



Maple Leaf Foods

Investor Presentation

Second Quarter Ended June 30, 2005

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 the MD&A section of Maple Leaf's 2004 Annual Report 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

▶ Questions



Highlights

- ▶ **Strong earnings performance in the second quarter**
 - ▲ Operating earnings up 22%
 - ▲ EPS up 18% to \$0.26 from \$0.22 last year
- ▶ **Bakery Group earnings increased 31% to \$26.9 million**
 - ▲ Continued growth in premium nutrition higher margin products
 - ▲ Cost improvements in western and eastern bakery operations
 - ▲ Price increases continue to offset higher input costs
- ▶ **Portfolio balance supported 17% earnings growth in Protein Value Chain operations**
 - ▲ Contribution from processed meats & hog production operations and improved sales mix in pork more than offset decline in fresh pork and poultry commodity margins
- ▶ **Significant new investments coming on stream or announced**
 - ▲ Commissioning Rotherham, UK bagel plant; Montreal biodiesel plant; Roanoke FroBake line and Moncton feed mill
 - ▲ New planned investment in Saskatchewan pork assets



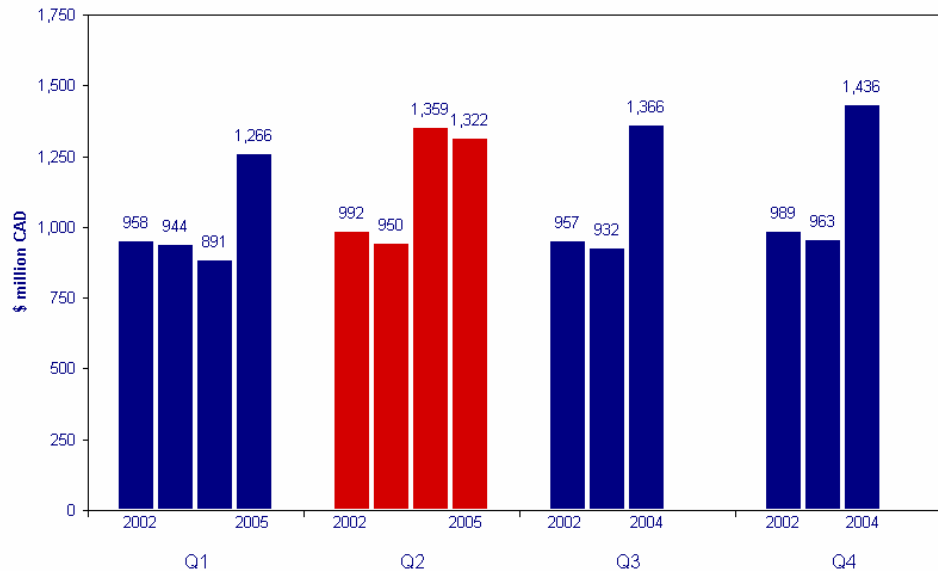
Agenda

- ▶ **Highlights**
- ▶ **Financial Summary**
- ▶ **Operations and Market Overview**
- ▶ **Questions**

