



Saskatchewan Wheat Pool

NEWS RELEASE

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Saskatchewan Wheat Pool's Earnings Improvement Continues in the First Quarter

Saskatchewan Wheat Pool today reported significant first quarter earnings growth across all key businesses with the release of its financial results for the three months ended October 31, 2000. On a consolidated basis, earnings before interest, taxes, depreciation and amortization (EBITDA) were \$29.6 million, nearly four times the level earned in the same quarter last year.

"For two consecutive quarters, we have seen substantial improvement in operating performance across the organization", says Chief Executive Officer, Mayo Schmidt. "Through our strengthened management team and dedicated employee group we are executing on our strategy to reduce costs, realign our business operations and improve the earnings potential of our asset base."

Sales growth of 16 per cent in the first quarter of fiscal 2001 was led by the Pool's core business segments of Grain Handling and Marketing, Agri-Products and Livestock Production and Marketing. Improved grain volumes, higher fertilizer sales and a substantial increase in the number of finished hogs marketed contributed to the Pool's improved performance.

In the Grain Handling and Marketing segment, primary handling volumes increased 3.6 per cent to 2.3 million tonnes as a result of stronger producer deliveries in Saskatchewan and Manitoba. Port terminal volumes at the Pool's wholly owned facilities increased 18.5 per cent led by a 60 per cent improvement through the Vancouver terminal. In total, port terminal volumes at wholly owned and affiliated terminals were up 13 per cent. The Grain Handling and Marketing segment recorded EBITDA of \$12.2 million, \$10.2 million ahead of the first quarter of fiscal 2000.

"We have realigned our resources and strengthened our core grain business to become the lowest cost service provider for prairie producers and destination market customers," says Schmidt.

"While we have further to go to realize this objective, the first quarter results are evidence that our strategy is beginning to pay off."

The Agri-Products segment also showed significant improvements, with sales up 56 per cent to \$89 million and EBITDA of \$3 million. This compared to a loss in the previous year's quarter of \$500,000. An aggressive fertilizer sales program at the Pool coupled with improved margins from its operations and Western Co-operative Fertilizers contributed to the positive performance. A good fertilizer application period this fall and an increase in producer demand for fertilizer in anticipation of rising fertilizer costs drove the improvement.

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In the Agri-Food Processing segment, sales were similar to the comparable quarter last year, but EBITDA grew to \$12.1 million, \$3 million stronger than last year. CanAmara led the improvement with strong sales and improved crushing margins in all sectors. Can-Oat Milling increased its sales year-over-year and achieved increased margins and improved operational efficiencies. CSP Foods enjoyed better earnings as it continued to benefit from its cost reduction strategy and focussed its marketing efforts on higher margin product lines. Premium Brands recorded a loss for the period reflecting the shortage of hogs available for its Red Deer plant.

Sales in the Livestock Production and Marketing segment grew 32 per cent to \$56 million led by Heartland Pork, which marketed 80,000 finished hogs in the first three months, more than three times the 24,000 marketed last year. Volumes through the Livestock unit were 264,000 head compared to 241,000 last year. EBITDA was \$5.2 million, a \$3 million quarter over quarter improvement.

EBIT for the Corporation, or earnings before interest and tax were up \$20 million to \$10.9 million versus a loss in the first quarter last year of \$9.1 million. The net loss for the period was \$6.7 million or \$0.18 per share compared to a loss last year of \$14.5 million.

Commenting on the decrease in costs for the period, the Pool's Executive Vice President of Finance and Chief Financial Officer, Michael McCord says, "Over the past ten months, management has taken significant steps to reduce our cost base, capture systems efficiencies and improve our margins. We estimate that the two restructuring initiatives we announced this calendar year will result in total cost savings of \$21 million in fiscal 2001 and \$31 million thereafter. The majority of these savings are still to come as we complete our consolidation program."

