



Graphic  
Packaging  
HOLDING COMPANY

# Third Quarter 2024 Earnings

October 29, 2024





# Forward-Looking Statements



## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Any statements of the Company's expectations in these slides, including, but not limited to, statements regarding 2024 Innovation Sales Growth, second-half 2024 volume/mix growth range, Adjusted EBITDA and Adjusted EBITDA margin range, and Adjusted EPS range, as well as commentary regarding 2025 sales, Adjusted EBITDA and Adjusted EPS growth ranges, and 2025 capital expenditure reduction, as well as Vision 2030 Base Financial Model information, 2024 capital spending, interest expense, cash interest, cash taxes, working capital and pension expense, effective tax rate, depreciation and amortization and Net Leverage Ratio constitute "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties that could cause actual results to differ materially from the Company's historical experience and its present expectations. These risks and uncertainties include, but are not limited to, inflation of and volatility in raw material and energy costs, changes in consumer buying habits and product preferences, competition with other paperboard manufacturers and product substitution, the Company's ability to implement its business strategies, including strategic acquisitions, productivity initiatives, cost reduction plans and integration activities, as well as the Company's debt level, currency movements and other risks of conducting business internationally, the impact of regulatory and litigation matters, including the continued availability of the Company's U.S. federal income tax attributes to offset U.S. federal income taxes and the timing related to the Company's future U.S. federal income tax payments. Undue reliance should not be placed on such forward-looking statements, as such statements speak only as of the date on which they are made and the Company undertakes no obligation to update such statements, except as may be required by law. Additional information regarding these and other risks is contained in the Company's periodic filings with the Securities and Exchange Commission.

## NON-GAAP FINANCIAL MEASURES & RECONCILIATIONS

This presentation includes certain historic financial measures that exclude or adjust for charges or income associated with business combinations, facility shutdowns, extended mill outages, sales of assets and other special charges or income ("Non-GAAP Financial Measures"). The Company's management believes that the presentation of these Non-GAAP Financial Measures provides useful information to investors because these measures are regularly used by management in assessing the Company's performance. These Non-GAAP Financial Measures are not calculated in accordance with generally accepted accounting principles in the United States ("GAAP") and should be considered in addition to results prepared in accordance with GAAP, but should not be considered substitutes for or superior to GAAP results. In addition, these Non-GAAP Financial Measures may not be comparable to similarly-titled measures utilized by other companies, since such other companies may not calculate such measures in the same manner as we do. A reconciliation of these Non-GAAP Financial Measures to the most relevant GAAP measure can be found in the Company's earnings press releases. Note that a reconciliation of Non-GAAP Financial Measures provided as future performance guidance to the most relevant GAAP measure is not provided, as the Company is unable to reasonably estimate the timing or financial impact of items such as charges associated with business combinations and other special charges. The inability to estimate these future items makes a detailed reconciliation of these forward-looking non-GAAP financial measures impracticable.

# Third Quarter 2024 Highlights

## Strategic Updates

- Waco coated recycled paperboard investment on schedule; hiring commenced; on track for Q4 2025 startup
- Packaging network investments expanding capabilities and driving productivity
- Virtual Power Purchase Agreement advances commitment to reduce greenhouse gas emissions in Europe
- Eliminating third-party price-change mechanisms from new paperboard sales contracts effective Q1 2025

## Diversified Consumer Packaging Portfolio

- Pivot to positive volume growth
- Volume/Mix 1%, Price (2%)
- Foodservice and Beverage remain strong, Food, Health & Beauty and Household all improved
- Mass retail/superstore channel growth continues
- Innovation Sales Growth<sup>1</sup> of \$54M in the quarter; \$142M YTD; on track for \$200M full-year 2024
  - New contributions in Cups & Containers and Multipacks platforms
  - Europe continues to outperform

1. We define Innovation Sales Growth as incremental sales of a product that delivers a significant change in materials used, package functionality, or design to a new or existing customer.

