EMPIRE
COMPANY LIMITED

FOR IMMEDIATE RELEASE
June 27, 2019

Empire Company Finishes Fiscal 2019 with Strong Sales and Earnings; Exceeds Sunrise Targets; Announces 9% Dividend Increase and Share Buyback

Fourth Quarter Summary

- Same-store sales excluding fuel increased by 3.8% (4.2% excluding pharmacy)
- Fourth consecutive quarter of tonnage growth
- Earnings per share of $0.45 compared to $0.26 last year
- Adjusted earnings per share of $0.46 compared to $0.35 last year
- Project Sunrise exceeded targets for fiscal 2019
- Capital investment program for fiscal 2020 expected to be $600 million
- Annual dividend per share increased 9% to $0.48
- Intent to repurchase approximately $100 million of Non-Voting Class A shares

Stellarton, NS – Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced its financial results for the fourth quarter and full year ended May 4, 2019. For the quarter, the Company recorded adjusted net earnings, net of non-controlling interest, of $126.5 million ($0.46 per diluted share) compared to $93.0 million ($0.35 per diluted share) last year.

"The progress being made at Empire Company is clear to see in every financial and customer metric in our fourth quarter and fiscal 2019," said Michael Medline, President and CEO, Empire. "The team is stronger, more customer focused, results oriented and increasingly innovative. We are especially proud of our annual sales improvement of almost $1 billion and productivity gains that are showing up in significantly higher gross margin. Project Sunrise is progressing even better than we had planned and we expect to exceed our $500 million savings target."

"We now believe that, following our three-year transformation effort, we will be in a strong position to put in place a new three year strategic and financial roadmap to drive even stronger shareholder returns. Our confidence is manifest in our announcement today that we are raising Empire's dividend 9%, and intend to carry out a $100 million share buyback," continued Mr. Medline.

Project Sunrise is progressing well and yielding benefits that are expected to exceed management's initial expectations. The Company realized approximately $100 million of these benefits during fiscal 2018 through organizational design, strategic sourcing cost reductions and improvements in store operations. In fiscal 2019, the Company realized a further approximate $200 million of benefits.

For fiscal 2020 – the final year of the transformation – management expects to achieve at least $250 million of in-year benefits for a cumulative benefit of at least $550 million, putting the Company ahead of its original projections for the three year program. These in-year benefits for fiscal 2020 are expected to result from completion of the rollout of the category reset program in the early fall, and continued cost reductions and operational improvements.

Dividend Declaration

The Company declared a quarterly dividend of $0.12 per share for both the Non-Voting Class A shares and the Class B common shares that will be payable on July 31, 2019 to shareholders of record on July 15, 2019. These dividends represent an annualized increase of 9% in Empire's dividend. These dividends are eligible dividends as defined for the purposes of the Income Tax Act (Canada) and applicable provincial legislation.

Normal Course Issuer Bid ("NCIB")

The Company has filed a notice of intention with the Toronto Stock Exchange ("TSX") to purchase for cancellation up to 3,500,000 Non-Voting Class A shares representing approximately 2.0 percent of those outstanding, subject to obtaining regulatory approval. The purchases will be made through the facilities of the TSX and/or any alternative trading systems to the extent they are eligible. As of June 26, 2019, 173,663,969 Non-Voting Class A shares are issued and outstanding. The price that Empire will pay for any such shares will be the market price at the time of acquisition. Purchases may commence on July 2, 2019, and shall terminate not later than July 1, 2020.

The Company believes that repurchasing shares at the prevailing market prices is a worthwhile use of funds and in the best interests of Empire and its shareholders. Empire did not acquire any of its Non-Voting Class A shares in the past 12 months under normal course issuer bids.

The average daily trading volume (the "ADTV") of the Non-Voting Class A shares was 554,024 on the TSX over the last six completed calendar months. Accordingly, under the policies of the TSX, Empire is entitled to purchase, during any one trading day, up to 138,506 Non-Voting Class A shares (being 25 percent of the ADTV of the Non-Voting Class A shares). Empire is entitled to purchase a larger amount of Non-Voting Class A shares per calendar week, subject to the maximum number that may be acquired under the normal course issuer bid, if the transaction meets the block purchase exception under the TSX rules.

