



Saskatchewan Wheat Pool

For Immediate Release

December 13, 2002
Regina, Saskatchewan
Listed: TSX
Symbol: SWP.B

Pool Announces First Quarter Results

Severe weather conditions in the first three months of Fiscal 2003 continued to wreak havoc on the western Canadian agricultural industry. Low carry-over and dramatic production declines, followed by excess moisture and freezing temperatures delayed harvest and severely reduced the quality of grains and oilseeds available to the industry, driving down Saskatchewan Wheat Pool's volumes and sales.

The Company recorded consolidated sales and operating revenues in the first quarter of Fiscal 2003 of \$469.5 million, down 11 per cent from the first quarter of 2002 after excluding sales from companies that were sold last year.

First quarter EBITDA, or earnings before interest, securitization, taxes, depreciation and amortization, was \$1.2 million, down from \$17.0 million in the first quarter last year. Excluding the impact of divested companies, the reduction is primarily related to low grain volumes, coupled with lower earnings from the Company's pork production operations.

The first quarter operating loss, prior to interest, securitization and taxes (EBIT) was \$11.8 million compared to a loss of \$0.8 million in the first quarter last year, prior to a gain on sale of the company's livestock affiliate. The net loss for the period was \$15.6 million or (\$0.42) per share, slightly better than the comparable \$15.7 million loss last year prior to the gain on sale.

Primary grain shipments for the quarter were 1.5 million tonnes, down 22 per cent from 2.0 million tonnes in the first quarter of last year reflecting reduced supplies and a significant decline in exports during the period. The Pool's wholly owned port terminals volumes were 0.5 million tonnes, down from 1.1 million tonnes in the first quarter last year. Dramatic declines in the export of wheat (55%), barley (42%) and canola (30%) in the quarter, coupled with reduced volumes associated with the labour dispute in Vancouver primarily contributed to the reduction.

The Pool's Agri-products segment generated stronger fertilizer sales and similar crop protection product sales compared to the previous year's period, despite weather events that cut short the regular fall application period. Equipment sales were down because the Pool is rationalizing many of its product lines. In addition, bin sales slowed substantially due to reduced demand for on-farm storage resulting from the drought.

The Pool's Agri-food segment generated sales increases of 23 per cent, after excluding last year's sales by divested companies, but saw a \$0.2 million decline in EBITDA as wet harvest conditions reduced crop quality and delayed the availability of an already-depleted supply of grain. At the company pork operations, high feed cost and low hog prices severely reduced margins, overshadowing improved contributions from the Pool's feed and aquaculture operations.

"Our core operations have performed well in this difficult environment," said Pool CEO Mayo Schmidt. "Our employees have demonstrated their commitment to quality, customer service and marketing excellence. We recently received two of the three Quality First awards presented by the Canadian Wheat Board. Clearly, our model is working. Now it's time for Mother Nature to co-operate."

Despite the challenging effects of the weather, the Pool remained committed to its key objectives:

- The company's western Canadian market share topped 23 per cent in the first three months this year, a significant accomplishment given the severity of the drought in its home province.
- In the first quarter, the Pool's grain, agri-products and head office operations cut costs by \$7.1 million in the first three months relative to the same period a year ago.

- Interest and securitization cost declined nearly \$9 million due to the company's focus on debt reduction over the past 30 months. In fact, balance sheet debt was \$210 million lower at October 31, 2002 than on the same date a year ago.
- Operationally, 95 per cent of the Pool's shipments moved in unit trains of 25 or more cars, up from 90 per cent last year. The Pool utilized 50- or 100-car unit trains for 74 per cent of its shipments, which compares favorably to 66 per cent last year; and
- The Pool is engaged in restructuring efforts that are ongoing.

Three Month Volumes to October 31, 2002			
(000's of tonnes)			
	Increase/ (Decrease)	F2003	F2002
Primary Elevator Shipments	-22%	1,535	1,976
Terminal Operations			
Vancouver*	-87%	88	687
Thunder Bay	8%	393	364
Share of Affiliates	8%	121	112
Total Terminal Operations	-48%	602	1,163

- * The Pool is a member of a Vancouver employer association, the British Columbia Terminal Elevator Operators Association (BCTEOA), which locked out port terminal employees on August 26, 2002 suspending volumes through its port terminal.

