MAPLE LEAF

MAPLE LEAF FOODS INC.

Management's Discussion and Analysis
For the Third Quarter Ended
September 30, 2019

Management's Discussion and Analysis

Management's Discussion and Analysis

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

October 29, 2019

FINANCIAL OVERVIEW

During the third quarter of 2019, Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") completed a comprehensive analysis of the role of its rapidly expanding plant protein business in the Company's meat and plant protein portfolio, their respective financial profiles and long-term value creation opportunities. Based on the importance of these two distinct businesses and differing strategic and financial requirements to maximize their market leadership and long-term shareholder value, the Company has disaggregated its business into two operating segments. These segments offer different products, with separate organizational structures, brands, financial and marketing strategies. The Company's chief operating decision makers regularly review internal reports for these businesses; performance of the Meat Protein Group is based on revenue growth, Adjusted Operating Earnings and Adjusted EBITDA, while the performance of the Plant Protein Group is based predominately on revenue growth rates, while managing gross margins and controlling investment levels which generate high revenue growth rates.

Measure[(i)] *(Unaudited)*	**Three months ended September 30,**			**Nine months ended September 30,**		
	2019	2018	% Change	**2019**	2018	% Change
Sales	**$ 995.8**	$ 874.8	13.8 %	**$ 2,925.6**	$ 2,601.6	12.5 %
Net Earnings	**$ 13.4**	$ 26.6	(49.5)%	**$ 57.2**	$ 89.4	(36.0)%
Basic Earnings per Share	**$ 0.11**	$ 0.21	(47.6)%	**$ 0.46**	$ 0.71	(35.2)%
Adjusted Operating Earnings[(ii)]	**$ 9.7**	$ 51.0	(81.0)%	**$ 117.0**	$ 161.6	(27.6)%
Adjusted Earnings per Share[(ii)]	**$ 0.03**	$ 0.29	(89.7)%	**$ 0.55**	$ 0.93	(40.9)%

(i) *All financial measures in millions of dollars except Basic and Adjusted Earnings per Share.*

(ii) *Refer to the section titled Non-IFRS Financial Measures starting on page 11 of this document for the definition of these non-IFRS measures.*

Sales for the third quarter of 2019 were $995.8 million compared to $874.8 million last year, an increase of 13.8%, 5.4% excluding acquisitions. Sales growth reflects ongoing progress in key strategic areas for meat protein with increases of 13.7% driven by growth in sustainable meat and prepared meats and 30.1% growth in plant protein.

Year-to-date sales for 2019 were $2,925.6 million compared to $2,601.6 million last year, an increase of 12.5%, 3.5% excluding acquisitions. Sales growth reflects ongoing progress in key strategic areas for meat protein with increases of 12.3% and 25.7% growth in plant protein.

Net earnings for the third quarter of 2019 were $13.4 million ($0.11 per basic share) compared to $26.6 million ($0.21 per basic share) last year. Strong performance in prepared meats, value-added pork and poultry and plant protein, and a tax recovery from the favourable resolution of an income tax audit was more than offset by adverse pork market conditions, including heightened volatility in hog prices and the Chinese import suspension of Canadian pork, and strategic investments in plant protein to drive top line growth and market leadership.

Year-to-date net earnings for 2019 were $57.2 million ($0.46 per basic share) compared to $89.4 million ($0.71 per basic share) last year. The decrease in net earnings for year-to-date is consistent with the factors noted above. Year-to-date results were also impacted by changes in the fair value of biological assets and derivative contracts, which are excluded in the calculation of Adjusted Operating Earnings below.

Adjusted Operating Earnings for the third quarter of 2019 were $9.7 million compared to $51.0 million last year, and Adjusted Earnings per Share for the third quarter of 2019 was $0.03 compared to $0.29 last year.

Year-to-date Adjusted Operating Earnings for 2019 were $117.0 million compared to $161.6 million last year, and Adjusted Earnings per Share for 2019 were $0.55 compared to $0.93 last year.

For further discussion on key metrics and a discussion of results by operating segment, refer to the section titled Operating Review starting on page 2 of this document.

OPERATING REVIEW

The following table summarizes the Company's sales, gross profit, selling, general and administrative expenses, Adjusted Operating Earnings, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), and Adjusted EBITDA Margin by operating segment for the three months ended September 30, 2019 and September 30, 2018:

	Three Months Ended September 30, 2019				Three Months Ended September 30, 2018			
($ thousands) *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated(i)**	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated(i)	Total
Sales	**$ 953,306**	**46,998**	**(4,517)**	**$ 995,787**	$ 838,709	36,118	—	$ 874,827
Gross profit	**$ 123,351**	**9,995**	**6,371**	**$ 139,717**	$ 119,342	9,056	(9,816)	$ 118,582
Selling, general and administrative expenses	**$ 78,783**	**44,867**	**—**	**$ 123,650**	$ 68,750	8,627	—	$ 77,377
Adjusted Operating Earnings(ii)	**$ 44,568**	**(34,872)**	**—**	**$ 9,696**	$ 50,592	429	—	$ 51,021
Adjusted EBITDA(ii)	**$ 85,430**	**(31,616)**	**(392)**	**$ 53,422**	$ 79,087	2,045	—	$ 81,132
Adjusted EBITDA Margin(ii)	**9.0%**	**(67.3)%**	**—%**	**5.4%**	9.4%	5.7%	—%	9.3%

(i) *Non-Allocated includes eliminations of inter-segment sales and associated cost 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.*

(ii) *Refer to the section titled Non-IFRS Financial Measures starting on page 11 of this document for the definition of these non-IFRS measures.*

The following table summarizes the Company's sales, gross profit, selling, general and administrative expenses, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA Margin by operating segment for the nine months ended September 30, 2019 and September 30, 2018:

	Nine Months Ended September 30, 2019				Nine Months Ended September 30, 2018			
($ thousands) *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated(i)**	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated(i)	Total
Sales	**$ 2,807,699**	**126,673**	**(8,796)**	**$ 2,925,576**	$ 2,500,830	100,750	—	$ 2,601,580
Gross profit	**$ 417,507**	**27,815**	**(15,108)**	**$ 430,214**	$ 385,034	29,386	(24,411)	$ 390,009
Selling, general and administrative expenses	**$ 254,679**	**73,646**	**—**	**$ 328,325**	$ 228,071	24,723	—	$ 252,794
Adjusted Operating Earnings	**$ 162,828**	**(45,831)**	**—**	**$ 116,997**	$ 156,963	4,663	—	$ 161,626
Adjusted EBITDA	**$ 282,956**	**(36,674)**	**(392)**	**$ 245,890**	$ 245,556	9,666	—	$ 255,222
Adjusted EBITDA Margin	**10.1%**	**(29.0)%**	**—%**	**8.4%**	9.8%	9.6%	—%	9.8%

(i) *Non-Allocated includes eliminations of inter-segment sales and associated cost 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*.

