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Home Timber & Hardware Group

Acquisition and Funding

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Acquisition of HTH

- Metcash has entered into a binding agreement to acquire 100% of the Home Timber & Hardware Group ('HTH'), a leading participant in the hardware market in Australia
- Purchase consideration of $165m[2,3]
- Purchase price equates to a multiple of ~7 times underlying EBITDA before synergies and anticipated release of working capital
- Purchase price is at a discount to the net tangible assets of HTH
- Metcash is not acquiring two loss making stores or the Dandenong (Victoria) distribution centre
- Completion is expected to occur in early October 2016
- Acquisition is highly complementary to Metcash's existing hardware business
- Acquisition is expected to be ~4% EPS accretive in the first full financial year following the completion of the acquisition, pre implementation costs and post synergies

Overview of HTH[1]

- HTH is an integrated hardware wholesaler and retailer, with a network of ~1,200 stores
- Total turnover of ~$970m for the year ended 26 June 2016
- 43 company owned stores, of which Mitre 10 will acquire 41
- 363 bannered independent stores
- 865 unbannered independent stores[4]
- Sales predominantly trade focused (trade 62% / retail 38%)
- 4 distribution centres, of which Mitre 10 will acquire 3
- Melbourne based head office

Notes:
1. Source: HTH Management
2. The acquisition agreement includes a customary adjustment mechanism relating to movements in working capital and debt like items (if any) at completion
3. The purchase price of $165m is based on Woolworths Group retaining three properties not required by Mitre 10 (two stores and one distribution centre)
4. HTH does not have sole-supply agreements with unbannered independent stores

Executive summary

Compelling Strategic Rationale

- Acquisition aligns with Metcash's strategy to be the leading independent wholesaler in each of its three Pillars
- Combined hardware turnover of ~$2b, servicing a national network of ~1,800 stores[1]
- Creates a clear number 2 player in the ~$28b Australian hardware market
- Strengthens Metcash's existing independent hardware network
- Increases Hardware Pillar's weighting to trade customers
- Significant value creation opportunities and synergies
- Provides Metcash with a more balanced earnings mix across its operating pillars

Funding

- Acquisition will be funded through a combination of equity and debt comprising
  - An underwritten institutional placement ('Placement') of $80m
  - $85m of debt from existing facilities
  - Share Purchase Plan ('SPP') capped at $20m, proceeds will reduce debt component of funding
- The recommencement of dividend payments is now expected from FY18 (interim) dividend

Expected Financial Impact and Future Distributions

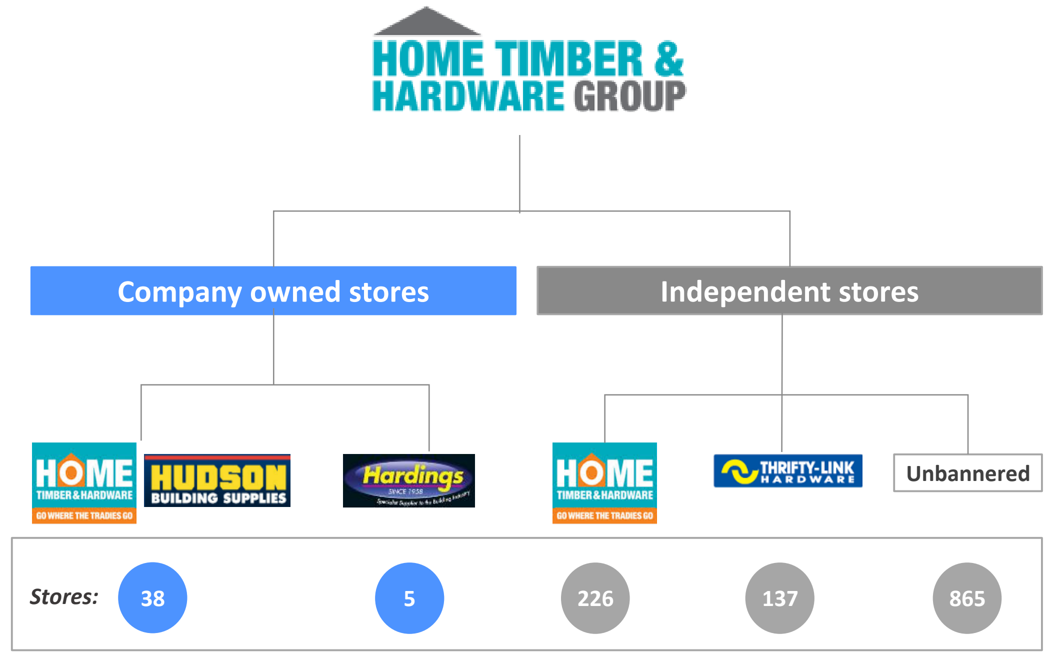
- Acquisition is expected to be ~4% EPS accretive in the first full financial year following the completion of the acquisition, pre implementation costs and post synergies
- Balance sheet remains strong post acquisition, pro forma gearing increasing marginally from 17% at FY16 to 20%
- Trading outlook for the Group remains consistent to that disclosed in the FY16 full year result
- Board intends to recommence half-yearly dividend payments with effect from the interim FY18 dividend

