MAPLE LEAF FOODS INC.

Management's Discussion and Analysis
For the First Quarter Ended
March 31, 2019

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All dollar amounts are presented in Canadian dollars unless otherwise noted.

May 1, 2019

FINANCIAL OVERVIEW

Sales for the first quarter of 2019 were $907.1 million compared to $817.5 million in the first quarter of 2018, an increase of 11.0% including acquisitions. The core business experienced sales growth of 1.4% driven by prepared meats, value-added fresh pork and poultry and plant-based protein.

Net earnings for the first quarter were $50.1 million ($0.41 per basic share) compared to $27.9 million ($0.22 per basic share) in the first quarter of 2018. Solid commercial performance in the core business was more than offset by adverse fresh market conditions, and the impact of growth initiatives including investments in plant-based protein and start-up costs related to capacity expansion in protein kits and meat pies. 2018 acquisitions were also dilutive to earnings in the first quarter. In addition, Net Earnings were positively impacted by changes in fair value of biological assets and unrealized gains on derivative contracts, which are excluded in calculating Adjusted Operating Earnings[(i)].

Adjusted Operating Earnings for the first quarter were $42.1 million compared to $52.8 million in the first quarter of 2018, and Adjusted Earnings per Share[(ii)] were $0.20 compared to $0.29 last year. The decrease in Adjusted Operating Earnings and Adjusted Earnings per Share is attributable to the factors noted above.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") margin[(iii)] for the quarter was 9.3% compared to 10.1% in the first quarter of 2018. The decrease in margin is attributable to the factors noted above and the adoption of IFRS 16 - Leases ("IFRS 16").

Several items are excluded from the discussions of underlying earnings performance as they are not representative of ongoing operational activities. Refer to the section entitled Non-IFRS Financial Measures of this Management's Discussion and Analysis on page 8 for a description and reconciliation of all Non-IFRS financial measures.

Notes:

(i) *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 ongoing 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. Please refer to the section entitled Non-IFRS Financial Measures starting on page 8 of this document.*

(ii) *Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as basic earnings per share and is adjusted on the same basis as Adjusted Operating Earnings. Please refer to the section entitled Non-IFRS Financial Measures starting on page 8 of this document.*

(iii) *Adjusted EBITDA is calculated as earnings before interest and income taxes plus depreciation and intangible asset amortization, adjusted for items that are not considered representative of ongoing 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 EBITDA margin is calculated as Adjusted EBITDA divided by sales. Please refer to the section entitled Non-IFRS Financial Measures starting on page 8 of this document.*

SALES AND ADJUSTED OPERATING EARNINGS

The following table summarizes Maple Leaf Foods Inc.'s ("Maple Leaf Foods" or the "Company") total sales and Adjusted Operating Earnings for the quarter.

($ thousands) *(Unaudited)*	Three months ended March 31, **2019**	2018
Total Sales	**$ 907,090**	$ 817,509
Adjusted Operating Earnings	**$ 42,074**	$ 52,772
Adjusted EBITDA Margin	**9.3%**	10.1%

Sales in the first quarter increased 11.0% to $907.1 million including acquisitions. Sales growth in the core business of 1.4% was driven primarily by pricing actions, taken in the fourth quarter of 2018 to mitigate inflationary pressures, and favourable mix due to food renovation. Continued expansion of sustainable meats and plant-based protein also contributed to growth in sales.

Adjusted Operating Earnings were $42.1 million compared to $52.8 million in the first quarter of 2018. Solid commercial performance was driven primarily by pricing actions taken in the prior quarter, improved sales mix from the Company's food renovation initiatives, lower input costs for prepared meats, and growth in value-added fresh pork and poultry. These improvements were more than offset by adverse fresh market conditions and the impact of growth initiatives. Growth initiatives in the quarter included investments in plant-based protein to support the brands, start-up costs related to capacity expansion in protein kits and meat pies and the short-term dilutive impact of 2018 acquisitions.

Adjusted EBITDA margin for the quarter was 9.3% compared to 10.1% in the first quarter of 2018. The decrease in margin is attributable to the factors noted above. Adjusted EBITDA margin was also impacted by the adoption of IFRS 16 - Leases (“IFRS 16”). Upon the adoption of IFRS 16, leases previously classified as operating leases were capitalized on the Company’s consolidated interim balance sheet with an incremental $8.1 million in depreciation and $1.8 million in interest being recorded on the Company’s consolidated interim statement of earnings not included in EBITDA.

GROSS MARGIN

Gross margin in the first quarter was $179.5 million (19.8% of sales) compared to $132.2 million (16.2% of sales) in the first quarter of 2018. The increase in gross margin as a percentage of sales is largely attributable to the change in fair value of biological assets and unrealized gains on derivative contracts.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the first quarter were $98.3 million (10.8% of sales), compared to $86.2 million (10.5% of sales) in the first quarter of 2018. The increase is primarily attributable to continued investment in the Company's plant-based protein platform, acquisitions and investment in the Company's people through increased learning, development and leadership.

