



PRESS RELEASE

METRO REPORTS 2016 THIRD-QUARTER RESULTS

(Montréal, August 12, 2016) - METRO INC. (TSX: MRU) today announced its results for the third quarter of fiscal 2016 ended July 2, 2016.

2016 THIRD QUARTER HIGHLIGHTS

- Sales of \$4,015.4 million, up 4.5%
- Same-store sales up 3.9%
- Net earnings of \$176.5 million, up 8.0%
- Fully diluted net earnings per share of \$0.72, up 12.5%
- Declared dividend of \$0.14 per share, up 20.0%

(Millions of dollars, except for net earnings per share/EPS)	16 weeks / Fiscal Year				
	2016	%	2015	%	Change (%)
Sales	4,015.4	100.0	3,842.3	100.0	4.5
Operating income before depreciation and amortization and associate's earnings	297.4	7.4	277.6	7.2	7.1
Net earnings	176.5	4.4	163.5	4.3	8.0
Fully diluted EPS	0.72	—	0.64	—	12.5

(Millions of dollars, except for net earnings per share/EPS)	40 weeks / Fiscal Year				
	2016	%	2015	%	Change (%)
Sales	9,859.0	100.0	9,389.9	100.0	5.0
Operating income before depreciation and amortization and associate's earnings	709.7	7.2	650.4	6.9	9.1
Net earnings	441.2	4.5	387.6	4.1	13.8
Fully diluted EPS	1.79	—	1.50	—	19.3
Adjusted net earnings ⁽¹⁾	441.2	4.5	391.9	4.2	12.6
Adjusted fully diluted EPS ⁽¹⁾	1.79	—	1.52	—	17.8

PRESIDENT'S MESSAGE

"We are very pleased with our solid third quarter results. Our teams did an excellent job to grow sales, tonnage and market share in a highly competitive environment marked by declining food inflation. We will continue⁽²⁾ to execute on our strategy and invest in our infrastructure to create⁽²⁾ value for our customers and shareholders", stated Eric R. La Flèche, President and Chief Executive Officer.

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

⁽²⁾ See section on "Forward-looking Information"

2016 THIRD QUARTER RESULTS

SALES

Sales in the third quarter of 2016 reached \$4,015.4 million, up 4.5% compared to \$3,842.3 million in the third quarter of 2015. Same-store sales increased by 3.9% (4.3% in the same quarter last year). Our aggregate food basket inflation declined from the previous two quarters to a level of 1.5%. Our multi-store formats, our efficient merchandising strategies and our in-store execution all contributed to our growth.

Sales in the first 40 weeks of fiscal 2016 totalled \$9,859.0 million versus \$9,389.9 million for the corresponding period of fiscal 2015, an increase of 5.0%.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND ASSOCIATE'S EARNINGS

This earnings measurement excludes financial costs, taxes, early redemption fees, depreciation and amortization and associate's earnings.

Operating income before depreciation and amortization and associate's earnings (Alimentation Couche-Tard) for the third quarter of 2016 totalled \$297.4 million or 7.4% of sales versus \$277.6 million or 7.2% of sales for the same quarter last year.

For the first 40 weeks of fiscal 2016, operating income before depreciation and amortization and associate's earnings totalled \$709.7 million or 7.2% of sales versus \$650.4 million or 6.9% of sales for the same period last year.

Gross margin on sales for the third quarter and the first 40 weeks of 2016 were 19.6% and 19.7% respectively versus 19.8% and 19.6% for the corresponding periods of 2015. Operating expenses as a percentage of sales for the third quarter and the first 40 weeks of 2016 were 12.2% and 12.5% respectively versus 12.5% and 12.7% for the corresponding periods of 2015, leveraging our sales growth.

DEPRECIATION AND AMORTIZATION, NET FINANCIAL COSTS AND EARLY REDEMPTION FEES

Total depreciation and amortization expenses for the third quarter and the first 40 weeks of 2016 were \$56.4 million and \$138.9 million respectively versus \$54.3 million and \$134.1 million for the corresponding periods of 2015.

Net financial costs for the third quarter of 2016 and 2015 totalled \$18.3 million. For the first 40 weeks of 2016, net financial costs totalled \$47.4 million compared to \$45.3 million in 2015. In addition, early redemption fees of \$5.9 million of Series A Notes were incurred in the first quarter of 2015.

