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CORPORATE PARTICIPANTS

Michael McCain *Maple Leaf Foods Inc. - President, CEO*

Debbie Simpson *Maple Leaf Foods Inc. - CFO*

CONFERENCE CALL PARTICIPANTS

George Doumet *Scotiabank - Analyst*

Irene Nattel *RBC Capital Markets - Analyst*

Mark Petrie *CIBC World Markets - Analyst*

Michael Van Aelst *TD Securities - Analyst*

Derek Dley *Canaccord Genuity - Analyst*

PRESENTATION

Operator

Good afternoon, ladies and gentlemen. Welcome to the Maple Leaf Foods' second-quarter 2016 results conference call hosted by Mr. Michael McCain. Please be advised that this call is being recorded. (Operator Instructions)

I would now like to turn the meeting over to Mr. Michael McCain. Please go ahead.

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

Thank you and good afternoon, everyone. Thank you for joining us here today.

On today's webcast we will review the Maple Leaf Foods' financial and operating results for the second quarter of 2016. The news release and today's webcast presentation are available at MapleLeafFoods.com under the Investors section.

Some of the statements made on this call may constitute forward-looking information, and future results may differ materially from what we discuss. Please refer to our 2015 annual MD&A and other information on our website for a broader description of operations and risk factors that could affect the Company's performance.

As usually is the case, I will begin with an operations and business overview, followed by Debbie Simpson, our Chief Financial Officer, who will provide some key financial highlights. We'll then open the call to your questions.

If I could turn your attention please to slide number 2, during the second quarter Maple Leaf built on our step change in structural margin expansion, drove strong commercial performance across the business, and made continued efficiency improvements. We also delivered the most product innovation ever in our history.

It was another strong quarter for us that clearly demonstrates the strength of our strategic foundation. Some of the highlights for the quarter include: adjusted EPS which was CAD0.32 per share, versus CAD0.13 for the same period last year; and adjusted EBITDA margin for the quarter which was 10.3%.

Our commercial teams continued to execute well. We had strong commercial performance across the business, with improved mix towards value-added products which drove higher margins.

Our performance this quarter was supported by our enhanced investments in branding, advertising, and promotional activity, which I will provide some colour around in a few moments. In addition, we continued to drive operational improvements at our new Heritage facility in Hamilton.

As you'll see on slide 3, by almost any measure we've made excellent progress with strong performance across the board. Sales were up 4% from the prior year to CAD855 million. Adjusted operating earnings were up 177% to CAD61 million.

Adjusted earnings per share were CAD0.32, a 146% increase from CAD0.13 last year. And, adjusted EBITDA was up 80% from the prior year to CAD88 million.

The scale and extent of our financial improvement is a testament to the success of our transformation strategy. It's due to the hard work and dedication of thousands of people across this organization who came to work every day focused on building an even better Maple Leaf for the future.

Turning to slide number 4, we delivered record earnings in the quarter, reflecting the culmination of years of investment in change. The charts on slide number 4 reinforce the consistent, sustained progress that we've delivered quarter over quarter, culminating in the seventh consecutive quarter of improvement and the record earnings that we announced this morning.

Turning to slide number 5, our improved financial performance over time is probably best illustrated by the step change in our margin structure. As you know, in 2010 we established a strategic EBITDA margin target of 10%. We hit that target for the first time in the first quarter of this year, and this quarter we delivered EBITDA margins of 10.3%.

The second quarter represents the seventh consecutive quarter of EBITDA margin improvement. It is almost 1,500 basis point margin improvement from our low point at the end of 2013 when our transformation activity was at its height. We've structurally shifted our margin from pre-transformation levels of approximately 3.5% to the roughly 10% level that we're seeing today.

Of course, there are some natural quarterly fluctuations and volatility that's normal in this business, but it's similar to all of our CPG peers. Normal fluctuations aside, we've substantially shifted the fundamental profitability of the business, which will reward shareholders by providing us with the return on investment that we anticipated when we began this lengthy journey.

Going forward, we are confident that structurally our EBITDA margins in the range of 10% will be a floor and not a ceiling. We will continue to grow margins over time through continued focus on cost reduction, and we believe there's more opportunity to deliver on this, and also through profitable growth from innovation and leveraging our brands.

Turning to slide 6, I'll shift my commentary to our business activities and initiatives. We continue to execute well on our commercial operations, with strong performance across the business.

