



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

**Mississauga, Ontario, April 27, 2017-** Maple Leaf Foods Inc. (TSX: MFI) today reported its financial results for the first quarter, March 31, 2017.

- Strong quarter with growth in sales and Adjusted Operating Earnings<sup>(1)</sup>
- Balanced business portfolio offset impact of volatile pork market
- Fifth consecutive quarter of double-digit Adjusted EBITDA Margins<sup>(2)</sup> reflects strong business fundamentals

### **Financial Highlights**

First quarter sales increased 1.8% and Adjusted Earnings per Share<sup>(3)</sup> increased 17.9% compared to the same quarter of last year. Adjusted EBITDA margin was 10.8% in the quarter and contributed to Free Cash Flow<sup>(4)</sup> of approximately \$34.8 million.

| <b>Measure<sup>(i)</sup><br/>(Unaudited)</b> | <b>Three months ended March 31,</b> |             |                 |
|----------------------------------------------|-------------------------------------|-------------|-----------------|
|                                              | <b>2017</b>                         | <b>2016</b> | <b>% Change</b> |
| Sales                                        | <b>811.2</b>                        | 796.9       | 1.8 %           |
| Adjusted EBITDA Margin                       | <b>10.8%</b>                        | 10.2%       | 60 bps          |
| Adjusted Operating Earnings                  | <b>59.0</b>                         | 53.6        | 10.2 %          |
| Net Earnings                                 | <b>30.1</b>                         | 42.3        | (28.8)%         |
| Basic Earnings per Share                     | <b>0.23</b>                         | 0.31        | (25.8)%         |
| Adjusted Earnings per Share                  | <b>0.33</b>                         | 0.28        | 17.9 %          |
| Free Cash Flow                               | <b>34.8</b>                         | 25.2        | 38.1 %          |

<sup>(i)</sup> All financial measures in millions 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 are coming into 2017 with solid performance, delivering 10.8% Adjusted EBITDA Margin on 2% revenue growth, up from 10.2% last year,” said Michael H. McCain, President and CEO. “We had modest volume growth in the quarter, and delivered excellent performance improvement despite some relatively turbulent market conditions. The highlight for the quarter was our acquisition of Lightlife Foods, which is a great step forward in advancing our long-term growth agenda. We aspire to be the most sustainable protein company in the world, and that is reflected in all of our strategies.”

## **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 in the first quarter increased 1.8% to \$811.2 million, or 2.1% after adjusting for the impact of foreign exchange and acquisitions. Stronger volume and higher value-added fresh pork export sales to Japan contributed to the increase.

Adjusted Operating Earnings increased to \$59.0 million compared to \$53.6 million last year, benefiting from stronger prepared meats volume and improved operational performance in our supply chain. Adjusted Operating earnings also increased as a result of the contribution from value-added fresh pork, including higher Canadian retail and export sales. These improvements were partially offset by lower poultry performance and margin compression in packaged bacon.

Net earnings for the first quarter decreased to \$30.1 million (\$0.23 per basic share) compared to \$42.3 million (\$0.31 per basic share) last year. The underlying progress in the business reflected in positive revenue and margin growth was more than offset by factors excluded in calculating Adjusted Operating Earnings, such as the change in fair value of biological assets and higher restructuring costs.

## **Other Matters**

On April 26, 2017, the Board of Directors approved a dividend of \$0.11 per share payable June 30, 2017, to shareholders of record at the close of business on June 9, 2017. Unless indicated otherwise by the Company in writing on or before the time the dividend is paid, the dividend will be considered an Eligible Dividend for the purposes of the "Enhanced Dividend Tax Credit System".

## **Conference Call**

An investor presentation related to the Company's first 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 April 27, 2017, to review Maple Leaf Foods' first 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: 6698923#).

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

<http://edge.media-server.com/m/p/xaou62ae>

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)<br>(Unaudited)                              | Three months ended March 31, |                  |
|------------------------------------------------------------|------------------------------|------------------|
|                                                            | 2017                         | 2016             |
| Net earnings                                               | \$ 30,105                    | \$ 42,269        |
| Income taxes                                               | 11,980                       | 15,794           |
| <b>Earnings before income taxes</b>                        | <b>\$ 42,085</b>             | <b>\$ 58,063</b> |
| Interest expense and other financing costs                 | 1,227                        | 1,106            |
| Other expense (income)                                     | 2,704                        | 591              |
| Restructuring and other related costs                      | 6,490                        | 1,217            |
| <b>Earnings from operations</b>                            | <b>\$ 52,506</b>             | <b>\$ 60,977</b> |
| Increase in fair value of biological assets <sup>(5)</sup> | (2,797)                      | (16,841)         |
| Unrealized loss on futures contracts <sup>(5)</sup>        | 9,321                        | 9,446            |
| <b>Adjusted Operating Earnings</b>                         | <b>\$ 59,030</b>             | <b>\$ 53,582</b> |

