

**FINANCIAL RESULTS FOR FISCAL 2020
THIRD QUARTER ENDED DECEMBER 31, 2019**

Revenues at \$3.891 billion, up 8.8%
Adjusted EBITDA at \$417.0 million, up 29.8%
Net earnings at \$197.8 million, down 42.2%
Adjusted net earnings at \$204.2 million, up 17.1%

(Montréal, February 6, 2020) – Saputo Inc. (TSX: SAP) (Saputo or the Company) reported today its financial results for the third quarter of fiscal 2020, which ended on December 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).

- Revenues amounted to \$3.891 billion, an increase of \$313.6 million or 8.8%.
- Adjusted EBITDA* amounted to \$417.0 million, an increase of \$95.8 million or 29.8%.
- Net earnings totalled \$197.8 million and EPS** (basic and diluted) were \$0.49 and \$0.48, as compared to \$342.0 million and EPS (basic and diluted) of \$0.88 and \$0.87 that included a gain on disposal of assets.
- Adjusted net earnings* totalled \$204.2 million and adjusted EPS* (basic and diluted) were \$0.50, as compared to \$174.4 million and adjusted EPS (basic and diluted) of \$0.45 and \$0.44.

(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	
	2019	2018	2019	2018
Revenues	3,890.8	3,577.2	11,224.8	10,265.4
Adjusted EBITDA*	417.0	321.2	1,169.4	946.2
Net earnings	197.8	342.0	494.1	631.1
Adjusted net earnings*	204.2	174.4	554.9	497.8
Net earnings per share				
Basic	0.49	0.88	1.24	1.62
Diluted	0.48	0.87	1.23	1.61
Adjusted net earnings per share*				
Basic	0.50	0.45	1.40	1.28
Diluted	0.50	0.44	1.39	1.27

HIGHLIGHTS

- USA Sector revenues increased by \$170.2 million and adjusted EBITDA by \$49.7 million, including approximately \$14 million attributable to the positive impact of USA Market Factors**.
- The Europe Sector, consisting of the activities of Dairy Crest Group plc acquired on April 15, 2019 (Dairy Crest Acquisition), increased revenues and adjusted EBITDA by approximately \$196 million and \$35 million, respectively.
- Higher international selling prices of cheese and dairy ingredients positively impacted adjusted EBITDA.
- The adoption of IFRS 16, Leases positively impacted adjusted EBITDA by approximately \$16 million. The impact on net earnings was minimal.
- The fluctuation of foreign currencies versus the Canadian dollar had a negative impact on adjusted EBITDA of approximately \$15 million.
- The specialty cheese business of Lion Dairy & Drinks Pty Ltd (Specialty Cheese Business Acquisition) in Australia, acquired on October 28, 2019, contributed positively to revenues and adjusted EBITDA for nine weeks in the quarter.
- The Board of Directors approved a dividend of \$0.17 per share payable on March 13, 2020, to common shareholders of record on March 3, 2020.

* Non-IFRS measures are described in the “Glossary” section on page 24 of the Management’s Discussion and Analysis for the third quarter of fiscal 2020.

** Refer to the “Glossary” section on page 24 of the Management’s Discussion and Analysis for the third quarter of fiscal 2020.

Plant Closures in Canada

Saputo announces today measures aimed at improving its operational efficiency and right-sizing both its manufacturing footprint and sales force in Canada. Saputo will close its facilities in Trenton, Ontario, and Saint John, New Brunswick (Canada). The closures are scheduled in September 2020 and January 2021, respectively. The current production of both these sites will be integrated into other Saputo facilities across Canada. In all, approximately 280 employees will be impacted. These employees will be provided with severance and outplacement support, and some will be offered the possibility of transferring to other Saputo locations within the Dairy Division (Canada).

Over recent years, Saputo has maintained efforts to pursue additional efficiencies and decrease costs while strengthening its market presence. This decision is part of the Company's continual analysis of its overall activities.

