Liquor Stores N.A. Ltd.

[FOR IMMEDIATE RELEASE]

LIQUOR STORES N.A. LTD. REPORTS FOURTH QUARTER AND FISCAL YEAR 2013 FINANCIAL RESULTS

– Company Implements Seven-Point Plan to Enhance Long-Term Profitability –

EDMONTON, ALBERTA, March 6, 2014 – Liquor Stores N.A. Ltd. (the "Company" or "Liquor Stores") (TSX: LIQ), North America's largest publicly traded liquor retailer, today reported its results for the three months and year ended December 31, 2013.

SUMMARY OPERATIONAL RESULTS

Three months ended December 31, 2013

- Opened one large-format store in Alaska (2012 – one large-format store in Kentucky);
- Consolidated sales increased 2.6% to $184.1 million (2012 - $179.4 million);
- Same-store sales increased by 0.2% in Canada ($0.3 million) and decreased by 1.7% in the U.S. ($0.7 million);
- Adjusted gross margin was 25.3% (2012 - 25.4%); and
- Adjusted operating margin decreased by 1.7% ($0.2 million) to $14.1 million (2012 - $14.4 million).

Year ended December 31, 2013

- Consolidated sales increased 4.9% to $661.0 million (2012 - $630.1 million);
- Same-store sales increased by 0.4% ($1.9 million) in Canada and decreased by 2.0% ($2.9 million) in the U.S.;
- Adjusted gross margin was 25.2% (2012 – 25.3%); and
- Adjusted operating margin decreased by 6.4% ($3.2 million) to $46.1 million (2012 - $49.2 million).

In 2013 the Company initiated a comprehensive evaluation of all facets of Liquor Stores' operations as well as its existing and future target markets. Following this review the Board approved management's seven-point plan (the "Plan") designed to build on the Company's strong operating platform and drive long-term growth in profitability.

The Plan's seven key initiatives and investments are:

1. Enhancing the senior leadership team;
2. Investing in the Company's people;
3. Implementing an information technology platform that will support and enhance our operating performance;
4. Investing in the Company's store network, including renovations and refurbishments;
5. Elevating Liquor Stores' retail brand awareness and loyalty;
6. Increasing operating margins; and
7. Pursuing expansion in target markets.

"We anticipate that the positive earnings impact from the Plan will be achieved starting in 2016," said Stephen Bebis, President and CEO of the Company. "Until then, we expect that our operating margins will be temporarily reduced as we implement these initiatives. We are confident that the short-term investments will be well worth the long-term gain."

"We recognize that an open dialogue is necessary to engage our stakeholders and build support and a shared commitment to capitalize on the opportunities we have identified and achieve our long-term goals," added Mr. Bebis. "We will provide regular progress updates on the execution of the Plan in our quarterly reporting and more frequent investor presentations. We have initiated this dialogue with a detailed outline of the Plan, including action items, progress to date and future objectives in our year-end Management's Discussion and Analysis."

Jim Dinning, Board Chairman added, "The Board recognized the need to build on Liquor Stores' stable revenue model, market presence and advantages of scale to set a course for sustained profitable growth in a retail environment where competition is tougher and opportunities greater. Stephen and his team have developed a comprehensive agenda and the board is fully committed to ensuring the Plan is well executed and generates the expected benefits to the business and its stakeholders. At the same time, we recognize the importance of our dividend to our shareholders and are committed to maintaining it at the current level."

Commenting on the Q4 2013 financial results, Mr. Bebis said: "Our Q4 Canadian same-store sales increased 0.8%, after adjusting for the sales tax increase from 13% to 15% in British Columbia on April 1, 2013. This increase was achieved notwithstanding that unfavourable weather conditions leading up to the Christmas holiday season in Alberta significantly impacted our business. U.S. same-store sales were negatively impacted by unfavourable weather in Kentucky and increased competition in Alaska. Despite this, we achieved a modest same-stores sales increase for the quarter in Kentucky, which we attribute in part to enhanced marketing strategies and the introduction of store level training programs."

