



NEWS RELEASE

NSLC Announces Third Quarter Results

HALIFAX, March 4, 2009 – The Nova Scotia Liquor Corporation (NSLC) today released its third quarter results (September 29, 2008 to December 28, 2008). The NSLC recorded net income of \$57.2 million on net sales of \$147.3 million, an increase of 6.85% compared to net income in the same period last year of \$53.6 million on net sales of \$140.4 million.

“Based on our performance this quarter, and considering the current economic conditions, we are forecasting that we will modestly exceed our financial targets this fiscal year,” stated Bret Mitchell, NSLC President & CEO. “In large measure these results are thanks to the hard work and dedication of NSLC employees that worked so diligently during our busiest time of year.”

For the nine months ending December 28, 2008 the NSLC recorded net income of \$172.0 million, an increase of 6.73% over the \$161.1 million recorded during the same time period last year. Net sales rose 4.62%, \$440.0 million this year compared to \$420.5 million last year.

Gross sales year-to-date increased 4.8% over last year and increased by 5% when compared to the same quarter last year. Gross sales increases over last year by product category are:

- Wine sales increased by 7.6%
- Beer sales increased by 4.0%
- Spirits sales increased by 3.9%
- Ready-to-Drink sales increased by 8.6%.

Sales measured by product volume produced by the NSLC’s retail and wholesale customers grew by 0.75% for the first nine months and 0.49% over the same period last year with 652 thousand hectoliters sold compared to 647 thousand hectoliters sold last year. The volume breakdown by product category is:

- Wine volume increased 4.0%
- Beer volume increased 0.2%
- Spirits volume increased 0.6%
- Ready-to-Drink volume increased 3.5%.

Another NSLC success measurement is the gross profit per litre (GPL). The NSLC’s GPL growth increased by 5.0% for the first nine months over the same period last year. The breakdown by product category is:

- Wine GPL increased 4.4%
- Beer GPL increased 6.7%
- Spirits GPL increased 2.6%
- Ready-to-Drink GPL increased 7.8%.

Wholesale sales (restaurants, pubs and bars, Private Wine and Specialty Stores and Agency Stores) were \$87.4 million, a 7.5% increase from \$81.3 million for the same nine months last year. Sales to licensees increased 1.3%, sales to Agency Stores increased 19.1% and sales to the Private Wine and Specialty Stores increased 12.2%.

Income Before Depreciation and Amortization for the fiscal year to-date was \$178.3 million, an increase of 7.46% compared to \$166 million last year.

The NSLC's Operating Expense Ratio including amortization and depreciation for the nine months ending December 28, 2008 was 14.1% compared to 14.2% reported over the same period last year.

Business Highlights

Holiday Sales

The December period is a critical sales month for all retailers including the NSLC, representing more than 12% of our annual sales. NSLC sales in December increased 4.8% over last year.

"Strong December sales were driven by all categories with the greatest growth in the beer and wine categories," said Bret Mitchell.

NSLC holiday gift packs of items featuring popular products from all categories were a hit for the third year in a row. This year's gift packs achieved a 79% sell-through consistent with our performance over last year.

NSLC gift cards, introduced three years ago, sold \$830,000 in December 2006 and continue to be a popular item with NSLC customers. Sales have increased to \$2.3 million in December 2008, up 18.2% over gift card sales from the same period last year.

Boxing Day Sale

For the first time, the NSLC featured a two-week Boxing Day sale in late November called 'Find Your Festive Spirit, Beer and Wine'. A select group of popular beer, wine and spirits were featured as part of this sale at very attractive price points. This sale was supported by an innovative media campaign that contributed to our success in all categories. Net sales increased across all categories by an average of 6% with a 3.9% increase in the spirits category, a 9% increase in the wine category, a 6% increase in the beer category and an 8.8% increase in the ready-to-drink category. This promotion helped to generate incremental sales of \$4.3 million in net sales in the six week Holiday selling period when compared to the previous year.

Anti-Binge Drinking Campaign

The NSLC continues to take a leadership position in the area of social responsibility and to develop advocacy campaigns and partnerships designed to create awareness of the need to enjoy beverage alcohol responsibly. The most innovative campaign in the organization's history, Jonze, was an anti-binge drinking campaign aimed at students aged 19 – 25. This edgy campaign was delivered using a variety of social media tactics to communicate with students in a real and meaningful way. Animation is incorporated with live-action to deliver a serious message that binge drinking

has very serious health and social consequences and is never considered an acceptable behavior. Our objective for this campaign was to reach 25% of the university student population across the province (estimated to be 35,000 students). Based on unique visitors to the site (16,262 visitors), we are confident that we exceeded the objective, especially when considering the additional impressions earned through on-campus activity (which cannot be quantified).

'Lots of Ways' Campaign

For the holiday season, the NSLC was in-market with the award winning 'Lots of Ways' campaign featuring television commercials, washroom advertising in restaurants and universities as well as a variety of campaign components in NSLC retail stores. This campaign is designed to remind customers that there are lots of ways to get home safely – all you need is one. The NSLC also engaged in a powerful partnership with Operation Red Nose. This is a free service that delivers cars and drivers home safely after enjoying a social occasion in December and is staffed exclusively by volunteers. The NSLC encouraged employees and business partners to volunteer for Operation Red Nose. On December 6th, more than 40 NSLC employees participated and drove more than 4248 kilometers to deliver 200 people home safely.

