



**REMARKS**

Michael H. McCain  
President & Chief Executive Officer

**2018 Annual and Special Meeting of Shareholders**

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May 2, 2018

CHECK AGAINST DELIVERY

Thank you David...good morning everyone, and welcome to *ThinkFood!*, the heart of innovation at Maple Leaf.

Annual meetings hold important significance – as a public company they require us to stand before our shareholders and account for our decisions and progress. This is your company, and your hard-earned cash. You have entrusted us with the responsibility to both protect and grow your investment. It is a responsibility we take very seriously.

To do this well requires us to pause and take stock of the year behind us and what's ahead. Most things went well last year, some did not. We do have some headwinds in the first half of 2018, but we consider them short-term and manageable.

That said, I am more confident than ever that we will continue to deliver profitable growth and excellent shareholder returns in the medium and long-term. Your company is in excellent shape and well positioned for an exciting future.

Fast pace is the Maple Leaf pace, and 2017 was no exception. To call out some highlights...

- We continued to make excellent progress on our critical sustainability strategies, advancing our commitments to better food, better care, better communities and a better planet
- We completed exhaustive consumer research that has led to the execution of a complete food renovation and repositioning of our three flagship brands;
- We positioned our disruptive sustainable meat brand, the Greenfield Natural Meat Company, as the fastest growing new brand in Canada for the second consecutive year;
- We acquired Lightlife Foods and signed a deal to purchase Field Roast, providing us with leading brands in the fast-growing plant protein category;
- We continued our major expansion into the US market with excellent momentum;
- We transitioned our market leading Maple Leaf Prime brand to 100% raised without antibiotics, the fastest growing category of value-added poultry;
- We created the Maple Leaf Centre for Action on Food Security, a registered charity with a big goal to tackle the pervasive issue of food security;
- We deepened our leadership programs – helping to make Maple Leaf a destination for top talent, which is core to our values and competitive advantage;

- We continued to transform our workplace through digital strategies, including advanced mobility solutions in manufacturing and e-commerce; and
- We took out more costs through effective procurement, increased operating efficiencies and ongoing zero-based budgeting.

Our financial performance in 2017 built on these successes:

- Sales surpassed \$3.5 billion and Adjusted Operating Earnings grew over 10% to \$264 million compared to 2016.
- We achieved an annual adjusted EBITDA margin of 10.8%, up 50 bps, and delivered eight consecutive quarters of over 10% EBITDA margins. For those of you who are longer-term investors, we have come a long way!
- We completed the year with more than \$200 million in cash, after investing approximately \$200 million in acquisitions and returning \$240 million to shareholders in both dividends and share buy-backs.
- Our share price has increased substantially, appreciating 200% over the last five years, well ahead of the benchmark TSX.

The story of 2017 was fueled by success in our value-added fresh business, acquisitions in plant proteins, and significant operational improvements. However, it wasn't a perfect year. We realized gross margin compression in our prepared meats business as we were late to implement market pricing to offset rising meat costs. This was corrected late in the year.

We have sought to be very open and balanced with shareholders in candidly outlining the opportunities we seek, the challenges we face and the potential risks that we manage. Notwithstanding excellent overall results in 2017, no business operates in a straight line.

We communicated late last year that we expected to face some margin compression in the first half of 2018 as new pork processing capacity comes on line in the United States.

This additional capacity has been anticipated for years, with short-term industry-wide impact until markets normalize. We also expect to experience some one-time costs in the second quarter associated with launching the most significant food and brand renovation ever in our history.

These market headwinds were borne out in our first quarter results released this morning. While we delivered volume growth in the quarter which we are happy about, our adjusted EBITDA margin compressed slightly to 10.1%. This falls well within what we have described as the natural range of margin variability within our business.

It is a good outcome when we can absorb these market conditions and still deliver top line growth and double-digit margins, quite different from days past.

When I stood before you a year ago, I spoke about our collective ambition to be the most sustainable protein company on earth. I have a specific call-out to our shareholders today, and I feel the need to be clear about this. To realize this vision, we are focused on creating shared value, not only shareholder value, and this is an important distinction.

I would like to be clear about what society and our consumers expect of us. But, I also seek to demonstrate how this translates into a compelling shareholder outcome, by making it the cornerstone of profitable growth.

We have a deeply held conviction that we can set ourselves apart and create commercial success while doing so, through a new social contract.

The food industry is facing a crisis of trust. That is our reality. Consumers and many stakeholders have *tuned out* big food companies and *tuned in* to other 'sources of truth' to inform their views and choices. The food industry does share some accountability for the rise in chronic diseases, climate change, food insecurity and animal care issues.

