PARTICIPANTS

Corporate Participants

Steven R. Bromley – Chief Executive Officer & Non-Independent Director, SunOpta, Inc.
Robert McKeracher – Chief Financial Officer & Vice President, SunOpta, Inc.
Hendrik Jacobs – President & Chief Operating Officer, SunOpta, Inc.

Other Participants

Peter Prattas – Analyst, Cantor Fitzgerald Canada Corp.
Christine Healy – Analyst, Scotia Capital Markets
Tim J. Tiberio – Analyst, Miller Tabak + Co. LLC
Chris Krueger – Analyst, Lake Street Capital Markets LLC
Mitch B. Pinheiro – Analyst, Imperial Capital LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning and welcome to SunOpta, Inc.'s Second Quarter Fiscal 2014 Earnings Conference Call. By now, everyone should have had access to the earnings press release that was issued after the close of business yesterday. The release is available on the Investor Relations portion of SunOpta's website at www.sunopta.com. This call is being webcast and a transcription will be available on the company's website.

As a reminder please note that the prepared remarks which follow contain forward-looking statements, and management may make additional forward-looking statements in response to your questions. These statements do not guarantee future performance, and therefore, undue reliance should not be placed upon them.

We refer you to all of the risk factors contained in SunOpta's press release issued yesterday, the company's second quarter fiscal 2014 Quarterly Report on Form 10-Q that will be issued at the close of business today, and other filings with the Securities and Exchange Commission, for more detailed discussions on the factors that could cause actual results to differ materially from those projections in any forward-looking statements.

Finally, we would also like to remind listeners that the company may refer to certain non-GAAP financial measures during the teleconference. A reconciliation of these non-GAAP financial measures was included with the company's press release issued yesterday. Also, please note that unless otherwise stated, all figures discussed today are in U.S. dollars and are occasionally rounded up to the nearest million.

And now, I would like to turn the call over to SunOpta's CEO, Steve Bromley.

Steven R. Bromley, Chief Executive Officer & Non-Independent Director

Great. Thanks and good morning, everyone. On the call with me today are Rob McKeracher, our Vice President and Chief Financial Officer; Rik Jacobs, our President and Chief Operating Officer; and John Ruelle, our Chief Administrative Officer and Senior Vice President of Corporate Development.

This morning, I will provide you with a brief overview of our second quarter 2014 financial results and an update on our key strategic initiatives. Then, Rob will discuss our financial performance in more detail and Rik will provide an update on our operations. Finally, I will provide a few closing remarks and then we will open up the call to questions.

Our positive momentum continued in the second quarter with all of our core foods operating segments posting increased revenues versus prior year to fuel record second quarter and year-to-date revenue and record earnings performance. We believe these strong results clearly demonstrate the early success of our operational realignment and repositioned go-to-market strategy, as well as the continued growth in healthy eating categories around the world.

Our record second quarter and year-to-date revenues were led by higher demand for internationally sourced organic raw materials both domestically and abroad, and continued growth in consumer packaged categories, including aseptic beverages, frozen foods and re-sealable pouch products. This growth more than offset lower commodity grain pricing and volume and declines within Opta Minerals.

Importantly, our record revenue growth was supported by a 70 basis point improvement in our operating margin over the prior year and 140 basis point improvement over the first quarter of 2014, consistent with our stated objective of growing our top line while at the same time improving our margin profile. Our results reflect continued momentum driven by new and existing customers, new products and product extensions, investments in growing our capabilities to address market opportunities, as well as prudent cost and expense management efforts.

Natural and organic products are increasingly available to consumers on a global basis. And we believe that the interest in healthy eating is a key long-term global trend. There are two very different demographics fueling growth in healthy eating and wellness. The boomers, who as they are getting older are spending more time exercising and focusing on their health and diet. And the millennials who are the most socially aware generation ever to come along as far as eating is concerned.

Each of these large demographics care about what is in their food, where it came from and what happened in the environment to get it to them. Free-from products are on the rise including non-genetically modified or GMO-free, gluten-free, lactose-free and nut-free to name a few. We believe these trends along with global obesity and rising healthcare costs are all converging together to fuel rapid growth in natural and organic foods.

