

# Loblaw Companies Limited

## NEWS RELEASE

### Loblaw Reports 2019 Second Quarter Results<sup>(1)</sup>

**BRAMPTON, ONTARIO July 24, 2019** Loblaw Companies Limited (TSX: L) (“Loblaw” or the “Company”) announced today its unaudited financial results for the second quarter ended June 15, 2019. The Company’s 2019 Second Quarter Report to Shareholders will be available in the Investors section of the Company’s website at loblaw.ca and will be filed with SEDAR and available at sedar.com.

“We delivered on our financial plan in the quarter,” said Galen G. Weston, Executive Chairman, Loblaw Companies Limited. “We have a long-term approach to investing and to building customer loyalty, and we remain committed to our strategy.”

#### 2019 SECOND QUARTER HIGHLIGHTS

Unless otherwise indicated, the following highlights represent the Company’s results from Continuing Operations and include the impacts of spin-out related incremental depreciation, the implementation of IFRS 16, “Leases” (“IFRS 16”) and the consolidation of franchises. See “Other Business Matters” of this News Release for more information on the spin-out related incremental depreciation and the implementation of IFRS 16.

- Revenue was \$11,133 million. When compared to the second quarter of 2018, this represented an increase of \$312 million, or 2.9%.
- Retail segment sales were \$10,906 million. When compared to the second quarter of 2018, this represented an increase of \$306 million, or 2.9%.
  - Food retail (Loblaw) same-store sales growth was 0.6%.
  - Drug retail (Shoppers Drug Mart) same-store sales growth was 4.0%, with pharmacy same-store sales growth of 4.8% and front store same-store sales growth of 3.3%.
- Operating income was \$588 million. When compared to the second quarter of 2018, this represented an increase of \$78 million, or 15.3%.
  - Operating income included the year-over-year favourable impact of the implementation of IFRS 16 of approximately \$82 million and the unfavourable impact of spin-out related incremental depreciation of approximately \$20 million. Normalized for these impacts, operating income increased by \$16 million, or 3.1%.
- Adjusted EBITDA<sup>(2)</sup> was \$1,175 million. When compared to the second quarter of 2018, this represented an increase of \$335 million, or 39.9%.
  - Adjusted EBITDA<sup>(2)</sup> included the year-over-year favourable impact of the implementation of IFRS 16 of \$290 million. Normalized for this impact, adjusted EBITDA<sup>(2)</sup> increased by \$45 million, or 5.4%.
- Net earnings available to common shareholders of the Company from Continuing Operations were \$286 million. When compared to the second quarter of 2018, this represented a decrease of \$7 million. Diluted net earnings per common share was \$0.77. This was consistent when compared to the second quarter of 2018.
- Adjusted net earnings available to common shareholders of the Company<sup>(2)</sup> from Continuing Operations were \$373 million, consistent with the second quarter of 2018. Normalized for the year-over-year impact of the spin-out related incremental depreciation of approximately \$15 million, adjusted net earnings available to common shareholders of the Company<sup>(2)</sup> increased by \$15 million, or 4.0%. IFRS 16 did not impact net earnings in the second quarter of 2019.
- Adjusted diluted net earnings from Continuing Operations per common share<sup>(2)</sup> were \$1.01. In comparison to the second quarter of 2018, this represented an increase of \$0.03, or 3.1%. Normalized for the year-over-year impact of the spin-out related incremental depreciation of approximately \$0.04 per common share, adjusted diluted net earnings per common share<sup>(2)</sup> was \$1.05. This represented an increase of approximately 7.1% or \$0.07 per common share. IFRS 16 did not impact net earnings per share in the second quarter of 2019.
- In the second quarter of 2019, the Company repurchased 3.6 million common shares at a cost of \$250 million.

- In the second quarter of 2019, the Company invested \$209 million in capital expenditures and generated \$333 million of free cash flow<sup>(2)</sup>.

See "News Release Endnotes" at the end of this News Release.

