

First Quarter Results 2013

May 2, 2013



Some of the statements in this presentation may constitute forward-looking information and future results could differ materially from what is included. Please refer to the Company's Management's Discussion & Analysis for the period ended December 31, 2012 and other public filings for a description of operations and factors that could impact the Company's financial results.



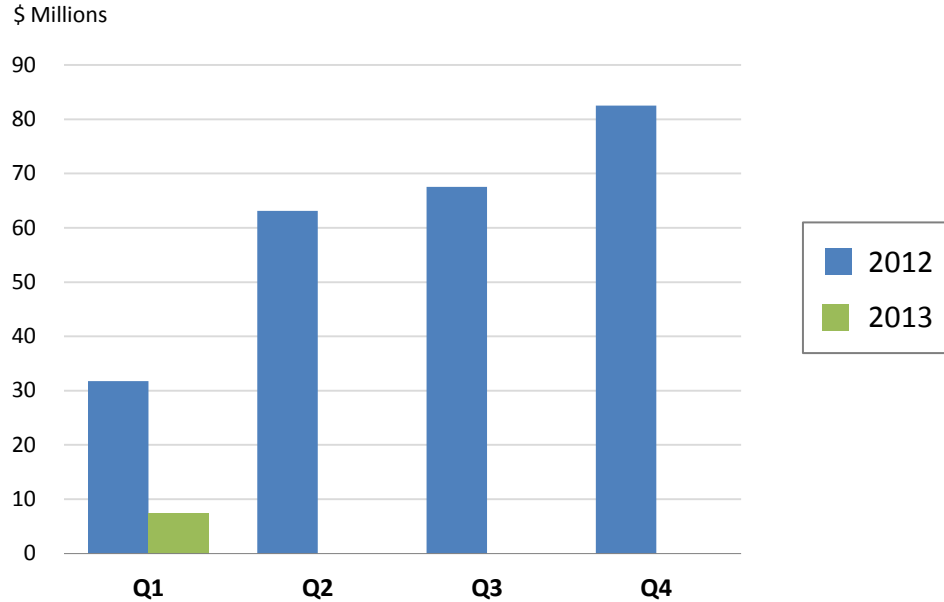
Difficult first quarter

- Expected volatility in the first half of 2013, after droughts of 2012
- Market conditions more severe than anticipated, but transitional
- Significant pricing actions taken and to be absorbed
- Expecting growth in the second quarter
- Focused on commercial performance and execution of strategy