Notes:
1. Neither Metcash nor HTH have sole-supply agreements with unbannered independent stores and there is an element of overlap between Metcash and HTH

Home Timber & Hardware - overview

Summary

- Long-established independent hardware network
- Services a network of ~1,200 retail stores across Australia[1]
  - 43 company-owned stores, of which Mitre 10 will acquire 41
  - 363 independently owned bannered stores
  - 865 independently owned unbannered stores
- Operates well-recognised retail banners
  - Home Timber & Hardware
  - Thrifty-Link Hardware
  - Hardings Hardware
  - Hudson Building Supplies
- Predominantly trade focused
- ~1,600 employees[2]
- Operates four distribution centres in Victoria (1), New South Wales (2) and Western Australia (1) – Mitre 10 not acquiring the distribution centre located in Victoria



Source: HTH Management.

Notes:
1. Stores as at 31 December 2015
2. Does not include external independent member store employees

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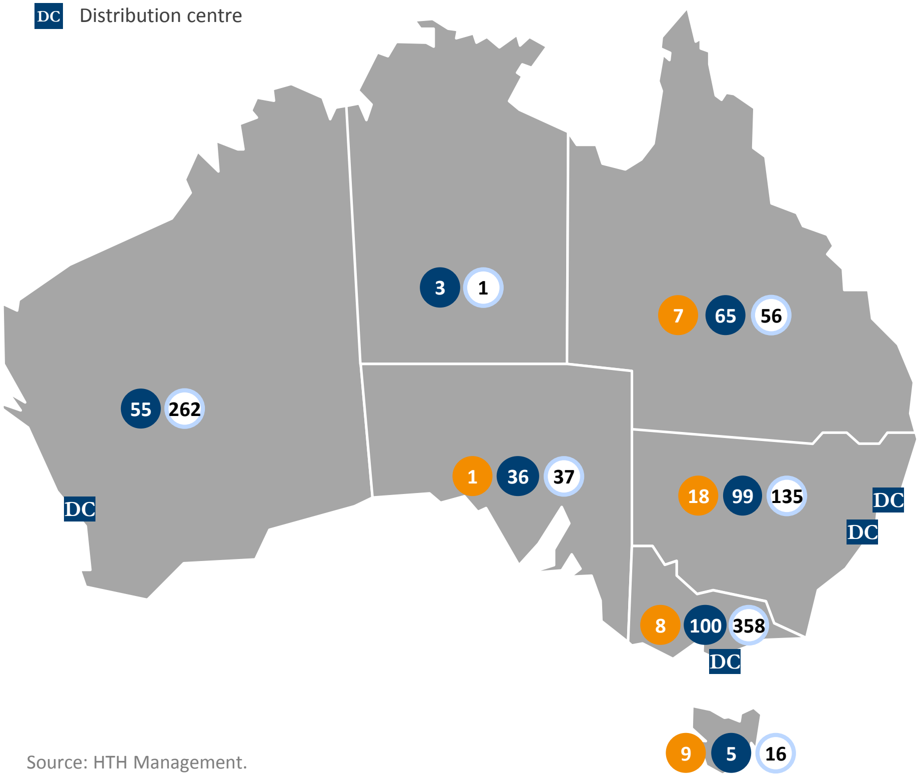
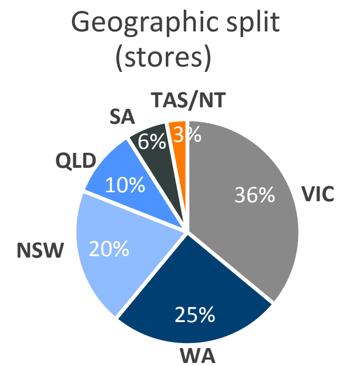
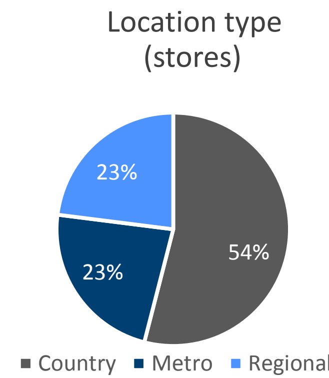
Home Timber & Hardware - store network

