Loblaw (Q2 Earnings)
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Corporate Speakers

- Roy MacDonald; Loblaw Companies Limited; Vice President, Investor Relations
- Richard Dufresne; Loblaw Companies Limited; Chief Financial Officer
- Per Bank; Loblaw Companies Limited; President and Chief Executive Officer

Participants

- Mark Carden; UBS; Analyst
- Irene Nattel; RBC Capital Markets; Analyst
- Tamy Chen; BMO Capital Markets; Analyst
- Vishal Shreedhar; National Bank Financial; Analyst
- Brian Morrison; TD Cowen; Analyst
- John Zamparo; Scotiabank; Analyst
- Chris Li; Desjardins Securities; Analyst

PRESENTATION

Operator^ Good morning, ladies and gentlemen, and welcome to the Loblaw Companies Limited 2026 Second Quarter Results Conference Call. (Operator Instructions)

Please note this call is being recorded on Thursday, July 30, 2026.

I would now like to turn the conference over to Roy MacDonald, Vice President, Investor Relations.

Please go ahead.

Roy MacDonald^ Thanks very much, Colbey. And I will also officially welcome you to the Loblaw Companies Limited second quarter 2026 results conference call.

And joining me this morning is Per Bank, our President and Chief Executive Officer; and Richard Dufresne, our Chief Financial Officer.

Before we begin, I want to remind you that today's discussion will include forward-looking statements which may include, but are not limited to, statements with respect to Loblaw's anticipated future results. These statements are based on assumptions and reflect management's current expectations. As such, are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from our expectations.

These risks and uncertainties are discussed in the company's materials that are filed with the Canadian securities regulators. And any forward-looking statements speak only as of the date they are made. The company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than what's required by law.

Also, certain non-GAAP financial measures may be discussed or referred to today. So please refer to our annual report or other materials filed with the Canadian securities regulators for a reconciliation of each of these measures to the most directly comparable GAAP financial measure.

And with that, I will turn the call over to Richard.

Richard Dufresne^ Thank you, Roy. And good morning, everyone.

Before I begin with my remarks, I just want to acknowledge that today is the last day Michael Van Aelst before he retires. So I want to thank Michael for his longstanding support. And so while he's not officially on this call, I hear that he is listening, so enjoy your retirement, Michael.

Okay. So we delivered another strong quarter of consistent operational and financial performance. The quarter was characterized by solid revenue growth stable gross margin, a flat SG&A rate and strong adjusted EPS growth.

We delivered this performance while we continue to invest in new stores, pharmacies and optimizing our distribution network. All of our businesses have momentum, we feel good about the rest of the year, and our 2027 plans are beginning to take shape.

In the second quarter, revenue, including PC Financial, was $15.3 billion, up 4.1%. Total company adjusted EBITDA increased 5.1% to $1.9 billion and adjusted EBITDA margin improved by 10 basis points. Adjusted diluted net earnings per common share grew 11.9% to $0.66.

On a GAAP basis, revenue was $15 billion, up 4.1% and diluted net earnings per common share were $0.64, up 8.5%.

In Food Retail, absolute sales grew 3.3%, supported by new store growth, while same-store sales grew 1.6% and which includes a 20 basis point drag from the right-hand side.

Our hard discount banners continued to perform well in the quarter with comparable sales close to 4%. Maxi and No Frills remain well positioned for customers focused on value, supported by strong execution in both existing and new stores.

As recent openings mature and enter a comparable store base, they are delivering strong double-digit same-store sales growth. This performance reflects the strength of our expansion strategy.

Food retail traffic and basket were both positive on a same-store basis, and we remain pleased with our market share. We continue to gain share in hard discount, and we are outperforming our peers in conventional.

Our internal CPI like food inflation metric remains lower than Canada's grocery CPI. Our actual quarterly in-store average article price has now been consistently lower than CPI inflation for more than four years. This reflects the relevance of our promotions, our effectiveness at pushing back on unjustified supplier cost increases and trade down by consumers.

During the quarter, we opened 11 food stores including seven Maxi and No Frills stores, one T&T store in Canada and one T&T store in the U.S. We also opened three new Shopper Drug Mart locations.

These new stores contributed to a net positive impact on our grocery square footage of approximately 1.5% and 2.6% in pharmacy. Our new stores continue to perform very well, and we are currently on track to open about 75 stores this year.

