Loblaw Companies Limited

NEWS RELEASE

Loblaw Reports Second Quarter 2017 Results(1)

BRAMPTON, ONTARIO July 26, 2017 Loblaw Companies Limited (TSX: L) ("Loblaw" or the "Company") today announced its unaudited financial results for the second quarter ended June 17, 2017. The Company's 2017 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.

"In a quarter characterized by continued price deflation, we delivered solid sales metrics and are pleased with our financial performance," said Galen G. Weston, Chairman and Chief Executive Officer, Loblaw Companies Limited.

"We plan to intensify our focus on cost reductions in this highly competitive market given incremental external pressures on our industry."

2017 SECOND QUARTER HIGHLIGHTS
The following highlights include the impacts of the consolidation of franchises, as set out in "Other Retail Business Matters."

- Revenue was $11,079 million, an increase of $348 million, or 3.2%, compared to the second quarter of 2016.
- Retail segment sales were $10,827 million, an increase of $333 million, or 3.2%, compared to the second quarter of 2016.
  - Same-store sales were positively impacted by the timing of Easter.
  - Food retail (Loblaw) same-store sales growth was 1.0%, excluding gas bar. Excluding the favourable impact of the timing of Easter, Food retail same-store sales were relatively flat.
  - Drug retail (Shoppers Drug Mart) same-store sales growth was 3.7%, with pharmacy same-store sales growth of 2.9% and front store same-store sales growth of 4.5%. Excluding the favourable impact of the timing of Easter, Drug retail same-store sales growth was approximately 2.9%, with pharmacy same-store sales growth of approximately 3.5% and front store same-store sales growth of approximately 2.3%.
- Operating Income was $626 million, an increase of $109 million, or 21.1%, compared to the second quarter of 2016.
- Adjusted EBITDA(2) was $985 million, an increase of $61 million, or 6.6%, compared to the second quarter of 2016.
- Net earnings available to common shareholders of the Company were $358 million, an increase of $200 million, or 126.6%, compared to the second quarter of 2016. Diluted net earnings per common share were $0.89, an increase of $0.50, or 128.2%, compared to the second quarter of 2016. Diluted net earnings per common share growth is higher than adjusted diluted net earnings per common share(2) growth primarily due to the impacts of the fair value adjustment to the Trust Unit Liability and restructuring charges included in the prior year.
- Adjusted net earnings available to common shareholders of the Company(2) were $445 million, an increase of $33 million, or 8.0%, compared to the second quarter of 2016. Adjusted diluted net earnings per common share(2) were $1.11, an increase of $0.10, or 9.9%, compared to the second quarter of 2016.
- The Company repurchased 3.4 million common shares at a cost of $260 million.

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

CONSOLIDATED RESULTS OF OPERATIONS

For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars except where otherwise indicated)	**2017 (12 weeks)**	2016 (12 weeks)	$ Change	% Change	**2017 (24 weeks)**	2016 (24 weeks)	$ Change	% Change
Revenue	**$ 11,079**	$ 10,731	$ 348	3.2%	**$ 21,480**	$ 21,112	$ 368	1.7%
Operating Income	**626**	517	109	21.1%	**1,118**	953	165	17.3%
Adjusted EBITDA(2)	**985**	924	61	6.6%	**1,850**	1,753	97	5.5%
Adjusted EBITDA margin(2)	**8.9%**	8.6%			**8.6%**	8.3%		
Net earnings attributable to shareholders of the Company	**$ 361**	$ 161	$ 200	124.2%	**$ 594**	$ 357	$ 237	66.4%
Net earnings available to common shareholders of the Company(i)	**358**	158	200	126.6%	**588**	351	237	67.5%
Adjusted net earnings available to common shareholders of the Company(2)	**445**	412	33	8.0%	**809**	750	59	7.9%
Diluted net earnings per common share ($)	**$ 0.89**	$ 0.39	$ 0.50	128.2%	**$ 1.47**	$ 0.85	$ 0.62	72.9%
Adjusted diluted net earnings per common share(2) ($)	**1.11**	1.01	0.10	9.9%	**2.02**	1.82	0.20	11.0%
Diluted weighted average common shares outstanding (millions)	**400.3**	409.9			**401.3**	411.5		

(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.

Net earnings available to common shareholders of the Company in the second quarter of 2017 were $358 million ($0.89 per common share), an increase of $200 million ($0.50 per common share) compared to the second quarter of 2016. The increase in net earnings available to common shareholders of the Company was driven by improvements in underlying operating performance of $33 million and the favourable year-over-year net impact of adjusting items totaling $167 million, as described below:

- improvements in underlying operating performance of $33 million ($0.07 per common share), were primarily due to the following:
  - the Retail segment (excluding the impact of the consolidation of franchises), driven by higher sales and an increase in adjusted gross profit percentage(2), partially offset by higher selling, general and administrative expenses ("SG&A") and depreciation and amortization;
  - the Choice Properties segment, primarily resulting from expansion of the property portfolio through development of third-party properties and an increase in base rent from existing properties; and
  - the favourable impact of a decrease in the adjusted income tax rate(2) primarily attributable to a decrease in certain non-deductible items.
- the favourable year-over-year net impact of adjusting items totaling $167 million ($0.40 per common share) was primarily due to the following:
  - the change in fair value adjustment to the Trust Unit Liability of $109 million ($0.26 per common share);
  - prior year restructuring and other related charges of $40 million ($0.10 per common share);
  - prior year charges related to retail locations in Fort McMurray impacted by wildfires of $9 million ($0.02 per common share); and
  - the change in fair value adjustment on fuel and foreign currency contracts of $8 million ($0.02 per common share).
- diluted net earnings per common share were also impacted by the favourable impact of the repurchase of common shares ($0.03 per common share).

Adjusted net earnings available to common shareholders of the Company(2) in the second quarter of 2017 were $445 million ($1.11 per common share), an increase of $33 million ($0.10 per common share) compared to the second quarter of 2016, due to the improvements in underlying operating performance and the favourable impact of the repurchase of common shares, as described above.

