



Q2 2016 Update

August 10, 2016

Forward Looking Statements

This presentation may include forward-looking statements and therefore is subject to important risks and uncertainties. Actual results could differ materially from the conclusions, forecasts and projections as certain material factors and assumptions were applied in drawing conclusions and in making the forecasts or projections upon which the forward-looking statements are premised.

Additional information about these material factors and assumptions, as well as other risks, uncertainties and/or relevant factors, are set forth under “Forward Looking Statements,” and “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended January 2, 2016 (available at www.sec.gov) as well as the Company’s press release issued August 10, 2016.



Investment Highlights

- ✓ “Pure play” exposure to organic/non-GMO foods, focused on private label
- ✓ Largest supply chain in organic raw materials/ingredients in the world
- ✓ Scalable business platform with significant revenue runway investments completed
- ✓ Innovation underpinning our efforts to fill up capacity with new products for both existing and new customers
- ✓ Increasingly confident in achieving mid-term targets

FAVOURABLE CONSUMER TRENDS

Awareness of Linkage Between Diet & Health



GMO, Food Additive & Allergen Concerns



Evolving Consumer Demographics (Millennials & Boomers)



Q2 2016 Recap



- Revenue of \$348 million
- Gross margin of \$36.0M or 10.3% of revenues, excluding purchase accounting, start-up and other costs GM was 11.5%
- Adjusted EBITDA of \$23.5M
- Adjusted EPS \$0.05

Global Ingredients – Q2 Performance



International:

- Revenues up 22% vs Q2'15, lapping strong comps (PY increase was 19%)
- Continue to outpace end-market growth
- Further investment in new sources of supply and organic cocoa processing
- Q2 product mix weighed slightly on margins

Domestic:

- Revenues down 18% vs Q2'15, due to selective portfolio rationalization and lower exports
- Production resumed at Crookston under positive release protocol
- Working through claim process with our customers and insurance providers

Overall:

- Revenue flat to Q2'15 as expected, mix to more organic accelerating
- GM rate 12.5% (include target range)

Consumer Products – Q2 Performance



Healthy Beverage:

- Revenues up 17% vs PY (Aseptic ~ 20%)
- Capacity utilization increasing ahead of plan
- Innovation driving sales in juice, and costs coming down
- Pipeline indicates continued strong growth in 2H 2016

Healthy Snacks:

- Revenues flat vs PY, growth pouch and fruit snacks offset by decline in bars
- Gross margin up 170 BPS
- Significant volume lift expected in back half of 2016 for both bars (new contracts) and fruit snacks (innovation)
- Successfully resolved dispute related to 2013 pouch recall, resulting in 4 year supply agreement

Consumer Products – Q2 Performance (cont.)



Healthy Fruit

- Significant shortfall in revenue and GM versus internal expectations
- Three major factors impacting Q2 performance:
 1. Very late start to freezer berry harvest
 2. Increased field pricing
 3. Softness and shift in order pattern with top retail/foodservice customers
- Expect volumes/margins to rebound in 2H 2016:
 - Category trends are positive
 - Cost increases are passed through
- Sufficient supply in place to meet demand

Q2 2016 Revenue

| (\$ millions) | Q2 2016 | Q2 2015 | Normalized Growth Rate* | Q1 2016 |
|----------------------|----------------|----------------|-------------------------|----------------|
| Global Ingredients | \$158.5 | \$161.8 | 2.7% | \$146.0 |
| Consumer Products | \$189.6 | \$115.7 | -1.7% | \$206.3 |
| Total Revenue | \$348.1 | \$277.6 | 0.3% | \$352.3 |

* Adjusted for the impact on revenues in the second quarter of 2016 of acquired businesses, impact of sunflower kernel recall, and changes in commodity-related pricing and foreign exchange rates.

Key Financial Statistics

| (\$ millions, except percentage and per share amounts) | Q2 | Q2 | YTD | YTD | Q1 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2016 ⁽¹⁾ | 2015 ⁽¹⁾ | 2016 ⁽¹⁾ | 2015 ⁽¹⁾ | 2016 ⁽¹⁾ |
| Revenues | \$348.1 | \$277.6 | \$700.5 | \$551.5 | \$352.3 |
| Gross Margin ⁽²⁾ | 36.0 10.3% | 29.7 10.7% | 67.9 9.7% | 58.8 10.7% | 31.9 9.1% |
| Operating Income ⁽²⁾ | 8.8 2.5% | 9.0 3.2% | 11.5 1.6% | 18.9 3.4% | 2.6 0.7% |
| Earnings (Loss) | (4.1) | 2.0 | (14.4) | 7.3 | (9.7) |
| EPS | (\$0.05) | \$0.07 | (\$0.16) | \$0.16 | (\$0.11) |
| Adjusted Earnings ⁽³⁾ | 4.1 | 5.4 | 6.8 | 11.8 | 2.7 |
| Adjusted EPS ⁽³⁾ | \$0.05 | \$0.08 | \$0.08 | \$0.17 | \$0.03 |

⁽¹⁾ Financials reflect the earnings from continuing operations attributable to SunOpta Inc.

