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28 June 2012

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

Dear Sir/ Madam

METCASH LIMITED – 2012 FULL YEAR RESULTS PRESENTATION

Please find attached Metcash Limited 2012 Full Year results presentation.

Yours faithfully

Greg Watson
Company Secretary

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Company Results
Full Year Ending 30 April 2012

28 June 2012

Agenda

- Andrew Reitzer, CEO Metcash Limited - Group Overview
- Silvestro Morabito, COO Metcash Food & Grocery - Divisional Highlights
- Fergus Collins, CEO ALM - Divisional Highlights
- Mark Laidlaw, CEO Mitre 10 - Divisional Highlights
- Adrian Gratwicke, CFO - Financials
- Andrew Reitzer - Growth Strategies & Guidance
- Questions & Answers

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Overview

- Sound group results (and within guidance range), in context of:
  - Tough trading environment due to:
    - Ongoing marketing war by chains
    - Value driven consumer
    - Ongoing deflationary impacts
- Strong cashflow and maintenance of strong dividend payout
- Positioned for new growth cycle:
  - Consolidation and growth of food and grocery
  - Group restructure virtually complete
  - Acquire remaining stake in Mitre 10
  - Acquire Automotive Brands Group – new business pillar
  - Investment in next cycle of supply chain excellence
  - Continued retailer investment in stores and network expansion
  - Franklins – relaunch IGA in NSW

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Financial Headlines

		FY12	FY11	Variance
Revenue - Reported ($m)	1	12,366.3	12,461.6	(0.8)%
Wholesale Sales ($m)	2	12,599.1	12,364.0	1.9%
EBITA ($m)		451.2	438.0	3.0%
EBITA Margin (%)		3.58%	3.54%	4 bps
CODB / GP (%)		61.45%	62.72%	(127) bps
PAT - Reported ($m)	4	90.0	241.4	(62.7)%
PAT - Underlying ($m)	3	262.5	256.2	2.5%
Operating Cash Flow ($m)		284.3	142.5	99.5%
EPS - Reported (cps)		11.7	31.5	(62.9)%
EPS - Underlying (cps)		34.1	33.4	2.1%
DPS (cps)		28.0	27.0	3.7%
Payout ratio (Underlying EPS)		82%	81%	1%

NOTES:
1. Revenue - Reported includes Wholesale sales, rent and interest earned
2. Wholesale Sales includes sales to Franklins corporate stores
3. A definition and reconciliation of 'Underlying' is included in the Directory of Terms in the Appendix
4. Reported results impacted by significant items. Refer slide 35.

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FINANCIAL HIGHLIGHTS

– Group

Wholesale Sales

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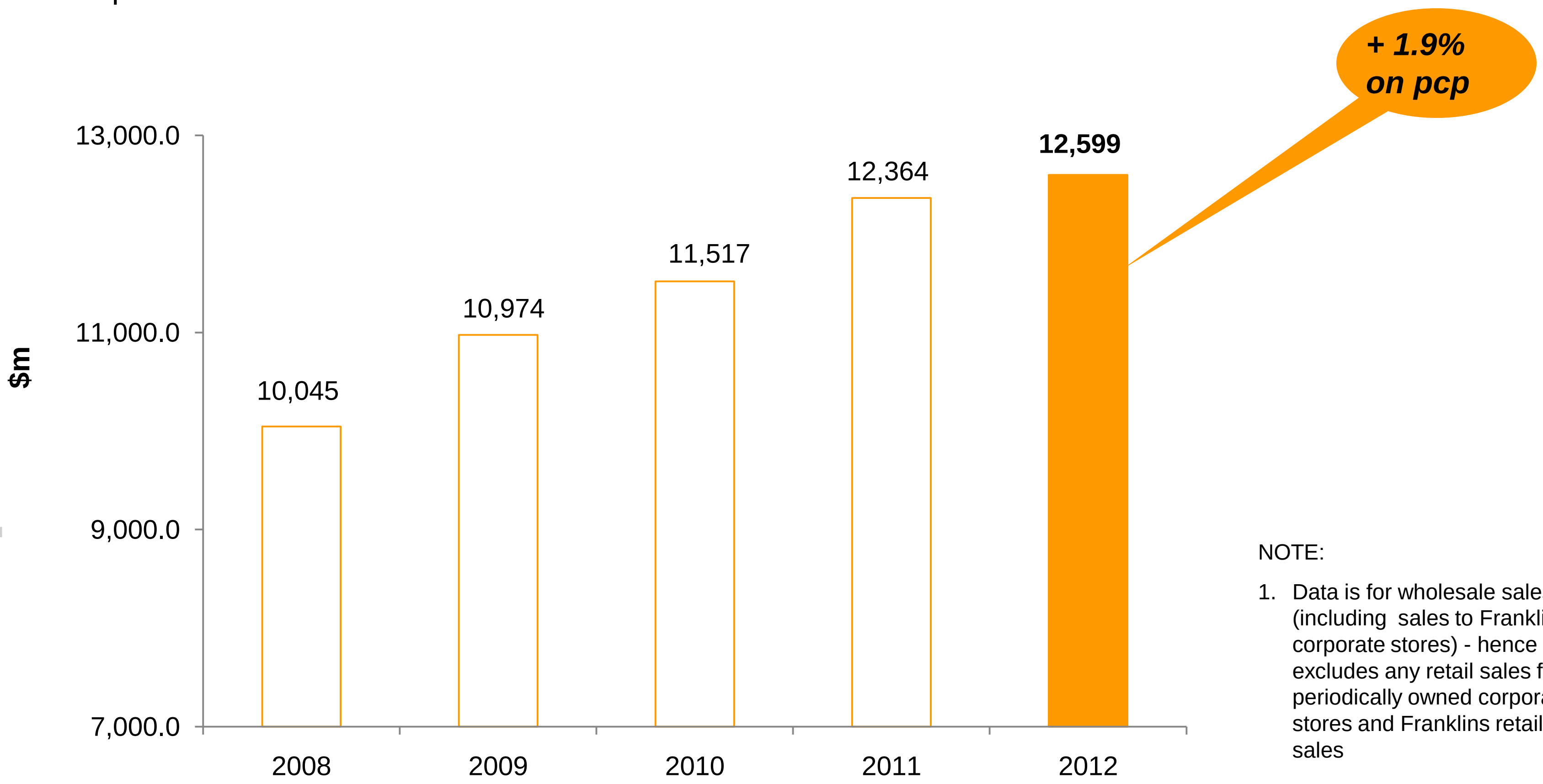
Group wholesale sales up 1.9% driven by:

- Strong sales growth from liquor and hardware
- Includes wholesale sales to Franklins corporate stores
- Core sales flat reflecting 53 weeks last year, impact of inflation and significantly elevated promotional offtake



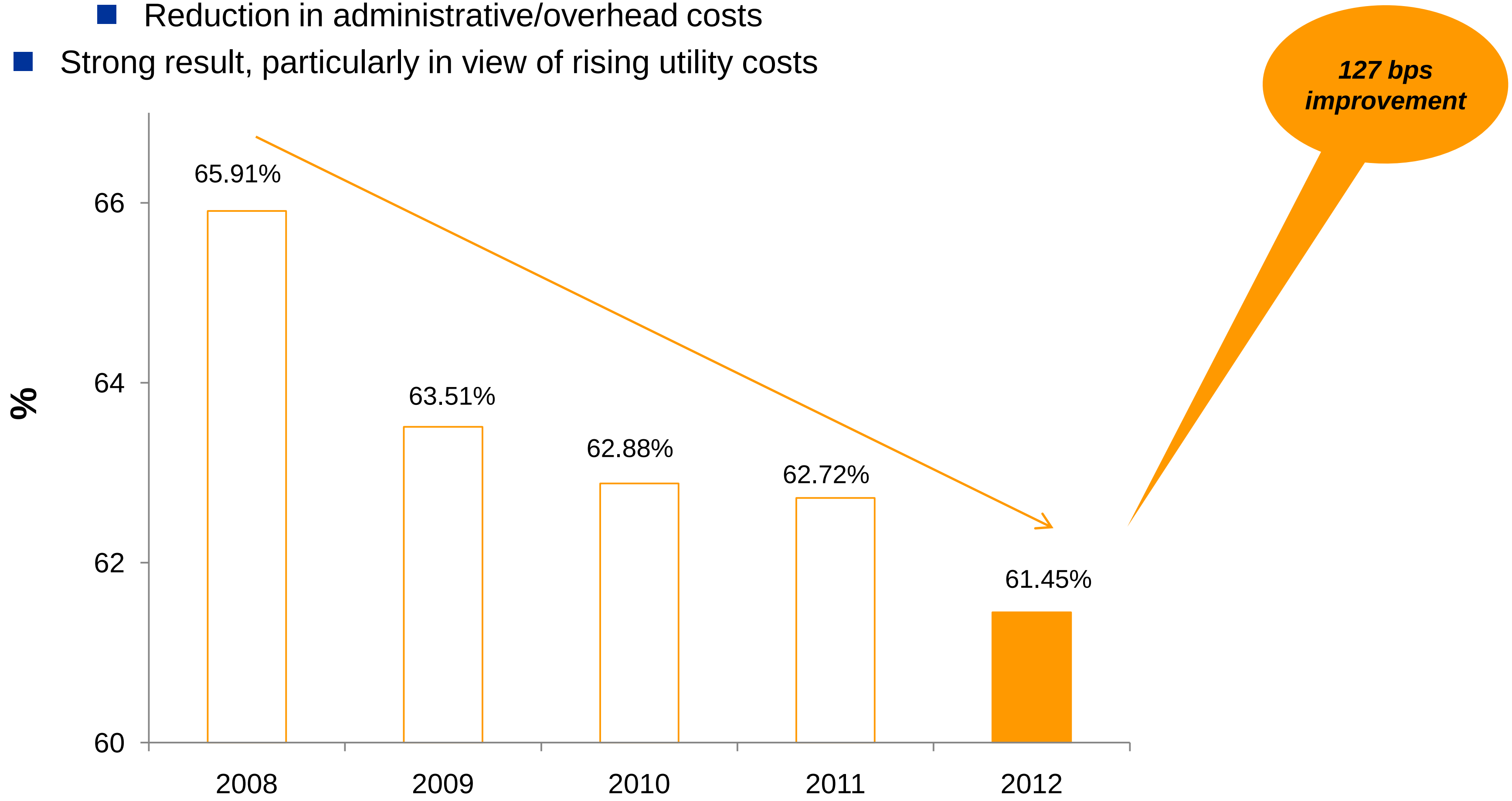
NOTE:

