



MAPLE LEAF FOODS INC.

Management's Discussion and Analysis
For the Second Quarter Ended
June 30, 2019

Management's Discussion and Analysis

Financial Overview	1
Operating Review	1
Gross Margin	2
Selling, General and Administrative Expenses	2
Other Income (Expense)	2
Restructuring and Other Related (Reversals) Costs	3
Income Taxes	3
Acquisitions and Divestitures	3
Capital Resources	4
Subsequent Event	4
Capital Expenditures	5
Normal Course Issuer Bid	5
Cash Flows	5
Financial Instruments	6
Share Capital	7
Other Matters	7
Maple Leaf Centre for Action on Food Security	7
Transactions with Related Parties	7
Summary of Quarterly Results	8
Significant Accounting Policies	8
Internal Control Over Financial Reporting	10
Outlook	10
Non-IFRS Financial Measures	10
Forward Looking Statements	13
About Maple Leaf Foods Inc.	14

Management's Discussion and Analysis

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

July 31, 2019

FINANCIAL OVERVIEW

Sales for the second quarter of 2019 were \$1,022.7 million compared to \$909.2 million in the second quarter of 2018, an increase of 12.5%, 3.5% excluding acquisitions. Growth in the core business reflects ongoing progress in key strategic areas with increases delivered in sustainable meat, prepared meats and double-digit growth in plant-based protein.

Sales for the first six months were \$1,929.8 million compared to \$1,726.8 million last year, an increase of 11.8%, 2.5% excluding acquisitions. The increase in sales for the core business year to date is consistent with factors noted above.

Net loss for the second quarter was \$6.3 million (loss of \$0.05 per basic share) compared to net earnings of \$34.9 million (\$0.28 per basic share) in the second quarter of 2018. Second quarter net earnings were negatively impacted by \$60.7 million due to non-cash fair value changes in biological assets and unrealized losses on derivative contracts, and higher interest costs as the Company continues to invest in the business. This was partially offset by margin expansion in prepared meats and growth in sustainable meats and plant-based protein, net of higher input costs and continued investments in plant-based protein and branded products.

For the first six months, net earnings were \$43.8 million (\$0.35 per basic share) compared to \$62.8 million (\$0.50 per basic share) last year. The decrease in net earnings for year to date is consistent with the factors noted above.

Adjusted Operating Earnings⁽ⁱ⁾ for the second quarter were \$65.2 million compared to \$57.8 million in the second quarter of 2018, and Adjusted Earnings per Share⁽ⁱⁱ⁾ decreased to \$0.33 from \$0.34 last year. For the first six months of 2019, Adjusted Operating Earnings decreased to \$107.3 million from \$110.6 million, and Adjusted Earnings per Share decreased to \$0.53 from \$0.64 last year.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") margin⁽ⁱⁱⁱ⁾ for the second quarter was 10.6% compared to 10.1% last year. For the first six months, Adjusted EBITDA Margin decreased to 10.0% from 10.1%.

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 Discussion and Analysis on page 10 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 10 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 10 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 10 of this document.

OPERATING REVIEW

The following table summarizes Maple Leaf Foods Inc.'s ("Maple Leaf Foods" or the "Company") total sales and Adjusted Operating Earnings for the quarter ended June 30, 2019 and the first six months ended June 30, 2019:

(\$ thousands) (Unaudited)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Total Sales	\$ 1,022,699	\$ 909,244	\$ 1,929,789	\$ 1,726,753
Adjusted Operating Earnings	\$ 65,227	\$ 57,833	\$ 107,301	\$ 110,605
Adjusted EBITDA Margin	10.6%	10.1%	10.0%	10.1%

Sales for the second quarter increased 12.5% to \$1,022.7 million. Excluding acquisitions, sales grew 3.5% driven by favourable mix due to food renovation supporting major brand strategies, fresh market values, and pricing actions taken in 2018 to mitigate inflationary pressures. Continued expansion of sustainable meats and plant-based protein also contributed to growth in sales.

Sales for the first six months increased 11.8% to \$1,929.8 million. Excluding acquisitions, sales grew 2.5% consistent with the factors noted above.

Adjusted Operating Earnings were \$65.2 million compared to \$57.8 million in the second quarter of 2018. The gains in Adjusted Operating Earnings reflect positive commercial performance across the business driven by higher fresh market values, favorable mix attributed to food renovation, sustainable meats and growing footprint into the U.S., partially offset by higher input costs and continued investments in plant-based protein and branded products.

