TSX: MFI
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Maple Leaf Foods Reports Second Quarter 2018 Financial Results

Mississauga, Ontario, July 26, 2018 - Maple Leaf Foods Inc. (TSX: MFI) today reported its financial results for the second quarter, June 30, 2018.

- Sales up 1.1%, after adjusting for IFRS changes, foreign exchange and acquisitions
- Adjusted EBITDA Margin(1) of 10.1%
- Launched the Company's food and brand renovation to drive long-term brand and category growth
- Challenging market conditions, mostly due to volatile trade environments
- Continued high growth in our U.S. and plant-based protein platforms
- Signed a definitive agreement to acquire Cericola Farms

Financial Highlights

Second quarter sales decreased 1.8% to $909.2 million and Adjusted Earnings per Share(2) decreased 17.1% to $0.34 compared to the same quarter last year. Adjusted EBITDA Margin for the quarter was 10.1%, while Free Cash Flow(3) increased to $22.9 million.

For the six months ended June 30, 2018, sales decreased 0.6% and Adjusted Earnings per Share decreased 13.5%. Adjusted EBITDA Margin was 10.1% while Free Cash Flow was approximately $19.6 million.

Measure(a)	Three months ended June 30,			Six months ended June 30,		
(Unaudited)	**2018**	2017	% Change	**2018**	2017	% Change
Sales(b)	**909.2**	925.9	(1.8)%	**1,726.8**	1,737.1	(0.6)%
Net Earnings	**34.9**	37.3	(6.5)%	**62.8**	67.4	(6.8)%
Basic Earnings per Share	**0.28**	0.29	(3.4)%	**0.50**	0.52	(3.8)%
Adjusted EBITDA Margin	**10.1%**	11.2%	(110) bps	**10.1%**	11.0%	(90) bps
Adjusted Operating Earnings(4)	**57.8**	75.0	(22.9)%	**110.6**	134.0	(17.5)%
Adjusted Earnings per Share	**0.34**	0.41	(17.1)%	**0.64**	0.74	(13.5)%
Free Cash Flow	**22.9**	15.2	51.4 %	**19.6**	49.9	(60.7)%

(a) All financial measures in millions except Adjusted EBITDA Margin and Basic and Adjusted Earnings per Share.

(b) 2018 sales include the impact of the adoption of new accounting standard IFRS 15 - Revenue from Contracts with Customers. Refer to note 2(b) of the unaudited condensed consolidated interim financial statements for further details on the impact of the adoption of new accounting standards.

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

"We anticipated a more challenging year in 2018, driven by temporarily volatile trading environments and our market launch of a comprehensive food renovation in the second quarter, which is largely how it has unfolded so far," said Michael H. McCain, President and CEO. "During this time we have maintained our financial performance above strategic targets, a testament to the value-added strength and balance in our portfolio, we have had excellent underlying commercial and operating gains, and we are enthusiastic about the key initiatives which will create long term shareholder value."

Sales and Earnings

($ thousands) (Unaudited)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
Total Sales	**$ 909,244**	$ 925,873	**$1,726,753**	$1,737,058
Adjusted Operating Earnings	**$ 57,833**	$ 75,006	**$ 110,605**	$ 134,036
Adjusted EBITDA Margin	**10.1%**	11.2%	**10.1%**	11.0%

Sales for the second quarter decreased 1.8% to $909.2 million or an increase of 1.1% after adjusting for IFRS15, foreign exchange and acquisitions. Sales growth in sustainable meats, expansion of plant protein in the US and pricing taken in the fall of 2017 was offset by decreased market values in pork and lower prepared meats volumes.

Sales for the first six months decreased 0.6% to $1,726.8 million or an increase of 1.7% after adjusting for IFRS15, foreign exchange and acquisitions. The decrease in sales is consistent with the factors noted above.

Net earnings for the second quarter decreased to $34.9 million ($0.28 per basic share) compared to $37.3 million ($0.29 per basic share) in the second quarter of 2017. Margin expansion in prepared meats and volume growth in plant protein were offset by investments to launch the food renovation in our major brands and lower market values in pork. Second quarter results were also impacted by the change in the fair value of biological assets, unrealized gains on derivative contracts and lower restructuring charges, which are excluded in calculating Adjusted Operating Earnings.

