



*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 13, 2016 (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, 2016. It also announced that the Board of Directors have declared a dividend of \$0.31 per share to shareholders of record on December 30, 2016, to be paid on January 16, 2017.

#### **Financial Highlights**

Sales increased 1.3% to \$464.0 million compared to \$458.0 million in the third quarter last year as sales gains in Canadian Operations more than offset lower sales in International Operations. Excluding the foreign exchange impact, consolidated sales increased 1.7% and were up 1.5%<sup>1</sup> on a same store basis. Food sales<sup>1</sup> increased 2.1% and were up 1.7% on a same store basis with all store banners contributing to the sales growth. New store sales growth in Canada was also a factor. General merchandise sales<sup>1</sup> increased 1.2% and were up 0.6% on a same store basis as sales growth in Canadian Operations more than offset lower sales in International Operations.

Earnings from operations increased 22.1% to \$39.1 million compared to \$32.0 million in the third quarter last year. Gross profit dollars were up 1.7% driven by sales growth and a 13 basis point increase in the gross profit rate compared to last year. Selling, operating and administrative expenses decreased 4.6% and were down 131 basis points as a percentage to sales. This decrease was largely due to a recovery of previously expensed share-based compensation costs resulting from a decrease in share price in the quarter and lower incentive plan expenses. These factors were partially offset by higher store-based payroll costs in northern Canadian markets and the impact of new stores. Excluding the impact of foreign exchange, earnings from operations increased 24.2% to last year.

Earnings before interest, income taxes, depreciation and amortization (EBITDA<sup>2</sup>) increased 18.7% to \$51.1 million due to EBITDA growth in Canadian Operations. Excluding the foreign exchange impact, EBITDA was up 20.4% compared to last year and as a percentage to sales was 11.3% compared to 9.5% last year.

Net earnings increased \$7.1 million or 34.3% to \$27.9 million and diluted earnings per share were \$0.57 per share compared to \$0.43 per share last year due to lower share-based compensation costs in Canadian Operations and modest earnings growth in International Operations. Excluding the impact of foreign exchange, net earnings increased 37.1% compared to last year.

"This was a softer quarter when you strip out the stock-based compensation factors", commented North West President & CEO Edward Kennedy. "We weathered the permanent fund dividend cut in Alaska and food margin pressures in western Canada with some offset from market share gains in the Caribbean. In northern Canada our food service, fresh and convenience businesses are trending well, and expense management is starting to produce bottom line improvement".

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

### **Third Quarter Conference Call**

North West will host a conference call for its third quarter results on December 13, 2016 at 1:00 p.m. (Central Standard Time). To access the call, please dial 416-340-2217 or 866-696-5910 with a pass code of 2023473. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 2947090 until December 20, 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 230 stores under the trading names Northern, NorthMart, Giant Tiger, AC Value Center and Cost-U-Less and has annualized sales of approximately CDN\$1.8 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:**

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