

Fourth Quarter and Full Year 2018 Earnings Call January 29, 2019

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**Graphic
Packaging**

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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, cash flow and pricing, as well as expected productivity and efficiency of the Monroe, Louisiana facility, 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.

Highly Integrated Packaging Company Well Positioned for Ongoing Profitable Growth in all Three Paperboard Substrates

Financial Performance

- Q4 Adjusted EBITDA of \$248 million, up \$56 million YoY
- Full Year Adjusted EBITDA of \$971 million, up \$259 million YoY
- Full Year SBS mill and Foodservice assets, including the Letica acquisition, generated strong Adjusted EBITDA of \$233 million
 - Successfully captured \$35 million in year 1 synergies
- Full Year CRB and CUK mill and global converting assets Adjusted EBITDA up \$26 million YoY
- Solid Full Year cash flow of \$469 million
- Expect 2019 Adjusted EBITDA to be in a range of \$995 million to \$1.015 billion; expect cash flow to be ~\$500 million

Markets & Operations

- Q4 volume up 1.9% driven primarily by acquisitions
 - Q4 core volume up 0.5%
- Successfully implemented 3rd 2018 open market \$50 per ton CRB price increase
- Successfully implemented multiple market price increases across the CRB, CUK, SBS grades in 2018 – realized \$80 million in pricing
- CRB and CUK mill and global converting assets pricing to commodity input cost relationship \$8 million positive in Q4
- Paperboard mills ran well throughout the quarter
- Backlogs remain at 5+ weeks for CRB and CUK; 4+ weeks for SBS
- AF&PA reported operating rates at 95%+ for all three paperboard grades

Capital Allocation

- Invested \$395 million in capital expenditures in 2018 to drive performance improvements in 2019 and beyond
 - Completed \$30 million curtain coater installation on Macon machine in Q3
 - Successfully completed planned and extensive 41 day outage at Augusta SBS mill in Q4
 - Started up Monroe, LA converting facility, replacing existing converting and warehouse footprint in the region
- Completed two additional strategic acquisitions for \$129 million
- Returned \$230 million to shareholders in 2018 through dividends and share repurchases
 - \$119 million of shares repurchased in Q4; repurchased \$31 million YTD in 2019
 - Board of Directors approved a new \$500 million share repurchase program

*** 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.

Q4 and Full Year 2018 Volume and Pricing

Q4 and 2018 total volume up 1.9% and 2.5%, respectively, driven primarily by acquisitions

- Q4 and 2018 **core** volume up 0.5% and flat, respectively, outperforming reported end-market data by A.C. Nielsen, reflecting ongoing success of the new product development pipeline

Pricing

- CRB and CUK mill and global converting assets pricing to commodity input cost relationship \$8 million positive in Q4
- Successfully implemented 3rd 2018 open market \$50 per ton CRB price increase in December
- Successfully implemented multiple price increases across the CRB, CUK, SBS grades in 2018 – realized \$80 million in 2018 pricing
- Expect 2019 pricing of ~\$110 million (excluding the recently announced open market \$50 per ton CUK price increase)

Full Year 2018 Operations

2018 performance

- Drove \$77 million of performance benefits and synergy capture in 2018
- Paperboard mills ran well throughout Q4; addressed Augusta SBS mill reliability issues
- Backlogs remain at 5+ weeks for CRB and CUK; 4+ weeks for SBS

Invested \$395 million in capital expenditures in 2018 to drive performance improvements in 2019 and beyond

- Completed \$30 million curtain coater installation on Macon machine No. 2 in Q3
- Successfully completed planned and extensive 41 day outage at Augusta SBS mill in Q4
- Started up Monroe, LA converting facility – replacing existing converting and warehouse footprint in the region – expect facility will be one of the most productive and flexible folding carton facilities in the world

Successfully Started up new Monroe, LA Folding Carton Facility – Replacing Existing Converting and Warehouse Facilities in the Region – will be One of the Most Productive and Flexible Folding Carton Facilities in the World

