PREMIUM BRANDS HOLDINGS CORPORATION ANNOUNCES RECORD FIRST QUARTER SALES AND ADJUSTED EBITDA AND INCREASES ITS GUIDANCE FOR 2018

VANCOUVER, B.C., May 15, 2018. Premium Brands Holdings Corporation (TSX: PBH), a leading producer, marketer and distributor of branded specialty food products, announced today its results for the first quarter of 2018.

HIGHLIGHTS FOR THE QUARTER

- Record revenue of $584.9 million representing a 22.3% or $106.7 million increase as compared to the first quarter of 2017. The Company's organic volume growth rate for the quarter was 9.4%.
- Record adjusted EBITDA of $43.1 million representing a 12.2% or $4.7 million increase as compared to the first quarter of 2017.
- Adjusted earnings of $0.50 per share, which was down from $0.53 per share in the first quarter of 2017 primarily due to the seasonality of recently acquired businesses.
- The Company reaffirmed its 2018 outlook for its legacy businesses and increased its overall 2018 sales and adjusted EBITDA guidance by $330.0 million and $30.0 million, respectively, to reflect recent business acquisitions.
- Subsequent to the quarter the Company signed a definitive purchase agreement for the acquisition of Oberto Sausage Company, increased its investment in McLean Meats from 36.2% to 66.2% and acquired Penguin Meats Supply, a distributor of protein products to foodservice and retail customers in BC. The combined purchase price for these three investments is approximately $242.4 million.
- Also subsequent to the quarter the Company completed a $172.5 million convertible debenture offering and issued $172.7 million in common share subscription receipts that are contingent upon completion of the Oberto acquisition. The convertible debentures bear interest at 4.65% and mature in April 2025.

SUMMARY FINANCIAL INFORMATION

(In millions of dollars except per share amounts and ratios)

	13 weeks ended Mar 31, 2018	13 weeks ended Apr 1, 2017
Revenue	584.9	478.2
Adjusted EBITDA	43.1	38.4
Earnings	13.2	15.3
EPS	0.43	0.52
Adjusted earnings	15.4	15.7
Adjusted EPS	0.50	0.53

	Trailing Four Quarters Ended Mar 31, 2018	Dec 30, 2017
Free cash flow	129.0	131.3
Declared dividends	52.8	50.6
Declared dividends per share	1.74	1.68
Payout ratio	40.9%	38.5%

"Overall, we are pleased with our performance for the start of 2018. Despite various industry headwinds, we posted record first quarter sales and adjusted EBITDA and completed or signed definitive agreements for several significant business acquisitions that will be major drivers of future value creation," said Mr. Paleologou, President and CEO.

"The first quarter can often be challenging due to it being our weakest for seasonal reasons. In particular, small scale anomalies can sometimes have an exaggerated impact and can distract from the favorable trends and strategies that are driving the growth of our business," said Mr. Paleologou. "We, however, remain confident that our strategy of creating long-term shareholder value by partnering with and empowering talented and successful entrepreneurs operating in the specialty food space will continue to drive growth and bottom line results.

"As we look forward to the balance of 2018 we are very excited about what lies ahead. We have several businesses that are just beginning to realize on recently made long-term investments, a number of our newly acquired businesses are already leveraging our resources to pursue new growth opportunities, and I have no doubt that we will be announcing more acquisitions as the year unfolds.

"We consider it both an honor and a privilege that an increasing number of talented and successful food entrepreneurs from across Canada and the U.S. consider us as their acquirer of choice. The combination of our unique culture, focus on long-term value creation and respect for the legacy of the businesses and entrepreneurs we partner with differentiates us from most, if not all, other major food companies in North America. It is for these reasons that the pace of our acquisitions activity has been accelerating and why our pipeline of potential opportunities remains very robust.

"For additional information on our acquisitions and major capital projects as well as our general business strategies please see my most recent Letter to Shareholders titled "A Bright Future By Learning From Our Past ". which is posted on our website at www.premiumbrandsholdings.com," added Mr. Paleologou.