Adjusted Operating Earnings in the first six months was \$107.3 million compared to \$110.6 million last year. The change in Adjusted Operating Earnings is consistent with factors noted above, which were more than offset by investments in growth initiatives in plant-based protein, protein kits and meat pies.

Adjusted EBITDA Margin for the second quarter was 11.3% for meat protein and 10.6% for the Company, compared to 10.1% for the Company in the second quarter of 2018. For the first six months, Adjusted EBITDA Margin decreased to 10.0% from 10.1% consistent with 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. For the second quarter an incremental \$7.9 million in depreciation and \$1.8 million in interest was recorded on the Company's consolidated interim statement of earnings, not included in Adjusted EBITDA. Incremental increases in depreciation and interest for the first six months were \$16.0 million and \$3.6 million, respectively.

The Company's consolidated interim balance sheet included \$403.4 million (2018: \$21.1 million) of Net Debt, of which \$63.6 million (2018: \$18.5 million) was Construction Capital. Please refer to the section entitled Non-IFRS Financial Measures starting on page 10 of this document for definitions of Net Debt and Construction Capital.

GROSS MARGIN

Gross margin in the second quarter was \$111.0 million (10.9% of sales) compared to \$139.3 million (15.3% of sales) in the second quarter of 2018. The decrease in gross margin as a percentage of sales is largely attributable to the change in fair value in biological assets and unrealized losses on derivative contracts.

For the first six months, gross margin was \$290.5 million (15.1% of sales) compared to \$271.4 million (15.7% of sales) last year. The decrease as a percentage of sales is consistent with the factors noted above.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

Selling, general and administrative expenses for the second quarter were \$106.4 million (10.4% of sales), compared to \$89.2 million (9.8% of sales) in the second quarter of 2018. The increase is primarily due to investments in plant-based protein, growth initiatives in the U.S., sustainable meat, brands and acquisitions. Excluding investments in people, brands, and innovations to drive plant-based protein sales growth, selling, general and administrative expense as a percent of sales for the quarter was flat to last year.

For the first six months of 2019, selling, general and administrative expenses were \$204.7 million (10.6% of sales), compared to \$175.4 million (10.2% of sales) last year. The increase is primarily due to investments in plant-based protein, growth initiatives in the U.S., sustainable meat, brands and investment in people development and leadership.

OTHER INCOME (EXPENSE)

Other expense for the second quarter was \$4.3 million compared to income of \$1.8 million in the second quarter of 2018. The change is primarily related to income from insurance proceeds realized in 2018 that was not repeated in 2019.

For the first six months of 2019, other expense was \$6.4 million compared to an expense of \$1.1 million last year. The change is consistent with the factors noted above.

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 second quarter is an expense of \$0.4 million (2018: income of \$3.4 million) and an expense of \$0.7 million (2018: income of \$3.2 million) for the first six months.

RESTRUCTURING AND OTHER RELATED COSTS (REVERSALS)

During the three months ended June 30, 2019, the Company recorded restructuring and other related reversals of \$1.4 million (2018: costs of \$1.9 million). Of this amount, \$2.8 million related to net reversals of employee related costs, offset by accelerated depreciation of \$1.4 million, as a result of the previously announced future closures of the Brampton, Toronto and St. Mary's poultry plants.

During the six months ended June 30, 2019, the Company recorded restructuring and other related costs of \$1.4 million (2018: \$4.0 million). Of this amount, \$4.0 million related to accelerated depreciation, offset by \$2.8 million related to net reversals of employee related costs, as a result of the previously announced future closures of the Brampton, Toronto and St. Mary's poultry plants. The remaining \$0.2 million related to other previously announced organizational restructuring initiatives.

INCOME TAXES

The Company's income taxes recoverable for the second quarter resulted in an effective tax rate of 14.0% (2018: 27.3%, tax expense). The effective rate of tax recovery in 2019 primarily results from non-deductible expenses and the geographic mix of earnings. The effective tax rate in 2019 in determining Adjusted Earnings per Share is 27.2% (2018: 26.8%). For 2019, the effective tax rate on the reversal of restructuring charges used in the computation of Adjusted Earnings per Share is 26.1% (2018: 26.1%, tax recovery rate on restructuring charges). The effective tax recovery rate on items not considered representative of ongoing operations in 2019 is 25.7% (2018: 24.7%).

