



**Graphic
Packaging**

First Quarter 2015 Earnings Call April 23, 2015

**David W. Scheible
Chairman, President and Chief Executive Officer**

**Michael P. Doss
Chief Operating Officer**

**Stephen R. Scherger
Senior Vice President and Chief Financial Officer**

Forward Looking Statements

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 second quarter 2015 mill down time, raw material inflation costs, pricing trends, synergies from acquisitions, cash available for net debt reduction, 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.

Q1 Highlights

- Q1 Adj. EPS of \$0.17 increased \$0.04 from \$0.13 in Q1'14
- Q1 Adj. EBITDA of \$181.3 million increased 15% from \$157.6 million in Q1'14
- Q1 Adj. EBITDA Margin increased 330 bps to 18.0% from 14.7% in Q1'14
- Acquired folding carton converting and paperboard mill assets of Cascades' Norampac Division and Rose City Printing and Packaging, Inc.
- \$0.05 per share dividend approved, paid in April
- Repurchased \$4 million of shares as part of \$250 million share repurchase program

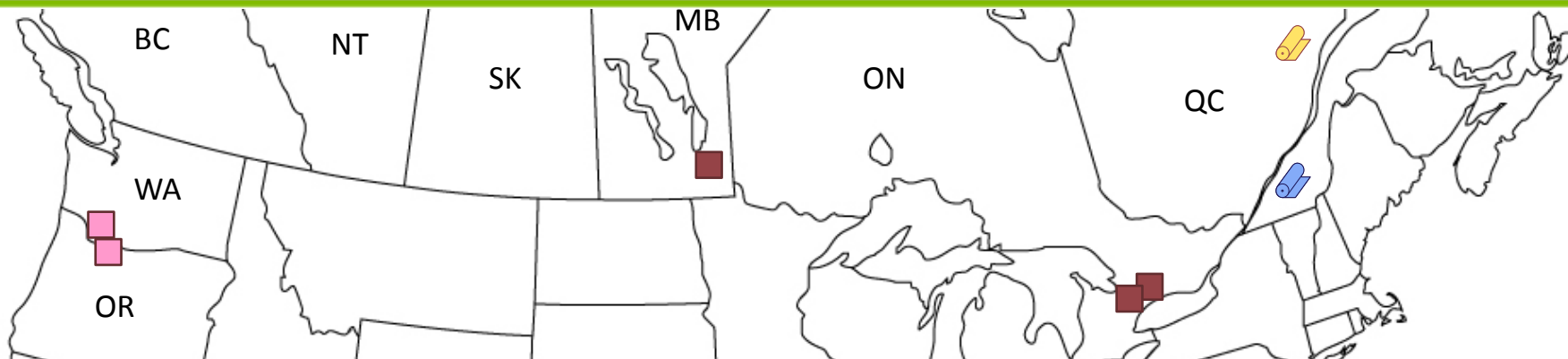
Q1 Performance

- Global paperboard packaging volumes increased 9.1%
 - Driven by:
 - European expansion
 - Cascades' Norampac acquisition
 - Rose City acquisition
- U.S. Mills produced 20,000 more tons YoY
- Europe integration progressing well
 - SUS paperboard gaining acceptance and market share
 - Integrated incremental 20k tons of SUS board
 - Expect to ship ~150k tons to Europe in 2015, up from ~115k tons in 2014

Market Update

- “Premiumization” trend continues in emerging markets
- US Food and Beverage folding carton markets mixed in Q1
 - Growth
 - Frozen Pizza, Craft Beer, Strength Packaging and New Product Development
 - Challenges
 - Cereal, Carbonated Soft Drinks and certain Frozen Food applications
- Fresh, healthier, convenience, and sustainability trends continue to reshape U.S. Food and Beverage markets
 - Customers adjusting mix to address changing end-consumer demands

