PREMIUM BRANDS HOLDINGS CORPORATION
ANNOUNCES RECORD FOURTH QUARTER AND 2019 SALES AND ADJUSTED EBITDA, A 10% DIVIDEND INCREASE, THREE NEW BUSINESS INVESTMENTS AND GUIDANCE FOR 2020

VANCOUVER, B.C., March 12, 2020. Premium Brands Holdings Corporation (TSX: PBH), a leading producer, marketer and distributor of branded specialty food products, announced today its results for the fourth quarter of 2019.

HIGHLIGHTS

- Record fourth quarter revenue of $959.1 million representing a 13.7% or $115.2 million increase as compared to the fourth quarter of 2018
- Organic sales volume growth of 7.4%
- Record fourth quarter adjusted EBITDA of $75.1 million
- Steady progress on the execution of an exciting pipeline of new growth opportunities in fresh seafood, artisan sandwiches, premium dry cured meats and meat snacks, with many of these categories being well positioned to become billion dollar platforms in the coming years
- For the year, U.S. based sales increased by 34.7% to $1.4 billion
- The investment of $32.8 million for the acquisitions of Inform Brokerage and Bavarian Meats as well as the purchase of a 16.67% interest in Italy based, La Felinese Salumi
- Subsequent to the quarter, the Company increased its quarterly dividend by 10.0% to $0.5775 per share or $2.31 per share annually, from $0.525 per share or $2.10 per share annually. This represents the sixth consecutive year of double digit dividend growth

SUMMARY FINANCIAL INFORMATION

(In millions of dollars except per share amounts and ratios)

	13 weeks ended Dec 28, 2019	13 weeks ended Dec 29, 2018	52 weeks ended Dec 28, 2019	52 weeks ended Dec 29, 2018
Revenue	959.1	843.9	3,649.4	3,025.8
Adjusted EBITDA	75.1	62.7	307.7	251.3
Earnings	16.2	18.1	84.2	98.0
EPS	0.43	0.54	2.35	3.03
Adjusted earnings	29.5	27.7	118.4	121.3
Adjusted EPS	0.79	0.82	3.31	3.74

	Trailing Four Quarters Ended Dec 28, 2019	Trailing Four Quarters Ended Dec 29, 2018
Free cash flow	177.8	164.6
Declared dividends	76.7	62.7
Declared dividend per share	2.10	1.90
Payout ratio	43.1%	38.1%

“We are pleased to report another quarter of record sales and adjusted EBITDA,” said Mr. George Paleologou, President and CEO. “We are continuing to make solid progress in growing our various platforms in Canada and the U.S. and are particularly pleased with the progress made in several key product categories including value-added seafood, artisan sandwiches, premium dry cured meats and meat snacks,” added Mr. Paleologou.

“A significant portion of our growth in the quarter occurred in the U.S. where our best-in-class management teams are doing a great job in executing their growth strategies through product innovation, operational excellence and capitalizing on opportunities within our ecosystem. For the year, our sales in the U.S. grew by 34.7% to $1.4 billion and now represent almost 40% of our total sales, up from under 22% just five years ago.

“While we remain confident in meeting or exceeding our goal of $6 billion in sales and $600 million in EBITDA by 2023, we are taking a cautious approach to what the short term future may hold. This is largely due to the recent outbreak of COVID-19 and its possible impact on demand in certain sales channels as it is already impacting consumer consumption patterns, supply chains and the overall level of economic activity in many other markets around the world. We are actively managing this challenge and where appropriate erring on the side of caution in terms of what’s best for our employees, communities and customers. We are also continuing to manage our way through the uncertainties created by the severe outbreak of African Swine Fever in China and, in particular, the resulting volatility in global protein markets. While we believe both of these issues to be transitory, there is a significant amount of uncertainty on how they will play out in the coming months. I am, however, confident that our businesses will once again rise to the occasion and will effectively manage through them in a prudent and ethical manner while always acting in the best interests of all our stakeholders.

“In terms of acquisitions, we recently completed the investment of $32.8 million for the acquisitions of Inform Brokerage and Bavarian Meats as well as the purchase of a 16.67% interest in La Felinese Salumi. Inform Brokerage is a leading brokerage and specialty food distribution business based in British Columbia while Bavarian Meats is an iconic producer and marketer of best-in-class branded meat snacks and premium deli meats in the U.S. Pacific Northwest. In terms of La Felinese, we are particularly pleased that this transaction represents our first investment outside of North America. La Felinese is based in Parma, Italy and is a leading producer of premium Italian dry cured meats. Furthermore, it is a strategic supplier to several of our businesses and has played a key role in helping us build our very successful Canadian charcuterie business,” said Mr. Paleologou. “Our investment in La Felinese not only reflects our respect for its management team and operations, but also our confidence in the growth opportunities for our charcuterie lines in both Canada and the U.S.

