



NEWS RELEASE

For immediate release

FINANCIAL RESULTS FOR FISCAL 2008, ENDED MARCH 31, 2008

Net earnings at \$288.2 million, up 20.9%

Revenues at \$5.059 billion, up 26.4%

(Montréal, June 5, 2008) – Saputo Inc. released today its financial results for fiscal 2008, which ended March 31, 2008.

- Net earnings totalled \$288.2 million or \$1.40 (basic) per share¹, up 20.9% compared to \$238.5 million or \$1.15 (basic) per share in fiscal 2007.
- Consolidated revenues totalled \$5.059 billion, an increase of \$1.058 billion or 26.4% compared to \$4.001 billion posted in fiscal 2007.
- Consolidated earnings before interest, income taxes, depreciation and amortization (EBITDA)² amounted to \$526.0 million, an increase of \$99.7 million or 23.4% compared to \$426.3 million in fiscal 2007.
- EBITDA in the Canada, Europe and Argentina Dairy Products Sector (CEA Dairy Products Sector) totalled \$363.4 million, as compared to \$317.1 million last fiscal year, an increase of \$46.3 million or 14.6%. The increase is mainly attributed to the benefits derived from rationalization activities undertaken in our Canadian operations during prior fiscal years, better efficiencies, along with increased sales volumes from our Canadian fluid milk activities and benefits derived from capital investments made in current and prior fiscal years in our Argentinean operations. The sector also benefited from more favourable by-product market conditions.
- EBITDA in the USA Dairy Products Sector amounted to \$145.5 million, a \$62.6 million or 75.5% increase compared to \$82.9 million in fiscal 2007. This increase is mainly due to initiatives undertaken by the Company in the prior and current fiscal years, as well as the inclusion of the acquisition of the activities of Land O'Lakes West Coast industrial cheese business (Land O'Lakes West Coast Acquisition). The sector also benefited from the revisions to reduce the manufacturing milk cost by the State of California and the United States

¹ All references to number of Common Shares and prices of Common Shares made herein have been adjusted to reflect the 100% stock dividend declared on December 10, 2007, which had the same effect as a two-for-one stock split.

² **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. Reference is made to section entitled "Measurement of results not in accordance with Generally Accepted Accounting Principles" contained in the Management's Analysis.

Department of Agriculture. In addition, an average block market³ per pound of cheese significantly higher than in fiscal 2007 improved the basis of absorption of our fixed costs and realization of our inventories having a favourable impact on the EBITDA. The rise of the Canadian dollar eroded approximately \$10 million from the sector's EBITDA.

- EBITDA in the Grocery Products Sector amounted to \$17.2 million, a decrease as compared to \$26.4 million for the previous fiscal year. This decrease is mainly due to higher ingredients, packaging and labour costs and to lower sales volumes from our Canadian and American activities.
- Cash flows generated by operations amounted to \$291.1 million for fiscal 2008, a decrease of \$52.4 million compared to \$343.5 million in fiscal 2007.
- The Company increased the use of its bank loans by \$91.4 million. The Company also issued shares for a cash consideration of \$28.4 million as part of the stock option plan, purchased share capital totalling \$81.5 million in accordance with the normal course issuer bid, and paid \$94.5 million in dividends.

Summary of Fourth Quarter Results

- Net earnings amounted to \$75.2 million for the quarter ended March 31, 2008, an increase of \$12.3 million compared to the same quarter last fiscal year.
- Revenues totalled \$1.266 billion, an increase of \$257.4 million or 25.5% compared to the \$1.009 billion for the same quarter last fiscal year. The increase is attributed mostly to our USA Dairy Products Sector whose revenues increased by approximately \$204 million compared to the corresponding quarter last fiscal year. The inclusion of the Land O'Lakes West Coast Acquisition along with higher sales volumes and selling prices are the main factors explaining this increase. The revenues from our CEA Dairy Products Sector also contributed to the overall increase in revenues in the fourth quarter as compared to last fiscal year. Higher selling prices in our Canadian and Argentinean operations in accordance with the increase in the cost of milk as raw material, increased sales volumes from our Canadian fluid milk activities, and the inclusion of our UK operations were the main factors responsible for this increase. It was partially offset by a lower by-product market, a decrease in volume mainly on exports in our Argentinean operations and the appreciation of the Canadian dollar versus the Argentinean peso. Revenues from our Grocery Products Sector decreased in the fourth quarter of fiscal 2008 in comparison to the same quarter last fiscal year. This decrease is due to lower Canadian sales volume as a result of price increases, in addition to the launch of private label products by retailers and highly competitive prices in the market place. Also, sales volumes

³ ³ "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 the cheese.

from our American co-packing activities showed significant decreases compared to last fiscal year.

