



Saskatchewan Wheat Pool

For Immediate Release

September 12, 2001
Regina, Saskatchewan
Listed: TSE
Symbol: SWP.B

Saskatchewan Wheat Pool's strong 4th quarter rounds out solid fiscal 2001 performance

Saskatchewan Wheat Pool's 4th quarter earnings, prior to provisions, contributed to a strong fiscal 2001 performance for the company. The Pool generated earnings of \$9.3 million in the 4th quarter, growing 21% over the same period last year. "It has been an extremely important year for the Pool," says Chief Executive Officer, Mayo Schmidt. "We achieved what we set out to do. We posted stronger year-over-year improvements in each quarter of fiscal 2001 and we exceeded our cost reduction target of \$21 million from our consolidation and restructuring efforts, eliminating \$25 million in costs over the past 12 months."

Earnings before interest, securitization, taxes, depreciation and amortization, (EBITDA) were \$147.6 million, an 82% increase over last year. While all five business segments posted stronger results, our core grain handling and marketing operations recorded the largest increase, more than doubling their contribution from one year ago. The significant improvement reflects the company's actions to lower its cost base while remaining focused on earning customers' business through high efficiency, value-added services. In addition to its cost saving achievements, the Pool capitalized on its dominant multi-car loading capacity, earning transportation incentives on over 78% of its shipments in fiscal 2001.

The Grain Handling and Marketing segment reported EBITDA of \$54.6 million for the year compared to \$21.5 million in fiscal 2000. Total tonnes shipped through the primary system were 8.3 million tonnes down from 8.5 million tonnes a year earlier reflecting lower shipments of Canadian Wheat Board grains. Non-board grain movement increased 21% from the prior year as a result of the Pool's strong canola program and a 42% increase in its special crops business. The Pool's western Canadian market share was 21% in fiscal 2001, slightly ahead of expectations.

Wholly owned port terminal volumes were up 5% for the year led by a 23.8% improvement through Vancouver. Volumes through affiliated ports were down 24% almost entirely due to lower shipments through Prince Rupert Grain, in which the Pool holds a minority interest.

	<u>Volumes</u> (millions of tonnes)	
	<u>F2001</u>	<u>F2000</u>
Primary Elevator Shipments*	<u>8.3</u>	<u>8.5</u>
Port Terminal Volumes		
Vancouver - SWP	2.63	2.12
Thunder Bay - SWP	1.54	1.85
Share of Affiliates	<u>1.34</u>	<u>1.77</u>
	<u>5.51</u>	<u>5.74</u>

* Consistent with industry practice and a change in the Pool's revenue recognition policy, primary volumes reflect shipments from primary elevators versus deliveries into the system.

More

EBITDA from the Agri-products segment in fiscal 2001 improved 37% to \$49.3 million compared to \$35.9 million last year, reflecting strong sales and margins at Western Co-operative Fertilizers. The Pool's retail operations saw a 7.5% sales decline as a result of lower seed sales and the impact of the mid-summer drought on the sale of crop protection products. This decline was partially offset by significant cost reductions achieved through the consolidation of the Pool's agri-products locations.

Agri-food Processing EBITDA of \$39.1 million was up \$10.7 million for the year. Can-Oat Milling generated a 65% EBITDA improvement year-over-year. Contributions from CanAmera and CSP Foods also increased.

EBITDA from the Livestock Production and Marketing segment was \$21.2 million compared to \$14.2 million in fiscal 2000. Heartland Pork marketed 347,000 finished hogs, double the volumes of the previous year. Heartland Feeds' positive results reflect an increase in demand resulting from drought conditions on the Prairies in the fourth quarter and higher feed sales to the Pool's pork production units. The Western Producer generated \$4.1 million in EBITDA up from \$3.6 million last year.

