



**Graphic  
Packaging**

## **Second Quarter 2015 Earnings Call July 23, 2015**

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

**Michael P. Doss  
President and 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 third quarter 2015 mill down time, raw material inflation costs, pricing trends, synergies and board integration from acquisitions, cash available for net debt reduction, dividends and share repurchases, 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.

# Q2 Financial Highlights

- Q2 Adj. EBITDA of \$192.1 million vs. \$190.8 million in Q2'14
- Q2 Adj. EBITDA Margin increased 110 bps to 18.2% vs. Q2'14
- Produced, sold and integrated more tons in Q2 YoY
- Repurchased \$4 million of shares
- \$0.05 per share dividend approved, paid in July

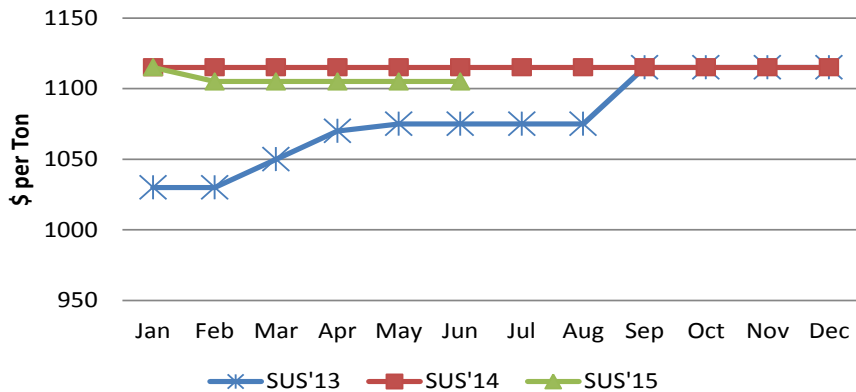
# Q2 Performance Highlights

- Global paperboard packaging volumes increased 12% driven by acquisitions and targeted share gains
- Europe integration on track
  - Will ship approximately 150k tons to Europe in 2015, up from 115k tons in 2014
- Rose City and Cascades' Norampac integrations on track
  - Will integrate 20k-25k tons of paperboard over two years
  - Announced shut-down of TMP mill in Jonquiere, Quebec
  - Synergy and board integration targets remain unchanged
- Strong operating performance across paperboard mills and converting
  - Produced 14,000 more tons Q2 YoY
  - 4 to 5 week backlogs for CRB and CUK
  - Offset weather rebound in Q2'14

# Pricing & Commodity Inflation

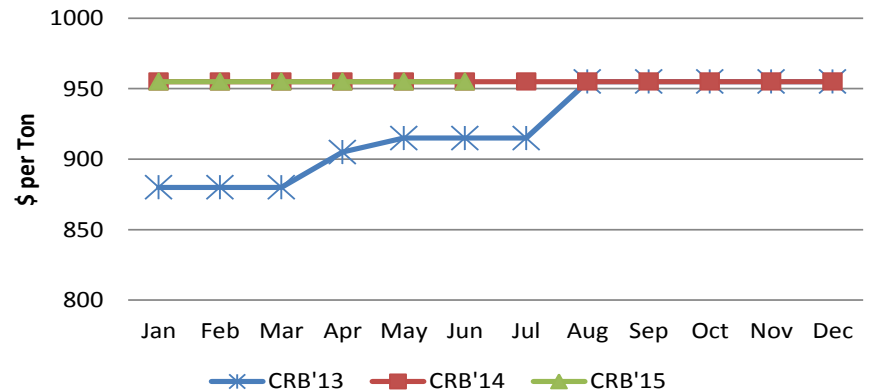
- Expect pricing and commodity inflation/deflation to remain in balance throughout 2015 and over time
  - Q2 pricing \$2.3 million lower, net of commodity deflation
  - YTD pricing \$2.6 million higher, net of commodity deflation
- Announced \$50/ton price increase for CRB grades (effective 8/7)

### SUS Pricing Trend



Source: Pulp & Paper Weekly

### CRB Pricing Trend



Source: Pulp & Paper Weekly

# Q2 Financials<sup>1</sup>

<b>\$millions (except EPS)</b>	<b><u>Q2 2015</u></b>	<b><u>Q2 2014</u></b>	<b><u>Variance</u></b>
<b>Net Sales</b>	\$1,057.1	\$1,116.7	(\$59.6)
<b>Adjusted EBITDA</b>	\$192.1	\$190.8	\$1.3
<b>Adj. Net Income</b>	\$61.3	\$66.0	(\$4.7)
<b>Adj. EPS</b>	\$0.19	\$0.20	(\$0.01)