Our conventional banners also performed well delivering positive same-store sales growth.

Fortinos and T&T remains strong, helping our conventional banners continue to outperform their peers.

In Drug Retail, absolute sales increased 6.1%, while same-store sales grew 4.6%. Pharmacy and Healthcare services grew same-store sales by 7.5%, driven by continued strength in specialty and chronic prescriptions. On a same-store basis, prescription volumes increased 3.4% and average prescription value increased 5.5%.

Specialty prescription growth continues to lead our pharmacy performance. Within this category, we are beginning to see the impact of GLP-1 drugs going generic. It's still very early, but the initial indications are encouraging. Lower generic pricing is being offset by higher volumes, and we expect higher revenue, higher gross profit dollars and higher gross margin rate.

We will provide a more detailed update at our Investor Day in September.

Lifemark delivered double-digit sales growth as it continued to experience strong growth in the number of patient visits to its clinics. Front store same-store sales grew 1.3%. Prestige cosmetics, OTC and baby were strong, while the timing of the Easter ship was a headwind to sales.

The underlying strength and profitability of the front store business remains solid.

Online sales increased 19.3% in the quarter driven by PC Express Delivery, PCX Pass, our third-party marketplace partnerships, and the expansion of Pick & Deliver in marketplace locations.

Retail gross margins were stable, up 10 basis points.

Retail SG&A as a percentage of sales was flat at 20%. This reflects operating leverage from higher sales offset by incremental costs related to opening new stores, the ramp-up of our automated distribution facility and the year-over-year impact of certain real estate activities.

The ramp-up of our East Gwillimbury Distribution Center continues to progress, and we're making progress on the construction of our second new distribution center in South Caledon. These remain important investments in the long-term capability and efficiency of our supply chain.

Turning to financial services. Subsequent to the end of the quarter, we completed the sale of PC Financial to EQ Bank. As of closing, Loblaw owns approximately 19.9% of EQB's issued and outstanding common shares. We expect to increase our ownership to approximately 25% over time.

In connection with the transaction, Loblaw received $625 million in cash, representing the excess -- the release of excess capital, cash consideration from EQB and the collection of certain commodity tax receivables.

Starting in the third quarter, we will no longer report PC Financial results, and we'll begin to recognize our proportionate shares of EQB's net income within our consolidated financial results as financial services remain important to Loblaw's strategy.

As we begin this new partnership, we are excited to continue expanding the benefits of PC Optimum while participating in the future growth of EQB.

In the quarter, we repurchased $552 million worth of common shares under our NCIB program for a year-to-date total of $1.2 billion. Our return on equity was 27.2% and our return on capital was 12.5%.

Looking ahead, we continue to expect our retail business to grow earnings faster than sales and adjusted net earnings per common share growth in the high single digits.

Because the PC Financial transaction closed partway through the quarter and our reporting calendars are different, we'll only recognize one month of EQB's earnings in the third quarter. Despite this timing-related headwind, we remain confident in our ability to deliver net earnings per common share growth in the high single digits.

We expect to continue to deliver consistent top line sales growth in the third quarter and remain confident in the long-term strength of our retail business and our ability to deliver on our outlook for the year.

Consistent growth in free cash flow remains one of the defining strengths of our business. It provides us with the flexibility to simultaneously invest to deliver our long-term growth strategy while maintaining a strong balance sheet and returning capital to shareholders. We believe this balanced approach to capital allocation is a key competitive advantage and an important driver of long-term shareholder value.

Given the strength of our balance sheet and growing free cash flow, we now expect to repurchase $2.1 billion of our shares this year, an increase of $200 million to our initial plan.

I will now turn the call over to Per.

Per Bank^ Thanks, Richard. And good morning, everyone.

We are very pleased to report a strong second quarter for 2026. What stands out to me is the quality of execution across the entire business. We're staying focused on the fundamentals Its strong stores, its disciplined growth and delivering our customers relevant value and offers in the way they want to shop.

The consumer environment remains consistent with what we have seen over the past several quarters. Customers are looking for value using promotions, engaging with PC Optimum offers and making choices across the basket to manage their budgets. That puts a premium on execution.

We recognize that customers can choose where they make their purchases and spend their hard-earned dollars. And they are responding to retailers that understand and anticipate their needs. Consumers have on retailers that offer great value, meaningful service, compelling offers and unbeatable selection.

