



  
HIGH LINER FOODS

# Investor Presentation

## February 2022



# Disclaimer

Certain statements made in this presentation are forward-looking and are subject to important risks, uncertainties and assumptions concerning future conditions that may ultimately prove to be inaccurate and may differ materially from actual future events or results. Actual results or events may differ materially from those predicted. Certain material factors or assumptions were applied in drawing the conclusions as reflected in the forward-looking information. Additional information about these material factors or assumptions is contained in High Liner Foods' Annual Report available on SEDAR ([www.sedar.com](http://www.sedar.com)) and in the Investor Center section of the High Liner Foods website ([highlinerfoods.com](http://highlinerfoods.com)).

# Presentation Notes

## Presentation Currency

High Liner Foods (“the Company”) reports its earnings and financial statements in USD. The Company’s common shares trade on the TSX and are quoted in CAD and therefore references in this presentation to share price, dividends and market capitalization are in CAD.

## Non-IFRS Measures

Certain non-IFRS financial measures and ratios are used when discussing the Company’s financial performance that do not have a standardized meaning prescribed by IFRS, including “Standardized EBITDA”, “Adjusted EBITDA”, “Adjusted EBITDA as a Percentage of Sales”, “Adjusted Net Income”, “Adjusted Diluted Earnings Per Share”, “Net Debt”, “Net Debt to Rolling Twelve-Month Adjusted EBITDA” and “Return on Equity”.

Management believes these measures provide useful information to both management and investors in measuring the financial performance and condition of the Company. These measures may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS. All non-IFRS measures are reconciled to IFRS measures in our MD&A.

# Company Overview & Strategy



# High Liner Foods at a Glance

- A publicly-traded Canadian company, listed on the Toronto Stock Exchange under the symbol 'HLF'
- A leading North American processor and marketer of value-added frozen seafood
- Over 120 years of seafood expertise
- Well-known core brands sold across the United States and Canada, in both the Retail and Foodservice channels



# Investment Thesis

## Why Seafood?

- Healthy - for people and the environment
- Attractive market demographics
- Under consumed vs. dietary guidelines = opportunity
- Versatile - the original protein alternative

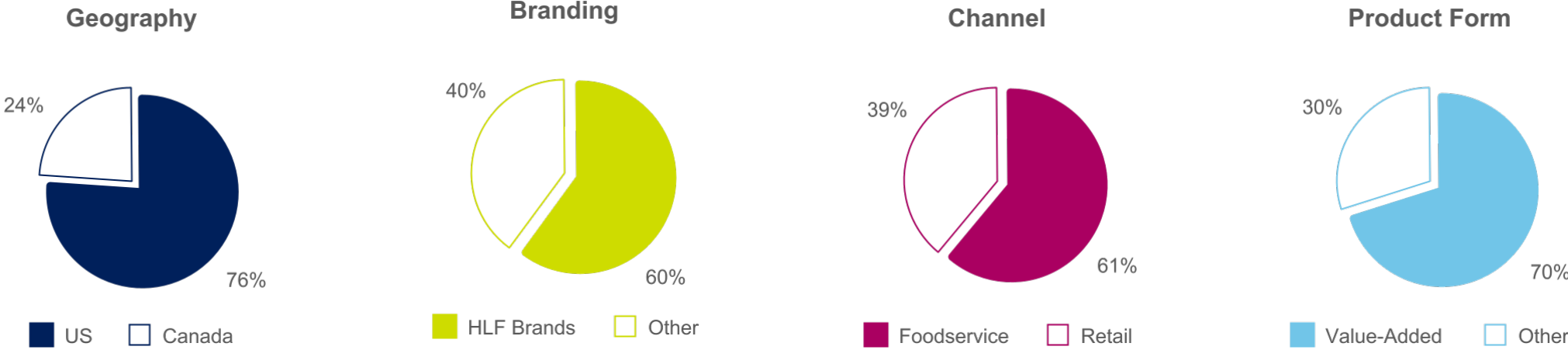
## Why High Liner Foods?

- Over 120 years of seafood expertise
- A North American leader in value-added frozen seafood
- Broad market reach and market-leading brands
- Integrated North American operations supported by global seafood procurement expertise
- Diversified product portfolio
- Leader in innovation and sustainability

## Why Now?

- Building on significant momentum from a transformative 2019 and resilient 2020
- Completed early debt refinancing (Q4 2019) and subsequent re-pricing (Q1 2021), ample liquidity and strong balance sheet
- Well equipped to invest in our business and build upon our leadership in branded value-added seafood to drive further profitability and revenue growth
- Focus on continuous improvement, strategy execution and increased investment in operations to deliver additional EBITDA growth
- Well positioned to continue navigating through challenges presented by COVID-19

# A North American Leader in Value-Added Frozen Seafood with a Diversified Portfolio



Based on 2021 Sales lbs

- #1 frozen seafood manufacturer and #1 frozen value-added seafood manufacturer in Canadian retail market<sup>(1)</sup>
- #1 prepared frozen fish manufacturer and #4 frozen value-added seafood manufacturer in U.S. retail market<sup>(2)</sup>
- #1 value-added frozen seafood in foodservice (including private label) in U.S. and Canada<sup>(3)</sup>

(1) Canadian market data per Nielsen, based on retail sales (in lbs.) of total frozen fish category for 52-week period ended January 1, 2022.  
 (2) U.S. market data per IRI, based on retail sales (in lbs.) of total frozen seafood category for 52-week period ended January 23, 2022.