Meat Protein Group

The Meat Protein Group is comprised of prepared meats, ready-to-cook and ready-to-serve meals, hog production and value-added fresh pork and poultry products that are sold to retail, foodservice and industrial channels. The Meat Protein Group includes leading brands such as Maple Leaf®, Maple Leaf Prime®, Schneiders®, Mina®, Greenfield Natural Meat Co.®, Swift® and many leading sub-brands.

Sales for the third quarter of 2019 increased 13.7% to $953.3 million compared to $838.7 million last year. Excluding acquisitions, sales grew 4.8%, driven by favourable mix tied to food renovation supporting major brand strategies and pricing actions implemented during the quarter and in late 2018 to mitigate higher raw material input costs. Continued expansion of sustainable meats, including double-digit growth in the U.S., also contributed to strong sales.

Year-to-date sales for 2019 increased 12.3% to $2,807.7 million compared to $2,500.8 million last year. Excluding acquisitions, sales grew 3.1% consistent with the factors noted above.

Gross profit for the third quarter of 2019 was $123.4 million (gross margin of 12.9%) compared to $119.3 million (gross margin of 14.2%) last year. Stronger commercial and operational performance, including favourable mix attributed to food renovation, continued expansion of sustainable meats and pricing action taken to mitigate higher raw material costs, contributed to higher gross profit in the quarter. This improved performance was partially offset by a significant decline in North American pork markets, which traded approximately 220 basis points below five-year averages, as well as a temporary import suspension of Canadian pork into China. In addition, the Company locked in raw material costs for its prepared meats business in anticipation of rising meat prices that were not fully recovered by subsequent pricing action in the quarter. These factors resulted in a decline in gross margin.

Year-to-date gross profit for 2019 was $417.5 million (gross margin of 14.9%) compared to $385.0 million (gross margin of 15.4%) last year. The change in gross profit is attributable to strong commercial and operational performance offset by adverse market conditions and the Chinese import suspension of Canadian pork.

Selling, general and administrative ("SG&A") expenses for the third quarter of 2019 were $78.8 million (8.3% of sales), compared to $68.8 million (8.2% of sales) last year. The increase in SG&A expenses was due to investments in advertising and promotion. On a percentage of sales basis, SG&A expenses were in line with last year.

Year-to-date SG&A expenses for 2019 were $254.7 million (9.1% of sales), compared to $228.1 million (9.1% of sales) last year. The change in SG&A is consistent with the factors noted above.

Adjusted Operating Earnings for the third quarter of 2019 were $44.6 million compared to $50.6 million last year. Improved commercial and operational performance was driven by favourable mix attributed to food renovation, higher sustainable meats sales and pricing action taken to mitigate higher raw material costs. This was offset by adverse market conditions, the Chinese import suspension of Canadian pork and increased investment in advertising and promotion.

Year-to-date Adjusted Operating Earnings for 2019 were $162.8 million compared to $157.0 million last year. The change in Adjusted Operating Earnings is consistent with factors noted above.

Adjusted EBITDA Margin for the third quarter was 9.0% compared to 9.4% last year.

Year-to-date Adjusted EBITDA Margin was 10.1% compared to 9.8% last year, with the increase consistent with the factors noted above. Adjusted EBITDA Margin was impacted by the adoption of IFRS 16 - Leases (“IFRS 16”). Upon the adoption of IFRS 16, leases previously classified as operating leases were capitalized on the Company’s consolidated interim balance sheet. For the third quarter an incremental $8.2 million in depreciation and $1.8 million in interest was recorded on the Company's consolidated interim statement of earnings, not included in Adjusted EBITDA. Incremental increases in depreciation and interest for the first nine months were $24.4 million and $5.3 million, respectively.

Plant Protein Group

The Plant Protein Group is comprised of refrigerated plant protein products, premium grain-based protein and vegan cheese products sold to retail, foodservice and industrial channels. The Plant Protein Group includes the leading brands Lightlife® and Field Roast Grain Meat Co.™.

Sales for the third quarter of 2019 increased 30.1% to $47.0 million compared to $36.1 million last year. Sales growth was driven by expanded distribution of new products and continued volume increases in its existing portfolio.

Year-to-date sales for 2019 increased 25.7% to $126.7 million compared to $100.8 million last year. Excluding acquisitions, sales grew 20.6% consistent with the factors noted above.

Gross profit for the third quarter of 2019 was $10.0 million (gross margin of 21.3%) compared to $9.1 million (gross margin of 25.1%) last year. The increase in gross profit was attributed to improved manufacturing and operating processes. The Company is strategically investing in SG&A to drive higher levels of growth and brand leadership in the rapidly growing plant protein market. After excluding the impact of inefficiencies associated with start-up production and other costs related to building scale to support high growth, core gross margin was approximately 28.9%.

Year-to-date gross profit for 2019 was $27.8 million (22.0% of sales) compared to $29.4 million (29.2% of sales) last year. Excluding investments in growth initiatives, core gross margin was approximately 29.9%. The change in gross profit is consistent with the factor noted above.

SG&A expenses for the third quarter of 2019 were $44.9 million (95.5% of sales), compared to $8.6 million (23.9% of sales) last year. The increase in SG&A expenses reflects the evolution of the Company’s plant protein strategy to drive sales growth and secure market share in a rapidly growing market. Supporting this strategy, significant investment in advertising, promotion and marketing was incurred during the quarter to enhance brand awareness and support new product launches and expanded distribution. In addition, the Company invested to broaden organizational capacity and its innovation pipeline.

Year-to-date SG&A expenses for 2019 were $73.6 million (58.1% of sales), compared to $24.7 million (24.5% of sales) last year. The change in selling, general and administrative expenses is consistent with the factors noted above.

Adjusted Operating Earnings for the third quarter of 2019 were a loss of $34.9 million compared to earnings of $0.4 million last year. The decline in Adjusted Operating Earnings reflects a deliberate focus on accelerating sales growth through increased investments in advertising, promotion and marketing, organizational capacity, product development and operational efficiency.

Year-to-date Adjusted Operating Earnings for 2019 were a loss of $45.8 million compared to earnings of $4.7 million last year. The change in Adjusted Operating Earnings is consistent with factors noted above.

OTHER EXPENSE

Other expense for the third quarter of 2019 was $1.5 million compared to an expense of $3.3 million last year. The change is primarily related to expenses incurred in 2018 related to legal and other fees on transactions that were not repeated in 2019.