Continuation of Strategy to Grow Integrated Folding Carton Converting Volumes



 Rose City Folding Carton Facility

 Cascades' Norampac Folding Carton Facility

 Cascades' TMP Mill

 Cascades' Norampac CRB Mill

Acquired Rose City and Cascades' Norampac paperboard assets

- Combined purchase price of ~\$118M
- Combined Sales ~\$225M & Adj. LTM EBITDA of ~\$15M
- Expect synergies of \$10-15M over next 24 months
- Expect to integrate additional 20-25k tons
- Expect net incremental EBITDA to GPI of \$10M in 2015, \$20-25M in 2016 and \$25-30M in 2017

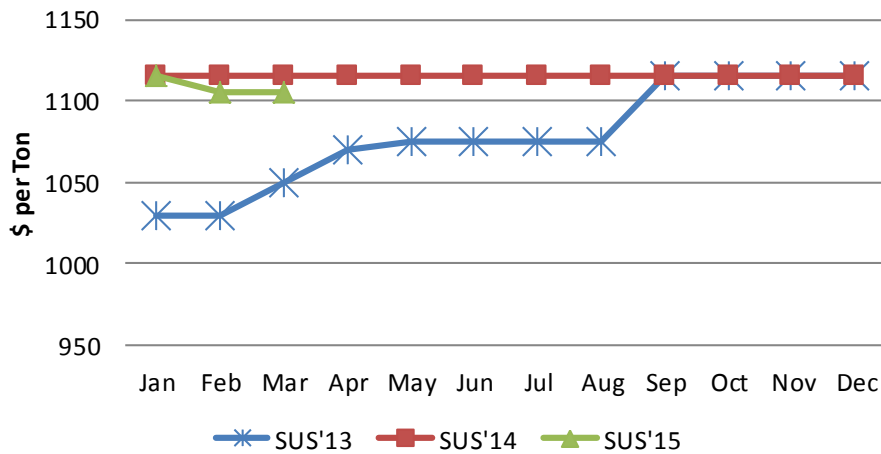
- Acquisitions combined add 5 folding carton converting facilities, a CRB mill and a TMP mill

Extends Reach in Western US & Canada and Expands Range of Products & Services

Pricing & Inflation

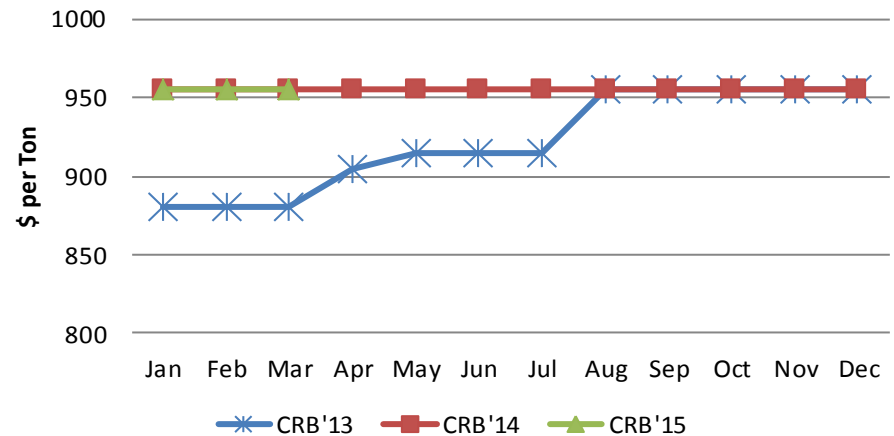
- Pricing improved \$2.2 million in Q1
- Commodity input costs decreased \$2.7 million in Q1
- Expect pricing and commodity inflation/deflation to remain in balance throughout 2015

