Graphic Packaging

Third Quarter 2014 Earnings Call
October 21, 2014

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Chief Operating Officer

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Forward Looking Statements

Any statements of the Company’s expectations in these slides constitute "forward-looking statements“ as defined in the Private Securities Litigation Reform Act of 1995. Such statements, including but not limited to, statements relating to raw material inflation costs, pricing trends, synergies from planned acquisitions, capital expenditures, cash pension contributions and pension expense, depreciation and amortization, interest expense, income tax rates, debt and leverage reduction, performance improvements and cost reduction initiatives, are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from the Company's present expectations. These risks include, but are not limited to, volatility in raw material and energy costs, cutbacks in consumer spending that reduce demand for the Company’s products, continuing pressure for lower cost products, the Company’s ability to implement its business strategies, including productivity initiatives and cost reduction plans, and the Company’s debt. 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. Additional information regarding these and other risks is contained in the Company's periodic filings with the SEC.

Q3 Highlights

- Q3 Net Sales increased $49.3 million or 4.9%, after adjusting for divested businesses
- Adjusted EBITDA was $190.6 million versus $175.2 million in prior year period
- Adjusted EBITDA margin increased over 300 bps to 18.2%
- Adjusted EPS increased to $0.17 from $0.12 in prior year period
- Net leverage ratio dropped below 3.0x

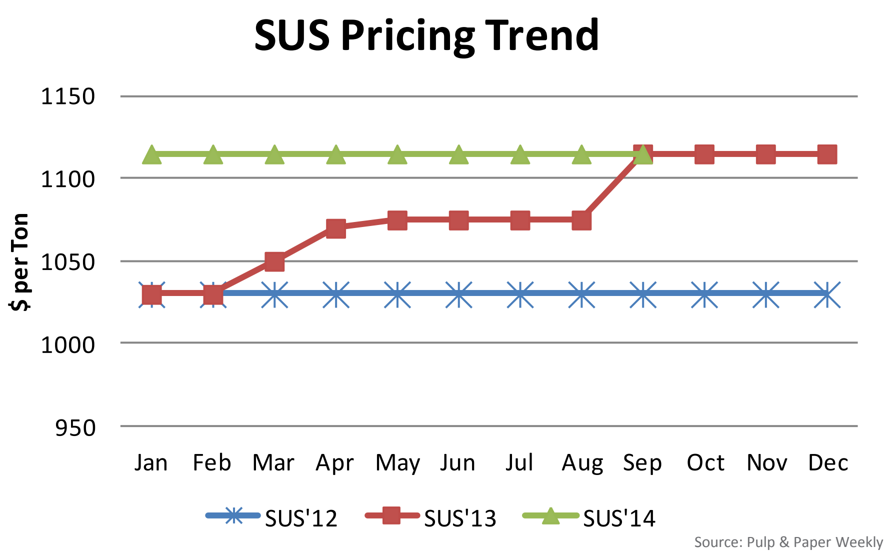
A reconciliation of non-GAAP financial measures can be found in the financial information attached to the earnings release for the quarter available on the Company's website under "Investors" at www.graphicpkg.com.

