

Third Quarter 2016 Earnings Call

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**Graphic
Packaging**
INTERNATIONAL, INC.

Inspired packaging. A world of difference.

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, expected increases in Adjusted EBITDA and cash flow, as well as expected capital spending, pension expense, cash taxes, depreciation and amortization, pension amortization, interest expense, effective tax rate, and net leverage, 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 and uncertainties include, but are not limited to, inflation of and 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, currency movements and other risks of conducting business internationally, and the impact of regulatory and litigation matters, including the continued availability of the Company's net operating loss offset to taxable income, and those that impact the Company's ability to protect and use its intellectual property. 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 required by law. Additional information regarding these and other risks is contained in the Company's periodic filings with the SEC.

Q3 Financial Overview and Updated Outlook

Q3 Overview

- Q3 Adj. EPS of \$0.20, unchanged versus prior year period
- Q3 Adj. EBITDA of \$200.1 million, up 1.5% versus prior year period
- Returned \$42 million to shareholders through dividends (\$16 million) and share repurchases (\$26 million)

Updated Full Year 2016 Outlook

- EBITDA to grow 1%-3% YoY vs. 4%-7% previously disclosed
- Cash flow of \$350-\$360 million vs. \$360-\$380 million previously disclosed

Capital Allocation Update

- Increasing quarterly dividend by 50% to \$0.075/share from \$0.05/share
- 2017 capital spending not to exceed \$250 million, compared to \$280-\$290 million in 2016

Q3 Volumes and Demand

- Volumes from ongoing business increased 2.5% driven by acquisitions
 - Core volume down 1.4% in the quarter, driven by packaged food softness
- U.S. Food and Consumer
 - A.C. Nielsen reported that U.S. Food and Consumer market volume declined in the low to mid single digits for the majority of our categories
 - GPK U.S. food business down low single-digits -- consistent with the market
- Global Beverage
 - A.C. Nielsen reported continued growth in U.S. Beverage
 - GPK global beverage business was solid
 - GPK beverage volume was up low single digits

Q3 Operations

- Performance
 - Drove \$14.4 million of performance benefits
 - Performance was negatively impacted by operating costs associated with transferring volume to lower cost converting facilities and on-boarding new business
- Plan to reduce paperboard inventories in Q4, specifically, CRB
 - Less inventory needed to support fewer converting facilities
- Installed new curtain coater at the Macon mill
 - \$30 million capital investment
 - Significant reduction in TiO₂ and other coating chemicals
 - Financial benefit of \$10 million annually

Q3 Financials ¹

\$millions (except EPS)	<u>Q3 2016</u>	<u>Q3 2015</u>	<u>Variance</u>
Net Sales	\$1,103.7	\$1,070.0	\$33.7
Adjusted EBITDA	\$200.1	\$197.1	\$3.0
Adj. Net Income	\$64.0	\$66.0	(\$2.0)
Adj. EPS	\$0.20	\$0.20	\$0.00

