

A photograph of a family of four in a bright, modern kitchen. A woman in a white t-shirt is smiling and cutting a yellow pepper on a wooden cutting board. A young boy in a grey t-shirt is looking down at something on the counter. A young girl in a white tank top is holding a glass bottle. A man in a light green polo shirt is standing in the background, looking at a bowl of green vegetables. The kitchen is filled with fresh produce like tomatoes, green peppers, and broccoli.

**Creating Value, Helping  
Canadians Live Life Well**

# Forward looking statements

*This presentation for Loblaw Companies Limited ("Loblaw") and Shoppers Drug Mart Corporation ("Shoppers Drug Mart ") contains forward-looking statements about the proposed acquisition by Loblaw of all of the outstanding common shares of Shoppers Drug Mart . Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may" and "should" and similar expressions. Forward-looking statements reflect current estimates, beliefs and assumptions, which are based on Loblaw's and Shoppers Drug Mart 's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Loblaw's and Shoppers Drug Mart'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. Loblaw and Shoppers Drug Mart can give no assurance that such estimates, beliefs and assumptions will prove to be correct.*

*This presentation contains forward-looking statements concerning: the combined company's financial position, cash flow and growth prospects; certain strategic benefits, and operational, competitive and cost synergies; management of the combined company; the timing of the Shoppers Drug Mart's shareholders meeting and publication of related shareholder materials; the expected completion date of the proposed transaction; the anticipated tax treatment of the proposed combination for Shoppers Drug Mart shareholders; and Loblaw's and Shoppers Drug Mart's anticipated future results. The pro forma information set forth in this presentation should not be considered to be what the actual financial position or other results of operations would have necessarily been had Loblaw and Shoppers Drug Mart operated as a single combined company as, at, or for the periods stated.*

*Numerous risks and uncertainties could cause the combined company's actual results to differ materially from the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to: failure to realize anticipated results, including revenue growth, anticipated cost savings or operating efficiencies from the combined company's major initiatives, including those from restructuring; failure to realize benefits from investments in the combined company's IT systems, including the combined company's IT systems implementation, or unanticipated results from these initiatives; the inability of the combined company's IT infrastructure to support the requirements of the combined company's business; heightened competition, whether from current competitors or new entrants to the marketplace, changes in economic conditions including the rate of inflation or deflation, changes in interest and currency exchange rates and derivative and commodity prices; public health events including those related to food safety; failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements, which could lead to work stoppages; failure to attract and retain key employees and pharmacists or effectively manage succession planning; risks associated with the performance of the combined company's associate-owned or franchised store network; the inability of the combined company to manage inventory to minimize the impact of obsolete or excess inventory and to control shrink; the impact of potential environmental liabilities; failure to respond to changes in consumer tastes and buying patterns; reliance on the performance and retention of third-party service providers including those associated with the combined company's supply chain and apparel business; supply and quality control issues with vendors; other disruptions to the combined company's distribution operations or supply chain; damage to the reputation of brands promoted by the combined company, or to the reputation of any supplier or manufacturer of these brands; product quality and product safety risks which could expose the combined company to product liability claims and negative publicity; new, or changes to current, federal and provincial laws, rules and regulations,*

*including pharmacy reimbursement programs, prescription drug pricing and the availability of manufacturer allowances, or changes to such laws and regulations that increase compliance costs; the risk that the combined company will be unable to implement successful strategies to manage the impact of the drug system reform initiatives implemented or proposed in most provincial jurisdictions; risks associated with alternative arrangements for sourcing generic drug products, including intellectual property and product liability risks; changes in the combined company's income, commodity, other tax and regulatory liabilities including changes in tax laws, regulations or future assessments; new, or changes to existing, accounting pronouncements; any requirement of the combined company to make contributions to its registered funded defined benefit pension plans, post-employment benefits plan or the multi-employer pension plans in which it participates in excess of those currently contemplated; the risk that the combined company would experience a financial loss if its counterparties fail to meet their obligations in accordance with the terms and conditions of their contracts with the combined company; the inability of the combined company to collect on its credit card receivables; failure of the combined company to lease or obtain suitable store locations on economically favourable terms; the effect of seasonality fluctuations; the risk of violations of law, breaches of the combined company's policies or unethical behavior; property and casualty risks; injuries at the workplace or health issues; the risk of material adverse effects arising as a result of litigation; and events or series of events may cause business interruptions.*

