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North West hub in Winnipeg saves Baffin Islanders money

Company's Q2 profits up 21.6 per cent

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WINNIPEG — The North West Company has revamped the way it ships products to its stores on Baffin Island, resulting in substantial savings for island residents, the company said today.

The Winnipeg-based discount department store chain said it recently began shipping products directly from its Winnipeg distribution centre, rather than from its distribution hub in Ottawa.

The change will result in initial savings of \$600,000, the company said. And those savings will be passed on to its customers in the form of price reductions of 15 per cent or more on 175 key products sold in its 12 Northern and NorthMart stores on the island.

"These price reductions are in addition to \$4 million in freight savings that have been directly passed on through to our customers in Nutrition North Canada-eligible communities over the past 12 months," said Michael McMullen, NWC's executive vice-president of northern Canada retail.

Nutrition North Canada is a federal program which provides subsidies to help reduce the cost of food sold in remote northern communities.

The North West Company also reported a 21.6 per cent jump in profit for the second quarter of the year.

The department store chain said it posted net earnings of \$18.3 million, or 38 cents per share, for the three-month period that ended on July 31.

That compared to net earnings of \$15.0 million, or 31 cents per share, for the same period last year.

Sales for the quarter were up by a more modest 2.9 per cent to \$383.8 million from \$372.9 million a year earlier.

"This was a strong quarter for delivering on key initiative work," said company president and CEO, Edward Kennedy.

"We were in-stock and ready for business at a higher level than ever before, while our perishable categories continued to benefit from improved ordering and lower waste. Favourable weather in our southern Canada stores also helped to offset weaker seasonal income conditions in more remote markets."

The North West Company is a leading retailer of food and everyday needs to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and Caribbean. It operates under the retail Banners of Northern, NorthMart, Giant Tiger, AC Value Center and Cost-U-Less, and has annual revenues of approximately \$1.5 billion.

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