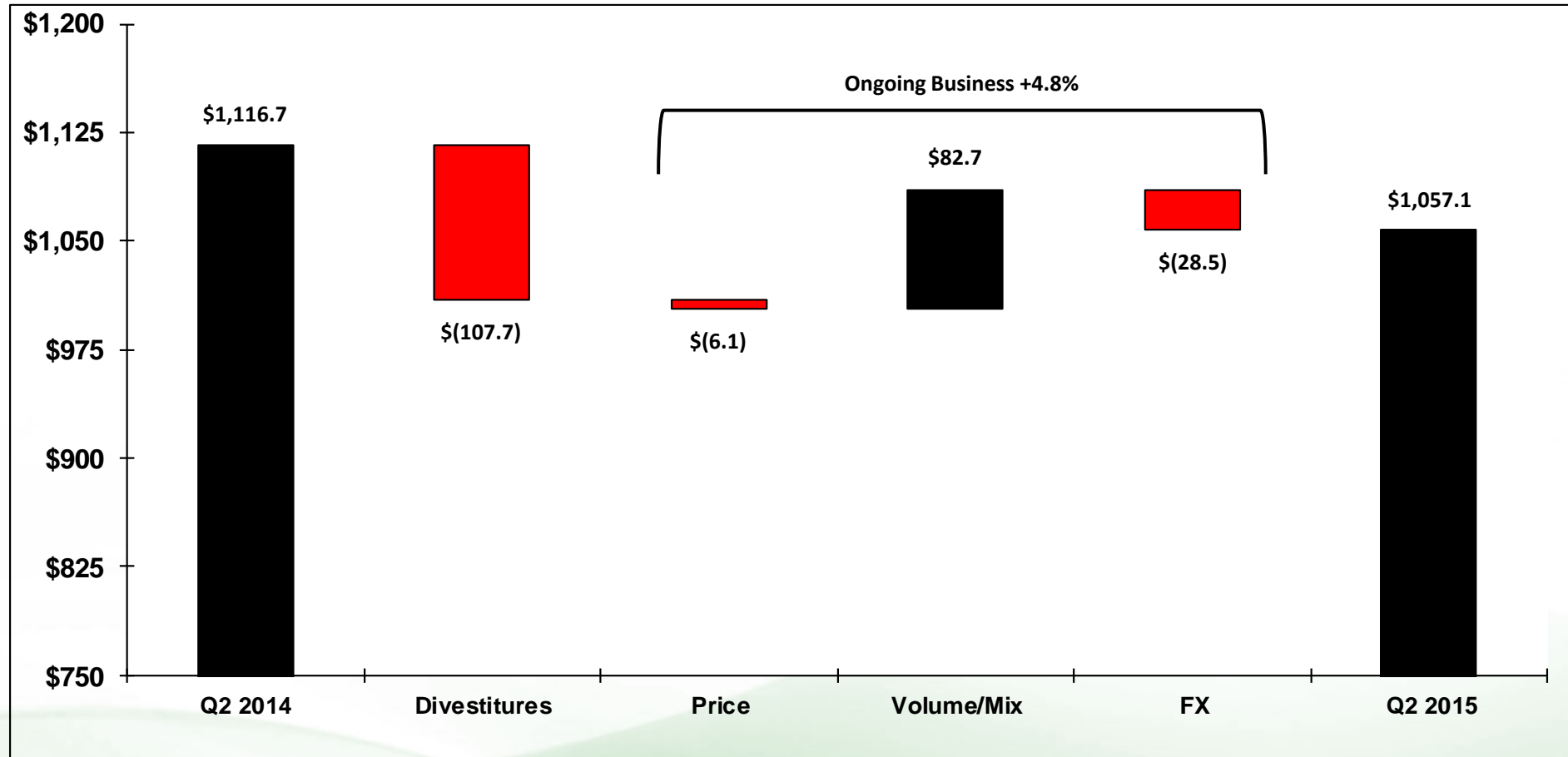


- Q2 Net Sales from ongoing business grew \$48.1 million or 4.8%
- Adj. EBITDA from ongoing business grew \$5.6 million or 3.0%
- Adj. EBITDA margin increased 110 bps to 18.2%
- Adj. EPS down 1 cent – driven by favorable Q2'14 tax rate