REPORTABLE OPERATING SEGMENTS

The Company has three 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, and includes in-store pharmacies and other health and beauty products, gas bars and apparel and other general merchandise. This segment is comprised of several operating segments that are aggregated primarily due to similarities in the nature of products and services offered for sale in the retail operations and the customer base;
- The Financial Services segment provides credit card services, loyalty programs, insurance brokerage services, personal banking services provided by a major Canadian chartered bank, deposit taking services and telecommunication services; and
- The Choice Properties segment owns, manages and develops retail and commercial properties across Canada. The Choice Properties segment information presented below reflects the accounting policies of Choice Properties, which may differ from those of the consolidated Company. Differences in policies are eliminated in Consolidation and Eliminations.

Retail Segment

For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars except where otherwise indicated)	**2017 (12 weeks)**	2016 (12 weeks)	$ Change	% Change	**2017 (24 weeks)**	2016 (24 weeks)	$ Change	% Change
Sales	**$ 10,827**	$ 10,494	$ 333	3.2%	**$ 20,993**	$ 20,648	$ 345	1.7%
Operating Income	**578**	475	103	21.7%	**1,024**	868	156	18.0%
Adjusted gross profit(2)	**3,007**	2,826	181	6.4%	**5,851**	5,603	248	4.4%
Adjusted gross profit %(2)	**27.8%**	26.9%			**27.9%**	27.1%		
Adjusted EBITDA(2)	**$ 930**	$ 875	$ 55	6.3%	**$ 1,741**	$ 1,655	$ 86	5.2%
Adjusted EBITDA margin(2)	**8.6%**	8.3%			**8.3%**	8.0%		
Depreciation and amortization	**$ 353**	$ 339	$ 14	4.1%	**$ 705**	$ 701	$ 4	0.6%

For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars except where otherwise indicated)	**2017 (12 weeks)**		2016 (12 weeks)		**2017 (24 weeks)**		2016 (24 weeks)	
	Sales	**Same-store sales**	Sales	Same-store sales	**Sales**	**Same-store sales**	Sales	Same-store sales
Food retail	**$ 7,944**	**1.2%**	$ 7,718	0.4%	**$ 15,337**	**0.0%**	$ 15,108	1.2%
Drug retail	**2,883**	**3.7%**	2,776	4.0%	**5,656**	**2.4%**	5,540	5.1%
Pharmacy	**1,377**	**2.9%**	1,324	3.6%	**2,720**	**2.1%**	2,637	3.9%
Front Store	**1,506**	**4.5%**	1,452	4.3%	**2,936**	**2.5%**	2,903	6.3%

Sales, operating income, adjusted gross profit(2), adjusted gross profit percentage(2), adjusted EBITDA(2) and adjusted EBITDA margin(2) included the impacts of the consolidation of franchises, as set out in “Other Retail Business Matters” for the periods ended as indicated.

Sales Retail segment sales in the second quarter of 2017 were $10,827 million, an increase of $333 million, or 3.2%, compared to the second quarter of 2016. Excluding the consolidation of franchises, Retail segment sales increased by $253 million, or 2.4%, primarily driven by the following factors:

- Food retail same-store sales growth was 1.0% (2016 – 0.7%) for the quarter, after excluding the gas bar increase of 0.2% (2016 – decline of 0.3%). Excluding the favourable impact of the timing of Easter, Food retail same-store sales were relatively flat. Including gas bar, Food retail same-store sales growth was 1.2% (2016 – 0.4%).
- The Company’s Food retail average quarterly internal food price index declined and was marginally higher than (2016 – slightly lower than) the average quarterly national food price deflation of 1.4% (2016 – inflation of 1.8%), 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.
- Drug retail same-store sales growth was 3.7% (2016 – 4.0%) and was comprised of pharmacy same-store sales growth of 2.9% (2016 – 3.6%) and front store same-store sales growth of 4.5% (2016 – 4.3%). Excluding the favourable impact of the timing of Easter, Drug retail same-store sales growth was approximately 2.9%, with pharmacy same-store sales growth of approximately 3.5% and front store same-store sales growth of approximately 2.3%. Pharmacy sales were negatively impacted by one less selling day due to the Easter statutory holiday.
- 32 food and drug stores were opened and 18 food and drug stores were closed in the last 12 months, resulting in a net increase in Retail square footage of 0.5 million square feet, or 0.7%.

Operating Income Operating Income in the second quarter of 2017 was $578 million, an increase of $103 million compared to the second quarter of 2016. The increase in operating income was driven by improvements in underlying operating performance of $39 million and the favourable year-over-year net impact of adjusting items totaling $64 million as described below:

- the improvements in underlying operating performance of $39 million were driven by higher sales and an increase in adjusted gross profit percentage(2), partially offset by higher SG&A and depreciation and amortization. The improvements in underlying operating performance also included the positive contribution from the consolidation of franchises; and
- the favourable year-over-year net impact of adjusting items totaling $64 million was primarily due to the following:
  - prior year restructuring and other related charges of $43 million;
  - prior year charges related to retail locations in Fort McMurray impacted by wildfires of $12 million; and
  - the change in fair value adjustment on fuel and foreign currency contracts of $11 million.

Adjusted Gross Profit(2) Adjusted gross profit(2) in the second quarter of 2017 was $3,007 million, an increase of $181 million compared to the second quarter of 2016. Adjusted gross profit percentage(2) of 27.8% increased by 90 basis points compared to the second quarter of 2016. Excluding the consolidation of franchises, adjusted gross profit(2) increased by $96 million. Adjusted gross profit percentage(2), excluding the consolidation of franchises, was 26.7%, an increase of 30 basis points compared to the second quarter of 2016. The increase in adjusted gross profit percentage(2) was mainly driven by improvements in Food retail shrink partially offset by lower Drug retail margins.

Adjusted EBITDA(2) Adjusted EBITDA(2) in the second quarter of 2017 was $930 million, an increase of $55 million, compared to the second quarter of 2016 driven by an increase in adjusted gross profit(2) as described above, partially offset by an increase in SG&A of $126 million. SG&A as a percentage of sales was 19.2%, an increase of 60 basis points compared to the second quarter of 2016. Excluding the consolidation of franchises, SG&A increased $54 million. SG&A as a percentage of sales, excluding the consolidation of franchises, was 18.1%, an unfavourable increase of 10 basis points compared to the second quarter of 2016 mainly driven by certain one-time costs.