“Looking forward, I have no doubt that 2020 will be another very busy year for acquisitions as our pipeline remains full and includes both large platform opportunities as well as strategic bolt-on transactions that will strengthen our existing businesses.

“We are also pleased to announce a 10% increase in our dividend. This is the sixth year in a row that we have increased our dividend by 10% or more,” added Mr. Paleologou.

FIRST QUARTER 2020 DIVIDEND

The Company announced that it will be increasing its quarterly dividend by 10.0% to $0.5775 per share or $2.31 per share on an annualized basis. Correspondingly, the Company’s Board of Directors approved a cash dividend of $0.5775 per share for the first quarter of 2020, which will be payable on April 15, 2020 to shareholders of record at the close of business on March 31, 2020.

Unless indicated otherwise in writing at or before the time the dividend is paid, each dividend paid by the Company in 2020 or a subsequent year is an eligible dividend for the purposes of the Enhanced Dividend Tax Credit System.

OUTLOOK FOR 2020

See *Forward Looking Statements* for a discussion of the risks and assumptions associated with forward looking statements.

Except as noted below, the Company's outlook for 2020 does not incorporate any provisions for possible future acquisitions even though the Company continues to pursue a variety of opportunities and expects to complete several more transactions in the coming quarters.

2020 Outlook (see *Forward Looking Statements*)

(in millions of dollars)	Bottom of Range	Top of Range
Revenue	3,975.0	4,075.0
Adjusted EBITDA:		
Including preliminary estimate of ASF related issues	320.0	345.0
Excluding preliminary estimate of ASF related issues	335.0	360.0

Based on its current portfolio of businesses the Company expects to generate revenue in 2020 of between $3.975 billion and $4.075 billion, representing an increase of 8.9% to 11.7% as compared to its 2019 sales of $3.649 billion. The major drivers of its projected growth are: (i) a full year's sales from acquisitions completed in 2019; (ii) acquisitions completed so far in the first quarter of 2020; (iii) its North American sandwich initiatives; (iv) expansion of its meat snack and charcuterie lines into the U.S.; and (v) leveraging the incremental capacity of several recently completed capital projects including a new 105,000 square foot distribution and custom cutting facility in the Greater Toronto Area (GTA), a new 50,000 square foot lobster processing facility in Saco, ME, the 45,000 square foot expansion of a distribution and seafood processing facility in Montreal, and a 25,000 square foot expansion of a cooked protein plant in Montreal.

Based on there being a significant amount of uncertainty on how the recent ASF outbreak in China will, over the course of 2020, impact the cost of commodity pork and beef products purchased by a number of the Company's protein and distribution businesses, it is providing two Adjusted EBITDA ranges for its 2020 guidance: one is based on a relative normal commodity environment and the other on an inflationary environment similar to that of 2019.

The lack of clarity on the potential impacts of China's ASF related issues, which are considered by the Company to be transitory, is the result of a number of factors including: (i) the speed with which China's pork industry is able to recover; (ii) the level of demand destruction caused by significantly higher consumer prices for pork and beef in China; (iii) the occurrence of any further trade disputes that could prevent North American pork from being exported to China; (iv) China's ability to ramp up production of alternative proteins such as chicken; and (v) the ability for industries outside of China to ramp up production of beef and pork. Furthermore, the recent outbreak of COVID-19 and its impact on China's consumer consumption patterns, supply chain infrastructure and overall level of economic activity has added to the volatility of North American protein markets.

In terms of any broader challenges associated with COVID-19, the Company has incorporated into its 2020 outlook the impact of what it is currently experiencing, namely reduced seafood sales to China and certain Asian based restaurants in the Greater Toronto Area. It has not, however, factored in any potential impacts that could occur if the scale of the outbreak becomes so extreme that it results in material disruptions to its supply chains or labor force and/or other similar challenges for an extended period of time. There is significant uncertainty associated with this issue and how it will play out in the coming months. In the meantime, the Company is actively managing the situation and, where appropriate, erring on the side of caution in terms of what is best for its employees, communities and customers. Furthermore, the Company's decentralized business model, which includes a large number of regional production facilities rather than one or a few large centralized facilities, provides flexibility and redundancy and better positions it to service customers without disruption.

Based on a normal commodity environment, the expected growth in the Company's adjusted EBITDA in 2020 is being driven primarily by sales growth and, to a lesser extent, production efficiency gains. These are expected to be partially offset by labor and freight cost inflation as well as continued investment in sales and administration infrastructure.

