News Release
For immediate release

FINANCIAL RESULTS FOR FISCAL 2018 THIRD QUARTER ENDED DECEMBER 31, 2017

Net earnings at $337.0 million, up 70.7%
Adjusted net earnings at $183.2 million, down 7.2%
Revenues at $3.022 billion, up 1.9%

(Montréal, February 1, 2018) – Saputo Inc. (TSX: SAP) (Saputo or the Company) reported today its financial results for the third quarter of fiscal 2018, which ended on December 31, 2017. All amounts in this news release are in Canadian dollars, unless otherwise indicated, and are presented according to International Financial Reporting Standards (IFRS).

- Net earnings totalled $337.0 million, an increase of $139.6 million or 70.7%.
- Adjusted net earnings[1] totalled $183.2 million, a decrease of $14.2 million or 7.2%.
- Earnings before interest, income taxes, depreciation, amortization, acquisition and restructuring costs (adjusted EBITDA[1]) amounted to $318.0 million, a decrease of $28.6 million or 8.3%.
- Revenues for the quarter amounted to $3.022 billion, an increase of approximately $56 million or 1.9%.
- Net earnings per share (basic and diluted) were $0.87 and $0.86, respectively for the quarter as compared to $0.50 and $0.49 for the corresponding quarter last fiscal year, an increase of 74.0%.and 75.5%, respectively.
- Adjusted net earnings per share[1] (basic and diluted) were $0.47, as compared to $0.50 and $0.49 for the corresponding quarter last fiscal year, a decrease of 6.0% and 4.1%, respectively.

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

(unaudited)	**For the three-month periods ended December 31**		**For the nine-month periods ended December 31**	
	2017	2016	**2017**	2016
Revenues	**3,021.8**	2,966.1	**8,798.1**	8,442.8
Adjusted EBITDA[1]	**318.0**	346.6	**1,003.0**	1,005.4
Net earnings	**337.0**	197.4	**722.5**	565.9
Adjusted net earnings[1]	**183.2**	197.4	**568.9**	565.9
Net earnings per share				
Basic	**0.87**	0.50	**1.87**	1.44
Diluted	**0.86**	0.49	**1.85**	1.42
Adjusted net earnings per share[1]				
Basic	**0.47**	0.50	**1.47**	1.44
Diluted	**0.47**	0.49	**1.45**	1.42

- On December 22, 2017, the United States (US) enacted the ''Tax Cuts and Jobs Act'' which has been commonly referred to as the US tax reform. This reform resulted in the Company recording an income tax benefit of $178.9 million to adjust for future tax balances and current fiscal year provisions.
- In the Canada Sector, revenues remained relatively stable. Adjusted EBITDA increased due to operational efficiencies through raw material optimization.
- In the USA Sector, a higher average butter market[3] price combined with a lower average block market[2] per pound of cheese and higher sales volumes increased revenues. Unfavourable market factors[4] of approximately $19 million negatively impacted adjusted EBITDA, as compared to the same quarter last fiscal year.
- In the International Sector, revenues and adjusted EBITDA increased due to higher selling prices and higher sales volumes in both the domestic and export markets.
- The fluctuation of the Canadian dollar versus foreign currencies had a negative impact on revenues and adjusted EBITDA of approximately $100 million and $14 million, respectively, as compared to the same quarter last fiscal year.

[1] Adjusted EBITDA, adjusted net earnings and adjusted net earnings per share (basic and diluted) are non-IFRS measures. Refer to "Measurement of Results not in Accordance with International Financial Reporting Standards" included in the Management's Discussion and Analysis for the third quarter of fiscal 2018 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.
[3] "Average butter market" is the average daily price for Grade AA Butter traded on the CME, used as the base price for butter.
[4] Market factors refer to the USA Sector and 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 products.

- The acquisitions of the extended shelf-life dairy product activities of Southeast Milk, Inc. (SMI Acquisition) and Betin, Inc., doing business as Montchevre (Montchevre Acquisition), were completed on September 29, 2017 and December 12, 2017, respectively.
- On October 26, 2017, the Company announced that it had entered into an agreement to acquire the business of Murray Goulburn Co-Operative Co. Limited (Murray Goulburn or MG), based in Australia (Murray Goulburn Acquisition). The purchase price for the transaction is $1.29 billion (AU$1.31 billion) on a debt-free basis and the transaction is expected to close in the first half of calendar year 2018.
- The Board of Directors approved a dividend of $0.16 per share payable on March 16, 2018 to common shareholders of record on March 6, 2018.

