Metcash Limited
ABN 32 112 073 480
50 Waterloo Road
Macquarie Park
NSW 2113 Australia

1 December 2014

ASX Limited
Company Announcements Office
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/ Madam

METCASH LIMITED – FY15 HALF YEAR RESULTS PRESENTATION

Please find attached the Metcash Limited FY15 Half Year ending 31 October 2014 results presentation.

Yours faithfully

Greg Watson
Company Secretary

SUCCESSFUL INDEPENDENTS

FY15 Half Year Results, 1 December 2014

Agenda

	Presenter
Group overview	Ian Morrice, Group CEO Metcash Limited
Financials	Adrian Gratwicke, CFO Metcash Limited
Strategic priorities	
▪ Transformation of Metcash Food & Grocery	Fergus Collins, CEO Supermarkets Peter Struck, CEO Convenience
▪ Consolidation & sustainable network growth	Mark Laidlaw, CEO Mitre 10 Scott Marshall, CEO Australian Liquor Marketers
▪ World class supply chain	Ian Morrice, Group CEO Metcash Limited
▪ Supporting independents	
Outlook	
Q&A	

GROUP OVERVIEW

Overview

- The 1H15 results confirm the need for investment to turn around the Food & Grocery (MFG) business
- Six months into the Transformation Plan (the 'Plan') we remain very encouraged by initial indicators – implementation was later than planned, program is now gaining momentum
- Increased sales offset by deleverage in MFG (Supermarkets and Convenience) and investment in the Plan
- Solid net working capital result

Operational highlights

- Supermarkets – initial key *Diamond* projects implemented, results positively reinforcing all elements of the transformation strategy
- Convenience – gaining traction under new strategy
- Liquor – increase in EBIT reflects continued retail growth
- Hardware & Automotive – continued to grow

Financial highlights

			1H15	1H14	Variance	% var	Commentary
Sales revenue	$m		6,645.4	6,579.4	66.0	1.0	Growth in Convenience and Hardware/Auto sales, together with incremental sales from acquisitions, partly offset lower MFG sales.
EBIT	$m		165.8	186.0	(20.2)	(10.9)	Improved Liquor and Hardware/Auto results more than offset by the MFG result.
EBIT margin	%		2.5	2.8	(0.3)		Primarily driven from margin contraction in MFG.
CODB / GP%	%		73.4	69.0	4.4		Increase primarily reflects higher relative CODB/GP% in growth areas (Hardware and Auto) and some investment in MFG.
PAT - underlying	$m	1	101.7	111.7	(10.0)	(9.0)	Reflects MFG result, partly offset by growth in other Pillars as well as lower finance costs and effective tax rate.
PAT - reported	$m	2	101.7	98.9	2.8	2.8	No significant items or discontinued operations in 1H15 v Franklins in 1H14.
Operating cash flow	$m		128.0	229.3	(101.3)	(44.2)	Solid cashflow from tight working capital control. Prior period result included a timing benefit.
EPS - underlying	cps		11.4	12.7	(1.3)	(10.2)	Reflects lower PAT and slightly higher WASO.
EPS - reported	cps		11.4	11.2	0.2	1.8	
DPS	cps		6.5	9.5	(3.0)	(31.6)	Reflects lower underlying EPS and payout ratio.
Payout ratio (underlying)	%		57.0	74.8	(17.8)		Dividend payout rate set to part-fund investment in the business and will be in line with policy at FY15.

NOTES:
1. A definition and reconciliation of "Underlying" is included in the Directory of Terms in the Appendix
2. Reported result includes Discontinued Operations

Our strategic priorities

1. **Transformation of Metcash Food & Grocery**

2. **Consolidation & sustainable network growth**

3. **World class supply-chain**

4. **Supporting independents**

FINANCIALS

Balance Sheet extract

	31 Oct 14 $m	30 Apr 14 $m	Movement $m	Movement %	Commentary
Trade receivables	1,065.8	995.2	70.6	7.1	Seasonal increase at 1H15 (2.2 days increase vs FY14), with debtor days lower than 1H14.
Prepayments & other assets	13.1	13.9	(0.8)	(5.8)	
Inventories	827.1	743.8	83.3	11.2	Inventory days consistent with 1H14 (0.3 day improvement), increase is seasonal (2.5 days vs FY14).
Trade and other payables	(1,605.2)	(1,457.1)	(148.1)	(10.2)	Seasonal increase plus some growth from acquisitions (4.7 days higher than FY14; down 1.2 days on 1H14).
Other creditors/provisions	(239.0)	(240.2)	1.2	0.5	
Net working capital	**61.8**	**55.6**	**6.2**	**11.2**	Solid result, despite seasonal impact and acquisition driven working capital requirements.
Intangible assets	1,793.8	1,765.7	28.1	1.6	Primarily relates to Midas, Liquor Traders and Far North Wholesalers acquisitions, along with IT capex.
Fixed assets and investments	438.9	407.9	31.0	7.6	Mostly Project Mustang ($22m), G. Gay & Co and acquisitions outlined above.
Loans	88.4	92.9	(4.5)	(4.8)	Retail loan repayment exceeded new loans. Nil DSA loans at 1H15.
Assets held for resale	29.3	41.1	(11.8)	(28.7)	Sale of two retail development assets.
Total funds employed	**2,412.2**	**2,363.2**	**49.0**	**2.1**	
Net debt	(756.1)	(766.9)	10.8	1.4	Small reduction in net debt reflects solid operating cashflow, reduced 1H15 capital investment and lower cash dividend.
Net derivative liability	(3.3)	(2.2)	(1.1)	(50.0)	
Net tax assets	49.6	46.5	3.1	6.7	
Put options over NCI	(47.7)	(46.6)	(1.1)	(2.4)	Unwind of interest for six months, no options exercised.
NET ASSETS	**1,654.7**	**1,594.0**	**60.7**	**3.8**	

Cashflow extract

Cash Flow	31 Oct 14 $m	31 Oct 13 $m	Movement $m	Movement %	Commentary
Trading cash receipts and payments	189.8	280.7	(90.9)	(32.4)	Prior period reflected significant working capital improvements and some timing benefit.
Interest	(19.6)	(21.6)	2.0	9.3	Lower average debt utilisation and interest rates.
Tax	(42.2)	(29.8)	(12.4)	(41.6)	Final balancing payment ($10.7m) in 1H15 relating to FY14 (no balancing payment in pcp due to expected refund).
Cash provided by operating activities	**128.0**	**229.3**	**(101.3)**	**(44.2)**	Solid operating cashflow (94% CRR slightly below target).
Proceeds from sales of business assets	10.2	16.1	(5.9)	(36.6)	Primarily sale of two retail development assets. PCP included sale of surplus property.
Payments for acquisitions of business assets	(46.0)	(70.2)	24.2	34.5	Project Mustang ($22m) and other stay-in-business capex.
Loans to customers (net)	2.9	(6.9)	9.8	142.0	Retail loan repayments > new loans in the period.
Acquisition of businesses and associates	(41.0)	(101.8)	60.8	59.7	1H15 includes acquisition of Midas, Liquor Traders, Far North Wholesalers and G. Gay & Co (v ATAP in pcp).
Net cash flows used in investing activities	**(73.9)**	**(162.8)**	**88.9**	**54.6**	Timing differences in capital investment.
Share issue costs	(0.3)	-	(0.3)		Dividend Reinvestment Plan (DRP) share issue costs.
Dividend payments	(40.0)	(145.3)	105.3	72.5	$80m FY14 final dividend of which $40m DRP/underwritten.
Drawdown of debt (net)	10.1	46.1	(36.0)	(78.1)	Net debt down $10.8m since April 2014.
Other payments	(3.7)	(5.0)	1.3	26.0	Lower minority dividend payments.
Net cash flows from financing activities	**(33.9)**	**(104.2)**	**70.3**	**67.5**	
Cash and cash equivalents at beginning of period	24.7	50.3	(25.6)	(50.9)	
Net cash flow movement per above	20.2	(37.7)	57.9	153.6	
Effect of exchange rate changes on cash	-	0.7	(0.7)	(100.0)	
Cash and cash equivalents at end of period	**44.9**	**13.3**	**31.6**	**237.6**	

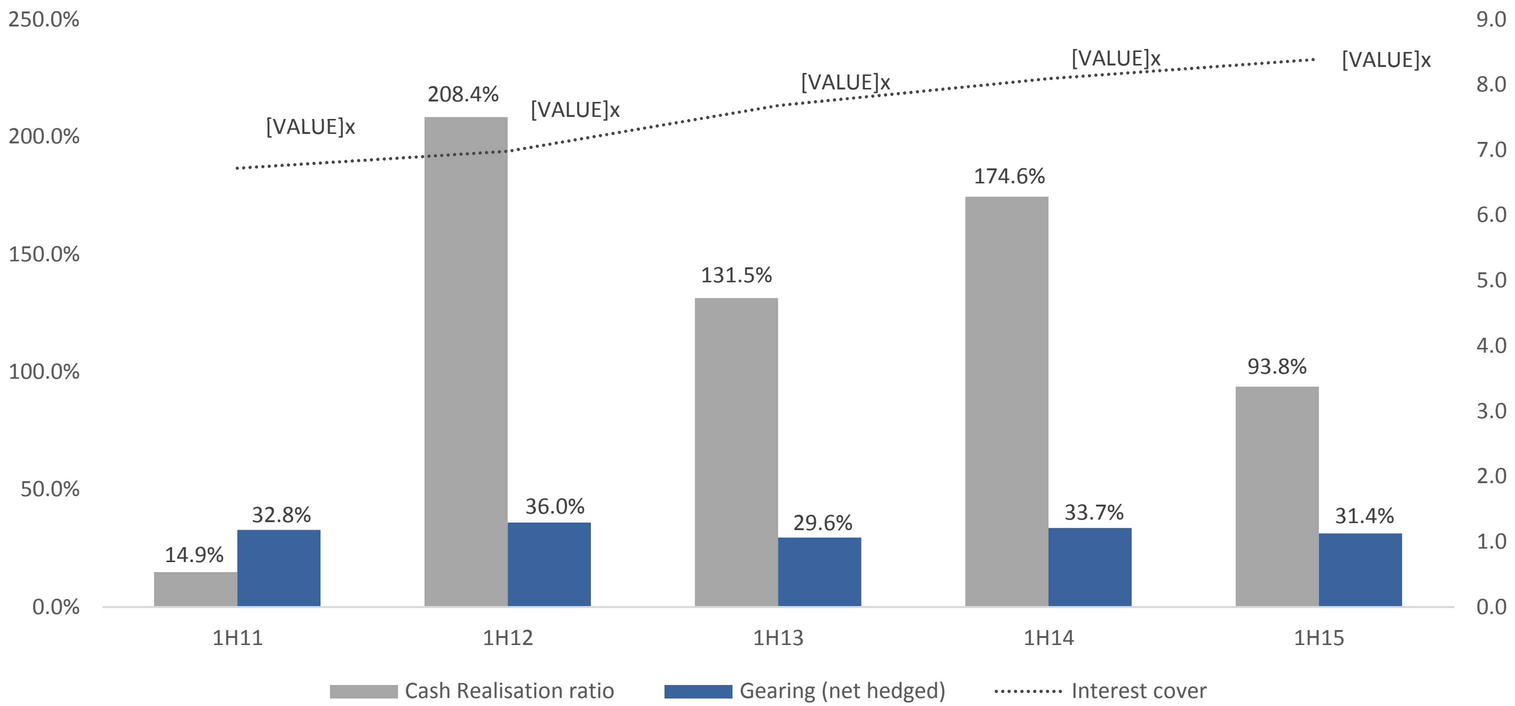
Interest expense

	1H15 $m	1H14 $m	Movement $m	Movement %	Commentary
Interest costs	22.4	25.9	(3.5)	(13.5)	Lower average debt utilisation and interest rates.
Deferred borrowing cost	0.4	0.9	(0.5)	(55.6)	
Interest unwind & discount rate adjustments	5.1	4.5	0.6	13.3	Mainly interest unwind on provisions (PUT options, rental subsidies and restructuring).
Interest expense (total)	**27.9**	**31.3**	(3.4)	(10.9)	
Interest Income	4.0	4.3	(0.3)	(7.0)	
Interest expense (net)	**23.9**	**27.0**	(3.1)	(11.5)	

