

metro

INVESTOR DAY 2023

May 10th, 2023



AGENDA

Eric La Flèche

President & Chief Executive Officer

François Thibault

EVP, Chief Financial Officer & Treasurer

Carmen Fortino

EVP, National Supply Chain and Procurement

Marc Giroux

EVP, Chief Operating Officer, Food

- BREAK -

Alain Tadros

VP, Marketing

Jean-Michel Coutu

President, Pharmacy Division

Marie-Claude Bacon

VP, Public Affairs and Communications

- Q&A -

Forward Looking Information

We would like to remind you that we will use in today's discussion, different statements that could be construed as forward-looking information. In general, any statement which does not constitute a historical fact may be deemed a forward-looking statement. Words or expressions such as "expect", "intend", "are confident that", "will", and other similar words or expressions are generally indicative of forward-looking statements.

The forward-looking statements are based upon certain assumptions regarding the Canadian food and pharmaceutical industries, the general economy, our annual budget, and our 2022–2023 action plan. These forward-looking statements do not provide any guarantees as to the future performance of the Company, and are subject to potential risks, known and unknown, as well as uncertainties that could cause the outcome to differ materially.

Risk factors that could cause actual results or events to differ materially from our expectations as expressed in, or implied by, our forward-looking statements are described and discussed under the "Risk Management" section in our Annual Report 2022.

We believe these forward-looking statements to be reasonable and pertinent at this time and represent our expectations. The Company does not intend to update any forward-looking statement, except as required by applicable law.

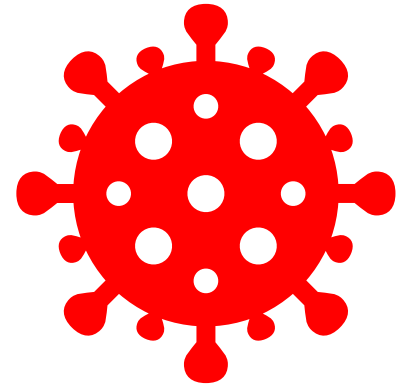


Eric La Flèche

President & Chief Executive Officer



 **Jean Coutu**



metro
Sales **+36%**

Net Income **+67%**
F2018 – F2023 (LTM)



AGENDA

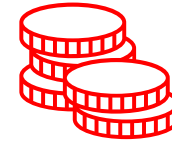
01 Market Environment

02 Metro's Strategy

03 Key Priorities

Current Market Environment

- **Customer** searching for value in this **high inflation** environment;
 - Shift to discount continuing
 - Private Label penetration up
 - Promotional intensity back to pre-pandemic levels
- **Cost pressures** persisting across the **supply chain**, although moderating;
- **Labour** shortages persist;
- Industry square footage growth **normal**.



Consistent Purpose and Pillars



January 2021

METRO'S STRATEGY – HOW WE COMPETE

- ✓ **Best Community Supermarkets**
 - Convenience, Value, Fresh and Health
- ✓ **Best Community Pharmacies**
 - Patient care, Convenience, Value, Health and Beauty
- ✓ **Omnichannel**
- ✓ **Decentralized merchandising and store operations**
- ✓ **Financial discipline**



Key Priorities for F2023

✓ Deliver Food and Pharma business plans



✓ Open new Terrebonne distribution centre



✓ Launch new Quebec multi-banner loyalty program Moi



✓ Accelerate digital transformation to gain efficiencies



✓ Achieve Corporate Responsibility Targets



✓ Opportunistic M&A / Partnerships



METRO's Long-Term Financial Targets*

2-4% growth in **sales**

4-6% growth in **operating income**

8-10% growth in **earnings per share**



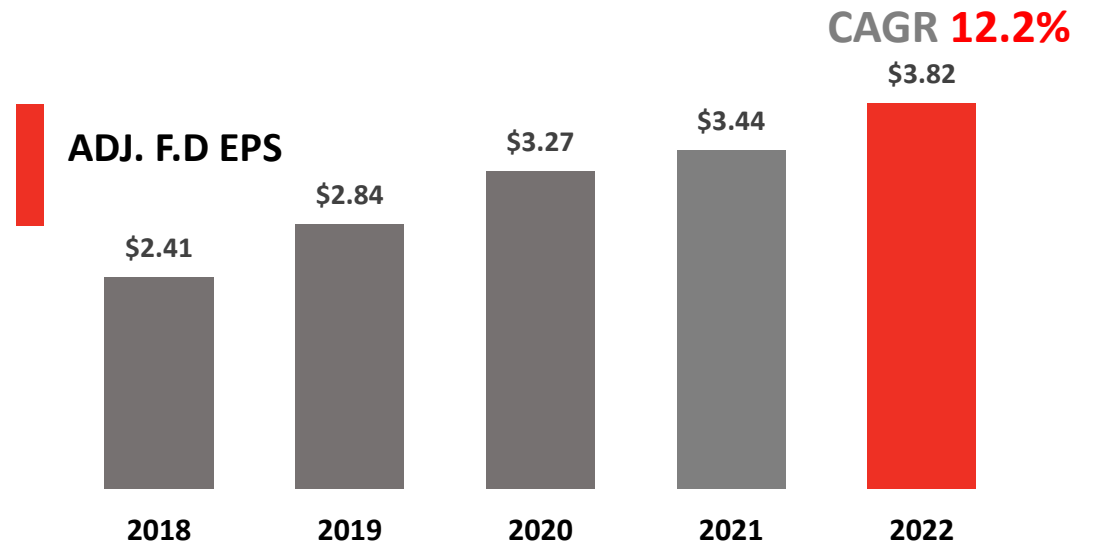
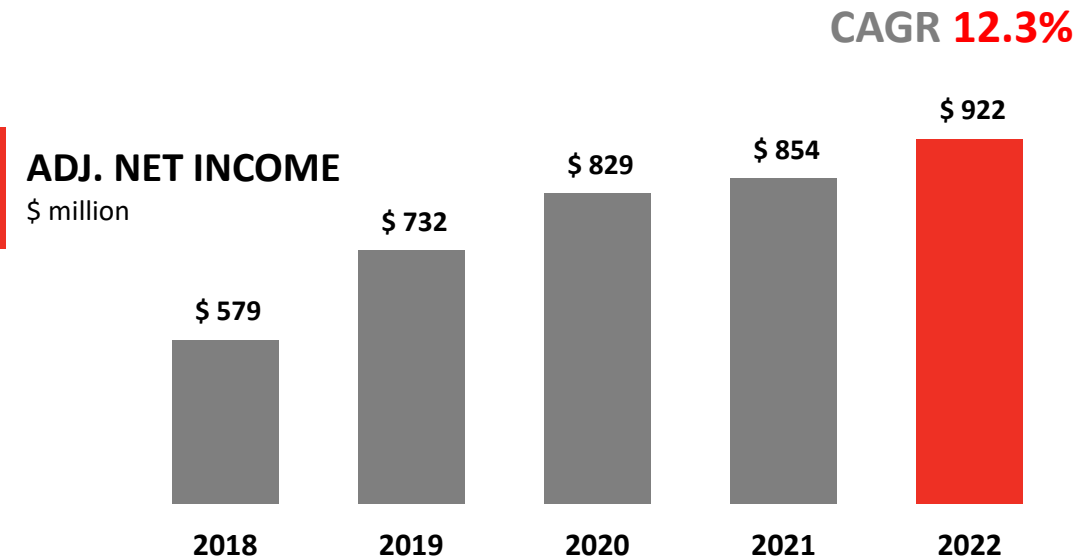
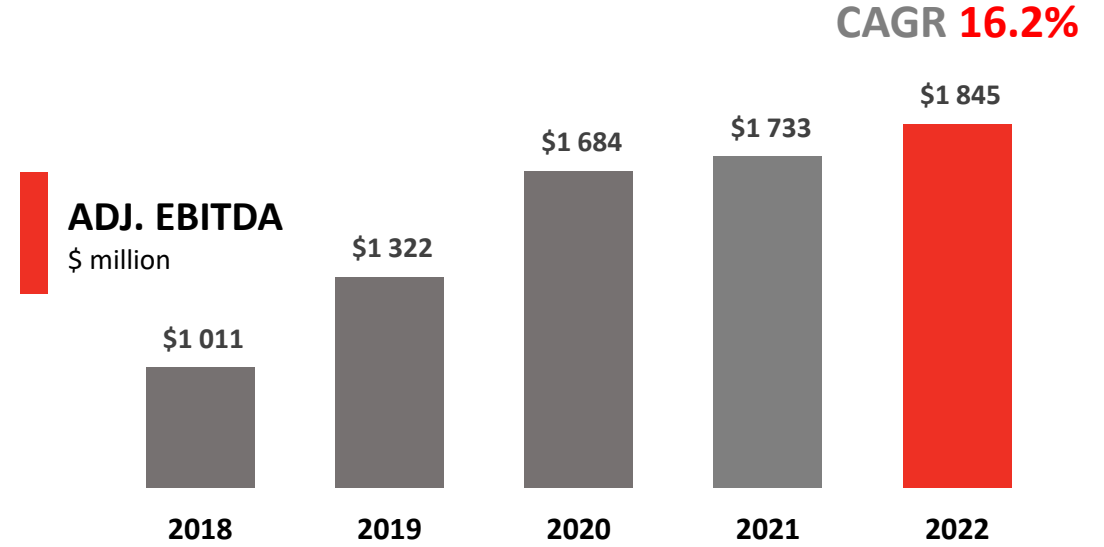
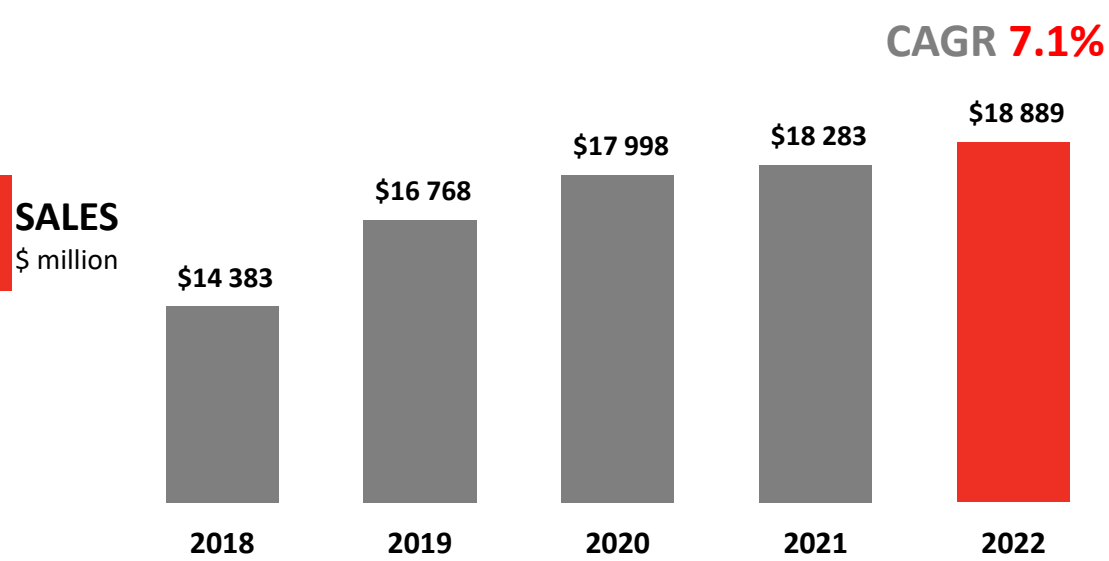