CONSOLIDATED OPERATING RESULTS

($ in millions, except per share amounts)	13 Weeks Ended May 4, 2019	13 Weeks Ended May 5, 2018	13 Weeks Ended $ Change	52 Weeks Ended May 4, 2019	52 Weeks Ended May 5, 2018	52 Weeks Ended $ Change
Sales	**$ 6,220.4**	$ 5,886.1	$ 334.3	**$ 25,142.0**	$ 24,214.6	$ 927.4
Gross profit(1)	**1,577.5**	1,451.3	126.2	**6,083.6**	5,900.5	183.1
Operating income	**194.2**	110.6	83.6	**652.3**	346.5	305.8
Adjusted operating income(1)	**200.3**	139.7	60.6	**683.6**	601.7	81.9
EBITDA(1)	**300.1**	217.8	82.3	**1,069.5**	785.7	283.8
Adjusted EBITDA(1)	**300.1**	240.4	59.7	**1,076.2**	1,014.7	61.5
Net earnings(2)	**122.1**	71.0	51.1	**387.3**	159.5	227.8
Adjusted net earnings(1)(2)	**126.5**	93.0	33.5	**410.0**	344.3	65.7
Diluted earnings per share						
EPS(2)(3)	**$ 0.45**	$ 0.26	$ 0.19	**$ 1.42**	$ 0.59	$ 0.83
Adjusted EPS(1)(2)	**$ 0.46**	$ 0.35	$ 0.11	**$ 1.50**	$ 1.27	$ 0.23
Diluted weighted average number of shares outstanding (in millions)	**272.8**	272.2		**272.6**	272.1	
Dividend per share	**$ 0.110**	$ 0.105		**$ 0.440**	$ 0.420	

	13 Weeks Ended May 4, 2019	13 Weeks Ended May 5, 2018	52 Weeks Ended May 4, 2019	52 Weeks Ended May 5, 2018
Same-store sales(1) growth	**3.2%**	0.5%	**2.8%**	0.8%
Same-store sales growth, excluding fuel	**3.8%**	0.0%	**2.7%**	0.5%
Same-store sales growth, excluding fuel and pharmacy	**4.2%**	0.3%	**3.2%**	0.7%
Gross margin(1)	**25.4%**	24.7%	**24.2%**	24.4%
EBITDA margin(1)	**4.8%**	3.7%	**4.3%**	3.2%
Adjusted EBITDA margin(1)	**4.8%**	4.1%	**4.3%**	4.2%
Effective income tax rate	**25.5%**	13.7%	**25.7%**	23.8%

(1) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.
(2) Net of non-controlling interest.
(3) Earnings per share ("EPS").

Empire's results for the fiscal year ended May 4, 2019 include Farm Boy operations as of December 10, 2018. All metrics, including same-store sales, include the consolidation of Farm Boy operations.

Sales

Sales for the fourth quarter increased by 5.7% driven by stronger performance across the business and the incorporation of Farm Boy results. Internal food inflation was positive and tonnage increased for the fourth consecutive quarter, the highest in almost nine years. These increases were partially offset by store closures in Western Canada, the deflationary impact of healthcare reform on pharmacy sales and lower fuel prices.

Sales for the fiscal year ended May 4, 2019 increased by 3.8% driven by stronger performance across the business, the incorporation of Farm Boy results and increased fuel prices. These increases were partially offset by the previously mentioned effects of store closures in Western Canada and the deflationary impact of healthcare reform.

Gross Profit

Gross profit increased by 8.7% and 3.1% for the fourth quarter and fiscal year ended May 4, 2019, respectively. These increases are a result of higher sales, the incorporation of Farm Boy results and benefits from the initial rollout of the category reset program. This was partially offset by store closures in Western Canada and lower margins in the Company's pharmacy business.

Gross margin for the fourth quarter increased to 25.4% from 24.7% last year as a result of category reset benefits and positive margin rate contributions from the inclusion of Farm Boy results.

Gross margin for the fiscal year ended May 4, 2019 decreased to 24.2% compared to 24.4% in the prior year as a result of lower margin fuel sales increases and the effect of sales mix between banners.

Operating Income

Operating income increased by 75.6% for the fourth quarter mainly as a result of improved earnings from the food retailing segment due to higher sales and improved margins, offset by higher selling and administrative expenses. Selling and administrative expenses increased as a result of the inclusion of Farm Boy results, higher store and back office incentive compensation accruals and increased marketing costs. Higher retail labour due to increased sales volume also increased selling and administrative expenses year-over-year. These increases to selling and administrative expenses were partially offset by savings achieved by Project Sunrise.

