MAPLE LEAF FOODS INC.

Management's Discussion and Analysis
For the First Quarter Ended
March 31, 2018

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

May 2, 2018

FINANCIAL OVERVIEW

Sales[(i)] for the first quarter of 2018 were $817.5 million compared to $811.2 million in the first quarter of 2017, an increase of 0.8%, or 2.4% after adjusting for the impact of foreign exchange, acquisitions, and the adoption of a new accounting standard. Sales growth in prepared meats, value added poultry and plant protein more than offset lower sales values in fresh pork.

The Company adopted accounting standard IFRS 15 in the quarter. Under the new standard sales was reduced by $29.6 million and cost of sales was reduced by a similar amount based on revised criteria for revenue recognition for certain repurchase agreements. Management expects a similar impact in future quarters.

Net earnings for the first quarter were $27.9 million ($0.22 per basic share) compared to $30.1 million ($0.23 per basic share) in the first quarter of 2017. Positive volume and margin growth in the prepared meats and value added fresh portfolio, lower restructuring charges and the increased contribution from the investments in plant protein were offset by lower market conditions in fresh pork.

Adjusted Operating Earnings [(ii)]for the first quarter were $52.8 million compared to $59.0 million in the first quarter of 2017, and Adjusted Earnings per Share[(iii)] were $0.29 compared to $0.33 last year. Consistent with factors noted above Adjusted EBITDA margin[(iv)] for the quarter was 10.1% compared to 10.8% in the first quarter of 2017.

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 8 for a description and reconciliation of all non-IFRS financial measures.

Notes:

(i) *2018 sales include the impact of the adoption of new accounting standard IFRS 15 - Revenue from Contracts with Customers. Refer to note 2(b) of the unaudited condensed consolidated interim financial statements for further details on the impact of the adoption of new accounting standards.*

(ii) *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.*

(iii) *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.*

(iv) *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.*

OPERATING REVIEW

The following table summarizes the Company's total sales and Adjusted Operating Earnings for the quarter.

($ thousands) *(Unaudited)*	Three months ended March 31,	
	2018	2017
Total Sales	**$ 817,509**	$ 811,185
Adjusted Operating Earnings	**$ 52,772**	$ 59,030
Adjusted EBITDA Margin	**10.1%**	10.8%

SALES AND ADJUSTED OPERATING EARNINGS

Sales in the first quarter increased 0.8% to $817.5 million, or 2.4% after adjusting for the adoption of a new accounting standard, foreign exchange, and acquisitions. Sales were driven by prepared meats, which benefited from innovation and the Company's expansion in the U.S. market as well as pricing taken in fall of 2017. The Lightlife and Field Roast brands contributed to sales increases in the quarter. Sales in value-added fresh pork were impacted by lower market values and a transitory reduction in hog supply from PEDv in 2017.

Adjusted Operating Earnings were $52.8 million compared to $59.0 million in the first quarter of 2017. Positive trends and commercial performance in the underlying business were offset by market conditions in pork markets which were materially below prior year. First quarter earnings benefited from improvement in prepared meats related to volume growth, strong margins and increased supply chain efficiency. Performance in value-added poultry and pork and plant protein also contributed to our earnings.

Adjusted EBITDA margin for the year was 10.1% compared to 10.8% in the first quarter of 2017, consistent with factors noted above.

GROSS MARGIN

Gross margin in the first quarter was $132.2 million (16.2% of sales) compared to $133.7 million (16.5% of sales) in the first quarter of 2017. The decrease in gross margin as a percentage of sales is largely attributable to the change in fair value of unrealized derivative contracts being more than offset by the change in the fair value of biological assets.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

Selling, general and administrative expenses for the first quarter were $86.2 million (10.5% of sales), compared to $81.2 million (10.0% of sales) last year. The increase is primarily related to including a full quarter of expenses from Lightlife Food Holdings, Inc. ("Lightlife") and the initial inclusion of The Field Roast Grain Meat Company, SPC ("Field Roast Grain Meat Co.") in the quarter.

