



TSX: MFI
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Maple Leaf Foods Reports Results for the Fourth Quarter and Year-End 2016

Mississauga, Ontario, February 22, 2017 - Maple Leaf Foods Inc. (TSX: MFI) today reported its financial results for the fourth quarter and full year ended December 31, 2016.

- Fourth quarter sales were \$828.2 million. Excluding the contribution of the 53rd week in 2015, sales increased by approximately 2.0% compared to last year
- Net earnings in the quarter of \$76.2 million and \$181.7 million for the year, compared to net earnings of \$33.3 million and \$41.6 million, respectively in the same periods last year
- Adjusted EBITDA⁽¹⁾ margin was 10.4% in the fourth quarter compared to 8.7% in 2015; and 11.6% in the current quarter before additional variable compensation expenses, related to the over-achievement of performance targets
- Adjusted Earnings per Share⁽²⁾ were \$0.31 in the quarter compared to \$0.25 in the same quarter last year; and \$1.23 for the year compared to \$0.58 last year
- The Board approved a 22% increase to the regular quarterly dividend to \$0.11 per share, effective in the first quarter of 2017

Consolidated Financial Highlights

Fourth quarter net earnings increased 128.8%, and Adjusted Earnings per Share grew 24.0% compared to the same quarter last year. Adjusted EBITDA margin of 10.4% contributed to free cash flow of \$35.9 million.

<i>Measure⁽ⁱ⁾ (Unaudited)</i>	Three months ended December 31,			Twelve months ended December 31,	
	2016	2015	% Change	2016	2015
Sales ⁽ⁱⁱ⁾	828.2	873.1	(5.1)%	3,331.8	3,292.9
Adjusted EBITDA	86.4	75.8	14.0 %	343.4	219.8
Adjusted EBITDA Margin	10.4%	8.7%	N/M ⁽ⁱⁱⁱ⁾	10.3%	6.7%
Adjusted Operating Earnings ⁽³⁾	63.7	47.8	33.3 %	239.3	109.8
Net Earnings	76.2	33.3	128.8 %	181.7	41.6
Basic Earnings per Share	0.57	0.24	137.5 %	1.35	0.30
Adjusted Earnings per Share	0.31	0.25	24.0 %	1.23	0.58
Free Cash Flow ⁽⁴⁾	35.9	39.1	N/M	244.0	11.7

⁽ⁱ⁾ All financial measures in millions of dollars except Adjusted EBITDA margin and Basic and Adjusted Earnings per Share.

⁽ⁱⁱ⁾ Fourth quarter and twelve month performance comparisons in 2016 are affected by a 53rd week in 2015. Excluding the impact of the 53rd week in 2015, fourth quarter sales increased by approximately 2.0% and 3.0% for the full year.

⁽ⁱⁱⁱ⁾ Not meaningful.

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

“We finished 2016 with a strong quarter sustained by solid commercial performance. We surpassed our Adjusted EBITDA margin target for both the quarter and full year, demonstrating the strength of the strategic foundation we have built,” said Michael H. McCain, President and CEO. “With the combination of our increasingly competitive cost structure, and commercial strategies that intersect with important consumer needs and trends, we are well positioned for future profitable growth.”

Business Segment Review

Following is a summary of sales by business segment:

(\$ thousands)	Three months ended December 31, (Unaudited)		Twelve months ended December 31, (Audited)	
	2016	2015	2016	2015
Meat Products Group	\$ 824,432	\$ 868,542	\$ 3,316,490	\$ 3,276,994
Agribusiness Group	3,746	4,581	15,322	15,938
Total Sales	\$ 828,178	\$ 873,123	\$ 3,331,812	\$ 3,292,932

The following table summarizes Adjusted Operating Earnings by business segment:

(\$ thousands) (Unaudited)	Three months ended December 31,		Twelve months ended December 31,	
	2016	2015	2016	2015
Meat Products Group	\$ 73,510	\$ 54,619	\$ 263,605	\$ 108,440
Agribusiness Group	(9,792)	(6,862)	(24,323)	1,360
Adjusted Operating Earnings	\$ 63,718	\$ 47,757	\$ 239,282	\$ 109,800

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.