The Company's income tax expense for the six months resulted in an effective tax rate of 28.9% (2018: 28.1%). The higher effective rate in 2019 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 27.6% (2018: 27.2%). 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 24.7% (2018: 23.4%). The lower effective rate in 2018 primarily resulted from a higher proportion non-deductible acquisition-related transaction costs.

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 finalized the amounts recorded in the VIAU business combination during the second quarter of 2019.

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 finalized the amounts recorded in the Cericola business combination during the second quarter of 2019.

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. business combination during the fourth quarter of 2018.

For full details on all acquisitions refer to Note 17 of the unaudited condensed consolidated interim financial statements (or "consolidated financial statements").

During the three months ended June 30, 2019, the Company recorded legal and other transaction costs of \$2.6 million (2018: \$0.8 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 17 of the consolidated financial statements.

During the six months ended June 30, 2019, the Company recorded legal and other transaction costs of \$3.4 million (2018: \$3.2 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 17 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 June 30, 2019 was \$66.9 million (June 30, 2018: \$36.5 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 April 30, 2019, the Company entered into a new syndicated credit facility (the "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 refinanced and replaced the Company's previous \$250.0 million and \$400.0 million unsecured committed revolving credit facilities, which were due to mature on November 7, 2019 and October 19, 2021, respectively. The Credit 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 Credit Facility is intended to meet the Company's funding requirements for capital investments, including the construction of its two new manufacturing facilities in London, Ontario and Shelbyville, Indiana, in addition to providing appropriate levels of liquidity and for general corporate purposes. As at June 30, 2019, the Company had drawn \$265.0 million in U.S. dollars (CDN\$346.8 million), \$115.0 million in Canadian dollars and letters of credit of \$6.2 million on the Credit Facility (June 30, 2018: \$30.0 million in U.S. dollars (CDN\$39.4 million), \$9.0 million in Canadian dollars and letters of credit of \$6.2 million on the previous facility; December 31, 2018: \$216.0 million in U.S. dollars (CDN\$294.8 million), \$80.0 million in Canadian dollars and letters of credit of \$6.3 million on the previous two facilities).

The Credit Facility requires the maintenance of certain covenants. As at June 30, 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 (June 30, 2018: \$125.0 million; December 31, 2018: \$125.0 million). As at June 30, 2019, \$84.8 million of letters of credit had been issued thereon (June 30, 2018: \$71.4 million; December 31, 2018: \$72.2 million).

The Company has a three-year accounts receivable securitization facility (the "Securitization Facility"). The maximum cash advance available to the Company under the Securitization Facility is \$110.0 million. The Securitization 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 Securitization Facility, the Company has sold certain of its trade accounts receivable, with very limited recourse, to an unconsolidated third-party trust financed by an international financial institution with a long-term AA- debt rating, for cash and short-term notes back to the Company. The receivables are sold at a discount to face value based on prevailing money market rates.

As at June 30, 2019, trade accounts receivable being serviced under the Securitization Facility amounted to \$150.0 million (June 30, 2018: \$146.5 million; December 31, 2018: \$127.4 million). In return for the sale of its trade receivables, the Company will receive cash of \$110.0 million (June 30, 2018: \$110.0 million; December 31, 2018: \$96.9 million) and notes receivable in the amount of \$40.0 million (June 30, 2018: \$36.5 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 June 30, 2019, this net payable amounted to \$0.0 million (June 30, 2018: \$0.0 million net payable; December 31, 2018: \$32.5 million net payable). The Securitization Facility is accounted for as an off-balance sheet transaction in accordance with International Financial Reporting Standards ("IFRS"). In July 2019, the Securitization Facility, which was scheduled to expire in August 2019, was renewed and expanded to \$120.0 million. Refer to Note 18 of the consolidated financial statements for further details.

The 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 June 30, 2019. If the Securitization Facility was to be terminated, the Company would recognize the related amounts on the consolidated balance sheet and consider alternative financing if required.

SUBSEQUENT EVENT

On July 19, 2019, the Company amended the Securitization Facility by extending the maturity to July 19, 2022 under similar terms and using the same financial institution with a long-term debt rating of AA-. The maximum cash advance available to the Company under the amended facility has increased from \$110.0 million to \$120.0 million.

