EMPIRE
COMPANY LIMITED

FOR IMMEDIATE RELEASE
June 28, 2017

Empire Company Reports Fiscal 2017 Fourth Quarter and Full Year Results

Fourth Quarter Summary

- Sobeys' same-store sales excluding fuel decreased 1.6 percent; however, tonnage increased
- Earnings per share of $0.11
- Adjusted earnings per share of $0.18 compared to $0.35 last year
- Project Sunrise transformation underway
- Planned fiscal 2018 capital expenditures set at $350 million

Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced financial results for its fourth quarter and full year ended May 6, 2017. In the fourth quarter, the Company recorded adjusted net earnings, net of non-controlling interest, of $50.2 million ($0.18 per diluted share) compared to $95.3 million ($0.35 per diluted share) in the fourth quarter last year, a 47.3 percent decrease.

"The initial efforts we have put in motion are starting to take root. We are seeing positive signs with increased tonnage for the first time in 17 quarters, stabilizing margins and disciplined cost containment," said Michael Medline, President and CEO, Empire Company Limited. "Having said that, we are not where we want to be and we are most certainly not out of the woods yet. Although we are doing a better job of managing our day-to-day business, we remain in the nascent stages of delivering significant cost savings while addressing a number of brand and customer offering opportunities that will provide a compelling reason for consumers to shop us more."

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 deliver approximately $500 million in annualized cost savings by fiscal 2020 that will allow the Company to grow its earnings and re-invest in the business, growing both its sales and earnings. In total, the Company expects to incur approximately $200 million in one-time costs associated with severance, relocation, consulting and minor system developments, the bulk of which will be incurred in the first half of fiscal 2018. Please see the "Overview of the Business" section of the Company's Management's Discussion and Analysis for further information.

Dividend Declaration

The Board of Directors announced an increase in Empire's annual dividend per share, paid quarterly, from $0.41 per share to $0.42 per share. It also declared a quarterly dividend of $0.1050 per share on both the Non-Voting Class A shares and the Class B common shares that will be payable on July 31, 2017 to shareholders of record on July 14, 2017. 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 6, 2017	14 Weeks Ended May 7, 2016	($) Change	52 Weeks Ended May 6, 2017	53 Weeks Ended May 7, 2016	($) Change
Sales	**$ 5,798.9**	$ 6,283.2	$ (484.3)	**$ 23,806.2**	$ 24,618.8	$ (812.6)
Gross profit [1]	**1,420.9**	1,546.2	(125.3)	**5,707.2**	5,957.6	(250.4)
EBITDA [2]	**171.7**	(1,047.2)	1,218.9	**777.2**	(1,944.7)	2,721.9
Adjusted EBITDA [2]	**193.9**	269.6	(75.7)	**796.9**	1,161.4	(364.5)
Operating income (loss)	**61.4**	(1,160.2)	1,221.6	**333.0**	(2,418.5)	2,751.5
Finance costs, net	**27.7**	36.3	(8.6)	**118.0**	137.4	(19.4)
Income tax expense (recovery)	**1.4**	(256.7)	258.1	**42.5**	(441.3)	483.8
Net earnings (loss) [3]	**29.5**	(942.6)	972.1	**158.5**	(2,131.0)	2,289.5
Adjusted net earnings [2][3]	**50.2**	95.3	(45.1)	**191.3**	410.2	(218.9)
EPS (fully diluted) [3][4][5]	**$ 0.11**	$ (3.47)	$ 3.58	**$ 0.58**	$ (7.78)	$ 8.36
Adjusted EPS (fully diluted) [3][5]	**$ 0.18**	$ 0.35	$ (0.17)	**$ 0.70**	$ 1.50	$ (0.80)
Diluted weighted average number of shares outstanding (in millions)	**271.7**	271.7		**272.0**	274.0	

(1) Gross profit amounts and corresponding ratios are calculated using the food retailing segment results.
(2) See "Non-GAAP Financial Measures" section of this news release.
(3) Net of non-controlling interest.
(4) The weighted average number of shares used for the purpose of basic and diluted loss per share is equal, as the impact of all potential common shares would be anti-dilutive.
(5) Earnings per share ("EPS").