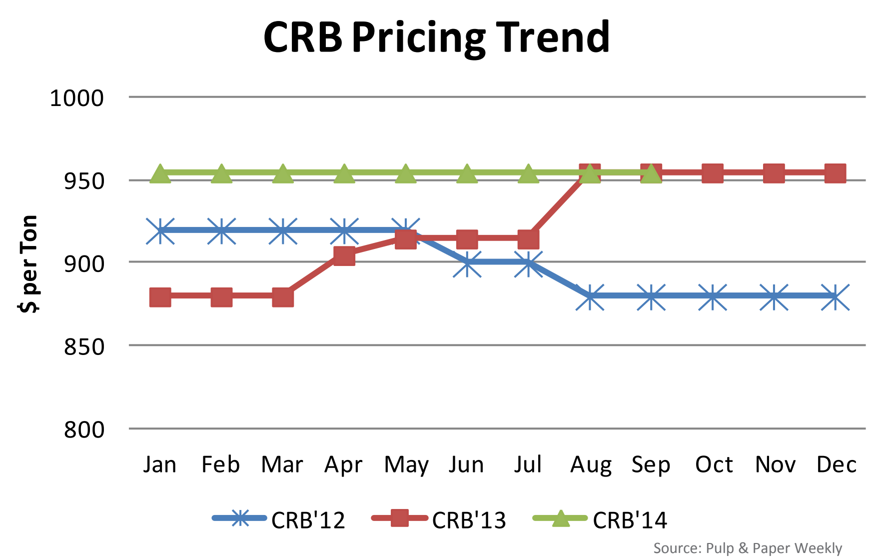
Q3 Overview

- Volumes in paperboard packaging decreased ~0.5%
  - Continued weakness in cereal and dry food markets
  - Consumers closely managing discretionary spending
  - Major food companies responding with increased promotional and advertising
    - Lower grain prices allowing companies to manage profits while working on volume
    - Historically this strategy has improved volumes
- Performance across addressable markets is solid
  - Well positioned on a sub-sector level
    - Our CSD sweet spot is cans, multi-packs, take home & national brands
    - All outperforming counterparts of plastic, single serve, on premise & private label
    - Craft beer growing fast and some movement into cans, but off a smaller base
    - Big beer relatively stable demand
    - See positive trends in European beer packaging demand

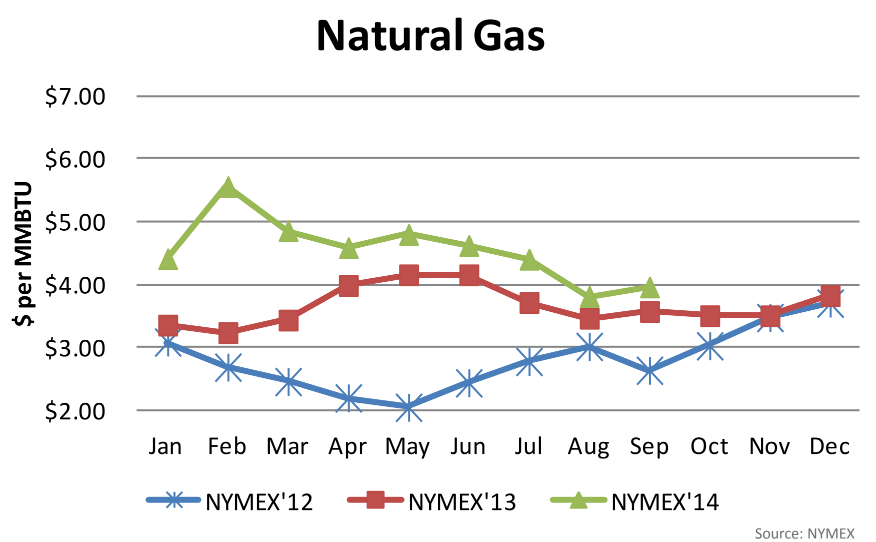
Pricing & Inflation

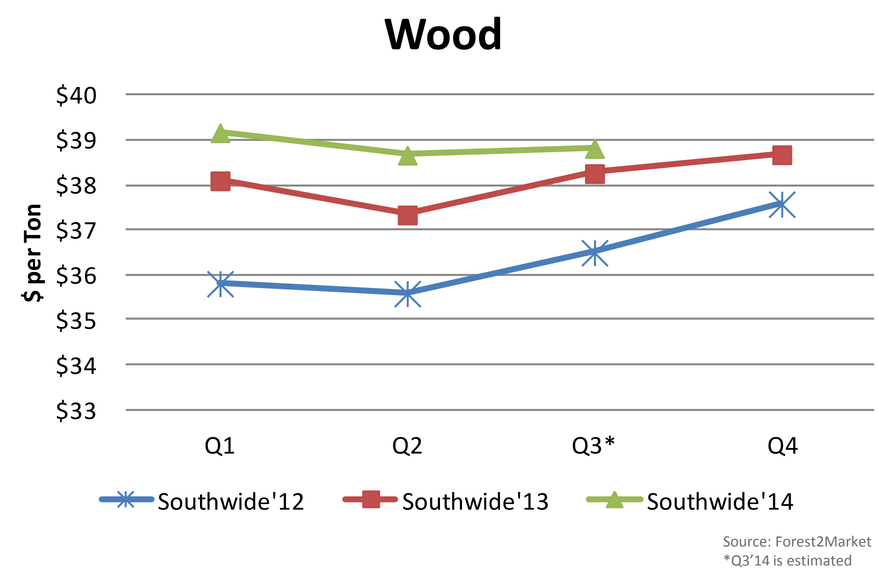
- Pricing improved $19 million off its peak in Q2
- $16 million of higher input costs
  - Driven by wood, external board and energy