For the first six months, net earnings were $62.8 million ($0.50 per basic share) compared to $67.4 million ($0.52 per basic share) last year. The decrease in net earnings for year to date is consistent with the factors noted above.

Adjusted Operating Earnings decreased to $57.8 million compared to $75.0 million in the second quarter of 2017. Challenging market conditions in the pork complex and investments to launch food renovation of major brands more than offset lower input costs, positive sales mix and continued progress in supply chain efficiency.

Adjusted Operating Earnings in the first six months was $110.6 million compared to $134.0 million last year. The decrease in Adjusted Operating Earnings is consistent with the factors noted above.

Adjusted EBITDA Margin for the second quarter was 10.1% compared to 11.2% in the second quarter of 2017. For the first six months, Adjusted EBITDA Margin decreased to 10.1% from 11.0% consistent with the factors noted above.

Other Matters

On July 25, 2018, the Board of Directors approved a dividend of $0.13 per share payable September 28, 2018 to shareholders of record at the close of business on September 7, 2018. Unless indicated otherwise by the Company at or before the time the dividend is paid, this dividend will be considered an eligible dividend for the purposes of the “Enhanced Dividend Tax Credit System”.

On June 27, 2018, the Company signed a definitive agreement to acquire two processing plants and associated supply from Cericola Farms, a privately held company. The transaction will be financed through a combination of cash-on-hand and drawings under the existing credit facility and is expected to close in August, subject to normal closing requirements including Competition Bureau review.

Conference Call

An investor presentation related to the Company’s second quarter financial results is available at www.mapleleaffoods.com and can be found under *Presentations and Webcasts* on the *Investors* page. A conference call will be held at 2:30 p.m. EDT on July 26, 2018, to review Maple Leaf Foods’ second quarter financial results. To participate in the call, please dial 416-340-2218 or 1-800-273-9672. For those unable to participate, playback will be made available an hour after the event at 905-694-9451 or 1-800-408-3053 (Passcode:5525538#).

A webcast presentation of the second quarter financial results will also be available at:
https://edge.media-server.com/m6/p/n6d3aufa

The Company’s full unaudited condensed consolidated interim financial statements and related Management’s Discussion and Analysis are available on the Company’s website.

Reconciliation of Non-IFRS Financial Measures

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, Free Cash Flow and Net (Debt) Cash. Management believes that these non-IFRS measures provide useful information to investors in measuring the financial performance of the Company for the reasons outlined below. 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 in the unaudited condensed consolidated interim statements of earnings to Adjusted Operating Earnings for the three and six months 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.

($ thousands)	Three months ended June 30,		Six months ended June 30,	
(Unaudited)	**2018**	2017	**2018**	2017
Net earnings	**$ 34,925**	$ 37,342	**$ 62,843**	$ 67,447
Income taxes	**13,085**	14,120	**24,592**	26,100
Earnings before income taxes	**$ 48,010**	$ 51,462	**$ 87,435**	$ 93,547
Interest expense and other financing costs	**1,866**	1,345	**3,519**	2,572
Other (income) expense	**(1,769)**	1,132	**1,085**	3,836
Restructuring and other related costs	**1,916**	4,986	**3,971**	11,476
Earnings from operations	**$ 50,023**	$ 58,925	**$ 96,010**	$ 111,431
Decrease in fair value of biological assets(5)	**20,256**	8,514	**27,353**	5,717
Unrealized (gain) loss on derivative contracts(5)	**(12,446)**	7,567	**(12,758)**	16,888
Adjusted Operating Earnings	**$ 57,833**	$ 75,006	**$ 110,605**	$ 134,036

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 in the unaudited condensed consolidated interim statements of earnings to Adjusted Earnings per Share for the three and six months 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)	Three months ended June 30,		Six months ended June 30,	
(Unaudited)	**2018**	2017	**2018**	2017
Basic earnings per share	**$ 0.28**	$ 0.29	**$ 0.50**	$ 0.52
Restructuring and other related costs(6)	**0.01**	0.03	**0.02**	0.07
Items included in other expense (income) not considered representative of ongoing operations(7)	**0.01**	—	**0.03**	0.03
Change in the fair value of unrealized (gain) loss on derivative contracts(8)	**(0.07)**	0.04	**(0.07)**	0.10
Change in the fair value of biological assets(8)	**0.12**	0.05	**0.16**	0.03
Adjusted Earnings per Share (9)	**$ 0.34**	$ 0.41	**$ 0.64**	$ 0.74

