Loblaw Companies Limited

NEWS RELEASE

Loblaw Reports 2019 Fourth Quarter Results and Fiscal Year Ended December 28, 2019 Results[(1)]

BRAMPTON, ONTARIO February 20, 2020 Loblaw Companies Limited (TSX: L) ("Loblaw" or the "Company") announced today its unaudited financial results for the fourth quarter ended December 28, 2019 and the release of its 2019 Annual Report – Financial Review ("Annual Report"). The report includes the Company's audited consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the fiscal year ended December 28, 2019. The Company's 2019 Annual Report will be available in the Investors section of the Company's website at loblaw.ca and will be filed on SEDAR and available at sedar.com.

"Our sales trajectory continued to improve through the fourth quarter, completing a year in which we achieved our financial targets and made significant strategic investments," said Galen G. Weston, Executive Chairman, Loblaw Companies Limited. "We will continue these investments through 2020, positioning Loblaw to deliver long-term shareholder value."

2019 FOURTH QUARTER HIGHLIGHTS

Unless otherwise indicated, the following highlights represent the Company's results from Continuing Operations and include the impacts of spin-out related depreciation, the implementation of IFRS 16, "Leases" ("IFRS 16"), and the consolidation of franchises. See "Other Business Matters" of this News Release for more information on the spin-out related depreciation and the implementation of IFRS 16.

- Revenue was $11,590 million. When compared to the fourth quarter of 2018, this represented an increase of $372 million, or 3.3%.
- Retail segment sales were $11,321 million. When compared to the fourth quarter of 2018, this represented an increase of $345 million, or 3.1%.
  - Food retail (Loblaw) same-store sales growth was 1.9%. Food retail same-store sales growth was approximately 0.8% after excluding the favourable impact of the timing of Thanksgiving.
  - Drug retail (Shoppers Drug Mart) same-store sales growth was 3.9%, with pharmacy same-store sales growth of 6.1% and front store same-store sales growth of 2.2%. The timing of Thanksgiving had a nominal impact on same-store sales growth for Drug retail in the fourth quarter of 2019.
- Operating income was $541 million. When compared to the fourth quarter of 2018, this represented an increase of $96 million, or 21.6%.
  - Operating income included the year-over-year favourable impact of the implementation of IFRS 16 of approximately $73 million and the total unfavourable impact of spin-out related depreciation of approximately $21 million. Normalized for these impacts, operating income increased by $44 million, or 9.9%.
- Adjusted EBITDA[(2)] was $1,205 million. When compared to the fourth quarter of 2018, this represented an increase of $310 million, or 34.6%.
  - Adjusted EBITDA[(2)] included the year-over-year favourable impact of the implementation of IFRS 16 of $285 million. Normalized for this impact, adjusted EBITDA[(2)] increased by $25 million, or 2.8%.
- Net earnings available to common shareholders of the Company from Continuing Operations were $254 million. When compared to the fourth quarter of 2018, this represented an increase of $26 million. Diluted net earnings per common share from Continuing Operations was $0.70. When compared to the fourth quarter of 2018, this represented an increase of $0.09, or 14.8%.
- Adjusted net earnings available to common shareholders of the Company[(2)] from Continuing Operations were $395 million. When compared to the fourth quarter of 2018, this represented an increase of $7 million. Normalized for the year-over-year impact of the spin-out related depreciation of approximately $12 million and IFRS 16 of approximately $3 million, adjusted net earnings available to common shareholders of the Company[(2)] increased by $22 million, or 5.7%.
- Adjusted diluted net earnings from Continuing Operations per common share[(2)] were $1.09. When compared to the fourth quarter of 2018, this represented an increase of $0.06, or 5.8%. Normalized for the year-over-year impact of the spin-out related depreciation of approximately $0.03 per common share and IFRS 16 of approximately $0.01 per common share, adjusted diluted net earnings per common share[(2)] increased by approximately 9.6% or $0.10 per common share.

- In the fourth quarter of 2019, the Company repurchased 2.3 million common shares at a cost of $163 million.
- In the fourth quarter of 2019, the Company invested $426 million in capital expenditures and generated $272 million of free cash flow[(2)].

