



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 Terms of its International and Canadian Loan Facilities

Iqaluit, Nunavut, September 5, 2013 (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, 2013. It also announced that the Board of Directors have declared a dividend of \$0.28 per share to shareholders of record on September 30, 2013, to be paid on October 15, 2013.

Financial Highlights³

Second quarter net earnings increased 0.8% to \$18.1 million compared to a 21.6% increase in second quarter earnings last year. Diluted earnings per share was flat to last year at \$0.37 per share as higher earnings in the Canadian Operations was offset by lower earnings in the International Operations.

Sales increased 1.2% to \$388.6 million compared to \$383.8 million in the second quarter last year as sales growth in our International Operations led by new store sales and same store sales growth more than offset lower sales in the Canadian Operations due to the impact of store closures in the fourth quarter of 2012. Sales excluding the foreign exchange impact increased 0.8% and were up 2.2%¹ on a same store basis. Food sales¹ increased 1.7% and were up 2.3% on a same store basis and general merchandise sales¹ decreased 2.8% but were up 1.7% on a same store basis.

Earnings from Operations² increased 2.9% to \$28.0 million compared to \$27.2 million in the second quarter last year. Gross profit dollars were flat to last year due to the impact of the store closures in the Canadian Operations in the fourth quarter last year and lower gross profit rates largely due to more aggressive pricing in the International Operations. Selling, operating and administrative expenses decreased 0.9% compared to last year and were down 49 basis points as a percentage to sales as the impact of the store closures, lower incentive plan costs, and a non-comparable insurance gain were partially offset by higher store expenses largely related to a new Cost-U-Less store in Barbados. Higher utility costs in remote markets and expenses related to strategic planning work were also factors. Excluding the foreign exchange impact, the non-comparable insurance gain and strategic planning costs, earnings from operations decreased 0.8% compared to last year.

Trading profit² or earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 2.7% to \$37.4 million compared to \$36.4 million last year as gains within Canadian Operations more than offset a decrease in the International Operations. Excluding the foreign exchange impact, the insurance related gain and strategic planning costs, trading profit was flat to last year and was 9.2% as a percentage to sales compared to 9.3% last year.

"Second quarter results were mixed with stronger sales numbers in our Giant Tiger and Alaska businesses offset by softer spending in the Canadian north and the Caribbean" commented North West President and CEO, Edward Kennedy. "Our focus on the second half is to improve our sales momentum while we continue to work on our 'More in Store' priorities."

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

³ Certain of the 2012 comparative figures have been restated in accordance with the implementation of the revised IAS19, Employee Benefits accounting standard. Further information is provided in the 2013 second quarter Management's Discussion & Analysis or Note 3 in the Company's 2013 second quarter unaudited interim condensed consolidated financial statements.

Loan Facilities Refinancing

The Company has, subject to the completion of a definitive agreement and customary closing conditions, refinanced the US\$52.0 million loan facility in the International Operations that currently matures December 31, 2013. The new, committed, revolving loan facilities, which will be provided by the lenders of the existing facilities, provides the Company with a US\$52.0 million revolving loan facility for working capital and general corporate purposes. The new loan facilities will mature December 31, 2018 and will bear a floating rate of interest based on LIBOR plus a spread. These facilities will be secured by a floating charge against the assets of the Company and rank *pari passu* with the US\$70.0 million senior notes and the \$170.0 million loan facilities.

The Company has also, subject to the completion of a definitive agreement and customary closing conditions, refinanced the \$170.0 million loan facility in the Canadian Operations that currently matures December 31, 2015. The new, increased, committed, revolving loan facilities, which will be provided by the lenders of the existing facilities, provides the Company with a \$200.0 million revolving loan facility for working capital and general corporate purposes. The new loan facilities will mature December 31, 2018 and will bear a floating rate of interest based on Bankers Acceptances rates plus a spread or the Canadian prime rate. These facilities will be secured by a floating charge on the assets of the Company and rank *pari passu* with the US\$70.0 million senior notes and the US\$52.0 million loan facilities.

Second Quarter Conference Call

North West is also hosting a conference call for its second quarter results on September 5, 2013 at 11:30 a.m. (Eastern Daylight Time). To access the call, please dial 416-340-2217 or 866-696-5910 with a pass code of 1898170. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 8278270 on or before September 12, 2013.

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, both for the year-ended January 31, 2013. 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 226 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.

-30-

For more information contact:

Edward Kennedy, President and CEO, The North West Company Inc.
Phone 204-934-1482; fax 204-934-1317; email ekennedy@northwest.ca

John King, Chief Financial Officer, The North West Company Inc.
Phone 204-934-1397; fax 204-934-1317; email jking@northwest.ca

Northern

North **MART**

**GIANT
TIGER** 

AC 

COST U LESS
Your Best Value