



**LASSONDE INDUSTRIES INC.**  
**CORPORATE PRESENTATION**

January 2018



**Lassonde**  
Industries<sup>2</sup>

## FORWARD-LOOKING STATEMENTS



*Certain statements made in this presentation, including, but not limited to, statements regarding the prospects of the industry, plans, financial position, and business strategy of the Company may constitute forward-looking statements within the meaning of Canadian securities legislation and regulations. These forward-looking statements do not provide guarantees as to the future performance of Lassonde Industries Inc. and are subject to risks, both known and unknown, as well as uncertainties that may cause the outlook, profitability, or actual results of Lassonde Industries Inc. to differ significantly from the profitability or future results stated or implied by these statements. Detailed information on risks and uncertainties is provided in the “Uncertainties and Principal Risk Factors” section of the MD&A for the year ended December 31, 2016, available at [www.sedar.com](http://www.sedar.com) and at [www.lassonde.com](http://www.lassonde.com).*

*The forward-looking statements contained in this presentation reflect our expectations as at January 24, 2018 and, accordingly, are subject to change after this date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this presentation, whether as a result of new information, future events, or otherwise.*

*The terms “EBITDA,” “free cash flow,” and “Adjusted EPS” are non-GAAP financial measures and do not have any standardized meaning under IFRS. They are therefore unlikely to be comparable to similar measures presented by other issuers. Refer to the section “Financial Measures Not in Accordance with IFRS” in the MD&A of Lassonde Industries Inc. for the Third Quarter ended September 30, 2017.*

# HIGHLIGHTS – FISCAL 2016

## Earnings



In millions of \$ (except EPS)	Years ended December 31			% Δ	% Δ
	2016	2015	2014	16 vs 15	15 vs 14
<b>Sales</b>	<b>1,509.5</b>	1,449.3	1,181.0	<b>4.2%</b>	22.7%
<b>Operating profit</b>	<b>126.2</b>	111.3	88.4	<b>13.4%</b>	25.9%
<i>Operating profit/Sales</i>	<i>8.4%</i>	<i>7.7%</i>	<i>7.5%</i>		
<b>Profit</b>	<b>72.2</b>	60.2	47.4	<b>19.8%</b>	27.0%
<b>Profit attributable to shareholders</b>	<b>68.2</b>	57.0	45.2	<b>19.6%</b>	25.9%
<b>EBITDA</b>	<b>171.2</b>	154.0	123.2	<b>11.1%</b>	25.1%
<b>Earnings per share (EPS)</b>	<b>9.75</b>	8.15	6.47	<b>19.6%</b>	26.0%

# HIGHLIGHTS – FISCAL 2016

## Consolidated Statements of Financial Position



In millions of \$	As at December 31			% Δ	% Δ
	2016	2015	2014	16 vs 15	15 vs 14
<b>Non-cash working capital</b>	<b>169.5</b>	190.6	178.0	<b>-11.1%</b>	7.1%
<b>Property, plant and equipment</b>	<b>268.8</b>	271.3	251.8	<b>-0.9%</b>	7.8%
<b>Total assets</b>	<b>1,103.6</b>	1,143.8	1,016.7	<b>-3.5%</b>	12.5%
<b>Net Debt</b>				<b>\$ Δ</b>	
				<b>16 vs 15</b>	
Long-term debt	<b>242.5</b>	326.2	359.2	<b>(83.7)</b>	
Current portion of long-term debt	<b>10.0</b>	14.8	10.9	<b>(4.8)</b>	
Bank overdraft	<b>6.4</b>	9.5	17.4	<b>(3.1)</b>	
Minus: - Cash and cash equivalents	<b>(0.5)</b>	(0.5)	(0.3)	<b>-</b>	
	<b>258.4</b>	350.0	387.2	<b>(91.6)</b>	
<b>Net debt/Total assets</b>	<b>23.4%</b>	30.6%	38.1%		

\* The indebtedness of our U.S. subsidiaries was US\$136.8M as at December 31, 2016, whereas the Company had borrowed US\$329.6M to carry out its two U.S. acquisitions.