Monroe Facility



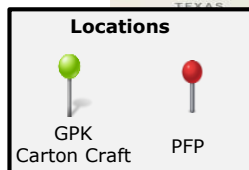
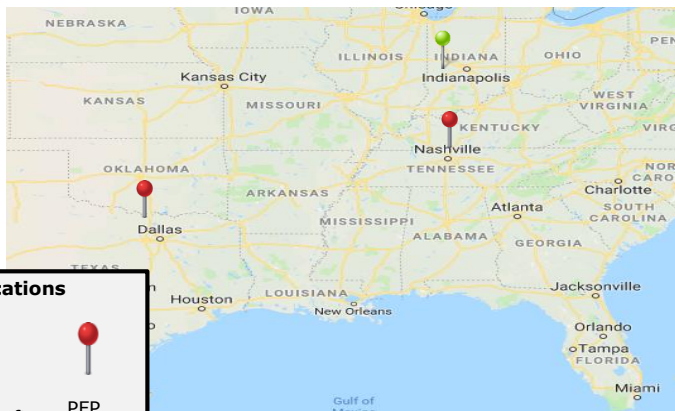
- ~1.3 million square feet
- Will be one of the most productive folding carton facilities in the world with annual converting of ~400k paperboard tons
- Construction and machinery installation complete by Q3 2019

Strategic Rationale

- One of the most **productive and flexible** food and beverage folding carton manufacturing facilities well positioned to service **evolving customer needs**
- Strategically located **near West Monroe Paperboard Mill** to reduce logistics costs
- Consolidates **two manufacturing locations and three outside warehouses** into one site
- Over time, **will absorb ~\$75 million (~ 1 facility equivalent) of volume** from other higher cost operations
- Significant reduction in fixed costs **reflecting world class print, cut, glue, and automation** capabilities
- **Invested Capital** – \$178 million investment (\$82 million capital spend; \$96 million capital leases)
- **Expect \$30 million in EBITDA contribution by 2021**
 - Neutral impact in 2019 due to start-up costs;
\$20 million positive EBITDA contribution in 2020;
\$30 million positive EBITDA contribution in 2021

Completed Two Additional Strategic Acquisitions in 2018 for Total Consideration of \$129 million

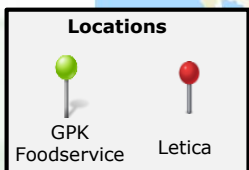
PFP Acquisition



Manufacturing facilities in Lebanon, Tennessee and Lancaster, Texas

- Expands leading position in the **growing** paperboard-based **air filter frame market**, entered market with the acquisition of Carton Craft in July 2017
- **Increases** (15k CUK tons) mill to converting plant **integration** into growing markets
- Provides runway for further margin improvement

Letica Acquisition



Manufacturing facilities in Clarksville, Tennessee and Pittston, Pennsylvania

- Diversifies customer base, enhances geographic footprint, and **provides needed capacity to meet growing paper cup demand**
- **Increases** (30k SBS tons) mill to converting plant **integration** into growing markets
- Provides runway for further margin improvement

Solid Track Record of Share Repurchases and Reducing Fully Diluted Shares Outstanding – Board of Directors has Approved a New \$500 million Share Repurchase Program