Appointments in Senior Management

The Company is pleased to announce that Mr. Richard Wallace will be appointed President and Chief Operating Officer of Saputo's Dairy Division (Australia), effective April 1, 2020. He will continue to report to Mr. Kai Bockmann, President and Chief Operating Officer, Saputo Inc. and International Sector. Mr. Wallace currently holds the position of Senior Vice President, Operations, Dairy Division (Australia). He joined Warrnambool Cheese and Butter Factory Company Holdings Limited in 1996, where he held a number of key management positions prior to its acquisition by Saputo.

The Company also announces that Mr. Carl Colizza, President and Chief Operating Officer (North America), will, in addition to his current duties, take the leadership of the Dairy Foods Division (USA) on an interim basis, effective April 1, 2020. As previously announced, Mr. Paul Corney, the current President and Chief Operating Officer, Dairy Foods Division (USA), had advised that he would retire after 47 years in the dairy industry, including almost 20 years with Saputo. Mr. Corney will ensure the transition until his retirement in July 2020. Mr. Colizza will continue to report to Mr. Bockmann.

Additional Information

For more information on the third quarter results of fiscal 2020, 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 2020. 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 2020 third quarter results will be held on Thursday, February 6, 2020, at 2:30 p.m. Eastern Time. To participate in the conference call, dial 1-800-768-3591. 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/10478> in your Web browser.

For those unable to participate, a replay of the conference will be available until 11:59 p.m., Thursday, February 13, 2020. To access the replay, dial 1-800-558-5253, ID number 21951201. A webcast will also be archived on www.saputo.com, in the "Investors" section, under "Calendar of Events".

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*, *Nutralait*, *Scotsburn**, *South Cape*, *Stella*, *Sungold*, *Tasmanian Heritage*, *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".

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Media Inquiries

1-514-328-3141 / 1-866-648-5902

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", "aim", "commit" 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 its 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 availability and cost of milk as raw material, the anticipated warehousing, logistical and transportation costs, the anticipated cost of the enterprise resource planning (ERP) program, the exchange rate of the Canadian dollar to the currencies of the other countries where the Company is operating, and the anticipated international and domestic 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 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 (including as a result of climate change or extreme weather) 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 its products in the countries in which it operates, 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

The Company reports its business under the Canada Sector, the USA Sector, the International Sector and the 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 consists of the Dairy Division (UK).

Consolidated revenues for the three-month period ended December 31, 2019, totalled \$3.891 billion, an increase of \$313.6 million or 8.8%, as compared to \$3.577 billion for the same quarter last fiscal year. The inclusion of the Dairy Crest Acquisition, the Specialty Cheese Business Acquisition, for nine weeks, and the activities of F&A Dairy Products, Inc. (F&A Acquisition) contributed positively to revenues. The combined effect of a higher average block market** per pound of cheese and the fluctuation of the average butter market** price per pound increased revenues by approximately \$148 million. The devaluation of the Argentine peso and the Australian dollar versus the US dollar in the export market had a positive impact on revenues. Additionally, higher international selling prices of cheese and dairy ingredients, a favourable product mix, as well as higher domestic selling prices in the International Sector due to the increased cost of milk as raw material, positively impacted revenues. These increases were partially offset by lower sales volumes as a result of competitive market conditions in the fluid milk category in Canada and in the cheese category in the USA, and the decline of raw milk availability in Australia. The fluctuation of foreign currencies versus the Canadian dollar decreased revenues by approximately \$81 million, mainly in the International Sector.

For the nine-month period ended December 31, 2019, revenues totalled \$11.225 billion, an increase of \$959.4 million or 9.3%, as compared to \$10.265 billion for the same period last fiscal year. Revenues increased due to the contribution of recent acquisitions, including \$534.5 million from the Dairy Crest Acquisition for the 37-week period ended December 31, 2019. The combined effect of a higher average block market per pound of cheese and the fluctuation of the butter market price per pound increased revenues by approximately \$277 million. The devaluation of the Argentine peso and the Australian dollar versus the US dollar in the export market had a positive impact on revenues. Additionally, higher international selling prices of cheese and dairy ingredients, a favourable product mix, as well as higher domestic selling prices in the Canada and International Sectors due to the increased cost of milk as raw material, positively impacted revenues. These increases were partially offset by lower sales volumes as a result of competitive market conditions in Canada, mainly in the fluid milk category, and the decline of raw milk availability in Australia. Finally, the fluctuation of foreign currencies versus the Canadian dollar decreased revenues by approximately \$221 million, mainly in the International Sector and partially offset by the USA Sector.

