

GROUP UPDATE



Group update – positive momentum continues

- Group revenue up 1.4% to \$6.6b
 - MF&G revenue up 0.7%, continued trend improvement
 - ALM revenue up 3.5% and Hardware revenue up 1.2%
- Group Underlying EBIT of \$133.7m in line with expectations
 - ALM and Hardware continued positive momentum
 - MF&G EBIT reflects incremental price investment and a softer Convenience result
- Transformation Plan
 - Sales uplift from Price Match has continued, warehouse sales up 350bp¹
 - DSA rollout on track, 78 DSA stores complete with 29 in progress
- Next stage of Transformation "Working Smarter"
 - Savings run rate of ~\$100m by Year 3 (FY19)
- New channels launched Tmall initiative in China
- Strengthened Balance Sheet
- No interim dividend, in line with prior announcement



Damage to NSW DC

- Huntingwood Distribution Centre damaged by hail on 25 April 2015
- Group's contingency plans activated to ensure supply to retailers
- Supply restored to NSW retailers through Victoria,
 Queensland & ACT distribution centres
- Supply to ~600 Supermarkets and ~1,500 Liquor customers from outside of NSW
- Four temporary DCs now established in NSW to ensure NSW supply through peak season
- Full reoccupation of Huntingwood not expected until mid 2016
- Insurance policy expected to cover the hail event for material damage and consequential loss





FINANCIALS



Profit & Loss

	1H16 \$m	1H15 \$m	Change
Group Sales	6,606.0	6,515.3	1.4%
MF&G	91.9	119.2	(22.9%)
Liquor	25.9	24.9	4.0%
Hardware	11.6	9.5	22.1%
Corporate	4.3	(0.4)	
Underlying EBIT	133.7	153.2	(12.7%)
Net finance costs	(12.8)	(24.0)	46.7%
Tax	(33.5)	(36.2)	7.5%
Non-controlling interests	(0.5)	(0.5)	
Underlying profit after tax	86.9	92.5	(6.1%)
Discontinued operations after tax ¹	35.1	9.2	
Reported profit after tax	122.0	101.7	20.0%
Underlying EPS ²	9.4c	10.3c	
Underlying ROFE ³	13.8%	14.5%	

^{1.} Discontinued operations includes the profit after tax on the sale of the Automotive business of \$31.4m and the Automotive trading result after tax of \$3.7m for the pre-sale period

^{3.} Underlying ROFE based on average of opening and closing funds employed. Opening 1H15 funds employed has not been adjusted for the sale of the Automotive business or the \$640m impairment recognised in FY15



^{2.} Underlying earnings exclude significant items and discontinued operations

Cashflows

	1H16 \$m	1H15 \$m
Net cash from operating activities	3.1	128.0
Net cash from/(used in) investing activities	237.0	(73.9)
Dividends paid and other financing activities	(7.6)	(43.3)
Reduction in net debt	232.5	10.8

- Operating cashflows negatively impacted by ~\$90m due to elevated working capital related to damage to the NSW DC
- Investing activities includes \$240m net cash proceeds (before tax) from the sale of the Automotive business
- The reduction in **Dividends paid** is due to no FY15 final dividend being paid



Balance Sheet

	31 Oct 2015 \$m	30 Apr 2015 ¹ \$m
Trade receivables and prepayments	1,055.0	989.1
Inventories	803.5	712.5
Trade payables and provisions	(1,801.6)	(1,695.4)
Net working capital	56.9	6.2
Intangible assets	1,141.4	1,284.5
Property, plant and equipment	269.6	276.0
Equity accounted investments	103.7	102.1
Customer loans and assets held for resale	56.9	90.6
Total funds employed	1,628.5	1,759.4
Net debt	(435.3)	(667.8)
Tax, put options and derivatives	82.0	65.0
NET ASSETS/EQUITY	1,275.2	1,156.6

^{1. 30} Apr 2015 Balance Sheet includes \$57.8m of net working capital and \$208.8m of total funds employed relating to the Automotive business.