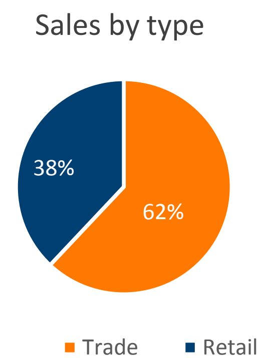
Store Locations by State[1,2,3]

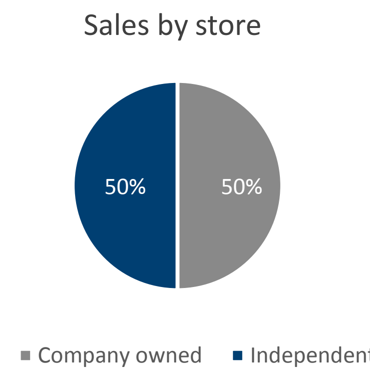
- Company-owned stores
- Bannered independent stores
- Unbannered independent stores
- DC Distribution centre











Source: HTH Management.

Notes:
1. As at 31 December 2015
2. NSW and ACT shown as a combined total
3. Not adjusted for the two stores, Gungahlin (ACT) and Dowling St, Launceston (Tasmania), and the Dandenong distribution centre which will not be acquired by Mitre 10

Acquisition creates significant scale

	Metcash	HTH	Combined
Key Brands			
Sales ($m)[1]	~$1,100m	~$970m	**~$2b**
Trade | Retail sales split[1]	55% | 45%	62% | 38%	**59% | 41%**
Corporate Stores[2]	30 majority owned 23 minority interest[3]	43 wholly owned	**71 majority / wholly owned[4] 23 minority interest**
Bannered Stores[2]	~380	~360	**~740**
Unbannered Stores[2,5]	~370	~865	**>1,000**
DC Locations	Qld, Vic, WA	NSW (2), Vic, WA	**QLD (1), Vic (1), WA (2), NSW (2)[4]**
Number of Employees (FTE)	~980	~1,600	**~2,580**

Notes:
1. Year ended April 2016 for Metcash Hardware. Year ended June 2016 for HTH
2. Year ended April 2016 for Metcash Hardware. Year ended December 2015 for HTH
3. Stores held through 8 separate joint ventures
4. The Combined portfolio has been adjusted to reflect the two stores and one distribution centre (Victoria) not being acquired by Mitre 10
5. Neither Metcash nor HTH have sole-supply agreements with unbannered stores and there is an element of overlap between Metcash and HTH

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Significant opportunities for synergies

Area	Opportunity
Supply chain	• Consolidation of distribution network • Route efficiency and scale leverage
Human resources	• Review organisation structure • One head office • Best of both management teams
Supplier relationships	• Leverage volumes for the benefit of the network
Marketing	• Consolidate programs
Working capital	• Efficiencies from consolidated working capital management
IT	• Consolidation on common systems

