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PRESENTATION

Operator

Good morning, and welcome to SunOpta's Third Quarter Fiscal 2019 Earnings Conference Call. By now, everyone should have access to the earnings press release that was issued this morning and is available on the Investor Relations page on SunOpta's website at www.sunopta.com. This call is being webcast, and its transcription will also be available on the company's website.

As a reminder, please note prepared remarks which will follow, 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 risk factors contained in SunOpta's press release issued this morning, the company's annual report filed on Form 10-K and other filings with the Securities and Exchange Commission for a more detailed discussion of the factors that could cause actual results to differ materially from those projections in any forward-looking statements. The company undertakes no obligation to publicly correct or update the forward-looking statements made during the presentation to reflect future events or circumstances except as may be required under applicable securities laws.

Finally, we would like to remind listeners that the company may refer to certain non-GAAP financial measures during this teleconference. A reconciliation of these non-GAAP financial measures was included with the company's press release issued earlier today. Also, please note that unless otherwise stated, all figures discussed today are in U.S. dollars and are occasionally rounded to the nearest million.

And now I'd like to turn the conference call over to SunOpta's CEO, Joe Ennen.

Joseph D. Ennen ***SunOpta Inc. - CEO & Director***

Good morning, and thank you for joining us today. I'm pleased to start by saying we had a productive third quarter with strong revenue growth and adjusted EBITDA of $9.9 million. I will take you through our third quarter performance and brief you on some organizational update.

For the third quarter of 2019, we generated $296 million of revenue, which on an adjusted basis represented a 6.6% year-over-year growth rate. The growth was driven by our Global Ingredients and Consumer Products segments and was led by particularly strong performance in Healthy Beverages.

During the third quarter, we generated exceptionally strong revenue growth and margin expansion in our Healthy Beverage platform. Specifically, the Healthy Beverage platform generated an impressive adjusted revenue growth of 31% during the quarter driven by growth across every beverage category.

Additionally, our margin performance exceeded our internal expectations and is within the range of our previously communicated long-term target. This is encouraging in a quarter where we just brought on a significant increase in capacity. Our plant-based beverage and ingredients business is seeing strong demand across all channels and product categories. Following our recent capital investment, we are in an improved position in both capacity and capabilities. The added capacity, including 2 new fillers in Allentown, has allowed us to get an early start to the broth season this year, driving both increased revenue and margin.

Further, the growing demand for plant-based beverages, particularly in the promising oat category, continues to drive a return on our investment. Finally, in contrast to last year, when executional issues and capacity limitations weighed on our fourth quarter results, we are looking forward to a well-planned and well-executed 2019 Q4. To sum up, we expect the momentum in this business to continue.

The Healthy Snacks platform posted a revenue decline of 23% on a year-over-year basis. This was anticipated as our second quarter grew 21%, benefiting from a customer moving orders into the second quarter from the third quarter.

On a year-to-date basis, revenue from the Healthy Snacks business is in line with prior year sales with higher gross margin. As we discussed on our last call, we continue to see opportunities for more everyday healthy snack items in private label, which should ultimately reduce quarter-to-quarter volatility. Additionally, there are some exciting innovation projects in development that will help us better utilize our plants.

Moving on to Healthy Fruit. I'm excited to announce that we have enhanced our senior leadership team with the promotion of Barend Reijn to General Manager of our Healthy Fruit platform. In addition to Barend, we have also upgraded talent in key fruit support function. These changes are an important step towards continuing improvement of the performance of that business.

Barend was most recently a Vice President within Tradin Organics organization, where he was responsible for our U.S. fruit sourcing and trading operations, so he brings a wealth of knowledge to the role around fruit agricultural practices, fruit sourcing and the global fruit market. His experience will be especially valuable as we activate 1 of the 8 business drivers outlined in Q2, which is to seek to further diversify our fruit sourcing. Barend has a proven track record of driving growth and fostering a true culture of entrepreneurialism and innovation, and we are pleased to have him lead the Healthy Fruit business.

Revenue in the Healthy Fruit platform declined 2.4% on an adjusted basis, reflecting the decline in volume, partially offset by improvement in revenue per pound. As we have discussed in detail on several calls, the Mexico and California strawberry freezer harvest have significantly impacted the business in the short term. The impact to both volume and margin were consistent with our expectations resulting in a negative gross margin of approximately 5% in the third quarter.