The Pool improved its cash flow from operations by \$8.9 million in the first quarter of fiscal 2001 bringing the three-month total to \$10.7 million or \$0.29 per share compared to \$1.8 million in the first quarter of fiscal 2000. With respect to the Pool's financing, Schmidt indicated that the Company has made considerable progress and expects to be complete the financing during the next 12 weeks.

The Pool intends to continue its efforts to build upon the significantly stronger results from the past six months. "Operationally," Schmidt added, "the next two periods are seasonally low for companies involved in grain handling and marketing. We are optimistic however, that we are on track to achieve strong improvements in operating earnings and cash flows in fiscal 2001."

Three Month Handling Volumes to October 31
(millions of tonnes)

	<u>2000/01</u>	<u>1999/00</u>
Primary Elevator System	<u>2.28</u>	<u>2.20</u>
Terminal Operations		
Vancouver - SWP	0.70	0.44
Thunder Bay - SWP	0.46	0.54
Share of Affiliates	<u>0.26</u>	<u>0.28</u>
	<u>1.42</u>	<u>1.26</u>

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CONSOLIDATED BALANCE SHEETS

	(in thousands) As at October 31		(in thousands) As at July 31
	2000	1999	2000
	(unaudited)	(unaudited)	(unaudited)
ASSETS			
Current Assets			
Cash	\$ 65,839	\$ 93,460	\$ -
Short-term investments	4,087	3,937	-
Accounts receivable	379,887	338,093	239,384
Inventories	295,353	303,382	274,159
Prepaid expenses	13,737	15,986	16,770
	758,903	754,858	530,313
Investments	74,586	89,696	76,342
Capital Assets	843,079	894,429	851,398
Other Long-Term Assets	136,871	139,425	129,358
	\$ 1,813,439	\$ 1,878,408	\$ 1,587,411
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank indebtedness	\$ -	\$ -	\$ 9,198
Short-term borrowings	271,971	184,873	134,000
Members' demand loans	37,988	68,052	48,834
Accounts payable	351,011	411,403	244,536
Long-term debt due within one year	15,903	14,527	16,178
	676,873	678,855	452,746
Long-Term Debt	537,020	521,279	534,269
Other Long-Term Liabilities	54,632	49,605	52,044
Non-Controlling Interest	5,475	4,872	4,740
	1,274,000	1,254,611	1,043,799
Shareholders' Equity			
Share capital	457,706	457,727	457,712
Retained earnings	81,733	166,070	85,900
	539,439	623,797	543,612
	\$ 1,813,439	\$ 1,878,408	\$ 1,587,411

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**CONSOLIDATED STATEMENTS OF EARNINGS
AND RETAINED EARNINGS**

	(in thousands)	
	Three months ended	
	October 31	
	2000/01	1999/00
	(unaudited)	(unaudited)
Sales and Other Operating Revenues	\$ 791,801	\$ 682,233
Cost of Sales and Expenses		
Cost of sales and operating expenses	737,022	648,477
Selling and administrative expenses	24,681	26,776
Depreciation and amortization	18,775	16,676
	780,478	691,929
Earnings (Loss) Before the Undernoted	11,323	(9,696)
Equity earnings (loss) of significantly influenced companies	(549)	355
Non-controlling interest	82	202
Earnings (Loss) Before Interest and Taxes	10,856	(9,139)
Interest expense	15,709	9,402
Securitization expense	4,259	4,775
Earnings (Loss) Before Corporate Taxes	(9,112)	(23,316)
Recovery of corporate taxes	2,372	8,860
Net Earnings (Loss)	(6,740)	(14,456)
Retained Earnings, Beginning of Period	85,900	180,526
Income tax restatement	2,573	-
Dividends	-	-
Retained Earnings, End of Period	\$ 81,733	\$ 166,070
Earnings (Loss) Per Share	\$ (0.18)	\$ (0.39)

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SALES AND OPERATING REVENUES BY SEGMENT