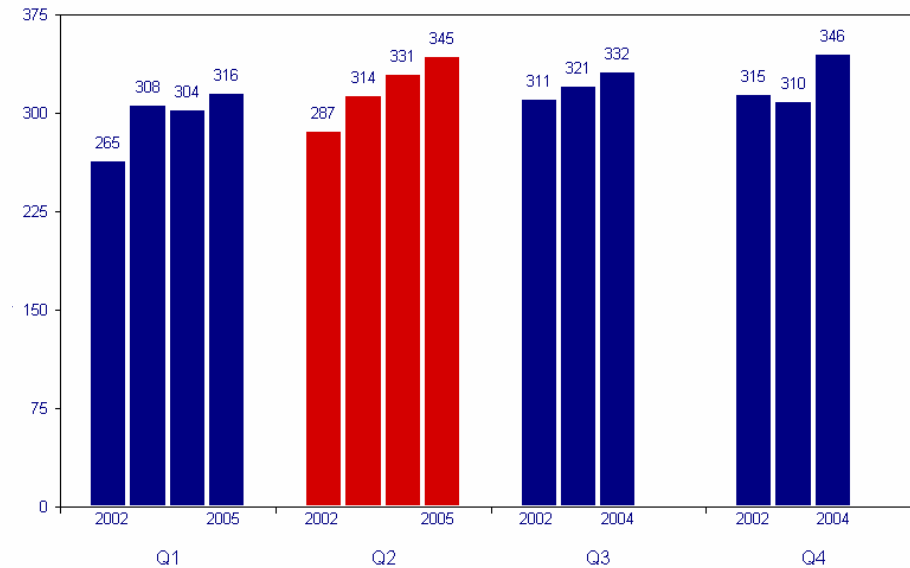


Second Quarter Sales of \$1.7 Billion

Protein Value Chain down 3%



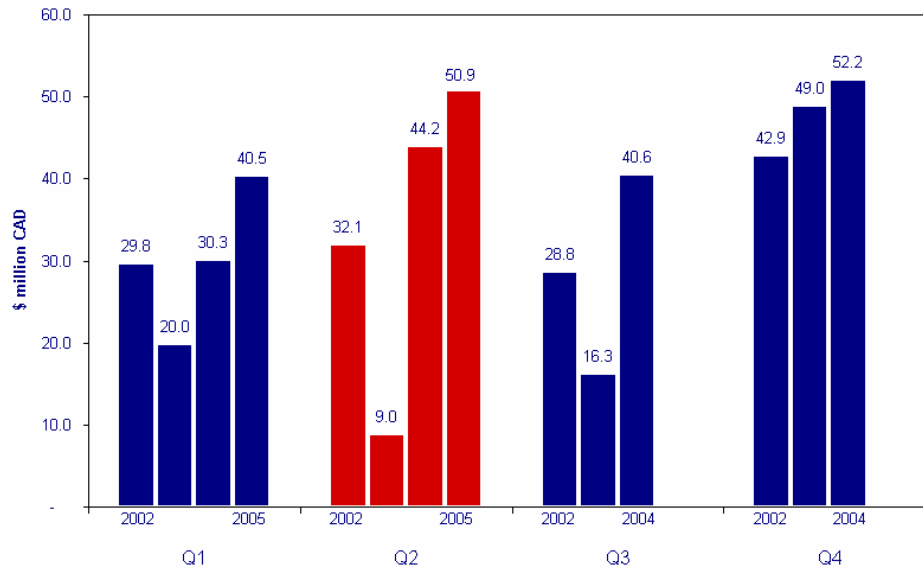
Bakery Products Up 4%



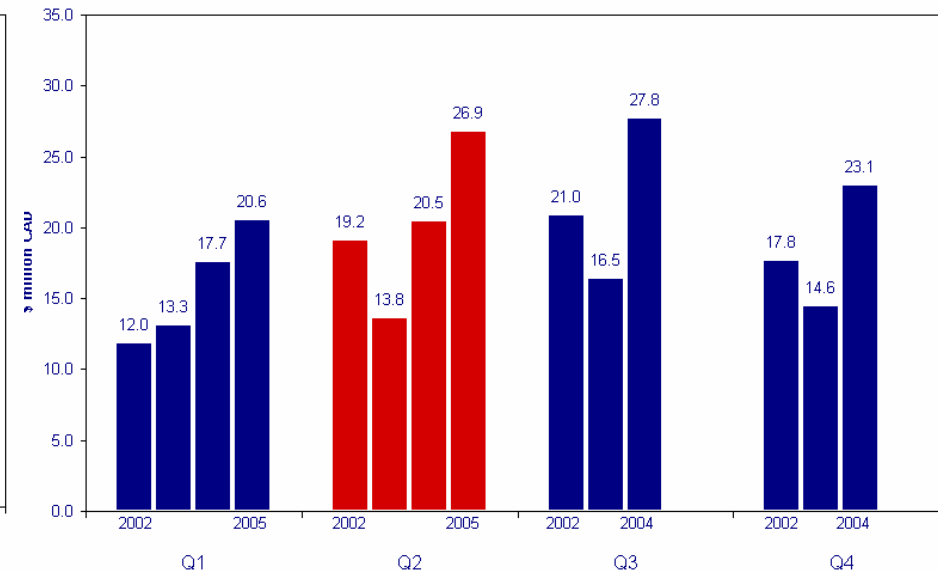


Operating Earnings⁽¹⁾ up 22% to \$78.7 Million

Protein Value Chain Up 17%



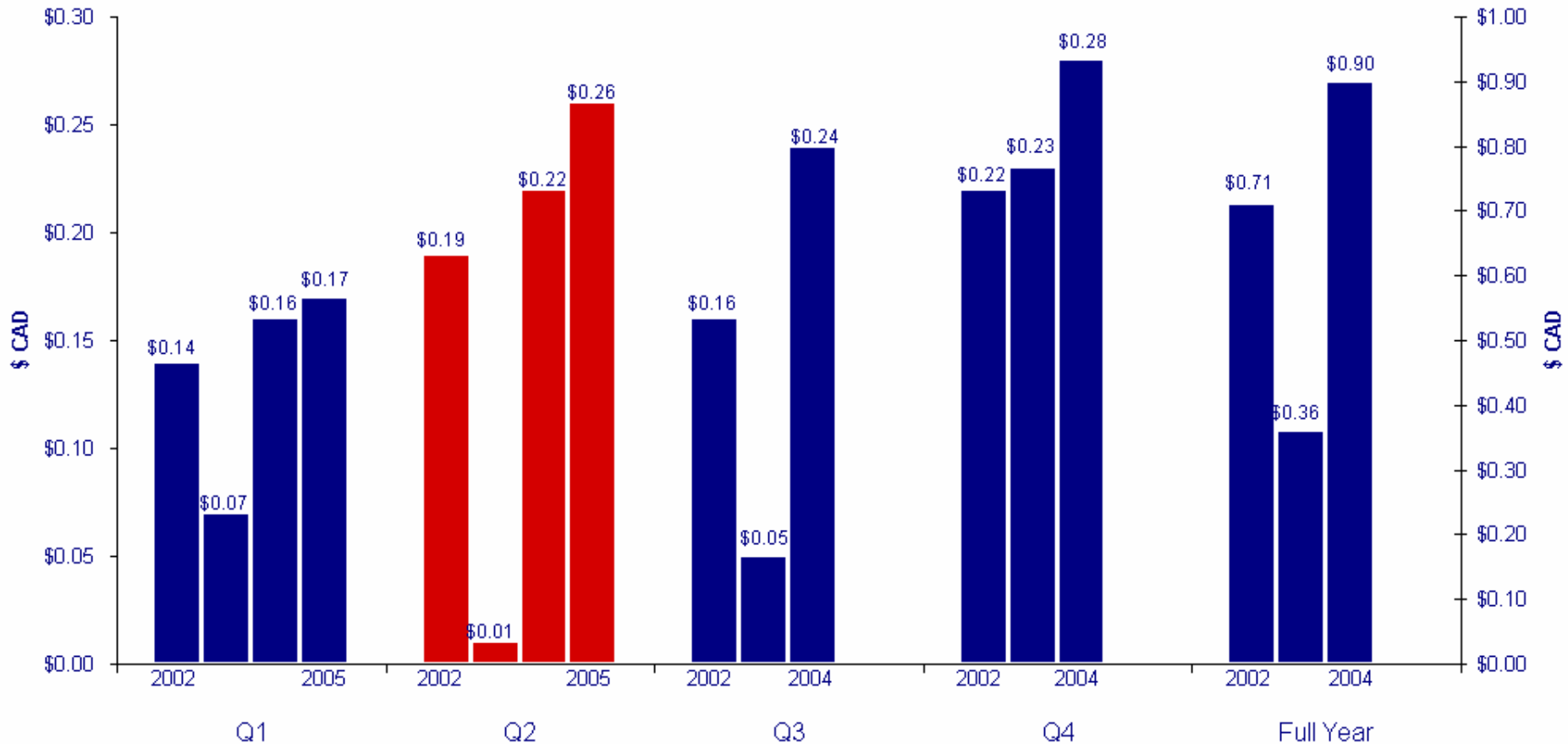
Bakery Products Group Up 31%



(1) Before restructuring costs



Second Quarter EPS⁽¹⁾ up 18% to \$0.26



(1) Before restructuring costs



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Cash Flow

- ▶ **Strong operating cash flow in Q2 of \$70.7 million increased from \$24.5 million in Q2/04 in response to increased earnings and lower working capital**

- ▶ **Capital expenditures of \$44.9 million in Q2, up from \$41.4 million last year:**
 - ▲ New UK bakery investment
 - ▲ New regional feed mill in Atlantic Canada
 - ▲ New biodiesel plant in Quebec

- ▶ **Acquisition of businesses**
 - ▲ Purchase of 158,400 Canada Bread shares to bring ownership to 87.5% (\$4.3 million cash; \$3.5 million via issuance of Maple Leaf shares)
 - ▲ Purchase of remaining shares of Cappolla Foods (\$3.6 million)



