real is systematically driving innovation – for example, in the mobile payment area. Today, customers can already collect points in Real stores with their mobile phone, pay with their mobile phone and have a receipt sent to their mobile phone. In light of increasing demand, Real will also expand its online range as well as its delivery service even further in the next financial year. With the agreement to acquire Cologne-based shopping portal Hitmeister, which was signed in March 2016, the sales line is strengthening its competitiveness and accelerating the growth of its online business.

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COMBINED MANAGEMENT REPORT

COMBINED MANAGEMENT REPORT

Overview of financial year 2015/16 and outlook

Earnings position

- Like-for-like sales at METRO GROUP climbed by 0.2 per cent in financial year 2015/16
- Due to negative currency and portfolio effects, reported sales for financial year 2015/16 decreased by 1.4 per cent to €58.4 billion (in local currency: +0.4 per cent)
- EBIT from continuing operations before special items: €1,560 million (2014/15: €1,511 million) in spite of negative currency effects of €70 million
- Profit for the period before special items: €727 million (2014/15: €688 million)
- Earnings per share before special items improved to €1.96 (2014/15: €1.91)

Financial and asset position

- Net debt declined by €0.2 billion to €2.3 billion (30/9/2015: €2.5 billion)
- Investments totalled €1.4 billion (2014/15: €1.4 billion)
- Cash flow from operating activities reached €1.6 billion (2014/15: €1.8 billion)
- Total assets amounted to €25.0 billion (30/9/2015: €27.7 billion)
- Equity: €5.3 billion (30/9/2015: €5.2 billion); equity ratio: 21.4 per cent (30/9/2015: 18.7 per cent)
- Long-term rating of BBB– (Standard & Poor's)

Outlook of METRO GROUP

The outlook is based on the current group structure and adjusted for currency effects. In addition, it is based on the assumption of a continuously complex geopolitical situation.

The outlook will be adjusted if the planned demerger of the group into two independent companies with a clear focus on the wholesale and food retail business on the one hand, and consumer electronics retailing on the other, is approved by the Annual General Meeting on 6 February 2017, as expected, and implemented, as scheduled, during financial year 2016/17.

Sales
For financial year 2016/17, METRO GROUP expects to see a slight rise in overall sales, despite the persistently challenging economic environment. The Real sales line is expected to generate slightly better performance compared with financial year 2015/16.

In like-for-like sales, METRO GROUP foresees another slight increase that will follow the reporting period's rise of 0.2 per cent. The METRO Cash & Carry and Media-Saturn sales lines in particular are expected to contribute to this development. The Real sales line is expected to generate slightly better performance compared with financial year 2015/16.

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Earnings

In financial year 2016/17, earnings development will also be shaped by the persistently challenging economic environment, with political developments adding to economic challenges.

Nonetheless, METRO GROUP expects to achieve another slight improvement in earnings. Aside from operational improvements, METRO GROUP will again closely focus on efficient structures and strict cost management in this context. These measures are expected to result in special items for the last time, marking the successful conclusion of METRO GROUP's transformation.

For these reasons, we expect EBIT before special items to rise slightly above the €1,560 million achieved in financial year 2015/16, although this figure will include slightly lower income from real estate sales than in the previous year. METRO Cash & Carry and Media-Saturn are expected to contribute to the slight earnings improvement.

— PRINCIPLES OF THE GROUP

Group business model

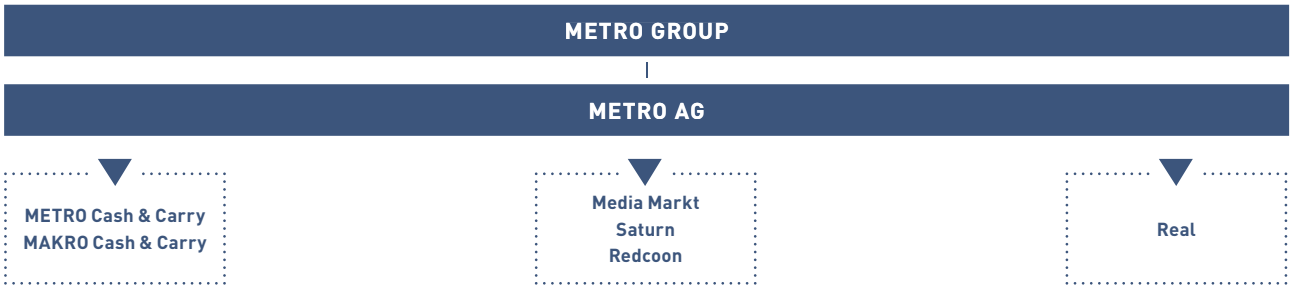
METRO GROUP's corporate structure is characterised by a clear division of responsibilities. The group is headed by METRO AG. As a central management holding company, it oversees group management functions, including, in particular, Finance, Controlling, Legal and Compliance. The central management and administrative functions for METRO Cash & Carry are formally anchored within METRO AG.

The group's operational business is handled by our three sales lines. In some cases, the sales lines operate in the market with several sales brands or through subsidiaries, depending on the respective strategy, segment and specific competitive environment.

METRO Cash & Carry is responsible for the group's wholesale business, Media-Saturn for consumer electronics retailing and Real for hypermarkets. All sales lines have full responsibility for their entire value chain.

Service companies support all METRO GROUP sales lines with services in such areas as real estate, logistics, information technology and advertising. Together with METRO AG as the management holding, they are recognised under "Others".

Overview of METRO GROUP



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Overview of METRO GROUP

METRO Cash & Carry is a leading international player in self-service wholesale trade. Its brands METRO and MAKRO operate in 25 countries throughout Europe and Asia. The wholesale stores offer products and services tailored to the specific needs of professional customers, such as hotels and restaurants, catering firms, independent retailers, service providers and public authorities. Aside from the cash-and-carry business, the sale line is also active in the food service distribution (FSD) are, among others through the Classic Fine Foods group (CFF), which has been part of the company since August 2015 and operates in 25 major cities in 14 mainly Asian countries. It supplies premium hotels, restaurants and catering firms. In financial year 2015/16, METRO GROUP reinforced this business field through additional acquisitions in Europe: in April 2016, it concluded the acquisition of Rungis Express, a Germany-based premium food supplier and parent company of Swiss premium food supplier Fideco. In July 2016, METRO GROUP signed the contract for the acquisition of Pro à Pro, a French food supplier for commercial customers. The transaction has yet to be closed. The sale of the wholesale activities in Vietnam, which had been initiated in financial year 2013/14, was successfully concluded in January 2016.

Media-Saturn is the European leader in consumer electronics retailing and related services. The group of companies regards itself as a responsible and sustainable partner, daily companion and navigator for consumers in an increasingly digitised world. With its portfolio of formats and brands, Media-Saturn flexibly addresses the requirements of different customer groups and countries: the company includes the Media Markt and Saturn brands, which are dovetailing their more than 1,000 physical stores with online sales platforms. In addition, the group of companies operates pure online retail platforms such as Redcoon and iBOOD as well as the digital entertainment platform Juke.

Real is one of the leading hypermarket operators in Germany, where it is active both in store-based and online retail. All Real hypermarkets are characterised by a large proportion of high-quality fresh produce, a wide range of non-food articles and attractive prices offering good value for money. In March 2016, Real acquired the shopping portal Hitmeister, thereby pushing the growth of its online business.

Store network by countries and segments

	METRO Cash & Carry[1]		Media-Saturn		Real		METRO GROUP	
	2015	2016	2015	2016	2015	2016	2015	2016
Germany	**107**	**106**	**417**	**424**	**293**	**285**	**817**	**815**
Austria	12	**12**	48	**49**			60	**61**
Belgium	15	**16**	23	**23**			38	**39**
France	93	**94**					93	**94**
Italy	48	**49**	110	**111**			158	**160**
Luxembourg			2	**2**			2	**2**
Netherlands	17	**17**	49	**49**			66	**66**
Portugal	10	**10**	9	**9**			19	**19**
Spain	37	**37**	77	**79**			114	**116**
Sweden			27	**27**			27	**27**
Switzerland			27	**28**			27	**28**
Western Europe (excl. Germany)	**232**	**235**	**372**	**377**			**604**	**612**
Bulgaria	11	**11**					11	**11**
Croatia	8	**9**					8	**9**
Czech Republic	13	**13**					13	**13**
Greece			10	**11**			10	**11**
Hungary	13	**13**	21	**22**			34	**35**
Kazakhstan	7	**6**					7	**6**
Moldova	3	**3**					3	**3**
Poland	41	**30**	79	**83**			120	**113**
Romania	31	**30**					35[2]	**34[2]**
Russia	84	**89**	67	**61**			151	**150**
Serbia	10	**10**					10	**10**
Slovakia	6	**6**					6	**6**
Turkey	29	**32**	41	**45**			70	**77**
Ukraine	32	**32**					32	**32**
Eastern Europe	**288**	**284**	**218**	**222**			**510[2]**	**510[2]**
China	82	**86**					82	**86**
India	18	**23**					18	**23**
Japan	9	**9**					9	**9**
Pakistan	9	**9**					9	**9**
Vietnam	19	**0**					19	**0**
Asia	**137**	**127**					**137**	**127**
International	**657**	**646**	**590**	**599**			**1,251[2]**	**1,249[2]**
METRO GROUP	**764**	**752**	**1,007**	**1,023**	**293**	**285**	**2,068[2]**	**2,064[2]**

[1] The METRO Cash & Carry segment also includes the business of the Classic Fine Foods group in China (including Hong Kong), France, Indonesia, Japan, Korea, Macau, Malaysia, the Philippines, Singapore, Thailand, the United Arab Emirates, the United Kingdom and Vietnam. The locations and countries of the Classic Fine Foods group are not shown in the table as they relate to distribution centres and warehouses whereas this table only covers sales locations.
[2] Including four stores in the Others segment

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Management system

METRO GROUP's rigorous focus on creating added value for customers is also reflected in our internal management system. The primary objective is to create sustained value for the company by focusing on added value for customers. For this reason, METRO GROUP has been using value-oriented performance metrics to plan, manage and monitor business activities. The corresponding value drivers that have a direct impact on value creation form the core of our operational management system. Our focus in this process is on growth (sales), operational earnings strength (EBIT) and optimised capital deployment. The key metrics for METRO GROUP are sales growth and EBIT before special items.

The calculation of key performance metrics generally follows the approach for calculating the key figures of the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS), that is sales growth, earnings per share, profit or loss for the period as well as cash flow before financing activities.

In addition, METRO GROUP is managed on the basis of alternative performance indicators such as like-for-like sales growth in local currency, EBIT before special items, EBITDA before special items, investments, net working capital, net debt, EBIT after cost of capital and return on capital employed (RoCE). METRO GROUP believes that these alternative performance indicators offer readers of the financial statements additional useful information about fundamental business developments and METRO GROUP's current situation, providing a better foundation for an analysis of METRO GROUP's performance strength. These alternative performance indicators are calculated regularly based on a uniform approach, which ensures that metrics from different financial years can be compared. However, as they have not been defined on the basis of IFRS, direct comparisons with the key figures of other companies are not possible. As such, they cannot replace key figures calculated in accordance with IFRS.

Please note that, in line with the formal specifications of German Accounting Standard No. 20 (GAS 20), only the most meaningful key performance indicators (sales growth as well as EBIT before special items) are part of the outlook and the comparison with actual business developments in the following year that is based on this outlook. The outlook regularly applies to the current group structure on the date the forecast is issued.

Key performance indicators: earnings position

As a key operational performance indicator, **sales growth** is reported both as total sales in euros and in local currency as well as like-for-like sales in local currency. Adjustments to group structures are called portfolio measures and are explained separately.

Sales growth adjusted for selling space, reflecting sales growth in local currency on a comparable area or with respect to a comparable group of locations or sales concepts such as online and delivery. The figure only includes sales of locations with a comparable history of at least one year. This means that locations affected by openings, closures or material refurbishments during the reporting period or comparable year are excluded.

To enhance its assessments of operational developments, the Management Board also regularly informs itself about the key drivers of sales development, such as the online or delivery business.

The second key performance indicator is **EBIT before special items. EBITDA before special items** is also used as a key performance indicator. It is calculated from EBIT plus depreciation/amortisation/impairment losses. Adjustment for special items reflects a focus on operational developments and serves to enhance comparisons between the reporting periods.

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.

For more information on the key performance indicators, see the economic report – asset, financial and earnings position – earnings position.

Earnings per share and **profit or loss for the period** are also included in METRO GROUP's performance metrics. They integrate the tax and net financial result into management of the earnings position and enable shareholders to better assess the group's earnings position.

For more information on these key performance indicators, see the economic report – asset, financial and earnings position – earnings position.

Performance metrics: financial and asset position

METRO GROUP manages its financial and asset position to ensure the long-term liquidity of group companies and cover their funding requirements in a cost-efficient manner.

For more information on the financial and asset position, see the economic report – asset, financial and earnings position – financial and asset position.

Key performance indicators include **investments**, which are planned and reported on aggregate group level as well as separately for the sales lines. In addition, the Management Board conducts differentiated assessments of various investments (for example, expansion, online business, modernisations and refurbishments) with a view to enhancing customer value and METRO GROUP's company value. Investments are defined as additions to non-current assets based on the consolidated financial statements pursuant to IFRS with the exception of financial instruments and deferred tax assets.

Aside from the focus on investments, regular **net working capital** analyses are carried out to maintain a focus on operations and optimised capital deployment. Changes in net working capital result from changes in inventories, trade receivables and receivables due from suppliers included in the item other financial and non-financial assets, credit card receivables and prepayments made on inventories. In addition, the item includes changes in trade liabilities and liabilities to customers, deferred sales related to vouchers, customer loyalty programmes, provisions for customer loyalty programmes and rights of return as well as prepayments made on orders.

For more information about the composition of net working capital, see the notes to the consolidated financial statements in no. 42 – notes to the cash flow statement.

Investments and net working capital not only impact customer benefits and the company's value creation, but also have an effect on the company's indebtedness and financial position. In addition, **cash flow before financing activities** and **net debt** are used as key performance indicators to guarantee liquidity and optimise the capital structure.

Net debt is calculated by netting financial liabilities including finance leases against cash and cash equivalents according to the balance sheet as well as monetary investments. Monetary investments comprise bank deposits with residual terms of more than three to twelve months as well as near money market investments that are not classified as cash and cash equivalents, such as short-term, liquid debt instruments and shares in money market funds.

For more information about these key performance indicators, see the economic report – asset, financial and earnings position – financial and asset position.

Value-oriented performance metrics

As METRO GROUP's management system is strongly focused on value creation for the company, it also comprises value-oriented key performance indicators such as **EBIT after cost of capital (EBITaC)** and **return on capital employed (RoCE),** which are based on the above-mentioned operational key performance indicators.

For more information about these key performance indicators, see the economic report – asset, financial and earnings position – earnings position.

Innovation management

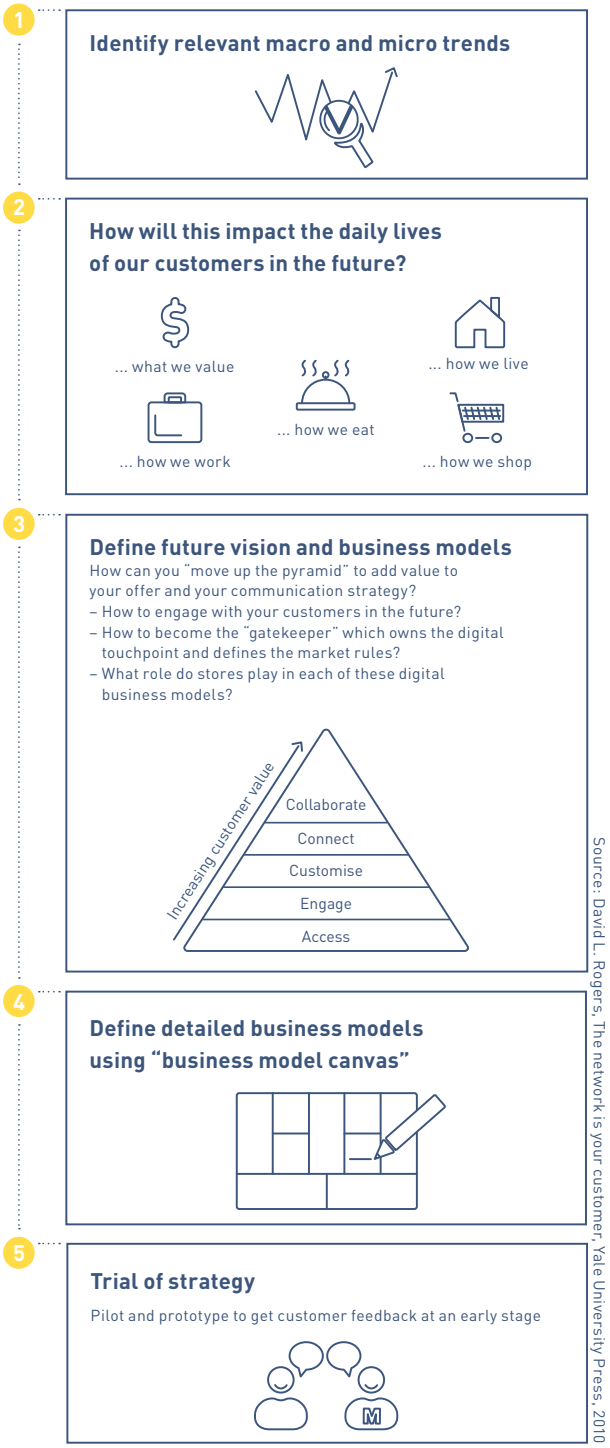
As a retail company, METRO GROUP does not make its own products and therefore does not conduct research and development in the strict sense of the term. When it comes to innovation management, we concentrate more on pursuing the objective of fuelling our transformation within a world that is constantly reinventing itself.

Both our sector and our customers currently find themselves in a profound transformation process which is being driven in particular by megatrends such as digitisation and social change. These trends have a great impact on the way our customers live, work and consume. Our aim is to support our customers in this change process and remain a relevant partner for them. We are thereby faced with the challenge of changing ourselves, because as retailers, we can no longer be satisfied with simply providing access to products for our customers – both online and offline. In order to successfully shape the retail of the future, we want to offer our customers added value and involve them more closely beyond the transaction itself. To achieve this, we need new business models that enable us to generate added value and offer it to our customers. To that end, METRO GROUP is working together with the sales lines on a customer-centred process that is designed to optimally support everyone involved and that is adjusted with an eye to the customer groups of the various sales lines.

In the course of this process, digitisation, social change, urbanisation and sustainability were identified as the most important trends that will most strongly influence our customers. On the basis of these analyses, we ask the following questions: How do we ensure that we add value for our customers every day? How can we fully align our processes with the needs of our customers? How can we help to relieve our customers of everyday worries and to organise their daily routine so that it is more enjoyable?

In order to systematically increase customer value through innovation, METRO GROUP has set itself three overriding goals. First, we want to add significant value with our innovation projects, for example by contributing to the development of new business models and store formats. Second, METRO GROUP aims to be an attractive partner for start-ups and innovative businesses. Third, the group aims to establish a culture of innovation across the group.

Innovation strategy planning process



Source: David L. Rogers, The network is your customer, Yale University Press, 2010

Realising innovation projects

In financial year 2015/16, METRO GROUP implemented numerous innovation projects in close cooperation with its sales lines. Selected examples are outlined below.

As part of the cooperation between METRO Cash & Carry and the Berlin-based start-up Infarm, which began to work together in 2015, a high-tech cultivation area for sprouts, seedlings, herbs and lettuce was installed in the wholesale store in the Friedrichshain district of Berlin in February 2016, marking the first time this has been done in Europe. So-called vertical farming allows plants to be cultivated indoors – without the use of pesticides, while reducing water use by up to 90 per cent. As a result of the success in Berlin, there are already numerous initiatives to establish vertical farming in other wholesale stores and in countries in which METRO Cash & Carry is active. In August 2016, another facility of this kind was opened in Antwerp. METRO GROUP is the world's first retail group to become a member of the Association for Vertical Farming and actively supports the development of the vertical farming industry through this organisation.

Express delivery and delivery at a time of the customer's choice are a firm feature among the Media-Saturn range of services. In order to optimise the delivery experience for customers, the sales line launched a pilot project in July 2016 using self-driving delivery robots built by the tech start-up company Starship Technologies. The robots, which deliver parcels and groceries within a radius of five kilometres, are part of a global development programme at the start-up company.

Through its apps, the Real sales line now makes the shopping process easier for more than 1 million users. The digital services of the hypermarket operator support the customer from shopping preparation – through access to the large recipe database and current offers, for example – right through to store purchases using the "one-scan checkout" system. The new process digitalises previously analogue-based services and ensures more customer service and convenience through a faster checkout procedure. The "one-scan checkout" makes it possible to accumulate payback points using a mobile phone app; to redeem digital coupons; to collect Real loyalty stamps; to have an online version of a standard checkout receipt sent to your mobile phone; and even to pay via your mobile phone. Real is the first food retailer in Germany to offer this full service.

Horeca Digital

In 2015, METRO GROUP established the new business unit Horeca Digital to better support a core target group of the cash-and-carry business – independent companies in the hotel, restaurant and catering (Horeca) sector – and to specifically contribute to their business success through innovative solutions. The internationally active team pursues this goal through four key initiatives:

- First, the team focuses on creating a better understanding of how to optimally operate independent companies in the Horeca sector.
- Second, the METRO Accelerator powered by Techstars fosters the development of new ideas as well as their external funding and success in the market through professional preparations.
- Third, Horeca Digital activates METRO GROUP resources to support the creation of efficient sales channels for start-ups.
- Fourth, Horeca Digital invests in relevant start-up companies, applying the same standards as professional financial investors.

Improving independent Horeca companies

Horeca Digital promotes an exchange of experiences and community building in the Horeca sector through the cooperation with Ecole hôtelière de Lausanne (EHL), which was started in February 2016 with the establishment of the chair for digital innovation in the hotel, restaurant and catering sector. The aim of the "METRO Chair of Innovation" is to research the digitisation in the restaurant, hotel and catering sector in key markets like France, Italy, Spain, Germany and Japan as well as strengthen academic teaching in this area. In addition, Horeca Digital pursues systematic social media activities – for example, for the finalists of the METRO Accelerator powered by Techstars, to strengthen the company's online reputation and help advance digital solutions for the food service and hospitality sectors. Horeca Digital has also started to explore the international digital Horeca environment. Key aspects that have been researched include the question of the geographic markets that are particularly attractive to innovative start-ups.

Supporting innovative companies

Together with the US company Techstars, METRO GROUP organises and supports the development of innovative digital services for independent companies in the Horeca sector. The

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aim of the Accelerator initiative is to support innovative start-ups in this environment, for example by helping them to improve their potential access to growth capital from professional investors. Ten international teams take part in the three-month programme in Berlin. They are supported by about 100 mentors from the start-up and investor communities as well as from the food service sector. During its second round, the METRO Accelerator powered by Techstars has increasingly evolved into a networking platform that brings the various players in the sector closer together. As before, the companies' degree of maturity played a key role in the selection process for the Accelerator in 2016. Many of the teams have successfully established products in the market.

The business idea developed by Lunchio proved promising. The participant of the first Accelerator programme has developed an app that allows users to order and pay for their lunch online. Directly following Demo Day, the young company started a financing round which it successfully completed in May 2016. Flowtify, another first-round participant, also further expanded its business relationship with METRO Cash & Carry. Flowtify supports complete and proper implementation of HACCP self-documentation and other repetitive tasks and has already been tested in the restaurants of the METRO Cash & Carry wholesale stores in Germany.

In line with market standards, METRO GROUP invests small sums in the companies that participate in the Accelerator programme. METRO GROUP's partner Techstars supports the group in the selection of participants and in its investment decisions. In the future, lasting successes can be expected as well as companies dropping out of the portfolio due to competition – as is the case with any professionally managed investment portfolio for innovative, very young and young companies.

Creating efficient sales channels

In another field of action, Horeca Digital supports the creation of efficient sales channels. In this way, Horeca Digital helps start-ups to provide suitable, usually digital solutions to independent companies from the food service and hospitality sectors. The aim is to offer Horeca customers operational support through successfully tested digital solutions customised to individual entrepreneurs' specific needs. This process can also help METRO Cash & Carry establish contact with new customers and expand existing customer relationships. In order to find out which digital products and functions are particularly helpful and how they can help to significantly improve customers' daily operations, Horeca Digital launched pilot projects in several restaurants in Berlin, Paris and Vienna. These projects are used to offer start-ups insight into user behaviour and preferences as well as connect them with potential future customers.

Investments in innovative companies

In order to accelerate the digitisation of the Horeca industry, METRO GROUP consistently works on making appropriate products and services more easily available to the target groups. In the process, the objective is to participate in the increase in value of companies in the Horeca sector through shareholdings, often in cooperation with other professional investors. The goal of the activity is not, therefore, to acquire and integrate companies in order to transform the core business. Managing these investments is the responsibility of a team consisting of experienced investors who make decisions with the support of an investment committee, which is separate from the cash-and-carry business. The investment strategy focuses on the value creation potential, independent of METRO GROUP. Wherever it is possible and helpful, any other possibilities for value creation – through sales access, for example – are developed by utilising METRO resources.

In financial year 2015/16, METRO GROUP made investments in Berlin-based start-up Orderbird as well as Munich-based start-up Shore, among others. Orderbird is the leading iPad POS system for restaurants in the German-speaking area. Shore supports small and medium-sized businesses as well as service providers with cloud-based software that allows them to digitally manage their business processes. The investments represent another building block in METRO GROUP's efforts to advance digital business models for its customers.

Supporting networking and exchange

One aspect of innovation management is positioning METRO GROUP as an interesting and reliable partner for start-up businesses and making active use of its strengths for this purpose. The aim is to strengthen collaboration with business founders and young entrepreneurs as well as to strengthen and support start-up structures in general. Against this background, METRO GROUP initiated and supported several events during financial year 2015/16.

One example of this is a series of events entitled "Innovation in Retail" Meetup, through which we have created a platform for exchange between innovative business start-ups in the retail and food service sectors and METRO GROUP and its sales lines.

This platform is now used by more than 800 members. At the gatherings, business founders present their ideas and business models and then network with other founders, experts and representatives of METRO GROUP. Here, valuable contacts are established, which result in start-up businesses being able to implement pilot projects within the METRO GROUP sales lines. METRO GROUP's intensive cooperation efforts during financial year 2015/16 have been recognised repeatedly. For example, the German federal state of North Rhine-Westphalia honoured METRO GROUP as a pioneer of digital transformation with its DWNRW award. The European Commission awarded the retail group its "Europe's 25 Corporate Startup Stars" prize in 2016 in recognition of METRO GROUP's work with start-up businesses at an international level.

Driving cultural change

Innovation management also has an impact on the process of cultural change within the company. The emphasis in this case is on fostering the understanding that the company must constantly and ever more quickly reinvent itself in the digital age. At the same time, it is necessary to impart in the employees the joy that comes with constant change and the knowledge gained from it. In order to promote methodical expertise specifically, an appropriate series of workshops was initiated in 2015 for employees at the company location in Düsseldorf. The format that has since been further developed serves to present innovations and, together with the participants, to work out how these innovations can be applied within the company.

In order to advance the cultural change associated with innovations, METRO GROUP held an Innovation Day in June 2016 for the first time. The goal of the event was to present innovations. For example, a panel discussion took place with the human-like robot Geminoid HI-4; the self-driving shopping cart wiiGo was presented; and the Starship delivery robot, which Media Markt has been trialling in a pilot project since October 2016, handled its first delivery. At the same time, the Innovation Day served to familiarise employees with, among other things, methodical expertise through workshops. The Innovation Day ended with the so-called "Fuck Up Night". The global movement, which originated in Mexico in 2012, serves to promote a culture of error tolerance and to speak openly about corporate failure and the lessons learned from it. "Fuck Up Night" was organised exclusively for employees in 2016 for the first time. Internal and external speakers shared their experiences with the audience, explaining how they learned from mistakes.

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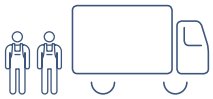
Sustainability management

METRO GROUP views itself as a member of society that contributes to social value creation. Our company's responsibility to align economic goals with social requirements and the demands of customers, employees, investors and partners extends beyond compliance with legal stipulations. We must respect the limits placed on us by the environment. By taking this approach, we act today for the good of tomorrow. Accordingly, our business activities are designed to create added value while reducing negative effects. This makes all aspects of our business sustainable.

We become sustainable in all that we do ...		Areas of responsibility
... for our employees, ... 	... by respecting, protecting and helping them to grow professionally at all times, and by building trusting relationships with them. And by enabling them to systematically make sustainability a part of their work. This is how we create an attractive working environment which enables our employees to offer our customers sustainable solutions that optimally serve their needs.	**Commitment to our employees**
... for the environment, ... 	... by using resources responsibly in our own operations and avoiding waste. This is how we minimise our effect on the climate and protect the environment. And by contributing to the long-term availability of resources through sustainable procurement and assortment design. This is how we help to create a sound foundation for the retail of tomorrow.	**Sustainable operations and sustainable procurement and assortment**
... for the people who work for us, ... 	... through fair and responsible business practices and by providing fair living and working conditions. This is how we demonstrate responsibility in the supply chain.	**Sustainable procurement and assortment**
... for our consumers, ... 	... by providing them with safe, quality products around the world through sustainable procurement and assortment design. And with products that are produced, processed and recycled in a socially responsible, environmentally sound and resource-friendly manner. This is how we secure our future and promote sustainable consumption.	**Sustainable consumption**
... for society, ... 	... by aligning our business with the needs of society through a stakeholder dialogue based on mutual trust and by contributing to our local communities wherever we operate. This is how we work on solutions to global challenges and contribute to sustainable development.	**Social engagement**

Embedding sustainability

The strategic integration of sustainability into our core business operations is an essential aspect of our work to carry out our sustainability vision. We use a number of channels to ensure that this happens. These channels include our Sustainability Board and its committees as well as modifications of relevant business processes and decision-making procedures along with systematic communication with our employees. The goal of this is that all individuals acknowledge the significance of sustainability with respect to both themselves and their professional environment, and that they conduct themselves accordingly. The issue can be encouraged from the top down, but it must be carried out by everyone.

For more information about sustainability-related employee communication, see our online METRO GROUP Corporate Responsibility Report 2015/16 at www.metrogroup.de/materiality. For general information about the topic of employees, see the chapter "employees" in this METRO GROUP Annual Report.

EMBEDDING SUSTAINABILITY

SUSTAINABILITY STRATEGY

PROCESSES	TRAINING PROGRAMMES	BEHAVIOUR
Integration of sustainability into standard processes	Integration of sustainability into training sessions and materials on management and employee level	Consideration of sustainability at work and in daily life

RESULT

Norm in daily business and in decision-making processes

SUSTAINABILITY MANAGEMENT

Topic	Goals	Status of goal achievement	Measures	Status of measures
EMBEDDING SUSTAINABILITY WITHIN THE COMPANY	METRO GROUP is systematically making sustainability part of its work.		In a first step, sustainability was integrated into all the key business processes by 2016 by identifying the key processes and their link to the topic on the basis of a materiality analysis. In a second step, we will continuously implement the topic within our business processes, for example through guidelines.	
			Sharpen employees' understanding of sustainable behaviour. Developed a sustainability campaign. — Developed and distributed internal and external communication materials on the topic of "METRO and sustainability". — Conducted workshops on the topic of sustainability within METRO GROUP, particularly in the Cash & Carry country organisations. — Also successfully organised several sustainability events such as a Sustainability Day at headquarters and in 13 countries. Included a dedicated question on sustainability in the annual employee opinion survey, METRO Voice. The survey is conducted at METRO Cash & Carry and in the service companies.	
			Integration of the topic of sustainability into existing training programmes completed and in progress. Establishment of a programme for management development for the specific purpose of boosting sustainability awareness.	

You will find annotations to the symbols on page 69

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Sustainability management

Sustainability management is designed to facilitate the integration of sustainability into our core business operations and to consider the interdependencies between economic, environmental and social aspects in an efficient, solution-driven manner. It is closely tied to risk and opportunity management at METRO GROUP. In this process, the company's management is supported in its work to systematically identify, assess and manage possible deviations from the sustainability goals – that is, risks and opportunities.

For more information about risk and opportunity management, see the chapter "risk and opportunity report" in the combined management report.

As a corporate body of METRO GROUP, the Sustainability Board ensures that the strategic objectives regarding the group's sustainability performance are defined and that fundamental issues are reflected in corresponding goals.

The roundtable on corporate responsibility serves as the interface between the strategic and operational aspects of sustainability. This body lays the groundwork for decisions taken by the Sustainability Board and helps to carry them out.

On the operational level, the sales lines are charged with defining specific goals and programmes, putting them into practice in their daily business operations and ensuring that the objectives are reached. They report their progress to the Sustainability Board through the roundtable.

Our stakeholders evaluate the sustainability measures carried out by METRO GROUP, for example, through ratings. These evaluations provide important motivation to us and serve as a management tool because they demonstrate the progress of and potential to improve our activities.

In financial year 2015/16, METRO GROUP again qualified for inclusion in the group of global retail companies with the most sustainable business practices. The company is listed as the leading company in its sector in the internationally renowned sustainability indices Dow Jones Sustainability World and Europe. METRO GROUP had already been named Industry Leader in the category of Food & Staples Retailing in 2015. The group's total score increased to 84 points from 77 points in financial year 2014/15, reflecting another improvement in METRO GROUP's sustainability performance.

Assessment of relevant sustainability indices and rankings

Index/ranking	Rating/score	Scale	Year
Dow Jones Sustainability Index (DJSI) World/Europe	**84 Industry Group Leader Food & Staples Retailing**	0 to 100	2016
Oekom Corporate Rating	**C+ Prime Status**	D– to A+	2014
CDP Climate Scoring	**A– Sector Leader Consumer Staples (DACH Region) Index Leader MDAX**	F to A	2016
CDP Water Scoring	**C**	F to A	2016
FTSE4Good Global/Europe Index	**3.4**	0 to 5	2015

SUSTAINABILITY BOARD

MANAGING DIRECTORS OF THE SALES LINES UNDER THE LEADERSHIP OF THE MEMBER OF THE MANAGEMENT BOARD RESPONSIBLE FOR SUSTAINABILITY, SUSTAINABILITY OFFICERS OF THE SALES LINES AND METRO AG

↓

defines METRO GROUP's sustainability strategy.

ROUND TABLE ON CORPORATE RESPONSIBILITY

SUSTAINABILITY OFFICERS OF THE SALES LINES AND METRO AG

↓

bundles sustainability know-how, supports the Sustainability Board and the sales lines at the operational level.

SALES LINES

METRO | makro | MediaMarkt | SATURN | redcoon.de | real-

are responsible for their own sustainability management and its operational implementation, assign experts to project groups.

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Areas of responsibility

When it comes to defining our responsibilities and key areas of focus, we do not just rely on our own internal perspective. By participating in economic and socio-political dialogue and working together with external stakeholders, we can identify their expectations and requirements with respect to our actions at an early stage. We select the areas and issues relevant to our commitment to sustainability based on both the internal and the external points of view. In this way, we create a basis for determining strategic objectives and developing specific measures. For the first time ever, we also conducted a stakeholder survey, which also helps us to confirm the relevance of the issues we have identified. It was part of this year's materiality analysis.

For more information about stakeholder relationships and our materiality analysis, see our online METRO GROUP Corporate Responsibility Report 2015/16 www.metrogroup.de/materiality.

We focus on segments of the value chain and our interaction with society where our influence is the greatest. We have identified the following areas of responsibility for our company:

- Commitment to our employees
- Sustainable operations
- Sustainable procurement and assortment
- Sustainable consumption
- Social engagement

In the following, we will provide an overview of the focus topics of our different areas of responsibility. Integration of the concept of sustainability into our sales lines' strategy process has resulted in additional specific focal areas at the operating level. These are presented in detail in the METRO GROUP Corporate Responsibility Report 2015/16.

For more details and key figures on the topic of sustainability at the level of METRO GROUP and our sales lines, see our online METRO GROUP Corporate Responsibility Report 2015/16 at www.metrogroup.de/materiality.

Commitment to our employees

Our 219,678 employees stand for the success of METRO GROUP and its sales lines. It is their commitment and the decisions they make on a day-to-day basis that ensure we create value for our customers and society. In terms of our sustainable corporate governance, we see it as our duty to create and maintain an attractive, fair and safe working environment. As such, our objective is to value the individuality of our employees, encourage their diversity and strengthen their personal responsibility. In this way, we support them in implementing our strategy successfully and sustainably.

For a complete overview of our commitment to our employees and METRO GROUP's human resources policy as well as the related key figures, see the chapter "employees". In addition, we publish sustainability-related employee figures in our online METRO GROUP Corporate Responsibility Report 2015/16 at www.metrogroup.de/materiality.

Sustainable operations

We need energy and natural resources to successfully operate our core business and to meet our customers' needs. This deployment of resources increases our operating costs and has negative environmental impacts. As a result, we strive to reduce the greenhouse gas emissions of our operations and our resource consumption. To this end, we focus on intelligent energy use and investments in order to increase our energy efficiency. Adopting targeted measures enables us to reduce both energy consumption and costs. In the course of financial year 2015/16, we invested €24.3 million within the framework of programmes such as METRO Cash & Carry's Energy Saving Programme – in particular, to install LED and other energy-efficient lighting systems, as well as closed refrigeration units in the wholesale stores. This is expected to lead to savings of more than €6 million annually. We are also committed to responsible resource management, for example in the areas of logistics fleets, refrigerating agents and paper, and to sustainable building management.

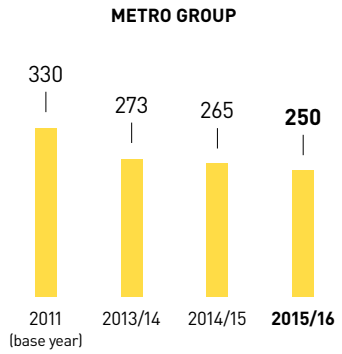
Further key elements of our sustainable operations are the prevention of waste, the recycling of resources and their recovery by means of recycling. In particular, the reduction of food waste is of considerable importance to our METRO Cash & Carry and Real sales lines. Every food product that is not eaten but sorted out or thrown away represents in equal parts economic, social and environmental waste. For this reason, within the framework of the Consumer Goods Forum's resolution on food waste, METRO GROUP has committed to reducing food waste in its retail operations by 50 per cent by 2025.

Status of climate protection target

From October 2015 to September 2016, METRO GROUP generated 250 kilograms of CO_2 equivalent per square metre of selling space. This figure is down from 265 kilograms in the previous year's period. Our goal is to reduce these emissions to 165 kilograms by 2030. The significant decrease in emission levels compared with 2014/15 is primarily attributable to two

factors: first, measures to reduce energy consumption and decrease coolant losses, and second, the general technical and scientific developments that are reflected in the emission factors for calculating CO_2 consumption equivalents. In addition, changes in the store portfolio are having an impact. Our greenhouse gas emissions also decreased in absolute terms compared with the previous year. In the coming years, we intend to continue working to protect the environment and reducing our greenhouse gas emissions even further.

Status climate protection target
greenhouse gas emissions in kg CO_2 (CO_2 equivalent) per m² of selling space



Topic	Goals	Status of goal achievement	Measures	Status of measures
SUSTAINABLE OPERATIONS	METRO GROUP reduces its greenhouse gas emissions by 50 per cent from 330 kg of CO_2e/m^2 in 2011 to 165 kg of CO_2e/m^2 in 2030.		Energy Saving Programme: investments to increase energy efficiency and renewable energies. Energy Awareness Programme: strengthen awareness of responsible use of energy. F-Gas Exit programme: investments to reduce the emissions of refrigeration equipment.	

You will find annotations to the symbols on page 69

Sustainable procurement and assortment

In our procurement activities, we strive to purchase high-quality and safe products with sound social and economic credentials. This allows for responsible assortment design. In addition, as a retail group, we depend on the long-term availability of resources because we need these raw materials to produce and package our products. We take these aspects into account by following our group-wide purchasing policy for sustainable procurement across all our products. In this policy, we have laid down the fundamental requirements for sustainable supply chain and procurement management. At the same time, our purchasing policy forms the framework for various guidelines that address specific issues related to individual product and raw material categories. By developing and implementing such guidelines for sustainable purchasing, we are strengthening our procurement channels and help to improve the sustainability of our products and thus our assortment.

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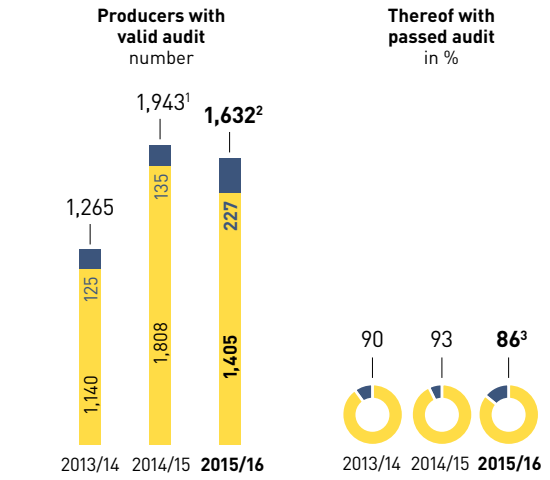
Topic	Goals	Status of goal achievement	Measures	Status of measures
SUSTAINABLE PROCUREMENT AND ASSORTMENT	By 2015, we will have defined processes with which to assess the sustainability impact of the own-brand products of METRO GROUP sales lines. By continuously carrying out our general METRO GROUP purchasing policy on sustainable procurement, we will work on all product categories relevant to aspects of sustainability.	✓	Assessment of the social impacts of METRO Cash & Carry's own-brand portfolio and its effects on the environment along the supply chain has been completed. The assessment was performed at the levels of raw materials, products and product groups and follows the standard international assessment criteria for social and ecological impacts. The purpose of the process was to establish basic requirements and to design supply chain and procurement management to be more sustainable in the relevant categories. We have implemented this through our guidelines. Assessing the product portfolio, defining minimum standards and establishing specific KPIs enables METRO Cash & Carry to fulfil the requirements for a more sustainable assortment.	

You will find annotations to the symbols on page 69

To ensure socially acceptable working conditions within our sourcing channels, a systematic approach to achieving social standards is an integral part of the process, as well as an important tool. It enables us to take effective action against any risks from violations. Irresponsible practices within the supply chain damage confidence in our conduct and, consequently, also our business. Our goal is therefore that all of our producers in defined risk countries (based on the assessment of the Business Social Compliance Initiative, BSCI) in which MGB Hong Kong manufactures goods for import as well as our producers that manufacture their own labels or their own imports of clothing, shoes, toys or hardware for METRO GROUP's sales lines undergo audits conducted in accordance with BSCI or equivalent standards. As of 30 September 2016, 1,632 producers have been audited. Of that group, 86 per cent (1,405 producers) passed the audit. Producers who fail to pass the audit have twelve months to provide proof of improvement through a follow-up audit. Should these improvements not be made, the production site will receive no more orders from 1 January 2018 until it can demonstrate that it has sustainably improved its organisational processes.

Social audits of own imports through MGB Hong Kong and non-food own brands of the METRO GROUP sales lines
as of closing date 30/9



Producers with passed audit

Producers that have passed the audit can demonstrate their successful compliance with the BSCI standard or an equivalent social standard system by presenting a certificate awarded by an independent third party.

[1] Adjustment of the 2014/15 figures for social audits at producers relating to own imports through MGB Hong Kong; in addition, the 2014/15 figures include producers relating to non-food own brands of the METRO GROUP sales lines

[2] Adjustment of the 2015/16 figures due to the sale of the former METRO GROUP sales line Galeria Kaufhof

[3] From 2015, adjustment of BSCI rating system from three rating categories (good/improvements needed/non-compliant) to five rating categories (A/B/C/D/E). The result "improvements needed" was understood as a passed audit. Under the new measurement system, a portion of the previous "improvements needed" results was assigned to the categories "C" (passed audit) and "D" (failed audit). This adjustment resulted in a lower share of producers with a passed audit in the last financial year.

Topic	Goals	Status of goal achievement	Measures	Status of measures
SUSTAINABLE PROCUREMENT AND ASSORTMENT	METRO GROUP intensifies its commitment to fair working conditions at its suppliers.		Continued inclusion of all non-food own brand producers[1] in a valid BSCI or equivalent social standard system and increase in the share of valid audits for products manufactured in a risk country[2]. Tighten requirements of suppliers with the consequence that all used producers[1] must at least be able to provide acceptable audit results by 1 January 2019.	

[1] This includes merchandise producers (non-food own brands and own non-food imports) that carry out the final significant and value-creating production step.
[2] BSCI definition of risk country
You will find annotations to the symbols on page 69

Sustainable consumption

The specific product mixes of our sales lines are designed in such a way that they optimally meet the wide range of needs of our private and professional customers. These products and services must not just meet quality and safety requirements. Increasingly, they must also fulfil critical social and environmental requirements – from production and procurement to usage and disposal. For this reason, we focus firmly on measures that enable us to influence these product features. Our guidelines for sustainable purchasing provide the basis for this. The aim is to procure products based on environmental, social and economic considerations. Moreover, direct relationships with our business partners ensure transparency with regard to the resources used and the procurement of products, as does our harmonised international traceability system. This system is open to all market participants and was developed in cooperation with other retailers, well-known partners and the standardisation organisation GS1 Germany. It enables us to gather relevant data electronically – for example, about products and suppliers – and store it on a single software platform. This makes access to this information much easier and more reliable, both for customers and for other users.

Furthermore, we offer our customers greater transparency by using product labels that indicate our compliance with certain sustainability standards. We also label our own brands accordingly. In addition, we provide complementary, specially prepared information in our stores such as flyers and customer brochures and engage in dialogue with our customers. By doing so, we support and encourage responsible consumption by our customers.

Our sales lines' assortments include fair trade products as well as foods that bear the European organic symbol. In financial year 2015/16, METRO Cash & Carry and Real generated sales of nearly €12 million in Germany from fair trade products. That figure includes all articles bearing a Fairtrade or GEPA label. In the same period, our sales lines generated a total of €130 million in Germany-wide sales of products certified in accordance with the EU regulation on organic farming. Our stores also offer products from sustainable fishing and aquaculture such as products carrying the seal of the Marine Stewardship Council (MSC), the Aquaculture Stewardship Council (ASC) or the EU organic label. In financial year 2015/16, METRO Cash & Carry and Real generated sales of more than €86 million (previous year: €80 million) from their sustainable fish assortment in Germany. The Real sales line generated sales of nearly €367 million from regional products during the past financial year. The sales line increasingly offers its customers products from sustainable forestry. Sales of products bearing either the FSC® (Forest Stewardship Council®) or the PEFC (Programme for the Endorsement of Forest Certification) label amounted to more than €13 million. Media-Saturn generated sales of more than €3 billion from energy-efficient electronic devices across the group. Given our customers' increasing interest in more sustainable products and the resulting potential for our business, we continue to work on increasing the share of more sustainable products in our assortment. Specifically, Real, for example, has decided to raise the share of more sustainable products in its assortment to 30 per cent by 2019. To achieve this, Real will focus on regional products, fruit and vegetables from permaculture as well as projects in the animal welfare area.

Even responsible consumption involves the use and consumption of resources and we are committed to minimising the resulting waste. We place great importance on promoting innovative manufacturing and recycling technologies and on thinking in terms of cycles. Since products and packaging find themselves in the hands of consumers when they reach the end of their useful lives, we also advise customers about disposal: at selected locations, we provide our customers with information about resources, encourage them to avoid waste and

create incentives and opportunities for correct disposal. In this manner, we do our part to ensure that waste materials can once again be used as raw materials.

Topic	Goals	Status of goal achievement	Measures	Status of measures
SUSTAINABLE PROCUREMENT AND ASSORTMENT / SUSTAINABLE CONSUMPTION	METRO GROUP initiates and supports the development of an international, intersectoral and product-spanning technical solution for traceability.		Following successful implementation of the traceability solution PRO TRACE for fish and meat product categories at METRO Cash & Carry Germany, we started to introduce the solution to other countries at the beginning of 2015. At present, the project involves ten countries as well as our international trading offices; Hungary, Spain, France, the Czech Republic and Turkey have already successfully launched the pilot phase. Another four countries are currently making preparations for the pilot phase. Additional countries as well as other interested suppliers from selected assortment areas will be included in the project at the international level in 2017. METRO Cash & Carry Germany has successfully completed the pilot project in the fruit and vegetable category.	

You will find annotations to the symbols on page 69

Social engagement

METRO GROUP views its commitment to society and the environment as a form of value creation since it plays a role in addressing social challenges. With our diverse activities we thus aim to foster an intercultural dialogue, support our locations and their local communities as well as systematically help people in need.

Community investments

€1,000	2014/15	2015/16
Donations to charity	2,450	1,400
Social investments	1,949	2,815
Commercial initiatives	3,574	3,326
Total	**7,973**	**7,541**

Topic	Goals	Status of goal achievement	Measures	Status of measures
SOCIAL ENGAGEMENT	METRO GROUP is expanding its projects involving food donations to international food bank initiatives from the current 15 METRO Cash & Carry countries to at least 17 countries.	In progress	METRO Cash & Carry cooperates with food bank initiatives in 15 of the 25 countries in which it is represented. In the remaining countries, external circumstances such as political and tax-related factors make collaboration difficult. At present, METRO Cash & Carry is holding talks with local relief organisations and political legislators for the purpose of enabling cooperation in those countries in which extraneous circumstances hinder collaboration.	Measure ongoing
	METRO GROUP's Community Involvment Programme was launched at the start of financial year 2015/16. Its purpose is to provide unbureaucratic assistance and acute emergency relief and to contribute to the integration of refugees. The Management Board of METRO AG has set aside a total of €1 million for this purpose. Group employees may request a one-time sum of €10,000 per employee for projects they are interested in pursuing. This offers motivated employees the opportunity to take action in their immediate environment. We want our employees to become personally involved. Our goal is to have expended the sum of €1 million for refugee assistance projects in Europe by the end of financial year 2015/16. We have thus increased the budget for social investment (corporate citizenship) by €1 million.	In progress	The programme is being rolled out and promoted within the group. Online or offline, we want to inspire as many of our employees as possible to become involved. In financial year 2015/16, we received 119 applications from six countries which enabled us to help about 33,000 people.	Measure ongoing
	Due to the great success of the Community Involvement Programme, the Management Board has decided to continue the programme in financial year 2016/17. In 2017, all subsidiaries of the Wholesale & Food Specialist Company created from the planned demerger of METRO GROUP can apply for financial support for their personal endeavours. All types of voluntary projects are welcome.	In progress	The new programme is being rolled out and promoted within the group. Online or offline, we want to inspire as many of our employees as possible to become involved.	Measure ongoing
	The METRO GROUP Marathon has been held in Düsseldorf every year since 2005. One of the reasons for sponsoring the marathon is to foster employee loyalty. Participation not only increases team spirit but also promotes the health of participants. On average, nearly 700 co-workers take part each year. In 2016, this number was expected to increase to 800; with 775 employees, the goal was nearly reached. As a result, we continue to work on increasing the number of participants.	In progress	Step up promotion of the METRO GROUP Marathon via the group's social intranet both within Germany and abroad.	Measure ongoing

Degree of goal achievement

Measure not yet started	Measure started	Measure ongoing	Measure concluded	New goal implemented	In progress	Goal reached	Goal not reached

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Employees

Sustainable human resource policies

It is the goal of our company to ensure that it produces long-term growth in sales and earnings. To achieve this goal, we need dedicated employees who bring our strategy to life in their everyday work and create added value for our customers. One thing is certain: METRO GROUP can only grow if we support our employees. Our human resource strategy focuses on two key aspects: on human resource management, which includes employee recruitment, retention and development, and on occupational safety and health management. Our objective is to attract the very best employees, to support them in accordance with their drive and abilities, and to strengthen their long-term connection to our company. By taking this approach, we strive to be the employer of choice among current and future employees.

Recruiting employees

In the competition for the most highly skilled employees and executives, we take steps to polish our image among potential applicants. For us, this also includes the initial training of young employees for retail, through which we can recruit employees from our own ranks.

Vocational training at METRO GROUP

	2014/15	2015/16
Number of trainees in Germany	5,370	**4,694**[1]
Number of trainees internationally	1,697	**1,681**
Newly employed trainees in Germany	1,829	**1,772**
Trainee ratio (incl. interns and students) in Germany	7.6%	**6.6%**[1]
Share of examination candidates who have achieved a training qualification	95.8%	**93.7%**
Share of qualified trainees with follow-up contract	63.8%	**63.8%**

[1] Due to a changed calculation basis in Germany, the figures for 2015/16 cannot be compared with the figures for previous years

In Germany, we focus on needs-based training with the aim of hiring a large portion of trainees at the end of the programme. Management and the Group Works Council have signed an agreement stating that trainees who complete the programme with a positive aptitude assessment will generally be hired for permanent, full-time positions. The individual companies of METRO GROUP in Germany have defined their own specific requirements and possible exceptions.

The organisation and implementation of training, as well as the content specifications, are the responsibility of the sales lines. They offer various projects and programmes for their junior employees. In 2016, for example, Media-Saturn conducted a theatre project for 20 trainees in their second year. At various workshops, topics were discussed such as appearance, expression, debate, conduct and cooperation within a team. In the second part of the project, the participants worked with their trainer on a stage play, which was performed on the campus in Ingolstadt in October 2016.

The Saturn sales brand responds to the changing learning behaviour by offering trainee camps, and places a stronger emphasis on self-determined learning. The concept of the trainee camps is arranged in such a way that the participants can structure many areas themselves. In every camp, there are five learning stations with different topics and objectives. These learning stations are developed independently by trainees in small teams, guided by several trainers. The participants can visit any learning station and explore the topics of other groups. Finally, the trainees provide feedback on each learning station. During the reporting period, Saturn conducted 20 camps, with 100 learning stations at seven locations. More than 950 trainees, as well as 97 instructors and trainers from the relevant stores, took part in the events.

Real focuses more on competence- and action-based learning when conveying the training content. In this way, the trainees develop complex and integrated subject areas within the project framework. The training content is linked to general retail topics or social engagement as part of the process. One example is the trainee project "Customer focus – Get to know us better!" In this project, trainee groups each develop a customer initiative that gives the customer a better understanding of Real's service offerings and diverse range of products. More than 35 stores across Germany implemented about 150 trainee initiatives, where topics such as regional products, healthy eating, social engagement and services were presented. Another example is the project "Fresh from Young Talent", where about 25 trainees from one region take over for one week as managers of a store's fresh-food department, selling meat, sausage and cheese. This project allows the trainees to become familiar with management functions already during their training. Apart from these national or regional projects, individual Real stores also initiate relevant projects for their trainees.

One example is the Real store in Göttingen, which the German food industry magazine Lebensmittel Praxis awarded first place in its "Trainer of the Year 2016" competition in the hypermarket category for Real's wide-ranging trainee initiatives, integrated approach to learning, and numerous social engagement activities.

In addition to traditional training content, METRO GROUP also teaches its young employees how to quickly take on responsibility and become involved in social causes. One example is the Good Deeds Day, which was held in June 2016 for a second time. As part of this project, about 550 trainees from our sales lines and service companies were active, in cooperation with the German Red Cross Youth, at more than 100 locations across Germany. Numerous initiatives were implemented at charity organisations under the slogan "We are setting an example for more humanity!" and monetary donations were collected for non-profit projects. As a result of the donation efforts, more than €11,000 were raised to support local community projects.

A trainee group from METRO Cash & Carry Germany initiated the project "Sport and Fun for Refugees": The junior staff collected donations and staged a one-day event for 50 refugee children in a fitness centre in Düsseldorf. For their efforts, the food industry magazine Lebensmittel Zeitung elected them "Trainee Team of the Year 2016" as part of the "Supermarket Stars 2016" awards.

In addition to dual vocational training, we offer young people the opportunity to attend a dual course of study with practical modules. In financial year 2015/16, 198 students were registered in Germany.

Talent development

Since October 2014, METRO Cash & Carry has been offering the METRO Potentials programme in all countries in which the sales line does business. The programme targets the best university graduates and young professionals worldwide who have two to three years of work experience. The aim is to build a sufficient pool of future managers and managing directors. During the two-year trainee programme, participants broaden their knowledge in various hands-on projects. They are also coached by their local mentor, a member of the responsible country management. The trainees complete various stations in their own country and abroad as well as at headquarters in Düsseldorf. After completing the programme, they are able to assume a management position, such as store manager. But the career path can go far beyond that, up to a position in country management.

For its junior employees, Media-Saturn conducts special trainee programmes with a focus on finance, IT and multichannel marketing. An example of this is the specially developed programme "connect!", which promotes self-reliance in the trainees and simultaneously offers individual creative freedom with regard to procedure, programme design and personal development.

Employer brand and human resource marketing

In order to strengthen the METRO GROUP employer brand specifically among trainees and (young) professionals, we joined forces with the Ecole hôtelière de Lausanne (EHL) at the beginning of the year to establish a professorship for digital innovation in the hotel, restaurant and catering (Horeca) business. The aim of the "METRO Chair of Innovation" is to research the digitisation in the restaurant, hotel and catering sector in key markets like France, Italy, Spain, Germany and Japan as well as strengthen academic teaching in this area. In financial year 2015/16, we also participated again in the employer initiative Fair Company. Within the framework of the initiative, we specifically enable interns, working students, career starters and trainees to directly enter the labour market. Furthermore, we are building up and expanding the social media activities of METRO GROUP and its service companies in order to strengthen the employer brand and to approach new talents specifically.

Our sales lines are also implementing numerous measures as part of human resource marketing. In financial year 2015/16, METRO Cash & Carry Germany focused its personnel marketing and recruiting activities towards lateral entrants in particular. In this regard, the focus was mostly on trainees and professionals from the food service industry and the food trade. For this purpose, the company uses networks such as Kununu and Xing, as well as the careers blog METRO BACKSTAGE. In addition, the cooperation with employment website Indeed was expanded.

Another example are the career information events that Real offers at schools. The hypermarkets also take part in national campaign days such as Girls'Day and Boys'Day: in financial year 2015/16, about 350 young people took a look behind the scenes at the company for an entire day and learned about various training opportunities. In order to approach new talent, Real also relies on other formats, including training information on

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own-brand products, contributions on the sales line's careers page on Facebook, information stands at vocational training fairs and school events, as well as information sharing by trainees and banners on online platforms focusing on career choices.

Media-Saturn relies especially on direct dialogue in the various activities in order to gain junior staff. In financial year 2015/16, our sales line was at selected universities, trade fairs, workshops and lectures in the field and also presented itself in a sporty way: at the Summer Challenge of the WFI Ingolstadt School of Management, more than 1,000 students from the most prestigious business schools in German-speaking countries had the opportunity to ask company representatives personally about entry-level career opportunities at Media-Saturn.

In order to reach IT specialists as well as the so-called Generations Y and Z – meaning the age groups of those people who are today aged 35 or younger – Media-Saturn supplemented the social media career channels with contributions and insights into the working environment. In IT recruiting, the selection process was extended to include so-called touchpoint interviews in order to validate cultural and personal circumstances, in addition to professional requirements. In these interviews, the applicants meet two line managers as well as two colleagues, enabling them to get a better insight into the potential working environment.

The Greek subsidiary of Media-Saturn was honoured with the "HR Excellence Award" 2016 in the "Recruiting & Onboarding" category for its focused and standardised recruitment process. This prize is conferred by the Hellenic Association, Athens, each year.

Employer of choice

Independent rankings confirm METRO GROUP's appeal as an employer both domestically and abroad. In 2016, the METRO/MAKRO Cash & Carry subsidiaries in Belgium, France, Italy, Portugal and Spain received the "Top Employer Europe" award again; the Croatian subsidiary received this award for the first time. In addition, MAKRO Cash & Carry Spain and METRO Cash & Carry India were awarded the "Great Place to Work" seal once again. MAKRO Cash & Carry Belgium was honoured with the "Best Traineeship Benelux" award for the third time.

Media-Saturn's Ingolstadt location was given the distinction "Fair Company" by the online portal Karriere.de. The Belgian subsidiary finished ninth among about 150 participants in the national "Great Place to Work" competition in 2016.

Remuneration models and succession planning

Our remuneration models provide incentives for employees and managers to perform and to carry out their work in accordance with our guiding principles. Our systematic succession planning enables our skilled employees and managers to develop attractive careers within METRO GROUP.

Performance-based compensation for executives

Our PERFORM & REWARD remuneration system comprises a fixed monthly base salary and one-year as well as multi-year variable compensation components whose total amount is essentially tied to our company's business performance. In addition, our one-year variable compensation considers individual achievements, the generation of customer value as well as the implementation of our management principles on the job. Among other things, the multi-year variable compensation incorporates a sustainability component.

Remuneration principles

The remuneration model for the approximately 500 top executives of METRO GROUP worldwide is based on the following four principles:

- Fair and internally consistent compensation
- Performance-based pay
- Market-driven and appropriate salaries
- Encouragement of role model behaviour

In the reporting period, the focus of METRO GROUP's remuneration system continued to be on sustainability. Since financial year 2014/15, customer satisfaction has been a relevant performance indicator that METRO Cash & Carry uses as a key figure to determine annual variable remuneration for the executives. As part of the multi-year variable remuneration (long-term incentive, LTI), METRO GROUP's top executives are still entitled to participate in the sustainable performance plan version 2014, just as members of the Management Board are. Deviating from this, a new LTI based specifically on METRO Cash & Carry's new organisational model – whose focus is on value creation – was developed and granted to METRO Cash & Carry's executives. The key indicator of sustainability is used in both plans as a binding element. Within the framework of METRO GROUP's Green Car Policy, the carbon emission

limits were lowered in the bonus-malus system, while plug-in, hybrid and electric vehicles were allowed as company cars. Furthermore, the unused leasing budget for cars can continue to be converted into pension expenses in Germany. In addition, we provide our executives with a company pension scheme that includes both contribution-based and performance-based components.

In financial year 2015/16, we began to apply these remuneration principles to the compensation of other groups of employees. Within the management holding company METRO AG, we began to apply them in the context of the specialist career model introduced in 2015. In financial year 2015/16, we continued the systematic roll-out of this model to our international subsidiaries. Apart from remuneration, it also contains employee development programmes.

For more information about the remuneration system, see the remuneration report.

Performance reviews and succession planning

At METRO GROUP, systematic executive development is a central responsibility of the companies' general management teams as well as of the strategic management holding company, METRO AG. By taking this approach, we ensure that the skills and abilities of our managers are consistently aligned with the requirements and strategic objectives of our company. It also allows us to systematically offer international career paths to our executives – regardless of the sales line or company in which they work. Moreover, our career planning processes enable us to identify and support suitable candidates for key positions in the company. As a result, we can fill vacancies from our own ranks. In the reporting period, the in-house succession rate for the senior management level – in particular the managing directors of group companies as well as divisional heads of METRO GROUP – was 76.4 per cent.

Individual job performance reviews

Once a year, we conduct individual job performance reviews for all our sales lines with the exception of Media-Saturn as part of the RESULTS & GROWTH process. The objective of these reviews is to better measure progress and abilities as well as to create a culture of feedback that focuses on individual job performance and personal development. Priorities are defined for this at the beginning of every financial year; these can be reexamined and adjusted if necessary as part of a mid-year performance review. The job performance review is held at the end of each financial year. It focuses on the realisation of priorities and adherence to leadership principles as well as the respective employee's role-specific performance.

In financial year 2015/16, Media-Saturn supplemented its competency model "Passion for the Customer" by an online-based 360-degree feedback instrument and introduced it to high-potential managers. This instrument can be applied flexibly and can also be used for 180-degree feedback.

Systematic succession planning

As part of the Leadership Talent Review (LTR) process, succession planning is conducted for our key positions once a year. During this review, we examine the skills, abilities and experience of every potential succession candidate and rate these individuals according to the particular responsibilities of their respective positions. The process ensures that we identify and support suitable candidates for key positions at an early stage. Working together, employees and their supervisors then create a career development plan and determine targeted measures. As a result, the Leadership Talent Review serves as a long-term development process for candidates for top positions in our company. This process is supported through other methods such as 360-degree feedback meetings.

At Media-Saturn-Holding, the Advanced Management Programme (AMP) began in the spring of 2016 after the pilot phase was completed. The objective is to prepare highly qualified employees for tasks in their professional and management careers by giving them their first leadership experience. Programme items include, for example, performing within a management team, enhancing communication skills as well as developing leadership capabilities. In addition, the programme should also encourage the participants to take an active role in implementing processes of change within the Media-Saturn group of companies. The AMP bridges the gap between the development programme for specialists and leaders at the level of department manager and manager (Foundation Management Programme), and the development of top management. Therefore, Media-Saturn-Holding has a consistent set of selection and development tools for all professional and leadership levels.

Executive development

With the goal of supporting the personal development of our employees, talented employees with the potential for leadership positions can be nominated for the development centre, where their strengths and areas for improvement are

assessed. Based on this assessment, they are asked to create their own development plan.

We select the candidates for the "Excellence", "Impact" and "Connect" programmes for executive development according to the decisions made during the systematic succession planning process. Each of these programmes is designed to address the varying needs of the groups of participants. Some of the facilitators are members of our top management. We also bring in well-known international trainers in order to ensure that our instruction and discussions reflect the latest developments and case studies. These external partners come from the world's leading business schools, among others, the Business School for the World (INSEAD) in France and Ashridge Business School in England. During the reporting period, about 100 future and current top executives took part in these programmes.

Pushing ahead with the group-wide focus on sustainability, METRO GROUP launched the "METRO Sustainable Leadership Programme" for young managers for the second time in financial year 2015/16. In the context of this programme, 24 international participants complete a 1.5-year programme cycle focusing on the development of in-house sustainability projects. The projects in such areas as procurement, people and recycling are scheduled to be implemented by mid-2017. During the reporting period, METRO Cash & Carry again conducted the "Crossing Borders" initiative, which is specifically aimed at young executives. In the process, 20 participants traded jobs for 60 days. As part of a practice-oriented project, employees from the country headquarters, for example, worked in a store in another country in order to learn about operations there. Conversely, store employees gained insights into conceptual and strategic activities through service in the administration division. The practical change of perspective in a host country gave participants the opportunity to further develop on a personal and professional level while sharing their own expertise with the team there.

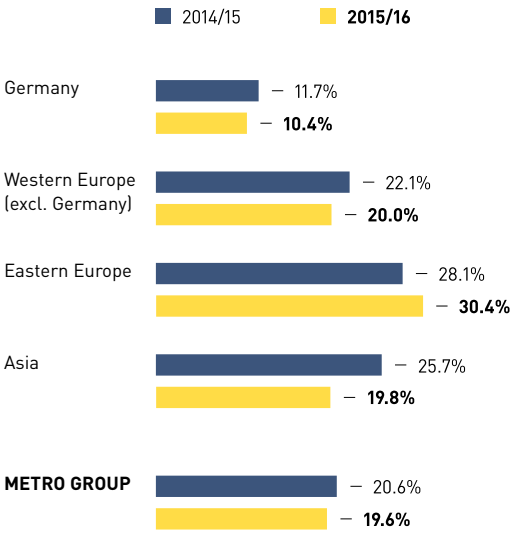
To foster the informal exchange beyond hierarchical and functional boundaries, we offer our employees of the METRO GROUP companies at the Düsseldorf location the opportunity to participate in a mentoring programme. In financial year 2015/16, this programme led to the formation of 36 mentor pairs.

The German subsidiary of Media-Saturn is taking new paths to prepare the company and its employees for Working World 4.0. Under the heading "Ambidexterity", managers are trained with a view to current and future challenges. Organisational ambidexterity describes the ability of organisations to be efficient and flexible at the same time. Two sources served as a basis for the individual preparation of workshop content: management's new vision for the future, and 360-degree feedback on Media-Saturn's competency model. With the help of peer coaching, the participants are additionally trained in self-reliance and problem-solving skills.

Employee turnover rate

During the reporting period, average job tenure rose to 9.2 years (2014/15: 8.9 years). Turnover rates varied widely according to region. The development of the fluctuation rates by region is shown in the graphic for comparison.

METRO GROUP turnover rate
by region



Further training for employees

We are determined to promote lifelong learning among our staff as a way of responding to current and future challenges in retailing.

The House of Learning department provides customised personnel development measures, learning solutions and services for the METRO AG management holding company as well as the METRO Cash & Carry sales line. The focus is on employees and executives in the store operations, sales force, delivery, offer management, marketing and finance departments. The training content targets the implementation of corporate strategy and guiding principles as well as the promotion of decision-making skills and personal development. Thanks to a sophisticated cascading process, all training programmes can be translated, adapted to local circumstances and – in the case of seminars and on-the-job training courses – delivered by internal full-time and part-time trainers.

Training courses at METRO Cash & Carry and METRO AG

	E-learning module	Seminars and on-the-job training	Total
Number	449,570	22,473	472,043
Participants	443,619	207,331	650,950
Participant hours	394,989	2,085,091	2,480,081
Training costs (€/participant)	3.15	102.13	34.68

At Real, a total of 37,095 participants were trained using e-learning modules during the reporting period. This corresponds to 18,948 hours of study. Furthermore, a total of 4,715 employees, excluding trainees, were trained over a period of 46,522 programme hours in the form of seminars.

In the reporting period, the digitisation of study arrangements and training administration was expedited further. Through our open learning platform on the social intranet, we offer access to digital study content for all employees in the METRO Cash & Carry sales line and the management holding company METRO AG. This content includes e-learning modules, moderated expert and study groups, thematically arranged online-learning sources, a digital library for summaries of business literature, and internally developed online courses on company-specific topics. Through this platform, we actively promote self-paced learning, independent of time and place, as well as an exchange of information between our employees. Furthermore, we have also provided system-integrated course units for customers.

With the help of the global learning management system SAP Learning Solution, we further increased the number of online and offline course units during the reporting period. We also set up a comprehensive strategic reporting system in addition to the one for operational reporting. While operational reporting releases detailed key figures in real time for training administration in day-to-day business, strategic reporting aggregates meaningful indicators on advanced training. These key indicators are linked to other SAP HR systems, thus supporting the long-term planning and monitoring of internal advanced training.

In financial year 2015/16, advanced training options were conceived and implemented for METRO Cash & Carry. Their content-based focus is closely linked with the company's strategy. They include, among other things, qualification initiatives on the topics of food service delivery and Horeca customer service, as well as for the interdisciplinary understanding of financial context.

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A central focus for advanced training in all sales lines is the digitisation of the workplace. At METRO Cash & Carry Germany, this topic is the focus of the trainee project "Trainees as Digital Ambassadors". This initiative began with the first "METRO trainee camp". A total of 835 trainees from all training years, 241 accompanying persons and the management of METRO Cash & Carry Germany camped together on a scout training site in northern Hesse. In various workshops and challenge activities, the trainees grappled with the digital world, in the form of an app-based quiz and a competition on Instagram, for example.

In October 2015, Media-Saturn staged the event "Digital@Campus" for a second time, involving all employees from its office location in Ingolstadt as well as selected international colleagues from the international subsidiaries, in order to promote the company's digital transformation. The programme included more than 30 lectures on the topics "Internet of Things & Living Tomorrow", "Smart & Digital Retail" and "Start-ups, Digital Culture & Collaboration". Furthermore, the employees were again able to try out the latest digital products and to participate in workshops and panel discussions. As part of the event, start-up companies competed for a place in the Media-Saturn Spacelab programme. The "Digital Fit" initiative, launched in 2014, was also continued successfully. Within the framework of this seminar series for an international group of participants, the monthly programme included topics such as big data and smart analytics, crowdsourcing as well as virtual and augmented reality.

With a view to the digitisation of commerce, Media-Saturn's German subsidiary developed a new concept for Media Markt and Saturn. It is based on the so-called blended-learning approach. The e-learning platforms "Saturn Online Akademie" and "Fit mit Media Markt" are becoming the core of all advanced training activities in the process. The objective is to combine online learning, information exchange and experience in the seminar room with the practical experience of the participant's working environment. Under the slogan "Digital First", Saturn in Germany has been providing every employee with information on products and technology, organisation as well as innovations and sales techniques, on its e-learning platform since the end of 2015. Media Markt has also been following this approach since 2016. Steadily rising user numbers prove its success. Trained learning companions and on-site trainers in the stores are an important part of this strategy. Together with managers, they ensure that training content is transferred to the workplace.

The Greek subsidiary of Media-Saturn developed and introduced the "Internal Trainers Programme" in financial year 2015/16. As part of this programme, 31 selected store employees were trained and qualified as experts during the reporting period in order to promote company initiatives, such as the Media Markt Club, and to develop the necessary skills as trainers in areas such as multichannel marketing, customer relationship management and tablet use.

Our Real sales line also follows the blended-learning approach for training. During the reporting period, the individual seminar modules within the training programme were therefore linked to prepared and evaluated e-learning units, so that the trainees could broaden their knowledge not only by attending seminars, but also by using digital media.

Embedding management principles and change in corporate culture

During the reporting period, the process of cultural transformation was advanced in particular by METRO Cash & Carry. The goal is to increase value for customers. The effort is based on the guiding principles developed in 2012:

- Customer centricity
- Global entrepreneurship
- Success through excellence
- Trust in our people
- Authentic leadership
- Sustainability

During the reporting period, these guiding principles were further integrated into personnel programmes and processes as part of employee development. The aim is to establish a corporate culture that is characterised by increased diversity, stronger networking, mutual integration and support, cooperation on an equal footing and by the responsibility of the individual.

By now, nearly all employees in the countries in which METRO Cash & Carry operates have completed the "Leadership for Growth" workshop. This has been the first step in the change process. The aim of "Leadership for Growth" is to hone the ability of each individual employee to manage himself or herself and in turn to create the necessary conditions for cultural change. During the reporting period, about 8,900 executives from 25 national subsidiaries of METRO Cash & Carry participated in the follow-on workshop "Leadership for Growth 2" for managers in administrative positions and stores. The workshop focuses on developing management skills that sustainably improve cross-departmental collaboration.

Media-Saturn launched the "Leadership for Change" programme in financial year 2015/16. The aim of the programme is to accelerate the transformation process and cultural change as well as drive the process of digitisation and customer orientation. A series of events has been held to prepare the top 100 executives for the imminent change. Starting in autumn 2016, the process will be extended to all multipliers (country and store managing directors as well as the heads and department managers at the holding company). In addition, a large number of measures have been initiated at the national subsidiaries to raise awareness for customer orientation among store employees in particular. In the process, HR provides national-level training for store management teams in particular, teaching them to derive measures from the net promoter score, an optimised metric used to measure customer retention; in addition, HR conducts covert test purchases and broadly based sales trainings.

Employee engagement

A key instrument to determine the engagement of the workforce and their loyalty to the company is our global employee survey, METRO Voice. We conduct it regularly in the countries in which METRO Cash & Carry operates, both at the service companies and at METRO AG. Under the slogan "Your opinion. Our dialogue", about 106,000 employees were invited to participate in the survey during the reporting period. 88 per cent of employees at the participating company units took part in the survey. The level of engagement – which indicates the degree of solidarity, pride in the company, loyalty and motivation – reached the 75 per cent mark again during the reporting period and as such markedly exceeds the score of Aon Hewitt's Global Retail Benchmark (60 per cent). This positive development can be attributed, on the one hand, to an intensive follow-up process: managers receive detailed insight into the survey results and discuss these together with their teams to develop suitable measures to raise the level of engagement. On the other hand, we established group-wide initiatives that we use to increasingly promote a focus on innovative ideas and encourage the appreciation and recognition of our staff.

In order to integrate the experiences, the knowledge and the creativity of its employees, Media-Saturn launched the ideas management programme "Ideas4Us" in July 2014. Since then, more than 800 ideas have been submitted. Regular activities are conducted to motivate employees to submit ideas. In addition, employees can use the platform to assess ideas or learn more about their implementation in the idea blog.

Occupational safety and health management

METRO GROUP places high priority on ensuring fair working conditions for all employees. Occupational safety and health management are fundamental to this effort. In a personnel-intensive sector such as retail, prevention, safety and health are essential, and their importance continues to grow as a result of demographic change. We respond to these requirements with circumspect and structured activities. This is reflected in our accident reporting, among others, which covers more than 95 per cent of METRO GROUP employees. Real, METRO Cash & Carry as well as METRO AG, METRO SYSTEMS and METRO PROPERTIES have implemented a system that allows for an evaluation of the causes of accidents and the identification of areas with high accident rates as well as especially vulnerable employee groups. This enables us to identify hazard spots and define targeted countermeasures. For METRO GROUP companies in Germany, an increase in accidents was recorded during the reporting period compared with the same period of the previous year. The 1,000-person rate was 22.6 for financial year 2015/16 (2014/15: 21.9). This figure denotes the relative accident frequency for every 1,000 full-time employees and corresponds to 1,691 reported accidents (2014/15: 1,655). Assuming a minimum absentee rate of just three days per reportable accident, the average loss of productivity therefore increased from about €934,200 to about €946,100.

To avoid accidents, we continue to focus on occupational safety training. For this reason, we continued to promote the development of our own training library in financial year 2015/16 as well. One training programme developed by METRO LOGISTICS for handling forklift trucks was prepared in such a way that it can be used internationally.

In order to raise awareness that ensuring occupational safety is a duty of all employees, we participated in the initiative of the International Labour Organization (ILO): on 28 April 2016, we staged our first international World Day for Safety and Health at Work in eight METRO Cash & Carry national subsidiaries. As part of a competition, our employees demonstrated their understanding of occupational safety and health management. This measure was accompanied by the adoption of a binding standard process description for METRO Cash & Carry, METRO AG, METRO PROPERTIES, METRO LOGISTICS and METRO SYSTEMS. This description outlines the structure

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and area of activity for occupational safety, an active health management system as well as clear responsibilities, and sets minimum standards.

Also at the national and local levels, our companies implemented numerous projects on the subject of occupational safety and health management during financial year 2015/16. In cooperation with the BGHW – the German employers' liability insurance association for trade and logistics – Real concluded the project "Healthy Work in Retail" with a focus on psychological stress. During the reporting period, practical procedures and instruments were developed for implementation in the stores. These included the PegA expert check, a psychological-stress inspection protocol for managers, as well as the PegA team instrument, an instrument for on-site employee participation in the form of health workshops. In financial year 2015/16, the health workshop was conducted in ten Real stores. Real's occupational safety focus is still on reducing the number of accidents. The objective is to remain 25 per cent below the average figure in the hazard class for retail on an ongoing basis.

After qualification of the local safety specialists, METRO Cash & Carry Germany carried out the risk assessment for psychological stress with the "Short Procedure on Psychological Burden" in all stores and in the headquarter. The results will now be evaluated with the support of the occupational health office and used to identify action areas and develop specific solutions. As a preventive measure, METRO Cash & Carry Germany is also conducting the risk assessment to identify stress on the musculoskeletal system. After successful testing of the key indicator method used for this, the procedure will be adopted in all stores and the related action planning will be continued.

Other examples of local initiatives include the introduction of mindfulness seminars at METRO Cash & Carry Belgium as a response to stress-related illnesses, and the implementation of a stress test at METRO Cash & Carry Japan.

METRO AG as well as several METRO GROUP companies based at METRO AG's headquarters in Düsseldorf offer employee support programmes. In total, around 3,500 employees have the opportunity to receive psychological counselling. In work-related conflict situations, but also in the event of private troubles, external experts are available who offer support in finding solutions.

Media-Saturn's Greek subsidiary received the "HR & Health Award" for "Excellence in Workplace Wellbeing" in October 2015. Aside from first-aid classes and safety courses on fire prevention and firefighting, the programme also includes an offer of psychological support from trained psychologists and life coaches.

Diversity management

	2014/15	2015/16
Average age of the workforce (years)	38.5	**38.9**
Recruitment of employees in the 50-plus age group in Germany	678	**618**
Recruitment of employees in the 50-plus age group at international level	996	**946**
Share of employees in the 50-plus age group as a proportion of the total workforce in Germany	33.6%	**34.1%**
Share of employees in the 50-plus age group as a proportion of the total workforce at international level	10.3%	**11.2%**
Employees with recognised severe disability or equivalent persons in Germany	4,885	**4,829**
Employees with recognised severe disability or equivalent persons at international level	1,906	**1,835**

We firmly believe that inclusion and diversity lead to better business results for METRO GROUP – through improved representation of our customers within the company, access to a larger talent pool and greater employee engagement and development. Going beyond gender diversity, our "Inclusion & Diversity" approach places the focus on the individuality and diversity of our employees, thereby creating a truly empowering work environment for all METRO GROUP employees. For this reason, METRO GROUP must create an inclusive work environment and open work culture in which individual differences are respected, valued and developed, resulting in a diverse workforce in which each individual can fully unfold and leverage his or her individual potential and strengths.

During the reporting period, METRO GROUP continued to rigorously implement its strategy for promoting inclusion and diversity. For example, the "Inclusion for Growth" programme to raise awareness for the topic of diversity was developed to drive broad-based cultural change within the company. Workshops and an e-learning module were designed to sensitise employees in all countries and at all hierarchical levels to the issue of inclusion and diversity. Implementation of the programme at METRO AG as well as at METRO Cash & Carry began last year. Furthermore, this topic will be included in a global leadership curriculum which will be implemented from 2017. METRO GROUP has been represented on the board of directors of Charta der Vielfalt e. V. (Charter of Diversity) since 2013. To mark the fourth German Diversity Day, we organised a joint event under the slogan "Vielfalt statt Einfalt – Kulturelle Kompetenz für wirtschaftlichen Erfolg" ("Diversity versus simple-mindedness – Cultural competence for business success") with the Diversity Network Rhine-Ruhr in June 2016. About 100 executives from the member companies were invited to explore the many facets of the topic and its significance for their leadership tasks.

METRO GROUP currently employs two full-time employees with responsibility for inclusion and diversity with a budget of €200,000. METRO GROUP has pledged to focus on the following dimensions of diversity in order to build a more balanced workforce and thus become an employer of choice:

- Gender, for example through more women in management positions (see next section). The Women in Trade (WiT) employee network now has about 290 members. The network intends to help to raise the share of women in management positions, to promote internal and external dialogue and to create better working conditions for women in the company. The network has an international orientation.
- Cultural background and religion, for example through the representation of a greater number of different nationalities and more cultural diversity in the executive boards of METRO Cash & Carry's national subsidiaries. During the reporting year, people from 169 countries worked for METRO GROUP.
- Age, for example by intensifying an open-minded relationship between younger and older employees and by promoting a mindset that prefers rationality to seniority.
- Employees with special needs, for example through employment of people with disabilities that goes beyond legal minimum requirements. The proportion of employees with a recognised severe disability or equivalent persons in METRO GROUP is above the legal minimum requirement of 5 per cent.
- Sexual orientation, for example by further promoting open-minded interaction with people having a different sexual orientation. Founded in 2015, the LSBTI network for lesbians, gays, bisexuals, transsexuals and intersexuals has set itself the objective of raising awareness of the topic of sexual orientation and identity. During the Campus Days in June 2016, METRO PRIDE launched an ambassador programme as part of a workshop on the topic of sexual orientation and identity.

Our Real sales line has also directed its attention to young people who have been unable to find a vocational training position or are not fully prepared to assume such a position, who have learning difficulties or are socially disadvantaged. They are given the opportunity to take part in the company initial qualification programme Einstiegsqualifizierung, EQ. This is a national occupational orientation programme in Germany that

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is part of the Nationaler Pakt für Ausbildung und Fachkräftenachwuchs (National Pact for Career Training and Skilled Manpower Development). The young people become acquainted with working life over a period of six to twelve months. The initial qualification programme serves to open doors to a training position or job. During the reporting period, more than 20 young people at Real took part in the programme. About 40 per cent began an apprenticeship position after completing the programme. Real received the "Inclusion Award 2015" in the "large companies" category for its multifaceted initiatives and its engagement in employing people with disabilities. This annual award is presented by the UnternehmensForum to companies that have demonstrated outstanding commitment to inclusion in the workplace and sponsored by the Federal Ministry of Labour and Social Affairs.

Equal opportunities

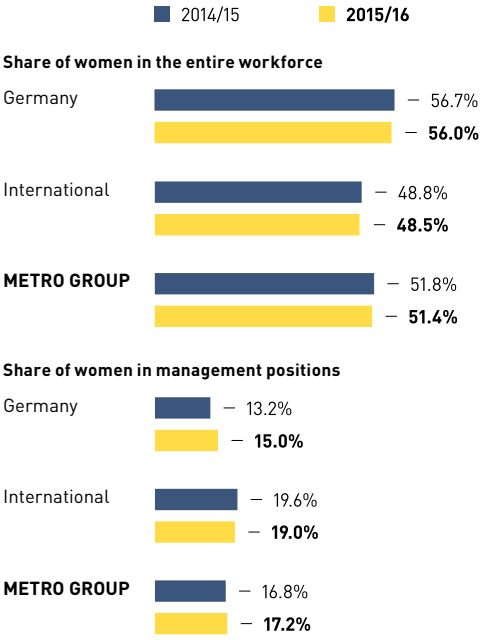
As part of our diversity management, we promote equal professional opportunities for men and women. In 2011, together with other listed German companies, METRO GROUP voluntarily pledged to increase the share of women in management levels one to three. During financial year 2013/14, METRO GROUP renewed its voluntary pledge to increase the share of women in management positions. By 2017, the share of women in management positions (levels one to three) is to reach 25 per cent company-wide. At METRO AG, the share of women in the first two management levels below the Management Board should also amount to 25 per cent by 2017. We will consider these goals in succession planning and recruitment. They correspond to the goals which the Supervisory Board sets for the Management Board.

For more information about the objectives regarding the composition of the Management and Supervisory Boards, see the chapter "corporate governance – corporate governance report".

Work-life balance programmes based on phases of life

Our headquarters in Düsseldorf has three day care centres with 242 full-time slots for children from the age of four months. The staff speak German and English to the children.

Share of women METRO GROUP



Since 2010, the headquarters of Media-Saturn in Ingolstadt has been certified as a family-friendly company by the Hertie Foundation. As part of an array of measures aimed at supporting work-life balance, childcare during school holidays as well as nursery slots for children of employees are offered in Ingolstadt. In emergency situations, the services of the non-profit care services association Mobile Familie e. V. can be used for issues surrounding childcare or family member care.

