News Release
For immediate release

Saputo

SAPUTO REPORTS FOURTH QUARTER AND FISCAL 2022 RESULTS

(*Montréal, June 9, 2022*) – Saputo Inc. (TSX: SAP) (we, Saputo or the Company) reported today its financial results for the fourth quarter and fiscal year ended on March 31, 2022. All amounts in this news release are in millions of Canadian dollars (CDN), except per share amounts, unless otherwise indicated, and are presented according to International Financial Reporting Standards (IFRS).

"Our fourth quarter was challenging, notably in the U.S., as we navigated through commodity price volatility, increases in input and logistics costs, and labour and supply constraints, made even tougher by the Omicron surge. Nevertheless, our Canada, Argentina, and UK businesses continued to perform well and were in line with our expectations," said Lino A. Saputo, Chair of the Board, President and CEO. "Our teams are laser-focused on addressing the short-term challenges while delivering on our long-term goals. We will continue to act with speed and agility to address external headwinds by balancing price, volume, and costs, while we work to improve our margins over time. Accordingly, we expect a meaningful earnings improvement in fiscal 2023."

Commenting on year-end results, Mr. Saputo added, "Despite a challenging year, we maintained our ability to generate strong operating cash flows, a testament to our diversified global platform. We remain committed to executing on our strategic objectives and believe we have the right strategies in place to deliver sustainable, profitable growth over the long-term. My ongoing gratitude goes to all Saputo employees for their outstanding efforts, and we are committed to ensuring a safe, healthy, and rewarding work environment in the year ahead."

Fiscal 2022 Fourth Quarter Financial Highlights
- Revenues amounted to $3.957 billion, up $519 million or 15.1%.
- Net earnings totalled $37 million and EPS (basic and diluted) were $0.09, as compared to $103 million of net earnings and EPS (basic and diluted) of $0.25.
- Adjusted EBITDA[1] amounted to $260 million, down $43 million or 14.2%.
- Adjusted net earnings[1] totalled $108 million, as compared to $124 million, and adjusted EPS[1] (basic and diluted) were $0.26, as compared to $0.30.
- Net cash generated from operations amounted to $184 million, up $33 million or 21.9%.

	For the three-month periods ended March 31		For the years ended March 31	
	2022	2021	**2022**	2021
Revenues	**3,957**	3,438	**15,035**	14,294
Adjusted EBITDA[1]	**260**	303	**1,155**	1,471
Net earnings	**37**	103	**274**	626
Adjusted net earnings[1]	**108**	124	**485**	715
Net earnings per share				
Basic	**0.09**	0.25	**0.66**	1.53
Diluted	**0.09**	0.25	**0.66**	1.52
Adjusted EPS (basic and diluted)[1]	**0.26**	0.30	**1.17**	1.74

[1] This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section of this news release for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.

- Challenging market conditions, including labour shortages, supply chain disruptions, and inflationary pressures, continued to impact our sectors to varying degrees, with the USA Sector being the most impacted.
- Input and logistics costs, mainly in North America, continued to be impacted by inflation. Pricing initiatives were not sufficient to mitigate these cost increases.
- USA Market Factors[2] negatively impacted adjusted EBITDA by $19 million, compared to the same quarter last fiscal year, mainly due to the effect of the negative spread[2].
- The Canada Sector continued to show improved results despite challenging market conditions.
- The fluctuation of the Canadian dollar versus foreign currencies negatively impacted revenues and adjusted EBITDA by $35 million and $12 million, respectively.
- Restructuring costs of $51 million after tax, which included non-cash fixed assets write-downs totalling $43 million, were incurred in connection with initiatives being undertaken under the Optimize and enhance operations pillar of our Global Strategic Plan. These initiatives include:
  - Previously announced capital investments and consolidation initiatives intended to enhance and streamline our manufacturing footprint in the USA Sector and in the International Sector; and
  - Plans to outsource warehouse and distribution activities in the Europe Sector, creating opportunities for network consolidation.
- The Board of Directors approved a dividend of $0.18 per share payable on June 28, 2022, to common shareholders of record on June 21, 2022.

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[2] Refer to the "Glossary" section of the Management's Discussion and Analysis.

OUTLOOK

- We anticipate that input and logistics costs such as consumables, packaging, transportation and fuel should remain at elevated levels, but we expect strong pricing contribution across all sectors following recently announced price increases.

- We expect further price increases to be implemented over the course of the fiscal year, in line with our pricing protocols, if cost inflation continues to persist.

- Labour and operational initiatives are expected to improve our ability to supply ongoing demand and return to historical order fill rate levels, particularly in the USA.

- Current consumer trends in key categories remain positive and price elasticity will continue to be closely monitored as the year progresses.

- We anticipate the retail market segment to remain strong as at-home food spending should remain elevated versus pre-pandemic levels, while the foodservice market segment is expected to remain competitive, particularly in the USA.

- Constraints on service and volumes are expected through the first half of fiscal 2023, due to the continuing gap between supply and demand of trucking capacity and containers.

- Supply chain conditions remain challenging, and we expect the disruption from longer lead times for sourced products to continue.

- USA Market Factors[2] will remain volatile although we adjust our pricing to reflect commodity prices.

- Despite the volatile nature of international cheese and dairy ingredient markets, our outlook on export prices remains cautiously positive.

- Volumes destined for export markets continue to recover; however, the pace and timing of the recovery to pre-pandemic levels will vary depending on the export market and supply chain improvements.

- While inflation and supply chain disruptions are likely to persist, we expect a meaningful recovery in earnings in fiscal 2023, driven by the full impact of previously announced price increases, improved productivity and fixed cost absorption, a return to historical order fill rates, and benefits stemming from our Global Strategic Plan.

[2] Refer to the ‘‘Glossary’’ section of the Management’s Discussion and Analysis.

GLOBAL STRATEGIC PLAN HIGHLIGHTS

We will continue to leverage the momentum of our ongoing Global Strategic Plan initiatives to strengthen our position as a high-quality, low-cost processor with a relentless focus on productivity and efficiency.

