Metcash Limited
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NSW 2113 Australia

24 June 2024

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

Dear Sir/Madam

METCASH LIMITED – FY24 FULL YEAR RESULTS PRESENTATION

Please find attached for release to the market the FY24 Full Year Results Presentation for Metcash Limited.

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

Yours faithfully

Julie D. Hutton

Julie Hutton
Company Secretary

FY24 Full Year Results

24 June 2024

Group overview and divisional results

Doug Jones

Group Chief Executive Officer

Acknowledgement **of country**

We acknowledge the Traditional Custodians of the land on which we are all connecting today.

We are connecting from Wallumedegal Country and pay respects to Elders across Country, past, present and emerging.

Overview

Strong results in challenging macro environment

- Results underpinned by diversification, resilience and disciplined execution
- Pleasing pillar performance in context of current market conditions – in line with strategic positioning
- Plans, platform and capabilities in place for continued growth and strong returns

Strategy is working + **Disciplined execution**

Food & Liquor

- Continued to deliver strong returns
- Structurally positioned for growth

Hardware

- Outperformed market
- Positioned for cyclical growth

- Excellent cash, cost and operational performance

Investment in health of retail network is delivering

Structurally positioned for enduring growth

Core Strategies

- Leveraging platform for M&A growth and enhancing performance
- Extending through value chain for growth and resilience
- Delivering unique, differentiated value ('Best Store in Town')
- Extending and strengthening core competitive advantages

Earnings growth from FY20

	EBIT Growth	CAGR
Metcash Group	56%	12%
Food	15%	4%
Liquor	50%	11%
Hardware	150%	26%

Portfolio earnings maintained in more challenging macro environment

Diversified portfolio, strong execution and market performance

	Food: Supermarkets & Convenience	Food: Superior Foods	Liquor: Retail / on premise	Hardware: IHG	Hardware: Total Tools
Macro environment	Softer	Softer	Softer	Softer	Softer
Market sensitivity	Defensive	Defensive	Defensive	Cyclical	Cyclical
EBIT	3%↑	From FY25[1]	~5%↑	5%↓	2%↓
Market share	Market share **stable**		Market share **gains**	Market share **gains**	Market share **stable**

Macro environment

- High interest rates
- Cost of living pressures
- Consumer confidence down
- Shopper focus on value
- Increased dining-in

1. Metcash acquired Superior Foods on 3 June 2024

Group financial overview

Continued sales growth and strong cash generation

Operating Cashflow

~$483m

~30%

Group Revenue[1]

$18.2bn

↑ **0.7%**

Group EBIT

$496.3m

↓ **0.9%** underlying

Profit After Tax

$282.3m

↓ **8.2%** underlying
$257.2m reported ↓ **0.7%**

Cash realisation ratio[2]

90%

3yr average

FY24 ~**102%**

Earnings per share[3]

28.3cps

25.8cps reported ↓ **3.7%**

Total Dividend

19.5cps

~70% UPAT

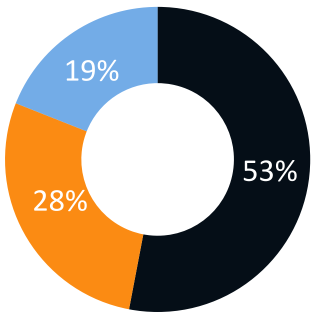
1. Includes charge-through sales, which represent direct sales from suppliers to retailers, invoiced through Metcash
2. Cash realisation ratio (CRR) = cashflow from operations/underlying NPATDA (depreciation and amortization not tax effected)
3. Includes impact of dividend reinvestment plan (DRP) and equity raise

Results overview by pillar

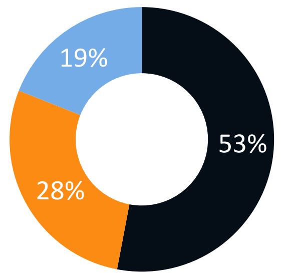
	FY24 $m	FY23 $m	%
Sales Revenue (including charge-through[1])			
Food	9,552.1	9,604.3	(0.5)
Hardware	3,476.9	3,384.3	2.7
Liquor	5,150.1	5,063.8	1.7
Total sales revenue (including charge-through sales[1])	**18,179.1**	**18,052.4**	0.7
Less: Charge-through sales[1]	(2,266.7)	(2,249.0)	0.8
Total sales revenue (Statutory Accounts)	**15,912.4**	**15,803.4**	0.7

	FY24 $m	FY23 $m	%
Underlying EBIT			
Food	210.1	204.0	3.0
Hardware	210.9	219.2	(3.8)
Liquor	109.2	104.1	4.9
Business Pillars	**530.2**	**527.3**	0.5
Corporate	(33.9)	(26.5)	(27.9)
Total EBIT	**496.3**	**500.8**	(0.9)

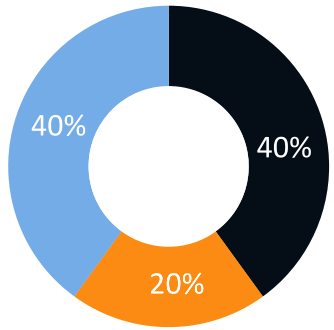
Food Hardware Liquor



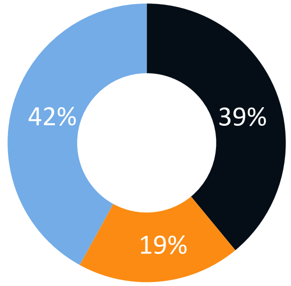
FY24
Total Pillar sales revenue $18.2bn



FY23
Total Pillar sales revenue $18.1bn



FY24
Total Pillar EBIT $530m



FY23
Total Pillar EBIT $527m

1. Direct sales from suppliers to retailers, invoiced through Metcash

Food

Further evidence of shift to sustainable, resilient business model

Supermarkets sales

- Maintained competitive position in an environment of increased value-conscious shopping
  - Value offer enhanced
  - Value proposition of independent network continued to resonate
  - Shoppers continuing to include IGA in repertoire
- Resulted in:
  - Foot traffic (basket count) growth even as items per basket declined
  - Volume growth[1]
- Private label sales increased 15.5%
- Inflation[1] continued to moderate (FY24: 4.8%; FY23: 7.6%), Q4: 2.4%
- Increased teamwork score ex-tobacco (+1.6pps to 69.7%). Flat including tobacco at ~74%
- Net store growth
- Illicit trade and shift to alternatives continued to impact tobacco sales (-13.9% in Food)

Campbells and Convenience sales

- Growth reflects stronger sales from major banner groups
- Contract renewals in year represent ~25% of sales base

EBIT

- Strong trading performance ex tobacco
- Cost pressures well managed
- Absenteeism and casual labour continued to weigh on DC efficiency
- EBIT margin[2] improvement reflects change in sales mix and effective cost management