# HIGHLIGHTS – FISCAL 2016

## Free Cash Flow Analysis



In millions of \$

	Years ended		Variance 2016-2015
	2016	December 31 2015	
<b>Free cash flow</b>			
<b>Profit</b>	<b>72.2</b>	60.2	12.0
<b>Adjustments</b>			
Amortization and Depreciation	44.6	42.6	2.0
Pension plans, income tax and other	7.6	7.3	0.3
Change in non-cash working capital	23.0	6.7	16.3
<b>Cash flows from operating activities</b>	<b>147.4</b>	116.8	30.6
Dividends paid	(14.3)	(11.4)	(2.9)
Acquisition of PP&E and intangibles	(28.2)	(20.1)	(8.1)
Net proceeds from the disposal of PP&E	-	0.3	(0.3)
	<b>104.9</b>	85.6	19.3
Business acquisitions	-	0.5	(0.5)
<b>Free cash flow</b>	<b>104.9</b>	86.1	18.8
<b>Used (Financed) as follows:</b>			
<b>Decrease (increase) in net debt*</b>	<b>90.3</b>	86.1	4.2
<b>Settlement of Participating Loans</b>	<b>14.6</b>	-	14.6
	<b>104.9</b>	86.1	18.8

\* Before currency translation effect

# HIGHLIGHTS – NINE MONTHS 2017

## Earnings



In millions of \$  
(except EPS)

### Nine months ended

	Sept. 30 2017	Oct. 1 2016	% Δ 17 vs 16	\$ Δ 17 vs 16
<b>Sales</b>	<b>1,123.6</b>	1,123.9	<b>0.0%</b>	(0.3)
<b>Operating profit</b>	<b>91.1</b>	90.1	<b>1.1%</b>	1.0
<i>Operating profit/Sales</i>	<i>8.1%</i>	<i>8.0%</i>		
<b>Profit attributable to shareholders</b>	<b>52.8</b>	46.2	<b>14.1%</b>	6.6
<b>EBITDA</b>	<b>124.4</b>	123.2	<b>1.0%</b>	1.2
<b>Earnings per share (EPS)</b>	<b>7.55</b>	6.62	<b>14.0%</b>	0.93

### As at

	Sept. 30 2017	Dec. 31 2016	\$ Δ 17 vs 16
<b>Net Debt</b>			
Long-term debt (including current portion)	<b>192.3</b>	252.5	<b>(60.2)</b>
Bank overdraft	<b>3.3</b>	6.4	<b>(3.1)</b>
Minus: - Cash and cash equivalents	<b>(9.3)</b>	(0.5)	<b>(8.8)</b>
	<b>186.3</b>	258.4	<b>(72.1)</b>

# HIGHLIGHTS – NINE MONTHS 2017

## Earnings (cont'd)



- **Sales of \$1,123.6M, ↓ \$0.3M vs \$1,123.9M in 2016:**
  - \$38.4M increase in sales of private label products;
  - Unfavourable foreign exchange impact of \$7.7M; and a
  - \$31.8M decrease in the sales volume of national brands.
- **Operating profit of \$91.1M, ↑ \$1.0M from 2016:**
  - Improved profitability within Canadian operations (excluding orange juice concentrate impact and the effects of related price adjustments) added \$11.2M to operating profit;
    - ⇒ \$1.9M unfavourable impact of a slightly weaker Canadian dollar on purchases made in U.S. dollars;
  - Higher cost of orange juice concentrates, partly offset by price adjustments, resulted in a net unfavourable variance of \$6.8M;
  - Decline in profitability of the U.S. operations (excluding foreign exchange impact) reduced operating profit by \$3.0M;
  - A \$0.4M unfavourable impact of foreign exchange movements on the conversion into Canadian dollars of the results of Lassonde Pappas and Company, Inc. (LPC).

