

**FINANCIAL RESULTS FOR FISCAL 2017 FIRST QUARTER
ENDED JUNE 30, 2016**

Net earnings at \$176.7 million, up 29.5%
Adjusted net earnings at \$176.7 million, up 29.0%

(Montréal, August 2, 2016) – Saputo Inc. (TSX: SAP) (Saputo or the Company) reported today its financial results for the first quarter of fiscal 2017, which ended on June 30, 2016. 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 \$176.7 million, an increase of \$40.3 million or 29.5%.
- Adjusted net earnings¹ totalled \$176.7 million, an increase of \$39.7 million or 29.0%.
- Earnings before interest, income taxes, depreciation, amortization, gain on disposal of a business, acquisition and restructuring costs (adjusted EBITDA¹) amounted to \$318.2 million, an increase of \$59.3 million or 22.9%.
- Revenues for the quarter amounted to \$2.631 billion, an increase of \$67.0 million or 2.6%.
- Earnings and adjusted earnings per share¹ (basic and diluted) were \$0.45 and \$0.44, respectively, for the quarter as compared to \$0.35 and \$0.34 for the corresponding quarter last fiscal year, an increase of 28.6% and 29.4% respectively.

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

(unaudited)	For the three-month periods ended June 30	
	2016	2015
Revenues	2,631.4	2,564.4
EBITDA	318.2	258.1
Adjusted EBITDA ¹	318.2	258.9
Net earnings	176.7	136.4
Adjusted net earnings ¹	176.7	137.0
Earnings and adjusted earnings ¹ per share		
Basic	0.45	0.35
Diluted	0.44	0.34

- In the Canada Sector, revenues and EBITDA increased due to higher sales volumes and a favourable product mix.
- In the USA Sector, higher sales volumes positively impacted revenues. This increase was offset by the fluctuation of the average block market² per pound of cheese and the average butter market³ price per pound, as compared to the same quarter last fiscal year. EBITDA increased due to higher sales volumes, better efficiencies and lower ingredients costs, offsetting unfavourable market factors⁴ of approximately \$11 million as compared to the same quarter last fiscal year.
- In the International Sector, revenues decreased due to lower selling prices in the export market. Both revenues and EBITDA were positively impacted by higher prices in the domestic market. As a result of decreases in certain market selling prices, inventory was written down by approximately \$1 million, as compared to approximately \$13 million for the same quarter last fiscal year.
- The fluctuation of the Canadian dollar versus foreign currencies during the quarter had a positive impact on revenues and EBITDA of approximately \$19 million and \$11 million, respectively, as compared to the same quarter last fiscal year.
- The Board of Directors reviewed the dividend policy and increased the quarterly dividend from \$0.135 per share to \$0.15 per share, representing an 11.1% increase. The quarterly dividend will be payable on September 16, 2016 to common shareholders of record on September 6, 2016.

¹ Adjusted EBITDA, adjusted net earnings 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 2017 for the definition of these terms.

² “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.

³ “Average butter market” is the average daily price for Grade AA Butter traded on the CME, used as the base price for butter.

⁴ 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 2017, 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 2017. These documents can be obtained on SEDAR at www.sedar.com and in the "Investors and Media" section of the Company's website, at www.saputo.com.

Conference Call

A conference call to discuss the fiscal 2017 first quarter results will be held on Tuesday, August 2, 2016 at 1:00 p.m. Eastern Daylight Time. To participate in the conference call, dial 1-877-256-6033. To ensure your participation, please dial in approximately five minutes before the call.

To listen to this call on the Web, please enter <http://www.gowebcasting.com/7740> in your Web browser.

For those unable to participate, a replay of the conference will be available until 11:59 p.m., Tuesday, August 9, 2016. To access the replay, dial 1-800-558-5253, ID number 21814513. A webcast will also be archived on www.saputo.com, in the "Investors and Media" section, under News 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*, *COON*, *Cracker Barrel*^{*}, *Dairyland*, *DairyStar*, *Friendship Dairies*, *Frigo Cheese Heads*, *La Paulina*, *Milk2Go/Lait's Go*, *Neilson*, *Nutralait*, *Scotsburn*^{*}, *Stella*, *Sungold*, *Treasure Cave* and *Woolwich Dairy*. Saputo Inc. is a publicly traded company and its shares are listed on the Toronto Stock Exchange under the symbol "SAP".

*Trademark used under licence.