SUMMARY FINANCIAL RESULTS AND ANALYSIS

	Three months ended		**Year ended**	
(expressed in thousands of Canadian dollars except per share amounts except per share amounts)	**December 31, 2013**	**December 31, 2012**	**December 31, 2013**	**December 31, 2012**
Sales	$ 184,106	$ 179,359	$ 660,979	$ 630,106
Operating margin	$ 12,107	$ 14,015	$ 43,241	$ 45,671
Adjusted operating margin	$ 14,147	$ 14,387	$ 46,077	$ 49,239
Net earnings/(loss)	$ (1,108)	$ 5,403	$ 11,483	$ 19,056
Adjusted net earnings (1)	$ 7,789	$7,666	$ 20,977	$ 23,555
Diluted earnings/(loss) per share	$ (0.05)	$ 0.23	$ 0.49	$ 0.82
Adjusted diluted earnings per share (1)	$ 0.34	$ 0.33	$ 0.90	$ 1.02
Cash dividends per share	$ 0.27	$ 0.27	$ 1.08	$ 1.08
Weighted average number of shares outstanding – Basic (000's)	23,093	22,911	23,025	22,816
Stores in operation as at December 31	246	249	246	249

(1) *The decrease in net earnings and diluted earnings per share from 2012 to 2013 relates primarily to adjusting items that arose in 2013 and 2012. The adjusting items in Q4 2013 primarily related to a $9.8 million non-cash impairment loss on indefinite life intangible assets (Q4 2012: $2.5 million). The adjusting items also include a $1.1 million write-down in inventory for unsellable/expired product in Q4 2013, amounts paid to former members of the Company's senior management team (Q4 2013: $0.2 million, Q3 2013: $0.9 million, Q3 2012: $2.0 million), a $0.7 million provision recorded for the early termination of a lease in Q4 2013, and other miscellaneous adjusting items as identified in the Management, Discussion and Analysis (MD&A), less the income tax effect of these adjusting items.*

Adjusting items, adjusted net earnings and adjusted diluted earnings per share are non-IFRS measures. Refer to the Non-IFRS Measures section of the Company's MD&A for the year ended December 31, 2013 for further discussion. Adjusted net earnings has been calculated as net earnings less the adjusting items and related tax effect. Adjusted diluted earnings per share has been calculated as adjusted net earnings divided by the diluted weighted average number of shares outstanding.

The MD&A as well as the audited consolidated financial statements for the years ended December 31, 2013 and 2012 are available on the Company's website (www.liquorstoresna.ca) and on the SEDAR website (www.sedar.com).

SALES

Total sales increased by $4.7 million, or 2.6%, to $184.1 million in the fourth quarter of 2013 (2012 - $179.4 million). The increase is primarily the result of the sales contribution from the new store expansion in Canada and the United States that offset store closures (eight new stores opened and five stores closed since September 30, 2012) and a $2.6 million positive change in foreign exchange on translation of U.S. dollar denominated sales to Canadian dollars.

Same-Store Sales

- Canadian same-store sales increased by $0.3 million, or 0.2%, despite unfavourable weather in Alberta, particularly in the period leading up to the holiday season. However, when adjusted for the following items, Canadian same-store sales increased by 0.8%.
    - Same-store sales have been negatively impacted by sales tax changes and increased competition in British Columbia. When the province made the switch from the Harmonized Sales Tax (HST) of 12% to the combined Provincial Sales Tax (PST)/Goods and Services Tax (GST) of 15% on April 1, 2013, the Company was determined to remain competitive in the market and decided to leave prices, which have tax included, unchanged. All else being equal, this has had a negative impact of approximately 2.6% on same-store sales in the

province. The estimated impact of this matter on Canadian same-store sales in the quarter was approximately 0.6%. Competition in British Columbia, especially for beer and spirits consumers, has increased with certain competitors increasing their cold beer availability (a previous competitive advantage for our stores), improving their in-store marketing and becoming more price competitive. This increased competition has led to downward pressure on pricing and margin.

- U.S. same store sales decreased by $0.7 million or 1.7%.
  - Same-store sales in the United States were negatively impacted by unfavourable weather in Kentucky, increased competition in Alaska and continued pressure from certain counties in Kentucky going from 'dry' to 'wet' in recent periods (i.e. certain counties in close proximity to the Company's stores that did not previously permit retail package liquor sales are now permitting these sales).
  - Despite the unfavourable weather in Kentucky, we achieved a modest same-stores sales increase in that state in the fourth quarter of 2013. While we continue to be impacted by certain counties that have gone from 'dry' to 'wet' in recent periods, we believe that changes to our marketing strategies and the introduction of store level training programs during the latter half of 2013 have assisted in counteracting this challenge to our business and allowed us to compete more effectively.

