News Release
For immediate release

Saputo

SAPUTO REPORTS FOURTH QUARTER AND FISCAL 2019 RESULTS

(Montréal, June 6, 2019) – Saputo Inc. (TSX: SAP) (Saputo or the Company) reported today its financial results for the fourth quarter and fiscal year ended on March 31, 2019. All amounts in this news release are in Canadian dollars (CDN), unless otherwise indicated, and are presented according to International Financial Reporting Standards (IFRS).

FINANCIAL RESULTS FOR FISCAL 2019 FOURTH QUARTER ENDED MARCH 31, 2019

Revenues at $3.237 billion, up 17.9%
Net earnings at $124.2 million, down 4.5%
Adjusted net earnings at $125.8 million, down 7.0%

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

(unaudited)	**For the three-month periods ended March 31**	
	2019	2018
Revenues	**3,236.5**	2,744.4
Adjusted EBITDA*	**275.1**	261.7
Net earnings	**124.2**	130.0
Adjusted net earnings*	**125.8**	135.3
Net earnings per share	**0.32**	0.34
Diluted net earnings per share	**0.32**	0.33
Adjusted net earnings per share*	**0.32**	0.35
Diluted Adjusted net earnings per share*	**0.32**	0.35

* Non-IFRS measures described in the "Glossary" section of the Management's Discussion and Analysis on page 37 of the 2019 Annual Report.

- Revenues reached $3.237 billion, up 17.9% as compared to the same quarter last fiscal year, mainly due to the contribution of recent acquisitions.
- Earnings before interest, income taxes, depreciation, amortization, gain on disposal of assets, acquisition and restructuring costs, and gain on hyperinflation (adjusted EBITDA*) totalled $275.1 million, up $13.4 million or 5.1% as compared to the same quarter last fiscal year.
- Net earnings totalled $124.2 million, down 4.5% as compared to the same quarter last fiscal year.
- Adjusted net earnings* totalled $125.8 million, down 7.0% as compared to the same quarter last fiscal year.
- Net cash generated from operations totalled $240.6 million, down 24.3% as compared to the same quarter last fiscal year.
- The combined effects of USA Market Factors**, as well as higher international selling prices of cheese and dairy ingredients, positively impacted adjusted EBITDA by approximately $19 million, as compared to the same quarter last fiscal year.
- All recent acquisitions contributed positively to adjusted EBITDA.
- Higher warehousing and logistical expenses negatively impacted adjusted EBITDA by approximately $10 million.
- The fluctuation of the Canadian dollar versus foreign currencies had a negative impact on revenues of approximately $26 million, as compared to the same quarter last fiscal year. This fluctuation positively impacted adjusted EBITDA by approximately $2 million, as compared to the same quarter last fiscal year.

* Non-IFRS measures described in the "Glossary" section of the Management's Discussion and Analysis on page 37 of the 2019 Annual Report.
** Refer to the "Glossary" section of the Management's Discussion and Analysis on page 37 of the 2019 Annual Report.

FINANCIAL RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 2019

Revenues at $13.502 billion, up 17.0%
Net earnings at $755.3 million, down 11.4%
Adjusted net earnings at $623.6 million, down 11.4%

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

(audited)	**For the years ended March 31**	
	2019	2018
Revenues	**13,501.9**	11,542.5
Adjusted EBITDA*	**1,221.3**	1,264.7
Net earnings	**755.3**	852.5
Adjusted net earnings*	**623.6**	704.2
Net earnings per share	**1.94**	2.21
Diluted net earnings per share	**1.93**	2.18
Adjusted net earnings per share*	**1.60**	1.82
Diluted adjusted net earnings per share*	**1.59**	1.80

* Non-IFRS measures described in the "Glossary" section of the Management's Discussion and Analysis on page 37 of the 2019 Annual Report.

- Revenues reached $13.502 billion, up 17.0% as compared to last fiscal year, mainly due to the contribution of recent acquisitions.
- Adjusted EBITDA totalled $1.221 billion, down $43.4 million or 3.4% as compared to last fiscal year.
- Net earnings totalled $755.3 million, down 11.4% as compared to last fiscal year.
- Adjusted net earnings totalled $623.6 million, down 11.4% as compared to last fiscal year.
- Net cash generated from operations totalled $884.5 million, up 9.3% as compared to last fiscal year.
- The fluctuation of the average block market** per pound of cheese and the average butter market** price per pound, as well as lower international selling prices of cheese and dairy ingredients, decreased revenues by approximately $103 million.
- Higher warehousing and logistical expenses of approximately $91 million negatively impacted consolidated adjusted EBITDA.
- The combined effects of USA Market Factors and lower international selling prices of cheese and dairy ingredients negatively impacted adjusted EBITDA by approximately $33 million, as compared to last fiscal year.
- All recent acquisitions contributed positively to adjusted EBITDA.
- On October 17, 2018, the Company completed the sale of the facility in Burnaby, British Columbia and realized a gain of $194.5 million ($167.8 million after tax). The Company entered into a lease agreement for that same facility until the construction of the new facility in Port Coquitlam, British Colombia is completed.
- The fluctuation of the Canadian dollar versus foreign currencies had a negative impact on revenues of approximately $181 million, as compared to last fiscal year. This fluctuation negatively impacted adjusted EBITDA by approximately $5 million, as compared to last fiscal year.
- The Company successfully completed the acquisitions of the activities of Murray Goulburn Co-Operative Co. Limited (Murray Goulburn) (Murray Goulburn Acquisition) in Australia on May 1, 2018, the activities of Shepherd Gourmet Dairy (Ontario) Inc. (Shepherd Gourmet Acquisition) in Canada on June 19, 2018, and the activities of F&A Dairy Products, Inc. (F&A Acquisition) in the USA on November 30, 2018.

