Metcash Limited
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1 Thomas Holt Drive
Macquarie Park
NSW 2113 Australia

5 December 2022

Market Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

METCASH LIMITED – FY23 HALF YEAR RESULTS PRESENTATION

Please find attached for release to the market the FY23 Half Year Results Presentation for Metcash Limited.

This document was authorised to be given to ASX by a Committee of the Board of Directors of Metcash Limited.

Yours faithfully

Julie D. Hutton

Julie Hutton
Company Secretary

FY23
HALF YEAR RESULTS

5 December 2022

Metcash

GROUP OVERVIEW AND DIVISIONAL RESULTS

Doug Jones
Group Chief Executive Officer

ACKNOWLEDGEMENT OF COUNTRY

I would like to acknowledge the traditional custodians of the lands from which we are all connecting in from today. I am connecting in from Wallumedegal Country, and pay my respects to elders across Country, past, present and emerging.

Care for Country, Maggie-Jean Douglas, Naidoc week 2021 winning artwork

ABOUT METCASH

Our Purpose

Championing successful independents

Our Values

We believe:

Independence is worth fighting for; in treating our people, retailers and suppliers the way we like to be treated; and in giving back to the communities where we live and work

Our Vision

- Best store in town
- Passionate about independents
- A favourite place to work
- Business partner of choice
- Support thriving communities
- Creating a sustainable future

Creating Value – Our Flywheel

Supply
Provide a multi-channel B2B platform

Provide an effective and efficient route-to-market choice for suppliers through our scale and independent partner network

Demand
Generate and capture for our customers

Provide best possible range of products to independent customers to meet their shoppers' needs, and support them with formats and tools to compete with national retailers

GROUP HIGHLIGHTS

Continued strong growth supported by ongoing preference for local neighbourhood shopping

- Strong sales and earnings growth while facing higher inflation and cycling impact of extensive lockdowns
  - Further improvement in retailer competitiveness and relevance
  - Success of strategic acquisitions
  - Higher inflation
  - Management of additional costs
- All pillars performed well with continuation of robust demand and volumes
- Independent retail networks healthy, confident and continuing to invest
  - Continued improvement in price, range and store quality
  - High on-shelf availability
  - Shopper retention
- Exceptional three-year growth rates

- Significant improvement in ESG credentials
- Balance Sheet strength
- Project Horizon tracking for completion of Stage 1 end 2023 - Focus on Food and Liquor
- Strong sales and underlying demand has continued in first four weeks of 2H23

GROUP HIGHLIGHTS CONT.

Continued strong growth supported by ongoing preference for local neighbourhood shopping

Exceptional 3yr EBIT growth

~64%

Group revenue[1]	Group EBIT	Profit after tax
+7.8% to **$8.9bn** (+31.7% 3yr[2])	**+10.3%** to **$255m** (+63.8% 3yr)	**+9.1%** to **$160m** Underlying (+76.5% 3yr) **$126m** Reported

Operating cashflow	Earnings Per Share	Interim FY23 dividend
$89.6m CRR ~36.5%	**+13.7%** to **16.6cps** Underlying (+66.0% 3yr) **13.0cps** Reported	**+9.5%** to **11.5cps** (+91.7% 3yr)

1. Includes charge-through sales
2. 3yr comparison calculated on a normalised basis – sales have been adjusted to exclude the sales to Drakes and 7-Eleven in the relevant sales period as appropriate. Refer Appendix 2

ESG – SIGNIFICANT IMPROVEMENT

Our commitment

We are committed to the people and communities where we live and work

69th ↗ 85th

Percentile

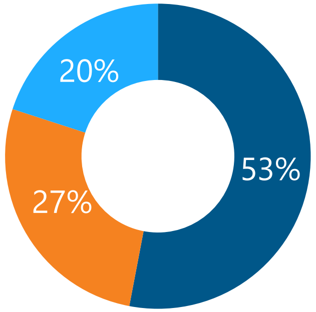
Dow Jones Sustainability Index
(international fast-moving goods sector)

1H23 Highlights

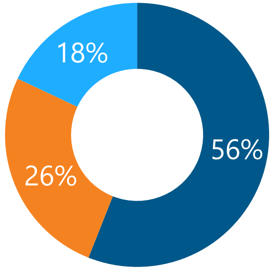
- Safety performance improvement – **TRIFR down 18%**
- DJSI ranking **increased to 85th percentile** in 2022 assessment (43 score) (FY21: 69th and 33)
- **Top third** ranking of 2021 Modern Slavery Statement by Human Rights Law Centre
  - 2022 Modern Slavery Statement now available online
- **2022 Standalone Sustainability Report** available online
- **Emissions reduction** in line with 2030 SBT target (Scope 1 and Scope 2) – aligned to 1.5˚C warming scenario of the Paris Agreement
  - Results in **42% reduction** from 2020 baseline
- Commissioned **700kw solar PV system** at Huntingwood DC, NSW
- Assessing opportunities for **reducing Scope 3 emissions**
- Reporting **alignment with GRI** in FY23 and TCFD in FY24 on track
- Roll out of the **Australian Recycling Label** on private label food and liquor products
- Developed **three-year sustainability roadmap** for IGA network
- Female representation **increased to 47%** at Board/Group Leadership Team level
- Battery recycling **now available at over 700 network stores**
- Community Co water bottles now made from post-consumer recycled materials **(equiv. to diversion of 580t p.a)**