SUS Pricing Trend



Source: Pulp & Paper Weekly

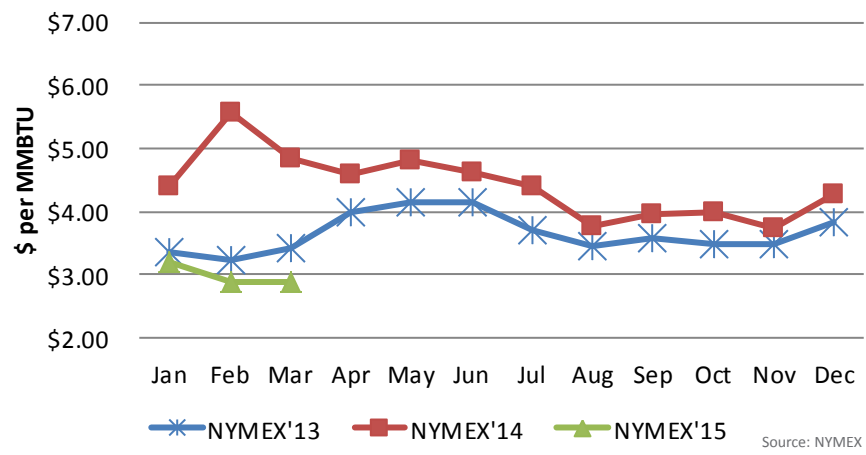
CRB Pricing Trend



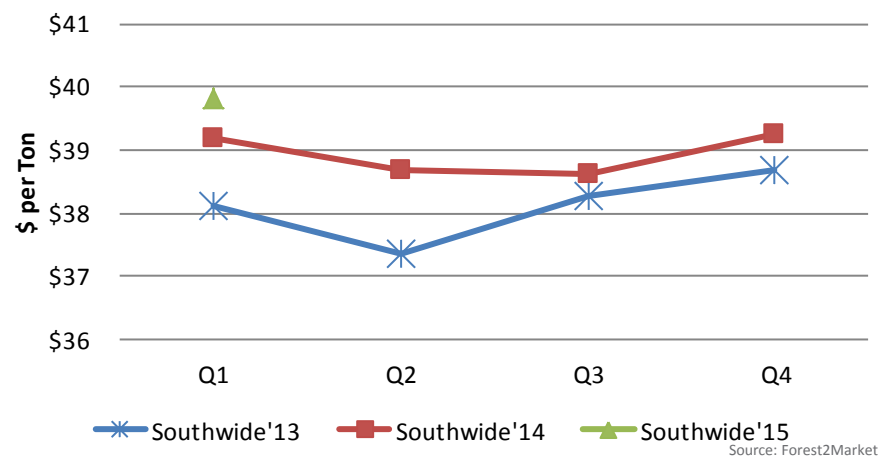
Source: Pulp & Paper Weekly

Key Input Cost Trends: Market Prices

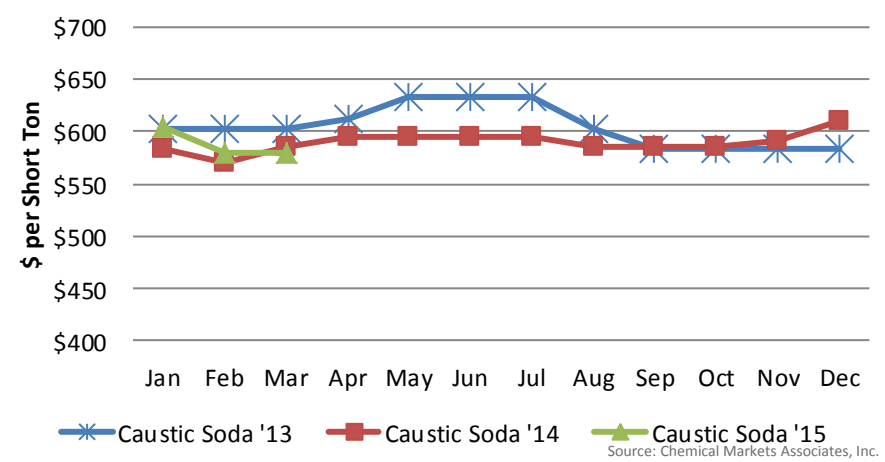
Natural Gas



