

## **FINAL TRANSCRIPT**

### **High Liner Foods Incorporated**

### **2016 Annual and Special General Meeting**

Event Date/Time: May 11, 2016 — 10:30 a.m. E.T.

Length: 42 minutes

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## CORPORATE PARTICIPANTS

### **Tim Rorabeck**

*High Liner Foods, Incorporated — Executive Vice President, Corporate Affairs and General Counsel*

### **Henry Demone**

*High Liner Foods Incorporated — Chairman, Board of Directors*

### **Keith Decker**

*High Liner Foods Incorporated — President and Chief Executive Officer*

### **Paul Jewer**

*High Liner Foods Incorporated — Executive Vice President and Chief Financial Officer*

## CONFERENCE CALL PARTICIPANTS

### **Chris Hopgood**

*Shareholder*

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## PRESENTATION

**Tim Rorabeck** — Executive Vice President, Corporate Affairs and General Counsel, High Liner Foods, Incorporated

My name is Tim Rorabeck, Executive Vice President, Corporate Affairs and General Counsel of High Liner Foods Incorporated. Welcome, and thank you for coming.

Before our Chairman calls this meeting to order, I would like everyone to know that our Annual and Special General Meeting is being broadcast live over the internet. We welcome our online guests. For those unable to be with us this morning, the recorded proceedings will be available on the internet, together with our results for the first quarter of 2016 at [highlinerfoods.com](http://highlinerfoods.com).

Before we begin, I need to remind you of our position with respect to any forward-looking statements that may be made during our presentation to you here this morning. Please take a moment to review these statements.

The Company reports its consolidated financial information in US dollars, and the results to be discussed today are stated in US dollars unless otherwise noted. References during today's presentation to domestic currency indicate the value of financial measures before taking into consideration the foreign exchange impact of converting the financial results of the Company's Canadian operations from CAD to the USD presentation currency.

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May 11, 2016 — 10:30 a.m. E.T.

High Liner Foods Incorporated 2016 Annual and Special General Meeting

High Liner Foods' common shares trade on the Toronto Stock Exchange and are quoted in Canadian dollars. Investors are reminded for purposes of calculating financial ratios, including dividend payout and share price to range ratios, they should take into consideration that the Company's share price and dividend rate are reported in CAD while its earnings and financial position are reported in USD.

The Company reports its financial results in accordance with International Financial Reporting Standards, or IFRS, but we also use measures that are not defined under IFRS. All of these adjusted measures are reconciled to IFRS measures in our MD&A provided to shareholders. Management feels that these adjusted measures, including adjusted EBITDA, adjusted net income, and adjusted diluted earnings per share are important to understand current results and the future income potential of the Company.

These measures do not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to other financial measures determined in accordance with IFRS. Thank you for your attention.

I would now like to call upon our Chairman, Henry Demone, to open the meeting.

**Henry Demone** — Chairman, Board of Directors, High Liner Foods Incorporated

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Thank you, Tim. Good morning, ladies and gentlemen. I'm Henry Demone, Chairman of the Board of Directors. I'd like to welcome you to our 2016 annual and special general meeting of High Liner Foods Incorporated. I will now call the meeting to order.

I will act as Chairman. With me here this morning are Keith Decker, President and CEO, Paul Jewer, Executive Vice President and CFO; Tim Rorabeck will act as Secretary of this meeting.

CST Trust Company, represented by Cindy Harrett and Bertrand Jely, will act as scrutineers.

I have one procedural note to begin. Voting on motions will be conducted by a combination of show of hands and ballot where required. I will describe the ballot process shortly.

Notice of the Meeting has been duly given and a copy will be filed with the records of the meeting. I will now ask the Secretary to read the notice calling this meeting, unless I receive a motion to dispense with the reading.

**Unidentified Speaker**

(unintelligible)

**Henry Demone**

Thank you. You have heard the motion. All those in favour, please raise their hand.

Opposed, if any?

Motion carried.

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The scrutineer advises me that a quorum is present for the meeting. Since a quorum is present, I declare the meeting to be duly called and properly constituted for the transaction of such business as may properly come before it.