CAPITAL EXPENDITURES

Capital expenditures for the second quarter were \$65.3 million, compared to \$47.5 million in the second quarter of 2018, and for the first six months of 2019 were \$125.4 million compared to \$82.9 million in 2018. The increase in expenditures is primarily driven by investments to construct a value-added poultry processing facility in London, Ontario and a plant-based protein food processing facility in Shelbyville, Indiana as well as ongoing investments the Company is making at existing facilities and in support of its commitment to animal care. The Company currently estimates its capital expenditures for 2019 will be approximately \$460.0 million, including approximately \$200.0 million for the construction of two new facilities. The lower forecast capital spend for the year compared to the prior estimate of \$580.0 million is primarily due to the timing of cash outflows associated with the projects. The estimated cost to complete the projects has not changed.

NORMAL COURSE ISSUER BID

On May 17, 2019, 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 7.5 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, 2019 and will terminate on May 23, 2020, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. Under this bid, during the three and six months ended June 30, 2019, no shares were purchased for cancellation.

On May 22, 2018, the TSX accepted the Company's notice of intention to commence an NCIB, which allowed 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 were cancelled. The program commenced on May 24, 2018 and was terminated on May 23, 2019 as the Company completed its purchase and cancellation of 4.0 million common shares for \$126.6 million at a volume weighted average price of \$31.82 per common share. Under this bid during the three and six months ended June 30, 2019, no shares were purchased for cancellation. During the three and six months ended June 30, 2018, 1.0 million shares were purchased for cancellation for \$31.0 million at a volume weighted average price paid of \$31.11 per common share.

On May 17, 2017, the TSX accepted the Company's notice of intention to commence an NCIB, which allowed 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 June 30, 2018, 0.6 million shares were purchased for cancellation for \$17.8 million at a volume weighted average price paid of \$29.26 per common share. During the six months ended June 30, 2018, 1.3 million shares were purchased for cancellation for \$39.9 million at a volume weighted average price paid of \$31.17 per common share.

CASH FLOWS

Cash and cash equivalents were \$66.9 million at the end of the second quarter of 2019, compared to \$36.5 million last year, and \$72.6 million as at December 31, 2018. In the first six months of 2019, the change in cash was largely due to earnings and loans drawn on the credit facilities, partially offset by investment in property and equipment, quarterly dividend payments, interest payments, payment of 2018 income taxes, 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 \$72.7 million compared to \$70.5 million in the second quarter of 2018. The increase was primarily due to lower investment in working capital, partially offset by higher interest payments, and margin posted in current quarter compared to margin received last year by the Company against its derivatives for its commodity hedging program.

For the first six months of 2019, cash provided by operations was \$91.3 million compared to \$102.5 million last year. The decrease was due to higher interest payments, income tax payments, and margin posted in the current quarter compared to margin received last year by the Company against its derivatives for its commodity hedging program, partially offset by lower investment in working capital.

Cash Flow from Financing Activities

Cash used in financing activities for the quarter was \$22.8 million compared to \$54.1 million in the second quarter of 2018. The decrease was primarily due to no share purchases under the NCIB program in the current quarter, offset by purchases of treasury stock, reduced stock options exercised, and payment of deferred financing fees related to the renewal of the Credit Facility.

For the first six months of 2019, cash from financing activities was an inflow of \$40.7 million compared to an outflow of \$48.2 million last year. The change was primarily due to cash drawings against the Credit Facility, no share repurchase under the NCIB program, offset by fewer stock options exercised, payment of lease obligations, and higher payment of deferred financing fees.

Cash Flow from Investing Activities

Cash used in investing activities for the quarter was \$65.2 million compared to \$47.5 million in the second quarter of 2018. The increase was driven by higher investment in property and equipment.

For the first six months of 2019, cash used in investing activities was \$137.6 million compared to \$221.3 million last year. The reduction was primarily due to no acquisitions being made in the period 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.

FINANCIAL INSTRUMENTS

The Company applies hedge accounting and uses derivatives and other non-derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates and commodity prices.

During the three months ended June 30, 2019, the Company recorded a loss of \$0.6 million (2018: gain of \$9.4 million) on non-designated financial instruments held for trading.

During the six months ended June 30, 2019, the Company recorded a gain of \$13.2 million (2018: gain of \$8.1 million) on non-designated financial instruments held for trading.

During the three months ended June 30, 2019, the pre-tax amount of hedge ineffectiveness recognized in other income was a loss of \$0.2 million (2018: loss of \$0.2 million).