François Thibault

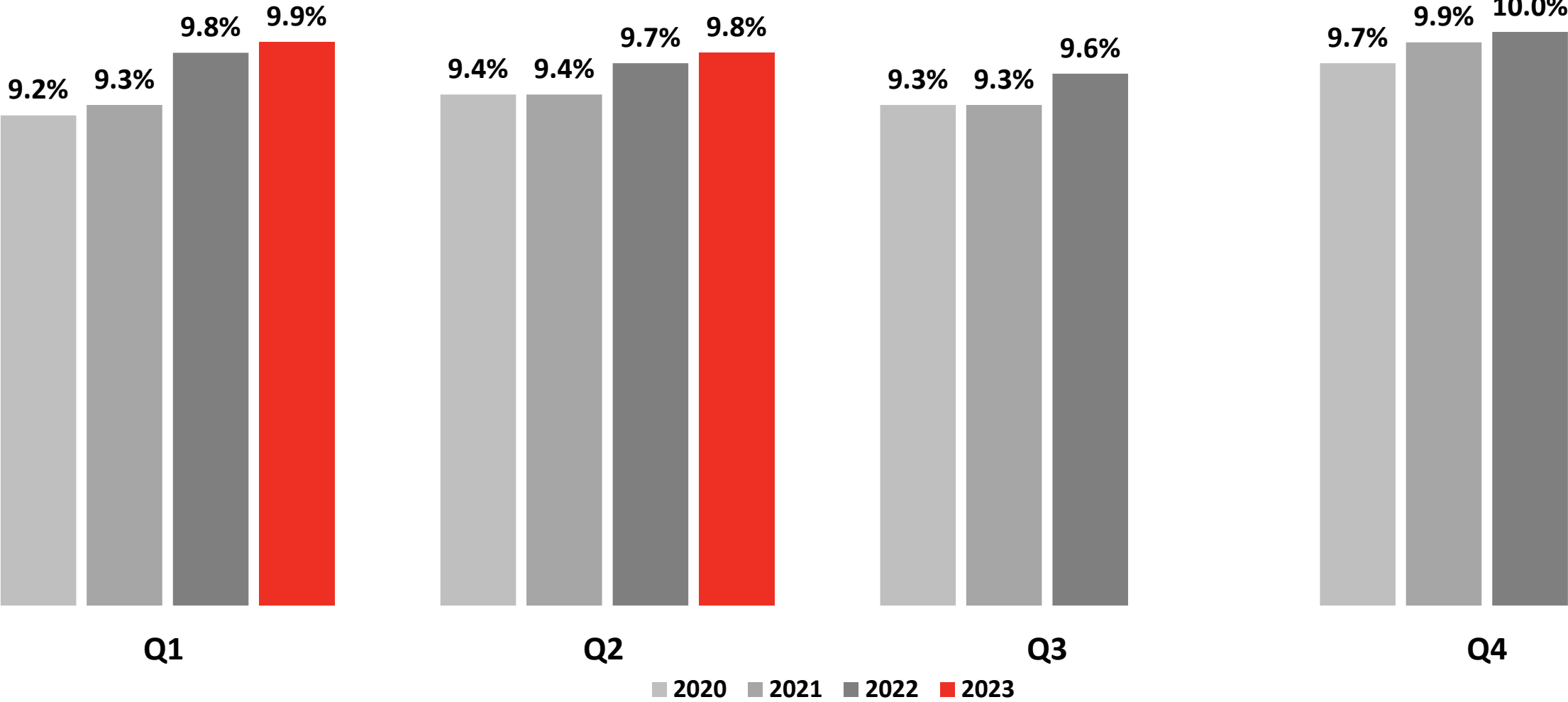
Executive VP, Chief Financial Officer & Treasurer



Exceeding our long-term targets



Adjusted EBITDA Margin Evolution



Capital Allocation

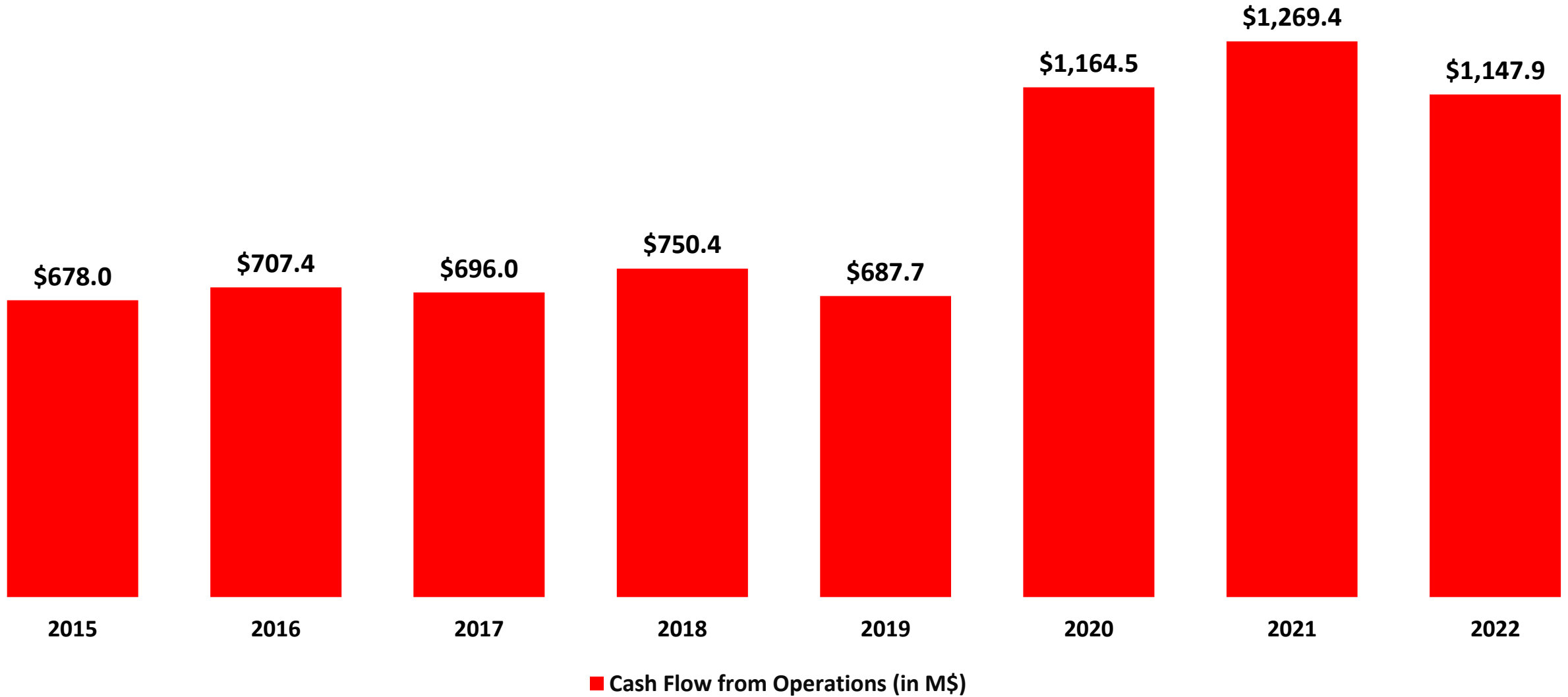
From a strong generation of cash flows, capital is allocated:

1. Capital expenditures
2. Dividends
3. Share buybacks

→ Targeting a financial leverage of 3x total Debt / EBITDA



Cash Flow Generation

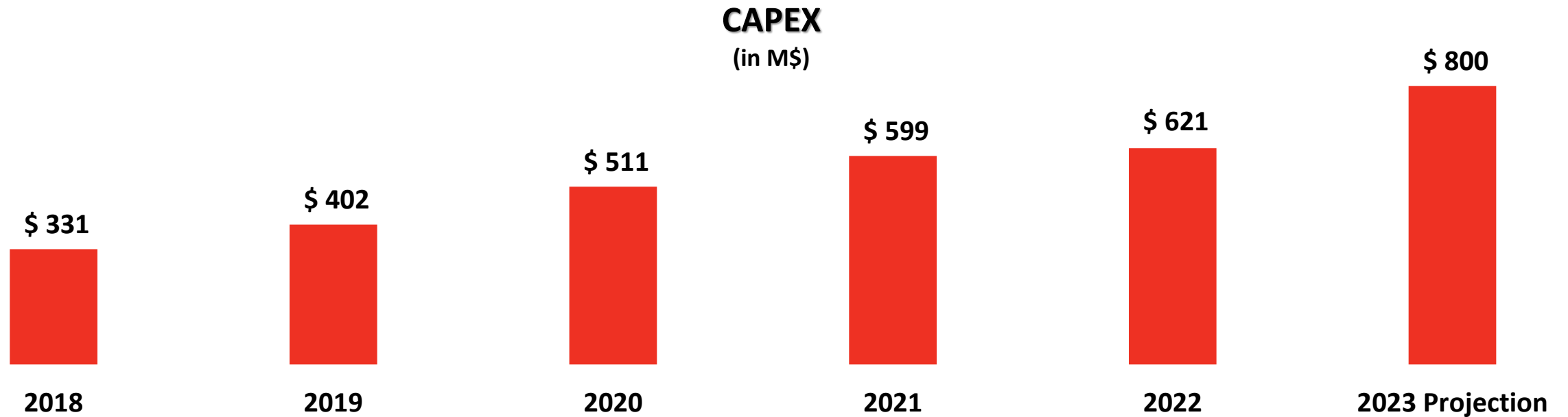


F2019 – Taxes paid on the gain related to the disposal of our investment in ACT for ~ \$195M

F20-22 – Figures reclassified to remove the impact of IFRS 16

Capital Expenditures

- Disciplined capital investments / Rigorous governance process
- Retail network
- Supply chain and logistics
- Technology



Dividend Policy

Payout ratio between 30% to 40% of the previous year's adjusted net earnings

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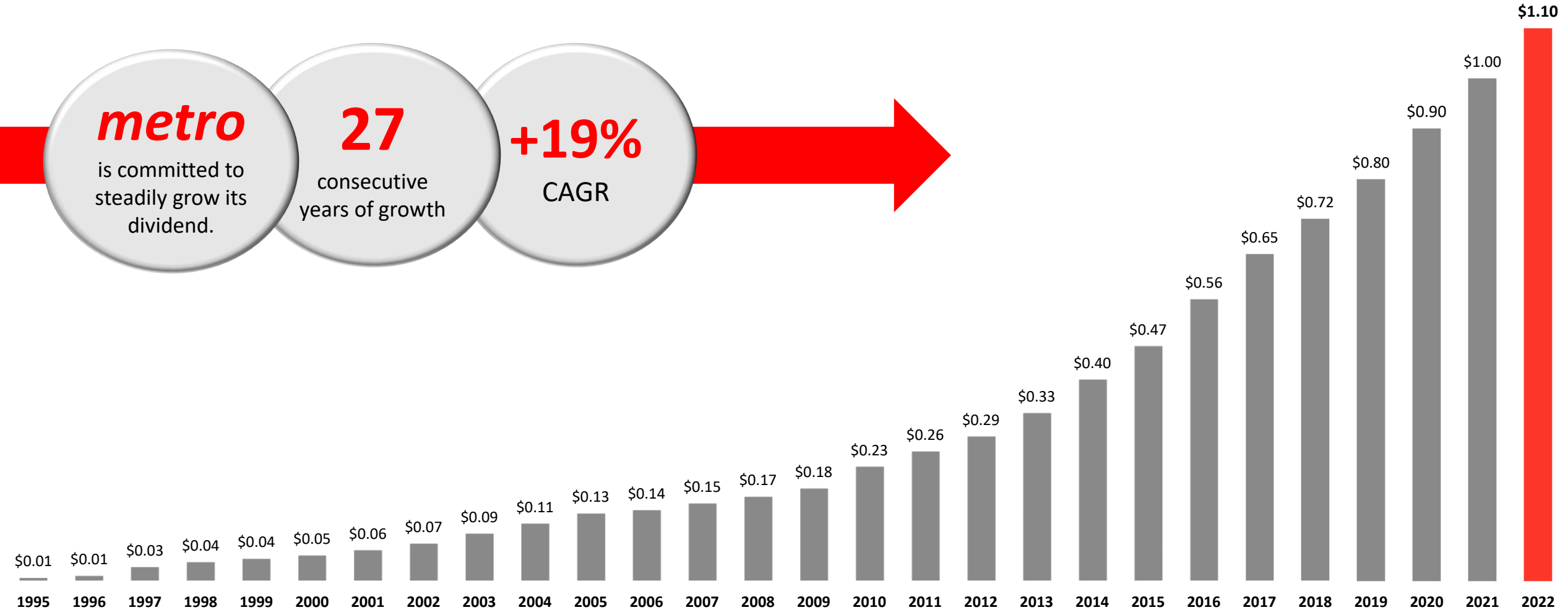
is committed to steadily grow its dividend.