Subsequent Events to Year End:

- On April 15, 2019, the Company completed the acquisition of Dairy Crest Group plc (Dairy Crest Acquisition), based in the United Kingdom, for a total consideration of approximately $2.1 billion (£1.2 billion), which includes a purchase price of $1.7 billion (£975 million) for the entire issued ordinary share capital paid in cash, and $445 million (£256 million) of assumed debt.
- On April 26, 2019, the Company announced that it had entered into an agreement to acquire the specialty cheese business of Lion-Dairy & Drinks Pty Ltd (Specialty Cheese Business) based in Australia. The purchase price for the transaction is approximately $265 million (AU$280 million). The transaction is expected to close in the second half of calendar year 2019.
- The Board of Directors approved a dividend of $0.165 per share payable on June 27, 2019, to common shareholders of record on June 18, 2019.

Additional Information

For more information on the fourth quarter and year-end results for fiscal 2019, reference is made to the audited consolidated financial statements, the notes thereto and to the Management's Discussion and Analysis for the fiscal year ended March 31, 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 fourth quarter and year-end results for fiscal 2019 will be held on Thursday, June 6, 2019 at 2:30 p.m. Eastern Time. To participate in the conference call, dial 1-800-926-4402. 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/9968 in your Web browser.

For those unable to participate, a replay of the conference will be available until 11:59 p.m., Thursday, June 13, 2019. To access the replay, dial 1-800-558-5253, ID number 21923844. 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, a leading cheese manufacturer and 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. In the United Kingdom, Saputo is the largest manufacturer of branded cheese and a top manufacturer of dairy spreads. Our products are sold in several countries under well-known brand names such as *Saputo, Alexis de Portneuf, Armstrong, Cathedral City, Clover, COON, Cracker Barrel*, Dairyland, DairyStar, Devondale, Friendship Dairies, Frigo Cheese Heads, Joyya, La Paulina, Liddells, Milk2Go/Lait's Go, Montchevre, Murray Goulburn Ingredients, Neilson, Nutrilait, Scotsburn*, Stella, Sungold, Treasure Cave* and *Woolwich Goat 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 statements which are forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, statements with respect to the Company's objectives, outlook, business projects and strategies to achieve those objectives, statements with respect to the Company's beliefs, plans and expectations, and statements other than historical facts. Specific forward-looking statements in this news release include statements with respect to the Company's expected financial performance for fiscal 2020. 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. All statements other than statements of historical facts included in this news release may constitute 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, business strategy and intentions as of the date hereof regarding the 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. The Company's expected financial performance for fiscal 2020 is specifically based on assumptions about the successful execution of our business plan, the contribution of recent acquisitions, the capacity of the Company to generate operational efficiencies and revenues, the general economic conditions and the competitive environment within the dairy industry, the anticipated market supply and demand levels for dairy products, the cost of milk as raw material, the anticipated warehousing, logistical and transportation costs, the anticipated cost of the enterprise resource planning (ERP) program and the volatility in international selling prices of cheese and dairy ingredients. Such forward-looking statements, including the Company's expected financial performance for fiscal 2020, are intended to provide shareholders with information regarding the Company, including its assessment of future financial plans, and may not be appropriate for other purposes.

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, and the Company warns readers that these forward-looking statements are not fact or guarantees of future performance in any way. 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 Company's Management's Discussion and Analysis dated June 6, 2019, available on SEDAR under the Company's profile at www.sedar.com. The Company's expected financial performance for fiscal 2020 is subject to such risks and uncertainties, including notably risks and uncertainties related to: product liability; the availability of raw materials and related price variations along with the ability for the Company to transfer those increases, if any, to its customers in competitive market conditions; the price fluctuation of our products in the countries in which we operate, as well as in international markets, which are based on supply and demand levels for dairy products; the increased competitive environment in the dairy industry; and the failure to adequately integrate acquired businesses in a timely and efficient manner.

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. Undue importance should not be placed on forward-looking statements, and the information contained in such forward-looking statements should not be relied upon 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.

