



Information Bulletin

To all agents, suppliers and commercial delegations

THE SAQ'S FIRST QUARTER RESULTS FOR FISCAL 2006–2007 PERFORMANCE AND SALES BOTH RISE

Montreal, August 24, 2006 – In its first quarter of fiscal 2006–2007—specifically from March 26 to June 17, 2006—the SAQ had net earnings of \$135.5 million, a 7.1% increase from the same period in the preceding financial year. For their part, sales were up 5%, from \$542.0 million to \$569.2 million. These results are in line with forecasts and continue to reflect the steps taken by management to improve the company's sales performance and return on assets as well as the productivity of its resources.

The outlet and specialized centre network once again distinguished itself by posting a 6.6% increase in net sales, which totalled \$388.3 million, compared with \$364.3 for the same period in fiscal 2005–2006. The \$24-million increase is attributable on the one hand to the success of the promotional campaigns and on the other hand to the constantly improving customer service. Consumers were also able to take advantage of the better quality-price ratio for some 600 products that the SAQ pays for in euros and whose prices dropped an average 8% in February. Overall sales of this product group rose 15.9% from the same period last year. By way of comparison, sales of all other products increased a more modest 4.3%.

Sales in the wholesaler-grocer network fell \$2.1 million to end the quarter at \$53.6 million. Many consumers bought products through this network in the weeks following the settlement of the labour dispute that had erupted in the SAQ outlets during the preceding fiscal year.

Operating expenses remained relatively stable at \$104.8 million, a slight 1.7% increase, thereby helping the company reach its objective of increased profitability. In the first quarter, operating expenses equalled 18.4% of retail sales, compared with 19.0% in the same quarter in fiscal 2005–2006. This performance attests to the many efforts made to contain the growth in the company's operating expenses while continuing to improve its business processes.

Note: The 2006 First Quarter Results (PDF format) are online on our web portal SAQ-B2B.com, under the tab "Communications".