



Metcash Limited

ABN 32 112 073 480
50 Waterloo Road
Macquarie Park
NSW 2113 Australia

27 August 2014

ASX Limited
Company Announcements Office
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/ Madam

METCASH LIMITED 2014 ANNUAL GENERAL MEETING

We attach the following documents to be presented at the 2014 Annual General Meeting of Metcash Limited today:

- Chairman's Address
- CEO Presentation

Yours faithfully

A handwritten signature in black ink, appearing to read "G. Watson", is written over a large, stylized, looped signature line that extends from the bottom left towards the center.

Greg Watson
Company Secretary



Metcash Limited

ABN 32 112 073 480
50 Waterloo Road
Macquarie Park
NSW 2113 Australia

27 August 2014

2014 Annual General Meeting Chairman's Address

Ladies and Gentlemen

This past year has been a significant one for Metcash. Whilst sales revenue grew by 3.2% to \$13.4 billion, other metrics were depressed due to a combination of challenging market conditions in the core food and grocery business, as well as the initial cost of the group's transformation initiatives.

Reported profit after tax fell 17.9% to \$169.2 million, underlying profit fell 10.9% to \$250.1 million and underlying EPS was 28.3 cents, a decline of 13.2%.

We have made significant changes to the Company's leadership and developed a strategic transformation plan, which was announced to the market in March. Project Diamond, the transformation initiative for Metcash Food and Grocery, is now well underway and initial results from pilots are encouraging. You will hear more about the plan, including the opex investment and strategy to achieve a sales led earnings recovery from our CEO, Ian Morrice, shortly.

The Board's close involvement in the strategic review process gives me the confidence that Metcash, with its strong and renewed management team, will deliver the disciplined execution that the transformation plan requires.

The Company's non-food pillars have delivered solid results with good sales growth playing through into strong EBITA performances. These businesses are also executing their own strategic plans, driving network growth and consolidation within their respective markets.

The capital cost forecast for the transformation plan is \$675 million which will be spent over the next five years. Part of this funding will be met by Metcash targeting working capital improvements from the Food & Grocery transformation initiatives.

However, to fund the remaining investment, the Board has had to make some difficult capital management decisions. As announced in March, the dividend payout ratio has been set to 60 per cent of underlying earnings per share the lowest level of our policy setting.

In recent years, the Board had authorised a higher payout ratio to reflect its goal of returning funds to shareholders if the business had no alternative requirements. But it is important at this time that management has access to the appropriate capital funding levels that are necessary to return Metcash to earnings growth.

In this, a transitional year, the Board set the full year dividend at 18.5 cents per share representing a yield of 6.7%. This continued Metcash's history of top quartile ASX 100 dividend yields. The Board has also reintroduced the Dividend Reinvestment Plan. This will provide balance sheet support and enable Metcash to continue to invest in the business, whilst maintaining a prudent capital structure.

During the year Metcash has delivered an operating cash flow of \$388.7 million, which is an increase of 29% over the prior year. This reflects underlying earnings, tight working capital controls and a timing benefit of approximately \$80m due to proximity of Easter to our April year end.

In March we refinanced the \$400m core debt facility which would have otherwise matured in December this year. This new facility has two tranches, the first of \$200 million maturing in June 2018, and the second, being \$225 million, will mature in June 2019. The relationship between Metcash and the banks remains supportive in this refinancing and no debt refinancing will be required until the 2016 financial year.

The Board renewal process has continued during the financial year, with the appointment last November of Mick McMahon. Mick joined the Board with extensive experience in retailing and supply chain management in supermarkets and convenience, food, grocery and liquor. Mick is currently the CEO of ASX listed Skilled Group and has announced his decision to step down from that role during the next 12 months.

Tonianne Dwyer was also appointed by the Board in June this year. With a background in law, investment banking and property funds management, Tonianne brings significant experience and value to our company.

As announced earlier, Dudley Rubin will be retiring as Non-Executive Director after 16 years of dedicated service to the Company. A former Chairman of the Audit Risk & Compliance Committee, Dudley has provided strong independent advice and insightful contributions to strategic decisions affecting the Company. I would like to thank him on behalf of the Board and shareholders for his commitment and service to Metcash.

As a result of these changes, the majority of the Board now has tenure of less than four years.

