

**FINANCIAL RESULTS FOR FISCAL 2014 THIRD QUARTER  
ENDED DECEMBER 31, 2013**

**Net earnings at \$144.1 million, up 10.8% for the quarter**  
**Net earnings at \$414.2 million, up 8.6% since the beginning of the fiscal year**

(Montréal, February 6, 2014) – Saputo Inc. (TSX: SAP) (Saputo or the Company) reported today its financial results for the third quarter of fiscal 2014, which ended on December 31, 2013. 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 \$144.1 million, an increase of \$14.1 million or 10.8%.
- Earnings before interest, income taxes, depreciation and amortization (EBITDA) amounted to \$260.0 million, an increase of \$47.5 million or 22.4%.
- Revenues for the quarter amounted to \$2.343 billion, an increase of \$542.6 million or 30.1%.
- Basic earnings per share (EPS) was \$0.74 and diluted EPS was \$0.73 for the quarter, an increase of 12.0%, as compared to basic EPS of \$0.66 and diluted EPS of \$0.65 for the corresponding quarter last fiscal year.

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

	December 31, 2013	For the three-month periods ended	
		December 31, 2012	September 30, 2013
Revenues	2,343.2	1,800.6	2,230.3
EBITDA	260.0	212.5	240.4
Net earnings	144.1	130.0	133.3
EPS			
Basic	0.74	0.66	0.68
Diluted	0.73	0.65	0.67

- As at April 1, 2013, the Company realigned its reporting structure consistent with its operating structure and now reports under three geographic sectors: the Canada Sector, the USA Sector and the International Sector. The comparative figures have been reclassified to reflect this new reporting structure.
- The acquisition of Morningstar Foods, LLC (Morningstar Acquisition) on January 3, 2013, renamed Saputo Dairy Foods USA, LLC, contributed to revenues and EBITDA in the USA Sector for the quarter.
- In the USA Sector, the average block market<sup>1</sup> per pound of cheese decreased by US\$0.12 compared to the same period last fiscal year, decreasing revenues. Market factors in the USA Sector positively impacted EBITDA.
- The Canada Sector EBITDA decreased mainly due to higher ingredients and operational costs.
- The International Sector EBITDA increased due to higher prices in the international market.
- During the quarter, the Company announced a takeover bid to buy all the shares of Warrnambool Cheese & Butter Factory Company Holdings Limited (Warrnambool), a dairy processor in Australia. As at February 4, 2014, the Company held a 78.943% interest in Warrnambool shares.
- The fluctuation of the Canadian dollar versus the US dollar and the Argentinean peso during the quarter had a positive impact on revenues and EBITDA, as compared to the same quarter last fiscal year.
- The Board of Directors approved a dividend of \$0.23 per share payable on March 14, 2014 to common shareholders of record on March 3, 2014.

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

	For the nine-month periods ended	
	December 31, 2013	December 31, 2012
Revenues	6,747.0	5,244.4
EBITDA	742.5	631.1
Net earnings	414.2	381.5
EPS		
Basic	2.12	1.93
Diluted	2.09	1.90

<sup>1</sup> "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.

## **Additional Information**

For more information on the third quarter results of fiscal 2014, reference is made to the condensed interim consolidated financial statements, the notes thereto and to the Management's Discussion and Analysis for the third quarter of fiscal 2014. These documents can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com) and in the "Investors and Media" section of the Company's web site at [www.saputo.com](http://www.saputo.com).

## **Conference Call**

A conference call to discuss the third quarter results of fiscal 2014 will be held on Thursday, February 6, 2014 at 2:30 p.m. Eastern Time. To participate in the conference call, dial 1-800-732-5617. To ensure your participation, please dial in approximately five minutes before the call.

To listen to this call on the web, please enter [www.gowebcasting.com/5183](http://www.gowebcasting.com/5183) in your web browser.