1. Data is for wholesale sales (including sales to Franklins corporate stores) - hence excludes any retail sales from periodically owned corporate stores and Franklins retail sales

CODB as % of Gross Profit

Continue to achieve CODB reductions:

- Significant reduction in CODB driven by:
  - Consolidation of warehouses improving operational efficiency
  - Ongoing productivity improvements from continued technology deployment
  - Reduction in administrative/overhead costs
- Strong result, particularly in view of rising utility costs



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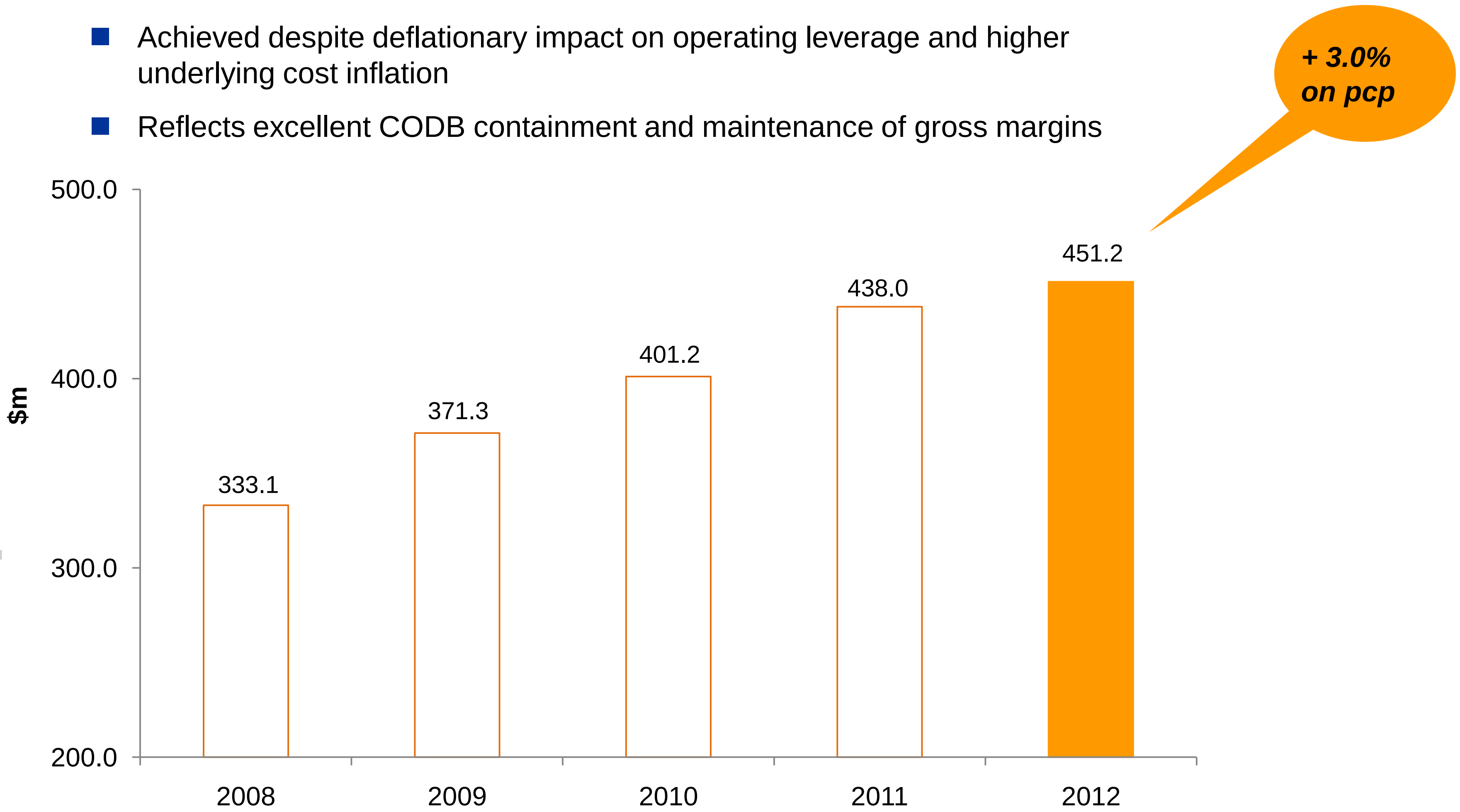
EBITA

EBITA growth of 3.0% driven by:

- Strong ALM result
- Strong leverage in Supermarkets
- Achieved despite deflationary impact on operating leverage and higher underlying cost inflation
- Reflects excellent CODB containment and maintenance of gross margins



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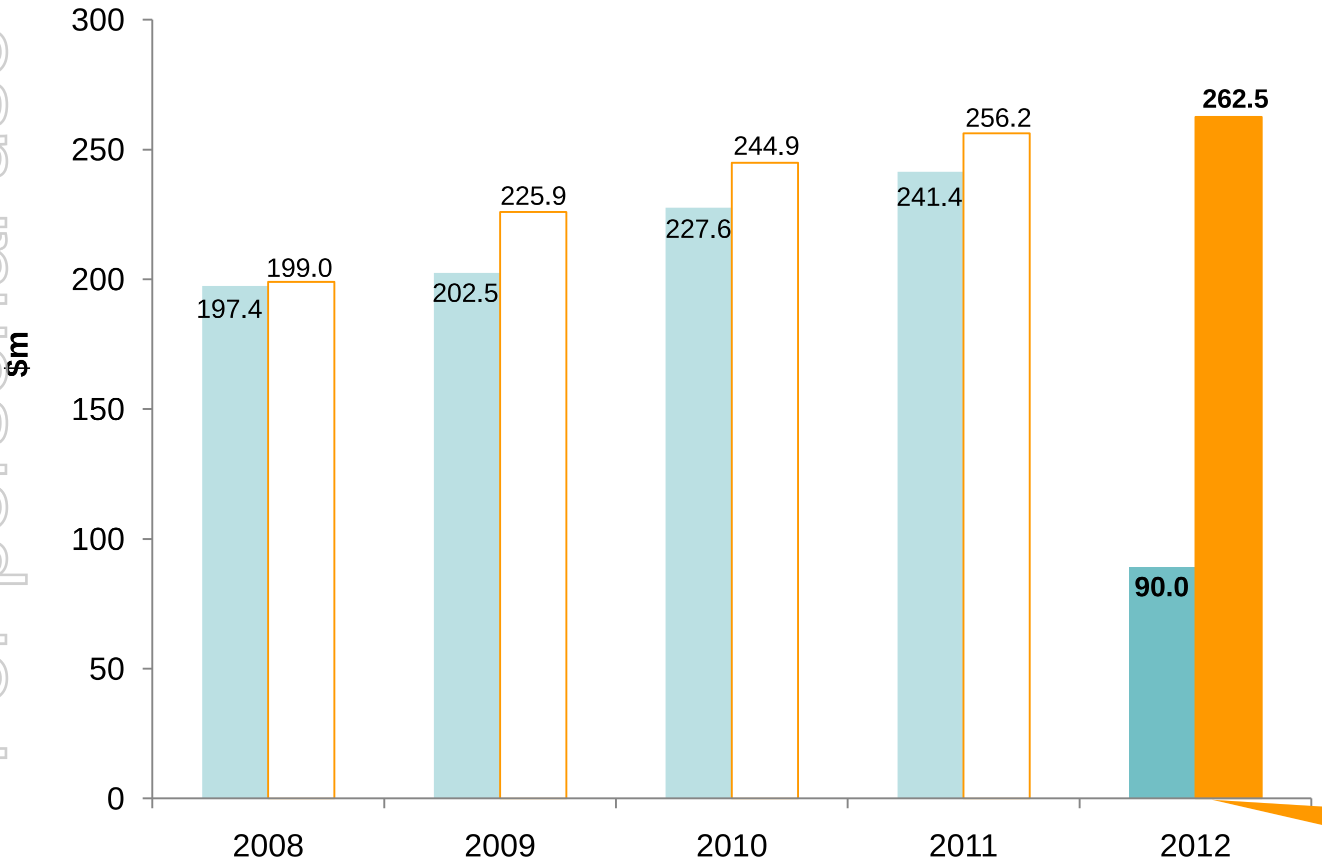
PAT