CONSOLIDATED RESULTS

Consolidated revenues for the three-month period ended March 31, 2019, totalled $3.237 billion, an increase of approximately $492 million or 17.9%, as compared to $2.745 billion for the corresponding quarter last fiscal year. Revenues increased due to the inclusion of the Murray Goulburn Acquisition, the Shepherd Gourmet Acquisition and the F&A Acquisition, as compared to the same quarter last fiscal year. Also, higher international selling prices of cheese and dairy ingredients positively impacted revenues. During the quarter, revenues were negatively impacted by lower sales volumes in Canada, mainly in the fluid milk category, due to competitive market conditions. A lower average block market per pound of cheese, partially offset by a higher average butter market price per pound, decreased revenues by approximately $4 million, as compared to the same quarter last fiscal year. Also, the fluctuation of the Canadian dollar versus foreign currencies decreased revenues by approximately $26 million.

Consolidated revenues totalled $13.502 billion in fiscal 2019, an increase of approximately $1.959 billion or 17.0% in comparison to $11.543 billion in fiscal 2018. Higher sales volumes, mainly due to recent acquisitions, increased revenues, as compared to last fiscal year. Revenues were negatively impacted by lower international selling prices of cheese and dairy ingredients. Also, a lower average block market per pound of cheese and a lower average butter market price per pound decreased revenues by approximately $53 million. Finally, the fluctuation of the Canadian dollar versus foreign currencies decreased revenues by approximately $181 million, mainly due to the devaluation of the Argentine peso.

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2019	2018	**2019**	2018
USA Market Factors*[,1]	**4**	(3)	**(20)**	(25)
Inventory write-down	**(2)**	(11)	**(3)**	(17)
Foreign currency exchange[1,2]	**2**	(5)	**(5)**	(18)

* Refer to the "Glossary" section of the Management's Discussion and Analysis on page 37 of the 2019 Annual Report.

1 As compared to same quarter of previous fiscal year for the three-month periods; as compared to the previous fiscal year for the years ended March 31.

2 Foreign currency exchange includes effect on adjusted EBITDA of conversion of US dollars, Australian dollars and Argentine pesos to Canadian dollars.

Consolidated adjusted EBITDA for the three-month period ended March 31, 2019, totalled $275.1 million, an increase of $13.4 million or 5.1% in comparison to $261.7 million for the same quarter last fiscal year. The combined effects of USA Market Factors and higher international selling prices of cheese and dairy ingredients positively impacted adjusted EBITDA by approximately $19 million, as compared to the same quarter last fiscal year. While adjusted EBITDA was negatively impacted by competitive market conditions, the contribution of recent acquisitions, as well as the fluctuation of the Argentine peso and the Australian dollar versus the US dollar in export markets, had a positive impact on adjusted EBITDA, as compared to the same quarter last fiscal year. These increases were partially offset by higher warehousing, logistical and transportation costs of approximately $10 million, negatively impacting adjusted EBITDA. As a result of the decrease in certain market selling prices, inventory was written down by approximately $2 million, as compared to approximately $11 million for the same quarter last fiscal year. The fluctuation of the Canadian dollar versus foreign currencies had a positive impact on adjusted EBITDA of approximately $2 million.

Consolidated adjusted EBITDA in fiscal 2019 totalled $1.221 billion, a decrease of approximately $44 million or 3.5%, as compared to $1.265 billion in fiscal 2018. Higher warehousing and logistical costs of approximately $91 million related to additional external storage expenses and higher transportation costs negatively impacted adjusted EBITDA. During the year, adjusted EBITDA was also negatively impacted by competitive market conditions and increased operational costs relative to the integration of operations in the recently built facility in Almena, Wisconsin. Furthermore, the combined effects of USA Market Factors and lower international selling prices of cheese and dairy ingredients decreased adjusted EBITDA by approximately $33 million, as compared to last fiscal year. These decreases were partially offset by the favourable impact of adjusted EBITDA generated from recent acquisitions, as well as the fluctuation of the Argentine peso and the Australian dollar versus the US dollar in export markets. Higher sales volumes and a favourable product mix positively impacted adjusted EBITDA. As a result of the decrease in certain market selling prices, inventory was written down by approximately $3 million, as compared to approximately $17 million for last fiscal year. Lastly, the fluctuation of the Canadian dollar versus foreign currencies had an unfavourable impact on adjusted EBITDA of approximately $5 million, as compared to last fiscal year.

The consolidated adjusted EBITDA margin decreased to 9.0% in fiscal 2019, as compared to 11.0% in fiscal 2018, reflecting lower adjusted EBITDA margins in the USA Sector and Canada Sector as compared to the prior fiscal year.

Depreciation and amortization for the three-month period ended March 31, 2019, totalled $81.1 million, an increase of $16.4 million, in comparison to $64.7 million for the same quarter last fiscal year.

In fiscal 2019, depreciation and amortization expenses amounted to $313.0 million, an increase of $86.7 million, as compared to $226.3 million for fiscal 2018.

