



# Maple Leaf Foods

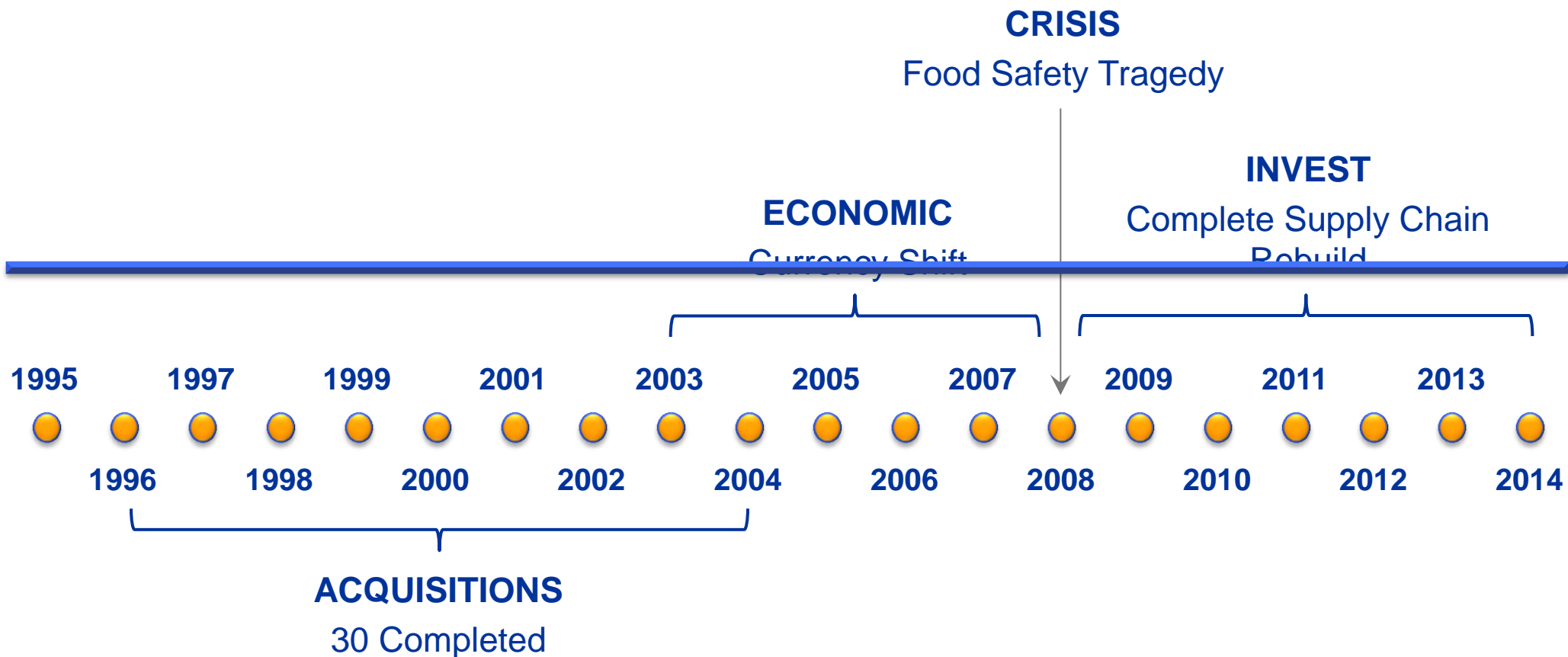
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September 2014

# Investment thesis

- Leading Canadian CPG company with #1 brands and market positions
- Maple Leaf is about to complete the largest investment ever in the Canadian Food industry to rationalize its supply chain and reduce costs
- We will be highly competitive and well-positioned to deliver on our strategic target of 10% EBITDA margins in 2015
- Balance sheet has net cash of \$500 million
- Beyond 2015 there is opportunity to continue to expand margins and drive growth

# Our journey to-date



# Business model

## CORE BUSINESS

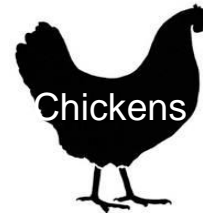
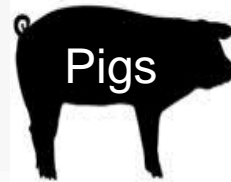
### Agribusiness

