1

First Quarter

Fiscal

2014

We are presenting the results for the first quarter of fiscal 2014, which ended on June 30, 2013.

- Net earnings totalled $136.7 million, an increase of $14.9 million or 12.2%.
- Earnings before interest, income taxes, depreciation and amortization (EBITDA) amounted to $242.1 million, an increase of $39.1 million or 19.3%.
- Revenues for the quarter amounted to $2.174 billion, an increase of $475.2 million or 28.0%.
- Basic earnings per share (EPS) was $0.70 and diluted EPS was $0.69 for the quarter, an increase of 14.8%, as compared to basic EPS of $0.61 and diluted EPS of $0.60 for the corresponding quarter last fiscal year.

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

		For the three-month periods ended	
	June 30, 2013	June 30, 2012	March 31, 2013
Revenues	**2,173.5**	1,698.3	2,053.3
EBITDA	**242.1**	203.0	229.7
Net earnings	**136.7**	121.8	100.5
Adjusted net earnings[1]	**136.7**	121.8	129.2
EPS			
Basic	**0.70**	0.61	0.51
Diluted	**0.69**	0.60	0.51
Adjusted EPS[1]			
Basic	**0.70**	0.61	0.65
Diluted	**0.69**	0.60	0.65

- As of 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[2] per pound of cheese increased by US$0.24 compared to the same period last fiscal year, increasing revenues. Also in the USA Sector, market factors positively impacted EBITDA.
- The Canada Sector EBITDA decreased slightly mainly due to a lower contribution from the change in the product mix and higher costs.
- The International Sector EBITDA remained relatively stable as compared to the same quarter last fiscal year.
- The fluctuation of the Canadian dollar versus the US dollar and the Argentinean peso during the quarter had a negative impact on revenues as compared to the same quarter last fiscal year.
- The Board of Directors reviewed the dividend policy and increased the quarterly dividend from $0.21 to $0.23 per share, representing a 9.5% increase. The quarterly dividend will be payable on September 16, 2013 to common shareholders of record on September 5, 2013.
- A portion of the dividend payable on September 16, 2013, estimated to be $0.0086 per common share, will not qualify for the enhanced dividend tax credit in Canada and accordingly, will not be designated as an eligible dividend. The remaining portion of the dividend, currently estimated to be $0.2214 per common share, will be designated as an eligible dividend for Canadian federal and provincial income tax purposes. The whole dividend of $0.23 per common share will remain a "qualified dividend" for United States tax purposes.

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[1] 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.

[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.

Management's Discussion and Analysis

The goal of the management report is to analyze the results and the financial position of the Company for the quarter ended June 30, 2013. It should be read while referring to our condensed interim consolidated financial statements and accompanying notes for the three-month periods ended June 30, 2013 and 2012. The Company's condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board. All dollar amounts are in Canadian dollars, unless otherwise indicated. This report takes into account material elements between June 30, 2013 and August 6, 2013, the date of this report, on which it was approved by the Company's Board of Directors. Additional information about the Company, including its Annual Report and Annual Information Form for the year ended March 31, 2013, can be obtained on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report 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 June 30, 2013 amounted to $2.174 billion, an increase of $475.2 million or 28.0% in comparison to $1.698 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, a higher average block market per pound of cheese in the USA Sector, as well as higher selling prices in relation to the higher cost of milk in the Canada and International Sectors contributed to this increase. Lower cheese sales volumes 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 decreased revenues by approximately $6 million.

Consolidated earnings before interest, income taxes, depreciation and amortization (EBITDA) for the first quarter of fiscal 2014 amounted to $242.1 million, an increase of $39.1 million or 19.3% in comparison to $203.0 million for the same quarter last fiscal year. This increase is mainly explained by EBITDA derived from the Morningstar Acquisition. Also, favourable market factors, which were partially offset by lower cheese sales volumes, in the USA Sector contributed to the EBITDA increase. The fluctuation of the Canadian dollar had an insignificant impact on EBITDA, as compared to the same period last fiscal year.

OTHER CONSOLIDATED RESULTS ITEMS

Depreciation and amortization for the first quarter of fiscal 2014 totalled $34.3 million compared to $27.2 million for the comparative quarter of fiscal 2013, an increase of $7.1 million, essentially related to the Morningstar Acquisition.

