News Release
For immediate release

Saputo

FINANCIAL RESULTS FOR FISCAL 2019
FIRST QUARTER ENDED JUNE 30, 2018

Revenues at $3.268 billion, up 13.0%
Net earnings at $126.0 million, down 37.1%
Adjusted net earnings at $160.3 million, down 20.0%

(Montréal, August 7, 2018) – Saputo Inc. (TSX: SAP) (Saputo or the Company) reported today its financial results for the first quarter of fiscal 2019, which ended on June 30, 2018. All amounts in this news release are in Canadian dollars, unless otherwise indicated, and are presented according to International Financial Reporting Standards (IFRS).

- Revenues for the quarter amounted to $3.268 billion, an increase of approximately $376 million or 13.0%.
- Earnings before interest, income taxes, depreciation, amortization, acquisition and restructuring costs (adjusted EBITDA*) amounted to $307.5 million, a decrease of $47.7 million or 13.4%.
- Net earnings totalled $126.0 million, a decrease of $74.3 million or 37.1%.
- Adjusted net earnings* totalled $160.3 million, a decrease of $40.0 million or 20.0%.
- Net earnings per share (basic and diluted) were $0.32 for the quarter, as compared to $0.52 and $0.51 for the corresponding quarter last fiscal year, a decrease of 38.5% and 37.3%, respectively.
- Adjusted net earnings per share* (basic and diluted) were $0.41 for the quarter, as compared to $0.52 and $0.51 for the corresponding quarter last fiscal year, a decrease of 21.2% and 19.6%, respectively.

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

(unaudited)	**For the three-month periods ended June 30**	
	2018	2017
Revenues	**3,267.8**	2,892.1
Adjusted EBITDA*	**307.5**	355.2
Net earnings	**126.0**	200.3
Adjusted net earnings*	**160.3**	200.3
Net earnings per share		
Basic	**0.32**	0.52
Diluted	**0.32**	0.51
Adjusted net earnings per share*		
Basic	**0.41**	0.52
Diluted	**0.41**	0.51

- Revenues increased due to higher sales volumes resulting mainly from completed acquisitions.
- Lower international and USA dairy ingredient market prices, negatively impacted adjusted EBITDA by approximately $33 million, as compared to the same quarter last fiscal year.
- The relation between the average block market** per pound of cheese and the cost of milk as raw material had a favourable impact on adjusted EBITDA and was offset by higher warehousing and logistical expenses, as well as higher Enterprise Resource Planning (ERP) expenses, that negatively impacted adjusted EBITDA by approximately $29 million, as compared to the same quarter last fiscal year.
- The fluctuation of the Canadian dollar versus foreign currencies had a negative impact on revenues and adjusted EBITDA of approximately $125 million and $13 million, respectively, as compared to the same quarter last fiscal year.
- On May 1, 2018, the Company completed the acquisition of the activities of Murray Goulburn Co-Operative Co. Limited (Murray Goulburn or MG), based in Australia (Murray Goulburn Acquisition), which contributed for two months in this quarter.
- Acquisition costs negatively impacted net earnings by approximately $34 million, which include stamp duty taxes in connection with the Murray Goulburn Acquisition.
- On June 19, 2018, the Company completed the acquisition of the activities of Shepherd Gourmet Dairy (Ontario) Inc. (Shepherd Gourmet Acquisition).

* Non-IFRS measures described in the ''Glossary'' section on page 19 of the Management's Discussion and Analysis for the first quarter of fiscal 2019.
** Refer to the ''Glossary'' section on page 19 of the Management's Discussion and Analysis for the first quarter of fiscal 2019.

- The Board of Directors reviewed the dividend policy and increased the quarterly dividend from $0.16 per share to $0.165 per share, representing a 3.1% increase. The quarterly dividend will be payable on September 14, 2018 to common shareholders of record on September 4, 2018.
- A portion of the dividend payable on September 14, 2018, estimated to be $0.0132 per common share, will not qualify for the enhanced dividend tax credit in Canada and accordingly, will not be designated as an eligible dividend. The remaining portion of the dividend, currently estimated to be $0.1518 per common share, will be designated as an eligible dividend for Canadian federal and provincial income tax purposes.

Additional Information

For more information on the first quarter results of fiscal 2019, reference is made to the condensed interim consolidated financial statements, the notes thereto and to the Management's Discussion and Analysis for the first quarter of fiscal 2019. 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 2019 first quarter results will be held on Tuesday, August 7, 2018 at 1:00 p.m., Eastern Daylight Time. To participate in the conference call, dial 1-888-223-4508. 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/9344 in your Web browser.