For those unable to participate, a replay of the conference will be available until 11:59 PM on February 13, 2014. To access the replay dial 1-800-558-5253, ID number 21703918. A webcast will also be archived on [www.saputo.com](http://www.saputo.com), in the "Investors and Media" section, under Press 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 in Canada, the third largest in Argentina and among the top three cheese producers in the United States. Our products are sold in more than 40 countries under well-known brand names such as *Saputo*, *Alexis de Portneuf*, *Armstrong*, *Baxter*, *Dairyland*, *Dragone*, *DuVillage 1860*, *Friendship*, *Friigo Cheese Heads*, *Great Midwest*, *King's Choice*, *Kingsey*, *La Paulina*, *Milk2Go*, *Neilson*, *Nutralait*, *Ricrem*, *Salemville*, *Stella* and *Treasure Cave*. Saputo Inc. is a publicly traded company whose shares are listed on the Toronto Stock Exchange under the symbol "SAP".

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## **Media and Investor Relations**

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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 2013 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 December 31, 2013 amounted to \$2.343 billion, an increase of \$542.6 million or 30.1% in comparison to \$1.801 billion for the corresponding quarter last fiscal year. This increase was mainly due to the inclusion of the revenues derived from the Morningstar Acquisition. Also, higher selling prices in relation to the higher cost of milk and higher sales volumes in both the Canada and International Sectors, contributed to this increase. Lower cheese sales volumes and the negative impact of the lower average block market per pound of cheese in the USA Sector, as compared to the corresponding quarter last fiscal year, partially offset this increase. The fluctuation of the Canadian dollar versus the US dollar and Argentinean peso increased revenues by approximately \$21 million.

For the nine-month period ended December 31, 2013, revenues totalled \$6.747 billion, an increase of \$1.503 billion or 28.7% in comparison to \$5.244 billion for the corresponding period last fiscal year. The inclusion of revenues derived from the Morningstar Acquisition principally contributed to this increase. Increased sales volumes and higher selling prices in relation to the higher cost of milk in the Canada and International Sectors also positively impacted revenues. Also contributing to this increase was the positive impact of the higher average block market per pound of cheese in the USA Sector, which was offset by lower cheese sales volumes in this sector. The fluctuation of the Canadian dollar increased revenues by approximately \$25 million.

**Consolidated earnings before interest, income taxes, depreciation and amortization (EBITDA)** for the third quarter of fiscal 2014 amounted to \$260.0 million, an increase of \$47.5 million or 22.4% in comparison to \$212.5 million for the same quarter last fiscal year. This increase is mainly explained by EBITDA derived from the Morningstar Acquisition. Selling price increases in the International Sector and favourable market factors in the USA Sector also contributed to the increase in EBITDA, partially offset by higher ingredients and operational costs in all sectors. The fluctuation of the Canadian dollar had a favourable impact on EBITDA, as compared to the same period last fiscal year.

For the nine-month period ended December 31, 2013, EBITDA totalled \$742.5 million, an increase of \$111.4 million or 17.7% in comparison to \$631.1 million for the corresponding period last fiscal year. This increase is mainly explained by EBITDA derived from the Morningstar Acquisition. Higher selling prices in the International Sector, a favourable product mix in the Canada Sector, as well as favourable market factors in the USA Sector, all contributed to this increase. In the USA Sector, the decision rendered by the California Department of Food & Agriculture (CDFA) to adopt a temporary price increase for the cost of milk in California, as well as increased ingredients and operational costs in all sectors, negatively impacted EBITDA, as compared to the corresponding period last fiscal year. The fluctuation of the Canadian dollar increased EBITDA, as compared to the same period last fiscal year.

## OTHER CONSOLIDATED RESULTS ITEMS

**Depreciation and amortization** for the third quarter of fiscal 2014 totalled \$37.2 million, an increase of \$10.4 million, as compared to \$26.8 million for the corresponding period last fiscal year. For the nine-month period ended December 31, 2013, depreciation and amortization expense amounted to \$107.2 million, an increase of \$26.1 million, as compared to \$81.1 million for the corresponding period last fiscal year. This increase in depreciation and amortization for both the three and nine-month periods is essentially related to the Morningstar Acquisition and also reflects fluctuations in foreign exchange rates between the Canadian and the US dollar.

