



Maple Leaf Foods Investor Presentation

First Quarter Ended March 31, 2006

Some of the statements in this presentation may constitute forward-looking information and future results could differ materially from what is included. Please refer to Maple Leaf's 2005 Annual Consolidated Financial Statements and other public filings for a description of operations and factors that could impact the Company's financial results.



Agenda

▶ Highlights

- ▶ Financial Summary
- ▶ Operations and Market Overview
- ▶ Currency Effect
- ▶ Questions



Highlights

- ▶ **Good progress in rebuilding earnings after challenging fourth quarter**
 - ▲ Price increases helped offset higher energy costs
 - ▲ Benefited from portfolio balance of fresh and processed meats and bakery

- ▶ **Excellent results from consumer foods and bakery operations**
 - ▲ Growth in higher margin sales including whole grain bakery products and ready to serve meal solutions
 - ▲ Processed meats and meals business benefited from lower fresh protein prices

- ▶ **Significantly offset negative impact of currency and fresh protein markets**
 - ▲ A large supply of meat globally lowered prices and fresh pork and poultry profits
 - ▲ Lower margins from pork exports to Japan due to devaluation of Japanese yen

- ▶ **The result was first quarter operating earnings of \$52 million and earnings per share of \$0.14**



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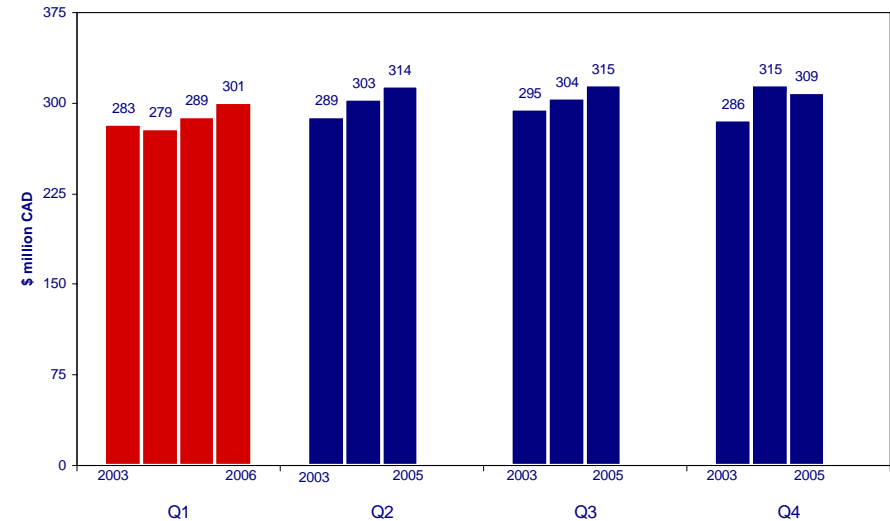
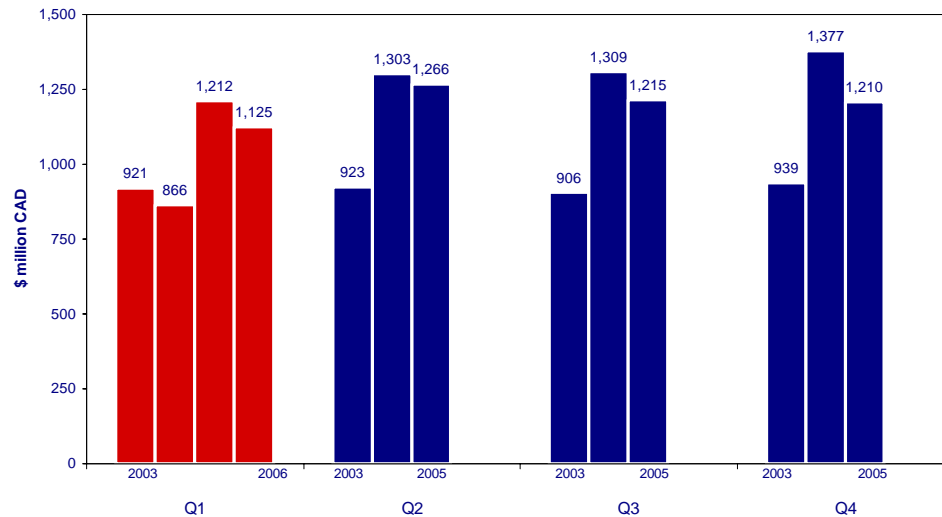