Operating income from the food retailing segment increased for the fiscal year ended May 4, 2019 primarily as a result of improvements in sales and margins, and lower selling and administrative expenses. Selling and administrative expenses were lower due to higher costs incurred related to Project Sunrise in the prior year, the positive impact of Project Sunrise benefits achieved in the current year, reversal of previously impaired assets in Western Canada, lower incentive compensation accruals, and a decrease in depreciation expense. These positive impacts were partly offset by increases in minimum wage rates, the inclusion of Farm Boy results and related acquisition costs, costs of voluntary buyouts of eligible British Columbia ("B.C.") Safeway employees and the costs associated with the closure and conversion of stores as part of the ongoing expansion of the FreshCo discount format into Western Canada.

Operating income from the Investments and other operations segment increased due to the sale of a 26 property portfolio by Crombie Real Estate Investment Trust ("Crombie REIT"), the related gain which resulted in an increase of $8.4 million recognized by the Company as a share of equity earnings from Crombie REIT and $6.4 million in Other operations, reflecting reversal of previously deferred gains on disposal on properties previously sold to Crombie REIT.

	13 Weeks Ended		52 Weeks Ended	
($ in millions)	**May 4, 2019**	May 5, 2018	**May 4, 2019**	May 5, 2018
Operating income	**$ 194.2**	$ 110.6	**$ 652.3**	$ 346.5
Adjustments:				
Intangible amortization associated with the Canada Safeway acquisition	**6.1**	6.5	**24.6**	26.2
Business acquisition costs	**-**	-	**6.7**	-
Costs related to Project Sunrise	**-**	22.3	**-**	207.8
Western Canada store closures	**-**	0.3	**-**	21.2
	6.1	29.1	**31.3**	255.2
Adjusted operating income	**$ 200.3**	$ 139.7	**$ 683.6**	$ 601.7

EBITDA

EBITDA increased for the fourth quarter substantively due to the same factors affecting operating income.

EBITDA increased for the fiscal year ended May 4, 2019 mainly as a result of the same factors affecting operating income, with the exception of the impact of depreciation expense.

	13 Weeks Ended		52 Weeks Ended	
($ in millions)	**May 4, 2019**	May 5, 2018	**May 4, 2019**	May 5, 2018
EBITDA	**$ 300.1**	$ 217.8	**$ 1,069.5**	$ 785.7
Adjustments:				
Business acquisition costs	**-**	-	**6.7**	-
Costs related to Project Sunrise	**-**	22.3	**-**	207.8
Western Canada store closures	**-**	0.3	**-**	21.2
	-	22.6	**6.7**	229.0
Adjusted EBITDA	**$ 300.1**	$ 240.4	**$ 1,076.2**	$ 1,014.7

Income Taxes

The effective income tax rate for the fourth quarter was 25.5% compared to 13.7% in the same quarter last year. The current quarter effective tax rate was lower than the statutory rate primarily due to capital gains on property dispositions, including the tax impact of the disposition of a 26 property portfolio by Crombie REIT and differing tax rates of various entities. The prior period's effective rate was lower than the statutory rate due to an internal reorganization that the Company undertook to simplify its corporate structure.

The effective income tax rate for the fiscal year ended May 4, 2019 increased to 25.7% compared to 23.8% in the prior year. The current year effective rate was lower than the statutory rate primarily due to capital gains on property dispositions noted above, and a decrease in tax liabilities related to unrecognized tax benefits. The prior period's effective rate was lower than the statutory rate due to an internal reorganization that the Company undertook to simplify its corporate structure.

