



TSX: MFI  
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**Maple Leaf Foods Reports Third Quarter 2017 Financial Results**

Mississauga, Ontario, October 26, 2017- Maple Leaf Foods Inc. (TSX: MFI) today reported its financial results for the third quarter, September 30, 2017.

- Robust sales and volume growth
- Continued earnings growth, contributing to Free Cash Flow
- Balanced portfolio offset the spike in raw material costs

**Financial Highlights**

Third quarter sales increased 6.6% to \$908.4 million and Adjusted Earnings per Share<sup>(1)</sup> increased 21.9% to \$0.39 compared to the same quarter last year. Adjusted EBITDA Margin<sup>(2)</sup> for the quarter was 10.6%, while Free Cash Flow<sup>(3)</sup> increased to \$154.3 million.

For the nine months ended September 30, 2017, sales increased 5.7% and Adjusted Earnings per Share increased 22.8%. Adjusted EBITDA Margin was 10.9% while Free Cash Flow was \$204.2 million.

<b>Measure<sup>(1)</sup> (Unaudited)</b>	<b>Three months ended September 30,</b>			<b>Nine months ended September 30,</b>	
	<b>2017</b>	2016	% Change	<b>2017</b>	2016
Sales	<b>908.4</b>	852.1	6.6%	<b>2,645.4</b>	2,503.6
Net Earnings	<b>37.6</b>	31.8	18.2%	<b>105.0</b>	105.5
Adjusted Operating Earnings <sup>(4)</sup>	<b>65.2</b>	61.5	6.0%	<b>199.2</b>	175.6
Adjusted EBITDA Margin	<b>10.6%</b>	10.3%	30 bps	<b>10.9%</b>	10.3%
Basic Earnings per Share	<b>0.29</b>	0.24	20.8%	<b>0.81</b>	0.78
Adjusted Earnings per Share	<b>0.39</b>	0.32	21.9%	<b>1.13</b>	0.92
Free Cash Flow	<b>154.3</b>	146.7	5.2%	<b>204.2</b>	208.1

<sup>(1)</sup> All financial measures in millions of dollars except Adjusted EBITDA Margin and Basic and Adjusted Earnings per Share.

Note: Several items are excluded from the discussions of underlying earnings performance as they are not representative of ongoing operational activities. Refer to the section entitled Reconciliation of Non-IFRS Financial Measures at the end of this news release for a description and reconciliation of all non-IFRS financial measures.

"We continued to deliver year-over-year sales and earnings growth in the third quarter, benefiting from our balanced portfolio which offset a sharp spike in raw material costs and the margin compression we expected from this," said Michael H. McCain, President and CEO. "We are accelerating profitable growth by leveraging our leadership in sustainability and executing on our strategies, which provides significant market differentiation and growth opportunities."

## **Sales and Earnings**

*The Company's products include value-added prepared meats, lunch kits and snacks, value-added fresh pork and poultry products and refrigerated plant protein products sold under flagship national brands such as Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina® and Lightlife®.*

Sales for the third quarter increased 6.6% to \$908.4 million or 5.8% after adjusting for the impact of foreign exchange and acquisitions compared to last year. Higher sales across the portfolio benefited from improved volumes, as well as the addition of Lightlife.

Sales for the first nine months increased 5.7% to \$2,645.4 million or 4.6% after adjusting for the impact of foreign exchange and acquisitions.

Net earnings for the third quarter increased to \$37.6 million (\$0.29 per basic share) compared to \$31.8 million (\$0.24 per basic share) last year. Sales growth across the business contributed to earnings in the quarter. Robust performance in the value-added fresh portfolio was partially offset by margin compression in prepared meats related to high raw material costs. The Company implemented pricing action during the latter part of the third quarter to address the impact of higher input costs. Net earnings were also impacted by a one-time gain on the sale of a legacy plant, higher restructuring costs and a change in the fair value of biological assets. For the first nine months, net earnings were \$105.0 million (\$0.81 per basic share) compared to \$105.5 million (\$0.78 per basic share) last year. Year to date results were also impacted by non-routine items in other income, which are excluded in calculating Adjusted Operating Earnings below.

