

Equity Raising

20 April 2020

Championing Successful Independents

Matoash

Important notice



This investor presentation (**Presentation**) is dated 20 April 2020 and has been prepared by Metcash Limited (ACN 112 073 480) (**Metcash**). By attending an investor presentation or briefing, or accepting, accessing or reviewing this Presentation, you acknowledge and agree to the terms set out below.

This Presentation has been prepared in relation to:

- a placement of new fully paid ordinary shares in Metcash (**New Shares**) to institutional investors and certain existing institutional shareholders under section 708A of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (**Placement**); and
- an offer of New Shares to eligible Metcash shareholders in Australia and New Zealand under a share purchase plan in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (**SPP**) (the Placement and SPP together, the **Equity Raising**).

Summary information

This Presentation is for information purposes only and is a summary only. It should be read in conjunction with Metcash's most recent financial report and Metcash's other periodic and continuous disclosure information lodged with the Australian Securities Exchange (**ASX**), which is available at www.asx.com.au. The content of this Presentation is provided as at the date of this Presentation (unless otherwise stated). Reliance should not be placed on information or opinions contained in this Presentation and, subject only to any legal obligation to do so, Metcash does not have any obligation to correct or update the content of this Presentation.

Certain market and industry data used in this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither Metcash nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

Not financial product advice or offer

This Presentation does not and does not purport to contain all information necessary to make an investment decision, is not intended as investment or financial advice (nor tax, accounting or legal advice), must not be relied upon as such and does not and will not form any part of any contract or commitment for the acquisition of New Shares. Any decision to buy or sell securities or other products should be made only after seeking appropriate financial advice. This Presentation is of a general nature and does not take into consideration the investment objectives, financial situation or particular needs of any particular investor.

Any investment decision should be made solely on the basis of your own enquiries. Before making an investment in Metcash, you should consider whether such an investment is appropriate to your particular investment objectives, financial situation or needs. Metcash is not licensed to provide financial product advice in respect of its shares.

This Presentation is for information purposes only and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with the Australian Securities and Investments Commission (**ASIC**) or any other foreign regulator). This Presentation is not, and does not constitute, an invitation or offer of securities for subscription, purchase or sale in any jurisdiction.

The distribution of this Presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this Presentation may not be distributed or released in the United States. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S. Securities Act (which Metcash has no obligation to do or procure) or are offered or sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws. Refer to Appendix 2 of this Presentation for further details about international offer restrictions.

Investment risk

An investment in Metcash shares is subject to known and unknown risks, some of which are beyond the control of Metcash and its directors. Metcash does not guarantee any particular rate of return or the performance of Metcash nor does it guarantee any particular tax treatment. You should have regard to the risk factors outlined in Appendix 1 of this Presentation when making your investment decision. Cooling off rights do not apply to the acquisition of New Shares.

Important notice



Financial information

All financial information in this Presentation is in Australian dollars (\$) or AUD unless otherwise stated. This Presentation includes certain pro forma financial information. Any such pro forma historical financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Metcash's views on its, nor anyone else's, future financial position and/or performance. Any pro forma historical financial information has been prepared by Metcash in accordance with the measurement and recognition principles, but not the disclosure requirements, prescribed by the Australian Accounting Standards (AAS). In addition, the pro forma financial information in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Investors should be aware that certain financial measures included in this Presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under AAS and International Financial Reporting Standards (IFRS). Such non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although Metcash believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this Presentation.

Certain figures, amounts, percentages, estimates, calculations of value and fractions provided in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Past performance

Past performance, including past share price performance of Metcash and pro forma financial information given in this Presentation, is given for illustrative purposes only and should not be relied upon as (and is not) an indication of Metcash's views on its future financial performance or condition. Past performance of Metcash cannot be relied upon as an indicator of (and provides no guidance as to) the future performance of Metcash. Nothing contained in this Presentation nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

Future performance and forward-looking statements

This Presentation contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Metcash, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Metcash's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19, and except as required by law or regulation, none of Metcash, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Presentation. The forward-looking statements are based on information available to Metcash as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), none of Metcash, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

Disclaimer



Disclaimer

Macquarie Capital (Australia) Limited ABN 79 123 199 548 is acting as lead manager and underwriter to the Placement (**Lead Manager**). A summary of the key terms of the underwriting agreement between Metcash and the Lead Manager is provided in Appendix 3.

To the maximum extent permitted by law, Metcash and the Lead Manager and their respective related bodies corporate and affiliates, and their respective officers, directors, employees, agents and advisers (in respect of the Lead Manager, the **Lead Manager Parties**): (i) disclaim all responsibility and liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any loss (including consequential or contingent loss or damage) arising from this Presentation or reliance on anything contained in or omitted from it or otherwise arising in connection with this Presentation; (ii) disclaim any obligations or undertaking to release any updates or revision to the information in this Presentation to reflect any change in expectations or assumptions; and (iii) do not make any representation or warranty, express or implied, as to the accuracy, reliability, completeness of the information in this Presentation or that this Presentation contains all material information about Metcash or that a prospective investor or purchaser may require in evaluating a possible investment in Metcash or acquisition of shares in Metcash, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement.

The Lead Manager Parties take no responsibility for the Placement and make no recommendations as to whether any person should participate in the Placement nor do they make any representations or warranties (express or implied) concerning the Placement, and they disclaim (any by accepting this Presentation you disclaim) any fiduciary relationship between them and the recipients of this Presentation, or any duty to the recipients of this Presentation or participants in the Placement or any other person. For the avoidance of doubt, and except for references to their name, none of the Lead Manager Parties makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them. You acknowledge and agree that determination of eligibility of investors for the purposes of the Equity Raising is determined by reference to a number of matters, including legal requirements and the discretion of Metcash and the Lead Manager and each of Metcash and the Lead Manager disclaim any duty or liability (including for negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Contact details

For additional information contact:

Steve Ashe

Head of Corporate Affairs & Investor Relations

Phone: +61 408 164 011

E-mail: steve.ashe@metcash.com

Merrin Hodge

Investor Relations Manager

Phone: +61 429 235 104

Email: merrin.hodge@metcash.com

Visit our website: www.metcash.com

Our purpose

Our vision

Our values

Championing Successful Independents



Best store in town



Passionate about independents



A favourite place to work



Business partner of choice



Support thriving communities

We believe:

Independence is worth fighting for; in treating our people, retailers and suppliers the way we like to be treated; and in giving back to the communities where we live and work

Executive summary



Metcash is seeking to strengthen its balance sheet and enhance liquidity to reflect the current heightened levels of uncertainty, and position the business to capitalise on potential opportunities that may arise which align with the Group's strategic direction through:

- Up to a \$330m equity raising comprising:
 - A \$300m fully-underwritten institutional placement (the “**Placement**”)
 - A non-underwritten share purchase plan (“**SPP**”) up to \$30m¹
 - New Shares will be issued under the Placement at a price of \$2.80 per New Share, representing a 7.9% discount to the last close of \$3.04 on Friday 17 April 2020
- \$180m of additional short term committed debt facilities (Expiry – April 2021)

