



July 31, 2015

## **SunOpta Announces Transformational and Accretive Strategic Acquisition of Sunrise Growers**

***Acquisition of high growth, margin enhancing consumer products business accelerates SunOpta's strategic transformation***

***Expands presence in the rapidly growing frozen fruit category and diversifies customer base***

***Transaction expected to be accretive to SunOpta's fiscal 2016 Adjusted Earnings and Cash Earnings on a per share basis***

***More than \$10 million of run-rate cost synergies expected by 2017***

***Transaction valued at \$450 million or approximately 11.5 times Adjusted EBITDA for fiscal 2015 and approximately 9 times inclusive of run-rate synergies***

TORONTO, July 31, 2015 (GLOBE NEWSWIRE) -- SunOpta Inc. ("SunOpta") (Nasdaq:STKL) (TSX:SOY), a leading global company focused on organic, non-genetically modified and specialty foods, today announced it signed a definitive agreement to acquire Sunrise Holdings (Delaware), Inc. ("Sunrise Growers") from an investor group led by affiliates of Paine & Partners LLC ("Paine & Partners"). Sunrise Growers is the leading supplier of private label domestic and imported conventional and organic frozen fruit and complements SunOpta's existing frozen fruit and fruit ingredient businesses. This transaction positions the combined operation as a global leader in the rapidly growing frozen fruit category. Sunrise Growers generates approximately \$300 million in annualized revenues, supplying a diverse base of retail and foodservice customers from its facilities in California, Kansas and Mexico.

"The acquisition of Sunrise Growers is transformative for our company as it significantly expands our scale in the private label frozen fruit category and aligns well with consumer demands for healthy, convenient and minimally processed foods. Sunrise Growers is a high growth business that is expected to enhance product mix and thus our margin profile and accelerate our strategic focus on integrated consumer products," said SunOpta's President and Chief Operating Officer, Rik Jacobs. "It also provides us with an immediate leadership position in frozen fruit that broadens and deepens our existing customer relationships and complements our leadership in the aseptic non-dairy category. Ed Haft, President and Chief Executive Officer of Sunrise Growers, will lead our frozen fruit operations after the transaction closes. We welcome Ed and his team to SunOpta and look forward to leveraging their deep category, customer and processing knowledge across our existing vertically integrated platform."

"Our team of passionate and committed employees has built a leading private label frozen fruit supplier with a highly scaled operation and top market position," said Haft. "We are excited to have our business be part of the global team at SunOpta and believe this will position us to serve more customers and expand our market reach. Frozen IQF fruits are harvested at their peak of freshness and nutrition and provide a great tasting, convenient and sustainable solution for consumers who want healthy foods."

"We have a strong balance sheet that provides the financial flexibility to complete this strategic, accretive acquisition," said Steve Bromley, SunOpta's Chief Executive Officer. "Sunrise Growers has significant share in a strong and growing category which is aligned with our core focus on healthy foods, and we expect to realize meaningful operational efficiencies and commercial synergies. We believe this transaction is transformative for SunOpta, should lead to significant value for our shareholders and offers immediate benefits for our customers."

### **Transaction Details**

The acquisition of Sunrise Growers fits SunOpta's disciplined acquisition strategy and is expected to leverage the company's integrated field to table business model and enhance its overall margin profile. The transaction is valued at approximately \$450 million. SunOpta expects to realize over \$10 million in procurement, logistical and other operating synergies by the end of 2017. The addition of Sunrise Growers is expected to be approximately \$0.04 and \$0.05 accretive to Adjusted Earnings Per Share in fiscal 2016 and 2017, respectively, which excludes transaction and integration-related costs and certain one-time purchase accounting expenses. The acquisition is expected to be accretive to Adjusted Cash Earnings Per Share by

approximately \$0.10 and \$0.11 in fiscal 2016 and 2017, respectively, which excludes transaction and integration-related costs. SunOpta expects to complete the transaction in the fall of 2015, subject to regulatory approval and customary closing conditions.

SunOpta intends to finance the acquisition through a combination of debt and equity financing. Bank of Montreal and BMO Capital Markets have provided committed financing in support of the transaction, subject to customary conditions.

Following the transaction, SunOpta expects to continue to have access to capital to support further acquisitions and strategic growth initiatives, aided by a strong balance sheet and expanded free cash flow expected from the combined business. After giving effect to the acquisition and related financing, SunOpta expects to have a prudent level of leverage at approximately 5 times pro forma EBITDA within its core foods business. SunOpta expects its core foods business to de-lever 1.0 to 1.5 times over the first 18 months following the acquisition.

This press release does not constitute an offer or sale of any securities. Any securities offered may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

### **Advisors**

Citi is serving as financial advisor and Faegre Baker Daniels LLP and Simpson Thacher & Bartlett LLP are serving as legal advisors to SunOpta.

William Blair and Deutsche Bank are serving as financial advisors and Wachtell, Lipton, Rosen & Katz is serving as legal advisor to Paine & Partners.

### **Conference Call Information**

SunOpta will host a conference call and webcast at 9:00 a.m. ET today to discuss the strategic acquisition of Sunrise Growers. The webcast will be available live and archived on the investor relations section of SunOpta's website at [www.sunopta.com](http://www.sunopta.com). In addition, participants in North America may dial (877) 312-9198 and International participants may dial (631) 291-4622 to listen to the live broadcast.

