



Metcash Limited

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

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ASX Announcement

FY15 GUIDANCE UPDATE AND ASSET IMPAIRMENTS

- **Group Underlying EBIT will be within guidance provided to the market**
- **Non cash impairment of \$640m, predominantly relating to intangible assets**
- **Steps taken to strengthen balance sheet**

Metcash Limited (or the 'Group') confirms the Group's Underlying EBIT for FY15 will be within the guidance range provided to the market of \$315m to \$330m.

The Group has carried out a comprehensive review of the carrying value of its assets as part of the year-end process. This review took into account the increasingly competitive trading environment, particularly in relation to the Food & Grocery Pillar.

As a result of this review, Metcash will reduce the carrying value of the Group's goodwill and other assets by \$640 million. The Group will recognise an impairment of \$507 million in relation to intangible assets (goodwill of \$442 million and other intangible assets of \$65 million) and a further charge of \$133 million in relation to other assets and obligations, predominantly in the Food & Grocery Pillar. Following these impairments the Group's net assets will be in excess of \$1.15 billion.

The total charge of \$640 million will be included as a significant item in the year end results and excluded from the Group's underlying earnings. The impairment is primarily non-cash in nature and will not impact the Group's debt facilities, compliance with banking covenants or trading terms.

In response to the difficult trading environment, Metcash is taking a number of steps to strengthen its balance sheet. On 14 May 2015 Metcash announced it was investigating a potential IPO of its Automotive business and that the proceeds from this sale would be invested in the Group's balance sheet and businesses.

Metcash today also announced the Board will not be declaring a final dividend for FY15 and that it intends to suspend dividend payments for FY16.

Group CEO, Ian Morrice, said: "While we are making progress with the Group's strategic priorities, the Food and Grocery Pillar is operating in an increasingly competitive environment. We have completed the first year of our transformation plan and these capital management initiatives will provide a foundation from which the Group will continue to deliver the priorities in our strategic plan."

Metcash will report its full year results on 15 June 2015.

(ENDS)

Stephen Woodhill
Group General Manager Corporate Affairs
Ph: 0413 318 455