



Metcash Limited

ABN 32 112 073 480
1 Thomas Holt Drive
Macquarie Park
NSW 2113 Australia

26 August 2020

Market Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

METCASH LIMITED 2020 ANNUAL GENERAL MEETING AND TRADING UPDATE

In accordance with Listing Rule 3.13.3, please find attached the following documents that will be delivered at the Metcash Limited 2020 Annual General Meeting, being held virtually, later today:

- Chairman's Address
- CEO Presentation, including trading update.

Yours faithfully

Julie Hutton
Company Secretary

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These documents have been authorised by the Board of Directors of Metcash Limited to be given to ASX.

2020 Annual General Meeting

Chairman's Address

Ladies and Gentlemen

I will now provide you with a high level overview of how we performed in FY20, as well as comment on other important matters such as our strategic direction, senior management and Board changes, and remuneration outcomes for the year.

I will then invite Jeff to talk in more detail about the company's operating performance and outlook, as well as progress on key growth initiatives.

Turning firstly to our performance. I am pleased to report that the company delivered admirable results and clearly demonstrated its purpose of championing successful independents.

The FY20 financial year will stand as one of the most challenging years we have experienced, with devastating bushfires severely affecting many of our retailers and local communities, particularly in rural and regional areas where our retailers are strongly represented.

This was then followed by the COVID-19 pandemic which drove unprecedented spikes in demand, particularly in the Food pillar, resulting in extreme pressure on our supply chain.

During the bushfires, our teams went to extraordinary efforts to ensure our retailers were safe and able to continue supporting their communities with supplies of essential items such as masks, generators, cleaning materials, food and water. We worked closely with government, the Rural Fire Service and other essential services to ensure continuity of supply, including arranging air drop deliveries into some communities that became isolated by the bushfires.

Our people also contributed to the clean-up and rebuild through the establishment of 'Tool Libraries' in affected communities. This initiative enabled impacted residents to have access to trade quality tools at no cost.

In total, Metcash and our independent retailers were responsible for donating more than \$1.3m to support those impacted by the devastating bushfires.

Not long after the bushfire crisis had subsided, the spread of COVID-19 became a focus around the world. We recognised the critical role that we and our retailers would need to play in supporting communities through this crisis, particularly in regional and remote areas where our retailers are often the only store in town.

We quickly reset our priorities to protecting the health and wellbeing of our people; doing whatever was necessary to make sure we kept our supply chains running and distribution centres operating; and ensuring we remained in a strong financial position so that we could continue to supply and support our retailers.

While there were many outstanding efforts across all our Pillars during this period, I would like to make special mention of the speed in which we flexed our Food distribution centre operations to meet the surge in demand that commenced in March.

Within a period of only two weeks, we were operating at the equivalent level of having added another mega distribution centre. This was achieved through hiring and training new staff, as well as overtime by our existing teams. To achieve this in such a short period of time, while also

delivering an improvement in Group safety performance in the year, was really an extraordinary effort.

While COVID-19 trading restrictions had a positive impact on sales in our Food and Hardware pillars through March and April, our Liquor pillar was adversely affected by the shutdown of businesses, both in Australia and New Zealand, which represented approximately 20% of its total sales.

Overall, I am very proud of the way Metcash and our retailers rallied together during these periods of crisis and really delivered on our purpose of Championing Successful Independents. This enabled our retailers to do what they do so well, supporting their local communities.

In April, we completed a ~\$300m equity raising and secured an additional \$180m of short-term debt facilities in response to the high level of uncertainty associated with COVID-19. This provided us with additional financial flexibility to support impacted retailers during the COVID-19 restrictions, while also enabling us to continue to invest in growth opportunities across our three pillars.

In June, we announced the completion of two bolt-on acquisitions in Liquor and that we were well progressed on the acquisition of a large Hardware independent retailer. In Liquor, we acquired the Liquor Centre, which significantly expands our retail store network in New Zealand; and we also acquired the Kollaras private label brand portfolio which will enable us to accelerate our growth in the private label category.

Last month we announced we had entered into an agreement to acquire a majority stake in Total Tools Holdings, the franchisor to the largest professional tool retail network in Australia with 81 stores nationwide and annual sales of over half a billion dollars. Total Tools is a great fit for us, and it will strengthen both our existing Independent Hardware Group and the Total Tools retail network. We are very excited about this opportunity.

Turning now to our financial performance.

Extraordinary demand in the Food pillar in March and April drove strong sales in FY20. Importantly, the underlying sales trajectory of Supermarkets wholesale sales (ex-tobacco) continued to strengthen during the year, with sales growth delivered for the first time since FY12, even excluding the spike in sales in the last two months of the year due to COVID-19 restrictions.