2019 SELECT ANNUAL HIGHLIGHTS

Relative to the Company's 2019 Outlook, on a full-year comparative basis, excluding the impact of the spin-out of Choice Properties, the Company:

- Delivered Food retail same-store sales growth of 1.1% and Drug Retail same-store sales growth of 3.6%. Adjusted gross profit percentage[(2)] in the Retail segment was 29.7% compared to 29.4% in 2018;
- Delivered adjusted net earnings available to common shareholders of the Company[(2)] from Continuing Operations of $1,580 million after normalizing for the impact of the spin-out related depreciation. When compared to 2018, this represented growth of 2.7%;
- Invested approximately $1,100 million in capital expenditures, net of proceeds from property disposals; and
- Returned capital to shareholders by allocating a significant portion of the Company's free cash flow of approximately $1,210 million to share repurchases. In 2019, the Company repurchased 13.6 million common shares at a cost of $937 million.

See "News Release Endnotes" at the end of this News Release.

CONSOLIDATED RESULTS OF OPERATIONS

The Company's interest in Choice Properties Real Estate Investment Trust ("Choice Properties") is presented separately as Discontinued Operations in the Company's comparative results. Unless otherwise indicated, all financial information reflects the Company's results from Continuing Operations and includes the impacts of spin-out related depreciation, the implementation of IFRS 16 and the consolidation of franchises.

For the periods ended December 28, 2019 and December 29, 2018 (millions of Canadian dollars except where otherwise indicated)	**2019 (12 weeks)**	2018 (12 weeks)	$ Change	% Change	**2019 (52 weeks)**	2018 (52 weeks)	$ Change	% Change
Revenue	**$ 11,590**	$ 11,218	$ 372	3.3 %	**$ 48,037**	$ 46,693	$ 1,344	2.9 %
Operating income	**541**	445	96	21.6 %	**2,270**	1,923	347	18.0 %
Adjusted EBITDA(2)	**1,205**	895	310	34.6 %	**4,912**	3,528	1,384	39.2 %
Adjusted EBITDA margin(2)	**10.4%**	8.0%			**10.2%**	7.6%		
Net earnings attributable to shareholders of the Company from Continuing Operations	**$ 257**	$ 231	$ 26	11.3 %	**$ 1,081**	$ 719	$ 362	50.3 %
Net earnings (loss) available to common shareholders of the Company(i)	**254**	221	33	14.9 %	**1,069**	754	315	41.8 %
Continuing Operations	**254**	228	26	11.4 %	**1,069**	707	362	51.2 %
Discontinued Operations	**—**	(7)	7	100.0 %	**—**	47	(47)	(100.0)%
Adjusted net earnings available to common shareholders of the Company(2)	**$ 395**	$ 402	$ (7)	(1.7)%	**$ 1,516**	$ 1,746	$ (230)	(13.2)%
Continuing Operations	**395**	388	7	1.8 %	**1,516**	1,539	(23)	(1.5)%
Discontinued Operations	**—**	14	(14)	(100.0)%	**—**	207	(207)	(100.0)%
Diluted net earnings (loss) per common share ($)	**$ 0.70**	$ 0.59	$ 0.11	18.6 %	**$ 2.90**	$ 1.99	$ 0.91	45.7 %
Continuing Operations	**$ 0.70**	$ 0.61	$ 0.09	14.8 %	**$ 2.90**	$ 1.87	$ 1.03	55.1 %
Discontinued Operations	**$ —**	$ (0.02)	$ 0.02	100.0 %	**$ —**	$ 0.12	$ (0.12)	(100.0)%
Adjusted diluted net earnings per common share(2) ($)	**$ 1.09**	$ 1.07	$ 0.02	1.9 %	**$ 4.12**	$ 4.60	$ (0.48)	(10.4)%
Continuing Operations	**$ 1.09**	$ 1.03	$ 0.06	5.8 %	**$ 4.12**	$ 4.06	$ 0.06	1.5 %
Discontinued Operations	**$ —**	$ 0.04	$ (0.04)	(100.0)%	**$ —**	$ 0.54	$ (0.54)	(100.0)%
Diluted weighted average common shares outstanding (millions)	**363.7**	376.1			**368.4**	379.3		

(i) Net earnings available to common shareholders of the Company are net earnings attributable to shareholders of the Company net of dividends declared on the Company's Second Preferred Shares, Series B.