Beyond the previously announced capital investments and consolidation initiatives to enhance and streamline our manufacturing footprint in the USA Sector and International Sector, our UK business undertook plans to outsource our Nuneaton facility's warehouse and distribution activities to a long-term partner. We will close our Frome facility and centralize cheese packing at Nuneaton over the next two years, creating a centre of excellence and providing both operational and cost synergies while offering plenty of scope for growth.

The initiatives in the Europe Sector are expected to result in annual savings and benefits gradually, beginning in fiscal 2024, and reaching approximately $6 million after tax by the end of fiscal 2026. Restructuring costs associated with these initiatives are anticipated to be approximately $13 million after tax, which include a non-cash fixed assets write-down of approximately $4 million after tax. Restructuring costs of $6 million after tax were recorded in fiscal 2022 and the balance will be recorded in fiscal 2023. Capital expenditures associated with the initiatives are expected to be approximately $36 million.

We are poised for a recovery in fiscal 2023, and we are well underway with the full-scale roll-out of our growth, cost, and productivity initiatives. Together, this should set the stage for accelerated growth in the back half of our Global Strategic Plan with a clear line of sight to our adjusted EBITDA[1] target of $2.125 billion by the end of fiscal 2025.

THE SAPUTO PROMISE

The Saputo Promise, our approach to social, environmental, and economic performance, supports our strategic plans and allows us to pursue growth and create shared value for all stakeholders, ensuring the long-term sustainability of our business.

During the fourth quarter of fiscal 2022:

- We completed the capital allocation of our three-year $50 million investment (FY21-FY23) to accelerate our climate, water, and waste performance, dedicating approximately $20 million to an additional 32 environmental projects.
- We completed the installation of four additional projects, which should deliver savings of 1,200 tonnes of CO_2, 21,000 GJ of energy, and 18,000 m^3 of water annually.
- We joined the Sustainable Agriculture Initiative Platform, a non-profit network of over 160 members worldwide, working together to advance sustainable agricultural practices through pre-competitive collaboration.

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Additional Information

For more information on the fourth quarter and year-end results for fiscal 2022, 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, 2022. 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.

Webcast and conference call for analysts and investors

A webcast and conference call to discuss the fiscal 2022 fourth quarter and year-end financial results will be held on Thursday, June 9, 2022, at 2:30 p.m. (Eastern Time)

The webcast will begin with a short presentation followed by a question and answer period. The speakers will be Mr. Lino A. Saputo, Chair of the Board, President and Chief Executive Officer, and Mr. Maxime Therrien, Chief Financial Officer and Secretary.

To participate:

- **Webcast** : https://www.gowebcasting.com/11838
  Presentation slides will be included in the webcast and can also be accessed in the "Investors" section of Saputo's website (www.saputo.com), under "Calendar of Events".

- **Conference line** *(audio only)*: 1-800-748-2715
  Please dial-in five minutes prior to the start time.

Replay of the conference call and webcast presentation
For those unable to join, the webcast presentation will be archived on Saputo's website (www.saputo.com) in the "Investors" section, under "Calendar of Events". A replay of the conference call will also be available until Thursday, June 16, 2022, 11:59 p.m. (ET) by dialling 1-800-558-5253 (ID number: 22018780).

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. In addition to its dairy portfolio, Saputo produces, markets, and distributes a range of dairy alternative cheeses and beverages. Saputo products are sold in several countries under market-leading brands, as well as private label brands. Saputo Inc. is a publicly traded company and its shares are listed on the Toronto Stock Exchange under the symbol "SAP". Follow Saputo's activities at saputo.com or via Facebook, LinkedIn and Twitter.

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Investor Inquiries
Nicholas Estrela
Director, Investor Relations
1-514-328-3117

Media Inquiries
1-514-328-3141 / 1-866-648-5902
media@saputo.com

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 our objectives, outlook, business projects, strategies, beliefs, expectations, targets, commitments, goals, ambitions and strategic plans including our ability to achieve these targets, commitments, goals, ambitions and strategic plans, and statements other than historical facts. The words "may", "could", "should", "will", "would", "believe", "plan", "expect", "intend", "anticipate", "estimate", "foresee", "objective", "continue", "propose", "aim", "commit", "assume", "forecast", "predict", "seek", "project", "potential", "goal", "target", or "pledge", 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 fact included in this news release may constitute forward-looking statements within the meaning of applicable securities laws.

By their nature, forward-looking statements are subject to a number of inherent risks and uncertainties. Actual results could differ materially from those stated, implied, or projected in such forward-looking statements. As a result, we cannot guarantee that any forward-looking statements will materialize, and we warn readers that these forward-looking statements are not statements of historical fact or guarantees of future performance in any way. Assumptions, expectations, and estimates made in the preparation of forward-looking statements and risks and uncertainties that could cause actual results to differ materially from current expectations are discussed in our 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 dated June 9, 2022, available on SEDAR under Saputo's profile at www.sedar.com

Such risks and uncertainties include the following: product liability; the COVID-19 pandemic and related ongoing impacts; the availability of raw materials (including as a result of climate change, extreme weather, or global or local supply chain disruptions caused by the COVID-19 pandemic, geopolitical developments, military conflicts and trade sanctions) and related price variations, along with our ability to transfer those increases, if any, to our customers in competitive market conditions; supply chain strain and supplier concentration; 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; our ability to identify, attract, and retain qualified individuals; cyber threats and other information technology-related risks relating to business disruptions, confidentiality, data integrity business and email compromise-related fraud; the increased competitive environment in our industry; consolidation of clientele; unanticipated business disruption; changes in consumer trends; changes in environmental laws and regulations; the potential effects of climate change; increased focus on environmental sustainability matters; the failure to execute our Global Strategic Plan as expected or to adequately integrate acquired businesses in a timely and efficient manner; the failure to complete capital expenditures as planned; changes in interest rates and access to capital and credit markets.

