



TSX: MFI
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Maple Leaf Foods Reports Third Quarter 2016 Financial Results

Mississauga, Ontario, November 2, 2016 - Maple Leaf Foods Inc. (TSX: MFI) today reported its financial results for the third quarter, September 30, 2016.

Consolidated Financial Highlights

Third quarter net earnings grew 70%, adjusted earnings per share doubled compared to the same quarter of last year. Adjusted EBITDA margin was 10.3% in the quarter and contributed to free cash flow of approximately \$147 million.

Measure ⁽ⁱ⁾	Three months ended September 30,			Nine months ended September 30,	
	2016	2015	% Change	2016	2015
Sales	852.1	818.8	4.1%	2,503.6	2,419.8
Adjusted EBITDA ⁽¹⁾ Margin	10.3%	7.1%	N/M	10.3%	6.0%
Adjusted Operating Earnings ⁽³⁾	61.5	29.8	106.4%	175.6	62.0
Net Earnings	31.8	18.7	70.1%	105.5	8.3
Basic Earnings per Share	0.24	0.13	84.6%	0.78	0.06
Adjusted Earnings per Share ⁽²⁾	0.32	0.16	100.0%	0.92	0.34
Free Cash Flow ⁽⁴⁾	146.7	3.0	N/M	208.1	(27.4)

⁽ⁱ⁾ 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.

"Our results in the quarter and for the year-to-date demonstrate the consistent performance we expected from our many years of strategic transformation," said Michael H. McCain, President and CEO. "We are now focused on the next horizon for Maple Leaf, supported by the pillars of our strategy including leading in sustainability, driving innovation and growth, consistently reducing our costs and expanding our geographic footprint. These are exciting times at Maple Leaf."

Business Segment Review

Following is a summary of sales by business segment:

(\$ thousands) (Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Meat Products Group	\$ 848,093	\$ 814,820	\$ 2,492,058	\$ 2,408,452
Agribusiness Group	4,006	3,965	11,576	11,357
Total Sales	\$ 852,099	\$ 818,785	\$ 2,503,634	\$ 2,419,809

The following table summarizes Adjusted Operating Earnings by business segment:

(\$ thousands) (Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Meat Products Group	\$ 65,934	\$ 28,263	\$ 190,095	\$ 53,821
Agribusiness Group	(4,418)	1,581	(14,531)	8,222
Adjusted Operating Earnings	\$ 61,516	\$ 29,844	\$ 175,564	\$ 62,043

Meat Products Group

Includes value-added prepared meats, lunch kits and snacks, and value-added fresh pork and poultry products sold under flagship Canadian brands such as Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders Country Naturals®, Mina™, and many leading regional brands.

Sales in the third quarter increased 4.1% to \$848.1 million, or 2.8% after adjusting for the impact of foreign exchange. Sales in fresh pork increased as the Company's focus on increasing its value-added pork business resulted in improved selling prices and increased volumes. Fresh poultry sales also increased due to stronger volume and an improved sales mix.

Sales in the first nine months increased 3.5% to \$2,492.1 million, or 1.7% after adjusting for the impact of foreign exchange. The increase was due to similar factors noted above.

Adjusted Operating Earnings in the third quarter increased to \$65.9 million compared to \$28.3 million last year. Higher earnings in prepared meats resulted from lower operating costs across the network and pricing implemented in the first quarter. Higher fresh pork earnings resulted from increased contributions from value-added Canadian retail and value-added export sales, higher industry margins, and operating efficiency gains.

For the first nine months, Adjusted Operating Earnings increased to \$190.1 million compared to \$53.8 million last year, due to similar factors as noted above. In addition, during 2015 the Company incurred duplicative overhead costs as the Company operated legacy plants that were slated for closure.

Agribusiness Group

Includes Canadian hog production operations that primarily supply the Meat Products Group with livestock.

Adjusted Operating Earnings in the third quarter decreased to a loss of \$4.4 million compared to earnings of \$1.6 million last year, reflecting the impact of lower hog prices. For the first nine months, Adjusted Operating Earnings decreased to a loss of \$14.5 million from earnings of \$8.2 million last year, as benefits from the Company's risk management program were not repeated to the same extent this year.

