EMPIRE COMPANY LIMITED

Scotia Bank Back to School Conference
September 15, 2015
Forward-Looking Information

This presentation contains forward-looking statements which reflect management’s expectations regarding the Company’s objectives, plans, goals, strategies, future growth, financial condition, results of operations, cash flows, performance, business prospects and opportunities. All statements other than statements of historical facts included in this presentation, including statements regarding the Company’s objectives, plans, goals, strategies, future growth, financial condition, results of operations, cash flows, performance, business prospects and opportunities, may constitute forward-looking information. Expressions 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, are generally indicative of forward-looking statements. Forward-looking statements contained in this presentation include anticipated results from the Canada Safeway acquisition including: (i) our ability to achieve performance in line with our expectations which may be impacted by the effectiveness of the integration and training efforts; and (ii) the ultimate achievement of synergies, which may be impacted by a number of factors, including the effectiveness of integration efforts.

These statements are based on management’s reasonable assumptions and beliefs in light of the information currently available to them. The forward-looking information contained in this presentation is presented for the purpose of assisting the Company’s security holders in understanding its financial position and results of operations as at and for the periods ended on the dates presented and the Company’s strategic priorities and objectives, and may not be appropriate for other purposes. By its very nature, forward-looking information requires the Company to make assumptions and is subject to inherent risks and uncertainties which give rise to the possibility that the Company’s predictions, forecasts, expectations or conclusions will not prove to be accurate, that the Company’s assumptions may not be correct and that the Company’s objectives, strategic goals and priorities will not be achieved. Although the Company believes that the predictions, forecasts, expectations or conclusions reflected in the forward-looking information are reasonable, it can give no assurance that such matters will prove to have been correct. Such forward-looking information is not fact but only reflects management’s estimates and expectations. These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These factors include but are not limited to: changes in general industry, market and economic conditions, competition from existing and new competitors, energy prices, supply issues, inventory management, changes in demand due to seasonality of the business, interest rates, changes in laws and regulations, operating efficiencies and cost saving initiatives. In addition, these uncertainties and risks are discussed in the Company’s materials filed with the Canadian securities regulatory authorities from time to time, including the Risk Management section of the annual MD&A for the 52 weeks ended May 2, 2015.

Empire cautions that the list of important factors is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information, and are cautioned not to place undue reliance on such forward-looking information. Forward-looking statements may not take into account the effect on the Company’s business of transactions occurring after such statements have been made. For example, dispositions, acquisitions, asset write-downs, or other changes announced or occurring after such statements are made may not be reflected in forward-looking statements. The forward-looking information in this presentation reflects the Company's expectations as at September 9, 2015 and is subject to change after this date. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company other than as required by applicable securities laws.
Empire at a Glance

Fiscal 2006

- Sales ($ in billions): $13.1B
- Adjusted Net Earnings from Continuing Operations ($ in millions): $202.0M
- Book Value ($ per share): $29.77

Fiscal 2015

- Sales ($ in billions): $23.9B
- Adjusted Net Earnings from Continuing Operations ($ in millions): $518.9M
- Book Value ($ per share): $64.81