- Interest unwind now expected to range $10m-$12m in FY15 (previous guidance $13-$16m) due to a reduction in long-dated provisions

Gearing, Cash Realisation Ratio & Interest Cover

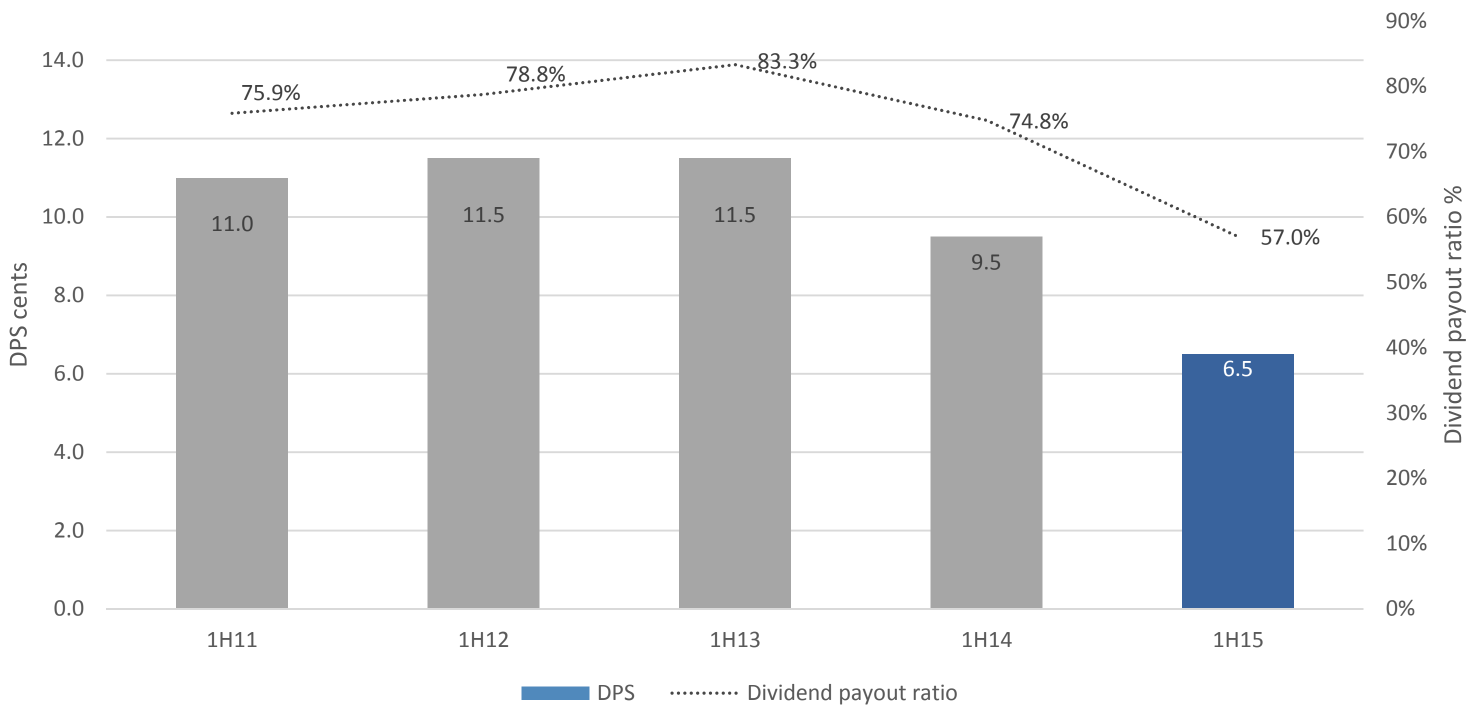
- Improved gearing reflects solid operating cashflows, working capital control and lower capital investment (below 40% target ceiling)
- Cash realisation ratio in pcp results reflects a significant timing benefit. Current period CRR of 93.8% is slightly below target (of >100%) reflecting part-reversal of the April 2014 working capital timing benefit
- Improved interest cover reflecting lower net interest cost despite lower EBIT (above targeted 7-8x)



Note: These metrics reflect the new KFM definitions as set out in the appendices

Dividend & Capital Management

- Interim dividend of 6.5c has been declared (57.0% DPR)
  - Intention to maintain DPR of at least 60% for full year (in line with policy)
- Capital management intent remains to conserve cash to fund Transformation Plan
  - DRP remains in place and will be underwritten to 75%



Transformation of Metcash Food & Grocery

MFG – financials

MFG		1H15	1H14	% Change
Sales	($m)	4,508.4	4,483.8	0.5
EBIT	($m)	119.2	146.0	(18.4)
EBIT	(%)	2.64	3.26	

Supermarkets:

- Wholesale sales down 0.9% (-1.5% LFL basis), retail scan sales up 0.9% LFL with improving trend in Q2
- Ongoing deflation of 1.4% (1.3% pcp) due to continued promotional mix

Convenience:

- Sales up 8.8% on pcp (+7.4% LFL basis) led by continued growth in Convenience channel
- Integrating new business (eg Night Owl, FNQ) and continuing to develop total supply solution to existing CSD customers

MFG – operating highlights

EBIT down due to:

- Deleverage effect compounded by unfavourable sales mix
- *Diamond* investment in competitive pricing and increased capability
- Investment in NSW DC automation, benefits from FY16 with MFG orders moving into Mustang progressively from January 2015

Fundamental positives underlying the result:

- Significantly strengthened management team in place
- B&G sales and volume growth – building a competitive every day offer with further enhancements to come
- Strong ongoing retailer support; participation across all growth levers, scan data now being received from over 1,100 stores
- Refocused Convenience laying foundations for growth, especially in key focus categories such as Food Service and Fresh in addition to customer growth pipeline
- Good control of CODB in both Supermarkets and Convenience

Transformation of Metcash Food & Grocery: phase 1

Fix the Basics

- Develop shopper-led range
- Offer competitive prices and promotions
- Competitive own brands
- Set ‘fresh’ standards
- Improve retail execution
- Build shopper-led culture
- Improve marketing competencies
- Build strong retail capabilities

Invest in Growth

- Expand innovation in price and promotions
- Grow new, exciting offers and categories (e.g. ‘fresh’ value-add)
- Tiered own brand offer
- Develop compelling fresh
- Retailers must be aligned with banner discipline / guidelines
- Make network investments

Sustain Growth

- Make every store famous as a local shopper destination
- Emphasise strong local focus
- New, tailored formats
- Digital platform in place
- Full ‘independent’ category management

Diamond Transformation Program

A comprehensive roadmap that focuses on growing our network capabilities, stimulating sales growth, instilling retail excellence and delivering sustainable growth

COMPETITIVE PRICING	**SHOPPER LED RANGING**	**COMPELLING FRESH OFFER**	**RETAIL EXCELLENCE**	**NETWORK INVESTMENT**	**CONVENIENCE**

Competitive pricing

- Program live across Supa IGA network with a 4 week roll out from 1 October
- 305 Supa IGAs live plus an additional 120 IGAs voluntarily joining the program
- Negative sales trajectory reversed in Price Match stores
- Stage 2 pilot Price Match live from 1 October to test concept in smaller store formats

Private label

- New B&G pricing program launched at EXPO in July, matching prices of ~500 SKUs to competitors across all key grocery categories
- Now live in over 900 stores - with majority rolling out from the end of September
- B&G retail sales return to growth after historical declines with warehouse volume up double digits compared to same period last year
- Strategically building mid-tier / trust brands (good, better, best)

New B&G packaging to be launched in 2H15

Compelling fresh offer

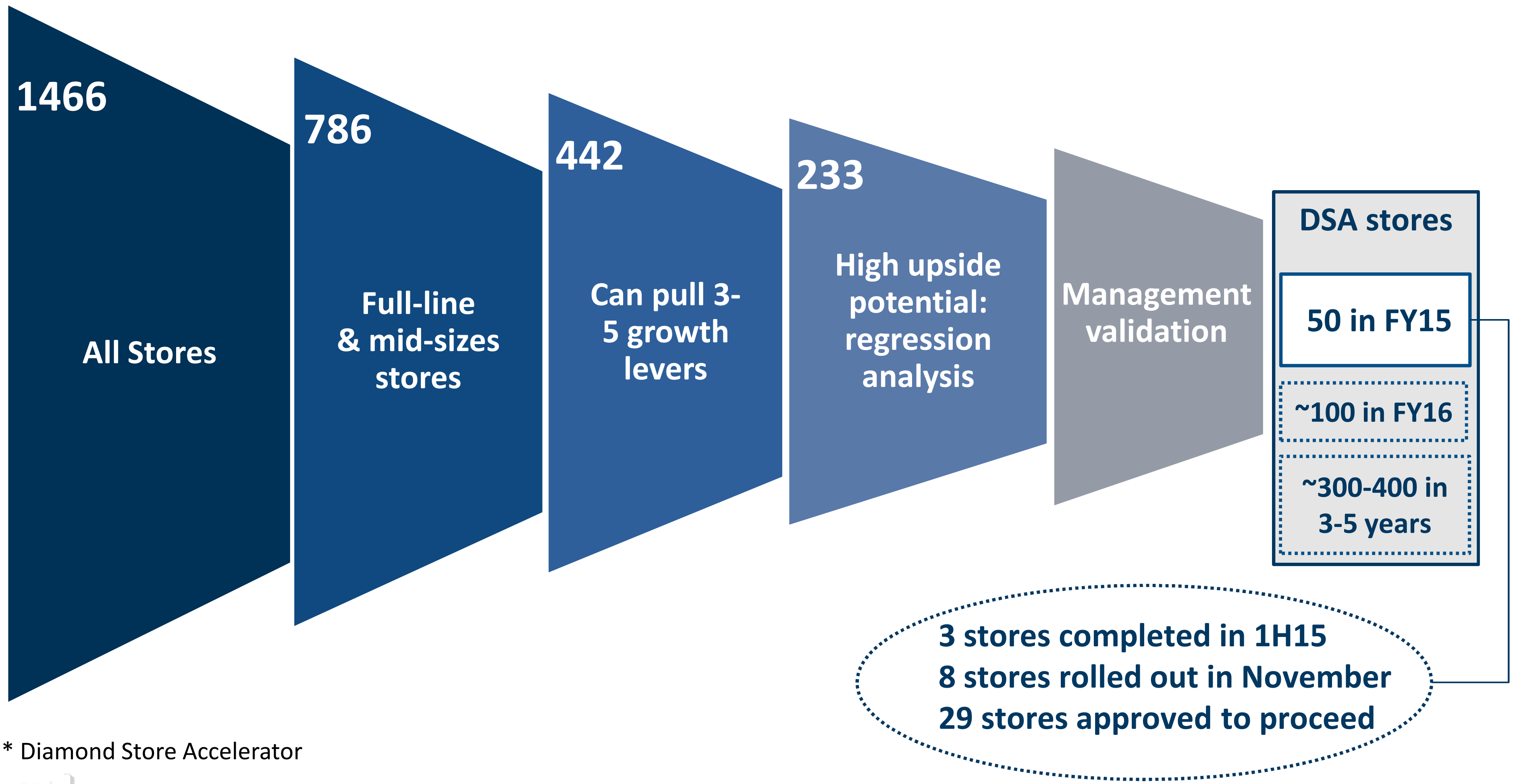
Fresh sales growth of +4.1 % LFL basis

Quality improvement and range optimisation program:

