

NORTH WEST COMPANY FUND

Presentation by

Edward Kennedy, President & CEO

The North West Company

Manitoba Investment Forum; November 10, 1999

“WHY INVEST IN NORTH WEST?”

1. *Who We Are*

2. Our Investor Values

3. Growth

4. Yield

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**“Our vision is to be the most
successful small market
retailer in North America.”**

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REVENUE BY CHANNEL

Stores - Canada (142)	\$470 million
Stores - Alaska (26)	\$150 million
Catalogue - Canada	\$ 25 million
E-Commerce	-----



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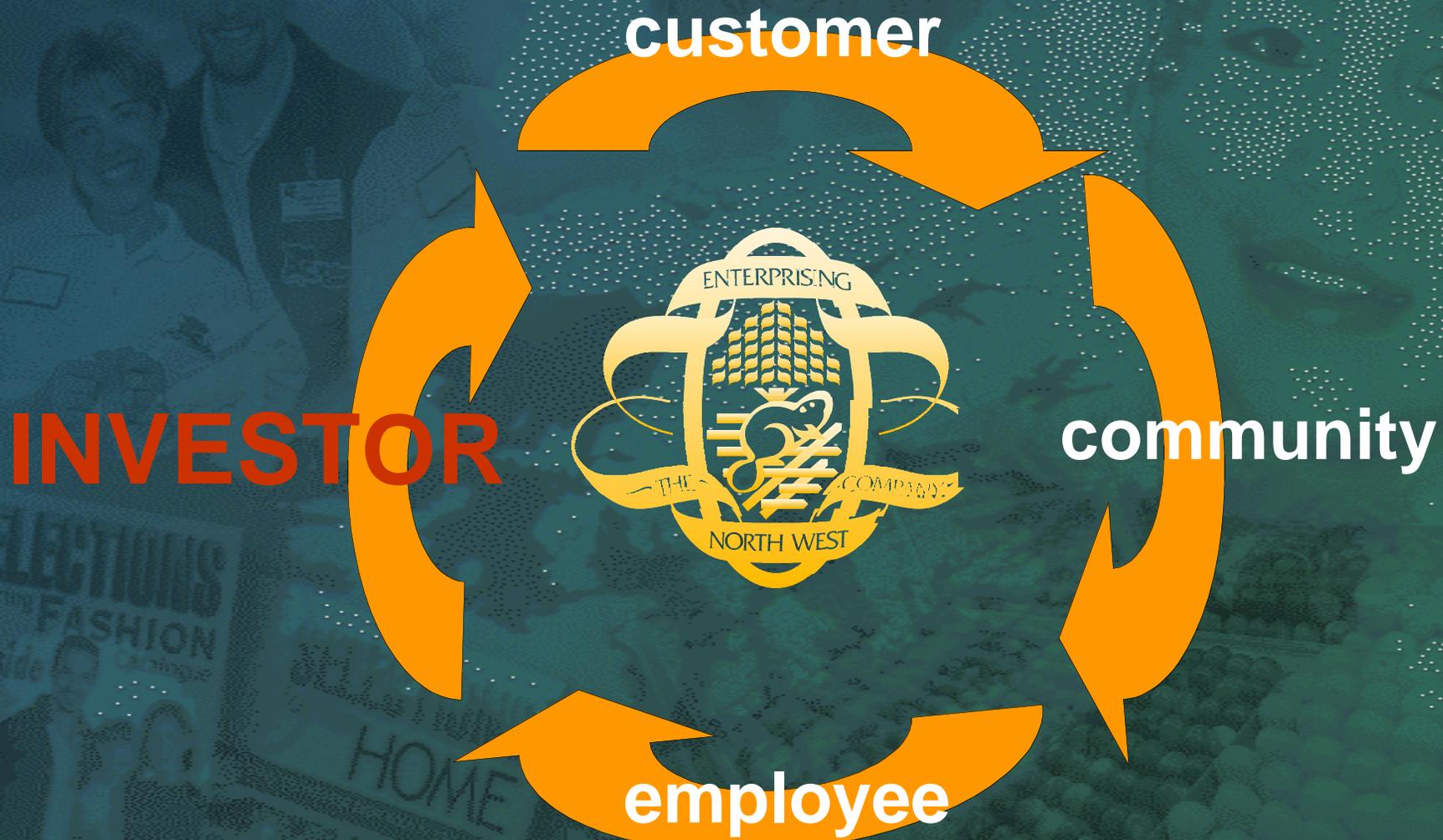
“WHY INVEST IN NORTH WEST?”