Other Matters

On November 1, 2016, the Company declared a dividend of \$0.09 per share payable December 30, 2016, to shareholders of record at the close of business on December 2, 2016. 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 third quarter financial results is available at www.mapleleaffoods.com and can be found under *Investor Material* on the *Investors* page. A conference call will be held at 2:30 p.m. EDT on November 2, 2016, to review Maple Leaf Foods' third quarter financial results. To participate in the call, please dial 416-340-2218 or 866-225-0198. For those unable to participate, playback will be made available an hour after the event at 905-694-9451 or 800-408-3053 (Passcode: 5566061).

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

<http://edge.media-server.com/m/p/opjmn6ry>

The Company's full 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

Three months ended September 30, 2016				
<i>(\$ thousands)</i> <i>(Unaudited)</i>	Meat Products Group	Agribusiness Group	Non-allocated costs	Consolidated
Net earnings				\$ 31,828
Income taxes				11,777
Earnings before income taxes				\$ 43,605
Interest expense and other financing costs				2,819
Other (income) expense	1,118	(285)	(5,454)	(4,621)
Restructuring and other related costs	91	—	451	542
Earnings (loss) from operations	\$ 65,934	\$ (4,418)	\$ (19,171)	\$ 42,345
Decrease (increase) in fair value of biological assets ⁽⁵⁾	—	—	41,617	41,617
Unrealized (gain) loss on futures contracts ⁽⁵⁾	—	—	(22,446)	(22,446)
Adjusted Operating Earnings (Loss)	\$ 65,934	\$ (4,418)	\$ —	\$ 61,516

Three months ended September 30, 2015				
<i>(\$ thousands)</i> <i>(Unaudited)</i>	Meat Products Group	Agribusiness Group	Non-allocated costs	Consolidated
Net earnings				\$ 18,680
Income taxes				6,009
Earnings before income taxes				\$ 24,689
Interest expense and other financing costs				1,209
Other (income) expense	(1,103)	(50)	2,277	1,124
Restructuring and other related costs	1,266	—	2,114	3,380
Earnings from operations	\$ 28,263	\$ 1,581	\$ 558	\$ 30,402
Decrease (increase) in fair value of biological assets ⁽⁵⁾	—	—	(4,321)	(4,321)
Unrealized (gain) loss on futures contracts ⁽⁵⁾	—	—	3,763	3,763
Adjusted Operating Earnings	\$ 28,263	\$ 1,581	\$ —	\$ 29,844

Nine months ended September 30, 2016				
<i>(\$ thousands)</i> <i>(Unaudited)</i>	Meat Products Group	Agribusiness Group	Non-allocated costs	Consolidated
Net earnings				\$ 105,478
Income taxes				39,210
Earnings before income taxes				\$ 144,688
Interest expense and other financing costs				5,136
Other (income) expense	1,913	(728)	(2,614)	(1,429)
Restructuring and other related costs	(264)	—	2,608	2,344
Earnings (loss) from operations	\$ 190,095	\$ (14,531)	\$ (24,825)	\$ 150,739
Decrease (increase) in fair value of biological assets ⁽⁵⁾	—	—	41,909	41,909
Unrealized (gain) loss on futures contracts ⁽⁵⁾	—	—	(17,084)	(17,084)
Adjusted Operating Earnings (Loss)	\$ 190,095	\$ (14,531)	\$ —	\$ 175,564

Nine months ended September 30, 2015

<i>(\$ thousands)</i> <i>(Unaudited)</i>	Meat Products Group	Agribusiness Group	Non-allocated costs	Consolidated
Net earnings				\$ 8,295
Income taxes				(1,332)
Earnings before income taxes				\$ 6,963
Interest expense and other financing costs				3,495
Other (income) expense	(740)	(113)	8,726	7,873
Restructuring and other related costs	15,419	—	6,095	21,514
Earnings (loss) from operations	\$ 53,821	\$ 8,222	\$(22,198)	\$ 39,845
Decrease (increase) in fair value of biological assets ⁽⁵⁾	—	—	27,122	27,122
Unrealized (gain) loss on futures contracts ⁽⁵⁾	—	—	(4,924)	(4,924)
Adjusted Operating Earnings	\$ 53,821	\$ 8,222	—	\$ 62,043