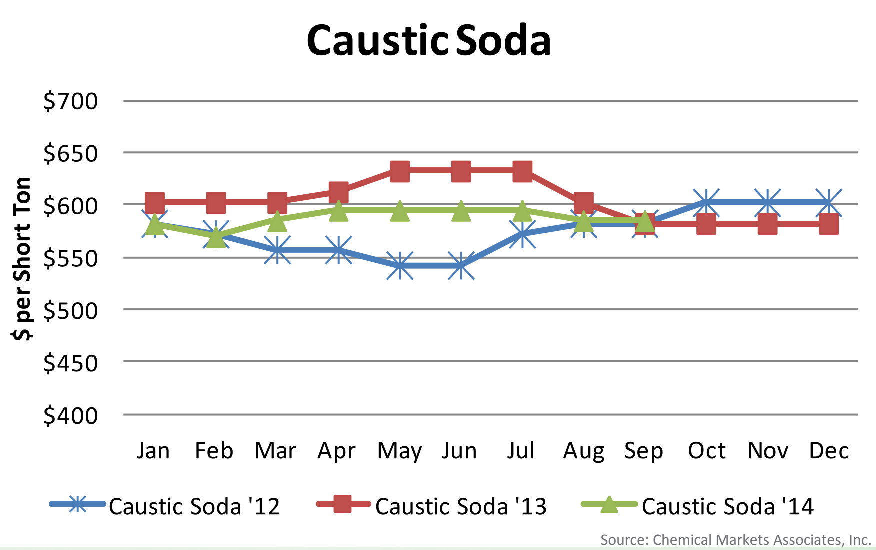


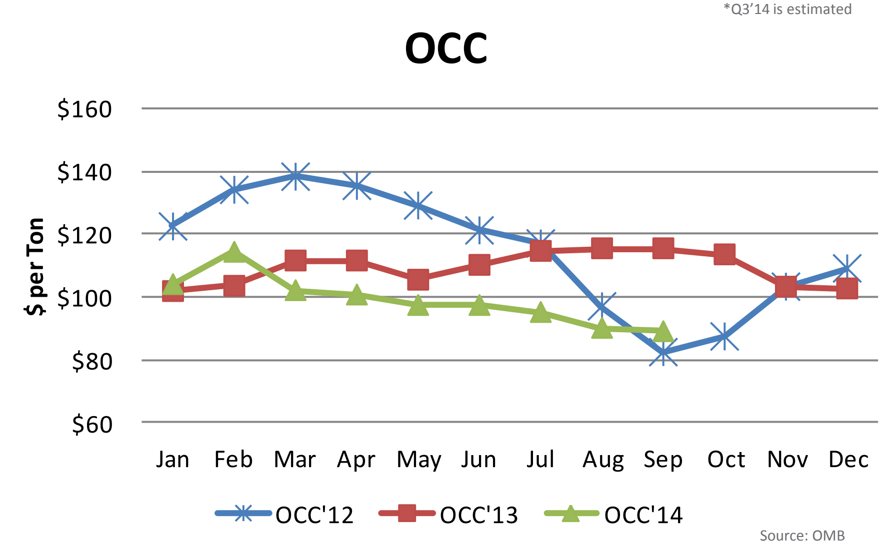


Key Input Cost Trends: Market Prices









Looking Forward

- Like how the business is positioned and directional trends heading into 2015
- Q4 is typically a seasonally slower period
- Will continue to optimize supply chain and “right-size” our resources and asset base
- January 1st, 2015 Stephen Scherger will be appointed Chief Financial Officer