ABOUT PREMIUM BRANDS

Premium Brands owns a broad range of leading specialty food manufacturing and differentiated food distribution businesses with operations across Canada and the United States. For further information, please contact George Paleologou, President and CEO or Will Kalutycz, CFO at (604) 656-3100.

www.premiumbrandsholdings.com

RESULTS OF OPERATIONS

The Company reports on two reportable segments, Specialty Foods and Premium Food Distribution, as well as corporate costs (Corporate). The Specialty Foods segment consists of the Company's specialty food manufacturing businesses while the Premium Food Distribution segment consists of the Company's differentiated distribution and wholesale businesses.

Revenue

(in millions of dollars except percentages)	13 weeks ended Dec 28, 2019	% (1)	13 weeks ended Dec 29, 2018	% (1)	52 weeks ended Dec 28, 2019	% (1)	52 weeks ended Dec 29, 2018	% (1)
Revenue by segment:								
Specialty Foods	593.3	61.9%	564.2	66.9%	2,416.0	66.2%	2,043.8	67.5%
Premium Food Distribution	365.8	38.1%	279.7	33.1%	1,233.4	33.8%	982.0	32.5%
Consolidated	959.1	100.0%	843.9	100.0%	3,649.4	100.0%	3,025.8	100.0%

(1) Expressed as a percentage of consolidated revenue.

Specialty Foods' (SF) revenue for the fourth quarter of 2019 as compared to the fourth quarter of 2018 increased by $29.1 million or 5.2% primarily due to: (i) organic volume growth of $30.5 million representing a growth rate of 5.4%; and (ii) business acquisitions, which accounted for $2.0 million of the increase. These factors were partially offset by: (i) a $2.5 million decrease in the translated value of its U.S. based businesses' sales resulting from a slightly stronger Canadian dollar; and (ii) net selling price deflation of $0.9 million.

SF's deflation consisted of $9.1 million in net selling price decreases in its sandwich businesses, which were primarily the result of lower input costs for products sold on a "cost plus" basis. This was partially offset by $8.2 million of inflation in its protein businesses, which was driven primarily by selling price increases implemented to deal with higher pork and beef costs that, in turn, were the result of the severe outbreak of ASF in China that significantly reduced global pork supply.

SF's organic volume growth of 5.4% was driven primarily by sandwiches, premium dry cured meats and meat snacks. Overall SF's growth in the quarter was in line with the Company's expectations and its long-term targeted range of 4% to 6% with the segment's sandwich businesses performing particularly strongly as a variety of its new growth initiatives gain traction. SF's protein businesses, however, generated weaker than normal sales growth due to several factors including less promotional and feature activity for certain products as a result of commodity cost uncertainties associated with the ASF outbreak in China.

For 2019 as compared to 2018, SF's revenue increased by $372.2 million or 18.2% primarily due to: (i) business acquisitions, which accounted for $259.2 million of the increase; (ii) organic volume growth of $96.8 million representing a growth rate of 4.7%; and (iii) an $18.5 million increase in the translated value of its U.S. based businesses' sales. These increases were partially offset by selling price deflation of $2.3 million.

Premium Food Distribution's (PFD) revenue for the fourth quarter of 2019 as compared to the fourth quarter of 2018 increased by $86.1 million or 30.8% primarily due to: (i) business acquisitions, which accounted for $40.9 million of the increase; (ii) organic volume growth of $31.6 million representing a growth rate of 11.3%, (iii) net selling price inflation of $12.6 million; and (iv) a $1.0 million increase in the translated value of its U.S. based businesses' sales resulting from a weaker Canadian dollar.

PFD's inflation was driven by selling price increases put into place to address: (i) higher lobster purchasing costs resulting from a poor Maine lobster fishery in the third quarter of 2019; and (ii) higher pork and beef costs associated with the outbreak of ASF in China.

PFD's organic volume growth of 11.3% was primarily due to: (i) a very successful new lobster procurement initiative in Maine; (ii) additional sales of value-added processed lobster products, driven in part by the start-up of PFD's new Saco facility; (iii) PFD's Ontario growth strategy, which is centered around a new distribution and custom cutting operation in the GTA; and (iv) several protein features by a large retailer that occurred in the third quarter in 2018. These factors were partially offset by continued weakness in foodservice sales in western Canada resulting from reduced consumer spending, particularly in the full service segment of the market.

For 2019 as compared to 2018, PFD's revenue increased by $251.4 million or 25.6% primarily due to: (i) business acquisitions, which accounted for $186.2 million of the increase; (ii) organic volume growth of $42.8 million representing a growth rate of 4.4%; (iii) selling price inflation of $21.1 million; and (iv) a $1.3 million increase in the translated value of its U.S. based businesses' sales resulting from a weaker Canadian dollar.

