

ANNUAL REPORT 2020



SAQ

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2020 HIGHLIGHTS

Fiscal year ended March 28, 2020
(in millions of Canadian dollars and in millions of litres for volume sales)

	2020	2019	Change (%)
FINANCIAL RESULTS			
Sales	3,488.7	3,293.9	5.9
Gross margin	1,762.0	1,670.8	5.5
Net expenses ^{1,2}	536.5	524.9	2.2
Profit ²	1,225.5	1,145.9	6.9
Comprehensive income	1,225.7	1,144.5	7.1
FINANCIAL POSITION			
Total assets ²	1,283.7	913.8	40.5
Property, plant and equipment and intangible assets	196.0	193.8	1.1
Net working capital ²	(168.2)	(118.4)	(42.1)
Long-term liabilities ²	289.5	35.8	708.7
Shareholder's equity	39.9	39.7	0.5
SALES BY NETWORK			
Stores and specialized centres	3,137.2	2,947.0	6.5
Wholesale grocers	351.5	346.9	1.3
Total	3,488.7	3,293.9	5.9
NET SALES BY PRODUCT CATEGORY			
Wines	2,503.8	2,393.8	4.6
	174.8 L	169.6 L	3.1
Spirits	890.8	816.6	9.1
	27.3 L	25.5 L	7.1
Beers, ciders and coolers ³	94.1	83.5	12.7
	15.4 L	13.6 L	13.2
Total	3,488.7	3,293.9	5.9
	217.5 L	208.7 L	4.2
ADDITIONAL FINANCIAL DATA			
Government revenue ⁴	2,372.6	2,234.1	6.2

1. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income.
2. Reflecting the adoption, on March 31, 2019, of IFRS 16. For more information about this standard, please see Note 4 to the consolidated financial statements in the French-language version of this report.
3. Also known as RTDs (ready-to-drinks), FABs (flavoured alcoholic beverages) and cocktails.
4. Includes the declared dividend, sales taxes, the specific tax on alcoholic beverages, excise taxes and customs duties.



MESSAGE FROM THE CHAIR OF THE BOARD

At the Société des alcools du Québec (SAQ), the 2019–2020 fiscal year was marked by the sustained effort of its employees to implement structuring projects aimed at enhancing the customer experience, increasing efficiency across the organization and improving the company's impact on society.

Work on these major projects was punctuated by challenges that gave the SAQ the opportunity to demonstrate leadership and mobilize for the common good. I'm thinking in particular of all the company has done to improve glass usage in the wine and spirits industry. Be it by setting up issue tables, introducing new requirements favouring the use of lightweight glass or helping lay the groundwork for recycling and transforming glass here in Quebec, the company has used its influence to raise awareness in the wine industry and begin bringing about changes in glass use.

This shows the importance of having a strong, present and agile SAQ. And here I want to underscore senior management's effective response to the COVID-19 pandemic, which allowed the company to swiftly adopt to the new business reality, implement all the prevention measures for ensuring employees' and customers' health and safety and let Quebecers continue shopping securely in stores and online.

I also want to acknowledge the employees' resilience and the strength of the supply chain, both of which were key factors in enabling the SAQ to take on the crisis. The company also supported its producer partners and restaurateurs with new arrangements and Quebecers in need with a spontaneous donation to Food Banks of Quebec.

Beyond this history-making event, which arrived at the end of the fiscal year, 2019–2020 was the last opportunity to complete the initiatives resulting from the company's 2018–2020 strategic plan and bring that chapter to a successful close, which the SAQ most definitely did, increasing sales 11.7% since 2017 and remitting a total dividend of nearly \$3.5 billion.

Moreover, a significant reduction in operating expenses as a percentage of sales made a remarkable contribution to the company's profitability. Customers also enjoyed improvements in their experience in the areas of personalization, product offer and pricing. Also, during the period covered by the last strategic plan, the SAQ created and launched the operations of its subsidiary, the Société québécoise du cannabis, at the request of the Quebec government.

Among its other accomplishments, the SAQ raised its contribution to Food Banks of Quebec to a record-high level, nearly \$4.5 million over three years. The SAQ also began reaping the rewards of several years of effort to improve its operating efficiency, cost control and actions as a socially responsible organization.

The SAQ also took advantage of the year just ended to develop its vision and strategies for the three-year period from 2021 through 2023, which have been adopted by the Board of Directors. The Board is confident that the actions presented in the new strategic plan – whose new vision is to inspire Quebecers' pride – will not only move the company forward and take it to where we hope, as a government corporation, it will be in three years but also make Quebecers even prouder of their SAQ.

In closing, I want to thank all the members of the Board of Directors for their service and enthusiastic participation in the SAQ's success. On behalf of the entire Board, I also thank Marc G. Bruneau for his contribution to the work of three Board committees and welcome Jean-Pierre Poulin, who is joining the Board on April 1, 2020. In addition, I want to acknowledge the exception work of the Management Committee and of all the employees of the Société des alcools du Québec, whose passion for products and customers makes it possible to provide an inspiring shopping experience and create everyday an SAQ that truly reflects Quebecers.

Johanne Brunet
Chair of the Board of Directors



MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

In fiscal 2019–2020, more than ever, the SAQ was, inspired by its customers and open to the world. Last year, we listened even closer to Quebecers and adapted how we do business as a result.

Whether it was the increasing availability of local and organic products, the ease of searching and shopping on our new, user-friendly website, our bargaining with suppliers to obtain the most competitive prices in Canada or being even more productive as well as more involved in the community, we worked to be even closer to you and to better meet your needs.

Although a deposit-refund system was not part of our original plans, we have heard our fellow citizens and added our voice to those calling for this change in how recyclable containers are handled. Glass recycling is a societal project that we have made a corporate project and are proud to play a leading role in. Because not only have we embraced this challenge, we are devoting time and resources to collaborating on developing and implementing the best possible solution for Quebecers.

This openness to the world, this renewed dialogue, is also our way of sharing with you. You have appreciated this and recognized our efforts by raising the SAQ to top spot in Léger's WOW Customer Experience Index in the in-store retail experience category. For the first time, we have been recognized as the top retailer among 200 Quebec companies. We view this honour as a mark of trust and an encouragement to move ahead with our work.

Determined to meet expectations, we remained focused on our objectives and continued taking the necessary steps to realize our strategic plan and advance the SAQ. In fiscal 2019–2020, we will remit to the Quebec government a dividend of \$1.226 billion, which will be used to fund programs of benefit to all Quebecers. We are pleased that our everyday efforts contribute to the collective good. That is why we will continue working hard to improve our performance in the areas of operating expenses, the customer experience we deliver, employee commitment, our partnership with the Food Banks of Quebec network and many other projects that make a difference.

The SAQ's 2019–2020 fiscal year will end under unusual circumstances stemming from the COVID-19 pandemic. As a business considered essential, our stores have remained open during the government-ordered lockdown. We succeeded in quickly adapting our operations to the new reality by implementing a wide range of initiatives to ensure the safety of our employees and customers while continuing to make a priority of providing the best possible customer experience and contributing to the community's well-being. The SAQ has fortunately been able to rely on a dynamic, flexible team that rapidly adapted to the new business context and delivered creative solutions for better serving our various customer segments.

In closing, I offer my deep gratitude to all the people in the SAQ's orbit who care about its success. I am thinking, of course, of the Board of Directors, which places its trust in us even as it demonstrates exemplary rigour; of the suppliers who work closely with us to constantly offer high quality and fair prices to our customers; of the managers who embrace our corporate challenges, make them their own and rally their teams to achieve the set objectives; and of our store, warehouse and office employees. Day in, day out, they prove just how smart, flexible, resilient and committed they are. Gratitude for a job well done!

Catherine Dagenais
President and Chief Executive Officer

MANAGEMENT COMMITTEE



Catherine Dagenais
President
and Chief Executive Officer



Carl Boucher
Vice-President
Information Technology



Luc Bourdeau
Vice-President
Supply Chain



Sandrine Bourlet
Vice-President
Marketing and Merchandising



Martine Comtois
Vice-President
Corporate Affairs and
Secretary General



Alexandre Côté
Vice-President
Human Resources



Jacques Farcy
Vice-President
Sales Network Operations



Édith Filion
Vice-President and
Chief Financial Officer



Marie-Hélène Lagacé
Vice-President
Public Affairs,
Communications and
Social Responsibility

OUR MISSION

The SAQ is mandated to sell beverage alcohol by offering a wide variety of quality products in every region of Quebec. It does business in ways that respect local communities and the environment all while creating value for Quebecers and providing an unmatched customer experience.

OUR VISION

Inspired by our customers. Open to the world.

OUR VALUES

**In managing its business, the SAQ abides by three core values.
They inspire the company's culture and guide employees' decision-making.**

PASSION

Passion drives us to excel so we can offer even more to customers. It is the enthusiasm, shared by our employees, for the world of wines and spirits, for advising customers and for working efficiently every day, whatever of the task. Passion is also apparent in the dynamism and entrepreneurial spirit that inform all our business practices. It is what makes us proud to be part of the larger SAQ team.

COURAGE

Courage is the foundation of our success. In courage resides our commitment to reinventing ourselves, showing initiative and leaving the beaten path so as to be able to offer the best possible customer experience. Courage is also the confidence to take risks and venture into the unknown. It gives us the tools and manoeuvring room necessary to improve how we work. Courage should inspire all SAQ employees so all feel justified in acting as initiators and ambassadors of change.

RESPONSIBILITY

Responsibility means fully assuming our professional role, in particular by soundly managing public funds, staying focused on our sustainable development goals and applying our sales ethic. Responsibility commits SAQ employees to fully assuming the consequences of the actions they take and the decisions they make and maintaining the excellence of the customer experience. Responsibility and accountability require that information be shared and a climate of trust maintained in the company.



REVIEW OF ACTIVITIES



SAQ

INSPIRED BY OUR CUSTOMERS

At the SAQ, customers are our raison d'être. They influence all our decisions and guide our every action. Their needs, expectations and comments are sources of inspiration as well as inducements to self-questioning. It is by placing customers at the centre of our business mission and adapting to our swiftly changing business environment that we succeed in making the SAQ a dynamic, widely appreciated company that seeks to provide the best possible customer experience now and forever.

OPEN TO THE WORLD

Every day, the better to excel, we are inspired by new trends and the best practices from here and abroad. We seek opportunities for dialogue with suppliers and customers and favour sharing as a way of advancing together. We spark change and build the future with the aim of becoming one of the best—and best-performing—players in our industry. Being open to the world also, even especially means simply sharing our passion for people and products.

Net earnings of

\$1.226 BILLION

all of which is remitted, in the form of a dividend, to the Quebec government to the benefit of all Quebecers.

**7,082
EMPLOYEES**

**410 STORES
426 AGENCY STORES**

**15,700
PRODUCTS**

offered for sale in fiscal 2019-2020

1.8 MILLION

active Inspire customer-members

23.6 MILLION

cases shipped to our points of sale

EXCELLENCE OF THE CUSTOMER EXPERIENCE

Every day, we make discoveries from around the globe available in our stores across Quebec. We offer a broad range of quality products at every price point and we fully assume our responsibility to the community and the environment. Customers recognize our efforts, our know-how and our commitment to helping them explore the world of wines and spirits. No less than 93% of them say they are pleased with their in-store experience. This result is a huge source of pride because we are some 7,100 employees who put all our heart, passion and talent into satisfying them every day.

AN UNMATCHED SELECTION

Because our customers are curious and like to explore, our buyers seek out quality products from the world's top terroirs. In fiscal 2019-2020, we offered more than 15,700 products in our stores and on SAQ.COM to meet customers' expectations. To this number can be added some 20,000 private import products, many purchased by permit holders seeking to stand apart with an original and exclusive drinks list. More than 3,700 suppliers in 80 countries have helped make Quebec a wine and spirits destination that is held up as a model in the industry.