# Reimagining Seafood to Nourish Life

- In 2021, the Company refreshed its purpose statement to "Reimagining Seafood to Nourish Life", which more accurately reflects High Liner Foods' business, its potential for the future and commitment to all its stakeholders.
- As we execute against our strategy to become the leader in branded value-added seafood in North America, we will do so grounded in a strong sense of our wider purpose in society and with environmental, social and governance (ESG) issues front of mind.
- As we live our purpose, we will invest in an inclusive, equitable and diverse workplace that creates rewarding career opportunities that help nourish the lives of our dedicated employees, while we continue to focus on their health and safety.
- We will continue to advance our sustainability goals, support our local communities and hold ourselves to the highest standards of governance. Sustainability, responsibility, flexibility and resilience have been hallmarks of High Liner Foods for over 120 years, and we are committed to ensuring these values are reflected in Fiscal 2022 as we strive to become the leader in branded value-added seafood in North America.



# Financial Review & 2022 Outlook



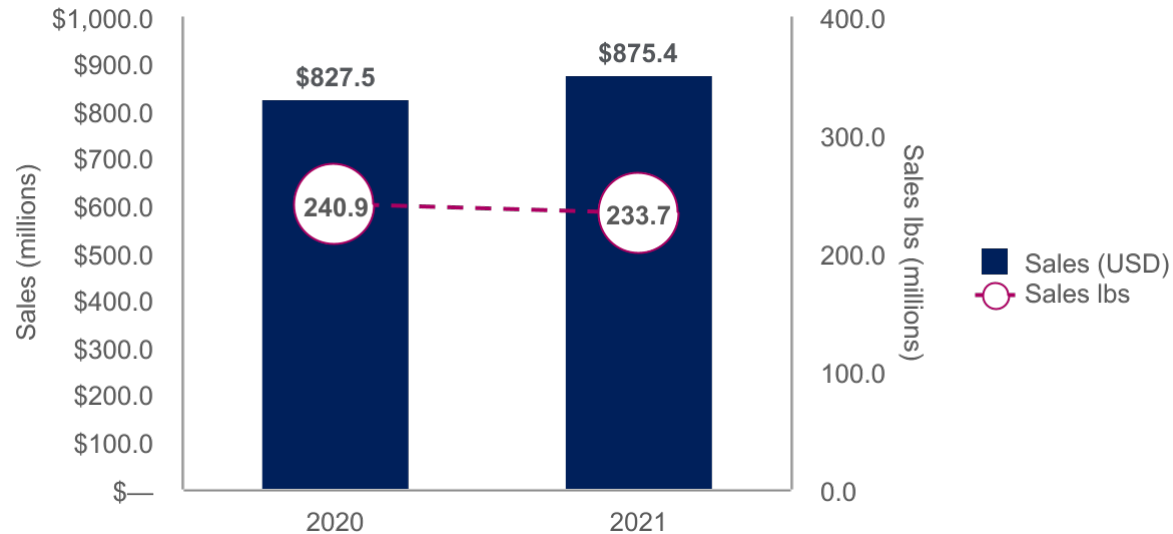
# Q4 2021 Performance

- Q4 2021 net sales increased year-over-year reflecting pricing actions related to inflationary increases on input costs and favorable changes in sales mix, partially offset by lower sales volumes.
  - In Foodservice, sales volume was lower due to the impact of global supply chain challenges on raw material supply to North America.
  - In Retail, demand was lower than the same period in 2020 as a result of evolving consumer behavior during the COVID-19 pandemic.
- Gross profit increased as compared to the prior year by \$5.1 million to \$48.6 million as the Company continued to execute against its branded value-added leadership strategy.
- Adjusted EBITDA as a percentage of sales decreased compared to the prior year by 170 basis points to 9.0% and Adjusted EBITDA decreased by \$0.6 million to \$20.6 million.
- The leverage ratio was 3.0x at the end of Fiscal 2021, compared to 3.0x at the end of Fiscal 2020.
- Global supply chain challenges, including competitive labour market, material supply issues, port congestion / shutdowns, and inflationary costs pressures, impacted operations and related sales in both foodservice and retail business during the quarter.
  - Specifically, shipping container shortages and raw material supply impacted the Company's ability to maximize volume sales during the quarter.
  - The Company took all available steps to attempt to mitigate the impact of supply challenges and also took appropriate pricing actions to offset additional costs incurred.

# 2022 Outlook

- Demand for the Company's products remains strong, however, like others in the retail and foodservice space, the Company continues to navigate global supply challenges, inflationary pressures on raw material and ongoing uncertainty related to the COVID-19 pandemic. High Liner Foods is taking all necessary steps to mitigate ongoing supply challenges by drawing on the scale of its global supply chain and the diversification of species, product, procurement and strong customer and supplier relationships to support its position. The Company's performance may be impacted by ongoing global supply chain challenges, inflationary pressures on raw material and other inputs and its ability to successfully implement related pricing actions.
- With a strong balance sheet and cash flow, the Company is well equipped to navigate current market conditions and invest in the business, with anticipated capital expenditures of approximately \$25.0 million in Fiscal 2022, as we modernize our asset base, explore automation opportunities and maintain and upgrade our facilities.
- The Company does not have any impending debt maturities and will continue to utilize its \$150.0 million working capital credit facility, if required, and remains confident in its liquidity position.
- High Liner Foods expects its Net Debt to Rolling Twelve-Month Adjusted EBITDA ratio to be below the Company's long-term target of 3.0x at the end of Fiscal 2022.