Bakery Products Group

- ▶ **Sales up 4% to \$344.6 million**
 - ▲ Increased sales across each of fresh bakery, frozen bakery and fresh pasta operations

- ▶ **Operating earnings up 31% to \$26.9 million, driven largely by fresh bakery results**
 - ▲ Continued growth in higher margin whole wheat and wholegrain products sales mix
 - ▲ Operating cost reductions in the western and eastern regions as acquisitions are integrated
 - ▲ Price increases to offset input costs
 - ▲ Expanded distribution of *Olivieri* pasta and sauces in U.S.



Bakery Products Group (cont'd)

- ▶ **Lower operating earnings at UK Bakery**
 - ▲ Due to higher advertising and promotional spending to drive growth, supporting increased production capacity at new Rotherham plant

- ▶ **North American frozen bakery sales and earnings largely consistent with last year**
 - ▲ Steady growth in foodservice sales; offset by retail market
 - ▲ FroBake[®] production commenced at Roanoke, VA plant; shipments started in July



Protein Value Chain

Meat Products Group Summary

- ▶ **Sales consistent with prior year at \$1.1 billion**

- ▶ **Operating earnings up 39% to \$17.5 million**
 - ▲ Strong performance from consumer foods operations, including strong sales of sliced meats, hot dogs and other BBQ products
 - ▲ Continuing to maintain and grow important customer relationships through the Maple Leaf / Schneider Foods merger
 - ▲ Schneider Foods integration proceeding well and contributed strongly to earnings for the quarter

- ▶ **Portfolio balance mitigated the impact of a major decline in USDA pork processor margins and commodity poultry margins in Canada**
 - ▲ Fresh pork operations benefited from improved value-added sales mix, plant performance and stronger export markets



Protein Value Chain (cont'd)

New Product Innovation

- ▶ **Maple Leaf Fresh Grill!** – introduced in Ontario with very strong early customer and consumer response
 - ▲ Eight new portion packed products, seasoned and marinated ready-to-grill pork, chicken and beef products launched for summer BBQ season
 - ▲ Ready-to-cook category growing at 85% compared to a year ago ⁽¹⁾
- ▶ **Maple Leaf Prime Naturally** chicken, marinated product line added new flavours and packaging for BBQ season
- ▶ Launched four new lines of lighter version Fully Cooked Roasts



(1) Source: ACNielsen Marketrack, 8 weeks ending June 18, 2005



Protein Value Chain

Fresh Pork Investments

- ▶ **Maple Leaf, Province of Saskatchewan and City of Saskatoon plan to invest \$110 million in a new fresh pork plant**
 - ▲ 20,000 hogs initially with capacity to expand to double shift
 - ▲ Construction expected to commence mid-late 2006; plant to be commissioned 18-24 months later
 - ▲ Up to \$50 million investment over 10 years in value-added processing
 - ▲ Supports Schneider Foods growth strategy, with over 60% of output supporting further value added processing in the Province
 - ▲ Complements our Manitoba strategy

- ▶ **Developing strategy to modernize Ontario pork operations**
 - ▲ Burlington plant constructed over 40 years ago
 - ▲ Potential sites under evaluation