		FY12	FY11	Variance
PAT ($m) - Underlying	1	262.5	256.2	2.5%
PAT ($m) - Reported		90.0	241.4	(62.7%)

Underlying profit growth maintained



Impacted by significant items

NOTES:

1. PAT for underlying EPS purposes is stated pre significant items, intangible amortisation and discontinued operations (consistent with how EPS guidance is given)
2. Refer Appendix for reconciliation of underlying earnings to those reported in 4E
3. Refer slide 35 for details on non-recurring significant items

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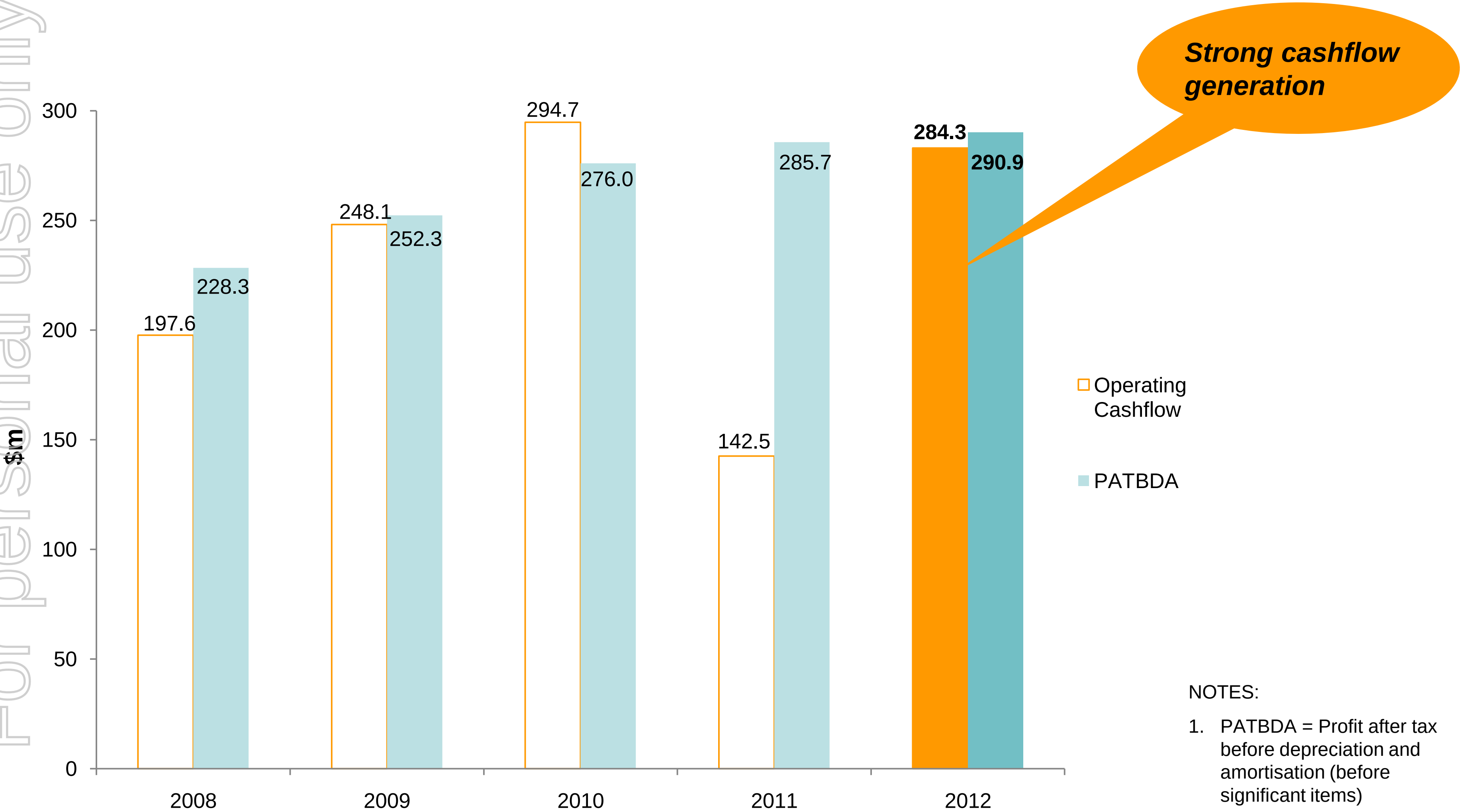
Operating Cash Flow

- Cash flow from operations of $284.3m primarily driven by working capital improvement



NOTES:

1. PATBDA = Profit after tax before depreciation and amortisation (before significant items)
2. Refer cash flow extract for detail

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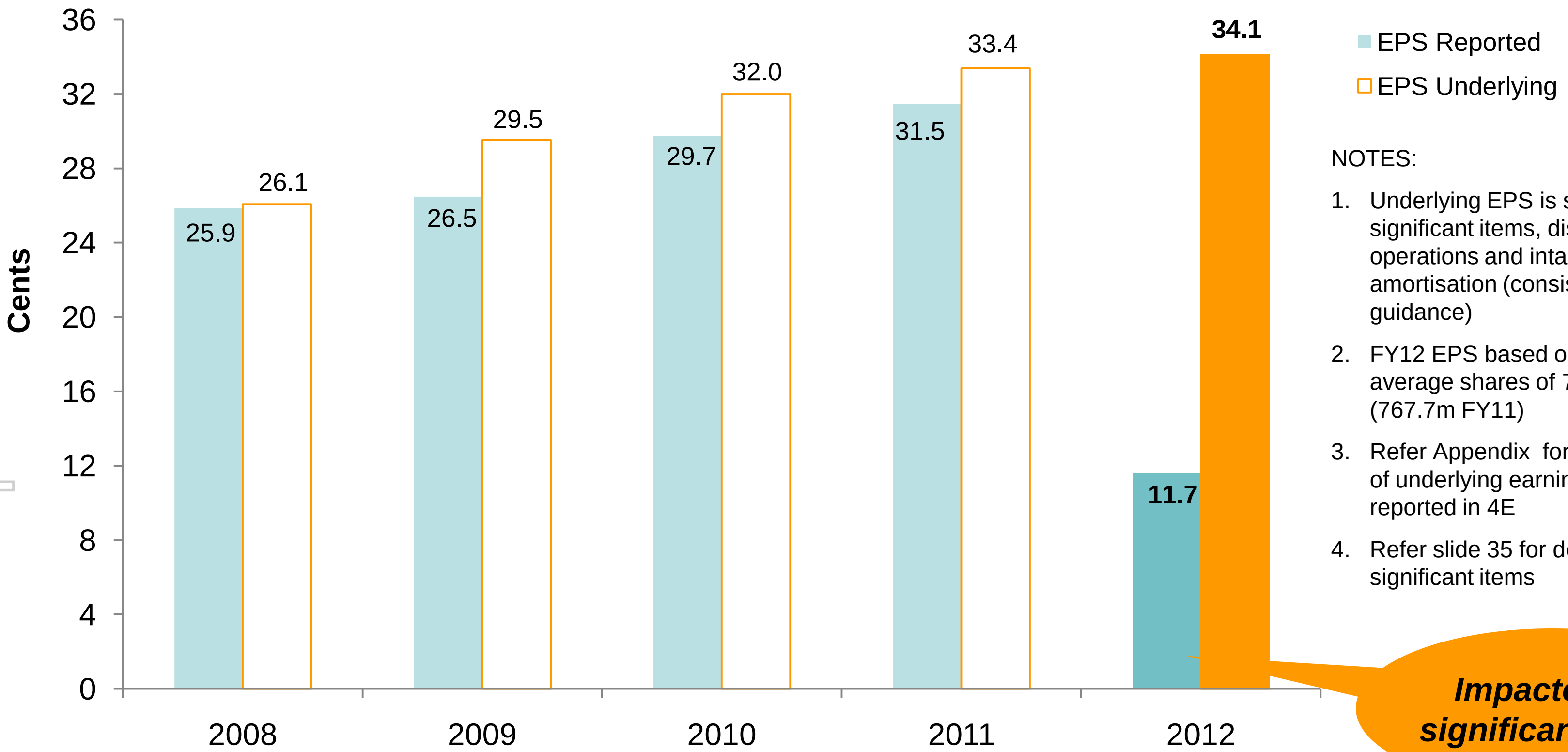
EPS

		FY12	FY11	Variance
EPS - Underlying	1	34.1	33.4	2.1%
EPS - Reported		11.7	31.5	(62.9)%

Within guidance range



NOTES:

1. Underlying EPS is stated pre significant items, discontinued operations and intangible amortisation (consistent with EPS guidance)
2. FY12 EPS based on weighted average shares of 770.4m (767.7m FY11)
3. Refer Appendix for reconciliation of underlying earnings to those reported in 4E
4. Refer slide 35 for details of significant items