	FY24 $m	FY23 $m	%
Total revenue as per Statutory Accounts	8,307.8	8,410.1	(1.2)
Charge-through sales	1,244.3	1,194.2	4.2
Total revenue (including charge-through)	**9,552.1**	**9,604.3**	(0.5)
Tobacco	2,297.9	2,668.0	(13.9)
Total revenue excl. tobacco (including charge through)	7,254.2	6,936.3	4.6
Supermarkets (excl tobacco)	6,450.7	6,163.9	4.7
Campbells & Convenience (excl tobacco)	803.5	772.4	4.0
EBIT	**210.1**	**204.0**	3.0
EBIT margin[2]	2.2%	2.1%	7bps

Food sales ex tobacco[3] up 25% from FY20 (CAGR 5.7%)

1. Ex tobacco and produce
2. EBIT margin: EBIT/Total revenue (including charge-through)
3. Excludes sales to 7-11 and Drakes supermarkets

Liquor

Strong results underpinned by diversified customer strategy and continued preference for localised offers

Sales

- Independent network continued to perform strongly in a more challenging market
- Continued market share gains
- Cost of living pressures driving increased focus on value, lower consumption and lower on-premise sales
- Growth in wholesale sales to retail customers underpinned by inflation and preference for localised offer (ranges, service and convenience)
- Growth in sales to contract customers
- Sales increased in RTD and beer categories, wine flat and spirits down

EBIT

- Strong earnings growth and improved leverage driven by:
  - Trading performance
  - Strategic buying
  - Good cost management
- Elevated absenteeism and casual labour in DCs
- EBIT margin[1] improved 6bps

	FY24 $m	FY23 $m	%
Total revenue as per Statutory Accounts	5,133.6	5,049.2	1.7
Charge-through sales	16.5	14.6	13.0
Total revenue (including charge-through)	**5,150.1**	**5,063.8**	1.7
Wholesale sales to retail & contract customers	4,511.7	4,412.8	2.2
On-premise sales	638.4	651.0	(1.9)
Retail scan sales[2]			4.9
EBIT	**109.2**	**104.1**	4.9
EBIT margin[1]	2.1%	2.1%	6bps

Liquor sales up 40% from FY20 (CAGR 8.8%)

1. EBIT margin: EBIT / Total revenue (including charge through)
2. Based on sample of 590 stores that provide scan data

Hardware

Pleasing result in face of rapid slowing in builder confidence and market activity

Sales

- Total sales increased 2.7% to $3.5bn reflecting the impact of acquisitions
  - IHG sales flat
  - Total Tools sales increased 16.4%
  - Total LFL[2] sales decreased 2.7%
- Continued to perform better than overall market
- Market share gains
- Ideally positioned to capitalise on market improvement
- FY20 – FY24 sales increased 68% (CAGR 13.8%)

EBIT

- Total EBIT declined 3.8% to $210.9m
  - IHG EBIT decreased 4.6%
  - Total Tools EBIT decreased 1.9%
  - Total LFL[2] EBIT decreased 11.0%
- Lower sales volumes
- Increased CODB pressures, particularly in retail stores

	FY24 $m	FY23 $m	%	LfL[2] %
Total Hardware				
Total revenue as per Statutory Accounts	2,471.0	2,344.1	5.4	
Charge-through sales	1,005.9	1,040.2	(3.3)	
Total revenue (including charge-through)	**3,476.9**	**3,384.3**	2.7	(2.7)
Network retail sales	4,514.4	4,520.7	(0.1)	
EBIT	**210.9**	**219.2**	(3.8)	(11.0)
EBIT margin[1]	6.1%	6.5%	(41bps)	

Hardware sales up 68% from FY20 (CAGR 13.8%)

1. EBIT margin: EBIT / Total revenue (including charge through)
2. LfL results reflect sales or EBIT (as appropriate), excluding acquisitions

Hardware - IHG

Sales

- Outperformed market trends
  - Further softening in construction activity
  - Weighted market decline ~6% (new housing -14%; renovations -3%; DIY flat)[1]
- Sales mix: 63% Trade / 37% DIY – in line with PCP
- Further moderation in inflation (FY24: 2.8%; FY23 11.5%)
- FY20 – FY24 up 35% (CAGR 7.8%)
- Ideally positioned to capitalise on market improvement

EBIT

- Lower sales volumes
- Gross margins stable
- Increase in cost savings initiatives in 2H led to:
  - Offsetting majority of regulatory and other cost increases
  - Improvement in EBIT performance in 2H v 1H (1H: -12.2%; 2H: +2.7%)
- Wholesale margin stable at 3.0%
- Retail margins under pressure
- EBIT margin of 4.6% above pre-COVID levels (~3.5%)
- FY20 – FY24 EBIT growth 53.6% (CAGR 11.2%)

	FY24 $m	FY23 $m	%	LfL[4] %
IHG				
Total Sales	**2,797.8**	**2,800.8**	(0.1)	(3.0)
Total network retail sales	3,402.1	3,436.2	(1.0)	(3.1)
Retail scan sales[2]			0.3	(2.6)
DIY			2.7	(0.5)
Trade			(1.0)	(3.8)
EBIT	**129.0**	**135.7**	(4.9)	(10.7)
EBIT margin[3]	4.6%	4.8%	(23bps)	

IHG sales up 35%
from FY20 (CAGR 7.8%)

1. Source: ABS and HIA
2. Based on sample of 380 network stores that provide scan data
3. EBIT margin: EBIT / Total revenue (including charge through)
4. LfL results reflect sales or EBIT (as appropriate), excluding acquisitions

Hardware – Total Tools

Total Tools sales

- Sales growth largely reflects network expansion and acquisitions
- More challenging market conditions
  - Slowdown in retail conditions
  - Intense pricing pressure, particularly in fourth quarter
- TTH JV stores performing well in more challenging market (+22.4%; LfL -0.7%)
- Foot traffic down, customer conversions up
- Strong growth in Commercial segment (+51%)
- Exclusive brands wholesale sales declined 10.7% (1H: -20.1%, 2H -0.3%)
  - One-off impact of transition to new Ravenhall, Vic DC in 1H24
  - Retail network sales of EB increased 5.6%

Total Tools EBIT

- LTM EBIT/LTM network sales 7.4% (FY23: 7.7%)
- Average JV store margin (ex new stores) 7.4%
- Other income generated by the network includes:
  - Franchise fee of ~2.5%
  - Exclusive brands, supplier income and other costs
- Decline in EBIT margin largely reflects a change in revenue mix – see next slide

	FY24 $m	FY23 $m	%	LfL[3] %
Total Tools				
Total Sales	**679.1**	**583.5**	16.4	(1.3)
Total network sales[1]	1,112.3	1,084.5	2.6	(2.3)
EBIT	**81.9**	**83.5**	(1.9)	(11.5)
EBIT margin[2]	12.1%	14.3%	(225bps)	