ABOUT PREMIUM BRANDS

Premium Brands owns a broad range of leading specialty food manufacturing and differentiated food distribution businesses with operations across Canada and the United States. For further information, please contact George Paleologou, President and CEO or Will Kalutycz, CFO at (604) 656-3100.

www.premiumbrandsholdings.com

RESULTS OF OPERATIONS

Revenue

(in millions of dollars except percentages)	13 weeks ended Mar 31, 2018	% (1)	13 weeks ended Apr 1, 2017	% (1)
Revenue by segment:				
Specialty Foods	377.9	64.6%	284.5	59.5%
Premium Food Distribution	207.0	35.4%	193.7	40.5%
Consolidated	584.9	100.0%	478.2	100.0%

(1) Expressed as a percentage of consolidated revenue

Specialty Foods' (**SF**) revenue for the first quarter of 2018 as compared to the first quarter of 2017 increased by $93.4 million or 32.8% primarily due to: (i) business acquisitions, which accounted for $59.9 million of the increase; (ii) $37.0 million in organic volume growth, representing a growth rate of 13.0%, driven primarily by sandwiches, meat snacks and artisan breads; and (iii) $3.8 million in net selling price increases that were implemented mainly in response to higher commodity raw material costs. These increases were partially offset by a $7.3 million decrease in the translated value of its U.S. based businesses' sales resulting from a stronger Canadian dollar.

Premium Food Distribution's (**PFD**) revenue for the first quarter of 2018 as compared to the first quarter of 2017 increased by $13.3 million or 6.9% primarily due to: (i) $10.8 million in organic volume growth in its non-trading businesses, representing a growth rate of 5.6%; (ii) the acquisition of IMS part way through the first quarter of 2017, which accounted for $2.8 million of the increase; and (iii) $2.6 million in selling price increases that were implemented mainly in response to higher commodity raw material costs. These factors were partially offset by a $2.9 million decrease in PFD's trading businesses' sales, which, in part, are opportunistic in nature and correspondingly can be somewhat volatile.

PFD's strong organic growth for the quarter was driven primarily by: (i) increased retailer featuring; (ii) the success of PFD's retail distribution initiative in western Canada, particularly in the seafood category; (iii) solid growth in foodservice sales in western Canada; and (iv) an earlier Easter relative to 2017. These factors were partially offset by: (i) capacity limitations at its Ontario distribution facility, which are preventing it from pursuing a variety of growth opportunities – this issue is expected to be addressed when PFD's new facility in the Greater Toronto Area (GTA Facility) is completed later in the year; and (ii) challenging weather in eastern Canada that impacted consumer spending in the foodservice channel and disrupted the supply of certain seafood products sourced from the east coast of the U.S.

Gross Profit

(in millions of dollars except percentages)	13 weeks ended Mar 31, 2018	% (1)	13 weeks ended Apr 1, 2017	% (1)
Gross profit by segment:				
Specialty Foods	76.7	20.3%	61.7	21.7%
Premium Food Distribution	33.5	16.2%	30.9	16.0%
Consolidated	110.2	18.8%	92.6	19.4%

(1) Expressed as a percentage of consolidated revenue

SF's gross profit as a percentage of its revenue (gross margin) for the first quarter of 2018 as compared to the first quarter of 2017 decreased by 140 basis points primarily due to: (i) changes in SF's sales mix

as a major portion of its growth was driven by products that have lower gross margins relative to its average gross margins – correspondingly these products have lower SG&A ratios relative to SF's average SG&A ratios; (ii) increased overhead costs associated with a new 212,000 square foot sandwich plant that was commissioned at the end of the second quarter of 2017; (iii) a number of transitory factors including increases in the cost of certain specialized imported raw materials and a variety of smaller operating challenges across several of SF's businesses; and (iv) the seasonal effect of recently acquired businesses, a number of which have very low production volumes, and correspondingly low gross margins, in the first and fourth quarters of the year. These factors were partially offset by: (i) contribution margin associated with SF's organic volume growth; and (ii) the reclassification of approximately $2.1 million of freight costs to selling, general and administrative expense.