### Adjusted Earnings per Share

| (\$ per share)<br>(Unaudited)                                                                               | Three months ended March 31, |                |
|-------------------------------------------------------------------------------------------------------------|------------------------------|----------------|
|                                                                                                             | 2017                         | 2016           |
| Basic earnings per share                                                                                    | \$ 0.23                      | \$ 0.31        |
| Restructuring and other related costs <sup>(6)</sup>                                                        | 0.04                         | 0.01           |
| Items included in other expense (income) not considered representative of ongoing operations <sup>(7)</sup> | 0.02                         | —              |
| Change in the fair value of unrealized loss on futures contracts <sup>(8)</sup>                             | 0.05                         | 0.05           |
| Change in the fair value of biological assets <sup>(8)</sup>                                                | (0.02)                       | (0.09)         |
| <b>Adjusted Earnings per Share<sup>(9)</sup></b>                                                            | <b>\$ 0.33</b>               | <b>\$ 0.28</b> |

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

| (\$ thousands)<br>(Unaudited)                                                                | Three months ended March 31, |                  |
|----------------------------------------------------------------------------------------------|------------------------------|------------------|
|                                                                                              | 2017                         | 2016             |
| Net earnings                                                                                 | \$ 30,105                    | \$ 42,269        |
| Income taxes                                                                                 | 11,980                       | 15,794           |
| Earnings before income taxes                                                                 | \$ 42,085                    | \$ 58,063        |
| Interest expense and other financing costs                                                   | 1,227                        | 1,106            |
| Items included in other expense (income) not considered representative of ongoing operations | 3,479                        | 438              |
| Restructuring and other related costs                                                        | 6,490                        | 1,217            |
| Change in the fair value of biological assets and unrealized loss on futures contracts       | 6,524                        | (7,395)          |
| Depreciation and amortization                                                                | 28,062                       | 28,031           |
| <b>Adjusted EBITDA</b>                                                                       | <b>\$ 87,867</b>             | <b>\$ 81,460</b> |

