PARTICIPANTS

Corporate Participants

Steven R. Bromley – Chief Executive Officer & Non-Independent Director, SunOpta, Inc.
Robert McKeracher – Chief Financial Officer & Vice President, SunOpta, Inc.
Hendrik Jacobs – President & Chief Operating Officer, SunOpta, Inc.

Other Participants

Christine Healy – Analyst, Scotia Capital Markets
Mark Sigal – Analyst, Canaccord Genuity, Inc.
Tim J. Tiberio – Analyst, Miller Tabak + Co. LLC
Chris Krueger – Analyst, Lake Street Capital Markets LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning and welcome to the SunOpta, Inc. Fourth Quarter and Fiscal Year 2013 Earnings Conference Call. By now, everyone should have had access to the earnings press release that was issued after the close of business yesterday. If you've not received the release, it is available on the Investor Relations portion of SunOpta's website at www.sunopta.com. This call is being webcast and a transcription will be available on the company's website.

Before we begin, we would like to remind everyone that the prepared remarks contain forward-looking statements, and management may make additional forward-looking statements in response to your questions. These statements do not guarantee future performance, and therefore, undue reliance should not be placed upon them.

We refer you to all the risk factors contained in SunOpta's press release issued yesterday, the company's fourth quarter and fiscal year 2013 quarterly report on Form 10-K that is scheduled to be issued by the close of business tomorrow, and other filings with the Securities and Exchange Commission, for more detailed discussions of the factors that could cause actual results to differ materially from those projections in any forward-looking statements.

Finally, we would also like to remind listeners that the company may refer to the certain non-GAAP financial measures during the teleconference. A reconciliation of these non-GAAP financial measures was included in the company's press release issued yesterday.

And now, I'd like to turn the call over to SunOpta's CEO, Steve Bromley.

Steven R. Bromley, Chief Executive Officer & Non-Independent Director

Thank you and good morning, everyone. Thanks for joining us today. On the call with me are Rob McKeracher, our Vice President and Chief Financial Officer; Rik Jacobs, our President and Chief Operating Officer; and John Ruelle, our Senior Vice President of Corporate Development and Chief Administrative Officer.

On today's call, I will provide you with a brief overview of our fourth quarter and fiscal year 2013 results, and more importantly, an update on our key strategic initiatives. Then, Rob will discuss our financial performance in more detail, and Rik will provide an update on our core Foods operating segments. Finally, I will provide a few closing remarks, and then we will open up the call to questions.

We ended the year strong from a top line perspective with record fourth quarter revenues of approximately $285 million and record annual revenues of approximately $1.2 billion. In the quarter revenue increased 10% like-for-like on a consolidated basis and 12% in our core SunOpta Foods operations, driven by continued strong demand in healthy foods categories which we are well positioned to capture. While we're very pleased with our core category revenue growth, we faced a number of operational challenges in 2013, which impacted our bottom line results. It should be noted that the results we reported last night are consistent with our preannouncement in early February of this year.

As we noted at that time, the most significant impact in the quarter was the downtime and incremental costs at our Allentown pouch facility due to a customer initiated voluntary product recall, including delays in shipment of finished product in November and December. As a result, in addition to the direct costs associated with the recall of approximately $0.01 per share, we also recognized the loss contingency during the fourth quarter, which equates to approximately $0.05 a share. Rob and Rik will provide more detail on this and other events, but importantly, we continue to supply finished product to the customer from our Allentown and West Coast operations.

I do want to highlight that we have been very successful in realigning our company's core natural and organic foods business. We now have three food-based reporting segments; Global Sourcing and Supply, Value Added Ingredients, and Consumer Products, all of which are focused on growing their businesses in their respective markets. To further leverage our platform, we have added senior operational, commercial and functional leaders, who are focused on utilizing the capacity we have built as well as adding new capabilities and customers. We believe all of the above will help to simplify our operations, better serve our customers, and maximize our growth potential. And we are now starting to see the benefits of this on both our top and bottom line.

Despite the recent operational challenges, our balance sheet is in good shape and our team continues to focus on our core strategies. As a reminder, our three strategies are: one, focus on becoming a pure play natural and organic foods company; two, aggressively grow our value-added consumer products and ingredients portfolios; and three, leverage our integrated platform.