Adjusted Operating Earnings increased to \$65.2 million compared to \$61.5 million last year. Increased sales across the business contributed to earnings growth in the quarter. Earnings performance in the value-added fresh portfolio was partially offset by margin compression in prepared meats related to high raw material costs in the period. The one-time gain on the sale of a legacy plant, higher restructuring costs and a change in the fair value of biological assets have been excluded in arriving at Adjusted Operating Earnings.

Adjusted Operating Earnings in the first nine months was \$199.2 million compared to \$175.6 million last year.

## **Other Matters**

On October 25, 2017, the Board of Directors approved a dividend of \$0.11 per share payable December 29, 2017 to shareholders of record at the close of business December 8, 2017. Based on the current number of shares outstanding, it is estimated that \$0.094 per share of the total dividend to be paid will be considered an Eligible Dividend for the "Enhanced Dividend Tax Credit System". The final amount of the dividend that is considered an Eligible Dividend will be confirmed on the Company's website on or before December 29, 2017.

## **Conference Call**

An investor presentation related to the Company's third quarter financial results is available at [www.mapleleaffoods.com](http://www.mapleleaffoods.com) and can be found under *Investor Information* on the *Investors* page. A conference call will be held at 2:30 p.m. EDT on October 26, 2017, to review Maple Leaf Foods' third quarter financial results. To participate in the call, please dial 416-340-2218 or 1-800-273-9672. For those unable to participate, playback will be made available an hour after the event at 905-694-9451 or 1-800-408-3053 (Passcode:4460402#).

A webcast presentation of the third quarter financial results will also be available at:

<https://edge.media-server.com/m6/p/q9xujowy>.

The Company's full unaudited condensed consolidated interim financial statements and related Management's Discussion and Analysis are available on the Company's website.

## Reconciliation of Non-IFRS Financial Measures

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, and Free Cash Flow. Management believes that these non-IFRS measures provide useful information to investors in measuring the financial performance of the Company. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

### Adjusted Operating Earnings

(\$ thousands) (Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Net earnings	\$ 37,578	\$ 31,828	\$ 105,025	\$ 105,478
Income taxes	11,939	11,777	38,039	39,210
<b>Earnings before income taxes</b>	<b>\$ 49,517</b>	<b>\$ 43,605</b>	<b>\$ 143,064</b>	<b>\$ 144,688</b>
Interest expense and other financing costs	1,320	2,819	3,892	5,136
Other expense (income)	(12,764)	(4,621)	(8,928)	(1,429)
Restructuring and other related costs	5,627	542	17,103	2,344
<b>Earnings from operations</b>	<b>\$ 43,700</b>	<b>\$ 42,345</b>	<b>\$ 155,131</b>	<b>\$ 150,739</b>
Decrease in the fair value of biological assets <sup>(5)</sup>	20,645	41,617	26,362	41,909
Unrealized loss (gain) on derivative contracts <sup>(5)</sup>	807	(22,446)	17,695	(17,084)
<b>Adjusted Operating Earnings</b>	<b>\$ 65,152</b>	<b>\$ 61,516</b>	<b>\$ 199,188</b>	<b>\$ 175,564</b>

### Adjusted Earnings per Share

(\$ per share) (Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Basic earnings per share	\$ 0.29	\$ 0.24	\$ 0.81	\$ 0.78
Restructuring and other related costs <sup>(6)</sup>	0.03	—	0.10	0.01
Items included in other expense (income) not considered representative of ongoing operations <sup>(7)</sup>	(0.06)	(0.03)	(0.03)	(0.01)
Unrealized loss (gain) on derivative contracts <sup>(8)</sup>	—	(0.12)	0.10	(0.09)
Change in the fair value of biological assets <sup>(8)</sup>	0.12	0.23	0.15	0.23
<b>Adjusted Earnings per Share<sup>(9)</sup></b>	<b>\$ 0.39</b>	<b>\$ 0.32</b>	<b>\$ 1.13</b>	<b>\$ 0.92</b>

