

**FINANCIAL RESULTS FOR FISCAL 2016 THIRD QUARTER  
ENDED DECEMBER 31, 2015**

**Net earnings at \$175.2 million, up 13.3% for the quarter**  
**Adjusted net earnings at \$175.4 million, up 13.5% for the quarter**

(Montréal, February 4, 2016) – Saputo Inc. (TSX: SAP) (Saputo or the Company) reported today its financial results for the third quarter of fiscal 2016, which ended on December 31, 2015. All amounts in this news release are in Canadian dollars, unless otherwise indicated, and are presented according to International Financial Reporting Standards (IFRS).

- Net earnings totalled \$175.2 million, an increase of \$20.6 million or 13.3%.
- Adjusted net earnings<sup>1</sup> totalled \$175.4 million, an increase of \$20.8 million or 13.5%.
- Earnings before interest, income taxes, depreciation, amortization, gain on disposal of a business, acquisition, restructuring and other costs (adjusted EBITDA<sup>1</sup>) amounted to \$320.4 million, an increase of \$41.7 million or 15.0%.
- Revenues for the quarter amounted to \$2.901 billion, an increase of \$79.2 million or 2.8%.
- Adjusted earnings per share<sup>1</sup> (basic and diluted) were \$0.45 and \$0.44, respectively, for the quarter as compared to \$0.39 and \$0.38 for the corresponding quarter last fiscal year, an increase of 15.4% and 15.8%, respectively.

(in millions of Canadian (CDN) dollars, except per share amounts)

(unaudited)	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2015	2014	2015	2014
Revenues	<b>2,901.0</b>	2,821.8	<b>8,257.5</b>	8,143.9
EBITDA	<b>320.1</b>	278.7	<b>858.2</b>	829.8
Adjusted EBITDA <sup>1</sup>	<b>320.4</b>	278.7	<b>861.0</b>	829.8
Net earnings	<b>175.2</b>	154.6	<b>460.1</b>	455.6
Adjusted net earnings <sup>1</sup>	<b>175.4</b>	154.6	<b>462.1</b>	455.6
Earnings per share				
Basic	<b>0.44</b>	0.39	<b>1.17</b>	1.15
Diluted	<b>0.44</b>	0.38	<b>1.16</b>	1.14
Adjusted earnings per share <sup>1</sup>				
Basic	<b>0.45</b>	0.39	<b>1.18</b>	1.15
Diluted	<b>0.44</b>	0.38	<b>1.16</b>	1.14

- In the USA Sector, the fluctuation of the average block market<sup>2</sup> per pound of cheese and the average butter market<sup>3</sup> price per pound, compared to the same quarter last fiscal year, decreased revenues by approximately \$191 million. EBITDA increased due to higher sales volumes, decreased ingredients costs and better efficiencies offsetting unfavourable market factors<sup>4</sup> of approximately \$4 million as compared to the same quarter last fiscal year.
- The Canada Sector EBITDA increased due to lower ingredients costs, as well as lower warehousing and logistical costs. The increase was partially offset by lower dairy ingredients sales prices, higher administrative expenses, as well as decreased EBITDA associated with the disposal of the Bakery Division in fiscal 2015.
- The International Sector EBITDA was negatively impacted by lower selling prices during the quarter without a similar decline in the cost of milk as raw material.
- The fluctuation of the Canadian dollar versus foreign currencies during the quarter had a positive impact on revenues and EBITDA of approximately \$261 million and \$29 million, respectively, as compared to the same quarter last fiscal year.
- The companies forming Woolwich Dairy (Woolwich Acquisition) which have been consolidated since October 5, 2015, contributed to revenues and EBITDA of both the Canada and USA Sectors.
- The Board of Directors approved a dividend of \$0.135 per share payable on March 11, 2016 to common shareholders of record on March 1, 2016.

<sup>1</sup> Adjusted net earnings, adjusted EBITDA and adjusted earnings per share (basic and diluted) are non-IFRS measures. Refer to "Measurement of Results not in Accordance with International Financial Reporting Standards" included in the Management's Discussion and Analysis for the third quarter of fiscal 2016 for the definition of these terms.