For those unable to participate, a replay of the conference will be available until 11:59 p.m., Tuesday, August 14, 2018. To access the replay, dial 1-800-558-5253, ID number 21892903. 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, the top dairy processor in Australia and the second largest in Argentina. In the USA, 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, Devondale, Friendship Dairies, Frigo Cheese Heads, La Paulina, Milk2Go/Lait's Go, Montchevre, Murray Goulburn Ingredients, 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".

*Trademark used under licence.

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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 2018 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.

CONSOLIDATED RESULTS

Consolidated revenues for the three-month period ended June 30, 2018 totalled $3.268 billion, an increase of approximately $376 million or 13.0%, as compared to $2.892 billion for the corresponding quarter last fiscal year. Higher sales volumes due to the inclusion of the Murray Goulburn Acquisition for two months, Betin, Inc., doing business as Montchevre (Montchevre Acquisition) and the extended shelf-life dairy product activities of Southeast Milk, Inc. (SMI Acquisition) for the full quarter, as well as the Shepherd Gourmet Acquisition for approximately two weeks, increased revenues, as compared to the same quarter last fiscal year. A higher average block market per pound of cheese and a higher average butter market* price per pound increased revenues by approximately $34 million. This increase was partially offset by lower international and USA dairy ingredient market prices, as compared to the same quarter last fiscal year. Finally, the fluctuation of the Canadian dollar versus foreign currencies decreased revenues by approximately $125 million.

Consolidated adjusted EBITDA for the three-month period ended June 30, 2018 totalled $307.5 million, a decrease of $47.7 million or 13.4% in comparison to $355.2 million for the same quarter last fiscal year. Lower international and USA dairy ingredient market prices negatively impacted adjusted EBITDA by approximately $33 million, as compared to the same quarter last fiscal year. Furthermore, higher warehousing and logistical costs related to additional handling and external storage expenses and higher transportation costs of approximately $24 million, as well as higher administrative expenses mainly due to the ERP initiative of approximately $5 million, decreased adjusted EBITDA. These decreases were partially offset by the favourable impact of additional sales volumes derived from recent acquisitions. Lastly, 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 quarter last fiscal year.

Depreciation and amortization for the three-month period ended June 30, 2018 totalled $74.2 million, an increase of $20.5 million, in comparison to $53.7 million for the same quarter last fiscal year. The increase is mainly attributed to additions to property, plant and equipment, increasing the depreciable base, as well as additional depreciation and amortization expenses related to the Montchevre Acquisition and the Murray Goulburn Acquisition, as well as trademarks for which amortization started in fiscal 2019.

Acquisition costs amounted to $48.9 million for the three-month period ended June 30, 2018. Acquisition costs are related to the Murray Goulburn Acquisition, including $38.6 million in stamp duty taxes, as well as to the Shepherd Gourmet Acquisition.

Net interest expense for the three-month period ended June 30, 2018 increased by $9.4 million in comparison to the same period last fiscal year. The increase is mainly attributed to the new credit agreement drawn in full on May 1, 2018 of $1.284 billion in connection with the Murray Goulburn Acquisition.

Income taxes for the three-month period ended June 30, 2018 totalled $39.1 million, reflecting an effective tax rate of 23.7% compared to 31.3% for the same quarter last fiscal year. This decrease is mainly due to the reduction of the federal US tax rate further to the US tax reform*. The income tax rate varies and could increase or decrease based on the amount and sources 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.

Net earnings for the three-month period ended June 30, 2018 totalled $126.0 million, a decrease of $74.3 million or 37.1% in comparison to $200.3 million for the same quarter last fiscal year. This decrease is due to the above-mentioned factors.

Adjusted net earnings totalled $160.3 million for the three-month period ended June 30, 2018, compared to $200.3 million for the same quarter last fiscal year. This decrease is due to the above-mentioned factors.

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* Refer to the ''Glossary'' section on page 19 of the Management's Discussion and Analysis for the first quarter of fiscal 2019.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	2019	2018				2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	**3,267.8**	2,744.4	3,021.8	2,884.2	2,892.1	2,719.8	2,966.1	2,845.3
Adjusted EBITDA*	**307.5**	261.7	318.0	329.8	355.2	284.1	346.6	340.6
Net earnings	**126.0**	130.0	337.0	185.2	200.3	165.2	197.4	191.8
Acquisition and restructuring costs[1]	**34.3**	5.3	25.1	0.2	-	-	-	-
US Tax Reform**	**-**	-	(178.9)	-	-	-	-	-
Adjusted net earnings*	**160.3**	135.3	183.2	185.4	200.3	165.2	197.4	191.8
Net earnings per share								
Basic	**0.32**	0.34	0.87	0.48	0.52	0.42	0.50	0.49
Diluted	**0.32**	0.33	0.86	0.47	0.51	0.42	0.49	0.48
Adjusted net earnings per share*								
Basic	**0.41**	0.35	0.47	0.48	0.52	0.42	0.50	0.49
Diluted	**0.41**	0.35	0.47	0.47	0.51	0.42	0.49	0.48

