

**PRESS RELEASE**  
**For immediate publication**

**Financial Results, First Quarter 1999**

**NET EARNINGS UP 48.6 %, INTERNAL CASH FLOW UP 144.1 %**

(Montréal, August 28, 1998) – Saputo Group Inc. today made public the company's first-quarter financial results for the 1999 fiscal year.

**Revenues up 245.3 %**

Saputo revenues for the period ending June 30, 1998 rose to \$ 406.1 million, an increase of 245.3 % over revenues posted for the corresponding period in 1997. Proportionally, 78.4 % of this increase in revenues comes from Stella, a company which the Saputo Group acquired in December 1997. These results also include sales over a two-month period from Saputo Cheese USA, formerly Avonmore Cheese, Inc. and Waterford Food Products, Inc., a company acquired last May.

**EBITDA up 131.6 %**

Earnings before interest, taxes, depreciation and amortization (EBITDA) reached \$ 43.3 million in the first quarter, an increase of 131.6 % over \$ 18.7 million for the same quarter of 1997.

First-quarter net earnings totalled \$ 15.9 million or \$ 0.33 per share (\$ 0.32 diluted), a 48.6 % increase over the \$ 10.7 million in 1997. This increase in net earnings is chiefly attributable to Stella.

Net cash flow generated by operations before changes in non-cash operating working capital items reached \$ 31.0 million or \$ 0.64 per share, compared to \$ 12.7 million posted in 1997. This represents an increase of \$ 18.3 million.

Saputo's already well-established position both in Canada and the United States and the acquisition of Saputo Cheese USA are consolidating our position as one of North America's leading cheese producers. Our profitability will continue to grow with the integration of our recent American acquisitions into our operations, creating a synergy that will prove beneficial to company earnings.

**Dividend**

The board of directors of the company today declared a dividend of \$ 0.06 per common share, payable on September 25, 1998 to shareholders listed as of September 11, 1998. This dividend is for the first quarter commencing April 1, 1998 and ending June 30, 1998.

**About Saputo**

Saputo Group Inc. is a cheese manufacturer that enjoys an established reputation and a growing presence on the North American market. The company's leading product is mozzarella, with corporate expertise extending to production of other specialty cheeses, traditional American cheeses and by-products such as lactose, whey protein and butter. In Canada, Saputo also distributes fine imported cheeses and a very wide assortment of non-dairy products that complement its cheese offerings. Saputo currently employs more than 3,100 people and operates 7 plants in Canada and 21 plants in the United States. Saputo shares are listed on the Montreal and Toronto stock exchanges under the symbol SAP.

## FINANCIAL HIGHLIGHTS

| (IN MILLIONS OF \$, EXCEPT PER SHARE AMOUNTS)  | For the 3 month period<br>ending June 30 |       | Variation<br>in % |
|--|--|-------|-------------------|
|  | 1998                                     | 1997  |                   |
| Revenue  | 406.1                                    | 117.6 | 245.3 %           |
| EBITDA   | 43.3                                     | 18.7  | 131.6 %           |
| Depreciation and amortization of fixed assets  | 7.1                                      | 1.9   | 273.7 %           |
| Amortization of goodwill   | 1.6                                      | 0.8   | 100.0 %           |
| Net earnings   | 15.9                                     | 10.7  | 48.6 %            |
| Cash generated by operations, before changes in non-cash operating working capital items           | 31.0                                     | 12.7  | 144.1 %           |
| PER SHARE  |  |       |                   |
| Earnings per share   |  |       |                   |
| Basic (1)  | 0.33                                     | 0.36  | -                 |
| Fully diluted (2)  | 0.32                                     | -     | -                 |
| Cash generated by operations per share, before changes in non-cash operating working capital items | 0.64                                     | 0.42  | 52.4%             |

## BALANCE SHEET ITEMS

|   | June 30, 1998 | June 30, 1997 |
|---|---------------|---------------|
| Working capital                           | 128.7         | 36.4          |
| Long-term debt, excluding current portion | 370.2         | -             |
| Shareholders' equity                      | 391.5         | 109.3         |

(1) Basic earnings per share have been calculated using 48 567 260 common shares outstanding (30 000 000 in 1997).

(2) Fully diluted earnings per share have been calculated using 49 331 705 shares, being 48 567 260 common shares currently outstanding and 764 445 shares that may be issued under the Company's share option plan.

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