# Fiscal 2021 Sales Volume and Net Sales



Sales volume decreased 7.2M lbs (3.0%) to 233.7M lbs

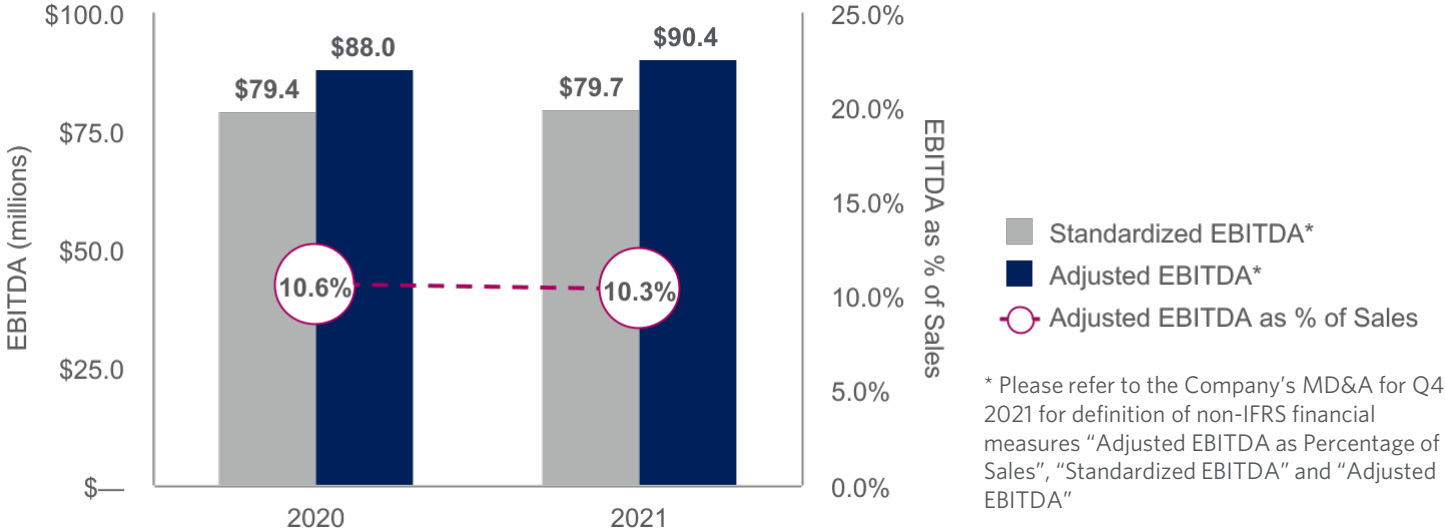
- Foodservice: sales volume was higher due to the impact of significantly reduced COVID-19 restrictions on the Company's foodservice customers in 2021 as compared to the same period of 2020.
- Retail: sales volume was lower primarily due to lapping the significant surge in demand at the onset of the COVID-19 pandemic that did not repeat during 2021 and evolving consumer behaviour during the COVID-19 pandemic.
- Sales volume 2021 was also negatively impacted by the supply challenges being experienced globally. The decline in sales volume in 2021 was partially offset by new business and new product sales.

Net sales increased \$47.9M (5.8%) to \$875.4M

- Lower sales volumes mentioned above were more than offset by favorable changes in sales mix, lower promotional activity and pricing actions related to inflationary increases on input costs.