Adjusted Earnings Before Interest, Income Taxes, 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 unaudited condensed consolidated interim statements of earnings to Adjusted EBITDA for the three and six months 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)	Three months ended June 30,		Six months ended June 30,	
(Unaudited)	**2018**	2017	**2018**	2017
Net earnings	**$ 34,925**	$ 37,342	**$ 62,843**	$ 67,447
Income taxes	**13,085**	14,120	**24,592**	26,100
Earnings before income taxes	**$ 48,010**	$ 51,462	**$ 87,435**	$ 93,547
Interest expense and other financing costs	**1,866**	1,345	**3,519**	2,572
Items included in other expense (income) not considered representative of ongoing operations	**1,602**	360	**4,292**	3,839
Restructuring and other related costs	**1,916**	4,986	**3,971**	11,476
Change in the fair value of biological assets and unrealized (gain) loss on derivative contracts	**7,810**	16,081	**14,595**	22,605
Depreciation and amortization	**30,404**	29,069	**60,278**	57,131
Adjusted EBITDA	**$ 91,608**	$ 103,303	**$ 174,090**	$ 191,170

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 (used in) operations, less additions to long-term assets. The following table calculates Free Cash Flow for the periods indicated below.

($ thousands)	Three months ended June 30,		Six months ended June 30,	
(Unaudited)	**2018**	2017	**2018**	2017
Cash provided by (used in) operating activities	**$ 70,471**	$ 42,132	**$ 102,526**	$ 97,140
Additions to long-term assets	**(47,541)**	(26,982)	**(82,901)**	(47,237)
Free Cash Flow	**$ 22,930**	$ 15,150	**$ 19,625**	$ 49,903

Net (Debt) Cash[(10)]

The following table reconciles Net (Debt) Cash to amounts reported under IFRS in the Company's consolidated financial statements for the three months ended, as indicated below. The Company calculates Net (Debt) Cash as cash and cash equivalents, less long-term debt and bank indebtedness. Management believes this measure is useful in assessing the amount of financial leverage employed.

($ thousands)	As at June 30,	
(Unaudited)	**2018**	2017
Cash and cash equivalents	**$ 36,497**	$ 104,820
Current portion of long-term debt	**827**	881
Long-term debt	**56,803**	8,969
Total debt	**$ 57,630**	$ 9,850
Net (Debt) Cash	**$ (21,133)**	$ 94,970

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: expectations regarding the use of derivatives, futures and options; 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 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.
- Impact of changes in International Financial Reporting Standards and other accounting standards that the Company is required to adhere to for regulatory purposes

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, 2017, 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.

About Maple Leaf Foods Inc.

Maple Leaf Foods Inc. is a leading consumer protein company, making high quality, innovative products under national brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, SWIFT®, Lightlife™ and Field Roast Grain Meat Co.™. Maple Leaf employs approximately 11,500 people and does business in Canada, the U.S. and Asia. The Company is headquartered in Mississauga, Ontario and its shares trade on the Toronto Stock Exchange (MFI).

Footnote Legend

1. *Adjusted 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. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by sales. Please refer to the section entitled Non-IFRS Financial Measures in the Company's 2018 second 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 2018 second quarter Management's Discussion and Analysis.*
3. *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. Please refer to the section entitled Non-IFRS Financial Measures in the Company's 2018 second quarter Management's Discussion and Analysis.*
4. *Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as earnings before income taxes adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Please refer to the section entitled Non-IFRS Financial Measures in the Company's 2018 second quarter Management's Discussion and Analysis.*
5. *Unrealized gains/losses on derivative contracts is reported within cost of sales in the Company's 2018 second quarter unaudited condensed consolidated interim financial statements. For biological assets information, please refer to Note 6 of the Company's 2018 second quarter unaudited condensed consolidated interim financial statements.*
6. *Includes per share impact of restructuring and other related costs, net of tax.*
7. *Primarily includes (gains) and losses on disposal of investment properties, acquisition related costs, interest income, and litigation costs, net of tax.*
8. *Includes per share impact of the change in unrealized losses on derivative contracts and the change in fair value of biological assets, net of tax.*
9. *May not add due to rounding.*
10. *The Company calculates Net (Debt) Cash as cash and cash equivalents, less long-term debt and bank indebtedness. Management believes this measure is useful in assessing the amount of financial leverage employed.*