Year-to-date other expense for 2019 was $7.9 million compared to an expense of $4.4 million last year. The change is primarily related to income realized in 2018 related to insurance proceeds that were not repeated in 2019. This was offset by expenses incurred in 2018 related to disposal of property and equipment and legal and other fees on transactions that were not repeated in 2019.

Certain items in other 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 expense used in the calculation of Adjusted EBITDA and Adjusted Earnings per Share for the third quarter of 2019 was an expense of $0.8 million compared to an expense of $0.3 million last year. Year-to-date other expense for 2019 was an expense of $1.5 million compared to income of $2.9 million last year.

RESTRUCTURING AND OTHER RELATED COSTS

For the third quarter of 2019, the Company recorded restructuring and other related costs of $4.6 million (2018: $0.0 million). Of this amount, $1.4 million related to accelerated depreciation, and $0.9 million related to employee related costs, as a result of the previously announced future closures of the Brampton, Toronto and St. Mary's poultry plants. The remaining $2.3 million related to employee related costs for other organizational restructuring initiatives in the quarter.

Year-to-date for 2019, the Company recorded restructuring and the other related costs of $6.0 million (2018: $4.0 million). Of this amount, $4.3 million related to accelerated depreciation, offset by $0.6 million related to net reversals of employee related costs, as a result of the previously announced future closures of the Brampton, Toronto and St. Mary's poultry plants. The remaining $2.3 million related to employee related costs for other organizational restructuring initiatives in the quarter.

INCOME TAXES

In the third quarter and the nine months ended September 30, 2019, the Company's effective tax rate differs from the Canadian statutory tax rate of 26.7% primarily due to (i) the manufacturing and processing credit; (ii) a deferred income tax recovery recorded on the remeasurement of deferred tax liabilities at a lower tax rate; (iii) an adjustment to tax expense for prior periods; and (iv) the favourable resolution of an income tax audit. The effective tax rates in determining Adjusted Earnings per Share in the third quarter and nine months ended September 30, 2019 are 351.4% (recovery) and 24.5% (expense), respectively. The effective tax rate in determining the Adjusted Earnings per Share in the third quarter and for the nine months differs from the Canadian statutory tax rate primarily due to non-deductible expenditures, the deferred income tax recovery, and adjustments to tax expense for prior periods.

In the third quarter and the nine months ended September 30, 2018, the Company's effective tax rate differs from the Canadian statutory tax rate of 26.8% primarily due to the manufacturing and processing credit, and non-deductible expenditures and transaction costs. The effective tax rates in determining Adjusted Earnings per Share in the third quarter and nine months ended September 30, 2018 are 24.7% and 26.5%, respectively.

ACQUISITIONS AND DIVESTITURES

On November 13, 2018, the Company acquired 100% of the outstanding shares of VIAU Food Products Inc. ("VIAU"), a privately held Canadian market leader in premium Italian cooked, dry-cured and charcuterie meats, for a purchase price of $215.0 million. The Company financed the transaction using a combination of drawings on existing credit facilities and equity.

Recognized goodwill is attributable to VIAU's assembled workforce combined with its considerable expertise, product development knowledge and skills.

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

On October 22, 2018, the Company acquired two poultry plants and associated supply from Cericola Farms Inc. ("Cericola"), a privately held Canadian company. The purchase price of the assets was $80.0 million, with a put/call option to purchase a third processing facility for a purchase price of $40.0 million, exercisable within three years. The Company financed the transaction using existing credit facilities.

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

On January 29, 2018, the Company acquired 100% of the outstanding shares of The Field Roast Grain Meat Company, SPC ("Field Roast Grain Meat Co."), a privately held U.S. based corporation engaged in the production and distribution of premium grain-based protein and vegan cheese products, for a purchase price of $140.2 million. The Company financed the transaction using a combination of cash-on-hand and drawings on existing credit facilities.

Recognized goodwill is attributable to Field Roast Grain Meat Co.'s leadership position in the fast-growing plant protein market combined with its considerable expertise, product development knowledge and skills.

The Company finalized the amounts recorded in the Field Roast Grain Meat Co. business combination during the fourth quarter of 2018.

For full details on all acquisitions refer to Note 18 of the Company's unaudited condensed consolidated interim financial statements ("consolidated financial statements").

During the three months ended September 30, 2019, the Company recorded legal and other transaction costs of $0.3 million (2018: $1.9 million) related to acquisition activities that have been recognized in other expense. Refer to Note 18 of the consolidated financial statements.

During the nine months ended September 30, 2019, the Company recorded legal and other transaction costs of $3.7 million (2018: $5.1 million) related to acquisition activities that have been recognized in other expense. Refer to Note 18 of the consolidated financial statements.

CAPITAL RESOURCES

The consumer foods industry in which the Company operates is generally characterized by high sales volume and high turnover of inventories and accounts receivable. In general, accounts receivable and inventories are readily convertible into cash. Investment in working capital is affected by fluctuations in the price of raw materials, seasonal and other market-related fluctuations. The Company has consistently generated a strong base level of operating cash flow, even in periods of higher commodity prices and during restructuring of its operations. These operating cash flows provide a base of underlying liquidity that the Company supplements with credit facilities and cash on hand to provide longer-term funding and to finance fluctuations in working capital levels.

The Company's cash balance as at September 30, 2019 was $70.8 million (September 30, 2018: $109.6 million; December 31, 2018: $72.6 million). The cash is held in demand and short-term investment deposits with Canadian financial institutions having long-term debt ratings of A or higher.

The composition of long-term debt as of the dates indicated are shown below:

($ thousands) *(Unaudited)*		**As at September 30, 2019**		As at September 30, 2018		As at December 31, 2018
Revolving line of credit up to $1,300.0 million	**$**	**—**	$	166,469	$	374,775
U.S. term credit up to $351.0 million (US$265.0 million)		**350,953**		—		—
Canadian term credit up to $350.0 million		**115,000**		—		—
Government loans		**7,924**		8,646		8,646
Total long-term debt	**$**	**473,877**	$	175,115	$	383,421
Current	**$**	**887**	$	839	$	80,897
Non-current		**472,990**		174,276		302,524
Total long-term debt	**$**	**473,877**	$	175,115	$	383,421
Construction Capital[(i)] included in total long-term debt	**$**	**79,481**	$	20,582	$	22,422

[(i)] *Refer to the section titled Non-IFRS Financial Measures starting on page 11 of this document for the definition of this non-IFRS measure.*

On April 30, 2019, the Company entered into a new syndicated credit facility (the "Credit Facility") consisting of a $1,300.0 million unsecured committed revolving line of credit maturing April 30, 2024 and two unsecured committed term credit facilities for US$265.0 million and $350.0 million maturing April 30, 2024 and April 30, 2023, respectively. The Credit Facility refinanced and replaced the Company's previous $250.0 million and $400.0 million unsecured committed revolving credit facilities, which were due to mature on November 7, 2019 and October 19, 2021, respectively. The Credit Facility can be drawn in Canadian or U.S. dollars and bears interest payable monthly, based on Banker's Acceptance and Prime rates for Canadian dollar loans and the London Inter-bank Offered Rate ("Libor") for U.S. dollar loans. The Credit Facility is intended to meet the Company's funding requirements for capital investments, including the construction of its two new manufacturing facilities in London, Ontario and Shelbyville, Indiana, in addition to providing appropriate levels of liquidity and for general corporate purposes. In addition to loans, as at September 30, 2019, the Company had drawn letters of credit of $6.4 million on the Credit Facility (September 30, 2018: $6.1 million on the previous facility; December 31, 2018: $6.3 million on the previous facility).