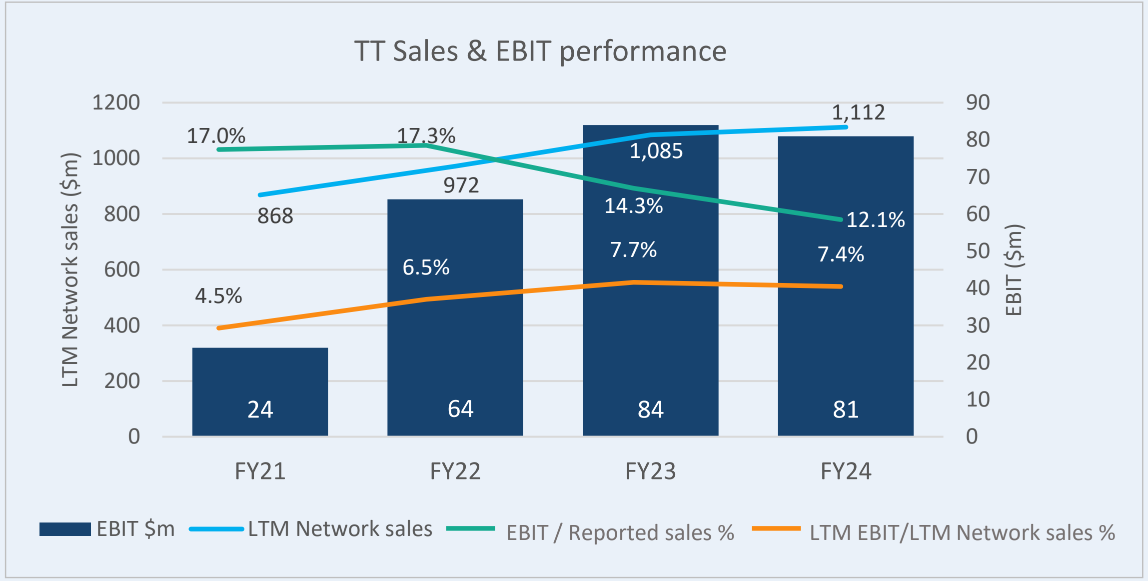
Total Tools retail network sales up ~100% from 2019

1. Based on 118 network stores' scan data
2. EBIT margin: EBIT/Total revenue
3. LfL results reflect sales or EBIT (as appropriate), excluding acquisitions

Hardware – Total Tools (EBIT margin deep dive)

Focus on maximising EBIT dollars

- Expanding JV store network is a key growth strategy
- Results in:
  - Additional EBIT dollars
  - Decline in blended margin
    - Increase in earnings through retail store margin (lowest margin in earnings mix)



Drivers of blended margin

Earnings mix	EBIT Margin	FY24 comments	Strategy
Franchise income	Highest	• Grows with sales	• Open new stores • Grow LfL sales
Exclusive Brands	Mid	• Sales adversely impacted by transition to Ravenhall, Vic DC • Represents ~12% of network sales	• Grow EB sales in relevant categories to deliver shopper value and maintain margins
Retail store margin	Lowest ~8% weighted average	• Intense pricing pressure and margin compression • CODB initiatives • Economic conditions	• Grow exclusive brands mix • Customer engagement through Insider program • LfL sales growth (increased sales per sqm) • Grow & evolve supplier partnerships)

Strategic acquisitions – update

Aligned to Purpose of Championing Successful Independents in support of thriving local communities

	Superior Food	Alpine Truss	Bianco
Rationale	• Attractive adjacent growth market • Logical extension of Food strategy • Strengthens and diversifies Food business • Highly complementary operations	• Supports IHGs 'Whole of House' and network expansion strategy • Broadens offer and enhances customer proposition • Increases market share in attractive hardware segment • Highly complementary to existing IHG business	
Investment[1]	$390m + earnout up to $22.3m (on track for full earnout)	$64m	$82m
Completion date	3 June 2024	1 March 2024	12 March 2024
Normalised annual earnings[2]	$40m EBIT	$11m EBIT	$13m EBIT
Expected annualised synergies (at end of year 2 post acquisition)	~$14m+	~$2.7m	~$2.4m

1. Investment values represent the enterprise value of the acquisition
2. Reflects normalised earnings (Superior Foods FY24e June 2024, and Alpine/Bianco LTM October 2023) per slides 17, 32 and 33 of the 5 February 2024 Investor Presentation. Note that these earnings will be subject to any impacts from purchase price accounting. Superior Foods earnings will be recognised within the Metcash results from 3 June 2024, thereby comprising a ~47 week period during Metcash's FY25 financial year

Summary and looking ahead to FY25

Structurally positioned for growth – continued focus on execution

FY24 recap

- Strong results underpinned by diversification, resilience and disciplined execution
- Pleasing pillar performance in line with strategic positioning and current market conditions
- Strengthened market position in Liquor and Hardware
- Held market position in Food
- Strong cash and cost outcomes

FY25 focus

- Continued business performance in challenging markets
- Bedding down and extracting value from recent acquisitions
- Execution of cost and cash initiatives
- Truganina, Vic DC transition and opening
- Progressing core technology initiatives (Horizon, Sorted)
- High-performing leadership team

Group financials

Deepa Sita

Group Chief Financial Officer

Financial overview

- Continued sales growth
- Excellent cash and cost performance through disciplined execution
- Successfully completed equity raise and increased debt facilities to support strategic acquisitions
  - $300m institutional placement – completed February 2024
  - $60m share purchase plan – completed March 2024
  - $350m of additional committed debt facilities
- Underlying EPS 28.3 cps (includes dilutive impact of equity raise)
- ROFE[1] ~26%
- Existing capital growth plans supported by financial position
  - Robust operating cashflows (CRR 101.8%, 3yr average 90.3%)
  - Year end DLR of 0.45x
- Focus on 'working' balance sheet
  - Expect to be at mid to upper end of target DLR range (1.0x – 1.75x) for next 2 years
- Total dividends 19.5cps – in line with annual target payout ratio of ~70% Underlying NPAT
- DRP remains in place

1. ROFE = Underlying EBIT / Averaging opening and closing funds employed

Metcash

Capital Management

Framework

Cash from operating activities	Cash for investing activities	Net interest & lease payments
Cash realisation	Core capex	Service obligations

Strengthening the core capex
Includes Maintenance and Expansion (M&A & new business development not included)

Maintain strong balance sheet
Target Debt Leverage Ratio[1] of 1.0x up to 1.75x

Reliable dividends
Dividend Payout Ratio of ~70% Underlying NPAT

Core cash flow
Additional capital allocation options

Major growth projects	Surplus cash returns to investors
Aligned to strategy and expect to deliver returns in excess of specific hurdles	

Maximising value for shareholders
Deliver strong return on funds employed in excess of WACC

