



## PRESS RELEASE

### METRO: EARNINGS PER SHARE INCREASE OF 22.6% IN THE FIRST QUARTER OF 2015 AND DIVIDEND INCREASE OF 16.7%

(Montréal, January 27, 2015) - METRO INC. (TSX : MRU) today announced its results for the first quarter of fiscal 2015 ended December 20, 2014.

#### HIGHLIGHTS

- Sales of \$2,840.5 million, up 5.2%
- Same-store sales up 3.8%
- Net earnings of \$112.5 million, up 13.4%
- Fully diluted net earnings per share of \$1.30, up 22.6%
- Adjusted fully diluted net earnings per share<sup>(2)</sup> of \$1.35, up 21.6%
- Declared dividend of \$0.35 per share, up 16.7%
- 3-for-1 stock split

(Millions of dollars, except for net earnings per share/EPS)	12 weeks				
	2015	%	2014	%	Change (%)
Sales	2,840.5	100.0	2,701.3	100.0	5.2
Operating income before depreciation and amortization and associate's earnings <sup>(1)</sup>	190.0	6.7	171.1	6.3	11.0
Adjusted operating income before depreciation and amortization and associate's earnings <sup>(1)</sup>	190.0	6.7	177.5	6.6	7.0
Net earnings	112.5	4.0	99.2	3.7	13.4
Fully diluted EPS	1.30	—	1.06	—	22.6
Adjusted net earnings <sup>(2)</sup>	116.8	4.1	103.9	3.8	12.4
Adjusted fully diluted EPS <sup>(2)</sup>	1.35	—	1.11	—	21.6

#### PRESIDENT'S MESSAGE

"Building on the momentum of the fourth quarter of 2014, our sales growth was strong and we are pleased with our first quarter results. Our merchandising strategies and investments in our retail network are well received by our customers and we are confident that we are well-positioned to continue<sup>(3)</sup> to grow over the coming quarters", stated Eric R. La Flèche, President and Chief Executive Officer.

#### 2015 FIRST QUARTER RESULTS

##### SALES

Sales in the first quarter of 2015 totalled \$2,840.5 million, up 5.2% compared to \$2,701.3 million for the same quarter last year. Same-store sales were up 3.8%, the highest increase since the third quarter of 2009, and our aggregate food basket experienced inflation of 3.0% in the first quarter. In a market that remains intensely competitive, our merchandising strategies and investments in our store network enabled us to increase sales.

<sup>(1)</sup> See table on "Operating income before depreciation and amortization and associate's earnings adjustments" and section on "IFRS and non-IFRS measurements"

<sup>(2)</sup> See table on "Net earnings adjustments" and section on "IFRS and non-IFRS measurements"

<sup>(3)</sup> See section on "Forward-looking information"

## OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND ASSOCIATE'S EARNINGS<sup>(1)</sup>

Operating income before depreciation and amortization and associate's earnings<sup>(1)</sup> (Alimentation Couche-Tard) for the first quarter of 2015 totalled \$190.0 million or 6.7% of sales versus \$171.1 million or 6.3% of sales for the same quarter last year (6.6% excluding the non-recurring Québec City produce warehouse closure costs of \$6.4 million).

In the first quarter of 2015, gross margin on sales was 19.3% versus 18.8% for the same quarter of 2014. The operating expenses as a percentage of sales was 12.6% for the first quarter of 2015 versus 12.2% for the corresponding quarter of last year. These changes are largely attributable to the acquisition of Première Moisson in the fourth quarter of fiscal 2014.

### Operating income before depreciation and amortization and associate's earnings adjustments (OI)<sup>(1)</sup>

<i>(Millions of dollars, unless otherwise indicated)</i>	12 weeks			12 weeks		
	2015			2014		
	OI	Sales	(%)	OI	Sales	(%)
Operating income before depreciation and amortization and associate's earnings	190.0	2,840.5	6.7	171.1	2,701.3	6.3
Closure costs	—			6.4		
Adjusted operating income before depreciation and amortization and associate's earnings <sup>(1)</sup>	190.0	2,840.5	6.7	177.5	2,701.3	6.6

## DEPRECIATION AND AMORTIZATION, NET FINANCIAL COSTS AND EARLY REDEMPTION FEES

Total depreciation and amortization expenses for the first quarter of 2015 amounted to \$40.0 million versus \$41.0 million in 2014.