LOCAL PRODUCTS SOUGHT

Quebecers are ever more aware of and interested in products made by local producers. They have gained an understanding of the subtleties of Quebec's terroirs and appreciate the qualities of their favourite local wines. They are also fans of local spirits, which have the wind in their sails these days, and they continue to make room for Quebec ciders on their table. Over the last fiscal year, we offered nearly 800 Quebec products in our various outlets. In addition, the gin boom continued, with volume sales for the category up 55% from the preceding fiscal year.

This marked growth was supported by the introduction of 30 new gins on our shelves. To help customers find their way through this increasingly popular spirits category, we created eight gin taste tags: juniper, citrus, herbal vegetal, fruity, floral, spicy, forest plant boreal and woody smoky. Customers can now distinguish between the various aromas and flavours of gin, make informed choices and dare to explore using their taste profile as a guide.

For their part, Quebec wines recorded volume sales slightly in excess of 470,000 litres. With litre sales up 40.7%, sparkling wines made an especially strong showing. Meanwhile, litre sales of white and red wines grew 3.9% and 2.4% respectively, while those of ready-to-drink ciders rose 1.6%.

The growing success of Quebec products is a source of pride for the SAQ, and we make a point of showcasing them in all our activities. For example, last year, in addition to featuring Quebec products in the SAQ Bistros set up at the various events we attend, we for the first time dedicated an entire booth to Origine Québec products at the Grande Dégustation de Montréal. Also, during the Mondial des cidres event, we had a bistro dedicated exclusively to Quebec ciders on the Montréal en Lumière festival site.

MORE ORGANIC WINES

Be they organic, biodynamic or natural, earth-friendly wines are increasingly sought out by customers. Closely following this worldwide trend, we made more of these products available by taking advantage of supplier developments and new certifications. As a result, 1,433 eco-responsible products were offered to customers in fiscal 2019-2020, a one-year increase of 11.4%. Combined with "10 X the base points when you buy an organic product" promotions, this enhanced offer enabled customers to explore products they appreciate, as the 23.9% increase in the category's litre sales indicates.



**\$6.5 MILLION
INVESTED
IN STORES**

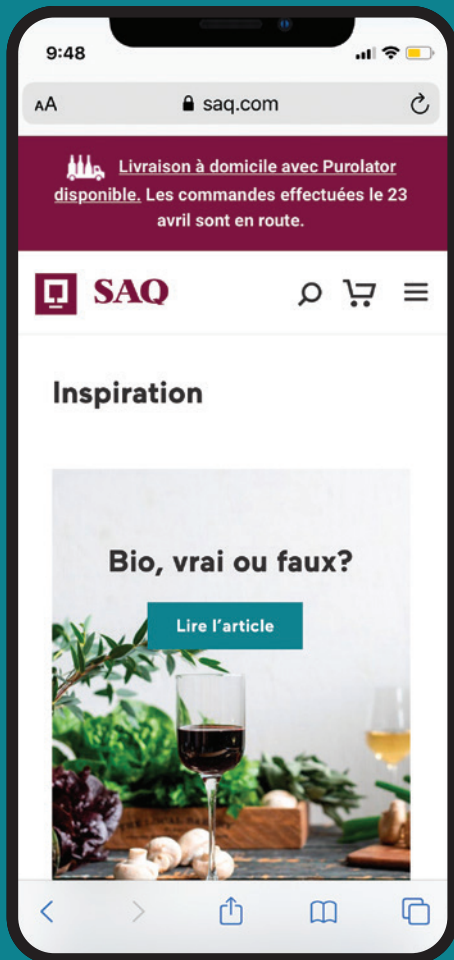
BEST PRICES IN CANADA

For the third year running, the Canadian Association of Liquor Jurisdictions (CALJ) confirmed that the SAQ had the most competitively priced beverage alcohol shopping cart in Canada. After reducing our prices in 2017, we redoubled our negotiation efforts with suppliers. Our goal: to keep price increases under control and assure customers of fair pricing. With the cooperation of our partners, we now obtain the lowest supplier price for the volume purchased.

In fiscal 2019-2020, to ensure we met the needs of all our customers, we offered wines at every price point, including some 300 quality wines at \$12 or less. This increase in the number of affordable products explains customers' high level of satisfaction with our pricing.

IN STORES AND ONLINE TO SERVE YOU BETTER

Setting foot in a welcoming, modern SAQ store that meets the strictest sustainable development standards is an integral part of an enjoyable experience. That is why we review the design of our stores when their leases come up for renewal. Last year, we invested \$6.5 million in outfitting and updating 18 stores, including ones in Rivière-des-Prairies, Delson and Chelsea as well as the Chemin Saint-Louis store in Quebec City. To meet the needs of customers constantly in search of new discoveries, the Sainte-Julie store inaugurated the new Sparklers and Co. universe, which combines champagnes, sparkling wines, ciders and sparkling ciders. A new store, located in Quebec City's Grand Marché, gives visitors access to more than 100 of the region's producers and showcases local products. These sales outlets bring to 410 the number of stores we operate to meet the growing demands of customers across Quebec.



37.2 MILLION VISITS TO SAQ.COM

Because many wine and spirits lovers live outside the more densely populated urban areas, 426 SAQ agency stores, located in local grocery and convenience stores, offer a selection of our most popular products.

Although our customers greatly appreciate the closeness and accessibility of our stores, an increasing number are turning to the Web to do their shopping and buy presale products. Fiscal 2019–2020 saw the launch of the new SAQ.COM website. Besides being easier to navigate with an improved search function and an updated geolocation tool that shows product availability in nearby stores, the new website adapts to all types of devices (smartphones, tablets and computer monitors). We also augmented the platform's capacity so it can handle the increase in traffic associated with releases of highly sought-after products. Last fiscal year, an additional 48,401 customers chose to shop online, for a total of 100,743 unique customers. SAQ.COM recorded sales of \$55.5 million, a 20.1% increase overall. Traffic on SAQ.COM also rose 7.8% to 37.2 million visits, making it one of the most-visited Quebec-based online shopping sites in the province.

The rise in the use of our transactional website and the striking growth in online sales are not divorced from the confinement measures adopted by customers to fight the spread of COVID-19. Prior to March 13, 2020, online sales grew 15%. That figure had increased to 20.1% by March 28. During the same period, home delivery was chosen for 49% of orders whereas previously 90% of online orders were picked up at a store.

The SAQ mobile app is also an excellent point of entry for customers who want to purchase products online. Its number of unique users rose 14% to 1.3 million. Incidentally, according to our latest brand tracking survey, 87% of our customers appreciate our mobile app, a satisfaction rate that climbs to 92% among SAQ Inspire members.

SAQ INSPIRE: AN EXPERIENCE ADAPTED TO YOUR TASTE

To inspire customers, we need to understand what they like, the taste tags that resonate with them and the discoveries that drive them. SAQ Inspire provides a way of connecting with our 1.8 million active member-customers, regardless of their preferences or where they are located in Quebec. This in turn lets us personalize our interactions with them, deliver engaging content to them and point them toward products and promotions likely to interest them. In fiscal 2019-2020, we sent Inspire members personalized offers, which for the first time included recipes and articles of interest geared to each member's taste profile.

Also, to highlight the advantages of the Inspire experience, we ran a humorous ad campaign online and on television that showed various behaviours of customers trying to choose a product in the store. The campaign's goal was to remind customers to share their Inspire card with their advisor in order to make better choices. Along the same lines, an Inspire detector was activated at certain festivals we sponsor. Participants answered questions about their taste profile while discovering the answers sent by the Inspire detector. These fun situation scenarios showed customers the advantages of the SAQ Inspire experience while also improving their experience at the event.

In fiscal 2019-2020, 72.8% of our sales were linked to an Inspire account. Moreover, nearly one million customers redeemed their points at least once during the last fiscal year and enjoyed a total of \$50.7 million in reductions. They were also able to take part in 40 exclusive events, 27 Signature events and three especially appreciated grand events: Station gin, Rhum Club and La Paulée. Moreover, according to our latest brand recognition survey, 85% of Inspire members said they were satisfied with their overall experience of the program.



1 MILLION INSPIRE MEMBERS REDEEMED POINTS IN 2019-2020

ADVISORY SERVICE: A SOURCE OF SATISFACTION

When they enter our stores, customers feel confident they will be well guided by professional advisors who pay attention to their taste profiles. Whether they were connoisseurs, discoverers or only occasional visitors to SAQ stores, 93% of the some 110,000 customers surveyed in fiscal 2019-2020 expressed satisfaction with their in-store experience. Besides making us proud, this results speaks volumes of the efforts we make every day to assist customers and be deserving of the benchmark status they have granted us.

In addition to introducing our advisors to the customer-centric approach and the new possibilities offered by the Inspire experience, we help maintain their enthusiasm for the subject by offering training on the products we sell. In fiscal 2019-2020 and in collaboration with the industry, we provided such training to some 1,000 employees on various topics including wines from Italy (Piedmont, Soave), Portugal and the Rhône Valley. Trainees could learn about the particularities of the local climates and how they influence flavour, the major winemaking regions and grape varieties. They could also taste products. A virtual course on sparkling wines was made available to all employees; some 500 had completed it by fiscal year-end. Tours and training sessions at Quebec wineries, cider mills and distilleries were also arranged so advisors can speak knowingly about local products. The participants then acted as ambassadors in their stores and shared their newly acquired knowledge with their colleagues, ensuring that everyone can guide customers to these products based on their preferences.

93 % OF CUSTOMERS SATISFIED WITH THE IN-STORE SHOPPING EXPERIENCE



PRODUCT TRAINING PROVIDED TO SOME 1,500 EMPLOYEES

ONE NUMBER FOR ALL ANSWERS

Assisting customers is one of our key commitments. With that in mind, our colleagues at the Customer Relations Centre make every effort to quickly answer the questions and respond to the comments made to them. In fiscal 2019-2020, they handled more than 177,000 information requests and comments, most (79%) of which were received by telephone. The subject that prompted the most contact from customers was SAQ Inspire, mainly queries of a general nature. Other recurring subjects were after-sales service for SAQ.COM, promotions like Black Friday and how to navigate SAQ.COM website.

INSPIRING EVERY DAY: A POP-UP BOUTIQUE IN THE HEART OF MONTREAL

Every day, we strive to come up with new ideas for inspiring customers and offering them discovery experiences. This is why, in July 2019, we collaborated with a vodka brand to create a pop-up boutique in the centre of downtown Montreal. Customers were able to experience a surprise and taste a cocktail on a grassy terrace before the boutique disappeared as if by magic. The idea was to offer an experience different from that delivered in our stores, to engage all the participants' senses and to introduce them to new products.



INSPIRING OUR CUSTOMERS



GRAND PRIX DU DESIGN 2020 1ST PLACE IN THE WOW INDEX (IN-STORE RETAIL EXPERIENCE CATEGORY)

THE SAQ: A COMPANY THAT STANDS OUT

In the year just ended, the SAQ took first place in the WOW index in the in-store retail experience category and fourth place in the online retail experience category. Developed by the Léger polling firm, the WOW index recognizes the top Quebec retailers from among 200 Quebec companies and is based on an online survey of more than 15,000 Quebecers. The index measures several aspects of the customer experience, including product quality, competitive pricing, employee courtesy, store ambience, the feeling of belonging and store proximity. We are especially proud of this success as the SAQ came in 14th place barely five years ago. Our excellent performance is attributable in no small part to the remarkable service provided by our employees and the personalization of the customer experience through SAQ Inspire.

The SAQ also earned plaudits for its store design. At the 2020 Grands Prix du design ceremony, the SAQ Sélection De la Montagne store in Montreal won the award for retail space between 1,600 and 5,400 square feet and tied for the special lighting award. The jury noted the store's avant-garde approach, traffic patterns that encourage discovery and interaction, wood display modules and bold lighting cells.