First Quarter Sales of \$1.4 Billion

Declined 5% from Q1/05

Protein Value Chain Down 7%

Bakery Products Group Up 4%



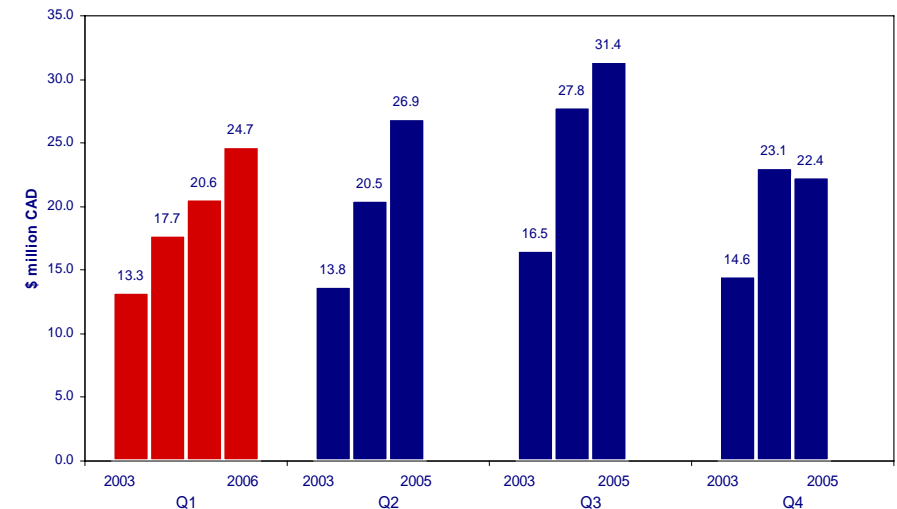
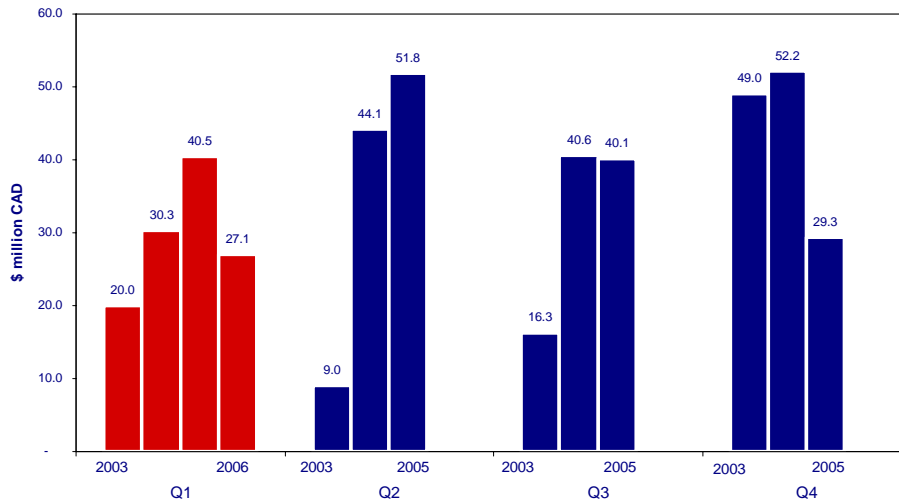