1. Who We Are ✓
2. *Our Investor Values*
3. Growth
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VALUES we strive to be known for...



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“To our investors, we want to be known for delivering total returns that achieve top quartile performance measured against other publicly-traded companies in North America.”

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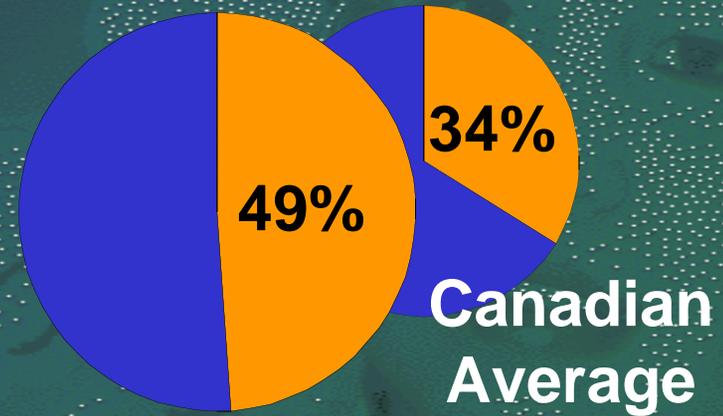
GROWTH

1 Grow with the North

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Population Under 25 Years of Age



NWC Markets



Source: Statistics Canada Census 1996

Northern Canada
Growth Rate

Canadian
Growth Rate

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ECONOMIC DRIVERS

NATURAL RESOURCES MARKET

Resource price
cycle



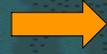
New capacity



Jobs, overtime,
increased
employment and
spending
in all non-food
categories

ABORIGINAL MARKET

Population
growth,
Political action,
Land claims



Increased spending on
housing &
infrastructure



Increased employment,
spending in all
non-food categories

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GROWTH

- ① **Grow with the North**
- ② **Increase market share**

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MARKET SHARE BY CUSTOMER TYPE

**% of
Total
Market**

60%

25%

15%

Outshopping 25%	Outshopping 40%	Outshopping 50%
Local Competition 25%	Local Competition 30%	Local Competition 20%
NWC 50%	NWC 30%	NWC 30%

“Convenience, credit
and impulse-driven at
low price points”

“Quality and
selection-driven
at medium price
points”

“Trend-driven
youth customers”

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MARKET SHARE GROWTH STRATEGIES

- ▶▶▶▶▶ More store space for food and convenience-driven needs
- ▶▶▶▶▶ More catalogue space for selection-driven needs
- ▶▶▶▶▶ Lower price points
- ▶▶▶▶▶ Better execution in foods
- ▶▶▶▶▶ Invest in complementary services

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GROWTH

- ① **Grow with the North**
- ② **Increase market share**
- ③ **Achieve potential in Alaska**