Sales

Consolidated sales, which are generated by the food retailing segment, for the 13 weeks ended May 6, 2017 decreased primarily as a result of the following factors: (i) the additional week of operations in fiscal 2016 which accounted for approximately $461.2 million in sales; (ii) retail food price deflation; and (iii) price sensitivity by consumers and their continued shift to improved value, partially offset by increases in total tonnage sales. In addition to the factors noted for the quarter, fiscal 2017 consolidated sales decreased due to the negative impact of merchandising and promotional strategies in Western Canada.

During the 13 and 52 weeks ended May 6, 2017, Sobeys' same-store sales decreased 1.1 percent and 2.1 percent, respectively, from the same period last year. Excluding the impact of fuel, same-store sales decreased 1.6 percent and 2.2 percent, respectively. During the 52 weeks ended May 6, 2017, same-store sales excluding fuel and the retail West business unit decreased 1.2 percent.

Gross Profit

The decrease in gross profit during the fourth quarter was a result of the factors impacting sales. For the fourth quarter of fiscal 2017, gross margin of 24.5 percent remained relatively flat compared to the same period last year, and increased 80 basis points compared to the third quarter of fiscal 2017 as a result of focused execution along with the positive impact of seasonality.

The decrease in gross profit during fiscal 2017 continued to be the result of the factors impacting sales, as well as significant investments made in pricing, particularly in the West business unit. For the 52 weeks ended May 6, 2017, gross margin of 24.0 percent remained relatively flat compared to the same period last year.

EBITDA

EBITDA increased in both the fourth quarter and fiscal 2017 largely due to impairments recorded for goodwill and long-lived assets in the prior year.

Adjusted EBITDA decreased in both the fourth quarter and fiscal 2017 mainly as a result of the previously mentioned factors affecting sales, as well as increases in selling and administrative expenses, including increased labour costs and promotional spending.

($ in millions)	**13 Weeks Ended May 6, 2017**	14 Weeks Ended May 7, 2016	**52 Weeks Ended May 6, 2017**	53 Weeks Ended May 7, 2016
EBITDA	**$ 171.7**	$ (1,047.2)	**$ 777.2**	$ (1,944.7)
Adjustments:				
Costs related to Project Sunrise	**15.8**	-	**15.8**	-
Distribution centre restructuring	**4.3**	2.2	**9.6**	7.9
Loss (gain) on disposal of manufacturing facilities	**-**	32.1	**(7.5)**	71.8
Historical organizational realignment (reversals) costs	**(0.9)**	(0.4)	**3.4**	13.2
Network rationalization (reversals)	**3.0**	(13.9)	**(1.6)**	(13.9)
Impairments of goodwill and long-lived assets	**-**	1,296.8	**-**	3,027.1
	22.2	1,316.8	**19.7**	3,106.1
Adjusted EBITDA	**$ 193.9**	$ 269.6	**$ 796.9**	$ 1,161.4

Operating Income

Consolidated operating income for the fourth quarter increased primarily as a result of impairments of goodwill and long-lived assets recorded in the prior year. This was slightly offset by: (i) an increase in selling and administrative expenses in the current year; (ii) an additional week of operations in fiscal 2016; and (iii) a decrease in operating income contribution from the investment and other operations segment as Crombie Real Estate Investment Trust's ("Crombie REIT") contribution was lower due to a group of properties sold by Crombie REIT in their first quarter of fiscal 2016 and reversals of deferred gains in the prior year.

For fiscal 2017, consolidated operating income increased primarily as a result of the impairments of goodwill and long-lived assets recorded in the prior year. This was slightly offset by an increase in selling and administrative expenses in the current year and an additional week of operations in fiscal 2016.

Finance Costs

For the fourth quarter and full year of fiscal 2017, net finance costs decreased from the same periods last year primarily due to debt repayments in fiscal 2017.