During the six months ended June 30, 2019, the pre-tax amount of hedge ineffectiveness recognized in other income was a loss of \$0.2 million (2018: gain of \$0.0 million).

The table below sets out unaudited fair value measurements of financial instruments using the fair value hierarchy as at June 30, 2019:

<i>(\$ thousands)</i>	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	\$ —	\$ 3,211	\$ —	\$ 3,211
Commodity contracts	11,431	1,221	—	12,652
Interest rate swaps	—	—	—	—
	\$ 11,431	\$ 4,432	\$ —	\$ 15,863
Liabilities:				
Foreign exchange contracts	\$ —	\$ 2,613	\$ —	\$ 2,613
Commodity contracts	3,056	532	—	3,588
Interest rate swaps	—	—	—	—
	\$ 3,056	\$ 3,145	\$ —	\$ 6,201

There were no transfers between levels during the three and six months ended June 30, 2019 and June 30, 2018. Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available and is consistent with the methodology used in the 2018 annual audited consolidated financial statements. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Accumulated other comprehensive income (loss)

During the three months ended June 30, 2019, a loss of approximately \$0.5 million, net of tax recovery of \$0.1 million, was released to earnings from accumulated other comprehensive income (loss) and included in the net change for the period (2018: loss of approximately \$0.0 million, net of tax of \$0.0 million).

During the six months ended June 30, 2019, a loss of approximately \$2.1 million, net of tax recovery of \$0.7 million, was released to earnings from accumulated other comprehensive income (loss) and included in the net change for the period (2018: gain of approximately \$0.4 million, net of tax of \$0.1 million).

During the three months ended June 30, 2019, the gain on the net investment hedge recorded in other comprehensive income (loss) was \$6.3 million, net of tax of \$1.1 million (2018: loss of \$1.4 million, net of tax recovery of \$0.1 million).

During the six months ended June 30, 2019, the gain on the net investment hedge recorded in other comprehensive income (loss) was \$11.5 million, net of tax of \$2.1 million (2018: loss of \$2.9 million, net of tax recovery of \$0.4 million).

SHARE CAPITAL

As at July 25, 2019, there were 124,509,126 common shares issued and outstanding.

OTHER MATTERS

On July 31, 2019, the Board of Directors approved a dividend of \$0.145 per share payable September 30, 2019 to shareholders of record at the close of business on September 6, 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 the Company's 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 and six months ended June 30, 2019, the Company's contributions to these plans were \$7.7 million and \$15.3 million (2018: \$7.1 million and \$14.6 million) respectively.

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 and six months ended June 30, 2019, the Company received services from MCI in the amount of \$0.2 million and \$0.3 million respectively (2018: \$0.1 million and \$0.2 million), which represented the market value of the transactions with MCI. As at June 30, 2019, \$0.7 million (June 30, 2018: \$0.1 million; December 31, 2018: \$0.4 million) was owing to MCI relating to these transactions.

McCain Financial Advisory Services ("MFAS") is an entity jointly controlled by individuals including Mr. Michael H. McCain. For the three and six months ended June 30, 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:

(\$ thousands except earnings per share)		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total ⁽ⁱ⁾
Sales⁽ⁱⁱ⁾	2019	\$ 907.1	\$ 1,022.7	\$ —	\$ —	\$ —
	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 (loss)	2019	\$ 50.1	\$ (6.3)	\$ —	\$ —	\$ —
	2018	\$ 27.9	\$ 34.9	\$ 26.6	\$ 11.9	\$ 101.3
	2017	\$ 30.1	\$ 37.3	\$ 37.6	\$ 59.1	\$ 164.1
Earnings (loss) per share⁽ⁱⁱⁱ⁾						
Basic ⁽ⁱⁱⁱ⁾	2019	\$ 0.41	\$ (0.05)	\$ —	\$ —	\$ —
	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	\$ (0.05)	\$ —	\$ —	\$ —
	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	\$ 0.33	\$ —	\$ —	\$ —
	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 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 10 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 (loss) 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, selling, general and administrative expenses investments to support strategic initiatives, acquisition and transitional costs, and interest expense and other financing 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 <https://www.mapleleaffoods.com>.

