



CIBC WORLD MARKETS
Retail Conference
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Food Retail Environment

- Deflation has been a significant factor over the past year
 - Promotional intensity and weights
 - Competitive responses
 - “Market” versus cost based pricing
- Early indications of “balanced” inflation as costs increase
- Operating costs continue to rise
- More square footage on the way
- More players > More choices > More “shop shifting”



Sobeys progress continues

- FreshCo rolling out and taking root on track
- Next generation Full Service Format underway
 - IGA extra, Sobeys, Thrifty
- Lawtons, Foodland, Needs and Urban Fresh all solid
- Distribution upgrades continue – Automated Quebec DC
- SAP Quebec implementation on track
- Stronger management and growing “bench” strength
- Enabling tools, processes and disciplines in place



Sobeys going forward

- Stay the course...

- Long term health and sustainability
- Stores at standard
- Competitive posture
- Innovation & Service superiority
- People development
- Execute well and consistently

- However...

- Accelerate productivity and efficiency initiatives
- Accelerate application and harvest of Customer Insights



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