Impacted by significant items

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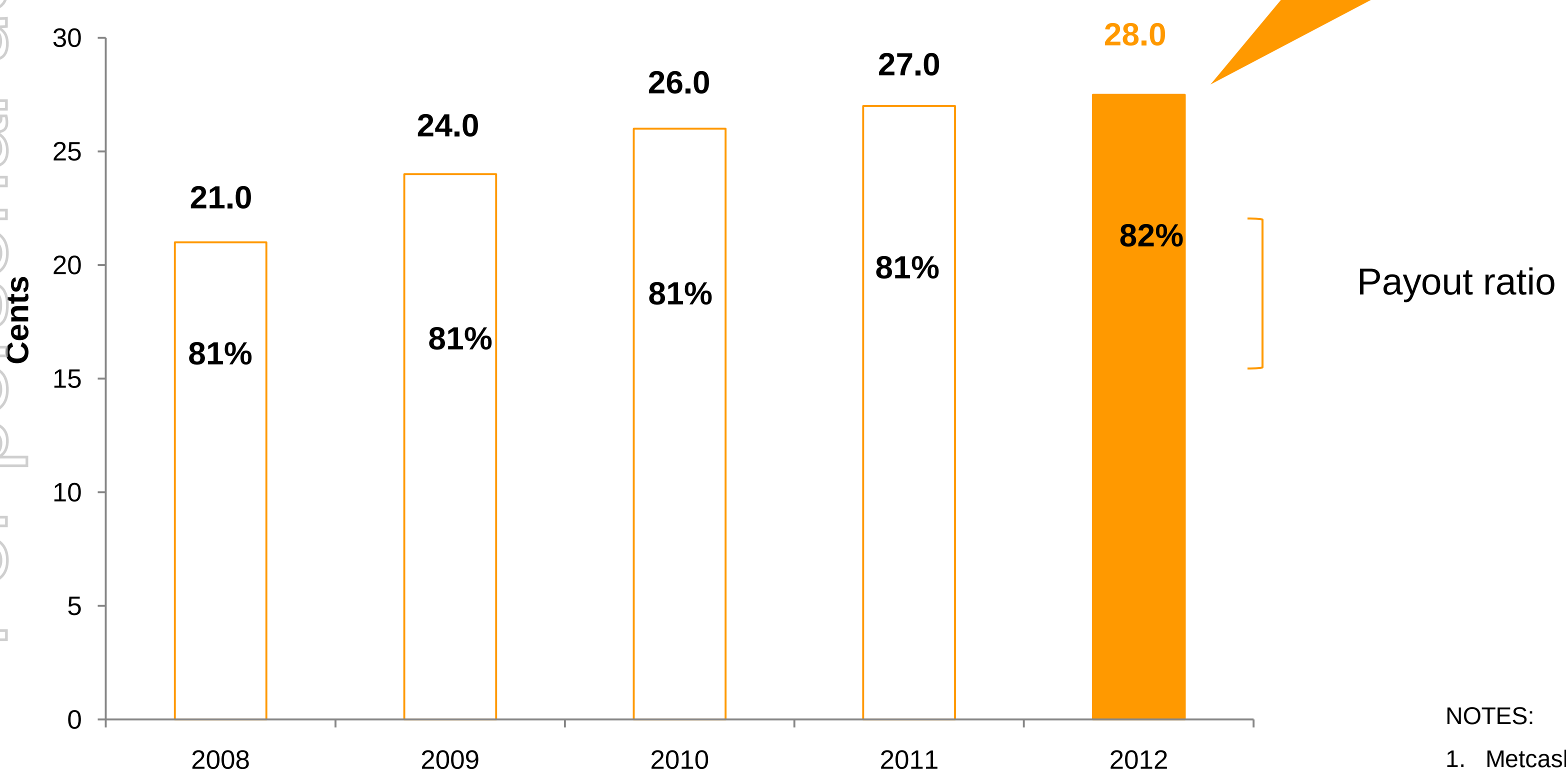
DPS

The Board has declared a final dividend of 16.5 cents a share (100% franked)

The total dividend of 28 cps represents a payout ratio of:

- 239% of Reported EPS (FY11: 86%)
- 82% of Underlying EPS (FY11: 81%)

Continuing strong payout ratio reflecting Board's confidence in underlying position of the Group and its future prospects



NOTES:

1. Metcash dividend and capital management policy stated in Appendix

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DIVISIONAL HIGHLIGHTS

Metcash Food & Grocery

- Supermarkets
- Fresh
- Convenience

Food & Grocery

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Supermarkets
- Financials (includes Fresh)

	FY12	FY11	Variance
WHOLESALE SALES ($m)	7,711.5	7,559.9	2.0%
EBITA ($m)	380.8	361.8	5.3%
EBITA MARGIN (%)	4.94%	4.78%	

Sales variance includes Franklins impact

Leverage 2.7x

- Solid growth despite highly competitive and tough market environment
- Successful sales programs – 'Favourite Brands' and 'Locked Down Low Prices' delivering ongoing competitive pricing and value to customers
- Sales growth tempered by:
  - High deflationary impact in fresh and approximately -0.9% in grocery
  - Value focused customer has intensified
  - High promotional sales mix
  - Deregulation of market in WA
- Market share declined by only 0.4% on a MAT basis
- EBITA performance underpinned by ongoing internal cost containment initiatives
- Integration of the Franklins business (promo programs now aligned, support functions consolidated, wholesale distribution subsumed within IGA)
- Opening of Huntingwood (NSW) Distribution facility. On time and within budget – giving ability to "Allow us to deliver a total grocery offering to customers on one truck"

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Actively developing retail stores
- and rationalising the network

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Independent retailers continue to invest in strengthening the network

- Highly selective approach to new stores developments, extensions and refurbishments

Branded Stores (IGA – 3 channels + Friendly Grocer + Eziway)	COMPLETED 1H		COMPLETED 2H		TOTAL FULL YEAR	
	NO	SQM	NO	SQM	NO	SQM
New Stores	24	18,517	34	32,407	58	50,924
Conversions (1)	4	6,458	2	1,500	6	7,958
	28		**36**		**64**	
Extensions	8	2,059	11	2,274	19	4,333
Refurbishments	19	N/A	60	N/A	79	
	27		**71**		**98**	

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

Supermarkets
- Operational Highlights

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Store Buy-Back Program

- Supermarkets facilitated store ownership transfer
- Sub-optimal performers switched to experienced and capable retailers

The Process

- Identify retail stores performing below ‘catchment’ targets
- Negotiate transfer to new retailer
- Investment in store:
  - Fit-out
  - Plant and equipment
  - Retail offer and display

Where we are

- ✓ 33 completed - now in hands of new retailer
- ✓ Retail and warehouse sales uplift of +16% on average post refurbishment
- Approx 90 buy-back and re-sale opportunities identified

Franklins – Store Sales / Handover

- 46 stores handed over or under sale agreements
- 9 franchisee stores converted and 1 in process
- 18 stores in negotiation
- 16 stores still to be transitioned out of Metcash ownership

Fresh Strategy
- Operational Highlights

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Produce

- Harvest Market
    - New franchise concept
    - Aiming to take advantage of increased consumer demand for fresh
    - 2 stores converted with sales up on last year and in line with budget
    - Plans to develop a further 14 stores in the next 12 months
- Sales growth impacted by high deflation during the year despite volumes and customer counts increasing over the prior year
- Consolidation of Far North Queensland operations into Cairns with closure of Townsville
- New Huntingwood perishables completed first quarter 2012 and fully operational

Meat

- New meat facility (2,100 sqm) commissioned in Canning Vale, WA

Deli

- Strategy to migrate smallgoods supplier from charge through to warehouse initiated, with Victoria 80% complete
- Key contributing factor to success was commencement of multi store owner initiative with Ritchies Group
- Discussions with further multi store owners underway

Bakery

- In store bakery concept 'Bakers Oven' introduced with 8 stores now fully compliant

Marketing Initiatives

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Brand Platform - Key Pillars

creativeoasis

Convenience
- Financials

	FY12	FY11	Variance
SALES ($m)	1,718.2	1,709.9	0.5%
EBITA ($m)	16.9	31.8	(46.9)%
EBITA MARGIN (%)	0.98%	1.86%	

Sales

- Strong petrol and convenience sector at ~ 0.5% growth - attributable to 7-Eleven and other Total Supply Solutions
- Lucky 7 (retail convenience banner) sales growth continues at 9%
- Growth offset by very weak traditional convenience and independent customer, especially in rural and regional areas
- Improve CODB by removal of duplication by integration with Metcash Food & Grocery
  - 5 Convenience Store Distribution warehouses embedded in MF&G
  - 15 warehouses closed/to be closed
  - 18 mostly metro cash and carry stores
- Potential to establish strategic regional franchise agreements

EBITA

- EBITA impacted by significant shift in sales mix and underperforming stores
- Closure of 15 branches - benefits to be achieved progressively over FY13

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DIVISIONAL HIGHLIGHTS

- Australian Liquor Marketers (ALM)

AUSTRALIAN LIQUOR MARKETERS PTY. LTD.

