

## PREMIUM BRANDS HOLDINGS CORPORATION REPORTS FIRST QUARTER 2020 RESULTS AND DECLARES SECOND QUARTER DIVIDEND

**VANCOUVER, B.C., May 11, 2020.** Premium Brands Holdings Corporation (TSX: PBH), a leading producer, marketer and distributor of branded specialty food products, announced today its results for the first quarter of 2020.

“As we navigate through these unprecedented times, our hearts and prayers go out to the families and communities impacted by the COVID-19 pandemic. We are truly humbled by and thankful for the heroism and acts of generosity and humanity that occur daily in response to this crisis, and in particular for the dedication and incredible work of our medical personnel and first responders.

Within our own company, the story is no different with our dedicated associates across Canada and the U.S. continuing to selflessly come to work to prepare the food and nourishment needed by their fellow citizens. While we appreciate the role that our industry must play at times like these, I can assure you that our first priority is the health and safety of our associates, and the well-being of our communities,” said Mr. George Paleologou, President and CEO.

### HIGHLIGHTS

- Record first quarter revenue of \$935.0 million representing a 20.4% or \$158.4 million increase as compared to the first quarter of 2019
- Organic sales volume growth of 14.6% or 13.8% if normalized for impacts associated with the COVID-19 pandemic
- Record first quarter adjusted EBITDA of \$64.3 million
- Adjusted EPS for the quarter of \$0.53 per share as compared to \$0.52 per share in the first quarter of 2019
- A strong balance sheet with \$214.2 million of available credit capacity
- While the market ramifications of the COVID-19 pandemic had a slightly positive impact on the Company’s first quarter sales and adjusted EBITDA, it expects the pandemic to have a significantly negative impact on its results for the year, in general, and the second quarter, in particular
- The Company is withdrawing its 2020 revenue and adjusted EBITDA guidance due to the uncertainties associated with the COVID-19 pandemic
- Subsequent to the quarter, the 2020 CEO’s Letter to Shareholders titled *Great People and Great Culture – Our Points of Difference* was posted to the Company’s website
- Subsequent to the quarter, the Company declared a quarterly dividend of \$0.5775 per share

## SUMMARY FINANCIAL INFORMATION

(In millions of dollars except per share amounts and ratios)

	13 weeks ended Mar 28, 2020	13 weeks ended Mar 30, 2019
Revenue	935.0	776.6
Adjusted EBITDA	64.3	60.3
Earnings	12.2	10.0
EPS	0.33	0.30
Adjusted earnings	19.9	17.6
Adjusted EPS	0.53	0.52

	Trailing Four Quarters Ended	
	Mar 28, 2020	Mar 30, 2019
Free cash flow	182.2	167.8
Declared dividends	80.7	65.7
Declared dividend per share	2.15	1.95
Payout ratio	44.3%	39.2%

“The challenges faced by companies as a result of the COVID-19 pandemic vary immensely. For us it has meant a significant slowdown in sales to foodservice and airline customers, overwhelming orders from retail customers, increased risks for our employees, disruptions in our supply chains and a variety of additional operating costs resulting from enhanced health and safety protocols. I am, however, more confident than ever that our great people and unique culture will ensure we safely and successfully navigate through these trying times. To date we have been able to avoid any major COVID-19 outbreaks in our extensive plant network and have experienced only limited production and supply chain disruptions. This is a testament to our very talented team of dedicated, enterprising and hardworking associates.

“Looking forward, with our busy season approaching, we expect the situation to get more challenging as many of our plants begin to ramp up to meet growing summer demand. As mentioned earlier, the health and safety of our employees is our first priority. Balancing improved processes around physical distancing with rising production demands while facing increasing disruptions in our supply chains is going to be very difficult. I am, however, confident that if any organization can meet this test it is ours. Our diverse network of smaller state-of-the-art production facilities provides us with redundancy and risk management alternatives not available to most manufacturers while our dynamic and entrepreneurial culture is resulting in innovative and novel solutions to the challenges and opportunities being presented.