Forward-looking statements are based on Management's current estimates, expectations and assumptions regarding, among other things; the projected revenues and expenses; the economic, industry, competitive, and regulatory environments in which we operate or which could affect our activities; our ability to identify, attract, and retain qualified and diverse individuals; our ability to attract and retain customers and consumers; our environmental performance; the results of our sustainability efforts; the effectiveness of our environmental and sustainability initiatives; the availability and cost of milk and other raw materials and energy supplies; our operating costs; the pricing of our finished products on the various markets in which we carry on business; the successful execution of our Global Strategic Plan; our ability to deploy capital expenditure projects as planned; our ability to correctly predict, identify, and interpret changes in consumer preferences and demand, to offer new products to meet those changes, and to respond to competitive innovation; our ability to leverage our brand value; our ability to drive revenue growth in our key product categories or platforms or add products that are in faster-growing and more profitable categories; the contribution of recent acquisitions; the anticipated market supply and demand levels for our products; the anticipated warehousing, logistics, and transportation costs; our effective income tax rate; the exchange rate of the Canadian dollar to the currencies of cheese and dairy ingredients. Our ability to achieve our environmental targets, commitments, and goals is further subject to, among others, our ability to access and implement all technology necessary to achieve our targets, commitments, and goals, as well as the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results, and environmental regulation. Our ability to achieve our 2025 Supply Chain Pledges is further subject to, among others, our ability to leverage our supplier relationships.

Management believes that these estimates, expectations, and assumptions are reasonable as of the date hereof, and are inherently subject to significant business, economic, competitive, and other uncertainties and contingencies regarding future events, and are accordingly subject to changes after such date. Forward-looking statements are intended to provide shareholders with information regarding Saputo, including our assessment of future financial plans, and may not be appropriate for other purposes. 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.

All forward-looking statements included herein speak only as of the date hereof or as of the specific date of such forward-looking statements. Except as required under applicable securities legislation, Saputo does not undertake to update or revise forward-looking statements, whether written or verbal, that may be made from time to time by itself or on our behalf, whether as a result of new information, future events, or otherwise. All forward-looking statements contained herein are expressly qualified by this cautionary statement.

CONSOLIDATED RESULTS FOR THE FOURTH QUARTER AND FISCAL YEAR ENDED MARCH 31, 2022

Revenues

Revenues for the **fourth quarter of fiscal 2022** totalled $3.957 billion, up $519 million or 15.1%, as compared to $3.438 billion for the same quarter last fiscal year.

Revenues increased due to higher domestic selling prices, together with pricing initiatives implemented in all our sectors to mitigate increasing input costs, as well as higher international cheese and dairy ingredient market prices.

The combined effect of the higher average block market price[2] and of the higher average butter market price[2] had a positive impact of $217 million. The effect of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars was favourable.

Sales volumes were stable compared to those of the fourth quarter of fiscal 2021. Retail market segment sales volumes decreased as they returned to historical levels.

The contributions of the acquisitions of Bute Island Foods Ltd., the Reedsburg facility of Wisconsin Specialty Protein, LLC, the business of Wensleydale Dairy Products Limited, and the Carolina Aseptic and Carolina Dairy businesses formerly operated by AmeriQual Group Holdings, LLC, (the Recent Acquisitions) totalled $44 million. Finally, the fluctuation of foreign currencies versus the Canadian dollar had an unfavourable impact of $35 million.

Revenues in **fiscal 2022** totalled $15.035 billion, up $741 million or 5.2%, as compared to $14.294 billion for last fiscal year.

Revenues increased due to higher domestic selling prices, together with pricing initiatives implemented in all our sectors to mitigate increasing input costs, as well as higher international cheese and dairy ingredient market prices. However, during the first six months of fiscal 2022, fulfilling the export sales contracts that had been entered into in fiscal 2021 at depressed commodity prices in the International Sector had an unfavourable impact.

Sales volumes were higher than those of last fiscal year, mainly due to an increase in the foodservice market segment and, to a lesser extent, in the industrial market segment. However, sales volumes in the retail market segment were lower than last fiscal year, mainly due to the surge that occurred in the first quarter of fiscal 2021, although this surge began to level off starting in the second quarter of fiscal 2021. In the ongoing COVID-19 context, supply chain challenges, due to container and vessel availability issues and port inefficiencies, negatively impacted export sales volumes in our International Sector.

The combined effect of the higher average butter market price[2] and of the lower average block market price[2] had a positive impact of $61 million. The effect of the fluctuation of the Argentine peso and the Australian dollar on export sales denominated in US dollars was favourable.

The contributions of the Recent Acquisitions totalled $123 million. Finally, the fluctuation of foreign currencies, most particularly the US dollar, versus the Canadian dollar had an unfavourable impact of $424 million.

Operating costs excluding depreciation, amortization, and restructuring costs

Operating costs excluding depreciation, amortization, and restructuring costs for the **fourth quarter of fiscal 2022** totalled $3.697 billion, up $562 million or 17.9%, as compared to $3.135 billion for the same quarter last fiscal year. In **fiscal 2022,** operating costs excluding depreciation, amortization, and restructuring costs totalled $13.880 billion, up $1.057 billion or 8.2%, as compared to $12.823 billion last fiscal year. These increases were due to higher input costs in all our divisions caused by inflationary pressures. Higher revenues, dairy commodity market volatility, and higher input costs contributed to the higher cost of raw materials and consumables used. Employee salary and benefit expenses increased due to inflation and wage increases.

Net earnings

Net earnings for the **fourth quarter of fiscal 2022** totalled $37 million, down $66 million or 64.1%, as compared to $103 million for the same quarter last fiscal year. This decrease is primarily due to the factors that contributed to lower adjusted EBITDA[1] of $43 million, as described below, restructuring costs of $51 million after tax, and higher depreciation and amortization, partially offset by a lower income tax expense and lower financial charges.

[1] This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section of this news release for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.

[2] Refer to the ''Glossary'' section of the Management's Discussion and Analysis.