OTHER INCOME (EXPENSE)

Other expense for the first quarter was $2.1 million compared to an expense of $2.9 million in the first quarter of 2018. The change is primarily due to lower transactional costs incurred in the current year related to acquisitions.

Certain items in other income (expense) are excluded from the calculation of Adjusted EBITDA and Adjusted Earnings per Share as they are not considered representative of ongoing operational activities of the business. Other income (expense) used in the calculation of Adjusted EBITDA and Adjusted Earnings per Share for the first quarter is an expense of $0.3 million (2018: expense of $0.2 million).

RESTRUCTURING AND OTHER RELATED COSTS

During the three months ended March 31, 2019, the Company recorded restructuring and other related costs of $2.8 million (2018: $2.1 million). Of this amount, $2.7 million related to restructuring costs as a result of the previously announced future closures of the Brampton, Toronto and St. Mary's poultry plants. The remaining $0.1 million related to other previously announced organizational restructuring initiatives.

INCOME TAXES

The Company’s income tax expense for the first quarter resulted in an effective tax rate of 27.3% (2018: 29.2%). The higher effective tax rate in 2018 primarily resulted from non-deductible acquisition-related transaction costs and the geographic mix of earnings. The effective tax rate in 2019 in determining Adjusted Earnings per Share is 28.2% (2018: 27.7%). The higher effective rate in 2019 reflects the geographic mix of earnings. For 2019, the effective tax recovery rate on restructuring charges used in the computation of Adjusted Earnings per Share is 26.1% (2018: 26.1%). The effective tax recovery rate on items not considered representative of ongoing operations in 2019 is 26.4% (2018: 22.1%).

ACQUISITIONS AND DIVESTITURES

On November 13, 2018, the Company acquired 100% of the outstanding shares of VIAU Food Products Inc. ("VIAU"), a privately held Canadian market leader in premium Italian cooked, dry-cured and charcuterie meats, for a purchase price of $215.0 million. The Company financed the transaction using a combination of drawings on existing credit facilities and equity.

Recognized goodwill is attributable to VIAU's assembled workforce combined with its considerable expertise, product development knowledge and skills.

The Company has not yet finalized the amounts recorded for the VIAU acquisition.

On October 22, 2018, the Company acquired two poultry plants and associated supply from Cericola Farms Inc. ("Cericola"), a privately held Canadian company. The purchase price of the assets was $80.0 million, with a put/call option to purchase a third processing facility for a purchase price of $40.0 million, exercisable within three years. The Company financed the transaction using existing credit facilities.

The Company has not yet finalized the amounts recorded for the Cericola acquisition.

On January 29, 2018, the Company acquired 100% of the outstanding shares of The Field Roast Grain Meat Company, SPC ("Field Roast Grain Meat Co."), a privately held U.S. based corporation engaged in the production and distribution of premium grain-based protein and vegan cheese products, for a purchase price of $140.2 million. The Company financed the transaction using a combination of cash-on-hand and drawings on existing credit facilities.

Recognized goodwill is attributable to Field Roast Grain Meat Co.'s leadership position in the fast-growing plant-based protein market combined with its considerable expertise, product development knowledge and skills.

The Company finalized the amounts recorded in the Field Roast Grain Meat Co.'s business combination during the fourth quarter of 2018.

For full details on all acquisitions refer to Note 16 of the unaudited condensed consolidated interim financial statements (or “consolidated financial statements”).

During the three months ended March 31, 2019, the Company recorded transaction costs of $0.8 million (2018: $2.4 million) related to acquisition activities, that have been excluded from the consideration paid and have been recognized as an expense in other income (expense). Refer to Note 16 of the consolidated financial statements.

CAPITAL RESOURCES

The consumer foods industry in which the Company operates is generally characterized by high sales volume and high turnover of inventories and accounts receivable. In general, accounts receivable and inventories are readily convertible into cash. Investment in working capital is affected by fluctuations in the price of raw materials, seasonal and other market-related fluctuations. The Company has consistently generated a strong base level of operating cash flow, even in periods of higher commodity prices and during restructuring of its operations. These operating cash flows provide a base of underlying liquidity that the Company supplements with credit facilities and cash on hand to provide longer-term funding and to finance fluctuations in working capital levels.

The Company's cash balance as at March 31, 2019 was $82.3 million (March 31, 2018: $67.7 million; December 31, 2018: $72.6 million). The cash is held in deposit accounts at financial institutions with long-term debt ratings of A or higher.