## CONSOLIDATED RESULTS OF OPERATIONS

The Company's interest in Choice Properties Real Estate Investment Trust ("Choice Properties") is presented separately as Discontinued Operations in the Company's current and comparative results. Unless otherwise indicated, all financial information reflects the Company's results from Continuing Operations and includes the impacts of spin-out related incremental depreciation, the implementation of IFRS 16 and the consolidation of franchises.

For the periods ended June 15, 2019 and June 16, 2018 (millions of Canadian dollars except where otherwise indicated)	2019		2018 <sup>(4)</sup>		2019		2018 <sup>(4)</sup>	
	(12 weeks)	(12 weeks)	\$ Change	% Change	(24 weeks)	(24 weeks)	\$ Change	% Change
<b>Revenue</b>	\$ 11,133	\$ 10,821	\$ 312	2.9 %	\$ 21,792	\$ 21,156	\$ 636	3.0 %
<b>Operating income</b>	588	510	78	15.3 %	1,039	886	153	17.3 %
Adjusted EBITDA <sup>(2)</sup>	1,175	840	335	39.9 %	2,215	1,573	642	40.8 %
Adjusted EBITDA margin <sup>(2)</sup>	10.6%	7.8%			10.2%	7.4%		
<b>Net earnings attributable to shareholders of the Company from Continuing Operations</b>	\$ 289	\$ 296	\$ (7)	(2.4)%	\$ 490	\$ 511	\$ (21)	(4.1)%
<b>Net earnings (loss) available to common shareholders of the Company<sup>(i)</sup></b>	286	50	236	472.0 %	484	427	57	13.3 %
Continuing Operations	286	293	(7)	(2.4)%	484	505	(21)	(4.2)%
Discontinued Operations	—	(243)	243	100.0 %	—	(78)	78	100.0 %
<b>Adjusted net earnings available to common shareholders of the Company<sup>(2)</sup></b>	\$ 373	\$ 421	\$ (48)	(11.4)%	\$ 663	\$ 782	\$ (119)	(15.2)%
Continuing Operations	373	373	—	— %	663	685	(22)	(3.2)%
Discontinued Operations	—	48	(48)	(100.0)%	—	97	(97)	(100.0)%
<b>Diluted net earnings (loss) per common share (\$)</b>	\$ 0.77	\$ 0.13	\$ 0.64	492.3 %	\$ 1.30	\$ 1.12	\$ 0.18	16.1 %
Continuing Operations	\$ 0.77	\$ 0.77	\$ —	— %	\$ 1.30	\$ 1.33	\$ (0.03)	(2.3)%
Discontinued Operations	\$ —	\$ (0.64)	\$ 0.64	100.0 %	\$ —	\$ (0.21)	\$ 0.21	100.0 %
<b>Adjusted diluted net earnings per common share<sup>(2)</sup> (\$)</b>	\$ 1.01	\$ 1.11	\$ (0.10)	(9.0)%	\$ 1.79	\$ 2.05	\$ (0.26)	(12.7)%
Continuing Operations	\$ 1.01	\$ 0.98	\$ 0.03	3.1 %	\$ 1.79	\$ 1.79	\$ —	— %
Discontinued Operations	\$ —	\$ 0.13	\$ (0.13)	(100.0)%	\$ —	\$ 0.26	\$ (0.26)	(100.0)%
<b>Diluted weighted average common shares outstanding (millions)</b>	370.4	379.4			371.1	382.0		

(i) Net earnings available to common shareholders of the Company are net earnings attributable to shareholders of the Company net of dividends declared on the Company's Second Preferred Shares, Series B.

## Other Business Matters

**IFRS 16 Implementation** On December 30, 2018 the Company implemented IFRS 16, replacing IAS 17, “Leases” (“IAS 17”) and related interpretations. The standard introduced a single, on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. The Company implemented the standard using the modified retrospective approach. As a result, the Company’s 2019 results incorporate lease accounting under IFRS 16. Prior year results have not been restated. See Section 10, “Accounting Standards”, of the Company’s Management Discussion and Analysis in the 2019 Second Quarter Report to Shareholders for more information on the implementation of IFRS 16.

Under IFRS 16, the depreciation expense on right-of-use assets and interest expense on lease liabilities replaced rent expense, which was previously recognized on a straight-line basis in operating income under IAS 17 over the term of a lease.

