



Metcash Limited

ABN 32 112 073 480
1 Thomas Holt Drive
Macquarie Park
NSW 2113 Australia

13 September 2024

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

Dear Sir/Madam

METCASH LIMITED 2024 ANNUAL GENERAL MEETING AND TRADING UPDATE

In accordance with ASX Listing Rule 3.13.3, please find attached the following documents that will be delivered at the Metcash Limited 2024 Annual General Meeting later today:

- Chairman's Address
- CEO Presentation, including trading update.

Yours faithfully

A handwritten signature in black ink, appearing to read "Julie Hutton".

Julie Hutton
Company Secretary

* * * * *

These documents have been authorised by the Board of Directors of Metcash Limited to be given to ASX.

METCASH 2024 ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

I will now provide you with an overview of Metcash's performance in FY24, as well as comment on other important matters such as our strategic direction, Board and Management changes, remuneration and ESG.

I will then invite Doug Jones to talk in more detail about the Company's operating performance, as well as progress on our key growth initiatives.

Firstly, to the year in review.

As you may have already read, Metcash again delivered strong results underpinned by the success of its strategy and the disciplined execution of key initiatives.

Operationally, all pillars demonstrated resilience in softer market conditions successfully leveraging their competitive strategies.

In Food, strong earnings growth was delivered in the most value-conscious shopping environment in recent memory, providing further evidence of its shift to a sustainable and resilient business model.

In Liquor, the business continued to outperform the market, win share and deliver strong earnings growth.

While in Hardware, the business endured a further weakening in external conditions, but has a strong market position and remains ideally positioned for an improvement in activity levels.

Now briefly to the financials.

Group revenue increased 0.7% to \$18.2bn, while Group EBIT declined 0.9% to \$496.3m, with growth in Food and Liquor earnings being offset by lower earnings in Hardware and increased corporate costs.

Underlying profit after tax was 8.2% lower at \$282.3m, largely reflecting the more challenging conditions in Hardware. While reported profit after tax was close to flat at \$257.2m.

The Company's operating cash flow was a standout for the year, increasing 29.5% to \$483m. This resulted in a cash realisation ratio of 102%, and a three-year average of ~90%, in line with guidance for the period.

Total dividends for the year were 19.5 cents per share fully franked, in line with the target payout ratio of ~70% of underlying profit after tax. This reflects the Company's strong cash performance balanced with its desire to invest in future growth opportunities.

Doug will discuss the financial results in more detail in his Group CEO report.

Turning now to strategy.

For many years our strategy has focused on Championing Successful Independents, mainly through strengthening their competitive position. Today we have a diversified business platform with healthy and strong retail networks which have helped deliver a 56% increase in earnings since FY20. This is the equivalent of a very pleasing 12% compound annual growth rate.

In February this year we announced major strategic acquisitions in the Food and Hardware pillars. These included the acquisition of Superior Foods, which we completed in June. This acquisition further strengthens our current Food business and opens up new growth opportunities in the attractive and adjacent foodservices market.

In Hardware, we acquired Alpine Truss and Bianco Construction Supplies. These businesses will help accelerate our Whole of House strategy and further strengthen our market positions.

In March, we held a successful and well-attended Investor Day in Melbourne where we highlighted our strategic focus for the next phase of our growth. This included replicating proven and successful growth strategies across the Metcash Group. We have the platform and capabilities to deliver this strategy and grow not only our current businesses, but also any future businesses we may acquire.

Turning now to Management and Board changes.

As I noted last year, Deepa Sita was appointed Group CFO replacing Alistair Bell, who had earlier advised of his intention to retire from the role. Deepa joined us in January this year. I would like to thank Alistair who kindly agreed to stay on longer than planned to facilitate Deepa's transition into the role.

Unfortunately, Chris Baddock retired from the CEO Liquor role in October last year for health reasons. John Barakat, the Liquor pillar's General Manager of Merchandise and Operations, served as interim Liquor CEO until Kylie Wallbridge joined us in March. Kylie has extensive Australian and international experience in the liquor industry and has settled into the new role well.

