Liquor Stores N.A. Ltd.

REPORTS FOURTH QUARTER 2015 RESULTS; REDUCES DIVIDEND TO FUND STRATEGIC GROWTH INITIATIVES AND MAINTAIN A STRONG BALANCE SHEET

Investor Conference Call on March 10, 2016 at 8am ET

[FOR IMMEDIATE RELEASE]

EDMONTON, ALBERTA, March 9, 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 months and year ended December 31, 2015. The Company also announced that the Board of Directors has reduced the dividend to $0.36 per share on an annualized basis.

FOURTH QUARTER HIGHLIGHTS

- Consolidated sales of $214.2 million, an 8.9% increase when compared to the fourth quarter of 2014;
- Same-store sales[1] increased by 0.3% in Canada and 0.5% in the U.S.;
- Gross margin percentage of 25.5%, compared to 25.8% for the fourth quarter of 2014;
- Adjusted operating margin[1] of $14.0 million, an increase of $0.2 million when compared to the fourth quarter of 2014;
- Adjusted net earnings[1] were $6.6 million (2014: $6.7 million). Net loss was $105.8 million primarily due to a $130.3 million pre-tax non-cash impairment of goodwill and intangible assets discussed further below; and
- Opened six new stores in the fourth quarter, including one large-format store in Kentucky, and two mid-sized format and three convenience-format stores in the Edmonton and Calgary areas.

"The retail liquor store industry in Alberta faced serious headwinds in 2015 as a result of the decline in energy prices but we still generated growth in overall sales, same store sales, and adjusted operating margin" said Stephen Bebis, President and CEO, Liquor Stores. "This is because we executed our Seven Point Plan, including renovating our stores, training our people, and improving our margins."

"As we look ahead, we're being realistic about Alberta's growth rate. It has taken a serious hit, and with it, the performance of our stores in the Province's more resource dependent communities"

[1] Same store sales, adjusted operating margin and adjusted net earnings 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 months and year ended December 31, 2015.

Mr. Bebis added. "In order to invest in our Seven Point Plan and grow the Company with store acquisitions, new store development and renovations, we need to invest capital and maintain a strong balance sheet. As a result, the Board of Directors has decided to change the dividend to allocate about $18 million annually to finance the Company's growth plans. Liquor Stores has also right-sized its administrative headcount and operating costs by eliminating or restructuring 20% of the positions at its Edmonton and Louisville offices. This will generate $2.5 million in annual savings."

"We are determined to continue to focus on the execution of our plan and build the value of the company for our shareholders over the long term."

FINANCIAL HIGHLIGHTS

(In thousands of Canadian dollars except per share amounts, unaudited)	**Three months ended December 31,**		**Year ended December 31,**	
	2015	**2014**	**2015**	**2014**
Sales	$ 214,166	$ 196,722	$ 746,384	$ 694,186
Net earnings (loss)	($105,808)	$ 6,714	($99,392)	$ 12,949
Basic earnings (loss) per share	($3.86)	$ 0.28	($3.64)	$ 0.54
As adjusted (1):				
Operating margin	$ 13,971	$ 13,742	$ 40,894	$ 37,916
Net earnings	$ 6,589	$ 6,714	$ 15,722	$ 13,988
Basic earnings per share	$ 0.24	$ 0.28	$ 0.57	$ 0.59
Cash provided by operating activities before changes in non-cash working capital and adjusting items per share(1)	$0.47	$0.47	$1.13	$1.01
Cash dividends per share	$ 0.27	$ 0.27	$ 1.08	$ 1.08
Stores in operation as at Dec 31	252	243	252	243

(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 months and year ended December 31, 2015, which is available on the Company's website (www.liquorstoresna.ca) and on the SEDAR website (www.sedar.com).

Impairment

During this past quarter, the Company recorded an aggregate $130.3 million impairment charge to goodwill and intangible assets.

- $116.8 million impairment charge to the goodwill allocated to the Canadian cash generating unit ("CGU") as well as a $12.6 million impairment charge to the goodwill allocated to the Alaska CGU. The recoverable amounts of the CGUs declined in 2015 primarily due to a reduction in Management's forecast of sales and profitability as a result of a rapid and significant economic slowdown.

