

# SunOpta

Bringing **well-being** to life



## Q4 and Fiscal 2015 Update

March 2016

# Forward Looking Statements

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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 Quarterly Report on Form 10-Q for the quarter ended October 3, 2015 and the Company’s Annual Report on Form 10-K for the fiscal year ended January 2, 2016 (available at [www.sec.gov](http://www.sec.gov)).



# Uniquely Positioned to Take Advantage of Attractive Market Opportunities

- ✓ “Pure play” exposure to organic/non-GMO foods & private label
- ✓ Largest supply chain in organic raw materials/ingredients in the world
- ✓ Fully integrated “field-to-table” business model; ~40% of offerings are “two-touch”
- ✓ Leading positions in numerous segments, incl. non-dairy aseptic beverages, private label IQF fruits/juice
- ✓ Scalable business platform with significant revenue runway investments completed

## Underpinned by Growing CONSUMER TRENDS

Awareness of Linkage Between Diet & Health



GMO, Food Additive & Allergen Concerns



Evolving Consumer Demographics (Millennials & Boomers)



# Q4 2015 Recap

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- Normalized revenue increased 5.5% to \$316 million, exceeding our annual growth rate of 4.1%
- Adjusted EBITDA of \$14.2 million and Adjusted Earnings of \$0.03 per diluted share
- Our acquisitions performed as expected and the integration of Sunrise Growers is proceeding on track
- Changed management incentives for 2016 to focus on margin improvement and leverage reduction

# 2015 Was A Year of Transformation, Repositioning our Pure-Play Foods Company

## Completed three strategic acquisitions to transform our CPG platform:

- Sunrise Growers – Leading platform in frozen fruit
- Citrusource – Leading player in private label juices
- Niagara Natural – Strategic East Coast manufacturing location

## Achieved notable growth in international organic ingredients:

- Surpassed end market growth rates with 33% growth rate
- Expanded sourcing projects and capabilities

## Significant capital projects, adding capacity to support growing demand:


- West and East Coast Aseptic expansions completed
- Stand Up Pouch capability
- Juice extraction and bottling completed

**Positioned to deliver outsized growth in private label**


# Progress Toward 2016 Operating Goals

## Consumer Products


### 1. Healthy Beverage

- Citrusource fully integrated into San Bernardino 
- Allentown aseptic operation began producing in Q4

### 2. Healthy Fruit

- Acquired leading position in private label frozen fruit 
- Facility rationalization underway contributing to synergy targets of \$5-\$7M in 2016

### 3. Healthy Snacks

- Fully integrated Niagara 
- Showcasing turn-key solutions for nutrition bars to retailers

## Global Ingredients – Sourcing & Supply




- Signed definitive agreement to divest our stake in Opta Minerals
- Opened Innovation Center to deliver proactive innovation
- Entered into new global ABL facility





# Growth in Revenue & Gross Margin



+	 Beverage	 Fruit	 Snacks	-
<b>Two-Touch</b>	Increase gross margin by \$6 million	Successful integration of Sunrise Growers	Achieve growth in fruit snacks of at least 10%	<b>Costs</b>
	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			



# Execution a Must in 3 Key Areas

## CUSTOMERS

**Customer Satisfaction:**  
Increased 10% in 2015



## COSTS

**SG&A:**  
Targeting to be below our stated goal of 8%

**Supply Chain:**  
Opportunities in logistics and warehouse costs

Focusing on saving in factories through better planning and yields

## EMPLOYEES

**Employee Engagement:**  
Better understanding of our purpose, core values and strategies  
Increased engagement scores in 2015





# Good Start to 2016

## SUNRISE

- Executing synergy & integration plan
- Improved sales momentum

## CONSUMER PRODUCTS

- New contracts in aseptic beverage category as a result of our expanded national footprint
- Launching private label snacks and beverage innovations