We also welcomed Richard Murray to Metcash as our new CEO of Total Tools Holdings at the end of January. This followed an earlier announcement that Paul Dumbrell had decided to step down after more than five years in that position. Richard is a highly experienced and respected executive with a proven track record in the Australian retail sector.

In May, we announced that Annette Welsh would be transitioning from her current CEO role in IHG to a corporate strategy and governance role. After 15 years in senior management roles in IHG, including the last five as CEO, Annette decided to retire from the CEO role. Geoff Harris, IHG's current General Manager of Merchandise, is acting as interim CEO until the search process for Annette's replacement is completed.

On behalf of the Board, I would like to express our thanks to Chris, Paul and Annette for their contribution and leadership of their pillars, and more widely to the Metcash Group.

And last month we announced that Christine Holman had advised the Board that she would not be standing for re-election this year and will retire from the Board at the conclusion of this meeting.

Christine has been the inaugural Chair of the recently formed Safety and Sustainability Committee guiding the strong progress made by the Company in these areas. She also served as a member of the Audit, Risk and Compliance Committee.

Christine is a hard-working and diligent director, and the Board and I would like to thank her for her service to Metcash. We wish her the very best for the future.

Moving now to remuneration.

This year changes were made to our remuneration framework to better align it to our strategy and wider market practice.

This included increasing the deferred portion of the Short-Term Incentive (STI) from 33% to 40% for the Group CEO, and from 25% to 33% for the Group CFO.

This portion will increase to 50% for the CEO and 40% for the CFO in FY25, and then 50% for the CFO in FY26.

We also refined the Balanced Scorecards for executives, with all executives now sharing Group financial and strategic objectives (weighted to 70%) to ensure an increased collective focus and accountability on Group objectives.

An 'adjusted EBIT' was introduced for the FY24 performance measure for STI and the ROFE LTI hurdle. This results in Project Horizon and Mega Distribution Centre significant item costs being included in the awards calculation to reflect the importance of successfully delivering these projects.

Remuneration outcomes for the year included STI awards ranging from 14.6% to 38.1% of the maximum opportunity. While for the LTI incentive, the FY22 grant was tested at the conclusion of three years and vested at 76.7%.

The Board intends to conduct another review of the Company's remuneration framework in FY25 to ensure the executive remuneration mix and performance metrics align with the Company's longer-term strategic objectives.

Now to ESG.

I am pleased to report that we have continued to make good progress with our ESG plans, which cover the key areas of Planet, People and Community.

Our overall ESG performance was placed in the 89th percentile of our international sector in the Dow Jones Sustainability Index, which is a further improvement on the 87th percentile achieved in the prior year's assessment.

We achieved our emissions reduction target for the year for Scope 1 and 2 emissions, and we remain on track for achieving our longer-term targets. We also made good progress in better understanding our Scope 3 emissions, which is a significant area of focus and forms part of our readiness work associated with the new Australian Sustainability Reporting Standard that becomes effective for Metcash in FY26.

We also achieved our waste diversion target for the year and are on track to achieve our longer-term target of diverting 80% of waste from landfill by 2028.

Ensuring the safety of our people remains the highest of priorities at Metcash, and it was pleasing to see the significant safety initiatives introduced in the year reflected in a 21% improvement in our key performance measure of Total

Recordable Injury Frequency Rate, or TRIFR. We will maintain our commitment to further improve our safety performance in the years ahead.

We also continued to focus on maintaining our excellent record of paying equitably across the Metcash Group. Our gender pay gap was maintained at ~1% and we were again awarded a citation as Employer of Choice by the Workplace Gender Equality Agency.

Workplace engagement and culture continues to be a key focus for us, and we achieved a further improvement this year with an engagement survey score of 58%, up from 57% last year. This places us in the 70th percentile of internationally benchmarked companies for salaried employees.

Our full 2024 Sustainability Report is now available on our website should you want more information concerning our focus and progress in this important area.

Turning now to FY25.

The current economic conditions remain challenging and continue to impact consumer confidence. As a result, we expect the shift in consumer behaviour to more value-conscious choices to remain in FY25.

The Company's platform of three diversified businesses is fundamentally strong, and we have the right plans, teams and capabilities in place to deliver future growth as we work through the current economic cycle.