⁽²⁾ Q2 2016 Gross Margin and Operating Income would have been \$40.4 million (11.5%) and \$14.0 million (4.0%) respectively excluding the impact of a non-cash acquisition accounting adjustment related to the Sunrise inventory sold in the second quarter, impact of the sunflower kernel recall, start-up costs related to the ramp up of production volumes at our Allentown aseptic facility, and litigation related legal expenses. Excluding the impact of these items, YTD 2016 Gross Margin and Operating Income would have been \$81.4 million (11.6%) and \$26.3 million (3.7%) respectively.

⁽³⁾ Q2 2016 Adjusted Earnings and Adjusted EPS are non-GAAP measures. Refer to the Appendix for a reconciliation to the most comparable GAAP measure

Cash Flow and EBITDA

| Cash Provided by (used in) (\$ millions) | Q2 2016 | Q2 2015 | YTD 2016 | YTD 2015 |
|---|------------|------------|-------------|-------------|
| Cash Flows from Operations ⁽¹⁾ | (\$34.4) | (\$7.1) | (\$52.3) | (\$18.0) |
| Cash Flows from Investing Activities ⁽¹⁾ | (8.6) | (9.4) | (13.2) | (28.3) |
| Cash Flows from Financing Activities ⁽¹⁾ | 38.7 | 17.3 | 64.5 | 40.7 |

⁽¹⁾ Reflects cash flows from continuing operations.

| | Q2 2016 | Q2 2015 | YTD 2016 | YTD 2015 |
|--------------------------------|------------|------------|-------------|-------------|
| Adjusted EBITDA ⁽²⁾ | \$23.5 | \$15.0 | 45.6 | 30.8 |

⁽²⁾ Adjusted EBITDA is a non-GAAP measure. Refer to the Appendix for a reconciliation to the most comparable GAAP measure.

Key Balance Sheet Metrics

| Balance Sheet (\$ millions, except ratio and per share amounts) | July 2, 2016 | January 2, 2016 |
|---|-----------------------------|-----------------|
| Working Capital ⁽¹⁾ | \$419.3 | \$364.8 |
| Total Assets ⁽²⁾ | \$1,215.2 ⁽³⁾ | \$1,154.9 |
| Total Debt | \$557.8 | \$482.8 |
| Ratio of Total Debt to Equity | 1.38 to 1.00 ⁽³⁾ | 1.15 to 1.00 |
| Book Value per Share | \$4.72 | \$4.93 |




⁽¹⁾ Working capital is defined as current assets less current liabilities, excluding cash and cash equivalents, bank indebtedness, current portion of long-term debt, and net assets held for sale.

⁽²⁾ Excludes assets and liabilities held for sale.

⁽³⁾ Second quarter is the seasonal peak for working capital demand and debt level.

Operational Goals 2016

Growth in CPG Revenue & Gross Margin

| + |  Beverage |  Fruit |  Snacks | - |
|-----------|--|---|--|-------|
| Two-Touch | Increase gross margin by \$6 million | Successful integration of Sunrise Growers | Achieve growth in fruit snacks of at least 10% | Costs |
| | Achieve double-digit growth in non-dairy | Deliver \$5 to \$7 million of cost synergies | Fill bar/pouch capacity | |
| | Deliver \$10 million in new product sales from pro-active innovation while reducing cost of goods sold | | | |
| | Contain selling, general and administrative expenses at or below 8% of revenues | | | |

In Conclusion



Continue to capture market share in International Organic Ingredients with robust growth



New sales from innovation well ahead of expectations and pipeline continues to grow



Fruit platform negatively impacted in Q2, however business fundamentals and end markets intact



Investment in Beverage Platform is paying off with accelerated growth, Snack Platform adding new contracts



Expect notable improvement in performance in second half of 2016

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Appendix

Reconciliation of Non-GAAP Measures

This presentation includes certain measures not derived in accordance with generally accepted accounting principles (“GAAP”). Such measures should not be considered substitutes for any measures derived in accordance with GAAP and may also be inconsistent with similar measures presented by other companies. Reconciliation of these non-GAAP financial measures to the most nearly comparable GAAP measures, if applicable, is presented on the slides that follow. The Company believes these non-GAAP financial measures provide useful information to investors as the measures emphasize core on-going operations and are helpful in comparing past and present operating results. The Company uses these measures to evaluate past performance and prospects for future performance. The presentation of non-GAAP financial measures by the Company should not be considered in isolation or as a substitute for the Company’s financial results prepared in accordance with GAAP.