# Graphic Packaging's products are in the hands of tens of millions of consumers multiple times a day



# Consumer Packaging Sales by Market

Incremental improvement in Food, Household, and Health & Beauty



	2022		FY	2023				FY	2024		
	Q3	Q4	2022	Q1	Q2	Q3	Q4	2023	Q1	Q2	Q3
Food	↑	↑	↑	↑	➡	↘	↘	➡	↓	↘	➡
Beverage	↑	↗	↑	➡	↗	➡	➡	➡	↑	➡	➡
Foodservice	↑	↑	↑	↑	↑	↑	↑	↑	↑	↗	↗
Household	↑	↑	↑	↑	↘	↓	↓	➡	↓	↓	➡
Health & Beauty	↑	↑	↑	↑	↑	↑	↓	↑	↓	↓	↘
Total	↑	↑	↑	↑	↗	➡	➡	↗	↘	↘	➡

↑ = >5%, ↗ = 2 to 5%, ➡ = -2 to +2%, ↘ = -2 to -5%, ↓ = <-5%

# Seasonality, Experience, and Expectations

Typical Seasonality	Q1	Q2	Q3	Q4
Food				
Beverage				
Foodservice				
Household				
Health & Beauty				
Total				

## Total company:

- Relatively weaker Q1, relatively stronger Q3

## Stronger months:

- March, August, October

## Weaker months:

- February, July, December

Legend:

Weaker		Neutral		Stronger

## Third Quarter 2024 Experience

- Pivot to positive volume growth
- Higher promotional activity
- Private label outpacing branded growth
- Pricing similar to Second Quarter

## Fourth Quarter Expectations & Trends

- Consumers remain focused on value
- Food customers focused on promotion, new products, and new configurations
- Foodservice promotional activity to remain high
- Mass retail/superstore market share gains



# Customer Focus on Innovation Remains High

Addressable Market Opportunity \$15 Billion

\$5.0B



Trays & Bowls

\$4.0B



Cups & Containers

\$1.5B



Multi-Packs

\$2.5B



Paperboard Canisters

\$2.0B



Strength Packaging

# Commercializing Innovation: Cups and Containers

## OLD CONTAINER (United States)



## INNOVATION

McDonald's McFlurry and Mini McFlurry paperboard cups with built-in, four-flap lid reduces plastic use and supports circularity



## ADDRESSABLE OPPORTUNITY

- + \$4.0B cup & container opportunity
- + Primarily plastic/foam replacement

### More Sustainable

- ✓ Reduces plastic packaging and single-use plastic waste

### More Functional and Convenient

- ✓ Improved experience with wider cup and open top: easier blending of toppings, easier to prepare, serve and eat
- ✓ SKU reduction with elimination of plastic lid
- ✓ New smaller size for those wanting sweet treat with fewer calories



# Global Leader in Sustainable Consumer Packaging

# VISION 2030



## Innovation

**Build the leading sustainability-focused consumer packaging innovation platform**

- 2% annual sales growth from innovation
- Every new product innovation more circular, more functional and more convenient than existing alternatives
- Create multi-generational portfolio of solutions leverageable across products and geographies



## Culture

**Enable a safe, inclusive, customer-focused culture**

- Zero life injuries
- 75<sup>th</sup> percentile in employee engagement
- Women in leadership positions to 35%; US ethnic diversity to 40%
- Enhance the communities in which we operate



## Planet

**Steadily and measurably improve the environmental footprint of consumer packaging**

- Achieve approved 2032 SBT for Scope 1, 2, and 3 GHG reductions
- 90% renewable fuel use in wood fiber paperboard manufacturing facilities
- 50% purchased renewable electricity
- 100% purchased forest products sustainably sourced



## Results

**Consistently execute for customers, shareholders and all stakeholders**

- Leverage unmatched global capabilities for customers and consumers
- Deliver consistent and strong financial results across all economic conditions
- Invest in team & innovation capabilities to be the global leader in sustainable consumer packaging

***With an exceptional team, unmatched capabilities, and a clear and compelling vision, Graphic Packaging is positioned to deliver***

# Third Quarter 2024 Financials

## Sales

- Packaging sales (\$35M), or (1.5%)
  - Volume/Mix up 1%
  - Price down (2%)
- Impact of Augusta divestiture and related bleached paperboard sales (\$109M) YoY, or (5%)
- Other M&A \$9M, F/X<sup>1</sup> \$2M

## Adjusted EBITDA<sup>3</sup>

- Net Performance<sup>2</sup> of \$86M fully offset lower Price and inflation
- Weather and power disruptions reduced Adjusted EBITDA by (\$25M)
- (\$34M) decline due to impact of Augusta divestiture and related bleached paperboard sales
- Favorable other M&A (excluding Augusta) \$3M, favorable F/X \$5M