Trading update

- **Food** sales trajectory, pre COVID-19, continued to improve with a significant uplift in sales in March / early April reflecting a change in consumer behaviour related to COVID-19 restrictions. The earnings benefit from higher sales in March / early April has been partly offset by increased costs to service the elevated demand and the need to manage health and safety risks
- **Liquor** sales growth, pre COVID-19, continued in 2H20. Government shutdowns adversely impacted New Zealand sales and the ‘on-premise’ market in Australia in late March, and continue to impact during April
- Currently, there are no material² restrictions on the ability of **Hardware** stores to trade. Hardware sales continued to reflect the slowdown in construction activity in 2H20. There have however been higher volumes in March as customers had concerns around possible restrictions being placed on hardware stores. While sales growth remained negative, the higher volumes resulted in an improvement in the sales trajectory (1H20: negative 4.2%)



1. Full details of the SPP are contained in the SPP offer booklet, which will be sent to eligible shareholders in due course. Metcash may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount in its absolute discretion
2. Seven stores in North Tasmania currently have trading restrictions applied

Executive summary continued



Impact of COVID-19

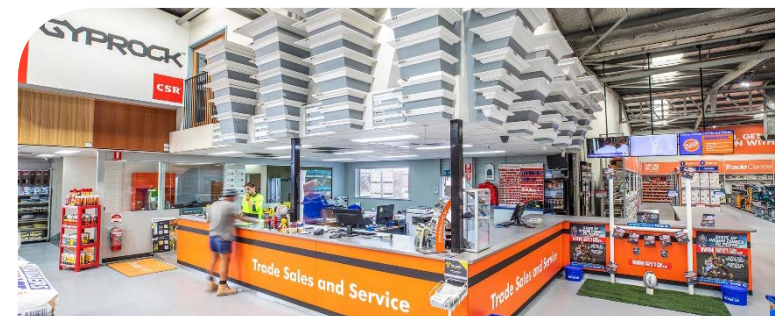
- All Pillars are currently trading, albeit with some restrictions in Liquor as detailed below
- Food – strong sales and working with Government, suppliers and retailers to address demand / supply challenge
- Liquor – impacted by shutdown of New Zealand operations and ‘on premise’ market in Australia, which together account for ~20% of total Liquor sales
- Hardware – potential medium term adverse impact should COVID-19 lead to a further slowdown in construction activity
- All Pillars seeing an increase in working capital, most notably Liquor where ‘on-premise’ businesses in Australia and the New Zealand operations have been shut down as part of COVID-19 restrictions
- Increased costs to meet stronger demand and manage higher health and safety risks
- Operating and capital expenditure adjusted in light of COVID-19 impact

Rationale for capital raising

- Support the independent retail network during the COVID-19 pandemic by investing in working capital and operational support
- Continue to invest in the MFuture growth program, as well as complete three bolt-on acquisitions that are expected to close in 1H21 (~\$45m investment)
- Increase our liquidity buffer during the COVID-19 pandemic to provide flexibility in an uncertain economic environment
- Position the business to capitalise on potential opportunities that align with our strategic direction
- Provide flexibility to fund contingent liabilities should the obligation relating to these liabilities be triggered

Dividend

- The Board will consider payment of a FY20 full year dividend in the ordinary course (utilises surplus franking credits)



About Metcash & investment rationale



For personal use only

Investment rationale



Leading market positions

- **Food:** Australia's widest distribution network to independents
- **Liquor:** clear #2 market position with a national network
- **Hardware:** clear #2 market position with a national network



Track record of disciplined capital deployment

- Track record of well executed acquisitions
- MFuture program ensures disciplined application of capital
- Well managed balance sheet with a focus on returns



Defensive and diversified earnings

- Defensive "through-the-cycle" earnings
- Trading across Pillars largely not restricted by COVID-19



Well positioned for changes in consumer behaviour

- Changes in shopper trends to smaller store formats and more convenience favour our independent store footprint

About Metcash

Our Pillars

Food

- We support a network of over 1,600 independently owned stores Australia-wide
- The stores we support sit at the heart of the local community, sourcing a range of the best products from local producers and contributing to the local economy
- We are a large supplier to regional and remote areas
- We also support ~90,000 small independent businesses through our Convenience business

Liquor

- We are the largest supplier to independent liquor retailers and the largest broad range liquor wholesaler in Australia
- Through our Independent Brands Australia (IBA) banner group, we support ~2,700 stores across leading independent retail brands

Hardware

- We support the largest independent hardware group of businesses in Australia and are a leader when it comes to servicing the Trade market
- Under the Independent Hardware Group (IHG), we support ~650 stores across leading independent hardware brands
- We supply more than 1,600 bannered and unbannered stores nationwide

Our Brands



Trading update – five months ended March 2020



Food

- Total Food sales in the five months ended March 2020 increased 4.3% (up 7.6% ex Drakes)^{1,3}
- Supermarkets sales continued to improve in the five months ended March 2020 and increased 4.8% (up 8.9% ex Drakes)^{1,3}
- Supermarkets wholesale sales (ex tobacco) increased 5.5% (up 9.8% ex Drakes)^{1,3}. This is a significant improvement on the 0.3% decline in 1H20 (+0.3% ex Drakes)³
- Sales were boosted by higher volumes in March / early April as consumer behaviour changed due to the COVID-19 restrictions put in place. The Food Pillar incurred higher costs fulfilling these sales
- In the first four months of 2H20, which were not impacted by COVID-19 restrictions, wholesale sales (ex-tobacco) in Supermarkets were down 1.6% (up 2.5% ex Drakes)^{2,3}

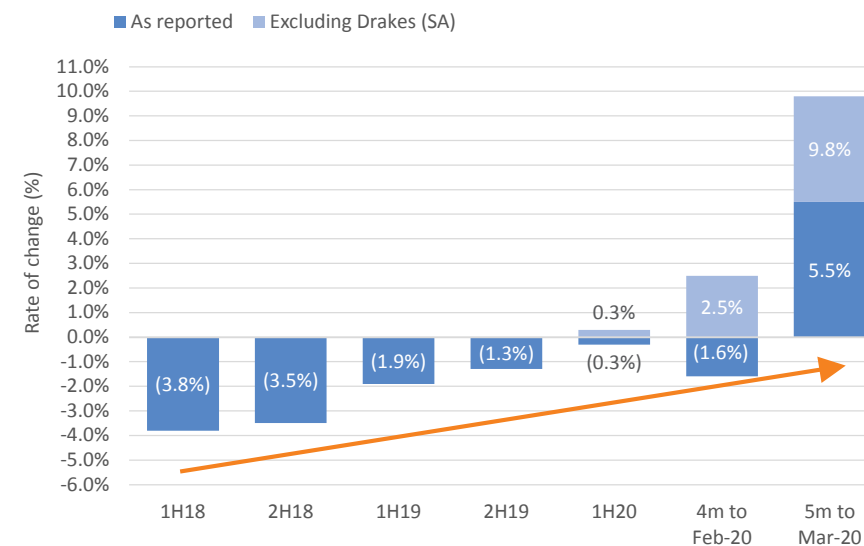
Liquor

- Liquor sales increased 3.2% for the five months ended March 2020¹ (1H20: 1.7%)
- Sales have been negatively impacted by the COVID-19 related closure of New Zealand operations and the closure of 'on-premise' businesses in Australia, which took effect in the last week of March. Sales in the New Zealand operations and to Australian 'on-premise' customers account for ~20% of total Liquor sales
- Elevated sales in the Australian retail network in March / early April helped partially offset the loss of sales from Australian 'on-premise' and New Zealand operations
- The New Zealand warehouse facility has partially re-opened after three weeks of being shutdown, with the ability to now service online customers