We believe we are delivering on all these parameters and customers continue to reward us for meeting their needs. Every day, our merchant sourcing teams and suppliers work together to balance delivering affordable products for Canadians while growing our domestic supply chain network.

We continue to onboard new Canadian suppliers, invest in local production and help smaller businesses scale alongside us. I'm incredibly proud that more than 70% of the food we buy be sourced from or prepared in Canada. And we're always looking for opportunities to increase that number where it benefits our customers.

Supporting Canadian suppliers and delivering value to customers, are not competing for (inaudible). They do go hand-in-hand. It's about making thoughtful choices that strengthen our economy while continuing to deliver the quality, selection and value our customers need and expect.

We continue to see suppliers come with cost increases, and our approach remains disciplined. We carefully assess every proposal that only accept increases that are supported by the underlying costs. As a result, we have identified a successfully pushed back more than ever on unjustified cost increases requests, saving hundreds of millions of dollars for our customers.

In food retail, our discount banners remain very well positioned. Maxi and No Frills continue to help customers stretch their budgets, and we continue to see strong customer response as we add capacity in underserved markets.

We opened four No Frills and three Maxi stores in the last quarter. As an example, we are proud to bring the first ever hard discount store to the community of Lloydminster in Alberta.

We also opened our second Maxi in New Brunswick where we converted No Frills in Bathurst and saw sales more than double under the new Maxi banner, a bit better than we expected.

And this morning, we opened a new novel store in downtown Ontario, which will be the first hard discount store in that community, providing customers with more choice and the option to save significantly on their groceries.

As Richard mentioned, our commercial banners are also performing well after lapping a very strong performance in quarter two last year.

T&T remains one of the most exciting growth opportunities that we have in the company, and customers' response continues to be strong, both in Canada and in the U.S.

In June, we opened our first T&T location in California, and it has been a huge success. The San Jose store generated the highest first week sales of any store opening in the history of Loblaw.

Hundreds of customers were lined up for hours on the opening day. And the mayor was there to help cut the ceremonial ribbon.

We plan to open two more California stores in '26. We are, and stay excited to bring T&T experience to new communities.

In Drug Retail, Shoppers Drug Mart and Pharmaprix continue to grow. It's great to see the role our pharmacy teams are playing in improving health care delivery in Canada.

Customers want convenient access to care closer to the home, and our pharmacists and health care professionals are increasingly part of that solution.

In the quarter, we brought that convenience to three new communities including a new smaller format pharmacy and care clinic in a new residential development in the west end of Toronto.

In front store, we continue to focus on making the offer more relevant for customers. One example is the food refresh we are testing in select server stores. With more SKUs at cheaper prices. Early results are encouraging, and we plan to expand the test this year.

It is practical retail work, listen to customers, test the offer, learn quickly and scale if it works.

Our pharmacy health care services business continues to perform very well. Our chronic prescription volume continues to grow in the mid-single digits, while Specialty and Healthcare Services delivered strong double-digit growth.

As the Specialty segment begins to evolve with the introduction of generic alternatives in the GLP-1 space, we have an opportunity to play a meaningful role in helping Canadians better understand their treatment options, and in partnership with health care providers, help them benefit from safe and appropriate use of these treatments.

E-commerce growth remains very strong at 19.3%, Our clear and collect sales remained stable, while PCX increased more than 40%, led by our PC Express delivery and third-party options.

We're seeing improving efficiencies and profitability as our growth accelerate in both third-party Pick & Delivery.

Shoppers, we recently rolled out our Buy Online, Pick Them Up in Stores to 500 stores, offering customers additional convenience in the front door shop while driving an incremental in-store purchase.

Looking ahead, we are confident that consumer preference for discount is a long-term shift. Our momentum on investing in this area and the differentiation of Maxi and No Frills banners, position us very well for continued growth. We believe the diversity of our banner portfolio, combined with our scale, loyalty program, control brand and execution puts us in a very strong position.

As an example, customers have really embraced our Summer Insiders program. And this is the best and most successful program so far, and it's also bringing us a lot of new customers. I'm proud to add that one of our top-selling insider products this season is our PC cherry tomatoes, and these delicious online wine cherry tomatoes are greenhouse-grown right here in Canada.

And on tomatoes, that actually reminds me that our President of Hard Discount, Melanie Singh, whenever she asked about what he does, he answer, I'm just here to sell tomatoes. And trust me, we are selling tons of tomato in hard discount.