Protein Value Chain

Agribusiness Group

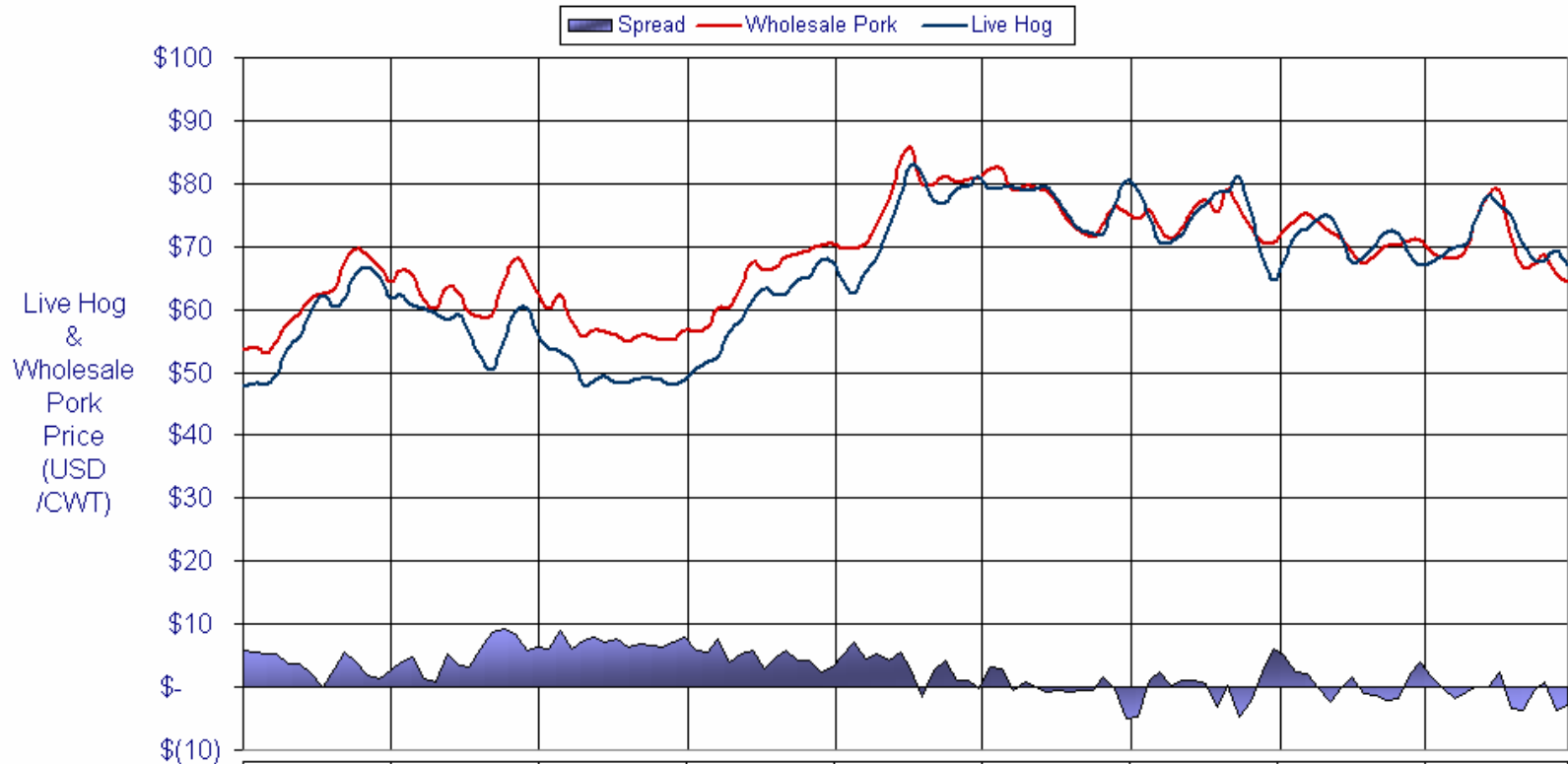
- ▶ **Sales down 15% to \$206.7 million due to commodity feed prices**
- ▶ **Operating earnings up 9% to \$34.3 million**
 - ▲ Increased hog volumes coupled with lower feed costs
 - ▲ Average effective hog ownership was 19% for Q2/05
- ▶ **Profits from rendering operations declined due to lower selling price for proteins and commodity pricing**
- ▶ **Investments in value-added product diversification and high efficiency manufacturing**
 - ▲ Biodiesel plant commissioned with strong market response
 - ▲ New Moncton world class feed mill operating; closed two Atlantic feed mills with third to follow



USDA Commodity Pork Processor Margins

Spread declined 127% from Q2 last year

Live Hog versus Wholesale Pork Price



	Q2-03	Q3-03	Q4-03	Q1-04	Q2-04	Q3-04	Q4-04	Q1-05	Q2-05
Wholesale Pork	\$ 60.98	\$ 63.07	\$ 57.28	\$ 64.51	\$ 77.16	\$ 77.45	\$ 74.40	\$ 71.29	\$ 70.05
Live Hog	\$ 57.33	\$ 58.14	\$ 50.26	\$ 59.35	\$ 73.68	\$ 77.08	\$ 74.75	\$ 70.67	\$ 70.99
Spread	\$ 3.65	\$ 4.93	\$ 7.02	\$ 5.16	\$ 3.48	\$ 0.37	\$ (0.35)	\$ 0.62	\$ (0.94)