CONSOLIDATED BALANCE SHEETS

	As at October 31		As at July 31
	2002	2001	2002
	(in thousands)		(in thousands)
	(unaudited)	(unaudited)	(audited)
ASSETS			
Current Assets			
Note receivable	\$ -	\$ 5,000	\$ -
Short-term investments	19,303	-	27,132
Accounts receivable	157,695	275,948	127,132
Inventories	249,685	318,658	191,843
Prepaid expenses	14,955	13,457	10,235
	441,638	613,063	356,342
Investments	9,460	13,247	10,275
Property, Plant and Equipment	621,937	781,121	638,417
Other Long-Term Assets	205,146	190,558	202,346
	\$ 1,278,181	\$ 1,597,989	\$ 1,207,380
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank indebtedness	\$ 33,094	\$ 33,491	\$ 30,952
Short-term borrowings	26,615	18,110	2,967
Members' demand loans	19,464	30,393	24,624
Accounts payable	249,991	244,325	207,970
Long-term debt due within one year	8,145	161,630	17,321
	337,309	487,949	283,834
Long-Term Debt	491,426	543,673	456,224
Other Long-Term Liabilities	61,199	80,198	62,766
Non-Controlling Interest	551	3,129	1,286
	890,485	1,114,949	804,110
Shareholders' Equity			
Share capital	457,736	457,697	457,692
Retained Earnings (Deficit)	(70,040)	25,343	(54,422)
	387,696	483,040	403,270
	\$ 1,278,181	\$ 1,597,989	\$ 1,207,380

**CONSOLIDATED STATEMENTS OF EARNINGS
AND RETAINED EARNINGS**

	Three months ended October 31	
	2002 (in thousands) (unaudited)	2001 (unaudited)
Sales and Other Operating Revenues	\$ 469,523	\$ 673,398
Cost of Sales and Expenses		
Cost of sales and operating expenses	456,249	635,340
Selling and administrative expenses	12,854	21,354
Depreciation and amortization	12,918	17,760
Gain on disposal	-	(5,283)
	482,021	669,171
Earnings (Loss) Before the Undernoted	(12,498)	4,227
Non-controlling interest	736	294
Earnings (Loss) Before Interest and Taxes	(11,762)	4,521
Interest expense	11,594	17,912
Securitization expense	1,459	3,752
Earnings (Loss) Before Corporate Taxes	(24,815)	(17,143)
Recovery of corporate taxes	9,197	4,749
Net Earnings (Loss)	(15,618)	(12,394)
Retained Earnings, Beginning of Period	(54,422)	37,737
Retained Earnings, End of Period	\$ (70,040)	\$ 25,343
Basic and Diluted Earnings (Loss) Per Share	\$ (0.42)	\$ (0.33)

SALES AND OPERATING REVENUE BY SEGMENT

	Three months ended October 31	
	2002	2001
	(in thousands)	
	(unaudited)	(unaudited)
SALES		
Grain Handling and Marketing	\$ 385,134	\$ 440,700
Agri-products	44,314	52,953
Agri-food Processing	34,665	159,780
Other	15,477	31,370
Intersegment sales	(10,067)	(11,405)
	\$ 469,523	\$ 673,398

SEGMENT EARNINGS FROM OPERATIONS

	Three months ended October 31 2002				Three months ended October 31 2001			
	(in thousands)				(in thousands)			
	(unaudited)				(unaudited)			
	EBITDA	D&A	Loss/(Gain) or Provision	EBIT	EBITDA	D&A	Loss/(Gain) or Provision	EBIT
Grain Handling and Marketing	\$ 8,344	\$ 7,555	\$ -	\$ 789	\$ 10,819	\$ 7,626	\$ -	\$ 3,193
Agri-products	(5,895)	1,742	-	(7,637)	(727)	2,871	-	(3,598)
Agri-food Processing	4,717	1,261	-	3,456	7,619	4,274	-	3,345
Other	(2,874)	2,220	-	(5,094)	3,370	2,679	(5,283)	5,974
Segment Results	4,292	12,778	-	(8,486)	21,081	17,450	(5,283)	8,914
Reconciling differences:								
Corporate expenses	(3,136)	140	-	(3,276)	(4,083)	310	-	(4,393)
Per Financial Statements	\$ 1,156	\$ 12,918	\$ -	\$ (11,762)	\$ 16,998	\$ 17,760	\$ (5,283)	\$ 4,521

