

**FINANCIAL RESULTS FOR FISCAL 2016 FIRST QUARTER  
ENDED JUNE 30, 2015**

**Net earnings at \$136.4 million, down 6.1%**  
**Adjusted net earnings at \$137.0 million, down 5.7%**

(Montréal, August 4, 2015) – Saputo Inc. (TSX: SAP) (Saputo or the Company) reported today its financial results for the first quarter of fiscal 2016, which ended on June 30, 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 \$136.4 million, a decrease of \$8.9 million or 6.1%.
- Adjusted net earnings<sup>1</sup> totalled \$137.0 million, a decrease of \$8.3 million or 5.7%.
- 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 \$258.9 million, a decrease of \$10.0 million or 3.7%.
- Revenues for the quarter amounted to \$2.564 billion, a decrease of \$56.4 million or 2.2%.
- Adjusted earnings per share<sup>1</sup> (basic and diluted) were \$0.35 and \$0.34, respectively, for the quarter as compared to \$0.37 and \$0.36 for the corresponding quarter last fiscal year, a decrease of 5.4%.

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

(unaudited)	For the three-month periods ended June 30	
	2015	2014
Revenues	2,564.4	2,620.8
EBITDA	258.1	268.9
Adjusted EBITDA <sup>1</sup>	258.9	268.9
Net earnings	136.4	145.3
Adjusted net earnings <sup>1</sup>	137.0	145.3
Earnings per share <sup>2</sup>		
Basic	0.35	0.37
Diluted	0.34	0.36
Adjusted earnings per share <sup>1,2</sup>		
Basic	0.35	0.37
Diluted	0.34	0.36

- In the USA Sector, the average block market<sup>3</sup> per pound of cheese decreased by US\$0.54 and the average butter market<sup>4</sup> price per pound decreased by US\$0.25, compared to the same period last fiscal year, decreasing revenues. Higher cheese sales volumes, decreased ingredients costs, better efficiencies, as well as favorable market factors<sup>5</sup> positively impacted EBITDA.
- The Canada Sector EBITDA decreased due to a decline in the dairy ingredients market, increased warehousing and logistical costs, higher administrative expenses, as well as the reduction of EBITDA associated with the disposition of the Bakery Division in fiscal 2015.
- The International Sector EBITDA was negatively impacted by a drop in selling prices during the quarter without a similar decline in milk cost as raw material, also resulting in a \$13.0 million inventory write-down.
- On May 25, 2015, the Company completed the acquisition of the everyday cheese business of Lion-Dairy & Drinks Pty Ltd (EDC Acquisition) in Australia, announced in the fourth quarter of fiscal 2015.
- The fluctuation of the Canadian dollar versus foreign currencies during the quarter had a positive impact on revenues and EBITDA, as compared to the same quarter last fiscal year.
- The Board of Directors reviewed the dividend policy and increased the quarterly dividend from \$0.13 per share to \$0.135 per share, representing a 3.8% increase. The quarterly dividend will be payable on September 14, 2015 to common shareholders of record on September 3, 2015.

<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 first quarter of fiscal 2016 for the definition of these terms.

<sup>2</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.

<sup>3</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>4</sup> "Average butter market" is the average daily price for Grade AA Butter traded on the CME, used as base price for butter.

<sup>5</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 first 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 first 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 first quarter results will be held on Tuesday, August 4, 2015 at 1:00 p.m. Eastern Time. To participate in the conference call, dial 1-800-621-6658. To ensure your participation, please dial in approximately five minutes before the call.

To listen to this call on the Web, please enter [www.gowebcasting.com/6643](http://www.gowebcasting.com/6643) in your Web browser.

For those unable to participate, a replay of the conference will be available until 11:59 p.m., Tuesday, August 11, 2015. To access the replay, dial 1-800-558-5253, ID number 21771849. 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*, *COON*, *Cracker Barrel\**, *Dairyland*, *DairyStar*, *Dragone*, *DuVillage 1860*, *Friendship*, *Friigo Cheese Heads*, *Great Midwest*, *Kingsey*, *La Paulina*, *Milk2Go/Lait's Go*, *Mil LeI*, *Neilson*, *Nutralait*, *Organic Creamery*, *Ricrem*, *Salemville*, *Scotsburn\**, *Stella*, *Sungold* and *Treasure Cave*. Saputo Inc. is a publicly traded company and its shares are listed on the Toronto Stock Exchange under the symbol "SAP".