PFD's gross margins for the first quarter of 2018 as compared to the first quarter of 2017 increased by 20 basis points due to a range of factors including PFD's long-term focus on expanding its margins by increasing the utilization rates of its custom cutting facilities and optimizing its product mix. These factors were partially offset by: (i) temporarily lower than normal margins associated with the introduction of a new line of premium beef products into the Quebec market; and (ii) a spike in the cost of certain seafood products sourced from the east coast of the U.S. as a result of weather related supply disruptions.

Selling, General and Administrative Expenses (SG&A)

(in millions of dollars except percentages)	13 weeks ended Mar 31, 2018	% (1)	13 weeks ended Apr 1, 2017	% (1)
SG&A by segment:				
Specialty Foods	41.1	10.9%	30.6	10.7%
Premium Food Distribution	22.0	10.6%	20.0	10.3%
Corporate	4.0		3.6	
Consolidated	67.1	11.5%	54.2	11.3%

(1) Expressed as a percentage of the corresponding segment's revenue

SF's SG&A for the first quarter of 2018 as compared to the first quarter of 2017 increased by $10.5 million primarily due to: (i) business acquisitions; (ii) the reclassification of approximately $2.1 million of freight expenses from cost of sales; (iii) incremental freight costs resulting from a combination of increased freight rates and higher sales volumes; and (iv) investments in additional selling and administration infrastructure needed to support SF's continued growth. These increases were partially offset by the timing of certain discretionary promotions.

SF's SG&A as a percentage of sales (SG&A ratio) for the first quarter of 2018 as compared to the first quarter of 2017 increased by 20 basis points primarily due to: (i) the reclassification of approximately $2.1 million of freight expenses from cost of sales; and (ii) investments in additional selling and administration infrastructure needed to support SF's continued growth. These factors were partially offset by: (i) changes in SF's sales mix as a major portion of its growth was driven by products with lower variable SG&A costs; and (ii) its organic revenue growth in relation to the relatively fixed nature of a variety of its SG&A costs.

PFD's SG&A for the first quarter of 2018 as compared to the first quarter of 2017 increased by $2.0 million primarily due to: (i) investments in additional fleet and sales infrastructure needed to support its continued growth; and (ii) approximately $0.5 million in foreign exchange losses, most of which related to the translation of quarter end liabilities.

PFD's SG&A ratio for the first quarter of 2018 as compared to the first quarter of 2017 increased by 30 basis points primarily due to: (i) investments in additional selling and administration infrastructure needed to support its continued organic growth; and (ii) the foreign exchange losses outlined above. These

factors were partially offset by the favorable impact of its organic revenue growth in relation to the relatively fixed nature of a variety of its SG&A costs.

Adjusted EBITDA

(in millions of dollars except percentages)	13 weeks ended Mar 31, 2018	% (1)	13 weeks ended Apr 1, 2017	% (1)
Adjusted EBITDA by segment:				
Specialty Foods	35.6	9.4%	31.1	10.9%
Premium Food Distribution	11.5	5.6%	10.9	5.6%
Corporate	(4.0)		(3.6)	
Consolidated	43.1	7.4%	38.4	8.0%

(1) Expressed as a percentage of the corresponding segment's revenue

Adjusted EBITDA for the first quarter of 2018 as compared to the first quarter of 2017 increased by $4.7 million or 12.2% to $43.1 million. This result was within the Company's expectations for the quarter, albeit at the lower end of its range primarily due to: (i) the impact of a variety of transitory factors on the SF segment's gross margins; and (ii) rising freight costs.

Plant Start-up and Restructuring Costs

Plant start-up and restructuring costs consist of expenses associated with the start-up of new production capacity or the reconfiguration of existing capacity to gain efficiencies and/or additional capacity. The Company expects (see *Forward Looking Statements*) these projects to result in significant improvements in its future earnings and cash flows.

