



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 Second Quarter Earnings, a Quarterly Dividend and the Refinancing of its maturing International Operations Loan Facility

Winnipeg, September 6, 2012 (TSX:NWC): The North West Company Inc. (the “Company” or “North West”) today reported its unaudited financial results for the second quarter ended July 31, 2012. It also announced that the Board of Directors has declared a dividend of \$0.26 per share to shareholders of record on September 28, 2012, to be paid on October 15, 2012.

Financial Highlights

Second quarter net earnings increased 21.6% to \$18.3 million and diluted earnings per share increased to \$0.38 compared to \$0.31 per share last year due to earnings growth in Canadian Operations and lower income tax rates in Canada.

Sales increased 2.9% to \$383.8 million compared to the second quarter last year led by sales growth in our Canadian Operations. Sales excluding the foreign exchange impact were up 1.3% and increased 1.5%¹ on a same store basis. Food sales¹ increased 1.4% and were up 2.0% on a same store basis and general merchandise sales¹ decreased 1.0% and were down 0.8% on a same store basis.

Earnings from Operations² increased 16.9% to \$27.4 million compared to \$23.4 million in the second quarter last year as sales growth and gross profit rate improvements more than offset higher selling, operating and administrative expenses. Product assortment reviews, special buys, higher in-stock rates and continued improvements in fresh categories profitability were the leading factors contributing to the increase in gross profit rates. Selling, operating and administrative expenses increased 3.1% compared to last year and were up 3 basis points as a percentage to sales due in part to higher staff costs, insurance expense, and utility and employee medical insurance costs in the International Operations partially offset by an insurance related gain in the Canadian Operations.

Trading profit² or earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 12.8% to \$36.6 million compared to \$32.4 million last year. Excluding the foreign exchange impact and the insurance related gain, trading profit increased \$2.8 million or 8.6% and was 9.3% as a percentage to sales compared to 8.7% last year.

“This was a strong quarter for delivering on key initiative work”, commented 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.”

Further information on the financial results is available in the Company’s 2012 second quarter report to shareholders, Management’s Discussion and Analysis and unaudited interim condensed consolidated financial statements which can be found in the investor section of the Company’s website at www.northwest.ca.

¹ Excluding the foreign exchange impact

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

International Operations Loan Facility Refinancing

The Company has, subject to the completion of a definitive agreement and customary closing conditions, refinanced the International Operations revolving loan facility that matures October 31, 2012. The new, increased, committed, revolving loan facility, which will be provided by the lender of the existing facility, provides the Company with a US\$30 million revolving loan facility for working capital requirements and general business purposes. This facility, which matures October 31, 2015, will be secured by certain accounts receivable and inventories of the International Operations and will bear a floating interest rate based on LIBOR plus a spread.

Second Quarter Conference Call

The Company is hosting a conference call for its second quarter results on September 6, 2012 at 1:00 p.m. (Central Daylight Time). To access the call, please dial 416-340-2217 or 866-696-5910 with a pass code of 7686645. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 7967504 on or before September 13, 2012.

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 or achievements of North West to differ materially from anticipated future results, performance 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, 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. 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 230 stores under the trading names Northern, NorthMart, Giant Tiger, AC Value Center and Cost-U-Less and has annualized sales of approximately CDN\$1.5 billion.

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

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