Consolidated adjusted EBITDA* for the three-month period ended December 31, 2019, totalled \$417.0 million, an increase of \$95.8 million or 29.8%, as compared to \$321.2 million for the same quarter last fiscal year. The contribution of the Dairy Crest Acquisition increased adjusted EBITDA by \$34.7 million, and the Specialty Cheese Business Acquisition also contributed positively to adjusted EBITDA. In addition, pricing initiatives in the USA Sector positively affected adjusted EBITDA through a better alignment of selling prices with costs related to warehousing, delivery and logistics. USA Market Factors had a positive effect of approximately \$14 million. Furthermore, higher international dairy ingredient and cheese market prices also positively impacted adjusted EBITDA. Despite lower sales volumes, product mix optimization and improved operational efficiencies favourably impacted adjusted EBITDA. The adoption of IFRS 16, *Leases* positively impacted adjusted EBITDA by approximately \$16 million. The fluctuation of foreign currencies versus the Canadian dollar had a negative impact on adjusted EBITDA of approximately \$15 million, mainly in the International Sector.

* Non-IFRS measures are described in the "Glossary" section on page 24 of the Management's Discussion and Analysis for the third quarter of fiscal 2020.

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For the nine-month period ended December 31, 2019, consolidated adjusted EBITDA totalled \$1.169 billion, an increase of \$223.2 million or 23.6%, as compared to \$946.2 million for the same period last fiscal year. The contribution of the Dairy Crest Acquisition, for the 37-week period ended December 31, 2019, increased adjusted EBITDA by \$96.5 million. Also, adjusted EBITDA increased due to the contribution of recent acquisitions for the full period, as compared to partial contributions for the same period last fiscal year, and the contribution of the Specialty Cheese Business Acquisition for nine weeks in the period. Pricing initiatives in the USA Sector also positively affected adjusted EBITDA through a better alignment of selling prices with costs related to warehousing, delivery and logistics. The positive effect of higher international dairy ingredient and cheese market prices was partially offset by lower sales volumes of fluid milk in Canada, as a result of competitive market conditions. Despite lower sales volumes following the decline of raw milk availability in Australia, product mix optimization favourably impacted adjusted EBITDA. USA Market Factors also had a favourable impact on adjusted EBITDA of approximately \$16 million. Furthermore, improved operational efficiencies positively impacted adjusted EBITDA. The adoption of IFRS 16, *Leases* positively impacted adjusted EBITDA by approximately \$47 million. Lastly, the fluctuation of foreign currencies versus the Canadian dollar had an unfavourable impact on adjusted EBITDA of approximately \$33 million, mainly in the International Sector and partially offset by the USA Sector.

Depreciation and amortization for the three-month period ended December 31, 2019, totalled \$121.8 million, an increase of \$41.1 million, as compared to \$80.7 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2019, depreciation and amortization expenses amounted to \$339.4 million, an increase of \$107.5 million, as compared to \$231.9 million for the same period last fiscal year. These increases were mainly attributable to additional depreciation and amortization related to recent acquisitions and to additions to property, plant and equipment, which increased the depreciable base. Also, as a result of the adoption of IFRS 16, *Leases*, depreciation of right-of-use assets represented an increase of approximately \$13 million and \$38 million for the three and nine-month periods ended December 31, 2019, respectively.

Inventory revaluation resulting from a business acquisition for the three and nine-month periods ended December 31, 2019, amounted to nil and \$40.1 million, respectively. These revaluations were related to the Dairy Crest Acquisition, stemming from added value attributed to the acquired inventory as part of the purchase price allocation, and were fully amortized in the income statement as at September 30, 2019.