27

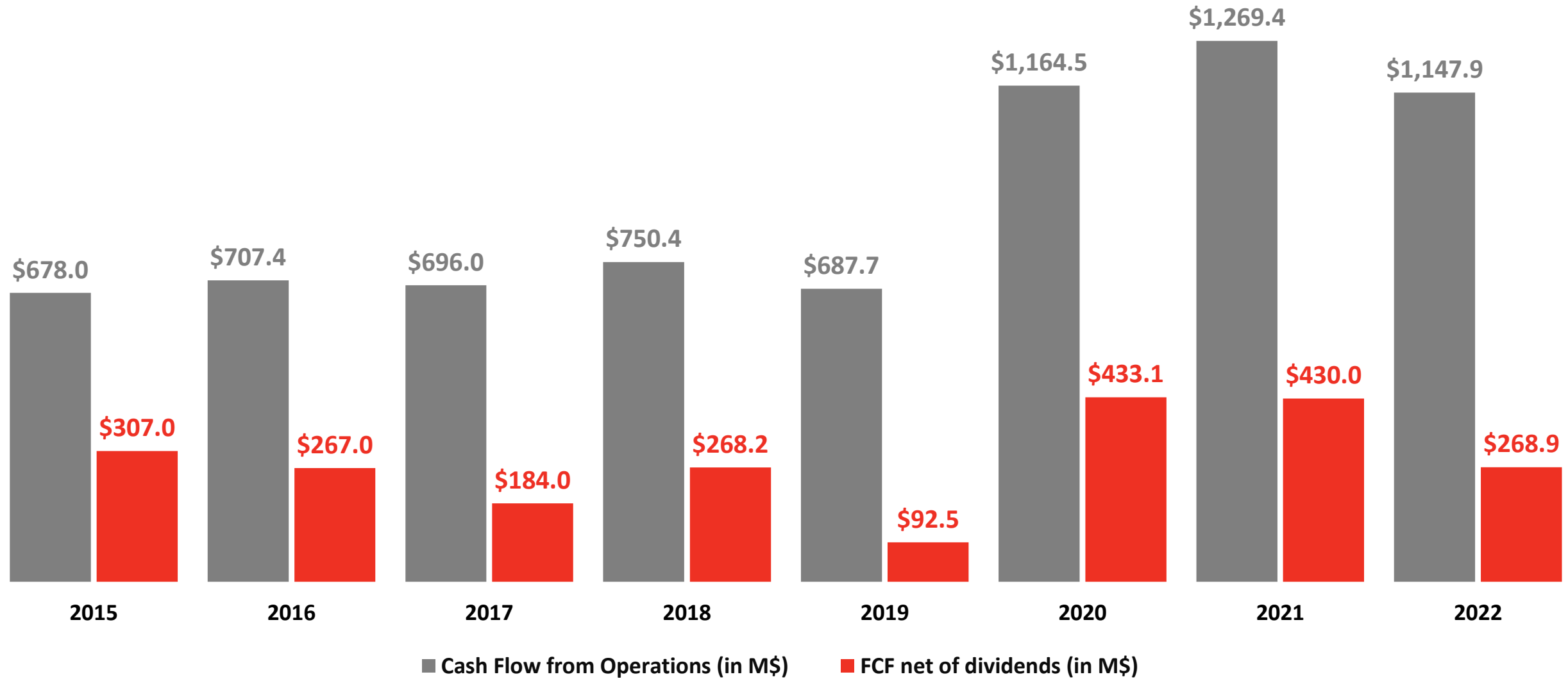
consecutive years of growth

+19%

CAGR



Cash Flow Generation

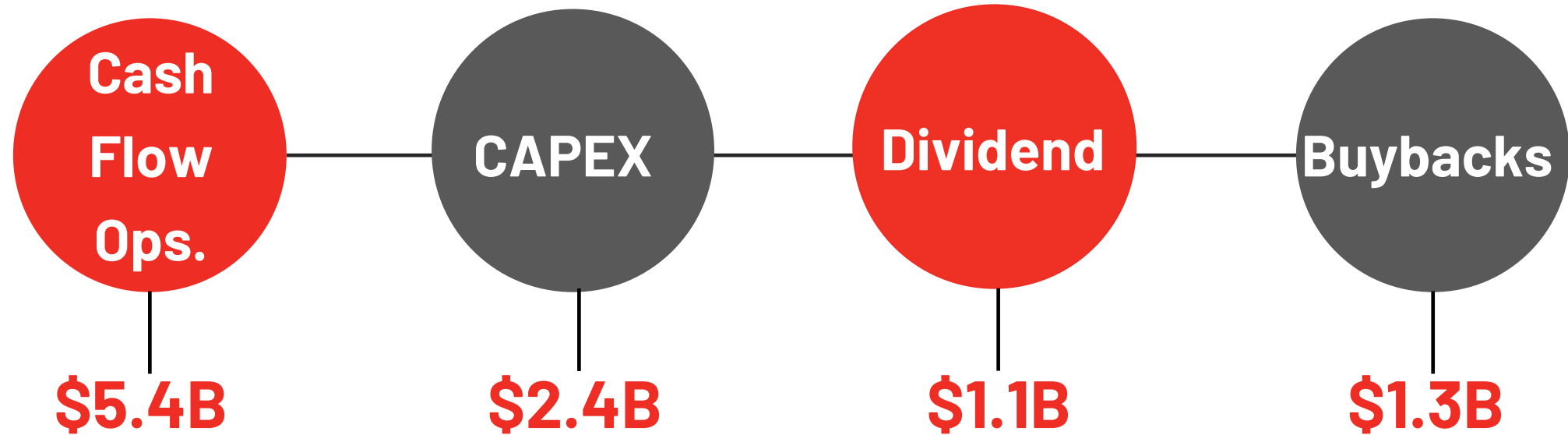


F2019 – Taxes paid on the gain related to the disposal of our investment in ACT for ~ \$195M

F20-22 – Figures reclassified to remove the impact of IFRS 16

Capital Allocation

Over the past 5 years⁽¹⁾

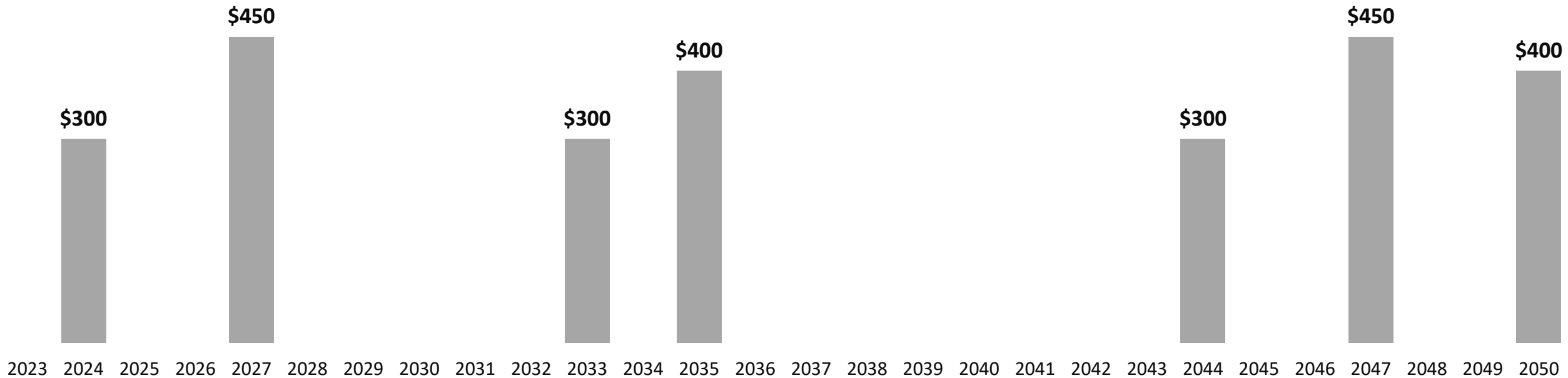


Debt Profile

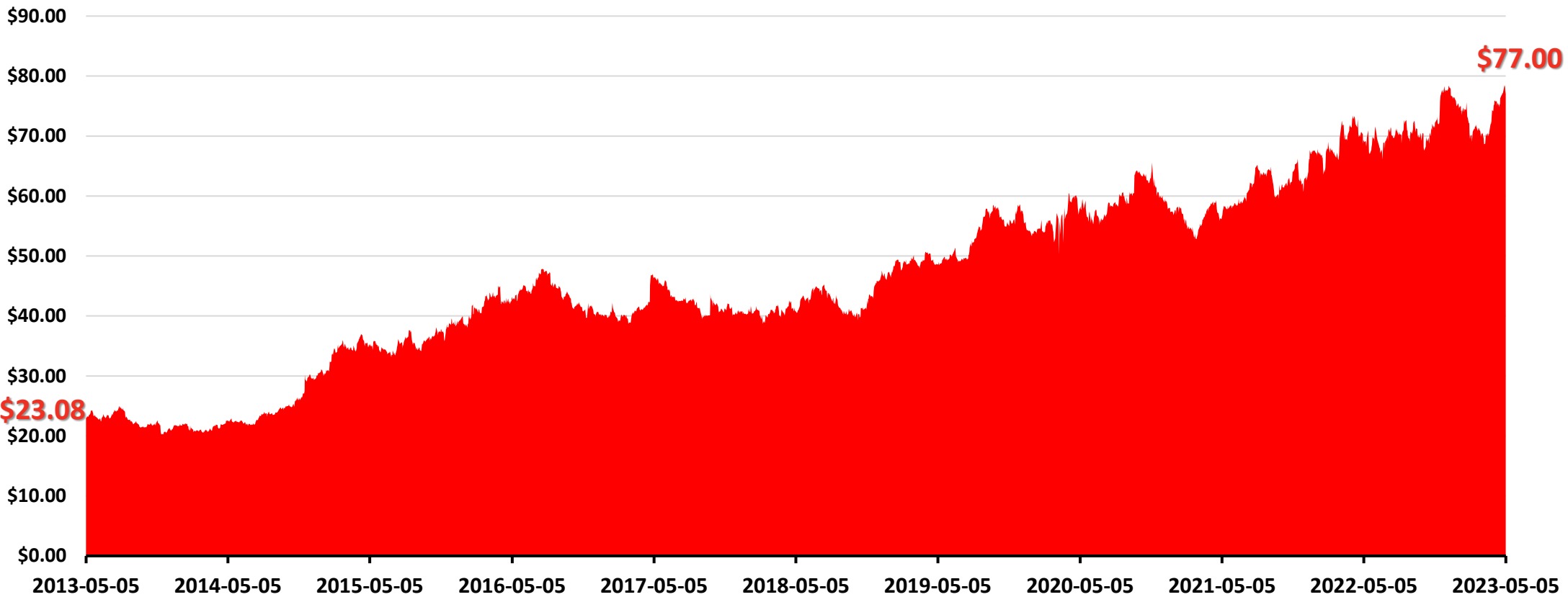
- ❖ **Investment** Grade
- ❖ **S&P** Credit Rating – BBB;
- ❖ **DBRS** Credit **Rating** – BBB;
- ❖ **\$600M** unused credit revolver;

Total:	\$2.6 billion
Blended rate:	4.5%
Fixed debt:	88.5%

Maturity Profile



Total Shareholder Return



Price-to-Earnings*
17.3x

Enterprise value-to-EBITDA*
11.0x

	1 year	3 years	5 years	10 years	20 years
Total Shareholder Return	+ 13.2%	+ 39.5%	+ 103.6%	+ 289.7%	+ 1,534.6%
Compounded Annual Growth Rate	-	+ 11.9%	+ 15.4%	+ 14.7%	+ 15.1%

* valuation multiples given on a forward basis (Thomson Reuters Eikon)