Other Business Matters

IFRS 16 Implementation On December 30, 2018 the Company implemented IFRS 16, replacing IAS 17, "Leases" ("IAS 17") and related interpretations. The standard introduced a single, on-balance sheet recognition and measurement model for lessees. The standard eliminated the distinction between operating and finance leases. The Company implemented the standard using the modified retrospective approach. As a result, the Company's 2019 results incorporate lease accounting under IFRS 16. Prior year results have not been restated. See Section 15, "Accounting Standards", of the Company's MD&A in the 2019 Annual Report for more information on the implementation of IFRS 16.

The implementation of IFRS 16 significantly increased the assets and liabilities on the Company's Consolidated Balance Sheet and changed the timing and presentation of lease-related expenses in the Company's Retail segment results. The Company recorded a right-of-use asset of $7.6 billion and a lease liability of $9.2 billion under the new standard. Under IFRS 16, the depreciation expense on right-of-use assets and interest expense on lease liabilities replaced rent expense, which was previously recognized on a straight-line basis in operating income under IAS 17 over the term of a lease.

The following table provides the year-over-year impacts of the implementation of IFRS 16 on the consolidated results of the Company in the fourth quarter of 2019:

(millions of Canadian dollars unless where otherwise indicated)	**$ Change**	
Favourable/(unfavourable)	**(12 weeks)**	**(52 weeks)**
Operating income	**$ 73**	**$ 334**
Adjusted EBITDA(2)	**285**	**1,239**
Net interest expense and other financing charges	**(78)**	**(348)**
Depreciation and amortization	**(212)**	**(905)**
Net earnings available to common shareholders of the Company	**(3)**	**(11)**
Diluted net earnings per common share ($)	**$ (0.01)**	**$ (0.03)**

Spin-out of Choice Properties On November 1, 2018, the Company, and its parent George Weston Limited ("Weston") completed a reorganization under which the Company distributed its approximate 61.6% effective interest in Choice Properties to Weston on a tax-free basis to the Company and its Canadian shareholders ("the reorganization" or "the spin-out"). The Company no longer retains its interest in Choice Properties and ceased to consolidate its equity interest in Choice Properties from its consolidated financial statements as at October 31, 2018. The reorganization has been reflected separately as Discontinued Operations in the comparative results. Unless otherwise noted, all comparisons of operating results exclude the results of Choice Properties.

Impact on Retail Segment Results As a result of the spin-out, buildings owned by Choice Properties and leased by the Company are accounted for as leases and no longer accounted for as owned property. The building components associated with these leases post spin-out are classified as leasehold improvements and depreciated over the lesser of the lease term and useful life up to 25 years. The remaining average lease term on the leases related to these leasehold improvements is approximately 10 years. The Company's 2019 financial results includes depreciation and amortization of $21 million ($0.03 per common share) in the fourth quarter and $91 million ($0.17 per common share) year-to-date. See Section 5.1, "Consolidated Results of Operations - Other Business Matters" and Section 13, "Related Party Transactions", of the Company's MD&A in the 2019 Annual Report for more information on the reorganization and the transactions between the Company and Choice Properties.

Process and Efficiency The Company continues to execute on a multi-year plan, initiated in 2018, that focuses on improving processes and generating efficiencies across administrative, store, and distribution network infrastructure. Many initiatives are underway to reduce the complexity and cost of business operations, ensuring a low cost operating structure that allows for continued investments in the Company's strategic growth areas. Management anticipates investing capital as well as recording restructuring and other charges related to these initiatives in 2020, and beyond. In the fourth quarter of 2019, the Company recorded approximately $24 million ($74 million year-to-date) of restructuring and other related charges, primarily related to Process and Efficiency initiatives.

Subsequent to the end of 2019, the Company announced the future closure of two distribution centres in Laval and Ottawa. The Company is investing to build a modern and efficient expansion to its Cornwall distribution centre to serve its food and drug retail businesses in Ontario and Quebec. Over the next two years, the distribution centres in Laval and Ottawa will be transferring their volumes to Cornwall. The Company expects to incur additional restructuring costs in 2020 and 2021 related to these closures.