## OVERALL

- Modest progress in Q1 from Q4
- New ABL in place for improved liquidity

# Q4 2015 Revenue

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(\$ millions)	Q4 2015	Q4 2014	Normalized Growth Rate
Global Ingredients	\$143.5	\$141.8	+4.2%
Consumer Products	\$172.9	\$108.7	+7.1%
<b>Total Revenue</b>	<b>\$316.4</b>	<b>\$250.6</b>	<b>+5.5%</b>

# Key Financial Statistics

(\$ millions, except EPS amounts)	Q4 2015 <sup>(1)</sup>	Q4 2014 <sup>(1)</sup>	Fiscal 2015 <sup>(1)</sup>	Fiscal 2014 <sup>(1)</sup>
Revenues	\$316.4	\$250.6	\$1,145.1	\$1,102.7
Gross Margin	25.2	23.6	110.4	122.1
Operating Income	(1.7)	4.2	21.3	41.7
OI as % of Revenues	(0.6%)	1.7%	1.9%	3.8%
Earnings (Loss) from Continuing Operations	(13.6)	5.1	(3.0)	\$19.3
EPS from Continuing Operations	(\$0.16)	\$0.07	(\$0.04)	\$0.28
Adjusted Earnings <sup>(2)</sup>	2.4	5.0	19.0	26.4
Adjusted EPS <sup>(2)</sup>	\$0.03	\$0.07	\$0.26	\$0.38
Adjusted EBITDA <sup>(3)</sup>	14.2	9.5	62.2	61.2

<sup>1</sup>Financials presented above reflect the classification of Opta Minerals as a discontinued operation held for sale as at January 2, 2016 and the divestiture of the fiber/starch business on December 22, 2014 as a discontinued operation

<sup>2</sup>Adjusted Earnings and Adjusted EPS are non-GAAP measures. Refer to slide 17 in the Appendix for a reconciliation to the most comparable GAAP measure

<sup>3</sup>Adjusted EBITDA is a non-GAAP measure. Refer to slide 18 in the Appendix for a reconciliation to the most comparable GAAP measure

# Cash Flow Summary

Cash Provided by (used in) <sup>(1)</sup> (\$ millions)	Q4 2015	Q4 2014	Fiscal 2015	Fiscal 2014
Cash Flows from Operations	\$26.1	(\$15.0)	\$26.4	\$17.5
Cash Flows from Investing Activities	(480.7)	(5.4)	(521.8)	(12.5)
Cash Flows from Financing Activities	359.6	(10.9)	490.2	(38.6)

<sup>1</sup> Reflects cash flows from continuing operations



# Key Balance Sheet Metrics

<b>Balance Sheet</b> (\$ millions, except ratio and per share amounts)	<b>January 2, 2016</b>	<b>January 3, 2015</b>
Working Capital <sup>1</sup>	\$364.8	\$234.0
Total Assets <sup>2</sup>	\$1,154.9	\$530.9
Total Debt	\$482.8	\$83.0
Ratio of Total Debt to Equity	1.15 to 1.00	0.24 to 1.00
Book Value per Share	\$4.93	\$5.08

<sup>1</sup>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

<sup>2</sup>Excludes assets held for sale

# In Conclusion



Growing Organic and Non-GMO Markets



Strategic Blueprint to Drive Higher Operating and EBITDA Margins



Sunrise Growers Acquisition has Strong Strategic and Financial Merits



Secured All Debt Financing with Commitment of 5-6 Years



Excellence is paramount



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# Appendix

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## 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)