Consolidated Interim Balance Sheets

(In thousands of Canadian dollars)		**As at June 30, 2018**		As at June 30, 2017		As at December 31, 2017
		(Unaudited)		*(Unaudited)*		
ASSETS						
Current assets						
Cash and cash equivalents	**$**	**36,497**	$	104,820	$	203,425
Accounts receivable		**143,515**		140,474		123,968
Notes receivable		**36,452**		42,410		28,918
Inventories		**325,382**		306,967		273,365
Biological assets		**87,001**		107,958		111,735
Prepaid expenses and other assets		**22,327**		54,225		24,393
Assets held for sale		**—**		5,251		—
	$	**651,174**	$	762,105	$	765,804
Property and equipment		**1,138,860**		1,092,603		1,116,309
Investment property		**4,398**		1,910		1,892
Employee benefits		**36,733**		1,357		9,856
Other long-term assets		**7,952**		5,452		6,125
Goodwill		**670,713**		520,423		517,387
Intangible assets		**214,701**		221,097		215,197
Total assets	**$**	**2,724,531**	$	2,604,947	$	2,632,570
LIABILITIES AND EQUITY						
Current liabilities						
Accounts payable and accruals	**$**	**310,040**	$	272,865	$	300,659
Provisions		**6,021**		13,906		9,335
Current portion of long-term debt		**827**		881		805
Income taxes payable		**11,440**		6,540		7,855
Other current liabilities		**46,642**		45,707		31,597
	$	**374,970**	$	339,899	$	350,251
Long-term debt		**56,803**		8,969		8,443
Employee benefits		**112,229**		118,978		117,808
Provisions		**9,291**		14,710		11,273
Other long-term liabilities		**15,267**		13,084		12,689
Deferred tax liability		**104,475**		61,215		80,498
Total liabilities	**$**	**673,035**	$	556,855	$	580,962
Shareholders' equity						
Share capital	**$**	**834,814**	$	847,326	$	835,154
Retained earnings		**1,237,712**		1,213,935		1,253,035
Accumulated other comprehensive income (loss)		**356**		1,792		(9,620)
Treasury stock		**(21,386)**		(14,961)		(26,961)
Total shareholders' equity	**$**	**2,051,496**	$	2,048,092	$	2,051,608
Total liabilities and equity	**$**	**2,724,531**	$	2,604,947	$	2,632,570

[i] *Restated, see Note 17(b) of the Company's 2018 second quarter unaudited condensed consolidated interim financial statements.*

Consolidated Interim Statements of Net Earnings

(In thousands of Canadian dollars, except share amounts) *(Unaudited)*	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
Sales	**$ 909,244**	$ 925,873	**$ 1,726,753**	$ 1,737,058
Cost of goods sold	**769,986**	778,195	**1,455,326**	1,455,684
Gross margin	**$ 139,258**	$ 147,678	**$ 271,427**	$ 281,374
Selling, general and administrative expenses	**89,235**	88,753	**175,417**	169,943
Earnings before the following:	**$ 50,023**	$ 58,925	**$ 96,010**	$ 111,431
Restructuring and other related costs	**(1,916)**	(4,986)	**(3,971)**	(11,476)
Other income (expense)	**1,769**	(1,132)	**(1,085)**	(3,836)
Earnings before interest and income taxes	**$ 49,876**	$ 52,807	**$ 90,954**	$ 96,119
Interest expense and other financing costs	**1,866**	1,345	**3,519**	2,572
Earnings before income taxes	**$ 48,010**	$ 51,462	**$ 87,435**	$ 93,547
Income taxes	**13,085**	14,120	**24,592**	26,100
Net earnings	**$ 34,925**	$ 37,342	**$ 62,843**	$ 67,447
Earnings per share:				
Basic earnings per share	**$ 0.28**	$ 0.29	**$ 0.50**	$ 0.52
Diluted earnings per share	**$ 0.27**	$ 0.28	**$ 0.49**	$ 0.51
Weighted average number of shares (millions)				
Basic	**126.0**	129.1	**126.1**	129.8
Diluted	**128.3**	132.9	**128.5**	133.1