ALM
- Financials

	FY12	FY11	Variance
SALES ($m)	**2,336.2**	**2,296.6**	
Less: ALH Volume Loss	-	(41.3)	
Like for Like Sales	**2,336.2**	**2,255.3**	**3.6%**
EBITA ($m)	**34.9**	**30.1**	**15.9%**
EBITA MARGIN (%)	**1.49%**	**1.31%**	

Outstanding performance in falling liquor market

Excellent 'Like for Like' EBITA growth achieved

Sales

- Excellent sales growth by IBA and Thirsty Camel branded stores. Have lifted sales in an otherwise falling retail liquor market
- COP (Cellarbrations on premise) strategy has facilitated growth to on premise customer base
- Store numbers stable but quality of stores continues to improve
- Club partners acquisition by IBA has provided a solution for licensed clubs
- Beer volume through network continues to grow

EBITA

- The volume growth experienced across the customer groups and in beer, combined with a strong CODB focus has ensured that this growth has flowed through to the bottom line

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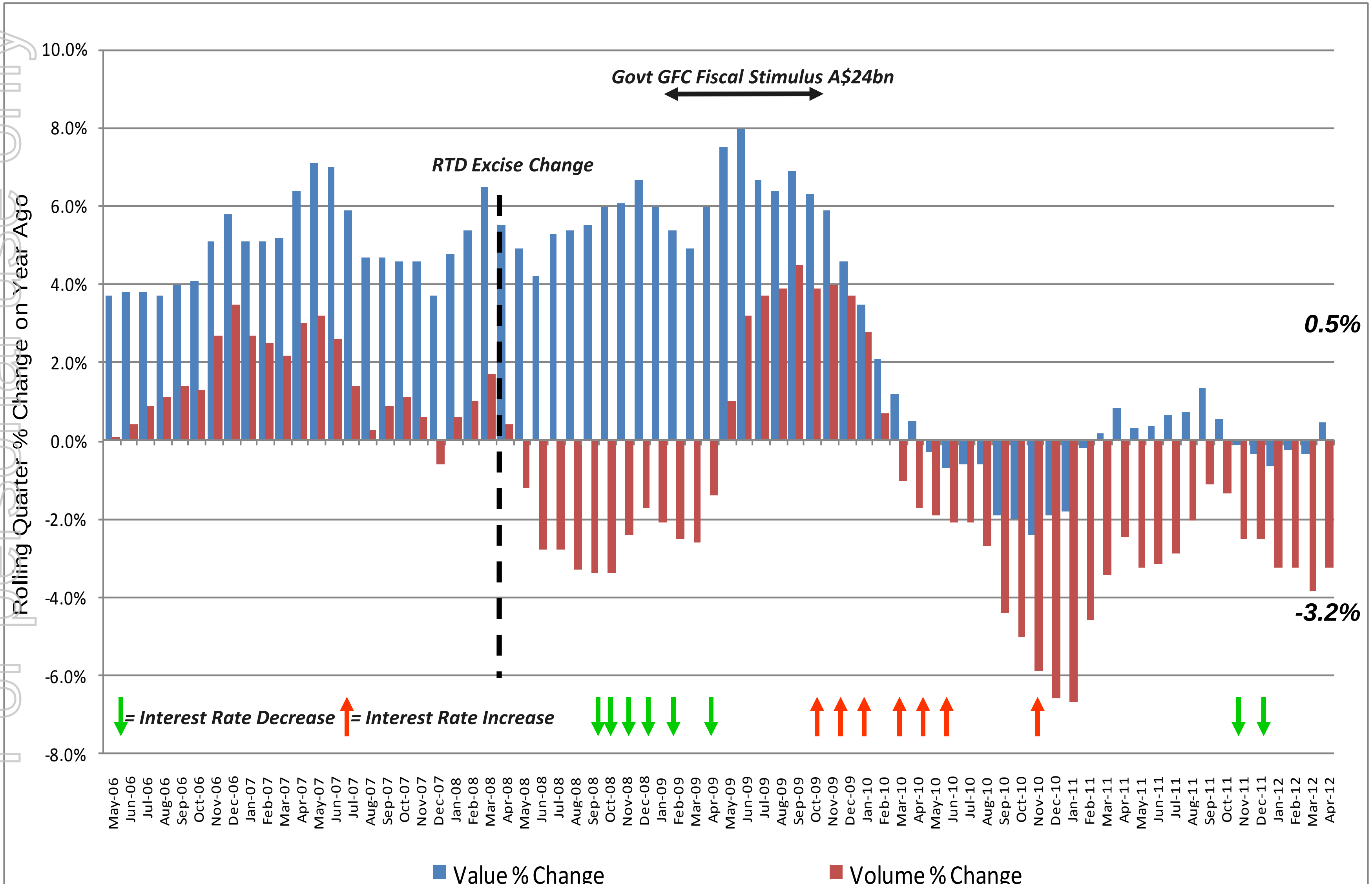
Packaged Liquor Market

Packaged liquor rolling quarter volume & value growth vs prior year



Source: Nielsen

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DIVISIONAL HIGHLIGHTS

- Mitre 10

MIGHTY HELPFUL MITRE 10

Mitre 10
– Financials

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	FY12	FY11	Variance
SALES ($m)	833.2	797.6	4.5%
EBITA ($m)	21.2	20.7	2.4%
EBITA MARGIN (%)	2.5%	2.6%	

Sales

- Sales up 4.5% up on LY
- Strong warehouse sales growth , driven by range and marketing initiatives
- Network – 33 new stores added to the network over past 24 months(17 stores in last 12 months)
- Added 25,000 sqm (net of closures) including 13,000 sqm of extensions

EBITA

- Strong EBITA margin at 2.5%
- EBITA growth on prior year limited by:
  - Additional costs in IT systems and supply chain
  - Additional retail incentives back to members

Mitre 10
– Operating Highlights

Store Network

- Network of 423 stores
- Securing strategic control of footprint with 3 joint ventures
- Retail brand consistency - 70% now Blue & White compliant (up from 26% over 24 months)
- Implementation of new concept stores – Grocery & Hardware

Supply Chain

- Introduced productivity improvements into all DCs
- Establish National Distribution Centre (NDC) for 'slow movers'
- Improved China supply (reduce outside storage)

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Mitre 10
– Operating Highlights

Merchandise

- Total 6,800 new SKU’s (3,800 old/removed)
- New and very positive supplier relationships
- Continuous improvement to catalogue program driving sales growth

Marketing

- Brand Essence ‘Mighty Helpful’ Mitre 10 established in market
- Re-energised media campaign featuring Scott Cam and The Block sponsorship
- Digital marketing expanded and e-commerce online trials conducted successfully

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SUPPLY CHAIN

Supply Chain - Major Initiatives

Committed to deliver a modernised supply chain to support our customers and our own business growth objectives

Business	Project	Status
	NSW Mega DC Construction	
	- Phase 1: Dry grocery warehouse & offices	✓ Complete
	- Phase 2: Perishable warehouse, Produce warehouse & offices	✓ Complete
Group	- Phase 3: Liquor warehouse	✓ Complete
	- Phase 4: CSD NSW (further details on next slide)	
	Latest available method for single item picking	✓ Complete
	Most efficient combination of full case and unit picks	✓ Complete
	NSW Mega DC Relocation – Phase 3	
Group	- Franklins Dry integration (May 12)	✓ Complete
	- ALM relocation (June 12)	✓ Complete
	Derrimut (Vic) warehouse engineered standards (reasonable expectations)	
Mitre 10	- Optimal warehouse configuration and range layout to promote pick efficiency	✓ Complete
	National Distribution Centre (NDC) for slow movers	In progress
	- Centralised storage for national product range	due Sep 12
Project Mustang	**DC Automation**	
	- Covered in later slide	

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Supply Chain - Major Initiatives

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Warehouse Logistics Improvements

- Phase 4 NSW Mega DC Construction – CSD NSW
  - Currently being installed at Huntingwood, NSW for go-live end Oct 12
  - System will service convenience sector
  - Latest available Goods-to-Person picking/putting technology
  - Enables the most efficient combination of full-case and unit picks
  - Software guiding the product putting, optimising unit/“singles” assembly
  - Improved ergonomics for our warehouse associates
  - Induction of cartons automatically via carton erector
  - Automatic strapping of containers

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Financial Insights

Adrian Gratwicke
Chief Financial Officer

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FINANCIALS

- Balance Sheet Extract
- Cash Flow Extract
- Interest Expense
- Significant Items