In addition, Media-Saturn provides support by endorsing flexible working times. With the three-month sabbatical, employees have the option to take a longer break from everyday working life. The "My Day Off" programme allows them to gain up to twelve extra days of vacation per year. This is offset by a reduction in base salary.

The share of part-time employees at METRO GROUP rose slightly to 27.2 per cent compared with the previous year's period (2014/15: 26.6 per cent). In Germany, 43.2 per cent (2014/15: 43.7 per cent) of our employees worked part-time; the international share of part-time employees was 17.2 per cent (2014/15: 16.5 per cent). METRO GROUP wants to support employees in all phases of life – and that includes the care of loved ones. Employees can obtain advice on all aspects of this issue from an external service provider with whom we have been cooperating since 2014.

Employer-employee relationships

METRO GROUP supports open dialogue at various levels between its management and employees or employee representatives. We want to ensure good long-term working conditions for employees and thus contribute to growth. Specifically, this means:

- We apply the principles of fair working conditions and social partnership in all our activities.
- We encourage our management to create an open and trusting work environment in which people share their ideas and problems.
- We regularly meet with our employees and/or their representatives to inform them about the business situation and ask them for feedback.
- We regularly check that our stores and offices observe our principles governing fair working conditions and social partnership.

Based on reviews conducted in Turkey, Poland and Austria, we launched the next project during the reporting period aimed at an extended review of fair working conditions and social partnership in our stores and offices in the METRO GROUP countries. This extended review is based on the UN Guiding Principles on Business and Human Rights and, in addition to METRO GROUP's seven global principles on fair working conditions and social partnership, also comprises employee data protection. The project was piloted at METRO Cash & Carry Ukraine in October 2016. Reviews in another six METRO Cash & Carry countries will follow in 2017.

METRO GROUP actively participates in the annual UNI Global METRO Alliance meeting. In November 2015, employee representatives met with management representatives in Berlin to discuss their views regarding developments within METRO GROUP in the various countries.

At the European level, the METRO GROUP Euro Forum acts as a European works council.

METRO GROUP has also continued its social dialogue with works councils and unions on national level. This resulted in several collective labour agreements at the business unit, country or store level, depending on local laws and customary practices.

Development of staff numbers

During the reporting period, METRO GROUP employed an average of 196,540 (2014/15: 203,773) full-time equivalents. This is a decrease of 3.5 per cent from the same period of the previous year. The majority of our employees work outside of our home market of Germany. In Western Europe (excluding Germany), Eastern Europe and Asia, we had 125,705 full-time equivalents, 5.5 per cent less than during the same period of the previous year. This decline is primarily due to METRO Cash & Carry's withdrawal from Vietnam. In Germany, the number of full-time equivalents increased slightly to 70,835 (2014/15: 70,815).

During the reporting period, our METRO Cash & Carry sales line had an average of 101,380 full-time equivalents. This is a decrease of 6.3 per cent from the same period of the previous year. Media-Saturn employed an average of 58,396 full-time equivalents in the reporting period, an increase of 0.8 per cent over the same period of the previous year. At Real, the number of full-time equivalents fell by 2.8 per cent to 27,281. The number of full-time equivalents in the Others segment decreased by 0.4 per cent to 9,483.

Development of employee numbers of METRO GROUP
annual average

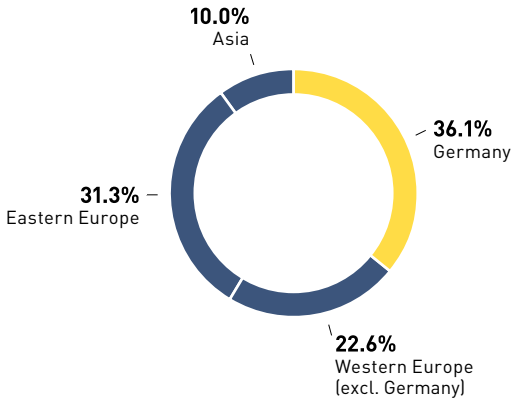
Workforce by headcount

	Germany	International	Total
2014/15	84,398	142,497	226,895
2015/16	**84,329**	**135,349**	**219,678** (–3.2%)

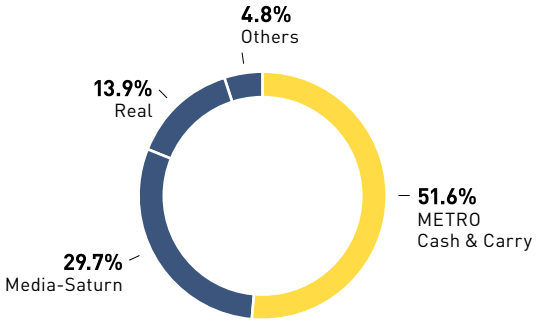
Workforce by full-time equivalents

	Germany	International	Total
2014/15	70,815	132,958	203,773
2015/16	**70,835**	**125,705**	**196,540** (–3.5%)

Employees by region
full-time equivalents



Employees by segment
full-time equivalents



Development of personnel expenses

Our personnel expenses increased by 0.1 per cent to €6.5 billion compared with the same period of the previous year (2014/15: €6.5 billion). Of that amount, €5.3 billion (2014/15: €5.3 billion) was attributable to wages and salaries, including income taxes and employee contributions to social insurance programmes. The rest was attributable to social welfare contributions, pension expenses and employee benefits.

We encourage our staff to set up their own private pension accounts. Our group-wide future package provides them with voluntary benefits that exceed the collective bargaining standards generally seen in the industry. During the reporting year, 36,476 employees in Germany took advantage of these benefits (2014/15: 38,160 employees). This represents a share of 46.4 per cent (2014/15: 47.6 per cent).

For more information about personnel expenses, see the notes to the consolidated financial statements in no. 17 – personnel expenses.

Development of employee numbers by countries and segments
full-time equivalents as of closing date of 30/9[1]

	METRO Cash & Carry		Media-Saturn		Real		Others		METRO GROUP	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Germany	**12,640**	**12,697**	**24,317**	**25,202**	**27,849**	**27,087**	**5,831**	**5,729**	**70,637**	**70,714**
Austria	1,920	**1,915**	2,410	**2,381**					4,330	**4,295**
Belgium	2,581	**2,601**	1,535	**1,564**					4,116	**4,165**
Denmark			33	**37**					33	**37**
France	8,229	**8,192**							8,229	**8,192**
Italy	3,832	**3,702**	5,237	**5,219**					9,069	**8,921**
Luxembourg			139	**128**					139	**128**
Netherlands	2,533	**2,162**	3,636	**3,691**			11	**11**	6,180	**5,863**
Portugal	899	**899**	486	**540**					1,385	**1,439**
Spain	3,396	**3,323**	5,401	**5,447**					8,796	**8,770**
Sweden			1,014	**916**					1,014	**916**
Switzerland	0	**78**	1,103	**1,087**			77	**73**	1,180	**1,239**
United Kingdom			0	**2**					0	**2**
Western Europe (excl. Germany)	**23,390**	**22,871**	**20,994**	**21,012**			**88**	**84**	**44,470**	**43,966**
Bulgaria	2,203	**2,235**							2,203	**2,235**
Croatia	1,125	**1,077**							1,125	**1,077**
Czech Republic	3,235	**3,227**							3,235	**3,227**
Greece			746	**793**					746	**793**
Hungary	2,508	**2,549**	1,167	**1,294**			6	**5**	3,681	**3,848**
Kazakhstan	881	**820**							881	**820**
Moldova	598	**609**							598	**609**
Poland	5,771	**4,877**	4,986	**5,023**			293	**368**	11,049	**10,268**
Romania	4,300	**3,874**					1,451	**1,444**	5,751	**5,318**
Russia	17,693	**16,671**	3,454	**2,985**			582	**649**	21,730	**20,304**
Serbia	1,241	**1,229**							1,241	**1,229**
Slovakia	1,184	**1,245**							1,184	**1,245**
Turkey	4,399	**4,149**	1,981	**1,930**			104	**86**	6,483	**6,165**
Ukraine	3,382	**2,782**							3,382	**2,782**
Eastern Europe	**48,520**	**45,345**	**12,333**	**12,024**			**2,437**	**2,551**	**63,289**	**59,919**
China[2]	11,899	**12,137**	14	**14**			497	**379**	12,410	**12,530**
India	3,585	**4,610**					649	**686**	4,234	**5,296**
Japan	777	**826**							777	**826**
Pakistan	1,703	**1,813**							1,703	**1,813**
Vietnam	3,304	**0**							3,304	**0**
Asia	**21,267**	**19,386**	**14**	**14**			**1,146**	**1,065**	**22,427**	**20,465**
USA[3]	5	**5**							5	**5**
International	**93,181**	**87,606**	**33,341**	**33,050**			**3,670**	**3,700**	**130,192**	**124,355**
METRO GROUP	**105,822**	**100,302**	**57,658**	**58,251**	**27,849**	**27,087**	**9,501**	**9,429**	**200,830**	**195,069**

[1] Rounding differences may occur
[2] All employees of the Classic Fine Foods group are attributed to the Asia (China) region
[3] US employees are employees of the Boston Trading Office (BTO). The trading office is responsible for seafood procurement.

Development of employee numbers by countries and segments
by headcount as of closing date of 30/9

	METRO Cash & Carry		Media-Saturn		Real		Others		METRO GROUP	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Germany	**14,647**	**14,656**	**27,304**	**28,284**	**36,063**	**35,121**	**5,935**	**5,842**	**83,949**	**83,903**
Austria	2,116	**2,101**	2,861	**2,834**					4,977	**4,935**
Belgium	3,026	**3,072**	1,623	**1,642**					4,649	**4,714**
Denmark			33	**37**					33	**37**
France	8,539	**8,493**							8,539	**8,493**
Italy	4,375	**4,233**	5,826	**5,877**					10,201	**10,110**
Luxembourg			122	**132**					122	**132**
Netherlands	4,414	**3,660**	4,796	**4,842**			11	**11**	9,221	**8,513**
Portugal	944	**939**	546	**604**					1,490	**1,543**
Spain	3,744	**3,690**	6,508	**6,613**					10,252	**10,303**
Sweden			1,511	**1,364**					1,511	**1,364**
Switzerland	0	**80**	1,295	**1,272**			82	**78**	1,377	**1,430**
United Kingdom			0	**2**					0	**2**
Western Europe (excl. Germany)	**27,158**	**26,268**	**25,121**	**25,219**			**93**	**89**	**52,372**	**51,576**
Bulgaria	2,208	**2,240**							2,208	**2,240**
Croatia	1,142	**1,085**							1,142	**1,085**
Czech Republic	3,466	**3,464**							3,466	**3,464**
Greece			813	**859**					813	**859**
Hungary	2,547	**2,587**	1,185	**1,312**			6	**5**	3,738	**3,904**
Kazakhstan	887	**827**							887	**827**
Moldova	598	**609**							598	**609**
Poland	5,981	**5,521**	5,035	**5,070**			294	**370**	11,310	**10,961**
Romania	4,349	**3,906**					1,459	**1,450**	5,808	**5,356**
Russia	17,800	**16,917**	3,481	**3,008**			586	**656**	21,867	**20,581**
Serbia	1,241	**1,229**							1,241	**1,229**
Slovakia	1,188	**1,257**							1,188	**1,257**
Turkey	4,555	**4,294**	1,982	**1,930**			104	**86**	6,641	**6,310**
Ukraine	3,426	**2,828**							3,426	**2,828**
Eastern Europe	**49,388**	**46,764**	**12,496**	**12,179**			**2,449**	**2,567**	**64,333**	**61,510**
China[1]	11,899	**12,142**	14	**14**			501	**383**	12,414	**12,539**
India	3,598	**4,624**					650	**687**	4,248	**5,311**
Japan	1,063	**1,137**							1,063	**1,137**
Pakistan	1,715	**1,837**							1,715	**1,837**
Vietnam	3,363	**0**							3,363	**0**
Asia	**21,638**	**19,740**	**14**	**14**			**1,151**	**1,070**	**22,803**	**20,824**
USA[2]	5	**5**							5	**5**
International	**98,189**	**92,777**	**37,631**	**37,412**			**3,693**	**3,726**	**139,513**	**133,915**
METRO GROUP	**112,836**	**107,433**	**64,935**	**65,696**	**36,063**	**35,121**	**9,628**	**9,568**	**223,462**	**217,818**

[1] All employees of the Classic Fine Foods group are attributed to the Asia (China) region
[2] US employees are employees of the Boston Trading Office (BTO). The trading office is responsible for seafood procurement.

Characteristics of the accounting-related internal control and risk management system and explanatory report of the Management Board

METRO GROUP's accounting-related internal control and risk management system employs coordinated instruments and measures for the prevention, early detection, assessment and management of risks. The Corporate Accounting department of METRO AG is responsible for the group-wide implementation of these instruments and measures.

Overarching responsibility for all processes related to the preparation of the consolidated and individual financial statements as well as the combined management report of METRO AG rests with the Board department of the Chief Financial Officer of METRO AG, Mr Mark Frese. The actual preparation of the financial statements as well as the combined management report in the legal sense, however, is the responsibility of the Management Board of METRO AG. Following the preparation of the financial statements, the consolidated and individual financial statements as well as the combined management report are audited and approved by the auditor. They are then discussed and reviewed by the Supervisory Board of METRO AG. The auditor attends this Supervisory Board meeting, reports the key findings of his audit and is available for additional questions. Provided the Supervisory Board has no objections, it approves the annual financial statements and the combined management report. The annual financial statements of METRO AG are released once this approval is given.

Group-wide framework

Building on the "Internal Control – Integrated Framework" concept of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Corporate Accounting department of METRO AG has defined group-wide minimum requirements regarding the design of the accounting-related internal control system of METRO AG, the sales lines and the major service companies. With these requirements, the company particularly wants to ensure adherence to the relevant accounting standards and the respective internal guidelines (for example the IFRS accounting guideline).

Among others, these requirements cover the design and implementation of controls, monitoring the effectiveness of controls and reporting about effectiveness analyses.

- Design of controls: Taking a top-down approach, the company has identified the risk of material errors with regard to financial reporting for 13 financial and accounting processes. In addition, the Corporate Accounting department has stipulated binding group-wide control objectives which the key group companies must meet through company-specific control activities.
- Implementation of controls: The group companies must keep records of the implementation of these controls. These provide the basis for an independent review of the effectiveness of controls by the Group Internal Audit department and the group's auditor.
- Effectiveness of controls: The major group companies are obliged to evaluate the effectiveness of controls at the end of each financial year (self-evaluation). In the process, they must apply the uniform, group-wide method stipulated by the Corporate Accounting department. In addition, the effectiveness of controls is reviewed as part of the risk-oriented, independent audits conducted by the Group Internal Audit department.
- Reporting: The results of the self-evaluations must be reported to the Corporate Accounting department using a standardised reporting format. The group companies must confirm that their self-evaluations were conducted using the stipulated method. Aside from the control activities, the group companies must also report on the other four components of the COSO framework: control environment, risk assessment, information and communication as well as monitoring. Companies' individual reports are validated by the Corporate Accounting department and compiled in an overall report on METRO GROUP's accounting-related internal control system. This is reported to the Governance, Risk, and Compliance Committee (GRCC) as well as the Management Board of METRO AG.

As of financial year 2014/15, these four phases of the internal control cycle are mapped using the RSA Archer GRC software. This was initially introduced only in the METRO Cash & Carry countries as well as in the service centres in Pune, India, and Szczecin, Poland. In financial year 2015/16, the software was also rolled out across the other sales lines, at METRO AG and at the key service companies.

The key requirements (for example, the IFRS accounting guideline), accounting processes, individual controls and

independent review by the Group Internal Audit department and the auditor are described in detail below.

IFRS accounting guideline

The interim consolidated financial statements and the consolidated financial statements of METRO AG are prepared in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. A group-wide IFRS accounting guideline that is compulsory for all companies included in the consolidated financial statements ensures the uniform group-wide application of accounting procedures in accordance with IFRS. The guideline explains IFRS regulations to group companies and makes stipulations regarding accounting measurements. To monitor compliance with the IFRS accounting guideline, the management of each group company is obliged to confirm compliance by means of a letter of representation. The IFRS accounting guideline covers all IFRS relevant to METRO AG and does not relate only to certain accounting events. The Corporate Accounting department of METRO AG is responsible for ensuring compliance with this guideline. Amendments to IFRS are continually included in the IFRS accounting guideline and communicated to all companies included in the consolidated financial statements.

Accounting processes of companies included in the consolidated financial statements

The preparation of the individual financial statements of consolidated companies according to IFRS for consolidation purposes is principally carried out in SAP-based accounting systems (SAP FI). The organisational separation of central and subledger accounting, for example, asset accounting, provides for clear assignments among individual tasks related to the preparation of the financial statements. It also provides for a functional separation that ensures control processes such as the two-signature principle. These systems are used to prepare the individual financial statements of a large share of group companies based on a centrally managed table of accounts using uniform accounting rules.

The consolidation of financial data in the context of group reporting is carried out by means of a centralised, SAP-based consolidation system (SAP EC-CS). Without exception, all consolidated METRO GROUP companies are linked into this system. This system provides for a uniform accounts table used by all consolidated companies in accordance with the IFRS accounting guideline. The accounts tables for the individual IFRS financial statements and the consolidated financial statements are interlinked.

Aside from failure to comply with accounting rules, risks can also arise from failure to observe formal deadlines. An online planning tool was introduced to help avoid these risks and document the obligatory processes required in the context of the preparation of individual and consolidated financial statements under IFRS, their sequence and the responsible persons. This tool is used to monitor content and timing of the processes related to the preparation of the individual and consolidated financial statements under IFRS. It provides for the necessary tracking and tracing systems to ensure that risks of overarching group units can be detected and eliminated early on.

The planning tool divides the process of preparing the individual financial statements into key milestones, which in turn are divided into individual activities. In terms of content, these milestones and activities are geared towards METRO GROUP's IFRS accounting guideline and thus reflect its implementation. Compliance with additional deadlines and milestones that are centrally provided by the planning tool for the purpose of structuring and coordinating the preparation of the consolidated financial statements is monitored by METRO AG's Corporate Accounting department. The scheduling and monitoring of the milestones and activities required to achieve these group milestones as part of the preparation of individual financial statements are part of the responsibilities of the respective company's management.

Once they have been transmitted from the individual financial statements under IFRS to the SAP-based consolidation system, the financial data are subjected to an automated plausibility review in relation to accounting-specific contexts and dependencies. Any errors or warning messages generated by the system during this validation process must be addressed by the

person responsible for the individual financial statements before the data are transmitted to the consolidation facility.

The report in which all essential group companies provide a comparison of key items of the balance sheet and the income statement with prior-year figures as well as relevant comments represents another monitoring instrument. Every essential group company must provide this report to METRO AG in the context of the preparation of individual financial statements.

Access regulations for accounting-related EDP systems (SAP FI) provide for IT security. Each company included in the consolidated financial statements is subject to the regulations concerning IT security. These regulations are summarised in an IT security guideline, with group-wide compliance being monitored by the Group Internal Audit department of METRO AG. This ensures that users only have access to the information and systems needed to fulfil their specific task.

Accounting processes in the context of consolidation

The planning tool also divides the process of preparing the consolidated financial statements into key milestones, activities and deadlines. In the process, the completion of typical consolidation measures – including sales elimination as well as expense, income, liability and capital consolidation – represents specific milestones in the preparation of the consolidated financial statements. Personnel responsibilities for the consolidation measures mentioned above are documented in consideration of stand-in arrangements.

The group also relies on external service providers to handle support activities related to the preparation of the consolidated financial statements. These services essentially relate to valuations of real estate, pension obligations and share-based payments.

The consolidation measures required to prepare the consolidated financial statements are subject to various systematic and manual controls. The automated plausibility reviews (validations) used in individual financial statements data also apply to the consolidation measures. Additional monitoring mechanisms at group level include target-performance comparisons as well as analyses dealing with the composition and changes of individual items in the balance sheet and the income statement. Compliance with internal controls covering the preparation and accounting process in the context of the compilation of the consolidated financial statements is regularly monitored by the Group Internal Audit department of METRO AG.

Access regulations for the consolidation system SAP EC-CS are implemented to ensure adherence to IT security regulations (writing and reading authorisations). Authorisations to use the consolidation system are managed centrally by METRO AG. The approval is given only by the Corporate Accounting and Corporate Planning & Controlling departments. This ensures that users only have access to data they require to fulfil their specific tasks.

Independent audit/control

Group Internal Audit

The Group Internal Audit department of METRO AG provides independent and objective audit and consulting services within METRO GROUP and supports the Management Board of METRO AG and the management of the group companies in reaching their goals through a potential-oriented assessment of key management and business processes. In coordination with the Management Board and the group companies, the Group Internal Audit department develops a risk-oriented annual audit and project plan.

Based on the described principles, the Group Internal Audit department carries out independent audits of the controls governing the process of preparing the consolidated financial statements, the implementation of the IFRS accounting guideline and group accounting processes within METRO GROUP. In the process, focal topics are defined as part of risk-oriented planning for the annual audit.

External audit

The IFRS accounting guideline is reviewed by the auditor of the consolidated financial statements and made available to the auditors of the companies included in the consolidated financial statements. These, in turn, confirm the consistent application of the IFRS accounting guideline by the companies included in the consolidated financial statements.

In addition, the respective auditors review and monitor the individual IFRS financial statements prepared by the group companies for consolidation purposes as well as the consolidated financial statements and combined management report of METRO AG for compliance with applicable accounting standards as well as with additional rules and regulations. The half-year financial report undergoes an auditor's review and the full-year consolidated statements are audited. The final auditor's opinion on the consolidated financial statements is published as an auditor's report in the annual report.

— ECONOMIC REPORT

Macroeconomic and sector-specific parameters[1]

The global economy continued to weaken in financial year 2015/16 compared with the previous year. Overall, it has not yet returned to a path of sustainable economic growth following the financial and sovereign debt crisis. Once again, the overall picture was one of considerable divergence among the different economies.

Following a particularly weak spell at the start of 2016, economic momentum in the United States increased only slightly over the course of the year, resulting in distinctly slower overall growth compared with the previous two years. The Western European economy, in turn, continued its moderate recovery. As before, growth was fuelled by lower oil prices – which, however, rose over the course of the year – and low interest rates. In spite of continued high public indebtedness and persistently weak investment activity, the region recorded positive growth, supported by overall solid private consumption. Developments in Eastern Europe remained divided, with generally stable growth in Central European countries on the one hand, and Eastern European countries whose economic developments remained overshadowed by the Russia/Ukraine conflict and the recession in Russia on the other. In Asia, Chinese economic growth continued to slow while the Japanese economy expanded only slightly. However, as a whole, the region continued to record the strongest growth rates of all regions in which METRO GROUP is active. At just over 2 per cent, overall global economic growth in 2016 fell short of the already weak growth rate of 2.5 per cent recorded in the previous year.

[1] The numbers indicating the development of gross domestic product in the chapter "macroeconomic and sector-specific parameters" represent the entire years of 2015 and 2016. As such, the figures for 2016 represent projections. Unless otherwise indicated, the qualitative statements in the text refer to the reporting period.

In terms of political developments, financial year 2015/16 was overshadowed by an increase in terrorist attacks, particularly in Turkey, Belgium and France. In Turkey, the attempted military coup in July 2016 caused the government to declare a state of emergency. Since mid-June 2016, the United Kingdom's vote to leave the European Union (Brexit) has dominated the political debate. The specific economic impact of Brexit will essentially depend on the outcome of the negotiations between the European Union and the United Kingdom over the coming years. Outside of the United Kingdom, the economic impact was very limited during the past financial year.

Over the course of financial year 2015/16, the euro stabilised against the US dollar following the strong devaluation in 2014/15. After appreciating over the first half of the year, the euro initially declined in response to the Brexit vote, but subsequently recovered slightly. In the reporting period, the Japanese yen is the only major currency of any METRO GROUP country that has appreciated substantially versus the euro. The Kazakhstani tenge, in turn, weakened significantly. The Russian rouble, the Ukrainian hryvnia and the Turkish lira also depreciated strongly again. As a result of the currency devaluations, the consumer prices in these countries rose markedly. Following gradual exchange rate stabilisation in Russia and Ukraine, inflation also began to subside in both countries. Meanwhile, prices were once again more or less stable across the rest of Europe as energy prices remained low and global demand failed to pick up. At less than 1 per cent, the increase in food prices was also moderate, but slightly higher than the overall increase in consumer prices.

In terms of the regions in which METRO GROUP is active, economic growth in Germany and Western Europe was largely unchanged from the previous year's level in financial year 2015/16. As a whole, Eastern Europe returned to a slightly stronger growth path during this period. This was largely due to base effects in Russia. Following the abrupt downswing in 2015, economic output only shrank slightly until September 2016. Due to their strong ties to the Western European economies, the countries of Central Europe, in turn, recorded stable growth of just under 3 per cent in financial year 2015/16, only slightly below the level of financial year 2014/15. In spite of the declining momentum in China, Asian emerging markets grew once again faster than any other global region in financial year 2015/16.

→ CONSOLIDATED FINANCIAL STATEMENTS
→ SERVICE

Development of gross domestic product in key global regions and Germany
Percentage change year-on-year

	2015[1]	2016[2]
World	2.5	**2.1**
Germany	1.7	**1.8**
Western Europe (excl. Germany)	1.6	**1.5**
Eastern Europe	0.1	**1.2**
Asia	3.7	**3.7**

Source: Feri
[1] Previous year's figures may deviate from the Annual Report 2014/15 since final figures were not yet available at the reporting date
[2] Forecast

Solid development in consumer goods retailing at a moderate level

Because of divergent economic development in the regions in which METRO GROUP operates, developments in the retail business were also mixed. In Western Europe, the continued economic recovery was reflected in robust retail sales. At just over 1.5 per cent, nominal growth was slightly higher than a year earlier in financial year 2015/16. In Eastern and Central Europe, mixed retail sales developments reflected divergent economic developments. While the Central European countries reported robust growth, price-adjusted retail sales in Russia and Ukraine fell markedly. Despite a slight slowdown, the emerging countries of Asia once again enjoyed the highest growth rates.

Germany

Retail sales in Germany remained stable in the reporting period. The continued decline in unemployment and higher disposable incomes in particular boosted private consumption and retail sales, which in turn supported overall economic growth. In price-adjusted terms, grocery sales recorded a slightly stronger increase than non-food retail sales. At the same time, online retail continued to grow and once again expanded its market share.

Western Europe

In Western Europe, growth was supported by low oil prices and lower interest rates. However, uncertainty related to the United Kingdom's exit from the European Union and a series of terrorist attacks weighed on economic sentiment in the Western European countries. Public indebtedness also remained on the agenda. Overall, though, the Eurozone countries continued their modest recovery with growth of about 1.5 per cent in 2016. Thanks to the economic recovery, unemployment fell slowly but surely, supporting retail, which recorded nominal growth of just over 1.5 per cent. Growth was unchanged in price-adjusted terms due to lower inflation. In both Sweden and Spain, economic output and retail sales recorded above-average growth in excess of 3 per cent. The picture in Portugal was mixed with below-average economic growth but overall robust retail sales. On the other hand, Italy, Belgium and the Netherlands lagged in terms of both economic growth and retail sales development.

Eastern Europe

The Eastern European economies remained under pressure from economic weakness in Russia and the ongoing Russia/Ukraine conflict. As in the previous year, both countries recorded negative economic growth. However, overall economic output did not decline further towards the end of the financial year. The weak economy also depressed retail sales in financial year 2015/16. While above-average price increases resulted in slightly higher nominal retail sales, price-adjusted retail sales were sharply lower. Meanwhile, the Central European economies generally proved robust. As a result, retail sales also showed positive increases of more than 3 per cent in nominal terms in Poland, the Czech Republic and Hungary as well as in Bulgaria and Romania. Despite overall positive economic trends, retail sales growth was somewhat slower in Slovakia. Greece suffered another year of declining retail sales. In Turkey, terrorist attacks and an attempted coup resulted in significant domestic political tension, but only had relatively limited impact on economic growth and retail sales. Other sectors such as tourism and restaurants have felt the increased uncertainty more strongly.

Asia

The emerging economies of Asia once again posted the strongest growth in financial year 2015/16. However, overall growth in China has weakened. Meanwhile, India remained on its strong growth path, recording growth rates above 7 per cent for the second year in a row. Retail sales in both countries recorded nearly double-digit nominal growth during the reporting period. In India, however, higher prices account for half of this increase, although inflation moderated distinctly towards the end of the financial year. Despite continued expansionary monetary and fiscal policy, Japan's economy failed to improve on the previous year's subdued growth trend. As a result, retail sales also declined slightly.

Development of gross domestic product in METRO GROUP countries
Percentage change year-on-year

	2015[1]	2016[2]
India	7.2	**7.3**
China	6.9	**6.5**
Pakistan	4.2	**4.8**
Romania	3.8	**4.1**
Luxembourg	4.9	**3.5**
Slovakia	3.6	**3.4**
Spain	3.2	**3.1**
Sweden	4.2	**3.0**
Poland	3.7	**2.9**
Bulgaria	3.0	**2.7**
Turkey	4.0	**2.7**
Serbia	0.7	**2.4**
Czech Republic	4.6	**2.3**
Croatia	1.6	**2.1**
Germany	1.7	**1.8**
Hungary	2.9	**1.6**
Switzerland	0.8	**1.5**
Netherlands	2.0	**1.3**
Belgium	1.4	**1.3**
Austria	1.0	**1.3**
France	1.2	**1.2**
Portugal	1.5	**1.0**
Italy	0.6	**0.8**
Japan	0.6	**0.6**
Moldova	–0.5	**0.5**
Kazakhstan	1.2	**0.1**
Ukraine	–9.9	**–0.1**
Greece	–0.2	**–0.8**
Russia	–3.7	**–0.9**

Source: Feri
[1] Previous year's figures may deviate from the Annual Report 2014/15 since final figures were not yet available at the reporting date
[2] Forecast

METRO Cash & Carry: sector development in the cash-and-carry business

In terms of sales, METRO Cash & Carry is the global market leader in self-service wholesale. The sales line benefits from an unrivalled international presence with stores in 25 countries and another ten countries covered by Classic Fine Foods (CFF).

In financial year 2015/16, sales in the cash-and-carry segment in Germany fell slightly short of the previous year's level. Self-service wholesale recorded somewhat weaker sales than food retail, which continued its positive trend. At just over 1 per cent, food price increases remained below average. Delivery wholesale continued its strong momentum.

In Western Europe, the positive trend in self-service wholesale continued in financial year 2015/16 with an increase in sales over the previous year. The combination of a moderate economic recovery and stagnant or only slightly rising prices supported sales in self-service wholesale. This could be observed in Spain and Portugal in particular. Moreover, in Spain, the tourism and restaurant sectors – two key Horeca customers – benefited from record tourist arrivals as geopolitical tension caused holidaymakers to avoid other Mediterranean destinations such as North Africa and Turkey. As a result, the major Horeca countries of Western Europe contributed to growth of self-service wholesale in the Horeca cluster. In addition, the cluster benefited from the positive development of self-service wholesale in Japan and Turkey in financial year 2015/16.

Delivery sales in Western Europe were stable as well.

In Eastern Europe, sales in self-service wholesale grew more strongly than a year earlier. However, divergent economic and political parameters continued to produce a mixed picture. The Central European countries showed stable developments and positive sales trends, while the ongoing conflict and the persistently challenging economic environment continued to weigh on retail and wholesale in Ukraine and Russia. Self-service wholesale recorded a price-induced increase in sales, with sales continuing their downward trend in price-adjusted terms. However, the negative trend subsided during the second half of 2016. While the situation in Ukraine also weighed on overall developments in the traders segment, the latter recorded higher self-service wholesale sales thanks partly to

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solid developments in Poland, Romania and Moldova. In import-dependent Kazakhstan, both self-service wholesale and retail sales suffered severely from the devaluation of the Kazakhstani tenge as well as from uncertainty regarding future developments among consumers. Despite the difficult political situation, Turkey recorded relatively strong nominal growth in self-service wholesale, although food prices also rose markedly. The increase in terrorist attacks and developments in the aftermath of the attempted military coup impacted the tourism and restaurant sectors, causing sales trends to weaken over the course of 2016.

Self-service wholesale in Asia continued its strong momentum in financial year 2015/16. The region led the growth rankings again even though the Chinese economy slowed markedly. India and Pakistan were the region's key growth drivers as both countries recorded higher nominal and real sales. The Asian food supply landscape is dominated by traditional retail structures, which continue to offer strong growth potential to the cash-and-carry segment. In addition, growing demand for delivery services across Asia creates new opportunities for food wholesale.

The Asian markets were the key drivers of growth in the multi-specialists segment although growth in this segment was weakened somewhat by below-average sales growth in the saturated Western European markets of Belgium and the Netherlands as well as the challenging economic environment in Russia and Kazakhstan.

Media-Saturn: sector development in consumer electronics retailing

Sales in German consumer electronics retailing stagnated in financial year 2015/16 (–0.4 per cent). Media-Saturn did not benefit from any positive growth impulses, for example from product innovation, during the reporting period.

Losses in individual market segments in Germany such as IT and photography were compensated in particular by robust growth in the small electrical appliances area. Following a weak spell in late 2015 and early 2016, the important smartphone sub-market recovered and recorded higher sales in financial year 2015/16.

In the Southern European consumer electronics market, Spain recorded positive growth, although growth slowed compared to the previous year. Meanwhile, the already positive trend in Italy accelerated further in financial year 2015/16.

Trends in Eastern Europe were mixed. Poland and Hungary recorded sizeable growth rates, while the Russian market declined markedly due to the persistently challenging economic environment and low average oil prices over the course of financial year 2015/16. Turkey again recorded double-digit growth. The economic recovery in Greece was derailed again due partly to the elimination of state subsidies in the IT and telecommunication sectors.

Switzerland has not yet recovered from its move to unpeg the Swiss franc from the euro. Consumer electronics retailing continued its distinctly negative development in 2015/16.

Although generally regarded as saturated markets, Austria, Belgium, the Netherlands and Sweden all recorded solid growth.

Overall, the Media-Saturn group of companies continued to expand its market share in financial year 2015/16, raising its total market share across all countries to 13.4 per cent from 13.2 per cent.

Real: sector development in the food retail business

With growth of about 2 per cent, German food retail mirrored the overall positive development of the German retail sector in financial year 2015/16. As food prices increased only slightly over the year, food retail also recorded price-induced growth of about 1 per cent, with the continuously favourable economic environment and above-average growth of private consumption also bolstering the sector. At the same time, the strong inflow of immigrants is leading to higher demand for food.

In store-based retail, small supermarkets with a selling space from 1,000 to 2,500 square metres again recorded the strongest growth. Large supermarkets registered sales growth in line with overall food retail. While the e-commerce-business continues to play a subordinated role in food retail, it is growing at double-digit rates.

Asset, financial and earnings position

Overall statement by the Management Board of METRO AG on the business development and situation of METRO GROUP

METRO GROUP continued to face challenges in financial year 2015/16 that were caused largely by geopolitical events. Nonetheless, the Management Board can look back at a successful year overall. METRO GROUP successfully continued its transformation. In this context, the planned demerger into two independent, high-performing retail groups represents the next logical step to achieving greater customer orientation and entrepreneurial action as well as greater shareholder value.

Overall, the Management Board is satisfied with the company's performance, especially because all communicated financial goals for METRO GROUP were achieved. As a result, we will once again propose an attractive dividend to our shareholders.

Financial and asset position

Financial management

Principles and objectives of financial activities
The financial management of METRO GROUP ensures the permanent liquidity of the company, reduces financial risks where economically feasible and grants loans to group companies. METRO AG centrally performs and monitors these activities for the group. The objective is to ensure that group companies can cover their funding requirements in a cost-efficient manner and, where possible, via the international capital markets. This applies to operating activities as well as to investments. As a matter of principle, METRO AG bases its selection of financial products on the maturities of the underlying transactions.

Cash pooling allows the surplus liquidity of individual group companies to be used for internal funding of group companies that participate in cash pooling. This reduces the group's debt volume and thus its interest expenses. METRO GROUP's financial activities are based on a financial budget for the group, which covers all relevant companies and is updated monthly. In addition, METRO AG provides a 14-day liquidity plan.

METRO AG's current long-term investment grade rating of BBB– and short-term rating of A-3 by Standard & Poor's support access to capital markets.

In addition, an intensive dialogue with bond investors and credit analysts facilitates capital market access. Our Creditor Relations team also presents our company to all key European financial markets during its annual roadshow. Moreover, investors and analysts can learn about METRO GROUP's high-performance capabilities in face-to-face meetings and tours.

The following principles apply to all group-wide financial activities:

Financial unity
By presenting a single face to the financial markets, the group obtains better terms on financial markets.

Financial scope
In our relationships with banks and other business partners in the financial arena, we consistently maintain our scope of action in order to remain independent. In the context of our bank policy, limits have been defined to ensure that the group can replace one financing partner with another at any time.

Centralised risk management
We conduct financial transactions to cover our financing requirements and hedge risks related to underlying business transactions. METRO GROUP's total financial portfolio is centrally controlled by METRO AG.

Centralised risk monitoring
Changes in financial parameters, such as interest rate or exchange rate fluctuations, can impact the financing activities of METRO GROUP. Associated risks are regularly quantified in the context of scenario analyses. Open risk positions – for example, financial transactions without an underlying business transaction – may only be concluded after the Management Board of METRO AG has granted the appropriate approval.

Exclusively authorised contractual partners
METRO GROUP only conducts financial transactions with contractual partners who have been authorised by METRO AG. The

creditworthiness of these contractual partners is tracked on a daily basis based on their ratings and the monitoring of their credit risk ratios (essentially credit default swap analyses). On this basis, the Treasury Controlling unit of METRO AG continuously monitors adherence to the authorised limits.

Approval requirement

As a matter of principle, all financial transactions of METRO GROUP companies are conducted with METRO AG. In cases where this is not possible for legal reasons, these transactions are concluded on behalf of the group company or directly between the group company and an external financial partner in coordination with METRO AG.

Audit security

The two-signature principle applies within our company. All processes and responsibilities are laid down in group-wide guidelines. The conclusion of financial transactions is separated from settlement and controlling in organisational terms.

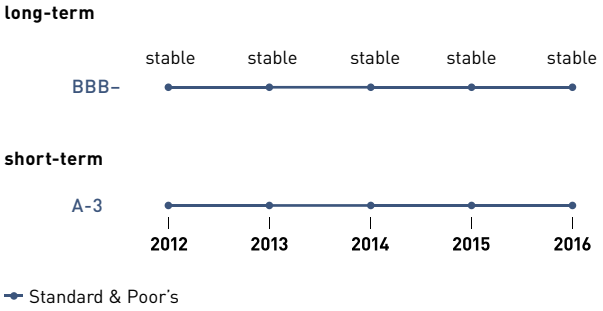
For more information about the risks stemming from financial instruments and hedge accounting, see the notes to the consolidated financial statements in no. 44 – management of financial risks.

Ratings

Ratings evaluate the ability of a company to meet its financial obligations. They communicate the creditworthiness of a company to potential debt capital providers. In addition, ratings facilitate access to international capital markets. METRO AG has commissioned Standard & Poor's – a leading international rating agency – to continuously analyse METRO GROUP's creditworthiness.

The development of METRO GROUP's long-term and short-term ratings over the past five years is depicted in the following graph:

Rating development and outlook



The current METRO GROUP rating awarded by Standard & Poor's is as follows:

Category	2016
Non-current	BBB–
Current	A-3
Outlook	stable

Based on these ratings, METRO GROUP has access to all financial markets.

Financing measures

The company's medium-term and long-term financing needs are covered by an ongoing capital market issuance programme with a maximum volume of €6 billion. The €50 million bond with a coupon of 3.1 per cent that was due on 25 January 2016 and the €60 million bond with a coupon of 3 per cent that was due on 1 February 2016 were repaid on time, as was the CHF 225 million bond with a coupon of 1.875 per cent that was due on 2 May 2016. In addition, an early repayment of €128 million from a €750 million bond with a coupon of 4.25 per cent maturing on 22 February 2017 was made in September 2016.

By 30 September 2016, €3.1 billion had been utilised from the ongoing issuance programme.

In addition, promissory note loans totalling €158 million and €134 million, respectively, were repaid on time on 21 December 2015 and 14 March 2016, respectively, and promissory note loans totalling €55 million were partially repaid early in September 2016.

Short-term financing requirements are covered through the Euro Commercial Paper Programme and a commercial paper programme geared especially to French investors. Both programmes have a maximum volume of €2 billion each. The average amount utilised from both programmes during the reporting period was €334 million. As of 30 September 2016, no use was made of these programmes (30/9/2015: €941 million).

In addition, METRO GROUP used bilateral credit facilities totalling €276 million as of 30 September 2016. Existing syndicated credit facilities totalling €2,525 million were not utilised.

For more information about financing programmes and credit facilities, see the notes to the consolidated financial statements in no. 37 – financial liabilities.

Aside from the established issuance programmes, the group had access to sufficient liquidity via comprehensive, generally multi-year credit facilities at all times. These are listed in the following table.

Unutilised credit facilities of METRO GROUP

	30/9/2015			30/9/2016		
		Remaining term			Remaining term	
€ million	**Total**	**up to 1 year**	**over 1 year**	**Total**	**up to 1 year**	**over 1 year**
Bilateral credit facilities	1,719	962	757	**681**	**437**	**244**
Utilisation	–1,189	–932	–257	**–276**	**–132**	**–144**
Unutilised bilateral credit facilities	530	30	500	**405**	**305**	**100**
Syndicated credit facilities	2,525	0	2,525	**2,525**	**0**	**2,525**
Utilisation	0	0	0	**0**	**0**	**0**
Unutilised syndicated credit facilities	2,525	0	2,525	**2,525**	**0**	**2,525**
Total credit facilities	4,244	962	3,282	**3,206**	**437**	**2,769**
Total utilisation	–1,189	–932	–257	**–276**	**–132**	**–144**
Total undrawn credit facilities	**3,055**	**30**	**3,025**	**2,930**	**305**	**2,625**

Investments/divestments

In financial year 2015/16, METRO GROUP invested €1,413 million, approximately the same amount as in the previous year. While the group further scaled back its expansion activities, it continued to strengthen its delivery business with the acquisition of Rungis Express and added new after-sales services to Media-Saturn's offering with the acquisition of the repair and maintenance service provider RTS. Investments in lease extensions and concept and modernisation measures also increased. In this context, digital price tags were introduced in the German Media Markt and Saturn stores to advance digitisation at the point of sale. Overall, the reduced expansion activities are reflected in a smaller number of 55 store openings compared with 58 store openings in the previous year's period.

Investments of METRO GROUP

€ million	2014/15	2015/16	Change absolute	Change %
METRO Cash & Carry	750	**614**	–136	–18.2
Media-Saturn	256	**406**	150	58.6
Real	241	**260**	20	8.1
Others	165	**133**	–31	–19.0
METRO GROUP	**1,411**	**1,413**	**2**	**0.1**

In financial year 2015/16, **METRO Cash & Carry** invested €614 million and thus €136 million less than in the previous year's period. The sales line further strengthened its delivery business in financial year 2015/16 by acquiring Rungis Express, a leading premium food supplier. The decline in investments compared with the previous year is primarily due to the acquisition of the Classic Fine Foods group in financial year 2014/15. Investments in concept and modernisation measures increased while investments in expansion were slightly lower. The expansion activities continued to focus on Russia and China where 5 and 4 new METRO Cash & Carry stores, respectively, were added to the existing store network. At the same time, METRO Cash & Carry continued its expansion in India by opening 5 new stores in that country. In addition, METRO Cash & Carry opened 3 new stores in Turkey, 2 in Croatia and 1 each in France, Italy and Belgium. In the context of a portfolio optimisation initiative, 11 stores were closed in Poland. The sales line closed 1 store each in Germany, Kazakhstan, Croatia and Romania. As announced, 19 stores in Vietnam were sold.

In financial year 2015/16, investments of **Media-Saturn** amounted to €406 million, €150 million more than in the previous year's period. The increase primarily stems from the Germany-wide implementation of electronic shelf labels in Media Markt and Saturn stores as well as the acquisition of RTS. While the pace of expansion remained unchanged, investments in concept and modernisation measures increased. Media-Saturn continued its selective expansion (including new small formats) in Europe during the reporting period, opening 33 stores (previous year: 36) across the continent. The sales line opened 17 consumer electronics stores in Eastern Europe: 8 in Turkey, 5 in Poland, 2 in Russia and 1 each in Greece and Hungary. 8 new stores were added in Western Europe (excluding Germany), including 4 in Italy, 2 in Spain and 1 each in Austria and Switzerland. 8 stores were opened in Germany. As part of its portfolio optimisation efforts, Media-Saturn closed 17 stores during the financial year: 8 stores in Russia, 4 stores in Turkey, 3 stores in Italy and 1 store each in Germany and Poland.

Real invested €260 million in financial year 2015/16, €20 million more than in the previous year's period. This increase is primarily due to lease extensions which more than offset the decline in investments in modernisation and concept changes. In the previous year, the latter had resulted from the refurbishment and modernisation of 57 stores across Germany in particular. As planned, Real closed 8 stores in Germany during financial year 2015/16.

Investments in the **Others** segment totalled €133 million in financial year 2015/16 (2014/15: €165 million) and related mostly to concept and modernisation measures as well as intangible assets. In addition, METRO GROUP's investments in the start-up companies Orderbird and Shore are included in this segment.

Aside from the obligations resulting from the signing of the purchase contract for Pro à Pro, the obligations incurred for the acquisition of property, plant and equipment and intangible assets amount to €149 million.

For additional information, see the notes to the consolidated financial statements in no. 20 – other intangible assets and no. 21 – property, plant and equipment.

From divestments (including sales of subsidiaries as well as discontinued operations), METRO GROUP received cash and cash equivalents amounting to €1,080 million, which stemmed from the disposal of METRO Cash & Carry Vietnam, among others.

For more information about divestments, see the cash flow statement in the consolidated financial statements as well as the notes to the consolidated financial statements in no. 42 – notes to the cash flow statement.

Liquidity (cash flow statement)

METRO GROUP's liquidity is calculated on the basis of the cash flow statement. The cash flow statement serves to calculate and display the cash flows that METRO GROUP generated or employed during the financial year from operating, investing and financing activities. In addition, it shows the changes in cash and cash equivalents between the beginning and end of the financial year.

Cash inflow from operating activities in financial year 2015/16 amounted to €1,552 million (2014/15: €+1,846 million). Investing activities led to cash outflow of €4 million (2014/15: €+785 million). Compared with the previous year's period, this represents a decrease in cash flow before financing activities of €1,083 million to €1,548 million. Cash outflow from financing activities totalled €3,584 million (2014/15: €–597 million).

For more information, see the cash flow statement in the consolidated financial statements as well as the notes to the consolidated financial statements in no. 42 – notes to the cash flow statement.

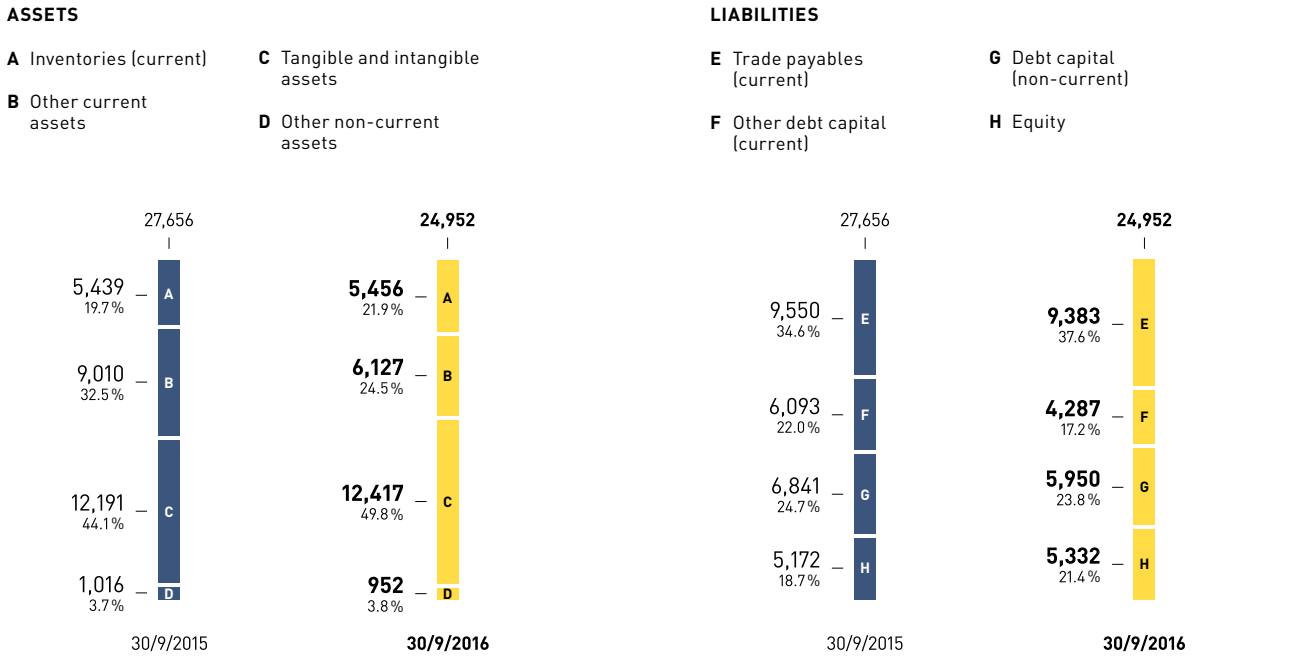
Cash flow statement[1]

€ million	2014/15	2015/16
Cash flow from operating activities of continuing operations	1,595	**1,569**
Cash flow from operating activities of discontinued operations	251	**–17**
Cash flow from operating activities	**1,846**	**1,552**
Cash flow from investing activities of continuing operations	–1,187	**–224**
Cash flow from investing activities of discontinued operations	1,972	**220**
Cash flow from investing activities	**785**	**–4**
Cash flow before financing activities of continuing operations	408	**1,345**
Cash flow before financing activities of discontined operations	2,223	**203**
Cash flow before financing activities	**2,631**	**1,548**
Cash flow from financing activities of continuing operations	–718	**–3,584**
Cash flow from financing activities of discontinued operations	121	**0**
Cash flow from financing activities	**–597**	**–3,584**
Total cash flows	**2,034**	**–2,036**
Currency effects on cash and cash equivalents	–25	**–13**
Total change in cash and cash equivalents	**2,009**	**–2,049**

[1] Abridged version. The complete version is shown in the consolidated financial statements.

Capital structure

Capital structure of METRO GROUP
€ million



As of 30 September 2016, METRO GROUP's balance sheet showed equity of €5.3 billion (30/9/2015: €5.2 billion). The increase is primarily due to the change in reserves retained from earnings which increased by €141 million compared with 30 September 2015. The increase in other reserves retained from earnings, which largely stemmed from profit for the period attributable to the shareholders of METRO AG, had a positive impact. In contrast, effects from the remeasurement of defined benefit plans and dividends paid reduced reserves retained from earnings.

The equity ratio stood at 21.4 per cent (30/9/2015: 18.7 per cent). The share of reserves retained from earnings in equity totalled 36.3 per cent compared with 34.7 per cent on 30 September 2015.

€ million	Note no.	30/9/2015	30/9/2016
Equity	32	**5,172**	**5,332**
Share capital		835	**835**
Capital reserve		2,551	**2,551**
Reserves retained from earnings		1,793	**1,934**
Non-controlling interests		–7	**12**

Net debt was reduced further by €0.2 billion and amounted to €2.3 billion as of 30 September 2016 (30/9/2015: €2.5 billion). This is calculated by netting financial liabilities, including finance leases of €4.8 billion (30/9/2015: €7.4 billion), with cash and cash equivalents according to the balance sheet of €2.4 billion (30/9/2015: €4.4 billion) as well as monetary investments of €90 million (30/9/2015: €424 million). In the reporting period, cash outflow from cash and cash equivalents as well as short-term financial investments essentially relates to the decline in financial liabilities (including finance leases), that is from bond redemptions, partial redemptions of promissory note loans and the reduction of liabilities to banks. As of 30 September 2015,

cash and cash equivalents as well as short-term financial investments had included cash inflow from the sale of the Galeria Kaufhof group in Germany and Belgium including the associated real estate assets.

€ million	30/9/2015	30/9/2016
Cash and cash equivalents according to the balance sheet	4,415	**2,368**
Short-term financial investments[1]	424	**90**
Financial liabilities (incl. finance leases)	7,366	**4,759**
Net debt	**2,527**	**2,301**

[1] Shown in the balance sheet under other financial and non-financial assets (current)

As of 30 September 2016, non-current liabilities amounted to €6.0 billion (30/9/2015: €6.8 billion). The decline by €0.8 billion was essentially due to lower long-term financial liabilities totalling €3.8 billion (30/9/2015: €4.7 billion). The opposite effect was produced by the €144 million increase in provisions for post-employment benefits plans and similar obligations to €1.4 billion (30/9/2015: €1.3 billion). This is essentially due to the markedly lower actuarial interest rate.

As of 30 September 2016, METRO GROUP had current liabilities totalling €13.7 billion (30/9/2015: €15.6 billion). This reduction is primarily attributable to the decline in short-term financial liabilities by €1.7 billion (30/9/2016: €0.9 billion; 30/9/2015: €2.6 billion) stemming from bond redemptions, the partial repayment of promissory note loans and lower liabilities to banks.

Compared with 30 September 2015, the debt ratio declined by 2.7 percentage points to 78.6 per cent. At 69.7 per cent, the share of current liabilities in total liabilities was virtually unchanged after 69.6 per cent on 30 September 2015.

For more information about the maturity, currency and interest rate structure of financial liabilities as well as the credit facilities, see the notes to the consolidated financial statements in no. 37 – financial liabilities.

€ million	Note no.	30/9/2015	30/9/2016
Non-current liabilities		**6,841**	**5,950**
Provisions for post-employment benefits plans and similar obligations	33	1,270	**1,414**
Other provisions	34	492	**383**
Financial liabilities	35, 37	4,731	**3,812**
Other financial and non-financial liabilities	35, 38	206	**191**
Deferred tax liabilities	25	142	**150**
Current liabilities		**15,643**	**13,670**
Trade liabilities	35, 36	9,550	**9,383**
Provisions	34	628	**705**
Financial liabilities	35, 37	2,635	**947**
Other financial and non-financial liabilities	35, 38	2,488	**2,465**
Income tax liabilities	35	148	**170**
Liabilities related to assets held for sale	31	194	**0**

For more information about the development of liabilities, see the notes to the consolidated financial statements in the numbers listed in the table. Information about contingent liabilities and other financial liabilities can be found in the notes to the consolidated financial statements in no. 45 – contingent liabilities and no. 46 – other financial liabilities.

Asset position

In financial year 2015/16, total assets decreased by €2,704 million to €25.0 billion (30/9/2015: €27.7 billion).

In financial year 2015/16, non-current assets increased slightly from €0.2 billion to €13.4 billion.

€ million	Note no.	30/9/2015	30/9/2016
Non-current assets		**13,207**	**13,369**
Goodwill	19	3,301	**3,361**
Other intangible assets	20	464	**497**
Property, plant and equipment	21	7,955	**8,141**
Investment properties	22	170	**126**
Financial assets	23	117	**104**
Investments accounted for using the equity method	23	184	**188**
Other financial and non-financial assets	24	292	**289**
Deferred tax assets	25	724	**663**

For more information about the development of non-current assets, see the notes to the consolidated financial statements in the numbers listed in the table.

Current assets fell by €2.9 billion to €11.6 billion. This decline is largely due to the €–2 billion decrease in the item cash and cash equivalents (30/9/2016: €2.4 billion; 30/9/2015: €4.4 billion), which primarily results from the fact that the previous year's figure includes cash inflows from the sale of the Galeria Kaufhof group that were essentially used to reduce financial liabilities. Other financial and non-financial assets decreased by €0.7 billion to €2.7 billion (30/9/2015: €3.4 billion). This decline was essentially due to the decline in other financial assets, which primarily resulted from lower receivables from other financial transactions (30/9/2016: €100 million; 30/9/2015: €479 million) and lower receivables from METRO Unterstützungskasse e. V. (30/9/2016: €6 million; 30/9/2015: €221 million).

€ million	Note no.	30/9/2015	30/9/2016
Current assets		**14,449**	**11,583**
Inventories	26	5,439	**5,456**
Trade receivables	27	702	**808**
Financial assets		6	**1**
Other financial and non-financial assets	24	3,435	**2,734**
Entitlements to income tax refunds		202	**216**
Cash and cash equivalents	30	4,415	**2,368**
Assets held for sale	31	250	**0**

For more information about the development of current assets, see the notes to the consolidated financial statements in the numbers listed in the table.

Earnings position

Overview of group business development

In financial year 2015/16, like-for-like sales at METRO GROUP grew by 0.2 per cent. This increase can be attributed mostly to positive developments at METRO Cash & Carry, while sales declined at Real. At €58.4 billion, reported sales were 1.4 per cent lower than a year earlier due to negative currency and portfolio effects. However, sales rose by 0.4 per cent in local currency.

EBIT before special items amounted to €1,560 million (2014/15: €1,511 million). This figure contains income from the sale of real estate amounting to €162 million (2014/15: €154 million) and income from the dissolution of obligations for post-employment benefits plans of €42 million. Adjusted for negative currency effects of €70 million, EBIT before special items was €119 million higher than in the previous year. Reported consolidated EBIT totalled €1,513 million in financial year 2015/16, more than double the amount registered in the previous year (2014/15: €711 million). This strong increase was due in particular to non-cash impairment losses on goodwill at Real in the previous year (€446 million) as well as income from the sale of the activities in Vietnam during the reporting period (€446 million).

Comparison of forecast with actual business developments

Sales

METRO GROUP had forecast slight sales growth adjusted for currency effects for financial year 2015/16. With an increase of 0.4 per cent in local currency, METRO GROUP met this target.

METRO GROUP had expected like-for-like sales growth (in local currency) to increase slightly. With a 0.2 per cent increase in like-for-like sales, this target was also met.

EBIT

METRO GROUP had expected EBIT before special items adjusted for currency effects to rise slightly above the €1,511 million achieved in financial year 2014/15, including income from real estate sales. Adjusted for negative currency effects of €70 million, METRO GROUP's EBIT before special items was €119 million higher than in the previous year. METRO GROUP thus met its forecast.

Sales lines

Among the sales lines, both METRO Cash & Carry and Media-Saturn were expected to contribute to total and like-for-like sales adjusted for currency effects. Adjusted for currency effects, both sales lines met this target. Sales at METRO Cash & Carry increased by 0.4 per cent in local currency and by 0.6 per cent in like-for-like terms. At Media-Saturn, sales rose by 1.6 per cent adjusted for currency effects and by 0.1 per cent in like-for-like terms. Sales at Real declined although the sales line had also been expected to increase its sales compared with the previous year. The drop in sales by 3.3 per cent was largely due to store closures, but like-for-like sales at Real also declined by 1.1 per cent (previous year: decline of 0.8 per cent).

Both METRO Cash & Carry and Media-Saturn were expected to contribute to an increase in EBIT. At €1,043 million, METRO Cash & Carry recorded slightly lower EBIT before special items in the reporting period (2014/15: €1,050 million) including negative currency effects of €65 million. However, adjusted for currency effects, EBIT before special items at METRO Cash & Carry increased noticeably. With EBIT before special items of €454 million, Media-Saturn also slightly exceeded the previous year's figure and thus met the forecast. At Real, the EBIT forecast was made contingent on the successful implementation of the measures that have been initiated. Indeed these measures had a very positive impact on EBIT. Despite lower sales, EBIT before special items increased from €88 million to €100 million.

Development of group sales by region

Like-for-like sales in **Germany** rose by 0.2 per cent. Reported sales even grew by 0.6 per cent to €22.6 billion thanks to positive contributions from METRO Cash & Carry and Media-Saturn in particular. In contrast, sales at Real declined largely as a result of store closures.

Like-for-like sales in the **international business** increased by 0.2 per cent. International sales rose slightly by 0.2 per cent in local currency. Reported sales fell by 2.5 per cent to €35.8 billion due mostly to currency effects as well as store disposals and closures.

The international share of total sales stood at 61.3 per cent (2014/15: 62.0 per cent).

In **Western Europe (excluding Germany),** like-for-like sales declined by 0.7 per cent. Sales declined slightly by 0.2 per cent in local currency. Reported sales also declined by 0.2 per cent to €19.1 billion, which can be attributed mostly to the negative sales trend in Italy and Switzerland. In contrast, Spain and Belgium registered very positive sales developments.

Like-for-like sales in **Eastern Europe** increased by 0.8 per cent. Adjusted for currency effects, sales improved by 1.2 per cent. However, due to the adverse currency movements, reported sales fell by 6.4 per cent to €12.5 billion, with negative currency effects in Russia and Poland in particular weighing on sales. Positive sales trends were recorded in Hungary, Turkey, Serbia and Bulgaria in particular.

Like-for-like sales in **Asia** increased by 2.4 per cent. Sales fell slightly by 0.8 per cent in local currency. Reported sales declined by 1.2 per cent. This decline was exclusively due to the sale of the activities in Vietnam as their sales contribution was only included in the figures for the first quarter of 2015/16. Without Vietnam, sales in Asia would have increased markedly by 8.9 per cent thanks partly to the acquisition of Classic Fine Foods and very positive sales developments in India.

Development of group sales
by sales line and region

	2014/15 € million	2015/16 € million	Change in % compared with the previous year's period: in group currency (€)	Currency effects in percentage points[1]	in local currency	like-for-like sales in local currency
METRO Cash & Carry	29,690	**28,999**	–2.3	–2.7	0.4	0.6
Media-Saturn	21,737	**21,869**	0.6	–1.0	1.6	0.1
Real	7,735	**7,478**	–3.3	0.0	–3.3	–1.1
Others	56	**72**	–	–	–	–
METRO GROUP	**59,219**	**58,417**	**–1.4**	**–1.7**	**0.4**	**0.2**
thereof Germany	22,490	**22,622**	0.6	0.0	0.6	0.2
thereof international	36,728	**35,795**	–2.5	–2.8	0.2	0.2
Western Europe (excl. Germany)	19,090	**19,054**	–0.2	0.0	–0.2	–0.7
Eastern Europe	13,318	**12,472**	–6.4	–7.6	1.2	0.8
Asia	4,319	**4,269**	–1.2	–0.4	–0.8	2.4

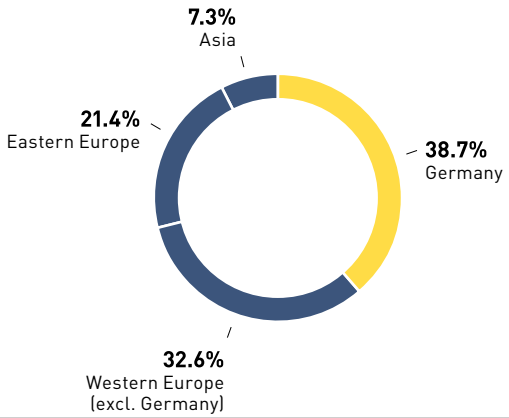
[1] The currency effect is calculated by comparing reported sales of the current financial year in euros with sales of the previous period, converted at the average exchange rate of the current financial year

The reconciliation from reported sales to like-for-like sales in local currency is shown in the following:

€ million	2014/15	2015/16
Total sales in € (as reported)	59,219	**58,417**
Total sales in local currency[1]	58,209	**58,417**
Sales of stores that were not part of the like-for-like panel in 2015/16[2]	2,830	**2,935**
Like-for-like sales in local currency	55,379	**55,482**

[1] Sales in local currency of the previous year were calculated by converting reported sales of the previous year at the average exchange rate of the current financial year
[2] Not included in the like-for-like panel are, among others, new openings, stores in start-up phase, closures, cross-divisional service companies and major refurbishments

Group sales of METRO GROUP 2015/16
by region



Development of group EBIT and EBIT of the sales lines

	EBIT[1]	
€ million	2014/15	2015/16
METRO Cash & Carry	1,050	**1,043**
Media-Saturn	442	**454**
Real	88	**100**
Others	–63	**–33**
Consolidation	–5	**–5**
METRO GROUP	**1,511**	**1,560**

[1] Before special items

Sales and earnings development of the sales lines

METRO Cash & Carry

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

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

Like-for-like **sales** of METRO Cash & Carry increased by 0.6 per cent in financial year 2015/16, with consistent quarterly sales growth meaning that the sales line has now recorded sales increases in each quarter for more than three consecutive years. Sales rose by 0.4 per cent in local currency. However, exchange rate developments – particularly relating to the Russian rouble – and portfolio effects caused reported sales to decline by 2.3 per cent to €29.0 billion.

Sales in the delivery business continued their strong momentum, rising by 20.4 per cent in local currency. Reported sales increased by 17.9 per cent to €3.7 billion (2014/15: €3.1 billion). The acquisition of Classic Fine Foods also contributed to this positive development. The share of the delivery business in total sales climbed to 12.8 per cent (2014/15: 10.6 per cent).

Like-for-like sales in the **Horeca** segment rose by 0.9 per cent in financial year 2015/16. In Germany, like-for-like sales were slightly higher than a year earlier, while like-for-like sales in France – due also to the effects of the terror attacks and

strikes – fell slightly short of the previous year's figure. Conversely, Turkey, Spain and Italy, in particular, contributed to the growth in like-for-like sales. Sales in local currency in the Horeca segment increased by 3.3 per cent. Reported sales rose by 2.6 per cent.

Like-for-like sales in the **multispecialists** segment declined slightly by 0.2 per cent in financial year 2015/16. Here, Belgium and the Netherlands, in particular, recorded distinctly lower sales. Although like-for-like sales in Russia continued their decline, the trend reversed over the course of the year. In contrast, sales in India registered strong growth. Measured in local currency, sales in the multispecialists segment rose by 1.2 per cent. Reported sales, in turn, declined by just 3.4 per cent due to currency effects.

Like-for-like sales in the **traders** segment rose by 2.6 per cent in financial year 2015/16. With the exception of Poland, like-for-like sales climbed in all countries. Measured in local currency, sales in the traders segment rose by 1.5 per cent. Reported sales, in turn, declined by 3.6 per cent due to currency effects.

In financial year 2015/16, the share of international business in the total sales of METRO Cash & Carry fell slightly from 84.0 per cent to 83.6 per cent as a result of currency effects.

EBIT at METRO Cash & Carry totalled €1,259 million in financial year 2015/16 (2014/15: €975 million). This figure includes positive special items from the sale of the activities in Vietnam (€446 million) and expenses for restructuring and efficiency-enhancing measures. The net balance of these special items is positive at €216 million (2014/15: expenses of €75 million).

EBIT before special items amounted to €1,043 million (2014/15: €1,050 million), almost matching the previous year's figure despite negative currency effects of €65 million. Adjusted for these effects, EBIT before special items improved by €58 million.

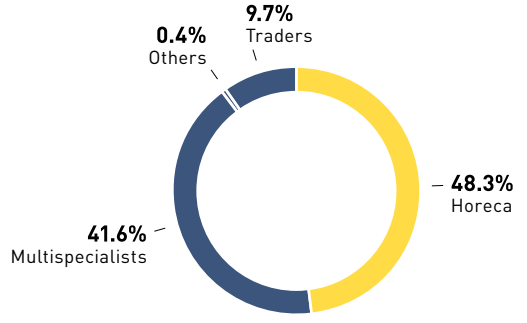
On 30 September 2016, METRO Cash & Carry operated 752 stores located in 25 countries. Of these stores, 106 were in Germany, 235 in Western Europe (excluding Germany), 284 in Eastern Europe and 127 in Asia. Additional countries were covered by the activities of Classic Fine Foods and Rungis Express. Overall, METRO Cash & Carry has operations in 36 countries.

Key figures METRO Cash & Carry 2015/16
in year-on-year comparison

	2014/15 € million	2015/16 € million	Change in % compared with the previous year's period: in group currency (€)	Currency effects in percentage points[1]	in local currency	like-for-like sales in local currency
Sales	29,690	**28,999**	–2.3	–2.7	0.4	0.6
Horeca	13,642	**13,993**	2.6	–0.7	3.3	0.9
Multi-specialists	12,496	**12,065**	–3.4	–4.6	1.2	–0.2
Traders	2,906	**2,802**	–3.6	–5.0	1.5	2.6
Others	646	**138**	–	–	–	–
EBIT[2]	1,050	**1,043**	–	–	–	–
EBIT margin (%)[3]	3.5	**3.6**	–	–	–	–
Locations (number)	764	**752**	–	–	–	–
Selling space (1,000 m²)	5,468	**5,380**	–	–	–	–

[1] The currency effect is calculated by comparing reported sales of the current financial year in euros with sales of the previous period, converted at the average exchange rate of the current financial year
[2] Before special items
[3] Before special items; the EBIT margin shows the EBIT/sales ratio

Sales of METRO Cash & Carry 2015/16
by segment



Media-Saturn

Like-for-like **sales** of Media-Saturn increased by 0.1 per cent in financial year 2015/16. Sales in local currency rose by 1.6 per cent while reported sales grew by 0.6 per cent to €21.9 billion.

Online retail maintained its strong momentum: The Media Markt and Saturn brands boosted their online sales by about 35 per cent to €1.6 billion. In contrast, the pure online business that is not linked to the sales line's store-based business declined mostly as a result of the closure of selected unprofitable wholesale businesses at Redcoon. All in all, online sales (including in-store pick-up by customers) increased by about 11 per cent to €2.0 billion. As a result, online retail now accounts for nearly 9 per cent of Media-Saturn's total sales, a new record.

Like-for-like sales in **Germany** increased by 1.2 per cent. Reported sales rose by 3.3 per cent to €10.3 billion, enabling Media-Saturn to continue to strengthen its market position in Germany.

In **Western Europe (excluding Germany),** like-for-like sales declined by 1.0 per cent. Like-for-like sales declined in Switzerland and Italy in particular, but increased in Spain and the Netherlands. Sales in local currency improved by 0.4 per cent. Reported sales also rose by 0.4 per cent to €8.9 billion.

Like-for-like sales in **Eastern Europe** fell slightly by 0.6 per cent due mostly to the negative trend in Russia and Poland. In contrast, sales increased in Turkey and Hungary. Sales in Eastern Europe declined by 0.9 per cent in local currency. Due mostly to negative currency effects, reported sales decreased by 8.1 per cent.

The international share of sales declined from 53.9 per cent to 52.7 per cent in financial year 2015/16.

EBIT at Media-Saturn fell to €300 million in financial year 2015/16 (2014/15: €336 million). This figure includes higher special items of €154 million (2014/15: €107 million). These items involved numerous restructuring and efficiency-enhancing measures. EBIT before special items climbed from €442 million to €454 million.

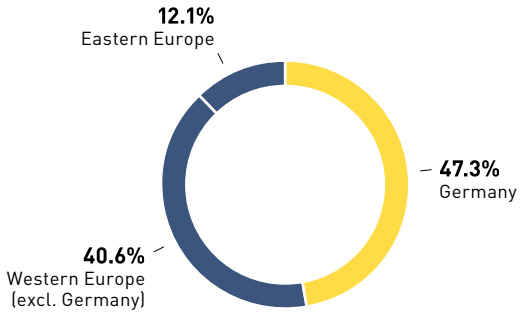
On 30 September 2016, Media-Saturn had 1,023 consumer electronics stores in 15 countries, including 424 in Germany, 377 in Western Europe (excluding Germany) and 222 in Eastern Europe.

Key figures Media-Saturn 2015/16
in year-on-year comparison

	2014/15 € million	2015/16 € million	Change in % compared with the previous year's period: in group currency (€)	Currency effects in percentage points[1]	in local currency	like-for-like sales in local currency
Sales	21,737	**21,869**	0.6	–1.0	1.6	0.1
Germany	10,016	**10,344**	3.3	0.0	3.3	1.2
Western Europe (excl. Germany)	8,843	**8,881**	0.4	0.0	0.4	–1.0
Eastern Europe	2,878	**2,644**	–8.1	–7.2	–0.9	–0.6
EBIT[2]	442	**454**	–	–	–	–
EBIT margin (%)[3]	2.0	**2.1**	–	–	–	–
Locations (number)	1,007	**1,023**	–	–	–	–
Selling space (1,000 m²)	3,034	**2,976**	–	–	–	–

[1] The currency effect is calculated by comparing reported sales of the current financial year in euros with sales of the previous period, converted at the average exchange rate of the current financial year
[2] Before special items
[3] Before special items; the EBIT margin shows the EBIT/sales ratio

Sales of Media-Saturn 2015/16
by region



CONSOLIDATED FINANCIAL STATEMENTS
SERVICE

Real

Real's like-for-like **sales** declined by 1.1 per cent in financial year 2015/16. Due mostly to store closures, reported sales fell by 3.3 per cent to €7.5 billion. The competitive environment in German food retail remains very tenuous and deflationary trends in a large number of product groups are weighing on sales development.

At the beginning of June 2016, Real and its collective bargaining partners agreed on the heads of terms of a new bargaining contract and thus created a good foundation for the future.

Online sales continued to develop very positively, again rising markedly by nearly 50 per cent to €68 million in financial year 2015/16.

EBIT at Real totalled €103 million in financial year 2015/16 (2014/15: €–441 million). EBIT in the previous year still included special items for non-cash impairment losses on goodwill and store closures in particular.

EBIT before special items climbed from €88 million to €100 million. This improvement, which was achieved despite the decline in sales, was partly due to improved purchasing terms, the successful conclusion of collective bargaining negotiations and closures of loss-making stores.

In financial year 2015/16, Real's German store network was reduced by 8 to 285 stores.

Key figures Real 2015/16
in year-on-year comparison

	2014/15 € million	2015/16 € million	Change in % compared with the previous year's period: in group currency (€)	Currency effects in percentage points	in local currency	like-for-like sales in local currency
Sales	7,735	**7,478**	–3.3	0.0	–3.3	–1.1
Germany	7,735	**7,478**	–3.3	0.0	–3.3	–1.1
EBIT[1]	88	**100**	–	–	–	–
EBIT margin (%)[2]	1.1	**1.3**	–	–	–	–
Locations (number)	293	**285**	–	–	–	–
Selling space (1,000 m²)	2,031	**1,967**	–	–	–	–

[1] Before special items
[2] Before special items; the EBIT margin shows the EBIT/sales ratio

Others

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. These include, for example, speciality stores, warehouses and head offices.

In financial year 2015/16, **sales** in the Others segment totalled €72 million (2014/15: €56 million). Among other things, sales include commissions for third-party business through METRO GROUP's procurement organisation in Hong Kong as well as the 4 Real stores in Romania since 1 October 2014.

EBIT totalled €–145 million in financial year 2015/16 (2014/15: €–152 million). Special items amounted to €113 million (2014/15: €89 million) and primarily relate to one-time expenses in connection with the demerger of METRO GROUP as well as restructuring measures at METRO AG and in the logistics area. EBIT before special items amounted to €–33 million (2014/15: €–63 million). Aside from income from real estate, this figure also includes income from the dissolution of obligations for post-employment benefits plans in the amount of €35 million.

Discontinued operations

In financial year 2015/16, lagging effects from the sale of the department store business in profit or loss for the period from discontinued operations resulted in income of €49 million. It comprises gains from the dissolution of provisions for risks related to the sale of the department store business as well as gains from the disposal of minority stakes in several real estate companies of the department store business to its buyer.

Net financial result and taxes

€ million	2014/15	2015/16
Earnings before interest and taxes EBIT	**711**	**1,513**
Earnings share of non-operating companies recognised at equity	2	**3**
Other investment result	0	**–4**
Interest income/expenses (interest result)	–282	**–221**
Other financial result	–172	**–124**
Net financial result	**–452**	**–346**
Earnings before taxes EBT	**259**	**1,167**
Income taxes	–480	**–559**
Profit or loss for the period from continuing operations	**–221**	**608**
Profit or loss for the period from discontinued operations after taxes	935	**49**
Profit or loss for the period	**714**	**657**

Net financial result

The net financial result primarily comprises the interest result of €–221 million (2014/15: €–282 million) and the other financial result of €–124 million (2014/15: €–172 million). The interest result improved thanks, in particular, to the lower level of interest rates, declining debt and interest income from tax refunds relating to other periods. The positive change in other financial result of €48 million essentially resulted from lower negative currency effects, particularly in Russia and Kazakhstan, compared with the previous year.

For more information about the net financial result, see the notes to the consolidated financial statements in nos. 6 to 9 – earnings share of operating / non-operating companies recognised at equity, other investment result net, interest income/interest expenses and other financial result.

Taxes

At €559 million (2014/15: €480 million), reported income tax expenses are €79 million higher than in the previous year and essentially concern deferred taxes.

€ million	2014/15	2015/16
Actual taxes	444	**449**
thereof Germany	(118)	**(151)**
thereof international	(326)	**(298)**
thereof tax expenses/income of current period	(454)	**(488)**
thereof tax expenses/income of previous periods	(–10)	**(–39)**
Deferred taxes	36	**110**
thereof Germany	(34)	**(55)**
thereof international	(2)	**(55)**
	480	**559**

In the reporting period, the group tax rate from continuing operations stood at 47.9 per cent (2014/15: 185.5 per cent). The high group tax rate in the previous year is essentially due to the deconsolidation of the department store business. Before special items, the rate amounted to 41.5 per cent (2014/15: 48.6 per cent). The group tax rate represents the relationship between recognised income tax expenses and earnings before taxes. Including discontinued operations, the group tax rate stood at 46.0 per cent (2014/15: 42.0 per cent). Before special items, the group tax rate including discontinued operations amounted to 41.5 per cent (2014/15: 43.7 per cent).

For more information about income taxes, see the notes to the consolidated financial statements in no. 11 – income taxes.

Profit or loss for the period and earnings per share

Profit for the period in financial year 2015/16 totalled €657 million, a decline of €57 million compared with the previous year's figure (2014/15: €714 million). Profit for the period from continuing operations, in turn, rose by €829 million (2015/16: €608 million; 2014/15: €–221 million).

Net of non-controlling interests, profit for the period attributable to the shareholders of METRO AG totalled €599 million (2014/15: €672 million). This corresponds to a decline of €73 million.

In financial year 2015/16, METRO GROUP recorded earnings per share of €1.83 (2014/15: €2.06). The calculation for the reporting period continued to be based on a weighted number of 326,787,529 shares. Profit for the period attributable to the shareholders of METRO AG of €599 million was distributed according to this number of shares. There was no dilution from so-called potential shares in financial year 2015/16 or in the previous year.

At €1.96, earnings per share before special items are €0.05 higher than in the previous year (2014/15: €1.91). This result forms the basis for the dividend recommendation.

		2014/15	2015/16	Change absolute	Change %
Profit or loss for the period from continuing operations	€ million	–221	**608**	829	–
Profit or loss for the period from discontinued operations after tax	€ million	935	**49**	886	–
Profit or loss for the period	€ million	714	**657**	–57	–8.0
Profit or loss for the period attributable to non-controlling interests	€ million	42	**58**	16	39.7
from continuing operations	€ million	42	**58**	16	39.7
from discontinued operations	€ million	0	**0**	0	–
Profit or loss for the period attributable to the shareholders of METRO AG	€ million	672	**599**	–73	–11.0
from continuing operations	€ million	–263	**550**	813	–
from discontinued operations	€ million	935	**49**	–886	–
Earnings per share (basic = diluted)[1]	€	2.06	**1.83**	–0.23	–11.0
from continuing operations	€	–0.80	**1.68**	2.48	–
from discontinued operations	€	2.86	**0.15**	–2.71	–
Earnings per share before special items[1]	€	1.91	**1.96**	0.05	2.4
from continuing operations	€	1.48	**1.96**	0.48	31.8
from discontinued operations	€	0.43	**0.00**	–0.43	–

[1] After non-controlling interests

Value-based management

METRO GROUP's strength is reflected, among other things, in its ability to continuously increase the company's value through growth and operational efficiency as well as optimal capital deployment. Since 2000, METRO GROUP has also been using value-oriented performance metrics which draw on operational key performance indicators to ensure the company's sustained value creation. In this regard, METRO GROUP focuses on earnings metrics in consideration of capital costs such as EBITaC. Under the EBITaC concept, a positive value contribution is achieved when earnings before interest and taxes exceed the cost of capital needed to finance the average capital employed.

EBITaC = EBIT[1] – cost of capital
= EBIT[1] – (capital employed x WACC[2])

[1] Special items generally periodised over four years
[2] WACC = weighted average cost of capital

As tax aspects influence decision-making, assessments of investment projects are based on the discounted cash flow method as well as the key figure EVA. In addition, liquidity-oriented key figures such as the amortisation period for investment decisions are used.

The use of performance metrics generally enables METRO GROUP to focus on the key drivers of the operating business that management can influence: value-creating growth, increases in operational earnings strength and the optimisation of capital employed. Value-adding growth is achieved through our strategy of focusing on like-for-like sales growth in the company's existing markets, complementing the store-based business through targeted new sales channels such as online retail and delivery services as well as accelerating the company's expansion in select countries. In this context, METRO GROUP also strengthened its position through targeted acquisitions in the delivery business over the past financial year. In addition, customer value was increased through the expansion of digital solutions. In consumer electronics retail, METRO GROUP also focuses on expansion through special formats tailored to local customer needs. In each case, our customers are at the core of our thinking and acting. In addition, we continue to implement measures to ensure operational and administrative efficiency and are forging ahead with the optimisation of capital deployment. We are achieving this latter goal by taking such steps as offering tailored solutions for our customer target groups Horeca, traders and SCO. In this context, customer-focused product group management based on specific needs in terms of product range, price groups, packaging and marketing plays a key role.

The cost of capital reflects the expected remuneration of investors for the capital they provide and for their investment risk. It is calculated by multiplying the average capital employed by the weighted average cost of capital (WACC).

The cost of capital is calculated on the basis of capital market models. It corresponds to the minimum return on capital demanded by capital providers. As such, it reflects the total cost of capital employed and thus consists of equity and debt capital costs. In financial year 2015/16, METRO GROUP's cost of capital before taxes amounted to 8.0 per cent. This is calculated on the basis of an aggregation of segment-specific cost of capital.

Capital employed represents interest-carrying assets. It comprises segment assets plus cash and cash equivalents less trade payables as well as other operational liabilities and deferred income. We use an average capital employed that is calculated from quarterly financial statements in order to also consider developments in capital employed that occur during the relevant period.

€ million	2014/15[1]	2015/16	Delta
EBIT before special items	1,511	**1,560**	49
EBIT after periodisation of special items[2]	1,125	**1,163**	38
Capital employed	10,763	**10,992**	229
WACC before taxes	8.0%	**8.0%**	
Cost of capital	–856	**–874**	–18
EBITaC	269	**289**	20

[1] Previous year adjusted for comparability reasons
[2] The effect of the special items is spread over four years

EBIT 2015/16 from continuing operations after periodisation of special items from previous years (2012/13: €297 million, 2013/14: €454 million, 2014/15: €343 million) and periodised one-time expenses from 2015/16 totalling €493 million amounted to €1,163 million in financial year 2015/16. The figure for the reporting period was adjusted for special items from the sale of METRO Cash & Carry Vietnam and subsequent income from the sale of Galeria Kaufhof in the previous year. Given an average capital employed of €10,992 million, the cost of capital amounted to €874 million. To provide for better comparability, impairment losses on goodwill effected over the course of financial year 2014/15 were considered in all quarters in the calculation of capital employed of the comparable period. In a challenging economic environment, METRO GROUP successfully deployed its capital in financial year 2015/16 and generated economic value added of €289 million.

As an additional metric, the metric return on capital employed (RoCE) is used for the purpose of better comparability of the individual segments. RoCE measures the return on business assets deployed during the review period. For the purpose of this segment comparison, business assets also include cash rental values to account for the different ownership structures of real estate assets. METRO GROUP bases its calculation of RoCE on EBIT before special items because it adequately reflects the units' operational earnings strength independent of special effects. Like capital employed, EBIT is also adjusted for the financing component of rents.

RoCE = EBIT[1] / capital employed
[1] EBIT before special items

RoCE is contrasted with the segment-specific capital cost rate before taxes as the latter represents a market-oriented minimum rate of interest on capital employed based on capital market models.

The group continues to position itself for value-adding growth. In this context, so-called Value Creation Plans were implemented as a key instrument in financial year 2015/16. These plans provide the management with binding long-term benchmarks regarding strategy, key value drivers and the derived financial targets at the level of individual countries and also serve as a reference point in the context of the remuneration system.