## Free Cash Flow

| (\$ thousands)<br>(Unaudited)         | Three months ended March 31, |                  |
|---------------------------------------|------------------------------|------------------|
|                                       | 2017                         | 2016             |
| Cash provided by operating activities | \$ 55,008                    | \$ 45,437        |
| Additions to long-term assets         | (20,255)                     | (20,275)         |
| <b>Free Cash Flow<sup>(4)</sup></b>   | <b>\$ 34,753</b>             | <b>\$ 25,162</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 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 first 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 first quarter Management's Discussion and Analysis.*
3. *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 first quarter Management's Discussion and Analysis.*
4. *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.*
5. *Unrealized gains/losses on futures contracts is reported within cost of sales in the Company's 2017 first quarter unaudited condensed consolidated interim financial statements. For biological assets information, please refer to Note 6 of the Company's 2017 first 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 futures 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 March 31,<br>2017 | As at March 31,<br>2016                           | As at December 31,<br>2016 |
|-------------------------------------------|-------------------------|---------------------------------------------------|----------------------------|
|                                           | <i>(Unaudited)</i>      | <i>(Unaudited)<br/>(Restated)<sup>(iii)</sup></i> |                            |
| <b>ASSETS</b>                             |                         |                                                   |                            |
| <b>Current assets</b>                     |                         |                                                   |                            |
| Cash and cash equivalents                 | \$ 143,596              | \$ 290,916                                        | \$ 403,621                 |
| Accounts receivable                       | 128,066                 | 72,603                                            | 127,749                    |
| Notes receivable                          | 31,886                  | 91,299                                            | 32,485                     |
| Inventories                               | 312,569                 | 293,542                                           | 261,719                    |
| Biological assets                         | 116,884                 | 123,472                                           | 111,445                    |
| Prepaid expenses and other assets         | 27,393                  | 35,729                                            | 30,372                     |
| Assets held for sale                      | 4,837                   | 130                                               | 4,837                      |
|                                           | \$ 765,231              | \$ 907,691                                        | \$ 972,228                 |
| Property and equipment                    | 1,090,942               | 1,077,991                                         | 1,085,275                  |
| Investment property                       | 1,920                   | 6,754                                             | 1,929                      |
| Employee benefits                         | 8,104                   | 59,637                                            | 10,311                     |
| Other long-term assets                    | 6,311                   | 6,141                                             | 6,557                      |
| Deferred tax asset                        | —                       | 36,575                                            | —                          |
| Goodwill                                  | 560,285                 | 428,236                                           | 428,236                    |
| Intangible assets                         | 163,041                 | 133,609                                           | 128,085                    |
| Total assets                              | \$ 2,595,834            | \$ 2,656,634                                      | \$ 2,632,621               |
| <b>LIABILITIES AND EQUITY</b>             |                         |                                                   |                            |
| <b>Current liabilities</b>                |                         |                                                   |                            |
| Accounts payable and accruals             | \$ 280,438              | \$ 271,728                                        | \$ 256,163                 |
| Provisions                                | 12,607                  | 26,129                                            | 11,889                     |
| Current portion of long-term debt         | 837                     | 681                                               | 794                        |
| Income taxes payable                      | 8,410                   | 8,075                                             | 9,544                      |
| Other current liabilities                 | 50,721                  | 18,543                                            | 96,857                     |
|                                           | \$ 353,013              | \$ 325,156                                        | \$ 375,247                 |
| Long-term debt                            | 8,998                   | 9,826                                             | 9,119                      |
| Employee benefits                         | 111,430                 | 196,812                                           | 108,730                    |
| Provisions                                | 15,755                  | 14,009                                            | 16,555                     |
| Other long-term liabilities               | 12,146                  | 19,196                                            | 12,654                     |
| Deferred tax liability                    | 31,648                  | —                                                 | 22,293                     |
| Total liabilities                         | \$ 532,990              | \$ 564,999                                        | \$ 544,598                 |
| <b>Shareholders' equity</b>               |                         |                                                   |                            |
| Share capital                             | \$ 846,066              | \$ 882,812                                        | \$ 853,633                 |
| Retained earnings                         | 1,239,713               | 1,197,365                                         | 1,247,737                  |
| Contributed surplus                       | —                       | 5,067                                             | —                          |
| Accumulated other comprehensive income    | 706                     | 11,178                                            | 1,619                      |
| Treasury stock                            | (23,641)                | (4,787)                                           | (14,966)                   |
| Total shareholders' equity                | \$ 2,062,844            | \$ 2,091,635                                      | \$ 2,088,023               |
| Total liabilities and equity              | \$ 2,595,834            | \$ 2,656,634                                      | \$ 2,632,621               |

# Consolidated Interim Statements of Net Earnings

(In thousands of Canadian dollars, except share amounts)  
(Unaudited)

Three months ended March 31,

|                                              | 2017       | 2016       |
|----------------------------------------------|------------|------------|
| Sales                                        | \$ 811,185 | \$ 796,889 |
| Cost of goods sold                           | 677,489    | 658,632    |
| Gross margin                                 | \$ 133,696 | \$ 138,257 |
| Selling, general and administrative expenses | 81,190     | 77,280     |
| Earnings before the following:               | \$ 52,506  | \$ 60,977  |
| Restructuring and other related costs        | (6,490)    | (1,217)    |
| Other income (expense)                       | (2,704)    | (591)      |
| Earnings before interest and income taxes    | \$ 43,312  | \$ 59,169  |
| Interest expense and other financing costs   | 1,227      | 1,106      |
| Earnings before income taxes                 | \$ 42,085  | \$ 58,063  |
| Income taxes                                 | 11,980     | 15,794     |
| Net earnings                                 | \$ 30,105  | \$ 42,269  |
| Earnings per share:                          |            |            |
| Basic earnings per share                     | \$ 0.23    | \$ 0.31    |
| Diluted earnings per share                   | \$ 0.22    | \$ 0.31    |
| Weighted average number of shares (millions) |            |            |
| Basic                                        | 130.5      | 134.7      |
| Diluted                                      | 134.3      | 137.5      |