Consolidated Interim Statements of Other Comprehensive Income (Loss)

(In thousands of Canadian dollars) *(Unaudited)*	**Three months ended June 30,**		**Six months ended June 30,**	
	2018	2017	**2018**	2017
Net earnings	**$ 34,925**	$ 37,342	**$ 62,843**	$ 67,447
Other comprehensive income (loss)				
Actuarial gains (losses) that will not be reclassified to profit or loss				
(Net of tax of $5.3 million and $9.4 million; 2017: $5.2 million and $6.2 million)	**$ 14,874**	$ (14,721)	**$ 26,649**	$ (17,561)
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 and $0.0 million; 2017: $0.0 million and $0.0 million)	**$ 7,369**	$ (5,109)	**$ 19,198**	$ (7,185)
Change in foreign exchange losses on long-term debt designated as a net investment				
(Net of tax of $0.1 million and $0.4 million; 2017: $0.0 million and $0.0 million)	**(1,358)**	—	**(2,855)**	—
Change in unrealized (losses) gains on cash flow hedges				
(Net of tax of $0.4 million and $0.9 million; 2017: $2.2 million and $2.6 million)	**(1,207)**	6,195	**(6,367)**	7,358
Total items that are or may be reclassified subsequently to profit or loss	**$ 4,804**	$ 1,086	**$ 9,976**	$ 173
Total other comprehensive income (loss)	**$ 19,678**	$ (13,635)	**$ 36,625**	$ (17,388)
Comprehensive income	**$ 54,603**	$ 23,707	**$ 99,468**	$ 50,059

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]: Foreign currency translation adjustment**	**Accumulated other comprehensive income (loss)[i]: Unrealized gains and losses on cash flow hedges**	**Treasury stock**	**Total equity**
Balance as at December 31, 2017	**$ 835,154**	**$ 1,253,035**	**$ —**	**$ (11,420)**	**$ 1,800**	**$ (26,961)**	**$ 2,051,608**
Impact of new IFRS standards[iii]	**—**	**(3,695)**	**—**	**—**	**—**	**—**	**$ (3,695)**
Net earnings	**—**	**62,843**	**—**	**—**	**—**	**—**	**$ 62,843**
Other comprehensive income (loss)[ii]	**—**	**26,649**	**—**	**16,343**	**(6,367)**	**—**	**36,625**
Dividends declared ($0.26 per share)	**—**	**(32,844)**	**—**	**—**	**—**	**—**	**(32,844)**
Share-based compensation expense	**—**	**—**	**9,238**	**—**	**—**	**—**	**9,238**
Deferred taxes on share-based compensation	**—**	**—**	**(500)**	**—**	**—**	**—**	**(500)**
Repurchase of shares	**(16,180)**	**(51,401)**	**(8,738)**	**—**	**—**	**—**	**(76,319)**
Exercise of stock options	**15,840**	**—**	**—**	**—**	**—**	**—**	**15,840**
Settlement of share-based compensation	**—**	**(16,875)**	**—**	**—**	**—**	**10,575**	**(6,300)**
Shares purchased by RSU trust	**—**	**—**	**—**	**—**	**—**	**(5,000)**	**(5,000)**
Balance as at June 30, 2018	**$ 834,814**	**$ 1,237,712**	**$ —**	**$ 4,923**	**$ (4,567)**	**$ (21,386)**	**$ 2,051,496**