The Credit Facility requires the maintenance of certain covenants. As at September 30, 2019, the Company was in compliance with all of these covenants.

The Company has additional uncommitted credit facilities for issuing letters of credit up to a maximum of $125.0 million (September 30, 2018: $125.0 million; December 31, 2018: $125.0 million). As at September 30, 2019, $79.4 million of letters of credit has been issued thereon (September 30, 2018: $71.5 million; December 31, 2018: $72.2 million).

The Company has various government loans on specific projects, with interest rates ranging from non-interest bearing to 2.9% per annum (September 30, 2018: 2.9%; December 31, 2018: 2.9%). These facilities are repayable over various terms from 2022 to 2024. All of these facilities are committed.

On July 19, 2019, the Company amended its three-year accounts receivable securitization facility (the "Securitization Facility") by extending the maturity to July 19, 2022 and increasing the maximum cash advance available to the Company under the Securitization Facility to $120.0 million (September 30, 2018: $110.0 million; December 31, 2018: $110.0 million). The Securitization Facility provides cash funding with a proportion of the Company's receivables being sold, and provides the Company with competitively priced financing and further diversifies its funding sources. Under the Securitization Facility, the Company has sold certain of its trade accounts receivable, with very limited recourse, to an unconsolidated third-party trust financed by an international financial institution with a long-term AA- debt rating, for cash and short-term notes back to the Company. The receivables are sold at a discount to face value based on prevailing money market rates. The Company retains servicing responsibilities for these receivables.

As at September 30, 2019, the Company had $139.6 million (September 30, 2018: $134.0 million; December 31, 2018: $127.4 million) of trade accounts receivable serviced under this facility. In return for the sale of these receivables, the Company will receive cash of $107.2 million (September 30, 2018: $107.2 million; December 31, 2018: $96.9 million) and notes receivable in the amount of $32.4 million (September 30, 2018: $26.8 million; December 31, 2018: $30.5 million). Due to the timing of receipts and disbursements, the Company may, from time to time, record a receivable or payable related to the securitization facility, and as at September 30, 2019, this net payable amounted to $21.0 million (September 30, 2018: $2.8 million net payable; December 31, 2018: $32.5 million net payable). The facility is accounted for as an off-balance sheet transaction in accordance with International Financial Reporting Standards ("IFRS").

The Securitization Facility is subject to certain restrictions, including the maintenance of covenants. The Company was in compliance with all of the requirements of these facilities as at September 30, 2019. If the Securitization Facility was to be terminated, the Company would recognize the related amounts on the consolidated balance sheet and consider alternative financing if required.

CAPITAL EXPENDITURES

Capital expenditures for the third quarter were $60.5 million, compared to $45.1 million last year, and year-to-date capital expenditures for 2019 were $186.0 million compared to $128.0 million last year. The increase in expenditures is primarily driven by investments to construct a value-added poultry processing facility in London, Ontario and a plant protein food processing facility in Shelbyville, Indiana as well as ongoing investments the Company is making at existing facilities and in support of its commitment to animal care.

The Company currently estimates its capital expenditures for 2019 will be approximately $300.0 million, including approximately $100.0 million related to the construction of the new value-added poultry facility in London, Ontario and the new plant protein facility in Shelbyville, Indiana. The lower capital spend for the year compared to the prior estimate of $460.0 million is primarily due to timing issues associated with initial construction delays on the London Poultry project principally related to weather, combined with additional design time required to refine the execution plan for the new Shelbyville plant as the Company seeks to maximize production capacity within its existing network in addition to the new plant footprint. The estimated cost to complete the projects has not changed at this time.

NORMAL COURSE ISSUER BID

On May 17, 2019, the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 24, 2019 and will terminate on May 23, 2020, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. Under this bid, during the three and nine months ended September 30, 2019, no shares were purchased for cancellation.

On May 22, 2018, the TSX accepted the Company's notice of intention to commence an NCIB, which allowed the Company to repurchase, at its discretion, up to 7.8 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company were cancelled. The program commenced on May 24, 2018 and was terminated on May 23, 2019 as the Company completed its purchase and cancellation of 4.0 million common shares for $126.6 million at a volume weighted average price of $31.82 per common share. Under this bid during the three and nine months ended September 30, 2019, no shares were purchased for cancellation. During the three months ended September 30, 2018, 2.1 million shares were purchased for cancellation for $68.5 million at a volume weighted average price paid of $31.97 per common share. During the nine months ended September 30, 2018, 3.1 million shares were purchased for cancellation for $99.5 million at a volume weighted average price paid of $31.70 per common share.

On May 17, 2017, the TSX accepted the Company's notice of intention to commence an NCIB, which allowed the Company to repurchase, at its discretion, up to 8.2 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 23, 2017 and was terminated on May 22, 2018 as the Company completed its purchase and cancellation of 3.6 million common shares for $117.3 million at a volume weighted average price of $32.51 per common share. Under this bid during the three months ended September 30, 2018, no shares were purchased for cancellation. During the nine months ended September 30, 2018, 1.3 million shares were purchased for cancellation for $39.9 million at a volume weighted average price paid of $31.17 per common share.

CASH FLOWS

Cash and cash equivalents were $70.8 million at the end of the third quarter of 2019, compared to $109.6 million at the end of the third quarter of 2018, and $72.6 million as at December 31, 2018. In the first nine months of 2019, the decrease in cash was largely due to investments in property and equipment, quarterly dividend payments, interest payments, payments of lease obligations, payments of income taxes, partially offset by earnings and loans drawn on the credit facilities.

Cash Flow from Operating Activities

Cash provided by operations for the quarter was $97.8 million compared to $90.2 million in the third quarter of 2018. The increase was primarily due to lower investment in working capital, partially offset by lower earnings, higher interest payments, and higher income tax payments.

For the first nine months of 2019, cash provided by operations was $189.0 million compared to $192.7 million last year. The decrease was due to lower earnings, higher income tax payments, higher interest payments, and lower margin received by the Company against its derivatives for its commodity hedging programs, partially offset by lower investment in working capital.

