Maple Leaf Foods

Q4 2019 Business & Financial Review

All dollar amounts are presented in CAD dollars unless otherwise noted.
Forward-looking Statements and non-IFRS Measures

This presentation contains “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 the Management of the Company.

The Company’s expectations with respect to future sales and returns 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’s expectations with respect to improving pork market economics as of the date hereof are based on a number of assumptions, including but not limited to: pork supply pressures in African Swine Fever confirmed regions, global export trade trends and hog futures pricing.

The Company’s assumptions about capital project expenditures and timing are based on a number of assumptions, including but not limited to: availability and cost of materials, labour, productivity levels, quality of estimating, weather conditions, and project scope.

These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. 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. Please refer to the sections entitled “Risk Factors” and “Forward-Looking Statements” in the Company’s Management Discussion and Analysis for the fiscal year ended December 31, 2019 for additional detail.

In addition, this presentation contains the following non-IFRS measures:

**Adjusted Operating Earnings**: 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.

**Adjusted Earnings per Share**: Defined as basic earnings per share adjusted for all 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 Earnings Before Interest, Taxes, Depreciation and Amortization**: Defined as Adjusted Operating Earnings plus depreciation and intangible asset amortization, adjusted for items included in other expense that are not considered representative of ongoing operational activities of the business.

**Net (Debt) Cash**: Defined as cash and cash equivalents, less long-term debt and bank indebtedness.

**Construction Capital**: 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.

*Please refer to the Company’s Management and Discussion and Analysis for the year ended December 31, 2019 for additional information on non-IFRS financial measures*
Strategic Update
We continue to be focused on executing our strategic Blueprint

**Our Blueprint**

**Purpose**

Raise the Good in Food

**Vision**

To be the most sustainable protein company on earth

- By making better food that meets real consumer needs
- By reducing our environmental impact to sustainable levels
- By caring for our animals responsibly
- By strengthening our communities

**How we will create shared value**

- We will grow leveraging our leadership in sustainability
- We will relentlessly eliminate waste and improve efficiency
- We will broaden our reach into new geographies, channels and protein alternatives
- We will embrace a digital future across our business
- We will invest in our brands to build demand and consumer loyalty
- We will invest in our people, so their talent thrives

**Our leadership edge**

The collective strength of our values driven, diverse and purposeful people

**We expect to deliver value for our stakeholders**

- For our consumers
- For our customers
- For our people
- For our communities
- For our shareholders
We Built a Profitable Base; Now We’re Focused on Profitable Growth

2010 **Transformation** 2014

- **Exited non-core businesses**
  - Rothsay (2013)
  - Olivieri (2013)
  - Canada Bread (2014)

- **Transformed our supply chain**
  - Established scale prepared meats network, consolidating fragmented supply chain
  - Delivered significant efficiency and margin improvements

- **Invested in technology**
  - Deployed SAP

2015 **Brand-led Growth** Today

- **Expanding sustainable meats platform**

- **Renovated core brands**

- **Established leadership in Plant Protein**
Maple Leaf’s Growth Vectors Have Delivered Compelling Results

We have developed growth vectors across our business:

1. **Meat Protein Group**
   - Leveraging leadership in sustainable meats
   - Rapidly growing presence in US
   - Entrenching impact of brand renovation
   - Constructing new scale poultry facility
   - Investing in dry cured meats & protein kits

2. **Plant Protein Group**
   - Foundation built on established brands
   - Strategic investment in brand awareness
   - Strong innovation pipeline
   - Optimizing network to support growth

Notes: Sales growth excludes impact of acquisitions and divestments; Branded Meat Peer Composite includes Hormel, Tyson, Kraft Heinz, ConAgra and Premium Brands; Figures represent equal-weighted average of F2017/18/19 results.
Well-defined Strategies and the Leading Brands to Support Them

**Two businesses, with two distinct strategies**

**Meat Protein Group**

*Strategy: Drive profitable growth*

**Financial Track Record**

<table>
<thead>
<tr>
<th></th>
<th>Adjusted EBITDA Dollars &amp; Margin (in millions; margin as % of sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4/18</td>
<td>$332, 9.9%</td>
</tr>
<tr>
<td>Q1/19</td>
<td>$337, 9.8%</td>
</tr>
<tr>
<td>Q2/19</td>
<td>$363, 10.2%</td>
</tr>
<tr>
<td>Q3/19</td>
<td>$369, 10.1%</td>
</tr>
<tr>
<td>Q4/19</td>
<td>$393, 10.4%</td>
</tr>
</tbody>
</table>

