

First Quarter 2018 Earnings Call April 24, 2018

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Packaging**
INTERNATIONAL

Inspired packaging. A world of difference.

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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, cost reduction plans, and integration activities, as well as 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.

Q1 Overview

Financial Performance

- Q1 Adjusted EBITDA of \$231 million, up \$70 million y-o-y, and in line with expectations
- SBS mill and foodservice converting assets generated solid Adjusted EBITDA of \$59 million
- CRB and CUK mill and global converting assets delivered \$11 million y-o-y improvement in Adjusted EBITDA
- Q1 benefited from solid performance of \$17 million, benefits from tuck-under acquisitions, pricing, and FX
- Commodity input cost inflation of \$15 million - recycled fiber input costs were lower in Q1, but freight and chemical input costs were significantly higher
- Full-year 2018 EBITDA and cash flow outlook of at least \$1 billion and \$475 million

Markets & Operations

- Q1 volumes up 2.4% from ongoing business driven primarily by acquisitions
 - Q1 core volume down slightly, driven by one less shipping day due to Easter timing
 - Adjusting for timing of Easter, core converting volume was up 0.5%, consistent with the trend experienced in 2017
 - Global beverage volume up modestly in Q1
- CRB and CUK mills ran well in the quarter
- SBS mills impacted by weather in January, but otherwise ran well
- Backlogs strong at 5+ weeks for CRB, CUK, and SBS

Capital Allocation

- Invested \$92 million in capital expenditures in Q1
 - Numerous capital projects to drive reduced consumption of raw materials, increase productivity, and improve quality
- Completed new combination with SBS mill and foodservice converting assets on January 1st, 2018
 - Expands leading boxboard mill production footprint to include scaled SBS assets
 - Significantly expands converting footprint in growing foodservice market
 - High confidence in targeted \$75 million synergies target by end of year three
- Returned \$23 million to shareholders in Q1 via dividends

*** 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.

Q1 Volumes and Demand

Q1 Volumes up 2.4% from ongoing business driven primarily by acquisitions

- Q1 core volume down slightly, driven by one less shipping day due to Easter timing
- Adjusting for Easter timing, core converting volume was up 0.5%, consistent with trend experienced in 2017, reflecting ongoing success of new product development pipeline

U.S. Food and Consumer

- Our core converting volume trend continues to outperform reported A.C. Nielsen U.S. Food and Consumer market volumes, which declined low-to-mid single digits for the majority of our categories in Q1

Beverage

- Our global beverage volume was up modestly in Q1, despite continued pressure on big beer brands in North America
- Growth coming in craft beer and flavored / sparkling waters in North America and international beer markets

Foodservice

- SBS foodservice volume up 2.5%

Q1 performance

- Drove \$17 million of performance benefits in Q1
- CRB and CUK mills ran well in quarter
- SBS mills impacted by weather in January, but ran well otherwise
- Backlogs strong at 5+ weeks for CRB, CUK, and SBS
- Completed scheduled annual maintenance outages at Augusta, GA (SBS) and West Monroe, LA (CUK) mills

Invested \$92 million in capital expenditures in Q1

- Numerous capital projects to drive reduced consumption of raw materials, increase productivity, and improve quality

We Expect Our New Product Development Efforts to Drive Approximately 100 Basis Points of Organic Volume Growth per Annum

IntegraFlex™

- Supplying our IntegraFlex package to The Gluten Free Bar company, an innovative and health oriented food business with a compelling regional growth profile
- Comprised of two distinctly different paper-based substrates to create a collapsible cup package: a paper liner and paperboard cup
- IntegraFlex is 100% wood fiber based, natural, and renewable
- IntegraFlex targets growing markets, specifically, single serve snacks and growing categories like oatmeal
- Awards: NEXTY Award (Natural Products West Expo) for Best New Packaging Innovation; Paperboard Packaging Council's 2017 Packaging Innovation of the Year Award
- Product utilizes our SUS™ paperboard and flexible lamination technology from the North Portland converting facility



Completed Combination with New SBS Mill and Foodservice Converting Assets on January 1st, 2018

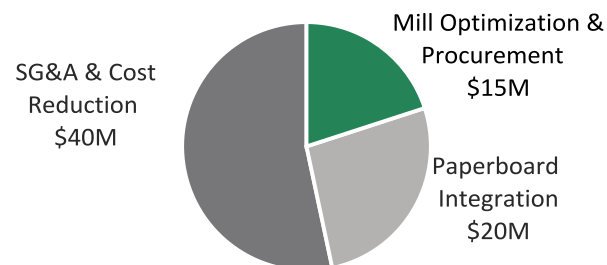
Combination

- Expands leading boxboard mill production footprint to include scaled SBS assets
- Significantly expands converting footprint in growing foodservice market
- Targeting \$75 million in synergies by end of year three
- Creates platform to increase SBS mill to converting integration via organic and non-organic growth

