MAPLE LEAF FOODS INC.

Management's Discussion and Analysis
For the Third Quarter Ended
September 30, 2018

Management's Discussion and Analysis

Management's Discussion and Analysis

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

October 24, 2018

FINANCIAL OVERVIEW

Sales[(i)] for the third quarter of 2018 were $874.8 million compared to $908.4 million last year, a decrease of 3.7%, or a decrease of 1.6% after adjusting for IFRS 15 and acquisitions. Sales were impacted by a significant decline in underlying fresh market values, partially offset by higher sales in prepared meats, specifically in sustainable meat products and a continued increase in plant protein.

Sales for the first nine months were $2,601.6 million compared to $2,645.4 million last year, a decrease of 1.7%, or a decrease of 0.1% after adjusting for IFRS 15 and acquisitions. The decrease in year to date sales is consistent with the factors noted above.

The Company adopted accounting standard, IFRS 15 in the first quarter of 2018. Under the new standard, sales was reduced by $37.1 million (reduced by $101.1 million in the first nine months of 2018) and cost of sales were reduced by a similar amount for the quarter, based on revised criteria for revenue recognition for certain repurchase agreements. Management expects a similar impact in the fourth quarter.

Net earnings for the third quarter were $26.6 million ($0.21 per basic share) compared to $37.6 million ($0.29 per basic share) in the third quarter of 2017. Continued growth in value-added pork and poultry and plant protein was more than offset by adverse underlying market conditions, including heightened volatility in hog prices, and strategic investments in food renovation to support long-term growth and market leadership in the Company's major brands. Third quarter 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[(ii)] below.

For the first nine months, net earnings were $89.4 million ($0.71 per basic share) compared to $105.0 million ($0.81 per basic share). The decrease in net earnings for year to date is consistent with the factors noted above.

Adjusted Operating Earnings for the third quarter were $51.0 million compared to $65.2 million in the third quarter of 2017, and Adjusted Earnings per Share[(iii)] decreased to $0.29 from $0.39 last year. For the first nine months, Adjusted Operating Earnings decreased to $161.6 million from $199.2 million, and Adjusted Earnings per Share decreased to $0.93 from $1.13 last year.

Adjusted EBITDA Margin[(iv)] for the third quarter was 9.3% compared to 10.6% in the third quarter of 2017. For the first nine months, Adjusted EBITDA Margin decreased to 9.8% from 10.9%.

Several items are excluded from the discussions of underlying earnings performance as they are not representative of ongoing operational activities. Refer to the section entitled Non-IFRS Financial Measures of this Management Discussion and Analysis on page 8 for a description and reconciliation of all non-IFRS financial measures.

Notes:

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

(ii) *Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as earnings before income taxes adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Please refer to the section entitled Non-IFRS Financial Measures starting on page 9 of this document.*

(iii) *Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as basic earnings per share and is adjusted on the same basis as Adjusted Operating Earnings. Please refer to the section entitled Non-IFRS Financial Measures starting on page 9 of this document.*

(iv) *Adjusted EBITDA, a non-IFRS measure, is calculated as earnings before interest and income taxes plus depreciation and intangible asset amortization, adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by sales. Please refer to the section entitled Non-IFRS Financial Measures starting on page 9 of this document.*

OPERATING REVIEW

The following table summarizes the Company's total sales, Adjusted Operating Earnings and Adjusted EBITDA Margin for the quarter and nine months ended September 30.

($ thousands) *(Unaudited)*	**Three months ended September 30,**		**Nine months ended September 30,**	
	2018	2017	**2018**	2017
Total Sales	**$ 874,827**	$ 908,359	**$2,601,580**	$2,645,417
Adjusted Operating Earnings	**$ 51,021**	$ 65,152	**$ 161,626**	$ 199,188
Adjusted EBITDA Margin	**9.3%**	10.6%	**9.8%**	10.9%

Sales for the third quarter of 2018 decreased 3.7% to $874.8 million or a decrease of 1.6% after adjusting for IFRS 15 and acquisitions. The Company benefited from growth in sustainable meat products, improved mix in branded prepared meats and a continued increase in plant protein. However, this positive performance was more than offset by lower fresh market values.

Sales for the first nine months decreased 1.7% to $2,601.6 million or a decrease of 0.1% after adjusting for IFRS 15 and acquisitions. The drivers of the decrease are primarily attributed to the factors noted above.