The first item of business is the consideration of the minutes of the Annual General Meeting of Shareholders held on May 12, 2015. The minutes, of course, are available for inspection, but in order to expedite the business of the meeting I would ask for a motion that the reading be dispensed with and taken as read and adopted.

**Unidentified Speaker**

(unintelligible)

**Henry Demone**

You've heard the motion. All those in favour, please raise their hand. Opposed, if any?

The motion is carried.

The scrutineers' report has now been received. It shows that there are present, in person or by proxy, 470 shareholders holding 21,195,553 common shares and present at this meeting. This represents 68.63 percent of the roughly more than 30 million shares issued and outstanding. So our meeting is duly constituted.

We will now proceed with the election of directors, with voting to occur by way of ballot. If you have already submitted your completed proxy form, there is no need for you to vote again by

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ballot, unless you wish to change your vote. If you did not vote by proxy or if you wish to change your vote, you should have a ballot. If you need a ballot and did not receive one on your way into the meeting, please raise your hand, and a ballot will be delivered to you by one of our scrutineers.

Once we have completed the motions on which voting will be conducted by ballot, I will ask the scrutineers to collect any ballots and tally the votes. I will remind you that all ballots must be signed prior to being collected by the scrutineers.

We will now proceed with the motion. As stated in the 2016 Management Information Circular accompanying the notice of this meeting, it is proposed that 13 persons be nominated as directors, to hold office until the next annual meeting or until their respective successors are elected or appointed. I declare the meeting open for nominations.

**Unidentified Speaker**

(unintelligible)

**Unidentified Speaker**

Mr. Chairman, I second the motion.

**Henry Demone**

Thank you. Are there any further nominations? Hearing none, I declare the nominations closed. We will now move to vote. If you haven't already done so, I ask that you mark your ballot in the applicable area, in respect of the motion regarding director nominations. And if you need a ballot, please raise your hand.

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The next item of business is the appointment of auditors with voting to also occur by ballot.

**Unidentified Speaker**

(unintelligible)

**Unidentified Speaker**

Mr. Chairman, I second the motion.

**Henry Demone**

Thank you. You've heard the motion. Is there any discussion on the motion? Hearing none, if you haven't already done so, I now ask that you mark the applicable box on your ballot.

The next item of business deals with the reconfirmation of the Shareholder Rights Plan, dated July 23, 2010, between the Company and CST Trust Company, and the issuance of all rights issued pursuant to the Rights Plan as described more fully in the 2016 Management Information Circular. The Board of Directors recommends the shareholders vote for the resolution, reconfirming the Rights Plan.

Voting on this matter will also occur by ballot. I will now ask for a motion.

**Unidentified Speaker**

(unintelligible)

**Unidentified Speaker**

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(unintelligible)

**Henry Demone**

Thank you. You have heard the motion. Is there any discussion on the motion? Hearing none, if you haven't already done so, I now ask that you mark your ballot either for or against the motion on the ballot.

The next item of business deals with the advisory resolution to accept the Company's approach to executive compensation as described in the 2016 Management Information Circular. The Board of Directors recommends that shareholders vote for the resolution approving the advisory resolution.

Voting on this matter will also occur by ballot. I now ask for a motion.

**Unidentified Speaker**

Mr. Chairman, I move that on an advisory basis (unintelligible).

**Unidentified Speaker**

I second the motion.

**Henry Demone**

Thank you. You've heard the motion. Is there any discussion on the motion? Hearing none, if you haven't already done so, I now ask that you mark your ballot either for or against the motion on the ballot. Then, please print your name at the bottom of the form and sign it. I will ask the

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scrutineers to collect the ballots and count the votes during the balance of the meeting. If you have a ballot to be collected, please raise your hand.

We will now proceed with the next item of business. Keith Decker will deliver his annual address to shareholders, followed by Paul Jewer, who will summarize the 2015 annual and 2016 first quarter results.

The financial statements and auditor's report are presented in the 2015 annual report, which has been delivered to all registered shareholders and those requesting a copy. If anyone did not receive these financial statements, additional copies of the annual report are available at the back of the room.

Keith?