We believe fiscal 2013 was a transformational year for us, marked by significant operational realignment, changes in leadership and an enhanced go-to-market strategy. As a result, we believe SunOpta is positioned better than ever to sustainably drive increased revenue and operating margins through internal growth and acquisitions.

So, with that, I'll turn the call over to Rob to discuss our financial performance in more detail. Rob?

Robert McKeracher, Chief Financial Officer & Vice President

Thanks, Steve and good morning, everyone. I'll take the next few minutes to review our financial results for the fourth quarter and year ended December 28, 2013. Unless otherwise noted, all figures discussed today are in U.S. dollars and are occasionally rounded to the nearest million. As Steve mentioned, these results are in line with our prerelease in early February.

For the fourth quarter of 2013, the company reported record revenues of $285 million, an increase of 5.6% compared to revenues of $270 million during the fourth quarter last year. Excluding the impact of changes, including acquisitions, foreign exchange, commodity pricing and rationalized product lines, the consolidated base growth rate for the company was approximately 10% and 12% within SunOpta Foods. All reporting segments in SunOpta Foods reported increased revenues versus the fourth quarter of 2012.

As a reminder, this is the first quarter where we are reporting our results in the new Foods segments. Global Sourcing and Supply incorporates our North American raw grain and sunflower businesses, as well as our International sourcing and supply business. Value Added Ingredients consists of our fruit, fiber and grain-based ingredient operations. Finally, the Consumer Products segment includes our aseptic business as well as pouches, fruit snacks, grain and protein nutritional bars, IQF frozen items, waters and shelf stable and refrigerated juices.

Operating income for the fourth quarter of 2013 was $5.3 million or 1.8% of revenues versus $7.2 million or 2.6% of revenues in the prior year. The decrease in operating income was due to a number of factors that primarily impacted the Consumer Products segment, as well as corporate overhead costs.

During the fourth quarter our Allentown pouch facility experienced downtime as a result of a voluntary product recall initiated by one of our customers, which caused a direct impact of approximately $1.2 million in the quarter. In addition during the quarter we rationalized approximately $1.3 million of inventory related to certain consumer product lines that we did not see adding value to our portfolio long-term. And we continue to experience losses associated with expansion of our premium juice facility of approximately $1.2 million. We're excited about the new simplified go-to-market organization and our realigned financial reporting, which should make things easier to manage for us and easier to understand for our shareholders. In relation to the realignment, we did incur approximately $600,000 of costs relating to consulting and system design efforts. While we expect some of these costs I just mentioned to continue in 2014, the magnitude is expected to be less and decrease progressively throughout the year.

On a positive note in our Consumer Products segment we experienced strong growth across our aseptic beverage categories, which was made possible by the capacity expansion projects completed in 2013.

Our fruit-based Value Added Ingredients business continues to expand with new flavors and new customers and in our Global Sourcing and Supply business we realized increased operating income driven mainly by increased sales and margins of internationally sourced organic raw materials.

Rik will provide further details on a number of ongoing business developments within SunOpta Foods during his operational update in a few moments.

For the fourth quarter of 2013, the company reported a loss from continuing operations of $1.3 million or $0.02 per common share, compared to earnings from continuing operations of $4.3 million or $0.06 per diluted common share for the fourth quarter of 2012. Included in the results for the fourth quarter is the loss contingency reported in other expense of approximately $5.2 million related to the previously discussed customer initiated voluntary product recall. After-tax this other expense amounted to $3.2 million or approximately $0.05 per diluted common share during the fourth quarter of 2013. Excluding this charge, adjusted earnings from continuing operations for the fourth quarter of 2013 were $1.9 million or $0.03 per diluted common share. In addition, earnings for the fourth quarter include approximately $4.6 million in pre-tax costs, most of which I outlined earlier or approximately $2.8 million after tax. These costs have not been excluded when arriving at the adjusted earnings amounts that I just mentioned.

For the year of 2013, we reported record revenues of approximately $1.2 billion, an increase of 8.3% versus revenues of approximately $1.1 billion during 2012. For fiscal 2013, we reported a loss from continuing operations of $8.2 million or $0.12 per common share, compared to earnings from continuing operations of $23 million or $0.34 per diluted common share in 2012. In addition to the previously mentioned charges related to the customer initiated voluntary product recall, these results include non-cash charges of approximately $23 million after-tax or $0.34 per diluted common share reflecting the write-down of non-core investments in Mascoma, and goodwill impairments at Opta Minerals, as well as approximately $1 million after tax or $0.01 per share, related to severance and other long lived asset write-downs. After excluding these items adjusted earnings from continuing operations for fiscal 2013 were $19 million or $0.28 per diluted common share. In addition, approximately $9.2 million in costs were incurred related to plant startups, inventory rationalization, the direct impact of the product recall and business integration efforts. This translates to $5.6 million after-tax and these costs have not been excluded when arriving at the adjusted earnings amounts that I just mentioned.