Borrowings

Net debt	1H16 \$m	FY15 \$m
Gross debt	(466.1)	(751.1)
Cash and cash equivalents	30.8	83.3
Net debt	(435.3)	(667.8)
Total available facilities	1,198.6	1,498.1

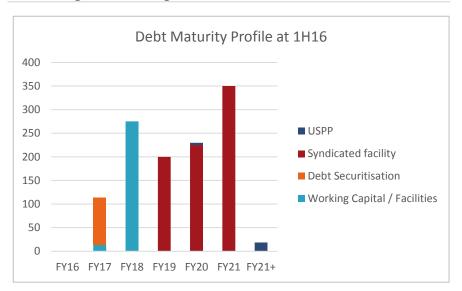
Debt metrics	1H16	FY15
Weighted average debt maturity	3.1 years	3.7 years
Weighted average cost of debt	4.2%	4.7%
% Fixed debt	44.9%	71.1%

Debt ratios	1H16	FY15
Interest coverage ¹	7.4x	6.5x
Gearing ratio ²	25.4%	36.6%
Underlying EBITDAR coverage ³	2.7x	2.8x
Gross debt coverage⁴	1.4x	2.1x

^{1.} Underlying EBITDA/Net Interest Expense. Net interest expense in 1H16 has been adjusted to exclude \$9.6m one-off interest gain

Key changes in debt profile

- Repaid US\$200m of USPP debt
- Remaining US\$25m USPP debt matures in FY20 (US\$5m) and FY24 (US\$20m)
- A further ~\$110m of facilities cancelled
- Available facilities reduced to \$1.2b
- Interest rate hedges restructured, reducing weighted average cost of debt





^{2.} Net Debt/(Shareholder's Equity + Net Debt)

^{3.} Underlying EBITDAR/(Net interest expense + Net rent expense) (rolling 12 months). Net interest expense in 1H16 has been adjusted to exclude \$9.6m one-off interest gain

^{4.} Gross Debt (hedged)/Underlying EBITDA (rolling 12 months)

DIVISIONAL RESULTS



Our strategy

SHOPPER-FOCUSED RETAIL BRANDS

SUPERMARKETS

Diamond

- Competitive Pricing
- Compelling Fresh
- Core Range & Private Label
- Store Investment (DSA)
- Retail Excellence

Build IGA differentiators

- Individual character
- Heart & Soul of community

CONVENIENCE

Campbells

- Shift to food service
- House brands
- B2B digital

C-store distribution

- Extend network reach
- Growth category focus

LIQUOR

Grow IBA retail banners

Like for like growth

- Build the retail brands
- Category management
- Store investment

Extend ALM wholesale base

HARDWARE

Grow the Mitre 10 network

Like for like growth

- Core range & Private Label
- Sapphire store investment
- Store in store specialists
- Optimise JV performance

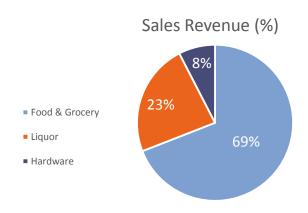
Build Trade differentiator

WORLD CLASS WHOLESALE PARTNER
SUPPORTING SUCCESFUL INDEPENDENTS

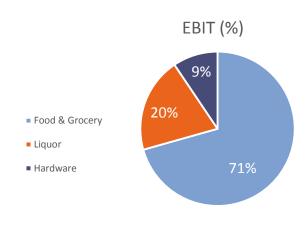


Results - overview by Pillar

Sales Revenue	1H16 \$m	1H15 \$m	Change
Food & Grocery	4,540.2	4,508.4	0.7%
Liquor	1,535.1	1,482.7	3.5%
Hardware	530.7	524.2	1.2%
Metcash Group	6,606.0	6,515.3	1.4%