OTHER INCOME (EXPENSE)

Other expense for the first quarter was $2.9 million compared to an expense of $2.7 million last year and primarily consists of transaction costs related to the acquisitions of Lightlife and Field Roast Grain Meat Co. Refer to Note 17 of the consolidated financial statements for information on the 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 $0.2 million (2017: income of $0.8 million).

RESTRUCTURING AND OTHER RELATED COSTS

During the three months ended March 31, 2018, the Company recorded restructuring and other related costs of $2.1 million (2017: $6.5 million). Of this amount, $2.0 million related to restructuring costs as a result of the previously announced closures of the Thamesford turkey processing and St. Anselme plants. The remaining $0.1 million related to ongoing management and organizational restructuring initiatives.

INCOME TAXES

The Company's income tax expense for the first quarter resulted in an effective tax rate of 29.2% (2017: 28.5%). 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 2018 in determining Adjusted Earnings per Share is 27.7% (2017: 27.1%). The higher effective rate in 2018 reflects the geographic mix of earnings. For 2018, the effective tax recovery rate on restructuring charges used in the computation of Adjusted Earnings per Share is 26.1% (2017: 26.1%). The effective tax recovery rate on items not considered representative of ongoing operations in 2018 is 22.1% (2017: 22.3%).

ACQUISITIONS AND DIVESTITURES

On January 29, 2018, the Company acquired 100% of the outstanding shares of 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 $140.2 million (US$113.7 million). The Company financed the transaction through a combination of $89.5 million (US$72.6 million) of cash-on-hand, $49.3 million (US$40.0 million) of drawings under its unsecured revolving credit facility, and $1.4 million (US$1.1 million) of contingent consideration payable to the seller.

Recognized goodwill is attributable to Field Roast Grain Meat Co.'s leadership position in the fast growing plant protein market combined with its considerable expertise, product development knowledge and skills. There is no goodwill expected to be deductible for tax purposes.

The Company has not yet finalized the amounts recorded for the Field Roast Grain Meat Co. acquisition.

On March 10, 2017, the Company acquired 100% of the outstanding shares of Lightlife, a privately held U.S. based corporation engaged in the production and distribution of refrigerated plant protein products for $190.7 million funded from cash-on-hand.

Recognized goodwill is attributable to the skills, talent and artisanal expertise of Lightlife's work force and the Company's leadership position in the fast growing plant protein market. The amount of goodwill expected to be deductible for tax purposes is $6.1 million. Lightlife has a leading market share, and will provide the Company with a strong foothold in this expanding category.

During the three months ended March 31, 2018, the Company recorded transaction costs of $2.4 million (2017: $4.3 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.

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 financial 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 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, 2018, the Company had drawn a loan of US$40.0 million (CDN$51.5 million) to fund its acquisition of Field Roast Grain Meat Co., as further described in Note 17 of the consolidated financial statements, and letters of credit of $6.5 million on this facility (2017: only letters of credit of $59.4 million).

This revolving term facility requires the maintenance of certain covenants. As at March 31, 2018, the Company was in compliance with all of these covenants.

The Company has additional uncommitted credit facilities for issuing up to a maximum of $125.0 million (2017: $120.0 million) letters of credit. As at March 31, 2018, $71.2 million of letters of credit had been issued thereon (2017: $12.4 million).

The Company's cash balance as at March 31, 2018 was $67.7 million (2017: $143.6 million). The cash was invested in short-term deposits with Canadian financial institutions having long-term debt ratings of A or higher.

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, 2018, the Company had $132.6 million (2017: $124.7 million) of trade accounts receivable serviced under this facility. In return for the sale of these receivables, the Company will receive cash of $104.9 million (2017: $92.8 million) and notes receivable in the amount of $27.7 million (2017: $31.9 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, 2018, this net payable amounted to $1.2 million (2017: $1.8 million net receivable). 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 and other credit facilities are 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, 2018. 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.

