



## PRESS RELEASE

### METRO REPORTS 2017 FOURTH QUARTER RESULTS

(Montréal, November 22, 2017) - METRO INC. (TSX: MRU) today announced its results for the fourth quarter of fiscal 2017 ended September 30, 2017.

#### 2017 FOURTH QUARTER HIGHLIGHTS

- 13-week quarter versus 12 weeks in 2016
- Sales of \$3,228.4 million, up 10.2%
- Same-store sales up 0.4%
- Fully diluted net earnings per share of \$0.66, up 10.0%
- Net earnings of \$154.9 million, up 6.8%

#### 2017 FISCAL HIGHLIGHTS

- 53-week fiscal year versus 52 weeks in 2016
- Sales of \$13,175.3 million, up 3.0%
- Same-store sales up 0.3%
- Fully diluted net earnings per share of \$2.57, up 7.5%
- Net earnings of \$608.4 million, up 3.8%

	2017	%	2016	%	Change (%)
	(13 weeks)		(12 weeks)		
<i>(Millions of dollars, except for net earnings per share/EPS)</i>					
Sales	3,228.4	100.0	2,928.9	100.0	10.2
Operating income before depreciation and amortization and associate's earnings	236.1	7.3	221.6	7.6	6.5
Net earnings	154.9	4.8	145.0	5.0	6.8
Fully diluted EPS	0.66	—	0.60	—	10.0

	2017	%	2016	%	Change (%)
	(53 weeks)		(52 weeks)		
<i>(Millions of dollars, except for net earnings per share/EPS)</i>					
Sales	13,175.3	100.0	12,787.9	100.0	3.0
Operating income before depreciation and amortization and associate's earnings	966.4	7.3	931.3	7.3	3.8
Net earnings	608.4	4.6	586.2	4.6	3.8
Fully diluted EPS	2.57	—	2.39	—	7.5

<sup>(1)</sup> See section on "Forward-looking Information"

## **PRESIDENT'S MESSAGE**

"We delivered positive same-store sales and earnings per share growth in the fourth quarter in a very competitive market. While our industry will be facing significant challenges in 2018, we are confident that we will continue<sup>(1)</sup> to grow by executing our customer-first strategies and sustained investments in our network and supply chain. On October 2, 2017, we announced a business combination agreement with The Jean Coutu Group and then completed the sale of the majority of our Alimentation Couche-Tard holding to finance, in part, this acquisition. Over the next few months, our teams will be actively working on making this major acquisition a success that will strengthen our leadership position to better meet our customers' evolving needs in food, pharmacy, and health and beauty", stated Eric R. La Flèche, President and Chief Executive Officer.

## **2017 FOURTH QUARTER RESULTS**

Sales in the fourth quarter of 2017 reached \$3,228.4 million, up 10.2% compared to \$2,928.9 million in the fourth quarter of 2016. Excluding the extra 13<sup>th</sup> week in 2017, fourth quarter sales were up 1.4%. Same-store sales increased by 0.4% compared to an increase of 2.8% in the fourth quarter last year. Our food basket experienced a slight inflation of about 0.3%, compared to deflation in the three previous quarters.

Sales for fiscal 2017 totalled \$13,175.3 million versus \$12,787.9 million for fiscal 2016, an increase of 3.0%. Excluding the extra 53<sup>rd</sup> week in 2017, sales were up 1.0%. Same-store sales were up 0.3%.

## **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 fourth quarter of 2017 totalled \$236.1 million or 7.3% of sales versus \$221.6 million or 7.6% of sales for the same quarter last year, up 6.5%. This increase is largely attributable to 2017's 13<sup>th</sup> week.

For fiscal 2017, operating income before depreciation and amortization and associate's earnings totalled \$966.4 million or 7.3% of sales versus \$931.3 million or 7.3% of sales for fiscal 2016, up 3.8%.

Gross margins on sales for the fourth quarter and fiscal 2017 were 19.6% and 19.7% respectively versus 19.8% and 19.7% for the corresponding periods of 2016. Operating expenses as a percentage of sales for the fourth quarter and fiscal 2017 were 12.3% and 12.4% respectively versus 12.2% and 12.4% for the corresponding periods of 2016, reflecting ongoing cost controls.

## **DEPRECIATION AND AMORTIZATION AND NET FINANCIAL COSTS**

Total depreciation and amortization expenses for the fourth quarter and fiscal 2017 were \$46.0 million and \$194.2 million respectively versus \$43.9 million and \$182.8 million for the corresponding periods of 2016.

Net financial costs for the fourth quarter of 2017 totalled \$15.5 million compared to \$14.0 for the same quarter last year. For fiscal 2017, net financial costs totalled \$63.9 million compared to \$61.4 million in 2016.

## **SHARE OF AN ASSOCIATE'S EARNINGS**

Our share of earnings in Alimentation Couche-Tard was \$27.5 million for the fourth quarter of 2017 versus \$23.8 million for the corresponding quarter of 2016.

For fiscal 2017, our share of earnings in Alimentation Couche-Tard was \$93.5 million versus \$91.1 million in 2016.

## **INCOME TAXES**

The 2017 fourth quarter income tax expense of \$47.2 million represented an effective tax rate of 23.4% compared with the 2016 fourth quarter tax expense of \$42.5 million for an effective tax rate of 22.7%.

The income tax expense of \$193.4 million for 2017 and \$192.0 million for 2016 represented effective tax rates of 24.1% and 24.7% respectively.

<sup>(1)</sup> See section on "Forward-looking Information"

## **NET EARNINGS**

Net earnings for the fourth quarter of 2017 were \$154.9 million, an increase of 6.8% from \$145.0 million for the fourth quarter of 2016. Fully diluted net earnings per share rose 10.0% to \$0.66 from \$0.60 last year. Excluding the 13<sup>th</sup> week results and \$2.5 million before taxes for professional fees related to The Jean Coutu Group acquisition and the modernization project of our distribution network in Toronto, net earnings would have been similar to last year and fully diluted net earnings per share, up 1.7%.

Net earnings for fiscal 2017 were \$608.4 million, an increase of 3.8% over net earnings of \$586.2 million for fiscal 2016. Fully diluted net earnings per share rose 7.5% to \$2.57 from \$2.39 last year. Excluding the 53<sup>rd</sup> week results and \$2.5 million before taxes for professional fees related to The Jean Coutu Group acquisition and the modernization project of our distribution network in Toronto, net earnings would have been up 2.0% and fully diluted net earnings per share, up 5.4%.

## **NORMAL COURSE ISSUER BID PROGRAM**

The normal course issuer bid program covering the period between September 12, 2016 and September 11, 2017 allowed the Corporation to repurchase up to 12,000,000 of its Common Shares. Under this program, 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 didn't renew its normal course issuer bid program.

## **DIVIDENDS**

On October 2, 2017, the Corporation's Board of Directors declared a quarterly dividend of \$0.1625 per Common Share payable on November 14, 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.

## **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", "anticipate" 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 2018 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.

<sup>(1)</sup> See section on "Forward-looking Information"

## CONFERENCE CALL

Financial analysts and institutional investors are invited to participate in a conference call for the **2017 fourth quarter** results at **10:00 a.m. (EST) today, November 22, 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. fourth quarter of 2017 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 - 2017 Quarterly Results - 2017 Fourth Quarter Results.

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<sup>(1)</sup> See section on "Forward-looking Information"