On a more serious note, our performance this quarter reinforces our confidence in the year. We are serving our customers well, investing with discipline and delivering consistent performance across the business.

I want to thank our colleagues across stores, distribution centers, pharmacies, clinics and store support offices. Their hard work and dedication are what allows us to deliver for our customers every day.

With that, we will open the floor for questions. Thanks a lot.

Roy MacDonald^ Thank you, Per.

Colbey, if you don't mind introducing the Q&A process again, please?

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Your first question comes from the line of Mark Carden with UBS.

Mark Carden^ So to start, can you guys walk through any shifts you're seeing with respect to the health of the consumer? You called out some continued challenges on this front. Any shifts in spend by income cohort, how about with respect to trade between banners or from branded to private label?

Per Bank^ Thank you for the questions. And our customers, it's more or less in line what we have seen so far this year. There are a few examples that customers, they are they are looking more and more for value, more for a discount. That's also why in the way that we work, we are applying more value, both to our discount stores, but also to our conventional banners.

And to reach a point before, having close to a 4% discount comp growth, I think that's approved to that. But we are still seeing the customers there. They're going for the promotions. And we have seen an increase in our private labels.

And also, we're seeing some shift in patterns, how the shop, A new insight that we just revealed a few weeks ago was that customers are buying more and more into the frozen veg area. So it's more than 500 basis points growth in the frozen veg in our hard discount banners.

So those customers shop there, they're trying to mitigate their inflation. And they're doing that also proof that our internal inflation is much lower than the external range.

So I would say, customers, they stay conscious, they stay focused on value. It's more or less the same as last quarter with a little bit of more comp to the discount. But that's also because we had a very strong comp last year of 2.5% also on our conventional banner.

Mark Carden^ Got you. That's great color. And then at this stage, how are you thinking about fuel costs for the balance of the year? How much of an impact could higher diesel costs have in your P&L just given nonsettled situation in the Middle East?

Richard Dufresne^ It's very hard like prices went up and then they start to go down again, and now they're going back up. So it's very hard to predict.

But like when you look at inflation year-to-date. It's still pretty stable. So -- but as we said in previous quarter, if this lasts longer than expected, like you're going to have -- you're going to see an impact. But right now we're still seeing our inflation below 3%.

Per Bank^ Yes. And I would add to that, that we have only seen a few of our suppliers coming with cost increases because of fuel.

But of course, as Richard said, if it's continuing, then we will expect a few more of those cost increases that, of course, we will pushback on, but we would expect that, but we don't expect that inflation will increase compared to where it is now.

Operator^ Your next question comes from the line of Irene Nattel with RBC Capital Markets.

Irene Nattel^ Just following up on the last question.

So you said comps and a hard discount were up 4% which implies that conventional was pretty solidly sort of negative. You just called out the 3.5% comp last year on the promo, but how should we be thinking about conventional and whether were modestly positive or modestly negative? And how -- what are the key initiatives to drive value in that channel?

Richard Dufresne^ Irene, Per hinted like I think our conventional business continues to be quite strong. I think when you look at comparing it to the comp last year, like Per mentioned that at the total comp was 3.5%.

Our comp and conventional in Q2 of last year was actually higher than our comp and discount, okay? And I won't go back as to why everybody knows why. So that is queuing a bit what's happening now.

So from a comp perspective, you'll see -- and that effect that we saw in conventional started in Q2 of '25 and lasted for also Q3 and a bit in Q4.

So you'll see that affecting the reported comp -- but like you look at our top line performance and you look at our market share performance, it sort of signals that our business continues to be quite healthy.

Per Bank^ Yes. And I would add to that, that we do continue to manage our business to deliver against our financial framework with the comp sales that we are achieving and rest assured that the comp sales will remain as a really key metric for us.

And in the quarter, there were several moving parts, I think, influence our performance. But on market share, as Richard said, that we gained market shares with our discount banners. Were better than our peers in our conventional business. And overall, we did gain share in the quarter.

And then there was a few factors as mentioned in our script, that we had a negative impact from the Easter shift. We had some headwinds from lower tobacco and liquid sales.

And then we are also right now seeing a headwind from tariffs impact from last year. Remember, we increased prices on American products directly imported because of the tariffs. So they were increased by 25% last year. It disappeared again in October.