SIGNIFICANT ACCOUNTING POLICIES**Accounting Standards Adopted During the Fiscal Year**

Beginning on January 1, 2019, the Company adopted certain IFRS 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 (loss) 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. Refer to the Interim Report to Shareholders for the First Quarter Ended March 31, 2019 Note 2(b) for practical expedients elected and the initial impact of adoption.

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. Refer to the Interim Report to Shareholders for the First Quarter Ended March 31, 2019 Note 2(b) for the initial impact of adoption.

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 April 1, 2019 and ended on June 30, 2019, that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

OUTLOOK

Maple Leaf Foods is committed to creating shared value with a focus on driving commercial and financial results and enhancing competitive advantage through addressing some of society's most pressing issues. The Company is a leading consumer protein company, with the competitive advantages of a portfolio of leading brands, a robust pipeline of opportunities in attractive expanding markets and a proven-track record of execution. Combined with its solid balance sheet and capital structure that provide the financial flexibility to invest in future growth, Maple Leaf Foods is well-positioned to drive sustainable growth and create shareholder value.

Ongoing uncertainty in fresh pork markets is expected with continued global trade negotiations, the confirmation of African Swine Fever ("ASF") in China and China's temporary suspension of Canadian pork imports. ASF is leading to a shortage of pork protein in China, which is expected to increase worldwide market pricing of lean hogs as well as processed pork. Maple Leaf Foods intends to mitigate the impact of the Chinese import suspension of pork with exports to other countries and inventory management strategies. Within this environment, management remains focused on existing opportunities to grow the core business by improving commercial performance, operational efficiencies and progressing against strategic initiatives for longer-term value creation.

In 2017, Maple Leaf Foods set a profitability target to achieve an Adjusted EBITDA margin between 14% - 16% within five years. The Company remains focused on meeting this target through its profitable meat protein operations with ongoing progress in key structural margin expansion initiatives, including its sustainable meat strategy, poultry network strategy, its food renovation strategy supporting Maple Leaf's flagship brands and its cost culture to deliver operational savings and efficiencies to fuel growth. Distinct from the more mature meat protein market, plant-based protein is rapidly expanding and presents a dynamic marketplace with vast growth opportunities. Leveraging its market leadership, Maple Leaf is changing its plant-based strategy and pursuing aggressive new growth goals focused on expanding sales. Continued investments in its plant-based protein brands' strength, product innovation, people and supply chain excellence serve to secure Maple Leaf Foods' leading position in this burgeoning market.

For 2019 the Company expects to:

- Invest approximately \$460.0 million in capital expenditures, including approximately \$200.0 million related to the construction of the new value-added poultry facility in London, Ontario and the new plant-based protein facility in Shelbyville, Indiana. This includes continuing construction of its London Poultry facility and advancing its Shelbyville plant-based protein facility;
- Continue to build its leadership in sustainable meat with further advancement in animal care including progress towards transitioning all sows under management to open housing systems by 2021, and ongoing retail and food service growth of the RWA category in Canada and the U.S.;
- Gain further momentum in prepared meats sales volume as the Company benefits from the food renovation and brand repositioning of its Maple Leaf®, Schneiders® and Swift® brands; and
- Pursue aggressive new growth goals focused on expanding sales and accelerating its leadership in the refrigerated plant-based protein market under its flagship Lightlife™ and Field Roast Grain Meat Co.™ brands, targeting 2020 sales to exceed \$280.0 million with an opportunity of greater than \$3.0 billion in sales on a 10 year horizon, based on the plant-based protein market's growth potential and the Company's anticipated share of the market.

NON-IFRS FINANCIAL MEASURES

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, Adjusted EBITDA Margin, Construction Capital and Net Debt. 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 and six months ended June 30, 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 June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net (loss) earnings	\$ (6,342)	\$ 34,925	\$ 43,762	\$ 62,843
Income tax (recovery) expense	(1,033)	13,085	17,800	24,592
(Loss) earnings before income taxes	\$ (7,375)	\$ 48,010	\$ 61,562	\$ 87,435
Interest expense and other financing costs	9,078	1,866	16,511	3,519
Other expense (income)	4,281	(1,769)	6,358	1,085
Restructuring and other related (reversals) costs	(1,429)	1,916	1,391	3,971
Earnings from operations	\$ 4,555	\$ 50,023	\$ 85,822	\$ 96,010
Decrease in fair value of biological assets	38,290	20,256	12,027	27,353
Unrealized loss (gain) on derivative contracts ⁽ⁱ⁾	22,382	(12,446)	9,452	(12,758)
Adjusted Operating Earnings	\$ 65,227	\$ 57,833	\$ 107,301	\$ 110,605