**Plant Protein Group**

*Strategy: Invest for growth*

**Sales (in millions)**

<table>
<thead>
<tr>
<th></th>
<th>Last 12 months ending...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4/18</td>
<td>$139</td>
</tr>
<tr>
<td>Q1/19</td>
<td>$147</td>
</tr>
<tr>
<td>Q2/19</td>
<td>$154</td>
</tr>
<tr>
<td>Q3/19</td>
<td>$165</td>
</tr>
<tr>
<td>Q4/19</td>
<td>$176</td>
</tr>
</tbody>
</table>
Capital Allocation Priorities

1. Reinvest in the Business
   - Growth capacity and efficiency initiatives with a focus on returns metrics & timing

2. Accretive Acquisitions
   - Capitalize on inorganic opportunities with financial and strategic appeal

3. Dividend Appreciation
   - Deliver consistent predictable growth

4. Share Repurchases
   - Opportunistic buybacks when return metrics exceed other alternatives

While maintaining a strong balance sheet with ample liquidity
Q4 2019 Results
## Delivery of Strategic, Financial & Operational Priorities in 2019

### Maple Leaf Foods

**Becoming the most sustainable protein company on earth**

- **First major food company to be Carbon Neutral**
- **Secured first sustainability linked credit facility in Canada**

**Two businesses, with two distinct strategies:**

### Meat Protein

**Drive profitable growth**

- Re-established pork trading relationship with China
- Continued growth in branded sustainable meats & US growth

### Plant Protein

**Investing for growth**

- Fueled market share growth through product innovation
- Launched first major marketing campaign for Field Roast brand

### Strategic

- First major food company to be Carbon Neutral
- Secured first sustainability linked credit facility in Canada

### Financial

- Repurchased 0.8M shares at $24.21/share for $20.3M
- Solid balance sheet & liquidity (Net Debt: $442M, undrawn credit: $1.5B)

### Operational

- Successfully executed cost efficiency programs
- Began rollout of mobile devices to assist in plant maintenance

**13% sales growth to $970M, driven by all meat businesses**

- Adj. EBITDA margin of 11.4% via solid commercial execution

- Achieved >30% sales growth for second consecutive quarter
- SG&A spend ($45.3M) stable with Q3 level ($44.9M)

- Implemented CO2 stunning in Edmonton Poultry facility
- Increased capacity in key growth areas (bacon, kits, etc.)

- Launched QSR partnerships on plant-based chicken & nuggets
- Rolled out reformulated burger and grounds in Dec ‘19
# Meat Protein Group – Q4 2019 Key Financial Metrics

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>Change</th>
<th>Drivers</th>
</tr>
</thead>
</table>
| Sales                          | $970.3  | 13.3%  | • Higher volume/mix tied to brand renovation, growth in sustainable meats and double-digit growth in the US  
• Higher prices (PM pricing action & pork markets) |
| Excl. acquisitions             |         | 9.9%   |                                                                         |
| Gross Profit                   | $150.5  | +13.0% | • Favourable mix-shift towards higher-margin products  
• Partially offset by biosecurity costs, temporary suspension of Chinese exports (access for only 1/3 of the quarter) |
| Gross Margin                   | 15.5%   | -10 bps|                                                                         |
| SG&A Expenses                  | $84.0   | +8.5%  | • Increased tied to performance-based variable compensation            |
| SG&A (as a % of sales)         | 8.7%    | -30 bps|                                                                         |
| Adj. EBITDA                    | $110.2  | +28.1% | • +100 bps impact from IFRS 16  
• -80 bps impact from acquisitions |
| Adj. EBITDA Margin             | 11.4%   | +130 bps|                                                                         |
| Adj. Operating Earnings        | $66.5   | +19.2% | Crystallized benefits from sustainable meats growth and brand renovation work |

Note: All figures in millions, unless noted otherwise.
Meat Protein Group – Pork Market Volatility Continued in Q4

**Hog Production Margins**
- Live hog prices remained low in Q4 (over-supply vs. processing capacity), squeezing hog production margins

**Pork Processor Margins**
- Conversely, pork processing margins benefitted from lower live hog prices as cutout value adjustments lagged

**Pork By-Product Market**
- By-product values remained weak due to limited access to Asian markets (US trade dispute, four month trade embargo with Canada)

While the net impact of the Pork Complex (vs. 5-yr avg) benefitted Meat Protein margins by 40 bps in Q4...