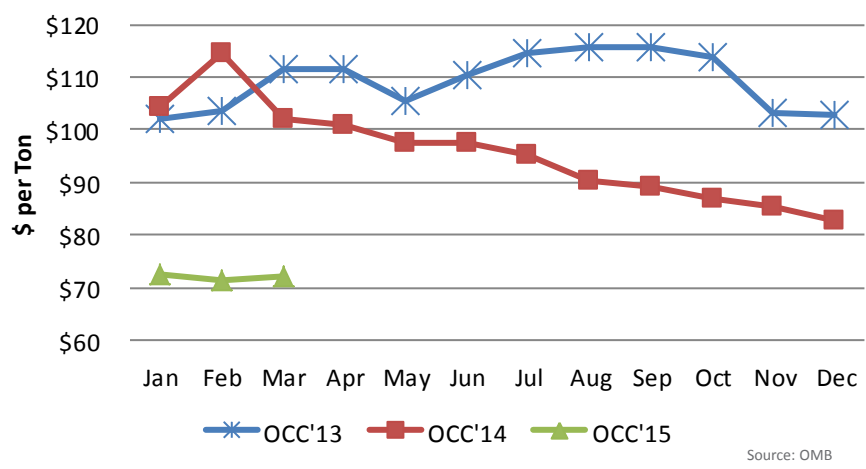
Wood



Caustic Soda




OCC



Q1 Financial Highlights¹

\$millions (except EPS)	<u>Q1 2015</u>	<u>Q1 2014</u>	<u>Variance</u>
Net Sales	\$1,008.2	\$1,072.7	(\$64.5)
Adjusted EBITDA	\$181.3	\$157.6	\$23.7
Adj. Net Income	\$56.7	\$44.5	\$12.2
Adj. EPS	\$0.17	\$0.13	\$0.04