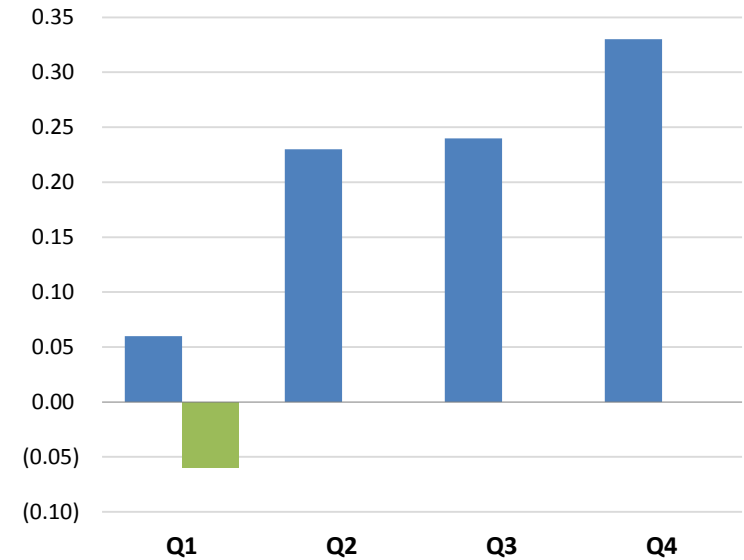


Resulted in a significant short-term earnings decline

Adjusted Operating Earnings

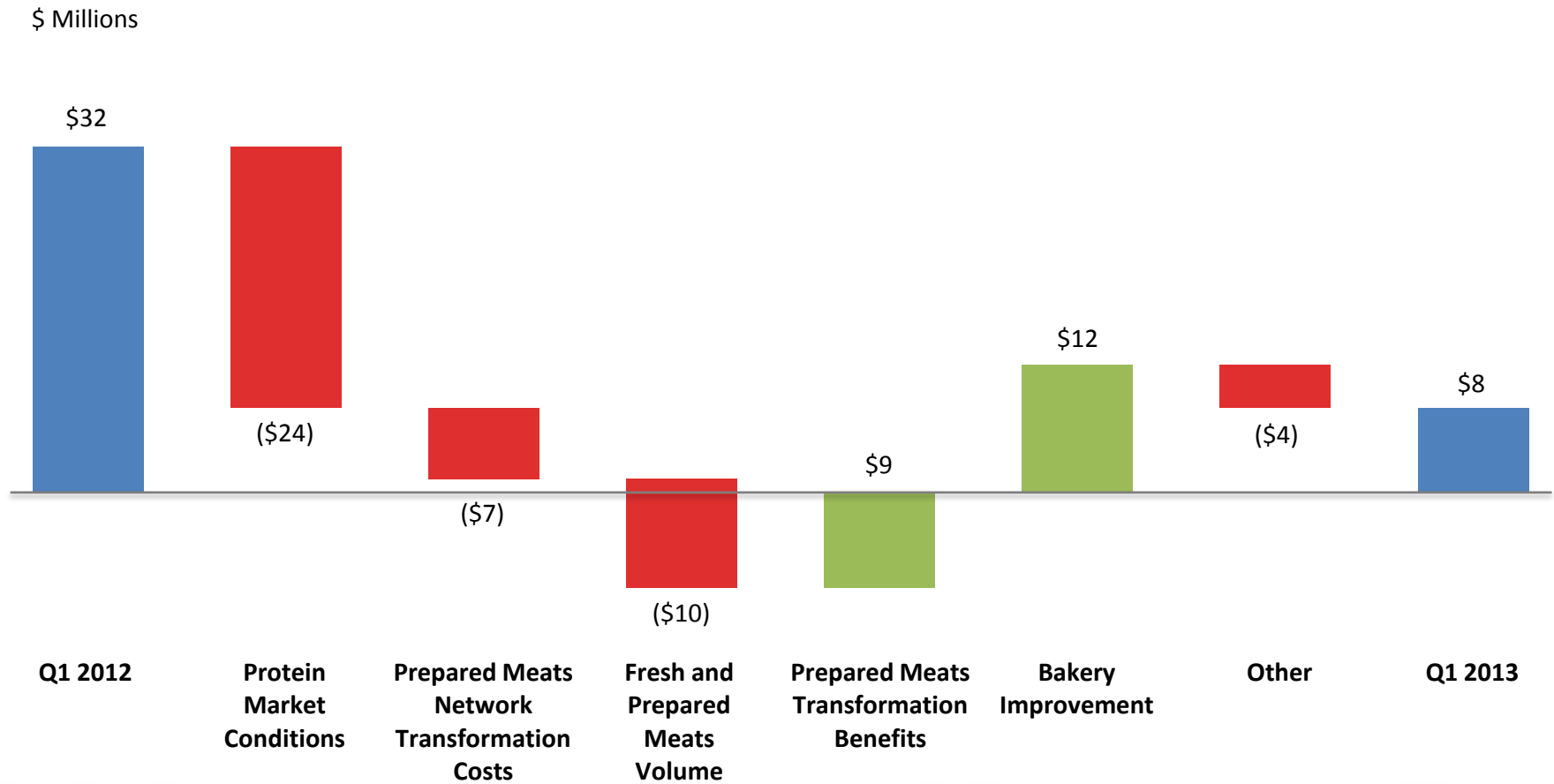


Adjusted Earnings per Share

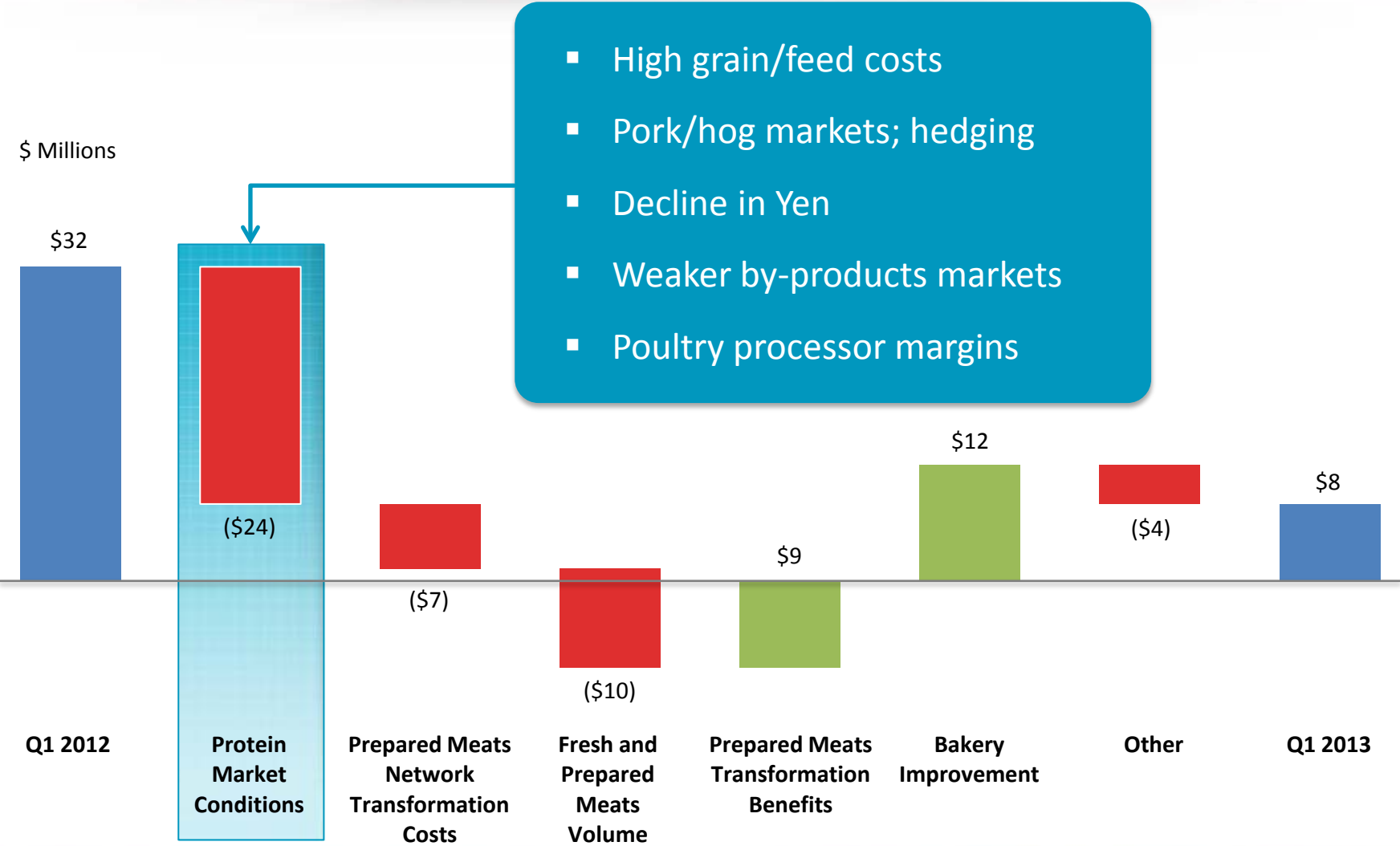


2012 figures have been restated to reflect changes in accounting for pension expense