**Keith Decker** — President and Chief Executive Officer, High Liner Foods Incorporated

Thank you, Henry, and good morning, ladies and gentlemen. In 2015, High Liner Foods continued its mission to radically simplify selecting, preparing, and enjoying seafood at its best. Our strategic goals focused on growing the business, operating it more efficiently, and ensuring we have the right talent to reach our growth objectives. And while we did make progress on these goals last year, the financial results for 2015 were below our collective expectations.

The Company reported sales in 2015—the Company's reported sales in 2015 remained in excess of \$1 billion for the second time in its history, but decreased by \$50 million or 4.8 percent

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compared to 2014. Approximately \$41 million of this decrease was attributable to the 15 percent decline in the US dollar-Canadian dollar exchange rate during 2015, which diminished the reported sales from our Canadian operations. The remaining decrease reflected softness across our operation. Lower sales volume was largely a consequence of higher raw material cost, which increased the price of our frozen fish products relative to other centre-of-the-plate protein choices.

As a result of these factors, and partially offset by improvements in distribution costs and selling, general, and administration expenses, also referred to as SG&A expenses, adjusted EBITDA for 2015 decreased by \$5.1 million or 6.1 percent, to \$78.2 million. Adjusted net income decreased by \$3.2 million or 8.2 percent, to \$35.6 million, with a corresponding \$0.10 decrease in adjusted diluted earnings per share to \$1.14.

On a positive note, free cash flow increased in 2015 by almost \$70 million compared to 2014. And in the second quarter, the Board of Directors approved a CAD 0.015 per share increase to the Company's quarterly dividend, representing a 14.3 percent increase and marking the eighth consecutive year the dividend was raised.

The slide you now see lists the major highlights of 2015, and over the next few minutes, between myself and Paul, we will be discussing each one of these. I will start by reviewing the progress made on our 2015 goals.

Last year our strategic goals were all multi-year goals that had commenced in prior fiscal periods. The first of these goals was profitable growth, focused on growing the Company's adjusted

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EBITDA, through a combination of organic growth and acquisitions. Over the last several years, we've had success growing the business through acquisitions. Atlantic Trading was our most recent acquisition in October of 2014 and is performing in line with our expectations.

Internal growth over the last few years, however, has been challenging, and year-over-year sales volume declines experienced in 2015 have further heightened the organizational focus on growing the base business.

Significant price increases to customers in 2015, to recover increased raw material costs, created additional headwinds, as did certain internal sales execution and promotional challenges. The internal challenges were addressed by management in the second half of 2015, through restructuring activities and recruitment of new talent to key sales positions. We are already seeing the benefit from these changes and believe they provide a more solid foundation upon which the Company can grow its base business.

The second strategic goal focused on in 2015 was to reduce annual operating costs by 20 million to \$25 million on a run rate basis through plant and supply chain optimization. This multi-year goal was first communicated in 2013, following a series of acquisitions that quadrupled the Company's sales. In addition to achieving the synergies expected from integrating these acquisitions, we believed further efficiencies and cost savings could be achieved across our operations and supply chains by leveraging the much larger scale of the business we had built.

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The scope of this project, which was officially kicked off in the third quarter of 2014, has been significant, focusing on optimization at both the individual plant level and the consolidated entity level. In the second quarter of 2015, we consolidated production by closing our leased plant in Malden, Massachusetts and shifting production to our other US manufacturing facilities.

Throughout 2015, we successfully raised our facilities to a higher standard of efficiency, and we made good progress on optimization initiatives at the consolidated entity level. In 2015, we realized more than \$6 million in pretax savings from these efforts, and had production levels been greater, allowing our plants to operate closer to peak efficiency, these savings would have been higher.

In 2016, due to further plant consolidation and lower raw material costs, which should drive increased demand, we expect our plants will operate closer to peak efficiency and to realize incremental benefit from optimization activities that were completed in 2015.

The third strategic goal that we focused on in 2015 was succession planning. While this has been an ongoing activity at High Liner Foods, it has been a strategic goal for the last two years, due to the impending retirement of several veteran leaders and the need to replace them with capable leaders who could drive the Company's next stage of growth.

As reported at last year's AGM, the Company made very good progress on this goal in 2014, naming successors to three members of its executive leadership team, and in 2015, succession activities were completed at the senior-most level of the organization in May, when I

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assumed the role of President and CEO, Henry stepped down as CEO and assumed the role of Chairman of the Board, and Mr. David Hennigar stepped down as Chairman of the Board and assumed the position of Vice Chairman and Lead Director of the Board.

