Liquor Stores N.A. Ltd.

[FOR IMMEDIATE RELEASE]

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

CONTINUED GROWTH IN SALES AS REVENUES INCREASE 5.1%

EDMONTON, ALBERTA, November 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 and nine months ended September 30, 2013.

HIGHLIGHTS

Three months ended September 30, 2013

- Consolidated sales increased 5.1% to $172.9 million (2012 - $164.5 million);
- Same-store sales decreased by 1.0% in Canada ($1.3 million) and by 1.0% in the U.S. ($0.4 million);
- Gross margin was 25.3% (2012 - 25.5%); and
- Adjusted operating margin decreased by 5.9% ($0.9 million) to $13.7 million (2012 - $14.6 million).

Nine months ended September 30, 2013

- Consolidated sales increased 5.8% to $476.9 million (2012 - $450.7 million);
- Same-store sales increased by 0.2% ($0.7 million) in Canada and decreased by 2.3% ($2.4 million) in the U.S.;
- Gross margin was 25.2% (2012 – 25.3%);
- Adjusted operating margin decreased by 8.4% ($3.0 million) to $31.9 million (2012 - $34.9 million).

PRESIDENT AND CHIEF EXECUTIVE OFFICER'S UPDATE

Providing an update on operational initiatives, President and CEO Stephen Bebis said: "Over the past three months we have been building on the strong fundamentals of the business. We are moving ahead with initiatives that enhance our relationships with customers, vendors and employees, including:

- Enhancing our employee training programs to strengthen our selling culture;
- Implementing new sales, marketing and advertising approaches;

- Working with vendors on adopting a more collaborative approach towards product promotions and opportunities for event-driven marketing; and
- Strengthening our Merchandising, IT and HR functions to further support our growth plans.

These investments in our business have impacted our adjusted operating margins, however, towards the end of the third quarter we started to see indications that these initiatives are working, which is encouraging as we move forward into the most important quarter for our business. Looking ahead, we will remain focused on the continued enhancement of our current operations and on growth in new and existing markets."

Commenting on the Q3 2013 financial results, Mr. Bebis said: "Our Q3 Canadian same-store sales were good, though the year-over-year reported rate was negatively impacted by:

- The opening of our two successful Wine and Beyond stores in Edmonton late in the third quarter a year ago. These two new large format stores have captured market share from competitors, but they have also drawn some customers away from our existing stores in the region, due to their uniqueness in the marketplace and greater selection of product.
- The sales tax increase from 13% to 15% in British Columbia on April 1, 2013 also impacted our same-store sales, as we left the product pricing, which has the increased combined tax included, unchanged, to support our competitive position.

Adjusting for these items, we estimate that Canadian same-store sales increased between 0.6% and 0.9% from the third quarter a year ago. U.S. same-store sales, while down as compared to Q3 2012, are an improvement from the last three quarters."

SUMMARY FINANCIAL RESULTS AND ANALYSIS

(expressed in thousands of Canadian dollars)	**Three months ended**		**Nine months ended**	
	September 30, 2013	**September 30, 2012**	**September 30, 2013**	**September 30, 2012**
Sales	$ 172,903	$ 164,490	$ 476,874	$ 450,747
Operating margin	$ 12,929	$ 12,635	$ 31,134	$ 31,656
Adjusted operating margin	$ 13,725	$ 14,588	$ 31,930	$ 34,852
Net earnings	$ 5,811	$ 6,481	$ 12,591	$ 13,653
Diluted earnings per share	$ 0.25	$ 0.28	$ 0.54	$ 0.59
Cash dividends per share	$ 0.27	$ 0.27	$ 0.81	$ 0.81
Weighted average number of shares outstanding – Basic (000's)	23,057	22,883	23,002	22,784
Stores in operation as at September 30	246	244	246	244

The Management's Discussion and Analysis (MD&A) as well as the condensed interim consolidated financial statements and notes for the three and nine months ended September 30, 2013 are available on the Company's website at this link: www.liquorstoresna.ca and on the SEDAR website at www.sedar.com.

SALES

Total sales increased by $8.4 million or 5.1% to $172.9 million in the third quarter of 2013 (2012 - $164.5 million). The increase is primarily the result of new store expansion in Canada and the United States (8 new stores opened since June 30, 2012).

Same-Store Sales

- Canadian same-store sales decreased by $1.3 million or 1.0%. However, when adjusted for the following items Canadian same-store sales increased by between 0.6% and 0.9%.
    - Same-store sales for the three months ended September 30, 2013 compared to 2012 were impacted by the success of the two Wine and Beyond stores opened by the Company in Edmonton 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 due to their uniqueness in the marketplace and larger selection of product. We estimate that the impact of Wine and Beyond on Canadian same-store sales was approximately 1.0% to 1.3%.
    - Same-store sales have been negatively impacted by changes made to the sales tax regime in the British Columbia and increased competition in that province. When the Province made the switch from the Harmonized Sales Tax (HST) of 12% to the combined Provincial Sales Tax (PST)/Goods and Services Tax (GST) of 15% on April 1, 2013, we were determined to remain competitive in the market and therefore we decided to leave prices, which have tax included, unchanged. All else being equal, this has had a negative impact of approximately 2.6% on same-store sales in the province. The estimated impact of this matter on Canadian same-store sales in the quarter was approximately 0.6%. Increased competition in British Columbia, especially for beer and spirits consumers, such as certain competitors increasing their cold beer availability (a previous advantage for our stores) and their in-store marketing/sales prices, has also led to downward pressure on pricing and margin.
- U.S. same store sales decreased by $0.4 million or 1.0%.
    - 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).