In **fiscal 2022**, net earnings totalled $274 million, down $352 million or 56.2%, as compared to $626 million for last fiscal year. This decrease is primarily due to the factors that contributed to lower adjusted EBITDA[1] of $316 million, as described below, a higher impairment of intangible assets charge of $24 million after tax, restructuring costs of $51 million after tax, a one-time non-cash expense of $50 million to adjust deferred income tax liability balances to reflect the increase in the corporate income tax rate in the United Kingdom, and higher depreciation and amortization, partially offset by a lower income tax expense, lower financial charges, and a gain on disposal of assets of $8 million after tax.

Adjusted EBITDA[1]

Adjusted EBITDA[1] for the **fourth quarter of fiscal 2022** totalled $260 million, down $43 million or 14.2%, as compared to $303 million for the same quarter last fiscal year.

We continued to face increasing input and logistics costs such as consumables, packaging, transportation and fuel in all our sectors due to inflationary pressures. Pricing initiatives undertaken were not sufficient to mitigate the ongoing impact of inflation on our costs, which included an increase of $41 million related to freight and logistics costs, mainly in North America.

USA Market Factors[2] had a negative effect of $19 million, as compared to the same quarter last fiscal year, mainly due to the effect of the negative spread[2]. The relation between international cheese and dairy ingredient market prices and the cost of milk as raw material in the International Sector had a positive impact.

Labour shortages in some of our facilities, including those due to the outbreak of the Omicron COVID-19 variant, and supply chain disruptions put pressure on our ability to supply ongoing demand, which negatively impacted efficiencies and the absorption of fixed costs.

The positive effects of lower administrative costs, such as travel and promotional activities, in the context of the COVID-19 pandemic, tapered off compared to the same quarter last fiscal year.

The fluctuation of foreign currencies versus the Canadian dollar had an unfavourable impact of $12 million.

Adjusted EBITDA[1] in **fiscal 2022** totalled $1.155 billion, down $316 million or 21.5%, as compared to $1.471 billion for last fiscal year.

Input and logistics costs such as consumables, packaging, transportation, and fuel increased in all our divisions due to inflationary pressures. Pricing initiatives undertaken were not sufficient to mitigate the ongoing impact of inflation on our costs, which included an increase of $143 million related to freight and logistics costs, mainly in North America.

In a volatile dairy commodity market, USA Market Factors[2] had a negative effect of $118 million, as compared to last fiscal year, mainly due to the effect of the negative spread[2]. On the other hand, the relation between international cheese and dairy ingredient market prices and the cost of milk as raw material in the International Sector had a positive impact. However, in the first six months of fiscal 2022, the effect of fulfilling export sales contracts entered into last fiscal year at depressed commodity prices was unfavourable.

Labour shortages in some of our facilities and supply chain disruptions put pressure on our ability to supply ongoing demand, which negatively impacted efficiencies and the absorption of fixed costs.

The contributions of the Recent Acquisitions were positive.

The positive effects of lower administrative costs, such as travel and promotional activities, in the context of the COVID-19 pandemic, tapered off compared to last fiscal year.

The fluctuation of foreign currencies versus the Canadian dollar had an unfavourable impact of $72 million.

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[2] Refer to the ‘‘Glossary’’ section of the Management’s Discussion and Analysis.

Depreciation and amortization

Depreciation and amortization for the **fourth quarter of fiscal 2022** totalled $148 million, up $13 million, as compared to $135 million for the same quarter last fiscal year. In **fiscal 2022**, depreciation and amortization totalled $560 million, up $45 million, as compared to $515 million for last fiscal year. These increases were mainly attributable to additional depreciation and amortization related to the Recent Acquisitions, as well as additions to property, plant and equipment, which increased the depreciable base.

Impairment of intangible assets

In **fiscal 2022,** a non-cash impairment of intangible assets charge of $58 million ($43 million after tax) was recorded. The charge includes $50 million ($38 million after tax) related to software assets following the Company's decision to pause the ERP implementation within the Dairy Division (Canada) for a minimum of three years and $8 million ($5 million after tax) as a result of the application of an agenda decision of the International Financial Reporting Interpretations Committee related to the capitalization of cloud-based software costs.

In fiscal 2021, a non-cash impairment of intangible assets charge of $19 million was incurred in relation to our decision to retire one of our cheese brand names from our Australian portfolio.

Gain on disposal of assets

In **fiscal 2022**, the Company recorded a gain on disposal of assets of $9 million ($8 million after tax) resulting mainly from the sale of a facility in the Canada Sector.

Acquisition and restructuring costs

Acquisition and restructuring costs for the **fourth quarter of fiscal 2022** are comprised of restructuring costs of approximately $71 million ($51 million after tax) related to the announcement of several major capital investments and consolidation initiatives intended to enhance and streamline our manufacturing footprint in our USA Sector and International Sector as well as to our plans to outsource the Nuneaton facility's warehouse and distribution activities, creating opportunities for network consolidation within our Europe Sector. Restructuring costs included a non-cash impairment charge of property, plant and equipment of $60 million ($43 million after tax) and severance costs of $8 million ($6 million after tax). During the same quarter last fiscal year, acquisition and restructuring costs amounted to $3 million, which related to stamp duty taxes from a previous acquisition.

Acquisition and restructuring costs in **fiscal 2022** amounted to $71 million, which included restructuring costs of $71 million ($51 million after tax) as described above as well as acquisition costs incurred for the Recent Acquisitions that were offset by a favourable purchase price adjustment for a prior year acquisition amounting to nil. Last fiscal year, acquisition and restructuring costs amounted to $3 million, which included a gain on disposal of assets of $6 million ($5 million after tax) related to the sale of a closed facility in the Canada Sector and additional costs related to stamp duty taxes from a previous acquisition.

Financial charges

In the **fourth quarter of fiscal 2022 and in fiscal 2022**, financial charges totalled $16 million and $70 million, respectively, down $7 million and $26 million, respectively, mainly due to an increased gain on hyperinflation derived from the indexation of non-monetary assets and liabilities in Argentina.

