Correction Notice:

On June 19, 2020, Empire Company Limited refiled its News Release for the fourth quarter and fiscal year ended May 2, 2020 to correct non-material updates. As a result, the following update was made to the Earnings Call Presentation:

- Page 8 – Reduction of quarter and year to date IFRS-16 Earnings Per Share (“EPS”) impact by ($0.02).

Q4 F2020
Earnings Call

June 18, 2020

CEO’s Direct Reports

Fourth Quarter Highlights

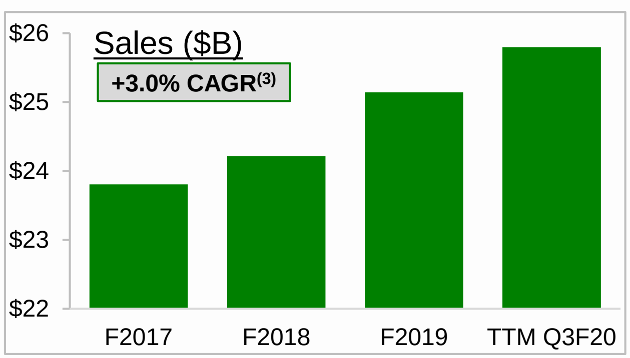
- Same-store sales excluding fuel increased by 18.0%.
- Earnings per share of $0.66 compared to $0.45 last year.
- Adjusted earnings per share of $0.67 compared to $0.46 last year.
- Gross margin increased by 50 basis points.
- Project Sunrise exceeds target for fiscal 2020, and 3-year target of $500 million.
  - In fiscal 2020, the Company achieved over $250 million of in-year benefits.
- *Voilà by Sobeys* to begin customer deliveries in June.
- 28 FreshCo locations have been announced:
  - 40% of the expected number of conversions.
  - 17 stores are open and operating as at June 17, 2020.
  - 11 stores are expected to open in fiscal 2021.
- 31 Farm Boy stores operating in Ontario
  - 5 stores opened since acquisition in December 2018, additional 7 locations have been announced.
- Dividend per share increased by 8.3%.
- Renewed NCIB; up to 5 million Non-Voting Class A shares.

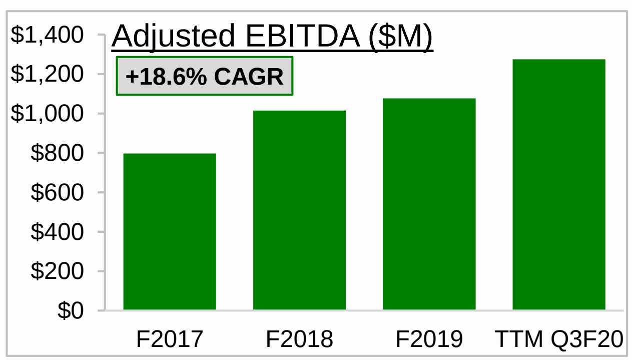
Successful Completion of Project Sunrise

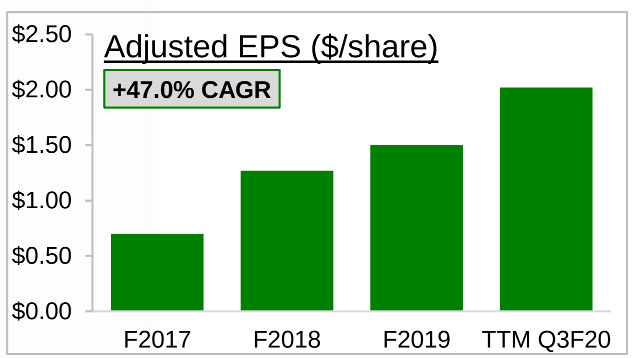
In the fourth quarter of fiscal 2017, the Company launched Project Sunrise, a three-year transformation. As of the fourth quarter of fiscal 2020, Project Sunrise was successfully completed, exceeding management's initial expectations of $500 million in net benefits, achieved through three phases:

1) **Organizational realignment** – from a regional to a national structure. *Benefits impacted selling and administrative expenses.*
2) **Operational efficiencies** – store operations, labour standards and other operational process initiatives. *Benefits largely impacted selling and administrative expenses*.
3) **Cost of goods sold** – harmonization of costs with suppliers; more competitive net acquisition costs achieved; category resets continue to provide an improved, simplified and in some cases, more innovative assortment for customers. *Benefits were reflected mostly in gross margin expansion.*

	Fiscal		
	2017	**2020** (1)	**Improvement**
All amounts exclude IFRS 16	52 weeks May 6, 2017	52 weeks trailing Feb. 1, 2020	
Sales	$23,806.2	$25,796.2	**8.4%**
Same-store sales growth (decline), excluding fuel	(2.2%)	2.1%	**430 bps**
Gross margin	24.0%	24.8%	**80 bps**
Adjusted EBITDA	$796.9	$1,274.9	**60.0%**
Adjusted EBITDA margin	3.3%	4.9%	**160 bps**
Selling and Administrative margin (adjusted)(2)	22.9%	22.0%	**90 bps**
Adjusted EPS	$0.70	$2.02	**188.6%**







(1) Reflects twelve months trailing (TTM) at Q3 fiscal 2020, to reflect the improvements before the COVID-19 impact. It excludes one quarter of benefits.
(2) This excludes the adjustments made to operating income.
(3) Compound annual growth rate.

