



PRESS RELEASE

METRO: STRONG SALES AND EARNINGS GROWTH IN THE FOURTH QUARTER OF 2014

(Montréal, November 19, 2014) - METRO INC. (TSX : MRU) today announced its results for the fourth quarter and fiscal year ended September 27, 2014.

2014 FOURTH QUARTER HIGHLIGHTS

- Sales of \$2,712.2 million, up 3.9%
- Same-store sales up 3.1%
- Net earnings of \$115.6 million, up 45.4% or 6.2% on adjusted basis
- Fully diluted net earnings per share of \$1.32, up 59.0% or 14.8% on adjusted basis
- Declared dividend of \$0.30 per share, up 20%

FISCAL 2014 HIGHLIGHTS

- Sales of \$11,590.4 million, up 1.7%
- Same-store sales up 1.1%
- Net earnings of \$456.2 million, down 35.2%
- Fully diluted net earnings per share of \$5.07, down 30.4%
- Adjusted net earnings from continuing operations⁽²⁾ of \$460.9 million, flat versus 2013
- Adjusted fully diluted net earnings per share from continuing operations⁽²⁾ of \$5.13, up 8.5%

Results for 2014 and 2013 include non-recurring items, the most important being a gain of \$307.8 million before tax (\$266.4 million after-tax) on the sale of a portion of our investment in Alimentation Couche-Tard in the second quarter of 2013 and a restructuring charge of \$40.0 million before tax (\$29.4 million after tax) for the reorganization of our Ontario store network in the fourth quarter of 2013.

(Millions of dollars, except for net earnings per share/EPS)	12 weeks				
	2014	%	2013	%	Change (%)
Sales	2,712.2	100.0	2,611.0	100.0	3.9
Operating income before depreciation and amortization and associate's earnings ⁽⁴⁾	188.4	6.9	143.7	5.5	31.1
Adjusted operating income before depreciation and amortization and associate's earnings ⁽¹⁾⁽⁴⁾	188.4	6.9	183.7	7.0	2.6
Net earnings	115.6	4.3	79.5	3.0	45.4
Fully diluted EPS	1.32	—	0.83	—	59.0
Adjusted net earnings ⁽²⁾⁽⁴⁾	115.6	4.3	108.9	4.2	6.2
Adjusted fully diluted EPS ⁽²⁾⁽⁴⁾	1.32	—	1.15	—	14.8

⁽¹⁾ See table on "Operating income before depreciation and amortization and associate's earnings adjustments"

⁽²⁾ See table on "Net earnings from continuing operations adjustments"

⁽³⁾ See section on "Forward-looking Information"

⁽⁴⁾ See section on "IFRS and Non-IFRS Measurements"

(Millions of dollars, except for net earnings per share/EPS)	Fiscal Year				
	2014	%	2013	%	Change (%)
Sales	11,590.4	100.0	11,399.9	100.0	1.7
Operating income before depreciation and amortization and associate's earnings ⁽⁴⁾	781.5	6.7	765.3	6.7	2.1
Adjusted operating income before depreciation and amortization and associate's earnings ⁽¹⁾⁽⁴⁾	787.9	6.8	805.3	7.1	(2.2)
Net earnings	456.2	3.9	703.9	6.2	(35.2)
Fully diluted EPS	5.07	—	7.28	—	(30.4)
Adjusted net earnings from continuing operations ⁽²⁾⁽⁴⁾	460.9	4.0	460.7	4.0	—
Adjusted fully diluted EPS from continuing operations ⁽²⁾⁽⁴⁾	5.13	—	4.73	—	8.5

PRESIDENT'S MESSAGE

"We delivered strong fourth quarter results which confirms that our customer-first strategies are gaining traction in our very competitive industry. We are encouraged by the improved sales performance across all banners. We completed the acquisition of Première Moisson in the fourth quarter and we will continue⁽³⁾ to invest in our network and execute our business plans to pursue our growth", stated Eric R. La Flèche, President and Chief Executive Officer.

2014 FOURTH QUARTER RESULTS

SALES

Sales in the fourth quarter of 2014 totalled \$2,712.2 million, up 3.9% compared to \$2,611.0 million for the same quarter last year. Same-store sales were up 3.1%. Our aggregate food basket experienced inflation of 2.5%. In a market that remains intensely competitive, our merchandising strategies and investments as well as the reorganization of our Ontario store network enabled us to increase sales. The fourth quarter acquisition of Première Moisson accounted for 0.5% of our sales increase.