Income tax expense

Income tax recovery for the **fourth quarter of fiscal 2022** totalled $12 million, compared to an income tax expense of $39 million for the same quarter last fiscal year. The decrease in income tax expense is mainly due to lower taxable earnings. The income tax recovery in the fourth quarter of fiscal 2022 and the income tax expense in the same quarter last fiscal year both reflect the tax effect of adjustments in respect of inflation in Argentina and the impact of the change in the geographic mix of quarterly earnings across the various jurisdictions in which we operate.

Income tax expense in **fiscal 2022** totalled $131 million, reflecting an effective tax rate of 32.3% as compared to 25.8% last fiscal year.

The effective income tax rate for fiscal 2022 included the increase in deferred income tax liability balances to reflect the enactment in June 2021 of an increase from 19% to 25% of the corporate income tax rate in the United Kingdom, which will be effective as of April 1, 2023. As a result, we incurred a one-time non-cash income tax expense of $50 million. The effective tax rate also reflected the increase in the Argentine corporate income tax rate from 25% to 35%, enacted in June 2021, the non-taxable portion of the gain on disposal of assets in Canada, as well as the tax effect of adjustments in respect of inflation in Argentina. The effective tax rate for fiscal 2022 would have been 26.1% excluding the effects of these factors.

The effective income tax rate for fiscal 2021 reflected the tax treatment of an impairment of intangible assets charge of $19 million and the tax effect of adjustments in respect of inflation in Argentina. Excluding the effects of those two factors, the effective tax rate for fiscal 2021 would have been 26.3%.

The effective tax rate varies and could increase or decrease based on the geographic mix of quarterly and year-to-date earnings across the various jurisdictions in which we operate, the amount and source of taxable income, amendments to tax legislations and income tax rates, changes in assumptions, as well as estimates for tax assets and liabilities we use.

Adjusted net earnings[1]

Adjusted net earnings[1] for the **fourth quarter of fiscal 2022** totalled $108 million, down $16 million or 12.9%, as compared to $124 million for the same quarter last fiscal year. This is mainly due to a decrease in net earnings of $66 million, as described above, excluding higher acquisition and restructuring costs of $49 million after tax.

In **fiscal 2022**, adjusted net earnings[1] totalled $485 million, down $230 million or 32.2%, as compared to $715 million for last fiscal year. This is mainly due to a decrease in net earnings of $352 million, as described above, excluding a higher impairment of intangible assets charge of $24 million after tax, a gain on disposal of assets of $8 million after tax, higher acquisition and restructuring costs of $54 million after tax, and a one-time non-cash expense of $50 million to adjust deferred income tax liability balances to reflect the increase in the corporate income tax rate in the United Kingdom.

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INFORMATION BY SECTOR

CANADA SECTOR

	For the three-month periods ended March 31		For the years ended March 31	
	2022	2021	**2022**	2021
Revenues	**1,055**	1,001	**4,281**	4,135
Adjusted EBITDA	**117**	108	**475**	447
Adjusted EBITDA margin	**11.1 %**	10.8 %	**11.1 %**	10.8 %

USA SECTOR

	For the three-month periods ended March 31		For the years ended March 31	
	2022	2021	**2022**	2021
Revenues	**1,743**	1,399	**6,409**	6,122
Adjusted EBITDA	**42**	93	**288**	567
Adjusted EBITDA margin	**2.4 %**	6.6 %	**4.5 %**	9.3 %

Selected factors positively (negatively) affecting financial performance

	For the three-month periods ended March 31		For the years ended March 31	
	2022	2021	**2022**	2021
USA Market Factors[1,2]	**(19)**	(4)	**(118)**	57
US currency exchange[2]	**—**	(5)	**(32)**	—

1 Refer to the ''Glossary'' section of the Management's Discussion and Analysis.
2 As compared to same quarter last fiscal year for the three-month periods; as compared to last 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	
	2022	2021	**2022**	2021
Block market price[1]				
Opening	**1.980**	1.650	**1.738**	1.330
Closing	**2.250**	1.738	**2.250**	1.738
Average	**2.005**	1.687	**1.793**	1.961
Butter market price[1]				
Opening	**2.453**	1.420	**1.818**	1.335
Closing	**2.700**	1.818	**2.700**	1.818
Average	**2.692**	1.480	**2.047**	1.498
Average whey powder market price[1]	**0.759**	0.517	**0.630**	0.393
Spread[1]	**(0.253)**	0.001	**(0.137)**	0.090
US average exchange rate to Canadian dollar[2]	**1.266**	1.268	**1.251**	1.326

1 Refer to the ''Glossary'' section of the Management's Discussion and Analysis.
2 Based on Bank of Canada published information.

INTERNATIONAL SECTOR

	For the three-month periods ended March 31		For the years ended March 31	
	2022	2021	**2022**	2021
Revenues	**922**	827	**3,453**	3,221
Adjusted EBITDA	**62**	62	**248**	305
Adjusted EBITDA margin	**6.7 %**	7.5 %	**7.2 %**	9.5 %

Selected factors positively (negatively) affecting financial performance

	For the three-month periods ended March 31		For the years ended March 31	
	2022	2021	**2022**	2021
Foreign currency exchange[1]	**(12)**	3	**(43)**	(3)

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

EUROPE SECTOR

	For the three-month periods ended March 31		For the years ended March 31	
	2022	2021	**2022**	2021
Revenues	**237**	211	**892**	816
Adjusted EBITDA	**39**	40	**144**	152
Adjusted EBITDA margin	**16.5 %**	19.0 %	**16.1 %**	18.6 %