# HIGHLIGHTS – NINE MONTHS 2017

## Earnings (cont'd)



- **Financial expenses of \$9.3M vs \$17.6M in 2016, ↓ \$8.3M:**
  - Lower interest expense on the U.S. credit facilities and...
  - A \$2.5M reduction in the amortization of financial expenses, partly explained by the \$1.3M write-off of capitalized financial costs related to the renewal of the U.S. credit facilities in 2016.
- **“Other (gains) losses”:** \$0.2M gain in 2017 vs \$0.6M loss in 2016:
  - 2017 gain is largely due to foreign exchange gains;
  - 2016 loss was essentially due to a change in the fair value of interest rate swaps.
- **The 2017 effective income tax rate was 32.0% versus 31.8% in 2016:**
  - Reflects an unfavourable change in the geographic mix of the Company's profit before income taxes, partly offset by...
  - The favourable impact of a non-taxable gain on a disposal of capital assets in Q2 2017.
- **Profit attributable to shareholders of \$52.8M in 2017 (↑ \$6.6M) vs \$46.2M in 2016 and EPS of \$7.55 vs \$6.62 in 2016.**



# DIVIDENDS AND OUTLOOK

## Q4 and Full Year 2017



- **Dividend:**
  - Quarterly dividend of \$0.61 per share;
  - Up 19.6% from 2016;
  - On an annualized basis, represents approximately 25% of 2016 profit attributable to shareholders.
- **Outlook:**
  - The Company's sales were down slightly for the first nine months of 2017. Excluding a \$7.7 M unfavourable foreign exchange impact, sales for the first nine months of 2017 increased by 0.7% when compared to the first nine months of last year. Barring any significant external shocks (and excluding foreign exchange impacts to maintain a comparable basis), the Company remains optimistic about its ability to slightly increase its full-year consolidated sales in 2017 compared to those of 2016;
  - Results to be published by the end of March will show that the exchange rate of FX contracts used for purchases made by Canadian subsidiaries in U.S. dollars had a slight unfavourable impact on Q4 results compared to those of 2016;
  - Lassonde is still assessing the enacted changes to the U.S. tax legislation. While this assessment is not yet complete, the changes are expected to have a positive impact on the Company's results. Further information will be disclosed in the Company's annual financial reporting.

# FX CONTRACTS IMPACT 2018 vs 2017



- The chart below presents the comparative impact of FX contracts on purchases made by Canadian subsidiaries in U.S. dollars:
  - It excludes the impact of unhedged purchases and the impact of foreign exchange movements on the conversion into Canadian dollars of the results of Lassonde Pappas and Company, Inc. (LPC).

	Favourable (unfavourable) impact on	
	EBIT (in M\$CA)	EPS (in \$CA)
Q1-2018 VS Q1-2017	\$1.3	\$0.13
Q2-2018 VS Q2-2017	\$0.8	\$0.09
Q3-2018 VS Q3-2017	\$(0.2)	\$(0.02)
Q4-2018 VS Q4-2017	\$(0.9)	\$(0.10)
Full Year: 2018 VS 2017	\$1.0	\$0.10

# LASSONDE INDUSTRIES INC.

## Actions that bear fruit



**Lassonde**  
Industries



**2016 Sales: \$1,509.5 million**

**Cash flows from operating activities: \$147.4 million**

Lassonde Industries Inc. develops, manufactures, and markets distinctive food products.



**A. Lassonde Inc.**

The Canadian leader in the development, manufacture, and marketing of fruit juices and drinks.



**Lassonde Specialties Inc.**

Develops, manufactures, and markets specialty food products.



**Arista Wines**

Imports and markets selected wines and manufactures apple ciders and cider-based beverages.



**Lassonde Pappas & Company, Inc.**

An American leader in the development, manufacture, and marketing of private label fruit juices and drinks.