During the first quarter of 2018, the Company incurred $0.6 million in plant start-up costs for the following projects:

Bakery Reconfiguration Project	The Company incurred $0.4 million in plant start-up costs associated with the reconfiguration of production between its two legacy artisan bakeries (one in Langley, BC and the other in Delta, BC) and its newest artisan bakery (in Richmond, BC), which it acquired at the end of 2016 as part of the purchase of Island City Baking. Looking forward (see *Forward Looking Statements*), the Company expects to complete the Bakery Reconfiguration Project in the second quarter of 2018 and is projecting total plant start-up costs for this initiative of approximately $1.0 million.
GTA Facility Project	The Company incurred $0.2 million in plant-start-up costs associated with the construction of a state-of-the-art distribution and custom cutting facility in the Greater Toronto Area (GTA). Looking forward (see *Forward Looking Statements*), the Company expects to complete construction of the GTA Facility in the third quarter of 2018 and to have the facility operating at normal production efficiencies by the end of 2018. The projected total plant start-up costs for this initiative is $2.5 million.

Interest and Other Financing Costs

The Company's interest and other financing costs for the first quarter of 2018 as compared to the first quarter of 2017 increased $3.7 million primarily due to: (i) increases in its net funded debt; and (ii) a higher weighted average interest rate resulting from a combination of rising short term interest rates and increased interest rate premiums associated with the Company's higher senior debt to adjusted EBITDA ratio.

Income Taxes

The Company's expected range (see *Forward Looking Statements*) for its provision for income taxes as a percentage of earnings before income taxes (income tax rate) for 2018 is 25% to 27%. This is based on: (i) an effective income tax rate range within the main tax jurisdictions that it operates in (the Tax Jurisdictions) of 21% to 28%; (ii) the expected allocation of its taxable income among the Tax Jurisdictions; and (iii) the deductibility of certain costs for income tax purposes.

For the first quarter of 2018, the Company's income tax rate was 25.4%, which is within its expected range.

Premium Brands Holdings Corporation

Consolidated Balance Sheets

(in millions of Canadian dollars)

	Mar 31, 2018	Dec 30, 2017	Apr 1, 2017
Current assets:			
Cash and cash equivalents	18.5	15.1	19.3
Accounts receivable	232.0	220.6	173.3
Inventories	250.3	218.1	189.0
Prepaid expenses and other assets	11.7	10.3	10.5
	512.5	464.1	392.1
Capital assets	341.2	319.0	263.3
Intangible assets	213.2	201.2	150.6
Goodwill	467.0	439.1	322.2
Investment in associates	29.0	25.5	9.3
Other assets	10.4	10.6	11.0
	1,573.2	1,459.5	1,148.5
Current liabilities:			
Cheques outstanding	10.3	13.9	9.4
Bank indebtedness	35.6	6.2	10.2
Dividends payable	14.7	13.0	12.5
Accounts payable and accrued liabilities	169.2	179.1	165.9
Current portion of long-term debt	3.8	1.8	2.4
Current portion of provisions	21.9	20.7	2.1
Current portion of puttable interest in subsidiaries	33.4	32.1	5.8
	288.9	266.8	208.3
Long-term debt	481.5	417.9	153.5
Puttable interest in subsidiaries	4.6	4.6	28.4
Deferred revenue	6.6	6.5	4.2
Provisions	2.7	1.8	21.9
Pension obligation	2.2	2.1	1.6
Deferred income taxes	52.2	47.8	48.4
	838.7	747.5	466.3
Convertible unsecured subordinated debentures	214.3	214.3	255.4
Equity attributable to shareholders:			
Deficit	(5.2)	(3.7)	(30.5)
Share capital	498.1	482.2	430.4
Reserves	27.3	19.2	26.9
	520.2	497.7	426.8
	1,573.2	1,459.5	1,148.5

Premium Brands Holdings Corporation

Consolidated Statements of Operations

(in millions of Canadian dollars except per share amounts)