Gross Profit

(in millions of dollars except percentages)	13 weeks ended Dec 28, 2019	% (1)	13 weeks ended Dec 29, 2018	% (1)	52 weeks ended Dec 28, 2019	% (1)	52 weeks ended Dec 29, 2018	% (1)
Gross profit by segment:								
Specialty Foods	125.9	21.2%	122.9	21.8%	544.2	22.5%	448.4	21.9%
Premium Food Distribution	53.3	14.6%	41.7	14.9%	181.1	14.7%	152.3	15.5%
Consolidated	179.2	18.7%	164.6	19.5%	725.3	19.9%	600.7	19.9%

(1) Expressed as a percentage of the corresponding segment's revenue.

SF's gross profit as a percentage of its revenue (gross margin) for the fourth quarter of 2019 as compared to the fourth quarter of 2018 decreased by 60 basis points primarily due to: (i) higher pork and beef commodity costs, which were largely the result of the ASF outbreak in China; (ii) labor wage inflation; (iii) additional outside storage costs mainly associated with long inventory positions taken to help hedge against rising global pork and beef commodity costs, and to prepare for new product launches; and (iv) sales mix changes as a significant portion of SF's growth was driven by sandwiches, which generally have lower gross margins relative to SF average gross margin – correspondingly these products generally have lower selling and marketing costs associated with them relative to SF's other products. These factors were partially offset by: (i) the adoption of the IFRS-16 accounting standard which resulted in a $4.1 million increase in SF's gross profit – normalizing for this SF's gross margin is 20.5%; and (ii) improved operating efficiencies at a number of SF's plants that were driven by a variety of continuous improvement initiatives.

SF's gross margin for 2019 as compared to 2018 increased by 60 basis points primarily due to the factors outlined above with the relative impact of higher beef and pork costs being lesser on a year-to-date basis resulting in an overall year over year increase in gross margin as compared to a year over year decrease on a quarterly basis. The impact of the adoption of the IFRS-16 accounting standard on SF's 2019 year-to-date gross profit was $14.5 million.

PFD's gross margins for the fourth quarter of 2019 as compared to the fourth quarter of 2018 decreased by 30 basis points primarily due to: (i) changes in sales mix, namely higher retail and seafood sales relative to white-table-cloth foodservice sales; and (ii) additional overhead costs associated with PFD's new GTA and Saco facilities, its expanded Montreal seafood operation and its new lobster procurement initiatives. These factors were partially offset by the adoption of the IFRS-16 accounting standard which resulted in PFD's gross profit increasing by approximately $0.6 million – normalizing for this PFD's gross margin is 14.4%.

PFD's gross margin for 2019 as compared to 2018 decreased by 80 basis points primarily due to: (i) lower than normal lobster sales margins in the first three quarters of 2019 as a result of: (a) U.S. margins in the first half of the year being negatively impacted by increased domestic supply resulting from China implementing tariffs on U.S. caught lobsters in the latter part of 2018; (b) unexpected increases in lobster procurement costs in the third quarter of 2019 caused by a poor Maine fishery; and (c) generating trading margins on the temporary excess supply from new procurement initiatives; (ii) additional overhead costs associated with PFD's new GTA and Saco facilities, its expanded Montreal seafood operation and its new lobster procurement initiatives; and (iii) sales mix changes. These factors were partially offset by the adoption of the IFRS-16 accounting standard which resulted in a $1.8 million increase in PFD's gross profit.

Selling, General and Administrative Expenses (SG&A)

(in millions of dollars except percentages)	13 weeks ended Dec 28, 2019	% (1)	13 weeks ended Dec 29, 2018	% (1)	52 weeks ended Dec 28, 2019	% (1)	52 weeks ended Dec 29, 2018	% (1)
SG&A by segment:								
Specialty Foods	70.6	11.9%	70.2	12.4%	292.8	12.1%	237.5	11.6%
Premium Food Distribution	30.4	8.3%	25.8	9.2%	109.5	8.9%	95.1	9.7%
Corporate	3.1		5.9		15.3		16.8	
Consolidated	104.1	10.9%	101.9	12.1%	417.6	11.4%	349.4	11.5%

(1) Expressed as a percentage of the corresponding segment's revenue.

SF's SG&A for the fourth quarter of 2019 as compared to the fourth quarter of 2018 increased by $0.4 million primarily due to: (i) additional variable selling and infrastructure costs, including discretionary marketing, associated with supporting SF's current and future growth initiatives; and (ii) wage and freight inflation. These factors were partially offset by: (i) the adoption of the IFRS-16 accounting standard which resulted in a $1.5 million decrease in SF's SG&A; and (ii) lower variable compensation accruals associated with the rate of growth in SF's cash flow.