Operating Earnings of \$52 Million

Declined 15% from Q1 last year

Protein Value Chain Down 33%

Bakery Products Group Up 20%

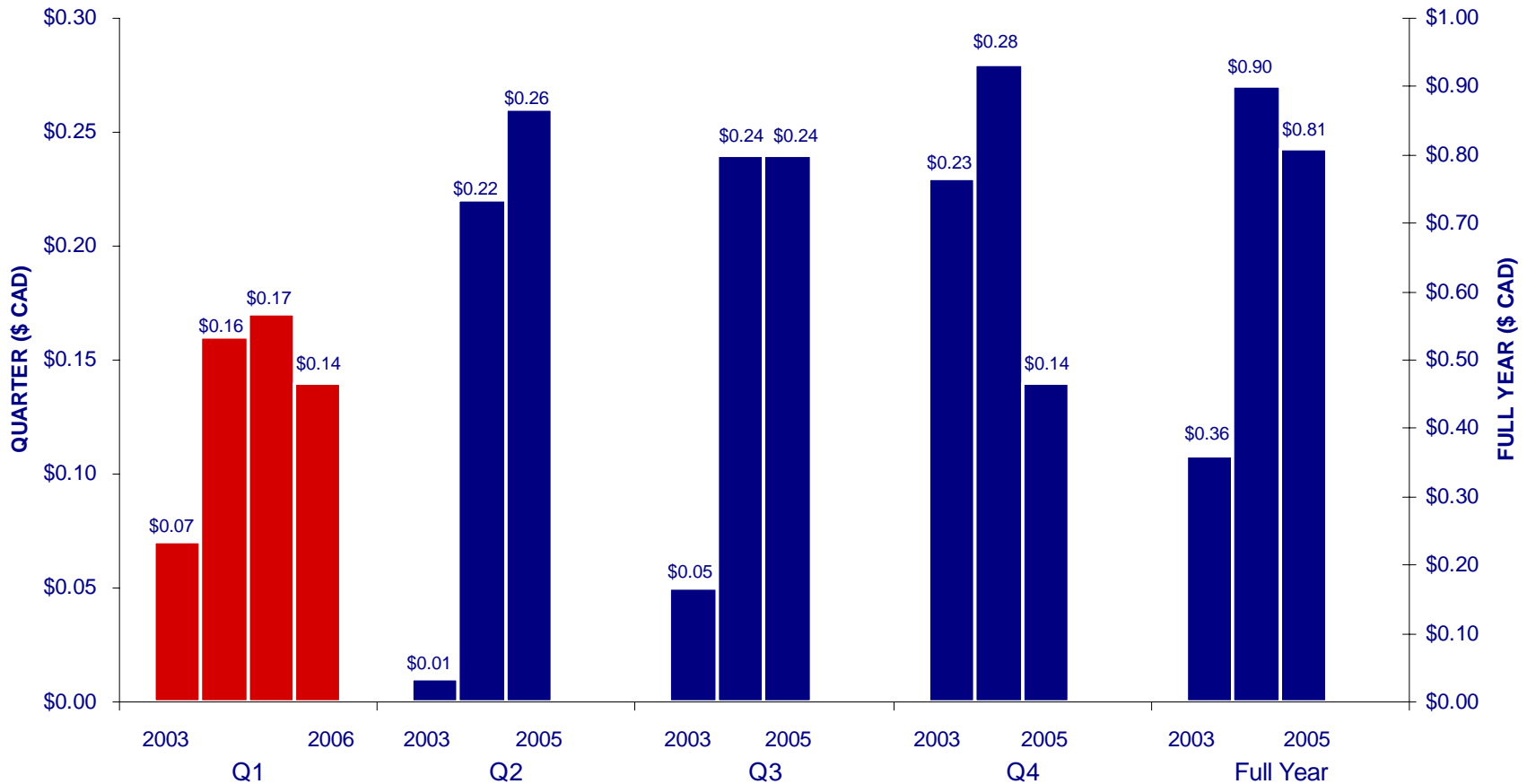


Note: before restructuring costs



First Quarter EPS of \$0.14

Down from \$0.17 in Q1 last year



Note: before restructuring costs



Other Financial Highlights

- ▶ Cash used in operations of \$19 million compared to \$41 million in the first quarter due to increased receivable securitization programs
- ▶ Capital expenditures decreased to \$26 million compared to \$40 million in Q1/05
- ▶ \$6.2 million expended to purchase and cancel Maple Leaf shares at an average price of \$13.48 per share
- ▶ A total of \$5.3 million related to two small business acquisitions made during the quarter in the UK bakery and feed businesses
- ▶ Total debt, net of cash balances, declined in the quarter by \$68 million as a result of the above.
- ▶ Interest expense of \$24 million compared to \$25 million last year
- ▶ Other income of \$2 million largely related to sale of redundant property
- ▶ Initiatives to improve our cost structure and operating efficiencies will, to the extent not covered by purchase equations, be charged to earnings as incurred, and are estimated to be up to \$100 million over the next several years



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Bakery Products Group

- ▶ **Excellent performance in the first quarter largely due to fresh bakery results**

- ▶ **Sales up 4% to \$301 million**
 - ▲ Increased sales of higher value products and price increases, despite some short-term market softness

- ▶ **Operating earnings up 20% to \$25 million, driven by fresh bakery**
 - ▲ Improved sales mix in the fresh business was the major factor, with strong growth of whole grain, higher margin products
 - ▲ Price increases implemented in Q1 have restored fresh bakery margins in the wake of higher energy and related inflationary costs
 - ▲ Growth in fresh pasta sales and profits, attributed to market growth in US and improved mix of higher margin products



Bakery Products Group (cont'd)

▶ Launched *Smart* bread – first and only white bread in Canadian market made with whole grains

- ▲ Delivers taste and texture of white bread with added nutritional benefits of grains
- ▲ Available nationally under leading brands: *Dempster's*, *McGavins*, *Ben's* and *POM*
- ▲ Very strong early consumer response





Bakery Products Group (cont'd)

- ▶ **Decline in frozen bakery earnings despite higher volumes related to food service market growth**
 - ▲ Impact of higher freight and energy costs as the business continues to pass through price increases
- ▶ **Increased contribution from UK Bakery with increased production from new Rotherham plant**
- ▶ **Harvestime acquisition broadens UK par-baked capabilities and establishes us as major supplier to the in-store bakery market**





Protein Value Chain

Meat Products Group

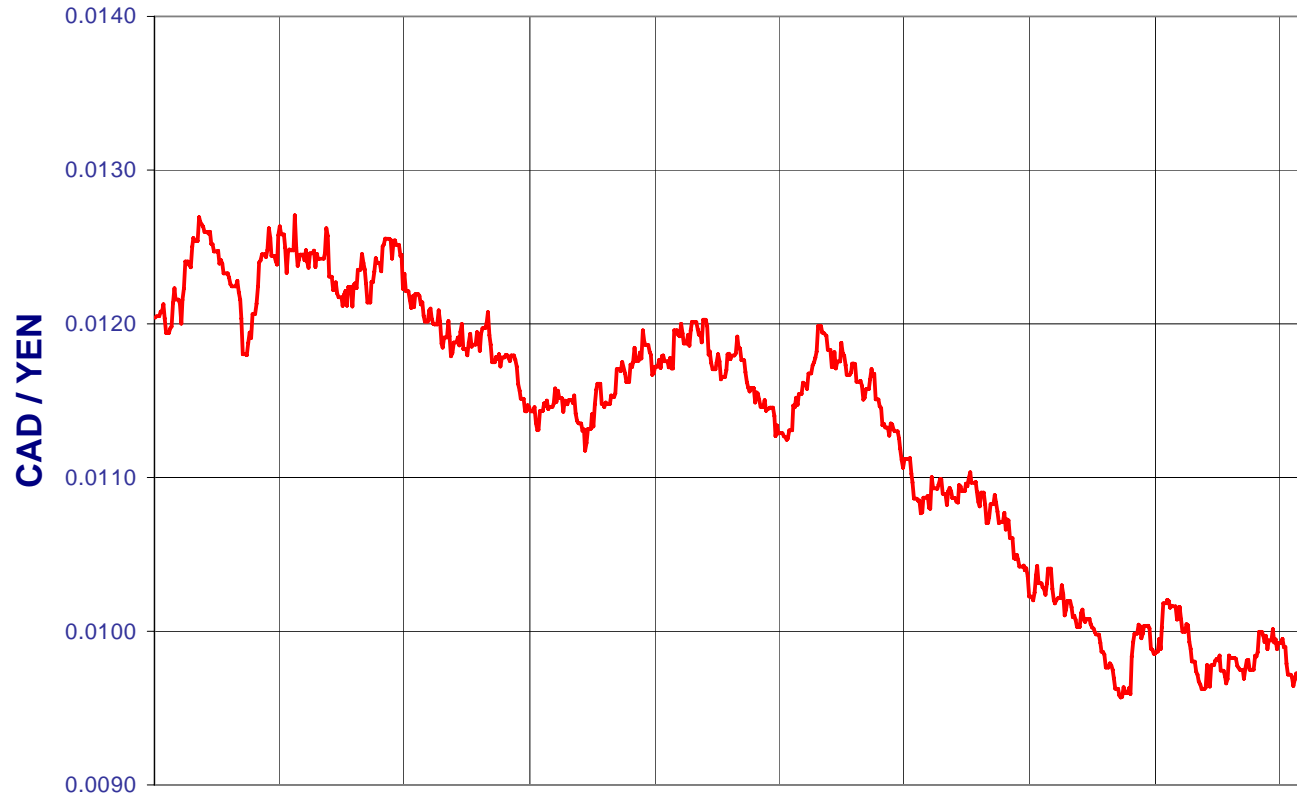
- ▶ **Sales decreased 10% to \$924 million due to lower commodity prices and reduced frozen pork exports to Japan**