These increases were mainly attributed to additional depreciation and amortization expenses related to recent acquisitions, additions to property, plant and equipment and intangibles related to the ERP initiative, which increased the depreciable base, and trademarks for which amortization started in fiscal 2019.

In fiscal 2019, the Company realized a **gain on disposal of assets** of $194.5 million ($167.8 million after tax) relating to the sale of its facility in Burnaby, British Columbia. The Company sold the facility for $209.0 million, of which $50.0 million will be received in fiscal 2022. As part of its capital expenditure plan, the Company is building a new state-of-the-art facility, in Port Coquitlam, British Columbia, to better serve the market in Western Canada. The Company has entered into a lease agreement for the Burnaby facility until the construction of the new facility is completed, which is expected to be in fiscal 2021.

Acquisition and restructuring costs amounted to $2.2 million for the three-month period ended March 31, 2019, and $51.4 million for fiscal 2019. A portion of the acquisition costs related to the Dairy Crest Acquisition were incurred during the quarter. Restructuring costs were related to the plant closure in Courtenay, British Columbia.

In fiscal 2019, acquisition costs were related to the Murray Goulburn Acquisition, including approximately $39 million in stamp duty taxes, as well as to the Dairy Crest Acquisition, the Shepherd Gourmet Acquisition and the F&A Acquisition. Also, restructuring costs were related to the plant closure in Courtenay, British Columbia.

In accordance with IAS29, *Financial Reporting in Hyperinflationary Economies*, Argentina was required to be considered a hyperinflationary economy, effective July 1, 2018. For the three-month period ended March 31, 2019, the **loss on hyperinflation** totalled $0.9 million. The loss is derived from the devaluation of the Argentine peso that was higher than the indexation of non-monetary assets and liabilities. In fiscal 2019, the gain on hyperinflation totalled $18.5 million. The gain was derived from the indexation of non-monetary assets and liabilities.

Net interest expense for the three-month period and fiscal year ended March 31, 2019, increased by $8.6 million and $36.4 million, respectively, in comparison to the same periods last fiscal year. These increases were mainly attributed to additional debt related to the Murray Goulburn Acquisition and higher interest rates on debt denominated in Argentine peso.

Income taxes for the three-month period ended March 31, 2019, represented an income tax expense of $45.2 million, reflecting an effective tax rate of 26.7%, as compared to 28.9% for the same quarter last fiscal year. This decrease of the effective tax rate by 2.2% was mainly due to the reduction of the US federal tax rate.

In fiscal 2019, income taxes totalled $230.3 million, compared to $97.4 million in fiscal 2018, reflecting an effective tax rate of 23.4%, compared to 10.3% last fiscal year. Excluding the USA tax reform benefit, income tax expense in fiscal 2018 would have totalled $276.3 million, reflecting an income tax rate of 29.1%. This decrease of the effective rate by 5.7% was mainly due to the reduction of the US federal tax rate and the fact that a portion of the gain realized on disposition of assets during the third quarter of fiscal 2019 was not taxable. 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 to determine income tax assets and liabilities by the Company and its affiliates.

Net earnings for the three-month period ended March 31, 2019, totalled $124.2 million, a decrease of $5.8 million or 4.5% in comparison to $130.0 million for the same quarter last fiscal year. In fiscal 2019, net earnings totalled $755.3 million, a decrease of $97.2 million or 11.4%, as compared to $852.5 million last fiscal year.

These decreases were due to the above-mentioned factors.

Adjusted net earnings for the three-month period ended March 31, 2019, totalled $125.8 million, a decrease of $9.5 million or 7.0% in comparison to $135.3 million for the same quarter last fiscal year. In fiscal 2019, adjusted net earnings totalled $623.6 million, a decrease of $80.6 million or 11.4% as compared to $704.2 million last fiscal year.

These decreases were due to the above-mentioned factors.

INFORMATION BY SECTOR

CANADA SECTOR

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2019	2018	**2019**	2018
Revenues	**924.8**	980.9	**4,043.1**	4,069.9
Adjusted EBITDA*	**90.0**	108.1	**413.7**	475.9

* Non-IFRS measure described in the ''Glossary'' section of the Management's Discussion and Analysis on page 37 of the 2019 Annual Report.

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

USA SECTOR

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2019	2018	**2019**	2018
Revenues	**1,616.6**	1,435.1	**6,507.7**	6,132.8
Adjusted EBITDA*	**134.2**	128.3	**544.7**	649.4

* Non-IFRS measure described in the ''Glossary'' section of the Management's Discussion and Analysis on page 37 of the 2019 Annual Report.

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2019	2018	**2019**	2018
USA Market Factors*,[1]	**4**	(3)	**(20)**	(25)
Inventory write-down	**-**	(7)	**-**	(7)
US currency exchange[1]	**7**	(6)	**12**	(14)

* Refer to the ''Glossary'' section of the Management's Discussion and Analysis on page 37 of the 2019 Annual Report.
[1] As compared to same quarter of previous fiscal year for the three-month periods; as compared to the previous fiscal year for the years ended March 31.

