

# **SUPPLEMENTARY SLIDES**

**Q1 2020**

For the period ended March 21, 2020

**Loblaw**  
Companies  
Limited

# FORWARD LOOKING STATEMENTS

This Quarterly Report, including this MD&A, 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 Quarterly Report 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 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 Quarterly Report including, without limitation, in Section 3 "Consolidated Results of Operations", "Section 4.1 "Retail Segment" Other Retail Business Matters, Section 5 "Liquidity and Capital Resources" and Section 10 "Non-GAAP Financial Measures". Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "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 2020 is based on certain assumptions including assumptions about healthcare reform impacts, anticipated cost savings and operating efficiencies 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 9 "Enterprise Risks and Risk Management" of this MD&A, and the Company's 2019 Annual Information Form ("AIF") (for the year ended December 28, 2019). Such risks and uncertainties include:

- the duration and impact of the COVID-19 pandemic on the business, operations and financial condition of the Company;
- the inability of the Company's IT infrastructure to support the requirements of the Company's business, or the occurrence of any internal or external security breaches, denial of service attacks, viruses, worms and other known or unknown cybersecurity or data breaches;
- changes to the regulation of generic prescription drug prices, the reduction of reimbursements under public drug benefit plans and the elimination or reduction of professional allowances paid by drug manufacturers;
- failure to effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace;
- failure to execute the Company's e-commerce initiatives or to adapt its business model to the shifts in the retail landscape caused by digital advances;
- failure to realize benefits from investments in the Company's new IT systems;

## KEY FINANCIAL METRICS - Consolidated Q1 2020

(In CAD millions unless otherwise noted)

	Q1 2020	Q1 2019	% Change <sup>(1)</sup>	
Consolidated Revenue	\$11,800	\$10,659	↑	+10.7%
Excluding the estimated impact of COVID-19	\$11,049	\$10,659	↑	+3.7%
Adjusted EBITDA	\$1,169	\$1,040	↑	+12.4%
Adjusted EBITDA Margin	9.9%	9.8%	↑	+10 bps
Adjusted Net Earnings Available to Common Shareholders	\$352	\$290	↑	+21.4%
Excluding the estimated impact of COVID-19	\$298	\$290	↑	+2.8%
Adjusted Diluted Net Earnings Per Common Share	\$0.97	\$0.78	↑	+24.4%
Excluding the estimated impact of COVID-19	\$0.83	\$0.78	↑	+6.4%
Free Cash Flow <sup>(2)</sup>	\$1,186	\$419		
Capex	\$211	\$174		

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

<sup>(2)</sup> The definition of free cash flow was changed since the first quarter of 2019 to normalize for the impact of the implementation of IFRS 16.

# KEY FINANCIAL METRICS - Retail Segment

## Q1 2020

(In CAD millions unless otherwise noted)

	Q1 2020	Q1 2019	% Change <sup>(1)</sup>	
Total Retail Revenue	\$11,584	\$10,452	↑	+10.8%
Excluding the estimated impact of COVID-19	\$10,816	\$10,452	↑	+3.5%
Retail Revenue - Food	\$8,332	\$7,515	↑	+10.9%
Retail Revenue - Drug	\$3,252	\$2,937	↑	+10.7%
Pharmacy	\$1,563	\$1,412	↑	+10.7%
Front Store	\$1,689	\$1,525	↑	+10.8%
Adjusted Retail Gross Margin	29.8%	29.6%	↑	+20 bps
Excluding the impact of franchise consolidation	27.3%	27.6%	↓	-30 bps
Adjusted Retail SG&A rate	19.8%	20.2%	↑	+40 bps
Excluding the impact of franchise consolidation	17.5%	18.2%	↑	+70 bps
Adjusted Retail EBITDA	\$1,161	\$985	↑	+17.9%
Adjusted Retail EBITDA Margin	10.0%	9.4%	↑	+60 bps

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

# KEY OPERATIONAL METRICS

## Q1 2020

### Food Retail (Loblaw)

#### % Change <sup>(1)</sup>

Food Retail Same-Store Sales Growth

↑ +9.6%

Basket Size<sup>(2)</sup>

↑

Traffic<sup>(2)</sup>

↑

Average Article Price

↑ +1.5%

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

↑ +10.7%

Pharmacy<sup>(2)</sup>

↑ +10.6%

Rx Count<sup>(2)</sup>

↑ +5.5%

Average Rx Value<sup>(3)</sup>

↑ +4.8%

Front Store<sup>(2)</sup>

↑ +10.7%

<sup>(1)</sup> ↑ indicates better; ↓ indicates worse; ≈ indicates flat; compared to prior year

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

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