

Metro Splits in Two

Written by Marco Attard
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The Metro Group announces a split into two independent companies-- one covering the German retailer's wholesale and food business and the other (more relevant to our interests) the consumer electronics business.



According to the retailer, the result should improve focus, flexibility and operational efficiency, as well as lead to quicker decision making. Or, as CEO Olaf Koch puts it, "the creation of two independent companies would be the logical next step in the transformation of our business towards more growth, customer centricity and entrepreneurship."

For the curious, the wholesale and food group consists of Metro, Makro and Real, and will be run by Metro CEO Olaf Koch. Meanwhile the CE group consists of the Metro-Saturn and its format/brand portfolio, and retains Media-Saturn CEO Pieter Haas as boss.

Why would the Metro Group decide to split in two, though? Koch says the split allows shareholders to decide whether to invest in electronics or food, while opening doors to further mergers and acquisitions in the future. However analysts also suggest the split could at least in part motivated by a want to end the deadlock with the grand old man in the Metro board, Media-Saturn co-founder Erich Kellerhals.

Kellerhals owns a 22% stake in Media-Saturn, and analysts point out that, post-split, he might even have a chance to buy the rest of the business back. The grand old man has not expressed opinions on such matters as yet, but (at least so far) has no "no potential to interfere" with the demerger due to its not affecting his minority stake in the business.

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