Liquor Stores N.A. Ltd.

[FOR IMMEDIATE RELEASE]

LIQUOR STORES N.A. LTD. REPORTS FIRST QUARTER RESULTS FOR 2013

REVENUE UP 7.6%, CONTINUED SAME-STORE SALES GROWTH IN CANADA
NEW PRESIDENT AND CEO APPOINTED EFFECTIVE MAY 7, 2013

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

HIGHLIGHTS

Three months ended March 31, 2013

- Consolidated sales increased 7.6% to $136.3 million (2012 - $126.6 million);
- Same-store sales increased by 3.0% ($2.7 million) in Canada and decreased by 2.2% ($0.7 million) in the U.S.;
- Gross margin has been maintained at 25.6%; and
- Operating margin decreased by 6.6% ($0.4 million) to $6.5 million (2012 - $6.9 million).

"We are pleased to welcome Stephen Bebis to our team as our new President and Chief Executive Officer effective May 7. We are confident that Stephen will enhance the Company's prospects for continued expansion and profitability, especially as we look towards growth in new U.S. markets," said Jim Dinning, Chairman of the Board of Directors and Interim Chief Executive Officer. "During the last several months we have also added bench strength to our senior management team in marketing and business development, and have invested in our information technology systems to support the Company's growth strategy."

Our financial performance in the first quarter was highlighted by strong increases in total sales, continued same-store sales growth in Canada and consistent strong gross margin percentages.

The 7.6% sales increase in Q1 2013 compared to Q1 2012 was attributable to the growth in the Company's store count (10 new stores opened subsequent to Q1 2012), same-store sales increases in Canada, and the net beneficial impact of the calendar shift over the comparative period (Easter moved into Q1 in 2013 from Q2 in 2012, offset by the impact of having an additional day in Q1 2012 as a result of the leap year). The Company has recorded ten consecutive quarters of 'quarter-over-quarter' same-store sales increases in Canada as at Q1 2013.

Management believes that the 3.0% increase in first quarter Canadian same-store sales compared to 2012 included a net approximate 1.6% increase as a result of the calendar shifts for Easter in 2013, offset by the leap year in 2012. Canadian same-store sales were also impacted by the success of Wine and Beyond (2 large format stores opened in the greater Edmonton area in late September 2012), which, in addition to drawing customers away from our competitors, drew customers away from our convenience-focused Liquor Depot/Liquor Barn stores in the greater Edmonton region. Sales at Wine and Beyond more than offset the decrease in the greater Edmonton region's same-store sales.

Same-store sales in the United States in 2012 were primarily impacted (a decrease of 2.2% or $0.7 million) by certain counties in Kentucky going from 'dry' to 'wet' throughout 2012 (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) and unfavourable weather in Kentucky throughout Q1 2013 vs. Q1 2012. To counteract the impact of 'dry' to 'wet', the Company has been actively sourcing potential acquisitions or opportunities to develop new stores in counties that have gone 'wet' or in counties where we do not yet have a presence. Late in the fourth quarter of 2012 the Company opened one large-format store in Bowling Green, Kentucky.

Operating margin for the three months ended March 31, 2013 decreased by $0.4 million to $6.5 million, primarily due to a decline in U.S. same-store sales, increases in operating expenses, and investments being made in the Company's information technology infrastructure and head office staffing complement to support the Company's growth strategy.

New Chief Executive Officer

On April 4, 2013, the Company announced that Stephen Bebis will become President and Chief Executive Officer effective May 7. Mr. Bebis has a deep resume of experience in the retail sector, and most recently was the President and Chief Executive Officer of U.S.-based Brookstone Inc., a specialty lifestyle retail company. From 1998 to 2011, Mr. Bebis served as the founder, President and CEO of Golf Town, the largest specialty golf retailer in Canada and one of the largest in the world. From 1996 to 1998, he was Chairman, President, and CEO of Sports and Recreation Stores, Tampa, Florida. Prior thereto, Mr. Bebis held various executive-level positions, including (among others) President of Home Depot Canada, and founder and CEO of Aikenhead's Home Improvement Warehouse.

It is anticipated that Mr. Bebis will be appointed to the Board of Directors following his commencement of employment.

SUMMARY FINANCIAL RESULTS AND ANALYSIS

	Three months ended	
(expressed in thousands of Canadian dollars) except per share amounts)	**March 31, 2013**	**March 31, 2012**
Sales	$ 136,302	$ 126,636
Operating margin	$ 6,492	$ 6,949
Net earnings	$ 1,457	$ 2,406
Diluted earnings per share	$ 0.06	$ 0.10
Cash dividends per share	$ 0.27	$ 0.27
Weighted average number of shares outstanding – diluted (000's)	22,983	22,700
Stores in operation as at March 31	248	240

The Management's Discussion and Analysis (MD&A) as well as the condensed interim consolidated financial statements and notes for the three months ended March 31, 2013 are available on the Company's website at this link: www.liquorstoresna.ca and on the SEDAR website at www.sedar.com.

SALES

Sales for the three months ended March 31, 2013 increased by $9.7 million or 7.6% to $136.3 million (2012 - $126.6 million). The increase is primarily the result of new store expansion in Canada and the United States (10 new stores opened in 2012), the net beneficial impact of the calendar shift over the comparative period (Easter moved into Q1 in 2013 from Q2 in 2012, offset by the impact of having an additional day in Q1 2012 as a result of the leap year), and same-store sales increases in Canada.