“I have no doubt that as we have done in the past, we will emerge from this crisis a stronger and better company. Throughout this trying time, our decisions have been based on our core values including always taking a long-term perspective. This has resulted in negative short term financial consequences as we have minimized layoffs of underutilized staff, enhanced compensation for many of our hourly employees, and even passed on business to ensure we do not over stress our hardworking associates, but these decisions will help to ensure we are well positioned to emerge from this challenge quickly and minimize any service disruptions to our customers.

“Looking beyond COVID-19, I am very optimistic about what lies ahead for us. Through this crisis, our businesses have developed new sustainable sales opportunities, strengthened customer and supply chain relationships and built even more resilience into their businesses by finding new ways to leverage our ecosystem. Once some normalcy returns to our economy we will be well positioned to continue to execute on both our organic and acquisition growth strategies. On a positive note, we are already starting to see some green shoots and are encouraged by the pick-up in demand from customers and channels that were initially severely impacted by the partial shutdown of our economy.

“In terms of our five year objectives of reaching \$6 billion in sales and \$600 million in EBITDA by 2023, while the COVID-19 crisis has certainly changed the trajectory of how we will get there, we remain confident that we will meet or exceed these targets,” added Mr. Paleologou.

## **SECOND QUARTER 2020 DIVIDEND**

The Company also announced that its Board of Directors approved a cash dividend of \$0.5775 per share for the second quarter of 2020, which will be payable on July 15, 2020 to shareholders of record at the close of business on June 30, 2020.

Unless indicated otherwise in writing at or before the time the dividend is paid, each dividend paid by the Company in 2020 or a subsequent year is an eligible dividend for the purposes of the Enhanced Dividend Tax Credit System.

## **ABOUT PREMIUM BRANDS**

Premium Brands owns a broad range of leading specialty food manufacturing and differentiated food distribution businesses with operations across Canada and the United States. For further information, please contact George Paleologou, President and CEO or Will Kalutycz, CFO at (604) 656-3100.

[www.premiumbrandsholdings.com](http://www.premiumbrandsholdings.com)

## OUTLOOK FOR 2020

See *Forward Looking Statements* for a discussion of the risks and assumptions associated with forward looking statements.

Except as noted below, the Company's outlook for 2020 does not incorporate any provisions for possible future acquisitions even though the Company continues to pursue a variety of opportunities and expects to complete transactions during the current fiscal year.

### 2020 Outlook (see *Forward Looking Statements*)

The market ramifications of the COVID-19 pandemic had a slightly positive impact on the Company's sales and adjusted EBITDA in the first quarter, however, it expects the pandemic to have a significantly negative impact on its results for the year, in general, and the second quarter, in particular. This is based on a variety of developments that occurred either late in the first quarter or subsequent to the quarter, none of which are expected to impact the Company's long-term financial objectives. These include:

- The shutdown or restriction of service in the foodservice industry, and in particular the fine dining and café market segments;
- The elimination of most air travel;
- The shutdown of the cruise line industry;
- The shutdown by many grocery retailers of their fresh deli and seafood cases;
- Reduced consumption of seafood sold live, both in domestic and key export markets;
- Supply chain disruptions resulting from suppliers having to temporarily close their production facilities due to COVID-19 outbreaks among employees;
- Temporary shutdowns at the Company's production facilities as a result of COVID-19 related issues; and
- Additional costs associated with maintaining the safety of the Company's employees including: (i) changes in plant operating processes; (ii) the procurement of enhanced personal protection equipment; and (iii) enhanced sanitation and employee safety processes.

While these disruptions are not expected to be for the long-term, the extent and specific timing of their impact is highly uncertain and cannot be predicted and correspondingly the Company is unable, at this time, to forecast with reasonable accuracy its results for the balance of 2020. As a result, the Company is withdrawing its revenue and adjusted EBITDA guidance for 2020, which included projected revenue of between \$3.975 billion and \$4.075 billion and projected adjusted EBITDA of between \$320 million and \$360 million.