CAPITAL EXPENDITURES

Capital expenditures for the first quarter were $35.4 million, compared to $20.3 million in the first quarter of last year. The increase in capital expenditures were primarily related to on-going profit enhancement and maintenance projects.

NORMAL COURSE ISSUER BID

On May 17, 2017, the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), which allows the Company to repurchase, at its discretion, up to 8.20 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 23, 2017 and will terminate on May 22, 2018, 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, 2018, 0.67 million shares were purchased for cancellation for $22.1 million at a volume weighted average price paid of $32.91 per common share.

On May 16, 2016, the TSX accepted the Company's notice of intention to commence a NCIB, which allowed the Company to repurchase, at its discretion, up to 8.70 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. The program commenced on May 19, 2016 and was terminated on May 18, 2017 as the Company completed its purchase and cancellation of 5.52 million common shares for $163.1 million at a volume weighted average price of $29.57 per common share. Under this bid during the three months ended March 31, 2017, 2.78 million shares were purchased for cancellation for $82.0 million at a volume weighted average price paid of $29.52 per common share.

CASH FLOWS

Cash was $67.7 million at the end of the first quarter of 2018, compared to $143.6 million last year, and $203.4 million as at December 31, 2017. In the first three months of 2018, the decrease in cash was largely due to the acquisition of Field Roast Grain Meat Co., share repurchases under the NCIB program announced in 2017, investment in property and equipment, and the quarterly dividend payment, partially offset by a loan drawn on the credit facility.

Cash Flow from Operating Activities

Cash provided by operations for the quarter was $32.1 million compared to $55.0 million in the first quarter of 2017. The decrease was primarily due to lower earnings from operations and higher investment in working capital, partially offset by higher margin received by the Company against its derivatives for its commodity hedging program.

Cash Flow from Financing Activities

Cash from financing activities for the quarter was an inflow of $6.0 million compared to an outflow of $104.9 million in the first quarter of 2017. The improvement was primarily due to fewer share repurchases under the NCIB program, cash drawings against the revolving credit facility and lower purchase of treasury stock, partially offset by increased dividend payments.

Cash Flow from Investing Activities

Cash used in investing activities for the quarter was $173.7 million compared to $210.1 million in the first quarter of 2017. The reduction was primarily due to the size of acquisition in the current quarter compared to last year, offset by higher investment in property and equipment.

SHARE CAPITAL

As at April 25, 2018, there were 126,670,289 common shares issued and outstanding.

OTHER MATTERS

On May 2, 2018, the Board of Directors approved a dividend of $0.13 per share payable June 29, 2018 to shareholders of record at the close of business on June 8, 2018. 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, 2018, the Company's contributions to these plans were $7.5 million (2017: $5.2 million).

The Company's largest shareholder is McCain Capital Inc. ("MCI") which is beneficially owned and controlled by Mr. Michael H. McCain, Chief Executive Officer and President of the Company. For the three months ended March 31, 2018, the Company received services from MCI in the amount of $0.1 million (2017: $0.2 million), which represented the market value of the transactions with MCI. As at March 31, 2018, $0.1 million (2016: $0.2 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 months ended March 31, 2018 and 2017, 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:

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total[(iv)]
Sales[(i)]	**2018**	**$ 817,509**	**$ —**	**$ —**	**$ —**	**$ —**
	2017	$ 811,185	$ 925,873	$ 908,359	$ 876,809	$ 3,522,226
	2016	$ 796,889	$ 854,646	$ 852,099	$ 828,178	$ 3,331,812
Net earnings	**2018**	**$ 27,918**	**$ —**	**$ —**	**$ —**	**$ —**
	2017	$ 30,105	$ 37,342	$ 37,578	$ 59,064	$ 164,089
	2016	$ 42,269	$ 31,381	$ 31,828	$ 76,224	$ 181,702
Earnings per share[(ii)]						
Basic[(ii)]	**2018**	**$ 0.22**	**$ —**	**$ —**	**$ —**	**$ —**
	2017	$ 0.23	$ 0.29	$ 0.29	$ 0.47	$ 1.28
	2016	$ 0.31	$ 0.23	$ 0.24	$ 0.57	$ 1.35
Diluted[(ii)]	**2018**	**$ 0.22**	**$ —**	**$ —**	**$ —**	**$ —**
	2017	$ 0.22	$ 0.28	$ 0.29	$ 0.45	$ 1.24
	2016	$ 0.31	$ 0.23	$ 0.23	$ 0.56	$ 1.32
Adjusted EPS[(ii)(iii)]	**2018**	**$ 0.29**	**$ —**	**$ —**	**$ —**	**$ —**
	2017	$ 0.33	$ 0.41	$ 0.39	$ 0.41	$ 1.54
	2016	$ 0.28	$ 0.32	$ 0.32	$ 0.31	$ 1.23

(i) *2018 sales include the impact of the adoption of new accounting standards IFRS 15 - Revenue from Contracts with Customers. Refer to note 2(b) of the unaudited condensed consolidated interim financial statements for further details on the impact of the adoption of new accounting standards.*

(ii) *Basic and diluted earnings per share and Adjusted Earnings per Share*

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

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

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

Fluctuations in quarterly net earnings can be attributed to similar factors, excluding the change in IFRS standards as noted above, 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, 2018, 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:

Revenue Recognition

Beginning on January 1, 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers using the modified retrospective approach where prior periods are not restated. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers, unless the contracts are within the scope of other IFRS standards.

The impact of adopting IFRS 15 on the opening consolidated balance sheet is as follows:

		As at January 1, 2018
Inventories	**$**	**8,015**
Deferred tax asset	**$**	**780**
Other current liabilities	**$**	**11,070**
Retained earnings	**$**	**(2,275)**

IFRS 15 supersedes previous revenue recognition guidance including IAS 18 Revenue and related interpretations. This standard establishes a single comprehensive framework for revenue recognition based on a five-step model where the Company would identify the contract with a customer, identify the performance obligation in the contract, determine the transaction price, allocate the transaction price to the performance obligation in the contract, and recognize revenue when the Company satisfies the performance obligation. IFRS 15 also provides specific guidance around revenue-related items such as consideration payable to a customer and repurchase agreements.

The impact of IFRS 15 affected the classifications of certain amounts paid to customers in the statement of earnings, where payments to the customer for distinct goods or services have been classified as selling, general and administrative expenses and payments not for distinct goods or services have been classified as a component of sales.

Certain arrangements met the definition of repurchase agreements under IFRS 15. Repurchase agreements represent sales to third parties where the Company is required to buy-back the asset sold or a good containing that asset as a component. As such, revenue and cost of goods sold were both reduced by $30.3 million for the three months ended March 31, 2018. The recognition of revenue and cost of goods sold has been deferred, with corresponding increases to inventories and other current liabilities.

The impact of adopting IFRS 15 on the consolidated statement of earnings for the three months ended March 31, 2018 is as follows:

	Three months ended March 31, 2018		
	Amounts without adoption of IFRS 15	**Impact of adopting IFRS 15**	**As reported on the consolidated financial statements**
Sales	$ 847,116	$ (29,607)	$ 817,509
Cost of goods sold	715,613	(30,273)	685,340
Gross margin	131,503	666	132,169
Selling, general and administrative expenses	85,478	704	86,182
Net earnings	27,956	(38)	27,918

The impact of adopting IFRS 15 on the consolidated balance sheet as at March 31, 2018 is as follows:

	March 31, 2018		
	Amounts without adoption of IFRS 15	**Impact of adopting IFRS 15**	**As reported on the consolidated financial statements**
Inventories	$ 317,658	$ 7,960	$ 325,618
Deferred tax asset	—	780	780
Other current liabilities	6,720	11,053	17,773
Retained earnings	1,277,690	(2,313)	1,275,377

IFRS 15 did not have a material impact on the consolidated statements of comprehensive income, the consolidated statements of changes in total equity, and the consolidated statements of cash flows.