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ALASKA STRATEGIES

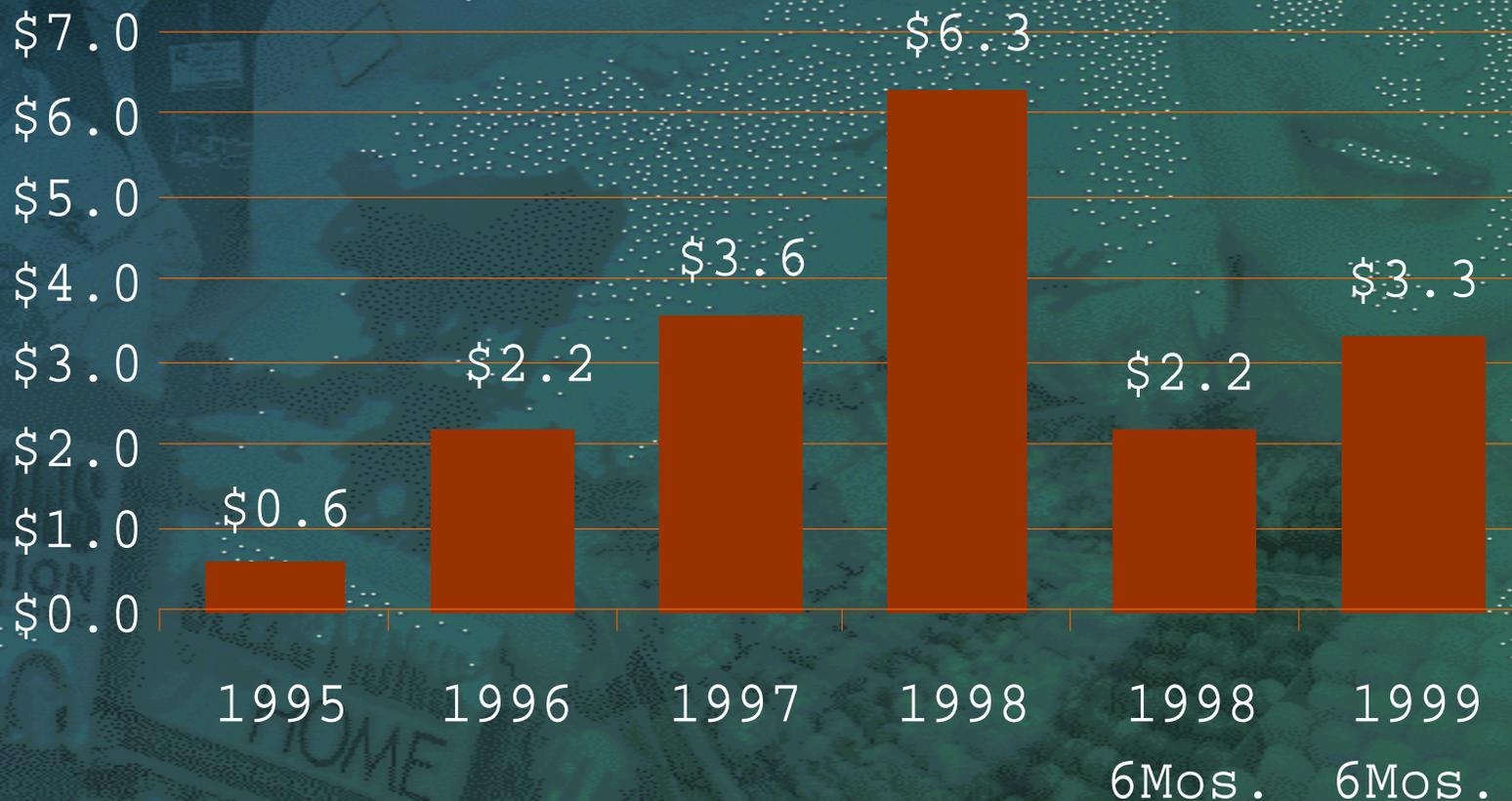
- ▶▶▶ Streamline support costs
- ▶▶▶ Focus on food and everyday needs
- ▶▶▶ Invest in high potential locations
- ▶▶▶ Build expertise and “brand”