On November 7, 2018, the Company entered into a one year $250.0 million unsecured committed revolving credit facility with a Canadian institution. This unsecured facility can be drawn in Canadian or U.S. dollars and bears interest payable monthly, based on Banker's Acceptance and Prime rates for Canadian dollar loans and the London Inter-bank Offered Rate ("LIBOR") for U.S. dollar loans. The facility, together with the $400.0 million facility below, is intended to meet the Company's funding requirements for general purposes, corporate development activities, and to provide appropriate levels of liquidity. As at March 31, 2019, the Company had drawn $85.7 million in U.S. dollars (CDN$114.5 million) and $55.0 million in Canadian dollars (March 31, 2018: $0.0 million; December 31, 2018: $80.0 million) on this facility.

On October 19, 2017, the Company amended its existing $400.0 million unsecured committed revolving credit facility by extending the maturity of the facility to October 19, 2021, under similar terms and conditions using the same syndicate of Canadian, U.S., and international institutions. This unsecured facility can be drawn in Canadian or U.S. dollars and bears interest payable monthly, based on Banker's Acceptance and Prime rates for Canadian dollar loans and LIBOR for U.S. dollar loans. The facility, together with the $250.0 million facility above, is intended to meet the Company's funding requirements for general purposes, corporate development activities, and to provide appropriate levels of liquidity. As at March 31, 2019, the Company had drawn $216.0 million in U.S. dollars (CDN$288.6 million) and letters of credit of $6.3 million (March 31, 2018: $40.0 million in U.S. dollars (CDN$51.5 million) and letters of credit of $6.5 million; December 31, 2018: $216.0 million in U.S. dollars (CDN$294.8 million) and letters of credit of $6.3 million) on this facility.

These revolving term facilities require the maintenance of certain covenants. As at March 31, 2019, the Company was in compliance with all of these covenants.

The Company has additional uncommitted credit facilities for issuing letters of credit up to a maximum of $125.0 million (March 31, 2018: $125.0 million; December 31, 2018 $125.0 million). As at March 31, 2019, $75.7 million of letters of credit had been issued thereon (March 31, 2018: $71.2 million; December 31, 2018: $72.2 million).

The Company operates an accounts receivable securitization facility. The maximum cash advance available to the Company under this program is $110.0 million. The facility provides cash funding with a proportion of the Company's receivables being sold and provides the Company with competitively priced financing and further diversifies its funding sources. Under the facility, the Company has sold certain accounts receivable, with very limited recourse, to a third-party trust that is funded by an international financial institution with a long-term AA- debt rating. The receivables are sold at a discount to face value based on prevailing money market rates.

As at March 31, 2019, the Company had $134.5 million (March 31, 2018: $132.6 million; December 31, 2018: $127.4 million) of trade accounts receivable serviced under this facility. In return for the sale of these receivables, the Company will receive cash of $103.5 million (March 31, 2018: $104.9 million; December 31, 2018: $96.9 million) and notes receivable in the amount of $31.0 million (March 31, 2018: $27.7 million; December 31, 2018: $30.5 million). Due to the timing of receipts and disbursements, the Company may, from time to time, record a receivable or payable related to the securitization facility, and as at March 31, 2019, this net payable amounted to $4.9 million (March 31, 2018: $1.2 million net payable; December 31, 2018: $32.5 million net payable). The facility is accounted for as an off-balance sheet transaction in accordance with International Financial Reporting Standards ("IFRS") and will expire in August 2019.

The Company's securitization facility is subject to certain restrictions, including the maintenance of covenants. The Company was in compliance with all of the requirements of these facilities as at March 31, 2019. If the securitization facility was to be terminated, the Company would recognize the related amounts on the consolidated interim balance sheet and consider alternative financing if required.

Subsequent to the quarter end, on April 30, 2019, the Company entered into a new syndicated credit facility consisting of a $1,300.0 million unsecured committed revolving line of credit maturing April 30, 2024 and two unsecured committed term credit facilities for US $265.0 million and CDN$350.0 million maturing April 30, 2024 and April 30, 2023 respectively. The credit facility refinances and replaces the Company's existing $250.0 million and $400.0 million unsecured committed revolving credit facilities, which were due to mature November 7, 2019 and October 19, 2021 respectively.

The new facility bears interest based on short-term interest rates and is intended to meet the Company's funding requirements for investment in the construction of its two new recently announced manufacturing facilities in London, Ontario and Shelbyville, Indiana, in addition to providing appropriate levels of liquidity and for general corporate purposes.

On April 30, 2019, the Company had drawn US$265.0 million from the first unsecured committed term credit facility and CDN$115.0 million from the second unsecured committed term credit facility to repay all borrowings as at March 31, 2019, including accrued interest and fees (see Note 7 of the consolidated financial statements).