Protein market conditions was the key driver



Expected volatile market conditions in the first half of 2013

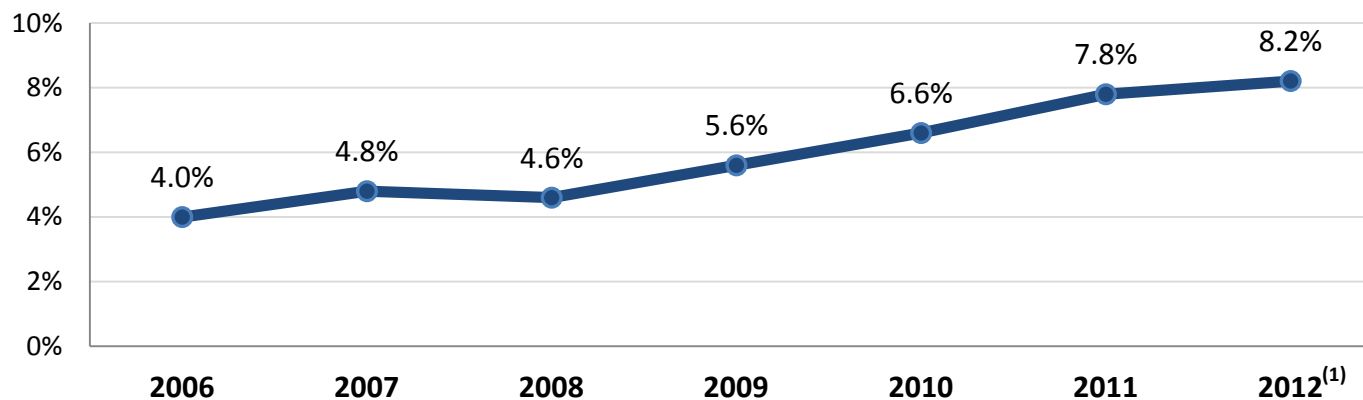


Solid track record of managing commodity markets, despite short-term volatility