Net Earnings

	13 Weeks Ended		52 Weeks Ended	
($ in millions, except per share amounts)	**May 4, 2019**	May 5, 2018	**May 4, 2019**	May 5, 2018
Net earnings[(1)]	**$ 122.1**	$ 71.0	**$ 387.3**	$ 159.5
EPS (fully diluted)	**$ 0.45**	$ 0.26	**$ 1.42**	$ 0.59
Adjustments (net of income taxes):				
Intangible amortization associated with the Canada Safeway acquisition	**4.4**	4.8	**17.8**	19.2
Business acquisition costs	**-**	-	**4.9**	-
Costs related to Project Sunrise	**-**	17.0	**-**	150.1
Western Canada store closures	**-**	0.2	**-**	15.5
	4.4	22.0	**22.7**	184.8
Adjusted net earnings[(1)]	**$ 126.5**	$ 93.0	**$ 410.0**	$ 344.3
Adjusted EPS (fully diluted)	**$ 0.46**	$ 0.35	**$ 1.50**	$ 1.27
Diluted weighted average number of shares outstanding (in millions)	**272.8**	272.2	**272.6**	272.1

(1) Net of non-controlling interest.

Free Cash Flow

($ in millions)	13 Weeks Ended May 4, 2019	13 Weeks Ended May 5, 2018[1]	52 Weeks Ended May 4, 2019	52 Weeks Ended May 5, 2018[1]
Cash flows from operating activities	**$ 373.8**	$ 313.5	**$ 885.6**	$ 879.7
Add: proceeds on disposal of property, equipment and investment property	**28.9**	113.2	**89.7**	217.2
Less: acquisitions of property, equipment, investment property and intangibles	**(227.1)**	(84.0)	**(434.6)**	(288.0)
Free cash flow[1]	**$ 175.6**	$ 342.7	**$ 540.7**	$ 808.9

(1) Amounts have been restated to reflect the revised Free Cash Flow definition. See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

Free cash flow decreased for the fourth quarter and fiscal year ended May 4, 2019 compared to the same periods last year primarily due to an increase in capital spending including renovations, construction of new stores, construction of an e-commerce fulfillment centre, the expansion of FreshCo into Western Canada as well as a decrease in proceeds on the sale of property. This was offset by improved cash flows from operations.

The Company invested $434.6 million in capital expenditures in fiscal 2019. Excluding the impact of capital expenditures by companies acquired during the year, predominantly Farm Boy, the Company invested $427.3 million which was in line with management's previously disclosed estimate of $425.0 million. The Company expects to invest approximately $600.0 million in its operations during fiscal 2020; this estimate includes capital estimates of approximately $70.0 million related to expansion of the Farm Boy store network in Ontario.

FINANCIAL PERFORMANCE BY SEGMENT

Food Retailing

($ in millions)	13 Weeks Ended May 4, 2019	13 Weeks Ended May 5, 2018	13 Weeks Ended $ Change	52 Weeks Ended May 4, 2019	52 Weeks Ended May 5, 2018	52 Weeks Ended $ Change
Sales	**$ 6,220.4**	$ 5,886.1	$ 334.3	**$ 25,142.0**	$ 24,214.6	$ 927.4
Gross profit	**1,577.5**	1,451.3	126.2	**6,083.6**	5,900.5	183.1
Operating income	**164.0**	95.2	68.8	**561.8**	273.6	288.2
Adjusted operating income	**170.1**	124.3	45.8	**593.1**	528.8	64.3
EBITDA	**269.8**	202.4	67.4	**978.7**	712.5	266.2
Adjusted EBITDA	**269.8**	225.0	44.8	**985.4**	941.5	43.9
Net earnings[1]	**93.0**	59.9	33.1	**316.5**	116.5	200.0
Adjusted net earnings[1]	**97.4**	81.9	15.5	**339.2**	301.3	37.9

(1) Net of non-controlling interest.

Investments and Other Operations

($ in millions)	13 Weeks Ended May 4, 2019	13 Weeks Ended May 5, 2018	13 Weeks Ended $ Change	52 Weeks Ended May 4, 2019	52 Weeks Ended May 5, 2018	52 Weeks Ended $ Change
Crombie REIT	**$ 22.9**	$ 10.8	$ 12.1	**$ 63.6**	$ 39.5	$ 24.1
Genstar	**1.5**	3.3	(1.8)	**23.4**	33.9	(10.5)
Other operations, net of corporate expenses	**5.8**	1.3	4.5	**3.5**	(0.5)	4.0
	$ 30.2	$ 15.4	$ 14.8	**$ 90.5**	$ 72.9	$ 17.6

For the fourth quarter and fiscal year ended May 4, 2019, income from investments and other operations increased as a result of increased equity earnings from Crombie REIT due to higher gains on disposal of investment properties compared to the prior year, specifically the sale of a 26 property portfolio in the fourth quarter that contributed an additional $8.4 million to the Company's equity earnings from Crombie REIT and $6.4 million in Other operations, reflecting reversal of previously deferred gains on disposal on properties previously sold to Crombie REIT. This was partially offset by lower residential lot sales in Western Canada and a prior year bulk sale of development property in the U.S. that did not reoccur.