*Readers are cautioned that the foregoing list of factors is not exhaustive. Other risks and uncertainties not presently known to Loblaw and Shoppers Drug Mart or that Loblaw and Shoppers Drug Mart presently believe are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional information on these and other factors that could affect the operations or financial results of Loblaw, Shoppers Drug Mart or the combined company are included in reports filed by Loblaw and Shoppers Drug Mart with applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)).*

*There can be no assurance that the proposed combination will occur or that the anticipated strategic benefits and operational, competitive and cost synergies will be realized. The proposed combination is subject to various regulatory approvals, including approvals under the Competition Act and by the TSX, and the fulfillment of certain conditions, and there can be no assurance that any such approvals will be obtained and/or any such conditions will be met. The proposed combination could be modified, restructured or terminated.*

*Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Loblaw's and Shoppers Drug Mart's expectations only as of the date of this presentation. Loblaw and Shoppers Drug Mart disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.*

*\*This presentation uses the following non-GAAP measures: EBITDA and free cash flow. Loblaw and Shoppers Drug Mart believe these non-GAAP financial measures provide useful information to both management and investors in measuring financial performance. These measures do not have a standard 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.*

# Holger Kluge

Chair of the Board of Directors  
Shoppers Drug Mart Corporation

# Galen Weston

Executive Chairman  
Loblaw Companies Limited

# A great story of innovation



# The next chapter

**SHOPPERS  
DRUG MART**



**PHARMAPRIX**



**Loblaw**

C O M P A N I E S L I M I T E D  
L E S C O M P A G N I E S L O B L A W L I M I T É E

# A combination that transforms the retail landscape in Canada

**1 billion** customer transactions per year

**2,348** stores

**1,797** pharmacies

**65 million** sq ft

**\$42 billion** revenue

**\$3 billion** EBITDA

**\$1 billion** free cash flow



# A unique opportunity to leverage complementary strengths



Leading food brands

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PC Financial services

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Canada's largest transport network and supply chain infrastructure

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Canada's largest retail network including 500 pharmacies

Leading wellness brands

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Optimum loyalty program

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National pharmacy supply chain network

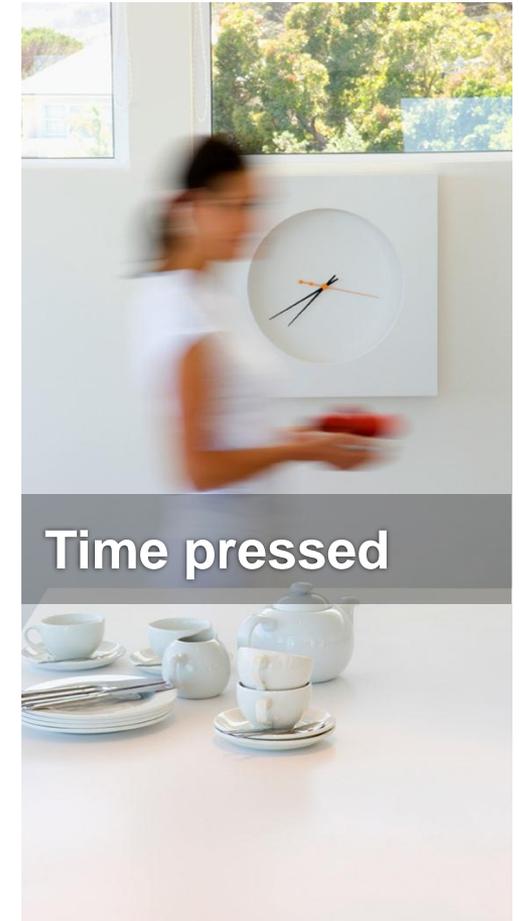
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Associate concept and Canada's most convenient network of stores