<sup>2</sup> "Average block market" is the average daily price of a 40 pound block of cheddar traded on the Chicago Mercantile Exchange (CME), used as the base price for cheese.

<sup>3</sup> "Average butter market" is the average daily price for Grade AA Butter traded on the CME, used as base price for butter.

<sup>4</sup> Market factors include the average block market per pound of cheese and its effect on the absorption of fixed costs and on the realization of inventories, the effect of the relationship between the average block market per pound of cheese and the cost of milk as raw material, the market pricing impact related to sales of dairy ingredients, as well as the impact of the average butter market price related to dairy food product sales.

## **Additional Information**

For more information on the third quarter results of fiscal 2016, reference is made to the condensed interim consolidated financial statements, the notes thereto and to the Management's Discussion and Analysis for the third quarter of fiscal 2016. These documents can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com) and in the "Investors and Media" section of the Company's website, at [www.saputo.com](http://www.saputo.com).

## **Conference Call**

A conference call to discuss the fiscal 2016 third quarter results will be held on Thursday, February 4, 2016 at 2:30 p.m. Eastern Time. To participate in the conference call, dial 1-800-670-1536. To ensure your participation, please dial in approximately five minutes before the call.

To listen to this call on the Web, please enter <http://www.gowebcasting.com/7207> in your Web browser.

For those unable to participate, a replay of the conference call will be available until 11:59 PM on February 11, 2016. To access the replay, dial 1-800-558-5253, ID number 21803384. A webcast will also be archived on [www.saputo.com](http://www.saputo.com), in the "Investors and Media" section, under Press Releases.

## **About Saputo**

Saputo produces, markets, and distributes a wide array of dairy products of the utmost quality, including cheese, fluid milk, extended shelf-life milk and cream products, cultured products and dairy ingredients. Saputo is one of the top ten dairy processors in the world, the largest cheese manufacturer and the leading fluid milk and cream processor in Canada, the third largest dairy processor in Argentina, and the fourth largest in Australia. In the US, Saputo ranks among the top three cheese producers and is one of the largest producers of extended shelf-life and cultured dairy products. Our products are sold in several countries under well-known brand names such as *Saputo, Alexis de Portneuf, Armstrong, Bari, Baxter, Black Creek, Chevrai, COON, Cracker Barrel\*, Dairyland, DairyStar, Dragone, DuVillage 1860, Friendship, Frigo Cheese Heads, Great Midwest, Kingsey, La Paulina, Milk2Go/Lait's Go, Mil Lei, Neilson, Nutrilait, Organic Creamery, Ricrem, Salemville, Scotsburn\*, Stella, Sungold, Treasure Cave, Wholesome Goat and Woolwich Dairy*. Saputo Inc. is a publicly traded company and its shares are listed on the Toronto Stock Exchange under the symbol "SAP".

\*Trademark used under licence.

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## **Media and Investor Relations**

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## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements within the meaning of securities laws. These statements are based, among other things, on Saputo's assumptions, expectations, estimates, objectives, plans and intentions as of the date hereof regarding projected revenues and expenses, the economic, industry, competitive and regulatory environments in which the Company operates or which could affect its activities, its ability to attract and retain customers and consumers, as well as the availability and cost of milk and other raw materials and energy supplies, its operating costs and the pricing of its finished products on the various markets in which it carries on business.

These forward-looking statements include, among others, statements with respect to the Company's short and medium term objectives, outlook, business projects and strategies to achieve those objectives, as well as statements with respect to the Company's beliefs, plans, objectives and expectations. The words "may", "should", "will", "would", "believe", "plan", "expect", "intend", "anticipate", "estimate", "foresee", "objective", "continue", "propose" or "target", or the negative of these terms or variations of them, the use of conditional tense or words and expressions of similar nature, are intended to identify forward-looking statements.