As previously discussed, we have been working with our retail customers to remedy our overly aggressive pricing actions from 2018. These efforts have largely been successful, and we have made meaningful progress. As a result of this and other actions taken under our fruit margin optimization plan, we believe the third quarter will represent the low point for our frozen fruit margins, and we anticipate sequential improvement in the fourth quarter and into 2020.

Moving to Global Ingredients. Sales on an adjusted basis increased 0.3%, excluding commodity and currency changes, the sale of soy and corn business and the acquisition of Sanmark. The growth was driven by strong performance in organic cocoa, sugars and grains. However, these increases were partially offset by lower volumes of organic fruits and vegetables as well as cocoa -- or excuse me, as well as coffee and nuts.

The recent acquisition of Sanmark continues to perform well and meet expectations. Encouragingly, we began initial commercial production of organic avocado oil in Ethiopia on schedule during the third quarter.

Domestically, revenue in the sunflower and roasted ingredient business declined 5.3% on an adjusted basis, primarily reflecting lower demand for inshell and kernel sunflower products, partially offset by higher roasted snack volume.

As I discussed last quarter, we have developed our strategic priorities and are focused on 8 key strategies. Let me recap those for you. Number one, double our plant-based beverage business to roughly $500 million in revenue within 5 years via rapid expansion of our manufacturing, packaging and go-to-market capabilities. Number two, deliver the fruit optimization -- margin optimization plan by the end of 2020 through automation, diversification and rational pricing. Three, create and bring to market margin accretive innovation in both our fruit and plant-based beverage businesses. Four, at Tradin Organic, continue to identify and develop new sources of organic ingredients to maintain our position as a leader in sourcing on-trend ingredients and to drive sustained, high single-digit top line growth over the next 5 years. Five, further invest in manufacturing as a mechanism to add value to Tradin Organics' overall value proposition and support attainment of an overall 14% gross margin profile in that business. Six, quickly identify and leverage both sales and margin synergies by viewing our fruit business as one synergistic operation as opposed to operating global fruit sourcing, fruit snacks, fruit juice, frozen fruit and fruit preps as 5 independent businesses. Seven, further diversify our fruit sourcing by expanding our operations in Mexico,while simultaneously strengthening our California grower relations and expanding our global reach to derisk the impact weather can have on fruit supply. And finally, streamline the organization for faster decision-making, clear accountability and more empowerment.

I'm pleased with the progress we've made against all of these strategic initiatives to date. Let me provide a few highlights of what we've accomplished during the quarter. During the third quarter, as I mentioned, we generated 31% revenue growth across all categories in our beverage business as we successfully commercialized our capacity expansion in Allentown ahead of schedule early in the quarter. We also began the expansion of our extraction capacity, which will expand our beverage ingredient capabilities to capitalize on the strong demand, particularly in oat-based beverages. We continue to have a robust pipeline of opportunities in broth and plant-based products.

As it relates to innovation, we are driving strong growth from oat-based beverages, reflecting our strong technical R&D competency and our efforts to co-create innovation with our customers. We are benefiting from our early leadership in the category as Q3 saw the commercialization of nearly a dozen new products codeveloped with our customers. We are also ramping up our innovation efforts in Healthy Fruit with new fruit blends, smoothie kits and new customers.

As it relates to the diversification of fruit sourcing, we have enhanced the leadership team and are leveraging our global sourcing capability to source incremental fruit. This quarter, we secured additional fruit from counter-seasonal sources in South America to help partially offset the supply limitations in Mexico and California. I have also personally had multiple top-to-top meeting with large growers, who represent over half of our volume. In addition, as you saw with the announcement of Barend, we are beginning to leverage our global fruit competencies.

The last strategic priority to touch on relates to our efforts to streamline and enhance organizational effectiveness. During the quarter, we executed the rightsizing of the organization, which will reduce complexity and create a more nimble operating structure that puts key decision-makers closer to the customer. By being faster to respond to customer needs and consumer trends, we will strengthen our competitive positioning in healthy food and beverage categories. This initiative resulted in a headcount reduction of the top and middle management levels within our Consumer Products segment and corporate function.

Besides optimizing our organizational effectiveness, this restructuring provides the additional benefit of reducing overall SG&A by $8 million to $10 million on an annualized basis once fully implemented by the end of Q4.