Q4 2018 and YTD 2019 share repurchase activity

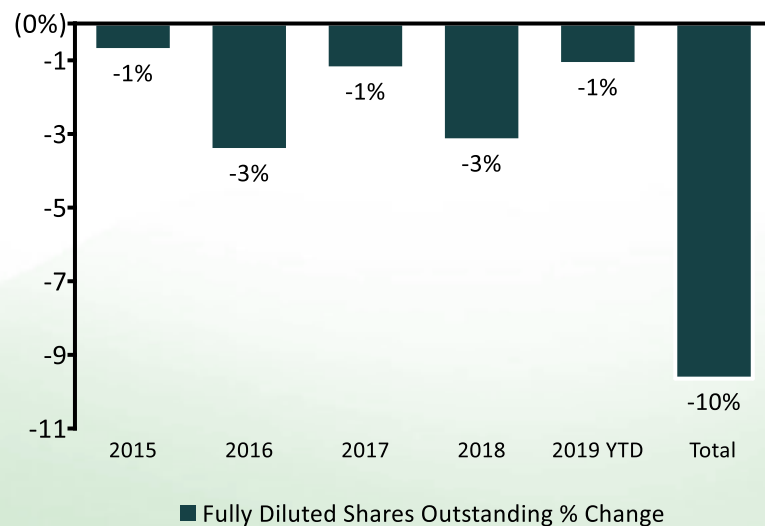
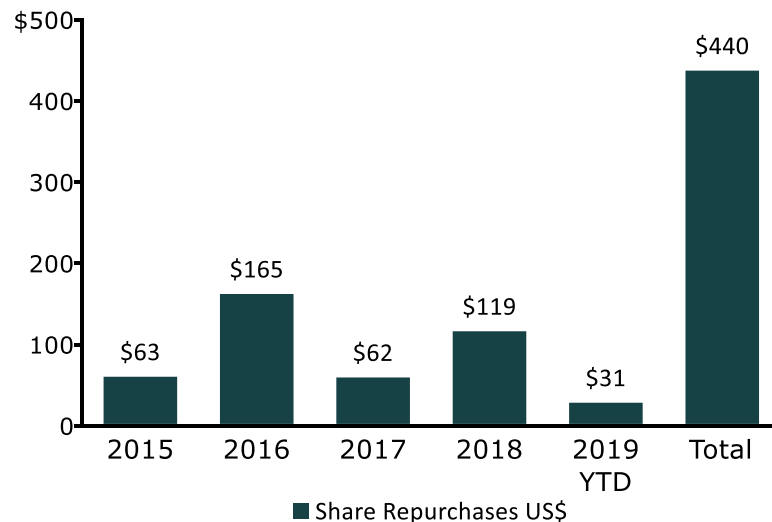
- Repurchased \$119 million in GPK shares in Q4 2018 at an average price of **\$11.35** per share
- YTD 2019 repurchased an additional \$31 million in shares
- Q4 2018 and YTD 2019 share repurchase activity of ~\$150 million reduced share count by 4%
- Repurchases executed at prices below our estimate of intrinsic value of GPK shares

Share repurchase activity since start of authorization in February 2015

- Repurchased \$440 million in GPK shares at an average price of **\$12.39**
- Share repurchase activity since January 2015 has reduced share count by ~10%

Share repurchase philosophy

- Repurchase shares opportunistically
- When shares are trading below our estimate of intrinsic value and the returns of share repurchases compare favorably to tuck-under acquisitions and organic investments



Integration of the SBS Mill and Foodservice Assets Exceeding Expectations, High Confidence in \$75 Million Synergy Capture and Potential for Consistent Organic Growth Driven by Conversions to Paper Based Cups

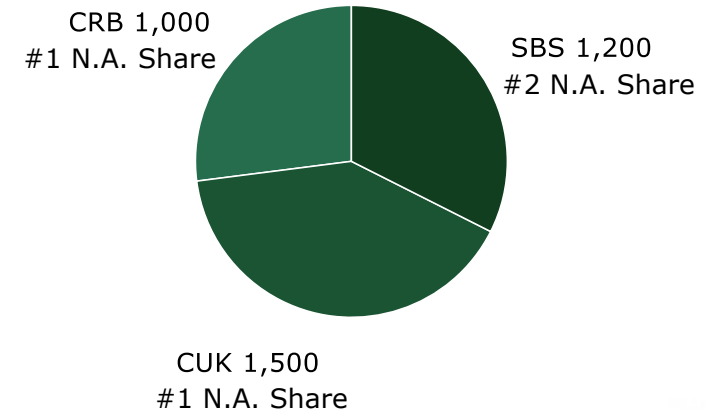
Combination

- Expanded leading boxboard mill production footprint to include scaled SBS assets
- Significantly expanded converting footprint in growing foodservice market
- Created platform to increase SBS mill to converting integration via organic and non-organic growth

