



Liquor Stores N.A. Ltd.

REPORTS THIRD QUARTER 2016 RESULTS

Investor Conference Call on November 10, 2016 at 7:30am MT

[FOR IMMEDIATE RELEASE]

EDMONTON, ALBERTA, November 10, 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 nine months ended September 30, 2016.

THIRD QUARTER HIGHLIGHTS

- Consolidated sales increased 7.5% to \$208.8 million (Q3 2015 - \$194.2 million);
- Adjusted operating margin¹ of \$12.6 million, an increase of \$1.1 million or 9.6% when compared to the third quarter of 2015. We tightly controlled variable operating and administrative costs in light of the factors impacting our sales as discussed below. As a result, our adjusted operating margin as a percentage of sales was 6.0%, an increase of 0.1% compared to Q3 2015;
- Same-store sales¹ decreased by 2.1% in Canada primarily due to the unusual amount of rain in Alberta over the summer which significantly impacted our beer sales. We also faced ongoing pressure from the economic slowdown that persisted in Alberta mainly in rural and resource regions, but offset partially by strong sales increases in British Columbia compared to Q3 2015;
- Same-store sales¹ decreased by 1.2% in the U.S. primarily due to the ongoing competitive pressures faced in Kentucky and the negative impact of a shift of a county in Kentucky from dry to wet on a nearby store location;
- Gross margin percentage decreased by 30bp to 25.4% (Q3 2015 - 25.7%). This was primarily attributable to the addition of the two high volume/lower margin Joe Canal’s stores in New Jersey that were acquired in Q1 2016. There was, however, a slight increase in gross margin percentage for the remainder of our business as compared to Q3 2015.

“I am pleased with the level of profitability our team achieved considering the headwinds we faced in Alberta, both from the economy and very rainy weather over the summer. We achieved these results through careful management of our gross margin percentage, innovative price optimization and continued growth of our preferred label wine and spirits program,” said Stephen Bebis, President and CEO, Liquor Stores. “Coupled with prudent control of our operating

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 nine months ended September 30, 2016.

and administrative expense, we achieved an increase in our operating margin (in dollars and as a percentage of sales) that was in line with our expectations.”

“I am also pleased to announce that we recently entered the State of Connecticut with the grand opening of our first LQR MKT branded store in Norwalk. Early results from this location have been very encouraging” Mr. Bebis added.

FINANCIAL HIGHLIGHTS

<i>(In thousands of Canadian dollars except per share amounts, unaudited)</i>	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Sales	\$ 208,760	\$ 194,186	\$ 590,067	\$ 532,218
Net earnings	\$ 4,615	\$ 4,169	\$ 7,809	\$ 6,416
Basic earnings per share	\$ 0.16	\$ 0.15	\$ 0.24	\$ 0.23
As adjusted ⁽¹⁾ :				
Operating margin	\$ 12,611	\$ 11,507	\$ 28,346	\$ 26,923
Net earnings	\$ 4,615	\$ 4,621	\$ 8,708	\$ 9,135
Basic earnings per share	\$ 0.16	\$ 0.17	\$ 0.28	\$ 0.33
Stores in operation as at September 30	252	247	252	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 nine months ended September 30 2016, which is available on the Company's website (www.liquorstoresna.ca) and on the SEDAR website (www.sedar.com).*

BUSINESS HIGHLIGHTS

Opening of the first LQR MKT location in Norwalk, CT

On October 20, 2016 the Company opened its first location under the LQR MKT brand – a 20,000 square foot retail liquor store in Norwalk, Connecticut. The store is well positioned in a high traffic, grocery anchored retail centre and features a selection of over 4,000 wines, 2,000 spirits, 1,000 beers and Norwalk’s largest walk-in cooler.

Issuance of 4.70% Unsecured Subordinated Convertible Debentures

On September 29, 2016 the Company issued \$67.5 million aggregate principal amount of convertible unsecured subordinated debentures due January 31, 2022, bearing an interest rate of 4.70% per annum. The debentures are convertible at any time at the option of the holders into common shares of the Company at a conversion price of \$14.60 per share. On October 4, the full over-allotment option on the debentures was exercised, resulting in the issuance of an additional \$10.1 million principal amount of debentures, subject to the same terms and conditions.

Proceeds from the Debentures were initially used to pay down amounts owing on the Company’s revolving credit facility which can then be utilized to repay the existing 5.85% unsecured subordinated convertible Debentures as permitted under the terms thereof, with the earliest date being April 30, 2017. In addition to providing certainty regarding the availability of funds to the Company to repay the 5.85% Debentures on their upcoming maturity (due April 30, 2018), this

financing will reduce the ongoing interest expense of the Company by replacing the 5.85% Debentures after they are repaid with a cheaper coupon (4.70%).

CONFERENCE CALL

Liquor Stores N.A Ltd. will host an analyst and investor conference call on Thursday, November 10, 2016 to discuss results for the three and nine months ended September 30, 2016. 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 Matthew Rudd, Senior Vice President and Chief Financial Officer.

To participate in the call, please dial 1-416-340-2216 or toll-free at 1-800-223-7781. An archived recording of the conference call will be available approximately one hour after the completion of the call until November 17, 2016, by dialing: 905-694-9451 or Toll-Free Access: 1-800-408-3053. The required Passcode is: 1857021.

ABOUT LIQUOR STORES N.A. LTD.

The Company operates 253 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 (179 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", "LIQ.DB.A", 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

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