Net interest expense for the three-month period ended June 30, 2013 increased by $8.9 million 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 first quarter of fiscal 2014 totalled $55.8 million, reflecting an effective tax rate of 29.0% compared to 28.1% for the same quarter 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 $136.7 million for the quarter ended June 30, 2013, compared to $121.8 million for the same quarter last fiscal year. These reflect the various factors analyzed in this report.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	2014	2013				2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	**2,173.5**	2,053.3	1,800.6	1,745.4	1,698.3	1,703.5	1,796.5	1,791.4
EBITDA	**242.1**	229.7	212.5	215.6	203.0	201.0	207.3	213.1
Net earnings	**136.7**	100.5	130.0	129.7	121.8	(2.6)	129.8	127.1
Adjusted net earnings[1]	**136.7**	129.2	130.0	129.7	121.8	122.4	129.8	127.1
EPS								
Basic	**0.70**	0.51	0.66	0.66	0.61	0.00	0.64	0.63
Diluted	**0.69**	0.51	0.65	0.65	0.60	0.00	0.64	0.61
Adjusted EPS[1]								
Basic	**0.70**	0.65	0.66	0.66	0.61	0.62	0.64	0.63
Diluted	**0.69**	0.65	0.65	0.65	0.60	0.61	0.64	0.61

[1] 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			
	Q1	Q4	Q3	Q2	Q1
Market factors[1 2]	**12**	5	8	10	(14)
Inventory write-down	**-**	-	-	-	(3)
US currency exchange[1]	**1**	-	(3)	2	3

[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 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.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

(in thousands of CDN dollars)

	For the three-month periods ended June 30	
	2013	2012
Cash generated from operating activities	**212,840**	222,619
Net cash generated from operating activities	**119,590**	144,859
Cash used for investing activities	**(50,920)**	(28,420)
Cash used for financing activities	**(85,918)**	(87,648)
(Decrease) increase in cash and cash equivalents	**(17,248)**	28,791

For the three-month period ended June 30, 2013, cash generated from **operating activities** amounted to $212.8 million in comparison to $222.6 million for the corresponding quarter last fiscal year, a decrease of $9.8 million, mainly attributed to change in non-cash operating working capital items. This change in non-cash operating working capital items is mainly attributed to an increase in inventory levels, as well as a fluctuation of the average block market in the US. Net cash generated from operating activities for the three-month period ended June 30, 2013, amounted to $119.6 million in comparison to $144.9 million for the corresponding period last fiscal year. These changes are mainly attributable to the items mentioned above, as well as higher interest and income taxes paid in the quarter.

Investing activities were mainly comprised of additions to property, plant and equipment in the amount of $50.1 million.

Financing activities for the three-month period ended June 30, 2013 consisted of an increase in bank loans totalling $23.9 million and the issuance of shares as part of the stock option plan for a cash consideration of $9.8 million. Also, the Company paid $80.2 million for the repurchase of share capital as part of its normal course issuer bid and reimbursed $39.4 million of long-term debt.

Liquidity

(in thousands of CDN dollars, except ratio)

	June 30, 2013	March 31, 2013
Current assets	**1,544,121**	1,512,556
Current liabilities	**1,375,505**	1,226,647
Working capital	**168,616**	285,909
Working capital ratio	**1.12**	1.23

Capital Management

The Company's capital strategy requires a well-balanced financing structure in order to maintain flexibility to implement growth initiatives, while allowing it to pursue disciplined capital investments and maximize shareholder value.

(in thousands of CDN dollars, except ratio and number of shares and options)

	June 30, 2013	March 31, 2013
Cash and cash equivalents	**27,536**	43,177
Bank loans	**205,336**	181,865
Long-term debt	**1,521,835**	1,548,300
Shareholders' equity	**2,422,373**	2,305,672
Interest-bearing[1] debt-to-equity ratio	**0.70**	0.73
Number of common shares	**195,292,820**	196,619,440
Number of stock options	**10,032,613**	8,375,931

[1] Net of cash and cash equivalents.

As at June 30, 2013, the Company had $27.5 million in cash and cash equivalents and available bank credit facilities of approximately $677 million, of which $205.3 million were drawn. See Note 5 to the condensed interim consolidated financial statements for additional information related to bank loans.

Share capital authorized by the Company is comprised of an unlimited number of common and preferred shares. The common shares are voting and participating. The preferred shares can be issued in one or more series, and the terms and privileges of each series is to be determined at the time of their issuance. No preferred shares were outstanding. As at July 31, 2013, 195,345,202 common shares and 9,972,893 stock options were outstanding.

CONTRACTUAL OBLIGATIONS

The Company's contractual obligations consist of commitments to repay certain of its long-term debts, as well as certain leases of premises, equipment and rolling stock.

(in thousands of CDN dollars)

	June 30, 2013			March 31, 2013		
	Long-term debt	**Minimum lease**	**Total**	Long-term debt	Minimum lease	Total
Less than 1 year	**267,770**	**20,065**	**287,835**	152,400	21,736	174,136
1-2 years	**209,065**	**16,244**	**225,309**	313,200	16,103	329,303
2-3 years	**370,000**	**12,235**	**382,235**	150,000	12,549	162,549
3-4 years	**675,000**	**8,760**	**683,760**	932,700	8,520	941,220
4-5 years	-	**7,000**	**7,000**	-	6,890	6,890
More than 5 years	-	**18,353**	**18,353**	-	18,615	18,615
	1,521,835	**82,657**	**1,604,492**	1,548,300	84,413	1,632,713

BALANCE SHEET

With regards to balance sheet items as at June 30, 2013, compared to those as at March 31, 2013, the variances are the result of normal operational fluctuations.