Since 2008, commodity prices have risen substantially

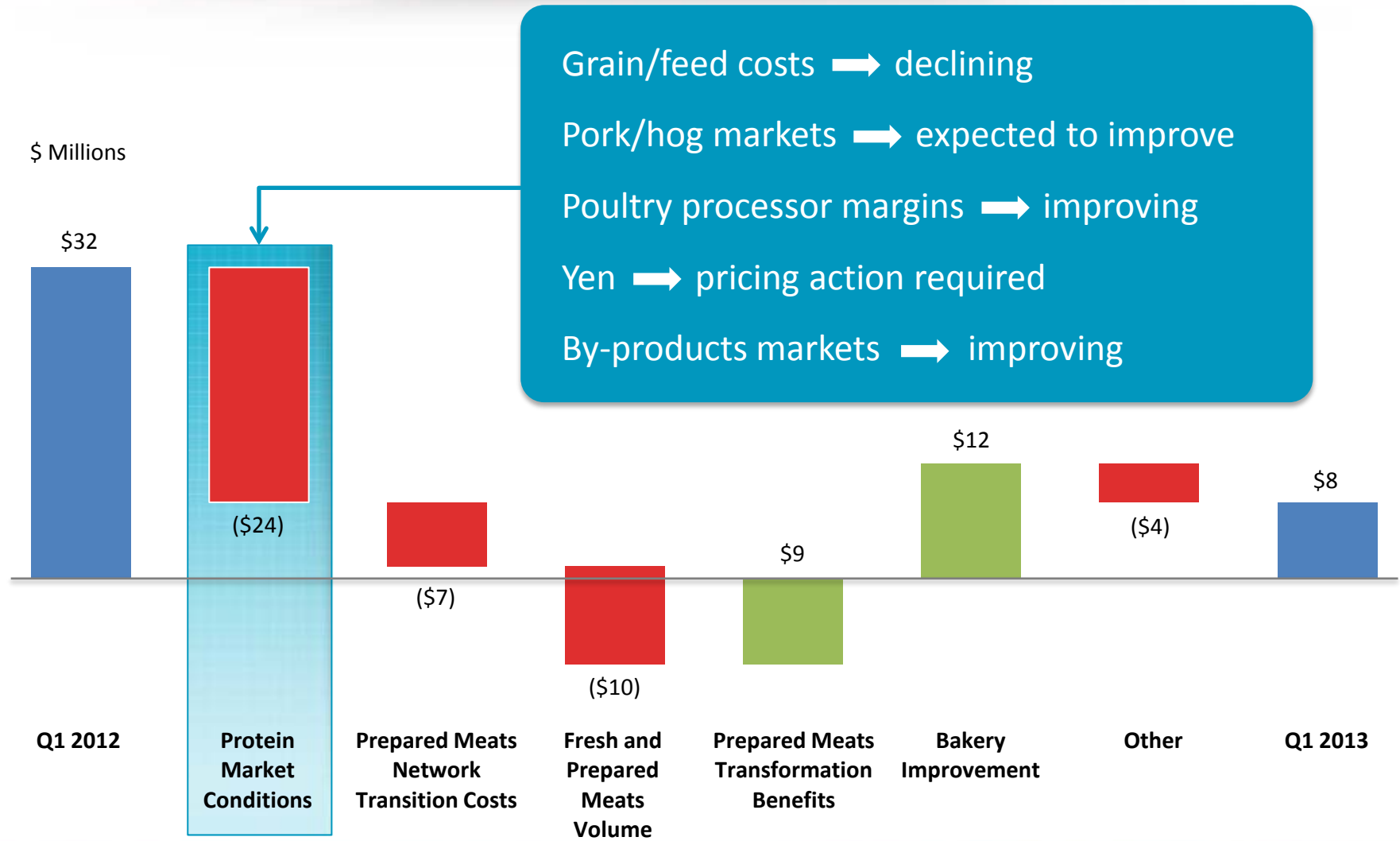


Protein Group EBITDA Margin Growth

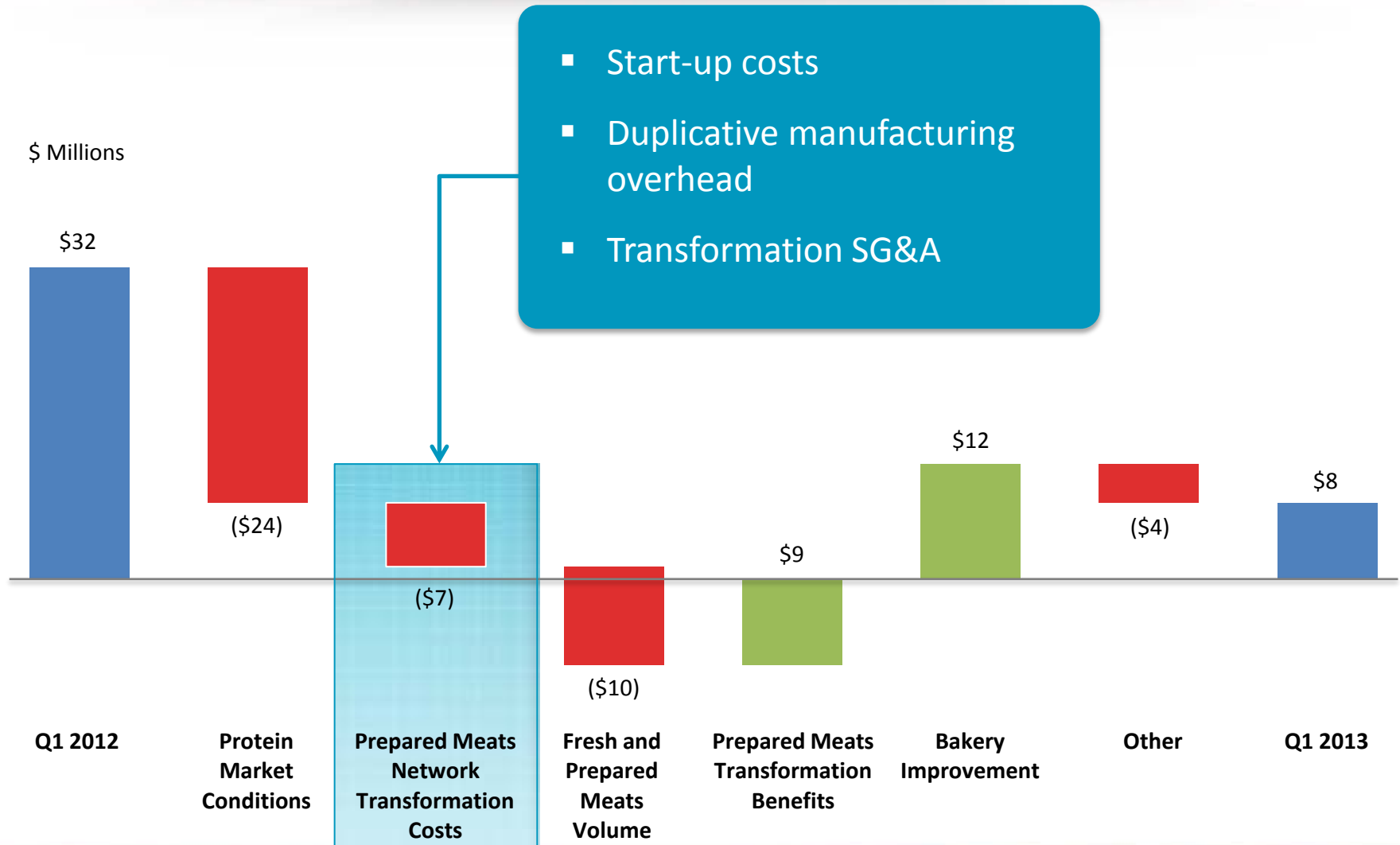


(1) As reported, before pension accounting change

Outlook is positive

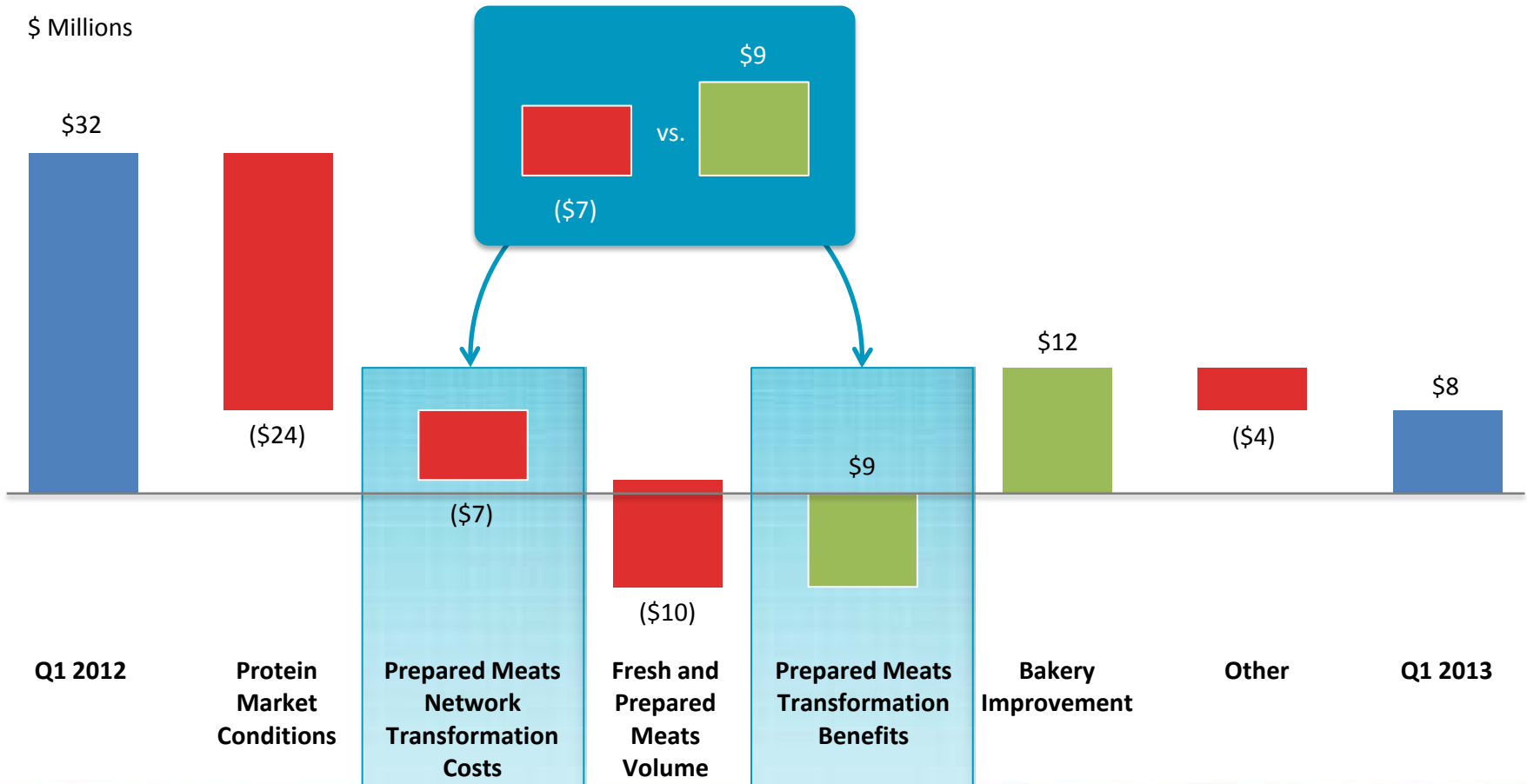