Fourth Quarter 2016

Sales of \$824.4 million for the fourth quarter of 2016 decreased 5.1% from prior year, or 5.8% after adjusting for the impacts of foreign exchange. Excluding only the contribution of the 53rd week in 2015, sales increased by approximately 2.0%, benefiting from stronger year-over-year prepared meats sales.

Adjusted Operating Earnings for the fourth quarter of 2016 were \$73.5 million compared to \$54.6 million in the prior year. Margins in prepared meats improved due to lower operating costs across the network. Fresh pork earnings were higher than the prior year due to stronger margins in the value-added retail and export channels, higher industry margins, and operating efficiency gains. Earnings in fresh poultry declined slightly as industry processor margins receded from record levels in the fourth quarter of 2015.

Full Year 2016

Sales in the Meat Products Group for 2016 increased 1.2% to \$3,316.5 million, or decreased 0.3% after adjusting for the weaker Canadian dollar. Excluding only the contribution of the 53rd week in 2015, sales increased by approximately 3.0%. Prepared meats sales declined slightly in response to a price increase in the first quarter but strengthened as the year progressed. Sales in fresh pork increased as the Company's focus on increasing its value-added pork business resulted in higher selling prices. Performance was also supported by favourable exchange rates and pork markets. Fresh poultry sales also increased due to stronger volume and an improved sales mix.

Adjusted Operating Earnings for 2016 increased to \$263.6 million compared to \$108.4 million in the prior 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 retail and value-added export sales, higher industry margins, and operating efficiency gains. Poultry results were consistent with the prior year as gains from higher retail branded sales and improved operating efficiencies were offset by lower industry margins.

Agribusiness Group

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

Fourth Quarter 2016

Agribusiness Group sales in the fourth quarter decreased to \$3.7 million from \$4.6 million last year as a result of lower prices for toll feed and an extra week in the fourth quarter of 2015.

Adjusted Operating Earnings declined to a loss of \$9.8 million from a loss of \$6.9 million last year due to lower hog prices, which was not fully offset by the Company's risk management program.

Full Year 2016

Agribusiness Group sales in 2016 declined slightly to \$15.3 million compared to \$15.9 million in the prior year, due to 2015 sales benefiting from a 53rd week.

Adjusted Operating Earnings in 2016 decreased to a loss of \$24.3 million from earnings of \$1.4 million in the prior year, reflecting the impact of lower hog prices and higher feed costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the fourth quarter increased to \$89.4 million (10.8% of sales), from \$63.6 million (7.3% of sales) in the prior year. This increase largely reflects differences in variable compensation programs linked to Company performance. At Maple Leaf Foods, variable compensation programs are linked to financial results. In 2015, targets were not achieved and accordingly the variable compensation was reduced, while the targets were exceeded in 2016, resulting in an increase in variable compensation.

The Company recorded \$9.9 million in additional variable compensation expenses in the fourth quarter of 2016 related to the over-achievement of performance targets for incentive programs. Approximately 1,400 employees participate in these multi-year programs.

During the year, selling, general and administrative expenses increased to \$324.8 million (9.7% of sales), compared to \$288.1 million (8.7% of sales) in the prior year. The increase relates to investment in advertising and promotional expenses and differences in variable compensation programs linked to Company performance. This was partially offset by a decrease in core selling, general and administrative expenses as a result of the Company's ongoing commitment to driving cost efficiencies.

Other Matters

On February 21, 2017, the Board of Directors approved an increase in the quarterly cash dividend to \$0.11 per share, \$0.44 per share on an annual basis, from \$0.09 per share, payable March 31, 2017, to shareholders of record at the close of business on March 10, 2017. Unless indicated otherwise by the Company in writing at 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 fourth 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 February 22, 2017, to review Maple Leaf Foods' fourth 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: 8735790).

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

<http://edge.media-server.com/m/p/sgtqtw9m>

The Company's full audited 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

Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as earnings before income taxes adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. The table below provides a reconciliation of net earnings as reported under IFRS to Adjusted Operating Earnings for the three months ended, as indicated below, and a reconciliation of net earnings as reported under IFRS in the audited consolidated statements of net earnings to Adjusted Operating Earnings for the years then ended, as indicated below. Management believes that this basis is the most appropriate on which to evaluate operating results, as they are representative of the ongoing operations of the Company.

