

NB Liquor

NB Liquor announces first quarter results

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Oct. 20, 2011

FREDERICTON (CNB) – NB Liquor released its earnings today for the fiscal quarter ended July 2, 2011, as it begins to release quarterly financial and operating highlights for the first time.

Highlights:

- Net earnings increased 6.8 per cent
- Sales grew 6.4 per cent from last year, boosted by a three-day, province wide beer sale carried out in June;
- Operating expenses as a percentage of sales decreased to 12 per cent from 12.3 per cent in the previous year.

NB Liquor reported net earnings of \$42.6 million for the first quarter of 2011-12, representing an increase of \$2.7 million or 6.8 per cent from the same quarter's earnings in 2010 -11.

Starting with fiscal 2011-12, NB Liquor adopted retail calendar reporting, so during this transition year, the number of selling days in the quarters is not necessarily comparable to the same quarter in the previous fiscal year.

“Despite the continued downturn in the economy and poor spring weather, we were pleased with our first-quarter results,” said Daniel Allain, president and chief executive officer, NB Liquor.

NB Liquor undertook the beer sale to stem a volume decline in this category and a significant reduction in transactions.

“The objectives – to invigorate the category, increase traffic and volume – were met,” said Allain. “We are not optimistic, however, that the trend will reverse in time to affect our second-quarter results.”

Strong volume growth in the spirits (1.4 per cent), wine (5.3 per cent) and beer (4.6 per cent) categories helped drive current quarter sales 6.4 per cent ahead of last year.

Increased consumer interest in the spirits and wine categories from focused marketing accounted for these increases, while the provincial sale was responsible for the strong performance in beer. The category referred to as “other,” which consists of coolers and ready-to-drink beverages, had disappointing results, with 15.3 per cent lower volume than the previous year. NB Liquor anticipates this category may not recover, given that it is weather-sensitive and its poor start to the year.

NB Liquor's operating expenses-to-sales ratio, which includes depreciation, improved to 12 per cent in the first quarter from 12.3 per cent last year, maintaining one of the lowest ratios among Canadian liquor corporations.

Also for the first time, NB Liquor released the expenses of the board of directors and the president and chief executive officer for the first quarter. The expenses are on the NB Liquor website.

The financial information being released has not been audited or otherwise verified; its estimates are subject to change. Audited financial statements for the year ended March 31, 2011, are online.

NB Liquor is a Crown corporation responsible for the purchase, importation, distribution and retail activity for all alcoholic beverages in New Brunswick. It services the public and licensees through 47 corporate retail outlets and 73 private agency store outlets.

NB Liquor's product portfolio comprises more than 1,878 products, including wines, spirits, beers and other products, such as coolers and ready-to-drink beverages.

NB Liquor's vision is to be a high performance retailer, engaging employees in service excellence.

LINK:

- NB Liquor: [www.nbliquor.com](http://www.nbliquor.com)

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New Brunswick Liquor Corporation  
 Unaudited Operating and Financial Highlights  
 For the quarter ended July 3, 2011

|   | <u>Quarter ended<br/>July 3, 2011</u> | <u>Quarter ended<br/>June 30, 2010</u> |
|---|---------------------------------------|--|
| Sales:                                    |                                       |  |
| Spirits                                   | \$22 174 793                          | \$21 447 838                           |
| Wine                                      | 17 048 928                            | 15 387 864                             |
| Beer                                      | 62 456 206                            | 57 511 232                             |
| Other beverages                           | 5 291 429                             | 6 169 282                              |
| Total Sales                               | <u>\$106 971 357</u>                  | <u>\$100 516 216</u>                   |
| Gross Profit                              | \$54 713 758                          | \$51 631 580                           |
| Other Income                              | 644 060                               | 612 813                                |
| Operating expenses                        | <u>12 806 518</u>                     | <u>12 345 364</u>                      |
| Net earnings                              | <u>\$42 551 300</u>                   | <u>\$39 899 029</u>                    |
| Payments to the Province of New Brunswick | <u>\$40 906 175</u>                   | <u>\$50 873 102</u>                    |
| Operating expenses per cent of sales      | <u>12.0%</u>                          | <u>12.3%</u>                           |
| Volumes (in litres)                       |                                       |  |
| Spirits                                   | 704 325                               | 694 383                                |
| Wine                                      | 1 313 349                             | 1 246 816                              |
| Beer                                      | 14 229 805                            | 13 607 619                             |
| Other beverages                           | <u>726 152</u>                        | <u>857 097</u>                         |
| Total Volumes                             | <u>16 973 631</u>                     | <u>16 405 915</u>                      |