Depreciation and Amortization Depreciation and amortization in the second quarter of 2017 was $353 million, an increase of $14 million compared to the second quarter of 2016 primarily driven by the consolidation of franchises and an increase in information technology ("IT") assets. Included in depreciation and amortization is the amortization of intangible assets related to the acquisition of Shoppers Drug Mart Corporation of $121 million (2016 – $123 million).

Other Retail Business Matters

Gas Bar Network On July 17, 2017, the Company sold its gas bar operations, for proceeds of approximately $540 million, to Brookfield Business Partners L.P. ("Brookfield"). As a result of the transaction, Brookfield has become a strategic partner to the Company and will continue to offer the Company's *PC Plus* loyalty program at the gas bars. Consistent with the first quarter of 2017, the Company has classified $78 million of fixed assets and $10 million of inventory, related to the gas bar operations, as assets held for sale as at June 17, 2017. In addition, the Company has classified $54 million of related accounts payable and accrued liabilities that will be assumed by the purchaser as liabilities held for sale as at June 17, 2017. In 2016, the gas bar operations sold approximately 1,700 million litres of gas and contributed approximately $1,500 million to sales. After taking into account the earnings associated with the gas bar operations and the ongoing commitment of the Company to fund certain loyalty program costs, the expected annual impact will be a reduction in adjusted EBITDA(2) of approximately $80 million, based on 2016 information. The Company expects to use the proceeds from the sale for general corporate activities.

Consolidation of Franchises The Company has more than 500 franchise food retail stores in its network. As at the end of the second quarter of 2017, 241 of these stores were consolidated for accounting purposes under a new, simplified franchise agreement ("Franchise Agreement") implemented in 2015.

The Company will convert franchises to the Franchise Agreement as existing agreements expire, at the end of which all franchises will be consolidated. The following table provides the total impact of the consolidation of franchises included in the consolidated results of the Company.

For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars unless where otherwise indicated)	**2017** **(12 weeks)**	2016 (12 weeks)	**2017** **(24 weeks)**	2016 (24 weeks)
Number of Consolidated Franchise stores, beginning of period	**225**	115	**200**	85
Add: Net number of Consolidated Franchise stores in the period	**16**	17	**41**	47
Number of Consolidated Franchise stores, end of period	**241**	132	**241**	132
Sales	**$ 155**	$ 75	**$ 296**	$ 139
Adjusted gross profit[2]	**160**	75	**299**	134
Adjusted EBITDA[2]	**12**	(1)	**19**	(7)
Depreciation and amortization	**10**	4	**19**	8
Operating income (loss)	**2**	(5)	**—**	(15)
Net income (loss) attributable to Non-Controlling Interests	**3**	(5)	**2**	(14)

Operating income (loss) included in the table above does not significantly impact net earnings available to common shareholders of the Company as the related income (loss) is largely attributable to Non-Controlling Interests.

Financial Services Segment[3]

For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars except where otherwise indicated)	**2017** **(12 weeks)**	2016 (12 weeks)	$ Change	% Change	**2017** **(24 weeks)**	2016 (24 weeks)	$ Change	% Change
Revenue	**$ 225**	$ 214	$ 11	5.1 %	**$ 435**	$ 421	$ 14	3.3 %
Earnings before income taxes	**26**	29	(3)	(10.3)%	**51**	57	(6)	(10.5)%

(millions of Canadian dollars except where otherwise indicated)	**As at** **June 17, 2017**	As at June 18, 2016	$ Change	% Change
Average quarterly net credit card receivables	**$ 2,841**	$ 2,717	$ 124	4.6 %
Credit card receivables	**2,908**	2,767	141	5.1 %
Allowance for credit card receivables	**48**	52	(4)	(7.7)%
Annualized yield on average quarterly gross credit card receivables	**13.3%**	13.6%		
Annualized credit loss rate on average quarterly gross credit card receivables	**4.0%**	4.5%		

Earnings Before Income Taxes Earnings before income taxes in the second quarter of 2017 were $26 million, a decrease of $3 million compared to the second quarter of 2016, primarily driven by:

- higher operating costs and costs associated with the Financial Services' loyalty program; partially offset by
- higher interest and net interchange income attributable to the growth in the credit card portfolio;
- higher sales attributable to The Mobile Shop; and
- lower credit losses due to the strong credit performance of the portfolio.

Credit Card Receivables As at June 17, 2017, credit card receivables were $2,908 million, an increase of $141 million compared to June 18, 2016. This increase was primarily driven by growth in the active customer base as a result of continued investments in customer acquisition, marketing and product initiatives. As at June 17, 2017, the allowance for credit card receivables was $48 million, a decrease of $4 million compared to June 18, 2016 due to the strong credit performance of the portfolio.

Choice Properties Segment[3]

For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars except where otherwise indicated)	**2017 (12 weeks)**	2016 (12 weeks)	$ Change	% Change	**2017 (24 weeks)**	2016 (24 weeks)	$ Change	% Change
Revenue	**$ 209**	$ 198	$ 11	5.6 %	**$ 412**	$ 390	$ 22	5.6 %
Net interest expense and other financing charges[(i)]	**98**	671	(573)	(85.4)%	**311**	939	(628)	(66.9)%
Net income (loss)[(ii)]	**42**	(560)	602	107.5 %	**66**	(692)	758	109.5 %
Funds from operations[(2)]	**108**	102	6	5.9 %	**217**	205	12	5.9 %

(i) Net interest expense and other financing charges includes a fair value adjustment on Class B Limited Partnership units.

(ii) Choice Properties qualifies as a "mutual fund trust" under the Income Tax Act (Canada) and therefore net income (loss) is equal to earnings before income taxes.