Hardware

- Hardware sales declined 1.3% in the five months ended March 2020¹, which is an improvement on the decline in 1H20 of 4.2%
- In March there was an increase in demand across both the Trade and DIY segments. The increase in Trade can be attributed to pre-purchasing based on concerns about COVID-19 restrictions being introduced for Hardware retailers

Supermarkets wholesale sales (ex tobacco)



1. Sales (including charge-through) for 5 months ended March 2020 versus prior comparative period
2. Sales (including charge-through) for 4 months ended February 2020 versus prior comparative period
3. Metcash ceased to supply Drakes SA from 30 September 2019. Sales growth has been calculated by removing Drakes sales from the prior comparative period (5 Months: November 2018 to March 2019, 4 Months: November 2018 to February 2019)

COVID-19 – update



Metcash priorities during COVID-19 restrictions

- Protecting the health and wellbeing of our people
- Keeping our supply chains open to ensure delivery of essential goods
- Protecting our balance sheet

We proudly support our independent retailers and believe “independence is worth fighting for”, and have invested in both operating costs and working capital to support the network

Food

- Supermarkets sales have moderated from the significant peak in late March related to panic buying, but remain well above last year
- Demand continues to exceed supply in certain categories (toilet paper, sanitisers, cleaning, pasta, rice)
- Distribution Centres operating at full capacity
- Strong focus on servicing regional and remote communities (working closely with Government, suppliers and independent retailers)
- Launched ‘IGA Priority Shop’ essential grocery packs to support customers that are elderly, vulnerable, isolated or are essential service workers (established in 10 days)
- Weekly grocery packs being provided to doctors and nurses at St Vincents Hospital, Sydney

For personal use only

Liquor

- Sales adversely impacted by Government shutdown of New Zealand operations and Australian ‘on-premise’ market (pubs, clubs, restaurants) which took effect in the last week of March
- Customer purchase limits introduced in April
- Supporting impacted retailers
- Accelerated trial to launch ‘Shop My Local’ online offer (achieved in two weeks)

Hardware

- Full IHG store network continuing to trade¹
- Growth in DIY categories (paint, accessories and garden)
- Demand continues to exceed supply in certain categories (personal protection equipment, cleaning products, seeds & seedlings)
- Significant online sales growth, launched ‘Click & Deliver’ to DIY customers

Group

- Action taken to manage both costs and capital in this period of uncertainty, including:
 - Curtailed discretionary operating expenditure and reduced capital expenditure
 - Cancelled remuneration increase for the Board, Group CEO and Group Leadership Team and deferred remuneration reviews for management and non-EBA employees

1. Seven stores in North Tasmania currently have trading restrictions applied

Food

- Sales in March / early April were significantly higher than the prior year comparatives. Sales moderated in April but remained well ahead of the same period in FY19
- The earnings benefit from the higher sales in March / early April has been partly offset by increased costs to service the elevated demand and the need to manage health and safety risks
- Sales in 2H20 do not include any sales to Drakes in South Australia for a full six months, as the supply agreement with Drakes ended on 30 September 2019
- Food Pillar sales are benefiting from a favourable change in consumer behaviour related to COVID-19 restrictions. It is unknown to what extent this will continue, including once restrictions are relaxed or lifted
- FY21 will include lower sales from 7-Eleven following advice that 7-Eleven will not be renewing its current supply agreement with Metcash, which concludes on 12 August 2020 (annualised EBIT impact ~\$15m)
- A continued focus on costs is expected to help offset the impact of the loss in earnings from 7-Eleven and other cost pressures expected in FY21

Liquor

- Liquor sales grew pre COVID-19, however higher sales to Australian liquor stores since COVID-19 have not offset the adverse impact of the closure of both our New Zealand operations and the 'on-premise' businesses in Australia
- The outlook for FY21 is currently unclear due to uncertainty over the timing of any lifting or relaxing of the COVID-19 restrictions
- The business is focused on adapting to the changed external environment, including accelerating the growth of its digital capability

Hardware

- The stronger DIY sales in March have continued into early April, particularly in the paint and garden categories
- There is uncertainty as to how long COVID-19 related buying behaviours will continue to impact demand
- COVID-19 trading restrictions have, to date, not materially impacted the ability of Hardware stores to trade¹
- Trade sales in FY21 are expected to continue to be impacted by a slowdown in construction activity. There is the risk of a further decline in construction activity related to COVID-19, however this is not expected until 2H21
- The business continues to have a strong focus on costs to help offset the impact of any reduction in sales volumes

Corporate

- The carrying value of assets will be reviewed as part of our year-end process, with any impairments that may be required reflected in the FY20 financial statements. This review will take into account the impact of COVID-19, the potential for a general deterioration of future economic conditions and other factors that could impact cashflows
- Particular focus will be given to:
 - Goodwill – including changes to base assumptions such as discount rates, growth rates and future cashflows
 - Trade debtors – specifically including ‘on-premise’ customers and New Zealand Liquor retailers and the possibility of higher credit risk across all Pillars
 - Provision for onerous lease obligations – the impact of future economic conditions and trading restrictions on future lease cashflows
- Further investment in working capital is likely as a direct result of the impacts and restrictions related to COVID-19

Dividends

- The Board will consider the payment of a FY20 full year dividend in the ordinary course (utilises surplus franking credits)

1. Seven stores in North Tasmania currently have trading restrictions applied

Funding uses and rationale



For personal use only

EQUITY RAISING – SOURCES AND USES

Sources	A\$m
Gross proceeds from Placement ¹	300
Total Sources of Funds	300
Uses	A\$m
Repayment of bank debt	292
Estimated transaction costs	8
Total Uses of Funds	300

FUNDING RATIONALE

Metcash seeks to raise equity and supplement its existing debt facilities to enable it to:

1. Support the independent retail network during the COVID-19 pandemic by investing in working capital and operational support
2. Continue to invest in the MFuture growth program, as well as complete three bolt-on acquisitions that are expected to close in 1H21 (~\$45m investment)
3. Increase our liquidity buffer during the COVID-19 pandemic to provide flexibility in an uncertain economic environment
4. Position the business to capitalise on potential opportunities that align with our strategic direction
5. Provide flexibility to fund contingent liabilities should the obligation relating to these liabilities be triggered²

1. Gross proceeds exclude SPP proceeds

2. As noted in the 1H20 financial report, the majority shareholders of Ritchies Stores Pty Ltd (Ritchies) have the right to put their 74% ownership interest to Metcash, subject to meeting a financial hurdle. At 1H20 Metcash estimated that, if the hurdle had been achieved in June 2019, the option consideration payable would have been between \$140m and \$155m. If the put option were to be exercised following June 2020, the exercise price will be determined with reference to Ritchies' June 2020 results. Metcash has not received any notice from Ritchies relating to the exercise of the option. Further details are provided in the FY19 annual report