# Vicente Trius

President  
Loblaw Companies Limited

# Focused on our changing customer



# A combination that takes our current direction further



# Growth built on Canada's greatest brands



# A new partner that will get us there faster



624  
Stores

1,080  
Stores

410  
Stores

234  
Stores



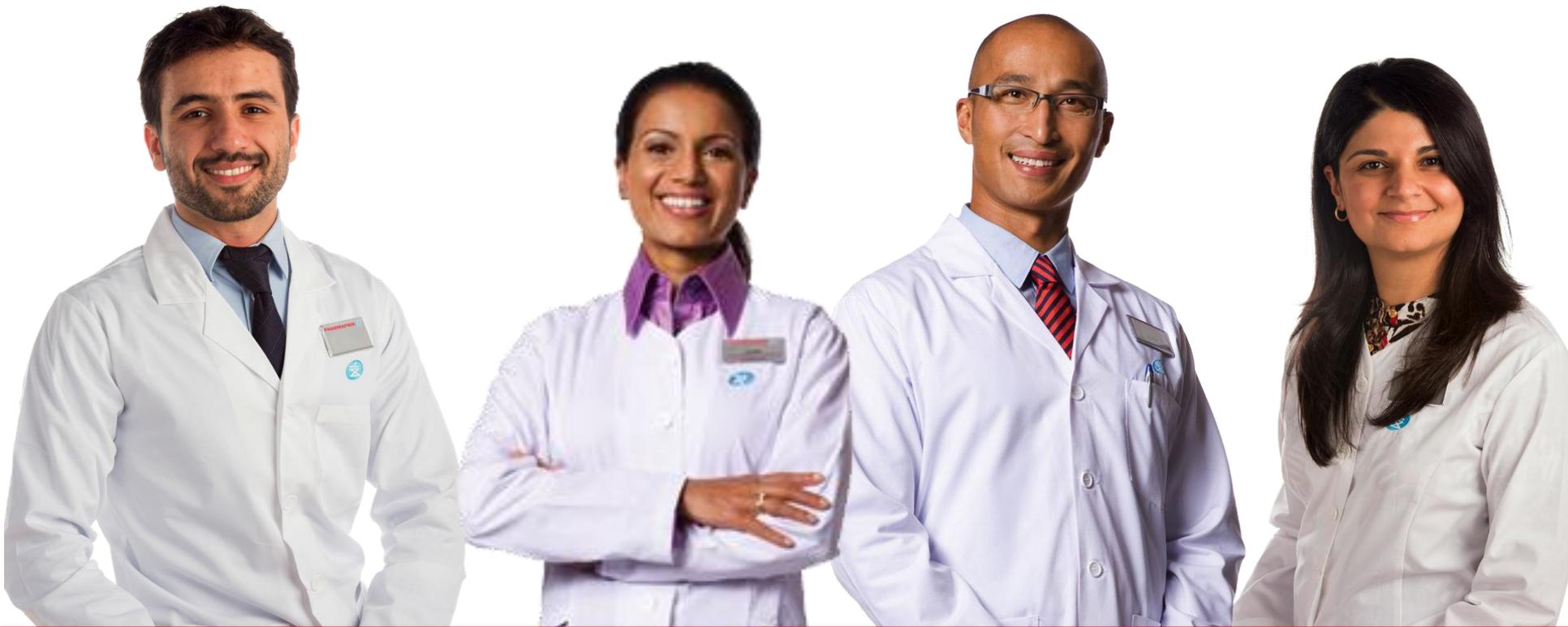
**Canada's Best  
Stores, Brands, and People**



# Domenic Pilla

President & Chief Executive Officer  
Shoppers Drug Mart Corporation

# An Associate concept and performance culture that puts the customer first



# A common vision for how we serve them



**Trust**  
**Convenience**  
**Service**  
**Assortment**  
**Value**



**An opportunity that we're excited to  
seize today**



# Sarah Davis

Chief Financial Officer  
Loblaw Companies Limited

# Transaction overview

## Transaction equity value of \$12.4 billion

Offer:	Per Share	Total	
	<b>\$33.18</b> Cash	\$ 6.7 billion	<b>54%</b>
	<b>0.5965</b> Loblaw share	\$ 5.7 billion	<b>46%</b>
		<b>\$12.4 billion</b>	<b>100%</b>

