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SAQ FINANCIAL REPORT

THIRD QUARTER ENDED DECEMBER 30, 2006



THE SAQ IS BUILDING MOMENTUM

The SAQ closed the third quarter of its 2006-2007 fiscal year with consolidated net earnings of \$291.2 million, up \$11.2 million or 4% from the previous year. For the first 40 weeks of the fiscal year, the SAQ achieved consolidated net earnings of \$588.5 million, compared with \$555.6 million in 2005-2006, an increase of \$32.9 million or 5.9%. For the final quarter, consolidated sales totalled \$1.019 billion, representing growth of \$49.9 million or 5.1%. Moreover, overall operating expenses for the fiscal year increased slightly by 1.4%, ending at \$347.7 million.

NET SALES

Consolidated net sales in the third quarter totalled \$803.2 million, compared with \$757.6 million for the same period in 2005-2006, an increase of \$45.6 million or 6%. This variation is due primarily to the excellent performance of the SAQ's outlets and specialized centres. Net sales for the network reached \$702.2 million, a 7.5% increase over the previous year's total of \$653.4 million. Net sales of wholesaler-grocer network decreased by \$3.2 million to end the year at \$101 million.

For the 40-week period ended December 30, 2006, consolidated net sales reached \$1.722 billion, up 5.7% over the previous year's total for the same period of \$1.629 billion. The outlet and specialized centre network achieved a 6.9% increase in net sales for this period, finishing at \$1.510 billion. These results clearly attest to the remarkable efforts of the SAQ's employees throughout the network as well as to the new customer-centered approach launched at the beginning of the fiscal year. However, cumulative net sales for the year through the SAQ's wholesaler-grocer network decreased by 2.4%, closing at \$211.3 million.

The overall volume sold increased by 2.3 million litres in the fourth quarter, reaching a total of 55.2 million litres. This variation stems primarily from the network of outlets and specialized centres, where the volumes sold increased by 5.7% to 42.7 million litres. Sales to the wholesaler-grocer network held steady at 12.5 million litres. Wine sales grew by 5.3% or 2.3 million litres for the SAQ network. Spirit sales achieved modest growth in 2006-2007, rising 1.4% to 7 million litres.

For the current fiscal year, the overall sales volume reached 124.4 million litres, an impressive increase of 4.5% or 5.3 million litres from the same period last year. Yet again, the outlet and specialized centre network accounted for virtually all of this increase with sales of 97.8 million litres, compared with 93.1 million litres in 2005-2006. This variation is also due to the volume of wines sold through this network, which increased by 8.1% or 5.7 million litres.

GROSS EARNINGS

Consolidated gross earnings in the third quarter reached \$434.3 million, up \$16.1 million from the previous year. The gross margin was 54.1%. For the current year, the \$936.2 million in consolidated gross earnings represents an increase of \$37.9 million, with a gross margin of 54.4% compared with 55.1% for the 2005-2006 fiscal year.

OPERATING EXPENSES AND INVESTMENTS

Consolidated operating expenses for the last quarter were \$143.1 million, an increase of \$4.9 million or 3.5%, which was due primarily to the greater staff numbers needed to maintain the quality of service throughout the network of outlets. For the first 40 weeks, operating expenses totalled \$347.7 million, compared with \$342.8 million for the previous fiscal year, a moderate 1.4% increase. Expressed as a percentage of the value of retail sales, operating expenses are 15.8% for the current year, compared with 16.4% in fiscal 2005-2006. This outcome is in line with the positive trend observed over the past two fiscal years with respect to the organization's operating ratios.

In addition, the SAQ dedicated \$6.4 million to new investments during the last quarter. Nearly \$3 million was invested in the administrative spaces optimization project, which is expected to generate annual savings of \$1 million. Updating the outlet network required an investment more than \$2 million, while another \$700,000 was put into IT systems development and equipment purchases.