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ACHIEVE POTENTIAL IN ALASKA

EBITDA \$



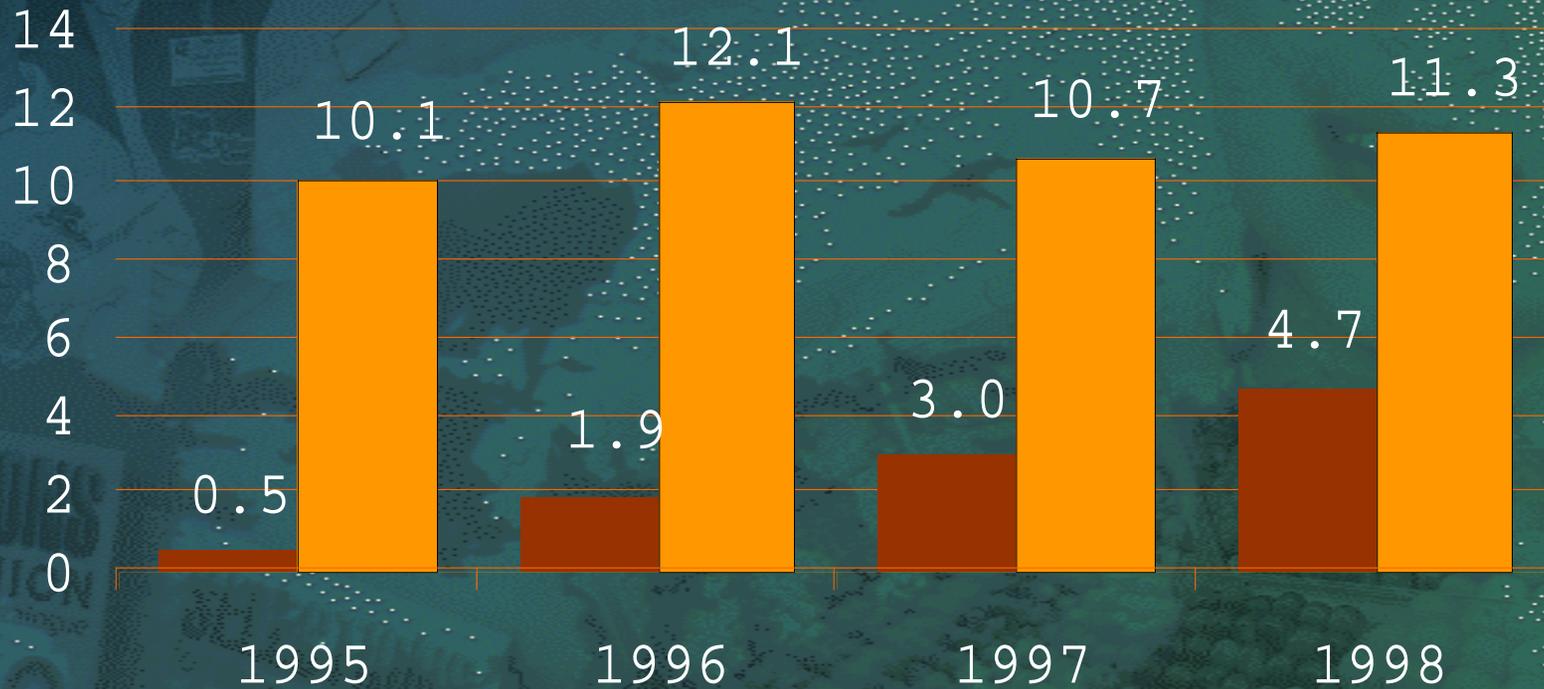
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ACHIEVE POTENTIAL IN ALASKA

EBITDA %

%



Alaska Canada

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GROWTH PERFORMANCE 1995 - 1999*

Earnings Per Unit Before Unusual Items

* Earnings per share for 1995 - 1997



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“WHY INVEST IN NORTH WEST?”