Adjusted Earnings per Share

<i>(\$ per share)</i> <i>(Unaudited)</i>	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Basic earnings per share	\$ 0.24	\$ 0.13	\$ 0.78	\$ 0.06
Restructuring and other related costs ⁽⁶⁾	—	0.02	0.01	0.12
Items included in other income not considered representative of ongoing operations ⁽⁷⁾	(0.03)	0.01	(0.01)	0.04
Change in the fair value of unrealized (gain) loss on futures contracts ⁽⁸⁾	(0.12)	0.02	(0.09)	(0.03)
Change in the fair value of biological assets ⁽⁸⁾	0.23	(0.02)	0.23	0.15
Adjusted Earnings per Share	\$ 0.32	\$ 0.16	\$ 0.92	\$ 0.34

Adjusted Earnings Before Interest, Tax, Depreciation, and Amortization

<i>(\$ thousands)</i> <i>(Unaudited)</i>	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net earnings	\$ 31,828	\$ 18,680	\$ 105,478	\$ 8,295
Income taxes	11,777	6,009	39,210	(1,332)
Earnings before income taxes	\$ 43,605	\$ 24,689	\$ 144,688	\$ 6,963
Interest expense and other financing costs	2,819	1,209	5,136	3,495
Items included in other income not considered representative of ongoing operations ⁽⁹⁾	(5,454)	2,277	(2,614)	8,726
Restructuring and other related costs	542	3,380	2,344	21,514
Change in the fair value of biological assets and unrealized (gains) losses on futures contracts	19,171	(558)	24,825	22,198
Depreciation and amortization	27,068	27,250	82,709	81,201
Adjusted EBITDA	\$ 87,751	\$ 58,247	\$ 257,088	\$ 144,097

Free Cash Flow

(\$ thousands) (Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Cash provided by operating activities	\$ 176,200	\$ 42,072	\$ 285,043	\$ 82,054
Additions to long-term assets	(29,522)	(39,043)	(76,975)	(109,495)
Free Cash Flow	\$ 146,678	\$ 3,029	\$ 208,068	\$ (27,441)

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 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;
- 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, 2015, which is available on SEDAR at 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 and audited financial statements for the fiscal year ended December 31, 2015, is available on SEDAR at www.sedar.com. Maple Leaf Foods Inc. is a leading Canadian consumer protein company, making high quality, innovative meat products. Headquartered in Mississauga, Canada, the Company employs approximately 11,000 people in its operations in Canada and Asia.

Footnote Legend

1. *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. Please refer to the section entitled Non-IFRS Financial Measures in the Company's 2016 third quarter Management's Discussion and Analysis.*
2. *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 2016 third quarter Management's Discussion and Analysis.*
3. *Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as earning 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 2016 third 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 (used in) operations, less additions to long-term assets.*
5. *Unrealized gains/losses on futures contracts is reported within cost of sales in the Company's 2016 third quarter unaudited condensed consolidated interim financial statements. For biological assets information, please refer to Note 6 of the Company's 2016 third quarter unaudited condensed consolidated interim financial statements.*
6. *Includes per share impact of restructuring and other related costs, net of tax.*
7. *Primarily includes a depreciation charge on assets servicing divested businesses, 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 (gains) losses on futures contracts and the change in fair value of biological assets, net of tax.*
9. *Primarily includes a depreciation charge on assets servicing divested businesses, interest income and gains/losses associated with investment properties and assets held for sale.*

