



Rod Hepponstall,
President & Chief Executive Officer

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Dear valued shareholders,

2019 was a transformative year for our business.

Our financial performance reflects the significant progress we made to strengthen every aspect of High Liner Foods in 2019. Of particular note, we increased Adjusted EBITDA⁽¹⁾⁽²⁾ by \$22.8 million, a 36.6% improvement over 2018; increased Adjusted EBITDA as a percentage of sales by 310 basis points; and improved our Net Debt⁽¹⁾ to Adjusted EBITDA ratio to 4.1x from 5.8x. We also successfully completed an early refinancing of our debt, providing enhanced capacity and flexibility to continue to turn around our business and deliver profitable and sustainable revenue growth.

We advanced our turnaround and EBITDA growth plan in the face of significant market and industry headwinds, contending with downward pressure on volume and the impact of tariffs. We responded to these challenges by doubling down on execution against our thoughtful critical initiative plan, focusing on the factors within our control and working hard to reposition our business for long-term sustainable value creation.

As a result, our business today is stronger in every respect. I am proud to report that through the course of last year, we made major inroads to streamline and simplify our business, remove complexity and spark award-winning innovation. We changed the way we work to become far more efficient and focused. This was all possible because we came together as one integrated North American organization — *One High Liner Foods*.

With the heavy lifting of the first phase of our transformation behind us, we enter Fiscal 2020 with momentum and clarity. We know we have more work to do and have the right people and right plans in place to grow our market share as a North American seafood leader. Our customers are looking for healthy, easy to prepare, delicious seafood options and we are better positioned than ever to deliver.

Coming together to leverage our scale

Our North American footprint is certainly a strategic advantage for High Liner Foods but until now we haven't been able to maximize these benefits. Realigning the organization under one North American structure in late 2018 contributed cost savings to our improved financial performance in 2019, along with many other far-reaching and long-term benefits. By operating as 'one' — whether as a team or a system — we are stronger and more efficient. We can better capitalize on the benefits of our geographic reach, including being able to seize on cross-border

⁽¹⁾ Please refer to the Non-IFRS Measures section of High Liner Foods' MD&A for the fifty-two weeks ended December 28, 2019 for definitions of the non-IFRS financial measures used by the Company, including "Adjusted EBITDA" and "Net Debt".

⁽²⁾ Adjusted EBITDA for the fifty-two weeks ended December 28, 2019 reflects the inclusion of \$5.5 million of the \$8.5 million recovery received from the ingredient supplier in the first quarter of 2019 associated with the 2017 product recall, and the impact of the new lease standard adopted at the beginning of Fiscal 2019. Please refer to the Recent Developments section of High Liner Foods' MD&A.

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market opportunities to maximize the revenue potential of our product portfolio.

I know there are many more opportunities like this ahead of us, especially related to our shrimp business. In 2019, we fully integrated our Rubicon shrimp business into High Liner Foods and started to unlock the tremendous value we see here by developing integrated go-to-market and growth strategies. Shrimp is one of the fastest growing species in North America and one of the greatest areas of growth potential in our business, especially when combined with our renewed North American reach and investment in value-added innovation.

Focusing our portfolio

In 2019, we significantly refocused our portfolio by eliminating non-core species and putting greater emphasis on higher margin, value-added products. We significantly trimmed down the portfolio, eliminating a total of 235 products and 8 species.

Our decisions to exit some business naturally had a short-term impact on volume, but we are confident that a more focused, higher margin portfolio will deliver significant longer-term benefits. We will continue this important work in 2020, advancing our goal to consistently deliver the right product, at the right price to the right customer.

Driving supply chain efficiencies

Our ability to extract the value from a more focused portfolio and integrated organization now rests on the flexibility and efficiency



of our supply chain. Significant improvements were made last year to remove complexity and to lower costs across procurement, our plants, and transportation and warehousing. We achieved this without customer disruption while simultaneously generating \$9.8 million in cost savings in 2019, with more to come in 2020.

In 2020, we will further improve and optimize our end-to-end supply chain, to not only maximize efficiencies, but also to ensure that we have the supply chain needed to support the top-line growth that we are confident lies ahead. We are building the supply chain for the business we are creating, not the business we have today.

Leading the market through innovation

We are working to inspire our customers to not only choose our products, but to choose our products for new and different eating occasions and to make more frequent repeat purchases. In 2019, we launched a number of award-winning seafood innovations, including new products that expanded seafood consumption into the snacking category. Snacking and seafood are two words not traditionally associated with each other, until now. Our haddock bite and fish wing products are leading this new category for seafood and prompting customers, operators and consumers to think about seafood in a new light.

We see tremendous potential for incremental growth from value-added innovation and recognize that we are uniquely positioned to drive innovation in the market thanks to the valuable brand equity of **High Liner**. We gave our namesake brand a fresh new look in 2019, along with our **Captain High Liner**. An icon in seafood aisles across Canada, we were delighted that the Captain's new look this year certainly turned some heads, raising brand awareness and injecting new life and energy into our well loved and respected brand.

Revitalizing our brand was also a fitting way to mark our 120th anniversary this year. No doubt our business today is unrecognizable from the day we first opened our doors to sell salt fish to the Nova Scotian community of Lunenburg back in 1899. And, thanks to the tremendous team effort in 2019, our business today is also fundamentally changed from a year ago.

We are on the right track and I have every confidence that continuous improvement in 2020 will set us up for further EBITDA growth in 2020, and a return to profitable, sustainable revenue growth.

Thank you for your continued support.

Rod Hepponstall
President & Chief Executive Officer