Our integrated foods platform uniquely positions us to capitalize on these growth opportunities. This combined with our management team's consistent focus on our three core strategies of becoming a pure play natural and organic foods company, growing our value-added consumer products and ingredients portfolio and leveraging our integrated platform will drive our long-term financial targets.

So, with that overview, I'll turn the call over to Rob to take us through some detailed financial information. Rob?

Robert McKeracher, Chief Financial Officer & Vice President

Thanks, Steve, and good morning, everyone. I will focus more specifically on our financial results for the second quarter and six months ended July 5, 2014. For the second quarter of 2014, we reported record revenues of $338 million, an increase of 8.7% compared to revenues of $311 million during the second quarter last year.

Excluding the impact of changes in commodity prices and foreign exchange rates, consolidated revenues increased 10.5% and SunOpta Foods revenues increased 12.6% versus the prior year.

We generated operating income of $16.8 million during the second quarter, up approximately 26% from $13.3 million in the same period last year. The growth in operating income was driven by increased volume and margins on organic raw materials, increased volume of consumer products, improved performance in our sunflower operations, as well as improved margins at Opta Minerals as a result of cost reductions and product mix.

These positive factors were partially offset by operating margin pressure experienced in value-added ingredients, lower organic feed and specialty corn margins, and increased corporate costs aligned with our strategy to drive efficiency in the operating segments.

Earnings for the second quarter of 2014 were $8.7 million, or $0.13 per diluted common share, compared to a loss of $15.3 million, or $0.23 per common share in the second quarter of 2013. Included in the results for the second quarter of 2013 was a non-cash impairment charge of $21.5 million after-tax, or $0.32 per common share, related to a write-down of the company's investment in Mascoma Corporation.

Second quarter 2013 earnings from continuing operations were $0.10 per diluted common share, excluding this charge and the impact of discontinued operations. Accordingly, on an adjusted basis earnings for the second quarter of 2014 increased $2.5 million or approximately 34% versus the same period last year. Our second quarter 2014 results include approximately $1.2 million in costs related to the retrofit of our premium juice operation, which we have discussed in prior quarters.

During the second quarter of 2014, we realized EBITDA of $22.7 million as compared to $18.7 million during the second quarter of 2013.

Viewing year-to-date performance for a moment, we reported record first half revenues of $672 million, an increase of 13.1% versus revenues of $594 million last year. Please note that fiscal 2014 will be a 53 week year and the extra week fell in the first quarter, resulting in a 27 week first half of the year compared to 26 weeks in the prior year.

Consolidated revenues increased 12.1% and SunOpta Foods revenues increased 14.4% versus the prior year, excluding the extra week of sales, as well as the impact of changes in commodity prices and foreign exchange rates.

Earnings for the first half of 2014 were $15.3 million, or $0.23 per diluted common share, compared to a loss of $10.2 million, or $0.15 per common share, during the first quarter of 2013. First half earnings for 2013 were $0.17 per diluted common share, excluding the impact of the previously mentioned impairments, as well as the effect of discontinued operations.

Accordingly, on an adjusted basis, earnings for the first half of 2014 increased $4 million or approximately 31% over the same period last year. On a year-to-date basis, our results include approximately $2.4 million in cost related to the retrofit of the premium juice operation, partially offset by approximately $1.1 million in other income primarily related to a decrease in contingent consideration related to previous acquisition.

EBITDA was $40.6 million in the first half of 2014 compared to $34.8 million in the prior year. At July 5, 2014, we had total assets of $703 million and a net book value of $5.14 per outstanding common share. And our balance sheet remained strong, reflecting a net debt to equity ratio of 0.49 to 1.

Cash provided by operations was $33.2 million for the second quarter, a record for the company, and $20.6 million for the first half of 2014, reflecting improved earnings and working capital efficiency.

At July 5, 2014, we had approximately $120 million in unused capacity within our current debt facilities. We're forecasting to generate positive operating cash flows over the back half of 2014, and the cash generated, along with the available capacity that I just mentioned, provides the company with sufficient resources to support our various growth projects.

With that, I'll now turn the call over to Rik, who'll discuss our second quarter operational performance in more detail.