## Adjusted Earnings Before Interest, Income Taxes, Depreciation, and Amortization

(\$ thousands) (Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Net earnings	\$ 37,578	\$ 31,828	\$ 105,025	\$ 105,478
Income taxes	11,939	11,777	38,039	39,210
Earnings before income taxes	\$ 49,517	\$ 43,605	\$ 143,064	\$ 144,688
Interest expense and other financing costs	1,320	2,819	3,892	5,136
Items included in other expense (income) not considered representative of ongoing operations <sup>(7)</sup>	(10,412)	(5,454)	(6,573)	(2,614)
Restructuring and other related costs	5,627	542	17,103	2,344
Change in the fair value of biological assets and unrealized loss on derivative contracts <sup>(8)</sup>	21,452	19,171	44,057	24,825
Depreciation and amortization	28,907	27,068	86,038	82,709
<b>Adjusted EBITDA</b>	<b>\$ 96,411</b>	<b>\$ 87,751</b>	<b>\$ 287,581</b>	<b>\$ 257,088</b>

## Free Cash Flow

(\$ thousands) (Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Cash provided by operating activities	\$ 186,107	\$ 176,200	\$ 283,247	\$ 285,043
Additions to long-term assets	(31,816)	(29,522)	(79,053)	(76,975)
<b>Free Cash Flow</b>	<b>\$ 154,291</b>	<b>\$ 146,678</b>	<b>\$ 204,194</b>	<b>\$ 208,068</b>

## Forward Looking Statements

This document contains, and the Company's oral and written public communications often contain, "forward-looking information" within the meaning of applicable securities law. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which the Company operates, as well as beliefs and assumptions made by Management of the Company. Such statements include, but are not limited to, statements with respect to objectives and goals, in addition to statements with respect to beliefs, plans, objectives, expectations, anticipations, estimates, and intentions. Specific forward-looking information in this document includes, but is not limited to, statements with respect to: the increases in operating efficiencies and cost reductions; expectations regarding the use of derivatives, futures and options; expectations regarding improving efficiencies; the expected use of cash balances; source of funds for ongoing business requirements; capital investments and expectations regarding capital expenditures; expectations regarding the implementation of environmental sustainability initiatives; expectations regarding the adoption of new accounting standards and the impact of such adoption on financial position; expectations regarding pension plan performance and future pension plan liabilities and contributions; expectations regarding levels of credit risk; and expectations regarding outcomes of legal actions. Words such as "expect", "anticipate", "intend", "may", "will", "plan", "believe", "seek", "estimate", and variations of such words and similar expressions are intended to identify such forward-looking information. These statements are not guarantees of future performance and involve assumptions, risks, and uncertainties that are difficult to predict.

In addition, these statements and expectations concerning the performance of the Company's business in general are based on a number of factors and assumptions including, but not limited to: the condition of the Canadian, U.S., and Japanese economies; the rate of exchange of the Canadian dollar to the U.S. dollar, and the Japanese yen; the availability and prices of raw materials, energy and supplies; product pricing; the availability of insurance; the competitive environment and related market conditions; improvement of operating efficiencies; continued access to capital; the cost of compliance with environmental and health standards; no adverse results from ongoing litigation; no unexpected actions of domestic and foreign governments; and the general assumption that none of the risks identified below or elsewhere in this document will materialize. All of these assumptions have been derived from information currently available to the Company, including information obtained by the Company from third-party sources. These assumptions may prove to be incorrect in whole or in part. In addition, actual results may differ materially from those expressed, implied, or forecasted in such forward-looking information, which reflect the Company's expectations only as of the date hereof.