Revenue recognized during the three months ended March 31, 2018 that was included in other current liabilities as at January 1, 2018 was $11.1 million.

Financial Instruments – Recognition and Measurement

Beginning on January 1, 2018, the Company adopted IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement and provides detailed guidance on classification and measurement of financial assets and liabilities, impairment of financial assets, and hedge accounting.

There was no material impact to the Company's consolidated financial statements with regards to the changes in IFRS 9 on the classification and measurement of financial assets and liabilities and hedge accounting.

For impairment, IFRS 9 applies an expected credit loss model where forward-looking information should be taken into account when estimating credit losses. Compared to IAS 39 where a credit loss is only recorded upon the occurrence of a loss event, such as customer bankruptcy or restructuring, IFRS 9 will generate a provision for credit losses upon the recording of the receivables. The Company recognized an allowance for credit losses of $1.9 million as a reduction to accounts receivable as at January 1, 2018. Retained earnings and deferred tax liabilities as at January 1, 2018 also decreased by $1.4 million and $0.5 million, respectively. Comparative periods were not restated.

Share-Based Payments

Beginning on January 1, 2018, the Company adopted amendments to IFRS 2 Share-Based Payments which provides clarification on how to account for certain types of share-based payment transactions. The adoption of the amendments to IFRS 2 did not have a material impact on the consolidated financial statements.

Foreign Currency Transactions and Advance Considerations

Beginning on January 1, 2018, the Company adopted IFRIC 22 Foreign Currency Transactions and Advance Consideration which requires that when a foreign currency transaction where consideration is received or paid in advance of the recognition of the related asset, expense, or income, the exchange rate used should be based on the exchange rate as at the date when the pre-payment asset or deferred liability is recognized. The adoption of IFRIC 22 did not have a material impact on the consolidated financial statements.

Accounting Pronouncements Issued But Not Yet Effective

Leases

In January 2016, the IASB issued IFRS 16 Leases with a mandatory effective date of January 1, 2019. The new standard will replace IAS 17 Leases and will carry forward the accounting requirements for lessors. IFRS 16 provides a new framework for lessee accounting that requires substantially all assets obtained through operating leases to be capitalized and a related liability to be recorded. The new standard seeks to provide a more accurate picture of a Company's leased assets and related liabilities and create greater comparability between companies who lease assets and those who purchase assets. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning January 1, 2019. The extent of the impact of the adoption of IFRS 16 has not yet been determined.

Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments with a mandatory effective date of January 1, 2019. The interpretations provide guidance on how to value uncertain income tax positions based on the probability of whether the relevant tax authorities will accept the company's tax treatments. A company is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. IFRIC 23 is to be applied by recognizing the cumulative effect of initially applying these guidelines in opening retained earnings without adjusting comparative information. The extent of the impact of the adoption of IFRIC 23 has not yet been determined.

Long-term Interests in Associates and Joint Ventures

In October 2017, the IASB issued Long-term interests in Associates and Joint Ventures (Amendments to IAS 28) with a mandatory effective date of January 1, 2019. 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 intends to adopt 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 is not expected to have a material impact on the consolidated financial statements.

Annual Improvements to IFRS (2015-2017) Cycle

In December 2017, the IASB issued 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 intends to adopt these amendments prospectively in its consolidated financial statements for the annual period beginning January 1, 2019. The extent of the impact of the adoption of these standards has not yet been determined.

Employee benefits (amendment)

In February 2018, the IASB issued amendments to IAS 19 Employee Benefits with a mandatory effective date of January 1, 2019. 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. This amendment is to be applied prospectively. The Company intends to adopt the amendments to IAS 19 in its consolidated financial statements for the annual period beginning January 1, 2019. The extent of the adoption of the amendments to IAS 19 has not yet been determined.

