



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 13, 2018 (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, 2018. It also announced that the Board of Directors have declared a dividend of \$0.32 per share to shareholders of record on June 29, 2018, to be paid on July 16, 2018.

"During the quarter we completed key work that will drive revenue this year. We've done a great job improving our in-stock position in the BVI and St. Croix and we are growing these businesses amidst the post-hurricane reconstruction activity on these islands. North Star Air was still in ramp-up phase with new aircraft and hangars all expected to be operational by the end of June," commented President & CEO Edward Kennedy. "Late in the quarter we started to achieve sales gains and stable margins at Giant Tiger, which we have continued into the second quarter. These factors should add to the stronger performance we expect from our northern businesses over the upcoming summer and fall construction seasons."

Financial Highlights

Sales decreased 4.1% to \$465.7 million compared to \$485.8 million in the first quarter last year and were down 1.4% excluding the impact of foreign exchange. The store closures related to hurricanes in the Caribbean in the third quarter last year negatively impacted sales in the quarter by approximately \$23.9 million and more than offset the acquisition of North Star Air Ltd. ("NSA"), new stores in Canadian Operations and same store sales gains in International Operations. Same store sales were down 0.3% due to lower food and general merchandise sales. Food sales¹ decreased 6.0% and were down 0.3% to last year on a same store basis. General merchandise sales¹ increased 0.4% but were down 0.4% on a same store basis.

Gross profit dollars were down 1.5% as the decrease in sales more than offset an 84 basis point increase in gross profit rate compared to last year. The increase in the gross profit rate is mainly due to a higher percentage of convenience-related sales. Selling, operating and administrative expenses decreased 8.4% and were down 122 basis points as a percentage to sales due to lower share-based compensation costs, the impact of hurricane-related store closures and \$5.8 million in RTW acquisition costs last year. The RTW acquisition costs were substantially related to stamp duties paid to the Government of the British Virgin Islands ("BVI"). Further information on the impact of the hurricanes is provided below.

Earnings from operations increased 52.9% to \$25.6 million compared to \$16.7 million in the first quarter last year and earnings before interest, income taxes, depreciation and amortization (EBITDA²) increased 31.3% to \$39.5 million due to the factors previously noted. Excluding the impact of share option expense and RTW acquisition costs, adjusted EBITDA² was down 5.8% compared to last year and as a percentage to sales was 8.1% compared to 8.3% last year largely due to the hurricane-related store closures in International Operations which negatively impacted EBITDA in the quarter by \$2.0 million.

Income tax expense decreased \$1.8 million to \$3.8 million and the consolidated effective tax rate was 17.0% compared to 38.0% last year. The decrease in the effective tax rate is primarily due to the change in non-taxable share-based compensation in the Canadian Operations, the non-tax deductible RTW acquisition costs last year and changes in earnings of the Company's subsidiaries across various tax jurisdictions. The reduction in the U.S. federal corporate income tax rate from 35.0% to 21.0% effective January 1, 2018 as part of U.S. tax reform was also a factor.

¹ Excluding the foreign exchange impact

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

Net earnings increased \$9.5 million or 104.8% to \$18.6 million. Net earnings attributable to shareholders of the Company were \$17.8 million and diluted earnings per share were \$0.36 per share compared to \$0.17 per share last year due to the factors noted above. Excluding the impact of share-based compensation option expense and the RTW acquisition costs, adjusted net earnings² decreased 11.7% largely due to the impact of the hurricane related store closures in International Operations.

Further information on the financial results is available in the Company's 2018 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.

First Quarter Conference Call

North West will host a conference call for its first quarter results on June 13, 2018 at 2:00 p.m. (Central Time). To access the call, please dial 416-340-2217 or 800-898-3989 with a pass code of 5859656. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 6095235 or before July 13, 2018.

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, 2018. 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 237 stores under the trading names Northern, NorthMart, Giant Tiger, Alaska Commercial Company, Cost-U-Less and RiteWay Food Markets and has annualized sales of approximately CDN\$2.0 billion.

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

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