SUBSEQUENT EVENTS

On April 8, 2019, the Company announced plans to build a US$310.0 million plant-based processing facility in Shelbyville, Indiana. The new Shelbyville facility will be supported by approximately US$50.0 million in U.S. government and utility grants and incentives, including US$9.6 million toward capital and one-time start-up costs, and approximately US$40.0 million in 10-year operational support. The Company will also invest approximately US$26.0 million to support ongoing growth in demand at its existing facilities. The project will be funded by a combination of cash flow from operations and debt. Construction will start in late spring 2019, and start-up is expected to commence in late 2020.

Refer to the "Capital Resources" section of this document for details on the Company's recently completed new syndicated credit facility, and replacement of existing facilities.

CAPITAL EXPENDITURES

Capital expenditures for the first quarter were $60.1 million, compared to $35.4 million in the first quarter of last year. The increase in capital expenditures is driven by the construction of the previously announced poultry processing facility in London, Ontario and investments behind the Company's commitment to animal care.

The Company currently estimates its capital expenditures for 2019 to be approximately $580.0 million. This estimate includes approximately $430.0 million for the construction of two new facilities, a value-added poultry processing facility in London, Ontario and a plant-based protein food processing facility in Shelbyville, Indiana.

NORMAL COURSE ISSUER BID

On May 22, 2018, the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), allowing the Company to repurchase, at its discretion, up to 7.8 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 24, 2018 and will terminate on May 23, 2019, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. Under this bid, during the three months ended March 31, 2019, no shares were purchased for cancellation.

On May 17, 2017, the TSX accepted the Company's notice of intention to commence an NCIB, allowing the Company to repurchase, at its discretion, up to 8.2 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company were cancelled. The program commenced on May 23, 2017 and was terminated on May 22, 2018 as the Company completed its purchase and cancellation of 3.6 million common shares for $117.3 million at a volume weighted average price of $32.51 per common share. Under this bid during the three months ended March 31, 2018, 0.7 million shares were purchased for cancellation for $22.1 million at a volume weighted average price paid of $32.91 per common share.

CASH FLOWS

Cash and cash equivalents was $82.3 million at the end of the first quarter of 2019, compared to $67.7 million at the end of the first quarter of 2018, and $72.6 million as at December 31, 2018. In the first three months of 2019, the change in cash was largely due to earnings and loans drawn on the credit facilities, partially offset by payment of 2018 income taxes, investment in property and equipment, the quarterly dividend payment, and payment of income tax liabilities assumed on a prior year acquisition.

Cash Flow from Operating Activities

Cash provided by operations for the quarter was $18.6 million compared to $32.1 million in the first quarter of 2018. The decrease was primarily due to higher income tax payments, partially offset by lower investment in working capital.

Cash Flow from Financing Activities

Cash from financing activities for the quarter was an inflow of $63.5 million compared to an inflow of $6.0 million in the first quarter of 2018. The increase was primarily due to cash drawings against the revolving credit facility, no share or treasury stock purchases, offset by payment of lease obligation and increased dividend payments.

Cash Flow from Investing Activities

Cash used in investing activities for the quarter was $72.4 million compared to $173.7 million in the first quarter of 2018. The reduction was primarily due to no acquisition in the current quarter compared to the acquisition of Field Roast Grain Meat Company last year, offset by higher investment in property and equipment, and payment of income tax liabilities assumed on a prior year acquisition.

SHARE CAPITAL

As at April 25, 2019, there were 124,371,726 common shares issued and outstanding.

OTHER MATTERS

On May 1, 2019, the Board of Directors approved a dividend of $0.145 per share payable June 28, 2019 to shareholders of record at the close of business on June 7, 2019. Unless indicated otherwise by the Company at or before the time the dividend is paid, this dividend will be considered an eligible dividend for the purposes of the “Enhanced Dividend Tax Credit System”.

MAPLE LEAF CENTRE FOR ACTION ON FOOD SECURITY

The Maple Leaf Centre for Action on Food Security (the “Centre”) is the primary expression of our Sustainability strategy pillar of Better Communities. The Centre is a registered charity working to advance food security through collaboration with other organizations and individuals, through advocating for critical policies and investing in programs required to make sustainable improvements in food security. Additional information regarding the Centre is available on its website at: https://www.feedopportunity.com

TRANSACTIONS WITH RELATED PARTIES

The Company sponsors a number of defined benefit and defined contribution plans. During the three months ended March 31, 2019, the Company's contributions to these plans were $7.6 million (2018: $7.5 million).

The Company’s largest shareholder is McCain Capital Inc. (“MCI”) which is beneficially owned or controlled by Mr. Michael H. McCain, Chief Executive Officer and President of the Company. For the three months ended March 31, 2019, the Company received services from MCI in the amount of $0.1 million (2018: $0.1 million), which represented the market value of the transactions with MCI. As at March 31, 2019, $0.5 million (March 31, 2018: $0.1 million; December 31, 2018: $0.4 million) was owing to MCI.