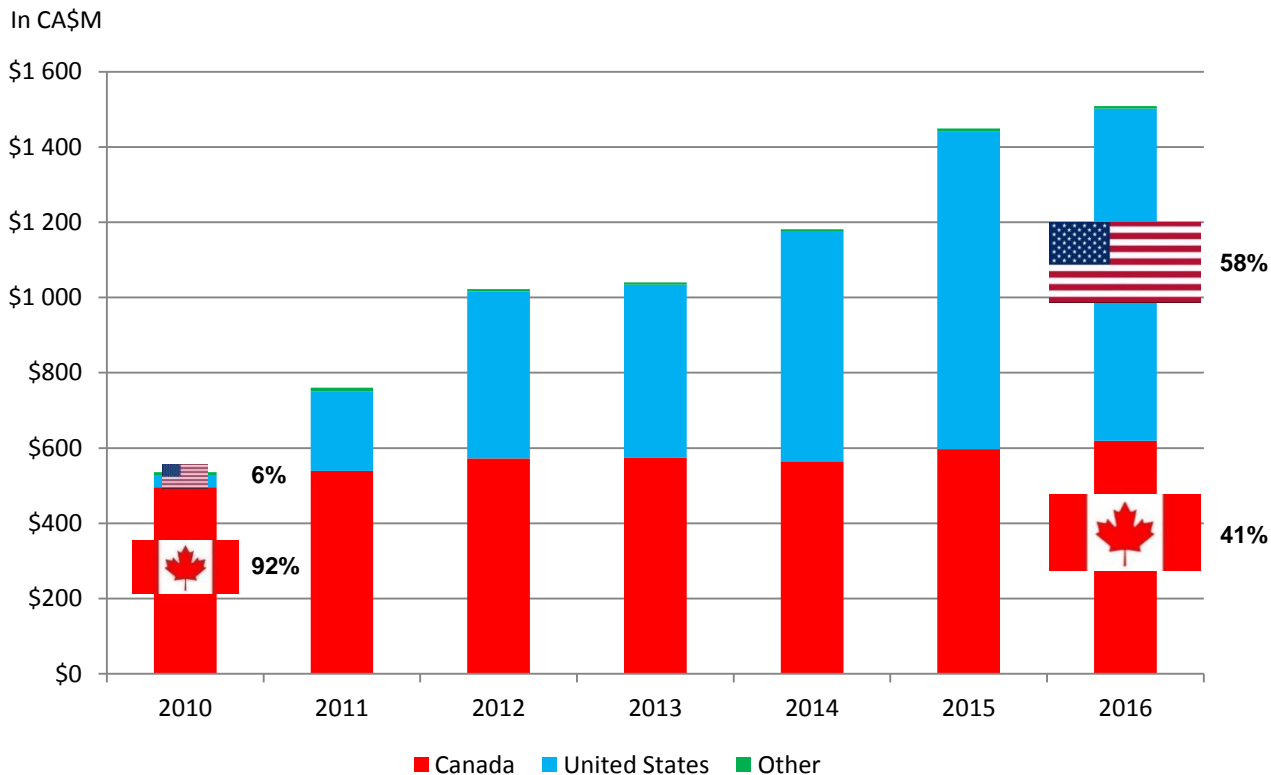
**Apple & Eve, LLC**

An American leader in the development and marketing of national brand fruit juices and drinks.

**IN JANUARY 2017, WE COMBINED THE  
MANAGEMENT TEAMS OF OUR  
SUBSIDIARIES IN THE UNITED STATES**

# LASSONDE INDUSTRIES INC.

## Geographic sales distribution



N.B.: The year 2011 includes 4 and a half months of operations for Lassonde Pappas and the year 2014 includes 5 months of operations for Apple & Eve.

# LASSONDE INDUSTRIES INC.

## Juice – a product that has stood the test of time



Lassonde  
Industries



HUMANS HAVE BEEN PRESSING FRUIT FOR THOUSANDS OF YEARS





CANADIANS DO NOT EAT ENOUGH FRUITS AND VEGETABLES

Even when 100% juice  
is included,

**59% OF  
CANADIANS**

eat less than 5 servings of fruit and  
vegetables per day.<sup>1</sup>





WHAT IS ONE SERVING OF FRUIT AND VEGETABLES?<sup>2</sup>



**1/2 Cup  
(125 mL)**

100% fruit or  
vegetable juice.



**1 Medium**  
apple, orange  
or banana.



**1/2 Cup**  
carrots, peppers  
or tomatoes.



**1/2 Fruit**  
avocado or  
mango.



# LASSONDE INDUSTRIES INC.

## The benefits of 100% juice



IN CANADA AND THE UNITED STATES WE MEET BETWEEN 4.0 AND 6.6% OF OUR DAILY REQUIREMENT OF LIQUIDS WITH JUICE.