Existing liquidity position



For personal use only

EXISTING DEBT FACILITY LIMITS AND DRAWN DEBT

\$m	Facility Limit ¹	Drawn Debt ²
Facility Limit / Gross Debt @ 29 March 2020³	860	345
Increment to Average	-	135
Facility Limit / Average Gross Debt⁴	860	480

COMMENTARY

- Metcash's debt levels vary significantly over the course of the financial year as a result of seasonal working capital requirements
- The October half year and April year-end dates typically represent a low point in this seasonal working capital cycle
- Debt levels are higher during busy trading periods such as Christmas and Easter due to higher inventory and debtor investments
- Metcash also has elevated working capital at times when it purchases higher stock quantities, usually in advance of supplier price increases
- Accordingly, Metcash manages its debt position with reference to its average and peak debt levels, rather than the half year-end positions
- The average level of Gross Debt in FY20 (11 months to March 2020) was \$480m
- Peak Gross Debt can be up to ~\$300m higher than the average gross debt due to working capital seasonality, investment stock buys and inter-day peaks

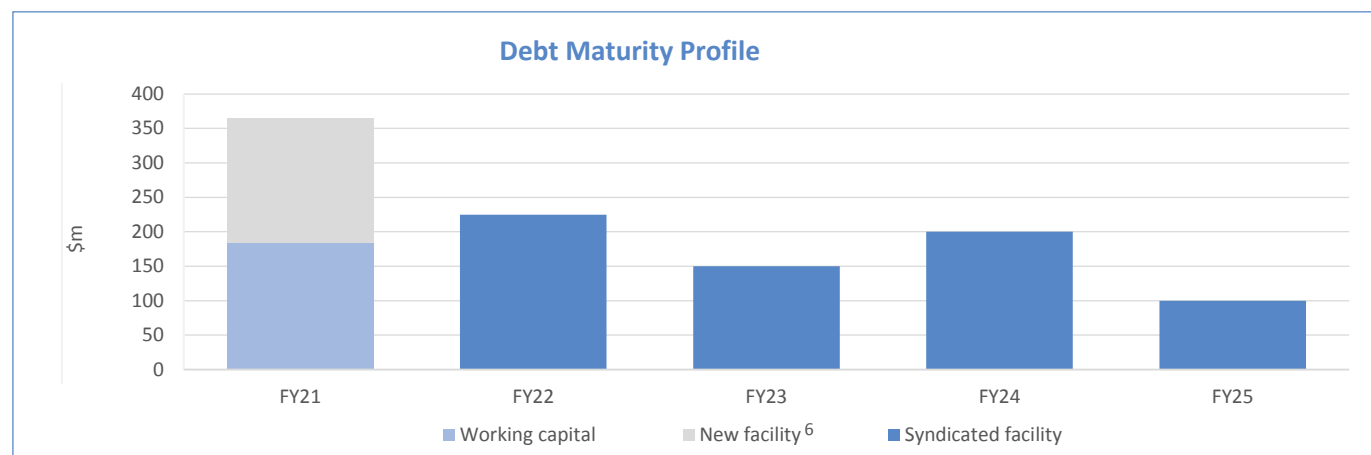
1. Metcash's existing debt facilities at 29 March 2020 had a limit of \$860m, which includes both Gross Debt and guarantees
2. Drawn debt represents Gross Debt excluding cash on hand and includes bank guarantees of ~\$20m
3. Gross Debt at 29 March 2020, including ~\$20m of guarantees, was \$345m. This represents a relative low point in the Group's seasonal working capital cycle
4. Average Gross Debt represents the average debt over the 11 months ended 29 March 2020, including guarantees
5. Metcash was in full compliance with its banking covenants at 1H20 and expects to be in full compliance at FY20

Proforma liquidity



For personal use only

\$m	LIQUIDITY			
	Drawn Debt		Facility Headroom ³	
	Existing ¹	Proforma ²	Existing ⁴	Proforma ⁵
Gross Debt @ 29 March 2020	345	53	515	987
Average Gross Debt	480	188	380	852
Facility limit			860	1,040



- COMMENTARY**
- As noted, Metcash manages its debt levels and liquidity position with reference to the average and peak debt levels
 - Following the introduction of \$292m of net Placement proceeds and \$180m of short term debt facilities, Metcash expects to have \$852m of headroom when compared to the historical average Gross Debt level
 - The additional financial flexibility will be used to:
 - Temporarily invest in working capital to support our independent retailers
 - Manage peak debt requirements resulting from seasonality, investment stock buys and inter-day peaks
 - Provide additional flexibility to deal with the uncertain and volatile trading environment
 - Continue to invest in the Group's existing growth opportunities and position the business to invest in new opportunities that align with our strategy

1. Historical actual and average Gross Debt are determined as set out on slide 14

2. Proforma Gross Debt assumes the \$292m net Placement proceeds are applied to reduce existing debt levels

3. Facility headroom represents the difference between the bank facility limit and Gross Debt including guarantees

4. Metcash's existing debt facilities at 29 March 2020 had a limit of \$860m, which applies to Gross Debt and guarantees

5. Proforma headroom represents the proforma facility limit of \$1,040m (being \$860m of existing facility plus the new short term \$180m facility), less proforma debt

6. The new \$180m debt facility will expire in April 2021. Metcash will re-assess its funding requirements at that time and may either seek to convert the facility into longer term debt, or terminate the facility

Transaction structure



For personal use only

Equity Raising structure and size	<ul style="list-style-type: none">Up to \$330m equity raising (Equity Raising) including<ul style="list-style-type: none">Fully underwritten institutional placement (Placement) to raise approximately \$300mNon-underwritten Share Purchase Plan (SPP) to raise up to \$30m¹The Placement is fully underwritten by Macquarie Capital (Australia) Limited
Placement size	<ul style="list-style-type: none">\$300m fully underwritten PlacementApproximately 107,142,858 New Shares to be issued, representing 11.8% per cent of Metcash's current shares on issue (Placement Shares)
Placement pricing	<ul style="list-style-type: none">The Placement will be conducted at \$2.80 per Placement Share (Placement Price), representing a:<ul style="list-style-type: none">7.9% discount to the last traded price of A\$3.04 on 17 April 20205.1% discount to the 5-day Volume-Weighted Average Price (VWAP) of A\$2.95 based on the last trading day of 17 April 2020
Placement Shares ranking	<ul style="list-style-type: none">Placement Shares will rank equally with existing Metcash shares from their date of issue
SPP overview	<ul style="list-style-type: none">Eligible shareholders in Australia and New Zealand will have the opportunity to apply for up to \$30,000 of new fully paid ordinary shares (SPP Shares) free of any brokerage, commission and transaction costs, and subject to scale back in accordance with the policy set out in the SPP offer bookletSPP will raise up to \$30m in aggregate¹SPP Shares will rank equally with existing Metcash shares from their date of issue
SPP price	<ul style="list-style-type: none">The price for the SPP will be the lesser of<ul style="list-style-type: none">the Placement Price; anda 2.5% discount (rounded to the nearest cent) to the 5-day VWAP of Metcash shares up to, and including, the closing date of the SPP (expected to be 15 May 2020)

