



FINANCIAL RESULTS FOR THE FIRST QUARTER OF FISCAL 2003

**NET EARNINGS UP 4,5 %
CASH FLOW UP 4,6 %**

(Montréal, August 7, 2002) – Saputo Inc. revealed today its financial results for the first quarter of fiscal 2003, ended June 30, 2002.

- In the course of the quarter the earnings before interest, income taxes, depreciation and amortization (EBITDA) of our Canadian Dairy Products Sector increased by 20.7% as compared to the same period a year earlier.
- The sales volume of our Cheese Division (USA) grew by nearly 10%.
- Operating income from our Grocery Products Sector (Bakery Division) increased by 3.8%.
- The unfavourable conditions on the American market with respect to milk and cheese prices as compared to the same period last year represented a loss of potential net earnings of roughly \$7.5 million.
- The quarterly dividend of the Company will rise from \$0.055 to \$0.10 per common share for a total of \$0.40 annually.

Net earnings

- Net earnings of \$42.1 million or \$0.41 (basic) per share.
- Net earnings up 4.5% over the \$40.3 million or \$0.40 (basic) per share for the same period of the previous fiscal year.
- Return of 18.4% on average shareholders' equity.
- The unfavourable price conditions on the American market compared to the same period the year before created a shortfall of about \$7,5 million.

EBITDA

- Earnings before interest, income taxes, depreciation and amortization (EBITDA) of \$89.4 million.
- EBITDA decreased by 1.9% as compared to the \$91.1 million for the first quarter of fiscal 2002.
- The unfavourable price conditions on the American market compared to the same period the year before created a shortfall of roughly \$11 million in EBITDA.

Cash flow

- Cash generated before changes in non-cash working capital of \$64.1 million or \$0.62 (basic) per share.
- Up 4.6% over the \$61.3 million or \$0.60 (basic) per share of the corresponding quarter in fiscal 2002.

Revenues

- Revenues of \$873.9 million.
- Revenues are approximately the same as to the corresponding quarter of the previous year.
- Had it not been for the drop in the average price per pound of cheese in the United States in the course of the first quarter of fiscal 2003 in comparison with the same period a year earlier, the revenues would have been greater by about \$37 million.
- Revenues from the Grocery Products Sector last year included \$19.8 million from the manufacturing and marketing activities of cookies, fine breads and soups that were transferred to Dare Foods in July 2001.
- On a comparable basis, after eliminating the impact of the elements referred to above, our revenues would have enjoyed a growth of almost 6.8%, principally a reflection of the increase in sales volume of our Dairy Products Sector's Cheese Division (USA), of which approximately half came from organic growth.

Perspectives

Over the coming quarters, our Canadian Cheese and Milk Divisions will undertake the last phases of integrating Dairyworld operations, the aim being to optimize their operations as a whole and to increase their profitability. Growth in our volumes of cheese sales in Canada is tightly connected to growth in per-capita consumption, as a result of the regulated Canadian system. Consequently, in collaboration with the industry, we plan to promote cheese consumption in Canada. Nevertheless we remain open to any growth opportunities by way of acquisition.

Our Canadian Milk Division will concentrate its growth in Canada by increasing its penetration in the Ontario and Quebec markets, where our market shares are approximately at 5% and 1.6% respectively. That division will also focus its efforts on the development of value-added products and on assessing automation possibilities for certain of its operations.

Our Cheese Division (USA) will complete the integration of the plant in Whitehall, Pennsylvania, and will redouble its efforts in order to reach its objective of increasing sales volume by 13% for the current fiscal year. We will also energetically be seeking potential acquisitions in cheese manufacturing in the United States. With respect to the volatile-price situation on the American market, the Company will work on developing permanent solutions designed to provide it with the means of lessening the repercussions of such volatility and its effects on our results.

Our Bakery Division will continue with the process undertaken last March in connection with the closing of the plant in Aurora, Ontario, which is scheduled for September 2002. We will also continue with rationalization of the transportation operations in the division, as well as initiating certain automation and robotization projects. We intend to gradually introduce certain varieties of snack cakes on the American market beginning in the fall of 2002, while continuing to focus on greater penetration of the Ontario and Western Canadian markets so as to maximize use of the Sainte-Marie plant, which has an available manufacturing capacity of roughly 30%.