EBIT	1H16 \$m	1H15 \$m	Change
Food & Grocery	91.9	119.2	(22.9%)
Liquor	25.9	24.9	4.0%
Hardware	11.6	9.5	22.1%
Business Pillar Total	129.4	153.6	(15.8%)
Corporate	4.3	(0.4)	
Metcash Group	133.7	153.2	(12.7%)

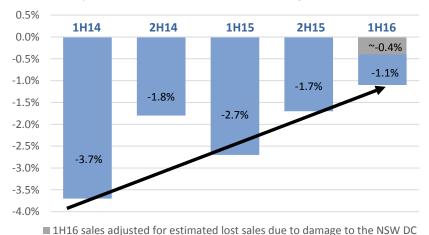




MF&G – Financials

MF&G	1H16 \$m	1H15 \$m	Change
Sales Revenue			
Supermarkets	3,766.2	3,762.0	0.1%
Convenience	774.0	746.4	3.7%
Total Sales	4,540.2	4,508.4	0.7%
Total EBIT	91.9	119.2	(22.9%)
EBIT (%)	2.0%	2.6%	(60bps)

Supermarket Wholesale Sales (excluding tobacco)



Sales Revenue

Supermarkets

- Total sales broadly flat (+0.1%)
 - Adjusting for estimated impact of damage to the NSW DC, sales were up ~1%
- Total wholesale sales (excluding tobacco) declined by 1.1%
 - Adjusting for estimated impact of damage to the NSW DC, sales only declined ~0.4%
 - Significant improvement in the underlying sales trend (excluding tobacco) since 1H14
- Supermarkets (excluding tobacco) experienced ongoing deflation of 1.7%
- IGA Retail sales¹ continued to grow, up 0.6% LfL in the half

Convenience

- Total sales up 3.7%
- CSD continued to grow however this was partly offset by a decline in Campbells



MF&G – Financials

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Sales Revenue			
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Total EBIT	91.9	119.2	(22.9%)
EBIT (%)	2.0%	2.6%	(60bps)



EBIT

- Total EBIT of \$91.9m
- EBIT declined \$27.3m (22.9%) reflecting investment in price in Supermarkets and a softer performance in Convenience
 - Softer Convenience EBIT due to a sales decline in Campbells re-seller business and a negative margin impact from major CSD customers
 - 1H16 includes incremental investment in Supermarket transformation initiatives of ~\$20m, primarily in price investment



Continuing progress in transformation of MF&G

INITIATIVE	UPDATE
COMPETITIVE PRICING	 Competitive pricing in ~1,280 stores (FY15: ~1,100 stores) Price Match now in ~920 stores (FY15: ~600 stores) Price Match sales momentum continued, ~350bp improvement in LfL warehouse sales¹
SHOPPER-LED WAY	 Introduced ~120 new mid-tier private label products Private Label warehouse sales up 4.5% Improved promotional program
COMPELLING FRESH	 Continued roll-out of Your Kitchen (~150 stores) and Cheese Shop (~80 stores) Retail LfL growth of ~22%² maintained for Fresh in DSA stores (FY15: 23%)
RETAIL EXCELLENCE	 Scan data provided by ~1,280 stores (FY15: ~1,200 stores) Metcash Training Academy now has ~400 stores (FY15: ~100 stores) participating, with over ~6,500 active users
NETWORK INVESTMENT	 DSA stores: 78 completed, with 29 currently in progress (FY15: 52 stores) On track to complete ~150 stores by the end of FY16 Retail and Warehouse sales uplift sustained at 15%²

^{2.} Represents LfL sales growth achieved in DSA stores since launch. Based on a sample of stores which had traded for 24+ months and had 4+ weeks trading post launch date with comparable prior period sales



^{1.} Represents LfL wholesale sales movement (excluding tobacco) compared to pre Price Match comparable period of ~850 stores

ALM – Financials

Liquor	1H16 \$m	1H15 \$m	Change
Sales Revenue	1,535.1	1,482.7	3.5%
EBIT	25.9	24.9	4.0%
EBIT (%)	1.7%	1.7%	-