The success of our strategic initiatives to further improve the competitiveness of our retailer network, together with a shift to more local neighbourhood shopping during COVID-19 restrictions, resulted in market share gains for the IGA network.

Our Liquor pillar continued to perform well delivering its seventh consecutive year of sales growth despite our New Zealand operations and 'on-premise' customers in Australia being shut down in the last five weeks of FY20 due to COVID-19 restrictions.

In Hardware, the business returned to sales growth in the second half of the financial year with March and April sales benefiting from COVID-19 restrictions. Over the full financial year, total sales were slightly below the prior year as an increase in demand in DIY categories was not sufficient to offset the impact of a slowdown in construction activity on Trade sales.

Group underlying EBIT, pre the impact of the new accounting standard AASB16, was \$324.2m and Group underlying profit after tax, also pre the impact of AASB16, was broadly in line with the prior year at \$209.7m. On a statutory basis, the Company reported a Group underlying loss after tax of \$56.8m which includes an impairment to goodwill and other assets made at the half year related to the 7-Eleven contract. Jeff will talk more on this in his presentation.

The Board declared a final dividend of 6.5 cents per share, which provides a total of 12.5 cents per share for the year, fully franked.

I would now like to tell you about some changes to our senior management team and the Board.

In January we announced that Mark Laidlaw would be retiring as CEO of our Hardware pillar and that Annette Welsh had been appointed to succeed him. Mark believed it was an appropriate time for him to step down with the Hardware business strong, diversified and well positioned as the second-largest player in the market.

Mark was instrumental in the growth of this business and we sincerely thank him for his efforts.

Mark will not be entirely lost to Metcash as he has kindly agreed to be the Executive Chair of Total Tools Holdings once this acquisition is complete.

We are fortunate to have a strong management team and it was satisfying to be able to appoint a quality internal candidate to succeed Mark. Annette is well placed through her extensive experience and deep understanding of our Hardware business to continue its growth momentum.

Another change to our senior management team is the impending retirement of Brad Soller from his Group CFO role. Brad advised the Board in March of his intentions, and kindly agreed to stay on through our process of appointing and inducting his successor.

Brad's stewardship since joining Metcash in 2015 has been a key driver of the Company having a strong financial position. His extensive experience and financial acumen have been highly valued by the Board and we wish him all the best for the future.

Earlier this month, we were pleased to announce the appointment of Alistair Bell to succeed Brad as Group CFO. Alistair is a highly experienced executive having held various CFO, COO and strategy positions with public, private equity and multinational companies spanning various industries.

Alistair will be an asset to Metcash, and we look forward to him joining us next month.

Now to the Board. In February we shared the profoundly sad news that Wai Tang had passed away after a short illness. Wai was appointed a Non-Executive Director in August last year and had been a valued contributor to the Board since joining.

Our search for an appropriate replacement is progressing well and we will make an announcement on this in due course.

I am pleased to advise that Peter Birtles has been appointed Chair of the Audit, Risk and Compliance Committee (ARCC). Peter's appointment forms part of a planned transition from Tonianne Dwyer which concluded following completion of our FY20 accounts process.

Peter is well credentialed for the role having extensive experience as both a CEO and CFO in publicly listed companies.

I would like to sincerely thank Tonianne for her significant efforts and oversight as Chair of the ARCC since her appointment in June 2018.

Turning now to remuneration.

Last year I advised that a number of changes to our remuneration structure aimed at creating an even stronger link between executive and shareholder outcomes would commence in FY20. These included the deferral of a component of any STI earned to be delivered as equity, and the expansion

of our minimum shareholding policy to include Key Management Personnel (KMP). These changes result in our KMP having the majority of on target, at risk remuneration delivered in equity.

In arriving at overall remuneration outcomes for FY20, the Board and management were cognisant of the wider economic challenges facing the community and many of our customers, agreeing that it would be inappropriate for executives to benefit unduly from COVID-19, including the trading outcomes in the last two months of the financial year.

Reflecting this, the Board has deferred any increases to KMP fixed remuneration until the trading environment becomes more settled; has based STI awards and LTI vesting broadly on pre COVID-19 outcomes to avoid any undue benefit; and increased the deferral component of STI awards for greater shareholder alignment in these uncertain times.

The Board believes this approach is fair to both executives and shareholders.

We will have the opportunity to discuss the Remuneration Report later in the meeting.

I am pleased to report that our achievements in gender pay parity have again been recognised with receipt of our second 'Employer of Choice' citation from the Workplace Gender Equality Agency. We have continued to narrow the gender pay gap, which at the end of FY20 was less than 1%.

