EMPIRE
COMPANY LIMITED

FOR IMMEDIATE RELEASE
June 28, 2018

Empire Company Reports Solid Fiscal 2018 Fourth Quarter and Full Year Earnings

Fourth Quarter Summary

- Earnings per share of $0.26 compared to $0.11 last year
- Adjusted earnings per share of $0.35 compared to $0.18 last year
- Same-store sales excluding fuel consistent with last year
- Project Sunrise transformation on track; first year successfully completed
- Free cash flow of $350.6 million, increased from $170.8 million last year
- Annual dividend per share increased 4.8% to $0.44
- Capital investment program for fiscal 2019 expected to be $425 million

Stellarton, NS – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the fourth quarter and full year ended May 5, 2018. For the quarter, the Company recorded adjusted net earnings, net of non-controlling interest, of $93.0 million ($0.35 per diluted share) compared to $50.2 million ($0.18 per diluted share) last year.

"We are proud of our achievements this year," said Michael Medline, President and CEO. "We have restructured our company, taken out significant costs and stabilized our margins. This has generated an improvement in adjusted earnings of 80% and an increase in free cash flow of 27%. Going forward, our principal mission will be to grow sales and take back market share. This is not a simple task, but we now have the strategy, tactical game plan and team to get it done."

In the fourth quarter of fiscal 2017, the Company launched Project Sunrise, a comprehensive three year transformation intended to simplify the organizational structure and reduce costs. The transformation is expected to result in at least $500 million in annualized cost savings by the end of fiscal 2020. The transformation is on track after the first year and benefits continue to be in-line with management's expectations.

In fiscal 2018, benefits realized by the Company from the transformation initiative, were comprised of organizational design cost reductions, improvements in store operations and cost reductions from strategic sourcing. The in-year benefit was approximately 20% of the total target, the majority of which was achieved in the second half of the year.

For fiscal 2019, management expects that benefits will be derived from the annualized effect of initiatives during fiscal 2018, plus other operational initiatives. Management estimates up to a further 30% of the Company's target can be achieved during the year. The majority of the incremental benefit would accrue to the Company in the second half of fiscal 2019.

Dividend Declaration

The Company declared a 4.8% increase in Empire's dividend per share. The increased quarterly dividend, will result in the annual dividend increasing from $0.42 to $0.44 per share. Pursuant to this, the Board of Directors declared a quarterly dividend of $0.11 per share on both the Non-Voting Class A shares and the Class B common shares that will be payable on July 31, 2018 to shareholders of record on July 13, 2018. These dividends are eligible dividends as defined for the purposes of the Income Tax Act (Canada) and applicable provincial legislation.

OPERATING RESULTS

($ in millions, except per share amounts)	13 Weeks Ended May 5, 2018	13 Weeks Ended May 6, 2017	13 Weeks Ended $ Change	52 Weeks Ended May 5, 2018	52 Weeks Ended May 6, 2017	52 Weeks Ended $ Change
Sales	**$ 5,886.1**	$ 5,798.9	$ 87.2	**$ 24,214.6**	$ 23,806.2	$ 408.4
Gross profit[1]	**1,451.3**	1,420.9	30.4	**5,900.5**	5,707.2	193.3
Operating income	**110.6**	61.4	49.2	**346.5**	333.0	13.5
Adjusted operating income[1]	**139.7**	90.1	49.6	**601.7**	378.5	223.2
EBITDA[1]	**217.8**	171.7	46.1	**785.7**	777.2	8.5
Adjusted EBITDA[1]	**240.4**	193.9	46.5	**1,014.7**	796.9	217.8
Net earnings[2]	**71.0**	29.5	41.5	**159.5**	158.5	1.0
Adjusted net earnings[1][2]	**93.0**	50.2	42.8	**344.3**	191.3	153.0
Diluted earnings per share						
EPS[2][3]	**$ 0.26**	$ 0.11	$ 0.15	**$ 0.59**	$ 0.58	$ 0.01
Adjusted EPS[1][2][3]	**$ 0.35**	$ 0.18	$ 0.17	**$ 1.27**	$ 0.70	$ 0.57
Diluted weighted average number of shares outstanding (in millions)	**272.2**	271.7		**272.1**	272.0	