# Fiscal 2021 Adjusted EBITDA

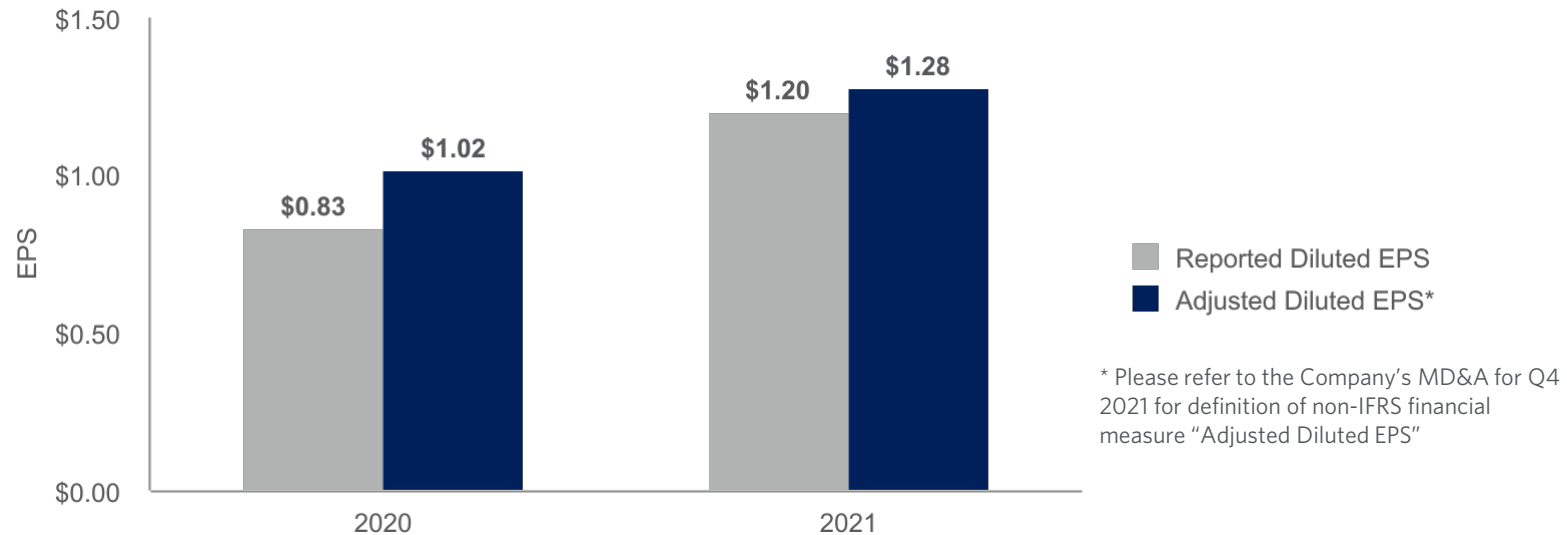
## Earnings before Interest, Taxes, Depreciation and Amortization



Adjusted EBITDA increased \$2.4M (2.7%) to \$90.4M and decreased by 30 basis points as a percentage of sales to 10.3%.

- The increase in adjusted EBITDA is a result of the increase in gross profit partially offset by the increase in distribution and net SG&A expenses.

# Fiscal 2021 Earnings Per Share (EPS)

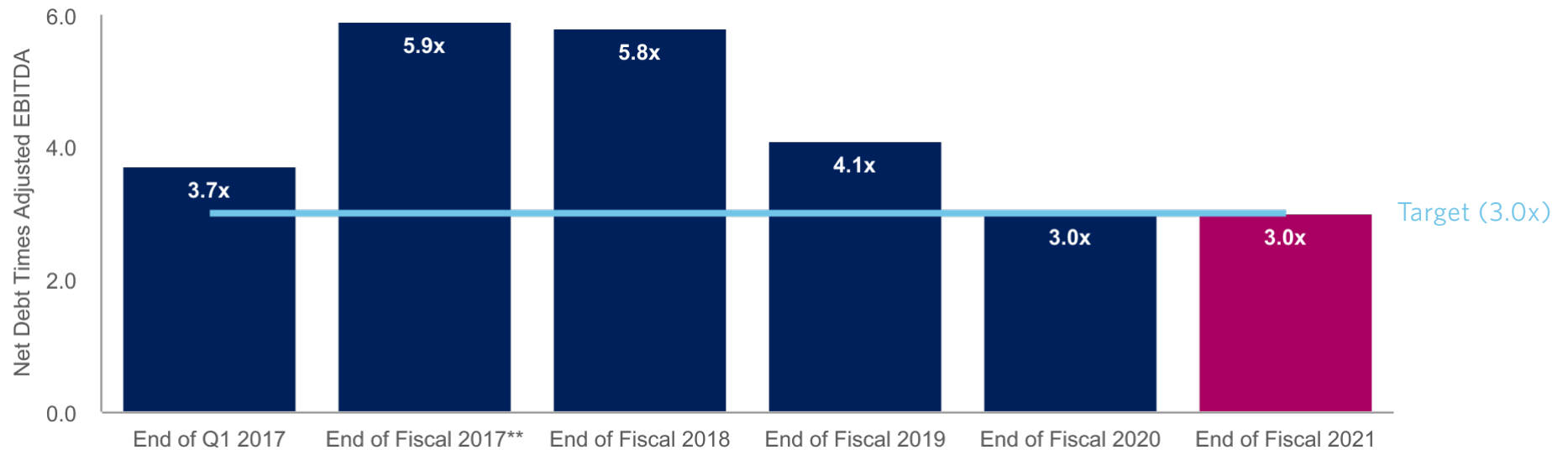


Adjusted Diluted EPS increased by \$0.26 (25.5%) to \$1.28

- Adjusted Net Income increased by \$9.6M (27.2%) to \$44.8M reflecting an increase Net Income driven by the increase in Adjusted EBITDA and decrease in finance costs, partially offset by an increase in share-based compensation expense.

# Debt Leverage Ratio

## Net Debt to Rolling Twelve-Month Adjusted EBITDA\*



\*Please refer to the Company's MD&A for Q4 2021 for the definition of non-IFRS financial measure "Net Debt to Rolling Twelve-Month Adjusted EBITDA"

\*\*Does not include the rolling twelve-month Adjusted EBITDA for Rubicon Resources, LLC (purchased May 30, 2017)

In the absence of any major acquisitions or unplanned capital expenditures in 2022, we expect this ratio to remain below the Company's long-term target of 3.0x at the end of Fiscal 2022.