### Fresh Meats

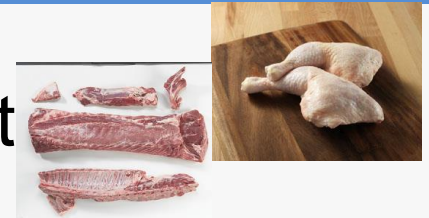
### Prepared Meats

Input

Grain



Meat



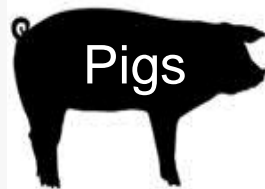
Commercial Activity

Grow hogs

Primary processing

Value-add

Output



Consumer Products



# Strong values built on a sustainable business

## Our Leadership Values

- Do what's right
- Deliver winning results
- Build collaborative teams
- Get things done a fact-based, disciplinary way
- Learn and grow, inwardly and outwardly
- Dare to be transparent, passionate and humble

## Our Sustainability Pillars

- Economic responsibility
- Social responsibility
- Environment responsibility
- Consumer responsibility
- Our people

# Winning in the food business

1

Strong  
Brands

Maple  
Leaf



2

Leading  
Market  
Shares

Maple  
Leaf



3

Competitive  
Cost  
Structure

Maple  
Leaf

In  
Progress

# Our leading brands



## Market share leader

<b>Category</b>	<b>Market share (~%)</b>
Wieners	60
Bacon	40
Sliced Meats	35
Frozen Sausages	70
Canned Meats	55
Lunch Kits	95
Meat Snacks	30

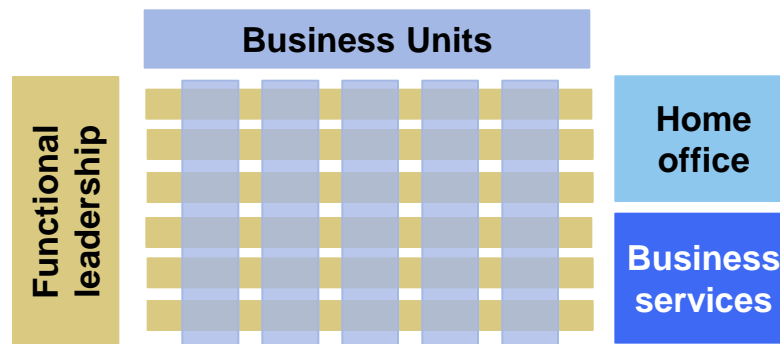
Source: Nielsen Market Track, April 2014