- 1. Represents LfL Retail sales growth achieved $\,$ in ~ 1,150 stores, MAT 30 September 2015 $\,$
- 2. Aztec 26 weeks ended 27/09/2015

Sales Revenue

- Total sales increased by 3.5%
- Adjusting for estimated impact of damage to the NSW DC, total sales would have been up ~4.5%
- Wholesale sales through the bannered IBA network increased by 4.4%
- LfL Retail sales in the IBA network increased 3.1%
- Positive result in a broadly flat liquor market (+0.3%²)

EBIT

- EBIT increased by \$1.0m (4.0%)
- EBIT benefited from conversion of stores to IBA banners and investment in the network
- Ongoing focus on improved sales mix with a shift to higher margin categories and Private Label

Initiatives update

- Further 61 stores converted to IBA banners
- Completed ~120 cool room upgrades and refreshed ~50 stores



Hardware – Financials

Hardware	1H16 \$m	1H15 \$m	Change
Sales Revenue	530.7	524.2	1.2%
EBIT	11.6	9.5	22.1%
EBIT (%)	2.2%	1.8%	40bps



Sales Revenue

- Total Hardware sales increased by 1.2%, impacted by the net closure of 13 stores
- Trade business and joint ventures continued to grow

EBIT

- EBIT increased by \$2.1m (22.1%)
- Increase due to focus on supply chain costs and higher contribution from joint ventures

Initiatives update

- 5 Sapphire stores completed, targeted sales uplift of ~15%
- A further 4 Sapphire stores in progress
- Training academy active in ~320 stores



GROUP OUTLOOK



Next stage of Transformation - 'Working Smarter' program

Objective

To make doing business with Metcash simpler for our customers and suppliers

Structured program commenced

Working Smarter program and governance framework established to improve productivity

Addressable cost base of ~\$1.2b

Key areas of focus

- Organisation simplification
- Back office efficiencies
- Logistics
- Procurement

Already commenced delivering value

 Quick wins identified and already delivered in procurement and some organisation simplification

Significant value to be delivered

- Savings run rate of ~\$100m by Year 3 (FY19)
- One off implementation costs of ~\$50m
- No significant benefit in FY16

Savings run rate of ~\$100m by Year 3

Group Outlook

- Highly competitive trading conditions continue in all our markets, particularly Food & Grocery
- Balance Sheet strengthened
- Transformation Plan remains on track
 - Strongly supported by retailers
 - Working Smarter program to deliver savings run rate of ~ \$100m by Year 3 (FY19)
- Metcash does not intend to pay a dividend in FY16
- As previously advised, the improved performance from strategic initiatives in Food & Grocery, together with positive results from ALM and Hardware, will not offset Food & Grocery headwinds in FY16



Appendices

- 1. Financial highlights
- 2. Restated Sales and EBIT to reflect sale of Automotive
- 3. Bannered store numbers
- 4. Contact details



1. Financial highlights

Financial Performance	1H16	1H15	1H14	1H13	1H12
Sales (\$m)	6,606.0	6,515.3	6,471.9	6,246.3	6,068.9
Underlying EBIT (\$m)¹	133.7	153.2	175.4	197.0	199.6
Net finance costs (\$m)	(12.8)	(24.0)	(28.5)	(29.8)	(32.4)
Underlying profit after tax (\$m)	86.9	92.5	99.6	113.3	112.5
Reported profit after tax (\$m)	122.0	101.7	98.9	82.0	94.4
Operating cash flows (\$m)	3.1	128.0	229.3	144.7	252.4
Cash realisation ratio (%) ²	76.4%	93.8%	174.6%	131.5%	208.4%
Financial Position	1H16	1H15	1H14	1H13	1H12
Shareholder equity (\$m)	1,275.2	1,654.7	1,583.5	1,613.1	1,421.6
Gearing ratio (net hedged) (%)	25.4%	31.4%	33.7%	29.6%	36.0%
Return on funds employed (%) ³	13.8%	14.5%	18.2%	22.2%	26.0%
Share Statistics	1H16	1H15	1H14	1H13	1H12
Fully paid ordinary shares	928.4	903.3	880.7	880.7	771.3
Weighted average ordinary shares	928.4	896.0	880.7	838.4	769.5
Underlying earnings per share (cents)	9.4	10.3	11.3	13.5	14.6
Reported earnings per share (cents)	13.1	11.4	11.2	9.8	12.3
Dividends declared per share (cents)	-	6.5	9.5	11.5	11.5
Dividend payout ratio (%) (underlying)	-	63%	84%	85%	79%