In summary, we are executing on the key initiatives we laid out on or ahead of schedule. Our focus on plant-based beverages is delivering significant margin accretive growth. Our products and capabilities remain aligned with on-trend category, and we have the organization to deliver on our opportunities and drive improved profitability.

As we enter the fourth quarter, we anticipate a sequential and year-over-year improvement in adjusted EBITDA. We remain well positioned to drive growth across our business while improving the profit profile of our Healthy Fruit platform. We still have work to do on fruit, and we need to work through the higher cost and limited supply of last year's harvest, but we're positioned to execute our fruit margin optimization initiatives.

Before we go through the financials in more detail, let me introduce you to Scott Huckins, who joined us early in September as our new Chief Financial Officer. Scott is a results-oriented financial executive with 30 years of financial management and capital markets experience. He has a proven track record of leading significant business improvement by attacking cost, streamlining processes and improving underlying business structures. He also has extensive experience in strategic planning, working capital management and risk management together with a deep understanding of baking (sic) [banking] relationships and treasury. Scott most recently served as Executive Vice President and CFO of Claire's Stores, a $1.3 billion global retail. I look forward to working with Scott as we continue to unlock the potential of our on-trend category while relentlessly driving margin enhancement and consistent operational excellence. Scott is off to a fast start.

Now let me turn the call over to Scott to discuss the financials in more detail. Scott?

Scott E. Huckins *SunOpta Inc. - CFO*

Thank you very much, Joe, and good morning, everyone. I am excited to join this talented team and look forward to meeting and speaking with all of you in the future. Let me begin with some initial impressions from my first 2 months here at SunOpta.

First, I joined the company because I saw opportunity, both in the attractive positioning in on-trend product categories and the transformation the company is undertaking. Having now been able to evaluate the business from the inside out, it is very apparent to me that there are incremental opportunities to drive profitability improvement through enhancing and streamlining processes across the organization. This should not only enhance margin, but also accelerate growth. I look forward to working with the entire team to create a stronger and more efficient organization.

Let me walk through more detail on gross profit and the rest of the income statement, given Joe's discussion on the commercial activities and revenue during the quarter. I will also cover our balance sheet and cash flow results.

Gross profit was $26.3 million for the third quarter of 2019, a decrease of $7.8 million compared to $34.1 million during the third quarter of 2018. Consumer Products accounted for $3.4 million of the decrease, mainly reflecting the impact of the weather-related strawberry shortfall in Healthy Fruit. Our financial results in Healthy Fruit were in line with our previous communication, which was a total impact to margins of $20 million to $30 million for fiscal 2019 and 2020.

Based on Q3 performance, we would expect to be in the center of that range, and we have absorbed slightly more than half of the impact to date with sequential decreases expected in each of the next 3 quarters. The decline in Healthy Fruit was partially offset by increased gross profit in the Healthy Beverage platform due to the strong sales growth and associated increases in production volumes as well as productivity-driven savings. As Joe noted, we are achieving our long-term gross margin targets in the Healthy Beverage platform despite the start-up of significant capacity this quarter.

Global Ingredients accounted for $4.4 million of the decrease in gross profit. Excluding the impact of the sale of the soy and corn business, gross profit in Global Ingredients decreased by $3.1 million. This was primarily due to a $2.3 million reduction in commodity hedging gains as well as the increased cost of production following the expansion of our organic cocoa facility late last year.

As a percentage of revenues, third quarter gross margin was 8.9% compared to 11.1% last year. Excluding equipment startup and new product commercialization costs of $1.9 million in the third quarter of 2018, the gross profit percentage would have been approximately 12.4% last year.

On a consolidated basis, operating loss was $3.5 million or 1.2% of revenues in the third quarter, compared to operating income of $4.5 million or 1.5% of revenues last year. The decrease in operating income year-over-year reflects a $7.8 million reduction in gross profit and a $0.5 million increase in consolidated SG&A expenses. The increase in SG&A reflected higher overall employee compensation costs offset by SG&A reductions related to the sale of the soy and corn business and rationalized overhead.

Excluding the results of disposed businesses, nonstructural SG&A costs and the other items affecting gross profit that I just mentioned, operating loss would have been $1.9 million in the third quarter of 2019 compared with operating income of $6.2 million in the third quarter of 2018. Loss attributable to common shareholders for the third quarter was $13.8 million or $0.16 per share compared to a loss of $6.6 million or $0.08 per share during the third quarter of 2018.

