



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

**Financial Results for the third quarter for the 1999 fiscal year**

**NET EARNINGS UP 74.6 % AND CASH FLOW UP 130.7 %**

*(Saint-Léonard, February 17, 1999)* Saputo Group Inc. announced today the Company's third-quarter financial results for the 1999 fiscal year.

**Revenues up 166.6 %**

Saputo's revenues for the three-month period ended December 31, 1998 rose to \$ 522.6 million, an increase of 166.6 % over the \$ 196.0 million in revenues posted for the corresponding period of the 1998 fiscal year. Proportionally, 94.4 % of this increase in revenues originates from the U.S. acquisitions.

**EBITDA up 106.1 %**

Earnings before interest, taxes, depreciation and amortization (EBITDA) reached \$ 50.5 million in the third quarter, an increase of 106.1 % over the \$ 24.5 million recorded for the same quarter of the 1998 fiscal year.

Third-quarter net earnings totalled \$ 19.9 million or \$ 0.41 per share (\$ 0.40 diluted), a 74.6 % increase over the \$ 11.4 million posted in the 1998 fiscal year. This increase in net earnings is mainly attributable to Saputo Cheese USA<sup>1</sup>.

Net cash flow generated by operations before changes in non-cash operating working capital items amounted to \$ 92.5 million or \$ 1.91 per share for the nine-month period ended December 31, 1998, compared to \$ 40.1 million or \$ 1.22 per share, in last fiscal year. This represents an increase of \$ 52.4 million.

The ongoing integration of the Company's operations is succeeding, as can best be seen from the 8.2 % rise in net earnings between the second and third quarters of the current year. This solid performance is due to the efforts put forth by our personnel.

### **Dividend**

The Saputo board of directors today declared a dividend of \$ 0.06 per common share, payable on March 19, 1999 to shareholders of record on March 5, 1999. This dividend relates to the third quarter of the current fiscal year beginning October 1, 1998 and ended December 31, 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 13 distribution centres and nine plants in Canada as well as 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 Stella Food Products, Inc. , Avonmore Cheese Inc. and Waterford Food Products, Inc.

**FINANCIAL HIGHLIGHTS**

(in millions of dollars,  
except per share amounts)

	For the three-month period ended December 31, 1998			For the nine-month period ended December 31, 1998		
	1998	1997	Variation in %	1998	1997	Variation in %
<b>Revenues</b>	\$ 522.6	\$ 196.0	166,6 %	\$ 1 410.5	\$ 436.8	222.9 %
<b>EBITDA</b>	\$ 50.5	\$ 24.5	106,1 %	\$ 140.6	\$ 62.6	124.6 %
Depreciation and amortization of fixed assets	\$ 8.9	\$ 3.7		\$ 23.9	\$ 7.6	
Amortization of goodwill	\$ 1.8	\$ 0.6		\$ 5.0	\$ 0.8	
<b>Interest</b>	\$ 8.4	\$ 2.1		\$ 24.9	\$ 2.1	
<b>Income taxes</b>	\$ 11.6	\$ 6.7		\$ 32.6	\$ 19.1	
<b>Net earnings</b>	\$ 19.9	\$ 11.4	74.6 %	\$ 54.2	\$ 33.1	63.7 %
<b>Cash generated by operations, before changes in non-cash operating working capital items</b>				\$ 92.5	\$ 40.1	130.7%
<b>PER SHARE</b>						
<b>Earnings per share</b>						
Basic (1)	\$ 0.41	\$ 0.30	-	\$ 1.12	\$ 1.01	-
Fully diluted (2)	\$ 0.40	\$ 0.23	-	\$ 1.10	\$ 0.68	-
<b>Cash generated by operations per share, before changes in non-cash operating working capital items</b>				\$ 1.91	\$ 1.22	56.6%

As at December 31

	As at December 31		
	1998	1997	Variation in %
<b>BALANCE SHEET ITEMS</b>			
<b>Working capital</b>	\$ 117.3	\$ 155.5	-
<b>Long-term debt, excluding current portion</b>	\$ 355.7	\$ 344.9	-
<b>Shareholders' equity</b>	\$ 431.2	\$ 360.6	19.6%

(1) Basic earnings per share have been calculated using the weighted average number of common shares outstanding.

(2) Fully diluted earnings per share have been calculated using 49 399 051 shares (48 940 309 in 1998), being 48 597 174 common shares currently outstanding (48 470 500 in 1998) and 801 877 common shares that may be issued under the Company's share option plan (469 809 in 1998).

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