Hendrik Jacobs, President & Chief Operating Officer

Thanks, Rob, and good morning, everyone. I will discuss the performance of the three segments within SunOpta Foods: Global Sourcing and Supply, Value Added Ingredients and Consumer Products.

In the Global Sourcing and Supply segment, revenue increased 8.7%, and we reported a 250 basis point improvement in operating margins. Revenues were up due to higher sales in fruit, seeds and nuts products, as well as a bounce back in European sales of fruit and seed products. Coffee also improved in the quarter, as the overall market increased versus the prior year, and we were able to take a full advantage of that. We are very pleased with the performance of this segment as growth is strong in both North America and Europe.

On the domestic side, we saw good margins in our sunflower business following the rightsizing of our business where we reduced our footprint and changed the type of seeds we are contracting to be better aligned with international customer demand.

On the grain side, margins were somewhat lower compared to last year, primarily due to a reduction in the spread on organic feed. We believe that our expertise in sourcing organic raw materials from all over the world is really starting to pay dividends as evident by our results in Q1 and Q2, not just in the sale of these raw materials to customers, but also in securing supply for our Value Added Ingredient and Consumer Products segments.

More and more of our products are being secured through our own sourcing and supply group, which obviously has a favorable impact on their margins, as we do not count the internal revenue in this segment, but we do keep the margin there.

In our Value Added Ingredient segment, revenues increased approximately 2% and the gross margin expanded 70 basis point, which is encouraging to see. However, our operating margin decreased to 3.8% due to the investment we have been making in this business. We've added sales and R&D resources in order to step-up the sales of innovative new product, especially in our grains and fiber businesses. And given the small size of the segment, this has had a negative impact on the operating margin percentage.

Food ingredients were flat for the quarter, which reflects some inventory reductions from three major customers. Our grain and fiber business was also flat, but this hides the fact that we've been changing the underlying business away from commoditized low-end fibers to innovative products such as our rice fiber and our newly developed OPTASMOOTH soluble fiber, which the first customer we'll be launching in the nutritional beverage in Q3.

On a year-to-date basis, almost 10% of the businesses was new products and our new customers. And looking ahead, our fiber and grains ingredients pipeline should improve with new and existing customers and products, while we expect the fruit business to bounce back to growth from Q3 onwards.

In our Consumer Products segment, revenues increased 17%. The revenue increase was primarily driven by sales of our aseptic, frozen, pouch and healthy snack products. Our gross margin was down versus prior year by 150 basis point, however, the second quarter of 2013 was an exceptional period. The good news is that the margin was up on an absolute basis by about $800,000, but this would have been substantially more without roughly $1 million for San Bernardino as well as other factory refurbishments year-over-year, and a short-term mix shift in our business, which reduced our margin by about $600,000.

On a like-for-like basis taking in consideration this $1.6 million, gross margin would have been about 15%, which is more in line with our internal expectations. Construction remains ongoing at the San Bernardino facility, and we expect the facility to start up in October and look forward to providing you with an update on it next quarter.

Our Consumer Products segment has great future growth opportunities ahead as we improve our capacity utilization and focus on increased contributions from our aseptic, pouch and healthy snacks businesses.

In closing, we've made significant progress and our organizational alignments are yielding improvements in our performance. We are seeing overall gross margin expansion in foods for the first time in the two years I've been here. And combined with the great top line growth, we are now making an operating margin of 5% versus 4.3% in the same quarter last year.

That said, we've really only begun to scratch the surface as we have additional opportunity for robust top line growth across our segment, and more importantly, tremendous opportunity to realize further supply chain cost and expense efficiency. We remain focused on achieving better margins going forward through a combination of increased customer focus in our segments and decreased costs in our supply chain.

That concludes my segment review. I'll turn the call back over to Steve for some closing remarks.

Steven R. Bromley, Chief Executive Officer & Non-Independent Director

Great. Thanks, Rik. To summarize, we're very pleased with our second quarter and first half financial performance, particularly as our strategic realignment undertaken in 2013 has already started to yield tangible benefits in a relatively short period of time. We remain confident in the consensus for the year and believe there are tremendous opportunities in front of us from both the customer and operational perspective that will help drive additional top line growth, and more importantly, greater efficiencies to fuel our bottom line over the next several quarters.