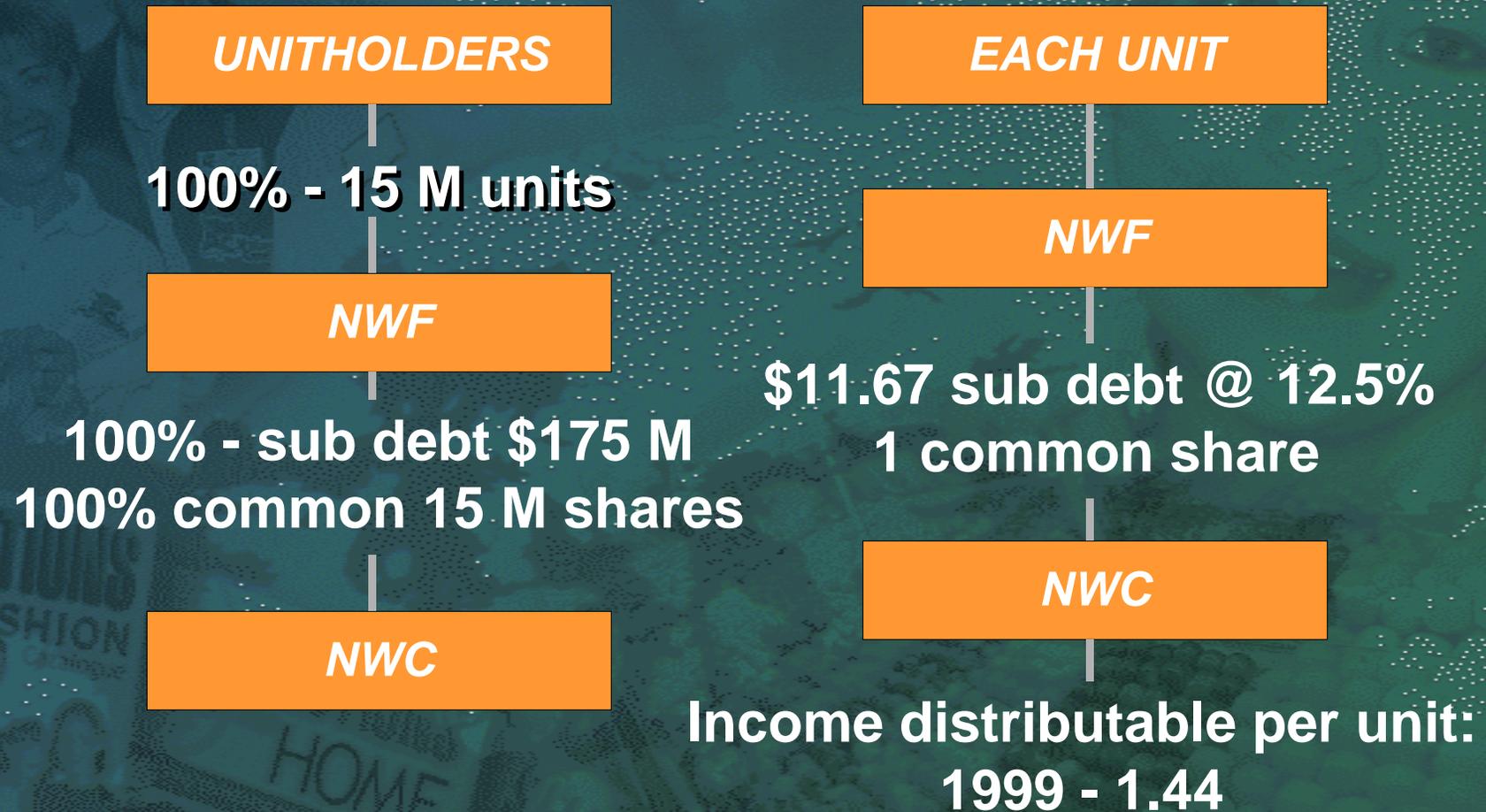
1. Who We Are ✓
2. Our Investor Value ✓
3. Growth ✓