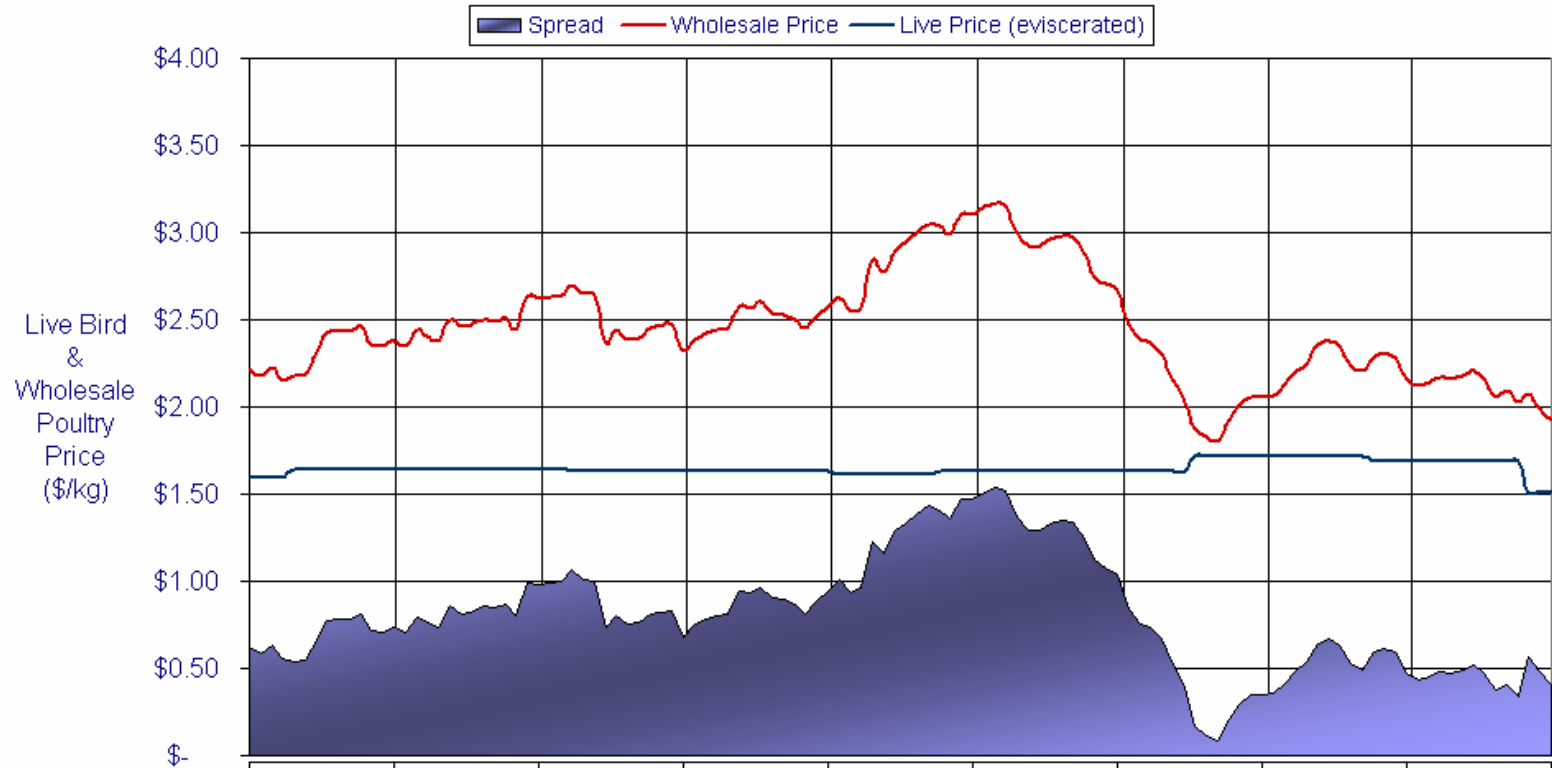
Source: USDA



Poultry Processor Margins

Spread declined 63% from Q2 last year

Live Bird versus Wholesale Poultry Price



	Q2-03	Q3-03	Q4-03	Q1-04	Q2-04	Q3-04	Q4-04	Q1-05	Q2-05
Wholesale Poultry	\$ 2.30	\$ 2.46	\$ 2.53	\$ 2.49	\$ 2.84	\$ 2.97	\$ 2.14	\$ 2.25	\$ 2.10
Live Bird (evisc.)	\$ 1.63	\$ 1.64	\$ 1.64	\$ 1.64	\$ 1.62	\$ 1.63	\$ 1.67	\$ 1.71	\$ 1.65
Spread	\$ 0.67	\$ 0.82	\$ 0.89	\$ 0.85	\$ 1.22	\$ 1.34	\$ 0.47	\$ 0.54	\$ 0.45

