



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, a Quarterly Dividend and the Refinancing Terms of its Canadian and International Loan Facilities

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

Financial Highlights

Sales increased 9.6% to \$475.2 million compared to \$433.5 million in the fourth 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 3.0% and were up 2.3%¹ on a same store basis. Food sales¹ increased 3.8% and were up 3.2% on a same store basis with all banners contributing to the sales growth. General merchandise sales¹ increased 0.1% but were down 0.9% on a same store basis as sales growth from International Operations was more than offset by weaker sales performance in northern Canada. Sales for the year increased 10.6% to \$1.796 billion compared to \$1.624 billion in 2014 led by same store sales growth and the impact of foreign exchange on the translation of International Operations sales.

Earnings from operations increased 0.8% to \$23.4 million compared to \$23.2 million in the fourth quarter last year. Gross profit dollars were up 13.6% driven by food sales growth across all banners, the impact of foreign exchange and a 100 basis point increase in the gross profit rate compared to last year. The increase in the gross profit rate was due in part to the impact of the write-down and clearance of discontinued general merchandise inventory in the fourth quarter last year. Selling, operating and administrative expenses increased 16.6% and were up 144 basis points as a percentage to sales. This increase was largely due to the impact of foreign exchange on the translation of International Operations expenses and higher incentive plan costs due in part to share-based compensation. For the year, earnings from operations increased \$9.9 million or 10.1% to \$107.3 million compared to \$97.5 million last year.

Earnings before interest, income taxes, depreciation and amortization (EBITDA²) increased 4.9% to \$35.1 million led by strong store-level EBITDA growth and the impact of foreign exchange, but was down 2.8% compared to last year excluding the foreign exchange impact due to higher administration costs, short-term incentive plan expenses and share-based compensation costs in Canadian Operations. These factors were partially offset by the write-down of general merchandise inventory last year. EBITDA as a percentage to sales was 7.4% compared to 7.8% last year. EBITDA for the year increased 9.8% to \$151.3 million compared to \$137.8 million last year.

Net earnings increased \$0.3 million or 1.7% to \$15.2 million and diluted earnings per share were \$0.31 per share compared to \$0.31 per share last year as strong store performance and the impact of foreign exchange more than offset higher non-store expenses in the Canadian Operations. Excluding the impact of foreign exchange, net earnings decreased 8.5% compared to last year. For the year, net earnings increased 11.0% to \$69.8 million compared to \$62.9 million last year and diluted earnings per share were \$1.43 per share compared to \$1.29 per share last year due to higher net earnings in International Operations and the impact of foreign exchange.

¹ Excluding the foreign exchange impact

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

Cash flow from operating activities for the year increased \$17.9 million or 15.6% to \$133.0 million largely due to an increase in net earnings and change in other non-cash items.

"The quarter was a solid finish to a strong year", commented North West President & CEO Edward Kennedy. "Our International division delivered exceptional results, offsetting softer conditions in Canada. For the year, every store banner made a contribution to earnings and cash flow growth and each of our associates showed their commitment to our customers."

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

Loan Facilities Refinancing

The Company has, subject to the completion of a definitive agreement and customary closing conditions, refinanced the \$200.0 million loan facility in the Canadian Operations that currently matures December 31, 2018. The new, increased, committed, revolving loan facilities, which will be provided by the lenders of the existing facilities, provides the Company with a \$300.0 million revolving loan facility for working capital and general corporate purposes. The new loan facilities will mature April 29, 2021 and will bear a floating rate of interest based on Bankers Acceptances rates plus a spread or the Canadian prime rate. These facilities will be secured by certain assets of the Company and will rank *pari passu* with the US\$70.0 million senior notes and the US\$52.0 million loan facilities.

The Company has also, subject to the completion of a definitive agreement and customary closing conditions, refinanced the US\$52.0 million loan facility in the International Operations that currently matures December 31, 2018. The new, committed, revolving loan facilities, which will be provided by the lenders of the existing facilities, provides the Company with a US\$52.0 million revolving loan facility for working capital and general corporate purposes. The new loan facilities will mature April 29, 2021 and will bear a floating rate of interest based on LIBOR plus a spread. These facilities will be secured by certain assets of the Company and will rank *pari passu* with the US\$70.0 million senior notes and the \$200.0 million loan facilities.

The refinancing of these loan facilities is expected to close on or before April 29, 2016.

Fourth Quarter Conference Call

North West will host a conference call for its fourth quarter results on March 15, 2016 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 8411214. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 5706013 until March 22, 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, 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 228 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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