Income Taxes

The Company's effective income tax rate for the fourth quarter of fiscal 2017 was 4.2 percent compared to 21.5 percent in the same period last year. Excluding the impact of the fiscal 2016 impairments, the effective income tax rate would have been 23.0 percent in the same period last year. The decrease is primarily attributed to the re-measurement of the Company's deferred income tax provision completed during the quarter and the impact of capital gain transactions undertaken.

The Company's effective income tax rate for the 52 weeks ended May 6, 2017 increased to 19.8 percent compared to 17.3 percent in the 53 weeks ended May 7, 2016. Excluding the impact of the fiscal 2016 impairments, the effective income tax rate would have been 27.0 percent. The change is attributed to capital gain transactions, the sale and lease back of retail properties to Crombie REIT on a tax deferred basis, as well as changes in legislation related to eligible capital expenditures in the current year.

Net Earnings

Consolidated net earnings, net of non-controlling interest, in the fourth quarter increased primarily as a result of impairments of goodwill and long-lived assets recorded in the prior year and a provision related to the previous sale of manufacturing facilities.

For fiscal 2017, Empire consolidated net earnings, net of non-controlling interest, were primarily impacted by the reasons noted in the EBITDA section.

($ in millions, except per share amounts)	**13 Weeks Ended May 6, 2017**	14 Weeks Ended May 7, 2016	**52 Weeks Ended May 6, 2017**	53 Weeks Ended May 7, 2016
Net earnings (loss) (1)	**$ 29.5**	$ (942.6)	**$ 158.5**	$ (2,131.0)
EPS (fully diluted) (2)	**$ 0.11**	$ (3.47)	**$ 0.58**	$ (7.78)
Adjustments (3):				
Intangible amortization associated with the Canada Safeway acquisition	**4.7**	4.8	**18.8**	19.1
Cost related to Project Sunrise	**11.3**	-	**11.3**	-
Distribution centre restructuring	**3.1**	1.6	**6.9**	5.8
Loss (gain) on disposal of manufacturing facilities	**-**	25.6	**(5.5)**	57.4
Historical organizational realignment (reversals) costs	**(0.6)**	(0.3)	**2.5**	9.6
Network rationalization (reversals)	**2.2**	(10.1)	**(1.2)**	(10.1)
Impairments of goodwill and long-lived assets	**-**	1,016.3	**-**	2,459.4
	20.7	1,037.9	**32.8**	2,541.2
Adjusted net earnings (1)	**$ 50.2**	$ 95.3	**$ 191.3**	$ 410.2
Adjusted EPS (fully diluted)	**$ 0.18**	$ 0.35	**$ 0.70**	$ 1.50
Diluted weighted average number of shares outstanding (in millions)	**271.7**	271.7	**272.0**	274.0

(1) Net of non-controlling interest.
(2) The weighted average number of shares used for the purpose of basic and diluted loss per share is equal, as the impact of all potential common shares would be anti-dilutive.
(3) All adjustments are net of income taxes.

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**, which as of May 6, 2017 included investments in Crombie Real Estate Investment Trust ("Crombie REIT") (41.5 percent equity accounted interest; 40.3 percent fully diluted) and interests in Genstar.

FOOD RETAILING

The following table presents Sobeys' contribution to Empire, net of consolidation adjustments, including a purchase price allocation from the privatization of Sobeys.

($ in millions)	**13 Weeks Ended May 6, 2017**	14 Weeks Ended May 7, 2016	($) Change	**52 Weeks Ended May 6, 2017**	53 Weeks Ended May 7, 2016	($) Change
Sales	**$ 5,798.9**	$ 6,283.2	$ (484.3)	**$ 23,806.2**	$ 24,618.8	$ (812.6)
Gross profit	**1,420.9**	1,546.2	(125.3)	**5,707.2**	5,957.6	(250.4)
EBITDA	**162.8**	(1,072.0)	1,234.8	**703.2**	(2,036.0)	2,739.2
Adjusted EBITDA	**185.0**	244.8	(59.8)	**722.9**	1,070.1	(347.2)
Operating income (loss)	**52.5**	(1,184.9)	1,237.4	**259.3**	(2,509.2)	2,768.5
Net earnings (loss) (1)	**23.6**	(958.2)	981.8	**112.7**	(2,193.3)	2,306.0
Adjusted net earnings (1)	**44.3**	79.7	(35.4)	**145.5**	347.9	(202.4)

(1) Net of non-controlling interest.

