News Release
For immediate release

Saputo

FINANCIAL RESULTS FOR FISCAL 2019
THIRD QUARTER ENDED DECEMBER 31, 2018

Revenues at $3.577 billion, up 18.4%
Net earnings at $342.0 million, up 1.5%
Adjusted net earnings at $174.4 million, down 4.8%

(Montréal, February 7, 2019) – Saputo Inc. (TSX: SAP) (Saputo or the Company) reported today its financial results for the third quarter of fiscal 2019, which ended on December 31, 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 $3.577 billion, an increase of approximately $555 million or 18.4%.
- Earnings before interest, income taxes, depreciation, amortization, gain on disposal of assets, acquisition and restructuring costs, and gain on hyperinflation (adjusted EBITDA*) amounted to $321.2 million, an increase of $3.2 million or 1.0%.
- Net earnings totalled $342.0 million, an increase of $5.0 million or 1.5%.
- Adjusted net earnings* totalled $174.4 million, a decrease of $8.8 million or 4.8%.
- Net earnings per share (basic and diluted) were $0.88 and $0.87 respectively for the quarter, as compared to $0.87 and $0.86 for the corresponding quarter last fiscal year, an increase of 1.2%.
- Adjusted net earnings per share* (basic and diluted) were $0.45 and $0.44 for the quarter, as compared to $0.47 for the corresponding quarter last fiscal year, a decrease of 4.3% and 6.4%, 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**	
	2018	2017	**2018**	2017
Revenues	**3,577.2**	3,021.8	**10,265.4**	8,798.1
Adjusted EBITDA*	**321.2**	318.0	**946.2**	1,003.0
Net earnings	**342.0**	337.0	**631.1**	722.5
Adjusted net earnings*	**174.4**	183.2	**497.8**	568.9
Net earnings per share				
Basic	**0.88**	0.87	**1.62**	1.87
Diluted	**0.87**	0.86	**1.61**	1.85
Adjusted net earnings per share*				
Basic	**0.45**	0.47	**1.28**	1.47
Diluted	**0.44**	0.47	**1.27**	1.45

- Revenues increased mainly as a result of the contribution of recent acquisitions.
- All recent acquisitions contributed positively to adjusted EBITDA.
- The combined effect of USA Market factors**, as well as lower international dairy ingredient and cheese market prices, negatively impacted adjusted EBITDA by approximately $26 million, as compared to the same quarter last fiscal year.
- Higher warehousing, logistical and transportation costs had an unfavourable impact on adjusted EBITDA of approximately $30 million, as compared to the same quarter last fiscal year.
- The fluctuation of the Canadian dollar versus foreign currencies during the quarter had a positive impact on adjusted EBITDA of approximately $1 million, as compared to the same quarter last fiscal year.
- 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 has entered into a lease agreement for that same facility until the construction of a new facility in Port-Coquitlam, British Colombia, is completed.
- On November 30, 2018, the Company completed the acquisition of the activities of F&A Dairy Products, Inc. (F&A Acquisition), based in the United States, which contributed for one month in this quarter.
- The Board of Directors approved a dividend of $0.165 per share payable on March 15, 2019 to common shareholders of record on March 5, 2019.

* Non-IFRS measures described in the ''Glossary'' section on page 21 of the Management's Discussion and Analysis for the third quarter of fiscal 2019.
** Refer to the ''Glossary'' section on page 21 of the Management's Discussion and Analysis for the third quarter of fiscal 2019.

Appointment in Senior Management

The Company is pleased to announce that Mr. Martin Gagnon will be appointed Chief Acquisition and Strategic Development Officer, Saputo Inc., effective April 1, 2019. He will continue to report to Mr. Lino A. Saputo, Jr., the Company's Chairman of the Board and Chief Executive Officer. Mr. Gagnon joined the Company in 2016 as Executive Vice President, Mergers and Acquisitions. Prior to joining the Company, Mr. Gagnon held a senior position at an investment bank.

Additional Information

For more information on the third 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 third 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 third quarter results will be held on Thursday, February 7, 2019 at 2:30 p.m. Eastern Time. To participate in the conference call, dial 1-888-221-6259. 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/9842 in your Web browser.

For those unable to participate, a replay of the conference will be available until 11:59 p.m., Thursday, February 14, 2019. To access the replay, dial 1-800-558-5253, ID number 21914849. 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.