By their nature, forward-looking statements are subject to a number of inherent risks and uncertainties. Actual results could differ materially from the conclusion, forecast or projection stated in such forward-looking statements. As a result, the Company cannot guarantee that any forward-looking statements will materialize. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks that could cause actual results to differ materially from current expectations are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the "Risks and Uncertainties" section of the Management's Discussion and Analysis included in the Company's 2015 Annual Report.

Forward-looking statements are based on Management's current estimates, expectations and assumptions, which Management believes are reasonable as of the date hereof, and, accordingly, are subject to changes after such date. You should not place undue importance on forward-looking statements and should not rely upon this information as of any other date.

Except as required under applicable securities legislation, Saputo does not undertake to update or revise these forward-looking statements, whether written or verbal, that may be made from time to time by itself or on its behalf, whether as a result of new information, future events or otherwise.

## OPERATING RESULTS

**Consolidated revenues** for the quarter ended December 31, 2015 totalled \$2.901 billion, an increase of approximately \$79 million or 2.8%, as compared to \$2.822 billion for the corresponding quarter last fiscal year. The increase is due mainly to higher sales volumes and the inclusion of revenues from the Woolwich Acquisition and the everyday cheese business of Lion-Dairy & Drinks Pty Ltd (EDC Acquisition). This increase was partially offset by the fluctuation of the average block market per pound of cheese and the average butter market price per pound, compared to the same quarter last fiscal year, decreasing revenues by approximately \$191 million. Lower international selling prices of cheese and dairy ingredients, as compared to the corresponding quarter last fiscal year, negatively affected revenues. The disposal of the Bakery Division, in the fourth quarter of fiscal 2015, resulted in decreased revenues. Finally, the fluctuation of the Canadian dollar versus foreign currencies increased revenues by approximately \$261 million.

For the nine-month period ended December 31, 2015, revenues totalled \$8.258 billion, an increase of approximately \$114 million or 1.4% in comparison to \$8.144 billion for the same period last fiscal year. The increase is due mainly to higher sales volumes, as well as the inclusion of revenues from the Woolwich and EDC Acquisitions. A lower average block market per pound of cheese, as well as a lower average butter market price decreased revenues by approximately \$629 million. Lower international selling prices of cheese and dairy ingredients, as compared to the corresponding period last fiscal year, negatively affected revenues. The disposal of the Bakery Division, in the fourth quarter of fiscal 2015, resulted in decreased revenues as compared to the same period last fiscal year. Finally, the fluctuation of the Canadian dollar versus foreign currencies increased revenues by approximately \$725 million.

**Consolidated adjusted EBITDA** for the third quarter of fiscal 2016 totalled \$320.4 million, an increase of \$41.7 million or 15.0% in comparison to \$278.7 million for the same quarter last fiscal year. The increase is due to higher sales volumes, lower ingredients costs, lower warehousing and logistical costs, as well as an increase in operational efficiencies. Also, the inclusion of the Woolwich and EDC Acquisitions positively impacted EBITDA. This increase was partially offset by lower international selling prices of cheese and dairy ingredients without a similar decline in the cost of milk as raw material. Market factors in the US negatively affected EBITDA by approximately \$4 million. Also, the disposal of the Bakery Division in fiscal 2015 negatively impacted EBITDA. Finally, the fluctuation of the Canadian dollar versus foreign currencies had a favourable impact on EBITDA of approximately \$29 million, as compared to the same quarter last fiscal year.

For the nine-month period ended December 31, 2015, EBITDA totalled \$861.0 million, an increase of \$31.2 million or 3.8%, as compared to \$829.8 million for the corresponding period last fiscal year. The increase is due to higher sales volumes, increased operational efficiencies and lower ingredients costs. The inclusion of the Woolwich and EDC Acquisitions positively impacted EBITDA. The increase was partially offset by lower international selling prices of cheese and dairy ingredients without a similar decline in the cost of milk as raw material. Market factors in the US negatively affected EBITDA by \$38 million. As a result of the decrease in international market selling prices, inventory was written down by approximately \$13 million, decreasing EBITDA in the current period. Also, the disposal of the Bakery Division in fiscal 2015 negatively impacted EBITDA. Finally, the fluctuation of the Canadian dollar versus foreign currencies had a favourable impact on EBITDA of approximately \$71 million, as compared to the same period last fiscal year.

