PRESS RELEASE

METRO REPORTS 2018 THIRD QUARTER RESULTS

(Montréal, August 15, 2018) - METRO INC. (TSX: MRU) today announced its results for the third quarter of fiscal 2018 ended July 7, 2018.

2018 THIRD QUARTER HIGHLIGHTS

- **Jean Coutu Group acquisition completed on May 11, 2018**
- **Sales of $4.6 billion, up 13.8% and up 2.4% when excluding the Jean Coutu Group**
- **Food same-store sales up 2.0%**
- **Pharmacy same-store sales up 1.8%**
- **Net earnings of $167.5 million, down 8.5%**
- **Adjusted net earnings(1) of $183.4 million, up 11.1%**
- **Fully diluted net earnings per share of $0.69, down 11.5%, and up 7.1% on an adjusted(1) basis**
- **Declared dividend of $0.18, up 10.8%**

	16 weeks / Fiscal Year				
(Millions of dollars, except for net earnings per share)	**2018**	**%**	2017	%	Change (%)
Sales	**4,636.4**	**100.0**	4,073.2	100.0	13.8
Operating income before depreciation and amortization and associate's earnings	**320.3**	**6.9**	301.5	7.4	6.2
Adjusted operating income before depreciation and amortization and associate's earnings(2)	**345.4**	**7.4**	301.5	7.4	14.6
Net earnings	**167.5**	**3.6**	183.0	4.5	(8.5)
Fully diluted net earnings per share	**0.69**	**—**	0.78	—	(11.5)
Adjusted net earnings(1)	**183.4**	**4.0**	165.1	4.1	11.1
Adjusted fully diluted net earnings per share(1)	**0.75**	**—**	0.70	—	7.1

PRESIDENT'S MESSAGE

"*We are satisfied with our third-quarter results, as we achieved strong same-store sales growth despite intense competition, low food inflation and increased pressure on operating expenses. The Jean Coutu Group acquisition represents a new growth opportunity for the Corporation, and we are confident of achieving the expected synergies of $75 million(3) within three years. I would like to thank all our colleagues who have worked very hard to create this promising combination*", 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 table on "Operating income before depreciation and amortization and associate's earnings adjustments" and section on "Non-IFRS Measurements"
(3) See section on "Forward-looking Information"

2018 THIRD QUARTER RESULTS

The Jean Coutu Group (PJC) Inc. ("Jean Coutu Group") acquisition was completed on May 11, 2018. Consequently, the results of the Jean Coutu Group were consolidated with the Corporation's results for slightly more than 8 weeks.

SALES

Sales in the third quarter of 2018 reached $4,636.4 million, up 13.8% compared to $4,073.2 million in the third quarter of 2017. Excluding $467.0 million in sales for the third quarter of 2018 resulting from Jean Coutu Group, sales would have been up 2.4%. In the third quarter, food same-store sales were up 2.0% (down 0.2% in the same quarter last year) and our food basket experienced inflation of approximately 0.5%. Pharmacy same-store sales were up 1.8%, 0.4% for prescription drugs (2.4% for number of prescriptions) and 3.8% for front store sales.

Sales in the first 40 weeks of fiscal 2018 totalled $10,647.2 million versus $9,946.9 million for the corresponding period of fiscal 2017, an increase of 7.0%. Excluding $467.0 million in sales from the first 40 weeks of fiscal 2018 resulting from Jean Coutu Group, sales would have been up 2.3%.

OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND ASSOCIATE'S EARNINGS

This earnings measurement excludes financial costs, taxes, depreciation and amortization, the share of earnings and gain on disposal of our investment in an associate (Alimentation Couche-Tard "ACT") and the fair value revaluation gain on our residual investment in ACT.

