



PRESS RELEASE

FINANCIAL RESULTS FOR FISCAL 2005 Net earnings up 9.3%

(Montréal, June 6, 2005) – Saputo Inc. revealed today its financial results for fiscal 2005, which ended March 31, 2005.

- Net earnings amounted to \$232.1 million or \$2.23 (basic) per share, a 9.3% increase over \$212.4 million or \$2.05 (basic) per share in fiscal 2004.
- Revenues totalled \$3.883 billion, an increase of \$313.0 million or 8.8% compared to \$3.570 billion in fiscal 2004.
- Earnings before interest, income taxes, depreciation and amortization (EBITDA)¹ amounted to \$407.8 million, an increase of \$4.5 million compared to \$403.3 million in fiscal 2004.
- EBITDA in the Canadian and Other Dairy Products Sector totalled \$244.2 million, as compared to \$209.9 million a year earlier, an increase of \$34.3 million or 16.3%. The EBITDA margin in this sector climbed from 9.7% in the previous fiscal year to 10.1% in fiscal 2005. During the year, this sector experienced increased volumes in all its divisions. Included in our EBITDA for fiscal 2005 is a \$2.6 million gain on disposal of fixed assets held for sale.
- EBITDA in the US Dairy Products Sector totalled \$137.0 million, a \$23.9 million or 14.9% decrease compared to \$160.9 million posted in fiscal 2004. Although the sector experienced a more favourable average block market² per pound of cheese, it was negatively affected by the relationship between the average block market per pound of cheese and the cost of milk as raw material.
- EBITDA in the Grocery Products Sector amounted to \$26.6 million, a drop of \$5.9 million from that of the previous fiscal year. The EBITDA margin dipped from 19.4% in fiscal 2004 to 16.7% in fiscal 2005. The sector was affected throughout the fiscal year by reduced revenues, and additional pension, raw material, packaging and labour costs.
- Cash generated by operating activities before changes in non-cash working capital items totalled \$305.3 million for fiscal 2005, slightly higher compared to the \$301.3 million for fiscal 2004.
- Repayment of approximately \$113 million of long-term debt and bank loans, issuance of shares for a cash consideration of \$13.5 million as part of the Stock Option Plan, and payment of \$59.5 million in dividends.

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.

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

Summary of Fourth Quarter Results

- Net earnings reached \$59.7 million, an increase of \$1.6 million from the same quarter in fiscal 2004.
- Revenues totalled \$916.8 million, a decrease of 3.1% compared to \$945.9 million for the same quarter last fiscal year. The decrease is attributed to our US Dairy Products Sector and our Grocery Products Sector. The appreciation of the Canadian dollar eroded approximately \$24 million in revenues. This was partially offset by a higher average block market per pound of cheese, which increased revenues by \$15 million. The Grocery Products Sector experienced reduced revenues of approximately \$7 million principally due to reduced volumes in relation with the price increases implemented in February 2005 and Easter Holidays, which occurred during the fourth quarter and which traditionally is a slow period for the sector. Revenues from our Canadian and Other Dairy Products Sector were slightly lower in comparison to the same period last fiscal year, mainly due to lower volumes in our Canadian cheese activities.
- EBITDA for the fourth quarter totalled \$103.3 million, a \$3.3 million decrease from the same period last fiscal year.
- EBITDA from our US Dairy Products Sector decreased by approximately \$13 million compared to the corresponding period last fiscal year. The appreciation of the Canadian dollar along with an unfavourable relationship between the average block market per pound of cheese and the cost of milk as raw material were the driving factors behind the decrease.
- The EBITDA of our Canadian and Other Dairy Products Sector increased by approximately \$12 million in comparison to the corresponding period last fiscal year. The increase is attributed to the benefits derived from rationalization activities undertaken in the prior fiscal year, for which fiscal 2004 fourth quarter included \$2.7 million in rationalization expenses, increased sales volumes specifically in our specialty cheese category, more interesting margins achieved in our Argentina operations, and a gain on disposal of fixed assets held for sale in the amount of \$2.6 million.
- The Grocery Products Sector EBITDA decreased by approximately \$2 million as a result of reduced revenues, and additional pension, raw material, packaging and labour costs.

Outlook

Although no acquisitions were made during the fiscal year, we nonetheless realized growth, and we did so on several levels. It was essentially organic growth that enabled us to generate a return on equity of 18.8%. Our vision for our development embodies a number of components: organic growth, consolidation of our position in current markets, growth by acquisitions, and preparing our future by tailoring our plans accordingly.

Each of our divisions has set itself precise objectives for fiscal 2006, all of which should result in increased revenues, EBITDA, cash flow generated and consolidated net earnings. We are mainly relying on organic growth and improvement in our procedures and our efficiency to achieve continuous growth in our overall profitability.

During fiscal 2005, we started working on the acquisition of two businesses, which were announced during the early months of fiscal 2006. Certainly the Company's larger-scale growth will be by way of

acquisitions, and we will continue to toil steadily in that direction. At all levels, our growth will not take place at the expense of our profitability.