CONSOLIDATED FINANCIAL CONDITION

($ in millions, except per share and ratio calculations)		**May 4, 2019**(1)		May 5, 2018		May 6, 2017
Shareholders' equity, net of non-controlling interest	**$**	**4,003.3**	$	3,702.8	$	3,644.2
Book value per common share(2)	**$**	**14.72**	$	13.62	$	13.40
Long-term debt, including current portion	**$**	**2,020.9**	$	1,666.9	$	1,870.8
Funded debt to total capital		**33.5%**		31.0%		33.9%
Net funded debt to net total capital(2)		**26.8%**		21.9%		31.3%
Funded debt to adjusted EBITDA		**1.9x**		1.6x		2.3x
Adjusted EBITDA to interest expense(2)		**12.4x**		10.5x		7.7x
Current assets to current liabilities		**1.0x**		0.8x		0.9x
Total assets	**$**	**9,602.4**	$	8,662.0	$	8,695.5
Total non-current financial liabilities	**$**	**2,838.1**	$	1,929.9	$	2,502.1

(1) In the current year, Key Financial Condition Measures reflect the Farm Boy acquisition.
(2) See "Non-GAAP Financial Measures & Financial Metrics" section of this News Release.

During fiscal 2019, Dominion Bond Rating Service ("DBRS") upgraded the trend for Sobeys Inc. ("Sobeys") from stable to positive. Debt ratings assigned by the two rating agencies at the end of the fiscal year are:

Rating Agency	**Credit Rating (Issuer rating)**	**Trend/Outlook**
DBRS	BB (high)	Positive
Standard & Poor's ("S&P")	BB+	Stable

On June 2, 2017, Sobeys established a senior, unsecured non-revolving credit facility for $500 million. The facility bears floating interest tied to Canadian prime rate or bankers' acceptance rates. The facility was fully utilized on August 8, 2018 to repay long-term debt.

On December 5, 2018, Sobeys established a senior, unsecured non-revolving credit facility for $400 million. The facility bears floating interest tied to Canadian prime rate or bankers' acceptance rates. The facility was fully utilized from December 10, 2018, with the proceeds used to fund part of the Farm Boy acquisition.

OTHER ITEMS

Discount Expansion to Western Canada

In fiscal 2018, Sobeys announced plans to expand its discount format to Western Canada and expects to convert up to 25% of its 255 Safeway and Sobeys full service format stores in Western Canada to its FreshCo discount format over the next five years. The first five Western Canada FreshCo stores opened in Spring 2019 – three in B.C. and two in Manitoba. An additional 13 stores are expected to open in B.C. throughout fiscal 2020.

Labour Buyouts

On January 29, 2019, the Company implemented a labour decision provided by a Special Officer appointed by the Government in B.C. The labour decision set terms that allow the Company to offer voluntary buyouts to B.C. Safeway employees. Employee buyouts provide flexibility and stability for the Company to better manage labour and operational costs. As a result, the Company expensed $35 million in the third quarter of fiscal 2019 related to the cost of employee buyouts.

E-commerce

On May 9, 2019, the Company unveiled *Voilà by Sobeys* and *Voilà par IGA*, the name and brand for its online grocery home delivery service for the Greater Toronto Area ("GTA"), Ottawa and cities in the province of Quebec. Sobeys, in partnership with Ocado Group plc ("Ocado"), an industry-leading grocery e-commerce company, is developing its first Customer Fulfillment Centre ("CFC") in the GTA with delivery to customers on track to test and soft launch in the Spring of 2020.

Empire also announced plans to launch *Voilà par IGA* and its second CFC in Montreal in 2021. The Company will lease the location from Crombie REIT and Crombie REIT will build the site to Empire's specifications.

Voilà by Sobeys will deliver a world class e-commerce experience to our customers while providing strong financial returns to Empire due to the efficiency of the central pick solution and the power of the Ocado software platform.