Looking forward, FY21 has started strongly. We continue to see the shift to more local neighbourhood shopping across all pillars and we are now focused on ensuring the new and returning customers gained through the COVID-19 period are retained in our independent network.

Jeff will provide more information on FY21 trading in his presentation.

From a strategic perspective, our MFuture program continues to be well supported by the quality, dedication and passion of our leadership team, the Board and our retailers and will be a key driver of further improving the competitiveness of our retailer network.

Despite the uncertainty ahead associated with COVID-19, we have a strong financial position that enables us to continue supporting the ongoing success of our independent retailers and invest in growth opportunities.

I would like to thank my Board colleagues, all our people, the leadership team, our independent retailers and suppliers for their ongoing support.

Finally, on behalf of your Board, I would like to thank you our shareholders for your support.

I will now hand over to Jeff.

Thank you

Metcash Limited 2020 Annual General Meeting

26 August 2020

Board of Directors



Robert Murray

Chairman



Jeff Adams

Group Chief Executive Officer



Peter Birtles

Chair of the Audit, Risk and Compliance
Committee



Tonianne Dwyer

Non-executive Director



Murray Jordan

Non-executive Director



Helen Nash

Chair of the People and Culture
Committee



Julie Hutton

Company Secretary



Brad Soller

Group Chief Financial Officer



Scott Marshall

CEO, Metcash Food



Chris Baddock

CEO, Australian Liquor Marketers



Annette Welsh

CEO, Independent Hardware Group



Matt Havens

Chief Strategy & Transformation Officer



Penny Coates

Chief People & Culture Officer



David Reeve

Chief Information Officer

Meeting Agenda



- 1. Receive and consider the financial report and reports of the directors and auditor for the year ended 30 April 2020**
 - Chairman's Address
 - CEO review of financial performance
- 2. Resolutions to re-elect directors**
 - (a) To re-elect Mr Robert Murray as a director
 - (b) To re-elect Ms Tonianne Dwyer as a director
- 3. Resolution to adopt the Remuneration Report**
- 4. Special resolution to replace the constitution of the Company**

Chairman's Address

- Delivered admirable results and championed the success of our independent retailers
- FY20 was one of the most challenging years we have experienced
 - Devastating bushfires
 - COVID-19
- Strengthened financial position
- Results highlights
- Senior management changes
- Board update
- Remuneration
- A strong start to FY21
- Thank you for your ongoing support



NSW Rural Fire Service collecting items donated by Crookwell IGA



Volunteers unloading items donated by Donges Supa IGA Young at the Tumut Recovery Centre

Review of FY20 financial performance

Jeff Adams

Group Chief Executive Officer

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

Group highlights

- Group revenue increased 2.9% to \$13.0bn and, including charge through sales, was up 2.0% to \$14.9bn
- All Pillars responded well to service our retailers in a very challenged environment impacted by both bushfires and COVID-19
- Food delivered sales growth, even excluding the positive uplift in sales due to COVID-19 in March and April. Supermarkets wholesale sales (ex-tobacco) reported underlying sales growth for the first time since FY12, confirming our strategic initiatives are delivering positive results
- Liquor delivered its seventh consecutive year of sales growth despite the COVID-19 related closure of Australian 'on-premise' businesses and our New Zealand operations
- Hardware returned to positive sales growth in 2H20 with strong DIY sales
- Underlying Group EBIT (pre AASB16) was \$324.2m. Excluding the impact of the loss of Drakes and a lower contribution from lease resolutions, this is an improvement of ~\$12m on last year
- Statutory loss after tax (post AASB16) of \$56.8m includes impairment to goodwill and other assets in 1H20 of \$237.4m (post tax)
- Strengthened financial position through equity raising
- Acquisition of a majority share of Total Tools Holdings
- Strong start to FY21

