



## Saskatchewan Wheat Pool

For Immediate Release  
December 15, 1999  
Regina, Saskatchewan  
Listed: TSE  
Symbol: SWP.B

### POOL ANNOUNCES FIRST QUARTER RESULTS

Saskatchewan Wheat Pool today announced first quarter results which reflect a loss from Grain Handling and Marketing as previously reported in the Pool's news release of December 8, 1999. This loss reflected significant reductions in grain volumes as a result of the late harvest and logistical issues in the industry.

Interim Chief Executive Officer Bill Hunt said, "Handling volumes in the primary system were down 10% as a result of elevator congestion, combined with a 7% reduction in shipments out of Saskatchewan in the first quarter. In addition, a draw down of stocks already in port position and in transit for export further contributed to the congestion in the country."

The Pool's port terminal volumes were down over 16% in total with reductions at the Pool's Thunder Bay and Vancouver terminals of 29% and 21% respectively. These volume declines were partially offset by increased grain handling volumes through Prince Rupert Grain, as exports off the West Coast favoured that terminal.

For the quarter ended October 31, 1999, the Pool reported a net loss of \$14.5 million or \$0.39 per share. Grain Handling and Marketing showed the largest decline. Smaller decreases were recorded by the Agri-products segment as a result of reduced returns from the Pool's fertilizer affiliate. Agri-food Processing results were solid, but down from the first quarter last year as a result of reduced returns from CanAmera Foods and Fletcher's Fine Foods.

Earnings before interest, securitization, taxes, depreciation and amortization were \$7.5 million, down from \$17.7 million in the first quarter of Fiscal 1999. The Pool recorded a loss before interest, securitization and taxes of \$9.1 million, down from earnings of \$4.1 million for the same quarter a year ago.

Cash flow from operations was \$1.8 million or \$0.05 per share compared to \$7.4 million or \$0.20 per share a year earlier.

On a consolidated basis, sales and operating revenue for the first quarter were \$682 million, down significantly from the \$824 million a year ago. The Grain Handling and Marketing segment accounted for approximately 80% of the decrease as a result of volume declines and lower commodity prices. Low volumes caused a loss in the Grain Handling and Marketing segment of \$5.2 million prior to interest, securitization and taxes.

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The Agri-products segment (formerly called Farm Supplies) reported a loss prior to interest, securitization and taxes of \$3.5 million compared to a loss of \$1.9 million in the first quarter of Fiscal 1999. The decrease was due to reduced contributions from Western Co-operative Fertilizers Limited related to lower sales and higher natural gas costs, a primary input for the manufacture of nitrogen fertilizer.

The Agri-food Processing segment reported earnings prior to interest, securitization and taxes of \$5.1 million compared to \$7 million for the comparable period. CSP Foods' performance improved, while CanAmera Foods, Fletcher's Fine Foods and Prairie Malt had lower results.

Hunt said, "Overall, Fiscal 2000 is shaping up to be another difficult year. The recovery in agriculture continues to be slow and producers' income will remain depressed. Given the large crop in 1999, good climatic conditions, improved transportation logistics, and continued improvements at CSP Foods, results for the year should be slightly ahead of last year.

"For Fiscal 2000, we expect a substantial improvement in cash flow from our core grain and livestock segments. However, there will be a corresponding increase in depreciation and interest expenses as a result of our capital expansion program," Hunt said.

"We remain confident that the Pool is well positioned for the future as a result of our grain handling renewal plans, which are nearing completion," he said. "However, it is imperative that ongoing discussions for changes to Canada's grain transportation system address some of the logistical issues we faced in the first quarter."

**Three Month Handling Volumes  
To October 31  
(Millions of Tonnes)**

	<b>1999-00</b>	<b>1998-99</b>
Primary elevator system	<u>2.20</u>	<u>2.44</u>
Terminal Operations		
Vancouver-SWP	0.44	0.56
Thunder Bay-SWP	0.54	0.76
Share of Affiliates	<u>0.25</u>	<u>0.15</u>
	<u>1.23</u>	<u>1.47</u>

Saskatchewan Wheat Pool is Canada's largest publicly-traded agri-business co-operative. The company's Class B shares are listed on the TSE under the symbol SWP.B.