QUARTERLY FINANCIAL INFORMATION

Fiscal years	2022				2021			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**3,957**	**3,901**	**3,689**	**3,488**	3,438	3,763	3,702	3,391
Adjusted EBITDA[1]	**260**	**322**	**283**	**290**	303	431	370	367
Adjusted EBITDA margin[1]	**6.6 %**	**8.3 %**	**7.7 %**	**8.3 %**	8.8 %	11.5 %	10.0 %	10.8 %
Net earnings	**37**	**86**	**98**	**53**	103	210	171	142
Net earnings margin	**0.9 %**	**2.2 %**	**2.7 %**	**1.5 %**	3.0 %	5.6 %	4.6 %	4.2 %
Adjusted net earnings[1]	**108**	**139**	**116**	**122**	124	228	184	179
Adjusted net earnings margin[1]	**2.7 %**	**3.6 %**	**3.1 %**	**3.5 %**	3.6 %	6.1 %	5.0 %	5.3 %
EPS basic	**0.09**	**0.21**	**0.24**	**0.13**	0.25	0.51	0.42	0.35
EPS diluted	**0.09**	**0.21**	**0.24**	**0.13**	0.25	0.51	0.42	0.35
Adjusted EPS basic[1]	**0.26**	**0.34**	**0.28**	**0.30**	0.30	0.56	0.45	0.44
Adjusted EPS diluted[1]	**0.26**	**0.33**	**0.28**	**0.29**	0.30	0.55	0.45	0.44

1 This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section of this news release for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.

Selected factors positively (negatively) affecting financial performance

Fiscal years	2022				2021			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
USA Market Factors[1,2]	**(19)**	**(40)**	**(17)**	**(42)**	(4)	34	4	23
Foreign currency exchange[2,3]	**(12)**	**(18)**	**(21)**	**(21)**	(2)	—	4	(4)

1 Refer to the "Glossary" section of the Management's Discussion and Analysis.
2 Reflects the effect on adjusted EBITDA as compared to same quarter last fiscal year. Adjusted EBITDA is a total of segments measure. See the "Non-GAAP Measures" section of this news release for more information, including the definition and composition of the measure as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.
3 Foreign currency exchange includes the effect of the conversion of US dollars, Australian dollars, British pounds sterling and Argentine pesos to Canadian dollars.

Quarterly financial information by sector

Fiscal years	2022				2021			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues								
Canada	**1,055**	**1,112**	**1,081**	**1,033**	1,001	1,089	1,063	982
USA	**1,743**	**1,627**	**1,533**	**1,506**	1,399	1,657	1,649	1,417
International	**922**	**919**	**858**	**754**	827	807	806	781
Europe	**237**	**243**	**217**	**195**	211	210	184	211
Total	**3,957**	**3,901**	**3,689**	**3,488**	**3,438**	**3,763**	**3,702**	**3,391**
Net earnings (consolidated)	**37**	**86**	**98**	**53**	103	210	171	142

	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Adjusted EBITDA								
Canada	**117**	**121**	**124**	**113**	108	118	117	104
USA	**42**	**83**	**67**	**96**	93	171	140	163
International	**62**	**85**	**56**	**45**	62	105	78	60
Europe	**39**	**33**	**36**	**36**	40	37	35	40
Total[1]	**260**	**322**	**283**	**290**	**303**	**431**	**370**	**367**

1 This is a total of segments measure, a non-GAAP financial measure, or a non-GAAP ratio. See the "Non-GAAP Measures" section of this news release for more information, including the definition and composition of the measure or ratio as well as the reconciliation to the most comparable measure in the primary financial statements, as applicable.

NON-GAAP MEASURES

We report our financial results in accordance with generally accepted accounting principles in Canada ("GAAP") and generally assess our financial performance using financial measures that are prepared using GAAP. However, this news release also refers to certain non-GAAP and other financial measures which do not have a standardized meaning under GAAP, including the following.

Term Used	Definition
Adjusted EBITDA	Net earnings before income taxes, financial charges, acquisition and restructuring costs, gain on disposal of assets, impairment of intangible assets, and depreciation and amortization.
Adjusted net earnings[1]	Net earnings before the UK tax rate change, acquisition and restructuring costs, gain on disposal of assets, impairment of intangible assets, and amortization of intangible assets related to business acquisitions, net of applicable income taxes.
Adjusted EBITDA margin	Adjusted EBITDA expressed as a percentage of revenues.
Adjusted net earnings margin	Adjusted net earnings expressed as a percentage of revenues.
Adjusted EPS basic	Adjusted net earnings per basic common share.
Adjusted EPS diluted	Adjusted net earnings per diluted common share.

[1] In previous periods, adjusted net earnings included amortization of intangible assets related to business acquisitions, net of applicable income tax. Starting in the fourth quarter of fiscal 2022, adjusted net earnings excludes amortization of intangible assets related to business acquisitions, net of applicable income taxes, to provide a more effective measure to assess performance against the Company's peer group due to the application of various accounting policies in relation to the amortization of acquired intangible assets. Comparative periods included in the Management's Discussion & Analysis and this news release were aligned to meet the current presentation.

We use non-GAAP measures and ratios to provide investors with supplemental metrics to assess and measure our operating performance and financial position from one period to the next. We believe that those measures are important supplemental metrics because they eliminate items that are less indicative of our core business performance and could potentially distort the analysis of trends in our operating performance and financial position. We also use non-GAAP measures to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets and forecasts, and to determine components of management compensation. We believe these non-GAAP measures, in addition to the financial measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, underlying performance, and future prospects in a manner similar to management. These metrics are presented as a complement to enhance the understanding of operating results but not in substitution of GAAP results.

These non-GAAP measures have no standardized meaning under GAAP and are not likely to be comparable to similar measures presented by other issuers. Our method of calculating these measures may differ from the methods used by others, and, accordingly, our definition of these non-GAAP financial measures may not be comparable to similar measures presented by other issuers. In addition, non-GAAP financial measures should not be viewed as a substitute for the related financial information prepared in accordance with GAAP. This section provides a description of the components of each non-GAAP measure used in this news release and the classification thereof.