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## **Media and Investor Relations**

Sandy Vassiadis  
Director, Corporate Communications  
514-328-3347

## 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 June 30, 2015 amounted to \$2.564 billion, a decrease of \$56.4 million or 2.2% in comparison to \$2.621 billion for the corresponding quarter last fiscal year. This decrease is partially due to the continued decline in international cheese and dairy ingredient prices in the International Sector. A lower average block market per pound of cheese, as well as a lower average butter market price in the USA Sector as compared to the corresponding quarter last fiscal year, negatively affected revenues. In addition, the disposal of the Bakery Division, in the Canada Sector in the fourth quarter of fiscal 2015, resulted in decreased revenues as compared to the same quarter last fiscal year. Higher sales volumes in all sectors partially offset these decreases. The fluctuation of the Canadian dollar versus foreign currencies increased revenues by approximately \$177 million.

**Consolidated adjusted EBITDA** for the first quarter of fiscal 2016 amounted to \$258.9 million, a decrease of \$10.0 million or 3.7% in comparison to \$268.9 million for the same quarter last fiscal year. In the USA Sector, increased sales volumes and operational efficiencies, a better product mix, as well as favorable market factors positively impacted EBITDA. In the International Sector, EBITDA decreased due to lower selling prices in export markets without a similar decline in the cost of milk as raw material. In the Canada Sector, EBITDA was unfavorably impacted by a decline in the dairy ingredients market, increased warehousing and logistical costs and higher administrative expenses. Also, the disposition of the Bakery Division in fiscal 2015 negatively impacted EBITDA. The fluctuation of the Canadian dollar had a favourable impact on EBITDA, as compared to the same period last fiscal year.

## OTHER CONSOLIDATED RESULT ITEMS

**Depreciation and amortization** for the first quarter of fiscal 2016 totalled \$45.4 million, an increase of \$6.5 million, as compared to \$38.9 million for the corresponding period last fiscal year. This increase is mainly attributable to fluctuations in foreign exchange rates between the Canadian dollar and foreign currencies, as well as additions to property plant and equipment, increasing the depreciable base.

**Acquisition costs** amounted to \$0.6 million for the quarter ended June 30, 2015 related to the EDC Acquisition.

**Net interest expense** for the three-month period ended June 30, 2015 decreased by \$2.9 million, in comparison to the same period last fiscal year. This decrease is mainly attributed to a lower level of debt.

**Income taxes** for the first quarter of fiscal 2016 totalled \$59.6 million, reflecting an effective tax rate of 30.4% compared to 30.9% for the same quarter 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 \$136.4 million for the quarter ended June 30, 2015, compared to \$145.3 million for the same quarter last fiscal year.

## SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	2016	2015				2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	<b>2,564.4</b>	2,513.8	2,821.8	2,701.3	2,620.8	2,485.9	2,343.2	2,230.3
Adjusted EBITDA <sup>1</sup>	<b>258.9</b>	232.0	278.7	282.2	268.9	277.8	260.0	240.4
Net earnings	<b>136.4</b>	157.3	154.6	155.7	145.3	119.8	144.1	133.3
Gain on disposal of a business <sup>2</sup>	-	(25.9)	-	-	-	-	-	-
Acquisition costs <sup>2</sup>	<b>0.6</b>	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>137.0</b>	127.2	154.6	155.7	145.3	152.8	144.1	133.3
Attributable to:								
Shareholders of Saputo Inc.	<b>137.9</b>	126.2	152.6	154.4	144.3	151.9	144.1	133.3
Non-controlling interest	<b>(0.9)</b>	1.0	2.0	1.3	1.0	0.9	-	-
	<b>137.0</b>	127.2	154.6	155.7	145.3	152.8	144.1	133.3
Earnings per share <sup>3</sup>								
Basic	<b>0.35</b>	0.40	0.39	0.39	0.37	0.31	0.37	0.34
Diluted	<b>0.34</b>	0.39	0.38	0.39	0.36	0.31	0.37	0.34
Adjusted earnings per share <sup>1,3</sup>								
Basic	<b>0.35</b>	0.32	0.39	0.39	0.37	0.39	0.37	0.34
Diluted	<b>0.34</b>	0.32	0.38	0.39	0.36	0.39	0.37	0.34