1. Full details of the SPP are contained in the SPP offer booklet, which will be sent to eligible shareholders in due course. Metcash may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount in its absolute discretion

Transaction timetable



For personal use only

EVENT ¹	DATE
Record date for the SPP	7:00pm (Sydney time), Friday, 17 April 2020
Trading halt and announcement of Equity Raising	Monday, 20 April 2020
Placement bookbuild	Monday, 20 April 2020
Announcement of outcome of Placement	Tuesday, 21 April 2020
Trading halt lifted – trading resumes on ASX	Tuesday, 21 April 2020
Settlement of Placement Shares	Thursday, 23 April 2020
Allotment and normal trading of Placement Shares	Friday, 24 April 2020
SPP offer opens and SPP offer booklet dispatched	Monday, 27 April 2020
SPP offer closes	Friday, 15 May 2020
Announcement of results of SPP	Wednesday, 20 May 2020
SPP allotment date	Friday, 22 May 2020
Normal trading of SPP Shares and dispatch of holding statements	Monday, 25 May 2020

1. Dates are indicative only and subject to change without notice

Appendices

1. Risks
2. International Offer Restrictions
3. Underwriting Agreement Summary
4. Financials

1. Risks



This section includes details of the key risks attaching to an investment in shares in Metcash. These risks may affect the future operating and financial performance of Metcash and the value of Metcash shares. The key risks are not set out in any particular order. Before deciding whether to invest in Metcash shares, you should consider whether such an investment is suitable for you having regard to publicly available information (including this presentation), your personal circumstances and following consultation with a financial or other professional adviser. Additional risks and uncertainties that Metcash is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Metcash's operating and financial performance. In particular, investors should note that the unprecedented uncertainties and risks created by the COVID-19 pandemic could materially change the Group's risk profile at any point after the date of this presentation and adversely impact the financial position and prospects of the Group in the future.

You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside the control of Metcash, its directors and senior management. Further, you should note that this section focuses on the potential key risks and does not purport to list every risk that Metcash may have now or in the future. It is also important to note that there can be no guarantee that Metcash will achieve its stated objectives or that any forward looking statements or forecasts contained in this presentation will be realised or otherwise eventuate. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position.

1. Key business risks

1.1 COVID-19

Metcash is currently monitoring the actual and potential impact of COVID-19 on the overall business of the Group, each business pillar and the broader economy. Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is not currently possible to assess the full impact of COVID-19 on the Group's business or the economy generally. However, a prolonged period of social distancing, quarantines, travel restrictions, work stoppages, health authority actions, lockdowns and other related measures within Australia and internationally, or an escalation of existing measures, may directly and indirectly impact a number of aspects of the Group's business. In particular, this may have a material adverse impact on the Group's ability to:

- ensure supply chain continuity (including in relation to those of the Group's suppliers that are based overseas, as this exposes Metcash to an additional layer of regulation and uncertainty);
- maintain adequate cash flows and manage liquidity;
- maintain retailer engagement and communication;

1. Risks continued



- protect the health (both mental and physical), safety and security of staff; and
- comply with requirements under its debt financing arrangements, leases, and its regulatory framework (including in relation to corporate governance and financial reporting requirements).

These effects would be amplified if one or more of the Group's business pillars (for example, liquor or hardware) ceases to be classified as an 'essential service' for the purposes of government restrictions to control the spread of COVID-19. Such a change in classification would materially reduce the Group's revenue, materially increase credit risk and funding requirements in relation to working capital and could, if prolonged, materially reduce the Group's long term business performance and profitability.

It is not yet known to what extent the COVID-19 pandemic will continue to disrupt domestic and international economic activity. The indirect impact of the pandemic on the broader economy is likely to affect retail activity generally and may have an adverse effect on the Group's long term business performance and profitability. The COVID-19 pandemic may also alter consumer behaviour (for example, it may cause a long-term shift toward online shopping, including in the food, liquor and hardware sectors, or cause consumers to reduce household spending) and such changes may adversely affect the Group's financial performance.

1.2 Trading risks

Metcash's ability to operate efficiently is critical to support independent retailers in remaining competitive. A disruption to the business could result in an increased cost to serve retailers and inability to meet customers' requirements.

Any restriction on the ability of our independent retailers to trade, together with an increase in competitive trading conditions, may both reduce profitability due to lower sales volumes and increase credit risk associated with the amounts due from the independent retailer network. Metcash actively manages its outstanding balances, but restrictions on the ability of retailers to trade may require Metcash to support independent retailers through appropriate credit management processes.

Tobacco sales represent a significant proportion of the products Metcash supplies to its independent retailers. The Australian government legislated for an annual 12.5% increase in customs and excise duties over a period of 8 years which, under the current legislation, will end in September 2020. Metcash's earnings include a revaluation gain based on the value of tobacco stock on hand at the time of the duty and related sales price increase that flows through to earnings as this stock is sold. If Metcash is unable to purchase tobacco at historical levels, or duty increases are not continued at historical levels or are removed, this could negatively impact Metcash's profitability. As the current duty and related sales price increases are expected to occur in September 2020, any subsequent reduction or cessation

1. Risks continued



of duty increases should not impact earnings until FY22. Metcash is in discussions with tobacco suppliers to determine revised trading terms should the annual customs and excise duty increase be reduced or cease in 2021.

In its Food business pillar, Metcash services a number of large customers known as Multiple Store Owners (MSOs). Ritchies Stores Pty Ltd (Ritchies) is the largest MSO with 75 stores across three states. There are a further 3 MSOs with 20 or more stores and 7 MSOs with 10 or more stores. In addition, Metcash supplies 456 Foodworks stores under a supply agreement that is terminable by either party without cause on 12 months' notice. If any one or more MSOs or Foodworks were to materially reduce or cease to source their inventory from Metcash for any reason (including vertically integrating their supply chain, establishing an alternative buying group or closure of stores due to insolvency or poor performance), this would adversely impact Metcash's long term performance and profitability.

In addition, there are a number of large contract customers in the Liquor business whose contracts are renewed on a regular basis. If one of these contract customers decided not to renew their supply contract this too could adversely impact Metcash's long term performance and profitability.

1.3 Funding risk

Funding and liquidity remain a material risk to the Group due to the need to adequately fund business operations, future growth and absorb any loss events that may arise. Inability to adequately fund business operations and growth plans may lead to difficulty in executing the Group's strategy. Metcash maintains a prudent approach towards capital management, which includes optimising working capital, disciplined capital expenditure, capital recycling and careful consideration of its dividend policy.

In addition, banking facilities are maintained with sufficient tenor, diversity and headroom to fund business operations. However, there is a risk that the Group may be unable to refinance or renew its banking facilities following expiry, or will only be able to refinance or renew those facilities on terms that are less favourable to the Group than the existing terms. Any inability to refinance banking facilities or obtain capital or financing generally, on favourable terms or at all, may have a material adverse effect on the Group's financial performance and position.