Prepared meats margins continue to increase as a result of reduced operating costs and an improved retail branded sales mix. We continue to reduce ramp-up variances at Heritage. While there's still more work to do and there is still upside from these ongoing improvements, the variances are no longer significant to Maple Leaf's overall financial story.

Prepared meats' mix continues to improve as we leverage our North American leadership position in the emerging raised without antibiotics, or RWA, meat category. This improvement in mix is happening both in the retail channel as well as the food service channel, where we've been making substantial inroads.

The benefit of pricing taken in the first quarter, in Q1, on our prepared meats business to offset inflationary pressures was partially offset by a short-term decline in volume, which is typical following these price increases.

In poultry, we are continuing to increase our penetration of branded fresh sales, including the Prime brand, the Maple Leaf brand, and the Mina halal brand, taking advantage of growing consumer interest in poultry.

Finally, we've increased our margins in fresh pork from the sale of value-added fresh products both in the retail and in the export channels.

Turning to slide number 7, I'm going to elaborate for a moment on sustainable meat which, as we see, is a competitive differentiator for Maple Leaf and gives us marketplace competitive advantage. Sustainable meats are in the sweet spot of where a meaningful portion of consumers are heading, and we are uniquely positioned at this time to develop that market opportunity.

We are dedicating resources and teams to build out our sustainable meat proposition and to extend the commercial advantage that we already have. Currently, much of that focus, which will evolve over time, is in the raised without antibiotics space, or RWA as we call it for short.

In addition to our RWA leadership in pork, we're the largest source of RWA poultry in Canada. And we not only see increased volume across our fresh pork and poultry platforms, but we're transitioning this into a full line of prepared meats.

That said, the nature of consumer evolution will see sustainable meat move from simply an RWA focus to also include our advanced animal care practices, our feed ingredient practices, our environmental commitments and practices, and also even our community engagement activities. Sustainable meat production is also about nutrition and ingredients. All together in the second quarter we introduced more than 20 new SKUs with cleaner, simpler ingredient decks.

As we develop our sustainable meat propositions, we are making meaningful progress in building out our retail and food service business both here in Canada and also in the United States.

Turning to slide number 8, at the outset of the call I talked about the significant innovation in the market during the second quarter, which was the most active in our history and reflects increased focus on accelerating profitable growth. We discussed some of this planned activity in our first quarter, and in the second quarter we delivered with the Canadian Craft line and Prime Turkey launches, amongst others.

Our goal with Canadian Craft is designed to lead the market in artisanal prepared meats made in Canada that are accessible to the everyday consumer. The brand draws on iconic foods from across the country to inspire recipes with products like Atlantic Sea Salt Prosciutto, Quebec Maple Ham, and Canadian Whiskey and Apple Bacon.

They are all made with simpler, natural ingredients. We've received very strong consumer response to Canadian Craft following its launch in April 2016, with the listing support of retailers coast-to-coast.

Another significant innovation that we had in the second quarter was Prime Turkey. Our market research demonstrates the importance of that consumers place on turkey as a healthy, nutritious food, but also that turkey offers today are perceived to lack convenience and versatility.

For many years Canadians haven't had much product choice when it comes to turkey products, largely purchasing it for holiday celebrations. In the US market, where the product offering is more advanced and has greater breadth, the turkey market is rapidly growing and thriving.

In Canada, we under-index the US market significantly, which underpins the opportunity. Given the growing demand for wholesome turkey products, we've expanded our Maple Leaf Prime Turkey fully cooked portfolio to include prime turkey bacon, wieners, and sausage that are lean, offer high protein and flavourful foods made from farm-raised turkeys.

Turning to slide number 9, we're also very active in the second quarter not only from a product innovation perspective but also in terms of ramped-up consumer marketing and promotion. We put a lot of focus and attention on the relaunch of our Schneiders brand. Our brand marketing teams have done a great job reinforcing the brand's heritage while also increasing its consumer relevance both on branding and in promotional and advertising support.

We're partnering with high-profile brands and popular themes that appeal to our customers to deliver exciting in-store and social media campaigns. For instance, we've partnered with a major movie to drive consumer excitement with the new Lunchmate collection; and our partnership with the

Toronto Blue Jays and Kevin Pillar has been hugely successful and a popular way for us to focus on the inspirational traditions linked with baseball, the Blue Jays, and of course Maple Leaf.

I'm also excited to talk, as illustrated on slide number 10, about our upcoming launch of Devour which will be in the marketplace this week. Devour takes us into an exciting new opportunity in a category that's ripe for innovation. Snacking is one of our three primary growth platforms, and the beef jerky business is currently outpacing the overall meat snacking category by a nice clip.