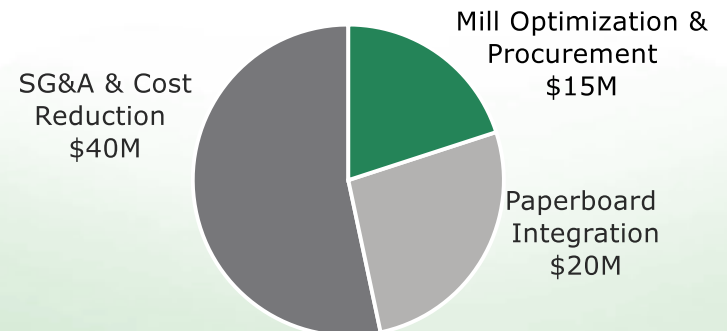
2018 Performance, Integration

- 2018 EBITDA of \$232.6 million, up \$22.6 million YoY
- Integration of SBS mill and converting assets exceeding expectations – captured \$35 million in year one synergies, exceeding target for year one of \$25 million
- High confidence in our ability to capture \$75 million of targeted synergies by end of year three
- Positioned for growth via conversion to paper based cups
- Augusta reliability issue addressed with successful Q4 recovery boiler rebuild
- Implemented two 2018 open market SBS cup stock and SBS folding carton price increases
- Completed Letica Foodservice acquisition – expands our geographic footprint and drives SBS integration

Paperboard Mill Position (000, tons)

