



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 First Quarter Earnings and a Quarterly Dividend

Winnipeg, Manitoba, June 12, 2019 (TSX: NWC): The North West Company Inc. (the "Company" or "North West") today reported its unaudited financial results for the first quarter ended April 30, 2019. It also announced that the Board of Directors have declared a dividend of \$0.33 per share to shareholders of record on June 28, 2019, to be paid on July 15, 2019.

"Our remote market same store sales were up a healthy 4.6% and, together with our stabilized air cargo service, they delivered solid bottom line results, net of the non-operating adjustments in the quarter. As expected, the strongest performance came from northern Canada where we are focused on capturing sales and market share within fast-growing local economies tied to natural resources and infrastructure spending" commented President & CEO Edward Kennedy. "Giant Tiger, on the other hand, was very disappointing, due to margin pressures in food and seasonal general merchandise. We are committed to delivering better returns from these locations and this will be a priority in the second half of 2019 while we continue to invest in our high potential, core areas."

Financial Highlights

First quarter consolidated sales increased 6.2% to \$494.5 million led by same store sales gains, the impact of foreign exchange on the translation of International Operations sales and new stores. Excluding the foreign exchange impact, consolidated sales increased 4.2% and were up 2.7%¹ on a same store basis. Food sales¹ increased 3.8% and were up 2.5% on a same store basis and general merchandise sales¹ increased 7.8% and were up 4.1% on a same store basis.

Gross profit increased 5.6% driven by higher sales but was partially offset by an 18 basis point decrease in gross profit rate. The decrease in gross profit rate was due to lower margins in Giant Tiger stores ("GT"), competitive pricing pressures in certain International Operations markets and stronger big-ticket sales in northern Canada and Alaska markets which carry a lower margin.

Selling, operating and administrative expenses ("Expenses") decreased 1.6% and were down 189 basis points as a percentage to sales. This decrease is due to a \$10.7 million gain resulting from the final settlement of hurricane Irma insurance claims and the impact of a greater share-based compensation cost recovery related to mark-to-market adjustments. Excluding the impact of the insurance gain and share-based option compensation, Expenses increased \$10.4 million or 57 basis points as a percentage to sales mainly due to new stores, higher insurance and utility costs and office restructuring costs in International Operations. The impact of foreign exchange on the translation of International Operations expenses was also a factor.

Earnings from operations increased 37.8% to \$37.0 million compared to \$26.9 million in the first quarter last year and earnings before interest, income taxes, depreciation and amortization (EBITDA²) increased 25.2% to \$58.2 million due to the factors previously noted. Excluding the impact of the insurance-related gain and share-based compensation option expense recovery, adjusted EBITDA² was down 1.2% compared to last year due to higher Expenses and as a percentage to sales was 9.0% compared to 9.6% last year.

¹ Excluding the foreign exchange impact

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

Net earnings increased \$7.7 million or 41.7% to \$26.2 million and net earnings attributable to shareholders were \$25.1 million or \$0.51 per share compared to \$0.36 per share last year on a diluted earnings per share basis. This increase is due to strong performance from most store banners, an \$8.4 million gain, net of tax, resulting from the final settlement of hurricane Irma insurance claims and an increase in share-based compensation cost recovery related to mark-to-market adjustments on stock options. Excluding the impact of the insurance-related gain and share-based option compensation, adjusted net earnings² decreased compared to the prior year due to poor performance at the Company's GT store division and expenses related to the restructuring and relocation of the Company's buying office in Bellevue, Washington to both Anchorage, Alaska and south Florida to locate resources closer to the markets they serve.

Further information on the financial results is available in the Company's 2019 first 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.

First Quarter Conference Call

North West will host a conference call for its first quarter results on June 12, 2019 at 2:00 p.m. (Central Time). To access the call, please dial 647-794-1828 or 888-632-5004 with a pass code of 456490. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 5667406 on or before July 12, 2019.

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, 2019. 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 245 stores under the trading names Northern, NorthMart, Giant Tiger, Alaska Commercial Company, Cost-U-Less and RiteWay Food Markets and has annualized sales of approximately CDN\$2.0 billion.

The common shares of North West trade on the Toronto Stock Exchange under the symbol NWC.

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