Sales for fiscal 2014 totalled \$11,590.4 million versus \$11,399.9 million for fiscal 2013, an increase of 1.7%.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND ASSOCIATE'S EARNINGS⁽⁴⁾

Operating income before depreciation and amortization and associate's earnings⁽⁴⁾ for the fourth quarter of 2014 totalled \$188.4 million or 6.9% of sales versus \$143.7 million or 5.5% of sales for the same quarter last year. Excluding Ontario store network restructuring costs of \$40.0 million, adjusted operating income before depreciation and amortization and associate's earnings⁽¹⁾⁽⁴⁾ for the fourth quarter of 2013 were \$183.7 million or 7.0% of sales.

Operating income before depreciation and amortization and associate's earnings⁽⁴⁾ for fiscal 2014 totalled \$781.5 million versus \$765.3 million for fiscal 2013. Non-recurring closure costs of \$6.4 million were recorded in the first quarter of 2014 as a result of our decision to consolidate our Québec produce and dairy distribution operations in our new Laval distribution centre and to close our decades-old Québec City produce warehouse. Furthermore, in the fourth quarter of 2013, a restructuring charge of \$40.0 million was recorded for the reorganization of our Ontario store network. Excluding these non-recurring expenses, adjusted operating income before depreciation and amortization and associate's earnings⁽¹⁾⁽⁴⁾ for fiscal 2014 was \$787.9 million or 6.8% of sales compared to \$805.3 million or 7.1% of sales for fiscal 2013.

In the fourth quarter of 2014, gross margin on sales was 19.3% versus 19.2% for the same quarter of 2013. The operating expenses as a percentage of sales ratio was 12.3% for the fourth quarter of 2014 versus 12.1% for the corresponding quarter of 2013. The acquisition of Première Moisson led to this difference in ratios.

In the first quarters of fiscal 2014, we invested with discipline in our retail prices thereby reducing our gross profit margins to improve sales. Profitability was temporarily affected and our adjusted operating income before depreciation and amortization and associate's earnings⁽⁴⁾ for fiscal 2014 was down slightly over the level in fiscal 2013. This strategy enabled us to progressively improve sales and profitability.

⁽¹⁾ See table on "Operating income before depreciation and amortization and associate's earnings adjustments"

⁽²⁾ See table on "Net earnings from continuing operations adjustments"

⁽³⁾ See section on "Forward-looking Information"

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Gross margin on sales for fiscal 2014 was 19.1% versus 19.3% in fiscal 2013. Tight cost control allowed us to keep the level of operating expenses as a percentage of sales at 12.3% in 2014 versus 12.2% in 2013.

Operating income before depreciation and amortization and associate's earnings adjustments (OI)⁽⁴⁾

<i>(Millions of dollars, unless otherwise indicated)</i>	12 weeks					
	2014			2013		
	OI	Sales	(%)	OI	Sales	(%)
Operating income before depreciation and amortization and associate's earnings	188.4	2,712.2	6.9	143.7	2,611.0	5.5
Restructuring charges	—			40.0		
Adjusted operating income before depreciation and amortization and associate's earnings ⁽⁴⁾	188.4	2,712.2	6.9	183.7	2,611.0	7.0

<i>(Millions of dollars, unless otherwise indicated)</i>	Fiscal Year					
	2014			2013		
	OI	Sales	(%)	OI	Sales	(%)
Operating income before depreciation and amortization and associate's earnings	781.5	11,590.4	6.7	765.3	11,399.9	6.7
Closure costs and restructuring charges	6.4			40.0		
Adjusted operating income before depreciation and amortization and associate's earnings ⁽⁴⁾	787.9	11,590.4	6.8	805.3	11,399.9	7.1

DEPRECIATION AND AMORTIZATION AND NET FINANCIAL COSTS

Total depreciation and amortization expenses for the fourth quarter and fiscal 2014 amounted to \$40.1 million and \$175.8 million respectively versus \$41.3 million and \$179.6 million in 2013. Net financial costs for the fourth quarter of 2014 totalled \$12.1 million compared to \$10.5 million for the corresponding quarter last year. Net financial costs for fiscal 2014 totalled \$49.1 million compared to \$49.4 million in 2013. The average financing rate was 4.8% for fiscal 2014 compared to 5.0% for fiscal 2013.