Committed Leader in Food and Beverage Paperboard Packaging

- Past 6 years spent building and optimizing core business around this focus:
  - Divested non-core assets
  - Reinvested in core business
  - Substantially reduced debt
- Streamlined and increased productivity in our low-cost mills
- Optimized network of global converting facilities
- Implemented LEAN and Six Sigma to shorten supply chain and improve efficiency across organization

Unique Business Model

- Vertically integrates some of the lowest cost mills with highly efficient converting network
- Mill system contains 150-200k tons of low cost, unutilized pulp capacity
- Grow converting volumes:
  - New product development
  - Channel expansion
  - Product substitution
  - Geographic expansion
  - Acquisitions

Q3 Operating Results

- Operating side of business had a terrific quarter
  - Set daily and monthly production records at our two virgin mills
  - Total SUS production strong with 25k ton increase versus the prior year
  - Came back on line flawlessly after planned downtime at Macon Mill
- Performance-based improvements in the quarter to $22 million
  - Majority from investment in the mills and European synergies
  - Procurement, energy, operating efficiencies and fixed costs drivers of performance gains
  - Tracking to full year adjusted target of $60 million

European Integration

- Progressing to plan
- Beginning to pay operational dividends
  - Awarded our first major SUS conversion contract
    - In the frozen pizza category
    - Expected to generate ~8k tons of SUS demand
- Tremendous conversion opportunities across Europe
  - In US the frozen pizza market utilizes <u>SUS</u>
    - Lower caliper board with superior strength, print, and freeze/thaw characteristics
    - Better alternative to existing recycled substrates

New Product Development Strategy

- Convenient solutions for busy consumers
- Creating shelf impact for products
- Lower overall costs for the customer

Q3 Financial Highlights[1]

$millions (except EPS)	Q3 2014	Q3 2013	Variance
Net Sales	$1,050.0	$1,163.0	($113.0)
Adjusted EBITDA	$190.6	$175.2	$15.4
Adj. Net Income	$57.5	$42.9	$14.6
Adj. EPS	$0.17	$0.12	$0.05