McCain Financial Advisory Services ("MFAS") is an entity jointly controlled by individuals including Mr. Michael H. McCain. For the three months ended March 31, 2019 and 2018, the Company provided services to MFAS for a nominal amount, which represented the market value of the transactions.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of unaudited quarterly financial information:

($ millions except earnings per share)			First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Total[(i)]
Sales[(ii)]	**2019**	**$**	**907.1**	**$**	**—**	**$**	**—**	**$**	**—**	**$**	**—**
	2018	$	817.5	$	909.2	$	874.8	$	893.9	$	3,495.5
	2017	$	811.2	$	925.9	$	908.4	$	876.8	$	3,522.2
Net earnings	**2019**	**$**	**50.1**	**$**	**—**	**$**	**—**	**$**	**—**	**$**	**—**
	2018	$	27.9	$	34.9	$	26.6	$	11.9	$	101.3
	2017	$	30.1	$	37.3	$	37.6	$	59.1	$	164.1
Earnings per share[(iii)]											
Basic[(iii)]	**2019**	**$**	**0.41**	**$**	**—**	**$**	**—**	**$**	**—**	**$**	**—**
	2018	$	0.22	$	0.28	$	0.21	$	0.10	$	0.81
	2017	$	0.23	$	0.29	$	0.29	$	0.47	$	1.28
Diluted[(iii)]	**2019**	**$**	**0.40**	**$**	**—**	**$**	**—**	**$**	**—**	**$**	**—**
	2018	$	0.22	$	0.27	$	0.21	$	0.10	$	0.79
	2017	$	0.22	$	0.28	$	0.29	$	0.45	$	1.24
Adjusted EPS[(iii)(iv)]	**2019**	**$**	**0.20**	**$**	**—**	**$**	**—**	**$**	**—**	**$**	**—**
	2018	$	0.29	$	0.34	$	0.29	$	0.29	$	1.22
	2017	$	0.33	$	0.41	$	0.39	$	0.41	$	1.54

(i) *May not add due to rounding.*

(ii) *2019 and 2018 sales include the impact of the adoption of new accounting standard IFRS 15.*

(iii) *Basic and diluted earnings per share and Adjusted Earnings per Share are based on amounts attributable to common shareholders.*

(iv) *Refer to Non-IFRS Financial Measures starting on page 8 of this document.*

Fluctuations in quarterly sales can be attributed to changes in pricing, volume, sales mix, acquisitions, and foreign exchange rates.

Fluctuations in quarterly net earnings can be attributed to similar factors, pork and poultry industry processing margins, restructuring and other related costs, operating efficiencies, changes in the fair value of derivative and non-derivative financial instruments and biological assets, acquisition and transitional costs incurred.

For an explanation and analysis of quarterly results, please refer to the Company's Management's Discussion and Analysis for each of the respective quarterly periods which are filed on SEDAR and also available on the Company's website at www.mapleleaffoods.com.

SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Adopted During the Period

Beginning on January 1, 2019, the Company adopted certain standards and amendments. As required by IAS 34 Interim Financial Reporting and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the nature and the effect of these changes are disclosed below:

Leases

Beginning on January 1, 2019, the Company adopted IFRS 16 Leases using the modified retrospective approach where prior periods are not restated. The new standard replaces IAS 17 Leases and provides a new framework for lessee accounting that requires most right of use ("ROU") assets obtained through operating leases to be capitalized and a related liability to be recorded. IFRS 16 substantially carries forward the accounting requirements for lessors. The adoption of IFRS 16 results in changes to property, equipment and vehicle lease contracts which were previously classified as operating leases under IAS 17. Upon adoption, lease obligations equal to the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate are recognized. An ROU asset, representing the Company's right to use the underlying leased asset, will generally be equal to the lease obligation at adoption and subsequently depreciated on a straight-line basis.

Payments previously recognized in the consolidated statements of net earnings are replaced by a combination of depreciation on the ROU asset and interest expense on the lease obligations. Depreciation is classified as either selling, general and administrative expenses or cost of goods sold, depending on the leased asset's intended use. Interest expense is classified as Interest expense and other financing costs.

On transition to IFRS 16, the Company elected to apply the following practical expedients:

- The practical expedient to not include initial direct costs from the measurement of the ROU asset on transition;
- The practical expedient to rely on the Company's assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review. ROU assets as at January 1, 2019 have been adjusted by the amount of any provisions for onerous leases recognized on the balance sheet as at December 31, 2018; and
- The practical expedient to not reassess whether a contract is, or contains, a lease at the date of initial application. Existing contracts that were not identified as leases under IAS 17 or International Financial Reporting Interpretations Committee ("IFRIC") 4 Determining Whether an Arrangement Contains a Lease, were not reassessed under IFRS 16 to determine if a lease exists. The definition of a lease under IFRS 16 has only been applied to contracts entered into or changed on or after January 1, 2019.