Sales

Sobeys' reported sales for the 13 weeks ended May 6, 2017 decreased primarily as a result of the following factors: (i) the additional week of operations in fiscal 2016 which accounted for approximately $461.2 million in sales; (ii) retail food price deflation; and (iii) price sensitivity by consumers and their continued shift to improved value, partially offset by increases in total tonnage sales. In addition to the factors noted for the quarter, fiscal 2017 sales decreased due to the negative impact of merchandising and promotional strategies in Western Canada.

During the 13 and 52 weeks ended May 6, 2017, Sobeys' same-store sales decreased 1.1 percent and 2.1 percent, respectively, from the same period last year. Excluding the impact of fuel, same-store sales decreased 1.6 percent and 2.2 percent, respectively. During the 52 weeks ended May 6, 2017, same-store sales excluding fuel and the retail West business unit decreased 1.2 percent.

Gross Profit

The decrease in Sobeys' gross profit during the fourth quarter was a result of the factors impacting sales. For the fourth quarter of fiscal 2017, gross margin of 24.5 percent remained relatively flat compared to the same period last year, and increased 80 basis points compared to the third quarter of fiscal 2017 as a result of focused execution along with the positive impact of seasonality.

The decrease in Sobeys' gross profit during fiscal 2017 continued to be the result of the factors impacting sales, as well as significant investments made in pricing, particularly in the West business unit. For the 52 weeks ended May 6, 2017, gross margin of 24.0 percent remained relatively flat compared to the same period last year.

EBITDA

EBITDA increased in both the fourth quarter and fiscal 2017 largely due to impairments recorded for goodwill and long-lived assets in the prior year.

Adjusted EBITDA decreased in both the fourth quarter and fiscal 2017 mainly as a result of the previously mentioned factors affecting sales, as well as increases in selling and administrative expenses, including increased labour costs and promotional spending.

($ in millions)	**13 Weeks Ended May 6, 2017**	14 Weeks Ended May 7, 2016	**52 Weeks Ended May 6, 2017**	53 Weeks Ended May 7, 2016
EBITDA	**$ 162.8**	$ (1,072.0)	**$ 703.2**	$ (2,036.0)
Adjustments:				
Costs related to Project Sunrise	**15.8**	-	**15.8**	-
Distribution centre restructuring	**4.3**	2.2	**9.6**	7.9
Loss (gain) on disposal of manufacturing facilities	**-**	32.1	**(7.5)**	71.8
Historical organizational realignment (reversals) costs	**(0.9)**	(0.4)	**3.4**	13.2
Network rationalization (reversals)	**3.0**	(13.9)	**(1.6)**	(13.9)
Impairments of goodwill and long-lived assets	**-**	1,296.8	**-**	3,027.1
	22.2	1,316.8	**19.7**	3,106.1
Adjusted EBITDA	**$ 185.0**	$ 244.8	**$ 722.9**	$ 1,070.1

Operating Income

Sobeys' operating income contribution to Empire for both the fourth quarter and fiscal 2017 increased primarily as a result of the impairments of goodwill and long-lived assets recorded in the prior year. This was slightly offset by an increase in selling and administrative expenses in the current year and an additional week of operations in fiscal 2016.

Net Earnings

Sobeys' contributed net earnings, net of non-controlling interest, to Empire in the fourth quarter increased primarily as a result of the impairments of goodwill and long-lived assets and the provision related to the previous sale of manufacturing facilities.

For fiscal 2017, Sobeys' contributed net earnings, net of non-controlling interest, to Empire were primarily impacted by the reasons noted in the EBITDA section.