Balance Sheet - Extract

	Apr 12 $'m	Apr 11 $'m	Movement $m	%	Commentary
Trade and other payables	(1,372.7)	(1,376.5)	3.8	0%	Creditor days down due to seasonal impact in FY11. No significant change to payment terms over the prior period.
Inventories	833.6	954.9	(121.3)	(13)%	Inventory decrease mainly due to FY11 seasonal impact. Inventory days down 3.7 days.
Net Trade Creditor Funding	**(539.1)**	**(421.6)**	(117.5)	(28)%	
Other creditors	(313.5)	(131.0)	(182.5)	(139)%	Increase due to rental subsidy and onerous lease provisions for Franklins and warehouse closures.
Net Creditor Funding	**(852.6)**	**(552.6)**	(300.0)	(54)%	
Receivables/Derivatives	1,071.7	1,094.6	(22.9)	(2)%	Reduction due to provisioning booked for Walters and Cornetts' doubtful loans and receivables. Partly offset by increase in USPP derivatives.
Assets held for resale	116.5	9.9	106.6	1077%	Relates to Franklins retail stores and associated retail stock on hand plus Plumpton Joint venture.
Net Working Capital	**335.6**	**551.9**	(216.3)	(39)%	Significant improvement in working capital investment.
Fixed assets and investments	292.9	289.9	3.0	1%	Increase primarily due to Huntingwood DC (racking and IT), offset by impairments.
Intangible assets	1,551.9	1,291.1	260.8	20%	Represents Franklins wholesale goodwill, Trade names and customer contracts. Also various minor acquisitions in Mitre 10 and SSA.
Total Funds Employed	**1,844.8**	**1,581.0**	263.8	17%	
Net tax balances	95.0	(7.7)	102.7	1334%	Increase in Deferred Tax Asset due to acquisition of Franklins plus prepayment of tax as a result of income tax audit.
Net Assets Employed	**1,939.8**	**1,573.3**	366.5	23%	
Net debt	(940.3)	(682.4)	(257.9)	(38)%	Primarily reflects Franklins acquisition.
	999.5	**890.9**	(108.6)	(12)%	
NET ASSETS	**1,335.1**	**1,442.8**	(107.7)	(7)%	
EQUITY					
Shareholders equity	1,335.1	1,442.8	(107.7)	(7)%	Primarily due to retained profit after SI's being less than dividend payments with some offset from shares issued from exercise of employee options.
TOTAL EQUITY	**1,335.1**	**1,442.8**	(107.7)	(7)%	

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Cash Flow - Extract

	Apr 12		Apr 11		Inc/(Dec)	
	$m	$m	$m	$m	$m	
EBITDA	280.3		477.1		(196.8)	Reflects impact of significant items and discontinued operations loss.
Net Interest Paid	(64.2)		(62.6)		(1.6)	Interest slightly up – Franklins.
Taxation Paid	(110.3)		(116.8)		6.5	Tax paid prior year included top up payment for FY10, slightly reduced due to SI.
Earnings before Depreciation and Amortisation		**105.8**		**297.7**	**(191.9)**	
Other Non Cash Items		93.1		5.3	87.8	Largely comprises non cash significant items
Working Capital Movement		85.4		(160.5)	245.9	Strong turnaround in working capital.
Total Cash Provided by Operating Activities		**284.3**		**142.5**	**141.8**	
Proceeds from sale of property, plant and equipment		7.1		0.9	6.2	
Purchase of property, plant and equipment & software		(93.8)		(56.3)	(37.5)	Increase primarily due to Huntingwood DC and completion of Canning Vale (WA) meat facility.
Other proceeds		23.5		0.0	23.5	
Loans to customers (net)		(0.3)		(11.5)	11.2	Prior year reflects loans to Mitre 10 Customers for store acquisitions as well as for new IGA stores.
Payment on acquisition of businesses and associates		(207.1)		(15.4)	(191.7)	Reflects Franklins acquisition, purchase of software business (SSA Holdings) and two store purchases by Mitre 10.
Net Cash Flows Used in Investing Activities		**(270.6)**		**(82.3)**	**(188.3)**	
Proceeds from issue of shares		9.8		12.7	(2.9)	Exercise of employee share options.
Drawdown/(Repayment) of debt		100.8		80.0	20.8	Additional funding for Franklins acquisition.
Dividend payments		(211.7)		(199.4)	(12.3)	Increased dividend.
Other payments		(14.4)		(11.1)	(3.3)	
Net Cash Flows Used in Financing Activities		**(115.5)**		**(117.8)**	**2.3**	
Cash and Cash Equivalents at beginning of period		152.9		210.6		
Cash and cash equivalents movement in the year		**(101.8)**		**(57.6)**		
Effect of exchange rate changes on cash		**0.4**		**(0.1)**		
Cash and Cash Equivalents at end of period		**51.5**		**152.9**		Cash and cash equivalents as per Statement of Financial Position.

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Interest Expense

	FY12 $m	FY11 $m	Change (%)
- 1H	38.5	36.5	5.5%
- 2H	41.8	41.0	2.0%
Interest Expense (Total)	**80.3**	**77.5**	**3.6%**
Interest Income	(12.7)	(11.2)	13.4%
Interest Expense (Net)	**67.6**	**66.3**	**2.0%**

3.6% increase in interest expense

- Average debt higher than in FY11 due to Franklins acquisition
  - Offset by lower base interest rates
- Interest cover remains healthy at 7.34x (pcp 7.29x)

Interest expense expectations for FY13

- Not dissimilar to FY12 though contingent on
  - Further base rate decreases
  - Classification of unwind of rental subsidy provision for Franklins stores

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SIGNIFICANT ITEMS

Summarised Income Statement

		FY12 $m	FY11 $m	FY12 EPS (cps)	FY11 EPS (cps)
Underlying PAT/EPS		**262.5**	**256.2**	**34.1**	**33.4**
Intangible amortisation		(9.7)	(7.9)		
Significant items:					
Franklins acquisition & restructure		(28.5)	(6.9)		
Group restructure		(42.5)	-		
Associate impairment		(105.7)	-		
Less: tax benefit on significant items		41.1	-		
Reported PAT/EPS – Continuing		**117.2**	**241.4**	**15.2**	**31.5**
Reported PAT/EPS - Discontinued	1	**(27.2)**	**-**	**(3.5)**	**-**
Net Profit for the Period		**90.0**	**241.4**	**11.7**	**31.5**

- Significant items are broadly within the range announced in April 2012
- Franklins retail operations are classified as discontinued operations

Note :

1. Franklins retail operations are classified as discontinued operations

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Joint Venture impairment

Queensland Joint Ventures	FY12 $m
Loans & receivables	50.8
Equity accounted investment	24.6
Customer contract intangibles	9.1
Restructure costs (provided)	12.5
Restructure costs (paid)	8.7
Significant item expense	**105.7**
Estimated tax benefit	(22.5)
Post tax expense	**83.2**

- Cornetts and Walters joint venture businesses have been impacted by various factors including a weak Queensland economy, deflation, rapid expansion, succession planning issues and natural disasters
- A restructure plan has been jointly developed, which will include the disposal of a number of stores to other retailers and some store closures, along with overhead savings
- The restructure plan is currently being implemented and progress to date has been positive, with in-principle agreements for sale being achieved already on 2/3rds of the stores earmarked for sale. Both sold stores and the stores remaining within Cornetts are expected to perform better

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Strategic Review (Group restructure)

	FY12
	$m
Lease tail and exit costs	17.0
Redundancy costs	11.5
Impairment – non-current assets	12.4
Other closure costs	8.8
Profit on disposal of FoodLink WA	(7.2)
Significant item expense	**42.5**
Estimated tax benefit	(12.0)
Post tax expense	**30.5**

Delivers savings:
FY13: $25 – 30m
FY14: $10 – 15m (incremental)
Some of these savings will be reinvested in marketing spend

- Metcash announced the results of the strategic review on 3 April 2012
- The ‘Group restructure’ includes the lease obligations, redundancy, impairment and other costs associated with the closure or sale of 15 regional Campbells Cash and Carry branches
- Metcash has also incurred redundancy costs in respect of the consolidation of the previous IGA Distribution, Fresh and Campbells business pillars into the new Food and Grocery division, along with the centralisation of merchandising, marketing and property functions
- The Group restructure also included a review of non-core assets, which led to the disposal of the FoodLink WA business to Bidvest for a profit of $7.2 million, and the exit or impairment of other surplus assets

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Franklins acquisition and restructure

	FY12	1H12
	$m	**$m**
Acquisition costs	6.3	3.1
Lease tail costs	15.9	14.1
Impairment of plant & equipment	2.3	2.3
Other closure costs	4.0	-
Significant item expense	**28.5**	**19.5**
Estimated tax benefit	(6.6)	(4.9)
Post tax expense	**21.9**	**14.6**

- Metcash acquired the Franklins Group on 30 September 2011
- Metcash incurred $6.3m in legal and other costs in relation to the Australian Competition and Consumer Commission (ACCC) proceedings and in relation to the completion of the acquisition
- The Franklins acquisition will also facilitate the relocation and closure of the Blacktown, Silverwater, Yennora and Liverpool CSD distribution facilities to the new Huntingwood distribution centre. The rationalisation of these NSW warehouses will deliver CODB synergies in FY13

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THE FUTURE
- Positioning for growth

Mitre 10

- In March 2010 Metcash acquired 50.1% of Mitre 10 with an option to acquire the remaining 49.9% after 30 June 2012 or 30 June 2013 by redeeming the Redeemable Converting Preference Shares (RCPS) issued to the existing Mitre 10 shareholders
- On 20 June 2012, Metcash announced its intention to acquire the remaining 49.9% in 2012. Settlement expected to occur in August 2012
- 100% ownership of Mitre 10. This will allow Metcash to
  - Leverage its proven merchandising and brand management skills
  - Leverage its world class logistics capabilities
  - Deliver on the final round of acquisition synergies – IT, back office, DC integration
- The Mitre 10 business has proven to be highly strategic and value adding to Metcash
- Metcash has also acquired an interest in a JV with Fagg's Victoria
- Combined investment is in range $65-70m

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Automotive Brands Group (ABG) Acquisition