Net financial costs for the first quarter of 2015 totalled \$13.4 million compared to \$10.3 million for the corresponding quarter last year. This difference is due, among others, to the issuance of notes in the first quarter as the Corporation deemed market conditions to be favourable to long-term financing. On December 1, 2014, the Corporation issued a private placement of \$300.0 million aggregate principal amount of Series C unsecured senior notes, bearing interest at a fixed nominal rate of 3.20% maturing and December 1, 2021, and \$300.0 million aggregate principal amount of Series D unsecured senior notes, bearing interest at a fixed nominal rate of 5.03% and maturing December 1, 2044, for a total of \$600.0 million.

The Corporation allocated the proceeds to repayment of existing debt, working capital and other general corporate purposes. On December 5, 2014, the Corporation paid off its \$335.0 million unsecured renewable revolving credit facility which had a weighted average rate of 2.39%. On December 31, 2014, the Corporation also redeemed its \$200.0 million aggregate principal amount of Series A notes, at a fixed nominal rate of 4.98%, maturing October 15, 2015. Early redemption fees of \$5.9 million were incurred.

## SHARE OF AN ASSOCIATE'S EARNINGS

Our share of earnings in Alimentation Couche-Tard was \$17.9 million for the first quarter of 2015 versus \$13.1 million for the corresponding quarter of 2014.

## INCOME TAXES

First quarter 2015 income tax expense of \$36.1 million represented an effective tax rate of 24.3% compared with 2014 first quarter tax expense of \$33.7 million for an effective tax rate of 25.4%.

## NET EARNINGS

Net earnings for the first quarter of 2015 were \$112.5 million, an increase of 13.4% over net earnings of \$99.2 million for the same quarter of 2014. Fully diluted net earnings per share rose 22.6% to \$1.30 from \$1.06 last year.

<sup>(1)</sup> See table on "Operating income before depreciation and amortization and associate's earnings adjustments" and section on "IFRS and non-IFRS measurements"

<sup>(2)</sup> See table on "Net earnings adjustments" and section on "IFRS and non-IFRS measurements"

<sup>(3)</sup> See section on "Forward-looking information"

## ADJUSTED NET EARNINGS<sup>(2)</sup>

Excluding after-tax Series A notes early redemption fees of \$4.3 million in the first quarter of 2015 and after-tax Québec City produce warehouse closure costs of \$4.7 million in the first quarter of 2014, 2015 first quarter adjusted net earnings<sup>(2)</sup> and adjusted fully diluted net earnings per share<sup>(2)</sup> were up 12.4% and 21.6% respectively over those for 2014.

### Net earnings adjustments

	2015		2014		Change (%)	
	(Millions of dollars)	Fully diluted EPS (Dollars)	(Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Net earnings	112.5	1.30	99.2	1.06	13.4	22.6
Closure costs after taxes	—	—	4.7	0.05		
Early redemption fees after taxes	4.3	0.05	—	—		
Adjusted net earnings <sup>(2)</sup>	116.8	1.35	103.9	1.11	12.4	21.6

### NORMAL COURSE ISSUER BID PROGRAM

Under its normal course issuer bid program, the Corporation may repurchase up to 5,700,000 of its Common Shares between September 10, 2014 and September 9, 2015. As at January 16, 2015, the Corporation has repurchased 1,174,400 Common Shares at an average price of \$79.50 for a total of \$93.4 million.

### DIVIDENDS

On January 26, 2015, the Corporation's Board of Directors declared a quarterly dividend of \$0.35 per Common Share payable March 16, 2015, an increase of 16.7% over the current quarterly dividend of \$0.30. On an annualized basis, this dividend represents approximately 25% of 2014 adjusted net earnings<sup>(2)</sup>, compared to the percentages of the previous two fiscal years which were 22% and 20%, in accordance with the new payout target communicated to shareholders in January 2014.