- ▶ **Operating earnings down 26% to \$14 million**
 - ▲ Lower sales values due to current protein oversupply
 - ▲ Continued lower margins in pork exports to Japan due to Yen devaluation
 - Protein market conditions have made compensatory price increases challenging
 - ▲ Impact of higher energy and related costs in fresh meat business

- ▶ **The impact of these challenging markets was significantly offset by exceptional performance in the consumer foods operations**
 - ▲ Benefited from lower protein input costs, price increases and continued improvement in sales mix to higher margin products
 - ▲ Merger synergies from Schneider Foods acquisition



Yen Declined 19% Against the CDN Dollar



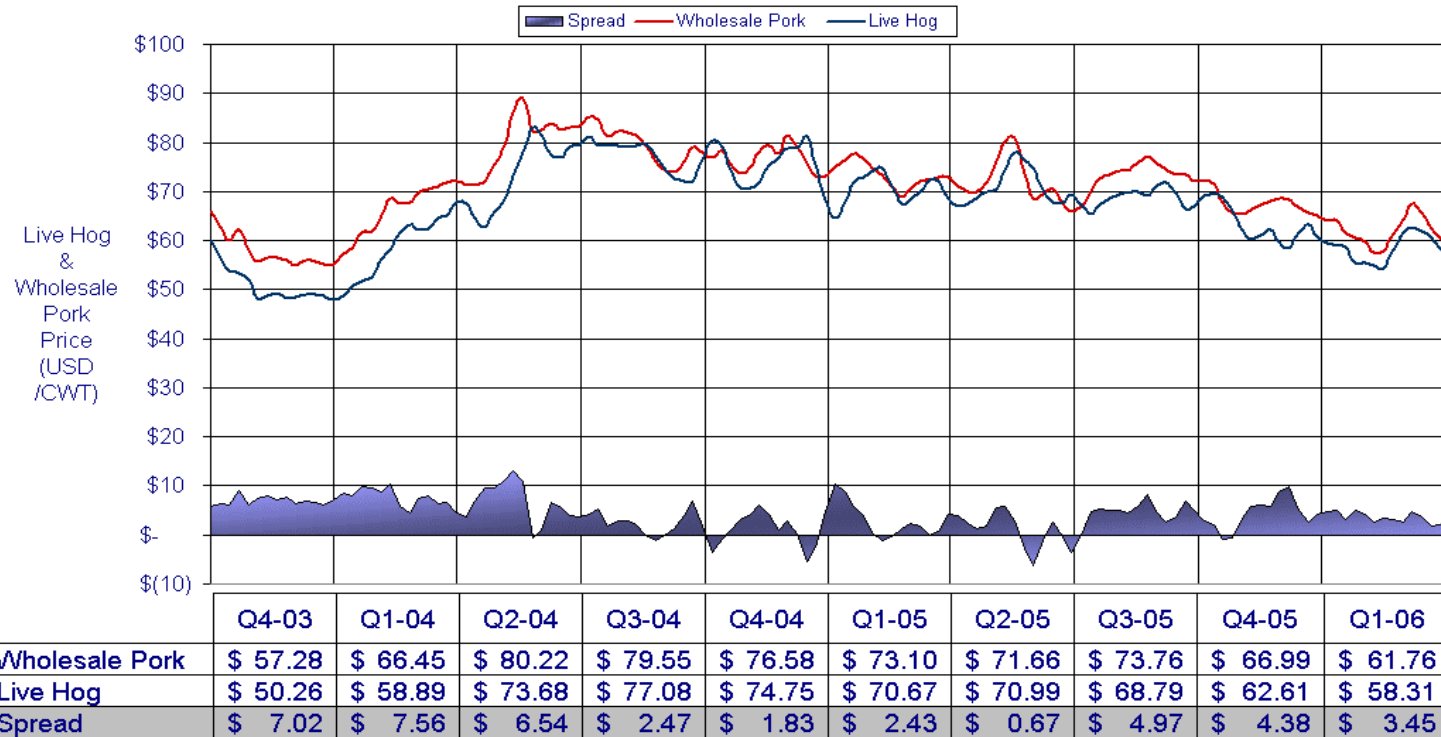
	Q1-04	Q2-04	Q3-04	Q4-04	Q1-05	Q2-05	Q3-05	Q4-05	Q1-06	Q2-06 (QTD)
Average QTR Price	81.43	80.73	84.08	86.64	85.23	86.47	92.50	99.90	101.26	102.53
Close Price	79.51	81.79	87.26	85.31	88.60	90.40	97.79	101.49	100.78	103.70