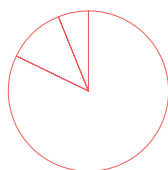
Lastly, the SAQ was pleased with the report issued in November 2006 by Quebec's Auditor General. In it, the Auditor General noted that the SAQ's overhaul of its purchasing and marketing policies has brought the organization into the modern era of retail commerce. The aims of the overhaul were, among other things, to increase competition between suppliers with respect to product selection. These changes resulted in a new and improved product offer and a better quality-price ratio, which ultimately benefits our various client groups. It is also worth pointing out that other improvements have already been or are in the process of being rolled out with respect to the SAQ's organizational practices, which will be brought into line with the provisions of the *Act respecting the governance of state-owned enterprises*, which was recently passed by the Quebec government.



SYLVAIN TOUTANT
PRESIDENT AND CHIEF EXECUTIVE OFFICER

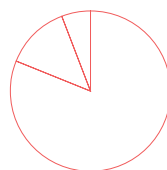
THIRD-QUARTER OPERATING RESULTS AT A GLANCE

Unaudited consolidated data



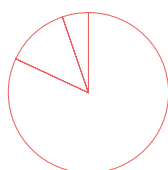
NET SALES, BY SALES NETWORK Q3 2006-2007

82.3% Outlets and specialized centres
11.8% Wholesaler-grocer
5.9% Brewers and beer distributors



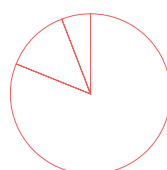
NET SALES, BY SALES NETWORK Q3 2005-2006

81.3% Outlets and specialized centres
13.0% Wholesaler-grocer
5.7% Brewers and beer distributors



SALES IN VOLUME, BY PRODUCT CATEGORY¹ Q3 2006-2007

82.1% Wines
12.7% Spirits
5.2% Imported and microbrewery beers, ciders and coolers

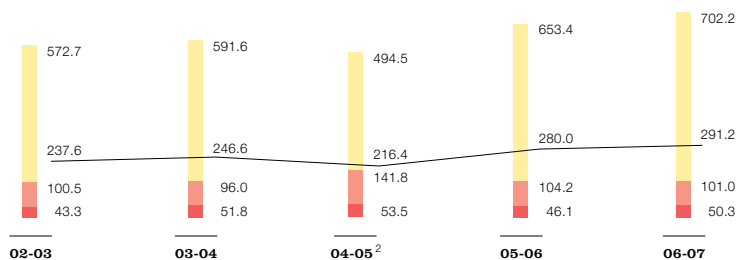


SALES IN VOLUME, BY PRODUCT CATEGORY¹ Q3 2005-2006

81.3% Wines
13.0% Spirits
5.7% Imported and microbrewery beers, ciders and coolers

CHANGE IN NET SALES AND NET EARNINGS

(in millions of dollars)



■ Net sales – outlets and specialized centres
■ Net sales – wholesaler-grocer
■ Net sales – brewers and beer distributors
— Net earnings

VARIATION IN NET SALES COMPARED WITH FISCAL YEAR 2005-2006

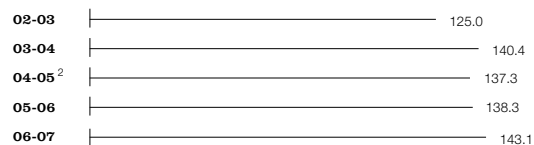
Outlets and specialized centres	7.5%
Wholesaler-grocer	-3.1%
Brewers and beer distributors	9.1%
Total variation	6.2%

NET PROFIT MARGIN ON NET SALES¹

Q3 2006-2007	36.3%
Q3 2005-2006	37.0%
Q3 2004-2005 ²	34.0%
Q3 2003-2004	35.9%
Q3 2002-2003	35.3%

CHANGE IN OPERATING EXPENSES

(in millions of dollars)



OPERATING EXPENSES AS A PERCENTAGE OF NET SALES¹

Q3 2006-2007	17.8%
Q3 2005-2006	18.3%
Q3 2004-2005 ²	21.6%
Q3 2003-2004	20.4%
Q3 2002-2003	18.6%

¹ Excluding sales to brewers and beer distributors, which generate no gross earnings.

² This quarter was disrupted by a labour conflict.

To conform with the basis of presentation adopted in the current year, certain figures previously reported have been reclassified.

