



Metcash Limited

ABN 32 112 073 480

1 Thomas Holt Drive

Macquarie Park

NSW 2113 Australia

13 August 2018

ASX Announcement

Successful completion of \$150m Off-Market Buy-Back

Metcash Limited (ASX:MTS) today announced that it has successfully completed a \$150 million Off-Market Buy-Back of its ordinary shares. The value of shares bought back is \$25 million higher than the indicative \$125 million announced on 25 June 2018.

The Buy-Back Price was \$2.26 per share, which represents a discount of 14% to the Market Price¹.

The company bought back 66.4 million shares (6.8% of Metcash's issued share capital), for total consideration of \$150 million. All shares purchased by the company will be cancelled.

Strong shareholder support for the Buy-Back meant only shares tendered at a 14% tender discount or as Final Price Tenders were accepted. As the Buy-Back was oversubscribed, these tenders were subject to a scale back of 72.32%².

Shares tendered at discounts of less than or equal to 13% and tenders conditional upon a minimum price above the Buy-Back Price were not bought back.

The Off-Market Buy-Back is expected to be ~5.2% EPS accretive on an annualised basis³.

For shareholders who successfully tendered their shares, \$1.65 per share of the Buy-Back Price is expected to be treated as a fully franked dividend for Australian taxation purposes. For Australian capital gains tax purposes, the deemed capital proceeds are expected to be \$1.05 per share, being the \$0.61 Capital Component, plus \$0.44 representing the excess of the Tax Market Value⁴ over the Buy-Back Price. It is expected that both the Dividend Component and the deemed capital proceeds will be confirmed by the Australian Taxation Office ("ATO") in its Class Ruling for the Buy-Back. The ATO has advised that they intend to issue their Class Ruling by the end of August 2018.

Dispatch of cheques and direct crediting to bank accounts of Buy-Back proceeds will be completed by 20 August 2018.

¹ The Market Price of \$2.6318 per share is the volume weighted average price of Metcash ordinary shares on the ASX over the five trading days up to and including 10 August 2018, calculated to four decimal places, as determined by Metcash.

² The scale back of 72.32% reflects a total of 234.2 million shares successfully tendered at a 14% tender discount or as Final Price Tenders, of which 64.8 million shares were bought back and 169.4 million were rejected. A further 1.6 million shares were successfully tendered and bought back as either Priority Allocations or Small Holding Tenders.

³ EPS accretion calculated using FY18 underlying EPS of 22.1 cents per share as a proxy for base underlying EPS, reduced by the post-tax interest cost of \$150 million incremental debt funding and determined on an annualised basis.

⁴ In accordance with Tax Determination TD 2004/22, Metcash has made a preliminary determination that the Tax Market Value for the Buy-Back will be \$2.70 per share which is expected to be confirmed by the ATO in its Class Ruling for the Buy-Back. The detailed methodology for determining the Tax Market Value is contained within the Buy-Back Booklet.

The results of the Buy-Back are as follows:

Market Price ⁵ (per share)	\$2.6318
Buy-Back Discount	14%
Buy-Back Price (per share)	\$2.26
Capital Component (per share)	\$0.61
Fully franked Dividend Component (for Australian taxation purposes) (per share)	\$1.65
Tax Market Value ⁶ (per share)	\$2.70
Number of shares bought back (million)	66.4m
Value of shares bought back (\$) (million)	\$150.0m
Percentage of issued capital bought back	6.8%
Scale back ⁷	72.32%

Ends

For further information:

Steve Ashe

Head of Corporate Affairs and Investor Relations

Metcash Limited

Ph: +61 (0)2 9751 8368

Mob: +61 (0)408 164 011

⁵ The Market Price of \$2.6318 per share is the volume weighted average price of Metcash ordinary shares on the ASX over the five trading days up to and including 10 August 2018, calculated to four decimal places, as determined by Metcash.

⁶ In accordance with Tax Determination TD 2004/22, Metcash has made a preliminary determination that the Tax Market Value for the Buy-Back will be \$2.70 per share which is expected to be confirmed by the ATO in its Class Ruling for the Buy-Back. The detailed methodology for determining the Tax Market Value is contained within the Buy-Back Booklet.

⁷ The scale back of 72.32% reflects a total of 234.2 million shares successfully tendered at a 14% tender discount or as Final Price Tenders, of which 64.8 million shares were bought back and 169.4 million were rejected. A further 1.6 million shares were successfully tendered and bought back as either Priority Allocations or Small Holding Tenders.