The following table provides the year-over-year impacts of the implementation of IFRS 16 on the consolidated results of the Company in the second quarter of 2019:

(millions of Canadian dollars unless where otherwise indicated) Favourable/(unfavourable)	\$ Change	
	(12 weeks)	(24 weeks)
Operating income	\$ 82	\$ 157
Adjusted EBITDA <sup>(2)</sup>	290	572
Net interest expense and other financing charges	(82)	(164)
Depreciation and amortization	(208)	(415)
Net earnings available to common shareholders of the Company	—	(6)
Diluted net earnings per common share (\$)	\$ —	\$ (0.02)

**Spin-out of Choice Properties** On November 1, 2018, the Company and its parent George Weston Limited (“Weston”) completed a reorganization under which the Company distributed its approximate 61.6% effective interest in Choice Properties to Weston on a tax-free basis to the Company and its Canadian shareholders (the “reorganization” or the “spin-out”). The Company no longer retains its interest in Choice Properties and ceased to consolidate its equity interest in Choice Properties in its consolidated financial statements as at October 31, 2018. The reorganization has been reflected separately as Discontinued Operations in the current and comparative results. Unless otherwise noted, all comparisons of operating results exclude the results of Choice Properties. As a result of the spin-out, buildings owned by Choice Properties and leased by the Company are accounted for as leases, not as owned property. The building components associated with these leases post spin-out are classified as leasehold improvements and depreciated over the lesser of the lease term and useful life up to 25 years. The remaining average lease term on the leases related to these leasehold improvements is approximately 10 years. The impact of this change in 2019 is expected to be an increase in annual depreciation and amortization of approximately \$85 million compared to 2018. The Company’s 2019 second quarter financial results includes incremental depreciation and amortization for the post spin-out period of \$20 million (\$0.04 per common share) and \$42 million (\$0.08 per common share) year-to-date. For a complete description of the reorganization, please see Section 5 “Overall Financial Performance Business Developments” of the Company’s Management Discussion and Analysis in the 2018 Annual Report.

**Process and Efficiency** The Company continues to execute on a multi-year plan which was initiated in 2018. The plan focuses on improving processes and generating efficiencies across administrative, store, and distribution network infrastructure. Many initiatives are underway to reduce the complexity and costs associated with business operations with the aim to achieve a low cost operating structure that allows for continued investments in the Company’s strategic growth areas. Expenses related to these initiatives will be incurred in 2019 and beyond. In the second quarter of 2019, the Company recorded approximately \$16 million of restructuring and other related charges, primarily related to Process and Efficiency initiatives (\$28 million year-to-date).

## REPORTABLE OPERATING SEGMENTS

The Company has two reportable operating segments (with all material operations carried out in Canada):

- The Retail segment consists primarily of corporate and franchise-owned retail food and Associate-owned drug stores. The Retail segment also includes in-store pharmacies and other health and beauty products, apparel and other general merchandise and supports the *PC Optimum* Program; and
- The Financial Services segment provides credit card services, the *PC Optimum* Program, insurance brokerage services, deposit taking services and telecommunication services.

For the periods ended June 15, 2019 and June 16, 2018 (millions of Canadian dollars)	2019 (12 weeks)				2018 <sup>(4)</sup> (12 weeks)			
	Retail	Financial Services	Eliminations <sup>(i)</sup>	Total	Retail	Financial Services	Eliminations <sup>(i)</sup>	Total
<b>Revenue</b>	<b>\$ 10,906</b>	<b>\$ 284</b>	<b>\$ (57)</b>	<b>\$ 11,133</b>	\$ 10,600	\$ 242	\$ (21)	\$ 10,821
Adjusted gross profit <sup>(2)</sup>	\$ 3,263	\$ 245	\$ (57)	\$ 3,451	\$ 3,135	\$ 216	\$ (21)	\$ 3,330
Adjusted gross profit % <sup>(2)</sup>	29.9%	86.3%	—%	31.0%	29.6%	89.3%	—%	30.8%
<b>Operating income</b>	<b>\$ 546</b>	<b>\$ 42</b>	<b>\$ —</b>	<b>\$ 588</b>	\$ 458	\$ 52	\$ —	\$ 510
Net interest expense and other financing charges	154	21	—	175	72	16	—	88
<b>Earnings before income taxes</b>	<b>\$ 392</b>	<b>\$ 21</b>	<b>\$ —</b>	<b>\$ 413</b>	\$ 386	\$ 36	\$ —	\$ 422
Depreciation and amortization	\$ 575	\$ 5	\$ —	\$ 580	\$ 338	\$ 3	\$ —	\$ 341
Adjusted EBITDA <sup>(2)</sup>	1,128	47	—	1,175	788	52	—	840
Adjusted EBITDA margin <sup>(2)</sup>	10.3%	N/A	—%	10.6%	7.4%	N/A	—%	7.8%