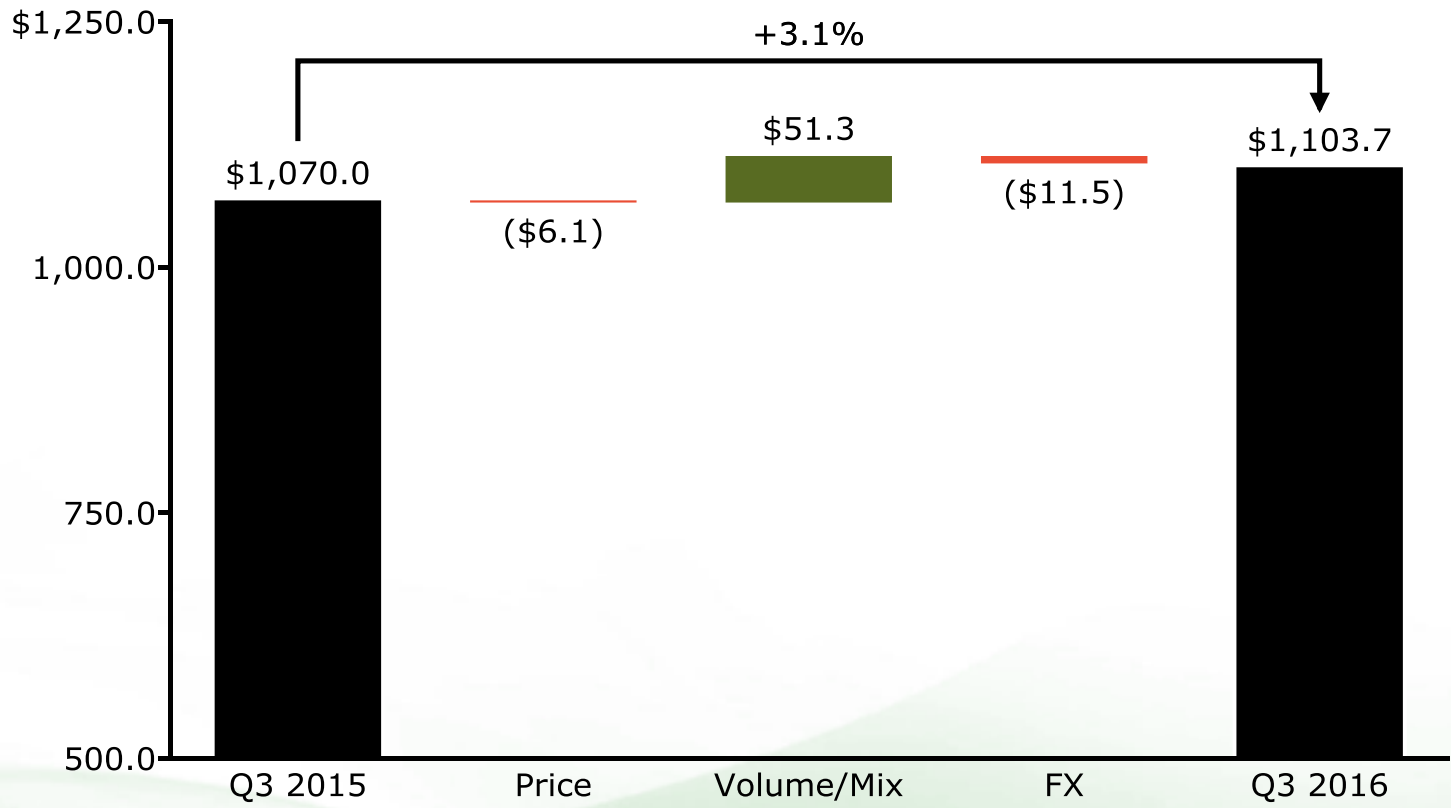


- Q3 Net Sales grew 3.1%
- Adj. EBITDA grew 1.5% to \$200.1 million
- Adj. EPS of \$0.20, unchanged versus prior year period

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.

