Metcash Limited
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NSW 2113 Australia

23 March 2017

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

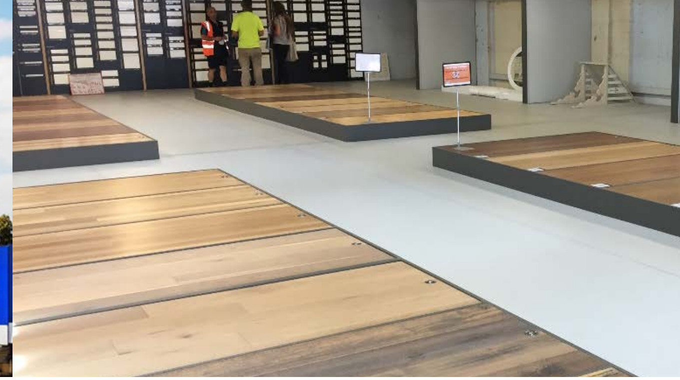
Dear Sir/Madam

HARDWARE INVESTOR DAY PRESENTATION

Please find attached a presentation regarding Metcash's Hardware business to be delivered at today's Investor Day in Melbourne.

Yours faithfully

Julie Hutton
Company Secretary



Independent Hardware Group

Mitre 10 • Home Timber & Hardware • Thrifty-Link • True Value Hardware

Investor day – 23 March 2017

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Contents

Successful Independents

Ian Morrice

Metcash CEO

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OUR NETWORK OF

SUCCESSFUL INDEPENDENTS

INDEPENDENCE IS WORTH FIGHTING FOR

FOOD	LIQUOR	HARDWARE
IGA	IGA LIQUOR	MIGHTY HELPFUL MITRE 10
FOODLAND THE MIGHTY SOUTH AUSSIES; FRIENDLY GROCER	Cellarbrations	HOME TIMBER & HARDWARE GO WHERE THE TRADIES GO
Campbells	the Bottle-O	THRIFTY-LINK HARDWARE; TRUE VALUE HARDWARE

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HTH acquisition – now second largest in Hardware market

	Metcash Hardware	HTH	Independent Hardware Group
Sales[1]	~$1.1bn	~$1.0bn	**~$2.1bn**
Trade | Retail sales split[1]	55% | 45%	62% | 38%	**59% | 41%**
Company-owned Stores	30 majority owned 23 minority interest[2]	41 wholly owned	**71 majority / wholly owned 23 minority interest**
Bannered Stores	373	377	**750**
Unbannered Stores[3]	~370	~865	**>500**
DC Locations	Qld, Vic, WA	NSW (2), Vic, WA	**QLD (1), Vic (1), WA (2), NSW (2)**
Number of Employees (FTE)	~1,000	~1,600	**~2,600**

~$2bn business with significant scale

1. Year ended 30 April 2016 for Metcash Hardware. Year ended 30 June 2016 for HTH
2. Stores held through 8 separate joint ventures
3. Neither Metcash nor HTH have sole-supply agreements with unbannered stores. Combined unbannered network excluding overlap is ~500 stores