Network transformation costs on track with expectations

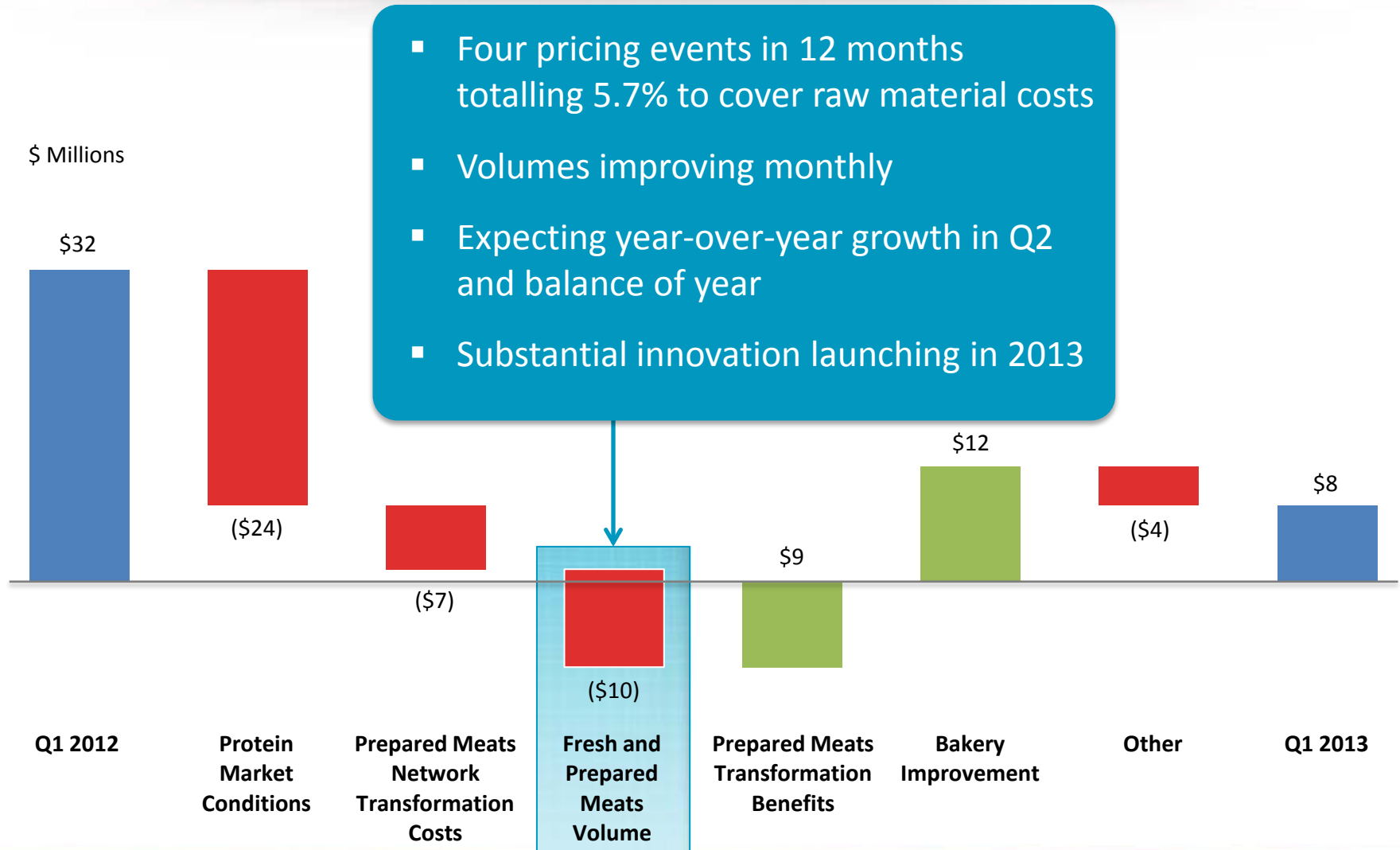


...and increased benefits exceeded higher costs in the quarter

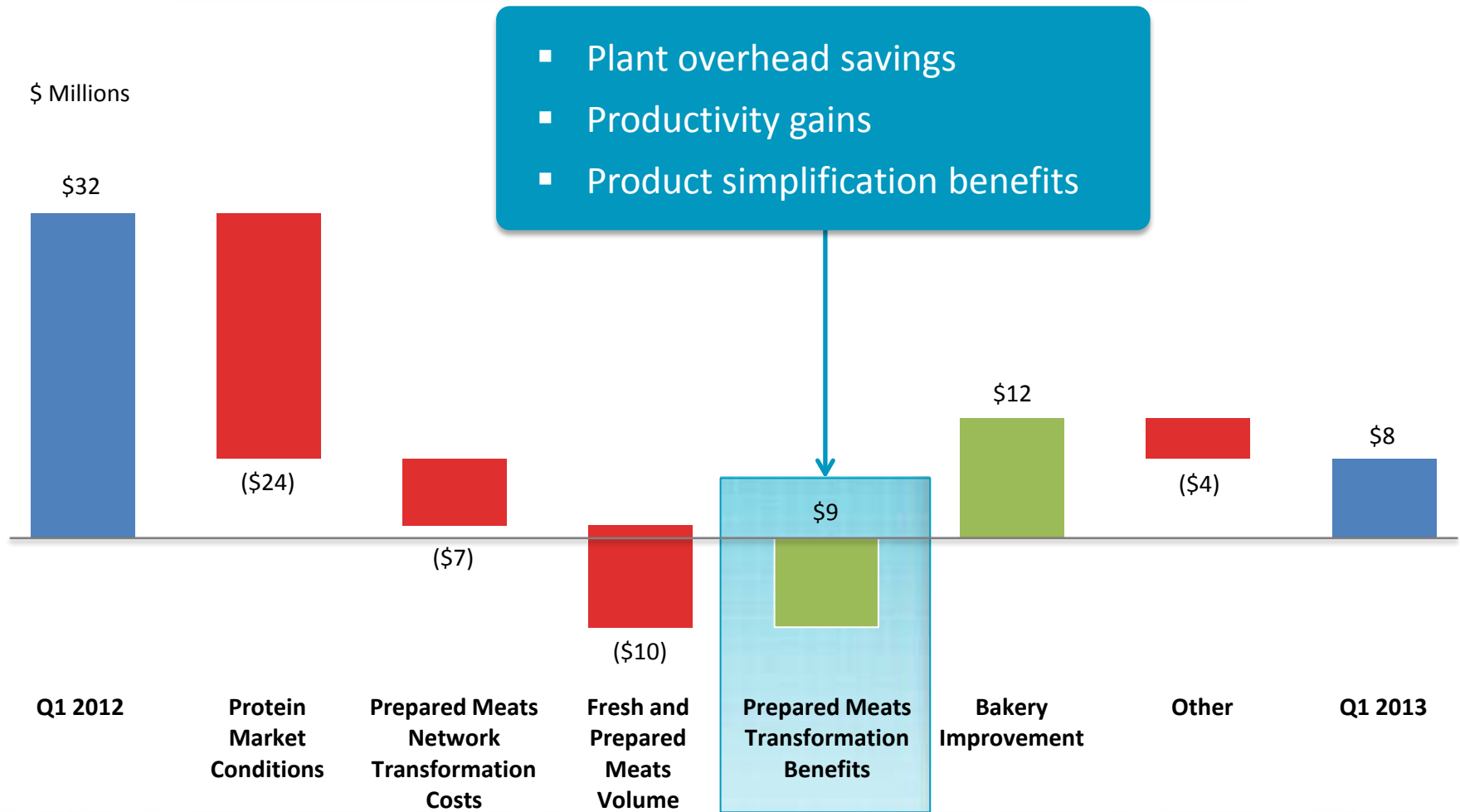
Entering the intense final phase of transformation