FOLLOW-UP ON CERTAIN SPECIFIC ITEMS OF THE ANALYSIS

For an analysis of off-balance sheet arrangements, guarantees, related-party transactions, accounting standards, critical accounting policies and use of accounting estimates, risks and uncertainties, as well as sensitivity analysis, we encourage you to consult the discussion provided in the Company's 2013 Annual Report (pages 18 to 24 of the Management's Discussion and Analysis).

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is made known to Management in a timely manner so that information required to be disclosed under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and the CFO are responsible for establishing and maintaining internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The CEO and the CFO, together with Management, have concluded, after having conducted an evaluation and to the best of their knowledge, that, as of June 30, 2013, no change in the Company's internal control over financial reporting occurred that could have materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

INFORMATION BY SECTOR

Canada Sector

(in millions of CDN dollars)

Fiscal years	2014	2013			
	Q1	Q4	Q3	Q2	Q1
Revenues	**896.0**	856.0	937.9	892.2	891.9
EBITDA	**115.7**	119.1	123.4	116.5	118.0

The Canada Sector includes the Dairy Division (Canada) and the Bakery Division. The Bakery Division represents approximately 4% of the Sector's revenues.

Revenues

Revenues for the Canada Sector totalled $896.0 million for the quarter ended June 30, 2013, an increase of $4.1 million compared to $891.9 million for the same period last fiscal year. The increase is mainly attributed to higher selling prices in accordance with the higher cost of milk as raw material. In the Dairy Division (Canada), cheese sales volumes increased in both the retail and foodservice segments while sales volumes of butter and juices were slightly lower compared to the same quarter last fiscal year. In addition, sales in the fluid milk category shifted towards traditional milk versus value-added milk, which negatively affected our product mix, resulting in lower revenues. Despite a decrease in per capita fluid milk consumption, we maintained our leadership position in the market. During the quarter, revenues in the retail segment decreased and food service segment revenues increased as compared to the same quarter last fiscal year. Finally, in the Bakery Division, sales volumes increased slightly.

EBITDA

For the quarter ended June 30, 2013, EBITDA totalled $115.7 million, a decrease of $2.3 million or 1.9% compared to $118.0 million for the corresponding quarter last fiscal year. In the Dairy Division (Canada), higher manufacturing costs, lower sales volumes, and an unfavourable product mix, as well as increased promotional activities due to a highly competitive market, negatively affected EBITDA. The Bakery Division EBITDA increased slightly for the three-month period ended June 30, 2013, due to increased sales volumes as compared to the same period last fiscal year.

USA Sector

(in millions of CDN dollars)

Fiscal years	2014	2013			
	Q1	Q4	Q3	Q2	Q1
Revenues	**1,053.3**	971.3	663.5	632.7	581.5
EBITDA	**112.6**	103.1	80.8	88.8	70.8

Selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	2014	2013			
	Q1	Q4	Q3	Q2	Q1
Market factors[1 2]	**12**	5	8	10	(14)
US currency exchange[1]	**1**	-	(3)	2	3

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 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			
	Q1	Q4	Q3	Q2	Q1
Average block market per pound of cheese	**1.779**	1.668	1.955	1.750	1.539
Closing block price[1] per pound of cheese	**1.638**	1.693	1.760	2.075	1.650
Average w hey market price[2] per pound	**0.580**	0.580	0.620	0.550	0.500
Spread[3]	**0.046**	0.017	0.028	0.060	0.072
US average exchange rate to Canadian dollar[4]	**1.023**	1.009	0.991	0.995	1.010

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 Average whey powder market price is based on Dairy Market News published information.
3 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.
4 Based on Bank of Canada published information.

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

Revenues

Revenues for the USA Sector totalled $1.053 billion for the quarter ended June 30, 2013, an increase of $471.8 million compared to $581.5 million for the corresponding quarter last fiscal year. This increase was mainly due to the inclusion of revenues derived from the Morningstar Acquisition. A higher average block market per pound of cheese of US$1.78 in the first quarter of fiscal 2014, as compared to US$1.54 for the corresponding quarter last fiscal year, increased revenues by approximately $51 million. Cheese sales volumes decreased during the quarter, mainly in the food service segment, due to a highly competitive market. The weakening of the Canadian dollar increased revenues by approximately $8 million.