* Non-IFRS measures described in the "Glossary" section on page 19 of the Management's Discussion and Analysis for the first quarter of fiscal 2019.
** Refer to the "Glossary" section on page 19 of the Management's Discussion and Analysis for the first quarter of fiscal 2019.
1 Net of income taxes.

Consolidated selected factors positively (negatively) affecting adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	2019	2018			
	Q1	Q4	Q3	Q2	Q1
Market factors*,[1]	**2**	(3)	(19)	(6)	3
Inventory write-down	**-**	(11)	(2)	(3)	(1)
Foreign currency exchange[1, 2]	**(13)**	(5)	(14)	(8)	9

* Refer to the "Glossary" section on page 19 of the Management's Discussion and Analysis for the first quarter of fiscal 2019.
1 As compared to the same quarter last fiscal year.
2 Foreign currency exchange includes effect on adjusted EBITDA of conversion of US dollars, Australian dollars and Argentine pesos to Canadian dollars.

INFORMATION BY SECTOR

Canada Sector

(in millions of CDN dollars)

Fiscal years	2019	2018			
	Q1	Q4	Q3	Q2	Q1
Revenues	**1,011.0**	980.9	1,057.2	1,032.6	999.2
Adjusted EBITDA*	**105.5**	108.1	127.9	122.9	117.0

* Non-IFRS measure described in the "Glossary" section on page 19 of the Management's Discussion and Analysis for the first quarter of fiscal 2019.

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

USA Sector

(in millions of CDN dollars)

Fiscal years	2019	2018			
	Q1	Q4	Q3	Q2	Q1
Revenues	**1,594.6**	1,435.1	1,591.3	1,528.1	1,578.3
Adjusted EBITDA*	**154.3**	128.3	153.9	170.7	196.5

* Non-IFRS measure described in the "Glossary" section on page 19 of the Management's Discussion and Analysis for the first quarter of fiscal 2019.

Selected factors positively (negatively) affecting adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	2019	2018			
	Q1	Q4	Q3	Q2	Q1
Market factors*, [1]	**2**	(3)	(19)	(6)	3
Inventory write-down	**-**	(7)	-	-	-
US currency exchange[1]	**(8)**	(6)	(9)	(7)	8

* Refer to the "Glossary" section on page 19 of the Management's Discussion and Analysis for the first quarter of fiscal 2019.
[1] As compared to same quarter of previous fiscal year.

Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	2019	2018			
	Q1	Q4	Q3	Q2	Q1
Block market price*					
Opening	**1.530**	1.540	1.735	1.525	1.520
Closing	**1.555**	1.530	1.540	1.735	1.525
Average	**1.603**	1.524	1.627	1.660	1.575
Butter market price*					
Opening	**2.215**	2.208	2.315	2.643	2.108
Closing	**2.268**	2.215	2.208	2.315	2.643
Average	**2.339**	2.160	2.254	2.568	2.312
Average whey powder market price per pound*	**0.279**	0.241	0.310	0.403	0.465
Spread*	**0.135**	0.148	0.072	0.066	0.039
US average exchange rate to Canadian dollar[1]	**1.290**	1.268	1.270	1.256	1.344

* Refer to the "Glossary" section on page 19 of the Management's Discussion and Analysis for the first quarter of fiscal 2019.
[1] 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	2019	2018			
	Q1	Q4	Q3	Q2	Q1
Revenues	**662.2**	328.4	373.3	323.5	314.6
Adjusted EBITDA*	**47.7**	25.3	36.2	36.2	41.7

* Non-IFRS measure described in the "Glossary" section on page 19 of the Management's Discussion and Analysis for the first quarter of fiscal 2019.

Selected factors positively (negatively) affecting adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	2019	2018			
	Q1	Q4	Q3	Q2	Q1
Inventory write-down	**-**	(4)	(2)	(3)	(1)
Foreign currency exchange[1]	**(7)**	2	(4)	(1)	1

[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 solid balance sheet and capital structure, supplemented by a high level of cash generated by operations. This financial flexibility allows the Company to continue to grow through targeted acquisitions and organically through strategic capital investments. Profitability enhancement and shareholder value creation remain the cornerstones of the Company's objectives. The Company has a long-standing commitment to manufacture quality products and will remain focused on operational efficiencies.