($ in millions)	**13 Weeks Ended May 6, 2017**	14 Weeks Ended May 7, 2016	**52 Weeks Ended May 6, 2017**	53 Weeks Ended May 7, 2016
Net earnings (loss) (1)	**$ 23.6**	$ (958.2)	**$ 112.7**	$ (2,193.3)
Adjustments (2):				
Intangible amortization associated with the Canada Safeway acquisition	**4.7**	4.8	**18.8**	19.1
Costs related to Project Sunrise	**11.3**	-	**11.3**	-
Distribution centre restructuring	**3.1**	1.6	**6.9**	5.8
Loss (gain) on disposal of manufacturing facilities	**-**	25.6	**(5.5)**	57.4
Historical organizational realignment (reversals) costs	**(0.6)**	(0.3)	**2.5**	9.6
Network rationalization (reversals)	**2.2**	(10.1)	**(1.2)**	(10.1)
Impairments of goodwill and long-lived assets	**-**	1,016.3	**-**	2,459.4
	20.7	1,037.9	**32.8**	2,541.2
Adjusted net earnings (1)	**$ 44.3**	$ 79.7	**$ 145.5**	$ 347.9

(1) Net of non-controlling interest.
(2) All adjustments are net of income taxes.

INVESTMENTS AND OTHER OPERATIONS

The table below presents investments and other operations' contribution to Empire's operating income.

($ in millions)	**13 Weeks Ended May 6, 2017**	14 Weeks Ended May 7, 2016	($) Change	**52 Weeks Ended May 6, 2017**	53 Weeks Ended May 7, 2016	($) Change
Operating income (loss)						
Crombie REIT (1)	**$ 7.7**	$ 18.1	$ (10.4)	**$ 41.5**	$ 38.9	$ 2.6
Real estate partnerships (2)	**4.9**	2.8	2.1	**35.1**	46.7	(11.6)
Other operations, net of corporate expenses	**(3.7)**	3.8	(7.5)	**(2.9)**	5.1	(8.0)
	$ 8.9	$ 24.7	$ (15.8)	**$ 73.7**	$ 90.7	$ (17.0)

(1) 41.5 percent equity accounted interest in Crombie REIT (as at May 7, 2016 – 41.5 percent interest).
(2) Interests in Genstar.

Operating Income

Investments and other operations' operating income contribution to Empire decreased in the 13 weeks ended May 6, 2017 primarily as a result of a group of properties sold by Crombie REIT in their first quarter of fiscal 2016 and the reversal of deferred gains in the prior year.

For fiscal 2017, the decrease in investments and other operations' operating income contribution to Empire is attributed to a decrease in operating income from Genstar primarily due to the sale of two real estate partnerships by Genstar Development Partnership II in the third quarter of fiscal 2016 and a decrease in operating income from other operations compared to the prior year due to property sales by Crombie REIT in fiscal 2016 that resulted in the realization of previously deferred gains.

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)	**May 6, 2017**	May 7, 2016 (1)(2)	May 2, 2015 (1)(2)
Shareholders' equity, net of non-controlling interest	**$ 3,644.2**	$ 3,623.9	$ 5,986.7
Book value per common share (3)	**$ 13.41**	$ 13.34	$ 21.61
Long-term debt, including current portion	**$ 1,870.8**	$ 2,367.4	$ 2,284.1
Funded debt to total capital (3)	**33.9%**	39.5%	27.6%
Net funded debt to net total capital (3)	**31.3%**	36.7%	24.9%
Funded debt to adjusted EBITDA (3)	**2.3x**	2.0x	1.7x
Adjusted EBITDA to interest expense (3)	**7.7x**	10.2x	9.6x
Current assets to current liabilities	**0.9x**	1.0x	0.9x
Total assets	**$ 8,695.5**	$ 9,138.5	$ 11,497.2
Total non-current financial liabilities	**$ 2,502.1**	$ 2,735.9	$ 2,942.0

(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 Management's Discussion and Analysis for further detail.
(3) See "Non-GAAP Financial Measures" section of this news release.

The ratio of funded debt to total capital improved to 33.9 percent at May 6, 2017 from 39.5 percent at May 7, 2016.

Free Cash Flow

Free cash flow [(1)] is used to measure the change in the Company's cash available for debt repayment, dividend payments and other investing and financing activities.