EBITDA

For the quarter ended June 30, 2013, EBITDA totalled $112.6 million, an increase of $41.8 million or 59.0% in comparison to $70.8 million for the same quarter last fiscal year. This increase was mainly due to the inclusion of the Morningstar Acquisition. The average block market per pound of cheese was US$1.78 for the quarter, US$0.24 higher as compared to the same quarter last fiscal year, resulting in a favourable impact on the absorption of fixed costs and on the realization of inventories. The relationship between the average block market per pound of cheese and the cost of milk as raw material was less favourable in comparison to the same period last fiscal year. These market factors combined had a positive impact of approximately $12 million on EBITDA. During the quarter, EBITDA was negatively affected by lower cheese sales volumes, increased promotional and other operational costs, and higher milk costs resulting from the temporary revised milk pricing formula in California. The weakening of the Canadian dollar versus the US dollar had a positive impact on EBITDA of approximately $1 million.

International Sector

(in millions of CDN dollars)

Fiscal years	**2014**	2013			
	Q1	Q4	Q3	Q2	Q1
Revenues	**224.2**	226.0	199.3	220.5	225.0
EBITDA	**13.8**	7.5	8.3	10.4	14.2

Selected factors positively (negatively) affecting EBITDA

(in millions of CDN dollars)

Fiscal years	**2014**	2013			
	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.

Revenues

Revenues for the International Sector totalled $224.2 million for the quarter, a $0.8 million decrease compared to the same quarter last fiscal year. Revenues from the Dairy Division (Argentina) increased due to higher selling prices relating to the higher cost of raw milk, as well as increased sales volumes. The Dairy Ingredients Division revenues decreased slightly as compared to the corresponding quarter last fiscal year, due to an unfavourable product mix offsetting higher sales volumes. Additionally, revenues in the Sector were negatively impacted by about $9 million due to the closure of the European operations. The strengthening of the Canadian dollar versus the Argentinean peso negatively impacted revenues by approximately $14 million as compared to fiscal 2013.

EBITDA

EBITDA for the International Sector amounted to $13.8 million, a $0.4 million decrease compared to the same quarter last fiscal year. EBITDA of the Dairy Division (Argentina) was essentially the same as compared to the corresponding quarter last fiscal year. Included in the EBITDA of the first quarter of last fiscal year is a $2.5 million inventory write-down, relating to a drop in selling prices towards the end of the quarter. In the first quarter of this fiscal year, increases in selling prices and higher sales volumes in all markets were not sufficient to offset the increase in the cost of milk. EBITDA for the Dairy Ingredients Division remained stable as compared to the corresponding quarter last fiscal year. The dairy ingredients market prices were higher during the quarter, offsetting a less favourable product mix as compared to the first quarter of fiscal 2013.

OUTLOOK

The Company anticipates that the dairy market for the remainder of fiscal 2014 will continue to be challenging. The Dairy Division (Canada) will target volume growth in the cheese and fluid milk categories. The Division continues to focus efforts on opportunities presented in the value-added milk category, which offers growth potential. We will pursue investments in product categories, such as specialty cheeses, with the intention to maximize exposure across Canada, with coast-to-coast distribution capabilities. The initiative to consolidate the distribution activities of the Greater Montreal area into one distribution center, which was announced in fiscal 2013, is proceeding as planned and should be completed by the end of fiscal 2014. The property, plant and equipment investments in certain of our Canadian facilities, announced in March 2013 as part of the fiscal 2014 plant consolidation initiative, is progressing as planned. In addition, we will continue to focus on increasing sales volumes in the snack-cake category, mainly through the development of sales in the US market.

The USA Sector will benefit from the national manufacturing and distribution footprint of the Dairy Foods Division (USA) and will work towards expanding its product offering and its customer base. We will continue to evaluate these operations to seek further improvements, synergies and market opportunities. The Sector will continue to 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 dairy market will continue to be monitored and appropriate measures to mitigate operational impacts will be implemented.

The International Sector will continue to face challenges relating to the increasing 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 continue to increase. 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.

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

(signed) Lino Saputo
Lino Saputo
Chairman of the Board

(signed) Lino A. Saputo, Jr.
Lino A. Saputo, Jr.
Chief Executive Officer
and Vice Chairman of the Board

August 6, 2013

NOTICE
The condensed interim consolidated financial statements of Saputo Inc. for the three-month periods ended June 30, 2013 and 2012 have not been reviewed by an independent auditor.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

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

	For the three-month periods ended June 30	
	2013	2012
Revenues	**$ 2,173,534**	$ 1,698,335
Operating costs excluding depreciation and amortization (Note 4)	**1,931,438**	1,495,322
Earnings before interest, depreciation, amortization and income taxes	**242,096**	203,013
Depreciation and amortization	**34,278**	27,227
Interest on long-term debt	**12,913**	5,756
Other financial charges (Note 9)	**2,380**	601
Earnings before income taxes	**192,525**	169,429
Income taxes	**55,777**	47,605
Net earnings	**$ 136,748**	$ 121,824
Earnings per share (Note 8)		
Net earnings		
Basic	**$ 0.70**	$ 0.61
Diluted	**$ 0.69**	$ 0.60

