



Maple Leaf Foods

Heritage Plant Tour for Sell-Side Analysts

November 17, 2015

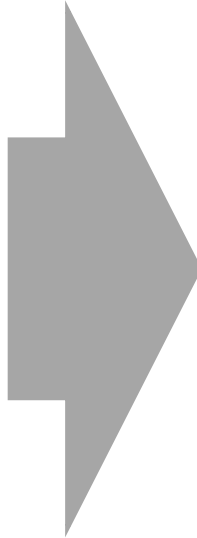


Heritage Facility Highlights

402,000 Square Feet



- Largest investment in history of Canadian food industry
- Consolidates five plants into one
 - Kitchener, Bartor Road,
 - Moncton, Hamilton, Berwick
- Commissioning commenced in Q3 2013



The execution of plant start-up was in 3 phases:

- Phase 1 – Wieners (Q1 2014)
- Phase 2 – Deli Meats (Q2 2014)
- Phase 3 – Prepared Meats (Q2 2014)

Now producing close to 400 SKUs

Employees

Salaried: 134 full-time

Hourly: 536 full-time

Note we are currently running with a significant complement of excess staff



Design Assumptions

- Capable of running production 24/7
 - 20 hours of operation and 4 hours for sanitation daily
 - Sanitation cycles through the plant allowing for production around the clock
 - Flexibility on shipping/receiving hours
- Operating 6 days a week with the option to go 7 in peak periods
- Only 3 allergen combinations present: wheat, milk & wheat, no allergen
- Small batch pilot plant is included in the footprint and in future will be commissioned and CFIA registered as part of the facility



Facility Designed for Food Safety & Quality

- The facility has a single direction layout with all processing on one level
- Hygienic design principles used throughout facility
- Increased layers of segregation and interventions
 - Segregation of Raw and RTE starts at entrance
- Continuous X-ray analysis of protein/fat – reduces downtime with no waiting on lab analysis for blend corrections
- Sanitation
 - Central Foam/Sanitizer/Caustic
 - Compartmentalized process areas to allow for segregation during sanitation cycles
 - Interventions: Steam drops throughout RTE, dedicated COP tanks
 - CIP systems for thermal processes
- Ingredient batching rooms to eliminate skids and ingredient bags from formulation areas
- All process areas chilled to consistent temperature



Raw Materials and Inputs

- Fresh and frozen raw meats – pork, chicken, turkey and beef
- Cheese
- Spices and other ingredients



Finished Products

- Wieners, sliced and whole piece deli meats and prepared meats
- All fresh fully cooked products (nothing raw and/or frozen)
- Retail and Foodservice - distributed nationally
- US export eligible