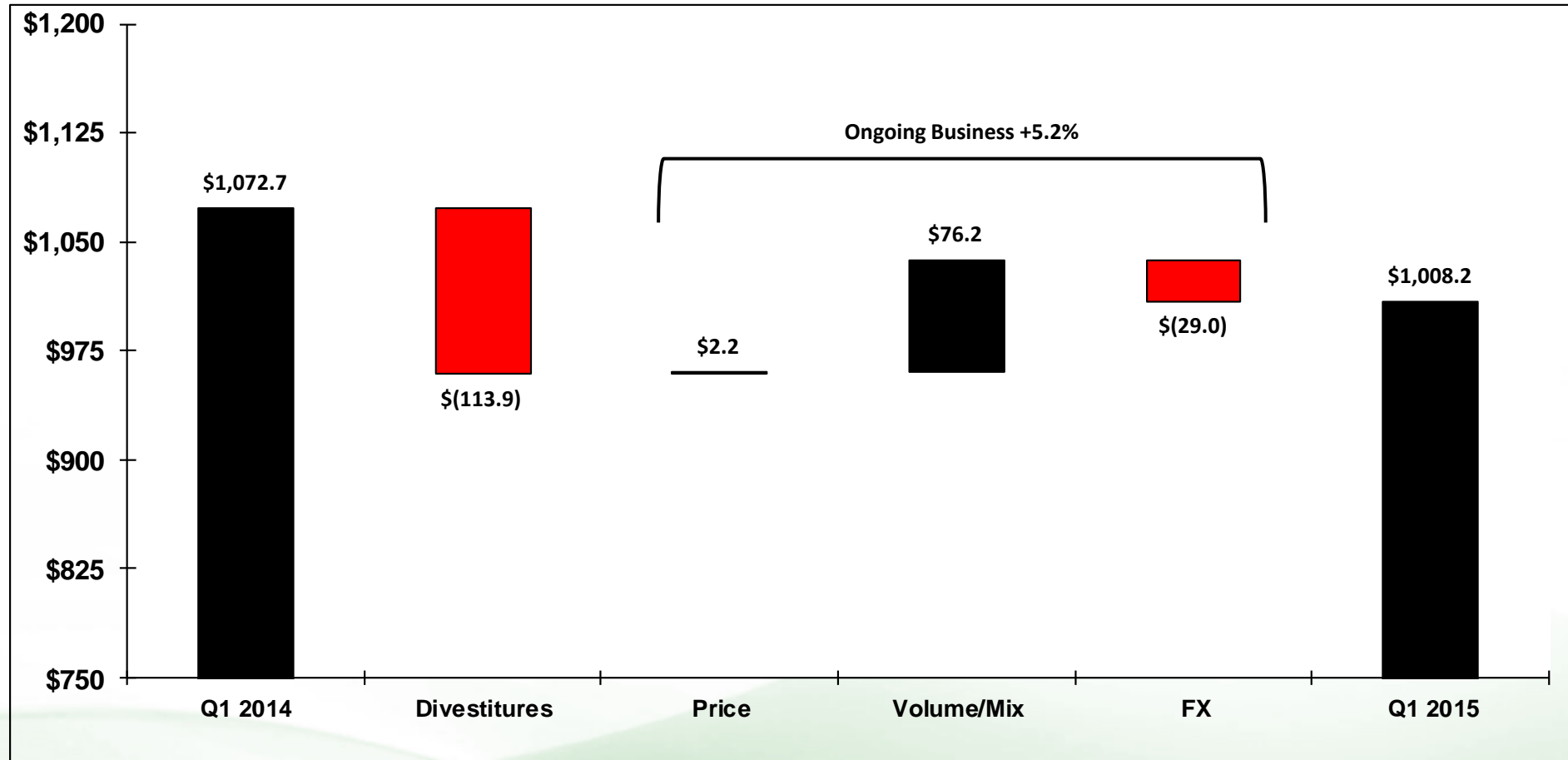
- Q1 Net Sales grew \$49.4 million or 5.2% when excluding divested businesses
- Adj. EBITDA grew \$28.8 million or 18.9% when excluding divested businesses
- Adj. EBITDA margin increased ~330 bps to 18.0%
- Adj. Net Income up ~27%
- Adj. EPS up 4 cents