... softness from Q1-Q3 resulted in a negative 110 bps impact to margins for the full year

Note: 5-yr average represents smoothed trendline of 2014-2018 data for each metric.
## Plant Protein Group – Q4 2019 Key Financial Metrics

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>Change</th>
<th>Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>$49.7</td>
<td>31.5%</td>
<td>• Expanded distribution of new product innovation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Continued growth in legacy portfolio</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>$7.2</td>
<td>-24.1%</td>
<td>• Start-up inefficiencies related to high growth (-1,010 bps)</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>14.4%</td>
<td>-1060 bps</td>
<td>• Other one-time items (-280 bps)</td>
</tr>
<tr>
<td><strong>SG&amp;A Expenses</strong></td>
<td>$45.3</td>
<td>+301.8%</td>
<td>• In-line with Q3 levels ($44.9M)</td>
</tr>
<tr>
<td><strong>SG&amp;A (as a % of sales)</strong></td>
<td>91.1%</td>
<td>+6130 bps</td>
<td>• Continued focus on advertising, promotions and marketing to secure market share, as well as building organizational capacity</td>
</tr>
<tr>
<td><strong>Adj. EBITDA</strong></td>
<td>-$34.9</td>
<td>nm</td>
<td></td>
</tr>
<tr>
<td><strong>Adj. Operating Earnings</strong></td>
<td>-$38.1</td>
<td>nm</td>
<td></td>
</tr>
</tbody>
</table>

Delivered accelerating revenue growth, supported by targeted investments in-line with Q3

Note: All figures in millions, unless noted otherwise.
Greenleaf Commands a Strong #2 Position in North America

(all figures for Q4 2019)

<table>
<thead>
<tr>
<th>Market growth</th>
<th>+82% Y/Y</th>
<th>+36% Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 New entrant</td>
<td>39% share (↓5% from Q3)</td>
<td>#1 Incumbent</td>
</tr>
<tr>
<td>#2 Greenleaf</td>
<td>29% share (↓1% from Q3)</td>
<td>#2 Greenleaf</td>
</tr>
<tr>
<td>#3 Incumbent</td>
<td>10% share (↓1% from Q3)</td>
<td>#3 New entrant</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 New entrant</td>
</tr>
<tr>
<td>#2 Greenleaf</td>
</tr>
<tr>
<td>#3 Incumbent</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distribution (measured in ACV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 Greenleaf</td>
</tr>
<tr>
<td>#2 Incumbent</td>
</tr>
<tr>
<td>#3 New entrant</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Velocities (Innovation only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 New entrant</td>
</tr>
<tr>
<td>#2 Greenleaf</td>
</tr>
<tr>
<td>#3 New entrant</td>
</tr>
<tr>
<td>#1 New entrant</td>
</tr>
<tr>
<td>#2 Greenleaf</td>
</tr>
</tbody>
</table>

Source: IRI/SPINS data (MULO + Natural) for US refrigerated segment; data for last 12 weeks ended December 29, 2019. Q3 as of October 6, 2019. Nielsen xAO for Canadian refrigerated segment for the last 12 weeks ended December 7, 2019. Q3 as of September 14, 2019. Velocities measured as $/average TDP and distribution measured as % ACV for MULO only.
Notable Items in Q4:

- Product margins remain near 30% after excluding short-term factors.
- Non-recurring items primarily related to inventory provisions, and higher freight supply to meet strong demand.

