FOR IMMEDIATE RELEASE
March 14, 2018

Empire Company Reports Improved Fiscal 2018 Third Quarter Results

Third Quarter Summary

- Same-store sales excluding fuel increased 1.1%
- Earnings per share of $0.21
- Adjusted earnings per share of $0.33 compared to $0.13 last year
- Project Sunrise transformation on track
- Free cash flow of $269.4 million, increased from $28.2 million last year

Stellarton, NS – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the third quarter ended February 3, 2018. For the quarter, the Company recorded adjusted net earnings, net of non-controlling interest, of $89.9 million ($0.33 per diluted share) compared to $34.6 million ($0.13 per diluted share) in the third quarter last year.

"This quarter further highlights the progress we are making to improve the Company's results. In the first three quarters, our adjusted EPS has grown by 77% compared to the first three quarters of last year. This has been achieved against the backdrop of making tough long-term decisions to restructure and grow our Company," said Michael Medline, President and CEO.

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 result in at least $500 million in annualized cost savings by fiscal 2020. The transformation is on track with the first phase, the Company re-organization, substantially complete and benefits are tracking to management's expectations. Total one-time costs are not expected to exceed $240 million, with charges to earnings expected to be substantially complete by the fourth quarter of fiscal 2018.

OPERATING RESULTS

($ in millions, except per share amounts)	13 Weeks Ended Feb. 3, 2018	Feb. 4, 2017	$ Change	39 Weeks Ended Feb. 3, 2018	Feb. 4, 2017	$ Change
Sales	**$ 6,029.2**	$ 5,889.8	$ 139.4	**$ 18,328.5**	$ 18,007.3	$ 321.2
Gross profit[1]	**1,444.7**	1,394.8	49.9	**4,449.2**	4,286.3	162.9
Operating income	**108.1**	68.6	39.5	**235.9**	271.6	(35.7)
Adjusted operating income[1]	**152.0**	74.3	77.7	**462.0**	288.4	173.6
EBITDA[1]	**216.1**	179.4	36.7	**567.9**	605.5	(37.6)
Adjusted EBITDA[1]	**253.3**	178.7	74.6	**774.3**	603.0	171.3
Net earnings[2]	**58.1**	30.5	27.6	**88.5**	129.0	(40.5)
Adjusted net earnings[1][2]	**89.9**	34.6	55.3	**251.3**	141.1	110.2
Diluted earnings per share						
EPS[2][3]	**$ 0.21**	$ 0.11	$ 0.10	**$ 0.33**	$ 0.47	$ (0.14)
Adjusted EPS[1][2][3]	**$ 0.33**	$ 0.13	$ 0.20	**$ 0.92**	$ 0.52	$ 0.40
Diluted weighted average number of shares outstanding (in millions)	**272.2**	271.7		**272.0**	272.0	

	13 Weeks Ended Feb. 3, 2018	Feb. 4, 2017	39 Weeks Ended Feb. 3, 2018	Feb. 4, 2017
Same-store sales[1] growth (decline)	**1.3%**	(3.1)%	**0.9%**	(2.5)%
Same-store sales growth (decline), excluding fuel	**1.1%**	(3.7)%	**0.7%**	(2.4)%
Gross margin[4]	**24.0%**	23.7%	**24.3%**	23.8%
EBITDA margin[4]	**3.6%**	3.0%	**3.1%**	3.4%
Adjusted EBITDA margin[4]	**4.2%**	3.0%	**4.2%**	3.3%
Effective income tax rate	**28.1%**	28.6%	**29.5%**	22.7%

(1) See "Non-GAAP Financial Measures & Financial Metrics" section.
(2) Net of non-controlling interest.
(3) Earnings per share ("EPS").
(4) Consolidated operating results as a % of sales.

Sales

Sales increased by 2.4% for the 13 weeks ended February 3, 2018 as same-store sales were higher in most areas of the country, driven by increases in basket size and more disciplined pricing strategies compared to significant deflationary pricing strategies in the prior year. Food inflation was positive, contributing to the increase in sales.