What Devour delivers is a fundamentally different taste experience. Through very extensive consumer research and product development over a lengthy period of time, we've completely reimagined the texture, the flavour options, and the overall quality of the product.

It's an elevated protein snack that is incredibly tender and is full of bold new flavours. It's made of premium beef and pork, lean whole muscle cuts with a clean, simple ingredient deck. It has no artificial colour, flavours, or preservatives.

The brand is going to be introduced in the coming weeks with an exciting promotional campaign. We're very excited about the product; and stay tuned for the flavours like Sweet and Pepper Barbeque, 5-Spice Teriyaki, Firecracker Lime, or Smokehouse Chipotle to show up on the shelves across the country.

Now I'll turn the call over to Debbie Simpson, our Chief Financial Officer, who's going to provide some additional financial information.

Debbie Simpson - *Maple Leaf Foods Inc. - CFO*

Thank you, Michael. Turning to slide 11, I'm going to add some colour to Michael's discussion around the structural change in our margin. You can see the significant year-over-year impact of the transformation on our income statement. We have increased our structural adjusted gross margin from 12.5% of sales in Q2 2015 to 16.4% in Q2 2016.

At the same time, selling, general, and administrative expenses decreased from 9.8% of sales in the prior year to 9.3% of sales in Q2 2016, as our teams maintained their ongoing pursuit of cost efficiency. In absolute dollars, SG&A for the second quarter decreased slightly to CAD79.5 million compared to CAD80.5 million last year.

Over time, core selling, general, and administrative expenses have decreased significantly as a result of efficiencies realized by the reduction of nonstrategic costs.

We have reinvested much of these savings into advertising and promotional activities, along with other strategic imperatives including sustainability as the Company increasingly shifts its attention from transformation to innovation and growth. The net result is that adjusted operating earnings increased to 7.1% of sales, and EBITDA margin improved to 10.3%.

Moving to slide 12, I would like to provide some detail on our cash flow position and an update on changes to our credit facility. Cash on hand at the end of the quarter improved to CAD313 million. Cash flow from operations was CAD63 million in Q2 of 2016 versus CAD75 million in Q2 2015 due to the seasonal investment in our working capital.

Correspondingly, free cash flow was CAD36 million in Q2 2016 versus CAD31 million last year. Our capital expenditures in the quarter were CAD27 million compared to CAD44 million last year.

We completed negotiations for a new credit facility during the quarter, expanding the facility from CAD200 million to CAD400 million. This development is consistent with our long-term view of maintaining maximum financial flexibility, taking advantage of favorable lending terms, and establishing a foundation for our balance sheet that we can build from to support the Company's growth plans.

I will now turn the call over to Michael to wrap up our remarks.

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

Thank you, Debbie. In closing, I'd point out that we delivered our seventh consecutive quarter of EBITDA margin improvement with strong financial performance, and the second consecutive quarter in excess of our 10% EBITDA margin target. These results were driven by great commercial execution across all aspects of our business.

We have considerable focus today on product innovation, category expansion, and new market penetration in sustainable meat. And we see a very exciting future as we accelerate progress on our strategic growth platforms.

With that, I'd like to open up the call for any of your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) George Doumet.

George Doumet - *Scotiabank - Analyst*

Good afternoon, guys. On the Q1 conference call, I believe we identified about 100 basis points of inefficiencies. So that leaves about, I believe, about 90 basis points for further improvement from today.

I'm just wondering if that holds. And maybe can you remind us of the buckets of improvements and timing there?

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

Yes, we said the last quarter was roughly 100 basis points, and this quarter we showed continuous improvement against that, and we are continuing to improve it quarter-over-quarter, week-over-week, month-over-month.

It has got to a point, George, this quarter where we felt that it was not material to the strategic story, and therefore we chose to discontinue reporting that as a metric on a quarter-to-quarter basis, because it's not material to our overall results. That said, we think that there is more upside because, while it continues to improve, it's not 100% yet -- but it's pretty darn close.

George Doumet - *Scotiabank - Analyst*

All right. Thanks; that's really helpful. And at the time of the Canada Bread sale, you guys mentioned the return of proceeds through issuer bids within three years. I'm just wondering where we stand today in terms of plans and timeline there.

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

Tell me the question again.

George Doumet - *Scotiabank - Analyst*

Yes, you guys would return the proceeds through issuer bids within three years of the time of the sale. I'm just wondering where we stand today. Notice that the NCIB hasn't been utilized since announced.

