



Information Bulletin

To all agents, suppliers and commercial delegations

THE SAQ'S THIRD QUARTER RESULTS FOR FISCAL 2006–2007: NET EARNINGS RISE 4% - THE SAQ CONTINUES ITS GROWTH

Montreal, February 21, 2007 – The SAQ closed the third quarter of its 2006–2007 financial year with net earnings of \$291.2 million, an increase of \$11.2 million or 4% over the preceding financial year.

Net sales totalled \$803.2 million in the third quarter, compared with \$757.6 million for the corresponding period in 2005–2006, an increase of \$45.6 million or 6%. This growth is attributable mainly to the outstanding performance of the outlet and specialized centre network, which posted net sales of \$702.2 million, as opposed to \$653.4 million in the preceding year, a 7.5% increase. For their part, net sales in the wholesaler–grocer network fell \$3.2 million to \$101 million.

For the 40-week period ended on December 30, 2006, net sales amounted to \$1.722 billion, compared with \$1.629 billion in 2005–2006, a 5.7% increase. In the same period, net earnings rose to \$588.5 million, compared with \$555.6 million in 2005–2006, a \$32.9 million or 5.9% increase. The outlet and specialized centre network saw its sales increase 6.9% to \$1.510 billion during the period. The results speak loudly of the efforts of the employees who work in the SAQ network and the new customer-centred approach implemented at the start of the financial year. Cumulative net sales in the wholesaler–grocer network decreased a slight 2.4% to \$211.3 million.

Successful promotions contributed to a significant 7.9% increase in outlet network wine sales in dollar terms. The main beneficiaries of this growth were wines in the \$24 to \$25 range, which saw a 51% increase in sales. Wines in the \$14 to \$17 range also performed well, with sales increasing by more than 20%. In volume terms, overall sales grew 4.3% from the same period last year while net sales (in dollars) increased 6%, confirming the trend in buying habits toward wines and higher-end products.

As usual, customer traffic increased sharply in December; good year or bad, the period accounts for approximately 15% of the company's sales. Sales of gift cards totalled \$7.2 million, compared with \$5.8 for the same period last year.



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Lastly, in November the SAQ launched a “new concept” outlet that is halfway between a traditional store and an interactive self-training centre. Located in Laval at the intersection of Highways 18 and 440, this new store is the forerunner of a new generation of SAQ Sélection outlets. It features, among other things, a coding system that helps customers better pick wines that match their palates from among the many bottles on offer. Customers can also drop by a tasting station, where they can taste up to a dozen specialty wines selected by the staff. All specialty wines are grouped together in a separate Cellier section, a nod to the upmarket magazine of the same name launched in August 2006 and published three times a year by the SAQ. The new concept also includes a Quick Pick section for customers who are pressed for time but still in search of a good quality-price ratio.

Note: The 2006-2007 Third Quarter Results document (PDF format) is online on our web portal SAQ-B2B.com, under the tab “Communications”.