= **165 mL of juice/day**

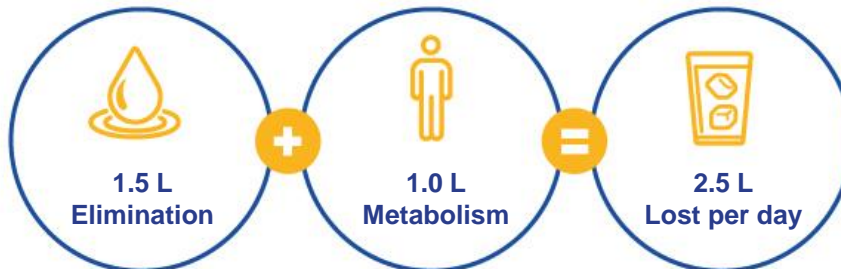


= **100 mL of juice/day**



**Less than 2 portions of fruit and vegetables/day**

The human body loses 2.5 L of fluids per day



# LASSONDE INDUSTRIES INC.

## The benefits of 100% juice



### NOTHING IS CLOSER TO FRUIT THAN 100% JUICE

NUTRIENT	UNIT	ORANGE 100 g	ORANGE JUICE 100 g
<b>Proximates</b>			
Water	g	86.75	87.22
Energy	kcal	47	49
Protein	g	0.94	0.68
Total lipid (fat)	g	0.12	0.12
Carbohydrate	g	11.75	11.54
Fiber	g	2.4	0.3
Sugars	g	9.35	8.31
<b>Minerals</b>			
Iron	mg	0.10	0.13
Magnesium	mg	10	11
Potassium	mg	181	178
Zinc	mg	0.07	0.07
<b>Vitamins</b>			
Vitamin C	mg	53.2	33.6
Thiamin	mg	0.087	0.046
Riboflavin	mg	0.04	0.039
Niacin	mg	0.282	0.028
Vitamin B6	mg	0.060	0.076
Folate, DFE	µg	30	19
Vitamin A	IU	225	42
Vitamin E	mg	0.18	0.20



# LASSONDE INDUSTRIES INC.

## The benefits of 100% juice



**NOTHING IS CLOSER TO FRUIT THAN 100% JUICE**

NUTRIENT	UNIT	APPLE 100 g	APPLE JUICE 100 g
<b>Proximates</b>			
Water	g	85.56	88.24
Energy	kcal	52	46
Protein	g	0.26	0.10
Total lipid (fat)	g	0.17	0.13
Carbohydrate	g	13.81	11.3
Fiber	g	2.4	0.2
Sugars	g	10.39	9.62
<b>Minerals</b>			
Iron	mg	0.12	0.12
Magnesium	mg	5	5
Potassium	mg	107	101
Zinc	mg	0.04	0.02
<b>Vitamins</b>			
Vitamin C	mg	4.6	38.5
Thiamin	mg	0.017	0.021
Riboflavin	mg	0.026	0.017
Niacin	mg	0.091	0.073
Vitamins B6	mg	0.041	0.018
Folate, DFE	µg	3	0
Vitamin A	IU	54	1
Vitamin E	mg	0.18	0.01