## OTHER CONSOLIDATED RESULT ITEMS

**Depreciation and amortization** for the third quarter of fiscal 2016 totalled \$50.1 million, an increase of \$6.2 million, in comparison to \$43.9 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2015, depreciation and amortization expense amounted to \$143.9 million, an increase of \$19.7 million, as compared to \$124.2 million for the corresponding period last fiscal year. These increases are mainly attributed to the fluctuation of the Canadian dollar versus foreign currencies, as well as additions to property plant and equipment, increasing the depreciable base.

**Acquisition costs** amounted to \$0.3 million and \$2.8 million for the three and nine-month periods ended December 31, 2015 related to the Woolwich and EDC Acquisitions.

**Net interest expense** for the three month-period ended December 31, 2015 increased by \$1.3 million in comparison to the same period last fiscal year. This increase is mainly attributed to higher interest rates on an Argentine Peso denominated credit facility. For the nine-month period ended December 31, 2015, net interest expense decreased by \$0.6 million compared to the corresponding period last fiscal year. This decrease is mainly attributed to a lower level of debt.

**Income taxes** for the third quarter of fiscal 2016 totalled \$75.4 million, reflecting an effective tax rate of 30.1% compared to 28.7% for the same quarter last fiscal year. Income taxes for the nine-month period ended December 31, 2015 totalled \$199.0 million, reflecting an income tax rate of 30.2% in comparison to 29.9% for the same period last fiscal year. The income tax rate varies and could increase or decrease based on the amount and source of taxable income, amendments to tax legislations and income tax rates, changes in assumptions, as well as estimates used for tax assets and liabilities by the Company and its affiliates.

**Net earnings** totalled \$175.2 million for the quarter ended December 31, 2015, compared to \$154.6 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2015, net earnings totalled \$460.1 million, as compared to \$455.6 million for the same period last fiscal year.

**Adjusted net earnings** totalled \$175.4 million for the quarter ended December 31, 2015, compared to \$154.6 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2015, adjusted net earnings totalled \$462.1 million, as compared to \$455.6 million for the same period last fiscal year.

## SELECTED QUARTERLY FINANCIAL INFORMATION

(in millions of CDN dollars, except per share amounts)

Fiscal years	2016			2015				2014
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	<b>2,901.0</b>	2,792.1	2,564.4	2,513.8	2,821.8	2,701.3	2,620.8	2,485.9
Adjusted EBITDA <sup>1</sup>	<b>320.4</b>	281.7	258.9	232.0	278.7	282.2	268.9	277.8
Net earnings	<b>175.2</b>	148.6	136.4	157.3	154.6	155.7	145.3	119.8
Gain on disposal of a business <sup>2</sup>	–	–	–	(25.9)	–	–	–	–
Acquisition costs <sup>2</sup>	<b>0.2</b>	1.1	0.6	0.5	–	–	–	9.2
Restructuring costs <sup>2</sup>	–	–	–	(4.7)	–	–	–	19.9
Other costs <sup>2</sup>	–	–	–	–	–	–	–	3.9
Adjusted net earnings <sup>1</sup>	<b>175.4</b>	149.7	137.0	127.2	154.6	155.7	145.3	152.8
Attributable to:								
Shareholders of Saputo Inc.	<b>174.7</b>	149.0	137.9	126.2	152.6	154.4	144.3	151.9
Non-controlling interest	<b>0.7</b>	0.7	(0.9)	1.0	2.0	1.3	1.0	0.9
	<b>175.4</b>	149.7	137.0	127.2	154.6	155.7	145.3	152.8
Earnings per share <sup>3</sup>								
Basic	<b>0.44</b>	0.38	0.35	0.40	0.39	0.39	0.37	0.31
Diluted	<b>0.44</b>	0.37	0.34	0.39	0.38	0.39	0.36	0.31
Adjusted earnings per share <sup>1,3</sup>								
Basic	<b>0.45</b>	0.38	0.35	0.32	0.39	0.39	0.37	0.39
Diluted	<b>0.44</b>	0.38	0.34	0.32	0.38	0.39	0.36	0.39