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Media Inquiries

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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 2016 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, 2016 totalled \$2.631 billion, an increase of approximately \$67.0 million or 2.6%, as compared to \$2.564 billion for the corresponding quarter last fiscal year. The increase is mainly due to higher sales volumes and the inclusion of revenues from the companies forming Woolwich Dairy (Woolwich Acquisition) acquired on October 5, 2015. This increase was partially offset by the fluctuation of the average block market per pound of cheese and the average butter market price per pound, compared to the same quarter last fiscal year, decreasing revenues by approximately \$59 million. Lower international selling prices of cheese and dairy ingredients, as compared to the corresponding quarter last fiscal year, negatively affected revenues. Moreover, the fluctuation of the Canadian dollar versus foreign currencies increased revenues by approximately \$19 million.

Consolidated adjusted EBITDA for the first quarter of fiscal 2017 totalled \$318.2 million, an increase of \$59.3 million or 22.9% in comparison to \$258.9 million for the same quarter last fiscal year. The increase is due to higher sales volumes, lower ingredients costs, lower warehousing and logistical costs, as well as an increase in operational efficiencies. Also, the inclusion of the Woolwich Acquisition and the acquisition of the everyday cheese business of Lion-Dairy & Drinks Pty Ltd (EDC Acquisition), completed in May 2015, positively impacted EBITDA. This increase was partially offset by higher administrative expenses and lower international selling prices of cheese and dairy ingredients without a similar decline in the cost of milk as raw material. Market factors in the US negatively affected EBITDA by approximately \$11 million. As a result of decreases in certain market selling prices, inventory was written down by approximately \$1 million, as compared to approximately \$13 million for the same quarter last fiscal year. Also, the fluctuation of the Canadian dollar versus foreign currencies had a favourable impact on EBITDA of approximately \$11 million, as compared to the same quarter last fiscal year.

OTHER CONSOLIDATED RESULT ITEMS

Depreciation and amortization for the first quarter of fiscal 2017 totalled \$49.3 million, an increase of \$3.9 million, in comparison to \$45.4 million for the same quarter last fiscal year. This increase is mainly attributed to the fluctuation of the Canadian dollar versus foreign currencies, as well as additions to property, plant and equipment, increasing the depreciable base.

Net interest expense for the three month-period ended June 30, 2016 decreased by \$4.0 million in comparison to the same period last fiscal year. The decrease is mainly attributed to lower level of debt denominated in Argentine peso which bears high interest rate.

Income taxes for the first quarter of fiscal 2017 totalled \$79.5 million, reflecting an effective tax rate of 31.0% compared to 30.4% 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 \$176.7 million for the quarter ended June 30, 2016, as compared to \$136.4 million for the same quarter last fiscal year.

Adjusted net earnings totalled \$176.7 million for the quarter ended June 30, 2016, as compared to \$137.0 million for the same quarter last fiscal year.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	2017		2016			2015		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	2,631.4	2,734.0	2,901.0	2,792.1	2,564.4	2,513.8	2,821.8	2,701.3
Adjusted EBITDA ¹	318.2	313.1	320.4	281.7	258.9	232.0	278.7	282.1
Net earnings	176.7	141.2	175.2	148.6	136.4	157.4	154.6	155.6
Gain on disposal of a business ²	–	–	–	–	–	(25.9)	–	–
Acquisition costs ²	–	0.5	0.2	1.1	0.6	0.5	–	–
Restructuring costs ²	–	23.1	–	–	–	(4.7)	–	–
Adjusted net earnings ¹	176.7	164.8	175.4	149.7	137.0	127.3	154.6	155.6
Attributable to:								
Shareholders of Saputo Inc.	176.5	165.0	174.7	149.0	137.9	126.3	152.6	154.3
Non-controlling interest	0.2	(0.2)	0.7	0.7	(0.9)	1.0	2.0	1.3
	176.7	164.8	175.4	149.7	137.0	127.3	154.6	155.6
Earnings per share ³								
Basic	0.45	0.36	0.44	0.38	0.35	0.40	0.39	0.39
Diluted	0.44	0.36	0.44	0.37	0.34	0.39	0.38	0.39
Adjusted earnings per share ^{1,3}								
Basic	0.45	0.42	0.45	0.38	0.35	0.32	0.39	0.39
Diluted	0.44	0.41	0.44	0.38	0.34	0.32	0.38	0.39

¹ 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 2017 for the definition of these terms.

² Net of income taxes.

³ 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	2017	2016			
	Q1	Q4	Q3	Q2	Q1
Market factors ^{1,2}	(11)	9	(4)	(37)	3
Inventory write-down	(1)	(5)	–	–	(13)
Foreign currency exchange ^{1,3}	11	15	29	27	15

¹ As compared to the same quarter of the last fiscal year.

² 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.

³ Foreign currency exchange includes effect on EBITDA of conversion of US dollars, Australian dollars and Argentine pesos to Canadian dollars.