RESULTS OVERVIEW BY PILLAR

Sales revenue (including charge-through sales[1])	1H23 $m	1H22 $m	%	3yr[2] %
Food	4,703.3	4,561.0	3.1	20.5
Hardware	1,732.6	1,483.7	16.8	65.9
Liquor	2,426.8	2,174.4	11.6	36.0
Total sales revenue (including charge-through sales)	**8,862.7**	**8,219.1**	**7.8**	**31.7**
Less: Charge-through sales[1]	(1,124.9)	(1,068.5)	5.3	22.3
Total sales revenue (Statutory Accounts)	**7,737.8**	**7,150.6**	**8.2**	**33.1**

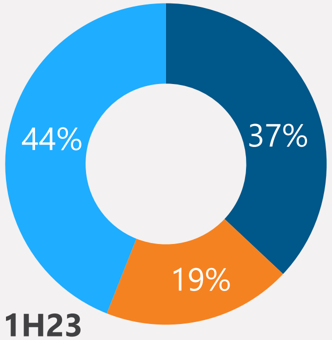


1H23
Total sales revenue $8.9b

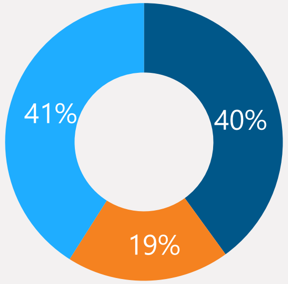


1H22
Total sales revenue $8.2b

Underlying EBIT	1H23 $m	1H22 $m	%	3yr %
Food	98.2	95.2	3.2	11.1
Hardware	116.6	98.9	17.9	199.7
Liquor	49.3	44.3	11.3	60.6
Business Pillars	**264.1**	**238.4**	**10.8**	**67.2**
Corporate	(9.0)	(7.2)	25.0	*nm*
Total EBIT	**255.1**	**231.2**	**10.3**	**63.8**



1H23
Total EBIT $264m



1H22
Total EBIT $238m

Food Hardware Liquor

1. Direct sales from suppliers to retailers, invoiced through Metcash
2. 3yr comparison calculated on a normalised basis – sales have been adjusted to exclude the sales to Drakes and 7-Eleven in the relevant sales period as appropriate. Refer Appendix 2

Continuation of sales and earnings momentum in all pillars

FOOD – SALES

- Continuation of strong sales growth despite cycling impact of extensive lockdowns in 1H22
- Total Food sales (including charge-through) up 3.1% to $4.7bn (3yr +20.5% normalised[1])
  - Supermarkets +2.0% (3yr +20.4% normalised[1])
  - Convenience +12.9% (3yr +21.2% normalised[1])
  - Total Food sales (ex tobacco) +6.5% (3yr +23.7% normalised[1])
- Strong Supermarkets sales driven by continued shopper support for local IGA neighbourhood stores and inflation
  - Further increase in competitiveness and relevance of retail network (price, range and store quality)
  - Wholesale price inflation[2] of 6.2% (1Q: 4.9%, 2Q: 7.4%)
  - Total Supermarkets volumes declined slightly (0.9%). Volume growth in all states other than NSW and VIC which were cycling the impact of extensive lockdowns.
  - Supermarkets wholesale sales ex tobacco +5.6% – tobacco impacted by re-opening of borders (increase in illicit sales) and decline in smoking trend
  - Retail LfL[3] sales increased 0.5% (1H22: 0.8%). Basket size increased 1.2%
  - Team score ~74%
- Net IGA store openings (18 opened, 9 closed)
- Strong growth in Convenience sales driven by improved competitiveness and growth in customer base as food service demand and consumer activity normalised

	1H23 $m	1H22 $m	%	3yr[1] %
Revenue (including charge-through)				
Supermarkets	4,197.2	4,112.9	2.0	20.4
Convenience	506.1	448.1	12.9	21.2
Total revenue (including charge-through)	4,703.3	4,561.0	3.1	20.5
Charge-through sales	(573.8)	(538.8)	6.5	
Total revenue as per Statutory Accounts	**4,129.5**	**4,022.2**	2.7	

1. Normalised sales exclude the sales to Drakes and 7-Eleven in the relevant sales period as appropriate. Refer Appendix 2
2. Excludes tobacco and produce
3. Based on scan data from 1,138 IGA stores

Increased competitiveness of retail network continuing to drive momentum

FOOD – EBIT

- Total Food EBIT increased $3.0m or 3.2% to $98.2m reflecting:
  - The strong trading performance
  - An incremental increase in contribution from joint venture stores of $2.8m
- Gains from stock revaluation largely applied to offset additional costs and increase price competitiveness of network. Additional costs include:
  - Fuel and freight. Fuel surcharge applicable for retailers in 2H23
  - Labour (absenteeism and increased use of casual labour including training and associated adverse impact on productivity)
- EBIT margin maintained at 2.1%

	1H23 $m	1H22 $m	%	3yr %
Total revenue[1] (including charge-through)	4,703.3	4,561.0	3.1	20.5
EBIT	**98.2**	**95.2**	3.2	11.1
EBIT margin[2]	2.1%	2.1%	-	

1. Total revenue includes charge-through sales of $573.8m (1H22: $538.8m)
2. EBIT margin: EBIT/Total revenue (including charge-through)

Continued earnings growth despite additional costs

FOOD – STRATEGY UPDATE

Network of the future

- Network refresh with national brand standards and more consistent offer by format ★
  - 296 stores fully aligned to new channel standards with remainder >90% aligned
  - 400 banner transfers completed, another ~500 in progress
  - New signage completed or in progress for ~230 stores
  - Full transition of network expected by 2024
- Total DSA store upgrades increased to 764 (>50% of network completed) ★
  - 49 upgrades in 1H23
  - Average retailer sales growth >15%
  - ~90% of network to be upgraded by FY26
- Range, price and private and exclusive label
  - Relaunch of Price Match across entire network and development of "essentials basket" value offer
  - Low Prices Everyday program continuing to drive growth
  - Black & Gold value tier core range price matched