Adjusted Operating Earnings decreased to $51.0 million from $65.2 million in the third quarter of 2017. The impact of lower hog prices and strategic investments in food renovation supporting major brand strategies were partially offset by lower input costs in prepared meats, expansion in value-added pork and poultry, plant protein and improved sales mix in branded prepared meats.

Adjusted Operating Earnings in the first nine months was $161.6 million compared to $199.2 million last year. Year to date results were also impacted by challenging market conditions in the pork complex and the other factors noted above.

Adjusted EBITDA Margin for the third quarter was 9.3% compared to 10.6% the third quarter of 2017. For the first nine months, Adjusted EBITDA Margin decreased to 9.8% from 10.9% consistent with the factors noted above.

GROSS MARGIN

Gross margin in the third quarter of 2018 was $118.6 million (13.6% of sales) compared to $130.2 million (14.3% of sales) in the third quarter of 2017. Gross margin decreased in line with underlying business performance driven by decreased sales in the current quarter and changes in the fair value of biological assets and derivatives.

For the first nine months, gross margin was $390.0 million (15.0% of sales) compared to $411.6 million (15.6% of sales) last year. The decrease in gross margin is attributable to the underlying business performance, which was partially offset by changes in the fair value of biological assets and derivatives.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the third quarter were $77.4 million (8.8% of sales), compared to $86.5 million (9.5% of sales) in the third quarter of 2017. The decrease in selling, general and administrative expenses was attributable to timing of spending of advertising and promotion and adjustments in variable compensation tied to underlying business performance.

Selling, general and administrative expenses, are impacted by the timing of when expenses are incurred. On an annual basis, the fluctuations, due to the timing of expenses, are minimized and these expenses expressed as a percentage of sales becomes comparable year-over-year.

For the first nine months of 2018, selling, general and administrative expenses were $252.8 million (9.7% of sales), compared to $256.5 million (9.7% of sales) last year.

OTHER INCOME (EXPENSE)

Other expense for the third quarter was $3.3 million compared to income of $12.8 million last year. The change is primarily related to income realized in 2017 that was not repeated in 2018, including a gain on the sale of investment properties, an insurance recovery offset by a related asset impairment, and changes in environmental provisions.

For the first nine months of 2018, other expense was $4.4 million compared to income of $8.9 million last year. The change is primarily due to losses incurred on asset disposals earlier in the year and items consistent with the factors noted above.

Certain items in other income (expense) are excluded from the calculation of Adjusted EBITDA and Adjusted Earnings per Share as they are not considered representative of ongoing operational activities of the business. Other income (expense) used in the calculation of Adjusted EBITDA and Adjusted Earnings per Share for the third quarter is expense of $0.3 million (2017: income of $2.4 million) and income of $2.9 million (2017: income of $2.4 million) for the first nine months.

RESTRUCTURING AND OTHER RELATED COSTS

During the three months ended September 30, 2018, the Company recorded restructuring and other related costs of $0.0 million (2017: $5.6 million).

During the nine months ended September 30, 2018, the Company recorded restructuring and the other related costs of $4.0 million (2017: $17.1 million). Of this amount, $2.2 million related to accelerated depreciation and employee related costs as a result of the announced closure of the plant in St. Anselme and $1.3 million related to accelerated depreciation and employee related costs as a result of the Thamesford turkey processing plant closure. The remaining $0.5 million related to ongoing management and organizational restructuring initiatives.

INCOME TAXES

The Company's income tax expense for the third quarter resulted in an effective tax rate of 25.4% (2017: 24.1%). The effective tax rate in 2018 in determining Adjusted Earnings per Share is 24.7% (2017: 24.1%). The higher effective tax rate in 2018 primarily resulted from the geographic mix of earnings. For 2018, the effective tax recovery rate on restructuring charges used in the computation of Adjusted Earnings per Share is 26.1% (2017: 26.1%). The effective tax recovery rate on items not considered representative of ongoing operations in 2018 is 22.7% (2017: 22.8%).

The Company's income tax expense for the nine months resulted in an effective tax rate of 27.3% (2017: 26.6%). The higher effective rate in 2018 primarily resulted from a higher proportion of non-deductible acquisition-related transaction costs and the geographic mix of earnings. The effective tax rate in 2018 in determining Adjusted Earnings per Share is 26.5% (2017: 26.0%). For 2018, the effective tax recovery rate on restructuring charges used in the computation of Adjusted Earnings per Share is 26.1% (2017: 26.1%). The effective tax recovery rate on items not considered representative of ongoing operations in 2018 is 23.1% (2017: 23.6%). The lower effective rate of recovery in 2018 primarily resulted from a higher proportion of non-deductible acquisition-related transaction costs.