SHARE OF AN ASSOCIATE'S EARNINGS

Our share of earnings in Alimentation Couche-Tard was \$16.6 million for the fourth quarter of 2014 versus \$15.0 million for the corresponding period of 2013.

Our share of earnings for fiscal 2014 was \$49.8 million versus \$50.8 million in 2013. This decline results mainly from our reduced holding compared to last year following the sale of nearly half of our investment in the second quarter of 2013.

INCOME TAXES

Fourth quarter and fiscal 2014 income tax expenses of \$37.2 million and \$150.2 million represented effective tax rates of 24.3% and 24.8% compared with fourth quarter and fiscal 2013 tax expenses of \$27.4 million and \$197.2 million respectively for effective tax rates of 25.6% and 22.0%. Excluding the \$307.8 million gain on disposal of part of our investment in Alimentation Couche-Tard and related income tax of \$41.4 million, the effective tax rate for fiscal 2013 was 26.5%.

⁽¹⁾ See table on "Operating income before depreciation and amortization and associate's earnings adjustments"

⁽²⁾ See table on "Net earnings from continuing operations adjustments"

⁽³⁾ See section on "Forward-looking Information"

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NET EARNINGS

Net earnings for the fourth quarter of 2014 were \$115.6 million, an increase of 45.4% over net earnings of \$79.5 million for the same quarter of 2013. Fully diluted net earnings per share rose 59.0% to \$1.32 from \$0.83 last year.

Net earnings for fiscal 2014 were \$456.2 million, down 35.2% from \$703.9 million for fiscal 2013. Fully diluted net earnings per share were \$5.07 compared with \$7.28 last year, a decrease of 30.4%.

ADJUSTED NET EARNINGS FROM CONTINUING OPERATIONS⁽⁴⁾

Excluding after-tax restructuring costs of \$29.4 million for the reorganization of our Ontario store network from 2013 fourth quarter, net earnings of \$115.6 million were up 6.2% in the fourth quarter of 2014. Fourth quarter fully diluted net earnings per share in 2014 were up 14.8% on an adjusted basis.

Excluding after-tax Québec City produce warehouse closing costs of \$4.7 million in fiscal 2014 as well as the after-tax gain of \$266.4 million on disposal of part of our investment in Alimentation Couche-Tard, after-tax restructuring costs of \$29.4 million for the reorganization of our Ontario store network and the net gain of \$6.2 million on discontinued operation following the sale of our Distagro division in fiscal 2013, adjusted net earnings from continuing operations⁽²⁾⁽⁴⁾ for fiscal 2014 were flat while adjusted fully diluted net earnings per share from continuing operations⁽²⁾⁽⁴⁾ were up 8.5% compared to fiscal 2013.

Net earnings from continuing operations adjustments

	12 weeks					
	2014		2013		Change (%)	
	(Millions of dollars)	Fully diluted EPS (Dollars)	(Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Net earnings	115.6	1.32	79.5	0.83	45.4	59.0
Restructuring charges after taxes	—	—	29.4	0.32		
Adjusted net earnings ⁽⁴⁾	115.6	1.32	108.9	1.15	6.2	14.8

	Fiscal Year					
	2014		2013		Change (%)	
	(Millions of dollars)	Fully diluted EPS (Dollars)	(Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Net earnings	456.2	5.07	703.9	7.28	(35.2)	(30.4)
Net earnings from discontinued operation	—	—	(6.2)	(0.06)		
Net earnings from continuing operations	456.2	5.07	697.7	7.22	(34.6)	(29.8)
Closure costs and restructuring charges after taxes	4.7	0.06	29.4	0.31		
Gain on disposal of a portion of the investment in an associate after taxes	—	—	(266.4)	(2.80)		
Adjusted net earnings from continuing operations ⁽⁴⁾	460.9	5.13	460.7	4.73	—	8.5

⁽¹⁾ See table on "Operating income before depreciation and amortization and associate's earnings adjustments"

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NORMAL COURSE ISSUER BID PROGRAM

Under the normal course issuer bid program covering the period between September 10, 2013 and September 9, 2014, the Corporation repurchased 7,000,000 Common Shares at an average price of \$64.38 for a total of \$450.6 million.