On an adjusted basis, net loss was $9.9 million or $0.11 per share compared to $3.8 million or $0.04 per share in the third quarter of 2018. For the third quarter of 2019, adjusted EBITDA, excluding disposed operations, was $9.9 million compared to $16.3 million in the prior year.

Looking ahead, we continue to expect some top line and margin pressure in Healthy Fruit as we sell through the 2019 crop that carries the burden of the weather-related costs. However, we expect the full effect of our pricing efforts to take hold over the course of the fourth quarter. This will enable the fruit platform to generate low single-digit margins before the full impact of our fruit margin optimization plan is in place by the end of 2020.

I'd like to remind listeners that adjusted EBITDA and adjusted earnings are non-GAAP measures. And a reconciliation of these measures to GAAP can be found toward the back of the press release issued earlier this morning. Now let me turn to cash flow and balance sheet activities.

Total debt as of Q3 was $514.9 million compared to $509.2 million at year-end 2018 as a result of the seasonal increase related to working capital in the fruit operation, partially offset by the sale of the soy and corn business.

Total debt as of Q3 reflects $218 million net of issuance costs of the 9.5% senior secured second lien notes due in 2022, $268.2 million drawn on our first lien global asset-based credit facility with the balance representing smaller credit facilities, lease and other financing arrangements. The global asset-based credit facility is a syndicated credit agreement maturing in February of 2021 with an aggregate commitment of up to $360 million.

We recently engaged the agent bank of our global asset-based credit facility to seek an extension or refinancing of the agreement. I am pleased with the support and receptiveness of our partners in our productive discussions to date.

From a cash flow perspective, during the third quarter, cash generated from operating activities was $4.3 million compared to cash generated of $10.5 million during the third quarter of 2018. The $6.2 million decrease in cash generated from operating activities primarily reflects lower profitability in the company's Healthy Fruit platform.

Cash used in investing activities was $7.6 million in the third quarter of 2019 compared with $6 million in the prior year, an increase in cash used of $1.6 million due primarily to proceeds of $1.7 million received in the third quarter of 2018 related to the sales of businesses and assets. I'd like to remind listeners that in the fourth quarter we typically see meaningful cash released from a seasonal sell-through of inventory.

With that, I'd ask the operator to please open up the call to your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Amit Sharma with BMO Capital.

Amit Sharma ***BMO Capital Markets Equity Research - Analyst***

Scott, just a quick one on the global asset buying -- asset-based facility. As you're talking to the bankers, any early sense for how much incremental it may cost the company to renew this facility?

Scott E. Huckins ***SunOpta Inc. - CFO***

Not a lot there, and I think at the moment, we're really focused on drawing closure to whether it's an extension or refinance, and those efforts are underway. But at the moment, I'm not seeing any material headwind on that.

Amit Sharma ***BMO Capital Markets Equity Research - Analyst***

So as we model for next year and year after, we shouldn't really look for interest expense to be a bigger hurdle from a company perspective.

Scott E. Huckins ***SunOpta Inc. - CFO***

I wouldn't expect that to be a material adjustment.

Amit Sharma ***BMO Capital Markets Equity Research - Analyst***

Got it. And then, Joe, really encouraging performance on the beverage side. But I just want to make sure that we understand the ramp-up as we go into the fourth quarter and 2020. Can you talk about, like last year, fourth quarter '18, how big of an impact did we see on both margins and top line from poor execution around the broth business so that when you look at Q4 this year, most of that will be gone.

Joseph D. Ennen ***SunOpta Inc. - CEO & Director***

Just so I understand your question. So you're asking how significant is the overlap between Q4 -- upcoming Q4 and Q4 last year?

Amit Sharma ***BMO Capital Markets Equity Research - Analyst***

Yes, exactly.

Joseph D. Ennen ***SunOpta Inc. - CEO & Director***

Yes. I mean we're obviously in a much, much better position. You saw the results in Q3 of the beverage business. Q4 is obviously a very seasonally strong broth segment.

It's worth noting that more than half the growth in the beverage business in the third quarter came from plant-based beverages, not from broth. So while it might be easy to orient around Q3, Q4 performance being driven exclusively by broth, the majority of the growth that we saw in the third quarter was from plant-based beverages, which obviously have less seasonality than broth. So going into the fourth quarter, I mean, we would expect a significant improved overlap versus Q4 of last year on the beverage business.