NON-GAAP FINANCIAL MEASURES AND RATIOS

A non-GAAP financial measure is a financial measure that depicts the Company's financial performance, financial position, or cash flow and either excludes an amount that is included in or includes an amount that is excluded from the composition of the most directly comparable financial measures disclosed in the Company's financial statements. A non-GAAP ratio is a financial measure disclosed in the form of a ratio, fraction, percentage, or similar representation and that has a non-GAAP financial measure as one or more of its components.

Below are descriptions of the non-GAAP financial measures and ratios that we use as well as reconciliations to the most comparable GAAP financial measures, as applicable.

Adjusted net earnings and adjusted net earnings margin

We believe that adjusted net earnings and adjusted net earnings margin provide useful information to investors because this financial measure and this ratio provide precision with regards to our ongoing operations by eliminating the impact of non-operational or non-cash items. We believe that in the context of highly acquisitive companies, adjusted net earnings provides a more effective measure to assess performance against the Company's peer group, including due to the application of various accounting policies in relation to the amortization of acquired intangible assets.

We also believe adjusted net earnings and adjusted net earnings margin are useful to investors because they help identify underlying trends in our business that could otherwise be masked by certain write-offs, charges, income, or recoveries that can vary from period to period. We believe that securities analysts, investors, and other interested parties also use adjusted net earnings to evaluate the performance of issuers. Excluding these items does not imply they are non-recurring. These measures do not have any standardized meanings under GAAP and are therefore unlikely to be comparable to similar measures presented by other companies.

The following table provides a reconciliation of net earnings to adjusted net earnings.

	Q4	**Q3**	**Q2**	**Q1**	**Fiscal 2022**
Net earnings	**37**	**86**	**98**	**53**	**274**
UK tax rate change[2]	**—**	**—**	**—**	**50**	**50**
Acquisition and restructuring costs[1]	**51**	**—**	**(1)**	**1**	**51**
Gain on disposal of assets[1]	**—**	**(8)**	**—**	**—**	**(8)**
Impairment of intangible assets[1]	**—**	**43**	**—**	**—**	**43**
Amortization of intangible assets related to business acquisitions[1]	**20**	**18**	**19**	**18**	**75**
Adjusted net earnings	**108**	**139**	**116**	**122**	**485**
Revenues	**3,957**	**3,901**	**3,689**	**3,488**	**15,035**
Margin	***2.7 %***	***3.6 %***	***3.1 %***	***3.5 %***	***3.2 %***

	Q4	Q3	Q2	Q1	Fiscal 2021
Net earnings	103	210	171	142	626
Acquisition and restructuring costs[1]	2	—	(5)	—	(3)
Impairment of intangible assets[1]	—	—	—	19	19
Amortization of intangible assets related to business acquisitions[1]	19	18	18	18	73
Adjusted net earnings	124	228	184	179	715
Revenues	3,438	3,763	3,702	3,391	14,294
Margin	*3.6 %*	*6.1 %*	*5.0 %*	*5.3 %*	*5.0 %*

1 Net of income taxes.
2 On June 10, 2021, the UK Finance Act 2021 was enacted, increasing the UK tax rate from 19% to 25%, effective April 1, 2023. Refer to Note 15 to the consolidated financial statements for further information.

Adjusted EPS basic and adjusted EPS diluted

Adjusted EPS basic and adjusted EPS diluted are non-GAAP ratios and do not have any standardized meaning under GAAP. Therefore, these measures are unlikely to be comparable to similar measures presented by other issuers. We define adjusted EPS basic and adjusted EPS diluted as adjusted net earnings divided by the basic and diluted weighted average number of common shares outstanding for the period. Adjusted net earnings is a non-GAAP financial measure. For more details on adjusted net earnings, refer to the discussion above in the adjusted net earnings and adjusted net earnings margin section.

We use adjusted EPS basic and adjusted EPS diluted, and we believe that certain securities analysts, investors, and other interested parties use these measures, among other ones, to assess the performance of our business without the effect of the UK tax rate change, acquisition and restructuring costs, gain on disposal of assets, impairment of intangible assets, and amortization of intangible assets related to business acquisitions. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Adjusted EPS is also a component in the determination of long-term incentive compensation for management.

TOTAL OF SEGMENTS MEASURES

A total of segments measure is a financial measure that is a subtotal or total of two or more reportable segments and is disclosed within the notes to Saputo's consolidated financial statements, but not in its primary financial statements. Consolidated adjusted EBITDA is a total of segments measure.

Consolidated adjusted EBITDA is the total of the adjusted EBITDA of our four geographic sectors. We report our business under four sectors: Canada, USA, International, and Europe. The Canada Sector consists of the Dairy Division (Canada), the USA Sector consists of the Dairy Division (USA), the International Sector consists of the Dairy Division (Australia) and the Dairy Division (Argentina), and the Europe Sector consists of the Dairy Division (UK). We sell our products in three different market segments: retail, foodservice, and industrial.

Adjusted EBITDA and adjusted EBITDA margin

We believe that adjusted EBITDA and adjusted EBITDA margin provide investors with useful information because they are common industry measures. These measures are also key metrics of the Company's operational and financial performance without the variation caused by the impacts of the elements itemized below and provide an indication of the Company's ability to seize growth opportunities in a cost-effective manner, finance its ongoing operations, and service its long-term debt. Adjusted EBITDA is the key measure of profit used by management for the purpose of assessing the performance of each sector and of the Company as a whole, and to make decisions about the allocation of resources. We believe that securities analysts, investors, and other interested parties also use adjusted EBITDA to evaluate the performance of issuers. Adjusted EBITDA is also a component in the determination of short-term incentive compensation for management.

The following table provides a reconciliation of net earnings to adjusted EBITDA on a consolidated basis.