SF's SG&A as a percentage of sales (SG&A ratio) for the fourth quarter of 2019 as compared to the fourth quarter of 2018 decreased by 50 basis points primarily due to: (i) the adoption of the IFRS-16 accounting standard – normalizing for this SF's SG&A ratio is 12.2%; (ii) lower variable compensation accruals associated with the rate of growth in SF's cash flow; and (iii) sales mix changes. These factors were partially offset by increased discretionary marketing costs associated with a variety of growth initiatives. The benefit to SF's SG&A ratio from its sales growth relative to the generally fixed nature of a portion of its SG&A was largely offset by: (i) wage and freight cost inflation; and (ii) investments made in sales and administration staff infrastructure to support SF's growth strategies.

SF's SG&A for 2019 as compared to 2018 increased by $55.3 million primarily due: (i) business acquisitions completed in the latter part of 2018; and (ii) the factors outlined above. The impact of the adoption of IFRS-16 on SF's 2019 SG&A was $5.3 million.

PFD's SG&A for the fourth quarter of 2019 as compared to the fourth quarter of 2018 increased by $4.6 million primarily due to: (i) business acquisitions; (ii) infrastructure costs associated with supporting PFD's current and future growth; and (iii) freight and wage inflation. These factors were partially offset by the adoption of the IFRS-16 accounting standard which resulted in a $1.8 million decrease in PFD's SG&A.

PFD's SG&A ratio for the fourth quarter of 2019 as compared to the fourth quarter of 2018 decreased by 90 basis points primarily due: (i) to the adoption of the IFRS-16 accounting standard – normalizing for this PFD's SG&A ratio is 8.8%; and (ii) PFD's sales growth relative to a portion of its SG&A costs being relatively fixed. These factors were partially offset by PFD's continued investment in additional fleet and sales infrastructure to support current and future growth initiatives.

PFD's SG&A for 2019 as compared to 2018 increased by $14.4 million primarily due to the factors outlined above. The impact of the adoption of IFRS-16 on PFD's 2019 SG&A was $6.7 million.

Corporate SG&A for the fourth quarter of 2019 as compared to the fourth quarter of 2018 and for 2019 as compared to 2018 decreased by $2.8 million and $1.5 million, respectively, primarily due to the timing of accruals for the Company's long-term incentive programs as well as an overall decrease in these accruals as a result of the change in the year-over-year rate of growth in the Company's free cash flow per share on a fully diluted basis. These factors were partially offset by a variety of factors including a loss of the translation of certain foreign currency denominated assets and increased investments in administrative infrastructure to help support the Company's growth.

Adjusted EBITDA

(in millions of dollars except percentages)	13 weeks ended Dec 28, 2019	% (1)	13 weeks ended Dec 29, 2018	% (1)	52 weeks ended Dec 28, 2019	% (1)	52 weeks ended Dec 29, 2018	% (1)
Adjusted EBITDA by segment:								
Specialty Foods	55.3	9.3%	52.7	9.3%	251.4	10.4%	210.9	10.3%
Premium Food Distribution	22.9	6.3%	15.9	5.7%	71.6	5.8%	57.2	5.8%
Corporate	(3.1)		(5.9)		(15.3)		(16.8)	
Consolidated	75.1	7.8%	62.7	7.4%	307.7	8.4%	251.3	8.3%

(1) Expressed as a percentage of the corresponding segment's revenue.

Adjusted EBITDA for the fourth quarter of 2019 as compared to the fourth quarter of 2018 increased by $12.4 million or 19.8%. This was within the range of the Company's expectations, albeit SF's results were slightly lower than originally projected due to ASF related spikes in certain raw material costs towards the end of the quarter. Correspondingly, the Company's Adjusted EBITDA for 2019 of $307.7 million was in the middle of its guidance range of $300.0 million to $315.0 million and its EBITDA margin was slightly lower than expected.

Plant Start-up and Restructuring Costs

Plant start-up and restructuring costs consist of expenses associated with the start-up of new production capacity or the reconfiguration of existing capacity to gain efficiencies and/or additional capacity. The Company expects (see *Forward Looking Statements*) these projects to result in significant improvements in its future earnings and cash flows.

During the quarter the Company incurred $2.6 million in plant start-up and restructuring costs relating primarily to three new capacity expansion projects that commenced operations in the third quarter of 2019: (i) a new 50,000 square foot lobster processing facility in Saco, ME; (ii) a new 45,000 square foot distribution and seafood processing facility in Montreal; and (iii) a 25,000 square foot expansion of the Company's cooked protein plant in Montreal.