As well, the SAQ took top honours in the Retail Innovation of the Year category at Toronto's 2019 Shopper Innovation + Activation Awards organized by *Strategy*, a prominent Canadian marketing magazine. It is how we use the Inspire experience in stores and online and make it a fluid one for delivering advice and product promotions that caught the jury's fancy.

OPERATIONAL EXCELLENCE AND ORGANIZATIONAL TRANSFORMATION

At the SAQ, performance is a commitment, not a wish. Quebecers continue to place their trust in us and we strive to meet their expectations by managing the company efficiently, responsibly and transparently. In fiscal 2019-2020, we worked relentlessly to increase productivity, control spending and update our information systems. We are also more attuned than ever to Quebecers' desire for the SAQ to be even more socially responsible. As a result, our initiatives took a new turn, one we are proud of.

\$1.226 BILLION TO BENEFIT SOCIETY

In fiscal 2019-2020, the SAQ recorded sales of \$3.489 billion, up \$194.8 million or 5.9% from the preceding fiscal year. This enabled us to remit to the Quebec government a 6.9% higher dividend, totalling \$1.226 billion, which will be used to the benefit of all Quebecers. Adding in the amounts paid to the two levels of government, a total of \$2.373 billion in government revenues was generated by the government corporation, a 6.2% increase from fiscal 2018-2019. These results were possible due to higher sales throughout the year combined with a surge related to the COVID-19 lockdown in the last two weeks of the year. Fearing that SAQ outlets would close, many customers visited our stores and SAQ.COM to stock up on products they would normally have bought over the ensuing weeks. Despite this year-end rush at our points of sale, our biggest days for consumer sales were in December 2019: December 23 ranked first in dollar sales, which reached nearly \$38 million, while December 24, with more than 527,000 transactions, was the busiest day of the year.

Because our goal is to remit to the government the highest possible dividend for each dollar spent in our sales network, we continued optimizing our operations and procedures. We also succeeded in keeping spending increases from outpacing sales increases. Net expenses as a percentage of sales reached 15.4%, an improvement from the preceding fiscal year's 15.9%.

A WORLD-RENOWNED LABORATORY

The SAQ laboratory is recognized around the globe for its strict requirements and high quality control standards. The ISO 17025 and ISO 9001 certifications held by our laboratory and quality assurance team have more than a little to do with our reputation among players in the global wine and spirits industry for the reliability of our results and expertise of our employees. From the start, the quality and safety of the products we sell have been a non-negotiable part of our offer. That is why our laboratory and quality control teams analyzed more than 48,700 product samples over the last fiscal year.

AN EVER MORE EFFICIENT SUPPLY CHAIN

In fiscal 2019-2020, our employees shipped to our stores, specialized centres and wholesale grocers some 23.6 million cases of products, a 4% increase from the preceding fiscal year. What's more, despite various challenges related to shipping in Canada, to strikes and protests affecting rail transportation in France and to the COVID-19 pandemic, we succeeded in exceeding our targets by approximately 1.2%. Generally speaking, we succeeded in accurately forecasting customer demand and store requirements and delivering the right products to the right place at the right time notwithstanding the disruptions.

To continue improving our efficiency, we increased our ability to deliver customer orders to stores using our own truck fleet instead of an external delivery firm. Fully 73.9 % of online orders were combined with stores' regular weekly orders for prompt delivery to the right destination. This more than 67.7% increase allowed us to save some \$1.2 million and take another step toward adopting the best environmental practices in transportation. It also facilitated reception of goods at the stores.

We continued to improve our delivery route planning and optimize our loads. The changes raised the volume of cases transported by 4.7% even as the number of kilometres travelled fell 1.2%.

A NEW TOOL FOR OUR FLEET OF EQUIPMENT

A reliable supply chain is essential to our success. To be sure we always have the equipment we need to supply our stores and permit holders, we updated a module used to plan maintenance for mobile units (vans, light duty trucks) and warehouse equipment. An application now lets us track work orders in real time and automatically update the inventory of parts, items and equipment for our Montreal and Quebec City warehouses. This provides a continuously updated overview of the condition of our equipment and guarantees it will be ready when needed.

OCCUPATIONAL HEALTH AND SAFETY

Our employees are our key success factor, and we go to great lengths to provide them a safe and healthy work environment. Accordingly, we took a number of actions in our store network and at our distribution and administrative centres throughout the year.

For example, because some job categories have higher accident rates, we made improvements to the physical facilities and work processes at the Montreal specialized centre. At the Montreal distribution centre, we performed periodic follow-up on accident events to encourage swift implementation of effective corrective measures, train management to be occupational health and safety (OHS) leaders and recognize units that have had no industrial accident with time-loss injury. Incidentally, the members of the team responsible for products for authorized distributors have gone 50 periods—equivalent to nearly four years—with no time-loss injuries, a record they intend to continue improving on.

We also launched two pilot projects aimed at preventing accidents in our store network. The first involves using ceramic knives to avoid cuts when opening cases while the second focuses on testing equipment to assist with load handling, the better to avoid lower-back and upper-limb injuries. We also targeted stores with recurring OHS issues and implemented specific measures in collaboration with the store employees. Elsewhere in the store network, we recognized teams with the best OHS practices. These actions had a major impact, as more than 250 stores in the network were able to celebrate a full year without an industrial accident involving a time-loss-injury.

Alongside our many prevention initiatives, we adopted a holistic health approach to favour employees' overall well-being. Among other things, we integrated mental health capsules into our communications and arranged booths and activities to raise employees' awareness of healthy habits to adopt in their daily lives.

As the year 2020 has been marked by the COVID-19 pandemic, it would be remiss not to mention the hygiene and social distancing measures we have implemented throughout the company to protect the health and safety of employees as well as customers. From the start of the pandemic, we have meticulously followed all the recommendations issued by public health authorities and have adapted our stores and warehouses to the new reality. Our office employees whose jobs allow it have been equipped to work from home. We also provided reassurance to employees, offered new services to help them manage stress and anxiety and recognized their attendance and exemplary work in these uncertain times.

SOLID, STABLE AND PRESENT TEAMS



COMMITMENT AND MOBILIZATION

Mobilized and recognized employees are more inclined to feel fulfilled at work. That is why the SAQ makes a point of surveying the commitment of its employees and allowing them to comment on workplace well-being and confidentially submit suggestions to their reporting officer. In fiscal 2019-2020, the average employee commitment rate was 6.9/10, a figure close to the average for large corporations. We also shone a spotlight on the passion and remarkable contributions of our employees through our annual recognition activity.

To be able to count on solid, stable and present teams, we maintained our efforts to encourage work attendance by, for example, training managers to recognize early signs of absence in their teams. The success of these efforts can be seen in the 4.3% reduction in the absenteeism rate from the preceding year, giving a cumulative reduction of 10.1% for the last three years.

FINDING SOLUTIONS

The SAQ's head office is strategically located in the city: near the Port of Montreal for product supply purposes and with easy access to autoroutes 40 and 25, Notre Dame Street and highway 132 for product distribution purposes. However, this enviable geographic position could become a challenge for the mobility of the 1,600 of our employees who commute daily to our head office and Montreal distribution centre once repair work on the nearby Lafontaine tunnel begins. A survey to gain insight into the transportation habits of all affected employees was conducted in fiscal 2019-2020. More than 1,052 (66%) took part. Discussions were held with the City of Montreal, the Quebec Transportation Department and area businesses to find optimal, sustainable transportation solutions. The work-from-home experience gained during the COVID-19 pandemic will also provide solution paths.

QUALIFIED EMPLOYEES IN DEMAND

For all Quebec companies, the beginning of the year was marked by the enormous challenge of recruiting and retaining qualified employees. Before the start of the pandemic, in response to the increasing competition for the talent we require, we developed new ways of recruiting employees for our distribution centres. Last year, we held two recruitment days in order to meet candidates for the position of warehouse clerk. A total of 140 candidates attended. The two days proved a success, as we succeeded in recruiting several employees within a very tight time frame.

LEADERSHIP AND PERFORMANCE

Companies perform better when management exhibits leadership, when it motivates and inspires employees. This is why we offer our management personnel the training required for their professional development. In fiscal 2019-2020, some took leadership training, which covered subjects like team commitment and influence leadership in a context of change. Store managers were also able to take advantage of three training programs on communication, managing difficult situations and coaching. To ensure all parts of our store employees' collective agreement are understood and mastered by all, our district managers, store managers and union delegates were trained on the main changes in the new agreement. Lastly, in response to the upgrading of our management systems, much training was provided to get people working with their new tools and information systems.

HEALTH, BALANCE AND WELL-BEING

Because employees' health and well-being are among our top priorities, we moved ahead with activities aimed at helping employees improve their nutrition, physical fitness and work-life balance. For a second year running, we registered for the Défi Entreprises, a simple and effective physical activity program for companies that promotes healthy lifestyle habits in the workplace and culminates in a day of physical activity. No fewer than 100 SAQ employees took part in the events in Montreal and Quebec City. The SAQ also opened two fitness rooms for the employees of its Montreal and Quebec City distribution centres, encouraging team members to be more physically active.

FOOD ASSISTANCE: A CAUSE CLOSE TO OUR HEART

The SAQ has embraced the food assistance cause for 10 years now. We've opened the doors of our stores and our hearts to the Food Banks of Quebec (FBQ) network because we believe that, before drinking well, it is essential to eat properly. In fiscal 2019-2020, we raised more than \$2.3 million for the cause through various initiatives. During our traditional SAQ X FBQ fundraiser, we donated \$1 for each bottle of rosé wine sold and encouraged customers to make an additional donation at checkout. This raised \$763,000. To have an even bigger impact, the May campaign was repeated in September in response to the increased need related to school starting. This raised another \$376,000 approximately. Aware of the difficult situation in several regions of Quebec affected by flooding in the spring of 2019, the SAQ joined the wave of support by donating \$50,000 to assist the most-affected Moisson food banks. This was on top of the more than \$165,000 raised mainly by selling gift boxes and wood cases in the store network. We also responded quickly to the distress of Quebecers particularly hard hit by the effects of the coronavirus pandemic. At the very end of the fiscal year, we donated an additional \$1 million to support Food Banks of Quebec during the COVID-19 crisis. Additionally, a number of SAQ employees lent a helping hand at local Moisson Montréal food banks during two days of activities.

In addition to our strong relationship with the FBQ, we have taken part in the Semaine des écoles hôtelières organized by La Tablée des Chefs for 17 years now. This major event, which brings together more than 600 cooking students from 15 Quebec hotel schools, aims to make the future professionals more aware of the issue of hunger in the province before they enter the job market. It also sees the students prepare 100,000 meals for distribution to Quebecers in need by the FBQ network.

At a much more local level but still with the aim of making a real difference in our community, we maintained our social kitchen garden at the Montreal distribution centre. Now in its sixth year, the garden was tended by Y'a Quelqu'un l'Autr'Bord du Mur (YQQ) community organization. This year, the YQQ harvested 480 kilograms of fresh fruits and vegetables from this more than 60 varieties grown in the garden. Half of the seasonal products were made available on the shelves of social grocery stores while the other half was offered to Groupe d'entraide de Mercier-Ouest (GEMO), which distributed the food to five community organizations in the neighbourhood for community cooking courses and food emergencies.

We also maintained our partnership with Alvéole to promote urban apiculture and increase employees' awareness of biodiversity issues. The bees from our hives produced 80 kilograms of honey, which was purchased by employees at the SAQ's administrative centres. The funds raised, more than \$1,400, were donated to the FBQ, our corporate cause.

The SAQ also presented nearly \$460,000 to Entraide, half of which came from employee donations. Entraide is a fundraising campaign targeting working and retired Quebec public service employees. It supports 36 organizations that assist persons in vulnerable situations across Quebec.