1.4 Strategic risks

Consumer behaviour and preferences continue to change and are influenced by factors such as economic conditions, healthy living trends and an increase in the amount of choice in both online and in-store retail options. Furthermore, changes to the regulatory environment may adversely impact trading conditions both at the retail and wholesale level. While Metcash's business operations and strategic priorities are frequently reviewed and developed, and management regularly

1. Risks continued



reviews the Group's plans against market changes and modifies its approach (where necessary), such reviews and modifications may be ineffective in light of significantly changed conditions. If the Group fails to adjust its strategies to respond to changes in consumer behaviour and preferences or to changes in its regulatory environment, this may have a material adverse impact on the Group's financial performance and profitability.

1.5 General economic conditions and market risks

Adverse market conditions including a decline in general economic activity (including as a result of COVID-19), a decline in the sustainability of the independent retail network, price deflation, and any adverse interest rate and foreign exchange movements may lead to a decline in sales and profitability. The Group's strategy is focused on ensuring the independent retail sector offers a compelling value proposition to consumers.

1.6 Increased competition resulting in loss of volume to existing customers

Any increase in competitive activity from new or existing competitors (including in the form of a new market entrant with a wholesaler model, where suppliers sell directly to the Group's customers, where customers form their own buying groups to collectively negotiate and purchase directly from suppliers or where indirect competitors change their business models to compete directly with the Group) may have a detrimental effect on the Group's operations, particularly if Metcash fails to respond effectively to that competitive activity or its response is delayed (for example, as a result of the time required to engage with the Group's independent retailer network in order to implement an initiative). Increased competition may also adversely impact Metcash's long term performance and profitability.

1.7 Operational and compliance risks

Metcash is currently implementing a number of strategic initiatives under its MFuture program that are aimed at growing sales as well as reducing the cost of doing business. There is a risk that these transformation programs will fail to deliver the expected benefits. Metcash has in place governance frameworks to manage these change programs to ensure projects are delivered in line with plans and are able to adapt as required.

Metcash's operations require compliance with various regulatory requirements including WH&S, food safety, environmental, workplace industrial relations, public liability, modern slavery, privacy & security (including in relation to personal information of customers and employees, which Metcash stores in accordance with privacy regulations), financial and legal. Any regulatory breach could have a material negative impact on the operational performance, reputation or financial results of Metcash or its stakeholders. The Group's internal processes are regularly assessed and tested as part of a robust risk and assurance program addressing areas including safety, security, sustainability, chain of responsibility and food safety. Modern slavery reporting requirements have been introduced relatively recently in Australia and Metcash is in the process of assessing modern slavery risks in its supply chain as part of these reporting requirements. Any identification of such modern slavery risks could not only negatively impact Metcash's supply chain operations, but cause material reputational harm.

1. Risks continued



Inefficiency or failure within the supply chain or in key support systems (including technology) could also impact the Group's ability to deliver on its strategic objectives. While Metcash has comprehensive business continuity plans in place to address significant business interruptions and failures within operational systems, these may not operate as intended.

1.8 Ritchies put option – contingent liability and asset

Metcash has a 26% ownership interest in Ritchies. The remaining shareholders in Ritchies have the right to put their 74% ownership interests to Metcash, subject to a margin related annual financial hurdle ('hurdle') being achieved.

The put option can be exercised annually during a prescribed period immediately following the approval of Ritchies' annual financial statements or in certain limited circumstances by individual shareholders within a prescribed period. The put option can, however, only be exercised during these periods if Ritchies achieved the hurdle in the previous financial year.

Should the hurdle be achieved and the shareholders elect to exercise the put option, the purchase consideration payable by Metcash is based on a multiple of the prior year reported earnings adjusted for a number of material factors that are subject to commercial negotiation and agreement between the parties.

As the hurdle was not achieved for the financial year ended June 2019, it is not possible to determine the specific consideration that would have been payable under the put option agreement at that time. However, assuming the financial hurdle had been achieved, and based on Ritchies' reported financial results for the year ended June 2019, Metcash estimates that the option consideration payable in respect of the Ritchies 2019 financial year would have been between \$140 million and \$155 million.

The determination of the put option consideration and the maturity date include a number of potentially material judgements and estimates and therefore the actual consideration and timing could vary.

The put option agreement terminates when Metcash ceases to hold shares in Ritchies or if Ritchies lists on the ASX.

1. Risks continued



1.9 People and culture

The increasing competitive landscape and the ongoing need for market participants to remain agile in order to adapt to consumer preferences, has heightened the competition for talent. The ability to attract and retain talent with the necessary skills and capabilities to operate in a challenging market whilst being able to effect transformation is critical to Metcash's success. Metcash competes in labour markets to attract and retain its employees and management team. The competitive nature of these labour markets may result in the loss of key employees from time to time or make it difficult and costly to attract or retain employees. If Metcash is unable to attract and retain high calibre employees, this may adversely affect the Group's operations and overall financial performance.

Interruptions at Metcash's workplaces arising from industrial disputes, work stoppages and accidents may result in production losses and delays. Renegotiation of collective agreements may increase Metcash's operating costs and may involve disputes.

As social distancing measures designed to slow the spread of COVID-19 continue to be enforced or encouraged, it may become challenging to retain required levels of staff in public-facing roles, such as in retail stores. There may also be increased union engagement on issues relevant to these employees. If this were to occur for an extended period of time, it may impact the Group's financial performance across all three business pillars.

1.10 Information technology systems failure

Metcash's customer service relies on Metcash's ability to satisfactorily manage high turnover volumes and a large number of customers and suppliers. A severe disruption to the information technology systems may significantly impact the operations and value of Metcash. The Group is also in the process of updating legacy ERP systems. Any significant delay in completing the planned rollout of the ERP update may adversely affect the Group's operations, which may in turn affect its financial performance.

Metcash has outsourced a number of functions in finance and IT to Tata Consulting Services (TCS), an Indian-based outsourcing provider. There is a risk that the provision of accounting and IT services could be disrupted through a failure at TCS due to a wide range of possibilities including, but not limited to, the current COVID-19 restrictions. Metcash, together with TCS, have put in place a number of controls to reduce the risk of these services being disrupted. The mitigating actions include TCS having a backup facility to which processing can be transferred in the event of disruption at their main facility and Metcash retaining a number of employees "in house" that are capable to oversee and manage the services provided by TCS.

With expanding information privacy and security regulations, and an increasing hostile cyber environment, Metcash recognises information privacy and cyber security as an increasing risk. Any breach by Metcash of privacy and security regulations could expose Metcash to penalties (including financial penalties), which could adversely affect Metcash's financial position or cause reputational harm.

1. Risks continued



1.11 Damage to facilities or dependence on timely delivery of new facilities

Metcash leases facilities for the wholesale distribution of grocery, fresh produce, liquor, hardware and other fast-moving consumer goods. Damage to or destruction of these facilities could result in the loss or reduction of distribution capability and hence adversely impact Metcash's financial results. While Metcash has in place insurances that it considers are sufficient for a business of its type and size, Metcash will be required to pay for the loss on any event up to the deductible and self-insurance retention.