Impact of acquisition on pro forma gearing

	Pro-forma gearing		
	30 April 2016 Metcash Actual	**Adjustment for Acquisition**	**30 April 2016 Pro-forma combined**
Net debt ($m)	275.5	85.0	360.5
Equity ($m)	1,369.1	80.0	1,449.1
Gearing ratio	17%		20%

- The pro-forma adjustment reflects the following:
  - Purchase Price of $165m
  - Institutional Placement of $80m
  - Debt drawn down from existing facilities of $85m
- Pro forma gearing as at 30 April 2016 increases from 17% to 20%

Notes:
1. The acquisition agreement includes a customary adjustment mechanism relating to movements in working capital and debt like items (if any) at completion. This adjustment, if negative, will be funded under existing debt facilities
2. Purchase price excludes associated acquisition costs
3. Equity raising excludes underwriting and associated transaction costs
4. SPP capped at $20m (not underwritten), proceeds will reduce debt component of funding

Equity raising

Institutional Placement	**Placement** • Fully underwritten institutional placement of 40 million shares to raise $80 million **Placement Price** • The offer price per share under the Placement is fixed at $2.00 (“Placement Price”) • The Placement Price represents a 2.9% discount to the closing price on Tuesday, 23 August 2016

Share Purchase Plan	**SPP**
	• A non underwritten SPP is available to eligible shareholders in Australia and New Zealand
	• Participation is limited to $10,000 per shareholder
	• The SPP will be capped at $20m in total. If the SPP is over subscribed it will be scaled back to the $20m cap
	
	SPP Price
	• Shares under the SPP will be issued at a price equivalent to the lower of:
	    • the Placement Price; and
	    • a 2.5% discount to the 5 day VWAP of Metcash shares traded between Monday, 12 September 2016 and Friday, 16 September 2016

Ranking	• All new shares issued will rank equally with existing Metcash shares
Advisers	• Luminis Partners is acting as Financial Adviser to Metcash • Macquarie Capital (Australia) Limited is acting as Sole Lead Manager and Underwriter with respect to the Placement

Equity raising timetable

Event	Date
Record Date for SPP	23 August 2016
Trading halt (before market) Book-build conducted for Placement	24 August 2016
Announcement of completion of Placement (pre-market) Trading halt lifted (pre-market) Metcash shares re-commence trading on ASX	25 August 2016
Settlement of new shares under the Placement	29 August 2016
Allotment of new shares issued under the Placement and Placement shares commence trading on the ASX	30 August 2016
SPP documentation distributed to eligible shareholders	5 September 2016
SPP Pricing Period (inclusive)	12 September 2016 to 16 September 2016
SPP closes (5pm, Sydney time)	16 September 2016
Allotment of new shares under the SPP	27 September 2016
Trading of new shares issued under the SPP	28 September 2016
Despatch of holding statements and refund advice (if applicable)	29 September 2016

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Appendices

- Key risks
- Foreign selling restrictions
- Contact details

Key risks

This section includes details of the key risks attaching to an investment in shares in Metcash. These risks may affect the future operating and financial performance of Metcash and the value of Metcash shares. The key risks are not set out in any particular order. Before deciding whether to invest in Metcash shares, you should consider whether such an investment is suitable for you having regard to publicly available information (including this presentation), your personal circumstances and following consultation with a financial or other professional adviser. Additional risks and uncertainties that Metcash is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Metcash's operating and financial performance. You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside the control of Metcash, its directors and senior management. Further, you should note that this section focuses on the potential key risks and does not purport to list every risk that Metcash may have now or in the future. It is also important to note that there can be no guarantee that Metcash will achieve its stated objectives or that any forward looking statements or forecasts contained in this presentation will be realised or otherwise eventuate. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position.

An outline of the material business risks that may impact on Metcash and its subsidiaries (**Group**) achieving its strategic objectives and the Group's business operations, including the mitigating factors put in place to address those risks, is also set out at pages 27 to 28 of the Company's 2016 Annual Report, available at www.metcash.com.