INFORMATION BY SECTOR

Canada Sector

(in millions of CDN dollars)

Fiscal years	2017	2016			
	Q1	Q4	Q3	Q2	Q1
Revenues	979.1	932.8	992.7	958.5	917.5
EBITDA	112.3	108.5	107.5	99.4	98.1

The Canada Sector consists of the Dairy Division (Canada).

USA Sector

(in millions of CDN dollars)

Fiscal years	2017	2016			
	Q1	Q4	Q3	Q2	Q1
Revenues	1,348.5	1,449.3	1,574.9	1,459.2	1,303.3
EBITDA	187.5	191.0	190.1	172.7	171.7

Selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	2017	2016			
	Q1	Q4	Q3	Q2	Q1
Market factors ^{1,2}	(11)	9	(4)	(37)	3
US currency exchange ¹	8	15	25	27	15

¹ As compared to same quarter of previous fiscal year.

² 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 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	2017	2016			
	Q1	Q4	Q3	Q2	Q1
Average block market per pound of cheese	1.412	1.479	1.582	1.679	1.642
Closing block price per pound of cheese ¹	1.660	1.460	1.508	1.670	1.620
Average butter market price per pound	2.125	2.055	2.562	2.243	1.877
Closing butter market price per pound ²	2.350	1.955	2.080	2.510	1.918
Average whey market price per pound ³	0.241	0.247	0.226	0.309	0.430
Spread ⁴	0.125	0.128	0.152	0.120	0.078
US average exchange rate to Canadian dollar ⁵	1.288	1.371	1.333	1.309	1.229

¹ 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.

² Closing butter market price is the price for Grade AA Butter traded on the CME, on the last business day of each quarter.

³ Average whey market price is based on Dairy Market News published information.

⁴ 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.

⁵ 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	2017	2016			
	Q1	Q4	Q3	Q2	Q1
Revenues	303.8	351.9	333.4	374.4	343.6
EBITDA	18.4	13.6	22.8	9.6	(10.9)

Selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	2017	2016			
	Q1	Q4	Q3	Q2	Q1
Inventory write-down	(1)	(5)	–	–	(13)
Foreign currency exchange ¹	3	–	4	–	–

¹ 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 2016 is anticipated to continue in fiscal 2017 and remains a Company challenge. Additionally, dairy ingredient markets have declined since the last half of fiscal 2015 and are expected to remain low throughout the first nine months of fiscal 2017. In order to mitigate downward margin pressures, stagnant growth and competitive market conditions, the Company will continue to focus on reviewing overall activities to improve its operational efficiency. As such, the Company previously announced the closure of three plants: Sydney (Nova Scotia), Princeville (Quebec) and Ottawa (Ontario). These closures are scheduled in June 2016, August 2016 and December 2017 respectively. The closure of the plant in Sydney was completed as planned. The Division continues to leverage its operational flexibility to enhance profitability, in addition to maintaining cost control.

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 Cheese Division (USA), depressed selling prices on the international dairy ingredient market are expected to put downward pressure on margins and the Company will continue to focus on increasing efficiencies, as well as controlling costs in order to mitigate their impact on EBITDA. The international dairy ingredient market price has declined since the last half of fiscal 2015 and these prices are anticipated to remain low throughout the first nine-months of fiscal 2017.

The Company completed the implementation of its business management model within the Dairy Foods Division (USA), including various measures aimed at being a low-cost producer. The Dairy Foods Division (USA) continues to focus on optimization and maximizing investment in its existing network in order to benefit from new capabilities in production and enable future growth in bringing new products to market. The Company will keep investing to support capacity, and aim to further strengthen its competitive cost position.

The Woolwich Acquisition enables the Company to increase its presence in the specialty cheese category in North America. The Company will also evaluate potential synergies and focus on improving and expanding product offerings to all customers.

The International Sector will continue to pursue sales volumes growth in existing markets, as well as develop additional international markets. Also, the Sector will pursue growth of cheese export sales volumes from the Cheese Division (USA) to the extent US milk pricing is competitive with world prices. We anticipate that the EDC Acquisition will continue to bring new opportunities to the Sector. The Sector will continue to evaluate overall activities to improve efficiencies and will aim to maximize its operational flexibility to mitigate fluctuations in market conditions.

International cheese and dairy ingredient markets were depressed since the last half of fiscal 2015. These prices are anticipated to remain low throughout the first nine-months of fiscal 2017 and we expect this will continue to put downward pressure on the Sector's margins. As such, we will continue to focus on increasing efficiencies, as well as controlling costs in order to mitigate their impact on EBITDA.

The Company continued to migrate to a new ERP system, a five-year project announced in fiscal 2015 which started in fiscal 2016 and includes planning, designing and implementing the system.

Our goal remains to continue to improve overall efficiencies in all sectors and pursue growth internally and through acquisitions.