Net income (loss) Net income in the second quarter of 2017 was $42 million, an increase of $602 million compared to the second quarter of 2016. The increase was primarily driven by:

- the change in fair value adjustment on Class B Limited Partnership units;
- the change in fair value adjustment on investment properties;
- additional net operating income generated from acquisitions and tenant openings in newly developed leasable space; and
- an increase in base rent from existing properties.

Funds from Operations[(2)] Funds from Operations[(2)] in the second quarter of 2017 were $108 million, an increase of $6 million compared to the second quarter of 2016, primarily driven by higher contributions from property operations, partially offset by an increase in interest expense due to higher drawings on credit facilities.

DECLARATION OF DIVIDENDS

Subsequent to the end of the second quarter of 2017, the Board of Directors declared a quarterly dividend on Common Shares and Second Preferred Shares, Series B.

Common Shares	$0.27 per common share, payable on October 1, 2017 to shareholders of record on September 15, 2017
Second Preferred Shares, Series B	$0.33125 per share, payable on September 30, 2017 to shareholders of record on September 15, 2017

OUTLOOK[(4)]

Loblaw's outlook for 2017 remains unchanged. Loblaw remains focused on its strategic framework, delivering the best in food, best in health and beauty, operational excellence and growth. This framework is supported by our financial plan of maintaining a stable trading environment that targets positive same-store sales and stable gross margin, surfacing efficiencies to deliver operating leverage, and returning capital to shareholders.

In 2017, on a full-year comparative basis, despite the current deflationary environment, the Company expects to:

- deliver positive same-store sales and stable gross margin in its Retail segment in a highly competitive grocery market, with continued negative pressure from healthcare reform;
- grow adjusted net earnings;
- invest approximately $1.3 billion in capital expenditures, including $1.0 billion in its Retail segment; and
- return capital to shareholders by allocating a significant portion of free cash flow to share repurchases.

Beyond 2017, the recent announcements of minimum wage increases in Ontario and Alberta and further healthcare reform in Quebec will negatively impact the Company's net earnings. The expected incremental impact of minimum wage increases on labour expenses is approximately $190 million in 2018. In addition, the recently announced healthcare reform in Quebec will result in a more significant incremental impact in 2018 than in prior years. The Company is currently assessing how to mitigate these impacts.

NON-GAAP FINANCIAL MEASURES

The Company uses the following non-GAAP financial measures: Retail segment gross profit; Retail segment adjusted gross profit; Retail segment adjusted gross profit percentage; adjusted earnings before income taxes, net interest expense and other financing charges and depreciation and amortization ("adjusted EBITDA"); adjusted EBITDA margin; adjusted operating income; adjusted net interest expense and other financing charges; adjusted income taxes; adjusted income tax rate; adjusted net earnings available to common shareholders; adjusted diluted net earnings per common share; and with respect to Choice Properties: funds from operations. The Company believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Company for the reasons outlined below.

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 details on the nature of items excluded in the calculation of any of the non-GAAP financial measures detailed below see the "Non-GAAP Financial Measures" section of the Company's 2017 Second Quarter Report to Shareholders.

Retail Segment Gross Profit, Retail Segment Adjusted Gross Profit and Retail Segment Adjusted Gross Profit Percentage The following tables reconcile adjusted gross profit by segment to gross profit by segment, which is reconciled to GAAP revenue and cost of merchandise inventories sold measures reported in the condensed consolidated statements of earnings for the periods ended as indicated. The Company believes that Retail segment gross profit and Retail segment adjusted gross profit are useful in assessing the Retail segment's underlying operating performance and in making decisions regarding the ongoing operations of the business.

Retail segment adjusted gross profit percentage is calculated as Retail segment adjusted gross profit divided by Retail segment revenue.

					2017 (12 weeks)					2016 (12 weeks)
For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars)	**Retail**	**Financial Services(3)**	**Choice Properties(3)**	**Consolidation & Eliminations**	**Total**	Retail	Financial Services(3)	Choice Properties(3)	Consolidation & Eliminations	Total
Revenue	**$10,827**	**$ 225**	**$ 209**	**$ (182)**	**$ 11,079**	$10,494	$ 214	$ 198	$ (175)	$10,731
Cost of Merchandise Inventories Sold	**7,820**	**22**	**—**	**—**	**7,842**	7,683	18	—	—	7,701
Gross Profit	**$ 3,007**	**$ 203**	**$ 209**	**$ (182)**	**$ 3,237**	$ 2,811	$ 196	$ 198	$ (175)	$ 3,030
Add impact of the following:										
Charges related to retail locations in Fort McMurray	**—**	**—**	**—**	**—**	**—**	9	—	—	—	9
Net impairment (impairment reversals) related to Drug retail ancillary assets	**—**	**—**	**—**	**—**	**—**	4	—	—	—	4
Restructuring and other related costs	**—**	**—**	**—**	**—**	**—**	2	—	—	—	2
Adjusted Gross Profit	**$ 3,007**	**$ 203**	**$ 209**	**$ (182)**	**$ 3,237**	$ 2,826	$ 196	$ 198	$ (175)	$ 3,045

For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars)	**2017 (24 weeks)** Retail	Financial Services(3)	Choice Properties(3)	Consolidation & Eliminations	Total	2016 (24 weeks) Retail	Financial Services(3)	Choice Properties(3)	Consolidation & Eliminations	Total
Revenue	**$20,993**	**$ 435**	**$ 412**	**$ (360)**	**$21,480**	$20,648	$ 421	$ 390	$ (347)	$21,112
Cost of Merchandise Inventories Sold	**15,142**	**40**	**—**	**—**	**15,182**	15,061	34	—	—	15,095
Gross Profit	**$ 5,851**	**$ 395**	**$ 412**	**$ (360)**	**$ 6,298**	$ 5,587	$ 387	$ 390	$ (347)	$ 6,017
Add impact of the following:										
Charges related to retail locations in Fort McMurray	**—**	**—**	**—**	**—**	**—**	9	—	—	—	9
Net impairment (impairment reversals) related to Drug retail ancillary assets	**—**	**—**	**—**	**—**	**—**	4	—	—	—	4
Restructuring and other related costs	**—**	**—**	**—**	**—**	**—**	3	—	—	—	3
Adjusted Gross Profit	**$ 5,851**	**$ 395**	**$ 412**	**$ (360)**	**$ 6,298**	$ 5,603	$ 387	$ 390	$ (347)	$ 6,033

Adjusted Operating Income, Adjusted EBITDA and Adjusted EBITDA Margin The following tables reconcile adjusted operating income and adjusted EBITDA to GAAP operating income, which is reconciled to GAAP net earnings attributable to shareholders of the Company reported in the condensed consolidated statements of earnings for the periods ended as indicated. The Company believes that adjusted EBITDA is useful in assessing the performance of its ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue.