4. Yield

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NWF STRUCTURE

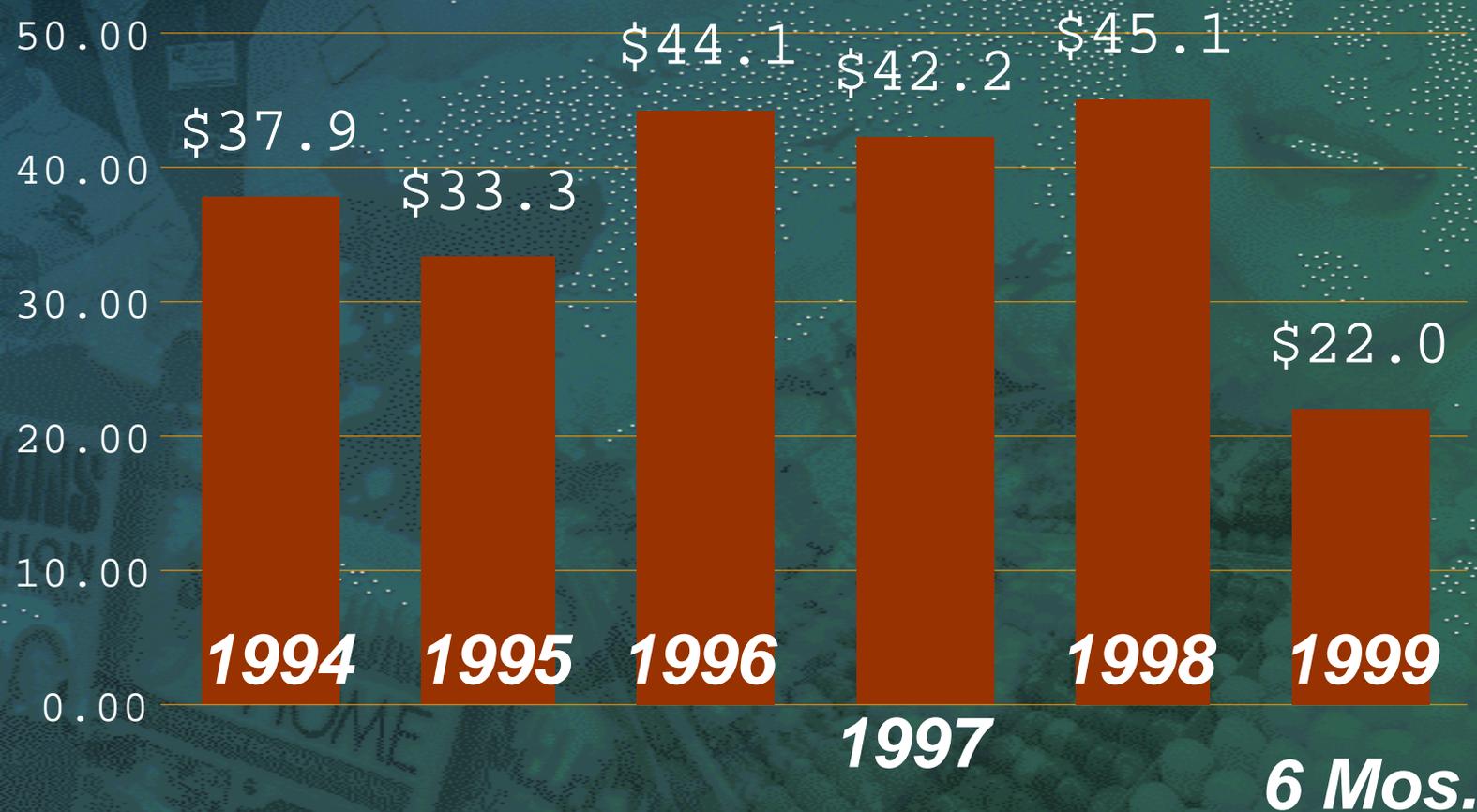


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PRE-TAX CASH FLOW

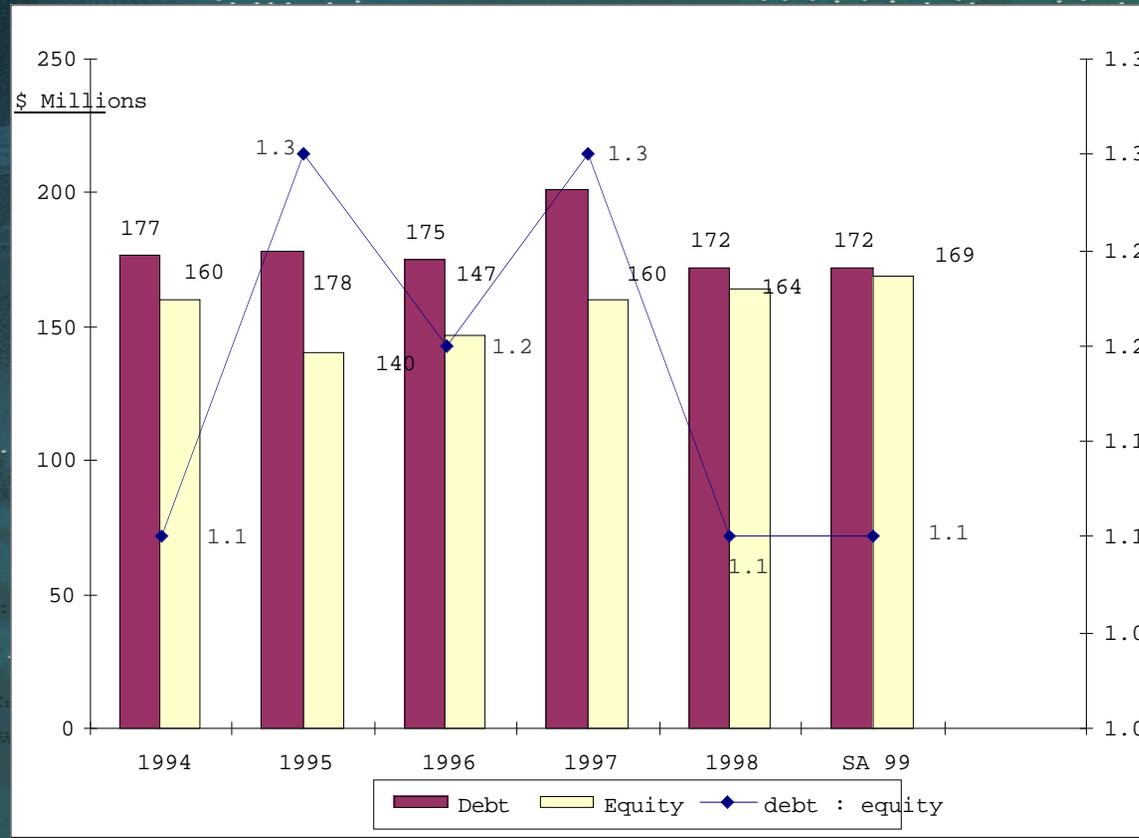
\$ in millions



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DEBT : EQUITY



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“WHY INVEST IN NORTH WEST?”