After the record date (February 6, 2015) of the stock split mentioned in the section entitled « Event after the reporting period » and as a result of this stock split, Metro's quarterly dividend declared on January 26, 2015 payable March 16, 2015 to all shareholders of Common Shares at close of business February 18, 2015, will go from \$0.35 to \$0.1166667 per Common Share.

### EVENTS AFTER THE REPORTING PERIOD

#### 3-for-1 Stock Split

The Board of Directors of the Corporation has approved on January 26, 2015 a 3-for-1 stock split of its Common Shares to increase the number of shares outstanding and enhance affordability to investors. This stock split is subject to obtaining all necessary regulatory approvals.

The record date of the stock split will be Friday, February 6, 2015 at 5 p.m., and the payment date will be Wednesday, February 11, 2015, at which time the Corporation's transfer agent, Computershare Trust Company of Canada ("Computershare"), will promptly send shareholders of record a physical share certificate representing two additional Common Shares for each Common Share held at such record date. In addition, Computershare will electronically issue the appropriate number of Common Shares to CDS & Co for distribution to the non-registered beneficial shareholders resulting in the brokerage account of beneficial owners being automatically updated to reflect the stock split. Shareholders do not need to take any action in order to receive additional shares under this stock split.

<sup>(1)</sup> See table on "Operating income before depreciation and amortization and associate's earnings adjustments" and section on "IFRS and non-IFRS measurements"

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The Toronto Stock Exchange has determined to implement due bill trading in connection with the stock split. A due bill is an entitlement attached to listed securities undergoing a material corporate action, such as a stock split. In this instance, anyone purchasing a Common Share of Metro during the period commencing two trading days before the record date (Wednesday, February 4, 2015) and ending on the payment date (Wednesday, February 11, 2015) inclusively (the "due bill period"), shall receive a payable right. Any trades that are executed on the Toronto Stock Exchange during the due bill period will be identified to ensure purchasers of Metro's Common Shares receive the entitlement.

The Common Shares will commence trading on an "ex-distribution" basis on Thursday, February 12, 2015, as of which date purchases of the Corporation's Common Shares will no longer have an attaching entitlement. The due bill redemption date will be Tuesday, February 17, 2015.

After the record date (February 6, 2015) of the stock split and as a result of this stock split, the Corporation's quarterly dividend declared on January 26, 2015 payable March 16, 2015 to all shareholders of Common Shares at close of business February 18, 2015, will go from \$0.35 to \$0.1166667 per Common Share.

### **Brunet Target Pharmacies**

On January 15, 2015, Target announced the closure of all its Canadian stores. As franchisor, the Corporation supplies 14 Brunet Target pharmacies in Québec Target stores. We will proceed shortly with the closure of these pharmacies and the costs incurred will not be significant for the Corporation.

### **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. The arrival of a new competitor is an example described under the "Risk Management" section of the 2014 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**), early redemption fees 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.

### **ADJUSTED OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND ASSOCIATE'S EARNINGS, 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 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.

<sup>(1)</sup> See table on "Operating income before depreciation and amortization and associate's earnings adjustments" and section on "IFRS and non-IFRS measurements"

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<sup>(3)</sup> See section on "Forward-looking information"

## **ANNUAL GENERAL MEETING OF SHAREHOLDERS**

The Annual General Meeting of Shareholders of the Corporation will be held **today, Tuesday January 27, 2015, at 11:00 a.m. (EST)** at the Centre Mont-Royal located at 2200 Mansfield Street, Montréal (Québec).

At the meeting, the Corporation will honour Pierre H. Lessard and Paul Gobeil, respectively Chairman and Vice-Chairman of the Board, who reached the mandatory Board retirement age and will be retiring after more than 24 years with the Corporation.

## **CONFERENCE CALL**

Financial analysts and institutional investors are invited to participate in a conference call for the **2015 first quarter** results at **3:00 p.m. (EST) today, January 27, 2015**. 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. first quarter of 2015 interim condensed consolidated financial statements and management's discussion and analysis are available on the Internet at **[www.metro.ca](http://www.metro.ca)** - Corporate Site - Investor Relations - 2015 Quarterly Results - 2015 First Quarter Results.

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