**\$2.3 MILLION
PRESENTED TO FOOD
BANKS OF QUEBEC
IN FISCAL 2019-2020**



**\$6.1 MILLION
FOR 64 FESTIVALS
AND 221 FUNDRAISING
EVENTS**

THE SAQ, PARTNER IN CELEBRATIONS

Because being involved in our community has always mattered to us and because being part of Quebecers' celebrations is in our DNA, we contributed the equivalent of \$6.1 million to 64 events and festivals and 221 fundraising events in fiscal 2019-2020. The SAQ's donations and sponsorship program supports organizations active in the health, education and cultural fields throughout Quebec.

RESPONSIBLE SALES

Since its founding nearly 100 years ago, the Société des alcools du Québec has been aware of the importance of selling beverage alcohol products ethically. Not surprisingly, this awareness has given rise to a strict sales ethic adhered to in all our stores. In particular, the sales ethic spells out our refusal to sell or offer tastes to minors, the obviously inebriated or persons attempting to buy on their behalf. We devote much effort to training and coaching employees to rigorously apply the corporate sales ethic. Beyond our stores, we have focused considerable thought upstream on the promotions we feature. As always, we make a point of complying with responsible consumption guidelines, promoting the arts of the table and favouring quality over quantity. Our perfect report card from the Ethics Council of the Alcoholic Beverage Industry in Québec testifies to this constant preoccupation in our retail operations. Also, in the fiscal year ended March 28, 2020, underage mystery customers were prevented from buying beverage alcohol in the stores 92.2% of the time. And because raising customers' awareness of responsible drinking is a given, we collected \$3.7 million and paid it to Éduc'alcool to support its activities in fiscal 2019-2020.

A FIRM COMMITMENT TO THE CHALLENGE OF GLASS RECYCLING IN QUEBEC

Quebecers have been demanding it for a long time. In August 2019, we changed course and decided to support a deposit-refund system for glass recycling in Quebec. While we have been deeply involved with the glass issue for decades, we have now made post-consumer management one of our corporate objectives. We hope to be nothing less than a key player in the success of the new, as-yet-unimplemented system. And because we have significant buying power in the global wine and spirits industry, we are committed to using our influence to guide the industry to change its glass use practices.

According to the best sustainable development practices, reduction is the first step toward thoughtful, sustainable consumption. Accordingly, in the fiscal year just ended, we required our suppliers of the regular wines sold in our stores and costing \$16 or less to ship them in lightweight glass bottles. These wines account for two-thirds of the wines we offer for sale. The measure will be extended to all regular wines costing \$20 or less, which will account for 88% of wine sales.

Also, as a stakeholder in the future deposit-refund system, we will continue developing initiatives for recycling and adding value to all types of recovered bottles.

These new initiatives are in addition to the ones we have been working on for the last 15 years. For example, replacing some of the cement in concrete with glass powder to produce a higher-quality product while also reducing the greenhouse gas emissions related to its production. This 100% Quebec discovery by the Chaire SAQ de valorisation du verre dans les matériaux at the Université de Sherbrooke will soon be available for widespread use: in fiscal 2019-2020, we renewed our support for another five years in order to transfer the knowledge to the industry and work on new areas of research.

GREENER CAFETERIAS

In the fiscal year just ended, we took another step toward having green cafeterias. In February, we began encouraging employees to bring their own reusable containers for take-away meals. Employees' containers replace the compostable bagasse containers typically used for such meals. We have also begun to eliminate disposable cups as a way of encouraging use of reusable cups. To support this new green initiative, administrative and distribution centre employees received a cup with a cover that they can keep at work.

In addition, our cafeterias continued to donate their leftover food to La Tablée des Chefs for redistribution to community organizations in Montreal's Mercier-Hochelaga-Maisonneuve Borough and the Quebec City area. As of March 28, 2020, the SAQ had donated 484 kg of food to Quebecers in need, the equivalent of 1,614 servings.

ELIMINATION OF CIRCULARS

Because even small actions count, we have stopped publishing paper circulars for customers. This change was made possible by customers' engagement with other of our platforms, including our newsletter, SAQ Inspire program and exclusive offers. The price discount and bonus point promotions that used to be announced in the circulars continue to be offered and are clearly identified in stores and online.

ENVIRONMENTAL CERTIFICATIONS

At the SAQ, we are of the firm belief that when everyone adopts various initiatives in their daily lives, it can make a difference to the health of the planet. With that in mind, whenever we move into a new location, we look for ways of integrating sustainable development principles into its design. In fiscal 2019-2020, we obtained two new Leadership in Energy and Environmental Design (LEED-CI) certifications and submitted applications for eight more, which are currently under review. The certifications are on top of the 41 previously certified stores and our four administrative buildings, which have already been certified Gold by BOMA BEST (Building Environmental Standards), an environmental certification program for commercial buildings. As a result, we are maintaining our position as one of the Quebec companies with the highest number of certified buildings.

A full-page photograph of a young Black woman with a large, voluminous afro hairstyle. She is smiling broadly, showing her teeth, and holding a black smartphone with both hands in front of her. She is wearing a light pink t-shirt. The background is a soft gradient of light blue and teal. The word "TRENDS" is overlaid in large, white, bold, sans-serif capital letters across the center of the image.

TRENDS

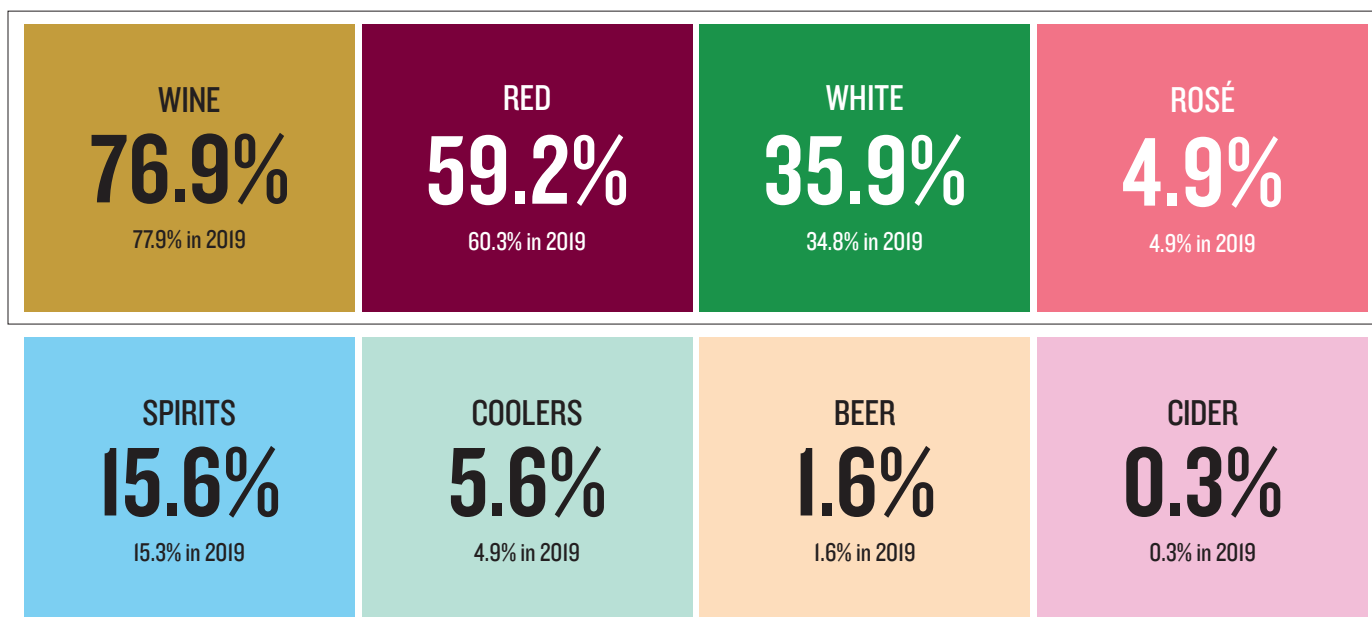


SAQ

DISCOVERING SPIRITS AND COOLERS

It's no secret that Quebecers prefer wine, and this year was no exception. With 76.9% of sales, red, white and rosé wines dominate the ranking. However, the trend lines are slowly but surely changing. Quebecers are more and more interested in discovery, in exploring new universes and letting their palates guide them to new flavour experiences. Categories like spirits and coolers benefit from this growing openness and continue to nibble at the big favourite's market share. This year, it was the cooler category that grabbed the spotlight, with its market share growing nearly 1%, the equivalent of 1.9 million litres.

Litre Sales by Product Category and by Still Wine Colour
(stores and specialized centres)



WHITE EVERYWHERE

White wine was long thought of simply as an aperitif or an accompaniment to fish. These days, fans drink it with all kinds of food. And rightly so! Delicious pairings are possible with white wines, which are gaining in popularity. Not immune to this trend, Quebecers increasingly give white wines a place of honour. In fiscal 2019-2020, whites continued to grow their market share, reaching 35.9% of wine sales, largely at the expense of red wine sales, whose market share dropped below 60%.

FROM TCHIN TCHIN TO GIN GIN!

Liqueurs and vodka may continue to top the rankings but it was gin that grabbed the spotlight again this year. More than a fad, gins have become a true passion for Quebecers, who increasingly make as well as buy them. It's easy to see why. Producers bring all their creativity and ingenuity to bear, producing spirits as delicious as they are daring. In fiscal 2019-2020, gin was the category that experienced the greatest growth, up 18.8%. Gin now holds 13.9% of the market and moves ahead of whiskies for the first time.

Sales by Type of Spirits

(in millions of litres)
(stores and specialized centres)

	2020	Growth	Market share
Liqueurs	5.9 L	9.3%	21.6%
Vodka	5.9 L	7.3%	21.5%
Rum	5.3 L	3.9%	19.4%
Gin	3.8 L	18.8%	13.9%
Whisky	3.8 L	2.7%	13.9%
Brandy	1.5 L	- %	5.6%
Other spirits	1.1 L	- %	4.1%

AN UPSTART GETS ITS OWN SET OF TASTE TAGS

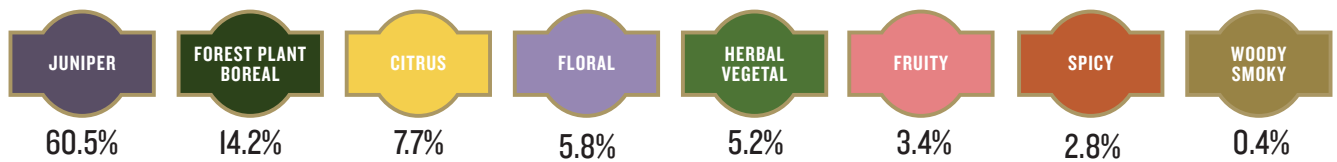
As noted earlier, the buzz around gin continues unabated. The high level of interest prompted us to develop a set of Taste Tags specifically for the category. Eight gin Taste Tags were introduced on SAQ.COM in fiscal 2019-2020, and a strong trend in Quebecers' preferences is already apparent: gins with the Juniper and Forest Plant Boreal tags account for more than three-quarters of sales.

While the Taste Tag rankings within each wine colour remained the same, what did tend to change were the tags' market shares. Quebecers who used to opt for Fruity and Generous or Aromatic and Supple red wines now appear to incline more toward white wines with the Fruity and Vibrant, Delicate and Light and Aromatic and Mellow tags.

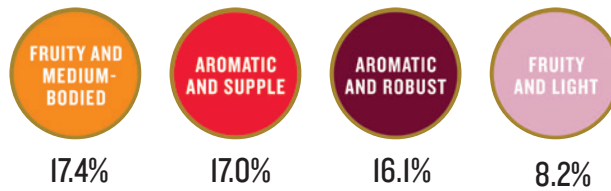
Lastly, the trend lines remain more or less unchanged for the spirits Taste Tags, though we do see a slight shift in market share from the Medium-bodied and Fruity and Medium-body and Woody tags to the Light and Floral tag.