We continue to work closely with our suppliers and shoppers to maintain a value offering with a wide range of products at competitive prices, and we are encouraged by our retailers' adaptability and ongoing ability to meet shoppers' needs.

Metcash's business remains sound. Our financial position is strong, our strategy continues to deliver and the addition of new channels through our recent acquisitions will help us to continue progressing our growth plans.

In closing, I would like to thank my fellow directors for their support to me and for their commitment and contribution over the year.

To the Metcash leadership team and all our people, our independent retailers and suppliers, I would like to express my thanks and that of the entire Board for your ongoing support.

And to you our shareholders, I would like to say a sincere thank you for your ongoing support.

Ends



Metcash Limited 2024 Annual General Meeting

13 September 2024





Acknowledgement **of country**

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

We are connecting from the land of the Gadigal people of the Eora nation, and pay respects to Elders across Country, past, present and emerging.

Board of Directors



Peter Birtles
Non-Executive Chairman



Doug Jones
Group Chief Executive Officer



Margie Haseltine
Chair of the People, Culture
and Nomination Committee



Christine Holman
Chair of the Safety and
Sustainability Committee



Mark Johnson
Non-executive Director



Murray Jordan
Non-executive Director



Helen Nash
Chair of the Audit, Risk and
Compliance Committee



Julie Hutton
Company Secretary

Metcash Management



Doug Jones

Group Chief
Executive Officer



Deepa Sita

Group Chief
Financial Officer



Grant Ramage

CEO, Food



Geoff Harris

Interim CEO, Independent
Hardware Group



Richard Murray

CEO, Total Tools



Kylie Wallbridge

CEO, Australian Liquor
Marketers



Julie Hutton

Chief Legal Risk &
Compliance Officer



Danielle Jenkinson

Group Chief People &
Culture Officer



Neil Whiteing

Group Chief
Information Officer

Meeting Agenda

1. Receive and consider the financial report and reports of the directors and auditor for the year ended 30 April 2024
 - Chairman's Address
 - CEO review of financial performance
2. Resolution to re-elect Margaret Haseltine as a Director
3. Resolution to adopt the Remuneration Report
4. Resolution to approve grant of performance rights to Mr Douglas Jones, Group CEO
5. Special resolution to approve the giving of financial assistance under section 260B(2) of the Corporations Act



Chairman's Address

Peter Birtles

Metcash Chairman



Metcash



Review of FY24 Financial Performance

Doug Jones

Group Chief Executive Officer



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

Macro environment

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

Market sensitivity

EBIT

Market share



1. Metcash acquired Superior Foods on 3 June 2024

Group financial overview

Continued sales growth
and strong cash generation



Operating
Cashflow

~\$483m

↑ ~30%

Group Revenue¹

\$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
ratio²

90%

3yr average
FY24 ~102%

Earnings per
share³

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

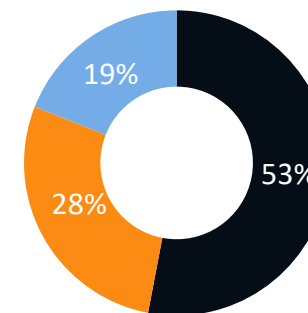
FY23 \$m

%

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 sales¹)	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

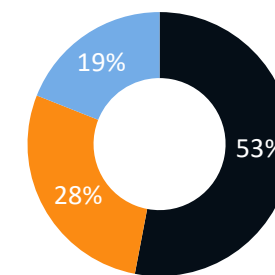
Underlying EBIT			
Food	210.1	204.0	3.0
Hardware	210.9	219.2	(3.8)
Liquor	109.2	104.1	4.9
Business Pillars	530.2	527.3	0.5
Corporate	(33.9)	(26.5)	(27.9)
Total EBIT	496.3	500.8	(0.9)