Amit Sharma ***BMO Capital Markets Equity Research - Analyst***

And just to confirm the additional broth business that you're winning and the additional plant based as well, the margin profile of these new business wins is at least as good as we had historically in the beverage business, if not better.

Joseph D. Ennen ***SunOpta Inc. - CEO & Director***

Correct. There's not a material difference between the margin profile of our broth business and the margin profile of our plant-based beverages.

Amit Sharma ***BMO Capital Markets Equity Research - Analyst***

And obviously, you benefit from better utilization of your asset base as you continue to grow up volumes here.

Joseph D. Ennen ***SunOpta Inc. - CEO & Director***

Absolutely.

Amit Sharma ***BMO Capital Markets Equity Research - Analyst***

Right. And on food, Joe, again, encouraging to hear you confirm that 3Q is probably the trough in terms of margins. Can you just help us understand a little bit better, like what gives you the confidence and the visibility that this is as bad as it gets from a margin perspective for this business?

Joseph D. Ennen ***SunOpta Inc. - CEO & Director***

Yes, a couple of things. Number one is the third quarter, we had some pretty significant costs related to reworking inventory, previous inventory. Those costs will not materially impact us in the fourth quarter as well as the pricing that we've talked about extensively since really, the -- my first call, where we're seeking to remedy some overly aggressive pricing positions from 2018. And the majority of that pricing gain will be fully realized by the fourth quarter.

Amit Sharma ***BMO Capital Markets Equity Research - Analyst***

And the last one for me. This $8 million to $10 million run rate savings from SG&A, Scott, how should we think about that? Like if you -- at least I look at my model, I have total $115 million of SG&A in my model for 2019. And should I take $8 million to $10 million out of that bucket as we think about the flow-through of these savings for next year?

Scott E. Huckins ***SunOpta Inc. - CFO***

Okay. So the way to think about it is that the cost savings are on an as-realized real-time basis. So obviously, there could be inflationary costs that exist in the business. As an example, many, if not most companies will provide some level of merit increases and the like. And for those of you who spent time out in the West, you look at labor costs in California markets and the like would be some offsets to that.

Amit Sharma ***BMO Capital Markets Equity Research - Analyst***

Okay. But you would expect to take some sort of pricing to offset the net-end inflation in your cost bucket, right?

Scott E. Huckins ***SunOpta Inc. - CFO***

Yes, over time. I mean I think that the point I'm trying to drive at is that there will be some absorption of inflationary pressures against that 8% to 10%, but that's the action we've taken today.

Operator

Our next question comes from Jon Andersen with William Blair.

Clay Williams ***William Blair & Company L.L.C., Research Division - Associate***

Clay Williams on for Jon Andersen. And I guess the first question would just be, I guess, the priorities going into 2020 as a...

Joseph D. Ennen ***SunOpta Inc. - CEO & Director***

Yes. I mean key priorities, execute our fruit optimization plan, continue to drive growth in the beverage business with very aggressive posture around driving innovation, winning new business and expanding our capabilities and capacity through some capital investments, which we previously discussed.

And then on the Tradin Organics side, continue to leverage our global network to source additional organic supplies in key emerging commodities as well as leverage our manufacturing footprint that we've established around the world to add value to the ingredients that we're sourcing.

Clay Williams ***William Blair & Company L.L.C., Research Division - Associate***

All right. And I guess, secondly, I was -- I guess, we talked a little bit about the global credit facility due in 2021. I guess is there any initial plans regarding the, I guess, the bonds that are due 2022?

Scott E. Huckins ***SunOpta Inc. - CFO***

Yes. I mean the way I think about it is, job 1 is to extend the maturity of the ABL. I think, job 2, from purely a financing standpoint, is to continue to drive and improve the performance, specifically the EBITDA performance of the company, which obviously facilitates down the road a refinancing of the 2 elements.

Clay Williams ***William Blair & Company L.L.C., Research Division - Associate***

And lastly for me is that, I guess, as we think about EBITDA in the fourth quarter, I guess, we mentioned the improved sequential and year-over-year improvements. I guess, kind of breaking that down, I guess, the reasons we're thinking the full -- I guess, the quarterly run rate for the corporate cost savings as well as, I guess, the reduced frozen fruit drag. I guess, as we think about -- I know that the incremental beverage business, you have installed capacity, I think about $70 million in September. Will we have the full run rate of that in the fourth quarter?