Additional Information

For more information on the third quarter results of fiscal 2018, reference is made to the condensed interim consolidated financial statements, the notes thereto and to the Management's Discussion and Analysis for the third quarter of fiscal 2018. These documents can be obtained on SEDAR at www.sedar.com and in the "Investors" section of the Company's website, at www.saputo.com.

Conference Call

A conference call to discuss the fiscal 2018 third quarter results will be held on Thursday, February 1st, 2018 at 2:30 p.m. Eastern Standard Time. To participate in the conference call, dial 1-800-747-0365. To ensure your participation, please dial in approximately five minutes before the call.

To listen to this call on the Web, please enter http://www.gowebcasting.com/9116 in your Web browser.

For those unable to participate, a replay of the conference will be available until 11:59 p.m., Thursday, February 8, 2018. To access the replay, dial 1-800-558-5253, ID number 21880686. A webcast will also be archived on www.saputo.com, in the "Investors" section, under "Newsroom".

About Saputo

Saputo produces, markets, and distributes a wide array of dairy products of the utmost quality, including cheese, fluid milk, extended shelf-life milk and cream products, cultured products and dairy ingredients. Saputo is one of the top ten dairy processors in the world, the largest cheese manufacturer and the leading fluid milk and cream processor in Canada, one of the top three dairy processors in Argentina, and among the top four in Australia. In the US, Saputo ranks among the top three cheese producers and is one of the largest producers of extended shelf-life and cultured dairy products. Our products are sold in several countries under well-known brand names such as *Saputo, Alexis de Portneuf, Armstrong, COON, Cracker Barrel*, Dairyland, DairyStar, Friendship Dairies, Frigo Cheese Heads, La Paulina, Milk2Go/Lait's Go, Neilson, Nutrilait, Scotsburn*, Stella, Sungold, Treasure Cave* and *Woolwich Dairy*. Saputo Inc. is a publicly traded company and its shares are listed on the Toronto Stock Exchange under the symbol "SAP".

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements within the meaning of applicable 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 2017 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.

To the extent any forward-looking statement in this document constitutes financial outlook, within the meaning of applicable securities laws, such information is intended to provide shareholders with information regarding the Company, including its assessment of future financial plans, and may not be appropriate for other purposes. Financial outlook, as with forward-looking information generally, is based on current estimates, expectations and assumptions and is subject to inherent risks and uncertainties and other factors.

Except as required under applicable securities legislation, Saputo does not undertake to update or revise these forward-looking statements, whether written or verbal, that may be made from time to time by itself or on its behalf, whether as a result of new information, future events or otherwise.

OPERATING RESULTS

Consolidated revenues for the quarter ended December 31, 2017 totalled $3.022 billion, an increase of approximately $56 million or 1.9%, as compared to $2.966 billion for the corresponding quarter last fiscal year. Higher sales volumes, as well as the inclusion of revenues from the SMI Acquisition for the full quarter and the Montchevre Acquisition for two weeks increased revenues, as compared to the same quarter last fiscal year. A higher average butter market[2] price per pound, partially offset by a lower average block market[1] per pound of cheese, increased revenues by approximately $30 million, as compared to the same quarter last fiscal year. Also, higher international selling prices of cheese and dairy ingredients, as well as higher selling prices related to the increase of the cost of milk as raw material in the Canada Sector and the International Sector positively impacted revenues. Finally, the fluctuation of the Canadian dollar versus foreign currencies decreased revenues by approximately $100 million.

For the nine-month period ended December 31, 2017, revenues totalled $8.798 billion, an increase of approximately $355 million or 4.2% in comparison to $8.443 billion for the same period last fiscal year. The fluctuation of the average butter market price per pound and the average block market per pound of cheese, increased revenues by approximately $126 million. Higher sales volumes, higher international selling prices of cheese and dairy ingredients, as well as the inclusion of revenues from the SMI Acquisition for the full quarter and the Montchevre Acquisition for two weeks positively impacted revenues. Additionally, higher selling prices related to the increase of the cost of milk as raw material in the Canada Sector and the International Sector increased revenues, as compared to the corresponding period last fiscal year. Moreover, the fluctuation of the Canadian dollar versus foreign currencies decreased revenues by approximately $118 million.

[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.

Consolidated adjusted EBITDA for the third quarter of fiscal 2018 totalled $318.0 million, a decrease of $28.6 million or 8.3% in comparison to $346.6 million for the same quarter last fiscal year. The decrease is due to market factors in the US negatively affecting adjusted EBITDA by approximately $19 million. Additionally, higher administrative expenses, mainly due to the Enterprise Resource Planning (ERP) initiative and higher warehousing and logistical costs related to additional external storage expenses decreased adjusted EBITDA. This decrease was partially offset by operational efficiencies through raw material optimization, as well as higher selling prices of cheese and dairy ingredients, higher sales volumes and a favourable product mix. The inclusion of the SMI Acquisition for the full quarter and the Montchevre Acquisition for two weeks had a minimal impact on adjusted EBITDA. Finally, the fluctuation of the Canadian dollar versus foreign currencies had an unfavourable impact on adjusted EBITDA of approximately $14 million, as compared to the same quarter last fiscal year.