The increase (decrease) to opening balances from adopting IFRS 16 on the opening consolidated interim balance sheet is as follows:

		As at January 1, 2019
Prepaid expenses and other assets	$	840
Property and equipment		(20,000)
Right of use assets		240,815
Other long-term assets		1,548
Intangible assets		(28,830)
Total assets	**$**	**194,373**
Current portion of lease obligations[(i)(ii)]	$	39,164
Current portion of provisions		(557)
Other current liabilities		(3,783)
Lease obligations[(i)(ii)]		215,362
Provisions		(3,653)
Other long-term liabilities		(52,160)
Total liabilities	**$**	**194,373**

(i) *The difference between the net present value of the commitments disclosed in Note 24 of the Company's 2018 annual audited consolidated financial statements discounted using the weighted average incremental borrowing rate and the opening lease obligation as at January 1, 2019 is a result of the impact of lease extensions assumed in the calculation of the opening lease obligation and the effect of lease make good costs previously recorded in other liabilities.*

(ii) *The weighted average incremental borrowing rate applied to the Company's portfolio of leases as at January 1, 2019 was 3.7%.*

Uncertainty over Income Tax Treatments

Beginning January 1, 2019, the Company adopted IFRIC 23 Uncertainty over Income Tax Treatments. The interpretations provide guidance on how to value uncertain income tax positions based on the probability of whether the relevant tax authorities will accept a company's tax treatments. Current tax liabilities increased by $1.1 million as a result of the implementation of IFRIC 23, with a corresponding decrease of $1.1 million to opening retained earnings.

Long-term Interests in Associates and Joint Ventures

Beginning January 1, 2019, the Company adopted amendments to IAS 28 Long-term Interests in Associates and Joint Ventures. The amendments clarify that a company applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture. The Company adopted the amendments to IAS 28 retrospectively in its consolidated financial statements for the annual period beginning January 1, 2019. The adoption of the amendments to IAS 28 did not have a material impact on the consolidated financial statements.

Annual Improvements to IFRS (2015-2017) Cycle

Beginning January 1, 2019, the Company adopted narrow-scope amendments to a total of four standards as part of its annual improvement process. Amendments were made to clarify that a company must remeasure its previously held interest in a joint operation when it obtains control of the business in accordance with IFRS 3 Business Combinations but does not remeasure when it obtains joint control of the business under IFRS 11 Joint Arrangements. The amendments also include clarification that, all income tax consequences of dividend payments should be recognized consistently with the transactions that generated the distributable profits, under IAS 12 Income Taxes and that under IAS 23 Borrowing Costs, any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale becomes part of general borrowings. The Company adopted these amendments prospectively in its consolidated financial statements for the annual period beginning January 1, 2019. The adoption of these standards did not have a material impact on the consolidated financial statements.

Employee benefits (amendment)

Beginning January 1, 2019, the Company adopted an amendment to IAS 19 Employee Benefits. The amendment clarifies the effect of a plan amendment, curtailment and settlement on the requirements regarding the asset ceiling. In addition, if a plan amendment, curtailment or settlement occurs, it is mandatory under the amended standard that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. The Company adopted the amendment to IAS 19 prospectively in its consolidated financial statements for the annual period beginning January 1, 2019. The amendment to IAS 19 did not have a material impact on the consolidated financial statements.

Accounting Pronouncements Issued But Not Yet Effective

Conceptual Framework

On March 29, 2018, the IASB issued its revised Conceptual Framework for Financial Reporting. The revised Conceptual Framework does not constitute a substantial revision from the previously effective guidance, but does provide additional guidance on topics not previously covered such as presentation and disclosure. This amendment is effective on January 1, 2020. The Company intends to adopt this amendment in its consolidated financial statements for the annual period beginning January 1, 2020. The extent of the impact of the adoption of this amendment has not yet been determined.

Definition of a Business

On October 22, 2018, the IASB issued a narrow scope amendment to IFRS 3 Business Combinations. This amendment narrowed and clarified the definition of a business, as well as permitted a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. This amendment is effective on January 1, 2020. The Company intends to adopt this amendment in its consolidated financial statements for the annual period beginning January 1, 2020. The extent of the impact of the adoption of this amendment has not yet been determined.

Definition of Material

On October 31, 2018, the IASB issued amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors. These amendments clarify and align the definition of material and provide guidance to help improve consistency in the application of materiality when used in other IFRS standards. These amendments are effective on January 1, 2020. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2020. The extent of the impact of the adoption of these amendments has not yet been determined.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been no change in the Company’s internal control over financial reporting during the period beginning on January 1, 2019, and ended on March 31, 2019, that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

NON-IFRS FINANCIAL MEASURES

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, Adjusted EBITDA Margin and Net (Debt) Cash. Management believes that these non-IFRS measures provide useful information to investors in measuring the financial performance of the Company for the reasons outlined below. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

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 ongoing 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. The table below provides a reconciliation of net earnings as reported under IFRS in the consolidated financial statements to Adjusted Operating Earnings for the three months ended March 31, as indicated below. Management believes that this basis is the most appropriate on which to evaluate operating results, as they are representative of the ongoing operations of the Company.