- EBITDA for the fourth quarter totalled \$137.5 million, a \$26.0 million increase compared to the same quarter last fiscal year.
- The EBITDA of the CEA Dairy Products Sector increased by approximately \$10 million in the fourth quarter of fiscal 2008 compared to the corresponding quarter last fiscal year. Higher sales volumes from our Canadian fluid milk activities and improved Argentinean operations were the main factors behind this increase. This offset a less favourable by-product market, an adverse effect relating to new government regulations limiting selling prices in Argentina, and the appreciation of the Canadian dollar versus the Argentinean peso.
- EBITDA from the USA Dairy Products Sector increased by approximately \$19 million compared to the corresponding quarter last fiscal year. The increase is due to the initiatives undertaken by the Company in the prior and current fiscal years as well as the inclusion of the Land O'Lakes West Coast Acquisition. An average block market per pound of cheese higher in the current quarter compared to the same quarter last fiscal year created a better absorption of our fixed costs.
- The Grocery Products Sector EBITDA decreased by approximately \$3 million due to higher ingredients, packaging and labour costs and the decline in sales volume from our Canadian and American activities.

Outlook

Fiscal 2008 was an excellent year for the Company. Our divisions performed well and are ready to enter fiscal 2009 with confidence and enthusiasm.

Our Canadian dairy operations will continue to work towards the optimization of our production facilities in an effort to improve efficiencies. One of our challenges in fiscal 2009 will be the implementation of the new standards of composition for cheese manufactured in and imported to Canada. We intend to be in compliance with these new Canadian requirements notwithstanding that they are different from the international cheese standards. We intend to mitigate the impact that these new standards will have on our results, while trying our utmost to minimize the effect on our customers.

In fiscal 2009, we will continue to integrate our European operations. For our German operations, our focus will be to complete the integration and achieve better efficiencies with the help of our two Canadian employees transferred in fiscal 2008. The integration of the UK operations is further ahead in the process. We anticipate that this division will increase efficiencies and improve overall profitability.

Our Dairy Products Division (Argentina), in fiscal 2009, will continue to focus on efficiencies. With the expected return of milk production volumes after major floods in early fiscal 2008, this should increase our production volumes and allow us to further develop the domestic and international markets.

The acquisition of the activities of Alto Dairy Cooperative completed at the beginning of fiscal 2009 will further enhance our presence in the US and will also complement our previous Land O'Lakes West Coast Acquisition completed last fiscal year. Part of fiscal 2009's objective is to fully integrate these new operations within the Saputo culture and values and improve their profitability.

Our Grocery Products Sector's objective for fiscal 2009 will be to improve on operational efficiencies and optimize its manufacturing processes in order to mitigate increasing ingredients and packaging costs, in addition to completing the integration of Biscuits Rondeau Inc. and Boulangerie Rondeau Inc. business.

We are in an excellent financial position with a low level of debt and a sound structure. This will allow us to pursue our growth through acquisitions.

Financial Statements and Management's Analysis

For more information on the results of fiscal 2008 as well as the fourth quarter of fiscal 2008, 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, 2008. These documents can be obtained on SEDAR at www.sedar.com.

Caution Regarding Forward-Looking Statements

This press release, including the "Outlook" section, contains forward-looking statements within the meaning of securities laws. These statements are based, among others, on our current assumptions, expectations, estimates, objectives, plans and intentions regarding projected revenues and expenses, the economic and industry environments in which we operate or which could affect our activities, our ability to attract and retain clients and consumers as well as our operating costs, raw materials and energy supplies which are subject to a number of risks and uncertainties. Forward-looking statements can generally be identified by the use of the conditional tense, the words "may", "should", "would", "believe", "plan", "expect", "intend", "anticipate", "estimate", "foresee", "objective" or "continue" or the negative of these terms or variations of them or words and expressions of similar nature. Actual results could differ materially from the conclusion, forecast or projection stated in such forward-looking information. As a result, we 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 our actual results to differ materially from our current expectations are discussed throughout the MD&A and, in particular, in "Risks and Uncertainties". Forward-looking information contained in this press release, including the "Outlook" section, is based on management's current estimates, expectations and assumptions, which management believes are

reasonable as of the current date. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time.

Dividends

The Board of Directors of the Company declared a dividend of \$0.12 per share, payable on July 18, 2008 to shareholders of record as of July 7, 2008. This dividend is for the quarter ended March 31, 2008.