Same-Store Sales

- Canadian same-store sales increased by $2.7 million or 3.0%.
    - Same-store sales for the three months ended March 31, 2013 compared to 2012 were impacted positively by the calendar shift in Easter (early April 2012 to late March 2013) and negatively impacted as a result of 2012 having benefited from an additional day in the quarter as a result of the leap year. Management estimates that net impact of these two calendar related events was approximately 1.6% of the 3.0% increase in Canadian same-store sales.
    - Same-store sales for the three months ended March 31, 2013 compared to 2012 were impacted by the success of the two Wine and Beyond stores opened in the greater Edmonton region during the last week of September 2012. In addition to drawing customers away from our competitors, these destination-type stores also drew customers away from our convenience-focused stores during the first quarter due to their uniqueness in the marketplace as a result of their larger selection of product.
- U.S. same store sales decreased by $0.7 million or 2.2%.
    - Same-store sales in the United States have continued to be negatively impacted by certain counties in Kentucky going from 'dry' to 'wet' throughout 2012 (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).
    - The decline in the quarter was also due to unfavourable weather experienced in Kentucky throughout the quarter as compared to the prior period.
    - Management estimates that the net impact of the calendar shift in Easter and the leap year in 2012 added approximately 0.5% to sales in Q1 2013 vs. Q1 2012.

Other Sales

- Sales for the Other Canadian and U.S. stores have increased compared to 2012 as a result of the ten (10) new stores opened in 2012, including the two Wine and Beyond stores opened in Canada during the last week of September 2012, and one store that was closed Q1 2013 and two stores closed in early April 2013.

MARGINS

For the three months ended March 31, 2012, gross margin was $34.9 million, up 7.7% from $32.4 million for the same period last year. Gross margin as a percentage of sales has held consistent with the comparative period at 25.6%. This was a result of increases from our continued focus on merchandising techniques, category management and purchasing strategies, including expanding our selection and marketing of control brands/private label and exclusive products. This was offset by decreases in gross margin percentages as a result of additional sales flyers in the quarter due to the calendar shift in Easter.

Operating margin was $6.5 million for the three months ended March 31, 2013, a decrease of 6.6% from $6.9 million in 2012. As a percentage of total sales, operating margin was 4.7%, down from 5.5%.

The decrease in operating margin as a percentage of sales for the three months March 31, 2013 was primarily due to a decline in U.S. same-store sales, increase in operating expenses, and investments being made in the Company's information technology infrastructure and head office staffing complement to support the Company's growth strategy.

EARNINGS AND EARNINGS PER SHARE

Net earnings for the three months ended March 31, 2013 were $1.5 million compared to $2.4 million for the same period in 2012. The decrease in net earnings is primarily the result of the $0.7 million change in the mark-to-market adjustments on the interest rate swap, a decline in U.S. same-store sales, increase in operating expenses, and investments being made to the Company's information technology infrastructure and head office staffing complement to support the Company's growth strategy, offset by offset by increases in operating margin from Canadian same-store sales and new stores added in 2012, and lower financing costs and income tax expense.

Basic and diluted earnings per share for the three months ended March 31, 2013 were $0.06 (2012 - $0.10). Basic and diluted earnings per share decreased as a result of the same factors that impacted net earnings, as noted above.

CASH FLOW AND DIVIDENDS

For the three months ended March 31, 2013, cash provided by operating activities before changes in non-cash working capital was a negative $1.3 million ($0.05 per share), a decrease of $4.3 million compared to a positive $3.0 million ($0.13 per share) for the same quarter in 2012. The decrease was attributable to a $3.8 million increase in current income tax expense. To a lesser extent, the decrease was due to decline in U.S. same-store sales, increases in operating expenses, and investments being made in the Company's information technology infrastructure and head office staffing complement to support the Company's growth strategy, which were offset by an increase in operating margin from Canadian same-stores and new stores added in 2012, and a decrease in cash interest expense.

During the three months ended March 31, 2013 the Company declared dividends of $0.27 per share. The Company's current annual dividend is $1.08. 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 conduct an investor conference call on Tuesday May 7, 2013 to discuss results for the three months ended March 31, 2013. The conference call will take place at 11:00 a.m. MST. Participants in the call include Stephen Bebis, President and Chief Executive Officer (effective May 7, 2013), Pat de Grace, Senior Vice President and Chief Financial Officer, Scott Morrow, Chief Operating Officer, and Craig Corbett, Senior Vice President, Business Development and General Counsel.

To take part in the call, please dial toll-free 1-866-226-1798. An archived recording of the conference call will be available approximately one hour after the completion of the call until May 15, 2013, by dialling 1-905-694-9451 or toll-free 1-800-408-3053. The required pass code is 6751954.

ABOUT LIQUOR STORES N.A. LTD.

The Company currently operates 246 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, cash provided by operating activities before changes in working capital, cash provided by operating activities before changes in non-cash working capital 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, cash provided by operating activities before changes in non-cash working capital, cash provided by operating activities before changes in non-cash working capital 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, cash provided by operating activities before changes in non-cash working capital, cash provided by operating activities before changes in non-cash working capital 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, cash provided by operating activities before changes in non-cash working capital, cash provided by operating activities before changes in working capital 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.

Cash provided by operating activities before changes in non-cash working capital 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.

For further information, please contact:

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