($ thousands) *(Unaudited)*	Three months ended March 31, **2019**	2018
Net earnings	**$ 50,104**	$ 27,918
Income taxes	**18,833**	11,507
Earnings before income taxes	**$ 68,937**	$ 39,425
Interest expense and other financing costs	**7,433**	1,653
Other expense	**2,077**	2,854
Restructuring and other related costs	**2,820**	2,055
Earnings from operations	**$ 81,267**	$ 45,987
(Increase) decrease in fair value of biological assets(i)	**(26,263)**	7,097
Unrealized gain on derivative contracts(ii)	**(12,930)**	(312)
Adjusted Operating Earnings	**$ 42,074**	$ 52,772

(i) *Refer to Note 5 of the Company's 2019 first quarter consolidated financial statements for further details regarding biological assets.*

(ii) *Unrealized gains on derivative contracts are reported within cost of goods sold in the Company's 2019 first quarter consolidated financial statements*.

Adjusted Earnings per Share

Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as basic earnings per share and is adjusted on the same basis as Adjusted Operating Earnings. The table below provides a reconciliation of basic earnings per share as reported under IFRS in the Company's consolidated financial statements to Adjusted Earnings per Share for the three months ended March 31, as indicated below. Management believes this basis is the most appropriate on which to evaluate financial results as they are representative of the ongoing operations of the Company.

($ per share) *(Unaudited)*	Three months ended March 31, **2019**	2018
Basic earnings per share	**$ 0.41**	$ 0.22
Restructuring and other related costs(i)	**0.02**	0.01
Items included in other income not considered representative of ongoing operations(ii)	**0.01**	0.02
Change in the fair value of biological assets(iii)	**(0.16)**	0.04
Change in the fair value of unrealized (gain) loss on derivative contracts(iii)	**(0.08)**	—
Adjusted Earnings per Share(iv)	**$ 0.20**	$ 0.29

(i) *Includes per share impact of restructuring and other related costs, net of tax.*

(ii) *Primarily includes vacancy costs, acquisition related costs, interest income, and litigation costs, net of tax.*

(iii) *Includes per share impact of the change in unrealized gains on derivative contracts and the change in fair value of biological assets, net of tax.*

(iv) *May not add due to rounding.*

Adjusted Earnings Before Interest, Income Taxes, Depreciation, and Amortization

Adjusted EBITDA is calculated as earnings before interest and income taxes plus depreciation and intangible asset amortization, adjusted for items that are not considered representative of ongoing 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. The following table provides a reconciliation of net earnings as reported under IFRS in the consolidated financial statements to Adjusted EBITDA for the three months ended March 31, as indicated below. Management believes Adjusted EBITDA is useful in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

($ thousands)	**Three months ended March 31,**	
(Unaudited)	**2019**	2018
Net earnings	**$ 50,104**	$ 27,918
Income taxes	**18,833**	11,507
Earnings before income taxes	**$ 68,937**	$ 39,425
Interest expense and other financing costs	**7,433**	1,653
Items included in other income not representative of ongoing operations	**1,824**	2,690
Restructuring and other related costs	**2,820**	2,055
Change in the fair value of biological assets and unrealized (gains) losses on derivative contracts	**(39,193)**	6,785
Depreciation and amortization	**42,620**	29,874
Adjusted EBITDA	**$ 84,441**	$ 82,482
Adjusted EBITDA Margin	**9.3%**	10.1%

Net (Debt) Cash

The following table reconciles Net (Debt) Cash to amounts reported under IFRS in the Company's consolidated financial statements as at March 31, as indicated below. The Company calculates Net (Debt) Cash as cash and cash equivalents, less long-term debt and bank indebtedness. Management believes this measure is useful in assessing the amount of financial leverage employed.

($ thousands)	**As at March 31,**	
(Unaudited)	**2019**	2018
Cash and cash equivalents	**$ 82,295**	$ 67,697
Current portion of long-term debt	**$ (170,408)**	$ (816)
Long-term debt	**(296,262)**	(59,938)
Total debt	**$ (466,670)**	$ (60,754)
Net (Debt) Cash	**$ (384,375)**	$ 6,943