Operating income before depreciation and amortization and associate's earnings for the third quarter of 2018 totalled $320.3 million, or 6.9% of sales versus $301.5 million, or 7.4% of sales for the same quarter last year, up 6.2%. In the third quarter of 2018, $25.1 million in expenses were recognized in connection with the acquisition of the Jean Coutu Group. Excluding this item, adjusted operating income before depreciation and amortization and associate's earnings(2) totalled $345.4 million, or 7.4% of sales, up 14.6% from the same quarter in 2017. Adjusted operating income before depreciation and amortization and associate's earnings(2), excluding the Jean Coutu Group, would have been $296.9 million, or 7.1% of sales, down 1.5% from 2017. This decrease stems from the increases in the minimum wage combined with higher transportation costs.

For the first 40 weeks of 2018, operating income before depreciation and amortization and associate's earnings totalled $744.6 million, or 7.0% of sales versus $730.3 million, or 7.3% of sales, for the same period last year, up 2.0%. During this period in 2018, we recorded a provision of $11.4 million for our Ontario distribution network modernization project and recognized expenses of $28.7 million in connection with the acquisition of the Jean Coutu Group. Excluding these items, adjusted operating income before depreciation and amortization and associate's earnings(2) totalled $784.7 million, or 7.4% of sales, up 7.4% from 2017. Adjusted operating income before depreciation and amortization and associate's earnings(2), excluding the Jean Coutu Group, would have been $736.2 million, or 7.2% of sales, up 0.8% from 2017.

Operating income before depreciation and amortization and associate's earnings adjustments (OI)(2)

	16 weeks / Fiscal Year					
	2018			2017		
(Millions of dollars, unless otherwise indicated)	**OI**	**Sales**	***(%)***	OI	Sales	*(%)*
Operating income before depreciation and amortization and associate's earnings	**320.3**	**4,636.4**	**6.9**	301.5	4,073.2	7.4
Business acquisition-related expenses	**25.1**			—		
Adjusted operating income before depreciation and amortization and associate's earnings(2)	**345.4**	**4,636.4**	**7.4**	301.5	4,073.2	7.4
Jean Coutu Group operating income before depreciation and amortization	**48.5**	**467.0**		—	—	
Adjusted operating income before depreciation and amortization and associate's earnings(2), excluding Jean Coutu Group	**296.9**	**4,169.4**	**7.1**	301.5	4,073.2	7.4

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

	40 weeks / Fiscal Year					
	2018			2017		
(Millions of dollars, unless otherwise indicated)	**OI**	**Sales**	***(%)***	OI	Sales	*(%)*
Operating income before depreciation and amortization and associate's earnings	**744.6**	**10,647.2**	**7.0**	730.3	9,946.9	7.3
Distribution network modernization project expenses	**11.4**			—		
Business acquisition-related expenses	**28.7**			—		
Adjusted operating income before depreciation and amortization and associate's earnings[2]	**784.7**	**10,647.2**	**7.4**	730.3	9,946.9	7.3
Jean Coutu Group operating income before depreciation and amortization	**48.5**	**467.0**		—	—	
Adjusted operating income before depreciation and amortization and associate's earnings[2], excluding Jean Coutu Group	**736.2**	**10,180.2**	**7.2**	730.3	9,946.9	7.3

Gross margin on sales for the third quarter and the first 40 weeks of 2018 were 19.4% and 19.6% respectively versus 19.5% and 19.7% for the corresponding periods of 2017.The slight decrease in gross margin resulted from the inclusion of the Jean Coutu Group.

Operating expenses as a percentage of sales for the third quarter of 2018 were 12.5% versus 12.1% for the corresponding quarter of 2017. Excluding the business acquisition-related expenses of $25.1 million recorded in the third quarter of 2018, operating expenses as a percentage of sales stood at 11.9%. This change stemmed positively from the inclusion of the Jean Coutu Group offset by increases in the minimum wage, particularly in Ontario.

Operating expenses as a percentage of sales for the first 40 weeks of 2018 were 12.6% versus 12.4% for the corresponding period of 2017. Excluding the distribution network modernization project expenses of $11.4 million and the business acquisition-related expenses of $28.7 million recorded in 2018, operating expenses as a percentage of sales stood at 12.3%.

