



# **Enhancing profitable growth in our value-added poultry business**

**Investor Presentation – November 26, 2018**



## Forward-looking Statements and non-IFRS Measures

This presentation contains statements made by representatives of the Company in connection with this presentation, may contain forward-looking statements 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 the new poultry plant and the Company's strategies, plans, actions and expectations including, among other things, expectations about technical capabilities of the new poultry plant, expected shareholder value creation, future earnings, Adjusted EBITDA margins, project costs, net cash restructuring and other costs, jobs generated, timing of plant closures, construction timelines and other expected benefits of the new poultry plant. Words such as "expect," "anticipate," "intend," "attempt," "may," "will," "plan," "believe," "seek," "estimate," and variations of such words and similar expressions are intended to identify such forward-looking statement. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict.

All of these assumptions have been derived from information currently available to the Company including information obtained by the Company from third-party sources. Although these assumptions were considered reasonable by the Company at the time of preparation they 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 statements, which reflect the Company's expectations only as of the date hereof. Readers are cautioned not to place undue reliance on forward-looking statements, as such statements are not guarantees of future performance. 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, 2017 for additional detail.

Some of the forward-looking statements may be considered to be financial outlooks for purposes of applicable securities legislation including, but not limited to, statements concerning future Adjusted EBITDA margins, project costs and net cash restructuring and other costs. These financial outlooks are presented in order to provide measurable targets that the Company aims to achieve and for which the Company can use to benchmark its results. These financial outlooks 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 statements (including any financial outlooks), whether written or oral, or whether as a result of new information, future events or otherwise, except as required by law.

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

**Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization:** Defined 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.



## HIGHLIGHTS

**Maple Leaf Foods is building a \$660 million world-class, value-added poultry processing facility in Ontario**

- **The new 640,000 sq. ft. facility will be one of the most technologically advanced poultry processing plants in the world**
- **Positively shift our poultry business mix by adding capability for higher margin, value-added products to meet growing demand**
- **Increase operating efficiencies and lower costs through consolidating three sub-scale Ontario plants into a world-class facility**
- **Estimated \$660 million investment in infrastructure and technology, with the Ontario and Federal governments investing \$54.5 million**
- **This is the largest single-site investment ever in the Canadian food industry, securing its sustainability and growth**



## FINANCIAL BENEFITS

**A strategic investment expected to deliver \$105 million in EBITDA<sup>1</sup> on a run-rate basis and contribute to achieving our EBITDA<sup>1</sup> margin target of 14% - 16%**

**Financial benefits are equally driven by commercial improvements and cost reduction:**

- 1. Mix: enhancing value-added product mix within our existing poultry business through improved processing capabilities**
- 2. Cost: reducing costs through scale, technology and complexity reduction**
- 3. Growth: providing capacity to sustain our leadership in the growing market for higher margin value-added poultry**



## COMMERCIAL BENEFITS

**Enhances our value-added product mix and capacity to meet growing market demand**



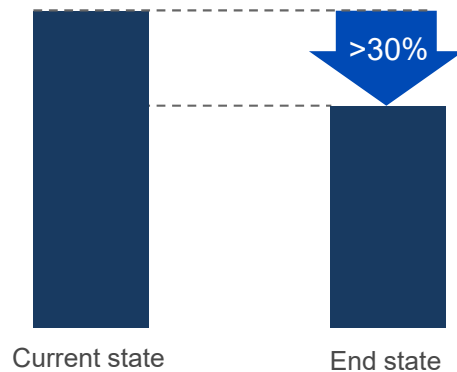
- **Increases production of value-added air-chilled, tray packed, boneless and ground products by addressing existing capacity constraints**
- **Supports growth in our retail branded business, where we have leading national market shares**
- **Secures ongoing supply of high quality fresh chicken to support our secondary processing and prepared meats requirements**



## OPERATIONAL BENEFITS

### Reduces costs through scale, technology and complexity reduction

#### Productivity, Overhead and Distribution Gains

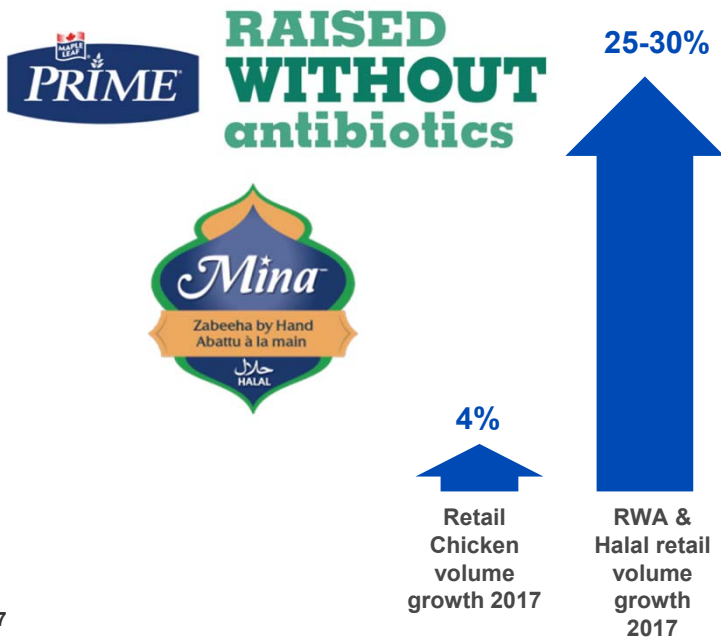


- **Increases productivity, lowers overhead and distribution costs by more than 30%**
- **Increases yield through new technologies for stunning, air chilling, slicing and deboning**
- **Reduces supply chain complexity by consolidating three sub-scale plants into one integrated facility and process flow**
- **Incorporates advanced manufacturing technologies including leading food and workplace safety, environmental and animal care practices**
- **Brings leading technologies together in one end-to-end scale production facility**