Supply chain

- Logistics operations
  - Continued to demonstrate resilience and flexibility during supply chain challenges
  - Maintained strong service levels through recent challenges
- DC capacity, capability expansion and systems ★
  - Queensland DC expansion completed
  - New DC in Truganina, Vic – completion expected 2024
  - Western Australia DC expansion – completion of phase 1 expected 2023
  - Collaboration with key suppliers to share capability and improve efficiency
  - New Transport Management System deployed
  - Integration of Campbells and DC network
  - New forecasting and replenishing system (Horizon)

Continuing focus on improving network competitiveness and relevance

★ = MFuture initiative

HARDWARE – SALES

- Total sales (including charge-through) increased by $248.9m or 16.8% to $1.7bn (3yr +65.9%) with continuation of significant growth in both IHG and Total Tools
  - Continued strong demand in both Trade and DIY
  - Trade inflation softened but remained at a high level
  - Contribution from acquisition of joint venture/company-owned stores ~$134m
  - Online sales ~6% of sales (-9.9% v 1H22 reflecting impact of cycling lockdowns)
- Total IHG sales (ex Total Tools) increased 7.9% (3yr +37.5%) to $1.4bn
  - Sales growth 11.8% in Q1 and 4.7% in Q2
    - Last six weeks of Q2 significantly impacted by:
      - Adverse building conditions (poor weather and flooding in NSW and VIC) and Day of Mourning public holiday
      - Lower spring sales in outdoor, garden and paint categories
    - Underlying demand in Q2 remained strong
  - Retail LFL[1] sales increased 4.1%, with Trade +5.2% and DIY +1.5% (3yr Trade +12.0% DIY+40.0%)
  - Improvement in supply chain challenges including availability of supply
  - Trade maintained at ~64% of sales mix (1H22: Trade 64%, DIY 36%)
  - Average retail sales uplift for Sapphire stores 26%

1.Based on a sample of 311 network stores that provide scan data (represents >70% of sales)

	1H23 $m	1H22 $m	%	3yr %
Total revenue as per Statutory Accounts	1,187.7	958.6	23.9	
Charge-through sales	544.9	525.1	3.8	
Total revenue (including charge-through)	**1,732.6**	**1,483.7**	**16.8**	**65.9**

Strong growth underpinned by robust activity levels, inflation and strategic acquisitions

HARDWARE – SALES (CONT.)

- Total Tools sales[1] increased 93.4% to $296.9m reflecting strong Trade activity and the impact of additional majority-owned joint venture stores
  - Total retail network sales $566.7m (RTM basis: $1,030m) (FY22: $972m)
  - Excluding the impact of acquisitions, sales increased by 9.5%
  - Retail network LfL sales[2] +4.7% (3yr +57.6%)
  - Added four additional new joint venture stores
  - Network of 102 stores at end 1H23 (further 2 added in Nov/Dec)
    - 2 new stores added in 1H23
    - 4 stores co-located with Mitre 10 – a further 13 sites under review
    - Average annual store revenue ~$11m

	1H23 $m	1H22 $m	%	3yr %
Total revenue as per Statutory Accounts	1,187.7	958.6	23.9	
Charge-through sales	544.9	525.1	3.8	
Total revenue (including charge-through)	**1,732.6**	**1,483.7**	**16.8**	**65.9**

1. Total Tools sales include exclusive brand sales, franchisee fees, joint venture and company-owned store sales and other services
2. Based on scan data from 91 network stores

Total Tools continuing to deliver significant sales growth

Metcash

HARDWARE – EBIT

- EBIT increased a significant $17.7m or 17.9% to $116.6m
- IHG EBIT increased $4.0m or 6.1% to $69.8m
  - Strong trading performance, particularly in IHG company-owned / joint venture stores
  - Excluding acquisitions EBIT increased 3.4%
  - Increased costs:
    - Fuel and freight
    - Labour
- IHG wholesale EBIT margin of 2.8% (1H22: 3.0%)
- Total Tools EBIT increased $13.7m to $46.8m
  - Strong trading performance – network and Exclusive Brands
  - Incremental contribution from acquisition of majority-owned joint venture stores ~$12.4m
- Total Hardware EBIT margin of 6.7% (IHG: 4.9%, Total Tools: 15.8%) includes positive impact of Total Tools and the retail margin from IHG joint venture and company-owned stores

	1H23 $m	1H22 $m	%	3yr %
Total revenue[1] (including charge-through)	1,732.6	1,483.7	16.8	65.9
EBIT	**116.6**	**98.9**	**17.9**	**199.7**
EBIT margin[2]	6.7%	6.7%	-	

1. Total revenue includes charge-through sales of $544.9m (1H22: $525.1m)
2. EBIT margin: EBIT/Total revenue (including charge-through)

Design 10 – winner Showroom of the Year 2022 (Aust. Timber Flooring Assoc.)