Special items[1]

Special items
by sales line

€ million	2014/15 as reported	2015/16 as reported	2014/15 special items	2015/16 special items	2014/15 before special items	2015/16 before special items
EBITDA from continuing operations	**2,177**	**2,530**	**281**	**–21**	**2,458**	**2,509**
thereof METRO Cash & Carry	1,424	**1,693**	33	**–230**	1,457	**1,463**
Media-Saturn	595	**607**	90	**100**	685	**708**
Real	142	**250**	80	**–3**	222	**247**
Others	25	**–12**	77	**113**	103	**100**
Consolidation	–10	**–9**	1	**0**	–9	**–9**
EBITDA from discontinued operations	**1,103**	**36**	**–840**	**–36**	**263**	**0**
thereof gains from the disposal of Galeria Kaufhof	841	**36**	–841	**–36**	0	**0**
EBIT from continuing operations	**711**	**1,513**	**800**	**47**	**1,511**	**1,560**
thereof METRO Cash & Carry	975	**1,259**	75	**–216**	1,050	**1,043**
Media-Saturn	336	**300**	107	**154**	442	**454**
Real	–441	**103**	529	**–3**	88	**100**
Others	–152	**–145**	89	**113**	–63	**–33**
Consolidation	–6	**–5**	1	**0**	–5	**–5**
EBIT from discontinued operations	**1,015**	**36**	**–840**	**–36**	**175**	**0**
thereof gains from the disposal of Galeria Kaufhof	841	**36**	–841	**–36**	0	**0**
Net financial result[2]	–452	**–346**	8	**27**	–444	**–318**
EBT[2]	**259**	**1,167**	**808**	**74**	**1,067**	**1,242**
Income taxes[2]	–480	**–559**	–38	**45**	–518	**–515**
Profit or loss for the period from continuing operations	**–221**	**608**	**770**	**119**	**549**	**727**
Profit or loss for the period from discontinued operations after taxes	**935**	**49**	**–796**	**–49**	**139**	**0**
Profit or loss for the period	**714**	**657**	**–26**	**70**	**688**	**727**
Profit or loss for the period attributable to non-controlling interests	42	**58**	21	**30**	63	**88**
from continuing operations	42	**58**	21	**30**	63	**88**
from discontinued operations	0	**0**	0	**0**	0	**0**
Profit or loss for the period attributable to the shareholders of METRO AG	672	**599**	–47	**40**	625	**639**
from continuing operations	–263	**550**	749	**89**	486	**639**
from discontinued operations	935	**49**	–796	**–49**	139	**0**
Earnings per share in € (basic = diluted)	**2.06**	**1.83**	**–0.15**	**0.13**	**1.91**	**1.96**
from continuing operations	–0.80	**1.68**	2.28	**0.28**	1.48	**1.96**
from discontinued operations	2.86	**0.15**	–2.43	**–0.15**	0.43	**0.00**

[1] For an explanation of special items, see the chapter "principles of the group - management system"
[2] From continuing operations

2014/15		Special items				
€ million	as reported	Portfolio measures	Restructuring and efficiency-enhancing measures	Risk provisions including impairment losses on goodwill	other special items	before special items
EBITDA	**2,177**	**–25**	**237**	**14**	**56**	**2,458**
EBIT	**711**	**–23**	**285**	**472**	**66**	**1,511**
Net financial result	–452	8	–	–	–	–444
EBT	**259**	**–15**	**285**	**472**	**66**	**1,067**
Tax expenses	–480	2	–26	–	–15	–518
Profit or loss for the period from continuing operations	**–221**	**–13**	**259**	**472**	**51**	**549**
Profit or loss for the period from discontinued operations after taxes	**935**	**–796**	**–**	**–**	**–**	**139**
Profit or loss for the period	**714**	**–809**	**259**	**472**	**51**	**688**
Profit or loss for the period attributable to non-controlling interests	42	–	21	–	–	63
from continuing operations	42	–	21	–	–	63
from discontinued operations	0	–	–	–	–	0
Profit or loss for the period attributable to the shareholders of METRO AG	672	–809	238	472	51	625
from continuing operations	–263	–13	238	472	51	486
from discontinued operations	935	–796	–	–	–	139

2015/16		Special items				
€ million	as reported	Portfolio measures	Restructuring and efficiency-enhancing measures	Risk provisions including impairment losses on goodwill	other special items	before special items
EBITDA	**2,530**	**–443**	**340**	**–**	**82**	**2,509**
EBIT	**1,513**	**–442**	**408**	**–**	**82**	**1,560**
Net financial result	**–346**	**27**	**–**	**–**	**–**	**–318**
EBT	**1,167**	**–415**	**408**	**–**	**82**	**1,242**
Tax expenses	**–559**	**78**	**–31**	**–**	**–3**	**–515**
Profit or loss for the period from continuing operations	**608**	**–337**	**377**	**–**	**79**	**727**
Profit or loss for the period from discontinued operations after taxes	**49**	**–49**	**–**	**–**	**–**	**0**
Profit or loss for the period	**657**	**–386**	**377**	**–**	**79**	**727**
Profit or loss for the period attributable to non-controlling interests	**58**	**–**	**30**	**–**	**–**	**88**
from continuing operations	**58**	**–**	**30**	**–**	**–**	**88**
from discontinued operations	**0**	**–**	**–**	**–**	**–**	**0**
Profit or loss for the period attributable to the shareholders of METRO AG	**599**	**–386**	**347**	**–**	**79**	**639**
from continuing operations	**550**	**–337**	**347**	**–**	**79**	**639**
from discontinued operations	**49**	**–49**	**–**	**–**	**–**	**0**

— REPORT ON EVENTS AFTER THE CLOSING DATE AND OUTLOOK

Report on events after the closing date

Events after the closing date

Between the balance sheet date (30 September 2016) and the date of presentation of the accounts (22 November 2016), the following event of material importance to an assessment of the asset, financial and earnings position of METRO AG and METRO GROUP occurred:

In mid-October 2016, Real announced detailed plans for a strategic repositioning of the sales line. In this context, the sales line's administrative functions will be reorganised and restructured, with the central functions set to be bundled at the Düsseldorf location in the near future. As part of the reorganisation, up to 500 full-time jobs will be cut over a period of 18 months. Real has budgeted restructuring costs in the middle double-digit millions. The introduction of the new hybrid store concept, which will entail a substantial enhancement of service quality, is expected to lead to the creation of up to 3,000 new jobs over the next five years.

Outlook

The outlook of METRO GROUP considers relevant facts and events that were known at the time of preparation of the consolidated financial statements and that can have an impact on future business developments. The outlook on economic parameters is based on the evaluation of leading indicators. In addition, it draws on the analyses of a number of national and international economic research institutes and organisations. The outlook is largely based on the analyses of Consensus Economics, Feri Trust and the Economist Intelligence Unit (EIU). The following conclusions reflect a mid-range scenario of expectations.

Economic parameters for 2016/17

Global economic momentum weakened further over financial year 2015/16, although developments were mixed again. Supported by central banks' expansionary monetary policy, Western and Central Europe recorded overall robust growth rates. Meanwhile, overall economic developments were more subdued in Eastern European and Asian emerging markets. Altogether, with a rate of just over 2 per cent, global economic growth in 2016 fell slightly short of the previous year's level (2.5 per cent).

All in all, we expect the global economy to continue to register below-average growth in 2016/17. The mature Western European markets are expected to experience a slight weakening of their currently solid growth rates due mostly to the upcoming exit of the United Kingdom from the European Union. While this will significantly dampen the growth outlook for the United Kingdom, the impact on the EU member states is likely to remain very limited. At the same time, the ongoing low-interest-rate environment will continue to support growth during the current financial year. In addition, unemployment continues to decline across most of Western Europe, bolstering private demand.

We expect the US economy to return to stronger growth rates of above 2 per cent in financial year 2016/17, following an overall weak previous year – despite a certain recovery over the course of the year. The specific impacts of the US election are difficult to gauge at this point in time.

Following the past two years' below-average growth trend, many emerging market economies are also expected to regain momentum. However, the extent of their recovery will also depend on potential interest rate hikes in the United States, which would redirect money flows away from emerging markets. Any rate hikes in the United States are likely to be very gradual, though. Global central banks' monetary policy generally remains rather expansionary. In the European Monetary Union in particular no rate tightening should be expected in 2016/17.

In spite of the short-term stabilisation of the Chinese economy, a sharper medium-term downturn due to persistent imbalances remains a risk in China. However, growth is only likely to slow slightly from its current high level in financial year 2016/17 as the Chinese government continues to support the economy with fiscal and monetary policy interventions.

Following two challenging years marked by a sharp economic downturn, the Russian economy probably bottomed out at the end of financial year 2015/16. Although parameters remain difficult despite the slight stabilisation of oil prices, we expect the Russian economy to register modest growth in financial year 2016/17.

Following persistently low inflation rates and in part deflationary trends in financial year 2015/16, particularly in Western and Central Europe, we expect inflation to accelerate slightly in financial year 2016/17 as the recent moderate increase in oil prices is beginning to translate into higher price increases after two years in which low energy prices dampened inflation. At the same time, financial year 2016/17 is likely to be another year in which food prices increase faster than consumer prices overall. However, food price inflation is likely to remain distinctly below 2 per cent in Western Europe. As a result, and due partly to persistently subdued demand, particularly in the Eurozone, the overall inflation rate is likely to also remain below 2 per cent in 2016/17.

Against this background, we expect growth in financial year 2016/17 to only slightly exceed the growth rate recorded during the reporting period. After just over 2 per cent in 2016, we project growth of about 2.5 per cent in 2017. Overall, the global economy has not yet returned to a path of sustainable economic growth following the financial and sovereign debt crisis.

Germany

The German economy grew slightly faster again than the Western European average in financial year 2015/16. After three years of growth rates above 1.5 per cent, we expect economic momentum to decline slightly to 1.5 per cent in the current year. Given the persistently unfavourable global economic environment and the upcoming Brexit, domestic factors, particularly public and private consumption, are likely to remain the key driver of growth. Positive employment trends and rising real wages will continue to provide for a favourable consumption and retail environment. All in all, we therefore expect retail in Germany to experience another year of robust nominal growth rates of about 2 per cent.

Western Europe

In Western Europe, economic growth is also expected to weaken somewhat after three years of solid growth. This is due mostly to Brexit, although we expect the negative impact to remain very limited outside of the United Kingdom. At the same time, the low-interest-rate environment continues to support growth. The continuous decline in unemployment across Western Europe also provides for overall solid parameters for private consumption. We therefore expect the Western European economies to post real growth above 1 per cent in financial year 2016/17, with the Spanish economy likely to continue to grow faster than the Western European average. We project overall below-average growth rates for Italy. In spite of solid short-term parameters, persistently high public indebtedness and the ongoing need for structural reforms dampen the medium-term growth outlook.

Consumption and retail are benefiting from the slow, but steady decline in unemployment. Following overall solid nominal retail sales growth of just over 1.5 per cent in financial year 2015/16 compared with the previous years, we expect retail sales growth to remain roughly stable in financial year 2016/17. Here, too, we expect to see above-average growth in Spain in particular.

Eastern Europe

Developments in Eastern Europe remain divided: we continue to project relatively robust growth of about 2 to over 3 per cent in the Central European countries while the economic environment will remain challenging in Russia and Ukraine. All in all, though, both countries seemed to have reached a bottom towards the end of financial year 2015/16. As a result, we expect growth rates of about 1 per cent in financial year 2016/17, with Russia also benefiting from the overall stabilisation of oil prices. Meanwhile, the weaker economy and political uncertainties in Turkey are likely to translate into lower economic momentum in this country.

Divided developments across Eastern Europe are also reflected in the retail outlook: we continue to project robust retail sales growth in the Central European countries in financial year 2016/17. In Russia and Turkey, sales will continue to be fuelled mostly by price increases although inflation will continue to subside, at least in Russia. Adjusted for inflation, we therefore project another real decline in retail sales in Russia and at best a slight increase in Turkey.

In the medium term, we anticipate that economic momentum in Eastern Europe will increase and the persistently high degree of catch-up potential will be fully tapped.

Asia
In spite of China's loss of economic momentum and slow growth in Japan, Asia's emerging markets remained the fastest-growing region for METRO GROUP in financial year 2015/16. This statement is likely to also apply to financial year 2016/17. However, uncertainty over the extent of the economic downturn in China persists. The Indian economy, in turn, is likely to record growth of over 7 per cent again in financial year 2016/17, once again outgrowing all other countries in which METRO GROUP operates. In the near future, Japan's economy will remain dependent on expansionary monetary and fiscal policies, which exacerbates long-term problems due to the country's high public indebtedness. As a result, however, we foresee moderate growth of 1 per cent for 2016/17.

China and India should continue to record nominal retail sales growth in the high single digits or low double digits. The price-adjusted growth rate is anticipated to be in the medium single-digit range in both countries while the saturated Japanese market is likely to see only moderate retail sales growth.

Building on our forecast for economic and retail sector developments, the following section provides an overview of the resulting implications for individual sectors as well as our sales lines.

Future sector trends

Self-service wholesale
The performance of self-service wholesale can be seen against the backdrop of current macroeconomic parameters. We continue to project divergent economic developments across the different economic areas over the next financial year. We expect these divergent trends to also be reflected in the sales figures of self-service wholesale in the individual regions within the METRO Cash & Carry portfolio.

Against the background of an only modest weakening of growth during financial year 2016/17, we project a continuous solid development in German and Western European self-service wholesale. Positive sales impulses in self-service wholesale should primarily stem from the continuous decline in unemployment, the increase in disposable incomes and the resulting demand for high-quality products. Overall, we expect to see a slight increase in sales in Western European self-service wholesale.

We project continued sales growth in local currency in Eastern European self-service wholesale over the next financial year. The Russia/Ukraine conflict will continue to overshadow regional developments. However, high inflation and its negative effects on demand should subside, benefiting food retail. In addition, we project solid sales developments in the Central European countries. In Turkey, growth is likely to slow somewhat as tourism and the restaurant sector, in particular, are challenged by the difficult domestic political situation. All in all, the region continues to offer growth potential for self-service wholesale in spite of the increasing expansion of retail formats. METRO GROUP expects Eastern Europe to remain the world's growth region number two in self-service wholesale.

With respect to the upcoming financial year, we continue to expect the strongest growth in the Asian self-service wholesale segment. In spite of the slowdown in China, macroeconomic developments continue to offer very good parameters for growing retail sales. Compared with the situation in Western and Eastern Europe, competitive pressure from modern food retail formats on self-service wholesale is relatively limited. Traditional retailers, an important customer group with strong growth potential for self-service wholesale, continue to act as the most critical supply channel for food in the region.

METRO Cash & Carry continues to focus its expansion on the dynamic markets of China and India. At the same time, through our subsidiary Classic Fine Foods, which specialises in delivery services, we can participate in the growth of out-of-home consumption in emerging markets, which is fuelled by the growing prosperity of the local population. In addition, we expect demand for delivery services to increase among our major customers from the hospitality and food service sectors in financial year 2016/17.

Consumer electronics retailing
Consumer electronics retailing in Europe is likely to continue its generally stable development in financial year 2016/17.

In view of the high base level and the relatively low speed of innovation in Germany, we expect to see growth of about 0 per cent.

Trending product categories such as health, sports & beauty, virtual reality goggles and fitness trackers provide strong impetus, but are unlikely to generate substantial volume effects over the short term. In contrast, the networking of home automation, household appliances and consumer electronics – subsumed under the term smart home – has become relevant

for the wider public. However, sales figures will also pick up only gradually in this area.

The saturated Western European electronics markets will continue to record moderate growth of about 1 per cent in 2017.

Local markets across Eastern Europe continue to show very heterogeneous developments. Russia has recovered from its recent crises and has caught up significantly in the consumer electronics segment since January. This trend will continue during the current financial year. While Poland and Hungary will continue the past years' growth trend at slightly lower rates, the Greek market is likely to experience another year of slightly negative growth due to renewed comprehensive reforms and austerity measures. In the Turkish market, the most recent data point to continued double-digit growth in local currency. The long-term impact of the political situation on the willingness to spend and invest as well as overall economic growth remains to be seen.

Food retail business

All in all, the parameters for German retail will remain favourable in financial year 2016/17. As a result, food retail will also continue to grow. In addition, e-commerce sales, in particular, will grow in the low double digits.

At the same time, the inflow of immigrants is leading to higher demand for food. As a result, we also project moderate growth for store-based food retail as a whole. Besides e-food, strong price competition in the fast-moving consumer goods (FMCG) segment as well as the expansion of supermarkets' and discounters' selling space and thus assortments on already existing store space will remain a challenge in 2016/17.

Expected earnings position: outlook for METRO GROUP

The outlook is based on the current group structure and adjusted for currency effects. In addition, it is based on the assumption of a continuously complex geopolitical situation.

The outlook will be adjusted if the planned demerger of the group into two independent companies with a clear focus on the wholesale and food retail business on the one hand, and consumer electronics retailing on the other, is approved by the Annual General Meeting on 6 February 2017, as expected, and implemented, as scheduled, during financial year 2016/17.

Sales

For financial year 2016/17, METRO GROUP expects to see a slight rise in overall sales, despite the persistently challenging economic environment. The Real sales line is expected to generate slightly better performance compared with financial year 2015/16.

In like-for-like sales, METRO GROUP foresees another slight increase that will follow the reporting period's rise of 0.2 per cent. The METRO Cash & Carry and Media-Saturn sales lines in particular are expected to contribute to this development. The Real sales line is expected to generate slightly better performance compared with financial year 2015/16.

Earnings

In financial year 2016/17, earnings development will also be shaped by the persistently challenging economic environment, with political developments adding to economic challenges.

Nonetheless, METRO GROUP expects to achieve another slight improvement in earnings. Aside from operational improvements, METRO GROUP will again closely focus on efficient structures and strict cost management in this context. These measures are expected to result in special items for the last time, marking the successful conclusion of METRO GROUP's transformation.

For these reasons, we expect EBIT before special items to rise slightly above the €1,560 million achieved in financial year 2015/16, although this figure will include slightly lower income from real estate sales. METRO Cash & Carry and Media-Saturn are expected to contribute to the slight earnings improvement.

— RISK AND OPPORTUNITY REPORT

Risk and opportunity management system

In a dynamic market environment, the early identification and systematic exploitation of opportunities is a fundamental entrepreneurial task. This is the precondition for our company's long-term success. We are continuously exposed to risks that can impede the realisation of our short-term and medium-term objectives or the implementation of long-term strategies. In some cases, we must consciously take controllable risks to be able to exploit opportunities in a targeted manner. We define risks as internal or external events resulting from uncertainty over future developments that can negatively impact the realisation of our corporate objectives. We define opportunities as possible successes that extend beyond the defined objectives and can thus positively impact our business development. We consider risks and opportunities as inextricably linked. For example, risks can emerge from missed or poorly exploited opportunities. Conversely, exploiting opportunities in dynamic growth markets or in new business areas always entails risks.

With this in mind, we regard our company's risk and opportunity management system as a tool that helps us to realise our corporate goals. It is a systematic, group-wide process. It helps the company's management to identify, classify and control risks and opportunities. As such, risk and opportunity management is a uniform process. Risk management renders developments and events that could hinder us from reaching our business targets transparent at an early stage and analyses their implications. This allows us to put the necessary countermeasures into place in a timely manner. At the same time, this forecasting process allows us to systematically exploit emerging opportunities.

Centralised management and efficient organisation
Group-wide risk and opportunity management tasks and responsibilities are clearly defined and reflect our corporate structure. We combine centralised business management by the management holding company METRO AG with the decentralised operating responsibility of the individual sales lines.

It is the responsibility and a legal requirement of the Management Board of METRO AG to organise a governance system for METRO GROUP. We regard the risk management system, the internal control system and the compliance management system as well as internal auditing as components of the governance, risk and compliance system (GRC system). This organisational structure is based on the governance elements identified in § 107 Section 3 of the German Stock Corporation Act (AktG) as well as the German Corporate Governance Code. The fundamental principles of the GRC system are defined and documented in the governance, risk and compliance guideline. The goal of this guideline is to render structures and processes more transparent as well as provide for a uniform procedural-organisational framework for the subsystems. The guideline sets the binding framework for existing and future regulations. This is the foundation on which we plan to increase the overall efficiency of the GRC system within METRO GROUP and to continuously enhance its effectiveness.

The group committee for governance, risk and compliance (GRC committee) co-chaired by the Chairman of the Management Board and the CFO of METRO AG regularly discusses ways to harmonise and refine the GRC subsystems. The committee also regularly discusses the current risk and opportunity situation. Permanent members include representatives of Corporate Accounting (including Risk Management and Internal Control Finance), Corporate Planning & Controlling, Corporate Treasury, Corporate Legal Affairs & Compliance (including Internal Control Operations), Group Internal Audit, Group Strategy, Corporate Public Policy, IT Strategy & Governance as well as the Group Finance Director (until 30 September 2016). In addition, the group department Corporate Responsibility is a non-permanent member.

Risk management
The Management Board of METRO AG assumes overall responsibility for the effectiveness of the risk management system as part of the GRC system. The sales lines and group companies are responsible for identifying, assessing and managing risks. Key elements of internal monitoring include effectiveness checks in the form of self-assessments by the management of the sales lines and group companies as well as internal audits.

The Supervisory Board of METRO AG also oversees the effectiveness of risk management. In compliance with the provisions of the German Corporate Sector Supervision and Transparency

Act (KonTraG), the external auditor submits the company's early-detection system as part of the risk management system to a periodic review. The results of this review are presented to the Management Board and Supervisory Board.

The Risk Management department within the Corporate Accounting department of METRO AG is responsible for overseeing and refining our risk management system. In coordination with the GRC committee, METRO GROUP's risk management officer determines the company's risk management approaches, methods and standards. The risk management officer also coordinates the underlying process. Together with representatives from individual group departments who are also members of the GRC committee, the officer continuously and promptly informs the Management Board of METRO AG of important developments in risk management, facilitates an exchange of information within our company and supports the continued development of risk management in all sales lines, group companies and central departments.

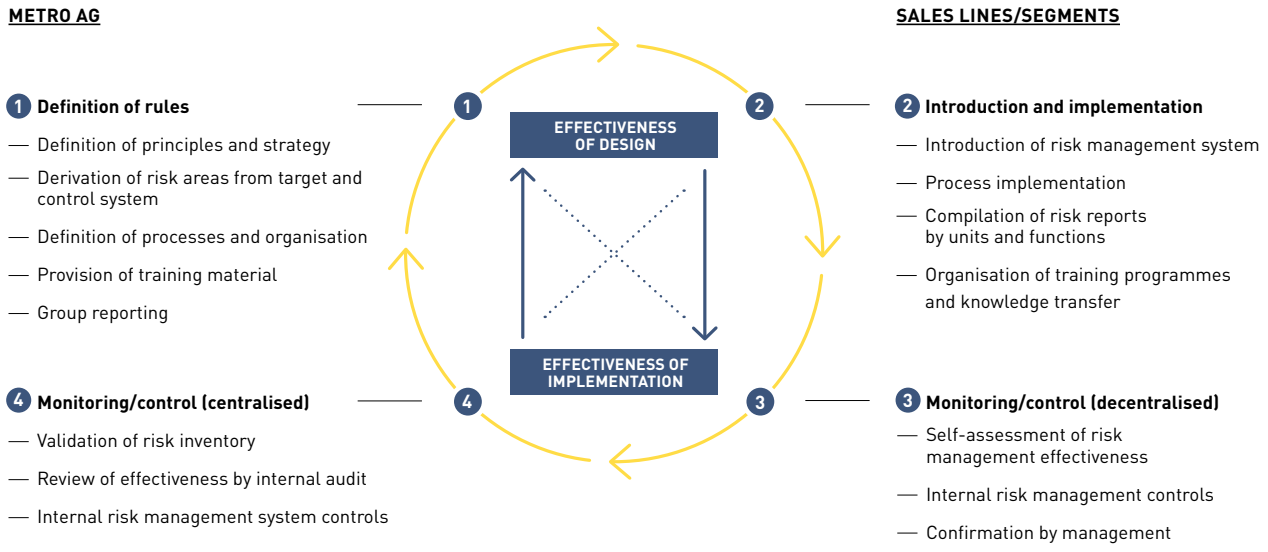
The risk management system is organised as a closed loop to ensure the design's effectiveness with respect to the defined risk management rules. This also allows us to guarantee effective implementation and continuous improvement of the system based on results and experiences.

Opportunity management

Systematically identifying and communicating opportunities is an integral part of the management and controlling system of METRO GROUP. Opportunities may refer to internal or external events and developments that can have a positive impact on our business development. In principle, we strive to balance opportunities and risks.

We conduct macroeconomic analyses, study relevant trends and evaluate market, competition and location analyses. In addition, we analyse the critical success factors of our business models and relevant cost drivers of our company. The Management Board of METRO AG specifies the derived market and business opportunities as well as efficiency enhancement potential in the context of strategic as well as short-term and medium-term planning. To this end, it seeks regular dialogue with the management of the sales lines, group companies and central holding units. As a company, we focus primarily on business approaches driven by the market and by customers. We continuously review the various elements of our sustainable long-term growth strategy.

Risk management as a closed loop



Reporting

Group reporting is the central element of internal risk and opportunity communication. It is complemented by risk and opportunity management reporting. The aim is to allow for the structured and continuous monitoring of risks and opportunities and document this in line with legal and regulatory stipulations.

We conduct an annual risk inventory to systematically map and assess all material group-wide risks based on quantitative and qualitative indicators and uniform criteria relating to loss potential and the probability of occurrence. The results of the risk inventory and the risk portfolio are updated on a regular basis.

The centrally responsible risk coordinators in functional terms, for example, in procurement, sales or administrative functions at headquarters or in the sales lines, validate the results reported by the group companies and central departments. In a second step, they summarise these in a functional risk profile coupled with a detailed description of material individual risks. In a third step, risk profiles for selective categories are validated in direct interaction between the risk coordinators and the GRC committee, and specific steps to improve risk management are devised.

In addition, we consider the results of the analyses of strengths, weaknesses, opportunities and threats carried out as part of the strategic planning process. We also consider analyses of reports that we compile as part of our medium-term planning and projections. Furthermore, we examine relevant results from the internal control system, the compliance management system, the opportunity management system and internal auditing.

The overarching risk and opportunity portfolio at METRO GROUP that emerges from these findings enables us to gain a very good understanding of the company's risk and opportunity situation. The so-called GRC report describes the current situation and includes recommendations on risk management and measures to improve the effectiveness of GRC subsystems.

The Management Board regularly informs the Supervisory Board and the Accounting and Audit Committee about risk and opportunity management issues. Once a year, the Supervisory Board receives a comprehensive written report informing it about the organisation and alignment of risk and opportunity management as well as the current risk and opportunity situation.

When preparing the half-year financial report, we regularly review and update the overarching risk and opportunity portfolio for METRO GROUP that was compiled in the previous year.

Furthermore, an emergency notification system takes effect if serious risks to our asset, financial and earnings position arise. In this case, the Management Board of METRO AG directly and promptly receives the necessary information.

Strict risk policy principles

In principle, METRO GROUP takes entrepreneurial risks only if they are manageable and if the associated opportunities promise reasonable added value.

Risks incurred in conjunction with the core processes of wholesaling and retailing are borne by METRO GROUP. The core processes include the development and implementation of business models, decisions about store locations, and the procurement and sale of merchandise and services. Risks from support processes are reduced within the group or, where this appears sensible, transferred to third parties. In principle, we do not assume risks that are not related to core processes or support processes.

Risk management details clearly defined

The coordinated application of risk management tools is assured by the compilation of all relevant facts in guidelines. These include the Articles of Association and by-laws of group companies, internal group procedures and our group-wide risk management guideline. It defines

- the risk management framework (terms, basic structure, strategy, principles),
- the risk management organisation (roles and responsibilities, risk units),
- processes (risk identification, assessment and management),
- risk reporting as well as
- monitoring and controlling the effectiveness of risk management.

Based on the internationally recognised COSO II standard, the risk management framework addresses the three levels of risk management: corporate objectives, processes and organisation.

The first level of risk management relates to the clustering of corporate objectives. In this respect, METRO GROUP has defined the following clusters:

- Strategic objectives related to safeguarding the company's future economic viability (cluster strategy)
- Operational objectives related to the attainment of set key performance metrics (cluster operations)
- Corporate management objectives related to compliance with laws, regulations, internal guidelines and specified procedures (cluster governance)
- Objectives related to appropriate preparations to mitigate event risks such as breakdowns, business interruptions and other crisis events (cluster events)

On the second risk management level – the process level – the definition of objectives also serves as the starting point for risk mapping. In this context, we identify, classify and manage risks that would jeopardise or inhibit the achievement of our objectives should they materialise. Since the risk inventory of 2016, we have also been using a list of standardised risks which the risk units must assess. In this way, we ensure that all typical operational risks that apply to our group are validated. As a rule, we consider all external and internal risks.

In addition, clusters are delineated in terms of functional categories based on the group's organisational structures, such as procurement, sales, human resources or real estate. In principle, we consider risks over a prospective one-year period. Strategic risks cover at least the medium-term planning horizon (three years). METRO GROUP monitors and assesses longer-term risks and opportunities, for example related to climate change, using its issues management system. The Corporate Public Policy department uses issues management tools to continuously monitor and identify special interest and media issues of relevance to the group to be able to react swiftly and with clear and uniform statements to the public debate. The group's issues management and risk management systems are closely interconnected. Risks that are likely to materialise are included in our business plans and our outlook. For example, we derived various measures relating to the topic of water consumption during the reporting period. This issue is increasingly gaining importance and we want to position our company accordingly.

Risk classification

All identified risks are classified based on uniform standards and quantitative and qualitative indicators with respect to loss potential (negative effects on our corporate objectives and key performance indicator EBIT) and probability of occurrence (in per cent). In our assessment, we classify the loss potential for the group on the basis of three categories: ≥ €50 million, ≥ €100 million and ≥ €500 million. The probability of occurrence is broken down into five classes: low (< 10 per cent), unlikely (≥ 10 to 25 per cent), possible (> 25 to 50 per cent), likely (> 50 to 90 per cent), high (> 90 per cent). All risks are assessed on the basis of their potential impact at the time of the risk analysis and before potential risk-minimising measures (presentation of gross risks, that is, before the implementation of risk-limitation measures).

Risk units

On the organisational level, we determine the corporate units responsible for setting objectives in a clearly defined area as well as for identifying, classifying and managing risks. METRO GROUP's risk management defines these areas in line with the corporate organisation using independent risk units – generally companies – as well as in terms of function using categories that are responsible for a certain operational function or administrative task. The risk units cover all essential entities of the consolidation group in the consolidated financial statements.

Presentation of the risk situation

We have classified METRO GROUP's overall risk portfolio into risk groups. In addition to general risks, the Management Board of METRO AG identified and assessed the particularly relevant risks (gross risks) to METRO GROUP during the reporting period. These are listed in the following overview along with their changes since the previous year.

Due to their thematic proximity, we have integrated risk number 3 from the previous year – "insufficient customer orientation (METRO Cash & Carry)" – into risk number 1 – "challenged business model". The assessment of the potential impact and probability of occurrence remains unchanged. This results in a new numbering of risks number 3 to number 11. Risk number 8 no longer includes corruption risk as this is no longer considered of particular relevance and therefore is not explained individually within the risk group "compliance risks". Nonetheless, the assessment of risk number 8 remains unchanged. We have renamed risk number 9 to provide for a better understanding of this risk. In addition, the potential impact of risk number 11 "geopolitical situation in Russia/Ukraine" was reduced from ≥ €100 million in the previous year to ≥ €50 million. For a detailed discussion of the individual risks, see sections below.

No.	Particularly relevant risks 2015/16	Risk group	Loss potential	Probability of occurrence	Change since 2014/15
1	Challenged business model	Risks related to the retail business	≥ €500 million	likely	Risk number 3 from previous year "insufficient customer orientation (METRO Cash & Carry)" – has been integrated into risk number 1.
2	Insufficient implementation of the strategy and strategic projects	Risks related to the retail business	≥ €100 million	possible	
3	Non-profitable use of selling space	Real estate risks	≥ €100 million	unlikely	
4	Interruption of business activities	Information technology risks/macroeconomic and political risks	≥ €100 million	unlikely	
5	Insufficient development and maintenance of talent pool	Human resources risks	≥ €50 million	possible	
6	Budget and forecast reliability	Financial risks	≥ €100 million	possible	
7	Insufficient or ineffective internal controls with regard to investment and costs related to expansion and construction as well as in operational processes	Compliance risks/ risks related to portfolio changes	≥ €50 million	likely	
8	Antitrust violations and increasing later income regulations	Legal and tax risks/ compliance risks	≥ €100 million	unlikely	Corruption risks no longer apply.
9	Impairment of goodwill and assets	Financial risks	≥ €500 million	possible	
10	Rating downgrade of METRO AG	Financial risks	≥ €100 million	unlikely	
11	Geopolitical situation in Russia/Ukraine	Macroeconomic and political risks	≥ €50 million	possible	Potential damage reduced from ≥ €100 million to ≥ €50 million.

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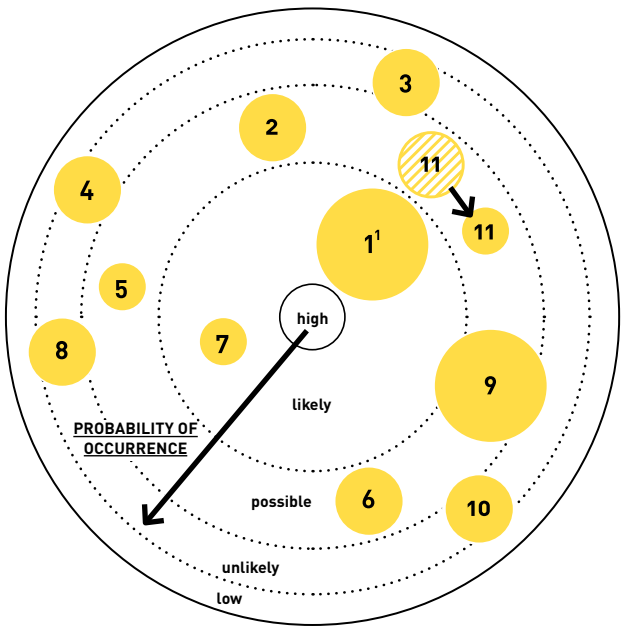
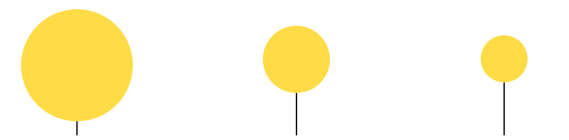
These particularly relevant risks are classified as follows on the basis of loss potential (before risk limitation steps) as well as on the basis of probability of occurrence:



Size of circle = potential impact (gross)



Financial year 2014/15

Probability of occurrence
Low < 10%
Unlikely ≥ 10–25%
Possible > 25–50%
Likely > 50–90%
High > 90%

The width of the rings visualises the underlying probability of occurrence.

[1] Due to their proximity, the previous top risk 3 "insufficient customer orientation" is merged with top risk 1 in the GRC annual report. For the following top risks, the numbering has been amended.

We only list risks with a low probability of occurrence (< 10 per cent) if the probability of occurrence of a particularly relevant risk from the previous year now falls into this range.

The following sections outline the individual risk groups as well as key management measures and the especially relevant risks shown in the graphic and table. In principle, all group segments are affected. For specific issues, the respective business segments are indicated.

Risks related to the business environment

Macroeconomic and political risks

As an international company, METRO GROUP is dependent on the political and economic situation in the countries in which it operates.

The global economy continued to weaken in financial year 2015/16 compared with the previous year. Overall, it has not yet returned to a path of sustainable economic growth following the financial and sovereign debt crisis. As in the previous year, economic developments were mixed. While Western and Central Europe recorded overall robust growth rates, economic developments were more subdued in Eastern European and Asian emerging markets. Russia's economic weakness and the ongoing conflict between Russia and Ukraine continued to weigh on the Eastern European economy. As in the previous year, both countries recorded negative economic growth. However, overall economic output did not decline further towards the end of the financial year.

In light of these developments and our operational business, we see an unchanged probability of occurrence (possible) for the risk regarding the geopolitical situation in Russia and Ukraine (risk number 11), but have reduced the loss potential from ≥ €100 million to ≥ €50 million. We expect the phase of overall below-average global economic growth to continue in financial year 2016/17.

The risk of a sharper-than-expected downturn of the Chinese economy has declined somewhat over the short term but remains intact over the medium term. In Europe, the United Kingdom's decision to leave the EU (Brexit) has dominated the political debate since mid-2016. However, the impact on economies other than the United Kingdom is expected to be very limited. The risk and opportunities profile for the short-to-medium-term development of the retail sector and thus for METRO GROUP has not improved compared with the previous year. However, our international presence provides us with the

opportunity to offset economic, legal and political risks as well as fluctuations in demand between individual countries.

The situation in individual countries can change rapidly. Unrest, changes in political leadership, terrorist attacks or natural disasters can endanger METRO GROUP's business in the affected country. In this context, Turkey stands out during the reporting period as a series of terror attacks and the attempted coup caused the domestic political situation to deteriorate.

Risks emerging from this conflict for METRO GROUP pertain to the loss or destruction of property/real estate, exchange rate fluctuations, restrictions on the movement of goods and capital and regulatory changes. We insure ourselves as far as possible and to the appropriate extent against the loss of tangible assets and business interruptions that, for example, are the result of political unrest. Professional crisis management allows for a fast response and handling of crises. This includes, among others, evacuation guidelines, training and standard operating procedures for local employees. As a result, we can keep our employees and customers from harm and compensate the sales and earnings losses incurred through business interruptions and destroyed property thanks to existing insurance policies.

The terrorist attacks in Western Europe have shaken the public's sense of security. However, this change has no direct impact on METRO GROUP. As before, however, we place great value on being able to respond fast and effectively and ensure professional crisis management in the event of an attack.

Reactions to possible hazards which might also lead to a business interruption (risk number 4, unchanged from previous year) are regulated in our business continuity management and a crisis management manual. With this manual we essentially aim to ensure continuity of business processes during a crisis, among other objectives. Regarding risk number 4, we monitor the risk of possible business interruptions, for example, due to natural disasters, pandemics or terrorist attacks. In addition, we focus on IT risks, in particular. For more information, see the section "information technology risks". The loss potential and the probability of occurrence remain unchanged.

For more information about our assessment of the development of the economic environment, see the report on events after the closing date and outlook.

Environmental risks

METRO GROUP is aware of its responsibility for the environment and has firmly embedded the principle of sustainable business in its corporate strategy. Environmentally harmful practices along the supply chain can seriously damage our image over the long term and endanger our business. This is why we implement numerous measures to ensure environmentally responsible business practices.

Specific environmental risks are discussed in the sections "supplier and product risks" and "real estate risks".

For more information about environmental protection, see the chapter "principles of the group – sustainability management".

Sector risks

Risks related to the retail/wholesale business

The saturated markets of Western Europe, in particular, are characterised by rapid change and intense competition. The resulting conditions can influence business development and represent natural business risks. A fundamental business risk is consumers' fluctuating propensity to consume.

Changes in consumer behaviour and customer expectations pose risks, among others, in the face of demographic change, rising competition and increasing digitisation. Failing to adequately consider customer trends and price developments or missing trends in our assortments and with respect to appropriate sales formats and new sales channels can have a negative impact on group sales and jeopardise our growth objectives (risk number 1). To counter these risks, we are expanding our sales channels based on a multichannel strategy tailored to our different sales lines. In the process, we are strengthening our online activities and expanding our delivery service. In addition, we are developing new stores for METRO Cash & Carry under a franchise concept. At the same time, we are monitoring our competitors even more closely. Through the application of an array of different strategies, we are working to further improve our purchasing and sales processes and to create added value for our customers.

In addition, we pursue transformation programmes aimed at boosting long-term sales and earnings and protecting the intrinsic value of our assets. In this context, risks emerge from the insufficient implementation and execution of strategic projects, particularly in the sales line METRO Cash & Carry (risk number 2, unchanged from previous year). To limit these risks, we comprehensively monitor project progress in the national subsidiaries and conduct training programmes that are designed to facilitate project implementation.

To recognise market trends and changing consumer expectations at an early stage, we regularly analyse internal and external information. In the process, the group's own market research draws on qualitative market and trend analyses as well as on quantitative methods such as time series analyses or forecasts of market developments derived from analyses of sales data and the results of panel market research. Time series analyses also include the observation of product segments on the market over a certain period of time.

In principle, METRO Cash & Carry faces the potential risk of inadequate customer orientation (risk number 1 "challenged business model"; risk number 3 from previous year "inadequate customer orientation" has been integrated). To address this risk and to provide targeted product ranges, we have taken steps to create an improved, customer-oriented assortment design. In one reflection of this, we are expanding our range of regionally traded products in all sales lines and increasingly gearing our assortments to meet our customers' increasing demands with regard to environmental, social and health considerations.

Real estate risks

Various factors pose a risk to the intrinsic value of METRO GROUP's store network. These include above all

- general market fluctuations,
- the unprofitable use of selling space; this includes the risk emerging from unused selling space for which no further useful purpose can be found (risk number 3, unchanged from previous year),
- loss of rental income through insolvencies of third-party tenants,
- intense competition over suitable locations,
- incorrect decisions in the selection of business locations,
- a deterioration in the profitability of a location, for example due to social-demographic changes in the catchment area,
- the structural condition of the property, and
- natural disasters such as earthquakes, flooding and storms.

We counter these risks through strategic and operational real estate management and far-sighted investment planning. Our active real estate management is primarily designed to increase the value of our entire real estate portfolio and is based on continuous market monitoring, transparent profitability audits and strategic decisions. In all countries, we select our locations on the basis of an intense examination. Since we continually monitor the profitability of our network of locations, we can identify adverse developments at individual stores or retail outlets early on and respond quickly. Should the measures we have taken not produce any successful results and should we think that a long-range improvement of the situation at the particular store or outlet is unlikely to occur, we will close the location, ensuring the continuous optimisation of the store network in the process. We counteract this risk by continuously monitoring rent payments and conducting new negotiations at an early stage. In addition, we push ahead the search for new tenants with good credit histories and the development of new usage concepts for our real estate. To prevent maintenance and repair backlogs in locations, a far-sighted maintenance plan has been put into place. We seek protection against the potential effects of natural disasters by introducing structural measures and by taking out insurance.

In our real estate operations, we also intend to assume our responsibility for the environment and address possible risks. In this manner, we reduce the ecological footprint of our business locations. Since 2011, we have been continuously lowering our specific greenhouse gas emissions. To achieve this goal, we are investing in such things as technical energy-saving solutions, ISO 50001-compliant energy management systems, the use of less climate-damaging cooling agents and programmes designed to change the behaviour patterns of every employee. With the help of these measures, we can also reduce our energy costs or at least cap them in the face of rising prices.

We conducted "water stress" risk analyses at all our locations in 2016. In the process, we also examined the extent to which physical and regulatory risks jeopardise the locations' water supplies. On a group level, the potential impact of this risk is lower than the lowest potential impact reported here.

Risks related to business performance

Supplier and product risks

As a retail company, METRO GROUP depends on external producers and providers for the supply of goods and services. We choose our suppliers very carefully, especially in the own-brand area. We place a particularly high priority on the reliability of our own-brand suppliers in terms of product quality and compliance with safety and social standards as well as suppliers' own efforts with regard to compliance. Defective or unsafe products, an exploitation of the environment or inhumane working conditions as well as failure to adhere to our compliance standards could cause major damage to the image of METRO GROUP and pose a lasting threat to the company's success. For this reason, we continuously monitor our own-brand suppliers to determine whether they adhere to METRO GROUP's high procurement and compliance policy standards. In particular, these include the food safety and quality standards recognised by the Global Food Safety Initiative (GFSI), such as the International Food Safety Standard and the GLOBALGAP certification for agricultural products. They help to ensure the safety of foods on all cultivation, production and sales levels. Own-brand suppliers without recognised and valid certification can qualify for preliminary inclusion in METRO GROUP's supplier base by undergoing and passing a special inspection (METRO Assessment Solution) by an accredited certification body.

We are not the only ones who have these concerns. Our customers place priority on quality and safety and are becoming increasingly interested in the environmental and social sustainability of the products sold in our stores and of the processes used to make these products. In light of this, METRO GROUP approved a group-wide, cross-product purchasing policy for sustainable supply chain and procurement management as early as 2013.

One of our focal points is promoting humane working conditions at our suppliers. We implement numerous measures. For example, our own-brand suppliers are required to protect fundamental human rights and to guarantee fair working conditions. As proof of this, our supplier contracts demand an audit based on the BSCI (Business Social Compliance Initiative) standard or an equivalent standard. This requirement applies to all own-brand suppliers of non-food articles who manufacture end products in risk countries as defined by the BSCI. With targeted training programmes, we help suppliers to create fair and humane working conditions. In addition, under the international fire safety agreement for increased building safety in the Bangladesh textile industry (Bangladesh Accord on Fire and Building Safety) we are working to increase safety in the factories of all our suppliers who produce in Bangladesh.

METRO GROUP's decision to join the Roundtable on Sustainable Palm Oil (RSPO) in 2011 is an example of our efforts to minimise our ecological footprint. As part of the membership, we have committed to only using certified sustainable palm oil in our own-brand products beginning in 2020. Our Real sales line has already achieved this objective. Another example: with respect to wood and paper-based products, we require our suppliers to provide relevant certifications to prove that they only sell wood from sustainable forest management rather than illegal deforestation. Moreover, in 2016, we conducted an initial survey on water risks and water risk management among selected suppliers.

Our requirements of suppliers are contractually regulated. We regularly check to determine whether the requirements are being met. Violations of conditions can lead to exclusion from our supplier network or, in case of unacceptable production methods, to a procurement ban on a product. In this way, we further minimise our supplier risk. Should, however, an incident related to quality occur, the process steps described in our manual on incidents and crises take effect. Our top priority is to correctly manage the incident in the customers' best interest. In addition, we examine possible improvements to our quality assurance systems.

To prevent disruptions in the supply of products or product groups and to avoid becoming dependent on individual companies, we work with a variety of suppliers. By taking this approach, we ensure that the desired product is generally always in stock in the desired quality and quantity and, in the process, achieve high levels of customer satisfaction.

Our success also depends heavily on the purchase prices of the products offered for sale. In many cases, our large purchasing volumes in numerous countries have a positive effect. Product prices are based on the availability of the required raw materials that may temporarily or continually become scarce. This can drive up purchase prices or lead to a certain level of volatility. We address procurement risks by continuously optimising the purchasing process. Such steps include joint procurement and the negotiation of terms with our suppliers. Prompt implementation of these improvements is a key success factor.

Over the medium term, such global challenges as climate change, the overfishing of the world's oceans and access to clean water could restrict the availability of raw materials, for example, through reductions in stocks of certain types of fish. For this reason, METRO GROUP has been supporting standards for more sustainable fishing and fish farming for years and has been working with relevant suppliers.

METRO GROUP publicly reports about the risks and opportunities resulting from climate change as part of its annual participation in a survey conducted by the independent non-governmental organisation CDP (formerly: the Carbon Disclosure Project). The CDP assessment shows whether companies are effectively addressing the effect of climate change on their business processes and whether they provide transparent information on these efforts. Since 2016, this survey has also covered the issue of water.

Other examples of product risks include supply bottlenecks after natural disasters, longer delivery times and price increases. METRO GROUP's purchasing and supply chain management create the structures that are needed to ensure the availability of goods at all times.

For more information about our work to create a sustainable supply chain, see the chapter "principles of the group – sustainability management".

Supply chain risks

The task of the supply chain function is to ensure maximum product availability at optimised cost structures while considering aspects related to sustainability, such as energy and fuel consumption.

However, the growing variety of items in the product range and high merchandise turnover, coupled with the tapping of new sales channels, result in organisational, IT and logistics risks as well as the risk of inadequate inventory. The growing internationalisation of our suppliers and the focus on regional and local product assortments increase these risks. The lack of active inventory management conducted on the basis of adequate planning parameters can result in significantly higher warehousing costs, above-average price discounts and write-downs on inventories. Disruptions in the value chain, including in the transport of goods from the supplier to our stores or customers (during delivery), can intensify this effect. We counteract this by optimising inventory management and the selection of suitable logistics service providers.

Inadequate communication regarding future product volume as a result of such things as non-existent or incorrect projections can result in insufficient product availability and inefficiencies in logistics. We respond to this risk by systematically reassigning and bundling responsibilities for order and procurement planning.

Incomplete or poorly managed product and customer master data can lead to serious delays and disruptions in the inclusion and removal of products as well as the product supply to our customers. For this reason, we have intensified our efforts to ensure the completeness and accuracy of master data by taking such steps as regularly monitoring relevant performance indicators.

Additional challenges arise from the expansion of our online activities, our multichannel business, delivery options as well as other innovative sales formats and the increased complexity that results from these activities. We address the resulting risks through close cooperation among the affected departments.

We bundle our logistics orders and only select external logistics service providers that meet our increasing requirements. At the same time, we also avoid dependencies on individual service providers. In addition, METRO GROUP creates the necessary structures to ensure consistently high quality in the supply chain at all times. We conduct qualification programmes to prepare our suppliers and logistics providers in emerging markets for these logistics requirements. In this way, we also make a lasting contribution to local food supplies and counter the problem of food waste.

In case of product incidents, our logistics systems must be prepared to trace the product's itinerary and origin within a very short time. This is done with the help of modern technologies and product identification standards. We are actively involved in various international organisations to foster the development of these standards and promote the introduction of innovative technologies for improved product identification.

Financial risks

The risk of price changes (interest rate risks, currency risks, share price risks), liquidity risks, credit risks in dealings with counterparties in the context of financial transactions and risks arising from cash flow fluctuations may have a significant negative impact on our financial result. For this reason, the financial risks of METRO GROUP are centrally managed. To the

extent permissible by law and where economically feasible we use financial instruments to hedge price risks as far as possible. Risks from translation remain unhedged, since we are pursuing a long-term investment strategy. Credit risks are being monitored through a certified risk monitoring system which allows us to initiate risk-minimising measures at an early stage.

Ensuring METRO GROUP's unlimited access to the capital markets is integral to the management of financial risks. A rating downgrade – referring to a downgrade to "BB" assigned by the rating agency Standard & Poor's – would have a negative impact on our liquidity and group financing (risk number 10, unchanged from previous year). We have further reduced debt and rating-relevant metrics have improved slightly. To counter this risk, our current strategy focuses on debt reduction. Among other things, this is achieved by optimising our net working capital and focusing our investment funds on measures that add value to the company.

Another identified risk concerns unexpected deviations from our budget or outlook (risk number 6, unchanged from previous year). This could mean we would not hit our target figures and would have to revalue our assets, including goodwill. In turn, this would have a negative impact on our asset and earnings position (risk number 9, unchanged from previous year). For this reason, we attach high priority to measures designed to limit these risks. In this context we are implementing systematic strategic earnings improvement measures for the sales lines of METRO GROUP, focusing in particular on countries that are subject to impairment risk.

In addition, the steps we take to counter these risks include careful monitoring of risks and opportunities as well as the effective internal controls for the budget and forecast process. We also continue to intensify the planning process and the related internal coordination process. Closer integration of strategic planning and the budgeting process as well as a stronger involvement of the supervisory bodies in the strategy and budgeting process contribute to this. Moreover, the introduction of the New Operating Model at METRO Cash & Carry on 1 July 2015 and the related introduction of the Value Creation Plans for each country proactively reinforce implementation of METRO GROUP's strategy. The deviation of our financial year from the calendar year results in additional early planning security because our very profitable Christmas business takes place at the beginning of the financial year, instead of at the end of it. Finally, the outlook offers insights into the group's expectations for business development during the coming financial year.

For more information about financial risks and their management, see the notes to the consolidated financial statements in no. 44 – management of financial risks.

Other risks

Strategic risks

As announced on 30 March 2016, METRO GROUP is set to be separated into two independent, exchange-listed companies by mid-2017 – a wholesale and food specialist and a company focusing on consumer electronics products and services – to further sharpen customer focus, accelerate growth, simplify structures, increase the speed of implementation and therefore improve the operating performance in general. The following material risks can arise in this context: delays in the implementation of the organisational separation and the public listing, unforeseen failure to achieve the targeted investment-grade rating, an increase in planned implementation costs as well as tax risks related to the implementation of the demerger.

Risks related to portfolio changes

METRO GROUP aims to continuously optimise its portfolio. All portfolio changes and the related strategic and investment or divestment decisions are guided by their contribution to the company's success in terms of value-based management. We can reduce risks related to the intrinsic value of our assets – both in terms of individual groups of assets and in terms of our overall portfolio – through value-based management.

In the context of its ongoing portfolio optimisation measures, METRO GROUP sold the Vietnamese wholesale business of METRO Cash & Carry including the associated real estate, which was deconsolidated in the quarterly financial statements as of 31 December 2015.

Various acquisitions in all sales lines increase METRO GROUP's flexibility in the logistics and customer service areas. In addition, we expanded our activities in the start-up sector. Risks resulting from portfolio changes are reflected in the financial statements to the extent that this is required for accounting purposes.

To limit the risks of expansion as much as possible, we plan each investment and each market entry based on a structured process and proven methods. We identify risks and opportunities by using feasibility studies that consider legal, political and economic conditions. We only enter new markets when risks and opportunities are deemed to be appropriate. Even though

we always base our expansion decisions on the best information available, we cannot rule out the possibility that the growth momentum in individual countries will fall short of our expectations in the coming years. Other risks include delays in store openings, for example due to lengthy authorisation procedures or unclear responsibilities of local authorities in emerging markets, and the misallocation of resources. Occurrence of these risks would result in lower-than-forecast sales and earnings.

In financial year 2015/16, METRO GROUP took a number of different steps designed to further optimise internal processes related to expansion decisions and their successful implementation and, thus, to counteract the corresponding risks (risk number 7, unchanged from previous year). Committees from the sales lines are involved in the decision-making process regarding the efficient use of investment funds for expansion. The coordination processes are being continuously improved. Furthermore, previously taken investment decisions are carefully monitored.

Information technology risks

The demands of our information technology (IT) have markedly increased as a result of new formats and sales channels and their increasing importance to the group's business, such as online retail and deliveries. Regulations such as those regarding data protection in credit card processing, the use of customer-specific information in big data solutions that are associated with an increased public debate about misuse as well as the growing complexity of IT generate additional risks for our company.

As a result, we have optimised the organisational measures that ensure our compliance with internal and external IT regulations. We regularly check systems connected to the internet for vulnerabilities. We counter the high complexity of modern IT landscapes through clear management regulations and new technology architectures that reduce the interdependencies among the various systems and facilitate system adaptations.

Important business processes such as purchasing/product ordering, marketing and sales have used IT systems for many years. Systems for online retailing must be continuously available, as these systems are a prerequisite for unlimited access outside normal store hours. As a result, the continuous availability of the infrastructure is a critical factor in the development and implementation of our IT solutions. Systems that are essential for business operations in the stores, especially checkouts, are largely self-contained and can continue to be used for some time even during events such as network failures or the failure of central systems. In case of partial network failures, they can automatically reroute shipments or switch to redundant routes.

Modern technologies such as remote server management and cloud computing allow us to use our hardware efficiently. In addition, in the event of one or several server failures, centralised IT systems can be quickly restored. We operate several central computer centres, which even enable us to compensate for major business interruptions or limit these to a minimum. We have a contingency plan to restore computer centres in Germany following longer-term outages (for example, as a result of fires, natural disasters or criminal actions) (risk number 4 "interruption of business", unchanged from previous year). For more information, see the section "risks related to the business environment".

Information is a key resource for all companies of METRO GROUP. This means that it must enjoy the same protection as all other assets. For this reason, METRO AG developed a documented IT security management system (ISMS), which was launched at the start of 2013. The aim of this framework is to ensure the confidentiality (access only for authorised users) and integrity (accuracy and completeness) of this information. Among other things, the management principles for IT security describe our operational and organisational structures. We have implemented IT security controls in accordance with the industry standard ISO 27000. In this way, we ensure that the data we process are correct and complete and can only be viewed by authorised staff. The necessary user accounts and access authorisations are administered centrally according to predefined, partially automated processes. We regularly review whether group specifications are followed in terms of critical user rights and report centrally on the results of our examinations. Affected employees are made aware of IT security issues, prepared for these and kept up to date through regular training courses in accordance with ISO 27000. In addition, the key processes and IT systems of our central IT company METRO SYSTEMS, and since 2015 also those of Media-Saturn IT Services (MSITS), are reviewed by internal audit and by external inspectors who examine them in accordance with the international standard for audit reports of service organisations ISAE 3402 (International Standard on Assurance Engagements). We address the risk of data and identity theft, particularly for people with access to confidential information, with information campaigns on the secure use of IT in everyday work.

Awareness of the importance of data protection was further raised at all levels of our group. The commitment to adhere to the data protection standards of the German Federal Data Protection Act (BDSG) is part of all employment contracts. In particular employees of company units that have access to and handle sensitive data undergo on-site training on data protection. Employees with privileged access rights (for example, administrators) must sign an additional formal obligation.

Human resources risks

The expertise, dedication and motivation of our employees are key success factors that have a decisive impact on METRO GROUP's competitive opportunities. One prerequisite for achieving strategic goals are highly qualified experts and managers. It is an ongoing challenge to recruit and retain such valuable employees for the group, in particular in the face of demographic change and intense competition for the best people. Intra-company programmes for the continued qualification of employees and the strengthening of corporate culture are also indispensable. To ensure that our employees have the requisite expertise and leadership skills, we optimise training and professional development programmes at all levels. Training courses and effective human resources development measures promote entrepreneurial thinking and actions; variable pay components based on the attainment of corporate and individual objectives serve as an incentive. Direct participation in business success increases employees' identification with METRO GROUP and enhances their awareness of opportunities and risks in all entrepreneurial decisions.

One thing is certain: METRO GROUP can only grow if we support our employees. This is reflected in annual performance reviews in which past achievements are assessed and future development measures are agreed upon with individual employees. With targeted training programmes, which we implement in cooperation with various partners, we manage to attract young people to METRO GROUP and to optimally develop their particular strengths. In Germany, in particular, METRO GROUP companies therefore place great value on their own training programmes for employees. With a share of 6.6 per cent in the reporting period, we are one of Germany's largest providers of occupational training.

Succession planning at METRO GROUP, in particular for senior management positions, is guaranteed through customised career and development plans. All these measures serve to counter the key risks of insufficient development and promotion of future managers (risk number 5, unchanged from previous year).

Health promotion concepts, occupational safety measures and locally coordinated programmes such as back therapy training, fitness classes, company sports activities, dietary tips, stress prevention training courses, ergonomic advice, computer glasses and employee counselling programmes provide for a safe, hazard-free work environment. We counter risks of non-compliance with applicable labour regulations by introducing clear guidelines and compliance rules in conjunction with a respectful approach to our employees. This effort is supported by guidelines on fair working conditions and social partnership. Our guidelines on occupational safety and health management aim to create a work environment characterised by respect, fairness and partnership.

For more information about METRO GROUP's human resources policy, see the chapter "principles of the group – employees".

Legal and tax risks

Legal risks arise primarily from labour and civil law cases as well as from changes in trade laws. In addition, risks for METRO GROUP may arise from investigations, for example, regarding possible infringements of antitrust or competition law and tightened regulations regarding deferred compensation (risk number 8, unchanged from previous year). Antitrust law risks may arise in the context of business dealings with METRO GROUP suppliers in such areas as the resale price of retail goods. Appropriate risk provisions were created for pending antitrust law proceedings where liability is sufficiently substantiated.

Tax risks mainly emanate from external audits which take a differing view of certain circumstances and transactions. In addition, risks may result from interpretations of sales tax regulations. The Corporate Group Tax department of METRO AG has established appropriate guidelines to ensure early detection and minimisation of tax risks. These risks are regularly and systematically examined. The resulting risk minimisation measures are coordinated by the Corporate Group Tax department of METRO AG and the national subsidiaries.

Control of Media-Saturn-Holding GmbH

Based on the many court decisions relating to governance issues in relation to Media-Saturn-Holding GmbH, the Management Board feels validated in its opinion that the consolidation of the Media-Saturn group of companies was correctly effected according to the relevant IFRS (International Financial Reporting Standards) regulations, both in the past and in the consolidated financial statements as of 30 September 2016.

Encouraged by additional recent court decisions, including decisions by the highest courts, the Management Board does not expect that future court rulings – as a result of other legal challenges, particularly other legal challenges filed by the minority shareholder – will contradict these verdicts in relevant issues regarding the governance of the Media-Saturn group of companies.

If – contrary to the expectations of the Management Board – a court were to reach such a different assessment, the Management Board would review its opinion on the full consolidation of the Media-Saturn group of companies. A deconsolidation of MSH based on current values could lead to one-time non-cash deconsolidation income. Given MSH's at-equity consolidation, this could impact key financial figures.

For more information about legal issues, see the notes to the consolidated financial statements in no. 47 – remaining legal issues.

Compliance risks

The activities of METRO GROUP are subject to various legal stipulations and self-imposed standards of conduct. Legal requirements in the various jurisdictions as well as the expectations of our customers and the public regarding corporate compliance have generally continued to increase and become more complex. In response to these requirements, METRO GROUP has established a group-wide compliance system that it continuously refines. The aim of this system is to systematically and sustainably prevent regulatory infringements within the company. METRO GROUP regularly identifies behavioural corporate risks.

Our compliance management is primarily focused on preventing corruption and antitrust law risks (risk number 8, unchanged from previous year). We no longer subsume corruption risks under risk number 8. In the future, these risks will be considered and assessed separately to better distinguish between them. We currently do not consider these risks to be of particular relevance. On the one hand, corruption risks arise in dealings with public authorities and public officials, for example, in the context of the company's international expansion or authorisation processes. On the other hand, they can arise in business dealings with suppliers and other business partners. In addition, the group-wide compliance management system covers other relevant criminal and penal risks, data protection and labour law-related risks such as discrimination.

As part of the compliance management system, the necessary organisational structures are established in consideration of all identified and assessed compliance risks. The responsible departments consistently manage and control the risks within the existing structures.

METRO AG has introduced group-wide standards of conduct to manage the identified compliance risks, including a handbook on antitrust law that provides guidelines on supplier negotiations, among other areas. This handbook also contains templates for antitrust law-compliant communications with suppliers. In addition, METRO AG has introduced group-wide anti-corruption policies outlining standards of conduct for dealings with both authorities and public officials and with business partners. The anti-corruption guidelines also stipulate that a compliance check must be carried out before entering into a business relationship with business partners in high-risk areas.

Compliance guidelines are updated continuously and adjusted on the basis of risk. These efforts are complemented by compulsory training courses, systematic and target group-oriented communication measures and the consistent, disciplined handling of compliance incidents and relevant follow-up measures. In addition, METRO GROUP employees, their business partners and customers have access to a professional reporting system that enables them to notify the company of compliance violations and potential violations in all group languages. If necessary, incidents may be reported anonymously. The compliance organisation ensures that all reported cases are investigated in an appropriate fashion.

The internal control system is one of the key elements of a well-designed corporate governance. By strengthening its internal control system, the company ensures that compliance and governance requirements are being increasingly linked with its operational business and financial processes.

At the end of each financial year, the internal control system is reviewed with regard to appropriateness and effectiveness through self-assessment and reviews by Group Internal Audit.

In sensitive process areas, particularly expansion, construction, purchasing and store processes, we will continue to apply the improvements we initiated in the previous financial year (risk number 7, unchanged from previous year). For this reason, we conduct risk analyses as well as modify or expand our operational control structures. In addition, we increasingly assess the effectiveness of standard controls for specific processes.

For further information, see the chapter "characteristics of the accounting-related internal control and risk management system".

Presentation of opportunities

METRO GROUP has numerous opportunities to ensure long-term positive business developments. Above all, these are due to the fact that we respond in a rigorous manner and at an early stage to the needs of private consumers and professional customers. Our key goal is to create value for our customers. As part of this work, we employ new sales channels and exploit the opportunities created by demographic trends and the increasing differentiation of the mature markets of Western Europe as well as population growth in developing and emerging countries. We analyse the relevant global and national trends and take decisions aimed at systematically exploiting opportunities of the future and creating competitive edges.

We have identified the following material opportunities that may have a positive impact on our ability to meet our corporate goals over the next five years. We disclose indicative values for especially relevant opportunities with a potential sustained EBIT effect of ≥ €100 million a year. We do not consider these values in our planning. The potential EBIT effect of all other opportunities ranges from €20 million to €100 million.

Opportunities from the development of business conditions

During financial year 2016/17, we expect at best a slight improvement in business conditions for retail, which, however, could support our sales and earnings development.

In addition, demand – including for the long term – is rising in countries with growing populations. METRO GROUP does business in many markets where we can benefit from this trend. In addition, we are continuing our expansion in the growth regions of Asia and Eastern Europe through METRO Cash & Carry. In the process, we are focusing on business units and countries where we can build a distinct profile and strong market position. As a result, we continue to focus our expansion on the markets of China, India, Russia and Turkey. We also expect to see opportunities from positive geopolitical and macroeconomic developments in Southern Europe and Russia/Ukraine.

The removal of bureaucratic barriers can help ease METRO GROUP's entry into new markets. In the context of trade relations between countries of the European Union (EU) and third countries with which the EU has concluded free-trade agreements (including Canada, Moldova, South Korea, Ukraine and Vietnam), many goods from METRO GROUP's existing assortment can already be imported with no or substantially reduced customs duties. A successful conclusion of the EU's current free-trade negotiations with such countries as the United States and Japan could also translate into substantial benefits for METRO GROUP in the procurement of goods. METRO GROUP also welcomes the multilateral agreement aimed at streamlining customs-clearing procedures and boosting the efficiency of the customs processes used by WTO member countries, which was agreed at the Ninth WTO Ministerial Conference in Bali in 2013 and the Tenth WTO Ministerial Conference in Nairobi in 2015. This programme could result in the streamlining of imports and exports, particularly in developing countries, and a reduction in the cost of international shipments of goods by up to 10 per cent.

Strategic business opportunities

METRO GROUP's sales lines have high levels of brand equity in the countries in which they do business. We have assumed leading positions in many markets. We must further strengthen and expand these. Weaker market participants have withdrawn from the market, especially in countries that are hit particularly hard by the economic and financial crisis. We are working to fill these gaps or, when reasonable, to take over individual locations. Market exits of competitors would create additional opportunities for market share gains. In addition, we see potential in the successful repositioning of national subsidiaries operating in a challenging economic environment (including Germany and Southern Europe). Ongoing transformation, repositioning and restructuring measures at our Media-Saturn sales line aim to improve the sales line's market position and boost its profitability, particularly with respect to focal topics such as the consolidation of procurement activities, logistics and the country portfolio (opportunity: EBIT of ≥ €200 million).

By optimising sales concepts, continuing to focus on core target groups and modernising stores, we are creating opportunities to win new customer groups and to bolster existing customer relationships. To this end, METRO GROUP continuously provides funds for investment. The company's investment strategy is aimed at protecting and strengthening the competitive strength of all sales brands while better addressing customers in a more targeted manner. Examples include new and innovative formats, a distinct intensification of our online activities and multichannel business, measures to strengthen our own brands, franchise concepts, investments in innovative sales formats and customer-centric services and solutions. In all sales lines, we see great opportunity in the continuous dovetailing of store-based and electronic retailing.

We see further opportunities in the increased cooperation of the individual sales lines, for example in consumer electronics. In Russia and Turkey, we are already testing shop-in-shop concepts where Media Markt or Saturn manage the electronic departments of METRO Cash & Carry.

In the cash-and-carry business we see substantial additional potential in the continued expansion of the delivery business, for example through selected M & A measures and by strengthening our B2B e-commerce activities (opportunity: EBIT of ≥ €100 million), as well as by tapping additional professional customer groups. Examples include the acquisition of Rungis Express and the planned acquisition of Pro à Pro during the reporting period. The acquisition of Pro à Pro has yet to be completed. For Real's business, opportunities are being created by the strategic transformation that remains focused on cost and structural adjustments, the optimisation of the distribution network, the modernisation of the store network and the expansion of the online business, among other things. In addition, a new store concept aims to better align the product range and service offering with the individual needs of different customer groups while considering both emotional and rational customer wishes.

Online sales remain an important opportunity for our company's future success. Online retail is experiencing strong growth. We believe that this development will continue and create continued competitive momentum both in the store-based business and in online retail over the medium term. As a result, it is imperative for METRO GROUP to further strengthen its internet sales channel. All our sales lines now have online shops in Germany and in many other countries. During financial year 2015/16, we continuously improved the online shops and thus made additional strides in the shift from strictly store-based retail to integrated multichannel marketing. Unlike pure online providers, we create real added value for customers this way.

The dynamic development of information technologies creates substantial opportunities for our company to optimise its own processes and offer its customers new solutions (opportunity: EBIT of ≥ €200 million). New innovation areas are being fuelled in particular by information technologies that are more widely and easily used, including mobile communications (mobile computing), social media and cloud solutions. The implementation of solutions to process and analyse large amounts of data (big data) should create significantly improved marketing instruments, more efficient logistics and an opportunity to introduce new customer-oriented products and services. New organisational IT concepts (agile methods) and newly developed IT systems based on modern technology architecture allow for a more flexible and timely adaptation of the IT infrastructure to continuously changing customer needs and market conditions. METRO GROUP also buys into new digital services, particularly for the METRO Cash & Carry sales line, to tap new business areas or to be able to offer key customer groups such as the food service sector a comprehensive portfolio of solutions.

We believe that the application of innovative ideas relating to progressing digitisation will increasingly shape the future of retail and drive the development of new business models both at METRO Cash & Carry and Media-Saturn. In our group, we see potential for those new business models which offer excellent added value to our customers, in line with our strategy and building on existing strengths in our operating processes.

Our first step in this area is to launch a pilot project to test the extent to which we can deploy an innovation at our company and to invest in interesting start-up companies. In financial year 2015/16, for example, METRO GROUP acquired shares in the start-up Shore, a leading European provider of web-based business solutions for local service providers in Europe, as well as in Orderbird, the leading iPad POS system for restaurants in the German-speaking region. Together with the US company Techstars, we have introduced the METRO Accelerator powered by Techstars, which was launched for the second time during the reporting period. As a global retail company, we thus continue to monitor trends related to food service 2.0 and support digital solutions of innovative start-up businesses for the food service, hospitality and catering sectors. Similarly, Media-Saturn also created a start-up programme with the Spacelab accelerator.

Demographic trends offer another opportunity for METRO GROUP. Ageing populations in Western Europe and the growing concentration in economic and cultural centres dominate our customers' current and future needs. The stores of our sales lines are easy to reach and, as a rule, are accessible to people with disabilities. In addition, the outlets offer assistance and products designed to meet the needs of customers of all generations. As a result, we see good opportunities to gain additional market share.

Business performance opportunities

Aside from rigorously leveraging cost-cutting opportunities, we are creating the basis for long-term success by increasing our productivity, especially through process optimisations. This effort includes a number of projects that we have already initiated and will systematically continue to pursue. These include the expansion of our delivery activities and increasing the share of high-margin own-brand products in total sales. Should we make more progress in the implementation of further productivity enhancements than we currently expect, this could have a positive impact on our business development.

Alongside cost components, quality and freshness are critical differentiating factors that are particularly relevant for food. By having employees who continuously check and ensure quality, we can gain an edge on our competitors and establish customer perception that has a positive effect on sales and earnings. Moreover, we are planning to launch a new logistics network with Germany's largest retail logistics park in Marl. New logistics centres and greater centralisation of product flows will serve to enhance the availability, quality and freshness of products.

The issue of sustainability will continue to gain importance on a global level. As a result, the expectations of customers, employees, investors, political decision-makers and society regarding corporate sustainability will increase accordingly. By continuing to rigorously implement our sustainability strategy, we will ensure that METRO GROUP as well as its sales lines and own brands will become more attractive for these stakeholder groups. For example, the renewed distinction as Industry Leader in the Dow Jones Sustainability Index makes our share more attractive to sustainability-oriented investors and provides us with access to the capital markets at better conditions.

Additional opportunities arise from efforts to cut our greenhouse gas emissions. Our climate protection goal will indeed require investments. But as a result of lower costs, particularly for energy, these investments will create savings over the medium and long term. These savings will result in financial as well as environmental benefits and improvements. Our sustainability activities in our stores and headquarters, for example the development of a sustainable assortment and service offering, as well as our corporate responsibility activities enhance our reputation among independent businesses and consumers. This will help us to grow our sales over the medium term.

Overall assessment of the risk situation by the company's management

The Management Board and the Supervisory Board of METRO AG are regularly informed about the company's risk and opportunities situation. Overall, the risk and opportunities profile of METRO GROUP remains at last year's level. To evaluate the present risk situation, risks and opportunities were not only examined in isolation: the interdependencies between risks were analysed and rated according to their probability and impact. The assessment has shown that the overall risks are manageable. The identified individual and cumulative risks do not represent risks that jeopardise the continuity of the group due to illiquidity or over-indebtedness over a period of at least one year. We are confident that METRO GROUP's earnings strength provides a solid foundation for sustained positive business developments and the exploitation of numerous opportunities. This assessment is mirrored by the rating of the internationally leading, independent rating agency Standard & Poor's commissioned by us. METRO GROUP's unchanged investment grade credit rating of BBB – confirms our stable outlook. The Management Board of METRO AG currently does not expect any fundamental change in the risk and opportunities situation.

— REMUNERATION REPORT

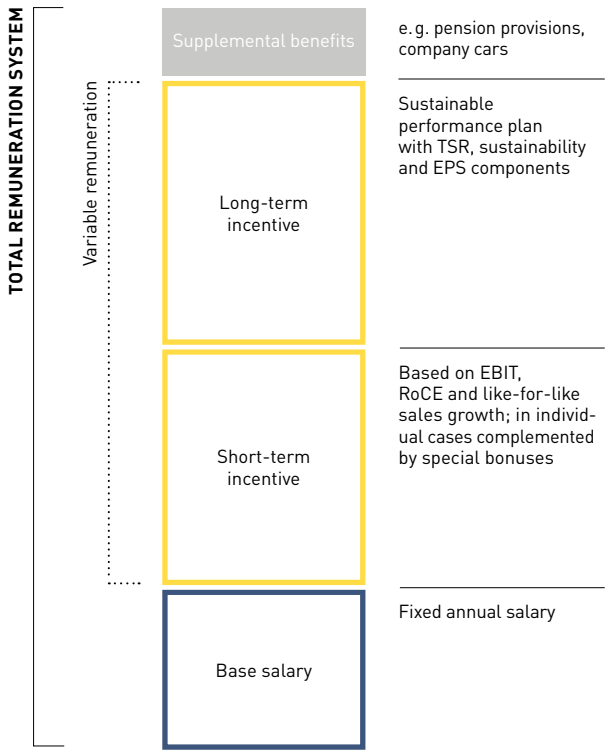
The following report describes the remuneration received by the Management Board and the Supervisory Board of METRO AG for financial year 2015/16 in accordance with standards laid down by the German Commercial Code (HGB) and the German Corporate Governance Code. In addition, this report outlines the remuneration systems and contains information about share-based compensation for executives of METRO GROUP.

The remuneration system for the Management Board is approved by the Supervisory Board of METRO AG and is prepared by its Personnel Committee. The Annual General Meeting on 20 February 2015 approved the remuneration system, which is unchanged from the previous year, with 99.6 per cent of the votes cast. The following is a description of how the system works.

The remuneration system for members of the Management Board

Management Board remuneration consists of a fixed salary and two variable performance-based components: the short-term incentive and the long-term incentive. The company also offers post-employment benefits plans and other supplemental benefits.

Remuneration system for the members of the Management Board



(Schematic illustration)

As a rule, the fixed salary and the variable remuneration paid to new members of the Management Board are reduced on a percentage basis in the first two years of service.

Total remuneration and the individual compensation components are geared appropriately to the responsibilities of each individual member of the Board, his or her personal performance and the company's economic situation, and fulfil legal stipulations regarding customary remuneration. Variable remuneration serves as an incentive for the Management Board to increase the company's value and is designed to generate sustainable, long-term company growth.

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Fixed salary
The fixed salary is contractually set and is paid in monthly instalments.

Short-term incentive / special bonuses
The short-term incentive remunerates the company's operating performance on the basis of three financial performance targets pertaining to that specific financial year, each of which has a weighting of one third.

A target value in euros is set for each member of the Management Board. The payout amount is calculated by multiplying the target value by the factor of overall goal achievement. This, in turn, is calculated by determining the goal achievement factors, each of which is rounded to two decimal points, for each of the three financial performance targets. The arithmetic mean of the factors, also rounded to two decimal points, gives the overall goal achievement factor. The overall goal achievement is limited to a factor of 2.0 (payout cap).

The short-term incentive is based on the following parameters:
— METRO GROUP's earnings before interest and taxes (EBIT),
— METRO GROUP's return on capital employed (RoCE) and
— like-for-like sales growth of METRO GROUP; this term reflects sales growth on a comparable area or with respect to a comparable group of locations in local currency.

In general, performance targets are set by the Supervisory Board for each of the three parameters before the beginning of the financial year. The basis for determining the goals is the budget plan, which requires the approval of the Supervisory Board. To determine whether a goal has been achieved, the Supervisory Board defines a lower threshold (entry barrier) for each performance target and a target value for 100 per cent goal achievement. A factor is allocated to the specific degree of goal achievement for each performance target:
— If the degree of goal achievement is 100 per cent, the factor is 1.0.
— If the degree of goal achievement is lower or equal to the entry barrier, then the factor is 0.0.
— In the case of intermediate values and values over 100 per cent, the factor for goal achievement is calculated using linear interpolation.

To calculate goal achievement, profit or loss adjusted for special items and exchange rate fluctuations is applied respectively. Special items include one-time transactions or a number of one-time transactions of the same type, which make it difficult to gauge a company's operating performance and are reported on the income statement. Generally, before the beginning of the financial year that is to be incentivised, the Supervisory Board defines which transactions will be adjusted as special items when calculating Management Board remuneration. Adjustment for exchange rate fluctuations occurs to the extent that these do not correspond to the assumptions made in the budget.

To ensure the individual performance orientation of Management Board remuneration, the Supervisory Board of METRO AG reserves the general right to reduce or increase the weight of the individual short-term incentive by up to 30 per cent at its discretion.

The following individual target values and payout caps were determined as the basis for Management Board remuneration in financial year 2015/16:

€ p.a.	Target value for the short-term incentive for financial year 2015/16	Payout cap for financial year 2015/16
Olaf Koch	1,200,000	2,400,000
Pieter C. Boone[1]	720,000	1,440,000
Mark Frese	900,000	1,800,000
Pieter Haas	900,000	1,800,000
Heiko Hutmacher	900,000	1,800,000

[1] Member of the Management Board since 1 July 2015

In addition, the Supervisory Board may grant special bonuses to members of the Management Board for exceptional performance.

The short-term performance-based remuneration of members of the Management Board is generally paid out four months after the end of a financial year.

Long-term incentive

The long-term incentive is designed to achieve sustainable growth in the company's value and applies a multi-year assessment basis.

Sustainable performance plan version 2014 (2014/15–2017/18)

After the first tranche of the sustainable performance plan was issued in financial year 2013/14, the Supervisory Board of METRO AG approved the adjustment of the sustainable performance plan from financial year 2014/15 onwards: on 10 December 2014, the Supervisory Board adopted the sustainable performance plan version 2014, with a planned duration of four tranches up to financial year 2017/18. By incorporating an additional performance target, the 2014 version of the sustainable performance plan creates an even greater incentive for the long-term and sustainable performance of METRO GROUP under consideration of the long-term expectations of shareholders and other stakeholders as well as the group's environmental responsibility. Performance will be measured both by share-based key indicators and internal growth as well as by qualitative aspects of business, environmental and social company management. A three-year performance period applies to the 2014/15 tranche of the sustainable performance plan version 2014; from the 2015/16 tranche onwards, a four-year performance period will apply.

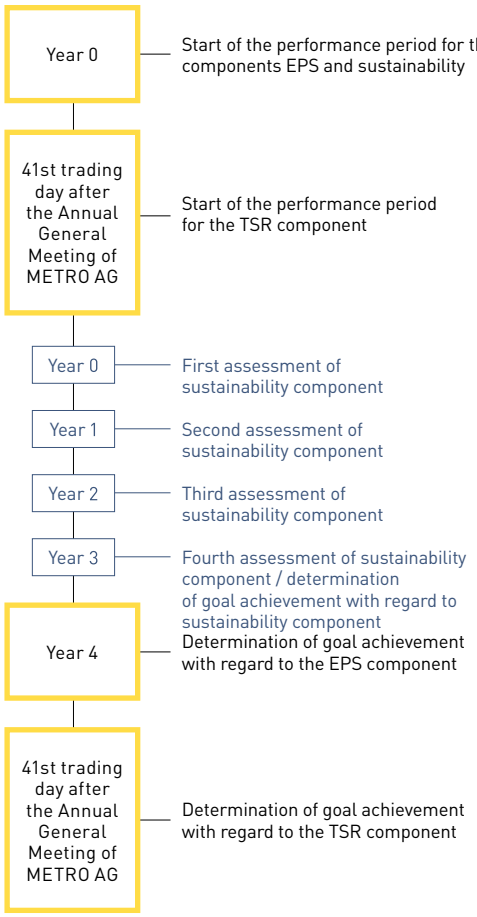
A target value in euros is set for each member of the Management Board. The payout amount is calculated by multiplying the target value by the factor of overall goal achievement. This, in turn, is calculated by determining the goal achievement factors, each of which is rounded to two decimal points, for each of the three performance targets. The arithmetic mean of the factors, also rounded to two decimal points, gives the overall goal achievement factor. The payout amount is limited to a maximum of 250 per cent of the target value (payout cap). In case of employment termination, separate rules for the payout of the tranches have been agreed upon.

The sustainable performance plan version 2014 is based on the following three performance targets:

— total shareholder return (TSR),
— sustainability and
— earnings per share (EPS).

The timing of the sustainable performance plan version 2014 is structured as follows:

Timing of the sustainable performance plan version 2014 (four-year performance period)



(Schematic illustration)

The **TSR component** is measured according to the development of the total shareholder return of the METRO ordinary share in the performance period compared to a defined benchmark index. To calculate the goal achievement factor of the TSR component, the Xetra closing prices of the METRO ordinary share are determined over a period of 40 consecutive trading days immediately following the Annual General Meeting of METRO AG in the grant year. This is used to calculate the arithmetic mean, which is known as the starting share price. The performance period for the respective tranche will begin on the 41st trading day following the Annual General Meeting. Once again, the Xetra closing prices of the METRO ordinary share are determined over a period of 40 consecutive trading days immediately following the Annual General Meeting three

years, or, from financial year 2015/16 onwards, four years after calculating the starting share price and issuing the applicable tranche. This is used again to calculate the arithmetic mean, which is known as the ending share price. The TSR percentage value will be determined on the basis of the change in the METRO share price and the total amount of hypothetically reinvested dividends throughout the performance period in relation to the starting and ending share prices.

The METRO TSR calculated in this manner will be compared with the TSR of the STOXX Europe 600 Retail index (index TSR) during the performance period, and the factor for computing the TSR component will be determined in this way:

— If METRO's TSR is identical to the index TSR, the factor for the TSR component is 1.0;
— if METRO's TSR is 30 percentage points or more below the index TSR, the factor for the TSR component is 0.0;
— if METRO's TSR is 30 percentage points above the index TSR, the factor for the TSR component is 2.0.
— In the case of goal achievement with intermediate values and more than 30 percentage points, the TSR factor for the sustainable performance plan version 2014 is calculated using linear interpolation to two decimal points.

To determine the goal achievement factor of the **sustainability component,** METRO AG takes part in the Corporate Sustainability Assessment conducted by the external independent agency RobecoSAM AG during each year of the three- or four-year performance period of the sustainable performance plan version 2014. RobecoSAM AG uses this assessment to determine the ranking of METRO AG within the industry group Food and Staples Retailing that is defined in accordance with the Global Industry Classification Standard (GICS). S&P Dow Jones Indices uses this ranking as the basis for decisions regarding a company's inclusion in the Dow Jones Sustainability Indices (DJSI). METRO AG is informed each year by RobecoSAM AG about its new ranking. The company's average ranking – rounded to whole numbers – is determined on the basis of the three, or, from financial year 2015/16 onwards, four rankings per tranche communicated by RobecoSAM AG during the performance period. The factor for the sustainability component of the 2015/16 and 2014/15 tranches is determined in the following manner on the basis of the average ranking during the performance period:

Average ranking (rounded)	Sustainability factor tranche for financial year 2014/15	Sustainability factor tranche for financial year 2015/16
1	3.00	3.00
2	3.00	2.50
3	2.50	2.00
4	2.00	1.50
5	1.50	1.25
6	1.25	1.00
7	1.00	0.75
8	0.67	0.50
9	0.33	0.25
Below 9	0.00	0.00

The goal achievement factor for the **EPS component,** which was introduced for the first time in the sustainable performance plan version 2014, is calculated as follows: Generally, the Supervisory Board approves an EPS target value (before special items) for the third or fourth year of the EPS performance period at the beginning of the financial year, a lower threshold/entry barrier as well as an upper threshold for 200 per cent goal achievement. The EPS value that has actually been achieved during the performance period is compared to the approved values and the factor for calculating the EPS component is determined as follows:

— If the EPS target value is achieved, the factor for the EPS component is 1.0;
— if only the lower entry barrier or a value lower than it is achieved, the factor for the EPS component is 0.0;
— in the event of 200 per cent goal achievement, the factor for the EPS component is 2.0.
— In the case of goal achievement with intermediate values and more than 200 per cent, the EPS factor for the sustainable performance plan version 2014 is calculated using linear interpolation to two decimal points.

Sustainable performance plan (2013/14)

After the last tranche of the performance share plan was issued in the short financial year 2013, the Supervisory Board of METRO AG approved the sustainable performance plan on 10 December 2013, whose tranche was paid with a three-year performance period in financial year 2013/14.

A target value in euros was set for each member of the Management Board. This is 75 per cent dependent on the TSR component and 25 per cent on the sustainability component.

The calculation of the **TSR component** follows the method described for the sustainable performance plan version 2014; however, the factor for the TSR component is a maximum of 3.0 (cap). Furthermore, the following additional condition applies if the TSR factor is positive: a payment of 75 per cent of the target amount multiplied by the TSR factor will be made only if the calculated ending price of the METRO share does not fall below the starting share price. Should this condition not be met, the calculated amount will not initially be paid. In this case, an entitlement to payment will exist only if the Xetra closing price of the METRO ordinary share is higher than or equivalent to the starting share price for 40 consecutive trading days within a three-year period after the completion of the performance period. Should this condition not be met within the three years after the performance period ends, no payment of the TSR component of the tranche will be made.

Similarly, the method described for the sustainable performance plan version 2014 also applies to the calculation of the factor for the **sustainability component,** while the factor for the sustainability component, dependent on the average ranking during the performance period, is calculated as follows:

Average ranking (rounded)	Sustainability factor Financial year 2013/14 tranche
1	3.00
2	3.00
3	3.00
4	2.50
5	2.00
6	1.50
7	1.25
8	1.00
9	0.50
Below 9	0.00

The following additional condition will also apply: a payment of 25 per cent of the target amount multiplied by the sustainability factor will only be made if the ranking of METRO AG does not fall by more than two places below the last announced ranking before the issuance of the tranche in any year of the performance period. Otherwise, the factor for the sustainability component will be zero.

Performance share plan (2009–2013)

By resolution of the Personnel Committee of the Supervisory Board and with the approval of the Supervisory Board, METRO AG introduced a five-year performance share plan in 2009. The last tranche of this plan was paid in the short financial year 2013. A target value in euros was set for each member of the Management Board. The target number of performance shares was calculated by dividing this target value by the share price upon grant, based on the average price of the METRO share during the three months up to the grant date. The key metric in this calculation was the three-month average price of the METRO share before the grant date. A performance share entitles its holder to a cash payment in euros matching the price of the METRO share on the payment date based on the average price of the METRO share during the three months up to the payment date.