For the nine-month period ended December 31, 2017, consolidated adjusted EBITDA totalled $1.003 billion, a decrease of approximately $2 million or 0.2%, as compared to $1.005 billion for the corresponding period last fiscal year. Higher international selling prices of cheese and dairy ingredients positively affected adjusted EBITDA. Additionally, adjusted EBITDA increased due to operational efficiencies through raw material optimization, as well as higher sales volumes and a favourable product mix. The increase was partially offset by unfavourable market factors in the US decreasing adjusted EBITDA by approximately $22 million, as well as higher administrative expenses, mainly due to the ERP initiative and higher warehousing and logistical costs related to additional external storage expenses. Finally, the fluctuation of the Canadian dollar versus foreign currencies had an unfavourable impact on adjusted EBITDA of approximately $13 million, as compared to the same period last fiscal year.

OTHER CONSOLIDATED RESULT ITEMS

Depreciation and amortization for the third quarter of fiscal 2018 totalled $56.1 million, an increase of $5.2 million, in comparison to $50.9 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2017, depreciation and amortization expenses amounted to $161.6 million, an increase of $11.2 million, as compared to $150.4 million for the corresponding period last fiscal year. These increases are mainly attributed to additions to property, plant and equipment, increasing the depreciable base, as well as the additional depreciation and amortization expense from the SMI Acquisition and the Montchevre Acquisition.

In the third quarter of fiscal 2018, the Company incurred acquisition and restructuring costs of $39.1 million ($25.1 million after tax). Acquisition costs are related to the SMI Acquisition, the Montchevre Acquisition and the previously announced Murray Goulburn Acquisition. In connection with the restructuring costs relating to a plant closure in Fond du Lac, Wisconsin, the Company incurred $23.7 million in severance and closure costs and $10.6 million in impairment charges to property, plant and equipment.

Net interest expense for the three and nine-month periods ended December 31, 2017 increased by $2.8 million and $2.2 million, respectively, in comparison to the same periods last fiscal year. These increases are mainly attributed to higher bank loans denominated in Argentine peso which bear higher interest rates.

Income taxes for the third quarter of fiscal 2018 represent an income tax benefit of $126.8 million compared to an income tax expense of $88.5 million for the same quarter last fiscal year. During the third quarter, the Company recorded an income tax benefit of $178.9 million to adjust for futures tax balances of $169.2 million and current fiscal year provisions of $9.7 million, due to the reduction of the US federal tax rate. Excluding the benefit of the US federal tax rate reduction, income tax expense for the third quarter of fiscal 2018 would have totalled $52.1 million, reflecting an effective tax rate of 24.8% compared to 31.0% for the same quarter last fiscal year. This reduction is due to an income tax recovery of $8.3 million following a positive settlement in a tax file. Income tax expense for the nine-month period ended December 31, 2017 totalled $44.5 million compared to $256.3 million for the same quarter last fiscal year. Excluding the benefit of the US federal tax rate reduction, income tax expense for the nine-month period ended December 31, 2017 would have totalled $223.4 million, reflecting an income tax rate of 29.1% in comparison to 31.2% for the same period last fiscal year. This reduction is due to an income tax recovery of $8.3 million following a positive settlement in a tax file. 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 for the third quarter of fiscal 2018 totalled $337.0 million, an increase of $139.6 million or 70.7% in comparison to $197.4 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2017, net earnings totalled $722.5 million, an increase of $156.6 million or 27.7% as compared to $565.9 million for the same period last fiscal year. These increases are due to the above-mentioned factors.