- Metcash has entered into an agreement to acquire a 75.1% stake in ABG for $53.8m
- ABG is Australia's largest privately owned distributor and franchise operator in the $5.6bn automotive parts and aftermarket sector. It is the third largest player with approximately $400m in sales at retail level (approximately 7% market share)
- ABG currently distributes product to a network of 241 automotive stores
  - 102 Autobarn franchises – mainly retail based stores
  - 118 Autopro dealerships – mainly trade based stores
  - 21 independent stores serviced via its Car Parts division
- Mr Paul Dumbrell will remain as CEO and retain the remaining ownership interest in the group
- Acquisition expected to be EPS accretive in FY13
- Metcash is able to move to full ownership at various points over the next 3-5 years at an EBITDA multiple consistent with that paid for the initial 75.1% stake

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Automotive Brands Group (ABG) Acquisition

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- Metcash is enthusiastic about this new wholesale business opportunity
  - Retail automotive aftermarket sector has proven to be resilient to economic downturns when consumers are more likely to retain existing vehicles thereby increasing maintenance requirements and demand for automotive parts from the aftermarket segment.
  - ABG is well positioned to capture growth with nationally recognised brands and an experienced management team
  - ABG is the only broad range independent wholesaler (a business model consistent with Metcash's core values)
  - A substantial opportunity in servicing the broader independent market (2,500 independent operators, service stations and smaller franchised store networks)
- Metcash brings significant synergies of scale and excellence to the operational functions of ABG, including merchandising, buying and supply chain efficiencies

Project Mustang

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- Latest technology from Europe primarily to significantly automate our order selection process by reduction in manual handling activity
- Need to continually reduce CODB in current market conditions
- Pride ourselves in being leaders in supply chain logistics
  - First with voice pick technology
  - Adopted mini-loader technology
- Capability to pick store orders in the exact store layout sequence to provide more efficient store replenishment and reduce cost to our retailers
- Safer working environment with reduced incidence of OH&S issues

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Project Mustang

- Denser pallet assembly to reduce transport costs
- Minimal errors in pallet assembly
- Efficiency improvements of approximately 500% in order selection
- Timeframe for first DC – targeting Q4 FY14 (Huntingwood)
- Working estimate for development of first site – approximately $70-80m
- Expected to be EPS accretive in the first full year of automation

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CONCLUSIONS

Outlook

- Challenging market
  - Continued deflation driven by high AUD
  - Low consumer confidence and highly value-driven
  - Ongoing marketing war between chains
- FY 13 Guidance
  - Low to mid single digit growth in underlying EPS from existing core business
  - Growth strategies and impact on EPS to be an ‘overlay’ to this core guidance
- Management remain optimistic about the future
  - Business model adaptable to changing market
  - Growth plans
    - Acquisition of remaining Mitre 10 stake
    - Acquisition of Automotive Brands Group
    - Step change investment in supply chain and logistics

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'Champion of the Independent'

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APPENDICES

1. Reconciliation - Group Results (Reported and Underlying)
2. Group Results by Division
3. EBITA by Division
4. Dividend and Capital Management Policy
5. Trend Metrics (Financial & Operational)
6. Sustainability Metrics
7. Directory of Terms

Reconciliation
- Group Results (Reported and Underlying)

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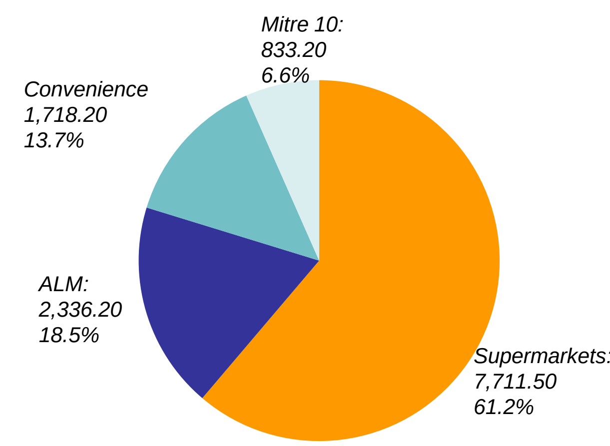
	FY12	FY11	
	$m	$m	
EBITA	**451.2**	**438.0**	
Net Interest	(67.6)	(66.3)	
Profit Before Tax and Amortisation	**383.6**	**371.7**	
Tax	(112.9)	(106.1)	
Non Controlling Interest	(8.2)	(9.4)	
Underlying PAT	**262.5**	**256.2**	
Intangible Amortisation	(9.7)	(7.9)	
Profit After Tax pre Significant Items	**252.8**	**248.3**	
Discontinued operations after tax	(27.2)	-	
Significant Items after tax	(135.6)	(6.9)	
Reported PAT	**90.0**	**241.4**	
- Reported EPS	**11.7**	**31.5**	**cps**
Underlying PAT	**262.5**	**256.2**	
- Underlying EPS (as used for guidance purposes)	**34.1**	**33.4**	**cps**
Weighted average shares	770.4m	767.7m	

Group Results By Division

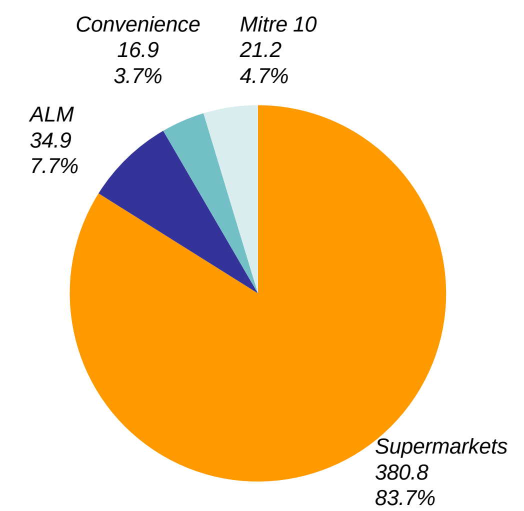
Wholesale Sales	FY12	FY11	Variance
	$m	$m	
Supermarkets	7,711.5	7,559.9	**2.0%**
Australian Liquor Marketers	2,336.2	2,296.6	**1.7%**
Convenience	1,718.2	1,709.9	**0.5%**
Mitre 10	833.2	797.6	**4.5%**
Metcash Total	**12,599.1**	**12,364.0**	**1.9%**

Sales $m



EBITA	FY12	FY11	Variance
	$m	$m	
Supermarkets	380.8	361.8	**5.3%**
Australian Liquor Marketers	34.9	30.1	**15.9%**
Convenience	16.9	31.8	**(46.9%)**
Mitre 10	21.2	20.7 [1]	**2.4%**
Business Pillar Total	**453.8**	**444.4**	**2.1%**
Corporate	(2.6)	(6.4)	
Metcash Total	**451.2**	**438.0**	**3.01%**

EBITA $m



NOTE:

1. For FY13 the Divisions will be reclassified to reflect the restructure announced by Metcash to consolidate IGA Distribution and Campbells Wholesale into Metcash Food & Grocery

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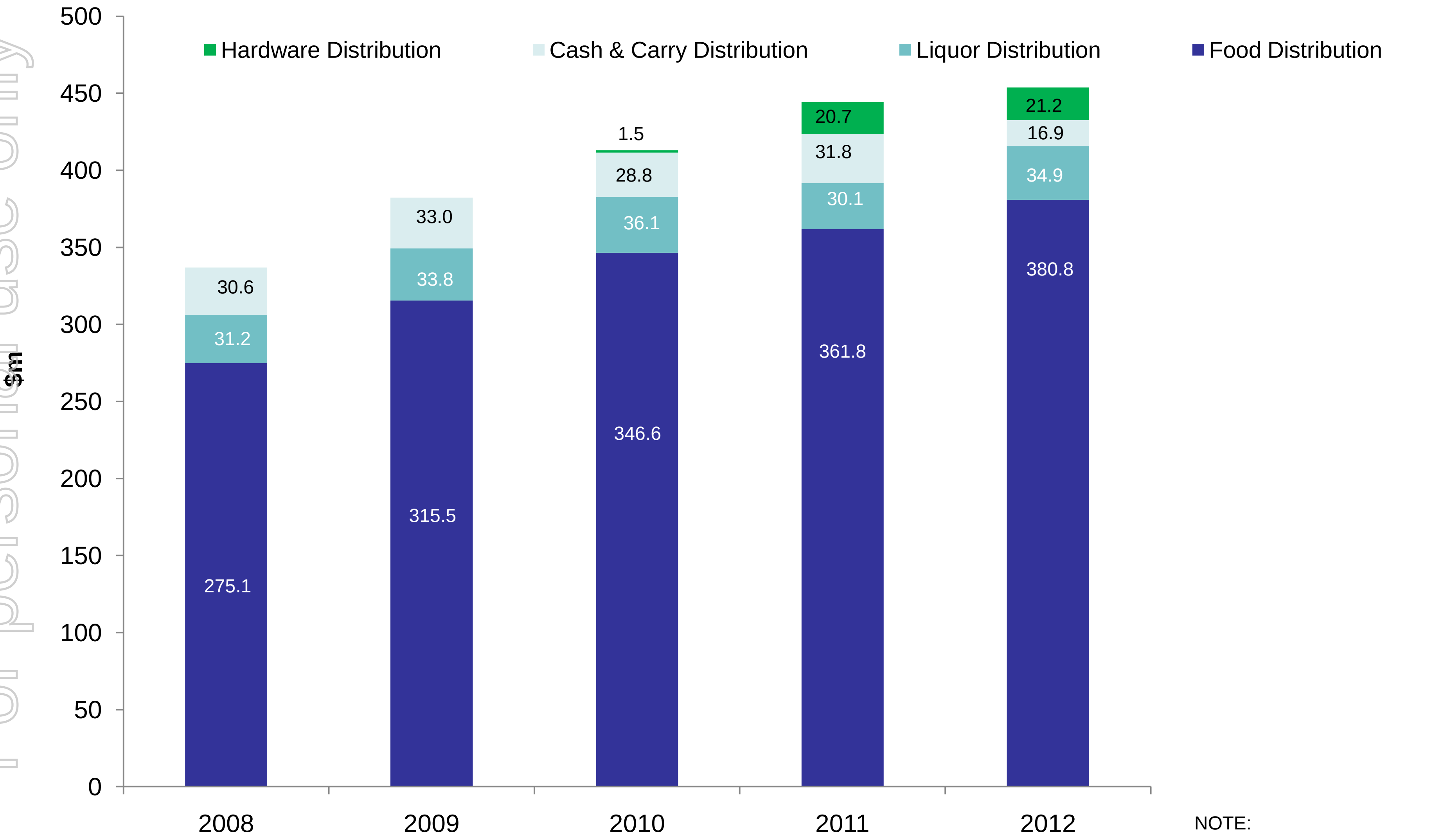
EBITA By Division