Litre Sales by Taste Tag
(stores and specialized centres)

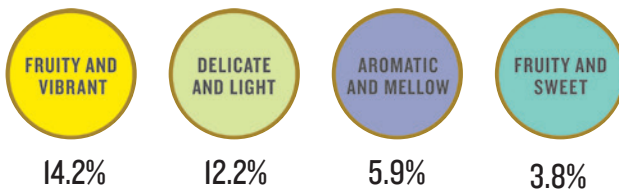
GIN



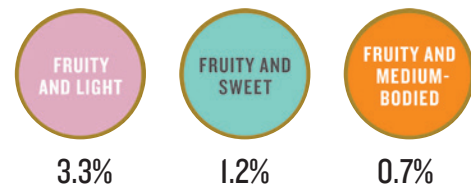
RED WINE



WHITE WINE



ROSÉ WINE



SPIRITS



CABERNET SAUVIGNON AND CHARDONNAY: QUEBECERS' FAVOURITE VARIETIES

True to their habits, Quebecers continue to prefer red wines made with Cabernet Sauvignon. Its presence in a quarter of the wines we sell is undoubtedly related as much to its being one of the most widely planted grape varieties in the world as to its aromatic profile, with its much appreciated typicity.

This year once again, Chardonnay was the white variety that seduced Quebecers' palates. It is found in nearly one-third of the white wines sold at the SAQ. The variety makes full, powerful yet balanced wines with complex aromas—qualities that have lost none of their appeal.

Most Popular Grape Varieties

(percentage of litre sales, still wines)
(SAQ stores)

Red wine grape varieties	2020
Cabernet Sauvignon	25.4%
Merlot	11.6%
Sangiovese	7.9%
Syrah	7.7%
Pinot Noir	7.6%
Tempranillo	6.8%
Other	33.0%

White wine grape varieties	2020
Chardonnay	31.3%
Sauvignon Blanc	16.8%
Pinot Gris	15.2%
Chenin Blanc	5.7%
Aligoté	3.1%
Trebbiano	2.2%
Other	25.7%

FRANCE AND ITALY: COUNTRIES WITH ALL YOU COULD WANT

Breathtaking landscapes, food that can make even a penny-pincher swoon and wines crafted with ancestral know-how... This year, France and Italy once again succeeded in winning Quebecers hearts. As always, the wines from the two countries alone account for more than half of the SAQ's wine sales.

Still Wines by Country of Origin

(volume sales)
(stores and specialized centres)

	2020	2019
France	31.1%	30.1%
Italy	24.4%	24.4%
Spain	9.3%	8.8%
United States	9.0%	9.8%
Australia	5.1%	5.7%
Portugal	5.1%	5.0%
Chile	3.2%	3.2%
Canada	3.0%	3.0%
South Africa	2.6%	2.6%
Argentina	2.6%	2.5%
Other	4.6%	4.9%



FINANCE



SAQ

ACCOUNTABILITY REPORT

The SAQ is a government corporation mandated to sell beverage alcohol, a mandate that involves importing, warehousing, distributing, marketing and retailing a wide variety of quality beverage alcohol products. The Accountability Report section presents an overview of the SAQ's financial performance.

Financial results

Fiscal years ended the last Saturday in March
(in millions of Canadian dollars)

	2020		2019		2018 ¹		2017	
	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast
Sales	3,488.7	3,355.0	3,293.9	3,244.0	3,251.7	3,252.0	3,122.6	3,112.0
Gross margin	1,762.0	1,693.0	1,670.8	1,647.0	1,652.9	1,663.0	1,654.1	1,650.0
Net expenses ^{2,3}	536.5	534.0	524.9	535.0	539.2	574.0	568.4	580.0
Net income ³	1,225.5	1,159.0	1,145.9	1,112.0	1,113.7	1,089.0	1,085.7	1,070.0
Comprehensive income	1,225.7	1,159.0	1,144.5	1,112.0	1,113.6	1,089.0	1,085.4	1,070.0

- 53-week fiscal year.
- Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income and the share in the profit of equity-accounted interests, which ended in 2018.
- Reflects the adoption of IFRS 16 on March 31, 2019. For more information about this standard, refer to Note 4 to the financial statements in the French-language version of this report.

Investments in property, plant and equipment and intangible assets

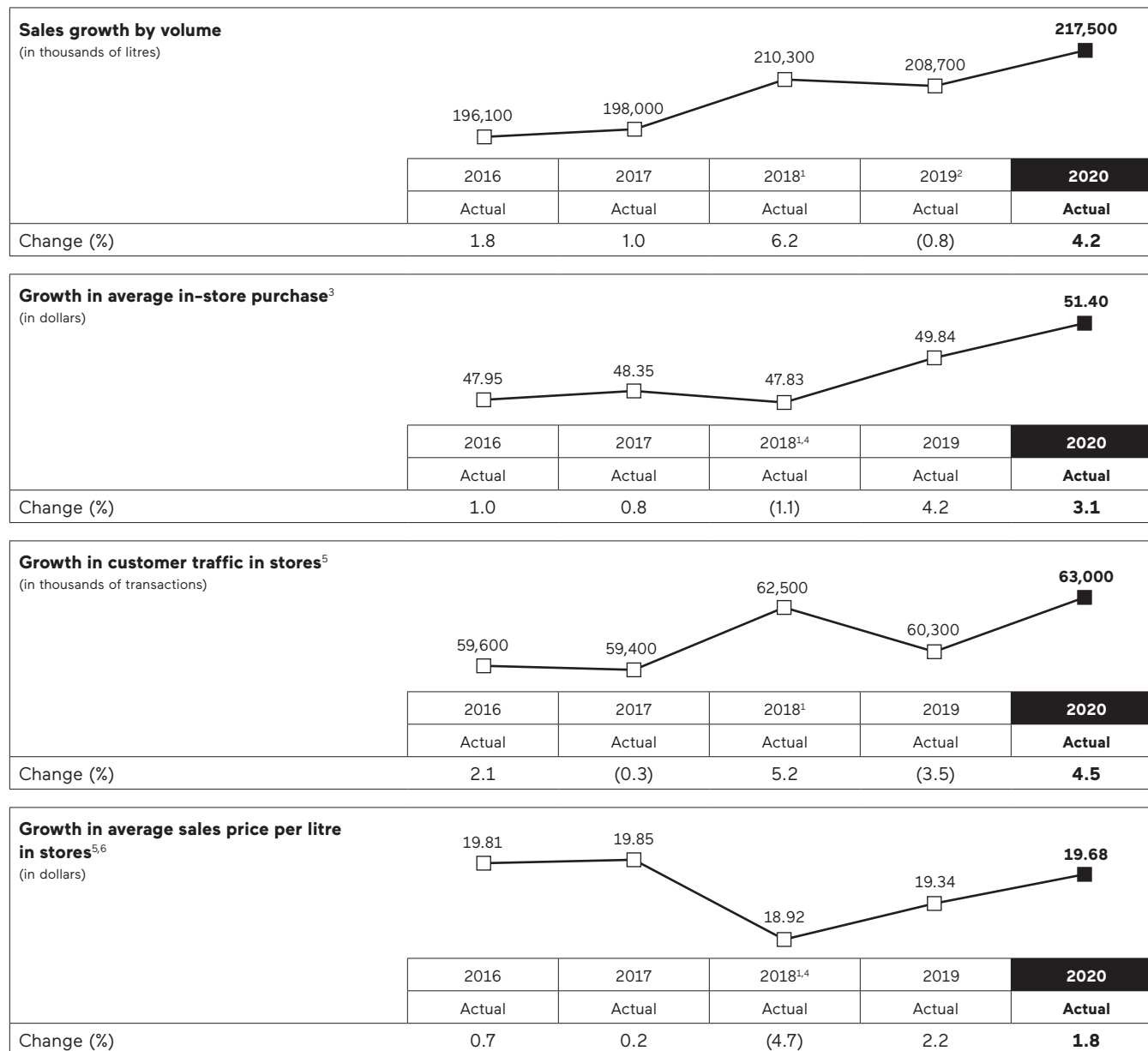
Fiscal years ended the last Saturday in March
(in thousands of Canadian dollars)

	2020	2019	2018 ¹	2017
	Actual	Actual	Actual	Actual
Capital projects – distribution and administrative centres	2,663.3	2,587.9	5,077.5	2,791.1
Outlet network development	6,534.3	5,900.2	6,872.4	6,528.7
Information systems development	16,844.0	9,710.0	9,219.7	9,903.5
Rolling stock and mobile equipment	1,983.7	3,573.0	1,479.3	2,167.3
Specific equipment	447.7	361.1	870.5	477.8
Total	28,473.0	22,132.2	23,519.4	21,868.4

- 53-week fiscal year.

COMMERCIAL DATA

Management indicators for the last five fiscal years



- 53-week fiscal year.
- The decrease is due mainly to fiscal 2019 having one less week of sales than fiscal 2018.
- Average expenditure by consumers (including sales taxes).
- The decrease is mainly attributable to price reductions made on some 1,600 wines and coolers.
- Consumers.
- Excluding sales taxes.

PERFORMANCE DATA

BACKGROUND

In conformance with the *Act respecting the governance of state-owned enterprises*, which requires the SAQ Board of Directors to adopt “measures to assess the effectiveness and performance of the enterprise, including benchmarking against similar enterprises,” the SAQ has prepared a corporate dashboard that includes a series of indicators that make it possible to track, on an annual basis, the organization’s achievement of its performance objectives.

FISCAL 2019-2020 HIGHLIGHTS

Implementing strategies aimed at achieving excellence in the customer experience and operational excellence allowed the SAQ to reach or exceed the targets for 15 of the dashboard’s 22 indicators.

- › The financial targets were exceeded for four of the five financial indicators. Net expenses as a percentage of sales were 15.4%, a figure under both the target 16.4% and last year’s actual 15.9%. The SAQ’s performance was higher than the industry median, currently 15.7%¹. Net earnings as a percentage of sales reached 35.1%, a result higher than both the target 34.4% and last year’s actual 34.8%, albeit slightly under the industry median.
- › A higher-than-expected increase in sales of products handled as single bottles in the warehouse resulted in a productivity level below that targeted for the cases-per-hour-worked operational indicator. Productivity nonetheless improved from last year.
- › As regards the customer promise in stores, the related indicators all showed improvements from last year, although three of the four were slightly under target this year.
- › The employee commitment rate ended the year under target, as did the target for reducing the absenteeism rate. Efforts continue to improve these results.
- › The sales growth of Origine Québec products is over target, largely due to strong sales growth of local spirits during the year.

1. The SAQ’s results for these indicators compare favourably with the results of a comparable group of eight Canadian liquor control boards. Based on the 2018-2019 financial results, three medians could be calculated for the purpose of contrasting the SAQ’s performance with that of its peers:

- median ratio of gross margin to sales: 50.2% (SAQ: 50.5%);
- median ratio of net expenses to sales: 15.7% (SAQ: 15.4%); and
- median ratio of net income to sales: 35.3% (SAQ: 35.1%).

SAQ DASHBOARD INDICATORS

Includes the 13 indicators of the 2018-2020 Strategic Plan.