Three months ended December 31, 2016

<i>(\$ thousands)</i> <i>(Unaudited)</i>	Meat Products Group	Agribusiness Group	Non-allocated costs	Consolidated
Net earnings				\$ 76,224
Income taxes				28,681
Earnings before income taxes				\$ 104,905
Interest expense and other financing costs				1,231
Other (income) expense	5,095	(166)	96	5,025
Restructuring and other related costs	5,025	—	(799)	4,226
Earnings (loss) from operations	\$ 73,510	\$ (9,792)	\$ 51,669	\$ 115,387
Decrease (increase) in fair value of biological assets ⁽⁵⁾	—	—	(48,172)	(48,172)
Unrealized (gain) loss on futures contracts ⁽⁵⁾	—	—	(3,497)	(3,497)
Adjusted Operating Earnings	\$ 73,510	\$ (9,792)	\$ —	\$ 63,718

Three months ended December 31, 2015

<i>(\$ thousands)</i> <i>(Unaudited)</i>	Meat Products Group	Agribusiness Group	Non-allocated costs	Consolidated
Net earnings				\$ 33,285
Income taxes				12,403
Earnings before income taxes				\$ 45,688
Interest expense and other financing costs				1,216
Other (income) expense	(144)	(162)	(5,668)	(5,974)
Restructuring and other related costs	(98)	—	12,409	12,311
Earnings (loss) from operations	\$ 54,619	\$ (6,862)	\$ 5,484	\$ 53,241
Decrease (increase) in fair value of biological assets ⁽⁵⁾	—	—	(14,344)	(14,344)
Unrealized (gain) loss on futures contracts ⁽⁵⁾	—	—	8,860	8,860
Adjusted Operating Earnings	\$ 54,619	\$ (6,862)	\$ —	\$ 47,757

Twelve months ended December 31, 2016

<i>(\$ thousands)</i> <i>(Unaudited)</i>	Meat Products Group	Agribusiness Group	Non-allocated costs	Consolidated
Net earnings				\$ 181,702
Income taxes				67,891
Earnings before income taxes				\$ 249,593
Interest expense and other financing costs				6,367
Other (income) expense	7,008	(894)	(2,518)	3,596
Restructuring and other related costs	4,761	—	1,809	6,570
Earnings (loss) from operations	\$ 263,605	\$ (24,323)	\$ 26,844	\$ 266,126
Decrease (increase) in fair value of biological assets ⁽⁵⁾	—	—	(6,263)	(6,263)
Unrealized (gain) loss on futures contracts ⁽⁵⁾	—	—	(20,581)	(20,581)
Adjusted Operating Earnings	\$ 263,605	\$ (24,323)	\$ —	\$ 239,282

Twelve months ended December 31, 2015

(\$ thousands) (Unaudited)	Meat Products Group	Agribusiness Group	Non-allocated costs	Consolidated
Net earnings				\$ 41,580
Income taxes				11,071
Earnings before income taxes				\$ 52,651
Interest expense and other financing costs				4,711
Other (income) expense	(884)	(275)	3,058	1,899
Restructuring and other related costs	15,321	—	18,504	33,825
Earnings (loss) from operations	\$ 108,440	\$ 1,360	\$ (16,714)	\$ 93,086
Decrease (increase) in fair value of biological assets ⁽⁵⁾	—	—	12,778	12,778
Unrealized (gain) loss on futures contracts ⁽⁵⁾	—	—	3,936	3,936
Adjusted Operating Earnings	\$ 108,440	\$ 1,360	\$ —	\$ 109,800

Adjusted Earnings per Share

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. The table below provides a reconciliation of basic earnings per share as reported under IFRS to Adjusted Earnings per Share for the three months ended, as indicated below, and a reconciliation of basic earnings per share as reported under IFRS in the audited consolidated statements of net earnings to Adjusted Earnings per Share for the years then ended, as indicated below. Management believes this basis is the most appropriate on which to evaluate financial results as they are representative of the ongoing operations of the Company.