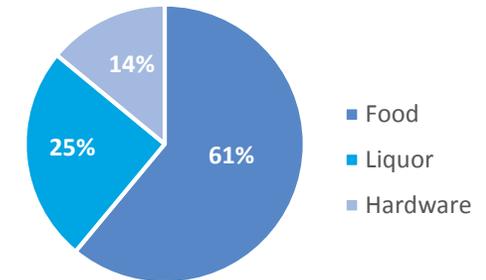


Results overview by pillar

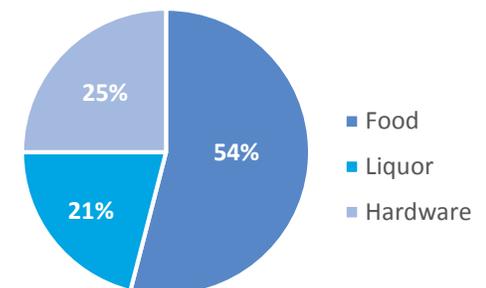
	FY20 \$m	FY19 \$m	Change %
Sales revenue (including charge through sales)			
Food	9,103.7	8,794.3	3.5%
Liquor	3,678.4	3,666.9	0.3%
Hardware	2,075.0	2,102.0	(1.3%)
Total sales revenue (including charge through sales)	14,857.1	14,563.2	2.0%
Less: Charge through sales	(1,831.7)	(1,902.9)	(3.7%)
Total sales revenue (Statutory Accounts)	13,025.4	12,660.3	2.9%

	FY20 Pre AASB16 \$m	FY19 Pre AASB16 \$m	Change %
Underlying EBIT			
Food	177.5	182.7	(2.8%)
Liquor	70.6	71.2	(0.8%)
Hardware	81.2	81.2	-
Business Pillars	329.3	335.1	(1.7%)
Corporate	(5.1)	(5.1)	-
Total underlying EBIT (pre AASB16)	324.2	330.0	(1.8%)
Add: AASB16 adjustment ¹	10.7	-	-
Total EBIT (Statutory Accounts)	334.9	330.0	1.5%

Sales revenue (%)
(including charge through)



Underlying EBIT (%)



1. An analysis of AASB16 adjustments by Pillar is shown in Appendix 2.

Food – MFuture initiatives



— STORE CLARITY

- Small format store trial completed with learnings being rolled out to Xpress network
- First 'Supa Valu' large format store opened at Doonside, NSW
- Current focus on core IGA brand, stores and standards
- Roll out of 'Low Prices Every Day' improving price competitiveness and driving sales growth



— STORE NETWORK

- DSA program remains key driver of improvement in quality of store network
- Further 124 stores completed DSA program resulting in ~40% of network now being upgraded. Average retail sales growth ~15%
- Increased retailer confidence – 36 new IGA stores opened in FY20



— PRIVATE LABEL

- Community Co well received by retailers and customers
- New ranges launched in ready meals, delivering value to customers and better returns to retailers
- Further range expansion expected in FY21



— LOW COST OPERATOR

- New Distribution Centre in South Australia to be completed by end of CY20
- Suppliers re-entering network included Bulla & Manassen – supports drive to be broad-range low cost distribution provider
- Warehouse efficiency and cost-out initiatives delivered significant savings

Focus is on further improving competitiveness of retailer network

Liquor – MFuture initiatives



DIGITAL

- Accelerating growth opportunities through expansion of digital capability
- Launched new e-commerce platform 'Shop My Local' in April with 200+ stores
- Significant retailer engagement and support for Loyalty program
- Integrated POS program underway
- Data excellence program to enhance quality of legacy data



STORE NETWORK

- Continued to enhance the quality of the network through investment in stores and cool room upgrades
- Further expansion of private and exclusive label range available to the network
- Acquired private label brand portfolio from Kollaras – key accelerator of private label growth strategy
- Expansion of Porters network slowed due to COVID-19
- Successfully renewed supply agreement with large contract customer



ON-PREMISE

- Good progress in addressing historical under-indexing in 'on-premise' market pre COVID-19
- ~650 new customers added in FY20 which helped deliver 'on-premise' sales growth of 10% pre COVID-19
- Investment in supporting customers impacted by COVID-19 restrictions
- Launched ALM Agora online market place connecting on-premise venues directly with suppliers

Prioritising growth opportunities in digital, private label

Hardware – MFuture initiatives



SAPPHIRE PROGRAM

- Sapphire store upgrades continuing to improve the quality of the network. 90 stores have completed the program delivering average retail sales growth of >15%
- Significant support of the program by Independents reinvesting into their business and their communities



BUILD TRADE

- Number of Trade Only stores increased to 19, with plans to increase to 40 by 2022
- Progressing 'Whole of House' strategy with frame & truss facilities in place, alliances established and staff training completed
- New supply agreements with large trade customers, QLD and SA
- Proposed acquisition of Total Tools Holdings



GROW RETAIL NETWORK

- Company-owned retail network core to ensuring a strong independent model
- Six acquisitions (17 sites) in FY20 increased network of retail stores to 105
- Retail network represents ~15% of total stores and ~40% of total IHG sales



DIGITAL & TRADE TECHNOLOGY

- Further advanced leading Trade technology including: Truck Tracker, Trade Online and Trade+
- Significant increase in SKUs available online to ~14,000 (FY19: ~3,000)
- Average online retail sale ~\$200 which is four times larger than 'in store'
- Online sales growth of 40% in FY20