ACQUISITIONS AND DIVESTITURES

On June 27, 2018, the Company signed a definitive agreement to acquire two processing plants and associated supply from Cericola Farms, a privately held 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, and was financed through drawings under the existing unsecured revolving credit facility. The transaction closed subsequent to quarter end on October 22, 2018.

On January 29, 2018, the Company acquired 100% of the outstanding shares of 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 $140.2 million (US$113.7 million). The Company financed the transaction through a combination of $89.5 million (US$72.6 million) of cash-on-hand, $49.3 million (US$40.0 million) of drawings under its unsecured revolving credit facility, and $1.4 million (US$1.1 million) of contingent consideration payable to the seller. Refer to Note 17 of the unaudited condensed consolidated interim financial statements ("consolidated financial statements").

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

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

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

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

During the three months ended September 30, 2018, the Company recorded acquisition related transaction costs of $1.9 million (2017: $0.0 million) that have been excluded from the consideration paid and have been recognized as an expense in other income (expense).

During the nine months ended September 30, 2018, the Company recorded acquisition related transaction costs of $5.1 million (2017: $5.0 million) that have been excluded from the consideration paid and have been recognized as an expense in other income (expense).

SUBSEQUENT EVENT

On October 1, 2018, the Company signed a definitive agreement to acquire 100% of the outstanding shares of VIAU Food Products Inc., a privately-held company engaged in the production and distribution of Italian cooked, dry-cured and charcuterie meats. The anticipated purchase price is $215.0 million prior to transaction fees, debt settlement, and working capital adjustments. The consideration will consist of $30.0 million in Maple Leaf Food's shares and the balance in cash financed with debt, and is expected to close in late 2018, subject to regulatory review.

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 and acquisitions.

On October 19, 2017, the Company amended its existing $400.0 million unsecured committed revolving credit facility by extending the maturity of the facility to October 19, 2021 under similar terms and conditions using the same syndicate of Canadian, U.S. and international financial institutions. This unsecured facility can be drawn in Canadian or U.S. dollars and bears interest payable monthly, based on Banker's Acceptance and Prime rates for Canadian dollar loans and LIBOR for U.S. dollar loans. The facility is intended to meet the Company's funding requirements for general purposes, corporate development activities, and to provide appropriate levels of liquidity. As at September 30, 2018, the Company had drawn $120.0 million in U.S. dollars (CDN$155.2 million), $11.3 million in Canadian dollars and letters of credit of $6.1 million on this facility (September 30, 2017: only letters of credit of $6.4 million; December 31, 2017: only letters of credit of $6.4 million).

This revolving term facility requires the maintenance of certain covenants. As at September 30, 2018, the Company was in compliance with all of these covenants.

The Company has additional uncommitted credit facilities for issuing up to a maximum of $125.0 million (September 30, 2017: $120.0 million; December 31, 2017: $120.0 million) letters of credit. As at September 30, 2018, $71.5 million of letters of credit had been issued thereon (September 30, 2017: $68.2 million; December 31, 2017: $67.8 million).

The Company's cash balance as at September 30, 2018 is $109.6 million (September 30, 2017: $209.9 million; December 31, 2017: $203.4 million). The Company has invested in short-term deposits with Canadian financial institutions having long-term debt ratings of A or higher.

The Company operates an accounts receivable securitization facility. The maximum cash advance available to the Company under this program is $110.0 million. The facility provides cash funding with a proportion of the Company's receivables being sold, and provides the Company with competitively priced financing and further diversifies its funding sources. Under the facility, the Company has sold certain accounts receivable, with very limited recourse, to a third-party trust that is funded by an international financial institution with a long-term AA- debt rating. The receivables are sold at a discount to face value based on prevailing money market rates.