1. Excludes $139.8m cash outflow (FY23: $12.8m) to acquire non-controlling interests through put option exercise, disclosed as financing cashflows
2. Debt Leverage Ratio (DLR) = Net Debt/Underlying EBITDA less depreciation of ROU assets
3. ROFE = Underlying EBIT/Average opening and closing funds employed

FY24 Outcomes

Consistent and disciplined application of capital framework

	FY24	FY23
Operating cashflow	$483m (CRR 102%)	$373m
Capex & M&A [1]	$342m	$212m
DLR[2]	0.45x	0.62x
Net debt	$252m	$350m
Total dividend	19.5cps	22.5 cps
ROFE[3]	26%	30%

Metcash

Profit and loss

	FY24 ($m)	FY23 ($m)	%
Sales revenue including charge-through sales	18,179.1	18,052.4	0.7
Charge-through sales	(2,266.7)	(2,249.0)	0.8
Sales revenue per statutory accounts	15,912.4	15,803.4	0.7
EBITDA[1]	**688.3**	**675.8**	1.8
Depreciation and amortisation	(192.0)	(175.0)	(9.7)
EBIT	**496.3**	**500.8**	(0.9)
Net finance costs[2]	(92.6)	(64.7)	(43.1)
Profit before tax and NCI	**403.7**	**436.1**	(7.4)
Tax[3]	(120.5)	(127.3)	5.3
Non-controlling interests	(0.9)	(1.3)	nm
Underlying profit after tax	**282.3**	**307.5**	(8.2)
Significant items (post tax)[4]	(25.1)	(48.5)	48.2
Reported profit after tax	**257.2**	**259.0**	(0.7)
EPS based on underlying profit after tax	28.3c	31.8c	(11.0)
ROFE[5]	**25.9%**	**29.6%**	

1. Includes share of profit from equity accounted investments of $19.8m (FY23: $19.2m)
2. Net finance costs for FY25 expected to be between $120m and $125m (assumes no change in current interest rates)
3. Income tax expense of $120.5m reflects an effective tax rate of 29.8% (FY23: 29.2%) and is below the corporate tax rate of 30% largely due to the share of profit from equity-accounted investments which are non-assessable to Metcash
4. Significant items includes Project Horizon implementation costs $14.4m, put option valuation adjustment and business acquisition costs $8.7m and Mega DC costs $2.0m (all post tax)
5. ROFE based on underlying EBIT divided by the average of opening and closing funds employed

Cashflows

	FY24 ($m)	FY23 ($m)
Operating cashflows	482.6	372.7
Investing cashflows, net	(328.4)	(199.6)
Capital expenditure[1] (including Project Horizon, DC upgrades and store upgrades)	(135.9)	(152.1)
Acquisitions of businesses[2]	(205.6)	(60.4)
Net loan repayments and other investing activities	13.1	12.9
Financing and lease cashflows, net	(56.5)	(333.7)
Acquisition of non-controlling interest (put option liabilities)	(139.8)	(12.8)
Payments for lease liabilities, net and other financing activities	(121.3)	(103.7)
Proceeds from equity raise, net of share issue costs	351.9	-
Dividends paid	(147.3)	(217.2)
(Increase) / decrease in Net Debt	97.7	(160.6)
Cash Realisation Ratio (CRR)[3]	101.8%	77.2%
Debt Leverage Ratio[4]	0.45x	0.62x

1. FY25 capital expenditure (excluding acquisitions) is expected to be in line with March 2024 Investor Day guidance of ~$235m
2. On 3 June 2024, Metcash announced completion of the acquisition of Superior Foods for an expected purchase price of $412.3m (enterprise value)
3. Cash realisation ratio (CRR) = Cash flow from operations/underlying NPATDA (depreciation and amortisation not tax effected)
4. Net Debt / (Underlying EBITDA - depreciation of ROU assets)

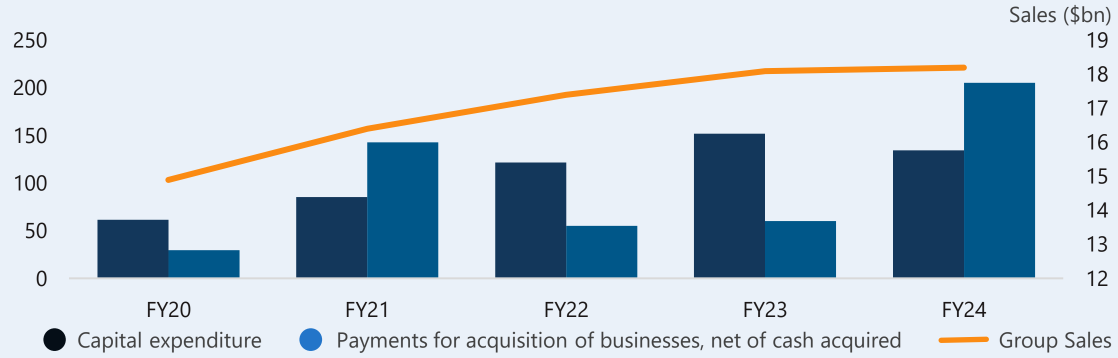
Metcash

Balance Sheet

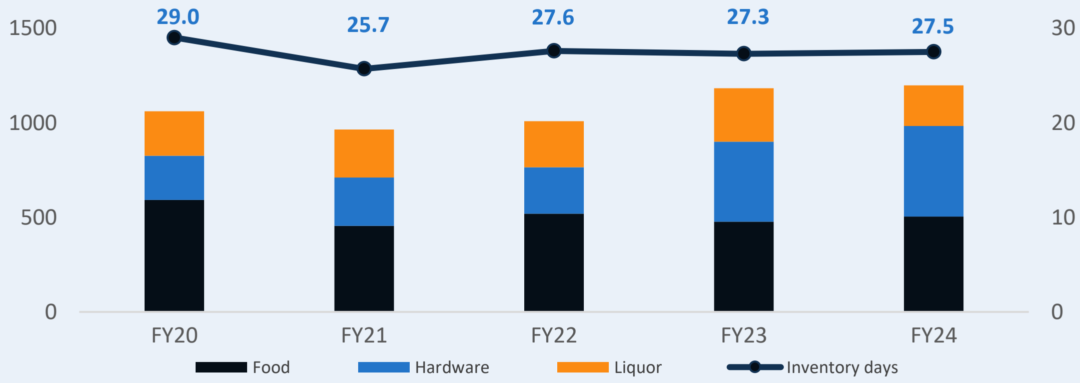
	30 Apr 24 ($m)	30 Apr 23 ($m)
Trade and other receivables and payments	1,906.2	1,764.7
Inventories	1,196.9	1,183.4
Trade payables and provisions	(2,635.0)	(2,460.1)
Net working capital	**468.1**	**488.0**
Intangible assets	1,061.5	895.1
Property, plant and equipment	340.1	273.6
Equity accounted investments	135.6	123.6
Customer loans and assets held for sale	22.9	20.6
Capital investments	**1,560.1**	**1,312.9**
Total funds employed	**2,028.2**	**1,800.9**
Lease receivables and 'right of use' assets	868.6	874.3
Lease provisions and liabilities	(1,093.9)	(1,089.1)
Net lease balances	**(225.3)**	**(214.8)**
Net debt	(251.9)	(349.6)
Put option liabilities	(175.4)	(282.2)
Tax, derivatives and other	152.8	130.8
Net Assets/Equity	**1,528.4**	**1,085.1**
Working Capital Days[1]	14.4 days	14.1 days