Cash Flow from Financing Activities

Cash from financing activities for the quarter was an outflow of $33.5 million compared to an inflow of $28.0 million in the third quarter of 2018. The change was primarily due to drawings against the Credit Facility and share repurchases under the NCIB program in the prior year, which were not repeated in the current year.

For the first nine months of 2019, cash from financing activities was an inflow of $7.2 million compared to an outflow of $20.2 million last year. The improvement was primarily due to share repurchases under the NCIB program in the prior year, which were not repeated in the current year, partially offset by lower drawings against the Credit facility.

Cash Flow from Investing Activities

Cash used in investing activities for the quarter was $60.5 million compared to $45.0 million in the third quarter of 2018. The increase was driven by higher investment in property and equipment.

For the first nine months of 2019, cash used in investing activities was $198.0 million compared to $266.3 million last year. The reduction was primarily due to cash used for an acquisition in the prior year, partially offset by higher investment in property and equipment.

FINANCIAL INSTRUMENTS

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

During the three months ended September 30, 2019, the Company recorded a loss of $1.3 million (2018: gain of $0.2 million) on non-designated financial instruments held for trading.

During the nine months ended September 30, 2019, the Company recorded a gain of $11.8 million (2018: gain of $8.3 million) on non-designated financial instruments held for trading.

During the three months ended September 30, 2019, the pre-tax amount of hedge ineffectiveness recognized in other expense was a gain of $0.1 million (2018: gain of $0.1 million).

During the nine months ended September 30, 2019, the pre-tax amount of hedge ineffectiveness recognized in other expense was a loss of $0.1 million (2018: gain of $0.1 million).

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

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts	$ —	1,102	—	$ 1,102
Commodity contracts	5,861	168	—	6,029
	$ 5,861	**1,270**	**—**	**$ 7,131**
Liabilities:				
Foreign exchange contracts	$ —	356	—	$ 356
Commodity contracts	—	372	—	372
	$ —	**728**	**—**	**$ 728**

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

Accumulated other comprehensive income (loss)

During the three months ended September 30, 2019, a gain of approximately $0.2 million, net of tax of $0.1 million, was released to earnings from accumulated other comprehensive income (loss) and included in the net change for the period (2018: loss of approximately $0.4 million, net of tax of $0.1 million).

During the nine months ended September 30, 2019, a loss of approximately $1.9 million, net of tax of $0.7 million, was released to earnings from accumulated other comprehensive income (loss) and included in the net change for the period (2018: loss of approximately $0.0 million, net of tax of $0.0 million).

During the three months ended September 30, 2019, the loss on the net investment hedge recorded in other comprehensive income (loss) was $3.5 million, net of tax of $0.6 million (2018: gain of $0.6 million, net of tax loss of $0.1 million).

During the nine months ended September 30, 2019, the gain on the net investment hedge recorded in other comprehensive income (loss) was $8.0 million, net of tax of $1.5 million (2018: loss of $2.3 million, net of tax $0.3 million).

SHARE CAPITAL

As at October 24, 2019, there were 124,730,126 common shares issued and outstanding.

OTHER MATTERS

On October 29, 2019, the Board of Directors approved a dividend of $0.145 per share payable December 31, 2019 to shareholders of record at the close of business on December 6, 2019. Unless indicated otherwise by the Company at or before the time the dividend is paid, this dividend will be considered an eligible dividend for the purposes of the “Enhanced Dividend Tax Credit System”.

MAPLE LEAF CENTRE FOR ACTION ON FOOD SECURITY

The Maple Leaf Centre for Action on Food Security (the “Centre”) is the primary expression of the Company's Sustainability strategy pillar of Better Communities. The Centre is a registered charity working to advance food security through collaboration with other organizations and individuals, through advocating for critical policies and investing in programs required to make sustainable improvements in food security. Additional information regarding the Centre is available on its website at: https://www.feedopportunity.com

TRANSACTIONS WITH RELATED PARTIES

The Company sponsors a number of defined benefit and defined contribution plans. During the three and nine months ended September 30, 2019, the Company's contributions to these plans were $7.2 million and $22.5 million (2018: $7.1 million and $21.6 million), respectively.

The Company’s largest shareholder is McCain Capital Inc. (“MCI”) which is beneficially owned or controlled by Mr. Michael H. McCain, Chief Executive Officer and President of the Company. For the three and nine months ended September 30, 2019, the Company received services from MCI in the amount of $0.1 million and $0.4 million, respectively (2018: $0.1 million and $0.3 million), which represented the market value of the transactions with MCI. As at September 30, 2019, $0.1 million (September 30, 2018: $0.2 million; December 31, 2018: $0.4 million) was owing to MCI relating to these transactions.

McCain Financial Advisory Services ("MFAS") is an entity jointly controlled by individuals including Mr. Michael H. McCain. For the three and nine months ended September 30, 2019 and 2018, the Company provided services to, and received from, MFAS for a nominal amount, which represented the market value of the transactions.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of unaudited quarterly financial information:

($ thousands except earnings per share)		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total[i]
Sales[ii]	**2019**	**$ 907.1**	**$ 1,022.7**	**$ 995.8**	**$ —**	**$ —**
	2018	$ 817.5	$ 909.2	$ 874.8	$ 893.9	$ 3,495.5
	2017	$ 811.2	$ 925.9	$ 908.4	$ 876.8	$ 3,522.2
Net earnings (loss)	**2019**	**$ 50.1**	**$ (6.3)**	**$ 13.4**	**$ —**	**$ —**
	2018	$ 27.9	$ 34.9	$ 26.6	$ 11.9	$ 101.3
	2017	$ 30.1	$ 37.3	$ 37.6	$ 59.1	$ 164.1
Earnings (loss) per share [iii]						
Basic	**2019**	**$ 0.41**	**$ (0.05)**	**$ 0.11**	**$ —**	**$ —**
	2018	$ 0.22	$ 0.28	$ 0.21	$ 0.10	$ 0.81
	2017	$ 0.23	$ 0.29	$ 0.29	$ 0.47	$ 1.28
Diluted	**2019**	**$ 0.40**	**$ (0.05)**	**$ 0.11**	**$ —**	**$ —**
	2018	$ 0.22	$ 0.27	$ 0.21	$ 0.10	$ 0.79
	2017	$ 0.22	$ 0.28	$ 0.29	$ 0.45	$ 1.24
Adjusted EPS[iv]	**2019**	**$ 0.20**	**$ 0.33**	**$ 0.03**	**$ —**	**$ —**
	2018	$ 0.29	$ 0.34	$ 0.29	$ 0.29	$ 1.22
	2017	$ 0.33	$ 0.41	$ 0.39	$ 0.41	$ 1.54

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

(ii) *2019 and 2018 sales include impact of the adoption of new accounting standard IFRS 15 Revenue from Contracts with Customers.*

(iii) *Per share information is based on amounts attributable to common shareholders.*

(iv) *Refer to Non-IFRS Financial Measures starting on page 11 of this document.*

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

Fluctuations in quarterly net earnings (loss) can be attributed to similar factors, pork and poultry industry processing margins, restructuring and other related costs, operating efficiencies, changes in the fair value of derivative and non-derivative financial instruments and biological assets, selling, general and administrative expenses, investments to support strategic initiatives, acquisition and transitional costs, and interest expense and other financing costs incurred.