SHARE OF AN ASSOCIATE'S EARNINGS

Our share of earnings in Alimentation Couche-Tard was \$15.5 million for the third quarter of 2016 versus \$8.7 million for the corresponding quarter of 2015.

Our share of earnings in Alimentation Couche-Tard was \$67.3 million for the first 40 weeks of 2016 versus \$42.9 million in 2015.

INCOME TAXES

The 2016 third quarter income tax expense of \$61.7 million represented an effective tax rate of 25.9% compared with the 2015 third quarter tax expense of \$50.2 million for an effective tax rate of 23.5%.

The 40-week period income tax expense of \$149.5 million for 2016 and \$120.4 million for 2015 represented effective tax rates of 25.3% and 23.7% respectively.

NET EARNINGS

Net earnings for the third quarter of 2016 were \$176.5 million, an increase of 8.0% over net earnings of \$163.5 million for the same quarter of 2015. Fully diluted net earnings per share rose 12.5% to \$0.72 from \$0.64 last year.

Net earnings for the first 40 weeks of 2016 were \$441.2 million, an increase of 13.8% over net earnings of \$387.6 million for the same period of 2015. Fully diluted net earnings per share rose 19.3% to \$1.79 from \$1.50 last year.

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

⁽²⁾ See section on "Forward-looking Information"

ADJUSTED NET EARNINGS⁽¹⁾

Excluding after-tax Series A Notes early redemption fees of \$4.3 million in the first 40 weeks of 2015, net earnings and fully diluted net earnings per share for the first 40 weeks of 2016 were up 12.6% and 17.8% over adjusted net earnings⁽¹⁾ and adjusted fully diluted net earnings per share⁽¹⁾ for 2015.

Net earnings adjustments

	40 weeks / Fiscal Year				Change (%)	
	2016		2015		Net earnings	Fully diluted EPS
	(Millions of dollars)	Fully diluted EPS (Dollars)	(Millions of dollars)	Fully diluted EPS (Dollars)		
Net earnings	441.2	1.79	387.6	1.50	13.8	19.3
Early redemption fees after taxes	—	—	4.3	0.02		
Adjusted net earnings ⁽¹⁾	441.2	1.79	391.9	1.52	12.6	17.8

NORMAL COURSE ISSUER BID PROGRAM

Under its normal course issuer bid program, the Corporation may repurchase up to 18,000,000 of its Common Shares between September 10, 2015 and September 9, 2016. Between September 10, 2015 and July 29, 2016, the Corporation has repurchased 8,567,246 Common Shares at an average price of \$37.48 for a total of \$321.1 million. The Corporation intends to renew its normal course issuer bid program as an additional option for using excess funds.

DIVIDENDS

On August 11, 2016, the Corporation's Board of Directors declared a quarterly dividend of \$0.14 per Common Share payable September 23, 2016, an increase of 20.0% over the dividend declared for the same quarter last year. This dividend of \$0.14 equals the dividend declared in the first and second quarters of 2016. On an annualized basis, this dividend represents approximately 25% of 2015 adjusted net earnings⁽¹⁾, compared to the percentages of the previous two fiscal years which were 24% and 22%.

FORWARD-LOOKING INFORMATION

We have used, throughout this report, 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. Expressions such as "continue", "create" 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 2016 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 2015 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.

⁽¹⁾ See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"

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NON-IFRS MEASUREMENTS

In addition to the International Financial Reporting Standards (IFRS) earnings measurements provided, we have included certain 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.

ADJUSTED NET EARNINGS AND ADJUSTED FULLY DILUTED NET EARNINGS PER SHARE

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 prior year's 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 for the **2016 third quarter** results at **9:00 a.m. (EDT) today, August 12, 2016**. To access the conference call, please dial (647) 427-7450 or 1 (888) 231-8191. The media and investing public may access this conference via a listen mode only.

Notice to readers: METRO INC. third quarter of 2016 interim condensed consolidated financial statements and management's discussion and analysis are available on the Internet at www.metro.ca - Corporate Site - Investor Relations - 2016 Quarterly Results - 2016 Third Quarter Results.

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