So there's a short impact swing of about 40 bps right now. It has no profit impact, and that will disappear again in October. So we actually feel really strong about our comp sales as well.

Irene Nattel^ That's great. And I just also want to clarify something that was said in the opening remarks about shoppers and the impact of the GLP-1s, you said that you expect total revenue to be positive, notwithstanding the pricing headwind which implies that you expect volume to more than offset. Is that correct?

Richard Dufresne^ Yes. Actually, like we started to plan 2027. It's still early days, okay? So we're using just preliminary data. But like our data is telling us that next year, GLP-1 sales despite the price decrease, should grow double digit, okay, in dollars. And that you're going to see gross profit dollars and gross profit rate grow way more than that.

Operator^ Your next question comes from the line of Tamy Chen with BMO Capital Markets.

Tamy Chen^ So Per, Richard, it sounds like with the food comp this quarter, that it was more a function of the year-over-year laps, Doesn't sound like the consumer changed sequentially as gas prices at the pumps increased.

Is that fair to say? And I'm also wondering if there's anything to call out in competitive dynamics. I think we've seen on our end, Walmart price a little bit more aggressively lately.

Per Bank^ I think the Market Day stays very rational. And I think you're right, not a lot has changed to the last quarter, and there are some different impacts in this quarter.

Tamy Chen^ Okay. Got it. And my other question is, where are you in terms of your phase of higher square footage growth for next year, should we expect that percentage growth to decelerate versus the last two years? And how would you characterize right now the industry's pace of square footage growth?

Richard Dufresne^ We're still running on food at about 1.5%, like -- and pharmacy is growing a little bit faster. Like we said 75 stores this year, like we think our number next year is going to be probably very close to that also.

So I think the pace will be stable. We don't see it accelerating or decelerating.

Per Bank^ And it's -- remember, it's in our base now. So as we have said several times that in the beginning, when we're ramping up building those stores, it will be will be a headwind.

But over time of course, there will be a tailwind because we don't add additional depreciations compared to the base.

Operator^ Your next question comes from the line of Vishal Shreedhar with National Bank.

Vishal Shreedhar^ Just a quick clarification. And I think I know what you mean but I just want to clarify, you said that the GLP sales dollars next year is intended to grow double digits and gross profit dollars way more than that.

But you're saying within double digits but greater than that level of...

Richard Dufresne^ We expect gross margin rate and gross margin dollar will grow more than top line growth. That's what we mean.

Vishal Shreedhar^ Yes. Okay. With respect to the cannibalization within your comp associated with the square footage growth. Are you able to calculate that? Or do you have an estimate of that internally?

Richard Dufresne^ Yes. We do. We do have erosion estimates in our plan. And so far, we're doing better than our internal estimate.

Vishal Shreedhar^ Okay. So are you able to share what the impact is on the comp associated with the square footage growth that you're putting in?

Richard Dufresne^ We don't measure it like that, but -- so we don't have that number. Like we measure it as a percentage of sales. And so -- and that's the planning assumption we have, and that's what we track. -- and we're doing better than our...

Per Bank^ And it's not a concern of us at all, not ours and not competitors.

Vishal Shreedhar^ I see. And with respect to the -- when the new cohort of stores enters into your comp, do you have an estimate of how much that will benefit the comp? You said the new stores are comping double digit.

So presumably it will be a nice relief as those start to enter into the base.

Richard Dufresne^ Yes. Yes. If I think about it, we're going to finish the year, and we probably have had open about 200 stores over the last three years.

I think about half of those are pharmacies and half of those are our food stores. So and the bulk of those are discount stores. So I think you can go play with your model to figure out the impact of that has on comp, but it's definitely the more we open, the more we start to get an impact.

And what we've said, and we're seeing it is like when these stores get into comp, we're getting double-digit comp performance.

Vishal Shreedhar^ Okay. And with respect to the e-commerce growth that you're seeing, how is that on your -- the impact on your operations and on the store experience. Have you hit those thresholds such that the third-party aggregators are placing pressure within the stores?

Per Bank^ No. No. Our operation is absolutely fine. It doesn't impact our operations. So no.

Operator^ Your next question comes from the line of Brian Morrison with TD Cowen.

Brian Morrison^ Just high level, thinking about your gross margin outlook. You've got many tailwinds next year, generic GLP-1 growth, lower new store and DC ramps and even -- sorry, profit streams.