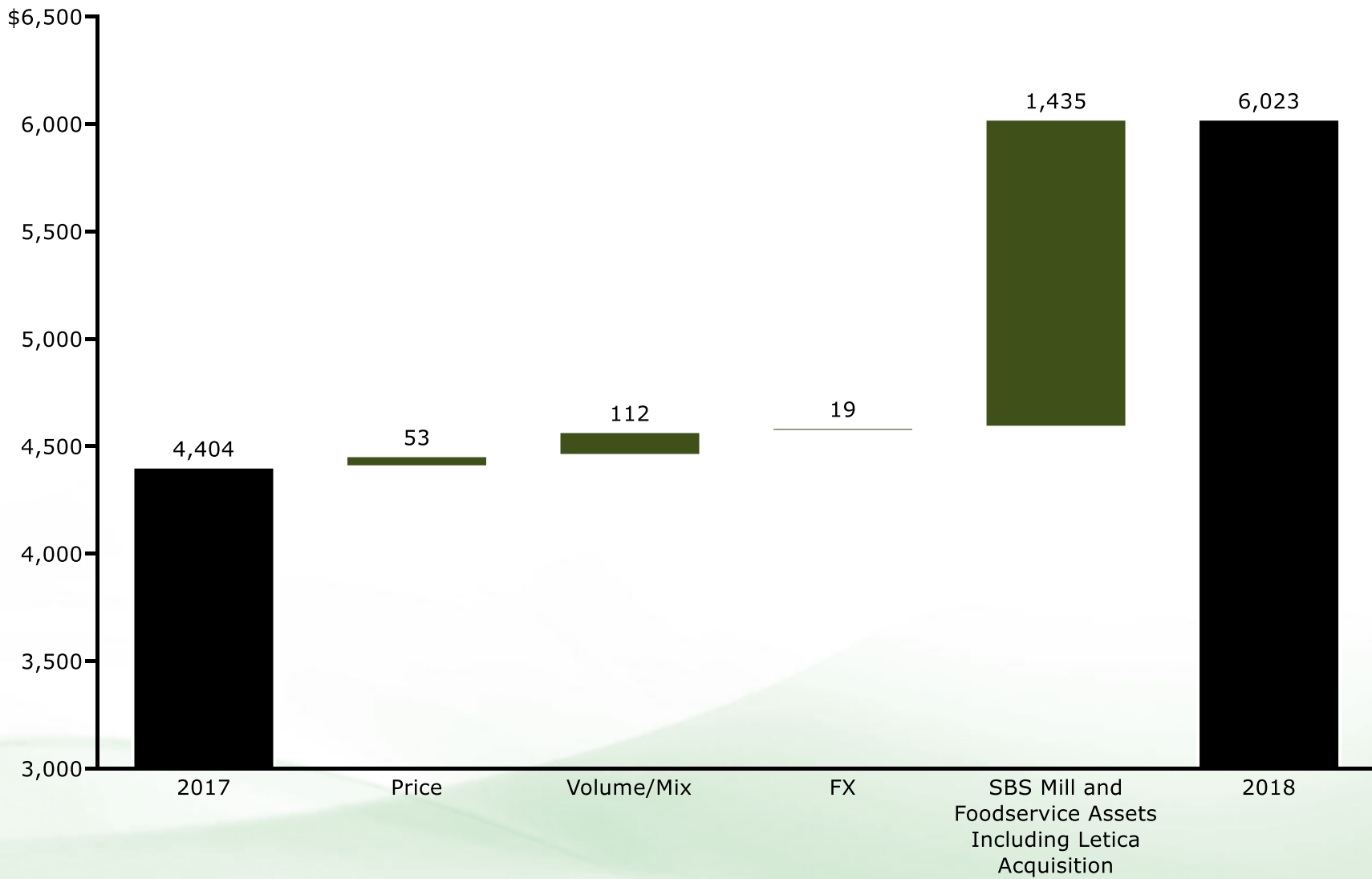


On Track to Capture \$75 million of Synergies by End of Year Three



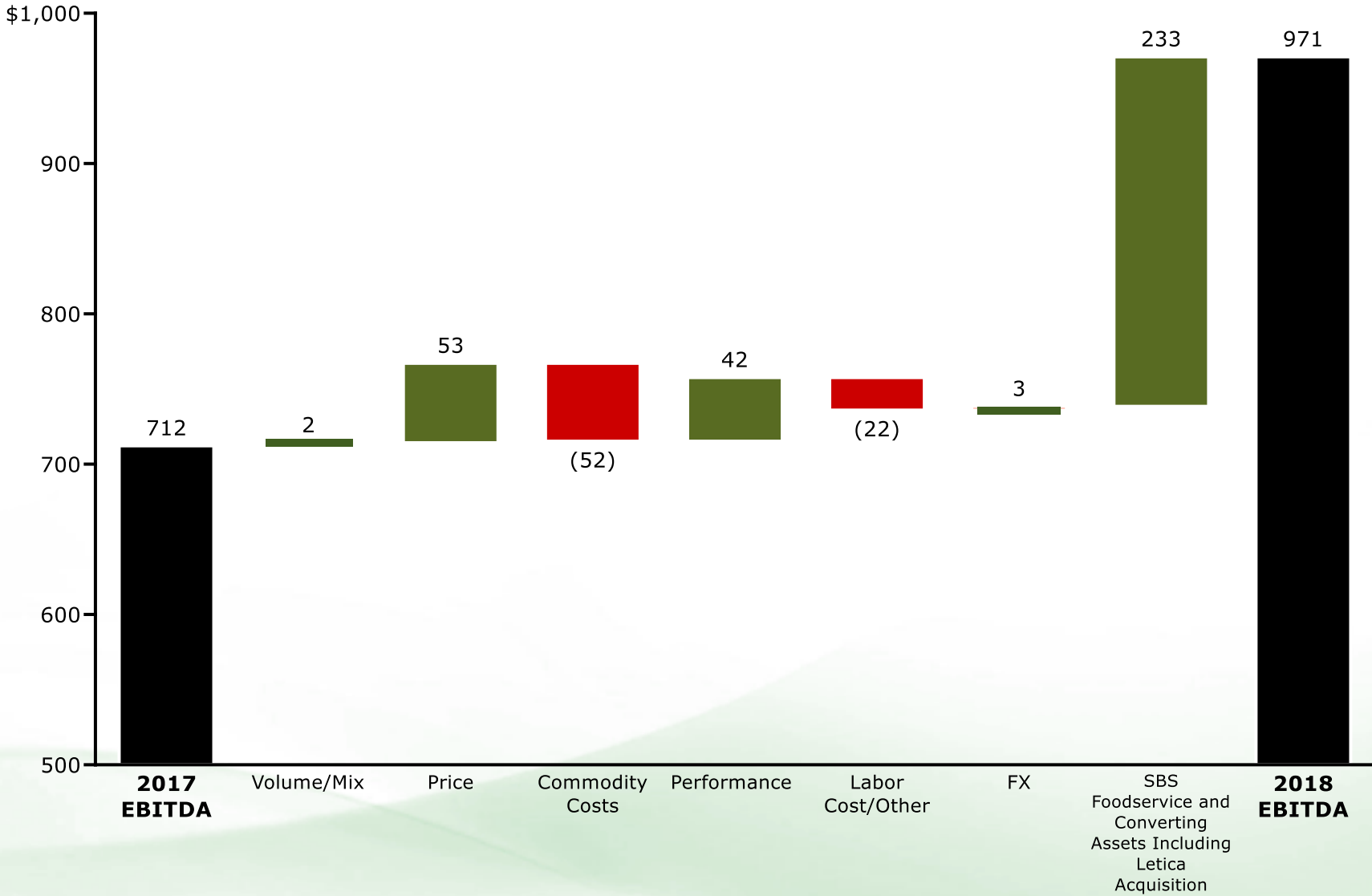
2018 Net Sales Bridge

In US\$ millions



2018 Adjusted EBITDA Bridge

In US\$ millions



Q4 and Full Year 2018 Cash Flow, Debt and Liquidity

Net Debt decreased \$7M to \$2.9B in Q4 from Q3

- Adjusted Net Cash Provided by Operating Activities was \$394 million in Q4
- Quarterly capital expenditures of \$125 million in Q4
- Share repurchases of \$119 million in Q4
- Capital lease of \$96 million related to the new Monroe, LA facility
- Global liquidity > \$1.2 billion at year-end 2018

Net leverage ratio of 2.98x, down from 3.12x at year-end 2017