Once again, our dedicated staff, independent retailers and suppliers have provided outstanding support to Metcash during the previous year, and I acknowledge and thank them on behalf of the Board.

In a year of significant change and challenge, the support from our shareholders has, and continues to be, greatly appreciated.

Finally, you will shortly be invited to vote on a resolution to re-elect myself as a Director of the Company. With the Board's unanimous support, I offer myself for re-election. However, today I wish to announce that I have advised the Board that at an appropriate time, in the upcoming term, it is my intention to retire. Neil Hamilton, Chairman of the Remuneration Committee, has been co-opted by the Board to co-ordinate its search and deliberations to identify the successor as Chair.



SUCCESSFUL INDEPENDENTS

ANNUAL GENERAL MEETING, AUGUST 27 2014

OVERVIEW FY14

Overview

- Result in line with updated guidance given to market on 21 March 2014
 - Important to note, even given the tough trading conditions the Group generated \$13.4billion in sales, up 3.2% on last year
- Food & Grocery EBIT down due to the deleveraging effect of reduced sales and cumulative deflation
- Liquor achieved strong growth in relatively flat market
- Hardware and Automotive continue to perform well
- Transformation program is progressing well across the group
 - Metcash Food & Grocery transformation is well underway and pilot results have confirmed the right plans are in place
 - Non-food pillars active in network growth & consolidation
- Strong operating cash flows have facilitated re-investment in the business
- Full year dividend of 18.5 cps being a payout ratio of 65.4%

Financial Highlights

		FY14	FY13	Variance		Commentary
				Fav / (Unfav)	%Var	
Sales Revenue	\$m	13,392.7	12,976.6	416.1	3.2%	Full year benefit of LMG contract (Liquor), acquisition of ATAP (Automotive) and improved Hardware sales offset by small sales decline in Food & Grocery
EBITA	\$m	406.7	460.4	(53.7)	(11.7%)	Improved Liquor, Hardware and Auto results more than offset by a weak Food & Grocery result
EBITA Margin	%	3.04%	3.55%	(51bps)	(14.4%)	Primarily driven by margin contraction within Food & Grocery
CODB / GP%	%	67.5%	62.4%	(510bps)	(8.2%)	Increase primarily reflects higher relative CODB/GP% in growth areas (Hardware & Auto) and some deleveraging within Food & Grocery
PAT - Underlying	\$m	250.1	280.7	(30.6)	(10.9%)	Reflects Food & Grocery result, partly offset by growth in Hardware & Auto and Liquor
PAT - Reported	\$m	169.2	206.0	(36.8)	(17.9%)	After significant items \$54.0m and final Franklins discontinued operations charge of \$10.5m
Operating Cash Flow	\$m	388.7	299.8	88.9	29.7%	Strong cashflow reflecting tight working capital control and year-end timing benefits (expected to reverse in FY15)
EPS - Underlying	cps	28.3	32.6	(4.3)	(13.2%)	Within guidance issued in March 2014
EPS - Reported	cps	19.2	24.0	(4.8)	(20.0%)	
DPS	cps	18.5	28.0	(9.5)	(33.9%)	Reflects lower underlying EPS and payout ratio
Payout Ratio (underlying)	%	65.4%	85.9%			



PLANS FOR GROWTH

We defined our purpose - Successful Independents

Our values

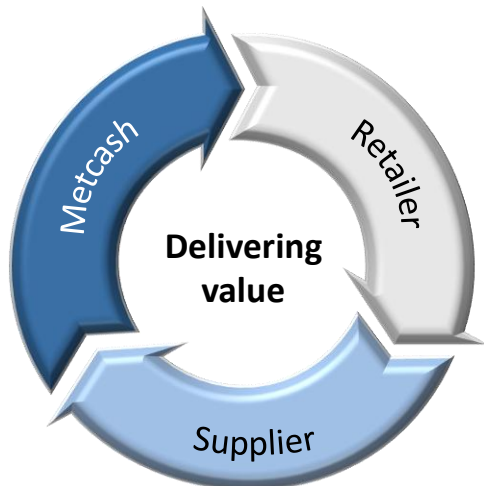
Integrity is the foundation of our values:

- Supporting our customers and suppliers
- Our people are empowered and accountable
- Adding value in our community

Our vision

- Growing our markets and delivering value to our stakeholders
- Distribution and merchandising excellence
- Retailer and consumer champions
- Successful and passionate independents
- Great place to work

Our model



Our markets



Food & Grocery



Liquor



Hardware



Automotive

Clear strategic priorities

To underpin **long-term sustainable growth** of the independent network we are:

- Becoming **demand (shopper) driven** not supply led
- **Reinvesting** in our core business
- Ensuring our group is **prudently funded**



1. TRANSFORMATION OF METCASH FOOD & GROCERY



2. CONSOLIDATION & SUSTAINABLE NETWORK GROWTH



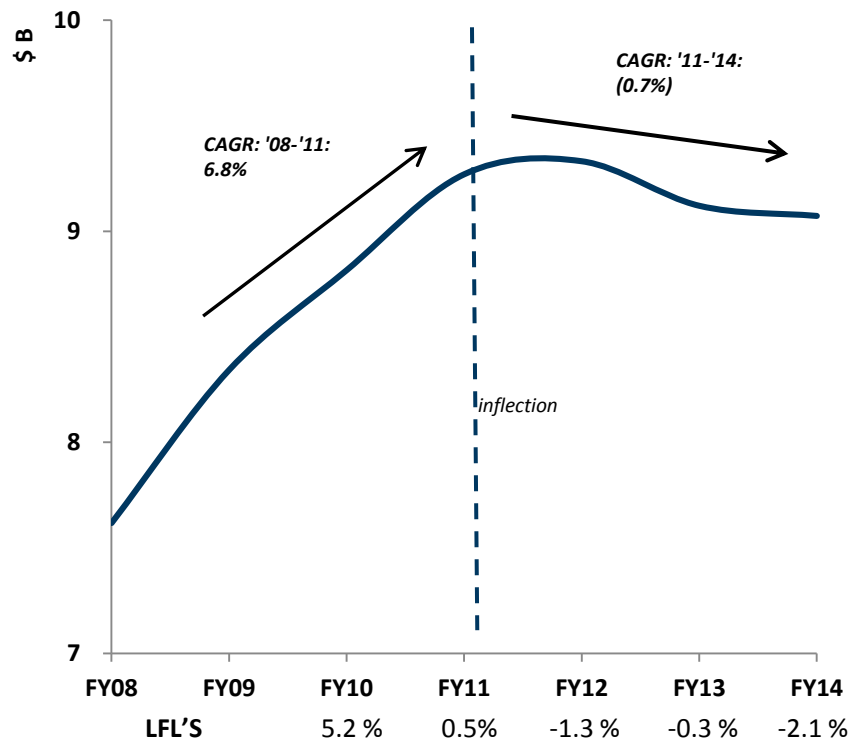
3. WORLD CLASS SUPPLY-CHAIN



4. SUPPORTING INDEPENDENTS

We recognised the need for change

MFG Revenues have plateaued



- Underlying LFL sales had been lagging the market since 2010
- We knew our supermarket model must evolve to remain competitive
- Own brands had not kept pace with retailer and shopper expectations
- Pricing, retail execution & quality of fresh offer inconsistent across network
- Lack of digital capabilities impacting ability to compete
- Current model unable to attract the calibre of retailers needed to sustain network

1. Transformation of Metcash Food & Grocery



- We refreshed the management team and structure within MFG to ensure we effectively focus our business on our customers' needs



SUPERMARKETS

Fergus Collins, CEO



CONVENIENCE

Peter Struck, CEO

Diamond Transformation Program

- A comprehensive roadmap that focuses on growing our network capabilities, stimulating sales growth, instilling retail excellence and delivering long term success.