^{1.} Underlying earnings exclude significant items and discontinued operations

Macash

^{2.} Cash Flow from operations/Reported NPATDA (depreciation and amortisation not tax effected). For 1H16, this ratio excluded the ~\$90m working capital impact of the hail claim and the \$31.4m profit on sale of the automotive business.

^{3.} Underlying ROFE based on average of opening and closing funds employed.

2. Restated Sales and EBIT to reflect sale of Automotive

Half year result	1H16	1H15	1H14	1H13	1H12
Sales					
Food & Grocery	4,540.2	4,508.4	4,483.8	4,552.1	4,533.7
Liquor	1,535.1	1,482.7	1,538.1	1,272.6	1,108.0
_ Hardware	530.7	524.2	450.0	421.6	427.2
Total sales	6,606.0	6,515.3	6,471.9	6,246.3	6,068.9
EBIT					
Food & Grocery	91.9	119.2	146.0	170.7	181.2
Liquor	25.9	24.9	23.3	16.6	13.1
Hardware	11.6	9.5	10.3	10.1	8.4
Corporate	4.3	(0.4)	(4.2)	(0.4)	(3.1)
Underlying EBIT (\$m) ¹	133.7	153.2	175.4	197.0	199.6

Full year result	FY15	FY14	FY13	FY12
Sales				
Food & Grocery	9,217.8	9,072.4	9,120.6	9,331.7
Liquor	3,103.6	3,160.8	2,917.6	2,336.2
Hardware	1,048.4	941.8	854.9	833.2
Total sales	13,369.8	13,175.0	12,893.1	12,501.1
EBIT				
Food & Grocery	216.8	293.4	368.9	388.4
Liquor	57.6	52.1	46.1	34.9
Hardware	30.1	28.0	23.5	20.8
Corporate	(7.2)	(5.1)	(0.8)	(2.6)
Underlying EBIT (\$m) ¹	297.3	368.4	437.7	441.5

^{1.} Underlying earnings excludes significant items and discontinued operations



3. Bannered store numbers

Pillar	Oct 15	Apr 15
Supermarkets ¹	1,695	1,708
Campbells	18	18
Liquor	2,632	2,571
Hardware	383	396
Total	4,728	4,693

Store movement	Supermarkets	Liquor	Hardware
Number of stores at April 2015	1,708	2,571	396
Stores joined banner during the period	18	230	6
Stores left banner during the period	(31)	(169)	(19)
Number of stores at October 2015	1,695	2,632	383

^{1.} Includes supermarkets under the IGA, Friendly Grocer and Eziway banners



3. Bannered store numbers

Supermarkets	Oct 15	Apr 15
Supa IGA	417	428
IGA	828	829
IGA-Xpress	198	198
Total IGA bannered stores	1,443	1,455
Friendly Grocer / Eziway	252	253
Total Supermarkets	1,695	1,708

Liquor	Oct 15	Apr 15
Cellarbrations	501	478
Bottle-O & Bottle-O Neighbourhood	617	636
IGA Liquor	488	486
Other	1,026	971
Total Liquor	2,632	2,571

Hardware	Oct 15	Apr 15
Mitre 10	314	327
True Value Hardware	69	69
Total Hardware	383	396



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