	13 Weeks Ended May 5, 2018	13 Weeks Ended May 6, 2017	52 Weeks Ended May 5, 2018	52 Weeks Ended May 6, 2017
Same-store sales[1] growth (decline)	**0.5%**	(1.1)%	**0.8%**	(2.1)%
Same-store sales growth (decline), excluding fuel	**0.0%**	(1.6)%	**0.5%**	(2.2)%
Gross margin[1][4]	**24.7%**	24.5%	**24.4%**	24.0%
EBITDA margin[1][4]	**3.7%**	3.0%	**3.2%**	3.3%
Adjusted EBITDA margin[1][4]	**4.1%**	3.3%	**4.2%**	3.3%
Effective income tax rate	**13.7%**	4.2%	**23.8%**	19.8%

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.
(2) Net of non-controlling interest.
(3) Earnings per share ("EPS").
(4) Consolidated operating results as a percentage of sales.

Sales

Sales increased by 1.5% for the 13 weeks ended May 5, 2018. Food inflation was positive which contributed to the increase in sales, although same-store sales were consistent with last year. Sales were affected by an aggressive industry promotional environment and the effect of winding down ten underperforming stores in British Columbia. These stores are scheduled to close in the first quarter of fiscal 2019. Excluding related businesses, same-store sales for food increased and estimated food tonnage sold was consistent with last year.

Sales increased by 1.7% for the 52 weeks ended May 5, 2018, as same-store sales were higher in most areas of the country, driven by more disciplined pricing strategies compared to significant deflationary pricing strategies in the prior year. Food inflation was positive, contributing to the increase in sales.

Gross Profit

Gross profit increased by 2.1% and 3.4% for the 13 and 52 weeks ended May 5, 2018, respectively, compared to last year due to increases in sales and stable margins as management focused on improved store execution and promotional strategies. Management continues to focus on stabilizing and improving margin rates.

Operating Income

For the 13 and 52 weeks ended May 5, 2018, operating income increased mainly as a result of improvements in sales and margins, benefits related to Project Sunrise and other cost efficiencies, and a gain on the sale of assets to Crombie Real Estate Investment Trust ("Crombie REIT"). These results were partially offset by expenses related to Project Sunrise and increases in incentive compensation accruals due to improved performance. Adjusted operating income increased 55% over the fourth quarter last year and 59% over fiscal 2017.

	13 Weeks Ended		52 Weeks Ended	
($ in millions)	**May 5, 2018**	May 6, 2017	**May 5, 2018**	May 6, 2017
Operating income	**$ 110.6**	$ 61.4	**$ 346.5**	$ 333.0
Adjustments:				
Cost related to Project Sunrise	**22.3**	15.8	**207.8**	15.8
Intangible amortization associated with the Canada Safeway acquisition	**6.5**	6.5	**26.2**	25.8
West business unit store closures	**0.3**	-	**21.2**	-
Distribution centre restructuring	**-**	4.3	**-**	9.6
Gain on disposal of manufacturing facilities	**-**	-	**-**	(7.5)
Network rationalization (reversals)	**-**	3.0	**-**	(1.6)
Historical organizational realignment (reversals) costs	**-**	(0.9)	**-**	3.4
	29.1	28.7	**255.2**	45.5
Adjusted operating income	**$ 139.7**	$ 90.1	**$ 601.7**	$ 378.5

EBITDA

EBITDA and adjusted EBITDA increased in the 13 and 52 weeks ended May 5, 2018 as a result of improvements in sales, benefits related to Project Sunrise and the gain on sale of assets to Crombie REIT. Adjusted EBITDA margin increased 80 basis points in the quarter and 90 basis points over prior year as a result of efficiencies realized from Project Sunrise and improved gross margins.