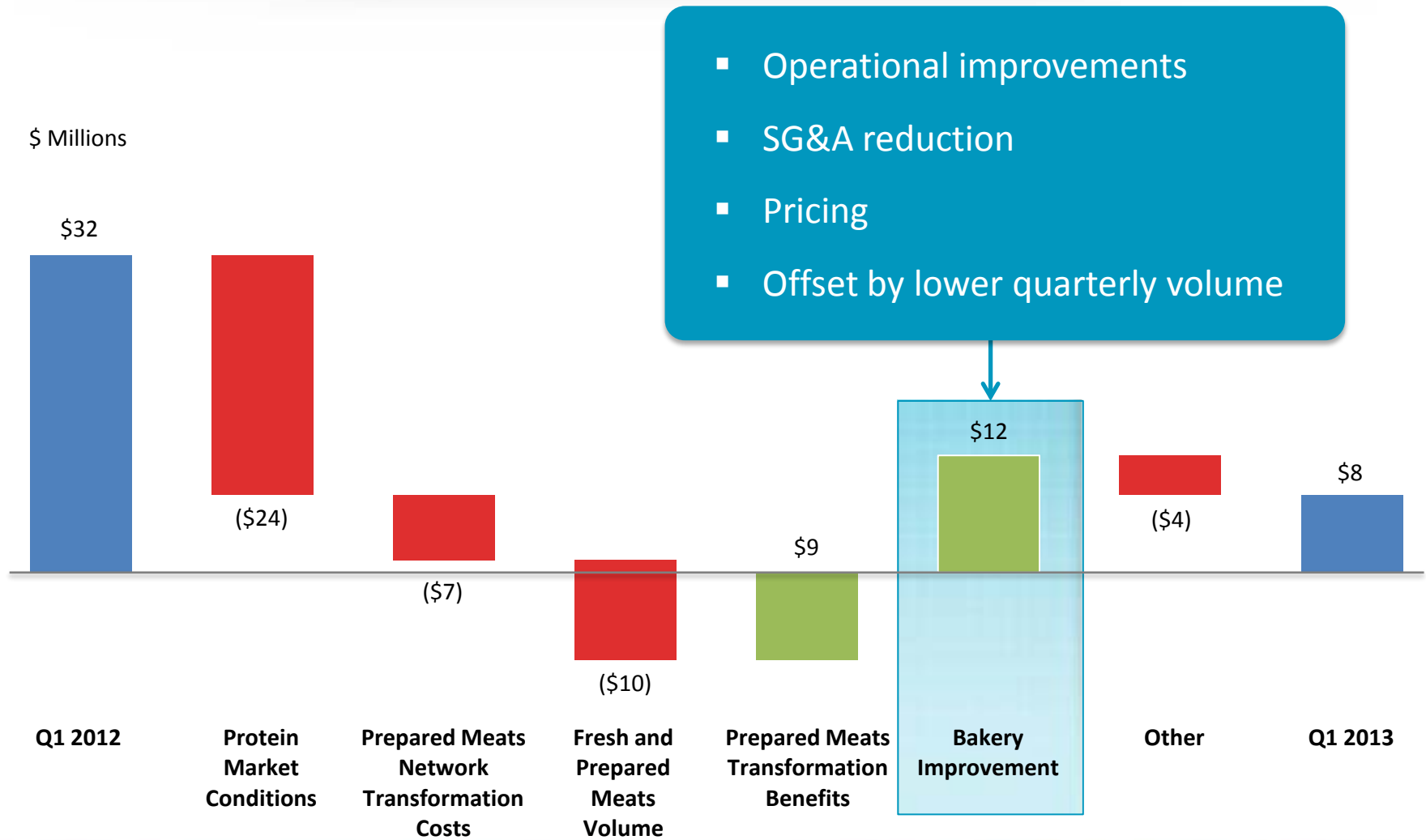
8% prepared meats volume decline in the wake of pricing action