For 2019 the Company incurred $9.6 million in plant start-up and restructuring costs relating to the three projects outlined above and for: (i) a new 105,000 square foot state-of-the-art distribution and custom cutting facility in the GTA that commenced operations in the fourth quarter of 2018; and (ii) a new 22,300 square foot culinary plant for fresh salads, soups and sauces in Surrey, BC that also commenced operations in the fourth quarter of 2018.

Interest and Other Financing Costs

The Company's interest and other financing costs for the fourth quarter of 2019 as compared to the fourth quarter of 2018 decreased by $3.2 million due to lower average interest rates and lower average funded debt levels for the quarter.

The Company's interest and other financing costs for 2019 as compared to 2018 increased by $6.1 million primarily due to higher average funded debt levels on a year over year for the first half of 2019 as a result of business acquisitions completed in the second half of 2018.

Income Taxes

The Company's expected range (see *Forward Looking Statements*) for its provision for income taxes as a percentage of earnings before income taxes (income tax rate) is 24% to 27%. This is based on: (i) an effective income tax rate range within the main tax jurisdictions that it operates in (the Tax Jurisdictions); (ii) the expected allocation of its taxable income among the Tax Jurisdictions; and (iii) the deductibility of certain costs for income tax purposes.

For 2019, the Company's income tax rate was 23.9%, which is just slightly below its expected range.

Premium Brands Holdings Corporation

Consolidated Balance Sheets
(in millions of Canadian dollars)

	December 28, 2019	December 29, 2018
Current assets:		
Cash and cash equivalents	18.4	19.4
Accounts receivable	346.5	321.9
Inventories	396.2	339.8
Prepaid expenses and other assets	19.4	15.1
	780.5	696.2
Capital assets	502.1	476.4
Right of use assets	300.4	-
Intangible assets	490.2	452.9
Goodwill	780.2	776.7
Investment in and advances to associates	64.6	26.7
Other assets	19.1	21.6
	2,937.1	2,450.5
Current liabilities:		
Cheques outstanding	16.4	22.0
Bank indebtedness	24.9	35.9
Dividends payable	19.7	16.0
Accounts payable and accrued liabilities	285.0	246.6
Puttable interest in subsidiaries	58.2	77.8
Current portion of long-term debt	7.7	10.8
Current portion of lease obligations	32.1	-
Current portion of provisions	8.5	2.3
	452.5	411.4
Long-term debt	603.0	726.4
Lease obligations	303.2	-
Deferred revenue	2.8	6.8
Provisions	62.4	36.3
Pension obligation	1.2	0.9
Deferred income taxes	76.8	84.6
	1,501.9	1,266.4
Convertible unsecured subordinated debentures	364.0	360.2
Equity attributable to shareholders:		
Retained earnings	19.9	32.4
Share capital	1,023.6	753.9
Reserves	27.7	37.6
	1,071.2	823.9
	2,937.1	2,450.5

Premium Brands Holdings Corporation

Consolidated Statements of Operations

(in millions of Canadian dollars except per share amounts)

	52 weeks ended December 28, 2019	52 weeks ended December 29, 2018
Revenue	3,649.4	3,025.8
Cost of goods sold	2,924.1	2,425.1
Gross profit before the below	725.3	600.7
Selling, general and administrative expenses before the below	417.6	349.4
	307.7	251.3
Plant start-up and restructuring costs	9.6	5.2
Depreciation of capital assets	60.0	46.9
Amortization of intangible assets	20.6	15.9
Amortization of right of use assets	27.9	-
Accretion of lease obligations	13.4	-
Interest and other financing costs	53.6	47.5
Acquisition transaction costs	3.3	8.2
Change in value of puttable interest in subsidiaries	0.5	6.2
Accretion of provisions	5.7	1.2
Equity loss in investments in associates	2.5	2.7
Earnings before income taxes	110.6	117.5
Provision for income taxes (recovery)		
Current	19.1	25.1
Deferred	7.3	(5.6)
	26.4	19.5
Earnings	84.2	98.0
Earnings per share:		
Basic	2.35	3.03
Diluted	2.34	3.02
Weighted average shares outstanding (in millions):		
Basic	35.8	32.4
Diluted	36.0	32.5

Premium Brands Holdings Corporation

Consolidated Statements of Cash Flows

(in millions of Canadian dollars)

