2 Second Quarter Fiscal 2017

We are presenting the results for the second quarter of fiscal 2017, which ended on September 30, 2016.

- Net earnings totalled $191.8 million, an increase of $43.2 million or 29.1%.
- Adjusted net earnings[1] totalled $191.8 million, an increase of $42.1 million or 28.1%.
- Earnings before interest, income taxes, depreciation, amortization, gain on disposal of a business, acquisition and restructuring costs (adjusted EBITDA[1]) amounted to $340.6 million, an increase of $58.9 million or 20.9%.
- Revenues for the quarter amounted to $2.845 billion, an increase of $53.2 million or 1.9%.
- Adjusted earnings per share[1] (basic and diluted) were $0.49 and $0.48, respectively for the quarter as compared to $0.38 (basic and diluted) for the corresponding quarter last fiscal year, an increase of 28.9% and 26.3% respectively.

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

(unaudited)	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2016	2015	**2016**	2015
Revenues	**2,845.3**	2,792.1	**5,476.7**	5,356.5
Adjusted EBITDA[1]	**340.6**	281.7	**658.8**	540.6
Net earnings	**191.8**	148.6	**368.5**	285.0
Adjusted net earnings[1]	**191.8**	149.7	**368.5**	286.7
Earnings per share				
Basic	**0.49**	0.38	**0.94**	0.73
Diluted	**0.48**	0.37	**0.92**	0.72
Adjusted earnings per share[1]				
Basic	**0.49**	0.38	**0.94**	0.73
Diluted	**0.48**	0.38	**0.92**	0.72

- In the Canada Sector, revenues and adjusted EBITDA increased due to higher sales volumes and a favourable product mix.
- In the USA Sector, higher sales volumes positively impacted revenues. Favourable market factors[2] of approximately $20 million and higher sales volumes increased adjusted EBITDA, as compared to the same quarter last fiscal year.
- In the International Sector, revenues decreased due to lower sales volumes in the export market. Both revenues and adjusted EBITDA were positively impacted by higher selling prices in the domestic market.
- The fluctuation of the Canadian dollar versus foreign currencies during the quarter had a negative impact on revenues of approximately $56 million, as compared to the same quarter last fiscal year, mainly due to the weakening of the Argentine peso. This fluctuation positively impacted adjusted EBITDA by approximately $3 million, as compared to the same quarter last fiscal year.
- The Board of Directors approved a dividend of $0.15 per share payable on December 16, 2016 to common shareholders of record on December 6, 2016.

[1] Adjusted EBITDA, adjusted net earnings and adjusted earnings per share (basic and diluted) are non-IFRS measures. Refer to "Measurement of Results not in Accordance with International Financial Reporting Standards" included on page 3 of this report for the definition of these terms.

[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, the market pricing impact related to sales of dairy ingredients, as well as the impact of the average butter market price related to dairy food product sales.

Management's Discussion and Analysis

The purpose of this management report is to provide investors with a greater understanding of the Company's business, performance and strategy, as well as to analyze the results and the financial position of the Company for the quarter ended September 30, 2016. It should be read while referring to our condensed interim consolidated financial statements and accompanying notes for the three and six-month periods ended September 30, 2016 and 2015. 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 September 30, 2016 and November 3, 2016, the date on which this report 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, 2016, 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 or future 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 2016 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.

MEASUREMENT OF RESULTS NOT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

In certain instances, the Company makes references to terms in evaluating financial performance measures, such as adjusted EBITDA, adjusted net earnings and adjusted earnings per share, that hold no standardized meaning under IFRS. These non-IFRS measurements are therefore not likely to be comparable to similarly titled or described measures in use by other publicly traded companies nor do they indicate that excluded items are non-recurring. The Company uses earnings before interest, income taxes, depreciation, amortization, gain on disposal of a business, acquisition and restructuring costs (adjusted EBITDA) as a performance measure as it is a common industry measure and reflects the ongoing profitability of the Company's consolidated business operations.

Adjusted net earnings is defined by the Company as net earnings prior to the inclusion of a gain on disposal of a business, acquisition and restructuring costs, net of applicable income taxes, if any. Adjusted earnings per share is defined as adjusted net earnings attributable to shareholders of Saputo Inc. per basic and diluted common share. The most comparable IFRS financial measures to the ones used by the Company are earnings before income taxes, as well as net earnings and earnings per share (basic and diluted).

Adjusted EBITDA, adjusted net earnings and adjusted earnings per share, as used by Management, provide precision and comparability with regards to the Company's ongoing operation. They also provide readers with a representation of the activities considered of relevance to the Company's financial performance through the inclusion of additional financial information that can be used to identify trends or additional disclosures that provide information into the manner in which the Company operated. Non-IFRS measures also provide comparability to the Company's prior year results.

The definitions provided above are used in the context of the results and activities for the three and six-month periods ended September 30, 2016. They are subject to change based on future transactions and as deemed necessary by Management in order to provide a better understanding and comparability of future results and activities of the Company.

A reconciliation of earnings before income taxes, net earnings and earnings per share to adjusted EBITDA, adjusted net earnings and adjusted earnings per share for the three and six-month periods in which Management has presented these adjusted measures is provided below.

(in millions of CDN dollars)

	For the three-month periods ended September 30		**For the six-month periods ended September 30**	
	2016	2015	**2016**	2015
Earnings before income taxes	**280.1**	212.7	**536.3**	408.7
Other financial charges	**1.6**	6.7	**3.6**	11.6
Interest on long-term debt	**8.7**	12.4	**19.4**	24.2
Gain on disposal of a business	–	–	**–**	–
Acquisition costs	–	1.6	**–**	2.4
Restructuring costs	–	–	**–**	–
Depreciation and amortization	**50.2**	48.3	**99.5**	93.7
Adjusted EBITDA	**340.6**	281.7	**658.8**	540.6

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

	For the three-month periods ended September 30					
	2016			2015		
		Per Share			Per Share	
	Total	**Basic**	**Diluted**	Total	Basic	Diluted
Net earnings[1]	**190.9**	**0.49**	**0.48**	147.9	0.38	0.37
Gain on disposal of a business[2]	**–**	**–**	**–**	–	–	–
Acquisition costs[2]	**–**	**–**	**–**	1.1	–	0.01
Restructuring costs[2]	**–**	**–**	**–**	–	–	–
Adjusted net earnings[1]	**190.9**	**0.49**	**0.48**	149.0	0.38	0.38

[1] Attributable to shareholders of Saputo Inc.

[2] Net of income taxes

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

	For the six-month periods ended September 30					
	2016			2015		
		Per Share			Per Share	
	Total	**Basic**	**Diluted**	Total	Basic	Diluted
Net earnings[1]	**367.4**	**0.94**	**0.92**	285.2	0.73	0.72
Gain on disposal of a business[2]	**–**	**–**	**–**	–	–	–
Acquisition costs[2]	**–**	**–**	**–**	1.7	–	–
Restructuring costs[2]	**–**	**–**	**–**	–	–	–
Adjusted net earnings[1]	**367.4**	**0.94**	**0.92**	286.9	0.73	0.72

[1] Attributable to shareholders of Saputo Inc.

[2] Net of income taxes

OPERATING RESULTS

Consolidated revenues for the quarter ended September 30, 2016 totalled $2.845 billion, an increase of approximately $53 million or 1.9%, as compared to $2.792 billion for the corresponding quarter last fiscal year. The increase is mainly due to higher sales volumes and higher selling prices related to the increase of the cost of milk as raw material in the Canada Sector and the International Sector. The inclusion of revenues from the companies forming Woolwich Dairy (Woolwich Acquisition) acquired in October 2015, positively affected revenues. The fluctuation of the average block market[1] per pound of cheese and the average butter market[2] price per pound increased revenues by approximately $16 million, as compared to the same quarter last fiscal year. This increase was partially offset by lower international selling prices of cheese and dairy ingredients, as compared to the corresponding quarter last fiscal year. Moreover, the fluctuation of the Canadian dollar versus foreign currencies decreased revenues by approximately $56 million.

