



Liquor Stores N.A. Ltd.

REPORTS SECOND QUARTER 2016 RESULTS

Investor Conference Call on August 5, 2016 at 8am ET

[FOR IMMEDIATE RELEASE]

EDMONTON, ALBERTA, August 4, 2016 – 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, 2016.

SECOND QUARTER HIGHLIGHTS

- Consolidated sales increased 9.8% to \$209.3 million (Q2 2015 - \$190.6 million);
- Same-store sales¹ decreased by 1.3% in Canada due to a shift in timing of Easter from Q2 to Q1 as compared to the prior year (same store sales were virtually unchanged on a year-to-date basis)
- Same-store sales¹ increased by 1.3% in the U.S.;
- Gross margin percentage decreased by 60bp to 25.1% (2015: 25.7%) following the first quarter acquisition of a 51% interest in the two high volume/lower margin Joe Canal’s stores in New Jersey along with increased promotional activity in the quarter;
- Adjusted operating margin¹ of \$12.4 million, a decrease of \$0.4 million or 3.1% when compared to the second quarter of 2015. This was due largely to lost gross margin as a result of the six-week closure of our Fort McMurray stores.

“Considering the economic headwinds we continue to face in Alberta, our strong results are a testament to the dedication and hard work of our employees and managers. Our results were impacted by six weeks of store closures in Ft. McMurray and the shift of Easter celebrations into the first quarter (Easter was in Q2 last year.)” said Stephen Bebis, President and CEO, Liquor Stores. “We continue to support the residents, our employees and suppliers in Ft. McMurray as we rebuild the community together.”

“In the U.S., we are entering the State of Connecticut with the planned opening of our Norwalk location early in the fourth quarter,” Mr. Bebis added.

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 the Company’s Management Discussion and Analysis (“MD&A”) for the three and six months ended June 30, 2016.

FINANCIAL HIGHLIGHTS

<i>(In thousands of Canadian dollars except per share amounts, unaudited)</i>	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Sales	\$ 209,273	\$ 190,606	\$ 381,307	\$ 338,032
Net earnings	\$ 4,666	\$ 4,560	\$ 3,194	\$ 2,247
Basic earnings per share	\$ 0.15	\$ 0.16	\$ 0.09	\$ 0.08
As adjusted ⁽¹⁾ :				
Operating margin	\$ 12,404	\$ 12,805	\$ 15,735	\$ 15,416
Net earnings	\$ 4,666	\$ 5,991	\$ 4,093	\$ 4,514
Basic earnings per share	\$ 0.15	\$ 0.22	\$ 0.12	\$ 0.16
Stores in operation as at June 30	253	247	253	247

(1) *Adjusted operating margin, adjusted net earnings, adjusted basic 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 and for a reconciliation to the closest IFRS measure, see the 'Non-IFRS Financial Measures' in our Management Discussion and Analysis ("MD&A") for the three and six months ended June 30 2016, which is available on the Company's website (www.liquorstoresna.ca) and on the SEDAR website (www.sedar.com).*

BUSINESS HIGHLIGHTS

Fort McMurray Forest Fire

On May 1, 2016, the city of Fort McMurray, Alberta issued evacuation orders culminating in a mass evacuation of some 90,000 area residents. As a result, the Company's seven convenience format stores in Fort McMurray closed on May 3 and only began to re-open in mid-June as residents started their return to the city. We have excluded these locations from the Canadian same-stores discussion of our financial results. The Company maintains business interruption insurance and expects that certain losses will be recoverable under this insurance coverage. An insurance claim is in progress and proceeds are expected to be recorded as the claim progresses.

CONFERENCE CALL

Liquor Stores N.A Ltd. will host an analyst and investor conference call on Friday, August 4, 2016 to discuss results for the three and six months ended June 30, 2016. The conference call will take place at 8:00 a.m. (ET). 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 1-416-340-8427 or toll-free at 1-800-226-1792. An archived recording of the conference call will be available approximately one hour after the completion of the call until August 12, 2016, by dialing: 905-694-9451 or Toll-Free Access: 1-800-408-3053. The required Passcode is: 2595485.

ABOUT LIQUOR STORES N.A. LTD.

The Company operates 254 retail liquor stores in Alberta, British Columbia, Alaska, Kentucky and New Jersey. Liquor Stores' retail brands include: Liquor Depot, Liquor Barn, and Wine and Beyond in Alberta (180 stores); Liquor Depot and Liquor Barn in British Columbia (35 stores); Brown Jug in Alaska (22 stores); Liquor Barn "The Ultimate Party Source" and Liquor Barn Express in Kentucky (15 stores), and Joe Canals Discount Outlet in New Jersey (2 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

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 current state of our stores in the Fort McMurray area and the financial impact that the closure of these stores in the short and long term will have on the Company, 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 US 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 new 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 possibility that we will not be able to realize the anticipated costs savings as a result of our workforce reduction and other initiatives; the risk that we will be unable to execute our business plan, including the new 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

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