	13 Weeks Ended		52 Weeks Ended	
($ in millions)	**May 5, 2018**	May 6, 2017	**May 5, 2018**	May 6, 2017
EBITDA	**$ 217.8**	$ 171.7	**$ 785.7**	$ 777.2
Adjustments:				
Cost related to Project Sunrise	**22.3**	15.8	**207.8**	15.8
West business unit store closures	**0.3**	-	**21.2**	-
Gain on disposal of manufacturing facilities	**-**	-	**-**	(7.5)
Distribution centre restructuring	**-**	4.3	**-**	9.6
Network rationalization (reversals)	**-**	3.0	**-**	(1.6)
Historical organizational realignment (reversals) costs	**-**	(0.9)	**-**	3.4
	22.6	22.2	**229.0**	19.7
Adjusted EBITDA	**$ 240.4**	$ 193.9	**$ 1,014.7**	$ 796.9

Income Taxes

The effective income tax rate for the 13 weeks ended May 5, 2018 was 13.7% compared to 4.2% in the same quarter last year. The effective tax rate is affected by several items, including an internal reorganization that the Company completed during the quarter to simplify its corporate structure, resulting in a positive adjustment to deferred tax balances. Lower taxes on gains on the sale of retail properties also reduced the effective tax rate.

The effective income tax rate for the 52 weeks ended May 5, 2018 increased to 23.8% compared to 19.8% for the 52 weeks ended May 6, 2017.

Net Earnings

($ in millions, except per share amounts)	13 Weeks Ended May 5, 2018	13 Weeks Ended May 6, 2017	52 Weeks Ended May 5, 2018	52 Weeks Ended May 6, 2017
Net earnings[1]	**$ 71.0**	$ 29.5	**$ 159.5**	$ 158.5
EPS (fully diluted)	**$ 0.26**	$ 0.11	**$ 0.59**	$ 0.58
Adjustments (net of income taxes):				
Cost related to Project Sunrise	**17.0**	11.3	**150.1**	11.3
Intangible amortization associated with the Canada Safeway acquisition	**4.8**	4.7	**19.2**	18.8
West business unit store closures	**0.2**	-	**15.5**	-
Gain on disposal of manufacturing facilities	**-**	-	**-**	(5.5)
Distribution centre restructuring	**-**	3.1	**-**	6.9
Network rationalization (reversals)	**-**	2.2	**-**	(1.2)
Historical organizational realignment (reversals) costs	**-**	(0.6)	**-**	2.5
	22.0	20.7	**184.8**	32.8
Adjusted net earnings[1]	**$ 93.0**	$ 50.2	**$ 344.3**	$ 191.3
Adjusted EPS (fully diluted)	**$ 0.35**	$ 0.18	**$ 1.27**	$ 0.70
Diluted weighted average number of shares outstanding (in millions)	**272.2**	271.7	**272.1**	272.0

(1) Net of non-controlling interest.

Free Cash Flow

($ in millions)	13 Weeks Ended May 5, 2018	13 Weeks Ended May 6, 2017	52 Weeks Ended May 5, 2018	52 Weeks Ended May 6, 2017
Cash flows from operating activities	**$ 313.5**	$ 225.8	**$ 879.7**	$ 708.5
Add: proceeds on disposal of property, equipment and investment property	**113.2**	36.8	**217.2**	425.7
Less: property, equipment and investment property purchases	**(76.1)**	(91.8)	**(239.8)**	(460.7)
Free cash flow	**$ 350.6**	$ 170.8	**$ 857.1**	$ 673.5

Free cash flow[1] increased for the 13 weeks ended May 5, 2018 compared to last year primarily due to improved operating earnings and an increase in proceeds on the sale of properties. During the fourth quarter, Sobeys entered into an agreement with Crombie REIT to sell a portfolio of 11 properties, nine of which were leased back.