Business Acquisition

On September 24, 2018, the Company, through a subsidiary, signed an agreement to acquire the business of Farm Boy, a food retailer with a network of 26 stores in Ontario, for a total purchase price of $800 million. Following clearance of regulatory conditions, the transaction closed on December 10, 2018.

Farm Boy is managed as a separate company within Empire and Farm Boy's co-CEOs, together with members of the Farm Boy senior management team, have reinvested for a 12% interest of the continuing Farm Boy business. Concurrent with the reinvestment, the parties entered into put and call options including the options for Sobeys to acquire the remaining 12% at any time after five years following the acquisition date. As a result, a non-controlling interest has been recognized at the date of acquisition, as well as a financial liability of $70 million, based on the present value of the amount payable on exercise of the non-controlling interest put liability in accordance with IFRS 9 "Financial instruments".

The Company financed the transaction through a combination of cash on hand and a new $400 million senior, unsecured non-revolving credit facility.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16, "Leases" ("IFRS 16"), which replaces IAS 17, "Leases" ("IAS 17") and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2019. The impact of the standard will be reflected in the Company's financial statements for the first quarter of fiscal 2020, which runs from May 5, 2019 to August 3, 2019.

In accordance with the transition provisions in IFRS 16, the Company will adopt the standard using the modified retrospective approach, with the cumulative effect of initially applying the standard recognized as an adjustment to equity on transition. Prior period comparatives will not be restated.

IFRS 16 intends to align the presentation of leased assets more closely to owned assets. The adoption of IFRS 16 will have a material impact on the Company's consolidated financial statements, given the current real estate operating lease commitments held under IAS 17 as a lessee. This standard will not impact Empire's strategy, business operations, or cash flow generation.

On the balance sheets – a right-of-use asset and corresponding lease liability will be added. The expected range of impact on the balance sheets is increased liabilities of $4.6 billion to $4.8 billion and increased assets of $4.0 billion to $4.2 billion. These estimates have been updated from the third quarter disclosures to reflect changes in market discount rates as well as new leases and lease modifications incurred. The Company continues to finalize estimates and inputs into the calculations. The discount rate applied is based on the Company's estimated incremental borrowing rate as of the transition date of May 5, 2019.

In the statement of earnings – depreciation for right-of-use assets and finance expense on lease liabilities will be recognized in place of the current straight-line operating lease expense. This will have a significant impact on the calculation of EBITDA. Based on current estimates and information available, the Company does not expect application of the new standard to have a material impact on net earnings and earnings per share in fiscal 2020.

In the statement of cash flows – the Company will classify lease payments consistently with payments on other financial liabilities, with lease payments for principal and interest on the lease liability classified as financing cash flows instead of operating cash flows. Cash rent paid net for leases impacted by IFRS 16 was $500.6 million for fiscal 2019.

For a more complete description of the impact of IFRS 16 on Empire, please see Empire's Management's Discussion & Analysis ("MD&A") for the fiscal year ended May 4, 2019.

Empire intends to host a conference call in July to further discuss the accounting policy changes under IFRS 16 and the impact of this standard on the Company.

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, the expected timing of the realization of overall and fiscal 2020 in-year incremental benefits, and the expected $50 million overachievement of the initial $500 million target which could be impacted by several factors, including the execution and completion of category resets, time required by the Company to complete the project as well as the factors identified under the heading "Risk Management" in the fiscal 2019 annual MD&A;

- The impact on shareholder returns of a new three year strategic and financial roadmap which may be impacted by economic and competitive conditions, and outcome of current initiatives;

- The Company's plans to purchase for cancellation Non-Voting Class A shares under the normal course issuer bid which may be impacted by market and economic conditions, availability of sellers, changes in laws and regulations, and the results of operations;

- The Company's estimates regarding future capital expenditures which includes acquisitions of property, equipment and investment properties as well as additions to intangibles, which may be impacted by operating results and the economic environment;

- The FreshCo expansion in Western Canada, including the Company's expectations regarding future operating results and profitability, the amount and timing of expenses, and the number, location, feasibility and timing of conversions, all of which may be impacted by construction schedules and permits, the economic environment and labour relations; and

- The Company's expectations regarding the implementation of its online grocery home delivery service which may be impacted by the timing of launching the business, the overall customer response to the service and the performance of its business partner, Ocado.

