



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 and an Increase in the Quarterly Dividend***

**Anchorage, Alaska September 10, 2015 (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, 2015. It also announced that the Board of Directors have declared a dividend of \$0.31 per share, an increase of \$0.02 or 6.9% per share, to shareholders of record on September 30, 2015, to be paid on October 15, 2015.

#### **Financial Highlights**

Sales increased 11.9% to \$448.7 million compared to \$401.1 million in the second quarter last year driven by same store sales gains across all banners and the impact of foreign exchange on the translation of International Operations sales. Excluding the foreign exchange impact, consolidated sales increased 6.2% and were up 5.6%<sup>1</sup> on a same store basis. Food sales<sup>1</sup> increased 7.3% and were up 6.3% on a same store basis with all banners contributing to the sales growth. General merchandise sales<sup>1</sup> increased 4.3% and were up 2.5% on a same store basis as sales growth in International Operations and our rural and urban markets in Canada more than offset lower sales in more remote northern Canada markets.

Earnings from operations<sup>2</sup> increased 7.0% to \$28.2 million compared to \$26.3 million in the second quarter last year. Gross profit dollars were up 13.9% driven by sales, the impact of foreign exchange and a 53 basis point increase in the gross profit rate compared to last year. The increase in the gross profit rate is largely due to product sales blend changes and special buys. Selling, operating and administrative expenses increased 16.0% and were up 81 basis points as a percentage to sales. The expense increase was substantially due to the impact of foreign exchange on the translation of International Operations expenses and higher incentive plan costs primarily related to an 11.1% increase in share price in the quarter compared to a 1.0% decrease last year.

Earnings before interest, income taxes, depreciation and amortization (EBITDA<sup>2</sup>) increased 6.5% to \$38.8 million led by strong EBITDA growth in the International Operations and the impact of foreign exchange. Excluding the impact of foreign exchange, EBITDA was up 2.0% compared to last year and as a percentage to sales was 8.8% compared to 9.1% last year.

Net earnings increased \$1.3 million or 7.6% to \$18.1 million and diluted earnings per share was \$0.37 per share compared to \$0.35 per share last year as net earnings growth in the International Operations and the impact of foreign exchange more than offset lower net earnings in the Canadian Operations. Excluding the impact of foreign exchange, net earnings increased 2.1% compared to last year.

"This was a very strong quarter, led by our discount banners in western Canada and the Caribbean", commented North West President & CEO Edward Kennedy. "We are benefiting from our exposure to U.S. economic growth, including tourism activity in our southern markets, which is more than offsetting weaker conditions in northern Canada. Our Giant Tiger stores are also well positioned to serve customers who are more income constrained, especially in Saskatchewan and Alberta. In the north we continue to invest in our Top Markets and Top Category work, with encouraging early results."

Further information on the financial results is available in the Company's 2015 second 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](http://www.northwest.ca).

<sup>1</sup> Excluding the foreign exchange impact

<sup>2</sup> See Non-GAAP Measures Section of Management's Discussion & Analysis

## **Second Quarter Conference Call**

North West will host a conference call for its second quarter results on September 11, 2015 at 8:30 a.m. (Central Daylight Time). To access the call, please dial 416-340-2217 or 866-696-5910 with a pass code of 1165268. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 6062975 until September 18, 2015.

## **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, 2015. 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 227 stores under the trading names Northern, NorthMart, Giant Tiger, AC Value Center and Cost-U-Less and has annualized sales of approximately CDN\$1.6 billion.

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

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## **For more information contact:**

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