	13 weeks ended Mar 31, 2018	13 weeks ended Apr 1, 2017
Revenue	584.9	478.2
Cost of goods sold	474.7	385.6
Gross profit before depreciation and amortization	110.2	92.6
Selling, general and administrative expenses before depreciation and amortization	67.1	54.2
	43.1	38.4
Plant start-up costs	0.6	-
	42.5	38.4
Depreciation of capital assets	8.8	7.2
Amortization of intangible assets	3.2	2.4
Interest and other financing costs	8.8	5.1
Acquisition transaction costs	1.4	0.2
Change in value of puttable interest in subsidiaries	1.6	1.5
Accretion of provisions	0.3	0.3
Unrealized gain on foreign currency contracts	(0.1)	-
Equity loss in associates	0.7	0.1
Other	0.1	-
Earnings before income taxes	17.7	21.6
Provision (recovery) for income taxes		
Current	5.1	3.5
Deferred	(0.6)	2.8
	4.5	6.3
Earnings	13.2	15.3
Earnings per share:		
Basic	0.43	0.52
Diluted	0.43	0.51
Weighted average shares outstanding (in millions):		
Basic	30.8	29.7
Diluted	31.0	29.9

Premium Brands Holdings Corporation

Consolidated Statements of Cash Flows
(in millions of Canadian dollars)

	13 weeks ended Mar 31, 2018	13 weeks ended Apr 1, 2017
Cash flows from (used in) operating activities:		
Earnings	13.2	15.3
Items not involving cash:		
Depreciation of capital assets	8.8	7.2
Amortization of intangible assets	3.2	2.4
Change in value of puttable interest in subsidiaries	1.6	1.5
Loss on disposal of assets	0.1	-
Unrealized gain on foreign currency contracts	(0.1)	-
Equity loss in associates	0.7	0.1
Deferred revenue	0.1	(0.1)
Non-cash financing costs	0.7	0.7
Accretion of provisions	0.3	0.3
Deferred income taxes (recovery)	(0.6)	2.8
	28.0	30.2
Change in non-cash working capital	(38.9)	1.8
	(10.9)	32.0
Cash flows from (used in) financing activities:		
Long-term debt – net	52.1	1.4
Bank indebtedness and cheques outstanding	25.5	4.1
Dividends paid to shareholders	(13.0)	(11.4)
	64.6	(5.9)
Cash flows from (used in) investing activities:		
Capital asset additions	(12.4)	(14.1)
Business acquisitions	(33.5)	(11.8)
Payments to shareholders of non-wholly owned subsidiaries	(0.4)	(0.6)
Investment in associates	(4.3)	-
Net change in share purchase loans and notes receivable	0.1	0.1
Distribution from associates	0.1	0.1
Net proceeds from disposal of assets	0.1	0.1
	(50.3)	(26.2)
Change in cash and cash equivalents	3.4	(0.1)
Cash and cash equivalents – beginning of period	15.1	19.4
Cash and cash equivalents – end of period	18.5	19.3
Interest and other financing costs paid	5.2	1.2
Income taxes paid	8.9	2.6

NON-IFRS FINANCIAL MEASURES

The Company uses certain non-IFRS financial measures including adjusted EBITDA, free cash flow, adjusted earnings and adjusted earnings per share, which are not defined under IFRS and, as a result, may not be comparable to similarly titled measures presented by other publicly traded entities, nor should they be construed as an alternative to other earnings measures determined in accordance with IFRS. These non-IFRS measures are calculated as follows:

Adjusted EBITDA

(in millions of dollars)	13 weeks ended Mar 31, 2018	13 weeks ended Apr 1, 2017
Earnings before income taxes	17.7	21.6
Plant start-up costs	0.6	-
Depreciation of capital assets	8.8	7.2
Amortization of intangible assets	3.2	2.4
Interest and other financing costs	8.8	5.1
Acquisition transaction costs	1.4	0.2
Change in value of puttable interest in subsidiaries	1.6	1.5
Accretion of provisions	0.3	0.3
Unrealized gain on foreign currency contracts	(0.1)	-
Equity loss in associates	0.7	0.1
Other	0.1	-
Consolidated adjusted EBITDA	43.1	38.4