In the meantime, the Company's businesses are deemed essential services and it is actively managing the situation and, where appropriate, erring on the side of caution in terms of what is best for its employees, communities and customers. Furthermore, the Company's decentralized business model, which includes a large number of regional production facilities rather than one or a few large centralized facilities, provides flexibility and redundancy and better positions it to service customers without disruption.

## RESULTS OF OPERATIONS

The Company reports on two reportable segments, Specialty Foods and Premium Food Distribution, as well as corporate costs (Corporate). The Specialty Foods segment consists of the Company's specialty food manufacturing businesses while the Premium Food Distribution segment consists of the Company's differentiated distribution and wholesale businesses.

### Revenue

(in millions of dollars except percentages)

	13 weeks ended Mar 28, 2020	% (1)	13 weeks ended Mar 30, 2019	% (1)
Revenue by segment:				
Specialty Foods	631.0	67.5%	536.9	69.1%
Premium Food Distribution	304.0	32.5%	239.7	30.9%
Consolidated	935.0	100.0%	776.6	100.0%

(1) Expressed as a percentage of consolidated revenue

Specialty Foods' (SF) revenue for the first quarter of 2020 as compared to the first quarter of 2019 increased by \$94.1 million or 17.5% primarily due to: (i) organic volume growth of \$85.4 million representing a growth rate of 15.9%; (ii) net selling price inflation of \$4.2 million, which was driven by price increases implemented by SF's protein businesses in the second and third quarters of 2019 in reaction to higher pork and beef costs associated with a severe outbreak of African Swine Fever (ASF) in China; (iii) a \$4.2 million increase in the translated value of its U.S. based businesses' sales resulting from a weaker Canadian dollar; and (iv) business acquisitions, which accounted for \$0.3 million of the increase.

SF's organic volume growth of 15.9%, which was driven primarily by sandwiches, meat snacks and premium dry cured meats, was above the Company's expectations for the quarter due to: (i) several new meat snack and sandwich product launches exceeding planned volumes, particularly given the seasonally slow nature of the first quarter; and (ii) a strong increase in retail channel demand in the last two weeks of the quarter resulting from the COVID-19 pandemic and its impact on consumer buying patterns. Normalizing for the COVID-19 impact, which is estimated to be approximately \$15.9 million after including the negative impact it had on SF's foodservice channel sandwich sales, the segment's organic volume growth for the quarter was 13.0%.

Premium Food Distribution's (PFD) revenue for the first quarter of 2020 as compared to the first quarter of 2019 increased by \$64.3 million or 26.8% primarily due to: (i) business acquisitions, which accounted for \$33.2 million of the increase; (ii) organic volume growth of \$28.3 million representing a growth rate of 11.8%, (iii) net selling price inflation of \$2.3 million, which was driven by ASF related selling price increases partially offset by lower live seafood selling prices resulting from the impacts of the COVID-19 pandemic on export volumes and consumer buying patterns; and (iv) a \$0.5 million increase in the translated value of its U.S. based businesses' sales resulting from a weaker Canadian dollar.

PFD's organic volume growth of 11.8% was primarily due to: (i) PFD's Ontario growth strategy, which is centered around a new distribution and custom cutting operation in the Greater Toronto Area (GTA); (ii) additional sales of value-added processed lobster products, driven in part by the start-up of its new processing facility in Saco, Maine; and (iii) new sales initiatives based on leveraging the recently expanded capacity of its Montreal protein and seafood distribution facility. These factors were partially offset by the effects of the COVID-19 pandemic which first started to impact parts of PFD's business early in the quarter, namely its lobster exports to China and sales to restaurants in Ontario that focus on Asian style cuisine, then increased its impact in the last two weeks of the quarter as out-of-home dining venues across Canada either closed or significantly limited their service. Normalizing for the COVID-19 impact, which is estimated to be approximately \$9.0 million after taking into account PFD's mitigation strategies, including new sales initiatives in the retail channel, its organic volume growth for the quarter is 15.6%.