DEPRECIATION AND AMORTIZATION AND NET FINANCIAL COSTS

Total depreciation and amortization expense for the third quarter and the first 40 weeks of 2018 was $74.4 million and $168.5 million respectively versus $60.3 million and $148.2 million for the corresponding periods of 2017. Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition amounted to $6.0 million.

Net financial costs for the third quarter of 2018 totalled $29.8 million compared to $18.3 million for the same quarter last year. From the beginning of the third quarter of 2018 to May 11, 2018, the Jean Coutu Group acquisition date, we recognized $6.3 million in interest income on the short-term investments and security deposits resulting from the proceeds of the sale of the majority of our investment in ACT and the issuance of Series F, G and H notes to fund a portion of the Jean Coutu Group acquisition and recorded $7.1 million in interest on those notes.

Net financial costs for the first 40 weeks of 2018 totalled $56.3 million compared to $48.4 million for the same period last year. Certain items are specific to 2018. First, for the period prior to the Jean Coutu Group acquisition, we recognized $21.3 million in interest income on the short-term investments and security deposits resulting from the proceeds of the sale of the majority of our investment in ACT and the issuance of Series F, G and H notes to fund a portion of the Jean Coutu Group acquisition and recorded $19.1 million in interest on those notes. Furthermore, we paid $1.8 million in financial costs on the balance payable in connection with the settlement of the buyout of minority interests in Adonis and Phoenicia.

As of May 11, 2018, net financial costs were no longer subject to adjustments to net earnings. The increase in financial costs was mainly due to the Jean Coutu Group acquisition.

[1] See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"
[2] See table on "Operating income before depreciation and amortization and associate's earnings adjustments" and section on "Non-IFRS Measurements"
[3] See section on "Forward-looking Information"

SHARE OF EARNINGS, GAIN ON DISPOSAL OF AN INVESTMENT IN AN ASSOCIATE AND FAIR VALUE REVALUATION OF AN INVESTMENT

During the first quarter of 2018, to fund a portion of the Jean Coutu Group acquisition, we disposed of most of our investment in ACT, for net proceeds of $1,534.0 million and a gain of $1,107.4 million. As a result of this disposal, the Corporation no longer has significant influence over ACT. Our residual investment is now considered to be an available-for-sale financial asset, reported as an investment at fair value. As a result, the investment was re-evaluated at fair value on October 13, 2017, and the Corporation recorded a $225.6 million fair value revaluation gain in net earnings. Subsequent fair value revaluations of this investment were recognized in accumulated other comprehensive income.

No share of an associate's earnings (ACT) was recorded in the third quarter of fiscal 2018 in comparison with a $20.7 million share recorded in the corresponding quarter of fiscal 2017.

For the first 40 weeks of 2018, our share of an associate's earnings (ACT) was $30.8 million versus $66.0 million for the corresponding period last year.

INCOME TAXES

The income tax expense of $48.6 million for the third quarter of 2018 represented an effective tax rate of 22.5% compared to an income tax expense of $60.6 million in the third quarter of 2017 which represented an effective tax rate of 24.9%. In connection with the disposal of our investment in ACT, we reviewed our tax bases and realized a tax saving of $9.2 million during the quarter.

The income tax expense of $310.1 million for the 40-week period of 2018 and $146.2 million for the 40-week period of 2017 represented an effective tax rate of 16.5% and 24.4% respectively.The significant decline in the effective tax rate resulted from the gain on disposal of the majority of our investment in ACT and the fair value revaluation of our residual investment.

NET EARNINGS AND ADJUSTED NET EARNINGS[1]

Net earnings for the third quarter of 2018 were $167.5 million, a decrease of 8.5% from $183.0 million for the third quarter of 2017. Fully diluted net earnings per share decreased by 11.5% to $0.69 from $0.78 last year. Excluding the specific items shown in the table below, adjusted net earnings[1] for the third quarter of 2018 totalled $183.4 million compared with $165.1 million for the corresponding quarter of 2017, and adjusted fully diluted net earnings per share[1] amounted to $0.75 versus $0.70, up 11.1% and 7.1%, respectively.