# A focused value-added meat company

**Then: 2006**

*Vision: A globally admired value-added meat, meals and bakery company*



**Sales:** ~\$6B

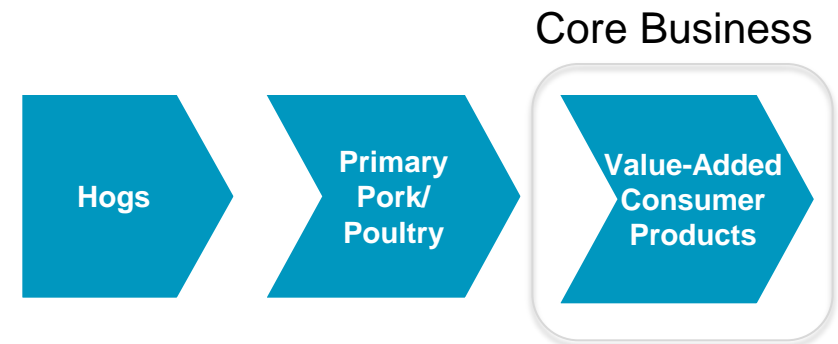
**Structure:** 13 business units

**Employees:** 22,500

**Plants/DCs:** 100+

**Now: 2015 – End-State**

*Vision: The best protein company in the world*



**\$3B**

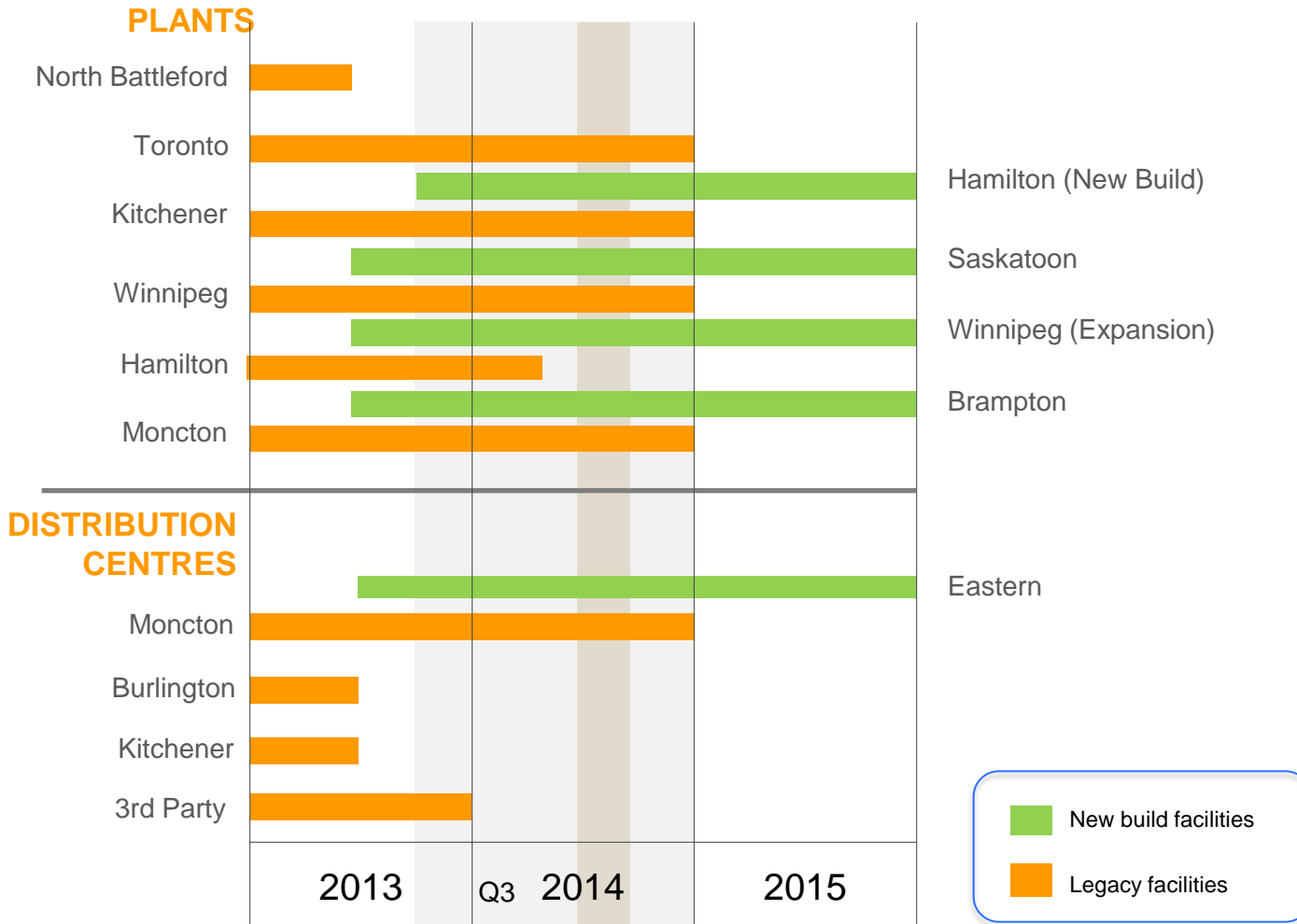
**Single business unit**

**12,000**

**27**

# Two for one plant network continues

Duplicative overhead will end by 2015



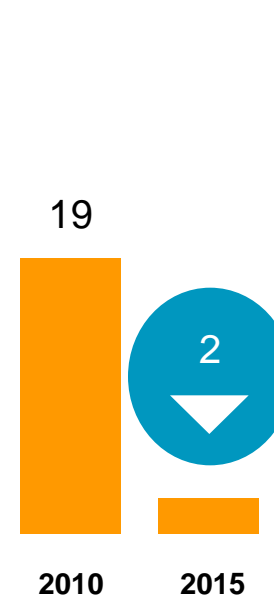
- Post-2014, sharp drop in costs, increased margins
- An efficient scale, low cost network
- 10% EBITDA margins

# 1.7x productivity gain in prepared meats network

*Transition from small multi-product to scale, focused facilities*

Key Categories	Number of manufacturing sites	
	2010	2015
Wieners and luncheon meats	8	3
Cooked sausages	6	1
Smoked hams	4	1
Fresh and frozen sausages	4	2
Bacon	4	1