REPORTABLE OPERATING SEGMENTS

The Company has two reportable operating segments (with all material operations carried out in Canada):

- The Retail segment consists primarily of corporate and franchise-owned retail food and Associate-owned drug stores. The Retail segment also includes in-store pharmacies and other health and beauty products, apparel and other general merchandise and supports the *PC Optimum* Program; and
- The Financial Services segment provides credit card services, the *PC Optimum* Program, insurance brokerage services, and telecommunication services.

For the periods ended December 28, 2019 and December 29, 2018 (millions of Canadian dollars)	**2019 (12 weeks)** Retail	Financial Services	Eliminations(i)	Total	2018(4) (12 weeks) Retail	Financial Services	Eliminations(i)	Total
Revenue	**$ 11,321**	**$ 337**	**$ (68)**	**$ 11,590**	$ 10,976	$ 336	$ (94)	$ 11,218
Adjusted gross profit(2)	$ 3,377	$ 273	$ (68)	$ 3,582	$ 3,266	$ 278	$ (94)	$ 3,450
Adjusted gross profit %(2)	29.8%	N/A	—%	30.9%	29.8%	N/A	—%	30.8%
Operating income	**$ 480**	**$ 61**	**$ —**	**$ 541**	$ 408	$ 37	$ —	$ 445
Net interest expense and other financing charges	155	21	—	176	76	19	—	95
Earnings before income taxes	**$ 325**	**$ 40**	**$ —**	**$ 365**	$ 332	$ 18	$ —	$ 350
Depreciation and amortization	$ 581	$ 8	$ —	$ 589	$ 353	$ 3	$ —	$ 356
Adjusted EBITDA(2)	1,135	70	—	1,205	855	40	—	895
Adjusted EBITDA margin(2)	10.0%	N/A	—%	10.4%	7.8%	N/A	—%	8.0%

(i) Eliminations include the reclassification of revenue related to President's Choice Financial Mastercard® loyalty awards in the Financial Services segment.

For the years ended December 28, 2019 and December 29, 2018 (millions of Canadian dollars)	**2019 (52 weeks)** Retail	Financial Services	Eliminations(i)	Total	2018(4) (52 weeks) Retail	Financial Services	Eliminations(i)	Total
Revenue	**$ 47,099**	**$ 1,196**	**$ (258)**	**$ 48,037**	$ 45,836	$ 1,082	$ (225)	$ 46,693
Adjusted gross profit(2)	$ 13,999	$ 1,015	$ (258)	$ 14,756	$ 13,497	$ 941	$ (225)	$ 14,213
Adjusted gross profit %(2)	29.7%	N/A	—%	30.7%	29.4%	N/A	—%	30.4%
Operating income	**$ 2,082**	**$ 188**	**$ —**	**$ 2,270**	$ 1,717	$ 206	$ —	$ 1,923
Net interest expense and other financing charges	666	81	—	747	495	69	—	564
Earnings before income taxes	**$ 1,416**	**$ 107**	**$ —**	**$ 1,523**	$ 1,222	$ 137	$ —	$ 1,359
Depreciation and amortization	$ 2,502	$ 22	$ —	$ 2,524	$ 1,487	$ 10	$ —	$ 1,497
Adjusted EBITDA(2)	4,700	212	—	4,912	3,332	196	—	3,528
Adjusted EBITDA margin(2)	10.0%	N/A	—%	10.2%	7.3%	N/A	—%	7.6%

(i) Eliminations include the reclassification of revenue related to President's Choice Financial Mastercard® loyalty awards in the Financial Services segment.

RETAIL SEGMENT

Unless otherwise indicated, the following financial information represents the Retail segment's results from Continuing Operations and includes the impacts of spin-out related depreciation, the implementation of IFRS 16 and the consolidation of franchises.