## GROWTH BENEFITS

**Secures our long-term leadership in the growing market for value-added poultry**



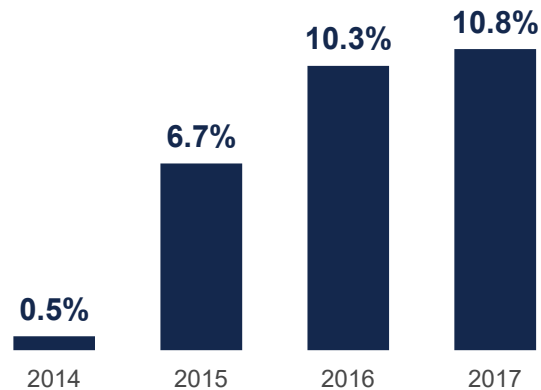
- **Chicken is the most consumed and highest growth meat protein in Canada**
- **Maple Leaf is the Canadian market leader in branded raised without antibiotics and halal chicken, the fastest growing segments of the value-added poultry market**
- **This strategic investment will provide capacity to secure our continued brand leadership in premium chicken products and meet growing market demand**



## TRACK RECORD

**Maple Leaf continues to deliver structural margin expansion through investing in scale and value-added processing**

Adjusted EBITDA Margin

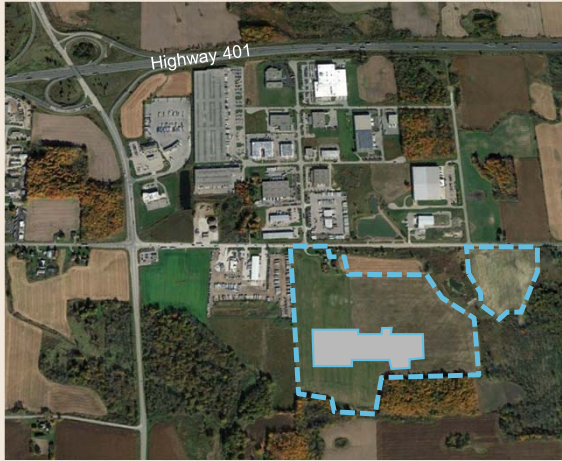


- **Cost reduction, waste elimination and shifting mix to higher margin products are proven strategies to deliver structural margin expansion**
- **Materially less complex than previous network investments, involving fewer plants, minimal product or SKU redesign, and a simpler ramp-up/ramp-down process**
- **Detailed design engineering is over 90% complete prior to breaking ground**





## SITE DETAILS



<b>Location</b>	<b>London, Ontario – approximately 200 km from Toronto</b>
<b>Population</b>	<b>384,000</b>
<b>Size</b>	<b>~100 acres</b>
<b>Benefits</b>	<ul style="list-style-type: none"><li>• <b>Available skilled labour</b></li><li>• <b>Site services</b></li><li>• <b>Ready access to #401 highway</b></li><li>• <b>Proximity to poultry farms</b></li></ul>



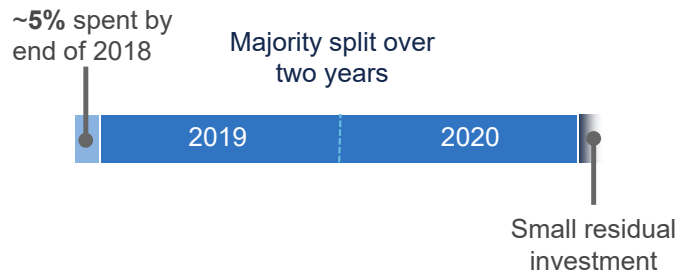
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## TIMELINE

# Facility start-up planned for second quarter of 2021 and fully operational by late 2022

### Capital Expense Breakdown



Activity	Timing
Construction/site work begins	Spring 2019
Ramp-up begins	Q2 2021
St. Mary's plant closure	By Q4 2021
Toronto plant closure	By Q2 2022
Brampton plant closure	By Q4 2022

One-Time Costs	2020	2021	2022
Start-up/duplicative overhead	\$15M	\$65M	\$15M
Restructuring <sup>1</sup>	\$0	\$35M	\$10M

### Estimated restructuring<sup>1</sup> and one-time start-up costs of approximately \$140 million

<sup>1</sup>Refers to net cash restructuring and other related costs



## SUMMARY

**Delivers solid return on capital and creates significant shareholder and stakeholder value**



- **Expands our value-added processing capabilities and sustains our brand leadership in the premium poultry market**
- **Significantly reduces costs through scale, technology and complexity reduction**
- **Builds on our track record of delivering structural margin expansion through scale efficiencies**