# Dividend History



\*Reflects Q1/Q2/Q3 dividend of CAD\$0.140 per share and Q4 dividend of CAD\$0.145 per share

\*\*Reflects Q1 dividend of CAD\$0.145 per share and Q2/Q3/Q4 dividend of CAD\$0.05 per share

\*\*\*Reflects Q1/Q2/Q3 dividend of CAD\$0.05 per share and Q4 dividend of CAD\$0.07 per share

\*\*\*\*Reflects Q1/Q2/Q3 dividend of CAD\$0.07 per share and Q4 dividend of CAD\$0.10 per share

On November 17, 2021, the Board approved a quarterly dividend of CAD\$0.10 per common share, a 42.9% or \$0.03 increase from the CAD\$0.07 per share dividend paid during the third quarter of 2021, reflecting the Board's recognition of the Company's continued strong performance and cash flow position.



# Appendix #1: Miscellaneous Company Information



# High Liner Foods



Canadian public company since the 1960s, TSX-listed in 1971

Current price	CAD\$13.68*
Shares outstanding	~33.3M
Market capitalization	~CAD\$456.0M
52-week range	CAD\$12.00 - \$15.36*
Annual dividend	CAD\$0.31 per share**
Current yield	2.3%

\* Source TSX, as of February 22, 2022

\*\* Effective November 2021 (CAD\$0.10 per share per quarter)