Effective Date: April 20th, 2006



USDA Commodity Pork Processor Margins

Live Hog versus Wholesale Pork Price



Source: USDA

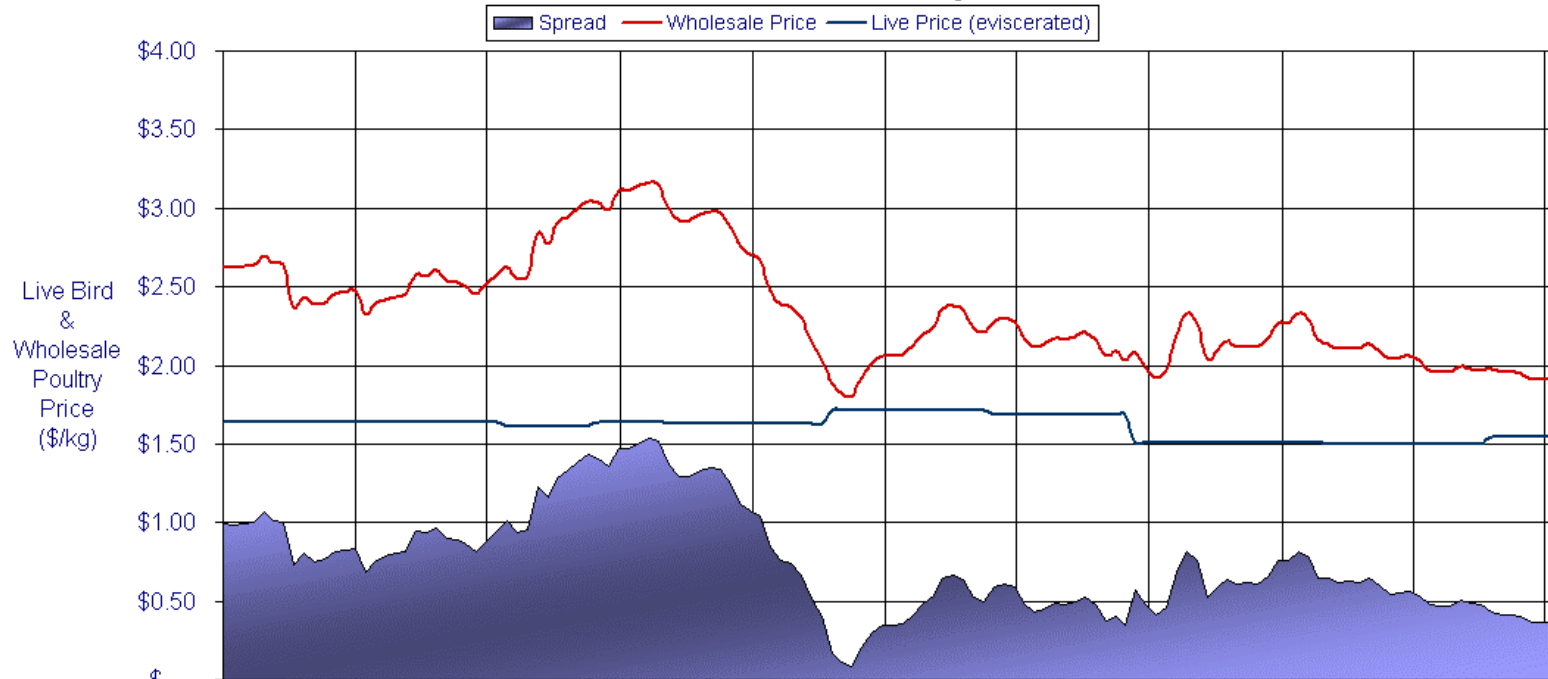
NOTE: Effective the first quarter of 2006 the USDA revised certain assumptions used in calculating the wholesale pork cutout. For comparative purposes, the 2004 and 2005 Wholesale Pork numbers have been adjusted to reflect the new calculation.

Effective date: April 1st, 2006



Commodity Poultry Processor Margins

Live Bird versus Wholesale Poultry Price



	Q4-03	Q1-04	Q2-04	Q3-04	Q4-04	Q1-05	Q2-05	Q3-05	Q4-05	Q1-06
Wholesale Poultry	\$ 2.50	\$ 2.51	\$ 2.88	\$ 2.94	\$ 2.10	\$ 2.25	\$ 2.09	\$ 2.19	\$ 2.10	\$ 1.96
Live Bird (evisc.)	\$ 1.64	\$ 1.64	\$ 1.62	\$ 1.63	\$ 1.68	\$ 1.70	\$ 1.63	\$ 1.51	\$ 1.50	\$ 1.53
Spread	\$ 0.86	\$ 0.87	\$ 1.26	\$ 1.31	\$ 0.42	\$ 0.55	\$ 0.46	\$ 0.68	\$ 0.60	\$ 0.43

Source: AOCPI Indicator (Shapiro Consulting)

