



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

Bridgetown, Barbados, September 11, 2014 (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, 2014. It also announced that the Board of Directors have declared a dividend of \$0.29 per share to shareholders of record on September 30, 2014, to be paid on October 15, 2014.

Financial Highlights

Sales increased 3.2% to \$401.1 million compared to \$388.6 million in the second quarter last year led by food sales growth and the impact of foreign exchange on the translation of U.S. denominated sales. Excluding the foreign exchange impact, sales increased 1.5% and were up 1.9%¹ on a same store basis. Food sales¹ increased 1.9% and were up 2.1% on a same store basis and general merchandise sales¹ decreased 0.5% due to lower sales in our wholesale operations but were up 1.0% on a same store basis.

Earnings from Operations² decreased 6.0% to \$26.3 million compared to \$28.0 million in the second quarter last year. Gross profit dollars increased 1.3% driven by sales growth as the gross profit rate decreased 56 basis points compared to last year due to lower rates in the Canadian Operations. Selling, operating and administrative expenses increased 3.6% compared to last year and were up 9 basis points as a percentage to sales. The increase in expenses is largely due to an insurance-related gain in the Canadian Operations in the second quarter last year and the impact of foreign exchange on the translation of U.S. denominated expenses. Excluding the impact of the insurance gain and the foreign exchange, earnings from operations increased 1.7% to last year.

Trading profit² or earnings before interest, income taxes, depreciation and amortization (EBITDA) decreased 2.7% to \$36.4 million compared to \$37.4 million last year as strong trading profit growth in the International Operations was more than offset by lower trading profit in the Canadian Operations largely due to the non-comparable insurance gain last year and the impact of lower gross profit rates in the current year. Excluding the impact of the non-comparable gain and the foreign exchange, trading profit increased 2.6% compared to last year and as a percentage to sales was 9.1% compared to 9.0% last year.

Second quarter net earnings decreased \$1.3 million or 7.0% to \$16.9 million and diluted earnings per share was \$0.35 per share compared to \$0.37 per share last year as lower net earnings in the Canadian Operations were only partially offset by an increase in earnings in the International Operations and the impact of foreign exchange. Excluding the impact of the non-comparable insurance gain and foreign exchange, net earnings increased 2.3% compared to last year.

"While International performance met expectations, our Canadian results were disappointing and reflect a more challenging competitive and consumer environment", said President & CEO Edward Kennedy. "Our Top 40 Markets and Top Categories work progressed well in the quarter and will be a driving force to gaining profitable market share over the next 3 to 5 years."

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

Second Quarter Conference Call

North West is also hosting a conference call for its second quarter results on September 11, 2014 at 11:15 a.m. (Central Time). To access the call, please dial 416-340-2217 or 866-696-5910 with a pass code of 5107852. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 1335095 on or before September 18, 2014.

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, 2014. 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 223 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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