Adjusted net earnings[1] totalled $183.2 million for the quarter ended December 31, 2017, compared to $197.4 million for the same quarter last fiscal year. This decrease is due to the above-mentioned factors. For the nine-month period ended December 31, 2017 adjusted net earnings, totalled $568.9 million, as compared to $565.9 million for the same period last fiscal year. This increase is due to the above-mentioned factors.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	**2018**			2017				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	**3,021.8**	2,884.2	2,892.1	2,719.8	2,966.1	2,845.3	2,631.4	2,734.0
Adjusted EBITDA[1]	**318.0**	329.8	355.2	284.1	346.6	340.6	318.2	313.1
Net earnings	**337.0**	185.2	200.3	165.2	197.4	191.8	176.7	141.2
Acquisition and restructuring costs[2]	**25.1**	0.2	–	–	–	–	–	23.6
US Tax Reform	**(178.9)**	–	–	–	–	–	–	–
Adjusted net earnings[1]	**183.2**	185.4	200.3	165.2	197.4	191.8	176.7	164.8
Net earnings per share								
Basic	**0.87**	0.48	0.52	0.42	0.50	0.49	0.45	0.36
Diluted	**0.86**	0.47	0.51	0.42	0.49	0.48	0.44	0.36
Adjusted net earnings per share[1]								
Basic	**0.47**	0.48	0.52	0.42	0.50	0.49	0.45	0.42
Diluted	**0.47**	0.47	0.51	0.42	0.49	0.48	0.44	0.41

1 Adjusted EBITDA, adjusted net earnings and adjusted net earnings per share (basic and diluted) are non-IFRS measures. Refer to “Measurement of Results not in Accordance with International Financial Reporting Standards” included in the Management’s Discussion and Analysis for the third quarter of fiscal 2018 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	**2018**			2017			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Market factors[1, 2]	**(19)**	(6)	3	(10)	(3)	20	(11)
Inventory write-down	**(2)**	(3)	(1)	(2)	-	(1)	(1)
Foreign currency exchange[1, 3]	**(14)**	(8)	9	(4)	3	3	11

1 As compared to the same quarter of the last fiscal year.
2 Market factors refer to the USA Sector and 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 products.
3 Foreign currency exchange includes effect on adjusted EBITDA of conversion of US dollars, Australian dollars and Argentine pesos to Canadian dollars.

1 Adjusted net earnings is a non-IFRS measure. Refer to “Measurement of Results not in Accordance with International Financial Reporting Standards” included in the Management`s Discussion and Analysis for the third quarter of fiscal 2018 for the definition of this term.

INFORMATION BY SECTOR

As of April 1, 2017, the Canada Sector includes national and export revenues of ingredients manufactured in Canada. The USA Sector includes national ingredient revenues, and export ingredient and cheese revenues of products manufactured in the USA. Prior to April 1, 2017, these figures were presented in the Dairy Ingredients Division as part of the International Sector. Accordingly, certain prior year's figures have been reclassified to conform to the current presentation.

Canada Sector

(in millions of CDN dollars)

Fiscal years	**2018**			2017			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**1,057.2**	1,032.6	999.2	959.8	1,059.0	1,044.3	997.1
Adjusted EBITDA	**127.9**	122.9	117.0	104.1	116.9	119.8	112.3

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

USA Sector

(in millions of CDN dollars)

Fiscal years	**2018**			2017			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**1,591.3**	1,528.1	1,578.3	1,486.5	1,593.8	1,532.0	1,391.0
Adjusted EBITDA	**153.9**	170.7	196.5	150.5	200.1	196.1	187.5

Selected factors positively (negatively) affecting adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	**2018**			2017			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Market factors[1, 2]	**(19)**	(6)	3	(10)	(3)	20	(11)
US currency exchange[1]	**(9)**	(7)	8	(7)	-	-	8

1 As compared to same quarter of previous fiscal year.
2 Market factors refer to the USA Sector and 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 products.

Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	**2018**			2017			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Average block market per pound of cheese	**1.627**	1.660	1.575	1.580	1.738	1.689	1.412
Closing block price per pound of cheese[1]	**1.540**	1.735	1.525	1.520	1.660	1.533	1.660
Average butter market price per pound	**2.254**	2.568	2.312	2.177	1.997	2.149	2.125
Closing butter market price per pound[2]	**2.208**	2.315	2.643	2.108	2.268	1.898	2.350
Average whey market price per pound[3]	**0.310**	0.403	0.465	0.482	0.380	0.299	0.241
Spread[4]	**0.072**	0.066	0.039	0.011	0.112	0.119	0.125
US average exchange rate to Canadian dollar[5]	**1.270**	1.256	1.344	1.324	1.334	1.305	1.288

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 Bloomberg published information.

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

International Sector

(in millions of CDN dollars)

Fiscal years	2018			2017			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**373.3**	323.5	314.6	273.5	313.3	269.0	243.3
Adjusted EBITDA	**36.2**	36.2	41.7	29.5	29.6	24.7	18.4

Selected factors positively (negatively) affecting adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	2018			2017			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Inventory write-down	**(2)**	(3)	(1)	(2)	-	(1)	(1)
Foreign currency exchange[1]	**(4)**	(1)	1	(1)	4	1	3

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

The International Sector consists of the Dairy Division (Argentina) and the Dairy Division (Australia).