Exceptional earnings growth underpinned by strong demand and network investment

HARDWARE – STRATEGY UPDATE

IHG

- **Grow store network**
  - 3 new stores opened by Independents
  - 4 acquisitions completed continuing the consolidation of the fragmented trade market and securing independent businesses
  - 13 stores' succession secured through new independent families investing
- **Build Trade – servicing the builder** ★
  - Completed 40 Sapphire Standalone Trade Centres – targeting 50
  - Trade Centre network growth Petries Mitre 10 Dubbo NSW, 5 Star QLD acquisition
  - Expand share of house build through Whole of House strategy
    - CRM insights across 500 builders
    - Frame & Truss network strategy – 11 facilities
  - Leading Trade Technology - Focus on reducing builder CODB, strong uptake from network and builders
- **Grow DIY** ★
  - Brand relaunch increased share of voice from 5% to 26%, website organic and direct traffic growth >87%
  - Sapphire program committed to upgrade of 300 stores by 2025 – 171 now completed
  - Building a network of ~400 Mitre 10 and ~200 Home Hardware stores
  - 30 Thrifty-Link/True Value stores converted to Home Hardware stores
  - Completed investment in distribution capability with Ravenhall (VIC) DC opening August, 50,000m² purpose-built facility
  - Digital solutions and investment delivering growth in basket size and transactions

★ = MFuture initiative

TOTAL TOOLS

- **Grow store network**
  - 2 new stores opened 1H23
  - 2 further stores opened 2H23 to date
  - 4 additional stores to open before end CY22
  - On track to build network of ~130 stores by 2025
- **Network of 39 joint venture / company owned stores**
  - Expect to complete a further 7 in FY23
- **Store upgrade program**
  - 8 store upgrades completed, total now 88
  - Targeting further 11 upgrades by 2024
- **Exclusive Brands**
  - Strong growth of 30% v 1H22 driven by
    - Launch of new brands and continued investment of existing brands
    - Cycling supply chain challenges in FY22 due to Covid lockdowns in China
- **Loyalty & Online**
  - 89% of cash sales through Insider Rewards program
  - Personalisation journey advancing

Focus on wholesale efficiency together with retail and franchise excellence

LIQUOR – SALES

- Total sales (including charge-through) increased 11.6% to $2.4bn (3yr +36.0%) reflecting growth in both retail and on-premise segments
  - Price/volume split ~50/50
- Continued strong demand in retail network with sales growth in both IBA network and contract customers
  - Continuation of increased preference for local neighbourhood shopping and at-home consumption
  - Increase in basket size
  - RTDs and Spirits strongest growth categories, with Wine also performing well
- Wholesale sales to IBA banner group increased 1.2% (3yr +25.7%) despite retail sales in 1H22 benefiting significantly from extensive lockdowns
- Strong growth in sales to on-premise customers (+47.8%) reflecting the impact of the 1H22 lockdowns being lifted and underlying growth
- Sales of Owned and Exclusive brands increased 14.7% as the business continued to leverage the acquisition of the Kollaras brands

	1H23 $m	1H22 $m	%	3yr %
Total revenue as per Statutory Accounts	2,420.6	2,169.8	11.6	
Charge-through sales	6.2	4.6	34.8	
Total revenue (including charge-through)	**2,426.8**	**2,174.4**	**11.6**	**36.0**

Both retail and on-premise segments continuing to outperform

LIQUOR – EBIT

- EBIT increased $5.0m or 11.3% to $49.3m reflecting the contribution from strong sales growth
- Additional costs:
  - Fuel and freight. Fuel surcharge applicable for retailers in 2H23
  - Labour (absenteeism and increased use of casual labour including training and associated adverse impact on productivity)
  - Above additional costs offset by stock revaluation gains
- Increased weighting of on-premise in sales mix
- EBIT margin in line with prior year at 2.0%

	1H23 $m	1H22 $m	%	3yr %
Total revenue[1] (including charge-through)	2,426.8	2,174.4	11.6	36.0
EBIT	**49.3**	**44.3**	**11.3**	**60.6**
EBIT margin[2]	2.0%	2.0%	-	

1. Total revenue includes charge-through sales of $6.2m (1H22: $4.6m)
2. EBIT margin: EBIT/Total Revenue (including charge-through)

Strong earnings growth of ~11% (~61% 3yr)

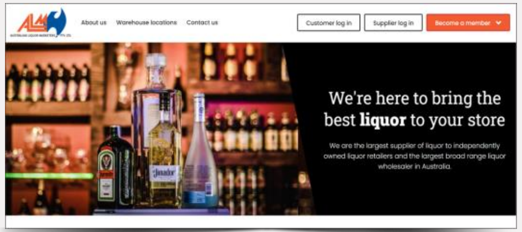
LIQUOR – STRATEGY UPDATE

Drive brand awareness and appeal ★

- Continued to enhance the network through investment in stores and cool room upgrades (further 50 stores and 30 cool rooms)
- Launched new campaigns for Cellarbrations, The Bottle-O and IGA Liquor
  - Across a mix of media channels reaching millions of consumers in every state in Australia
- Loyalty Proof Of Concept in market and working well – staged launch due early 2023

Owned & Exclusive brands (O&E) ★

- Portfolio planning complete with focus on building Exclusive Brands to support supplier partnerships
- New brands to portfolio include: Knock'N Bones in 3 varietals (Wine), True Illusions (Prosecco)
  - Accolades - Knock'N Bones Shiraz, Knock'N Bones Cabernet Sauvignon, Knock'N Bones Grenache
- Two Truths Sparkling Silver and Two Truths Rose Gold – China Wine and Spirts show
- Launched P.O.E.T.S Country Beer



ALM CONNECT

Supply chain flexibility and efficiency ★

- Commenced pilot of 'ALM Connect' in Tasmania – developing 'extended aisle' ranging (provides access to non-warehoused ranges)
  - Both supplier and retailer support
  - Market-wide launch expected early 2023
- Further enriched retailer ordering portal to improve ease of use