For the six-month period ended September 30, 2016, revenues totalled $5.477 billion, an increase of approximately $121 million or 2.3% in comparison to $5.356 billion for the same period last fiscal year. The increase is mainly due to higher sales volumes and higher selling prices related to the increase of the cost of milk as raw material in the Canada Sector and the International Sector. Additionally, the inclusion of revenues from the Woolwich Acquisition positively affected revenues. A lower average block market per pound of cheese, partially offset by higher average butter market price, decreased revenues by approximately $43 million. Lower international selling prices of cheese and dairy ingredients, as compared to the corresponding period last fiscal year, negatively affected revenues. Finally, the fluctuation of the Canadian dollar versus foreign currencies decreased revenues by approximately $37 million.

Consolidated adjusted EBITDA for the second quarter of fiscal 2017 totalled $340.6 million, an increase of $58.9 million or 20.9% in comparison to $281.7 million for the same quarter last fiscal year. The increase is due to higher sales volumes, favorable market factors in the US which increased adjusted EBITDA by approximately $20 million, lower warehousing and logistical costs, as well as lower ingredients costs. The inclusion of the Woolwich Acquisition positively impacted adjusted EBITDA. This increase was partially offset by higher administrative expenses, as well as lower international selling prices of cheese and dairy ingredients without a similar decline of the cost of milk as raw material. As a result of decreases in certain market selling prices, inventory was written down by approximately $1 million. Also, the fluctuation of the Canadian dollar versus foreign currencies had a favourable impact on adjusted EBITDA of approximately $3 million, as compared to the same quarter last fiscal year.

For the six-month period ended September 30, 2016, adjusted EBITDA totalled $658.8 million, an increase of $118.2 million or 21.9%, as compared to $540.6 million for the corresponding period last fiscal year. The increase is due to higher sales volumes, favorable market factors in the US which increased adjusted EBITDA by approximately $9 million, lower warehousing and logistical costs, lower ingredients costs, as well as operational efficiencies. Additionally, the inclusion of the Woolwich Acquisition positively impacted adjusted EBITDA. The increase was partially offset by lower international selling prices of cheese and dairy ingredients without a similar decline of the cost of milk as raw material, as well as higher administrative expenses. As a result of the decrease in international market selling prices, inventory was written down by approximately $2 million, as compared to approximately $13 million for the same period last fiscal year. Finally, the fluctuation of the Canadian dollar versus foreign currencies had a favourable impact on adjusted EBITDA of approximately $14 million, as compared to the same period last fiscal year.

[1] "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.

[2] "Average butter market" is the average daily price for Grade AA Butter traded on the CME, used as the base price for butter.

OTHER CONSOLIDATED RESULT ITEMS

Depreciation and amortization for the second quarter of fiscal 2017 totalled $50.2 million, an increase of $1.9 million, in comparison to $48.3 million for the same quarter last fiscal year. For the six-month period ended September 30, 2016, depreciation and amortization expense amounted to $99.5 million, an increase of $5.8 million, as compared to $93.7 million for the corresponding period last fiscal year. These increases are mainly attributed to the fluctuation of the Canadian dollar versus foreign currencies, as well as additions to property, plant and equipment, increasing the depreciable base.

In fiscal 2016, **acquisition costs** amounted to $1.6 million and $2.4 million, respectively, for the three and six-month periods ended September 30, 2015 (none in the current fiscal year).

Net interest expense for the three-month period ended September 30, 2016 decreased by $8.8 million in comparison to the same quarter last fiscal year. For the six-month period ended September 30, 2016, net interest expense decreased by $12.8 million compared to the corresponding period last fiscal year. These decreases are mainly attributed to a lower level of long-term debt and lower bank loans denominated in Argentine peso which bear high interest rates.

Income taxes for the second quarter of fiscal 2017 totalled $88.3 million, reflecting an effective tax rate of 31.5% compared to 30.1% for the same quarter last fiscal year. Income taxes for the six-month period ended September 30, 2016 totalled $167.8 million, reflecting an income tax rate of 31.3% in comparison to 30.3% for the same period last fiscal year. The income tax rate varies and could increase or decrease based on the amount and source of taxable income, amendments to tax legislations and income tax rates, changes in assumptions, as well as estimates used for tax assets and liabilities by the Company and its affiliates.

Net earnings totalled $191.8 million for the quarter ended September 30, 2016, compared to $148.6 million for the same quarter last fiscal year. For the six-month period ended September 30, 2016, net earnings totalled $368.5 million, as compared to $285.0 million for the same period last fiscal year.

Adjusted net earnings totalled $191.8 million for the quarter ended September 30, 2016, compared to $149.7 million for the same quarter last fiscal year. For the six-month period ended September 30, 2016 adjusted net earnings totalled $368.5 million, as compared to $286.7 million for the same period last fiscal year.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	2017		2016				2015	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	**2,845.3**	2,631.4	2,734.0	2,901.0	2,792.1	2,564.4	2,513.8	2,821.8
Adjusted EBITDA[1]	**340.6**	318.2	313.1	320.4	281.7	258.9	232.0	278.7
Net earnings	**191.8**	176.7	141.2	175.2	148.6	136.4	157.4	154.6
Gain on disposal of a business[2]	**–**	–	–	–	–	–	(25.9)	–
Acquisition costs[2]	**–**	–	0.5	0.2	1.1	0.6	0.5	–
Restructuring costs[2]	**–**	–	23.1	–	–	–	(4.7)	–
Adjusted net earnings[1]	**191.8**	176.7	164.8	175.4	149.7	137.0	127.3	154.6
Attributable to:								
Shareholders of Saputo Inc.	**190.9**	176.5	165.0	174.7	149.0	137.9	126.3	152.6
Non-controlling interest	**0.9**	0.2	(0.2)	0.7	0.7	(0.9)	1.0	2.0
	191.8	176.7	164.8	175.4	149.7	137.0	127.3	154.6
Earnings per share								
Basic	**0.49**	0.45	0.36	0.44	0.38	0.35	0.40	0.39
Diluted	**0.48**	0.44	0.36	0.44	0.37	0.34	0.39	0.38
Adjusted earnings per share[1]								
Basic	**0.49**	0.45	0.42	0.45	0.38	0.35	0.32	0.39
Diluted	**0.48**	0.44	0.41	0.44	0.38	0.34	0.32	0.38

[1] Adjusted EBITDA, 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 3 of this report for the definition of these terms.
[2] Net of income taxes.

Consolidated selected factors positively (negatively) affecting adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	2017		2016			
	Q2	Q1	Q4	Q3	Q2	Q1
Market factors[1, 2]	**20**	(11)	9	(4)	(37)	3
Inventory write-down	**(1)**	(1)	(5)	–	–	(13)
Foreign currency exchange[1, 3]	**3**	11	15	29	27	15

[1] As compared to the same quarter of the last 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, the market pricing impact related to sales of dairy ingredients, as well as the impact of the average butter market price related to dairy food product sales.
[3] Foreign currency exchange includes effect on adjusted EBITDA of conversion of US dollars, Australian dollars and Argentine pesos to Canadian dollars.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

(in millions of CDN dollars)

	For the three-month periods ended September 30		**For the six-month periods ended September 30**	
	2016	2015	**2016**	2015
Cash generated from operating activities	**320.6**	263.0	**739.6**	485.3
Net cash generated from operating activities	**254.8**	192.7	**602.9**	327.3
Cash used for investing activities	**(55.7)**	(49.5)	**(134.9)**	(227.6)
Cash (used) generated for financing activities	**(256.9)**	(111.7)	**(309.5)**	34.8
(Decrease) increase in cash and cash equivalents	**(57.8)**	31.5	**158.5**	134.5

For the three-month period ended September 30, 2016, cash generated from **operating activities** amounted to $320.6 million in comparison to $263.0 million for the corresponding quarter last fiscal year, an increase of $57.6 million. For the six-month period ended September 30, 2016, cash generated from operating activities amounted to $739.6 million in comparison to $485.3 million for the corresponding period last fiscal year, an increase of $254.3 million.