**29%** premium to 20-day VWAP

**27%** premium to spot price

**11.4x** EBITDA

### Pro forma ownership

George Weston Ltd. Including \$500M investment	<b>46%</b>
Existing Shoppers Drug Mart	<b>29%</b>
Existing Loblaw minority	<b>25%</b>

**Immediately double-digit accretive to EPS**

# Financing structure

**\$5.1 billion** committed financing including:

**\$3.5 billion** 5-year term loan

**\$1.6 billion** 364-day bridge loan to be repaid by notes and Shoppers Drug Mart cash

**~3.1x** Adjusted Debt / EBITDA

**\$1 billion** in cash on the balance sheet and \$800 million undrawn revolver that we intend to increase to \$1 billion

**Over \$1 billion** annual free cashflow brings leverage to 2.5x within 24 months

## Sources of Funds

Loblaw & Shoppers Drug Mart available cash	<b>\$2.0 B</b>
Incremental debt financing	<b>\$4.6 B</b>
Cash proceeds from George Weston Ltd. investment	<b>\$0.5 B</b>
Issuance of Loblaw equity to Shoppers Drug Mart	<b>\$5.7 B</b>
	<b>\$12.8 B</b>

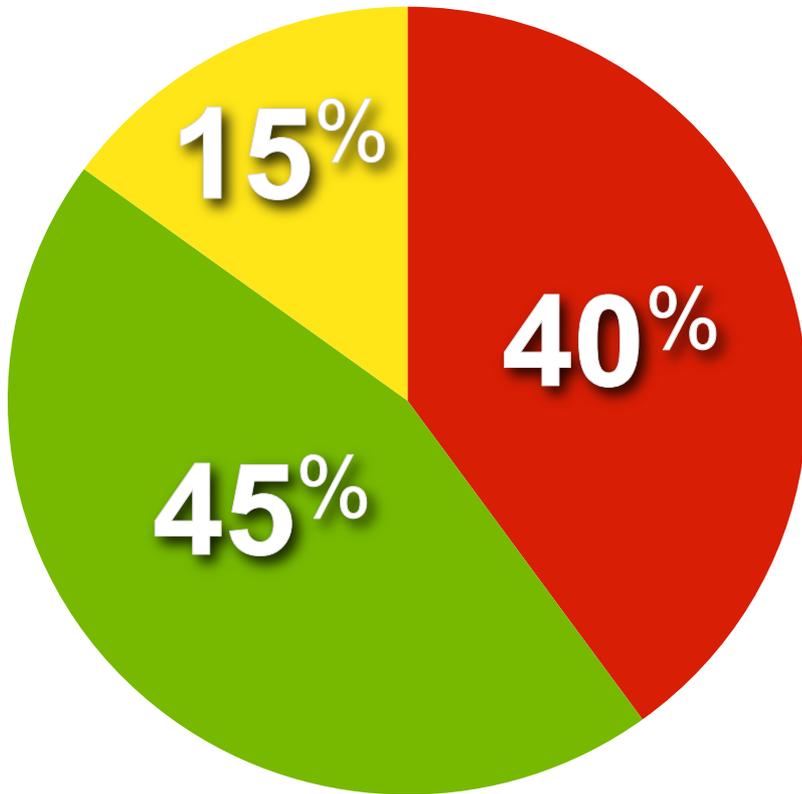
## Uses of Funds

Cash to Shoppers Drug Mart shareholders	<b>\$6.7 B</b>
Equity to Shoppers Drug Mart shareholders	<b>\$5.7 B</b>
Transaction costs and other	<b>\$0.4 B</b>
	<b>\$12.8 B</b>

# Annual synergies of \$300 million by year three

## Run Rate Synergies

\$300 million



Synergies phased in evenly over the first 3 years following closing

Expenses	COGS	Loyalty & Financial Services
Marketing Supply Chain IT Shared Infrastructure	Purchasing Private Label Penetration	PC Financial Optimum and PC Plus Integration

# Galen Weston

Executive Chairman  
Loblaw Companies Limited

# A major transaction, a transformational idea



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