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Business Overview

Mark Laidlaw

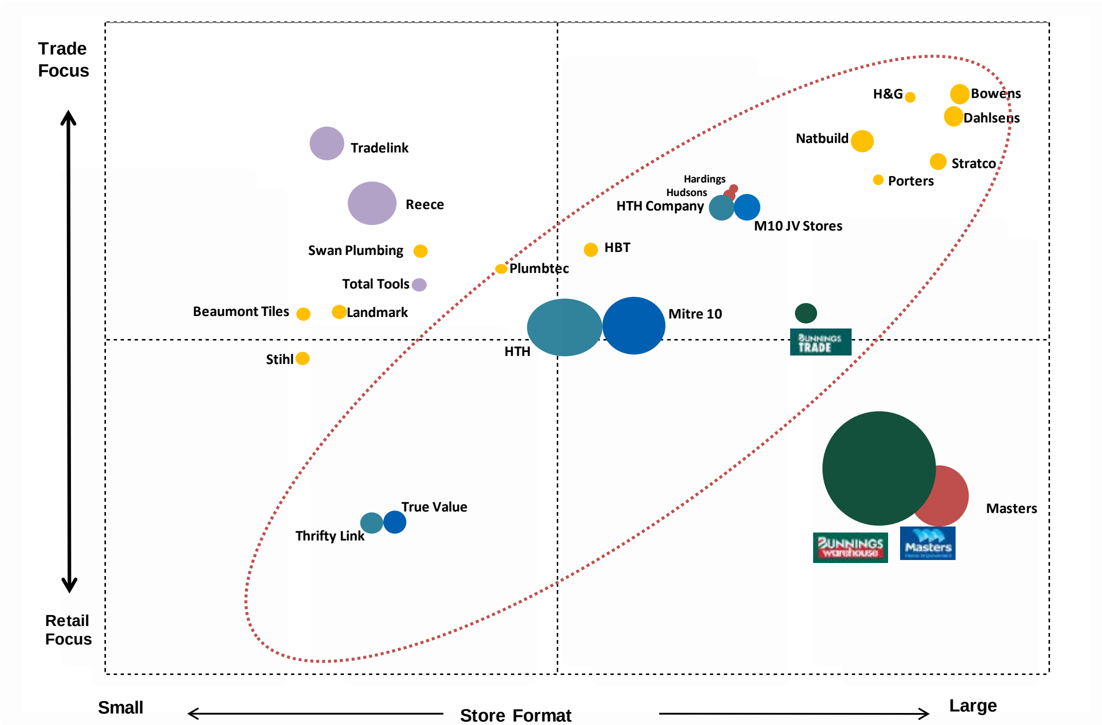
CEO, Independent Hardware Group

IHG management team

CEO
MARK LAIDLAW

Marketing	Merchandise	Operations Retail & Trade	Joint Ventures/ Alliance	Company Stores	Commercial	Supply Chain & Logistics	Human Resources
							
KAREN FAHEY	ANNETTE WELSH	DARREN MANNING	CHRIS TSOTRA	STUART WILLINGHAM	ROBIN JOHNSTON	RICK SOLA	RICHARD BROWN

IHG – second largest player in Hardware market



- Acquisition of HTH in October 2016:
  - Now clear #2 in Hardware market
  - Strengthened position in Trade segment
  - HTH and Mitre 10 complementary with limited store overlap
- Opportunity to roll out speciality offers such as plumbing, tiling, power garden equipment and flooring
- Retail offer strengthened through addition of 41 HTH corporate stores to 53 Mitre 10 JV stores
- Masters exited

Positive market outlook

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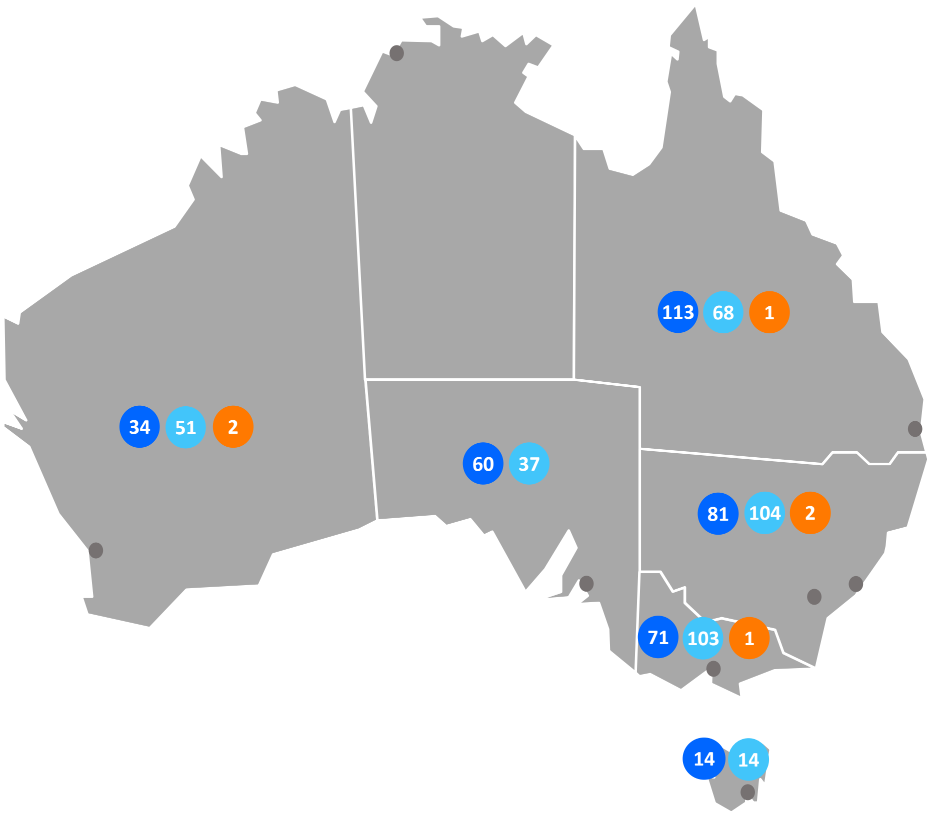
IHG brands