					2017 (12 weeks)					2016 (12 weeks)
For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars)	**Retail**	**Financial Services[(3)]**	**Choice Properties[(3)]**	**Consolidation & Eliminations**	**Consolidated**	Retail	Financial Services[(3)]	Choice Properties[(3)]	Consolidation & Eliminations	Consolidated
Net earnings attributable to shareholders of the Company					**$ 361**					$ 161
Add (deduct) impact of the following:										
Non-Controlling Interests					**3**					(5)
Net interest expense and other financing charges					**127**					236
Income taxes					**135**					125
Operating income	**$ 578**	**$ 39**	**$ 140**	**$ (131)**	**$ 626**	$ 475	$ 41	$ 111	$ (110)	$ 517
Add (deduct) impact of the following:										
Amortization of intangible assets acquired with Shoppers Drug Mart	**$ 121**	**$ —**	**$ —**	**$ —**	**$ 121**	$ 123	$ —	$ —	$ —	$ 123
Fair value adjustment on fuel and foreign currency contracts	**(1)**	**—**	**—**	**—**	**(1)**	10	—	—	—	10
Restructuring and other related costs	**—**	**—**	**—**	**—**	**—**	43	—	—	—	43
Charges related to retail locations in Fort McMurray	**—**	**—**	**—**	**—**	**—**	12	—	—	—	12
Net impairment (impairment reversals) related to Drug retail ancillary assets	**—**	**—**	**—**	**—**	**—**	(4)	—	—	—	(4)
Adjusting Items	**$ 120**	**$ —**	**$ —**	**$ —**	**$ 120**	$ 184	$ —	$ —	$ —	$ 184
Adjusted operating income	**$ 698**	**$ 39**	**$ 140**	**$ (131)**	**$ 746**	$ 659	$ 41	$ 111	$ (110)	$ 701
Depreciation and amortization	**353**	**2**	**—**	**5**	**360**	339	3	—	4	346
Less: Amortization of intangible assets acquired with Shoppers Drug Mart	**(121)**	**—**	**—**	**—**	**(121)**	(123)	—	—	—	(123)
Adjusted EBITDA	**$ 930**	**$ 41**	**$ 140**	**$ (126)**	**$ 985**	$ 875	$ 44	$ 111	$ (106)	$ 924

For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars)	**2017 (24 weeks)** Retail	Financial Services(3)	Choice Properties(3)	Consolidation & Eliminations	Consolidated	2016 (24 weeks) Retail	Financial Services(3)	Choice Properties(3)	Consolidation & Eliminations	Consolidated
Net earnings attributable to shareholders of the Company					**$ 594**					$ 357
Add (deduct) impact of the following:										
Non-Controlling Interests					**2**					(14)
Net interest expense and other financing charges					**288**					393
Income taxes					**234**					217
Operating income	**$ 1,024**	**$ 78**	**$ 377**	**$ (361)**	**1,118**	$ 868	$ 82	$ 247	$ (244)	953
Add (deduct) impact of the following:										
Amortization of intangible assets acquired with Shoppers Drug Mart	**$ 242**	**$ —**	**$ —**	**$ —**	**$ 242**	$ 247	$ —	$ —	$ —	$ 247
Pension annuities and buy-outs	**7**	**—**	**—**	**—**	**7**	2	—	—	—	2
Fair value adjustment on fuel and foreign currency contracts	**5**	**—**	**—**	**—**	**5**	20	—	—	—	20
Restructuring and other related costs	**—**	**—**	**—**	**—**	**—**	44	—	—	—	44
Charges related to retail locations in Fort McMurray	**—**	**—**	**—**	**—**	**—**	12	—	—	—	12
Prior year land transfer tax assessment	**—**	**—**	**—**	**—**	**—**	10	—	—	—	10
Asset impairments, net of recoveries	**—**	**—**	**—**	**—**	**—**	2	—	—	—	2
Net impairment (impairment reversals) related to Drug retail ancillary assets	—	—	—	—	**—**	(4)	—	—	—	(4)
Adjusting Items	**$ 254**	**$ —**	**$ —**	**$ —**	**$ 254**	$ 333	$ —	$ —	$ —	$ 333
Adjusted operating income	**$ 1,278**	**$ 78**	**$ 377**	**$ (361)**	**$ 1,372**	$ 1,201	$ 82	$ 247	$ (244)	$ 1,286
Depreciation and amortization	**705**	**5**	**—**	**10**	**720**	701	6	—	7	714
Less: Amortization of intangible assets acquired with Shoppers Drug Mart	**(242)**	**—**	**—**	**—**	**(242)**	(247)	—	—	—	(247)
Adjusted EBITDA	**$ 1,741**	**$ 83**	**$ 377**	**$ (351)**	**$ 1,850**	$ 1,655	$ 88	$ 247	$ (237)	$ 1,753

Adjusted Net Interest Expense and Other Financing Charges The following table reconciles adjusted net interest expense and other financing charges to GAAP net interest expense and other financing charges reported in the condensed consolidated statements of earnings for the periods ended as indicated. The Company believes that adjusted net interest expense and other financing charges is useful in assessing the Company's underlying financial performance and in making decisions regarding the financial operations of the business.