Based on the relative performance of the METRO share compared with the median of the DAX 30 and EURO STOXX Retail indices – total return – the final number of payable performance shares is determined after the end of a performance period of at least three and at most 4.25 years. It corresponds to the target number of shares when an equal performance with said stock indices is achieved. Up to an outperformance of 60 per cent, the number increases linearly to a maximum of 200 per cent of the target amount. Up to an underperformance of 30 per cent, the number is accordingly reduced to a minimum of 50 per cent. In the case of an underperformance of more than 30 per cent, the number is reduced to zero.

Payment can be made at six possible times that are set in advance. The earliest payment date is three years after granting of the performance shares. From this time, payment can be made every three months. The members of the Management Board can choose the date upon which they want to exercise performance shares. A distribution over several payment dates is not permitted. The payment cap amounts to five times the target value.

METRO GROUP introduced so-called share ownership guidelines along with its performance share plan: as a precondition for the payout of performance shares, the members of the Management Board are obliged to undertake a significant continuous self-financed investment in METRO shares up to the end of the three-year vesting period. This ensures that, as shareholders, they will directly participate in share price gains as well as potential losses of the METRO share. Their investment in company shares promotes the remuneration system's

long-term structure and orientation towards sustainable development and results in a healthy balance of the various remuneration elements. The self-financed investment applies to the entire term of the performance share plan.

Post-employment benefits plans

In 2009, post-employment benefits plans were introduced for members of the Management Board. They consist of direct benefits with a defined contribution component and a performance-based component.

The defined contribution component is financed by the Management Board member and the company based on an apportionment of "7 + 7 + 7". When a member of the Management Board makes a contribution of 7 per cent of his or her defined basis for assessment, the company will contribute the same amount. Depending on the economic situation, the company will pay the same amount again. In view of the macroeconomic environment, the additional amount was again suspended in the reporting year. When a member of the Management Board leaves the company before retirement age, the contributions retain the level they have reached. The performance-based component is congruently reinsured by Hamburger Pensionsrückdeckungskasse VVaG (HPR). The interest rate for the contributions is paid in accordance with the articles of association of the HPR with regard to profit participation, with a guarantee applying to the paid-in contribution.

An entitlement to pension benefits exists

- if the working relationship ends with or after the reaching of standard retirement age as it applies to the German state pension scheme,
- as early retirement benefits, if the working relationship ends at the age of 60 or after the age of 62 for pension benefits that were granted after 31 December 2011, as well as ends before reaching standard retirement age,
- in the case of invalidity or death insofar as the relevant preconditions for entitlement have been met.

Payment can be made in the form of capital, instalments or a life-long pension. A minimum benefit is granted in the case of invalidity or death. In such instances, the total amount of contributions that would have been credited to the member of the Management Board for every calendar year up to a credit period of ten years, but limited to the point when the individual turns 60, will be added to the benefits balance. This performance-based component is not reinsured, but will be provided directly by the company when the benefit case occurs.

Furthermore, since 2015, members of the Management Board have been offered the option of converting future compensation components in the fixed salary as well as in the variable remuneration into company pension entitlements with Hamburger Pensionsrückdeckungskasse VVaG as part of a tax-privileged compensation conversion scheme.

Further benefits in case of an end to employment

The active members of the Management Board receive no additional benefits beyond the described post-employment benefits plans should their employment end. In particular, no retirement payments will be granted. In the event of the death of a member of the Management Board during active service, his or her surviving dependants will be paid the fixed salary for the month in which the death occurred as well as for an additional six months.

Supplemental benefits

The supplemental benefits granted to members of the Management Board include non-cash benefits and expense allowances (for example, company cars). As a sustainability criterion, the company car guideline contains – similar to the company car regulation for METRO GROUP executives – a limit to the CO_2 emissions of company cars as well as a cap on the non-cash benefits associated with the private use of company cars.

Other

The members of the Management Board of METRO AG are not entitled to additional remuneration or special benefits as a result of a change of control.

Remuneration of the Management Board in financial year 2015/16[1]

€1,000	Financial year	Fixed salary	Supplemental benefits	Short-term incentive[2]	Long-term incentive: Value of granted tranche[3]	Long-term incentive: (Payout from tranches granted in the past)	Total[4]	(Effective salary[5])
Olaf Koch	2014/15	1,200	36	3,442	2,301	(0)	6,979	(4,678)
	2015/16	**1,200**	**41**	**1,277**	**2,624**	**(0)**	**5,142**	**(2,518)**
Pieter C. Boone[6]	2014/15	180	33	224	0	(0)	437	(437)
	2015/16	**720**	**18**	**702**	**1,575**	**(0)**	**3,015**	**(1,440)**
Mark Frese	2014/15	900	47	2,620	1,726	(0)	5,293	(3,567)
	2015/16	**900**	**79**	**878**	**1,968**	**(0)**	**3,825**	**(1,857)**
Pieter Haas	2014/15	810	61	1,951	1,726	(0)	4,548	(2,822)
	2015/16	**900**	**146**	**958**	**1,968**	**(0)**	**3,972**	**(2,004)**
Heiko Hutmacher	2014/15	900	63	1,732	1,726	(0)	4,421	(2,695)
	2015/16	**900**	**56**	**878**	**1,968**	**(0)**	**3,802**	**(1,834)**
Total	2014/15	3,990	240	9,969	7,479	(0)	21,678	(14,199)
	2015/16	**4,620**	**340**	**4,693**	**10,103**	**(0)**	**19,756**	**(9,653)**

[1] Statements pursuant to § 285 Sentence 1 No. 9 a and § 314 Section 1 No. 6 a of the German Commercial Code (HGB) (excluding provisions for post-employment benefits plans)
[2] For financial year 2014/15, short-term performance-based remuneration includes the short-term incentive as well as special bonuses for the sale of Galeria Kaufhof
[3] Shown here is the fair value at the time of granting the tranche
[4] Total of the columns fixed salary, supplemental benefits, short-term incentive and value of the granted tranche of the long-term incentive
[5] Total of the columns fixed salary, supplemental benefits, short-term incentive and payout from the tranches of the long-term incentive granted in the past
[6] Member of the Management Board since 1 July 2015

Pursuant to the German Corporate Governance Code, the remuneration received by the Management Board is as follows, according to the tables "benefits granted" and "accruals":

Benefits granted

	Olaf Koch				Pieter C. Boone				Mark Frese			
	Chairman of the Management Board since 1/1/2012 Member of the Management Board since 14/9/2009				Member of the Management Board for the METRO Cash & Carry business segment Member of the Management Board since 1/7/2015				Chief Financial Officer Member of the Management Board since 1/1/2012			
	2014/15	2015/16	2015/16	2015/16	2014/15	2015/16	2015/16	2015/16	2014/15	2015/16	2015/16	2015/16
€1,000			Minimum value	Maximum value			Minimum value	Maximum value			Minimum value	Maximum value
Fixed salary	1,200	1,200	1,200	1,200	180	720	720	720	900	900	900	900
Supplemental benefits	36	41	41	41	33	18	18	18	47	79	79	79
Total	**1,236**	**1,241**	**1,241**	**1,241**	**213**	**738**	**738**	**738**	**947**	**979**	**979**	**979**
One-year variable remuneration[1]	1,200	1,200	0	2,400	180	720	0	1,440	900	900	0	1,800
Multi-year variable remuneration[2]												
Sustainable performance plan version 2014 (granted 22/4/2015, end of performance period: 41st trading day following the Annual General Meeting three years after the issuance of the tranche)	2,301	–	–	–	0	–	–	–	1,726	–	–	–
Sustainable performance plan version 2014 (granted 20/04/2016, end of performance period: 41st trading day following the Annual General Meeting four years after the issuance of the tranche)	–	2,624	0	4,000	–	1,575	0	2,400	–	1,968	0	3,000
Total	**4,737**	**5,065**	**1,241**	**7,641**	**393**	**3,033**	**738**	**4,578**	**3,573**	**3,847**	**979**	**5,779**
Pension expenditure	169	169	169	169	32	135	135	135	128	127	127	127
Total remuneration	**4,906**	**5,234**	**1,410**	**7,810**	**425**	**3,168**	**873**	**4,713**	**3,701**	**3,974**	**1,106**	**5,906**

[1] The figures shown here relate to the short-term incentive excluding any potential additional special bonuses
[2] Shown here is the fair value at the time of granting the tranche

Pieter Haas				Heiko Hutmacher			
Member of the Management Board for the Media-Saturn business segment Member of the Management Board since 1/4/2013				Chief Human Resources Officer Member of the Management Board since 1/10/2011			
2014/15	2015/16	2015/16 Minimum value	2015/16 Maximum value	2014/15	2015/16	2015/16 Minimum value	2015/16 Maximum value
810	900	900	900	900	900	900	900
61	146	146	146	63	56	56	56
871	**1,046**	**1,046**	**1,046**	**963**	**956**	**956**	**956**
810	900	0	1,800	900	900	0	1,800
1,726	–	–	–	1,726	–	–	–
–	1,968	0	3,000	–	1,968	0	3,000
3,407	**3,914**	**1,046**	**5,846**	**3,589**	**3,824**	**956**	**5,756**
137	129	129	129	128	127	127	127
3,544	**4,043**	**1,175**	**5,975**	**3,717**	**3,951**	**1,083**	**5,883**

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Accruals

	Olaf Koch		Pieter C. Boone		Mark Frese		Pieter Haas		Heiko Hutmacher	
	Chairman of the Management Board since 1/1/2012 Member of the Management Board since 14/9/2009		Member of the Management Board for the METRO Cash & Carry business segment Member of the Management Board since 1/7/2015		Chief Financial Officer Member of the Management Board since 1/1/2012		Member of the Management Board for the Media-Saturn business segment Member of the Management Board since 1/4/2013		Chief Human Resources Officer Member of the Management Board since 1/10/2011	
€1,000	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Fixed salary	1,200	1,200	720	180	900	900	900	810	900	900
Supplemental benefits	41	36	18	33	79	47	146	61	56	63
Total	**1,241**	**1,236**	**738**	**213**	**979**	**947**	**1,046**	**871**	**956**	**963**
One-year variable remuneration[1]	1,277	3,442	702	224	878	2,620	958	1,951	878	1,732
Multi-year variable remuneration										
Performance share plan (granted 10/8/2011, end of vesting period 10/8/2014, end of term 10/11/2015)	0	0	0	0	0	0	0	0	0	0
Performance share plan (granted 1/4/2012, end of vesting period 1/4/2015, end of term 1/7/2016)	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	**2,518**	**4,678**	**1,440**	**437**	**1,857**	**3,567**	**2,004**	**2,822**	**1,834**	**2,695**
Pension expenditure	169	169	135	32	127	128	129	137	127	128
Total remuneration	**2,687**	**4,847**	**1,575**	**469**	**1,984**	**3,695**	**2,133**	**2,959**	**1,961**	**2,823**

[1] For financial year 2014/15, short-term performance-based remuneration includes the short-term incentive as well as special bonuses for the sale of Galeria Kaufhof

Long-term incentives in financial year 2015/16

The target value for the 2015/16 tranche is €1.6 million for Mr Koch; €1.2 million each for Messrs Frese, Haas and Hutmacher, and €0.96 million for Mr Boone. The value of the tranche distributed in financial year 2015/16 as part of the sustainable performance plan version 2014 was calculated at the time of granting by external experts using recognised financial-mathematical methods.

Sustainable performance plan / sustainable performance plan version 2014

Tranche	End of the performance period	Starting price for the TSR component	Target amount Management Board as of 30/9/2016
2013/14	41st trading day following the Annual General Meeting three years after the issuance of the tranche	€29.73	€4,960,000
2014/15	41st trading day following the Annual General Meeting three years after the issuance of the tranche	€31.69	€5,365,000
2015/16	41st trading day following the Annual General Meeting four years after the issuance of the tranche	€25.53	€6,160,000

In addition to the tranche from the sustainable performance plan version 2014 in financial year 2015/16, the active members of the Management Board in this financial year possess grants from tranches of the long-term incentive that were granted in the past: Mr Koch possesses a 2013 tranche of the performance share plan as well as a 2013/14 and a 2014/15 tranche of the sustainable performance plan, Mr Frese possesses a 2013/14 and a 2014/15 tranche of the sustainable performance plan, Mr Haas possesses a 2013 tranche of the performance share plan as well as a 2013/14 and a 2014/15 tranche of the sustainable performance plan, and Mr Hutmacher possesses a 2013/14 and 2014/15 tranche of the sustainable performance plan. Mr Boone possesses a 2013 tranche of the performance share plan as well as a 2014/15 tranche of the sustainable performance plan from the time of his employment at METRO GROUP before he was appointed as a member of the Management Board.

Performance share plan

Tranche	End of vesting period	Three-month average price before grant	Number of Management Board performance shares as of 30/9/2016
2009	August 2012	€36.67	Expired
2010	August 2013	€42.91	Expired
2011	August 2014	€41.73	Expired
2012	April 2015	€29.18	Expired
2013	April 2016	€22.84	116,463

The vesting period for the 2013 tranche ended in April 2016. No payouts from this tranche were made to members of the Management Board in financial year 2015/16.

In financial year 2015/16, value changes resulted from the current tranches of performance-based payment programmes with a long-term incentive effect. The company's expenses amounted to €2.26 million for Mr Koch, €0.30 million for Mr Boone, €1.58 million for Mr Haas and €1.45 million each for Mr Frese and Mr Hutmacher.

Services after the end of employment in financial year 2015/16 (including provisions for post-employment benefits plans)
In financial year 2015/16, a total of €0.69 million according to International Financial Reporting Standards (IFRS) and €0.62 million according to the German Commercial Code (HGB) was used for the remuneration of the active members of the Management Board of METRO AG for benefits to be provided after the end of their employment (2014/15: €0.59 million determined according to IFRS and €0.62 million determined according to the German Commercial Code (HGB)). Of this total, approximately €0.169 million was granted to Mr Koch for provisions for post-employment benefits plans according to IFRS, approximately €0.135 million to Mr Boone, approximately €0.129 million to Mr Haas and approximately €0.127 million each to Mr Frese and Mr Hutmacher.

According to the German Commercial Code (HGB), approximately €0.160 million was allocated to Mr Koch, approximately €0.119 million to Mr Boone, approximately €0.116 million to Mr Hutmacher and approximately €0.113 million each to Mr Frese and Mr Haas.

Provisions according to IFRS and the German Commercial Code (HGB) amounted to approximately €0.004 million for Mr Koch, approximately €0.007 million for Mr Frese, approximately €0.007 million for Mr Hutmacher, approximately €0.057 million according to IFRS and approximately €0.053 million according to HGB for Mr Boone and approximately €0.055 million according to IFRS and approximately €0.052 million according to HGB for Mr Haas.

The cash value of the commitment volume according to IFRS and HGB amounted to approximately €2.3 million for Mr Koch, approximately €0.4 million for Mr Boone, approximately €1.4 million for Mr Frese, approximately €1.0 million for Mr Haas and approximately €1.4 million for Mr Hutmacher. With the exception of the provisions listed in the last paragraph, the cash value of the commitment volume is offset by assets.

Total compensation of former members of the Management Board in financial year 2015/16
Former members of the Management Boards of METRO AG and the companies that were merged into METRO AG as well as their surviving dependants received €3.4 million (2014/15: €3.4 million).

The corresponding cash value of provisions for current pensions and pension entitlements according to IFRS amounts to €53.2 million (30/9/2015: €49.5 million).

The corresponding cash value of provisions for current pensions and pension entitlements according to the German Commercial Code (HGB) amounts to €40.4 million (30/9/2015: €41.4 million).

Long-term incentive for executives

Pursuant to the recommendation in Subsection 7.1.3 of the German Corporate Governance Code, the share-based compensation of executives of METRO GROUP will also be reported in the following section.

Long-term incentive METRO Cash & Carry (MCC LTI)
A long-term incentive tailored specifically to the New Operating Model was developed for the METRO Cash & Carry sales line. It replaces the sustainable performance plan version 2014 and was issued to high-level executives and the management of METRO Cash & Carry companies for the first time in financial year 2015/16. This is a cyclical plan that is issued once every three years. The respective performance targets focus on value creation in the individual national subsidiaries as well as their sustained development and prospects. The performance period of the MCC LTI extends from 1 April 2016 to 31 March 2019. The individual target amounts are accumulated proportionally

during this period. The final target amount that has been accumulated at the end of the performance period is based on the period of eligibility for the MCC LTI as well as the individual's position.

After the end of the performance period, the payout amount is determined by multiplying the respectively accumulated individual target amount with a total goal achievement factor. The goal achievement rate of this factor for the past performance and future value components accounts for 45 per cent each; the remaining 10 per cent are accounted for by the goal achievement rate of the sustainability component. The payout amount is capped and the total goal achievement factor cannot drop below zero. The relevant measure for the past performance and future value components for eligible executives at the national subsidiaries is the performance/value creation of the respective national subsidiary of METRO Cash & Carry. The relevant measure for the other eligible executives is the sales line's overall performance.

The **past performance** component rewards the achievement of internal economic target values and is determined on the basis of the internal metric EBITDA after special items generated cumulatively over financial years 2015/16 to 2017/18. Separate target values for a goal achievement factor of 1.0 and 0.0, respectively, have been defined. In the case of intermediate values and values above 1.0, the factor for goal achievement is calculated using linear interpolation to two decimal points. The goal achievement factor for the past performance component cannot drop below zero and is capped.

The **future value** component mirrors METRO Cash & Carry's external valuation with respect to the expected future performance of the respective national subsidiary and the sales line as a whole from an analyst's perspective. For the purpose of target setting, the enterprise value of the METRO Cash & Carry sales line was determined on the basis of analyst valuations before the start of the performance period. It is determined again at the end of the performance period. The national subsidiaries' enterprise value is derived from the respective enterprise values of the sales line. Separate target values for a goal achievement factor of 1.0 and 0.0, respectively, have been defined. In the case of intermediate values and values above 1.0, the factor for goal achievement is calculated using linear interpolation to two decimal points. The goal achievement factor for the future value component cannot drop below zero and is capped.

Performance achievement for the **sustainability component** is determined on the basis of the average rating which METRO AG (or, once the planned demerger has become effective, the Wholesale & Food Specialist entity spun off from METRO AG) is awarded in an external corporate sustainability assessment during the performance period. In each year of the performance period, METRO AG participates in the Corporate Sustainability Assessment conducted by the independent service provider RobecoSAM AG. RobecoSAM AG uses this assessment to determine METRO AG's ranking within the industry group Food & Staples Retailing that is defined in accordance with the Global Industry Classification Standard (GICS). RobecoSAM AG will inform METRO AG of any changes in its sector classification. In case of material changes in the composition of companies or the ranking method, RobecoSAM AG can determine adequate comparable values.

The company's average ranking – rounded to whole numbers – is determined on the basis of the rankings communicated during the performance period. The factor for the sustainability component is determined in the following manner on the basis of the average of the performance period:

Average ranking (rounded)	Sustainability factor
1	3.00
2	2.50
3	2.00
4	1.50
5	1.25
6	1.00
7	0.75
8	0.50
9	0.25
Below 9	0.00

As of 30 September 2016, the target amount for the eligible group of persons was €28.1 million.

The value of the METRO Cash & Carry Long-Term Incentive plan distributed in financial year 2015/16 was €35.9 million at the time of granting. It was calculated by external experts using recognised financial-mathematical methods.

Sustainable performance plan / sustainable performance plan version 2014

The sustainable performance plan and the sustainable performance plan version 2014 apply not only to the members of the

Management Board, but also to high-level executives of METRO AG as well as to high-level managing directors and executives of METRO GROUP companies, insofar as no distribution from the METRO Cash & Carry Long-Term Incentive was made in financial year 2015/16 due to the respective function. Eligible managers are given an individual target amount in accordance with the significance of their responsibilities. The additional rules of this plan correspond to the provisions for the Management Board.

Sustainable performance plan / sustainable performance plan version 2014

Tranche	End of the performance period	Starting price for the TSR component	Target amount executives as of 30/9/2016
2013/14	41st trading day following the Annual General Meeting three years after the issuance of the tranche	€29.73	€2,612,593
2014/15	41st trading day following the Annual General Meeting three years after the issuance of the tranche	€31.69	€21,550,001
2015/16	41st trading day following the Annual General Meeting four years after the issuance of the tranche	€25.53	€8,410,000

The value of the tranches granted in financial year 2015/16 as part of the sustainable performance plan version 2014 amounted to €14.2 million at the time of granting and was calculated by external experts using recognised financial-mathematical methods.

Performance share plan

The performance share plan 2009–2013 also applies not only to the members of the Management Board, but also to high-level executives of METRO AG as well as to high-level managing directors and executives of METRO GROUP companies. Under this scheme, eligible managers were given an individual target amount as part of the performance share plan (target value) in accordance with the significance of their responsibilities. The additional rules of this plan correspond to the provisions for the Management Board.

With the performance share plan, the share ownership guidelines – the requirement to undertake self-financed investments – were also applied to this group of eligible individuals. The required investment volume generally amounts to approximately 50 per cent of the individual target value.

Like those for the Management Board, the following conditions apply:

Performance share plan

Tranche	End of vesting period	Three-month average price before grant	Number of performance shares for executives as of 30/9/2016
2009	August 2012	€36.67	Expired
2010	August 2013	€42.91	Expired
2011	August 2014	€41.73	Expired
2012	April 2015	€29.18	Expired
2013	April 2016	€22.84	45,753

The vesting period of the 2013 tranche ended in April 2016. It was exercised by 192 executives with 507,436 performance shares in financial year 2015/16.

Compensation of members of the Supervisory Board

The members of the Supervisory Board receive a fixed yearly remuneration amount in accordance with § 13 of METRO AG's Articles of Association. In financial year 2015/16, this amounted to €80,000 per ordinary member.

The value added tax payable to the compensation is reimbursed to the members of the Supervisory Board in accordance with § 13 Section 5 of METRO AG's Articles of Association.

Remuneration factors	
Chairperson of the Supervisory Board	●●●
Vice Chairperson	●●
Committee chairpersons[1]	●●
Committee members[1]	●◖
Members of the Supervisory Board	●

[1] With a minimum of two meetings/resolutions

The individual amount of Supervisory Board remuneration takes into account the duties and responsibilities of the individual members of the Supervisory Board by considering special assignments. The compensation of the Chairperson of the Supervisory Board is three times higher than that of an ordinary member of the Supervisory Board; that of the Vice Chairperson and the chairpersons of the committees is twice as high; and that of the other members of the committees is 1.5 times higher. The remuneration for membership or chairmanship of a committee will be paid only if at least two meetings or other resolutions took place during the respective financial year. A member of the Supervisory Board who holds several offices at once receives compensation for only one office; in the case of different levels of remuneration, the member is compensated for the most highly paid office.

The relevant individual amounts for financial year 2015/16 are as follows:

Remuneration of members of the Supervisory Board for financial year 2015/16 pursuant to § 13 of the Articles of Association[1]

€	Financial year	Multiplier	Fixed salary
Jürgen B. Steinemann, Chairman (since 19/2/2016)	2014/15	●	5,417
	2015/16	●/●●●	**186,667**
Franz M. Haniel, Chairman (until 19/2/2016)	2014/15	●●●	195,000
	2015/16	●●●	**100,000**
Werner Klockhaus, Vice Chairman	2014/15	●●	130,000
	2015/16	●●	**160,000**
Prof. Dr oec. Dr iur. Ann-Kristin Achleitner	2014/15	●	65,000
	2015/16	●	**80,000**
Gwyn Burr	2014/15	●	54,167
	2015/16	●	**80,000**
Ulrich Dalibor	2014/15	●	65,000
	2015/16	●	**80,000**
Karin Dohm (since 19/2/2016)	2014/15		–
	2015/16	●	**53,333**
Thomas Dommel (since 10/12/2015)	2014/15		–
	2015/16	●	**66,667**
Jürgen Fitschen	2014/15	●◖	97,500
	2015/16	●◖	**120,000**
Hubert Frieling (until 31/8/2016)	2014/15	●	65,000
	2015/16	●	**73,333**
Dr Florian Funck	2014/15	●◖	97,500
	2015/16	●◖	**120,000**
Andreas Herwarth	2014/15	●	65,000
	2015/16	●/●◖	**113,333**
Peter Küpfer	2014/15	●	65,000
	2015/16	●	**80,000**
Rainer Kuschewski	2014/15	●◖	97,500
	2015/16	●◖	**120,000**
Susanne Meister	2014/15	●	65,000
	2015/16	●	**80,000**
Dr Angela Pilkmann (since 1/9/2016)	2014/15		–
	2015/16	●	**6,667**
Mattheus P. M. (Theo) de Raad	2014/15	●	65,000
	2015/16	●	**80,000**
Dr Fredy Raas	2014/15	●◖	97,500
	2015/16	●◖	**120,000**
Xaver Schiller	2014/15	●◖	97,500
	2015/16	●◖	**120,000**
Dr jur. Hans-Jürgen Schinzler	2014/15	●●	130,000
	2015/16	●●	**160,000**
Jürgen Schulz (since 10/12/2015)	2014/15		–
	2015/16	●	**66,667**
Angelika Will	2014/15	●	65,000
	2015/16	●	**80,000**
Total[2]	2014/15		1,522,084
	2015/16		**2,146,667**

[1] Plus applicable value added tax in accordance with § 13 Section 5 of the Articles of Association
[2] Reported figures for 2014/15 relate to active members of the Supervisory Board in financial year 2015/16

In financial year 2015/16, individual members of the Supervisory Board of METRO AG also received compensation from the group companies for Supervisory Board mandates at group companies.

Other intra-group compensation of members of the Supervisory Board for financial year 2015/16[1]

€	Financial year	
Werner Klockhaus	2014/15	9,300
	2015/16	**9,300**
Thomas Dommel	2014/15	–
	2015/16	**4,500**
Rainer Kuschewski	2014/15	39,400
	2015/16	**6,200**
Xaver Schiller	2014/15	9,000
	2015/16	**9,000**
Total	2014/15	57,700
	2015/16	**29,000**

[1] Plus potentially applicable value added tax

Beyond this, the members of the Supervisory Board were not granted any remuneration or benefits for work performed, in particular consulting and brokerage services, on behalf of companies of METRO GROUP in the sense of Subsection 5.4.6 of the German Corporate Governance Code.

Outlook

METRO AG is preparing the demerger of METRO GROUP into two independent, exchange-listed companies focusing on the business segments Wholesale & Food Specialist and Consumer Electronics, respectively. The demerger is planned to become effective in mid-2017 and thus over the course of financial year 2016/17. The current remuneration system for members of the Management Board therefore does not reflect the planned demerger of METRO GROUP. Against this background, new Management Board remuneration systems for both new entities are currently being developed. These will be geared specifically to the respective business activities. These remuneration systems will be introduced as of the effective date of the demerger. In this context, the Supervisory Board passed a resolution on the treatment of the short-term incentive in financial year 2016/17 until the time the demerger becomes effective. It will also decide how to handle the already granted tranches of the long-term incentive.

— NOTES PURSUANT TO § 315 SECTION 4 AND § 289 SECTION 4 OF THE GERMAN COMMERCIAL CODE AND EXPLANATORY REPORT OF THE MANAGEMENT BOARD

Composition of capital (§ 315 Section 4 No. 1 and § 289 Section 4 No. 1 of the German Commercial Code)

On 30 September 2016, the share capital of METRO AG totalled €835,419,052.27. It is divided into a total of 324,109,563 ordinary bearer shares (proportional value of the share capital: €828,572,941, circa 99.18 per cent) as well as 2,677,966 preference bearer shares (proportional value of the share capital: €6,846,111, circa 0.82 per cent). The proportional value per share amounts to about €2.56.

Each ordinary share grants one voting right. In addition, ordinary shares entitle the holder to dividends. In contrast to ordinary shares, preference shares principally do not carry voting rights and give a preferential entitlement to profits in line with § 21 of the Articles of Association of METRO AG, which state:

"(1) Holders of non-voting preference shares will receive from the annual balance sheet profi a preference dividend of €0.17 per preference share.

(2) Should the balance sheet profit available for distribution not suffice in any one financial year to pay the preference dividend, the arrears (excluding any interest) shall be paid from the balance sheet profit of future financial years in an order based on age; that is, in such manner that any older arrears are paid off prior to any more recent ones and that the preference dividends payable from the profit of a financial year are not distributed until all of any accumulated arrears have been paid.

(3) After the preference dividend has been distributed, the holders of ordinary shares will receive a dividend of €0.17 per ordinary share. Thereafter, a non-cumulative extra dividend of €0.06 per share will be paid to the holders of non-voting preference shares. The extra dividend shall amount to 10 per cent of such dividend as, in accordance with Section 4 herein below, will be paid to the holders of ordinary shares insofar as such dividend equals or exceeds €1.02 per ordinary share.

(4) The holders of non-voting preference shares and of ordinary shares will equally share in any additional dividends paid in the proportion of their shares in the share capital."

Other rights associated with ordinary and preference shares include in particular the right to attend the Annual General Meeting (§ 118 Section 1 of the German Stock Corporation Act), the right to information (§ 131 of the German Stock Corporation Act) and the right to file a legal challenge or a complaint for nullity (§§ 245 Nos. 1–3, 246, 249 of the German Stock Corporation Act). In addition to the previously mentioned right to receive dividends, shareholders principally have a subscription right when the share capital is increased (§ 186 Section 1 of the German Stock Corporation Act), claims to liquidation proceeds after the closure of the company (§ 271 of the German Stock Corporation Act) and to compensation and settlements as a result of certain structural measures, particularly pursuant to §§ 304 ff., 320 b, 327 b of the German Stock Corporation Act.

Limitations relevant to voting rights (§ 315 Section 4 No. 2 and § 289 Section 4 No. 2 of the German Commercial Code)

To the knowledge of the Management Board, the following agreements exist or existed during financial year 2015/16. These agreements can be regarded as restrictions in the sense of § 315 Section 4 No. 2 and § 289 Section 4 No. 2 of the German Commercial Code:

A pooling agreement exists among Beisheim Capital GmbH, Düsseldorf, Germany, and Beisheim Holding GmbH, Baar, Switzerland, which includes the METRO AG shares held by Beisheim Capital GmbH and Beisheim Holding GmbH.

In preparation of the demerger of METRO AG, each of the three major shareholders of METRO AG – the Haniel shareholder

group, the Schmidt-Ruthenbeck shareholder group and the Beisheim shareholder group – has entered into temporary lock-up agreements at normal market conditions with METRO AG for its shares in METRO AG and for the shares in the acquiring entity which the major shareholders of METRO AG will receive in the context of the demerger. In addition, METRO AG's major shareholders have agreed to certain other restrictions on the sale of shares.

In addition, legal restrictions on voting rights may exist, for example in the sense of § 136 of the German Stock Corporation Act or, insofar as the company holds own shares, in the sense of § 71 b of the German Stock Corporation Act.

Capital interests (§ 315 Section 4 No. 3 and § 289 Section 4 No. 3 of the German Commercial Code)

The following direct and indirect (pursuant to § 22 of the German Securities Trading Act) capital interests exceed 10 per cent of the voting rights:

Name/company	Direct/indirect stakes exceeding 10 per cent of voting rights
Haniel Finance Deutschland GmbH, Duisburg, Germany	Direct
Franz Haniel & Cie. GmbH, Duisburg, Germany	Indirect
Palatin Verwaltungsgesellschaft mbH, Essen, Germany	Direct
BVG Beteiligungs- und Vermögensverwaltungs-GmbH, Essen, Germany	Indirect
Gebr. Schmidt GmbH & Co. KG, Essen, Germany	Indirect
Gebr. Schmidt Verwaltungsgesellschaft mbH, Essen, Germany	Indirect
Dr Michael Schmidt-Ruthenbeck, Zurich, Switzerland	Indirect

The information above is particularly based on notifications under § 21 of the German Securities Trading Act that METRO AG has received and released.

Notifications of voting rights published by METRO AG can be found on the website www.metrogroup.de in the section Investor Relations – Legal Announcements.

Owners of shares with special rights and type of voting rights control where capital interests are held by employees (§ 315 Section 4 Nos. 4 and 5 and § 289 Section 4 Nos. 4 and 5 of the German Commercial Code)

The company has not issued any shares with special rights pursuant to § 315 Section 4 No. 4 and § 289 Section 4 No. 4 of the German Commercial Code. No capital interests are held by employees pursuant to § 315 Section 4 No. 5 and § 289 Section 4 No. 5 of the German Commercial Code.

Regulations governing the appointment and removal of members of the Management Board and changes to the Articles of Association (§ 315 Section 4 No. 6 and § 289 Section 4 No. 6 of the German Commercial Code)

In instances where members of the Management Board of METRO AG are appointed and removed, legal regulations laid down in §§ 84, 85 of the German Stock Corporation Act and §§ 30, 31, 33 of the German Co-determination Act apply. A supplementary regulation is contained in § 5 of METRO AG's Articles of Association. It states that the Management Board shall have not less than two members and that, apart from this, the actual number of members of the Management Board will be determined by the Supervisory Board.

Changes to the Articles of Association of METRO AG are determined principally in accordance with §§ 179, 181, 133 of the German Stock Corporation Act. Numerous other sections of the German Stock Corporation Act would apply to a change to the Articles of Association, and modify or supersede the previously mentioned regulations, for example §§ 182 ff. of the German Stock Corporation Act during capital increases, §§ 222 ff. of the German Stock Corporation Act during capital reductions or § 262 of the German Stock Corporation Act during the dissolution of the AG. Pursuant to § 14 of METRO AG's Articles of Association, changes that would affect only the text of the Articles of Association may be decided by the Supervisory Board without a vote by the Annual General Meeting.

Authorities of the Management Board (§ 315 Section 4 No. 7 and § 289 Section 4 No. 7 of the German Commercial Code)

Authorities to issue new shares

The Annual General Meeting on 23 May 2012 authorised the Management Board to increase the share capital, with the consent of the Supervisory Board, by issuing new ordinary bearer shares in exchange for cash or non-cash contributions in one or several tranches for a total maximum of €325,000,000 by 22 May 2017 (authorised capital I).

In the process, a subscription right is to be granted to existing shareholders. The new shares may also be acquired by banks chosen by the Management Board if the banks agree to tender them to the shareholders. However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholder subscription rights in the following cases:

- to compensate for fractions of shares from rounding;
- insofar as shares are issued in exchange for non-cash contributions for the purpose of corporate mergers or for the acquisition of companies, divisions of companies or interests in companies;
- in the event of a capital increase in exchange for cash capital contributions to the extent necessary to grant subscription rights to new shares to the holders of warrant or convertible bearer bonds issued by METRO AG and affiliates thereof in which METRO AG holds at least 90 per cent of shares, directly or indirectly, in the scope to which they would be entitled upon exercise of the warrant or conversion rights or fulfilment of the warrant or conversion obligations;
- in the event of capital increases in exchange for cash capital contributions if the aggregate par value of such capital increases does not exceed 10 per cent of the company's share capital and the issue price of the new shares is not substantially lower than the stock exchange price of existing shares of the same class. The limit of 10 per cent of the company's share capital is diminished by the share of the share capital represented by the company's own shares which are (i) used as own shares or sold during the term of authorised capital while excluding subscription rights in analogous application of § 186 Section 3 Sentence 4 of the German Stock Corporation Act or (ii) issued from contingent capital to service warrant and convertible bearer bonds which, in turn, have been or are issued while excluding subscription rights in analogous application of § 186 Section 3 Sentence 4 of the German Stock Corporation Act. Once a new authorisation for the exclusion of shareholder subscription rights issued by the Annual General Meeting pursuant to § 186 Section 3 Sentence 4 of the German Stock Corporation Act has become effective, the limit diminished in accordance with the above sentence is raised again to the extent of the new authorisation, but to a maximum of 10 per cent of the share capital.

The Management Board is authorised, with the consent of the Supervisory Board, to define further details of the capital increases. To date, the authorised capital I has not been used. No concrete plans as to the utilisation of this authorisation exist.

Authorisation to issue warrant and/or convertible bonds

The Annual General Meeting on 20 February 2015 authorised the Management Board to issue, in each case with the consent of the Supervisory Board, warrant or convertible bearer bonds (in aggregate, "bonds") with an aggregate par value of €1,500,000,000 prior to 19 February 2020, on one or several occasions, and to grant the holders of warrant or convertible bearer bonds warrant or conversion rights or impose warrant or conversion obligations upon them for ordinary bearer shares in METRO AG representing up to €127,825,000 of the share capital in accordance with the terms of the warrant or convertible bearer bonds. This authorisation results in contingent capital of up to €127,825,000.

The bonds may also be issued by affiliates of METRO AG in terms of § 18 of the German Stock Corporation Act in which METRO AG holds at least 90 per cent of shares, directly or indirectly. In that case, the Management Board is authorised to assume, in each case with the consent of the Supervisory Board, a guarantee for those bonds on behalf of METRO AG and grant their holders warrant or conversion rights to ordinary bearer shares in METRO AG or impose warrant or conversion obligations upon them.

Shareholders will be granted statutory subscription rights in that the bonds will be acquired by a bank or syndicate of banks contingent upon agreement to offer the bonds to the shareholders. If bonds are issued by an affiliate of METRO AG in accordance with § 18 of the German Stock Corporation Act in which METRO AG directly or indirectly holds at least 90 per cent of shares, METRO AG must ensure that statutory subscription rights are granted to the shareholders of METRO AG in accordance with the above sentence.

However, the Management Board is authorised to exclude, in each case with the consent of the Supervisory Board, shareholder subscription rights for fractional amounts arising from proportional subscriptions to the extent necessary to grant or impose warrant or conversion rights or obligations with respect to the holders of existing warrant or conversion rights or obligations in the amount to which they would be entitled to as shareholders after exercise of the warrant or conversion right or fulfilment of the warrant or conversion obligation.

The Management Board is also authorised to entirely exclude, in each case with the consent of the Supervisory Board, shareholder subscription rights to bonds issued in exchange for cash payment carrying warrant or conversion rights or obligations insofar as the Management Board concludes, after careful review, that the issue price of the bonds is not substantially lower than the hypothetical market value ascertained using recognised financial mathematical methods. This authorisation to exclude subscription rights applies for bonds which are issued with warrant or conversion rights or obligations to ordinary shares comprising no more than 10 per cent of the share capital at the time the authorisation takes effect or – if this value is lower – at the time the authorisation is exercised. The limit of 10 per cent of the share capital is reduced by the pro rata amount of share capital represented by any shares issued (i) during the effective period of this authorisation under exclusion of subscription rights according to § 186 Section 3 Sentence 4 of the German Stock Corporation Act, or (ii) to service warrant or convertible bonds providing for warrant or conversion rights or obligations, insofar as such bonds were issued during the effective period of this authorisation under exclusion of subscription rights by application of § 186 Section 3 Sentence 4 of the German Stock Corporation Act mutatis mutandis.

If bonds carrying warrant or conversion rights or obligations are issued, the warrant or conversion price is determined based on the rules in § 4 Section 8 of METRO AG's Articles of Association.

In the case of bonds carrying warrant or conversion rights or warrant or conversion obligations, the warrant or conversion price may be adjusted after closer determination in order to preserve the value of such warrant or conversion rights or warrant or conversion obligations in the event their economic value is diluted, to the extent that such an adjustment is not already provided for by law. The terms of the bonds may also provide for an adjustment of warrant or conversion rights or warrant or conversion obligations in case of a capital reduction or other extraordinary measures or events (for example, unusually high dividends, acquisition of control by third parties). In case of the acquisition of control by third parties, the terms of the bonds may provide for adjustment of the warrant or conversion price in accordance with typical market terms. Furthermore, the terms of the bonds may provide for a variable conversion ratio and/or variable warrant and conversion price, whereby the warrant or conversion price is determined within a range to be set based on the development of the share price during the term. The minimum issue price based on the stipulations of § 4 Section 8 of METRO AG's Articles of Association may not be undercut.

The terms of the bonds may grant METRO AG the right, in lieu of providing ordinary shares upon the exercise of warrant or conversion rights, to make a cash payment corresponding to the volume-weighted average price of METRO AG ordinary shares on the Xetra trading system (or a functionally comparable successor system replacing the Xetra system) of the Frankfurt Stock Exchange during a period of several days before or after the exercise of warrant or conversion rights is announced for the number of ordinary shares which would otherwise be delivered. This period is to be determined by the Management Board. The terms of the bonds may also state that the warrant or convertible bonds may, at METRO AG's option, be converted into existing ordinary shares in METRO AG or shares in another exchange-listed company, in lieu of conversion into new ordinary shares from contingent capital, and that warrant rights or obligations can be fulfilled through the delivery of such shares.

The terms of the bonds may also call for a warrant or conversion obligation at the end of the term (or at any other time), or authorise METRO AG to grant bond holders ordinary shares in METRO AG or shares in another exchange-listed company upon maturity of bonds carrying warrant or conversion rights (including bonds which mature due to termination), in whole or in part, in lieu of a maturity payment in cash. The percentage of share capital represented by the ordinary shares in METRO AG issued upon the exercise of warrant or conversion rights must not exceed the par value of the bonds. §§ 9 Section 1, 199 Section 2 of the German Stock Corporation Act apply.

The Management Board is authorised to determine, in each case with the consent of the Supervisory Board, the further details pertaining to the issuance and terms of the bonds, particularly the coupon, issue price, term, division into shares, rules for the protection against dilution and the warrant or conversion period, or to define such details in consultation with

the corporate bodies of the affiliate of METRO AG which issues the warrant or convertible bonds in accordance with § 18 of the German Stock Corporation Act.

To date, the authorisation to issue warrant and/or convertible bonds has not been used and no concrete plans exist as to the utilisation of this authorisation.

Authorisation to buy back the company's own shares

The company is authorised to buy back its own shares in accordance with § 71 of the German Stock Corporation Act. On the basis of § 71 Section 1 No. 8 of the German Stock Corporation Act, the Annual General Meeting decided on 20 February 2015 to authorise the company to acquire shares of the company of any share class on or before 19 February 2020. The authorisation is limited to the acquisition of shares collectively representing a maximum of 10 per cent of the share capital issued as of the date the Annual General Meeting resolution is passed or – if this value is lower – at the time the authorisation is exercised. The shares transferred based upon this authorisation, together with any own shares acquired for other reasons held by the company or assigned to it in accordance with §§ 71 a ff. of the German Stock Corporation Act, shall collectively not exceed a pro rata amount of 10 per cent of the share capital at any time.

Shares may be acquired on the stock exchange or by way of a public tender offer. In the process, the authorisation includes prescriptions regarding the purchase price and procedures to be followed in case a public tender offer is oversubscribed.

The Management Board is authorised to use the shares in the company acquired based on the above authorisation or based on a previously issued authorisation for the following purposes:

- Sale of shares of the company via the stock exchange or by means of an offer to all shareholders;
- Listing of shares of the company on any foreign stock exchanges where they were not hitherto admitted for trading, whereby the authorisation includes prescriptions regarding the initial listing price;
- Transfer of shares in the company to third parties for non-cash consideration in connection with corporate mergers or in connection with the acquisition of other companies, divisions of other companies, businesses or interests in other companies or other assets;
- Sale of shares of the company by means other than via the stock exchange or via an offer to all shareholders, provided that the sale is for cash payment and at a price not substantially lower than the stock exchange price in effect for listed shares of the company with the same terms on the date of the sale. The foregoing authorisation is limited to the sale of shares collectively representing no more than 10 per cent of the share capital at the time the authorisation takes effect or – if this value is lower – at the time the authorisation is exercised. The limit of 10 per cent of the share capital is reduced by the pro rata amount of share capital represented by any shares issued (i) during the effective period of this authorisation under exclusion of subscription rights according to § 186 Section 3 Sentence 4 of the German Stock Corporation Act, or (ii) to service warrant or convertible bonds providing for warrant or conversion rights or obligations, insofar as such bonds were issued during the effective period of this authorisation under exclusion of subscription rights by application of § 186 Section 3 Sentence 4 of the German Stock Corporation Act mutatis mutandis;
- Delivery of shares to holders of warrant or convertible bonds of the company or its affiliates, in accordance with § 18 of the German Stock Corporation Act under the terms and conditions applicable to such warrant or convertible bonds; this also applies to the delivery of shares based upon the exercise of subscription rights, which in the event of a sale of company shares through an offer to all shareholders or in the event of a capital increase with subscription rights may be granted to holders of warrant or convertible bonds of the company or any of its affiliates in accordance with § 18 of the German Stock Corporation Act to the same extent that holders of such warrant or convertible bonds would have subscription rights for shares of the company after exercising the warrant or conversion rights or performing the warrant or conversion obligations. The shares transferred based upon this authorisation shall collectively not exceed a pro rata amount of 10 per cent of the share capital at the time the authorisation takes effect or – if this value is lower – at the time the authorisation is exercised, insofar as such shares were issued to service warrant or conversion rights or obligations granted or imposed in application of § 186 Section 3 Sentence 4 of the German Stock Corporation Act mutatis mutandis. The limit of 10 per cent of the share capital is reduced by the pro rata amount of share capital represented by any shares issued or sold during the effective period of this authorisation by application of § 186 Section 3 Sentence 4 of the German Stock Corporation Act mutatis mutandis;

- Dividend payment in the form of shares (scrip dividend), whereby company shares are used (also partially and optionally) to service dividend rights of shareholders;
- Redemption of shares of the company, without the need for any further resolution by the Annual General Meeting. Such redemption may also be accomplished without an increase in capital by adjusting the proportional value of the remaining no-par-value shares to the share capital of the company. In this case, the Management Board is authorised to adjust the number of no-par-value shares in the Articles of Association.

The above authorisations to acquire and use the company's own shares based on the above or previous authorisations may be exercised in whole or in part, on one or several occasions, individually or collectively by the company or its affiliates in accordance with § 18 of the German Stock Corporation Act or by third parties acting for their account or for the account of the company. The above authorisations may be exercised for ordinary shares as well as preference shares or for ordinary shares or preference shares only.

Using own shares in accordance with above authorisations other than selling acquired company shares on the stock exchange or by offer to all shareholders requires consent of the Supervisory Board.

The subscription rights of shareholders are excluded if company shares are used for any of the purposes authorised above except for the authorisation to sell own shares by offer to all shareholders, authorisation for dividend payments in form of a scrip dividend, and authorisation for the redemption of shares without the need for any further resolution by the Annual General Meeting.

The Management Board is authorised to exclude shareholder subscription rights for residual amounts if company shares are used according to the authorisation to sell own shares by offer to all shareholders in compliance with the principle of equal treatment (Gleichbehandlungsgrundsatz, § 53 a of the German Stock Corporation Act). In addition, the Management Board is authorised to exclude shareholder subscription rights if company shares are used for dividend payments in form of a scrip dividend.

On 20 February 2015, the Management Board was also authorised by the Annual General Meeting to acquire shares under this authorisation also by use of put or call options or futures (hereinafter: futures) or a combination thereof (hereinafter: derivatives). The acquisition of shares using derivatives is limited to shares collectively representing a maximum of 5 per cent of the share capital issued as of the date the Annual General Meeting resolution is passed or – if this value is lower – at the time the authorisation is exercised. The derivative's term of maturity must be chosen such that the acquisition of shares using derivatives does not take place after 19 February 2020. The derivatives contracts must be concluded with one or several credit institution(s) that are independent of METRO AG and/or one or several companies meeting the requirements of § 53 Section 1 Sentence 1 or § 53 b Section 1 Sentence 1 or Section 7 of the German Banking Act (KWG). They must be designed to ensure that the derivatives are serviced only with shares that were purchased in compliance with the equal treatment principle (§ 53 a of the German Stock Corporation Act); this requirement is met by the purchase of shares on a stock exchange.

The option premium received by the company for put options/paid for call options must not fall significantly below the theoretical market value determined using recognised financial mathematical models for the options concerned. The purchase price per company share to be paid when exercising a put or call option or upon due date of the futures may not be more than 10 per cent higher or lower than the average closing price (arithmetic mean) of the company's share of the same class in the Xetra trading system (or a comparable successor system) at the Frankfurt Stock Exchange over the three days of trading before concluding the corresponding derivative transaction (excluding incidental costs but taking the received or paid option premium into consideration).

If the company's own shares are acquired using derivatives in compliance with the above regulations, the rights of shareholders to enter into derivative transactions with the company as well as any pre-emptive tender rights are excluded.

The regulations listed above also cover the use of own shares of the company acquired using derivatives.

To date, the authorisation to buy back the company's own shares, also by using derivatives, has not been used and no concrete plans currently exist as to the use of this authorisation.

Fundamental agreements related to the conditions of a takeover (§ 315 Section 4 No. 8 and § 289 Section 4 No. 8 of the German Commercial Code)

As a borrower, METRO AG is currently party to two syndicated loan agreements that the lender may cancel in the case of a change of control insofar as the credit rating of METRO AG drops in a way stipulated in the contract as a result of the change of control. The requirements of a change of control are, first, that the shareholders who controlled METRO AG at the time at which each contract was signed lose control over METRO AG. The second requirement is the assumption of control of METRO AG by one or several parties. The lending banks may cancel the contract and demand the return of the loan only if the change of control and a resulting drop in the credit rating occur cumulatively. The regulations as described here are common market practice and serve the purpose of creditor protection. In financial year 2015/16, these loans were not drawn.

Compensation agreements in case of a takeover (§ 315 Section 4 No. 9 and § 289 Section 4 No. 9 of the German Commercial Code)

No compensation agreements with the members of the Management Board or employees have been concluded with a view to takeover offers.

— SUPPLEMENTARY NOTES FOR METRO AG (PURSUANT TO THE GERMAN COMMERCIAL CODE)

Overview of financial year 2015/16 and outlook of METRO AG

As the management holding company of METRO GROUP, METRO AG is highly dependent on the development of METRO GROUP in terms of its own business development, position and potential development with its key opportunities and risks.

In light of the holding structure, the most important performance indicator for METRO AG in terms of GAS 20 is commercial net profit or loss – contrary to the case for the group as a whole.

Business development of METRO AG

The business development of METRO AG is primarily characterised by the development and dividend distributions of its investments. METRO AG's annual financial statements prepared under German commercial law serve as the basis for dividend distribution. The income statement and balance sheet of METRO AG prepared in accordance with the German Commercial Code (HGB) are outlined below.

Earnings position of METRO AG and profit appropriation

Income statement for the financial year from 1 October 2015 to 30 September 2016 in accordance with the German Commercial Code (HGB)

€ million	2014/15	2015/16
Investment result	592	**124**
Net financial result	–21	**–42**
Other operating income	469	**746**
Personnel expenses	–194	**–226**
Depreciation/amortisation/impairment losses on intangible and tangible assets	–3	**–4**
Other operating expenses	–481	**–570**
Result from ordinary operations	**362**	**28**
Income taxes	0	**–15**
Other taxes	–2	**–1**
Net profit or loss	**360**	**12**
Profit carried forward from the previous year	24	**57**
Withdrawals from reserves retained from earnings	0	**272**
Balance sheet profit	**384**	**341**

For financial year 2015/16, METRO AG posted investment income of €124 million compared with €592 million in the previous year. The key factors behind this distinct decline were, in particular, lower income from investments as well as lower income from profit and loss transfer agreements which together account for a decline of more than €330 million.

In the previous year, income from investments included dividends paid by an interim holding company in connection with the sale of Galeria Kaufhof.

In financial year 2015/16, income from investments essentially concerns the dividend in kind of a loan receivable from an interim holding company which in turn results from the distribution of capital reserves of an indirect subsidiary.

In the previous year, income from profit and loss transfer agreements primarily resulted from a final profit transfer from Galeria Kaufhof.Impairment losses on financial investments and higher expenses from loss absorption due to impairment losses on indirect subsidiaries as well as expenditure grants of

subsidiaries to other group companies had a negative impact on the investment result.

The net financial result amounted to €–42 million (2014/15: €–21 million). The lower net financial result is primarily due to lower income from intra-group income allocation, which is shown in the item Other financial income.

In financial year 2015/16, the transfer pricing system of METRO GROUP's METRO Cash & Carry sales line was reviewed and amended.

Under the new transfer pricing system, METRO AG essentially serves as a service provider and licensor for the operational national subsidiaries of the METRO Cash & Carry sales line. The key services provided in this context include various operational services (consulting services), holding company services as well as services related to the development and operation of various in-house IT solutions. In order to be able to render these services, the company purchases IT services from subcontractors within the group as well as from third-party providers, in particular, which leads to higher other expenses and write-downs. METRO AG acts as a centralised licensor for its subsidiaries with respect to its METRO and MAKRO brands as well as its own-brand products.

Services are billed at arm's-length prices. Under the newly structured transfer pricing model of METRO GROUP's METRO Cash & Carry sales line, the national and international operational subsidiaries of the METRO Cash & Carry sales line were not billed a franchise fee in financial year 2015/16 (2014/15: €255 million), but licence and services fees amounting to about €500 million.

As of the closing date, other operating income, other operating expenses and depreciation/amortisation/impairment losses on intangible and tangible assets of METRO AG resulted in income of €172 million after expenses of €15 million in the previous year. The change in other operating expenses compared with the previous year results from the first-time application of a new transfer pricing model in particular. These expenses are partially offset by revenues from the invoicing of IT and business services as well as licence fees for the use of the METRO and MAKRO brands in the item other operating income. Appropriate provisions have been created for risks related to the possible partial non-recognition of the new transfer pricing model by foreign fiscal authorities and any resulting obligations to repay revenues from foreign group companies that have already been booked.

On average during the four quarters of financial year 2015/16, METRO AG employed 1,082 people (2014/15: 1,133). Part-time employees and temporary workers were converted into full-time equivalents. Personnel expenses amounted to €226 million (2014/15: €194 million). The increase was essentially due to expenses for restructuring measures.

Net profit amounted to €12 million (2014/15: €360 million) and thus fell distinctly short of the forecast for financial year 2015/16 that the company had issued at the start of the reporting period, as higher income from the new transfer pricing model was more than offset by a lower investment result.

Including retained earnings from the previous year of €57 million and transfers from reserves retained from earnings in the amount of €272 million, the company's balance sheet profit amounted to €341 million compared with €384 million in financial year 2014/15.

Regarding the appropriation of the balance sheet profit for 2015/16, the Management Board of METRO AG will propose to the Annual General Meeting to distribute from the reported balance sheet profit of €341 million a dividend in the amount of €1.00 per ordinary share and €1.06 per preference share – that is, a total of €327 million – and to carry forward the remaining amount to the new account.

Financial position of METRO AG

Cash flows

Cash flows during the reporting period were primarily impacted by cash inflows from the sale of the Galeria Kaufhof group in the previous year. These cash inflows were offset by strong cash outflows for the redemption of bonds and promissory note loans as well as the repayment of the major share of short-term loans. As of the closing date, cash on hand amounted to €618 million (30/9/2015: €35 million). This item essentially includes bank deposits through cash pool income from the sales lines towards the end of the reporting period.

Capital structure

Equity and liabilities

€ million	30/9/2015	30/9/2016
Equity		
Share capital	835	**835**
Ordinary shares	828	**828**
Preference shares	7	**7**
(Contingent capital)	(128)	**(128)**
Capital reserve	2,558	**2,558**
Reserves retained from earnings	2,660	**2,388**
Balance sheet profit	384	**341**
	6,437	**6,122**
Provisions	**393**	**447**
Liabilities	**5,328**	**3,230**
Deferred income	**5**	**5**
	12,163	**9,804**

Liabilities consisted of equity of €6,122 million (30/9/2015: €6,437 million) and provisions, liabilities and deferred income of €3,682 million (30/9/2015: €5,726 million). As of the closing date, the equity ratio amounted to 62.4 per cent compared with 52.9 per cent in the previous year. Provisions as of the reporting date totalled €447 million (30/9/2015: €393 million). Liabilities from bonds declined by €1,188 million to €1,751 million. In the previous year, liabilities to banks had been strongly impacted by short-term interim financing transactions in connection with the sale of the Galeria Kaufhof group. This item therefore declined markedly to €94 million as of the closing date (30/9/2015: €982 million). Liabilities to affiliated companies increased slightly to €1,320 million (30/9/2015: €1,317 million). As of the closing date, other liabilities stood at €45 million, which is €20 million below the previous year's level of €65 million.

Asset position of METRO AG

Assets

€ million	30/9/2015	30/9/2016
Non-current assets		
Intangible assets	14	**32**
Tangible assets	2	**2**
Financial assets	7,782	**7,705**
	7,798	**7,739**
Current assets		
Receivables and other assets	4,312	**1,433**
Cash on hand, bank deposits and cheques	35	**618**
	4,347	**2,051**
Prepaid expenses and deferred charges	**18**	**14**
	12,163	**9,804**

As of the closing date, assets totalled €9,804 million and were mostly comprised of financial assets in the amount of €7,705 million, receivables from affiliated companies at €1,359 million and cash on hand, bank deposits and cheques at €618 million. Due mostly to a decline in investments in affiliated companies, financial assets decreased by €77 million compared with the previous year and now account for 78.6 per cent of total assets. Receivables from affiliated companies were €113 million lower than in the previous year. This item reflects the group companies' short-term financing requirements as of the closing date and, at €1,359 million (30/9/2015: €1,472 million), accounts for 13.9 per cent of total assets. At €74 million, other assets substantially declined from €2,840 million in the previous year. At €2,353 million, this decline was due to the receipt of the claim for payment of the purchase price from the sale of the Galeria Kaufhof group that was recognised in the previous year. Cash on hand, bank deposits and cheques increased by €583 million to €618 million compared with the previous year.

Risk situation of METRO AG

As METRO AG is closely engaged with the companies of METRO GROUP through financing and guarantee commitments as well as direct and indirect investments, among other things, the risk situation of METRO AG is highly dependent on the risk situation of METRO GROUP. As a result, the summary of the risk situation of METRO AG issued by the company's management also reflects the risk situation of METRO AG.

Forecast of METRO AG

The business development of METRO AG as the management holding company essentially depends on the development and dividend distributions of its investments. Assuming a normalised cost structure at the holding company level without additional expenses from the planned repositioning of METRO AG, we expect the company's net profit to markedly exceed the level of the past financial year in the next financial year 2016/17.

The outlook will be adjusted if the planned demerger of the group into two independent companies with a clear focus on the wholesale and food retail business on the one hand, and consumer electronics retailing on the other, is approved by the Annual General Meeting on 6 February 2017, as expected, and implemented, as scheduled, during financial year 2016/17.

Planned investments of METRO AG

In the context of METRO GROUP's investment activities, METRO AG will support group companies with increases in shareholdings or loans, where necessary. In addition, investments in shareholdings in affiliated companies may result from intra-group share transfers.

Declaration on corporate management

The declaration on corporate management pursuant to § 289 a of the German Commercial Code (HGB) is available on the company's website (www.metrogroup.de) in the section Company – Corporate Governance.

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Income statement
for the financial year from 1 October 2015 to 30 September 2016

€ million	Note no.	2014/15	2015/16
Sales	1	**59,219**	**58,417**
Cost of sales		–47,577	**–46,967**
Gross profit on sales		**11,642**	**11,450**
Other operating income	2	1,275	**1,537**
Selling expenses	3	–10,221	**–9,960**
General administrative expenses	4	–1,467	**–1,562**
Other operating expenses	5	–518	**–54**
Earnings share of operating companies recognised at equity	6	0	**102**
Earnings before interest and taxes EBIT		**711**	**1,513**
Earnings share of non-operating companies recognised at equity	6	2	**3**
Other investment result	7	0	**–4**
Interest income	8	62	**93**
Interest expenses	8	–344	**–314**
Other financial result	9	–172	**–124**
Net financial result		**–452**	**–346**
Earnings before taxes EBT		**259**	**1,167**
Income taxes	11	–480	**–559**
Profit or loss for the period from continuing operations		**–221**	**608**
Profit or loss for the period from discontinued operations after taxes	12	935	**49**
Profit or loss for the period		**714**	**657**
Profit or loss for the period attributable to non-controlling interests	13	42	**58**
from continuing operations		(42)	**(58)**
from discontinued operations		(0)	**(0)**
Profit or loss for the period attributable to the shareholders of METRO AG		672	**599**
from continuing operations		(–263)	**(550)**
from discontinued operations		(935)	**(49)**
Earnings per share in € (basic = diluted)	14	**2.06**	**1.83**
from continuing operations		(–0.80)	**(1.68)**
from discontinued operations		(2.86)	**(0.15)**

Reconciliation from profit or loss for the period to total comprehensive income
for the financial year from 1 October 2015 to 30 September 2016

€ million	Note no.	2014/15	2015/16
Profit or loss for the period	13, 14	**714**	**657**
Other comprehensive income			
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	32	**59**	**–147**
Remeasurement of defined benefit pension plans	33	90	**–207**
Income tax attributable to items of other comprehensive income that will not be reclassified subsequently to profit or loss		–31	**60**
Items of other comprehensive income that may be reclassified subsequently to profit or loss	32	**–195**	**52**
Currency translation differences from translating the financial statements of foreign operations		–183	**49**
Effective portion of gains/losses from cash flow hedges		–12	**2**
Gains/losses on remeasuring financial instruments in the category "available for sale"		0	**0**
Income tax attributable to items of other comprehensive income that may be reclassified subsequently to profit or loss		0	**1**
Other comprehensive income	32	**–136**	**–95**
Total comprehensive income	32	**578**	**562**
Total comprehensive income attributable to non-controlling interests	32	41	**54**
Total comprehensive income attributable to the shareholders of METRO AG	32	537	**508**

Balance sheet as of 30 September 2016

Assets

€ million	Note no.	30/9/2015	30/9/2016
Non-current assets		**13,207**	**13,369**
Goodwill	19	3,301	**3,361**
Other intangible assets	20	464	**497**
Property, plant and equipment	21	7,955	**8,141**
Investment properties	22	170	**126**
Financial assets	23	117	**104**
Investments accounted for using the equity method	23	184	**188**
Other financial and non-financial assets	24	292	**289**
Deferred tax assets	25	724	**663**
Current assets		**14,449**	**11,583**
Inventories	26	5,439	**5,456**
Trade receivables	27	702	**808**
Financial assets		6	**1**
Other financial and non-financial assets	24	3,435	**2,734**
Entitlements to income tax refunds		202	**216**
Cash and cash equivalents	30	4,415	**2,368**
Assets held for sale	31	250	**0**
		27,656	**24,952**

Equity and liabilities

€ million	Note no.	30/9/2015	30/9/2016
Equity	32	**5,172**	**5,332**
Share capital		835	**835**
Capital reserve		2,551	**2,551**
Reserves retained from earnings		1,793	**1,934**
Non-controlling interests		–7	**12**
Non-current liabilities		**6,841**	**5,950**
Provisions for post-employment benefits plans and similar obligations	33	1,270	**1,414**
Other provisions	34	492	**383**
Financial liabilities	35, 37	4,731	**3,812**
Other financial and non-financial liabilities	35, 38	206	**191**
Deferred tax liabilities	25	142	**150**
Current liabilities		**15,643**	**13,670**
Trade liabilities	35, 36	9,550	**9,383**
Provisions	34	628	**705**
Financial liabilities	35, 37	2,635	**947**
Other financial and non-financial liabilities	35, 38	2,488	**2,465**
Income tax liabilities	35	148	**170**
Liabilities related to assets held for sale	31	194	**0**
		27,656	**24,952**

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Statement of changes in equity[1]
for the financial year from 1 October 2015 to 30 September 2016

€ million	Note no.	Share capital	Capital reserve	Effective portion of gains/ lossesfrom cash flow hedges	Gains/losses on remeasuring financial instruments in the category "available for sale"	Currency translation differences from translating the financial statements of foreign operations
30/9 / 1/10/2014	32	835	2,551	82	0	–441
Dividends		0	0	0	0	0
Total comprehensive income		0	0	–12	0	–185
Capital balance from acquisitions of shares		0	0	0	0	0
Other changes		0	0	0	0	0
30/9 / 1/10/2015	32	835	2,551	70	0	–626
Dividends		0	0	0	0	0
Total comprehensive income		0	0	2	0	50
Capital balance from acquisitions of shares		0	0	0	0	0
Other changes		0	0	0	0	0
30/9/2016	32	**835**	**2,551**	**72**	**0**	**–576**

[1] The reported dividend includes dividends to non-controlling interests in the amount of €–24 million (2014/15: €–25 million) whose interests are shown fully as debt capital due to put options
[2] The reported dividend includes dividends to non-controlling interests in the amount of €–6 million (2014/15: €–7 million) whose interests are shown fully as debt capital due to put options

Remeasurements of defined benefit pension plans	Income tax attributable to components of other comprehensive income	Other reserves retained from earnings	Total reserves retained from earnings	Total equity before non-controlling interests	thereof attributable to other comprehensive income	Non-controlling interests	thereof attributable to other comprehensive income	Total equity
–865	201	2,625	1,602	4,988		11		**4,999**
0	0	–319	–319	–319		–45		**–364**
93	–31	672	537	537	(–135)	41	(–1)	**578**
0	0	0	0	0		0		**0**
126	–39	–114	–27	–27		–14		**–41**
–646	131	2,864	1,793	5,179		–7		**5,172**
0	0	–351[1]	–351	–351		–38[2]		**–389**
–205	62	599	508	508	(–91)	54	(–4)	**562**
0	0	0	0	0		–2		**–2**
0	0	–16	–16	–16		5		**–11**
–851	**193**	**3,096**	**1,934**	**5,320**		**12**		**5,332**

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Cash flow statement[1]
for the financial year from 1 October 2015 to 30 September 2016

€ million	Note no.[2]	2014/15	2015/16
EBIT		711	**1,513**
Depreciation/amortisation/impairment losses/reversal of impairment losses of assets excl. financial investments	15	1,465	**1,017**
Change in provisions for post-employment benefits plans and similar obligations	33, 34	104	**11**
Change in net working capital	26, 27, 36	–305	**–283**
Income taxes paid		–547	**–390**
Reclassification of gains (–) / losses (+) from the disposal of fixed assets		–214	**–145**
Other		381	**–154**
Cash flow from operating activities of continuing operations		1,595	**1,569**
Cash flow from operating activities of discontinued operations		251	**–17**
Cash flow from operating activities		**1,846**	**1,552**
Acquisition of subsidiaries		–251	**–112**
Investments in property, plant and equipment (excl. finance leases)	21, 22	–986	**–902**
Other investments		–619	**–290**
Disposals of subsidiaries	31	66	**357**
Disposal of long-term assets	20, 21, 22, 23	389	**578**
Gains (+) / losses (–) from the disposal of fixed assets		214	**145**
Cash flow from investing activities of continuing operations		–1,187	**–224**
Cash flow from investing activities of discontinued operations		1,972	**220**
Cash flow from investing activities		**785**	**–4**
Dividends paid	32		
to METRO AG shareholders		–319[3]	**–351[3]**
to other shareholders		–45[4]	**–38[4]**
Redemption of liabilities from put options of non-controlling interests		0	**–89**
Proceeds from long-term financial liabilities		3,537	**540**
Redemption of financial liabilities		–3,624	**–3,399**
Interest paid		–334	**–316**
Interest received		59	**105**
Profit and loss transfers and other financing activities		8	**–36**
Cash outflow for financing of discontinued operations		0	**0**
Cash flow from financing activities of continuing operations		–718	**–3,584**
Cash flow from financing activities of discontinued operations		121	**0**
Cash flow from financing activities		**–597**	**–3,584**
Total cash flows		**2,034**	**–2,036**
Currency effects on cash and cash equivalents		–25	**–13**
Total change in cash and cash equivalents		**2,009**	**–2,049**
Cash and cash equivalents as of 1 October		2,408	**4,417**
less cash and cash equivalents shown under IFRS 5 assets		2	**2**
Cash and cash equivalents as of 1 October		**2,406**	**4,415**
Total cash and cash equivalents as of 30 September		4,417	**2,368**
less cash and cash equivalents shown under IFRS 5 assets		2	**0**
Cash and cash equivalents as of 30 September	30	**4,415**	**2,368**

[1] The cash flow statement is explained in the notes to the consolidated financial statements in no. 42 – notes to the cash flow statement
[2] Deviations from the balance sheet values result from adjusted translation effects and changes in the consolidation group
[3] The reported dividend includes dividends to non-controlling interests in the amount of €–24 million (2014/15: €–25 million) whose interests are shown fully as debt capital due to put options
[4] The reported dividend includes dividends to non-controlling interests in the amount of €–6 million (2014/15: €–7 million) whose interests are shown fully as debt capital due to put options

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Segment reporting[1]

Operating segments

	Continuing operations of the group					
	METRO Cash & Carry		Media-Saturn		Real	
€ million	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
External sales (net)	29,690	**28,999**	21,737	**21,869**	7,735	**7,478**
Internal sales (net)	11	**10**	2	**2**	7	**9**
Sales (net)	29,701	**29,009**	21,738	**21,870**	7,743	**7,486**
EBITDA[2]	1,424	**1,693**	595	**607**	142	**250**
EBITDA before special items[2]	1,457	**1,463**	685	**708**	222	**247**
Depreciation/amortisation/impairment losses	462	**435**	267	**313**	583	**146**
Reversals of impairment losses	13	**0**	7	**6**	0	**0**
EBIT[2]	975	**1,259**	336	**300**	–441	**103**
EBIT before special items[2]	1,050	**1,043**	442	**454**	88	**100**
Investments	750	**614**	256	**406**	241	**260**
Segment assets	11,375	**11,204**	5,296	**5,621**	2,760	**2,862**
thereof non-current	(7,780)	**(7,893)**	(1,464)	**(1,532)**	(1,736)	**(1,836)**

Regional segments

	Continuing operations of the group					
	Germany		Western Europe (excl. Germany)		Eastern Europe	
€ million	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
External sales (net)	22,490	**22,622**	19,090	**19,054**	13,318	**12,472**
Internal sales (net)	166	**181**	161	**189**	7	**0**
Sales (net)	22,656	**22,803**	19,252	**19,244**	13,326	**12,473**
EBITDA[2]	491	**561**	699	**619**	831	**700**
EBITDA before special items[2]	695	**748**	741	**761**	867	**796**
Depreciation/amortisation/impairment losses	915	**494**	242	**230**	262	**241**
Reversals of impairment losses	0	**10**	9	**3**	9	**3**
EBIT[2]	–424	**78**	466	**392**	578	**462**
EBIT before special items[2]	240	**298**	519	**550**	650	**576**
Investments	549	**774**	288	**318**	226	**224**
Segment assets	8,463	**8,664**	6,016	**6,029**	4,908	**5,343**
thereof non-current	(4,318)	**(4,312)**	(3,363)	**(3,390)**	(3,257)	**(3,619)**

[1] Segment reporting is explained in the notes to the consolidated financial statements in no. 43 –segment reporting
[2] The figure for 2015/16 includes income from operating companies recognised at equity in the amount of €102 million which essentially relates to the Others or Germany segments
[3] Also includes consolidation effects between the regions outside of Germany

Continuing operations of the group						Discontinued operations of the group	
Others		Consolidation		METRO GROUP			
2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
56	**72**	0	**–0**	59,219	**58,417**	3,021	**0**
676	**96**	–696	**–117**	0	**0**	0	**0**
732	**168**	–696	**–117**	59,219	**58,417**	3,021	**0**
25	**–12**	–10	**–9**	2,177	**2,530**	1,103	**36**
103	**100**	–9	**–9**	2,458	**2,509**	n/a	**n/a**
178	**143**	–4	**–4**	1,487	**1,033**	88	**0**
1	**10**	0	**0**	22	**16**	0	**0**
–152	**–145**	–6	**–5**	711	**1,513**	1,015	**36**
–63	**–33**	–5	**–5**	1,511	**1,560**	n/a	**n/a**
165	**133**	0	**0**	1,411	**1,413**	159	**0**
2,146	**2,074**	–434	**–819**	21,142	**20,942**	0	**0**
(1,241)	**(1,185)**	(–39)	**(–32)**	(12,182)	**(12,414)**	(0)	**(0)**

Continuing operations of the group								Discontinued operations of the group	
Asia		International		Consolidation[3]		METRO GROUP			
2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
4,319	**4,269**	36,728	**35,795**	0	**0**	59,219	**58,417**	3,021	**0**
35	**24**	204	**214**	–370	**–394**	0	**0**	0	**0**
4,355	**4,292**	36,932	**36,009**	–370	**–394**	59,219	**58,417**	3,021	**0**
163	**650**	1,693	**1,969**	–7	**–1**	2,177	**2,530**	1,103	**36**
163	**205**	1,771	**1,762**	–7	**–1**	2,458	**2,509**	n/a	**n/a**
68	**68**	572	**539**	0	**0**	1,487	**1,033**	88	**0**
4	**0**	22	**6**	0	**0**	22	**16**	0	**0**
98	**582**	1,143	**1,436**	–7	**–1**	711	**1,513**	1,015	**36**
110	**137**	1,279	**1,263**	–7	**–1**	1,511	**1,560**	n/a	**n/a**
349	**97**	862	**639**	0	**0**	1,411	**1,413**	159	**0**
2,145	**1,733**	13,069	**13,105**	–390	**–827**	21,142	**20,942**	0	**0**
(1,247)	**(1,094)**	(7,866)	**(8,104)**	(–3)	**(–2)**	(12,182)	**(12,414)**	(0)	**(0)**

Notes to the group accounting principles and methods

Accounting principles

METRO AG, the parent company of METRO AG (hereinafter referred to as METRO GROUP), has its head office at Metro-Straße 1 in 40235 Düsseldorf, Germany. These consolidated financial statements as of 30 September 2016 were prepared in accordance with the International Financial Reporting Standards (IFRS). They comply with all mandatory applicable accounting standards and interpretations adopted by the European Union as of this date. Compliance with these standards and interpretations ensures a true and fair view of the asset, financial and earnings position of the METRO AG group.

The consolidated financial statements in their present form comply with the stipulations of § 315 a of the German Commercial Code (HGB). Together with Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002 concerning the application of international accounting standards, they form the legal basis for group accounting according to international standards in Germany.

The date at which the Management Board of METRO AG signed the consolidated financial statements (22 November 2016) also represents the date at which the Management Board released the consolidated financial statements for publication and submitted them to the Supervisory Board.

These consolidated financial statements are based on the historical cost method except for financial instruments recognised at fair value and financial assets and liabilities that are recognised at fair value as hedged items within a fair value hedge. Furthermore, non-current assets held for sale and disposal groups as well as discontinued operations are recognised at fair value less costs to sell as long as this value is lower than the carrying amount. Liabilities from cash-settled share-based payments are also recognised at fair value. In addition, provisions are measured at the anticipated settlement amount. Financial liabilities from put options granted to non-controlling interests and financial liabilities from earn-out agreements (liabilities from contingent consideration in the context of company acquisitions) are recognised at fair value.

The income statement has been prepared using the cost of sales method.

Certain items in the income statement and the balance sheet have been combined to increase transparency and informative value. These items are listed separately and described in detail in the notes.

The consolidated financial statements have been prepared in euros. All amounts are stated in million euros (€ million) unless otherwise indicated. Amounts below €0.5 million are rounded and reported as €0 million. Since 2012, only the amounts in the income statement, the 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 to produce the respective totals. In all other tables, the individual amounts and the totals were rounded separately. Rounding differences may occur.

The following accounting and measurement methods were used in the preparation of the consolidated financial statements.

Application of new accounting methods

Accounting standards applied for the first time in financial year 2015/16

The following accounting standards and interpretations revised, amended and newly adopted by the International Accounting Standards Board (IASB) that were binding for METRO AG in financial year 2015/16 were applied for the first time in these consolidated financial statements unless the company opted for voluntary early adoption:

IAS 19 (Employee Benefits)

The amendment "Defined Benefit Plans: Employee Contributions" to IAS 19 (Employee Benefits) applies to contributions from employees or third parties to defined benefit plans that are linked to service. Employee contributions that are independent of the number of years of employee service may be recognised as a reduction in the service cost in the period in which the service is rendered. In contrast, employee contributions that depend on the number of years of employee service are required to be attributed to periods of service using the plan's contribution formula.

The application of this amendment in financial year 2015/16 has no impact as METRO AG already follows this approach.

Additional IFRS amendments

Within the scope of the annual improvements to IFRS 2010–2012, slight revisions were made to IFRS 8 (Operating Segments), among others. Aggregation of several operating segments to a single reportable segment requires a description of the aggregated operating segments. Additionally, the criteria used to evaluate the existence of similar economic characteristics must be disclosed. 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 of segment assets to group assets.

In addition, the improvements 2010–2012 clarified definitions used in IFRS 2 (Share-based Payment). A performance condition thus requires the counterparty to complete a specified period of service and to meet specified performance targets while the counterparty is rendering the service. These performance targets are defined by reference to the entity's activities or the value of the entity's equity instruments and may relate either to the performance of the entity as a whole or to some part of the entity or individual employees. In contrast, the service condition only requires the counterparty to complete a specified period of service and does not include performance targets. In addition, the improvements clarified that a market condition refers not just to service conditions that depend on the market price or value of the entity's equity instruments, but also to service conditions that depend on the market price or value of the equity instruments of another entity in the same group.

The annual improvements 2010–2012 also allowed for a clarification in IFRS 3 (Business Combinations), requiring the appropriate standards to be applied to contingent consideration classified as a financial asset or financial liability. Contingent consideration that is not classified as an equity instrument must be measured at fair value through profit or loss.

The clarification regarding IFRS 13 (Fair Value Measurement) as part of the annual improvements to IFRS 2010–2012 specifies that short-term receivables and payables with no stated interest rate may be measured without discounting in the case of immateriality.

In addition, the improvements 2010–2012 broaden the definition of related parties in IAS 24 (Related Party Disclosures). The definition now also includes entities providing key management personnel services to the reporting entity either directly or through one of their group companies, even if they do not otherwise meet the definition of a related party in the meaning of IAS 24. In addition, the reporting entity is required to separately disclose payments made for services rendered by a related party.

With respect to IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets), the improvements 2010–2012 clarify that the accumulated depreciation must be determined at the valuation date when using the revaluation method.

With the exception of the amendments to IFRS 8 – as described above –, the annual improvements 2010–2012 have no material impact on METRO AG.

The annual improvements to IFRS 2011–2013 include, among others, the clarification in IFRS 1 (First-time Adoption of International Financial Reporting Standards) that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS and early application of a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application. An entity is required to apply the same version of the IFRS throughout the periods covered by those first IFRS financial statements unless IFRS 1 provides an exemption or an exception that permits or requires otherwise. This amendment is of no significance to METRO AG.

In IFRS 3 (Business Combinations), the improvements 2011–2013 clarify the existing exception of business combinations from the scope of IFRS 3. The exception applies to all types of joint arrangements as defined in IFRS 11 and only applies to the financial statements of the joint venture or the joint operation itself and not to the accounting by the parties to the joint arrangement.

In addition, with respect to IFRS 13 (Fair Value Measurement), the improvements 2011–2013 clarify that the portfolio exception applies to all contracts within the scope of IAS 39 (Financial Instruments: Recognition and Measurement), regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 (Financial Instruments: Presentation). The portfolio exception permits an entity that manages a group of financial assets and financial liabilities on the basis of its net exposure to either market risks or credit

risks to measure the fair value of that group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position for a particular risk exposure or to transfer a net short position for a particular risk exposure in an orderly transaction between market participants at the measurement date.

The clarification regarding IAS 40 (Investment Property) as part of the annual improvements to IFRS 2011–2013 states that the scopes of IAS 40 and IFRS 3 (Business Combinations) are independent of each other. As a result, any acquisition of investment property must be examined to determine whether it is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination within the scope of IFRS 3. In addition, the criteria of IAS 40 must be applied to determine whether the property is to be classified as investment property or owner-occupied property.

The described clarifications resulting from the improvements to IFRS 2011–2013 have no material impact on METRO AG.

Accounting standards that were published but not yet applied in financial year 2015/16

A number of other accounting standards and interpretations newly adopted or revised by the IASB were not yet applied by METRO AG in financial year 2015/16 because they were either not yet mandatory or have not yet been endorsed by the European Commission.

Standard/ Interpretation	Title	Effective date according to IFRS[1]	Application at METRO AG from[2]	Endorsed by EU[3]
IFRS 2	Share-based Payment (Classification and Measurement of Share-based Payment Transactions)[4]	1/1/2018	1/10/2018	No
IFRS 4	Insurance Contracts (Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts)[4]	1/1/2018	1/10/2018	No
IFRS 9	Financial Instruments[4]	1/1/2018	1/10/2018	No
IFRS 10/IAS 28	Consolidated Financial Statements/Investments in Associates and Joint Ventures (Amendment: Sales or Contribution of Assets between an Investor and its Associate orJoint Venture)[4]	Unknown[5]	Unknown[5]	No
IFRS 10/IFRS 12/ IAS 28	Consolidated Financial Statements/Disclosure of Interests in Other Entities/Investments in Associates and Joint Ventures (Amendment: Investment Entities: Applying the Consolidation Exception)[4]	1/1/2016	1/10/2016	Yes
IFRS 11	Joint Arrangements (Amendment: Accounting for Acquisitions of Interests in Joint Operations)	1/1/2016	1/10/2016	Yes
IFRS 14	Regulatory Deferral Accounts[4]	1/1/2016	1/10/2016	Not approved
IFRS 15	Revenue from Contracts with Customers[4]	1/1/2018	1/10/2018	Yes
IFRS 15	Revenue from Contracts with Customers (Clarifications)[4]	1/1/2018	1/10/2018	No
IFRS 16	Leases[4]	1/1/2019	1/10/2019	No
IAS 1	Presentation of Financial Statements (Amendment: Disclosure Initiative)	1/1/2016	1/10/2016	Yes
IAS 7	Statement of Cash Flows (Amendment: Disclosure Initiative)[4]	1/1/2017	1/10/2017	No
IAS 12	Income Taxes (Amendment: Recognition of Deferred Tax Assets for Unrealised Losses)[4]	1/1/2017	1/10/2017	No
IAS 16/IAS 41	Property, Plant and Equipment/Agriculture (Amendment: Bearer Plants)	1/1/2016	1/10/2016	Yes
IAS 16/IAS 38	Property, Plant and Equipment/Intangible Assets (Amendment: Clarification of Acceptable Methods of Depreciation and Amortisation)	1/1/2016	1/10/2016	Yes
IAS 27	Separate Financial Statements (Amendment: Equity Method in Separate Financial Statements)	1/1/2016	1/10/2016	Yes
Various	Improvements to IFRS (2012–2014)	1/1/2016	1/10/2016	Yes

[1] Without earlier application
[2] Application as of 1 October due to deviation of financial year from calendar year; precondition: EU endorsement has been effected
[3] As of: 22 November 2016 (the date at which the Management Board of METRO AG signed the consolidated financial statements)
[4] Official German title not yet known – therefore own translation
[5] Indefinite deferral of effective date by IASB

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IFRS 2 (Share-based Payment)
The amendment "Classification and Measurement of Share-based Payment Transactions" relates to three aspects of IFRS 2.

Until now, IFRS 2 contained no guidance on how vesting conditions affect the fair value of liabilities for cash-settled share-based payments. IASB has now added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. As a result, market performance conditions and non-service conditions must be considered in fair value, while service conditions and other performance conditions must be considered in the quantity of instruments.

In addition, IASB has introduced an exception so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

Moreover, IASB has clarified that where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions, the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date's fair value to the extent services have been rendered up to the modification date. Any difference between the carrying amount of the liability and the amount recognised in equity is to be recognised in profit or loss immediately.

These amendments to IFRS 2 apply to financial years beginning on or after 1 January 2018. Subject to the respective EU endorsement, METRO AG will apply these regulations for the first time on 1 October 2018. These changes will be applied prospectively to any relevant transactions of METRO AG.

IFRS 9 (Financial Instruments)
The new IFRS 9 (Financial Instruments) will replace IAS 39 (Financial Instruments: Recognition and Measurement) covering the classification and measurement of financial instruments.

Financial instruments are recognised when the company preparing the financial statements becomes a contractual partner and thus has acquired the rights of the financial instrument or assumed comparable obligations. As a rule, the initial measurement of financial assets and liabilities is at fair value adjusted for transaction costs, if applicable. Only trade receivables without a significant financing component are recognised at the transaction price.

At the time of recognition, regulations for classification are to be taken into account. According to IAS 39, the subsequent measurement of a financial asset and a financial liability is linked to its classification. Financial assets are classified on the basis of the characteristics of contractual cash flow of the financial asset and the business model which the entity uses to manage the financial asset. The original four measurement categories for financial assets were reduced to two categories: financial assets recognised at amortised cost (category 1) and financial assets measured at fair value (category 2), wherein the latter category has two subcategories.

If the financial asset is held within a business model whose objective is collecting payments such as principal and interest, and if the contract terms stipulate certain payments are exclusively for principal and interest, this financial instrument shall in principle be recognised at amortised cost (category 1). If the objective of the business model is collecting payments and selling financial assets, and if the payment dates are fixed, the changes in its fair value are recognised in other comprehensive income outside of profit or loss (subcategory 2 a). If these criteria are not cumulatively met, the financial asset is measured at fair value through profit or loss (subcategory 2 b). Amortised cost is determined using the effective interest method, while IFRS 13 (Fair Value Measurement) is applied to determine fair value measurement.

As a rule, equity instruments are classified as subcategory 2 b based on the classification criteria stated above. However, for equity instruments that do not meet the cash flow criteria, an irrevocable election can be made upon initial recognition to classify them as subcategory 2 a. Furthermore, all financial

instruments not recognised at fair value through profit or loss may be classified as subcategory 2 b when doing so eliminates or significantly reduces a measurement or recognition inconsistency (fair value option).

In general, financial liabilities are measured at amortised cost (category 1). In some cases, however, such as with financial liabilities held for trading, fair value measurement through profit or loss is required (subcategory 2 b). Here, too, an entity may elect to apply the fair value option, that is, the measurement at fair value through profit or loss. In contrast to financial assets, financial liabilities can include embedded derivatives that are required to be separated. If separation is required, the host contract is usually measured according to the rules of category 1 and the derivative according to the rules of subcategory 2 b.

Unlike IAS 39 (which uses the "incurred loss model"), IFRS 9 focuses on expected losses. This expected loss model uses a three-stage approach for recognising impairment. At the first stage, impairment losses are recognised in the amount of the losses resulting from default on the financial instrument expected in the next twelve months. At stage two, the expected-credit losses that result from all possible default events over the expected life of the financial instrument must be recognised. Calculation at this stage is based on a portfolio of similar instruments. Financial instruments are reclassified from the first to the second stage when the default risk since initial recognition has increased significantly and exceeds a minimum default risk. At the third and final stage, impairment losses are recognised for additional objective indications with respect to the individual financial instrument.