- Management team enhanced: new capabilities and expertise
- Extensive shopper-led range review – *Would I buy it?* program
- Accelerating new range of pre packed produce and ready meals with positive results – example of bagged salad: three fold increase in NSW since relaunch, rollout to other states planned
- Value-add meal pilot in final stage of testing, piloting in 14 trial stores from December

Retail excellence – DSA* Program & network investment

Store prioritisation



* Diamond Store Accelerator

DSA Program - delivering the right results

Trading results from the DSA pilot store (Daisy Hill):

Av. basket size up 13% on prior period*

Basket #'s up 22% on prior period*

Fresh participation consistently exceeding 30%*

Sales uplift: exceeding 30% target*

Warehouse withdrawals up in line with sales uplift

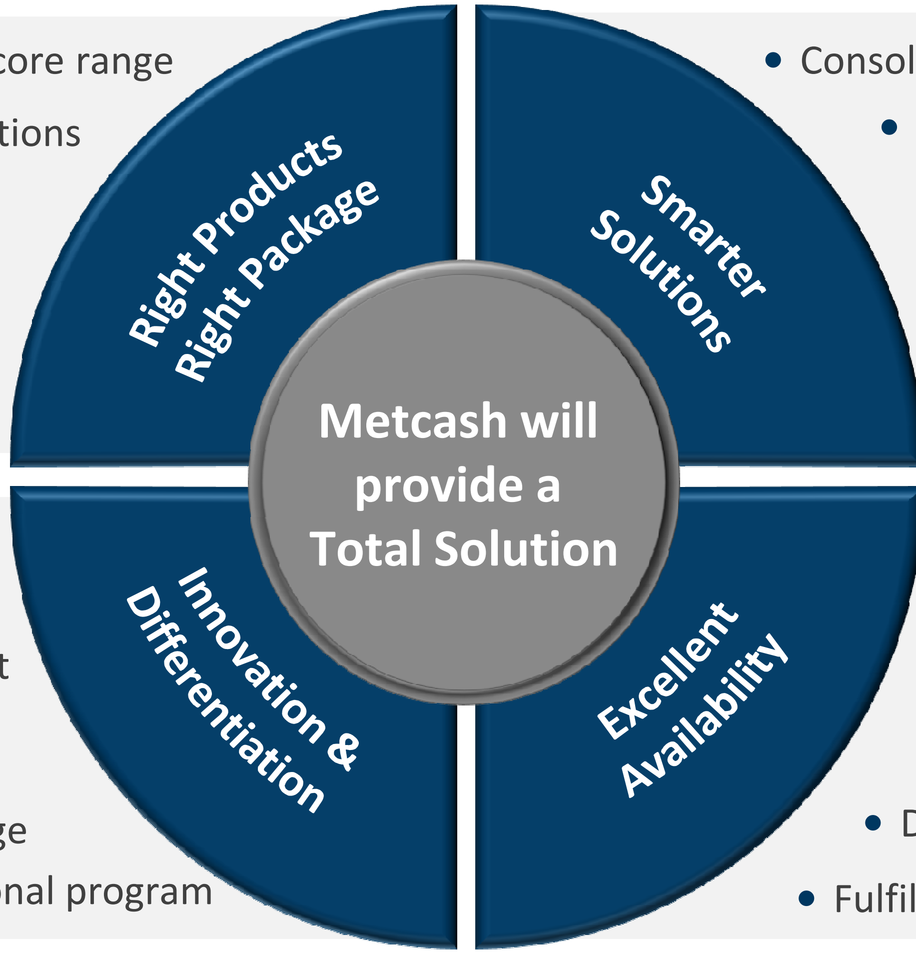
DSA – Diamond Store Accelerator Program, whereby all growth levers are implemented at the same time

* 15 week period post DSA vs same period 2013

Convenience - one solution

- Relevant core range
- Tailored solutions
- Competitive pricing
- Merchandise & ranging support

- Consolidated supply & delivery
- Single source – cost efficiencies
- Paperless solutions
- Support for perpetual stock management

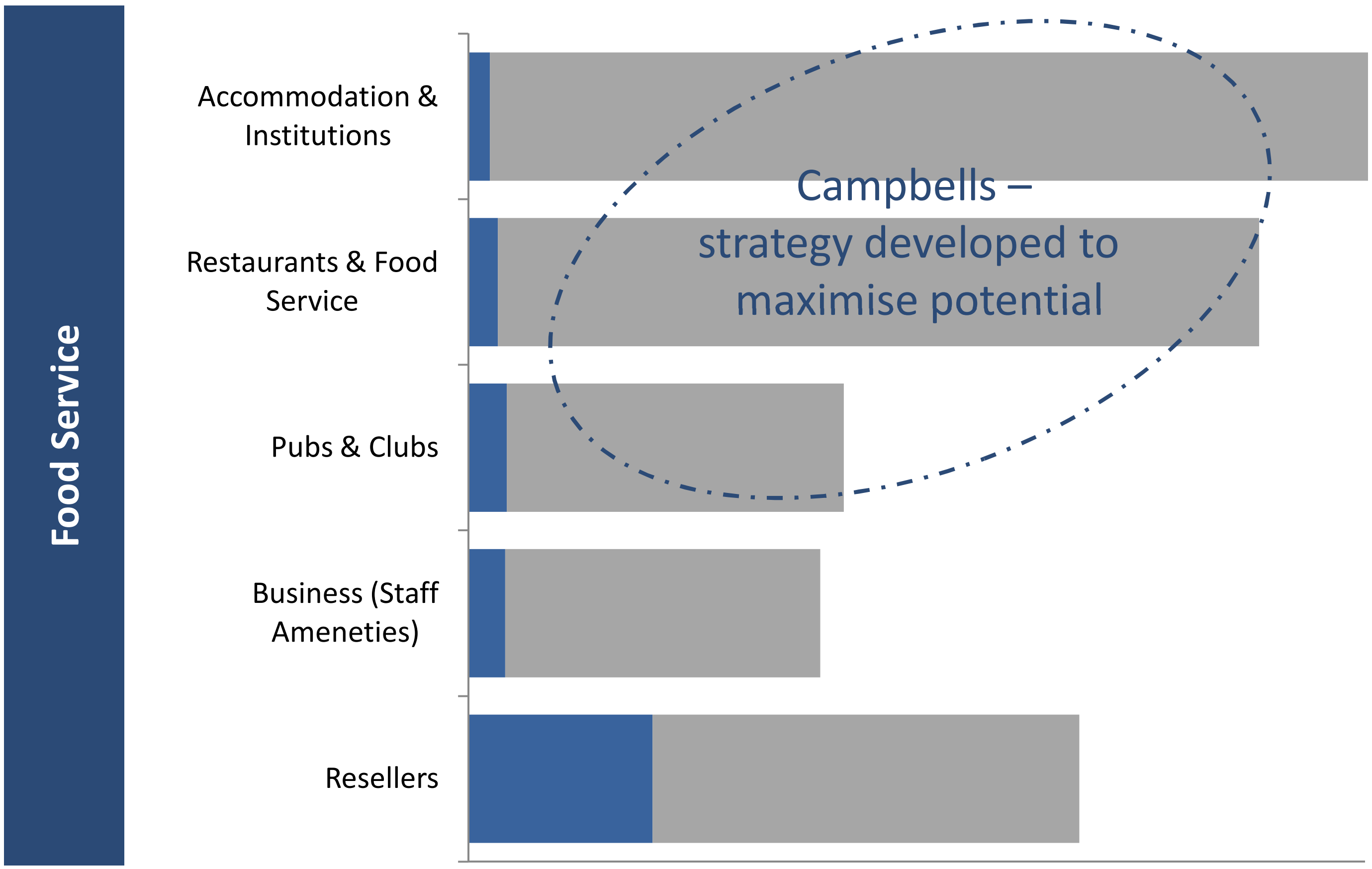


- Market insights
- Speed to market with NPD
- Access to extended range
- Promotional program

- Multiple weekly deliveries
- Shortened order-to-delivery time
- DIFOT visibility
- Fulfilment solutions

Campbells future growth

CWD’s future growth lies in food service: significant incremental sales at much higher margins than current mix



Source: IbisWorld, ABS Business Counts, Bain Research

Transforming Campbells

Challenges

- Reseller business continues to decline
- 10% of SKU's delivering 80% of sales
- Heritage in state based ranging resulting in a national core range of only 20%

Early Wins

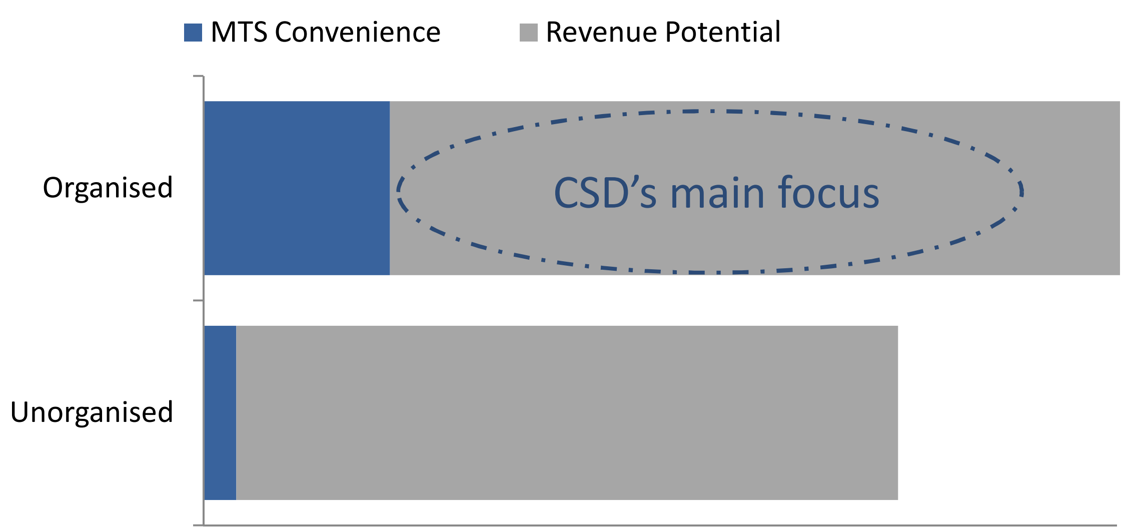
- Addressed capability gaps in in Sales Merchandise and Operations
- Securing momentum on headline sales
- Food Service seeing solid growth in both sales and margin which is offsetting impact of reseller performance
- Recent resets in branches nationally are having a positive impact on Sales and Margin
- Addressing national solutions for both range and pricing architecture

A 'Total Solution' in C-Store Distribution (CSD)

CSD 'Total Solution' is gaining momentum - a strong pipeline of specific customer growth has been established via identified new business and targeted increases in share of wallet

- Grow organised share from 17% to ~30%
- Growing unorganised share from 5% to ~25%