(i) Eliminations includes the reclassification of revenue related to *PC MasterCard*® loyalty awards in the Financial Services segment.

For the periods ended June 15, 2019 and June 16, 2018 (millions of Canadian dollars)	2019 (24 weeks)				2018 <sup>(4)</sup> (24 weeks)			
	Retail	Financial Services	Eliminations <sup>(i)</sup>	Total	Retail	Financial Services	Eliminations <sup>(i)</sup>	Total
<b>Revenue</b>	<b>\$ 21,358</b>	<b>\$ 550</b>	<b>\$ (116)</b>	<b>\$ 21,792</b>	\$ 20,755	\$ 472	\$ (71)	\$ 21,156
Adjusted gross profit <sup>(2)</sup>	\$ 6,360	\$ 480	\$ (116)	\$ 6,724	\$ 6,123	\$ 424	\$ (71)	\$ 6,476
Adjusted gross profit % <sup>(2)</sup>	29.8%	87.3%	—%	30.9%	29.5%	89.8%	—%	30.6%
<b>Operating income</b>	<b>\$ 947</b>	<b>\$ 92</b>	<b>\$ —</b>	<b>\$ 1,039</b>	\$ 758	\$ 128	\$ —	\$ 886
Net interest expense and other financing charges	308	40	—	348	146	31	—	177
<b>Earnings before income taxes</b>	<b>\$ 639</b>	<b>\$ 52</b>	<b>\$ —</b>	<b>\$ 691</b>	\$ 612	\$ 97	\$ —	\$ 709
Depreciation and amortization	\$ 1,150	\$ 10	\$ —	\$ 1,160	\$ 677	\$ 5	\$ —	\$ 682
Adjusted EBITDA <sup>(2)</sup>	2,113	102	—	2,215	1,460	113	—	1,573
Adjusted EBITDA margin <sup>(2)</sup>	9.9%	N/A	—%	10.2%	7.0%	N/A	—%	7.4%

(i) Eliminations includes the reclassification of revenue related to *PC MasterCard*® loyalty awards in the Financial Services segment.

## RETAIL SEGMENT

Unless otherwise indicated, the following financial information represents the Retail segment's results from Continuing Operations and includes the impacts of spin-out related incremental depreciation, the implementation of IFRS 16 and the consolidation of franchises.