Going forward, our team remains focused on the growth of our portfolio of natural and organic food offerings, the further refinement of our cost structure to drive additional operational improvements and the prudent evaluation of potential acquisition opportunities, which is supported by our strong balance sheet and future cash flow generation. As many of you know, we are intently focused on pursuing all options to maximize shareholder value.

For our announcement in June, the Opta Minerals' Board of Directors has established a special committee of independent directors to formally review the potential strategic options available to Opta Minerals. This process is now well underway and as before, we anticipate the strategic review to conclude in fiscal 2014. We believe we have built a leadership position in the industry with our integrated model focused on Value Added Ingredients and consumer packaged products, which positions us well to capitalize on the tremendous growth opportunities in natural and organic food products.

In closing, we believe we've just started to truly see the benefit of our integrated business model and are confident in our future opportunities to maximize growth, generate increased improvement in our operational and financial results. Our unique market position enables us to benefit from the increasingly global – growing global healthy foods and beverage industry. This dynamic with solid execution of our core strategies provides us with a strong platform to deliver consistent and sustainable earnings growth and shareholder value.

So that concludes our prepared remarks. I would like to thank you for joining us on the call today. And with that, Rob, Rik, John and I are available to take your questions.

So I'll turn it back over to the operator.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question comes from the line of Peter Prattas of Cantor Fitzgerald. Your line is now open.

<Q – Peter Prattas – Cantor Fitzgerald Canada Corp.>: Good morning, everyone.

<A – Steve Bromley – SunOpta, Inc.>: Hi, Peter.

<Q – Peter Prattas – Cantor Fitzgerald Canada Corp.>: The first question is on the sales pipeline. You've grown nicely here in the first half of the year. And I think you credit part of that to your new go-to-market strategy. So I'm wondering are you seeing increasing momentum with the new strategy? And is that resulting in a stronger pipeline into the back-half of this year?

<A – Rik Jacobs – SunOpta, Inc.>: Yeah, I think our – you're absolutely right. The new three segments that we're going to market, whereas whereby one person is selling the entire portfolio across consumer products, or across our ingredient or indeed across our global sourcing and supply platform, is really helping us a lot. And it's making for more intimate and more relevant discussions with our significant customers. So, the pipeline's healthy and we don't have any indication that that's going to slowdown.

<Q – Peter Prattas – Cantor Fitzgerald Canada Corp.>: Perfect. Okay. And then the next question is, with respect to acquisitions, your balance sheet just keeps getting stronger and stronger each quarter here, and you may have some proceeds here from Opta Minerals as well. So can you give us a sense or an update as to how the acquisition pipeline is looking here? And whether a transaction – whether you think there is a transaction to be done?

<A – Steve Bromley – SunOpta, Inc.>: Yeah. So, Peter, just first to comment, you're right, we're generating nice strong cash flow. Our debt was reduced to – as Rob said, our debt went down to $174 million in the quarter with the strong cash flow and results from operations. Keep in mind that about $55,000 of that debt relates to Opta Minerals. So...

<A – Rob McKeracher – SunOpta, Inc.>: $55 million.

<A – Steve Bromley – SunOpta, Inc.>: Did I say thousand? Yeah, $55 million, pardon me. It's nice to have a team here that corrects you right away.

<A – Rob McKeracher – SunOpta, Inc.>: Yeah.

<A – Steve Bromley – SunOpta, Inc.>: So, $55 million, so that leaves us with about $120 million in debt in the core food business, and then, of course, assuming there is a favorable outcome at Opta Minerals' proceed. So, our debt is in really good shape. Rob mentioned, we have about $120 million in capacity. We also do have a shelf that's been filed and is on file if we wanted to do anything else. So, we've been active in the M&A market. We're very disciplined and some of the multiples have been exceedingly high, but we do have a number of opportunities that we are pursuing. And there's a good pipeline of potential opportunities out there.

We're really focused on businesses that can leverage our integrated model and really add value to the core raw materials, ingredients that we produce right through the consumer packaged products. So, the focus is on the higher value end side of our business, where we can integrate and leverage the capabilities throughout our entire platform. So, it's you know the way acquisitions go, you don't know till you're done, so – but we're quite active.

