



## Liquor Stores N.A. Ltd.

### REPORTS SECOND QUARTER 2017 RESULTS, NEW MEMBERS OF SENIOR MANAGEMENT CHANGES TO BOARD, AND CHANGE TO THE FREQUENCY OF DIVIDEND PAYMENTS

**Investor Conference Call on August 10, 2017 at 7.30 A.M. MT**

[FOR IMMEDIATE RELEASE]

**EDMONTON, ALBERTA, August 9, 2017** – Liquor Stores N.A. Ltd. (the “Company” or “Liquor Stores”) (TSX: LIQ) today reported its results for the three and six months ended June 30, 2017. For the second quarter of 2017 compared to the second quarter of 2016:

- Consolidated sales were \$208.1 million, down 0.6% from \$209.3 million
- Operating profit before amortization was \$5.3 million, down from \$12.4 million in Q2 2016. On an adjusted basis to exclude non-recurring adjusting items<sup>1</sup>, operating profit was \$10.9 million for the second quarter of 2017.
- Canadian same-store sales were \$119.6 million, down 3.9% from \$124.5 million in Q2 2016.
- U.S. same-store sales were \$52.5 million, down 4.5% from \$54.9 million.
- Gross margin percentage increased by 100 basis points to 26.1% (Q2 2016 - 25.1%).

The Company also announced the appointment of Kenneth G. Barbet, former Chief Executive Officer of the Nova Scotia Liquor Corporation and Big Rock Brewery Inc. as the new Chief Executive Officer of the Company, effective as of today’s date.

“The results for the second quarter and first half of 2017 are disappointing. Shareholders should expect significant improvements going forward” said Mr. Barbet. “The new Board has directed me as incoming CEO to focus on cost and inventory reductions to be able to fund an accelerated renovation program for our core Alberta and B.C. markets and the implementation of a new ERP platform. I am confident that this new strategy will transform this business and create significant increases in long-term value for our shareholders.”

The Company also announced that Richard D. Perkins has stepped down from the Board to take on the role of Executive Vice President, Business Transformation, effective as of today’s date.

Lastly, the Company announced the appointment of Mr. Denis Ryan to the Board of Directors effective as of today’s date. Mr. Ryan’s career includes serving as an investment advisor with CIBC Wood Gundy, an executive with BGH Investment Management Limited, Vice-President Institutional Asset Management with Altamira, an investment banking role for Griffiths McBurney and Partners

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<sup>1</sup> For more information on this non-IFRS measures and a listing of the adjusting items, see the ‘Non-IFRS Financial Measures’ in our Management Discussion and Analysis (“MD&A”) for the three and six months ended June 30 2017, which is available on the Company’s website ([www.liquorstoresna.ca](http://www.liquorstoresna.ca)) and on the SEDAR website ([www.sedar.com](http://www.sedar.com)).

and a founding partner with Morrison Williams Investment Management Limited. Mr. Ryan's career also includes serving as Co-founder and Director of Keeper Resources Inc. (TSXV:KEE) and as well as serving as a Director of Front Street Capital. Other publicly listed past directorships include serving as a member of the Board and as a financier of Immunovaccine (TSX: IMV).

## FINANCIAL HIGHLIGHTS

<i>(In thousands of Canadian dollars except per share amounts, unaudited)</i>	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Sales	\$ 208,078	\$ 209,273	\$ 370,497	\$ 381,307
Net earnings (loss)	\$ (1,381)	\$ 4,666	\$ (6,167)	\$ 3,194
Basic earnings (loss) per share	\$ (0.07)	\$ 0.15	\$ (0.25)	\$ 0.09
As adjusted <sup>(1)</sup> :				
Operating profit before amortization	\$ 10,931	\$ 12,404	\$ 11,685	\$ 15,735
Net earnings (loss)	\$ 3,690	\$ 4,666	\$ (1,096)	\$ 4,093
Basic earnings (loss) per share	\$ 0.11	\$ 0.15	\$ (0.07)	\$ 0.12
Stores in operation as at June 30	251	253	251	253

(1) *Adjusted operating profit before amortization, adjusted net earnings and adjusted basic earnings per share 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 2017, which is available on the Company's website ([www.liquorstoresna.ca](http://www.liquorstoresna.ca)) and on the SEDAR website ([www.sedar.com](http://www.sedar.com)).*

## DIVIDEND POLICY

The Company currently pays a monthly dividend of \$0.03 per Common Share. Dividends are paid, if declared, on or about the 15th day of each month to Shareholders of record at the end of the previous month. Effective for the fourth quarter of 2017, the Company will change the frequency of the dividend payments to quarterly and anticipates paying a dividend of \$0.09 per quarter rather than the previous monthly dividend. The last dividend payment on the monthly frequency is anticipated to be for the month of September 2017 (paid in October 2017). The dividend for the fourth quarter of 2017 is anticipated to be paid in January 2018.

## CONFERENCE CALL

Liquor Stores N.A Ltd. will host an analyst and investor conference call on August 10, 2017 to discuss results for the three and six months ended June 30, 2017. The conference call will take place at 7:30 a.m. M.T.

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, by dialling: 905-694-9451 or Toll-Free Access: 1-800-408-3053. The required passcode is: 6325879.

## **ABOUT LIQUOR STORES N.A. LTD.**

The Company operates 250 retail liquor stores. 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](http://www.sedar.com) and the Company's website at [www.liquorstoresna.com](http://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](http://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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