# Y-o-Y Net Sales Comparison

\$ millions

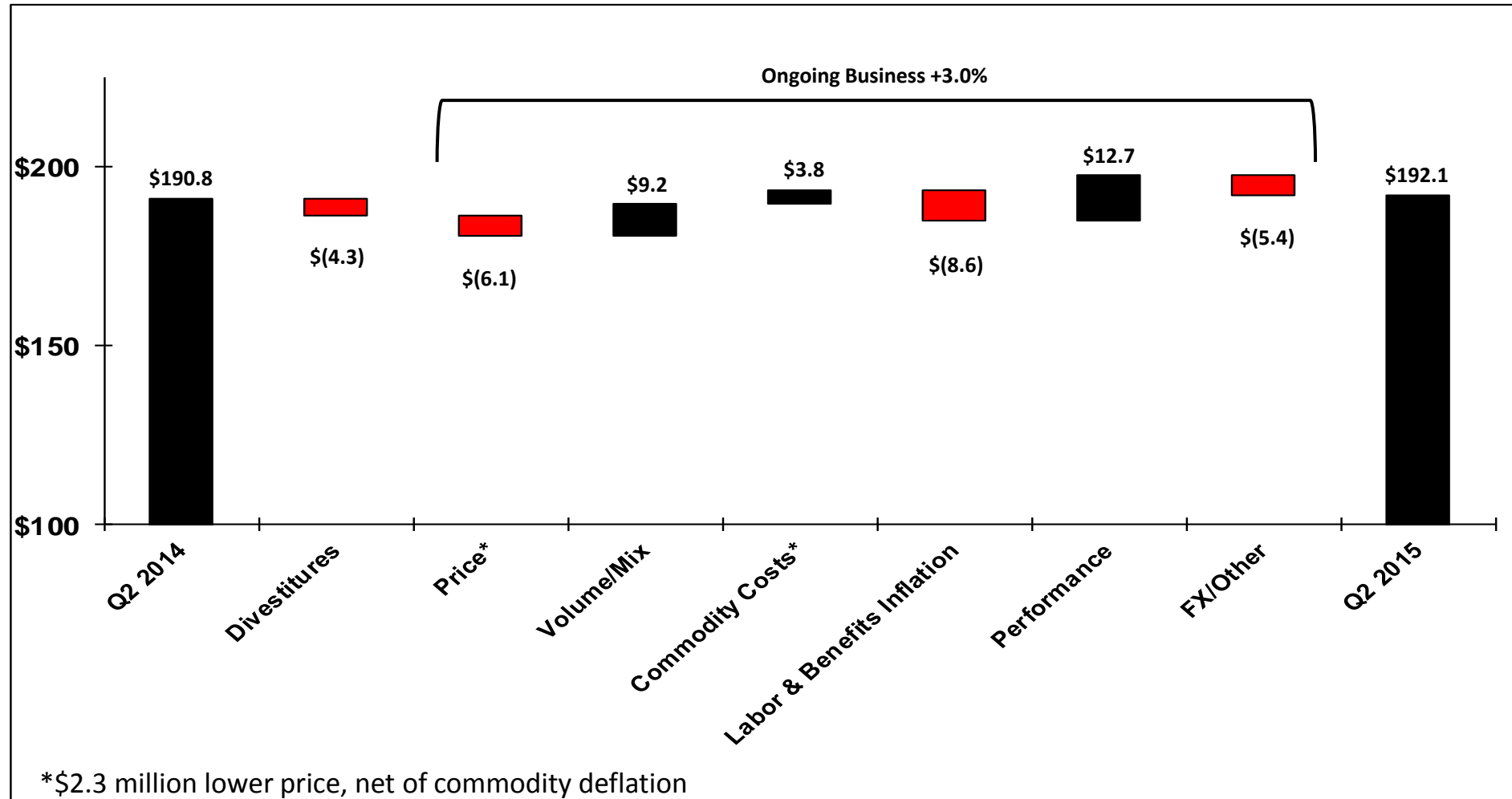
## Q2'15 over Q2'14



# Y-o-Y Adjusted EBITDA Comparison

\$ millions

Q2'15 over Q2'14





# Q2'15 Cash Flow, Debt and Liquidity

- Net Debt decreased \$65 million to \$2.0B
  - Cash from operations improved \$26 million
  - Pension contribution of \$11 million
  - Dividend payment of \$16 million
  - Share repurchases of \$4 million
- Net leverage ratio of 2.71x -- down from 3.17x at end of Q2'14
- Domestic liquidity > \$960 million

# 2015 Guidance

	<u>2015</u>
– Cash available for Net Debt Reduction, Dividends & Share Repurchase (ex M&A/Capital Markets activity)	\$350-\$375M
– Capital Expenditures	\$230-\$240M
– Cash Pension Contributions	\$40-\$60M
– Pension Expense	\$20M
– Depreciation & Amortization (ex pension amortization)	\$275-\$285M
– Pension Amortization	\$23M
– Interest Expense	\$65-\$75M
– Effective Tax Rate	36-38%
– Year End Net Leverage Ratio	2.50x-3.00x