As at September 30, 2018, the Company had $134.0 million (September 30, 2017: $135.2 million; December 31, 2017: $124.9 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, 2017: $106.2 million; December 31, 2017: $96.0 million) and notes receivable in the amount of $26.8 million (September 30, 2017: $29.0 million; December 31, 2017: $28.9 million). Due to the timing of receipts and disbursements, the Company may, from time to time, record a receivable or payable related to the securitization facility, and as at September 30, 2018, this net payable amounted to $2.8 million (September 30, 2017: $3.8 million net payable; December 31, 2017: $14.0 million net payable). The facility is accounted for as an off-balance sheet transaction in accordance with International Financial Reporting Standards (“IFRS”) and will expire in August 2019.

The Company's securitization and other credit facilities are subject to certain restrictions, including the maintenance of covenants. The Company was in compliance with all of the requirements of these facilities as at September 30, 2018. If the securitization facility was to be terminated, the Company would recognize the related amounts on the consolidated balance sheet and consider alternative financing if required.

CAPITAL EXPENDITURES

Capital expenditures for the third quarter were $45.1 million, compared to $31.8 million in the third quarter of 2017, and for the first nine months of 2018 were $128.0 million compared to $79.1 million in 2017. The increase in expenditures is primarily driven by timing of profit enhancement and maintenance projects compared to 2017.The Company currently estimates its capital expenditures for the full year of 2018 to be approximately $175.0 million. The 2018 estimate includes continued investments in profit enhancement and profit maintenance projects.

NORMAL COURSE ISSUER BID

On May 22, 2018, the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), which allows the Company to repurchase, at its discretion, up to 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 are cancelled. The program commenced on May 24, 2018 and will terminate on May 23, 2019, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. Under this bid during the three months ended 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 a 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, 0.0 million shares (2017: 1.3 million) were purchased for cancellation for $0.0 million (2017: $42.4 million) at a volume weighted average price paid of $0.0 (2017: $33.22) per common share. Under this bid during the nine months ended September 30, 2018, 1.3 million shares (2017: 1.5 million) were purchased for cancellation for $39.9 million (2017: $51.2 million) at a volume weighted average price paid of $31.17 (2017: $33.17) per common share.

On May 16, 2016, the TSX accepted the Company's notice of intention to commence a NCIB, which allowed the Company to repurchase, at its discretion, up to 8.7 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. The program commenced on May 19, 2016 and was terminated on May 18, 2017, as the Company completed its purchase and cancellation of 5.5 million common shares for $163.1 million at a volume weighted average price of $29.57 per common share. Under this bid during the nine months ended September 30, 2017, 3.4 million shares were purchased for cancellation for $102.6 million at a volume weighted average price paid of $30.09 per common share.

CASH FLOWS

Cash was $109.6 million at the end of the third quarter of 2018, compared to $209.9 million last year, and $203.4 million as at December 31, 2017. In the first nine months of 2018, the decrease in cash was largely due to the acquisition of Field Roast Grain Meat Co., share repurchases under the NCIB programs, investment in property and equipment and quarterly dividend payments, partially offset by earnings and loans drawn on the credit facility.

Cash Flow from Operating Activities

Cash provided by operations for the quarter was $90.2 million compared to $186.1 million in the third quarter of 2017. The decrease was primarily due to lower earnings, lower cash converted from working capital and lower margin received by the Company against its derivatives for its commodity hedging programs.

For the first nine months of 2018, cash provided by operations was $192.7 million compared to $283.2 million last year was due to lower earnings, and larger investment in the working capital, partially offset by higher margin received by the Company against its derivatives for its commodity hedging programs.

Cash Flow from Financing Activities

Cash from financing activities for the quarter was an inflow of $28.0 million compared to an outflow of $63.3 million in the third quarter of 2017. The improvement was primarily due to cash drawings against the revolving credit facility, offset by higher share repurchases under the NCIB programs and increased dividend payments.

For the first nine months of 2018, cash used in financing activities was $20.2 million compared to $214.1 million last year. The improvement was primarily due to cash drawings against the revolving credit facility, fewer share repurchases under the NCIB programs, partially offset by increased dividend payments.

Cash Flow from Investing Activities

Cash used in investing activities for the quarter was $45.0 million compared to $17.8 million in the third quarter of 2017. The increase was driven by higher investment in property and equipment with no offsetting proceeds from asset sales.

For the first nine months of 2018, cash used in investing activities was $266.3 million compared to $262.9 million last year. The increase was due to higher investment in property and equipment, partially offset by differences in purchase prices of acquisitions between the years.

SHARE CAPITAL

As at October 18, 2018, there were 123,880,689 common shares issued and outstanding.