Dashboard	Actual 2019-2020	Target 2019-2020	Actual 2018-2019 ¹
Financial indicators			
Sales growth	5.9%	2.3%	1.3%
Sales per square foot	\$2,273	\$2,170	\$2,123
Gross margin over sales ¹	50.5%	50.8%	50.7%
Net expenses over sales ¹	15.4%	16.4%	15.9%
Net earnings over sales ¹	35.1%	34.4%	34.8%
Operational indicators			
Cases shipped per hour worked in the distribution and delivery centres	27.3	28.5	26.8
Distribution centre inventory turnover rate	11.4	11.4	11.4
Number of store inventory weeks	3.80	4.03	4.02
Customer indicators			
Overall satisfaction rate	93%	94%	93%
Satisfaction rate – discovery and advice	78%	75%	76%
Satisfaction rate – product accessibility	83%	85%	80%
Satisfaction rate – fair prices	65%	55%	62%
Increase in traffic	4.5%	3.5%	(3.5)%
Average purchase per transaction	\$51.40	\$49.53	\$49.84
Average bottle price	\$16.78	\$16.78	\$16.57
Human resources indicators			
Employee engagement rate (out of 10)	6.9	7.5	6.9
Reduction in the absenteeism rate	(4.3)%	(8.0)%	3.5%
Social responsibility indicators			
Satisfaction with emphasis on sustainable development	70%	60%	70%
Sales growth of Origine Québec products ²	6%	5%	2.1%
Sales Ethic – mystery customer detection rate	92.2%	95%	94.7%
Achievement of the actions of the Social Responsibility Action Plan ³	100%	90%	100%
Reduction in kilograms of CO ₂ per litre from 2015-2016 levels	(6.2)%	(2.5)%	(3.4)%

- The SAQ's results for these indicators compare favourably with the results of a comparable group of eight Canadian liquor control boards. Based on the 2018-2019 financial results, three medians could be calculated for the purpose of contrasting the SAQ's performance with that of its peers:
 - median ratio of gross margin to sales: 50.2% (SAQ: 50.5%);
 - median ratio of net expenses to sales: 15.7% (SAQ: 15.4%); and
 - median ratio of net income to sales: 35.3% (SAQ: 35.1%).
- The data for Quebec products made by suppliers that hold a small-scale production permit and for products eligible for the Origine Québec trademark. In addition, depending on the permit type (small-scale or industrial), some product must be excluded or included. The growth in this category does not include products introduced this year, as a moratorium has been imposed until the term Origine Québec is defined in collaboration with the government and the industry. The results also exclude products blended and bottled in Quebec.
- The achievement rate is the expected progress on the actions of the Social Responsibility Action Plan.

FINANCIAL REVIEW

This financial report reviews the operations of the Société des alcools du Québec (SAQ) for the fiscal year ended March 28, 2020, and its financial position at that date. It should be read in conjunction with the financial states and notes thereto, which will be found in the French-language version of the 2020 annual report. The information contained in this analysis includes all significant events that have occurred up to May 28, 2020.

OVERVIEW OF RESULTS

For the fiscal year ended March 28, 2020, the SAQ declared net income of \$1.226 billion, an increase of \$79.6 million or 6.9%, the entirety of which was remitted in the form of a dividend to the company's sole shareholder, the Quebec Minister of Finance. Government revenues from operations (in the form of federal duties, consumer taxes and dividends) rose \$138.5 million to \$2.373 billion. The 2019-2020 fiscal year ended in the first weeks of the COVID-19 pandemic. The financial impact on net income, sales and additional costs related to this public health event are not significant.

SALES

Sales from all the SAQ's sales and distribution networks totalled \$3.489 billion, an increase of \$194.8 million or 5.9%. The corresponding volume sales rose 4.2% to 217.5 million litres, compared with \$208.7 million litres for the preceding fiscal year.

By sales network

The store and specialized centre network had sales of \$3.137 billion, up \$190.2 million or 6.5% from the preceding year. Volume sales went from 167 million litres to 174.6 million litres, a 7.6 million litre or 4.6% increase.

The average shopping cart (the average value of consumers' in-store purchases) was \$51.40 in fiscal 2019-2020 versus \$49.84 for the preceding fiscal year. Overall, the average per-litre sales price in the SAQ network reached \$19.68, compared with \$19.34 in fiscal 2018-2019.

Sales in the wholesale grocer network grew \$4.6 million or 1.3% from the preceding fiscal year to total \$351.5 million. Volume sales rose 1.2 million litres or 2.9% to 42.9 million litres.

By product category

Wine category sales increased \$110 million or 4.6% to \$2.504 billion. Volume sales for the category rose 3.1% to 174.8 million litres at the end of the 2019-2020 fiscal year. More specifically, wine sales in the store and specialized centre network grew \$106.4 million or 5.2%. Volume sales for wines in this network experienced a 4.2 million litre or 3.2% increase.

As for spirits, which are sold only in the store and specialized centre network, sales grew \$74.2 million or 9.1% to end the year at \$890.8 million. Volume sales for this category rose 7.1% to 27.3 million litres.

Lastly, sales of beers, ciders and coolers rose \$10.6 million or 12.7% to \$94.1 million. The corresponding volume sales totalled 15.4 million litres, a 1.8 million litre or 13.2% increase.

COST OF SALES AND GROSS MARGIN

Cost of sales consists primarily of acquisition costs, the freight costs incurred to ship goods to the SAQ's distribution centres and various points of sale and the related customs duties and excise taxes. In fiscal 2019-2020, the cost of sales stood at \$1.727 billion, compared with \$1.623 billion in the preceding fiscal year. The resulting gross margin totalled \$1.762 billion versus \$1.671 billion in the preceding fiscal year, a \$91.2 million increase. The gross margin was 50.5% in fiscal 2019-2020 as opposed to 50.7% in the preceding fiscal year.

ADOPTION OF NEW ACCOUNTING STANDARDS

In fiscal 2019-2020, the SAQ complied with the new IFRS standards published and revised by the International Accounting Standards Board (IASB) and adopted by Canada's Accounting Standards Board, which are effective for reporting periods beginning on or after January 1, 2019.

Changed standards that must be applied for the current year

In January 2016, the IASB issued IFRS 16 "Leases," which replaces IAS 17 "Leases" and certain other lease-related interpretations. IFRS 16 eliminates the classification for operating leases and requires lessees to recognize all leases as a right-of-use asset and lease liability on balance sheets. An exemption is allowed for short-term leases and leases whose underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 and introduces new reporting requirements. As the SAQ is subject to significant contractual obligations related to its stores in the form of IAS 17-compliant operating leases, adopting IFRS 16 caused a significant increase in assets and liabilities and an increase in the interest expense related to lease obligations. The company began complying with the requirements of IFRS 16 on March 31, 2019, using the modified retrospective approach. The comparative figures have not been restated, as is allowed by the standard.

For more information about the adoption of IFRS 16, please refer to Note 4 to the financial statements of the French-language version of this report.

NET EXPENSES

Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income. Thus defined, net expenses totalled \$536.5 million, compared with \$524.9 million in the preceding fiscal year, an \$11.6 million or 2.2% increase, which is well below the 4.2% increase in the volume of litres sold.

Employee compensation, which is the SAQ's largest net expense category, totalled \$383.4 million, an \$11.7 million or 3.2% increase. Expressed as a percentage of sales, employee compensation was 11% as opposed to 11.3% for the preceding fiscal year.

Building occupancy expenses, including the related amortization, constitute the second largest net expense category. These fell \$1.4 million or 1.5% to \$95.1 million. This decrease is partly attributable to the March 31, 2019, adoption of IFRS 16, which resulted in a right-of-use asset amortization expense less than that reported as a building occupancy expense under IAS 17. This increase was partially offset by additional financing expenses related to lease obligations. The comparative information was not restated for the fiscal years prior to 2019-2020. For more information, please refer to Note 4 to the financial statements in the French-language version of this report.

Lastly, equipment use, supply, delivery, communication and other expenses totalled \$58 million, up \$1.3 million or 2.3%. The increase in the service fees paid to financial institutions due to customers' growing use of credit cards during the year as well as additional selection collection costs explain the increase. In addition, application of IFRS 16 had a \$5.3 million impact on the growth of net financial expenses. These increases were partially offset by a \$1.8 million decrease in promotional advertising costs and a \$5.3 million increase in other income.

Expressed as a percentage of sales, net expenses were 15.4% in fiscal 2019-2020, compared with 15.9% for the preceding fiscal year. The efforts made to boost the organization's performance and the rise in sales are reflected in the improvement of this ratio.

NET INCOME AND COMPREHENSIVE INCOME

Net income for the fiscal year totalled nearly \$1.226 billion, up \$79.6 million or 6.9%. Expressed as a percentage of sales, net income was 35.1% as opposed to 34.8% for fiscal 2018-2019. For its part, comprehensive income rose \$81.2 million from the preceding fiscal year to reach \$1.226 billion.

GOVERNMENT REVENUES

As a government corporation, the SAQ pays substantial amounts to both levels of government in the form of consumer taxes, federal taxes and duties and its net income from operations. In fiscal 2019-2020, government revenues from operations totalled \$2.373 billion, a \$138.5 million or 6.2% increase. The increase is largely attributable to the growth in earnings achieved over the fiscal year, an increase in consumer tax receipts stemming from higher sales and a rise in excise taxes and customs duties.

Government revenues from operations

(in millions of dollars)

	2020	2019
Government of Quebec		
Declared dividend	1,225.5	1,145.9
Provincial sales tax	390.8	370.2
Specific tax	272.7	259.4
Specific permit holder tax	27.1	27.9
	1,916.1	1,803.4
Government of Canada		
Excise taxes and customs duties	260.6	245.1
Goods and services tax	195.9	185.6
	456.5	430.7
Total	2,372.6	2,234.1

The amounts paid to the Quebec Treasury rose \$112.7 million or 6.2% to \$1,916 billion. Several factors explain this positive change: the \$79.6 million increase in the declared dividend, \$12.5 million increase in receipts for the specific tax on alcoholic beverages resulting from higher sales and a \$20.6 million increase in the provincial sales tax collected, again due to higher sales. The amounts remitted to the Canadian government totalled \$456.5 million, a \$25.8 million or 6% increase.

INVESTMENTS

Investments in capital assets amounted to \$28.5 million in fiscal 2019-2020. A total of \$6.5 million was allocated to modernizing the store network. The company also invested \$2.7 million in upgrades to its distribution and administrative centres and \$16.9 million in the design and development of new information systems to improve operational efficiency and in launching the new SAQ.COM platform with its more user-friendly experience. Lastly, \$2.4 million was invested in upgrading rolling stock and equipment.

FINANCIAL POSITION

As at March 28, 2020, the SAQ had total assets of \$1.284 billion, compared with \$913.8 million as at March 30, 2019. Cash and cash equivalents rose to \$112.9 million to end the year at \$332.4 million. Accounts payable and other payables decreased \$13.5 million to \$51.1 million. The repayment of the advance granted to the Société québécoise du cannabis (SQDC) to begin cannabis retail operations in Quebec largely explain this decrease. The value of inventories fell \$29.4 million to \$387.6 million. Deposits and prepaid expenses rose \$303.7 million, a change mainly attributable to the increase in right-of-use assets related to its store leases following the adoption of IFRS 16 on March 31, 2019.

Current liabilities increased \$116.1 million, going from \$838.3 million as at March 30, 2019, to \$954.4 million as at March 28, 2020. The increase is partly attributable to the \$53.6 million higher dividend payable and the \$17.2 million increase in government taxes and duties payable. In addition, application of IFRS 16 resulted in the recognition of \$308.2 million in lease obligations, \$49.4 million of which are classified under current liabilities. Decreases of \$3.1 million in provisions and \$1.1 million in accounts payable and other payables offset the increase in current liabilities. Despite a \$5.1 million reduction in the sick leave credit expense, long-term liabilities rose \$253.7 million to \$289.5 million, an increase caused mainly by recognizing lease obligations of \$258.8 million following the adoption of IFRS 16.

CASH FLOWS

In fiscal 2018-2019, the SAQ's activities generated cash and cash equivalents of \$112.9 million, compared with \$84.7 million in the preceding fiscal year.

Cash flows related to operating activities increased \$125.5 million from the preceding fiscal year to \$1.354 billion. The change is mainly due to the \$79.6 million increase in net income and the \$52.8 million amortization of right-of-use assets under IFRS 16.

The company's investment activities entailed a cash outflow of \$19.5 million in the fiscal year, compared with \$16.9 million in fiscal 2018-2019, a \$2.6 million increase. This change is largely explained by the \$9.2 million increase in additions to property, plant and equipment and the income from the disposal of assets during the preceding fiscal year following the \$12.3 million sale of the Au-Pied-du-Courant building. Repayment by the SQDC of the \$12.7 million advance to cover the start-up costs helped offset these increases.