	13 weeks ended Dec 28, 2019	13 weeks ended Dec 29, 2018	52 weeks ended Dec 28, 2019	52 weeks ended Dec 29, 2018
Cash flows from (used in) operating activities:				
Earnings	16.2	18.1	84.2	98.0
Items not involving cash:				
Depreciation of capital assets	16.2	14.1	60.0	46.9
Amortization of intangible assets	5.4	5.1	20.6	15.9
Amortization of right of use assets	7.4	-	27.9	-
Accretion of lease obligations	3.6	-	13.4	-
Change in value of puttable interest in subsidiaries	-	1.0	0.5	6.2
Loss on sales of capital assets	0.1	-	0.3	0.1
Equity loss in investment in associates	1.2	1.2	2.5	2.7
Deferred revenue	-	0.3	-	0.4
Non-cash financing costs	1.3	1.1	4.8	5.2
Accretion of provisions	1.7	0.9	5.7	1.2
Deferred income taxes (recovery)	6.5	1.7	7.3	(5.6)
	59.6	43.5	227.2	171.0
Change in non-cash working capital	(51.7)	(12.5)	(63.0)	(35.1)
	7.9	31.0	164.2	135.9
Cash flows from (used in) financing activities:				
Long-term debt – net	71.7	(13.4)	(104.9)	244.5
Payments for lease obligations	(9.7)	-	(35.8)	-
Bank indebtedness and cheques outstanding	(2.0)	47.1	(16.6)	37.8
Proceeds from convertible debentures – net of issuance costs	-	-	-	164.7
Repayment of convertible debentures	-	-	-	(0.5)
Dividends paid to shareholders	(19.6)	(16.0)	(73.1)	(59.7)
Share issuance – net of issuance costs	-	-	250.9	164.9
	40.4	17.7	20.5	551.7
Cash flows from (used in) investing activities:				
Capital asset additions	(24.7)	(26.0)	(87.9)	(71.2)
Business and asset acquisitions	(15.9)	(20.5)	(70.9)	(574.0)
Payments to shareholders of non-wholly owned subsidiaries	-	(0.1)	(2.3)	(2.1)
Payment of provisions	-	-	(0.8)	(20.5)
Payment for settlement of puttable interest of non-wholly owned subsidiaries	-	-	(0.5)	-
Purchase of shares for employee share loans	-	-	-	(11.3)
Net change in share purchase loans and notes receivable	0.3	-	0.7	0.5
Investment in and advances to associates - net of distributions	(5.1)	0.4	(24.7)	(5.5)
Proceeds from sales of assets	0.3	(0.9)	0.7	0.8
Others	-	(0.2)	-	-
	(45.1)	(47.3)	(185.7)	(683.3)
Increase (decrease) in cash and cash equivalents	3.2	1.4	(1.0)	4.3
Cash and cash equivalents – beginning of year	15.2	18.0	19.4	15.1
Cash and cash equivalents – end of year	18.4	19.4	18.4	19.4

NON-IFRS FINANCIAL MEASURES

The Company uses certain non-IFRS financial measures including adjusted EBITDA, free cash flow, adjusted earnings and adjusted earnings per share, which are not defined under IFRS and, as a result, may not be comparable to similarly titled measures presented by other publicly traded entities, nor should they be construed as an alternative to other earnings measures determined in accordance with IFRS. These non-IFRS measures are calculated as follows:

Adjusted EBITDA

(in millions of dollars)	13 weeks ended Dec 28, 2019	13 weeks ended Dec 29, 2018	52 weeks ended Dec 28, 2019	52 weeks ended Dec 29, 2018
Earnings before income taxes	24.7	22.1	110.6	117.5
Plant start-up and restructuring costs	2.6	2.7	9.6	5.2
Depreciation of capital assets	16.2	14.1	60.0	46.9
Amortization of intangible assets	5.4	5.1	20.6	15.9
Amortization of right of use assets	7.4	-	27.9	-
Accretion of lease obligations	3.6	-	13.4	-
Interest and other financing costs	11.5	14.7	53.6	47.5
Business acquisition transaction costs	0.8	0.9	3.3	8.2
Change in value of puttable interest in subsidiaries	-	1.0	0.5	6.2
Accretion of provisions	1.7	0.9	5.7	1.2
Equity loss in investments in associates	1.2	1.2	2.5	2.7
Adjusted EBITDA	75.1	62.7	307.7	251.3

Free Cash Flow

(in millions of dollars)	52 weeks ended Dec 28, 2019	52 weeks ended Dec 29, 2018
Cash flow from operating activities	164.2	135.9
Changes in non-cash working capital	63.0	35.1
Lease obligation payments	(35.8)	-
Business acquisition transaction costs	3.3	8.2
Plant start-up and restructuring costs	9.6	5.2
Maintenance capital expenditures	(26.5)	(19.8)
Free cash flow	177.8	164.6