Brands	Key customers	# stores	% IHG sales*
Mitre 10	▪ Iconic independent and local network ▪ Operates in both Trade and DIY segments ▪ Customers include national residential builders through to local handy-man	306	47%
Home Timber & Hardware	▪ Strong focus on Trade segment and home builders ▪ Mix of independently owned and company-owned stores ▪ Customers include national residential builders through to local handy-man	246	37%
Thrifty-Link Hardware	▪ "Your local hardware store" ▪ National hardware chain with small format stores ▪ Services metro and regional communities	126	2%
True Value Hardware	▪ "Making hardware easy" ▪ National hardware chain with small format stores ▪ Services metro and regional communities across Australia	67	1%
Hardings	▪ Supplier of quality 'front of wall' plumbing (bathrooms, kitchens, appliances) ▪ 6 outlets across Melbourne, Brisbane, Adelaide and surrounding areas ▪ Customer base >90% trade	5	5%

* ~500 unbannered stores contribute ~8% of total sales

An extensive national footprint



State	Mitre 10 stores	HTH stores	Total stores	DCs
NSW	81	104	185	2
QLD	113	68	181	1
SA / NT	60	37	97	
TAS	14	14	28	
VIC	71	103	174	1*
WA	34	51	85	2
TOTAL	**373**	**377**	**750**	**6**

* Currently 2. South Dandenong DC to be closed in April.

- HTH store footprint is complementary to Mitre 10 – limited overlap
- DCs will reduce from 7 to 6 (South Dandenong to close) – delivers synergy benefits

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IHG committed to "Successful Independents"

- Successful Independents is key focus
- Independent store owners >90% of IHG network
- Company-owned stores are an important component of the Hardware business
- 53 Mitre 10 JV stores (30 majority owned)
- 41 Company-owned stores added through HTH acquisition, supported by a strong and experienced management team
- Hardware offer extended through addition of stores such as Hardings Hardware and Tait Timber
- Location of Independent and Company-owned stores are complementary, with minimal conflict sites

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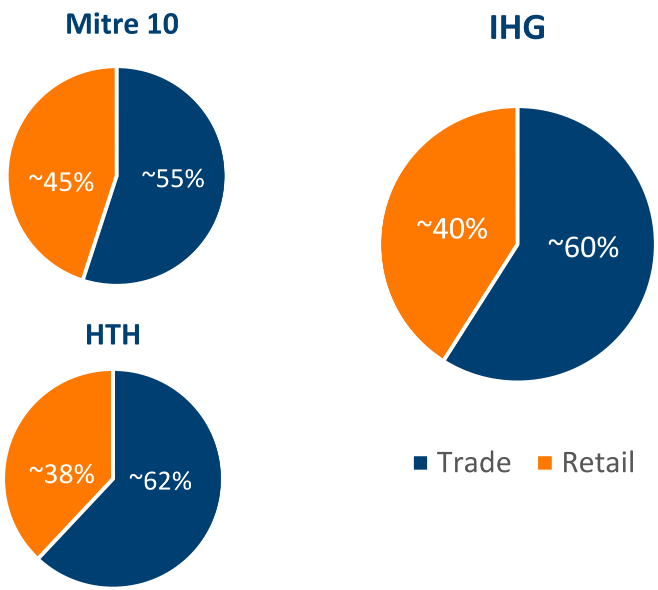
Strengthened position in Trade segment

Sales mix*



- Proportion of Trade sales increased from ~55% to ~60% through HTH acquisition
- Attractive service offer: "Get in, get out, get on with it" and "Go where the Tradies go"
- Focus on delivering what Tradies want:
  - Low cost and transparent
  - Rapid response from order to delivery (DIFOT)
  - Timber undercover
  - Relationship at all touch points
  - Trade drive through and separate Trade desk
  - Early opening, clean facilities, coffee
  - Investment in technology to improve efficiency

* Based on sales for year ended 30 April 2016 for Metcash Hardware and 30 June 2016 for HTH

Consumer led strategy

BEST STORE
IN TOWN
SAPPHIRE PROGRAM

SHOPPER LED RANGE &
COMPETITIVE PRICING

BUILD
TRADE

DIGITAL,
DATA, INSIGHTS

WORKING
SMARTER

Good progress across all Mitre 10 stores

HTH opportunities identified

Combined the best of both to make a better business

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Key strategic initiatives

Annette Welsh

GM – Merchandise

Mitre 10 – "Best Store in Town"

OBJECTIVE

- Re-invest in Top 50 stores based on Sapphire Standards
- Targeted sales uplift 15%

ROLL OUT PLAN

- 10 per year
- 18 completed to date

RESULTS

- Store sales **up ~17%**
- Basket numbers **up 13%**
- Basket size **up 4%**

Sapphire stores delivering strong growth in Mitre 10

Equivalent program in HTH – "XCLR8"

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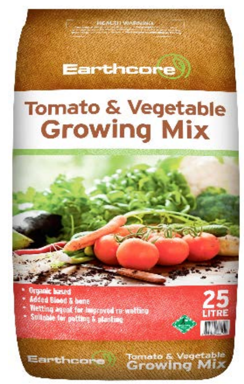
Mitre 10 – Shopper led range