For their part, financing activities required \$94.7 million more in cash due to the \$49.5 million in cash lease payments under lease obligations posted separately in the cash flow table for fiscal 2019-2020, as required following the adoption of IFRS 16, and the \$45.2 million change in the dividend distributed to the shareholder during the fiscal year.

As at March 28, 2020, the statement of cash flows showed a cash and cash equivalent balance of \$332.4 million, compared with \$219.5 million at the end of the preceding fiscal year.

FINANCING OF OPERATIONS

As stated in note 21 to its financial statements, the company manages the financing of its operations within certain limits set by the government of Quebec and its Board of Directors. As dividend advances are paid periodically to its shareholder, the Quebec Minister of Finance, the SAQ relies on external sources to finance its operations. Consequently, the company is authorized to take out short-term loans up to a maximum amount outstanding of \$300 million. The company had no borrowings outstanding at March 28, 2020, or March 30, 2019.

Financing of the SAQ's money market activities resulted in net financial income of \$3.9 million, compared with \$3 million for the preceding fiscal year, a \$0.9 million increase. The change is due partly to an increase in the average net surplus recorded in cash activities, compared with fiscal 2018-2019 and partly to an increase in the average interest rate earned on the surpluses.

Interest under lease obligations totalled \$5.3 million subsequent to the application of IFRS 16. The net interest related to the liabilities and assets arising from employee benefit plans totalled \$1.2 million in fiscal 2019-2020, compared with \$1.1 million in the preceding fiscal year.

FUTURE STANDARDS, AMENDMENTS AND INTERPRETATIONS

On the date that publication of these financial statements was authorized, new standards, amendments and interpretations of existing standards had been published but were not yet in force. The SAQ did not early-adopt them but plans to adopt them as they come into force.

Other new standards and interpretations have been published but are not expected to have a significant impact on the company's financial statements.

DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision of the President and Chief Executive Officer and of the Vice-President and Chief Financial Officer, the SAQ's disclosure controls and procedures (DC&P) are designed to provide reasonable assurance that significant information about the SAQ is communicated to management in a timely manner.

An evaluation of the design and effectiveness of the DC&P was performed as at March 28, 2020, under the supervision and with the participation of management. Based on this evaluation, the President and Chief Executive Officer and the Vice-President and Chief Financial Officer concluded that the DC&P were adequately designed and operating effectively.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The SAQ's internal control over financial reporting is designed to provide reasonable assurance that the financial information is reliable and that the financial statements were prepared, for financial reporting purposes, in accordance with International Financial Reporting Standards (IFRS).

The SAQ's management, including the President and Chief Executive Officer and the Vice-President and Chief Financial Officer, have evaluated the effectiveness of the internal controls over financial reporting (ICFR) using the framework and criteria set out in the Internal Control – Integrated Framework document issued by the Committee of Sponsoring Organizations (COSO 2013) of the Treadway Commission. Based on this evaluation, management concluded that, as at March 28, 2020, the ICFR are adequately designed and effective to provide reasonable assurance as to the reliability of the financial information and the presentation of the SAQ's financial statements in accordance with IFRS.

RISKS AND UNCERTAINTIES

In recent years, SAQ management has embarked on a shift to integrate an organization-wide integrated risk management framework into its operations. This ongoing process is used to mitigate certain risks to which the SAQ is exposed in the normal course of operation and which could have an impact on its operating results, financial position and cash flows. Support for attainment of business objectives and decision-making are additional benefits of the process.

The integrated risk management governance used by the SAQ provides a common reference framework. It allows risks to be identified, assessed and ranked. Appropriate measures for minimizing their impact are then implemented and continuously re-evaluated. The process is accompanied by surveillance of the internal and external environment supplemented with information shared from across the organization.

In addition to the financial risks described in Note 25 to the financial statements, the SAQ is exposed to business risks, which are the focus of special attention and the most significant of which are described hereafter.

Economy, market and performance

Beverage alcohol sales are dependent on, among other things, the strength of the Quebec economy and the disposable income of consumers. An extended economic slowdown in Quebec could have an adverse impact on the sale of products offered by the SAQ and, consequently, on the company's performance. The SAQ must also contend with demographic factors related to the market it serves. Due to the aging population, the growth in beverage alcohol sales could slow in coming years in Quebec. Moreover, the retail sector is constantly changing and consumers are increasingly targeted by a wide range of offers of products and services.

To ensure its continued growth, the SAQ is always looking for innovations that will help it optimize how it does business and maintain its operational efficiency. The company constantly studies consumer shopping habits and trends in order to adapt its business strategies and provide an integrated shopping experience aligned with customers' needs.

Product quality control

With a catalogue of more than 15,700 products from 3,700 suppliers around the globe, the SAQ must ensure that an irreproachable level of quality is maintained in the products it sells. This it does through its ISO 17025-certified laboratory and ISO 9001-certified quality management process. Several measures have also been implemented to ensure compliance with Health Canada regulations.

Information technology

As part of its operations, the SAQ has warehouses and a large network of stores and specialized centres that rely on a vast information technology infrastructure. The continuity of the company's operations could be interrupted in the event its information systems were unavailable for an extended period of time.

The SAQ is also aware of the risks related to the security of its information systems. The company has implemented robust controls and contingency plans to maintain the continuity of its operations and is constantly evaluating its protection measures to ensure the security and integrity of its data.

Social responsibility

Society's expectations of the SAQ are high with regard to its environmental, social and economic responsibilities. Failing to meet its obligations could expose the company to criticism, reprimands, demands and even lawsuits.

Social responsibility is one of the SAQ's key concerns, as can be seen in the central place it is accorded in the company's successive strategic plans. Climate change, glass recycling and responsible sales are constant preoccupations, not only for the SAQ but also for society as a whole, and efforts are constantly made to reach ambitious objectives.

The SAQ also plays an active role in community life by contributing to the economic and social well-being of Quebec society, be it through the company's Donations and Sponsorship Program, its campaign in support of Food Banks of Quebec or its contribution—along with that of its employees—to the Entraide fundraising campaign.

Lastly, the SAQ faces various claims and lawsuits. In management's opinion, any settlement that might arise from these claims would not have a significant impact on the company's financial position. Should the company be required to pay any amount as a result of these lawsuits, the amount would be expensed in the period in which it became payable.

OUTLOOK

Although the economic uncertainty brought about by the COVID-19 crisis makes formulating a reliable outlook difficult, SAQ management is committed to doing all it can to secure the company's contribution to government.

In fiscal 2020-2021, the SAQ will embark on the first year of its new strategic planning cycle, which aims, among other things, to raise the profile of Quebec products and evolve the experience delivered to customers.

Continuous improvement of the organization's performance will also remain a priority in the coming year, as will social responsibility. During its 2020-2021 fiscal year, the SAQ will also continue working with the government and industry to develop and implement a new deposit-return system.

Sales by network

(in millions of Canadian dollars)

	2016	2017	2018 ¹	2019	2020
Stores and specialized centres	2,746.2	2,776.6	2,909.0	2,947.0	3,137.2
Wholesale grocers	327.4	346.0	342.7	346.9	351.5
Total	3,073.6	3,122.6	3,251.7	3,293.9	3,488.7

Sales by product category

(in millions of Canadian dollars)

	2016	2017	2018 ¹	2019	2020
Wines	2,300.9	2,320.1	2,387.9	2,393.8	2,503.8
Spirits	697.7	726.9	787.3	816.6	890.8
Beers, ciders and coolers	75.0	75.6	76.5	83.5	94.1
Total	3,073.6	3,122.6	3,251.7	3,293.9	3,488.7

Financial results

(in millions of Canadian dollars)

	2016	2017	2018 ¹	2019	2020
Sales	3,073.6	3,122.6	3,251.7	3,293.9	3,488.7
Cost of sales	1,435.8	1,468.5	1,598.8	1,623.1	1,726.7
Net expenses ^{2,3}	570.8	568.4	539.2	524.9	536.5
Net income ³	1,067.0	1,085.7	1,113.7	1,145.9	1,225.5
Comprehensive income	1,067.1	1,085.4	1,113.6	1,144.5	1,225.7

Government revenues from operations

(in millions of Canadian dollars)

	2016	2017	2018 ¹	2019	2020
Declared dividend	1,067.0	1,085.7	1,113.7	1,145.9	1,225.5
Taxes and duties paid to governments	1,026.1	1,046.7	1,077.8	1,088.2	1,147.1
Total	2,093.1	2,132.4	2,191.5	2,234.1	2,372.6

Asset mix

(in millions of Canadian dollars)

	2016	2017	2018 ¹	2019	2020
Inventories	325.4	358.9	386.9	417.0	387.6
Property, plant and equipment and intangible assets	241.5	222.4	201.9	193.8	196.0
Other assets ³	212.9	246.4	224.3	303.0	700.1
Total	779.8	827.7	813.1	913.8	1,283.7

1. 53-week fiscal year.

2. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income and the share in the profit of equity-accounted interests, which ended in 2018.

3. Reflects the adoption of IFRS 16 on March 31, 2019. For more information on this standard, please see Note 4 to the financial statements in the French-language version of this report.

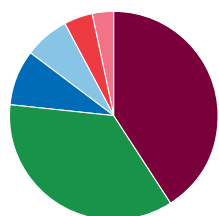
Certain comparative figures have been reclassified to conform to the current year's presentation.

Breakdown of the Sales Price

Imported wine¹, 750 ml format

(in dollars and percentages)

March 28, 2020



Markup ²	\$6.17	41.1%
Supplier price, in Canadian dollars, including shipping	5.34	35.6
Provincial sales tax	1.30	8.7
Specific tax paid to the Government of Quebec	1.05	7.0
Federal goods and services tax	0.65	4.3
Excise taxes and customs duties paid to the Government of Canada	0.49	3.3
Retail price (per bottle)	\$15.00	100.0%

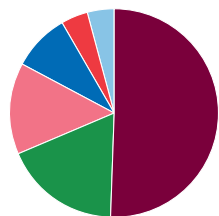
1. Continuous replenishment products.

2. The markup covers selling, marketing, distribution and administrative expenses and generates net income.

Local spirits, 750 ml format

(in dollars and percentages)

March 28, 2020



Markup ¹	\$13.21	50.8%
Supplier price, in Canadian dollars, including shipping	4.64	17.9
Excise taxes and customs duties paid to the Government of Canada	3.71	14.3
Provincial sales tax	2.26	8.7
Federal goods and services tax	1.13	4.3
Specific tax paid to the Government of Quebec	1.05	4.0
Retail price (per bottle)	\$26.00	100.0%

1. The markup covers selling, marketing, distribution and administrative expenses and generates net income.

QUARTERLY RESULTS

Fiscal years ended March 28, 2020, and March 30, 2019
(unaudited figures)

	2020				
	Fiscal year	Q4	Q3	Q2	Q1
Number of weeks	52	12	16	12	12

FINANCIAL RESULTS

(in millions of Canadian dollars)

Sales	3,488.7	698.6	1,219.3	807.2	763.6
Gross margin	1,762.0	355.3	614.4	412.3	380.0
Net expenses ^{1,2}	536.5	135.9	166.4	115.0	119.2
Net income ²	1,225.5	219.4	448.0	297.3	260.8
Comprehensive income	1,225.7	219.6	448.0	297.3	260.8
Dividend paid	1,171.9	355.0	290.0	196.9	330.0

SALES BY NETWORK

(in millions of Canadian dollars)

Stores and specialized centres	3,137.2	616.5	1,096.7	730.8	693.2
Wholesale grocers	351.5	82.1	122.6	76.4	70.4
Total	3,488.7	698.6	1,219.3	807.2	763.6

VOLUME SALES BY NETWORK

(in millions of litres)

Stores and specialized centres	174.6	34.5	57.7	42.7	39.7
Wholesale grocers	42.9	10.5	14.8	9.0	8.6
Total	217.5	45.0	72.5	51.7	48.3

VOLUME SALES BY PRODUCT CATEGORY

(in millions of litres)

Wines	174.8	37.3	59.5	40.3	37.7
Spirits	27.3	5.5	9.6	6.3	5.9
Beers, ciders and coolers	15.4	2.2	3.4	5.1	4.7
Total	217.5	45.0	72.5	51.7	48.3

1. Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income.
2. Reflects the adoption of IFRS 16 on March 31, 2019. For more information on this standard, please see Note 4 to the financial statements in the French-language version of this report.