Net cash generated from operating activities for the three-month period ended September 30, 2016, amounted to $254.8 million in comparison to $192.7 million for the corresponding quarter last fiscal year, an increase in liquidity of $62.1 million. For the six-month period ended September 30, 2016, net cash generated from operating activities amounted to $602.9 million in comparison to $327.3 million for the corresponding period last fiscal year. This additional liquidity is due to an increase in non-cash operating working capital items of $134.0 million driven by the fluctuation in accounts payable, as well as inventories in line with the fluctuation of market prices. Also, an increase in adjusted EBITDA[2] of $118.2 million contributed to additional liquidity.

Investing activities for the three-month period ended September 30, 2016 were mainly comprised of additions to property, plant and equipment of $45.6 million and additions to software licenses and professional service intangibles of $22.4 million related to the ERP (Enterprise Resource Planning) initiative. For the six-month period ended September 30, 2016, investing activities consisted mainly of additions to property, plant and equipment of $109.6 million and additions to intangibles of $37.4 million related to the ERP initiative.

Financing activities for the three-month period ended September 30, 2016 consisted of a decrease in long-term debt of $113.7 million mainly due to the repayment of the unsecured bank term loan denominated in Australian dollars. Also, the Company repurchased share capital for $63.2 million, paid $58.8 million in dividends and repaid bank loans for $41.8 million. In addition, shares were issued as part of the stock option plan for $20.6 million. Financing activities for the six-month period ended September 30, 2016 consisted mainly of an increase in long-term debt of $300.0 million resulting from the issuance of medium term notes. The Company decreased bank loans by $112.6 million, reimbursed unsecured senior notes of $220 million and repaid an unsecured bank term loan of $113.7 million. Finally, the Company paid $111.9 million in dividends, repurchased share capital for $78.9 million and issued shares as part of the stock option plan for $33.6 million.

Liquidity

(in millions of CDN dollars, except ratio)

	September 30, 2016	March 31, 2016
Current assets	**2,316.8**	2,175.8
Current liabilities	**1,053.5**	1,356.8
Working capital	**1,263.3**	819.0
Working capital ratio	**2.20**	1.60

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.

The Company targets a long-term leverage of approximately 2.0 times net debt[1] to adjusted EBITDA[2]. From time to time, the Company may deviate from its long-term leverage target to pursue acquisitions and other strategic opportunities. Should such a scenario arise, the Company expects to deleverage over a reasonable period of time in order to seek to maintain its investment grade ratings.

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

	September 30, 2016	March 31, 2016
Cash and cash equivalents	**331.4**	164.3
Bank loans	**64.4**	178.2
Net debt[1]	**1,145.5**	1,467.1
Trailing twelve-months adjusted EBITDA[2]	**1,292.3**	1,174.1
Net debt-to-trailing twelve-months adjusted EBITDA[2]	**0.89**	1.25
Number of common shares	**392,202,438**	392,520,687
Number of stock options	**19,116,440**	16,903,824

[1] Total debt, net of cash and cash equivalents.

[2] Adjusted EBITDA is a non-IFRS measure. Refer to the section "Measurement of Results not in Accordance with International Financial Reporting Standards" included on page 3 of this report for the definition of this term.

As at September 30, 2016, the Company had $331.4 million in cash and cash equivalents and available bank credit facilities of approximately $1.034 billion, of which $64.4 million were drawn. See Notes 5 and 6 to the condensed interim consolidated financial statements for additional information related to bank loans and long-term debt.

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 are outstanding. As at October 31, 2016, 392,278,885 common shares and 19,018,585 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 millions of CDN dollars)

	September 30, 2016			March 31, 2016		
	Long-term debt	**Minimum lease**	**Total**	Long-term debt	Minimum lease	Total
Less than 1 year	**–**	**27.4**	**27.4**	244.9	30.5	275.4
1–2 years	**–**	**23.4**	**23.4**	24.9	22.8	47.7
2–3 years	**–**	**19.2**	**19.2**	70.9	18.8	89.7
3–4 years	**1,112.5**	**15.5**	**1,128.0**	1,112.5	14.9	1,127.4
4–5 years	**300.0**	**11.4**	**311.4**	–	11.9	11.9
More than 5 years	**–**	**31.6**	**31.6**	–	32.1	32.1
	1,412.5	**128.5**	**1,541.0**	1,453.2	131.0	1,584.2

BALANCE SHEET

With regards to balance sheet items as at September 30, 2016 compared to those as at March 31, 2016, the variances are the result of normal operational fluctuations.

FOLLOW-UP ON CERTAIN SPECIFIC ITEMS OF THE ANALYSIS

For an analysis of guarantees, related party transactions, accounting standards, critical accounting policies and use of accounting estimates, future standards, new accounting standards adopted, risks and uncertainties, as well as a sensitivity analysis of interest rate and US currency fluctuations, the discussion provided in the Company's 2016 Annual Report can be consulted (pages 18 to 25 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 to allow the information required to be disclosed under securities legislation to be 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, along with Management, have concluded, after having conducted an evaluation and to the best of their knowledge, that, as at September 30, 2016, 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	2017		2016			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**1,029.0**	979.1	932.8	992.7	958.5	917.5
Adjusted EBITDA[1]	**119.8**	112.3	108.5	107.5	99.4	98.1

[1] Adjusted EBITDA is a non-IFRS measure. Refer to the section "Measurement of Results not in Accordance with International Financial Reporting Standards" included on page 3 of this report for the definition of this term.

The Canada Sector consists of the Dairy Division (Canada).

Revenues

Revenues for the Canada Sector totalled $1,029.0 million for the quarter ended September 30, 2016, an increase of approximately $71 million or 7.4%, as compared to $958.5 million for the corresponding quarter last fiscal year. The increase in revenues was mainly related to higher sales volumes and a favourable product mix as compared to the same quarter last fiscal year. Additionally, higher selling prices related to the increase in the cost of milk as raw material, as well as the inclusion of revenues from the Woolwich Acquisition increased revenues during the quarter.

Since the beginning of the fiscal year, revenues from the Canada Sector totalled $2.008 billion, an increase of approximately $132 million or 7.0% in comparison to $1.876 billion for the same period last fiscal year. Higher sales volumes and a favourable product mix increased revenues as compared to the same period last fiscal year. Additionally, higher selling prices related to the increase in the cost of milk as raw material, as well as the inclusion of revenues from the Woolwich Acquisition increased revenues during the period.

Adjusted EBITDA

Adjusted EBITDA for the Canada Sector totalled $119.8 million for the quarter ended September 30, 2016, an increase of $20.4 million or 20.5%, as compared to $99.4 million for the corresponding quarter last fiscal year. Higher sales volumes, lower warehousing and logistical costs and increased prices in the international dairy ingredient market, positively impacted adjusted EBITDA as compared to the same quarter last fiscal year. Additionally, lower ingredients costs and the inclusion of the Woolwich Acquisition positively affected adjusted EBITDA. This increase was partially offset by slightly higher administrative and marketing expenses. The fluctuation of the Canadian dollar versus foreign currencies had a positive impact on adjusted EBITDA of approximately $2 million mainly due to intercompany receivables denominated in foreign currencies.

Since the beginning of the fiscal year, adjusted EBITDA totalled $232.1 million, an increase of $34.6 million or 17.5%, as compared to $197.5 million for the same period last fiscal year. Higher sales volumes and lower warehousing and logistical costs positively affected adjusted EBITDA as compared to the same period last fiscal year. Additionally, lower ingredients costs, an increase in international dairy ingredient market prices, as well as the inclusion of the Woolwich Acquisition increased adjusted EBITDA as compared to the same period last fiscal year. This increase was partially offset by higher administrative expenses, mainly related to the ERP initiative and costs related to the June 2016 recall of *Neilson* branded chocolate milk products. The fluctuation of the Canadian dollar versus foreign currencies had a positive impact on adjusted EBITDA of approximately $2 million mainly due to intercompany receivables denominated in foreign currencies.

