



**Saskatchewan Wheat Pool**

# NEWS RELEASE

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For Immediate Release

Regina, Saskatchewan

Listed: TSE

Symbol: SWP.B

## **POOL ANNOUNCES THIRD QUARTER RESULTS**

Saskatchewan Wheat Pool's third quarter results showed improved grain handling volumes in both the primary elevator and terminal elevator systems. Third quarter primary grain handling volumes exceeded the same quarter last year by 29%, putting year to date volumes 7% ahead of last year. Total terminal volumes were 10% ahead of last year with year-over-year increases reported for all facilities except Thunder Bay, which was down 28%. This was primarily due to lower Canadian Wheat Board sales through the eastern corridor and some volumes bypassing the port in favour of direct rail shipments to eastern Canada. The Pool's share of grain handled by its partially-owned affiliate, Prince Rupert Grain, more than doubled 1999's level as the terminal continued to be the prime beneficiary of the rise in Canadian Wheat Board exports for the period.

"We are pleased to see an improvement in grain handling volumes this quarter considering the significant challenges to the industry this year," says CEO Mayo Schmidt. When the Pool initiated Project Horizon it was our goal to maximize volumes through a more efficient system. Sixty per cent of our year-to-date volumes were handled at high throughput facilities which clearly demonstrates the viability of our system renewal strategy".

Despite the grain volume improvement, the Pool reported a net loss of \$18.9 million or \$0.50 per share prior to pre-tax provisions of \$33.3 million and a \$4.2 million gain on the sale of the Pool's 35% interest in Robin's Food Inc. for the quarter ended April 30, 2000. The provisions include:

- a \$28.2 million restructuring charge announced on March 7 to downsize and restructure its corporate and commercial operations, and
- a \$5.1 million loss provision related to its 39% investment in Agro Pacific Industries Ltd., a feed manufacturer headquartered in British Columbia. In April, API announced that it had applied for court protection and was proceeding to restructure its financial obligations.

After these provisions and gain on sale, the Pool recorded a net loss of \$36.4 million or \$0.97 per share for the quarter compared to a loss of \$9.7 million or \$0.26 in the 3<sup>rd</sup> quarter of Fiscal 1999. For the nine-month period, the Pool's net loss totaled \$44 million or \$1.17 per share. The loss increased to \$65.6 million or \$1.75 per share after the provisions. This compares to a nine-month loss of \$14.2 million or \$0.38 per share in fiscal 1999.

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CEO Schmidt says, "the Pool's financial performance in the first three quarters underscores the need to improve efficiency, reduce costs and position the organization to return to profitability as quickly as possible. We have initiated a shift in strategic thrust from capital intensive investment to strategic alliances and supply arrangements. Meeting the needs of destination market customers will be a priority going forward. We have reinforced fiscal prudence and accountability throughout the organization and have emphasized that our focus is to return the organization to profitability. We are moving aggressively in the right direction with these initiatives."

Cash flow from operations for the three month period was \$800,000 or \$0.02 per share compared to \$6.1 million or \$0.16 in 1999. The nine month cash flow totaled \$15.1 million compared to \$25.7 million last year.

On a consolidated basis, sales and operating revenue for the first nine months were \$2.3 billion, down from \$2.5 billion a year earlier, primarily as a result of low commodity prices in Grain Handling and Marketing. Improved operating earnings from increased grain handling volumes were more than offset by increased depreciation expenses and estimated costs of \$8.2 million associated with a single international transaction as an Accredited Exporter of the Canadian Wheat Board. For the nine-month period, the Grain Handling and Marketing segment reported an operating loss, prior to provisions, of \$13.4 million compared to a \$400,000 operating earning in 1999.

Lower sales in the Agri-products segment reflected lower volumes and selling prices at Western Cooperative Fertilizers, the Pool's one-third owned affiliate, and lower fall fertilizer sales in the Pool's retail Agri-products division. For the first nine-months of fiscal 2000, the loss of \$6.6 million compares to a \$6.7 million earning in 1999. Despite these lower results, the Agri-products group is expecting a strong fourth quarter and will provide the largest contribution to Fiscal 2000 earnings.

In Agri-Food Processing, sales declined 10% primarily as a result of lower selling prices and slightly lower crush volumes at CanAmara Foods, the Pool's oilseed crushing and refining affiliate. Despite difficult industry conditions, the Agri-Food Processing segment provided an important contribution during the period. Year-to-date operating earnings were \$10.1 million prior to the \$4.2 million pre-tax gain on the sale of Robin's Foods.