Factors that could cause actual results or outcomes to differ materially from the results expressed, implied, or forecasted by forward-looking information include, among other things:

- risks associated with the Company focusing solely on the protein business;

- risks related to the Company's decisions regarding any potential return of capital to shareholders;
- risks associated with the concentration of production in fewer facilities;
- risks associated with the availability of capital;
- risks associated with changes in the Company's information systems and processes;
- risks associated with cyber threats;
- risks posed by food contamination, consumer liability, and product recalls;
- risks associated with acquisitions, divestitures, and capital expansion projects;
- impact on pension expense and funding requirements of fluctuations in the market prices of fixed income and equity securities and changes in interest rates;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- risks related to the health status of livestock;
- impact of a pandemic on the Company's operations;
- the Company's exposure to currency exchange risks;
- ability of the Company to hedge against the effect of commodity price changes through the use of commodity futures and options;
- impact of changes in the market value of the biological assets and hedging instruments;
- risks associated with the supply management system for poultry in Canada;
- risks associated with the use of contract manufacturers;
- impact of international events on commodity prices and the free flow of goods;
- risks posed by compliance with extensive government regulation;
- risks posed by litigation;
- impact of changes in consumer tastes and buying patterns;
- impact of extensive environmental regulation and potential environmental liabilities;
- risks associated with a consolidating retail environment;
- risks posed by competition;
- risks associated with complying with differing employment laws and practices, the potential for work stoppages due to non-renewal of collective agreements, and recruiting and retaining qualified personnel;
- risks associated with pricing the Company's products;
- risks associated with managing the Company's supply chain; and
- risks associated with failing to identify and manage the strategic risks facing the Company.

The Company cautions the reader that the foregoing list of factors is not exhaustive. These factors are discussed in more detail under the heading "Risk Factors" in the Company's Management's Discussion and Analysis for the fiscal year ended December 31, 2016 that is available on SEDAR at [www.sedar.com](http://www.sedar.com). The reader should review such section in detail. Some of the forward-looking information may be considered to be financial outlooks for purposes of applicable securities legislation including, but not limited to, statements concerning future capital expenditures. These financial outlooks are presented to evaluate anticipated future uses of cash flows, and may not be appropriate for other purposes and readers should not assume they will be achieved. The Company does not intend to, and the Company disclaims any obligation to, update any forward-looking information, whether written or oral, or whether as a result of new information, future events or otherwise, except as required by law. Additional information concerning the Company, including the Company's Annual Information Form is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **About Maple Leaf Foods Inc.**

Maple Leaf Foods Inc. is a leading consumer protein company, making high quality, innovative products under national brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina® and Lightlife®. Maple Leaf employs approximately 11,500 people and does business in Canada, the U.S. and Asia. The Company is headquartered in Mississauga, Ontario and its shares trade on the Toronto Stock Exchange (MFI).

### Footnote Legend

1. *Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as basic earnings per share and is adjusted on the same basis as Adjusted Operating Earnings. Please refer to the section entitled Non-IFRS Financial Measures in the Company's 2017 third quarter Management's Discussion and Analysis.*
2. *Adjusted EBITDA, a non-IFRS measure, is calculated as earnings before interest and income taxes plus depreciation and intangible asset amortization, adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by sales. Please refer to the section entitled Non-IFRS Financial Measures in the Company's 2017 third quarter Management's Discussion and Analysis.*
3. *Free Cash Flow, a non-IFRS measure, is used by Management to evaluate cash flow after investing in the maintenance or expansion of the Company's asset base. It is defined as cash provided by operations, less additions to long-term assets. Please refer to the section entitled Non-IFRS Financial Measures in the Company's 2017 third quarter Management's Discussion and Analysis.*
4. *Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as earnings before income taxes adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Please refer to the section entitled Non-IFRS Financial Measures in the Company's 2017 third quarter Management's Discussion and Analysis.*
5. *Unrealized gains/losses on derivative contracts is reported within cost of sales in the Company's 2017 third quarter unaudited condensed consolidated interim financial statements. For biological assets information, please refer to Note 6 of the Company's 2017 third quarter unaudited condensed consolidated interim financial statements.*
6. *Includes per share impact of restructuring and other related costs, net of tax.*
7. *Primarily includes acquisition related costs, interest income and gains/losses associated with investment properties and assets held for sale, net of tax.*
8. *Includes per share impact of the change in unrealized losses on derivative contracts and the change in fair value of biological assets, net of tax.*
9. *May not add due to rounding.*