## Gross Profit

<i>(in millions of dollars except percentages)</i>				
	13 weeks ended Mar 28, 2020	% (1)	13 weeks ended Mar 30, 2019	% (1)
Gross profit by segment:				
Specialty Foods	139.2	22.1%	125.0	23.3%
Premium Food Distribution	41.8	13.8%	34.6	14.4%
<b>Consolidated</b>	<b>181.0</b>	<b>19.4%</b>	<b>159.6</b>	<b>20.6%</b>

(1) Expressed as a percentage of the corresponding segment's revenue

SF's gross profit as a percentage of its revenue (gross margin) for the first quarter of 2020 as compared to the first quarter of 2019 decreased by 120 basis points primarily due to: (i) labor wage inflation; (ii) additional outside storage costs, mainly associated with long inventory positions taken to help hedge against rising global pork and beef commodity costs and to mitigate the risk of COVID-19 and/or ASF related supply chain disruptions; (iii) investments in plant infrastructure to support future growth and generate new operating efficiencies; and (iv) sales mix changes as a large portion of SF's growth was driven by sandwiches, which generally have lower gross margins relative to SF's average gross margin – correspondingly these products generally have lower selling and marketing costs associated with them relative to SF's other products (see *Results of Operations – Selling, General and Administrative Expenses*). These factors were partially offset by: (i) the reclassification of \$1.9 million in costs to selling, general and administration expense; and (ii) improved operating efficiencies at a number of SF's plants that were driven by a variety of continuous improvement initiatives and higher production volumes.

PFD's gross margins for the first quarter of 2020 as compared to the first quarter of 2019 decreased by 60 basis points primarily due to: (i) sales mix changes relating to the COVID-19 outbreak as PFD mitigated the impact of slowdowns in the foodservice channel and decreased live seafood sales by developing new but lower margin sales opportunities in the retail channel; (ii) temporarily compressed live seafood margins as a result of working through higher cost inventory relative to selling price decreases caused by COVID-19 related market disruptions; and (iii) additional overhead costs associated with several new or expanded facilities.

## Selling, General and Administrative Expenses (SG&A)

<i>(in millions of dollars except percentages)</i>				
	13 weeks ended Mar 28, 2020	% (1)	13 weeks ended Mar 30, 2019	% (1)
SG&A by segment:				
Specialty Foods	79.6	12.6%	71.3	13.3%
Premium Food Distribution	32.5	10.7%	23.9	10.0%
Corporate	4.6		4.1	
<b>Consolidated</b>	<b>116.7</b>	<b>12.5%</b>	<b>99.3</b>	<b>12.8%</b>

(1) Expressed as a percentage of the corresponding segment's revenue

SF's SG&A for the first quarter of 2020 as compared to the first quarter of 2019 increased by \$8.3 million primarily due to: (i) additional variable selling and infrastructure costs, including discretionary marketing, associated with supporting SF's current and future growth initiatives; and (ii) the reclassification of \$1.9 million in costs from cost of sales.

SF's SG&A as a percentage of sales (SG&A ratio) for the first quarter of 2020 as compared to the first quarter of 2019 decreased by 70 basis points primarily due to: (i) sales deleveraging; and (ii) sales mix changes (see *Results of Operations – Gross Profit*). These factors were partially offset by the reclassification of \$1.9 million in costs from cost of sales. Normalizing for the reclassification, SF's SG&A ratio was 12.3%.

PFD's SG&A for the first quarter of 2020 as compared to the first quarter of 2019 increased by \$8.6 million primarily due to: (i) business acquisitions; and (ii) additional infrastructure, including some variable selling costs, associated with supporting its current and future growth.

PFD's SG&A ratio for the first quarter of 2020 as compared to the first quarter of 2019 increased by 70 basis points primarily due to investments in sales, distribution and administration infrastructure.