<sup>1</sup> Adjusted EBITDA, adjusted net earnings and adjusted earnings per share (basic and diluted) are non-IFRS measures. Refer to "Measurement of Results not in Accordance with International Financial Reporting Standards" included in the Management's Discussion and Analysis for the third quarter of fiscal 2016 for the definition of these terms.

<sup>2</sup> Net of income taxes.

<sup>3</sup> Per share data prior to September 30, 2014 has been adjusted for a stock dividend of one common share per each issued and outstanding common share, which was paid on September 29, 2014 and had the same effect as a two-for-one stock split of the Company's outstanding common shares.

### Consolidated selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	2016			2015			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Market factors <sup>1,2</sup>	<b>(4)</b>	(37)	3	(23)	(20)	10	(35)
Inventory write-down	–	–	(13)	(3)	(7)	–	–
Foreign currency exchange <sup>1,3</sup>	<b>29</b>	27	15	15	5	2	4

<sup>1</sup> As compared to same quarter of previous fiscal year.

<sup>2</sup> Market factors include the average block market per pound of cheese and its effect on the absorption of fixed costs and on the realization of inventories, the effect of the relationship between the average block market per pound of cheese and the cost of milk as raw material, the market pricing impact related to sales of dairy ingredients, as well as the impact of the average butter market price related to dairy food product sales.

<sup>3</sup> Foreign currency exchange includes effect on EBITDA of conversion of US dollars, Australian dollars and Argentinian pesos to Canadian dollars.

## INFORMATION BY SECTOR

### Canada Sector

(in millions of CDN dollars)

Fiscal years	2016			2015			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	<b>992.8</b>	958.5	917.5	909.6	1,005.4	971.7	949.1
EBITDA	<b>107.5</b>	99.4	98.1	82.3	102.1	106.8	113.3

The Canada Sector consists of the Dairy Division (Canada). In fiscal 2015, the Sector included both the Dairy Division (Canada) and the Bakery Division.

## USA Sector

(in millions of CDN dollars)

Fiscal years	2016			2015			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	1,574.9	1,459.2	1,303.3	1,248.2	1,394.5	1,345.1	1,291.9
EBITDA	190.1	172.7	171.7	141.0	139.5	136.6	117.8

### Selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	2016			2015			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Market factors <sup>1, 2</sup>	(4)	(37)	3	(23)	(20)	10	(35)
US currency exchange <sup>1</sup>	25	27	15	15	10	6	7

<sup>1</sup> As compared to same quarter of previous fiscal year.

<sup>2</sup> Market factors include the average block market per pound of cheese and its effect on the absorption of fixed costs and on the realization of inventories, the effect on the relationship between the average block market per pound of cheese and the cost of milk as raw material, the market pricing impact related to sales of dairy ingredients, as well as the impact of the average butter market price related to dairy food product sales.

### Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	2016			2015			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Average block market per pound of cheese	1.621	1.687	1.619	1.542	2.052	2.111	2.161
Closing block price per pound of cheese <sup>1</sup>	1.508	1.670	1.620	1.580	1.553	2.208	2.000
Average butter market price per pound	2.562	2.243	1.877	1.660	2.026	2.676	2.123
Closing butter market price per pound <sup>2</sup>	2.080	2.510	1.918	1.785	1.555	2.895	2.500
Average whey market price per pound <sup>3</sup>	0.226	0.309	0.430	0.458	0.580	0.653	0.660
Spread <sup>4</sup>	0.152	0.120	0.078	0.061	0.036	(0.021)	(0.008)
US average exchange rate to Canadian dollar <sup>5</sup>	1.333	1.309	1.229	1.244	1.134	1.090	1.091

<sup>1</sup> Closing block price is the price of a 40 pound block of cheddar traded on the Chicago Mercantile Exchange (CME) on the last business day of each quarter.