I know it's early days, but I wonder if you plan to accept this margin expansion from these tailwinds or if you plan to reinvest in the product or pricing to further drive food market share?

Richard Dufresne^ Like we always want to keep our price competitive, and we always reinvest money in our stores.

But you should see a positive tailwind on gross margin, largely on the back of GLP-1 drugs going generic.

So that's what you should start to see, and that's what we're planning for.

Per Bank^ And we have invested back in prices in the past, and we will continue to do that in the future to stay competitive.

Richard Dufresne^ And we feel good about risk margin for the next -- we feel good about the gross margin for the next while.

Brian Morrison^ Okay. And then can you just -- sorry if I missed this, but do you have an updated timeline to get to your 25% EQB ownership. And I know it's small, but can you just quantify the impact from the timing mismatch of the calendar when we're picking up when one month in EQB, assume it's a one year or two, but it will be offset like...

Richard Dufresne^ We have a rough estimate like by November of next year, we should get there.

Obviously, that's us buying using the rules. But if some blocks were to become available and that could help us go faster. But like right now I think it's sort of November '27 is the date.

Operator^ Your next question comes from the line of John Zamparo with Scotiabank.

John Zamparo^ I wanted to come back to the pharmacy side of the business, in particular, the comp, and it was a meaningful acceleration you saw in the quarter. I wonder if there's any color you can add here.

I think we're all familiar with the long-term structural trends of aging population, but it was still a meaningful shift upward in Q2? And is it as simple as GLP-1s? Or is there more to it than that you can share?

Per Bank^ Yes. Yes. I think it's mainly driven by GLP-1 and it was not generic yet. So they were helped by that.

But we're also seeing a very, very strong sales in chronic this decreased management -- disease management, so the med revievs and yes, everything else that our pharmacists are doing but driven by GLP-1, definitely.

John Zamparo^ Okay. So just to clarify, I think you said last quarter, GLP-1s were growing 40 bps year-to-date. Is it fair to say that accelerated in Q2 then?

Richard Dufresne^ It's around the same.

Per Bank^ Yes.

John Zamparo^ Okay. And then secondly, at Shoppers, I wonder if you can comment on your shrink reduction initiatives. You talked about this as an opportunity in the past.

It sounds like that's being adequately captured this year. And I wonder if you can quantify or describe the progress so far and what remains in '26.

Per Bank^ I think we are -- we still want to reduce shrink even further. We are at a very good level right now. We are back to pre-COVID levels on spring in Shoppers. So we are pleased where we are -- but of course, we always strive to reduce it.

Richard Dufresne^ We like the slope at which the shrink curve on shoppers is falling. So we want to maintain that.

Operator^ (Operator Instructions) Your next question comes from Chris Lee with Desjardins.

Chris Li^ Sorry if you already touched on this in the beginning. I was wondering in terms of the gross margin for this quarter, was food gross margin largely stable again?

Richard Dufresne^ Yes.

Chris Li^ Perfect. Okay. That's helpful. And then, Per, you mentioned the food refresher shoppers that you mentioned it's quite encouraging so far.

I was wondering, can you share with us a bit more sort of what you're seeing so far that gives you that encouragement and what's the plan for the rest of the year?

Per Bank^ So we have completed 17 stores now and we have 11 more on the way, and we are still reviewing and adjusting them and they're giving us some very, very good numbers. And we will -- I think we'll share more when we have the Investor Day coming later in the year to get a little bit more into some of the details in Shopper.

But so far, we are very pleased. And for us, it is about -- continues to test. And since we will be soon more than 30 is a good indication of that, that we're getting what we want.

Chris Li^ Okay. Great. And Richard, just maybe one more for you. Do you still expect the costs related to the East Gwillimbury DC ramp-up and the new store openings to start to ease in the second half of the year?

Richard Dufresne^ Yes.

Operator^ Since there are no further questions in queue, I would like to turn the call back over to Roy for closing remarks.

Roy MacDonald^ Thanks for your time everybody, this morning.

We are around if you have any questions. Call or drop me an e-mail.

In terms of Q3, circle November 19, when we'll be releasing our results. And as both Per and Richard alluded, we're looking forward to hosting you all up at our East Gwillimbury DC in September for an Investor Day.

Have a great day, everybody. Thanks again.

Operator^ Ladies and gentlemen, this concludes today's conference call.

You may now disconnect.