



*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 a Quarterly Dividend***

**Winnipeg, March 12, 2015 (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, 2015. It also announced that the Board of Directors have declared a dividend of \$0.29 per share to shareholders of record on March 31, 2015, to be paid on April 15, 2015.

#### **Financial Highlights**

Sales increased 7.6% to \$433.5 million compared to \$402.9 million in the fourth quarter last year driven by strong sales gains in the International Operations and the impact of foreign exchange on the translation of U.S. denominated sales. Excluding the foreign exchange impact, consolidated sales increased 4.3% and were up 3.6%<sup>1</sup> on a same store basis. Food sales<sup>1</sup> increased 6.1% and were up 4.9% on a same store basis with all banners contributing to the sales growth. General merchandise sales<sup>1</sup> increased 0.3% but were down 0.4% on a same store basis, as lower sales in Canadian Operations more than offset sales gains in the International Operations.

Earnings from Operations<sup>2</sup> decreased 5.6% to \$23.2 million compared to \$24.6 million in the fourth quarter last year. Gross profit dollars were up only 1.4% as the gross profit rate decreased 170 basis points primarily due to \$3.8 million in costs related to the write-down and clearance of discontinued under-performing general merchandise inventory in the northern Canada stores. This action was part of the Company's initiative to reallocate selling space to products and services with higher growth potential. Excluding the impact of the general merchandise inventory reduction costs and foreign exchange, earnings from operations were up 7.0% to last year.

Earnings before interest, income taxes, depreciation and amortization (EBITDA<sup>2</sup>) decreased 2.8% to \$33.4 million as lower EBITDA in the Canadian Operations more than offset very strong performance within the international Operations and the impact of foreign exchange. Excluding the impact of the general merchandise inventory reduction costs and foreign exchange, EBITDA was up 5.7% compared to last year and as a percentage to sales was 8.7% compared to 8.6% last year.

Fourth quarter net earnings decreased \$0.9 million or 5.7% to \$15.0 million and diluted earnings per share was \$0.31 per share compared to \$0.32 per share last year as higher net earnings in the International Operations and the impact of foreign exchange was more than offset by lower earnings in the Canadian Operations largely related to the general merchandise inventory reduction costs. Excluding the net impact of the general merchandise inventory reduction costs and foreign exchange, net earnings increased 8.7% compared to last year.

"The fourth quarter capped off a very good year for our two international store banners, Alaska Commercial and Cost-U-Less", commented North West President & CEO Edward Kennedy. "We were also pleased with the sales gains at Giant Tiger which have carried into 2015. Our Northern Canada division is receiving the most attention for investment and management time as we position these stores for profitable growth. As part of this work we incurred a non-comparable inventory write-down charge related to downsizing our fashion, electronics and select general merchandise business in favour of higher potential categories like food, services, furniture and motorized products."

<sup>1</sup> Excluding the foreign exchange impact

<sup>2</sup> See Non-GAAP Measures Section of Management's Discussion & Analysis

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).

### **Fourth Quarter Conference Call**

North West is also hosting a conference call for its fourth quarter results on March 12, 2015 at 2:00 p.m. (Central Time). To access the call, please dial 416-340-2217 or 877-695-6175 with a pass code of 6628396. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 3089662 until March 19, 2015.

### **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, 2014. 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 225 stores under the trading names Northern, NorthMart, Giant Tiger, AC Value Center and Cost-U-Less and has annualized sales of approximately CDN\$1.6 billion.

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

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