A simplified approach based on the expected loss throughout the lifetime (similar to stage 2) can be applied to trade receivables, certain leasing receivables and contract assets as well as in certain other cases.

In order to reduce the complexity and make hedge accounting more comprehensible on the balance sheet, the following key changes were made. The scope of possible hedged items was expanded. For example, several risk positions can now be more easily combined into a single hedged item and hedged. The net position can be designated as the hedged item if the risks partially offset each other in the combined risk position. In addition, non-derivative financial instruments classified as subcategory 2 b can be designated as hedging instruments. Furthermore, thresholds are no longer stipulated for measuring effectiveness. Effectiveness is assessed in reference to the economic relationship between the hedged item and hedging transaction, taking into account the hedging ratio and default risk.

IFRS 9 applies to financial years beginning on or after 1 January 2018. Subject to the respective EU endorsement, METRO AG will therefore apply these regulations for the first time on 1 October 2018. As part of a project dealing with the introduction of IFRS 9 at METRO AG, the impact of the new standard will be analysed over the course of financial year 2016/17.

IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures)

A conflict exists between the current requirements of IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures) regarding the sale or contribution of assets between an investor and its associate or joint venture. IAS 28 requires a partial gain or loss recognition, limited to the unrelated investors' interests in the investee, for all transactions between an investor and its associate or joint venture. IFRS 10, in contrast, requires that the gain or loss that arises on the loss of control of a subsidiary is recognised in full.

The amendment clarifies how to account for the gain or loss from transactions with associates or joint ventures, with the partial or full recognition requirement depending on whether or not the assets being sold or contributed are a business as defined in IFRS 3 (Business Combinations). IFRS 3 defines a business as an integrated set of activities that is required to have inputs and processes which together are used to create outputs.

If the sold or contributed asset classifies as a business, the gain or loss from the transaction must be recognised in full. In contrast, the gain or loss from the sale of assets that do not

classify as a business to associates or joint ventures or their contribution to associates or joint ventures must be recognised only to the extent of the unrelated investors' interests in the associate or joint venture.

If a group of assets is to be sold or contributed in separate transactions, the investor must assess whether this group of assets constitutes a single business and should be accounted for as a single transaction.

The IASB has indefinitely deferred the original effective date of this amendment for financial years starting on or after 1 January 2016. As a result, the date of first-time application of this amendment at METRO AG is unknown. As METRO AG currently follows the rules of IFRS 10, future transactions will be impacted accordingly.

IFRS 15 (Revenue from Contracts with Customers)
The new IFRS 15 will replace IAS 18 (Revenue) and IAS 11 (Construction Contracts) and related interpretations and stipulates a uniform and comprehensive model for recognising revenue from customers.

The new standard uses a five-step model to determine the amount of revenue and the date of realisation. In the first step, contracts with the customers are identified. According to IFRS 15, a contract is entered into by the contractual partners if the company can identify the rights of the customer to goods and services and the payment terms, and if the agreement has economic substance. In addition, it must be probable that the company will collect the consideration. If a company has more than one contract with a single customer at (virtually) the same time, and if certain criteria are met, the contracts can be combined and treated as a single contract.

As a rule, a contract as defined in IFRS 15 can include several performance obligations. Therefore, possible separate performance obligations are identified within a single contract in the second step. A separate performance obligation is identified when a good or service is distinct. This is the case when the customer can use a good or service on its own or together with other readily available resources and it is separately identifiable from other commitments in the contract.

In the third step, the transaction price corresponding to the expected consideration is determined. The consideration may include fixed and variable components. For variable compensation, the expected amount is to be estimated carefully based on either the expected value or the most probable amount, depending on which amount best reflects the amount of consideration. In addition, the consideration includes the interest rate effect if the contract includes a financing component significant to the contract, the fair value of non-cash considerations and the effects of payments made to the customer such as rebates and coupons.

The allocation of the transaction price to separate performance obligations is carried out in the fourth step. In principle, the transaction price is to be allocated to the separately identified performance obligations in relation to the relative standalone selling price. Observable data must be used to determine the standalone selling price. If this is not possible, estimates are to be made. For this purpose, IFRS 15 suggests various methods for estimating according to which the estimates are based on market prices for similar services or expected costs plus a surcharge. In exceptional cases, the estimate can also be based on the residual value method.

In the fifth and final step, revenue is recognised at the point in time when the performance obligation is satisfied. The performance obligation is satisfied when the control of the good or service is transferred to the customer. The performance obligation can be satisfied at a point in time or over a period of time. If the performance obligation is satisfied over time, the revenue is recognised over the period the performance obligation is satisfied in a manner that best reflects the continuous transfer of control over time.

In addition to the five-step model, IFRS 15 addresses various special topics such as the treatment of costs for obtaining and fulfilling a contract, presentation of contract assets and liabilities, rights of return, commission business, customer retention and customer loyalty programmes. In addition, the disclosures in the notes are significantly expanded. Accordingly, this includes qualitative and quantitative disclosures to be made in the future on contracts with customers, on significant estimates and judgements as well as changes over time.

IFRS 15 is applicable for reporting periods beginning on or after 1 January 2018. METRO AG will thus apply these regulations for the first time on 1 October 2018. As part of a project dealing with the introduction of IFRS 15 at METRO AG, the impact of the new standard will be analysed over the course of the next financial year.

A clarification was released following the adoption of the new IFRS 15. It supplements the IFRS 15 regulations with respect to the identification of performance obligations, principal versus agent considerations and the separation of licences. It also includes provisions for a simplified transition to IFRS 15.

The clarifications to IFRS 15 apply to financial years beginning on or after 1 January 2018. Subject to the respective EU endorsement, METRO AG will therefore apply these regulations for the first time on 1 October 2018. The project dealing with the introduction of IFRS 15 at METRO AG will also consider the impact of the clarifications.

IFRS 16 (Leases)

The new standard IFRS 16 will replace the currently applicable standard IAS 17 (Leases) and IFRIC 4 (Determining Whether an Arrangement Contains a Lease). IFRS 16 generally applies to contracts that convey the right to use an asset, rental contracts and leases, subleases and sale-and-leaseback transactions. A lessee can elect to apply IFRS 16 to leases of certain intangible assets, whereas agreements on service concessions or leasing of natural resources are outside the scope of IFRS 16.

In contrast to IAS 17, the definition of a lease in IFRS 16 focuses on the concept of control. A lease exists when a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The key change of IFRS 16 compared to IAS 17 concerns the lessee accounting model. Lessees no longer have to classify leases as operating or finance. Instead, the lessee recognises a right-of-use asset and a lease liability upon commencement of the lease when the lessor makes an underlying asset available for use by the lessee.

The lessee measures the lease liability at the present value of the lease payments payable over the lease term. The lease payments include all fixed payments less any lease incentives for the conclusion of the contract. In addition, the lease payments must include any variable lease payments that depend on an index and variable payments that classify as in-substance fixed payments as well as amounts expected to be payable by the lessee under residual value guarantees. The exercise price of a purchase or lease extension option must be included if the lessee is reasonably certain to exercise that option. In addition, the lease payments must include payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Measurement must be based on the interest rate implicit in the lease. If the lessee is unable to determine this interest rate, the lessee's incremental borrowing rate may be applied. Over the term of the lease, the lease liability is accounted for under the effective interest method in consideration of lease payments made. Changes in the calculatory parameters, such as changes in the lease term, a reassessment of the likelihood that a purchase option will be exercised or expected lease payments, require a remeasurement of the liability.

The simultaneously recognised right-of-use asset is measured at the amount of the lease liability adjusted for lease payments made and directly attributable costs. Any payments received from the lessor that are related to the lease are deducted. Measurement also considers any reinstatement obligations from leases.

After initial recognition, the right-of-use asset can be measured at amortised cost or using the revaluation method, respectively, under IAS 16 (Property, Plant and Equipment) or IAS 40 (Investment Property). When applying the amortised cost model, the right-of-use asset is depreciated over the shorter period lease term or its useful life. If it is reasonably certain upon commencement of the lease that ownership of the asset will pass to the lessee at the end of the lease, the right-of-use asset is depreciated over the economic life of the underlying asset. IAS 36 (Impairment of Assets) must be considered.

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Correspondingly, a remeasurement of the lease liability to reflect changes in lease payments leads to an adjustment of the right-of-use asset outside of profit or loss, whereby any negative adjustments exceeding the carrying amount must be recognised through profit or loss.

Lessees can elect to make use of several policy options. Lessees can elect to apply IFRS 16 accounting to a portfolio of leases with similar characteristics. In addition, they may elect not to apply the right-of-use approach to short-term leases (with a maximum term of twelve months) and so-called low-value assets. Low-value assets are a component of leases that, individually, are not material to the business. If a lessee elects to make use of this policy option, the lease is recognised in accordance with the previously applicable IAS 17 regulations on operating leases.

In the future, comprehensive qualitative and quantitative information must be provided in the notes to the financial statements.

The revised definition of leases also applies to the lessor and can lead to assessments deviating from IAS 17. However, the lessor continues to classify a lease as either an operating lease or a finance lease. Except for sale-and-leaseback transactions, IFRS 16 does not result in any material changes for lessors.

In the case of sale-and-leaseback transactions, the sold entity must first apply the requirements of IFRS 15 to determine whether a sale has actually occurred. If the transfer is classified as a sale in accordance with IFRS 15, the seller/lessee measures a right-of-use asset arising from the leaseback as the proportion of the previous carrying amount of the asset that relates to the right of use retained. The gain (or loss) that the seller/lessee recognises is limited to the proportion of the total gain (or loss) that relates to the rights transferred to the buyer/lessor. If the transfer is not a sale, the transaction is treated like a financing transaction without a disposal of the asset.

IFRS 16 is applicable for reporting periods beginning on or after 1 January 2019. Subject to the respective EU endorsement, METRO AG must apply these regulations for the first time on 1 October 2019. As part of a project dealing with the introduction of IFRS 16 at METRO AG, the impact of the new standard will be analysed over the course of financial year 2016/17.

IAS 1 (Presentation of Financial Statements)
In the context of the Disclosure Initiative, the following amendments to IAS 1 (Presentation of Financial Statements) were made with respect to the materiality principle, the presentation of the asset position, the income statement or other comprehensive income as well as disclosures in the notes to the financial statements.

In accordance with the materiality principle, information should not be obscured by aggregating information; materiality considerations apply to all parts of a financial statement, and the materiality principle must be considered even when a standard requires a specific disclosure.

The amendment clarifies that the list of line items to be presented in the financial statements can be disaggregated and aggregated as relevant and include additional guidance on subtotals in these statements. In addition, an entity's share of other comprehensive income of equity-accounted associates and joint ventures is presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

With respect to the notes to the financial statements, the amendment clarifies that understandability and comparability should be considered when determining the order of the notes.

These amendments to IAS 1 apply to financial years beginning on or after 1 January 2016. METRO AG will thus apply these guidelines for the first time on 1 October 2016. The impact of these amendments on the disclosures in the consolidated financial statements of METRO AG will be minor.

IAS 7 (Statement of Cash Flows)
The amendments to IAS 7 in the context of the Disclosure Initiative will require entities to provide disclosures on the following changes in liabilities arising from financing activities: changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. Financial liabilities are defined as liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

In addition, the amendments state that changes in financial liabilities must be disclosed separately from changes in other assets and liabilities.

These amendments to IAS 7 apply to financial years beginning on or after 1 January 2017. Subject to the respective EU endorsement, METRO AG will apply these regulations for the first time on 1 October 2017 and extend its disclosures accordingly.

Additional IFRS amendments

Among other things, the annual improvements to IFRS 2012–2014 comprise a clarification in IAS 34 (Interim Financial Reporting) regarding the disclosure of information "elsewhere in the interim financial report". Following this change in wording, several disclosures may now be replaced by references to the management report. The option to incorporate cross references will simplify the preparation of the notes to the financial statements at METRO AG.

In addition, as part of the improvements, two clarifications were made in IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations). If an entity reclassifies an asset (or disposal group) from held for sale to held for distribution and with this an entity moves from one method of disposal to the other without interruption, this reclassification is seen as a continuation of the original plan of sale. As a result, the entity can continue to apply the accounting requirements applicable to assets (or disposal groups) that are classified as held for sale. The same applies to reclassifications from the category held for distribution to the category held for sale. The reclassification does not result in an extension of the period in which the sale or distribution must be completed.

Assets (or disposal groups) that no longer satisfy the criteria for recognition as held for distribution must be treated in the same way as an asset that is no longer recognised as held for sale and must no longer be recognised in accordance with IFRS 5.

The changes resulting from the annual improvements to IFRS 2012–2014 apply to financial years beginning on or after 1 July 2016. As a result, METRO AG will apply the amended IAS 34 retrospectively and the amended IFRS 5 prospectively for future transactions for the first time on 1 October 2016.

At this point, the first-time application of the other standards and interpretations listed in the table as well as of other standards revised as part of the annual improvements is not expected to have a material impact on the group's asset, financial and earnings position.

New Operating Model

In the course of the introduction of the 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), traders (focusing on independent resellers such as kiosk operators, bakers and butchers) and multispecialists (focusing on the remaining customer groups as well as service companies and offices). 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 segment management of 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. Since the three clusters currently display sufficient similarities with respect to their business model, their products and services as well as their customer structure – especially compared with the other reporting segments of METRO AG –, these three operating segments will be bundled into one reporting segment in spite of their divergent strategic focus.

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 per 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 impairment losses on goodwill.

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Revised disclosures
From financial year 2015/16, the earnings of operating companies recognised at equity are shown in the income statement in the EBIT item earnings share of operating companies recognised at equity. This essentially concerns real estate companies that lease real estate to METRO GROUP. The earnings of non-operating companies recognised at equity will continue to be shown in the net financial result in the item earnings share of non-operating companies recognised at equity. This provides for greater transparency of METRO GROUP's operations. The previous year's figures have not been adjusted due to immateriality.

Segment reporting
Segment reporting now also covers EBITDA before special items and EBIT before special items to better reflect internal reporting while EBITDAR, segment liabilities, selling space and locations will no longer be reported.

Consolidation group

Besides METRO AG, all companies indirectly or directly controlled by METRO AG are included in the consolidated financial statements if these companies individually or as a group are not immaterial to the consolidated financial statements. Control exists if there is a possibility to control a company's financial and business policy through a majority of voting rights or according to the Articles of Association, company contract or contractual agreement in order to benefit from this company's business activities.

METRO GROUP's operational business is handled by the following three sales lines:
— METRO Cash & Carry
— Media-Saturn
— Real

Non-controlling interests exist essentially in the Media-Saturn sales line. For an overview of significant non-controlling interests, see no. 32.

Besides METRO AG, 653 German (30/9/2015: 625) and 643 international (30/9/2015: 633) companies were included in the consolidated financial statements.

The group of consolidated companies changed as follows in financial year 2015/16:

As of 1/10/2015	1,259
Changes in financial year 2015/16	
Companies merged with other consolidated subsidiaries	5
Disposal of shares	1
Other disposals	19
Newly founded companies	25
Acquisitions	32
Other additions	6
As of 30/9/2016	**1,297**

Deconsolidated companies are included as group companies up to the date of their disposal.

Mergers with other consolidated subsidiaries concern four companies in the Media-Saturn segment as well as one company in the Others segment.

The other disposals comprise:
— liquidations (13 companies)
— accretion (6 companies)

Additions due to newly founded companies concern the Media-Saturn (13 companies), METRO Cash & Carry (6 companies) and Others (6 companies) segments.

Acquisitions essentially include the acquisition of the RTS group and the Rungis group by the Media-Saturn (21 companies) and METRO Cash & Carry (10 companies) segments respectively.

The other additions result from the change in the consolidation method and exclusively concern the METRO Cash & Carry segment.

Effects from changes in the consolidation group that are of special significance are explained separately in the respective items.

For materiality reasons, 8 affiliated subsidiaries have not been fully consolidated, but have been recognised at cost of purchase in the item financial investments.

Structured entities
Structured entities within METRO GROUP concern leasing companies. The key purpose of the leasing companies is to acquire, lease out and manage assets. As of the closing date, 11 (30/9/2015: 11) structured entities were fully consolidated. METRO GROUP did not have any relationships with unconsolidated structured entities during financial year 2014/15.

Investments accounted for using the equity method
21 associates (30/9/2015: 25) and 7 joint ventures (30/9/2015: 4) are recognised in the consolidated financial statements according to the equity method.

Another 3 companies (30/9/2015: 3) in which METRO AG indirectly or directly holds between 20 and 50 per cent of the voting rights were valued at cost because they did not qualify as associates or because materiality considerations made the use of the equity method unnecessary.

The information provided refers to all operating units in which the respective subsidiary holds interests.

Overview of major subsidiaries with non-controlling interests

in € million

30/9/2015		Non-controlling interests								
Name	**Head office**	**in %**	**As of 30/9/2015**	**Dividends paid[1]**	**Non-current assets[1]**	**Current assets[1]**	**Non-current liabilities[1]**	**Current liabilities[1]**	**Sales[1]**	**Profit shares[1, 2]**
METRO Cash & Carry										
METRO Jinjiang Cash & Carry Co., Ltd.	Shanghai, China	10.00	–4	0	253	744	3	883	2,632	0
METRO CASH & CARRY ROMANIA SRL	Bucharest, Romania	15.00	0	0	81	335	44	172	892	0
Media-Saturn										
Media-Saturn-Holding GmbH	Ingolstadt, Germany	21.62	2	–109	1,313	2,688	110	2,819	9,780	51
Mediamarket S. p. A. con Socio Unico	Curno, Italy	21.62	–11	0	11	413	29	467	2,168	–1
MEDIA MARKT SATURN, S.A. UNIPERSONAL	El Prat de Llobregat, Spain	21.62	–29	–33	102	602	6	619	1,784	9
Media Markt Saturn Holding Nederland B. V.	Rotterdam, Netherlands	21.62	3	–13	104	291	17	402	1,485	6
Media-Saturn Beteiligungsges.m.b.H.	Vösendorf, Austria	21.62	–37	–35	41	373	22	340	1,124	10
OOO Media-Markt-Saturn	Moscow, Russia	21.62	–1	0	104	186	21	271	761	–9
Media Saturn Holding Polska Sp. z o.o.	Warsaw, Poland	21.62	–12	–22	55	227	11	265	977	6
Other companies										
METRO PROPERTIES GmbH & Co. KG	Düsseldorf, Germany	0.49	0	0	196	1,725	17	1,759	0	0

30/9/2016		Non-controlling interests								
Name	**Head office**	**in %**	**As of 30/9/2016**	**Dividends paid[1]**	**Non-current assets[1]**	**Current assets[1]**	**Non-current liabilities[1]**	**Current liabilities[1]**	**Sales[1]**	**Profit shares[1, 2]**
METRO Cash & Carry										
METRO Jinjiang Cash & Carry Co., Ltd.	Shanghai, China	10.00	–9	0	276	738	3	856	2,635	4
Media-Saturn										
Media-Saturn-Holding GmbH	Ingolstadt, Germany	21.62	23	–74	1,517	2,590	107	3,129	10,007	40
Mediamarket S. p. A. con Socio Unico	Curno, Italy	21.62	–13	0	110	453	28	495	2,084	3
MEDIA MARKT SATURN, S.A. UNIPERSONAL	El Prat de Llobregat, Spain	21.62	–42	–36	119	688	4	700	1,895	13
Media Markt Saturn Holding Nederland B. V.	Rotterdam, Netherlands	21.62	–1	–10	105	296	16	399	1,573	6
Media-Saturn Beteiligungsges.m.b.H.	Vösendorf, Austria	21.62	–46	–35	53	385	25	355	1,139	11
OOO Media-Markt-Saturn	Moscow, Russia	21.62	–10	0	64	184	67	228	534	–21
Media Saturn Holding Polska Sp. z o.o.	Warsaw, Poland	21.62	–20	–25	56	237	11	277	990	6
Other companies										
METRO PROPERTIES GmbH & Co. KG	Düsseldorf, Germany	0.49	–1	0	196	1,884	19	1,907	0	0

[1] In the case of Media-Saturn including the respective national operating units, in which (in part) additional non-controlling interests are held
[2] Profit share attributable to non-controlling interests

A complete list of group companies and associates is shown in no. 55 – overview of the major fully consolidated group companies. In addition, a complete list of all group companies and associates is shown in no. 57 – affiliated companies of the METRO AG as of 30 September 2016 pursuant to § 313 of the German Commercial Code.

Consolidation principles

The financial statements of German and foreign subsidiaries included in the consolidated accounts are prepared using uniform accounting and valuation methods as required by IFRS 10 (Consolidated Financial Statements).

Consolidated companies that, unlike METRO AG, do not close their financial year on 30 September prepared interim financial statements for IFRS consolidation purposes. In principle, subsidiaries are fully consolidated insofar as their consolidation is of material importance to the presentation of a true and fair view of the assets, financial and earnings position.

In accordance with IFRS 3 (Business Combinations), capital consolidation is effected using the purchase method. In the case of business combinations, the carrying amounts of the investments are offset against the revalued pro rata equity of the subsidiaries as of their acquisition dates. Any positive differences remaining after the allocation of hidden reserves and hidden burdens are capitalised as goodwill. Goodwill is tested for impairment regularly once a year – or more frequently if changes in circumstances indicate a possible impairment. If the carrying amount of a unit that was assigned goodwill exceeds the recoverable amount, an impairment loss of the goodwill is recognised to the amount of the difference between both values.

In addition, in the case of company acquisitions, hidden reserves and burdens attributable to non-controlling interests must be disclosed and reported in equity as "non-controlling interests". METRO GROUP does not use the option to recognise the goodwill attributable to non-controlling interests. In accordance with IFRS 3, any negative differences remaining after the allocation of hidden reserves and hidden burdens as well as after another review during the period in which the business combination took place are recognised through profit or loss.

Purchases of additional shareholdings in companies where a controlling interest has already been acquired are recognised as equity transactions. As a result, the assets and liabilities are not remeasured at fair value, nor are any gains or losses recognised. Any differences between the cost of the additional shareholding and the carrying amount of the net assets on the date of acquisition are directly offset against the capital attributable to the buyer.

Any impairment losses and reversals of impairment losses to shares in consolidated subsidiaries carried in the individual financial statements are reversed.

Investments in associates and joint ventures are accounted for using the equity method and treated in accordance with the principles applying to full consolidation, with existing goodwill being included in the amount capitalised for investments. The recognition of income from investments in associates, joint ventures and joint operations in the income statement depends on whether the investee carries out operating or non-operating activities. Operating activities include the retail and wholesale businesses as well as related support activities (for example, renting/leasing of retail properties, procurement, logistics). Income from operating associates, joint ventures and joint operations is recognised in EBIT; income from non-operating entities is recognised in the net financial result. Any deviating accounting and measurement methods used in the financial statements of entities valued at equity are retained as long as they do not substantially contradict METRO GROUP's uniform accounting and valuation methods.

According to IFRS 11, the individual partners in joint arrangements recognise their portion of jointly held assets and jointly incurred liabilities in their own balance sheet.

Intra-group profits and losses are eliminated; sales, expenses and income as well as receivables and liabilities and/or provisions are consolidated. Interim results in fixed assets or inventories resulting from intra-group transactions are eliminated unless they are of minor significance. In accordance with IAS 12 (Income Taxes), deferred taxes are recognised for consolidation procedures.

Unrealised gains from transactions with companies accounted for using the equity method are derecognised against the investment in the amount of the group's share in the investee.

In joint arrangements, each of the partner companies recognises its own portion of sales, income and expenses resulting from the joint arrangement in its income statement.

A reduction in the holding in a subsidiary must be recognised in reserves retained from earnings as an equity transaction outside of profit or loss as long as the parent company can continue to exercise control. If a reduction in the holding or its complete disposal entails a loss of control, full consolidation of the subsidiary is ended when the parent company has lost its con-

trol opportunity over the subsidiary. All assets, liabilities and equity items that were previously fully consolidated will then be derecognised at amortised group carrying amounts. Deconsolidation of the derecognised holdings is carried out in line with the general rules on deconsolidation. Any remaining residual shares are recognised at fair value as a financial instrument according to IAS 39 or as a holding valued using the equity method pursuant to IAS 28.

Currency translation

Foreign currency transactions

In the subsidiaries' separate financial statements, transactions in foreign currency are valued at the rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are valued at the closing date exchange rate. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated at the rate prevailing at the time the fair value was determined. Non-monetary items measured at historical acquisition or production costs in foreign currency are translated at the rate valid at the transaction date.

In principle, gains and losses from exchange rate fluctuations incurred until the closing date are recognised in profit or loss. Currency translation differences from receivables and liabilities in foreign currency, which must be regarded as a net investment in a foreign operation, equity instruments held for sale and qualified cash flow hedges are reported as reserves retained from earnings outside of profit or loss.

Foreign operations

The annual financial statements of foreign subsidiaries are translated into euros according to the functional currency concept of IAS 21 (The Effects of Changes in Foreign Exchange Rates). The functional currency is defined as the currency of the primary economic environment of the subsidiary. Since all consolidated companies operate as financially, economically and organisationally autonomous entities, their respective local currency is the functional currency. Assets and liabilities are therefore translated at the current exchange rate prevailing on the closing date. As a rule, income statement items are translated at the average exchange rate during the financial year. Differences from the translation of the financial statements of foreign subsidiaries do not affect income and are shown as separate items under reserves retained from earnings. To the extent that foreign subsidiaries are not under the full control of the parent company, the relevant share of currency differences is allocated to the non-controlling interests.

Currency differences are recognised through profit or loss in the net financial result in the year in which the operations of a foreign subsidiary are deconsolidated or terminated. In a partial disposal in which a controlling interest in the foreign subsidiary is retained, the relevant share of cumulated currency differences is allocated to the non-controlling interests. Should foreign associates or jointly controlled entities be partially sold without the loss of significant influence or joint control, the relevant share of the cumulated currency differences is recognised in the income statement.

In financial year 2015/16, no functional currency of a consolidated company was classified as hyperinflationary as defined by IAS 29 (Financial Reporting in Hyperinflationary Economies).

The following exchange rates were applied in the translation of key currencies outside the European Monetary Union that are of major significance for METRO GROUP:

		Average exchange rate per €		Exchange rate at closing date per €	
		2014/15	2015/16	30/9/2015	30/9/2016
Bosnian mark	BAM	1.95583	**1.95583**	1.95583	**1.95583**
Bulgarian lev	BGN	1.95583	**1.95583**	1.95583	**1.95583**
Chinese renminbi	CNY	7.14511	**7.25857**	7.12060	**7.44630**
Croatian kuna	HRK	7.62450	**7.55920**	7.64450	**7.52200**
Czech koruna	CZK	27.42870	**27.04140**	27.18700	**27.02100**
Danish krone	DKK	7.45411	**7.45069**	7.45980	**7.45130**
Egyptian pound	EGP	8.57877	**9.25176**	8.66620	**9.85335**
Hong Kong dollar	HKD	8.90626	**8.62172**	8.68240	**8.65470**
Hungarian forint	HUF	308.94701	**312.27877**	313.45000	**309.79000**
Indian rupee	INR	72.50054	**74.22463**	73.48050	**74.36550**
Indonesian rupiah	IDR	14,914.46000	**14,923.41000**	16,347.81000	**14,566.22000**
Japanese yen	JPY	136.84504	**124.09443**	134.69000	**113.09000**
Kazakhstani tenge	KZT	220.67414	**370.06902**	303.47000	**375.52000**
Moldovan leu	MDL	20.08065	**22.09941**	22.59260	**22.16110**
Moroccan dirham	MAD	10.88235	**10.86310**	10.87815	**10.91235**
Norwegian krone	NOK	8.75905	**9.36916**	9.52450	**8.98650**
Pakistani rupee	PKR	117.20413	**116.46653**	117.25160	**116.96670**
Polish zloty	PLN	4.17060	**4.33360**	4.24480	**4.31920**
Pound sterling	GBP	0.74305	**0.78209**	0.73850	**0.86103**
Romanian leu	RON	4.43956	**4.47856**	4.41760	**4.45370**
Russian rouble	RUB	64.80626	**75.28270**	73.24160	**70.51400**
Serbian dinar	RSD	120.61782	**122.49388**	119.74910	**123.29290**
Singapore dollar	SGD	1.54440	**1.53280**	1.59210	**1.52350**
Swedish krona	SEK	9.34718	**9.35415**	9.4083	**9.62100**
Swiss franc	CHF	1.09807	**1.09130**	1.09150	**1.08760**
Turkish lira	TRY	2.93219	**3.25276**	3.39030	**3.35760**
Ukrainian hryvnia	UAH	22.42906	**27.55541**	23.85750	**28.94817**
US dollar	USD	1.14863	**1.11098**	1.12030	**1.11610**
Vietnamese dong	VND	24,661.11000	**24,274.08000**	24,963.36000	**24,585.96000**

Income statement

Recognition of income and expenses

In accordance with IAS 18 (Revenue), **sales** and **other operating income** are reported immediately upon rendering of the service or delivery of the goods. In the latter case, the timing is determined by the transfer of risk to the customer. Where customers are granted the right to return goods and cancel services, sales are recognised only if the probability of return can be reliably estimated. To this end, return rates are calculated on the basis of historical data and projected to future take-back obligations. No sales are recognised for the portion allocated to the expected returns; instead, a provision is recognised. Sales are shown after deduction of value added tax, rebates and discounts. Gross amounts are shown – that is, at the level of the customer payment (less sales tax and revenue reduction) – where the company assumes the essential opportunities and risks associated with the sale of the goods or services. Net sales are shown for commission transactions, as defined by the company. Sales revenues from contracts with several contractual components (for example, sale of goods plus additional services) are realised when the respective contractual components have been fulfilled. Sales are realised based on the estimated fair value of the individual contractual components.

Performance-based **government grants** attributable to future periods are recognised on an accrual basis according to the corresponding expenses. Performance-based grants for subsequent periods which have already been received are shown as deferred income, and the corresponding income is recognised in subsequent periods.

Operating expenses are recognised as expenses upon use of the service or on the date of their causation.

The **net financial result** at METRO GROUP primarily comprises dividends and interest. As a rule, dividends are recognised as income when the legal claim to payment arises. Interest is recognised as income or expenses and, where applicable, on an accrual basis using the effective interest method. Debt capital interests that are directly attributable to the acquisition or production of a so-called qualified asset represent an exception as they must be included in the acquisition or production costs of the asset capitalised pursuant to IAS 23 (Borrowing Costs).

Income taxes

Income taxes concern direct taxes on income and deferred taxes. As a rule, they are recognised through profit or loss unless they are related to business combinations or an item that is directly recognised in equity or other comprehensive income.

Balance sheet

Goodwill

In accordance with IFRS 3 (Business Combinations), **goodwill** is capitalised. Goodwill resulting from business combinations is attributed to the group of so-called cash-generating units (CGUs) that benefits from the synergies of this business combination. In accordance with IAS 36 (Impairment of Assets), a CGU is defined as the smallest identifiable group of assets that generates cash inflows largely independently from the cash inflows of other assets or groups of assets. As a rule, single locations represent CGUs at METRO GROUP. At METRO Cash & Carry, goodwill is monitored at the level of the three customer clusters Horeca (focusing on hotels, restaurants and catering firms), traders (focusing on independent resellers such as kiosk operators, bakers and butchers) as well as multispecialists (focusing on the remaining customer groups as well as service companies and offices). At Media-Saturn and Real, goodwill is generally monitored at the level of the organisational unit sales line per country. Goodwill impairment tests are therefore conducted at the level of this respective group of cash-generating units.

Goodwill is regularly tested for impairment once a year – or more frequently if changes in circumstances indicate a possible impairment. If an impairment exists, an impairment loss is recognised through profit or loss. To determine a possible impairment, the recoverable amount of a CGU is compared to the respective carrying amount of the CGU. The recoverable amount is the higher of value in use and fair value less costs to sell. An impairment of the goodwill allocated to a CGU applies only if the recoverable amount is lower than the total of carrying amounts. No reversal of an impairment loss is performed if the reasons for the impairment in previous years have ceased to exist.

Other intangible assets

Purchased other intangible assets are recognised at cost of purchase. In accordance with IAS 38 (Intangible Assets), **internally generated intangible assets** are capitalised at their production cost. Research costs, in contrast, are not capitalised, but immediately recognised as expenses. The cost of manufacture includes all expenditure directly attributable to the development process. This may include the following costs:

Direct costs	Direct material costs
	Direct production costs
	Special direct production costs
Overhead	Material overhead
(directly attributable)	Production overhead
	Depreciation/amortisation/impairment losses
	Development-related administrative costs

Borrowing costs are factored into the determination of production costs only in the case of so-called qualified assets pursuant to IAS 23 (Borrowing Costs). Qualified assets are defined as non-financial assets that take a substantial period of time to prepare for their intended use or sale.

The subsequent measurement of other intangible assets with a finite useful life is effected based on the cost model. No use is made of the revaluation option. All other intangible assets of METRO GROUP with a finite useful life are subject to straight-line amortisation. Capitalised internally created and purchased software as well as comparable intangible assets are amortised over a period of up to ten years, while licences are amortised over their useful life. These intangible assets are examined for indications of impairment at each closing date. If the recoverable amount is below the amortised cost, an impairment loss is recognised. The impairment loss is reversed if the reasons for the impairment in previous years have ceased to exist.

Other intangible assets with an infinite useful life are not subject to straight-line amortisation, but are subjected to an impairment test at least once a year. Impairments and value gains are recognised through profit or loss based on the historical cost principle.

Property, plant and equipment

Property, plant and equipment are recognised at amortised cost pursuant to IAS 16 (Property, Plant and Equipment). The manufacturing cost of internally generated assets includes both direct costs and directly attributable overhead. Borrowing costs are only capitalised in relation to qualified assets as a component of acquisition or production costs. In line with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance), **investment grants** received are offset against the acquisition or production costs of the corresponding asset without recognition of an item of deferral for the grants on the liabilities side. **Reinstatement obligations** are included in the cost of purchase or production at the discounted settlement value. Subsequent purchase or production costs of property, plant and equipment are only capitalised if they result in a higher future economic benefit for METRO GROUP.

Property, plant and equipment are solely depreciated on a straight-line basis using the cost model pursuant to IAS 16. The optional revaluation model is not applied. Throughout the group, depreciation is based on the following useful lives:

Buildings	10 to 33 years
Leasehold improvements	8 to 15 years or shorter rental contract duration
Business and office equipment	3 to 13 years
Machinery	3 to 8 years

Capitalised reinstatement costs are depreciated on a pro rata basis over the useful life of the asset.

Pursuant to IAS 36, an impairment test will be carried out if there are any indications of impairment of property, plant and equipment. Impairment losses on property, plant and equipment will be recognised if the recoverable amount is below the amortised cost. Impairment losses are reversed up to the amount of amortised acquisition or production costs if the reasons for the impairment have ceased to exist.

In accordance with IAS 17 (Leases), economic ownership of leased assets is attributable to the lessee if all the material risks and rewards incidental to ownership of the asset are transferred to the lessee **(finance lease).** If economic ownership is attributable to a METRO GROUP company acting as lessee, the leased asset is capitalised at fair value or at the lower present value of the minimum lease payments when the lease is signed. Analogous to the comparable purchased property, plant and equipment, leased assets are subject to depreciation over their useful lives or the lease term if the latter is shorter. However, if it is sufficiently certain that ownership of the leased asset will be transferred to the lessee at the end of the lease term, the asset is depreciated over its useful life. Payment obligations resulting from future lease payments are carried as liabilities. Conversely, they are recognised as receivables by the lessor.

An **operating lease** applies when economic ownership of the leased object is not transferred to the lessee. The lessee does

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not recognise assets or liabilities for operating leases, but merely recognises rental expenses in its income statement over the term of the lease using the straight-line method, while the lessor recognises an asset as well as a receivable.

In the case of leasing agreements relating to buildings and related land, these two elements are generally treated separately and classified as finance or operating leases.

Investment properties

In accordance with IAS 40 (Investment Property), **investment properties** comprise real estate assets that are held to earn rentals and/or for an increase in value. Analogous to property, plant and equipment, they are recognised at cost less depreciation and potentially required impairment losses based on the cost model. Measurement at fair value through profit or loss based on the fair value model does not apply. Depreciation of investment properties is effected over a useful life of 15 to 33 years. Furthermore, the fair value of these properties is stated in the notes. It is determined on the basis of recognised measurement methods, including an assessment and the consideration of project development opportunities.

Financial assets

Financial assets (financial investments) that do not represent **associates** under IAS 28 (Investments in Associates and Joint Ventures) or **joint ventures** under IAS 11 (Construction Contracts) are recognised in accordance with IAS 39 (Financial Instruments: Recognition and Measurement) and assigned to one of the following categories:

— "Loans and receivables"
— "Held to maturity"
— "At fair value through profit or loss"
— "Available for sale"

The first-time recognition of financial assets is effected at fair value. In the process, incurred transaction costs are considered for all categories with the exception of the category "at fair value through profit or loss". Measurement is effected at the trade date.

Depending on the classification to the categories listed above, financial assets are capitalised either at amortised cost or at fair value:

— **"Loans and receivables"** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised at amortised cost using the effective interest method.
— The measurement category **"held to maturity"** includes non-derivative financial assets with fixed or determinable payments and fixed maturity, with the company having both the positive intention and the ability to hold them to maturity. They are also recognised at amortised cost using the effective interest method.
— The category **"at fair value through profit or loss"** comprises all financial assets "held for trading" as the fair value option of IAS 39 is not applied within METRO GROUP. For clarification purposes, the entire category is referred to as "held for trading" in the notes to the consolidated financial statements. Financial instruments "held for trading" are financial assets that are either acquired or incurred principally for the purpose of selling or repurchasing in the near term or that are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Furthermore, this category includes derivative financial instruments that are not part of an effective hedge. Financial instruments "held for trading" are measured at fair value through profit or loss.
— The category **"available for sale"** represents a residual category for primary financial assets that cannot be assigned to any of the other three categories. METRO GROUP does not make use of the optional designation of financial assets to the category "available for sale". "Available for sale" financial assets are recognised at fair value in equity. Fluctuations in the fair value of "available for sale" financial assets are recognised in other comprehensive income. The amounts recognised are not reclassified to profit or loss for the respective period until the financial asset is derecognised or an impairment of the assets has occurred.

Investments are assets to be classified as "available for sale". **Securities** are classified as "held to maturity", "available for sale" or "held for trading". **Loans** are classified as "loans and receivables".

Financial assets designated as **hedged items** as part of a fair value hedge are recognised at fair value through profit or loss.

Equity instruments for which no quoted price on an active market exists and whose fair value cannot be reliably measured, as well as derivatives on such equity instruments, are

recognised at cost. This applies to several investments of METRO GROUP.

At each closing date, financial assets that are not measured at fair value through profit or loss are examined for objective, substantial indications of impairment. Such indications include delayed interest or redemption payments, defaults and changes in the borrower's creditworthiness. If there are any such indications, the respective financial asset is tested for impairment by comparing the carrying amount to the present value. The present value of financial assets measured at amortised cost corresponds to the present value of expected future cash flows, discounted at the original effective interest rate. However, the present value of equity instruments measured at cost in the category "available for sale" corresponds to expected future cash flows discounted at the current market interest rate. If the present value is lower than the carrying amount, an impairment loss is recognised for the difference. Where decreases in the fair value of financial assets in the category "held for sale" were previously recognised in other comprehensive income outside of profit or loss, these are now recognised in profit or loss to the amount of determined impairment.

If, at a later date, the present value increases again, the impairment loss is reversed accordingly. In the case of financial assets recognised at amortised cost, the impairment loss reversal is limited to the amount of amortised cost which would have occurred without the impairment. In the category "available for sale", the reversal of previously recognised impairment losses for equity instruments is shown outside of profit or loss in other comprehensive income, while for debt instruments it is shown in profit or loss up to the amount of the impairment previously recognised through profit or loss. Increases in value for debt instruments beyond this are recognised outside of profit or loss in other comprehensive income.

Financial assets are derecognised when the contractual rights to cash flows from the item in question are extinguished or have expired or the financial asset is transferred.

Other financial and non-financial assets
The financial assets included in **other financial and non-financial assets** that are classified as "loans and receivables" under IAS 39 are measured at amortised cost.

Other assets include, among others, derivative financial instruments to be classified as "held for trading" in accordance with IAS 39. All other receivables and assets are recognised at amortised cost.

Prepaid expenses and deferred charges comprise transitory accruals.

Deferred tax assets and deferred tax liabilities
Deferred tax assets and deferred tax liabilities are determined using the asset-liability method in accordance with IAS 12 (Income Taxes). Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets or liabilities in the consolidated financial statements and their tax base. Deferred tax assets are also considered for unused tax loss and interest carry-forwards.

Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available in the future to allow the corresponding benefit of that deferred tax asset to be realised.

Deferred tax assets and deferred tax liabilities are netted if these income tax assets and liabilities concern the same tax authority and refer to the same tax subject or a group of different tax subjects that are jointly assessed for income tax purposes. Deferred tax assets are remeasured at each closing date and adjusted if necessary.

Deferred taxes are determined on the basis of the tax rates expected in each country upon realisation. In principle, these are based on the valid laws or legislation that has been passed at the time of the closing date.

The assessment of deferred taxes reflects the tax consequence arising from how METRO GROUP expects to recover the carrying amounts of its assets and settle its obligations as of the closing date.

Inventories
In accordance with IAS 2 (Inventories), merchandise carried as **inventories** is reported at cost of purchase. The cost of purchase is determined either on the basis of a separate measurement of additions from the perspective of the procurement market or by means of the weighted average cost method.

Supplier compensation to be classified as a reduction in the cost of purchase lowers the carrying amount of inventories.

Merchandise is valued as of the closing date at the lower of cost or net realisable value. Merchandise is written down on a case-by-case basis if the net realisable value declines below the carrying amount of the inventories. Such net realisable value corresponds to the anticipated estimated selling price less the estimated direct costs necessary to make the sale.

When the reasons for a write-down of the merchandise have ceased to exist, the previously recognised impairment loss is reversed.

METRO GROUP's inventories never meet the definition of so-called qualified assets. As a result, interest expenses on borrowings relating to inventories are not capitalised pursuant to IAS 23 (Borrowing Costs).

Trade receivables

In accordance with IAS 39, **trade receivables** are classified as "loans and receivables" and recognised at amortised cost. Where their recoverability appears doubtful, the trade receivables are recognised at the lower present value of the estimated future cash flows. Aside from the required specific bad debt allowances, a generalised specific allowance is carried out to account for the general credit risk.

Income tax assets and liabilities

The disclosed **income tax assets and liabilities** concern domestic and foreign income taxes for the reporting period as well as prior periods. They are determined in compliance with the tax laws of the respective country.

In addition, the effects of tax risks are considered in the determination of income tax liabilities. The premises and assessments underlying these risks are regularly reviewed and considered in the determination of income tax.

Cash and cash equivalents

Cash and cash equivalents comprise cheques, cash on hand, bank deposits and other short-term liquid financial assets, such as accessible deposits on lawyer trust accounts or cash in transit, with an original term of up to three months and are valued at their respective nominal values.

Non-current assets held for sale, liabilities related to assets held for sale and discontinued operations

In accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), an asset is classified as a **non-current asset held for sale** if the respective carrying amount will be recovered principally through a sale transaction rather than through continuing use. A sale must be planned and realisable within the subsequent twelve months. The valuation of the asset's carrying amount pursuant to the relevant IFRS must directly precede a first-time classification as held for sale. In case of reclassification, the asset is measured at the lower of carrying amount and fair value less costs to sell and presented separately in the balance sheet. Analogously, liabilities related to assets held for sale are presented separately in the balance sheet.

In accordance with IFRS 5, a **discontinued operation** is recognised as such if it is held for sale or has already been disposed of. An operation is a component of an entity representing a separate material business operation or geographical business operation which forms part of an individual, approved plan for divestment of a separate material business operation or geographical business operation or represents a subsidiary that was acquired solely for resale. The valuation of the component of an entity's carrying amount pursuant to the relevant IFRS must directly precede the first-time classification as held for sale. In case of reclassification, the discontinued operation is measured at the lower value of carrying amount and fair value less costs to sell. Discontinued operations are presented separately in the income statement, the balance sheet, the cash flow statement and the segment reporting, and explained in the notes. With the exception of the balance sheet, the previous year's amounts are restated accordingly.

Employee benefits

Employee benefits include:

- Short-term employee benefits
- Post-employment benefits
- Obligations similar to pensions
- Termination benefits
- Share-based compensation

Short-term employee benefits include wages and salaries, social security contributions, vacation pay and sickness benefits and are recognised as liabilities at the repayment amount as soon as the associated job performance has been rendered.

Post-employment benefits are provided in the context of defined benefit or defined contribution plans. In the case of **defined contribution plans**, periodic contribution obligations to the external pension provider are recognised as expenses for post-employment benefits at the same time as the beneficiary's job performance. Missed payments or prepayments to the pension provider are accrued as liabilities or receivables. Liabilities with a term of over twelve months are discounted.

The actuarial measurement of provisions for post-employment benefits plans as part of a **defined benefit plan** is effected in accordance with the projected unit credit method stipulated by IAS 19 (Employee Benefits) on the basis of actuarial opinions. Based on biometric data, this method takes into account known pensions and pension entitlements at the closing date as well as expected increases in future wages and pensions. Where the employee benefit obligations determined or the fair value of the plan assets increase or decrease between the beginning and end of a financial year as a result of experience adjustments (for example, a higher fluctuation rate) or changes in underlying actuarial assumptions (for example, the discount rate), this will result in so-called actuarial gains or losses. These are recognised in other comprehensive income with no effect on profit or loss. Effects of plan changes and curtailments are recognised fully under service costs through profit or loss. The interest element of the addition to the provision contained in the pension expense is shown as interest paid under the financial result. Insofar as plan assets exist, the amount of the provision is generally the result of the difference between the present value of defined benefit obligations and the fair value of the plan assets.

Provisions for obligations similar to pensions (such as anniversary allowances and death benefits) are comprised of the present value of future payment obligations to the employee or his or her surviving dependants less any associated assets measured at fair value. The amount of provisions is determined on the basis of actuarial opinions in line with IAS 19. Actuarial gains and losses are recognised in profit or loss in the period in which they are incurred.

Termination benefits comprise severance payments to employees. These are recognised as liabilities through profit or loss when contractual or factual payment obligations towards the employee are to be made in relation to the termination of the employment relationship. Such an obligation is given when a formal plan for the early termination of the employment relationship exists to which the company is bound. Benefits with terms of more than twelve months after the closing date must be recognised at their present value.

The share bonuses granted under the share-based payment system are classified as **"cash-settled share-based payments"** pursuant to IFRS 2 (Share-based Payment). Proportionate provisions measured at the fair value of the obligations entered into are formed for these payments. The proportionate formation of the provisions is prorated over the underlying vesting period and recognised in profit or loss as personnel expenses. The fair value is remeasured at each closing date during the vesting period until exercised based on an option pricing model. Provisions are adjusted accordingly in profit or loss.

Where granted share-based payments are hedged through corresponding hedging transactions, the hedging transactions are measured at fair value and shown under other financial and non-financial assets. The portion of the hedges' value fluctuation that corresponds to the value of fluctuation of the share-based payments is recognised in personnel expenses. The surplus amount of value fluctuations is recognised in other comprehensive income outside of profit or loss.

(Other) provisions

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), **(other) provisions** are formed if legal or constructive obligations to third parties exist that are based on past business transactions or events and will probably result in an outflow of financial resources that can be reliably determined. The provisions are stated at the anticipated settlement

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amount with regard to all identifiable risks attached. With individual obligations, the settlement amount with the highest possible probability of occurrence is used. If the determination of the provision for an individual situation results in a range of equally probable settlement amounts, the provision will be set at the average of these settlement amounts. For a multitude of uniform situations, the provision is set at the expected value resulting from the weighting of all possible results with the related probabilities.

Long-term provisions with a term of more than one year are discounted to the closing date using an interest rate for matching maturities which reflects current market expectations regarding interest rate effects. Provisions with a term of less than one year are discounted accordingly if the interest rate effect is material. Claims for recourse are not netted with provisions, but recognised separately as an asset if their realisation is considered virtually certain.

Provisions for onerous contracts are formed if the unavoidable costs of meeting the obligations under a contract exceed the expected economic benefits resulting from the contract. Provisions for deficient rental cover related to leased objects are based on a consideration of individual leased properties. Provisions in the amount of the present value of the funding gap are formed for all closed properties or properties with deficient rental cover. In addition, a provision is created for store-related risks related to leased, operational or not yet closed stores insofar as a deficient cover of operational costs or a deficient rental cover despite consideration of a possible subleasing for the respective location arises from current corporate planning over the basic rental term.

Provisions for restructuring measures are recognised if a constructive obligation to restructure was formalised by means of the adoption of a detailed restructuring plan and its communication vis-à-vis those affected as of the closing date. Restructuring provisions only comprise obligatory restructuring expenses that are not related to the company's current activities.

Warranty provisions are formed based on past warranty claims and the sales of the current financial year.

Financial liabilities

According to IAS 39, **financial liabilities** that do not represent liabilities from finance leases are assigned to one of the following categories:

— "At fair value through profit or loss" ("held for trading")
— "Other financial liabilities"

The first-time recognition of financial liabilities and subsequent measurement of financial liabilities **"held for trading"** is effected based on the same stipulations as for financial assets.

The category **"other financial liabilities"** comprises all financial liabilities that are not "held for trading". They are carried at amortised cost using the effective interest method as the fair value option is not applied within METRO GROUP.

Financial liabilities designated as the hedged item in a fair value hedge are carried at their fair value. The fair values indicated for the financial liabilities have been determined on the basis of the interest rates prevailing on the closing date for the remaining terms and redemption structures.

In principle, financial liabilities from finance leases are carried at the present value of future minimum lease payments.

A financial liability is derecognised only when it has expired, that is, when the contractual obligations have been redeemed or annulled or have expired.

Other financial and non-financial liabilities

Other financial and non-financial liabilities are carried at their settlement amounts unless they represent derivative financial instruments, put options given out to interests or earn-out liabilities, which are recognised at fair value under IAS 39.

Prepaid expenses and deferred charges comprise transitory accruals.

Trade liabilities

Trade liabilities are recognised at amortised cost.

Other

Contingent liabilities

Contingent liabilities are, on the one hand, possible obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of uncertain future events that are not entirely under the company's control. On the other hand, contingent liabilities represent current obligations arising from past events for which, however, an outflow of economic resources is not considered probable or whose amount cannot be determined with sufficient reliability. According to IAS 37, such liabilities are not recognised in the balance sheet but disclosed in the notes. Contingent liabilities are determined on the basis of the principles applying to the measurement of provisions.

Accounting for derivative financial instruments and hedge accounting

Derivative financial instruments are exclusively utilised to reduce risks. They are used in accordance with the respective group guideline.

In accordance with IAS 39, all derivative financial instruments are recognised at fair value and shown under other financial and non-financial assets or other financial and non-financial liabilities.

Derivative financial instruments are measured on the basis of interbank terms and conditions, possibly including the credit margin or stock exchange price applicable to METRO GROUP; for this, the average rate on the closing date is used. Where no stock exchange prices can be used, the fair value is determined by means of recognised financial models.

In the case of an effective hedge accounting transaction **(hedge accounting)** pursuant to IAS 39, fair value changes of derivatives designated as fair value hedges and the fair value changes of the underlying transactions are reported in profit or loss. In cash flow hedges, the effective portion of the fair value change of the derivative is recognised in other comprehensive income outside of profit or loss. A transfer to the income statement is effected only when the underlying transaction is realised. The ineffective portion of the change in the value of the hedging instrument is immediately reported in profit or loss.

Supplier compensation

Depending on the underlying circumstances, **supplier compensation** is recognised as a reduction in the cost of purchase, reimbursement or payment for services rendered. Supplier compensation is accrued at the closing date insofar as it has been contractually agreed upon and is likely to be realised. Accruals relating to supplier compensation tied to certain calendar year targets are based on projections.

Summary of selected measurement methods

Item	Measurement method
Assets	
Goodwill	Cost (subsequent measurement: impairment test)
Other intangible assets	
Purchased other intangible assets	(Amortised) cost
Internally generated intangible assets	Development costs (direct costs and directly attributable overhead)
Property, plant and equipment	(Amortised) cost
Investment properties	(Amortised) cost
Financial assets	
"Loans and receivables"	(Amortised) cost
"Held to maturity"	(Amortised) cost
"At fair value through profit or loss" ("held for trading")	At fair value through profit or loss
"Available for sale"	At fair value recognised in equity
Inventories	Lower of cost and net realisable value
Trade receivables	(Amortised) cost
Cash and cash equivalents	At nominal value
Assets held for sale	Lower of carrying amount and fair value less costs to sell
Equity and liabilities	
Provisions	
Provisions for post-employment benefits plans	Projected unit credit method (benefit/years of service method)
Other provisions	Discounted settlement amount (with highest probability of occurrence)
Financial liabilities	
"At fair value through profit or loss" ("held for trading")	At fair value through profit or loss
"Other financial liabilities"	(Amortised) cost
Other financial and non-financial liabilities	At settlement amount or fair value
Trade liabilities	(Amortised) cost

Judgements, estimates and assumptions

The preparation of the consolidated financial statements was based on a number of **judgements, estimates and assumptions** that had an effect on the value and presentation of the reported assets, liabilities, income and expenses as well as contingent liabilities.

Judgements

Information on the key discretionary decisions that materially affected the amounts reported in these consolidated financial statements can be found in the following notes:

- Determination of the consolidation group by assessing control opportunities (chapter "consolidation group"). Aside from structured entities (special purpose entities), this particularly concerns investments where the control opportunity is not necessarily tied in with a simple majority of voting rights due to special regulations in the Articles of Association.
- Classification of leases as finance leases or operating leases – including sale-and-leaseback transactions (no. 2 – other operating income and no. 21 – property, plant and equipment)
- Determination whether METRO GROUP is the principal or agent in sales transactions (no. 1 – sales)
- Estimation of the expected date of conclusion of a transaction with respect to the classification as non-current assets held for sale, liabilities related to assets held for sale and discontinued operations (no. 31 – assets held for sale / liabilities related to assets held for sale).

Estimates and assumptions

Information on estimates and underlying assumptions with significant effects on these consolidated financial statements is included in the following notes:

- Uniform group-wide determination of useful lives for assets with a definite useful life (no. 15 – depreciation/amortisation/impairment losses, no. 20 – other intangible assets and no. 21 – property, plant and equipment)
- Impairment testing of assets with a definite useful life if warranted by events (no. 15 – depreciation/amortisation/impairment losses, no. 20 – other intangible assets and no. 21 – property, plant and equipment)
- Annual goodwill impairment tests (no. 19 – goodwill – including sensitivity analyses)
- Recoverability of receivables – particularly receivables from suppliers (no. 24 – other financial and non-financial assets)
- Recognition of supplier compensation on an accrual basis (no. 24 – other financial and non-financial assets)
- Ability to realise future tax receivables – particularly from tax loss carry-forwards (no. 25 – deferred tax assets/deferred tax liabilities)
- Measurement of inventories (no. 26 – inventories)
- Determination of provisions for post-employment benefits plans (no. 33 – provisions for post-employment benefits plans and similar obligations)
- Determination of other provisions – for example, for deficient rental cover and onerous contracts, restructuring, warranties, taxes and risks emerging from legal proceedings and litigation (no. 34 – other provisions [non-current]/provisions [current])

Although great care has been taken in making these estimates and assumptions, actual values may deviate from them in individual cases. The estimates and assumptions used in the consolidated financial statements are regularly reviewed. Changes are taken into account at the time new information becomes available.

Capital management

The aim of the capital management strategy of METRO GROUP is to secure the company's continued business operations, to enhance its enterprise value, to create solid capital resources to finance future growth and to provide for attractive dividend payments and capital service.

The capital management strategy of METRO GROUP has remained unchanged compared with the previous year.

Equity, liabilities and net debt in the consolidated financial statements

Equity amounts to €5,332 million (30/9/2015: €5,172 million), while debt amounts to €19,620 million (30/9/2015: €22,484 million). Net debt amounts to €2,301 million compared with €2,527 million as of 30/9/2015.

€ million	30/9/2015	30/9/2016
Equity	**5,172**	**5,332**
Liabilities	**22,484**	**19,620**
Net debt	**2,527**	**2,301**
Financial liabilities (incl. finance leases)	7,366	**4,759**
Cash and cash equivalents according to the balance sheet	4,415	**2,368**
Short-term financial investments[1]	424	**90**

[1] Shown in the balance sheet under other financial and non-financial assets (current)

Local capital requirements

The capital market strategy of METRO GROUP consistently aims to ensure that the group companies' capital resources comply with local requirements. During the current financial year, all external capital requirements were fulfilled. This includes, for example, adherence to a defined level of indebtedness or a fixed equity ratio.

→ SERVICE

Notes to the income statement

1. Sales

Net sales primarily result from the sale of goods and can be broken down as follows:

€ million	2014/15	2015/16
METRO Cash & Carry	29,690	**28,999**
Media-Saturn	21,737	**21,869**
Real	7,735	**7,478**
Others	56	**72**
	59,219	**58,417**

Sales shown in the Others segment primarily concern the four remaining Real stores in Romania at €57 million (2014/15: €49 million) as well as commission income of MGB METRO Group Buying HK Ltd. from third-party business at €15 million (2014/15: €7 million).

Of total sales, €35.8 billion (2014/15: €36.7 billion) are attributable to international group companies.

Sales developments by business and geographical segments are presented in segment reporting.

2. Other operating income

€ million	2014/15	2015/16
Rents incl. reimbursements of subsidiary rental costs	361	**332**
Services/cost refunds	258	**245**
Services rendered to suppliers	187	**173**
Gains from the disposal of fixed assets and gains from the reversal of impairment losses	240	**103**
Income from deconsolidation	11	**452**
Miscellaneous	219	**233**
	1,275	**1,537**

Services rendered to suppliers essentially relate to the METRO Cash & Carry at €145 million (2014/15: €157 million), Media-Saturn at €16 million (2014/15: €20 million) and Real segments at €7 million (2014/15: €5 million). At €8 million, the decline in the METRO Cash & Carry segment essentially results from the sale of MAKRO Cash & Carry Wholesale S.A. in Greece in January 2015 (2015/16: €0 million; 2014/15: €8 million) as well as, at €6 million, from the sale of the wholesale activities in Vietnam, which was effected in December 2015 (2015/16: €3 million; 2014/15: €9 million).

Gains from the disposal of fixed assets and gains from the reversal of impairment losses include income in the amount of €41 million from the disposal of real estate that will be used fully or for the most part by third parties in the future (2014/15: €197 million). This includes income of €34 million from the sale of real estate assets that METRO GROUP plans to continue to use under tenancy agreements (2014/15: €12 million). In addition, this item essentially includes gains from the reversal of impairment losses in the amount of €16 million (2014/15: €22 million) and income from the disposal of business and office equipment of €6 million (2014/15: €5 million).

Income from deconsolidation includes income from the disposal of the wholesale activities in Vietnam totalling €451 million.

Miscellaneous other operating income particularly includes income from compensation in the amount of €18 million (2014/15: €24 million). Among others, this item also includes public-sector subsidies of €9 million (2014/15: €9 million), income from the derecognition of lapsed liabilities of €6 million (2014/15: €9 million) and income from construction services of €6 million (2014/15: €0 million).

3. Selling expenses

€ million	2014/15	2015/16
Personnel expenses	5,166	**5,081**
Cost of material	5,055	**4,879**
	10,221	**9,960**

In selling expenses, the previous year's store closures at Real Germany in particular resulted in markedly lower personnel expenses.

In the cost of material, store closures in the previous year and in financial year 2015/16 resulted in lower depreciation/amortisation/impairment losses, rental expenses and energy costs. The decline in depreciation/amortisation/impairment losses was also impacted by impairment losses at METRO Cash & Carry and in the real estate area in the previous year.

In addition, reduced advertising measures and higher advertising subsidies, particularly in the Media-Saturn segment, resulted in a lower cost of material.

4. General administrative expenses

€ million	2014/15	2015/16
Personnel expenses	758	**832**
Cost of material	709	**729**
	1,467	**1,562**

In the item general administrative expenses, especially personnel expenses increased compared with the previous year. This is due to an increase in restructuring expenses and wages and salaries. The opposite effect was produced by variable remuneration.

An increase in consulting expenses in the cost of material was largely offset by a decline in other taxes and the dissolution of various provisions.

5. Other operating expenses

€ million	2014/15	2015/16
Impairment losses on goodwill	457	**0**
Losses from the disposal of fixed assets	35	**27**
Miscellaneous	26	**27**
	518	**54**

The decline in other operating expenses is primarily attributable to impairment losses on goodwill at Real that are included in the previous year's figure.

Losses from the disposal of fixed assets essentially include expenses related to the disposal of business and office equipment in the amount of €24 million (2014/15: €34 million).

Miscellaneous other operating expenses include, in particular, expenses from construction services totalling €7 million (2014/15: €0 million).

6. Earnings share of operating / non-operating companies recognised at equity

From financial year 2015/16, the earnings of operating companies recognised at equity are shown in the income statement in the EBIT item earnings share of operating companies recognised at equity. This amounts to €102 million, €89 million of which includes the investment result from EZW Kauf- und Freizeitpark GmbH & Co. Kommanditgesellschaft, which essentially stems from the sale of the shares during the reporting period. As in the past, the earnings share of non-operating companies recognised at equity is shown in the net financial result and amounts to €3 million (2014/15: €2 million).

7. Other investment result

The other investment result amounts to €–4 million (2014/15: €0 million). The decline is primarily due to impairment losses on the investment in Diehl & Brüser Handelskonzepte GmbH in the amount of €3 million.

8. Net interest income/interest expenses

The interest result can be broken down as follows:

€ million	2014/15	2015/16
Interest income	62	**93**
thereof finance leases	(0)	**(0)**
thereof from post-employment benefits plans	(8)	**(8)**
thereof from financial instruments of the measurement categories according to IAS 39:		
loans and receivables incl. cash and cash equivalents	(39)	**(35)**
held to maturity	(0)	**(0)**
held for trading incl. derivatives in a hedging relationship according to IAS 39	(4)	**(2)**
available for sale	(0)	**(0)**
Interest expenses	–344	**–314**
thereof finance leases	(–84)	**(–87)**
thereof from post-employment benefits plans	(–41)	**(–35)**
thereof from financial instruments of the measurement categories according to IAS 39:		
held for trading incl. derivatives in a hedging relationship according to IAS 39	(–6)	**(–3)**
other financial liabilities	(–190)	**(–148)**
	–282	**–221**

Interest income and interest expenses from financial instruments are assigned to the measurement categories according to IAS 39 on the basis of the underlying transactions.

The increase in interest income is essentially due to interest income from tax refunds relating to other periods.

Interest expenses in the measurement category "other financial liabilities" primarily include interest expenses for issued bonds (including the commercial paper programme) of €98 million (2014/15: €130 million) and for liabilities to banks of €19 million (2014/15: €38 million).

The decline in interest expenses was the result of both more favourable refinancing terms and lower debt.

9. Other financial result

The other financial income and expenses from financial instruments are assigned to measurement categories according to IAS 39 on the basis of the underlying transactions. Besides income and expenses from the measurement of financial instruments according to IAS 39, this also includes the measurement of foreign currency positions according to IAS 21.

€ million	2014/15	2015/16
Other financial income	271	**118**
thereof currency effects	(172)	**(73)**
thereof hedging transactions	(85)	**(20)**
Other financial expenses	–442	**–242**
thereof currency effects	(–320)	**(–109)**
thereof hedging transactions	(–31)	**(–36)**
Other financial result	**–172**	**–124**
thereof from financial instruments of the measurement categories according to IAS 39:		
Loans and receivables incl. cash and cash equivalents	(–41)	**(–9)**
held to maturity	(–0)	**(0)**
held for trading	(12)	**(–28)**
available for sale	(0)	**(0)**
other financial liabilities	(–124)	**(–54)**
thereof fair value hedges:		
underlying transactions	(0)	**(0)**
hedging transactions	(0)	**(0)**
thereof cash flow hedges:		
ineffectiveness	(–9)	**(–1)**

The overall result from currency effects and measurement results from hedging transactions and hedging relationships totalled €–52 million (2014/15: €–95 million). As in the previous year, this figure largely results from foreign currency financings in Eastern Europe. In addition, the other financial result reflects €–25 million (2014/15: €–2 million) in currency effects resulting from the translation of the financial statements of foreign subsidiaries that are recognised through profit or loss in the year the subsidiary is deconsolidated or in the year business activities are discontinued.

For more information about possible effects from currency risks, see no. 44 – management of financial risks.

10. Net results according to measurement categories

The key effects of income from financial instruments are as follows:

2014/15 € million	Investments	Interest	Fair value measurements	Currency translation	Disposals	Impairments	Other	Net result
Loans and receivables incl. cash and cash equivalents	0	39	0	–41	0	–19	1	–21
Held to maturity	0	0	0	0	0	0	0	0
Held for trading incl. derivatives in a hedging relationship according to IAS 39	0	–2	53	0	0	0	–51	1
Available for sale	0	0	0	0	0	0	0	0
Other financial liabilities	0	–190	–1	–108	9	0	–16	–305
	0	**–152**	**53**	**–149**	**9**	**–19**	**–67**	**–326**

2015/16 € million	Investments	Interest	Fair value measurements	Currency translation	Disposals	Impairments	Other	Net result
Loans and receivables incl. cash and cash equivalents	**0**	**35**	**0**	**–2**	**–1**	**–30**	**–0**	**2**
Held to maturity	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Held for trading incl. derivatives in a hedging relationship according to IAS 39	**0**	**–1**	**–16**	**0**	**0**	**0**	**–13**	**–30**
Available for sale	**–3**	**0**	**0**	**0**	**0**	**0**	**0**	**–3**
Other financial liabilities	**0**	**–148**	**1**	**–34**	**5**	**0**	**–20**	**–196**
	–3	**–115**	**–15**	**–36**	**4**	**–30**	**–34**	**–228**

Income and expenses from financial instruments are assigned to measurement categories according to IAS 39 on the basis of the underlying transactions.

Investment income and income effects from the disposal of investments are included in other investment income. Interest income and expenses are part of the interest result. Fair value measurements and effects from other financial expenses and currency translation are included in the other financial result. Income effects from the derecognition of other financial liabilities are included in earnings before interest and taxes (EBIT). Income effects from the disposal of assets classified as available for sale are included in the other financial result to the extent that these do not concern investments. Expenses from impairments are essentially included in earnings before interest and taxes.

For more information about impairments, see no. 28 – impairments of capitalised financial instruments.

Remaining financial income and expenses included in the other financial result primarily concern bank commissions and similar expenses that are incurred within the context of financial assets and liabilities.

11. Income taxes

Income taxes include the expected taxes on income paid or owed in the individual countries as well as deferred taxes.

€ million	2014/15	2015/16
Actual taxes	444	**449**
thereof Germany	(118)	**(151)**
thereof international	(326)	**(298)**
thereof tax expenses/income of current period	(454)	**(488)**
thereof tax expenses/income of previous periods	(–10)	**(–39)**
Deferred taxes	36	**110**
thereof Germany	(34)	**(55)**
thereof international	(2)	**(55)**
	480	**559**

The income tax rate of the German companies of METRO GROUP consists of a corporate income tax of 15.00 per cent plus a 5.50 per cent solidarity surcharge on corporate income tax as well as the trade tax of 14.70 per cent given an average assessment rate of 420.00 per cent. All in all, this results in an aggregate tax rate of 30.53 per cent. The tax rates are unchanged from the previous year. The income tax rates applied to foreign companies are based on the respective laws and regulations of the individual countries and vary within a range of 0.00 per cent (tax holidays) to 38.00 per cent. These tax rates are also unchanged from the previous year.

At €5 million, actual income tax expenses in financial year 2015/16 were reduced by the utilisation of previously unutilised tax losses (2014/15: €0 million).

Deferred tax liabilities for financial year 2015/16 comprise expenses of €2 million from changes in tax rates (2014/15: €4 million).

€ million	2014/15	2015/16
Deferred taxes in the income statement	36	**110**
thereof from temporary differences	(–9)	**(68)**
thereof from loss and interest carry-forwards	(45)	**(42)**

At €559 million (2014/15: €518 million), income tax expenses, which are shown fully in earnings from ordinary activities, are €188 million (2014/15: €142 million) higher than expected income tax expenses of €371 million (2014/15: €376 million) that would have resulted if the German corporate income tax rate had been applied to the group's taxable income for the year.

Reconciliation of estimated to actual income tax expenses is as follows:

€ million	2014/15	2015/16
EBT (earnings before taxes)	**1,232**	**1,216**
from continuing operations	259	**1,167**
from discontinued operations	973	**49**
Expected income tax expenses (30.53%)	376	**371**
Effects of differing national tax rates	–46	**–59**
Tax expenses and income relating to other periods	–10	**–39**
Non-deductible business expenses for tax purposes	99	**91**
Effects of not recognised or impaired deferred taxes	200	**238**
Additions and reductions for local taxes	27	**8**
Tax holidays	–22	**–55**
Other deviations	–106	**4**
Income tax expenses according to the income statement	**518**	**559**
from continuing operations	480	**559**
from discontinued operations	38	**0**
Group tax rate	**42.0%**	**46.0%**
from continuing operations	185.5%	**47.9%**
from discontinued operations	3.8%	**0.0%**

Tax expenses and income relating to other periods primarily include refunds from a legal dispute that was settled during the financial year.

The other deviations in the previous year essentially include gains from the sale of the Galeria Kaufhof group (€–243 million) and expenses from impairment losses on goodwill at Real Germany (€136 million).

12. Profit or loss for the period from discontinued operations after taxes

As a result, profit or loss for the period from discontinued operations after taxes is made up as follows:

€ million	2014/15	2015/16
Sales	3,021	**0**
Expenses	–2,868	**0**
Current earnings from discontinued operations before taxes	**153**	**0**
Income taxes on current earnings	–15	**0**
Current earnings from discontinued operations after taxes	**138**	**0**
Gains/losses from the remeasurement or disposal of discontinued operations before taxes	797	**49**
Income taxes on gains/losses from remeasurement or disposal	0	**0**
Gains/losses from the remeasurement or disposal of discontinued operations after taxes	**797**	**49**
Profit or loss for the period from discontinued operations after taxes	**935**	**49**

On 15 June 2015, METRO GROUP signed an agreement with Hudson's Bay Company, Toronto, Canada, regarding the sale of its entire department store business. This comprised 102 Galeria Kaufhof stores and 16 Sportarena stores in Germany as well as 16 department stores of the subsidiary Galeria Inno in Belgium. In addition, the agreement covered the 59 properties that were owned and/or managed by the Galeria Real Estate group. In financial year 2015/16, lagging effects from this transaction in profit or loss for the period from discontinued operations resulted in income of €49 million. This comprises gains from the dissolution of provisions for risks related to the sale of the department store business in the amount of €36 million as well as proceeds of €13 million from the disposal of minority stakes in several real estate companies of the Galeria Kaufhof group to its buyer.

Profit or loss for the period from discontinued operations after taxes is fully attributable to the shareholders of METRO AG.

In METRO GROUP's cash flow statement, cash flows from operating, investing and financing activities are shown separately for discontinued operations.

13. Profit or loss for the period attributable to non-controlling interests

Of profit or loss for the period attributable to non-controlling interests, profit shares accounted for €118 million (2014/15: €96 million) and loss shares for €60 million (2014/15: €54 million). This mainly concerns profit/loss shares of non-controlling interests in the Media-Saturn sales line.

14. Earnings per share

Earnings per share is determined by dividing profit or loss for the period attributable to METRO AG shareholders by the weighted number of issued shares. In the calculation of earnings per share, an additional dividend is generally deducted from profit or loss for the period attributable to METRO AG shareholders. There was no dilution in the reporting period or the year before from so-called potential shares.

	2014/15	2015/16
Weighted number of no-par-value shares outstanding	326,787,529	**326,787,529**
Profit or loss for the period attributable to the shareholders of METRO AG (€ million)	672	**599**
Earnings per share in € (basic = diluted)	**2.06**	**1.83**

Earnings per preference share amounted to €1.89 in the financial year (2014/15: €2.12) and thus exceed earnings per share by the amount of the additional dividend for preference shares of €0.06 (2014/15: €0.06).

15. Depreciation/amortisation/impairment losses

Depreciation/amortisation/impairment losses of €1,036 million (2014/15: €1,489 million) include impairment losses totalling €108 million (2014/15: €566 million, with €52 million relating to other intangible assets (2014/15: €3 million) and €53 million to property, plant and equipment (2014/15: €79 million).

At €44 million, impairment losses on intangible assets essentially concern Media-Saturn, with impairment losses on the Redcoon brand due to the termination of selected unprofitable online business activities accounting for €34 million of this total. Impairment losses on property, plant and equipment essentially relate to Media-Saturn Russia, at €20 million, and MAKRO Cash & Carry Poland, at €10 million, and are due mostly to store closures.

The attribution of depreciation/amortisation/impairment losses in the income statement and the affected asset categories is as follows:

€ million	2014/15	2015/16
Cost of sales	19	**57**
thereof depreciation/amortisation	(19)	**(21)**
thereof impairment losses	(0)	**(36)**
Selling expenses	905	**870**
thereof depreciation/amortisation	(802)	**(804)**
thereof impairment losses	(102)	**(65)**
General administrative expenses	107	**107**
thereof depreciation/amortisation	(101)	**(102)**
thereof impairment losses	(5)	**(4)**
Other operating expenses	457	**0**
thereof impairment losses	(457)	**(0)**
Net financial result	1	**3**
thereof impairment losses	(1)	**(3)**
	1,489	**1,036**

€ million	2014/15	2015/16
Goodwill	457	**0**
thereof impairment losses	(457)	**(0)**
Other intangible assets	104	**168**
thereof depreciation/amortisation	(102)	**(116)**
thereof impairment losses	(3)	**(52)**
Property, plant and equipment	888	**854**
thereof depreciation/amortisation	(809)	**(801)**
thereof impairment losses	(79)	**(53)**
Investment properties	38	**11**
thereof depreciation/amortisation	(12)	**(10)**
thereof impairment losses	(26)	**(1)**
Financial assets[1]	1	**3**
thereof impairment losses	(1)	**(3)**
Assets held for sale	0	**0**
thereof impairment losses	(0)	**(0)**
	1,489	**1,036**

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

Of impairment losses of €108 million (2014/15: €566 million), METRO Cash & Carry accounted for €20 million (2014/15: €58 million), Media-Saturn for €81 million (2014/15: €31 million), Real for €1 million (2014/15: €450 million) and other companies for €6 million (2014/15: €28 million).

16. Cost of materials

The cost of sales includes the following cost of materials:

€ million	2014/15	2015/16
Cost of raw materials, supplies and goods purchased	46,668	**45,864**
Cost of services purchased	40	**44**
	46,708	**45,908**

17. Personnel expenses

Personnel expenses can be broken down as follows:

€ million	2014/15	2015/16
Wages and salaries	5,302	**5,339**
Social security expenses, expenses for post-employment benefits and related employee benefits	1,204	**1,171**
thereof post-employment benefits	(71)	**(58)**
	6,505	**6,510**

Wages and salaries shown in personnel expenses include expenses relating to restructurings and severance payments of €245 million (2014/15: €163 million). Variable remuneration based on the EBITaC metric declined from €124 million in financial year 2014/15 to €77 million in financial year 2014/16. Wages and salaries also include expenses for share-based payments totalling €28 million (2014/15: €7 million).

In Germany, 22,484 beneficiaries of post-employment benefits plans were offered to switch future benefits from post-employment benefits plans into a one-time capital payout. 7,552 beneficiaries made use of this offer. This resulted in income of €42 million.

Annual average number of group employees:

Number of employees by headcount	2014/15	2015/16
Blue collar/white collar	226,895	**219,678**
Apprentices/trainees	7,067	**6,375**
	233,962	**226,053**

This includes an absolute number of 59,693 (2014/15: 60,341) part-time employees. The number of employees working outside of Germany stood at 135,349 (2014/15: 142,497).

18. Other taxes

Other taxes (for example, tax on land and buildings, motor vehicle tax, excise tax and transaction tax) can be broken down as follows:

€ million	2014/15	2015/16
Other taxes	**137**	**130**
thereof from cost of sales	(2)	**(4)**
thereof from selling expenses	(97)	**(102)**
thereof from general administrative expenses	(37)	**(24)**

Notes to the balance sheet

19. Goodwill

Goodwill amounts to €3,361 million (30/9/2015: €3,301 million).

In the METRO Cash & Carry Horeca segment, the acquisition of food supplier Rungis Express resulted in goodwill of €37 million. The initial consolidation of the Spanish food service distribution company MIDBAN resulted in goodwill of €10 million. In addition, the goodwill of Classic Fine Foods was adjusted by €1 million.

In the Media-Saturn segment, the acquisition of the RTS group resulted in a goodwill increase of €12 million.

At the closing date, the breakdown of goodwill among the major cash-generating units was as shown below:

	30/9/2015		30/9/2016	
		WACC		WACC
	€ million[1]	%[1]	€ million	%
METRO Cash & Carry Horeca	1,078	5.9	**1,126**	**6.3**
Real Germany	638	5.4	**638**	**5.1**
METRO Cash & Carry multispecialists	630	6.5	**630**	**7.4**
METRO Cash & Carry traders	332	8.3	**332**	**9.5**
Media-Saturn Germany / Redcoon group	300	6.3	**300**	**6.4**
Media-Saturn Italy	72	7.5	**72**	**9.2**
Others (each < €50 million or corporate assets)	251		**263**	
	3,301		**3,361**	

[1] The previous year's figures were adjusted to improve comparability

In accordance with IFRS 3 in conjunction with IAS 36, goodwill is tested for impairment once a year. This is carried out at the level of a group of cash-generating units. In the case of goodwill, this group is the operating segment at METRO Cash & Carry and the organisational unit sales line per country at Real and Media-Saturn. As part of the rollout of the New Operating Model from 1 October 2015, the individual METRO Cash & Carry countries were classified into three clusters: Horeca, multispecialists and traders. The Horeca cluster includes

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France, Germany, Italy, Japan, Portugal, Spain, Turkey and Classic Fine Foods. Multispecialists include Austria, Belgium, Bulgaria, China, Croatia, India, Kazakhstan, the Netherlands, Pakistan, Russia, Serbia, Slovakia, the Czech Republic and Hungary. The traders cluster includes Moldova, Poland, Romania and Ukraine. As a result, goodwill monitoring is no longer conducted at the level of the organisational unit sales line per country, but at the level of the three clusters.

In the Media-Saturn segment, exceptions from the division into organisational unit per country include Media-Saturn Germany and the Redcoon group as well as Media-Saturn Netherlands and the iBOOD group. Due to their close organisational ties, these are bundled into the cash-generating units Media-Saturn Germany / Redcoon group and Media-Saturn / iBOOD group. In the impairment test, the cumulative carrying amount of the group of cash-generating units is compared with the recoverable amount. The recoverable amount is defined as the fair value less costs to sell, which is calculated from discounted future cash flows and the level 3 input parameters of the fair value hierarchy.

The description of the fair value hierarchies is included in no. 41 – carrying amounts and fair values according to measurement categories.

Expected future cash flows are based on a qualified planning process under consideration of intra-group experience as well as macroeconomic data collected by third-party sources. In principle, the detailed planning period comprises three years. In exceptional cases, it may amount to five years in the case of longer-term detailed planning. As in the previous year, the growth rates considered at the end of the detailed planning period are generally 1.0 per cent, with the exception of the group of the cash-generating unit Real Germany, for which a growth rate of 0.5 per cent is assumed, as in the previous year. The capitalisation rate as the weighted average cost of capital (WACC) is determined using the capital asset pricing model. In the process, an individual peer group is assumed for all groups of cash-generating units operating in the same business segment. In addition, the capitalisation rates are determined on the basis of an assumed basic interest rate of 0.9 per cent (30/9/2015: 1.25 per cent) and a market risk premium of 6.75 per cent (30/9/2015: 6.75 per cent) in Germany as well as a beta factor of 1.03 to 1.13 (30/9/2015: 0.94 to 1.09). Country-specific risk premiums based on the respective country rating are applied to the equity cost of capital and to the debt cost of capital. The capitalisation rates after taxes determined individually for each group of cash-generating units range from 5.1 to 9.5 per cent (30/9/2015: 5.4 to 8.3 per cent).

The mandatory annual impairment test as of 30 September 2016 resulted in the following assumptions regarding the development of sales, EBIT and the EBIT margin targeted for valuation purposes during the detailed planning period, with the EBIT margin reflecting the ratio of EBIT to net sales:

	Sales	EBIT	EBIT margin	Detailed planning period (years)
METRO Cash & Carry Horeca	Solid growth	Substantial growth	Slight growth	3
Real Germany	Slight growth	Substantial growth	Slight growth	5
METRO Cash & Carry multispecialists	Solid growth	Slight growth	Unchanged	3
METRO Cash & Carry traders	Slight growth	Slight growth	Slight growth	4
Media-Saturn Germany / Redcoon group	Solid growth	Solid growth	Unchanged	3

As of 30 September 2016, the prescribed annual impairment test confirmed the recoverability of all capitalised goodwill.

In addition to the impairment test, three sensitivity analyses were conducted for each group of cash-generating units. The first sensitivity analysis was based on the assumption of a 1 percentage point lower growth rate. In the second sensitivity analysis, the interest rate for each group of cash-generating units was raised by 10.0 per cent. In the third sensitivity analysis, a lump sum discount of 10.0 per cent was applied to assumed perpetual EBIT. With the exception of Real Germany and METRO Cash & Carry traders, these changes to the underlying assumptions would not result in impairment at any of the groups of cash-generating units.

In the goodwill impairment test at Real Germany, the fair value less costs to sell exceeded the carrying amount by €54 million. The corresponding amount for METRO Cash & Carry traders was €9 million.

Assuming a 0.3 percentage point lower growth rate or a capitalisation rate of 5.3 per cent rather than 5.1 per cent or an assumed perpetual EBIT of €130 million rather than €135 million, the fair value less costs to sell of Real Germany would correspond to the carrying amount. For METRO Cash & Carry traders, fair value less costs to sell would correspond to the carrying amount assuming a 0.2 percentage point lower growth rate or a capitalisation rate of 9.6 per cent rather than 9.5 per cent or an assumed perpetual EBIT of €80 million rather than €81 million.

€ million	Goodwill
Acquisition or production costs	
As of 1/10/2014	3,860
Currency translation	0
Additions to consolidation group	0
Additions	184
Disposals	0
Reclassifications under IFRS 5	–116
Transfers	0
As of 30/9 / 1/10/2015	3,928
Currency translation	0
Additions to consolidation group	0
Additions	60
Disposals	–0
Reclassifications under IFRS 5	0
Transfers	0
As of 30/9/2016	3,988
Depreciation/amortisation/impairment losses	
As of 1/10/2014	189
Currency translation	0
Additions, scheduled	0
Additions, non-scheduled	457
Disposals	0
Reclassifications under IFRS 5	–20
Reversals of impairment losses	0
Transfers	0
As of 30/9 / 1/10/2015	627
Currency translation	0
Additions, scheduled	0
Additions, non-scheduled	0
Disposals	0
Reclassifications under IFRS 5	0
Reversals of impairment losses	0
Transfers	0
As of 30/9/2016	627
Carrying amount at 1/10/2014	3,671
Carrying amount at 30/9/2015	3,301
Carrying amount at 30/9/2016	**3,361**

20. Other intangible assets

€ million	Intangible assets without goodwill	(thereof internally generated intangible assets)
Acquisition or production costs		
As of 1/10/2014	1,840	(1,056)
Currency translation	–9	(–2)
Additions to consolidation group	116	(1)
Additions	133	(71)
Disposals	–14	(–2)
Reclassifications under IFRS 5	–210	(–184)
Transfers	9	(–2)
As of 30/9 / 1/10/2015	1,864	(940)
Currency translation	1	(0)
Additions to consolidation group	52	(0)
Additions	160	(61)
Disposals	–84	(–44)
Reclassifications under IFRS 5	0	(0)
Transfers	–7	(–3)
As of 30/9/2016	1,986	(954)
Depreciation/amortisation/impairment losses		
As of 1/10/2014	1,460	(868)
Currency translation	–7	(–1)
Additions, scheduled	116	(73)
Additions, non-scheduled	3	(2)
Disposals	–12	(0)
Reclassifications under IFRS 5	–169	(–149)
Reversals of impairment losses	0	(0)
Transfers	8	(0)
As of 30/9 / 1/10/2015	1,399	(793)
Currency translation	1	(0)
Additions, scheduled	116	(60)
Additions, non-scheduled	52	(1)
Disposals	–72	(–37)
Reclassifications under IFRS 5	0	(0)
Reversals of impairment losses	0	(0)
Transfers	–7	(–21)
As of 30/9/2016	1,489	(797)
Carrying amount at 1/10/2014	380	(188)
Carrying amount at 30/9/2015	464	(147)
Carrying amount at 30/9/2016	**497**	**(157)**

The other intangible assets have both finite and indefinite useful lives. Intangible assets with a finite useful life are subject to depreciation/amortisation. Assets with an indefinite useful life concern acquired brand rights with an indefinite useful life. These are subjected to annual impairment tests.

At €39 million, intangible assets with an indefinite useful life relate to brands and customer relationships acquired in the context of the acquisition of Rungis Express. The acquisition of the RTS group added €13 million, which essentially relates to the acquired customer base and software.

Additions in the amount of €160 million concern internally generated software, at €61 million, purchased software, at €57 million, and concessions, rights and licences, at €42 million.

The additions to depreciation/amortisation on other intangible assets in the amount of €116 million (2014/15: €116 million) are shown in general administrative expenses at €69 million (2014/15: €65 million), in selling expenses at €41 million (2014/15: €36 million), in the cost of sales at €6 million (2014/15: €3 million) and in profit or loss for the period from discontinued operations after taxes at €0 million (2014/15: €15 million).

Impairment losses of €52 million (2014/15: €3 million) concern acquired concessions, rights and licences at €50 million (2014/15: €1 million), with €34 million relating to the Redcoon brand, internally generated software at €1 million (2014/15: €2 million) and lease and usage rights at €1 million (2014/15: €0 million).

The Classic Fine Foods brand was valued at €48 million using the relief-from-royalty method, with a licence fee of 1 per cent of sales being applied. The capitalisation was based on an assumed cost of capital of 7.6 per cent.