Free cash flow increased for the 52 weeks ended May 5, 2018 compared to the 52 weeks ended May 6, 2017 due to lower levels of capital investments and improved operating activities. This was partially offset by lower proceeds received from the disposition of real estate assets for the full year.

1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

FINANCIAL PERFORMANCE BY SEGMENT

The Company operates and reports on two business segments:

1) **Food retailing**, which consists of wholly-owned subsidiary Sobeys Inc. ("Sobeys"); and

2) **Investments and other operations**, including investments in Crombie REIT (41.5 percent equity accounted interest; 40.3 percent fully diluted) and interests in Genstar.

Food Retailing

($ in millions)	13 Weeks Ended May 5, 2018	13 Weeks Ended May 6, 2017	$ Change	52 Weeks Ended May 5, 2018	52 Weeks Ended May 6, 2017	$ Change
Sales	**$ 5,886.1**	$ 5,798.9	$ 87.2	**$ 24,214.6**	$ 23,806.2	$ 408.4
Gross profit	**1,451.3**	1,420.9	30.4	**5,900.5**	5,707.2	193.3
Operating income	**95.2**	52.5	42.7	**273.6**	259.3	14.3
Adjusted operating income	**124.3**	81.2	43.1	**528.8**	304.8	224.0
EBITDA	**202.4**	162.8	39.6	**712.5**	703.2	9.3
Adjusted EBITDA	**225.0**	185.0	40.0	**941.5**	722.9	218.6
Net earnings(1)	**59.9**	23.6	36.3	**116.5**	112.7	3.8
Adjusted net earnings(1)	**81.9**	44.3	37.6	**301.3**	145.5	155.8

(1) Net of non-controlling interest.

Investments and Other Operations

($ in millions)	13 Weeks Ended May 5, 2018	13 Weeks Ended May 6, 2017	$ Change	52 Weeks Ended May 5, 2018	52 Weeks Ended May 6, 2017	$ Change
Operating income						
Crombie REIT	**$ 10.8**	$ 7.7	$ 3.1	**$ 39.5**	$ 41.5	$ (2.0)
Real estate partnerships	**3.3**	4.9	(1.6)	**33.9**	35.1	(1.2)
Other operations, net of corporate expenses	**1.3**	(3.7)	5.0	**(0.5)**	(2.9)	2.4
	$ 15.4	$ 8.9	$ 6.5	**$ 72.9**	$ 73.7	$ (0.8)

Operating Income

For the 13 weeks ended May 5, 2018, operating income from the Investments and other operations segment increased primarily as a result of improved earnings from Crombie REIT and other operations. The increase in income from other operations can be attributed primarily to losses incurred in the prior year including a dilution loss and a loss on disposal of property.

For the 52 weeks ended May 5, 2018, operating income remained consistent as a result of stable equity earnings from Crombie REIT and the Real estate partnerships.

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)	**May 5, 2018**	May 6, 2017	May 7, 2016(1)(2)
Shareholders' equity, net of non-controlling interest	**$ 3,702.8**	$ 3,644.2	$ 3,623.9
Book value per common share(3)	**$ 13.62**	$ 13.40	$ 13.23
Long-term debt, including current portion	**$ 1,666.9**	$ 1,870.8	$ 2,367.4
Funded debt to total capital	**31.0%**	33.9%	39.5%
Net funded debt to net total capital(3)	**21.9%**	31.3%	36.7%
Funded debt to adjusted EBITDA	**1.6x**	2.3x	2.0x
Adjusted EBITDA to interest expense(3)	**10.5x**	7.7x	10.2x
Current assets to current liabilities	**0.8x**	0.9x	1.0x
Total assets	**$ 8,662.0**	$ 8,695.5	$ 9,138.5
Total non-current financial liabilities	**$ 1,929.9**	$ 2,502.1	$ 2,735.9