2023 Financial Priorities



1. Financial performance of key automation projects



**2. Steadily improve:
Return on Invested Capital /
Return on Equity**



3. Contain operating expenses



Carmen Fortino

Executive VP, National Supply Chain and Procurement



Agenda

- 1 Global Supply Chain Trends 2023
- 2 Metro's Employee Commitment
- 3 Future Supply Chain Network
- 4 Ongoing Initiatives
- 5 Toronto Freezer: 1st Year Major Impacts
- 6 Sustainability Initiatives

Global Supply Chain Trends 2023

1
People

Prioritize **people** and factor our workforce into all our initiatives

2
Resilience

Supply chain disruptions highlight the need to focus more on **resilience**

3
Automation

Labour shortages and rising costs highlight **automation** as a priority

4
Value Creation

It is important for our business to create new capabilities to deliver **value**

5
Sustainability

The importance of **sustainability** is increasing

Metro's Employee Commitment **People**



Retain our labour force

- **Ontario:** Kept the new distribution centers in Etobicoke
- **Quebec:** Built on the nearest available real estate in Terrebonne
- **Quebec City:** Converting perishable DC to dry grocery to retain the labour



Improve the quality and safety of working environments

- Improved amenities
- Improved employee health and safety



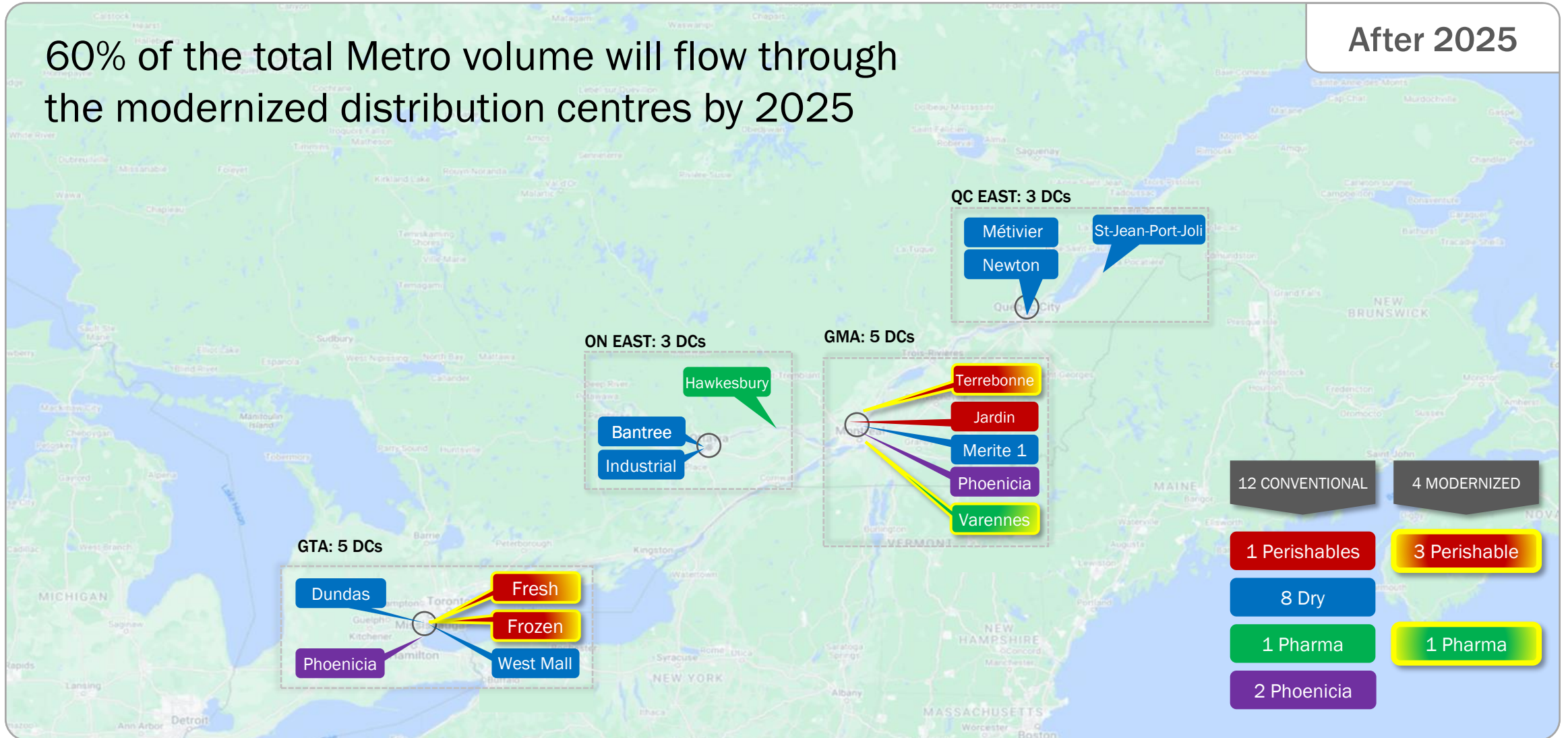
Automate labour intensive tasks

- Fully automated the movement of inventory in the freezers
- Automation allows employees to focus on value-added tasks

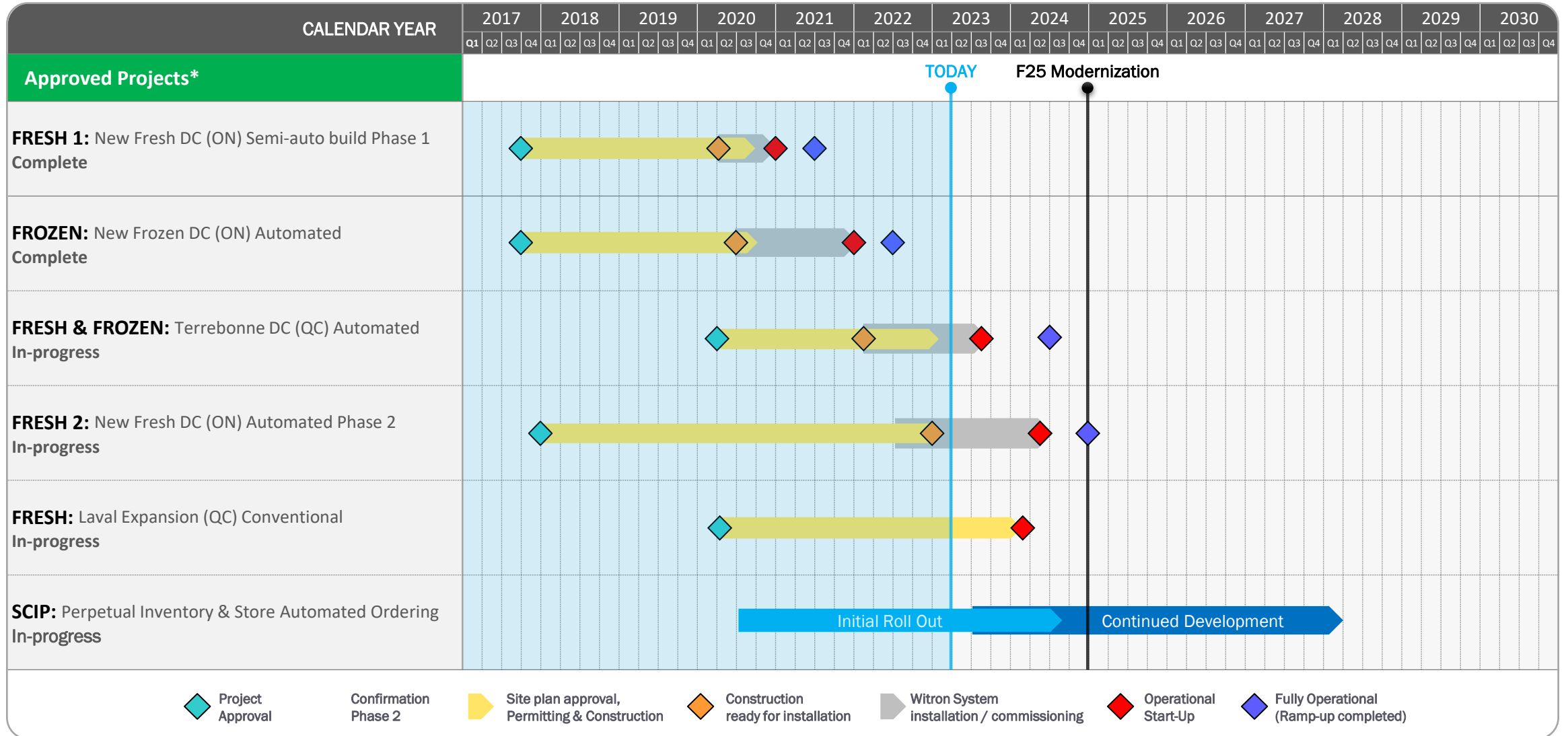
Future Supply Chain Network Resilience

60% of the total Metro volume will flow through the modernized distribution centres by 2025

After 2025



Ongoing Initiatives Automation



*Projected Timelines

Toronto Freezer: Value Creation

Major Benefits

- 1 LABOUR SAVINGS
- 2 Direct Store Delivery (DSD) CONVERSIONS
- 3 INBOUND SAVINGS
- 4 STORE PROFIT
- 5 SALES UPLIFT
- 6 CAPITAL INVESTMENT
- 7 ENVIRONMENTAL

Other Benefits



Higher availability and freshness

*Resilient Supply Chain,
less dependent on labour*



Fewer trucks on the road

ESG Initiatives Sustainability



Electric Vehicles and Infrastructure

- **Vehicles:** Metro QC shunt trucks will be electric, upcoming tractor trailer project pilot with our transportation providers
- **Infrastructure:** Electric vehicle chargers installed at all new DCs and electrical outlets for refrigerated trailers



DC Waste Management and Recovery Program

- Food loss and waste recovery program removes food waste from landfill
- Increasing food donations by partnering with local food banks



Reduction of Direct Store Deliveries

- Reduced the impact of our carbon footprint by bringing more Vendor deliveries through our DCs (i.e., Nestle Ice Cream)

Metro Inc.

FOOD

Marc Giroux

EVP, Chief Operating Officer – Food



Agenda

1

**WHO
WE ARE**

2

**MARKET
POSITION**

3

**HOW
WE WIN**

Our 5 customer promises

It's easy to shop



Customers get what they want



Great quality fresh products



The people are great



Competitive prices



Everything starts and ends with the customer

Metro food leadership team

metro



Joe Fusco
SVP, Metro Ontario
Metro since 2009



Richard Pruneau
SVP, Metro Quebec
Metro since 2012



Éric Provost
VP, General Manager, Adonis
Metro since 2015



Paul Bravi
SVP, Food Basics
Metro since 1999



Loïc Cloutier
SVP, Super C
Metro since 2014



Christina Bédard
VP, eCommerce & Digital
Metro since 2003

Right store in the right market

Multiple store formats:

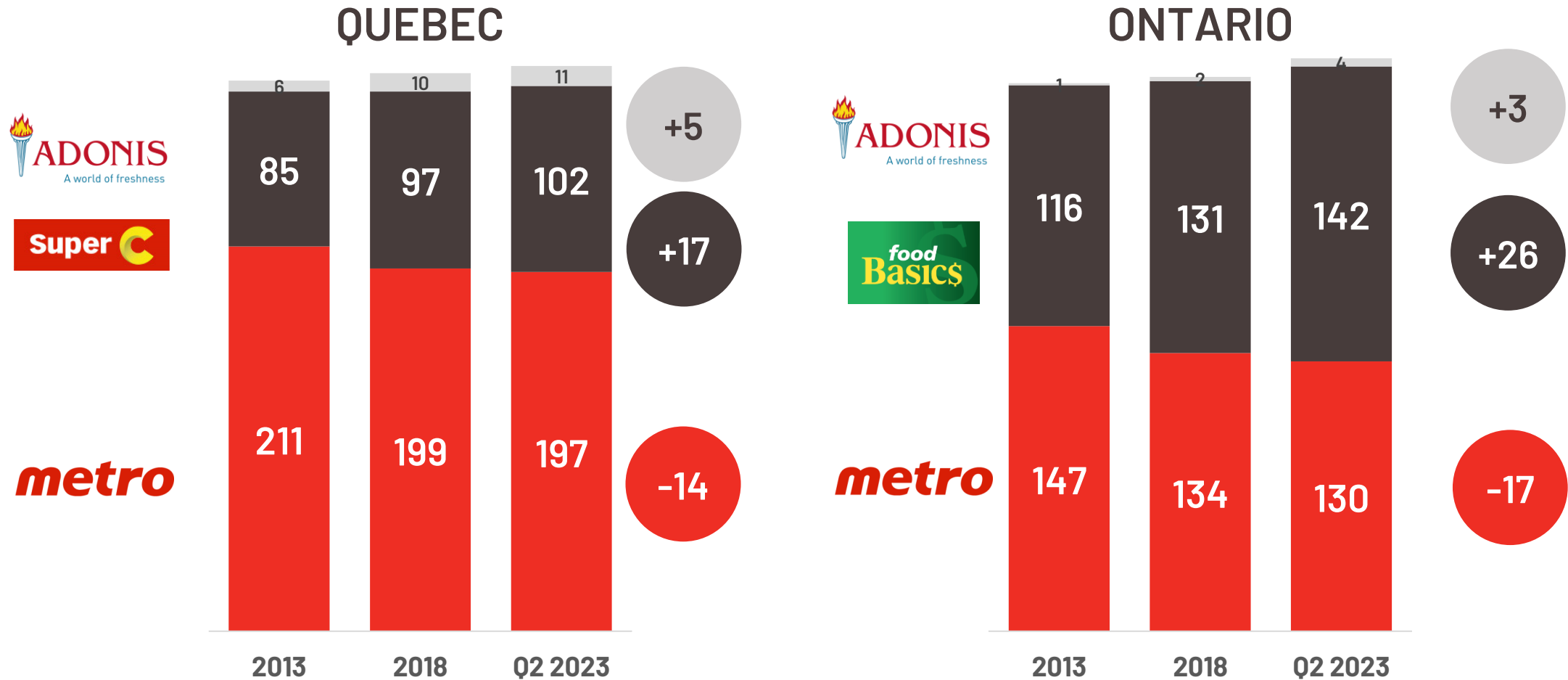
- Supermarkets
- Discount
- Neighbourhood
- Specialty

eCommerce:

- Flexible operating platform



Network over time



~\$2.0 Billion of store capital in QC and ON over 10 years

Vast majority of network represents our standard model

Our network Q2 F2023

Supermarkets

342



Discount stores

244



Neighbourhood stores

370



Specialty stores

25

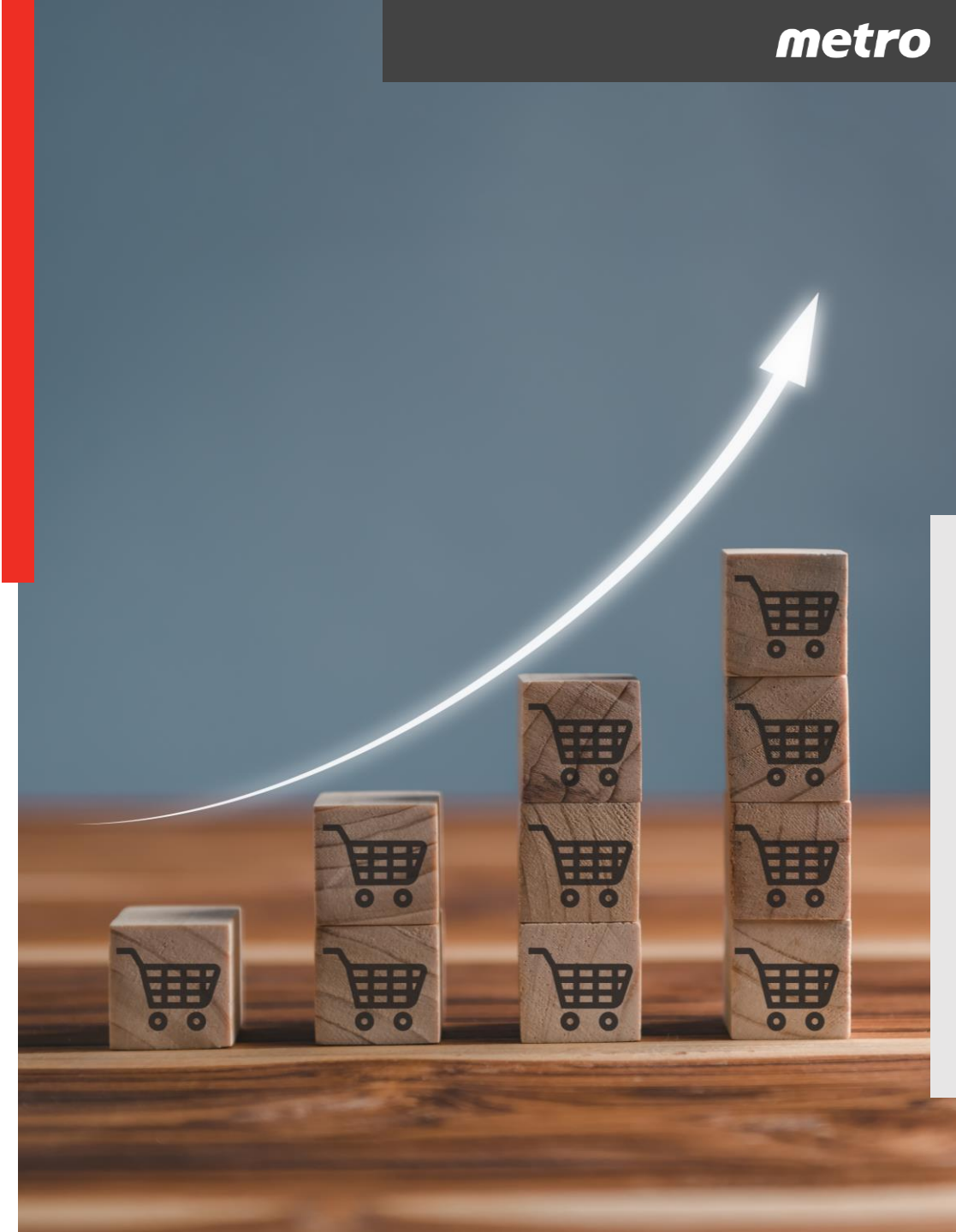


TOTAL

981

Well positioned for growth

- Market share opportunity in growing **Ontario** market
- Well positioned discount banners with **competitive price position**
- Invest in conventional stores, with **differentiated fresh & health offering**
- Leverage **modernized supply chain** to deliver improved customer experience and efficiencies
- Leverage our **leading customer experience position in Quebec**, both in store and online
- **MOI loyalty program launch** in Quebec



How we win



Our people

differentiated customer experience, 65,000 engaged food colleagues



Our fresh food

offering, community grocery store tailored to the communities we serve



Our brands

portfolio with differentiated taste and value



Health

improved assortment, tools and knowledge for our customers



Improving efficiency and productivity



Customer-centric loyalty & merchandising

powering omni-channel execution

People



Employee Engagement

- Leadership development program (LEAD)
- Competitive wages and working conditions
- Flexible work schedule for part-time employees
- Commitment to student employees' academic achievement
- Investments to ensure our employees' physical and mental health, safety, and equity, diversity, & inclusion (ED&I)



Fresh food

Great Quality

- Local suppliers
- Direct international sourcing
- Ready to eat, to heat, to cook

Modernized fresh & frozen DCs in Quebec and Ontario

Quality, value, and convenience

Store tools improving **just-in-time inventory, in-stock, freshness, and efficiency**



Our brands

6,600+ products

Sales are up
32% since 2020

Sales penetration
#2 in Canada

VALUE

- Value SIZE
- NB equivalent at a good price



ADDED VALUE / DISCOVERY

- Treat myself
- Authenticity
- Ethnic



HEALTH

- Diversified diet
- Facilitate access to health

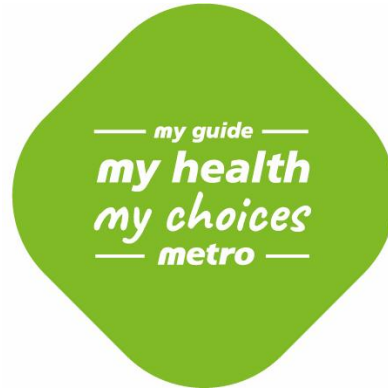


FRESH

- Launch a new produce brand
- Increase our assortment



Health



Improved assortment
in-store and online

- Private Label innovation

Store-within-a-store partnership
with "Nature Signature" and
"Le Naturiste"

Helping customers make better
choices: My Health, My Choices tool

MOI cross banner loyalty in Quebec



Improving efficiency and productivity

Front-end efficiency (~70% of stores)

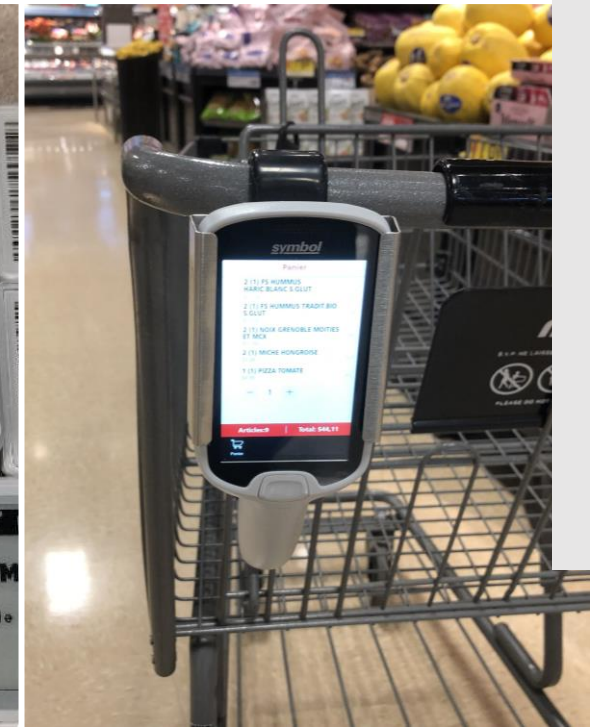
- Self-Checkout

Electronic shelf label (~50% of stores)

AI-powered fresh and grocery forecasting and replenishment







AI-powered scheduling management

Investing in DC automation



Bricks / online seamless experience

I get the products that I want, when & where I want, with the same great freshness and value.

		F23	TO COME
	Market coverage >	90%+	
	Click & collect locations >	250+	~80
	Delivery hubs >	20+	~ 3- 5
	Partnerships for same-day delivery >	 	



Data-driven unified commerce

A customer-centric approach since 2009 with continued evolution in our approach to market

Customer & market data informs all our actions



Loyalty & Shopper Activation

Best-in-class personalised communications & offers



Merchandising

Advanced analytics & optimization of pricing, promotions, assortment & space



Retail Media

Insight-driven targeting, activation and measurement for Metro and vendors



Vendor Collaboration

Personalised customer & category insights

Continuous optimization to deliver growth & ROI

Our 5 customer promises

It's easy to shop



Customers get what they want



Great quality fresh products



The people are great



Competitive prices



Everything starts and ends with the customer

THANK YOU



Metro Inc.