	Fiscal 2015	Fiscal 2014	Fiscal 2013
<b>Earnings (loss) attributable to SunOpta Inc.</b>	<b>\$ (22.5)</b>	<b>\$ 13.1</b>	<b>\$ (8.5)</b>
Earnings (loss) from discontinued operations attributable to SunOpta Inc.	(19.5)	(6.2)	(0.1)
<b>Earnings (loss) from continuing operations attributable to SunOpta Inc.</b>	<b>(3.0)</b>	<b>19.3</b>	<b>(8.4)</b>
Adjusted for:			
Plant expansion and start-up costs <sup>(1)</sup>	4.1	-	-
Downtime, spoilage, and other costs due to equipment failure <sup>(1)</sup>	2.2	-	-
Inventory reserves and liquidation sales to reduce inventory exposures <sup>(1)</sup>	2.4	-	-
Demurrage, detention and other related expenses <sup>(1)</sup>	2.0	-	-
Professional fees related to ongoing litigation and other activities <sup>(2)</sup>	1.7	-	-
Reversal of stock-based compensation expense <sup>(2)</sup>	(0.6)	-	-
Costs related to business acquisitions <sup>(3)</sup>	17.2	-	-
Impairment loss on investment	-	8.4	21.5
Other expense (income)	4.4	(2.2)	5.5
Net income tax effect of preceding adjustments	(10.6)	0.9	(2.2)
Change in unrecognized tax benefits	(0.9)	-	-
<b>Adjusted earnings</b>	<b>\$ 19.0</b>	<b>\$ 26.4</b>	<b>\$ 16.4</b>
Weighted average diluted shares outstanding	72,462,634	68,370,647	67,832,125
<b>Adjusted earnings per diluted share</b>	<b>\$0.26</b>	<b>\$0.38</b>	<b>\$0.24</b>

<sup>(1)</sup> Adjustment included in cost of goods sold.

<sup>(2)</sup> Adjustment included in selling, general and administrative expenses.

<sup>(3)</sup> Costs related to business combinations represent costs incurred in connection with the acquisition of Sunrise, Citrusource and Niagara Natural, of which \$4.0 million is included in cost of goods sold, \$5.4 million is included in interest expense, net, and \$7.8 million is included in other expense.

For the year ended January 2, 2016, in addition to the results of discontinued operations, the Company recognized other expenses related primarily to business acquisitions, severance and asset disposal charges, expansion and start-up costs related to our east coast aseptic and premium juice facilities, inventory reserves and low margin sales to reduce inventory exposures on certain organic raw materials, downtime and other costs associated equipment failure, demurrage, detention and other related expenses in connection with trans-loading capacity constraints on imported and exported product, and ongoing litigation costs. Also for the year ended January 2, 2016, the Company recognized gains related to the benefit of previously unrecognized tax benefits and the reversal of stock-based compensation expense.

For the year ended January 3, 2015, the Company recognized an \$8.4 million non-cash impairment loss on its investment in Enchi, as well as gains on sales of assets and the settlement of acquisition-

For the year ended December 28, 2013, the Company recognized a \$21.5 million non-cash impairment loss on its investment in Enchi, a loss associated with a customer initiated product recall, and severance reported in "Other

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, except per share amounts; totals may not sum due to rounding)

	Q4 2015	Q4 2014	Fiscal 2015	Fiscal 2014	Fiscal 2013
<b>Earnings (loss) from continuing operations</b>	<b>\$ (13.8)</b>	<b>\$ 5.0</b>	<b>\$ (3.1)</b>	<b>\$ 19.5</b>	<b>\$ (8.6)</b>
Provision for income taxes	(8.2)	(1.3)	(3.4)	12.0	8.4
Interest expense, net	12.5	0.7	15.7	3.9	4.2
Other expense (income), net	7.8	(0.2)	12.2	(2.2)	5.5
Impairment loss on investment	-	-	-	8.4	21.5
<b>Operating Income</b>	<b>(1.7)</b>	<b>4.2</b>	<b>21.3</b>	<b>41.7</b>	<b>31.0</b>
Depreciation and amortization	4.3	4.0	21.0	15.6	14.3
Stock based compensation	0.5	1.4	3.5	3.9	2.8
<b>EBITDA</b>	<b>3.1</b>	<b>9.5</b>	<b>45.8</b>	<b>61.2</b>	<b>48.0</b>
Adjustments <sup>(1)</sup>	11.2	-	16.4	-	-
<b>Adjusted EBITDA</b>	<b>14.2</b>	<b>9.5</b>	<b>62.2</b>	<b>61.2</b>	<b>48.0</b>

<sup>(1)</sup> 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.

# SunOpta

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**Poised to Accelerate our  
Transformation  
as a Global Leader in  
Healthy and Organic Foods**

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