



INTERVIEW

DESPITE THE CHALLENGES, METRO CASH & CARRY CONTINUES ITS EXPANSION AND DEVELOPMENT PLANS

ADRIAN ARICIU, CEO, METRO CASH & CARRY

1 You were recently appointed CEO of Metro Cash & Carry, after more than 20 years within the company. What is your main objective in your new role, and which is the most important challenge that you can anticipate?

I have been with the company for over 20 years. I have started my career here and during this time I gained and developed an in-depth understanding of how different layers of our business work. Having this background and experience, I can contribute to further consolidate our position in the retail market and our relationship with our clients.

Speaking of challenges, the HoReCa industry has been severely shaken by the crisis. As a responsible partner, one of our priorities is to offer our HoReCa clients full support in this difficult time, by providing them with different solutions that can help their businesses survive in the new normal, such as sharing our know-how, competitive prices, dedicated training for professionals in the field of HoReCa, digital solutions like Mshop that allows placing online orders

that can be delivered in 24 hours from any METRO store.

Another objective is the expansion of the LaDoiPasi network. Now the network includes 1300 convenience stores, and our target is to reach 1500 stores nationwide in 2021, and 2000 by 2023.

Of course, protecting our clients and employees, and implementing all necessary safety measures to prevent the spread of COVID-19 continues to be a top priority. We already have a dedicated working group that collaborates closely with the Romanian authorities throughout this period to ensure that we apply all the health & safety protocols.

2 It was clearly a less typical year, difficult and overwhelming for most of us, but also full of opportunities for those who were able to identify them. How was 2020 for Metro Cash & Carry and how will the company end the year?

Our responsibility is to be a reliable partner for the communities we serve, no matter the context, and

this year's results show that our clients trust us and our expertise. Despite the Covid-19 crisis, we will achieve a good single-digit increase in our turnover, compared to 2019 results.

In terms of our clients, 60% are resellers, 20% come from the HoReCa industry, and 20% are companies. The drop in the hospitality industry was not fully compensated by resellers, but the number of HoReCa industry buyers in HoReCa is stable, which is a reward for our continuous efforts to support local businesses and communities, at national level.

3. As part of an international group, and having B2B clients, what major trends can you identify in their behavior, as a result of the Covid-19 pandemic? What was the impact of the crisis amongst Metro's clients and how is this reflected in Metro's activity and results, at group level?

Although we are all going through a rough time, the number of customers in HoReCa sector has remained constant, while the total number of traders, is increasing. We have about 60.000 resellers now and the number still grows.

There is a growing consumer preference for shopping local, so convenient „near home“ small shops that are supplying vital goods to communities have now, more than ever, a good opportunity to be the choice of end customers. As such, convenience stores are increasingly offering fresh, food-to-go, and evening meal options to entice customers and to meet the changing consumer preference.

We also focus on the continuous development of our private labels dedicated to HoReCa customers, such as the Metro Chef range, through which we aim to make their businesses more efficient and to optimize costs with higher quality products.

4. The pandemic crisis took everyone by surprise and forced us to shift some priorities. Was it your case also? Can you still make long-term plans and projections during these uncertain and constant-changing times?

Indeed, the pandemic took everyone by surprise. But we did not shift priorities. We continued to concentrate on our clients, their safety, and their needs during this period.

We have taken all the safety measures to ensure that the virus is prevented from spreading across the shops, the storage area, but also in our headquarters. We have also obtained the DEKRA certification, the standard for reliable locations, which testifies that our measures are in line with the recommendations

of the World Health Organization and local authorities. We also focused more on the availability of goods and making sure there are no supply interruptions.

We are more cautious now in terms of making projections because we don't really know when the pandemic will end, but we still have long-term plans such as expanding our LaDoiPasi network, investing in our digital transformation, continuing the development of our private labels etc.

5. What new projects do you have in mind for the near future and which are the top 5 priorities on your CEO agenda today?

As mentioned, the expansion of the LaDoiPasi network will continue to be a priority for the near future.

Improving logistics and delivery services and digital transformation are other important projects for our future evolution. This year, for example, we invested EUR 40 million to open the one-roof platform in Stefanesti, a class A Plus energy - efficient location. The platform is built based on the latest technologies and help us streamline operations and ensure the continuous flow of goods.

Another priority is the professional development of our team members. In this regard, we have established a set of training sessions so that every employee can improve their skills or discover new ones through our microlearning platform, SmartMe.

6. Which is the most important lesson you think that we all should learn out of this pandemic crisis? And, from your experience, what would be your "Focus on..." advice for the managers of local companies, in order to successfully overcome this challenging period?

The COVID-19 crisis is forcing many companies to rethink their business model and strategy towards omnichannel or multichannel. The pandemic has pushed people online, generating a significant increase in e-commerce, so the digital transformation process is not an option, it is a priority.

Another important lesson is related to the supply chain. The state of emergency showed us how important it is to have a stable and reliable network of suppliers, to be able to provide the goods clients search for.

To overcome this challenging period, I would say it is important to never lose sight of what really matters – our clients and finding the best options to respond to their needs.