



**PRESS RELEASE**  
**For immediate publication**

**Financial Results, Second Quarter for the 1999 fiscal year**

**NET EARNINGS UP 15.7 % COMPARED TO THE FIRST QUARTER FOR THE 1999 FISCAL YEAR  
AND CASH FLOW UP 130.2 % OVER LAST FISCAL YEAR**

(*Saint-Léonard, November 11, 1998*) ☞ Saputo Group Inc. announced today the Company's second-quarter financial results for the 1999 fiscal year.

**Revenues up 291.1 %**

Saputo revenues for the period ending September 30, 1998 rose to \$ 481.8 million, an increase of 291.1 % over the \$ 123.2 million in revenues posted for the corresponding period in 1997. Proportionally, 95.9 % of this increase in revenues originates from Stella and Saputo Cheese USA<sup>1</sup>.

**EBITDA up 141.2 %**

Earnings before interest, taxes, depreciation and amortization (EBITDA) reached \$ 46.8 million in the second quarter, an increase of 141.2 % over the \$ 19.4 million for the same quarter of 1997.

Second-quarter net earnings totalled \$ 18.4 million or \$ 0.38 per share (\$ 0.37 diluted), a 67.3 % increase over the \$ 11.0 million in 1997. This increase in net earnings is mainly attributable to Stella and Saputo Cheese USA<sup>1</sup>.

Net cash flow generated by operations before changes in non-cash operating working capital items reached \$ 59.4 million or \$ 1.22 per share, compared to \$ 25.8 million or \$ 0.86 per share, posted in 1997. This represents an increase of \$ 33.6 million.

The acquisitions of Riverside Cheese and Butter Inc. and of Bari Cheese Ltd., completed in September 1998, will increase the geographic diversification of Saputo's asset base in Canada, while consolidating our position in both the Ontario and British Columbia markets. The ongoing integration of the Company's operations is successful. The best evidence of this lies in the 8.1 % rise in EBITDA and 15.7 % improvement in net earnings between the first and second quarters of the current year.

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## **Dividend**

The Saputo board of directors today declared a dividend of \$ 0.06 per common share, payable on December 11, 1998 to shareholders registered as of November 27, 1998. This relates to the second quarter of the current fiscal year beginning June 1, 1998 and ending September 30, 1998.

## **About Saputo**

Saputo Group Inc. is a cheese manufacturer with an established reputation and a growing presence on the North American market. The Company's leading product is mozzarella, with corporate expertise extending to the production of other specialty cheeses, traditional American cheeses and by-products such as lactose, whey protein and butter. In Canada, Saputo also distributes fine imported cheeses and a very wide assortment of non-dairy products to complement its cheese offerings. Saputo currently employs more than 3,100 people and operates nine plants in Canada and 19 plants in the United States. The Company's shares are listed on the Montreal and Toronto stock exchanges under the symbol SAP.

<sup>1</sup>Previously Avonmore Cheese Inc. and Waterford Food Products, Inc.

**FINANCIAL HIGHLIGHTS**

(in millions of dollars,  
except per share amounts)

	For the three-month period ending September 30, 1998			For the six-month period ending September 30, 1998		
	1998	1997	Variation in %	1998	1997	Variation in %
<b>Revenues</b>	\$ 481.8	\$ 123.2	291.1%	\$ 887.9	\$ 240.8	268.7%
<b>EBITDA</b>	\$ 46.8	\$ 19.4	141.2%	\$ 90.1	\$ 38.1	136.5%
Depreciation and amortization of fixed assets	\$ 7.8	\$ 2.0		\$ 15.0	\$ 3.9	
Amortization of goodwill	\$ 1.6	\$ 0.1		\$ 3.2	\$ 0.2	
<b>Net earnings</b>	\$ 18.4	\$ 11.0	67.3%	\$ 34.3	\$ 21.6	58.8%
<b>Cash generated by operations, before changes in non-cash operating working capital items</b>				\$ 59.4	\$ 25.8	130.2%
<b>PER SHARE</b>						
<b>Earnings per share</b>						
Basic (1)	\$ 0.38	\$ 0.37	-	\$ 0.71	\$ 0.72	-
Fully diluted (2)	\$ 0.37	-	-	\$ 0.70	-	-
<b>Cash generated by operations per share, before changes in non-cash operating working capital items</b>				\$ 1.22	\$ 0.86	41.9%
As at September 30						
<b>BALANCE SHEET ITEMS</b>				1998	1997	Variation in %
<b>Working capital</b>				\$ 117.7	\$ 30.4	287.2%
<b>Long-term debt, excluding current portion</b>				\$ 371.3	\$ 1.4	-
<b>Shareholders' equity</b>				\$ 413.8	\$ 107.8	283.9%

(1) Basic earnings per share for the six-month period ending September 30, 1998 have been calculated using the weighted average number of common shares outstanding (48 570 948 common shares, 30 000 000 in 1997).

(2) Fully diluted earnings per share have been calculated using 49 382 430 shares, being 48 594 010 common shares currently outstanding and 788 420 common shares that may be issued under the Company's share option plan.

Information: Lynda Leith  
Public Information Agent  
(514) 328-3381