- Retail segment sales were \$10,906 million. When compared to the second quarter of 2018, this represented an increase of \$306 million, or 2.9%. After excluding the consolidation of franchises, Retail segment sales increased by \$259 million or 2.5%.
  - Food retail (Loblaws) sales were \$7,858 million and Food retail same-store sales growth was 0.6% (2018 – 0.8%).
    - The Company's Food retail average quarterly internal food price index was in line with (2018 – marginally lower than) the average quarterly national food price inflation of 3.6% (2018 – inflation 0.1%), as measured by The Consumer Price Index for Food Purchased from Stores ("CPI"). CPI does not necessarily reflect the effect of inflation on the specific mix of goods sold in the Company's stores.
    - Food retail traffic decreased (2018 – increased) and basket size increased (2018 – decreased) in the quarter.
  - Drug retail (Shoppers Drug Mart) sales were \$3,048 million and Drug retail same-stores sales growth was 4.0% (2018 – 1.7%), with pharmacy same-store sales growth of 4.8% (2018 – 0.3%) and front store same-store sales growth of 3.3% (2018 – 3.0%).
    - On a same-store basis, the number of prescriptions dispensed increased by 3.7% (2018 – 2.9%) and the average prescription value increased by 0.6% (2018 – decreased by 2.6%).
- Operating income was \$546 million. When compared to the second quarter of 2018, this represented an increase of \$88 million. The increase in operating income included the favourable impact of IFRS 16 of approximately \$82 million and the unfavourable impact of spin-out related incremental depreciation of approximately \$20 million. Normalized for these impacts, operating income increased by \$26 million, or 5.7%.
- Adjusted gross profit<sup>(2)</sup> was \$3,263 million. When compared to the second quarter of 2018, this represented an increase of \$128 million. Adjusted gross profit percentage<sup>(2)</sup> of 29.9% increased by 30 basis points compared to the second quarter of 2018. Adjusted gross profit percentage<sup>(2)</sup>, excluding the consolidation of franchises, was 27.9%, a decrease of 10 basis points compared to the second quarter of 2018. Margins were negatively impacted by Drug retail, while Food retail margins improved marginally.
- Adjusted EBITDA<sup>(2)</sup> was \$1,128 million. When compared to the second quarter of 2018, this represented an increase of \$340 million. The increase included the favourable year-over-year impact of IFRS 16 of approximately \$290 million and the favourable impact of the consolidation of franchises of \$10 million. Normalized for the impact of IFRS 16, adjusted EBITDA<sup>(2)</sup> increased by \$50 million, or 6.3%, driven by the increase in adjusted gross profit<sup>(2)</sup> described above, partially offset by an increase in selling, general and administrative expenses ("SG&A") of \$77 million. Normalized for the impact of IFRS 16 and the consolidation of franchises, SG&A increased by \$24 million, and SG&A as a percentage of sales, was 20.3%, an improvement of 30 basis points compared to the second quarter of 2018, driven by Process and Efficiency initiatives and the favourable year-over-year impact of foreign exchange.
- Depreciation and amortization was \$575 million. When compared to the second quarter of 2018, this represented an increase of \$237 million. The increase included the unfavourable impact of IFRS 16 of approximately \$208 million and the unfavourable impact of spin-out related incremental depreciation of approximately \$20 million.
- Consolidation of franchises in the second quarter of 2019 resulted in a year-over-year increase in revenue of \$47 million, an increase in adjusted EBITDA<sup>(2)</sup> of \$10 million, an increase in depreciation and amortization of \$4 million and an increase in net earnings attributable to non-controlling interests of \$5 million.

## FINANCIAL SERVICES SEGMENT

- Revenue was \$284 million. When compared to the second quarter of 2018, this represented an increase of \$42 million, primarily driven by higher interest and interchange income attributable to the growth in the credit card portfolio and higher sales attributable to *The Mobile Shop*.
- Earnings before income taxes were \$21 million. When compared to the second quarter of 2018, this represented a decrease of \$15 million, primarily driven by an increase in loyalty program transaction volume, and higher operating costs including investments in digital strategy, partially offset by revenue growth.

## DECLARATION OF DIVIDENDS

Subsequent to the end of the second quarter of 2019, the Board of Directors declared a quarterly dividend on Common Shares and Second Preferred Shares, Series B.

Common Shares	\$0.315 per common share, payable on October 1, 2019 to shareholders of record on September 15, 2019
Second Preferred Shares, Series B	\$0.33125 per share, payable on September 30, 2019 to shareholders of record on September 15, 2019

## **OUTLOOK<sup>(3)</sup>**

Loblaw is focused on its strategic framework, delivering best in food and health and beauty, using data driven insights underpinned by process and efficiency excellence. This framework is supported by the Company's financial plan of maintaining a stable trading environment that targets positive same-store sales and stable gross margin, creating efficiencies to deliver operating leverage, investing for the future and returning capital to shareholders.

The Company will remain focused on delivering Process and Efficiency improvements to offset increasing costs and to fund continued incremental investments in its strategic growth areas of Everyday Digital Retail, Connected Healthcare and Payments & Rewards.