COSTS

- Closed NSW DC and opened new state-of-the-art DC in QLD (NSW served out of VIC and QLD)
- DC consolidation in WA planned for Q1 FY21
- Continued strong focus on costs
- Cost resets in company-owned retail network most exposed to slowdown in construction activity

IHG remains well positioned as the second largest player in the market

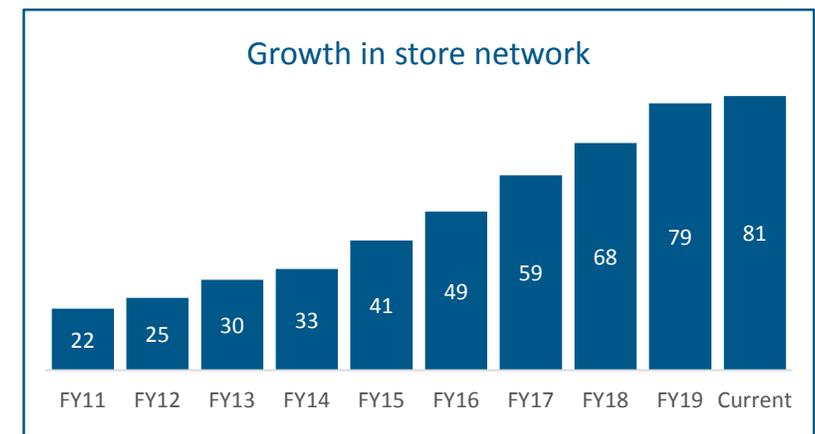
Acquisition of Total Tools

- Total Tools Holdings Pty Ltd (“Total Tools”) is the franchisor to the largest tool retail network in Australia
- 81 stores nationwide generating sales of ~\$555m¹
- Differentiated by targeting professional tradespeople (“tradies”) who require high quality tools for commercial use
- Operating for over 30 years

A compelling rationale

- Aligns with Metcash’s strategy to be the leading supplier to independents in each of its three Pillars
- Enhances Metcash’s position in the Australian hardware market which will benefit independent retailers in both Total Tools and the Independent Hardware Group
- Increases the Hardware pillar’s exposure to trade customers
- Supports Total Tools’ vision to remain a leading professional tool retail network
- Strengthens both Metcash’s and Total Tools’ existing independent networks
- Provides Metcash with a more balanced mix of earnings across its operating pillars
- Results in significant value creation opportunities and synergies

1. 12 months ended 31 December 2019.



Food

- Sales continue to benefit from the change in consumer behaviour seen since the introduction of COVID-19 restrictions
- Total Food sales in the first quarter of FY21 were up 11.4% on the prior comparative period, and Supermarkets wholesale sales (ex-tobacco) were up 13.8%
- Excluding the impact of the loss of Drakes in South Australia, total Food sales in the first quarter of FY21 increased 14.9% and Supermarkets wholesale sales (ex-tobacco) increased 18.4%
- As previously advised, there will be no sales to Drakes in South Australia in FY21 and there will be significantly lower sales to 7-Eleven

Liquor

- Liquor continued to perform well following the relaxation of restrictions in both New Zealand and for 'on-premise' businesses across Australia
 - All trading restrictions in New Zealand were lifted on 9 June, but following an outbreak of COVID-19 were reintroduced on 12 August
 - 'On-premise' trading restrictions in Australia were partially lifted in the quarter, but were reintroduced in Victoria on 5 August
- Sales in the first quarter of FY21 increased 11.4%
- Excluding those customers impacted by the trading restrictions, sales in the first quarter of FY21 increased 23.2%

Hardware

- Hardware had a strong first quarter underpinned by very strong demand in DIY categories
- Sales for the first quarter of FY21 increased 19.2%
- Trading restrictions were imposed in metropolitan Melbourne on 2 August for a six-week period
 - DIY sales are restricted to Click & Collect and Click & Deliver
 - No restrictions on retailer Trade sales, but some restrictions at building sites
 - 36 IHG stores located in Metropolitan Victoria impacted (predominantly Trade based stores)
- Requirement to reduce warehouse staff by one third in Victoria has led to additional costs

Operating costs and COVID-19

- Our Pillars and independent retailers continue to be subject to significant volatility and uncertainty in their trading environment and operations due to potential changes in COVID-19 restrictions
- Operating costs across all Pillars remain elevated as the business continues to respond to the strong demand from customers, the increased volatility and incremental costs associated with managing the health and safety of both our employees and customers

Metcash Limited 2020 Annual General Meeting

26 August 2020