At this time, I would now like to invite Paul to review our financial performance in 2015 and for the first quarter of 2016. Paul?

**Paul Jewer** — Executive Vice President and Chief Financial Officer, High Liner Foods Incorporated

Thank you, Keith, and good morning, everyone. Before reviewing how the financial results for 2015 compared to 2014, I want to take a minute to explain how the change in the US dollar-Canadian dollar exchange rate last year impacted our results.

The significant decline in the value of the Canadian dollar compared to the US dollar throughout last year had a direct and unfavourable impact on our reported financial results in two ways. First, because seafood raw materials are largely purchased in US dollars, and our Canadian business is denominated in Canadian dollars, a weaker Canadian currency increased the cost of seafood for our Canadian operations.

Second, because the results of the Canadian business are denominated in Canadian dollars, but the Company's consolidated financial statements are presented in US dollars, the financial results of the Canadian business must be translated from Canadian dollars to US dollars, for inclusion in the Company's consolidated financial statements. When the Canadian currency

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weakens, the reported values of our Canadian business, Canadian dollar-denominated items including sales, earnings, assets, liabilities, et cetera, decrease in the consolidated financial statement. It is also important to remember, as Tim noted earlier, that although the Company's financial reporting is in US dollars, its share price is in Canadian dollars.

Next, sales. Sales volume decreased in 2015 by 23.2 million pounds, or 7.5 percent, to 284.4 million pounds. A portion of this decrease was attributable to one less week of sales in fiscal 2015 compared to fiscal 2014. The remaining decrease reflects that the addition of sales volume from the Atlantic Trading acquisition was offset by lower sales volume across the rest of our business, reflecting what management believes was the adverse impact of significant price increases on demand, and certain internal challenges, which as Keith has already noted, we have taken actions to correct.

Reported sales in 2015 decreased by \$50.1 million to \$1 billion. Approximately \$40.9 million of this decrease reflected the unfavourable change in the US dollar-Canadian dollar exchange rate. In domestic currency, sales decreased by \$9.7 million or 0.9 percent, to \$1.1 billion, reflecting lower sales volume, partially offset by the impact of price increases, net of increased promotional spending. Promotional spending in 2015 was higher than in 2014, particularly in the back half of the year, in an effort to improve sales volume trends.

Now let's turn to adjusted EBITDA. Adjusted EBITDA is represented by the dark blue bar on this chart. Adjusted EBITDA decreased in 2015 by \$5.1 million, to \$78.2 million. Approximately \$3.6

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million of this decrease reflected the unfavourable change in the US dollar-Canadian dollar exchange rate, and the remaining decrease reflected lower sales volume and lower adjusted EBITDA as a percentage of sales. Adjusted EBITDA as a percentage of sales decreased in 2015 by 10 basis points, reflecting lower gross profit margins as a result of price increases to customers that did not fully recover cost increases and increased production costs associated with lower volumes being produced at our facilities in 2015.

On a positive note, lower gross profit was partially offset by supply chain optimization savings, lower fuel costs, lower sales commission and incentive expenses, and savings associated with restructuring activity. Adjusted EBITDA in 2015 also reflected the impact of foreign exchange gains related to favourable hedging activities.

Next. The light blue bars on this chart represent diluted earnings per share, which were \$0.95 in 2015, compared to \$0.97 in 2014. On an adjusted basis, as shown on the dark blue bars, adjusted diluted earnings per share were \$1.14, down \$0.10 from \$1.24 in 2014.

Next, debt to adjusted EBITDA. We were pleased in 2015 to increase free cash flow through improvements in working capital, which we used to pay down our net interest-bearing debt by almost \$52 million, thereby improving the Company's net interest-bearing debt to adjusted EBITDA ratio to 4 times at the end of fiscal 2015, as compared to 4.4 times at the end of fiscal 2014. In 2016, this ratio has improved further and was 3.7 times at the end of the first quarter.