The Pool reported earnings of \$9.3 million or \$0.25 per share for the quarter prior to the loss on sale of its 41% interest in Premium Brands. This compared to an earning of \$7.6 million or \$0.20 per share in fiscal 2000. The net loss after provisions for the quarter was \$10.1 million compared to a net loss last year of \$24.3 million. For the year, the Pool's net loss was \$44.1 million including \$26.9 million of provisions versus \$90.7 million (\$53.6 million in provisions) for fiscal 2000.

Cash flow from operations was \$42.2 million in fiscal 2001 or \$1.13 per share. Executive Vice President of Finance and Chief Financial Officer, Michael McCord says, "For the first time since 1997, the Pool generated free cash flow of \$19 million in fiscal 2001. One of the primary objectives of this organization has been to reduce our debt obligations. We have done that by improving cash flows, effectively managing our working capital requirements, and divesting of non-core assets. I'm pleased to report that in fiscal 2001 we successfully reduced our debt obligations under our loan facilities and securitization program by over \$94 million."

Schmidt says, "We have made important strides to restore the Pool to a profitable position over the long term and our timing could not be better. The entire industry is dealing with drought conditions that will reduce volumes and earnings in fiscal 2002. For the Pool, our aggressive actions over the past year have made us a stronger, more focused agri-business co-operative well positioned to withstand the impact of the drought. However, it will delay our return to profitability. If weather conditions and moisture levels improve in the fall and early spring, the industry will be back on track and we believe the Pool will emerge as the low-cost, value-added agri-marketer of choice on the prairies."

More

CONSOLIDATED BALANCE SHEETS

	As at July 31	
	2001	2000
	(in thousands)	
	(audited)	(audited)
		(restated)
ASSETS		
Current Assets		
Cash	\$ 13,238	\$ -
Short-term investments	5,000	-
Accounts receivable	241,410	243,915
Inventories	271,920	263,623
Prepaid expenses	13,055	16,770
	544,623	524,308
Investments	13,838	76,342
Capital Assets	797,951	851,398
Other Long-Term Assets	186,485	129,358
	\$ 1,542,897	\$ 1,581,406
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Bank indebtedness	\$ -	\$ 9,198
Short-term borrowings	8,080	134,000
Members' demand loans	35,204	48,834
Accounts payable	216,890	244,536
Long-term debt due within one year	156,514	16,178
	416,688	452,746
Long-Term Debt	549,225	534,269
Other Long-Term Liabilities	75,685	52,044
Non-Controlling Interest	5,863	4,740
	1,047,461	1,043,799
Shareholders' Equity		
Share capital	457,699	457,712
Retained earnings	37,737	79,895
	495,436	537,607
	\$ 1,542,897	\$ 1,581,406

More

**CONSOLIDATED STATEMENTS OF EARNINGS
AND RETAINED EARNINGS**

	Three months ended July 31		Twelve months ended July 31	
	2000/01 (in thousands)	1999/00 (in thousands)	2000/01 (in thousands)	1999/00 (in thousands)
	(unaudited)	(unaudited) (restated)	(audited)	(audited) (restated)
Sales and Other Operating Revenues	\$ 1,001,028	\$ 1,026,251	\$ 3,302,658	\$ 3,326,956
Cost of Sales and Expenses				
Cost of sales and operating expenses	904,814	946,245	3,055,066	3,136,145
Selling and administrative expenses	28,358	26,772	102,247	108,814
Depreciation and amortization	18,351	23,557	75,723	77,007
Loss on disposal and provisions	20,065	33,417	33,388	69,414
	971,588	1,029,991	3,266,424	3,391,380
Earnings (Loss) Before the Undernoted	29,440	(3,740)	36,234	(64,424)
Equity earnings (loss) of significantly influenced companies	67	379	2,759	(1,159)
Non-controlling interest	(365)	197	(487)	232
Earnings (Loss) Before Interest and Taxes	29,142	(3,164)	38,506	(65,351)
Interest expense	17,505	13,809	65,059	46,544
Securitization fees and expense	5,286	3,869	21,382	11,916
Earnings (Loss) Before Corporate Taxes	6,351	(20,842)	(47,935)	(123,811)
Recovery of (provision for) corporate taxes	(16,413)	(3,502)	3,837	33,107
Net Earnings (Loss)	(10,062)	(24,344)	(44,098)	(90,704)
Retained Earnings, Beginning of Year				
As previously reported	48,432	114,894	85,900	180,526
Changes in accounting policies				
Income taxes	(633)	-	1,940	-
Revenue recognition	-	(5,926)	(6,005)	(5,198)
Retirement allowance	-	(4,729)	-	(4,729)
As restated	47,799	104,239	81,835	170,599
Retained Earnings, End of Year	\$ 37,737	\$ 79,895	\$ 37,737	\$ 79,895
Earnings (Loss) Per Share	\$ (0.27)	\$ (0.65)	\$ (1.18)	\$ (2.42)