Other pertinent information

(in US dollars, except for average exchange rate)

	For the three-month periods ended March 31		For the years ended March 31	
	2019	2018	**2019**	2018
Block market price*				
Opening	**1.430**	1.540	**1.530**	1.520
Closing	**1.645**	1.530	**1.645**	1.530
Average	**1.520**	1.524	**1.545**	1.597
Butter market price*				
Opening	**2.218**	2.208	**2.215**	2.108
Closing	**2.255**	2.215	**2.255**	2.215
Average	**2.264**	2.160	**2.276**	2.324
Average whey powder market price*	**0.443**	0.241	**0.392**	0.357
Spread*	**0.054**	0.148	**0.076**	0.081
US average exchange rate to Canadian dollar[1]	**1.330**	1.268	**1.311**	1.288

* Refer to the ''Glossary'' section of the Management's Discussion and Analysis on page 37 of the 2019 Annual Report.
[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)

	For the three-month periods ended March 31		For the years ended March 31	
	2019	2018	**2019**	2018
Revenues	**695.1**	328.4	**2,951.1**	1,339.8
Adjusted EBITDA*	**50.9**	25.3	**262.9**	139.4

* Non-IFRS measure described in the "Glossary" section of the Management's Discussion and Analysis on page 37 of the 2019 Annual Report.

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

	For the three-month periods ended March 31		For the years ended March 31	
	2019	2018	**2019**	2018
Inventory write-down	**(2)**	(4)	**(3)**	(10)
US currency exchange[1]	**(3)**	2	**(15)**	(2)

[1] As compared to same quarter of previous fiscal year for the three-month periods; as compared to the previous fiscal year for the years ended March 31.

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

OUTLOOK

Saputo benefits from a solid financial position and capital structure, supplemented by a high level of cash generated by operations, which 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. Saputo has a long-standing commitment to manufacture quality products and will remain focused on operational efficiencies.

In fiscal 2020, the Company expects its business operations, excluding the positive contribution of the Dairy Crest Acquisition, to deliver slightly higher adjusted EBITDA when compared to fiscal 2019. While benefiting from the contribution of other recent acquisitions, the Company expects to continue to face headwinds primarily relating to the competitive market conditions in both Canada and the USA, the imbalance between supply and demand of dairy products in the USA, increased competition in the sourcing of raw milk in Australia, the volatile economic conditions in Argentina, continued elevated costs in warehousing, logistics and transportation, and the volatility in international selling prices of cheese and dairy ingredients.

The Company reports its business under the Canada Sector, the USA Sector and the International Sector, and intends to report the business of Dairy Crest as part of a new Europe Sector. The Canada Sector consists of the Dairy Division (Canada), the USA Sector consists of the Cheese Division (USA) and the Dairy Foods Division (USA), the International Sector consists of the Dairy Division (Australia) and the Dairy Division (Argentina), and the Europe Sector would consist of the Dairy Division (UK).

Canada Sector

While competitive market conditions are anticipated to persist in fiscal 2020, the Dairy Division (Canada) will focus on profitable sales volumes. It will continue reviewing overall activities to further improve operational efficiencies in order to mitigate low growth, competitive market conditions and consistently high warehousing, logistical and transportation costs, which will continue to pressure the Division's financial performance. The Division 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, it has commenced construction of a new state-of-the-art facility, in Port Coquitlam, British Columbia to better serve the fluid market in Western Canada.

The Division will also continue to benefit from the integration of the Shepherd Gourmet Acquisition, which enables the Company to increase its presence in specialty cheeses and yogurts in Canada.

USA Sector

We expect the imbalance between supply and demand of dairy products stemming from the current approach to tariff policies to continue in fiscal 2020, resulting in challenging domestic commodity market conditions. The USA Sector will continue to focus on increasing operational efficiencies and controlling costs in order to mitigate the impacts of dairy commodity market fluctuations, competitive market conditions and consistently high warehousing, logistical and transportation costs, which will continue to affect its financial performance.

During fiscal 2020, the Company expects improved cheese and dairy ingredient market conditions which should lead to increased selling prices of cheese and dairy ingredients. However, market volatility is expected until the end of fiscal 2020.

During the upcoming quarters, the Cheese Division (USA) will continue its intensified efforts to achieve blue cheese manufacturing efficiencies at its newly constructed Almena, Wisconsin facility. The Company remains confident that the capital expenditure project will allow the Division to continue to strengthen its position within this category. The Division will also focus on further broadening its presence in the specialty cheese category in the USA. The Division will continue to benefit from the integration of the F&A Acquisition. This acquisition adds to and complements the activities of the Division and also provides access to a new milk pool in New Mexico (USA). As part of the integration of the F&A Acquisition, and consistent with the Company's continual analysis of its overall activities, the Division closed its facility in Dresser, Wisconsin in May 2019 and the production was integrated into other Saputo facilities.