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

I would correct you, actually, George. We did not say that we would do that. What we said was if we did that, we would use a Dutch auction if we were returning a substantial amount of capital.

The Board continues to be focused on capital allocation. It's a topic that is under constant and frequent review by the Board. I think we've demonstrated that over the course of the last few years, and every option is on the table.

We don't have anything other than what Debbie referred to earlier in our capital management update. But I don't think we have any specific plans other than what we've announced to date.

George Doumet - *Scotiabank - Analyst*

All right. Thanks, Mike, for the clarification.

Operator

Irene Nattel.

Irene Nattel - *RBC Capital Markets - Analyst*

Thanks and good afternoon, everyone. Just sticking with the whole theme of capital allocation, clearly you have substantial firepower on your balance sheet, between the cash on hand and the credit facility. Just wondering, Michael, if you could provide us an update on your current thinking in terms of -- or whether there's been any change to your areas of focus and the criteria that you might use should you decide to make some kind of acquisition.

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

I would say that there is absolutely no update or change in my thinking, Irene, or our collective thinking, because this is one of the single most important topics for Board consideration, and they are actively engaged in this, all of them. So there's no change in thinking; but it might be worthwhile to many stakeholders for me to review what we've said in the past, so that people are clear on what our thinking is.

First and most important is a view of prioritization for use of capital. And we are all aligned, Board and management, that the first priority use of capital is towards the growth of the business over time. We are constantly focused on deploying prudent amounts of capital in the business to drive growth, and we've been clear as to what the priorities for that growth are.

Things like: One, sustainable meat and anything that will drive our future in that genre or class of product because we have growth potential and a strategic advantage. Two, snacking, because there is a tremendous market opportunity that's outpacing the growth of other segments of the business. And three, in alternative proteins because we are convinced on a very long-term horizon that alternative proteins will outpace -- or vegetable proteins will outpace the growth of animal proteins.

Further, we've been clear that we are keenly interested and will constantly be investigating the opportunities for geographic expansion, more specifically, in the United States, to accelerate our expansion in that market where we're investing in organic growth today but we would have a desire to accelerate that with a stronger platform by investing capital in that market.

Following that priority, we're also looking at balanced options to both increase our regular dividend, which we've done consistently over the last couple of years, as the transformational strategy unfolded. And, where it's prudent and where it makes sense, the return of capital using the techniques that have been identified with the Board or the tools that have been identified by the Board, including NCIB. And if a substantial amount of capital is returned, then using the guidelines we've indicated several years ago around a Dutch auction, so -- underpinning substantial returns of capital.

So, that's the priority architecture. That's how we think about it.

And honestly, it's dynamic, Irene. The Board looks at it constantly. We review it constantly.

We look at every one of the tools constantly and make sure that we have a balanced approach to it. So there's no new news there, but it's a good reinforcement of what our perspective's been in the past.

Irene Nattel - *RBC Capital Markets - Analyst*

That's very helpful. That's really helpful, Michael. And I might ask a follow-on question, which is, if we go back to the days when Maple Leaf did make selective acquisitions in other geographies in the US and in the UK, historically when you did it in the past, the acquisitions you made were relatively small in terms of magnitude, but strategically important, and they put you in a position to expand and build.

Would that be your preference at this point in time? Or if you were going to make an acquisition would you prefer to make it something of more size and presence?

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

No, I think we have a framework and a bias that is geared towards very disciplined and prudent M&A activity. We're not going to be either elephant hunters or frivolous about our approach to this.

That implies a number of things. First, strategic alignment. It's very, very important to us that we deploy our capital in ways that are aligned with the strategic focus of the business and that will support our strategic growth plans.

Number two is we are much more inclined to do a series of smaller things. We're not elephant hunters. We're just not. We don't like the risk that they imply, and they are much more digestible, particularly with the strength of the platform that we have today.

And number three, which is probably the tallest test of all of them, is that we're looking for good businesses, but we're not willing to overpay for any business. So valuation is a really, really important thing.

Not looking to underpay. Obviously, we're not going to undervalue assets. But we look for fair value for our shareholders, where the return on capital is satisfactory over time.

So valuation is obviously the biggest challenge, particularly in today's marketplace. But we're playing a long game, and that's our orientation. We're not in any hurry. We're driving it in a very disciplined, methodical, strategic manner.

Irene Nattel - *RBC Capital Markets - Analyst*

That's really helpful, Michael. Thank you for that.

