



# 2011 Business Review

Our adjusted operating earnings increased 21%, despite the challenges of food inflation and rising input costs.

## MEATS

In our Meat Products Group, fresh pork operations had an exceptional year, benefiting from strong export markets, increased value-added domestic retail sales, and lower production costs. With scale, technology and a focused business model, our pork operations have realized a remarkable turnaround since 2007.

Strong pork results were more than offset by weak results in our poultry business, reflecting record-high live bird costs related to high feed costs. Performance improved considerably in our prepared meats business, driven by price increases and great new product innovation that grew margins and category sales. Our new Maple Leaf® Natural Selections® products substantially grew both the entire sliced meats category and our market share in 2011. In April we built on this success by launching a full line of Schneiders® Country Naturals™ ham, bacon, wieners and sliced meats. In our chicken business we developed Maple Leaf Prime Naturally Portions™ – four individually sealed boneless chicken breasts in a convenient no-mess packaging format.

## AGRIBUSINESS

Our Agribusiness Group had a very strong year, benefiting from high commodity grain prices that increased the selling value of rendered materials and bio-diesel. In times of rapid commodity inflation, this business provides an important partial offset to our Meat Products Group, which can be negatively impacted by rising feed and meat costs. Our hog production operations, which provide a dedicated supply into our Brandon pork plant, also increased profitability as a result of higher hog prices and lower feed costs.

## Total Protein Group (Includes Meat Group and Agribusiness Group)

(In millions of Canadian dollars)

	2011	2010	2009 <sup>(i)</sup>	2008 <sup>(i)</sup>	2007 <sup>(i)</sup>
Sales	\$3,299.1	\$3,380.6	\$3,516.5	\$3,536.7	\$3,699.0
Adjusted operating earnings	177.9	131.8	103.4	59.6	87.5
Total assets	1,688.6	1,752.8	1,940.4	1,976.7	1,863.2

(i) 2007, 2008 and 2009 figures are in accordance with Canadian GAAP, effective on or before January 1, 2010.

## Downloads

Full 2011  
Annual Report  
PDF (4.2 MB)



Innovation in our Maple Leaf® Natural Selections® line drove growth in our market share and the total category.



100% Canadian. Our launch of Dempster's Wholegrains™ Canadian Century Grains put Canadian wheat at the top of the ingredient list.

## BAKERY

In our Bakery Products Group, we passed through a price increase in our fresh bakery business earlier in the year, which partially offset the impact of higher flour prices and other inflationary cost increases. This business was also affected by duplicative overhead costs related to the commissioning of the new Hamilton bakery, which together with higher input costs resulted in some margin decline. Profit growth in our North American frozen bakery operations was impacted by high wheat costs, which outpaced price increases.

Our U.K. bakery operations showed improved results, benefiting from a very successful re-launch of bagels under the New York Bakery Co.® brand, which resulted in significant sales growth. To keep pace with demand we are moving ahead with an expansion of our Rotherham, England bagel plant, which will increase production capacity by an additional 30,000 bagels per hour. We are consolidating production into three bakeries in the U.K., and we are benefiting from more focus and efficiencies in our core categories.

Product innovation was an important area of focus in our bakery business in 2011. We launched Dempster's Wholegrains™ Canadian Century Grains bread, made with 100% Canadian wheat as well as heritage varieties with roots tracing back over a century. We reduced sodium content across all major product lines, and we ran a second highly successful marketing promotion featuring hockey legend Sidney Crosby. Our Olivieri® pasta business grew volumes in 2011 based on great innovations, such as wholegrain pasta, new advertising and packaging design. We also expanded our popular Tenderflake® line with the launch of Tenderflake® Easy Pie!, which includes everything but the filling.



Re-launching and reformulating our U.K. bagels under the New York Bakery Co.® brand resulted in significant market share growth.

### Total Bakery Products Group

<i>(In millions of Canadian dollars)</i>	2011	2010	2009 <sup>(i)</sup>	2008 <sup>(i)</sup>	2007 <sup>(i)</sup>
Sales	\$1,594.5	\$1,587.5	\$1,705.1	\$1,705.9	\$1,510.6
Adjusted operating earnings	86.3	94.4	102.2	83.0	119.3
Total assets	937.3	836.4	955.5	1,003.7	823.1

(i) 2007, 2008 and 2009 figures are in accordance with Canadian GAAP, effective on or before January 1, 2010.

**SINCE 2008 WE HAVE INCREASED ADJUSTED OPERATING EARNINGS BY 102% AND ADJUSTED EARNINGS PER SHARE BY 250%.**