OUTLOOK

The Company benefits from a strong balance sheet and capital structure, supplemented by a high level of cash generated by operations, and low debt levels, allowing it to continue to benefit from its global complementary platforms to face ongoing challenges in the dairy market environment. This financial flexibility allows the Company to grow through targeted acquisitions and organically through strategic capital investments. The Company has a long-standing commitment to manufacture quality products and will remain focused on operational efficiencies. Profitability enhancement and shareholder value creation remain the cornerstones of the Company's objectives.

The implementation of the ERP system is progressing as planned. Since the beginning of the second quarter, all activities in the International Sector are operating within the new ERP system. The implementation began in the Dairy Foods Division (USA) during the third quarter of fiscal 2018 and completion is expected over the next quarters. In the Cheese Division (USA), the ERP initiative has kicked-off, and the implementation is scheduled for fiscal 2019. The Dairy Division (Canada) is scheduled to implement the ERP system in fiscal 2020.

In Canada, we will continue to focus on reviewing overall activities to improve operational efficiency, in order to mitigate downward margin pressures, low growth and competitive market conditions. The Dairy Division (Canada) will undertake capital projects aimed at increasing efficiencies and capacity to maintain its leadership position. The Division also intends to capture market opportunities from the redesign of the *Saputo* brand and reaffirming its engagement to consumers from coast-to-coast as their preferred and trusted cheese brand through various promotions, advertising and innovative packaging.

In the Cheese Division (USA), the Company is focusing on increasing operational efficiencies and controlling costs in order to mitigate the negative impact on adjusted EBITDA of the dairy commodity markets. During the upcoming quarters, the Division will benefit from the production of blue cheese in its newly constructed facility in Almena, Wisconsin. This capital expenditure project will allow the Division to strengthen its position within the blue cheese category. Also, the Cheese Division (USA) will pursue growth of cheese export sales volumes to the extent US milk pricing is competitive with world prices.

The Division will proceed with the integration of the Montchevre Acquisition. The acquisition will enable the Cheese Division (USA) to broaden its presence in specialty cheese in the United States.

The Division announced the closure of its cheese manufacturing facility in Fond du Lac, Wisconsin which is scheduled for May 2018. This decision was made in an effort to pursue additional efficiencies and decrease costs while strengthening its market presence as part of the Company's continual analysis of its overall activities. The current production will be integrated into the Company's facility in Almena, Wisconsin.

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, meet customer demand and bring new products to market. The Division has integrated the SMI Acquisition and will focus on maximizing network infrastructure and distribution. The Division will keep investing to support production capabilities and strengthen its competitive cost position. More specifically, the Dairy Foods Division (USA) will focus on targeted capital expenditures aimed at increasing production capacity.

The International Sector will continue to pursue sales volumes growth in existing markets, as well as develop additional international markets. Since the completion of the cheese expansion project earlier in this fiscal year, the Dairy Division (Australia) has positioned itself with increased capacity to further pursue its growth. The Sector will continue to evaluate overall activities to improve efficiencies and aim to maximize its operational flexibility to mitigate volatility in market conditions. As volatility in dairy markets remains, we expect a weakening in the international cheese and dairy ingredient prices for the first half of calendar year 2018. As such, we will continue to focus on controlling costs and increasing operational efficiencies in order to mitigate their impact on adjusted EBITDA.

On October 26, 2017, the Company announced that it had entered into an agreement to acquire the business of Murray Goulburn, based in Australia. The Company will continue to work towards the completion of this acquisition and the transaction is expected to close in the first half of calendar year 2018. With the Murray Goulburn Acquisition, the Company would add to and complement the activities of Saputo's Dairy Division (Australia). By acquiring a well-established industry player, the Company reinforces its commitment to strengthen its presence in the Australian market. MG produces a full range of high-quality dairy foods, including drinking milk, milk powder, cheese, butter and dairy beverages, as well as a range of ingredient and nutritional products, such as infant formula. MG supplies the retail and foodservice industries globally with its flagship *Devondale, Liddells* and *Murray Goulburn Ingredients* brands. Saputo intends to continue to invest in its Australian platform and contribute to the ongoing development of its domestic and international business.

On December 22, 2017, the United States (US) enacted the ‘‘Tax Cuts and Jobs Act’’, commonly referred to as the US tax reform, which includes a US Federal tax rate reduction. If this new US Federal tax rate had been in effect for the nine-month period ended December 31, 2017, on an annualized basis, the impact would have represented an income tax expense reduction of approximately US$38 million.

The goal remains to continue to improve overall efficiencies in all sectors and pursue growth organically and through acquisitions.