# High Liner Foods

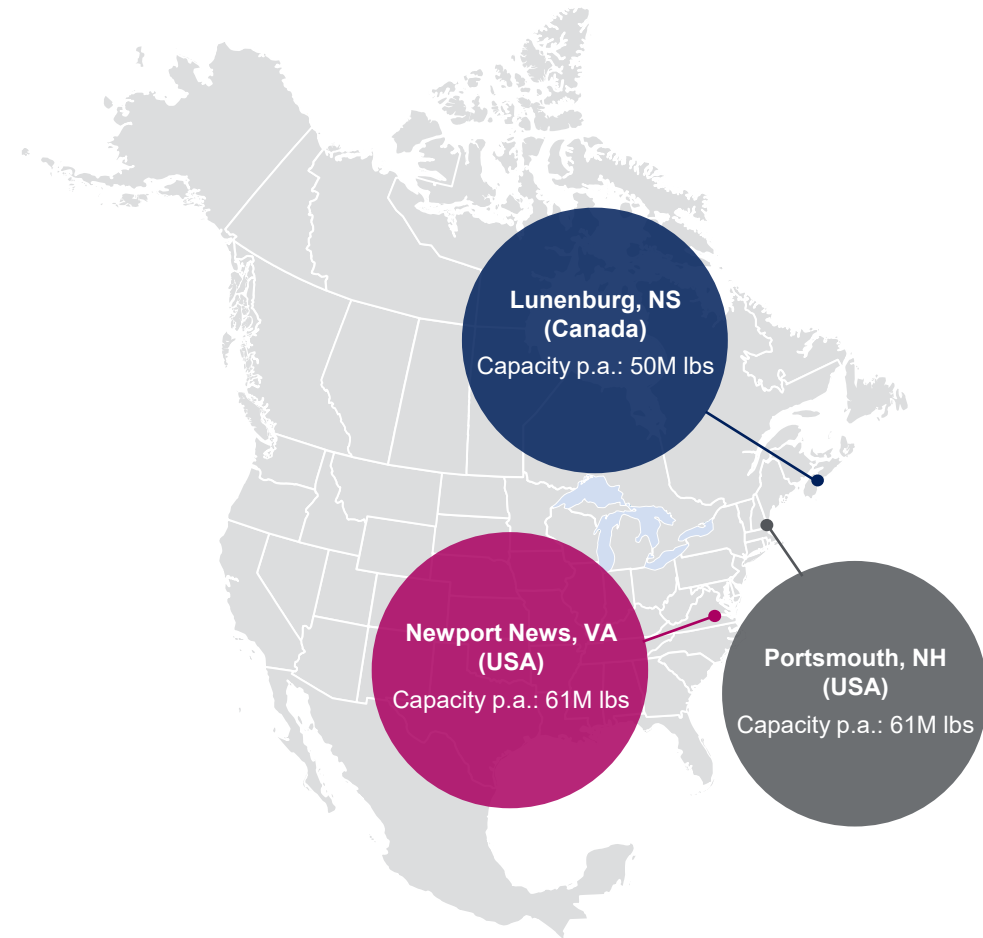
Over 120 years of seafood expertise



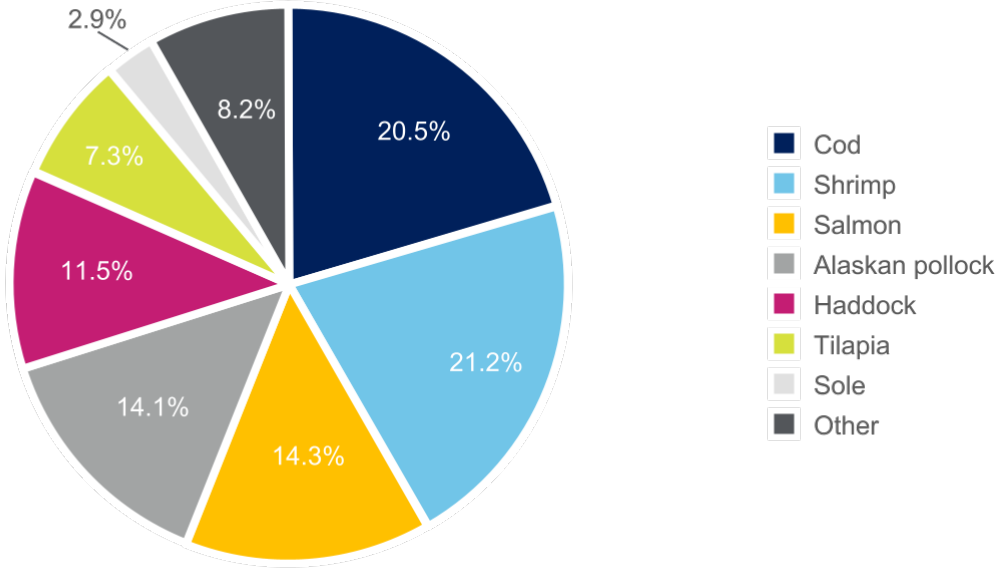
# Flexible, Integrated Operations

## Three value-added seafood manufacturing facilities in North America

- Increased demand for value-added products increases plant efficiency
- Current manufacturing footprint: aggregate production capacity of ~172M LBS based on current shift patterns
- Aggregate capacity could be increased to ~250M lbs by implementing a change in shift patterns and additional capital investment
- Ideal capacity ~ 85% to 90% to allow for seasonal demand surge
- Utilize a combination of Company-owned and third party-managed cold storage facilities



# Species Diversity



Based on 2021 Purchases (in USD)

- In 2021, the Company purchased approximately 157M lbs of seafood with an approximate value of \$449.6M, reflecting approximately 24 species from 23 different countries.
- Major species (7) accounted for ~92% of the total dollar purchases.

# Corporate Social Responsibility



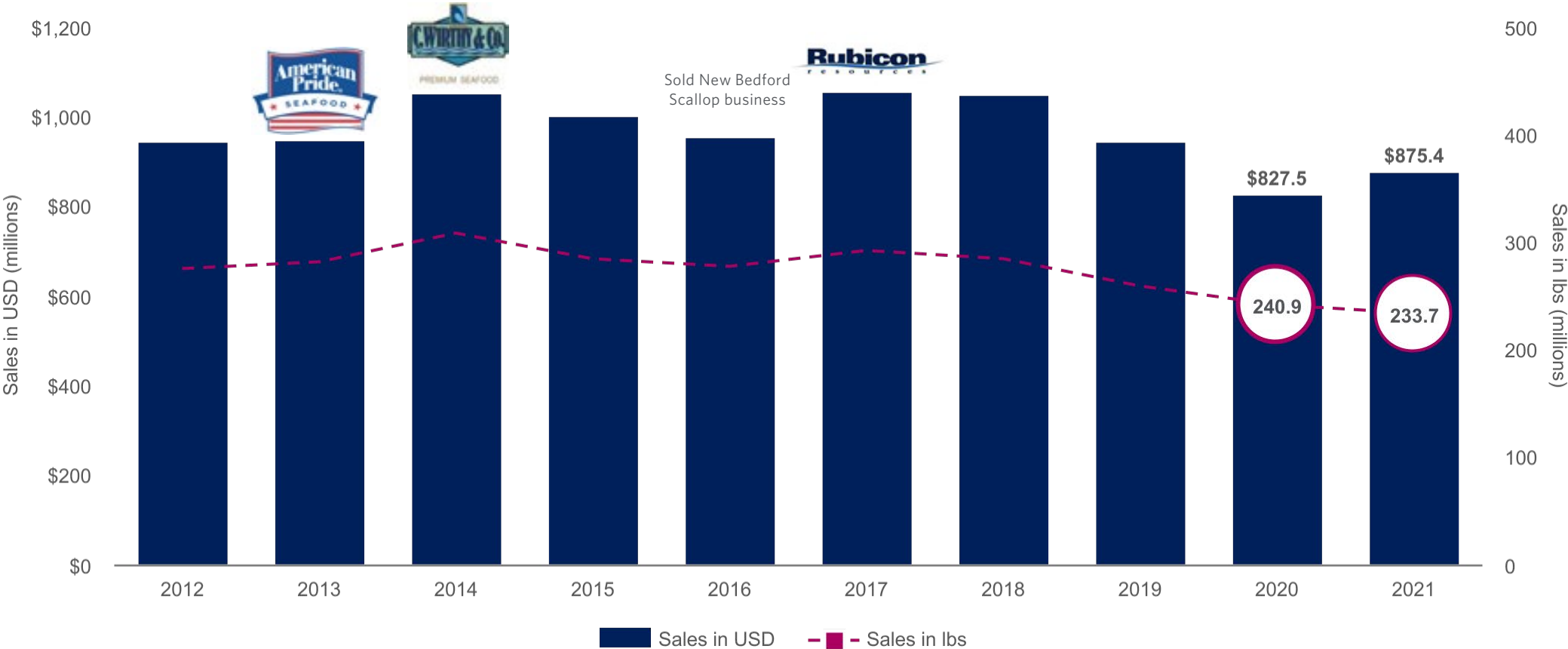
- Committed to sourcing all our seafood from “certified sustainable or responsible” fisheries and aquaculture
- Recognized as a global leader in driving best practice improvements in wild fisheries and aquaculture

