



Saskatchewan Wheat Pool

For Immediate Release

March 20, 2003
Regina, Saskatchewan
Listed: TSX
Symbol: SWP.B

Pool's Second Quarter Results Reflect Industry Conditions

Saskatchewan Wheat Pool today announced second quarter results that reflect the impact of last season's drought on the agricultural industry.

The Pool recorded consolidated sales and operating revenues of \$501 million in the second quarter of Fiscal 2003 bringing the year-to-date total to \$970 million. Six-month sales were down 17 per cent from the comparable period last year after excluding results from companies sold in Fiscal 2002. The reduction reflects the impact of the drought and the unusually wet, cold harvest, which, together, caused a significant reduction in grain volumes and a severe shortage of quality commodities available for processing. Can-Oat Milling, the company's oat processing affiliate, and the Pool's retail agri-product operations posted sales increases of 17 per cent and 7 per cent respectively, partially offsetting the decline.

Second quarter EBITDA, or earnings before interest, securitization, taxes, depreciation and amortization, was a loss of \$3.3 million. For six months, the EBITDA loss was \$2.2 million, compared to earnings of \$25.7 million last year after excluding divested company contributions

The second quarter operating loss, prior to interest, securitization and taxes (EBIT) was \$16.2 million compared to a loss of \$1.1 million in the second quarter last year. Interest and securitization costs for the quarter were \$13.6 million and for the six months were \$26.7 million, down 31 per cent or nearly \$12 million from the previous year due to substantially lower debt levels at January 31, 2003.

The net loss for the quarter was \$18.8 million or \$0.50 per share, compared to a loss of \$26 million in the second quarter last year, which included after-tax provisions of \$13.2 million. For the first six months of Fiscal 2003, the net loss was \$34.4 million or \$0.92 per share, compared to \$38.4 million, or \$1.03 per share. Last year's result included \$9.9 million of after tax provisions.

The Pool's primary shipments in the quarter were 1.2 million tonnes for a total to-date of 2.8 million tonnes, or 32.7 per cent behind the previous year. The Pool performed relatively well in spite of a 45 per cent drop in wheat and barley shipments prairie-wide and a 56 per cent drop from Saskatchewan. As expected, volumes through the Pool's port terminal operations also reflected drought-related volume declines along with the corresponding lack of higher-valued export commodities available to the industry.

Sales for the Agri-products segment for the second quarter were up 22.7 per cent, due to stronger fertilizer sales and higher nitrogen prices, along with increased crop protection product and seed sales. Overall margins were comparable, however, earnings from the segment were lower than last year primarily reflecting interest revenue that is no longer generated as a result of the Pool outsourcing its agri-products financing program.

Sales in the Agri-food Processing segment reflected substantial declines at Prairie Malt partially offset by sales gains at Can-Oat. Results reflect the lack of quality malt barley in Western Canada due to the drought, which forced Prairie Malt to source their raw commodities from other regions to meet customer demands. At Can-Oat, results were on par with last year, despite the poor oat quality in its primary growing regions.

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“Operating results for the quarter are in line with expectations and reflect the severe production declines coming off last year’s harvest,” said CEO Mayo Schmidt. “We remained focused on maintaining our costs at minimum levels and, as a result, saw core operating, selling and administration costs decline by \$16.2 million during the period.

“The business environment will remain challenging for the remainder of the year, particularly in our grain operation,” added Schmidt. “However, with the completion of our capital restructuring initiative on March 14th and the significant moisture recovery throughout much of the Prairies, we look forward to improved growing conditions and a significant earnings recovery in Fiscal 2004.”

The company’s second quarter results do not reflect the impact of its recently completed capital restructuring program. The Pool is investigating the applicable accounting treatment of the Convertible Subordinated Notes and expects to reflect that treatment in its third quarter financial statements. As a result, regular conference calls with the investment community and media will resume in the third quarter.

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.

Six Months Volumes to January 31, 2003			
(000’s of tonnes)			
	Increase/ (Decrease)	F2003	F2002
Primary Elevator Shipments	-33%	2,805	4,170
Terminal Operations			
Vancouver	-87%	163	1,228
Thunder Bay	3%	668	647
Share of Affiliates	-2%	399	408
Total Terminal Operations	-46%	1,230	2,283

