

# **SUPPLEMENTARY SLIDES**

**Q1 2019**

May 1, 2019

**Loblaw**  
Companies  
Limited

# 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, strategic initiatives and restructuring, regulatory changes including minimum wage increases and further healthcare reform, future liquidity, planned capital investments, and the status and impact of information technology (“IT”) systems implementations. These specific forward-looking statements are contained throughout this presentation including, without limitation, in “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” and “should” and similar expressions, as they relate to the Company and its management.

Forward-looking statements reflect the Company’s 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 2019 is based on certain assumptions including assumptions about healthcare reform impacts, anticipated cost savings and operating efficiencies from Process and Efficiency initiatives and anticipated benefits from strategic 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 Annual Report of 2018 and the Company’s Annual Information Form (“AIF”) (for the year ended December 29, 2018).

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 AIF (for the year ended December 29, 2018). 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 Percentage, Adjusted Diluted Net Earnings Per Common Share and Free Cash Flow which the Company believes provide useful information to both management and investors in measuring the financial performance of the Company. 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

### Q1 2019

(In CAD millions unless otherwise noted)

	Q1 2019	Q1 2018	% Change <sup>(1)</sup>	
Consolidated Revenue - Continuing Operations	\$10,659	\$10,335	↑	+3.1%
Adjusted EBITDA - Continuing Operations	\$1,040	\$733	↑	+41.9%
Excluding the impact from IFRS 16 (approx.)	\$758	\$733		+3.4%
Adjusted EBITDA Margin - Continuing Operations	9.8%	7.1%	↑	+270 bps
Excluding the impact from IFRS 16 (approx.)	7.1%	7.1%	≈	flat
Adjusted Net Earnings Available to Common Shareholders - Continuing Operations	\$290	\$312	↓	-7.1%
Excluding the impacts from IFRS 16 and spin-out related incremental depreciation (approx.) <sup>(2)</sup>	\$312	\$312	≈	flat
Adjusted Diluted Net Earnings Per Common Share - Continuing Operations	\$0.78	\$0.81	↓	-3.7%
Excluding the impacts from IFRS 16 and spin-out related incremental depreciation (approx.) <sup>(2)</sup>	\$0.84	\$0.81	↑	+3.7%
Free Cash Flow - Continuing Operations <sup>(3)</sup>	\$419	\$130		
Capex - Continuing Operations	\$174	\$163		

<sup>(1)</sup> ↑ indicates better; ↓ indicates worse; ≈ indicates flat

<sup>(2)</sup> The impact from the spin-out related incremental depreciation is estimated to be approximately \$85 million compared to 2018, see MD&A for further detail.

<sup>(3)</sup> The definition of free cash flow was changed in the first quarter of 2019 to normalize for the impact of the implementation of IFRS 16.

# KEY FINANCIAL METRICS - Retail Segment

## Q1 2019

(In CAD millions unless otherwise noted)

	Q1 2019	Q1 2018	% Change <sup>(1)</sup>	
Total Retail Revenue	\$10,452	\$10,155	↑	+2.9%
Retail Revenue - Food	\$7,515	\$7,271	↑	+3.4%
Retail Revenue - Drug	\$2,937	\$2,884	↑	+1.8%
Pharmacy	\$1,412	\$1,393	↑	+1.4%
Front Store	\$1,525	\$1,491	↑	+2.3%
Adjusted Retail Gross Margin	29.6%	29.4%	↑	+20 bps
Excluding the impact of franchise consolidation	27.7%	28.0%	↓	-30 bps
Adjusted Retail SG&A rate	20.2%	22.8%	↑	+260 bps
Excluding the impact of franchise consolidation	18.2%	21.3%	↑	+310 bps
Excluding the impact of franchise consolidation and IFRS 16 (approx.)	21.0%	21.3%	↑	+30 bps
Adjusted Retail EBITDA	\$985	\$672	↑	+46.6%
Excluding the impact from IFRS 16 (approx.)	\$703	\$672	↑	+4.6%
Adjusted Retail EBITDA Margin	9.4%	6.6%	↑	+280 bps
Excluding the impact from IFRS 16 (approx.)	6.7%	6.6%	↑	+10 bps

<sup>(1)</sup> ↑ indicates better; ↓ indicates worse; ≈ indicates flat

# KEY OPERATIONAL METRICS

Q1 2019

## Food Retail (Loblaw)

	% Change <sup>(1)</sup>
Food Retail Same-Store Sales Growth	↑ +2.0%
Basket Size <sup>(2)</sup>	↑
Traffic <sup>(2)</sup>	≈
Internal Food Price Index (Loblaw Food Price Index was slightly lower than CPI of 3.3%)	↑
Loblaw STM Square Footage Growth	↑
Industry STM Square Footage Growth	↑

## Drug Retail (Shoppers Drug Mart)

	% Change <sup>(1)</sup>
Drug Retail Same-Store Sales Growth	↑ +2.2%
Pharmacy <sup>(2)</sup>	↑ +1.2%
Rx Count <sup>(2)</sup>	↑ +2.6%
Average Rx Value <sup>(3)</sup>	↓ -2.1%
Front Store <sup>(2)</sup>	↑ +3.1%

<sup>(1)</sup> ↑ indicates better; ↓ indicates worse; ≈ indicates flat

<sup>(2)</sup> based on same-store sales

<sup>(3)</sup> based on absolute sales