OTHER MATTERS

On October 24, 2018, the Board of Directors approved a dividend of $0.13 per share payable December 28, 2018 to shareholders of record at the close of business on December 7, 2018. Unless indicated otherwise by the Company at or before the time the dividend is paid, this dividend will be considered an eligible dividend for the purposes of the “Enhanced Dividend Tax Credit System”.

MAPLE LEAF CENTRE FOR ACTION ON FOOD SECURITY

The Better Communities pillar of the Company's Sustainability Strategy is primarily executed through the Maple Leaf Centre for Action on Food Security (the "Centre"). 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, 2018, the Company's contributions to these plans were $7.1 million and $21.6 million (2017: $2.7 million and $24.1 million), respectively.

The Company's largest shareholder is McCain Capital Inc. ("MCI") which is beneficially owned and controlled by Mr. Michael H. McCain, Chief Executive Officer and President of the Company. For the three and nine months ended September 30, 2018, the Company received services from MCI in the amount of $0.1 million and $0.3 million, respectively (2017: $0.0 million and $0.3 million), which represent the market value of the transactions with MCI. As at September 30, 2018, $0.2 million (September 30, 2017: $0.0 million; December 31, 2017: $0.1 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, 2018 and 2017, 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[(iv)]
Sales[(i)]	**2018**	**$ 817,509**	**$ 909,244**	**$ 874,827**	**$ —**	**$ —**
	2017	$ 811,185	$ 925,873	$ 908,359	$ 876,809	$ 3,522,226
	2016	$ 796,889	$ 854,646	$ 852,099	$ 828,178	$ 3,331,812
Net earnings	**2018**	**$ 27,918**	**$ 34,925**	**$ 26,556**	**$ —**	**$ —**
	2017	$ 30,105	$ 37,342	$ 37,578	$ 59,064	$ 164,089
	2016	$ 42,269	$ 31,381	$ 31,828	$ 76,224	$ 181,702
Earnings per share [(ii)]						
Basic[(ii)]	**2018**	**$ 0.22**	**$ 0.28**	**$ 0.21**	**$ —**	**$ —**
	2017	$ 0.23	$ 0.29	$ 0.29	$ 0.47	$ 1.28
	2016	$ 0.31	$ 0.23	$ 0.24	$ 0.57	$ 1.35
Diluted[(ii)]	**2018**	**$ 0.22**	**$ 0.27**	**$ 0.21**	**$ —**	**$ —**
	2017	$ 0.22	$ 0.28	$ 0.29	$ 0.45	$ 1.24
	2016	$ 0.31	$ 0.23	$ 0.23	$ 0.56	$ 1.32
Adjusted EPS[(ii)(iii)]	**2018**	**$ 0.29**	**$ 0.34**	**$ 0.29**	**$ —**	**$ —**
	2017	$ 0.33	$ 0.41	$ 0.39	$ 0.41	$ 1.54
	2016	$ 0.28	$ 0.32	$ 0.32	$ 0.31	$ 1.23

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

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

(iii) *Refer to Non-IFRS Financial Measures starting on page 9 of this document.*

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

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

Fluctuations in quarterly net earnings can be attributed to similar factors, excluding the change in IFRS standards as noted above, pork and poultry industry processing margins, restructuring and other related costs, operating efficiencies, changes in the fair value of derivative and non-derivative financial instruments and biological assets, acquisition and transitional costs incurred.

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

SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Adopted During the Fiscal Year

Beginning on January 1, 2018, the Company adopted certain IFRS standards and amendments. As required by IAS 34 Interim Financial Reporting and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the nature and the effect of these changes are disclosed below:

Revenue Recognition

Beginning on January 1, 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers using the modified retrospective approach where prior periods are not restated. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers, unless the contracts are within the scope of other IFRS standards. Refer to the Interim Report to Shareholders for the First Quarter Ended March 31, 2018 Note 2(b) for the initial impact of adoption.