More

SALES AND OPERATING REVENUE BY SEGMENT

	Three months ended July 31		Twelve months ended July 31	
	2000/01	1999/00	2000/01	1999/00
	(in thousands)		(in thousands)	
	(unaudited)	(unaudited)	(audited)	(audited) (restated)
SALES				
Grain Handling and Marketing	\$ 502,962	\$ 519,859	\$ 1,955,575	\$ 2,032,195
Agri-products	289,411	330,468	516,140	531,706
Agri-food Processing	149,688	140,856	604,755	590,273
Livestock Production and Marketing	48,658	47,690	242,092	211,707
Publishing and Other	3,438	3,329	16,210	15,191
Intersegment sales	6,871	(15,951)	(32,114)	(54,116)
	\$ 1,001,028	\$ 1,026,251	\$ 3,302,658	\$ 3,326,956

SEGMENT EARNINGS FROM OPERATIONS

	Three months ended July 31 2000/01				Three months ended July 31 1999/00			
	(in thousands)				(in thousands)			
	(unaudited)				(unaudited)			
	EBITDA	D&A	Provisions	EBIT	EBITDA	D&A	Provisions	EBIT
Grain Handling and Marketing	\$ 22,408	\$ 7,729	\$ -	\$ 14,679	\$ 12,343	\$ 9,399	\$ 37,895	\$ (34,951)
Agri-products	39,992	3,203	-	36,789	33,641	3,836	(4,197)	34,002
Agri-food Processing	6,174	4,286	20,065	(18,177)	6,625	3,657	(281)	3,249
Livestock Production and Marketing	4,641	2,716	-	1,925	6,063	6,179	-	(116)
Publishing and Other	446	86	-	360	521	104	-	417
Segment Results	73,661	18,020	20,065	35,576	59,193	23,175	33,417	2,601
Reconciling differences:								
Corporate expenses	(5,993)	331	-	(6,324)	(5,854)	382	-	(6,236)
Tax Provision on Equity Earnings	(110)	-	-	(110)	471	-	-	471
Per Financial Statements	\$ 67,558	\$ 18,351	\$ 20,065	\$ 29,142	\$ 53,810	\$ 23,557	\$ 33,417	\$ (3,164)

SEGMENT EARNINGS FROM OPERATIONS

	Twelve months ended July 31 2000/01				Twelve months ended July 31 1999/00			
	(in thousands)				(in thousands)			
	(audited)				(audited)			
	EBITDA	D&A	Provisions	EBIT	EBITDA	D&A	Provisions	EBIT
Grain Handling and Marketing	\$ 54,557	\$ 34,342	\$ 12,153	\$ 8,062	\$ 21,472	\$ 33,205	\$ 64,811	\$ (76,544)
Agri-products	49,322	11,459	-	37,863	35,948	12,775	(4,197)	27,370
Agri-food Processing	39,139	17,006	20,065	2,068	28,414	15,385	(4,496)	17,525
Livestock Production and Marketing	21,169	11,206	-	9,963	14,178	13,622	5,091	(4,535)
Publishing and Other	4,073	366	-	3,707	3,605	451	-	3,154
Segment Results	168,260	74,379	32,218	61,663	103,617	75,438	61,209	(33,030)
Reconciling differences:								
Corporate expenses	(20,999)	1,344	1,170	(23,513)	(23,471)	1,569	8,205	(33,245)
Tax Provision on Equity Earnings	356	-	-	356	924	-	-	924
Per Financial Statements	\$ 147,617	\$ 75,723	\$ 33,388	\$ 38,506	\$ 81,070	\$ 77,007	\$ 69,414	\$ (65,351)