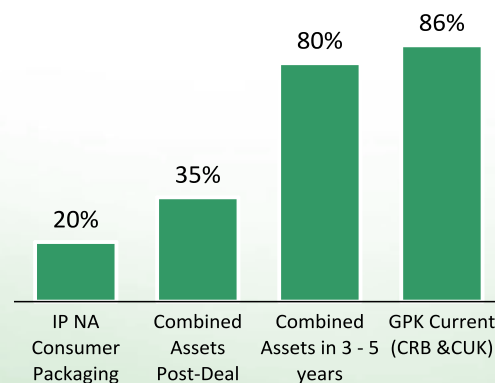
Q1 Performance, Integration

- Q1 EBITDA of \$59 million, in line with expectations
- Continue to expect \$235 million of full-year EBITDA, including first year of synergies
- Q1 Foodservice core volume up 2.5%
- Executing on targeted synergies, specifically SG&A reductions and paperboard integration
- Actively looking at acquisitions in N.A. and Europe to drive SBS mill integration rates higher

On Track to Capture Synergies ~\$75 million by End of Year Three

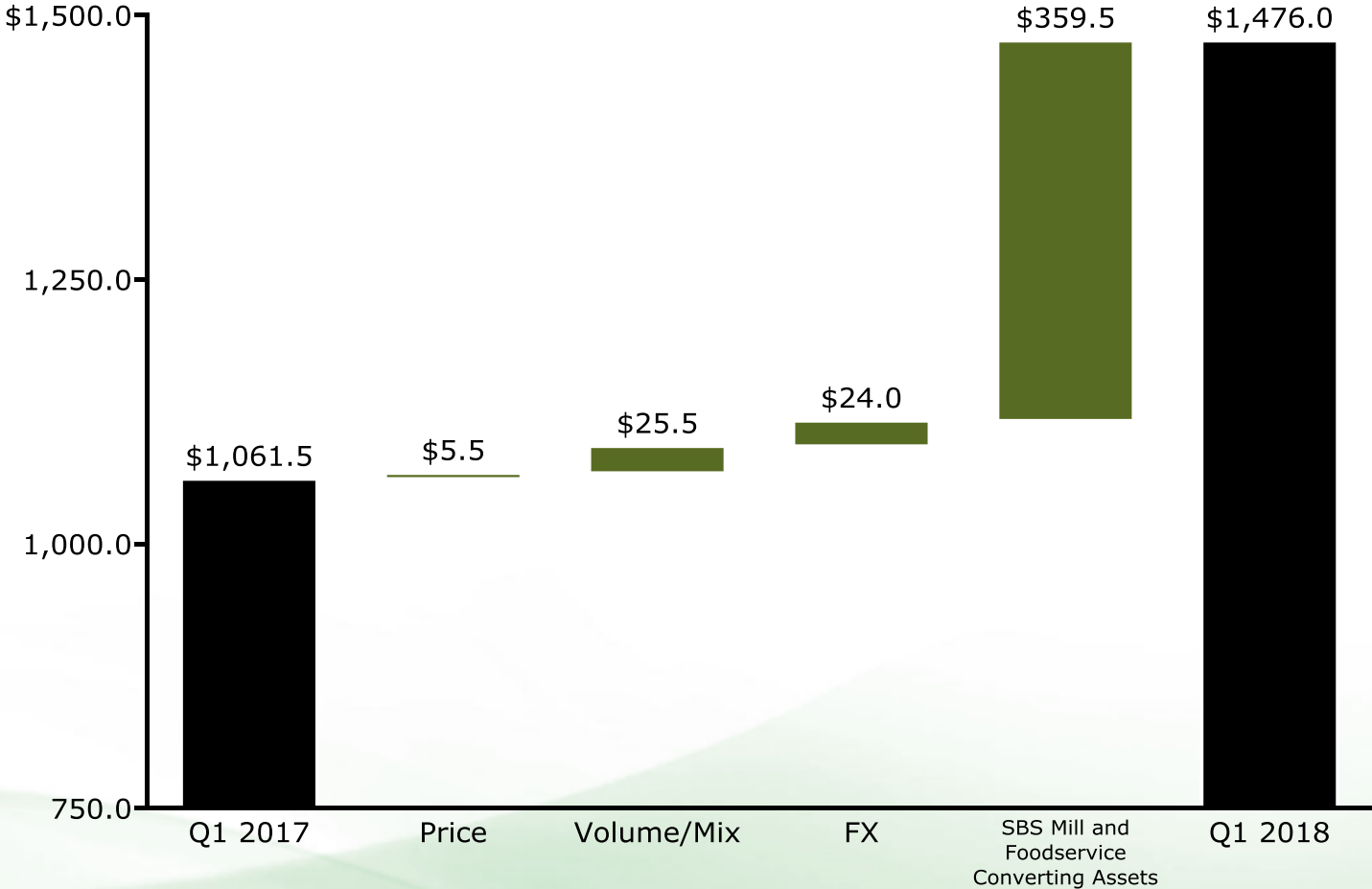


Provides Runway to Increase SBS Vertical Integration Rates



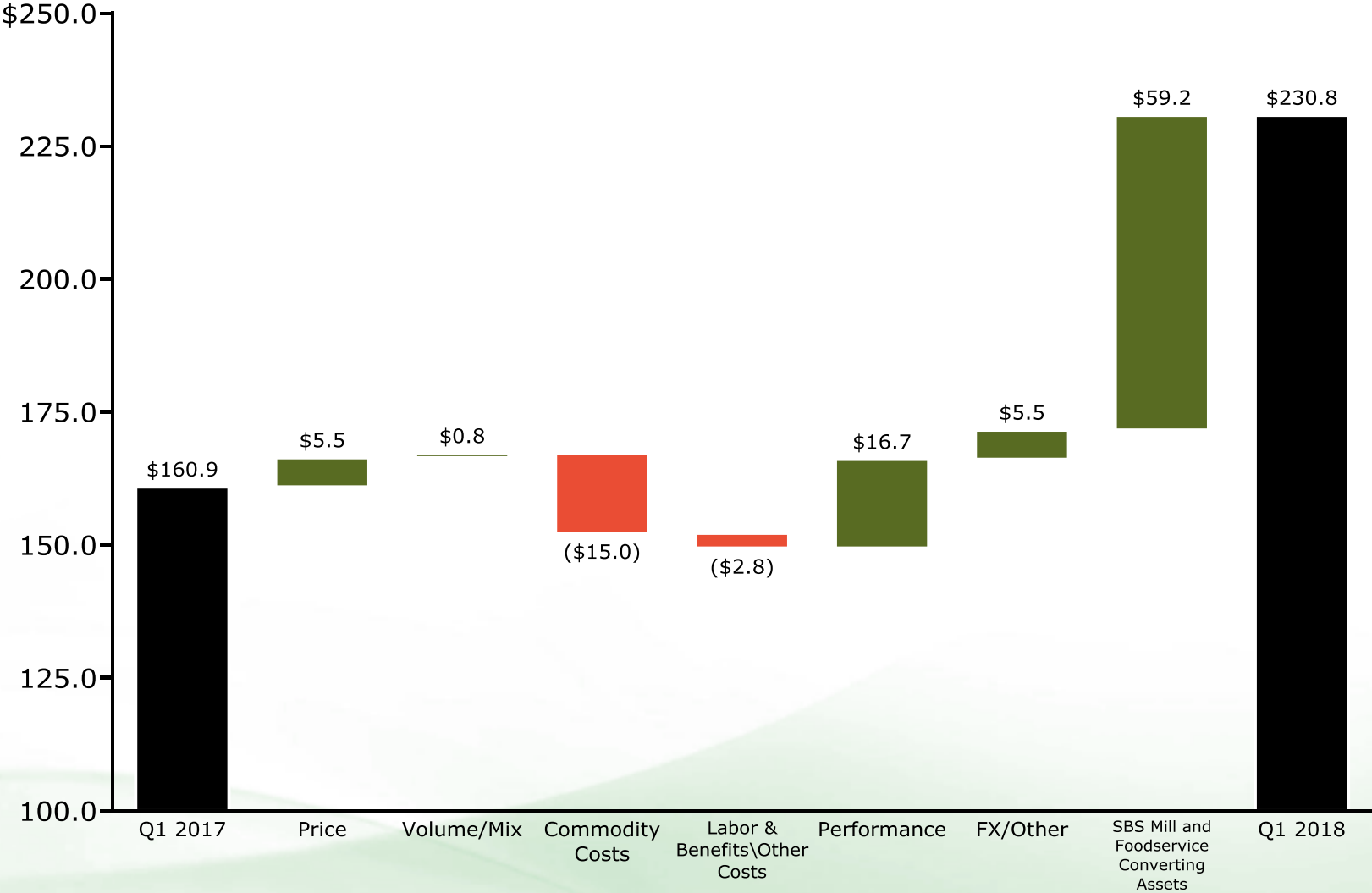
Q1 2018 Net Sales Comparison YoY

In US\$ millions



Q1 2018 EBITDA Comparison YoY

In US\$ millions



Q1 Cash Flow, Debt and Liquidity

Net Debt increased \$840 million to \$3.1 billion in Q1 from year-end 2017

- \$660 million of debt assumed from combination with SBS mill and foodservice converting assets
- Adjusted Net Cash Provided by Operating Activities was a use of (\$19 million) in Q1
- Q1 capital expenditures of \$92 million
- Global liquidity > \$1 billion at March 31, 2018

Pro forma Net leverage ratio of 3.27x, up from 3.12x at the year-end 2017

- Remain committed to our long-term net leverage target of 2.5 to 3 times
- Expect to be in target range by year-end reflecting strong cash flow generation in 2018

2018 Guidance

	<u>2018 Guidance</u>
– Cash Flow available for Net Debt Reduction, Dividends & Share Repurchase (before M&A/Capital Markets activity)	~\$475M
– Capital Expenditures	\$380M
– Cash Pension Contributions	\$5-\$10M
– Pension Expense/(Income) (includes pension amortization)	\$3M
– Cash Taxes	\$20-\$30M
– Depreciation & Amortization (excluding pension amortization)	\$430-\$450M
– Pension Amortization	\$6M
– Interest Expense	\$125-\$135M
– Effective Tax Rate (Normalized)	24-27%
– Year End Net Leverage Ratio	2.5x-3.0x