The impact of adopting IFRS 15 on the consolidated interim statement of net earnings for the three months and nine months ended September 30, 2018 is as follows:

	Three months ended September 30, 2018		
($ thousands) *(Unaudited)*	**Amounts without adoption of IFRS 15**	**Impact of adopting IFRS 15**	**As reported on the consolidated financial statements**
Sales	$ 911,912	$ (37,085)	$ 874,827
Cost of goods sold	$ 791,590	$ (35,345)	$ 756,245
Gross margin	$ 120,322	$ (1,740)	$ 118,582
Selling, general and administrative expenses	$ 78,714	$ (1,337)	$ 77,377
Net earnings	$ 26,959	$ (403)	$ 26,556

	Nine months ended September 30, 2018		
($ thousands) *(Unaudited)*	**Amounts without adoption of IFRS 15**	**Impact of adopting IFRS 15**	**As reported on the consolidated financial statements**
Sales	$ 2,702,714	$ (101,134)	$ 2,601,580
Cost of goods sold	$ 2,308,581	$ (97,010)	$ 2,211,571
Gross margin	$ 394,133	$ (4,124)	$ 390,009
Selling, general and administrative expenses	$ 256,610	$ (3,816)	$ 252,794
Net earnings	$ 89,707	$ (308)	$ 89,399

The impact of adopting IFRS 15 on the consolidated interim balance sheet as at September 30, 2018 is as follows:

	September 30, 2018		
($ thousands) *(Unaudited)*	**Amounts without adoption of IFRS 15**	**Impact of adopting IFRS 15**	**As reported on the consolidated financial statements**
Inventories	$ 298,308	$ 8,282	$ 306,590
Deferred tax liability	$ 116,824	$ (780)	$ 116,044
Other current liabilities	$ 33,397	$ 11,645	$ 45,042
Retained earnings	$ 1,211,431	$ (2,583)	$ 1,208,848

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

Revenue recognized during the three months ended September 30, 2018 that was included in other current liabilities as at June 30, 2018 was $11.0 million.

Revenue recognized during the nine months ended September 30, 2018 that was included in other current liabilities as at January 1, 2018 was $11.1 million.

Financial Instruments – Recognition and Measurement

Beginning on January 1, 2018, the Company adopted IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement and provides detailed guidance on classification and measurement of financial assets and liabilities, impairment of financial assets, and hedge accounting. Refer to the Interim Report to Shareholders for the First Quarter Ended March 31, 2018 Note 2(b) for the initial impact of adoption.

Share-Based Payments

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

Foreign Currency Transactions and Advance Considerations

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

(c) Accounting Pronouncements Issued But Not Yet Effective

Leases

In January 2016, the IASB issued IFRS 16 Leases with a mandatory effective date of January 1, 2019. The new standard will replace IAS 17 Leases and will substantially carry forward the accounting requirements for lessors. IFRS 16 provides a new framework for lessee accounting that requires substantially all right of use assets obtained through operating leases to be capitalized and a related liability to be recorded. The new standard seeks to provide a more accurate picture of a company's leased assets and related liabilities and create greater comparability between companies who lease assets and those who purchase assets. The Company will adopt IFRS 16 in its consolidated financial statements for the annual period beginning January 1, 2019, and intends to transition using the modified retrospective approach.

The Company has performed an initial review of its current leases. Based on this review, the adoption of IFRS 16 is expected to result 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 will be recognized. A right of use 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. Operating lease expenses recognized in the consolidated statement of net earnings under IAS 17 will be replaced by depreciation of the right of use asset and interest expense on the lease obligation. The accounting changes will result in an increase to Adjusted EBITDA and Adjusted EBITDA Margin following initial adoption. The financial impact on the consolidated financial statements for the year ending December 31, 2019 has not yet been determined.

Uncertainty over Income Tax Treatments

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

Long-term Interests in Associates and Joint Ventures

In October 2017, the IASB issued Long-term interests in Associates and Joint Ventures (Amendments to IAS 28) with a mandatory effective date of January 1, 2019. The amendments clarify that a company applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture. The Company intends to adopt the amendments to IAS 28 retrospectively in its consolidated financial statements for the annual period beginning January 1, 2019. The adoption of the amendments to IAS 28 is not expected to have a material impact on the consolidated financial statements.

Annual Improvements to IFRS (2015-2017) Cycle

In December 2017, the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvement process. Amendments were made to clarify that a company must remeasure its previously held interest in a joint operation when it obtains control of the business in accordance with IFRS 3 Business Combinations but does not remeasure when it obtains joint control of the business under IFRS 11 Joint Arrangements. The amendments also include clarification that, all income tax consequences of dividend payments should be recognized consistently with the transactions that generated the distributable profits, under IAS 12 Income Taxes and that under IAS 23 Borrowing Costs, any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale becomes part of general borrowings. The Company intends to adopt these amendments prospectively in its consolidated financial statements for the annual period beginning January 1, 2019. The extent of the impact of the adoption of these standards has not yet been determined.