Research and development expenses recognised in expenses essentially concern internally generated software and amounted to €21 million in financial year 2015/16 (2014/15: €39 million).

As in the previous year, there are no material limits to the title or right to dispose of intangible assets. Purchasing obligations for intangible assets amounting to €1 million (30/9/2015: €1 million) were recorded.

21. Property, plant and equipment

As of 30 September 2016, property, plant and equipment totalling €8,141 million (30/9/2015: €7,955 million) was recorded. The development of property, plant and equipment is shown in the following table.

€ million	Land and buildings	Other plant, business and office equipment	Assets under construction	Total
Acquisition or production costs				
As of 1/10/2014	11,714	8,261	258	20,233
Currency translation	–422	–193	–37	–652
Additions to consolidation group	39	3	0	42
Additions	270[1]	442	342[1]	1,054
Disposals	–198	–452	–13	–663
Reclassifications under IFRS 5	–1,950	–593	–7	–2,550
Transfers	175	137	–326	–14
As of 30/9 / 1/10/2015	9,629	7,605	217	17,451
Currency translation	–19	–2	0	–21
Additions to consolidation group	1	4	0	5
Additions	290[1]	502	345	1,136
Disposals	–190	–520	–22	–732
Reclassifications under IFRS 5	–8	0	0	–8
Transfers	128	194	–325	–2
As of 30/9/2016	9,832	7,783	215	17,830
Depreciation/amortisation/impairment losses				
As of 1/10/2014	4,607	5,595	7	10,208
Currency translation	–92	–113	–1	–206
Additions, scheduled	351	531	0	882
Additions, non-scheduled	39	35	5	79
Disposals	–145	–398	0	–543
Reclassifications under IFRS 5	–487	–405	0	–892
Reversals of impairment losses	–12	–9	0	–22
Transfers	7	–16	–1	–10
As of 30/9 / 1/10/2015	4,267	5,220	9	9,496
Currency translation	–18	0	0	–18
Additions, scheduled	319	475	7	801
Additions, non-scheduled	13	39	1	53
Disposals	–161	–477	0	–637
Reclassifications under IFRS 5	–5	0	0	–5
Reversals of impairment losses	0	–6	0	–6
Transfers	–6	10	0	4
As of 30/9/2016	4,409	5,262	17	9,688
Carrying amount at 1/10/2014	7,108	2,666	251	10,025
Carrying amount at 30/9/2015	5,362	2,384	208	7,955
Carrying amount at 30/9/2016	**5,424**	**2,520**	**197**	**8,141**

[1] Including reclassifications from "assets held for sale" to property, plant and equipment

The increase of €186 million primarily stems from additions to property, plant and equipment of €1,136 million, which exceeded depreciation/amortisation/impairment losses of €854 million by €282 million. An opposite effect of €95 million was produced by disposals, which caused acquisition or production costs to decline by €732 million and depreciation/amortisation/impairment losses to decrease by €637 million.

Currency effects amounted to €–3 million (2014/15: €–446 million). The substantial decline compared with the previous year is due to the limited change in the closing date exchange rate of the Russian rouble.

The increase in property, plant and equipment essentially concerned the Media-Saturn and Real segments.

Restrictions on titles in the form of liens and encumbrances for items of property, plant and equipment amounted to €30 million (30/9/2015: €89 million).

Contractual commitments for the acquisition of property, plant and equipment in the amount of €148 million (30/9/2015: €156 million) were recorded.

Leases

Assets available to METRO GROUP under the terms of finance leases were recognised in property, plant and equipment at €903 million (30/9/2015: €845 million) and at €26 million (30/9/2015: €20 million) in investment properties; they essentially relate to leased buildings.

The following disclosures apply to all leases of METRO GROUP.

Finance leases generally have terms of 15 to 25 years with options under expiration to extend them at least once for five years. The interest rates in the leases vary by market and date of signing between 1.68 and 7.00 per cent.

In addition to finance leases, METRO GROUP also signed other types of leases classified as operating leases based on their economic value Operating leases also essentially concern leased buildings and generally have an initial term of up to 15 years. The interest rates in the leases are based partly on variable and partly on fixed rents.

Payments due under finance and operating leases in subsequent periods are shown as follows:

€ million	Up to 1 year	1 to 5 years	Over 5 years
Finance leases 30/9/2015			
Future lease payments due (nominal)	178	626	1,077
Discount	–21	–143	–505
Present value	158	483	572
Operating leases 30/9/2015			
Future lease payments due (nominal)	1,279	3,884	3,125

€ million	Up to 1 year	1 to 5 years	Over 5 years
Finance leases 30/9/2016			
Future lease payments due (nominal)	173	655	1,074
Discount	–13	–137	–499
Present value	159	518	574
Operating leases 30/9/2016			
Future lease payments due (nominal)	1,251	3,754	2,947

Future payments due on finance leases contain purchase payments amounting to €28 million required for the exercise of more favourable purchase options (30/9/2015: €32 million).

The nominal value of future lease payments due to METRO GROUP from the subleasing of assets held under finance leases amounts to €262 million (30/9/2015: €264 million).

The nominal value of future lease payments due to METRO GROUP from the subleasing of assets held under operating leases amounts to €492 million (30/9/2015: €463 million).

Profit or loss for the period includes expenses from leases totalling €1,338 million (2014/15: €1,539 million, including €156 million related to discontinued operations). In addition, this item includes income from tenancy agreements totalling €264 million (2014/15: €333 million, including €48 million related to discontinued operations).

Contingent lease payments from finance leases recognised as expenses during the period amount to €4 million (2014/15: €7 million). Contingent lease payments from operating leases recognised as expenses during the period amount to €56 million (2014/15: €53 million).

Lease payments due in subsequent periods from entities outside METRO GROUP for the rental of properties that are legally owned by METRO GROUP (METRO GROUP as lessor) are shown below:

€ million	Up to 1 year	1 to 5 years	Over 5 years
Operating leases 30/9/2015			
Future lease payments due (nominal)	56	159	121

€ million	Up to 1 year	1 to 5 years	Over 5 years
Operating leases 30/9/2016			
Future lease payments due (nominal)	48	122	122

22. Investment properties

Investment properties are recognised at depreciated cost. As of 30 September 2016, investment properties totalling €126 million (30/9/2015: €170 million) were recognised. The development of these properties is shown in the following table.

€ million	Investment properties
Acquisition or production costs	
As of 1/10/2014	523
Currency translation	0
Additions to consolidation group	0
Additions[1]	24
Disposals	–6
Reclassifications under IFRS 5	–61
Transfers	4
As of 30/9 / 1/10/2015	484
Currency translation	1
Additions to consolidation group	0
Additions	1
Disposals	–92
Reclassifications under IFRS 5	–27
Transfers	9
As of 30/9/2016	376
Depreciation/amortisation/impairment losses	
As of 1/10/2014	300
Currency translation	0
Additions, scheduled	12
Additions, non-scheduled	26
Disposals	–5
Reclassifications under IFRS 5	–19
Reversals of impairment losses	0
Transfers	1
As of 30/9 / 1/10/2015	314
Currency translation	0
Additions, scheduled	10
Additions, non-scheduled	1
Disposals	–53
Reclassifications under IFRS 5	–17
Reversals of impairment losses	–10
Transfers	3
As of 30/9/2016	250
Carrying amount at 1/10/2014	223
Carrying amount at 30/9/2015	170
Carrying amount at 30/9/2016	**126**

[1] Including reclassifications from assets held for sale to investment properties

The decline of €44 million was mainly the result of the disposal of stores in Turkey and of the reclassification from "investment properties" to "assets held for sale".

The fair values of these investment properties total €183 million (30/9/2015: €243 million). They cannot be determined on the basis of observable market prices. As a result, the fair values are determined on the basis of internationally recognised measurement methods, particularly the comparable valuation method and the discounted cash flow method (level 3 of the three-level valuation hierarchy of IFRS 13 [measurement at fair value]). This measurement is based on a detailed planning period of ten years. Aside from market rents, market-based discount rates were used as key valuation parameters. The discount rates are determined on the basis of analyses of relevant real estate markets as well as evaluations of comparable transactions and market publications issued by international consulting firms. The resulting discount rates reflect both the respective country and location risk as well as the property-specific real estate risk. In addition, project developments are considered to determine the best use.

Rental income from these properties amounts to €23 million, with finance leases accounting for €10 million of this total (2014/15: €34 million, thereof €11 million from finance leases). The related expenses amount to €17 million, with finance leases accounting for €8 million (2014/15: €20 million, thereof €7 million from finance leases). Expenses of €0 million (2014/15: €1 million) resulted from properties without rental income and, as in the previous year, did not relate to finance leases.

Restrictions on titles in the form of liens and encumbrances amounted to €5 million (30/9/2015: €19 million). As in the previous year, no contractual commitments for the acquisition of investment properties were made.

23. Financial investments and investments accounted for using the equity method

€ million	Loans	Investments	Securities	Total financial investments
Acquisition or production costs				
As of 1/10/2014	51	19	2	72
Currency translation	–1	0	0	–1
Additions to consolidation group	0	0	0	0
Additions	4	32	0	37
Disposals	–4	–9	0	–13
Reclassifications under IFRS 5	0	0	0	0
Transfers	–5	42	0	37
As of 30/9 / 1/10/2015	46	84	2	133
Currency translation	1	0	0	1
Additions to consolidation group	0	0	0	0
Additions	15	16	0	31
Disposals	–3	–74	0	–77
Reclassifications under IFRS 5	0	0	0	0
Transfers	0	0	24	24
As of 30/9/2016	58	27	26	112
Depreciation/amortisation/impairment losses				
As of 1/10/2014	0	1	0	1
Currency translation	0	0	0	0
Additions, scheduled	0	0	0	0
Additions, non-scheduled	0	1	0	1
Disposals	0	0	0	0
Reclassifications under IFRS 5	0	0	0	0
Reversals of impairment losses	0	0	0	0
Transfers	0	14	0	14
As of 30/9 / 1/10/2015	0	16	0	16
Currency translation	0	0	0	0
Additions, scheduled	0	0	0	0
Additions, non-scheduled	3	3	0	6
Disposals	0	–14	0	–14
Reclassifications under IFRS 5	0	0	0	0
Reversals of impairment losses	0	0	0	0
Transfers	0	0	0	0
As of 30/9/2016	4	5	0	8
Carrying amount at 1/10/2014	51	18	2	71
Carrying amount at 30/9/2015	46	69	2	117
Carrying amount at 30/9/2016	**55**	**23**	**26**	**104**

Disposals of investments in the amount of €74 million relate to non-controlling interests in real estate companies attributable to the Galeria Kaufhof group.

€ million	Investments accounted for using the equity method
Acquisition or production costs	
As of 1/10/2014	95
Currency translation	0
Additions to consolidation group	0
Additions	86
Disposals	0
Reclassifications under IFRS 5	0
Transfers	10
As of 30/9 / 1/10/2015	191
Currency translation	0
Additions to consolidation group	0
Additions	13
Disposals	–15
Reclassifications under IFRS 5	0
Transfers	0
As of 30/9/2016	190
Depreciation/amortisation/impairment losses	
As of 1/10/2014	0
Currency translation	0
Additions, scheduled	0
Additions, non-scheduled	8
Disposals	0
Reclassifications under IFRS 5	0
Reversals of impairment losses	0
Transfers	0
As of 30/9 / 1/10/2015	7
Currency translation	0
Additions, scheduled	0
Additions, non-scheduled	0
Disposals	0
Reclassifications under IFRS 5	0
Reversals of impairment losses	–5
Transfers	0
As of 30/9/2016	2
Carrying amount at 1/10/2014	95
Carrying amount at 30/9/2015	184
Carrying amount at 30/9/2016	**188**

Details on major investments accounted for using the equity method are listed in the following table.

With the exception of Habib METRO Pakistan (closing date 30/6), the closing date for all other companies listed here is 31/12. The companies are included in the consolidated financial statements of METRO AG with their last available financial statements.

Disposals include the sale of the shares in EZW Kauf- und Freizeitpark GmbH & Co. KG, which resulted in income of €87 million.

	Habib METRO Pakistan		OPCI FWP		OPCI FWS		Mayfair group[1]		Others		Total	
€ million	**2014/15**	**2015/16**	**2014/15**	**2015/16**	**2014/15**	**2015/16**	**2014/15**	**2015/16**	**2014/15**	**2015/16**	**2014/15**	**2015/16**
Size of investment (in %)	40	**40**	4.99	**4.99**	24.99	**24.99**	40	**40**	–	**–**	–	**–**
Market capitalisation	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**
Carrying amount	47	**47**	9	**9**	39	**41**	83	**80**	6	**11**	184	**188**
Notes to the income statement												
Sales	12	**12**	23	**24**	22	**23**	0	**16**	21	**29**	78	**104**
Earnings after taxes from continuing operations	6	**6**	16	**14**	15	**15**	12	**9**	0	**5**	49	**49**
Earnings after taxes from discontinued operations	0	**0**	0	**0**	0	**0**	0	**0**	0		0	**0**
Other comprehensive income	0	**0**	0	**0**	0	**0**	0	**0**	0		0	**0**
Total comprehensive income	6	**6**	16	**14**	15	**15**	12	**9**	0	**5**	49	**49**
Dividend payments to the group	1	**0**	0	**0**	4	**0**	0	**0**	1	**0**	6	**0**
Notes to the balance sheet												
Non-current assets	61	**61**	261	**271**	251	**261**	189	**201**	155	**84**	917	**878**
Current assets	14	**15**	2	**1**	6	**4**	4	**5**	34	**17**	60	**42**
Non-current liabilities	3	**3**	102	**100**	101	**100**	0	**0**	162	**84**	368	**287**
Current liabilities	1	**1**	1	**0**	1	**0**	0	**5**	21	**14**	24	**20**

[1] The Mayfair group comprises ten real estate companies

METRO GROUP's representation on the supervisory board of OPCI FRENCH WHOLESALE PROPERTIES – FWP ensures that significant influence is maintained and that the holding will be accounted for using the equity method although the share only amounts to 4.99 per cent.

The group's at-equity investments essentially concern leasing companies. The key purpose of the leasing companies is to acquire, lease out and manage assets.

24. Other financial and non-financial assets

	30/9/2015			30/9/2016		
		Remaining term			Remaining term	
€ million	**Total**	**up to 1 year**	**over 1 year**	**Total**	**up to 1 year**	**over 1 year**
Receivables due from suppliers	1,674	1,653	22	**1,774**	**1,745**	**29**
Miscellaneous financial assets	1,280	1,230	51	**516**	**460**	**56**
Other financial assets	**2,954**	**2,882**	**72**	**2,290**	**2,205**	**85**
Other tax receivables	358	358	0	**365**	**365**	**0**
Prepaid expenses and deferred charges	351	136	216	**339**	**139**	**199**
Miscellaneous non-financial assets	63	59	5	**29**	**25**	**4**
Other non-financial assets	**773**	**553**	**220**	**733**	**529**	**203**
Other financial and non-financial assets	**3,727**	**3,435**	**292**	**3,023**	**2,734**	**289**

Receivables due from suppliers comprise both invoiced and deferred income for subsequent supplier compensation (for example, bonuses, advertising subsidies) and creditors with debit balances.

Miscellaneous non-financial assets primarily include credit card receivables in the amount of €104 million (30/9/2015: €101 million), receivables from other financial transactions in the amount of €100 million (30/9/2015: €479 million) and

financing commissions amounting to €25 million (30/9/2015: €25 million), receivables and other non-financial assets in the real estate area amounting to €24 million (30/9/2015: €43 million), receivables from claims events in the amount of €8 million (30/9/2015: €28 million) and receivables from METRO Unterstützungskasse e. V. amounting to €6 million (30/9/2015: €221 million).

Other tax receivables comprise not yet clearable input tax in the amount of €182 million (30/9/2015: €190 million), entitlements to value added tax refunds amounting to €166 million (30/9/2015: €153 million) and other entitlements to tax refunds totalling €17 million (30/9/2015: €15 million).

Prepaid expenses and deferred charges include deferred rental, leasing and interest prepayments as well as miscellaneous deferments.

Miscellaneous non-financial assets particularly include interest receivables related to tax receivables and prepayments made on inventories.

25. Deferred tax assets/deferred tax liabilities

Deferred tax assets on tax loss carry-forwards and temporary differences amount to €1,434 million before netting (30/9/2015: €1,466 million), a decline of €32 million compared with 30 September 2015. The carrying amounts of deferred tax liabilities increased by €37 million to €921 million compared with the previous year (30/9/2015: €884 million).

Deferred taxes relate to the following balance sheet items:

	30/9/2015		30/9/2016	
€ million	**Asset**	**Liability**	**Asset**	**Liability**
Goodwill	110	161	**82**	**174**
Other intangible assets	73	83	**68**	**80**
Property, plant and equipment and investment properties	138	468	**134**	**492**
Financial investments and investments accounted for using the equity method	4	3	**4**	**13**
Inventories	62	10	**68**	**11**
Other financial and non-financial assets	57	56	**49**	**57**
Assets held for sale	0	2	**0**	**0**
Provisions for post-employment benefits plans and similar obligations	281	53	**323**	**52**
Other provisions	101	11	**87**	**3**
Financial liabilities	351	1	**370**	**11**
Other financial and non-financial liabilities	139	32	**136**	**25**
Liabilities related to assets held for sale	0	0	**0**	**0**
Outside basis differences	0	4	**0**	**4**
Write-downs of temporary differences	–89	0	**–82**	**0**
Loss carry-forwards	240	0	**194**	**0**
	1,466	884	**1,434**	**921**
Offset	–742	–742	**–771**	**–771**
Carrying amount of deferred taxes	**724**	**142**	**663**	**150**

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Of the deferred tax assets shown, €377 million (30/9/2015: €390 million) are attributable to the German incorporated companies of METRO AG. Based on business planning, realisation of this tax asset is to be considered sufficiently probable.

In accordance with IAS 12 (Income Taxes), deferred tax liabilities relating to differences between the carrying amount of a subsidiary's pro rata equity in the balance sheet and the carrying amount of the investment for this subsidiary in the parent company's tax statement must be recognised (so-called outside basis differences) if the tax benefit is likely to be realised in the future. The differences can primarily be attributed to retained earnings of subsidiaries in Germany and abroad. No deferred taxes were recognised for these retained earnings as they will be reinvested over an indefinite period of time or are not subject to relevant taxation. Any dividends paid by subsidiaries would be subject to a dividend tax of 5 per cent. In addition, foreign dividends may trigger a withholding tax. As of 30 September 2016, €4 million (30/9/2015: €4 million) in deferred tax liabilities from outside basis differences were recognised for planned dividend payments. Due to the hierarchical structure of METRO GROUP, the determination of the taxable temporary differences would require disproportionately high efforts.

No deferred tax assets were capitalised for the following tax loss carry-forwards and interest carry-forwards or temporary differences because realisation of the assets in the short-to-medium term is not expected:

€ million	30/9/2015	30/9/2016
Corporation tax losses	8,027	**8,326**
Trade tax losses	7,865	**7,302**
Interest carry-forwards	15	**71**
Temporary differences	364	**377**

The losses primarily concern Germany. They can be carried forward without limitation.

Tax effects on components of other comprehensive income

	2014/15			2015/16		
€ million	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Currency translation differences from translating the financial statements of foreign operations	–183	–3	–186	**49**	**–1**	**48**
thereof currency translation differences from net investments in foreign operations	(–9)	(–3)	(–12)	**(–12)**	**(–1)**	**(–13)**
Effective portion of gains/losses of cash flow hedges	–12	2	–10	**2**	**0**	**2**
Gains/losses on remeasuring financial instruments in the category "available for sale"	0	0	0	**0**	**0**	**0**
Deferred taxes from the remeasurement of defined benefit pension plans	90	–31	59	**–207**	**59**	**–148**
Other changes	0	0	0		**0**	**0**
Remaining income tax on other comprehensive income	0	1	1	**–2**	**5**	**3**
	–105	**–31**	**–136**	**–158**	**63**	**–95**

As a result of non-taxable events as well as the non-recognition and impairment of deferred taxes, the recognised tax does not correspond to the estimated tax for each item.

26. Inventories

€ million	30/9/2015	30/9/2016
Food merchandise	1,922	**1,973**
Non-food merchandise	3,516	**3,482**
	5,439	**5,456**

Inventories can be broken down by segments as follows:

€ million	30/9/2015	30/9/2016
METRO Cash & Carry	2,309	**2,262**
Media-Saturn	2,322	**2,393**
Real	807	**789**
Others	1	**12**
	5,439	**5,456**

Inventories increased by €17 million from €5,439 million to €5,456 million. The currency-adjusted increase was €7 million.

Of this, €25 million is due to the implementation of the multi-channel strategy in the Media-Saturn segment and €17 million to the acquisition of the RTS group in Germany. Higher inventories in Turkey and Italy accounted for €27 million and €20 million, respectively. In the METRO Cash & Carry segment, higher demand and several new openings in Russia added €23 million to inventories while the inclusion of the Rungis group added €5 million.

Material offsetting effects were recorded at METRO Cash & Carry in Germany (€69 million) and in the Netherlands (€13 million) as well as at Real (€18 million) and Media-Saturn in Sweden (€11 million).

Positive currency effects from the Russian rouble (€17 million) and the Kazakhstani tenge (€8 million) mitigated the negative development of the Chinese renminbi (€–10 million) and the Ukrainian hryvnia (€–6 million).

Inventories include impairments of €207 million (30/9/2015: €202 million).

27. Trade receivables

Trade receivables increased from €702 million to €808 million. This includes receivables with a remaining term of more than one year totalling €20 million (30/9/2015: €16 million).

At €70 million and €49 million, respectively, the METRO Cash & Carry and Media-Saturn segments accounted for the major share of the increase of €106 million.

The increase in the METRO Cash & Carry segment was primarily due to the expansion and strong autumn business in China, at €12 million, the first-time inclusion of the operations of MIDBAN ESOLUTIONS S.L. in Spain, at €10 million, and the acquisition of the Rungis group as well as the introduction of the online direct debiting scheme at METRO Cash & Carry in Germany, at €10 million each.

The acquisition of the RTS group accounted for €22 million of the increase in the Media-Saturn segment. The increase in commission receivables in Germany also added €14 million to this effect.

28. Impairments of capitalised financial instruments

Impairments of capitalised financial instruments that are measured at amortised cost are as follows:

€ million	Category "loans and receivables"	thereof "loans and advance credit granted"	thereof "other current receivables"
As of 1/10/2014	135	2	133
Currency translation	–3	0	–3
Additions	66	0	66
Reversal	–45	0	–45
Utilisation	–27	0	–27
Transfers	1	0	1
As of 30/9 / 1/10/2015	126	2	125
Currency translation	–1	0	–1
Additions	69	6	62
Reversal	–37	0	–37
Utilisation	–26	–2	–24
Transfers	0	0	0
As of 30/9/2016	**131**	**7**	**126**

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In the category "loans and receivables", which particularly includes loans, trade receivables, receivables from suppliers as well as receivables and other assets in the real estate area, negative earnings effects from impairments losses amount to €30 million (2014/15: €19 million). This also includes earnings from the receipt of cash from receivables that had already been derecognised in anticipation of irrevocability of €2 million (2014/15: €2 million).

As in the previous year, no earnings effects existed in the category "held to maturity" and from receivables from finance leases (carrying value according to IAS 17).

In principle, impairment losses on capitalised financial instruments are recognised using an adjustment account. They reduce the carrying amount of financial assets.

29. Maturities and impairment losses of capitalised financial instruments

Capitalised financial instruments had the following maturities and impairment losses as of the closing date:

			thereof past due, no specific allowances for impairment losses				
€ million	Total carrying amount 30/9/2015	thereof not past due, not impaired	Due within the last 90 days	Due for 91 to 180 days	Due for 181 to 270 days	Due for 271 to 360 days	Due for more than 360 days
Assets							
in the category "loans and receivables"	3,209	2,747	129	10	9	1	2
thereof "loans and advance credit granted"	55	55	0	0	0	0	0
thereof "other current receivables"	3,154	2,692	129	10	9	1	2
in the category "held to maturity"	0	0	0	0	0	0	0
in the category "held for trading"	30	0	0	0	0	0	0
in the category "available for sale"	486	1	0	0	0	0	0
	3,725	**2,748**	**129**	**10**	**9**	**1**	**2**

			thereof past due, no specific allowances for impairment losses				
€ million	Total carrying amount 30/9/2016	thereof not past due, not impaired	Due within the last90 days	Due for 91 to 180 days	Due for 181 to 270 days	Due for 271 to 360 days	Due formore than 360 days
Assets							
in the category "loans and receivables"	**3,140**	**2,625**	**144**	**12**	**3**	**1**	**2**
thereof "loans and advance credit granted"	**58**	**58**	**0**	**0**	**0**	**0**	**0**
thereof "other current receivables"	**3,082**	**2,567**	**144**	**12**	**3**	**1**	**2**
in the category "held to maturity"	**0**	**0**	**0**	**0**	**0**	**0**	**0**
in the category "held for trading"	**4**	**0**	**0**	**0**	**0**	**0**	**0**
in the category "available for sale"	**24**	**1**	**0**	**0**	**0**	**0**	**0**
	3,168	**2,626**	**144**	**12**	**3**	**1**	**2**

Loans and receivables due within the last 90 days largely result from standard business payment transactions with immediate or short-term payment terms. For loans and receivables more than 90 days past due that are not subject to specific allowances, there is no indication as of the closing date that debtors will not fulfil their payment obligations. For capitalised financial instruments which are not past due and which are not subject to specific allowances, there is no indication based on the debtor's creditworthiness that would require an impairment.

30. Cash and cash equivalents

€ million	30/9/2015	30/9/2016
Cheques and cash on hand	111	**121**
Bank deposits and other financial assets with short-term liquidity	4,304	**2,247**
	4,415	**2,368**

The decline in cash and cash equivalents is essentially due to the fact that the purchase price payment received for the Galeria Kaufhof group in the previous year was used for the redemption of financial liabilities.

For more information, see the cash flow statement and no. 42 – notes to the cash flow statement.

31. Assets held for sale/liabilities related to assets held for sale

As of 30 September 2016, this item includes no assets held for sale or liabilities related to assets held for sale as all sales transactions of the previous year had been completed and no new sales were considered highly probable in the meaning of IFRS 5. The development of this item with a view to the sales transactions included in the previous year's figure is explained in the following:

Sale of wholesale business in Vietnam

In financial year 2013/14, the Management Board of METRO AG decided to sell 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 the general meeting of BJC had rejected the transaction, BJC's majority shareholder TCC Holding Co., Ltd. (TCC) replaced BJC as party to the transaction at unchanged economic conditions, according to agreements from 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" increased by €186 million from €194 million to €380 million. The increase in cash and financial liabilities 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 post-employment benefits plans and similar obligations	**1**
Trade liabilities	**60**
Provisions (current)	**6**
Financial liabilities (current)	**225**
Other financial and non-financial liabilities (current)	**88**
	380

The EBIT contribution resulting from the deconsolidation amounts to €446 million. It is shown in other operating income, at €451 million, and in general administrative expenses, at €5 million. It is allocated fully to the METRO Cash & Carry segment. Additional expenses of €29 million were recognised in the net financial result, with the currency translation differences from the translation of the Vietnamese financial statement data that were recognised in equity outside of profit or loss until divestment accounting for €27 million of this total. 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 real estate properties held for sale changed from €17 million to €0 million during financial year 2015/16. On the one hand, reclassifications from non-current assets added €14 million to this item. On the other, the sale of real estate assets in the amount of €30 million caused "assets held for sale" to decline. In addition, this item was reduced to €0 million by the reintegration of real estate assets into non-current assets in the amount of €1 million.

32. Equity

In terms of amount and composition – that is, the ratio of ordinary to preference shares – subscribed capital has not changed compared with 30 September 2015 and totals €835,419,052.27. It is divided as follows:

No-par-value bearer shares, accounting par value approximately €2.56		30/9/2015	30/9/2016
Ordinary shares	Shares	324,109,563	**324,109,563**
	€ approximately	828,572,941	**828,572,941**
Preference shares	Shares	2,677,966	**2,677,966**
	€ approximately	6,846,111	**6,846,111**
Total shares	**Shares**	**326,787,529**	**326,787,529**
Total share capital	**€ approximately**	**835,419,052**	**835,419,052**

Each ordinary share grants one voting right. In addition, ordinary shares of METRO AG entitle the holder to dividends. In contrast to ordinary shares, preference shares principally do not carry voting rights and give a preferential entitlement to profits in line with § 21 of the Articles of Association of METRO AG, which state:

"(1) Holders of non-voting preference shares will receive from the annual balance sheet profit a preference dividend of €0.17 per preference share.

(2) Should the balance sheet profit available for distribution not suffice in any one financial year to pay the preference dividend, the arrears (excluding any interest) shall be paid from the balance sheet profit of future financial years in an order based on age, i.e. in such manner that any older arrears are paid off prior to any more recent ones and that the preference dividends payable from the profit of a financial year are not distributed until all of any accumulated arrears have been paid.

(3) After the preference dividend has been distributed, the holders of ordinary shares will receive a dividend of €0.17 per ordinary share. Thereafter, a non-cumulative extra dividend of €0.06 per share will be paid to the holders of non-voting preference shares. The extra dividend shall amount to 10 per cent of such dividend as, in accordance with Section 4 herein below, will be paid to the holders of ordinary shares insofar as such dividend equals or exceeds €1.02 per ordinary share.

(4) The holders of non-voting preference shares and of ordinary shares will equally share in any additional profit distribution in the proportion of their shares in the share capital."

Authorised capital

The Annual General Meeting on 23 May 2012 authorised the Management Board to increase the share capital, with the consent of the Supervisory Board, by issuing new ordinary bearer shares in exchange for cash or non-cash contributions in one or several tranches for a total maximum of €325,000,000 by 22 May 2017 (authorised capital I). The Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholder subscription rights in certain cases. To date, the authorised capital I has not been utilised.

Contingent capital

The Annual General Meeting on 20 February 2015 resolved a contingent increase in the share capital by up to €127,825,000, divided into up to 50,000,000 ordinary bearer shares (contingent capital I). This contingent capital increase is related to the establishment of an authorisation of the Management Board, with the consent of the Supervisory Board, to issue warrants or convertible bearer bonds (in aggregate, "bonds") with an aggregate par value of €1,500,000,000 prior to 19 February 2020, in one or several tranches, and to grant or impose upon the bearers of warrants option rights or obligations and upon the bearers of convertible bonds conversion rights or obligations for ordinary bearer shares in METRO AG representing a pro-rata total of up to €127,825,000 of the share capital in accordance with the terms of the warrant or convertible bearer bonds, or to foresee the company's right to deliver ordinary shares in the company as full or partial compensation for a cash redemption of the bonds. The Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholder subscription rights in certain cases. To date, no warrant and/or convertible bonds have been issued based on said authorisation.

Share buyback

On the basis of § 71 Section 1 No. 8 of the German Stock Corporation Act, the Annual General Meeting on 20 February 2015 authorised the company on or before 19 February 2020 to acquire shares of the company of any share class representing a maximum of 10 per cent of the share capital issued at the time the Annual General Meeting has passed the resolution or – if this value is lower – at the time the authorisation is exercised. To date, neither the company nor any company controlled or majority-owned by that company or any other company acting on behalf of the company or of any company controlled or majority-owned by the company has exercised this authorisation.

For more information about authorised capital, contingent capital, about the authorisation to issue warrants and/or convertible bonds as well as about share buybacks, see the combined management report – notes pursuant to § 315 Section 4 and § 289 Section 4 of the German Commercial Code.

Capital reserve

The capital reserve amounts to €2,551 million (30/9/2015: €2,551 million).

Reserves retained from earnings

Reserves retained from earnings can be broken down as follows:

€ million	30/9/2015	30/9/2016
Effective portion of gains/losses from cash flow hedges	70	**72**
Gains/losses from the revaluation of financial instruments in the category "available for sale"	0	**0**
Currency translation differences from translating the financial statements of foreign operations	–626	**–576**
Remeasurement of defined benefit pension plans	–646	**–851**
Income tax on components of other comprehensive income	131	**193**
Other reserves retained from earnings	2,864	**3,096**
	1,793	**1,934**

Changes in the financial instruments presented above and the corresponding deferred tax effect consist of the following components:

€ million	2014/15	2015/16
Initial or subsequent measurement of derivative financial instruments	–38	**–2**
Derecognition of cash flow hedges	26	**4**
thereof in inventories	(23)	**(4)**
thereof in net financial result	(3)	**(0)**
Effective portion of gains/losses from cash flow hedges	–12	**2**
Gains/losses from the revaluation of financial instruments in the category "available for sale"	0	**0**
	–12	**2**
Net deferred tax effect thereon	2	**2**
	–10	**4**

In addition, currency translation differences of €50 million increased equity (2014/15: €–185 million). They can be broken down as follows:

The translation of the local balance sheets to the group currency resulted in an increase of €74 million in equity outside of profit or loss. The recognition in the amount of €24 million from the cumulated currency differences of companies that will be deconsolidated in financial year 2015/16 or discontinue their operations had the opposite effect in profit or loss.

A decline in equity resulted from the effects of the remeasurement of defined benefit pension plans of €205 million before deferred taxes that were recognised outside of profit or loss. Related deferred taxes amount to €59 million.

Other reserves retained from earnings increased by €232 million from €2,864 million to €3,096 million. This increase was primarily influenced by the profit for the period attributable to the shareholders of METRO AG of €559 million. Dividend payments in the amount of €351 million had an opposite effect.

Non-controlling interests

Non-controlling interests comprise the shares held by third parties in the share capital of the consolidated subsidiaries. They amounted to €12 million at the end of the financial year (30/9/2015: €–7 million). The increase is essentially due to the share of total comprehensive income attributable to non-controlling interests (€54 million). Dividends paid of €38 million had an opposite effect. Significant non-controlling interests exist at Media-Saturn-Holding GmbH.

Appropriation of the balance sheet profit, dividends

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 – that is, a total of €327 million – was paid in financial year 2015/16 from the reported balance sheet profit of €384 million for financial year 2014/15. The remaining amount was carried forward to the new account.

Regarding the appropriation of the balance sheet profit for 2015/16, the Management Board of METRO AG will propose to the Annual General Meeting to distribute from the reported balance sheet profit of €341 million a dividend in the amount of €1.00 per ordinary share and €1.06 per preference share – that is, a total of €327 million – and to carry forward the remaining amount to the new account.

33. Provisions for post-employment benefits plans and similar obligations

€ million	30/9/2015	30/9/2016
Provisions for post-employment benefits plans (employer's commitments)	699	**781**
Provisions for indirect commitments	392	**441**
Provisions for voluntary pension benefits	1	**1**
Provisions for company pension plans	111	**117**
Provisions for obligations similar to pensions	66	**73**
	1,270	**1,414**

Provisions for post-employment benefits plans are recognised in accordance with IAS 19 (Employee Benefits).

Provisions for post-employment benefits plans consist of commitments primarily related to benefits defined by the provisions of company pension plans. These take the form of defined benefit plans directly from the employer (employer's commitments) and defined benefit plans from external providers (benevolent funds in Germany and international pension funds). The external providers' assets serve exclusively to finance the pension entitlements and qualify as plan assets. The benefits under the different plans are based on performance and length of service. The length-of-service benefits are provided on the basis of fixed amounts.

The most important performance-based pension plans are described in the following.

Germany

METRO GROUP grants many employees in Germany retirement, disability and surviving dependant's benefits. New commitments are granted in the form of "defined benefit" commitments in the meaning of IAS 19 (contribution-oriented commitments pursuant to German company pension law), which comprise a payment contribution component and an employer-matching component. Contributions are paid to a pension reinsurance from which benefits are paid out when the insured event occurs. A provision is recognised for entitlements not covered by reinsurance.

In addition, various pension funds exist that are closed for new contributions. In general, these provide for lifelong pensions starting with the start of retirement or recognised invalidity. Benefits are largely defined as fixed payments or on the basis of set annual increases. In special cases, benefits are calculated in consideration of accrued statutory pension entitlements. These commitments provide for a widow's or widower's pension of varying size depending on the benefits the former employee received or would have received in case of invalidity. Legacy commitments are partially covered by assets held in benevolent funds. Provisions are recognised for those commitments not covered. The benevolent funds' decision-making bodies (management board and general assembly of members) comprise both employer and employee representatives. The management board decides on the deployment of funds and financial investments. It may commission third parties to manage fund assets. No statutory minimum endowment obligations exist. Insofar as pledged benefits cannot be paid out of the benevolent fund assets, the employer is obliged to directly assume these payments.

Netherlands
A defined benefit pension plan exists in the Netherlands and foresees pension payments in addition to invalidity and death benefits. The amount of the benefits depends on the pensionable salary per year of service. Benefits are funded through a pension fund whose decision-making bodies (management board, as well as administration, finance and investment committee) include employer and employee representatives. The fund's executive committee has responsibility for asset management. The pension fund's investment committee exists for this purpose. In line with statutory minimum funding requirements, the pension fund's executive committee must ensure that commitments are covered by assets at all times. In case of underfunding, the pension fund's executive committee may take different measures to compensate for deficient cover. These measures include the requirement for additional contributions by the employer and curtailments in employee benefits.

In addition, another defined benefit plan exists in the Netherlands that is recognised as a defined contribution plan (multi-employer plan).

United Kingdom
In July 2012, METRO GROUP sold its cash-and-carry business in the United Kingdom to Booker Group PLC. Pension commitments were not part of the sale. Since the date of the sale, only vested benefits and current pensions from service years at METRO GROUP exist. In accordance with legal stipulations, the vested interests must be adjusted for inflation effects. The commitments are covered by assets which are managed and invested by a corporate trustee. A major share of these commitments was fully funded through a buy-in. The executive committee of this corporate trustee consists of employer and employee representatives. In any case, the trustee must ensure that benefits can be paid at all times in the future. This is regulated on the basis of statutory minimum financing requirements. In case of underfunding, the trustee may require additional employer contributions to close the funding gap.

Switzerland
In Switzerland, the Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) requires employers to provide occupational pension insurance coverage for their employees. BVG provides for statutory minimum benefits in the form of defined contribution plans with a guaranteed rate of interest and specified minimum contributions. The contributions, which are determined as a percentage of insured wages, are paid into a pension fund. Upon retirement, the contributions are converted into benefits based on conversion rates. The occupational pension plans are open to new members. The legal form of the pension fund is a foundation.

Occupational pension plans in Switzerland are accounted for as defined benefit plans. METRO GROUP grants employees in Switzerland pension entitlements that go beyond the statutory minimum entitlement.

Belgium
There are both retirement pensions and capital commitments; the amount depends on the pensionable length of service and pensionable income. In addition, groups of employees are granted interim allowances. In principle, benefits are funded through group insurance contracts that are subject to Belgian regulatory law.

Additional retirement plans are shown cumulatively under other countries.

The following table provides an overview of the present value of defined benefit obligations by METRO GROUP countries as well as material obligations:

%	30/9/2015	30/9/2016
Germany	60	**56**
Netherlands	18	**21**
United Kingdom	10	**10**
Switzerland	4	**5**
Other countries	8	**8**
	100	**100**

The plan assets of METRO GROUP are distributed proportionally to the following countries:

%	30/9/2015	30/9/2016
Germany	28	**22**
Netherlands	43	**48**
United Kingdom	19	**20**
Switzerland	8	**8**
Other countries	2	**2**
	100	**100**

The above commitments are valued on the basis of actuarial calculations in accordance with IAS 19. The basis for the valua-

tion are the legal, economic and tax circumstances prevailing in each country.

The following average assumptions regarding the material parameters were used in the actuarial valuation:

	30/9/2015					30/9/2016				
%	Germany	Nether-lands	United Kingdom	Switzerland	Other countries	Germany	Nether-lands	United Kingdom	Switzerland	Other countries
Actuarial interest rate	2.20	2.70	3.90	1.00	2.50	**1.20**	**1.70**	**2.40**	**0.15**	**1.55**
Inflation rate	1.50	1.00	2.50	0.00	2.00	**1.50**	**0.90**	**2.00**	**0.00**	**1.90**

As in previous years, METRO GROUP used generally recognised methods to determine the actuarial rate of interest. With these, the respective actuarial rate of interest based on the yield of investment grade corporate bonds is determined as of the closing date taking account of the currency and maturity of the underlying obligations. The actuarial rate of interest for the Eurozone and the UK is based on the results of a method applied in a uniform manner across the group. The interest rate for this is set on the basis of the returns of high-quality corporate bonds and the duration of commitments. In countries without a liquid market of suitable corporate bonds, the actuarial interest rate was determined on the basis of government bond yields.

Aside from the actuarial interest rate, the inflation rate represents another key actuarial parameter. In the process, the nominal rate of wage and salary increases was determined on the basis of expected inflation and a real rate of increase. In Germany, the rate of pension increases is derived directly from the inflation rate insofar as pension adjustments can be determined on the basis of the increase in the cost of living. In international companies, pension adjustments are also generally determined on the basis of the inflation rate.

The extent of other, non-essential parameters used to determine pension commitments corresponds to the long-term expectations of METRO GROUP. The impact of changes in fluctuation and mortality assumptions was analysed for major plans. Calculations of the mortality rate for the German group companies are based on the 2005 G tables from Prof. Dr Heubeck. In the process, modified mortality tables were used. For beneficiaries who did not make use of the option to settle their benefit entitlements through a lump sum capital payment, the mortality rates in table 2005 G have been reduced for the next four years, with a linear decline in the reduction from an initial value of 80 per cent to 0 per cent in year 5. The actuarial valuations outside of Germany are based on country-specific mortality tables. The resulting effects of fluctuation and mortality assumptions have been deemed immaterial and are not listed as a separate component.

The following is a sensitivity analysis for the key valuation parameters with respect to the present value of pension entitlements. The actuarial rate of interest and the inflation rate were identified as key parameters with an impact on the present value of pension entitlements. In the context of the sensitivity analysis, the same methods were applied as in the previous year. The analysis considered changes in parameters that are considered possible within reason. Stress tests or worst-case scenarios, in contrast, are not part of the sensitivity analysis. The selection of the respective spectrum of possible changes in parameters is based on historical multi-year observations. This almost exclusive reliance on historical data to derive possible future developments represents a methodical constraint.

The following illustrates the impact of an increase/decrease in the actuarial rate of interest by 100 basis points or an increase/decrease in the inflation rate by 25 basis points:

		30/9/2015					30/9/2016				
€ million		Germany	Nether-lands	United Kingdom	Switzerland	Other countries	Germany	Nether-lands	United Kingdom	Switzerland	Other countries
Actuarial interest rate	Increase by 100 basis points	–135.30	–77.30	–36.70	–12.70	–14.50	**–147.20**	**–104.30**	**–38.80**	**–15.80**	**–17.60**
	Decrease by 100 basis points	164.20	105.90	48.10	16.80	17.00	**184.20**	**145.60**	**50.40**	**21.20**	**20.40**
Inflation rate	Increase by 25 basis points	31.50	12.50	6.40	2.30	0.10	**33.60**	**16.80**	**4.20**	**3.00**	**0.10**
	Decrease by 25 basis points	–30.40	–12.00	–5.70	–	–0.10	**–32.20**	**–16.10**	**–4.10**	**–2.80**	**–0.10**

The granting of defined benefit pension entitlements exposes METRO GROUP to various risks. These include general actuarial risks resulting from the valuation of pension commitments (for example, interest rate risks) as well as capital and investment risks related to plan assets.

With a view to the funding of future pension payments from indirect commitments and a stable actuarial reserve, METRO GROUP primarily invests plan assets in low-risk investment forms. The funding of direct pension commitments is secured through operating cash flow at METRO GROUP.

The fair value of plan assets by asset category can be broken down as follows:

	30/9/2015		30/9/2016	
	%	€ million	%	€ million
Fixed-interest securities	37	406	**45**	**500**
Shares, funds	19	208	**20**	**228**
Real estate	20	213	**7**	**83**
Other assets	24	263	**28**	**309**
	100	**1,090**	**100**	**1,120**

Fixed-interest securities, shares and funds are regularly traded in active markets. As a result, the relevant market prices are available. The asset category "fixed-interest securities" includes only investments in investment grade corporate bonds, government bonds and mortgage-backed bonds (Pfandbriefe). Risk within the category "shares, funds" is minimised through geographic diversification.

Real estate assets are not traded in an active market. These are primarily used by METRO GROUP itself. The decline results from a sale effected during the course of financial year 2015/16.

Other assets essentially comprise receivables from insurance companies in Germany, Belgium and the United Kingdom. All of these are first-rate insurance companies.

The actual return on plan assets amounted to €144 million in the reporting period (2014/15: €76 million).

For financial year 2016/17, the company expects employer payments to external pension providers totalling approximately €20 million and employee contributions of €11 million in plan assets, with contributions in the Netherlands and Germany accounting for the major share of this total. Expected contributions from payment contribution commitments in Germany are not included in expected payments.

Changes in the present value have developed as follows:

€ million	2014/15	2015/16
Present value of defined benefit obligations		
As of the beginning of the period	2,708	**2,235**
Recognised under pension expenses through profit or loss	**104**	**62**
Interest expenses	73	**53**
Current service cost	36	**27**
Past service cost (incl. curtailments and changes)	–3	**24**
Settlement expenses	–2	**–42**
Recognised outside of profit or loss under remeasurement of defined benefit pension plans in other comprehensive income	**–104**	**354**
Actuarial gains/losses from changes in		
demographic assumptions (–/+)	–30	**34**
financial assumptions (–/+)	–54	**314**
experience-based correction (–/+)	–20	**6**
Other effects	**–473**	**–221**
Benefit payments (incl. tax payment)	–143	**–203**
Contributions from plan participants	13	**16**
Change in consolidation group / transfers	–361	**1**
Currency effects	18	**–35**
As of end of period	**2,235**	**2,430**

The capital option compensation programme conducted in Germany for current pensions led to a reduction in the present value of defined benefit obligations by €120 million, of which €42 million was recognised as income in the income statement. The payment totalled €78 million, with the related decline in plan assets amounting to €43 million.

Changes in actuarial parameters led to a total increase in the present value of defined benefit obligations of €354 million (previous year: reduction by €104 million).

The weighted average term of defined benefit commitments for the countries with material pension obligations amounts to:

Years	30/9/2015	30/9/2016
Germany	11	**12**
Netherlands	22	**24**
United Kingdom	19	**19**
Switzerland	15	**16**
Other countries	9	**9**

The present value of defined benefit obligations can be broken down as follows based on individual groups of eligible employees:

%	30/9/2015	30/9/2016
Active members	24	**25**
Former claimants	22	**26**
Pensioners	54	**49**

The fair value of plan assets developed as follows:

€ million	2014/15	2015/16
Change in plan assets		
Fair value of plan assets as of beginning of period	1,105	**1,090**
Recognised under pension expenses through profit or loss	**31**	**28**
Interest income	31	**28**
Recognised outside of profit or loss under remeasurement of defined benefit pension plans in other comprehensive income	45	**116**
Gains/losses from plan assets excl. interest income (+/–)	45	**116**
Other effects	**–91**	**–114**
Benefit payments (incl. tax payments)	–77	**–73**
Settlement payments	–9	**–43**
Employer contributions	21	**20**
Contributions from plan participants	13	**16**
Change in consolidation group / transfers	–57	**0**
Currency effects	18	**–34**
Fair value of plan assets as of end of period	**1,090**	**1,120**

€ million	30/9/2015	30/9/2016
Financing status		
Present value of defined benefit obligations	2,235	**2,430**
Fair value of plan assets	–1,090	**–1,120**
Asset adjustment (asset ceiling)	59	**30**
Net liability / assets	**1,204**	**1,340**
thereof recognised under provisions	1,204	**1,340**
thereof recognised under net assets	0	**0**

At one Dutch company, plan assets exceeded the value of commitments as of the closing date. Since the company cannot draw any economic benefits from this overfunding, the balance sheet amount was reduced to €0 in line with IAS 19.64 (b). The change in the effect of the asset ceiling of approximately

€30 million was recognised in other comprehensive income (30/9/2015: €59 million).

The pension expenses of the direct and indirect company pension plan commitments can be broken down as follows:

€ million	2014/15	2015/16
Current service cost[1]	36	**27**
Net interest expenses	42	**27**
Past service cost (incl. curtailments and changes)	–3	**24**
Settlements	–2	**–42**
Other pension expenses	0	**1**
Pension expenses	**73**	**37**

[1] Netted against employees' contributions

In addition to expenses from defined benefit pension commitments, expenses for payments to external pension providers relating to defined contribution pension commitments of €273 million (2014/15: €271 million) were recorded. These figures also include payments to statutory pension insurance.

Media-Saturn Netherlands participates in a multi-employer plan classified as a defined benefit plan. However, it is administered by a fund that is not able to provide sufficient information to allow it to be accounted for as a defined benefit plan. Therefore, it is treated as a defined contribution plan in accordance with IAS 19.34 and IAS 19.148. This is a typical, strictly regulated Dutch pension plan. In case of a shortfall, Media-Saturn Netherlands would be obliged to compensate for this by making higher contributions to this fund in the future. These higher contributions would then apply to all participating companies. Media-Saturn cannot be held liable for these commitments by other companies. Approximately 28,000 companies in the retail industry participate in this plan and make contributions for a total of more than 245,000 employees. Media-Saturn Netherlands currently makes contributions to this plan for 5,860 employees. Contributions are calculated for five years (currently from 2012 to 2016). These correspond to a set percentage of an employee's salary (currently 19.4 per cent, 21.6 per cent from 2017), with employees assuming part of the contributions for salaries above €12,577 and no contributions being paid for salaries above €52,763. In financial year 2016/17, contributions to the Bedrijfspensioenfonds voor de Detailhandel fund are expected to total approximately €8 million. In September 2016, the coverage ratio stood at 104.9 per cent (September 2015: 103.7 per cent).

The provisions for obligations similar to pensions essentially comprise commitments from employment anniversary allowances, death benefits and partial retirement plans. Provisions amounting to €73 million (30/9/2015: €66 million) were formed for these commitments. The commitments are valued on the basis of actuarial expert opinions. In principle, the parameters used are identical to those employed in the company pension plan.

34. Other provisions (non-current) / provisions (current)

In the reporting period, other provisions (non-current)/ provisions (current) changed as follows:

€ million	Real estate-related obligations	Obligations from trade transactions	Restructuring	Taxes	Miscellaneous	Total
As of 1/10/2015	298	97	143	103	478	1,120
Currency translation	2	0	0	0	–3	–1
Addition	141	124	204	24	211	704
Reversal	–60	–3	–24	–22	–115	–224
Utilisation	–87	–118	–92	–49	–167	–513
Change in consolidation group	0	0	0	0	–1	–1
Interest portion of the addition/change in interest rate	4	0	–3	0	1	2
Transfer	–9	1	49	0	–38	2
As of 30/9/2016	**289**	**101**	**278**	**54**	**366**	**1,088**
Non-current	152	0	67	31	133	383
Current	136	101	211	24	233	705
As of 30/9/2016	**289**	**101**	**278**	**54**	**366**	**1,088**

Provisions for real estate-related obligations concern store-related risks in the amount of €124 million (30/9/2015: €107 million), deficient rental covers amounting to €62 million (30/9/2015: €92 million), rental commitments amounting to €48 million (30/9/2015: €40 million) and reinstatement obligations amounting to €32 million (30/9/2015: €29 million).

Other real estate obligations in the amount of €23 million (30/9/2015: €31 million) stem essentially from maintenance obligations.

Significant components of the provisions for obligations from trade transactions are provisions for rebates from customer loyalty programmes in the amount of €35 million (30/9/2015: €32 million), provisions for rights of return of €22 million (30/9/2015: €22 million) as well as provisions for warranty services in the amount of €20 million (30/9/2015: €19 million).

Restructuring provisions totalling €278 million (30/9/2015: €143 million) essentially relate to METRO Cash & Carry in the amount of €126 million (30/9/2015: €63 million), Real in the amount of €15 million (30/9/2015: €13 million) and other companies in the amount of €125 million (30/9/2015: €58 million).

Other provisions primarily relate to provisions for litigation costs/risks in the amount of €76 million (30/9/2015: €132 million) and provisions for share-based payments amounting to €40 million (30/9/2015: €21 million). In addition, they include provisions for surety and guarantee risks totalling €29 million (30/9/2015: €18 million), for severance obligations in the amount of €11 million (30/9/2015: €57 million) and for interest on tax provisions of €9 million (30/9/2015: €16 million).

For more information about share-based payments, see no. 50 – long-term incentive for executives.

Reversals essentially concern risk provisions related to portfolio measures and settled legal disputes.

Transfers essentially concern reclassifications within other provisions.

Depending on the respective term and country, interest rates for non-interest-bearing, non-current provisions range from 0.00 per cent to 5.62 per cent.

35. Liabilities

€ million	30/9/2015 Total	Remaining term up to 1 year	1 to 5 years	over 5 years	30/9/2016 Total	Remaining term up to 1 year	1 to 5 years	over 5 years
Trade liabilities	**9,550**	**9,550**	**0**	**0**	**9,383**	**9,383**	**0**	**0**
thereof bills of exchange liabilities (non-interest-bearing)	(389)	(389)	(0)	(0)	**(358)**	**(358)**	**(0)**	**(0)**
Bonds	4,550	1,311	1,970	1,268	**3,164**	**722**	**1,172**	**1,269**
Liabilities to banks	1,189	932	174	83	**276**	**132**	**127**	**17**
Promissory note loans	415	295	66	54	**68**	**2**	**12**	**54**
Liabilities from finance leases	1,213	97	351	765	**1,251**	**91**	**384**	**776**
Borrowings	**7,366**	**2,635**	**2,561**	**2,170**	**4,759**	**947**	**1,696**	**2,116**
Other tax liabilities	331	331	0	0	**325**	**325**	**0**	**0**
Prepayments received on orders	44	44	0	0	**48**	**48**	**0**	**0**
Payroll liabilities	838	838	0	0	**816**	**816**	**0**	**0**
Liabilities from other financial transactions	25	25	0	0	**15**	**15**	**0**	**0**
Deferred income	587	474	72	41	**608**	**497**	**71**	**41**
Miscellaneous liabilities	868	776	72	20	**843**	**764**	**53**	**26**
Other financial and non-financial liabilities	**2,694**	**2,488**	**145**	**61**	**2,656**	**2,465**	**124**	**67**
Income tax liabilities	**148**	**148**	**0**	**0**	**170**	**170**	**0**	**0**
	19,758	**14,821**	**2,706**	**2,231**	**16,968**	**12,965**	**1,819**	**2,184**

36. Trade liabilities

Trade liabilities declined from €9,550 million to €9,383 million compared with the previous year.

This decline is primarily due to store closures at Real (€182 million) and to the use of a new regulatory services provider. In addition, the Media-Saturn segment accounted for €50 million of the decline due mostly to a more cautious ordering approach in procurement. An opposite effect was produced by a distinct increase in trade liabilities of €103 million at METRO Cash & Carry which primarily stemmed from the segment's expansion as well as changed payment dates.

37. Financial liabilities

The company's medium-term and long-term financing needs are covered by an ongoing capital market issuance programme. In the context of this programme, the €50 million bond with a coupon of 3.1 per cent that was due on 25 January 2016 and the €60 million bond with a coupon of 3 per cent that was due on 1 February 2016 were repaid on time, as was the CHF 225 million bond with a coupon of 1.875 per cent that was due on 2 May 2016. In addition, an early repayment of €128 million from a €750 million bond with a coupon of 4.25 per cent maturing on 22 February 2017 was made in September 2016. As of 30 September 2016, a total of €3.1 billion had been utilised from the ongoing issuance programme.

In addition, promissory note loans totalling €158 million and €134 million, respectively, were repaid on time on 21 December 2015 and 14 March 2016, respectively, and promissory note loans totalling €55 million were partially repaid early in September 2016.

Short-term financing requirements are covered through the bonds accounted for in 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 average amount utilised from both programmes in financial year 2015/16 was €334 million (2014/15: €1,107 million). As of 30 September 2016, the used volume totalled €0 million (30/9/2015: €941 million).

In addition, METRO GROUP has access to syndicated credit facilities totalling €2,525 million (30/9/2015: €2,525 million) with terms ending between 2019 and 2021. If the credit facilities are used, the interest rates range between EURIBOR +50.0 basis points (bps) and EURIBOR +55.0 bps. The average amount drawn on the credit facilities in financial year 2015/16 was

€0 million (2014/15: €0 million), the average amount drawn as of the closing date was €0 million (30/9/2015: €0 million).

The contract terms for the syndicated credit facilities provide for an increase of 5 to 10 bps in the spread if METRO GROUP's credit rating is lowered by one grade. In the event of a downgrade in METRO GROUP's rating, the margins increase by 20 to 25 bps.

As of 30 September 2016, METRO GROUP had access to additional bilateral bank credit facilities totalling €681 million (30/9/2015: €1,719 million), of which €437 million (30/9/2015: €962 million) had a remaining term of up to one year. As of the closing date, €276 million (30/9/2015: €1,189 million) of the bilateral credit facilities had been utilised. Of this amount, €132 million (30/9/2015: €932 million) had a remaining term of up to one year.

Unutilised credit facilities of METRO GROUP

	30/9/2015			30/9/2016		
		Remaining term			Remaining term	
€ million	**Total**	**up to 1 year**	**over 1 year**	**Total**	**up to 1 year**	**over 1 year**
Bilateral credit facilities	1,719	962	757	**681**	**437**	**244**
Utilisation	–1,189	–932	–257	**–276**	**–132**	**–144**
Unutilised bilateral credit facilities	530	30	500	**405**	**305**	**100**
Syndicated credit facilities	2,525	0	2,525	**2,525**	**0**	**2,525**
Utilisation	0	0	0	**0**	**0**	**0**
Unutilised syndicated credit facilities	2,525	0	2,525	**2,525**	**0**	**2,525**
Total credit facilities	4,244	962	3,282	**3,206**	**437**	**2,769**
Total utilisation	–1,189	–932	–257	**–276**	**–132**	**–144**
Total unutilised credit facilities	**3,055**	**30**	**3,025**	**2,930**	**305**	**2,625**

Default by a lender can be covered at any time by the existing undrawn credit facilities or the available money and capital market programmes. METRO GROUP therefore does not bear any creditor default risk.

METRO GROUP principally does not provide collateral for financial liabilities. One exception concerns the first-time consolidation of METRO PROPERTIES GmbH & Co. KG as well as its subsidiaries in 2003. As of 30 September 2016, collateral securities in the amount of €35 million (30/9/2015: €118 million) was provided for financial liabilities.

The following tables show the maturity structure of the financial liabilities. The carrying amounts and fair values indicated include the interest accrued when the maturity is less than one year.

Bonds

		30/9/2015				30/9/2016			
		Nominal values	Nominal values	Carrying amounts	Fair values	Nominal values	Nominal values	Carrying amounts	Fair values
Currency	Remaining term	in million currency	€ million	€ million	€ million	in million currency	€ million	€ million	€ million
EUR	up to 1 year	1,051	1,051	1,104	1,105	**672**	**672**	**722**	**730**
	1 to 5 years	1,975	1,975	1,970	2,093	**1,175**	**1,175**	**1,172**	**1,248**
	over 5 years	1,276	1,276	1,268	1,235	**1,276**	**1,276**	**1,269**	**1,319**
CHF	up to 1 year	225	206	208	210	**0**	**0**	**0**	**0**
	1 to 5 years	0	0	0	0	**0**	**0**	**0**	**0**
	over 5 years	0	0	0	0	**0**	**0**	**0**	**0**

Liabilities to banks
(excl. current account)

		30/9/2015				30/9/2016			
		Nominal values	Nominal values	Carrying amounts	Fair values	Nominal values	Nominal values	Carrying amounts	Fair values
Currency	Remaining term	in million currency	€ million	€ million	€ million	in million currency	€ million	€ million	€ million
EUR	up to 1 year	714	714	718	726	**8**	**8**	**10**	**14**
	1 to 5 years	124	124	124	127	**57**	**57**	**57**	**56**
	over 5 years	83	83	83	82	**17**	**17**	**17**	**17**
INR	up to 1 year	4,082	56	56	56	**1,510**	**20**	**20**	**20**
	1 to 5 years	761	10	10	11	**2,456**	**33**	**33**	**35**
	over 5 years	0	0	0	0	**0**	**0**	**0**	**0**
JPY	up to 1 year	1,970	15	15	15	**1,370**	**12**	**12**	**12**
	1 to 5 years	5,335	40	40	43	**4,165**	**37**	**37**	**39**
	over 5 years	0	0	0	0	**0**	**0**	**0**	**0**

Promissory note loans

		30/9/2015				30/9/2016			
		Nominal values	Nominal values	Carrying amounts	Fair values	Nominal values	Nominal values	Carrying amounts	Fair values
Currency	Remaining term	in million currency	€ million	€ million	€ million	in million currency	€ million	€ million	€ million
EUR	up to 1 year	291	291	295	296	**0**	**0**	**2**	**2**
	1 to 5 years	67	67	66	70	**12**	**12**	**12**	**12**
	over 5 years	54	54	54	62	**54**	**54**	**54**	**63**

Redeemable loans that are shown under liabilities to banks are listed with the remaining terms corresponding to their redemption date. For remaining terms of over one year, the indicated fair value of these loans generally includes the carrying amount. The difference between the carrying amount and the fair value of the entire loan is shown in maturities up to one year.

The following tables show the interest rate structure of the financial liabilities:

→ SERVICE

Bonds

Interest terms	Currency	Remaining term	30/9/2015 Nominal value in € million	30/9/2016 Nominal value in € million
Fixed interest	EUR	up to 1 year	110	**622**
		1 to 5 years	1,925	**1,175**
		over 5 years	1,276	**1,276**
	CHF	up to 1 year	206	**0**
		1 to 5 years	0	**0**
		over 5 years	0	**0**
Variable interest	EUR	up to 1 year	941	**50**
		1 to 5 years	50	**0**
		over 5 years	0	**0**

Liabilities to banks
(excl. current account)

Interest terms	Currency	Remaining term	30/9/2015 Nominal value in € million	30/9/2016 Nominal value in € million
Fixed interest	EUR	up to 1 year	714	**8**
		1 to 5 years	124	**57**
		over 5 years	83	**17**
	INR	up to 1 year	56	**20**
		1 to 5 years	10	**33**
		over 5 years	0	**0**
Variable interest	JPY	up to 1 year	15	**12**
		1 to 5 years	40	**37**
		over 5 years	0	**0**

Promissory note loans

Interest terms	Currency	Remaining term	30/9/2015 Nominal value in € million	30/9/2016 Nominal value in € million
Fixed interest	EUR	up to 1 year	222	**0**
		1 to 5 years	41	**9**
		over 5 years	54	**54**
Variable interest	EUR	up to 1 year	70	**0**
		1 to 5 years	26	**3**
		over 5 years	0	**0**

The fixed interest rate for short-term and medium-term financial liabilities and the repricing dates of all fixed-interest financial liabilities essentially correspond to the displayed remaining terms. The repricing dates for variable interest rates are less than one year.

The effects that changes in interest rates concerning the variable portion of financial liabilities have on the profit or loss for the period and equity of METRO GROUP are described in detail in no. 44 – management of financial risks.

38. Other financial and non-financial liabilities

Key items in miscellaneous financial liabilities concern liabilities from the purchase of other fixed assets of €311 million (30/9/2015: €276 million), liabilities to customers of €184 million (30/9/2015: €169 million), liabilities from put options of non-controlling shareholders of €71 million (30/9/2015: €156 million) as well as liabilities from real estate totalling €19 million (30/9/2015: €23 million). In addition, miscellaneous liabilities also include numerous other individual items.

Other tax liabilities include sales tax, land tax, wage and church tax as well as other taxes.

Deferred income includes accrued rental, leasing and interest income as well as accrued sales from customer loyalty programmes, the sale of vouchers and guarantee contracts and other accruals.

Material items in miscellaneous non-financial liabilities include prepayments received on orders of €48 million (30/9/2015: €44 million) as well as liabilities from leases (no finance leases) totalling €57 million (30/9/2015: €53 million).

	30/9/2015			30/9/2016		
		Remaining term			Remaining term	
€ million	Total	up to 1 year	over 1 year	Total	up to 1 year	over 1 year
Payroll liabilities	838	838	0	**816**	**816**	**0**
Miscellaneous financial liabilities	821	772	49	**748**	**717**	**31**
Other financial liabilities	**1,660**	**1,610**	**49**	**1,564**	**1,533**	**31**
Other tax liabilities	331	331	0	**325**	**325**	**0**
Deferred income	587	474	113	**608**	**497**	**112**
Miscellaneous non-financial liabilities	115	72	43	**158**	**110**	**48**
Other non-financial liabilities	**1,034**	**878**	**157**	**1,092**	**932**	**160**
Other financial and non-financial liabilities	**2,694**	**2,488**	**206**	**2,656**	**2,465**	**191**

39. Offsetting financial assets and financial liabilities

The following financial assets and financial liabilities that are subject to offsetting agreements, enforceable master netting agreements and similar agreements existed:

	30/9/2015					
	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) – (d)
	Gross amounts of recognised financialassets/ liabilities	Gross amounts of recognised financial liabilities/ assets that are netted in the balance sheet	Net amounts of financial assets/ liabilities that are shown in the balance sheet	Corresponding amounts that are not netted in the balance sheet		
€ million				Financial instruments	Collateral received/provided	Net amount
Financial assets						
Loans and advance credit granted	55	0	55	0	0	55
Receivables due from suppliers	2.307	633	1.674	154	0	1.520
Trade receivables	709	7	702	1	0	701
Investments	69	0	69	0	0	69
Miscellaneous financial assets	1.196	2	1.194	0	0	1.194
Derivative financial instruments	52	0	52	4	20	29
Cash and cash equivalents	4.415	0	4.415	0	0	4.415
Receivables from finance leases	33	0	33	0	0	33
	8.836	**642**	**8.194**	**159**	**20**	**8.016**
Financial liabilities						
Financial liabilities (excl. finance leases)	6.154	0	6.154	0	0	6.154
Trade liabilities	10.161	611	9.550	136	0	9.414
Miscellaneous financial liabilities	1.667	31	1.637	19	0	1.617
Derivative financial instruments	23	0	23	4	0	19
Liabilities from finance leases	1.213	0	1.213	0	0	1.213
	19.218	**642**	**18.576**	**159**	**0**	**18.418**

	30/9/2016					
	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) – (d)
	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial liabilities/ assets that are netted in the balance sheet	Net amounts of financial assets/ liabilities that are shown in the balance sheet	Corresponding amounts that are not netted in the balance sheet		
€ million				Financial instruments	Collateral received/provided	Net amount
Financial assets						
Loans and advance credit granted	58	0	58	0	0	58
Receivables due from suppliers	2,271	497	1,774	142	0	1,632
Trade receivables	815	7	808	1	0	807
Investments	23	0	23	0	0	23
Miscellaneous financial assets	503	1	502	0	0	502
Derivative financial instruments	6	0	6	1	0	5
Cash and cash equivalents	2,368	0	2,368	0	0	2,368
Receivables from finance leases	32	0	32	0	0	32
	6,076	505	5,570	144	0	5,427
Financial liabilities						
Financial liabilities (excl. finance leases)	3,508	0	3,508	0	0	3,508
Trade liabilities	9,870	487	9,383	125	0	9,258
Miscellaneous financial liabilities	1,568	18	1,550	18	0	1,532
Derivative financial instruments	14	0	14	1	0	13
Liabilities from finance leases	1,251	0	1,251	0	0	1,251
	16,211	505	15,706	144	0	15,562

The corresponding amounts that are not netted in the balance sheet include both financial instruments and collateral. The financial instruments that have not been netted could be netted based on the underlying framework agreements, but do not fulfil the netting criteria of IAS 32 (Financial Instruments: Presentation). Collateral may include both financial assets provided as collateral for liabilities to third parties and financial liabilities which METRO GROUP has received from a third party as collateral for assets.

For more information about collateral, see no. 44 – management of financial risks.

40. Undiscounted cash flows of financial liabilities

The undiscounted cash flows of financial liabilities, trade liabilities and derivative liabilities are as follows:

		Cash flows up to 1 year		Cash flows of 1 to 5 years		Cash flows over 5 years	
€ million	Carrying amount 30/9/2015	Interest	Redemption	Interest	Redemption	Interest	Redemption
Financial liabilities							
Bonds	4,550	45	1,257	231	1,975	101	1,276
Liabilities to banks	1,189	15	929	21	174	6	83
Promissory note loans	415	7	291	13	67	5	54
Finance leases	1,213	81	97	275	351	312	765
Trade liabilities	9,550	0	9,550	0	0	0	0
Currency derivatives carried as liabilities	23	0	23	0	0	0	0

		Cash flows up to 1 year		Cash flows of 1 to 5 years		Cash flows over 5 years	
€ million	Carrying amount 30/9/2016	Interest	Redemption	Interest	Redemption	Interest	Redemption
Financial liabilities							
Bonds	**3,164**	**50**	**672**	**150**	**1,175**	**78**	**1,276**
Liabilities to banks	**276**	**4**	**130**	**10**	**127**	**1**	**17**
Promissory note loans	**68**	**3**	**0**	**9**	**12**	**2**	**54**
Finance leases	**1,251**	**82**	**91**	**271**	**384**	**297**	**776**
Trade liabilities	**9,383**	**0**	**9,383**	**0**	**0**	**0**	**0**
Currency derivatives carried as liabilities	**14**	**0**	**14**	**0**	**0**	**0**	**0**

41. Carrying amounts and fair values according to measurement categories

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

	30/9/2015				
		Balance sheet value			
€ million	Carrying amount	(Amortised) cost	Fair value through profit or loss	Fair value outside of profit or loss	Fair value
Assets	**27,656**	**n/a**	**n/a**	**n/a**	**n/a**
Loans and receivables	**3,209**	**3,209**	**0**	**0**	**3,207**
Loans and advance credit granted	55	55	0	0	54
Receivables due from suppliers	1,674	1,674	0	0	1,674
Trade receivables	702	702	0	0	702
Miscellaneous financial assets	777	777	0	0	777
Held to maturity	**0**	**0**	**0**	**0**	**0**
Miscellaneous financial assets	0	0	0	0	0
Held for trading	**30**	**0**	**30**	**0**	**30**
Derivative financial instruments not in a hedging relationship according to IAS 39	30	0	30	0	30
Available for sale	**486**	**9**	**0**	**477**	**n/a**
Investments	69	9	0	60	n/a
Securities	417	0	0	417	417
Derivative financial instruments in a hedging relationship according to IAS 39	**22**	**0**	**0**	**22**	**22**
Cash and cash equivalents	**4,415**	**4,415**	**0**	**0**	**4,415**
Receivables from finance leases (amount according to IAS 17)	**33**	**n/a**	**n/a**	**n/a**	**46**
Assets not classified according to IFRS 7	**19,462**	**n/a**	**n/a**	**n/a**	**n/a**
Equity and liabilities	**27,656**	**n/a**	**n/a**	**n/a**	**n/a**
Held for trading	**18**	**0**	**18**	**0**	**18**
Derivative financial instruments not in a hedging relationship according to IAS 39	18	0	18	0	18
Other financial liabilities	**17,341**	**17,164**	**65**	**112**	**17,462**
Financial liabilities excl. finance leases (incl. hedged items in hedging relationships according to IAS 39)	6,154	6,154	0	0	6,275
Trade liabilities	9,550	9,550	0	0	9,550
Miscellaneous financial liabilities	1,637	1,460	65	112	1,637
Derivative financial instruments in a hedging relationship according to IAS 39	**5**	**0**	**0**	**5**	**5**
Liabilities from finance leases (amount according to IAS 17)	**1,213**	**n/a**	**n/a**	**n/a**	**1,515**
Liabilities not classified according to IFRS 7	**9,080**	**n/a**	**n/a**	**n/a**	**n/a**

€ million	30/9/2016				
		Balance sheet value			
	Carrying amount	(Amortised) cost	Fair value through profit or loss	Fair value outside of profit or loss	Fair value
Assets	**24,952**	**n/a**	**n/a**	**n/a**	**n/a**
Loans and receivables	**3,140**	**3,140**	**0**	**0**	**3,141**
Loans and advance credit granted	**58**	**58**	**0**	**0**	**58**
Receivables due from suppliers	**1,774**	**1,774**	**0**	**0**	**1,774**
Trade receivables	**808**	**808**	**0**	**0**	**808**
Miscellaneous financial assets	**500**	**500**	**0**	**0**	**501**
Held to maturity	**0**	**0**	**0**	**0**	**0**
Miscellaneous financial assets	**0**	**0**	**0**	**0**	**0**
Held for trading	**4**	**0**	**4**	**0**	**4**
Derivative financial instruments not in a hedging relationship according to IAS 39	**4**	**0**	**4**	**0**	**4**
Available for sale	**24**	**23**	**0**	**2**	**n/a**
Investments	**23**	**23**	**0**	**0**	**n/a**
Securities	**2**	**0**	**0**	**2**	**2**
Derivative financial instruments in a hedging relationship according to IAS 39	**2**	**0**	**0**	**2**	**2**
Cash and cash equivalents	**2,368**	**2,368**	**0**	**0**	**2,368**
Receivables from finance leases (amount according to IAS 17)	**32**	**n/a**	**n/a**	**n/a**	**46**
Assets not classified according to IFRS 7	**19,382**	**n/a**	**n/a**	**n/a**	**n/a**
Equity and liabilities	**24,952**	**n/a**	**n/a**	**n/a**	**n/a**
Held for trading	**10**	**0**	**10**	**0**	**10**
Derivative financial instruments not in a hedging relationship according to IAS 39	**10**	**0**	**10**	**0**	**10**
Other financial liabilities	**14,441**	**14,360**	**54**	**26**	**14,586**
Financial liabilities excl. finance leases (incl. hedged items in hedging relationships according to IAS 39)	**3,508**	**3,507**	**0**	**0**	**3,652**
Trade liabilities	**9,383**	**9,383**	**0**	**0**	**9,383**
Miscellaneous financial liabilities	**1,550**	**1,470**	**54**	**26**	**1,550**
Derivative financial instruments in a hedging relationship according to IAS 39	**4**	**0**	**0**	**4**	**4**
Liabilities from finance leases (amount according to IAS 17)	**1,251**	**n/a**	**n/a**	**n/a**	**1,577**
Liabilities not classified according to IFRS 7	**9,246**	**n/a**	**n/a**	**n/a**	**n/a**

Classes were formed based on similar risks for the respective financial instruments and generally correspond to the categories of IAS 39. The table above provides a more detailed breakdown of individual financial assets and liabilities. For individual additional disclosures the classes of the respective disclosure were aggregated to homogenous classes. 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 €23 million (30/9/2015: €69 million), €23 million (30/9/2015: €9 million) are recognised at historical cost as 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 totalling €2 million (30/9/2015: €417 million) are recognised outside of profit or loss. These primarily concern highly liquid exchange-listed money market funds.

Miscellaneous financial liabilities include liabilities from put options of non-controlling interests in the amount of €71 million (30/9/2015: €156 million) and earn-out liabilities (contingent consideration in the context of corporate acquisitions) in the amount of €9 million (30/9/2015: €21 million). Of this amount, €26 million (30/9/2015: €112 million) is recognised at fair value outside of profit or loss and €54 million (30/9/2015: €65 million) is 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 three-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:

	30/9/2015				30/9/2016			
€ million	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets	**529**	**417**	**52**	**60**	**8**	**2**	**6**	**0**
Held for trading								
Derivative financial instruments not in a hedging relationship according to IAS 39	30	0	30	0	**4**	**0**	**4**	**0**
Available for sale								
Investments	60	0	0	60	**0**	**0**	**0**	**0**
Securities	417	417	0	0	**2**	**2**	**0**	**0**
Derivative financial instruments in a hedging relationship according to IAS 39	22	0	22	0	**2**	**0**	**2**	**0**
Equity and liabilities	**200**	**0**	**23**	**177**	**94**	**0**	**14**	**80**
Held for trading								
Derivative financial instruments not in a hedging relationship according to IAS 39	18	0	18	0	**10**	**0**	**10**	**0**
Miscellaneous financial liabilities	0	0	0	0	**0**	**0**	**0**	**0**
Other financial liabilities								
Miscellaneous financial liabilities	177	0	0	177	**80**	**0**	**0**	**80**
Derivative financial instruments in a hedging relationship according to IAS 39	5	0	5	0	**4**	**0**	**4**	**0**
	329	**417**	**29**	**–117**	**–86**	**2**	**–8**	**–80**

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.

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

On the asset side, the level 3 measurements of the previous year exclusively concern investments in real estate companies whose fair value was derived from third-party real estate valuations using the discounted cash flow method. Among others, these valuations are based on market rent assumptions and assumptions regarding possible vacancy rates. The fair value of these investments was determined after subtraction of liabilities and multiplication with the company's share.

The level 3 measurements on the liabilities side include liabilities from put options of non-controlling interests and earn-out liabilities. The fair value measurement depends on the respective contract details and is carried out in the amount of €35 million (30/9/2015: €47 million) using the discounted cash flow method and in the amount of €45 million (30/9/2015: €130 million) in consideration of contractual value limits or based on current purchase price offers.

The fair values of liabilities from put options and earn-out liabilities, which are determined using the discounted cash flow method, are based on expected future cash flows over a detailed planning period of up to eleven years (30/9/2015: up to three years) plus a perpetuity. The assumed growth rate for the perpetuity is 1.0 per cent (30/9/2015: 1.0 per cent). In principle, the respective weighted average cost of capital (WACC) is used as the discount rate. In the reporting period, the cost of capital ranged from 5.6 to 13.9 per cent (30/9/2015: between 5.6 and 8.7 per cent). If individual interest rates were to increase by 10 per cent, the fair value of these liabilities would decline by €1 million (30/9/2015: €1 million). An interest rate decrease of 10 per cent would increase the fair value of these liabilities by €1 million (30/9/2015: €2 million).

Changes in the value of put options and earn-out liabilities developed as follows between 1 October 2015 and 30 September 2016:

€ million	2014/15	2015/16
As of 1/10	**72**	**177**
Transfer to level 3	0	**0**
Transfer from level 3	0	**0**
Gains (–) and losses (+) for the period	2	**4**
Profit or loss for the period	(1)	**(1)**
Other comprehensive income	(1)	**(3)**
Change in goodwill	21	**10**
Other changes in value outside of profit or loss	82	**–110**
As of 30/9	**177**	**80**

The development presented here includes transaction-related changes totalling €-95 million. Redemption of existing rights account for €112 million and the granting of new rights for €17 million, which, at €7 million, is shown in other comprehensive income and, at €10 million, in change in goodwill. Redemption of existing rights is part of other changes in value outside of profit or loss.

There were no transfers to or from level 3 during the current financial year or the previous year.

During the previous year, the change in put options of non-controlling shareholders that existed as of 30 September 2015 included the recognition of put options in debt by means of a reclassification from equity in the amount of €44 million. In addition, goodwill increased by €21 million.

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 three-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 curve (level 2) as of the closing date.

Other notes

42. Notes to the cash flow statement

In accordance with IAS 7 (Statement of Cash Flows), the consolidated cash flow statement describes changes in the group's cash and cash equivalents through cash inflows and outflows during the reporting period.

The item cash and cash equivalents includes cheques and cash on hand as well as cash in transit and bank deposits with a remaining term of up to three months.

The cash flow statement distinguishes between changes in cash levels from operating, investing and financing activities. Cash flows from discontinued operations are shown separately where they concern discontinued business operations.

Cash flows from discontinued operations stem from the sale of the Galeria Kaufhof group which was completed in the previous year. The following explanations relate to continuing operations.

During the reporting period, net cash from operating activities amounted to €1,569 million (2014/15: €1,595 million). Depreciation/amortisation/impairment losses concern property, plant and equipment at €854 million (2014/15: €888 million), other intangible assets at €168 million (2014/15: €104 million), investment properties at €11 million (2014/15: €38 million) and goodwill at €0 million (2014/15: €457 million). On the other hand, reversals of impairment losses amount to €16 million (2014/15: €22 million).

The change in net working capital amounts to €–283 million (2014/15: €–305 million) and includes changes in inventories, trade receivables and receivables due from suppliers included in the item other financial and non-financial assets, credit card receivables and prepayments made on inventories. In addition, the item includes changes in trade liabilities and liabilities to customers, deferred sales related to vouchers, customer loyalty programmes, provisions for customer loyalty programmes and rights of return as well as prepayments made on orders.

Other operating activities resulted in a total cash outflow of €154 million (2014/15: cash inflow of €381 million). This item includes changes in other assets and liabilities as well as deferred income and prepaid expenses. In addition, it includes changes in the assets and liabilities held for sale, adjustments of unrealised currency effects and the elimination of deconsolidation results recognised in EBIT.

Key items include the reclassification of the deconsolidation result from the sale of the activities in Vietnam of €451 million to disposals of subsidiaries and payments into METRO Unterstützungskasse from loans granted in the amount of €220 million. In the previous year, the item essentially included the adjustment of unrealised currency effects of €236 million, which amounted to €-4 million in financial year 2015/16.

In the reporting period, investing activities led to cash outflow of €224 million (2014/15: cash outflow of €1,187 million). This includes net payments from the disposal of METRO Cash & Carry's wholesale business in Vietnam in the amount of €357 million. Acquisitions of subsidiaries essentially include the acquisitions of Rungis Express and the RTS group. In the previous year, this included payments for the acquisition of the Classic Fine Foods group in the amount of €241 million and additional shares in the iBOOD group in the amount of €10 million.

Other investments include payments of €82 million (2014/15: payment €415 million) for short-term monetary investments > 3 months.

The amount of investments in property, plant and equipment shown as cash outflows differs from the inflows shown in the asset statement in the amount of non-cash transactions. These essentially concern additions from finance leases, currency effects and changes in liabilities from the acquisition of miscellaneous other assets.

Divestments include the repayment of a short-term financial investment > 3 months in the amount of €415 million.

In the reporting period, cash outflow from financing activities totalled €3,584 million (2014/15: cash outflow of €718 million), which essentially stems from the redemption of financial liabilities.

There were no restrictions on the disposal of cash and cash equivalents.

43. Segment reporting

The segmentation corresponds to the group's internal controlling and reporting structures. Operating segments are aggregated to form reporting segments based on the division of the business into individual sectors.

METRO Cash & Carry

METRO Cash & Carry operates in the cash-and-carry sector with its METRO and MAKRO brands as well as through the Classic Fine Foods group and focuses on three commercial customer groups: Horeca (focusing on hotels, restaurants and catering firms), traders (focusing on independent resellers such as kiosk operators, bakers and butchers) as well as multispecialists (focusing on the remaining customer groups as well as service companies and offices). METRO Cash & Carry operates in 25 countries across Europe and Asia.

The three clusters mentioned above 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. Since the three customer groups currently display sufficient similarities with respect to their business model, their products and services as well as their customer structure – especially compared with the other legal entities of METRO AG – these three operating segments will be bundled into one reporting segment in spite of their divergent strategic focus.

Media-Saturn

Media-Saturn offers a comprehensive assortment of the latest branded products in consumer electronics retailing as well as related services. The sales line is represented in 15 countries with its two strong sales brands Media Markt and Saturn. In addition, the group of companies operates pure online retail platforms such as Redcoon and iBOOD as well as the digital entertainment platform Juke. Internal management with respect to the allocation of in-house resources and performance measurement by the Chief Operating Decision Maker (member of the Management Board of METRO AG) is applied to Media-Saturn as a whole. Media-Saturn therefore represents both the operating and the reporting segment.

Real

Real is a hypermarket operator in Germany, where it operates both physical stores and an online store. All stores offer a broad food assortment with a large proportion of fresh produce that is complemented by a non-food assortment. In March 2016, Real signed the purchase contract for the acquisition of online shopping portal Hitmeister. Real represents a separate operating and reporting segment as internal management with respect to the allocation of in-house resources and performance measurement by the Chief Operating Decision Maker (member of the Management Board of METRO AG) is separately applied to Real.

Discontinued operations

Discontinued operations comprise the Galeria Kaufhof group which represented a separate reporting segment until financial year 2013/14.

For more nformation about the segments, see the combined management report.

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

The key components of segment reporting are as follows:

- 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 and reversals of impairment losses of property, plant and equipment, intangible assets and investment properties.
- EBIT is the key ratio for segment reporting and describes operating earnings 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 terms. In principle, store-related risks and impairment 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.

— Transactions that do not regularly recur such as restructurings or changes to the group portfolio are adjusted in EBITDA and EBIT before special items.

The reconciliation from EBITDA before special items to reported EBITDA and the reconciliation from EBIT before special items to reported EBIT are shown in the following table:

€ million	2014/15	2015/16
EBITDA before special items	**2,458**	**2,509**
Portfolio measures	25	**443**
Restructuring and efficiency-enhancing measures	–237	**–340**
Risk provisions	–14	**0**
Other special items	–56	**–82**
Reported EBITDA	**2,177**	**2,530**

€ million	2014/15	2015/16
EBIT before special items	**1,511**	**1,560**
Portfolio measures	23	**442**
Restructuring and efficiency-enhancing measures	–285	**–408**
Risk provisions including impairment losses on goodwill	–472	**0**
Other special items	–66	**–82**
Reported EBIT	**711**	**1,513**

— 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.

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

€ million	30/9/2015	30/9/2016
Segment assets	**21,142**	**20,942**
Non-current and current financial assets	123	**105**
Investments accounted for using the equity method	184	**188**
Cash and cash equivalents	4,415	**2,368**
Deferred tax assets	724	**663**
Entitlements to income tax refunds	202	**216**
Other entitlements to tax refunds[1]	358	**365**
Assets held for sale	5	**0**
Receivables from other financial transactions[2]	479	**100**
Other	23	**7**
Group assets	**27,656**	**24,952**

[1] Included in the balance sheet item other financial and non-financial assets (current)
[2] Included in the balance sheet items other financial and non-financial assets (non-current and current)

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

44. Management of financial risks

The treasury of METRO AG manages the financial risks of METRO GROUP. These include, in particular,
— price risks,
— liquidity risks,
— creditworthiness risks and
— cash flow risks.

For more information about the risk management system, see the combined management report in the economic report – asset, financial and earnings position – financial and asset position – financial management.

Price risks

For METRO GROUP, price risks result from the impact of changes in market interest rates, foreign currency exchange rates, share price fluctuations or changes in commodity prices on the value of financial instruments.