The Corporation decided to renew its normal course issuer bid program as an additional option for using excess funds in the Corporation's best interest. The Board of Directors authorized the Corporation to repurchase, in the normal course of business, between September 10, 2014 and September 9, 2015, up to 5,700,000 of its Common Shares representing approximately 6.7% of its issued and outstanding shares at the close of the Toronto Stock Exchange on August 29, 2014. Repurchases are made through the stock exchange at market price and in accordance with its policies and regulations, and in any other manner allowed by the stock exchange and by any other securities regulatory agency, including private transactions. Between September 10, 2014 and October 31, 2014, the Corporation has repurchased 755,200 Common Shares at an average price of \$74.35 for a total of \$56.1 million.

DIVIDENDS

On September 29, 2014, the Corporation's Board of Directors declared a quarterly dividend of \$0.30 per Common Share payable November 26, 2014, an increase of 20% over the dividend declared for the same quarter last year. On an annualized basis, this dividend represents approximately 22% of 2013 adjusted net earnings from continuing operations⁽⁴⁾.

FORWARD-LOOKING INFORMATION

We have used, throughout this press release, different statements that could, within the context of regulations issued by the Canadian Securities Administrators, be construed as being forward-looking information. In general, any statement contained herein that does not constitute a historical fact may be deemed a forward-looking statement. Expression such as "continue" and other similar expressions are generally indicative of forward-looking statements. The forward-looking statements contained herein are based upon certain assumptions regarding the Canadian food industry, the general economy, our annual budget, as well as our 2015 action plan.

These forward-looking statements do not provide any guarantees as to the future performance of the Corporation and are subject to potential risks, known and unknown, as well as uncertainties that could cause the outcome to differ significantly. An economic slowdown or recession, or the arrival of a new competitor, are examples described under the "Risk Management" section of the 2013 Annual Report which could have an impact on these statements. We believe these statements to be reasonable and pertinent as at the date of publication of this report and represent our expectations. The Corporation does not intend to update any forward-looking statement contained herein, except as required by applicable law.

IFRS AND NON-IFRS MEASUREMENTS

We have included certain IFRS and non-IFRS earnings measurements. These measurements are presented for information purposes only. They do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measurements presented by other public companies.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND ASSOCIATE'S EARNINGS

Operating income before depreciation and amortization and associate's earnings is a measurement of earnings before financial costs, taxes, depreciation and amortization (**EBITDA**) and associate's earnings. It is an IFRS measurement and it is presented separately in the condensed consolidated statements of income. We believe that this measurement helps readers of financial statements to better evaluate the Corporation's operational cash-generating capacity.

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ADJUSTED OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND ASSOCIATE'S EARNINGS, ADJUSTED NET EARNINGS FROM CONTINUING OPERATIONS, ADJUSTED FULLY DILUTED NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS, ADJUSTED NET EARNINGS AND ADJUSTED FULLY DILUTED NET EARNINGS PER SHARE

Adjusted operating income before depreciation and amortization and associate's earnings, adjusted net earnings from continuing operations, adjusted fully diluted net earnings per share from continuing operations, adjusted net earnings and adjusted fully diluted net earnings per share are earnings measurements that exclude non-recurring items. They are non-IFRS measurements. We believe that presenting earnings without non-recurring items leaves readers of financial statements better informed as to the current period and corresponding period's earnings, thus enabling them to better evaluate the Corporation's performance and judge its future outlook.

CONFERENCE CALL

Financial analysts and institutional investors are invited to participate in a conference call on the **2014 fourth quarter and fiscal year** results at **10:00 a.m. (EST) on Wednesday, November 19, 2014**. To access the conference call, please dial (647) 427-7450 or (888) 231-8191. The media and investing public may access this conference via a listen mode only.

Notice to readers: METRO INC. fourth quarter of 2014 interim condensed consolidated financial statements and management's discussion and analysis are available on the Internet at www.metro.ca - Corporate Site - Investor Relations - 2014 Quarterly Results - 2014 Fourth Quarter Results.

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