The Dairy Foods Division (USA) will continue to pursue additional efficiencies and decrease costs while strengthening its market presence. The Division will focus on its supply chain planning and warehousing and logistics activities to increase efficiencies and meet customer demand. Also, it will further optimize and invest in its existing network in order to benefit from new production capabilities.

International Sector

The International Sector will continue to pursue sales volume growth in existing markets, as well as develop additional international markets. The Sector will continue to focus on controlling costs, evaluating overall activities to improve efficiencies and aim to maximize its operational flexibility to mitigate fluctuations in market conditions and their impact on the Sector's financial performance.

The Dairy Division (Australia) is in the final stages of the integration of Murray Goulburn and now operates as one platform under a single management team. For fiscal 2020, in light of the decrease in Australian milk production, the Division expects increased competition in the sourcing of raw milk, which will continue to put pressure on margins. It will remain focused on processing more milk, reviewing operations and optimizing the network at its disposal.

On April 26, 2019, the Company announced that it had entered into an agreement to acquire the Speciality Cheese Business of Lion-Dairy & Drinks Pty Ltd, based in Australia. The Company will continue to work towards the completion of this acquisition, which would add to and complement the current activities of the Dairy Division (Australia). The transaction is subject to foreign investment approval and clearance by the Australian Competition and Consumer Commission and is expected to close in the second half of calendar year 2019. The Specialty Cheese Business produces, markets and distributes a variety of specialty cheeses under a wide portfolio of Australian brands, including South Cape, Tasmanian Heritage, Mersey Valley and King Island Dairy.

Despite a steep and sustained devaluation of the Argentine peso, the Dairy Division (Argentina) will continue to adapt to changing economic conditions, focus on innovation, and optimize its product mix and customer portfolio, both domestically and internationally.

During fiscal 2020, the Company expects an improvement in the international selling prices of cheese and dairy ingredients. However, market volatility is expected until the end of fiscal 2020.

Europe Sector

On April 15, 2019, the Company completed the Dairy Crest Acquisition, which is now operating as the new Dairy Division (UK). This transaction has enabled the Company to enter the UK market by acquiring and investing in a well-established and successful industry player with a solid asset base and an experienced management team, now led by Tom Atherton, the new President and Chief Operating Officer of the Dairy Division (UK). Mr. Atherton, who has worked for Dairy Crest since 2005, was appointed as an Executive Director and Group Finance Director in 2013 and held the position of Deputy Chief Executive since January 2018. As a result of the Dairy Crest Acquisition, in the United Kingdom, Saputo manufactures and markets cheese, butter, spreads and oils under leading British brands, such as Cathedral City, Clover, Country Life, Davidstow and Frylight, and value-added dairy ingredients. Dairy Crest's attractive platform fits with the Company's growth strategy, and for fiscal 2020, the Company intends to review Dairy Crest's operations and continue to pursue growth opportunities.

ERP Program

The Company will continue planning, designing and implementing activities for the migration to the new ERP system, which has been implemented in Argentina, at Warrnambool Cheese and Butter in Australia and in the Dairy Foods Division (USA). During fiscal 2020, the Company plans to deploy its ERP program within the recently acquired activities of Murray Goulburn, which will ensure the Dairy Division (Australia) is aligned under a single system. The Cheese Division (USA) and Dairy Division (Canada) will proceed thereafter with their ERP implementations, which are expected to be completed in fiscal 2022.

As at March 31, 2019, the Company had invested approximately $257 million and expects the cost of the implementation of its baseline ERP program to represent, in the aggregate, approximately $290 million, an increase of $40 million over the initial estimate. With recent acquisitions, namely Betin, Inc., doing business as Montchevre (Montchevre Acquisition), the Murray Goulburn Acquisition, the Shepherd Gourmet Acquisition and the F&A Acquisition, the Company has increased the scope of its ERP program and the duration by approximately two years, increasing the expected total investment to approximately $370 million. In light of the new deployment schedule and recent acquisitions, the Company's investment in its ERP program is expected to be approximately $51 million in fiscal 2020, approximately $37 million in fiscal 2021 and the remainder in fiscal 2022. The total investment and duration of the ERP program will vary in function of the Company's growth through acquisitions. However, the Dairy Division (UK) is currently not in the scope of the Saputo global ERP program as its business will continue to be run under its existing ERP system.

Trade Agreements

In November 2018, the Government of Canada announced that it would allocate, on an interim basis, a significant portion of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) dairy import licences to dairy processors in Canada. Saputo believes this development will be favourable for consumers and the dairy industry in Canada. The Company expects to continue making an effective use of the quotas it is allocated under the various trade agreements and intends to focus on importing dairy products that complement the current Canadian offering. Provided final allocations of CPTPP dairy import licences are handled in a manner similar to the initial allocation, the Company does not foresee the CPTPP having significant impacts on its operations and will seek to take advantage of export opportunities arising from Australia and Canada to other signatory countries.