COMPETITIVE
PRICING



SHOPPER LED
RANGING



COMPELLING
FRESH OFFER



RETAIL
EXCELLENCE



NETWORK
INVESTMENT



CONVENIENCE



Diamond Store Accelerator (DSA) program

- A repeatable approach we are implementing in partnership with our retailers that will fast track store-by-store improvements

DSA PROCESS

Detailed store analysis, leveraging sales data & shopper insights to create site specific improvement plan

Activate the levers to fix the basics and step-change sales performance



COMPETITIVE
PRICING



SHOPPER LED
RANGING



COMPELLING
FRESH OFFER



NETWORK
INVESTMENT



RETAIL
EXCELLENCE

Accelerated performance uplift through investment in store layout, range and ambiance

Fundamentals needed to win with shoppers

Shopper Insights

- Today's shopper wants convenient shopping; a global trend true here
- The "Buy as you need" shopping mission is already > 50% of sales
- "I want the freshest local product possible"
- "I demand value (I will not trade this off for convenience)"
- Service is still important to grocery shoppers



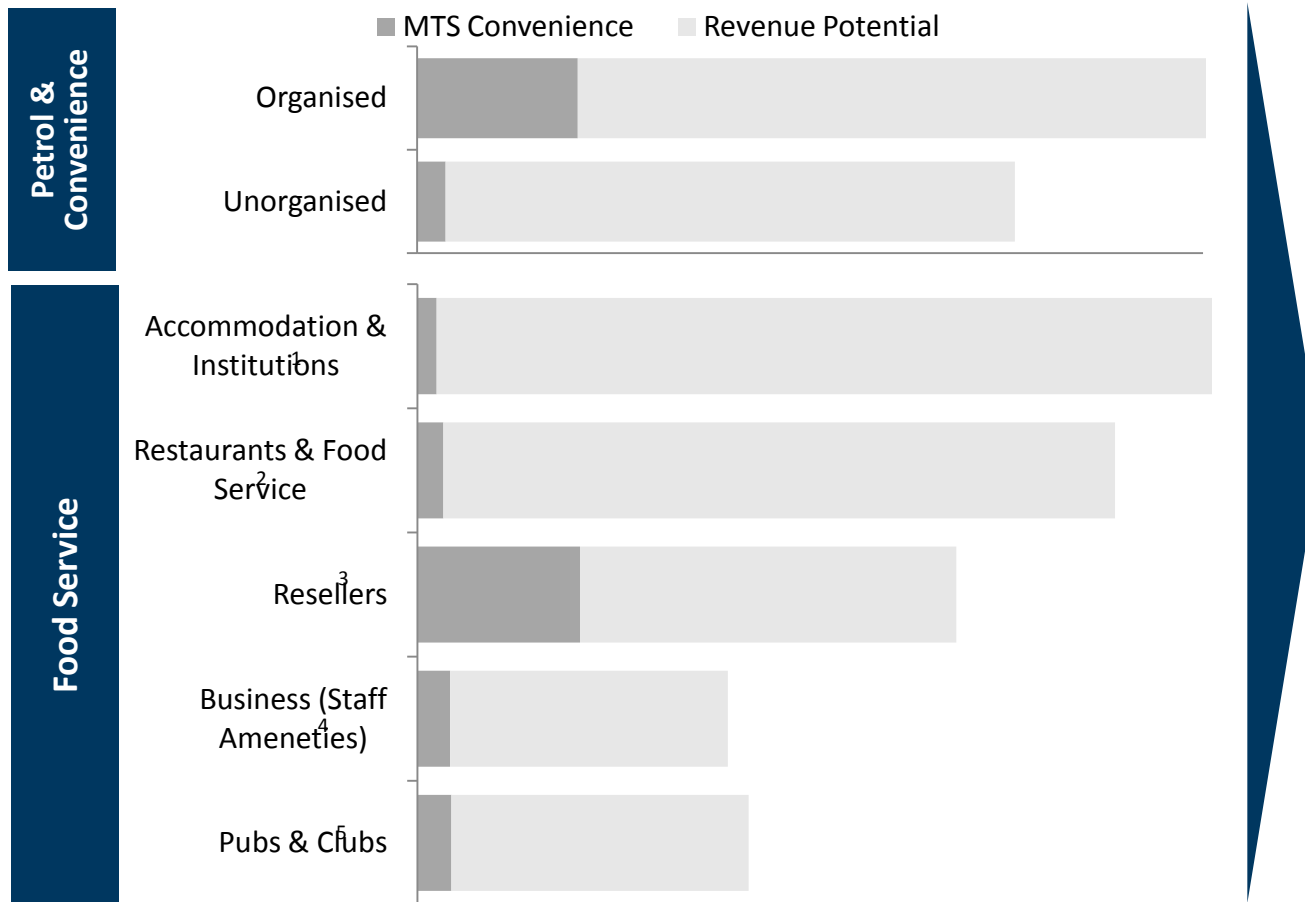
How the locals like it™

- The 1200 most conveniently located supermarkets in Australia
- The IGA offer will be tailored to meet this need and demand
- Localised range unique to each store
- Competitive everyday pricing
- Passionate local owners who care