## Liquidity

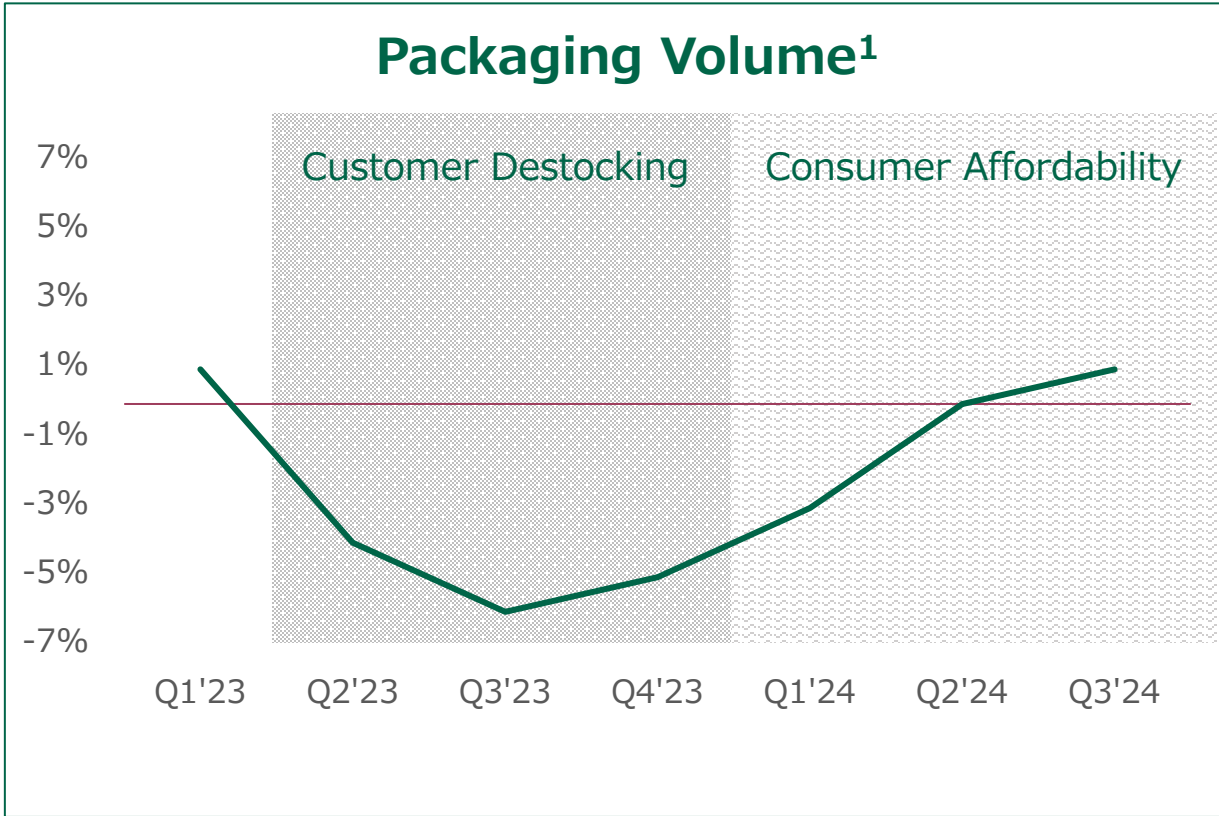
- Average cost of debt ~4.7%

(\$M excl EPS)	Q3'24	Q3'23	Δ YoY
<b>Net Sales</b>	\$2,216	\$2,349	-6%
<b>Net Income</b>	\$165	\$170	-\$5
<b>Adj. EBITDA<sup>3</sup></b>	\$433	\$482	-\$49
<b>Adj. EBITDA Margin<sup>3</sup></b>	19.5%	20.5%	-100bps
<b>EPS</b>	\$0.55	\$0.55	\$0.00
<b>Adj. EPS<sup>3</sup></b>	\$0.64	\$0.74	-\$0.10
<b>Net Leverage Ratio<sup>3,4</sup></b>	3.1x	3.0x	0.1x