CONSOLIDATED BALANCE SHEETS

	As at January 31		As at July 31
	2003	2002	2002
	(in thousands)		(in thousands)
	(unaudited)	(unaudited)	(audited)
ASSETS			
Current Assets			
Cash	\$ 2,382	\$ 1,087	\$ -
Cash in trust	13,898	-	-
Note receivable	-	5,000	-
Short-term investments	29,088	9,319	27,132
Accounts receivable	86,319	156,562	127,132
Inventories	189,053	274,055	191,843
Prepaid expenses	10,995	10,454	10,235
	331,735	456,477	356,342
Investments	7,544	11,017	10,275
Property, Plant and Equipment	611,428	736,257	638,417
Other Long-Term Assets	218,923	192,478	202,346
	\$ 1,169,630	\$ 1,396,229	\$ 1,207,380
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank indebtedness	\$ 15,674	\$ 9,385	\$ 30,952
Short-term borrowings	7,884	23,521	2,967
Members' demand loans	6,178	30,460	24,624
Accounts payable	173,489	203,201	207,970
Long-term debt due within one year	7,155	132,123	17,321
	210,380	398,690	283,834
Long-Term Debt	533,881	480,255	456,224
Other Long-Term Liabilities	56,392	57,426	62,766
Non-Controlling Interest	54	2,793	1,286
	800,707	939,164	804,110
Shareholders' Equity			
Share capital	457,781	457,696	457,692
Retained Earnings (Deficit)	(88,858)	(631)	(54,422)
	368,923	457,065	403,270
	\$ 1,169,630	\$ 1,396,229	\$ 1,207,380

**CONSOLIDATED STATEMENTS OF EARNINGS
AND RETAINED EARNINGS**

	Three months ended January 31		Six months ended January 31	
	2003	2002	2003	2002
	(in thousands)		(in thousands)	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales and Other Operating Revenues	\$ 500,724	\$ 774,040	\$ 970,247	\$ 1,447,438
Cost of Sales and Expenses				
Cost of sales and operating expenses	492,869	735,570	949,118	1,370,910
Selling and administrative expenses	11,665	21,127	24,519	42,481
Depreciation and amortization	12,875	18,793	25,793	36,553
Loss on disposals	-	22,723	-	17,440
	517,409	798,213	999,430	1,467,384
Earnings (Loss) Before the Undernoted	(16,685)	(24,173)	(29,183)	(19,946)
Non-controlling interest	497	336	1,233	630
Earnings (Loss) Before Interest and Taxes	(16,188)	(23,837)	(27,950)	(19,316)
Interest expense	12,056	14,934	23,650	32,846
Securitization expense	1,557	1,862	3,016	5,614
Earnings (Loss) Before Corporate Taxes	(29,801)	(40,633)	(54,616)	(57,776)
Recovery of corporate taxes	10,983	14,659	20,180	19,408
Net Earnings (Loss)	(18,818)	(25,974)	(34,436)	(38,368)
Retained Earnings, Beginning of Period	(70,040)	25,343	(54,422)	37,737
Retained Earnings, End of Period	\$ (88,858)	\$ (631)	\$ (88,858)	\$ (631)
Basic and Diluted Earnings (Loss) Per Share	\$ (0.50)	\$ (0.69)	\$ (0.92)	\$ (1.03)

SALES AND OPERATING REVENUE BY SEGMENT

	Three months ended January 31		Six months ended January 31	
	2003	2002	2003	2002
	(in thousands)		(in thousands)	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
SALES				
Grain Handling and Marketing	\$ 384,307	\$ 526,598	\$ 769,441	\$ 967,298
Agri-products	78,884	64,275	123,198	117,228
Agri-food Processing	30,477	162,620	65,142	322,400
Other	14,983	28,205	30,460	59,575
Intersegment sales	(7,927)	(7,658)	(17,994)	(19,063)
	\$ 500,724	\$ 774,040	\$ 970,247	\$ 1,447,438

SEGMENT EARNINGS FROM OPERATIONS

	Three months ended January 31 2003 (in thousands) (unaudited)				Three months ended January 31 2002 (in thousands) (unaudited)			
	EBITDA	D&A	Loss/ (Gain) or Provision	EBIT	EBITDA	D&A	Loss/ (Gain) or Provision	EBIT
	Grain Handling and Marketing	\$ (1,175)	\$ 7,328	\$ -	\$ (8,503)	\$ 11,250	\$ 8,570	\$ -
Agri-products	(31)	1,935	-	(1,966)	568	3,155	-	(2,587)
Agri-food Processing	1,610	1,281	-	329	10,558	4,286	21,479	(15,207)
Other	1,001	2,218	-	(1,217)	129	2,477	1,244	(3,592)
Segment Results	1,405	12,762	-	(11,357)	22,505	18,488	22,723	(18,706)
Corporate expenses	(4,718)	113	-	(4,831)	(4,826)	305	-	(5,131)
Per Financial Statements	\$ (3,313)	\$ 12,875	\$ -	\$ (16,188)	\$ 17,679	\$ 18,793	\$ 22,723	\$ (23,837)