The Company will continue planning, designing and implementation activities for the migration to the new ERP system, which has already been successfully implemented in Argentina and Australia. In fiscal 2019, the Company expects to complete the system implementation in the Dairy Foods Division (USA). Afterwards, the Company will proceed with the implementation in the Cheese Division (USA), which is expected in fiscal 2020. Implementation in the Dairy Division (Canada) will begin in fiscal 2020.

In Canada, we will continue to focus on reviewing overall activities to improve operational efficiencies in order to mitigate pressure on margins, low growth and competitive market conditions. The Dairy Division (Canada) will undertake capital projects aimed at increasing efficiencies and maximizing its manufacturing footprint in order to maintain a leadership position. As part of the Company's capital expenditure plan, we intend to build a new facility, over the next three years, in Port-Coquitlam, British Columbia to better serve the market in Western Canada and benefit from a state-of-the-art facility to be commissioned in fiscal 2021. Consequently, the Company has entered into an agreement to sell its existing facility in Burnaby, British Columbia, which is expected to be completed in fiscal 2019, and will enter into a lease agreement for that same facility until the construction of the new facility is completed.

The Division will also proceed with the integration of the Shepherd Gourmet Acquisition. The acquisition will enable the Dairy Division (Canada) to increase its presence in specialty cheese and expand its yogurt offering in Canada.

The Cheese Division (USA) will continue to focus on increasing operational efficiencies and controlling costs in order to mitigate the negative impact of dairy commodity markets and competitive market conditions on adjusted EBITDA. During the upcoming quarters, the Division will benefit from the additional blue cheese manufacturing capabilities in its newly constructed facility in Almena, Wisconsin. This capital expenditure project allows the Division to continue to strengthen its position within the blue cheese category.

The Division will complete the integration of the Montchevre Acquisition which enables the Cheese Division (USA) to broaden its presence in specialty cheeses in the USA.

The U.S. Department of Agriculture announced that California dairy producers have voted to approve a Federal Milk Marketing Order (FMMO) for the entire State of California. The new California FMMO will be implemented on October 17, 2018, with publication of the announcement of advanced prices and pricing factors on November 1, 2018. Had the new California FMMO been in effect at the beginning of this fiscal year, the resulting negative impact on adjusted EBITDA for the quarter would have totalled approximately $7 million based on actual milk prices during the quarter. The Sector will continue to monitor dairy markets and take appropriate decisions to mitigate the impact on its operations. In order to address the negative impact of an incremental cost structure, we intend to take a disciplined approach by reviewing our strategy with respect to customer pricing.

The Dairy Foods Division (USA) continues to focus on optimization and maximizing investments 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 will keep investing to support production capabilities and strengthen its competitive cost position to mitigate the competitive market conditions. More specifically, the Dairy Foods Division (USA) will focus on targeted capital expenditures aimed at increasing production capacity.

The dairy ingredient markets continued to be depressed during the first quarter of fiscal 2019 and these market prices are anticipated to remain low in fiscal 2019, which will continue to put downward pressure on Canada and USA Sectors' margins.

The International Sector will continue to pursue sales volumes growth in existing markets, as well as develop additional international markets. The Sector will continue to evaluate overall activities to improve efficiencies and aim to maximize its operational flexibility to mitigate fluctuation in market conditions. As volatility in dairy markets remains, we do not expect a significant recovery in the international cheese and dairy ingredient prices in fiscal 2019. As such, we will continue to focus on controlling costs and increasing operational efficiencies in order to mitigate their impact on adjusted EBITDA.

On May 1, 2018, the Company completed the Murray Goulburn Acquisition, which complements the activities of its Dairy Division (Australia). By acquiring a well-established industry player, the Company has reinforced its commitment to strengthen its presence in the Australian market. As part of its integration process, the Company will focus on growing milk intake, reviewing Murray Goulburn operations and maximizing the network at its disposal. On July 17, 2018, the Company also announced that it had entered into an agreement with Bega Cheese Limited, an Australian dairy processor, to sell its Koroit plant in Victoria, Australia. The selling price of approximately $244 million (AU$250 million) is payable in cash at closing. The transaction is subject to approval by the Australian Competition and Consumer Commission and is expected to close in the second quarter of fiscal 2019. The divestiture was required pursuant to the undertaking entered into with the Australian Competition and Consumer Commission in connection with the Murray Goulburn Acquisition.

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