## Adjusted EBITDA

<i>(in millions of dollars except percentages)</i>				
	13 weeks ended Mar 28, 2020	% (1)	13 weeks ended Mar 30, 2019	% (1)
Adjusted EBITDA by segment:				
Specialty Foods	59.6	9.4%	53.7	10.0%
Premium Food Distribution	9.3	3.1%	10.7	4.5%
Corporate	(4.6)		(4.1)	
<b>Consolidated</b>	<b>64.3</b>	<b>6.9%</b>	<b>60.3</b>	<b>7.8%</b>

(1) Expressed as a percentage of the corresponding segment's revenue

Adjusted EBITDA for the first quarter of 2020 as compared to the first quarter of 2019 increased by \$4.0 million or 6.6% to \$64.3 million, which was within the Company's expectations for the quarter based on its annual guidance excluding a preliminary estimated impact of ASF related issues (see *Outlook for 2020*). Overall, ASF related margin challenges earlier in the quarter were offset by factors associated with the COVID-19 pandemic, namely: (i) a spike in retail channel sales towards the end of the quarter; and (ii) lower commodity prices, resulting from a temporary decline in exports of North American produced pork and beef products to China.

## Plant Start-up and Restructuring Costs

Plant start-up and restructuring costs consist of expenses associated with the start-up of new production capacity or the reconfiguration of existing capacity to gain efficiencies and/or additional capacity. The Company expects (see *Forward Looking Statements*) these projects to result in significant improvements in its future earnings and cash flows.

During the quarter, the Company incurred \$2.0 million in plant start-up and restructuring costs relating primarily to three new capacity expansion projects that commenced operations in the third quarter of 2019: (i) a new 50,000 square foot lobster processing facility in Saco, ME; (ii) a new 45,000 square foot distribution and seafood processing facility in Montreal; and (iii) a 25,000 square foot expansion of the Company's cooked protein plant in Montreal.

## **Interest and Other Financing Costs**

The Company's interest and other financing costs for the first quarter of 2020 as compared to the first quarter of 2019 decreased by \$3.4 million primarily due to lower average interest rates resulting from: (i) general market rate decreases; and (ii) improved credit spreads on the Company's revolving senior credit facility resulting from improved cash flow ratios and the renegotiation of its credit terms in the latter part of 2019.

## **Income Taxes**

The Company's expected range (see *Forward Looking Statements*) for its provision for income taxes as a percentage of earnings before income taxes (income tax rate) for 2020 is 24% to 27%. This is based on: (i) an effective income tax rate range within the main tax jurisdictions that it operates in (the Tax Jurisdictions) of 21% to 28%; (ii) the expected allocation of its taxable income among the Tax Jurisdictions; and (iii) the deductibility of certain costs for income tax purposes.

For the first quarter of 2020, the Company's income tax rate was 21.8% which is below its expected range primarily due to the reversal of a contingent consideration provision that does not have an income tax provision impact.



# Premium Brands Holdings Corporation

## Consolidated Balance Sheets

(in millions of Canadian dollars)