SEGMENT EARNINGS FROM OPERATIONS

	Six months ended January 31 2003 (in thousands) (unaudited)				Six months ended January 31 2002 (in thousands) (unaudited)			
	EBITDA	D&A	Loss/ (Gain) or Provision	EBIT	EBITDA	D&A	Loss/ (Gain) or Provision	EBIT
	Grain Handling and Marketing	\$ 7,169	\$ 14,883	\$ -	\$ (7,714)	\$ 22,069	\$ 16,196	\$ -
Agri-products	(5,926)	3,677	-	(9,603)	(159)	6,026	-	(6,185)
Agri-food Processing	6,327	2,542	-	3,785	18,177	8,560	21,479	(11,862)
Other	(1,873)	4,438	-	(6,311)	3,499	5,156	1,244	(2,901)
Segment Results	5,697	25,540	-	(19,843)	43,586	35,938	22,723	(15,075)
Corporate expenses	(7,854)	253	-	(8,107)	(8,909)	615	(5,283)	(4,241)
Per Financial Statements	\$ (2,157)	\$ 25,793	\$ -	\$ (27,950)	\$ 34,677	\$ 36,553	\$ 17,440	\$ (19,316)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended January 31		Six months ended January 31	
	2003	2002	2003	2002
	(in thousands)		(in thousands)	
	(unaudited)		(unaudited)	
CASH FROM (USED IN) OPERATING ACTIVITIES:				
Net loss	\$ (18,818)	\$ (25,974)	\$ (34,436)	\$ (38,368)
Add/(deduct) items not involving cash				
Depreciation and amortization	12,875	18,793	25,793	36,553
Loss on disposals	-	22,723	-	17,440
Recovery of future income taxes	(12,394)	(15,882)	(22,827)	(21,605)
Pension and other items	139	(1,279)	683	(4,849)
Bank refinancing amortization	3,283	3,297	5,616	6,689
Non-controlling interest	(497)	(336)	(1,233)	(630)
Cash flow from (used in) operations	(15,412)	1,342	(26,404)	(4,770)
Changes in non-cash working capital items				
Accounts receivable	68,738	201,243	48,181	188,891
Securitization of accounts receivable	2,609	(86,248)	(8,875)	(115,176)
Inventories	9,923	43,037	(11,946)	(10,498)
Securitization of inventories	50,709	(2,541)	14,277	965
Accounts payable	(80,999)	(58,398)	(31,931)	(30,421)
Prepaid expenses	3,930	3,055	(991)	1,746
Changes in non-cash working capital	54,910	100,148	8,715	35,507
Cash from (used in) operating activities	39,498	101,490	(17,689)	30,737
Cash From (Used in) Financing Activities				
Proceeds of long-term debt	43,184	4,300	72,969	4,985
Repayment of long-term debt	(1,786)	(97,351)	(2,966)	(98,612)
Repayment of short-term borrowings	(18,731)	5,411	4,917	15,441
Repayment of members' demand loans	(13,286)	67	(18,446)	(4,744)
Increase (decrease) increase in other long-term liabilities	(327)	(1,306)	(260)	(1,413)
Decrease in share capital	(5)	(1)	(11)	(3)
Cash from (used in) financing activities	9,049	(88,880)	56,203	(84,346)
Cash From (Used in) Investing Activities				
Property, plant and equipment expenditures	(1,705)	(5,022)	(3,357)	(9,298)
Proceeds on sale of property, plant and equipment	539	1,612	1,390	6,367
Divestitures	-	22,795	-	42,759
Increase in cash in trust	(13,898)	-	(13,898)	-
Decrease in investments	2,365	2,385	3,168	2,479
Increase (decrease) in other long-term assets	(6,261)	132	(6,201)	(915)
Cash from (used in) from investing activities	(18,960)	21,902	(18,898)	41,392
Increase (Decrease) in Cash and Cash Equivalents	29,587	34,512	19,616	(12,217)
Cash and Cash Equivalents, Beginning of Period	(13,791)	(33,491)	(3,820)	13,238
Cash and Cash Equivalents, End of Period	\$ 15,796	\$ 1,021	\$ 15,796	\$ 1,021
Supplemental disclosure of cash (paid) recovered during the year:				
Interest	(2,884)	(11,423)	(11,439)	(24,590)
Income Taxes	(1,870)	22,721	(3,418)	22,474

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

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.

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

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