Key acquisition risks

Risk	Description
Reliance on information provided	Metcash undertook a due diligence process in respect of HTH, which included the review of financial and other information provided by HTH. Despite making reasonable efforts, Metcash has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Metcash has proceeded with the acquisition of HTH (**Acquisition**) and prepared the information in this presentation in reliance on limited financial information and other information provided by HTH, including HTH's FY16 unaudited management accounts. Metcash is unable to verify the accuracy or completeness of all of that information. If any of the data or information provided to and relied upon by Metcash in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of HTH and the combined Mitre 10 and HTH entity (**Combined Entity**) may be materially different to the financial position and performance expected by Metcash and reflected in this presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the Acquisition have been identified. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on Metcash.
Completion risk	Although the Acquisition is unconditional, Hydrox Brands Pty Ltd must deliver certain documents at, and attend to certain matters by, completion of the Acquisition (**Completion Deliverables**). These Completion Deliverables are considered by Metcash to be customary for a transaction of this nature and where a business is being bought from a larger group. Metcash anticipates that these Completion Deliverables will be able to be satisfied by completion. There is however a risk that such Completion Deliverables may not be able to be satisfied by completion and, if not waived by Metcash, that completion of the Acquisition may be delayed or cancelled. Each party also has the right to terminate the Acquisition agreement for the other party's insolvency. If the Acquisition fails to complete, Metcash will need to consider alternative uses for the proceeds of the equity raising or options for returning capital. Failure to complete the Acquisition may have an adverse impact on Metcash's financial performance, financial position and its share price.
Retention of HTH customers	HTH's business relies on its customers. Metcash cannot prevent HTH's customers who operate independent stores from ceasing to use HTH as their supplier or giving its competitors' products higher priority, thereby reducing their efforts to sell HTH's products. Metcash may not be able to quickly replace such customers.
Transitional services agreement	There is a transitional services agreement (**TSA**) which has been entered into as part of the Acquisition. If the counterparty to the TSA, Woolworths Limited, does not perform to standards expected by Metcash, then integration of the businesses may be more difficult than expected and performance of the HTH business may be less than expected.

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Key acquisition risks continued

Risk	Description
Operational implementation risk	The integration of a business of the size HTH carries risk, including potential delays or costs in implementing necessary changes, and difficulties in integrating various operations. The success of the Acquisition and, in particular, the ability to realise the synergy benefits of the Acquisition outlined in this presentation, will be dependent upon the effective and timely integration of the HTH business. There is a risk that the synergies may be less than expected, may be delayed or may not materialise at all. While Metcash has undertaken analysis in this area, expected synergies cannot be confirmed until the combined entity is fully integrated. There is a risk that the Combined Entity's future profitability and prospects could be adversely affected if integration is not completed efficiently and effectively, with minimal disruption to the businesses. Although Metcash has progressed some of the integration planning, there remains a risk that unforeseen events may arise causing the synergies to be delayed, not be obtained, or cost more to achieve than originally expected. These risks include: • Disruption to the ongoing operations of both businesses; • Higher than anticipated integration costs; • Unforeseen costs relating to the integration of some of the IT platforms, management information systems and financial and accounting systems of both businesses; and • Unintended loss of key personnel or expert knowledge or reduced employee productivity due to uncertainty arising as a result of the Acquisition.
Change of control risk	As the Acquisition involves, in part, the acquisition of shares in a company, the Acquisition will result in a change of control of that entity. This could have adverse consequences for Metcash. For example, contracts with counterparties may be subject to review or termination in the event of a change of control. In particular, a number of leases for corporate stores owned by HTH contain change of control clauses. There is no guarantee landlords will provide their consent to a change of control (although under most leases the landlord will be required to act reasonably in deciding wether to grant or withhold consent). If consent is not obtained, HTH may not be able to continue to operate a store at the relevant site and may incur significant costs in connection with its make-good obligations under the lease.
Loss of key HTH staff	Certain HTH employees will be key to the ongoing operation and success of the HTH business. If those employees were to depart the HTH business, the Combined Entity may not have sufficient employees, or be able to recruit additional employees in a timely manner, with relevant expertise and experience (particularly in specialist areas conducted by HTH) to replace any such departing employees.
ACCC undertaking	Metcash has provided an undertaking to the ACCC, which will be in force for a 10 year period, and is designed to benefit consumers by giving all Combined Entity owned and independent retailers and non-bannered retailers access to hardware and home improvement wholesale supply on a non-exclusive and non-discriminatory basis. While this is consistent with Mitre 10's present business practices, should Mitre 10 wish to change those business practices in the future for any reason, its ability to do so may be restricted in the 10 year period of the undertaking.
Inventory management	HTH maintains a material level of inventory and may not have established strong systems and controls to manage this inventory and minimise stock obsolescence. Following the Acquisition, Metcash is planning to review and rationalise inventories across the Combined Entity. These factors may lead to inventory obsolescence at levels that are higher than presently anticipated.