Interest rate risks are caused by changes in interest rate levels. Interest rate derivatives are used to cap these risks.

METRO GROUP's remaining interest rate risk is assessed in accordance with IFRS 7 using a sensitivity analysis. In the process, the following assumptions are applied in the consideration of changes in interest rates:

— The total impact determined by the sensitivity analysis relates to the actual balance as of the closing date and reflects the impact for one year.
— Primary floating-rate financial instruments whose interest payments are not designated as the underlying transaction in a cash flow hedge against changes in interest rates are recognised in the interest result in the sensitivity analysis. The sensitivity for a change of 10 basis points is determined due to the currently low level of interest rates.
— Primary fixed-interest financial instruments are generally not recognised in the interest result. They are only recognised in other financial result if they are designated as the underlying transaction within a fair value hedge and measured at fair value. In this case, however, the interest-related change in the value of the underlying transaction is offset by the change in the value of the hedging transaction upon full effectiveness of the hedging transaction. The variable interest flows within the group that result from a fair value hedge are recognised in the interest result.
— Financial instruments designated as the hedging transaction within a cash flow hedge to hedge against variable interest flows will only be recognised in the interest result when the payment flows have actually been initiated. However, the measurement of the hedging transaction at fair value is recognised in reserves retained from earnings outside of profit or loss.
— Interest rate derivatives that are not part of a qualified hedging transaction under IAS 39 are recognised at fair value in profit or loss in other financial result and, through resulting interest flows, in the interest result.

As of the closing date, METRO GROUP's remaining interest rate risk is primarily the result of variable interest rate receivables and liabilities to banks as well as other short-term liquid financial assets (shown under cash and cash equivalents) with an aggregate debit balance after consideration of hedging transactions of €2,056 million (30/9/2015: €3,019 million).

Given this total balance, an interest rate rise of 10 basis points would result in €2 million (2014/15: €3 million) higher earnings in the interest result per year. An interest rate decrease of 10 basis points would have the opposite effect of €–2 million (2014/15: €-3 million).

METRO GROUP faces **currency risks** in its international procurement of merchandise and because of costs and financings that are incurred in a currency other than the relevant local currency or are pegged to the development of another currency. In accordance with the group guideline "Foreign Currency Transactions", resulting foreign currency positions must be hedged. Exceptions from this hedging requirement exist where hedging is not economically reasonable and in the case of legal and regulatory restrictions in the respective countries. Forex futures/option transactions as well as interest rate swaps and currency swaps are used to limit currency risks.

In the event of an interest rate rise of 10 basis points, the measurement of interest rate swaps with a nominal volume of €0 million (30/9/2015: €206 million), which are part of a cash flow hedge, would result in an increase in equity in the amount of €0 million (2014/15: €0 million). A corresponding drop in interest rates would result in a decrease in equity of €0 million (2014/15: €0 million).

In line with IFRS 7, the presentation of the currency risk resulting from the exceptions is also based on a sensitivity analysis. In the process, the following assumptions are made in the consideration of a devaluation or revaluation of the euro vis-à-vis other currencies:

In terms of its amount and result characteristic, the total effect presented by the sensitivity analysis relates to the amounts of foreign currency held within the consolidated subsidiaries of METRO GROUP and states the effect of a devaluation or revaluation of the euro.

A devaluation of the euro will result in a positive effect if a receivable in the foreign currency exists at a subsidiary which uses the euro as its functional currency and if a liability in euros exists at a subsidiary which does not use the euro as its functional currency. The following table shows the nominal volumes of currency pairs in this category with a positive sign.

A devaluation of the euro will result in a negative effect if a receivable in euros exists at a subsidiary which does not use the euro as its functional currency and if a liability in the foreign currency exists at a subsidiary which uses the euro as its functional currency. Correspondingly, the following table shows the nominal volumes of currency pairs in this category with a negative sign.

By contrast, an appreciation of the euro will have the opposite effect for all currency pairs shown above.

In the sensitivity analysis, the effects of the measurement of non-equity foreign currency positions that are calculated based on the closing date price in line with IAS 21 are recognised in the income statement. In the case of net investments in a foreign operation, the effects of the closing date measurement are recognised in equity (other comprehensive income) outside of profit or loss.

Foreign currency futures/options and interest rate and currency swaps that are not part of a qualified hedge under IAS 39 are recognised through the fair value measurement in the income statement. In fully effective hedging transactions, this effect is offset by the effect from the measurement of the underlying foreign currency transaction.

In the consolidated financial statements, foreign currency future transactions are designated as hedging transactions within a cash flow hedge to hedge merchandise procurement and sales. Changes in the fair value of these hedging instruments are recognised in other comprehensive income until the underlying transaction is recognised through profit or loss.

Effects from the currency translation of financial statements whose functional currency is not the reporting currency of METRO GROUP do not affect cash flows in local currency and are therefore not part of the sensitivity analysis.

As of the closing date, the remaining currency risk of METRO GROUP, which is essentially due to an inability to hedge certain currencies for legal reasons or due to insufficient market depth, was as follows:

		Impact of devaluation/revaluation of euro by 10%			
€ million	**Currency pair**	**Volume**	**30/9/2015**	**Volume**	**30/9/2016**
Profit or loss for the period			**+/–**		**+/–**
	CHF / EUR	+27	3	**+28**	**3**
	CNY / EUR	+28	3	**+38**	**4**
	CZK / EUR	+65	7	**–7**	**–1**
	EGP / EUR	+30	3	**+31**	**3**
	GBP / EUR	0	0	**–9**	**–1**
	HKD / EUR	0	0	**–13**	**–1**
	HUF / EUR	–8	–1	**0**	**0**
	JPY / EUR	0	0	**–10**	**–1**
	KZT / EUR	+138	14	**+13**	**1**
	MDL / EUR	+35	4	**+38**	**4**
	PLN / EUR	–2	0	**+32**	**3**
	RON / EUR	+70	7	**+35**	**4**
	RSD / EUR	+30	3	**+14**	**1**
	RUB / EUR	+19	2	**+34**	**3**
	SEK / EUR	+51	5	**+29**	**3**
	TRY / EUR	–6	–1	**+8**	**1**
	UAH / EUR	+33	3	**+34**	**3**
	USD / EUR	+25	3	**–16**	**–2**
			55		**27**
Equity			+/–		**+/–**
	CNY / EUR	+96	10	**+18**	**2**
	CZK / EUR	0	0	**+5**	**1**
	KZT / EUR	+137	14	**+237**	**24**
	PLN / EUR	+72	7	**+75**	**8**
	RON / EUR	0	0	**+7**	**1**
	RSD / EUR	0	0	**+16**	**2**
	RUB / EUR	0	0	**+147**	**15**
	UAH / EUR	+242	24	**+242**	**24**
	USD / EUR	+288	29	**+38**	**4**
			84		**81**
			139		**108**

Currency risks existing in addition to these are mainly the result of USD currency holdings in various subsidiaries in which the functional currency is not the US dollar or the euro. At a nominal US dollar volume of €+21 million (30/9/2015: €+140 million), a devaluation of the US dollar by 10 per cent would result in positive effects of €2 million in profit or loss for the period (2014/15: €14 million). Conversely, a revaluation of the US dollar would have negative effects of €2 million (2014/15: €14 million). At a nominal volume of €+21 million (30/9/2015: €+161 million), the currency pair CNY/USD accounts for the largest share of this negative effect (30/9/2015: VND/USD).

Changes in value in the CHF/EUR cross-currency interest rate swap recognised as a cash flow hedge, which were previously recognised in equity outside of profit or loss, are reclassified through profit or loss in line with the expected payment flows from the respective underlying transactions. In the previous year, a devaluation of the euro by 10 per cent would have resulted in an increase in equity of €1 million from a CHF/EUR cross-currency interest rate swap with a nominal volume of €206 million and the respective underlying transaction. A corresponding revaluation of the euro would have reduced equity by €1 million.

Interest rate and currency risks are substantially reduced and limited by the principles laid down in the internal treasury guidelines of METRO GROUP. These include a regulation that is applicable throughout the group whereby all hedging operations must adhere to predefined limits and must not lead to increased risk exposure under any circumstances. METRO GROUP is aware that this severely limits the opportunities to exploit current or expected interest rate and exchange rate movements to optimise results.

In addition, hedging may be carried out only with standard financial derivative instruments whose correct actuarial and accounting mapping and valuation in the treasury system are guaranteed.

As of the closing date, the following derivative financial instruments were being used for risk reduction:

	30/9/2015			30/9/2016		
		Fair values			Fair values	
€ million	Nominal volume	Financial assets	Financial liabilities	Nominal volume	Financial assets	Financial liabilities
Currency transactions						
Currency futures/options	1	34	23	**–281**	**6**	**14**
thereof within fair value hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
thereof within cash flow hedges	(384)	(4)	(5)	**(107)**	**(2)**	**(4)**
thereof not part of hedges	(–383)	(30)	(18)	**(–388)**	**(4)**	**(10)**
Interest rate/currency swaps	206	18	0	**0**	**0**	**0**
thereof within fair value hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
thereof within cash flow hedges	(206)	(18)	(0)	**(0)**	**(0)**	**(0)**
thereof not part of hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
	207	**52**	**23**	**–281**	**6**	**14**

The nominal volume of forex futures/options and interest limitation agreements results from the net position of the buying and selling values in foreign currency underlying the individual transactions translated at the relevant exchange rate on the closing date. The nominal volume of interest rate swaps or interest rate/currency swaps and interest rate hedging agreements on a gross basis.

All fair values represent the theoretical value of these instruments upon dissolution of the transaction on the closing date. Under the premise that instruments are held until the end of their term, these are unrealised gains and losses that, by the end of the term, will be fully set off by gains and losses from the underlying transactions in the case of fully effective hedging transactions.

In order to appropriately show this reconciliation for the period, relationships are created between hedging transactions and underlying transactions and recognised as follows:

— Within a fair value hedge, both the hedging transaction and the hedged risk of the underlying transaction are recognised at their fair value. The value fluctuations of both transactions are shown in the income statement, where they will be fully set off against each other in the case of full effectiveness.
— Within a cash flow hedge, the hedging transactions are also principally recognised at their fair value. In the case of full effectiveness of the hedging transaction, the value changes will be recognised in equity until the hedged payment flows or expected transactions impact on earnings. Only then will they be recognised in the income statement.
— Hedging transactions that, according to IAS 39, are not part of a hedge are recognised at their fair value. Value changes are recognised directly in the income statement. Even if no formal hedging relationship was created, these are hedging transaction that are closely connected to the underlying transaction and whose impact on earnings will be netted by the underlying transaction (natural hedge).

Currency derivatives are used primarily for Chinese renminbi, Japanese yen, Polish złoty, Romanian leu, Russian rouble, Swiss franc, Czech koruna, Hungarian forint and US dollar.

The derivative financial instruments have the following maturities:

	30/9/2015 fair values			30/9/2016 fair values		
	Maturities			Maturities		
€ million	up to 1 year	1 to 5 years	over 5 years	up to 1 year	1 to 5 years	over 5 years
Currency transactions						
Currency futures/options	11	0	0	**–8**	**0**	**0**
thereof within fair value hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
thereof within cash flow hedges	(–2)	(0)	(0)	**(–1)**	**(0)**	**(0)**
thereof not part of hedges	(12)	(0)	(0)	**(–7)**	**(0)**	**(0)**
Interest rate/currency swaps	18	0	0	**0**	**0**	**0**
thereof within fair value hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
thereof within cash flow hedges	(18)	(0)	(0)	**(0)**	**(0)**	**(0)**
thereof not part of hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
	29	**0**	**0**	**–8**	**0**	**0**

Listed below the maturities are the fair values of the financial assets and liabilities that fall due during these periods.

The repricing dates for variable interest rates are less than one year.

Liquidity risks

Liquidity risk describes the risk of being unable to procure or provide funding or being able to only procure or provide funding at a higher cost. Liquidity risks may arise, for example, as a result of temporary capital market disruptions, creditor defaults, insufficient credit facilities or the absence of budgeted incoming payments. METRO AG acts as financial coordinator for METRO GROUP companies to ensure that they are provided with the necessary financing to fund their operating and investing activities at all times and in the most cost-efficient manner possible. The necessary information is provided by means of a group financial plan, which is updated monthly and checked monthly for deviations. This financial plan is complemented by a weekly rolling 14-day liquidity plan.

Instruments used for financing purposes include money and capital market products (time deposits, call money, promissory note loans, commercial papers and listed bonds sold as part of ongoing capital market programmes) as well as bilateral and syndicated loans. METRO GROUP has a sufficient liquidity reserve so that there is no danger of liquidity risks even if an unexpected event has a negative financial impact on the company's liquidity situation. For more information about the instruments used for financing purposes and credit facilities, see the explanatory notes to the respective balance sheet items.

Further details are provided in no. 30 – cash and cash equivalents as well as in no. 37 – financial liabilities.

Cash pooling allows the surplus liquidity of individual group companies to be used to fund other group companies internally. This reduces the group's debt financing volume and thus its interest expenses. In addition, METRO AG draws on the financial expertise pooled in the treasury of METRO AG to advise the group companies in all relevant financial matters and provide support. This ranges from the elaboration of investment financing concepts to supporting the responsible financial officers of the individual group companies in their discussions with local banks and financial service providers. This ensures, on the one hand, that the financial resources of METRO GROUP are optimally employed, and, on the other, that all group companies benefit from the strength and credit standing of METRO GROUP in negotiating their financing terms.

Credit risks

Credit risks arise from the total or partial default by a counterparty, for example, through bankruptcy or in connection with monetary investments and derivative financial instruments with positive market values. METRO GROUP's maximum default exposure as of the closing date is reflected by the carrying amount of financial assets totalling €5,570 million (30/9/2015: €8,194 million).

For more information about the amount of the respective carrying amounts, see no. 41 – carrying amounts and fair values according to measurement categories.

Cash on hand considered in cash and cash equivalents totalling €115 million (30/9/2015: €105 million) is not exposed to any default risk.

In the course of the risk management of monetary investments totalling €2,229 million (30/9/2015: €2,475 million) and derivative financial instruments totalling €6 million (30/9/2015: €52 million), minimum creditworthiness requirements and individual maximum exposure limits for the engagement have been defined for all business partners of METRO GROUP. Cheques and money in circulation are not considered in the determination of creditworthiness risks. This is based on a system of limits laid down in the treasury guidelines, which are based mainly on the ratings of international rating agencies, developments of credit default swaps or internal credit assessments. An individual limit is allocated to every counterparty of METRO GROUP; compliance is constantly monitored by the treasury systems.

The following table shows a breakdown of counterparties by rating class:

Rating classes			Volume in %					
			Financial investments					
Grade	Moody's	Standard & Poor's	Germany	Western Europe excl. Germany	Eastern Europe	Asia and others	Derivatives with positive market values	Total
Investment grade	Aaa	AAA	0.0	0.0	0.0	0.0	0.0	
	Aa1 to Aa3	AA+ to AA-	0.1	0.7	1.6	13.5	0.0	
	A1 to A3	A+ to A-	24.2	20.0	2.9	11.5	0.1	
	Baa1 to Baa3	BBB+ to BBB-	1.2	9.7	6.7	2.3	0.1	**94.6**
Non-investment grade	Ba1 to Ba3	BB+ to BB-	0.1	0.7	2.3	0.0	0.0	
	B1 to B3	B+ to B-	0.0	0.4	0.0	0.1	0.0	
	Caa to C	CCC to C	0.0	0.0	0.0	0.0	0.0	**3.6**
No rating			0.0	0.3	1.4	0.1	0.0	**1.8**
			25.6	**31.8**	**14.9**	**27.5**	**0.2**	**100.0**

The table shows that, as of the closing date, about 95 per cent of the capital investment volume, including the positive market value of derivatives, had been placed with investment-grade counterparties, in other words, those with good or very good credit ratings. Most of the counterparties that do not yet have an internationally accepted rating are respected financial institutions whose creditworthiness can be considered flawless based on analyses. METRO GROUP also operates in countries where local financial institutions do not have investment-grade ratings due to the rating of their country. For country-specific reasons as well as cost and efficiency considerations, cooperation with these institutions is unavoidable. These institutions account for about 5 per cent of the total volume.

METRO GROUP's level of exposure to creditworthiness risks is thus very low.

Cash flow risks

A future change in interest rates may cause cash flow from variable interest rate asset and liability items to fluctuate. Stress tests are used to determine the potential impact interest rate changes may have on cash flow and how they can be capped through hedging transactions in accordance with the group's internal treasury guidelines.

45. Contingent liabilities

€ million	30/9/2015	30/9/2016
Liabilities from suretyships and guarantees	14	**17**
Liabilities from guarantee and warranty contracts	57	**52**
	71	**69**

Liabilities from guarantee and warranty contracts are primarily rent guarantees with terms of up to ten years if utilisation is not considered entirely unlikely.

46. Other financial liabilities

As of 30 September 2016, the nominal value of other financial liabilities amounted to €461 million (30/9/2015: €475 million, with discontinued operations accounting for €153 million) and primarily concerned purchasing commitments from service agreements.

For more information about contractual commitments for the acquisition of other intangible assets and property, plant and equipment, obligations from finance and operating leases as well as investment properties, see notes no. 20 – other intangible assets, no. 21 – property, plant and equipment and no. 22 – investment properties.

47. Remaining legal issues

Legal disputes related to Media-Saturn-Holding GmbH

Through its fully owned subsidiary METRO Kaufhaus und Fachmarkt Holding GmbH (METRO KFH), METRO AG (METRO) indirectly holds 78.38 per cent of the shares in Media-Saturn-Holding GmbH (MSH). In March 2011, the shareholders' general meeting of MSH decided, with the votes of METRO KFH, to create an advisory board to strengthen the governance structures at MSH. The advisory board takes decisions by simple majority in number on operational measures proposed by the executive board of MSH that require approval. According to the Articles of Association of MSH, METRO, or METRO KFH, has the right to delegate one more member to the advisory board than the remaining minority shareholder and therefore has a majority by number on the advisory board.

The appellate court dealing with the appeal of a non-controlling shareholder ruled fully in favour of METRO KFH, endorsing the effective establishment of an advisory board and determining that an arbitration court was the responsible authority for all issues of authority and majority requirements of the advisory board. Upon the claim of METRO KFH, the arbitration court endorsed key aspects of METRO's position in its arbitral ruling of 8 August 2012: the advisory board can take decisions by simple majority in number on operational transactions proposed by the executive board of MSH that require approval. The ruling of the arbitration court was declared enforceable by the Higher Regional Court of Munich on 18 December 2013. On 16 April 2015, the Federal Court of Justice (FCJ) dismissed the appeal filed by the minority shareholder against such ruling, meaning that this ruling now also has legal force.

As most recently reported in the consolidated financial statements for financial year 2014/15, members of the advisory board appointed by the minority shareholder had filed several legal actions against MSH and raised questions about decisions taken by the advisory board of MSH. These legal actions have now finally been rejected or declared settled in favour of MSH and METRO.

The minority shareholder has also filed additional complaints against MSH:

After MSH and 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. In its ruling on 12 April 2016, the FCJ reversed the decision of the appellate court and reaffirmed the judgement 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 Ingolstadt RC and the Munich HRC 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 dismissed 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 positively agreed as adopted. Such modifications relate to the areas of responsibility of the shareholders' meeting. The Ingolstadt RC dismissed the complaint in its ruling on 16 February 2016. The minority shareholder filed an appeal against the ruling on 16 March 2016. In its ruling on 13 September 2016, the HRC in Munich rejected this appeal.

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 ruling on 13 August 2015. In its ruling 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 above-mentioned 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. The minority shareholder filed an appeal against the ruling on

9 June 2016. The case is therefore still pending. In METRO's view, the chances of success of the appeal are low.

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 ruling on 29 April 2016, the Ingolstadt RC upheld the complaint filed by METRO KFH. The minority shareholder filed an appeal against the ruling on 10 May 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 – 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 ruling on 8 March 2016. The minority shareholder filed an appeal against the ruling on 15 March 2016. In its ruling on 26 July 2016, the Munich HRC rejected this appeal. 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 dismissed 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 complaint about deficiencies in the resolution, filed on 10 February 2016 against MSH at the Ingolstadt RC, involving other dismissed 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. The Ingolstadt RC dismissed the complaint in its ruling on 18 November 2016.

For more information, see the risk and opportunity report in the combined management report.

Investigations by the Federal Cartel Office

As reported in the consolidated annual financial statements for financial year 2014/15, 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 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 million range 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 have largely been settled 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 interbank fees to retailers as part of retail fees.

Further remaining legal issues

In addition, companies of METRO GROUP are parties to other judicial or arbitral and antitrust law proceedings in various European countries. This also includes investigations by the EU Commission into the Media-Saturn group of companies and Redcoon GmbH, which were initiated with searches related to suspected anti-competitive agreements with suppliers in 2013 and 2015, respectively. Insofar as the liability has been sufficiently specified, appropriate risk provisions have been formed for these proceedings.

In addition, METRO GROUP is increasingly exposed to regulatory changes related to procurement and changed sales tax regulations in some countries.

48. Events after the closing date

Between the balance sheet date (30 September 2016) and the date of presentation of the consolidated financial statements (22 November 2016), the following event of material importance to an assessment of the asset, financial and earnings position of METRO AG and METRO GROUP occurred:

In mid-October 2016, Real announced detailed plans for a strategic repositioning of the sales line. In this context, the sales line's administrative functions will be reorganised and restructured, with the central functions set to be bundled at the Düsseldorf location in the near future. As part of the reorganisation, up to 500 full-time jobs will be eliminated over a period of 18 months. Real has budgeted restructuring costs in the mid-double-digit million range. The launch of the new hybrid store concept, which will entail a substantial enhancement of service quality, is expected to lead to the creation of up to 3,000 new jobs over the next five years.

49. Notes on related parties

In financial year 2015/16, METRO GROUP maintained the following business relations to related companies:

€ million	2014/15	2015/16
Services provided	0	**0**
thereof to associates	(0)	**(0)**
Services received	80[1]	**87**
thereof from associates	(65)[1]	**(72)**
Receivables from services provided	0	**0**
Liabilities from goods/services received	2	**1**

[1] Changed disclosure from previous year

In financial year 2015/16, METRO GROUP companies provided no services to companies included in the group of related companies.

The services totalling €87 million (2014/15: €80 million) that METRO GROUP companies received from related companies in financial year 2015/16 consisted of real estate leases, at an amount of €78 million (2014/15: €71 million) (including €72 million from associates; 2014/15: €65 million), and the rendering of services at an amount of €9 million (2014/15: €9 million). Rental services to be received from associates over the next few years are expected to remain largely unchanged and are included in the notes on leases in no. 21.

Business relations with related parties are based on contractual agreements providing for arm's length prices. As in financial year 2014/15, METRO GROUP had no business relations with related natural persons in financial year 2015/16.

For more information about the basic principles of the remuneration system and the amount of Management and Supervisory Board compensation, see no. 51 – Management Board and Supervisory Board.

50. Long-term incentive for executives

METRO AG has been implementing long-term incentive programmes since 1999 to enable senior executives to participate in the company's value development and to provide rewards for their contribution to the sustained success of METRO GROUP that are comparable with its competitors. The members of the Management Board and senior executives of METRO AG as well as managing directors and senior executives of the other operating METRO GROUP companies are eligible.

Long-term incentive METRO Cash & Carry (MCC LTI)

A long-term incentive tailored specifically to the New Operating Model was developed for the METRO Cash & Carry sales line. It replaces the sustainable performance plan version 2014 and was issued to high-level executives and the management of METRO Cash & Carry companies for the first time in financial year 2015/16. This is a cyclical plan that is issued once every three years. The respective performance targets focus on value creation in the individual national subsidiaries as well as their sustained development and prospects. The performance period of the MCC LTI extends from 1 April 2016 to 31 March 2019. The individual target amounts are accumulated proportionally during this period. The final target amount that has been accumulated at the end of the performance period is based on the period of eligibility for the MCC LTI as well as the individual's position.

After the end of the performance period, the payout amount is determined by multiplying the respectively accumulated individual target amount with a total goal achievement factor. This factor comprises 45 per cent for the past performance and future value components, respectively; the remaining 10 per cent is accounted for by the goal achievement rate of the sustainability component. The payout amount is capped and the total goal achievement factor cannot fall below zero. The relevant measure for the past performance and future value components for eligible executives at the national subsidiaries is the

performance/value creation of the respective national subsidiary of METRO Cash & Carry. The relevant measure for the other eligible executives is the sales line's overall performance.

The **past performance** component rewards the achievement of internal economic targets and is determined on the basis of the internal metric EBITDA after special items generated cumulatively over financial years 2015/16 to 2017/18. Separate target values for a goal achievement factor of 1.0 and 0.0, respectively, have been defined. In the case of intermediate values and values above 1.0, the factor for goal achievement is calculated using linear interpolation to two decimal points. The goal achievement factor for the past performance component cannot fall below zero and is capped.

The **future value** component mirrors METRO Cash & Carry's external valuation with respect to the expected future performance of the respective national subsidiary and the sales line as a whole from an analyst's perspective. For the purpose of target setting, the enterprise value of the METRO Cash & Carry sales line was determined on the basis of analyst valuations before the start of the performance period. It is determined again at the end of the performance period. The enterprise value of the national subsidiary is derived from the respective enterprise value of the sales line. Separate target values for a goal achievement factor of 1.0 and 0.0, respectively, have been defined. In the case of intermediate values and values above 1.0, the factor for goal achievement is calculated using linear interpolation to two decimal points. The goal achievement factor for the future value component cannot fall below zero and is capped.

The performance achievement for the **sustainability component** is determined on the basis of the average rating which METRO AG (or, once the planned demerger has become effective: the Wholesale & Food Specialist entity spun off from METRO AG) is awarded in an external corporate sustainability assessment during the performance period. In each year of the performance period, METRO AG participates in the Corporate Sustainability Assessment conducted by the independent service provider RobecoSAM AG. RobecoSAM AG uses this assessment to determine METRO AG's ranking within the industry group Food & Staples Retailing that is defined in accordance with the Global Industry Classification Standard (GICS). RobecoSAM AG will inform METRO AG of any changes in its sector classification. In case of material changes in the composition of companies or the ranking method, RobecoSAM AG can determine adequate comparable values.

The company's average ranking – rounded to whole numbers – is determined on the basis of the rankings communicated during the performance period. The factor for the sustainability component is determined on the basis of the average during the performance period.

As of 30 September 2016, the target amount for the eligible group of persons was €28.1 million.

The value of the METRO Cash & Carry Long-Term Incentive plan distributed in financial year 2015/16 was €35.9 million at the time of granting. It was calculated by external experts using recognised methods of financial mathematics.

Sustainable performance plan version 2014 (2014/15–2017/18)

After the first tranche of the sustainable performance plan was issued in financial year 2013/14, it was decided to adjust the sustainable performance plan from financial year 2014/15 onwards by adopting the so-called sustainable performance plan version 2014, with a planned duration of four tranches up to financial year 2017/18. A three-year performance period applies to the 2014/15 tranche of the sustainable performance plan version 2014; from the 2015/16 tranche onwards, a four-year performance period will apply.

A target value in euros is set for the eligible managers. The payout amount is calculated by multiplying the target value by the factor of overall goal achievement. This, in turn, is calculated by determining the goal achievement factors, each of which is rounded to two decimal points, for each of the three performance targets. The arithmetic mean of the factors, also rounded to two decimal points, gives the overall goal achievement factor. The payout amount is limited to a maximum of 250 per cent of the target value (payout cap). In case of employment termination, separate rules for the payout of the tranches have been agreed upon.

The sustainable performance plan version 2014 is based on the following three performance targets:

— total shareholder return (TSR),
— sustainability and
— earnings per share (EPS).

The **TSR component** is measured according to the development of the total shareholder return of the METRO ordinary share in the performance period compared to a defined benchmark index. To calculate the goal achievement factor of the TSR

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component, the Xetra closing prices of the METRO ordinary share are determined over a period of 40 consecutive trading days immediately following the Annual General Meeting of METRO AG in the grant year. This is used to calculate the arithmetic mean, which is known as the starting share price. The performance period for the respective tranche will begin on the 41st trading day following the Annual General Meeting. Once again, the Xetra closing prices of the METRO ordinary share are determined over a period of 40 consecutive trading days immediately following the Annual General Meeting three years, or, from financial year 2015/16 onwards, four years after calculating the starting share price and issuing the applicable tranche. This is used again to calculate the arithmetic mean, which is known as the ending share price. The TSR percentage value will be determined on the basis of the change in the METRO share price and the total amount of hypothetically reinvested dividends throughout the performance period in relation to the starting and ending share prices.

The METRO TSR calculated in this manner will be compared with the TSR of the STOXX Europe 600 Retail index (index TSR) during the performance period, and the factor for computing the TSR component will be determined in this way:

— If METRO's TSR is identical to the index TSR, the factor for the TSR component is 1.0;
— if METRO's TSR is 30 percentage points or more below the index TSR, the factor for the TSR component is 0.0;
— if METRO's TSR is 30 percentage points above the index TSR, the factor for the TSR component is 2.0.
— In the case of goal achievement with intermediate values and more than 30 percentage points, the TSR factor for the sustainable performance plan version 2014 is calculated using linear interpolation to two decimal points.

To determine the goal achievement factor of the **sustainability component,** METRO AG takes part in the Corporate Sustainability Assessment conducted by the external independent agency RobecoSAM AG during each year of the three- or four-year performance period of the sustainable performance plan version 2014. RobecoSAM AG uses this assessment to determine the ranking of METRO AG within the industry group Food and Staples Retailing that is defined in accordance with the Global Industry Classification Standard (GICS). S&P Dow Jones Indices uses this ranking as the basis for decisions regarding a company's inclusion in the Dow Jones Sustainability Indices (DJSI). METRO AG is informed each year by RobecoSAM AG about its new ranking. The company's average ranking – rounded to whole numbers – is determined on the basis of the three, or, from financial year 2015/16 onwards, four rankings per tranche communicated by RobecoSAM AG during the performance period. The factor for the sustainability component is determined on the basis of the average ranking during the performance period.

The goal achievement factor for the **EPS component,** which was introduced for the first time in the sustainable performance plan version 2014, is calculated as follows: Generally, an EPS target value (before special items) for the third or fourth year of the EPS performance period, a lower threshold/entry barrier as well as an upper threshold for 200 per cent goal achievement are decided at the beginning of the financial year. The EPS value that has actually been achieved during the performance period is compared to the approved values and the factor for calculating the EPS component is determined as follows:

— If the EPS target value is achieved, the factor for the EPS component is 1.0;
— if only the lower entry barrier or a value lower than it is achieved, the factor for the EPS component is 0.0;
— in the event of 200 per cent goal achievement, the factor for the EPS component is 2.0.
— In the case of goal achievement with intermediate values and more than 200 per cent, the EPS factor for the sustainable performance plan version 2014 is calculated using linear interpolation to two decimal points.

Sustainable performance plan (2013/14)

After the last tranche of the performance share plan was paid in the short financial year 2013, the first tranche of the sustainable performance plan was issued in financial year 2013/14.

A target value in euros was set for the eligible managers. This is 75 per cent dependent on the TSR component and 25 per cent on the sustainability component.

The calculation of the **TSR component** follows the method described for the sustainable performance plan version 2014; however, the factor for the TSR component is a maximum of 3.0 (cap). Furthermore, the following additional condition applies if the TSR factor is positive: a payment of 75 per cent of the target amount multiplied by the TSR factor will be made only if the calculated ending price of the METRO share does not fall below the starting share price. Should this condition not be met, the calculated amount will not initially be paid. In this case, an entitlement to payment will exist only if the Xetra closing price of the METRO ordinary share is higher than or equivalent to the

starting share price for 40 consecutive trading days within a three-year period after the completion of the performance period. Should this condition not be met within the three years after the performance period ends, no payment of the TSR component of the tranche will be made.

Similarly, the method described for the sustainable performance plan version 2014 also applies to the calculation of the factor for the **sustainability component,** while the factor for the sustainability component depends on the average ranking during the performance period.

The following additional condition will also apply: a payment of 25 per cent of the target amount multiplied by the sustainability factor will only be made if the ranking of METRO AG does not fall by more than two places below the last announced ranking before the issuance of the tranche in any year of the performance period. Otherwise, the factor for the sustainability component will be zero. The payment cap for the sustainability component amounts to three times the target amount.

The value of the tranches granted in financial year 2015/16 as part of the sustainable performance plan version 2014 amounted to €24 million at the time of granting (previous year sustainable performance plan: €41 million) and was calculated by external experts using recognised methods of financial mathematics.

Sustainable performance plan / sustainable performance plan version 2014

Tranche	End of the performance period	Starting price for the TSR component	Target amount as of 30/9/2016
2013/14	41st trading day following the Annual General Meeting three years after the issuance of the tranche	€29.73	€7,572,593
2014/15	41st trading day following the Annual General Meeting three years after the issuance of the tranche	€31.69	€26,915,001
2015/16	41st trading day following the Annual General Meeting four years after the issuance of the tranche	€25.53	€14,570,000

Performance share plan (2009–2013)

In 2009, METRO AG introduced a performance share plan for a period of five years for which the last tranche was issued in the short financial year 2013. Under this scheme, eligible managers were given an individual target amount for the performance share plan (target value) in accordance with the significance of their responsibilities. The target number of performance shares was calculated by dividing this target value by the share price on the grant date, based on the average price of the METRO share during the three months up to the grant date. The key metric in this calculation was the three-month average price of the METRO share before the grant date. A performance share entitles its holder to a cash payment in euros matching the price of the METRO share on the payment date. The key metric in this calculation is also the three-month average price of the METRO share before the payment date.

Based on the relative performance of the METRO share compared with the median of the DAX 30 and EURO STOXX Retail indices – total return – the final number of payable performance shares is determined after the end of a performance period of at least three and at most 4.25 years. It corresponds to the target number of shares when an equal performance with said stock indices is achieved. Up to an outperformance of 60 per cent, the number increases linearly to a maximum of 200 per cent of the target amount. Up to an underperformance of 30 per cent, the number is accordingly reduced to a minimum of 50 per cent. In the case of an underperformance of more than 30 per cent, the number is reduced to zero.

Payment can be made at six possible dates that are set in advance. The earliest payment date is three years after granting of the performance shares. From this time, payment can be made every three months. The eligible managers can choose the date upon which they want to exercise performance shares. A distribution over several payment dates is not permitted. The payment cap amounts to five times the target value.

METRO GROUP introduced so-called share ownership guidelines along with its performance share plan: as a precondition for payments of performance shares, eligible executives are obliged to undertake a continuous self-financed investment in METRO shares up to the end of the three-year vesting period. This ensures that, as shareholders, they will directly participate in share price gains as well as potential losses of the METRO share. The required investment volume generally amounts to approximately 50 per cent of the individual target value.

Performance share plan

Tranche	End of vesting period	Three-month average price before grant	Number of performance shares as of 30/9/2016
2009	August 2012	€36.67	Expired
2010	August 2013	€42.91	Expired
2011	August 2014	€41.73	Expired
2012	April 2015	€29.18	Expired
2013	April 2016	€22.84	162,216

The vesting period of the 2013 tranche ended in April 2016. It was exercised by 192 persons with 507,436 performance shares in financial year 2015/16.

The current tranches of share-based payment programmes resulted in expenses of €28 million (2014/15: €7 million).

The related provisions as of 30 September 2016 amount to €40 million (30/9/2015: €21 million). The 2013 tranche accounts for €4 million (30/9/2015: €11 million), the 2013/14 tranche for €7 million (30/9/2015: €4 million), the 2014/15 tranche for €21 million (30/9/2015: €6 million) and the 2015/16 tranche for €8 million.

51. Management Board and Supervisory Board

Compensation of members of the Management Board in financial year 2015/16

Remuneration of the active members of the Management Board essentially consists of a fixed salary, short-term performance-based remuneration (short-term incentive and special bonuses) as well as the share-based payments (long-term incentive) granted in financial year 2015/16.

The short-term incentive for members of the Management Board essentially depends on the development of the key performance metrics EBIT, RoCE and like-for-like sales growth and also considers the attainment of individually set targets.

Remuneration of the active members of the Management Board in financial year 2015/16 amounted to €19.7 million (2014/15: €21.7 million). This includes €4.6 million (2014/15: €4.0 million) in fixed salaries, €4.7 million (2014/15: €10.0 million) in short-term performance-based remuneration, €10.1 million (2014/15: €7.5 million) in performance-based remuneration with a long-term incentive effect and €0.3 million (2014/15: €0.2 million) in other remuneration.

Performance-based compensation with a long-term incentive effect granted in financial year 2015/16 (sustainable performance plan version 2014) is shown at fair value as of the date granted. In financial year 2015/16, value changes resulted from the current tranches of performance-based payment programmes with a long-term incentive effect. The company's expenses amounted to €2.26 million for Mr Koch, €0.30 million for Mr Boone, €1.58 million for Mr Haas and €1.45 million each for Mr Frese and Mr Hutmacher.

The target amount of the 2015/16 tranche for the members of the Management Board amounts to €6.2 million.

Other remuneration consists of non-cash benefits.

Total compensation of former members of the Management Board

Former members of the Management Boards of METRO AG and the companies that were merged into METRO AG as well as their surviving dependants received €3.4 million (2014/15: €3.4 million). The present value of provisions for current pensions and pension entitlements made for this group amounts to €53.2 million (30/9/2015: €49.5 million).

The information released pursuant to § 314 Section 1 No. 6 a Sentence 5 to 8 of the German Commercial Code can be found in the chapter "remuneration report" in the combined management report.

Compensation of members of the Supervisory Board

The total remuneration of all members of the Supervisory Board in financial year 2015/16 amounted to €2.1 million (2014/15: €1.8 million).

For more information about the compensation of the members of the Supervisory Board, see the chapter "remuneration report" in the combined management report.

52. Auditor's fees

The following fees related to the services rendered by the auditor KPMG AG Wirtschaftsprüfungsgesellschaft were calculated.

€ million	2014/15	2015/16
Audit	9	**9**
Other assurance and audit-related services	1	**2**
Tax consultation services	1	**0**
Other services	2	**3**
	13	**14**

Only services that are consistent with the task of the auditor of the annual financial statements and consolidated financial statements of METRO AG were provided.

53. Declaration of compliance with the German Corporate Governance Code

In December 2014 and September 2015, the Management Board and the Supervisory Board made declarations of compliance with the recommendations of the Government Commission on the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG), which can be accessed on the METRO AG website www.metrogroup.de.

54. Election to be exempt from §§ 264 Section 3 and 264 b of the German Commercial Code

The following domestic subsidiaries in the legal form of stock corporations or partnerships will use the exemption provisions according to § 264 Section 3 and § 264b of the German Commercial Code, and will thus refrain from preparing their annual financial statements for 2015 as well as mostly from preparing their notes and management report (according to the German Commercial Code).

a) Operating companies and service entities	
cc delivery gmbh	Kelsterbach
CCG DE GmbH	Kelsterbach
DAYCONOMY GmbH	Düsseldorf
Fulltrade International GmbH	Düsseldorf
Goldhand Lebensmittel- u. Verbrauchsgüter-Vertriebsgesellschaft mit beschränkter Haftung	Düsseldorf
HoReCa Digital GmbH	Düsseldorf
Johannes Berg GmbH, Weinkellerei	Düsseldorf
Liqueur & Wine Trade GmbH	Düsseldorf
MCC Trading Deutschland GmbH	Düsseldorf
MCC Trading International GmbH	Düsseldorf
Meister feines Fleisch – feine Wurst GmbH	Gäufelden
METRO Achtzehnte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf
METRO Beteiligungsmanagement Düsseldorf GmbH & Co. KG	Düsseldorf
METRO Cash & Carry Deutschland GmbH	Düsseldorf
METRO Cash & Carry International GmbH	Düsseldorf
METRO Consumer Electronics Zwischenholding GmbH & Co. KG	Düsseldorf
METRO Consumer Electronics Zwischenholding Management GmbH	Düsseldorf
METRO Dienstleistungs-Holding GmbH	Düsseldorf
METRO Dreizehnte Gesellschaft für Vermögensverwaltung mbH	Ingolstadt
METRO Erste Erwerbsgesellschaft mbH	Düsseldorf
Metro Finanzdienstleistungs Pensionen GmbH	Düsseldorf
METRO FSD Holding GmbH	Düsseldorf
METRO Fünfzehnte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf
METRO Groß- und Lebensmitteleinzelhandel Holding GmbH	Düsseldorf
METRO Großhandelsgesellschaft mbH	Düsseldorf
METRO GROUP Accounting Center GmbH	Wörrstadt
METRO Innovations Holding GmbH	Düsseldorf
METRO INTERNATIONAL SUPPLY GmbH	Düsseldorf
METRO Kaufhaus und Fachmarkt Holding GmbH	Düsseldorf
METRO LOGISTICS Germany GmbH	Düsseldorf
METRO LOGISTICS Services GmbH	Düsseldorf
METRO Re AG	Düsseldorf
Metro SB-Großmärkte GmbH & Co. Kommanditgesellschaft	Esslingen am Neckar
Metro SB-Großmärkte GmbH & Co. Kommanditgesellschaft	Linden
METRO Siebte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf
METRO Siebzehnte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf
METRO SYSTEMS GmbH	Düsseldorf
METRO Vierzehnte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf
METRO Wholesale & Food Services Vermögensverwaltung GmbH & Co. KG	Düsseldorf
METRO Wholesale & Food Services Vermögensverwaltung Management GmbH	Düsseldorf
MGA METRO Group Advertising GmbH	Düsseldorf
MGC METRO Group Clearing GmbH	Düsseldorf
MGE Warenhandelsgesellschaft mbH	Düsseldorf
MGL METRO Group Logistics GmbH	Düsseldorf
MGL METRO Group Logistics Warehousing Beteiligungs GmbH	Düsseldorf
MGP METRO Group Account Processing GmbH	Kehl
MGT METRO Group Travel Services GmbH	Düsseldorf
MIB METRO Group Insurance Broker GmbH	Düsseldorf

MIP METRO Group Intellectual Property GmbH & Co. KG	Düsseldorf
MIP METRO Group Intellectual Property Management GmbH	Düsseldorf
MIP METRO Holding Management GmbH	Düsseldorf
Multi-Center Warenvertriebs GmbH	Düsseldorf
N & NF Trading GmbH	Düsseldorf
NordRhein Trading GmbH	Düsseldorf
Petit RUNGIS express GmbH	Meckenheim
real,- Digital Fulfillment GmbH	Düsseldorf
real,- Digital Services GmbH	Düsseldorf
real,- Group Holding GmbH	Düsseldorf
real,- Handels GmbH	Düsseldorf
real,- Holding GmbH	Düsseldorf
real,- SB-Warenhaus GmbH	Düsseldorf
Retail Media Group GmbH	Düsseldorf
RUNGIS express GmbH	Meckenheim
Weinkellerei Thomas Rath GmbH	Düsseldorf

b) Real estate companies	
2. Schaper Objekt GmbH & Co. Kiel KG	Düsseldorf
ADAGIO 2. Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
ADAGIO 3. Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
ADAGIO Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
Adolf Schaper GmbH & Co. Grundbesitz-KG	Düsseldorf
AIB Verwaltungs GmbH	Düsseldorf
ARKON Grundbesitzverwaltung GmbH	Düsseldorf
ASH Grundstücksverwaltung XXX GmbH	Düsseldorf
ASSET Immobilienbeteiligungen GmbH	Düsseldorf
ASSET Köln-Kalk GmbH	Düsseldorf
ASSET Zweite Immobilienbeteiligungen GmbH	Düsseldorf
BAUGRU Immobilien-Beteiligungsgesellschaft mit beschränkter Haftung & Co. Grundstücksverwaltung KG	Düsseldorf
Blabert Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
Deutsche SB-Kauf GmbH & Co. KG	Düsseldorf
DFI Verwaltungs GmbH	Düsseldorf
FZB Fachmarktzentrum Bous Verwaltungsgesellschaft mbH & Co. KG	Düsseldorf
FZG Fachmarktzentrum Guben Verwaltungsgesellschaft mbH	Düsseldorf
FZG Fachmarktzentrum Guben Verwaltungsgesellschaft mbH & Co. Vermietungs-Kommanditgesellschaft	Düsseldorf
GBS Gesellschaft für Unternehmensbeteiligungen mbH	Düsseldorf
GKF 6. Objekt Vermögensverwaltungsgesellschaft mbH	Düsseldorf
GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Donaueschingen KG	Düsseldorf
GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Köln-Porz KG	Düsseldorf
GKF Grundstücksverwaltung GmbH & Co. Objekt Bremen-Vahr KG	Düsseldorf
GKF Grundstücksverwaltung GmbH & Co. Objekt Emden KG	Düsseldorf
GKF Grundstücksverwaltung GmbH & Co. Objekt Groß-Zimmern KG	Düsseldorf
GKF Grundstücksverwaltung GmbH & Co. Objekt Norden KG	Düsseldorf
GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schaper Bremen-Habenhausen KG	Düsseldorf
GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Wolfenbüttel KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. 10. Objekt-KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. 25. Objekt-KG	Düsseldorf

GKF Vermögensverwaltungsgesellschaft mbH & Co. 8. Objekt – KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Arrondierungsgrundstücke KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Entwicklungsgrundstücke KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Gewerbegrundstücke KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bochum Otto Straße KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Braunschweig Hamburger Straße KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Brühl KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Duisburg KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Edingen-Neckarhausen KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Emden KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Espelkamp KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Finowfurt KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal-Studernheim KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Gäufelden KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Göttingen KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamburg-Neuwiedenthal KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamm KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover / Davenstedter Straße KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover Fössestraße KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover-Linden KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Heinsberg KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Herten KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hildesheim-Senking KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hörselgau KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kassel KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kulmbach KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV II KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach-Rheydt KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Münster-Kinderhaus KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Oldenburg KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Paderborn "Südring Center" KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Pfarrkirchen KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Rastatt KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Ratingen KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Regensburg KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Saar-Grund KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wiesbaden-Nordenstadt KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wülfrath KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekte Amberg und Landshut KG	Düsseldorf
Horten Nürnberg GmbH	Düsseldorf
Immobilien-Vermietungsgesellschaft von Quistorp GmbH & Co. Objekt Altlandsberg KG	Düsseldorf
Kaufhalle GmbH	Düsseldorf
Kaufhalle GmbH & Co. Objekt Lager Apfelstädt KG	Düsseldorf
Kaufhof Warenhaus Neubrandenburg GmbH	Düsseldorf
KUPINA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Berlin-Friedrichshain KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Hamburg-Altona KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt München-Pasing KG	Düsseldorf

MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Porta-Westfalica KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schwelm KG	Düsseldorf
MDH Secundus GmbH & Co. KG	Düsseldorf
Metro Cash & Carry Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
METRO Group Asset Management Services GmbH	Düsseldorf
METRO Group Retail Real Estate GmbH	Düsseldorf
METRO Group Wholesale Real Estate GmbH	Düsseldorf
Metro International Beteiligungs GmbH	Düsseldorf
METRO Leasing GmbH	Düsseldorf
METRO Leasing Objekt Schwerin GmbH	Düsseldorf
METRO PROPERTIES GmbH & Co. KG	Düsseldorf
METRO PROPERTIES Holding GmbH	Düsseldorf
METRO Services GmbH	Düsseldorf
MTE Grundstücksverwaltung GmbH & Co. Objekt Duisburg oHG	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Detmold KG	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Eschweiler KG	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Germersheim KG	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Langendreer KG	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Moers KG	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Neunkirchen KG	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Rendsburg KG	Düsseldorf
PIL Grundstücksverwaltung GmbH	Düsseldorf
Pro. FS GmbH	Düsseldorf
Renate Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
RUDU Verwaltungsgesellschaft mbH	Düsseldorf
RUTIL Verwaltung GmbH & Co. SB-Warenhaus Bielefeld KG	Düsseldorf
Schaper Grundbesitz-Verwaltungsgesellschaft mbH	Düsseldorf
SIL Verwaltung GmbH & Co. Objekt Haidach KG	Düsseldorf
STW Grundstücksverwaltung GmbH	Düsseldorf
TIMUG Verwaltung GmbH	Düsseldorf
Wirichs Immobilien GmbH	Düsseldorf
Wirichs Immobilien GmbH & Co. Objekt Herford KG	Düsseldorf
Wolfgang Wirichs GmbH	Düsseldorf
ZARUS Verwaltung GmbH & Co. Objekt Mutterstadt KG	Düsseldorf
ZARUS Verwaltung GmbH & Co. Objekt Osnabrück KG	Düsseldorf
ZARUS Verwaltung GmbH & Co. Objekte Niedersachsen KG	Düsseldorf

55. Overview of the major fully consolidated group companies

Name	Head office	Stake in %	Sales[1] in € million
Holding companies			
METRO AG	Düsseldorf, Germany		0
METRO Wholesale & Food Specialist GmbH	Düsseldorf, Germany	100.00	0
METRO Kaufhaus und Fachmarkt Holding GmbH	Düsseldorf, Germany	100.00	0
METRO Groß- und Lebensmitteleinzelhandel Holding GmbH	Düsseldorf, Germany	100.00	0
METRO Cash & Carry			
METRO Großhandelsgesellschaft mbH	Düsseldorf, Germany	100.00	4,745
METRO Cash & Carry France S.A.S.	Nanterre, France	100.00	4,150
METRO Cash & Carry OOO	Moscow, Russia	100.00	3,042
METRO Jinjiang Cash & Carry Co., Ltd.	Shanghai, China	90.00	2,635
METRO Italia Cash and Carry S. p. A.	San Donato Milanese, Italy	100.00	1,749
Makro Cash and Carry Polska S.A.	Warsaw, Poland	100.00	1,461
Makro Autoservicio Mayorista S. A. U.	Madrid, Spain	100.00	1,228
Metro Grosmarket Bakirköy Alisveris Hizmetleri Ticaret Ltd. Sirketi	Istanbul, Turkey	100.00	1,181
MAKRO Cash & Carry CR s.r.o.	Prague, Czech Republic	100.00	1,043
MAKRO Cash & Carry Belgium NV	Wommelgem, Belgium	100.00	961
METRO CASH & CARRY ROMANIA SRL	Bucharest, Romania	100.00	911
METRO Distributie Nederland B. V.	Amsterdam, Netherlands	100.00	881
Real			
real,- SB-Warenhaus GmbH	Düsseldorf, Germany	100.00	7,486
Media-Saturn			
Media-Saturn-Holding GmbH	Ingolstadt, Germany	78.38	10,007
Mediamarket S. p. A. con Socio Unico	Curno, Italy	78.38	2,084
MEDIA MARKT SATURN, S.A. UNIPERSONAL	El Prat de Llobregat, Spain	78.38	1,895
Media Markt Saturn Holding Nederland B. V.	Rotterdam, Netherlands	78.38	1,573
Media-Saturn Beteiligungsges.m.b.H.	Vösendorf, Austria	78.38	1,139
Media Saturn Holding Polska Sp. z o.o	Warsaw, Poland	78.38	990
MEDIA MARKT-SATURN BELGIUM NV	Asse-Zellik, Belgium	78.38	682
Other companies			
MGB METRO Group Buying HK Limited	Hong Kong, China	100.00	39
METRO LOGISTICS Germany GmbH	Düsseldorf, Germany	100.00	0
METRO PROPERTIES GmbH & Co. KG	Düsseldorf, Germany	99.51	0
METRO SYSTEMS GmbH	Düsseldorf, Germany	100.00	0
MIAG Commanditaire Vennootschap	Amsterdam, Netherlands	100.00	0

[1] Including consolidated national subsidiaries

56. Corporate Boards of METRO AG and their mandates

Members of the Supervisory Board[1]

Jürgen B. Steinemann (Chairman, since 19 February 2016)
Chairman of the Supervisory Board of METRO AG
a) Ewald Dörken AG
Big Dutchman AG, since 28 April 2016
b) Barry Callebaut AG, Zurich, Switzerland – Board of Directors (Vice President, until 9 December 2015)
Lonza Group AG, Basel, Switzerland – Board of Directors

Franz M. Haniel (Chairman, until 19 February 2016)
Until 19 February 2016
Chairman of the Supervisory Board of Franz Haniel & Cie. GmbH
a) BMW AG
Delton AG (Vice Chairman)
Franz Haniel & Cie. GmbH (Chairman)
Heraeus Holding GmbH
b) TBG Limited, St. Julian's, Malta – Board of Directors

Werner Klockhaus (Vice Chairman)
Chairman of the Group Works Council of METRO AG
Chairman of the General Works Council of real,- SB-Warenhaus GmbH
a) real,- SB-Warenhaus GmbH (Vice Chairman)
Hamburger Pensionskasse von 1905 Versicherungsverein auf Gegenseitigkeit (since 21 September 2016)
b) None

Prof. Dr oec. Dr iur. Ann-Kristin Achleitner
Holder of the Professorship for Entrepreneurial Finance and Scientific Co-Director of the Center for Entrepreneurial and Financial Studies (CEFS) at the Technical University of Munich
a) Deutsche Börse Aktiengesellschaft, since 11 May 2016
Linde Aktiengesellschaft
Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft
b) Engie S.A., Paris, France – Board of Directors

Gwyn Burr
Member of the Board of Directors of Hammerson plc, London, Great Britain
a) None
b) DFS Furniture plc, Doncaster, South Yorkshire, Great Britain – Board of Directors
Hammerson plc, London, Great Britain – Board of Directors
Just Eat plc, London, Great Britain – Board of Directors
Sainsbury's Bank plc, London, Great Britain – Board of Directors

Ulrich Dalibor
Pensioner
Representative of the ver.di trade union
a) DOUGLAS HOLDING AG
Maxingvest AG
b) None

[1] Status of the mandates: 22 November 2016
a) Member of other statutory supervisory boards in accordance with § 125 Section 1 Sentence 5, 1st Alt. of the German Stock Corporation Act
b) Member of comparable German and international supervisory boards of business enterprises in accordance with § 125 Section 1 Sentence 5, 2nd Alt. of the German Stock Corporation Act

Karin Dohm
Since 19 February 2016
Global Head of Group Structuring at Deutsche Bank AG
a) Deutsche EuroShop AG (Vice Chairwoman)
b) Deutsche Bank Europe GmbH – Supervisory Board (Chairwoman), since 14 November 2016
Deutsche Bank Luxembourg S.A., Luxembourg – Supervisory Board, since 1 September 2016
Deutsche Holdings (Luxembourg) S.à r.l., Luxembourg – Supervisory Board, since 1 June 2016

Thomas Dommel
Since 10 December 2015
Chairman of the General Works Council of METRO LOGISTICS Germany GmbH
a) METRO LOGISTICS Germany GmbH (Vice Chairman)
b) None

Jürgen Fitschen
Senior Advisor Deutsche Bank AG
(former CEO of Deutsche Bank AG)
a) None
b) Kühne + Nagel International AG, Schindellegi, Switzerland – Board of Directors

Hubert Frieling
Until 31 August 2016
Pensioner
a) None
b) None

Dr Florian Funck
Member of the Management Board of Franz Haniel & Cie. GmbH
a) TAKKT AG
Vonovia SE
c) None

Andreas Herwarth
Chairman of the Works Council of METRO AG
a) None
b) None

Peter Küpfer
Self-employed Business Consultant
a) None
b) AHRB AG, Zurich, Switzerland – Board of Directors (President, since 25 May 2016)
ARH Resort Holding AG, Zurich, Switzerland – Board of Directors (President, since 25 May 2016)
Breda Consulting AG, Zurich, Switzerland – Board of Directors (President, since 25 May 2016)
Cambiata Ltd, Road Town, Tortola, British Virgin Islands – Board of Directors
Cambiata Schweiz AG, Zurich, Switzerland – Board of Directors, since 17 June 2016
Gebr. Schmidt GmbH & Co. KG – Advisory Board
Lake Zurich Fund Exempt Company, George Town, Grand Cayman, Cayman Islands – Board of Directors
Supra Holding AG, Zug, Switzerland – Board of Directors
Travel Charme Hotels & Resorts Holding AG, Zurich, Switzerland – Board of Directors (President, since 25 May 2016)

Rainer Kuschewski
Secretary of the National Executive Board of the ver.di trade union
a) real,- SB-Warenhaus GmbH
GALERIA Kaufhof GmbH
b) None

Susanne Meister
Member of the General Works Council of real,- SB-Warenhaus GmbH
a) None
b) None

Dr Angela Pilkmann
Since 1 September 2016
Category Manager Food real,- SB-Warenhaus GmbH
a) None
b) None

Mattheus P. M. (Theo) de Raad
Member of the Supervisory Board of HAL Holding N.V., Willemstad, Curaçao, Netherlands Antilles
a) None
b) HAL Holding N.V., Willemstad, Curaçao, Netherlands Antilles – Supervisory Board
Vollenhoven Olie Groep B.V., Tilburg, Netherlands – Supervisory Board, until 31 December 2015

Dr Fredy Raas
Managing Director of Beisheim Holding GmbH, Baar, Switzerland,
and Beisheim Group GmbH & Co. KG
a) None
b) ARISCO Holding AG, Baar, Switzerland – Board of Directors
Montana Capital Partners AG, Baar, Switzerland – Board of Directors

Xaver Schiller
Chairman of the General Works Council of METRO Cash & Carry Deutschland GmbH
Chairman of the Works Council of the METRO Cash & Carry store Munich-Brunnthal
a) Metro Großhandelsgesellschaft mbH (Vice Chairman)
b) None

Dr jur. Hans-Jürgen Schinzler
Honorary Chairman of the Supervisory Board of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft
a) None
b) None

Jürgen Schulz
Since 10 December 2015
Head of the Service Department at the Saturn store in Bielefeld
Chairman of the Works Council of Saturn-Electro Handelsgesellschaft mbH, Bielefeld
a) None
b) None

Angelika Will
Honorary Judge at the Federal Labour Court
Secretary of the Regional Association Board North Rhine-Westphalia of DHV – Die Berufsgewerkschaft e. V.
(federal specialist group on trade)
a) None
b) None

Committees of the Supervisory Board and their mandates

Presidential Committee
Jürgen B. Steinemann (Chairman)
Werner Klockhaus (Vice Chairman)
Jürgen Fitschen
Xaver Schiller

Personnel Committee
Jürgen B. Steinemann (Chairman)
Werner Klockhaus (Vice Chairman)
Jürgen Fitschen
Xaver Schiller

Accounting and Audit Committee
Dr jur. Hans-Jürgen Schinzler (Chairman)
Werner Klockhaus (Vice Chairman)
Dr Florian Funck
Andreas Herwarth
Rainer Kuschewski
Dr Fredy Raas

Nomination Committee
Jürgen B. Steinemann (Chairman)
Jürgen Fitschen
Dr jur. Hans-Jürgen Schinzler

Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act
Jürgen B. Steinemann (Chairman)
Werner Klockhaus (Vice Chairman)
Xaver Schiller
Dr jur. Hans-Jürgen Schinzler

Members of the Management Board[1, 2]

Olaf Koch (Chairman)
Corporate Communications, Group Strategy, Corporate M&A, Corporate Legal Affairs & Compliance, Corporate Office, Corporate Public Policy, Horeca Digital and Business Innovation, Real
a) real,- SB-Warenhaus GmbH (Chairman)
b) HoReCa Digital GmbH – Advisory Board (Chairman), since 20 September 2016
Media-Saturn-Holding GmbH – Advisory Board (Chairman), until 17 October 2016

Pieter C. Boone (Member of the Management Board)
METRO Cash & Carry
a) METRO Großhandelsgesellschaft mbH, until 27 September 2016
b) None

Mark Frese (Chief Financial Officer)
Group Finance (Corporate Planning & Controlling, Corporate Treasury, Corporate Group Financial Services, Financial Asset & Pension Management), Corporate Accounting, Global Business Services, Corporate Group Tax, Corporate Investor Relations, Corporate Risk Management & Internal Control Finance, METRO PROPERTIES, MIB METRO GROUP Insurance Broker, METRO LOGISTICS
a) None
b) METRO Cash & Carry International Holding GmbH, Vösendorf, Austria – Supervisory Board
METRO Finance B.V., Venlo, Netherlands – Supervisory Board
METRO Re AG (formerly METRO Reinsurance N.V.) – Supervisory Board
Media-Saturn-Holding GmbH – Advisory Board (Chairman), since 17 October 2016

Pieter Haas (Member of the Management Board)
Media-Saturn
Chairman of the Management Board of Media-Saturn-Holding GmbH
a) None
b) Tertia Handelsbeteiligungsgesellschaft mbH

Heiko Hutmacher (Chief Human Resources Officer)
Human Resources (HR Campus, Corporate House of Learning, Corporate Performance & Rewards, Executive Resources, Group Labour Relations & Labour Law, HR Operations, HR Processes, Analytics & Projects, Talent Management, Leadership & Change), Corporate IT Management, Group Internal Audit, Sustainability & Regulatory Affairs, METRO SYSTEMS, MGT METRO GROUP Travel Services
a) Metro Großhandelsgesellschaft mbH
METRO Systems GmbH (Chairman)
real,- SB-Warenhaus GmbH
b) None

[1] Status of the department responsibilities as of closing date (30 September 2016)
[2] Status of the mandates: 22 November 2016
a) Member of other statutory supervisory boards in accordance with § 125 Section 1 Sentence 5, 1st Alt. of the German Stock Corporation Act
b) Member of comparable German and international supervisory boards of business enterprises in accordance with § 125 Section 1 Sentence 5, 2nd Alt. of the German Stock Corporation Act

Members of the Management Board[1, 2]

Olaf Koch (Chairman)
Corporate Communications, Group Strategy, Corporate M&A, Corporate Legal Affairs & Compliance, Corporate Office, Corporate Public Policy, Horeca Digital and Business Innovation, Real, METRO PROPERTIES, MIB METRO GROUP Insurance Broker
For the METRO Wholesale & Food Specialist business segment[3]: Group Finance (Corporate Planning & Controlling, Corporate Treasury, Corporate Group Financial Services, Financial Asset & Pension Management), Corporate Accounting, Corporate Group Tax, Corporate Investor Relations
a) real,- SB-Warenhaus GmbH (Chairman)
b) HoReCa Digital GmbH – Advisory Board (Chairman), since 20 September 2016
Media-Saturn-Holding GmbH – Advisory Board (Chairman), until 17 October 2016

Pieter C. Boone (Member of the Management Board)
METRO Cash & Carry, METRO LOGISTICS
a) METRO Großhandelsgesellschaft mbH, until 27 September 2016
b) None

Mark Frese (Chief Financial Officer)
Group Finance (Corporate Planning & Controlling, Corporate Treasury, Corporate Group Financial Services, Financial Asset & Pension Management), Corporate Accounting, Corporate Group Tax, Corporate Investor Relations, Corporate Risk Management & Internal Control Finance
For the Consumer Electronics business segment[3]: Corporate M&A, Supply Chain, IT
a) None
b) METRO Cash & Carry International Holding GmbH, Vösendorf, Austria – Supervisory Board
METRO Finance B.V., Venlo, Netherlands – Supervisory Board
METRO Re AG (formerly METRO Reinsurance N.V.), Supervisory Board
Media-Saturn-Holding GmbH – Advisory Council (Chairman), since 17 October 2016

Pieter Haas (Member of the Management Board)
Media-Saturn
Chairman of the Management Board of Media-Saturn-Holding GmbH
For the Consumer Electronics business segment[3]: Corporate Strategy / Business Development / Innovation, Corporate Legal Affairs & Compliance, Internal Audit, Corporate Communications & Public Policy, Sustainability, Human Resources
a) None
b) Tertia Handelsbeteiligungsgesellschaft mbH

Heiko Hutmacher (Chief Human Resources Officer)
Human Resources (HR Campus, Corporate House of Learning, Corporate Performance & Rewards, Executive Resources, Group Labour Relations & Labour Law, HR Operations, HR Processes, Analytics & Projects, Talent Management, Leadership & Change), Corporate IT Management and Global Business Services, Group Internal Audit, Sustainability & Regulatory Affairs, METRO SYSTEMS
For the METRO Wholesale & Food Specialist business segment[3]: Risk Management
a) Metro Großhandelsgesellschaft mbH
METRO Systems GmbH (Chairman)
real,- SB-Warenhaus GmbH
b) None

[1] Status of the department responsibilities at the time of the preparation of the financial statements (22 November 2016)
[2] Status of the mandates: 22 November 2016
a) Member of other statutory supervisory boards in accordance with § 125 Section 1 Sentence 5, 1st Alt. of the German Stock Corporation Act
b) Member of comparable German and international supervisory boards of business enterprises in accordance with § 125 Section 1 Sentence 5, 2nd Alt. of the German Stock Corporation Act
[3] In preparation of the demerger of METRO GROUP into two independent, exchange-listed companies

57. Affiliated companies of the group METRO AG as of 30 September 2016 pursuant to § 313 of the German Commercial Code

Name	Head office	Country	Share in capital in %
Consolidated subsidiaries			
2. Schaper Objekt GmbH & Co. Kiel KG	Düsseldorf	Germany	100.00
24-7 ENTERTAINMENT ApS	Copenhagen	Denmark	100.00
24-7 Entertainment GmbH	Berlin	Germany	100.00
ADAGIO 2. Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
ADAGIO 3. Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
ADAGIO Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
Adolf Schaper GmbH & Co. Grundbesitz-KG	Düsseldorf	Germany	100.00
AIB Verwaltungs GmbH	Düsseldorf	Germany	100.00
Alberto Polo Distribuciones S.A.	Zaragoza	Spain	100.00
ARKON Grundbesitzverwaltung GmbH	Düsseldorf	Germany	100.00
ASH Grundstücksverwaltung XXX GmbH	Düsseldorf	Germany	100.00
ASSET Immobilienbeteiligungen GmbH	Düsseldorf	Germany	100.00
ASSET Köln-Kalk GmbH	Düsseldorf	Germany	100.00
ASSET Zweite Immobilienbeteiligungen GmbH	Düsseldorf	Germany	100.00
Assevermag AG	Baar	Switzerland	79.20
Avilo Marketing Gesellschaft m. b. H.	Vösendorf	Austria	100.00
BAUGRU Immobilien-Beteiligungsgesellschaft mit beschränkter Haftung & Co. Grundstücksverwaltung KG	Düsseldorf	Germany	100.00
Beijing Weifa Trading & Commerce Co. Ltd.	Beijing	China	100.00
biwigo GmbH	Munich	Germany	100.00
Blabert Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	94.00
Carns Vila S.L.	Cornellà del Terri	Spain	70.00
cc delivery gmbh	Kelsterbach	Germany	100.00
CCG DE GmbH	Kelsterbach	Germany	100.00
CJSC METRO Management Ukraine	Kiev	Ukraine	100.00
Classic Alimentos (Macau) Limitada	Macao	China	99.00
Classic Coffee & Beverage Sdn Bhd	Kuala Lumpur	Malaysia	100.00
Classic Fine Foods (Hong Kong) Limited	Hong Kong	China	100.00
Classic Fine Foods (Macau) Ltd	Macao	China	99.80
Classic Fine Foods (Singapore) Private Limited	Singapore	Singapore	100.00
Classic Fine Foods (Thailand) Company Limited	Bangkok	Thailand	100.00
Classic Fine Foods (Thailand) Holding Company Limited	Bangkok	Thailand	49.00
Classic Fine Foods (Vietnam) Limited	Ho Chi Minh City	Vietnam	100.00
Classic Fine Foods China Holdings Limited	Hong Kong	China	100.00
Classic Fine Foods China Trading Limited	Hong Kong	China	100.00
Classic Fine Foods EM LLC	Abu Dhabi	United Arab Emirates	50.00
Classic Fine Foods Group Limited	London	Great Britain	100.00
Classic Fine Foods Holdings Limited	London	Great Britain	100.00
Classic Fine Foods Japan Holdings	Tokyo	Japan	100.00
Classic Fine Foods Macau Holding Limited	Hong Kong	China	100.00
Classic Fine Foods Netherlands BV	Schiphol	Netherlands	100.00
Classic Fine Foods Philippines Inc.	Makati	Philippines	100.00
Classic Fine Foods Rungis SAS	Rungis	France	100.00
Classic Fine Foods Sdn Bhd	Kuala Lumpur	Malaysia	100.00
Classic Fine Foods UK Limited	London	Great Britain	100.00

Name	Head office	Country	Share in capital in %
Classic Fine Foodstuff Trading LLC	Abu Dhabi	United Arab Emirates	49.00
COM.TVmarkt Verwaltungs-GmbH	Ingolstadt	Germany	100.00
Comercial Ulzama S.L.	Abanto	Spain	100.00
Concarneau Trading Office SAS	Concarneau	France	100.00
Congelados Romero S.A.	Reus	Spain	90.00
COOL CHAIN GROUP PL Sp. z o.o.	Cracow	Poland	100.00
Culinary Agents France SAS	Nanterre	France	100.00
Culinary Agents Italia s.r.l.	San Donato Milanese	Italy	100.00
Dalian Metro Warehouse Management Co., Ltd.	Dalian	China	100.00
DAYCONOMY GmbH	Düsseldorf	Germany	100.00
Deelnemingsmaatschappij Arodema B.V.	Amsterdam	Netherlands	100.00
Deutsche SB-Kauf GmbH & Co. KG	Düsseldorf	Germany	100.00
DFI Verwaltungs GmbH	Düsseldorf	Germany	100.00
Dinghao Foods (Shanghai) Co. Ltd.	Shanghai	China	100.00
Distribución de Alimentación Horeca S.L.	Sant Boi de Llobregat	Spain	80.00
Distribuciones d'Aliments JG S.L.	Reus	Spain	100.00
Doxa Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach KG	Mainz	Germany	0.00 [1]
Electronic Online Services GmbH	Munich	Germany	100.00
Electronic Online Services Invest GmbH	Munich	Germany	58.04
Electronics Online Concepts GmbH	Munich	Germany	100.00
ETH Elektronikersatzteil Handel und Service GmbH	Wolnzach	Germany	100.00
Fideco AG	Courgevaux	Switzerland	100.00
Font Distribucio Horeca S.L.	Tona	Spain	51.00
French F&B (Japan) Co., Ltd.	Tokyo	Japan	93.83
Fulltrade International GmbH	Düsseldorf	Germany	100.00
FZB Fachmarktzentrum Bous Verwaltungsgesellschaft mbH & Co. KG	Düsseldorf	Germany	100.00
FZG Fachmarktzentrum Guben Verwaltungsgesellschaft mbH	Düsseldorf	Germany	50.00
FZG Fachmarktzentrum Guben Verwaltungsgesellschaft mbH & Co. Vermietungs-Kommanditgesellschaft	Düsseldorf	Germany	50.00
GBS Gesellschaft für Unternehmensbeteiligungen mbH	Düsseldorf	Germany	100.00
GKF 6. Objekt Vermögensverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Donaueschingen KG	Düsseldorf	Germany	100.00
GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Köln-Porz KG	Düsseldorf	Germany	100.00
GKF Grundstücksverwaltung GmbH & Co. Objekt Bremen-Vahr KG	Düsseldorf	Germany	94.90 [1]
GKF Grundstücksverwaltung GmbH & Co. Objekt Emden KG	Düsseldorf	Germany	94.90 [1]
GKF Grundstücksverwaltung GmbH & Co. Objekt Groß-Zimmern KG	Düsseldorf	Germany	94.90 [1]
GKF Grundstücksverwaltung GmbH & Co. Objekt Norden KG	Düsseldorf	Germany	94.90 [1]
GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schaper Bremen-Habenhausen KG	Düsseldorf	Germany	94.00
GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Wolfenbüttel KG	Düsseldorf	Germany	94.00
GKF Vermögensverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. 10. Objekt-KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. 25. Objekt-KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. 8. Objekt-KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Arrondierungsgrundstücke KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Entwicklungsgrundstücke KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Gewerbegrundstücke KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bochum Otto Straße KG	Düsseldorf	Germany	100.00

Name	Head office	Country	Share in capital in %
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Braunschweig Hamburger Straße KG	Düsseldorf	Germany	94.90
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Brühl KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Duisburg KG	Düsseldorf	Germany	94.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Edingen-Neckarhausen KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Emden KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Espelkamp KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Finowfurt KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal-Studernheim KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Gäufelden KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Göttingen KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamburg-Neuwiedenthal KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamm KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover / Davenstedter Straße KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover Fössestraße KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover-Linden KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Heinsberg KG	Düsseldorf	Germany	94.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Herten KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hildesheim-Senking KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hörselgau KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kassel KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kulmbach KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV II KG	Düsseldorf	Germany	94.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach-Rheydt KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Münster-Kinderhaus KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Oldenburg KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Paderborn „Südring Center" KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Pfarrkirchen KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Rastatt KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Ratingen KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Regensburg KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Saar-Grund KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wiesbaden-Nordenstadt KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wülfrath KG	Düsseldorf	Germany	94.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekte Amberg und Landshut KG	Düsseldorf	Germany	94.90
Goldhand Lebensmittel- u. Verbrauchsgüter-Vertriebsgesellschaft mit beschränkter Haftung	Düsseldorf	Germany	100.00
GrandPari Limited Liability Company	Moscow	Russia	100.00
Hansa Foto-Handelsgesellschaft mit beschränkter Haftung	Cologne	Germany	100.00
HoReCa Digital GmbH	Düsseldorf	Germany	100.00
Horten Nürnberg GmbH	Düsseldorf	Germany	100.00
iBOOD GmbH	Berlin	Germany	100.00
iBOOD Sp. z o.o.	Poznan	Poland	100.00
ICS METRO Cash & Carry Moldova S.R.L.	Chișinău	Moldova	100.00
Immobilien-Vermietungsgesellschaft von Quistorp GmbH & Co. Objekt Altlandsberg KG	Düsseldorf	Germany	90.24

Name	Head office	Country	Share in capital in %
Imtron Asia Hong Kong Limited	Hong Kong	China	100.00
Imtron GmbH	Ingolstadt	Germany	100.00
Imtron Helvetia AG	Dietikon	Switzerland	100.00
Imtron Österreich GmbH	Vösendorf	Austria	100.00
Imtron Sweden AB	Stockholm	Sweden	100.00
Inpakcentrale ICN B.V.	Duiven	Netherlands	100.00
Jetsam Service Management GmbH	Wolnzach	Germany	65.00
Johannes Berg GmbH, Weinkellerei	Düsseldorf	Germany	100.00
Juke Entertainment GmbH	Ingolstadt	Germany	100.00
Kaufhalle GmbH	Düsseldorf	Germany	100.00
Kaufhalle GmbH & Co. Objekt Lager Apfelstädt KG	Düsseldorf	Germany	100.00
Kaufhof Warenhaus Neubrandenburg GmbH	Düsseldorf	Germany	100.00
Klassisk Group (S) Pte. Ltd.	Singapore	Singapore	100.00
Klassisk Investment Limited	Hong Kong	China	96.52
KUPINA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Düsseldorf	Germany	100.00
Liqueur & Wine Trade GmbH	Düsseldorf	Germany	100.00
LLC Ukrainian Wholesale Trade Company	Kiev	Ukraine	100.00
Makro Autoservicio Mayorista S. A. U.	Madrid	Spain	100.00
MAKRO Cash & Carry Belgium NV	Wommelgem	Belgium	100.00
MAKRO Cash & Carry CR s.r.o.	Prague	Czech Republic	100.00
Makro Cash & Carry Egypt LLC	Cairo	Egypt	100.00
Makro Cash & Carry Portugal S.A.	Lisbon	Portugal	100.00
Makro Cash & Carry UK Holding Limited	Manchester	Great Britain	100.00
Makro Cash and Carry Polska S.A.	Warsaw	Poland	100.00
Makro Ltd.	Manchester	Great Britain	100.00
Makro Pension Trustees Ltd.	Manchester	Great Britain	100.00
MAR MENOR DISTRIBUCIONES ALIMENTARIAS, S.L.	San Pedro del Pinatar	Spain	80.00
MCC Boston Trading Office Inc.	Boston	USA	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Berlin-Friedrichshain KG	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Hamburg-Altona KG	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt München-Pasing KG	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Porta-Westfalica KG	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schwelm KG	Düsseldorf	Germany	100.00
MCC Trading Deutschland GmbH	Düsseldorf	Germany	100.00
MCC Trading International GmbH	Düsseldorf	Germany	100.00
MCCI Asia Pte. Ltd.	Singapore	Singapore	100.00
MDH Secundus GmbH & Co. KG	Düsseldorf	Germany	100.00
Media-Saturn Beteiligungsges.m.b.H.	Vösendorf	Austria	100.00
MEDIA MARKT – BUDAÖRS Video TV Hifi Elektro Fotó Computer Kereskedelmi Kft.	Budaörs	Hungary	90.00
Media Markt 14 – Produtos Electronicos LdA	Lisbon	Portugal	100.00
MEDIA MARKT 3 DE MAYO SANTA CRUZ DE TENERIFE S.A.	Santa Cruz de Tenerife	Spain	99.90
MEDIA MARKT A CORUÑA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Corunna	Spain	99.90
Media Markt Aigle SA	Aigle	Switzerland	90.00
MEDIA MARKT ALACANT VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Alicante	Spain	99.90
MEDIA MARKT ALBACETE VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Albacete	Spain	99.90
MEDIA MARKT ALCALÁ DE GUADAÍRA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Alcalá de Guadaíra	Spain	99.90
MEDIA MARKT ALCALÁ DE HENARES VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Alcalá de Henares	Spain	99.90

Name	Head office	Country	Share in capital in %
MEDIA MARKT ALCORCÓN VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Alcorcón	Spain	99.90
Media Markt Alexandrium B.V.	Rotterdam	Netherlands	95.50
MEDIA MARKT ALFAFAR VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Alfafar	Spain	99.90
MEDIA MARKT ALFRAGIDE – PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisbon	Portugal	100.00
Media Markt Alkmaar B.V.	Alkmaar	Netherlands	95.50
Media Markt Almere B.V.	Almere	Netherlands	100.00
MEDIA MARKT ALMERIA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.U.	El Prat de Llobregat	Spain	100.00
Media Markt Alphen aan den Rijn B.V.	Alphen aan den Rijn	Netherlands	95.50
Media Markt Amersfoort B.V.	Amersfoort	Netherlands	95.50
Media Markt Amsterdam Centrum B.V.	Amsterdam	Netherlands	100.00
Media Markt Amsterdam Noord B.V.	Amsterdam	Netherlands	100.00
Media Markt Amsterdam West B.V.	Amsterdam	Netherlands	95.50
Media Markt Amstetten TV-Hifi-Elektro GmbH	Amstetten	Austria	90.00
Media Markt Apeldoorn B.V.	Apeldoorn	Netherlands	95.50
Media Markt Arena B.V.	Amsterdam	Netherlands	95.50
MEDIA MARKT ARENA Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Budapest	Hungary	100.00
MEDIA MARKT Árkád Video TV Hifi Elektro Foto Computer Kereskedelmi Kft.	Budapest	Hungary	100.00
Media Markt Arnhem B.V.	Arnhem	Netherlands	95.50
Media Markt Assen B.V.	Assen	Netherlands	100.00
MEDIA MARKT AVEIRO – PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisbon	Portugal	90.00
MEDIA MARKT BADAJOZ S.A.	Badajoz	Spain	99.90
MEDIA MARKT BARAKALDO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Barakaldo	Spain	99.90
MEDIA MARKT BARCELONA-FONTANELLA, SA	El Prat de Llobregat	Spain	100.00
MEDIA MARKT BARCELONA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Barcelona	Spain	99.90
Media Markt Basel AG	Basle	Switzerland	91.00
MEDIA MARKT Basilix NV	Sint-Agatha-Berchem	Belgium	90.00
Media Markt Békéscsaba Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Békéscsaba	Hungary	90.00
MEDIA MARKT BENFICA-PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisbon	Portugal	100.00
Media Markt Bergen op Zoom B.V.	Bergen op Zoom	Netherlands	100.00
Media Markt Bern AG	Bern	Switzerland	90.00
Media Markt Biel-Brügg AG	Brügg bei Biel	Switzerland	90.00
MEDIA MARKT Bilbondo Video-TV-Hifi-Elektro-Computer-Foto, S.A.	Bilbao	Spain	99.90
Media Markt Borås TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Borlänge TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
MEDIA MARKT BRAGA – PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisbon	Portugal	100.00
MEDIA MARKT Braine-l'Alleud SA	Braine-l'Alleud	Belgium	90.00
Media Markt Breda B.V.	Breda	Netherlands	97.75
Media Markt Brugge NV	Bruges	Belgium	90.00
Media Markt Brussel Docks NV	Brussels	Belgium	100.00
Media Markt Bruxelles Rue Neuve Media Markt Brussel Nieuwstraat SA	Brussels	Belgium	90.00
Media Markt Bürs TV-Hifi-Elektro GmbH	Bürs	Austria	90.00
MEDIA MARKT CARTAGENA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Cartagena	Spain	99.90
MEDIA MARKT CASTELLÒ DE LA Plana VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Castellón de la Plana	Spain	99.90
Media Markt CCCI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCVI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00

Name	Head office	Country	Share in capital in %
Media Markt CCCVIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXIX TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXVI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXVII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXVIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXX TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXXI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXXII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXXIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCCXXIV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
MEDIA MARKT CCLIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
MEDIA MARKT CCLXIV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCLXV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCLXXV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCLXXXIX TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCLXXXV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCXCII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCXCIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCXCIX TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCXCV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt CCXCVI TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
MEDIA MARKT CCXLIII TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
MEDIA MARKT CCXLIV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
MEDIA MARKT Century Center NV	Antwerp	Belgium	90.00
Media Markt Chur AG	Chur	Switzerland	90.00
Media Markt CLXXIX TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
MEDIA MARKT COLLADO VILLALBA, S.A.	Collado Villalba	Spain	99.90
Media Markt Conthey SA	Conthey	Switzerland	90.00
MEDIA MARKT CORDOBA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Cordoba	Spain	99.90
MEDIA MARKT CORDOVILLA-PAMPLONA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Pamplona	Spain	99.90
Media Markt Crissier SA	Crissier	Switzerland	90.00
Media Markt Cruquius B.V.	Cruquius	Netherlands	95.50
MEDIA MARKT Debrecen Video-TV-Hifi-Elektro-Photo-Computer-Kereskedelmi Kft.	Debrecen	Hungary	90.00
Media Markt Den Bosch B.V.	Den Bosch	Netherlands	95.50
Media Markt Den Haag B.V.	The Hague	Netherlands	97.30
Media Markt Deventer B.V.	Deventer	Netherlands	100.00
MEDIA MARKT DIAGONAL MAR-BARCELONA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Barcelona	Spain	99.90
MEDIA MARKT DIGITAL STORE S.A.U.	El Prat de Llobregat	Spain	100.00
Media Markt Doetinchem B.V.	Doetinchem	Netherlands	95.50
MEDIA MARKT DONOSTI VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Donostia	Spain	99.90
Media Markt Dordrecht B.V.	Dordrecht	Netherlands	100.00
Media Markt Drachten B.V.	Drachten	Netherlands	100.00

Name	Head office	Country	Share in capital in %
Media Markt Duiven B.V.	Duiven	Netherlands	95.50
MEDIA MARKT DUNA Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Budapest	Hungary	90.00
MEDIA MARKT E-289 S.A.U.	El Prat de Llobregat	Spain	100.00
MEDIA MARKT E294, S.A.U.	El Prat de Llobregat	Spain	100.00
MEDIA MARKT E296 S.A.U.	El Prat de Llobregat	Spain	100.00
MEDIA MARKT E297 S.A.U.	El Prat de Llobregat	Spain	100.00
Media Markt E-Business GmbH	Ingolstadt	Germany	100.00
Media Markt E-Commerce AG	Dietikon	Switzerland	90.00
Media Markt Ede B.V.	Ede	Netherlands	95.50
Media Markt Eindhoven Centrum B.V.	Eindhoven	Netherlands	95.50
Media Markt Eindhoven Ekkersrijt B.V.	Son en Breugel	Netherlands	95.50
MEDIA MARKT EL PRAT VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	El Prat de Llobregat	Spain	99.90
MEDIA MARKT ELCHE VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Elche	Spain	99.90
Media Markt Emmen B.V.	Emmen	Netherlands	95.50
Media Markt Enschede B.V.	Enschede	Netherlands	100.00
Media Markt Eskilstuna TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Feldkirch TV-Hifi-Elektro GmbH	Feldkirch	Austria	90.00
MEDIA MARKT FERROL, S.A.	Ferrol	Spain	99.90
MEDIA MARKT FINESTRAT S.A.	Finestrat	Spain	99.90
MEDIA MARKT GAIA – PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisbon	Portugal	90.00
MEDIA MARKT GANDIA S.A.	Valencia-Gandia	Spain	99.90
MEDIA MARKT GAVÀ VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Gavà	Spain	99.90
Media Markt Gävle TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Genève SA	Geneva	Switzerland	90.00
MEDIA MARKT GETAFE VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Getafe	Spain	99.90
MEDIA MARKT GIRONA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Girona	Spain	99.90
Media Markt GmbH TV-HiFi-Elektro	Munich	Germany	90.00
MEDIA MARKT Gosselies/Charleroi SA	Charleroi	Belgium	90.00
Media Markt Göteborg-Bäckebol TV-Hifi-Elektro AB	Stockholm	Sweden	90.01
Media Markt Göteborg-Högsbo TV-HiFi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Göteborg-Torpavallen TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
MEDIA MARKT GRANADA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Pulianas-Granada	Spain	99.90
Media Markt Grancia SA	Grancia	Switzerland	90.00
Media Markt Granges-Paccot AG	Granges-Paccot	Switzerland	90.00
Media Markt Graz-Liebenau TV-Hifi-Elektro GmbH	Graz	Austria	90.00
Media Markt Groningen Centrum B.V.	Groningen	Netherlands	100.00
Media Markt Groningen Sontplein B.V.	Groningen	Netherlands	95.50
MEDIA MARKT Győr Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Győr	Hungary	100.00
Media Markt Heerhugowaard B.V.	Heerhugowaard	Netherlands	95.50
Media Markt Heerlen B.V.	Heerlen	Netherlands	95.50
Media Markt Helsingborg TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Hengelo B.V.	Hengelo	Netherlands	95.50
MEDIA MARKT Herstal SA	Herstal	Belgium	90.00
Media Markt Hoofddorp B.V.	Hoofddorp	Netherlands	100.00
Media Markt Hoorn B.V.	Hoorn	Netherlands	95.50
MEDIA MARKT HUELVA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Huelva	Spain	99.90
Media Markt Imst TV-Hifi-Elektro GmbH	Imst	Austria	90.00