# Consolidated Interim Balance Sheets

<i>(In thousands of Canadian dollars)</i>	As at September 30, 2017 <i>(Unaudited)</i>	As at September 30, 2016 <i>(Unaudited)</i> <i>(Restated)<sup>(i)</sup></i>	As at December 31, 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 209,850	\$ 444,348	\$ 403,621
Accounts receivable	131,394	120,666	127,749
Notes receivable	29,008	33,842	32,485
Inventories	278,143	273,384	261,719
Biological assets	86,083	65,242	111,445
Prepaid expenses and other assets	29,508	11,244	30,372
Assets held for sale	—	4,712	4,837
	<b>\$ 763,986</b>	<b>\$ 953,438</b>	<b>\$ 972,228</b>
Property and equipment	1,091,581	1,080,696	1,085,275
Investment property	1,901	2,063	1,929
Employee benefits	15,609	—	10,311
Other long-term assets	5,749	7,200	6,557
Deferred tax asset	—	21,480	—
Goodwill	552,231	428,236	428,236
Intangible assets	159,384	129,546	128,085
Total assets	<b>\$ 2,590,441</b>	<b>\$ 2,622,659</b>	<b>\$ 2,632,621</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accruals	\$ 288,813	\$ 268,030	\$ 256,163
Provisions	14,539	16,451	11,889
Current portion of long-term debt	794	711	794
Income taxes payable	4,408	8,668	9,544
Other current liabilities	29,908	8,140	96,857
	<b>\$ 338,462</b>	<b>\$ 302,000</b>	<b>\$ 375,247</b>
Long-term debt	8,494	9,269	9,119
Employee benefits	114,396	160,261	108,730
Provisions	11,337	13,003	16,555
Other long-term liabilities	12,882	15,045	12,654
Deferred tax liability	57,351	—	22,293
Total liabilities	<b>\$ 542,922</b>	<b>\$ 499,578</b>	<b>\$ 544,598</b>
<b>Shareholders' equity</b>			
Share capital	\$ 841,020	\$ 884,431	\$ 853,633
Retained earnings	1,233,903	1,229,297	1,247,737
Contributed surplus	—	19,855	—
Accumulated other comprehensive (loss) income	(6,443)	4,647	1,619
Treasury stock	(20,961)	(15,149)	(14,966)
Total shareholders' equity	<b>\$ 2,047,519</b>	<b>\$ 2,123,081</b>	<b>\$ 2,088,023</b>
Total liabilities and equity	<b>\$ 2,590,441</b>	<b>\$ 2,622,659</b>	<b>\$ 2,632,621</b>

<sup>(i)</sup> Restated, see Note 2(d) of the Company's 2017 third quarter unaudited condensed consolidated interim financial statements.

# Consolidated Interim Statements of Net Earnings

<i>(In thousands of Canadian dollars, except share amounts)</i> <i>(Unaudited)</i>	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Sales	\$ 908,359	\$ 852,099	\$ 2,645,417	\$ 2,503,634
Cost of goods sold	778,115	731,110	2,233,799	2,117,504
Gross margin	\$ 130,244	\$ 120,989	\$ 411,618	\$ 386,130
Selling, general and administrative expenses	86,544	78,644	256,487	235,391
Earnings before the following:	\$ 43,700	\$ 42,345	\$ 155,131	\$ 150,739
Restructuring and other related costs	(5,627)	(542)	(17,103)	(2,344)
Other income (expense)	12,764	4,621	8,928	1,429
Earnings before interest and income taxes	\$ 50,837	\$ 46,424	\$ 146,956	\$ 149,824
Interest expense and other financing costs	1,320	2,819	3,892	5,136
Earnings before income taxes	\$ 49,517	\$ 43,605	\$ 143,064	\$ 144,688
Income taxes	11,939	11,777	38,039	39,210
Net earnings	\$ 37,578	\$ 31,828	\$ 105,025	\$ 105,478
Earnings per share:				
Basic earnings per share	\$ 0.29	\$ 0.24	\$ 0.81	\$ 0.78
Diluted earnings per share	\$ 0.29	\$ 0.23	\$ 0.79	\$ 0.76
Weighted average number of shares (millions)				
Basic	128.1	134.3	129.2	134.4
Diluted	131.4	137.7	132.6	137.9