(\$ per Share) (Unaudited)	Three months ended December 31,		Twelve months ended December 31,	
	2016	2015	2016	2015
Basic earnings per share	\$ 0.57	\$ 0.24	\$ 1.35	\$ 0.30
Restructuring and other related costs ⁽⁶⁾	0.02	0.07	0.04	0.18
Items included in other income not considered representative of ongoing operations ⁽⁷⁾	—	(0.03)	(0.02)	0.02
Change in the fair value of unrealized (gain) loss on futures contract ⁽⁸⁾	(0.02)	0.05	(0.11)	0.02
Change in the fair value of biological assets ⁽⁸⁾	(0.27)	(0.08)	(0.03)	0.07
Adjusted Earnings per Share⁽¹⁰⁾	\$ 0.31	\$ 0.25	\$ 1.23	\$ 0.58

Adjusted Earnings Before Interest, Tax, Depreciation, and Amortization

Adjusted EBITDA 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. The following table provides a reconciliation of net earnings as reported under IFRS in the audited consolidated statements of net earnings to Adjusted EBITDA for the years ended, as indicated below. Management believes Adjusted EBITDA is useful in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

(\$ thousands) (Unaudited)	Three months ended December 31,		Twelve months ended December 31,	
	2016	2015	2016	2015
Net earnings	\$ 76,224	\$ 33,285	\$ 181,702	\$ 41,580
Income taxes	28,681	12,403	67,891	11,071
Earnings before income taxes	\$ 104,905	\$ 45,688	\$ 249,593	\$ 52,651
Interest expense and other financing costs	1,231	1,216	6,367	4,711
Items included in other income not considered representative of ongoing operations ⁽⁹⁾	96	(5,668)	(2,518)	3,058
Restructuring and other related costs	4,226	12,311	6,570	33,825
Change in the fair value of biological assets and unrealized (gain) loss on futures contracts	(51,669)	(5,484)	(26,844)	16,714
Depreciation and amortization	27,567	27,689	110,276	108,890
Adjusted EBITDA	\$ 86,356	\$ 75,752	\$ 343,444	\$ 219,849

Free Cash Flow

Free Cash Flow, a non-IFRS measure, is used by Management to evaluate cash flow after investing in the maintenance or expansion of the Company's asset base. It is defined as cash provided by operations, less additions to long-term assets. The following table calculates Free Cash Flow for the periods indicated below.

(\$ thousands) (Unaudited)	Three months ended December 31,		Twelve months ended December 31,	
	2016	2015	2016	2015
Cash provided by operating activities	\$ 72,114	\$ 77,353	\$ 357,157	\$ 159,407
Additions to long-term assets	(36,219)	(38,204)	(113,194)	(147,699)
Free Cash Flow	\$ 35,895	\$ 39,149	\$ 243,963	\$ 11,708

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

The Company cautions the reader that the foregoing list of factors is not exhaustive. These factors are discussed in more detail under the heading "Risk Factors" in the Company's Annual Management's Discussion and Analysis for the year ended December 31, 2016, that 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, is available on SEDAR at www.sedar.com.

Maple Leaf Foods Inc. is a leading consumer protein company, making high quality, innovative products under national brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals® and Mina®. The Company employs approximately 11,000 people across Canada and exports to global markets, including the U.S. and Asia. The Company is headquartered in Mississauga, Ontario and its shares trade on the Toronto Stock Exchange (MFI).

Footnote Legend

1. *Adjusted EBITDA 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 Reconciliation of Non-IFRS Financial Measures in this news release.*
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 Reconciliation of Non-IFRS Financial Measures in this news release.*
3. *Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as earnings 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 Reconciliation of Non-IFRS Financial Measures in this news release.*
4. *Free Cash Flow, a non-IFRS measure, is defined as cash flow from operations less additions to long-term assets.*
5. *Regarding biological assets, please refer to Note 7 of the Company's 2016 annual audited consolidated financial statements. Unrealized gains/losses on futures contracts are reported within cost of goods sold in the Company's 2016 annual audited consolidated 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 (gain) loss 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.*
10. *May not add due to rounding.*

Consolidated Balance Sheets

(In thousands of Canadian dollars)
(Audited)

As at December 31,
2016

As at December 31,
2015

(Restated)⁽ⁱ⁾

ASSETS

Current assets

Cash and cash equivalents	\$ 403,621	\$ 292,269
Accounts receivable	127,749	57,958
Notes receivable	32,485	103,706
Inventories	261,719	257,671
Biological assets	111,445	103,877
Prepaid expenses and other assets	30,372	14,946
Assets held for sale	4,837	130