● Food ● Hardware ● Liquor



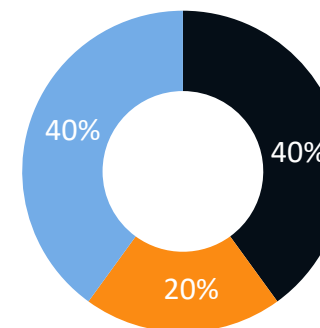
FY24

Total Pillar sales revenue \$18.2bn



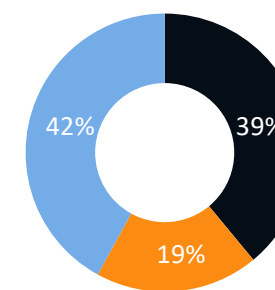
FY23

Total Pillar sales revenue \$18.1bn



FY24

Total Pillar EBIT \$530m



FY23

Total Pillar EBIT \$527m

Metcash

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

Strategic acquisitions

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

	Superior Food	Alpine Truss	Bianco
			
 Rationale	<ul style="list-style-type: none">• Attractive adjacent growth market• Logical extension of Food strategy• Strengthens and diversifies Food business• Highly complementary operations	<ul style="list-style-type: none">• 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	
 Annual sales¹	\$1.3bn	\$46m	\$144m
 Acquisition completed	June 2024	March 2024	March 2024

1. 12 months to October 2023

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

60%
<1%

Female representation:
Leadership team
50% NEDs, 33% Group
Av. gender pay gap

Total Reportable Injury Frequency Rate

14.3
TRIFR

21% improvement on pcip

Corporate engagement survey rating

70th
percentile
58%

of internationally
benchmarked companies
score (FY23: 57%)