Key acquisition risks continued

Risk	Description
Assumed liabilities	As Metcash (through its wholly-owned subsidiary, Mitre 10 Australia Pty Ltd) is acquiring the shares in Danks Holdings Pty Limited, the Group will assume the liabilities of Danks Holdings Pty Limited, including with respect to any actual contingent liabilities associated with its past operations. This includes exposure to possible taxation or legal claims. These potential liabilities formed part of Metcash's due diligence review and material issues were sought to be addressed through specific drafting and the warranties and indemnities that have been provided in the Acquisition agreement. There is a risk that potential liabilities were not uncovered as part of Metcash's due diligence review and the Group may assume such liabilities, which may materialise and have an adverse impact on its financial position, financial performance and share price. There is also a risk that new liabilities arise post-acquisition which may be outside of Metcash's control and are not covered by warranties or indemnities.
Warranty and indemnity insurance cover risk	Under the Acquisition agreement, Mitre 10 is required to take out warranty and indemnity insurance and, except for certain specific indemnified matters, its sole recourse for claims under the Acquisition agreement for breach of a warranty or indemnity is pursuant to that warranty and indemnity insurance policy. The warranty and indemnity insurance policy excludes certain matters and certain warranties and indemnities from the scope of coverage under the policy, including but not limited to building defects, loss arising from inventory (including any defects or lack thereof), pollution and contamination, bad and doubtful debts (and the recoverability of debts) and new breaches arising between signing and completion of the Acquisition. Therefore, there is no guarantee that any loss suffered by Mitre 10 or HTH and arising from a breach of warranty or indemnity under the Acquisition agreement will be fully recovered under the warranty and indemnity insurance policy, or recovered at all.