For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars)	**2017 (12 weeks)**	2016 (12 weeks)	**2017 (24 weeks)**	2016 (24 weeks)
Net interest expense and other financing charges	**$ 127**	$ 236	**$ 288**	$ 393
Add (deduct) impact of the following:				
Fair value adjustment to the Trust Unit Liability	**1**	(108)	**(35)**	(140)
Adjusted net interest expense and other financing charges	**$ 128**	$ 128	**$ 253**	$ 253

Adjusted Income Taxes and Adjusted Income Tax Rate The following table reconciles adjusted income taxes to GAAP income taxes reported in the condensed consolidated statements of earnings for the periods ended as indicated. The Company believes that adjusted income taxes is useful in assessing the Company's underlying operating performance and in making decisions regarding the ongoing operations of its business.

Adjusted income tax rate is calculated as adjusted income taxes divided by the sum of adjusted operating income less adjusted net interest expense and other financing charges.

For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars except where otherwise indicated)	**2017 (12 weeks)**	2016 (12 weeks)	**2017 (24 weeks)**	2016 (24 weeks)
Adjusted operating income[(i)]	**$ 746**	$ 701	**$ 1,372**	$ 1,286
Adjusted net interest expense and other financing charges[(i)]	**128**	128	**253**	253
Adjusted earnings before taxes	**$ 618**	$ 573	**$ 1,119**	$ 1,033
Income taxes	**$ 135**	$ 125	**$ 234**	$ 217
Add (deduct) impact of the following:				
Tax impact of items included in adjusted earnings before taxes[(ii)]	**32**	38	**68**	77
Statutory corporate income tax rate change	**—**	—	**—**	(3)
Adjusted income taxes	**$ 167**	$ 163	**$ 302**	$ 291
Effective tax rate	**27.1%**	44.5%	**28.2%**	38.8%
Adjusted income tax rate	**27.0%**	28.4%	**27.0%**	28.2%

(i) See reconciliations of adjusted operating income and adjusted net interest expense and other financing charges in the tables above.

(ii) See the adjusted operating income, adjusted EBITDA and adjusted EBITDA margin table and the adjusted net interest expense and other financing charges table above for a complete list of items included in adjusted earnings before taxes.

Adjusted Net Earnings Available to Common Shareholders and Adjusted Diluted Net Earnings Per Common Share The following table reconciles adjusted net earnings available to common shareholders of the Company and adjusted net earnings attributable to shareholders of the Company to net earnings attributable to shareholders of the Company and then to net earnings available to common shareholders of the Company for the periods ended as indicated. The Company believes that adjusted net earnings available to common shareholders and adjusted diluted net earnings per common share are useful in assessing the Company's underlying operating performance and in making decisions regarding the ongoing operations of its business.

For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars except where otherwise indicated)	**2017 (12 weeks)**	2016 (12 weeks)	**2017 (24 weeks)**	2016 (24 weeks)
Net earnings attributable to shareholders of the Company	**$ 361**	$ 161	**$ 594**	$ 357
Prescribed dividends on preferred shares in share capital	**(3)**	(3)	**(6)**	(6)
Net earnings available to common shareholders of the Company	**$ 358**	$ 158	**$ 588**	$ 351
Net earnings attributable to shareholders of the Company	**$ 361**	$ 161	**$ 594**	$ 357
Adjusting items (refer to the following table)	**87**	254	**221**	399
Adjusted net earnings attributable to shareholders of the Company	**$ 448**	$ 415	**$ 815**	$ 756
Prescribed dividends on preferred shares in share capital	**(3)**	(3)	**(6)**	(6)
Adjusted net earnings available to common shareholders of the Company	**$ 445**	$ 412	**$ 809**	$ 750
Diluted weighted average common shares outstanding (millions)	**400.3**	409.9	**401.3**	411.5

The following table reconciles adjusted net earnings available to common shareholders of the Company and adjusted diluted net earnings per common share to net earnings available to common shareholders of the Company and diluted net earnings per common share for the periods ended as indicated.

	2017 (12 weeks)		2016 (12 weeks)		**2017 (24 weeks)**		2016 (24 weeks)	
For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars/Canadian dollars)	**Net Earnings Available to Common Shareholders of the Company**	**Diluted Net Earnings Per Common Share**	Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share	**Net Earnings Available to Common Shareholders of the Company**	**Diluted Net Earnings Per Common Share**	Net Earnings Available to Common Shareholders of the Company	Diluted Net Earnings Per Common Share
As reported	**$ 358**	**$ 0.89**	$ 158	$ 0.39	$ 588	$ 1.47	$ 351	$ 0.85
Add (deduct) impact of the following:								
Amortization of intangible assets acquired with Shoppers Drug Mart	**$ 88**	**$ 0.22**	$ 92	$ 0.23	**$ 177**	**$ 0.44**	$ 183	$ 0.45
Fair value adjustment to the Trust Unit Liability(i)	**(1)**	**—**	108	0.26	**35**	**0.09**	140	0.34
Pension annuities and buy-outs	**—**	**—**	—	—	**5**	**0.01**	2	—
Fair value adjustment on fuel and foreign currency contracts	**—**	**—**	8	0.02	**4**	**0.01**	15	0.04
Restructuring and other related costs	**—**	**—**	40	0.10	**—**	**—**	41	0.10
Charges related to retail locations in Fort McMurray	**—**	**—**	9	0.02	**—**	**—**	9	0.02
Prior year land transfer tax assessment	**—**	**—**	—	—	**—**	**—**	7	0.02
Statutory corporate income tax rate change	**—**	**—**	—	—	**—**	**—**	3	0.01
Asset impairments, net of recoveries	**—**	**—**	—	—	**—**	**—**	2	—
Net impairment (impairment reversals) related to Drug retail ancillary assets	**—**	**—**	(3)	(0.01)	**—**	**—**	(3)	(0.01)
Adjusting items	**$ 87**	**$ 0.22**	$ 254	$ 0.62	**$ 221**	**$ 0.55**	$ 399	$ 0.97
Adjusted	**$ 445**	**$ 1.11**	$ 412	$ 1.01	**$ 809**	**$ 2.02**	$ 750	$ 1.82

(i) Gains or losses related to the fair value adjustment to the Trust Unit Liability are not subject to tax.