Employee benefits (amendment)

In February 2018, the IASB issued amendments to IAS 19 Employee Benefits with a mandatory effective date of January 1, 2019. The amendment clarifies the effect of a plan amendment, curtailment and settlement on the requirements regarding the asset ceiling. In addition, if a plan amendment, curtailment or settlement occurs, it is mandatory under the amended standard that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. This amendment is to be applied prospectively. The Company intends to adopt the amendments to IAS 19 in its consolidated financial statements for the annual period beginning January 1, 2019. The extent of the adoption of the amendments to IAS 19 has not yet been determined.

Conceptual Framework

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been no change in the Company’s internal control over financial reporting during the period beginning on July 1, 2018 and ended on September 30, 2018, that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

NON-IFRS FINANCIAL MEASURES

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

Adjusted Operating Earnings

Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as earnings before income taxes adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. The table below provides a reconciliation of net earnings as reported under IFRS in the consolidated financial statements of earnings to Adjusted Operating Earnings for the three and nine months ended, as indicated below. Management believes that this basis is the most appropriate on which to evaluate operating results, as they are representative of the ongoing operations of the Company.

($ thousands) *(Unaudited)*	Three months ended September 30, **2018**	2017	Nine months ended September 30, **2018**	2017
Net earnings	**$ 26,556**	$ 37,578	**$ 89,399**	$ 105,025
Income taxes	**9,029**	11,939	**33,621**	38,039
Earnings before income taxes	**$ 35,585**	$ 49,517	**$ 123,020**	$ 143,064
Interest expense and other financing costs	**2,274**	1,320	**5,793**	3,892
Other expense (income)	**3,346**	(12,764)	**4,431**	(8,928)
Restructuring and other related costs	**—**	5,627	**3,971**	17,103
Earnings from operations	**$ 41,205**	$ 43,700	**$ 137,215**	$ 155,131
Decrease in the fair value of biological assets(i)	**5,781**	20,645	**33,134**	26,362
Unrealized loss (gain) on derivative contracts(ii)	**4,035**	807	**(8,723)**	17,695
Adjusted Operating Earnings	**$ 51,021**	$ 65,152	**$ 161,626**	$ 199,188

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

(ii) *Unrealized gains/losses on derivative contracts are reported within cost of goods sold in the Company's 2018 third quarter unaudited condensed consolidated interim statements of earnings.*

Adjusted Earnings per Share

Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as basic earnings per share and is adjusted on the same basis as Adjusted Operating Earnings. The table below provides a reconciliation of basic earnings per share as reported under IFRS in the consolidated financial statements of earnings to Adjusted Earnings per Share for the three and nine months ended, as indicated below. Management believes this basis is the most appropriate on which to evaluate financial results as they are representative of the ongoing operations of the Company.

($ per share) *(Unaudited)*	Three months ended September 30, **2018**	2017	Nine months ended September 30, **2018**	2017
Basic earnings per share	**$ 0.21**	$ 0.29	**$ 0.71**	$ 0.81
Restructuring and other related costs(i)	**—**	0.03	**0.02**	0.10
Items included in other expense (income) not considered representative of ongoing operations(ii)	**0.02**	(0.06)	**0.05**	(0.03)
Change in the fair value of biological assets(iii)	**0.03**	0.12	**0.19**	0.15
Unrealized loss (gain) on derivative contracts(iii)	**0.02**	—	**(0.05)**	0.10
Adjusted Earnings per Share (iv)	**$ 0.29**	$ 0.39	**$ 0.93**	$ 1.13

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

(ii) *Includes acquisition related costs, interest income and gains/losses associated with investment properties, net of tax.*

(iii) *Includes per share impact of the change in unrealized losses on derivative contracts and the change in fair value of biological assets, net of tax.*

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

Adjusted Earnings Before Interest, Income Taxes, Depreciation, and Amortization

Adjusted EBITDA is calculated as earnings before interest and income taxes plus depreciation and intangible asset amortization, adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. The following table provides a reconciliation of net earnings as reported under IFRS in the consolidated financial statements of earnings to Adjusted EBITDA for the three and nine months ended, as indicated below. Management believes Adjusted EBITDA is useful in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