Focus on the Environment

As the first mass market retail business in Nova Scotia to eliminate plastic bags in November 2008, the NSLC demonstrated leadership and commitment to the environment. The NSLC and our customers used more than 12 million NSLC plastic bags annually and this represents 290,000 pounds of plastic that ultimately ends up in provincial landfills.

The commitment to the environment can also be seen in all new store construction and renovations. The NSLC opened its first environmentally friendly store, located on Tacoma Drive in Dartmouth in November 2008 featuring designated recycling zones and natural daylight and exterior views for all employees. All adhesives, sealants, paints and coatings used met strict guidelines and generate little or no emissions, and other measures have been taken to ensure optimum indoor air quality. The Tacoma Drive store uses 40% less water than a typical NSLC store; uses at least 15% less lighting power than a regular store, and uses 45% less power than the previous Westphal location.

This store is registered for certification through the voluntary Leadership in Energy and Environmental Design (LEED®) Green Building Rating System. If certification is granted as anticipated, the NSLC will be the first newly-constructed retail store in Nova Scotia to earn this designation. The NSLC has additional stores also registered for certification that include Bridgewater, Spryfield, Quinpool, and Wolfville.

"We are committed to being a responsible corporate citizen and we will continue to implement business processes that reduce our impact on the environment while making Nova Scotia an even better place to live," said Bret Mitchell, NSLC President & CEO.

13th Annual Port of Wines Festival

The 13th Annual Port of Wines Festival and Wine Makers' Dinner & Silent Auction was held October 2 – 4, 2008. The Wine Makers' Dinner attracted 350 guests and more than \$33,000 was raised at the auction held during the evening to support Symphony Nova Scotia's continued concerts, education programs and community tours across the province. More than 4,000 customers attended the Grand Tastings to sample and savour 336 wines from around the globe.

Premium Beer, Wine & Spirit Showcases & Ceilidh

The NSLC partnered with the New Glasgow Rotary Club for the Premium Beer, Wine & Spirit Showcase on October 17th, 2008 at the Museum of Industry in Stellarton. The final Premium Beer, Wine & Spirit Showcase for last year was held in Sydney at the Membertou Convention Centre on November 28th, 2008.

The 5th Annual NSLC Ceilidh was held on November 6th, 2008 in Halifax at Pier 21. Distinctive blends to the finest premium-aged rums were featured where spirit lovers learned the finer aspects of 108 of the best single-malts, whiskies, rums and liqueurs.

Store Development

The NSLC continues to expand and improve its network of retail stores. Renovation work at Alderney Landing in Dartmouth and the New Waterford store was recently completed. The renovations include an improved interior, reach-in coolers, new retail floor, paint, lights and doors.

Renovations at the larger 11,260 square foot Bridgewater store have been completed. This store features a 2,579 square foot walk-in cooler complete with beer rollers, a new interior, energy efficient lighting and refrigeration, and has applied for LEED Certification.

Board Expenses

The NSLC released the Board of Directors expenses for the first quarter. These expenses amounted to \$6.05 per Director per day. Copies of the expenses are available on the NSLC web site, www.theNSLC.com.

Unaudited Financial Highlights
For the quarter ended December 28, 2008

Q3	2008	2007
Sales Volume (Hectolitres)	202,919	201,936
Spirit revenue	\$ 46,525,374	\$ 45,128,802
Wine revenue	30,680,315	27,870,350
Beer revenue	66,056,906	63,866,305
Ready to Drink revenue	5,575,837	4,881,410
Non-liquor revenue	58,914	30,969
Discounts	(1,593,047)	(1,357,412)
Net Sales	\$ 147,304,299	\$ 140,420,424
Gross Profit	\$ 79,159,415	\$ 75,098,578
Stores Operating Expense	(12,109,833)	(12,748,417)
Gross Operating Income	\$ 67,049,582	\$ 62,350,161
Depreciation and other corporate expenses	(10,874,465)	(10,193,384)
Permitting, Display & other revenue	1,065,961	1,414,195
INCOME FROM OPERATIONS	\$ 57,241,078	\$ 53,570,972

Unaudited Financial Highlights
For the nine month period ended December 28, 2008

YTD Q3	2008	2007
Sales Volume (Hectolitres)	651,513	646,682
Spirit revenue	\$ 124,936,841	\$ 120,233,226
Wine revenue	81,887,428	76,121,462
Beer revenue	218,188,427	209,845,128
Ready to Drink revenue	19,738,259	18,181,838
Non-liquor revenue	152,868	89,932
Discounts	(4,944,852)	(3,947,692)
Net Sales	\$ 439,958,971	\$ 420,523,894
Gross Profit	\$ 233,826,527	\$ 220,987,363
Stores Operating Expense	(36,239,220)	(37,376,618)
Gross Operating Income	\$ 197,587,307	\$ 183,610,745
Depreciation and other corporate expenses	(29,365,102)	(27,214,522)
Permitting, Display & other revenue	3,734,475	4,710,117
INCOME FROM OPERATIONS	\$ 171,956,680	\$ 161,106,340

The Nova Scotia Liquor Corporation, the largest single banner retailer in Nova Scotia, generates more than a half billion dollars of revenue a year generating almost \$200 million profit annually. It employs more than 1,500 Nova Scotians, offering 5,900 products from around the globe through 161 retail locations and 2,100 licensed establishments.

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