



*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 Fourth Quarter Earnings, an Increase in the Quarterly Dividend and the Appointment of a New Director***

**Winnipeg, March 12, 2014 (TSX: NWC):** The North West Company Inc. (the "Company" or "North West") today reported its unaudited financial results for the fourth quarter ended January 31, 2014. It also announced that the Board of Directors have declared a dividend of \$0.29 per share, an increase of \$0.01 or 3.6% per share, to shareholders of record on March 31, 2014, to be paid on April 15, 2014.

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

Sales increased 4.2% to \$402.9 million compared to \$386.6 million in the fourth quarter last year as new store sales and same store sales growth in both the Canadian and International Operations more than offset the impact of store closures in the Canadian Operations in the fourth quarter of 2012. Excluding the foreign exchange impact, sales increased 1.7% and were up 1.9%<sup>1</sup> on a same store basis. Food sales<sup>1</sup> increased 1.8% and were up 1.3% on a same store basis and general merchandise sales<sup>1</sup> increased 1.5% and were up 4.1% on a same store basis.

Earnings from Operations<sup>2</sup> increased 8.5% to \$24.6 million compared to \$22.7 million in the fourth quarter last year. Gross profit dollars increased 4.7% due to sales growth and a 15 basis point increase in gross profit rate on a consolidated basis. The gross profit rate improvement was largely due to lower markdowns in general merchandise resulting from better balanced seasonal assortments. Selling, operating and administrative expenses increased 3.8% compared to last year but were down 9 basis points as a percentage to sales. The increase in expenses is primarily due to expenses related to new stores in the International Operations and the impact of foreign exchange on the translation of U.S. denominated expenses. The impact of new store expenses was partially offset by lower employee medical insurance expenses in the International Operations and a decrease in debt loss expense in the Canadian Operations. Excluding the foreign exchange impact, earnings from operations increased 7.2% compared to last year.

Trading profit<sup>2</sup> or earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 7.7% to \$34.4 million compared to \$31.9 million last year with both the Canadian Operations and International Operations contributing to the increase. Excluding the foreign exchange impact, trading profit increased 6.3% compared to last year and was 8.6% as a percentage to sales compared to 8.3% last year.

Fourth quarter net earnings increased 2.2% to \$15.9 million compared to last year and diluted earnings per share were flat to last year at \$0.32 per share.

"Our International performance reflects gains we have made in reducing product costs and a general improvement in economic conditions", commented Edward Kennedy, President & CEO. "In Canada, the retail market continues to be more challenged and we are responding with more innovation in getting sales and in building our store network capability".

Further information on the financial results is available in the Company's fourth 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 fourth quarter Management's Discussion & Analysis or Note 3 in the Company's 2013 fourth quarter unaudited interim condensed consolidated financial statements.

## **New Director Appointment**

North West is pleased to announce the appointment of Vi Konkle to the Board of Directors.

Ms. Konkle is the past President and Chief Executive Officer of the The Brick Ltd. Prior to joining The Brick in 2010 as President, Business Support, she held a number of positions with Walmart Canada, including Chief Operating Officer and Chief Customer Officer. Ms. Konkle also held a number of senior executive positions with Loblaw Companies Ltd., including Executive Vice President, Atlantic Wholesale Division.

Ms. Konkle is a board member of Dare Foods, a privately held Canadian based snack food manufacturer, and a past director of The Brick Ltd., Trans Global Insurance and the Canadian Chamber of Commerce.

"I am delighted to welcome Vi to the North West Board", said Sanford Riley, Chairman of the Board. "She is a seasoned executive with extensive experience in the retail industry".

## **Fourth Quarter Conference Call**

North West is also hosting a conference call for its fourth quarter results on March 12, 2014 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 8782994. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 2406196 on or before March 19, 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, 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.**

-30-

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