For an explanation and analysis of quarterly results, refer to the Company's Management's Discussion and Analysis for each of the respective quarterly periods which are filed on SEDAR and also available on the Company's website at https://www.mapleleaffoods.com.

SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Adopted During the Fiscal Year

Beginning on January 1, 2019, the Company adopted certain IFRS and amendments. As required by IAS 34 *Interim Financial Reporting* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the nature and the effect of these changes are disclosed below:

Leases

Beginning on January 1, 2019, the Company adopted IFRS 16 *Leases* using the modified retrospective approach where prior periods are not restated. The new standard replaces IAS 17 *Leases* and provides a new framework for lessee accounting that requires most right of use ("ROU") assets obtained through operating leases to be capitalized and a related liability to be recorded. IFRS 16 substantially carries forward the accounting requirements for lessors. The adoption of IFRS 16 results in changes to property, equipment and vehicle lease contracts which were previously classified as operating leases under IAS 17. Upon adoption, lease obligations equal to the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate are recognized. An ROU asset, representing the Company's right to use the underlying leased asset, will generally be equal to the lease obligation at adoption and subsequently depreciated on a straight-line basis.

Payments previously recognized in the consolidated statements of net earnings (loss) are replaced by a combination of depreciation on the ROU asset and interest expense on the lease obligations. Depreciation is classified as either selling, general and administrative expenses or cost of goods sold, depending on the leased asset's intended use. Interest expense is classified as interest expense and other financing costs. Refer to the Interim Report to Shareholders for the First Quarter Ended March 31, 2019 Note 2(b) for practical expedients elected and the initial impact of adoption.

Uncertainty over Income Tax Treatments

Beginning January 1, 2019, the Company adopted IFRIC 23 *Uncertainty over Income Tax Treatments*. The interpretations provide guidance on how to value uncertain income tax positions based on the probability of whether the relevant tax authorities will accept a company's tax treatments. Refer to the Interim Report to Shareholders for the First Quarter Ended March 31, 2019 Note 2(b) for the initial impact of adoption.

Long-term Interests in Associates and Joint Ventures

Beginning January 1, 2019, the Company adopted amendments to IAS 28 *Investments in Associates and Joint Ventures*. The amendments clarify that a company applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture. The Company adopted the amendments to IAS 28 retrospectively in its consolidated financial statements for the annual period beginning January 1, 2019. The adoption of the amendments to IAS 28 did not have a material impact on the consolidated financial statements.

Annual Improvements to IFRS (2015-2017) Cycle

Beginning January 1, 2019, the Company adopted narrow-scope amendments to a total of four standards as part of its annual improvement process. Amendments were made to clarify that a company must remeasure its previously held interest in a joint operation when it obtains control of the business in accordance with IFRS 3 *Business Combinations* but does not remeasure when it obtains joint control of the business under IFRS 11 *Joint Arrangements*. The amendments also include clarification that, all income tax consequences of dividend payments should be recognized consistently with the transactions that generated the distributable profits, under IAS 12 *Income Taxes* and that under IAS 23 *Borrowing Costs*, any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale becomes part of general borrowings. The Company adopted these amendments prospectively in its consolidated financial statements for the annual period beginning January 1, 2019. The adoption of these standards did not have a material impact on the consolidated financial statements.

Employee benefits (amendment)

Beginning January 1, 2019, the Company adopted an amendment to IAS 19 *Employee Benefits*. The amendment clarifies the effect of a plan amendment, curtailment and settlement on the requirements regarding the asset ceiling. In addition, if a plan amendment, curtailment or settlement occurs, it is mandatory under the amended standard that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. The Company adopted the amendment to IAS 19 prospectively in its consolidated financial statements for the annual period beginning January 1, 2019. The amendment to IAS 19 did not have a material impact on the consolidated financial statements.

Accounting Pronouncements Issued But Not Yet Effective

Conceptual Framework

On March 29, 2018, the IASB issued its revised Conceptual Framework for Financial Reporting. The revised Conceptual Framework does not constitute a substantial revision from the previously effective guidance, but does provide additional guidance on topics not previously covered such as presentation and disclosure. This amendment is effective on January 1, 2020. The Company intends to adopt this amendment in its consolidated financial statements for the annual period beginning January 1, 2020. The adoption of the revised Conceptual Framework for Financial Reporting is not expected to have a material impact on the consolidated financial statements.

Definition of a Business

On October 22, 2018, the IASB issued a narrow scope amendment to IFRS 3 *Business Combinations*. This amendment narrowed and clarified the definition of a business, as well as permitted a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. This amendment effective on January 1, 2020 and is to be applied prospectively. The

Company intends to adopt the amendment to IFRS 3 in its consolidated financial statements for the annual period beginning January 1, 2020. The adoption of the amendment to IFRS 3 is not expected to have a material impact on the consolidated financial statements.

Definition of Material

On October 31, 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. These amendments clarify and align the definition of material and provide guidance to help improve consistency in the application of materiality when used in other IFRS standards. These amendments are effective on January 1, 2020 and are to be applied prospectively. The Company intends to adopt the amendments to IAS 1 and IAS 8 in its consolidated financial statements for the annual period beginning January 1, 2020. The adoption of the amendments to IAS 1 and IAS 8 are not expected to have a material impact on the consolidated financial statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been no change in the Company's internal control over financial reporting during the period beginning on July 1, 2019 and ended on September 30, 2019, that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

OUTLOOK

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

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

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

In 2019 the Company expects to:

- Invest approximately $300.0 million in capital expenditures, including approximately $100.0 million related to the construction of the new value-added poultry facility in London, Ontario and the new plant protein facility in Shelbyville, Indiana. This includes continuing construction of its London Poultry facility and advancing its Shelbyville plant protein facility. The Company's net debt includes $79.5 million of Construction Capital[(i)] related to these projects;
- Continue to build its leadership in sustainable meat with further advancement in animal care including progress towards transitioning all sows under management to open housing systems by 2021, and ongoing retail and food service growth of the raised without antibiotics category in Canada and the U.S.;
- Gain further momentum in prepared meats sales volume as the Company benefits from the food renovation and brand repositioning of its Maple Leaf®, Schneiders® and Swift® brands; and
- Pursue aggressive new growth goals focused on expanding sales and accelerating its leadership in the refrigerated plant protein market under its flagship Lightlife® and Field Roast Grain Meat Co.™ brands, targeting 2020 sales to exceed $280.0 million with an opportunity of greater than $3.0 billion in sales on a 10-year horizon, based on the plant protein market's growth potential and the Company's anticipated share of the market.