- Retail segment sales were $11,321 million. When compared to the fourth quarter of 2018, this represented an increase of $345 million, or 3.1%. After excluding the consolidation of franchises, Retail segment sales increased by $294 million or 2.7%.
  - Food retail (Loblaw) sales were $7,960 million and Food retail same-store sales growth was 1.9% (2018 – 0.8%). After excluding the favourable impact of the timing of Thanksgiving, Food retail same-store sales growth was approximately 0.8%.
    - The Company's Food retail average article price was 0.8% (2018 – 2.3%), which reflects the price inflation on the specific mix of goods sold in the Company's stores in the quarter. The average quarterly national food price inflation was 3.7% (2018 – inflation 1.7%), as measured by The Consumer Price Index for Food Purchased from Stores ("CPI"). CPI does not necessarily reflect the effect of inflation on the specific mix of goods sold in the Company's stores.
    - Food retail basket size increased and traffic increased in the quarter.
  - Drug retail (Shoppers Drug Mart) sales were $3,361 million, and Drug retail same-store sales growth was 3.9% (2018 – 1.9%), with pharmacy same-store sales growth of 6.1% (2018 – 0.6%) and front store same-store sales growth of 2.2% (2018 – 2.8%).
    - On a same-store basis, the number of prescriptions dispensed increased by 3.1% (2018 – 3.1%) and the average prescription value increased by 2.4% (2018 – decreased by 3.2%).
- Operating income was $480 million. When compared to the fourth quarter of 2018, this represented an increase of $72 million. The increase in operating income included the favourable impact of IFRS 16 of approximately $73 million, and the total unfavourable impact of spin-out related depreciation of approximately $21 million. Normalized for these impacts, operating income increased by $20 million, or 4.9%.
- Adjusted gross profit(2) was $3,377 million. When compared to the fourth quarter of 2018, this represented an increase of $111 million. Adjusted gross profit percentage(2) of 29.8% was flat compared to the fourth quarter of 2018. Adjusted gross profit percentage(2), excluding the consolidation of franchises, was 27.7%. This represented a decrease of 10 basis points compared to the fourth quarter of 2018. Margins were negatively impacted by the mix within Drug retail and the pricing strategy in Food retail.
- Adjusted EBITDA(2) was $1,135 million. When compared to the fourth quarter of 2018, this represented an increase of $280 million. The increase included the favourable year-over-year impact of IFRS 16 of approximately $285 million and the unfavourable impact of the consolidation of franchises of $7 million. When normalized for the impact of IFRS 16, adjusted EBITDA(2) decreased by $5 million, or 0.6%. The decrease was driven by an increase in selling, general and administrative expenses ("SG&A") of $116 million, partially offset by an increase in adjusted gross profit(2) as described above. Normalized for the impact of IFRS 16 and the consolidation of franchises, SG&A increased by $62 million, and SG&A as a percentage of sales, was 20.2%. SG&A as a percentage of sales was flat compared to the fourth quarter of 2018, primarily driven by Process and Efficiency initiatives, offset by strategic growth investments.
- Depreciation and amortization was $581 million. When compared to the fourth quarter of 2018, this represented an increase of $228 million. The increase included the unfavourable impact of IFRS 16 of approximately $212 million and the unfavourable impact of spin-out related depreciation of approximately $21 million. Normalized for these impacts, depreciation and amortization decreased by $5 million, or 1.4%.
- Consolidation of franchises in the fourth quarter of 2019 resulted in a year-over-year increase in revenue of $51 million, a decrease in adjusted EBITDA(2) of $7 million, an increase in depreciation and amortization of $6 million and a decrease in net earnings attributable to non-controlling interests of $10 million.

FINANCIAL SERVICES SEGMENT

- Revenue was $337 million. When compared to the fourth quarter of 2018, this represented an increase of $1 million. Higher interest income attributable to the growth in the credit card portfolio and higher sales attributable to *The Mobile Shop* generated an increase in revenue of $20 million. This increase was partially offset by a reclassification between revenue and expense of approximately $19 million with no impact to earnings before income taxes.
- Earnings before income taxes were $40 million. When compared to the fourth quarter of 2018, this represented an increase of $22 million. The increase was primarily driven by revenue growth, as described above, lower operating costs and lower customer acquisitions costs. This was partially offset by higher credit losses and an associated increase to the forward-looking allowance for credit card receivables. The performance reflects revenue attributed to growth in our Mastercard portfolio, a reduction in costs related to timing and the lapping of the prior year's investments in support of the Mastercard digital platform.

DECLARATION OF DIVIDENDS

Subsequent to the end of the fourth quarter of 2019, the Board of Directors declared a quarterly dividend on Common Shares and Second Preferred Shares, Series B.