# Consolidated Interim Statements of Other Comprehensive Income (Loss)

(In thousands of Canadian dollars)  
(Unaudited)

|                                                                            | Three months ended March 31, |           |
|----------------------------------------------------------------------------|------------------------------|-----------|
|                                                                            | 2017                         | 2016      |
| Net earnings                                                               | \$ 30,105                    | \$ 42,269 |
| Other comprehensive (loss) income                                          |                              |           |
| Actuarial (losses) gains that will not be reclassified to profit or loss   |                              |           |
| (Net of tax of \$1.0 million; 2016: \$1.4 million)                         | \$ (2,840)                   | \$ 3,860  |
| 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)                         | \$ (2,076)                   | \$ (156)  |
| Change in unrealized gains on cash flow hedges                             |                              |           |
| (Net of tax of \$0.4 million; 2016: \$4.1 million)                         | 1,163                        | 11,748    |
| Total items that are or may be reclassified subsequently to profit or loss | \$ (913)                     | \$ 11,592 |
| Total other comprehensive (loss) income                                    | \$ (3,753)                   | \$ 15,452 |
| Comprehensive income                                                       | \$ 26,352                    | \$ 57,721 |

# Consolidated Interim Statements of Changes in Total Equity

| (In thousands of Canadian dollars)<br>(Unaudited) | Share<br>capital | Retained<br>earnings | Contributed<br>surplus | Accumulated other<br>comprehensive income<br>(loss) <sup>(i)</sup> |                                                             | Treasury<br>stock  | Total<br>equity    |
|---------------------------------------------------|------------------|----------------------|------------------------|--------------------------------------------------------------------|-------------------------------------------------------------|--------------------|--------------------|
|                                                   |                  |                      |                        | Foreign<br>currency<br>translation<br>adjustment                   | Unrealized<br>gains and<br>losses on<br>cash flow<br>hedges |                    |                    |
| <b>Balance as at December 31, 2016</b>            | <b>\$853,633</b> | <b>\$1,247,737</b>   | <b>\$ —</b>            | <b>\$ 2,116</b>                                                    | <b>\$ (497)</b>                                             | <b>\$ (14,966)</b> | <b>\$2,088,023</b> |
| Net earnings                                      | —                | 30,105               | —                      | —                                                                  | —                                                           | —                  | 30,105             |
| Other comprehensive income (loss) <sup>(ii)</sup> | —                | (2,840)              | —                      | (2,076)                                                            | 1,163                                                       | —                  | (3,753)            |
| Dividends declared (\$0.11 per share)             | —                | (14,325)             | —                      | —                                                                  | —                                                           | —                  | (14,325)           |
| Share-based compensation expense                  | —                | —                    | 7,213                  | —                                                                  | —                                                           | —                  | 7,213              |
| Deferred taxes on share-based compensation        | —                | —                    | 2,750                  | —                                                                  | —                                                           | —                  | 2,750              |
| Repurchase of shares                              | (9,174)          | (18,681)             | (9,963)                | —                                                                  | —                                                           | —                  | (37,818)           |
| Exercise of stock options                         | 1,607            | —                    | —                      | —                                                                  | —                                                           | —                  | 1,607              |
| Settlement of share-based compensation            | —                | (2,283)              | —                      | —                                                                  | —                                                           | 1,325              | (958)              |
| Shares purchased by RSU trust                     | —                | —                    | —                      | —                                                                  | —                                                           | (10,000)           | (10,000)           |
| <b>Balance as at March 31, 2017</b>               | <b>\$846,066</b> | <b>\$1,239,713</b>   | <b>\$ —</b>            | <b>\$ 40</b>                                                       | <b>\$ 666</b>                                               | <b>\$ (23,641)</b> | <b>\$2,062,844</b> |