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Next, dividend history. Growing our annual dividend is important to us and to our valued shareholders, and is a direct reflection of the Board's continued confidence in High Liner Food's operations. In 2015, common shareholders were paid a dividend of CAD 0.465 per share, compared to CAD 0.41 per share in 2014. This reflects the 14.3 percent increase to the quarterly dividend in the second quarter of 2015.

I'm pleased to share that at the Board of Directors meeting held earlier this morning, the quarterly dividend to be paid in the second quarter of 2016 was increased by 8.3 percent to CAD 0.13 per share, or CAD 0.52 per share on an annualized basis, continuing the trend of dividend increases over the last several years.

Let me now talk about a few key highlights of 2016's first quarter results, which were released earlier today. The first quarter of this year is historically stronger than the other three quarters for both sales and profit, due to retailers and restaurants promoting seafood during the Lenten period.

We are encouraged by the results of the first quarter of 2016. The sales volume improved, compared to year-over-year declines experienced throughout 2015. We realized the benefit from supply chain optimization activities completed in 2015, raw material costs decreased, and I've already shared, strong free cash flow allowed us to further improve our debt to adjusted EBITDA ratio to 3.7 times.

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A weaker Canadian dollar in the first quarter of 2016 compared to the first quarter of 2015, continued to negatively impact the results reported by our Canadian business, both in terms of the impact on the cost of seafood for the business and the translation of these operations from Canadian dollars to US dollars.

Adjusted EBITDA and adjusted net income exclude the impact of business acquisition, integration, and other expenses related to non-routine activities, including those related to the cessation of plant operations. These costs were \$1.4 million in the first quarter of 2016, compared to \$4 million in the same period last year.

Sales volume decreased in the first quarter of 2016 by 1.3 million pounds, or 1.5 percent, to 88.2 million pounds, reflecting the impact of a shorter promotional period associated with Lent in 2016, as compared to 2015, and the impact of lower demand to traditional breaded and battered frozen seafood categories.

Reported sales decreased in the first quarter of 2016 by \$19.7 million, or 6.4 percent, to \$290.5 million. The weaker Canadian dollar in 2016 decreased the value of reported sales in the quarter by approximately \$5.9 million relative to the conversion impact in the same period last year. In domestic currency, sales decreased by \$14.5 million or 4.4 percent, to \$312.4 million. This decrease reflects lower sales volume, price decreases, and a change in product mix.

Adjusted EBITDA decreased in the first quarter of 2016 by \$1.3 million, or 4.2 percent, to \$29.4 million. The majority of this decrease is due to the unfavourable change in the US dollar-

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Canadian dollar exchange rate. In domestic currency, adjusted EBITDA was relatively consistent at \$31.5 million compared to \$31.6 million in the first quarter last year. As expected, we benefitted in the first quarter of 2016 from lower raw material costs and supply chain optimization savings, and as a result, EBITDA as a percentage of sales, increased by 20 basis points to 10.1 percent, compared to 9.9 percent in the first quarter of 2015.

That concludes my financial review. I would now like to turn the presentation back to Keith.

#### **Keith Decker**

Thank you, Paul. Despite the disappointing levels of seafood volume and sales over the past year, we remain optimistic about the seafood industry, and especially High Liner Foods' prospects within it. Seafood is in a long-term uptrend on the strength of its health and nutritional benefits because North American consumers are increasingly aware of the quality of the food that they eat. We are the leading value-added frozen seafood supplier in North America, having grown from about \$250 million to \$1 billion in sales over the past eight years, fuelled by the acquisition of five seafood companies over that time period.

During the past year, we have been completing the foundational work required to tap the shared potential of our businesses, by aligning our sales and marketing teams, improving our product lines, consolidating our support functions, and optimizing our production facilities.

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In 2016, we will focus on strategic goals that are essentially the same as last year but have been broadened to reflect 2015's accomplishments and challenges, yet they still set the same strategic direction, focused on growing our business, operating it as efficiently as possible, and ensuring we have the right talent.

The first strategic goal is organic sales growth. While the consolidation of the North American seafood industry will continue to present acquisition opportunities, our primary focus, moving forward, will be on increasing High Liner Foods' organic growth rate.

