PRESS RELEASE

FINANCIAL RESULTS FOR THE THIRD QUARTER OF FISCAL 2003

NET EARNINGS UP 21.1%

(Montréal, February 12, 2003) – Saputo Inc. revealed today its financial results for the third quarter of fiscal 2003, which ended December 31, 2002.

- Net earnings of $42.5 million or $0.41 (basic) per share, up 21.1% as compared to the third quarter of fiscal 2002. This amount takes into account the recording of an expense relative to stock-based compensation in the amount of $0.735 million or $0.007 (basic) per share, as opposed to last year.
- EBITDA[1] in the Dairy Products Sector (Canada) of $51.3 million, up 8% compared to the same period last year.
- EBITDA in the Dairy Products Sector (United States) of $30.0 million, up 36.4% in comparison with the $22.0 million for the same period last year.
- Average selling price per pound of cheese on the American market down 14.4%, or US$0.195 a pound, as compared to the same period last year.
- More favourable relation between the cost of milk and the selling price per pound of cheese on the American market, as compared to the same period last year.
- Favourable impact of approximately $6 million on EBITDA and unfavourable impact of roughly $25 million on revenues in the Dairy Products Sector (United States) owing to conditions relative to the cost of milk and the price of cheese during the quarter as compared to the same period the previous fiscal year.
- Sales volume in the Dairy Products Sector (United States) up nearly 10.5% (11.1% since the beginning of the fiscal year) as compared to the same quarter last year.
- EBITDA in the Grocery Products Sector of $7.6 million. Last year, for the same period, EBITDA for this sector amounted to $8.2 million, taking into account a gain of $0.845 million related to the sale of assets of the cookies, fine breads and soups manufacturing and marketing activities in this sector.

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[1] **Measurement of results not in accordance with generally accepted accounting principles**
The Company assesses its financial performance based on its EBITDA, this being earnings before interest, income taxes, depreciation and amortization. EBITDA is not a measurement of performance as defined by generally accepted accounting principles in Canada, and consequently may not be comparable to similar measurements presented by other companies.

- Cash generated before changes in non-cash operating working capital items of $56.5 million, up 4.1% compared to the same period a year earlier.

- Repayment of $25.0 million in long-term debt, and an increase of $21.4 million in bank loans.

Outlook

In Canada, while remaining open to growth opportunities offered through acquisition, we will devote the coming quarters to the final phases of integrating Canadian Dairy Products Sector activities, both through continued improvement in our processes and through previously announced plant closings. After-tax rationalization costs of roughly $3.7 million, including a $1.8 million non cash effect, will have to be assumed relative to these closings. The entire management of the by-products derived from our cheese manufacturing also remains a priority in order to maximize even more the value.

Last December the World Trade Organization (WTO) Appellate Body handed down its final decision in which it maintains that Canada's Commercial Export Milk system is non-compliant with Canada's WTO obligations. This decision means that Canadian dairy processors are required to export their products at prices that make the export of dairy products from Canada non-competitive. The exports of by-products such as lactose and whey are not affected by this decision. The exports of cheese represent less than 1% of our revenues. Nevertheless, although it has a negligible impact on the Company, this final decision leads us to reassess our Canadian facilities for their optimal use. Similarly, the decision accelerates our analysis of certain scenarios in which we would establish ourselves worldwide in order to supply our international clientele.

We are continuing with our efforts aimed at expanding the presence of our Milk division in provinces where its products are less represented, specifically Québec and Ontario. We will also continue to work on developing innovative value-added products.

In the United States, we are continuing with our efforts in order to increase our sales volume for the fiscal year in progress as compared to the previous year. Although we have recently applied minimum selling prices in certain product categories, managing the volatility of prices on the American market remains a priority. As well, we are energetically carrying on with our search for potential acquisitions.

With regards to our Bakery division, we made our first deliveries of snack cakes to the US this past October. Although we are satisfied with the results to date, the introduction of products to new markets always entails a period of adjustment. We intend to continue with the penetration of this market in such a way as to widen our sales scope.

Dividends

The Board of Directors of the Company declared a dividend of $0.10 per share, payable on March 14, 2003, to shareholders of record as of February 28, 2003. This dividend is for the quarter ended December 31, 2002.