(1) Amounts have been reclassified to correspond to the current period presentation on the consolidated balance sheets.
(2) Amounts have been restated. See "Changes to Accounting Policies Adopted During Fiscal 2017" section of the fiscal 2017 annual Management's Discussion and Analysis ("MD&A") for further detail.
(3) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

OTHER SIGNIFICANT ITEMS

Minimum Wage Increases

The Company expects to incur increased labour costs as a result of minimum wage increases in Ontario and Alberta and other effects associated with the Fair Workplaces, Better Jobs Act, 2017 ("Bill 148") that was passed into law in Ontario on November 27, 2017. Management was successful in mitigating the financial impact of these increased labour costs in fiscal 2018 and continues to develop further plans to mitigate the full year impacts for fiscal 2019 onward. However, there is some risk that the Company may not be able to fully offset the effects on earnings considering the short transition period of the cost increases. The Company estimates the unmitigated financial impact of the minimum wage increases, and other impacts including wage parity could be up to $90 million in fiscal 2019.

Commercial Bread Investigation

The Canadian Competition Bureau is currently investigating the practices of certain suppliers and retailers, including the Company, with regard to the supply and sale of commercial bread in Canada beginning in 2001. The Company is fully cooperating with the Competition Bureau. Based on the information available to date, the Company does not believe that it or any of its employees have violated the Competition Act.

Class action lawsuits have been filed against the Company, the suppliers and other retailers regarding the allegations.

While both the Competition Bureau investigation and the class action lawsuits are in the early stages, at this time the Company does not believe that they will have a material adverse effect on the Company's business or financial condition.

Healthcare Reform

On January 29, 2018, additional healthcare reform was introduced by the pan-Canadian Pharmaceutical Alliance with the Canadian Generic Pharmaceutical Association that came into effect on April 1, 2018. This resulted in the price reduction of almost 70 high volume generic drugs. The Company estimates that the effect, prior to any mitigation, of these changes may be to reduce annual income before taxes by up to $40 million.

FORWARD-LOOKING INFORMATION

This document 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 expectations regarding the impact of Project Sunrise, including expected cost savings and efficiencies resulting from this transformation initiative, and the expected timing of the realization of fiscal 2019 in-year incremental benefits, which could be impacted by several factors, including the time required by the Company to complete the project as well as the factors identified under the heading "Risk Management" in the fiscal 2018 annual MD&A;

- The Company's expectations regarding the impact of minimum wage increases in Ontario and Alberta, other incremental impacts of Bill 148 and the Company's ability to mitigate the financial impact of these increases which may be impacted by factors previously described under the heading "Minimum Wage Increases"; and

- The Company's expectations regarding the impact of healthcare reform that came into effect on April 1, 2018 which may be impacted by factors previously described under the heading "Healthcare Reform" and further described in the fiscal 2018 annual MD&A under the heading "Risk Management – Drug Regulation, Legislation and Healthcare Reform".

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 the fiscal 2018 annual MD&A.

Although the Company believes the predictions, forecasts, expectations or conclusions reflected in the forward-looking information are reasonable, it can provide no assurance that such matters will prove correct. 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. The forward-looking information in this document reflects the Company's current expectations and is subject to change. The Company does not undertake to update any forward-looking statements that may be made by or on behalf of the Company other than as required by applicable securities laws.

NON-GAAP FINANCIAL MEASURES & FINANCIAL METRICS

There are measures and metrics included in this news release 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.

Empire's definition of the non-GAAP terms are as follows:

- Same-store sales are sales from stores in the same location in both reporting periods.
- Adjusted net earnings are net earnings, net of non-controlling interest, excluding certain items to better analyze trends in performance and financial results. These adjustments result in a truer economic representation of the underlying business on a comparative basis. The Company no longer adjusts for items that are insignificant to current period results or the comparative period.