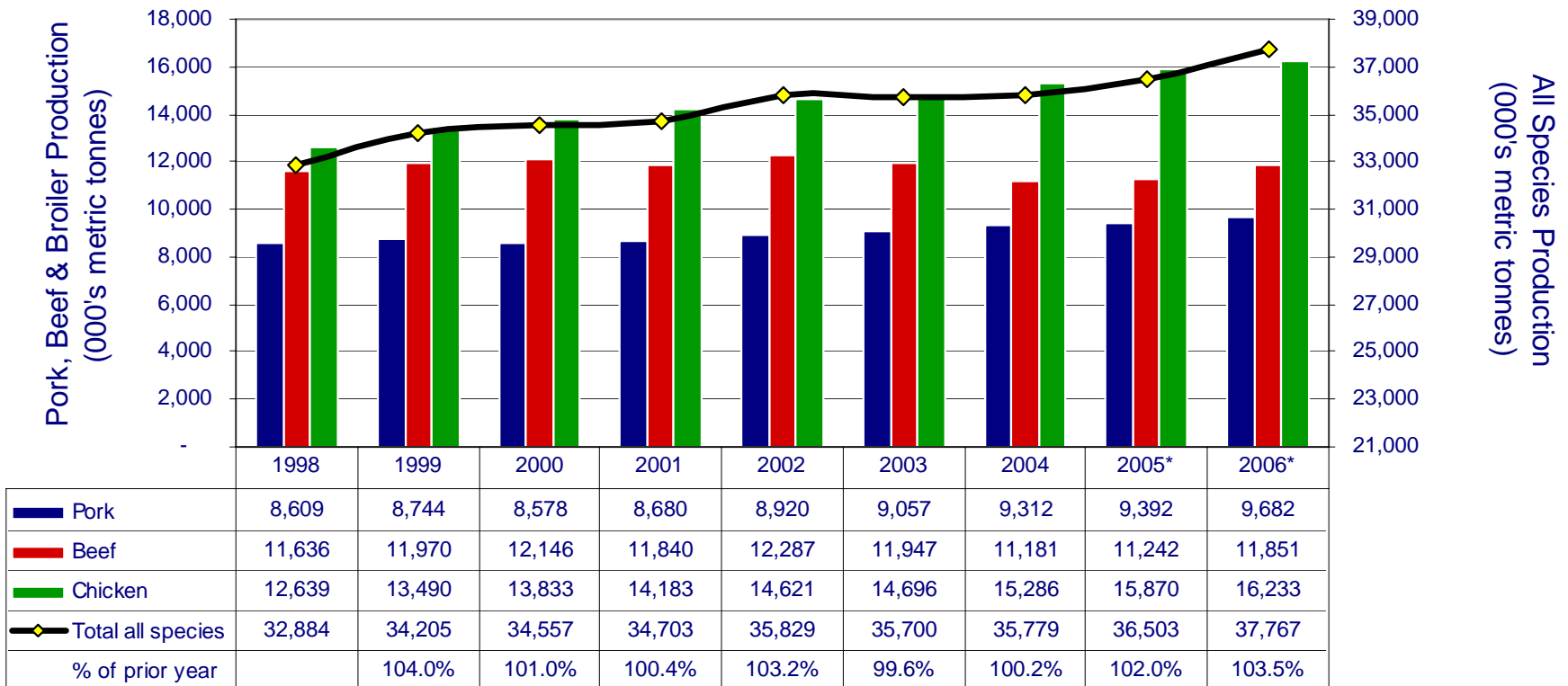
Effective date: April 1st, 2006



USDA Meat Production

Forecasted to increase by 3.5% in 2006

**Annual US Commercial Pork, Beef and Chicken Production
(000's metric tonnes)**



Effective date: April 10, 2006

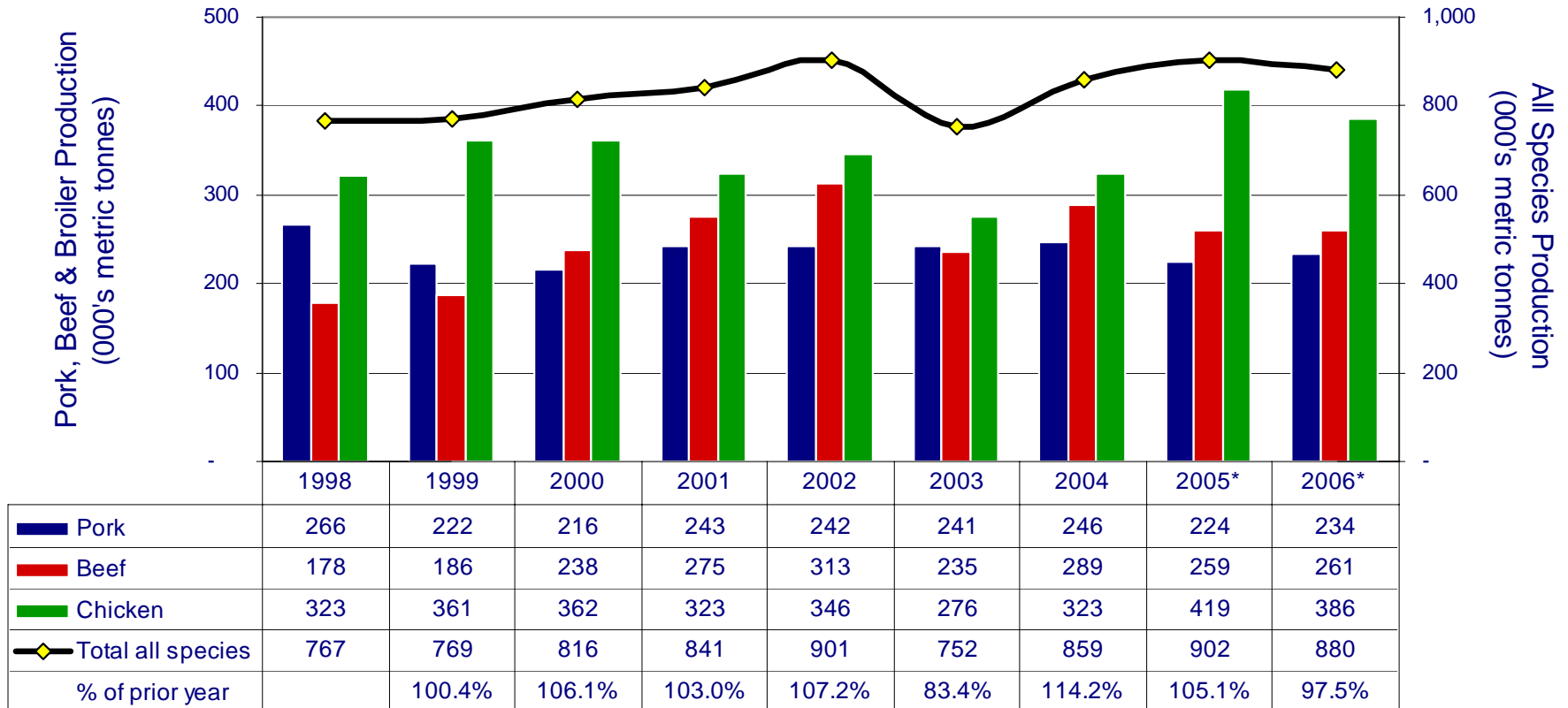
Source - WASDE / USDA



USDA Meat Cold Storage Stocks

Forecasted to decline in 2006 based on higher demand

US Commercial Pork, Beef and Chicken Cold Storage
(000's metric tonnes)



Source - WASDE / USDA

Effective date: April 10, 2006



Protein Value Chain

Agribusiness Group

- ▶ **Sales up 8% to \$201 million due largely to higher rendering sales**
- ▶ **Operating earnings declined 39% to \$13 million largely due to significant decline in hog production profits**