	Mar 28, 2020	Dec 28, 2019	Mar 30, 2019
<b>Current assets:</b>			
Cash and cash equivalents	11.2	18.4	14.7
Accounts receivable	378.0	346.5	289.1
Inventories	464.3	396.2	388.2
Prepaid expenses and other assets	21.1	19.4	16.2
	<b>874.6</b>	<b>780.5</b>	<b>708.2</b>
<b>Capital assets</b>	<b>530.0</b>	<b>502.1</b>	<b>472.8</b>
Right of use assets	312.2	300.4	271.8
Intangible assets	514.2	490.2	443.9
Goodwill	815.0	780.2	809.9
Investment in and advances to associates	77.6	64.6	27.8
Other assets	18.6	19.1	21.4
	<b>3,142.2</b>	<b>2,937.1</b>	<b>2,755.8</b>
<b>Current liabilities:</b>			
Cheques outstanding	12.4	16.4	13.3
Bank indebtedness	4.5	24.9	43.8
Dividends payable	21.7	19.7	17.7
Accounts payable and accrued liabilities	304.8	285.0	228.9
Current portion of long-term debt	8.5	7.7	8.6
Current portion of lease obligations	30.7	32.1	23.2
Current portion of provisions	11.8	8.5	9.2
Current portion of puttable interest in subsidiaries	58.2	58.2	72.2
	<b>452.6</b>	<b>452.5</b>	<b>416.9</b>
<b>Long-term debt</b>	<b>772.0</b>	<b>603.0</b>	<b>770.8</b>
Lease obligations	318.7	303.2	279.8
Provisions	57.1	62.4	54.6
Puttable interest in subsidiaries	-	-	5.3
Deferred income taxes	78.6	76.8	69.0
Other liabilities	7.3	4.0	3.5
	<b>1,686.3</b>	<b>1,501.9</b>	<b>1,599.9</b>
<b>Convertible unsecured subordinated debentures</b>	<b>365.0</b>	<b>364.0</b>	<b>361.1</b>
<b>Equity attributable to shareholders:</b>			
Retained earnings	10.4	19.9	5.5
Share capital	1,032.8	1,023.6	753.9
Reserves	47.7	27.7	35.4
	<b>1,090.9</b>	<b>1,071.2</b>	<b>794.8</b>
	<b>3,142.2</b>	<b>2,937.1</b>	<b>2,755.8</b>

# Premium Brands Holdings Corporation

## Consolidated Statements of Operations

(in millions of Canadian dollars except per share amounts)

	13 weeks ended Mar 28, 2020	13 weeks ended Mar 30, 2019
Revenue	935.0	776.6
Cost of goods sold	754.0	617.0
Gross profit before the below	181.0	159.6
Selling, general and administrative expenses before the below	116.7	99.3
	64.3	60.3
Plant start-up and restructuring costs	2.0	1.9
Depreciation of capital assets	15.9	14.3
Amortization of intangible assets	6.3	5.0
Amortization of right of use assets	7.7	6.7
Accretion of lease obligations	3.7	3.2
Interest and other financing costs	11.5	14.9
Acquisition transaction costs	1.4	0.6
Change in value of puttable interest in subsidiaries	-	0.5
Accretion of provisions	1.7	0.9
Provisions not earned	(2.0)	-
Equity loss in investments in associates	0.5	0.5
Other	-	0.1
Earnings before income taxes	15.6	11.7
Provision for income taxes (recovery)		
Current	4.1	2.7
Deferred	(0.7)	(1.0)
	3.4	1.7
<b>Earnings</b>	<b>12.2</b>	<b>10.0</b>
Earnings per share:		
Basic	0.33	0.30
Diluted	0.33	0.30
Weighted average shares outstanding (in millions):		
Basic	37.4	33.7
Diluted	37.5	33.8

# Premium Brands Holdings Corporation

## Consolidated Statements of Cash Flows

(in millions of Canadian dollars)

	13 weeks ended Mar 28, 2020	13 weeks ended Mar 30, 2019
Cash flows from (used in) operating activities:		
Earnings	12.2	10.0
Items not involving cash:		
Depreciation of capital assets	15.9	14.3
Amortization of intangible assets	6.3	5.0
Amortization of right of use assets	7.7	6.7
Accretion of lease obligations	3.7	3.2
Change in value of puttable interest in subsidiaries	-	0.5
Equity loss in investments in associates	0.5	0.5
Deferred revenue	-	0.1
Non-cash financing costs	1.2	1.1
Accretion of provisions	1.7	0.9
Provisions not earned	(2.0)	-
Deferred income taxes (recovery)	(0.7)	(1.0)
Other	-	0.2
	46.5	41.5
Change in non-cash working capital	(67.2)	(36.2)
	(20.7)	5.3
Cash flows from (used in) financing activities:		
Long-term debt, net	125.6	53.6
Payments for lease obligations	(9.7)	(8.3)
Bank indebtedness and cheques outstanding	(24.4)	(0.7)
Dividends paid to shareholders	(19.7)	(16.0)
	71.8	28.6
Cash flows from (used in) investing activities:		
Capital asset additions	(29.3)	(14.7)
Business acquisitions	(11.8)	(21.4)
Payments to shareholders of non-wholly owned subsidiaries	-	(1.2)
Payment of provisions	(7.0)	(0.8)
Net change in share purchase loans and notes receivable	0.5	0.1
Investment in and advances to associates – net of distributions	(10.7)	(1.0)
Other	-	0.4
	(58.3)	(38.6)
Change in cash and cash equivalents	(7.2)	(4.7)
Cash and cash equivalents – beginning of period	18.4	19.4
Cash and cash equivalents – end of period	11.2	14.7
Interest and other financing costs paid	8.8	8.2
Income taxes paid	4.6	2.7

