



FOR IMMEDIATE RELEASE

January 29, 2019

Empire builds momentum with key labour decision in British Columbia

- Decision contributes to a level playing field for Empire to compete in B.C.
- Voluntary buyout option to be presented to eligible B.C. Safeway employees
- Framework in place to continue moving forward with FreshCo expansion in B.C.
- 12 FreshCo locations confirmed to open in B.C. and Manitoba in 2019

Stellarton, NS – Today Empire Company Limited (“Empire” or the “Company”) (TSX: EMP.A) announced progress implementing a labour decision provided by a Special Officer appointed by the Government in British Columbia. The decision sets terms that provide a framework to improve store profitability and enable conventional Safeway stores to compete on a level playing field in B.C. The decision also advances the Company’s plans to expand FreshCo into Western Canada.

“We are in the midst of turning around our Western Canadian stores. We have improved our standards, execution and marketing,” said Michael Medline, President and CEO of Empire. “We are extremely proud of the progress our teammates in the region are making. This decision in B.C. is a major building block in improving our customer service, employee relations, profitability and flexibility in the West.”

The decision by the Special Officer in B.C. allows for the Company to offer voluntary buyouts to eligible long-service B.C. Safeway employees. These buyouts provide flexibility and stability for the Company to better manage labour and operational costs in B.C. The Company estimates the cost of the buyouts will be approximately \$35 million depending on take-up of the offer by employees and will be charged to operating earnings during the third quarter of fiscal 2019.

As announced in fiscal 2018, Empire is expanding its FreshCo discount business into Western Canada through the conversion of approximately 25% of its 255 Safeway and Sobeys full service stores. Two locations were announced in Manitoba in July 2018 and 10 B.C. locations will be announced today.

The first five Western Canada FreshCo stores are expected to open in the Spring of 2019 – three in B.C. and two in Manitoba. An additional seven stores are expected to open in B.C. in the first half of fiscal 2020, depending on timing of construction schedules and permits. In addition to five stores previously closed, the Company will close a further five stores in the first half of fiscal 2020 to begin construction. Closure costs for these stores are estimated to be approximately \$10 million and will be charged to operating earnings in the third quarter of fiscal 2019.

The Union has appealed certain elements of the decision, but the Company intends to move forward and implement the decision.

The 12 FreshCo store locations confirmed to date are:

- B.C. locations – Abbotsford, Aldergrove, downtown Chilliwack, Ladner, Maple Ridge, Mission, Broadmoor and Blundell in Richmond, and Strawberry Hills and Newton in Surrey.
- Manitoba locations – Kildonan and Jefferson in Winnipeg.



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 \$24.6 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.

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 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 conversions, all of which may be impacted by construction schedules and permits, the economic environment and labour relations;
- The Company's expectations regarding its operations in Western Canada, including future operating results and profitability, flexibility, growth plans, brand expansions and labour relations, which could be impacted by several factors, including the factors identified under the heading "Risk Management" in the fiscal 2018 annual Management's Discussion and Analysis ("MD&A"); and
- The timing and amount of expenses relating to voluntary buyouts, which may be impacted by employee participation and labour relations.

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.



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