Realizing early benefits from network transformation

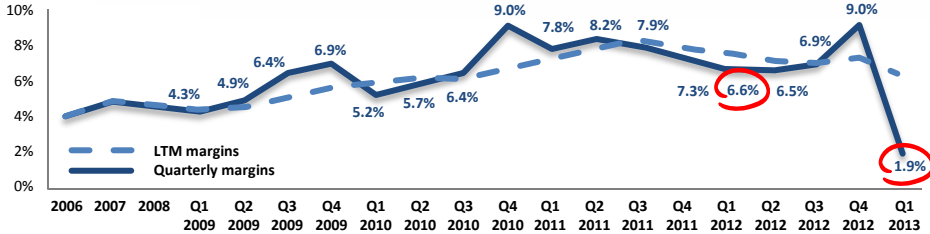


Bakery performance continues to improve

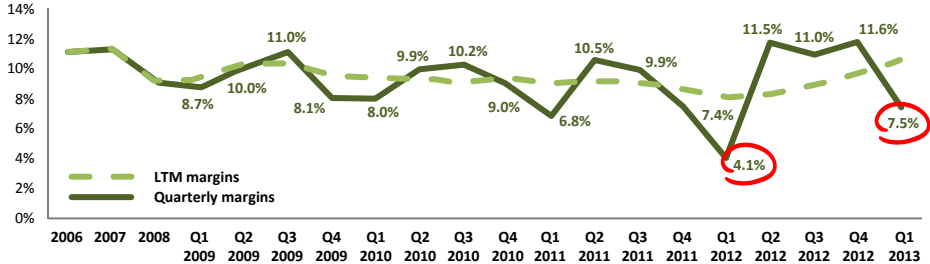


EBITDA margin declined to 3.6% in the quarter

Protein Group

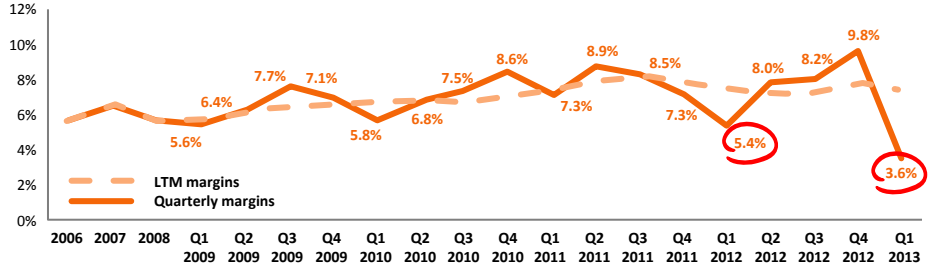


Bakery Group



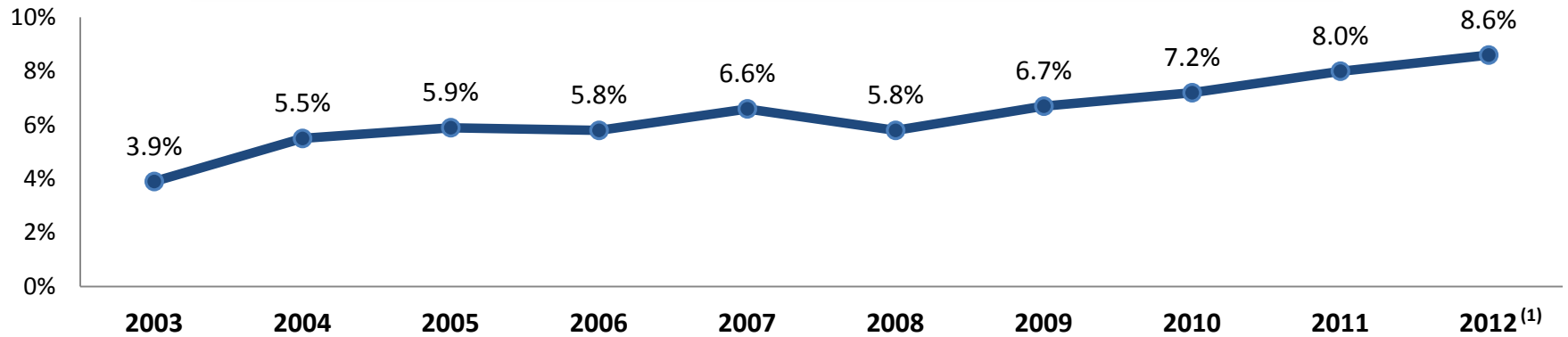
Segmented Margins	Q1/12	Q1/12 LTM	Q1/13	Q1/13 LTM
Protein	6.6%	7.5%	1.9%	6.2%
Bakery	4.1%	8.1%	7.5%	10.5%
Maple Leaf	5.4%	7.6%	3.6%	7.5%

Maple Leaf

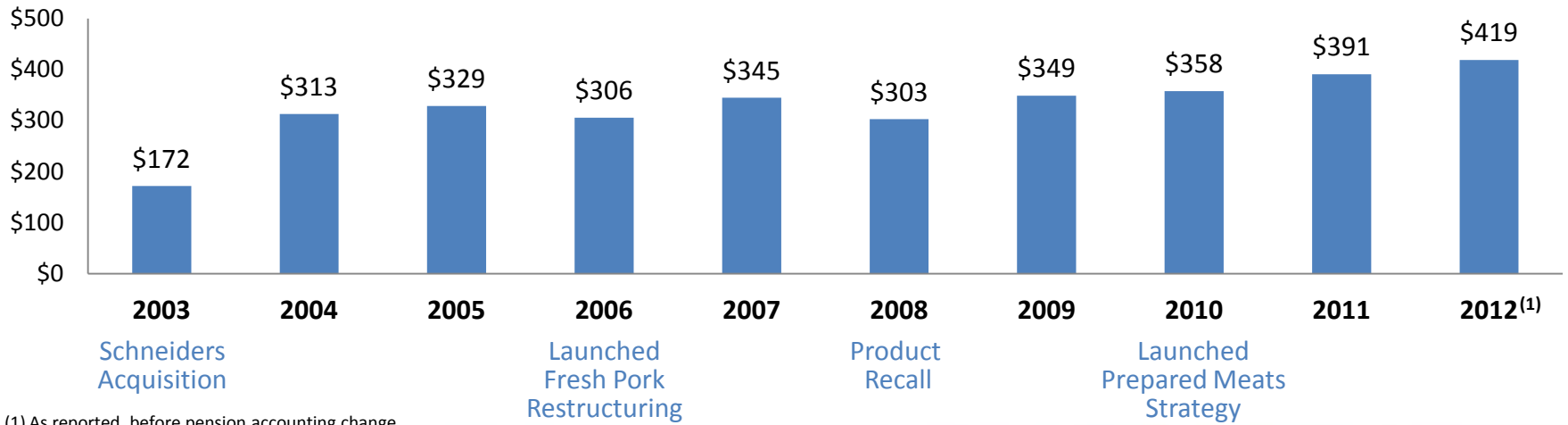


Longer-term strategies are working

EBITDA % excluding MLAN



EBITDA (\$M) excluding MLAN



(1) As reported, before pension accounting change



2013 is a year of intense activity

Transformation Initiatives

Prepared Meats

- Saskatoon cooked sausage commissioning underway
- Winnipeg bacon commissioning underway; closed bacon facility in Saskatchewan
- Commissioning fresh/frozen sausage expansion in Brampton
- New prepared meats facility commissioning begins in Q3/13
- New eastern Distribution Centre opens Q3/13