- Adjusted EPS (fully diluted) is calculated as adjusted net earnings divided by diluted weighted average number of shares outstanding.
- Free cash flow is calculated as cash flows from operating activities, plus proceeds on disposal of property, equipment and investment property, less property, equipment and investment property purchases.
- Gross profit is calculated as sales less cost of sales.
- Gross margin is gross profit divided by sales.
- Adjusted operating income is operating income excluding certain items to better analyze trends in performance. These adjustments result in a truer economic representation on a comparative basis. The Company no longer adjusts for items that are insignificant to current period results or the comparative period.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA") is calculated as net earnings before finance costs (net of finance income), income tax expense, and depreciation and amortization of intangibles.
- EBITDA margin is EBITDA divided by sales.
- Adjusted EBITDA is EBITDA excluding certain items to better analyze trends in performance. These adjustments result in a truer economic representation on a comparative basis. The Company no longer adjusts for items that are insignificant to current period results or the comparative period.
- Adjusted EBITDA margin is adjusted EBITDA divided by sales.
- Book value per common share is shareholders' equity, net of non-controlling interest, divided by total common shares outstanding.
- Funded debt is all interest bearing debt, which includes bank loans, bankers' acceptances and long-term debt.
- Total capital is calculated as funded debt plus shareholders' equity, net of non-controlling interest.
- Funded debt to total capital ratio is funded debt divided by total capital.
- Net funded debt is calculated as funded debt less cash and cash equivalents.
- Net total capital is total capital less cash and cash equivalents.
- Net funded debt to net total capital ratio is net funded debt divided by net total capital.
- Funded debt to adjusted EBITDA ratio is funded debt divided by trailing four-quarter adjusted EBITDA.
- Interest expense is calculated as interest expense on financial liabilities measured at amortized cost plus losses on cash flow hedges reclassified from other comprehensive income or loss.
- Adjusted EBITDA to interest expense ratio is trailing four-quarter adjusted EBITDA divided by trailing four-quarter interest expense.

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 5, 2018.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Thursday, June 28, 2018 beginning at 12:00 p.m. (Eastern Daylight Time) during which senior management will discuss the Company's financial results for the fourth quarter of fiscal 2018. To join this conference call, dial (888) 390-0546 outside the Toronto area or (416) 764-8688 from within the Toronto area. To secure a line, please call 10 minutes prior to the conference call; you will be placed on hold until the conference call begins. The media and investing public may access this conference call via a listen mode only. You may also listen to a live audiocast of the conference call by visiting the Company's website located at www.empireco.ca.

Replay will be available by dialing (888) 390-0541 and entering access code 289585 until midnight July 12, 2018, or on the Company's website for 90 days following the conference call.

SELECTED FINANCIAL INFORMATION

The following unaudited quarterly and audited annual financial information has been prepared on a basis consistent with our audited consolidated financial statements for the year ended May 5, 2018. The information does not include all disclosures required by IFRS and should be read in conjunction with the Company's 2018 audited consolidated financial statements available at www.sedar.com or by accessing the Investor Centre section of the Company's website at www.empireco.ca.

Empire Company Limited
Consolidated Balance Sheets
As At
(in millions of Canadian dollars)

