



NEWS RELEASE

NSLC Announces 2nd Quarter Results

HALIFAX, December 11, 2009 – The Nova Scotia Liquor Corporation (NSLC) today released its 2nd quarter results (June 29, 2009 to September 27, 2009). For this three month period, the NSLC recorded net income of \$67.0 million on net sales of \$167.4 million. This represents an increase in net income of 6.7 percent compared to 2nd quarter last year with the previous year earning \$62.8 million of net income on net sales of \$158.8 million. The net sales increase for the quarter was 5.4 percent.

“Our 2nd quarter was driven by substantial growth in the beer category of 7.0 percent increase over last year,” said Bret Mitchell, President and CEO. “New products and favourable weather in August contributed to these positive results.”

Net income for the first six months was \$119.7 million, which is \$5 million or 4.4 percent higher than net income during the same time period last year. Net sales for the first 6 months increased by 4.6 percent over last year with all product categories experiencing sales growth. Earnings before depreciation and amortization for the fiscal year was \$124.3 million, an increase of 4.6 percent compared to \$118.8 million last year.

Sales for the 2nd quarter increased by 5.4 percent. The breakdown by product category for the quarter was:

Wine	↑ 4.2 percent
Beer	↑ 7.0 percent
Spirits	↑ 1.4 percent
Ready-To-Drink	↑ 7.0 percent

When looking at the total product volume sold, which is measured in hectolitres, NSLC’s retail and wholesale sales grew by 2.5 percent over last year with 460 thousand hectolitres sold compared to 449 thousand hectolitres sold last year.

The volume breakdown by product category for the 2nd quarter increased by 3.9 percent and the breakdown by category was:

Wine	↑ 2.6 percent
Beer	↑ 4.3 percent
Spirits	↓ 1.3 percent
Ready-To-Drink	↑ 6.3 percent

The NSLC’s wholesale business (restaurants, pubs and bars, Private Wine and Specialty stores and Agency stores) continues to show slower growth than the retail sector; however results have improved slightly during the second quarter since the beginning of the year growing to \$57.4 million, a 0.3 percent decrease from \$57.6 million last year. Sales to Agency Stores

increased 10.1 percent, sales to licensees decreased by 5.3 percent and sales to Private Wine and Specialty Stores (PWSS) decreased by 1.3 percent. Licensee sales in particular continue to be impacted by economic conditions.

The NSLC's Operating Expense Ratio including amortization and depreciation for the six month period ended September 27, 2009, was 13.6 percent compared to 13.7 percent reported over the same time period last year.

Business Highlights

Beer Promotions

Strong performance in the beer category producing a 7.5 percent lift in sales was driven by an engaged supplier community committed to providing the NSLC with innovative promotions on popular products such as Keith's India Pale Ale, Coors Light and the launch of Bud Light Lime and Moosehead Light Lime. The innovative lime products increased the number of customers in the beer segment growing sales for all players.

Wine Promotions

Jost Vineyards launched a new, limited release product called 'Jost Valley Roads' that sold out while on display in 97 NSLC stores. Jost Valley Roads was made from 100 percent Nova Scotia grown grape content and was priced at \$9.99. New products of this quality will encourage customers to experiment with other wines produced in Nova Scotia.

Strong promotions of French Cross four litre Merlot and Chardonnay during the two week sale in July with a \$5 off offer contributed to the success of the wine segment in this period. The introduction in late August of the Fuzion brand, one of the fastest growing wines in the Canadian market over the last year also boosted wine sales in September. Priced at \$9.99, this Argentinean product has been well received by customers.

Spirit Promotions

Strong in-store promotions in this category were driven by 'Buy & Save' programs and a variety of added value 50 ml's in August on popular brands like Smirnoff, Appleton, Wiser's, Malibu, Polar Ice, Canadian Club and Captain Morgan rums. In September, added value 50 ml's on Bacardi Gold, Prince Igor, Iceberg Rum, Gibson's and Dewar's contributed to spirit sales.

Social Responsibility

For the summer months, the NSLC launched a water safety campaign with posters in-store reminding customers to enjoy beverage alcohol responsibly while enjoying water-based activities. This is part of the NSLC's on-going commitment to raising awareness of the need to enjoy beverage alcohol responsibly.

Retail Store Improvements

The NSLC completed renovations at the Bedford Place store featuring a new design as well as offering an extended product mix. Renovations are underway at the NSLC store in Wolfville featuring a new Maritime flavoured design, an extended product mix and a Cool Zone. The Bridgetown store was

moved into the Graves Valu Foods with access between the stores offering increased shopper convenience.

New Glasgow Premium Beer, Wine and Spirit Showcase

This event was held, in conjunction with the New Glasgow Rotary Club, at the Museum of Industry on October 16th. More than 300 patrons gathered to sample and savour approximately 150 products from around the world.

“The NSLC is ahead of business plan,” concluded Maureen Sullivan, Vice President, Finance. “However, a strong third quarter is required for the business if it is to meet its financial targets for the year.”

Board Expenses

The NSLC released the Board of Directors expenses for the second quarter. These expenses amounted to \$6.61 per Director per day. Copies of the expense are available on the NSLC website at www.myNSLC.com.

Unaudited Financial Highlights
For the quarter ended September 27

	2009	2008
Sales Volume (Hectolitres)	252,911	243,387
Spirit revenue	\$ 42,306,246	\$ 41,754,012
Wine revenue	29,258,424	27,978,188
Beer revenue	88,560,714	82,365,804
Ready to Drink revenue	9,120,663	8,462,303
Non-liquor revenue	50,359	49,284
Gross Sales	\$ 169,296,406	\$ 160,609,590
Discounts	(1,932,161)	(1,793,692)
Net Sales	\$ 167,364,245	\$ 158,815,898
Gross Profit	\$ 88,350,023	\$ 83,635,967
Stores Operating Expense	(12,559,828)	(12,497,769)
Gross Operating Income	\$ 75,790,194	\$ 71,138,198
Depreciation and other corporate expenses	\$ (10,250,267)	\$ (9,803,493)
Permitting, Display & other revenue	1,459,931	1,455,854
INCOME FROM OPERATIONS	\$ 66,999,858	\$ 62,790,559

Unaudited Financial Highlights
For the six month period ended September 27

	2009	2008
Sales Volume (Hectolitres)	459,606	448,595
Spirit revenue	\$79,454,262	\$78,411,467
Wine revenue	53,721,565	51,207,113
Beer revenue	160,741,260	152,131,521
Ready to Drink revenue	15,352,716	14,162,422
Non-liquor revenue	87,880	93,954
Gross sales	\$ 309,357,684	\$ 296,006,476
Discounts	(3,357,690)	(3,351,805)
Net Sales	\$ 305,999,994	\$ 292,654,671
Gross Profit	\$ 161,316,528	\$ 154,667,112
Stores Operating Expense	(24,253,579)	(24,129,387)
Gross Operating Income	\$ 137,062,949	\$ 130,537,725
Depreciation and other corporate expenses	\$ (19,911,275)	\$ (18,490,637)
Permitting, Display & other revenue	2,557,702	2,668,514
INCOME FROM OPERATIONS	\$ 119,709,376	\$ 114,715,602

The Nova Scotia Liquor Corporation, the largest single banner retail business in Nova Scotia, generates more than half a billion dollars of revenue a year, returning more than \$200 million profit annually to the province. It employs more than 1,500 Nova Scotians, offering 3,000 products from around the globe through 106 retail, 2,100 licensees and 54 agency stores.