Sales in the Livestock Production and Marketing segment grew 19%. Operating earnings prior to provisions improved to \$700,000 compared to a loss of \$1 million for the 9 month period last year. The Publishing and Other segment posted operating earnings of \$2.7 million for the nine month period.

Saskatchewan Wheat Pool is based in Regina, Saskatchewan and is Canada's largest publicly traded agri-business co-operative. The Pool's Class B shares are listed on the Toronto Stock Exchange under the symbol SWP.B.

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**Nine Month Handling Volumes to April 30**  
**(millions of tonnes)**

	<b><u>1999/00</u></b>	<b><u>1998/99</u></b>
Primary Elevator System	<u>6.21</u>	<u>5.82</u>
Terminal Operations		
Vancouver - SWP	1.60	1.48
Thunder Bay - SWP	1.20	1.66
Share of Affiliates	<u>1.39</u>	<u>0.66</u>
	<u>4.19</u>	<u>3.80</u>

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**Consolidated Statements of Earnings**  
(in millions of dollars, except per share amounts)

	Three Months Ended April 30		Nine Months Ended April 30	
	2000 (unaudited)	1999 (unaudited)	2000 (unaudited)	1999 (unaudited)
Sales and other operating revenues	\$730.5	\$767.5	\$2,300.7	\$2,536.9
Cost of sales and operating expenses	699.7	726.1	2,188.6	2,398.5
Selling and administrative expenses	24.5	29.4	82.0	89.4
Depreciation and amortization	17.6	14.8	53.5	41.5
Provisions for impairment and restructuring, net of gain on sale of an investment	29.1	-	36.0	4.5
	770.9	770.3	2,360.1	2,533.9
Earnings (loss) before the undernoted Equity earnings (loss) of significantly influenced companies	(40.4)	(2.8)	(59.4)	3.0
Non-controlling interest	(0.5)	0.1	(1.5)	2.1
	(0.1)	(0.1)	-	-
Earnings (loss) before interest & taxes	(41.0)	(2.8)	(60.9)	5.1
Interest expense	12.5	7.8	32.7	20.5
Securitization expense	2.0	2.3	8.1	7.8
Earnings (loss) before corporate taxes	(55.5)	(12.9)	(101.7)	(23.2)
Recovery of corporate taxes	19.2	3.2	36.1	9.0
Net earnings (loss)	\$(36.3)	\$(9.7)	\$(65.6)	\$(14.2)
Earnings (loss) per share	\$(0.97)	\$(0.26)	\$(1.75)	\$(0.38)

**Sales and Other Operating Revenues by Segment**  
(in millions of dollars)

	Three Months Ended April 30		Nine Months Ended April 30	
	2000 (unaudited)	1999 (unaudited) (restated)	2000 (unaudited)	1999 (unaudited) (restated)
Grain Handling and Marketing	\$457.0	\$477.9	\$1,512.3	\$1,688.4
Agri-products	85.2	89.8	201.3	237.6
Agri-food Processing	135.1	156.3	449.4	500.2
Livestock Production and Marketing	59.0	50.1	164.0	137.8
Publishing and Other	5.3	5.4	11.9	12.1
Intersegment Sales	(11.1)	(12.0)	(38.2)	(39.2)
	\$730.5	\$767.5	\$2,300.7	\$2,536.9

### Segment Earnings from Operations

	(in millions)				(in millions)			
	Three months ended April 30 2000				Three months ended April 30 1999			
	(unaudited)				(unaudited) (restated)			
	EBITDA	D&A	Provisions	EBIT	EBITDA	D&A	Provisions	EBIT
Grain Handling & Marketing	\$ (2.3)	\$ 7.7	\$ 20.0	\$ (30.0)	\$ 2.1	\$ 5.6	\$ -	\$ (3.5)
Agri-products	2.2	2.8	-	(0.6)	6.2	3.5	-	2.7
Agri-food Processing	6.5	3.9	(4.2)	6.8	6.8	3.8	-	3.0
Livestock Production & Marketing	2.3	2.7	5.1	(5.5)	0.8	1.6	-	(0.8)
Publishing & Other	2.0	0.1	-	1.9	1.9	0.1	-	1.8
<b>Segment Results</b>	<b>10.7</b>	<b>17.2</b>	<b>20.9</b>	<b>(27.4)</b>	17.8	14.6	-	3.2
Reconciling Differences:								
Corporate Expenses	(5.0)	0.4	8.2	(13.6)	(5.4)	0.2	-	(5.6)
Tax Provision on Equity Earnings	-	-	-	-	(0.4)	-	-	(0.4)
<b>Per Financial Statements</b>	<b>\$ 5.7</b>	<b>\$ 17.6</b>	<b>\$ 29.1</b>	<b>\$ (41.0)</b>	\$ 12.0	\$ 14.8	\$ -	\$ (2.8)