Fourth Quarter Financial Summary

	Quarter 4		Fiscal 2020	
	Actual[1][2]	Last Year	Actual	Last Year
Sales	$7,012.4	$6,220.4	$26,588.2	$25,142.0
Same-store sales, excluding fuel	*18.0%*	*3.8%*	*5.7%*	*2.7%*
Gross Profit	$1,819.5	$1,577.5	$6,633.3	$6,083.6
Gross margin	*25.9%*	*25.4%*	*24.9%*	*24.2%*
Selling and Administrative Costs (adjusted)[3]	$1,525.6	$1,425.8	$5,644.2	$5,556.2
Selling and Administrative margin	*21.8%*	*22.9%*	*21.2%*	*22.1%*
Adjusted EBITDA	$527.8	$300.1	$1,892.4	$1,076.2
Adjusted EBITDA margin	*7.5%*	*4.8%*	*7.1%*	*4.3%*
Adjusted EBITDA margin, excluding the impact of IFRS 16	*5.5%*	*4.8%*	*5.1%*	*4.3%*
Adjusted Earnings per Share	$0.67	$0.46	$2.20	$1.50
Free Cash Flow	$594.8	$175.6	$1,130.8	$540.7

(1) *Empire's results for the fourth quarter and all of the fiscal year ended May 2, 2020 include Farm Boy operations whereas prior year comparatives include 21 weeks of Farm Boy operations. All metrics, including same-store sales, include the consolidation of Farm Boy operations.*

(2) *Certain financial metrics were impacted by the implementation of IFRS 16 in the fourth quarter and fiscal year ended May 2, 2020. See slide 7 for additional details.*

(3) *This excludes the adjustments made during the fourth quarter and fiscal year for intangible amortization associated with the Canada Safeway acquisition and Farm Boy acquisition costs.*

COVID-19 Update

The recent novel coronavirus ("COVID-19" or "pandemic") outbreak has resulted in restrictions by government authorities and the encouragement for Canadians to stay-at-home, leading to increased safety protocols in our stores and distribution centres, shifts in consumer demand and consumption, and volatile financial markets.

- Management's top priorities remain the health and safety of employees, customers and communities while maintaining a resilient supply chain to meet the needs of Canadians and supporting charitable organizations.
- COVID-19 and related restrictions materially impacted the Company's operating results and financial performance in the fourth quarter of fiscal 2020.
  - Same-store sales growth excluding fuel in the fourth quarter was 18.0%, substantially driven by changing customer shopping patterns throughout the pandemic including a shift in consumption from restaurants and hospitality businesses to grocery stores.
  - Sales were significantly higher in all formats except fuel. Fuel sales for the quarter decreased by approximately 40%.
  - The Company introduced its "Hero Pay" program for frontline employees in stores and distribution centres. The Hero Pay program was extended several times and was completed on June 13, 2020.
    - The Company also provided frontline and distribution centre employees with a one-time bonus, equal to two weeks of Hero Pay.
  - Gross margin increased in line with the increase in sales volume.
  - Investments in employees and communities, primarily Hero Pay, combined with additional safety and sanitization expenses, increased selling and administrative expenses by approximately $80 million.
- The Company's balance sheet continues to be strong with significant liquidity available. As of May 2, 2020, Empire had:
  - $1,008 million in cash and cash equivalents.
  - Access to approximately $761 million in unutilized, aggregate credit facilities that do not expire until fiscal 2023.

Discount Expansion to West & Store Closure, Conversion and Labour Buyout Costs

EMPIRE COMPANY LIMITED
Sobeys inc.

OVERVIEW

DISCOUNT EXPANSION TO WESTERN CANADA

Sobeys expects to convert up to 25% of its 255 Safeway and Sobeys full service format stores in Western Canada to its FreshCo discount format. The Company continues to be on track to open approximately 65 locations within the initial five-year time frame.

28 FreshCo locations have been announced:

- 17 stores are open and operating as at June 17, 2020:
  - 15 in British Columbia ("B.C.")
  - 2 in Manitoba
- 11 stores are expected to open in fiscal 2021:
  - 4 in Saskatchewan
  - 4 in Manitoba
  - 2 in Alberta
  - 1 in B.C.