For 2013, we realized EBITDA of $61.5 million as compared to $67.2 million during 2012.

At December 28, 2013, we had total assets of $706 million and a net book value of $4.89 per outstanding common share. And our balance sheet remains strong, reflecting a net debt to equity ratio of 0.56 to 1. For the year we generated $34.7 million in cash from continuing operations as compared to $31 million in 2012. The improvement in operating cash flows reflects lower cash being used to fund working capital. At December 28, 2013, we had approximately $115 million in unused capacity within our current debt facilities. When combined with our positive operating cash flows we continue to have sufficient access to capital to support our growth projects.

For fiscal 2013, we invested $33.9 million into purchases of property, plant and equipment compared to $24.3 million in 2012. Most of this investment was used to expand our consumer packaged and value-added ingredients and processing capacities and capabilities. More specifically, we spent capital on our new cocoa processing facility in Holland, expansion activities to install four new lines at our aseptic beverage facilities, processing and capability enhancements at our premium juice, snack and pouch businesses, plus investment in maintenance spending across a number of other business units.

With that overview, I'll now turn the call over to Rik, who will discuss our fourth quarter operational performance in more detail.

Hendrik Jacobs, President & Chief Operating Officer

Thanks, Rob, and good morning, everyone. Based on the realignment Rob and Steve already mentioned, I will discuss the various segments within SunOpta Foods, Global Sourcing and Supply, Value Added Ingredient and Consumer Products.

We're excited about the new setup, and as Steve mentioned, we're starting to see the benefits appear. For example, in the segments we have now dedicated account teams that have been trained over the last six months to better sell our entire portfolio to a particular customer instead of only a certain subset. Customers are telling us, they get it, they like it and we already have several significant projects going on with customers who were previously only buying a more limited subset. On the operational side, standard KPIs have been put in place and while this has led to extra costs in the quarter, as Rob has explained, recognizing that certain customers and products are not meeting our internal hurdle rates will deliver real short-term gains in margin and focus.

Our segment leaders are responsible for their integrated segment P&L, so it was good to see that in the fourth quarter we increased operating income in our Global Sourcing and Supply and Value Added Ingredients segments. If you exclude the impact of costs not reflective of normal operations, the Consumer Products segment also increased their profitability significantly. SunOpta Foods revenues were up 12% on a like-for-like basis to $252 million. And all reporting segments generated higher revenues when compared to the prior year. Despite a recall, which was a key variable outside of our control and obviously impacted revenue, growth was still double-digit in our Consumer Products segment.

We continue to believe that Consumer Products and Value Added Ingredients offer the strongest growth and profitability potential for the company and we will continue to invest in these areas long-term. We believe we are still in the early stages of growth with many opportunities for expansion and improvement ahead of us.

So, moving on, I'll now discuss the performance of each of our segments within SunOpta Foods.

So, in the Global Sourcing and Supply segment, revenue increased 4.1% to approximately $124 million and we reported a 70 basis point improvement in operating income. Revenues were up due to higher sales in the U.S. of fruit, seeds and nuts as well as a bounce back in European sales of fruits, sunflowers and feed products. These increases were partially offset by lower commodity and feed pricing as well as lower roasted sunflower volumes. We see a good Q1 in terms of revenue for this segment, although they have been impacted by the severe winter weather in the Upper Midwest, which has led to short-term curtailment of certain facilities and incremental utility costs for a number of our plants across the segments.

Operating income was up versus prior year, but we made a small loss, but still too low at 0.6%. A number of our customer shipments were delayed and we carried a long position on corn while the markets were going down. We have eliminated this position and we're starting to see a non-GMO feed stream that we can sell at a premium to regular feed, which should help our future earnings. As we continue to add more value to our products, we will be able to capture more margins. One example is, with our recent Bulgarian sunflower acquisition, where we are now processing conventional and organic sunflowers including the ability to make organic sunflower oil.Another example is our new cocoa facility, Crown of Holland, that is ramping up and where we see good demand for our powders, butters and liquors. The worldwide cocoa market continues to grow, which is resulting in very high prices on the New York Board of Trade and this continued increase has meant that we have taken some more unrealized mark to market losses in the quarter.