Metcash Group - key business risks

Risk	Description
Strategic risks	Consumer behaviour and preferences continue to change and are influenced by factors such as economic conditions, healthy living trends and increasing choices in both online and in-store retail options. Furthermore, changes to the regulatory environment may impact trading conditions both at the retail and wholesale level. Metcash's business operations and strategic priorities are subject to ongoing review and development. Management regularly reviews plans against market changes and modifies its approach, where necessary.
General economic conditions and market risks	Adverse market conditions including increased competition from new and existing competitors, a decline in economic activity, the sustainability of the independent retail network, continuing price deflation, and adverse interest rate and foreign exchange movements may lead to a decline in sales and profitability. The Group strategy is focused on ensuring the independent retail sector offers a compelling value proposition to consumers.
Operational and compliance risks	Metcash is undergoing a number of business transformation programs, including the Working Smarter initiative, which are aimed at strengthening business processes and reducing the cost of doing business. There is a risk that these transformation programs fail to deliver the expected benefits. Metcash has in place governance frameworks to manage these change programs to ensure projects are delivered in line with plans and are able to adapt as required. Metcash's operations require compliance with various regulatory requirements including OH&S, food safety, environmental, workplace industrial relations, public liability, privacy & security, financial and legal. Any regulatory breach could have a material negative impact on the operational performance, reputation or financial results of Metcash or its stakeholders. The Group's internal processes are regularly assessed and tested as part of a robust risk and assurance program addressing areas including safety, security, sustainability, chain of responsibility and food safety. Metcash maintains a strong 'safety-first' culture and has established standards and 'Chain of Responsibility' policies to identify and limit risk. Inefficiency or failure within the supply chain or in key support systems (including technology) could also impact the Group's ability to deliver on its strategic objectives. Metcash has comprehensive business continuity plans in place to address significant business interruptions and failures within operational systems.
Financial risks	Metcash's ability to reduce its cost of doing business is critical to support independent retailers in remaining competitive in an ongoing deflationary environment. The competitive trading conditions may increase credit risk associated with the Group's activities with the independent retailer network. Metcash's strategy is to support successful independents through appropriate credit management processes. Funding and liquidity risk remain material to the Group due to the need to adequately fund business operations, future growth and absorb any loss events that may arise. Inability to adequately fund business operations and growth plans may lead to difficulty in executing the Group's strategy. Metcash maintains a prudent approach towards capital management, which includes optimising working capital, targeted capital expenditure, capital and asset recycling and careful consideration of its dividend policy. In addition, banking facilities are maintained with sufficient tenor, diversity and headroom to fund business operations. The Group's financial risk management framework is discussed in further detail in note 16 of its financial statements for the year ended 30 April 2016.

Key business risks continued

Risk	Description
People and culture	The increasing competitive landscape and the ongoing need for market participants to remain agile in order to adapt to consumer preferences, has heightened the competition for talent. The ability to attract and retain talent with the necessary skills and capabilities to operate in a challenging market whilst being able to effect transformation is critical to Metcash's success. Metcash competes in labour markets to attract and retain its employees and management team. The competitive nature of these labour markets may result in the loss of key employees from time to time or make it difficult and costly to attract or retain employees. Interruptions at Metcash's workplaces arising from industrial disputes, work stoppages and accidents may result in production losses and delays. Renegotiation of collective agreements may increase Metcash's operating costs and may involve disputes. Metcash is committed to being one of Australia's favourite places to work by unlocking the potential of its people through empowerment and ensuring the Group's cultural values align with their values. Integrity is the foundation of the ethical values and standards of behaviour set for all employees through the Group's Code of Conduct. Metcash invests in its people through training and development opportunities, by promoting diversity and workplace flexibility and maintaining succession planning. The short and long-term incentive schemes align the Group's remuneration structure to shareholders' interests.
Damage to facilities	Metcash owns or leases facilities for the wholesale distribution of grocery, fresh produce, liquor, hardware and other fast moving consumer goods. Damage to or destruction of these facilities could result in the loss or reduction of distribution capability and hence adversely impact Metcash's financial results. It cannot be certain that the financial impact of any such event would be mitigated, fully or partially, by insurance.
Key brands	Metcash's success in generating profits and increasing its market share is based on the success of its key brands. Reliance on key brands makes Metcash vulnerable to brand damage from negative publicity, product tampering or recalls, unauthorised use of its brands or ineffective brand management by Metcash or its licencees, increasing the risk of asset write downs. In addition, Metcash does not own the IGA brand, but rather licences it from IGA, Inc. While IGA, Inc. may only terminate the licence agreement in limited circumstances (including for insolvency and breach of the agreement), there is no guarantee that Metcash will continue to have the right to use the IGA brand in perpetuity.
Increased competition	Any increase in competitive activity may have a detrimental effect on the Combined Entity's operations and adversely impact Metcash's profitability.