★ = MFuture initiative

Improving the competitiveness and success of our retailers – focus on customer retention and growth

GROUP FINANCIALS

Alistair Bell

Group Chief Financial Officer

FINANCIAL HIGHLIGHTS

Continued earnings momentum and financial strength

- **Strong sales and underlying earnings**
  - Operating leverage includes supporting price competitiveness and high costs
- **Balance sheet strength with financing flexibility**
  - Net Debt remains below target DLR[1]
- **Effective working capital management of seasonal fluctuations**
  - Lower cash realisation ratio in 1H23
    - Increased working capital associated with higher level of Group sales including inflation;
    - Increased weighting of Hardware in Group sales portfolio which has higher outstanding days and inventory in stores; and
    - Impact of compliance with shorter payment terms for small suppliers
- **Disciplined and effective capital allocation**
  - Strategic investment into working capital to meet strong demand
  - Capex and acquisitions in line with Investor Day disclosures
  - Dividend payout ratio maintained at ~70% of underlying earnings
- **Return on Funds Employed ~30%**

1. Debt Leverage Ratio: Net Debt / (Underlying EBITDA - depreciation of ROU assets)

PROFIT & LOSS

	1H23 $m	1H22 $m	%
Sales revenue including charge-through sales	8,862.7	8,219.1	7.8
Charge-through sales	(1,124.9)	(1,068.5)	5.3
Sales revenue per statutory accounts	7,737.8	7,150.6	8.2
EBITDA[1]	**341.0**	**316.2**	7.8
Depreciation and amortisation	(85.9)	(85.0)	(1.1)
EBIT	**255.1**	**231.2**	10.3
Net finance costs	(26.8)	(22.8)	(17.5)
Profit before tax and NCI	**228.3**	**208.4**	9.5
Tax	(67.7)	(60.9)	(11.2)
Non-controlling interests	(0.7)	(0.9)	22.2
Underlying profit after tax	**159.9**	**146.6**	9.1
Significant items (post tax)[2]	(34.2)	(17.8)	(92.1)
Reported profit after tax	**125.7**	**128.8**	(2.4)
EPS based on underlying profit after tax	16.6c	14.6c	13.7
ROFE[3]	**30.2%**	**30.5%**	(30bp)

1. Includes share of profit from equity accounted investments of $10.5m (1H22: $6.9m)
2. 1H23 significant items include: put option valuation adjustments of $21.3m, Project Horizon implementation costs of $12.8m, Mega Distribution Centre transition costs of $1.5m and a Covid-19 impairment reversal of $1.4m (all post tax) Project Horizon implementation costs in 2H23 are expected to be similar to 1H23. A review of Metcash's classification of significant items and any associated implications on dividend policy will be undertaken in 2H23. Any resulting changes would be applicable from FY24
3. 1H23 ROFE based on underlying EBIT (calculated on a rolling 12 months basis from 1 November 2021 to 31 October 2022) divided by the average of opening and closing funds employed

Earnings growth momentum with underlying EPS up ~14%

CASHFLOWS

	1H23 $m	1H22 $m
Operating cash flows[1]	89.6	212.1
Investing cashflows, net	(106.8)	(67.1)
Capital expenditure (including Project Horizon and store upgrades)	(81.1)	(60.7)
Acquisitions of businesses	(28.6)	(13.4)
Net loan repayments and other investing activities	2.9	7.0
Financing and lease cashflows, net	(158.2)	(418.2)
Acquisition of non-controlling interest (put option liabilities)	(11.6)	(59.4)
Payments for lease liabilities, net and other financing activities	(40.4)	(61.4)
Payment for off-market buyback of shares, including costs	-	(200.3)
Dividends paid	(106.2)	(97.1)
Increase in Net Debt	**(175.4)**	**(273.2)**
Cash realisation ratio (CRR)[2]	**36.5%**	**91.6%**

1. Includes investment in working capital of $128m (1H22: $17m)
2. Cash realisation ratio (CRR) = Cash flow from operations/underlying NPATDA (depreciation and amortisation not tax effected). 1H23 CRR of 36.5% reflects the increased working capital associated with higher level of Group sales including inflation, the increased weighting of Hardware in Group sales portfolio which has higher outstanding days and inventory in stores and the impact of compliance with shorter payment terms for small suppliers.

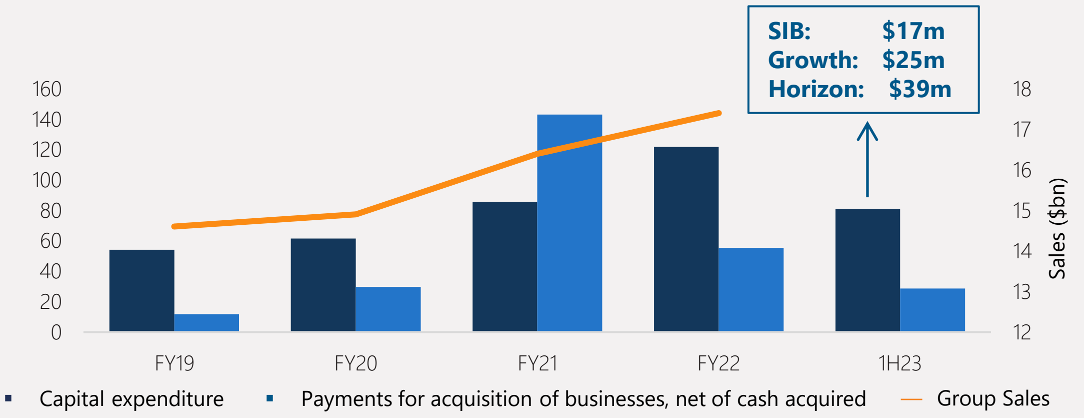
Maintaining a disciplined approach to funding seasonal fluctuation and growth plans