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 2019 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 definition of the non-GAAP terms are as follows:

- Same-store sales are sales from stores in the same location in both reporting periods. The current year same-store sales growth metrics reflect the acquisition of Farm Boy.
- Adjusted net earnings is 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.
- 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 acquisitions of property, equipment, investment property and intangibles.
- 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.
- 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.
- EBITDA margin is EBITDA divided by sales.
- 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.
- Adjusted EBITDA margin is adjusted EBITDA divided by sales.
- 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 fiscal year ended May 4, 2019.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Thursday, June 27, 2019 beginning at 12:00 p.m. (Eastern Daylight Time) during which senior management will discuss the Company's financial results for the fourth quarter of fiscal 2019. To join this conference call, dial (888) 390-0546 outside the Toronto area or (416) 764-8688 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 (888) 390-0541 and entering access code 530463 until midnight July 11, 2019, 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 4, 2019. The information does not include all disclosures required by IFRS and should be read in conjunction with the Company's 2019 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
Consolidated Balance Sheets
As At
(in millions of Canadian dollars)

	May 4 2019	May 5 2018
ASSETS		
Current		
Cash and cash equivalents	**$ 553.3**	$ 627.9
Receivables	**444.2**	433.2
Inventories	**1,441.8**	1,251.6
Prepaid expenses	**134.1**	126.8
Loans and other receivables	**18.7**	20.9
Income taxes receivable	**27.9**	15.2
Assets held for sale	**19.5**	20.4
	2,639.5	2,496.0
Loans and other receivables	**70.8**	80.6
Investments, at equity	**589.4**	571.8
Other assets	**43.4**	34.1
Property and equipment	**2,911.5**	2,787.3
Investment property	**100.0**	93.9
Intangibles	**1,062.0**	842.0
Goodwill	**1,571.5**	1,001.9
Deferred tax assets	**614.3**	754.4
	$ 9,602.4	$ 8,662.0
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 2,496.4**	$ 2,253.8
Income taxes payable	**29.0**	53.5
Provisions	**119.4**	127.6
Long-term debt due within one year	**36.5**	527.4
	2,681.3	2,962.3
Provisions	**93.1**	129.3
Long-term debt	**1,984.4**	1,139.5
Other long-term liabilities	**269.0**	158.6
Employee future benefits	**286.1**	361.2
Deferred tax liabilities	**205.5**	141.3
	5,519.4	4,892.2
SHAREHOLDERS' EQUITY		
Capital stock	**2,042.6**	2,039.5
Contributed surplus	**25.2**	22.9
Retained earnings	**1,920.8**	1,627.9
Accumulated other comprehensive income	**14.7**	12.5
	4,003.3	3,702.8
Non-controlling interest	**79.7**	67.0
	4,083.0	3,769.8
	$ 9,602.4	$ 8,662.0

Empire Company Limited **Consolidated Statements of Earnings** **(in millions of Canadian dollars, except share and per share amounts)**	*Unaudited* *13 Weeks Ended* **May 4 2019**	 **May 5 2018**	 *52 Weeks Ended* **May 4 2019**	 **May 5 2018**
Sales	**$ 6,220.4**	$ 5,886.1	**$ 25,142.0**	$ 24,214.6
Other income	**24.2**	22.6	**68.3**	61.2
Share of earnings from investments, at equity	**24.4**	14.4	**87.9**	74.3
Operating expenses				
Cost of sales	**4,642.9**	4,434.8	**19,058.4**	18,314.1
Selling and administrative expenses	**1,431.9**	1,377.7	**5,587.5**	5,689.5
Operating income	**194.2**	110.6	**652.3**	346.5
Finance costs, net	**21.2**	25.4	**91.6**	110.5
Earnings before income taxes	**173.0**	85.2	**560.7**	236.0
Income tax expense	**44.1**	11.7	**144.3**	56.2
Net earnings	**$ 128.9**	$ 73.5	**$ 416.4**	$ 179.8
Earnings for the period attributable to:				
Non-controlling interest	**$ 6.8**	$ 2.5	**$ 29.1**	$ 20.3
Owners of the Company	**122.1**	71.0	**387.3**	159.5
	$ 128.9	$ 73.5	**$ 416.4**	$ 179.8
Earnings per share				
Basic	**$ 0.45**	$ 0.26	**$ 1.42**	$ 0.59
Diluted	**$ 0.45**	$ 0.26	**$ 1.42**	$ 0.59
Weighted average number of common shares outstanding, in millions				
Basic	**271.9**	271.8	**271.9**	271.8
Diluted	**272.8**	272.2	**272.6**	272.1