Acquisition costs for the three and nine-month periods ended December 31, 2019, amounted to \$9.4 million and \$32.2 million, respectively. For the three-month period ended December 31, 2019, acquisition costs were mainly related to the Specialty Cheese Business Acquisition, including approximately \$9 million in stamp duty taxes. For the nine-month period ended December 31, 2019, acquisition costs were mainly related to the Dairy Crest Acquisition and the Specialty Cheese Business Acquisition.

Net interest expense for the three and nine-month periods ended December 31, 2019, increased by \$13.0 million and \$43.9 million, respectively, as compared to the same periods last fiscal year. These increases were mainly attributed to additional debt related to the Dairy Crest Acquisition and the Specialty Cheese Business Acquisition as well as higher bank loans denominated in Argentine peso, which bear higher interest rates. Also, as a result of the adoption of IFRS 16, *Leases*, interest expenses on lease liabilities pertaining to right-of-use assets represented an increase of approximately \$4 million and \$12 million, respectively.

In accordance with IAS 29, *Financial Reporting in Hyperinflationary Economies*, Argentina has been considered a hyperinflationary economy since July 1, 2018. For the three and nine-month periods ended December 31, 2019, the **gain on hyperinflation** totalled \$7.3 million and \$16.9 million, respectively. These gains were derived from the indexation of non-monetary assets and liabilities.

Income tax expense for the three-month period ended December 31, 2019, totalled \$61.2 million, reflecting an effective tax rate of 23.6% compared to 20.8% for the same quarter last fiscal year. During the three-month period ended December 31, 2019, the Company recorded an income tax benefit of \$6.7 million related to a tax inflation adjustment pursuant to an Argentine tax legislation, as amended. Excluding the effects of the tax inflation adjustment in Argentina and the gain on disposal of assets realized during the third quarter of fiscal 2019, the effective tax rates for the three-month periods ended December 31, 2019, and December 31, 2018, would have been 26.2% and 26.8%, respectively. Income tax expense for the nine-month period ended December 31, 2019, totalled \$173.8 million, reflecting an effective tax rate of 26.0% as compared to 22.7% for the same period last fiscal year. Excluding the effects of the tax inflation adjustment in Argentina, the gain realized on disposal of assets and acquisition costs for both periods, the effective tax rates for the nine-month periods ended December 31, 2019, and December 31, 2018, would have been 26.4% and 26.1%, respectively. The effective 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 the computation of tax assets and liabilities by the Company and its affiliates.

Net earnings for the three-month period ended December 31, 2019, totalled \$197.8 million, a decrease of \$144.2 million or 42.2%, as compared to \$342.0 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2019, net earnings totalled \$494.1 million, a decrease of \$137.0 million or 21.7%, as compared to \$631.1 million for the same period last fiscal year. These decreases were mainly due to the after-tax gain of \$167.8 million on the sale of its facility in Burnaby, British Columbia, recorded in fiscal 2019.

Adjusted net earnings* for the three-month period ended December 31, 2019, totalled \$204.2 million, an increase of \$29.8 million or 17.1%, as compared to \$174.4 million for the same quarter last fiscal year. For the nine-month period ended December 31, 2019, adjusted net earnings totalled \$554.9 million, an increase of \$57.1 million or 11.5%, as compared to \$497.8 million for the same period last fiscal year. These increases were due to the above-mentioned factors.