Our financial position is excellent, and provides us with considerable flexibility in our future development for the 2006 fiscal year as well as for the coming years. Our destiny is ours alone to shape.

Financial Statements and Management's Analysis

For more information on the results for fiscal 2005 as well as the fourth quarter of fiscal 2005, reference is made to the audited consolidated financial statements and the notes thereto and to our Management's Analysis for the fiscal year ended March 31, 2005. These documents can be obtained on SEDAR at www.sedar.com.

Forward-Looking Statements

This press release document contains management's analysis on forward-looking statements. Caution should be used in the interpretation of management's analysis and statements, since management often makes reference to objectives and strategies, which contain a certain element of risk and uncertainty. Due to the nature of our business, the risks and uncertainties associated with it could cause the results to differ materially from those stated in such forward-looking statements.

Dividends

The Board of Directors of the Company declared a dividend of \$0.15 per share, payable on July 7, 2005, to shareholders of record as of June 22, 2005. This dividend is for the quarter ended March 31, 2005.

Conference Call

A conference call to discuss the fiscal 2005 results will be held on Monday, June 6, 2005 at 1:30 PM, Eastern time. To participate in the conference dial 1 800 525-6384. To ensure your participation, please dial in approximately five minutes before the call.

To listen to this call on the web, please enter

<http://events.onlinebroadcasting.com/saputo/060605/index.php> in your web browser.

For those unable to participate, an instant replay will be available until midnight, Monday, June 13, 2005. To access the replay dial 1 800 374-8183, passcode 6664568. The conference call will also be archived on the Saputo web site at www.saputo.com.

About Saputo

Solid foundations, a commitment to excellence and dedication to growth are the keystones that have enabled Saputo to evolve as the largest dairy processor in Canada, one of the most important cheese producers in North America, the third dairy processor in Argentina and the largest snack cake manufacturer in Canada. Our products, manufactured in 46 plants that stretch from one end of the Americas to the other, are marketed under such well-known brand names as *Saputo*, *Armstrong*, *Caron*, *Cayer*, *Kingsey*, *Dairyland*, *Baxter*, *Nutrilait*, *Stella*, *Frigo*, *Dragone*, *Treasure Cave*, *La Paulina*, *Ricrem* and *Vachon*. Saputo Inc. is a public company whose shares are listed on the Toronto Stock Exchange under the symbol SAP. Propelled by the same sense of dedication that motivates our 8,500 employees to surpass themselves day after day, we will continue to successfully craft our future. Visit our Web site at www.saputo.com.

Information

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NOTICE

The consolidated financial statements of Saputo Inc. for the three-month periods ended March 31, 2005 and 2004 have not been reviewed by an external auditor.

CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands of dollars, except per share amounts)

	For the three-month periods ended March 31 (unaudited)		For the years ended March 31 (audited)	
	2005	2004	2005	2004
Revenues	\$ 916,825	\$ 945,857	\$ 3,883,069	\$ 3,570,190
Cost of sales, selling and administrative expenses	813,508	839,208	3,475,310	3,166,933
Earnings before interest, depreciation and income taxes	103,317	106,649	407,759	403,257
Depreciation of fixed assets	16,195	16,808	66,065	66,038
Operating income	87,122	89,841	341,694	337,219
Interest on long-term debt	6,313	8,000	28,026	34,792
Other interest	1	515	1,064	1,218
Earnings before income taxes	80,808	81,326	312,604	301,209
Income taxes	21,091	23,260	80,459	88,844
Net earnings	\$ 59,717	\$ 58,066	\$ 232,145	\$ 212,365
Per share				
Net earnings				
Basic	\$ 0.57	\$ 0.56	\$ 2.23	\$ 2.05
Diluted	\$ 0.57	\$ 0.56	\$ 2.20	\$ 2.03

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands of dollars)

(audited)

For the years ended March 31	2005	2004
Retained earnings, beginning of year	\$ 711,371	\$ 546,667
Net earnings	232,145	212,365
Dividends	(59,462)	(47,661)
Retained earnings, end of year	\$ 884,054	\$ 711,371

NOTE : THESE FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH OUR AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THERETO AND WITH OUR MANAGEMENT'S ANALYSIS FOR THE FISCAL YEAR ENDED MARCH 31, 2005. THESE DOCUMENTS CAN BE OBTAINED ON SEDAR AT WWW.SEDAR.COM



SEGMENTED INFORMATION

(in thousands of dollars)