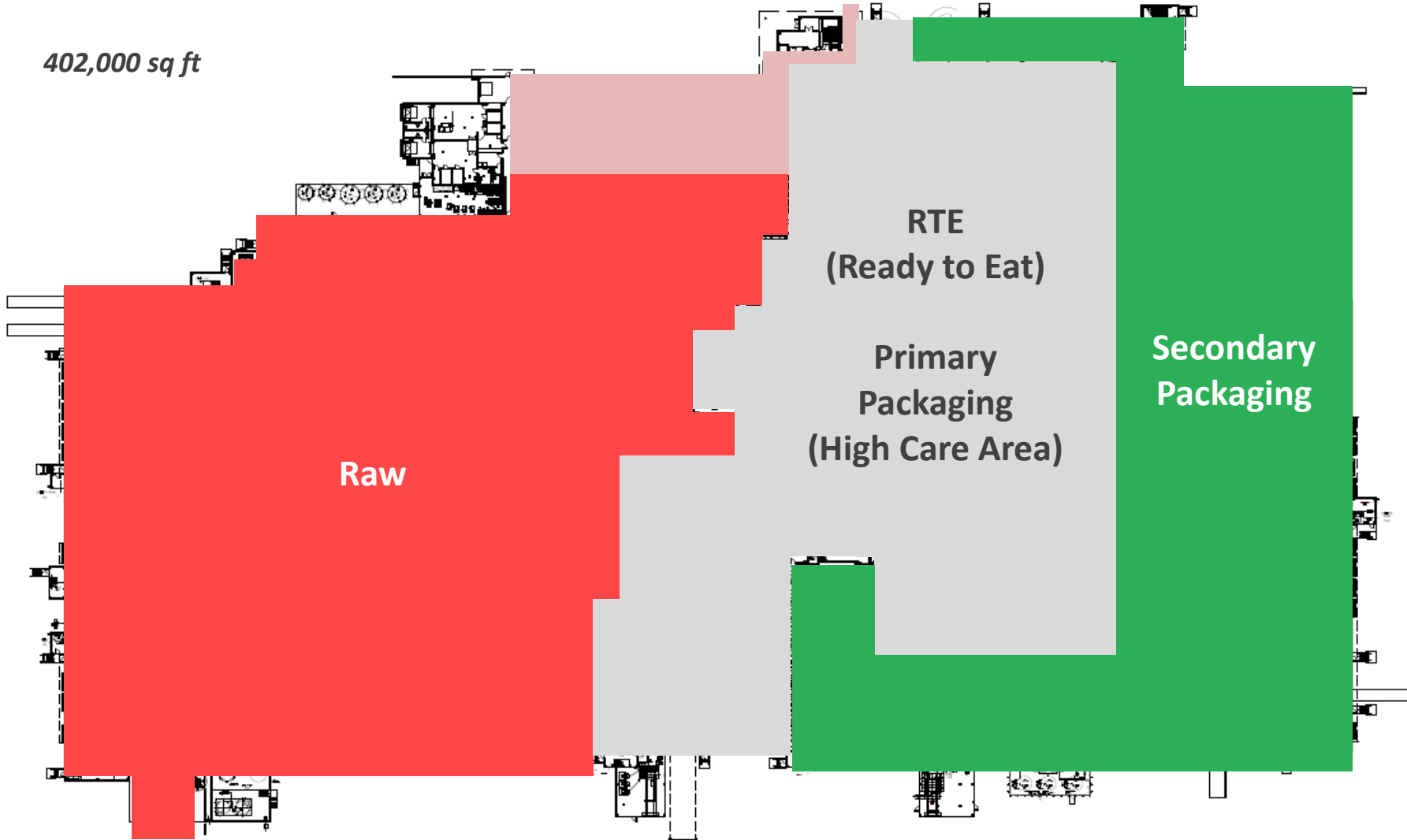
Selected Products from Heritage





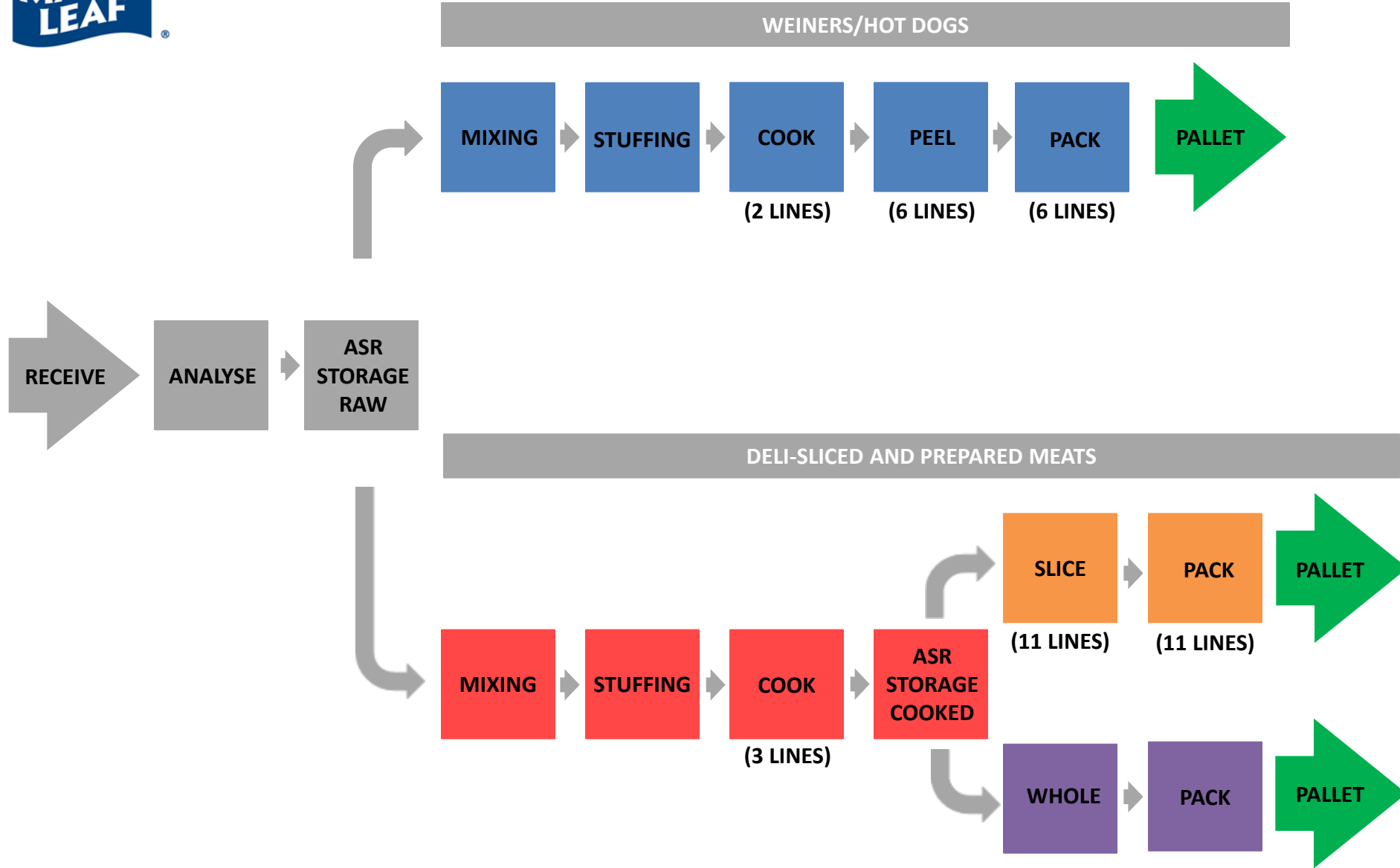
Heritage Layout

402,000 sq ft





Value-Add Processes





Five Areas of Most Significant Improvement

Improvements	Outcome
1. Food Safety	<ul style="list-style-type: none">• Sanitary facility design principles incorporated throughout facility• Foreign material detection for all raw meat supply on receipt• Increased layers of segregation (RAW vs. RTE)• Improved sanitation protocols• Elimination of skids and ingredient bags from formulation area• Uniform temperature control• Tumble defrost capability quickly thaws raw meat and minimizes microbial growth
2. Scale	<ul style="list-style-type: none">• Improved production efficiencies• Reduced waste• Reduced downtime due to change overs
3. Automation	<ul style="list-style-type: none">• Automated storage and material systems• Use of robotics for product transfer, packaging and palletizing• Improved line speeds and higher reliability• Improved food safety by reducing employee handling
4. Measure Protein/Fat Ratios in Ingredients	<ul style="list-style-type: none">• Allows better optimization of yield• Improved product conformance
5. Technology	<ul style="list-style-type: none">• Pervasive throughout facility• Product preparation time reduced to 24 hours from 60 hours• Improved customer service and response because manufacturing capability is more nimble and versatile• More precise equipment drives higher line speeds, better accuracy and less waste• Manufacturing Execution Systems (MES) drives better process control and reduced variation



Ramp-Up Inefficiencies

Contributing Factors in Ramp-up

Excess labour

Reduced line production rates

Lower yields than anticipated

Excess supervisory staff

Excess equipment maintenance

Higher utility costs than expected

Additional SG&A support

Indirect consequences: out-of-code;
service deficiency; volume limitations



**Very High Confidence In Resolving These Inefficiencies;
Unpredictable Pace & Timelines**



Summary

- Largest prepared meats facility in Canada
- Technologically advanced
- Scale/efficiency built-in throughout all process of plant
- Enhanced food safety environment
- Normal de-bugging issues consistent with starting up a large complex manufacturing facility