



REMARKS

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CHECK AGAINST DELIVERY

Risk is part of our life. Yet, our perception of that risk is rarely rational. Rather, it is a complex mixture of both cognitive and emotional factors. We weigh risk to self or to others based on things like our trust in who is delivering the message, or in our control over the outcome. We weigh our level of emotional outrage in the perception of a risk, and our ability to understand the connection between behaviours and outcomes which can influence how we process it. Certainly, time horizon is a major determinant. If it involves the future, especially someone else in the future, our urgency to act falls dramatically. We might acknowledge the risk, but we fool ourselves into believing we are immune to the dangers; that we have time to find a solution or change our behaviour.

Good morning, everyone, and welcome to our *ThinkFood!* Centre, the heart of innovation at Maple Leaf Foods. And thank you for attending the 2019 annual and special meeting of shareholders.

The essence of the Maple Leaf Foods story today is our journey to become a sustainable enterprise in a volatile, disruptive world that faces untold human risk. Our vision is to face those risks straight on, /to become the most sustainable protein company on earth – economically sustainable, socially sustainable, environmentally sustainable – while we seek to convert those seemingly insurmountable risks into exciting opportunity.

Before I begin this morning, I would like to take a moment to thank David Emerson for his 7 years of service as board chair. David has made an indelible contribution to our company, and all shareholders owe him a debt of gratitude. He filled a role following great leaders like Wallace McCain and Purdy Crawford at a delicate time in our history, and he did so with competence, distinction and commitment. Thank you, David!

I'd also like to welcome Geoff Beattie as our incoming chair. Geoff, you have big shoes to fill, but I speak for everyone when I say we're lucky to have you. On behalf of all Board members and Management, we look forward to working shoulder to shoulder with you in your new role.

I won't dig into our future until we dispense of the past, specifically our 2018 results. Let's acknowledge right upfront that last year was a difficult one, but for clear and, to us, acceptable reasons.

In 2018, we reported sales of \$3.5 billion, consistent with 2017 after adjusting for new accounting rules and acquisitions. Adjusted operating earnings were \$216 million, down 18%. This is a disappointment, but one that's attributable to two primary factors. First, the markets we operate in were beyond turbulent in 2018. We saw a short-term imbalance in primary pork processing as new facilities came online in the United States. We witnessed disrupted global trading relationships in all agricultural commodities, largely driven by trade war mongering. And we saw the outbreak of African Swine Fever in China. This combined to create an unprecedented market environment.

We estimate the negative impact of hog production and pork market conditions – the worst since 2009 -- on our Adjusted EBITDA margin was 130 basis points. Second, we came out of the successful—and exciting—launch of our most comprehensive brand renovations in Maple Leaf history. Frankly, it was one of the most comprehensive remakes of a brand collection that modern marketing has ever seen, certainly in our space. But conversion and ramp-up costs, which were completed by year end, had an impact of approximately 50 basis points on our Adjusted EBITDA margin.

Of course, we never enjoy a down year, but we also know they're inevitable on occasion. And the positives are clear: Maple Leaf Foods delivered an Adjusted EBITDA margin of 9.9% for the year, well within normal bandwidth of variability, particularly considering the activity and environment. We also closed 2018 with a strong balance sheet with only \$311 million in net debt, after committing \$641 million in capital to acquisitions, share repurchases and dividends.

Specific operating accomplishments in the year are many:

- We are making progress to reduce our environmental footprint by 50% by 2025
- Our recordable injury rates are down 70% since 2015
- We closed three strategically important growth acquisitions, which required tremendous effort
- We expanded our sustainable meats business, especially in the US market
- We grew our bench strength and portfolio in plant-based protein
- And, we announced the construction of our new poultry facility in London, Ontario

We often use the phrase “noise, not signal,” and that’s how we feel about 2018...lots of noise but a very strong signal. The investments we made in our core food and brand renovation this past year, and the investments we made in growth that advance our vision to be the most sustainable protein company in the world through Raising the Good in Food—set us up solidly for the future of our business and the future of our industry.

So far in 2019, as we reported in this morning’s Q1 earnings release, sales are up 11%. Recent acquisitions are the headliner here, with some in-quarter margin compression as we invested specifically in that growth. Over the next several years we have a very, very robust plan to drive revenue and profit improvement. Things like building two new facilities, integrating acquisitions and driving significant growth in an exploding category.

These are all very positive, healthy initiatives, but such an aggressive plan comes with some quarterly lumpiness which is normal and to be expected. We are progressing on track on all strategic platforms to deliver structural margin expansion.

There are two things I would like to speak to you about today, relevant to the exciting future of Maple Leaf Foods in a risk filled world.

- 1) The future of food, and
- 2) How we intend to create a sustainable enterprise, dedicated to shared value

Which takes me back to risk. What are they? Why are they important?

We live in a volatile, uncertain, complex and ambiguous world today. It is the age of disruption, and the food industry – specifically the protein industry – is in the eye of the storm.