BALANCE SHEET

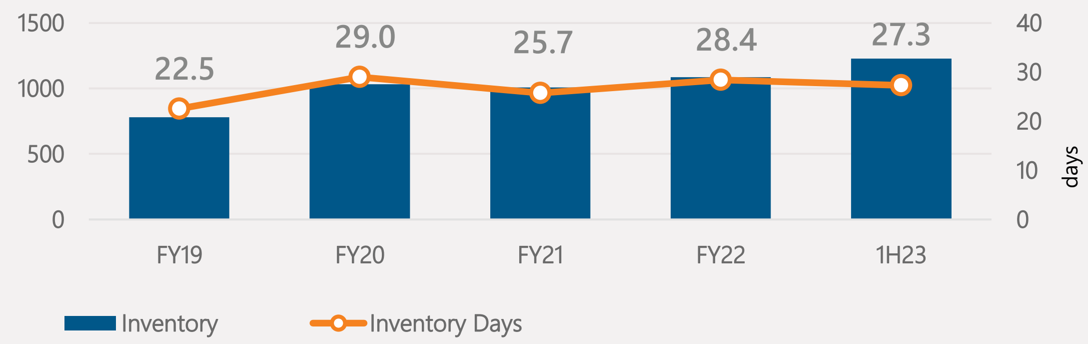
	31 Oct 2022 $m	30 April 2022 $m
Trade and other receivables and prepayments	1,881.8	1,761.2
Inventories	1,226.7	1,125.2
Trade payables and provisions	(2,574.5)	(2,478.2)
Net working capital	**534.0**	**408.2**
Intangible assets	862.4	798.8
Property, plant and equipment	261.0	245.9
Equity accounted investments	111.5	102.5
Customer loans and assets held for resale	27.4	30.2
Capital investments	**1,262.3**	**1,177.4**
Total funds employed	**1,796.3**	**1,585.6**
Lease receivables and 'right of use' assets	879.4	890.5
Lease provisions and liabilities	(1,088.1)	(1,069.8)
Net lease balances	**(208.7)**	**(179.3)**
Net debt	(364.4)	(189.0)
Put option liabilities	(249.8)	(231.7)
Tax, derivatives and other	116.0	104.8
Net Assets/Equity	**1,089.4**	**1,090.4**

1. Excludes put option payments treated as financing cashflows

Capital Expenditure ($m)[1]



Inventory ($m) and Inventory Days

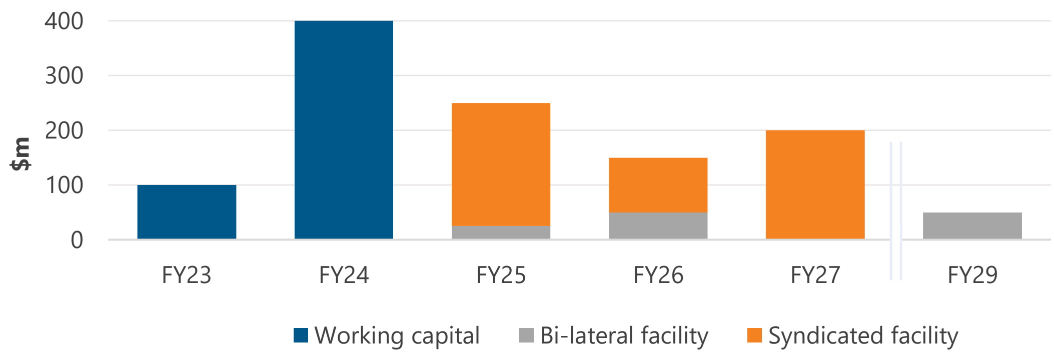


Continuation of strong financial position – 1H23 working capital higher due to sales growth and Hardware

Metcash

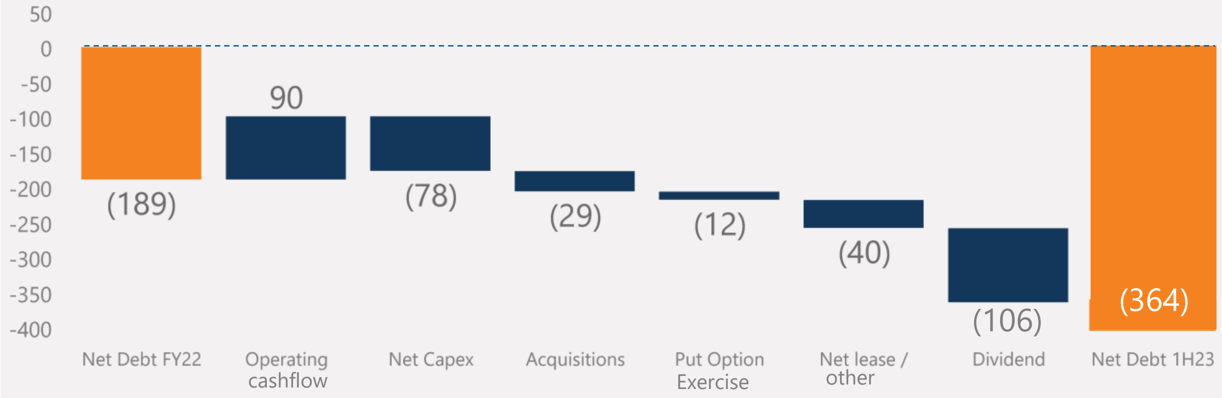
DEBT MANAGEMENT

Debt facility maturity profile[1]