Key general and share related risks

Risk	Description
Risks associated with an investment in shares	There are general risks associated with investments in equity capital. The trading price of shares may fluctuate with movements in equity capital markets in Australia and internationally. Generally applicable factors which may affect the market price of shares over which Metcash and Metcash Directors have no control include: • General movements in Australian and international stock markets; • Investor sentiment; • Australian and international economic conditions and outlook; • Changes in interest rates and the rate of inflation; • Change in government regulation and policies; • Announcement of new technologies; and • Geo-political stability, including international hostilities and acts of terrorism. No assurances can be given that the new shares offered under the Placement or the SPP will trade at or above the issue price. None of Metcash, its directors or any other person guarantees the market performance of the new shares.
Equity raising dilution risk	If shareholders do not participate in the SPP then their percentage shareholding in Metcash will be diluted. Even if a shareholder does take up their full entitlement under the SPP, their percentage shareholding in Metcash may be diluted by the Placement and may also be diluted by the SPP because participation is limited to a fixed amount and shareholders are not entitled to participate in the SPP on a pro rata basis relative to their existing shareholding.
Equity raising underwriting risk	Metcash has entered into an Underwriting Agreement under which the underwriter Macquarie Capital (Australia) Limited has agreed to fully underwrite the Placement. If certain conditions are not satisfied or certain events occur under the Underwriting Agreement, the underwriter may terminate the Underwriting Agreement. This may have a material impact on the proceeds raised under the Placement, and Metcash may need to find alternative financing in order to complete the Acquisition. Metcash does, however, have access to sufficient undrawn debt facilities to pay the purchase price for the Acquisition and associated costs. These debt facilities are available on a certain funds basis with all conditions precedent to draw down under those debt facilities either satisfied or within Metcash's control to satisfy.
Regulation	The businesses of Metcash are highly regulated in many markets in which they sell their products. These regulations govern many parts of their operations, including the manufacturing, marketing, advertising, distribution and sales of their products. The products in a particular market could be subjected to changes or additions to existing regulations which could increase the cost of goods or restrict Metcash's ability to sell or market their respective products.
Information technology systems failure	Metcash's customer service relies on Metcash's ability to satisfactorily manage high turnover volumes and a large number of customers and suppliers. A severe disruption to the information technology systems may significantly impact the operations and value of Metcash.

Key general and share related risks continued

Risk	Description
Taxation	The ability of Metcash to obtain the benefit of existing tax losses and claim other beneficial tax attributes will depend on future circumstances and may be adversely affected by changes in ownership, business activities, levels of taxable income and any other conditions relating to the use of the tax losses or other attributes in the jurisdictions in which Metcash operates. Changes in taxation laws (or their interpretation) in Australia and other countries where Metcash has operations could materially affect Metcash's financial performance and impact on its ability to obtain the benefit of existing tax losses and claim other beneficial tax attributes. In addition, governments may review and impose additional or higher excise or other taxes on products such as alcohol, which may have an adverse effect on consumer buying patterns and may adversely impact Metcash's financial results. Further, the determination of the taxation treatment of investments, activities or transactions requires an interpretation of the relevant taxation laws and significant judgment in circumstances where there may be differing but reasonable interpretations which may be adopted. Consistent with other companies of the size and diversity of Metcash, Metcash may be the subject of periodic information requests, investigations and audit activities by the ATO and tax authorities in other jurisdictions in which Metcash operates.
Accounting	Changes in accounting or financial reporting standards may adversely impact the reported financial performance of Metcash.
Litigation	Exposure to litigation brought by third parties such as customers, regulators, employees or business associates could negatively impact on Metcash's financial performance through increased costs, payments for damages and reputational damage.
Occupational health and safety	While a strong emphasis is placed on the implementation of occupational health and safety standards, the risk of a serious injury or fatality remains possible. The occurrence of such events may have an adverse effect on the productivity and operations of Metcash.
Catastrophic events	Metcash's operations could be impacted by accidents, natural disasters or other catastrophic events which could materially disrupt its operations. Such events could occur through the impact of natural disasters or as a result of human error or negligence. In certain circumstances, insurance policies operate to mitigate this risk. It cannot be certain that the financial impact of any such event would be mitigated, fully or partially, by insurance.

Foreign selling restrictions / offer jurisdictions

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

European Economic Area - Belgium, Denmark, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 *et seq*. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Foreign selling restrictions / offer jurisdictions

Malaysia

This document may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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9.00am to 5.00pm Monday to Friday
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Or visit our website:
www.metcash.com