Choice Properties' Funds from Operations(3) In the first quarter of 2017, Choice Properties discontinued the use of Adjusted Funds from Operations. Choice Properties continues the use of Funds from Operations as its non-GAAP earnings metric. Choice Properties calculates Funds from Operations in accordance with the Real Property Association of Canada's White Paper on Funds from Operations and Adjusted Funds from Operations for IFRS issued in February 2017.

The following table reconciles Choice Properties' Funds from Operations to GAAP net income (loss) for the periods ended as indicated. Choice Properties considers Funds from Operations to be a useful measure of operating performance as it adjusts for items included in net income (or net loss) that do not arise from operating activities or do not necessarily provide an accurate depiction of the Trust's performance.

For the periods ended June 17, 2017 and June 18, 2016 (millions of Canadian dollars)	**2017 (12 weeks)**	2016 (12 weeks)	**2017 (24 weeks)**	2016 (24 weeks)
Net income (loss)	**$ 42**	$ (560)	**$ 66**	$ (692)
Add (deduct) impact of the following:				
Fair value adjustments on Class B Limited Partnership units	**—**	580	**118**	761
Fair value adjustments on investment properties	**8**	23	**(85)**	37
Fair value adjustments on unit-based compensation	**—**	4	**1**	5
Fair value adjustments of investment property held in equity accounted joint venture	**—**	—	**1**	(14)
Distributions on Class B Limited Partnership units	**58**	53	**115**	106
Internal expenses for leasing	**—**	2	**1**	2
Funds from Operations	**$ 108**	$ 102	**$ 217**	$ 205

SEGMENT INFORMATION

The Company has three reportable operating segments with all material operations carried out in Canada. The Company's chief operating decision maker evaluates segment performance on the basis of adjusted EBITDA(2) and adjusted operating income(2), as reported to internal management, on a periodic basis.

Information for each reportable operating segment is included below:

					June 17, 2017 (12 weeks)					June 18, 2016 (12 weeks)
(millions of Canadian dollars)	**Retail**	**Financial Services(3)**	**Choice Properties(3)**	**Consolidation & Eliminations(i)**	**Total**	Retail	Financial Services(3)	Choice Properties(3)	Consolidation & Eliminations(i)	Total
Revenue(ii)	**$ 10,827**	**$ 225**	**$ 209**	**$ (182)**	**$ 11,079**	$ 10,494	$ 214	$ 198	$ (175)	$ 10,731
Operating Income	$ 578	$ 39	$ 140	$ (131)	$ 626	$ 475	$ 41	$ 111	$ (110)	$ 517
Net interest expense and other financing charges	73	13	98	(57)	127	79	12	671	(526)	236
Earnings before Income Taxes	**$ 505**	**$ 26**	**$ 42**	**$ (74)**	**$ 499**	$ 396	$ 29	$ (560)	$ 416	$ 281
Operating Income	**$ 578**	**$ 39**	**$ 140**	**$ (131)**	**$ 626**	$ 475	$ 41	$ 111	$ (110)	$ 517
Depreciation and Amortization	353	2	—	5	360	339	3	—	4	346
Adjusting items(iii)	120	—	—	—	120	184	—	—	—	184
Less: amortization of intangible assets acquired with Shoppers Drug Mart	(121)	—	—	—	(121)	(123)	—	—	—	(123)
Adjusted EBITDA(iii)	$ 930	$ 41	$ 140	$ (126)	$ 985	$ 875	$ 44	$ 111	$ (106)	$ 924
Depreciation and Amortization(iv)	232	2	—	5	239	216	3	—	4	223
Adjusted Operating Income	**$ 698**	**$ 39**	**$ 140**	**$ (131)**	**$ 746**	$ 659	$ 41	$ 111	$ (110)	$ 701

(i) Consolidation and Eliminations includes the following items:

- Revenue includes the elimination of $133 million (2016 – $129 million) of rental revenue and $49 million (2016 – $46 million) of cost recovery recognized by Choice Properties, generated from the Retail segment.
- Adjusted operating income includes the elimination of the $133 million (2016 – $129 million) impact of rental revenue described above; the elimination of a $8 million loss (2016 – $23 million loss) recognized by Choice Properties related to the fair value adjustments on investment properties, which are classified as Fixed Assets, Assets Held For Sale or Investment Properties by the Company and measured at cost, the recognition of $5 million (2016 – $4 million) of depreciation expense for certain investment properties recorded by Choice Properties; and the elimination of intercompany charges of $1 million in 2017.
- Net interest expense and other financing charges includes the elimination of $69 million (2016 – $65 million) of interest expense included in Choice Properties related to debt owing to the Company and a fair value loss of $580 million in 2016 recognized by Choice Properties on Class B Limited Partnership units held by the Company. Net interest and other financing charges also includes Unit distributions to external unitholders of $13 million (2016 – $11 million), which excludes distributions paid to the Company and a $1 million fair value gain (2016 – loss of $108 million) on the Company's Trust Unit Liability.

(ii) Included in Financial Services revenue is $95 million (2016 – $93 million) of interest income.

(iii) Certain items are excluded from operating income to derive adjusted EBITDA(2). Adjusted EBITDA(2) is used internally by management when analyzing segment underlying performance.

(iv) Depreciation and amortization for the calculation of adjusted EBITDA(2) excludes $121 million (2016 – $123 million) of amortization of intangible assets acquired with Shoppers Drug Mart.