($ in millions)	13 Weeks Ended May 6, 2017	14 Weeks Ended May 7, 2016 [(2)]	52 Weeks Ended May 6, 2017	53 Weeks Ended May 7, 2016
Cash flows from operating activities	**$ 225.8**	$ 242.4	**$ 708.5**	$ 896.8
Plus: proceeds on disposal of property, equipment and investment property	**36.8**	11.6	**425.7**	142.5
Less: property, equipment and investment property purchases	**(91.8)**	(173.9)	**(460.7)**	(616.5)
Free cash flow	**$ 170.8**	$ 80.1	**$ 673.5**	$ 422.8

(1) See "Non-GAAP Financial Measures" section of this news release.
(2) Amounts have been reclassified to correspond to the current period presentation on the consolidated statement of cash flows.

Free cash flow in the fourth quarter of fiscal 2017 increased from the same period last year primarily as a result of the following factors: (i) increased proceeds from real estate transactions; and (ii) decreased purchases of property, equipment and investment property due to planned reduction of capital expenditures.

For fiscal 2017, free cash flow increased compared to the prior year primarily as a result of the following factors: (i) increased proceeds on disposal of property, equipment and investment property primarily due to the agreement entered into with Crombie REIT; (ii) decreased purchases of property, equipment and investment property. These factors are partially offset by decreased operating activities.

SUBSEQUENT EVENTS

On May 11, 2017, the unitholders of Crombie REIT approved a tax reorganization that will eliminate wholly-owned corporate subsidiaries being subject to corporate income taxes. This tax reorganization is not expected to have a significant impact on the financial position of the Company.

On June 2, 2017, Sobeys entered a new, senior, unsecured non-revolving credit facility for $500.0 million. The facility bears floating interest tied to Canadian prime rate or bankers' acceptance rates. The financing is intended to be used to repay long-term debt due in calendar 2018.

On June 2, 2017, Crombie REIT announced that it had exercised its right to redeem its 5.00% Series D Convertible Unsecured Subordinated Debentures. The redemption will be effective on July 4, 2017. Upon redemption, Crombie REIT will pay to the holders of debentures the redemption price equal to the outstanding principal amount and all accrued and unpaid interest. Empire currently holds a $25.1 million investment in the Series D convertible debentures.

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.

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 Company's Annual Information Form and Annual Management's Discussion and Analysis.

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 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

There are measures included in this news release that do not have a standardized meaning under GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Company includes these measures because it believes certain investors use these measures 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.
- Gross profit is calculated as sales less cost of sales.
- Gross margin is gross profit divided by sales.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA") is calculated as net earnings (loss) before finance costs (net of finance income), income tax expense (recovery), and depreciation and amortization of intangibles.
- 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.
- 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 net earnings are net earnings (loss), 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.
- 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.
- Funded debt is all interest bearing debt, which includes bank loans, bankers' acceptances and long-term debt.
- Net funded debt is calculated as funded debt less cash and cash equivalents.
- Total capital is calculated as funded debt plus shareholders' equity, net of non-controlling interest.
- Net total capital is total capital less cash and cash equivalents.
- Funded debt to total capital ratio is funded debt divided by total capital.
- 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.
- Adjusted EBITDA to interest expense ratio is trailing four-quarter adjusted EBITDA divided by trailing four-quarter interest expense.
- Book value per common share is shareholders' equity, net of non-controlling interest, divided by total common shares outstanding.

For a more complete description of Empire's non-GAAP terms, please see Empire's Management's Discussion and Analysis for the fiscal year ended May 6, 2017.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Wednesday, June 28, 2017 beginning at 8:00 a.m. (Eastern Daylight Time) during which senior management will discuss the Company's financial results for the fourth quarter of fiscal 2017 ended May 6, 2017. To join this conference call, dial (888) 231-8191 outside the Toronto area or (647) 427-7450 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 (855) 859-2056 and entering passcode 40243765 until midnight July 5, 2017, 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 6, 2017. The information does not include all disclosures required by IFRS and should be read in conjunction with the Company's 2017 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
Condensed Consolidated Balance Sheets
As At
Audited (in millions of Canadian dollars)