Empire Company Limited **Consolidated Statements of Cash Flows** **(in millions of Canadian dollars)**	*Unaudited* *13 Weeks Ended* **May 4 2019**	*13 Weeks Ended* **May 5 2018**	*52 Weeks Ended* **May 4 2019**	*52 Weeks Ended* **May 5 2018**
Operations				
Net earnings	**$ 128.9**	$ 73.5	**$ 416.4**	$ 179.8
Adjustments for:				
Depreciation	**84.7**	85.6	**333.0**	351.8
Income tax expense	**44.1**	11.7	**144.3**	56.2
Finance costs, net	**21.2**	25.4	**91.6**	110.5
Amortization of intangibles	**21.2**	21.6	**84.2**	87.4
Net gain on disposal of assets	**(19.0)**	(17.5)	**(48.9)**	(37.3)
Impairment of non-financial assets, net	**-**	2.0	**(31.3)**	9.2
Amortization of deferred items	**0.1**	1.1	**1.8**	7.2
Equity in earnings of other entities, net of distributions received	**(7.8)**	21.7	**(8.6)**	69.1
Employee future benefits	**(1.2)**	1.6	**(8.8)**	1.5
(Decrease) increase in long-term lease obligation	**(4.8)**	1.2	**2.8**	11.2
(Decrease) increase in long-term provisions	**(12.6)**	(7.0)	**(41.9)**	15.8
Equity based compensation, net	**2.1**	1.7	**6.7**	6.9
Net change in non-cash working capital	**146.6**	112.5	**16.5**	88.1
Income taxes paid, net	**(29.7)**	(21.6)	**(72.2)**	(77.7)
Cash flows from operating activities	**373.8**	313.5	**885.6**	879.7
Investment				
Property, equipment and investment property purchases	**(219.4)**	(76.1)	**(411.1)**	(239.8)
Additions to intangibles	**(7.7)**	(7.9)	**(23.5)**	(48.2)
Proceeds on disposal of assets	**28.9**	113.2	**89.7**	217.2
Loans and other receivables	**6.0**	(0.4)	**12.0**	6.1
Other assets and other long-term liabilities	**6.9**	3.7	**9.2**	2.9
Business acquisitions, net of cash acquired	**(0.8)**	(0.6)	**(778.6)**	(3.8)
Interest received	**3.9**	1.2	**8.3**	1.9
Proceeds on redemption of investment	**-**	-	**-**	24.3
Cash flows (used in) from investing activities	**(182.2)**	33.1	**(1,094.0)**	(39.4)
Financing				
Issue of long-term debt	**10.1**	8.4	**58.3**	63.7
Repayment of long-term debt and credit facility	**(14.9)**	(120.3)	**(605.2)**	(313.2)
Advances on credit facilities	**-**	-	**900.0**	43.1
Interest paid	**(30.5)**	(35.4)	**(90.9)**	(87.4)
Acquisition of shares held in trust	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Dividends paid, common shares	**(30.0)**	(28.5)	**(119.5)**	(114.0)
Non-controlling interest	**0.3**	(0.9)	**(8.8)**	(11.8)
Cash flows (used in) from financing activities	**(65.1)**	(176.8)	**133.8**	(419.7)
Increase (decrease) in cash and cash equivalents	**126.5**	169.8	**(74.6)**	420.6
Cash and cash equivalents, beginning of period	**426.8**	458.1	**627.9**	207.3
Cash and cash equivalents, end of period	**$ 553.3**	$ 627.9	**$ 553.3**	$ 627.9

2019 ANNUAL REPORT

The Company's audited consolidated financial statements and the notes thereto for the fiscal year ended May 4, 2019 and MD&A for the fiscal year ended May 4, 2019, which includes discussion and analysis of results of operations, financial position and cash flows will be available today, June 27, 2019. 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 2019 Annual Report will be available on or about July 26, 2019 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, through wholly-owned subsidiary Sobeys Inc., and related real estate. With approximately $25.1 billion in annualized sales and $9.6 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 123,000 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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