USA Sector

(in millions of CDN dollars)

Fiscal years	2017		2016			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**1,491.6**	1,348.5	1,449.3	1,574.9	1,459.2	1,303.3
Adjusted EBITDA[1]	**196.1**	187.5	191.0	190.1	172.7	171.7

[1] Adjusted EBITDA is a non-IFRS measure. Refer to the section "Measurement of Results not in Accordance with International Financial Reporting Standards" included on page 3 of this report for the definition of this term.

Selected factors positively (negatively) affecting adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	2017		2016			
	Q2	Q1	Q4	Q3	Q2	Q1
Market factors[1, 2]	**20**	(11)	9	(4)	(37)	3
US currency exchange[1]	**–**	8	15	25	27	15

[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 on the relationship between the average block market per pound of cheese and the cost of milk as raw material, the market pricing impact related to sales of dairy ingredients, as well as the impact of the average butter market price related to dairy food product sales.

Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	2017		2016			
	Q2	Q1	Q4	Q3	Q2	Q1
Average block market per pound of cheese	**1.689**	1.412	1.479	1.582	1.679	1.642
Closing block price per pound of cheese[1]	**1.533**	1.660	1.460	1.508	1.670	1.620
Average butter market price per pound	**2.149**	2.125	2.055	2.562	2.243	1.877
Closing butter market price per pound[2]	**1.898**	2.350	1.955	2.080	2.510	1.918
Average whey market price per pound[3]	**0.299**	0.241	0.247	0.226	0.309	0.430
Spread[4]	**0.119**	0.125	0.128	0.152	0.120	0.078
US average exchange rate to Canadian dollar[5]	**1.305**	1.288	1.371	1.333	1.309	1.229

[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] Closing butter market price is the price for Grade AA Butter traded on the CME, on the last business day of each quarter.
[3] Average whey market price is based on Dairy Market News published information.
[4] 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.
[5] Based on Bank of Canada published information.

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

Revenues

Revenues for the USA Sector totalled $1.492 billion for the quarter ended September 30, 2016, an increase of approximately $33 million or 2.3%, as compared to $1.459 billion for the corresponding quarter last fiscal year. Higher sales volumes, as well as the inclusion of the Woolwich Acquisition increased revenues. The fluctuation of the average block market per pound of cheese and the butter market in the second quarter of fiscal 2017, as compared to the corresponding quarter last fiscal year, increased revenues by approximately $16 million. The weakening of the Canadian dollar versus the US dollar decreased revenues by approximately $4 million.

Since the beginning of the fiscal year, revenues from the USA Sector totalled $2.840 billion, an increase of approximately $77 million or 2.8% in comparison to $2.763 billion for the same period last fiscal year. Higher sales volumes, as well as the inclusion of the Woolwich Acquisition, positively affected revenues. A lower average block market per pound of cheese was partially offset by a higher average butter market price, as compared to the same period last fiscal year which decreased revenues by approximately $43 million. The weakening of the Canadian dollar versus the US dollar increased revenues by approximately $58 million.

Adjusted EBITDA

Adjusted EBITDA for the USA Sector totalled $196.1 million for the quarter ended September 30, 2016, an increase of $23.4 million or 13.5%, as compared to $172.7 million for the corresponding quarter last fiscal year. The variation in the average block market per pound of cheese in the quarter versus the corresponding quarter last fiscal year had a favourable impact on both the realization of inventories and on the absorption of fixed costs. However, the relation between the average block market per pound of cheese and the cost of milk as raw material, was unfavourable. These combined market factors, including unfavourable margins associated with a fluctuation of commodity prices in the Dairy Foods Division (USA), increased adjusted EBITDA by approximately $20 million, as compared to the same quarter last fiscal year. Also, in the Cheese Division (USA), higher sales volumes and a decrease in ingredients costs increased adjusted EBITDA as compared to the corresponding quarter last fiscal year. This increase was partially offset by higher administrative expenses mainly due to the ERP initiative, as well as increased marketing expenses, in comparison to the same quarter last fiscal year. The Dairy Foods Division (USA) benefitted from a favourable product mix, lower logistical costs, as well as lower administrative expenses. This increase was partially offset by lower sales volumes as compared to the same quarter last fiscal year. The Canadian dollar versus the US dollar had no incidence on adjusted EBITDA.

Since the beginning of the fiscal year, adjusted EBITDA totalled $383.6 million, an increase of $39.2 million or 11.4%, as compared to $344.4 million for the corresponding period last fiscal year. In the Cheese Division (USA), higher sales volumes, as well as a decrease in ingredients costs positively affected adjusted EBITDA as compared to the corresponding period last fiscal year. This increase was partially offset by higher administrative expenses mainly due to the ERP initiative, as well as increased sales and marketing expenses, in comparison to the same period last fiscal year. The Dairy Foods Division (USA) benefitted from a favourable product mix and lower logistical costs, as compared to the same period last fiscal year. The variation in the average block market per pound of cheese for the six-month period ended September 30, 2016, as compared to the same period last fiscal year, resulted in a favourable realization of inventories and a favourable relationship between the average block market per pound of cheese and the cost of milk as raw material. This increase was partially offset by a lower dairy ingredient market, as well as unfavourable margins associated with higher commodity prices in the Dairy Foods Division (USA). These combined market factors increased adjusted EBITDA by approximately $9 million. The weakening of the Canadian dollar versus the US dollar had a positive impact on adjusted EBITDA of approximately $8 million.

International Sector

(in millions of CDN dollars)

Fiscal years	2017		2016			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**324.7**	303.8	351.9	333.4	374.4	343.6
Adjusted EBITDA[1]	**24.7**	18.4	13.6	22.8	9.6	(10.9)

[1] Adjusted EBITDA is a non-IFRS measure. Refer to the section "Measurement of Results not in Accordance with International Financial Reporting Standards" included on page 3 of this report for the definition of this term.

Selected factors positively (negatively) affecting adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	2017		2016			
	Q2	Q1	Q4	Q3	Q2	Q1
Inventory write-down	**(1)**	(1)	(5)	–	–	(13)
Foreign currency exchange[1]	**1**	3	–	4	–	–

[1] As compared to same quarter of previous fiscal year.

The International Sector consists of the Dairy Division (Argentina), the Dairy Division (Australia) and the Dairy Ingredients Division. The Dairy Ingredients Division includes national and export ingredients sales from the North American divisions, as well as cheese exports from these same divisions.

Revenues

Revenues for the International Sector totalled $324.7 million for the quarter ended September 30, 2016, a decrease of $49.7 million or 13.3%, as compared to $374.4 million for the corresponding quarter last fiscal year. In the Dairy Division (Argentina), lower selling prices in the export market, as well as lower sales volumes in both the domestic and export markets decreased revenues, as compared to the same quarter last fiscal year. This was partially offset by higher selling prices in the domestic market and the weakening of the Argentine peso versus the US dollar in the export market which positively affected revenues. Revenues of the Dairy Division (Australia) decreased due to lower sales volumes in the export market, as well as the decline in the international cheese and dairy ingredient market prices. This decrease was partially offset by higher sales volumes in the domestic market. Revenues of the Dairy Ingredients Division decreased as compared to the corresponding quarter last fiscal year due to lower selling prices in the international cheese and dairy ingredient markets, lower sales volumes, as well as an unfavourable product mix. The fluctuation of the Canadian dollar versus the foreign currencies used in the International Sector negatively impacted revenues by approximately $53 million, as compared to the same quarter last fiscal year, mainly due to the weakening of the Argentine peso.