Common Shares	\$0.315 per common share, payable on April 1, 2020 to shareholders of record on March 15, 2020
Second Preferred Shares, Series B	\$0.33125 per share, payable on March 31, 2020 to shareholders of record on March 15, 2020

OUTLOOK[3]

Loblaw is focused on its strategic framework, delivering best in food and health and beauty, using data driven insights underpinned by process and efficiency excellence. This framework is supported by the Company's financial plan of maintaining market share, with positive same-store sales and stable gross margin, creating efficiencies to deliver operating leverage, investing for the future and returning capital to shareholders.

The Company will remain focused on delivering Process and Efficiency improvements to offset increasing costs and to fund continued incremental investments in infrastructure and to support its strategic growth areas of Everyday Digital Retail, Connected Healthcare and Payments & Rewards.

In 2020, the Company's results will include the impact of a 53rd week, which is expected to benefit adjusted net earnings per common share by approximately \$0.08. On a full-year comparative basis, excluding the impact of the 53rd week, we expect to:

- deliver positive same-store sales and stable gross margin in the Retail segment in a highly competitive market;
- deliver positive adjusted net earnings growth;
- invest approximately \$1.1 billion in capital expenditures, net of proceeds from property disposals; and
- return capital to shareholders by allocating a significant portion of free cash flow to share repurchases.

NON-GAAP FINANCIAL MEASURES

The Company uses non-GAAP financial measures as it believes these measures provide useful information to both management and investors with regard to accurately assessing the Company's financial performance and financial condition.

Management uses these and other non-GAAP financial measures to exclude the impact of certain expenses and income that must be recognized under GAAP when analyzing underlying consolidated and segment operating performance, as the excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. The Company excludes additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring.

These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

For reconciliation to, and description of, the Company's non-GAAP financial measures and financial metrics, please refer to Section 17 "Non-GAAP Financial Measures" of the Company's MD&A in the 2019 Annual Report.

SELECTED FINANCIAL INFORMATION

The following includes selected quarterly and annual financial information, which is prepared by management in accordance with IFRS and is based on the Company's audited annual consolidated financial statements for the year ended December 28, 2019. This financial information does not contain all disclosures required by International Financial Reporting Standards ("IFRS"), and accordingly, should be read in conjunction with the Company's 2019 Annual Report, which is available in the Investors section of the Company's website at loblaw.ca and on sedar.com.

Consolidated Statements of Earnings

The Company's interest in Choice Properties has been presented separately as Discontinued Operations in the Company's comparative results. Unless otherwise indicated, all financial information represents the Company's results from Continuing Operations.

(millions of Canadian dollars except where otherwise indicated)	**December 28, 2019 (12 weeks) (unaudited)**	December 29, 2018[4] (12 weeks) (unaudited)	**December 28, 2019 (52 weeks) (audited)**	December 29, 2018[4] (52 weeks) (audited)
Revenue	**$ 11,590**	$ 11,218	**$ 48,037**	$ 46,693
Cost of merchandise inventories sold	**8,008**	7,768	**33,281**	32,499
Selling, general and administrative expenses	**3,041**	3,005	**12,486**	12,271
Operating income	**$ 541**	$ 445	**$ 2,270**	$ 1,923
Net interest expense and other financing charges	**176**	95	**747**	564
Earnings before income taxes	**$ 365**	$ 350	**$ 1,523**	$ 1,359
Income taxes	**99**	100	**392**	606
Net earnings from Continuing Operations	**$ 266**	$ 250	**$ 1,131**	$ 753
Net earnings from Discontinued Operations	**—**	(7)	**—**	47
Net earnings	**$ 266**	$ 243	**$ 1,131**	$ 800
Attributable to:				
Shareholders of the Company	**$ 257**	$ 224	**$ 1,081**	$ 766
Non-controlling interests	**9**	19	**50**	34
Net earnings	**$ 266**	$ 243	**$ 1,131**	$ 800
Net earnings per Common Share - Basic ($)				
Continuing Operations	**$ 0.70**	$ 0.61	**$ 2.93**	$ 1.88
Discontinued Operations	**$ —**	$ (0.02)	**$ —**	$ 0.12
Net earnings per Common Share - Diluted ($)				
Continuing Operations	**$ 0.70**	$ 0.61	**$ 2.90**	$ 1.87
Discontinued Operations	**$ —**	$ (0.02)	**$ —**	$ 0.12
Weighted average Common Shares outstanding (millions)				
Basic	**360.8**	373.9	**365.4**	376.7
Diluted	**363.7**	376.1	**368.4**	379.3