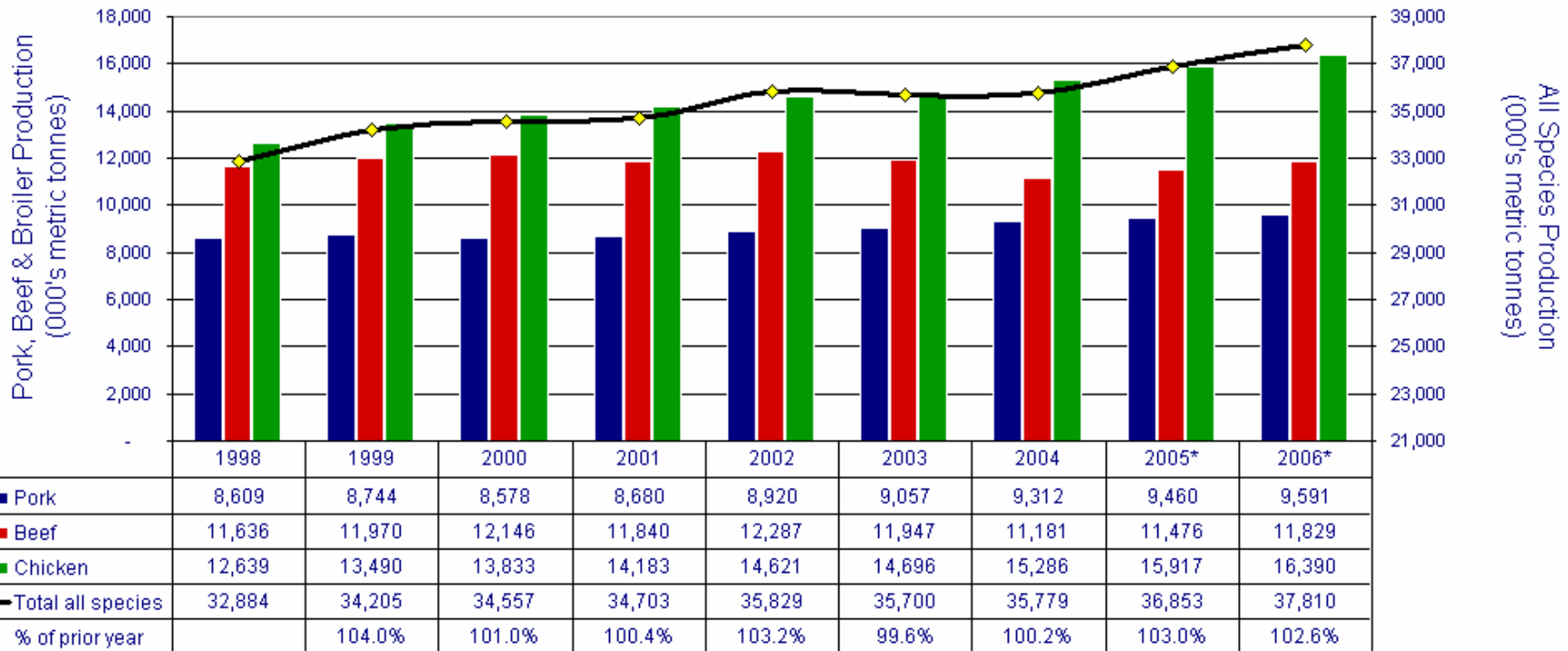
Source: AOCIP Indicator (Shapiro Consulting)



2005 USDA Meat Production Forecast

Rising beef & chicken expected to increase total meat production by 3% in 2005

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



* USDA - July '05 Projection

Source - WASDE / USDA



Summary

- ▶ **Very strong second quarter results in the face of significant commodity market headwinds**
- ▶ **Continue to benefit from balanced portfolio, operating improvements, and strong performance in processed meats and premium nutrition bakery products**
- ▶ **Investing for the future – world class operating assets supporting our leading brands and market shares**



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