	May 5 2018	May 6 2017
ASSETS		
Current		
Cash and cash equivalents	**$ 627.9**	$ 207.3
Receivables	**433.2**	413.6
Inventories	**1,251.6**	1,322.2
Prepaid expenses	**126.8**	117.5
Loans and other receivables	**20.9**	25.5
Income taxes receivable	**15.2**	31.9
Assets held for sale	**20.4**	48.5
	2,496.0	2,166.5
Loans and other receivables	**80.6**	82.1
Investments	**-**	25.1
Investments, at equity	**571.8**	648.4
Other assets	**34.1**	43.3
Property and equipment	**2,787.3**	3,033.3
Investment property	**93.9**	103.0
Intangibles	**842.0**	880.5
Goodwill	**1,001.9**	1,003.4
Deferred tax assets	**754.4**	709.9
	$ 8,662.0	$ 8,695.5
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 2,253.8**	$ 2,230.2
Income taxes payable	**53.5**	38.4
Provisions	**127.6**	88.1
Long-term debt due within one year	**527.4**	134.0
	2,962.3	2,490.7
Provisions	**129.3**	105.8
Long-term debt	**1,139.5**	1,736.8
Other long-term liabilities	**158.6**	141.7
Employee future benefits	**361.2**	374.0
Deferred tax liabilities	**141.3**	143.8
	4,892.2	4,992.8
SHAREHOLDERS' EQUITY		
Capital stock	**2,039.5**	2,034.4
Contributed surplus	**22.9**	25.3
Retained earnings	**1,627.9**	1,572.8
Accumulated other comprehensive income	**12.5**	11.7
	3,702.8	3,644.2
Non-controlling interest	**67.0**	58.5
	3,769.8	3,702.7
	$ 8,662.0	$ 8,695.5

Empire Company Limited
Consolidated Statements of Earnings
(in millions of Canadian dollars, except share and per share amounts)

	Unaudited *13 Weeks Ended*		*52 Weeks Ended*	
	May 5 2018	**May 6 2017**	**May 5 2018**	**May 6 2017**
Sales	**$ 5,886.1**	$ 5,798.9	**$ 24,214.6**	$ 23,806.2
Other income	**22.6**	6.2	**61.2**	48.2
Share of earnings from investments, at equity	**14.4**	12.9	**74.3**	77.5
Operating expenses				
Cost of sales	**4,434.8**	4,378.0	**18,314.1**	18,099.0
Selling and administrative expenses	**1,377.7**	1,378.6	**5,689.5**	5,499.9
Operating income	**110.6**	61.4	**346.5**	333.0
Finance costs, net	**25.4**	27.7	**110.5**	118.0
Earnings before income taxes	**85.2**	33.7	**236.0**	215.0
Income tax expense	**11.7**	1.4	**56.2**	42.5
Net earnings	**$ 73.5**	$ 32.3	**$ 179.8**	$ 172.5
Earnings for the period attributable to:				
Non-controlling interest	**$ 2.5**	$ 2.8	**$ 20.3**	$ 14.0
Owners of the Company	**71.0**	29.5	**159.5**	158.5
	$ 73.5	$ 32.3	**$ 179.8**	$ 172.5
Earnings per share				
Basic	**$ 0.26**	$ 0.11	**$ 0.59**	$ 0.58
Diluted	**$ 0.26**	$ 0.11	**$ 0.59**	$ 0.58
Weighted average number of common shares outstanding, in millions				
Basic	**271.8**	271.7	**271.8**	271.9
Diluted	**272.2**	271.7	**272.1**	272.0