Since the beginning of the fiscal year, revenues for the International Sector totalled $628.5 million, a decrease of $89.5 million or 12.5% in comparison to $718.0 million for the same period last fiscal year. In the Dairy Division (Argentina), lower selling prices in the export market, as well as lower sales volumes in both the domestic and export markets decreased revenues, as compared to the same period last fiscal year. This was partially offset by higher selling prices in the domestic market and the weakening of the Argentine peso versus the US dollar in the export market, which positively affected revenues. Revenues of the Dairy Division (Australia) increased due to higher sales volumes in the domestic market. This increase was partially offset by a decline in the international cheese and dairy ingredient market prices, as well as lower sales volumes in the export market. Revenues of the Dairy Ingredients Division decreased as compared to the corresponding period last fiscal year due to the lower selling prices in the international markets, lower sales volume and an unfavourable product mix. The fluctuation of the Canadian dollar versus the foreign currencies used in the International Sector negatively impacted revenues by approximately $96 million, as compared to the same period last fiscal year, mainly due to the weakening of the Argentine peso.

Adjusted EBITDA

Adjusted EBITDA for the International Sector totalled $24.7 million for the quarter ended September 30, 2016, an increase of $15.1 million or 157.3%, as compared to $9.6 million for the corresponding quarter last fiscal year. In the Dairy Division (Argentina), higher selling prices in the domestic market positively affected adjusted EBITDA. In the export market, the weakening of the Argentine peso versus the US dollar positively affected adjusted EBITDA, as compared to the same quarter last year, partially offset by lower sales volumes due to decrease in milk availability as raw material caused by severe floods. In the Dairy Division (Australia), a realignment of raw milk cost with current market conditions, as well as higher sales volumes in the domestic market, positively impacted adjusted EBITDA. This increase was partially offset by lower sales volumes in the export market, as well as low international cheese and dairy ingredient market prices. Adjusted EBITDA of the Dairy Ingredients Division slightly decreased due to lower selling prices in the international markets and lower sales volumes. As a result of decreases in certain market selling prices, inventory was written down by approximately $1 million. The fluctuation of the Canadian dollar versus foreign currencies had a positive impact on adjusted EBITDA of approximately $1 million.

Since the beginning of the fiscal year, adjusted EBITDA totalled $43.1 million, an increase of $44.4 million, as compared to $(1.3) million for the same period last fiscal year. In the Dairy Division (Argentina), higher selling prices in the domestic market positively affected adjusted EBITDA. In the export market, the weakening of the Argentine peso versus the US dollar positively affected adjusted EBITDA as compared to the same period last year, offset by lower sales volumes due to decrease in milk availability as raw material caused by severe floods. In the Dairy Division (Australia), a realignment of raw milk cost with current market conditions, as well as higher sales volumes in the domestic market, positively impacted adjusted EBITDA. This increase was partially offset by lower sales volumes in the export market, as well as low international cheese and dairy ingredient market prices. Adjusted EBITDA of the Dairy Ingredients Division slightly decreased due to lower selling prices in the international markets and lower sales volumes. As a result of the decrease in market selling prices, inventory was written down by approximately $2 million since the beginning of the fiscal year, as compared to $13 million for the same period last fiscal year. The fluctuation of the Canadian dollar versus foreign currencies had a positive impact on adjusted EBITDA of approximately $4 million.

OUTLOOK

In Canada, the competitive market which existed in fiscal 2016 is anticipated to continue in fiscal 2017 and remains a Company challenge. Additionally, dairy ingredient markets have declined since the last half of fiscal 2015 and are expected to remain low throughout the third quarter of fiscal 2017. In order to mitigate downward margin pressures, stagnant growth and competitive market conditions, the Company will continue to focus on reviewing overall activities to improve its operational efficiency. As such, the Company completed the closure of its Sydney (Nova Scotia) plant in June 2016 and its Princeville (Quebec) plant in August 2016 and will close its Ottawa (Ontario) plant in December 2017, as previously announced. The Division continues to leverage its operational flexibility to enhance profitability, in addition to maintaining cost control.

In the Cheese Division (USA), depressed selling prices on the international dairy ingredient market are expected to put downward pressure on margins and the Company will continue to focus on increasing efficiencies, as well as controlling costs in order to mitigate their impact on adjusted EBITDA. The international dairy ingredient market prices have declined since the last half of fiscal 2015 and these prices are anticipated to remain low throughout the third quarter of fiscal 2017.

The Company completed the implementation of its business management model within the Dairy Foods Division (USA), including various measures aimed at being a low-cost producer. The Dairy Foods Division (USA) continues to focus on optimization and maximizing investment in its existing network in order to benefit from new capabilities in production, enable future growth and bring new products to market. The Company will keep investing to support production capacity, and aim to further strengthen its competitive cost position.

The Woolwich Acquisition has enabled the Company to increase its presence in the specialty cheese category in North America. The Company will also evaluate potential synergies and focus on improving and expanding product offerings to all customers.

The International Sector will continue to pursue sales volumes growth in existing markets, as well as develop additional international markets. Also, the Sector will pursue growth of cheese export sales volumes from the Cheese Division (USA) to the extent US milk pricing is competitive with world prices. The Sector will continue to evaluate overall activities to improve efficiencies and will aim to maximize its operational flexibility to mitigate fluctuations in market conditions.

International cheese and dairy ingredient markets have been depressed since the last half of fiscal 2015. Despite seeing certain increases in prices in the dairy ingredient markets during the quarter, the prices are expected to remain low throughout the third quarter of fiscal 2017. As such, we will continue to focus on increasing efficiencies and to control costs in order to mitigate their impact on adjusted EBITDA.

Innovation has always been a priority, enabling the Company to offer products that meet consumer needs. Accordingly, additional resources have been allocated to product innovation, allowing us to continue to forge and secure long-term relationships with both customers and consumers.

The Company intends to renew its normal course issuer bid expiring on November 16, 2016. The Company also intends to renew its medium term note program expiring in December 2016.

The Company continues to migrate to a new ERP system, a five-year project announced in fiscal 2015 which started in fiscal 2016 and includes planning, designing and implementing the system.

Our goal remains to continue to improve overall efficiencies in all sectors 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

November 3, 2016

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

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

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2016	2015	**2016**	2015
Revenues	**$ 2,845.3**	$ 2,792.1	**$ 5,476.7**	$ 5,356.5
Operating costs excluding depreciation, amortization, gain on disposal of a business, acquisition and restructuring costs (Note 4)	**2,504.7**	2,510.4	**4,817.9**	4,815.9
Earnings before interest, income taxes, depreciation, amortization, gain on disposal of a business, acquisition and restructuring costs	**340.6**	281.7	**658.8**	540.6
Depreciation and amortization	**50.2**	48.3	**99.5**	93.7
Acquisition and restructuring costs	**–**	1.6	**–**	2.4
Interest on long-term debt	**8.7**	12.4	**19.4**	24.2
Other financial charges (Note 9)	**1.6**	6.7	**3.6**	11.6
Earnings before income taxes	**280.1**	212.7	**536.3**	408.7
Income taxes	**88.3**	64.1	**167.8**	123.7
Net earnings	**$ 191.8**	$ 148.6	**$ 368.5**	$ 285.0
Attributable to:				
Shareholders of Saputo Inc.	**190.9**	147.9	**367.4**	285.2
Non-controlling interest	**0.9**	0.7	**1.1**	(0.2)
	$ 191.8	$ 148.6	**$ 368.5**	$ 285.0
Earnings per share (Note 8)				
Net earnings				
Basic	**$ 0.49**	$ 0.38	**$ 0.94**	$ 0.73
Diluted	**$ 0.48**	$ 0.37	**$ 0.92**	$ 0.72

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of CDN dollars)
(unaudited)

	For the three-month periods ended September 30 2016	2015	For the six-month periods ended September 30 2016	2015
Net earnings	**$ 191.8**	$ 148.6	**$ 368.5**	$ 285.0
Other comprehensive income (loss):				
Items that may be reclassified to net earnings:				
Exchange differences arising from foreign currency translation	**78.5**	216.2	**39.3**	162.7
Net unrealized (losses) gains on cash flow hedges[1] (Note 10)	**(2.5)**	1.4	**1.2**	2.3
Reclassification of gains on cash flow hedges to net earnings[2]	**(0.5)**	(1.7)	**(2.1)**	(2.3)
Other comprehensive income (loss)	**75.5**	215.9	**38.4**	162.7
Total comprehensive income	**$ 267.3**	$ 364.5	**$ 406.9**	$ 447.7
Attributable to:				
Shareholders of Saputo Inc.	**$ 266.4**	$ 363.8	**$ 405.8**	$ 447.9
Non-controlling interest	**0.9**	0.7	**1.1**	(0.2)
	$ 267.3	$ 364.5	**$ 406.9**	$ 447.7

[1] Net of income taxes of $1.9 and $0.5 for the three and six-month periods ended September 30, 2016, respectively (2015 - $2.0 and $2.4).
[2] Net of income taxes of $0.4 and $1.1 for the three and six-month periods ended September 30, 2016, respectively (2015 - $1.3 and $1.7).