No. 2

- SECOND LARGEST FOOD RETAILER WITH SALES IN CANADA OF $23.9B & ~1,800 STORES IN 10 PROVINCES

GROWTH

- LEADING POSITION IN CANADA’S FASTEST GROWING MARKET WITH 339 IN-STORE & 79 FREESTANDING PHARMACIES

PHARMACY

- CANADA’S SECOND LARGEST PHARMACY RETAILER WITH 339 IN-STORE & 79 FREESTANDING PHARMACIES

WHOLESALE

- LARGEST WHOLESALER IN CANADA & OUR TWO AUTOMATED DCs POSITION US WELL FOR FUTURE GROWTH

FUEL

- OVER 350 RETAIL FUEL LOCATIONS UNDER FAST FUEL, SAFEWAY GASOLINE, & SHELL BANNERS

REAL ESTATE

- 41.5% EQUITY INTEREST IN CROMBIE REIT & ~40% EQUITY INTEREST IN GENSTAR
Coast to Coast

Pharmacy
- Sobeys
- Safeway
- Lawtons

Food
- Sobeys
- IGA
- Foodland
- FreshCo

Liquor
- Sobeys Liquor
- Safeway Wine & Spirits

Fuel
- FastFuel

389
Corporate: 298
Franchised: 91
12.6 M sq ft

678
Corporate: 179
Franchised: 499
11.2 M sq ft

328
Corporate: 93
Franchised: 235
8.6 M sq ft

429
Corporate: 344
Franchised: 85
5.4 M sq ft
Our Competitive Advantages

**RIGHT FOCUS**
- Health, convenience and value are becoming more important than just price
- Differentiated through *Better Food for All*
- Partnership with Jamie Oliver

**RIGHT STORES**
- Over 750 full service stores
- Stores at high standard owing to consistent reinvestment
- New and expanded/renewed stores yielding high same-store sales growth

**RIGHT MARKETS**
- Leading position in Canada’s fastest growing markets
- One of only two national food retailers
- Strong presence in every region

**IN-STORE EXECUTION**
- Our full service culture is not easily replicated
- Strong corporate culture and highly engaged staff
- Franchisees and affiliates have aligned goals

**LOGISTICS & DISTRIBUTION**
- Two highly scalable, state of the art, fully automated DCs and a third being constructed
- Fully integrated SAP capabilities coast to coast
- Modern, fully integrated POS infrastructure
New Concept Stores

- 23 new Sobeys, Sobeys extra and IGA extra concept stores and counting
- A world of food discovery and innovation
Safeway Integration: Phase I Completed

1st 18 months focused on IT convergence and procurement

IT convergence

✓ Safeway SAP cutover completed
✓ All Safeway DCs converted to the EXE warehouse management system
✓ All 185 Safeway stores and 57 fuel sites converted to Sobeys' technical systems

Procurement

✓ Leveraged increased scale in purchasing volume in both food and generic drugs

Confident we will deliver our $200M synergy target
Q1 F2016 Results

- Sales of $6.25B, up 0.4%
- Same-store sales increased 0.5% or 1.2% excluding the negative impact of oil prices
- Adjusted EBITDA of $325.2M, down 5.1%
- Adjusted net earnings of $121.7M, down 5.7%
- Adjusted EPS (fully diluted) of $1.32, down 5.7%
Issues Being Addressed: Not Structural

- We have underestimated the impact of all the changes we have made to the Safeway business
- We are aggressively tackling the root cause of these challenges
- It will take a few quarters to support our people during the transition and stabilize our Safeway business
A Stronger Platform for Growth

...Continued
Canada's Top 3 Population Growth Drivers

**South Asian** (India, Pakistan, Sri Lanka and Bangladesh)
- 2011: 1.6M
- 2031: 3.7M
- Increase: 131%

**Asian** (China and Philippines)
- 2011: 2.0M
- 2031: 3.8M
- Increase: 90%

**Middle Eastern** (Iran, Lebanon, Afghanistan and Arab)
- 2011: 0.5M
- 2031: 1.0M
- Increase: 200%

Source: Statistics Canada estimates
“The rising power of Asian and South Asian consumers… is likely to spur the growth of large-format ethnic grocery stores, which are increasingly competing for market share with established grocers.”

(CIBC – March 2013)
Asian-focused Discount Food Retailer

- Chalo! is linked to our highly successful FreshCo brand
- Like FreshCo, Chalo! is discount without compromise, but it accommodates the needs of the South Asian community
- Special fresh South Asian offer coupled with Canadian selection at discount prices.
Why Invest in Empire

• New platform for growth with Canada Safeway acquisition
• Commitment to Better Food for All
• Diversified sales, earnings and growth opportunities across Canada
• A track record of delivering earnings and dividend growth
• Strong free cash flow and financial flexibility
• Modern and scalable infrastructure
EMPIRE

COMPANY LIMITED

Thank you