Disclaimers

Forward-Looking Information
This document contains forward-looking statements which are presented for the purpose of assisting the reader to contextualize the Empire Company Limited’s (“Empire” or the “Company”) 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 “estimates”, “plans”, “predicts”, “anticipates” 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 Empire’s fiscal 2018 annual Management’s Discussion and Analysis (“MD&A”); and

• The Company’s expectations regarding its existing discount model and its plans to expand its discount model to Western Canada, which may be impacted by union negotiations, the current economic environment and future operating results.

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 2018 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, free cash flow, funded debt and total capital 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 complete description of Empire’s non-GAAP financial measures and financial metrics, please see Empire’s MD&A for the first quarter ended August 4, 2018.
Executive Team

Michael Medline
President &
Chief Executive Officer

Lyne Castonguay
Executive Vice President, Store Experience

Pierre St-Laurent
Executive Vice President, Merchandising & Quebec

Vivek Sood
Executive Vice President, Related Businesses

Mike Venton
General Manager, Discount Format

Sarah Joyce
Senior Vice President, Ecommerce

Mike Vels
Executive Vice President & Chief Financial Officer

Simon Gagné
Executive Vice President, Human Resources

Clinton Keay
Executive Vice President, Technology & TMO

Doug Nathanson
Senior Vice President, General Counsel & Corporate Secretary

Vittoria Varalli
Chief of Staff, Office of the CEO
Empire Company Limited – Who are we?

- Canadian company headquartered in Stellarton, Nova Scotia.
- Key businesses include food retailing and related real estate through wholly owned subsidiary Sobeys Inc. and a 41.5% equity accounted interest in Crombie REIT.
- Sobeys is one of only two national grocery retailers in Canada, serving the food shopping needs of Canadians under retail banners that include Sobeys, Safeway, IGA, Foodland, FreshCo, Price Chopper, Thrifty Foods and Lawtons Drugs.

In addition to food retail we are:

- **Pharmacy** retailers with in-store pharmacy banners and free-standing locations through Lawton’s Drug Stores;
- **Wholesalers** with distribution to our corporate and franchised stores along with over 8,000 retail stores and independent wholesale accounts; and
- Owner and operator of **fuel and convenience stores, and liquor** operations.

### Quick Facts – Empire*

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share price (CAN$)**</td>
<td>$23.38</td>
</tr>
<tr>
<td>52-Week High **</td>
<td>$27.08</td>
</tr>
<tr>
<td>52-Week Low **</td>
<td>$21.50</td>
</tr>
<tr>
<td>Average daily trading volume**</td>
<td>440,630</td>
</tr>
<tr>
<td>Shares outstanding (diluted)</td>
<td>272.3M</td>
</tr>
<tr>
<td>Quarterly dividend</td>
<td>$0.11</td>
</tr>
<tr>
<td>Number of Stores***</td>
<td>1,500</td>
</tr>
<tr>
<td>Number of Retail fuel locations</td>
<td>350</td>
</tr>
<tr>
<td>Employees</td>
<td>~120,000</td>
</tr>
<tr>
<td>Total Square footage</td>
<td>39.3 M</td>
</tr>
<tr>
<td>Communities served</td>
<td>900</td>
</tr>
</tbody>
</table>

*As at Q1, Fiscal 2019 (August 4, 2018) unless noted otherwise  
**As of September 14, 2018  
*** See [http://corporate.sobeys.com/at-a-glance/](http://corporate.sobeys.com/at-a-glance/) for details of stores per banner, and location
Key Achievements – Last twelve months

September
• Announced first quarter results; achieved positive same-store sales for the first time in six quarters

December
• Announced expansion of Ontario Discount format banner, FreshCo, to Western Canada in fiscal 2019
• Announced Phase 1 of Project Sunrise completed

January
• Finalized partnership with Ocado to bring the world’s most innovative online grocery platform to Canada
• Announced closure of 10 under-performing Safeway stores in British Columbia, with the possibility of 5 reopening under FreshCo, the discount banner

March
• Reached mutually beneficial labour agreements with Manitoba and Saskatchewan

June
• Announced key leadership appointments – boosting focus on Store Operations, Merchandising, E-commerce and Discount
• Announced fourth quarter and year end results reflecting:
  • Successful completion of the first year of Project Sunrise;
  • 4.8% increase in annual dividend; and
  • Capital investment program for fiscal 2019 expected to be $425 million.

July
• Acquired 51% of South Asian grocer, Kim Phat; 3 locations in Montreal. This will expand the Company’s ethnic food expertise and enhance Asian products available at IGA.
• Announced first two western FreshCo stores to open in Winnipeg, in the spring of 2019

September
• Announced first quarter results reflecting highest tonnage increase in six years
• Same store sales excluding fuel increased 1.3%, excluding fuel & pharmacy increased 1.8%
Strategic Focus

Reset our Foundation
Successful completion of Sunrise by end of fiscal 2020.

Bolster our Brand
Strengthen the emotional connection to our banner brands.

Win in our Stores
Improve service and offering in our conventional stores.

Enhance Discount
Expand discount to Western Canada and refine our FreshCo model.

Win E-commerce
Launch home delivery through Ocado partnership.
Project Sunrise Update

In the fourth quarter of fiscal 2017, the Company launched Project Sunrise, a comprehensive, three-year transformation intended to simplify organizational structures and reduce costs. The transformation is expected to result in at least $500 million in annualized cost savings by the end of fiscal 2020 and will be achieved through three phases:

1) Organizational realignment – from a regional to a national structure, is complete.

2) Operational efficiencies – store operations, labour standards and other operational process initiatives are progressing well, with increased ramp up between now and fiscal 2020.