If I could just turn for a moment to the current operations, which are delivering very nicely, I think clearly ongoing improving the cost efficiency remains a focus. And you did a great job of that in this quarter.

Wondering where you might still see some significant opportunities, and should we be looking in future quarters for that SG&A line to continue to trend downward slightly? Or should we expect it to be more stable from current levels?

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

Are you referring to SG&A, Irene?

Irene Nattel - *RBC Capital Markets - Analyst*

Yes, yes.

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

I think you should expect for it to be relatively stable, but not because we're not continuing to find cost-reduction opportunities. We actually feel that there are many opportunities to improve the efficiency of our SG&A and reduce costs.

But our intention, very clearly, is when we find cost-reduction opportunities in SG&A to reinvest that in our brands and our people, which we think will drive growth in the future. And we did that, and that's very much a part of our results this year.

We've had significant reductions in our core SG&A, offset by significant boosts in our advertising and promotional budgets.

Irene Nattel - *RBC Capital Markets - Analyst*

That's great. Thank you very much.

Operator

Mark Petrie.

Mark Petrie - *CIBC World Markets - Analyst*

Yes, good afternoon. I just wanted to ask about the volume trend specifically in the quarter. On the prepared meats side you talked about the decline following the price increase. Wonder if you could just give a bit more color in terms of the trajectory of that, and are you seeing that normalize now?

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

Yes. As we articulated both in my remarks and in our press releases and the MD&A for the quarter, we did see modest volume declines in the quarter. They were low single digits in our prepared meats branded portfolio. That's not unexpected following price adjustments, and this was a relatively large price adjustment in the first quarter, mostly offsetting the impact of currency changes in the marketplace.

We've historically, Mark, always been clear that when a pricing action is taken, particularly out of the norm pricing action, that there is commonly one to three quarters of volume adjustments. What we look for is normal patterns and normal recovery patterns in the marketplace, and we clearly are seeing that.

The second quarter was better than the first, and we're expecting the third quarter to be better than the second. So we are seeing the normal recovery patterns to that.

Mark Petrie - *CIBC World Markets - Analyst*

Okay, thanks. Then you called out in terms of the fresh meats side, better margins from value-add in your export business. Could you just give a bit more colour there? What markets are growing, and do you expect to continue to see that trajectory?

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

That's a great question. First of all, our improved performance in our value-added fresh business is mostly domestic, not export, because we have tremendous performance in the marketplace on our branded fresh operations including things like our Maple Leaf branded poultry, Prime poultry, our fresh turkey offerings which I referred to somewhat. We've had great growth in the Mina halal marketplace in fresh poultry. All of our fresh RWA offerings, raised without antibiotics offerings, would be covered in that commentary.

So we've had a great growth there. So our branded fresh offerings and value-added fresh offerings we think is a huge demonstration of our branding strategies and certainly where the consumer is at today.

Specifically in export markets, it covers a broad range of opportunities, things like growth in value-added fresh RWA meat in the United States. We're getting some interest in value-added, raised without antibiotic, product lines in some of the Asian markets, our traditional Japanese and Chinese markets.

Certainly our focus is domestic, but we certainly value those as well, particularly because they have such strong value-added opportunities in those markets around that segment. So, it's a broad array of successes in the marketplace and value-added fresh. Mark, I hope that's helpful.

Mark Petrie - *CIBC World Markets - Analyst*

It is. Thank you very much.

Operator

Michael Van Aelst.

Michael Van Aelst - *TD Securities - Analyst*

Yes, hi. Good afternoon. Most of the questions have been answered but just a few smaller ones. First of all, when you look at the spreads, the processing spreads, why do you think they are still so far above average? I know they've come down from Q1, but they are still pretty strong. What's going on there?

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

Well, first of all, Michael, I think what is commonly overlooked is that the primary processing spread that you're looking at carefully needs to be considered in the context of the whole value chain, not just one link in the value chain. And the whole value chain includes both primary hog production or growing hogs as well as primary processing. Think of it as the barn and the plant.

Many if not most processors today look at it as one value chain, not two, even though there is a discrete market between those two links in the chain. So, there have been very strong primary processing margins, but there's been offsetting very, very weak hog production markets.

In fact, those two, when you take the whole value chain, that's why we've said very clearly that the overall market influence on our business so far in the first half of 2016 has been nominal. It's pretty much, in the whole value chain, in line with five-year averages.

Our participation and in our results, we participate in that whole value chain. So yes, we've had strong primary processing margins, but we've had very weak results in our hog production relative to five-year averages.