LOYALTY

Alain Tadros

Vice President Marketing

We have leading & trusted brands in Quebec



#1

in customer experience among Quebec conventional food banners¹



#1

of the most admired companies in the Quebec retail sector²



#1

for the best quality & price in fresh among Quebec food banners³

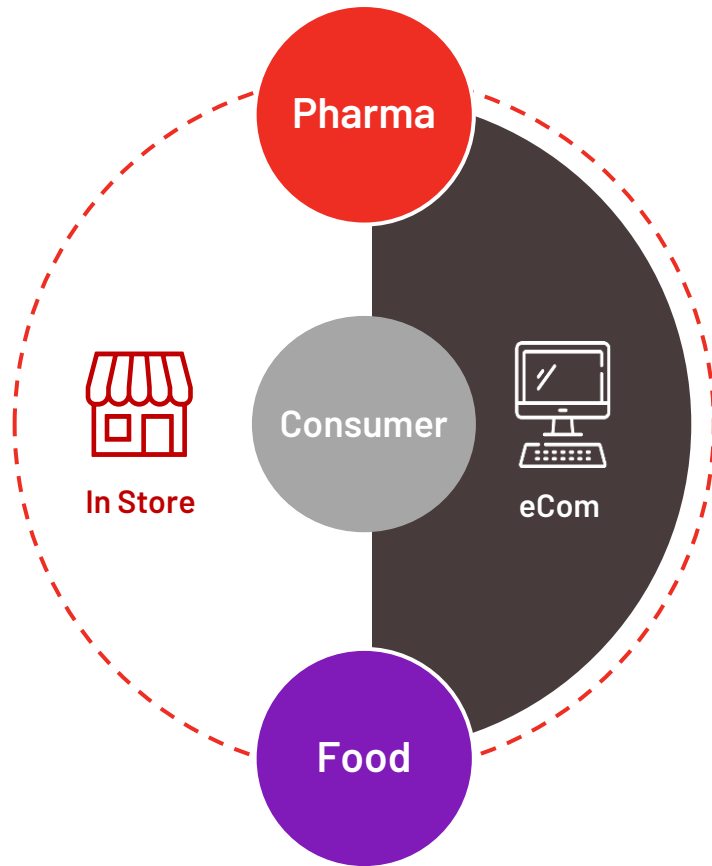


Sources: 1: Léger, WOW study on store experience, 13th Edition 2022, Winter 2023

2: Léger, Reputation Study, 26th Edition 2023, April, 2023

3: SOM, Consumers Tracker, Québec, among grocery shoppers, Last 52 weeks ending March 11, 2023 – Our customers voted Super C number 1 for the best quality price in meat and produce among Quebec food banners.

Our loyalty vision



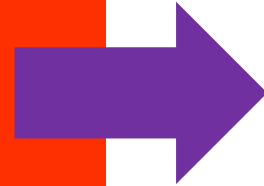
An ecosystem that connects all touch points and delivers a more relevant & personalised experience to drive more customer loyalty.

Capitalising on the success of metro&moi and extend across Quebec

- 1 Update the tech foundations & unify across banners
- 2 Accelerate digital adoption & create deeper connections
- 3 Extend Health & Wellness Community into Loyalty



metro&moi



moi

+ 1.2 million
active members

+ 50%
of Quebec households

Among the 10 best
loyalty programs in Canada ¹

In 5 banners

and close to

900 stores

in late Spring 2023

We are better positioned than ever to leverage our strengths in Quebec



#1 grocery & pharmacy store network in Quebec¹



97% of Quebec households have visited one of our stores in the past year¹



Over 5M transactions per week²



More than 60% cross-shop in our store network³

Sources:

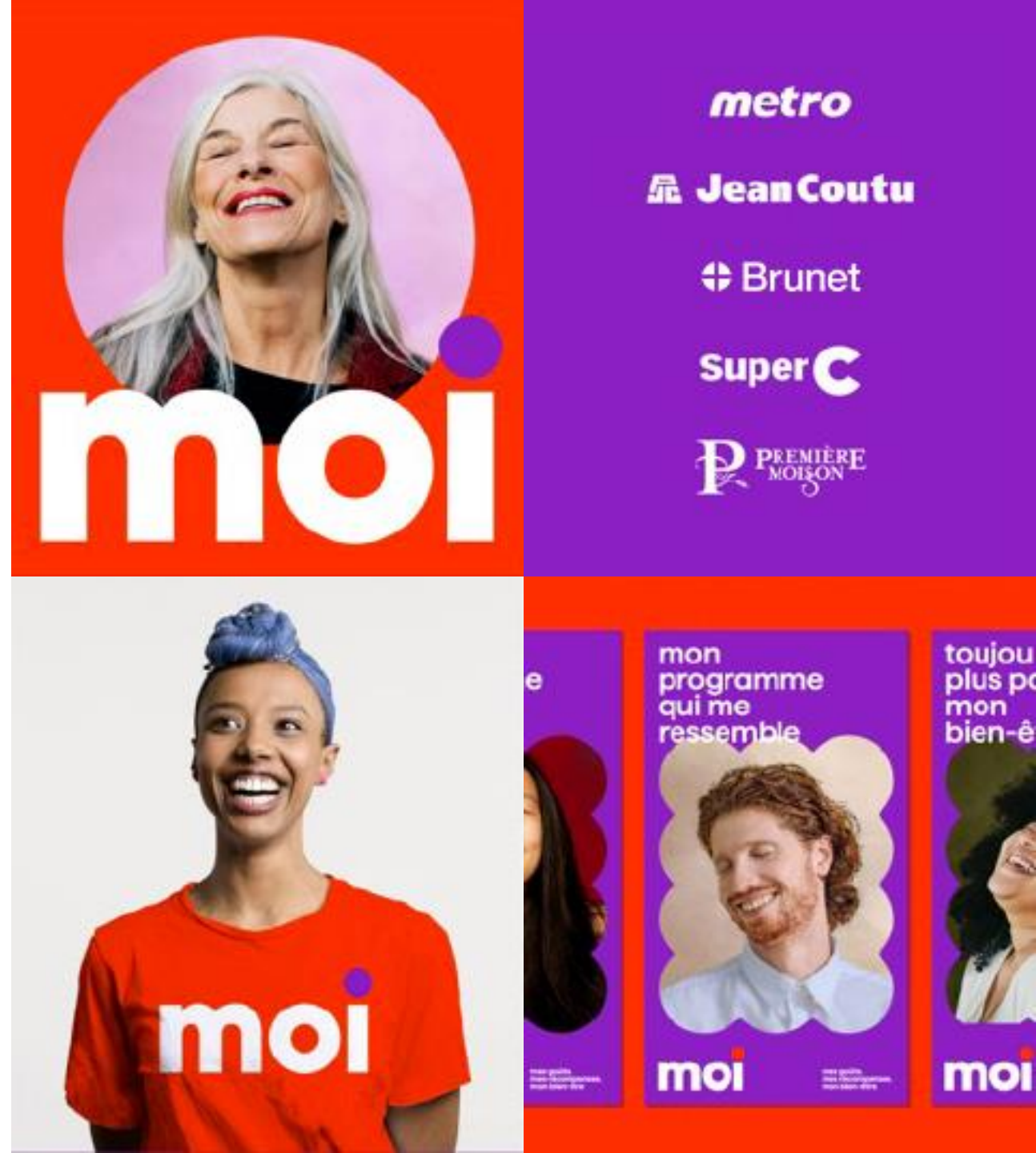
1- NielsenIQ, Homescan, Last 52 weeks ending February 25, 2023

2 - Weekly Sales Report P8-2FY2023 weekly YTD Average

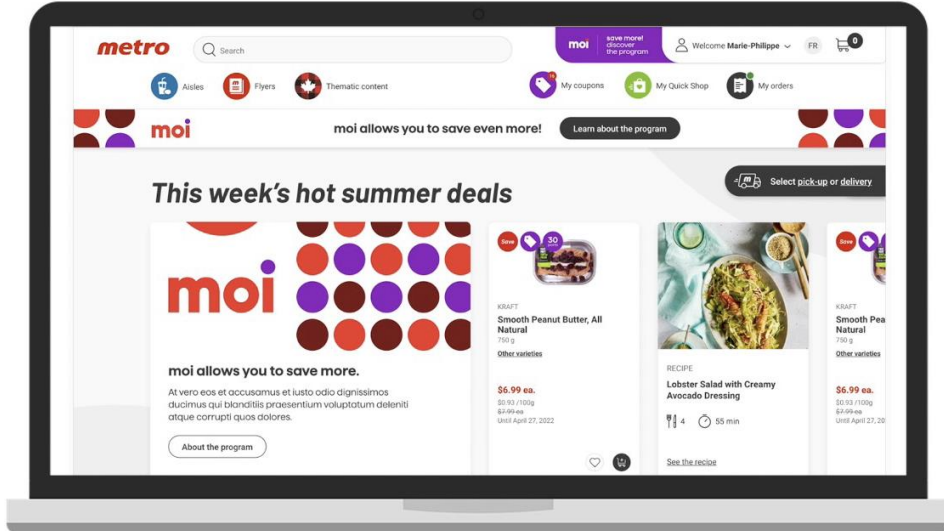
3- Metro Inc. 2019 Quebec & Ontario Tokenized data report April 2020

Our ambition

“ Become the most popular loyalty coalition in Quebec ”



Owning the customer relationship maximizes value

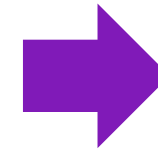
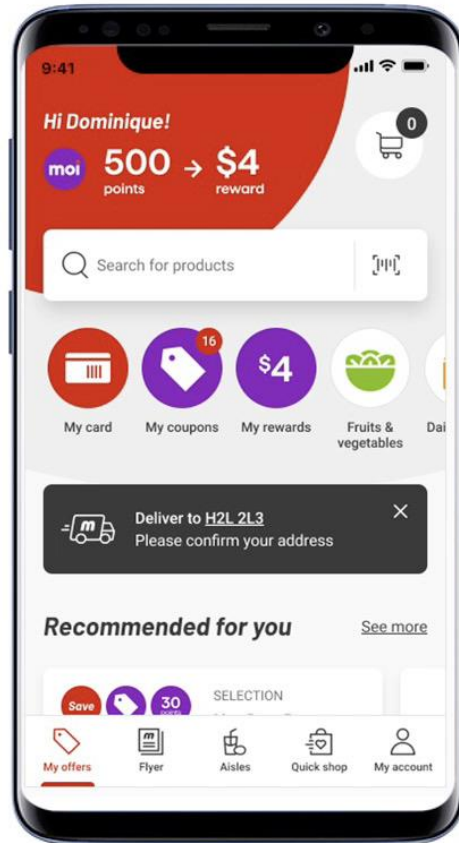


30M+
monthly digital reach
via our platforms¹



17%
more monthly spend
customers we reach by email²

Digitally engaged members spend more



47%
digitally engaged
loyalty members¹

72%
more monthly
spend
digital vs non-digital
members¹



3x more yearly spend on an
Omnichannel customer¹
+90% retention rate

Bigger, more personalized and more generous

1 Base points*

2 Bonus points

- Personalized offers with a score-based predictive model
- Mass offers including on-shelf and flyer points
- Bonus offers – Coalition and banner level

3 Additional points

- RBC and other partners



100%
points redeemed
in-store



Moi-RBC multi-year strategic partnership

Two leading Canadian brands come together to accelerate Moi reach & earning power

1

Overview

Annual Fee	\$0
Welcome Offer	4,000 moi points (\$32)*
Insurance	Purchase Protection, Extended Warranty & Mobile Device Insurance

2

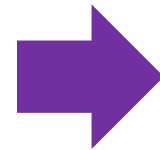
Earn Rates

In-store purchases	2 pts / \$ at Participating Metro Locations
Dining, Gas & EV	2 pts / \$
Everywhere else	1 pts / \$ including Super C

3

Additional Benefits

Petro Canada	Link to save 3¢/L instantly
RONA / Lowe's	Get up to 10% back in statement credits
RBC Offers	Hundreds of relevant merchant offers



des points partout sur tous vos achats
points everywhere on all your purchases

obtenez jusqu'à
get up to

4 000

points en primes!
bonus points!

par dollar d'achat
per dollar spent

2X

les points*
the points

- * dans les magasins participants et participating stores
- * sur les restos / on dining
- * sur l'essence / on gas
- * sur la recharge pour VE on EV charging

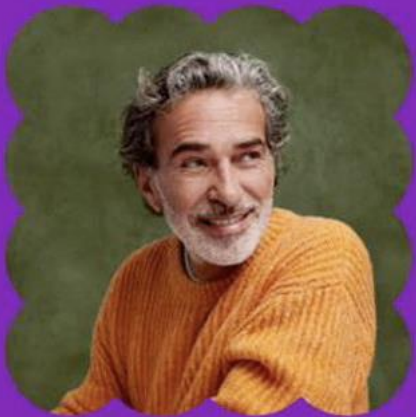
1x les points partout ailleurs*
1x the points everywhere else*

nouveau!
new!

rbc.com/moi

*Offre en vigueur jusqu'au 31 août 2023. Des conditions s'appliquent.
 *Des conditions s'appliquent. Voir rbc.com/moi pour obtenir tous les détails.
 *Offre en vigueur jusqu'au 31 août 2023. Des conditions s'appliquent.
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 *Des conditions s'appliquent. Voir rbc.com/moi pour obtenir tous les détails.

