



Liquor Stores N.A. Ltd.

REPORTS FIRST QUARTER 2017 RESULTS

Investor Conference Call on May 9, 2017 at 7.30 A.M. MT

[FOR IMMEDIATE RELEASE]

EDMONTON, ALBERTA, May 8, 2017 – 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 ended March 31, 2017.

“During the quarter, we continued to market our stores more aggressively through a wider variety of channels like television and social media. We are promoting a message of being ‘Always on Sale’ and reinforcing this message through pricing adjustments and discounts on a much larger selection of products in store,” said Stephen Bebis, President and CEO of Liquor Stores. “We are starting to gain traction with this strategy and are improving our sales trend from the previous quarter, despite high levels of unemployment in Alberta, our primary market.”

“Our improvements in gross margins, reduced administrative expenses and increases in Canadian wholesale sales and e-commerce are just a few of the additional ways in which we are actively responding to market conditions. Shareholders should be reassured that we are not passively waiting for a rebound in the economy of Alberta. We continue to improve our business and strengthen our balance sheet through improving our inventory turns. As we work towards implementing a new ERP platform, we expect continued improvements to our business and our inventory turns. We are confident that our actions will enable us to emerge from the economic downturn from a position of strength and continue to create long-term value for our shareholders.”

However, in the short-term Liquor Stores continues to feel downward pressure from challenging market conditions. As a result sales and net income declined in the first quarter of 2017 compared with a year earlier. Note also that Liquor Stores financial results for the first quarter of 2017 were negatively impacted by two timing factors:

- A shift in the timing of Easter, which occurred in Q1 2016 and Q2 in 2017. Management estimated that this shift decreased our Canadian same-store sales by 1.9%, or \$1.9 million, in Q1 2017 compared to Q1 2016.
- Q1 2017 had one less day of sales compared to Q1 2016 (February 29, 2016). Management estimated that the extra day in 2016 resulted in decreased same-store sales of 0.7%, or a total of \$1 million, in Q1 2017 compared to Q1 2016.

SUMMARY OF FIRST QUARTER 2017 COMPARED TO FIRST QUARTER 2016

- Consolidated sales were \$162.4 million, down 5.6% from \$172.0 million, partly due to the calendar shifts in Easter and leap year discussed above.
- Operating profit before amortization was \$0.8 million, down from \$2.1 million, as the impact of the sales decline was not able to be fully offset by our gross margin improvement and cost containment measures.
- Canadian same-store sales were \$93.8 million, down 4.6% from \$98.3 million, primarily due to calendar shifts described above and the continued impact of the economic slowdown in Alberta. Our same-store sales in British Columbia remain strong, with an increase in Q1 2017 compared to Q1 2016 after adjusting for the shift in timing of Easter and the leap year in 2016.
- We have seen a slowing in the decline rate for Canadian same-store sales, after normalizing for the impact of Easter shift and the extra sales day in Q1 2016. Normalized Canadian same store sales were down 2.0% in Q1 2017 compared to Q1 2016, an improvement from a decline of 3.8% in Q4 2016 compared with Q4 2015.
- U.S. same-store sales were \$34.2 million, down 5.7% from \$36.3 million primarily due to the impact of the leap year in 2016, continued slowdown in Alaska economy as a result of a decline in oil and gas exploration activity, and a higher level of competitive pressure in Kentucky.
- Gross margin percentage increased by 20 basis points to 25.6% (Q1 2016 - 25.4%).

FINANCIAL HIGHLIGHTS

<i>(In thousands of Canadian dollars except per share amounts, unaudited)</i>	Three months ended March 31	
	2017 (unaudited)	2016 (unaudited)
Sales	\$ 162,419	\$ 172,034
Operating profit before amortization ²	754	\$ 2,086
Net loss	(4,786)	(1,472)
Basic loss per share	(0.18)	(0.06)
As adjusted ⁽²⁾ :		
Operating profit before amortization	\$ 754	\$ 3,331
Net loss	(4,786)	(573)
Basic loss per share	(0.18)	(0.03)
Stores in operation as at March 31	252	254

CONFERENCE CALL

Liquor Stores N.A Ltd. will host an analyst and investor conference call on May 9, 2017 to discuss results for the first quarter ended March 31 2017. The conference call will take place at 7.30 a.m. M.T. Participants on the call will include Stephen Bebis, President and Chief Executive Officer, and Matthew Rudd, Senior Vice President and Chief Financial Officer.

To participate in the call, please dial 416-340-2216 or toll-free 1-800-273-9672. An archived recording of the conference call will be available approximately one hour after the completion of the call until May 15, 2017, by dialling: 905-694-9451 or Toll-Free Access: 1-800-408-3053. The required passcode is: 7352831.

ABOUT LIQUOR STORES N.A. LTD.

The Company operates 252 retail liquor stores in Alberta, British Columbia, Alaska, Kentucky, New Jersey, and Connecticut. Liquor Stores' retail brands include: Liquor Depot, Liquor Barn, and Wine and Beyond in Alberta (178 stores); Liquor Depot and Liquor Barn in British Columbia (34 stores); Brown Jug in Alaska (22 stores); Liquor Barn "The Ultimate Party Source" and Liquor Barn Express in Kentucky (15 stores), Joe Canals Discount Outlet in New Jersey (2 stores), and LQR MKT in Connecticut (one store). The Company's common shares and convertible subordinated debentures trade on the Toronto Stock Exchange under the symbols "LIQ" and "LIQ.DB.B", respectively.

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of the "safe harbour" provisions of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "budget", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "objective", "aim", "potential", "target", "pursue" and similar words suggesting future events or future performance. In particular, this press release contains forward-looking statements pertaining to, without limitation, the following: the ability of the Company to navigate current market conditions and invest in growth via measured greenfield expansion and store renovations; the Company's plans to focus on initiatives that will deliver returns, including store remodelling and measured growth in the Canadian market and the diversification of the Company's U.S. store portfolio by opening strategically placed greenfield stores in new markets; and the Company continuing to evaluate and assess potential store acquisitions for their ability to add accretive cash flow and create shareholder value.

With respect to forward-looking statements contained in this press release, the Company has made assumptions regarding, among other things: the present and future economic and business conditions in Alberta and the other markets in which the Company operates, and in North America and globally in general; the ability of management to execute the Company's business plan, including its capital allocation strategy; and the availability of capital on acceptable terms. In addition, many of the forward-looking statements contained in this document are located proximate to assumptions that are specific to those forward-looking statements, and such assumptions should be taken into account when reading such forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements contained in this press release, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this press release, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause our actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include,

among other things: the risk that we will be unable to execute our business plan, including the capital allocation strategy, as planned without significant adverse impacts from various factors beyond our control; dependence on suppliers; potential delays or changes in plans with respect to capital expenditures and the availability of capital on acceptable terms; risks inherent in the liquor retail industry; competition for, among other things, customers, supply, capital and skilled personnel; changes in labour costs and markets; incorrect assessments of the value of acquisitions; general economic and political conditions in Canada (including Alberta), the U.S. and globally; industry conditions, including changes in government regulations; fluctuations in foreign exchange or interest rates; unanticipated operating events; failure to obtain regulatory and third-party consents and approvals when required; changes in tax and other laws that affect us and our security holders; the potential failure of counterparties to honour their contractual obligations; stock market volatility; and the other factors described in our public filings (including our Annual Information Form) available at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this document speak only as of the date of this press release. Except as expressly required by applicable securities laws, we do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

For Further Information

Matthew Rudd
Senior Vice President and Chief Financial Officer
Liquor Stores N.A. Ltd.
(780) 702-7389