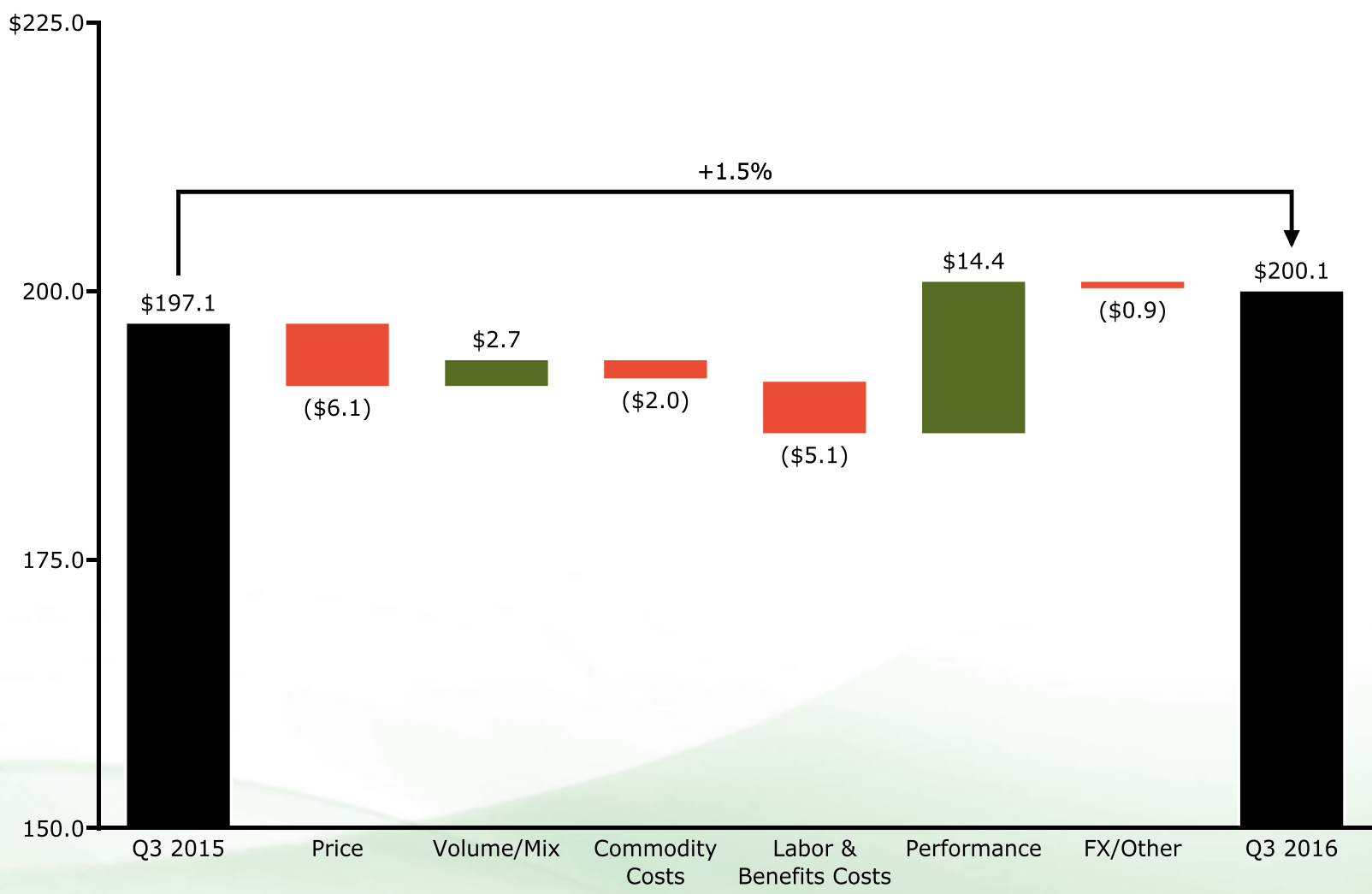
Q3 Net Sales Comparison YoY

In US\$ millions



Q3 EBITDA Comparison YoY

In US\$ millions



Q3 Cash Flow, Debt and Liquidity

- Net Debt decreased \$22M to \$2.2B
 - Quarterly capital expenditures of \$72 million
 - Share repurchase and dividend activity of \$42 million
- Net leverage ratio of 2.89x, down from 2.93x at the end of Q2'16
- Global liquidity > \$1.1B

2016 Guidance

	<u>Q2 Call</u>	<u>Q3 Call</u>
– Cash Flow available for Net Debt Reduction, Dividends & Share Repurchase (ex M&A/Capital Markets activity)	\$360-\$380M	\$350-\$360M
– Capital Expenditures	\$280-\$290M	\$280-\$290M
– Cash Pension Contributions	\$40-\$60M	\$40-\$60M
– Pension Expense (includes pension amortization)	\$22M	\$23M
– Cash Taxes	\$20-\$25M	\$20-\$25M
– Depreciation & Amortization (ex pension amortization)	\$290-\$310M	\$290-\$310M
– Pension Amortization	\$28M	\$28M
– Interest Expense	\$70-\$80M	\$70-\$80M
– Effective Tax Rate (Normalized)	35-37%	35-37%
– Year End Net Leverage Ratio	2.5x-3.0x	2.5x-3.0x