Conference call

A conference call to discuss the third quarter of fiscal 2003 results will be held on Wednesday, February 12, 2003 at 4:15 PM, Eastern time. To participate in the conference dial (416) 695-5806 or 1-800-273-9672. To ensure your participation, please dial in approximately five minutes before the call.

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To listen to this call on the web, please enter
http://web1.to.fastvibe.com/CWS/sap/030212sap/staging.htm in your web browser.

For those unable to participate, an instant replay will be available until midnight, Wednesday, February 19, 2003. To access the replay dial (416) 695-5800 or 1-800-408-3053, passcode 1354421.

The conference call will also be archived on the Saputo web site at www.saputo.com .

About Saputo

The largest dairy processor in Canada and one of the leading cheese producers in North America, Saputo Inc. is a public company operating in the dairy and grocery products sectors. Its products are marketed under well-known brands such as *Saputo, Stella, Frigo, Dragone, Dairyland, Baxter, Armstrong, Caron, Cayer, Nutrilait* and *Vachon*. A dynamic, world-class company, Saputo Inc. employs close to 7,000 individuals in 47 plants. Company shares are listed on the Toronto Stock Exchange under the symbol SAP. Visit www.saputo.com for further information.

CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands of dollars, except per share amounts)
(unaudited)

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2002	2001	**2002**	2001
Revenues	**$ 855,342**	$ 857,279	**$ 2,591,047**	$ 2,623,778
Cost of sales, selling and administrative expenses (Note 2)	**767,296**	779,517	**2,326,880**	2,363,877
Earnings before interest, depreciation and income taxes	**88,046**	77,762	**264,167**	259,901
Depreciation of fixed assets	**17,796**	16,974	**53,150**	52,316
Operating income	**70,250**	60,788	**211,017**	207,585
Interest on long-term debt	**10,776**	12,842	**33,396**	41,040
Other interest	**(585)**	(92)	**(1,461)**	(665)
Earnings before income taxes	**60,059**	48,038	**179,082**	167,210
Income taxes	**17,523**	12,943	**53,114**	50,380
Net earnings	**$ 42,536**	$ 35,095	**$ 125,968**	$ 116,830
Per share (Notes 4 and 5)				
Net earnings				
Basic	**$ 0.41**	$ 0.34	**$ 1.22**	$ 1.14
Diluted	**$ 0.41**	$ 0.34	**$ 1.21**	$ 1.13

The Company adopted on a prospective basis the new Canadian Institute of Chartered Accountants accounting recommendations for stock-based compensation on April 1, 2002. These recommendations propose the fair value method to record to earnings the stock options granted to employees. The Company therefore used the fair value method accounting for employee stock-based compensation (Note 5).

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(in thousands of dollars)
(unaudited)

	For the nine-month periods ended December 31	
	2002	2001
Retained earnings, beginning of period	**$ 409,648**	$ 271,087
Net earnings	**125,968**	116,830
Dividends	**(26,365)**	(15,927)
Retained earnings, end of period	**$ 509,251**	$ 371,990

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SEGMENTED INFORMATION
(in thousands of dollars)
(unaudited)

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2002	2001	**2002**	2001
Revenues				
Dairy products				
Canada	**$ 517,526**	$ 516,155	**$ 1,529,908**	$ 1,503,079
United States	**295,978**	300,075	**934,869**	973,939
	813,504	816,230	**2,464,777**	2,477,018
Grocery products	**41,838**	41,049	**126,270**	146,760
	$ 855,342	$ 857,279	**$ 2,591,047**	$ 2,623,778
Earnings before interest, depreciation and income taxes				
Dairy products				
Canada	**$ 51,308**	$ 47,526	**$ 149,304**	$ 132,235
United States	**30,031**	21,990	**92,647**	101,267
	81,339	69,516	**241,951**	233,502
Grocery products	**7,567**	8,246	**24,796**	26,399
Stock-based compensation charge (Note 5)	**(860)**	-	**(2,580)**	-
	$ 88,046	$ 77,762	**$ 264,167**	$ 259,901
Depreciation of fixed assets				
Dairy products				
Canada	**$ 7,396**	$ 7,443	**$ 22,027**	$ 22,005
United States	**9,025**	8,381	**27,012**	25,151
	16,421	15,824	**49,039**	47,156
Grocery products	**1,375**	1,150	**4,111**	5,160
	$ 17,796	$ 16,974	**$ 53,150**	$ 52,316
Operating income				
Dairy products				
Canada	**$ 43,912**	$ 40,083	**$ 127,277**	$ 110,230
United States	**21,006**	13,609	**65,635**	76,116
	64,918	53,692	**192,912**	186,346
Grocery products	**6,192**	7,096	**20,685**	21,239
Stock-based compensation charge (Note 5)	**(860)**	-	**(2,580)**	-
	$ 70,250	$ 60,788	**$ 211,017**	$ 207,585
Interest	**10,191**	12,750	**31,935**	40,375
Earnings before income taxes	**60,059**	48,038	**179,082**	167,210
Income taxes	**17,523**	12,943	**53,114**	50,380
Net earnings	**$ 42,536**	$ 35,095	**$ 125,968**	$ 116,830