# Consolidated Interim Statements of Other Comprehensive Income (Loss)

<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
Net earnings	\$ <b>37,578</b>	\$ 31,828	\$ <b>105,025</b>	\$ 105,478
Other comprehensive income (loss)				
Actuarial gains (losses) that will not be reclassified to profit or loss				
(Net of tax of \$6.3 million and \$0.1 million; 2016: \$8.3 million and \$1.1 million)	\$ <b>17,952</b>	\$ 23,621	\$ <b>391</b>	\$ (3,147)
Items that are or may be reclassified subsequently to profit or loss:				
Change in accumulated foreign currency translation adjustment				
(Net of tax of \$0.0 million; 2016: \$0.0 million)	\$ <b>(7,727)</b>	\$ 624	\$ <b>(14,912)</b>	\$ 1,037
Change in unrealized (losses) gains on cash flow hedges				
(Net of tax of \$0.2 million and \$2.4 million; 2016: \$1.2 million and \$1.4 million)	<b>(508)</b>	(3,309)	<b>6,850</b>	4,024
Total items that are or may be reclassified subsequently to profit or loss	\$ <b>(8,235)</b>	\$ (2,685)	\$ <b>(8,062)</b>	\$ 5,061
Total other comprehensive income (loss)	\$ <b>9,717</b>	\$ 20,936	\$ <b>(7,671)</b>	\$ 1,914
Comprehensive income	\$ <b>47,295</b>	\$ 52,764	\$ <b>97,354</b>	\$ 107,392

# Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) (Unaudited)	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss) <sup>(i)</sup>		Treasury stock	Total equity
				Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges		
<b>Balance as at December 31, 2016</b>	\$ 853,633	\$ 1,247,737	\$ —	\$ 2,116	\$ (497)	\$ (14,966)	\$ 2,088,023
Net earnings	—	105,025	—	—	—	—	105,025
Other comprehensive income (loss) <sup>(ii)</sup>	—	391	—	(14,912)	6,850	—	(7,671)
Dividends declared (\$0.33 per share)	—	(42,677)	—	—	—	—	(42,677)
Share-based compensation expense	—	—	16,508	—	—	—	16,508
Deferred taxes on share-based compensation	—	—	3,750	—	—	—	3,750
Repurchase of shares	(18,543)	(47,755)	(20,258)	—	—	—	(86,556)
Exercise of stock options	5,930	—	—	—	—	—	5,930
Settlement of share-based compensation	—	(28,818)	—	—	—	16,005	(12,813)
Shares purchased by RSU trust	—	—	—	—	—	(22,000)	(22,000)
<b>Balance as at September 30, 2017</b>	\$ 841,020	\$ 1,233,903	\$ —	\$ (12,796)	\$ 6,353	\$ (20,961)	\$ 2,047,519