## NON-IFRS FINANCIAL MEASURES

The Company uses certain non-IFRS financial measures including adjusted EBITDA, free cash flow, adjusted earnings and adjusted earnings per share, which are not defined under IFRS and, as a result, may not be comparable to similarly titled measures presented by other publicly traded entities, nor should they be construed as an alternative to other earnings measures determined in accordance with IFRS. These non-IFRS measures are calculated as follows:

### Adjusted EBITDA

<i>(in millions of dollars)</i>	13 weeks ended Mar 28, 2020	13 weeks ended Mar 30, 2019
Earnings before income taxes	15.6	11.7
Plant start-up and restructuring costs	2.0	1.9
Depreciation of capital assets	15.9	14.3
Amortization of intangible assets	6.3	5.0
Amortization of right of use assets	7.7	6.7
Accretion of lease obligations	3.7	3.2
Interest and other financing costs	11.5	14.9
Business acquisition transaction costs	1.4	0.6
Change in value of puttable interest in subsidiaries	-	0.5
Accretion of provisions	1.7	0.9
Provisions not earned	(2.0)	-
Equity loss in investments in associates	0.5	0.5
Other	-	0.1
<b>Adjusted EBITDA</b>	<b>64.3</b>	<b>60.3</b>

### Free Cash Flow

<i>(in millions of dollars)</i>	52 weeks ended Dec 29, 2019	13 weeks ended Mar 28, 2020	13 weeks ended Mar 30, 2019	Rolling Four Quarters
Cash flow from operating activities	164.2	(20.7)	5.3	138.2
Changes in non-cash working capital	63.0	67.2	36.2	94.0
Lease obligation payments	(35.8)	(9.7)	(8.3)	(37.2)
Business acquisition transaction costs	3.3	1.4	0.6	4.1
Plant start-up and restructuring costs	9.6	2.0	1.9	9.7
Maintenance capital expenditures	(26.5)	(6.7)	(6.6)	(26.6)
<b>Free cash flow</b>	<b>177.8</b>	<b>33.5</b>	<b>29.1</b>	<b>182.2</b>

## Adjusted Earnings and Adjusted Earnings per Share

<i>(in millions of dollars except per share amounts)</i>	13 weeks ended Mar 28, 2020	13 weeks ended Mar 30, 2019
Earnings	12.2	10.0
Plant start-up and restructuring costs	2.0	1.9
Business acquisition transaction costs	1.4	0.6
Accretion of provisions	1.7	0.9
Provisions not earned	(2.0)	-
Equity loss from associates in start-up	0.5	0.5
Change in value of puttable interest in subsidiaries	-	0.5
Amortization of intangibles associated with acquisitions	6.3	5.0
	22.1	19.4
Current and deferred income tax effect of above items	(2.2)	(1.8)
Adjusted earnings	19.9	17.6
Weighted average shares outstanding	37.4	33.7
Adjusted earnings per share	0.53	0.52

## FORWARD LOOKING STATEMENTS

This press release contains forward looking statements with respect to the Company, including, without limitation, statements regarding its business operations, strategy and financial performance and condition, cash distributions, proposed acquisitions, budgets, projected costs and plans and objectives of or involving the Company. While management believes that the expectations reflected in such forward looking statements are reasonable and represent the Company's internal expectations and belief as of May 11, 2020, there can be no assurance that such expectations will prove to be correct as such forward looking statements involve unknown risks and uncertainties beyond the Company's control which may cause its actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward looking statements.