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of CDN dollars)
(unaudited)

	For the three-month periods ended June 30 2013	2012
Net earnings	**$ 136,748**	$ 121,824
Other comprehensive income (loss):		
Items that may be reclassified to net earnings:		
Exchange differences arising from foreign currency translation	**79,846**	24,509
Unrealized gain on cash flow hedges[1] (Note 10)	**7,111**	-
Other comprehensive income (loss)	**86,957**	24,509
Comprehensive income	**$ 223,705**	$ 146,333

[1] Net of income taxes of $2,471 (2012 - nil).

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands of CDN dollars, except common shares)
(unaudited)

For the three-month period ended June 30, 2013	Share capital		Reserves					
	Common Shares (in thousands)	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves	Retained Earnings	Total Shareholders' Equity
Balance, beginning of period	196,619	$ 663,275	$ (5,730)	$ (3,660)	$ 47,439	$ 38,049	$ 1,604,348	$ 2,305,672
Net earnings	-	-	-	-	-	-	136,748	136,748
Other comprehensive income (loss)	-	-	79,846	7,111	-	86,957	-	86,957
Comprehensive income								223,705
Dividends declared	-	-	-	-	-	-	(41,018)	(41,018)
Stock option plan (Note 7)	-	-	-	-	3,985	3,985	-	3,985
Shares issued under stock option plan	374	9,841	-	-	-	-	-	9,841
Amount transferred from reserves to share capital upon exercise of options	-	1,903	-	-	(1,903)	(1,903)	-	-
Excess tax benefit that results from the excess of the deductible amount over the compensation cost recognized	-	-	-	-	405	405	-	405
Shares repurchased and cancelled	(1,700)	(5,810)	-	-	-	-	(74,407)	(80,217)
Balance, end of period	195,293	$ 669,209	$ 74,116	$ 3,451	$ 49,926	$ 127,493	$ 1,625,671	$ 2,422,373

For the three-month period ended June 30, 2012	Share capital		Reserves					
	Common Shares (in thousands)	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves	Retained Earnings	Total Shareholders' Equity
Balance, beginning of period	199,038	$ 629,606	$ (29,864)	$ -	$ 38,836	$ 8,972	$ 1,467,108	$ 2,105,686
Net earnings	-	-	-	-	-	-	121,824	121,824
Other comprehensive income (loss)	-	-	24,509	-	-	24,509	-	24,509
Comprehensive income								146,333
Dividends declared	-	-	-	-	-	-	(37,642)	(37,642)
Stock option plan (Note 7)	-	-	-	-	3,270	3,270	-	3,270
Shares issued under stock option plan	345	7,817	-	-	-	-	-	7,817
Amount transferred from reserves to share capital upon exercise of options	-	1,625	-	-	(1,625)	(1,625)	-	-
Excess tax benefit that results from the excess of the deductible amount over the compensation cost recognized	-	-	-	-	722	722	-	722
Shares repurchased and cancelled	(1,256)	(4,017)	-	-	-	-	(46,643)	(50,660)
Balance, end of period	198,127	$ 635,031	$ (5,355)	$ -	$ 41,203	$ 35,848	$ 1,504,647	$ 2,175,526

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(in thousands of CDN dollars)

As at	June 30, 2013 (unaudited)	March 31, 2013 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	**$ 27,536**	$ 43,177
Receivables	**617,976**	624,553
Inventories	**823,233**	770,158
Income taxes	**2,151**	2,786
Prepaid expenses and other assets	**73,225**	71,882
	1,544,121	1,512,556
Property, plant and equipment	**1,670,280**	1,617,195
Goodwill	**1,613,852**	1,569,592
Trademarks and other intangibles	**457,775**	454,876
Other assets	**34,553**	29,962
Deferred income taxes	**10,712**	9,459
	$ 5,331,293	$ 5,193,640
LIABILITIES		
Current liabilities		
Bank loans (Note 5)	**$ 205,336**	$ 181,865
Accounts payable and accrued liabilities	**747,208**	748,318
Dividends payable	**41,018**	-
Income taxes	**114,173**	144,064
Current portion of long-term debt (Note 6)	**267,770**	152,400
	1,375,505	1,226,647
Long-term debt (Note 6)	**1,254,065**	1,395,900
Other liabilities	**66,966**	74,101
Deferred income taxes	**212,384**	191,320
	2,908,920	2,887,968
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	**669,209**	663,275
Reserves	**127,493**	38,049
Retained earnings	**1,625,671**	1,604,348
	2,422,373	2,305,672
	$ 5,331,293	$ 5,193,640