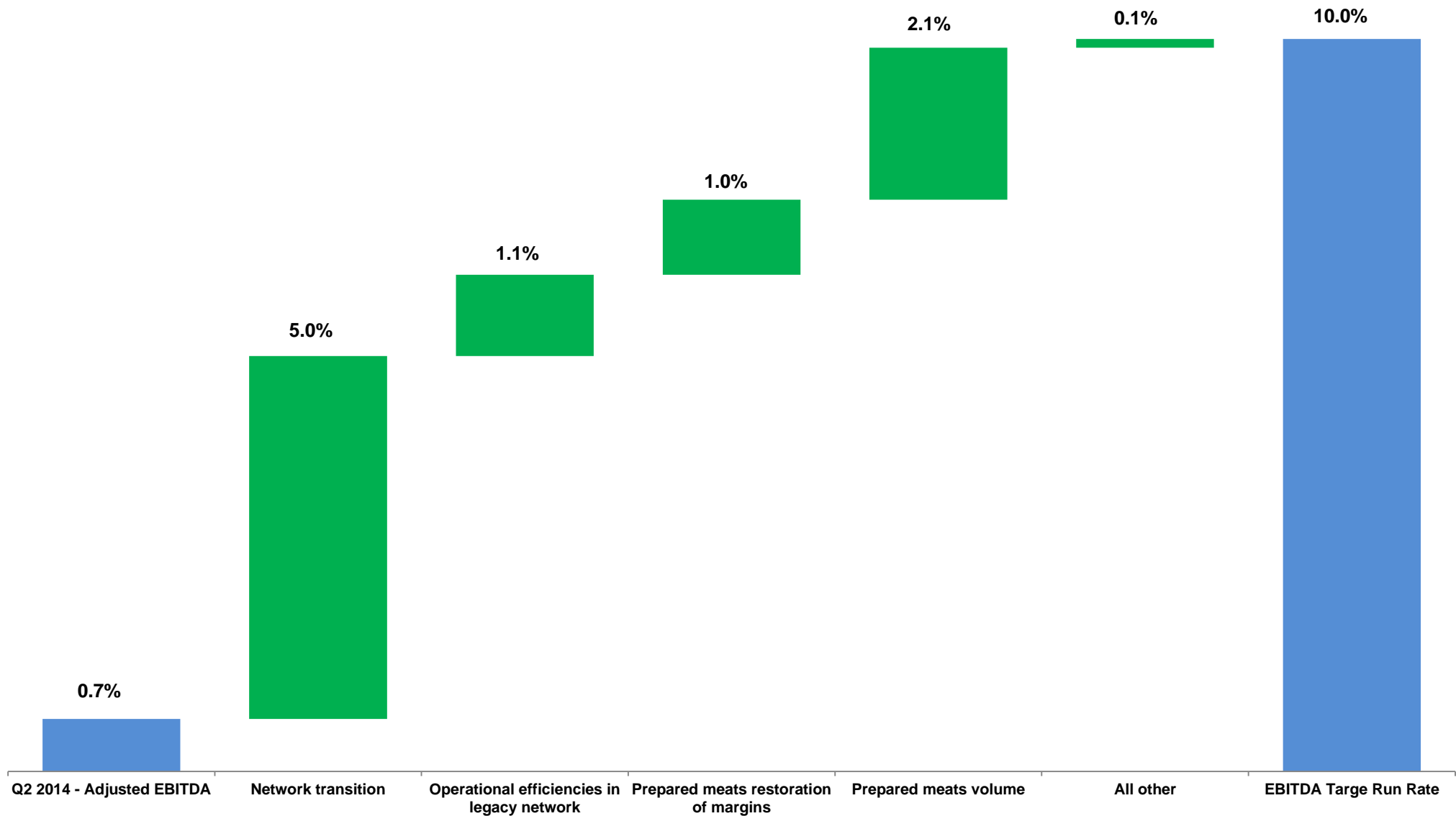
**Total distribution centres**  
(including 3<sup>rd</sup> party)