So your question was, why is one link in the chain strong? The answer to that, while it's very difficult for me to give you a specific answer, I would argue there is some correlation to the fact that one is very strong because the other is very weak.

Michael Van Aelst - *TD Securities - Analyst*

All right. Fair enough. Then also on -- the working capital usage was up in the first half of the year, despite volumes being relatively flat or down a bit. What should we expect going forward?

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

That's a timing issue. It's just the day of the month that the quarter ends. Debbie, would you maybe add some colour to that?

Debbie Simpson - *Maple Leaf Foods Inc. - CFO*

Michael, when you look at it from last year to this year, Michael's right. It really is a timing issue in terms of just where the calendar falls for this year. And we fell on the wrong side, if you will, in some of our expense accruals and actually in the use of AR securitization balances.

So nothing significant there, more that just if it was just a different week, if it was another week from now, then it would have been relatively similar to the prior year.

When you look at the use of cash flow and working capital for the first six months, that's really just timing in the year with seasonal inventories, and actually a little bit more going on there with all the innovation that we're doing at the moment.

Michael Van Aelst - *TD Securities - Analyst*

So long-term, assuming very modest volume growth, should we be anticipating a relatively flat working capital usage?

Debbie Simpson - *Maple Leaf Foods Inc. - CFO*

Yes.

Michael Van Aelst - *TD Securities - Analyst*

Okay. All right. Then on the SG&A side, you talked about nonproductive or nonstrategic costs coming out. Can you give us some examples of maybe some of the key buckets?

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

Yes. We look at our SG&A through two different lenses: the cost of running our business, which is cost to administer our business, our financial disciplines, all of those internal processes, information systems. Those are basically costs of running our business, and we're constantly looking for ways to reduce that.

Offsetting that are strategic investments like our advertising budgets, our brand-building promotional activities, even revenue-generating activities, like if we can invest in a larger, broader, more capable sales organization to drive organic growth in the United States, for example, that would show up in our SG&A budget; but we'd look at that as an investment in future growth.

So we basically look at trying to ratchet down our cost of running our business and ratchet up our investment in brands and people.

Michael Van Aelst - *TD Securities - Analyst*

And when you say you expect it to be stable over the next little while, are you talking about as a percentages of sales, or is it in dollar terms?

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

No, as a percentage of sales.

Michael Van Aelst - *TD Securities - Analyst*

All right. Thank you very much.

Operator

(Operator Instructions) Derek Dley.

Derek Dley - *Canaccord Genuity - Analyst*

Yes; hi, there. Just a couple questions on the competitive dynamic, based on currency. Have you guys started to see the currency -- the weakness in the Canadian dollar, at least over the medium and long term, leaving short-term volatility aside, begin to favourably impact your positioning competitively in Canada?

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

Yes, starting to. It takes some time, but as we've always articulated, there's a long, long lag time in that. But yes, definitely we're starting to.

More importantly, we're starting to see good growth rates in our US business, from an export perspective. It is important to note that our focus for growth in the United States is really around putting 100% of our efforts, Derek, behind growing our sustainable meat proposition in the US marketplace, which is not an immediate turn-on-the-tap-tomorrow kind of initiative. It takes more, there's more business development activity that goes into that.

But we also think that it's more sustainable over time. So the answer is yes.

Derek Dley - *Canaccord Genuity - Analyst*

Okay, great. Just on some of the new product launches, Canadian Craft and whatnot, how have these been trending so far in terms of both retailer and consumer response? Are you guys pleased with the initial --?

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

Very pleased. At or above our expectations.

Having said that, I would tell you that they're really early days. And innovations like that, you're very hard-pressed to make any call, sustainable call, for six months to a year.

Derek Dley - *Canaccord Genuity - Analyst*

Okay, great. Thank you very much.

Operator

Thank you. There are no further questions registered at this time. I would now like to turn the meeting back over to Mr. McCain.

Michael McCain - *Maple Leaf Foods Inc. - President, CEO*

Okay. Well thank you very much to all of you on the line today. We had an excellent quarter, and we're very pleased with the progress that we're making.

I think what excites us most amongst the management team is that, as pleased as we are with the current results, we're extraordinarily confident that we can do better. And that's something that we're very focused on. We're building plans, going well into the future that can drive ongoing profit growth in the business.

So thank you very much for your support and we look forward to the next quarter and the next update. Have a wonderful day.

Operator

Thank you. The conference has now ended. Please disconnect your lines at this time. Thank you for your participation.