<sup>2</sup> Closing butter market price is the price for Grade AA Butter traded on the CME, on the last business day of each quarter.

<sup>3</sup> Average whey market price is based on Dairy Market News published information.

<sup>4</sup> Spread is the average block market per pound of cheese less the result of the average cost per hundredweight of Class III and/or Class 4b milk price divided by 10.

<sup>5</sup> Based on Bank of Canada published information.

The USA Sector consists of the Cheese Division (USA) and the Dairy Foods Division (USA).

## International Sector

(in millions of CDN dollars)

Fiscal years	2016			2015			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	333.4	374.4	343.6	356.1	422.0	384.5	379.7
EBITDA	22.8	9.6	(10.9)	8.7	37.1	38.7	37.8

### Selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	2016			2015			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Inventory write-down	-	-	(13)	(3)	(7)	-	-
Foreign currency exchange <sup>1</sup>	4	-	-	-	(5)	(4)	(3)

<sup>1</sup>As compared to same quarter of previous fiscal year.

The International Sector consists of the Dairy Division (Argentina), the Dairy Division (Australia) and the Dairy Ingredients Division. The Dairy Ingredients Division includes national and export ingredients sales from the North American divisions, as well as cheese exports from these same divisions.

## OUTLOOK

In Canada, competitive market factors and the depressed dairy ingredient market continued to place downward pressure on the results of the Division. The Dairy Division (Canada) seeks to optimize its operating platform and continues to evaluate its cost structure in order to mitigate downward margin pressure. The Division continues to leverage its operational flexibility to enhance profitability, in addition to maintaining cost control.

Innovation has always been a priority, enabling the Company to offer products that meet consumer needs. Accordingly, additional resources have been allocated to product innovation, allowing us to continue to forge and secure long-term relationships with both customers and consumers.

In the USA Sector, depressed selling prices in the international dairy ingredient market are expected to put downward pressure on margins and the Company will continue to focus on controlling costs and increasing efficiencies in order to mitigate their impact on EBITDA. International dairy ingredient market have declined since the last half of fiscal 2015 and these prices are anticipated to remain low throughout the first half of fiscal 2017.

The Company will continue to focus on the implementation of its business model within the Dairy Foods Division (USA), including its philosophy of being a low-cost processor. The USA Sector will continue to focus on possible synergies stemming from the Divisions' national manufacturing and distribution footprint. In addition, the Sector intends to capitalize on investments made to its existing network in an effort to provide new capabilities and enable future growth.

The Woolwich Acquisition enables the Company to increase its presence in the specialty cheese category in North America. During the fourth quarter of fiscal 2016, Woolwich operations will be integrated into Saputo's operating divisions. The Company will also evaluate potential synergies and focus on improving and expanding product offerings to all customers.

The International Sector will continue to pursue sales volume growth in existing markets, as well as develop additional international markets. Also, we will pursue growth of cheese export sales volumes from the Cheese Division (USA) to the extent milk pricing is competitive with world prices. The Dairy Division (Australia) has given the International Sector an additional platform, which contributes to the long-term growth of the Sector as a dairy player on a global scale. We anticipate that the EDC Acquisition will bring new opportunities to the Sector. The Sector will continue to evaluate overall activities in an effort to improve efficiencies.

International cheese and dairy ingredient markets were depressed through the third quarter of fiscal 2016 and these prices are anticipated to remain low throughout the first half of fiscal 2017 and are expected to continue to put downward pressure on the Sector's margins. As such, we will continue to focus on controlling costs and increasing efficiencies in order to mitigate their impact on EBITDA.

Our goal remains to continue to improve overall efficiencies in all sectors and pursue growth internally and through acquisitions.