- 30 -

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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 December 31, 2018 totalled $3.577 billion, an increase of approximately $555 million or 18.4%, as compared to $3.022 billion for the corresponding quarter last fiscal year. Revenues increased due to higher sales volumes mainly derived from the inclusion of the recently acquired activities of Murray Goulburn Co-Operative Co. Limited (Murray Goulburn) (Murray Goulburn Acquisition), Betin, Inc., doing business as Montchevre (Montchevre Acquisition), the activities of Shepherd Gourmet Dairy (Ontario) Inc. (Shepherd Gourmet Acquisition) and the F&A Acquisition, as compared to the same quarter last fiscal year. This increase was partially offset by a lower average block market* per pound of cheese and a lower average butter market* price per pound, which decreased revenues by approximately $42 million. Lower international selling prices of cheese and dairy ingredients also negatively impacted revenues. Finally, the fluctuation of the Canadian dollar versus foreign currencies increased revenues by approximately $5 million.

For the nine-month period ended December 31, 2018, revenues totalled $10.265 billion, an increase of approximately $1.467 billion or 16.7% in comparison to $8.798 billion for the same period last fiscal year. Higher sales volumes, mainly due to recent acquisitions, increased revenues, as compared to the corresponding period last fiscal year. This increase was partially offset 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 $50 million. Additionally, the fluctuation of the Canadian dollar versus foreign currencies decreased revenues by approximately $155 million.

Consolidated adjusted EBITDA for the three-month period ended December 31, 2018 totalled $321.2 million, an increase of $3.2 million or 1.0% in comparison to $318.0 million for the same quarter last fiscal year. Recent acquisitions and the devaluation of the Argentine peso and the Australian dollar versus the US dollar in the export market had a positive impact on adjusted EBITDA, as compared to the same quarter last fiscal year. These increases were partially offset by the combined effect of USA Market factors and lower international selling prices of cheese and dairy ingredients, which negatively impacted adjusted EBITDA by approximately $26 million, as compared to the same quarter last fiscal year. Also, higher warehousing, logistical and transportation costs of approximately $30 million negatively impacted adjusted EBITDA. The fluctuation of the Canadian dollar versus foreign currencies had a positive impact on adjusted EBITDA of approximately $1 million. Finally, lower Enterprise Resource Planning (ERP) expenses of approximately $2 million, increased adjusted EBITDA.

For the nine-month period ended December 31, 2018, consolidated adjusted EBITDA totalled $946.2 million, a decrease of $56.8 million or 5.7%, as compared to $1.003 billion for the corresponding period last fiscal year. The combined effect of USA Market factors and lower international selling prices of cheese and dairy ingredients negatively impacted adjusted EBITDA by approximately $52 million, as compared to the same period last fiscal year. Furthermore, higher warehousing and logistical costs of approximately $81 million related to additional handling and external storage expenses, as well as higher transportation costs, negatively impacted adjusted EBITDA. Higher ERP expenses of approximately $7 million also decreased adjusted EBITDA. These decreases were partially offset by the favourable impact of adjusted EBITDA generated from recent acquisitions and the devaluation of the Argentine peso and the Australian dollar versus the US dollar in the export market. Lastly, the fluctuation of the Canadian dollar versus foreign currencies had an unfavourable impact on adjusted EBITDA of approximately $7 million, as compared to the same period last fiscal year.

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* Refer to the ''Glossary'' section on page 21 of the Management's Discussion and Analysis for the third quarter of fiscal 2019.

OTHER CONSOLIDATED RESULT ITEMS

Depreciation and amortization for the three-month period ended December 31, 2018 totalled $80.7 million, an increase of $24.6 million, in comparison to $56.1 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2018, depreciation and amortization expenses amounted to $231.9 million, an increase of $70.3 million, as compared to $161.6 million for the corresponding period last fiscal year. These increases are mainly attributed to additional depreciation and amortization expenses related to recent acquisitions, additions to property, plant and equipment, which increased the depreciable base, and trademarks for which amortization started in fiscal 2019.

In the third quarter of 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 will build 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 costs for the three and nine-month periods ended December 31, 2018 amounted to $0.3 million and $49.2 million, respectively. In the third quarter of fiscal 2019, acquisition costs are related to the F&A Acquisition. For the nine-month period ended December 31, 2018, acquisition costs are related to the Murray Goulburn Acquisition, including approximately $39 million in stamp duty taxes, as well as to the Shepherd Gourmet Acquisition and the F&A Acquisition.

Net interest expense for the three and nine-month periods ended December 31, 2018 increased by $8.5 million and $27.8 million, respectively, in comparison to the same periods last fiscal year. These increases are mainly attributed to the additional debt related to the Murray Goulburn Acquisition.

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 December 31, 2018, the **gain on hyperinflation** totalled $18.4 million. For the nine-month period ended December 31, 2018, the gain on hyperinflation has totalled $19.4 million. The gain is derived from the indexation of non-monetary assets and liabilities.