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CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of dollars)
(unaudited)

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2002	2001	**2002**	2001
Cash flows related to the following activities:				
Operating				
Net earnings	**$ 42,536**	$ 35,095	**$ 125,968**	$ 116,830
Items not affecting cash				
Depreciation of fixed assets	**17,796**	16,974	**53,150**	52,316
Gain on disposal of fixed assets	**(143)**	(845)	**(106)**	(845)
Future income taxes	**(3,699)**	3,099	**7,273**	8,677
	56,490	54,323	**186,285**	176,978
Changes in non-cash operating working capital items	**(54,912)**	1,413	**(31,465)**	(31,015)
	1,578	55,736	**154,820**	145,963
Investing				
Additions to fixed assets	**(14,945)**	(12,855)	**(47,204)**	(42,213)
Proceeds on disposals of fixed assets	**1,568**	-	**3,086**	-
Other assets	**5,129**	(368)	**3,423**	(6,472)
	(8,248)	(13,223)	**(40,695)**	(48,685)
Financing				
Bank loans	**21,383**	(4,771)	**(5,374)**	(5,083)
Repayment of long-term debt	**(25,000)**	(30,000)	**(95,030)**	(70,000)
Issuance of share capital	**161**	1,696	**3,924**	5,152
Employee future benefits	**200**	(600)	**650**	(24)
Dividends	**(10,342)**	(5,657)	**(26,365)**	(15,927)
	(13,598)	(39,332)	**(122,195)**	(85,882)
(Decrease) increase in cash	**(20,268)**	3,181	**(8,070)**	11,396
Effect of exchange rate changes	**(513)**	755	**1,958**	1,715
Cash, beginning of period	**19,521**	15,469	**4,852**	6,294
(Bank indebtedness) cash, end of period	**$ (1,260)**	$ 19,405	**$ (1,260)**	$ 19,405

Supplemental information

Interest paid	**$ 18,116**	$ 19,219	**$ 39,254**	$ 48,443
Income taxes paid	**$ 10,108**	$ 21,180	**$ 51,675**	$ 50,272

CONSOLIDATED BALANCE SHEETS
(in thousands of dollars)

	December 31, 2002 *(unaudited)*	March 31, 2002 *(audited)*
Assets		
Current assets		
Cash	**$ -**	$ 4,852
Receivables	**282,711**	272,895
Inventories	**371,707**	406,621
Income taxes	**1,862**	4,288
Future income taxes	**13,698**	13,781
Prepaid expenses and other assets	**6,072**	11,078
	676,050	713,515
Portfolio investment	**55,991**	55,991
Fixed assets	**644,364**	658,845
Goodwill	**567,932**	572,375
Other assets (Note 3)	**38,408**	41,859
Future income taxes	**4,160**	4,090
	$ 1,986,905	$ 2,046,675
Liabilities		
Current liabilities		
Bank indebtedness	**$ 1,260**	$ -
Bank loans	**23,533**	28,907
Accounts payable and accrued liabilities	**250,113**	305,752
Income taxes	**9,134**	17,393
Current portion of long-term debt	**110,000**	102,555
	394,040	454,607
Long-term debt	**463,843**	572,570
Employee future benefits	**13,597**	12,947
Future income taxes	**112,449**	105,963
	983,929	1,146,087
Shareholders' Equity		
Share capital (Note 5)	**463,746**	459,822
Retained earnings	**509,251**	409,648
Contributed surplus resulting from the recording of the stock-based compensation	**2,205**	-
Foreign currency translation adjustment	**27,774**	31,118
	1,002,976	900,588
	$ 1,986,905	$ 2,046,675