Conference Call

A conference call to discuss the fiscal 2008 results will be held on Thursday, June 5, 2008 at 3:00 PM, Eastern Time. To participate in the conference call, dial 1 888 241 0326. 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/060508/index.php> in your web browser.

For those unable to participate, an instant replay will be available until midnight, Thursday, June 12, 2008. To access the replay dial 1 800 839 4180, ID number 47895449. A replay of the conference call will also be available on the Company's web site at www.saputo.com.

About Saputo

Together, over the years, we have aspired to grow, exploring new opportunities while staying true to our philosophy. Our progress is owed to the continued dedication of our 9,200 employees, who, across 5 countries, team up every day to go further. They craft, market and distribute a wide range of high-quality products, including cheese, fluid milk, yogurt, dairy ingredients and snack-cakes. Saputo is the 15th largest dairy processor in the world, the largest in Canada, the third largest in Argentina, among the top three cheese producers in the United States, and the largest snack-cake manufacturer in Canada. Consumers and customers in over 40 countries appreciate our products distributed under our well-known brands such as *Saputo*, *Alexis de Portneuf*, *Armstrong*, *Baxter*, *Dairyland*, *Danscorella*, *De Lucia*, *Dragone*, *DuVillage 1860*, *Friigo*, *Kingsey*, *La Paulina*, *Nutralait*, *Ricrem*, *Stella*, *Treasure Cave*, *HOP&GO!*, *Rondeau* and *Vachon*. Saputo Inc. is a public company whose shares are traded on the Toronto Stock Exchange under the symbol SAP.

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Information

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NOTICE

The consolidated financial statements of Saputo Inc. for the three-month periods ended March 31, 2008 and 2007 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)	
	2008	2007	2008	2007
Revenues	\$ 1,266,146	\$ 1,008,704	\$ 5,058,900	\$ 4,000,980
Cost of sales, selling and administrative expenses	1,128,645	897,250	4,532,856	3,574,648
Earnings before interest, depreciation and income taxes	137,501	111,454	526,044	426,332
Depreciation of fixed assets	19,827	17,603	79,434	72,116
Operating income	117,674	93,851	446,610	354,216
Interest on long-term debt	4,588	5,684	18,806	22,603
Other interest, net	1,039	(1,234)	6,538	(3,498)
Earnings before income taxes	112,047	89,401	421,266	335,111
Income taxes	36,836	26,542	133,066	96,644
Net earnings	\$ 75,211	\$ 62,859	\$ 288,200	\$ 238,467

Earnings per share

Net earnings

Basic	\$ 0.37	\$ 0.30	\$ 1.40	\$ 1.15
Diluted	\$ 0.36	\$ 0.30	\$ 1.38	\$ 1.14

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of dollars)
(audited)

For the years ended March 31	2008	2007
Net Earnings	\$ 288,200	\$ 238,467
Net change in unrealized losses on translation of financial statements of self-sustaining operations	(63,750)	(5,398)
Comprehensive income	\$ 224,450	\$ 233,069

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands of dollars)
(audited)

For the years ended March 31	2008	2007
Retained earnings, beginning of year	\$ 1,085,081	\$ 971,131
Net earnings	288,200	238,467
Dividends	(94,455)	(80,721)
Excess of purchase price of share capital over carrying value	(72,258)	(43,796)
Retained earnings, end of year	\$ 1,206,568	\$ 1,085,081

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, 2008. 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)	
	2008	2007	2008	2007
Revenues				
Dairy Products				
CEA ¹	\$ 746,224	\$ 688,561	\$ 2,966,293	\$ 2,794,099
USA	481,777	277,446	1,927,983	1,036,830
	1,228,001	966,007	4,894,276	3,830,929
Grocery Products	38,145	42,697	164,624	170,051
	\$ 1,266,146	\$ 1,008,704	\$ 5,058,900	\$ 4,000,980
Earnings before interest, depreciation, and income taxes				
Dairy Products				
CEA1	\$ 94,167	\$ 84,308	\$ 363,365	\$ 317,086
USA	40,228	21,331	145,478	82,890
	134,395	105,639	508,843	399,976
Grocery Products	3,106	5,815	17,201	26,356
	\$ 137,501	\$ 111,454	\$ 526,044	\$ 426,332
Depreciation of fixed assets				
Dairy Products				
CEA1	\$ 9,405	\$ 8,582	\$ 36,810	\$ 36,163
USA	8,462	7,778	34,780	29,849
	17,867	16,360	71,590	66,012
Grocery Products	1,960	1,243	7,844	6,104
	\$ 19,827	\$ 17,603	\$ 79,434	\$ 72,116
Operating income				
Dairy Products				
CEA1	\$ 84,762	\$ 75,726	\$ 326,555	\$ 280,923
USA	31,766	13,553	110,698	53,041
	116,528	89,279	437,253	333,964
Grocery Products	1,146	4,572	9,357	20,252
	\$ 117,674	\$ 93,851	\$ 446,610	\$ 354,216
Interest	5,627	4,450	25,344	19,105
Earnings before income taxes	112,047	89,401	421,266	335,111
Income taxes	36,836	26,542	133,066	96,644
Net earnings	\$ 75,211	\$ 62,859	\$ 288,200	\$ 238,467