The renegotiated North American Free Trade Agreement, now known as the United States-Mexico-Canada Agreement (USMCA), was announced on September 30, 2018, and is still to be ratified and implemented by each signatory country. Until the USMCA is ratified and implemented by all parties, the North American Free Trade Agreement will remain in force. The Company does not foresee significant impacts on its operations upon formal adoption of the USMCA, assuming the bulk of the import licences is allocated to dairy processors in Canada, as they were under the CPTPP.

Finally, the goal remains to continue to improve overall efficiencies in all sectors, pursue growth organically and through acquisitions, and always strive to be a stronger and better operator.

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

Fiscal years	2019				2018			
(unaudited)	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**3,236.5**	**3,577.2**	**3,420.4**	**3,267.8**	2,744.4	3,021.8	2,884.2	2,892.1
Adjusted EBITDA*	**275.1**	**321.2**	**317.5**	**307.5**	261.7	318.0	329.8	355.2
Net earnings	**124.2**	**342.0**	**163.1**	**126.0**	130.0	337.0	185.2	200.3
Gain on disposal of assets[1]	**-**	**(167.8)**	**-**	**-**	-	-	-	-
Acquisition and restructuring costs[1]	**1.6**	**0.2**	**-**	**34.3**	5.3	25.1	0.2	-
USA tax reform benefit**	**-**	**-**	**-**	**-**	-	(178.9)	-	-
Adjusted net earnings*	**125.8**	**174.4**	**163.1**	**160.3**	135.3	183.2	185.4	200.3
Net earnings per share	**0.32**	**0.88**	**0.42**	**0.32**	0.34	0.87	0.48	0.52
Diluted net earnings per share	**0.32**	**0.87**	**0.42**	**0.32**	0.33	0.86	0.47	0.51
Adjusted net earnings per share*	**0.32**	**0.45**	**0.42**	**0.41**	0.35	0.47	0.48	0.52
Diluted Adjusted net earnings per share*	**0.32**	**0.44**	**0.42**	**0.41**	0.35	0.47	0.47	0.51
Earnings coverage ratio**	**12.69**	**14.20**	**12.57**	**15.37**	20.83	23.34	26.69	28.51

* Non-IFRS measure described in the "Glossary" section of the Management's Discussion and Analysis on page 37 of the 2019 Annual Report.
** Refer to the "Glossary" section of the Management's Discussion and Analysis on page 37 of the 2019 Annual Report.
1 Net of income taxes

Selected factors positively (negatively) affecting financial performance
(in millions of CDN dollars)

Fiscal year	2019			
	Q4	**Q3**	**Q2**	**Q1**
USA Market Factors*[,1]	**4**	**(19)**	**(7)**	**2**
Inventory write-down	**(2)**	**(1)**	**-**	**-**
Foreign currency exchange[1,2]	**2**	**1**	**5**	**(13)**

* Refer to the "Glossary" section of the Management's Discussion and Analysis on page 37 of the 2019 Annual Report.
1 As compared to same quarter of previous fiscal year.
2 Foreign currency exchange includes effect on adjusted EBITDA of conversion of US dollars, Australian dollars and Argentine pesos to Canadian dollars.

CONSOLIDATED INCOME STATEMENTS

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

	For the three-month periods ended March 31 (unaudited)		For the years ended March 31 (audited)	
	2019	2018	**2019**	2018
Revenues	**$ 3,236.5**	$ 2,744.4	**$ 13,501.9**	$ 11,542.5
Operating costs excluding depreciation and amortization	**2,961.4**	2,482.7	**12,280.6**	10,277.8
Earnings before interest, income taxes, depreciation, amortization, gain on disposal of assets, acquisition and restructuring costs, and gain on hyperinflation	**275.1**	261.7	**1,221.3**	1,264.7
Depreciation and amortization	**81.1**	64.7	**313.0**	226.3
Gain on disposal of assets	**-**	-	**(194.5)**	-
Acquisition and restructuring costs	**2.2**	1.2	**51.4**	40.6
(Gain) loss on hyperinflation	**0.9**	-	**(18.5)**	-
Interest on long-term debt	**16.7**	8.3	**66.6**	33.8
Other financial charges	**4.8**	4.6	**17.7**	14.1
Earnings before income taxes	**169.4**	182.9	**985.6**	949.9
Income taxes	**45.2**	52.9	**230.3**	97.4
Net earnings	**$ 124.2**	$ 130.0	**$ 755.3**	$ 852.5
Net earnings per share				
Basic	**$ 0.32**	$ 0.34	**$ 1.94**	$ 2.21
Diluted	**$ 0.32**	$ 0.33	**$ 1.93**	$ 2.18

Note: These financial statements should be read in conjunction with the Company's audited consolidated financial statements, the notes thereto and with the Management's Discussion and Analysis for the fiscal year ended March 31, 2019, included in the Company's 2019 Annual Report. 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.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of CDN dollars)
(audited)