Notable Items in Q4:

- SG&A investment in-line with Q3 level, with ~60% allocated to advertising & promotions to build brand awareness
- Key activities: Lightlife “Taste of Honesty” Campaign and Field Roast “Gather What’s Great” partnership with Roy Choi
### Total Company – Q4 2019 Key Financial Metrics

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>Change</th>
<th>Drivers</th>
</tr>
</thead>
</table>
| Sales                 | $1,016.0| 13.7%  | - • Strong growth in Meat Protein  
• Accelerated growth in Plant Protein |
| Excl. acquisitions    |         |        |                                                                         |
| Adj. EBITDA           | $75.3   | -15.5% | - • Solid commercial performance across the business  
• Offset by strategic investment in Plant Protein and short term dilutive impact of acquisitions |
| Adj. EBITDA Margin    | 7.4%    | -260 bps|                                                                         |
| Adj. Operating Earnings| $28.4  | -47.5% |                                                                         |
| Adj. EPS              | $0.12   | -58.6% |                                                                         |
| Net Debt\(^1\)        | $442.0  | +$131.2| - • Increase in Construction Capital primarily related to the London Poultry facility and to a lesser extent the Shelbyville facility |
| Capital Expenditure (YTD) | $270.7 | +$90.8|                                                                         |
| Construction Capital (YTD) | $82.8  | +$73.3|                                                                         |

**Strong rebound in Meat Protein performance offset by planned Plant Protein margin pressure**

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\(^1\) Excludes $243.5 million in lease obligations.  
Notes: All figures in millions, except per share amounts.
Update on Key Large-Scale Capital Projects

**London Poultry Facility**

**Strategic Rationale**
- Increases processing capacity for value-added, higher margin poultry products
- Gains operating efficiencies through lower costs and consolidation of sub-scale plants

**Update**
- Construction is underway
- Experienced poor weather last spring and delays in sourcing some construction components due to robust economy
- Start-up now planned for Q2 2022

**Shelbyville Plant Protein Facility**

**Strategic Rationale**
- Increases production capacity to meet growing demand with low cost manufacturing

**Update**
- Continued advancement on engineering and design work to ensure plans have flexibility and scalability to meet demands of the rapidly evolving plant protein market
- Due to additional design work, completion will be delayed until the end of 2022
- In the interim, demand will be met with expanded capacity within existing network
## 2020 Financial Priorities – Measurable Progress Towards LT Targets

<table>
<thead>
<tr>
<th>Meat Protein Group</th>
<th>Plant Protein Group</th>
<th>Total Company</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong> Mid-to-high single digit sales growth, driven by continued momentum in sustainable meats and higher sales to Asian markets.</td>
<td><strong>1.</strong> Sales growth of approximately 30%, in line with the long term strategic targets, driven by product innovation, increased distribution and market growth.</td>
<td><strong>1.</strong> Capital expenditure of $650-700M. Approximately 70% of this will be construction capital, which is mainly related to ongoing construction of the London poultry facility; further capacity and efficiency improvements in our prepared meats business; and investments in plant protein capacity at an existing facility, as well as further design, engineering and site work at the Shelbyville plant protein facility.</td>
</tr>
<tr>
<td><strong>2.</strong> Gross margin expansion due to mix-shift benefits in prepared meats, favourable shift in pork complex more in-line with 5-yr avg. and higher sales to Asian markets.</td>
<td><strong>2.</strong> Gross margin expansion relative to 2019, driven by stronger product margins while being impacted by inherent inefficiencies of a rapidly growing business.</td>
<td></td>
</tr>
<tr>
<td><strong>3.</strong> Expand Adjusted EBITDA margin towards the 2022 target of 14-16%, based on factors noted above as well as cost efficiencies.</td>
<td><strong>3.</strong> SG&amp;A expenses of approximately $150M, primarily related to advertising, promotion and marketing, while scaling up talent and operations.</td>
<td></td>
</tr>
</tbody>
</table>
2020 Strategic & Operational Priorities

Company Wide

☐ Leverage our Carbon Neutral commitment with our brands
☐ Maintain a strong balance sheet with ample liquidity

Meat Protein Group

☐ Grow sustainable meats, including continued momentum in the US
☐ Increase development in kits & dry cured meats
☐ Continue construction of London Poultry facility