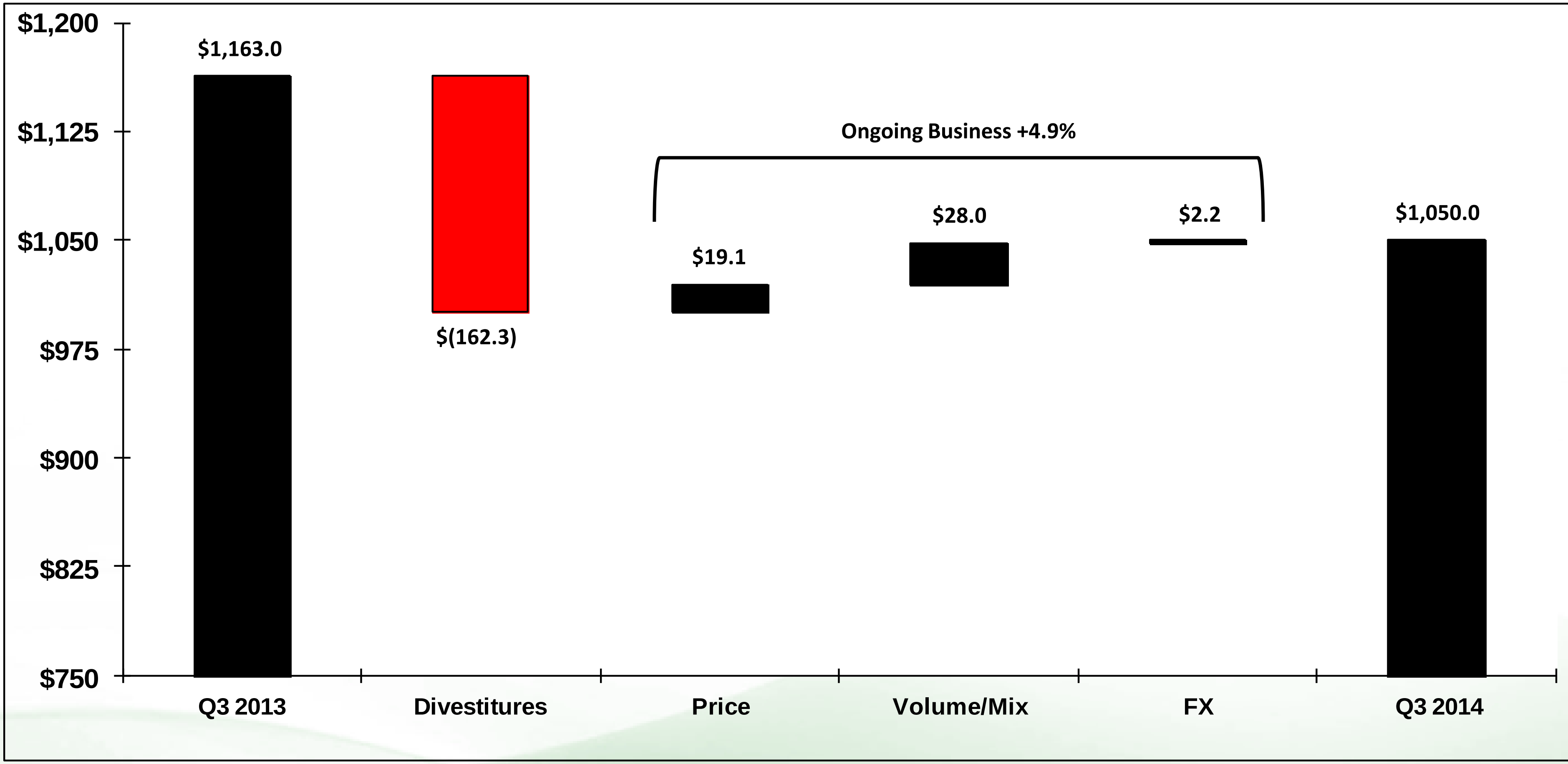
- Net Sales grew $49.3 million or 4.9% when excluding divested businesses
- Adj. EBITDA grew $17.6 million or 10.2% when excluding divested businesses
- Adj. EBITDA margin increased over 300 bps to 18.2%
- Adj. Net Income up ~34%
- Adj. EPS up 5 cents
- EBITDA adjusted $8.3 million for non-recurring charges primarily related to overhead cost reduction initiative -- $10-$15 million annual savings

[1] A reconciliation of non-GAAP financial measures can be found in the financial information attached to the earnings release for the quarter available on the Company's website under "Investors" at www.graphicpkg.com.