Free Cash Flow

(in millions of dollars)	52 weeks ended Dec 30, 2017	13 weeks ended Mar 31, 2018	13 weeks ended Apr 1, 2017	Rolling Four Quarters
Cash flow from operating activities	85.9	(10.9)	32.0	43.0
Changes in non-cash working capital	45.9	38.9	(1.8)	86.6
Acquisition transaction costs	4.2	1.4	0.2	5.4
Plant start-up costs	7.3	0.6	-	7.9
Maintenance capital expenditures	(12.0)	(4.1)	(2.2)	(13.9)
Free cash flow	131.3	25.9	28.2	129.0

Adjusted Earnings and Adjusted Earnings per Share

(in millions of dollars except per share amounts)	13 weeks ended Mar 31, 2018	13 weeks ended Apr 1, 2017
Earnings	13.2	15.3
Plant start-up costs	0.6	-
Acquisition transaction costs	1.4	0.2
Accretion of provisions	0.3	0.3
Equity loss from associates in start-up	0.6	-
Unrealized gain on foreign currency contracts	(0.1)	-
	16.0	15.8
Current and deferred income tax effect of above items	(0.6)	(0.2)
Adjusted earnings	15.4	15.6
Weighted average shares outstanding	30.8	29.7
Adjusted earnings per share	0.50	0.53

FORWARD LOOKING STATEMENTS

This press release contains forward looking statements with respect to the Company, including its business operations, strategy and financial performance and condition. These statements generally can be identified by the use of forward looking words such as "may", "could", "should", "would", "will", "expect", "intend", "plan", "estimate", "project", "anticipate", "believe" or "continue", or the negative thereof or similar variations.

While management believes that the expectations reflected in such forward looking statements are reasonable and represent the Company's internal expectations and belief as of May 14, 2018, there can be no assurance that such expectations will prove to be correct as such forward looking statements involve unknown risks and uncertainties beyond the Company's control which may cause its actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward looking statements.

Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: (i) changes in the cost of raw materials used in the production of the Company's products; (ii) seasonal and/or weather related fluctuations in the Company's sales; (iii) changes in consumer discretionary spending resulting from changes in economic conditions and/or general consumer confidence levels; (iv) changes in the cost of finished products sourced from third party manufacturers; (v) changes in the Company's relationships with its larger customers; (vi) access to commodity raw materials; (vii) potential liabilities and expenses resulting from defects in the Company's products; (viii) changes in consumer food product preferences; (ix) competition from other food manufacturers and distributors; (x) execution risk associated with the Company's growth and business restructuring initiatives; (xi) risks associated with the Company's business acquisition strategies; (xii) changes in the value of the Canadian dollar relative to the U.S. dollar; (xiii) new government regulations affecting the Company's business and operations; (xiv) the Company's ability to raise the capital needed to fund its growth initiatives; (xv) labor related issues including potential disputes with employees represented by labor unions and labor shortages; (xvi) the loss and/or inability to attract key senior personnel; (xvii) fluctuations in the interest rates associated with the Company's funded debt; (xviii) failure or breach of the Company's information systems; (xix) financial exposure resulting from credit extended to the Company's customers; (xx) the malfunction of critical equipment used in the Company's operations; (xxi) livestock health issues; (xxii) international trade issues; and (xxiii) changes in environmental, health and safety standards. Details on these risk factors as well as other factors can be found in the Company's 2017 MD&A, which is filed electronically through SEDAR and is available online at www.sedar.com.

Unless otherwise indicated, the forward looking information in this document is made as of May 14, 2018 and, except as required by applicable law, will not be publicly updated or revised. This cautionary statement expressly qualifies the forward looking statements in this press release.