**Net interest expense** for the three and nine-month periods ended December 31, 2013 increased by \$11.5 and \$30.5 million, respectively, in comparison to the same period last fiscal year. This increase is mainly attributed to a higher level of debt resulting from the Morningstar Acquisition.

**Income taxes** for the third quarter of fiscal 2014 totalled \$60.8 million, reflecting an effective tax rate of 29.7% compared to 27.5% for the same quarter last fiscal year. Income taxes for the nine-month period ended December 31, 2013 totalled \$171.4 million, reflecting an income tax rate of 29.3% in comparison to 28.1% for the same period last fiscal year. The income tax rate varies and could increase or decrease based on the amount of taxable income derived and from which source, any amendments to tax laws and income tax rates and changes in assumptions and estimates used for tax assets and liabilities by the Company and its affiliates.

**Net earnings** totalled \$144.1 million for the quarter ended December 31, 2013, compared to \$130.0 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2013, net earnings totalled \$414.2 million, as compared to \$381.5 million for the same period last fiscal year. These reflect the various factors analyzed in this news release.

## SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	2014			2013				2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	2,343.2	2,230.3	2,173.5	2,053.3	1,800.6	1,745.4	1,698.3	1,703.5
EBITDA	260.0	240.4	242.1	229.7	212.5	215.6	203.0	201.0
Net earnings	144.1	133.3	136.7	100.5	130.0	129.7	121.8	(2.6)
Adjusted net earnings <sup>1</sup>	144.1	133.3	136.7	129.2	130.0	129.7	121.8	122.4
EPS								
Basic	0.74	0.68	0.70	0.51	0.66	0.66	0.61	0.00
Diluted	0.73	0.67	0.69	0.51	0.65	0.65	0.60	0.00
Adjusted EPS <sup>1</sup>								
Basic	0.74	0.68	0.70	0.65	0.66	0.66	0.61	0.62
Diluted	0.73	0.67	0.69	0.65	0.65	0.65	0.60	0.61

<sup>1</sup> 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 on page 7 of the Management's Discussion and Analysis included in the Company's 2013 Annual Report for the definition of these terms.

## Consolidated selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	2014			2013			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Market factors <sup>1 2</sup>	9	(17)	12	5	8	10	(14)
Inventory write-down	-	-	-	-	-	-	(3)
US currency exchange <sup>1</sup>	5	4	1	-	(3)	2	3

<sup>1</sup> As compared to same quarter of previous fiscal year.

<sup>2</sup> 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, as well as the market pricing impact related to sales of dairy ingredients.

## INFORMATION BY SECTOR

### Canada Sector

(in millions of CDN dollars)

Fiscal years	2014			2013			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	955.6	920.5	896.0	856.0	937.9	892.2	891.9
EBITDA	116.1	116.7	115.7	119.1	123.2	116.2	118.0

The Canada Sector includes the Dairy Division (Canada) and the Bakery Division.

### USA Sector

(in millions of CDN dollars)

Fiscal years	2014			2013			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	1,138.0	1,078.6	1,053.3	971.3	663.6	632.7	581.5
EBITDA	121.1	107.9	112.6	103.1	81.0	89.1	70.8

## Selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	2014			2013			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Market factors <sup>1 2</sup>	9	(17)	12	5	8	10	(14)
US currency exchange <sup>1</sup>	5	4	1	-	(3)	2	3

<sup>1</sup> As compared to same quarter of previous fiscal year.

<sup>2</sup> 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, as well as the market pricing impact related to sales of dairy ingredients.

## Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	2014			2013			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Average block market per pound of cheese	1.836	1.735	1.779	1.668	1.955	1.750	1.539
Closing block price <sup>1</sup> per pound of cheese	2.000	1.765	1.638	1.693	1.760	2.075	1.650
Average whey market price <sup>2</sup> per pound	0.570	0.580	0.580	0.580	0.620	0.550	0.500
Spread <sup>3</sup>	0.044	0.041	0.046	0.017	0.028	0.060	0.072
US average exchange rate to Canadian dollar <sup>4</sup>	1.042	1.039	1.023	1.009	0.991	0.995	1.010

<sup>1</sup> 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.