Plant Protein Group

☐ Aligning Lightlife and Field Roast brands with emerging customer demand segmentation
☐ Continue to develop and launch innovative assortment
☐ Advance design, engineering and site work at Shelbyville facility
Long Term Outlook – Focused on Material Value Creation

**Meat Protein Group**

- 2022 Adjusted EBITDA margin target of 14-16%, driven by:
  - Growth in sustainable meats
  - Cost and capital discipline
  - Mix-shift benefits from our brand and food renovation work

**Plant Protein Group**

- 2029 ambitious goals for high-growth business:
  - Reach $3B in sales, in a $25B market
  - Deliver approx. 30% gross margin
  - Grow into low double-digit SG&A rate
  - Adj. EBITDA margin above Meat Protein

**Stakeholder Value Creation**

- Maple Leaf is focused on creating value for ALL stakeholders:
  - Leverage Carbon Neutral position, while making progress towards our Science-Based Targets
  - Implementing world-leading animal welfare standards
  - Advancing social impact through the Maple Leaf Centre for Action on Food Security
  - Expanding sustainable meats, specifically RWA
Appendix
# Reconciliation of Non-IFRS Metrics – Adjusted EBITDA Margin

<table>
<thead>
<tr>
<th>($ millions) (Unaudited)</th>
<th>Three months ended Dec. 31, 2019</th>
<th>Three months ended Dec. 31, 2018&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Meat Protein Group</td>
<td>Plant Protein Group</td>
</tr>
<tr>
<td>Earnings (loss) before income taxes</td>
<td>$62.1</td>
<td>(38.2)</td>
</tr>
<tr>
<td>Interest Expense and other financing costs</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other expense (income)</td>
<td>(0.6)</td>
<td>0.1</td>
</tr>
<tr>
<td>Restructuring and other related costs</td>
<td>5.0</td>
<td>—</td>
</tr>
<tr>
<td>Earnings (loss) from operations</td>
<td>$66.5</td>
<td>(38.1)</td>
</tr>
<tr>
<td>Decrease in fair value of biological assets&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Unrealized loss (gain) on derivative contracts&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Adjusted Operating Earnings</td>
<td>$66.5</td>
<td>(38.1)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>43.1</td>
<td>3.3</td>
</tr>
<tr>
<td>Items included in other expense representative of ongoing operations&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>0.6</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$110.2</td>
<td>(34.9)</td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>11.4%</td>
<td>(70.3)%</td>
</tr>
</tbody>
</table>

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1. Comparative figures have been presented to align with current reportable segments.
2. Non-Allocated includes eliminations of inter-segment sales and associated costs of goods sold, and non-allocated costs which are comprised of expenses not separately identifiable to reportable segments and are not part of the measures used by the Company when assessing a segment’s operating results.
3. Unrealized gains/losses on derivative contracts is reported within cost of sales in the Company’s 2019 annual audited consolidated financial statements.
4. For biological assets information, please refer to Note 6 of the Company’s 2019 annual audited consolidated financial statements.

For biological assets information, please refer to Note 6 of the Company’s 2019 annual audited consolidated financial statements.

Primarily includes (gains) and losses on disposal of investment properties, acquisition related costs and interest income, net of tax.
## Reconciliation of Non-IFRS Metrics – Adjusted Earnings per Share

<table>
<thead>
<tr>
<th>($ per share) (Unaudited)</th>
<th>Three months ended Dec. 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$0.14</td>
</tr>
<tr>
<td>Restructuring and other related costs&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>0.03</td>
</tr>
<tr>
<td>Items included in other (income) expenses not considered representative of ongoing operations&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>(0.03)</td>
</tr>
<tr>
<td>Change in the fair value of biological assets&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>(0.05)</td>
</tr>
<tr>
<td>Unrealized loss (gain) on derivative contracts&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>0.03</td>
</tr>
<tr>
<td><strong>Adjusted Earnings per Share&lt;sup&gt;(1)&lt;/sup&gt;</strong></td>
<td><strong>$0.12</strong></td>
</tr>
</tbody>
</table>

<sup>1</sup>May not add due to rounding.

<sup>2</sup>Includes per share impact of restructuring and other related costs, net of tax.

<sup>3</sup>Includes per share impact of the change in unrealized loss (gain) on derivative contracts and the change in fair value of biological assets, net of tax.