### **About SunOpta Inc.**

SunOpta Inc. is a leading global company focused on organic, non-genetically modified ("non-GMO") and specialty foods. SunOpta specializes in the sourcing, processing and packaging of organic and non-GMO food products, integrated from seed through packaged products; with a focus on strategic vertically integrated business models. SunOpta's organic and non-GMO food operations revolve around value-added grain, seed, fruit and vegetable based product offerings, supported by a global sourcing and supply infrastructure. SunOpta also holds an approximate 66% ownership position in Opta Minerals Inc. (TSX:OPM), a producer, distributor, and recycler of industrial minerals and silica-free abrasives. Opta Minerals is a non-core holding.

The SunOpta Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=3958>

### **About Sunrise Growers**

Sunrise Growers is the leading processor of conventional and organic frozen fruit in the United States. Sunrise Growers offers a variety of frozen fruit products and packaging formats serving retail private label and foodservice customers. Sunrise's global sourcing network provides consistent year-round access to fruit and its highly scaled, strategically located operational footprint provides the company a low-cost operating position. Sunrise Growers is headquartered in California with approximately 250 full-time and 1,200 seasonal employees.

### **About Paine & Partners**

Paine & Partners is a private equity firm that focuses on complex investment opportunities in the fast-growing, dynamic global food and agribusiness sectors. Paine & Partners' team includes 25 investment, operations and finance professionals focused on investing globally across the food and agribusiness value chain and throughout cycles. The firm currently invests through its \$893 million Paine & Partners Fund IV, which is solely dedicated to agribusiness investing. For further information, see [www.painepartners.com](http://www.painepartners.com).

### **Non-GAAP Measures**

Adjusted Earnings, Adjusted Earnings Per Share, Adjusted Cash Earnings and Adjusted Cash Earnings Per Share are non-

GAAP measures. These non-GAAP measures are performance metrics used by management, and the Company believes that these non-GAAP measures assist investors in comparing performance across reporting periods on a consistent basis by excluding items that are not indicative of the Company's core operating performance. Adjusted Earnings and Adjusted Earnings Per Share represent earnings, calculated on a GAAP basis, adjusted to exclude the effect of expenses, including banking, advisory and financing fees associated with the transaction, costs related to post-acquisition integration activities, and certain purchase accounting expenses associated with fair value adjustments that amortize within the first year following acquisition. Adjusted Cash Earnings and Adjusted Cash Earnings Per Share represent earnings, calculated on a GAAP basis, adjusted to exclude the effect of non-cash expenses and gains, as well as cash costs, including banking, advisory and financing fees associated with the transaction, and cash costs related to post-acquisition integration activities.

Adjusted EBITDA is a non-GAAP measure which represents net earnings excluding income taxes, net interest expense, depreciation and amortization, non-cash stock based compensation, banking, advisory and financing fees associated with the transaction, and costs related to post-acquisition integration activities. The Company believes that Adjusted EBITDA is useful to investors in evaluating the Company's operating performance and liquidity because (i) it is widely used to measure a company's operating performance without regard to items such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets, (ii) it presents a meaningful measure of corporate performance exclusive of the Company's capital structure and the method by which the assets were acquired, and (iii) it is a widely accepted financial indicator of a company's ability to service its debt.

This non-GAAP financial information is provided as additional information for investors and is not in accordance with or an alternative to GAAP. This non-GAAP information may be different from similar measures used by other companies. Given the inherent uncertainty regarding adjusted items in any future period, a reconciliation of forward-looking financial measures to the most directly comparable GAAP measure is not feasible.

### **Forward-Looking Statements**

Certain statements included in this press release may be considered "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation, which are based on information available to us on the date of this release. These forward-looking statements include, but are not limited to, the anticipated closing date of the acquisition of Sunrise Growers (the "Transaction"), our expectation that the Transaction will be accretive to earnings on an Adjusted GAAP basis in fiscal 2016 and 2017, our expectation that the Transaction will be accretive to cash earnings per share in fiscal 2016 and 2017, the estimated value of the procurement, logistical and other operating synergies to be realized as a result of the Transaction, the anticipated sources and amounts of debt and equity financing to satisfy the purchase price for the Transaction, the expected leverage within our core foods business following the Transaction and related financing, our expectation that the core foods business will de-lever 1.0 to 1.5 times over the first 18 months following the acquisition and our expectation that we will continue to have access to capital to support further acquisitions and strategic growth initiatives following the Transaction. Terms and phrases such as "will", "look forward", "expects", "believes", "intends" and other similar terms and phrases are intended to identify these forward looking statements. Forward-looking statements are based on information available to us on the date of this release and are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors the Company believes are appropriate in the circumstances. The Company makes no representation that reasonable business people in possession of the same information would reach the same conclusions. Whether actual timing and results will agree with expectations and predications of the Company is subject to many risks and uncertainties which include, but are not limited to: risks associated with acquisitions generally such as the inability to obtain or delays in obtaining required approvals under applicable anti-trust legislation and other regulatory and third party consents and approvals; potential volatility in the capital markets and impact on the ability to complete the proposed debt and equity financing necessary to satisfy the purchase price; failure to retain key management and employees of Sunrise Growers; issues or delays in the successful integration of Sunrise Growers' operations with those of the Company including incurring or experiencing unanticipated costs and/or delays or difficulties, future levels of revenues being lower than expected and costs being higher than expected; failure or inability to implement growth strategies in a timely manner; risks associated with integrating the operations, systems, and personnel of Sunrise Growers; conditions affecting the frozen fruit industry generally; local and global political and economic conditions; conditions in the securities market that are less favorable than expected; and changes in the level of capital investment, as well as other risks described from time to time under "Risk Factors" in the Company's Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q (available at [www.sec.gov](http://www.sec.gov)). Consequently all forward-looking statements made herein are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized.

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