* Non-IFRS measures are described in the "Glossary" section on page 24 of the Management's Discussion and Analysis for the third quarter of fiscal 2020.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Fiscal years	2020			2019				2018
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	3,890.8	3,665.6	3,668.4	3,236.5	3,577.2	3,420.4	3,267.8	2,744.4
Adjusted EBITDA*	417.0	394.4	358.0	275.1	321.2	317.5	307.5	261.7
Net earnings	197.8	174.9	121.4	124.2	342.0	163.1	126.0	130.0
Gain on disposal of assets ¹	-	-	-	-	(167.8)	-	-	-
Inventory revaluation resulting from a business acquisition ¹	-	10.5	22.0	-	-	-	-	-
Acquisition and restructuring costs ¹	6.4	0.4	21.5	1.6	0.2	-	34.3	5.3
Adjusted net earnings*	204.2	185.8	164.9	125.8	174.4	163.1	160.3	135.3
Per share								
Net earnings								
Basic	0.49	0.44	0.31	0.32	0.88	0.42	0.32	0.34
Diluted	0.48	0.44	0.31	0.32	0.87	0.42	0.32	0.33
Adjusted net earnings*								
Basic	0.50	0.47	0.42	0.32	0.45	0.42	0.41	0.35
Diluted	0.50	0.47	0.42	0.32	0.44	0.42	0.41	0.35
Earnings coverage ratio**	7.53	9.77	10.76	12.69	14.20	12.57	15.37	20.83

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** Refer to the "Glossary" section on page 24 of the Management's Discussion and Analysis for the third quarter of fiscal 2020.

¹ Net of income taxes.

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	2020			2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
USA Market Factors* ¹	14	10	(8)	4	(19)	(7)	2
Inventory write-down	-	-	-	(2)	(1)	-	-
Foreign currency exchange ^{1,2}	(15)	(14)	(4)	2	1	5	(13)

* Refer to the "Glossary" section on page 24 of the Management's Discussion and Analysis for the third quarter of fiscal 2020.

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, British pounds sterling and Argentine pesos to Canadian dollars.

OUTLOOK

Saputo benefits from a solid financial position and capital structure, supplemented by a high level of cash generated by operations, allowing the Company to continue to grow through targeted acquisitions and organically through strategic capital investments, innovation and product portfolio diversification. 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 is committed to living up to the values on which its business was founded in 1954. It is these values that led to the development of the Saputo Promise – its 7-Pillar approach to social, environmental, and economic performance. With a strong foundation in place and clear strategic direction, the Company is continually looking for opportunities to improve its performance across each of the 7 Pillars: Food Quality and Safety, Our People, Business Ethics, Responsible Sourcing, Environment, Nutrition and Healthy Living, and Community. For Saputo, pursuing growth as a global dairy processor includes building a healthier future for its employees, consumers, customers, and those living in the communities where it operates.

In fiscal 2020, the Company continues to focus on the execution of the Saputo Promise three-year plan launched earlier this year. As part of its efforts, Saputo intends to ramp up its commitment to responsible environmental practices with a key focus on climate, water and waste.

Going forward, Saputo is committed to diversifying its product portfolio by pursuing more plant-based opportunities. The Company aims to capitalize on the growing consumer demand, and to leverage a common customer base, technology, manufacturing expertise, assets and supply chain. Saputo will look to increase its presence in this category through a series of investments in manufacturing, sales and distribution. To lead its plans, the Company has appointed a Senior Vice-President, Business Development, Plant-Based Food.

For fiscal 2020, the Company continues to expect its business operations to deliver slightly higher adjusted EBITDA when compared to fiscal 2019. This excludes the positive contributions of the Dairy Crest Acquisition and the Specialty Cheese Business Acquisition, as well as the adoption of IFRS 16, *Leases* in fiscal 2020. While benefiting from the contribution of other recent acquisitions, the Company expects to continue facing competitive market conditions in the USA, unsettled economic conditions in Argentina, volatility in international selling prices of cheese and dairy ingredients, and reduced availability of raw milk due to extreme weather in Australia. The Company expects, through increased efficiencies and pricing initiatives, to mitigate the impact of elevated costs in warehousing, logistics and transportation.