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of CDN dollars)
(unaudited)

	For the three-month periods ended June 30 2013	2012
Cash flows related to the following activities:		
Operating		
Net earnings	**$ 136,748**	$ 121,824
Adjustments for:		
Stock-based compensation	**5,233**	4,306
Interest and other financial charges	**15,293**	6,357
Income taxes	**55,777**	47,605
Depreciation and amortization	**34,278**	27,227
Gain on disposal of property, plant and equipment	**(53)**	(9)
Funding of employee plans in excess of costs	**(1,310)**	(2,361)
	245,966	204,949
Changes in non-cash operating working capital items	**(33,126)**	17,670
Cash generated from operating activities	**212,840**	222,619
Interest and other financial charges paid	**(20,891)**	(12,219)
Income taxes paid	**(72,359)**	(65,541)
Net cash generated from operating activities	**119,590**	144,859
Investing		
Additions to property, plant and equipment	**(50,087)**	(29,647)
Proceeds on disposal of property, plant and equipment	**80**	314
Other	**(913)**	913
	(50,920)	(28,420)
Financing		
Bank loans	**23,901**	(39,719)
Repayment of long-term debt	**(39,443)**	-
Issuance of share capital	**9,841**	7,817
Repurchase of share capital	**(80,217)**	(55,746)
	(85,918)	(87,648)
(Decrease) increase in cash and cash equivalents	**(17,248)**	28,791
Effect of exchange rate changes on cash and cash equivalents	**1,607**	(105)
Cash and cash equivalents, beginning of period	**43,177**	144,137
Cash and cash equivalents, end of period	**$ 27,536**	$ 172,823

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts are in thousands of CDN dollars, except information on options and shares.)
(unaudited)

NOTE 1 CORPORATE INFORMATION

Saputo Inc. (the Company) is a publicly traded company incorporated and domiciled in Canada. The Company's shares are listed on the Toronto Stock Exchange under the symbol "SAP". The Company produces, markets and distributes a wide array of dairy products from Canada, the United States and Argentina as well as bakery products from Canada. The address of the Company's head office is 6869 Metropolitain Blvd. East, St-Léonard, Québec, Canada, H1P 1X8. The condensed interim consolidated financial statements (financial statements) of the Company for the period ended June 30, 2013 comprise the financial results of the Company and its subsidiaries.

The financial statements for the period ending June 30, 2013 have been authorized for issuance by the Board of Directors on August 6, 2013.

NOTE 2 BASIS OF PRESENTATION

The financial statements of the Company have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). Accordingly, certain disclosure requirements that are necessary in the preparation of an annual report in compliance with International Financial Reporting Standards (IFRS) have been omitted or condensed. The accounting policies and methods of computation applied in these condensed interim consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended March 31, 2013, except for the impact of the adoption of the new standards, interpretations and amendments described below. These condensed interim consolidated financial statements should be read in conjunction with those audited consolidated financial statements.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

EFFECT OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET IMPLEMENTED

IFRS 9, Financial Instruments

The IASB issued IFRS 9 in November 2009 with the long-term goal of replacing IAS 39, Financial Instruments: Recognition and Measurement, effective for annual reporting periods beginning on or after January 1, 2015. The issuance of this IFRS represents the first phase of the long-term project and provides guidance on the classification and measurement of financial assets and liabilities. The Company has not yet determined the impact on the financial statements of the adoption of this revised accounting standard.

EFFECT OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE PERIOD

The following standards were adopted by the Company on April 1, 2013:

IFRS 7, Financial Instruments Disclosures and IAS 32, Financial Instruments Presentation

The IASB issued amendments to IFRS 7 and IAS 32 in December 2011 which clarified the requirements for offsetting financial assets and financial liabilities including revised disclosure requirements for financial assets and liabilities that are offset. The effective dates of amendments to IFRS 7 and IAS 32 are for the annual reporting periods beginning on or after January 1, 2013 and January 1, 2014 respectively.

The amendments made under these standards did not affect the Company's financial statements for the period ending June 30, 2013 due to the lack of offsetting arrangements currently undertaken.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 10, Consolidated Financial Statements

The IASB issued IFRS 10 in May 2011 which replaced portions of IAS 27, Consolidated and Separate Financial Statements. This new standard became effective for annual reporting periods beginning on or after January 1, 2013 and requires retroactive application. IFRS 10 establishes principles for the preparation and presentation of consolidated financial statements and specifically identifies the criteria for the inclusion of another entity into the set of consolidated financial statements by establishing control as the most relevant basis for consolidation.

The adoption of this standard did not impact the Company's financial statement consolidation methods or practices for the period ending June 30, 2013 given that the Company wholly-owns the equity and voting interests of its subsidiaries.