	2019				
	Fiscal year	Q4	Q3	Q2	Q1
Number of weeks	52	12	16	12	12

FINANCIAL RESULTS

(in millions of Canadian dollars)

Sales	3,293.9	632.2	1,159.1	747.9	754.7
Gross margin	1,670.8	322.7	587.5	381.4	379.2
Net expenses ^{1,2}	524.9	131.2	162.0	112.5	119.2
Net income ²	1,145.9	191.5	425.5	268.9	260.0
Comprehensive income	1,144.5	190.1	425.5	268.9	260.0
Dividend paid	1,126.7	345.0	280.0	186.7	315.0

SALES BY NETWORK

(in millions of Canadian dollars)

Stores and specialized centres	2,947.0	562.9	1,040.5	669.7	673.9
Wholesale grocers	346.9	69.3	118.6	78.2	80.8
Total	3,293.9	632.2	1,159.1	747.9	754.7

VOLUME SALES BY NETWORK

(in millions of litres)

Stores and specialized centres	167.0	31.6	55.6	40.1	39.7
Wholesale grocers	41.7	8.8	14.0	9.1	9.8
Total	208.7	40.4	69.6	49.2	49.5

VOLUME SALES BY PRODUCT CATEGORY

(in millions of litres)

Wines	169.6	33.4	57.7	39.1	39.4
Spirits	25.5	4.9	9.1	5.8	5.7
Beers, ciders and coolers	13.6	2.1	2.8	4.3	4.4
Total	208.7	40.4	69.6	49.2	49.5

TEN-YEAR HISTORICAL REVIEW

Fiscal years ended the last Saturday in March
(unaudited figures)

	2020	2019	2018 ¹
FINANCIAL RESULTS			
(in millions of Canadian dollars)			
Sales ³	3,488.7	3,293.9	3,251.7
Gross margin ³	1,762.0	1,670.8	1,652.9
Net expenses ^{3,4,5}	536.5	524.9	539.2
Net income ⁵	1,225.5	1,145.9	1,113.7
Comprehensive income	1,225.7	1,144.5	1,113.6
FINANCIAL POSITION			
(in millions of Canadian dollars)			
Total assets ⁵	1,283.7	913.8	813.1
Property, plant and equipment and intangible assets	196.0	193.8	201.9
Net working capital ⁵	(168.2)	(118.4)	(129.6)
Long-term liabilities ⁵	289.5	35.8	33.0
Shareholder's equity	39.9	39.7	41.1
CASH FLOWS			
(in millions of Canadian dollars)			
Cash flows related to operating activities	1,353.8	1,228.2	1,095.5
Acquisitions of property, plant and equipment and intangible assets	32.5	17.9	23.4
Dividend paid	1,171.9	1,126.7	1,097.7

- 53-week fiscal year.
- The fiscal 2013 results have been restated to retroactively apply the changes to IAS 19 concerning employee benefits in accordance with the transition provisions. These changes had a positive impact of nearly \$0.4 million on net earnings and a negative impact of more than \$0.1 million on the consolidated statement of comprehensive income for fiscal 2013.
- Due to the adoption of a new presentation method in 2011, the Éduc'alcool Fund and Éco Entreprises Fund deductions are included in net expenses. In fiscal 2020, these deductions totalled \$25.1 million, compared with \$23.8 million for the preceding fiscal year.
- Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income and the share in the profit or loss of equity-accounted interests, which ended in 2018.
- Reflects the adoption of IFRS 16 on March 31, 2019. For more information on this standard, please see Note 4 to the financial statements in the French-language version of this report.

Certain comparative figures have been reclassified to conform to the current year's presentation.

TEN-YEAR HISTORICAL REVIEW
Fiscal years ended the last Saturday in March
(unaudited figures)

2017	2016	2015	2014	2013 ²	2012 ¹	2011
3,122.6	3,073.6	3,006.3	2,934.9	2,907.0	2,837.1	2,657.8
1,654.1	1,637.8	1,600.3	1,554.5	1,552.8	1,509.3	1,417.1
568.4	570.8	566.6	551.5	522.0	509.6	506.6
1,085.7	1,067.0	1,033.7	1,003.0	1,030.8	999.7	910.5
1,085.4	1,067.1	1,032.7	1,002.0	1,030.3	999.7	910.5
827.7	779.8	708.0	733.8	759.6	700.4	651.1
222.4	241.5	246.5	259.8	259.8	250.9	247.4
(150.8)	(164.1)	(169.5)	(186.9)	(191.6)	(186.7)	(179.3)
32.4	36.3	36.1	31.3	32.1	29.4	32.4
41.2	41.5	41.4	42.3	43.4	44.9	44.9
1,135.4	1,157.1	1,126.2	1,061.4	1,075.7	947.3	959.6
22.3	33.7	26.2	30.7	41.1	35.3	43.1
1,097.0	1,038.7	971.0	1,058.4	1,047.7	962.7	926.2

	2020	2019	2018 ¹
SALES BY NETWORK²			
(in millions of Canadian dollars and in millions of litres)			
Stores and specialized centres	3,137.2 174.6 L	2,947.0 167.0	2,909.0 169.0
Wholesale grocers	351.5 42.9 L	346.9 41.7	342.7 41.3
Total	3,488.7 217.5 L	3,293.9 208.7	3,251.7 210.3
SALES BY PRODUCT CATEGORY²			
(in millions of Canadian dollars and in millions of litres)			
Wines	2,503.8 174.8 L	2,393.8 169.6	2,387.9 173.1
Spirits	890.8 27.3 L	816.6 25.5	787.3 25.1
Beers, ciders and coolers	94.1 15.4 L	83.5 13.6	76.5 12.1
Total	3,488.7 217.5 L	3,293.9 208.7	3,251.7 210.3

1. 53-week fiscal year.

2. Due to the adoption of a new presentation method in 2011, the Éduc'alcool Fund and Éco Entreprises Québec Fund deductions are included in net expenses. In fiscal 2020, these deductions totalled \$25.1 million, compared with \$23.8 million for the preceding fiscal year.

TEN-YEAR HISTORICAL REVIEW
Fiscal years ended the last Saturday in March
(unaudited figures)

2017	2016	2015	2014	2013	2012 ¹	2011
2,776.6	2,746.2	2,683.8	2,621.9	2,585.2	2,524.4	2,362.5
155.7	155.1	152.2	150.4	150.8	149.1	142.8
346.0	327.4	322.5	313.0	321.8	312.7	295.3
42.3	41.0	40.5	39.0	40.4	39.8	37.7
3,122.6	3,073.6	3,006.3	2,934.9	2,907.0	2,837.1	2,657.8
198.0	196.1	192.7	189.4	191.2	188.9	180.5
2,320.1	2,300.9	2,264.2	2,213.6	2,183.1	2,124.7	1,987.0
163.8	162.9	160.2	156.5	157.3	155.2	148.3
726.9	697.7	664.7	639.0	633.8	621.8	581.8
23.7	23.0	22.1	21.8	22.0	21.8	20.8
75.6	75.0	77.4	82.3	90.1	90.6	89.0
10.5	10.2	10.4	11.1	11.9	11.9	11.4
3,122.6	3,073.6	3,006.3	2,934.9	2,907.0	2,837.1	2,657.8
198.0	196.1	192.7	189.4	191.2	188.9	180.5

	2020	2019	2018 ¹
NET EXPENSES^{3,4}			
(in millions of Canadian dollars)			
Employee compensation ⁵	383.4	371.7	380.9
Building occupancy expenses ^{6,7}	95.1	96.5	99.2
Equipment use and supply expenses ^{6,7}	35.3	39.8	42.1
Freight out and communications	3.4	3.2	2.8
Other expenses ^{7,8}	19.3	13.7	14.2
Total	536.5	524.9	539.2
OPERATING RATIOS			
(as a percentage of sales)			
Gross margin ³	50.5%	50.7%	50.8%
Net income ⁷	35.1%	34.8%	34.2%
Net expenses ^{3,4,7}	15.4%	15.9%	16.6%
OTHER INFORMATION			
(at fiscal year-end)			
Number of employees ⁹	5,169	5,044	5,159
Number of stores	410	409	407
Number of agency stores	426	428	432
Number of products offered for sale ¹⁰	15,700	14,350	13,300
SURFACE AREA OF BUSINESS PREMISES			
(in thousands of square feet)			
Stores	1,947.8	1,952.0	1,947.8
Distribution centres and warehouses	1,477.2	1,477.2	1,464.4

- 53-week fiscal year.
- The fiscal 2013 results have been restated to retroactively apply the changes to IAS 19 concerning employee benefits in accordance with the transition provisions. These changes had a positive impact of nearly \$0.4 million on net earnings and a negative impact of more than \$0.1 million on the consolidated statement of comprehensive income for fiscal 2013.
- Due to the adoption of a new presentation method in 2011, the Éduc'alcool Fund and Éco Entreprises Fund deductions are included in net expenses. In fiscal 2020, these deductions totalled \$25.1 million, compared with \$23.8 million for the preceding fiscal year.
- Net expenses consist of selling, marketing, distribution and administrative expenses, from which advertising, promotional and miscellaneous revenues are deducted. They also include financial expenses net of financial income, the devaluation of an interest in a joint venture, which ended in 2015, and the share in the profit of equity-accounted interests, which ended in 2018.
- Employee compensation includes payroll, employee benefits, pension plan-related costs and other employee benefit-related charges.
- Including amortization expenses and the amortization of right-of-use assets.
- Reflects the adoption of IFRS 16 on March 31, 2019. For more information on this standard, please see Note 4 to the financial statements in the French-language version of this report.
- Other expenses include an IFRS 16-related interest expense of \$5.3 million for 2020.
- The number of employees is determined on a full-time equivalent basis.
- Number of products offered for sale during the fiscal year (excluding private imports).

TEN-YEAR HISTORICAL REVIEW
Fiscal years ended the last Saturday in March
(unaudited figures)

2017	2016	2015	2014	2013 ²	2012 ¹	2011
392.3	388.2	389.5	369.1	358.4	344.3	341.9
98.6	97.8	94.6	93.6	89.9	89.0	83.4
48.8	47.6	45.7	42.5	40.6	39.6	41.1
7.0	7.5	7.7	7.5	7.4	8.3	8.8
21.7	29.7	29.1	38.8	25.7	28.4	31.4
568.4	570.8	566.6	551.5	522.0	509.6	506.6
53.0%	53.3%	53.2%	53.0%	53.4%	53.2%	53.3%
34.8%	34.7%	34.4%	34.2%	35.5%	35.2%	34.3%
18.2%	18.6%	18.8%	18.8%	18.0%	18.0%	19.0%
5,277	5,456	5,499	5,526	5,584	5,489	5,369
405	406	402	401	405	408	414
436	438	439	437	396	398	396
13,200	13,500	12,500	12,500	11,500	11,000	11,000
1,969.7	1,980.2	1,921.0	1,912.7	1,915.1	1,880.6	1,827.2
1,464.4	1,464.4	1,467.1	1,467.1	1,462.6	1,461.7	1,458.7

Editor

Marie-Hélène Lagacé

Publication management**Drafting of the general and trends sections**

Geneviève Ferron

Drafting of the financial section

Jessica Gauthier

George Hajjar

Rachel Jeannite

Patrick Lalumière

Nathalie McDuff

Annie Perrier

Translation

Craig Schweickert

Concept and graphic design

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