



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 a Quarterly Dividend

Winnipeg, September 8, 2016 (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, 2016. It also announced that the Board of Directors have declared a dividend of \$0.31 per share to shareholders of record on September 30, 2016, to be paid on October 17, 2016.

Financial Highlights

Sales increased 2.6% to \$460.6 million compared to \$448.7 million in the second quarter last year driven by food sales gains and the impact of foreign exchange on the translation of the International Operations sales. Excluding the foreign exchange impact, consolidated sales increased 1.3% and were up 0.6%¹ on a same store basis. Food sales¹ increased 1.5% and were up 0.9% on a same store basis with all banners reporting modest sales increases. General merchandise sales¹ increased 1.0% but were down 0.9% on a same store basis as sales growth from new stores in Canadian Operations was more than offset by lower sales in International Operations.

Earnings from operations decreased 4.4% to \$27.0 million compared to \$28.2 million in the second quarter last year. Gross profit dollars were up 3.5% driven by sales growth, the impact of foreign exchange and a 24 basis point increase in the gross profit rate compared to last year. Selling, operating and administrative expenses increased 5.6% and were up 68 basis points as a percentage to sales. This increase was due in part to higher store-based payroll costs in northern Canadian markets, non-comparable new stores in Canadian Operations and the impact of foreign exchange on the translation of International Operations expenses. Higher amortization expense largely related to an increase in capital investments in Top Markets was also a factor. Excluding the impact of foreign exchange, earnings from operations decreased 7.3% to last year.

Earnings before interest, income taxes, depreciation and amortization (EBITDA²) increased 0.2% to \$38.9 million as EBITDA gains in International Operations and the impact of foreign exchange were largely offset by lower EBITDA in Canadian Operations. Excluding the foreign exchange impact, EBITDA was down 2.3% compared to last year and as a percentage to sales was 8.5% compared to 8.8% last year.

Net earnings decreased \$1.7 million or 9.4% to \$16.4 million and diluted earnings per share were \$0.34 per share compared to \$0.37 per share last year as earnings growth in International Operations and the impact of foreign exchange were more than offset by lower earnings in Canadian Operations. Excluding the impact of foreign exchange, net earnings decreased 12.4% compared to last year.

"Our consumer and competitive environment was more challenging in the second quarter", commented North West President & CEO Edward Kennedy. "Our Top Markets and Top Category work led our sales but did not generate enough profit momentum to offset other areas. While we remain committed to this plan we are equally committed to better execution and getting more results from our overall business within these market conditions".

Further information on the financial results is available in the Company's 2016 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.

¹ Excluding the foreign exchange impact

² 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 8, 2016 at 2:00 p.m. (Central Daylight Time). To access the call, please dial 416-695-7806 or 866-696-5910 with a pass code of 3648058. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 4296241 until September 15, 2016.

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, 2016. 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 229 stores under the trading names Northern, NorthMart, Giant Tiger, AC Value Center and Cost-U-Less and has annualized sales of approximately CDN\$1.8 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:

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

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