Of the 17 stores operating as at June 17, 2020, four were opened subsequent to the end of the quarter.

As at June 17, 2020, five full service format stores in Western Canada remain closed pending conversion to the FreshCo discount banner, four of which were closed in the fourth quarter of fiscal 2020.

STORE CLOSURE, CONVERSION AND LABOUR BUYOUT COSTS

In the prior fiscal year, provisions totalling $45.0 million ($0.12 per share after tax) quarter were recognized in the third quarter related to store conversions and labour buyouts. →

In fiscal 2020, $7 million related to store closure and conversion costs, net of reversals, was charged to earnings.

IFRS 16 Update

EMPIRE COMPANY LIMITED
Sobeys inc.

IFRS 16

OVERVIEW

- IFRS 16 intends to align the presentation of leased assets more closely to owned assets.
- Impact of the standard has been reflected in the financial statements for the full fiscal 2020 year.
- This standard will not impact Empire's strategy, business operations, or cash flow generation.
- The adoption of IFRS 16 had a material impact on balance sheet classifications.

INCOME STATEMENT IMPACT

13 Weeks Ended

($ in millions, except per share amounts)	**May. 2, 2020**	May. 4, 2019	Change	Impact of IFRS 16[1]	Change (excl. IFRS 16)
Operating income	**$324.3**	$194.2	$130.1	$47.9	$82.2
Adjusted operating income	**$328.9**	$200.3	$128.6	$47.9	$80.7
EBITDA	**$527.8**	$300.1	$227.7	$141.2	$86.5
Adjusted EBITDA	**$527.8**	$300.1	$227.7	$141.2	$86.5
EBITDA margin	**7.5%**	4.8%	2.7%	2.0%	0.7%
Adjusted EBITDA margin	**7.5%**	4.8%	2.7%	2.0%	0.7%
Finance costs, net	**$69.0**	$21.2	$47.8	$50.2	$(2.4)
Net earnings[2]	**$177.8**	$122.1	$55.7	$(1.6)	$57.3
Adjusted net earnings[2]	**$181.2**	$126.5	$54.7	$(3.2)	$57.9
Adjusted EPS (fully diluted) [2]	**$0.67**	$0.46	$0.21	$(0.01)	$0.22

52 Weeks Ended

($ in millions, except per share amounts)	**May. 2, 2020**	May. 4, 2019	Change	Impact of IFRS 16[1]	Change (excl. IFRS 16)
Operating income	**$1,111.8**	$652.3	$459.5	$181.2	$278.3
Adjusted operating income	**$1,130.1**	$683.6	$446.5	$181.2	$265.3
EBITDA	**$1,892.4**	$1,069.5	$822.9	$531.0	$291.9
Adjusted EBITDA	**$1,892.4**	$1,076.2	$816.2	$531.0	$285.2
EBITDA margin	**7.1%**	4.3%	2.8%	2.0%	0.8%
Adjusted EBITDA margin	**7.1%**	4.3%	2.8%	2.0%	0.8%
Finance costs, net	**$279.1**	$91.6	$187.5	$189.9	$(2.4)
Net earnings[2]	**$583.5**	$387.3	$196.2	$(6.2)	$202.4
Adjusted net earnings[2]	**$596.8**	$410.0	$186.8	$(11.1)	$197.9
Adjusted EPS (fully diluted) [2]	**$2.20**	$1.50	$0.70	$(0.04)	$0.74

BALANCE SHEET IMPACT

Adjustments to opening balances resulting from the initial adoption of IFRS 16:

As at May 2, 2019	($ in millions)
Asset increase (decrease):	
Prepaid expenses	$(43.4)
Current loans and other receivables	53.6
Non-current loans and other receivables	519.0
Other assets	(7.3)
Property and equipment	(22.3)
Right-of-use assets	3,800.7
Intangibles	(126.7)
Deferred tax assets	127.3
Total assets	**$4,300.9**
Liabilities and equity (increase) decrease:	
Current provisions	$7.4
Long-term debt due within one year	6.5
Lease liabilities due within one year	(424.4)
Long-term provisions	23.7
Long-term debt	22.6
Long-term lease liabilities	(4,569.6)
Other long-term liabilities	164.4
Deferred tax liabilities	36.5
Retained earnings	432.0
Total liabilities and equity	**$(4,300.9)**

(1) Reflects the impact of changing accounting standards from IAS 17 to IFRS 16 in the first quarter of fiscal 2020.
(2) Attributable to owners of the Company.

Outlook

The pandemic has impacted how Canadians shop for food. Canadians are shopping less frequently and with larger basket sizes to reduce exposure to COVID-19. With this shift in shopping behavior, many are moving to one-stop-shop grocery stores that meet all their household needs and online grocery.

