



PRESS RELEASE

METRO REPORTS 2017 THIRD QUARTER RESULTS

(Montréal, August 15, 2017) - METRO INC. (TSX: MRU) today announced its results for the third quarter of fiscal 2017 ended July 1, 2017.

2017 THIRD QUARTER HIGHLIGHTS

- Fully diluted net earnings per share of \$0.78, up 8.3%
- Net earnings of \$183.0 million, up 3.7%
- Sales of \$4,073.2 million, up 1.4%
- Same-store sales down 0.2%

	16 weeks / Fiscal Year				
	2017	%	2016	%	Change (%)
<i>(Millions of dollars, except for net earnings per share/EPS)</i>					
Sales	4,073.2	100.0	4,015.4	100.0	1.4
Operating income before depreciation and amortization and associate's earnings	301.5	7.4	297.4	7.4	1.4
Net earnings	183.0	4.5	176.5	4.4	3.7
Fully diluted EPS	0.78	—	0.72	—	8.3

	40 weeks / Fiscal Year				
	2017	%	2016	%	Change (%)
<i>(Millions of dollars, except for net earnings per share/EPS)</i>					
Sales	9,946.9	100.0	9,859.0	100.0	0.9
Operating income before depreciation and amortization and associate's earnings	730.3	7.3	709.7	7.2	2.9
Net earnings	453.5	4.6	441.2	4.5	2.8
Fully diluted EPS	1.91	—	1.79	—	6.7

PRESIDENT'S MESSAGE

"In a challenging environment marked by strong competition and continued food price deflation, the Company delivered sales and net earnings growth in the third quarter. We continue to invest to optimize our store network to better serve our customers, while exercising strong control over operating expenses. As the announced minimum wage increase in Ontario will put significant pressure on our industry in 2018, we will strive to mitigate this impact in order to continue⁽¹⁾ on our growth path", stated Eric R. La Flèche, President and Chief Executive Officer.

⁽¹⁾ See section on "Forward-looking Information"

2017 THIRD QUARTER RESULTS

SALES

Sales in the third quarter of 2017 reached \$4,073.2 million, up 1.4% compared to \$4,015.4 million in the third quarter of 2016. Same-store sales decreased slightly by 0.2% compared to an increase of 3.9% in the same quarter last year. Our food basket continued to experience a deflation of approximately 1% (inflation of 1.5% last year) which largely explains our lower sales growth.

Sales in the first 40 weeks of fiscal 2017 totalled \$9,946.9 million versus \$9,859.0 million for the corresponding period of fiscal 2016, an increase of 0.9%.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND ASSOCIATE'S EARNINGS

This earnings measurement excludes financial costs, taxes, 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 2017 totalled \$301.5 million or 7.4% of sales versus \$297.4 million or 7.4% of sales for the same quarter last year, up 1.4%.

For the first 40 weeks of fiscal 2017, operating income before depreciation and amortization and associate's earnings totalled \$730.3 million or 7.3% of sales versus \$709.7 million or 7.2% of sales for the same period last year, up 2.9%.

Gross margins on sales for the third quarter and the first 40 weeks of 2017 were 19.5% and 19.7% respectively versus 19.6% and 19.7% for the corresponding periods of 2016. Operating expenses as a percentage of sales for the third quarter and the first 40 weeks of 2017 were 12.1% and 12.4% respectively versus 12.2% and 12.5% for the corresponding periods of 2016, reflecting strong expense control.

DEPRECIATION AND AMORTIZATION AND NET FINANCIAL COSTS

Total depreciation and amortization expenses for the third quarter and the first 40 weeks of 2017 were \$60.3 million and \$148.2 million respectively versus \$56.4 million and \$138.9 million for the corresponding periods of 2016.

Net financial costs for the third quarter of 2017 and 2016 totalled \$18.3 million. For the first 40 weeks of 2017, net financial costs totalled \$48.4 million compared to \$47.4 million in 2016.

SHARE OF AN ASSOCIATE'S EARNINGS

Our share of earnings in Alimentation Couche-Tard was \$20.7 million for the third quarter of 2017 versus \$15.5 million for the corresponding quarter of 2016.

For the first 40 weeks of 2017, our share of earnings in Alimentation Couche-Tard was \$66.0 million versus \$67.3 million in 2016.

INCOME TAXES

The 2017 third quarter income tax expense of \$60.6 million represented an effective tax rate of 24.9% compared with the 2016 third quarter tax expense of \$61.7 million for an effective tax rate of 25.9%.

The 40-week period income tax expense of \$146.2 million for 2017 and \$149.5 million for 2016 represented effective tax rates of 24.4% and 25.3% respectively.

NET EARNINGS

Net earnings for the third quarter of 2017 were \$183.0 million, an increase of 3.7% from \$176.5 million for the third quarter of 2016. Fully diluted net earnings per share rose 8.3% to \$0.78 from \$0.72 last year.

Net earnings for the first 40 weeks of 2017 were \$453.5 million, an increase of 2.8% over net earnings of \$441.2 million for the same period of 2016. Fully diluted net earnings per share rose 6.7% to \$1.91 from \$1.79 last year.

⁽¹⁾ See section on "Forward-looking Information"

NORMAL COURSE ISSUER BID PROGRAM

Under its normal course issuer bid program, the Corporation may repurchase up to 12,000,000 of its Common Shares between September 12, 2016 and September 11, 2017. Between September 12, 2016 and July 28, 2017, the Corporation has repurchased 7,811,722 Common Shares at an average price of \$40.82 for a total of \$318.9 million. The Corporation intends to renew its normal course issuer bid program as an additional option for using excess funds.

NEW PARTNERSHIP - MissFresh

On August 1, 2017, the Company announced its partnership with MissFresh, a young company from Montréal, specializing in online sales and home delivery of meal kits. This partnership is part of our digital strategy and will be complementary to our in-store offer. This transaction will have no material effect on our short-term results.

BUYOUT OF NON-CONTROLLING INTERESTS

As announced last quarter, the Corporation will acquire the minority interests in Adonis and Phoenicia shortly after the end of the current fiscal year. Consequently, the liability for these non-controlling interests has been reclassified in current liabilities.

DIVIDENDS

On August 14, 2017, the Corporation's Board of Directors declared a quarterly dividend of \$0.1625 per Common Share payable September 26, 2017, an increase of 16.1% over the dividend declared for the same quarter last year. On an annualized basis, this dividend represents approximately 25% of 2016 net earnings.

OUTLOOK

We estimate the impact of the increase in the minimum wage recently announced in Ontario to be approximately \$45 to \$50 million⁽¹⁾ on an annualized basis for 2018. The Company is currently analyzing measures to be implemented to mitigate this impact.

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" 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 2017 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 2016 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.

CONFERENCE CALL

Financial analysts and institutional investors are invited to participate in a conference call for the **2017 third quarter** results at **9:00 a.m. (EDT) today, August 15, 2017**. 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 2017 interim condensed consolidated financial statements and management's discussion and analysis are available on the Internet at www.metro.ca - Corporate Site - Investor Relations - 2017 Quarterly Results - 2017 Third Quarter Results.

⁽¹⁾ See section on "Forward-looking Information"

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⁽¹⁾ See section on "Forward-looking Information"