Petrol & Convenience



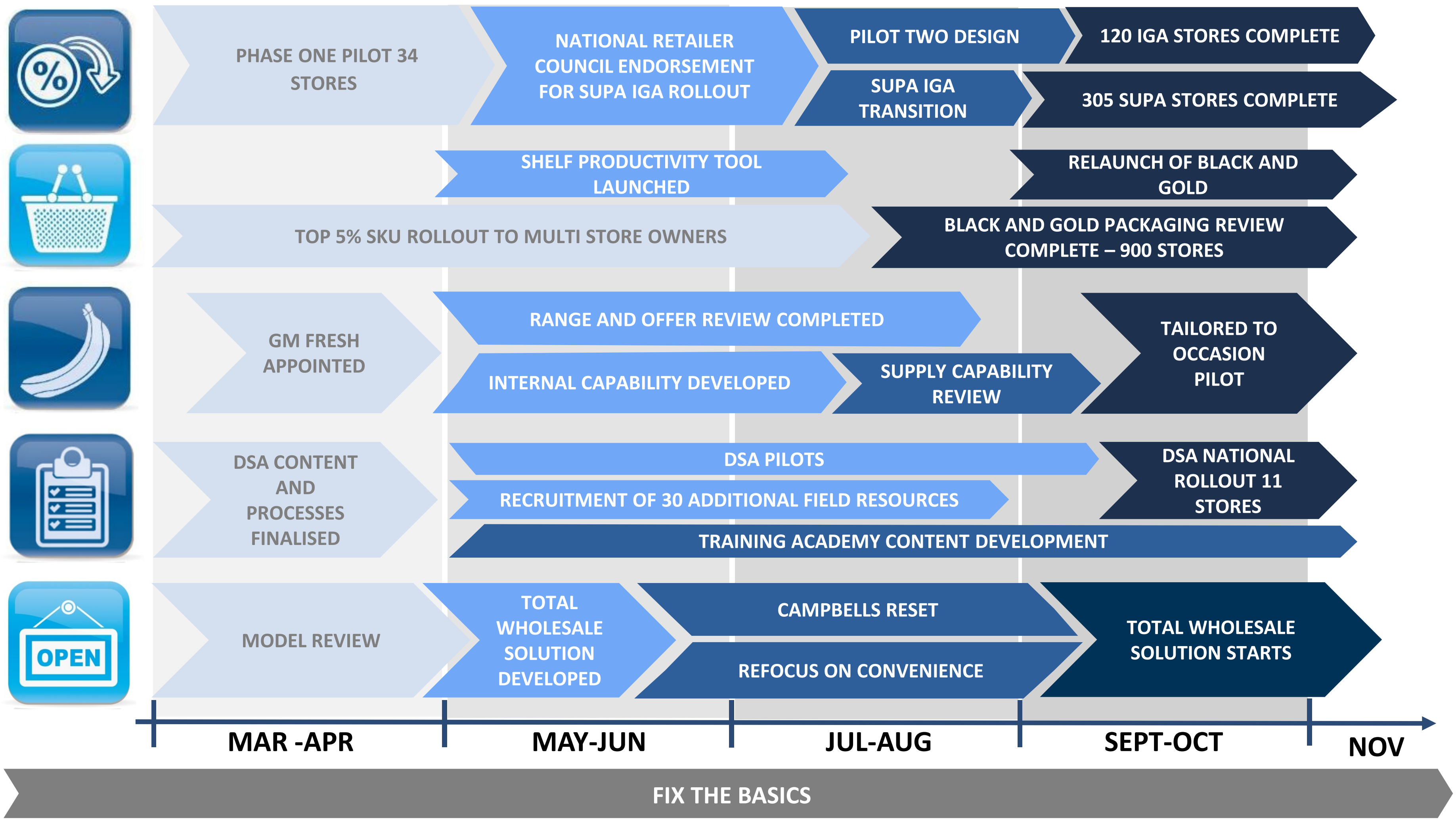
Source: IbisWorld, ABS Business Counts, Bain Research

CSD opportunities

Leveraging world class supply chain:

- Developing better solutions to support Daily Fresh in P&C which is seeing double digit growth
- Driving costs out for both the Retailer & Metcash by consolidating the supply chain
- Monthly promotions and national procurement is delivering better outcomes for retailers & Metcash
- As a result LFL sales growth in CSD is running in excess of 15% YTD

Progress roadmap



CONSOLIDATION & SUSTAINABLE NETWORK GROWTH

ALM – financials

Liquor sales:

- Retail sales (IBA) up 3.5% (LFL basis), continuing to perform strongly in an increasingly competitive market environment
- Wholesale sales to other independents down between 4%-16%, external banner groups continuing to lose share to organised banners/chains; sub wholesaling from chains
- Continued decline in liquor consumption – consumers drinking less but better quality

EBIT rose by 6.9% due to:

- Leveraged sales growth in retail (IBA)
- Reduction in CODB% through warehouse efficiencies and cost control

Liquor	1H15	1H14	% Change
Sales ($M)	1,482.7	1,538.1	(3.6)
EBIT ($M)	24.9	23.3	6.9
EBIT (%)	1.68	1.51	

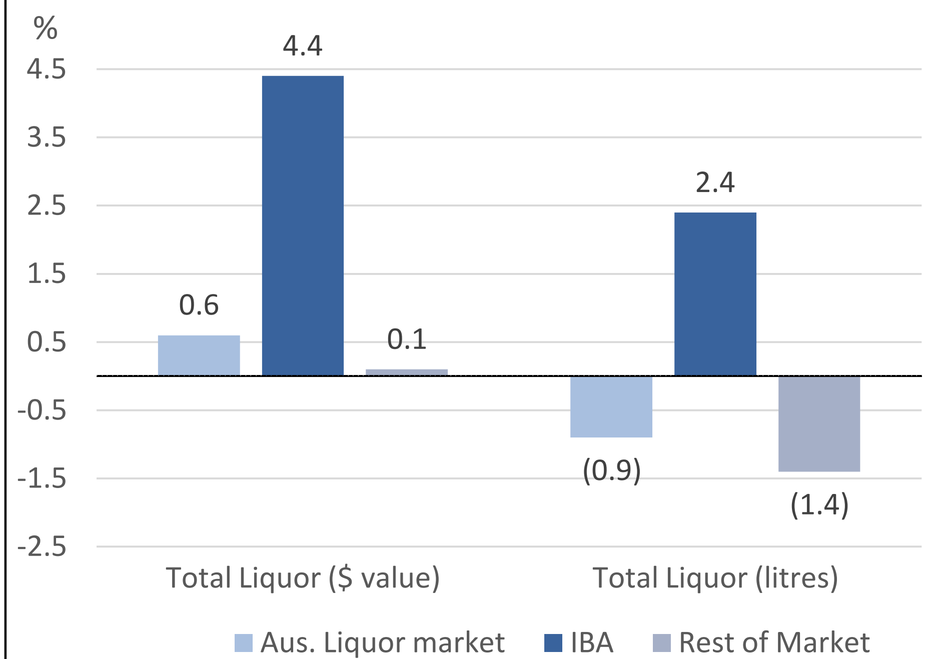
ALM – operating highlights

Retail (IBA)

- Sales and volume growth well ahead of market
- Liquor shoppers continue to buy as needed, retail (IBA) initiatives driving performance
- Strong growth in premium wines and spirits – meeting shopper trends
- Net increase of 35 stores to the IBA network through acquisition and conversions to IBA banner – overall network quality improvement

Australian retail liquor market growth %

Consumers buying less, but better quality



Source: Aztec market data: MAT 26/10/14

ALM – progress on strategic priorities

ALM Customers

Project Mustang live world class supply chain delivering to NSW independents

CODB reducing Warehouse efficiencies drove year on year savings

Joint Ventures
Five pubs performing to expectations

Controlled Marketing Groups

Retail consolidation
Thirsty Camel – acquisition of 140 stores in Qld

Steve's Liquor Group joined The Bottle-O group, 5 stores across Victoria and Tasmania

Consumer loyalty
Digital CRM

Give suppliers sustainable route to consumers

Retailer Support

Online Retail Training Academy
Retail simulation piloted with through Metcash Retail Academy

Utilise scan data analysis

Culture

Customer service focus

Develop and grow people

Employer of choice

Hardware & Automotive – financials

Hardware & Automotive	1H15	1H14	% Change
Sales ($m)	654.3	557.5	17.4
Hardware	524.2	450.0	16.5
Automotive	130.1	107.5	21.0
EBIT ($m)	22.1	20.9	5.7
EBIT (%)	3.38	3.75	

Hardware driven by strong trade result

- Sales up 16.5% on last year, (+3.9% LFL basis)
- Trade sales continue to be strong, driving positive results
- EBIT leverage reflects trade sales mix

Automotive meeting expectations

- Sales up 21% - with base businesses performing solidly
  - Autobarn increase (+0.6% LFL basis)
  - Acquisition impacts: AAD (1 additional month), Midas (6 months)
- Integration of network on track

Hardware & Automotive – operating highlights

Hardware

Network growth

- Conversion of major Trade competitors, including G.Gay & Co (May 14) and Yenkens Group (July 14)
- Strategic JVs delivering strong sales growth
- Store sustainability – number stores > 4,000m^2 increased by 16 since 2013

Developing supply chain efficiencies

- Established strong 3PL in China, reduces pick costs in Australia
- Completed external review which confirmed operational best practice

Automotive

Continued network growth

- Maintaining focus on retail and service market which remains highly fragmented
- On track for 6 new Autobarn stores FY15

Continued consolidation

- Continued independent conversion to AutoPro and Carparts programs
- Business synergies across the network still to be capitalised upon
- Phase 1 DC consolidation complete
- Consolidation to one operating system commenced

Hardware - progress on strategic priorities

Range & Price

Big Brand Suppliers

Store within store concept e.g. Auto, Stihl, Beaumont Tiles

Improved price perception - Private Label price match program with Buy Right

Retail and Trade Excellence

'Sapphire Store' standard of excellence

Continue to convert 'independent business' from competitors

E-learning deployed with strong support from retailers and suppliers.