- Net debt of $364.4m (FY22: $189.0m), including cash and cash equivalents of $56.3m (FY22: $104.7m)
- Average net debt of ~$485m (FY22: ~$241m)
- Weighted average cost of debt 3.0% (FY22: 1.67%)
- Undrawn debt facilities of ~$720m
- Increased debt facilities by $250m
- Balanced debt maturity profile
- Expecting to introduce sustainability linked facilities

Group cash movements ($m)



Debt metrics and ratios	1H23	FY22
Weighted average debt maturity	2.0 years	2.7 years
Weighted average cost of debt[2]	3.0%	1.7%
Debt leverage ratio[3]	0.65x	0.36x
Underlying EBITDA coverage[4]	4.9x	4.8x

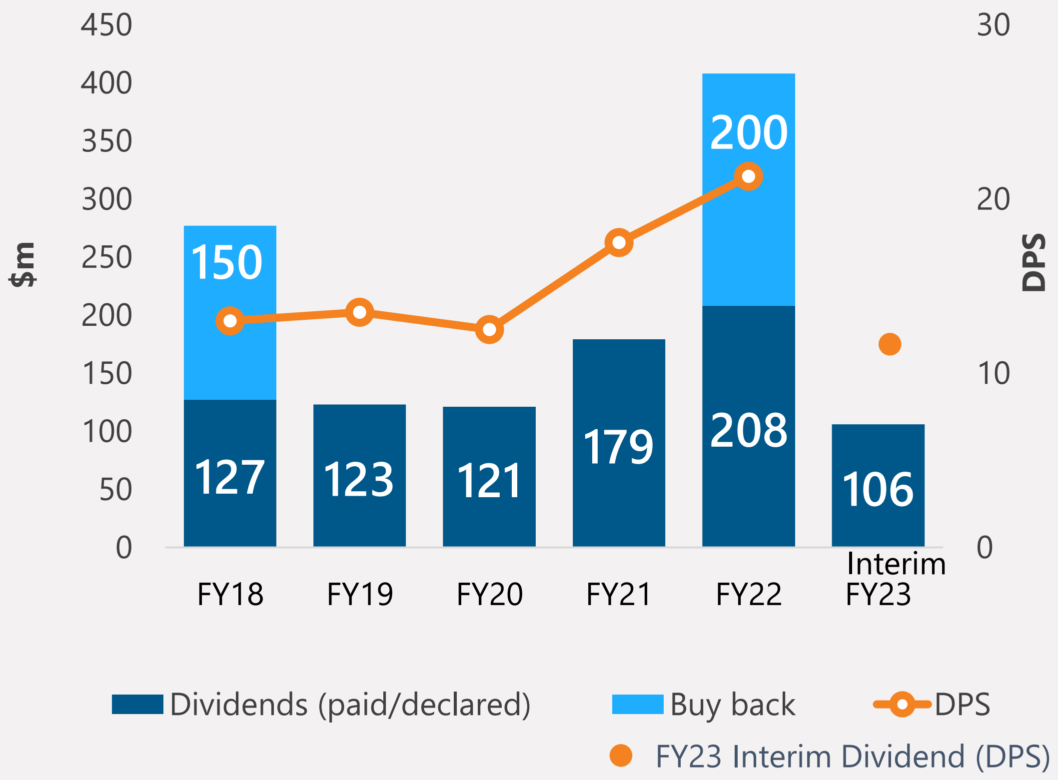
1. Excludes lease liabilities
2. Weighted average cost of debt over the period (excludes line fees)
3. Net Debt/(Underlying EBITDA - depreciation of ROU assets)
4. Underlying EBITDA/(Net Finance Costs (excludes lease costs) + Net Rent Expense + ROU depreciation)

Better credit margin but substantial increase in interest rates since February 2022

SHAREHOLDER DISTRIBUTIONS

- Target dividend payout ratio ~70% of underlying profit after tax[1]
- FY23 interim dividend increased 9.5% to 11.5 cents per share, fully franked (1H22: 10.5c)
  - Ex-dividend date: 20 December 2022
  - Record date: 21 December 2022
  - Payment date: 30 January 2023

Distributions



1. A review of Metcash's classification of significant items and any associated implications on dividend policy will be undertaken in 2H23. Any resulting changes would be applicable from FY24

Continued focus on delivering superior shareholder returns

GROUP OUTLOOK

Doug Jones

Group Chief Executive Officer

OUTLOOK

Group

- Group sales increased **6.2%** in the first four weeks of 2H23 with all pillars continuing to trade well
- Sales growth rates have moderated compared to the very high levels during COVID, but continue to be driven by robust underlying demand, and inflation. Volume growth remains broadly positive
- Underlying demand in Hardware is expected to remain strong in 2H23, with an expected improvement in the adverse building conditions to support volumes
- While supply chain challenges have improved, they continue to be a risk for all pillars in 2H23, as do additional fuel, freight and labour costs
- There continues to be uncertainty over the level of inflation going forward, as well as how the impact of inflation and other cost of living increases may impact consumer behaviour in the retail networks of our pillars, and Metcash

Pillars – first 4 weeks of 2H23

Food

- Sales growth accelerated, increasing **4.0%** (**+10.6%** ex-tobacco) compared to pcp, reflecting continued strong demand in both Supermarkets and Convenience and the impact of inflation
- Supermarkets sales increased **3.2%** (**+9.5%** ex tobacco) with a return to volume growth post cycling the impact of lockdowns
- Wholesale price inflation (ex-tobacco and produce) continued to trend up, averaging 8.8% in November