1. Average monthly net working capital days for the year

Capital Expenditure ($m)[2]



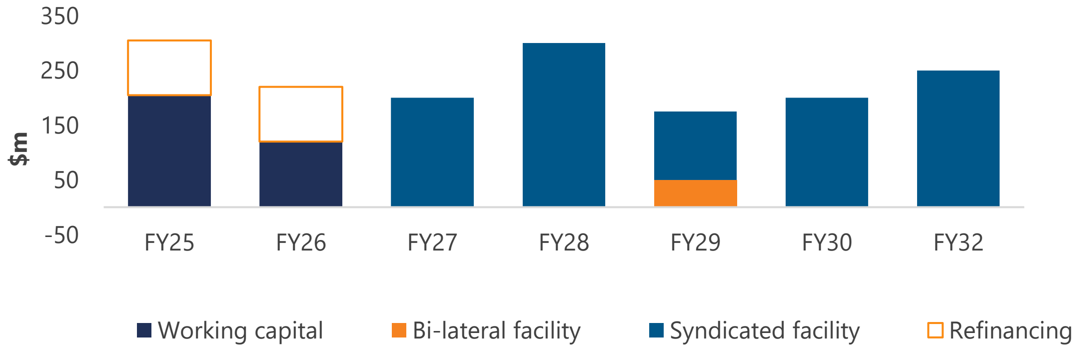
Inventory ($m) and inventory days



2. Excludes put option payments treated as financing cashflows of $139.8m (FY23: $12.8m) and also Software as-a-Service (SaaS) related prepayments and network stores' refurbishment costs treated as operating cash flows of $19.3m (FY23: $19.8m)

Debt Management

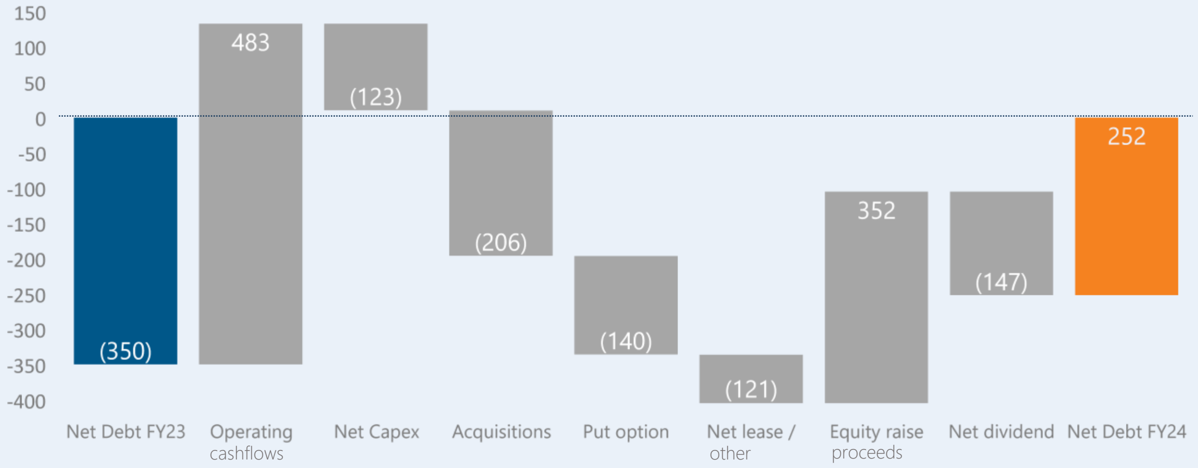
Debt facility maturity profile[1]



- Net debt of $251.9m (FY23: $349.6m), including cash and cash equivalents of $97.3m (FY23: $89.5m).
- Average net debt of $582m (FY23: $498m)
  - $150m hedged (weighted average interest rate of 3.7%)
- Weighted average cost of bank debt 5.66% (FY23: 3.73%)
  - Benefit from lower credit margins, hedging and cash management
  - BBSY 4.2% (FY23: 2.6%)
- Undrawn debt facilities of ~$845m at year end (prior to settlement of the $412.3m purchase price[2] for Superior Foods post year-end)
- Total debt facilities of $1.45bn at 20 June 2024
- Balanced debt maturity profile

1. As at 20 June 2024. Excludes lease liabilities
2. $412.3m represents the expected purchase price (at enterprise value level) for the acquisition of Superior Foods

Group cash movements for FY24 ($m)



Debt metrics and ratios	FY24	FY23
Weighted average debt maturity	2.2 years	2.9 years
Weighted average cost of debt[3]	5.7%	3.7%
Debt leverage ratio[4]	0.45x	0.62x
Underlying EBITDA coverage[5]	3.6x	4.6x

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

Dividends

FY24 dividends

- Total 19.5 cps fully franked
- Interim dividend 11.0 cps
- Final dividend 8.5 cps
  - Ex dividend date: 16 July 2024
  - Record date: 17 July 2024
  - Payment date: 27 August 2024

Dividend reinvestment plan

- Discount 1.0%
- Participation deadline: 18 July 2024
- Pricing period: 22 July – 2 August 2024
- Announcement of DRP price and number of shares to be issued: 5 August 2024
- Shares issued: 27 August 2024

Target dividend payout ratio
~70% UPAT

Disciplined execution

Continued focus on costs, working capital and synergies

Cost savings

- Achieved ~$13m in-year cost savings in FY24 (ahead of guided annualised target)
- Cost savings achieved across the Group – partly offsetting CODB pressures and supporting EBIT margins.
- Targeting a further $15m of annualised cost savings in FY25

Working Capital

- Optimising accounts receivable
- Improving inventory management
- Streamlining accounts payable
- Enhancing cashflow forecasting
- Optimising working capital financing
- Reducing operational costs

Synergies

- Superior Foods – some benefits already captured in non-trade spend areas

Focus on:

- Supplier trading terms, cost of goods, private label sourcing
- Utilisation of Metcash warehouse infrastructure
- Superior market share gains through access to Supermarkets and Liquor range
- Strengthening IGA offer with greater access to Superior service range
- Indirect procurement

Group outlook

Doug Jones

Group Chief Executive Officer

Outlook

Group

Total Group sales for the first seven weeks of FY25 have continued to be in growth despite continuation of challenging market conditions.