Gross Profit

The increase in gross profit during the 13 weeks ended February 3, 2018 was a result of improved store execution and promotional strategies, and a continued focus on stabilizing and improving margin rates, resulting in an increase in gross margins from 23.7% to 24.0% in the third quarter.

EBITDA

EBITDA increased in the 13 weeks ended February 3, 2018 mainly as a result of improvements in sales and margins, benefits related to Project Sunrise and other cost efficiencies, and higher contributions from real estate operations. These results were partially offset by increases in incentive compensation accruals due to improving performance and expenses related to Project Sunrise. Adjusted EBITDA increased this quarter by 42% to $253.3 million.

	13 Weeks Ended		39 Weeks Ended	
($ in millions)	**Feb. 3, 2018**	Feb. 4, 2017	**Feb. 3, 2018**	Feb. 4, 2017
EBITDA	**$ 216.1**	$ 179.4	**$ 567.9**	$ 605.5
Adjustments:				
West business unit store closures	**20.9**	-	**20.9**	-
Costs related to Project Sunrise	**16.3**	-	**185.5**	-
Gain on disposal of manufacturing facilities	**-**	-	**-**	(7.5)
Historical organizational realignment costs	**-**	0.7	**-**	4.3
Network rationalization reversals	**-**	(4.6)	**-**	(4.6)
Distribution centre restructuring	**-**	3.2	**-**	5.3
	37.2	(0.7)	**206.4**	(2.5)
Adjusted EBITDA	**$ 253.3**	$ 178.7	**$ 774.3**	$ 603.0

Income Taxes

The effective income tax rate for the 13 weeks ended February 3, 2018 was 28.1% compared to 28.6% in the same quarter last year. The decrease in the effective rate is primarily due to higher capital gains on property dispositions and additional charges associated with Project Sunrise. The charges were incurred in tax jurisdictions that have higher corporate tax rates and resulted in a lower effective rate.

Net Earnings

The following is a reconciliation of adjusted net earnings:

	13 Weeks Ended		39 Weeks Ended	
($ in millions, except per share amounts)	**Feb. 3, 2018**	Feb. 4, 2017	**Feb. 3, 2018**	Feb. 4, 2017
Net earnings(1)	**$ 58.1**	$ 30.5	**$ 88.5**	$ 129.0
EPS (fully diluted)	**$ 0.21**	$ 0.11	**$ 0.33**	$ 0.47
Adjustments (net of income taxes):				
West business unit store closures	**15.3**	-	**15.3**	-
Costs related to Project Sunrise	**11.6**	-	**133.1**	-
Intangible amortization associated with the Canada Safeway acquisition	**4.9**	4.7	**14.4**	14.1
Gain on disposal of manufacturing facilities	**-**	-	**-**	(5.5)
Historical organizational realignment costs	**-**	0.5	**-**	3.1
Network rationalization reversals	**-**	(3.4)	**-**	(3.4)
Distribution centre restructuring	**-**	2.3	**-**	3.8
	31.8	4.1	**162.8**	12.1
Adjusted net earnings(1)	**$ 89.9**	$ 34.6	**$ 251.3**	$ 141.1
Adjusted EPS (fully diluted)	**$ 0.33**	$ 0.13	**$ 0.92**	$ 0.52
Diluted weighted average number of shares outstanding (in millions)	**272.2**	271.7	**272.0**	272.0

(1) Net of non-controlling interest.

Free Cash Flow

Free cash flow in the quarter increased significantly compared to last year primarily due to improved operating earnings and lower levels of capital investments.

	13 Weeks Ended		39 Weeks Ended	
($ in millions)	**Feb. 3, 2018**	Feb. 4, 2017	**Feb. 3, 2018**	Feb. 4, 2017
Cash flows from operating activities	**$ 284.7**	$ 100.5	**$ 566.2**	$ 482.7
Add: proceeds on disposal of property, equipment and investment property	**34.6**	11.3	**104.0**	388.9
Less: property, equipment and investment property purchases	**(49.9)**	(83.6)	**(163.7)**	(368.9)
Free cash flow	**$ 269.4**	$ 28.2	**$ 506.5**	$ 502.7

(1) See "Non-GAAP Financial Measures & Financial Metrics" section.

