

Loblaws

Q3 2015 Supplementary Slides

November 18, 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, opportunities and legal and regulatory matters. 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 presentation. 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 presentation. 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, Adjusted EBITDA Margin, Retail Segment Adjusted Gross Profit, Adjusted Gross Profit Margin and Adjusted Basic Net Earnings Per Common Share which the Company believes provide useful information to both management and investors in measuring financial performance. These measures do not have a standardized 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 – Consolidated – Q3 2015

Consolidated Revenue	↑	\$13,946M, +2.6%
Consolidated Adjusted EBITDA	↑	\$1,022M, +2.1%
Consolidated Adjusted Operating Income	↑	\$709M, +6.0%
Adjusted Basic Net Earnings Per Common Share	↑	\$0.99, +10.0%
Net Efficiencies Achieved (Food Retail)	≡	Supply Chain, Admin and IT
Net Synergies	⌋	\$76M
Free Cash Flow	↑	\$578MQTD, \$1,311MYTD
Capex (\$)	↑	\$356MQTD, \$808MYTD

Key Financial Metrics – Retail Segment – Q3 2015

Total Retail Revenue	↑	\$13,715, +2.5%
Retail Revenue – Food Retail (Loblaw)	↑	\$10,178, +1.9%
Retail Revenue – Drug Retail (Shoppers Drug Mart)	↑	\$3,537M, +4.4%
Retail Adjusted Gross Profit and Margin	↑	\$3,603 (+3.7%); 26.3% (+30bps) Excluding the negative impact of modifying certain franchise fee arrangements (\$3,560M, +2.5%; 26.0%, flat to PY as reported)
Retail Adjusted EBITDA and Margin	↑	\$976M (+2.3%), 7.1% (Flat to PY)
Retail Adjusted Operating Income and Margin	↑	\$670M, +7.0%, 4.9% (+20bps)
Retail Adjusted SG&A and Margin (ex-DA, ex-Impact of Modifying Certain Franchise Fee Arrangements)	↑	\$2,627M, +4.3%; 19.1% (+30bps to PY)

Key Operational Metrics – Food Retail (Loblaw) – Q3 2015

Food Retail Same-Store Sales Growth		+3.1% (ex Gas Bar (+90bps) and the negative impact of a change in the distribution model by a tobacco supplier (+90bps); including these items food retail comp SSS was +1.3%)
Basket Size		Increased
Traffic		Flat
Internal Inflation		Loblaw Higher Than Q3 Food CPI of 3.8%
Loblaw STM Square Footage Growth		+0.9% – vs Q3/14
Industry STM Square Footage Growth		+0.9% - vs Q3/14
PC Plus		Over 10 million total members
SAP Stores Converted		All corporate grocery stores and associated DCs; 417 franchised stores

Key Operational Metrics – Q3 2015

Drug Retail (Shoppers Drug Mart)

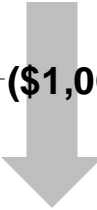

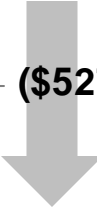
Pharmacy Sales	↑	\$1,699M, +3.6%
Pharmacy SSS	↑	+3.5%
# Rx Dispensed (Rx Count)	↑	+4.2% (+4.4% on same store sales basis)
Average Rx Value	↓	-0.2%
Generic Penetration	↑	64.7% (vs. 63.1% Q3 2014)
Front Store Sales	↑	\$1,838M, +5.2%
Front Store SSS	↑	+6.2%
Loyalty (Optimum)	↑	Over 10 million active members

Adjusted Debt by Segment

\$ Millions	Q3 2015	Retail	PCF	REIT ^(a)	Consol. & Elim.
Bank indebtedness	\$ 243	\$ 243	\$ -	\$ -	\$ -
Short term debt	580	-	580	-	-
Long term debt due within one year	1,344	579	464	301	-
Long term debt	9,760	5,906	1,220	7,147	(4,513)
Trust Unit Liability	810	-	-	-	810
Capital securities	-	-	-	-	-
Certain other liabilities	31	31	-	-	-
	\$ 12,768	\$ 6,759	\$ 2,264	\$ 7,448	\$ (3,703)
Less:					
PCF Debt					
Independent Securitization Trusts in S-T debt	\$ 580	\$ -	\$ 580	\$ -	\$ -
Independent Securitization Trusts in L-T debt	1,000	-	1,000	-	-
Guaranteed Investment Certificates	684	-	684	-	-
Independent Funding Trusts	506	506	-	-	-
Trust Unit Liability	810	-	-	-	810
Total Adjusted Debt	\$ 9,188	\$ 6,253	\$ -	\$ 7,448	\$ (4,513)

(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	
▪ Net Term Loan Repayments*	(619)	 (\$280)
▪ Net Repayments on REIT Credit Facility	(33)	
▪ \$250 REIT Series E MTN	250	
▪ Other	122	
Q2 2015 Reported Adjusted Debt	\$9,715	
▪ Net Term Loan Repayments	(312)	 (\$527)
▪ Repayment of Capital Securities	(225)	
▪ Other	10	
Q3 2015 Reported Adjusted Debt	\$9,188	

*During the second quarter, the Company repaid \$662M of the Acquisition Term Loan and obtained a \$250M Unsecured Term Loan