	Q4	Q3	Q2	Q1	Fiscal 2022
Net earnings	**37**	86	98	53	274
Income taxes	**(12)**	26	31	86	131
Financial charges	**16**	17	19	18	70
Acquisition and restructuring costs	**71**	—	(2)	2	71
Gain on disposal of assets	**—**	(9)	—	—	(9)
Impairment of intangible assets	**—**	58	—	—	58
Depreciation and amortization	**148**	144	137	131	560
Adjusted EBITDA	**260**	322	283	290	1,155
Revenues	**3,957**	3,901	3,689	3,488	15,035
Margin	***6.6 %***	*8.3 %*	*7.7 %*	*8.3 %*	*7.7 %*

	Q4	Q3	Q2	Q1	Fiscal 2021
Net earnings	103	210	171	142	626
Income taxes	39	67	57	55	218
Financial charges	23	26	22	25	96
Acquisition and restructuring costs	3	—	(6)	—	(3)
Impairment of intangible assets	—	—	—	19	19
Depreciation and amortization	135	128	126	126	515
Adjusted EBITDA	303	431	370	367	1,471
Revenues	3,438	3,763	3,702	3,391	14,294
Margin	*8.8 %*	*11.5 %*	*10.0 %*	*10.8 %*	*10.3 %*

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)	
	2022	2021	**2022**	2021
Revenues	**$ 3,957**	$ 3,438	**$ 15,035**	$ 14,294
Operating costs excluding depreciation, amortization and restructuring costs	**3,697**	3,135	**13,880**	12,823
Earnings before income taxes, financial charges, acquisition and restructuring costs, gain on disposal of assets, impairment of intangible assets, and depreciation and amortization	**260**	303	**1,155**	1,471
Depreciation and amortization	**148**	135	**560**	515
Impairment of intangible assets	**—**	—	**58**	19
Gain on disposal of assets	**—**	—	**(9)**	—
Acquisition and restructuring costs	**71**	3	**71**	(3)
Financial charges	**16**	23	**70**	96
Earnings before income taxes	**25**	142	**405**	844
Income taxes	**(12)**	39	**131**	218
Net earnings	**$ 37**	$ 103	**$ 274**	$ 626
Net earnings per share				
Basic	**$ 0.09**	$ 0.25	**$ 0.66**	$ 1.53
Diluted	**$ 0.09**	$ 0.25	**$ 0.66**	$ 1.52

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, 2022, included in the Company's 2022 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)

As at		March 31, 2022		March 31, 2021
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**165**	$	309
Receivables		**1,500**		1,217
Inventories		**2,503**		2,294
Income taxes receivable		**52**		35
Prepaid expenses and other assets		**75**		93
		4,295		3,948
Property, plant and equipment		**3,962**		3,777
Right-of-use assets		**475**		482
Goodwill		**3,188**		3,066
Intangible assets		**1,371**		1,517
Other assets		**362**		319
Deferred tax assets		**30**		14
Total assets	**$**	**13,683**	$	13,123
LIABILITIES				
Current liabilities				
Bank loans	**$**	**419**	$	76
Accounts payable and accrued liabilities		**1,952**		1,641
Income taxes payable		**44**		54
Current portion of long-term debt		**300**		300
Current portion of lease liabilities		**65**		75
		2,780		2,146
Long-term debt		**3,075**		3,278
Lease liabilities		**386**		386
Other liabilities		**101**		116
Deferred tax liabilities		**836**		753
Total liabilities	**$**	**7,178**	$	6,679
EQUITY				
Share capital		**1,945**		1,807
Reserves		**259**		375
Retained earnings		**4,301**		4,262
Total equity	**$**	**6,505**	$	6,444
Total liabilities and equity	**$**	**13,683**	$	13,123

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)	
	2022	2021	**2022**	2021
Cash flows related to the following activities:				
Operating				
Net earnings	**$ 37**	$ 103	**$ 274**	$ 626
Adjustments for:				
Stock-based compensation	**—**	12	**37**	36
Financial charges	**16**	23	**70**	96
Income tax expense	**(12)**	39	**131**	218
Depreciation and amortization	**148**	135	**560**	515
Impairment of intangible assets	**—**	—	**58**	19
Restructuring charges related to optimization initiatives	**68**	—	**68**	—
(Gain) loss on disposal of property, plant and equipment	**—**	—	**(12)**	(7)
Foreign exchange (gain) loss on debt	**(3)**	(13)	**(21)**	45
Share of joint venture earnings, net of dividends received and other	**(1)**	—	**3**	(2)
Changes in non-cash operating working capital items	**(28)**	(96)	**(252)**	(233)
Cash generated from operating activities	**225**	203	**916**	1,313
Interest and financial charges paid	**(22)**	(21)	**(117)**	(112)
Income taxes paid	**(19)**	(31)	**(106)**	(123)
Net cash generated from operating activities	**$ 184**	$ 151	**$ 693**	$ 1,078
Investing				
Business acquisitions, net of cash acquired	**2**	—	**(371)**	—
Additions to property, plant and equipment	**(207)**	(145)	**(453)**	(380)
Additions to intangible assets	**(7)**	(18)	**(45)**	(54)
Proceeds from disposal of property, plant and equipment	**51**	5	**70**	47
Net cash used for investing activities	**$ (161)**	$ (158)	**$ (799)**	$ (387)
Financing				
Bank loans	**21**	(120)	**356**	(444)
Proceeds from issuance of long-term debt	**—**	34	**306**	1,084
Repayment of long-term debt	**(1)**	(1)	**(487)**	(1,093)
Repayment of lease liabilities	**(18)**	(21)	**(80)**	(80)
Net proceeds from issuance of share capital	**16**	20	**42**	33
Payment of dividends	**(50)**	(102)	**(209)**	(205)
Net cash used in financing activities	**$ (32)**	$ (190)	**$ (72)**	$ (705)
Decrease in cash and cash equivalents	**(9)**	(197)	**(178)**	(14)
Cash and cash equivalents, beginning of year	**163**	506	**309**	319
Effect of inflation	**12**	5	**39**	16
Effect of exchange rate changes	**(1)**	(5)	**(5)**	(12)
Cash and cash equivalents, end of year	**$ 165**	$ 309	**$ 165**	$ 309