In 2019, on a full-year comparative basis, excluding the impact of the spin-out of Choice Properties, we expect to:

- deliver positive same-store sales and stable gross margin in the Retail segment in a highly competitive market;
- deliver positive adjusted net earnings growth;
- invest approximately \$1.1 billion in capital expenditures, net of proceeds from property disposals; and
- return capital to shareholders by allocating a significant portion of free cash flow to share repurchases.

## **NON-GAAP FINANCIAL MEASURES**

The Company uses non-GAAP financial measures as they believe these measures provide useful information to both management and investors with regard to accurately assessing the Company's financial performance and financial condition.

Management uses these and other non-GAAP financial measures to exclude the impact of certain expenses and income that must be recognized under GAAP when analyzing underlying consolidated and segment operating performance, as the excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. The Company excludes additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring.

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.

For reconciliation to, and description of, the Company's non-GAAP financial measures and financial metrics, please refer to Section 12 "Non-GAAP Financial Measures" of the Company's 2019 Second Quarter Report to Shareholders.

## **FORWARD-LOOKING STATEMENTS**

This News Release 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 News Release 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 News Release including, without limitation, in the "Consolidated Results of Operations" Other Business Matters section and "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", "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 Management Discussion and Analysis in the 2018 Annual Report and the Company's 2018 Annual Information Form ("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 News Release. 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.

## CORPORATE PROFILE

### 2018 Annual Report and 2019 Second Quarter Report to Shareholders

The Company's 2018 Annual Report and 2019 Second Quarter Report to Shareholders are available in the "Investors" section of the Company's website at [loblaw.ca](http://loblaw.ca) and on [sedar.com](http://sedar.com).

#### Investor Relations

Investor inquiries, contact:  
Roy MacDonald  
Vice President, Investor Relations  
(905) 861-2243  
[investor@loblaw.ca](mailto:investor@loblaw.ca)

Media inquiries, contact:  
Kevin Groh  
Senior Vice President, Corporate Affairs and Communication  
(905) 861-2437  
[pr@loblaw.ca](mailto:pr@loblaw.ca)

Additional financial information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and with the Office of the Superintendent of Financial Institutions (OSFI) as the primary regulator for the Company's subsidiary, President's Choice Bank. The Company holds an analyst call shortly following the release of its quarterly results. These calls are archived in the "Investors" section of the Company's website at [loblaw.ca](http://loblaw.ca).

#### Conference Call and Webcast

Loblaw Companies Limited will host a conference call as well as an audio webcast on July 24, 2019 at 10:00 a.m. (ET).

To access via tele-conference, please dial (647) 427-7450 or (888) 231-8191. The playback will be made available approximately two hours after the event at (416) 849-0833 or (855) 859-2056, access code: 7986297. To access via audio webcast, please go to the "Investors" section of [loblaw.ca](http://loblaw.ca). Pre-registration will be available.

Full details about the conference call and webcast are available on the Loblaw Companies Limited website at [loblaw.ca](http://loblaw.ca).

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#### News Release Endnotes

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- (1) This News Release contains forward-looking information. See "Forward-Looking Statements" section of this News Release and the Company's 2019 Second Quarter Report to Shareholders for a discussion of material factors that could cause actual results to differ materially from the forecasts and projections herein and of the material factors and assumptions that were used when making these statements. This News Release should be read in conjunction with Loblaw Companies Limited's filings with securities regulators made from time to time, all of which can be found at [sedar.com](http://sedar.com) and at [loblaw.ca](http://loblaw.ca).
  - (2) See Section 12 "Non-GAAP Financial Measures" of the Company's 2019 Second Quarter Report to Shareholders, which includes the reconciliation of such non-GAAP measures to the most directly comparable GAAP measures.
  - (3) To be read in conjunction with the "Forward-Looking Statements" section of this News Release and the Company's 2019 Second Quarter Report to Shareholders.
  - (4) Comparative figures have been restated. See note 4 in the Company's 2019 second quarter unaudited interim period condensed consolidated financial statements. Certain figures have been restated to conform with current year presentation.
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