Other Sales

- Canadian wholesale sales, which include sales to licensee customers, were $6.0 million for the three months ended September 30, 2013, which is an increase of $0.3 million or 5.9% from the prior year (2012 - $5.7 million) primarily due to adding a select number of wholesale customer accounts during the quarter.
- Sales for the Other Canadian and U.S. stores have increased compared to 2012 primarily as a result of the eight (8) new stores opened since June 30, 2012, including the two Wine and Beyond stores opened in Canada during the last week of September 2012, offset by four store closures in Canada (Q1 2013: one store; Q2 2013: three stores).

MARGINS

For the three months ended September 30, 2013, gross margin was $43.7 million, up 4.3% from $41.9 million for the same period last year. Gross margin as a percentage of sales of 25.3% was maintained at a rate consistent with that achieved in the comparative period (2012 – 25.5%). Pressures on gross margin percentages in some regions were offset by the initial changes made to our marketing strategies which have resulted in overall increases in gross margin percentages and dollars.

Operating margin was $12.9 million for the three months ended September 30, 2013, an increase of 2.3% from $12.6 million in 2012. After normalizing for the adjusting items in Q3 2013 and 2012, adjusted operating margin decreased 5.9% from the comparative period and, as a percentage of total sales, was 7.9%, down from 8.9%.

Canadian operating margin was $10.9 million or 8.2% as a percentage of Canadian sales (2012 - $10.2 million or 8.0% as a percentage of sales). Normalizing for the adjusting items referenced above, adjusted Canadian operating margin in Q3 2012 was $11.7 million or 8.8% as a percentage of sales (2012 – $12.2 million or 9.5%). The decrease was as a result of a decline in same-store sales, loss of operating margin from stores closed subsequent to September 30, 2012, an 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, offset by increases in operating margin from same-stores and new stores opened in 2012. The seven additional stores added in Canada since June 30, 2012 are still in their ramp up phase (i.e. these stores have been opened for less than one year) and may take between 24 and 36 months to mature and fully contribute to operating margin.

The U.S. operating margin for the second quarter of 2013 was $2.0 million or 5.1% as a percentage of U.S. sales compared with $2.4 million and 6.6% as a percentage of U.S. sales for the comparable period in 2012. The decrease in the United States was primarily due to the decline in U.S. same-store sales and an increase in operating expenses. To a lesser extent, the decrease was also due to the two additional stores added in the U.S. since June 30, 2012, which have not yet fully matured.

EARNINGS AND EARNINGS PER SHARE

Net earnings for the three months ended September 30, 2013 were $5.8 million compared to $6.5 million for the same period in 2012. The decrease in net earnings in 2013 is primarily the result of the decline in Canadian and 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, increases to amortization expense and the $0.3 million change in the mark-to-market adjustments on the interest rate swap. These decreases in earnings were offset by the $1.2 million net change in operating and administrative expenses.

Basic and diluted earnings per share for the three months ended September 30, 2013 were $0.25 (2012 - $0.28). 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 September 30, 2013, cash provided by operating activities before changes in non-cash working capital and adjusting items was $11.8 million ($0.51 per share), a decrease of $1.2 million compared to $13.0 million ($0.57 per share) for the same quarter in 2012. The decrease was attributable to a decline in same-store sales, inflation of 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 pre-opening costs associated with new store openings and cash interest expense.

During the three months ended September 30, 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 Thursday November 7, 2013 to discuss results for the three and nine months ended September 30, 2013. The conference call will take place at 9:00 a.m. MT. Participants in the call include Stephen Bebis, President and Chief Executive Officer, Pat de Grace, Senior Vice President and Chief Financial Officer, and Craig Corbett, Senior Vice President, Business Development and General Counsel.

To take part in the call, please dial toll-free 1-800-565-0813. An archived recording of the conference call will be available approximately one hour after the completion of the call until November 15, 2013, by dialling 1-905-694-9451 or toll-free 1-800-408-3053. The required pass code is 5665031.

ABOUT LIQUOR STORES N.A. LTD.

The Company currently operates 245 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.

FORWARD LOOKING STATEMENTS

In the interest of providing current shareholders and potential investors with information regarding current results and future prospects, this news release contains forward-looking statements or information. All statements and information other than statements of historical fact contained in this news release are forward-looking statements, including, without limitation, statements regarding the future financial position and performance of the Company, business strategy, projected store openings, costs, as well as plans and objectives of or involving the Company. You can identify many of these statements by looking for words such as “believes”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues”, “forecasts” or similar words or the negatives thereof. These forward-looking statements include statements with respect to the amount and timing of the payment of the dividends of the Company. 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 news release should not be unduly relied upon. Forward-looking statements are subject to risks, uncertainties and assumptions, including, but not limited to, those discussed elsewhere in this press release. There is no assurance that such expectations will prove to be correct.

Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include, but are not limited to, those discussed under “Risk Factors” in the Company’s MD&A for the three and nine months ended September 30, 2013.

The information contained in the MD&A, including the information set forth under “Risk Factors” identifies additional factors that could affect the operating results and performance of the Company.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this press release are made as of the date of this press 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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