IFRS 12, Disclosure of Interests in Other Entities

The IASB issued IFRS 12 in May 2011 and became effective for annual reporting periods on or after January 1, 2013. This new standard requires an entity to disclose information that enables users of its financial statements to evaluate the nature of, and risks associated with, its interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities along with the effects of those interests on its financial position, financial performance and cash flows.

The adoption of this standard did not impact the Company's June 30, 2013 financial statements.

IFRS 13, Fair Value Measurement

The IASB issued IFRS 13 in May 2011 and became effective for annual reporting periods beginning on or after January 1, 2013. This IFRS defines fair value, sets out in a single IFRS framework for measurement of fair value and requires disclosures regarding fair value measurements.

The adoption of this standard did not impact any of the calculations or methodologies used by the Company to determine fair value for the period ending June 30, 2013.

IAS 1, Presentation of Financial Statements

The IASB amended IAS 1 in June 2011 incorporating revisions reflecting requirements for the presentation of earnings and other comprehensive income within their respective statements. IAS 1 now requires items within other comprehensive income to be classified separately within that statement where they will be subsequently reclassified to the statement of earnings. These revisions became effective for annual reporting periods beginning on or after July 1, 2012.

The adoption of the amendment within this standard has resulted in the statement of comprehensive income being subdivided retrospectively into items that may be reclassified into net earnings and those that will not be.

IAS 16, Property, Plant and Equipment

The IASB amended IAS 16 in May 2012 effective for annual reporting periods on or after January 1, 2013 requiring the presentation of spare parts, servicing equipment and stand-by equipment as property, plant and equipment when they meet the definition of property, plant and equipment in accordance with IAS 16. In the event they do not meet the definition, they are required to be presented as inventory.

The adoption of the amendments within this standard did not materially impact the Company's June 30, 2013 financial statements.

IAS 19 (Revised), Employee Benefits

The IASB revised IAS 19 in June 2011 in order to require a company to use the same discount rate in both its calculation of the defined benefit obligation and the expected return on plan assets. These amendments also required the inclusion of administrative expenses in current service costs. Disclosure requirements were also amended to require additional disclosures for defined benefit pension plans in order to improve disclosure of risks that are assumed by a company that offers these types of plans. These revisions are effective for annual reporting periods beginning on or after January 1, 2013.

The impact of the adoption of IAS 19 (Revised) did not materially impact the Company's June 30, 2013 financial statements.

NOTE 4 OPERATING COSTS EXCLUDING DEPRECIATION AND AMORTIZATION

	For the three-month periods ended June 30	
	2013	2012
Changes in inventories of finished goods and work in progress	**$ (37,847)**	$ 4,502
Raw materials and consumables used	**1,558,811**	1,175,708
Foreign exchange gain	**(729)**	(533)
Employee benefits expense	**226,713**	178,746
Selling costs	**65,316**	64,868
Other general and administrative costs	**119,174**	72,031
Total operating costs	**$ 1,931,438**	$ 1,495,322

NOTE 5 BANK LOANS

The Company has available bank credit facilities providing for unsecured bank loans as follows:

		Available for use			Amount drawn	
Credit Facilities	Maturity	Canadian Currency Equivalent	Base Currency		**June 30, 2013**	March 31, 2013
North America-US Currency	July 2017[1]	136,734	130,000	USD	**$ 15,777**	$ -
North America-CDN Currency	July 2017[1]	389,166	370,000	USD	**113,257**	116,113
Argentina	Yearly[2]	133,253	683,000	ARS	**71,756**	61,950
Other	Yearly[3]	18,029	12,000	EUR	**4,546**	3,802
		677,182			**$ 205,336**	$ 181,865

[1] Bear monthly interest at rates ranging from lender's prime rates plus a maximum of 1.00% or LIBOR or banker's acceptance rate plus 0.85% up to a maximum of 2.00% depending on a financial ratio of the Company.
[2] Bear monthly interest at local rates ranging from 4 to 16% and can be drawn in ARS or USD.
[3] Bear monthly interest at base rate plus 1.50% or LIBOR-EURIBOR plus 1.50%.