In our Value Added Ingredients segment, revenues increased approximately 6% and our operating margin expanded 20 basis points to 5.9% compared to the prior year period. As Rob mentioned, our fruit ingredients business was strong in the quarter and we expect this trend to continue into 2014. The quick turnaround time of our R&D department, who have worked up more than 200 new flavor formulas in 2013 for our customers is paying off. If you add to that, our customer service, which is second to none as evidenced by the Supplier of the Year award we received from IHOP, we think we have a sustainable winning combination.

The increases in our fruit ingredients business were partially offset by continued volume and pricing weakness in fiber. We're excited about the innovations we are bringing to market, but due to the extensive formulation work that has to be completed with our customers, it does take a long time to have a significant impact. Having said that, our rice fiber, which we launched last year, is now shipping to evermore customers and we have a number of projects ongoing with our new OPTASMOOTH suspendable fiber that can be used in beverages and snacks to provide enhanced functionality at a lower cost for our customers. The pipeline of prospective launches and products is growing and by the end of 2014 they should more than offset competitive pressures in the base business.

On the grain side of our ingredient business, we experienced a slight margin headwind in the quarter associated with lower milled corn margins as we came out of our favorable price position on the raw materials side. The other grains-based ingredients such as soy basis, oils, butters and blends performed in line with our expectations.

While we're pleased with the improved margins overall, we have to make sure we stay one step ahead of the market so we can capitalize on opportunities and minimize challenges. For example, we believe there is a great opportunity to expand our fruit ingredients businesses so we can capture more of the growth. At the same time in our grains and fiber business we have to focus our efforts on both innovation and cost competitiveness, which means we have to make choices in the portfolio of product we want to offer so that we can maximize the short and long-term profitability.

Finally, in our Consumer Products segment revenues increased 11.3%, our aseptically packaged beverage platform continued to grow double digits behind our investment in increased capacity and capability. Our planned expansions in 2013 not only increased our opportunities in the non-dairy category, where we already have a significant share, but it also opened up a host of new opportunities in adjacent categories, where our share is much smaller. Specifically, we entered the organic dairy and nutritional beverage categories, both of which are large and growing. We are now one of the largest carton-based contract manufacturers and we will continue to grow our market and customer share through continued capacity and capability expansions, which includes a true national footprint in the USA, so that we can serve our customers at the lowest delivered cost everywhere.

We also experienced growth in our frozen and healthy snacks business, while our pouch business was impacted by the customer recall mentioned earlier. Even so, our revenue in pouch was still up 9%, but a lot lower than the growth we had expected in the quarter.

On the operating income side, our rate was 3.9% and this was impacted by pouch, product rationalization, and the delay in a facility upgrade in San Bernardino. All-in-all about a $3.7 million pre-tax hit to the bottom line of this segment, which otherwise would have had an operating margin of more than 7%, which is well ahead of last year.

I'll now turn the call back over to Steve for some brief closing comments.

Steven R. Bromley, Chief Executive Officer & Non-Independent Director

Great. Thanks, Rik. In closing, we continue to make progress on our key strategic initiatives and we feel we have taken the right steps to position our company in the growing healthy food space. Healthy living and healthy eating our key long-term trends that we will capitalize on, and we are truly excited by our prospects.

Our team works to manage the controllable aspects of our business every day and the new structure in combination with our well-defined strategy is starting to bear fruit. And we are confident that we will achieve our goals.

We also remain committed to divesting of interest in our non-core holdings and in doing so create additional capital that can be reinvested in our rapidly growing global foods platform.

That concludes our prepared remarks. I would like to thank you for joining us on the call today. With that, Rob, Rik, John and I would like to open up the call for questions. And I'll turn it back to the operator. Thank you.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from Christine Healy of Scotiabank. Your line is open.

<Q – Christine Healy – Scotia Capital Markets>: Great. Thanks. Hi. Good morning.

<A – Rob McKeracher – SunOpta, Inc.>: Hi Christine.

<A – Steve Bromley – SunOpta, Inc.>: Hey, Christine.

