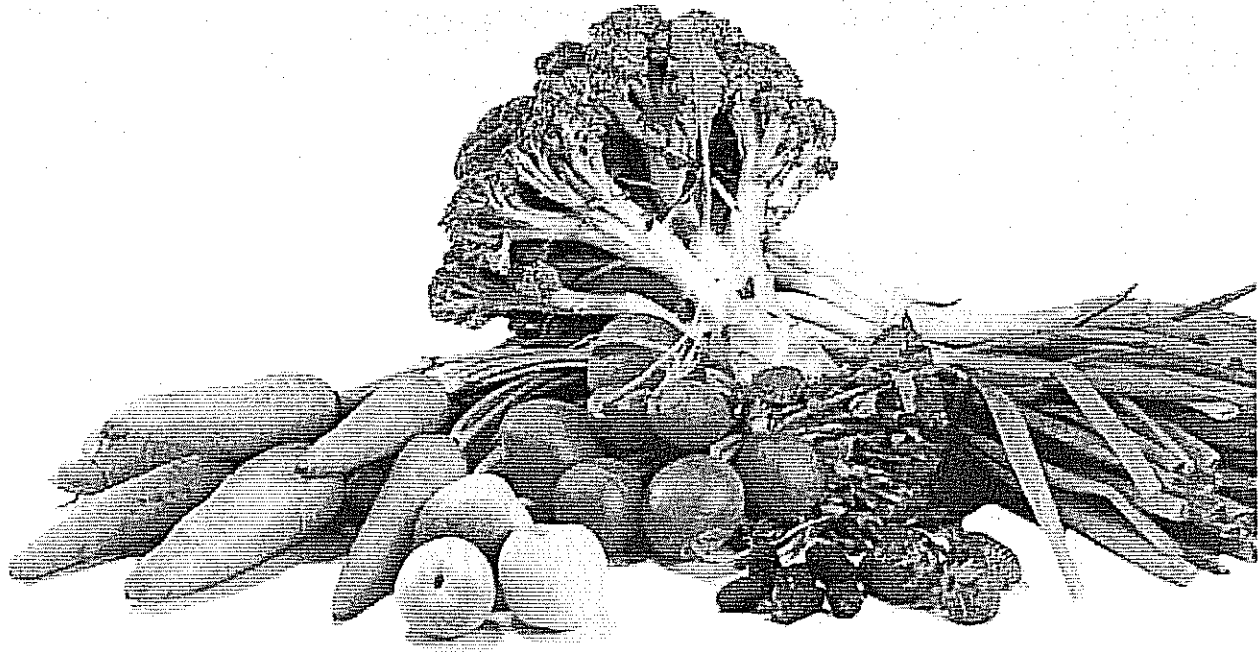


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North West Co. scores high with Buffett model

VALIDEA CANADA

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Winnipeg-based food retailer North West Co. focuses on food, and serves underserved rural communities and urban neighborhood markets in Northern Canada, Western Canada, rural Alaska, the South Pacific islands and the Caribbean. It has a market capitalization of \$1.1-billion.

North West has a 4.8-per-cent dividend yield, and its 73-per-cent payout ratio is lower than the 84-per-cent historical average, indicating there could be room to boost dividend payments. The company has a 21-per-cent return on equity.

It has annual earnings of \$64-million, which it could use to pay off its debt (\$88-million) in less than two years, which the Warren Buffett model considers exceptional.

The company has \$2.51 in free cash flow per share and has retained \$2.16 in earnings per share over past decade, while EPS increased \$0.60. That makes for a 27.8-per-cent return on retained earnings, which the Buffett model likes.

North West has a reasonable 7.63-per-cent earnings yield and 0.75 price/sales ratio. Profit margins are 5 per cent, versus the 2-per-cent industry average.

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