($ thousands) *(Unaudited)*	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	**2018**	2017
Net earnings	**$ 26,556**	$ 37,578	**$ 89,399**	$ 105,025
Income taxes	**9,029**	11,939	**33,621**	38,039
Earnings before income taxes	**$ 35,585**	$ 49,517	**$ 123,020**	$ 143,064
Interest expense and other financing costs	**2,274**	1,320	**5,793**	3,892
Items included in other (income) expense not considered representative of ongoing operations	**3,002**	(10,412)	**7,294**	(6,573)
Restructuring and other related costs	**—**	5,627	**3,971**	17,103
Change in the fair value of biological assets and unrealized loss on derivative contracts	**9,816**	21,452	**24,411**	44,057
Depreciation and amortization	**30,455**	28,907	**90,733**	86,038
Adjusted EBITDA	**$ 81,132**	$ 96,411	**$ 255,222**	$ 287,581

Free Cash Flow

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

($ thousands) *(Unaudited)*	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	**2018**	2017
Cash provided by operations	**$ 90,198**	$ 186,107	**$ 192,724**	$ 283,247
Additions to long term assets	**(45,070)**	(31,816)	**(127,971)**	(79,053)
Free Cash Flow	**$ 45,128**	$ 154,291	**$ 64,753**	$ 204,194

Net (Debt) Cash

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

($ thousands) *(Unaudited)*	As at September 30,	
	2018	2017
Cash and cash equivalents	**$ 109,643**	$ 209,850
Current portion of long-term debt	**839**	794
Long-term debt	**174,276**	8,494
Total debt	**$ 175,115**	$ 9,288
Net (Debt) Cash	**$ (65,472)**	$ 200,562

FORWARD-LOOKING STATEMENTS

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

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

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

- risks associated with the Company focusing solely on the protein business;
- risks related to the Company's decisions regarding any potential return of capital to shareholders;
- risks associated with concentration of production in fewer facilities;
- risks associated with the availability of capital;
- risks associated with changes in the Company’s information systems and processes;
- risks associated with cyber threats;
- risks posed by food contamination, consumer liability, and product recalls;
- risks associated with acquisitions, divestitures, capital expansion projects and integration of new businesses;
- impact on pension expense and funding requirements of fluctuations in the market prices of fixed income and equity securities and changes in interest rates;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- risks related to the health status of livestock;
- impact of a pandemic on the Company’s operations;
- the Company’s exposure to currency exchange risks;
- ability of the Company to hedge against the effect of commodity price changes through the use of commodity futures and options;
- impact of changes in the market value of the biological assets and hedging instruments;
- risks associated with the supply management system for poultry in Canada;
- risks associated with the use of contract manufacturers;
- impact of international events on commodity prices and the free flow of goods;
- risks posed by compliance with extensive government regulation;
- risks posed by litigation;
- impact of changes in consumer tastes and buying patterns;
- impact of extensive environmental regulation and potential environmental liabilities;
- risks associated with a consolidating retail environment;
- risks posed by competition;
- risks associated with complying with differing employment laws and practices, the potential for work stoppages due to non-renewal of collective agreements, and recruiting and retaining qualified personnel;
- risks associated with pricing the Company’s products;
- risks associated with managing the Company’s supply chain;
- 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.

The Company cautions the reader that the foregoing list of factors is not exhaustive. These factors are discussed in more detail under the heading “Risk Factors” in the Company's Annual Management's Discussion and Analysis for the year ended December 31, 2017, that is available on SEDAR at www.sedar.com. The reader should review such section in detail. Some of the forward-looking information may be considered to be financial outlooks for purposes of applicable securities legislation including, but not limited to, statements concerning future capital expenditures. These financial outlooks are presented to evaluate anticipated future uses of cash flows, and may not be appropriate for other purposes and readers should not assume they will be achieved. The Company does not intend to, and the Company disclaims any obligation to, update any forward-looking information, whether written or oral, or whether as a result of new information, future events or otherwise, except as required by law. Additional information concerning the Company, including the Company’s Annual Information Form is available on SEDAR at www.sedar.com.

About Maple Leaf Foods Inc.

Maple Leaf Foods Inc. is a leading consumer protein company, making high quality, innovative products under national brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, SWIFT®, Lightlife™ and Field Roast Grain Meat Co.™. Maple Leaf employs approximately 11,500 people and does business in Canada, the U.S. and Asia. The Company is headquartered in Mississauga, Ontario and its shares trade on the Toronto Stock Exchange (MFI).