	For the three-month periods ended March 31 (unaudited)		For the years ended March 31 (audited)	
	2005	2004	2005	2004
Revenues				
Dairy Products				
Canada and Other	\$ 576,499	\$ 577,144	\$ 2,415,541	\$ 2,161,852
United States	303,863	325,951	1,308,735	1,240,954
	880,362	903,095	3,724,276	3,402,806
Grocery Products	36,463	42,762	158,793	167,384
	\$ 916,825	\$ 945,857	\$ 3,883,069	\$ 3,570,190
Earnings before interest, depreciation and income taxes				
Dairy Products				
Canada and Other	\$ 66,424	\$ 54,137	\$ 244,161	\$ 209,855
United States	30,536	44,210	137,043	160,887
	96,960	98,347	381,204	370,742
Grocery Products	6,357	8,302	26,555	32,515
	\$ 103,317	\$ 106,649	\$ 407,759	\$ 403,257
Depreciation of fixed assets				
Dairy Products				
Canada and Other	\$ 7,441	\$ 8,794	\$ 29,743	\$ 29,854
United States	7,478	7,668	31,175	31,550
	14,919	16,462	60,918	61,404
Grocery Products	1,276	346	5,147	4,634
	\$ 16,195	\$ 16,808	\$ 66,065	\$ 66,038
Operating income				
Dairy Products				
Canada and Other	\$ 58,983	\$ 45,343	\$ 214,418	\$ 180,001
United States	23,058	36,542	105,868	129,337
	82,041	81,885	320,286	309,338
Grocery Products	5,081	7,956	21,408	27,881
	\$ 87,122	\$ 89,841	\$ 341,694	\$ 337,219
Interest	6,314	8,515	29,090	36,010
Earnings before income taxes	80,808	81,326	312,604	301,209
Income taxes	21,091	23,260	80,459	88,844
Net earnings	\$ 59,717	\$ 58,066	\$ 232,145	\$ 212,365



CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars)

	For the three-month periods ended March 31 (unaudited)		For the years ended March 31 (audited)	
	2005	2004	2005	2004
Cash flows related to the following activities:				
Operating				
Net earnings	\$ 59,717	\$ 58,066	\$ 232,145	\$ 212,365
Items not affecting cash				
Stock based compensation	1,517	696	4,774	2,936
Depreciation of fixed assets	16,195	16,808	66,065	66,038
Gain on disposal of fixed assets	(2,489)	(529)	(2,576)	(680)
Future income taxes	3,155	13,253	4,860	20,630
	78,095	88,294	305,268	301,289
Changes in non-cash operating working capital items	1,444	(13,203)	(28,783)	(13,717)
	79,539	75,091	276,485	287,572
Investing				
Business acquisitions	-	(178)	-	(99,994)
Portfolio investment	-	2,000	-	2,000
Additions to fixed assets	(21,977)	(21,491)	(81,786)	(90,446)
Proceeds on disposals of fixed assets	4,609	4,911	5,441	5,926
Other assets	(2,600)	(596)	(7,278)	(4,677)
	(19,968)	(15,354)	(83,623)	(187,191)
Financing				
Bank loans	(19,512)	(4,281)	(68,844)	63,945
Repayment of long-term debt	(12)	(27,517)	(43,965)	(110,099)
Issuance of share capital for a cash consideration	2,704	2,634	13,544	4,931
Employee future benefits	(308)	(646)	442	4
Dividends	(15,671)	(12,446)	(59,462)	(47,661)
	(32,799)	(42,256)	(158,285)	(88,880)
Increase in cash	26,772	17,481	34,577	11,501
Effect of exchange rate changes on cash	644	1,548	(974)	(2,391)
Cash (bank overdraft), beginning of period	14,061	(11,155)	7,874	(1,236)
Cash, end of period	\$ 41,477	\$ 7,874	\$ 41,477	\$ 7,874

Supplemental information

Interest paid	\$ (179)	\$ 983	\$ 27,565	\$ 33,889
Income taxes paid	\$ 5,002	\$ 18,768	\$ 37,896	\$ 70,095



CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)

(audited)

	March 31 2005	March 31 2004
ASSETS		
Current assets		
Cash	\$ 41,477	\$ 7,874
Receivables	299,828	287,012
Inventories	452,814	420,660
Income taxes	14,381	9,348
Future income taxes	10,711	14,877
Prepaid expenses and other assets	16,795	13,838
	836,006	753,609
Portfolio investment	53,991	53,991
Fixed assets	648,584	661,183
Goodwill	507,200	524,856
Trademarks	24,054	26,076
Other assets	53,437	46,422
Future income taxes	9,800	3,411
	\$ 2,133,072	\$ 2,069,548
LIABILITIES		
Current liabilities		
Bank loans	\$ 15,083	\$ 82,367
Accounts payable and accrued liabilities	291,197	295,124
Income taxes	67,438	26,020
Future income taxes	9,653	8,927
Current portion of long-term debt	-	43,969
	383,371	456,407
Long-term debt	302,521	327,942
Other liabilities	19,139	13,941
Future income taxes	112,191	114,429
	817,222	912,719
SHAREHOLDERS' EQUITY		
Share capital	483,896	469,262
Contributed surplus	8,095	4,411
Retained earnings	884,054	711,371
Foreign currency translation adjustment	(60,195)	(28,215)
	1,315,850	1,156,829
	\$ 2,133,072	\$ 2,069,548