Appendix #2:

# Historical Financial Performance



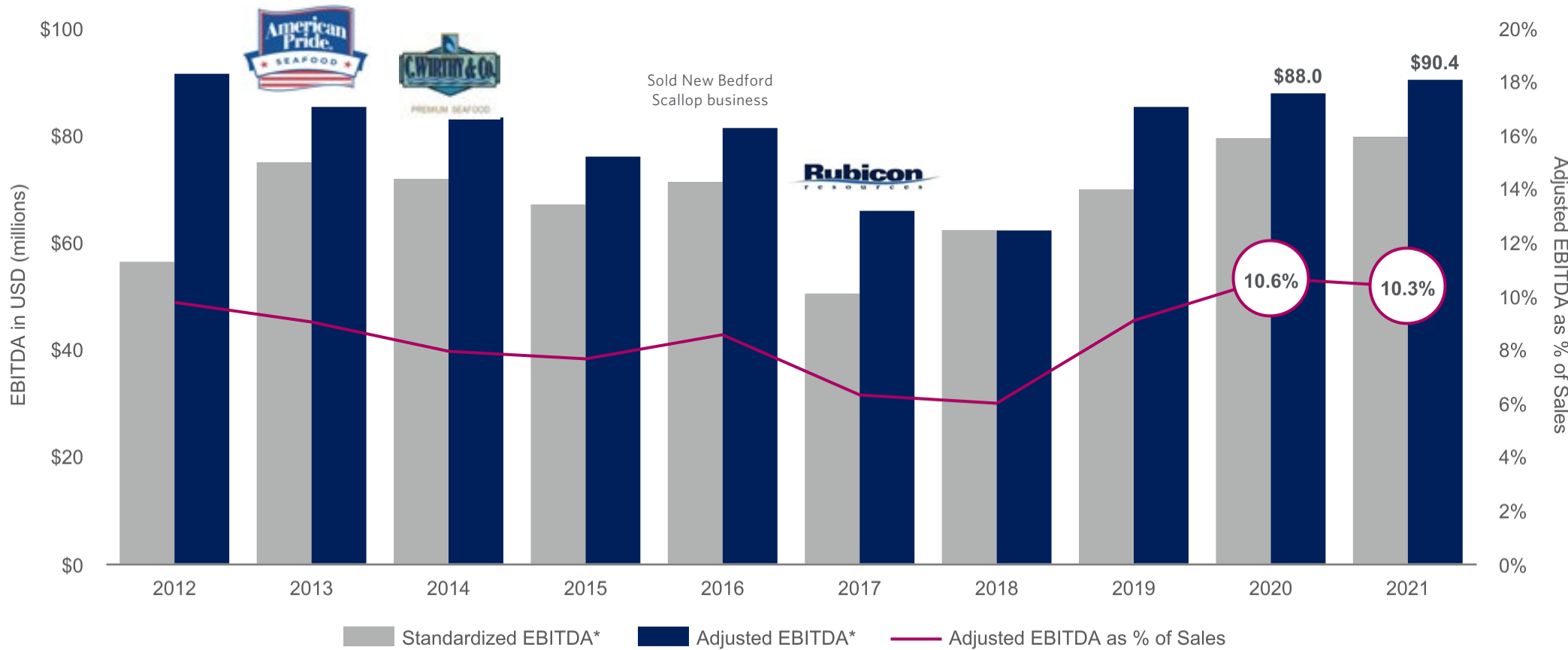
# 10 Year Sales History - Volume and USD





