



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 Second Quarter Earnings and a Quarterly Dividend

Winnipeg, Manitoba, September 11, 2019 (TSX: NWC): The North West Company Inc. (the "Company" or "North West") today reported its unaudited financial results for the second quarter ended July 31, 2019. It also announced that the Board of Directors have declared a dividend of \$0.33 per share to shareholders of record on September 30, 2019, to be paid on October 15, 2019.

"This was another very strong quarter from our northern retail and air cargo businesses together with solid performance in most of our key southern island markets," commented President & CEO Edward Kennedy. "Giant Tiger was a disappointment and will continue to be a priority for improvement as will non-store costs, which included significant organization restructuring charges in the quarter."

Financial Highlights

Second quarter consolidated sales increased 4.7% to \$527.3 million led by same store sales gains, the impact of foreign exchange on the translation of International Operations sales and new stores. This increase was partially offset by the closure of the Cost-U-Less ("CUL") store in Sonora, California in the first quarter. Excluding the foreign exchange impact, consolidated sales increased 3.6% and were up 1.5%¹ on a same store basis. Food sales¹ increased 3.5% and were up 2.3% on a same store basis led by the sales gains in International Operations. General merchandise sales¹ increased 2.0% but were down 2.0% on a same store basis as sales gains in northern Canada and Alaska were offset by lower sales in Giant Tiger ("GT") stores.

Gross profit increased 3.9% driven by higher sales partially offset by a 23 basis point decrease in gross profit rate. The decrease in gross profit rate was largely due to lower margin rates in GT stores, resulting from discount pricing pressures in food and significant markdowns on seasonal general merchandise.

Selling, operating and administrative expenses ("Expenses") increased 4.6% but were flat to last year as a percentage to sales as the impact of \$3.5 million in support office restructuring and relocation costs in Canadian and International Operations were offset by a \$4.3 million gain resulting from interim payments received on fire-related insurance claims. Excluding the net impact of these factors, Expenses increased 18 basis points as a percentage to sales mainly due to higher insurance and utility costs and the impact of new stores.

Earnings from operations increased 0.7% to \$29.6 million compared to \$29.4 million last year and earnings before interest, income taxes, depreciation and amortization (EBITDA²) increased \$2.0 million or 4.1% to \$51.6 million. Excluding the impact of the insurance-related gain and share-based option compensation, adjusted EBITDA² was down 5.1% compared to last year and as a percentage to sales was 9.6% compared to 10.6% last year as strong earnings in our northern Canada and Alaska stores and earnings gains in North Star Air ("NSA") were offset by the \$3.5 million in restructuring expenses previously noted and lower earnings in GT.

¹ Excluding the foreign exchange impact

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

Net earnings decreased \$0.7 million or 3.7% to \$17.9 million. Net earnings attributable to shareholders were \$17.2 million and diluted earnings per share were \$0.35 per share compared to \$0.36 per share last year due to the factors noted above. Excluding the impact of the insurance-related gain and share-based option compensation, adjusted net earnings² decreased 16.4% compared to last year largely due to the after-tax impact of the restructuring expenses of \$2.5 million and lower GT earnings as previously noted.

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

Second Quarter Conference Call

North West will host a conference call for its second quarter results on September 12, 2019 at 7:30 a.m. (Central Time). To access the call, please dial 416-849-3996 or 866-323-9095 with a pass code of 756753. The conference call will be archived and can be accessed by dialing 905-694-9451 or 800-408-3053 with a pass code of 5704416 on or before October 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 246 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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