

Loblaws

# Q1 2016 Supplementary Slides

May 4, 2016



# 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 (“Shoppers Drug Mart”), future liquidity, planned capital investments, and status and impact of information technology (“IT”) systems implementation. These specific forward-looking statements are contained throughout this presentation including, without limitation, in “Outlook” of 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” 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 2016 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 12 “Enterprise Risks and Risk Management” of the Company’s MD&A in the 2015 Annual Report – Financial Review and the Company’s 2015 Annual Information Form (for the year ended January 2, 2016).

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 2015 Annual Information Form (for the year ended January 2, 2016). 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 EBITDA, Adjusted EBITDA Margin, Retail Segment Adjusted Gross Profit, Retail Segment Adjusted Gross Profit Margin, Adjusted Diluted Earnings Per Common Share and Free Cash Flow 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 2016

Consolidated Revenue	↑	\$10,381M,+3.3%
Adjusted EBITDA	↑	\$829M, +5.1%
Adjusted Diluted Earnings Per Common Share	↑	\$0.82, +13.9%
Net Synergies	↑	\$72M, incremental \$28M
Free Cash Flow	↑	\$512M QTD
Capex (\$)		\$157M QTD

# Key Retail Metrics – Q1 2016

Total Retail Revenue	↑	\$10,154M, +3.3%
Retail Revenue - Food Retail	↑	\$7,390M,+2.2%
Retail Revenue - Drug Retail	↑	\$2,764M,+6.5%
Retail Adjusted Gross Profit & Margin (Excluding the impact of the consolidation of franchises)	↑	\$ 2,718M; +26.9% (+20bps to PY) (As Reported: \$2,777 million; 27.3%; +60 bps to PY)
Retail Adjusted EBITDA and Margin	↑	\$780M (+5.5%), 7.7% (+20bps to PY)
Retail Adjusted SG&A and Margin (Excluding the impact of the consolidation of franchises)	↓	\$1,932M; 19.1% (-10bps to PY)

# Key Operational Metrics – Q1 2016 —Loblaw

Food Retail Same-Store Sales Growth	↑	+2.6% (ex Gas Bar (60bps)); including Gas Bar, Food Retail SSS was +2.0%)
Basket Size	↑	Increased
Traffic	↑	Positive
Internal Inflation		Loblaw moderately higher than Q1 Food CPI of 4.3%
Loblaw STM Square Footage Growth	↓	- 0.8% vs Q1/15
Industry STM Square Footage Growth	↓	- 0.3% vs Q1/15
PC Plus		Over 10 million members

# Key Operational Metrics – Q1 2016

## Shoppers Drug Mart

Pharmacy Sales	↑	\$1,313 M, +4.5%
Pharmacy SSS	↑	+4.2%
# Rx Dispensed (Rx Count)	↑	+4.1% (+3.9% on same-store sales basis)
Average Rx Value	↑	+0.6%
Front Store Sales	↑	\$1,451 M, + 8.4%
Front Store SSS	↑	+8.2%
Loyalty (Optimum)	↑	Over 10 million active members