NOTE:

1. The difference to the Reported EBITA will be in 'Corporate'

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Dividend and Capital Management Policy

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- The Board's intention is to return earnings to shareholders whilst retaining adequate funds within the business to invest in future growth opportunities
- A minimum payout ratio of 60% of underlying earnings per share has been set by the Board
- The proposed FY12 final dividend of 16.5 cents per share takes the total FY12 dividend to 28 cents per share and represents approximately:
  - 82% of Underlying EPS (pcp 81%) and 239% of Reported EPS (pcp 86%)
- From a capital management perspective the following points should be noted:
  - Management and the Board remain focused on seeking growth opportunities (both organic and via acquisition)
  - Metcash continues to consider it important to achieve and maintain balance sheet ratios that would satisfy an investment grade rating
  - Management continues to monitor the uncertain macroeconomic environment

Trend Metrics
– Financial

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FULL YEAR		FY 2008 Apr 08	FY 2009 Apr 09	FY 2010 Apr 10	FY 2011 Apr 11	FY 2012 Apr 12	CAGR*
Total Revenue	$ millions	10,199	11,067	11,608	12,462	12,366	4.9%
Sales (wholesale & retail)	$ millions	10,116	10,981	11,517	12,364	12,599	5.6%
Sales (wholesale)	$ millions	10,045	10,974	11,517	12,364	12,255	5.1%
EBITDA - underlying	$ millions	374.9	411.7	441.4	484.0	495.5	7.2%
EBITA - underlying	$ millions	333.1	371.3	401.2	438.0	451.2	7.9%
PAT - reported	$ millions	197.4	202.5	227.6	241.4	90.0	-17.8%
PAT - underlying	$ millions	199.0	225.9	244.9	256.2	262.5	7.2%
Operating cash flow	$ millions	197.6	248.1	294.7	142.5	284.3	9.5%
EPS - reported	$' cents	25.9	26.5	29.7	31.5	11.7	-18.0%
EPS - underlying	$' cents	26.1	29.5	32.0	33.4	34.1	6.9%
Dividend per share	$' cents	21.0	24.0	26.0	27.0	28.0	7.5%
Payout ratio (on EPS - reported)	%	81.2%	90.7%	87.4%	85.8%	239.6%	-
Payout ratio (on EPS - underlying)	%	80.6%	81.2%	81.2%	80.9%	82.1%	-
Cash Realisation Ratio	%	86.5%	98.3%	109.6%	49.3%	94.6%	-
Interest Cover	times	6.09	6.02	6.35	7.29	7.34	-
Return on Capital Employed	%	17.7%	19.6%	19.2%	18.9%	19.0%	-
Return on Equity	%	15.6%	17.2%	17.3%	17.2%	18.9%	-
Gearing	%	33.2%	33.5%	35.5%	36.7%	42.6%	-
Debt / EBITDA - pre significant items	times	1.64	1.53	1.66	1.73	2.00	-

Note: Definitions and explanations provided in Directory of Terms

Trend Metrics
– Operational

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Branded Stores - Grocery **(IGA – 3 channels + Friendly Grocer + Eziway)**	Apr 09	Oct 09	Apr 10	Oct 10	Apr 11	Oct 11	Apr 12
Supa IGA	430	440	446	449	463	468	475
IGA	717	720	718	735	734	723	744
Xpress	131	140	156	170	183	178	184
IGA branded stores	**1,278**	**1,300**	**1,320**	**1,354**	**1,380**	**1,369**	**1,403**
Friendly Grocer / Eziway	351	339	324	312	315	307	303
Total Stores	**1,629**	**1,639**	**1,644**	**1,666**	**1,695**	**1,676**	**1,706**

Note: Metcash also services ~ 600 FoodWorks stores and numerous non-bannered independents.

Total number of stores serviced is approximately 2,700.
Eziway was part of the FAL acquisition and has been maintained in WA. Eziway exists only in WA.

IBA Stores - Liquor	Apr 09	Oct 09	Apr 10	Oct 10	Apr 11	Oct 11	Apr 12
Cellarbrations	509	498	470	472	461	461	454
Bottle-O / Bottle-O Neighbourhood	658	657	610	655	681	700	696
IGA Liquor	411	408	423	429	437	444	454
IBA - 3 major banners	**1,578**	**1,563**	**1,503**	**1,556**	**1,579**	**1,605**	**1,604**
Club Partners*	-	-	-	-	-	480	511
Total IBA Stores	**1,578**	**1,563**	**1,503**	**1,556**	**1,579**	**2,085**	**2,115**

* Club Partners was acquired in March 2011 and joined IBA from 1 July, hence data available for Oct 11 and Apr 12 only.

Sustainability Metrics

		2011	2010	2009	2008	2007	2006	2005
People								
Long Term Injury (LTI)		**209**	244	273	275	317	238	365
Long Term Injury Frequency Rate (LTIFR) (1)		**21.3**	25.9	30.8	27.3	25.7	33.6	52
Severity Rate (2)		**531.6**	456.4	883.3				

		2011	2010	2009
Environment (3)				
CO_2 Emission (Scope 1 & 2)	tonnes	102,638 (3)	102,389	79,706
Waste to Landfill	tonnes	43,360 (3)	51,456	93,647
Recycling	tonnes	4,532 (3)	4,978	5,735
Packaged food donated to Foodbank (4)	tonnes	225(3)	255	N/A

Notes:

1. LTIFR is the number of lost time injuries per million hours worked
2. Severity rate is the number of lost days per million hours worked
3. Reporting period is the year to June, consequently 2012 figures are not completed
4. Foodbank Australia a not-for-profit, non-denominational organisation that seeks and distributes food and grocery industry donations to welfare agencies which feed the hungry. Foodbank is endorsed by the Australian Food and Grocery Council as the food industry's preferred means of disposal of surplus product.

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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)
(The) Bottle O	Retail liquor brand developed by Independent Brands of Australia (IBA)
Cellarbrations	Retail liquor brand (part of IBA/ALM) with bold visual identity as a genuine alternative to chains
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
Eziway	Small format branded grocery stores which exist solely in WA. The brand was acquired as part of the 2005 FAL acquisition
FoodLink	Food service division of Convenience based in WA and Qld. Sold in 2012.
Friendly Grocer	Small format stores existing across the Eastern seaboard
Fresh	A division of Supermarkets (formerly IGA>D) focusing on fresh food (fruit, vegetables, meat, deli and bakery) supply to independent retailers.
IBA	Independent Brands Australia. Allied to the resources of ALM, and backed by the IGA>D, IBA aims to develop strong national brands to meet retailer and consumer needs.
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. 50.1% voting power acquired by Metcash on 25 Mar 2010, with right to acquire the remaining 49.9% of Mitre 10 Group in 2012 or 2013, based on an agreed multiple of earnings
Supermarkets	Grocery wholesaler serving ~ 2,500 independent retail grocery stores (including IGA branded stores) across Australia. Previously IGA>D, 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

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Directory of Terms

Financial Terms	
CAGR	Compound Annual Growth Rate over 4 years (FY08 to FY12)
Cash realisation ratio	Net operating cash flow (not adjusted for significant items) / [Profit after tax pre significant items + Depreciation + Amortisation (tax effected)]
CODB	Cost of doing business
Gearing	Debt / [Debt + Shareholders equity]
Intangible Amortisation (IA)	Amortised costs of customer relationships, calculated on a straight line basis over benefit received
Interest Cover	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
PATBDA	Underlying profit after tax before depreciation and amortisation = proxy for real cash generation by business in financial period
PCP	Prior corresponding period
Return on Capital Employed	EBIT / [Average Shareholders Equity + Average Debt]
Return on Equity	Profit after tax (pre SI) / Shareholders equity (closing)
SBP	Share based payments - expenses associated with the Metcash employee share option scheme
Underlying	Adjusts for significant items and intangible amortisation - Used in relation to earnings and earnings per share - Used for guidance purposes - Used in calculation of hurdles rates for long term incentives

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