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EQUITY

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

For the six-month period ended September 30, 2016	Share capital		Reserves							
	Common Shares	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance, beginning of year	392,520,687	$ 821.0	$ 613.6	$ -	$ 82.1	$ 695.7	$ 2,485.1	$ 4,001.8	$ 68.0	$ 4,069.8
Net earnings	-	-	-	-	-	-	367.4	367.4	1.1	368.5
Other comprehensive income	-	-	39.3	(0.9)	-	38.4	-	38.4	-	38.4
Total comprehensive income								405.8	1.1	406.9
Additional non-controlling interests arising from issuance of additional shares	-	-	-	-	-	-	-	-	16.4	16.4
Dividends declared	-	-	-	-	-	-	(111.9)	(111.9)	-	(111.9)
Stock option plan (Note 7)	-	-	-	-	10.7	10.7	-	10.7	-	10.7
Shares issued under stock option plan	1,722,751	33.6	-	-	-	-	-	33.6	-	33.6
Amount transferred from reserves to share capital upon exercise of options	-	7.3	-	-	(7.3)	(7.3)	-	-	-	-
Excess tax benefit that results from the excess of the deductible amount over the compensation cost recognized	-	-	-	-	4.2	4.2	-	4.2	-	4.2
Shares repurchased and cancelled	(2,041,000)	(4.4)	-	-	-	-	(74.5)	(78.9)	-	(78.9)
Balance, end of period	392,202,438	$ 857.5	$ 652.9	$ (0.9)	$ 89.7	$ 741.7	$ 2,666.1	$ 4,265.3	$ 85.5	$ 4,350.8

For the six-month period ended September 30, 2015	Share capital		Reserves							
	Common Shares	Amount	Foreign Currency Translation	Cash Flow Hedges	Stock Option Plan	Total Reserves	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Balance, beginning of year	392,225,049	$ 765.8	$ 556.7	$ (5.0)	$ 69.6	$ 621.3	$ 2,173.8	$ 3,560.9	$ 67.7	$ 3,628.6
Net earnings	-	-	-	-	-	-	285.2	285.2	(0.2)	285.0
Other comprehensive income	-	-	162.7	-	-	162.7	-	162.7	-	162.7
Total comprehensive income								447.9	(0.2)	447.7
Dividends declared	-	-	-	-	-	-	(104.0)	(104.0)	-	(104.0)
Stock option plan (Note 7)	-	-	-	-	8.7	8.7	-	8.7	-	8.7
Shares issued under stock option plan	754,565	13.8	-	-	-	-	-	13.8	-	13.8
Amount transferred from reserves to share capital upon exercise of options	-	2.6	-	-	(2.6)	(2.6)	-	-	-	-
Excess tax benefit that results from the excess of the deductible amount over the compensation cost recognized	-	-	-	-	1.6	1.6	-	1.6	-	1.6
Shares repurchased and cancelled	(800,000)	(1.6)	-	-	-	-	(22.1)	(23.7)	-	(23.7)
Balance, end of period	392,179,614	$ 780.6	$ 719.4	$ (5.0)	$ 77.3	$ 791.7	$ 2,332.9	$ 3,905.2	$ 67.5	$ 3,972.7

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
(in millions of CDN dollars)

As at	September 30, 2016 (unaudited)	March 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	**$ 331.4**	$ 164.3
Receivables	**822.2**	818.8
Inventories	**1,077.6**	1,077.1
Income taxes	**3.6**	4.7
Prepaid expenses and other assets	**82.0**	110.9
	2,316.8	2,175.8
Property, plant and equipment	**2,114.5**	2,086.0
Goodwill	**2,212.5**	2,194.1
Intangible assets	**618.2**	587.0
Other assets	**101.4**	106.5
Deferred income taxes	**24.0**	22.9
Total assets	**$ 7,387.4**	$ 7,172.3
LIABILITIES		
Current liabilities		
Bank loans (Note 5)	**$ 64.4**	$ 178.2
Accounts payable and accrued liabilities	**935.0**	896.6
Income taxes	**54.1**	37.1
Current portion of long-term debt (Note 6)	**–**	244.9
	1,053.5	1,356.8
Long-term debt (Note 6)	**1,412.5**	1,208.3
Other liabilities	**55.2**	61.8
Deferred income taxes	**515.4**	475.6
Total liabilities	**$ 3,036.6**	$ 3,102.5
EQUITY		
Share capital (Note 7)	**857.5**	821.0
Reserves	**741.7**	695.7
Retained earnings	**2,666.1**	2,485.1
Equity attributable to shareholders of Saputo Inc.	**4,265.3**	4,001.8
Non-controlling interest	**85.5**	68.0
Total equity	**$ 4,350.8**	$ 4,069.8
Total liabilities and equity	**$ 7,387.4**	$ 7,172.3

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of CDN dollars)
(unaudited)

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2016	2015	**2016**	2015
Cash flows related to the following activities:				
Operating				
Net earnings	**$ 191.8**	$ 148.6	**$ 368.5**	$ 285.0
Adjustments for:				
Stock-based compensation	**7.8**	6.5	**14.1**	11.1
Interest and other financial charges	**10.3**	19.1	**23.0**	35.8
Income tax expense	**88.3**	64.1	**167.8**	123.7
Depreciation and amortization	**50.2**	48.3	**99.5**	93.7
(Gain) loss on disposal of property, plant and equipment	**(1.8)**	0.1	**(1.7)**	(0.1)
Share of joint venture earnings	**(3.5)**	(2.1)	**(4.7)**	(2.2)
Underfunding of employee plans in excess of costs	**1.1**	1.7	**2.3**	1.5
	344.2	286.3	**668.8**	548.5
Changes in non-cash operating working capital items	**(23.6)**	(23.3)	**70.8**	(63.2)
Cash generated from operating activities	**320.6**	263.0	**739.6**	485.3
Interest and other financial charges paid	**(4.2)**	(13.9)	**(25.6)**	(34.3)
Income taxes paid	**(61.6)**	(56.4)	**(111.1)**	(123.7)
Net cash generated from operating activities	**254.8**	192.7	**602.9**	327.3
Investing				
Business acquisitions	**–**	–	**–**	(132.4)
Additions to property, plant and equipment	**(45.6)**	(48.7)	**(109.6)**	(95.3)
Additions to intangible assets	**(22.4)**	–	**(37.4)**	–
Proceeds on disposal of property, plant and equipment	**3.6**	0.1	**3.8**	1.2
Other	**8.7**	(0.9)	**8.3**	(1.1)
	(55.7)	(49.5)	**(134.9)**	(227.6)
Financing				
Bank loans	**(41.8)**	20.0	**(112.6)**	19.9
Proceeds from issuance of long-term debt	**–**	–	**300.0**	134.7
Repayment of long-term debt	**(113.7)**	(5.9)	**(339.7)**	(5.9)
Issuance of share capital	**20.6**	1.9	**33.6**	13.8
Repurchase of share capital	**(63.2)**	(23.7)	**(78.9)**	(23.7)
Dividends	**(58.8)**	(104.0)	**(111.9)**	(104.0)
	(256.9)	(111.7)	**(309.5)**	34.8
(Decrease) increase in cash and cash equivalents	**(57.8)**	31.5	**158.5**	134.5
Cash and cash equivalents, beginning of period	**381.6**	176.5	**164.3**	72.6
Effect of exchange rate changes on cash and cash equivalents	**7.6**	11.4	**8.6**	12.3
Cash and cash equivalents, end of period	**$ 331.4**	$ 219.4	**$ 331.4**	$ 219.4

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts are in millions 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, Argentina and Australia. The address of the Company's head office is 6869 Metropolitain Blvd. East, Montréal, Québec, Canada, H1P 1X8. The condensed interim consolidated financial statements (financial statements) of the Company for the period ended September 30, 2016 comprise the financial results of the Company and its subsidiaries.