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars)

1 - Accounting Policies

The unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles used in Canada and applied in the same manner as the most recently audited financial statements, with the exception of the recording of the stock-based compensation expense on a prospective basis since April 1, 2002, as described in Note 5. The unaudited consolidated financial statements do not include all the information and notes required according to generally accepted accounting principles for annual financial statements, and should therefore be read with the audited consolidated financial statements and the notes included in the Company's annual report for the year ended March 31, 2002.

2 - Foreign Currency Translation

The balance sheet accounts of the self-sustaining companies operating in the United States were translated into Canadian dollars using the exchange rates at the balance sheet dates. Statement of earnings accounts were translated in Canadian dollars using the average monthly exchange rates in effect during the periods. The foreign currency translation adjustment account presented in shareholders' equity represents accumulated foreign currency gains or losses on the Company's net investments in self-sustaining companies operating in the United States.

Foreign currency accounts of Canadian companies were translated into Canadian dollars using the exchange rates at the balance sheet date for current assets and liabilities and the prevailing exchange rates at the time of transactions for income and expenses. Gains or losses resulting from this translation are included in the statement of earnings with "Cost of sales, selling and administrative expenses" and is represented by the following amounts:

	For the three-month periods ended December 31		For the nine-month periods ended December 31	
	2002	2001	**2002**	2001
Foreign exchange gain (loss)	**$ 43**	$ (10)	**$ 141**	$ -

3 - Other assets

	December 31 2002	March 31 2002
Employee pension net benefit asset	**$ 28,056**	$ 26,561
Other	**10,352**	15,298
	$ 38,408	$ 41,859

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4 - Earnings per Share

The weighted average number of common shares outstanding for the three-month period ended December 31, 2002 is 103,414,128 (102,848,831 in 2001). For the nine-month period ended December 31, 2002, this number is 103,361,890 (102,706,753 in 2001).

The weighted average number of common shares outstanding, including the potentially dilutive shares that could be issued following the exercise of options granted under the Company's share option plan is 104,508,669 (103,558,952 in 2001).

In 2001, the computations of basic and diluted earnings per share were adjusted retroactively as a result of the stock dividend declared to shareholders of record on November 23, 2001 which has the same effect as a two for one stock split.

5 - Share Capital

Authorized

The authorized share capital of the Company consists of an unlimited number of common and preferred shares. The common shares are voting and participating. The preferred shares may be issued in one or more series, the terms and privileges of each series to be determined at the time of their creation.

	December 31 2002	March 31 2002
Issued		
103,418,125 common shares (103,184,447 at March 31, 2002)	**$ 463,746**	$ 459,822

233,678 common shares for an amount of $3,924,000 were issued during the nine-month period ended December 31, 2002 pursuant to the share option plan.

Share Option Plan

During the nine-month period ended December 31, 2002, the Company granted 934,965 options.

	Number of options	**Weighted average exercise price**
Balance, March 31, 2002	3,258,967	$ 16.69
Options granted on April 1, 2002	934,965	$ 30.35
Options exercised	(233,678)	$ 16.79
Options cancelled	(123,896)	$ 19.36
Balance, December 31, 2002	3,836,358	$ 19.93

Stock-Based Compensation

The Company adopted on a prospective basis the new Canadian Institute of Chartered Accountants accounting recommendations for stock-based compensation on April 1, 2002. These recommendations propose the fair value method to record to earnings the stock options granted to employees. The Company therefore used the fair value method accounting for employee stock-based compensation.

The Company recorded a $735,000 ($860,000 before income taxes) and a $2,205,000 ($2,580,000 before income taxes) expense related to options granted for the three-month and nine-month periods ended December 31, 2002 respectively.

The effect of the expense on basic earnings per share and fully diluted earnings per share is $0.007 for the three-month period ended December 31, 2002 and $0.021 for the nine-month period ended on the same date.

The fair value of share purchase options was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate:	5%
Expected life of options:	7½ years
Volatility:	20%
Dividend rate:	1.4%

6 - Comparative Figures

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

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Information

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