\$ 972,228 \$ 830,557

Property and equipment	1,085,275	1,082,360
Investment property	1,929	7,336
Employee benefits	10,311	66,519
Other long-term assets	6,557	10,791
Deferred tax asset	—	55,094
Goodwill	428,236	428,236
Intangible assets	128,085	138,155

Total assets \$ 2,632,621 \$ 2,619,048

LIABILITIES AND EQUITY

Current liabilities

Accounts payable and accruals	\$ 256,163	\$ 256,473
Provisions	11,889	32,531
Current portion of long-term debt	794	813
Income taxes payable	9,544	9,670
Other current liabilities	96,857	29,637

\$ 375,247 \$ 329,124

Long-term debt	9,119	9,843
Employee benefits	108,730	203,241
Provisions	16,555	14,622
Other long-term liabilities	12,654	20,901
Deferred tax liability	22,293	—

Total liabilities \$ 544,598 \$ 577,731

Shareholders' equity

Share capital	\$ 853,633	\$ 882,770
Retained earnings	1,247,737	1,161,047
Accumulated other comprehensive income (loss)	1,619	(414)
Treasury stock	(14,966)	(2,086)
Total shareholders' equity	\$ 2,088,023	\$ 2,041,317
Total liabilities and equity	\$ 2,632,621	\$ 2,619,048

Consolidated Statements of Net Earnings

<i>(In thousands of Canadian dollars, except share amounts)</i>	Three months ended December 31,		Twelve months ended December 31,	
	2016	2015	2016	2015
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Sales	\$ 828,178	\$ 873,123	\$ 3,331,812	\$ 3,292,932
Cost of goods sold	623,362	756,277	2,740,866	2,911,791
Gross margin	\$ 204,816	\$ 116,846	\$ 590,946	\$ 381,141
Selling, general and administrative expenses	89,429	63,605	324,820	288,055
Earnings before the following:	\$ 115,387	\$ 53,241	\$ 266,126	\$ 93,086
Restructuring and other related costs	(4,226)	(12,311)	(6,570)	(33,825)
Other income (expense)	(5,025)	5,974	(3,596)	(1,899)
Earnings before interest and income taxes	\$ 106,136	\$ 46,904	\$ 255,960	\$ 57,362
Interest expense and other financing costs	1,231	1,216	6,367	4,711
Earnings before income taxes	\$ 104,905	\$ 45,688	\$ 249,593	\$ 52,651
Income taxes expense	28,681	12,403	67,891	11,071
Net earnings	\$ 76,224	\$ 33,285	\$ 181,702	\$ 41,580
Earnings per share attributable to common shareholders:				
Basic earnings per share	\$ 0.57	\$ 0.24	\$ 1.35	\$ 0.30
Diluted earnings per share	\$ 0.56	\$ 0.24	\$ 1.32	\$ 0.29
Weighted average number of shares (millions)				
Basic	133.5	136.7	134.2	140.2
Diluted	136.8	138.2	137.6	141.7

Consolidated Statements of Other Comprehensive Income (Loss)

<i>(In thousands of Canadian dollars)</i>	Three months ended December 31,		Twelve months ended December 31,	
	2016	2015	2016	2015
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Net earnings	\$ 76,224	\$ 33,285	\$ 181,702	\$ 41,580
Other comprehensive income (loss)				
Actuarial gains and losses that will not be reclassified to profit or loss (Net of tax of \$18.1 million and \$17.0 million; 2015: \$4.7 million and \$0.2 million)	\$ 49,390	\$ (13,603)	\$ 46,243	\$ 389
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)	\$ (1,427)	\$ 550	\$ (390)	\$ 1,769
Change in unrealized gains and losses on cash flow hedges (Net of tax of \$0.6 million and \$0.8 million; 2015: \$0.6 million and \$0.7 million)	\$ (1,601)	\$ 1,792	\$ 2,423	\$ (1,957)
Total items that are or may be reclassified subsequently to profit or loss	\$ (3,028)	\$ 2,342	\$ 2,033	\$ (188)
Total other comprehensive income (loss)	\$ 46,362	\$ (11,261)	\$ 48,276	\$ 201
Comprehensive income	\$ 122,586	\$ 22,024	\$ 229,978	\$ 41,781