(i) *Refer to the section titled Non-IFRS Financial Measures starting on page 11 of this document for the definition of these non-IFRS measures.*

NON-IFRS FINANCIAL MEASURES

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, Adjusted EBITDA Margin, Construction Capital and Net Debt. Management believes that these non-IFRS measures provide useful information to investors in measuring the financial performance of the Company for the reasons outlined below. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBITDA Margin are non-IFRS measures used by Management to evaluate financial operating results. Adjusted Operating Earnings 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. Adjusted EBITDA is 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. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by sales.

The tables below provide a reconciliation of earnings (loss) before income taxes as reported under IFRS in the consolidated financial statements to Adjusted Operating Earnings and Adjusted EBITDA for the three and nine months September 30. Management believes that these non-IFRS measures are 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.

	Three months ended September 30, 2019				Three months ended September 30, 2018(i)			
($ thousands) *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated(ii)**	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated(ii)	Total
Earnings (loss) before income taxes	**$ 39,617**	**(34,925)**	**(2,884)**	**$ 1,808**	$ 50,293	384	(15,092)	$ 35,585
Interest expense and other financing costs	**—**	**—**	**8,137**	**8,137**	—	—	2,274	2,274
Other expense	**363**	**53**	**1,118**	**1,534**	299	45	3,002	3,346
Restructuring and other related costs	**4,588**	**—**	**—**	**4,588**	—	—	—	—
Earnings (loss) from operations	**$ 44,568**	**(34,872)**	**6,371**	**$ 16,067**	$ 50,592	429	(9,816)	$ 41,205
Decrease in fair value of biological assets(iii)	**—**	**—**	**1,289**	**1,289**	—	—	5,781	5,781
Unrealized (gain) loss on derivative contracts(iv)	**—**	**—**	**(7,660)**	**(7,660)**	—	—	4,035	4,035
Adjusted Operating Earnings	**$ 44,568**	**(34,872)**	**—**	**$ 9,696**	$ 50,592	429	—	$ 51,021
Depreciation and amortization	**41,225**	**3,309**	**—**	**44,534**	28,794	1,661	—	30,455
Items included in other expense representative of ongoing operations	**(363)**	**(53)**	**(392)**	**(808)**	(299)	(45)	—	(344)
Adjusted EBITDA	**$ 85,430**	**(31,616)**	**(392)**	**$ 53,422**	$ 79,087	2,045	—	$ 81,132
Adjusted EBITDA Margin	**9.0%**	**(67.3)%**	**—%**	**5.4%**	9.4%	5.7%	—%	9.3%

(i) *Comparative figures have been presented to align with current reportable segments.*

(ii) *Non-Allocated includes eliminations of inter-segment sales and associated cost 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.*

(iii) *Refer to Note 5 of the Company's 2019 third quarter consolidated financial statements for further details regarding biological assets.*

(iv) *Unrealized gains/losses on derivative contracts are reported within cost of goods sold in the Company's 2019 third quarter consolidated financial statements.*

($ thousands) (Unaudited)	**Nine months ended September 30, 2019**				Nine months ended September 30, 2018[i]			
	Meat Protein Group	**Plant Protein Group**	**Non-Allocated[ii]**	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Earnings (loss) before income taxes	**$ 155,923**	**(45,979)**	**(46,574)**	**$ 63,370**	$ 156,081	4,437	(37,498)	$ 123,020
Interest expense and other financing costs	**—**	**—**	**24,648**	**24,648**	—	—	5,793	5,793
Other (income) expense	**926**	**148**	**6,818**	**7,892**	(3,089)	226	7,294	4,431
Restructuring and other related costs	**5,979**	**—**	**—**	**5,979**	3,971	—	—	3,971
Earnings (loss) from operations	**$ 162,828**	**(45,831)**	**(15,108)**	**$ 101,889**	$ 156,963	4,663	(24,411)	$ 137,215
Decrease in fair value of biological assets[iii]	**—**	**—**	**13,316**	**13,316**	—	—	33,134	33,134
Unrealized loss (gain) on derivative contracts[iv]	**—**	**—**	**1,792**	**1,792**	—	—	(8,723)	(8,723)
Adjusted Operating Earnings	**$ 162,828**	**(45,831)**	**—**	**$ 116,997**	$ 156,963	4,663	—	$ 161,626
Depreciation and amortization	**121,054**	**9,305**	**—**	**130,359**	85,504	5,229	—	90,733
Items included in other (expense) income representative of ongoing operations	**(926)**	**(148)**	**(392)**	**(1,466)**	3,089	(226)	—	2,863
Adjusted EBITDA	**$ 282,956**	**(36,674)**	**(392)**	**$ 245,890**	$ 245,556	9,666	—	$ 255,222
Adjusted EBITDA Margin	**10.1%**	**(29.0)%**	**—%**	**8.4%**	9.8%	9.6%	—%	9.8%

(i) *Comparative figures have been presented to align with current reportable segments.*

(ii) *Non-Allocated includes eliminations of inter-segment sales and associated cost 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.*

(iii) *Refer to Note 5 of the Company's 2019 third quarter consolidated financial statements for further details regarding biological assets.*

(iv) *Unrealized gains/losses on derivative contracts are reported within cost of goods sold in the Company's 2019 third 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 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 consolidated statements of net earnings to Adjusted Earnings per Share for the three and nine months ended September 30, as indicated below. Management believes this basis is the most appropriate on which to evaluate financial results as they are representative of the ongoing operations of the Company.