<Q – Christine Healy – Scotia Capital Markets>: Hi. The first question I have is, second half of 2013 was clearly weaker than you guys had expected, lots of some headwinds there. Can you just confirm your outlook for the EBITDA margin targets? Are they unchanged or do you expect that some of these issues in the back half of the year could push that out?

<A – Rob McKeracher – SunOpta, Inc.>: So, we haven't provided EBITDA margin targets for 2014 in particular, but our long-term targets that we've established, we're comfortable and they remain in place.

<Q – Christine Healy – Scotia Capital Markets>: Okay. That's what I was getting to. So, the 10% by the end of 2015? Okay. Great. And then Steve, in your comments, you confirmed that one of your top goals is to become a healthy food pure play and you've committed to this to investors. Is there anything that you're doing in 2014 in particular to make this happen? Is there an update there on Opta Minerals?

<A – Steve Bromley – SunOpta, Inc.>: Well, Christine, we remain committed and as I think I've said before, we wanted to get that done during 2014 and we're on that course.

<Q – Christine Healy – Scotia Capital Markets>: Okay. And then just lastly, I've been getting some questions on this. I'm sure you have too just on the California drought. I know that California is not a key sourcing region for your major crops, soy and corn and sunflower, but maybe you can just talk about almonds and fruit and whether you're seeing any impact there? Thanks.

<A – Steve Bromley – SunOpta, Inc.>: I'll let Rik handle that one.

<A – Rik Jacobs – SunOpta, Inc.>: Yeah. I mean, we have obviously a number of facilities in California. The biggest producing facility is in Modesto, fortunately that is one of the counties that has done a very good job with our water management program, so no impact over there. When it comes to almonds, there was a report that came out just a couple days ago that basically says that the almond crop is okay and indeed we don't see any issues there either. And in fact, if you look at the California drought, it is opening up some opportunities for us in our feed program, so we're now shipping more and more to California from the Midwest, which we were doing much more limited last year.

<Q – Christine Healy – Scotia Capital Markets>: Okay. And then just Rik, just on the fruit, just confirm, I don't think you guys have exposure to fresh fruit, right, because that would be sourced largely from California?

<A – Rik Jacobs – SunOpta, Inc.>: Yeah. But this is really where our global sourcing comes into play of course, right? We do the strawberries of course, they come from California, but they also come from Mexico. So, that would be the largest fruit that we purchase probably in Southern California, but...

<A – Steve Bromley – SunOpta, Inc.>: We don't produce some – we don't buy fresh.

<A – Rik Jacobs – SunOpta, Inc.>: We don't buy fresh, no.

<Q – Christine Healy – Scotia Capital Markets>: Okay. So, overall, it sounds like the drought is not having a negative impact on you?

<A – Rik Jacobs – SunOpta, Inc.>: No. Not really.

<Q – Christine Healy – Scotia Capital Markets>: Okay. Great. Thanks so much.

<A – Rob McKeracher – SunOpta, Inc.>: Thanks, Christine.

Operator: Thank you. Our next question comes from Mark Sigal of Canaccord. Your line is open.

<Q – Mark Sigal – Canaccord Genuity, Inc.>: Yeah. Hi, guys. It's Mark for Scott. So, looks like Plum has announced another recall that doesn't look like it involves you guys at all, but I'm just wondering, are there any pieces of information that you can glean from this that might be useful in the issue that you had with them in Q4? And also, does the reserve taken this quarter kind of fully capture all the anticipated costs?

<A – Rik Jacobs – SunOpta, Inc.>: Yeah. First of all, on the recall that was announced last night, I can indeed confirm that this does not include us, but if anybody needs any more information, I would like to just refer them over to Campbell's. I think that's the most appropriate thing to do. When it comes to the cost that we have taken in the last quarter, I mean we do believe that, but of course until we have confirmed and agreed on the root causes of the issues, then we can't 100% confirm that.

<Q – Mark Sigal – Canaccord Genuity, Inc.>: Okay. But no further expected production delays on your end, correct?

<A – Rik Jacobs – SunOpta, Inc.>: No, absolutely not. I mean we don't anticipate anything else, either from a cost perspective or from a production impact perspective, nothing. And obviously, this Plum recall that was announced last night, we need to kind of discuss that with our customer privately as well.

<Q – Mark Sigal – Canaccord Genuity, Inc.>: Okay. And then, can you talk a little bit more about the margin pressure referenced I think in the press release on the transition to lower crop pricing? Is this primarily sunflower or corn and soy involved as well and is it volume or more yield-driven?