Consolidated Balance Sheets

(millions of Canadian dollars)	As at December 28, 2019	As at December 29, 2018[4]
Assets		
Current assets		
Cash and cash equivalents	**$ 1,133**	$ 1,065
Short term investments	**57**	94
Security deposits	**—**	800
Accounts receivable	**1,184**	1,218
Credit card receivables	**3,624**	3,309
Inventories	**5,076**	4,803
Prepaid expenses and other assets	**131**	304
Assets held for sale	**105**	44
Total current assets	**$ 11,310**	$ 11,637
Fixed assets	**5,490**	5,931
Right-of-use assets	**7,362**	—
Investment properties	**172**	234
Intangible assets	**7,322**	7,798
Goodwill	**3,946**	3,942
Deferred income tax assets	**169**	144
Franchise loans receivable	**19**	78
Other assets	**519**	389
Total assets	**$ 36,309**	$ 30,153
Liabilities		
Current liabilities		
Bank indebtedness	**$ 18**	$ 56
Trade payables and other liabilities	**5,321**	5,302
Loyalty liability	**191**	228
Provisions	**119**	165
Income taxes payable	**27**	131
Short term debt	**725**	915
Long term debt due within one year	**1,127**	1,647
Lease liabilities due within one year	**1,419**	—
Associate interest	**280**	260
Total current liabilities	**$ 9,227**	$ 8,704
Provisions	**102**	152
Long term debt	**5,971**	6,379
Lease liabilities	**7,691**	—
Deferred income tax liabilities	**1,539**	1,947
Other liabilities	**458**	793
Total liabilities	**$ 24,988**	$ 17,975
Equity		
Share capital	**$ 7,265**	$ 7,383
Retained earnings	**3,822**	4,580
Contributed surplus	**100**	107
Accumulated other comprehensive income	**47**	49
Total equity attributable to shareholders of the Company	**$ 11,234**	$ 12,119
Non-controlling interests	**87**	59
Total equity	**$ 11,321**	$ 12,178
Total liabilities and equity	**$ 36,309**	$ 30,153

Consolidated Statements of Cash Flows

(millions of Canadian dollars)	**December 28, 2019 (12 weeks)**	December 29, 2018[4] (12 weeks)	**December 28, 2019 (52 weeks)**	December 29, 2018[4] (52 weeks)
Operating activities				
Net earnings	**$ 266**	$ 243	**$ 1,131**	$ 800
Add (Deduct):				
Income taxes	**99**	105	**392**	664
Net interest expense and other financing charges	**176**	158	**747**	880
Adjustment to fair value of investment properties	**(15)**	(1)	**(15)**	43
Depreciation and amortization	**589**	365	**2,524**	1,592
Asset impairments, net of recoveries	**88**	86	**92**	103
Change in provisions	**21**	(29)	**(41)**	(176)
	$ 1,224	$ 927	**$ 4,830**	$ 3,906
Change in non-cash working capital	**195**	(291)	**21**	(639)
Change in credit card receivables	**(361)**	(286)	**(315)**	(307)
Income taxes paid	**(106)**	(41)	**(630)**	(511)
Interest received	**5**	6	**16**	31
Interest received from finance leases	**1**	—	**5**	—
Other	**30**	(1)	**33**	21
Cash flows from operating activities	**$ 988**	$ 314	**$ 3,960**	$ 2,501
Investing activities				
Fixed asset purchases	**$ (317)**	$ (410)	**$ (817)**	$ (1,010)
Intangible asset additions	**(96)**	(72)	**(376)**	(324)
Acquisition of CREIT, net of cash acquired	**—**	5	**—**	(1,619)
Cash assumed on initial consolidation of franchises	**5**	4	**20**	18
Cash disposed of related to Discontinued Operations	**—**	(52)	**—**	(52)
Change in short term investments	**21**	18	**37**	452
Change in security deposits	**—**	(398)	**800**	(800)
Proceeds from disposal of assets	**22**	79	**113**	122
Lease payments received from finance leases	**3**	—	**9**	—
Other	**24**	30	**(75)**	(83)
Cash flows used in investing activities	**$ (338)**	$ (796)	**$ (289)**	$ (3,296)
Financing activities				
Change in bank indebtedness	**$ (134)**	$ (210)	**$ (38)**	$ (54)
Change in short term debt	**175**	225	**(190)**	275
Long term debt				
Issued	**119**	1,020	**672**	4,880
Retired	**(131)**	(474)	**(1,083)**	(2,715)
Interest paid	**(74)**	(89)	**(349)**	(801)
Cash rent paid on lease liabilities - Interest	**(88)**	—	**(387)**	—
Cash rent paid on lease liabilities - Principal	**(132)**	—	**(822)**	—
Dividends paid on common and preferred shares	**—**	—	**(460)**	(440)
Common share capital				
Issued	**2**	16	**82**	78
Purchased and held in trust	**(42)**	(36)	**(62)**	(36)
Purchased and cancelled	**(163)**	(238)	**(937)**	(1,082)
Other	**6**	23	**(32)**	(37)
Cash flows (used in) from financing activities	**$ (462)**	$ 237	**$ (3,606)**	$ 68
Effect of foreign currency exchange rate changes on cash and cash equivalents	**$ 1**	$ (4)	**$ 3**	$ (6)
Change in cash and cash equivalents	**$ 189**	$ (249)	**$ 68**	$ (733)
Cash and cash equivalents, beginning of period	**944**	1,314	**1,065**	1,798
Cash and cash equivalents, end of Period	**$ 1,133**	$ 1,065	**$ 1,133**	$ 1,065