Name	Head office	Country	Share in capital in %
Media Markt IP Holding Hong Kong Limited	Hong Kong	China	100.00
MEDIA MARKT ISLAZUL MADRID S.A.	Madrid	Spain	99.90
MEDIA MARKT Jemappes/Mons SA	Mons	Belgium	90.00
MEDIA MARKT JEREZ DE LA FRONTERA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Jerez de la Frontera	Spain	99.90
Media Markt Jönköping TV-Hifi- Elektro AB	Stockholm	Sweden	100.00
Media Markt Kalmar TV-Hifi-Elektro AB	Kalmar	Sweden	90.01
Media Markt Kecskemét Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Kecskemét	Hungary	100.00
MEDIA MARKT KISPEST Video TV HiFi Elektro Photo Computer Kereskedelmi Kft.	Budapest	Hungary	100.00
Media Markt Kortrijk NV	Kortrijk	Belgium	100.00
Media Markt Kriens AG	Kriens	Switzerland	90.00
Media Markt Kristianstad TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
MEDIA MARKT L'HOSPITALET VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	L'Hospitalet de Llobregat	Spain	99.90
MEDIA MARKT LAS ARENAS S.A.	Las Palmas de Gran Canaria	Spain	99.90
MEDIA MARKT LAS PALMAS DE GRAN CANARIA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Las Palmas de Gran Canaria	Spain	99.90
Media Markt Leeuwarden B.V.	Leeuwarden	Netherlands	95.50
MEDIA MARKT LEGANÉS VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Leganés	Spain	99.90
MEDIA MARKT LEIRIA – PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisbon	Portugal	100.00
Media Markt Leoben TV-Hifi-Elektro GmbH	Leoben	Austria	90.00
MEDIA MARKT LEÓN VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	León	Spain	99.90
Media Markt Liège Médiacité SA	Liège	Belgium	100.00
MEDIA MARKT Liège Place Saint-Lambert SA	Liège	Belgium	90.00
Media Markt Liezen TV-Hifi-Elektro GmbH	Liezen	Austria	90.00
Media Markt Linköping TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Linz TV-Hifi-Elektro GmbH	Linz	Austria	90.00
MEDIA MARKT LLEIDA, S.A.	Lleida	Spain	99.90
MEDIA MARKT LOGROÑO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Logroño	Spain	99.90
MEDIA MARKT LORCA S.A.	Murcia	Spain	99.90
MEDIA MARKT LOS BARRIOS VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Los Barrios	Spain	99.90
MEDIA MARKT LUGO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Lugo	Spain	99.90
Media Markt Luleå TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Lund TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Maastricht B.V.	Maastricht	Netherlands	95.50
MEDIA MARKT MADRID BENLLIURE S.A.	Madrid	Spain	99.90
MEDIA MARKT MADRID CASTELLANA S.A.	Madrid	Spain	99.90
MEDIA MARKT MADRID PLENILUNIO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Madrid	Spain	99.90
MEDIA MARKT MADRID-VILLAVERDE VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Madrid	Spain	99.90
MEDIA MARKT Majadahonda Video-TV-HiFi-Elektro-Computer-Foto, S.A.	Majadahonda	Spain	99.90
MEDIA MARKT MÁLAGA – PLAZA MAYOR S.A.	El Prat de Llobregat	Spain	99.90
MEDIA MARKT MALAGA-CENTRO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Malaga	Spain	99.90
Media Markt Malmö-Bernstorp TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Malmö-Svågertorp TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
MEDIA MARKT MAMMUT Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Budapest	Hungary	90.00
Media Markt Management AG	Dietikon	Switzerland	100.00
Media Markt Marin SA	La Tène	Switzerland	90.00
Media Markt Marketing GmbH	Munich	Germany	100.00
MEDIA MARKT MASSALFASSAR S.A.	Valencia	Spain	99.90

Name	Head office	Country	Share in capital in %
MEDIA MARKT MATARO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Mataró	Spain	99.90
MEDIA MARKT MATOSINHOS PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisbon	Portugal	100.00
MEDIA MARKT Mechelen NV	Mechelen	Belgium	100.00
MEDIA MARKT Megapark Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Budapest	Hungary	100.00
Media Markt Meyrin SA	Meyrin	Switzerland	90.00
Media Markt Middelburg B.V.	Middelburg	Netherlands	97.75
MEDIA MARKT Miskolc Video TV Hifi Elektro Photo Computer Kereskedelmit Kft	Miskolc	Hungary	90.00
MEDIA MARKT Mons SA	Mons	Belgium	100.00
MEDIA MARKT MURCIA NUEVA CONDOMINA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Murcia	Spain	99.90
MEDIA MARKT MURCIA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Murcia	Spain	99.90
MEDIA MARKT NASCENTE – PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisbon	Portugal	90.00
Media Markt Nieuwegein B.V.	Nieuwegein	Netherlands	100.00
Media Markt Norrköping TV-Hifi-Elektro AB	Stockholm	Sweden	90.01
Media Markt Nyíregyháza Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Nyíregyháza	Hungary	90.00
Media Markt Oberwart TV-Hifi-Elektro GmbH	Oberwart	Austria	90.00
Media Markt Oftringen AG	Oftringen	Switzerland	90.00
Media Markt Online LdA	Lisbon	Portugal	100.00
MEDIA MARKT Oostakker NV	Oostakker	Belgium	90.00
MEDIA MARKT Oostende NV	Ostend	Belgium	90.00
Media Markt Örebro TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
MEDIA MARKT ORIHUELA S.A.	Orihuela	Spain	99.90
MEDIA MARKT PALMA DE MALLORCA S.A.	Palma de Mallorca	Spain	99.90
MEDIA MARKT PALMA DE MALLORCA S´ESTADA, S.A.U.	El Prat de Llobregat	Spain	100.00
MEDIA MARKT PARETS DEL VALLES S.A.	Parets del Vallès	Spain	99.90
MEDIA MARKT Pécs Video TV Hifi Elektro Photo Computer Kereskedelmit Kft.	Pécs	Hungary	90.00
MEDIA MARKT PLAZA – PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisbon	Portugal	100.00
Media Markt Polska Sp. z o.o.	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. 19 Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. 22 Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. 25 Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. 26 Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. 27 Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Białystok Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Bielsko-Biała Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Bydgoszcz Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Chorzów Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Czeladź Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Częstochowa Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Elbląg Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Gdańsk I Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Gdańsk II Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Gdynia I Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Głogów Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Gorzów Wielkopolski Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Jelenia Góra Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Kalisz Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Katowice I Spółka Komandytowa	Warsaw	Poland	90.00

Name	Head office	Country	Share in capital in %
Media Markt Polska Sp. z o.o. Kielce Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Konin Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Koszalin Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Kraków I Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Kraków II Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Legnica Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Łódź I Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Łódź II Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Lublin Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Nowy Sącz Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Olsztyn Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Opole Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Piotrków Trybunalski Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Płock Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Poznań I Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Poznań II Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Przemyśl Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Radom Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Rybnik Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Rzeszów Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Słupsk Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Szczecin Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Tarnów Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Toruń Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Wałbrzych Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Warszawa 1 Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Warszawa II Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Warszawa III Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Warszawa IV Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Wrocław I Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Wrocław II Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Zabrze Spółka Komandytowa	Warsaw	Poland	90.00
Media Markt Polska Sp. z o.o. Zamość Spółka Komandytowa	Warsaw	Poland	100.00
Media Markt Polska Sp. z o.o. Zielona Góra Spółka Komandytowa	Warsaw	Poland	90.00
MEDIA MARKT Pólus Center Video TV Hifi Photo Computer Kereskedelmi Kft.	Budapest	Hungary	90.00
Media Markt Power Service AG	Dietikon	Switzerland	100.00
MEDIA MARKT PUERTO REAL VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Cádiz	Spain	99.90
MEDIA MARKT QUART DE POBLET, S.A.	Quart de Poblet	Spain	99.90
Media Markt Ried TV-Hifi-Elektro GmbH	Ried im Innkreis	Austria	90.00
Media Markt Rijswijk B.V.	Rijswijk (The Hague)	Netherlands	90.10
MEDIA MARKT RIVAS-VACIAMADRID VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Madrid	Spain	99.90
Media Markt Roermond B.V.	Roermond	Netherlands	100.00
MEDIA MARKT Roeselare NV	Roeselare	Belgium	90.00
Media Markt Rotterdam Beijerlandselaan B.V.	Rotterdam	Netherlands	100.00
MEDIA MARKT SALAMANCA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Santa Marta de Tormes	Spain	99.90
MEDIA MARKT San Juan de Aznalfarache VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Seville	Spain	99.90
MEDIA MARKT SAN SEBASTIAN DE LOS REYES VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	San Sebastián de los Reyes	Spain	99.99

Name	Head office	Country	Share in capital in %
MEDIA MARKT SANT CUGAT DEL VALLÈS VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Sant Cugat del Vallès	Spain	99.90
MEDIA MARKT Santander Video-TV-Hifi-Elektro-Computer-Foto, S.A.	Santander	Spain	99.90
MEDIA MARKT SATURN ADMINISTRACION ESPAÑA, S.A.U.	El Prat de Llobregat	Spain	100.00
Media Markt Saturn Holding Magyarország Kft.	Budaörs	Hungary	100.00
Media Markt Saturn Holding Nederland B.V.	Rotterdam	Netherlands	100.00
MEDIA MARKT SATURN, S.A. UNIPERSONAL	El Prat de Llobregat	Spain	100.00
MEDIA MARKT Schoten NV	Schoten	Belgium	90.00
Media Markt Setúbal – Produtos Informáticos e Electrónicos, LDA.	Lisbon	Portugal	90.00
MEDIA MARKT SEVILLA-SANTA JUSTA VIDEO-TV-HIFIi-ELEKTRO-COMPUTER-FOTO, S.A.	Seville	Spain	99.90
MEDIA MARKT SIERO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Lugones-Siero	Spain	99.90
MEDIA MARKT Sint-Lambrechts-Woluwe NV	Sint-Lambrechts-Woluwe	Belgium	90.00
MEDIA MARKT Sint-Pieters-Leeuw NV	Sint-Pieters-Leeuw	Belgium	90.00
MEDIA MARKT SINTRA – PRODUTOS INFORMÁTICOS E ELECTRÓNICOS, LDA	Lisbon	Portugal	90.00
Media Markt Skövde TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Södertälje TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Spittal TV-Hifi-Elektro GmbH	Spittal an der Drau	Austria	90.00
Media Markt St. Gallen AG	St. Gallen	Switzerland	90.00
Media Markt St. Lorenzen TV-Hifi-Elektro GmbH	St. Lorenzen im Mürztal	Austria	90.00
Media Markt Steyr TV-Hifi-Elektro GmbH	Steyr	Austria	90.00
Media Markt Stockholm-Barkarby TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Stockholm-Gallerian TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Stockholm-Heron City TV-HiFi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Stockholm-Länna TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Stockholm-Nacka TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
MEDIA MARKT Stop Shop Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Budapest	Hungary	90.00
Media Markt Sundsvall TV-Hifi-Elektro AB	Stockholm	Sweden	90.01
MEDIA MARKT Szeged Video-TV-Hifi-Elektro-Photo-Computer-Kereskedelmi Kft.	Szeged	Hungary	90.00
MEDIA MARKT Székesfehérvár Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Székesfehérvár	Hungary	90.00
Media Markt Szolnok Video Tv Hifi Elektro Photo Computer Kereskedelmi Kft.	Szolnok	Hungary	100.00
MEDIA MARKT Szombathely Video-TV-Hifi-Elektro-Photo-Computer-Kereskedelmi Kft.	Szombathely	Hungary	90.00
MEDIA MARKT TARRAGONA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Tarragona	Spain	99.90
MEDIA MARKT TELDE VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Telde	Spain	99.90
MEDIA MARKT TENERIFE VIDEO-TV-HIFI-ELEKTRO-COMPUTER-COMPUTER, S.A.	Santa Cruz de Tenerife	Spain	99.90
MEDIA MARKT TERRASSA S.A.	Terrassa	Spain	99.90
Media Markt The Corner B.V.	Rotterdam	Netherlands	95.50
Media Markt Tilburg B.V.	Tilburg	Netherlands	95.50
MEDIA MARKT TOLEDO S.A.	Toledo	Spain	99.90
Media Markt Turnhout NV	Turnhout	Belgium	90.00
Media Markt TV-HiFi-Elektro Athens II Commercial Anonymi Eteria	Maroussi	Greece	100.00
MEDIA MARKT TV-HiFi-Elektro Gesellschaft m.b.H.	Seiersberg	Austria	90.00
MEDIA MARKT TV-HiFi-Elektro Gesellschaft m.b.H.	Innsbruck	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro Gesellschaft m.b.H.	Klagenfurt	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro Gesellschaft m.b.H.	Pasching	Austria	90.00
MEDIA Markt TV-Hifi-Elektro Gesellschaft m.b.H.	Salzburg	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro Gesellschaft m.b.H.	Villach	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro Gesellschaft m.b.H.	Vösendorf	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro GmbH	Wiener Neustadt	Austria	90.00

Name	Head office	Country	Share in capital in %
MEDIA MARKT TV-Hifi-Elektro GmbH	St. Pölten	Austria	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH	Bad Dürrheim	Germany	90.00
MEDIA Markt TV-HiFi-Elektro GmbH	Hallstadt	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH	Herzogenrath	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH	Schwentinental	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH	Lüneburg	Germany	90.00
MEDIA Markt TV-HiFi-Elektro GmbH	Belm	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH	Peißen	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH	Porta Westfalica	Germany	90.05
MEDIA MARKT TV-Hifi-Elektro GmbH	Dornbirn	Austria	90.00
Media Markt TV-HiFi-Elektro GmbH	Krems an der Donau	Austria	90.00
Media Markt TV-HiFi-Elektro GmbH Aalen	Aalen	Germany	92.00
Media Markt TV-HiFi-Elektro GmbH Albstadt	Albstadt	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Alzey	Alzey	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Amberg	Amberg	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Ansbach	Ansbach	Germany	90.05
MEDIA Markt TV-HiFi-Elektro GmbH Aschaffenburg	Aschaffenburg	Germany	90.05
MEDIA Markt TV-HiFi-Elektro GmbH Augsburg	Augsburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Augsburg-Göggingen	Augsburg	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Bad Kreuznach	Bad Kreuznach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbHBad Neustadt an der Saale	Bad Neustadt an der Saale	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Baden-Baden	Baden-Baden	Germany	90.00
MEDIA Markt TV-HiFi-Elektro GmbH Bayreuth	Bayreuth	Germany	90.05
MEDIA Markt TV-HiFi-Elektro GmbH Berlin-Biesdorf	Berlin	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Berlin-Charlottenburg	Berlin	Germany	90.00
MEDIA Markt TV-HiFi-Elektro GmbH Berlin-Gropiusstadt	Berlin	Germany	90.05
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Hohenschönhausen	Berlin	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Berlin-Mitte	Berlin	Germany	90.00
MEDIA Markt TV-HiFi-Elektro GmbH Berlin-Neukölln	Berlin	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Berlin-Prenzlauer Berg	Berlin	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Berlin-Schöneweide	Berlin	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Spandau	Berlin	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Berlin-Steglitz	Berlin	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Tegel	Berlin	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Berlin-Tempelhof	Berlin	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Berlin-Wedding	Berlin	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Bielefeld	Bielefeld	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Bischofsheim	Bischofsheim	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Bochum	Bochum	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Bochum – Ruhrpark	Bochum	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Bonn	Bonn	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Brandenburg an der Havel	Brandenburg an der Havel	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Braunschweig	Brunswick	Germany	100.00
Media Markt TV-HiFi-Elektro GmbH Bremen	Bremen	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Bremen-Waterfront	Bremen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Bruchsal	Bruchsal	Germany	100.00
Media Markt TV-HiFi-Elektro GmbH Buchholz in der Nordheide	Buchholz in der Nordheide	Germany	90.00

Name	Head office	Country	Share in capital in %
Media Markt TV-HiFi-Elektro GmbH Buxtehude	Buxtehude	Germany	100.00
MEDIA MARKT TV-HiFi-Elektro GmbH Castrop-Rauxel	Castrop-Rauxel	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Chemnitz	Chemnitz	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Chemnitz-Röhrsdorf	Chemnitz	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Coburg	Coburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Cottbus/Groß Gaglow	Cottbus	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Deggendorf	Deggendorf	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Delmenhorst	Delmenhorst	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Dessau	Dessau-Roßlau	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Dietzenbach	Dietzenbach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Donauwörth	Donauwörth	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Dorsten	Dorsten	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Dortmund-Oespel	Dortmund	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Dresden Centrum	Dresden	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Dresden-Mickten	Dresden	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Duisburg	Duisburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Duisburg-Großenbaum	Duisburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Düsseldorf	Düsseldorf	Germany	90.00
Media Markt TV-HIFi-Elektro GmbH Düsseldorf-Bilk	Düsseldorf	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Egelsbach	Egelsbach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Eiche	Ahrensfelde-Eiche	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Eisenach	Eisenach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Eislingen	Eislingen	Germany	92.00
Media Markt TV-HiFi-Elektro GmbH Elmshorn	Elmshorn	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Emden	Emden	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Erding	Erding	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Erfurt Thüringen-Park	Erfurt	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Erfurt-Daberstedt	Erfurt	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Erlangen	Erlangen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Eschweiler	Eschweiler	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Essen	Essen	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Esslingen	Esslingen am Neckar	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Fellbach	Fellbach	Germany	92.00
Media Markt TV-Hifi-Elektro GmbH Flensburg	Flensburg	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Frankfurt	Frankfurt am Main	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Frankfurt – Borsigallee	Frankfurt am Main	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Freiburg	Freiburg im Breisgau	Germany	90.05
MEDIA MARKT TV-HiFi-Elektro GmbH Friedrichshafen	Friedrichshafen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Fulda	Fulda	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Gifhorn	Gifhorn	Germany	90.00
Media Markt TV-Hifi-Elektro GmbH Goslar	Goslar	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Göttingen	Göttingen	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Greifswald	Greifswald	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Gründau-Lieblos	Gründau-Lieblos	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Günthersdorf	Leuna	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Halberstadt	Halberstadt	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Halstenbek	Halstenbek	Germany	90.00

Name	Head office	Country	Share in capital in %
Media Markt TV-HiFi-Elektro GmbH Hamburg-Wandsbek	Hamburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hamburg-Altona	Hamburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hamburg-Billstedt	Hamburg	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Hamburg-Harburg	Hamburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hamburg-Hummelsbüttel	Hamburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hamburg-Nedderfeld	Hamburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hameln	Hameln	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Hannover-Vahrenheide	Hanover	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Hannover-Wülfel	Hanover	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Heide	Heide	Germany	90.00
MEDIA Markt TV-HiFi-Elektro GmbH Heidelberg	Heidelberg	Germany	100.00
MEDIA MARKT TV-HiFi-Elektro GmbH Heidelberg-Rohrbach	Heidelberg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Heilbronn	Heilbronn	Germany	92.00
Media Markt TV-HiFi-Elektro GmbH Henstedt-Ulzburg	Henstedt-Ulzburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Heppenheim	Heppenheim an der Bergstraße	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hildesheim	Hildesheim	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Hof	Hof	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Homburg/Saar	Homburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Hückelhoven	Hückelhoven	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Idar-Oberstein	Idar-Oberstein	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Itzehoe	Itzehoe	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Jena	Jena	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Kaiserslautern	Kaiserslautern	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Karlsfeld	Karlsfeld	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Karlsruhe	Karlsruhe	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Karlsruhe – Ettlinger Tor	Karlsruhe	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Kassel	Kassel	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Kempten	Kempten im Allgäu	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Kiel	Kiel	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Kirchheim	Kirchheim	Germany	92.00
Media Markt TV-HiFi-Elektro GmbH Koblenz	Koblenz	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Köln Hohe Straße	Cologne	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Köln-Chorweiler	Cologne	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Köln-Kalk	Cologne	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Köln-Marsdorf	Cologne	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Konstanz	Konstanz	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Krefeld	Krefeld	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Kulmbach	Kulmbach	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Lahr	Lahr	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Landau/Pfalz	Landau in der Pfalz	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Landsberg/Lech	Landsberg am Lech	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Landshut	Landshut	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Leipzig Höfe am Brühl	Leipzig	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Leipzig-Paunsdorf	Leipzig	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Limburg	Limburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Lingen	Lingen	Germany	90.00

Name	Head office	Country	Share in capital in %
Media Markt TV-HiFi-Elektro GmbH Lippstadt	Lippstadt	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Lübeck	Lübeck	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Ludwigsburg	Ludwigsburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Ludwigshafen	Ludwigshafen	Germany	95.00
MEDIA MARKT TV-HiFi-Elektro GmbH Magdeburg	Magdeburg	Germany	90.05
MEDIA MARKT TV-HiFi-Elektro GmbH Magdeburg – Bördepark	Magdeburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Main-Taunus-Zentrum	Sulzbach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Mainz	Mainz	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Mannheim	Mannheim	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Mannheim-Sandhofen	Mannheim	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Marburg	Marburg	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Marktredwitz	Marktredwitz	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Meerane	Meerane	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Memmingen	Memmingen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Mönchengladbach	Mönchengladbach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Mühldorf/Inn	Mühldorf am Inn	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Mülheim	Mülheim an der Ruhr	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH München-Haidhausen	Munich	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH München-Pasing	Munich	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH München-Solln	Munich	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Münster	Münster	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Nagold	Nagold	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Neubrandenburg	Neubrandenburg	Germany	100.00
Media Markt TV-HiFi-Elektro GmbH Neuburg an der Donau	Neuburg an der Donau	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Neumünster	Neumünster	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Neunkirchen	Neunkirchen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Neuss	Neuss	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Neustadt an der Weinstraße	Neustadt an der Weinstraße	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Neu-Ulm	Neu-Ulm	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Neuwied	Neuwied	Germany	90.05
MEDIA MARKT TV-HiFi-Elektro GmbH Nienburg	Nienburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Nordhausen	Nordhausen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Nordhorn	Nordhorn	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Nördlingen	Nördlingen	Germany	100.00
MEDIA Markt TV-HiFi-Elektro GmbH Nürnberg-Kleinreuth	Nuremberg	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Nürnberg-Langwasser	Nuremberg	Germany	90.00
Media Markt TV-Hifi-Elektro GmbH Nürnberg-Schoppershof	Nuremberg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Offenburg	Offenburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Oldenburg	Oldenburg	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Oststeinbek	Oststeinbek	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Paderborn	Paderborn	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Papenburg	Papenburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Passau	Passau	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Peine	Peine	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Pforzheim	Pforzheim	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Pirmasens	Pirmasens	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Plauen	Plauen	Germany	90.00

Name	Head office	Country	Share in capital in %
Media Markt TV-HiFi-Elektro GmbH Potsdam	Potsdam	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Ravensburg	Ravensburg	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Recklinghausen	Recklinghausen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Regensburg	Regensburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Rendsburg	Rendsburg	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Reutlingen	Reutlingen	Germany	90.05
MEDIA MARKT TV-HiFi-Elektro GmbH Rheine	Rheine	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Rosenheim	Rosenheim	Germany	100.00
Media Markt TV-HiFi-Elektro GmbH Rostock	Sievershagen	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Rostock-Brinckmansdorf	Rostock	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Saarbrücken	Saarbrücken	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Saarbrücken – Saarterrassen	Saarbrücken	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Saarlouis	Saarlouis	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Schiffdorf-Spaden	Schiffdorf-Spaden	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Schwabach	Schwabach	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Schwedt	Schwedt/Oder	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Schweinfurt	Schweinfurt	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Schwerin	Schwerin	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Siegen	Siegen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Sindelfingen	Sindelfingen	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Singen	Singen	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Sinsheim	Sinsheim	Germany	92.00
Media Markt TV-HiFi-Elektro GmbH Speyer	Speyer	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Stade	Stade	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Stralsund	Stralsund	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Straubing	Straubing	Germany	90.05
MEDIA MARKT TV-HiFi-Elektro GmbH Stuhr	Stuhr	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Stuttgart – Mailänder Platz	Stuttgart	Germany	100.00
Media Markt TV-HiFi-Elektro GmbH Stuttgart-City	Stuttgart	Germany	100.00
Media Markt TV-HiFi-Elektro GmbH Stuttgart-Feuerbach	Stuttgart	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Stuttgart-Vaihingen	Stuttgart	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Traunreut	Traunreut	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Traunstein	Traunstein	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Trier	Trier	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Ulm	Ulm	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Velbert	Velbert	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Viernheim	Viernheim	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Waltersdorf bei Berlin	Schönefeld	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Weiden	Weiden in der Oberpfalz	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Weilheim	Weilheim	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Weiterstadt	Weiterstadt	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Wetzlar	Wetzlar	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Wiesbaden	Wiesbaden	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Wiesbaden – Äppelallee	Wiesbaden	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Wolfsburg	Wolfsburg	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Worms	Worms	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Wuppertal	Wuppertal	Germany	90.00

Name	Head office	Country	Share in capital in %
Media Markt TV-HiFi-Elektro GmbH Würzburg	Würzburg	Germany	90.05
Media Markt TV-HiFi-Elektro GmbH Würzburg – Alfred-Nobel-Straße	Würzburg	Germany	90.00
MEDIA MARKT TV-HiFi-Elektro GmbH Zella-Mehlis	Zella-Mehlis	Germany	90.00
Media Markt TV-HiFi-Elektro GmbH Zwickau	Zwickau	Germany	90.05
MEDIA Markt TV-HiFi-Elektro Licht GmbH Ingolstadt	Ingolstadt	Germany	100.00
MEDIA MARKT TV-Hifi-Elektro Wien XI Gesellschaft m.b.H.	Vienna	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro Wien XIII GmbH	Vienna	Austria	90.00
MEDIA MARKT TV-Hifi-Elektro Wien XXI Gesellschaft m.b.H.	Vienna	Austria	90.00
MEDIA MARKT Twee Torens Hasselt NV	Hasselt	Belgium	90.00
Media Markt Umeå TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Uppsala TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Utrecht Hoog Catharijne B.V.	Utrecht	Netherlands	95.50
Media Markt Utrecht The Wall B.V.	Utrecht	Netherlands	95.50
MEDIA MARKT VALENCIA COLON S.A.	Valencia	Spain	99.90
MEDIA MARKT VALÈNCIA-CAMPANAR VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Valencia	Spain	99.90
MEDIA MARKT VALLADOLID VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Valladolid	Spain	99.90
Media Markt Västerås TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Växjö TV-Hifi-Elektro AB	Stockholm	Sweden	100.00
Media Markt Venlo B.V.	Venlo	Netherlands	95.50
MEDIA MARKT VIGO VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO S.A.	Vigo	Spain	99.90
MEDIA MARKT VITORIA-GASTEIZ VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Vitoria	Spain	99.90
Media Markt Vöcklabruck TV-Hifi-Elektro GmbH	Vöcklabruck	Austria	90.00
Media Markt Wels TV-Hifi-Elektro GmbH	Wels	Austria	90.00
MEDIA MARKT-West End Video TV Hifi Elektro Photo Computer Kereskedelmi Kft.	Budapest	Hungary	90.00
Media Markt Wien III TV-Hifi-Elektro GmbH	Vienna	Austria	90.00
Media Markt Wien XV TV-Hifi-Elektro GmbH	Vienna	Austria	90.00
Media Markt Wien XXII TV-Hifi-Elektro GmbH	Vienna	Austria	90.00
Media Markt Wilrijk NV	Wilrijk	Belgium	90.00
MEDIA MARKT Wörgl TV-Hifi-Elektro GmbH	Wörgl	Austria	90.00
MEDIA MARKT XCV TV-HiFi-Elektro GmbH Ingolstadt	Ingolstadt	Germany	100.00
Media Markt Zaandam B.V.	Zaandam	Netherlands	100.00
MEDIA MARKT ZARAGOZA PUERTO VENECIA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Zaragoza	Spain	99.90
MEDIA MARKT ZARAGOZA VIDEO-TV-HIFI-ELEKTRO-COMPUTER-FOTO, S.A.	Zaragoza	Spain	99.90
Media Markt Zell am See TV-Hifi-Elektro GmbH	Zell am See	Austria	90.00
Media Markt Zoetermeer B.V.	Zoetermeer	Netherlands	95.50
Media Markt Zürich AG	Zurich	Switzerland	90.00
Media Markt zwei TV-HiFi-Elektro GmbH Dresden-Prohlis	Dresden	Germany	90.00
MEDIA MARKT Zwijnaarde NV	Gent	Belgium	90.00
Media Markt Zwolle B.V.	Zwolle	Netherlands	92.35
MEDIA MARKT-SATURN BELGIUM NV	Asse-Zellik	Belgium	100.00
Media Saturn – Servicos de Apoio Adminstrativo, Lda.	Lisbon	Portugal	100.00
Media Saturn Electronics Hellas Commercial and Holding Anonymi Eteria	Maroussi	Greece	100.00
Media Saturn Holding Polska Sp. z o.o.	Warsaw	Poland	100.00
Media Saturn Logistyka Spólka z ograniczona odpowiedzialnoscia	Warsaw	Poland	100.00
MEDIA SATURN MULTICHANNEL S.A.U.	El Prat de Llobregat	Spain	100.00
Media Saturn Online Spółka z ograniczoną odpowiedzialnością	Warsaw	Poland	100.00
Mediamarket S.p.A. con Socio Unico	Curno	Italy	100.00

Name	Head office	Country	Share in capital in %
MEDIA-Markt TV-HiFi-Elektro GmbH Aachen	Aachen	Germany	90.00
MediaOnline GmbH	Ingolstadt	Germany	100.00
MEDIA-SATURN (PORTUGAL), SGPS, UNIPESSOAL LDA	Lisbon	Portugal	100.00
Media-Saturn Beteiligungen Polska GmbH	Ingolstadt	Germany	100.00
Media-Saturn Deutschland Beteiligungsgesellschaft mbH	Ingolstadt	Germany	100.00
Media-Saturn Deutschland GmbH	Ingolstadt	Germany	100.00
Media-Saturn e-handel Sverige AB	Stockholm	Sweden	100.00
Media-Saturn Helvetia Holding GmbH	Ingolstadt	Germany	100.00
Media-Saturn Holding Norway AS	Oslo	Norway	100.00
Media-Saturn Holding Sweden AB	Stockholm	Sweden	100.00
Media-Saturn Internationale Beteiligungen GmbH	Munich	Germany	100.00
Media-Saturn IT Services GmbH	Ingolstadt	Germany	100.00
Media-Saturn Marketing GmbH	Munich	Germany	100.00
Media-Saturn Nordic Shared Services AB	Stockholm	Sweden	100.00
media-saturn-e-business GmbH	Ingolstadt	Germany	100.00
Media-Saturn-Holding GmbH	Ingolstadt	Germany	78.38
Meister feines Fleisch – feine Wurst GmbH	Gäufelden	Germany	100.00
Mellifera Vierte Beteiligungsgesellschaft mbH	Wolnzach	Germany	90.00
METRO (Changchun) Property Service Co. Ltd.	Changchun	China	100.00
METRO Achtzehnte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf	Germany	100.00
METRO Beteiligungsmanagement Düsseldorf GmbH & Co. KG	Düsseldorf	Germany	100.00
METRO Cash & Carry Asia Pacific Holding GmbH	Vienna	Austria	100.00
METRO Cash & Carry Bulgaria EOOD	Sofia	Bulgaria	100.00
METRO Cash & Carry Central Asia Holding GmbH	Vienna	Austria	100.00
METRO Cash & Carry d.o.o.	Zagreb	Croatia	100.00
METRO Cash & Carry d.o.o.	Belgrade	Serbia	100.00
Metro Cash & Carry Danmark ApS	Glostrup	Denmark	100.00
METRO Cash & Carry Deutschland GmbH	Düsseldorf	Germany	100.00
METRO Cash & Carry France S.A.S.	Nanterre	France	100.00
Metro Cash & Carry Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
METRO Cash & Carry Import Limited Liability Company	Noginsk	Russia	100.00
METRO Cash & Carry India Private Limited	Bangalore	India	100.00
METRO Cash & Carry International GmbH	Düsseldorf	Germany	100.00
METRO Cash & Carry International Holding B. V.	Amsterdam	Netherlands	100.00
METRO Cash & Carry International Holding GmbH	Vienna	Austria	100.00
METRO Cash & Carry Japan KK	Tokyo	Japan	100.00
Metro Cash & Carry Nederland B.V.	Amsterdam	Netherlands	100.00
METRO Cash & Carry OOO	Moscow	Russia	100.00
METRO Cash & Carry Österreich GmbH	Vösendorf	Austria	73.00
METRO CASH & CARRY ROMANIA SRL	Bucharest	Romania	100.00
METRO Cash & Carry Russia N.V.	Amsterdam	Netherlands	100.00
METRO Cash & Carry SR s.r.o.	Ivanka pri Dunaji	Slovakia	100.00
METRO Cash & Carry TOO	Almaty	Kazakhstan	100.00
METRO Cash & Carry Ukraine Ltd.	Kiev	Ukraine	100.00
Metro Cash & Carry Wines	Hyderabad	India	99.99
METRO Central East Europe GmbH	Vienna	Austria	100.00
METRO Consumer Electronics Zwischenholding GmbH & Co. KG	Düsseldorf	Germany	100.00

Name	Head office	Country	Share in capital in %
METRO Consumer Electronics Zwischenholding Management GmbH	Düsseldorf	Germany	100.00
METRO Dienstleistungs-Holding GmbH	Düsseldorf	Germany	100.00
METRO Distributie Nederland B. V.	Amsterdam	Netherlands	100.00
METRO DOLOMITI SpA	San Donato Milanese	Italy	100.00
METRO Dreizehnte Gesellschaft für Vermögensverwaltung mbH	Ingolstadt	Germany	100.00
METRO Erste Erwerbsgesellschaft mbH	Düsseldorf	Germany	100.00
METRO FIM S.p.A.	Cinisello Balsamo	Italy	100.00
METRO Finance B. V.	Venlo	Netherlands	100.00
Metro Finanzdienstleistungs Pensionen GmbH	Düsseldorf	Germany	100.00
Metro France Immobiliere S. à. r. l.	Nanterre	France	100.00
METRO FSD Holding GmbH	Düsseldorf	Germany	100.00
METRO Fünfzehnte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf	Germany	100.00
Metro Global Business Services Private Limited	Pune	India	100.00
Metro Grosmarket Bakirköy Alisveris Hizmetleri Ticaret Ltd. Sirketi	Istanbul	Turkey	100.00
METRO Groß- und Lebensmitteleinzelhandel Holding GmbH	Düsseldorf	Germany	100.00
METRO Großhandelsgesellschaft mbH	Düsseldorf	Germany	100.00
METRO GROUP Accounting Center GmbH	Wörrstadt	Germany	100.00
METRO Group Asset Management B.V.	Amsterdam	Netherlands	100.00
METRO Group Asset Management Ingatlan Kft.	Budaörs	Hungary	100.00
METRO Group Asset Management Services GmbH	Düsseldorf	Germany	100.00
METRO Group Asset Management Ukraine, Limited Liability Company	Kiev	Ukraine	100.00
METRO Group China Holding Limited	Hong Kong	China	100.00
METRO Group Commerce (Shanghai) Co., Ltd.	Shanghai	China	100.00
METRO GROUP COMMERCE LIMITED	Hong Kong	China	100.00
METRO GROUP International Retail Holding Limited	Hong Kong	China	100.00
METRO Group Properties SR s.r.o.	Ivanka pri Dunaji	Slovakia	100.00
METRO GROUP REAL ESTATE ESPANA S.L.	Madrid	Spain	100.00
Metro Group Real Estate Private Limited Company	Karachi	Pakistan	99.75
METRO Group Retail Real Estate GmbH	Düsseldorf	Germany	100.00
METRO Group Retail Real Estate Romania S.R.L.	Voluntari	Romania	100.00
METRO Group Wholesale Real Estate Bulgaria EOOD	Sofia	Bulgaria	100.00
METRO Group Wholesale Real Estate GmbH	Düsseldorf	Germany	100.00
METRO Habib Cash & Carry Pakistan (Private) Limited	Karachi	Pakistan	75.00
Metro Holding France S. A.	Vitry-sur-Seine	France	100.00
METRO Innovations Holding GmbH	Düsseldorf	Germany	100.00
METRO International AG	Chur	Switzerland	100.00
Metro International Beteiligungs GmbH	Düsseldorf	Germany	100.00
METRO INTERNATIONAL SUPPLY GmbH	Düsseldorf	Germany	100.00
METRO Italia Cash and Carry S. p. A.	San Donato Milanese	Italy	100.00
METRO Jinjiang Cash & Carry Co., Ltd.	Shanghai	China	90.00
METRO Kaufhaus und Fachmarkt Holding GmbH	Düsseldorf	Germany	100.00
METRO Kereskedelmi Kft.	Budaörs	Hungary	100.00
METRO Leasing GmbH	Düsseldorf	Germany	100.00
METRO Leasing Objekt Schwerin GmbH	Düsseldorf	Germany	100.00
METRO LOGISTICS Germany GmbH	Düsseldorf	Germany	100.00
METRO LOGISTICS Services GmbH	Düsseldorf	Germany	100.00
METRO Management EOOD	Sofia	Bulgaria	100.00

Name	Head office	Country	Share in capital in %
METRO North Warehouse Management (Chongqing) Co. Ltd.	Chongqing	China	100.00
Metro Properties B.V.	Amsterdam	Netherlands	100.00
METRO Properties CR s.r.o.	Prague	Czech Republic	100.00
METRO Properties Enterprise Management Consulting (Shanghai) Co., Ltd.	Shanghai	China	100.00
METRO PROPERTIES France SAS	Nanterre	France	100.00
Metro Properties Gayrimenkul Yatirim A.Ş.	Istanbul	Turkey	100.00
METRO PROPERTIES GmbH & Co. KG	Düsseldorf	Germany	99.51
METRO PROPERTIES Holding GmbH	Düsseldorf	Germany	100.00
METRO PROPERTIES Limited Liability Company	Moscow	Russia	100.00
METRO PROPERTIES Management GmbH	Düsseldorf	Germany	66.67
METRO Properties Real Estate Management Spółka z ograniczoną odpowiedzialnością	Warsaw	Poland	100.00
METRO PROPERTIES Sp. z o.o.	Warsaw	Poland	100.00
METRO Property Management (Beijing) Co. Ltd.	Beijing	China	100.00
Metro Property Management (Changsha) Co., Ltd.	Changsha	China	100.00
METRO Property Management (Changshu) Co. Ltd.	Changshu	China	100.00
Metro Property Management (Changzhou) Co. Ltd.	Changzhou	China	100.00
Metro Property Management (Chengdu Qingyang) Co., Ltd.	Chengdu	China	100.00
METRO Property Management (Chongqing) Co. Ltd.	Chongqing	China	100.00
Metro Property Management (Cixi) Co., Limited	Cixi	China	100.00
Metro Property Management (Dongguan) Co. Ltd.	Dongguan	China	100.00
Metro Property Management (Hangzhou) Company Limited	Hangzhou	China	100.00
METRO Property Management (Harbin) Co. Ltd.	Harbin	China	100.00
METRO Property Management (Huai'an) Co., Ltd.	Huai'an	China	100.00
Metro Property Management (Jiangyin) Company Limited	Jiangyin	China	100.00
Metro Property Management (Jiaxing) Co. Ltd.	Jiaxing	China	100.00
Metro Property Management (Kunshan) Co. Ltd.	Suzhou	China	100.00
METRO Property Management (Nanchang Qingshanhu) Co. Ltd.	Nanchang	China	100.00
Metro Property Management (Nantong) Co. Ltd.	Nantong	China	100.00
Metro Property Management (Qingdao) Company Limited	Qingdao	China	100.00
METRO Property Management (Shenyang) Co. Ltd.	Shenyang	China	100.00
METRO Property Management (Shenzhen) Co. Ltd.	Shenzhen	China	100.00
Metro Property Management (Suzhou) Co., Ltd.	Suzhou	China	100.00
METRO Property Management (Tianjin Hongqiao) Co., Ltd.	Tianjin	China	100.00
METRO Property Management (Weifang) Co. Ltd.	Weifang	China	100.00
Metro Property Management (Wuhan) Co., Ltd.	Wuhan	China	100.00
METRO Property Management (Wuhu) Co. Ltd.	Wuhu	China	100.00
METRO Property Management (Xi'an) Co., Ltd.	Xi'an	China	100.00
METRO Property Management (Xiamen) Co., Ltd.	Xiamen	China	100.00
METRO Property Management (Xiangyang) Co. Ltd.	Xiangyang	China	100.00
METRO Property Management (Zhangjiagang) Co. Ltd.	Zhangjiagang	China	100.00
Metro Property Management (Zhengzhou) Co., Ltd.	Zhengzhou	China	100.00
METRO Property Management (Zhongshan) Co. Limited	Zhongshan	China	100.00
METRO Property Management Wuxi Co. Ltd.	Wuxi	China	100.00
METRO Re AG	Düsseldorf	Germany	100.00
METRO Real Estate Ltd.	Zagreb	Croatia	100.00
Metro SB-Großmärkte GmbH & Co. Kommanditgesellschaft	Esslingen am Neckar	Germany	100.00
Metro SB-Großmärkte GmbH & Co. Kommanditgesellschaft	Linden	Germany	100.00

Name	Head office	Country	Share in capital in %
METRO Service GmbH	Vösendorf	Austria	100.00
METRO Services GmbH	Düsseldorf	Germany	100.00
METRO Services PL spółka z ograniczoną odpowiedzialnością	Szczecin	Poland	100.00
METRO Siebte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf	Germany	100.00
METRO Siebzehnte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf	Germany	100.00
METRO South East Asia Holding GmbH	Vienna	Austria	100.00
METRO SYSTEMS GmbH	Düsseldorf	Germany	100.00
Metro Systems Romania S.R.L.	Bucharest	Romania	100.00
METRO Systems Ukraine LLC	Kiev	Ukraine	100.00
METRO Vierzehnte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf	Germany	100.00
METRO Warehouse Management (Chongqing) Co. Ltd.	Chongqing	China	100.00
Metro Warehouse Management (Hangzhou) Co. Ltd.	Hangzhou	China	100.00
METRO Warehouse Management (Suzhou) Co. Ltd.	Suzhou	China	100.00
Metro Warehouse Management (Taizhou) Co. Ltd	Taizhou	China	100.00
Metro Warehouse Management (Wuhan) Co. Ltd.	Wuhan	China	100.00
Metro Warehouse Management (Yantai) Co., Limited	Yantai	China	100.00
METRO Warehouse Management (Zibo) Co., Ltd.	Zibo	China	100.00
Metro Warehouse Noginsk Limited Liability Company	Noginsk	Russia	100.00
METRO Wholesale & Food Services Vermögensverwaltung GmbH & Co. KG	Düsseldorf	Germany	100.00
METRO Wholesale & Food Services Vermögensverwaltung Management GmbH	Düsseldorf	Germany	100.00
METRO Wholesale & Food Specialist GmbH	Düsseldorf	Germany	100.00
MGA METRO Group Advertising GmbH	Düsseldorf	Germany	100.00
MGA METRO Group Advertising Spółka z ograniczoną odpowiedzialnością	Warsaw	Poland	100.00
MGB METRO Group Buying (Shanghai) Co., Ltd.	Shanghai	China	100.00
MGB METRO Group Buying HK Limited	Hong Kong	China	100.00
MGB Metro Group Buying Romania SRL	Bucharest	Romania	100.00
MGB METRO Group Buying RUS OOO	Moscow	Russia	100.00
MGB METRO Group Buying TR Satinalma Ticaret Limited Sirketi	Istanbul	Turkey	100.00
MGC METRO Group Clearing GmbH	Düsseldorf	Germany	100.00
MGE Warenhandelsgesellschaft mbH	Düsseldorf	Germany	100.00
MGI Metro Group Iletisim ve Enformasyon Ticaret Limited Sirketi	Istanbul	Turkey	100.00
MGL METRO Group Logistics Bulgaria LTD	Sofia	Bulgaria	100.00
MGL METRO Group Logistics GmbH	Düsseldorf	Germany	100.00
MGL METRO Group Logistics Limited Liability Company	Noginsk	Russia	100.00
MGL METRO Group Logistics Polska Sp. z o.o.	Warsaw	Poland	100.00
MGL METRO Group Logistics Polska Sp. z o.o. i Spólka Sp.k.	Warsaw	Poland	100.00
MGL METRO GROUP LOGISTICS UKRAINE LLC	Kiev	Ukraine	100.00
MGL METRO Group Logistics Warehousing Beteiligungs GmbH	Düsseldorf	Germany	100.00
MGP METRO Group Account Processing GmbH	Kehl	Germany	100.00
MGP METRO Group Account Processing International AG	Baar	Switzerland	100.00
MGT METRO Group Travel Services GmbH	Düsseldorf	Germany	100.00
MIAG Asia Co. Ltd.	Hong Kong	China	100.00
MIAG Commanditaire Vennootschap	Amsterdam	Netherlands	100.00
MIB METRO Group Insurance Broker GmbH	Düsseldorf	Germany	100.00
MIDBAN ESOLUTIONS S.L.	Barcelona	Spain	75.00
MIP METRO Group Intellectual Property GmbH & Co. KG	Düsseldorf	Germany	100.00
MIP METRO Group Intellectual Property Management GmbH	Düsseldorf	Germany	100.00

Name	Head office	Country	Share in capital in %
MIP METRO Holding Management GmbH	Düsseldorf	Germany	100.00
MMS Connect B.V.	Rotterdam	Netherlands	100.00
MMS Coolsingel B.V.	Rotterdam	Netherlands	100.00
MMS ONLINE BELGIË	Zellik	Belgium	100.00
MMS Online Nederland B.V.	Rotterdam	Netherlands	100.00
Morocco Fish Trading Company SARL AU	Casablanca	Morocco	100.00
MP Gayrimenkul Yönetim Hizmetleri Anonim Şirketi	Istanbul	Turkey	100.00
MRE Spółka z ograniczoną odpowiedzialnością	Warsaw	Poland	100.00
MS E-Business Concepts & Service GmbH	Ingolstadt	Germany	100.00
MS E-Commerce GmbH	Vösendorf	Austria	100.00
MS E-Commerce Kereskedelmi Korlátolt Felelősségű Társaság	Budaörs	Hungary	100.00
MS ISTANBUL IC VE DIS TICARET LIMITED SIRKETI	Istanbul	Turkey	100.00
MS Multichannel Retailing Ges.m.b.H.	Vösendorf	Austria	100.00
MS New CO Spółka z ograniczoną odpowiedzialnością	Warsaw	Poland	100.00
MS Powerservice GmbH	Vösendorf	Austria	100.00
MTE Grundstücksverwaltung GmbH & Co. Objekt Duisburg oHG	Düsseldorf	Germany	100.00
Multi-Center Warenvertriebs GmbH	Düsseldorf	Germany	100.00
My Mart (China) Trading Co., Ltd.	Guangzhou	China	100.00
my-xplace GmbH	Göttingen	Germany	76.74
N & NF Trading GmbH	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Detmold KG	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Eschweiler KG	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Germersheim KG	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Langendreer KG	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Ludwigshafen KG	Pullach im Isartal	Germany	49.00[1]
NIGRA Verwaltung GmbH & Co. Objekt Moers KG	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Neunkirchen KG	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Rendsburg KG	Düsseldorf	Germany	100.00
NordRhein Trading GmbH	Düsseldorf	Germany	100.00
OOO „CE trading solutions“	Moscow	Russia	100.00
OOO Media-Markt-Saturn	Moscow	Russia	100.00
OOO Media-Saturn-Russland	Moscow	Russia	100.00
OOO Saturn	Moscow	Russia	100.00
OOO xplace	Moscow	Russia	100.00
OSKUS Verwaltung GmbH & Co. Objekt Aachen SB-Warenhaus KG	Pullach im Isartal	Germany	0.00[1]
OSKUS Verwaltung GmbH & Co. Objekt Krefeld KG	Pullach im Isartal	Germany	0.00[1]
OSKUS Verwaltung GmbH & Co. Objekt Nettetal KG	Pullach im Isartal	Germany	0.00[1]
PAROS Verwaltung GmbH & Co. Objekt Bitterfeld KG	Pullach im Isartal	Germany	10.00[1]
PAROS Verwaltung GmbH & Co. Objekt Hürth KG	Pullach im Isartal	Germany	0.00[1]
PAROS Verwaltung GmbH & Co. Objekt Stralsund KG	Pullach im Isartal	Germany	10.00[1]
PayRed Card Services AG	Dietikon	Switzerland	100.00
Petit RUNGIS express GmbH	Meckenheim	Germany	100.00
PIL Grundstücksverwaltung GmbH	Düsseldorf	Germany	100.00
Power Service GmbH	Cologne	Germany	100.00
PowerService Nederland B.V.	Rotterdam	Netherlands	100.00
Pro. FS GmbH	Düsseldorf	Germany	100.00
Profectis Logistik & Service GmbH & Co. KG	Wolnzach	Germany	100.00

Name	Head office	Country	Share in capital in %
Profectis Logistik & Service Verwaltungs GmbH	Straubing	Germany	100.00
Profectis Technischer Kundendienst GmbH & Co. KG	Wolnzach	Germany	100.00
Profectis Verwaltungs GmbH	Wolnzach	Germany	100.00
PT Classic Fine Foods Indonesia	North Jakarta	Indonesia	100.00
PT Paserda Indonesia	Jakarta	Indonesia	100.00
Qingdao Metro Warehouse Management Co. Ltd.	Qingdao	China	100.00
RaW Real Estate Asia Pte.Ltd.	Singapore	Singapore	100.00
Real Estate Management Misr Limited Liability Company	Cairo	Egypt	100.00
real,- Digital Fulfillment GmbH	Düsseldorf	Germany	100.00
real,- Digital Services GmbH	Düsseldorf	Germany	100.00
real,- Group Holding GmbH	Düsseldorf	Germany	100.00
real,- Handels GmbH	Düsseldorf	Germany	100.00
real,- Holding GmbH	Düsseldorf	Germany	100.00
real,- SB-Warenhaus GmbH	Düsseldorf	Germany	100.00
red blue Marketing GmbH	Munich	Germany	100.00
redblue services GmbH	Munich	Germany	100.00
Redcoon Benelux B. V.	Tilburg	Netherlands	100.00
REDCOON ELECTRONIC TRADE, S.L.	El Prat de Llobregat	Spain	100.00
Redcoon GmbH	Aschaffenburg	Germany	100.00
redcoon GmbH	Vienna	Austria	100.00
REDCOON ITALIA S.R.L.	Turin	Italy	100.00
redcoon Logistics GmbH	Erfurt	Germany	100.00
REDCOON POLSKA Sp. z o.o.	Warsaw	Poland	100.00
Remo Zaandam B.V.	Zaandam	Netherlands	100.00
Renate Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
Retail Media Group GmbH	Düsseldorf	Germany	100.00
Retail Property 1 Limited Liability Company	Moscow	Russia	100.00
Retail Property 2 Limited Liability Company	Moscow	Russia	100.00
Retail Property 5 Limited Liability Company	Moscow	Russia	100.00
Retail Property 6 Limited Liability Company	Moscow	Russia	100.00
Retail Real Estate Limited Liability Company	Moscow	Russia	100.00
R'express Alimentos Unipersonal LDA	Lisbon	Portugal	100.00
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gerlingen KG	Düsseldorf	Germany	94.00[1]
Rotterdam Trading Office B.V.	Amsterdam	Netherlands	100.00
RTS Elektronik Systeme GmbH	Wolnzach	Germany	100.00
RTS Polska Spółka z o.o.	Poznań	Poland	80.00
RTS Produktwelt GmbH & Co. KG	Wolnzach	Germany	100.00
RTS Produktwelt Verwaltungs GmbH	Wolnzach	Germany	100.00
RTS Service Parts Logistics GmbH & Co. KG	Wolnzach	Germany	100.00
RTS Service Solutions GmbH & Co. KG	Wolnzach	Germany	100.00
RTS Service Solutions Verwaltungs GmbH	Wolnzach	Germany	100.00
RTS Sömmerda Service GmbH & Co. KG	Sömmerda	Germany	100.00
RTS Sömmerda Service Verwaltungs GmbH	Sömmerda	Germany	100.00
RTS Spares Verwaltungs GmbH	Wolnzach	Germany	100.00
RTS Supply Chain Solutions GmbH & Co. KG	Wolnzach	Germany	100.00
RTS Supply Chain Solutions Verwaltungs GmbH	Wolnzach	Germany	100.00
RUDU Verwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00

Name	Head office	Country	Share in capital in %
RUNGIS express GmbH	Meckenheim	Germany	100.00
RUNGIS express Gourmet Service Ges.m.b.H.	Salzburg	Austria	100.00
RUNGIS express SPAIN SL	Palma de Mallorca	Spain	100.00
RUNGIS express Suisse Holding AG	Courgevaux	Switzerland	100.00
RUTIL Verwaltung GmbH & Co. SB-Warenhaus Bielefeld KG	Düsseldorf	Germany	100.00
S.C. real Hyper Magazine s.r.l.	Bucharest	Romania	100.00
Saturn Athens III Commercial Anonymi Eteria	Maroussi	Greece	100.00
SATURN E-517 ELECTRO S.A.U.	El Prat de Llobregat	Spain	100.00
Saturn Electro-Handelsges.m.b.H.	Salzburg	Austria	90.00
Saturn Electro-Handelsges.m.b.H.	Vienna	Austria	90.00
Saturn Electro-Handelsges.m.b.H.	Graz	Austria	90.00
Saturn Electro-Handelsgesellschaft m.b.H.	Vösendorf	Austria	90.00
Saturn Electro-Handelsgesellschaft m.b.H.	Linz	Austria	90.00
Saturn Electro-Handelsgesellschaft mbH	Karlsruhe	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Ansbach	Ansbach	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Augsburg	Augsburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Bad Homburg	Bad Homburg v. d. Höhe	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Bad Oeynhausen	Bad Oeynhausen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbh Baunatal	Baunatal	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Charlottenburg	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Gesundbrunnen	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Köpenick	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin – Leipziger Platz	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin – Märkische Zeile	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Marzahn	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Reinickendorf	Berlin	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Berlin – Schloßstraße	Berlin	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Berlin-Spandau	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Treptow	Berlin	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Berlin-Zehlendorf	Berlin	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Bielefeld	Bielefeld	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Bocholt	Bocholt	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Bochum	Bochum	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Braunschweig	Brunswick	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Bremen	Bremen	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Bremen-Habenhausen	Bremen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Bremerhaven	Bremerhaven	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Celle	Celle	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Chemnitz	Chemnitz	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Chemnitz-Zentrum	Chemnitz	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Darmstadt	Darmstadt	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Dessau	Dessau-Roßlau	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Dortmund	Dortmund	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Dortmund-Eving	Dortmund	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Dresden	Dresden	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Duisburg	Duisburg	Germany	90.00

Name	Head office	Country	Share in capital in %
Saturn Electro-Handelsgesellschaft mbH Erfurt	Erfurt	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Erlangen	Erlangen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Essen City	Essen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Essen-Steele	Essen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Esslingen	Esslingen am Neckar	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Euskirchen	Euskirchen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Flensburg	Flensburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Frankfurt/Main	Frankfurt am Main	Germany	90.04
Saturn Electro-Handelsgesellschaft mbH Freiburg	Freiburg im Breisgau	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Freising	Freising	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Fürth	Fürth	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Gelsenkirchen	Gelsenkirchen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Gelsenkirchen-Buer	Gelsenkirchen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Gießen	Gießen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Göttingen	Göttingen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Gummersbach	Gummersbach	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hagen	Hagen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hamburg-Altstadt	Hamburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hamm	Hamm	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hanau	Hanau	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hannover	Hanover	Germany	90.01
Saturn Electro-Handelsgesellschaft mbH Heidelberg	Heidelberg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Herford	Herford	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hilden	Hilden	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Hildesheim	Hildesheim	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Ingolstadt	Ingolstadt	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Isernhagen	Isernhagen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Jena	Jena	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Kaiserslautern	Kaiserslautern	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Karlsruhe-Durlach	Karlsruhe	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Kassel	Kassel	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Kempten	Kempten im Allgäu	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Kerpen	Kerpen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Kiel	Kiel	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Kleve	Kleve	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Koblenz	Koblenz	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Krefeld	Krefeld	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Landshut	Landshut	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Leipzig	Leipzig	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Leipzig-Hauptbahnhof	Leipzig	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Leonberg	Leonberg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Lübeck	Lübeck	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Lüdenscheid	Lüdenscheid	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Ludwigsburg	Ludwigsburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Ludwigshafen	Ludwigshafen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Lünen	Lünen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Magdeburg	Magdeburg	Germany	90.05

Name	Head office	Country	Share in capital in %
Saturn Electro-Handelsgesellschaft mbH Mainz	Mainz	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Mannheim	Mannheim	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Marl	Marl	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Moers	Moers	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Mülheim	Mülheim an der Ruhr	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH München	Munich	Germany	92.06
Saturn Electro-Handelsgesellschaft mbH München-Riem	Munich	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Münster	Münster	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Neckarsulm	Neckarsulm	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Neu-Isenburg	Neu-Isenburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Norderstedt	Norderstedt	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Nürnberg	Nuremberg	Germany	90.01
Saturn Electro-Handelsgesellschaft mbH Oberhausen	Oberhausen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Oldenburg	Oldenburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Osnabrück	Osnabrück	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Paderborn	Paderborn	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Passau	Passau	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Pforzheim	Pforzheim	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Potsdam	Potsdam	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Regensburg	Regensburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Remscheid	Remscheid	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Reutlingen	Reutlingen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Rostock	Rostock	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH S050	Ingolstadt	Germany	100.00
Saturn Electro-Handelsgesellschaft mbH Saarbrücken	Saarbrücken	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Schweinfurt	Schweinfurt	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Senden	Senden	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Solingen	Solingen	Germany	90.05
Saturn Electro-Handelsgesellschaft mbH Stuttgart	Stuttgart	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Troisdorf	Troisdorf	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Tübingen	Tübingen	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Weimar	Weimar	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Weiterstadt	Weiterstadt	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Wesel	Wesel	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Wiesbaden	Wiesbaden	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Wolfsburg	Wolfsburg	Germany	90.00
Saturn Electro-Handelsgesellschaft mbH Zwickau	Zwickau	Germany	90.00
Saturn Electro-Handelsgesellschaft mit beschränkter Haftung	Cologne	Germany	100.00
Saturn Gerasdorf Electro-Handelsges.m.b.H.	Gerasdorf bei Wien	Austria	90.00
Saturn Graz V VertriebsgmbH	Graz	Austria	90.00
Saturn Haid Electro-Handelsges.m.b.H.	Haid	Austria	90.00
Saturn Innsbruck Electro-Handeslges.m.b.H.	Innsbruck	Austria	90.00
Saturn Klagenfurt Electro-Handelsges.m.b.H.	Klagenfurt	Austria	90.00
Saturn Luxembourg S.A.	Luxembourg	Luxembourg	100.00
Saturn Marketing GmbH	Munich	Germany	100.00
Saturn Mega Markt GmbH Wuppertal	Wuppertal	Germany	90.05
Saturn online GmbH	Ingolstadt	Germany	100.00

Name	Head office	Country	Share in capital in %
SATURN PLANET Sp. z o.o.	Warsaw	Poland	100.00
Saturn Planet Sp. z o.o. 11 Spółka Komandytowa	Warsaw	Poland	100.00
Saturn Planet Sp. z o.o. 16 Spółka Komandytowa	Warsaw	Poland	100.00
Saturn Planet Sp. z o.o. 19 Spółka Komandytowa	Warsaw	Poland	100.00
Saturn Planet Sp. z o.o. Bydgoszcz Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Gdańsk I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Gdynia I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Gliwice Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Katowice I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Kraków I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Kraków II Spółka Komandytowa	Warsaw	Poland	100.00
Saturn Planet Sp. z o.o. Łódź I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Łódź II Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Lubin Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Lublin I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Poznań I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Poznań II Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Szczecin I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Tychy Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Warszawa I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Warszawa II Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Warszawa III Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Warszawa IV Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Warszawa V Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Wrocław I Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Planet Sp. z o.o. Wrocław II Spółka Komandytowa	Warsaw	Poland	90.00
Saturn Techno-Electro-Handelsgesellschaft mbH	Cologne	Germany	100.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Hürth	Germany	90.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Neuss	Germany	90.09
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Leverkusen	Germany	90.09
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Aachen	Germany	90.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Mönchengladbach	Germany	90.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Siegen	Germany	90.01
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Sankt Augustin	Germany	90.09
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Düren	Germany	90.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Bergisch Gladbach	Germany	90.20
Saturn Techno-Markt Electro-Handelsgesellschaft mbH	Cologne	Germany	100.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH Düsseldorf-Flingern	Düsseldorf	Germany	90.00
Saturn Techno-Markt Electro-Handelsgesellschaft mbH Düsseldorf – Königsallee	Düsseldorf	Germany	90.00
Saturn Thessaloniki II Comercial Anonymi Eteria	Maroussi	Greece	100.00
Saturn Wien X VertriebsgmbH	Vienna	Austria	90.00
Saturn Wien XIV Electro-Handelsges.m.b.H.	Vienna	Austria	90.00
Saturn Wien XX VertriebsgmbH	Vienna	Austria	90.00
Saturn Wien XXII Electro-Handelsges.m.b.H.	Vienna	Austria	90.00
Saturn Wien XXIII Electro-Handelsges.m.b.H.	Vienna	Austria	90.00
Saturn-Mega Markt GmbH Halle	Halle an der Saale	Germany	90.05
Saturn-Mega Markt GmbH Trier	Trier	Germany	90.05

Name	Head office	Country	Share in capital in %
Schaper Grundbesitz-Verwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
Sezam XVI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	Warsaw	Poland	100.00
Shenzhen Hemaijia Trading Co. Ltd.	Shenzhen	China	100.00
SIL Verwaltung GmbH & Co. Objekt Haidach KG	Düsseldorf	Germany	92.00
Silver Ocean B.V.	Amsterdam	Netherlands	85.76
Sinco Großhandelsgesellschaft m. b. H.	Vösendorf	Austria	73.00
SmartWorld Services GmbH	Wolnzach	Germany	85.00
Sociedad Ibérica Restaurantes de Tecnología Avanzada S. A. U.	Madrid	Spain	100.00
SPACELAB Invest GmbH	Munich	Germany	100.00
Star Farm (Shanghai) Agriculture Information Consulting Company Limited	Shanghai	China	100.00
Star Farm Pakistan Pvt. Ltd.	Lahore	Pakistan	100.00
STW Grundstücksverwaltung GmbH	Düsseldorf	Germany	100.00
Tec-Repair GmbH	Wolnzach	Germany	100.00
Tertia Handelsbeteiligungsgesellschaft mbH	Cologne	Germany	60.00
TIMUG GmbH & Co. Objekt Homburg KG	Düsseldorf	Germany	0.00[1]
TIMUG Verwaltung GmbH	Düsseldorf	Germany	100.00
VALENCIA TRADING OFFICE, S.L.	Madrid	Spain	100.00
Vallesmar Peixos S.L.	Reus	Spain	100.00
Weinkellerei Thomas Rath GmbH	Düsseldorf	Germany	100.00
Western United Finance Company Limited	London	Great Britain	100.00
Wholesale Real Estate Belgium N.V.	Wommelgem	Belgium	100.00
Wholesale Real Estate Poland Sp. z o.o.	Warsaw	Poland	100.00
Wirichs Immobilien GmbH	Düsseldorf	Germany	100.00
Wirichs Immobilien GmbH & Co. Objekt Herford KG	Düsseldorf	Germany	100.00
Wolfgang Wirichs GmbH	Düsseldorf	Germany	100.00
World Import N. V.	Puurs	Belgium	100.00
WRE Real Estate Limited Liability Partnership	Almaty	Kazakhstan	100.00
X Place Spain S.L.	Barcelona	Spain	100.00
Xi'an METRO Commercial and Trading Company Limited	Xi'an	China	100.00
XPLACE DIJITAL COZÜM TICARET LIMITED SIRKETI	Istanbul	Turkey	100.00
xplace GmbH	Göttingen	Germany	58.04
XPLACE ITALY S.R.L.	Pianoro	Italy	100.00
XPLACE UK LIMITED	London	Great Britain	100.00
Yugengaisha MIAG Japan	Tokyo	Japan	100.00
ZARUS Verwaltung GmbH & Co. Objekt Mutterstadt KG	Düsseldorf	Germany	100.00
ZARUS Verwaltung GmbH & Co. Objekt Osnabrück KG	Düsseldorf	Germany	100.00
ZARUS Verwaltung GmbH & Co. Objekte Niedersachsen KG	Düsseldorf	Germany	100.00
Joint ventures			
Intercompra LDA	Lisbon	Portugal	50.00
MAXXAM B.V.	Ede	Netherlands	16.67
MAXXAM C.V.	Ede	Netherlands	16.67
MEC METRO-ECE Centermanagement GmbH & Co. KG	Düsseldorf	Germany	50.00
MEC METRO-ECE Centermanagement Verwaltungs GmbH	Düsseldorf	Germany	50.00
METSPA Beszerzési és Kereskedelmi Kft.	Budaörs	Hungary	33.33
METSPA d.o.o. za trgovinu	Zagreb	Croatia	50.00

Name	Head office	Country	Share in capital in %
Investments accounted for using the equity method			
European EPC Competence Center GmbH	Cologne	Germany	30.00
Fachmarktzentrum Essen GmbH & Co. KG	Pullach im Isartal	Germany	94.00
Habib METRO Pakistan (Pvt) Ltd	Karachi	Pakistan	40.00
Helm Wohnpark Lahnblick GmbH	Aßlar	Germany	25.00
Iniziative Methab s.r.l.	Bolzano	Italy	50.00
Kato S.à r.l.	Luxembourg	Luxembourg	5.10
Mayfair GP S.à r.l.	Luxembourg	Luxembourg	40.00
Mayfair Holding Company S.C.S.	Luxembourg	Luxembourg	39.99
Napier S.à r.l.	Luxembourg	Luxembourg	5.10
OPCI FRENCH WHOLESALE PROPERTIES – FWP	Paris	France	5.00
OPCI FRENCH WHOLESALE STORES – FWS	Paris	France	25.00
Peoplefone Polska Spółka Akcyjna	Warsaw	Poland	49.00
Peter Glinicke Grundstücks-GmbH & Co. KG	Pullach im Isartal	Germany	50.00
Quadrant S.à r.l.	Luxembourg	Luxembourg	5.10
Sabra S.à r.l.	Luxembourg	Luxembourg	5.10
Tatra S.à r.l.	Luxembourg	Luxembourg	5.10
Upton S.à r.l.	Luxembourg	Luxembourg	5.10
Wilcox S.à r.l.	Luxembourg	Luxembourg	5.10
Xiali S.à r.l.	Luxembourg	Luxembourg	5.10
Zagato S.à r.l.	Luxembourg	Luxembourg	5.10
Zender S.à r.l.	Luxembourg	Luxembourg	5.10
Investments not accounted for using the equity method			
IFH Institut für Handelsforschung GmbH	Cologne	Germany	14.29[2]
Metro plus Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	Germany	20.00[2]
smart building solutions GmbH	Munich	Germany	50.00[2]
Investments			
Culinary Agents Inc.	Wilmington	USA	18.33
Diehl & Brüser Handelskonzepte GmbH	Düsseldorf	Germany	100.00[3]
DTB Deutsche Technikberatung GmbH	Cologne	Germany	10.00
EKS Handelsgesellschaft mbH	Salzburg	Austria	25.00
EKS Handelsgesellschaft mbH & Co. KG	Salzburg	Austria	25.00
Erschließungsgesellschaft Schwerin-Krebsförden mbH & Co. Kommanditgesellschaft	Lüneburg	Germany	18.18
eVentures Growth, L.P.	Wilmington	USA	5.00
Flip4 GmbH	Friedrichsdorf	Germany	16.00
Gourmet F&B Korea Ltd.	Seoul	South Korea	28.00
GSSI Consortium GbR	Düsseldorf	Germany	7.69
Hitmeister GmbH	Düsseldorf	Germany	100.00[3]
HoReCa Innovation I GmbH & Co. KG	Düsseldorf	Germany	100.00[3]
HoReCa Investment I GmbH & Co. KG	Düsseldorf	Germany	100.00[3]
HoReCa Investment Management GmbH	Düsseldorf	Germany	100.00[3]
HoReCa Komplementär GmbH	Düsseldorf	Germany	100.00[3]
HoReCa Services GmbH	Düsseldorf	Germany	100.00[3]
HoReCa Strategic I GmbH & Co. KG	Düsseldorf	Germany	100.00[3]
Locafox GmbH	Berlin	Germany	17.50

Name	Head office	Country	Share in capital in %
MobiLab Solutions GmbH	Cologne	Germany	33.05
orderbird AG	Berlin	Germany	14.18
QUANTIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Darmstadt KG	Schönefeld	Germany	6.00
QUANTIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Junior Augsburg KG	Schönefeld	Germany	6.00
Shore GmbH	Munich	Germany	12.41
Verwaltungsgesellschaft Lebensmittelgesellschaft "GLAWA" mbH & Co. KG	Hamburg	Germany	18.75

[1] Inclusion according to IFRS 10
[2] Not accounted for using the equity method due to minor materiality for the asset, financial and earnings position
[3] No full consolidation and not accounted for using the equity method due to minor materiality for the asset, financial and earnings position

22 November 2016

The Management Board

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

Responsibility statement of the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the asset, financial and earnings position of the group, and the combined management report 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.

22 November 2016

The Management Board

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

AUDITOR'S REPORT

The following auditor's report was issued for the consolidated financial statements and combined management report:

"We have audited the consolidated financial statements prepared by METRO AG, Düsseldorf, comprising the statement of financial position, the statement of profit or loss, the reconciliation from profit or loss for the period to total comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the combined management report of the Company and the Group for the financial year from 1 October 2015 to 30 September 2016. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS, as adopted by the EU, and the additional requirements under Section 315a (1) of the German Commercial Code as well as the supplementary provisions of the Articles of Association are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code [HGB] and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on our audit findings, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) HGB and the supplementary provisions of the Articles of Association, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Cologne, 23 November 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

LURWEG
Auditor

MÜNSTERMANN
Auditor"

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SERVICE

GLOSSARY

A

Accelerator
Initiative that supports start-ups, for example with coaching, thus accelerating the development and implementation of their business ideas. METRO GROUP has launched the METRO Accelerator powered by Techstars to support start-ups with innovative technologies for use in the food service, hospitality and catering sectors.

Active ownership
The concept of active ownership is derived from the private equity sphere and describes how stakeholders identify with a company by assuming greater personal responsibility.

After-sales management
After-sales management refers to all activities of a company that take place after the actual sale of a product or service. This includes, for example, maintenance and repair services, training as well as marketing campaigns to strengthen customer loyalty and increase sales.

Aquaculture Stewardship Council (ASC)
The Aquaculture Stewardship Council is an international, non-profit organisation that promotes responsible aquaculture around the world. In these efforts, it cooperates with aquaculture and processing operations, retail and food companies as well as scientists. The ASC label recognises products that come from sustainable aquaculture operations. The ASC was founded in 2010 by the World Wide Fund For Nature (WWF) and the Dutch Sustainable Trade Initiative (IDH).

Audit
A procedure that assesses an organisation's processes and structures according to previously formulated standards and guidelines. Audits shed light on the effectiveness of process optimisation measures. If an audit is conducted by an external auditor, the certificate issued after the review can be used as evidence of adherence to standards.

B

Business Social Compliance Initiative (BSCI)
Founded in 2003, this alliance of European retailers works to ensure that production in all supplier countries complies with minimum social standards. The initiative aligns its standards with the UN's Universal Declaration of Human Rights and the conventions of the International Labour Organization (ILO). METRO GROUP is a founding member of the BSCI.

C

Carbon Disclosure Project (CDP)
The unaffiliated organisation was founded in London in 2000 by companies. It aims to disclose companies' CO_2 emissions as well as their climate and reduction risks, thereby contributing to the transparency of their corporate financial reporting on climate-relevant data. Each year, the CDP conducts standardised company surveys on a voluntary basis.

Commercial paper programme
Ongoing capital market programme typical of money markets that covers short-term financing needs. It facilitates the issuance of commercial papers (CP) as discounted, unsecured bearer bonds without standardised terms of maturity.

Committee of Sponsoring Organizations of the Treadway Commission (COSO)
U.S.-based private-sector organisation that developed and published a standard for internal controls in 1992 that is recognised by the U.S. Securities and Exchange Commission. In 2004, this standard was updated and the COSO ERM (Enterprise Risk Management – Integrated Framework), also known as COSO II, was published.

Compliance
All measures specifying a company's and its employees' behaviour in accordance with legislation, established social guidelines and values.

Corporate Sector Supervision and Transparency Act (KonTraG)
The Corporate Sector Supervision and Transparency Act entered into force in May 1998. Its aim is to create organisational structures in companies that allow for sufficient controls and transparency. At the same time, it intends to create the necessary conditions for ensuring that developments which might pose a threat to the company's continued existence can be identified at an early stage. The management board is required by KonTraG to implement adequate risk management and an internal audit function that is appropriate for the company's size and organisational structure.

Cost of capital
See weighted average cost of capital (WACC).

Currency effect
The currency effect is calculated by comparing reported sales of the current financial year in euros with sales of the previous period, converted at the average exchange rate of the current financial year.

D

Diversity management
A key element of human resources policy that leverages the diversity of the workforce with respect to gender, age, ethnic origin, faith, sexual identity or disabilities for a company's business success.

E

Earnings per share (basic/diluted)
Earnings per share (basic) represent the metric that places the profit or loss for the period attributable to the shareholders of METRO AG in relation to the average number of ordinary shares. For earnings per share (diluted), the additional effect of so-called potential ordinary shares (for example, issued stock options) is taken into account.

Earn-out
Contingent consideration paid in the context of a corporate acquisition.

EBIT (Earnings Before Interest and Taxes)
Serves as the basis for the international comparison of companies.

EBITaC (Earnings Before Interest and Taxes after Cost of Capital)
This performance indicator shows whether a company is successfully deploying its business assets and generating economic value added exceeding its cost of capital.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)
Earnings before the deduction of interest, taxes, depreciation, amortisation, impairment losses, reversals of impairment losses on property, plant and equipment, intangible assets and investment properties. This performance indicator serves as the basis for comparisons between companies that use different accounting standards.

EBITDAR (Earnings Before Interest, Taxes, Depreciation, Amortisation and Rent)
EBITDAR represents EBITDA before rental expenses less rental income.

EBT (Earnings Before Taxes)
This performance indicator serves as the basis for comparisons between companies even when different tax systems apply.

E-commerce
Short for electronic commerce, which is the electronic marketing and retail of merchandise and services online.

EPS (earnings per share)
See earnings per share

F

Fair value
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Food, non-food
At METRO GROUP, the term food comprises the following product groups: fresh food, nonperishables, processed food, frozen food and all types of beverages, luxury food, food supplements, pet food as well as detergents and cleaning agents, which are occasionally referred to as near-food. All other product groups are classified as non-food.

Franchising
Also known as licensing or franchising system. A contractually regulated organisational form: the franchisor grants an independent franchisee the right to offer certain products or services bearing the name or trademark of the franchisor.

G

German Accounting Law Modernisation Act (BilMoG)
The German Accounting Law Modernisation Act was approved in May 2009. Its implementation spurred the most comprehensive accounting law reform since 1985. The act aims to bring German accounting law closer to standard international accounting methods and at the same time ensure greater transparency and lower costs at companies.

Global Food Safety Initiative (GFSI)
METRO GROUP teamed up with other retail companies to found the initiative in 2000. It is the world's largest organisation for the improvement of food safety. The initiative promotes the establishment of international audits that reduce food-related risks and evaluate food suppliers within that context.

GLOBALGAP
A private sector organisation that certifies agricultural and aquacultural products. The standard for "good agricultural practice" (GAP) resulted from an initiative of European retail companies.

Governance
Principles governing the management and supervision of the different players who have an influence on a company.

H

HACCP (Hazard Analysis and Critical Control Points)
A consumer protection system for verifying food safety. It provides a way for companies to monitor critical points and hazards in their production processes. All companies in Germany that manufacture food products are required to apply HACCP. Within the European Union, it is illegal to import and trade products that do not meet the requirements of the HACCP system.

Horeca
Short for hotel, restaurant and catering businesses. Horeca is a key customer group for the METRO Cash & Carry sales line of METRO GROUP. Due to their strategic focus on Horeca customers, France, Germany, Italy, Japan, Portugal, Spain, Turkey and Classic Fine Foods have been attributed to the Horeca segment since financial year 2015/16. The new Horeca, multispecialists and traders segments replace the previous reporting regions of Germany, Western Europe, Eastern Europe and Asia.

I

IASB (International Accounting Standards Board)
An independent international body that developed the International Financial Reporting Standards (IFRS) and continues to revise them.

IFRIC (International Financial Reporting Interpretations Committee)
This group is part of the International Financial Reporting Standards Foundation (IFRSF) and resolves controversial accounting issues.

IFRS (International Financial Reporting Standards)
International rules governing accounting principles. In contrast to the financial statements according to the German Commercial Code, the focus of IFRS is on investor-oriented information.

Indoor farming
Cultivation of fruit, vegetables or herbs in enclosed spaces.

ISAE 3402 (International Standard on Assurance Engagements)
International auditing standard applying to audit reports from service companies that reduces the amount of effort needed to conduct the audit and assists the customers' audit department.

L

Like-for-like sales growth, like-for-like sales development
Sales growth adjusted for selling space, reflecting sales growth in local currency on a comparable area or with respect to a comparable group of locations or sales concepts such as online retail and delivery. The figure only includes sales of locations with a comparable history of at least one year. This means that locations affected by openings, closures or material refurbishments during the reporting period or comparable year are excluded.

M

Marine Stewardship Council (MSC)
The MSC was founded in 1997 by the World Wide Fund For Nature (WWF) and the consumer goods company Unilever. The non-profit, independent organisation promotes sustainable fishing around the world and awards its environmental seal to fisheries with sustainable fishing practices. These are determined on the basis of special certification programmes.

Mark-to-market valuation
Calculation of the fair value of financial instruments based on market prices at a particular point in time.

Mobile commerce
A specific type of e-commerce. In this case, the electronic marketing and retail of merchandise and services are conducted on a mobile device, such as a smartphone.

Multichannel marketing
Retail strategy to reach customers using several parallel, interlinked marketing approaches – for example, via outlets and online shops.

Multispecialists
METRO Cash & Carry countries with a strategic focus on both customers in the Horeca segment and customers in the traders and SCO segments have been attributed to the multispecialists segment since financial year 2015/16. These include Austria, Belgium, Bulgaria, China, Croatia, India, Kazakhstan, the Netherlands, Pakistan, Russia, Serbia, Slovakia, the Czech Republic and Hungary. The new Horeca, multispecialists and traders segments replace the previous reporting regions of Germany, Western Europe, Eastern Europe and Asia.

N

Net debt
Net debt is calculated by netting financial liabilities including finance leases against cash and cash equivalents according to the balance sheet as well as monetary investments. Monetary investments comprise short-term bank deposits as well as liquid debt instruments.

Net working capital
Net working capital comprises inventories, trade receivables and receivables due from suppliers included in the item "other financial and non-financial assets", credit card receivables and prepayments made on inventories. These items are offset against trade liabilities and liabilities to customers, deferred sales related to vouchers, customer loyalty programmes, provisions for customer loyalty programmes and rights of return as well as prepayments made on orders.

New Operating Model
A new organisational and management model at METRO Cash & Carry, which is supposed to foster an entrepreneurial spirit within the organisation by transferring greater responsibility and creative freedom to the national subsidiaries. At the same time, measures geared towards specific customer groups (for example, for hotels, restaurants and catering firms) are cross-nationally coordinated.

No-line commerce
Term for the continued development of omnichannel marketing at which all sales channels – online and offline – have been connected and integrated to the maximum degree. The customer does not perceive any difference between the individual sales channels.

O

Omnichannel retail, omnichannel distribution
A development in multichannel marketing. Combination of traditional store-based retail with e-commerce, social media and applications for smartphones and tablets. Integrating all channels offers consumers a flexible and seamless shopping experience as the channels are holistically linked in all purchasing phases.

Own brands
Also known as private labels. Branded articles that have been created and trademarked by a retail company and that offer good value for money.

P

Performance share
Performance-based investment. A performance share entitles its owner to a cash payment matching the share price.

Pop-up store
Store opening up at a location overnight and only for a limited period of several days, weeks or months.

Portfolio effect
Adjustments to group structures are called portfolio measures or portfolio effects.

Previous year
A time period of twelve months which is generally used as a reference point for statements in an annual report.

R

Rating
In the financial sector, ratings represent the systematic, qualitative assessment of creditworthiness. Ratings are expressed in various grades of creditworthiness. Well-known agencies that issue ratings are Standard & Poor's, Moody's and Fitch.

Return on capital employed (RoCE)
This metric indicates whether a company makes profitable use of its available capital, less liquid funds and short-term debt capital.

Roundtable on Sustainable Palm Oil (RSPO)
The Swiss-based RSPO was founded in 2004 at the initiative of the World Wide Fund For Nature (WWF). It counts among its members non-governmental organisations as well as companies and institutions within the palm oil value chain, including plantation owners, retailers and industrial palm oil buyers as well as investors and bankers. The partners aim to promote the production and use of sustainable palm oil.

S

Sales brand
A company with a consistent and independent market presence. Within a single sales line, it is possible to position two sales brands with identical merchandising concepts. This is the case with Media Markt and Saturn.

Sales line
Subsidiary of a retail group that operates outlets or stores under a certain sales concept.

Share unit
Unit for performance shares.

Social compliance
The adherence to laws, guidelines, standards, codes and/or social conventions by which an organisation ensures socially responsible operations within its value and supply chains. The aim is to protect the safety, health and basic rights of employees in their own company as well as among its suppliers.

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.

Start-up company
Newly founded company characterised by an outstanding business idea and a high degree of innovation.

Supply chain
Various processes that contribute to a company's value creation. At METRO GROUP, this includes logistics, marketing and sales, among other things.

T

Traders
At METRO Cash & Carry, the term "traders" refers to the customer group of independent resellers such as kiosk operators, bakers or butchers. From financial year 2015/16, the newly created traders segment comprises the METRO Cash & Carry countries Moldova, Poland, Romania and Ukraine. The new Horeca, multispecialists and traders segments replace the previous reporting regions of Germany, Western Europe, Eastern Europe and Asia.

W

Weighted Average Cost of Capital (WACC)
This metric describes the average weighted cost that a company must pay for capital. It is composed of average debt capital costs and average equity costs. The WACC facilitates the measurement of a company's value.

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MULTI-YEAR OVERVIEW[1]

		2010	2011	2012	2012/13[2]	2013/14	2014/15	2015/16
Key financial figures								
Sales (net)	€ million	67,258	65,926[3]	66,739	65,679	59,937	59,219	**58,417**
EBITDA	€ million	3,726[4]	3,651[4]	3,296[4, 5]	3,230[4]	2,509[4]	2,458[4]	**2,509[4]**
EBIT	€ million	2,415[4]	2,372[4]	1,979[4, 5]	2,000[4]	1,531[4]	1,511[4]	**1,560[4]**
EBIT margin	%	3.6[4]	3.6[4]	3.0[4]	3.0[4]	2.6[4]	2.6[4]	**2.7[4]**
EBT (earnings before taxes)	€ million	1,834[4]	1,732[4]	1,436[4, 5]	1,429[4]	1,060[4]	1,067[4]	**1,242[4]**
Profit or loss for the period[6]	€ million	1,139[4]	979[4]	730[4, 5]	580[4]	673[4]	688[4]	**727[4]**
from continuing operations	€ million	1,139[4]	979[4]	730[4, 5]	580[4]	488[4]	549[4]	**727[4]**
thereof profit or loss for the period attributable to the shareholders of METRO AG[6]	€ million	850	631	17	–35	127	672	**599**
Investments	€ million	1,683	2,095	1,437	1,175	1,001	1,411	**1,413**
Total assets[6]	€ million	35,067	33,987	34,802[5]	28,811	28,156	27,656	**24,952**
Equity[6]	€ million	6,460	6,437	5,666[5]	5,206	4,999	5,172	**5,332**
Equity ratio[6]	%	18.4	18.9	16.3[5]	18.1	17.8[7]	18.7	**21.4**
Return on equity after taxes[6]	%	17.6[4]	15.2[4]	12.9[4, 5]	11.1[4]	13.5[4]	13.3[4]	**13.6[4]**
Earnings per share (basic = diluted)[6, 8]	€	2.60	1.93	0.05[5]	–0.11	0.39	2.06	**1.83**
from continuing operations	€	2.60	1.93	0.05[5]	–0.11	–0.18	–0.80	**1.68**
from discontinued operations	€	0.00	0.00	0.00	0.00	0.57	2.86	**0.15**
Dividend								
Dividend per ordinary share	€	1.35	1.35	1.00	–	0.90	1.00	**1,00[9]**
Dividend per preference share	€	1.485	1.485	1.06	–	1.13[10]	1.06	**1,06[9]**
Operating data								
Employees (annual average by headcount)		283,280	280,856	278,811	272,867	233,584	226,895	**219,678**
Locations		2,131	2,187[11]	2,243	2,221	2,063	2,068	**2,064**
Selling space (1,000 m²)		12,771	12,954	13,003	12,773	10,790	10,563	**10,352**

[1] Only continuing operations (discontinued operations: 2013/14 and 2014/15 Galeria Kaufhof group)
[2] Unaudited
[3] Adjustment due to revised disclosure in financial year 2012
[4] Before special items; special items for 2014/15 and 2015/16 are displayed on pages 110 and 111
[5] Adjustment due to a revised IFRS in the short financial year 2013
[6] Including discontinued operations
[7] Adjustment due to revised disclosure in financial year 2014/15
[8] After non-controlling interests
[9] Subject to the resolution of the Annual General Meeting
[10] The dividend proposal contains a preference dividend of €0.17 per preference share to cover the dividend that was not paid in the short financial year 2013 and that must be subsequently paid in accordance with the Articles of Association of METRO AG.
[11] Including first-time inclusion of METRO Cash & Carry satellite stores opened in 2009 and 2010 (total of 14)

INFORMATION

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