**Significant efficiency gains**  
Production per person  
(KGs/person)



# EBITDA Bridge – Q2/14 to 2015 run rate

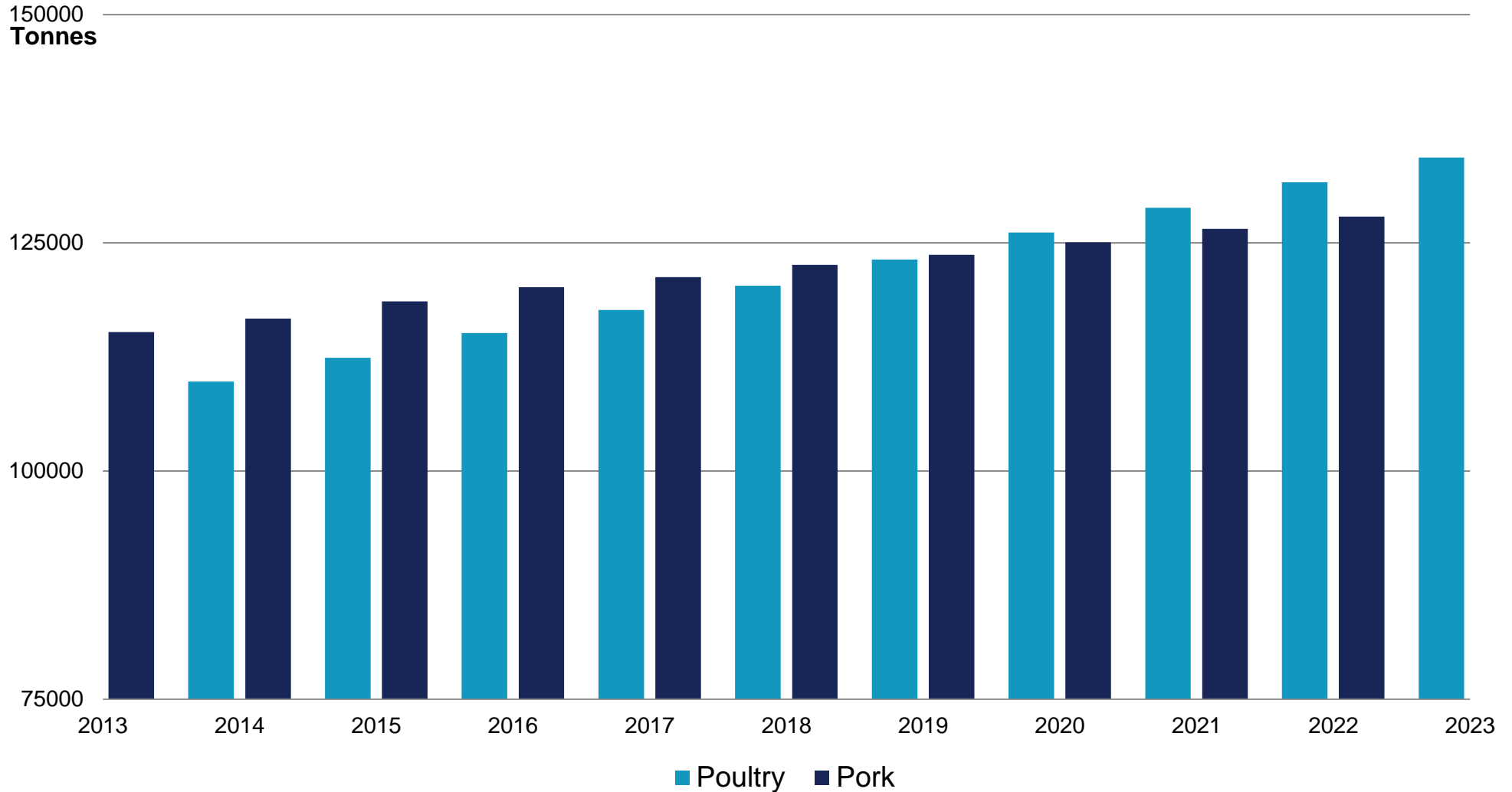


# Balance sheet is very strong

- Sale of 90% ownership in Canada Bread to Grupo Bimbo closed on May 23, 2014
  - Net proceeds \$1.66 billion (including accrued dividends)
  - All debt repaid on closing
- Cash on balance sheet at the end of Q2 is \$540 million
- 2015 maintenance capital forecasted to be \$80 million
- Priorities are:
  - Complete Job #1 – network transition
  - Define future growth agenda and capital needs
  - Return excess capital to shareholders via share buy-back

# Protein industry has a bright future

Global consumption of pork and poultry forecasted to grow significantly



Forecasts from OECD/FAO – July 2014

# Maple Leaf has a culture of innovation

## New categories for Maple Leaf Prime



## Maple Leaf brand campaign



FEEDING THE COUNTRY

Targeting the growing demand for protein

## Fast growing ethnic market



## Take the lead in Protein snacking



## Plans to expand Raised Without Antibiotics line



# Poised for profitability and future growth

- State-of-the art, low cost, manufacturing and distribution network
- Leading brands and market position
- Strong balance sheet
- Opportunity for growth in existing categories, new categories and new markets
- Deliver 10% EBITDA margin in 2015; opportunity to expand beyond this
- Protein space is very positive in North America and poised for global growth





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