Food (ex tobacco) and Liquor have continued to perform strongly underpinned by their resilience and the continued successful execution of strategic initiatives

Superior Foods has continued to win new customers and perform strongly as expected. The business is included in Metcash results from 3 June 2024 (date of acquisition)

The Hardware business is continuing to perform better than its softer addressable market, also demonstrating its resilience and the successful execution of initiatives. In professional tools, there are signs of some abatement to the intense pricing pressure seen in recent months

The Group continues to have a strong focus on costs and working capital management, and expects to deliver ~$15m of additional annualised cost savings in FY25

Metcash is well positioned with the plans, platform, capabilities and diverse business portfolio for future growth and strong returns through the cycle

Pillar sales – first 7 weeks of FY25

Group

- Total sales (including two weeks sales in Superior Foods) increased 2.2%. Excluding Superior Foods, total sales were flat.

Food

- Total Food (excluding Superior Foods) ex-tobacco increased 3.6% (-1.7% incl. tobacco)
- Acceleration in volume growth ex-tobacco
- Supermarkets wholesale sales ex-tobacco increased 3.8% (-2.0% incl. tobacco)
- Wholesale price inflation in May 1.9% (ex-tobacco and produce)
- Superior Foods 1 May to 16 June +9.2%

Liquor

- Total sales increased 3.1% with continued growth in wholesale sales to retail and on-premise customers
  - Wholesale sales to IBA retail and contract customers +4.0%
  - Wholesale sales to on-premise customers flat

Hardware

- Total sales increased 0.6%, reflecting impact of challenging macro environment, the acquisitions of Alpine Truss and Bianco Construction Supplies and competitive behaviour in the professional tools market
  - IHG sales +1.3% (-4.9% excl. impact of Alpine Truss and Bianco)
  - Total Tools sales -1.9% (LfL network sales: -3.3%)

Appendices

Financial history

01.

	FY24	FY23	FY22	FY21	FY20
Financial Performance					
Sales revenue ($m)	15,912.4	15,803.4	15,164.8	14,315.3	13,025.4
Sales revenue (including charge-through sales) ($m)	18,179.1	18,052.4	17,405.7	16,361.1	14,857.1
EBIT ($m)	496.3	500.8	472.3	401.4	334.9
EBIT margin[1] (%)	2.7	2.8	2.7	2.4	2.2
Net finance costs ($m)	(92.6)	(64.7)	(48.5)	(42.6)	(52.0)
Underlying profit after tax ($m)	282.3	307.5	299.6	252.7	198.8
Reported profit/(loss) after tax ($m)	257.2	259.0	245.4	239.0	(56.8)
Operating cash flows ($m)	482.6	372.7	432.3	475.5	117.5
Cash realisation ratio[2] (%)	102	77	91	114	33
Financial Position					
Shareholder's equity ($m)	1,528.4	1,085.1	1,090.4	1,291.1	1,371.6
Net (debt)/cash ($m)	(251.9)	(349.6)	(189.0)	124.6	86.7
Debt leverage ratio[3]	0.45x	0.62x	0.36x	(0.27x)	(0.22x)
Gearing ratio[4] (%)	14.2	24.4	14.8	(10.7)	(6.7)
Return on funds employed[5] (%)	25.9	29.6	31.0	28.7	24.9
Share Statistics					
Fully paid ordinary shares (m)	1,091.6	965.5	965.5	1,022.4	1,016.4
Weighted average ordinary shares (m)	997.1	965.5	982.8	1,021.9	910.1
Underlying earnings per share (cents)	28.3	31.8	30.5	24.7	21.8
Reported earnings/(loss) per share (cents)	25.8	26.8	25.0	23.4	(6.2)
Dividends declared per share (cents)	19.5	22.5	21.5	17.5	12.5

1. EBIT margin = EBIT / Total revenue (including charge-through sales)
2. Cash flows from operations / Underlying NPAT + Depreciation and Amortisation (depreciation and amortisation not tax effected)
3. Net Debt / (Underlying EBITDA - depreciation of ROU assets)
4. Net Debt / (Shareholders' Equity + Net Debt)
5. Underlying EBIT / Average of opening and closing funds employed

Metcash

Total Tools and put option accounting

02.

By virtue of put option accounting requirements, Metcash consolidates 100% of the Total Tools JV store earnings (with no non-controlling interest) and 100% of balance sheet, notwithstanding Total Tools Holding's ownership interest of between 51% - 95% in 51 Total Tools JV stores.

At 30 April 2024, Metcash has recognised put option liabilities in relation to:

- Put options over the residual 5% - 49% interest in 51 joint venture stores valued in aggregate at $151.6m, and exercisable by put holders between FY25-FY31
- The exercise price of the put options are based on a multiple of the relevant EBITDA adjusted for a number of items including net debt and working capital

From an accounting policy perspective, the above put option liabilities are:

- Initially measured at the present values of the put option exercise prices estimated to be payable under each option
- Subsequently remeasured at each reporting date at the estimated put option exercise price. Any change in value is recorded as a significant item within the Statement of Comprehensive Income, together with the net present value interest unwind on the put option liability
- As a result of recognising the put options, Metcash has not recognised the minority shareholders' non-controlling interest in the joint venture stores

If a call or put option is exercised or Metcash acquires an additional ownership interest by step acquisition, then the purchase consideration is deducted from the put option liability, and the put option liability in relation to any residual minority interest is revalued, with the valuation difference recorded as a significant item in the Statement of Comprehensive Income. In this circumstance, there is no change to the underlying accounting for the acquired business, because Metcash was already consolidating 100% of earnings and 100% of the balance sheet, and had already derecognised the non-controlling interest.

Further details are contained in notes 3.3 and 5.3 of the FY24 Financial Report

Put options – maturity

03.

Put option maturity at FY24

	Number of stores	Financial Year	Put option value $m
Statement of Financial Position			
Total Tools JV Stores			
Between May 2024 and July 2024	4	FY25	20.8
Between May 2025 and July 2025	16	FY26	47.0
Between May 2026 and July 2026	1	FY27	6.3
Between May 2027 and July 2027	20	FY28	53.0
Between May 2029 and July 2029	2	FY30	3.2
Between May 2030 and July 2030	8	FY31	21.3
Total Tools JV Store put options	**51**		151.6
Other put options – Hardware pillar			23.8
Total Put Option Liability			**175.4**

Further details are provided in note 5.3 of the FY24 Financial Report

Metcash

Bannered store numbers

04.