Supply Chain

Continued investment in supply chain and international sourcing

- DC automation with new Warehouse management system completed in Vic. Qld in 2015.
- Third party logistics facilities in China

Digital Data and Loyalty

Expanding on-line range through 'Click & Collect'

3000 SKUs including catalogue and Buy Right ranges available online

Technology for Tradies (Tradies on-line)

Superior service & advice- Retail analytics & Insights through Mighty Rewards loyalty program

Automotive - progress on strategic priorities

Customer Value

- New merchandising and range program
- Enhanced in-store experience with refreshed store standards
- Repositioning of Midas / ABS service and value offer underway
- Click and Collect launched October

Lowest Cost to Serve

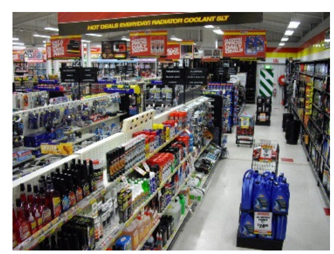
- Multi-service Distribution Centres - Victoria, Brisbane, Perth and South Australia
- Consolidated freight opportunities
- Direct Sourcing extended with strong own brand programs

Unified Culture

- Training Academy promoting enhanced offer to members
- Workforce integration of DC and back office support locations, and Midas relocated

Building Brands

- Targeted independent conversions: Autopro +4, Carparts+7
- Acquisition activity with retail / trade focus with brand extension/adjacency a priority
- Product development being extended into new sectors, with trade categories being evaluated



WORLD CLASS SUPPLY-CHAIN

World class supply-chain

Automation update:

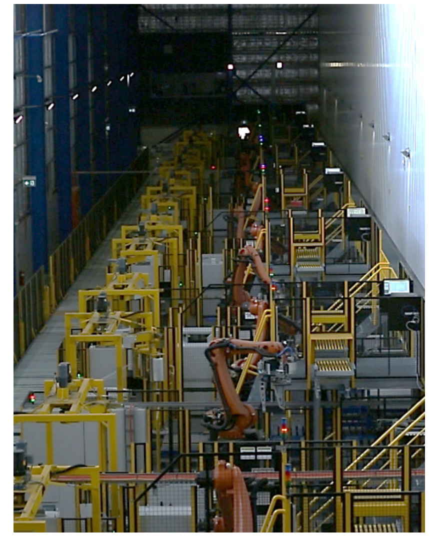
- One DC management structure successfully implemented in NSW
- KNAPP Split Case expansion successfully deployed in June
- Mustang Phase 1 full-case system successfully deployed during October in NSW for ALM
- Mustang Phase 2 ramp up for MFG in early 2015

Future opportunities:

- KNAPP Split Case roll-out to other states
- Continue to centralise management of other DC operations
- Optimise our inbound/outbound transport through management of more efficient deliveries

Full-case (Mustang)

Huntingwood Distribution Centre



SUPPORTING INDEPENDENTS

Supporting independents

Digital: Expand digital capabilities

- IGA online shopping – partnership with major MSO, launch in 2H15
- IGA retailer digital services offering now live – initial take up strong with 200+ stores signed up, more in pipeline

Training Academy: Building capability across the Metcash team and the retail network

- Operational planning and retailer engagement completed
- Programs piloted with M10, ALM and MFG
- Retailer suite of modules offered in early 2015

Social media management

Retailer websites

Email marketing

Outlook

Outlook

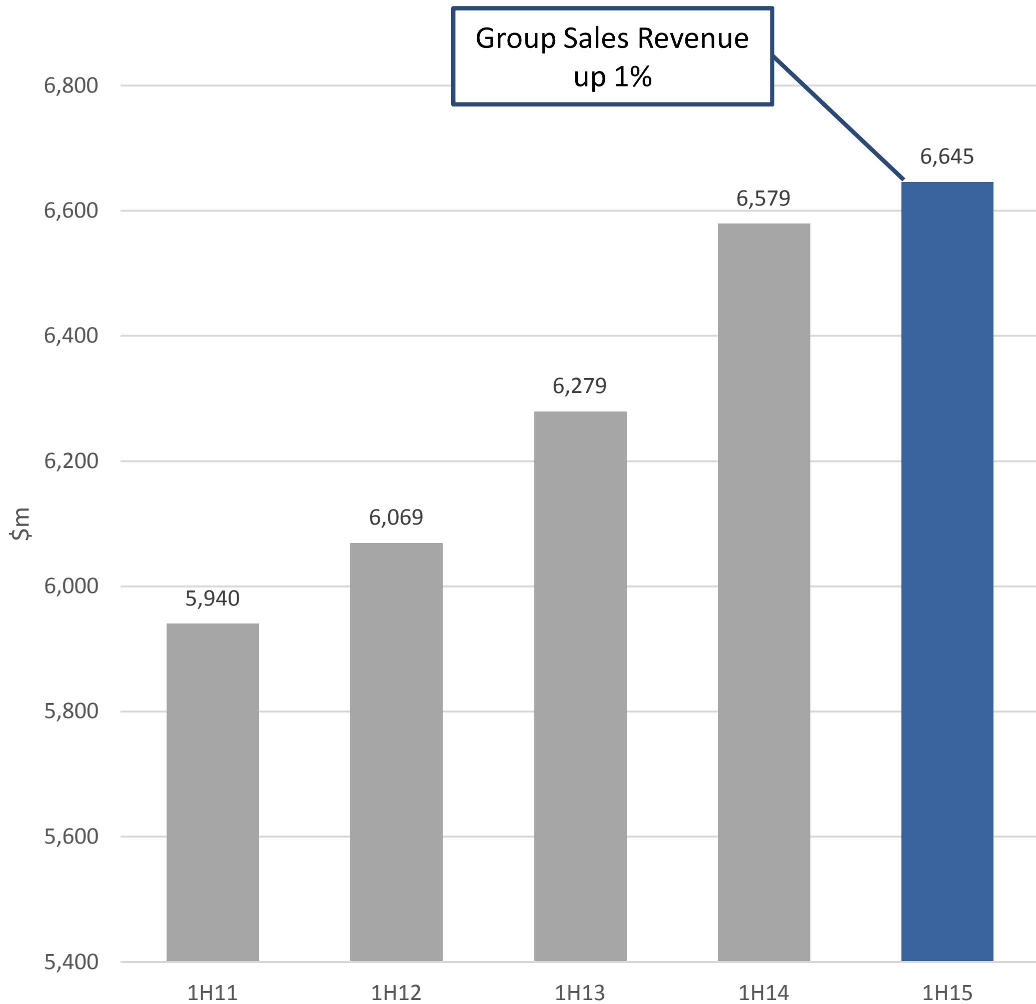
- Six months into the Transformation Plan Metcash is in a better position to provide guidance on FY15 earnings, given the now likely timing of initiatives and investment. FY15 Group EBIT is expected to be between $315m-330m
- Key initial *Diamond* programs took more time to put in place due to individual retailer sign-up, but gaining traction with new and significant capability added to the Group
    - Current DSA pipeline - 50 stores to be completed by the end of FY15
    - Price Match – phase 1 complete with 425 stores live, phase 2 pilot in place for smaller store format
    - B&G – over 900 stores already on new price program
    - Fresh – enhanced category ranges targeting buy-as-you-need-shopper driving sales uplifts
    - Convenience – sales growth evident and pipeline identified
- Recent trading with additional stores transitioning to *Diamond* shows signs of a sales led recovery. Positive momentum is encouraging to see as we lead into Christmas
- General trading environment continues to be highly competitive with price deflation expected to continue and consumers remaining value conscious
- Challenges remain, but encouraged by progress made since March

APPENDICES

Appendices

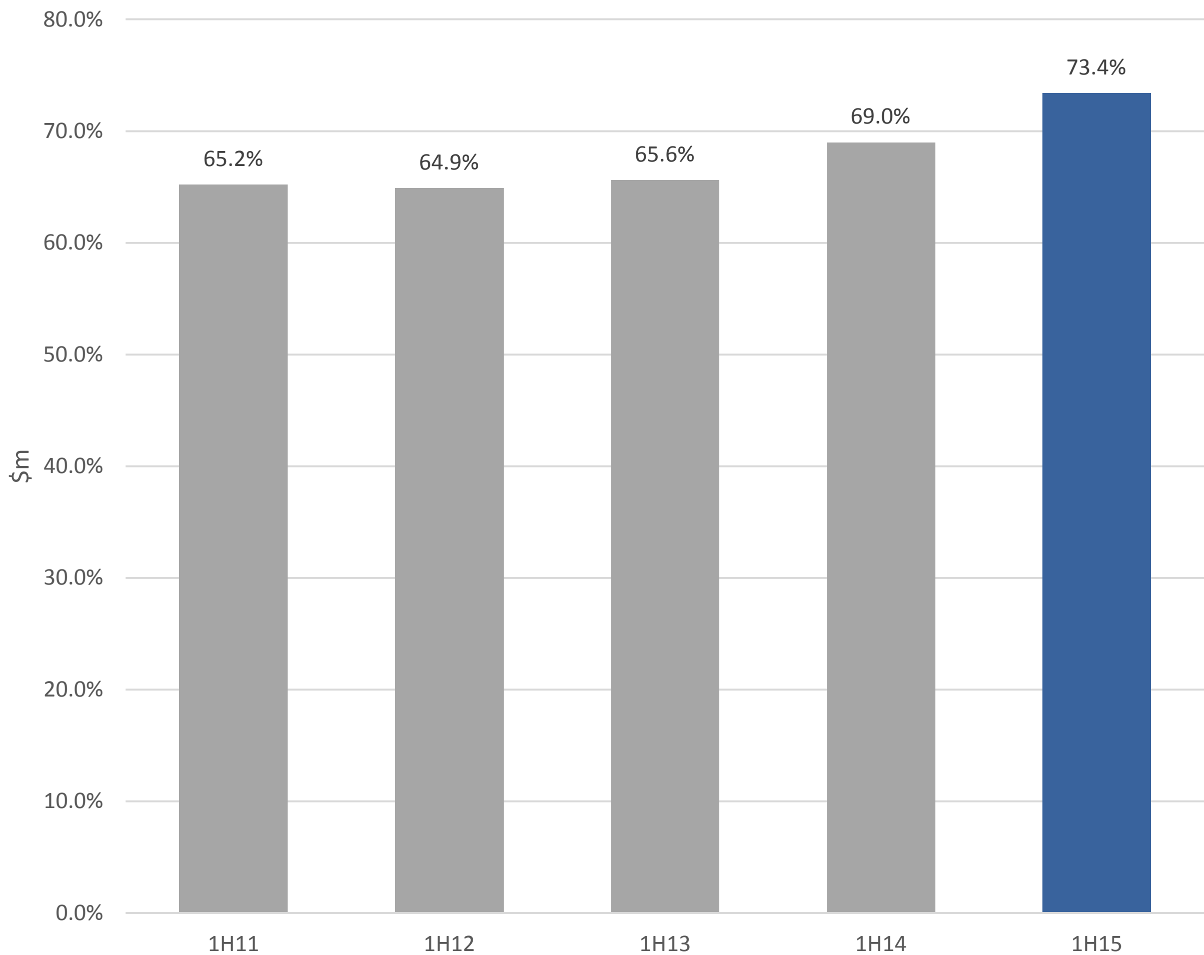
1. Group Sales Revenue – 5 Year Trend
2. Cost of Doing Business – 5 Year Trend
3. EBIT – 5 Year Trend
4. PAT – 5 Year Trend
5. Earnings per Share – 5 Year Trend
6. Operating Cash Flow – 5 Year Trend
7. Reconciliation – Group Results (Reported and Underlying)
8. Group Results by Division
9. Retail Put Options & Guarantees (On Balance Sheet)
10. Retail Put Options (Off Balance Sheet)
11. Trend Metrics (Financial & Operational)
12. Sustainability Metrics
13. Definition of Underlying EPS - FY15
14. Underlying Pillar – EBITA vs EBIT
15. Key Financial Metrics – FY15
16. Directory of Terms

Group Sales Revenue



- Growth in Hardware trade sales and also from new retail joint ventures
- Increase in Automotive sales ($22.6m) primarily due to ATAP acquisition in 1H14 and Midas
- In Liquor, lower wholesale sales partly offset by improved retail (IBA) sales
- Marginal increase in overall MFG overall sales ($24.6m) mainly in Convenience. MFG supermarket sales experienced a decline, also impacted by sales mix