- Trust levels are declining in all institutions, including trust in “big food”
- Food companies are blamed for chronic disease, and plundering the planet
- Consumers want to eat more protein, but they are unsure of meat even though they love it
- Global warming escalates while we fail to act. Just look at these NASA images showing Earth over a span of 120 years!
- Animal disease threatens agricultural instability, and animal welfare is redefining our industry.
- Social justice is declining, impacting the very basics of life like being able to afford food on your plate.

Greta Thunberg is a 16-year-old Swedish girl who is described as a role model for worldwide student activism. If you haven't heard her remarks at Davos 2019, check it out. Her cause is climate action, and her words are stark.

“Our house is on fire.” She said, “I am here to say, our house is on fire. Solving the climate crisis is the greatest and most complex challenge that Homo Sapiens have ever faced. The main solution, however, is so simple that even a small child can understand it. We have to stop our emissions of greenhouse gases. Either we do that, or we don't.”

“There are no grey areas, when it comes to survival”, said Greta.

Shockingly it isn't the old and wise amongst us who are leading the awareness of risk and justice today, or the need for change. A 2017 World Economic Forum survey of Millennials asking what their top 10 most concerning world issues were, showed #1 was climate change and the destruction of nature at 48%, and in the top ten were food and water security, government accountability, corruption, poverty and inequality. Some days, when we look at leaders around the world it feels like they just don't “get it”. But our young people do, and we should be listening more!

The future of food, our industry and our business are immersed in these perspectives, and these risks. We all eat. In one way or another, we are all participants in the global food system. It's a complex ecosystem that plays an essential role in nourishing billions of people, and it will have to nourish billions more in the years to come. But it is so much more than that. Food connects us in a way few other things do. At its best, food is an expression of home, of culture, of love.

It's why our relationship to food and why our memories of food are so deeply personal. But our food systems must change. They have significant, adverse impacts on the planet and the food industry isn't leading for society the way it should.

I believe the future of food, which defines why and how the Maple Leaf vision came to be, revolves around six clear imperatives:

First, our industry needs to embrace and lead in transparency. Trust and transparency are co-creators. We have lost trust, and transparency is the potent path to rebuild it. This will show up, amongst other places, in our support for nutrition awareness and clarity of information on what is exactly in our products, with easy access – even if it doesn't place them in the best light. It also requires frank and open disclosure of our impacts on society and the planet. That's how we will improve.

Second, our industry needs to pursue simplicity. There is room for technology in our lives, but unless it is nature's technology there shouldn't be room for it in the food on our plates. Simple, real food with no scientific jargon or marketing spin. Garden and kitchen ingredients you can pronounce and spell.

Third, our nutritional mantra must be balance. The primacy of calories is dead. The notion of one dietary guideline is history. The future is personalized nutritional balance. We are the only meat company I know of in the world asking our consumers to eat meat in moderation. I would say the same thing if I was a chocolate maker, a french fry maker, a bread maker or an alcohol maker. The future of food is balancing the nutritional needs of YOUR body, not OUR body and it is incumbent on our industry to provide consumers with the information and tools to do this.

Fourth, our industry and even food activists need to embrace future food production systems that utilize new technologies to solve perplexing problems. If we don't, we won't have the resources to feed 10+ billion people on planet earth sustainably. Optimizing land use, soil health, minimizing deforestation, ensuring proper animal welfare, proper nutrition and food safety, precision agriculture with no footprint, all producing food for 10+ billion people...will only be possible by embracing advanced technology in our food production systems.

Fifth, the aspirational goal for the future of food, in the face of seemingly insurmountable challenges, is carbon neutral. We feel this is possible, even for a meat company, and we are significantly advancing our thinking on a carbon management strategy. We hope others do also because our house is on fire.

Finally, our food industry – like all businesses engaged in a capitalist world – requires a new social contract of shared value. Of course, we all must create shareholder value, but it cannot come at the expense of social or environmental sustainability. An equitable society, but with the world on fire, is of no benefit. A just society that isn't resourced because capital is not available cannot thrive. And, a planet saved but with people left behind will never be acceptable. Shared value pursues a cornucopia of “and solutions” in pursuit of an equilibrium for the sustainable enterprise. Sounds lofty, but it's real. We have a deeply held conviction that we can set ourselves apart through a new social contract and create commercial success while doing so.

The future of food – transparency, simplicity, balance, technology, carbon neutral and shared value. We would challenge all sectors of the food industry, and governments considering national food strategies, to embrace such a future.

Which brings me back to Maple Leaf Foods. Our future. Our purpose, to Raise the Good in Food. Our vision, to be the most sustainable protein company on earth. We clearly articulate it in what we describe as the Maple Leaf Foods Blueprint. And we are a culture of action over talk, so you can see how this is being brought to life every day.

Our blueprint begins with clarity of how we intend to become the most sustainable protein company in the world.