Forward looking statements generally can be identified by the use of the words "may", "could", "should", "would", "will", "expect", "intend", "plan", "estimate", "project", "anticipate", "believe" or "continue", or the negative thereof or similar variations. Forward looking statements in this press release include statements with respect to the Company's expectations and/or projections on its: (i) revenue; (ii) adjusted EBITDA; (iii) plant start-up and restructuring costs; (iv) income tax rates; (v) dividend policy; (vi) capital expenditures and business acquisitions; (vii) senior debt capacity utilization; and (viii) convertible debentures.

Some of the factors that could cause actual results to differ materially from the Company's expectations are outlined under *Risks and Uncertainties* in the Company's MD&A.

Assumptions used by the Company to develop forward looking statements contained or incorporated by reference in this press release are based on information currently available to it and include those outlined below as well as those outlined elsewhere in this press release. Readers are cautioned that this information is not exhaustive.

- The general economic conditions in Canada and the United States will return to pre COVID-19 levels in the medium term post the COVID-19 pandemic.
- The Company's businesses impacted by the COVID-19 pandemic will recover from the resulting disruptions in the medium term and, to the extent there are ongoing changes in their operating costs resulting from the crisis, will be able to recover them in their selling prices.
- The Company's organic growth initiatives will progress in line with previous expectations post the COVID-19 pandemic.
- The average cost of the basket of food commodities purchased by the Company will be relatively stable over the medium term.
- The Company's major capital projects, plant start-up and business acquisition initiatives will progress in line with its expectations.
- The Company will be able to continue to access sufficient skilled and unskilled labor at reasonable wage levels.
- The Company will be able to continue to access sufficient goods and services for its manufacturing and distribution operations.
- The value of the Canadian dollar relative to the U.S. dollar will continue to fluctuate in line with recent levels.
- The Company will be able to achieve its projected operating efficiency improvements.
- There will not be any material changes in the competitive environment of the markets in which the Company's various businesses compete.
- There will not be any material changes in the long-term food trends that have been driving growth in many of the Company's businesses. These include: (i) growing demand for higher quality foods made with simpler more wholesome ingredients and/or with differentiating attributes such as antibiotic free, no added hormones or use of organic ingredients; (ii) increased reliance on convenience oriented foods both for on-the-go snacking as well as easy home meal preparation;

(iii) healthier eating including reduced sugar consumption and increased emphasis on protein; (iv) increased snacking in between and in place of meals; (v) increased interest in understanding the background and stories behind food products being consumed; and (vi) increased social awareness on issues such as sustainability, sourcing products locally, animal welfare and food waste.

- Weather conditions in the Company's core markets will not have a significant impact on any of its businesses.
- There will not be any material changes in the Company's relationships with its larger customers including the loss of a major product listing and/or being forced to give significant product pricing concessions.
- There will not be any material changes in the trade relationship between Canada and the U.S., particularly with respect to certain protein commodities such as beef, pork and chicken products.
- The Company will be able to negotiate new collective agreements with no labor disruptions.
- The Company will be able to continue to access reasonably priced debt and equity capital.
- The Company's average interest cost on floating rate debt will remain relatively stable in the near to medium future.
- Contractual counterparties will continue to fulfill their obligations to the Company.
- There will be no material changes to the tax and other regulatory requirements governing the Company.

Management has set out the above summary of assumptions related to forward looking statements included in this press release in order to provide a more complete perspective on the Company's future operations. Readers are cautioned that these statements may not be appropriate for other purposes.

Unless otherwise indicated, the forward looking statements in this press release are made as of May 11, 2020 and, except as required by applicable law, will not be publicly updated or revised. This cautionary statement expressly qualifies the forward looking statements in this press release.