- $1.6 million impairment provision on retail liquor licenses, which are classified as indefinite life intangible assets, related to two stores in British Columbia. The impairment comes as Management's forecast of sales and profitability declined in these markets. A reversal of previously recorded impairment charges was recorded during the quarter in the amount of $0.7 million. This reversal related to a retail liquor license of one store where Management's forecasted sales and profitability increased due to a sustained improvement in operating results.

STRATEGIC UPDATE AND OUTLOOK

Liquor Stores anticipates further downward pressure on same-store sales in all Alberta markets in 2016. In light of this, Liquor Stores' capital allocation strategy has been adjusted as follows:

Right-sizing the organization
To save costs and drive efficiencies the Company is streamlining operations and eliminating or restructuring approximately 20% of the positions at its Edmonton and Louisville Store Support Centres. These changes are largely complete and are expected to result in approximately $2.5 million in annual savings in operating and administrative expenses. We anticipate recording a one-time charge of approximately $0.7 million related to this restructuring in our financial results for the three months ended March 31, 2016.

Seven Point Plan
Liquor Stores remains committed to executing its Seven Point Plan, which has improved existing operations, driven expansion efforts, and mitigated the impact of economic headwinds within our more resource-reliant markets. Should the economic environment improve, these strategies will create commensurate growth in both same-store sales and long-term shareholder value.

In 2015, the Company achieved or partially achieved its objectives against this plan. In 2016, Liquor Stores will build on the success to date with expansion of initiatives related to investment in people, brand awareness and loyalty and product selection designed to increase operating margins.

In light of the current economic conditions, the Company believes that it is prudent to delay the implementation of its new enterprise resource planning system. Liquor Stores will wait until it has some stability in the economic conditions of key markets before committing to a revised implementation schedule.

Measured growth
Liquor Stores is taking a measured approach to growth that will be scaled up or down depending on market conditions. The goal is to advance the Seven Point Plan initiatives to invest in the store network and pursue expansion, while ensuring that the Company can withstand a prolonged period of economic pressure in Alberta.

- Liquor Stores currently expects to open four to seven new stores over the next 24 months, at an estimated aggregate cost of between approximately $5 million to $10 million, depending on format (destination vs. convenience sized). This target reflects current economic conditions and is a downward revision from the previous expectation to open ten stores over the next 24 months. The Company will continue to monitor economic conditions and evaluate plans for 2017 new store constructions in due course.

- In 2016, Liquor Stores intends to invest approximately $2.5 million on store refurbishments, but could adjust this spend higher or lower depending on the volatility of economic conditions in key markets. Liquor Stores believes that this approach will attract more customers and increase sales per customer. Stores remodelled since 2013 have, on average, delivered a 20% return on invested capital.

Liquor Stores will continue to evaluate and assess potential store acquisitions for their ability to add accretive cash flow and create shareholder value.

CONFERENCE CALL

Liquor Stores N.A Ltd. will host an analyst and investor conference call on Thursday, March 10, 2016 to discuss results for the fourth quarter and year ended December 31, 2015. 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 David Gordey, Senior Vice President and Chief Financial Officer.

To participate in the call, please dial 1-416-340-2218 or toll-free at 1-866-223-7781. An archived recording of the conference call will be available approximately one hour after the completion of the call until March 17, 2016, by dialing: 905-694-9451 or Toll-Free Access: 1-800-408-3053. The required Passcode is: 4402737.

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 (179 stores); Liquor Depot and Liquor Barn in British Columbia (35 stores); Brown Jug in Alaska (23 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 revisions to the Company's capital allocation strategy and the anticipated impact thereof on its business and balance sheet and the ability of the Company to navigate current market conditions and invest in growth via measured greenfield expansion and store renovations; the reduction in the Company's dividend, the anticipated cost savings as a result of such reduction and the anticipated redirection of such savings and the results thereof;

the anticipated future dividends to be paid by the Company; the workforce reduction and the expected annual savings as a result thereof; 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; the Company's expectation to open four to seven stores in the next 24 months and to evaluate plans for 2017 in due course; the indefinite delay in the introduction of the Company's new enterprise resource planning system; the Company's intention to invest approximately $2.5 million to renovate and refresh its existing stores and the anticipated impact and funding thereof; 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 securityholders; 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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