<sup>1</sup> Adjusted EBITDA, adjusted net earnings and adjusted earnings per share (basic and diluted) are non-IFRS measures. Refer to the section "Measurement of Results not in Accordance with International Financial Reporting Standards" included in the Management's Discussion and Analysis for the first 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			
	Q1	Q4	Q3	Q2	Q1
Market factors <sup>1,2</sup>	<b>3</b>	(23)	(20)	10	(35)
Inventory write-down	<b>(13)</b>	(3)	(7)	-	-
Foreign currency exchange <sup>1,3</sup>	<b>15</b>	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			
	Q1	Q4	Q3	Q2	Q1
Revenues	917.5	909.6	1,005.4	971.7	949.1
EBITDA	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			
	Q1	Q4	Q3	Q2	Q1
Revenues	1,303.3	1,248.2	1,394.5	1,345.1	1,291.9
EBITDA	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			
	Q1	Q4	Q3	Q2	Q1
Market factors <sup>1,2</sup>	3	(23)	(20)	10	(35)
US currency exchange <sup>1</sup>	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 realization of inventories, the effect on the absorption of fixed costs and 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			
	Q1	Q4	Q3	Q2	Q1
Average block market per pound of cheese	1.619	1.542	2.052	2.111	2.161
Closing block price per pound of cheese <sup>1</sup>	1.620	1.580	1.553	2.208	2.000
Average butter market price per pound	1.877	1.660	2.026	2.676	2.123
Closing butter market price per pound <sup>2</sup>	1.918	1.785	1.555	2.895	2.500
Average whey market price per pound <sup>3</sup>	0.430	0.458	0.580	0.653	0.660
Spread <sup>4</sup>	0.078	0.061	0.036	(0.021)	(0.008)
US average exchange rate to Canadian dollar <sup>5</sup>	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			
	Q1	Q4	Q3	Q2	Q1
Revenues	343.6	356.1	422.0	384.5	379.7
EBITDA	(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			
	Q1	Q4	Q3	Q2	Q1
Inventory write-down	(13)	(3)	(7)	-	-
Foreign currency exchange <sup>1</sup>	-	-	(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, the competitive market, which existed in fiscal 2015 and through the first quarter of fiscal 2016, is anticipated to continue throughout fiscal 2016, and remains a Company challenge. Additionally, dairy ingredient markets have continued to decline and are expected to remain low during fiscal 2016. In order to mitigate downward margin pressures, the Dairy Division (Canada) will seek to optimize its operating platform and continue to evaluate its cost structures. While focus remains on strengthening cost control, the division intends to leverage its operational flexibility to enhance profitability.

The Scotsburn Acquisition in fiscal 2015 enables the Dairy Division (Canada) to increase its presence in Atlantic Canada. The Division is continually evaluating opportunities and synergies, and focusing on the improvement and expansion of its product offerings to all customers.

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 markets have declined since the last half of fiscal 2015, into fiscal 2016, and these prices are anticipated to remain low throughout fiscal 2016.

Following a hearing held on June 3, 2015, the California Department of Food & Agriculture (CDFA) has decided to amend the Class 4b pricing formula to increase the dry whey factor value for a period of one year from August 1, 2015 through July 31, 2016. The whey factor will continue to vary in accordance with changes in the whey market prices, based on a new sliding scale. Had the revised formula been in effect since the beginning of the fiscal year, the resulting negative impact on EBITDA for the quarter would have totalled approximately \$10 million based on the actual whey market prices during the quarter. The Sector will take appropriate decisions to mitigate its impact on profitability.

The Company will continue to focus on the implementation of the Company's business model into the acquired Dairy Foods Division (USA), including its philosophy of being a low-cost processor. The 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 to provide new capabilities enabling future growth.

Additionally, in fiscal 2016, the Sector will work to capture additional volumes in the Cheese Division (USA) and should benefit from the effort of the International Sector towards growing the export sales market. The Cheese Division (USA) plans to continue to gain distribution and market share for its premium lines of snack cheeses and flavored blue cheese offerings.

The USA Sector will continue to evaluate opportunities to improve efficiencies in both manufacturing and distribution facilities across the US. The Sector will also continue to monitor fluctuations in dairy markets and take appropriate decisions to mitigate the impact on its operations.

The International Sector will continue to pursue sales volume growth in existing markets, as well as develop additional international markets from its operations in Argentina for which capacity has been increased in the last few years. Also, we will pursue growth of cheese export sales volumes out of the Cheese Division (USA) to the extent milk pricing is competitive with world prices. The inclusion of the Dairy Division (Australia) has given the International Sector an additional platform, which will contribute 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 have declined through the first quarter of fiscal 2016 and these prices are anticipated to remain low throughout fiscal 2016. These depressed selling prices are expected 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.