Consolidated Interim Balance Sheets

<i>(In thousands of Canadian dollars)</i>	As at September 30, 2016	As at September 30, 2015	As at December 31, 2015
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 444,348	\$ 306,539	\$ 292,269
Accounts receivable	120,666	50,649	57,958
Notes receivable	33,842	100,332	103,706
Inventories	273,384	283,056	257,671
Biological assets	65,242	86,136	103,877
Prepaid expenses and other assets	11,244	24,582	14,946
Assets held for sale	4,712	473	130
	\$ 953,438	\$ 851,767	\$ 830,557
Property and equipment	1,080,696	1,071,560	1,082,360
Investment property	2,063	7,480	7,336
Employee benefits	—	66,903	66,519
Other long-term assets	7,200	12,031	10,791
Deferred tax asset	33,297	74,077	66,911
Goodwill	428,236	428,236	428,236
Intangible assets	129,546	140,782	138,155
Total assets	\$ 2,634,476	\$ 2,652,836	\$ 2,630,865
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accruals	\$ 268,030	\$ 268,897	\$ 256,473
Provisions	16,451	31,018	32,531
Current portion of long-term debt	711	682	813
Income taxes payable	8,668	8,196	9,670
Other current liabilities	8,140	39,120	29,637
	\$ 302,000	\$ 347,913	\$ 329,124
Long-term debt	9,269	9,936	9,843
Employee benefits	160,261	178,373	203,241
Provisions	13,003	14,653	14,622
Other long-term liabilities	15,045	22,003	20,901
Total liabilities	\$ 499,578	\$ 572,878	\$ 577,731
Shareholders' equity			
Share capital	\$ 884,431	\$ 893,706	\$ 882,770
Retained earnings	1,241,114	1,189,280	1,172,864
Contributed surplus	19,855	—	—
Accumulated other comprehensive income (loss)	4,647	(2,756)	(414)
Treasury stock	(15,149)	(272)	(2,086)
Total shareholders' equity	\$ 2,134,898	\$ 2,079,958	\$ 2,053,134
Total liabilities and equity	\$ 2,634,476	\$ 2,652,836	\$ 2,630,865

Consolidated Interim Statements of Net Earnings

<i>(In thousands of Canadian dollars, except share amounts)</i> <i>(Unaudited)</i>	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Sales	\$ 852,099	\$ 818,785	\$ 2,503,634	\$ 2,419,809
Cost of goods sold	731,110	719,450	2,117,504	2,155,514
Gross margin	\$ 120,989	\$ 99,335	\$ 386,130	\$ 264,295
Selling, general and administrative expenses	78,644	68,933	235,391	224,450
Earnings before the following:	\$ 42,345	\$ 30,402	\$ 150,739	\$ 39,845
Restructuring and other related costs	(542)	(3,380)	(2,344)	(21,514)
Other income (expense)	4,621	(1,124)	1,429	(7,873)
Earnings before interest and income taxes	\$ 46,424	\$ 25,898	\$ 149,824	\$ 10,458
Interest expense and other financing costs	2,819	1,209	5,136	3,495
Earnings before income taxes	\$ 43,605	\$ 24,689	\$ 144,688	\$ 6,963
Income taxes expense (recovery)	11,777	6,009	39,210	(1,332)
Net earnings	\$ 31,828	\$ 18,680	\$ 105,478	\$ 8,295
Earnings per share:				
Basic earnings per share	\$ 0.24	\$ 0.13	\$ 0.78	\$ 0.06
Diluted earnings per share	\$ 0.23	\$ 0.13	\$ 0.76	\$ 0.06
Weighted average number of shares (millions)				
Basic	134.3	139.6	134.4	141.7
Diluted	137.7	140.5	137.9	142.5