	May 6 2017	May 7 2016
ASSETS		
Current		
Cash and cash equivalents	**$ 207.3**	$ 264.7
Receivables	**413.6**	489.4
Inventories	**1,322.2**	1,287.3
Prepaid expenses	**117.5**	117.3
Loans and other receivables	**25.5**	26.4
Income taxes receivable	**31.9**	11.9
Assets held for sale	**48.5**	407.1
	2,166.5	2,604.1
Loans and other receivables	**82.1**	93.5
Investments	**25.1**	24.7
Investments, at equity	**648.4**	574.9
Other assets	**43.3**	57.3
Property and equipment	**3,033.3**	3,144.7
Investment property	**103.0**	82.9
Intangibles	**880.5**	911.5
Goodwill	**1,003.4**	998.7
Deferred tax assets	**709.9**	646.2
	$ 8,695.5	$ 9,138.5
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 2,230.2**	$ 2,173.1
Income taxes payable	**38.4**	21.2
Provisions	**88.1**	174.9
Long-term debt due within one year	**134.0**	350.4
	2,490.7	2,719.6
Provisions	**105.8**	131.7
Long-term debt	**1,736.8**	2,017.0
Other long-term liabilities	**141.7**	108.7
Employee future benefits	**374.0**	336.8
Deferred tax liabilities	**143.8**	141.7
	4,992.8	5,455.5
SHAREHOLDERS' EQUITY		
Capital stock	**2,034.4**	2,045.1
Contributed surplus	**25.3**	22.5
Retained earnings	**1,572.8**	1,546.4
Accumulated other comprehensive income	**11.7**	9.9
	3,644.2	3,623.9
Non-controlling interest	**58.5**	59.1
	3,702.7	3,683.0
	$ 8,695.5	$ 9,138.5

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

	Unaudited 13 and 14 Weeks Ended		*Audited 52 and 53 Weeks Ended*	
	May 6 2017	**May 7 2016**	**May 6 2017**	**May 7 2016**
Sales	**$ 5,798.9**	$ 6,283.2	**$ 23,806.2**	$ 24,618.8
Other income (loss)	**6.2**	(16.7)	**48.2**	(10.9)
Share of earnings from investments, at equity	**12.9**	19.9	**77.5**	86.1
Operating expenses				
Cost of sales	**4,378.0**	4,737.0	**18,099.0**	18,661.2
Selling and administrative expenses	**1,378.6**	1,412.8	**5,499.9**	5,424.2
Impairments of goodwill and long-lived assets	**-**	1,296.8	**-**	3,027.1
Operating income (loss)	**61.4**	(1,160.2)	**333.0**	(2,418.5)
Finance costs, net	**27.7**	36.3	**118.0**	137.4
Earnings (loss) before income taxes	**33.7**	(1,196.5)	**215.0**	(2,555.9)
Income tax expense (recovery)	**1.4**	(256.7)	**42.5**	(441.3)
Net earnings (loss)	**$ 32.3**	$ (939.8)	**$ 172.5**	$ (2,114.6)
Earnings (loss) for the period attributable to:				
Non-controlling interest	**$ 2.8**	$ 2.8	**$ 14.0**	$ 16.4
Owners of the Company	**29.5**	(942.6)	**158.5**	(2,131.0)
	$ 32.3	$ (939.8)	**$ 172.5**	$ (2,114.6)
Earnings (loss) per share				
Basic	**$ 0.11**	$ (3.47)	**$ 0.58**	$ (7.78)
Diluted	**$ 0.11**	$ (3.47)	**$ 0.58**	$ (7.78)
Weighted average number of common shares outstanding, in millions				
Basic	**271.7**	271.7	**271.9**	273.9
Diluted	**271.7**	271.7	**272.0**	274.0

