



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, 2014 (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, 2014. It also announced that the Board of Directors have declared a dividend of \$0.29 per share to shareholders of record on December 31, 2014, to be paid on January 15, 2015.

Financial Highlights

Sales increased 6.8% to \$413.5 million compared to \$387.2 million in the third quarter last year driven by same store sales growth within the International Operations and the impact of foreign exchange on the translation of U.S. denominated sales. Excluding the foreign exchange impact, consolidated sales increased 4.4% and were up 3.7%¹ on a same store basis. Food sales¹ increased 4.5% and were up 3.7% on a same store basis with all banners contributing to the sales growth. General merchandise sales¹ increased 3.5% and were up 3.6% on a same store basis, due to exceptional sales growth in Alaska.

Earnings from Operations² increased 3.7% to \$27.9 million compared to \$26.9 million in the third quarter last year. Gross profit dollars increased 3.0% driven by sales growth as the gross profit rate decreased 105 basis points compared to last year due to higher markdowns and a higher mix of a lower margin merchandise sold in the quarter. Selling, operating and administrative expenses increased 2.8% compared to last year but were down 85 basis points as a percentage to sales. Higher expense factors were the impact of foreign exchange on the translation of U.S. denominated expenses and a head office employee restructuring that took place in October. These factors were partially offset by lower share-based compensation costs in the third quarter this year and the non-recurrence of due diligence costs related to strategic opportunities incurred in the third quarter of 2013. Excluding the net impact of the non-comparable head office restructuring this year, the due diligence costs last year and foreign exchange, earnings from operations were up 4.2% to last year.

Trading profit² or earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 3.5% to \$37.8 million compared to \$36.5 million last year as robust performance within the International Operations and the impact of foreign exchange more than offset lower trading profit in the Canadian Operations. Excluding the net impact of the non-comparable costs and foreign exchange, trading profit increased 3.7% compared to last year and as a percentage to sales was flat to last year at 9.8%.

Third quarter net earnings increased \$1.0 million or 5.8% to \$18.4 million and diluted earnings per share was \$0.37 per share compared to \$0.36 per share last year due to higher net earnings in the International Operations and the impact of foreign exchange. Excluding the net impact of the non-comparable costs and foreign exchange, net earnings increased 6.6% compared to last year.

"Sales continue to outperform within our International business", said President & CEO Edward Kennedy. "Our merchandise offer and store execution really excelled in Alaska to take advantage of special payments like the Permanent Fund Dividend. The same approach is working in the Caribbean where income growth is muted but our market position is much stronger and is delivering market share gains. In Canada we are steadily building sales momentum supported by our work on top markets and categories."

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.

¹ Excluding the foreign exchange impact

² See Non-GAAP Measures Section of Management's Discussion & Analysis

Third Quarter Conference Call

North West is also hosting a conference call for its third quarter results on December 11, 2014 at 2:00 p.m. (Central Time). To access the call, please dial 416-340-2217 or 877-695-6175 with a pass code of 9416354. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 6298142 on or before December 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 224 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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