CODB as % of Gross Profit

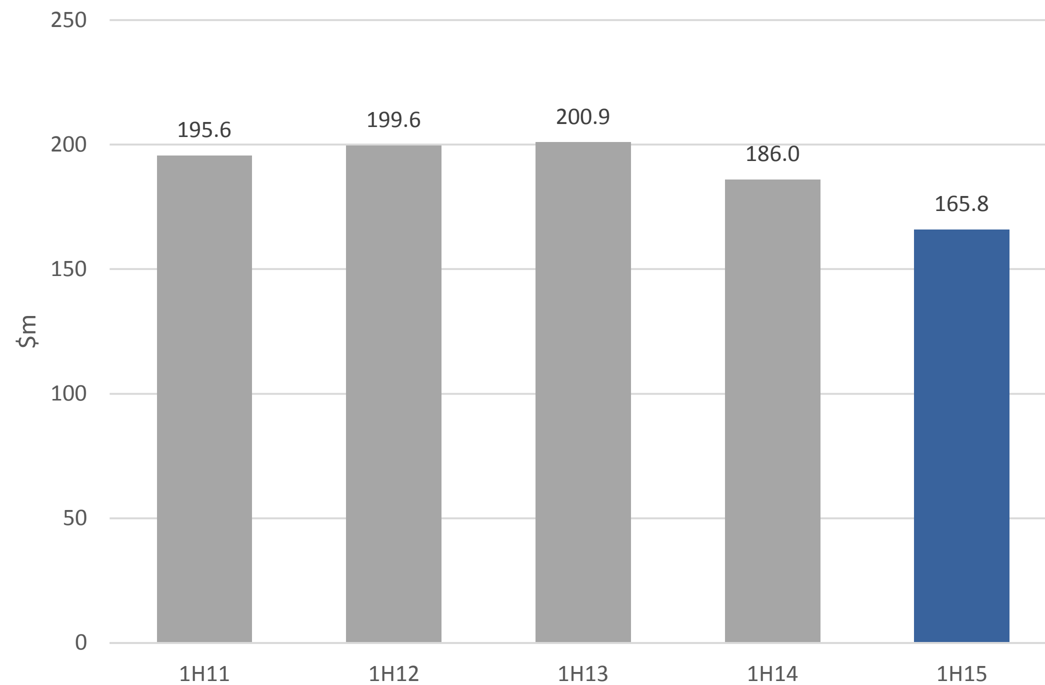


- Increase reflects the deleveraging impact of the sales decline, deflation and consequential impact on EBIT in MFG
- Higher relative CODB in growing Hardware and Automotive business due to the nature of these businesses

EBIT

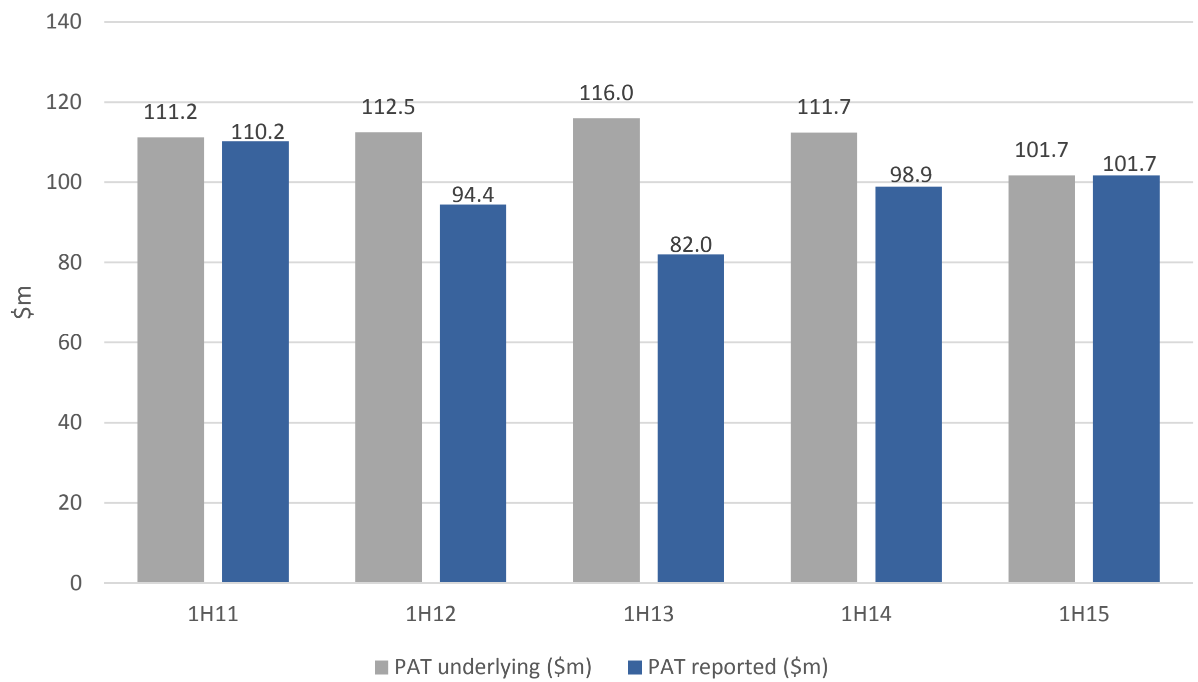
EBIT decline of 10.9% reflects:

- Decline in MFG due to deleverage (reduction in volume, deflation, sales mix), together with initial *Diamond* Investment.
- Solid EBIT growth in Liquor, despite weaker overall sales by leveraging strong retail (IBA) sales and tight cost control
- Increases in Hardware and Automotive from business expansion, supplemented by organic growth and associated leverage



PAT

	1H15	1H14	Variance $m	Variance %
PAT ($m) - Underlying [1]	101.7	111.7	(10.0)	(9.0)
PAT ($m) - Reported	101.7	98.9	2.8	2.8

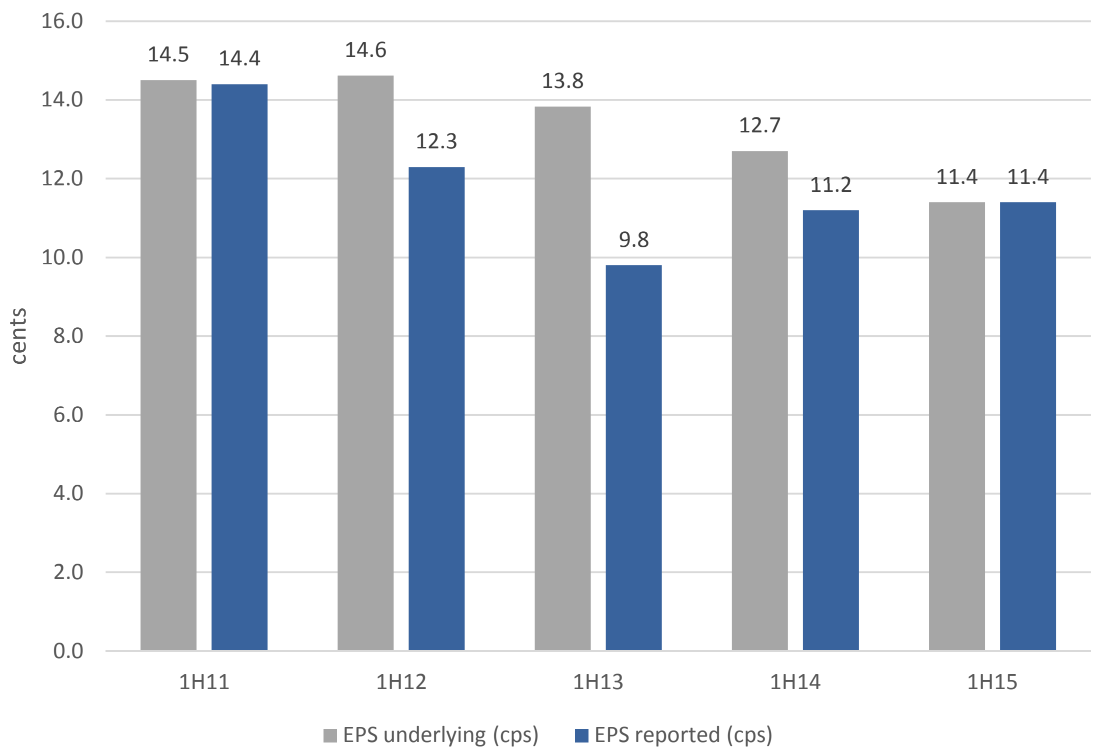


NOTES:
1. Underlying PAT is stated pre significant items and discontinued operations

EPS

		1H15	1H14	Variance cps	Variance %
EPS - Underlying (cps)	1	11.4	12.7	(1.3)	(10.2)
EPS - Reported (cps)		11.4	11.2	0.2	1.8

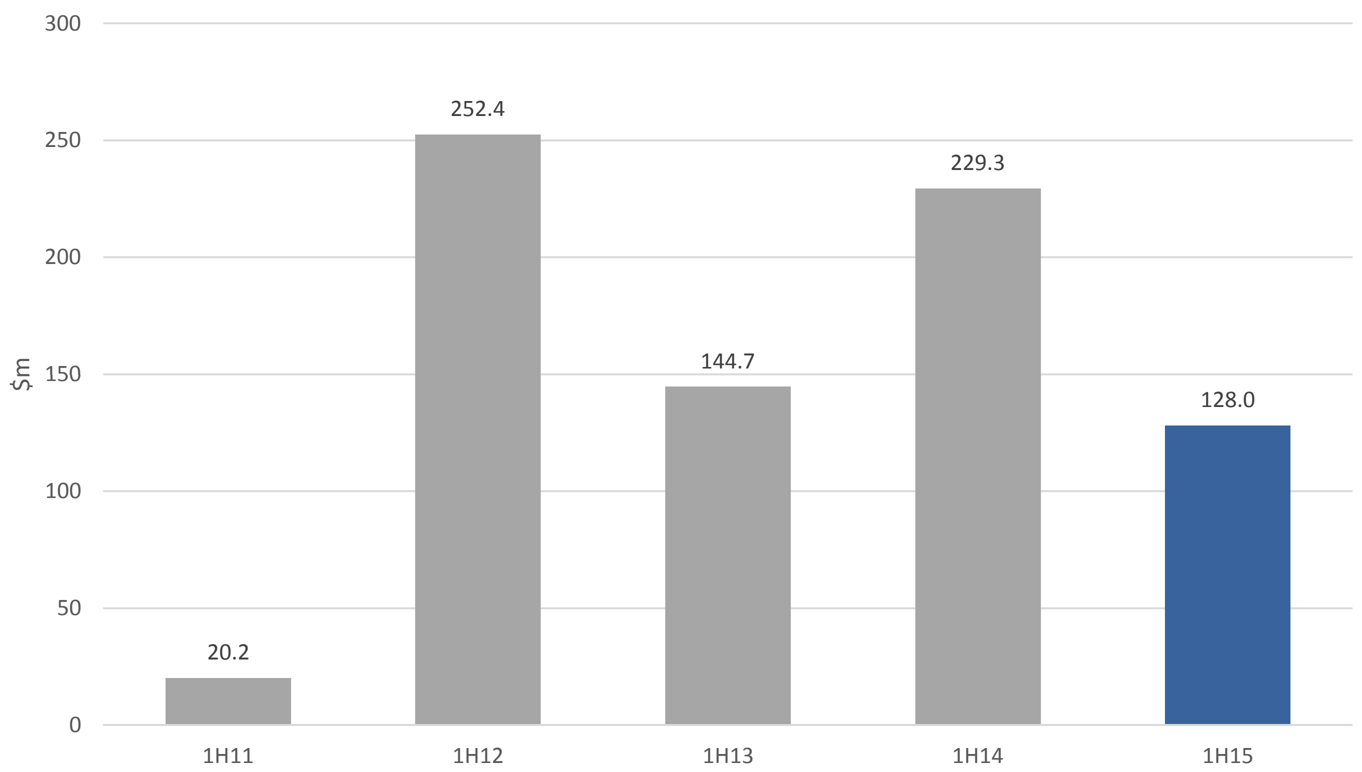
Discontinued Operations and Significant items in 1H14



NOTES:

1. Underlying EPS is stated pre significant items and discontinued operations

Operating Cash Flow



- Solid cash flow from tight working capital control
- Prior period result included a timing benefit

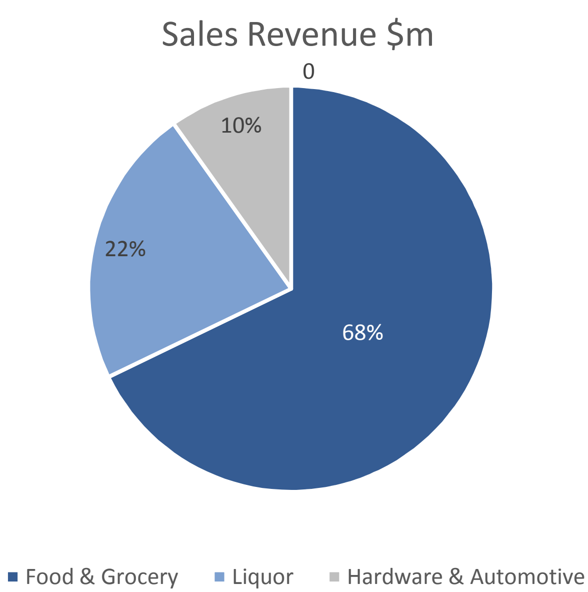
Reconciliation – Group Results (Reported and Underlying)

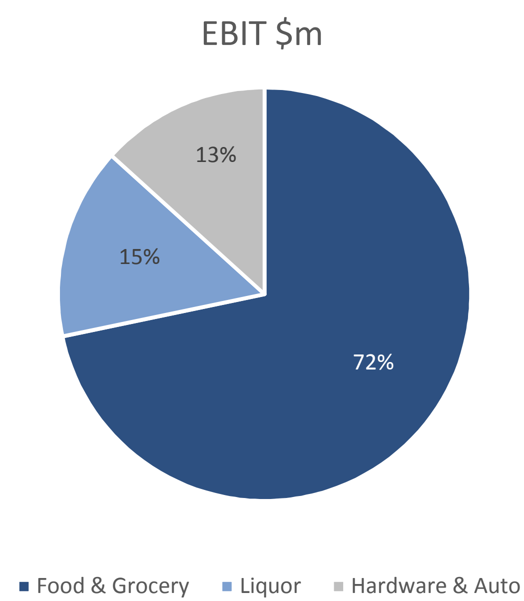
	1H15 $m	1H14 $m	1H15 EPS (cps)	1H14 EPS (cps)
EBITDA – underlying	**200.6**	**218.4**		
Depreciation and amortisation	(34.8)	(32.4)		
EBIT	**165.8**	**186.0**		
Net interest	(23.9)	(27.0)		
Underlying profit before tax	**141.9**	**159.0**		
Tax	(39.7)	(46.6)		
Non controlling interest	(0.5)	(0.7)		
Underlying PAT	**101.7**	**111.7**	**11.4**	**12.7**
Significant items after tax	-	(4.4)		
Discontinued operations after tax	-	(8.4)		
Reported PAT	**101.7**	**98.9**	**11.4**	**11.2**
Weighted average shares	896.0	880.7		

Group Results by Division

Sales Revenue - $m	1H15	1H14	Change (%)
Food & Grocery	4,508.4	4,483.8	0.5
Liquor	1,482.7	1,538.1	(3.6)
Hardware & Automotive	654.3	557.5	17.4
Metcash Group	**6,645.4**	**6,579.4**	**1.0**

EBIT - $m	1H15	1H14	Change (%)
Food & Grocery	119.2	146.0	(18.4)
Liquor	24.9	23.3	6.9
Hardware & Automotive	22.1	20.9	5.7
Business Pillar Total	**166.2**	**190.2**	**(12.6)**
Corporate	(0.4)	(4.2)	(90.5)
Metcash Group	**165.8**	**186.0**	**(10.9)**





Retail Put Options & Guarantees (On Balance Sheet)

	Note	Estimated Exposure 1H15 $m	Liability Recognised 1H15 $m	Liability Recognised FY14 $m	Liability Recognised Movement $m
Put Options over NCI					
MAH (16.8%)	2	36.0	36.0	34.9	1.1
Faggs (25%), Clennetts (20%), Capeview (20%)		11.7	11.7	11.7	-
Put Options over NCI	1	**47.7**	**47.7**	**46.6**	**1.1**
Financial Guarantee Contracts					
Adcome (Cornetts bank guarantee)	3	**43.3**	**1.2**	**1.9**	**(0.7)**

Notes

1. The liabilities relate to Put Options held by minority shareholders that, if exercised, would require Metcash to purchase their equity interests. These arrangements apply to MAH (Automotive) and certain M10 JV's (Hardware). The liabilities are measured at the present value of the estimated option exercise price. Refer note 11 of the Financial Statements.

2. In accordance with the acquisition agreement, Metcash has, under certain circumstances, the right to acquire the remaining 16.8% equity interest in the Metcash Automotive Holdings group (MAH). The minority shareholder also has the right, under certain circumstances, to require Metcash to acquire its shareholding in MAH. The purchase consideration is broadly based on an EBITDA multiple calculation less net debt. The estimated redemption amount of $36.0 million under the put option has been recognised as a financial liability.

3. The Group has granted a financial guarantee contract relating to the bank loan of a joint venture, Adcome Pty Ltd. Under the contract, the bank has the right to require Metcash to repay the debt under certain prescribed circumstances of default. The estimate of the maximum amount payable in respect of the guarantee, if exercised, is $47.5m (FY14: $46.0m). Had the guarantee been exercised at 31 October 2014, the amount payable would have been $43.3 million. The fair value of the financial guarantee contract at the reporting date was $1.2m (FY14: $1.9m) and is recognised as a financial liability .

Retail Put Options (Off Balance Sheet)

	Note	Estimated Exposure 1H15 $m	Liability Recognised 1H15 $m	Liability Recognised FY14 $m	Liability Recognised Movement $m	Liability Recognised Movement %
Contingent Retail Put Options						
M10 JV's (2 entities)	2	10.8	-	-	-	-
Retail stores (1 store)	3	7.5	-	-	-	-

Notes

1. The exposures presented in the above table represent contingent liabilities. These amounts represent the undiscounted redemption value if the put options are exercised.

2. The Group has entered into certain put option arrangements with co-investors in two equity-accounted investments which if exercised would result in an increase in Metcash's ownership interest in the investments. The exercise price is calculated based on methods prescribed in the option deed or business sale agreement. At the reporting date, the amount disclosed as a contingent liability is $10.8m. Refer to note 11 of the Financial Statements.

3. The Group has granted put options relating to the sale of retail store assets to certain customers. The holders of the put options have the right to "put" those non-financial assets back to the Group within an agreed period and under certain prescribed circumstances. The estimate of the financial effect of the put options, if exercised, is the aggregate of the purchase price as defined in the option deed or business sale agreement. The amount disclosed as a contingent liability of $7.5m relates to one retail store. Refer to note 11 of the Financial Statements.

4. The Group has determined that the probability of material outflow relating to put arrangements over all other retail stores and equity-accounted investments is remote.

Trend Metrics - Financial

Half Year		1H11 Oct-10	1H12 Oct-11	1H13 Oct-12	1H14 Oct-13	1H15 Oct-14	CAGR %
Sales Revenue	$m	5,940	6,069	6,279	6,579	6,645	2.3
Underlying results:							
EBITDA	$m	221.2	226.3	228.9	218.4	200.6	(1.9)
EBIT	$m	195.6	199.6	200.9	186.0	165.8	(3.3)
PAT	$m	111.2	112.5	116.0	111.7	101.7	(1.8)
EPS	cps	14.5	14.6	13.8	12.7	11.4	(4.7)
Dividend per share	cps	11.0	11.5	11.5	9.5	6.5	(10.0)
Dividend payout ratio	%	76%	79%	83%	75%	57%	(5.6)
Reported results							
PAT	$m	110.2	94.4	82.0	98.9	101.7	(1.6)
EPS	cps	14.4	12.3	9.8	11.2	11.4	(4.6)
Dividend payout ratio	%	76%	93%	117%	85%	57%	(5.7)
Other financial metrics							
Cash flow from operations	$m	20.2	252.4	144.7	229.3	128.0	44.7
Cash realisation ratio	%	14.9%	208.4%	131.5%	174.6%	93.8%	44.5
Interest cover	times	6.72	6.98	7.68	8.09	8.39	4.5
Return on funds employed (12 months)	%	21.4%	20.2%	20.2%	19.1%	15.5%	(6.3)
Return on equity (12 month)	%	18.0%	18.3%	15.0%	16.7%	13.5%	(5.6)
Gearing (net hedged)	%	32.8%	36.0%	29.6%	33.7%	31.4%	(0.9)
Gross Debt/Underlying EBITDA		1.85	2.12	1.52	1.74	2.02	1.8

Trend Metrics - Operational

Branded Stores Grocery	Apr 10	Oct 10	Apr 11	Oct 11	Apr 12	Oct 12	Apr 13	Oct 13	Apr 14	Oct 14
Supa IGA	446	449	463	468	475	475	506	513	505	506
IGA	718	735	734	723	744	735	773	780	801	801
Xpress	156	170	183	178	184	183	183	185	190	195
IGA branded stores	**1,320**	**1,354**	**1,380**	**1,369**	**1,403**	**1,393**	**1,462**	**1,478**	**1,496**	**1,502**
Friendly Grocer / Eziway	324	312	315	307	303	303	306	306	306	305
Total Stores	**1,644**	**1,666**	**1,695**	**1,676**	**1,706**	**1,696**	**1,768**	**1,784**	**1,802**	**1,807**

Note: Metcash also services over ~450 FoodWorks stores and a number of non-bannered independents

Total number of stores serviced is approximately 2,400

Friendly Grocer was previously bannered Friendly Grocer IGA
Eziway was part of the FAL acquisition and has been maintained in WA. Eziway exists only in WA

IBA Stores - Liquor	Apr 10	Oct 10	Apr 11	Oct 11	Apr 12	Oct 12	Apr 13	Oct 13	Apr 14	Oct 14
Cellarbrations	470	472	461	461	454	441	438	447	472	461
Bottle-O / Bottle-O Neighbourhood	610	655	681	700	696	628	606	626	644	667
IGA Liquor	423	429	437	444	454	457	463	471	492	494
Club Partners	-	-	-	480	511	533	527	554	581	586
Liquor @	-	-	-	-	183	203	232	262	273	269
Total IBA Stores	**1,503**	**1,556**	**1,579**	**2,085**	**2,298**	**2,262**	**2,266**	**2,360**	**2,462**	**2,477**

Trend Metrics – Operational (MFG)