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**, including 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

	13 Weeks Ended		$	39 Weeks Ended		$
($ in millions)	**Feb. 3, 2018**	Feb. 4, 2017	Change	**Feb. 3, 2018**	Feb. 4, 2017	Change
Sales	**$ 6,029.2**	$ 5,889.8	$ 139.4	**$ 18,328.5**	$ 18,007.3	$ 321.2
Gross profit	**1,444.7**	1,394.8	49.9	**4,449.2**	4,286.3	162.9
Operating income	**78.8**	41.7	37.1	**178.4**	206.8	(28.4)
Adjusted operating income	**122.7**	47.4	75.3	**404.5**	223.6	180.9
EBITDA	**186.7**	152.5	34.2	**510.1**	540.4	(30.3)
Adjusted EBITDA	**223.9**	151.8	72.1	**716.5**	537.9	178.6
Net earnings[(1)]	**38.8**	13.4	25.4	**56.6**	89.1	(32.5)
Adjusted net earnings[(1)]	**70.6**	17.5	53.1	**219.4**	101.2	118.2

(1) Net of non-controlling interest.

Investments and Other Operations

	13 Weeks Ended		$	39 Weeks Ended		$
($ in millions)	**Feb. 3, 2018**	Feb. 4, 2017	Change	**Feb. 3, 2018**	Feb. 4, 2017	Change
Operating income						
Crombie REIT	**$ 11.4**	$ 12.8	$ (1.4)	**$ 28.7**	$ 33.8	$ (5.1)
Real estate partnerships	**20.0**	10.9	9.1	**30.6**	30.2	0.4
Other operations, net of corporate expenses	**(2.1)**	3.2	(5.3)	**(1.8)**	0.8	(2.6)
	$ 29.3	$ 26.9	$ 2.4	**$ 57.5**	$ 64.8	$ (7.3)

For the 13 weeks ended February 3, 2018, operating income increased from the prior year as a result of higher earnings from real estate partnerships, attributable to a larger volume of lot sales in Western Canada and a bulk sale of development property in a U.S. real estate partnership. This was offset by a decrease in operating income from other operations, due to positive adjustments in the prior year comparative.

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)		February 3, 2018		May 6, 2017		February 4, 2017[1]
Shareholders' equity, net of non-controlling interest	**$**	**3,666.9**	$	3,644.2	$	3,684.0
Book value per common share[2]	**$**	**13.50**	$	13.41	$	13.59
Long-term debt, including current portion	**$**	**1,778.1**	$	1,870.8	$	1,957.9
Funded debt to total capital[2]		**32.7%**		33.9%		34.7%
Net funded debt to net total capital[2]		**26.5%**		31.3%		32.3%
Funded debt to adjusted EBITDA[2][3]		**1.8x**		2.3x		2.2x
Adjusted EBITDA to interest expense[2][4]		**9.6x**		7.7x		8.1x
Trailing four-quarter adjusted EBITDA	**$**	**968.2**	$	796.9	$	872.6
Trailing four-quarter interest expense	**$**	**100.8**	$	103.1	$	107.2
Current assets to current liabilities		**0.8x**		0.9x		0.9x
Total assets	**$**	**8,637.1**	$	8,695.5	$	8,772.1
Total non-current financial liabilities	**$**	**1,941.6**	$	2,502.1	$	2,637.6

(1) Amounts have been reclassified to correspond to the current period presentation on the condensed consolidated balance sheets.
(2) See "Non-GAAP Financial Measures & Financial Metrics" section.
(3) Calculation uses trailing four-quarter adjusted EBITDA.
(4) Calculation uses trailing four-quarter adjusted EBITDA and interest expense.

OTHER SIGNIFICANT ITEMS

Healthcare Reform

On January 29, 2018, additional healthcare reform was introduced by the pan-Canadian Pharmaceutical Alliance with the Canadian Generic Pharmaceutical Association that will come into effect on April 1, 2018. The Company estimates that the effect, prior to any mitigation, of these changes may be to reduce income before taxes by up to $40 million.