The best independent 'Diamond standard' retailers are already differentiated and thriving

Convenience – meeting customers requirements

- Significant opportunity to expand within the ~\$11.5b Petrol & Convenience (“P&C”) and Food Service markets



- **MTS Convenience is well-positioned to grow presence:**
 - Strong breadth & depth in categories that count
 - Leverage world-class supply chain
 - National network of stores & fulfilment centres
 - Provides solutions that remove cost and complexity for the customer

NOTES: Foodservice sub-sectors include:

1. Aged Care/ Nursing Homes, Childcare & Education, Churches & Charities, Prisons

2. Restaurants, Takeaway, Cafes, Catering, Motels B&B, Bread & Cake Retail

3. Wholesalers, Other retail, Unbannered Grocery

4. Business – Professional, Business - Trade/ Mftg, Primary Producers

5. Pubs / Hotels & Clubs

2. Consolidation & Sustainable Network Growth



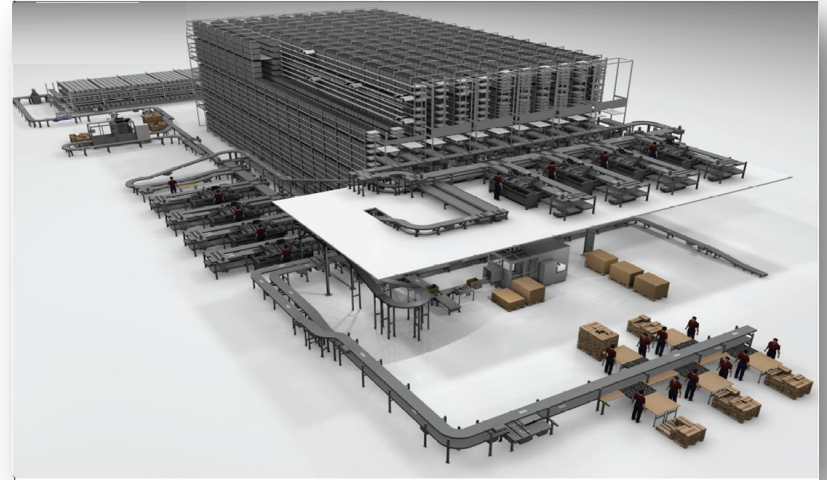
- Strategic industry consolidation and extending footprint is key – recent successes
 - Midas – May 2014
 - Liquor Traders / Thirsty Camel
 - Malz
- Extracting operational efficiencies (DC consolidation) and reducing CODB
- Focusing on like for like organic growth



3. World Class Supply-chain

- Automation initiatives in NSW on track
 - Phase 2 (Split Case - Knapp) operational from May 14 servicing - Convenience & Supermarkets
 - Phase 3 (Full Case - Mustang) being commissioned in Sept 14 and fully operational by Jan 15 - servicing Supermarkets & Liquor

Split-case (Knapp)



Full-case (Mustang)



4. Supporting Independents



Digital: Expand digital capabilities

- Launched retailer digital services offering – Metcash One
- Campbells eCommerce to launch early 2015

Training Academy: Building capability across the retail network

- Retailer profiling identified development gaps and training needs
- Training curriculum finalised and being piloted





OUTLOOK

Looking forward

Good progress is being made towards our strategic priorities

- Transformation program underway and initial results are pleasing
- Reinvesting in FY15 in reshaped model will ensure company again delivers strong shareholder returns

FY15 Guidance

- As indicated at the FY14 Results:
 - FY15 will start a “significant reinvestment phase” for MFG and the Group
 - Additional MFG opex investment estimated at \$40m - \$45m over FY15 with earnings recovery expected in subsequent years as sales growth returns
- Expect to share further progress on Diamond initiatives at 1H15 results (December)



SUCCESSFUL INDEPENDENTS

THANK YOU