## A JUICE IS NOT THE SAME AS A SOFT DRINK



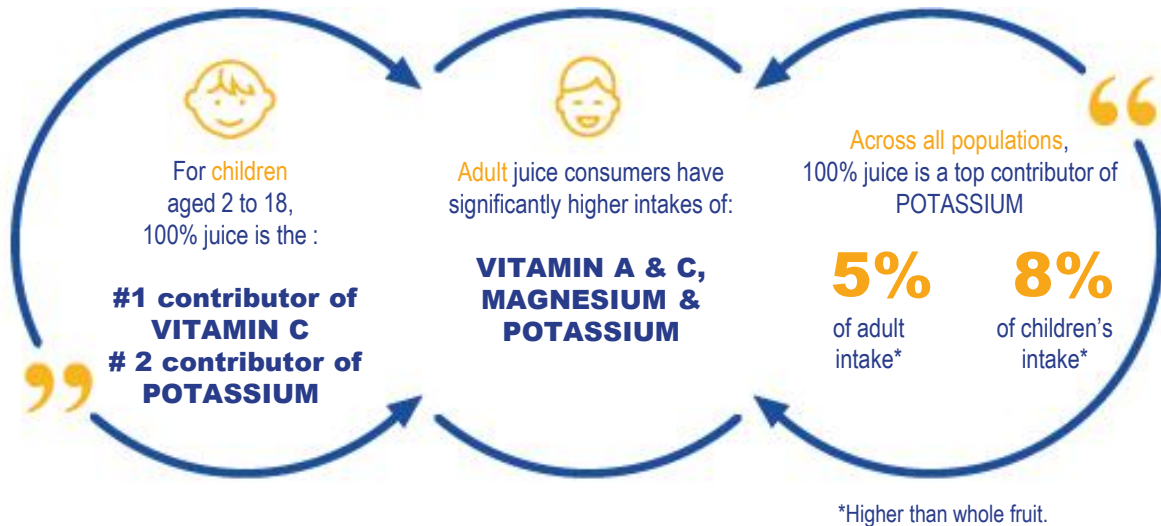
Water	Vitamin C
Protein	Thiamin
Lipids	Riboflavin
Carbohydrate	Niacin
Fiber	Vitamins B6
Sugars	Folate, DFE
Minerals	Vitamin A
Iron	Vitamin E
Magnesium	
Potassium	
Zinc	



Carbonated Water  
Glucose-Fructose  
Sugar  
Caramel Color  
Phosphoric acid  
Caffeine  
Citric Acid  
Flavors



## 100% FRUIT & VEGETABLE JUICE IS A NUTRIENT POWERHOUSE<sup>3</sup>



3. D.R. Keast et coll. « Food sources of energy and nutrients among children in the United States », 2013.

C.E. O'Neil et coll. « 100% Orange juice consumption is associated with better diet quality, improved nutrient adequacy, decreased risk for obesity, and improved biomarkers of health in adults », 2012.



## 100% JUICE IS ASSOCIATED WITH AN IMPROVED DIET

People who drink juice are shown to have  
**BETTER QUALITY DIETS**

including higher intakes of whole fruit.  
100% juice complements - not competes with - fruit intake.





# LASSONDE INDUSTRIES INC.

## American Food Guide



- **Recognized as nutritionally similar to whole fruit, 100% fruit juice has been retained as part of the Dietary Guidelines fruit group category.**
- **“Recognizes one cup of 100% fruit juice as equivalent to one cup of fruit in a healthy eating pattern.**
- **Emphasize healthy eating patterns that include nutrient-dense foods such as whole fruit and fruit juice, rather than focusing on individual nutrients.**
- **The Dietary Guidelines for Americans states that up to half the daily fruit intake may come from 100% juice.**
- **Juice is a viable source of several nutrients that the Guidelines report found to be generally under consumed, including POTASSIUM, MAGNESIUM and VITAMINS A and C.**

**DIETARY  
GUIDELINES  
FOR AMERICANS  
2015-2020  
EIGHTH EDITION**





80%

**Four in five Canadians (80%)** have a good (very + good) opinion of 100% juice, compared to 15% for beverages or nectar with added sugar.