Metcash has entered into a lease agreement for a new distribution centre in Adelaide, South Australia and has given notice on its existing distribution facility. The new facility is scheduled for completion in September 2020 at which time the company's South Australian operations will move to the new purpose-built facility. Any delay in handover of the new facility could result in additional operating costs to the Company and if the delay were to extend beyond the lease expiry date of the current facility this could result in significant disruption to the Group's operations. Metcash has sought to mitigate this risk by allowing a reasonable buffer period between the committed delivery date of the new facility and the lease expiry of the existing facility. Further, the lease agreement on the new facility includes liquidated damages if the facility is not delivered on the committed date. In addition, the fit out of the new facility is dependent on fittings (principally racking) being delivered in line with the build schedule. A proportion of fittings are sourced from Malaysia, and the contractor is subject to COVID-19 restrictions. There is a risk therefore that this delivery could be delayed. Metcash could source this product from an Australian supplier, however this is likely to be at a higher cost.

1.12 Key brands

Metcash's success in generating profits and increasing its market share is based on the success of its key brands. Reliance on key brands makes Metcash vulnerable to brand damage from negative publicity, product tampering or recalls, unauthorised use of its brands or ineffective brand management by Metcash or its licensees, increasing the risk of asset write downs. In addition, Metcash does not own the IGA brand, but rather licences it from IGA, Inc. While IGA, Inc. may only terminate the licence agreement in limited circumstances (including for insolvency and breach of the agreement), there is no guarantee that Metcash will continue to have the right to use the IGA brand in perpetuity.

1.13 Investigations, disputes and litigation

The Group may, from time to time, be subject to regulatory reviews, audits and investigations which divert management's attention away from the Group's operations and may be costly. There is a risk that enforcement action may follow any such review and that such activities also adversely affect Metcash's reputation.

1. Risks continued



Exposure to disputes or litigation with third parties such as regulators (for example, the ACCC), employees, business associates, customers and suppliers (including as to the terms of supply arrangements), the holders of rental guarantees granted by Metcash (including where the guarantee is called on) or contract counterparties (including in the context of business or share acquisition agreements) could negatively impact on Metcash's financial performance through increased costs, settlement payments, concessions made in contract negotiations, damages payments and reputational damage.

1.14 Work health and safety

While a strong emphasis is placed on the implementation of work health and safety standards, the risk of a serious injury or fatality remains possible. The occurrence of such events may have an adverse effect on the productivity, operations and reputation of Metcash.

Metcash is focused on the safety of its staff and customers. The safety processes have been reviewed in light of COVID-19 and, where appropriate, additional processes and procedures implemented. There is however the risk of a COVID-19 related infection occurring at one of the Group's distribution centres, which could have a negative impact on our ability to service the retail network.

1.15 Climate change and catastrophic events

Metcash's operations could be impacted by natural disasters, extreme weather events or other catastrophic events which could materially disrupt its operations and supply chain. There is also a risk that, with time, the frequency and intensity of natural disasters and extreme weather events may increase if climate change accelerates or worsens. While Metcash has in place insurances that it considers are sufficient for a business of its type and size there can be no assurance that the insurance would cover the relevant events. For example, Metcash does not have specific pandemic insurance cover for business interruption.

1.16 Dividends

While the Board will consider paying a final dividend in respect of FY20 in the ordinary course, no assurance can be given that the Board will determine to pay a final dividend in respect of FY20 or in respect of any future financial period. The Board will make its determination in respect of FY20 at the time of releasing the Company's FY20 results having regard to the Company's financial performance in respect of FY20 as well as circumstances existing at that time, including in relation to COVID-19 developments and their existing and likely future impact on the economy and on the Company's financial and operating performance. No assurance can be given in relation to the level of franking of future dividends. Franking capacity will depend on the amount of Australian tax paid in the future, the existing balance of franking credits and other factors.

1. Risks continued



1.17 Regulation

The businesses of Metcash are highly regulated in many markets in which they sell their products. These regulations govern many parts of their operations, including the manufacturing, marketing, advertising, distribution and sales of their products. Examples of such regulation include country of origin labelling laws, container deposit schemes and modern slavery reporting. The products in a particular market could be subjected to changes or additions to existing regulations, which could increase the cost of goods or restrict Metcash's ability to sell or market products.

1.18 Taxation

Any change to Australian taxation laws (or their interpretation) including the current rate of company income tax or to the rates of indirect taxes could materially impact Metcash's financial performance. In addition, the imposition of additional or higher excise or other taxes on products such as alcohol may have an adverse effect on consumer buying patterns and may adversely impact Metcash's financial results.

The taxation treatment adopted by Metcash may require an interpretation of the relevant taxation laws and Metcash may be the subject of information requests or audit activities by tax authorities in relation to the adopted treatment.

Any change to the current rates of income tax applying to shareholders, whether they are individuals, trusts or companies may impact on shareholder returns.

1.19 Accounting

Changes in accounting or financial reporting standards may adversely impact the reported financial performance of Metcash.

2. Key general and share related risks

2.1 Risks associated with an investment in shares

There are general risks associated with investments in equity capital. The trading price of shares may fluctuate with movements in equity capital markets in Australia and internationally. Generally applicable factors which may affect the market price of shares over which Metcash and Metcash Directors have no control include:

- General movements in Australian and international stock markets;
- Investor sentiment;

1. Risks continued



- Australian and international economic conditions and outlook;
- Changes in interest rates and the rate of inflation;
- Change in government regulation and policies;
- Announcement of new technologies; and
- Geo-political stability, including international hostilities and acts of terrorism.

No assurances can be given that the new shares offered under the Placement or the SPP will trade at or above the issue price. None of Metcash, its directors or any other person guarantees the market performance of the new shares.

There have been significant fluctuations and volatility in the prices of equity securities in recent months, which may have been caused by general rather than company-specific factors, including the general state of the economy, the response to the COVID-19 pandemic, investor uncertainty, geopolitical instability, and global hostilities and tensions. In particular, the COVID-19 pandemic has resulted in significant market falls and volatility both in Australia and overseas, including in the prices of equity securities. As detailed above, there continues to exist considerable uncertainty as to the further impact of COVID-19 on the Australian and global economy and share markets including in relation to governmental action, work stoppages, university and school stoppages, lockdowns, quarantines, travel restrictions and the impact on the economy and share markets. Any of these events and resulting fluctuations may materially adversely impact the market price of Metcash shares.

2.2 Equity raising dilution risks

If shareholders do not participate in the SPP then their percentage shareholding in Metcash will be diluted as a result of the issue of new Shares under the Offer. Even if a shareholder does apply for the maximum number of new Shares under the SPP, their percentage shareholding in Metcash may be diluted by the Placement and may also be diluted by the SPP either as a result of scale-back or because participation is limited to a fixed amount and that amount may be less than the amount that a particular shareholder would be able to apply for if they were entitled to participate in the Offer on a pro rata basis relative to their existing shareholding.

2. International offer restrictions



This document does not constitute an offer of new fully paid ordinary shares (New Shares) of Metcash Limited (Metcash) in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the Prospectus Regulation).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

2. International offer restrictions continued



The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the FMC Act). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1,

2. International offer restrictions continued



Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Metcash's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Shares have been approved by the Securities and Commodities Authority (SCA) or any other authority in the UAE.