MARGINS

For the three months ended December 31, 2013, gross margin before adjusting items was $46.7 million, up 2.6% from $45.5 million for the same period last year. Adjusted gross margin as a percentage of sales was 25.3%, consistent with that achieved in the comparative period (2012 – 25.4%). Pressures on gross margin percentages in British Columbia, Alaska and certain regions in Alberta were offset by the introduction of changes made to our marketing strategies, which have resulted in overall increases in gross margin percentages and dollars. The 2013 fourth quarter adjusting item primarily relates to $1.1 million in costs associated with an inventory write-down for expired and unsellable product. In early 2014, Management implemented improved processes and policies to better ensure that product expiries are minimal.

Adjusted operating margin for the three months ended December 31, 2013 decreased by $0.2 million to $14.1 million. This decrease is primarily due to a decline in U.S. same-store sales, increases in operating expenses, and ongoing investments in the Company's store level training programs, customer relationship management strategies and tools, branding strategies, information technology infrastructure, and additional head office staff to support the Company's business strategies. Adjusted operating margin as a percentage of sales was 7.7%, down from 8.0%.

Since September 30, 2012, the Company has added eight new stores in Canada and the United States. New stores generally take up to three years to mature and fully contribute to operating margin, and as such, these new stores have contributed to the reduction in the adjusted operating margin as a percentage of sales. Management believes that this impact is temporary and that these new stores will positively contribute to adjusted operating margin as a percentage of sales as they mature. Operating margin was $12.1 million for the three months ended December 31, 2013, a decrease of 13.6% from $14.0 million in 2012.

EARNINGS/(LOSS) AND EARNINGS/(LOSS) PER SHARE

Net earnings/(loss) for the three months ended December 31, 2013 were $(1.1) million compared to $5.4 million for the same period in 2012. The decrease in net earnings in 2013 is primarily the result of the $9.8 million non-cash impairment charge related to indefinite life intangible assets (2012: $2.5 million). This charge relates to a change in Management's forecasted sales and profitability for certain of its stores in British Columbia, resulting from recent announcements that the government is making changes to its current policies that could increase competition for liquor retail sales in that province. The decrease was also due to a decline in U.S. same-store sales, the $1.7 million net change in adjusting items discussed earlier in Note 1 to the Summary Financial Results and Analysis table, increased operating expenses, and ongoing investments to support the Company's business strategies.

Basic and diluted earnings/(loss) per share for the three months ended December 31, 2013 were $(0.05) per share (2012: $0.23). Basic and diluted earnings per share decreased as a result of the same factors that impacted net earnings/(loss), as noted above. Adjusted diluted earnings per share was $0.34 for the three months ended December 31, 2013 (2012 - $0.33).

CASH FLOW AND DIVIDENDS

For the three months ended December 31, 2013, cash provided by operating activities before changes in non-cash working capital and adjusting items was $12.5 million ($0.54 per share), an increase of $0.1 million compared to $12.4 million ($0.54 per share) for the same quarter in 2012.

During the three months ended December 31, 2013 the Company declared dividends of $0.27 per share, representing an annualized dividend of $1.08 per share. The Company has declared a monthly dividend consecutively since going public in 2004.

The Company has a dividend reinvestment plan (the "DRIP") to provide eligible shareholders with a convenient means of reinvesting monthly dividends into additional common shares. For further information about the DRIP and DRIP enrolment please visit the Company's website located at www.liquorstoresna.com.

CONFERENCE CALL

As previously announced, Liquor Stores N.A Ltd. will host an analyst and investor conference call on Friday, March 7, 2014 to discuss results for the three months and year ended December 31, 2013. The conference call will take place at 12:00 p.m. MT. Participants in the call include Stephen Bebis, President and Chief Executive Officer, and Pat de Grace, Senior Vice President and Chief Financial Officer.

To participate in the call, please dial toll-free 1-800-565-0813. An archived recording of the conference call will be available approximately one hour after the completion of the call until March 14, 2014, by dialling 1-905-694-9451 or toll-free 1-800-408-3053. The required pass code is 6451985.

ABOUT LIQUOR STORES N.A. LTD.

The Company operates 245 retail liquor stores in Alberta, British Columbia, Alaska and Kentucky. The Company's common shares and convertible subordinated debentures trade on the Toronto Stock Exchange under the symbols "LIQ" and "LIQ.DB.A", respectively.

Additional information about Liquor Stores N.A. Ltd. is available at www.sedar.com and the Company's website at www.liquorstoresna.com.