1. Strong, focussed retailer with deliverable plans ✓

+

2. Earnings growth potential of 10% + ✓

+

3. Yield potential of 10% + ✓

=

Total returns of 20% + ✓

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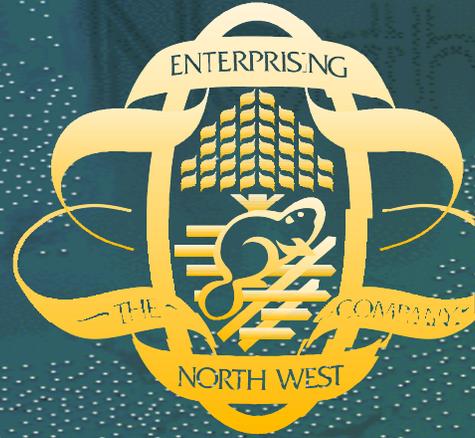
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QUESTIONS?



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For additional information on the Fund or the Company, please call 204-934-1501 or toll-free 1-800-563-0002; fax 204-934-1317; e-mail rlaxdal@northwest.ca....or visit our web site www.northwest.ca.

MERCHANDISING INDICES:



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OTHER COMPARABLES:

	Closed Apr.5 /99	Yield %	P/E
Canadian Tire	41.10	1.0	19.2
Sears Canada	26.00	0.9	18.3
Wal-Mart	95.38	0.4	49.7
Empire	25.30	1.1	5.5
Loblaws	40.50	0.5	38.2
Safeway	51.50	--	32.9
NWF.UN	14.35	8.3	7.9*

* Does not include a \$0.74 charge related to Canadian re-structuring

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③ Accelerate Alaska Performance Trend

- ▶▶▶▶ Leverage local market knowledge curve
- ▶▶▶▶ Increase “mid-sized” new store growth rate
- ▶▶▶▶ Move on opportunities created by local market consolidations
- ▶▶▶▶ Exit “can’t be fixed” locations

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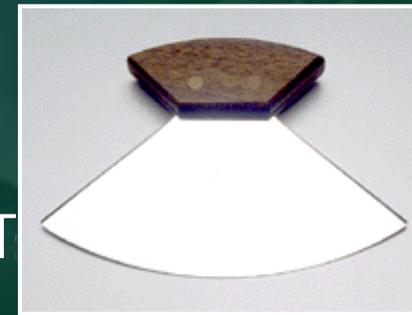
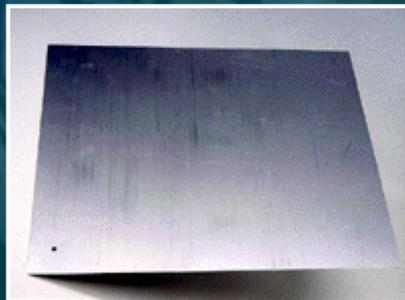
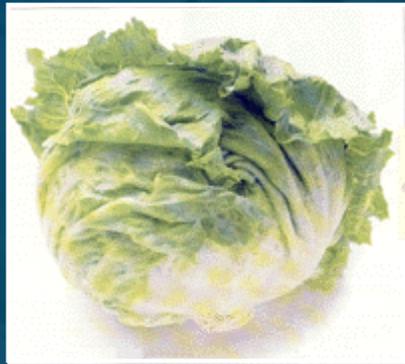
② Increase Canadian Market Share

- » Expand in-store offer for food, everyday needs and financial services
- » Expand catalogue offer for apparel, AF&E
- » Shift to more “extreme value” price points
- » Build people capability in foods
- » Achieve 5% comp. sales growth by 2000

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TH WT AND

SMITHLETTERS
SELECTIONS

“V2K+” GROWTH STRATEGIES

- 1 Achieve Canadian productivity gains
- 2 Increase Canadian market share
- 3 Accelerate Alaska performance trend

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