<A – Rik Jacobs – SunOpta, Inc.>: The issue was really – and we've – it's been basically, mostly a Q4 issue, where we carried a long position predominantly in corn into a market that went a lot lower. And as a result, that has significantly impacted our margins in the quarter, but as I mentioned during my opening remarks, we have now been able to eliminate that position, so we should not see any impacts of that going forward.

<Q – Mark Sigal – Canaccord Genuity, Inc.>: Okay. Great. And then just lastly, it seems like every day we're reading more and more headlines on GMO-free ingredients and you've had high-profile announcements from Cheerios and Boulder Brands the other day. Have you guys seen pickup in inquiries from either existing customers or new customers? And can you talk a little bit about the nature of the competition you're seeing when you are bidding for new GMO business or are you bumping up against kind of larger integrated players like yourself or are these more regional perhaps mom-and-pop like shops? Thanks.

<A – Rik Jacobs – SunOpta, Inc.>: Well, I mean, a number of these customers that you just mentioned, we know very well. And we believe they're doing the right thing and obviously it plays perfectly into our space, because we have been non-GMO even before everybody started talking about.

<A – Steve Bromley – SunOpta, Inc.>: Before it was cool.

<A – Rik Jacobs – SunOpta, Inc.>: Before it was cool. So, just plays very well into our space and again, we I think are well-positioned to take advantage of that. We are not seeing at this particular point in time the largest competitors; let's put it that way, aggressively moving there.

<Q – Mark Sigal – Canaccord Genuity, Inc.>: Okay. That helps. Thanks a lot, guys.

<A – Rob McKeracher – SunOpta, Inc.>: Bye Mark. Thanks.

Operator: Thank you. And our next question comes from Tim Tiberio of Miller Tabak. Your line is open.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Good morning. Thanks for taking my question. I just wanted to drill down a little bit more on the potential for San Bernardino in 2014. Can you just remind us of what your expectations are for full top line run rates at that facility and now that some of the permitting issues are over, what are your expectations for the cadence of ramp-up in 2014?

<A – Rik Jacobs – SunOpta, Inc.>: Yeah. I think, first of all, as everybody I think knows, we intended to start up this facility in September, October last year. And we've had indeed significant permitting issues. We are now basically in the construction phase over there. Of course, after you finish your construction, then you have to go for your certification, SQF and the like, before you can start attracting the large customers back into that facility. So, we expect all of those issues to be behind us by Q2. And from then on – and that's why we also stated, these will basically progressively be decreasing throughout the year. I would say that, let's say, our OI run rate for that particular facility should definitely be positive by the end of the year.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Okay. And do you have contracts in place that can kind of filter in once you get past the certification process?

<A – Rik Jacobs – SunOpta, Inc.>: Yeah. Yes. We do have contracts in place. So, yeah, I mean, there will be some of our capacity will be filled very, very quickly. And, of course, we would like to add some more customers once the facility has been renovated. But, yes, for a part of that volume has already been secured.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Great. And just shifting gears somewhat, I guess, back to questions around organic food trends, I remember you guys talking in past quarters about really seeing gluten-free healthy snacks as a potential growth driver over the next couple of years. I think you were talking about some rice snacks. We've been hearing a lot about that in the press. Some of your direct and indirect competitors have also been flagging the potential there. Can you perhaps just give us an update of how those initiatives are going? Are you seeing more customer inquiries about your new products that you may be able to develop over the next year or so?

<A – Rik Jacobs – SunOpta, Inc.>: No. I think, as I mentioned, I mean, we have rice fiber that we brought to market last year, which is gluten-free, and indeed, some of the oat fibers that we produce are also gluten-free. And I believe, the key driver for the growth in that rice fiber is indeed the whole gluten-free movement, but I would basically capture all of that under the natural and organic food space, which is growing.

So, organic is growing. It has been great to see how Europe has really bounced back in Q4. That has really been a bit of a drag, but Q4 was very, very strong as well as January. And then you see – after that the whole gluten-free movement, as Steve continuously reminds everybody, we are very, very well positioned in a growing market and look at our top line growth of 12%, it's been accelerating throughout the year. I think the time now is to make sure that we capture that into incremental margins as well.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Great. And just one last question, Rik, more around operations. I've noticed some key hires and organizational updates in the past several months. Do you feel that you now have your key hires in place to really focus on taking return on invested capital to the next level now that the overall segmentation has been completed?