- Adjusted Net Cash Provided by Operating Activities was \$815 million in 2018
- 2018 capex of \$395 million, acquisitions of \$129 million, and return of cash to shareholders via dividends and share repurchases of \$230 million

2018 and 2019 Price to Commodity Input Cost Relationship

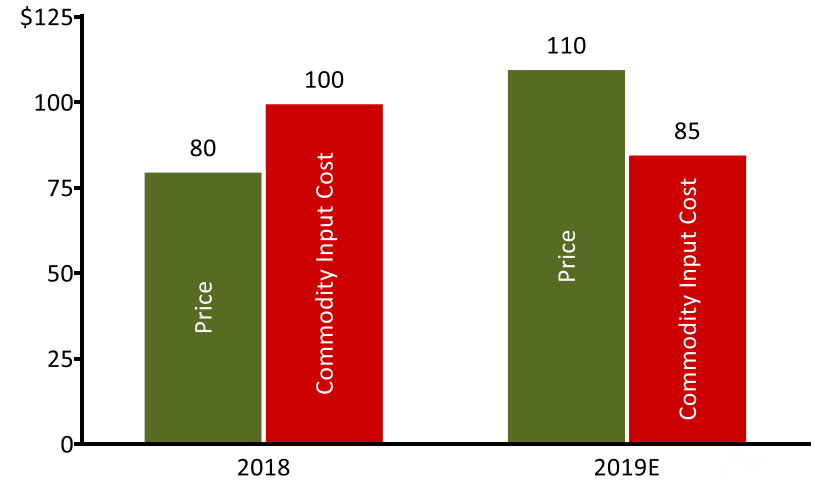
2018 Price to Commodity Input Cost Relationship

- In 2018, GPK realized ~\$80 million in price
- In 2018, GPK incurred ~\$100 million in commodity input cost inflation
- The ~\$100 million represents ~5% rate of inflation on the total commodity input cost spend
- The key drivers of inflation in 2018 were freight, chemicals, and external paper

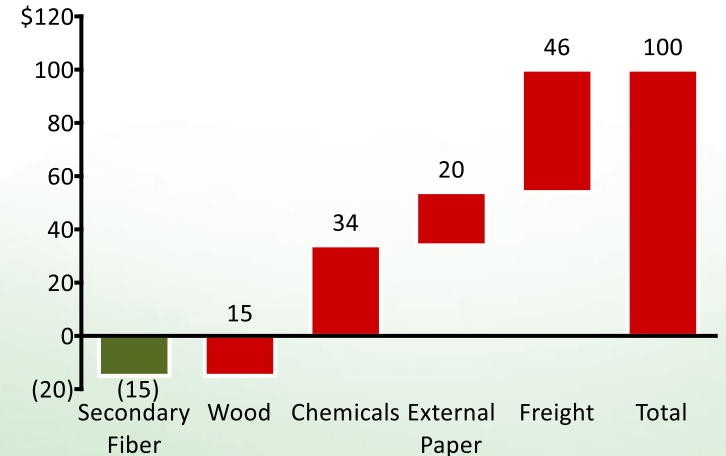
Expect Positive 2019 Price to Commodity Input Cost Relationship