*Limited Time Offer until August 31, 2023



THANK YOU.

Metro Inc.

PHARMACY

Jean-Michel Coutu
President, Pharmacy Division



WELL-POSITIONED IN A GROWING MARKET

Demographic shifts driving greater need for pharmacy services

*24% of Canadians will be 65+ by 2036**

Quebec government more than ever recognizes the value of pharmacists

*15 new professional activities including prescribing for many minor ailments**

Patients are benefiting from pharmacists expanded scope of practice

*Increase of more than 55% in consultations for minor ailments over the past 3 years (2019-2022)***

Digital acceleration will create new opportunities to enhance service offering and patient experience

*Website traffic (health) - more than 20% increase over the past 3 years***

*Source: Environics, Canadian Demographic Update, February 16th, 2023 (Statistics Canada, Population Estimates and Projections, Income Survey)
<https://www.opq.org/presse/nouvelles-activites-prof-pharm/>

** Source: Internal data

ONE DIVISION, TWO STRONG BANNERS

Jean Coutu

- Average of 9,800 sq. ft.
- Most admired pharmacy banner in Quebec

Brunet

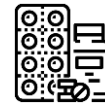
- Average of 6,800 sq. ft.
- Oldest pharmacy banner in Quebec



More than **680** engaged pharmacists owners



2nd largest store footprint in New Brunswick*



Leading provider of prescriptions in Quebec



Over **23,000** employees



PJC Sales breakdown

- 2/3 Rx
- 1/3 commercial



Serving over **4.45 million patients** each year



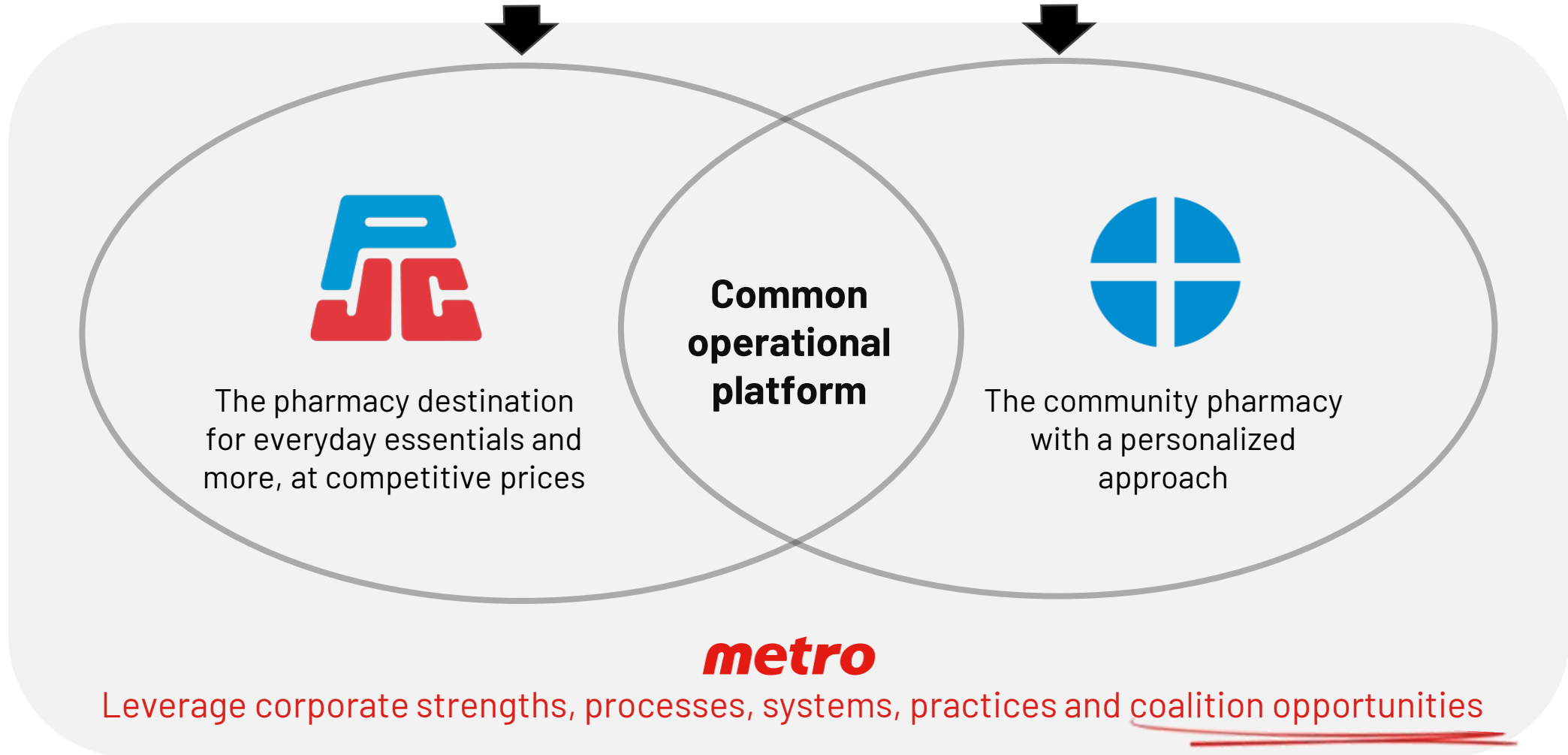
with **excellence** (NPS 81.5%)**

*Source: Nielsen, Market Watch, Maritime Provinces, 12 months ending at the end of June 2018

**Source: Internal data

ONE DIVISION, TWO STRONG BANNERS

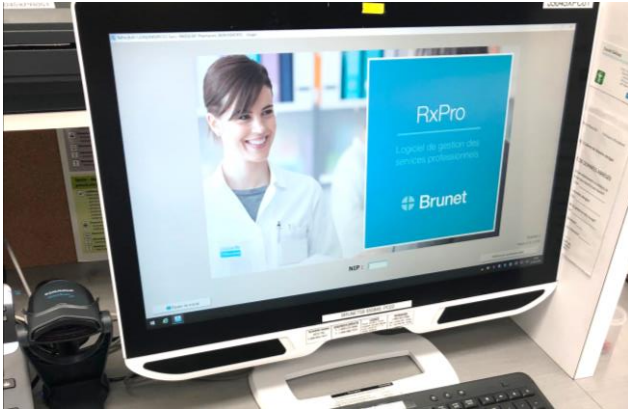
Maximize market share by leveraging our banners' unique position



metro

Leverage corporate strengths, processes, systems, practices and coalition opportunities

COMMON OPERATIONAL PLATFORM



Rolled out common POS and pharmacy systems



Transferred distribution volume to Varennes/Hawkesbury



Evolved operating structure

LEVERAGING CORPORATE STRENGTHS



Improved private label offering



Centralized procurement

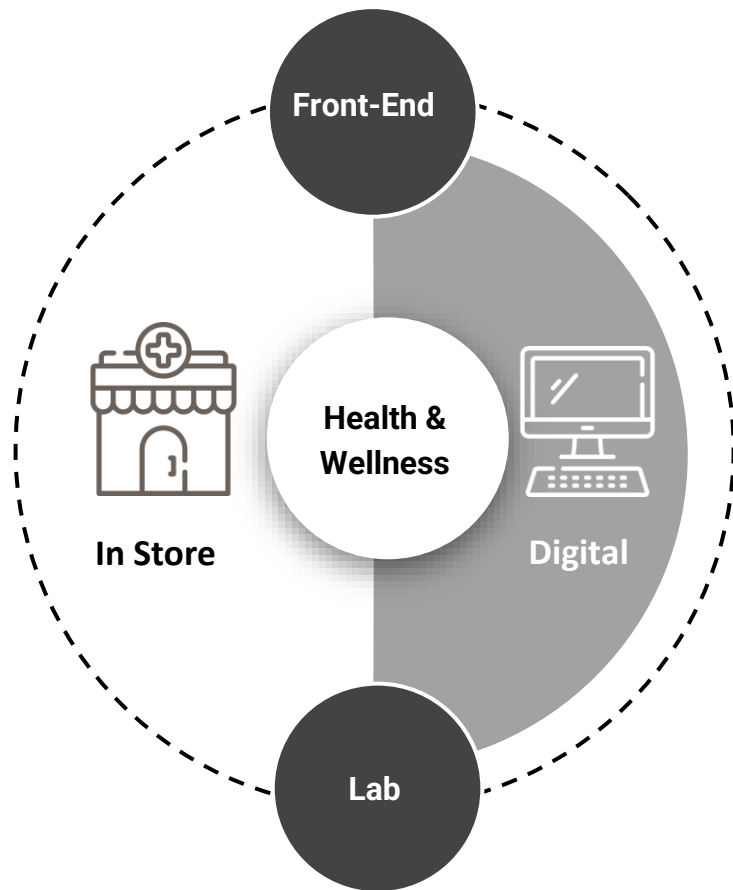


Deploying new loyalty platform

ONE DIVISION, ONE COMMON VISION

Our vision

Be the health and wellness destination in the communities we serve



Our 2020-2025 Strategic Plan is making this a reality by:

- 1 Elevating the pharmacy experience and increasing capacity for new services
- 2 Putting digital at the center of all our initiatives
- 3 Creating an overarching health and wellness focus

ELEVATING THE PATIENT EXPERIENCE

PHARMA  **FUTURE**
Accessible • Visionary • Efficient • Digital • Innovative • Inclusive

Our key initiative to elevate patient-centered care by...

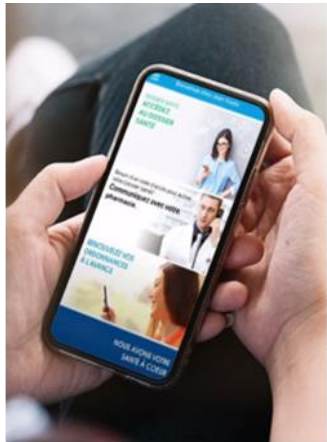
- 1 Creating a seamless pharmacy omnichannel patient experience
- 2 Increasing and improving in-store execution through centralization and reengineering workflows

ELEVATING THE PATIENT EXPERIENCE

PHARMA FUTURE

Accessible · Visionary · Efficient · Digital · Innovative · Inclusive

Example of an integrated digital patient journey



Mobile app ✓



Online payment ✓



Online consulting ✓



Delivery ✓



Rapid pickup ✓



And soon... Smart lockers

Online prescription refills up **240%** over the last 5 years

ELEVATING THE PATIENT EXPERIENCE

PHARMA FUTURE

Accessible · Visionary · Efficient · Digital · Innovative · Inclusive

Increasing in-store capacity and digital tools



Accelerating centralization of compliance packaging



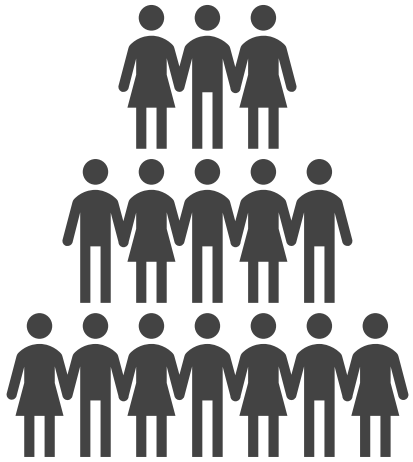
Creating flexible capacity via telework and workflow review



Enabling patients to complete online health assessments



ACCELERATING OUR DIGITAL OFFERING



Added team to lead digital strategy



Launched Click and Collect and Uber partnership



We are focused on creating an engaging and convenient digital experience by...