FORWARD-LOOKING STATEMENTS

This document contains, and the Company's oral and written public communications often contain, "forward-looking information" within the meaning of applicable securities law. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which the Company operates, as well as beliefs and assumptions made by Management of the Company. Such statements include, but are not limited to, statements with respect to objectives and goals, in addition to statements with respect to beliefs, plans, objectives, expectations, anticipations, estimates, and intentions. Specific forward-looking information in this document includes, but is not limited to, statements with respect to: expectations regarding the use of derivatives, futures and options; the expected use of cash balances; source of funds for ongoing business requirements; capital investments and expectations regarding capital expenditures; expectations regarding the implementation of environmental sustainability initiatives; expectations regarding the adoption of new accounting standards and the impact of such adoption on financial position; expectations regarding pension plan performance and future pension plan liabilities and contributions; expectations regarding levels of credit risk; and expectations regarding outcomes of legal actions. Words such as "expect", "anticipate", "intend", "may", "will", "plan", "believe", "seek", "estimate", and variations of such words and similar expressions are intended to identify such forward-looking information. All statements in this document, other than statements of historical fact, are forward looking statements. These statements are not guarantees of future performance and involve assumptions, risks, and uncertainties that are difficult to predict.

In addition, these statements and expectations concerning the performance of the Company's business in general are based on a number of factors and assumptions including, but not limited to: the condition of the Canadian, U.S., and Japanese economies; the rate of exchange of the Canadian dollar to the U.S. dollar, and the Japanese yen; the availability and prices of raw materials, energy and supplies; product pricing; the availability of insurance; the competitive environment and related market conditions; improvement of operating efficiencies; continued access to capital; the cost of compliance with environmental and health standards; no adverse results from ongoing litigation; no unexpected actions of domestic and foreign governments; and the general assumption that none of the risks identified below or elsewhere in this document will materialize. All of these assumptions have been derived from information currently available to the Company, including information obtained by the Company from third-party sources. These assumptions may prove to be incorrect in whole or in part. In addition, actual results may differ materially from those expressed, implied, or forecasted in such forward-looking information, which reflect the Company's expectations only as of the date hereof.

Factors that could cause actual results or outcomes to differ materially from the results expressed, implied, or forecasted by forward looking information include, among other things:

- risks associated with the Company focusing solely on the protein business;
- risks related to the Company's decisions regarding any potential return of capital to shareholders;
- risks associated with the execution of capital projects, including cost, schedule and regulatory variables;
- risks associated with concentration of production in fewer facilities;
- risks associated with the availability of capital;
- risks associated with changes in the Company's information systems and processes;
- risks associated with cyber threats;
- risks posed by food contamination, consumer liability, and product recalls;
- risks associated with acquisitions, divestitures, and capital expansion projects;
- impact on pension expense and funding requirements of fluctuations in the market prices of fixed income and equity securities and changes in interest rates;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- risks related to the health status of livestock;
- impact of a pandemic on the Company's operations;
- the Company's exposure to currency exchange risks;
- ability of the Company to hedge against the effect of commodity price changes through the use of commodity futures and options;
- impact of changes in the market value of the biological assets and hedging instruments;
- risks associated with the supply management system for poultry in Canada;
- risks associated with the use of contract manufacturers;
- impact of international events on commodity prices and the free flow of goods;
- risks posed by compliance with extensive government regulation;
- risks posed by litigation;
- impact of changes in consumer tastes and buying patterns;
- impact of extensive environmental regulation and potential environmental liabilities;
- risks associated with a consolidating retail environment;
- risks posed by competition;
- risks associated with complying with differing employment laws and practices, the potential for work stoppages due to non-renewal of collective agreements, and recruiting and retaining qualified personnel;
- risks associated with pricing the Company's products;
- risks associated with managing the Company's supply chain;
- risks associated with failing to identify and manage the strategic risks facing the Company; and
- Impact of changes in International Financial Reporting Standards and other accounting standards that the Company is required to adhere to for regulatory purposes.

The Company cautions the reader that the foregoing list of factors is not exhaustive. These factors are discussed in more detail under the heading "Risk Factors" in the Company's Annual Management's Discussion and Analysis for the year ended December 31, 2018, that is available on SEDAR at www.sedar.com. The reader should review such section in detail. Some of the forward-looking information may be considered to be financial outlooks for purposes of applicable securities legislation including, but not limited to, statements concerning future capital expenditures. These financial outlooks are presented to evaluate anticipated future uses of cash flows, and may not be appropriate for other purposes and readers should not assume they will be achieved. The Company does not intend to, and the Company disclaims any obligation to, update any forward-looking information, whether written or oral, or whether as a result of new information, future events or otherwise, except as required by law. Additional information concerning the Company, including the Company's Annual Information Form is available on SEDAR at www.sedar.com.

About Maple Leaf Foods Inc.

Maple Leaf Foods is a producer of food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, Lightlife™, Field Roast Grain Meat Co.™ and Swift®. Maple Leaf employs approximately 12,500 people and does business in Canada, the U.S. and Asia. The Company is headquartered in Mississauga, Ontario and its shares trade on the Toronto Stock Exchange (MFI).