Adjusted Earnings and Adjusted Earnings per Share

(in millions of dollars except per share amounts)	13 weeks ended December 28, 2019	13 weeks ended December 29, 2018	52 weeks ended December 28, 2019	52 weeks ended December 29, 2018
Earnings	16.2	18.1	84.2	98.0
Plant start-up and restructuring costs	2.6	2.7	9.6	5.2
Business acquisition transaction costs	0.8	0.9	3.3	8.2
Accretion of provisions	1.7	0.9	5.7	1.2
Equity loss from associates in start-up	1.2	1.2	2.5	2.7
Change in value of puttable interest in subsidiaries	-	1.0	0.5	6.2
Amortization of intangibles associated with acquisitions	5.4	5.1	20.6	15.9
	27.9	29.9	126.4	137.4
Current and deferred income tax effect of above items	1.6	(2.2)	(8.0)	(16.1)
Adjusted earnings	29.5	27.7	118.4	121.3
Weighted average shares outstanding	37.3	33.7	35.8	32.4
Adjusted earnings per share	0.79	0.82	3.31	3.74

FORWARD LOOKING STATEMENTS

This press release contains forward looking statements with respect to the Company, including, without limitation, statements regarding its business operations, strategy and financial performance and condition, cash distributions, proposed acquisitions, budgets, projected costs and plans and objectives of or involving the Company. While management believes that the expectations reflected in such forward looking statements are reasonable and represent the Company's internal expectations and belief as of March 12, 2020, there can be no assurance that such expectations will prove to be correct as such forward looking statements involve unknown risks and uncertainties beyond the Company's control which may cause its actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward looking statements.

Forward looking statements generally can be identified by the use of the words "may", "could", "should", "would", "will", "expect", "intend", "plan", "estimate", "project", "anticipate", "believe" or "continue", or the negative thereof or similar variations. Forward looking statements in this press release include statements with respect to the Company's expectations and/or projections on its: (i) revenue; (ii) adjusted EBITDA; (iii) plant start-up and restructuring costs; (iv) income tax rates; (v) dividend policy; (vi) capital expenditures and business acquisitions; (vii) senior debt capacity utilization; and (viii) convertible debentures.

Some of the factors that could cause actual results to differ materially from the Company's expectations are outlined below under *Risks and Uncertainties* in the Company's MD&A.

Assumptions used by the Company to develop forward looking statements contained or incorporated by reference in this press release are based on information currently available to it and include those outlined below as well as those outlined elsewhere in the Company's MD&A. Readers are cautioned that this information is not exhaustive.

- The overall economic conditions in Canada and the United States will be relatively stable with modest improvement in the near to medium term.
- The Company's organic growth initiatives will progress in line with its expectations.
- Except as outlined above (see *Outlook for 2020*), the average cost of the basket of food commodities purchased by the Company will be relatively stable.

- The Company's major capital projects, plant start-up and business acquisition initiatives will progress in line with its expectations.
- The Company will be able to continue to access sufficient skilled and unskilled labor at reasonable wage levels.
- The Company will be able to continue to access sufficient goods and services for its manufacturing and distribution operations.
- The value of the Canadian dollar relative to the U.S. dollar will continue to fluctuate in line with recent levels.
- The Company will be able to achieve its projected operating efficiency improvements.
- There will not be any material changes in the competitive environment of the markets in which the Company's various businesses compete.
- There will not be any material changes in the key food trends that are driving growth in many of the Company's businesses. These include: (i) growing demand for higher quality foods made with simpler more wholesome ingredients and/or with differentiating attributes such as antibiotic free, no added hormones or use of organic ingredients; (ii) increased reliance on convenience oriented foods both for on-the-go snacking as well as easy home meal preparation; (iii) healthier eating including reduced sugar consumption and increased emphasis on protein; (iv) increased snacking in between and in place of meals; (v) increased interest in understanding the background and stories behind food products being consumed; and (vi) increased social awareness on issues such as sustainability, sourcing products locally, animal welfare and food waste.
- Weather conditions in the Company's core markets will not have a significant impact on any of its businesses.
- There will not be any material changes in the Company's relationships with its larger customers including the loss of a major product listing and/or being forced to give significant product pricing concessions.
- There will not be any material changes in the trade relationship between Canada and the U.S., particularly with respect to certain protein commodities such as beef, pork and chicken products.
- The Company will be able to negotiate new collective agreements with no labor disruptions.
- The Company will be able to continue to access reasonably priced debt and equity capital.
- The Company's average interest cost on floating rate debt will remain relatively stable in the near to medium future.
- Contractual counterparties will continue to fulfill their obligations to the Company.
- There will be no material changes to the tax and other regulatory requirements governing the Company.

Management has set out the above summary of assumptions related to forward looking statements included in this press release in order to provide a more complete perspective on the Company's future operations. Readers are cautioned that these statements may not be appropriate for other purposes.

Unless otherwise indicated, the forward looking statements in this press release are made as of March 12, 2020 and, except as required by applicable law, will not be publicly updated or revised. This cautionary statement expressly qualifies the forward looking statements in this press release.