Canada Sector

While the competitive Canadian landscape continues to exercise downward pressure on financial performance, market conditions continue to show signs of easing, providing the Dairy Division (Canada) with an improved outlook for capturing profitable sales volumes. The Division will keep emphasizing its specialty and value-added products for both the retail and foodservice channels while building on its customer and consumer loyalty. The Dairy Division (Canada) will also continue to focus on increasing its operational efficiency, decreasing costs and optimizing its platform through strategic investments to mitigate low growth and consistently high warehousing, logistics and transportation costs. In an effort to pursue additional efficiencies and right-size both its manufacturing footprint and sales force, Saputo will be closing its Trenton, Ontario, and Saint John, New Brunswick, facilities in Canada. These closures are scheduled in September 2020 and January 2021, respectively, and the production of both these sites will be integrated into other Saputo facilities across Canada.

USA Sector

Although improving, domestic market conditions remain challenging, resulting in an excess supply of commodity products. The USA Sector will continue to focus on increasing operational efficiencies and controlling costs to mitigate the impacts of dairy commodity market fluctuations, competitive market conditions and consistently high warehousing, logistics and transportation costs, which will continue to affect its financial performance.

The Company expects cheese markets to remain firm while the dairy ingredient market is expected to remain volatile until the first half of fiscal 2021.

The Cheese Division (USA) will continue to focus on increasing operational efficiencies and controlling costs in order to mitigate the effect of competitive market conditions on adjusted EBITDA. It will focus on growing its specialty and value-added products business, pursuing operational efficiencies and ensuring customer demands are met in its commodity products business.

The Dairy Foods Division (USA) will continue to optimize its national manufacturing and logistics network, as well as its systems and processes. The Division will also focus on growing its business and utilizing the increased manufacturing capacity it is adding to its network.

International Sector

The International Sector will keep pursuing sales volume growth in existing markets, as well as the development of 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 the effects of fluctuations in market conditions and their impact on financial performance. The Sector will also continue to focus on innovation, and the optimization of its product mix and customer portfolios, both domestically and internationally.

Despite the devaluation of the Argentine peso, the Dairy Division (Argentina) will continue to adapt to changing economic conditions.

The Dairy Division (Australia) continues to proceed with the integration of the Specialty Cheese Business Acquisition which adds to and complements its current activities.

As a result of the decrease in milk production in Australia, the Dairy Division (Australia) expects increased competition in the sourcing of raw milk to persist and to continue to put pressure on margins. As such, the Division is implementing alternate measures to mitigate these factors. It will also continue to review operations to optimize the network at its disposal and benefit from its manufacturing flexibility. The Company aims to further capture opportunities derived from the operational combination of Murray Goulburn and Warrnambool Cheese and Butter under a single platform and from the wide portfolio of Australian brands inherited through the Specialty Cheese Business Acquisition.

At this time, the impact of the Australian bushfires on the Company's operations has been limited and its facilities are operating as usual. Saputo has been able to collect close to all the milk from farmers and continues to work on a variety of ongoing practical support initiatives for those suppliers that are affected. The Company has confirmed its support to disaster relief efforts through financial and product donations, and has supported employee initiatives to raise additional funds and volunteer.

For the first half of fiscal 2021, the Company expects prices to remain relatively stable in the cheese and dairy ingredient markets as there is a better equilibrium between supply and demand in the international market.

Europe Sector

For the remainder of fiscal 2020, the Company will continue its integration of the Dairy Division (UK) and focus on aligning processes, systems, and sharing best practices. The Division will pursue capital investments in its manufacturing facilities with the objective of increasing its cheesemaking capabilities and driving overall growth.

At present, the Dairy Division (UK) is a UK-focused business with a predominantly local supply chain and customer base, which mitigates the Division's exposure to risks surrounding Brexit.

Enterprise Resource Planning (ERP) Program

The Company will continue planning, designing and implementing activities for the migration to the new ERP system. In the first half of calendar 2020, the Company will start the deployment of the ERP program in the remainder of the Dairy Division (Australia) to ensure its alignment under a single system and begin the subsequent phases of the implementation within the Cheese Division (USA), having recently completed the first phase. The Dairy Division (Canada) implementation will begin during calendar 2021. The Dairy Division (UK) is not currently in the scope of Saputo's global ERP program and its business will continue to operate under its existing ERP system.