<Q – Peter Prattas – Cantor Fitzgerald Canada Corp.>: Perfect. Thanks very much, guys.

<A – Steve Bromley – SunOpta, Inc.>: Okay. Take care, Peter.

Operator: Thank you. And our next question comes from the line of Christine Healy of Scotiabank. Your line is now open.

<Q – Christine Healy – Scotia Capital Markets>: Hi, guys. Good morning.

<A – Steve Bromley – SunOpta, Inc.>: Morning, Christine.

<A – Rob McKeracher – SunOpta, Inc.>: Hi, Christine.

<Q – Christine Healy – Scotia Capital Markets>: I think just the first question is just – can you talk about the seasonality in the global sourcing supply segment and to what degree that may have helped your margins this quarter? I know this is the key question I am getting on your results.

<A – Rob McKeracher – SunOpta, Inc.>: Yeah. I think the second quarter is traditionally our strongest quarter, especially in global sourcing and supply and that is because that's when we sell a lot of our agronomy inputs, which have a higher margin than anything else. So, agronomy inputs being the fertilizers, the seeds, and all that. So, they were helped by that. The other big help is that we're really seeing a spike in demand on the organic raw materials that we source from all over the world. So while the seeds, of course, we only sell in the second quarter, the rest we will continue to see growth, we think, full year.

<Q – Christine Healy – Scotia Capital Markets>: Okay, great. Thanks, it's helpful. And I also, Rik, margins in the Value Added Ingredients, you mentioned they were weaker. There was higher R&D spend there. Are those extra costs going to continue or are you behind that now that you've launched your new fiber?

<A – Rik Jacobs – SunOpta, Inc.>: Yeah. I mean so gross margin's up in the segment, and that's encouraging to see. So that's basically behind launching innovative new products, so the gross margin is good, but we are investing more in the R&D and we are investing more in sales to sell those new products.

So, if we go back to growth, we will get the leverage over the SG&A. Since we didn't have the growth this quarter, we didn't get the leverage. And that's why you saw the decline in our operating margin. Again, I would like to emphasize, it's in our operating margin, not in our gross margin.

<Q – Christine Healy – Scotia Capital Markets>: Okay. The 10-Q is not out, so we can't see that yet. So that's helpful. Thanks. And then just lastly, maybe you can give us an update on your California operations, whether you're seeing any impact from the drought? Has there been any water restrictions put on your plants or have you had any difficulty sourcing almonds fruit?

<A – Rik Jacobs – SunOpta, Inc.>: Well, [ph] as it happens our (21:05) Modesto facility, which is the one that uses the most water of any of them, where we have our aseptic beverages. They are in a very, very good spot, so no restrictions there whatsoever. None of our facilities have had any – has had to do with any kind of shutdown or anything like that.

When you look at the sourcing of the crops that are coming out of California, almond is not really an issue for us. But when you look at some of the strawberry, some of the peaches and the raspberries, those are in short supply for us, but they will be in short supply for everybody. Of course, what's helping us there is that we're also sourcing peaches and raspberries from all over the world, which a lot of other people wouldn't be doing.

<Q – Christine Healy – Scotia Capital Markets>: Great. Thanks so much.

<A – Steve Bromley – SunOpta, Inc.>: Great. Thanks, Christine.

Operator: Thank you. And our next question comes from the line of Tim Tiberio of Miller Tabak. Your line is now open.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Good morning.

<A – Steve Bromley – SunOpta, Inc.>: Hi, Tim.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Congratulations on a good quarter. I just wanted to go back to your fiber solution launch. Can you just kind of give us some color in how we should be thinking about the sizing of the opportunity set, i.e. the potential size of this category from your perspective? And then, what particular formats will you be initially going after?

<A – Rik Jacobs – SunOpta, Inc.>: So, yeah, if you look at our fiber business traditionally, Tim, we have always been in insoluble fiber, right, where as obviously the biggest part being oat fiber, but we also do some soy fibers, and some pea fibers, and things like that. All of those are insoluble. The fiber market continues to grow. Some of that oat fiber has been hit because the traditional markets have been bread and cereal. And you guys can see everyday what's happening to the companies that get all their earnings from cereals and from bread.