	April 2024	Store movement in period: opened / joined banner group	Store movement in period: closed / left banner group	April 2023
Supermarkets[1]				
Supa Valu IGA	4			3
Large format IGA	244			257
Medium format IGA	642			651
Small Format IGA	391			400
Total IGA bannered stores	1,281	26	(56)[2]	1,311
Total Supermarket Network (all banners)	**2,449**			**2,442**
Total Campbells & Convenience	**16**			**16**
Hardware				
Mitre 10	374			364
Home Hardware	151			150
True Value Hardware, Thrifty-Link, Hardings & Design 10	91			112
Total Tools	118			110
Total Hardware[3]	**734**	**38**	**(40)**	**736**
Liquor				
Cellarbrations	511			519
The Bottle-O	264			263
IGA Liquor	473			477
Porters	30			30
Thirsty Camel (NSW/ACT, QLD, TAS, SA/NT)	131			128
Big Bargain	-			14
Other	1,896			1,626
Total Liquor	**3,305**	**618**	**(370)**	**3,057**

1. Previously disclosed store numbers as at April 23 have been restated to align with Network of the Future store classifications and are reflective of IGA network bannered stores (IGA & Foodland only). The terms of supply remain unchanged to Eziway, Village Grocer and Friendly Grocer banners.
2. During the period, 26 IGA branded stores were opened, 15 IGA branded stores closed and 41 left the IGA banner group, with Metcash retaining supply to 40 of these.
3. Includes 151 (FY23: 131) company-owned and joint venture stores within the Mitre 10, Home Hardware banners, and 59 (FY23: 46) company-owned and joint venture stores within the Total Tools banner

Strategic initiatives update

05.

	Food	Liquor	Hardware
Leveraging platform for M&A growth and enhancing performance	• Completed acquisition of Superior Food in June 2024	• N/A	• IHG completed acquisitions of Bianco and Alpine Truss in March 2024 • Total Tools accelerated growth in commercial segment
Extending through value chain for growth and resilience	• Record new store openings (26)	• 248 net new bannered stores	• 11 additional M10/HH/Design10 stores (3 new stores, balance represents movement from other IHG brands) • 8 new Total Tools stores (Total now 118. A further 5 in May/June) • 7 additional TT JV stores (total now 53)

Delivering unique, differentiated value ('Best Store in Town')	• Completed Network of the Future program
	• Additional 120 DSA store upgrades in year (60 in 2H)
		• Continued investment in store and cool room upgrades (further 88 stores, 63 cool rooms)
		• ALM Ross – Retailer One Stop Shop complete
			• 222 Sapphire store upgrades completed
			  ◦ 32 upgrades in FY24
			  ◦ +30% av. wholesale sales uplift over 3 yrs
			  ◦ 45 Trade Only stores completed
			• Whole of House strategy – supplying ~46% of house build (FY23: 43%) – strongest growth in three of five stages: Frame & Truss, Lock Up and Fit Out

Extending and strengthening core competitive advantages	• Acceleration in take up of B2B Sorted platform
	  ◦ 98% of charge-through now processed via Sorted
	  ◦ >80k lines available
	  ◦ Average weekly transactions up 115% on pcp
	• Selected Superior Foods range now available to IGA stores on Sorted platform
	• Rollout of IGA Rewards loyalty program progressing well – 775 stores now live
	• Retail media pilot of in-store screens completed with positive results in line with expectations
		• ALM Connect (B2B platform) launched and trading underway
		• Platinum program (accelerating growth through digital, data, standards and compliance) underway
		  ◦ Pilot with ~100 retailers
		  ◦ Suppliers representing >50% NIV onboarded
			• Continued to expand IHG eComm offer
			• Successful transition to new IHG loyalty platform
			  ◦ 9% increase in active loyalty members
			  ◦ Loyalty sales +7% v FY23
			• Total Tools Insider Loyalty members now ~2m (represent ~90% penetration)

Continued good progress on ESG

Group

Dow Jones Sustainability Index (DJSI)

89th percentile

FY23: 87th percentile
FY22: 69th percentile

Modern Slavery Statement

'B' assessment

by Monash University

Sustainability Finance Facility Established

$525m

People

Gender

Female representation:
Leadership team

60%

50% NEDs, 33% Group

<1%

Av. gender pay gap

Total Reportable Injury Frequency Rate

14.3 TRIFR

21% improvement on pcp

Corporate engagement survey rating

70th percentile

of internationally benchmarked companies

58%

score (FY23: 57%)

Planet

Achieved Interim 2030 Emissions Target for FY24

5.2%

decrease from pcp

Waste-to-Landfill Diversion Goal

65.9%

Target of 80% by 2028

Australian Packaging Covenant Organisation

14% Improvement

APCO "Advanced" status maintained

Community

Donations through IGA community chest program

~$2.7m

~1,600 charitable donations

Meals donated

>2.6m

To Foodbank, OzHarvest and Food4Change

Battery recycling availability

~1,000 network stores

Recycled to date:
Hardware – 90 tonnes
Food – 76 tonnes

ESG continues to rapidly evolve – we remain committed to further improvement

- 2040 net-zero emissions reduction target for Scope 1 and 2
- 100% renewable energy by 2025 target
- Alignment with TCFD in FY23
- Preparing to adopt new sustainability standards

Metcash

Project Horizon – no change to March investor day update

Solution schematic

Majority complete   In progress

Moving from legacy ERP to suite of Microsoft and best of breed strategic capabilities on evergreen cloud platform

Core finance on an evergreen transactional backbone

Supply Chain Control Tower

Inventory Planning and Optimisation

Fulfillment Orchestration

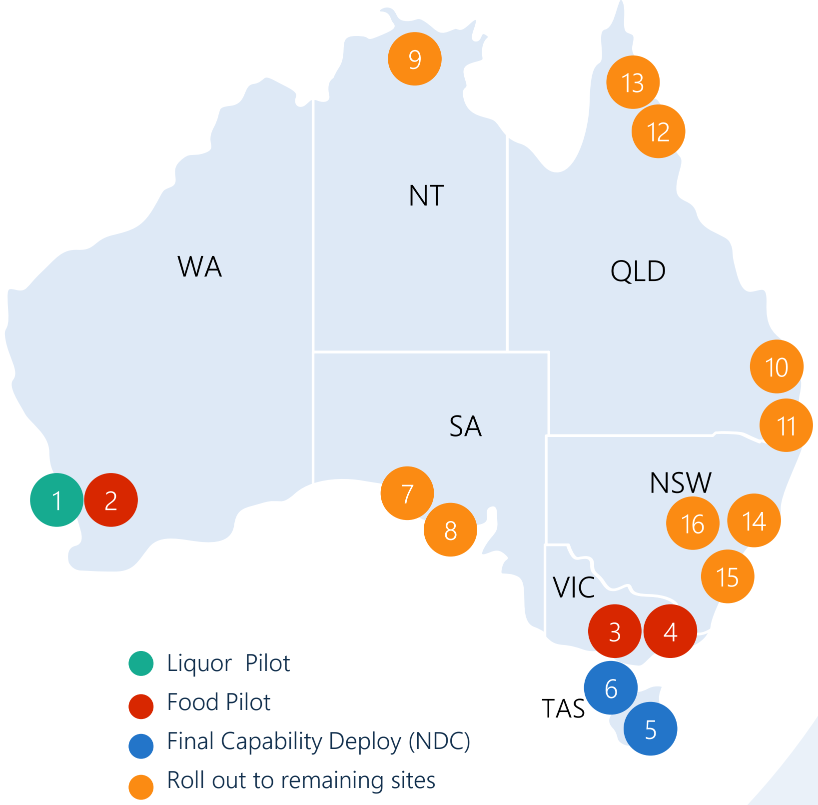
Transportation Planning and Optimisation

