



*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 Third Quarter Earnings and a Quarterly Dividend***

**Winnipeg, December 14, 2012 (TSX:NWC):** The North West Company Inc. (the “Company” or “North West”) today reported its unaudited financial results for the third quarter ended October 31, 2012. It also announced that the Board of Directors have declared a dividend of \$0.26 per share to shareholders of record on December 31, 2012, to be paid on January 15, 2013.

#### **Financial Highlights**

Sales decreased 0.2% to \$377.7 million compared to the third quarter last year as food sales growth was offset by a decrease in general merchandise sales. Sales excluding the foreign exchange impact were up 0.3% but were down 0.4%<sup>1</sup> on a same store basis. Food sales<sup>1</sup> increased 1.4% and were up 1.0% on a same store basis and general merchandise sales<sup>1</sup> decreased 5.0% and were down 5.8% on a same store basis.

Earnings from Operations<sup>2</sup> increased 3.6% to \$26.4 million compared to \$25.4 million in the third quarter last year as gross profit rate improvements more than offset higher selling, operating and administrative expenses. Continued improvement in fresh categories profitability, product assortment changes and special buys were the leading factors contributing to the gross profit rate improvement. Selling, operating and administrative expenses increased 3.0% compared to last year and were up 70 basis points as a percentage to sales largely due to a \$1.7 million increase in share-based compensation costs and a \$1.3 million asset impairment provision related to the pending closure of six underperforming Giant Tiger stores. The increase in share-based compensation costs is mainly related to an increase in share price compared to last year. Excluding the asset impairment provision, earnings from operations increased 8.9% compared to last year.

Trading profit<sup>2</sup> or earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 3.7% to \$35.7 million compared to \$34.5 million last year. Excluding the asset impairment provision, trading profit increased \$2.6 million or 7.6% and was 9.8% as a percentage to sales compared to 9.1% last year.

Third quarter net earnings were \$17.5 million, an increase of 2.9% compared to last year’s third quarter net earnings of \$17.0 million, and diluted earnings per share were \$0.36 compared to \$0.35 per share last year. Excluding the impact of the asset impairment provision, earnings per share was \$0.38 in the quarter.

“Our work on being in-stock, controlling product waste and managing margins all helped to offset a difficult sales environment,” commented North West President and CEO Edward Kennedy. “Our product mix geared to everyday needs also helped to counter a drop-off in big-ticket sales related to more constrained incomes.”

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

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

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

### **Third Quarter Conference Call**

The Company is hosting a conference call for its third quarter results on December 14, 2012 at 2:00 p.m. (Central Standard Time). To access the call, please dial 416-340-2217 or 866-696-5910 with a pass code of 3591756. 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 December 21, 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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