Independent retailers continue to invest in strengthening the network

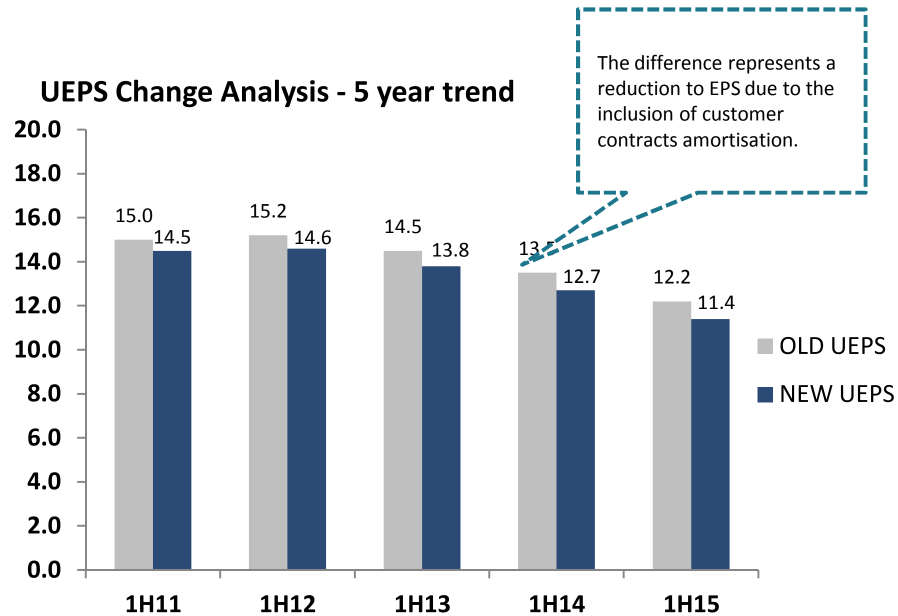
Branded Stores FY15 (IGA – 3 channels)	FY14 ACTUAL		COMPLETED 1H15		PLANNED 2H15	
	NO	SQM	NO	SQM	NO	SQM
New Stores	38	38,242	10	12,298	20	17,846
Conversions [(1)]	15	12,960	5	4,050	1	571
	53		**15**		**21**	
Extensions	12	4,275	6	2,342	11	6,784
Refurbishments	51		18		44	
	63		**24**		**55**	

Note : 1. Conversions are stores converted to IGA from other (non-IGA related) banners

Definition of Underlying EPS – FY15

- This section presents the Group's financial information adjusted for the inclusion of customer contracts amortisation in the calculation of underlying earnings and underlying earnings per share (UEPS). Customer contracts amortisation has historically been presented 'below' underlying earnings
- This change has been made to simplify the calculation of underlying earnings and underlying earnings per share (UEPS) and also in recognition of the quantum of the customer contracts expense
- Metcash has commenced reporting against these metrics in FY15, with effect from 1H15. Comparative historical results have been restated based on the new definitions as detailed below

Results Reconciliation - 5 year trend	1H11	1H12	1H13	1H14	1H15
	$m	$m	$m	$m	$m
Segment Results	**205.9**	**206.8**	**206.6**	**197.5**	**173.8**
Share based payments and unallocated amounts	(6.5)	(3.1)	(0.4)	(4.2)	(0.4)
Underlying EBITA	**199.4**	**203.7**	**206.2**	**193.3**	**173.4**
Net finance costs	(32.9)	(32.4)	(29.8)	(27.0)	(23.9)
Underlying profit before tax	**166.5**	**171.3**	**176.4**	**166.3**	**149.5**
Tax expense on underlying profit	(48.5)	(51.3)	(53.1)	(46.6)	(39.7)
Non-controlling interest	(3.0)	(3.4)	(2.0)	(0.7)	(0.5)
Underlying PAT - OLD	**115.0**	**116.6**	**121.3**	**119.0**	**109.3**
Amortisation of customer contracts	3.8	4.1	5.3	7.3	7.6
Underlying PAT - NEW	**111.2**	**112.5**	**116.0**	**111.7**	**101.7**
Significant items after tax	(1.0)	(14.6)	0.0	(4.4)	0.0
Discontinued operations after tax	0.0	(3.5)	(34.0)	(8.4)	0.0
Reported PAT	**110.2**	**94.4**	**82.0**	**98.9**	**101.7**



Underlying Pillar Results – EBITA vs EBIT

	MFG		Liquor		Hardware & Auto		Corporate		Consolidated	
Financial year	EBITA (old)	EBIT (new)	EBITA (old)	EBIT (new)	EBITA (old)	EBIT (new)	EBITA (old)	EBIT (new)	EBITA (old)	EBIT (new)
1H11	189.2	185.6	9.9	9.9	6.8	6.6	(6.5)	(6.5)	199.4	195.6
1H12	185.0	181.2	13.1	13.1	8.7	8.4	(3.1)	(3.1)	203.7	199.6
1H13	175.0	170.7	16.6	16.6	15.0	14.0	(0.4)	(0.4)	206.2	200.9
1H14	150.7	146.0	24.1	23.3	22.7	20.9	(4.2)	(4.2)	193.3	186.0
1H15	124.3	119.2	25.7	24.9	23.7	22.1	(0.3)	(0.4)	173.4	165.8

Notes:

- With effect from FY15, business pillar results are presented at the EBIT level to include customer contract amortisation expense (historically EBITA level)
- Corporate cost (not allocated to segments) primarily comprises share based payments expense and fair value movements on NCI Put Options

Metcash

Key Financial Metrics – FY15

- This section presents the changes made to the Key Financial Metrics (KFMs) used by the Group to measure performance
- This change of emphasis reflects the Group's focus on reporting the business performance indicators that will drive optimal performance and measure delivery against the Group's Strategic Plan. Metcash has commenced reporting against these metrics in FY15, with effect from 1H15. Comparative historical results have been restated based on the new definitions as detailed below

KFM	1H11	1H12	1H13	1H14	1H15
Sales Revenue Growth	5.8%	2.2%	3.5%	4.8%	1.0%
Underlying Profit Growth	1.8%	1.2%	3.1%	(3.7%)	(9.0%)
Return on Funds Employed	21.4%	20.2%	20.2%	19.1%	15.5%
Cash Realisation Ratio	14.9%	208.4%	131.5%	174.6%	93.8%
Gearing Ratio	32.8%	36.0%	29.6%	33.7%	31.4%

KFM	Calculation
Sales Revenue Growth	(Sales Revenue in current period) / (Sales Revenue in previous period) - 1
Underlying Profit Growth	(Underlying NPAT in current period) / (Underlying NPAT in previous period) - 1
Return on Funds Employed	Underlying EBIT (12 months rolling) / Average funds employed
Cash Realisation Ratio	Cash Flow from operations/Reported NPATDA* *Depreciation and amortisation not tax effected
Gearing Ratio	Net Debt** / Shareholder's Equity + Net Debt** **Including cash on hand and based on hedged USPP debt

Directory of Terms

Metcash's Business Areas & Terms	
ALM	Australian Liquor Marketers is Australia and New Zealand's leading broad range liquor wholesaler. ALM operates from 18 distribution locations across the country. Larger 'off-premise' customers are supplied through the main distribution system; a specialist 'on-premise' distribution arm, Harbottle On-Premise (HOP) supplies pubs, clubs and restaurants. ALM also provides marketing support and a range of services to assist their customers grow their business.
'Catering Connection'	A dedicated, high profile in-store area focussed on food service for larger scale supplies to customers such as restaurants (CW).
Coast & Country	Specialist confectionery wholesaler attached to a Campbells Wholesale.
Convenience	Previously Campbells Wholesale, is Metcash's retail services pillar with 2 divisions: (1) the core division, a bulk retail outlet format, serves major metropolitan and regional markets. Convenience caters to a high proportion of small business customers providing a wide range of products (groceries, liquor, confectionery, and foodservice lines) and strong promotions and (2) CSD.
CSD	C-Store Distribution (a division of Convenience) focuses on the convenience sector, servicing customers that cannot be economically serviced through a full case grocery distribution centre.
DSA	Diamond Store Accelerator program – whereby all growth levers are implemented at the same time
Eziway	Small format branded grocery stores which exist solely in WA. The brand was acquired as part of the 2005 FAL acquisition.
Friendly Grocer	Small format stores existing across the Eastern seaboard.
Fresh	A division of MFG Supermarkets focusing on fresh food (fruit, vegetables, meat, deli and bakery) supply to independent retailers.
IBA	Independent Brands Australia. Allied to the resources of ALM, IBA aims to develop strong national brands to meet retailer and consumer needs. Includes Retail liquor brands *(The) Bottle O* and *Cellarbrations*
Mitre 10	Hardware wholesaler and marketer of Mitre 10 hardware store brand. Supplies over 400 Mitre 10 and True Value branded stores (all independently owned) and 400+ non-branded independents.
Supermarkets	Grocery wholesaler serving ~ 2,500 independent retail grocery stores (including IGA branded stores) across Australia. Operates 6 major distribution centres, carrying dry, chilled and frozen grocery products. Supports independent retailers with a comprehensive range of services including: 24 hour retail system, in-store training, retail development and store equipment service to assist in expanding, refurbishing or building new sites.

Directory of Terms

Financial Terms	
Cash realisation ratio	Cash Flow from operations/Reported NPATDA (depreciation and amortisation not tax effected)
CODB	Cost of doing business
Gearing	Net Debt */ Shareholder's Equity + Net Debt* *Including cash on hand and based on hedged USPP debt
Intangible Amortisation (IA)	Amortised costs of customer relationships, calculated on a straight line basis over benefit received
Interest Cover	Underlying EBITDA / Net Interest Expense
Moving Average Total (MAT)	A 12 month running average measure of market share
Significant Items (SI)	Items not part of maintainable earnings of the Group and does not reflect the core drivers and ongoing influences upon those earnings
PCP	Prior corresponding period
Return on Funds Employed	Underlying EBIT (12 month rolling) / Average funds employed
Return on Equity	Underlying profit after tax (12 month rolling) / Shareholders equity (average)
SBP	Share based payments - expenses associated with Metcash employee share rights
Underlying	Adjusts for significant items and discounted operations • Used in relation to earnings and earnings per share • Used for guidance purposes • Used in calculation of hurdles rates for long term incentives
Discount rate adjustment	Certain provisions are present valued using discount rates. Where the underlying discount rate changes, a resulting change in the present value of the provision occurs (balance sheet) with the corresponding change shown as a "discount rate adjustment" in interest

Contact Details

For additional information contact:

Stephen Woodhill, Group General Manager Corporate Affairs

Phone: 61 2 9741 3415
Fax: 61 2 9741 3027
E-mail: Stephen.Woodhill@metcash.com

Merrin Hodge, Investor Relations Manager

Phone: 61 2 9647 0866
Fax: 61 2 9741 3027
E-mail: Merrin.Hodge@metcash.com

Or visit our website:
www.metcash.com

Disclaimer

This presentation contains summary information about Metcash Limited (ABN 32 112 073 480) (**Metcash**) and its activities current as at the date of this presentation. The information in this presentation is of general background and does not purport to be complete. It should be read in conjunction with Metcash's other periodic and continuous disclosure announcements filed with the Australian Securities Exchange, which are available at www.asx.com.au.

This presentation is for information purposes only and is not a prospectus or product disclosure statement, financial product or investment advice or a recommendation to acquire Metcash shares or other securities. It has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. Metcash is not licensed to provide financial product advice in respect of Metcash shares or other securities. Past performance is no guarantee of future performance.

No representation or warranty, expressed or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of Metcash and its related bodies corporate, or their respective directors, employees or agents, nor any other person accepts liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability from fault or negligence on the part of Metcash, its related bodies corporate, or any of their respective directors, employees or agents.

This presentation may contain forward-looking statements including statements regarding our intent, belief or current expectations with respect to Metcash's business and operations, market conditions, results of operations and financial condition, specific provisions and risk management practices. When used in this presentation, the words likely', 'estimate', 'project', 'intend', 'forecast', 'anticipate', 'believe', 'expect', 'may', 'aim', 'should', 'potential' and similar expressions, as they relate to Metcash and its management, are intended to identify forward-looking statements. Forward looking statements involve known and unknown risks, uncertainties and assumptions and other important factors that could cause the actual results, performances or achievements of Metcash to be materially different from future results, performances or achievements expressed or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof.

Metcash

SUCCESSFUL INDEPENDENTS

THANK YOU