($ per share) (Unaudited)	**Three months ended September 30,**		**Nine months ended September 30,**	
	2019	2018	**2019**	2018
Basic earnings per share	**$ 0.11**	$ 0.21	**$ 0.46**	$ 0.71
Income tax recovery not considered representative of ongoing operations	**(0.08)**	—	**(0.08)**	—
Restructuring and other related costs[i]	**0.03**	—	**0.04**	0.02
Items included in other expense not considered representative of ongoing operations[ii]	**0.01**	0.02	**0.04**	0.05
Change in the fair value of biological assets[iii]	**0.01**	0.03	**0.08**	0.19
Unrealized loss (gain) on derivative contracts[iii]	**(0.05)**	0.02	**0.01**	(0.05)
Adjusted Earnings per Share [iv]	**$ 0.03**	$ 0.29	**$ 0.55**	$ 0.93

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

(ii) *Primarily includes 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.*

Construction Capital

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

($ thousands) *(Unaudited)*	**2019**	2018
Opening balance at January 1	**$ 22,422**	$ 12,950
Additions	**18,100**	1,925
Balance at March 31	**$ 40,522**	$ 14,875
Additions	**23,127**	3,693
Balance at June 30	**$ 63,649**	$ 18,568
Additions	**15,832**	2,014
Balance at September 30	**$ 79,481**	$ 20,582
Construction Capital debt financing[(i)]	**$ 79,481**	$ 20,582

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

Net Debt

The following table reconciles Net Debt to amounts reported under IFRS in the Company's consolidated financial statements as at September 30, as indicated below. The Company calculates Net Debt as cash and cash equivalents, less long-term debt and bank indebtedness. Management believes this measure is useful in assessing the amount of financial leverage employed.

($ thousands)	**As at September 30,**	
(Unaudited)	**2019**	2018
Cash and cash equivalents	**$ 70,760**	$ 109,643
Current portion of long-term debt	**(887)**	(839)
Long-term debt	**(472,990)**	(174,276)
Total debt	**$ (473,877)**	$ (175,115)
Net Debt	**$ (403,117)**	$ (65,472)

FORWARD-LOOKING STATEMENTS

This document contains, and the Company's oral and written public communications often contain, "forward-looking information" within the meaning of applicable securities law. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which the Company operates, as well as beliefs and assumptions made by Management of the Company. Such statements include, but are not limited to, statements with respect to objectives and goals, in addition to statements with respect to beliefs, plans, objectives, expectations, anticipations, estimates, and intentions. Specific forward-looking information in this document includes, but is not limited to, statements with respect to: future performance; expectations regarding the use of derivatives, futures and options; the expected use of cash balances; source of funds for ongoing business requirements; expectations regarding capital projects, investments and expenditures; expectations regarding the implementation of environmental sustainability initiatives; expectations regarding the adoption of new accounting standards and the impact of such adoption on financial position; expectations regarding pension plan performance and future pension plan liabilities and contributions; expectations regarding levels of credit risk; and expectations regarding outcomes of legal actions. Words such as "expect", "anticipate", "intend", "may", "will", "plan", "believe", "seek", "estimate", and variations of such words and similar expressions are intended to identify such forward-looking information. All statements in this document, other than statements of historical fact, are forward looking statements. These statements are not guarantees of future performance and involve assumptions, risks, and uncertainties that are difficult to predict.

In addition, these statements and expectations concerning the performance of the Company's business in general are based on a number of factors and assumptions including, but not limited to: the condition of the Canadian, U.S., Japanese, and Chinese economies; the rate of exchange of the Canadian dollar to the U.S. dollar, the Japanese yen, and the Euro; the availability and prices of raw materials, energy and supplies; product pricing; the availability of insurance; the competitive environment and related market conditions; improvement of operating efficiencies; continued access to capital; the cost of compliance with environmental and health standards; no adverse results from ongoing litigation; no unexpected actions of domestic and foreign governments; and the general assumption that none of the risks identified below or elsewhere in this document will materialize. All of these assumptions have been derived from information currently available to the Company, including information obtained by the Company from third-party sources. These assumptions may prove to be incorrect in whole or in part. In addition, actual results may differ materially from those expressed, implied, or forecasted in such forward-looking information, which reflect the Company's expectations only as of the date hereof.

Factors that could cause actual results or outcomes to differ materially from the results expressed, implied, or forecasted by forward looking information include, among other things:

- risks associated with the Company focusing solely on the protein business;
- risks related to the Company's decisions regarding any potential return of capital to shareholders;
- risks associated with the execution of capital projects, including cost, schedule and regulatory variables;
- risks associated with international trade and access to markets;
- risks associated with concentration of production in fewer facilities;
- risks associated with the availability of capital;
- risks associated with changes in the Company's information systems and processes;
- risks associated with cyber threats;
- risks posed by food contamination, consumer liability, and product recalls;
- risks associated with acquisitions, divestitures, and capital expansion projects;
- impact on pension expense and funding requirements of fluctuations in the market prices of fixed income and equity securities and changes in interest rates;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- risks related to the health status of livestock;
- impact of a pandemic on the Company's operations;
- the Company's exposure to currency exchange risks;
- ability of the Company to hedge against the effect of commodity price changes through the use of commodity futures and options;
- impact of changes in the market value of the biological assets and hedging instruments;
- risks associated with the supply management system for poultry in Canada;
- risks associated with product innovation and product development;
- risks associated with rapidly changing market dynamics in the plant protein sector;
- risks associated with the use of contract manufacturers;
- impact of international events on commodity prices and the free flow of goods;
- risks posed by compliance with extensive government regulation;
- risks posed by litigation;
- impact of changes in consumer tastes and buying patterns;
- impact of extensive environmental regulation and potential environmental liabilities;
- risks associated with a consolidating retail environment;
- risks posed by competition;
- risks associated with complying with differing employment laws and practices, the potential for work stoppages due to non-renewal of collective agreements, and recruiting and retaining qualified personnel;
- risks associated with pricing the Company's products;
- risks associated with managing the Company's supply chain;
- risks associated with failing to identify and manage the strategic risks facing the Company; and
- impact of changes in International Financial Reporting Standards and other accounting standards that the Company is required to adhere to for regulatory purposes.

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

The Company cautions the reader that the foregoing list of factors is not exhaustive. More information about risk factors can be found under the heading "Risk Factors" in the Company's Annual Management's Discussion and Analysis for the year ended December 31, 2018, that is available on SEDAR at www.sedar.com. The reader should review such section in detail. Some of the forward-looking information may be considered to be financial outlooks for purposes of applicable securities legislation including, but not limited to, statements concerning future capital expenditures. These financial outlooks are presented to evaluate anticipated future uses of cash flows, and may not be appropriate for other purposes and readers should not assume they will be achieved. The Company does not intend to, and the Company disclaims any obligation to, update any forward-looking information, whether written or oral, or whether as a result of new information, future events or otherwise, except as required by law. Additional information concerning the Company, including the Company's Annual Information Form is available on SEDAR at www.sedar.com.

ABOUT MAPLE LEAF FOODS INC.

Maple Leaf Foods is a producer of food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Schneiders®, Mina®, Greenfield Natural Meat Co.®, Lightlife®, Field Roast Grain Meat Co.™ and Swift®. Maple Leaf employs approximately 12,500 people and does business in Canada, the U.S. and Asia. The Company is headquartered in Mississauga, Ontario and its shares trade on the Toronto Stock Exchange (MFI).