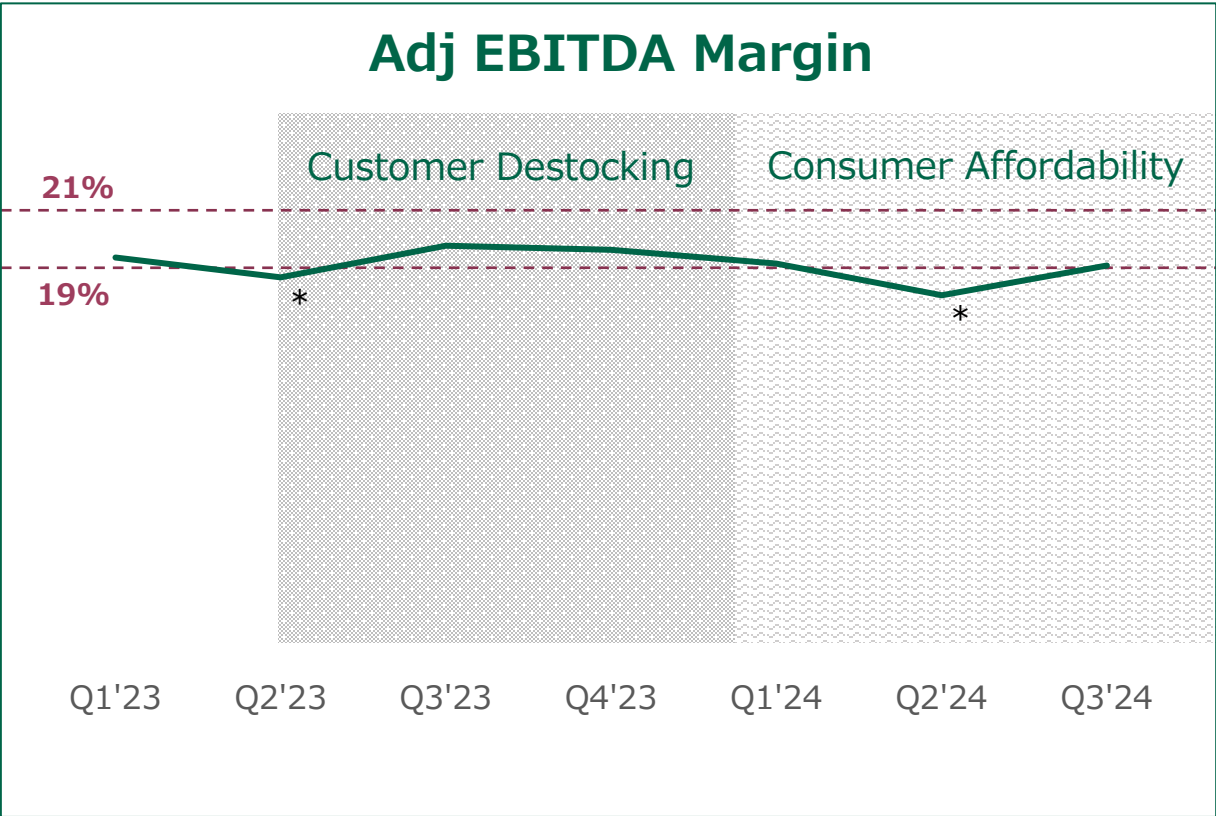


# Delivering consistent results across a wide range of market conditions

*Strong margin performance despite recent volume weakness*



<sup>1</sup> Organic volume/mix YoY



\* Planned maintenance quarters

# Operations and Capital Investment

## Paperboard Manufacturing Facilities

- Strong overall performance despite weather and power disruptions
- No material impact from Hurricanes Helene & Milton

## Packaging Operations

- No significant weather-related packaging plant or customer disruptions
- New Heidelberg high-end press in Poznan, Poland, further expanding product and execution capabilities, capacities and flexibility for the Health & Beauty market

## Waco, TX Coated Recycled Paperboard Investment

- Deliveries on schedule, structural steel installation complete, first round of hiring complete
- On track for Q4 2025 startup
- Modest cost inflation and targeted project scope expansion; expected total cost \$1.1B
- Expect upside to \$160M incremental EBITDA; full update in February
- Extends unmatched competitive cost and quality position across North America



# Guidance & Commentary

## 2024:

- Second half volume/mix growth range revised to 1% - 2%
- Adjusted EBITDA range revised to \$1,680M - \$1,730M<sup>1</sup>
  - Impacted by weather & power disruptions; volume growth expectations; and unplanned Q4 digester maintenance
- Adjusted EBITDA margin in 19% - 19.5% range
- Adjusted EPS range revised to \$2.49 - \$2.61<sup>1</sup>

## 2025:

- Low single-digit Sales growth<sup>2</sup>
- Mid single-digit Adjusted EBITDA growth<sup>2</sup>
- High single-digit Adjusted EPS growth<sup>2</sup>
- Capex to decline ~\$300M from 2024 level