Trade Agreements

The Company expects to continue making an effective use of its interim quota allocation under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and intends to focus on importing dairy products that complement the current Canadian product offering. Provided final allocations of 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 North American Free Trade Agreement will remain in force until the new Canada-United States-Mexico Agreement (CUSMA) is ratified by all three signatory countries. At this stage, Canada is the only country that has yet to complete this step. The Company does not foresee significant impacts on its operations upon formal adoption of the CUSMA, assuming the bulk of the import licences is allocated to dairy processors in Canada.

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.

INFORMATION BY SECTOR

CANADA SECTOR

(in millions of CDN dollars)

Fiscal years	2020			2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	1,049.0	1,029.4	968.8	924.8	1,059.6	1,047.7	1,011.0
Adjusted EBITDA*	111.7	103.2	98.5	90.0	113.8	104.4	105.5

* Non-IFRS measures are described in the "Glossary" section on page 24 of the Management's Discussion and Analysis for the third quarter of fiscal 2020.

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

USA SECTOR

(in millions of CDN dollars)

Fiscal years	2020			2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	1,848.7	1,792.4	1,757.7	1,616.6	1,678.5	1,618.0	1,594.6
Adjusted EBITDA*	172.1	175.4	173.6	134.2	122.4	133.8	154.3

* Non-IFRS measures are described in the "Glossary" section on page 24 of the Management's Discussion and Analysis for the third quarter of fiscal 2020.

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	2020			2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
USA Market factors*. ¹	14	10	(8)	4	(19)	(7)	2
US currency exchange ¹	-	1	6	7	6	7	(8)

* Refer to the "Glossary" section on page 24 of the Management's Discussion and Analysis for the third quarter of fiscal 2020.

¹ As compared to same quarter last fiscal year.

Other pertinent information

(in US dollars, except for average exchange rate)

Fiscal years	2020			2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Block market* price							
Opening	1.958	1.858	1.645	1.430	1.690	1.555	1.530
Closing	1.910	1.958	1.858	1.645	1.430	1.690	1.555
Average	1.971	1.912	1.711	1.520	1.453	1.605	1.603
Butter market* price							
Opening	2.128	2.410	2.255	2.218	2.320	2.268	2.215
Closing	1.950	2.128	2.410	2.255	2.218	2.320	2.268
Average	2.043	2.284	2.330	2.264	2.238	2.264	2.339
Average whey market price per pound*	0.326	0.352	0.370	0.443	0.452	0.387	0.279
Spread*	(0.018)	0.029	0.061	0.054	0.021	0.095	0.135
US average exchange rate to Canadian dollar ¹	1.320	1.320	1.337	1.330	1.321	1.307	1.290

* Refer to the "Glossary" section on page 24 of the Management's Discussion and Analysis for the third quarter of fiscal 2020.

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	2020			2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	797.0	657.0	790.3	695.1	839.1	754.7	662.2
Adjusted EBITDA*	98.5	80.2	59.7	50.9	85.0	79.3	47.7

* Non-IFRS measures are described in the "Glossary" section on page 24 of the Management's Discussion and Analysis for the third quarter of fiscal 2020.

Selected factors positively (negatively) affecting financial performance

(in millions of CDN dollars)

Fiscal years	2020			2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Inventory write-down	-	-	-	(2)	(1)	-	-
Foreign currency exchange ¹	(14)	(16)	(10)	(3)	(5)	-	(7)

¹ As compared to same quarter last fiscal year.

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

EUROPE SECTOR

(in millions of CDN dollars)

Fiscal years	2020			2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	196.1	186.8	151.6	-	-	-	-
Adjusted EBITDA*	34.7	35.6	26.2	-	-	-	-

* Non-IFRS measures are described in the "Glossary" section on page 24 of the Management's Discussion and Analysis for the third quarter of fiscal 2020.

The Europe Sector consists of the Dairy Division (UK) following the Dairy Crest Acquisition.