(In thousands of Canadian dollars) (Unaudited)	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)[i]: Foreign currency translation adjustment	Accumulated other comprehensive income (loss)[i]: Unrealized gain (loss) on cash flow hedges	Treasury stock	Total equity
Balance as at December 31, 2016	$ 853,633	$ 1,247,737	$ —	$ 2,116	$ (497)	$ (14,966)	$ 2,088,023
Net earnings	—	67,447	—	—	—	—	$ 67,447
Other comprehensive income (loss)[ii]	—	(17,561)	—	(7,185)	7,358	—	(17,388)
Dividends declared ($0.22 per share)	—	(28,530)	—	—	—	—	(28,530)
Share-based compensation expense	—	—	11,842	—	—	—	11,842
Deferred taxes on share-based compensation	—	—	2,750	—	—	—	2,750
Repurchase of shares	(11,819)	(26,340)	(14,592)	—	—	—	(52,751)
Exercise of stock options	5,512	—	—	—	—	—	5,512
Settlement of share-based compensation	—	(28,818)	—	—	—	16,005	(12,813)
Shares purchased by RSU trust	—	—	—	—	—	(16,000)	(16,000)
Balance at June 30, 2017	$ 847,326	$ 1,213,935	$ —	$ (5,069)	$ 6,861	$ (14,961)	$ 2,048,092

[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.*

[iii] *See Note 2 of the Company's 2018 second quarter unaudited condensed consolidated interim financial statements.*

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars) *(Unaudited)*	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
CASH PROVIDED BY (USED IN)				
Operating activities				
Net earnings	**$ 34,925**	$ 37,342	**$ 62,843**	$ 67,447
Add (deduct) items not affecting cash:				
Change in fair value of biological assets	**20,256**	8,514	**27,353**	5,717
Depreciation and amortization	**30,413**	29,079	**60,297**	57,150
Share-based compensation	**4,368**	4,629	**9,238**	11,842
Deferred income taxes	**9,554**	12,003	**15,660**	22,481
Income tax current	**3,531**	2,117	**8,932**	3,619
Interest expense and other financing costs	**1,866**	1,345	**3,519**	2,572
Loss (gain) on sale of long-term assets	**3,447**	(831)	**3,832**	(510)
Change in fair value of non-designated derivative financial instruments	**(12,485)**	5,634	**(12,300)**	13,817
Change in net pension liability	**1,900**	(5,625)	**3,605**	(4,561)
Net income taxes paid	**(1,802)**	(3,707)	**(4,270)**	(6,365)
Interest paid	**(1,465)**	(832)	**(2,639)**	(1,650)
Change in provision for restructuring and other related costs	**(3,702)**	2,330	**(4,287)**	4,944
Change in derivatives margin	**9,755**	(11,694)	**16,285**	(14,124)
Other	**1,579**	996	**(4,864)**	83
Change in non-cash working capital	**(31,669)**	(39,168)	**(80,678)**	(65,322)
Cash provided by operating activities	**$ 70,471**	$ 42,132	**$ 102,526**	$ 97,140
Financing activities				
Dividends paid	**$ (16,369)**	$ (14,205)	**$ (32,844)**	$ (28,530)
Net (decrease) increase in long-term debt	**(4,483)**	(93)	**44,854**	(278)
Exercise of stock options	**15,626**	3,905	**15,840**	5,512
Repurchase of shares	**(48,854)**	(29,432)	**(70,944)**	(111,412)
Payment of deferred financing fees	**(50)**	(78)	**(79)**	(142)
Purchase of treasury stock	**—**	(6,000)	**(5,000)**	(16,000)
Cash used in financing activities	**$ (54,130)**	$ (45,903)	**$ (48,173)**	$ (150,850)
Investing activities				
Additions to long-term assets	**$ (47,541)**	$ (26,982)	**$ (82,901)**	$ (47,237)
Acquisition of business, net of cash acquired	**—**	(9,523)	**(138,380)**	(199,440)
Proceeds from sale of long-term assets	**—**	1,500	**—**	1,586
Cash used in investing activities	**$ (47,541)**	$ (35,005)	**$ (221,281)**	$ (245,091)
Decrease in cash and cash equivalents	**$ (31,200)**	$ (38,776)	**$ (166,928)**	$ (298,801)
Cash and cash equivalents, beginning of period	**67,697**	143,596	**203,425**	403,621
Cash and cash equivalents, end of period	**$ 36,497**	$ 104,820	**$ 36,497**	$ 104,820