					June 17, 2017 (24 weeks)					June 18, 2016 (24 weeks)
(millions of Canadian dollars)	**Retail**	**Financial Services[3]**	**Choice Properties[3]**	**Consolidation & Eliminations[i]**	**Total**	Retail	Financial Services[3]	Choice Properties[3]	Consolidation & Eliminations[i]	Total
Revenue[ii]	**$ 20,993**	**$ 435**	**$ 412**	**$ (360)**	**$ 21,480**	$ 20,648	$ 421	$ 390	$ (347)	$ 21,112
Operating Income	$ 1,024	$ 78	$ 377	$ (361)	$ 1,118	$ 868	$ 82	$ 247	$ (244)	$ 953
Net interest expense and other financing charges	145	27	311	(195)	288	157	25	939	(728)	393
Earnings before Income Taxes	**$ 879**	**$ 51**	**$ 66**	**$ (166)**	**$ 830**	$ 711	$ 57	$ (692)	$ 484	$ 560
Operating Income	**$ 1,024**	**$ 78**	**$ 377**	**$ (361)**	**$ 1,118**	$ 868	$ 82	$ 247	$ (244)	$ 953
Depreciation and Amortization	705	5	—	10	720	701	6	—	7	714
Adjusting items[iii]	254	—	—	—	254	333	—	—	—	333
Less: amortization of intangible assets acquired with Shoppers Drug Mart	(242)	—	—	—	(242)	(247)	—	—	—	(247)
Adjusted EBITDA[iii]	$ 1,741	$ 83	$ 377	$ (351)	$ 1,850	$ 1,655	$ 88	$ 247	$ (237)	$ 1,753
Depreciation and Amortization[iv]	463	5	—	10	478	454	6	—	7	467
Adjusted Operating Income	**$ 1,278**	**$ 78**	**$ 377**	**$ (361)**	**$ 1,372**	$ 1,201	$ 82	$ 247	$ (244)	$ 1,286

(i) Consolidation and Eliminations includes the following items:

- Revenue includes the elimination of $266 million (2016 – $257 million) of rental revenue and $94 million (2016 – $90 million) of cost recovery recognized by Choice Properties, generated from the Retail segment.
- Adjusted operating income includes the elimination of the $266 million (2016 – $257 million) impact of rental revenue described above; the elimination of a $85 million gain (2016 – $37 million loss) recognized by Choice Properties related to the fair value adjustments on investment properties, which are classified as Fixed Assets, Assets Held For Sale or Investment Properties by the Company and measured at cost, the elimination of a $1 million loss (2016 – $14 million gain) recognized by Choice Properties related to the fair value adjustments on investment properties in the joint venture; the recognition of $10 million (2016 – $7 million) of depreciation expense for certain investment properties recorded by Choice Properties; and the elimination of intercompany charges of $1 million (2016 – $3 million).
- Net interest expense and other financing charges includes the elimination of $138 million (2016 – $130 million) of interest expense included in Choice Properties related to debt owing to the Company and a $118 million fair value loss (2016 – loss of $761 million) recognized by Choice Properties on Class B Limited Partnership units held by the Company. Net interest and other financing charges also includes Unit distributions to external unitholders of $26 million (2016 – $23 million), which excludes distributions paid to the Company and a $35 million fair value loss (2016 – loss of $140 million) on the Company's Trust Unit Liability.

(ii) Included in Financial Services revenue is $192 million (2016 – $189 million) of interest income.

(iii) Certain items are excluded from operating income to derive adjusted EBITDA[2]. Adjusted EBITDA[2] is used internally by management when analyzing segment underlying performance.

(iv) Depreciation and amortization for the calculation of adjusted EBITDA[2] excludes $242 million (2016 – $247 million) of amortization of intangible assets acquired with Shoppers Drug Mart.

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, regulatory changes including minimum wage increases and further healthcare reform, future liquidity, planned capital investments, and the status and impact of IT systems implementations. These specific forward-looking statements are contained throughout this News Release including, without limitation, in the “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 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 2017 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 Management Discussion and Analysis in the 2016 Annual Report – Financial Review (“2016 Annual Report”) and the Company’s 2016 Annual Information Form (“AIF”) (for the year ended December 31, 2016). Such risks and uncertainties include:

- 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 manage the Company’s loyalty programs;
- 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 cyber security or data breaches;
- failure to realize benefits from investments in the Company’s new IT systems;
- failure to effectively respond to consumer trends or heightened competition, whether from current competitors or new entrants to the marketplace;
- public health events including those related to food and drug safety;
- changes to any of the laws, rules, regulations or policies applicable to the Company's business;
- failure to merchandise effectively, to execute the Company's e-commerce initiative or to adapt its business model to the shifts in the retail landscape caused by digital advances;
- failure to realize the anticipated benefits, including revenue growth, anticipated cost savings or operating efficiencies, associated with the Company's investment in major initiatives that support its strategic priorities;
- changes in economic conditions, including economic recession or changes in the rate of inflation or deflation, employment rates and household debt, interest rates, currency exchange rates or derivative and commodity prices;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements;
- adverse outcomes of legal and regulatory proceedings and related matters;
- reliance on the performance and retention of third party service providers, including those associated with the Company’s supply chain and apparel business, including issues with vendors in both advanced and developing markets; and
- the inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory and to control shrink.

This is not an exhaustive list of the factors that may affect the Company’s forward-looking statements. 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 (“securities regulators”) from time to time, including, without limitation, the section entitled "Risks" in the Company's 2016 AIF (for the year ended December 31, 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 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

2016 Annual Report and 2017 Second Quarter Report to Shareholders

The Company's 2016 Annual Report and 2017 Second Quarter Report to Shareholders are available in the "Investors" section of the Company's website at loblaw.ca and on sedar.com.

Investor Relations

Investor inquiries, contact:	Media inquiries, contact:
Roy MacDonald	Kevin Groh
Vice President, Investor Relations	Vice President, Corporate Affairs and Communication
(905) 861-2243	(905) 861-2437
investor@loblaw.ca	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.

Conference Call and Webcast

Loblaw Companies Limited will host a conference call as well as an audio webcast on July 26, 2017 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 three hours after the event at (416) 849-0833 or (855) 859-2056, access code: 41420556. To access via audio webcast, please go to the "Investors" section of 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.

News Release Endnotes

(1) This News Release contains forward-looking information. See "Forward-Looking Statements" section of this News Release 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 and at loblaw.ca.

(2) See "Non-GAAP Financial Measures" section of this News Release, which includes the reconciliation of such non-GAAP measures to the most directly comparable GAAP measures.

(3) The results for the Financial Services and Choice Properties segments are for the period ended June 30, consistent with the segments' fiscal calendars. Adjustments to align Financial Services' and Choice Properties' results to the Company's fiscal calendar are included in Consolidation and Eliminations. See the "Non-GAAP Financial Measures" and the "Segment Information" sections of this News Release.

(4) To be read in conjunction with the "Forward-Looking Statements" section of this News Release.