



The North West Company is a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean.

NEWS RELEASE - FOR IMMEDIATE RELEASE

The North West Company Inc. Announces First Quarter Earnings and a Quarterly Dividend

Winnipeg, June 14, 2017 (TSX: NWC): The North West Company Inc. (the "Company" or "North West") today reported its unaudited financial results for the first quarter ended April 30, 2017. It also announced that the Board of Directors have declared a dividend of \$0.32 per share to shareholders of record on June 30, 2017, to be paid on July 17, 2017.

"The quarter was a very strong one in northern Canada as we continued to build sales and expense management momentum", commented North West President & CEO Edward Kennedy. "Our acquisition in the BVI was also a solid contributor to our results, which were very positive after adjusting for non-operating and one-time costs. The next quarters will give us upside in our other store banners as we cycle through challenging economic and competitive conditions that began last year".

Financial Highlights

Sales increased 8.6% to \$476.8 million compared to \$439.0 million in the first quarter last year due to the acquisition of Roadtown Wholesale Trading Ltd. ("RTW") in the British Virgin Islands and same store sales gains. New stores sales growth in Canadian Operations was also a factor. These factors more than offset the impact of the extra day of operations last year as a result of February 29. Excluding the foreign exchange impact, consolidated sales increased 7.5% and were up 2.0%¹ on a same store basis. Food sales¹ increased 8.6% and were up 2.1% on a same store basis. General merchandise sales¹ increased 2.3% and were up 1.9% on a same store basis led by sales growth in Canadian Operations.

Earnings from operations decreased 34.6% to \$16.7 million compared to \$25.6 million in the first quarter last year. Gross profit dollars were up 10.9% driven by the acquisition of RTW, sales growth and a 60 basis point increase in the gross profit rate compared to last year. The increase in the gross profit rate is mainly due to product sales blend changes. Selling, operating and administrative expenses increased 22.5% and were up 292 basis points as a percentage to sales. This increase was primarily due to the new stores acquired as part of the RTW acquisition, one-time acquisition related expenses, higher share-based compensation costs and new stores in Canadian Operations. Acquisition expenses of \$5.8 million were largely related to stamp duties paid to the Government of the British Virgin Islands. The increase in share-based compensation costs was largely due to option expense of \$4.3 million compared to a recovery of \$1.3 million last year. A substantial portion of the options granted are accounted for as a liability. These options are remeasured based on the share price at each quarterly reporting date. The higher option expense this quarter was due to a 10% increase in the share price in the quarter this year compared to a decrease in the share price in the first quarter last year.

Earnings before interest, income taxes, depreciation and amortization (EBITDA²) decreased 20.0% to \$30.1 million due to the RTW acquisition expenses and higher share-based compensation as noted above. Excluding the impact of the RTW acquisition expenses and share-based compensation option expense, adjusted EBITDA² was up 10.5% compared to last year and as a percentage to sales was 8.4% compared to 8.3% last year.

Net earnings decreased \$8.7 million or 49.0% to \$9.1 million and diluted earnings per share were \$0.17 per share compared to \$0.36 per share last year due to the factors noted above. Excluding the impact of the RTW acquisition related expenses and share-based compensation option expense, adjusted net earnings² increased 15.9%.

¹ Excluding the foreign exchange impact

² See Non-GAAP Measures Section of Management's Discussion & Analysis

Further information on the financial results is available in the Company's 2017 first quarter Report to Shareholders, Management's Discussion and Analysis and unaudited interim period condensed consolidated financial statements which can be found in the investor section of the Company's website at www.northwest.ca.

Annual General and Special Meeting

The North West Company Inc. will hold its annual general and special meeting of shareholders on Wednesday, June 14, 2017 at 11:30 a.m. (Central Time) (the "Meeting") in the Muriel Richardson Auditorium at the Winnipeg Art Gallery, 300 Memorial Boulevard, Winnipeg, Manitoba. Shareholders of North West are invited to attend the Meeting, where there will be an opportunity to ask questions and meet management and North West's Directors.

North West will also host a webcast of the Meeting. To access the Meeting, log onto <http://www.gowebcasting.com/8480>. Shareholders viewing the webcast will not be permitted to vote through the webcast, but will be permitted to ask questions of management. The webcast will be archived and available at www.northwest.ca.

First Quarter Conference Call

North West is also hosting a conference call for its first quarter results on June 14, 2017 at 2:00 p.m. (Central Time). To access the call, please dial 416-641-6104 or 800-898-3989 with a pass code of 9490540. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 5834401 until July 31, 2017.

Notice to Readers

Certain forward-looking statements are made in this news release, within the meaning of applicable securities laws. These statements reflect North West's current expectations and are based on information currently available to management. The words may, will, should, believe, expect, plan, anticipate, intend, estimate, predict, potential, continue, or the negative of these terms, identify forward-looking matters. These statements speak only as of the date of this press release. The actual results could differ materially from those anticipated in these forward-looking statements.

Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance, capital expenditures or achievements of North West to differ materially from anticipated future results, performance, capital expenditures or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, business performance, fluctuations in interest rates and currency values, legislative and regulatory developments, legal developments, the occurrence of weather-related and other natural catastrophes, changes in tax laws, and those risks and uncertainties detailed in the section entitled Risk Factors in North West's Management's Discussion and Analysis and Annual Information Form, both for the year-ended January 31, 2017. The preceding list is not an exhaustive list of possible factors. These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements. North West undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

Company Profile

The North West Company Inc., through its subsidiaries, is a leading retailer of food and everyday products and services to rural communities and urban neighbourhoods in Canada, Alaska, the South Pacific and the Caribbean. North West operates 241 stores under the trading names Northern, NorthMart, Giant Tiger, AC Value Center, Cost-U-Less and RiteWay Food Markets and has annualized sales of approximately CDN\$1.8 billion.

The common shares of North West trade on the Toronto Stock Exchange under the symbol NWC.

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