1. Includes four months of Augusta contribution.

2. Excluding four months of Augusta contribution in 2024.

# Vision 2030 Base Financial Model and Capital Allocation Priorities



## Base Model:

Annual Sales Growth	Annual Adj EBITDA Growth	Annual Adj EPS Growth	Normalized Capex (% of sales)
Low-Single Digits Base <sup>1</sup> : \$8.8B	Mid-Single Digits Base <sup>1</sup> : \$1.7B	High-Single Digits Base <sup>1</sup> : \$2.52	~5% After 2025

## Capital Priorities:

- Reinvest to Expand Capabilities
- Grow the Dividend
- Repurchase Shares
- Achieve Investment Grade Ratings
- Pursue Tuck-under M&A



After Waco, Graphic Packaging has the assets, the capabilities, and the team needed to achieve Vision 2030 financial goals, and to generate cash well in excess of reinvestment needs





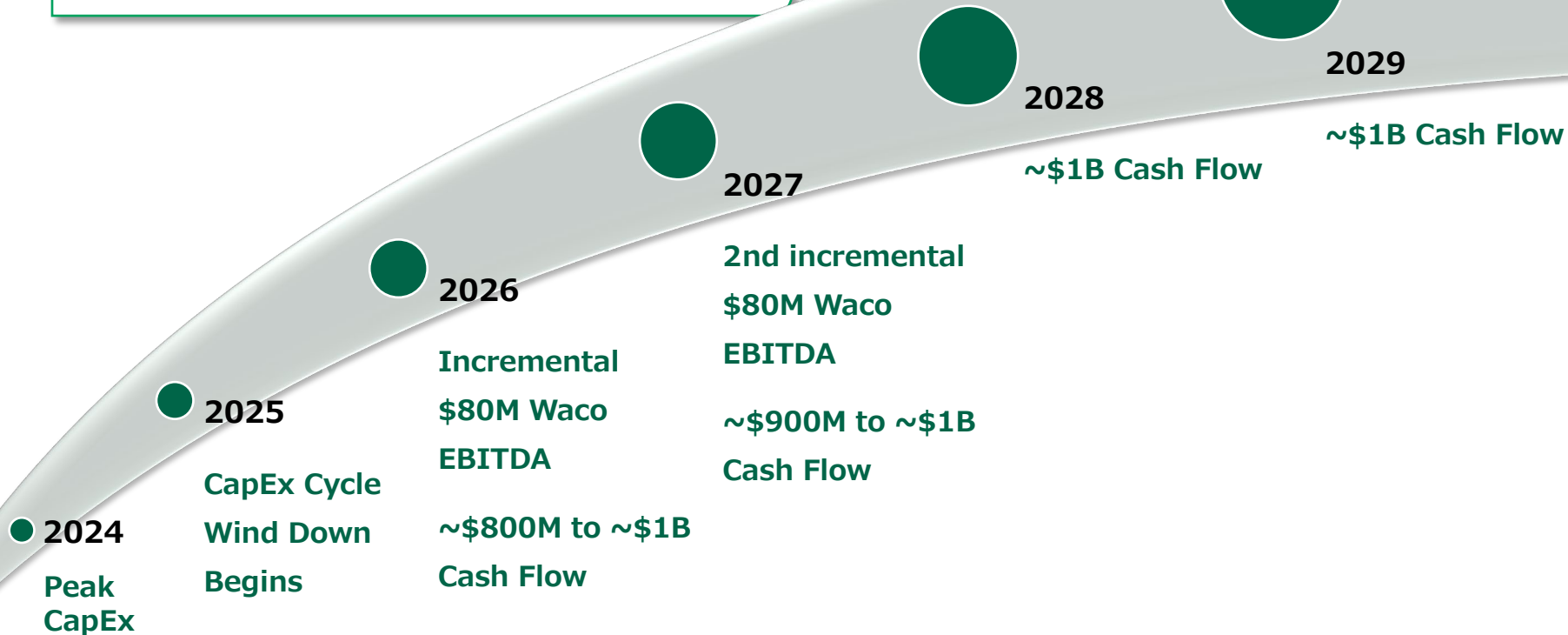
# Significant Cash Flow to Deploy for Value Creation



~\$5B+ Cash Flow (~\$17/share)  
2024-2030

~\$2.5B Cash Flow (~\$8/share)  
2024-2027

**Vision  
2030**





# Appendix

# Supplemental Guidance Information

\$ in millions	2024
Capital Spending	~\$1,100
Interest Expense	~\$235
Cash Interest	~\$220
Cash Taxes, Working Capital, Pension	~\$300
Effective Tax Rate	~25%
Depreciation & Amortization	~\$450 <sup>1</sup>
Estimated Year-end Net Leverage	<3.0x



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