<sup>2</sup> Average whey powder market price is based on Dairy Market News published information.

<sup>3</sup> 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.

<sup>4</sup> Based on Bank of Canada published information.

The USA Sector includes the Cheese Division (USA) and the Dairy Foods Division (USA).

## International Sector

(in millions of CDN dollars)

Fiscal years	2014			2013			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	249.5	231.2	224.2	226.0	199.1	220.5	225.0
EBITDA	22.8	15.8	13.8	7.5	8.3	10.3	14.2

### Selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	2014			2013			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Inventory write-down	-	-	-	-	-	-	(3)

The International Sector includes the Dairy Division (Argentina) and the Dairy Ingredients Division. The Dairy Ingredients Division includes national and export ingredients sales, as well as cheese exports from the North American divisions. The Dairy Division (Europe) ceased operations in the first quarter of fiscal 2014, as announced in late fiscal 2013, and its results are included in the comparative figures.

## OUTLOOK

The Dairy Division (Canada) continues to seek volume growth in the cheese and fluid milk categories, including the value-added milk category, which offers high potential for growth. The division will pursue investments in product categories, such as specialty cheeses, with the intention to maximize exposure across Canada through its coast-to-coast distribution capabilities. The property, plant and equipment investments in certain of the Canadian facilities, announced in March 2013 as part of the fiscal 2014 plant consolidation initiative, is moving along as planned. These investments are part of an overall objective to seek continual plant and warehousing efficiencies. In addition, the Company will continue to focus on increasing sales volumes in the snack-cake category in Canada and to develop sales in the US market.

The USA Sector continues to integrate the Dairy Foods Division (USA), seeking further improvements, synergies and market opportunities. The Sector will also pursue volume growth and evaluate opportunities in the specialty cheese category. Improved efficiencies in both manufacturing and distribution facilities across the US remain a priority in fiscal 2014. Fluctuations in the dairy market will continue to be monitored and appropriate measures to mitigate operational impacts will be implemented. Mitigating opportunities from the effect of the higher milk costs resulting from amendments to the milk pricing formula in California will continue to be sought. On June 21, 2013, the CDFA enacted another temporary change to the milk pricing formula for California milk. This temporary measure was in effect from July 1, 2013 to December 31, 2013. However, on October 22, 2013, the CDFA announced a decision effectively extending this temporary price increase through to June 30, 2014. For the three months leading to the end of the fiscal year, this increase in class 4b milk price is expected to have a negative impact on EBITDA of approximately US\$1.5 million, which approximates the impact it had in the quarter ended December 31, 2013.

The International Sector will continue to face challenges relating to the cost of milk as raw material, while remaining competitive with selling prices in the international market. The Sector anticipates that the price and demand for dairy products in the international market will remain at current levels until the end of fiscal 2014. The expansion project to gradually increase manufacturing capacity in the Dairy Division (Argentina) is proceeding as planned. The Sector will also continue to focus on improving overall efficiencies.

On October 7, 2013, the Company announced a takeover bid to buy all the shares of Warrnambool. As at January 21, 2014, the Company had obtained an interest in Warrnambool shares of greater than 50%, thus obtaining controlling interest of Warrnambool. As at February 4, 2014, the Company had obtained an interest in Warrnambool shares of 78.943%. The offer is currently scheduled to close on February 12, 2014. Based on the current issued share capital of Warrnambool, 100% of the shares of Warrnambool would be valued at approximately \$520 million. See Notes 5 and 13 to the condensed interim consolidated financial statements.

On January 17, 2014, the Company announced that it had entered into an agreement to acquire the fluid milk activities of Scotsburn Co-Operative Services Limited based in Atlantic Canada. This transaction will enable the Dairy Division (Canada) to increase its presence in Atlantic Canada. The transaction is subject to usual closing conditions (including approval by the Canadian Competition Bureau) and is expected to close around March 2014.

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