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

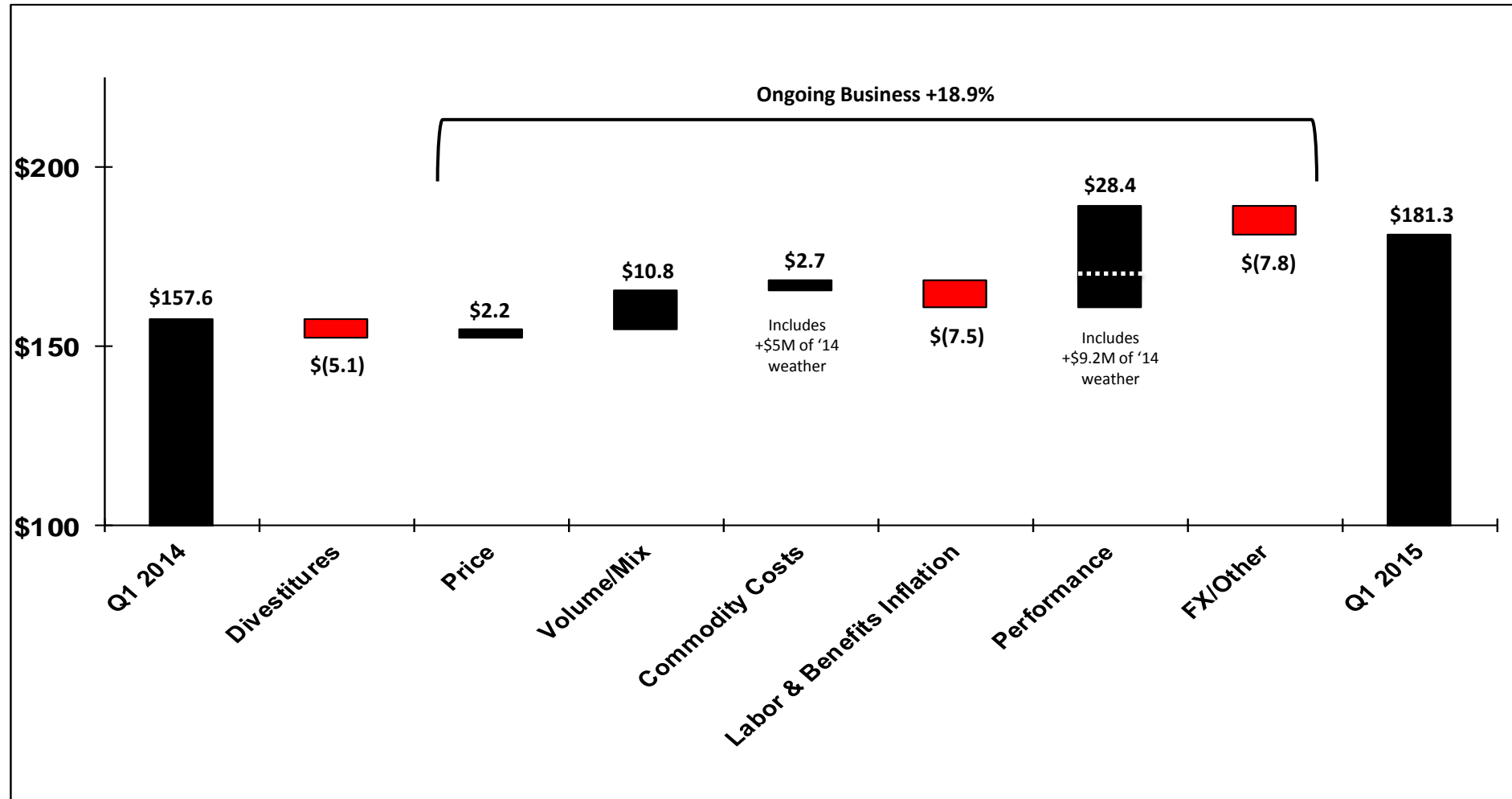
Q1'15 over Q1'14



Y-o-Y Adjusted EBITDA Comparison

\$ millions

Q1'15 over Q1'14



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.
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Q1'15 Cash Flow, Debt, Liquidity

- Net Debt increased ~\$170 million to ~\$2.1B
 - Seasonal Q1 working capital build
 - M&A (Rose City and Cascades' Norampac paperboard assets) of ~\$118 million
 - Pension contribution of ~\$12 million
 - Share repurchases of \$4 million
- When considering extra pension contribution, cash generation was modestly better year-over-year and met expectations
- Net leverage ratio of 2.81x -- down from 3.27x at end of Q1'14
- Domestic liquidity > \$900 million

Q2'15 Expectations

- Q2'15 mill maintenance down time drives \$3-4 million negative EBITDA comparison to Q2'14, down time occurred during second half of prior year
- \$7.5M weather recovery that occurred in Q2'14 will not repeat in Q2'15
- FX impact is expected to be higher versus Q1'15 given currency rates and seasonally higher volumes
- Expect Q2'15 EBITDA to be approximately \$10 million sequentially higher than Q1'15 or in line with Q2'14

2015 Guidance

	<u>2015</u>
– Cash available for Net Debt Reduction, Dividends & Share Repurchase (ex M&A/Capital Markets activity)	\$350-\$375M
– Capital Expenditures	\$220-\$230M
– Cash Pension Contributions	\$40-\$60M
– Pension Expense	\$20M
– Depreciation & Amortization (ex pension amortization)	\$275-\$285M
– Pension Amortization	\$23M
– Interest Expense	\$70-\$80M
– Effective Tax Rate	36-38%
– Year End Net Leverage Ratio	2.50x-3.00x