



[FOR IMMEDIATE RELEASE]

LIQUOR STORES N.A. LTD. REPORTS SECOND QUARTER FINANCIAL RESULTS

7.0% SALES GROWTH
60 BPS INCREASE IN GROSS MARGIN %
20% INCREASE IN ADJUSTED OPERATING MARGIN

EDMONTON, ALBERTA, August 14, 2015 – 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 and six months ended June 30, 2015.

“We continue to see strong increases in both same-store sales—up 2.6% in Canada—and gross margin—up 60bps—in the second quarter,” commented Stephen Bebis, President and CEO of the Company. “This is impressive considering the pressure we face with transaction count and basket size in some of our Alberta oil and gas-based markets as well as the BC government’s decision to allow their own liquor stores to go head to head with private sector stores starting in the second quarter.”

“We continue to execute our Seven Point Plan and make investments to strengthen our operating platform and grow long-term profitability. We are proud of the 20% increase in operating margin this quarter,” said Mr. Bebis.

SECOND QUARTER HIGHLIGHTS

- Consolidated sales increased 7.0% to \$190.6 million (Q2 2014 - \$178.2 million) driven by same-store sales increases in Canada and the United States, contributions from new stores, a positive impact on U.S. dollar denominated sales;
- Same-store sales¹ increased by 2.6% in Canada and by 1.0% in the U.S.;
- Gross margin percentage increased 60bps to 25.7% (Q2 2014 – 25.1%); and
- Adjusted operating margin¹ increased by \$2.2 million or 20% to \$12.8 million (Q2 2014 - \$10.6 million), primarily as a result of increased same store sales, improved gross margin percentage and controlling administrative costs.

STRATEGIC HIGHLIGHTS

- Two new convenience-focused stores opened in Canada in Q2 2015 and two new large-format stores opened in Kentucky on July 1, 2015.
- We have commitments to open a further 14 stores in the next twenty-four months (Canada: 11 stores; U.S.: three stores) and continue to look for new markets in the United States.
- Sales of our preferred label products continue to exceed our expectations. As such, we have accelerated our plans to add new wine and spirit preferred label products in the second half of 2015.

¹ Same-store sales and adjusted operating margin are non-IFRS measures that do not have any standardized meaning prescribed by IFRS. For more information on these non-IFRS measures see the ‘Non-IFRS Financial Measures’ in our Management Discussion and Analysis (“MD&A”) for the three and six months ended June 30, 2015.

FINANCIAL HIGHLIGHTS

<i>(In thousands of Canadian dollars except per share amounts, unaudited)</i>	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Sales	\$ 190,606	\$ 178,168	\$ 338,032	\$ 315,543
Net earnings	\$ 4,560	\$ 3,417	\$ 2,247	\$ 920
Diluted earnings per share	\$ 0.16	\$ 0.14	\$ 0.08	\$ 0.04
As adjusted ^{(1) (2)} :				
Operating margin	\$ 12,805	\$ 10,642	\$ 15,416	\$ 11,638
Net earnings	\$ 6,004	\$ 4,456	\$ 4,539	\$ 1,560
Diluted earnings per share	\$ 0.22	\$ 0.19	\$ 0.16	\$ 0.08
Cash provided by operating activities before changes in non-cash working capital and adjusting items per share ⁽¹⁾	\$0.40	\$0.37	\$0.30	\$0.07
Cash dividends per share	\$ 0.27	\$ 0.27	\$ 0.54	\$ 0.54
Stores in operation as at June 30	247	245	247	245

(1) Adjusted operating margin, adjusted net earnings, adjusted diluted earnings per share, and cash provided by operating activities before changes in non-cash working capital and adjusting items per share are non-IFRS measures that do not have any standardized meaning prescribed by IFRS. For more information on these non-IFRS measures, see the 'Non-IFRS Financial Measures' in our Management Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2015.

(2) Adjusting items for the three months ended June 30, 2015 include \$0.2 million for expenses related to the implementation of our new enterprise resource management system and a \$1.3 million one-time tax adjustment related to a re-measurement of opening net deferred tax liabilities – note this tax adjusting item only impacts adjusted net earnings and adjusted diluted earnings per share.

Adjusting items for the six months ended June 30, 2015 includes payments made to a former member of the senior management team (\$0.7 million) and to certain members of a regional operations team (\$0.2 million) upon their departure from the Company, \$0.4 million for expenses related to the implementation of our new enterprise resource management system, and a \$1.3 million one-time tax adjustment related to a re-measurement of opening net deferred tax liabilities - note this tax adjusting item only impacts adjusted net earnings and adjusted diluted earnings per share.

Adjusting items for the three and six months ended June 30, 2014 include payments made to a former officer of the Company upon his departure from the Company (\$0.6 million), a settlement with a vendor for software license fees from prior years (\$0.4 million), legal and tax professional fees not expected to reoccur related to changes made to our corporate structure (\$0.3 million), and \$0.1 million for a settlement related to an early termination of a lease in conjunction with a store closure in a prior year.

The MD&A and the consolidated financial statements for the three and six months ended June 30, 2015 are available on the Company's website (www.liquorstoresna.ca) and on the SEDAR website (www.sedar.com).

CONFERENCE CALL

Liquor Stores N.A Ltd. will host an analyst and investor conference call on Monday, August 17, 2015 to discuss results for the second quarter ended June 30, 2015. The conference call will take place at 7:30 a.m. (MT). Participants on the call will include Stephen Bebis, President and Chief Executive Officer, and David Gordey, Senior Vice President and Chief Financial Officer.

To participate in the call, please dial 1-416-340-8530 or toll-free at 1-800-396-7098. An archived recording of the conference call will be available approximately one hour after the completion of the call until August 24, 2015, by dialing: 905-694-9451 or Toll-Free Access: 1-800-408-3053. The required Passcode is: 4995929.

ABOUT LIQUOR STORES N.A. LTD.

The Company currently operates 249 retail liquor stores in Alberta, British Columbia, Alaska and Kentucky. Liquor Stores' retail brands include: Liquor Depot, Liquor Barn, and Wine and Beyond in Alberta (176 stores); Liquor Depot and Liquor Barn in British Columbia (35 stores); Brown Jug in Alaska (23 stores); and Liquor Barn

“The Ultimate Party Source” and Liquor Barn Express in Kentucky (15 stores). 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.

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 year ended December 31, 2014, and the Company’s Annual Information Form. 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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