Empire Company Limited **Consolidated Statements of Cash Flows** **(in millions of Canadian dollars)**	*Unaudited* *13 Weeks Ended* **May 5 2018**	 **May 6 2017**	*52 Weeks Ended* **May 5 2018**	 **May 6 2017**
Operations				
Net earnings	**$ 73.5**	$ 32.3	**$ 179.8**	$ 172.5
Adjustments for:				
Depreciation	**85.6**	88.6	**351.8**	355.5
Income tax expense	**11.7**	1.4	**56.2**	42.5
Finance costs, net	**25.4**	27.7	**110.5**	118.0
Amortization of intangibles	**21.6**	21.7	**87.4**	88.7
Net gain on disposal of assets	**(17.5)**	(0.3)	**(37.3)**	(21.3)
Impairment of non-financial assets, net	**2.0**	11.0	**9.2**	27.5
Amortization of deferred items	**1.1**	3.3	**7.2**	12.8
Equity in earnings of other entities, net of distributions received	**21.7**	2.5	**69.1**	19.9
Employee future benefits	**1.6**	1.0	**1.5**	8.5
Increase in long-term lease obligation	**1.2**	2.2	**11.2**	13.9
(Decrease) increase in long-term provisions	**(7.0)**	(3.0)	**15.8**	(35.4)
Equity based compensation, net	**1.7**	1.7	**6.9**	3.3
Net change in non-cash working capital	**112.5**	58.0	**88.1**	0.5
Income taxes paid, net	**(21.6)**	(22.3)	**(77.7)**	(98.4)
Cash flows from operating activities	**313.5**	225.8	**879.7**	708.5
Investment				
Increase in investments	**-**	(0.4)	**-**	(0.4)
Property, equipment and investment property purchases	**(76.1)**	(91.8)	**(239.8)**	(460.7)
Proceeds on disposal of assets	**113.2**	36.8	**217.2**	425.7
Additions to intangibles	**(7.9)**	(20.1)	**(48.2)**	(53.8)
Loans and other receivables	**(0.4)**	(1.5)	**6.1**	12.3
Tenant inducements	**-**	-	**-**	58.8
Other assets and other long-term liabilities	**3.7**	3.3	**2.9**	2.7
Business acquisitions	**(0.6)**	(0.2)	**(3.8)**	(21.9)
Interest received	**1.2**	0.6	**1.9**	1.6
Proceeds on redemption of investment	**-**	-	**24.3**	-
Cash flows from (used in) investing activities	**33.1**	(73.3)	**(39.4)**	(35.7)
Financing				
Issue of long-term debt	**8.4**	12.7	**63.7**	55.6
Repayment of long-term debt	**(111.2)**	(28.4)	**(188.2)**	(397.2)
Net repayment of credit facilities	**(9.1)**	(72.0)	**(81.9)**	(165.0)
Interest paid	**(35.4)**	(32.1)	**(87.4)**	(87.0)
Acquisition of shares held in trust	**(0.1)**	(0.1)	**(0.1)**	(10.7)
Dividends paid, common shares	**(28.5)**	(27.8)	**(114.0)**	(111.3)
Non-controlling interest	**(0.9)**	(0.8)	**(11.8)**	(14.6)
Cash flows used in financing activities	**(176.8)**	(148.5)	**(419.7)**	(730.2)
Increase (decrease) in cash and cash equivalents	**169.8**	4.0	**420.6**	(57.4)
Cash and cash equivalents, beginning of period	**458.1**	203.3	**207.3**	264.7
Cash and cash equivalents, end of period	**$ 627.9**	$ 207.3	**$ 627.9**	$ 207.3

2018 ANNUAL REPORT

The Company's audited consolidated financial statements and the notes thereto for the fiscal year ended May 5, 2018 and MD&A for the fiscal year ended May 5, 2018, which includes discussion and analysis of results of operations, financial position and cash flows will be available today, June 28, 2018. These documents can be accessed through the Investor Centre section of the Company's website at www.empireco.ca and also at www.sedar.com.

The Company's 2018 Annual Report will be available on or about July 27, 2018 and can be accessed through the Investor Centre section of the Company's website at www.empireco.ca and also at www.sedar.com.

ABOUT EMPIRE

Empire Company Limited (TSX: EMP.A) is a Canadian company headquartered in Stellarton, Nova Scotia. Empire's key businesses are food retailing and related real estate. With approximately $24.2 billion in annualized sales and $8.7 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 120,000 people.

Additional financial information relating to Empire, including the Company's Annual Information Form, can be found on the Company's website at www.empireco.ca or on SEDAR at www.sedar.com.

For further information, please contact:

Media Contact
Cynthia Thompson
Vice President,
Communications & Corporate Affairs
Sobeys Inc.
(902) 752-8371 ext. 8455

Investor Contact
Katie Brine, CPA, CA, CBV
Director, Investor Relations
Sobeys Inc.
(905) 238-7124 ext. 2092