We will begin by making better food that meets real consumer needs; being leaders in the real food movement which you saw in 2018 as we took our flagship Maple Leaf brand and boldly removed the things people don't know or don't want in their food. Real; Simple. We are also leading and growing in sustainable meat, without the use of any antibiotics. Our Greenfield brand is delivering continuous growth and is the clear leader in the segment, and we have extended this into the Maple Leaf Prime poultry brand.

We expect to demonstrate leadership for a better planet. We know of no more ambitious near-term goals than ours – a 50% reduction in energy, water usage, waste and greenhouse gas emissions by 2025. We are making progress towards our target, and by the end of last year, we were ahead in both electricity usage and solid waste, while we have more work to do in water and natural gas. We are very please overall, but we are convinced it isn't enough and are developing a comprehensive carbon management strategy to do even better. Recall, our house is on fire!

Sustainability in society must include the animals in our care, and we are implementing some of the most advanced animal care strategies and platforms in the world, which increasingly differentiates us in the marketplace.

We have transitioned two-thirds of our sows to an advanced open housing system and plan to complete this transition by the end of 2021. Our proprietary system is the first scale design in North America to eliminate sow confinement during pregnancy.

In addition, we are investing in advanced transportation practices; humane stunning and remote video auditing in all of our processing facilities to support natural behaviours.

Finally, in recognition of our need to lead in social justice and responsibly creating value in our communities, we are tackling the unconscionable issue of food insecurity. To date, the Maple Leaf Centre for Action on Food Security has invested more than \$4 million in multi-year commitments with 16 innovative partners. As the primary thrust of our social value creation, the Centre focuses its work on advocacy, investment and knowledge-sharing to advance good food for all.

Our Blueprint then takes us to the “business” of creating shared value, in six key areas.

- 1) Driving commercial growth by leveraging our leadership in sustainability. Not every customer or consumer cares as much as we do, but enough of them do – and it is growing daily – that we can find prosperity in that trend.
- 2) Relentlessly reducing waste and driving efficiency. We are a cost culture and practicing it every day is what that culture delivers. Waste reduction is good for the planet and shareholders.
- 3) We are broadening our reach into new geographies, new channels and new protein alternatives. I would pause on this for a moment because it is here where we are seeing the most growth, and this will be defining for our Maple Leaf Foods future.

We acquired Lightlife Foods and the Field Roast Grain Meat Company over the past 24 months. This has given us category leadership in the plant based, refrigerated meat alternatives category, and our intent is to protect that. We invested roughly \$337 million acquiring the businesses, and we recently announced capacity expansion in a new plant to be built in Indiana for \$413 million. The category has transitioned to hyper-growth and we will be on that train with investment in assets, innovation, brand and people. There are some new skills and perspectives we need to adopt to accomplish this; however, we face competitors who are running something of a technology stock playbook, while ours is a food company playbook. We are making that transition. Interestingly, we are seeing this growth in the market place, not as replacing meat consumption but rather as incremental protein consumption. I would add that broadening our reach geographically is mostly occurring in the US market, both in prepared meat and plant-based proteins.

- 4) Our fourth pillar is embracing a digital future. That shows up not just as an important operating consideration, but also in our commercial relationships and indeed as an imperative in the future of food. We have many initiatives underway to bring this to life.
- 5) We are also investing heavily in our brands and you saw that become a reality in 2018, which sets us up for a decade of demand space, growth focused innovation and brand development. We expect this will be both top line and margin accretive.

- 6) And finally, most important to enable this all, we will continue to invest in our people, so they may thrive building our Maple Leaf future.

This is an exciting blueprint to Raise the Good in Food. We believe it is balanced in pursuit of an equilibrium of shared value creation and sustainability that I spoke of earlier. And, it positions us well in an exciting, yet volatile and hazard laden future of food as we indeed convert risk to opportunity.

Our optimism that this blueprint will create value for shareholders is reflected in our financial target to expand our EBITDA margin to 14-16% in 2022. That is an ambitious and lucrative goal, and we fully expect to meet it, because we have the people, the culture and the strategies which do just that.

As Greta Thunberg closed her remarks at Davos 2019, she said with the most pressing, stern voice:

“Adults keep saying: “We owe it to the young people to give them hope.” But I don’t want your hope. I don’t want you to be hopeful. I want you to panic. I want you to feel the fear I feel every day. And then I want you to act. I want you to act as you would in a crisis. I want you to act as if our house is on fire. Because it is.”

At Maple Leaf Foods, we are small in the scheme of things, but we see ourselves as leaders. We are fiercely committed to confronting the risk of climate change head on. We are equally committed to facing the challenges of our industry, and our place in the world, doing our part to effect permanent and unprecedented change. We are committed to cooperating with partners—public and private, at all levels along the way.

Simply put, we will do our best to put out the fire now – industry, social and environmental—because we owe it to our children and grandchildren to do just that. It’s personal.

I want to thank the members of our Board, members of our leadership team and each one of our 12,500 employees who are building the future of food today.

Thank you for joining me together on this incredibly important journey.

I’m looking forward to any questions you might have.

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