 - ▲ Impact of 17% decline in industry hog prices and rise in CDN dollar
 - ▲ Effective hog ownership of 22% in the quarter
 - ▲ Significant efforts underway to restructure this business
- ▶ **Higher profits from rendering operations due to volume increases and increase in service fees to offset rising energy costs**
- ▶ **Biodiesel plant achieved full production capability in the quarter**
 - ▲ Significant earnings potential with rising oil prices
- ▶ **Significant victory on corn countervail trade dispute**
 - ▲ No injury ruling eliminates the threat of significant duties



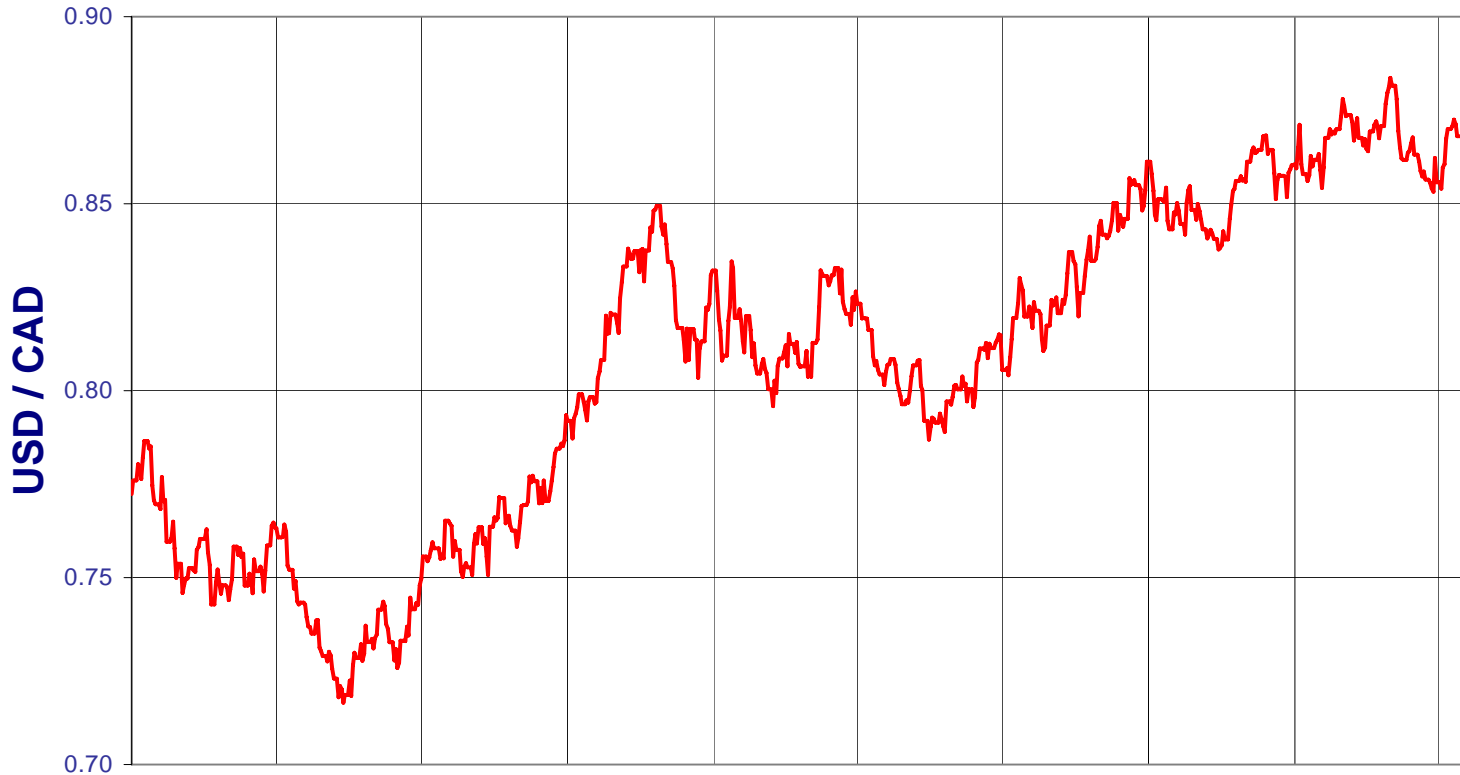
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CDN Dollar Strengthened Against USD

