



*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 11, 2013 (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, 2013. It also announced that the Board of Directors have declared a dividend of \$0.28 per share to shareholders of record on December 31, 2013, to be paid on January 15, 2014.

#### **Financial Highlights**<sup>3</sup>

Sales increased 2.5% to \$387.2 million compared to \$377.7 million in the third quarter last year as same store sales growth and new store sales in our International Operations more than offset the sales impact of the store closures in the Canadian Operations in the fourth quarter of 2012. Excluding the foreign exchange impact, sales increased 0.8% and were up 2.3%<sup>1</sup> on a same store basis. Food sales<sup>1</sup> increased 1.6% and were up 2.5% on a same store basis and general merchandise sales<sup>1</sup> decreased 1.7% but were up 1.3% on a same store basis.

Earnings from Operations<sup>2</sup> increased 2.5% to \$26.9 million compared to \$26.2 million in the third quarter last year. Gross profit dollars increased 3.0% largely due to sales growth in the International Operations and a 13 basis point improvement in gross profit rate on a consolidated basis. Selling, operating and administrative expenses increased 3.1% compared to last year and were up 13 basis points as a percentage to sales mainly due to higher expenses related to new stores in the International Operations and the impact of foreign exchange on the translation of U.S. denominated expenses. Higher employee costs, due in part to pension plan expense and share-based compensation costs related to an increase in the share price in the quarter, and higher utility costs in remote markets were also factors. Excluding the foreign exchange impact, earnings from operations increased 1.3% compared to last year.

Trading profit<sup>2</sup> or earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 2.6% to \$36.5 million compared to \$35.6 million last year with both the Canadian Operations and International Operations contributing to the increase. Excluding the foreign exchange impact, trading profit increased 1.4% compared to last year and was 9.5% as a percentage to sales compared to 9.4% last year.

Third quarter net earnings increased 1.3% to \$17.4 million compared to last year and diluted earnings per share were flat to last year at \$0.36 per share.

"It was encouraging to see that sales and margins strengthened across all of our banners with the exception of northern Canada" commented North West President & CEO Edward Kennedy. "Northern Canada's economy remains relatively flat with employment and consumer income growth at a low ebb. In this environment we continue to focus on productivity work and meeting our customers' most important everyday shopping needs."

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).

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

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

<sup>3</sup> 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 third quarter Management's Discussion & Analysis or Note 3 in the Company's 2013 third quarter unaudited interim condensed consolidated financial statements.

### **Third Quarter Conference Call**

North West is also hosting a conference call for its third quarter results on December 11, 2013 at 2:30 p.m. (Central Standard Time). To access the call, please dial 416-340-2217 or 866-696-5910 with a pass code of 7467082. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 7986369 on or before December 18, 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.**

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