Y-o-Y Net Sales Comparison

$ millions

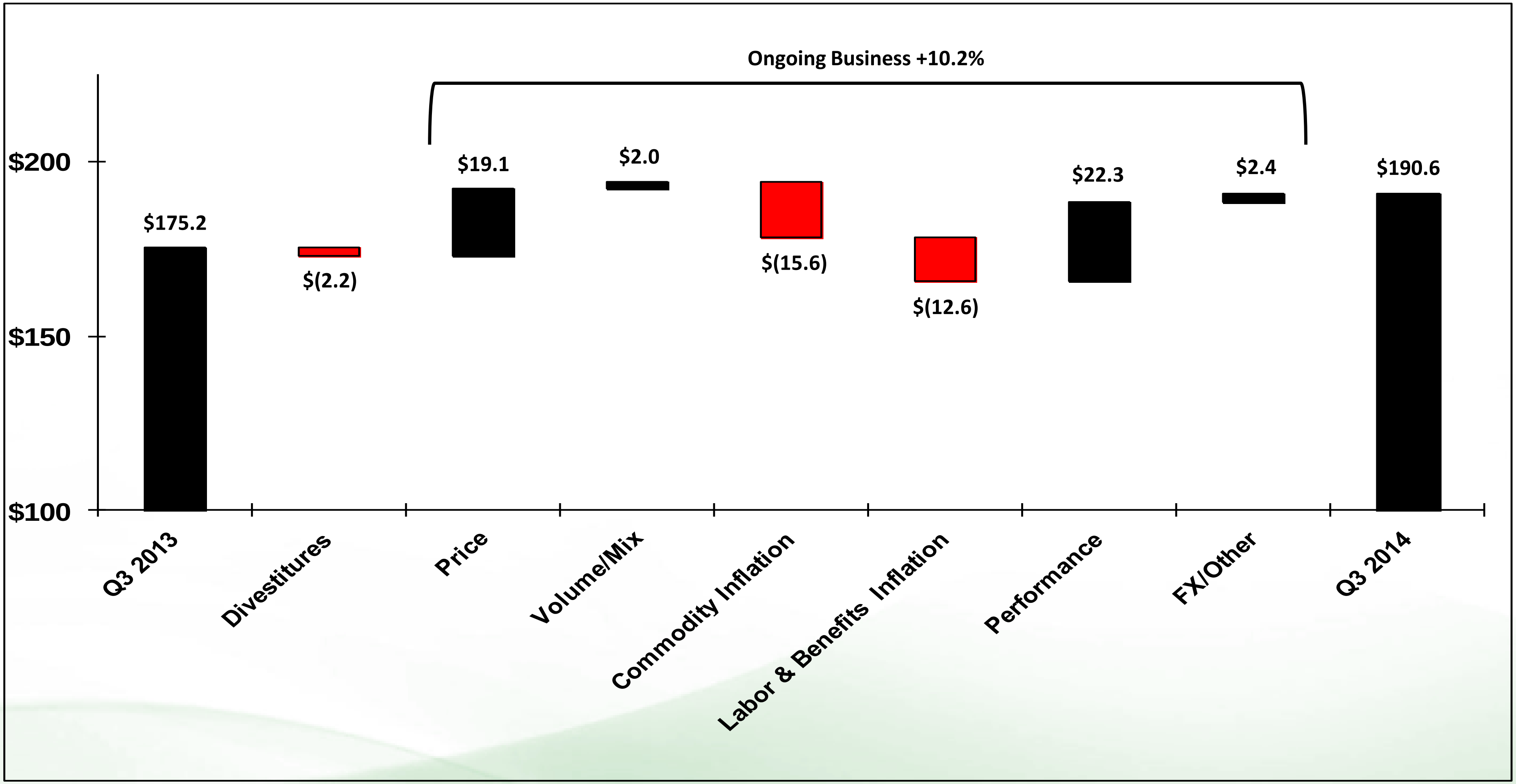
Q3'14 over Q3'13



Y-o-Y Adjusted EBITDA Comparison

$ millions

Q3’14 over Q3’13



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Q3 Cash Flow, Debt, Liquidity and Taxes

- Net Debt from Operations (excluding M&A and capital market activities) decreased ~$140 million in Q3 and ~$202 million YTD
- Net leverage ratio of 2.90x -- down from 3.28x at year-end
- Amend & Extend of Sr. Secured Credit Facility
  - Added 12 months to term
  - Reduced pricing grid by 25 bps – saves more than $3 million annual cash interest
  - Upgraded term loan vs. revolver debt mix – provides stronger liquidity profile
- Expect to refinance 7 7/8 % notes in the near term
- NOL now at $811 million
- 43% effective tax rate in Q3 driven by geographic mix, not expected to continue

Domestic Liquidity Position at 09/30/14 ($millions)

	Amount	
Revolver Line	$	1,000
Borrowings + LOCs	$	(132)
Cash	$	9
Total Liquidity	**$**	**877**

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2014 Outlook

- Capital Expenditures = $195-$205 million
- Cash Pension Contributions = $40-$60 million
- Pension Expense = ~$6 million
- Depreciation & Amortization = $265-$275 million (excludes pension amortization)
- Interest Expense = $80-$85 million
- Tax Rate = 40-41%
- Net Debt Reduction ~$350 million (excluding M&A activity)
- 2014 Year-End Net Leverage Ratio = 2.50-2.75x