	SALES GROWTH	BEFORE	AFTER
FASTENERS	Growth ⬆ 6%		
HAND TOOLS	Growth ⬆ 10%		
POWER TOOLS	Growth ⬆ 9%		
PAINT	Growth ⬆ 3%		
CEMENT	Growth ⬆ 14%		

Core ranging delivering strong sales growth – ability to roll out to HTH

Competitive pricing

- Scan data received from ~120 stores
- Competitor pricing information provided to the network (~6,000 SKUs)
- Competitive pricing program on top 500 KVIs
  - >85% price matched[1]
- Private label provides competitive entry point pricing
  - "Buy Right" has ~250 SKUs
  - ~80% price matched[1]
- Merchandising synergies
- "Click & Collect"



1. Based on scan data from ~120 stores

Digital data and insights

LOYALTY PROGRAM

- Mighty Rewards Loyalty Program in 160 Mitre 10 stores
- HTH DIY Rewards Card in 134 stores

WEB, CLICK & COLLECT SOCIAL MEDIA

- Relaunched website Sept 2016
- 6,000 SKUs online
- Click & Collect 1,100 SKUs

TRADE DIGITAL

- Targeting the Builder/ Tradie
    - Truck Tracker
    - Tradies Online

BENCHMARKING & ANALYTICS

- Dashboard for store managers
- Benchmarking of company-owned stores

Integration update

Mark Laidlaw

CEO, Independent Hardware Group

Integration update

- Steering Committee oversight
- Key focus areas:
  - Retention of customers
  - Cost synergies
  - Merchandise benefits
  - Branding
- On track to achieve net synergy benefits (after sharing with store owners) at upper end of $15m – $20m target range by end of FY18

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Integration update (cont.)

Retention of customers

- First gathering of new IHG network at EXPO held in February 2017
  - ~2,100 attendees including ~1,050 store delegates and ~950 suppliers
  - High level of goodwill and optimism from store owners
- Woolworths removed HTH retention rebate in September 2016
- Aligned customer trading terms will deliver benefits to store owners
- HTH store owners have remained loyal

Delegates at IHG Expo, Feb 2017

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Integration update (cont.)

Property rationalisation

- Two unprofitable stores retained by Woolworths (Launceston, Gungahlin) now closed
- Rationalisation of DC network – South Dandenong exit planned for April
- Head Office consolidated at Heatherton, Victoria

Management structure

- New leadership team in place (mix of HTH and Mitre 10 executives)
- Consolidating support service teams
  - Merchandising – completed
  - Operations
  - Marketing
  - Finance
  - IT

Integration update (cont.)

Merchandising synergies

- Focus on delivering store owners the best products at the most competitive prices
- Alignment of supplier trading terms
- Consolidation of core ranges
- Increased volumes expected to result in more competitive pricing
- Savings to be shared with store owners

Branding

- HTH and Mitre 10 are both strong brands
- Review of branding strategy underway
- Decision expected by end of 2017

Marketing – Mitre 10

- The Block
- Mighty Rewards
- Digital (eComm)
- Scott Cam

- Sports
  - Radio MMM
  - MCG signage
  - Footy Tipping
- Catalogues
  - Doors/Plumbing

- LAM
  - NSW 2GB
  - Perth/Sydney/Tas
  - SA Garden
  - Facebook

- Catalogues + TV
- Click & Collect
- Seasonal Theming

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Marketing – HTH

HOME TIMBER & HARDWARE
GO WHERE THE TRADIES GO

Brand	Trade	Local	DIY
			

PUT THE HARD BACK INTO HARDWARE GO WHERE THE TRADIES GO HOME TIMBER & HARDWARE

Brand	Trade	Local	DIY
• NRL • NRL Footy Show • AFL Footy Show • Digital (eComm)	• Trade competitions • Trade Door Promos • Trade Rewards • Footy tipping	• DIY Rewards • LAM • Local store online • Google Maps	• Monthly catalogues • Specialist Catalogues • In store events • Point of Sale

Marketing – Video

Summary

Mark Laidlaw

CEO, Independent Hardware Group

Summary

- IHG is clear number 2 in Hardware market with an extensive national footprint
- Strengthened position in Trade segment, which accounts for ~60% of our sales
- Strong focus on supporting our independent store owners and growing our brand footprint
- Our Sapphire and Core Ranging programs are delivering strong growth, and will be rolled into HTH
- The integration of HTH is progressing well, with a high level of goodwill and optimism within the new expanded IHG network
- Synergy benefits expected to be at top end of guidance range
- EBIT contribution from HTH is tracking in line with guidance of >$10m in 2H17 (excluding integration costs)

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