Empire Company Limited **Condensed Consolidated Statements of Cash Flows** **(in millions of Canadian dollars)**	*Unaudited* *13 and 14 Weeks Ended* **May 6 2017**	 **May 7 2016**	*Audited* *52 and 53 Weeks Ended* **May 6 2017**	 **May 7 2016**
Operations				
Net earnings (loss)	**$ 32.3**	$ (939.8)	**$ 172.5**	$ (2,114.6)
Adjustments for:				
Depreciation	**88.6**	90.9	**355.5**	384.8
Income tax expense (recovery)	**1.4**	(256.7)	**42.5**	(441.3)
Finance costs, net	**27.7**	36.3	**118.0**	137.4
Amortization of intangibles	**21.7**	22.1	**88.7**	89.0
Net (gain) loss on disposal of assets	**(0.3)**	24.9	**(21.3)**	42.6
Impairment of non-financial assets, net	**11.0**	6.2	**27.5**	17.6
Impairments of goodwill and long-lived assets	**-**	1,296.8	**-**	3,027.1
Amortization of deferred items	**3.3**	3.2	**12.8**	12.8
Equity in earnings of other entities, net of distributions received	**2.5**	14.8	**19.9**	9.9
Employee future benefits	**1.0**	(9.9)	**8.5**	(4.2)
Increase in long-term lease obligation	**2.2**	3.2	**13.9**	6.7
Decrease in long-term provisions	**(3.0)**	(11.9)	**(35.4)**	(25.8)
Equity based compensation, net	**1.7**	0.9	**3.3**	3.6
Net change in non-cash working capital	**58.0**	(4.5)	**0.5**	(132.2)
Income taxes paid, net	**(22.3)**	(34.1)	**(98.4)**	(116.6)
Cash flows from operating activities	**225.8**	242.4	**708.5**	896.8
Investment				
Increase in investments	**(0.4)**	(0.6)	**(0.4)**	(4.0)
Property, equipment and investment property purchases	**(91.8)**	(173.9)	**(460.7)**	(616.5)
Proceeds on disposal of property, equipment and investment property	**36.8**	11.6	**425.7**	142.5
Additions to intangibles	**(20.1)**	(12.1)	**(53.8)**	(55.5)
Loans and other receivables	**(1.5)**	11.6	**12.3**	(6.6)
Tenant inducements	**-**	-	**58.8**	-
Other assets and other long-term liabilities	**3.3**	0.3	**2.7**	5.6
Business acquisitions	**(0.2)**	(12.5)	**(21.9)**	(90.7)
Interest received	**0.6**	1.2	**1.6**	2.6
Cash flows used in investing activities	**(73.3)**	(174.4)	**(35.7)**	(622.6)
Financing				
Issue of long-term debt	**12.7**	18.9	**55.6**	82.7
Debt financing costs	**-**	(1.4)	**-**	(1.4)
Repayment of long-term debt	**(28.4)**	(22.4)	**(397.2)**	(94.5)
Net (repayment) advance of credit facilities	**(72.0)**	(27.0)	**(165.0)**	68.1
Interest paid	**(32.1)**	(37.3)	**(87.0)**	(92.4)
Repurchase of Non-Voting Class A shares	**-**	-	**-**	(148.1)
Acquisition of shares held in trust	**(0.1)**	-	**(10.7)**	-
Dividends paid, common shares	**(27.8)**	(27.2)	**(111.3)**	(109.4)
Non-controlling interest	**(0.8)**	(0.9)	**(14.6)**	(10.4)
Cash flows used in financing activities	**(148.5)**	(97.3)	**(730.2)**	(305.4)
Increase (decrease) in cash and cash equivalents	**4.0**	(29.3)	**(57.4)**	(31.2)
Cash and cash equivalents, beginning of period	**203.3**	294.0	**264.7**	295.9
Cash and cash equivalents, end of period	**$ 207.3**	$ 264.7	**$ 207.3**	$ 264.7

2017 ANNUAL REPORT

The Company's audited consolidated financial statements and the notes thereto for the fiscal year ended May 6, 2017 and MD&A for the fiscal year ended May 6, 2017, which includes discussion and analysis of results of operations, financial position and cash flows will be available today, June 28, 2017. 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 2017 Annual Report will be available on or about July 28, 2017 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 $23.8 billion in sales and $8.7 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 125,000 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.

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