NON-IFRS FINANCIAL MEASURES

Operating margin, operating margin as a percentage of sales, adjusted operating margin, adjusted net earnings, adjusted earnings per share, adjusting items, cash provided by operating activities before changes in working capital and adjusting items, cash provided by operating activities before changes in non-cash working capital and adjusting items on a per share basis, and same-store sales are not measures recognized by IFRS and do not have a standardized meaning prescribed by IFRS. Investors are cautioned that operating margin, operating margin as a percentage of sales, adjusted operating margin, adjusted net earnings, adjusted earnings per share, adjusting items, cash provided by operating activities before changes in non-cash working capital and adjusting items, cash provided by operating activities before changes in non-cash working capital and adjusting items on a per share basis, and same-store sales should not replace net earnings or loss (as determined in accordance with IFRS) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's method of calculating operating margin, operating margin as a percentage of sales, adjusted operating margin, adjusted net earnings, adjusted earnings per share, adjusting items, cash provided by operating activities before changes in non-cash working capital and adjusting items, cash provided by operating activities before changes in non-cash working capital and adjusting items on a per share basis, and same-store sales may differ from the methods used by other issuers. Therefore, the Company's operating margin, operating margin as a percentage of sales, adjusted operating margin, adjusted net earnings, adjusted earnings per share, adjusting items, cash provided by operating activities before changes in non-cash working capital and adjusting items, cash provided by operating activities before changes in working capital and adjusting items on a per share basis, and same-store sales may not be comparable to similar measures presented by other issuers.

Operating margin for purposes of disclosure has been derived by subtracting Operating and Administrative expenses from Gross Margin. Operating margin as a percentage of sales is calculated by dividing operating margin by sales.

Adjusted gross margin represents gross margin adjusted for unusual, non-recurring or non-operating factors on a consolidated basis. Adjusted operating margin represents operating margin adjusted for unusual, non-recurring or non-operating factors on both a consolidated and segmented basis. These factors, referred to as adjusting items, are reconciled and discussed in the *'Summary of the Quarter and Year Ended December 31, 2013'* and *'Analysis of Financial Results'* sections of the MD&A for the three months and year ended December 31, 2013. Adjusted net earnings is calculated as net earnings less the tax effected adjusting items. The tax effect of the adjusting items is calculated by multiplying the adjusting items by the statutory rate of income tax of the applicable jurisdiction. Adjusted basic and diluted earnings per share is calculated as adjusted net earnings divided by basic or diluted weighted average number of common shares outstanding. Management believes the presentation of adjusted operating margin, adjusted net earnings, and adjusted basic and diluted earnings per share provides for useful information to investors and shareholders as it provides increased transparency and predictive value. Management uses adjusted operating margin to set targets and assess performance of the Company.

Cash provided by operating activities before changes in non-cash working capital and adjusting items is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS and therefore is unlikely to be comparable to similar measures presented by other issuers. Investors are cautioned that this should not be construed as an alternative measure of profitability.

FORWARD LOOKING STATEMENTS

In the interest of providing current shareholders and potential investors with information regarding current results and future prospects, this release may contain forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects and opportunities. All statements and information other than statements of historical fact contained in this release are forward-looking statements, including, without limitation, statements regarding the future financial position and performance of the Company, business strategies, costs, as well as plans and objectives of or involving the Company. Forward-looking statements are typically identified by words such as "believe", "expect", "will", "intend", "project", "anticipate", "estimate", "continue", "forecast", "could", "goal", "foresee", "seek", "strive", "may", "should" and similar expressions or the negatives thereof, as they relate to the Company and its Management. These forward-looking statements include, but are not limited to, statements with respect to the future payment and timing of the payment of the Company's dividends, the anticipated opening dates of new stores, and Management's general expectations that the Company will have sufficient funds to complete store acquisitions, develop new stores and finance inventory.

Forward-looking statements reflect the Company's current plans, intentions, and expectations, which are based on Management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's plans, intentions, and expectations are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. There is no assurance that the plans, intentions, or expectations upon which these forward-looking statements are based will occur and such forward-looking statements included in this release should not be unduly relied upon.

Forward-looking statements are subject to risks, uncertainties and assumptions, including, but not limited to, those discussed under "Risk Factors" in the Company's MD&A for the three months and year ended December 31, 2013. Other risks and uncertainties not presently known to the Company or that Management presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this release are made as of the date of this release and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as expressly required by applicable securities law.

For further information, please contact:

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