As Canada and the world adapt and progress in these unprecedented times, it is too early to forecast sales in the medium term. Management continues to anticipate a percentage of the consumption that has shifted from restaurants and hospitality businesses to grocery stores will remain in grocery stores.

In Canada, online grocery sales have more than tripled since before COVID-19.

- Empire's e-commerce businesses in Quebec and B.C. have experienced significant growth and have septupled sales since the crisis began.
- Empire's automated centrally picked grocery e-commerce solution is expected to be favourably impacted by a material increase in online grocery penetration.
  - Voilà, powered by Ocado Group plc's ("Ocado") technology, will launch to customers in June.
  - It is expected that Voilà will have a dilutive impact of approximately $0.05 on adjusted earnings per share for the first quarter of fiscal 2021 as it ramps up its operations.

During the first six weeks of the first quarter of fiscal 2021, Empire's same-store sales growth, excluding fuel, ranged from 9% to 17%, averaging approximately 13%. Growth was slower towards the end of this six-week period.

The temporary Hero Pay program was extended several times and was completed on June 13, 2020. The Company also provided frontline and distribution centre employees with a one-time bonus, equal to two weeks of Hero Pay. Empire estimates the investment in Hero Pay for the first part of the quarter combined with the cost of maintaining sanitization and safety measures will increase selling and administrative expenses by approximately $60 million in the first quarter of fiscal 2021.

Disclaimers

Forward-Looking Information

This presentation contains forward-looking statements which are presented for the purpose of assisting the reader to contextualize the Company's financial position and understand management's expectations regarding the Company's strategic priorities, objectives and plans. These forward-looking statements may not be appropriate for other purposes. Forward-looking statements are identified by words or phrases such as "anticipates", "expects", "believes", "estimates", "intends", "could", "may", "plans", "predicts", "projects", "will", "would", "foresees" and other similar expressions or the negative of these terms.

These forward-looking statements include, but are not limited to, the following items:

- The Company's plans to purchase for cancellation Non-Voting Class A shares under the normal course issuer bid which may be impacted by market and economic conditions, availability of sellers, changes in laws and regulations, and the results of operations;
- The Company's expectation that its cash and cash equivalents on hand, unutilized credit facilities and cash generated from operating activities will enable the Company to fund future capital investments, pension plan contributions, working capital, current funded debt obligations and ongoing business requirements, and its belief that it has sufficient funding in place to meet these requirements and other short and long-term obligations, all of which could be impacted by changes in the economic environment;
- The FreshCo expansion in Western Canada, including the Company's expectations regarding future operating results and profitability, the amount and timing of expenses, and the number, location, feasibility and timing of construction and conversions, all of which may be impacted by COVID-19, construction schedules and permits, the economic environment and labour relations;
- The Company's anticipation that a percentage of food consumption that has shifted from restaurants and hospitality businesses to grocery stores will remain in grocery stores, which may be impacted by the duration of the shutdown due to COVID-19, the severity of the pandemic on people's health across Canada, the ability for restaurants and hospitality businesses to re-open and resume operations, and the demand for restaurants and hospitality services when they resume;
- The Company's expectations regarding the implementation and customer launch of its online grocery home delivery service and that it will have a dilutive impact of $0.05 on adjusted earnings per share in the first quarter of fiscal 2021, which may be impacted by COVID-19, the customer response to the service and the performance of its business partner, Ocado; and
- The Company's expectation that selling and administrative expenses could increase by approximately $60 million in the first quarter of fiscal 2021 due to additional investments and expenses required to respond to COVID-19, which may be impacted by the duration of the shutdown due to COVID-19, the severity of the pandemic on people's health across Canada, and safety precautions required.

By its nature, forward-looking information requires the Company to make assumptions and is subject to inherent risks, uncertainties and other factors which may cause actual results to differ materially from forward-looking statements made. For more information on risks, uncertainties and assumptions that may impact the Company's forward-looking statements, please refer to the Company's materials filed with the Canadian securities regulatory authorities, including the "Risk Management" section of Empire's fiscal 2020 annual MD&A.

Non-GAAP Financial Measures & Financial Metrics

There are measures and metrics included in this earnings call presentation, such as adjusted EBITDA, adjusted earnings per share, same-store sales and free cash flow that do not have a standardized meaning under generally accepted accounting principles ("GAAP") and therefore may not be comparable to similarly titled measures and metrics presented by other publicly traded companies. The Company includes these measures and metrics because it believes certain investors use these measures and metrics as a means of assessing financial performance.

For a more complete description of Empire's non-GAAP measures and metrics, please see Empire's MD&A for the fiscal year ended May 2, 2020.