We need to own those accountabilities, and recognize that restoring trust requires a new approach – one based on building a newly defined sustainable enterprise, committed to shared value and inclusive growth.

That is the essence of the Maple Leaf vision: To Raise the Good in Food. To be the most sustainable protein company on earth. That sounds lofty and mighty ambitious. Actually, we feel on the world stage we are small enough to be rebellious yet large enough to scale up our rebellious ideas into commercial reality. It gives us presence. It gives us a voice to punch above our weight. And, it gives us purpose!

Better Food; Better Care; Better Communities; Better Planet is how we are building this sustainable enterprise.

To make it all real, we are making bold advances through six core strategies:

- Leading in sustainability
- Investing in our people
- Making great food
- Broadening our reach
- Building a digital future, and
- Eliminating waste

*Leading in sustainability* is not only one of our core strategies, it is an enterprise wide view that encompasses every aspect of our business.

We have made significant progress:

- We have reduced our emissions, energy and water use by over 20% against our baseline year. We are pacing ahead of our goal to reduce our footprint 50% by 2025 and now shaping plans to exceed this target. While we are making excellent progress across our sustainability strategies, it is never enough...or fast enough. The ravages of climate change are accelerating and all segments of society must do more.
- We made meaningful improvements in animal care, including converting almost 33,000 sows to enhanced open housing; raising animals in ways that support natural behaviours; and investing in transportation and processing technologies to mitigate pain and stress. Being a leader in animal care is a cornerstone of sustainability, and highly connected with what our customers expect of us.
- Through the Maple Leaf Centre for Action on Food Security, we are going well beyond conventional charity to being a leading advocate for change; making meaningful investments with innovative partners to advance food security; and galvanizing our people behind a powerful social mandate to tackle the pervasive issue of hunger in our country.

Sustainability is also increasingly driving consumer behavior and we are not alone in our aspiration to lead in this market.

We have been deeply engaging our people to define even more ambitious, bolder actions that will accelerate progress. I look forward to sharing these with you in the coming months.

The commercial and market expression of our commitments shows up through our pioneering efforts to advance “sustainable meat”. We began by defining what this means to us through a clear set of principles – as far as I know we are the first meat company globally to stand behind such sweeping commitments.

Greenfield Natural Meat Company is our leading brand that manifests these principles, with very powerful points of difference in the market.

All Greenfield products come from animals raised humanely without any hormones or antibiotics, and fed 100% vegetable grain diets. They contain no artificial ingredients and reflect Maple Leaf’s high environmental standards.

Greenfield powerfully demonstrates how consumers are rewarding responsible brands, delivering over 50% growth last year.

Of course, the cornerstone of our success is our people and the culture that attracts them. We nurture this by **investing in our people** – dedicating significant time, resources and focus on the personal growth of our talent.

We are enhancing our leadership development programs again this year through a material expansion of our Maple Leaf Leadership Academy, in partnership with the Ivey School of Business.

Advancing our commitment to diversity and inclusion is central to creating a high-performance culture, and we seek to achieve 50% representation of women at the manager level and above by 2022.

Like most businesses, our gender balance is unacceptable and we must do more, including addressing the cultural barriers that create obstacles for women to advance. We have established dedicated ‘Women in Leadership’ programs, which is a good beginning, but change must be accelerated!

Investing in people also means continuing to lead our industry in workplace safety practices, highlighted by our Safety Promise.

I am extremely proud of what we have achieved – a workplace safety record that is best in class in our industry and across the broader manufacturing sector. This is an incredible accomplishment, reflecting a strong and highly visible safety culture.

**Making great food** may sound obvious, but what “big food” has lost sight of the most. Great food, however, means different things to different people at different times – and we want to meet all those needs!

Yes, we have leading market shares across our core categories, which is a powerful leg up. But to maintain brand relevance, grow our categories, and increase market share requires a clearly differentiated brand strategy for each demand space.

Let’s begin with our flagship Maple Leaf brand. We are launching the most sweeping changes in its history to lead what can be described as the ‘Real Food Movement’. This has involved a sweeping revamp of the entire portfolio based on the commitments of a Food Manifesto.

We have taken out the things people don’t know or don’t want, and replaced them with only natural, real or simple ingredients...and nothing artificial.

The result is a breakthrough in innovation that gives consumers “real food” choices. The brand will also lead in transparency, including only legible, pronounceable ingredients that consumers know and trust.

Our new Maple Leaf products are launching in stores across Canada over the next several months. We will be reaching consumers through a completely integrated TV, social media, print and bill board campaign – the biggest we have ever undertaken, including a fresh new look for the Maple Leaf logo.

Schneiders is also an iconic brand, but meets different needs. It stands for craftsmanship, old world provenance, and artisanal methods and flavours. We have focused on staying true to the original recipes and techniques of over a hundred years ago, with the ingredients, the curing and the smoking done just as it was in J.M. Schneider’s era where ever we possibly can.