### Segment Earnings From Operations

	(in millions)				(in millions)			
	Nine months ended April 30 2000				Nine months ended April 30 1999			
	(unaudited)				(unaudited) (restated)			
	EBITDA	D&A	Provisions	EBIT	EBITDA	D&A	Provisions	EBIT
Grain Handling & Marketing	\$ 10.4	\$ 23.8	\$ 26.9	\$ (40.3)	\$ 17.1	\$ 16.7	\$ -	\$ 0.4
Agri-products	2.3	9.0	-	(6.7)	14.6	8.0	-	6.6
Agri-food Processing	21.8	11.7	(4.2)	14.3	31.8	11.3	4.5	16.0
Livestock Production & Marketing	8.1	7.5	5.1	(4.5)	2.8	3.8	-	(1.0)
Publishing & Other	3.1	0.3	-	2.8	2.9	0.3	-	2.6
<b>Segment Results</b>	<b>45.7</b>	<b>52.3</b>	<b>27.8</b>	<b>(34.4)</b>	69.2	40.1	4.5	24.6
Reconciling Differences:								
Corporate Expenses	(17.6)	1.2	8.2	(27.0)	(16.5)	1.4	-	(17.9)
Tax Provision on Equity Earnings	0.5	-	-	0.5	(1.6)	-	-	(1.6)
<b>Per Financial Statements</b>	<b>\$ 28.6</b>	<b>\$ 53.5</b>	<b>\$ 36.0</b>	<b>\$ (60.9)</b>	\$ 51.1	\$ 41.5	\$ 4.5	\$ 5.1

**Consolidated Balance Sheets**  
**(in millions of dollars)**  
**As at April 30**

	<b>2000</b>	<b>1999</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Current assets	\$ 710.8	\$ 694.1
Investments	79.2	82.4
Capital assets	897.3	833.3
Other long-term assets	135.0	143.5
	<u>\$1,822.3</u>	<u>\$1,753.3</u>
Current liabilities	\$ 655.1	\$ 571.0
Long-term debt	545.7	478.2
Other long-term liabilities	44.0	46.9
Non-controlling interest	4.9	5.3
Shareholders' equity	572.6	651.9
	<u>\$1,822.3</u>	<u>\$1,753.3</u>

**Consolidated Statements of Cash Flows**  
**(in millions of dollars, except cash flow per share)**  
**For the Nine Months Ended April 30**

	<b>2000</b>	<b>1999</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
		<b>(restated)</b>
Net loss	\$ (65.6)	\$ (14.2)
Depreciation and amortization	53.5	41.5
Provisions for impairment and restructuring, net of gain on sale of an investment	32.3	2.4
Other	(5.1)	(4.0)
Cash flow from operations	15.1	25.7
Changes in non-cash working capital items	(167.2)	(24.8)
Cash (used in)/from operating activities	(152.1)	0.9
Proceeds of long-term debt, net	80.9	263.3
Proceeds/(repayment) of short-term borrowings	156.1	(15.1)
Repayment of members' demand loans	(11.3)	(7.4)
Dividends	(15.0)	(15.0)
Other	3.6	(1.3)
Cash from financing activities	214.3	224.5
Increase in capital assets	(95.4)	(223.6)
Divestitures/(business acquisitions)	6.7	(14.9)
Decrease (increase) in investments	0.3	(3.1)
Increase in other long-term assets	(4.2)	(21.1)
Cash used in investing activities	(92.6)	(262.7)
Decrease in cash and cash equivalents*	(30.4)	(37.3)
Cash and cash equivalents, beginning of period*	2.9	9.9
Cash and cash equivalents, end of period*	<u>\$(27.5)</u>	<u>\$(27.4)</u>
Cash flow per share	<u>\$ 0.40</u>	<u>\$ 0.69</u>

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