⁽ⁱ⁾ Unrealized gains/losses on derivative contracts are reported within cost of goods sold in the 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 and six months ended June 30, 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 June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Basic (loss) earnings per share	\$ (0.05)	\$ 0.28	\$ 0.35	\$ 0.50
Restructuring and other related (reversals) costs ⁽ⁱ⁾	(0.01)	0.01	0.01	0.02
Items included in other expense (income) not considered representative of ongoing operations ⁽ⁱⁱ⁾	0.03	0.01	0.04	0.03
Change in the fair value of biological assets ⁽ⁱⁱⁱ⁾	0.23	0.12	0.07	0.16
Change in the fair value of unrealized loss (gain) on derivative contracts ⁽ⁱⁱⁱ⁾	0.13	(0.07)	0.06	(0.07)
Adjusted Earnings per Share^(iv)	\$ 0.33	\$ 0.34	\$ 0.53	\$ 0.64

⁽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 losses 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 and six months ended June 30, 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) (Unaudited)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net (loss) earnings	\$ (6,342)	\$ 34,925	\$ 43,762	\$ 62,843
Income tax (recovery) expense	(1,033)	13,085	17,800	24,592
(Loss) earnings before income taxes	\$ (7,375)	\$ 48,010	\$ 61,562	\$ 87,435
Interest expense and other financing costs	9,078	1,866	16,511	3,519
Items included in other expense (income) not representative of ongoing operations	3,877	1,602	5,701	4,292
Restructuring and other related (reversals) costs	(1,429)	1,916	1,391	3,971
Change in the fair value of biological assets and unrealized loss on derivative contracts	60,672	7,810	21,479	14,595
Depreciation and amortization	43,205	30,404	85,825	60,278
Adjusted EBITDA	\$ 108,028	\$ 91,608	\$ 192,469	\$ 174,090
Adjusted EBITDA Margin	10.6%	10.1%	10.0%	10.1%

Construction Capital

Construction Capital, a non-IFRS measure, is used by Management to evaluate the amount of capital resources invested in specific strategic development projects that have not yet entered commercial production. It is defined as investments in projects over \$50.0 million that are related to longer-term strategic initiatives, with no returns expected for at least 12 months in the future and the asset will be re-categorized from Construction Capital once operational. Current strategic initiatives primarily include the investments in the London, Ontario poultry production facility, and the plant-based protein production facility in Shelbyville, Indiana. The following table is a summary of Construction Capital activity and debt financing for the periods indicated below.

(\$ thousands) (Unaudited)	2019	2018
Opening balance at January 1	\$ 22,422	\$ 12,950
Additions	18,100	1,925
Balance at March 31	\$ 40,522	\$ 14,875
Additions	23,127	3,693
Balance at June 30	\$ 63,649	\$ 18,568
Construction Capital debt financing⁽ⁱ⁾	\$ 63,649	\$ 18,568

⁽ⁱ⁾ Assumed to be fully funded by debt to the extent that the Company has Net Debt outstanding.

Net Debt

The following table reconciles Net Debt to amounts reported under IFRS in the Company's consolidated financial statements as at June 30, as indicated below. The Company calculates Net Debt 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) (Unaudited)	As at June 30,	
	2019	2018
Cash and cash equivalents	\$ 66,927	\$ 36,497
Current portion of long-term debt	(874)	(827)
Long-term debt	(469,421)	(56,803)
Total (debt)	\$ (470,295)	\$ (57,630)
Net (Debt)	\$ (403,368)	\$ (21,133)

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: future performance; expectations regarding the use of derivatives, futures and options; the expected use of cash balances; source of funds for ongoing business requirements; expectations regarding capital projects, investments and 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., Japanese, and Chinese economies; the rate of exchange of the Canadian dollar to the U.S. dollar, the Japanese yen, and the Euro; 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 international trade and access to markets;
- 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.

In addition to the factors referenced above, the Company's expectations with respect to future sales associated with the anticipated growth of its plant-based protein business as of the date hereof are based on a number of assumptions, estimates and projections that have been developed based on experience and anticipated trends, including but not limited to: market growth assumptions, market share assumptions, new product innovation, foreign exchange rates and competition.

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).