Schneiders is the “go to” brand for these artisanal flavours and craftsmanship. To deliver on the promise, we established a culinary panel of experts – master sausage makers, chefs, and food critics. No product goes to market until they have signed off on its authenticity. We have packaged it all up with a whole new brand design reflecting the experience every Schneiders product delivers.

Swift is the third element in our food renovation, appealing to consumers who are looking for a quick protein fix delivering excellent value and convenience. It’s about affordability and ease. The brand stands for fun in an energizing way – all wrapped up in bright teal blue packaging that is bold, eye-catching and pops out in the grocery case.

Leaders in the real food movement, leaders in authentic craftsmanship and leaders in great value – all delivered in clear food and brand choices. That is what making great food means to us.

This is the largest initiative of its kind I have ever witnessed in the food industry. We are very proud of the work of our team to bring the strategies to life. We invite you to taste these delicious new products after the meeting is over.

**Broadening our reach** is another core strategy to deliver sustained, profitable growth. This includes expanding our business in the U.S. market and building our leadership in plant-based proteins to provide consumers with delicious options.

In the U.S., we have established a platform focused on sustainable meat where we bring significant market leadership. We have the breadth and scale that differentiates us – including our leadership in meat raised without antibiotics.

We have built a dedicated organization on the ground, who know the U.S. food industry and bring well-established relationships.

Our U.S. strategy is predicated on compelling points of difference and the results to date are very good, delivering annual double-digit growth in the market. Reflecting this, our products are now carried by the ten largest retailers in America. And we are now listed in more U.S. grocery stores than in Canada!

In the past year, we have also executed a strategy that has quickly established Maple Leaf as a North American leader in plant-based proteins. With the acquisition of Lightlife and Field Roast, we now have two leading, highly complementary brands in their category.

These were excellent acquisitions and flawlessly timed – they are highly aligned to our vision, have surpassed all growth expectations, and provide us foundational brands to drive long-term growth.

We are executing plans to enhance manufacturing efficiencies and capacity, bring new product innovation to the market, and broaden our distribution. Plant based protein will be a material part of the Maple Leaf business mix a decade from now!

Technology is a critical enabler of our sustainable growth and we are **building a digital future**, through introducing new ways of working, innovating, operating, collaborating and marketing.

Our digital roadmap is coming to life in various forms of mobility and technologies that range from precision agriculture, artificial intelligence, robotics and sensor technology, to how we engage our customers in new e-commerce platforms.

Here is a cool example. In partnership with Apple and SAP, two of the of the world's global technology leaders, we have developed factory floor mobility solutions for manufacturing supervisors. Our supervisors can now walk around with iPad's that give them real time data on shop floor performance, and ability to track or update activity. What this adds is instant visibility and up to two more hours daily on the plant floor, where the action is, with the tools to act fast.

Our final core strategy is to **eliminate waste**, which provides fuel for investing in growth. We have a deeply engrained cost culture which spans zero based budgeting to factory optimization ...eliminating waste in any form. This is a material contributor to our EBITDA margin expansion over the next several years.

In summary, we are united behind a shared ethos to Raise the Good in Food and our vision to be the most sustainable protein company on earth.

My confidence – and I feel this profoundly – stems from my belief that companies like Maple Leaf which rise to the challenge of creating shared value, will earn great rewards in the marketplace and deliver higher levels of profitable growth.

Translating this into financial terms, we have set a goal to further expand our Adjusted EBITDA margin to between 14% and 16% by 2022. Our path to deliver this is achievable and our progress is underway.

We have delivered tremendous value for shareholders. We have a compelling vision for the future which differentiates and energizes us and we are attracting the best talent in the industry because of it.

We have clear strategies to deliver the next level of profitable growth. And we are driven by bold goals to set the standard for sustainable protein.

I am indebted to the people of Maple Leaf, who continuously lift our company up to new levels of achievement and success. I also want to acknowledge and deeply thank our Board of Directors for your steadfast dedication, the valuable perspectives you bring, and your wise counsel.

And finally, to our shareholders, thank you for your trust and your confidence in us. Larry Fink, Chairman and CEO of one of the largest investors in the world – Blackrock – wrote in his recent letter to CEO's:

*“To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate.”*

*Today, our clients – who are your company's owners – are asking you to demonstrate the leadership and clarity that will drive not only their own investment returns, but also the prosperity and security of their fellow citizens.”*

As you can see, we share his belief and we are energized about the future. We are pursuing an inspiring vision that will create meaningful social and shareholder value. And we are emboldened by a new social contract, to Raise the Good in Food.

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