| (In thousands of Canadian dollars)<br>(Unaudited)      | Share<br>capital | Retained<br>earnings | Contributed<br>surplus | Accumulated other<br>comprehensive income<br>(loss) <sup>(i)</sup> |                                                             | Treasury<br>stock | Total<br>equity    |
|--------------------------------------------------------|------------------|----------------------|------------------------|--------------------------------------------------------------------|-------------------------------------------------------------|-------------------|--------------------|
|                                                        |                  |                      |                        | Foreign<br>currency<br>translation<br>adjustment                   | Unrealized<br>gains and<br>losses on<br>cash flow<br>hedges |                   |                    |
| <b>Balance as at December 31, 2015<sup>(iii)</sup></b> | <b>\$882,770</b> | <b>\$1,161,047</b>   | <b>\$ —</b>            | <b>\$ 2,506</b>                                                    | <b>\$ (2,920)</b>                                           | <b>\$ (2,086)</b> | <b>\$2,041,317</b> |
| Net earnings                                           | —                | 42,269               | —                      | —                                                                  | —                                                           | —                 | 42,269             |
| Other comprehensive income (loss) <sup>(ii)</sup>      | —                | 3,860                | —                      | (156)                                                              | 11,748                                                      | —                 | 15,452             |
| Dividends declared (\$0.09 per share)                  | —                | (12,111)             | —                      | —                                                                  | —                                                           | —                 | (12,111)           |
| Share-based compensation expense                       | —                | —                    | 5,498                  | —                                                                  | —                                                           | —                 | 5,498              |
| Deferred taxes on share-based compensation             | —                | —                    | 1,500                  | —                                                                  | —                                                           | —                 | 1,500              |
| Repurchase of shares                                   | —                | 2,300                | (1,648)                | —                                                                  | —                                                           | —                 | 652                |
| Exercise of stock options                              | 42               | —                    | —                      | —                                                                  | —                                                           | —                 | 42                 |
| Settlement of share-based compensation                 | —                | —                    | (283)                  | —                                                                  | —                                                           | —                 | (283)              |
| Shares purchased by RSU trust                          | —                | —                    | —                      | —                                                                  | —                                                           | (2,701)           | (2,701)            |
| <b>Balance at March 31, 2016<sup>(iii)</sup></b>       | <b>\$882,812</b> | <b>\$1,197,365</b>   | <b>\$ 5,067</b>        | <b>\$ 2,350</b>                                                    | <b>\$ 8,828</b>                                             | <b>\$ (4,787)</b> | <b>\$2,091,635</b> |

<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 first quarter unaudited condensed consolidated interim financial statements.

# Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars)  
(Unaudited)

Three months ended March 31,

2017 2016

## CASH PROVIDED BY (USED IN) :

### Operating activities

|                                                                         |           |           |
|-------------------------------------------------------------------------|-----------|-----------|
| Net earnings                                                            | \$ 30,105 | \$ 42,269 |
| Add (deduct) items not affecting cash:                                  |           |           |
| Change in fair value of biological assets                               | (2,797)   | (16,841)  |
| Depreciation and amortization                                           | 28,071    | 28,871    |
| Share-based compensation                                                | 7,213     | 5,498     |
| Deferred income taxes                                                   | 10,478    | 14,579    |
| Income tax current                                                      | 1,502     | 1,215     |
| Interest expense and other financing costs                              | 1,227     | 1,106     |
| Loss on sale of long-term assets                                        | 321       | 497       |
| Change in fair value of non-designated derivative financial instruments | 8,183     | 7,228     |
| Change in net pension liability                                         | 1,064     | 5,676     |
| Net income taxes paid                                                   | (2,658)   | (2,913)   |
| Interest paid                                                           | (818)     | (1,086)   |
| Change in provision for restructuring and other related costs           | 2,614     | (6,913)   |
| Change in derivatives margin                                            | (2,430)   | (7,266)   |
| Other                                                                   | (913)     | 3,604     |
| Change in non-cash working capital                                      | (26,154)  | (30,087)  |
| Cash provided by operating activities                                   | \$ 55,008 | \$ 45,437 |

### Financing activities

|                                    |              |             |
|------------------------------------|--------------|-------------|
| Dividends paid                     | \$ (14,325)  | \$ (12,111) |
| Net decrease in long-term debt     | (185)        | (167)       |
| Exercise of stock options          | 1,607        | 42          |
| Repurchase of shares               | (81,980)     | (11,922)    |
| Payment of deferred financing fees | (64)         | —           |
| Purchase of treasury stock         | (10,000)     | (2,701)     |
| Cash used in financing activities  | \$ (104,947) | \$ (26,859) |

### Investing activities

|                                               |              |             |
|-----------------------------------------------|--------------|-------------|
| Additions to long-term assets                 | \$ (20,255)  | \$ (20,275) |
| Acquisition of business, net of cash acquired | (189,917)    | —           |
| Proceeds from sale of long-term assets        | 86           | 344         |
| Cash used in investing activities             | \$ (210,086) | \$ (19,931) |

### Decrease in cash and cash equivalents

|                                                |            |            |
|------------------------------------------------|------------|------------|
| Cash and cash equivalents, beginning of period | 403,621    | 292,269    |
| Cash and cash equivalents, end of period       | \$ 143,596 | \$ 290,916 |