The financial statements for the period ended September 30, 2016 have been authorized for issuance by the Board of Directors on November 3, 2016.

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.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied in these 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, 2016 except for the impact of the adoption of the new standards, interpretations and amendments described below.

These financial statements should be read in conjunction with the Company's audited consolidated financial statements.

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

The IASB continues to make revisions as part of its improvements project. Below is a summary of the relevant standards affected and a discussion of the amendments.

IAS 7, Statement of Cash Flows

On January 29, 2016, the IASB amended IAS 7 to require further disclosures enabling users of the financial statement to evaluate changes in liabilities arising from financing activities. To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

This amendment is effective for the annual periods beginning on or after January 1, 2017. Management is currently evaluating the impact of these disclosure requirements.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 2, Share-Based Payment

On June 20, 2016, the IASB issued an amendment to clarify how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

This amendment is effective for the annual reporting periods beginning on or after January 1, 2018. Management is currently assessing the impact of the adoption of this amendment but is not expecting it to have a significant impact on the Company's financial statements.

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. Several amendments have been made to this standard since that date including amendments made in July and August 2014 relating to the classification of financial assets and the use of a single impairment model for all financial instruments.

These amendments, along with the adoption of the standard, are effective for annual reporting periods beginning on or after January 1, 2018. Management is currently evaluating the impact of the adoption of this standard, including amendments.

IFRS 15, Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers with its goal to provide a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This new standard will supersede current revenue recognition guidance in IAS 18, Revenue, IAS 11, Construction Contracts and IFRIC 13, Customer Loyalty Programmes.

The objective of this standard is to provide a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations and recognizing revenue when performance obligations are satisfied. In certain instances, transfer of assets that are not related to the entity's ordinary activities will also be required to follow some of the recognition and measurement requirements of the new model. The standard also expands current disclosure requirements.

On April 12, 2016, the IASB amended IFRS 15 to comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation).

With regards to identifying performance obligations, the amendments clarify how to determine when promises in a contract are 'distinct' goods or services and, therefore, should be accounted for separately. The amendments to licensing guidance clarify when revenue from a license of intellectual property should be recognized 'over time' and when it should be recognized at a 'point in time. With regards to the principal versus agent assessment, the amendments clarify that the principal in an arrangement controls a good or service before it is transferred to a customer.

This standard and related amendments are effective for annual reporting periods beginning on or after January 1, 2018. Management is currently assessing the impact of the adoption of this standard.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 16, Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, Leases. The new standard will eliminate the distinction between operating and finance leases and will bring most leases on the balance sheet for lessees. For lessors, the accounting remains mostly unchanged and the distinction between operating and finance leases is retained.

This standard is effective for annual reporting periods beginning on or after January 1, 2019. Management is currently assessing the impact of the adoption of this standard.

IFRS 10, Consolidated Financial Statements & IAS 28, Investments in Associates

The IASB previously issued a narrow-scope amendment to IFRS 10, Consolidated Financial Statements and IAS 28, Investments in Associates and Joint Ventures to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 when dealing with the sale or contribution of assets between an investor and its associate or joint venture. The original amendments required a full gain or loss to be recognized where a transaction involved a business or that a partial gain or loss be recognized when a transaction involved assets that did not constitute a business.

The original effective date for this amendment was for annual reporting periods beginning on or after January 1, 2016 however, on December 21, 2015, the IASB decided to postpone this change until the completion of a broader review by the IASB which may result in the simplification of accounting for such transactions and other aspects of accounting for associates and joint ventures. Upon finalization of this standard, management will then assess the impact of the adoption.

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

The following standard was adopted by the Company on April 1, 2016:

IAS 19, Employee Benefits

IAS 19 has been amended to clarify that in determining the discount rate for post-employment benefit obligations, the currency of the liability is of importance and not the country in which it arises. Furthermore, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used.

This amendment did not impact the Company's financial statements for the three and six-month periods ended September 30, 2016.

NOTE 4 OPERATING COSTS EXCLUDING DEPRECIATION, AMORTIZATION, GAIN ON DISPOSAL OF A BUSINESS, ACQUISITION AND RESTRUCTURING COSTS

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2016	2015	**2016**	2015
Changes in inventories of finished goods and work in process	**$ (46.4)**	$ (12.7)	**$ (11.1)**	$ (132.7)
Raw materials and consumables used	**2,009.9**	1,996.2	**3,764.9**	3,930.8
Foreign exchange gain	**(0.6)**	(3.6)	**(0.3)**	(4.8)
Employee benefits expense	**309.3**	299.6	**610.3**	581.7
Selling costs	**78.2**	70.0	**147.4**	137.6
Other general and administrative costs	**154.3**	160.9	**306.7**	303.3
Total	**$ 2,504.7**	$ 2,510.4	**$ 4,817.9**	$ 4,815.9

For the three and six-month periods ended September 30, 2016, a write-down of $0.9 million and $1.9 million, respectively, was included as an expense in "Operating costs excluding depreciation, amortization, gain on disposal of a business, acquisition and restructuring costs" under the caption "Changes in inventories of finished goods and work in process" (nil and $13.1 million for the three and six-month periods ended September 30, 2015).

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		**September 30, 2016**	March 31, 2016
North America-USA	December 2019[1]	262.3	200.0	USD	**$ -**	$ -
North America-Canada	December 2019[1]	393.5	300.0	USD	**-**	-
Argentina	Yearly[2]	120.7	92.0	USD	**48.5**	50.0
Argentina	Yearly[3]	91.2	1,070.0	ARS	**1.5**	13.7
Australia	Yearly[4]	100.4	100.0	AUD	**-**	84.6
Australia	Yearly[5]	65.6	50.0	USD	**14.4**	29.9
		1,033.7			**$ 64.4**	$ 178.2

[1] Bears monthly interest at rates ranging from lender's prime rates plus a maximum of 1% or LIBOR or banker's acceptance rate plus 0.85% up to a maximum of 2% depending on the Company credit ratings.
[2] Bear monthly interest at local rate and can be drawn in USD.
[3] Bear monthly interest at local rate and can be drawn in ARS.
[4] Bear monthly interest at Australian Bank Bill Rate plus 0.85%.
[5] Bear monthly interest at LIBOR or Australian Bank Bill Rate plus 0.75% and can be drawn in AUD or USD.