During the past year, we've added talent from outside the organization and promoted from within, to elevate our commitment to commercial excellence. Going forward, we need to ensure our sales and marketing teams are structured and equipped with the information and market intelligence needed to provide customers with products that meet their needs, and to make effective pricing and promotional decisions. This also means staying true to our core value of being customer-focused, recognizing that our success depends on understanding our customers, building stronger relationships with them, and delivering on their expectations.

The second key to organic growth is product innovation. In the highly fragmented US frozen seafood market, where we hold less than a 4 percent share of frozen fish sales in the US retail channel, we see abundant potential. During the past year, we have made substantial investments to enhance the visibility and value of our US retail brand and have introduced several

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new products to the market. These efforts have begun to pay off, in the form of heightened customer and consumer awareness and encouraging results from recent product launches.

Organic growth in Canada requires a different approach. Here, we are the market leader in both retail and foodservice, so while there is some room to increase our market share, our best opportunity is to help increase the overall market size. Seafood is a high-protein, low-fat food that is rich in omega-3s. As stewards of the frozen fish category in Canada, we are committed to getting this message out in the country's increasingly health-conscious families and sparking an unprecedented movement in seafood consumption.

Our second strategic goal is operating efficiency and cost management. This goal supersedes supply chain optimization, reflecting that most of our supply chain initiatives have been implemented. Any remaining supply chain activities will be completed in 2016, and as announced in February, we will further consolidate our production network by ceasing value-added fish production at our New Bedford facility by the end of the third quarter of this year.

Supply chain optimization activities have created additional capacity in our three remaining plants, to absorb production from New Bedford and still provide sufficient capacity to meet our growth objectives going forward. This consolidation is expected to contribute \$7 million in annual cost savings, towards our full target of achieving at least \$20 million in annual cost savings on a run rate basis. We expect to meet this target by the end of this year, with the full benefit to be realized in 2017.

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Beyond the annual savings generated, the optimization of our supply chain has also helped build a foundation for continuous improvement, as we move forward. Although most of the heavy lifting of supply chain optimization is behind us, we will continue to focus on gaining incremental efficiencies in our production process and remain disciplined about minimizing our internal cost structure. At the same time, we see opportunity to continue leveraging the scale of our \$1 billion company.

Our third strategic goal is talent management and significantly broadens our previous strategic focus on succession planning. Acquiring, developing, and retaining the best talent are critical to the success of the organization. This means ensuring we have the right people, with the right skills, in the right roles to successfully run the business today, while systematically developing the leaders who are needed to ensure our success in the future.

To make this a way of life at High Liner Foods, we have developed a five-pillar approach to human resources that encompasses recruitment, onboarding, talent identification, talent development, and succession planning. Our talent management strategy and the new information system that will support it are a key part of our efforts to engage and develop our employees, align their efforts with our growth strategies, and further strengthen our corporate culture as a competitive, distinct advantage.

And before I turn the meeting back over to our Chairman, I would like to extend my sincere appreciation to Henry, who ensured a smooth leadership transition and has continued to

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provide valued guidance and support as Chairman, as has the rest of the Board. I would also like to thank our talented executive leadership team and the more than 1,400 employees whose efforts last year helped to continue advancing our strategic imperatives, in spite of the significant challenges.

Finally, I would like to recognize and thank our customers, our suppliers, business partners, and you, our valued shareholders, for your ongoing support.

I would now like to turn the meeting back to our Chairman to conclude the formal business of these proceedings. Thank you. Henry?

### **Henry Demone**

Thank you, Keith and Paul, for those presentations. Having conferred with our scrutineers, based on ballots cast today, I can declare the following results.

The directors nominated in the 2016 Management Information Circular were appointed by shareholders. I would ask each nominee present to stand as she or he is introduced. A. Bell, D.H.L. Buntain, J.G. Covelluzzi, K.A. Decker, yours truly, R.P. Dexter, A.J. Hennigar, D.J. Hennigar, S.L. Jamieson, M.J. Mahody, R.A. Miller, R.L. Pace, F.B.H. van Schaayk.

Ladies and gentlemen, your Board of Directors. They're duly elected directors of the Company until the 2017 AGM or until their successors are elected or appointed.

The appointment of Ernst & Young, LLP as auditors, with remuneration fixed by the directors, was approved.