Income taxes for the three-month period ended December 31, 2018 represented an income tax expense of $90.0 million, reflecting an effective rate of 20.8%, compared to an income tax benefit of $126.8 million for the same quarter last fiscal year. Excluding the USA tax reform benefit*, income tax expense for the three-month period ended December 31, 2017 would have totalled $52.1 million, reflecting an effective tax rate of 24.8%. This decrease of the effective rate by 4.0% is 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 is not taxable. Income tax expense for the nine-month period ended December 31, 2018 totalled $185.1 million, reflecting an effective rate of 22.7% compared to $44.5 million for the same period last fiscal year. Excluding the USA tax reform benefit, 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%. This decrease of the effective rate by 6.4% is 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 is 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 for tax assets and liabilities by the Company and its affiliates.

Net earnings for the three-month period ended December 31, 2018 totalled $342.0 million, an increase of $5.0 million or 1.5% in comparison to $337.0 million for the same quarter last fiscal year. This increase is due to the above-mentioned factors. For the nine-month period ended December 31, 2018, net earnings totalled $631.1 million, a decrease of $91.4 million or 12.7% as compared to $722.5 million for the same period last fiscal year. This decrease is due to the above-mentioned factors.

Adjusted net earnings for the three-month period ended December 31, 2018 totalled $174.4 million, a decrease of $8.8 million or 4.8% in comparison to $183.2 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2018, adjusted net earnings totalled $497.8 million, a decrease of $71.1 million or 12.5% as compared to $568.9 million for the same period last fiscal year. These decreases are due to the above-mentioned factors.

* Refer to the ''Glossary'' section on page 21 of the Management's Discussion and Analysis for the third quarter of fiscal 2019.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	2019			2018				2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	**3,577.2**	3,420.4	3,267.8	2,744.4	3,021.8	2,884.2	2,892.1	2,719.8
Adjusted EBITDA*	**321.2**	317.5	307.5	261.7	318.0	329.8	355.2	284.1
Net earnings	**342.0**	163.1	126.0	130.0	337.0	185.2	200.3	165.2
Gain on disposal of assets[1]	**(167.8)**	-	-	-	-	-	-	-
Acquisition and restructuring costs[1]	**0.2**	-	34.3	5.3	25.1	0.2	-	-
USA tax reform benefit**	**-**	-	-	-	(178.9)	-	-	-
Adjusted net earnings*	**174.4**	163.1	160.3	135.3	183.2	185.4	200.3	165.2
Net earnings per share								
Basic	**0.88**	0.42	0.32	0.34	0.87	0.48	0.52	0.42
Diluted	**0.87**	0.42	0.32	0.33	0.86	0.47	0.51	0.42
Adjusted net earnings per share*								
Basic	**0.45**	0.42	0.41	0.35	0.47	0.48	0.52	0.42
Diluted	**0.44**	0.42	0.41	0.35	0.47	0.47	0.51	0.42

* Non-IFRS measures described in the ''Glossary'' section on page 21 of the Management's Discussion and Analysis for the third quarter of fiscal 2019.
** Refer to the ''Glossary'' section on page 21 of the Management's Discussion and Analysis for the third 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			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
USA Market factors*[, 1]	**(19)**	(7)	2	(3)	(19)	(6)	3
Inventory write-down	**(1)**	-	-	(11)	(2)	(3)	(1)
Foreign currency exchange[1, 2]	**1**	5	(13)	(5)	(14)	(8)	9

* Refer to the ''Glossary'' section on page 21 of the Management's Discussion and Analysis for the third 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			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**1,059.6**	1,047.7	1,011.0	980.9	1,057.2	1,032.6	999.2
Adjusted EBITDA*	**113.8**	104.4	105.5	108.1	127.9	122.9	117.0

* Non-IFRS measure described in the "Glossary" section on page 21 of the Management's Discussion and Analysis for the third quarter of fiscal 2019.

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

USA Sector

(in millions of CDN dollars)

Fiscal years	2019			2018			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**1,678.5**	1,618.0	1,594.6	1,435.1	1,591.3	1,528.1	1,578.3
Adjusted EBITDA*	**122.4**	133.8	154.3	128.3	153.9	170.7	196.5

* Non-IFRS measure described in the "Glossary" section on page 21 of the Management's Discussion and Analysis for the third quarter of fiscal 2019.