NOTE 6 LONG-TERM DEBT

	September 30, 2016	March 31, 2016
Unsecured bank term loan facilities		
Obtained October 2013 and due in December 2019 ($500 million)[1]	**$ 212.5**	$ 212.5
Obtained December 2012 and due in December 2019 ($850 million)[2]	**600.0**	600.0
Obtained May 2015 and due in May 2018 (AUD$140 million)[3]	**-**	120.7
Unsecured senior notes[4]		
5.82%, issued in June 2009 and due in June 2016	**-**	220.0
2.65%, issued in November 2014 and due in November 2019 (Series 1)	**300.0**	300.0
2.20% issued in June 2016 and due in June 2021 (Series 2)	**300.0**	-
	$ 1,412.5	$ 1,453.2
Current portion	**-**	244.9
	$ 1,412.5	$ 1,208.3
Principal repayments are as follows:		
Less than 1 year	**$ -**	$ 244.9
1-2 years	**-**	24.9
2-3 years	**-**	70.9
3-4 years	**1,112.5**	1,112.5
4-5 years	**300.0**	-
More than 5 years	**-**	-
	$ 1,412.5	$ 1,453.2

[1] Bears monthly interest at rates ranging from lender's prime plus a maximum of 1%, or bankers' acceptance rates plus 0.85% up to a maximum of 2%, depending on the Company credit ratings.
[2] Bear monthly interest at rates ranging from lender's prime plus a maximum of 1% or LIBOR or bankers' acceptance rates plus 0.85% up to a maximum of 2%, depending on the Company credit ratings. Effective February 4, 2013, the Company entered into an interest rate swap to fix its rate. As at September 30, 2016, interest rate on $487.5 million of the facility was fixed at 1.58% plus applicable spread ($562.5 million as at March 31, 2016).
[3] Bears monthly interest at Australian Bank Bill rate plus 0.85%.
[4] Interest payments are semi-annual.

On June 23, 2016, the Company issued $300.0 million Series 2 medium term notes pursuant to its medium term note program with an annual interest rate of 2.20% payable in equal semi-annual instalments, maturing on June 23, 2021.

NOTE 7 SHARE CAPITAL

	September 30 ,2016	March 31, 2016
ISSUED		
392,202,438 common shares (392,520,687 common shares at March 31, 2016)	$ 857.5	$ 821.0

Share Option Plan

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

	September 30, 2016		September 30, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	16,903,824	$ 24.41	17,081,469	$ 21.09
Options granted	4,218,934	$ 41.40	3,280,395	$ 35.08
Options exercised	(1,722,751)	$ 19.47	(754,565)	$ 18.26
Options cancelled	(283,567)	$ 32.53	(296,867)	$ 27.24
Balance, end of period	19,116,440	$ 28.48	19,310,432	$ 23.48

The exercise price of the options granted in fiscal 2017 is $41.40, which corresponds to the weighted average market price for the five trading days immediately preceding the date of grant ($35.08 in fiscal 2016).

The weighted average fair value of options granted in fiscal 2017 was estimated at $6.94 per option ($6.02 in fiscal 2016), using the Black-Scholes option pricing model with the following assumptions:

	September 30, 2016	March 31, 2016
Weighted average:		
Risk-free interest rate	0.81%	0.80%
Expected life of options	5.4 years	5.3 years
Volatility	20.01%	21.19%
Dividend rate	1.34%	1.53%

A compensation expense of $5.3 million ($4.6 million net of taxes) and $10.7 million ($9.1 million net of taxes) relating to stock options was recorded in the statement of earnings for the three and six-month periods ended September 30, 2016, respectively. A compensation expense of $4.6 million ($3.9 million net of taxes) and $8.7 million ($7.4 million net of taxes) was recorded for the three and six-month periods ended September 30, 2015, respectively.

NOTE 8 EARNINGS PER SHARE

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2016	2015	**2016**	2015
Net earnings attributable to shareholders of Saputo Inc.	**$ 190.9**	$ 147.9	**$ 367.4**	$ 285.2
Weighted average number of common shares outstanding	**392,309,407**	392,924,070	**392,388,954**	392,870,779
Dilutive options	**4,753,282**	4,250,382	**5,788,031**	5,270,565
Weighted average diluted number of common shares outstanding	**397,062,689**	397,174,452	**398,176,985**	398,141,344
Basic earnings per share	**$ 0.49**	$ 0.38	**$ 0.94**	$ 0.73
Diluted earnings per share	**$ 0.48**	$ 0.37	**$ 0.92**	$ 0.72

When calculating diluted earnings per share for the three and six-month periods ended September 30, 2016, no options and 4,134,977 options, respectively, were excluded from the calculation since their exercise price is higher than the average market value of common shares (3,213,076 options were excluded for the three and six-month periods ended September 30, 2015).

NOTE 9 OTHER FINANCIAL CHARGES

	For the three-month periods ended September 30		For the six-month periods ended September 30	
	2016	2015	**2016**	2015
Finance costs	**$ 2.1**	$ 7.4	**$ 4.4**	$ 12.4
Finance income	**(0.5)**	(0.7)	**(0.8)**	(0.8)
	$ 1.6	$ 6.7	**$ 3.6**	$ 11.6

NOTE 10 FINANCIAL INSTRUMENTS

The Company has determined that the fair value of certain 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 September 30, 2016 and March 31, 2016. Since estimates are used to determine fair value, they must not be interpreted as being realizable in the event of a settlement of the instruments.

	September 30, 2016		March 31, 2016	
	Fair value	**Carrying value**	Fair value	Carrying value
Cash flow hedges				
Interest rate derivatives (Level 2)	**$ (0.8)**	**$ (0.8)**	$ (6.2)	$ (6.2)
Commodity derivatives (Level 2)	**(2.8)**	**(2.8)**	(1.6)	(1.6)
Foreign exchange derivatives (Level 2)	**5.8**	**5.8**	7.9	7.9
Derivatives not designated in a formal hedging relationship				
Commodity derivatives (Level 2)	**(0.9)**	**(0.9)**	(2.5)	(2.5)
Long-term debt (Level 3)	**$ 1,423.8**	**$ 1,412.5**	$ 1,461.5	$ 1,453.2

NOTE 11 SEGMENTED INFORMATION

The Company reports under three geographic sectors. The Canada Sector consists of the Dairy Division (Canada). The USA Sector consists of the Cheese Division (USA) and the Dairy Foods Division (USA). Finally, the International Sector consists of the Dairy Division (Argentina), the Dairy Division (Australia) and the Dairy Ingredients Division. The Dairy Ingredients Division includes national and export ingredients sales from the North American divisions, as well as cheese exports from these same divisions.

Management has aggregated the Cheese Division (USA) and the Dairy Foods Division (USA) due to similarities in long-term average returns and correlated market factors driving pricing strategies that affect the operations of both divisions. The divisions within the International Sector have been combined due to similarities in global market factors and production processes.

	For the three-month periods ended September 30		For the six-month periods ended September	
	2016	2015	**2016**	2015
Revenues				
Canada	**$ 1,029.0**	$ 958.5	**$ 2,008.1**	$ 1,876.0
USA	**1,491.6**	1,459.2	**2,840.1**	2,762.5
International	**324.7**	374.4	**628.5**	718.0
	$ 2,845.3	$ 2,792.1	**$ 5,476.7**	$ 5,356.5
Earnings before interest, income taxes depreciation, amortization, gain on disposal of a business, acquisition and restructuring costs				
Canada	**$ 119.8**	$ 99.4	**$ 232.1**	$ 197.5
USA	**196.1**	172.7	**383.6**	344.4
International	**24.7**	9.6	**43.1**	(1.3)
	$ 340.6	$ 281.7	**$ 658.8**	$ 540.6
Depreciation and amortization				
Canada	**$ 14.4**	$ 13.6	**$ 28.5**	$ 26.7
USA	**29.7**	28.7	**59.2**	55.7
International	**6.1**	6.0	**11.8**	11.3
	$ 50.2	$ 48.3	**$ 99.5**	$ 93.7
Acquisition and restructuring costs	**$ –**	$ 1.6	**$ –**	$ 2.4
Financial charges, net	**10.3**	19.1	**23.0**	35.8
Earnings before income taxes	**280.1**	212.7	**536.3**	408.7
Income taxes	**88.3**	64.1	**167.8**	123.7
Net earnings	**$ 191.8**	$ 148.6	**$ 368.5**	$ 285.0

EXHIBIT TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Calculation of Earnings Coverage Ratio

The following table sets forth the earnings coverage ratio for the 12-month period ended September 30, 2016:

Earnings coverage ratio	**18.34 times**

The earnings coverage ratio is equal to net earnings (before interest on long-term debt, other financial charges and incomes taxes) for the applicable period divided by interest on long-term debt and other financial charges for the applicable period.