CDN\$ gained 6% in value in Q1 compared to last year; 38% over past three years



CAD / USD

	Q1-04	Q2-04	Q3-04	Q4-04	Q1-05	Q2-05	Q3-05	Q4-05	Q1-06	Q2-06 (QTD)
Average QTR Price	1.318	1.359	1.307	1.220	1.226	1.244	1.203	1.174	1.155	1.152
Close Price	1.310	1.337	1.260	1.202	1.210	1.227	1.161	1.162	1.169	1.146

Source: Bloomberg

Effective Date: April 20th, 2006



A Longer Term Perspective on the Currency Effect

Bakery

- ▶ Leading market position
- ▶ Stable & predictable earnings
- ▶ Investing to drive growth in new products and geographies

National/Domestic

Packaged Meats & Meals

- ▶ Leading market position
- ▶ Stable & predictable earnings
- ▶ Well positioned for future earnings growth from synergies

National/Domestic

Fresh Meat Value Chain

- ▶ Under performing due to the impact of F/X eroding competitiveness
- ▶ Challenge for system and industry to respond quickly to these changes

Global



What's Changed?

- ▶ Canadian dollar has risen **38%** since 2002
- ▶ Japanese yen has declined **22%** since 2003
- ▶ Global competition is stiff – even in Canada
- ▶ Business models are forward and backward integrating
- ▶ The Canadian feed grain cost advantage has inverted
- ▶ Our execution in hog production has been poor
- ▶ It's a “currency” issue, not a “commodity” issue



The Size of the Currency Headwind is Enormous

- ▶ From January 2003 to March 2006, the value of the Canadian dollar has risen in value by **38%**
- ▶ Since January 2002, the Yen has declined in value by **22%**
- ▶ In a seven month stretch between May 1st and December 1st 2005, the Yen declined by nearly **20%**

US Dollar = 1 Canadian Dollar



Canadian Dollar = 1 Japanese Yen



Effective date: March 31, 2006



Estimated Currency Impact

Loss In Competitiveness; Not Current Cash Flow

▶ **Maple Leaf Fresh Foods**

- ▲ Loss of competitiveness in “Canadian Value Add” component of the cost structure – labour, overhead, SG&A
- ▲ Estimated to be valued at **\$10.50/hog** from 2002 to 2005

▶ **Maple Leaf Global Foods**

- ▲ Reduced margins in global trading

▶ **Elite Swine**

- ▲ Loss of competitiveness in “Canadian Value Add” component of the cost structure – labour, overhead, SG&A, capital
- ▲ A possible factor in feed cost inversion
- ▲ Estimated to be valued at **\$20/hog** from 2002 to 2005

▶ **Rothsay**

- ▲ Reduced selling value of by-products

Estimated loss in
global
competitiveness
of **\$75 to \$100
Million+**
per year due to
currency shifts
from 2002 to
2005



We Have Substantially Offset This Impact

... but our “progress” has been materially impeded

- ▶ **By improved operating performance**
- ▶ **Through value adding strategies**
- ▶ **From multiple Six Sigma initiatives**
- ▶ **With price action where possible**
- ▶ **From brand development**



Our Plan to Recover Involves Bold Initiatives

- ▶ **Restructuring the asset base in primary pork & poultry processing**
- ▶ **Investing in scale plants where they don't exist**
- ▶ **Considering new business models to reduce cost at ESI**
- ▶ **Considering multiple cost reduction initiatives in the value chain**
 - ▲ Double shifting plants
 - ▲ Closing weight gap of 20 lbs
 - ▲ Modification of cost saving feed ingredients
 - ▲ Investing in robotics and further productivity enhancement opportunities



The Currency Effect

- ▶ **It has been a substantial headwind over past 3 years, with an estimated loss of competitiveness of \$75-100 million+ in our fresh meat value chain**
- ▶ **We have substantially offset this by pursuing our core strategies**
- ▶ **We are not satisfied with this impediment to our progress**
- ▶ **The fresh meat value chain needs to contribute to shareholder value, in the same way as bakery and packaged meats & meals**
- ▶ **We will be taking further action to offset the impact over the next 12 to 24 months**



Summary – First Quarter 2006

- ▶ **Earnings recovery supported by strong performance in our fresh bakery and consumer products businesses**
- ▶ **Successfully implementing price increases to address rising energy costs**
- ▶ **Addressing challenges of global protein markets and currency**
- ▶ **Focused on value creation, pursuing well-defined core strategies**



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