FORWARD-LOOKING STATEMENTS

This News Release contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this News Release include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives and restructuring, regulatory changes including further healthcare reform, future liquidity, planned capital investments, and the status and impact of Information Technology systems implementations. These specific forward-looking statements are contained throughout this News Release including, without limitation, in the "Consolidated Results of Operations" Other Business Matters section and "Outlook" section of this News Release. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "should" and similar expressions, as they relate to the Company and its management.

Forward-looking statements reflect the Company's estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's expectation of operating and financial performance in 2020 is based on certain assumptions including assumptions about healthcare reform impacts, anticipated cost savings and operating efficiencies and anticipated benefits from strategic initiatives. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events, and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in Section 12 "Enterprise Risks and Risk Management" of the MD&A in the 2019 Annual Report and the Company's 2019 Annual Information Form (for the year ended December 28, 2019).

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this News Release. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CORPORATE PROFILE

2019 Annual Report

The Company's 2019 Annual Report is available in the "Investors" section of the Company's website at loblaw.ca and on sedar.com.

Investor Relations

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Additional financial information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and with the Office of the Superintendent of Financial Institutions (OSFI) as the primary regulator for the Company's subsidiary, President's Choice Bank. The Company holds an analyst call shortly following the release of its quarterly results. These calls are archived in the "Investors" section of the Company's website at loblaw.ca.

Conference Call and Webcast

Loblaw Companies Limited will host a conference call as well as an audio webcast on February 20, 2020 at 10:00 a.m. (ET).

To access via tele-conference, please dial (647) 427-7450 or (888) 231-8191. The playback will be made available approximately two hours after the event at (416) 849-0833 or (855) 859-2056, access code: 3983039. To access via audio webcast, please go to the "Investors" section of loblaw.ca. Pre-registration will be available.

Full details about the conference call and webcast are available on the Loblaw Companies Limited website at loblaw.ca.

News Release Endnotes

(1) This News Release contains forward-looking information. See "Forward-Looking Statements" section of this News Release and the Company's 2019 Annual Report for a discussion of material factors that could cause actual results to differ materially from the forecasts and projections herein and of the material factors and assumptions that were used when making these statements. This News Release should be read in conjunction with Loblaw Companies Limited's filings with securities regulators made from time to time, all of which can be found at sedar.com and at loblaw.ca.

(2) See Section 17 "Non-GAAP Financial Measures" of the Company's 2019 Annual Report, which includes the reconciliation of such non-GAAP measures to the most directly comparable GAAP measures.

(3) To be read in conjunction with the "Forward-Looking Statements" section of this News Release and the Company's 2019 Annual Report.

(4) Certain figures have been restated to conform with current year presentation.