More

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended July 31		Twelve months ended July 31	
	2000/01	1999/00	2000/01	1999/00
	(in thousands)		(in thousands)	
	(unaudited)		(audited)	
	(restated)		(restated)	
Cash From (Used in) Operating Activities				
Net loss	\$ (10,062)	\$ (24,344)	\$ (44,098)	\$ (90,704)
Add(deduct) items not involving cash				
Depreciation and amortization	18,351	23,557	75,723	77,007
Loss on disposal and provisions	17,533	30,840	30,832	63,165
Future taxes (recovery)	13,251	10,778	(10,592)	4,012
Equity (earnings) loss of significantly influenced companies	(67)	(379)	(2,759)	1,159
Pension and other items	(4,010)	1,663	(7,395)	1,313
Non-controlling interest	365	(197)	487	(232)
Cash flow from operations	35,361	41,918	42,198	55,720
Changes in non-cash working capital items				
Accounts receivable	(143,382)	(143,599)	53,302	3,235
Securitization of accounts receivable	149,032	194,181	(75,824)	(20,252)
Inventories	83,236	135,698	27,471	10,857
Securitization of inventories	(18,569)	(2,011)	(40,019)	(19,444)
Accounts payable	(42,710)	(53,594)	(20,295)	(11,927)
Prepaid expenses	(5,747)	(5,888)	3,624	(3,541)
Changes in non-cash working capital	21,860	124,787	(51,741)	(41,072)
Cash from (used in) operating activities	57,221	166,705	(9,543)	14,648
Cash From (Used in) Financing Activities				
Proceeds of long-term debt	21,495	76	373,523	89,365
Repayment of long-term debt	(27,287)	(12,048)	(216,587)	(20,448)
Proceeds of short-term borrowings	-	-	120,502	47,258
Repayment of short-term borrowings	(68,696)	(108,842)	(254,000)	-
Proceeds (repayment) of members' demand loans	870	(11,583)	(13,630)	(22,911)
Dividends	-	-	-	(14,970)
Increase (decrease) in other long-term liabilities	(1,355)	(3,380)	258	317
Amounts received from (paid to) minority interest parties of a subsidiary	-	-	129	(102)
Decrease in share capital	(2)	(5)	(13)	(20)
Cash from (used in) financing activities	(74,975)	(135,782)	10,182	78,489
Cash From (Used in) Investing Activities				
Capital asset expenditures	(2,696)	(15,331)	(23,132)	(114,170)
Proceeds on sale of capital assets	3,033	948	9,784	4,399
Divestitures	41,302	2,570	52,302	9,310
Decrease in investments	53	573	1,216	886
Increase in other long-term assets	(1,970)	(1,388)	(18,373)	(5,653)
Cash from (used in) investing activities	39,722	(12,628)	21,797	(105,228)
Increase (Decrease) in Cash and Cash Equivalents	21,968	18,295	22,436	(12,091)
Cash and Cash Equivalents, Beginning of Year	(8,730)	(27,493)	(9,198)	2,893
Cash and Cash Equivalents, End of Year	\$ 13,238	\$ (9,198)	\$ 13,238	\$ (9,198)
Cash Flow Per Share from Operations	\$ 0.94	\$ 1.12	\$ 1.13	\$ 1.49

Cash and cash equivalents consist of cash and bank indebtedness.

More

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 and agri-product sales. These operations are complemented by livestock, 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.

For further information.

Media contact:

Shawna Kelly, Director
Communications
Saskatchewan Wheat Pool
306-569-4291

Shareholder contact:

Colleen Vancha, Director
Investor Relations
Saskatchewan Wheat Pool
306-569-4782