- Integrating the Rx and front-store transactional experience
- Developing interactive tools to help consumers manage health objectives
- Creating beauty-focused digital capabilities
- Being the trusted source of health and wellness information

INVESTING IN THE STORE EXPERIENCE

Piloting new store design in the Fall



Highlights:

- Increased cosmetics and beauty square footage
- Improved cosmetics and beauty accessibility
- Better use of seasonal section to create ambiance and excitement
- More flexible front of store space to locally adapt offering

Supported by new franchisee investment incentive program

ANCHORING OUR H&W POSITION

Building on an already strong health and wellness position...

- Pharmacists delivered **more than 2.6 M** documented professional acts
- **1.3 M vaccines** over the past 3 years
- Number of patients using our digital prescription service growing by more than **15% annually****
- Website traffic (health) - **more than 20% increase** over the past 3 years**
- Health tips are read carefully, with a completion rate of **more than 80% ***

*Source: Google Analytics according to a study conducted by Glassroom for a period from January to December 2022 for the PJC banner.

**Source: Internal data

...to be the trusted health and wellness destination in the communities we serve



moi

Creating wellness capabilities within MOI



Growing assortment of wellness products



Adding new health services



Building our digital content library to drive conversion

ESG Management

2022-2026 Corporate Responsibility Plan

Marie-Claude Bacon

Vice President, Public Affairs and Communications

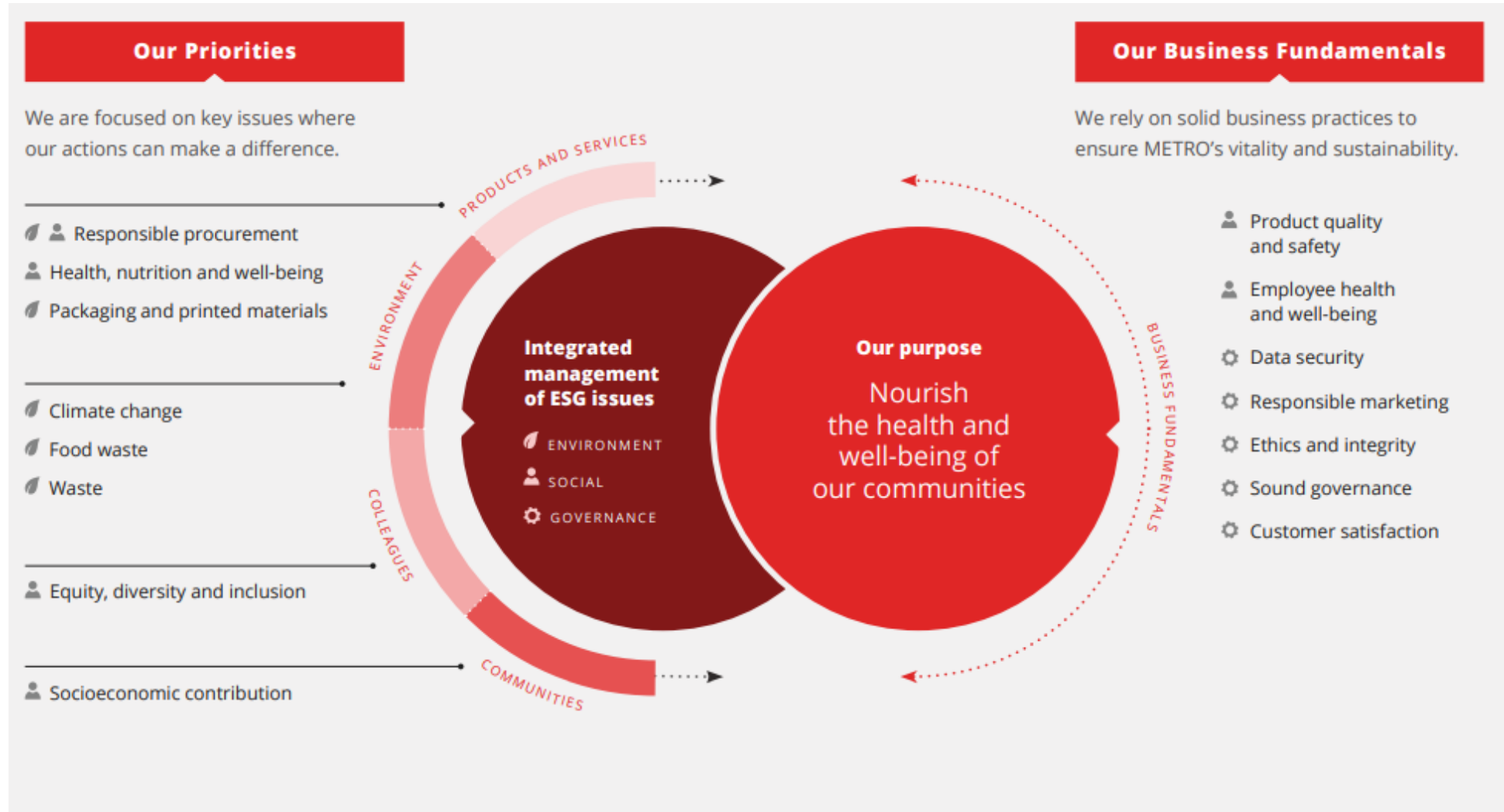


Corporate Responsibility Approach

A structured approach for over 13 years!



Our 2022-2026 Corporate Responsibility Plan At A Glance



Our objective :

GHG reduction of **37.5%** by 2035 compared to 2020 emissions in scope 1, 2 and specific Scope 3 activities



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

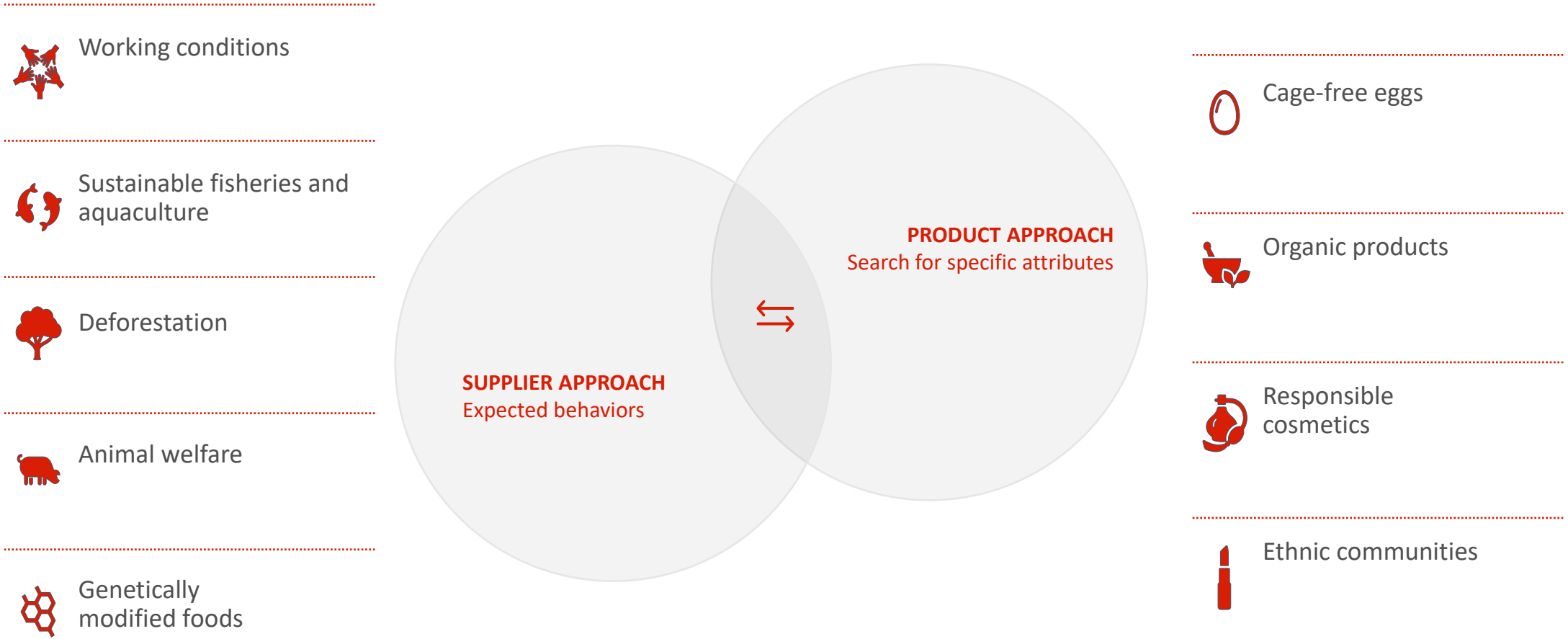
SBTi Business Case

- METRO is evaluating the feasibility and costs of achieving the Science Based Targets net zero goals.

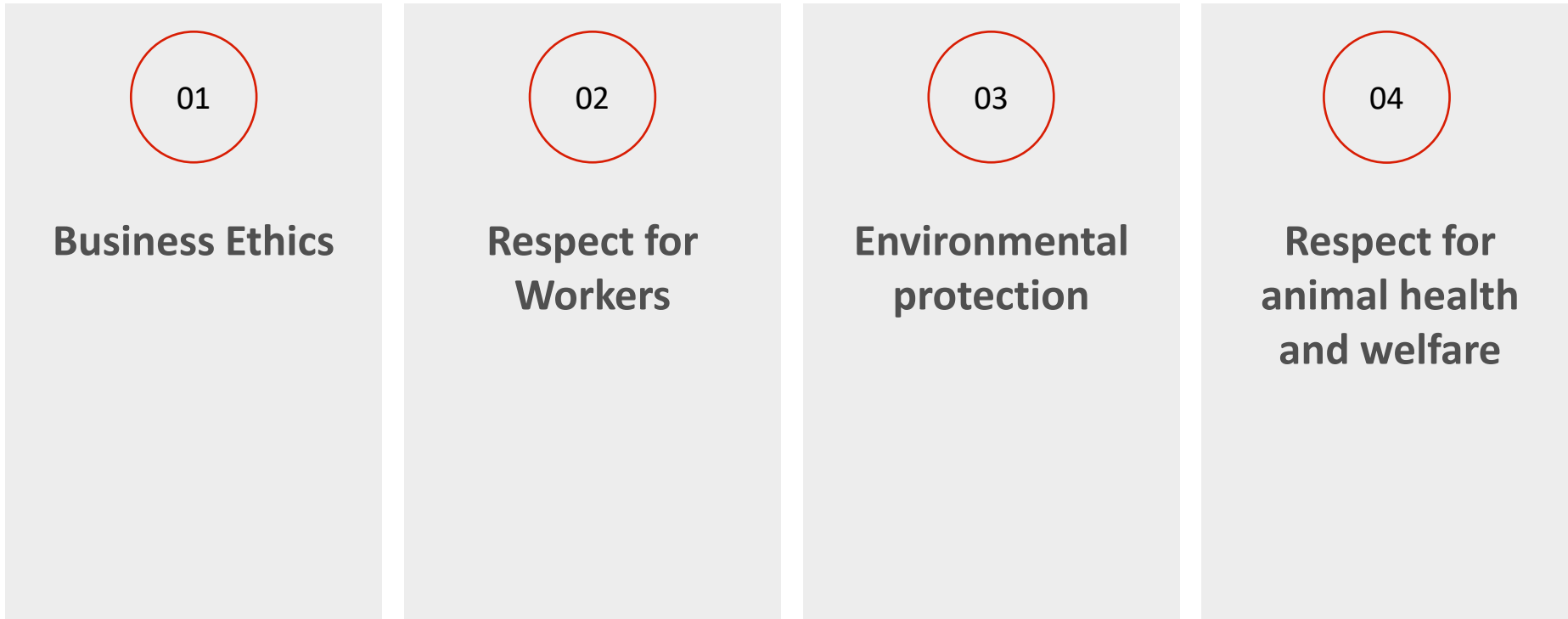
TCFD Supporter

- In 2022, METRO became supporter of the Task Force on Climate-related Financial Disclosures (TCFD).

Responsible Procurement



Supplier Code of Conduct for Responsible Procurement



SUPPLYSHIFT

**Healthy
Together**

**Building stronger communities
with you**

THANK YOU