	(in thousands)	
	Three months ended October 31	
	2000/01	1999/00
	(unaudited)	(unaudited)
Grain Handling & Marketing	\$ 502,810	\$ 440,082
Agri-products	89,481	57,163
Agri-food Processing	152,841	151,468
Livestock Production & Marketing	55,743	42,282
Publishing & Other	3,167	3,190
Intersegment Sales	(12,241)	(11,952)
	\$ 791,801	\$ 682,233

SEGMENT EARNINGS FROM OPERATIONS

	(in thousands)			(in thousands)		
	Three months ended October 31 2000/01			Three months ended October 31 1999/00		
	(unaudited)			(unaudited)		
	EBITDA	D&A	EBIT	EBITDA	D&A	EBIT
Grain Handling & Marketing	\$ 12,176	\$ 8,489	\$ 3,687	\$ 1,972	\$ 7,124	\$ (5,152)
Agri-products	2,996	2,805	191	(506)	2,986	(3,492)
Agri-food Processing	12,058	4,173	7,885	9,012	3,959	5,053
Livestock Production & Marketing	5,200	2,821	2,379	2,183	2,019	164
Publishing & Other	486	99	387	482	120	362
SEGMENT RESULTS	32,916	18,387	14,529	13,143	16,208	(3,065)
Reconciling Differences:						
Corporate Expenses	(3,990)	388	(4,378)	(5,366)	468	(5,834)
Tax Provision on Equity Earnings	705	-	705	(240)	-	(240)
PER FINANCIAL STATEMENTS	\$ 29,631	\$ 18,775	\$ 10,856	\$ 7,537	\$ 16,676	\$ (9,139)

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	(in thousands)	
	Three months ended 2000/01	October 31 1999/00
	(unaudited)	(unaudited)
Cash From (Used In) Operating Activities:		
Net loss	\$ (6,740)	\$ (14,456)
Add/(deduct) items not involving cash		
Depreciation and amortization	18,775	16,676
Future taxes (recovery)	(2,024)	120
Equity loss (earnings) of significantly influenced companies	549	(355)
Other items	223	-
Non-controlling interest	(82)	(202)
Cash flow from operations	10,701	1,783
Changes in non-cash working capital items		
Accounts receivable	(139,669)	(84,897)
Inventories	(21,194)	(38,530)
Accounts payable	103,792	140,263
Prepaid expenses	3,036	(2,611)
Cash (used in) from operating activities	(43,334)	16,008
Cash From (Used In) Financing Activities:		
Proceeds of long-term debt	6,331	56,610
Repayment of long-term debt	(1,720)	(3,519)
Proceeds of short-term borrowings	137,971	98,131
Repayment of members' demand loans	(10,846)	(3,693)
Dividends	-	(14,970)
Increase in other long-term liabilities	22	1,104
Decrease in share capital	(6)	(5)
Cash from financing activities	131,752	133,658
Cash From (Used In) Investing Activities:		
Increase in capital assets	(8,816)	(52,272)
Decrease in investments	841	125
Increase in other long-term assets	(1,319)	(3,015)
Cash used in investing activities	(9,294)	(55,162)
Increase in Cash and Cash Equivalents*	79,124	94,504
Cash and Cash Equivalents, Beginning of Period*	(9,198)	2,893
Cash and Cash Equivalents, End of Period*	\$ 69,926	\$ 97,397
Cash Flow Per Share	\$ 0.29	\$ 0.05

* Cash and cash equivalents are comprised of cash, short-term investments and bank indebtedness.

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Saskatchewan Wheat Pool is Canada's largest publicly traded agri-business co-operative headquartered in Regina, Saskatchewan. Its core business operations are grain handling and marketing, agri-product sales and livestock marketing. These operations are complemented by food processing and value-added businesses that allow the Pool to leverage its pivotal position between prairie farmers and destination customers in North America and around the world. The Pool's Class B shares are listed on the Toronto Stock Exchange under the symbol SWP.B.

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