So what is OPTASMOOTH, the new product, and the rice fiber. Let's start with the rice fiber. Rice fiber is basically an application that allows you to go gluten-free [indiscernible] (23:10) fiber. When you look at OPTASMOOTH, it's actually a soluble fiber. So we've only been playing in the insoluble fiber market. Soluble fiber means that we can put this into beverages, not clear beverages because this fiber can suspended basically in cloudy beverages, let's put it that way. And that opens up a tremendously big opportunity for us because the soluble fiber market is actually about 65% of the total fiber market.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Okay. That's very helpful. And do you see enough growth potential to kind of offset some of the headwinds in the insoluble fiber segment? I know that your utilization in that category has been fairly low and you've even discussed the possibility of rationalizing some of the capacity. Is that one way that you can – you resolve that and is that a situation where you're kind of looking to see how quickly this ramps before you make any further judgment calls on additional rationalization?

<A – Rik Jacobs – SunOpta, Inc.>: Yeah. I think we have done a variety of different plans. And you're absolutely right, we're looking at how quickly can we grow this segment. And if it doesn't meet our internal expectations on growth, then we will have to give more consideration to rationalization of some sort, whether that is a plant, whether that is a line. That's kind of what we are thinking mostly about.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Okay.

<A – Rik Jacobs – SunOpta, Inc.>: But we should be able to conclude that inside of – at least the final decision on that within I would say the third quarter.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Okay. And just one last question back on the juicing retrofit process. Obviously, that's been a bit slower than probably you would have like to seeing. Are you still comfortable with the order book once that comes back on?

<A – Rik Jacobs – SunOpta, Inc.>: Slower than we'd like to seeing is I think the understatement of the day.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Yeah.

<A – Rik Jacobs – SunOpta, Inc.>: We originally had planned to be up and running basically October last year. So, it's taken a full year longer than we had anticipated due to all the permitting issues we have encountered with the bankrupt city. So we having been out of the market for a year. And of course, all of our customers have had to look for alternative sources of supply and it is going to take us some time to rebuild that order book with customers. We're starting to book business right now with significant customers that can help us fill that plant back up, but we'd have to go through the auditing process, et cetera, et cetera, and obviously take them away from other suppliers that are currently doing business with.

<Q – Tim Tiberio – Miller Tabak + Co. LLC>: Great. Thanks for the color. I'll pass it along.

<A – Steve Bromley – SunOpta, Inc.>: Okay. Thanks, Tim.

Operator: Thank you. And our next question comes from the line of Chris Krueger of Lake Street Capital. Your line is now open.

<Q – Chris Krueger – Lake Street Capital Markets LLC>: All right. Good morning.

<A – Steve Bromley – SunOpta, Inc.>: Hey, Chris.

<A – Rob McKeracher – SunOpta, Inc.>: Hey, Chris.

<Q – Chris Krueger – Lake Street Capital Markets LLC>: Hi. Just a couple of questions. On your aseptic beverage business, I know 10 years ago it was primarily soy milk, then almond milk emerged, recently we've seen Silk talk about almond milk becoming leading kind of category for them. What are you seeing in your demand as far as emerging beverages?

<A – Rik Jacobs – SunOpta, Inc.>: I think, for us, we are definitely the North America leader in all of non-dairy aseptic beverages. So that would be rice, almonds, soy, and you name it, where we have seen a lot of growth going into different categories. So we're now packing nutritional beverages, we're now packing dairy. We will stay with low assets i.e. we're not going to go into juices, because that is not really a market that is aseptically that is growing. So we're going to stay in all of those. The latest trend that we're seeing is coconut. There's a lot of demand for coconut milk and coconut water out here. So that will be the next, probably the next one to fuel the growth in non-dairy.

<Q – Chris Krueger – Lake Street Capital Markets LLC>: Okay. My other question is, about nine months ago, there was an issue with your re-sealable pouch customer having defects in the product, and I don't think we've really heard an update in quite some time. Did you guys ever figure out what the problem was, or anything you can talk about that?

<A – Rik Jacobs – SunOpta, Inc.>: Yeah. I mean, ever since January, we've been producing for the customer. We've been working with the customer to get our final resolution. We've done a heck of lot of work on establishing what our root cause is. And we're working through that with our customer and with our supplier as well.