Consolidated Interim Statements of Other Comprehensive Income

<i>(In thousands of Canadian dollars)</i> <i>(Unaudited)</i>	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net earnings	\$ 31,828	\$ 18,680	\$ 105,478	\$ 8,295
Other comprehensive income (loss)				
Actuarial gains and losses that will not be reclassified to profit or loss (Net of tax of \$8.3 million and \$1.1 million; 2015 \$1.7 million and \$4.9 million)	\$ 23,621	\$ (4,967)	\$ (3,147)	\$ 13,992
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; 2015: \$0.0 million)	\$ 624	\$ 652	\$ 1,037	\$ 1,219
Change in unrealized gains and losses on cash flow hedges (Net of tax of \$1.2 million and \$1.4 million; 2015: \$1.3 million and \$1.3 million)	(3,309)	(3,513)	4,024	(3,749)
Total items that are or may be reclassified subsequently to profit or loss	\$ (2,685)	\$ (2,861)	\$ 5,061	\$ (2,530)
Total other comprehensive income (loss)	\$ 20,936	\$ (7,828)	\$ 1,914	\$ 11,462
Comprehensive income	\$ 52,764	\$ 10,852	\$ 107,392	\$ 19,757

Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) (Unaudited)	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss) ⁽ⁱ⁾		Treasury stock	Total equity
				Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges		
Balance as at December 31, 2015	\$ 882,770	\$ 1,172,864	\$ —	\$ 2,506	\$ (2,920)	\$ (2,086)	\$ 2,053,134
Net earnings	—	105,478	—	—	—	—	105,478
Other comprehensive income (loss) ⁽ⁱⁱ⁾	—	(3,147)	—	1,037	4,024	—	1,914
Dividends declared (\$0.27 per share)	—	(36,381)	—	—	—	—	(36,381)
Share-based compensation expense	—	—	19,059	—	—	—	19,059
Deferred taxes on share-based compensation	—	—	2,800	—	—	—	2,800
Repurchase of shares	—	2,300	(1,648)	—	—	—	652
Settlement of share-based compensation	—	—	(356)	—	—	38	(318)
Exercise of stock options	1,661	—	—	—	—	—	1,661
Shares purchased by RSU trust	—	—	—	—	—	(13,101)	(13,101)
Balance as at September 30, 2016	\$ 884,431	\$ 1,241,114	\$ 19,855	\$ 3,543	\$ 1,104	\$ (15,149)	\$ 2,134,898

(In thousands of Canadian dollars) (Unaudited)	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss) ⁽ⁱ⁾		Treasury stock	Total equity
				Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges		
Balance as at December 31, 2014	\$ 936,479	\$ 1,228,815	\$ 79,652	\$ 737	\$ (963)	\$ (224)	\$ 2,244,496
Net earnings	—	8,295	—	—	—	—	8,295
Other comprehensive income (loss) ⁽ⁱⁱ⁾	—	13,992	—	1,219	(3,749)	—	11,462
Dividends declared (\$0.24 per share)	—	(33,826)	—	—	—	—	(33,826)
Share-based compensation expense	—	—	6,672	—	—	—	6,672
Repurchase of shares	(44,961)	(27,996)	(84,018)	—	—	—	(156,975)
Issuance of treasury stock	—	—	(2,306)	—	—	1,140	(1,166)
Exercise of stock options	2,188	—	—	—	—	—	2,188
Shares purchased by RSU trust	—	—	—	—	—	(1,188)	(1,188)
Balance at September 30, 2015	\$ 893,706	\$ 1,189,280	\$ —	\$ 1,956	\$ (4,712)	\$ (272)	\$ 2,079,958

⁽ⁱ⁾ Items that are or may be subsequently reclassified to profit or loss.

⁽ⁱⁱ⁾ 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.