3) Cost of goods sold – harmonization of costs with suppliers; more competitive net acquisition costs expected.

The first year of Project Sunrise is complete and the in-year benefit was approximately 20% of the total target – in-line with management’s expectations. The majority of the benefits were achieved in the second half of the year. Benefits were comprised of organizational design cost reductions, improvements in store operations and cost reductions from strategic sourcing.

For fiscal 2019 – 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 the year.
With more than 15 years at the forefront of innovation and success in grocery ecommerce, Ocado will partner exclusively in Canada with Sobeys on our end-to-end e-commerce solution.

Key facts:
- Canadian online grocery market is growing 30%+ per year
- Greater Toronto Area (“GTA”) Customer Fulfilment Centre (“CFC”) complete in 2 years
- Shipping to customer homes in Spring 2020

Ocado by the numbers*:
- 99% order accuracy
- 95% delivery punctuality
- 0.7% product waste
- 260,000 orders a week (average)
- 600,000 happy customers

*Per https://ocadosolutions.com

This is a link to a video showing the recently constructed Ocado Andover facility. https://youtu.be/EeMTZd68fOU
# Financial Results – Annual

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$24,214.6</td>
<td>$23,806.2</td>
<td>$24,618.8</td>
</tr>
<tr>
<td>Same store sales growth (decline), excluding fuel</td>
<td>0.5%</td>
<td>(2.2)%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Inflation at quarter end – internal</td>
<td>0.8%</td>
<td>(1.9)%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$5,900.5</td>
<td>$5,707.2</td>
<td>$5,957.6</td>
</tr>
<tr>
<td>Gross margin</td>
<td>24.4%</td>
<td>24.0%</td>
<td>24.2%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$1,014.7</td>
<td>$796.9</td>
<td>$1,161.4</td>
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<tr>
<td>Adjusted EBITDA margin</td>
<td>4.2%</td>
<td>3.3%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Adjusted earnings per share</td>
<td>$1.27</td>
<td>$0.70</td>
<td>$1.50</td>
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<tr>
<td>Free cash flow</td>
<td>$857.1</td>
<td>$673.5</td>
<td>$422.8</td>
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<tr>
<td>Capital expenditures</td>
<td>$288.0</td>
<td>$514.5</td>
<td>$672.0</td>
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<tr>
<td>Dividends per share</td>
<td>$0.42</td>
<td>$0.41</td>
<td>$0.40</td>
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<tr>
<td>Share price</td>
<td>$25.01</td>
<td>$21.50</td>
<td>$21.09</td>
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## Financial Results – 12 Quarter Review

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<tbody>
<tr>
<td></td>
<td>Q1 F19</td>
<td>Q4 F18</td>
<td>Q3 F18</td>
<td>Q2 F18</td>
</tr>
<tr>
<td></td>
<td>Aug. 4</td>
<td>May 5, 2018</td>
<td>Feb. 3, 2018</td>
<td>Nov. 4, 2017</td>
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<tr>
<td></td>
<td>Fiscal 2017</td>
<td>Q4 F17</td>
<td>Q3 F17</td>
<td>Q2 F17</td>
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<tr>
<td></td>
<td></td>
<td>Aug. 6, 2016</td>
<td>Aug. 6, 2016</td>
<td>Aug. 6, 2016</td>
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<tr>
<td>Sales</td>
<td>$6,460.3</td>
<td>$5,886.1</td>
<td>$6,029.2</td>
<td>$6,273.2</td>
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<tr>
<td>Same store sales, growth (decline) excluding fuel</td>
<td>1.3%</td>
<td>0.0%</td>
<td>1.1%</td>
<td>0.4%</td>
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<tr>
<td>Inflation - internal</td>
<td>0.0%</td>
<td>0.8%</td>
<td>1.6%</td>
<td>0.7%</td>
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<tr>
<td>Gross Profit</td>
<td>$1,512.3</td>
<td>$1,451.3</td>
<td>$1,444.7</td>
<td>$1,473.5</td>
</tr>
<tr>
<td>Gross margin</td>
<td>23.4%</td>
<td>24.7%</td>
<td>24.0%</td>
<td>24.5%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$278.7</td>
<td>$240.4</td>
<td>$253.3</td>
<td>$242.2</td>
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<tr>
<td>Adjusted EBITDA margin</td>
<td>4.3%</td>
<td>4.1%</td>
<td>4.2%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>$0.37</td>
<td>$0.35</td>
<td>$0.33</td>
<td>$0.27</td>
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<tr>
<td>Free cash flow</td>
<td>$132.3</td>
<td>$350.6</td>
<td>$269.4</td>
<td>$117.4</td>
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<tr>
<td>Capital expenditures</td>
<td>$47.6</td>
<td>$84.0</td>
<td>$70.9</td>
<td>$58.5</td>
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<tr>
<td>Dividends per share</td>
<td>$0.110</td>
<td>$0.105</td>
<td>$0.105</td>
<td>$0.105</td>
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<tr>
<td>Share price</td>
<td>$26.12</td>
<td>$25.01</td>
<td>$23.31</td>
<td>$23.73</td>
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### Notes

- Data for Q1 F19 is as of Aug. 4, 2018.
- Data for other quarters is as of the corresponding month year.
- Growth (decline) excluding fuel is calculated year-over-year.
- Inflation - internal is measured by the Consumer Price Index (CPI).
- Adjusted EPS is calculated before extraordinary items.
- Free cash flow is calculated as net income plus depreciation and amortization minus capital expenditures.
- Share price is as of the end of each financial period.
FreshCo 2.0
FreshCo 2.0 continued
First look at CFC (Vaughan, ON)
First look at CFC (Vaughan, ON) continued