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The Shareholder Rights Plan, dated July 23, 2010, as set forth in the 2016 Management Information Circular, was reconfirmed, and the shareholders have voted to accept the approach to executive compensation disclosed in the 2016 Management Information Circular, delivered in advance to this Annual and Special Meeting of Shareholders. We will issue a detailed report on the number of votes cast for and against each of the resolutions, that will be published after the meeting.

Are there any further questions or business to be brought before the meeting?

**Unidentified Speaker**

Mr. Chairman, I move that (unintelligible).

**Henry Demone**

Thank you.

**Unidentified Speaker**

Seconded.

**Henry Demone**

All those in favour, please raise your hand. Thank you. I'm sure no one is opposed.

The motion is carried.

Is there any other business or are there other questions to be brought before the meeting? If so, I welcome you to step up to the mic and present your question.

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## Q&A

### Chris Hopgood — Shareholder

My name is Chris Hopgood (phon). I've been a shareholder for a number of years.

### Henry Demone

Yep.

### Chris Hopgood

And last year, you mentioned that there were—and you mentioned it today for your objectives for this year—number two, optimization. And I think you've mentioned a savings of 6 million. Can you be a little bit more specific about what 2016 might bring in savings?

### Paul Jewer

So we identified 6 million of savings that were realized in 2015, and what we've said consistently is that we still expect to achieve our goal of \$20 million of annualized savings, on a run rate basis by the end of 2016. So we still believe that to be the goal.

### Chris Hopgood

So is the 20 million a cumulative total? Or it's just this year?

### Paul Jewer

Yes. No, that's a cumulative total. 6 million from 2015, additional savings that will be realized in 2016, and so that the full benefit on EBITDA in 2017 will be that \$20 million annualized

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benefit. That includes the benefit associated with the closure of the New Bedford processing plant that we announced back in February of this year.

**Chris Hopgood**

All right. I have a second question. Last year, through reading the Globe and Mail, there was some investment crew in Toronto that recommended shortening the shares...

**Paul Jewer**

Mm-hmm.

**Chris Hopgood**

Do you have any idea of whether that short position is covered now? Or whether there's still a short position?

**Henry Demone**

I can tell you that we track that monthly, and that short position is still at roughly the same level it would have been, say a month or two after that report came out in the Globe and Mail. So it hasn't been covered, basically.

**Chris Hopgood**

Okay. And the third thing is, thank you for the dividend increase. I can move up from pollock to haddock.

**Henry Demone**

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May 11, 2016 — 10:30 a.m. E.T.

High Liner Foods Incorporated 2016 Annual and Special General Meeting

You're welcome. Do we have any further questions? Or any other business to be brought before the meeting? Yes?

**Unidentified Speaker**

(unintelligible)

**Henry Demone**

Yeah. I'll ask Paul to comment in detail, but what I will tell you is that shortly after Paul took over as CFO, he completed a file that Kelly had really started. We renegotiated our debt, and it's a very favourable agreement, but Paul, I'll let you fill in the details.

**Paul Jewer**

Yeah. So the majority of our debt is long-term debt in the Term Loan B market in the US. So it actually isn't bank debt; it's held by significant institutional shareholders in the US marketplace. And the term of that debt is seven years, so we still have about five years left on that debt. We do have \$180 million operating facility—an ABL facility—that's provided by a syndicate of Canadian banks. That, because our strong free cash flow position, is almost entirely not used and provides us more than ample liquidity to meet our needs.

And to your point, we have continued with debt-reduction efforts. Debt has been reduced from 4.4 times to 4 times, down to 3.7 times, and our stated objective is to get it down closer to 3 times, which we believe for the longer term is the appropriate level of leverage for the organization.

**Henry Demone**

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Any further questions or business for the meeting? Finally, I would like to invite you to join us for lunch at the conclusion of the meeting, featuring some of our newest products, and I would like to thank everyone for joining us today.

As the business of the meeting has now been completed, I would welcome a shareholder motion to terminate the meeting.

**Unidentified Speaker**

Mr. Chairman, I move that (unintelligible).

**Henry Demone**

All those in favour, please raise your hands. Contrary-minded?

Motion carried.

Thank you very much. I declare this Annual and Special General Meeting of the Shareholders of High Liner Foods terminated. Thank you very much.

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