Hardware

- Sales increased **8.0%** compared to pcp driven by continued strong underlying demand in both IHG and Total Tools, the contribution from acquisitions and inflation
- IHG sales were 1.6% lower with significant adverse building conditions in VIC and NSW
- Total Tools sales increased 101.4%

Liquor

- Sales increased **8.9%** compared to pcp reflecting continued strong demand in both retail stores and sales to on-premise customers
- Sales to on-premise customers increased 20.3% – reflects new customers and cycling a gradual return to on-premise consumption following end of lockdowns

APPENDICES

01

Financial history

02

Sales revenue reconciliation

03

Bannered store numbers

1. FINANCIAL HISTORY

	1H23	1H22	1H21	1H20	1H19[1]
Financial Performance					
Sales revenue ($m)	7,737.8	7,150.6	7,059.7	6,289.8	6,189.2
EBIT ($m)	255.1	231.2	203.0	155.7	158.1
Net finance costs ($m)	(26.8)	(22.8)	(21.3)	(27.0)	(14.5)
Underlying profit after tax ($m)	159.9	146.6	129.6	90.6	100.3
Reported profit/(loss) after tax ($m)	125.7	128.8	125.1	(151.6)	95.8
Operating cash flows ($m)	89.6	212.1	314.9	88.8	120.3
Cash realisation ratio[2] (%)	36.5%	91.6%	151.8%	52.4%	93.7%
Financial Position					
Shareholder's equity ($m)	1,089.4	1,117.5	1,369.1	1,028.8	1,212.8
Net (debt) /cash ($m)	(364.4)	(148.6)	172.5	(95.3)	(85.2)
Gearing ratio[3] (%)	25.1%	11.7%	NA	8.5%	6.6%
Debt leverage ratio[4]	0.65x	0.36x	(0.40x)	0.25x	0.22x
Return on funds employed[5] (%)	30.2%	30.5%	30.4%	26.1%	24.9%
Share Statistics					
Fully paid ordinary shares (m)	965.5	965.5	1,022.4	909.3	909.3
Weighted average ordinary shares (m)	965.5	1,000.8	1,021.5	909.3	947.9
Underlying earnings per share (cents)	16.6	14.6	12.7	10.0	10.6
Reported earnings / (loss) per share (cents)	13.0	12.9	12.2	(16.7)	10.1
Dividends declared per share (cents)	11.5	10.5	8.0	6.0	6.5

1. 1H19 financials are reported on a pre-AASB16 basis
2. Cash flows from operations / Underlying NPAT + Depreciation and Amortisation (depreciation and amortisation not tax effected)
3. Net Debt / (Shareholders' Equity + Net Debt)
4. Net Debt / (Underlying EBITDA - depreciation of ROU assets)
5. Underlying EBIT (calculated on a rolling 12 months basis from 1 Nov 2021 to 31 Oct 2022) / Average of opening and closing funds employed

2. SALES REVENUE[1] RECONCILIATION

	Sales ($m)	YoY sales growth	3yr sales growth %	
	1H23 Actual	Actual	Actual	Normalised[2]
Supermarkets	4,197.2	2.0%	16.7%	20.4%
Convenience	506.1	12.9%	(35.5%)	21.2%
Food	**4,703.3**	3.1%	7.4%	20.5%
Hardware	**1,732.6**	16.8%	65.9%	
Liquor	**2,426.8**	11.6%	36.0%	
GROUP	**8,862.7**	**7.8%**	**22.9%**	**31.7%**

1. Includes charge-through sales
2. The previous East Coast supply agreement with 7-Eleven concluded on 17 August 2020 and Metcash ceased to supply Drakes in South Australia from September 2019. A normalised sales growth has been calculated by adjusting sales in the relative comparative period to exclude sales to both 7-Eleven and Drakes

3. BANNERED STORE NUMBERS

	October 2022	April 2022
Pillar		
Supermarkets	1,612	1,623
Convenience	16	16
Hardware	734	736
Liquor	3,035	3,048
Total	**5,397**	**5,423**

	Supermarkets	Convenience	Hardware	Liquor	Total
Store movement					
Number of stores at April 2022	1,623	16	736	3,048	5,423
Stores opened / joined banner group during the period	18	-	6	301	325
Stores closed / left banner group during the period	(29)	-	(8)	(314)	(351)
Number of stores at October 2022	1,612	16	734	3,035	5,397

3. BANNERED STORE NUMBERS

	October 2022	April 2022
Supermarkets		
Supa Valu IGA	3	3
Core IGA	991	1,016
Small Format IGA	325	322
Total IGA bannered stores	**1,319**	**1,341**[1]
Village Grocer / Friendly Grocer / Eziway	293	282
Total Supermarkets	**1,612**	**1,623**
Hardware		
Mitre 10	365	359
Home Hardware	151	154
True Value Hardware and Thrifty-Link	116	123
Total Tools	102	100
Total Hardware[2]	**734**	**736**
Liquor		
Cellarbrations	506	538
The Bottle-O	257	259
IGA Liquor	475	483
Porters	31	31
Thirsty Camel (NSW/ACT, QLD, TAS, SA/NT)	126	140
Big Bargain	14	22
Other	1,626	1,575
Total Liquor	**3,035**	**3,048**

1. Previously disclosed store numbers as at April 22 have been restated to align with Network of the Future store classifications
2. Includes 104 (FY22: 102) company-owned and joint venture stores within the Mitre 10 and Home Hardware banners, and 39 (FY22: 35) company-owned and joint venture stores within the Total Tools banner

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