# 10 Year EBITDA History

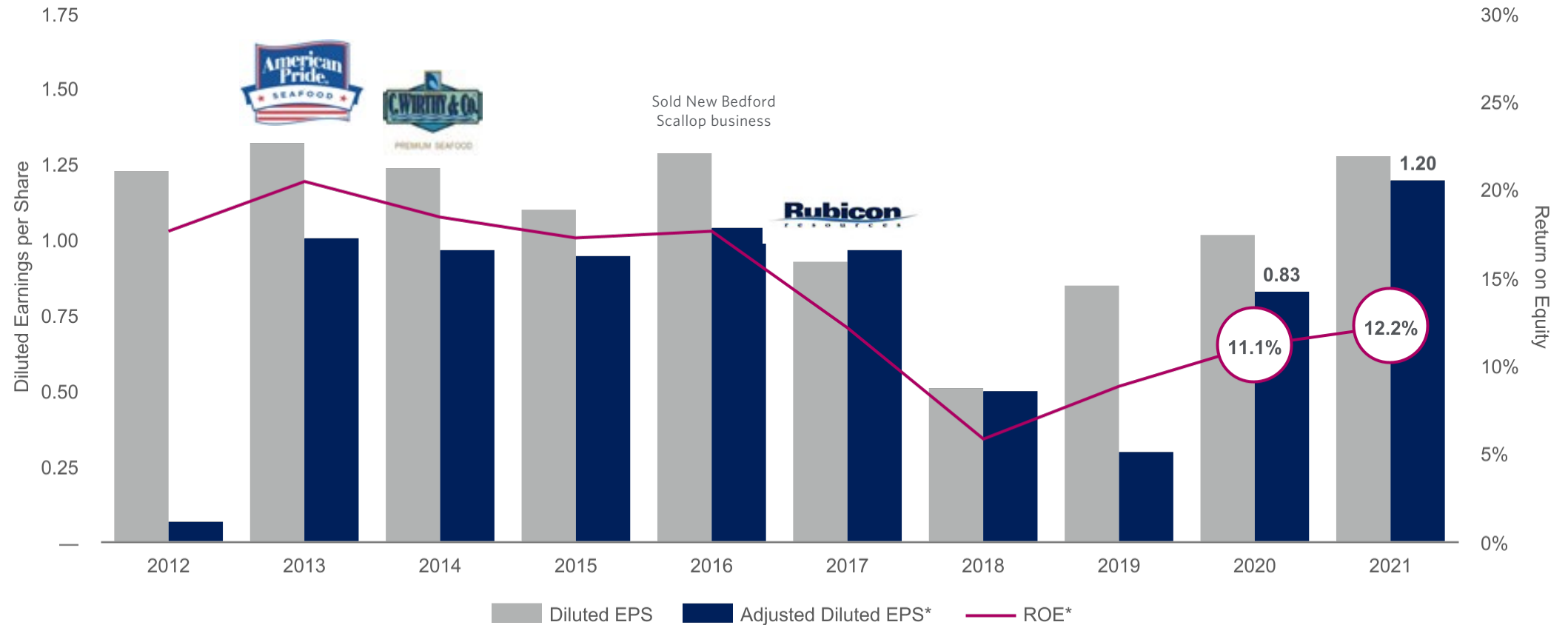
Earnings before Interest, Taxes, Depreciation & Amortization



\*Please refer to the Company's MD&A for Fiscal 2021 for definition of non-IFRS measures "Standardized EBITDA" and "Adjusted EBITDA"

# 10 Year EPS and ROE\* History

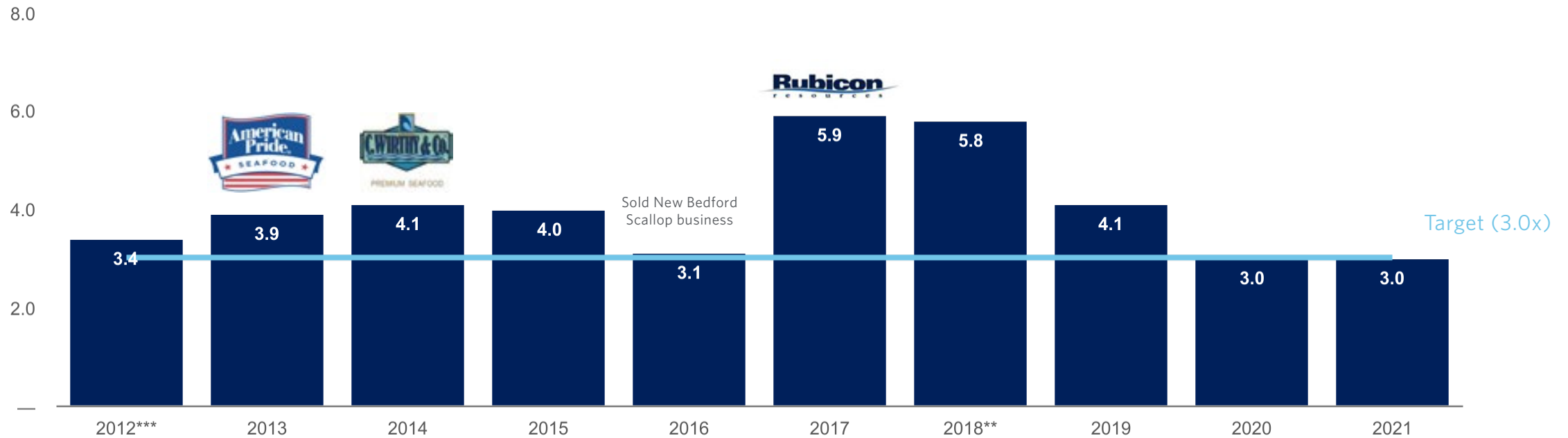
## Earnings per Share (EPS) and Return on Equity (ROE)



\*Please refer to the Company's MD&A for Fiscal 2021 for definition of non-IFRS measures "Adjusted Diluted EPS" and "Return on Equity"

# 10 Year Debt Leverage Ratio

Net Debt to Rolling Twelve-Month Adjusted EBITDA\*



\*Please refer to the Company's MD&A for Fiscal 2021 for definition of non-IFRS measure "Net Debt to Rolling Twelve-Month Adjusted EBITDA".

\*\*Does not include rolling twelve-month Adjusted EBITDA for Rubicon Resources, LLC (purchased May 30, 2017)

\*\*\*Pro forma Icelandic acquisition

In the absence of any major acquisitions or unplanned capital expenditures in 2022, we expect this ratio will remain below the Company's long-term target of 3.0x at the end of Fiscal 2022.

# Thank you



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