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**Consolidated Statements of Earnings**  
**For the Three Months Ended October 31**  
(in millions of dollars, except per share amounts)

	<u>1999/00</u>	<u>1998/99</u>
Sales and other operating revenues	\$ 682.2	\$824.5
Cost of sales & operating expenses	648.4	776.7
Selling & administrative expenses	26.8	30.6
Depreciation & amortization	16.7	13.5
	<u>691.9</u>	<u>820.8</u>
Earnings (loss) before the undernoted	(9.7)	3.7
Non-controlling interest	0.2	0.1
Equity earnings of significantly influenced companies	0.4	0.4
	<u>(9.1)</u>	<u>4.2</u>
Earnings (loss) before interest and taxes	(9.1)	4.2
Interest expense	9.4	7.0
Securitization expense	4.8	3.5
	<u>(23.3)</u>	<u>(6.3)</u>
Earnings (loss) before corporate taxes	(23.3)	(6.3)
Provision for/(recovery of) corporate taxes	(8.9)	(2.5)
	<u>\$ (14.4)</u>	<u>\$ (3.8)</u>
Net earnings (loss)	<u>\$ (14.4)</u>	<u>\$ (3.8)</u>
Earnings (loss) per share	<u>\$ (0.39)</u>	<u>\$ (0.10)</u>

**Sales and Operating Revenue by Segment**  
**For the Three Months Ended October 31**  
(in millions of dollars)

	<u>1999/00</u>	<u>1998/99</u>
Grain handling and marketing	\$440.0	\$552.7
Agri-products	57.2	78.3
Agri-food processing	151.5	172.2
Livestock production and marketing	42.3	34.0
Publishing and other	3.2	3.3
Intersegment sales	(12.0)	(16.0)
	<u>\$682.2</u>	<u>\$824.5</u>

**Earnings (Loss) before Interest, Securitization and Taxes by Segment  
For the Three Months Ended October 31  
(in millions of dollars)**

	<i><b>EBIT</b></i>	
	<u><b>1999/00</b></u>	<u><b>1998/99</b></u> (restated)
Grain handling and marketing	\$ (5.2)	\$ 4.3
Agri-products	(3.5)	(1.9)
Agri-food processing	5.1	7.0
Livestock production and marketing	0.1	0.2
Publishing and other	0.4	0.3
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Segment results	(3.1)	9.9
Corporate expenses	(5.8)	(5.3)
Tax provision on equity earnings	(0.2)	(0.5)
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	\$ (9.1)	\$ 4.1
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**Consolidated Balance Sheets  
As at October 31  
(in millions of dollars)**

	<u><b>1999/00</b></u>	<u><b>1998/99</b></u>
Current assets	\$ 754.9	\$ 952.1
Investments	89.7	82.3
Capital assets	894.4	717.6
Other long-term assets	139.4	133.2
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	\$1,878.4	\$1,885.2
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Current liabilities	\$ 678.9	\$ 797.9
Long-term debt	521.2	368.9
Other long-term liabilities	49.6	51.8
Non-controlling interest	4.9	4.3
Shareholders' equity	623.8	662.3
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	\$1,878.4	\$1,885.2
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**Consolidated Statements of Cash Flows**  
**For the Three Months Ended October 31**  
(in millions of dollars, except cash flow per share)

	<u>1999/00</u>	<u>1998/99</u>
		(restated)
Net loss	\$ (14.4)	\$ (3.8)
Depreciation and amortization	16.7	13.5
Other	(0.5)	(2.3)
Cash flow from operations	<u>1.8</u>	<u>7.4</u>
Changes in non-cash working capital items	14.2	(13.4)
Cash from (used in) operating activities	<u>16.0</u>	<u>(6.0)</u>
Net increase in long-term debt	53.1	169.4
Proceeds of short-term borrowings	98.1	15.9
Repayments of members' demand loans	(3.7)	(6.4)
Dividends	(15.0)	(15.0)
Other	1.2	2.5
Cash from financing activities	<u>133.7</u>	<u>166.4</u>
Increase in capital assets	(52.3)	(77.2)
Business acquisitions	-	(9.2)
Decrease (increase) in investments	0.1	(4.8)
Increase in other long-term assets	(3.0)	(8.5)
Cash used in investing activities	<u>(55.2)</u>	<u>(99.7)</u>
Increase in cash and cash equivalents	94.5	60.7
Cash and cash equivalents, beginning of period	2.9	9.9
Cash and cash equivalents, end of period	<u>\$ 97.4</u>	<u>\$ 70.6</u>
Cash flow per share	<u>\$ 0.05</u>	<u>\$ 0.20</u>

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