Net earnings for the first 40 weeks of 2018 were $1,573.5 million, an increase of 247.0% from $453.5 million in the first 40 weeks of 2017. Fully diluted net earnings per share rose 250.8% to $6.70 from $1.91 last year. Excluding the specific items shown in the table below, adjusted net earnings[1] for the first 40 weeks of 2018 totalled $444.9 million compared with $417.1 million for the corresponding period of 2017, and adjusted fully diluted net earnings per share[1] amounted to $1.89 versus $1.75, up 6.7% and 8.0%, respectively.

[1] See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"
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[3] See section on "Forward-looking Information"

Net earnings adjustments[1]

	16 weeks / Fiscal Year					
	2018		2017		Change (%)	
	(Millions of dollars)	**Fully diluted EPS (Dollars)**	(Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Net earnings	**167.5**	**0.69**	183.0	0.78	(8.5)	(11.5)
Business acquisition-related expenses, after taxes	**20.1**		—			
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, after taxes	**4.4**		—			
Income on business acquisition-related short-term investments and security deposits, after taxes	**(4.6)**		—			
Interest on notes issued in connection with a business acquisition, after taxes	**5.2**		—			
Share of an associate's earnings, after taxes	**—**		(17.9)			
Tax saving on the disposal of the majority of the investment in an associate	**(9.2)**		—			
Fair value revaluation gain on an investment after taxes	**—**		—			
Adjusted net earnings[1]	**183.4**	**0.75**	165.1	0.70	11.1	7.1

	40 weeks / Fiscal Year					
	2018		2017		Change (%)	
	(Millions of dollars)	**Fully diluted EPS (Dollars)**	(Millions of dollars)	Fully diluted EPS (Dollars)	Net earnings	Fully diluted EPS
Net earnings	**1,573.5**	**6.70**	453.5	1.91	247.0	250.8
Distribution network modernization project expenses, after taxes	**8.4**		—			
Business acquisition-related expenses, after taxes	**22.7**		—			
Amortization of intangible assets acquired in connection with the Jean Coutu Group acquisition, after taxes	**4.4**		—			
Income on business acquisition-related short-term investments and security deposits, after taxes	**(15.6)**		—			
Interest on notes issued in connection with a business acquisition, after taxes	**14.0**		—			
Financial costs on the balance payable for the buyout of minority interests, after taxes	**1.3**		—			
Share of an associate's earnings, after taxes	**—**		(36.4)			
Gain on the disposal of the majority of the investment in an associate, after taxes	**(968.1)**		—			
Fair value revaluation gain on an investment, after taxes	**(195.7)**		—			
Adjusted net earnings[1]	**444.9**	**1.89**	417.1	1.75	6.7	8.0

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

On August 14, 2018, the Corporation's Board of Directors declared a quarterly dividend of $0.18 per Common Share payable on September 26, 2018, an increase of 10.8% over the dividend declared for the same quarter last year.

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 “expect” 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 2017 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.

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.

(1) See table on "Net earnings adjustments" and section on "Non-IFRS Measurements"
(2) See table on "Operating income before depreciation and amortization and associate's earnings adjustments" and section on "Non-IFRS Measurements"
(3) See section on "Forward-looking Information"

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 some items that must be recognized under IFRS. They are non-IFRS measurements. We believe that presenting earnings without these items, that are not necessarily reflective of the Corporation's performance, leaves readers of financial statements better informed as to the current period and corresponding prior year's period's operating earnings, thus enabling them to better perform trend analysis, evaluate the Corporation's financial performance and judge its future outlook. The exclusion of these items does not imply that they are non-recurring.

CONFERENCE CALL

Financial analysts and institutional investors are invited to participate in a conference call for the **2018 third quarter** results at **8:30 a.m. (EDT) today, August 15, 2018**. 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 2018 interim condensed consolidated financial statements and management's discussion and analysis are available on the Internet at* ***www.metro.ca*** *- Corporate Site - Investor Relations - 2018 Quarterly Results - 2018 Third Quarter Results.*

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