Minimum Wage Increases

The Company expects to incur increased labour costs in fiscal 2018 as a result of minimum wage increases in Ontario and Alberta and other effects associated with the Fair Workplaces, Better Jobs Act, 2017 ("Bill 148") that was recently passed into law in Ontario. The Company estimates the unmitigated financial impact of the minimum wage increases in Ontario and Alberta could be up to $25 million in fiscal 2018 and $70 million in fiscal 2019. These estimates represent only the wage increase for people in the business earning less than the anticipated new wage rates, and do not assume any changes in the compensation of other wage bands. Other incremental impacts of Bill 148, including wage parity, could increase the potential impact by up to $20 million in fiscal 2019.

The Company continues to develop plans to mitigate the impact of these increases and expects these plans will offset the effect of increases in fiscal 2018. The Company continues to develop further plans to mitigate the full year impacts for fiscal 2019, but there is some risk that the Company may not be able to fully offset the effects on earnings considering the short transition period of the cost increases.

DIVIDEND DECLARATION

The Board of Directors 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 April 30, 2018 to shareholders of record on April 13, 2018. These dividends are eligible dividends as defined for the purposes of the Income Tax Act (Canada) and applicable provincial legislation.

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 Company's expectations regarding the impact of Project Sunrise, including expected cost savings and efficiencies resulting from this transformation initiative, and the expected timing and amount of one-time costs, which could be impacted by several factors, including the time required by the Company to complete the project as well as the factors identified under the heading "Risk Management" in the fiscal 2017 annual MD&A;

- The Company's expectations regarding the impact of healthcare reform that will come into effect on April 1, 2018; and

- The Company's expectations regarding the impact of minimum wage increases in Ontario and Alberta, and the Company's ability to mitigate the financial impact of these increases which may be impacted by factors described under the heading "Minimum Wage Increases".

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 2017 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.

NON-GAAP FINANCIAL MEASURES & FINANCIAL METRICS

There are measures and metrics included in this news release that do not have a standardized meaning under generally accepted accounting principles ("GAAP") and therefore may not be comparable to similarly titled measures and metrics presented by other publicly traded companies. The Company includes these measures and metrics because it believes certain investors use these measures and metrics as a means of assessing financial performance.

Empire's definitions of the non-GAAP measures and metrics included in this news release are as follows:

- Same-store sales are sales from stores in the same location in both reporting periods.
- Adjusted net earnings are net earnings, 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.

- Adjusted EPS (fully diluted) is calculated as adjusted net earnings divided by diluted weighted average number of shares outstanding.
- 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.
- Gross profit is calculated as sales less cost of sales.
- Gross margin is gross profit divided by sales.
- Adjusted operating income is operating income 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.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA") is calculated as net earnings before finance costs (net of finance income), income tax expense, 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.
- Book value per common share is shareholders' equity, net of non-controlling interest, divided by total common shares outstanding.
- Funded debt is all interest bearing debt, which includes bank loans, bankers' acceptances and long-term debt.
- Total capital is calculated as funded debt plus shareholders' equity, net of non-controlling interest.
- Funded debt to total capital ratio is funded debt divided by total capital.
- Net funded debt is calculated as funded debt less cash and cash equivalents.
- Net total capital is total capital less cash and cash equivalents.
- 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.
- 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 EBITDA to interest expense ratio is trailing four-quarter adjusted EBITDA divided by trailing four-quarter interest expense.

For a more complete description of Empire's non-GAAP measures and metrics, please see Empire's MD&A for the third quarter ended February 3, 2018.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Wednesday, March 14, 2018 beginning at 8:30 a.m. (Eastern Daylight Time) during which senior management will discuss the Company's financial results for the third quarter of fiscal 2018. 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 access code 3189878 until midnight March 21, 2018, or on the Company's website for 90 days following the conference call.

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 $24.1 billion in annualized sales and $8.6 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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