As at	March 31, 2019	March 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	**$ 112.7**	$ 122.2
Receivables	**1,248.2**	944.9
Inventories	**1,681.0**	1,234.5
Income taxes receivable	**34.1**	52.0
Prepaid expenses and other assets	**57.8**	68.8
	3,133.8	2,422.4
Property, plant and equipment	**3,095.4**	2,220.0
Goodwill	**2,597.6**	2,417.3
Intangible assets	**876.2**	823.1
Other assets	**131.6**	85.7
Deferred income taxes	**51.0**	34.5
Total assets	**$ 9,885.6**	$ 8,003.0
LIABILITIES		
Current liabilities		
Bank loans	**$ 130.4**	$ 193.3
Accounts payable and accrued liabilities	**1,442.2**	1,068.6
Income taxes payable	**36.5**	26.5
Current portion of long-term debt	**323.4**	4.4
	1,932.5	1,292.8
Long-term debt	**1,943.9**	1,420.9
Other liabilities	**86.4**	66.7
Deferred income taxes	**502.3**	424.9
Total liabilities	**$ 4,465.1**	$ 3,205.3
EQUITY		
Share capital	**991.7**	918.9
Reserves	**713.8**	662.4
Retained earnings	**3,715.0**	3,216.4
Total equity	**$ 5,420.5**	$ 4,797.7
Total liabilities and equity	**$ 9,885.6**	$ 8,003.0

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of CDN dollars)

	For the three-month periods ended March 31 (unaudited)		For the years ended March 31 (audited)	
	2019	2018	**2019**	2018
Cash flows related to the following activities:				
Operating				
Net earnings	**$ 124.2**	$ 130.0	**$ 755.3**	$ 852.5
Adjustments for:				
Stock-based compensation	**9.1**	9.6	**41.0**	34.3
Interest and other financial charges	**21.5**	12.9	**84.3**	47.9
Income tax expense	**45.2**	52.9	**230.3**	97.4
Depreciation and amortization	**81.1**	64.7	**313.0**	226.3
(Gain) loss on disposal of property, plant and equipment and asset held for sale	**0.4**	0.3	**(195.1)**	(0.7)
Impairment charges related to plant closure	**0.2**	-	**0.2**	10.6
Share of joint venture earnings, net of dividends received	**(2.0)**	(2.6)	**1.0**	0.9
Monetary effect on hyperinflation	**0.9**	-	**(18.5)**	-
Under (Over)funding of employee plans in excess of costs	**(1.5)**	0.5	**0.3**	1.8
	279.1	268.3	**1,211.8**	1,271.0
Changes in non-cash operating working capital items	**5.5**	89.8	**(99.2)**	(115.2)
Cash generated from operating activities	**284.6**	358.1	**1,112.6**	1,155.8
Interest and other financial charges paid	**(16.2)**	(7.4)	**(83.1)**	(47.4)
Income taxes paid	**(27.8)**	(32.8)	**(145.0)**	(299.3)
Net cash generated from operating activities	**240.6**	317.9	**884.5**	809.1
Investing				
Business acquisitions, net of cash acquired	**-**	(14.7)	**(1,471.7)**	(385.1)
Proceeds on divestiture	**-**	-	**239.7**	-
Additions to property, plant and equipment	**(128.4)**	(65.3)	**(370.5)**	(277.8)
Additions to intangible assets	**(13.9)**	(10.7)	**(65.5)**	(66.2)
Proceeds on disposal of asset held for sale	**-**	-	**157.3**	-
Proceeds on disposal of property, plant and equipment	**0.6**	0.4	**4.5**	6.6
Other	**(0.1)**	(0.1)	**(0.4)**	(0.4)
	(141.8)	(90.4)	**(1,506.6)**	(722.9)
Financing				
Bank loans	**(63.6)**	(173.6)	**(45.6)**	129.6
Proceeds from issuance of long-term debt	**-**	-	**1,633.6**	300.0
Repayment of long-term debt	**(32.7)**	(1.0)	**(787.7)**	(402.2)
Issuance of share capital	**27.0**	7.6	**60.4**	41.0
Repurchase of share capital	**-**	-	**-**	(29.0)
Dividends	**(64.3)**	(61.9)	**(254.6)**	(243.5)
	(133.6)	(228.9)	**606.1**	(204.1)
Decrease in cash and cash equivalents	**(34.8)**	(1.4)	**(16.0)**	(117.9)
Cash and cash equivalents, beginning of period	**145.9**	124.3	**122.2**	250.5
Effect of inflation	**3.4**	-	**15.8**	-
Effect of exchange rate changes on cash and cash equivalents	**(1.8)**	(0.7)	**(9.3)**	(10.4)
Cash and cash equivalents, end of period	**$ 112.7**	$ 122.2	**$ 112.7**	$ 122.2