Planet

Achieved Interim 2030 Emissions Target for FY24

5.2%

decrease from pcip

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

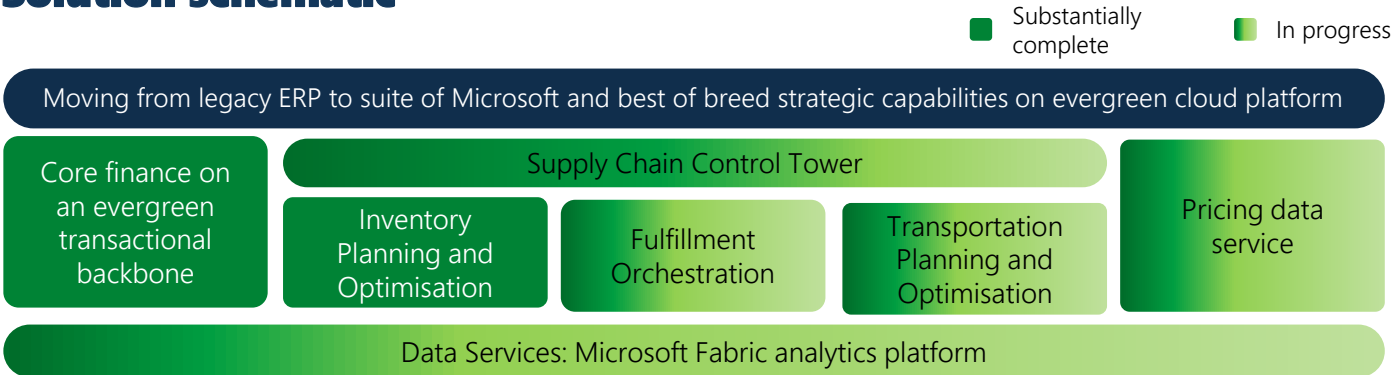
100% renewable energy
by 2025 target

Alignment with TCFD
in FY23

Preparing to adopt new
sustainability standards

Project Horizon

Solution schematic

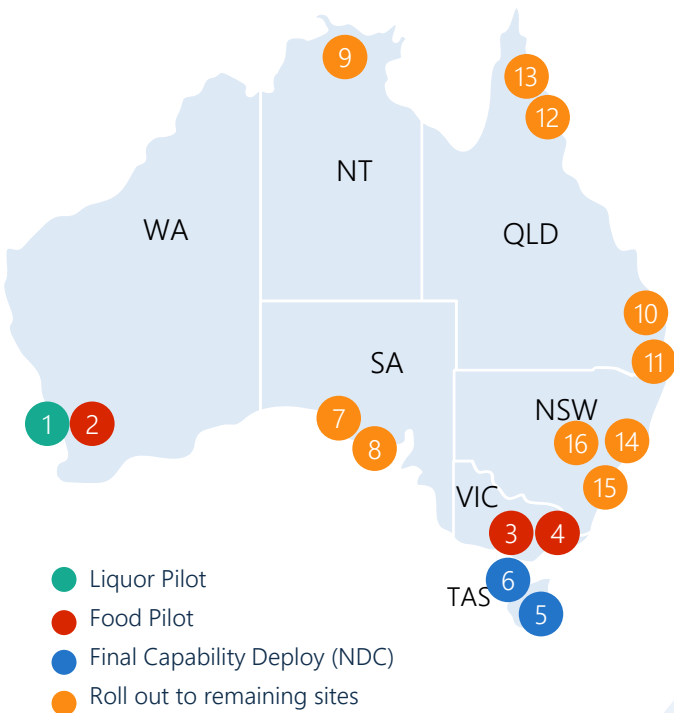


- ✓ As previously disclosed, Project Horizon is a large and complex program subject to ongoing risk of execution, cost overruns and further delays (examples of risks: build velocity, defect resolution, solution performance engineering and extended deployment stabilisation)
- ✓ Project risk being managed through disciplined approach and governance, including independent progress reviews
- ✓ Project includes deployment across 16 Food & Liquor DCs, 14 Campbells sites and 3 customer centres
- ✓ Using Microsoft Core plus ‘best of breed’ e.g. Blue Yonder
- ✓ Combination of D365 and Power Enterprise (with enhancements) to be used as the pricing engine

Target Project Costs	Capex \$m	Sig. item (pre-tax) \$m	Sig. item (post-tax) \$m
FY25	~23-27	~12-16	~8-12
FY26	~12-16	~9-13	~6-8
1H27	~1.5-2	~2.5-4	~1.5-3

- ✓ Project in ‘Core Build’ phase. Important milestones to be achieved over next few months
- ✓ Targeted Project completion extended 3 months to July 2026 in line with continued focus on reducing risk and maximising outcomes
- ✓ Targeting total Project cost of \$286m. However, guidance is \$290m - \$300m having regard to Project risk
- ✓ Update on progress and milestones with 1H25 results

Deployment schedule



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



Trading Update

Group

YTD Group sales have been strong with growth in the Food, Liquor and Hardware pillars, partly buoyed by recent acquisitions

Food (ex tobacco) has continued to perform strongly in a highly value-conscious environment. The sales performance reflected volume growth and moderating inflation, demonstrating the business' resilience and relevance of the independent network's differentiated offer

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

Growth momentum in the Liquor pillar has accelerated with independents again winning market share underpinned by the relevance of their localised offer. The IBA independent network has outperformed in a more challenging environment buoyed by further improvements to network quality and competitiveness

In Hardware, the external market for IHG has continued to be very challenging with Trade activity softening even further. Retail stores are facing margin pressure due to the impact of lower volumes on fixed costs. IHG remains well positioned to capitalise on an increase in activity levels

In Total Tools, normal competitive market conditions have returned following a period of intense pricing pressure (February to May). While cautiously optimistic on trading over the balance of the financial year, the professional tools market remains competitive and subject to external economic factors

Pillar sales – YTD 8 September 2024 v PCP



Group

- Total sales increased 6.1%



Food

- Total Food increased 17.9% (+9.3% incl. tobacco)
- Total Supermarkets & Convenience sales increased 3.5% (-1.5% incl. tobacco)
- Supermarkets sales ex-tobacco increased 3.5% (-1.9% incl. tobacco)
- Superior Foods increased 8.7%¹
- Wholesale price inflation of 2.0% (ex-tobacco and produce)



Liquor

- Total sales increased 2.7% with continued growth in wholesale sales to retail and on-premise customers
 - Wholesale sales to IBA retail customer +5.8%
 - Wholesale sales to contract customers +1.7%
 - Wholesale sales to on-premise customers -0.9%



Hardware

- Total sales increased 2.5%
 - IHG sales +2.1% (-4.2% excl. impact of Alpine Truss and Bianco)
 - Total Tools sales +3.9% (TT network sales: +2.4%, TT network LfL sales -1.7%)

1. Superior Foods' results are reported for the period from 3 June 2024 to 1 September 2024 versus Superior Foods' pcip results