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars) (Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
CASH PROVIDED BY (USED IN) :				
Operating activities				
Net earnings	\$ 31,828	\$ 18,680	\$ 105,478	\$ 8,295
Add (deduct) items not affecting cash:				
Change in fair value of biological assets	41,617	(4,321)	41,909	27,122
Depreciation and amortization	27,078	30,736	84,075	94,951
Share-based compensation	6,241	2,457	19,059	6,672
Deferred income taxes	10,731	6,000	36,111	(2,284)
Income tax current	1,046	9	3,099	952
Interest expense and other financing costs	2,819	1,209	5,136	3,495
Loss (gain) on sale of long-term assets	(5,515)	(982)	(4,753)	(6,181)
Change in fair value of non-designated derivative financial instruments	(23,488)	3,145	(20,449)	(9,156)
Impairment of assets (net of reversals)	1,171	928	2,193	1,907
Change in net pension liability	6,691	6,620	19,280	19,991
Net income taxes paid	(610)	(1,235)	(4,151)	(12,130)
Interest paid	(640)	(981)	(2,913)	(2,652)
Change in provision for restructuring and other related costs	(3,765)	(5,385)	(17,527)	(20,974)
Cash settlement of restricted share units	—	—	(216)	(5,332)
Derivatives margin	37,466	(9,391)	24,517	2,121
Other	118	1,922	3,254	3,194
Change in non-cash working capital	43,412	(7,339)	(9,059)	(27,937)
Cash provided by operating activities	\$ 176,200	\$ 42,072	\$ 285,043	\$ 82,054
Financing activities				
Dividends paid	\$ (12,151)	\$ (11,022)	\$ (36,381)	\$ (33,826)
Net increase (decrease) in long-term debt	(560)	(42)	(852)	(42)
Exercise of stock options	—	—	1,661	2,188
Repurchase of shares	—	(96,445)	(11,922)	(138,355)
Payment of deferred financing fees	(691)	—	(1,781)	(277)
Purchase of treasury stock	(7,500)	—	(13,101)	(1,188)
Cash used in financing activities	\$ (20,902)	\$ (107,509)	\$ (62,376)	\$ (171,500)
Investing activities				
Additions to long-term assets	\$ (29,522)	\$ (39,043)	\$ (76,975)	\$ (109,495)
Transaction costs	—	(63)	—	(63)
Proceeds from sale of long-term assets	5,815	1,159	6,387	9,215
Cash used in investing activities	\$ (23,707)	\$ (37,947)	\$ (70,588)	\$ (100,343)
Increase (decrease) in cash and cash equivalents	\$ 131,591	\$ (103,384)	\$ 152,079	\$ (189,789)
Net cash and cash equivalents, beginning of period	312,757	409,923	292,269	496,328
Net cash and cash equivalents, end of period	\$ 444,348	\$ 306,539	\$ 444,348	\$ 306,539

Segmented Financial Information

(In thousands of Canadian dollars) (Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Sales				
Meat Products Group	\$ 848,093	\$ 814,820	\$ 2,492,058	\$ 2,408,452
Agribusiness Group	4,006	3,965	11,576	11,357
Total sales	\$ 852,099	\$ 818,785	\$ 2,503,634	\$ 2,419,809
Earnings (loss) before restructuring and other related costs and other income				
Meat Products Group	\$ 65,934	\$ 28,263	\$ 190,095	\$ 53,821
Agribusiness Group	(4,418)	1,581	(14,531)	8,222
Non-allocated costs	(19,171)	558	(24,825)	(22,198)
Total earnings (loss) before restructuring and other related costs and other income	\$ 42,345	\$ 30,402	\$ 150,739	\$ 39,845
Capital expenditures				
Meat Products Group	\$ 25,328	\$ 33,109	\$ 69,218	\$ 93,617
Agribusiness Group	4,194	6,292	7,757	14,928
	\$ 29,522	\$ 39,401	\$ 76,975	\$ 108,545
Depreciation and amortization				
Meat Products Group	\$ 25,190	\$ 25,578	\$ 77,161	\$ 76,432
Agribusiness Group	1,878	1,672	5,548	4,769
Non-allocated costs ⁽ⁱ⁾	10	3,486	1,366	13,750
	\$ 27,078	\$ 30,736	\$ 84,075	\$ 94,951

⁽ⁱ⁾ Includes depreciation on assets used to service divested business.

	As at September 30, 2016	As at September 30, 2015	As at December 31, 2015
Total assets			
Meat Products Group	\$ 1,879,566	\$ 1,869,266	\$ 1,853,146
Agribusiness Group	179,765	167,301	188,890
Non-allocated assets	575,145	616,269	588,829
	\$ 2,634,476	\$ 2,652,836	\$ 2,630,865
Goodwill			
Meat Products Group	\$ 428,236	\$ 428,236	\$ 428,236