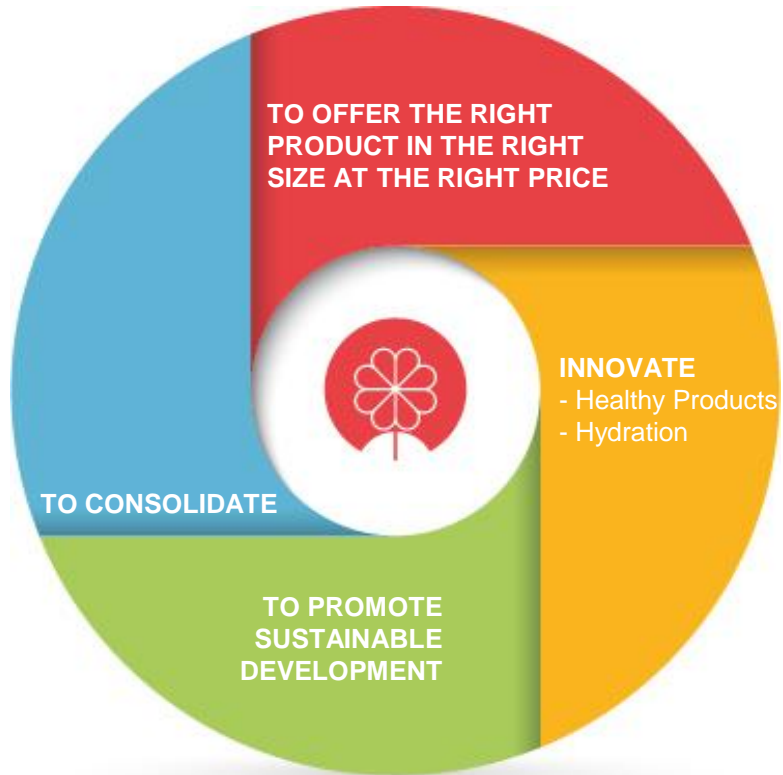


76%

**A majority of Canadians (76%)** believe that juice can be part of a healthy lifestyle and that it would be appropriate (71%) to indicate that certain portions of fruit and vegetables can be consumed in the form of juice.

**Juice is better than the fruits we do not consume**





# CORPORATE STRATEGY

To offer the right product in the right size at the right price



- **Responding to an increasingly demanding clientele;**
- **Be on the lookout for emerging trends;**
  - Aging population;
  - The contribution of new generations (millennials);
  - Change in the social fabric (ethnicity).
- **Offer products adapted to the new realities;**
  - Low sugar;
  - Less calories;
  - Made with spring water;
  - Organic;
  - Local;
  - Healthy ingredients.



# CORPORATE STRATEGY

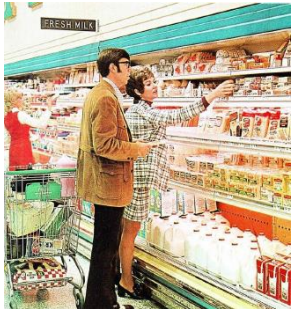
To offer the right product in the right size at the right price



## WE ARE ADAPTING TO MEET CONSUMER NEEDS!

1970-1979

Soft Drinks  
Juice  
Milk



Limited offering

Today

Soft Drinks, Juice, Milk, Bottled water, RTD tea, RTD juice, Flavoured RTD tea, Isotonics, RTD coffee, Energy drinks, Functional beverages, Fortified waters, Low-calorie/low-sugar beverages, Beverages as a snack, Less processing



Large offering

### Our main targets for tomorrow



Ageing Population



Sparkling



Digestive / Immune System



Natural Sweeteners



Functional Benefits



Ethnic pop. (Hispanic, Indian, Asian)



Snack, Meal Solutions



Hybridization



Energy, Protein - Juices, snacks



Organic

A blue icon consisting of two horizontal bars, followed by the text "HYPER-SEGMENTATION" in a large, bold, blue sans-serif font.

# CORPORATE STRATEGY

## Innovation



- **Two approaches;**
  - Products in the Health and Wellness category;
  - Hydration products.
- **Lassonde has nearly 27% of the market share of innovations and 33% market share in the health and nutrition segment (\$233.0 million in size).**
- **More than 90% of our innovations in 2017 are in the Health and Wellness category.**





- Initiatives to lower natural sugar in our products;
  - Oasis HydraFruit;
  - Oasis 70 Calories;
  - Oasis Infusions;
  - Fruit Drop.
- Develop products to meet hydration needs.
- Meet vitamin requirements by the addition of vitamins or vitamin products to our juices.



# CORPORATE STRATEGY

## Sustainable development



- **Fostering sustainable development: one of the cornerstones of our business strategy, integrated into our management and innovation processes, through practices that respect the environment and society;**
- **Clear commitment and objectives for continuous improvement in our three priorities: water, packaging and health;**



### WATER

#### A MORAL RESPONSIBILITY TO FUTURE GENERATIONS

We have made a substantial team effort that reflects our proactive approach, our innovative practices and the commitment of our employees and management team.



### PACKAGING

#### PROMOTING CONTINUOUS INNOVATION

Worked closely with our main customers to reduce the weight of our packaging.



### HEALTH

#### A SOUND MIND IN A HEALTHY BODY

Within the framework of our continuous improvement initiatives we roll-out new programs every year.