NOTE 6 LONG-TERM DEBT

	June 30, 2013	March 31, 2013
Unsecured bank term loan facility		
Obtained December 2012 and due in December 2016 (US tranche $350,000,000)	**$ 289,245**	$ 317,500
Obtained December 2012 and due in December 2016 (CDN tranche $850,000,000)	**850,000**	850,000
Unsecured senior notes		
8.41%, issued in November 1999 and due in November 2014 (US$50,000,000)	**52,590**	50,800
5.34%, issued in June 2009 and due in June 2014	**110,000**	110,000
5.82%, issued in June 2009 and due in June 2016	**220,000**	220,000
	$ 1,521,835	$ 1,548,300
Current portion	**267,770**	152,400
	$ 1,254,065	$ 1,395,900

NOTE 7 SHARE CAPITAL

Issued

	June 30, 2013	March 31, 2013
195,292,820 common shares (196,619,440 common shares at March 31, 2013)	$ 669,209	$ 663,275

Share Option Plan

Changes in the number of outstanding options for the three-month periods are as follows:

	June 30, 2013		June 30, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	8,375,931	$ 30.78	8,484,524	$ 25.92
Options granted	2,065,269	$ 51.10	1,884,991	$ 42.96
Options exercised	(373,380)	$ 26.36	(346,016)	$ 22.59
Options cancelled	(35,207)	$ 40.93	(99,924)	$ 27.44
Balance, end of period	10,032,613	$ 35.09	9,923,575	$ 29.26

The exercise price of the options granted in fiscal 2014 is $51.10, which corresponds to the weighted average market price for the five trading days immediately preceding the date of grant ($42.96 in fiscal 2013).

The weighted average fair value of options granted in fiscal 2014 was estimated at $11.53 per option ($10.26 in fiscal 2013), using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2013	March 31, 2013
Weighted average:		
Risk-free interest rate	1.34%	1.63%
Expected life of options	5.5 years	5.5 years
Volatility	26.96%	28.28%
Dividend rate	1.66%	1.76%

A compensation expense of $3,985,000 ($3,418,000 net of taxes) relating to stock options was recorded in the statement of earnings for the three-month period ended June 30, 2013 and $3,270,000 ($2,873,000 net of taxes) was recorded for the three-month period ended June 30, 2012.

NOTE 8 EARNINGS PER SHARE

	For the three-month periods ended June 30	
	2013	2012
Net earnings	**$ 136,748**	$ 121,824
Weighted average number of common shares outstanding	**196,617,647**	199,041,841
Dilutive options	**2,808,643**	2,671,797
Weighted average diluted number of common shares outstanding	**199,426,290**	201,713,638
Basic earnings per share	**$ 0.70**	$ 0.61
Diluted earnings per share	**$ 0.69**	$ 0.60

When calculating diluted earnings per share for the three-month period ended June 30, 2013, 2,056,014 options were excluded from the calculation since their exercise price is higher than the average market value of common shares for the period (no options were excluded for the three-month period ended June 30, 2012).

Shares repurchased under the normal course issuer bid were excluded from the calculation of earnings per share as of the date of repurchase.

NOTE 9 OTHER FINANCIAL CHARGES

	For the three-month periods ended June 30	
	2013	2012
Finance costs[1]	**$ 2,504**	$ 780
Finance income[2]	**(124)**	(179)
	$ 2,380	$ 601

[1] Includes interest on bank loans, bank charges, and amortization of financing fees.
[2] Includes interest earned on excess cash.

NOTE 10 FINANCIAL INSTRUMENTS

The Company has determined that the fair value of its financial assets and financial liabilities with short-term maturities approximates their carrying value. These financial instruments include cash and cash equivalents, receivables, bank loans, accounts payable and accrued liabilities. The table below shows the fair value and the carrying value of other financial instruments as at June 30, 2013 and March 31, 2013.

	June 30, 2013		March 31, 2013	
	Fair value	**Carrying value**	Fair value	Carrying value
Other assets that meet the definition of a financial asset	**$ 156**	**$ 160**	$ 198	$ 204
Long-term debt	**$ 1,551,934**	**$ 1,521,835**	$ 1,583,380	$ 1,548,300
Derivative swaps designated as cash flow hedges	**$ 4,650**	**$ 4,650**	$ (4,932)	$ (4,932)

NOTE 11 SEGMENTED INFORMATION

As of April 1, 2013, the Company realigned its reporting structure consistent with its operating structure and now reports under three geographic sectors. The Canada Sector includes the Dairy Division (Canada) and the Bakery Division. The USA Sector combines the Cheese Division (USA) and the Dairy Foods Division (USA). Finally, the International Sector combines 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.

	For the three-month periods ended June 30	
	2013	2012 *(Reclassified)*
Revenues		
Canada	**$ 896,048**	$ 891,920
USA	**1,053,321**	581,461
International	**224,165**	224,954
	$ 2,173,534	$ 1,698,335
Earnings before interest, depreciation, amortization and income taxes		
Canada	**$ 115,697**	$ 117,972
USA	**112,594**	70,834
International	**13,805**	14,207
	$ 242,096	$ 203,013
Depreciation and amortization		
Canada	**$ 13,109**	$ 14,158
USA	**20,001**	11,832
International	**1,168**	1,237
	$ 34,278	$ 27,227
Interest and other financial charges	**15,293**	6,357
Earnings before income taxes	**192,525**	169,429
Income taxes	**55,777**	47,605
Net earnings	**$ 136,748**	$ 121,824