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended October 31	
	2002	2001
	(in thousands)	
	(unaudited)	
Cash From (Used in) Operating Activities		
Net loss	\$ (15,618)	\$ (12,394)
Add/(deduct) items not involving cash		
Depreciation and amortization	12,918	17,760
Gain on disposals	-	(5,283)
Recovery of future income taxes	(10,433)	(5,723)
Pension and other items	544	(3,475)
Bank refinancing amortization	2,333	3,297
Non-controlling interest	(736)	(294)
Cash flow used in operations	(10,992)	(6,112)
Changes in non-cash working capital items		
Accounts receivable	(20,557)	(12,352)
Securitization of accounts receivable	(11,484)	(28,928)
Inventories	(21,869)	(53,535)
Securitization of inventories	(36,432)	3,506
Accounts payable	49,068	27,977
Prepaid expenses	(4,921)	(1,309)
Changes in non-cash working capital	(46,195)	(64,641)
Cash used in operating activities	(57,187)	(70,753)
Cash From (Used in) Financing Activities		
Proceeds of long-term debt	29,785	685
Repayment of long-term debt	(1,180)	(1,261)
Proceeds of short-term borrowings	23,648	10,030
Repayment of members' demand loans	(5,160)	(4,811)
Increase (decrease) increase in other long-term liabilities	67	(107)
Decrease in share capital	(6)	(2)
Cash from financing activities	47,154	4,534
Cash From (Used in) Investing Activities		
Property, plant and equipment expenditures	(1,652)	(4,276)
Proceeds on sale of property, plant and equipment	851	4,755
Divestitures	-	19,964
Decrease in investments	803	94
Decrease (increase) in other long-term assets	60	(1,047)
Cash from investing activities	62	19,490
Increase (Decrease) in Cash and Cash Equivalents	(9,971)	(46,729)
Cash and Cash Equivalents, Beginning of Period	(3,820)	13,238
Cash and Cash Equivalents, End of Period	\$ (13,791)	\$ (33,491)
Supplemental disclosure of cash (paid) recovered during the quarter:		
Interest	(8,555)	(13,167)
Income Taxes	(1,548)	(247)

Cash and cash equivalents consist of cash, short-term investments and bank indebtedness.

Saskatchewan Wheat Pool is a publicly traded agribusiness headquartered in Regina, Saskatchewan. Anchored by a prairie-wide grain handling and agri-products marketing network, the Pool channels prairie production to end-use markets in North America and around the world. These operations are complemented by value-added businesses and strategic alliances, which allow the Pool to leverage its pivotal position between prairie farmers and destination customers. The Pool's Class B shares are listed on the Toronto Stock Exchange under the symbol SWP.B.

This release contains forward looking statements that involve certain risks and uncertainties which could cause actual results to differ materially from future results expressed or implied by such statements. Important factors that could affect these statements include, without limitation, producer's decisions regarding total planted acreage, crop selection, and utilization levels of farm inputs such as fertilizers and pesticides; weather conditions; Canadian grain export levels; changes in government policy and transportation deregulation; world agricultural commodity prices and markets; changes in competitive forces including pricing pressures; and global political and economic conditions, including grain subsidy actions of the United States and European Union.

Management will review results today on a conference call scheduled for 9:00 a.m. C.S.T., 10:00 a.m. eastern time. The call-in number is 1-416-695-5259.

Media: Media may contact Dawn Blaus at 306-569-4291 to arrange individual interviews regarding today's announcement.

Shareholders: Investors, who have comments or questions about today's announcement, may contact the Investor Relations department at 306-569-4525.