Consolidated Statements of Changes in Total Equity

Accumulated other comprehensive income (loss)⁽ⁱⁱ⁾

<i>(In thousands of Canadian dollars) (Audited)</i>	Share capital	Retained earnings	Contributed surplus	Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges	Treasury stock	Total equity
Balance at December 31, 2015							
<i>(Restated)⁽ⁱ⁾</i>	\$ 882,770	\$ 1,161,047	\$ —	\$ 2,506	\$ (2,920)	\$ (2,086)	\$ 2,041,317
Net earnings	—	181,702	—	—	—	—	181,702
Other comprehensive income (loss) ⁽ⁱⁱⁱ⁾	—	46,243	—	(390)	2,423	—	48,276
Dividends declared (\$0.36 per share)	—	(48,348)	—	—	—	—	(48,348)
Share-based compensation expense	—	—	29,224	—	—	—	29,224
Deferred taxes on share-based compensation	—	—	3,550	—	—	—	3,550
Repurchase of shares	(31,963)	(83,778)	(32,418)	—	—	—	(148,159)
Exercise of stock options	2,826	—	—	—	—	—	2,826
Settlement of share-based compensation	—	(9,129)	(356)	—	—	5,032	(4,453)
Shares purchased by RSU trust	—	—	—	—	—	(17,912)	(17,912)
Balance at December 31, 2016	\$ 853,633	\$ 1,247,737	\$ —	\$ 2,116	\$ (497)	\$ (14,966)	\$ 2,088,023

Accumulated other comprehensive income (loss)⁽ⁱⁱ⁾

<i>(In thousands of Canadian dollars) (Audited)</i>	Share capital	Retained earnings	Contributed surplus	Foreign currency translation adjustment	Unrealized gains and losses on cash flow hedges	Treasury stock	Total equity
Balance at December 31, 2014							
<i>(Restated)⁽ⁱ⁾</i>	\$ 936,479	\$ 1,216,998	\$ 79,652	\$ 737	\$ (963)	\$ (224)	\$ 2,232,679
Net earnings	—	41,580	—	—	—	—	41,580
Other comprehensive income (loss) ⁽ⁱⁱⁱ⁾	—	389	—	1,769	(1,957)	—	201
Dividends declared (\$0.32 per share)	—	(44,668)	—	—	—	—	(44,668)
Share-based compensation expense	—	—	12,870	—	—	—	12,870
Repurchase of shares	(56,744)	(48,163)	(90,216)	—	—	—	(195,123)
Issuance of treasury stock	—	(3,860)	(2,306)	—	—	3,326	(2,840)
Exercise of stock options	3,035	—	—	—	—	—	3,035
Settlement of share-based compensation	—	(1,229)	—	—	—	—	(1,229)
Shares purchased by RSU trust	—	—	—	—	—	(5,188)	(5,188)
Balance at December 31, 2015 (Restated)⁽ⁱ⁾	\$ 882,770	\$ 1,161,047	\$ —	\$ 2,506	\$ (2,920)	\$ (2,086)	\$ 2,041,317

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

⁽ⁱⁱⁱ⁾ 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 Statements of Cash Flows