Pricing data service

Data Services: Microsoft Fabric analytics platform

- Continued focus on managing project complexity and inherent high risk
- Deployment across 16 DCs, 14 Campbells sites and 3 customer centres
- Decision to extend completion timeline 6-12mths to Nov 25 – April 26 (in line with focus on reducing risk and maximising outcomes)
- No change to existing total cost guidance (capex and opex)
- Timeline extension enabled through investment into resilience of existing legacy ERP system
  - Continues to be supported but no upgrade path
  - Servers/hardware upgraded for more capacity and resilience
  - Databases and operating systems upgraded
  - Security continually improved/current

Deployment schedule

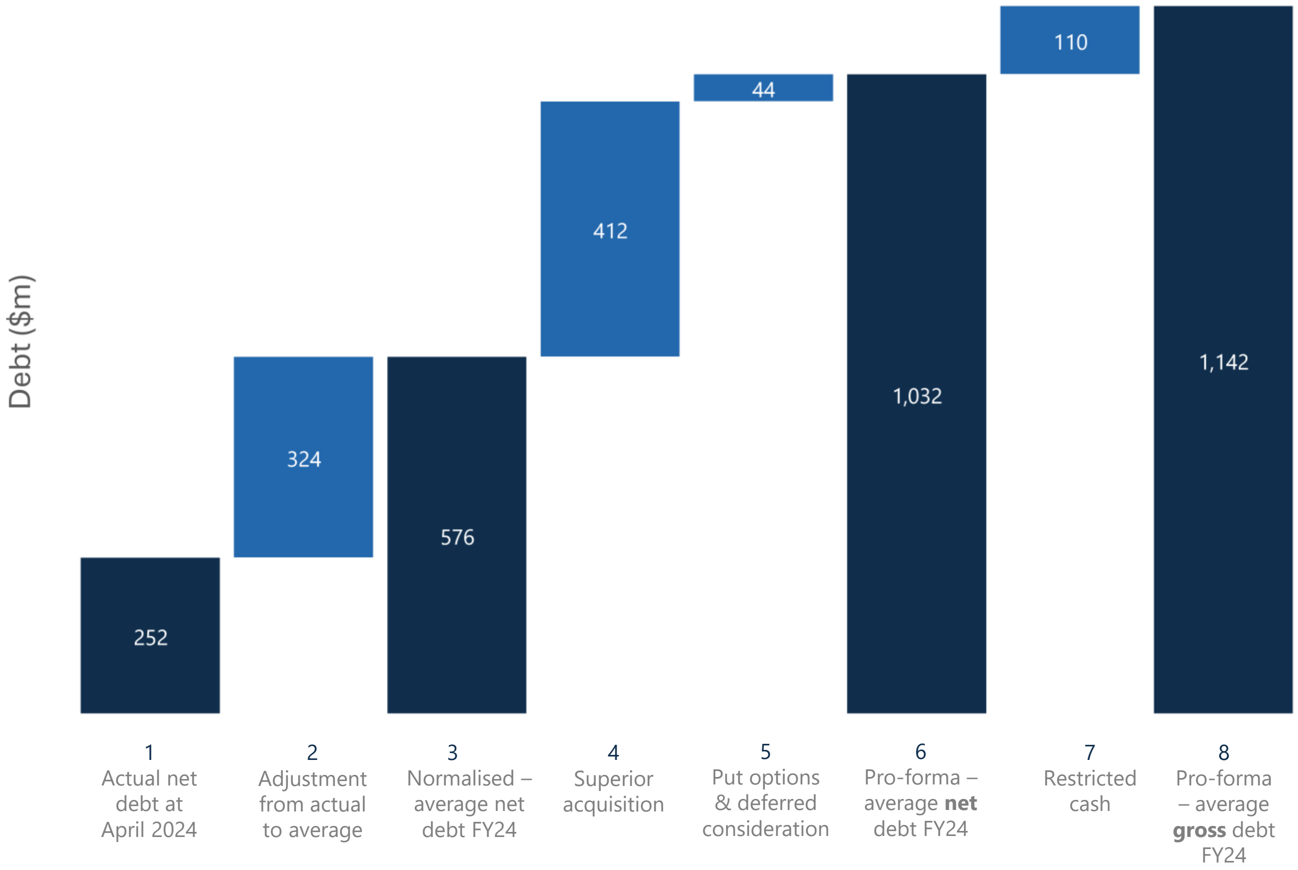


N.B.: Food's chilled and ambient warehouses at same location have been counted as 1 Distribution Centre.
IHG, Total Tools and NZ sites are out of scope.

Metcash

Pro-forma net debt – FY24

Metcash expects to carry forward ~$1.03bn of 'core' net debt into FY25 ($1.14bn gross debt)
This equates to a DLR of 1.68x[9], which is within the target range of 1.0x to 1.75x



Notes:
1. Represents the actual net debt position at the end of April 2024. Note that this included cash paid for the acquisition of Bianco and Alpine Truss (total EV $146.2m) and the Equity Raise proceeds ($360m), but did not include the cash outflow in relation to the acquisition of Superior Foods
2. A normalisation adjustment equal to the difference between the average net debt over the 12 months of FY24 of $581.8m (normalised by $6m for certain major transactions to be $575.8m) and the actual closing net debt position of $251.9m
3. Represents the normalised average net debt position for FY24
4. A pro-forma adjustment to restate net debt as if the acquisition of the Superior business occurred at the end of FY24, rather than the actual date of acquisition of 3 June 2024. The pro-forma adjustment reflects the enterprise value of $390m plus the expected group earn-out payment of $22.3m
5. A pro-forma adjustment to restate net debt as if certain Total Tools put option exercise, JV resets and deferred consideration was paid at the end of FY24, rather than when these transactions are expected to take place (in 1Q25). The adjustment reflects the expected cash outflow
6. Represents the pro-forma average net debt position for FY24, as if the acquisition of Superior Foods and certain Total Tools transactions had occurred at the end of FY24. This amount serves as a proxy for Metcash's carry-forward 'core' net debt into FY25
7. Pro-forma - estimate of the average restricted cash on hand balance (which forms part of net debt)
8. Represents the pro-forma average gross net debt position for FY24
9. The pro-forma DLR ('Debt Leverage Ratio') of 1.68x includes Metcash actual EBITDA less ROU asset deprecation for FY24, plus $48.1m of earnings in relation to Superior Foods (based on the Equity Presentation FY24E earnings). Whilst the DLR of 1.68x is at the upper end of the target range (of 1.0x to 1.75x), note that this includes the pro-forma average net debt adjustment.

Metcash