2. International offer restrictions continued



This document may be distributed in the UAE only to “qualified investors” (as defined in the SCA Board of Directors' Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to “qualified investors” (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Metcash.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (“FPO”), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together relevant persons). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

3. Underwriting agreement summary



For personal use only

Macquarie Capital (Australia) Limited (**Lead Manager**) is acting as sole bookrunner, lead manager and underwriter of the Placement. Metcash has entered into an underwriting agreement with the Lead Manager in respect of the Placement (**Underwriting Agreement**).

The Underwriting Agreement contains representations and warranties and indemnities in favour of the Lead Manager.

The Lead Manager may, in certain circumstances, terminate its obligations under the Underwriting Agreement on the occurrence of certain termination events including where:

- in the Lead Manager's reasonable opinion, a statement in certain documents and publications in respect of the Placement (**Offer Documents**) is or becomes false, misleading or deceptive or is likely to mislead or deceive (including by omission), or contains any statement of opinion or belief which is not truly and honestly held, or lacks reasonable grounds, or includes a forward looking statement which is, or is likely to become, incapable of being satisfied;
- an event specified in the timetable for the Placement is delayed by more than 1 business day (other than where the delay has been agreed between Metcash and the Lead Manager in writing with each party acting reasonably);
- Metcash is unable to issue the New Shares under the Placement on the date specified for allotment in the timetable for the Placement;
- Metcash alters its capital structure (other than as contemplated in the Underwriting Agreement) or constitution without the prior consent of the Lead Manager;
- ASIC issues proceedings or commences any inquiry or investigation in relation to the Placement;
- ASX makes any official statement to any person, or indicates to Metcash or the Lead Manager (whether or not by way of an official statement), that existing shares in Metcash will be suspended from trading or quotation, Metcash will be removed from the official list or that quotation of all of the New Shares under the Placement will not be granted by ASX or such approval has not been given before the close of business on the last date on which the New Shares under the Placement may be allotted or such suspension from quotation occurs;

3. Underwriting agreement summary continued



For personal use only

- any regulatory body commences any public action against an officer of Metcash in his or her capacity as an officer of Metcash or an officer of Metcash is charged with an indictable offence or is disqualified from managing a corporation under the Corporations Act; or
- at any time the S&P/ASX 200 Index falls to a level that is 87.5% or less of the level as at the close of trading on the trading day immediately prior to the date of the Underwriting Agreement;

In addition, the following termination events will depend on whether the event has, or is likely to have, a material adverse effect on the marketing, settlement or success of the Placement, or on the ability of the Lead Manager to market or promote or settle the Placement, or the likely trading price of the New Shares under the Placement, or the willingness of investors to subscribe for New Shares under the Placement, or where the event gives rise, or is likely to give rise, to a liability of the Lead Manager or its affiliates:

- Metcash is in breach of the Underwriting Agreement or any of Metcash's representations or warranties in the Underwriting Agreement is not true or correct when made or taken to be made;
- any adverse change occurs, or there is a development which in the Lead Manager's reasonable opinion involves a prospective adverse change, in the assets, liabilities, financial position or performance, profits, losses or prospects of Metcash or the Metcash group, including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of Metcash or the Metcash group from those respectively disclosed in:
 - the Offer Documents; or
 - Metcash's financial results for 31 October 2019 or any other subsequent disclosure made to ASX prior to the date of the Underwriting Agreement;
- a change in the senior management or the board of directors of Metcash occurs or is announced;
- ASIC threatens to issue proceedings or commence any inquiry or investigation in relation to the Placement;
- any regulatory body announces that it intends to commence a public action against an officer of Metcash in his or her capacity as an officer of Metcash;
- any government or any governmental or regulatory body issues, or threatens to issue, proceedings or commences any inquiry or investigation into Metcash or the Placement;

3. Underwriting agreement summary continued



For personal use only

- there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government authority which makes it illegal or commercially impossible for the Lead Manager to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Placement;
- hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, Japan or the People's Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world;
- there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State or Territory authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement); or
- any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, the United States, the United Kingdom, Hong Kong or Singapore is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
 - trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading (**Trading Day**) or a substantial part of one Trading Day or a Level 3 "market-wide circuit breaker" is implemented by the New York Stock Exchange upon a 20% decrease against the prior day's closing price of the S&P 500 Index; or
 - there is any adverse change or disruption to the political conditions or financial markets of Australia, New Zealand, the United States of America, the United Kingdom, Japan or the People's Republic of China, or the international financial markets or any change involving a prospective adverse change in national or international political, economic or financial conditions.

If the Lead Manager terminates its obligations under the Underwriting Agreement, the Lead Manager will not be obliged to perform any of its obligations that remain to be performed. Termination of the Underwriting Agreement could have an adverse impact on the amount of proceeds raised under the Placement. In these circumstances, Metcash would need to utilise alternative funding options to achieve its objectives as described in this Presentation.

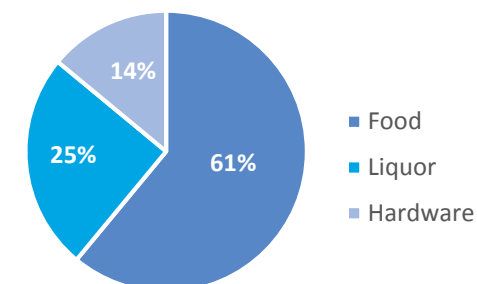
4. 1H20 financials by pillar



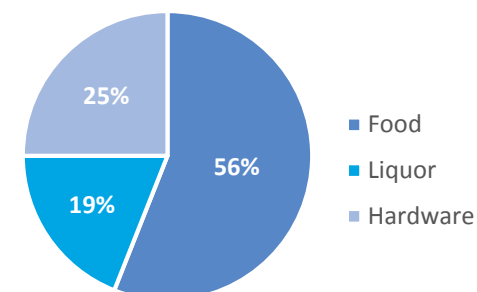
	1H20 \$m	1H19 \$m	Change %
Sales revenue (including charge-through sales)			
Food	4,381.1	4,330.9	1.2%
Liquor	1,784.2	1,753.9	1.7%
Hardware	1,044.2	1,089.6	(4.2%)
Total sales revenue (including charge-through sales)	7,209.5	7,174.4	0.5%
Less: Charge-through sales	(919.7)	(985.2)	(6.6%)
Total sales revenue (Statutory Accounts)	6,289.8	6,189.2	1.6%

	1H20 Pre AASB16 \$m	1H19 Pre AASB16 \$m	Change %
Underlying EBIT			
Food	85.2	93.0	(8.4%)
Liquor	29.6	29.1	1.7%
Hardware	37.3	37.8	(1.3%)
Business Pillars	152.1	159.9	(4.9%)
Corporate	(2.4)	(1.8)	(33.3%)
Total underlying EBIT (pre AASB16)	149.7	158.1	(5.3%)
Add: AASB16 adjustment	6.0	-	
Total EBIT (Statutory Accounts)	155.7	158.1	

Sales revenue (%)
(including charge-through)



Underlying EBIT (%)



Championing Successful Independents