<i>(In thousands of Canadian dollars)</i>	Three months ended December 31,		Twelve months ended December 31,	
	2016	2015	2016	2015
CASH PROVIDED BY (USED IN):	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Operating activities				
Net earnings	\$ 76,224	\$ 33,285	\$ 181,702	\$ 41,580
Add (deduct) items not affecting cash:				
Change in fair value of biological assets	(48,172)	(14,344)	(6,263)	12,778
Depreciation and amortization	27,576	28,529	111,651	123,480
Share-based compensation	10,165	6,198	29,224	12,870
Deferred income taxes	27,013	11,462	63,124	9,178
Income tax current	1,668	941	4,767	1,893
Interest expense and other financing costs	1,231	1,216	6,367	4,711
Loss (gain) on sale of long-term assets	3,518	(4,163)	(1,235)	(10,344)
Change in fair value of non-designated derivative financial instruments	(4,637)	7,727	(25,086)	(1,429)
Impairment of assets (net of reversals)	638	—	2,831	1,907
Change in net pension liability	5,623	6,770	24,903	26,761
Net income taxes paid	(793)	(605)	(4,944)	(12,735)
Interest paid	(991)	(1,022)	(3,904)	(3,674)
Change in provision for restructuring and other related costs	271	6,011	(17,256)	(14,963)
Cash settlement of restricted share units	—	(5,904)	(216)	(11,236)
Derivatives margin	(22,745)	(534)	1,772	1,587
Other	(2,518)	(2,262)	736	932
Change in non-cash operating working capital	(1,957)	4,048	(11,016)	(23,889)
Cash provided by operating activities	\$ 72,114	\$ 77,353	\$ 357,157	\$ 159,407
Financing activities				
Dividends paid	\$ (11,967)	\$ (10,842)	\$ (48,348)	\$ (44,668)
Net increase (decrease) in long-term debt	(199)	(83)	(1,051)	(125)
Exercise of stock options	1,165	847	2,826	3,035
Repurchase of shares	(60,490)	(44,194)	(72,412)	(182,549)
Payment of deferred financing fees	(631)	—	(2,412)	(277)
Purchase of treasury stock	(4,811)	(4,000)	(17,912)	(5,188)
Cash used in financing activities	\$ (76,933)	\$ (58,272)	\$ (139,309)	\$ (229,772)
Investing activities				
Additions to long-term assets	\$ (36,219)	\$ (38,204)	\$ (113,194)	\$ (147,699)
Transaction costs	—	(1)	—	(64)
Proceeds from sale of long-term assets	311	4,854	6,698	14,069
Cash used in investing activities	\$ (35,908)	\$ (33,351)	\$ (106,496)	\$ (133,694)
Increase (decrease) in cash and cash equivalents	\$ (40,727)	\$ (14,270)	\$ 111,352	\$ (204,059)
Net cash and cash equivalents, beginning of period	444,348	306,539	292,269	496,328
Net cash and cash equivalents, end of period	\$ 403,621	\$ 292,269	\$ 403,621	\$ 292,269

Segmented Financial Information

<i>(In thousands of Canadian dollars)</i>	Three months ended December 31,		Twelve months ended December 31,	
	2016 <i>(Unaudited)</i>	2015 <i>(Unaudited)</i>	2016 <i>(Audited)</i>	2015 <i>(Audited)</i>
Sales				
Meat Products Group	\$ 824,432	\$ 868,542	\$ 3,316,490	\$ 3,276,994
Agribusiness Group	3,746	4,581	15,322	15,938
Total sales	\$ 828,178	\$ 873,123	\$ 3,331,812	\$ 3,292,932
Earnings (loss) before restructuring and other related costs and other income				
Meat Products Group	\$ 73,510	\$ 54,619	\$ 263,605	\$ 108,440
Agribusiness Group	(9,792)	(6,862)	(24,323)	1,360
Non-allocated	51,669	5,484	26,844	(16,714)
Total earnings (loss) before restructuring and other related costs and other income	\$ 115,387	\$ 53,241	\$ 266,126	\$ 93,086
Capital expenditures				
Meat Products Group	\$ 26,075	\$ 29,838	\$ 95,293	\$ 123,455
Agribusiness Group	10,144	7,367	17,901	22,295
	\$ 36,219	\$ 37,205	\$ 113,194	\$ 145,750
Depreciation and amortization				
Meat Products Group	\$ 25,659	\$ 25,870	\$ 102,820	\$ 102,302
Agribusiness Group	1,908	1,819	7,456	6,588
Non-allocated ⁽ⁱ⁾	9	840	1,375	14,590
	\$ 27,576	\$ 28,529	\$ 111,651	\$ 123,480

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

<i>(In thousands of Canadian dollars)</i> <i>(Audited)</i>	As at December 31,	
	2016	2015 <i>(Restated)⁽ⁱ⁾</i>
Total assets		
Meat Products Group	\$ 1,867,146	\$ 1,853,146
Agribusiness Group	207,730	188,890
Non-allocated assets	557,745	577,012
	\$ 2,632,621	\$ 2,619,048
Goodwill		
Meat Products Group	\$ 428,236	\$ 428,236

⁽ⁱ⁾ Refer to Note 3(v) of the Company's 2016 audited consolidated financial statements for further information.