<A – Rik Jacobs – SunOpta, Inc.>: Yeah. I think there's a couple of key things I'd like to point out. First, we now have the segments. And the segment leaders remain responsible for their integrated P&L, but having said that, what we've really done is, we've kind of said to segment leaders, you guys focus on the markets. You focus on the customers. You focus on growing our business, growing our contribution margins. And then we've brought in the senior operational leader, who has brought in several other people as well, including somebody that's going to look at our logistics and freights and things like that across the company. That really is focusing on okay, so here we have the 30-odd factories and how are we going to really make sure that all of them are going to improve by sharing their best practices, by standardizing, by centralized purchasing, et cetera, et cetera? So, the segment leaders' integrated responsibility for the P&L, but very much focused outward. And our Senior VP of the Supply Chain very much focused on improving performance inside of our factories and our entire supply chain, in fact.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Okay. And how are early are we in that process? Is that already kicked off or something that...

<A – Rob McKeracher – SunOpta, Inc.>: Well, the SVP has been, basically been hired as of the middle of July. And by now, we have one set of KPIs that we're looking at every single month, every single factory and is basically around four key elements. It's about safety, quality, delivery and cost. Those are the four that are key and I think I would argue with you that those would be key in any supply chain for a food manufacturer.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Are these individuals also compensated on return on capital or primarily just on those metrics?

<A – Rik Jacobs – SunOpta, Inc.>: Everybody in our organization has the biggest part of their variable compensation [indiscernible] (32:56) and that includes these people. And on top of that, these people have certain costs targets that they have to meet, certain gross margin targets that they have to meet. So, yeah, the answer to that is, a resounding yes.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Okay. Great. Thanks for your time, guys.

<A – Steve Bromley – SunOpta, Inc.>: Thanks, Tim.

Operator: [Operator Instructions] Our next question comes from Chris Krueger of Lake Street. Your line is open.

<Q – Chris Krueger – Lake Street Capital Markets LLC>: Hi. Good morning.

<A – Steve Bromley – SunOpta, Inc.>: Hi, Chris.

<Q – Chris Krueger – Lake Street Capital Markets LLC>: Hi. I only really have one overall question. Not sure if you put this in the Q. I apologize if you did. Can you state what your operating margin goals are for each of your new three foods segments?

<A – Steve Bromley – SunOpta, Inc.>: Yes. Sure.

<A – Rob McKeracher – SunOpta, Inc.>: Yeah. Sure, Chris. And it will be out in the 10-K that usually is when you get the MD&A when that's filed later this week. So, under the new segments, just to be clear, our 8% operating goal overall is intact. It hasn't changed of course, but in between the lines what you're looking at there is for our Global Sourcing and Supply segment, 4% to 5% will be the target operating margins, 8% to 10% for our Value Added Ingredients segment, and 12% to 14% for our Consumer Products segment. So, that's the realigned mix, if you will, to get to 8% and that really reflects the fact that the more times we touch the products and the more value we add, the greater propensity is for higher margins.

<Q – Chris Krueger – Lake Street Capital Markets LLC>: Okay. And kind of going back to Christine's question, that overall goal roughly through calendar year 2016, is that the way to look at it right now?

<A – Rob McKeracher – SunOpta, Inc.>: Yeah. Again, to Christine's question, yeah, our stated objectives are still intact and those are our targets, to exit 2015 with those rates.

<A – Steve Bromley – SunOpta, Inc.>: 2016.

<Q – Chris Krueger – Lake Street Capital Markets LLC>: All right. Thanks. That's all I got.

<A – Rob McKeracher – SunOpta, Inc.>: Thanks Chris.

Operator: Thank you. I'm not showing any further questions in queue. I'd like to turn the call back over to Steve Bromley for any further remarks.

Steven R. Bromley, Chief Executive Officer & Non-Independent Director

Well, thanks very much. I'd like to thank everyone for joining the call today, and as I think you can tell, we're quite excited about the direction that we're going and the impact of the significant transformational year that we've gone through. So, appreciate everyone's time and look forward to chatting. Well, it won't be too long, less than two months and we'll be back again. So, in the meantime, I hope everybody stays warm if you're in the northern part of the country. And we'll talk to you soon. Thanks a lot.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This concludes today's program. You may all disconnect. Everyone, have a great day.