Scott E. Huckins ***SunOpta Inc. - CFO***

Well, I guess, maybe to try to take it in steps. So I think your premise is generally right. We have lift from the fruit business. We'd have some level of those SG&A savings. Again, I think as we described earlier, those are implemented across the fourth quarter. There'd be improvement in the beverage business, as Joe was just talking about, but there's also seasonal activities. Some of the businesses aren't sequentially as top line rich in the fourth quarter as they are in the third quarter. So like always, it's a series of puts and takes.

Operator

(Operator Instructions) Our next question comes from Chris Krueger with Lake Street Capital Markets.

Christopher Walter Krueger ***Lake Street Capital Markets, LLC, Research Division - Senior Research Analyst***

First question is on healthy beverages. You indicated a strong margin improvement as you fill up new orders and got the capacity up to speed. Did that margin improvement get better and better as the quarter moved on?

Joseph D. Ennen ***SunOpta Inc. - CEO & Director***

Yes. Yes, it did.

Christopher Walter Krueger ***Lake Street Capital Markets, LLC, Research Division - Senior Research Analyst***

Okay. And can you repeat again, I think I've asked on other calls, but what are your margin goals for each of the 2 segments, longer-term goals?

Joseph D. Ennen ***SunOpta Inc. - CEO & Director***

Between -- you're talking...

Christopher Walter Krueger ***Lake Street Capital Markets, LLC, Research Division - Senior Research Analyst***

Just Global Ingredients and then Consumer Products.

Joseph D. Ennen ***SunOpta Inc. - CEO & Director***

So on Global Ingredients, we've indicated 14% is our long-term goal. And on CPG, our goal is kind of 19% to 20%.

Christopher Walter Krueger ***Lake Street Capital Markets, LLC, Research Division - Senior Research Analyst***

Okay. And then just last question. I know you guys have sold some businesses and done a lot of work in the last few years. But are there more assets that you could potentially monetize?

Joseph D. Ennen ***SunOpta Inc. - CEO & Director***

As -- we're not about to announce a sale on this call. But as we've indicated previously, we have an active strategic review committee on the Board and are active in looking at what is the optimal portfolio. And do we feel like the long term -- the assets that we have are going to provide long-term shareholder value and returns.

Operator

We have a follow-up question from the line of Amit Sharma with BMO Capital.

Amit Sharma ***BMO Capital Markets Equity Research - Analyst***

Scott, just a question for you. Given your real deep experience on working capital and balance sheet, should we be thinking about free cash flow a little bit more for SunOpta? So long, it's been focused on the EBITDA line? As you look at the working capital line especially, do you see any opportunities for you to be a little bit more productive there? And just a word on CapEx. Should we expect it to stay in this $25 million to $30 million range?

Scott E. Huckins ***SunOpta Inc. - CFO***

Thanks for the question. So I think that there's always scrutiny on working capital and balance sheet efficiency. It's something that I'm focused on. So at the same time, we're obviously trying to grow the business as well. So remember, if we have -- we're reaching the growth initiatives that Joe just described to you, you have a put and a take. You have an opportunity to squeeze some working capital out of the business. But at the same time, we have to be prepared to invest in working capital to grow the top line. Joe commented on the beverage business growing 31% last quarter. There's obviously some working capital consumption on that.

I think your next question was around CapEx. I think something in that $25 million to $30 million range on a longer-term outlook basis makes sense to me, recognizing that we obviously have the opportunity to finance some of that CapEx as well.

Amit Sharma ***BMO Capital Markets Equity Research - Analyst***

Got it. And Joe, one for you. Obviously, a very large strategic holder for you in the holder list. What's the interaction between the Board or between you and them? Is it still a healthy relationship? They're fully onboard with some of the changes that you're putting in place?

Joseph D. Ennen ***SunOpta Inc. - CEO & Director***

Absolutely. It's a very productive relationship. They're incredibly supportive of all of our activities, both at a strategy level as well as an execution level and are -- an absolute asset to the business and a great, great partner.

Operator

And I'm showing no further questions in queue at this time. I'd like to turn the call back to Mr. Ennen for closing remarks.

Joseph D. Ennen ***SunOpta Inc. - CEO & Director***

Okay. Thank you, operator, and thank you all for participating in our third quarter conference call. I look forward to speaking to you in the future and appreciate your interest and support in SunOpta. Have a great day.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.