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 adoption of this amendment 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, 2018, and ended on March 31, 2018, 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, Free Cash Flow and Net 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 unaudited condensed consolidated interim statements of net earnings to Adjusted Operating Earnings for the three months ended, 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,** **2018**	2017
Net earnings	**$ 27,918**	$ 30,105
Income taxes	**11,507**	11,980
Earnings before income taxes	**$ 39,425**	$ 42,085
Interest expense and other financing costs	**1,653**	1,227
Other (income) expense	**2,854**	2,704
Restructuring and other related costs	**2,055**	6,490
Earnings from operations	**$ 45,987**	$ 52,506
Decrease (increase) in fair value of biological assets(i)	**7,097**	(2,797)
Unrealized (gain) loss on derivative contracts(ii)	**(312)**	9,321
Adjusted Operating Earnings	**$ 52,772**	$ 59,030

(i) *Refer to Note 6 of the Company's 2018 first quarter consolidated financial statements for further details regarding biological assets.*

(ii) *Unrealized gains/losses on derivative contracts are reported within cost of goods sold in the Company's 2018 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 unaudited condensed consolidated interim statements of earnings to Adjusted Earnings per Share for the three months ended, 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,** **2018**	2017
Basic earnings per share	**$ 0.22**	$ 0.23
Restructuring and other related costs(i)	**0.01**	0.04
Items included in other income not considered representative of ongoing operations(ii)	**0.02**	0.02
Change in the fair value of biological assets(iii)	**0.04**	(0.02)
Change in the fair value of unrealized (gain) loss on derivative contracts(iii)	**—**	0.05
Adjusted Earnings per Share(iv)	**$ 0.29**	$ 0.33

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

(ii) *Primarily includes (gains) and losses on disposal of investment properties, 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 unaudited condensed consolidated interim statements of earnings to Adjusted EBITDA for the three months ended, 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)	**2018**	2017
Net earnings	**$ 27,918**	$ 30,105
Income taxes	**11,507**	11,980
Earnings before income taxes	**$ 39,425**	$ 42,085
Interest expense and other financing costs	**1,653**	1,227
Items included in other income not representative of ongoing operations	**2,690**	3,479
Restructuring and other related costs	**2,055**	6,490
Change in the fair value of biological assets and unrealized (gains) losses on derivative contracts	**6,785**	6,524
Depreciation and amortization	**29,874**	28,062
Adjusted EBITDA	**$ 82,482**	$ 87,867
Adjusted EBITDA Margin	**10.1%**	10.8%

Free Cash Flow

Free Cash Flow, a non-IFRS measure, is used by Management to evaluate cash flow after investing in the maintenance or expansion of the Company's asset base. It is defined as cash provided by (used in) operations, less additions to long-term assets. The following table calculates Free Cash Flow for the periods indicated below.

($ thousands)	Three months ended March 31,	
(Unaudited)	**2018**	2017
Cash provided by operating activities	**$ 32,055**	$ 55,008
Additions to long-term assets	**(35,360)**	(20,255)
Free Cash (Out) In Flow	**$ (3,305)**	$ 34,753

Net Cash

The following table reconciles Net Cash to amounts reported under IFRS in the Company's consolidated financial statements for the three months ended, as indicated below. The Company calculates Net 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)	Three months ended March 31,	
(Unaudited)	**2018**	2017
Cash and cash equivalents	**$ 67,697**	$ 143,596
Current portion of long-term debt	**$ (816)**	$ (837)
Long-term debt	**(59,938)**	(8,998)
Total debt	**$ (60,754)**	$ (9,835)
Net cash	**$ 6,943**	$ 133,761

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. 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 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; and
- risks associated with failing to identify and manage the strategic risks facing the Company.
- 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, 2017, 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 Inc. is a leading consumer protein company, making high quality, innovative products under national brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Lightlife™ and Field Roast Grain Meat Co.™. Maple Leaf employs approximately 11,500 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).