



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 and an Increase in the Quarterly Dividend

Winnipeg, March 15, 2017 (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, 2017. It also announced that the Board of Directors have declared a dividend of \$0.32 per share, an increase of \$0.01 or 3.2% per share, to shareholders of record on March 31, 2017, to be paid on April 17, 2017.

Financial Highlights

Sales increased 1.1% to \$480.6 million compared to \$475.2 million in the fourth quarter last year with both Canadian and International Operations contributing to the sales gains. New stores sales growth in Canadian Operations was also a factor. Excluding the foreign exchange impact, consolidated sales increased 2.5% and were up 1.5%¹ on a same store basis. Food sales¹ increased 2.6% and were up 1.6% on a same store basis. General merchandise sales¹ increased 3.2% and were up 1.3% on a same store basis led by sales growth in Canadian Operations.

Earnings from operations increased 13.0% to \$26.5 million compared to \$23.4 million in the fourth quarter last year. Gross profit dollars were up 3.1% driven by sales growth and a 56 basis point increase in the gross profit rate compared to last year. The increase in the gross profit rate is mainly due to product sales blend changes. Selling, operating and administrative expenses increased 1.0% but were down 2 basis points as a percentage to sales. This increase was largely due to new stores, higher amortization costs mainly related to capital investments in Top Markets and higher share-based compensation costs. These factors were partially offset by lower short-term incentive plan expenses. Excluding the impact of foreign exchange, earnings from operations increased 17.3% to last year.

Earnings before interest, income taxes, depreciation and amortization (EBITDA²) increased 10.8% to \$38.9 million as EBITDA growth in Canadian Operations more than offset lower EBITDA in International Operations. Excluding the foreign exchange impact, EBITDA was up 13.8% compared to last year and as a percentage to sales was 8.2% compared to 7.4% last year.

Net earnings decreased \$0.2 million or 1.4% to \$15.0 million and diluted earnings per share were \$0.30 per share compared to \$0.31 per share last year as the increase in earnings from operations noted above was offset by a \$3.2 million increase in income tax expense. The increase in income taxes is largely due to a \$1.3 million non-comparable withholding tax expense on dividends from subsidiaries and the impact of non-deductible share-based compensation expenses. Excluding the impact of foreign exchange and the non-comparable withholding tax, net earnings increased 11.3% compared to last year.

"These results reinforce our reputation for consistency and give us flexibility to increase our dividend and invest in our store network and logistics strengths. While market conditions were challenging in 2016 and had an impact on our financial targets for the year, we delivered more value to our customers and growth to our shareholders", commented North West President & CEO Edward Kennedy. "A special thank-you to our associates, who continue to excel at their work within our diverse operating environments".

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

¹ Excluding the foreign exchange impact

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

Fourth Quarter Conference Call

North West will host a conference call for its fourth quarter results on March 15, 2017 at 2:00 p.m. (Central Standard Time). To access the call, please dial 416-641-6104 or 800-898-3989 with a pass code of 7593535. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 8730116 until March 22, 2017.

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 241 stores under the trading names Northern, NorthMart, Giant Tiger, AC Value Center, Cost-U-Less and RiteWay Food Markets 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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