



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 10, 2015 (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, 2015. It also announced that the Board of Directors have declared a dividend of \$0.31 per share to shareholders of record on December 31, 2015, to be paid on January 15, 2016.

Financial Highlights

Sales increased 10.8% to \$458.0 million compared to \$413.5 million in the third quarter last year driven by food same store sales gains and the impact of foreign exchange on the translation of the International Operations sales. Excluding the foreign exchange impact, consolidated sales increased 3.6% and were up 2.7%¹ on a same store basis. Food sales¹ increased 4.5% and were up 3.8% on a same store basis with all banners contributing to the sales growth. General merchandise sales¹ increased 0.1% but were down 1.7% on a same store basis as sales growth from International Operations was more than offset by weaker seasonal sales performance in Canada.

Earnings from operations² increased 14.9% to \$32.0 million compared to \$27.9 million in the third quarter last year. Gross profit dollars were up 12.8% driven by sales growth, the impact of foreign exchange and a 54 basis point increase in the gross profit rate compared to last year. The increase in the gross profit rate was largely due to product sales blend changes and lower markdowns on general merchandise. Selling, operating and administrative expenses increased 12.2% and were up 29 basis points as a percentage to sales. The expense increase was largely due to the impact of foreign exchange on the translation of International Operations expenses and higher incentive plan costs primarily related to a 5.4% increase in share price in the quarter compared to a 2.9% decrease last year.

Earnings before interest, income taxes, depreciation and amortization (EBITDA²) increased 13.9% to \$43.1 million led by strong EBITDA growth in International Operations and the impact of foreign exchange. Excluding the impact of foreign exchange, EBITDA increased 6.7% compared to last year and as a percentage to sales was 9.5% compared to 9.2% last year.

Net earnings increased \$2.3 million or 12.8% to \$20.7 million and diluted earnings per share were \$0.43 per share compared to \$0.37 per share last year as net earnings growth in International Operations and the impact of foreign exchange more than offset modestly lower net earnings in the Canadian Operations. Excluding the impact of foreign exchange, net earnings increased 5.2% compared to last year.

"This was another solid quarter, with all store banners delivering sales and gross profit gains", commented North West President & CEO Edward Kennedy. "We are starting to see returns from investment in our Top Markets and Top Categories, led by convenience, prepared food and big ticket merchandise. Alaska performed very well in the face of economic challenges while our two discount formats, Cost-U-Less and Giant Tiger, continued to be well-positioned within their markets."

Further information on the financial results is available in the Company's 2015 third 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

Third Quarter Conference Call

North West will host a conference call for its third quarter results on December 10, 2015 at 1:00 p.m. (Central Standard Time). To access the call, please dial 416-340-2217 or 888-789-9572 with a pass code of 1577350. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 7885378 until December 17, 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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