# CORPORATE STRATEGY

## To consolidate



- **Stay on the lookout for business opportunities that may provide additional production capacity and increased sales for the Company’s core business in key U.S. markets;**
- **Maintain a balance between investment in our production capacity and the use of co-packers:**
  - Consider the acquisition of small co-packers to reduce our procurement costs when the return on investment meets our objectives;
  - Secure production capacity by investing in equipment to be used by these co-packers only if availability is threatened;
- **Optimize our manufacturing footprint to reduce our delivery costs for products sold in Western Canada and the United States;**
- **Stay on the lookout for fruit-juice-and-fruit-drink brand acquisition opportunities arising from consolidation in the North American food industry;**
- **Consider potential targets in the Health and Wellness segment to accelerate the Company’s growth outside of traditional product lines.**

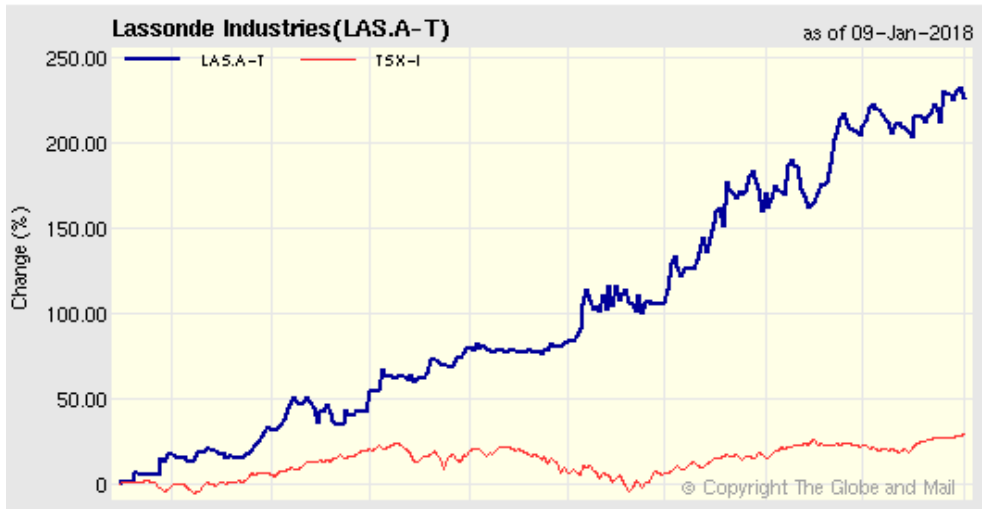
# PRIORITIES



- **Significantly upgrade the production facilities of Lassonde Specialties as strong demand for this business unit's products resulted in limited spare capacity. The \$22.0M investment program will start in 2018, with the amount being spent over a three year period;**
- **Foster the Company's organic growth through innovation (national brands) and by developing new solutions for our clients (private labels);**
  - Hydration and health products;
- **Optimize the financial structure to respond to the impact of changes in U.S. tax laws enacted at the end of 2017;**
- **Reap the benefits of new production capacity for family-sized plastic bottles in Canada, as the new aseptic line is expected to become operational at the end of the first quarter of 2018;**
- **Add a single-serve production line in the U.S. to expand Lassonde's offering and improve the Company's competitive position in this high-growth segment. This \$26.8M USD investment program is expected to be completed in early 2019;**
- **Continue to reduce debt despite significant equipment investments designed to expand capacity and produce new types of packages in Canada and in the United States.**



# STOCK PRICE



**As at Sept. 30, 2017**

**Book value**

**\$78.00**

**As at Jan. 8, 2018**

**Share value**

**\$250.50**

The stock price increased from \$75.01 as at January 8, 2013 to \$250.50 as at January 8, 2018 for a total return of 234% (CAGR – 5 years: 27.3%).

## DIVIDENDS PER SHARE– 5 YEARS

2013	2014	2015	2016	2017
<b>1.48</b>	<b>1.59</b>	<b>1.63</b>	<b>1.94</b>	<b>2.34</b>

# LASSONDE INDUSTRIES INC.

## Questions



**Lassonde**  
Industries



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