<Q – Chris Krueger – Lake Street Capital Markets LLC>: Okay. That's all I had. Thanks.

<A – Steve Bromley – SunOpta, Inc.>: Thanks, Chris.

Operator: Thank you. And our next question comes from the line of Mitch Pinheiro of Imperial Capital. Your line is now open.

<A – Steve Bromley – SunOpta, Inc.>: Hi, Mitch.

<Q – Mitch Pinheiro – Imperial Capital LLC>: Hey. Good morning.

<A – Steve Bromley – SunOpta, Inc.>: Morning.

<Q – Mitch Pinheiro – Imperial Capital LLC>: So, do you anticipate the prices of your organic commodities, particularly the big ones, corn, soy, to follow directionally the price of conventional?

<A – Rik Jacobs – SunOpta, Inc.>: Well, I mean, a lot of those, the ones that you mentioned, those are the few ones that you can actually sell at a certain premium through the conventional. So that's kind of tied to what's going on in the conventional. But if you look at all the other stuff like the chia, the quinoa, and the coconut, sugar, you name it, the sesame seeds, I mean there's no board for that. So they are not being sold as a premium over conventional. So therefore, for some of our commodities, it's true. For other commodities, there is no board. So, it's a pure question of supply and demand there.

<Q – Mitch Pinheiro – Imperial Capital LLC>: So, as you look at 2014 here, the rest of it, I mean how do we look at your revenue, particularly on the global sourcing side? How's the commodity impact going to look?

<A – Rik Jacobs – SunOpta, Inc.>: Well, the commodity – the commodity – I mean the commodity impact, it's kind of hard to predict, of course, what's going to happen with global soy and corn markets. We know that they've been going down. On the other hand, you got coffee and cocoa that are going up. So we think it's pretty much going to be even and it's not going to have a lot of impact on us.

<Q – Mitch Pinheiro – Imperial Capital LLC>: Okay. And then, I didn't really understand fully what was the fruit business in your Value Add, what was the – is it a timing issue, why was fruit down in the quarter?

<A – Rik Jacobs – SunOpta, Inc.>: Yeah. I mean, if you remember, in the first quarter, fruit was up significantly and they slowed down in the second quarter. And that's really because of inventory adjustments of three large customers that they have and that does have an impact. So in other words, they had a horrible month of June, but we know that that was temporary because we've seen the orders already rebound in the month of July.

<Q – Mitch Pinheiro – Imperial Capital LLC>: Okay. And then just my last question on the – in the Consumer Products side, so of the growth, I mean, what percentage is coming from new customers versus existing customers?

<A – Rik Jacobs – SunOpta, Inc.>: I would say that in the- on the aseptic or Consumer Products as a whole or is that....

<Q – Mitch Pinheiro – Imperial Capital LLC>: Yeah, Consumer Products as a whole.

<A – Rik Jacobs – SunOpta, Inc.>: I mean, as a result of our new structure, we are really now going out there selling the entire portfolio to our current customers and also our approaching new ones. So, I would say that the majority of our growth so far has been coming from current customers and selling more to our current customers. So, i.e., one of the big retailers based out of Seattle, we used to sell them a lot of aseptic and now we're selling them some pouches and we're selling them some fruit snacks, et cetera, et cetera. So, that's been about, I think, 65% of our growth, and I think 35% of our growth is really going after the new customers, new retailers, new contract manufacturing.

<Q – Mitch Pinheiro – Imperial Capital LLC>: Okay. Thank you very much.

<A – Steve Bromley – SunOpta, Inc.>: Great. Thanks, Mitch. Take care.

Operator: Thank you. And I'm showing no further questions at this time. I would like to turn the call back over to Mr. Steve Bromley for closing remarks.

Steven R. Bromley, Chief Executive Officer & Non-Independent Director

Well, great, thank you very much. Thanks everyone for joining us on the call today, much appreciate it. As always feel free to give us a call if you want to discuss anything further. And we look forward to chatting with you at the end of the third quarter, if not sooner. So have a great day and enjoy the rest of the summer.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program and you may all disconnect. Have a great day, everyone.