

Loblaws

Q1 2015 Supplementary Slides

May 6, 2015



Forward-looking Statements

This presentation for Loblaw Companies Limited (“Loblaw” or “the Company”) contains forward-looking statements about the Company’s objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects and opportunities. Specific forward-looking statements in this presentation include, but are not limited to, statements with respect to the Company’s anticipated future results, events and plans, synergies and other benefits associated with the acquisition of Shoppers Drug Mart Corporation (“SDM”), future liquidity and debt reduction targets, planned capital investments, and status and impact of Information Technology (“IT”) systems implementation. These specific forward-looking statements are contained throughout this News Release including, without limitation, in the Outlook section of this News Release. Forward-looking statements are typically identified by words such as “expect”, “anticipate”, “believe”, “foresee”, “could”, “estimate”, “goal”, “intend”, “plan”, “seek”, “strive”, “will”, “may”, “on track” and “should” and similar expressions, as they relate to the Company and its management.

Forward-looking statements reflect the Company’s current estimates, beliefs and assumptions, which are based on management’s perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company’s expectation of operating and financial performance in 2015 is based on certain assumptions including assumptions about anticipated cost savings, operating efficiencies and continued growth from current initiatives. The Company’s estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company’s actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in Section 15 “Enterprise Risks and Risk Management” of the Company’s 2014 Annual Report and the Company’s Annual Information Form (for the year ended January 3, 2015).

Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company’s materials filed with the Canadian securities regulatory authorities from time to time, including, without limitation, the section entitled “Risks” in the Company’s Annual Information Form for the year ended January 3, 2015. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company’s expectations only as of the date of this News Release. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This presentation uses certain non-GAAP measures, such as Adjusted Operating Income, Adjusted Operating Margin, Adjusted EBITDA and Adjusted EPS which the Company believes provide useful information to both management and investors in measuring financial performance. These measures do not have a standard meaning prescribed by GAAP, and therefore, they may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.










Key Financial Metrics – Loblaw – Q1 2015

Consolidated Revenue	↑	\$10,048M, +37.8% (+2.2% ex. Shoppers Drug Mart)
Adjusted EBITDA	↑	\$789M, +63.7%
Adjusted Operating Income	↑	\$543M, +89.2%
Adjusted EPS	↑	\$0.73, +35.2%
Net Efficiencies Achieved (ex SDM)	=	Efficiencies in Admin, IT and Supply Chain
Net Synergies	⌋	\$44M
Free Cash Flow	↑	\$144M QTD
Capex (\$)	↑	\$231M QTD (Includes Intangible Asset Additions)

Key Retail Metrics – Q1 2015

Retail Revenue	↑	\$9,830, +38.5%
Retail Revenue – Loblaw	↑	\$7,234M, +2.0%
Retail Revenue – SDM	↑	\$2,596M, +3.1%
Retail Adjusted Gross Profit and Margin	↑	\$2,624 (+63.7%); 26.7% (410bps)
Retail Adjusted Gross Profit – Loblaw	↑	\$1,633, +1.9% Excluding the impact of changes to franchise agreements (\$1,600, -0.2% as reported)
Retail Adjusted Gross Margin – Loblaw	=	22.6%, (Flat) Excluding the impact of changes to franchise agreements (22.1% as reported)
Retail Adjusted Gross Profit – SDM	↑	\$1,024, +6.0%
Retail Adjusted Gross Margin – SDM	↑	39.4% (+100bps)
Retail Adjusted EBITDA and Margin	↑	\$739M (+68.0%), 7.5% (+130bps)
Retail Adjusted Operating Income and Margin	↑	\$499M, +99.6%, 5.1% (+160bps)

Key Operational Metrics—Q1 2015—Loblaw

Same Store Sales Food Retail		+4.0% (ex Gas Bar (120bps) and the negative impact of a change in the distribution model by a tobacco supplier (80bps); including these items food retail comp SSS was +2.0%)
Basket Size		Increased
Traffic		Increased
Internal Inflation		Loblaw above Q1 Food CPI of 4.6%
Loblaw STM Square Footage Growth		+0.9% – vs Q1/14
Industry STM Square Footage Growth		-0.2% - vs Q1/14
PC Plus		Over 9.4 million total members
Net Promoter Score – LCL National		Trending above last year
SAP Stores Converted		All corporate grocery stores and associated DCs; 12 franchised stores

Key Operational Metrics – Q1 2015

Shoppers Drug Mart

Revenue	↑	\$2,596, +3.1%
Retail Selling Square Footage Growth	↑	+0.5% vs. Q1 2014
Pharmacy Sales	↑	\$1,257M, +3.6%
Pharmacy SSS	↑	+3.5%
# Rx Dispensed (Rx Count)	↓	+4.8% (+4.7% on same store sales basis)
Average Rx Value	↓	-1.1%
Generic Penetration	↑	64.5% (vs. 62.5% Q1 2014)
Front of Store Sales	↑	\$1,339M, +2.5%
Front of Store SSS	↑	+2.7%
Loyalty (Optimum)	↑	Over 10 million active members

Shoppers Drug Mart – Q1 2014 Highlights

\$ Millions	
Sales	\$2,518
Gross Profit	\$966
Adjusted Operating Income	\$179
Adjusted EBITDA	\$239

Note: The above earnings were initially released as part of 'Addendum B' in the Q2, 2014 press release announced July 24, 2014

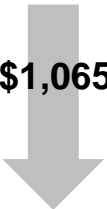

Pharmacy Sales	↑	+0.5%
Pharmacy SSS	↑	+0.4%
# Rx Dispensed (Rx Count)	↑	+4.1% (+4.0% on same store sales basis)
Average Rx Value	↓	-3.0%
Front of Store Sales	↑	+2.1%
Front of Store SSS	↑	+2.2%

Adjusted Debt by Segment

\$ Millions	Q1 2015	Retail	PCF	REIT	Con. & Elim.
Bank Indebtedness	\$ 299	\$ 299	\$ -	\$ -	\$ -
Short term debt	505	-	505	-	-
Long term debt due within one year	445	53	392	-	-
Long term debt	10,922	7,127	993	7,146	(4,344)
Trust Unit Liability	784	-	-	-	784
Capital securities	225	225	-	-	-
Certain other liabilities	28	28	-	-	-
	\$ 13,208	\$ 7,732	\$ 1,890	\$ 7,146	(\$ 3,560)
Less:					
PCF Debt					
Independent Securitization Trusts in S-T debt	505	-	505	-	-
Independent Securitization Trusts in L-T debt	750	-	750	-	-
Guaranteed Investment Certificates	635	-	635	-	-
Independent Funding Trusts	496	496	-	-	-
Trust Unit Liability	784	-	-	-	784
Total Adjusted Debt	\$ 10,038	\$ 7,236	-	\$ 7,146	(\$ 4,344)

(a) REIT debt includes Class C LP units, and Class B exchangeable units held by Loblaw retail, eliminated in the consolidation and eliminations segment.

Adjusted Debt

Adjusted Debt at Acquisition	\$11,060	
▪ \$1.5B Choice Properties REIT Monetization	1,500	 (\$1,065)
▪ Repayment of Term Loan	(2,271)	
▪ 4.85% MTN Matured and Repaid	(350)	
▪ Other	56	
Year End 2014 Reported Adjusted Debt	\$9,995	
▪ \$207M Repayment of Term Loan	(207)	 \$43
▪ \$122M Repayment of REIT Credit Facility	(122)	
▪ \$250 REIT Series E MTN	250	
▪ Other	122	
Q1 2015 Reported Adjusted Debt	\$10,038	