Bakery

- Closing third Toronto bakery in June/13; consolidating volume
- Closing two snack cakes bakeries in Q2/13
- Closed Edmonton fresh bakery in Q1/13
- Selling specialty bakery in London, UK

Balance sheet review

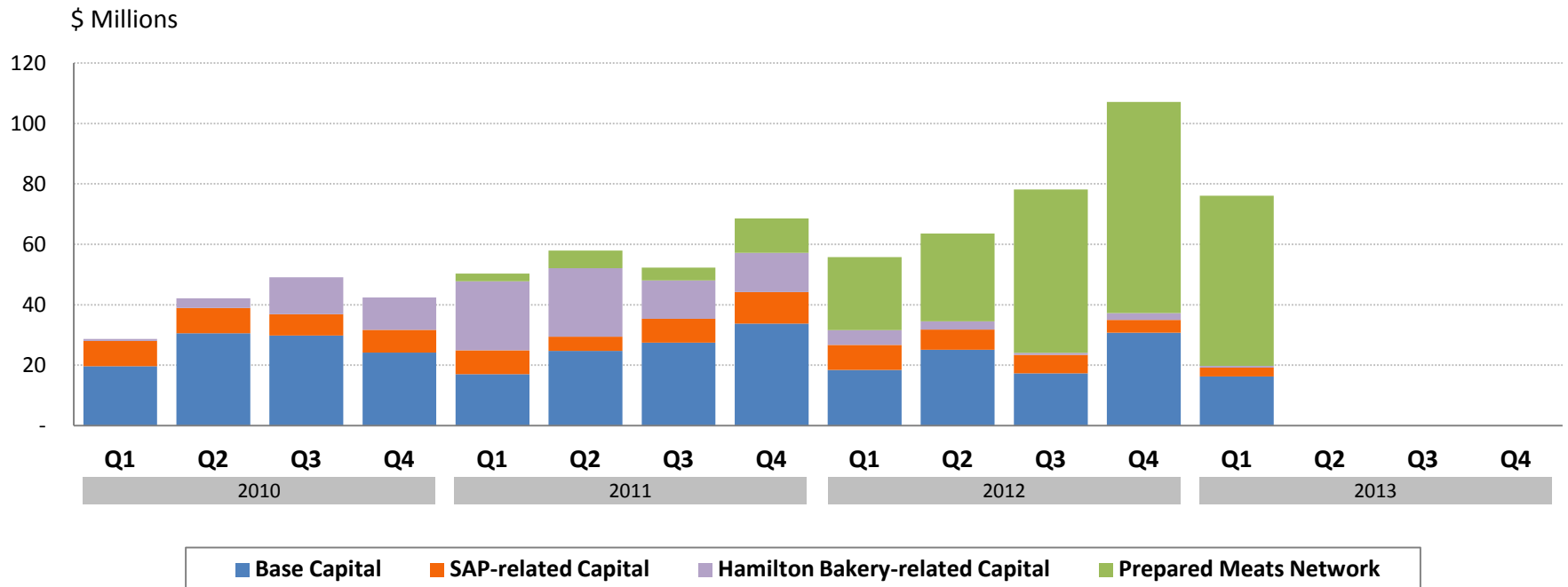
- Net Debt of \$1.2B at the end of Q1/13
- Cash used in operations improved to \$2.4 million (Q1/12: \$24.9 million)
- Net Debt to EBITDA ratio of 3.3x (Q4/12: 2.8x)
 - As expected, ratio increased due to increased network transformation expenditures
 - Adoption of accounting standard had a 0.3x impact on Q1/13 ratio
 - Excluding change in pension accounting, Net Debt to EBITDA ratio was 3.0x
- Sale of potato processing product facility in Lethbridge for \$58.0 million (\$45.4 million gain)

Revised EBITDA margin targets for pension accounting

	Original 2015 Target	Revised 2015 Target
Protein EBITDA %	12.5%	11.4%
Bakery EBITDA %	12.5%	12.3%
Total EBITDA %	12.5%	11.7%

Capital expenditures

- Q1 capital expenditures of \$76.1 million (2012: \$55.8 million) including:
 - \$56.3 million – Prepared Meats network
 - \$2.9 million – SAP implementation



Restructuring costs

\$ Millions	Total recorded in Q1/13	Cash portion recorded in Q1/13
Network Enhancements / Plant Closures	\$38.2	\$30.4
Prepared Meats network transformation	33.9	26.0
Fresh Bakery Distribution Network	1.4	1.4
Ontario Bakery consolidation	2.9	3.0
Cost Reductions in SG&A	8.8	8.8
Other	0.2	-
Total	<u>\$47.2</u>	<u>\$39.2</u>

Cash outflows will occur with facility closures over the next two years

Summary

- Market factors anticipated and transitory
- Volumes strengthening after price increases
- Strategies are delivering results
- 2013 is an challenging year of significant change
- Expecting margin growth through balance of year

Non-IFRS financial measures

Adjusted Operating Earnings: Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as earnings before income taxes adjusted for items that are not considered representative of on-going operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred.

Adjusted Earnings per Share: Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate on-going financial operating results. It is defined as basic earnings per share attributable to common shareholders, and is adjusted for all items that are not considered representative of on-going operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred.

Earnings Before Interest, Taxes, Depreciation and Amortization: EBITDA is calculated as earnings from operations and before interest and income taxes plus depreciation and intangible asset amortization, adjusted for items that are not considered representative of on-going operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. EBITDA for 2010 and thereafter is calculated based on results reported in accordance with IFRS. EBITDA for periods before 2010 is calculated based on results previously reported under Canadian GAAP.

Net Debt: The Company calculates Net Debt as long-term debt and bank indebtedness, less cash and cash equivalents. Management believes this measure is useful in assessing the amount of financial leverage employed.

All 2012 figures in this presentation have been restated for the impact of adopting the revised International Accounting Standard 19 Employee Benefits (“IAS 19”), as disclosed in Note 24 of the Company’s 2013 first quarter unaudited condensed consolidated interim financial statements

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