¹ Canada, Europe and Argentina Dairy Products Sector.



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)	
	2008	2007	2008	2007
Cash flows related to the following activities:				
Operating				
Net earnings	\$ 75 211	\$ 62 859	\$ 288 200	\$ 238 467
Items not affecting cash				
Stock based compensation	2 033	1 964	8 279	7 917
Depreciation of fixed assets	19 827	17 603	79 434	72 116
Loss (gain) on disposal of fixed assets	182	43	(144)	(122)
Future income taxes	16 114	(1 834)	15 838	(1 525)
Deferred share units	1 265	1 173	1 265	1 173
Funding of employee pension plans in excess of costs	(1 498)	(1 980)	(2 019)	(3 207)
	113 134	79 828	390 853	314 819
Changes in non-cash operating working capital items	(26 349)	12 048	(99 791)	28 682
	86 785	91 876	291 062	343 501
Investing				
Business acquisitions	(1 016)	(12 709)	(254 204)	(31 794)
Portfolio investment	-	-	1 648	-
Additions to fixed assets	(32 471)	(16 583)	(101 723)	(76 127)
Proceeds on disposals of fixed assets	2 909	69	5 285	3 808
Other assets	(2 650)	83	(5 443)	(6 124)
	(33 228)	(29 140)	(354 437)	(110 237)
Financing				
Bank loans	128 742	99 130	91 413	93 701
Repayment of long-term debt	-	-	-	(33 828)
Issuance of share capital	4 565	11 011	28 366	20 886
Repurchase of share capital	-	-	(81 472)	(50 677)
Dividends	(24 710)	(20 718)	(94 455)	(80 721)
	108 597	89 423	(56 148)	(50 639)
Increase (decrease) in cash and cash equivalents	162 154	152 159	(119 523)	182 625
Effect of exchange rate changes on cash and cash equivalents	922	3 923	8 339	2 736
Cash and cash equivalents, beginning of period	2 634	120 812	276 894	91 533
Cash and cash equivalents, end of period	\$ 165 710	\$ 276 894	\$ 165 710	\$ 276 894
Supplemental information				
Interest paid (received)	\$ 1 717	\$ (1 205)	\$ 25 767	\$ 19 651
Income taxes paid	\$ 20 312	\$ 24 491	\$ 92 235	\$ 84 868



CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)

(audited)

	March 31 2008	March 31 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 165,710	\$ 276,894
Receivables	408,973	324,702
Inventories	533,686	445,992
Income taxes	10,252	6,413
Future income taxes	17,150	13,045
Prepaid expenses and other assets	43,729	23,939
	<u>1,179,500</u>	<u>1,090,985</u>
Portfolio investment	41,343	42,991
Fixed assets	871,739	691,226
Goodwill	522,546	547,379
Trademarks and other intangibles	38,043	32,340
Other assets	75,257	73,726
Future income taxes	5,048	9,720
	<u>\$ 2,733,476</u>	<u>\$ 2,488,367</u>
LIABILITIES		
Current liabilities		
Bank loans	\$ 222,584	\$ 139,001
Accounts payable and accrued liabilities	409,323	343,911
Income taxes	111,511	85,644
Future income taxes	19,790	1,294
Current portion of long-term debt	-	21
	<u>763,208</u>	<u>569,871</u>
Long-term debt	225,830	254,012
Other liabilities	13,972	16,413
Future income taxes	111,306	115,053
	<u>1,114,316</u>	<u>955,349</u>
SHAREHOLDERS' EQUITY		
Share capital	536,921	511,737
Contributed surplus	22,085	18,864
Retained earnings	1,206,568	1,085,081
Accumulated other comprehensive loss	(146,414)	(82,664)
	<u>1,619,160</u>	<u>1,533,018</u>
	<u>\$ 2,733,476</u>	<u>\$ 2,488,367</u>