Reconciliation of GAAP Results to Adjusted Earnings and Adjusted EPS

(\$ millions, except per share amounts; totals may not sum due to rounding)

| | Q2 2016 | Q2 2015 | YTD 2016 | YTD 2015 |
|---|-----------------|---------------|------------------|----------------|
| Earnings (loss) attributable to SunOpta Inc. | \$ (4.1) | \$ 2.0 | \$ (14.4) | \$ 7.3 |
| Loss from discontinued operations attributable to SunOpta Inc. | - | 2.7 | 0.6 | 3.5 |
| Earnings (loss) from continuing operations attributable to SunOpta Inc. | (4.1) | 4.8 | (13.8) | 10.8 |
| Adjusted for: | | | | |
| Legal settlement and litigation-related legal fees ^(g) | 9.7 | 0.3 | 10.3 | 0.8 |
| Costs related to business acquisitions ^(e) | 7.9 | - | 20.4 | - |
| Product withdrawal and recall costs ^(f) | 0.5 | - | 2.0 | - |
| Plant expansion and start-up costs ^(a) | 0.3 | 0.3 | 1.6 | 0.7 |
| Write-off of debt issuance costs ^(c) | - | - | 0.2 | - |
| Downtime, spoilage, and other costs due to equipment failure ^(a) | - | - | - | - |
| Inventory reserves and liquidation sales to reduce inventory exposures ^(a) | - | - | - | - |
| Demurrage, detention and other related expenses ^(a) | - | - | - | - |
| Reversal of stock-based compensation expense ^(b) | - | - | - | - |
| Other expense (income) ^(d) | 0.4 | 0.6 | 1.2 | 0.7 |
| Gain on settlement of contingent consideration ^(d) | (1.7) | - | (1.7) | - |
| Net income tax effect on adjusted earnings | (8.8) | (0.7) | (13.4) | (1.2) |
| Change in unrecognized tax benefits | - | - | - | - |
| Adjusted earnings | \$ 4.1 | \$ 5.4 | \$ 6.8 | \$ 11.8 |
| Weighted average diluted shares outstanding | 85,540,722 | 67,895,257 | 85,483,333 | 67,725,800 |
| Adjusted earnings per diluted share | \$0.05 | \$0.08 | \$0.08 | \$0.17 |

(a) Adjustment included in cost of goods sold.

(b) Adjustment included in selling, general and administrative expenses.

(c) Adjustment included in interest expense.

(d) Adjustment included in other expense.

(e) Costs incurred in connection with the acquisition of Sunrise, Citrusource and Niagara Natural. For Q2 2016, costs related to business combinations comprised of \$3.9 million of acquisition accounting adjustment related to Sunrise's inventory sold in the quarter recorded in cost of goods sold, \$3.5 million related to debt issuance costs incurred in connection with the financing related to the Sunrise Acquisition recorded in interest expense, and \$0.5 million of integration costs related to the closure and consolidation of our frozen fruit processing facilities recorded in other expense.

(f) For Q2 2016, costs related to product withdrawal and recall of \$0.5 million associated with the voluntary product withdrawal of private label orange juice and recall of certain sunflower kernel products, of which \$0.3 million included in cost of goods sold and \$0.2 million included in other expense. Also includes losses of \$0.9 million, net of insurance recoveries recognized in connection with the voluntary recall of certain sunflower kernel products.

(g) Related to the \$9.0 million dispute recorded in connection with the settlement of the Plum dispute, which is recorded in other expense. For Q2 2016, also includes \$0.7 million of litigation-related legal costs mainly associated with the Plum dispute, which are recorded in SG&A expenses.

These charges and gains are not reflective of normal business operations and have been adjusted to arrive at Adjusted earnings and Adjusted earnings per diluted share. Adjusted earnings and Adjusted earnings per diluted share are non-GAAP measures provided solely to assist investors in comparing our financial performance between periods. These measures are not, and should not be viewed as, a substitute for earnings and earnings per diluted share prepared under U.S. GAAP.

Reconciliation of GAAP Results to Operating Income, EBITDA and Adjusted EBITDA

(\$ millions, totals may not sum due to rounding)

| | <u>Q2 2016</u> | <u>Q2 2015</u> | <u>YTD 2016</u> | <u>YTD 2015</u> |
|---|-----------------|----------------|------------------|-----------------|
| Earnings (loss) from continuing operations | \$ (4.0) | \$ 4.8 | \$ (13.3) | \$ 10.7 |
| Provision for income taxes | (7.1) | 2.4 | (10.2) | 5.4 |
| Interest expense, net | 11.5 | 1.1 | 22.6 | 2.1 |
| Other expense (income), net | 8.4 | 0.6 | 12.4 | 0.7 |
| Impairment loss on investment | - | - | - | - |
| Operating Income | 8.8 | 9.0 | 11.5 | 18.9 |
| Depreciation and amortization | 8.5 | 4.3 | 17.3 | 8.3 |
| Stock based compensation | 1.0 | 1.1 | 2.0 | 2.0 |
| EBITDA | 18.3 | 14.3 | 30.8 | 29.3 |
| Adjustments ^(a) | 5.1 | 0.7 | 14.8 | 1.5 |
| Adjusted EBITDA | \$ 23.5 | \$ 15.0 | \$ 45.6 | \$ 30.8 |

(a) The adjustments include all adjustments in the table "Reconciliation of GAAP Results to Adjusted earnings and Adjusted EPS" that are included in cost of goods sold and selling, general and administrative expenses, except for the reversal of stock-based compensation expense.

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