(In thousands of Canadian dollars) (Unaudited)	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss) <sup>(i)</sup>		Treasury stock	Total equity
				Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges		
<b>Balance as at December 31, 2015<sup>(iii)</sup></b>	\$ 882,770	\$ 1,161,047	\$ —	\$ 2,506	\$ (2,920)	\$ (2,086)	\$ 2,041,317
Net earnings	—	105,478	—	—	—	—	105,478
Other comprehensive income (loss) <sup>(ii)</sup>	—	(3,147)	—	1,037	4,024	—	1,914
Dividends declared (\$0.27 per share)	—	(36,381)	—	—	—	—	(36,381)
Share-based compensation expense	—	—	19,059	—	—	—	19,059
Deferred taxes on share-based compensation	—	—	2,800	—	—	—	2,800
Repurchase of shares	—	2,300	(1,648)	—	—	—	652
Exercise of stock options	1,661	—	—	—	—	—	1,661
Settlement of share-based compensation	—	—	(356)	—	—	38	(318)
Shares purchased by RSU trust	—	—	—	—	—	(13,101)	(13,101)
<b>Balance at September 30, 2016<sup>(iii)</sup></b>	\$ 884,431	\$ 1,229,297	\$ 19,855	\$ 3,543	\$ 1,104	\$ (15,149)	\$ 2,123,081

<sup>(i)</sup> Items that are or may be subsequently reclassified to profit or loss.

<sup>(ii)</sup> Included in other comprehensive income (loss) is the change in actuarial gains and losses that will not be reclassified to profit or loss and has been reclassified to retained earnings.

<sup>(iii)</sup> Restated, see Note 2(d) of the Company's 2017 third quarter unaudited condensed consolidated interim financial statements.

# Consolidated Interim Statements of Cash Flows

<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
<b>CASH PROVIDED BY (USED IN):</b>				
<b>Operating activities</b>				
Net earnings	\$ 37,578	\$ 31,828	\$ 105,025	\$ 105,478
Add (deduct) items not affecting cash:				
Change in fair value of biological assets	20,645	41,617	26,362	41,909
Depreciation and amortization	28,916	27,078	86,066	84,075
Share-based compensation	4,666	6,241	16,508	19,059
Deferred income taxes	11,550	10,731	34,031	36,111
Income tax current	389	1,046	4,008	3,099
Interest expense and other financing costs	1,320	2,819	3,892	5,136
Gain on sale of long-term assets	(8,174)	(5,515)	(8,684)	(4,753)
Change in fair value of non-designated derivative financial instruments	1,088	(23,488)	14,905	(20,449)
Impairment of assets (net of reversals)	3,776	1,171	3,776	2,193
Change in net pension liability	5,458	6,691	897	19,280
Net income taxes paid	(2,523)	(610)	(8,888)	(4,151)
Interest paid	(955)	(640)	(2,605)	(2,913)
Change in provision for restructuring and other related costs	4,177	(3,765)	9,121	(17,527)
Change in derivatives margin	12,973	37,466	(1,151)	24,517
Other	(5,021)	118	(4,938)	3,038
Change in non-cash working capital	70,244	43,412	4,922	(9,059)
Cash provided by operating activities	\$ 186,107	\$ 176,200	\$ 283,247	\$ 285,043
<b>Financing activities</b>				
Dividends paid	\$ (14,147)	\$ (12,151)	\$ (42,677)	\$ (36,381)
Net decrease in long-term debt	(666)	(560)	(944)	(852)
Exercise of stock options	418	—	5,930	1,661
Repurchase of shares	(42,398)	—	(153,810)	(11,922)
Payment of deferred financing fees	(483)	(691)	(625)	(1,781)
Purchase of treasury stock	(6,000)	(7,500)	(22,000)	(13,101)
Cash used in financing activities	\$ (63,276)	\$ (20,902)	\$ (214,126)	\$ (62,376)
<b>Investing activities</b>				
Additions to long-term assets	\$ (31,816)	\$ (29,522)	\$ (79,053)	\$ (76,975)
Acquisition of business, net of cash acquired	—	—	(199,440)	—
Proceeds from sale of long-term assets	14,015	5,815	15,601	6,387
Cash used in investing activities	\$ (17,801)	\$ (23,707)	\$ (262,892)	\$ (70,588)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>\$ 105,030</b>	<b>\$ 131,591</b>	<b>\$ (193,771)</b>	<b>\$ 152,079</b>
Cash and cash equivalents, beginning of period	104,820	312,757	403,621	292,269
Cash and cash equivalents, end of period	\$ 209,850	\$ 444,348	\$ 209,850	\$ 444,348