Selected factors positively (negatively) affecting adjusted EBITDA

(in millions of CDN dollars)

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

* Refer to the "Glossary" section on page 21 of the Management's Discussion and Analysis for the third 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			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Block market price*							
Opening	**1.690**	1.555	1.530	1.540	1.735	1.525	1.520
Closing	**1.430**	1.690	1.555	1.530	1.540	1.735	1.525
Average	**1.453**	1.605	1.603	1.524	1.627	1.660	1.575
Butter market price*							
Opening	**2.320**	2.268	2.215	2.208	2.315	2.643	2.108
Closing	**2.218**	2.320	2.268	2.215	2.208	2.315	2.643
Average	**2.238**	2.264	2.339	2.160	2.254	2.568	2.312
Average whey powder market price per pound*	**0.452**	0.387	0.279	0.241	0.310	0.403	0.465
Spread*	**0.021**	0.095	0.135	0.148	0.072	0.066	0.039
US average exchange rate to Canadian dollar[1]	**1.321**	1.307	1.290	1.268	1.270	1.256	1.344

* Refer to the "Glossary" section on page 21 of the Management's Discussion and Analysis for the third 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			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**839.1**	754.7	662.2	328.4	373.3	323.5	314.6
Adjusted EBITDA*	**85.0**	79.3	47.7	25.3	36.2	36.2	41.7

* Non-IFRS measure described in the "Glossary" section on page 21 of the Management's Discussion and Analysis for the third quarter of fiscal 2019.

Selected factors positively (negatively) affecting adjusted EBITDA

(in millions of CDN dollars)

Fiscal years	2019			2018			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Inventory write-down	**(1)**	-	-	(4)	(2)	(3)	(1)
Foreign currency exchange[1]	**(5)**	-	(7)	2	(4)	(1)	1

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

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

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 with 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.

The Company will continue planning, designing and implementation activities for the migration to the new ERP system, which has been implemented in Argentina, Australia and the Dairy Foods Division (USA). As its next step, the Company will deploy its ERP program within the recently acquired activities of Murray Goulburn, which will ensure that the Australian operations are aligned under a single system. Saputo anticipates this phase will be completed in fiscal 2020, after which the remaining North American divisions will proceed with ERP implementations, expected to be completed in fiscal 2022.

As at the third quarter of fiscal 2019, the Company had invested approximately $245 million and expects to complete its original ERP program with an amount of approximately $290 million, which is $40 million above initial estimate. With recent acquisitions, namely the Murray Goulburn Acquisition, the acquisition of the extended shelf-life dairy product activities of Southeast Milk, Inc., the Montchevre Acquisition, the Shepherd Gourmet Acquisition and the F&A Acquisition, the Company has increased the scope of its ERP program and the duration by 2 years, increasing the expected total investment to approximately $370 million. Taking into account the new deployment schedule and recent acquisitions, the Company's investment in its ERP program is expected to be approximately $60 million in fiscal 2019 (approximately $12 million of which will be invested during the fourth quarter of fiscal 2019) and approximately $51 million in fiscal 2020. The total investment and duration of the ERP program will vary as a function of the Company's growth through acquisitions.

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 its allocated quotas and intends to focus on importing dairy products that complement the current Canadian offering.

In Canada, the Company will continue reviewing overall activities to keep focusing on profitable sales volumes and improving 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, it has commenced construction of a new state-of-the-art facility, in Port-Coquitlam, British Columbia to better serve the market in Western Canada. Also, the Company plans to close its facility in Courtenay, British Columbia by March 31, 2019. The production will be integrated into other Saputo facilities. In total, 29 employees are affected by this decision.

The Division will also continue to benefit from the integration of the Shepherd Gourmet Acquisition completed in the third quarter of this fiscal year, which enables the Dairy Division (Canada) to increase its presence in specialty cheeses and yogurts 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 continue its intensified efforts to achieve blue cheese manufacturing efficiencies within the short-term 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 continue to benefit from the integration of the Montchevre Acquisition which enables the Cheese Division (USA) to broaden its presence in specialty cheeses in the USA.

Following the implementation in California of the Federal Milk Marketing Order (FMMO), the Sector will continue to monitor dairy markets and take appropriate decisions to mitigate the impact on its operations.

The Division will proceed with the integration of the F&A Acquisition. The acquisition adds to and complements the activities of the Cheese Division (USA) and also gives the Company access to a new milk pool in New Mexico (USA).

The Dairy Foods Division (USA) will continue its optimization and investments in its existing network in order to benefit from new production capabilities. Also, the Division will focus on its supply chain planning, warehousing and logistics activities to meet customer demand and increase efficiencies.

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, evaluate overall activities to improve efficiencies and aim to maximize its operational flexibility to mitigate fluctuations in market conditions and their impact on adjusted EBITDA.

In Australia, the Company will continue its integration of the Murray Goulburn Acquisition. The combination of its two Australian operating units into one single platform is progressing well. The Company remains focused on growing milk intake, reviewing operations and maximizing the network at its disposal.

For calendar 2019, the Company expects a modest price recovery in both the USA and International markets of cheese and dairy ingredients. The Company does not expect that this price recovery will offset market volatility, which is expected to remain until the end of calendar 2019.

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