Dividends

The Board of Directors of the Company revised the Company's dividend policy upward, with the result that the quarterly dividend will rise from \$0.055 per common share to \$0.10 per common share for a total of \$0.40 annually and will take effect when the dividend of September 6, 2002, is paid to common shareholders of record on August 23, 2002.

Conference call

A conference call to discuss the first quarter of fiscal 2003 results will be held on Wednesday August 7, 2002 at 3:00 PM, Montreal time. To participate in the conference dial (416) 405-9328 or 1-800-387-6216. 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.newswire.ca/webcast/pages/SaputoInc20020808/> in your web browser.

For those unable to participate, an instant replay will be available until midnight, Wednesday, August 14, 2002. To access the replay please dial (416) 695-5800 or 1-800-408-3053, pass code 1228667.

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, Vachon* and *Granny's*. A dynamic, world class company, Saputo Inc. employs over 7,100 individuals in 51 plants. Company shares are listed on the Toronto Stock Exchange under the symbol SAP. For further information, please visit our website at www.saputo.com.



FINANCIAL HIGHLIGHTS

(in millions of dollars, except per share amounts)

For the three-month periods
ended June 30
(unaudited)

	2002 \$	2001 \$	Change
Revenues			
<i>Dairy Products Sector</i>			
Canada	511.7	493.3	3.7%
United States	319.7	319.1	0.2%
	<u>831.4</u>	<u>812.4</u>	2.3%
<i>Grocery Products Sector</i>			
	<u>42.5</u>	<u>60.7</u>	(30.0%)
	<u>873.9</u>	<u>873.1</u>	0.1%
Earnings before interest, depreciation, and income taxes			
<i>Dairy Products Sector</i>			
Canada	49.5	41.0	20.7%
United States	31.1	40.5	(23.2%)
	<u>80.6</u>	<u>81.5</u>	(1.1%)
<i>Grocery Products Sector</i>			
	<u>8.8</u>	<u>9.6</u>	(8.3%)
	<u>89.4</u>	<u>91.1</u>	(1.9%)
Depreciation of fixed assets	17.6	18.3	
Interest	11.4	13.9	
Income taxes	18.3	18.6	
	<u>42.1</u>	<u>40.3</u>	4.5%
Net earnings			
Inflow of cash related to operations before changes in non-cash operating working capital items			
	64.1	61.3	4.6%
Net additions to fixed assets	14.7	11.8	
Repayment of long-term debt and bank loans	45.3	19.3	
PER SHARE			
Net Earnings			
Basic	0.41	0.40	2.5%
Diluted	0.40	0.39	
Cash flow generated by operations, before changes in non-cash operating working capital items			
Basic	0.62	0.60	3.3%
Diluted	0.61	0.59	3.4%
Number of shares			
Basic	103,282,080	102,547,536	
Diluted	104,254,560	103,099,808	



CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)

	June 30 2002 (unaudited)	March 31 2002 (audited)
ASSETS		
Current assets		
Cash	\$ 5,720	\$ 4,852
Receivables	265,190	272,895
Inventories	387,172	406,621
Income taxes	4,288	4,288
Future income taxes	13,587	13,781
Prepaid expenses and other assets	10,293	11,078
	686,250	713,515
Portfolio investment	55,991	55,991
Fixed assets	639,583	658,845
Goodwill	559,457	572,375
Other assets	41,260	41,859
Future income taxes	4,140	4,090
	\$ 1,986,681	\$ 2,046,675
LIABILITIES		
Current liabilities		
Bank loans	\$ 8,652	\$ 28,907
Accounts payable and accrued liabilities	284,297	305,752
Income taxes	11,176	17,393
Current portion of long-term debt	105,055	102,555
	409,180	454,607
Long-term debt	526,356	572,570
Employee future benefits	13,247	12,947
Future income taxes	107,905	105,963
	1,056,688	1,146,087
SHAREHOLDERS' EQUITY		
Share capital (103,370,264 shares, 103,184,447 shares as at March 31, 2002)	462,836	459,822
Retained earnings	451,706	409,648
Foreign currency translation adjustment	15,451	31,118
	929,993	900,588
	\$ 1,986,681	\$ 2,046,675

For information:

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