- Expect ~\$110 million in price in 2019 (excluding the recently announced open market \$50 per ton CUK price increase) reflecting the execution of multiple pricing initiatives
- Expect commodity input cost inflation of ~\$85 million in 2019 or ~4% inflation
- Continue to experience freight inflation in 2019, albeit below 2018 levels; expect modest inflation for wood fiber, recycled fiber, external paper, chemicals, and energy in 2019
- Wet weather in the U.S. South is resulting in significant wood fiber inflation in the near-term

Price to Commodity Input Cost

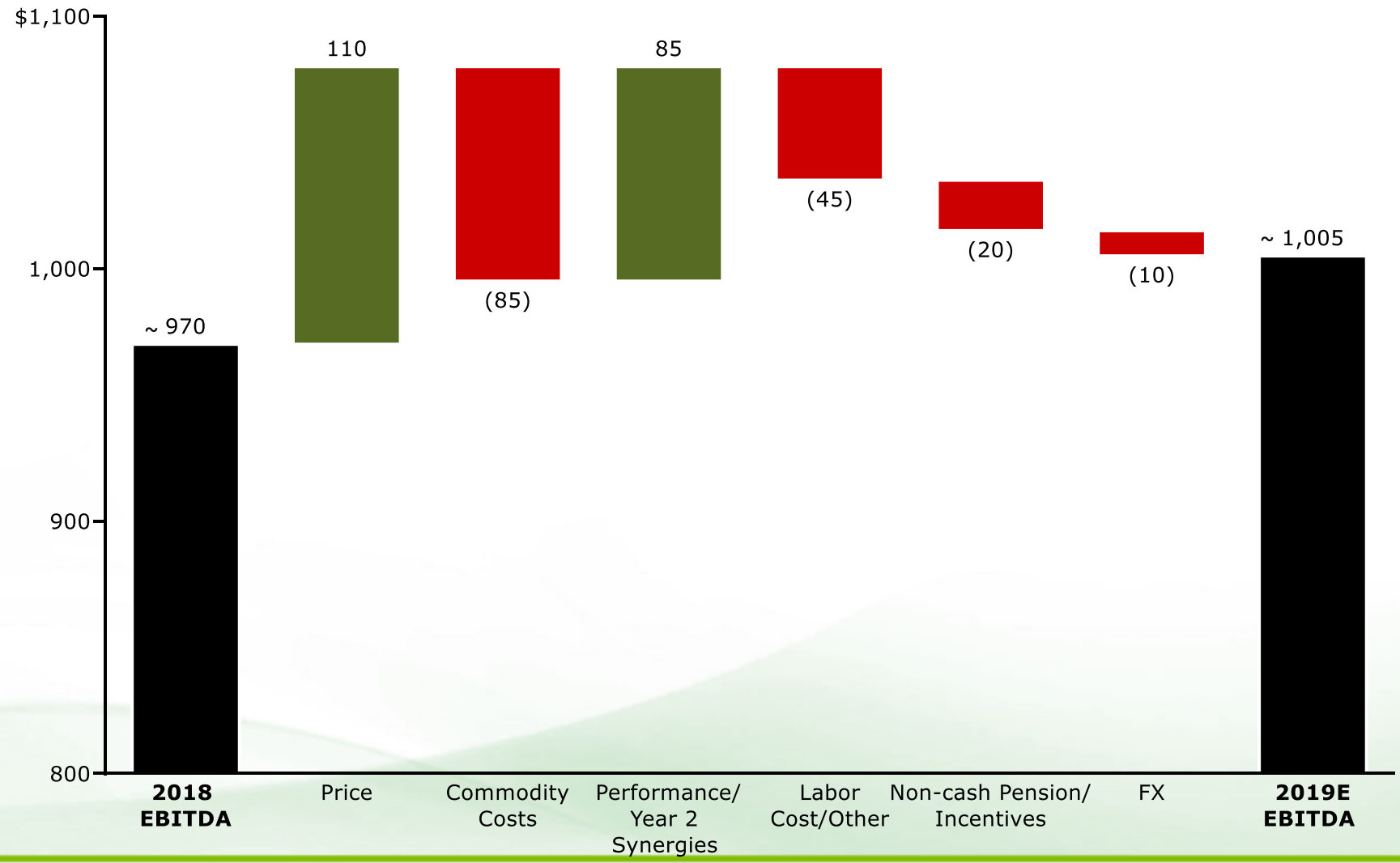


2018 Commodity Input Cost Breakout



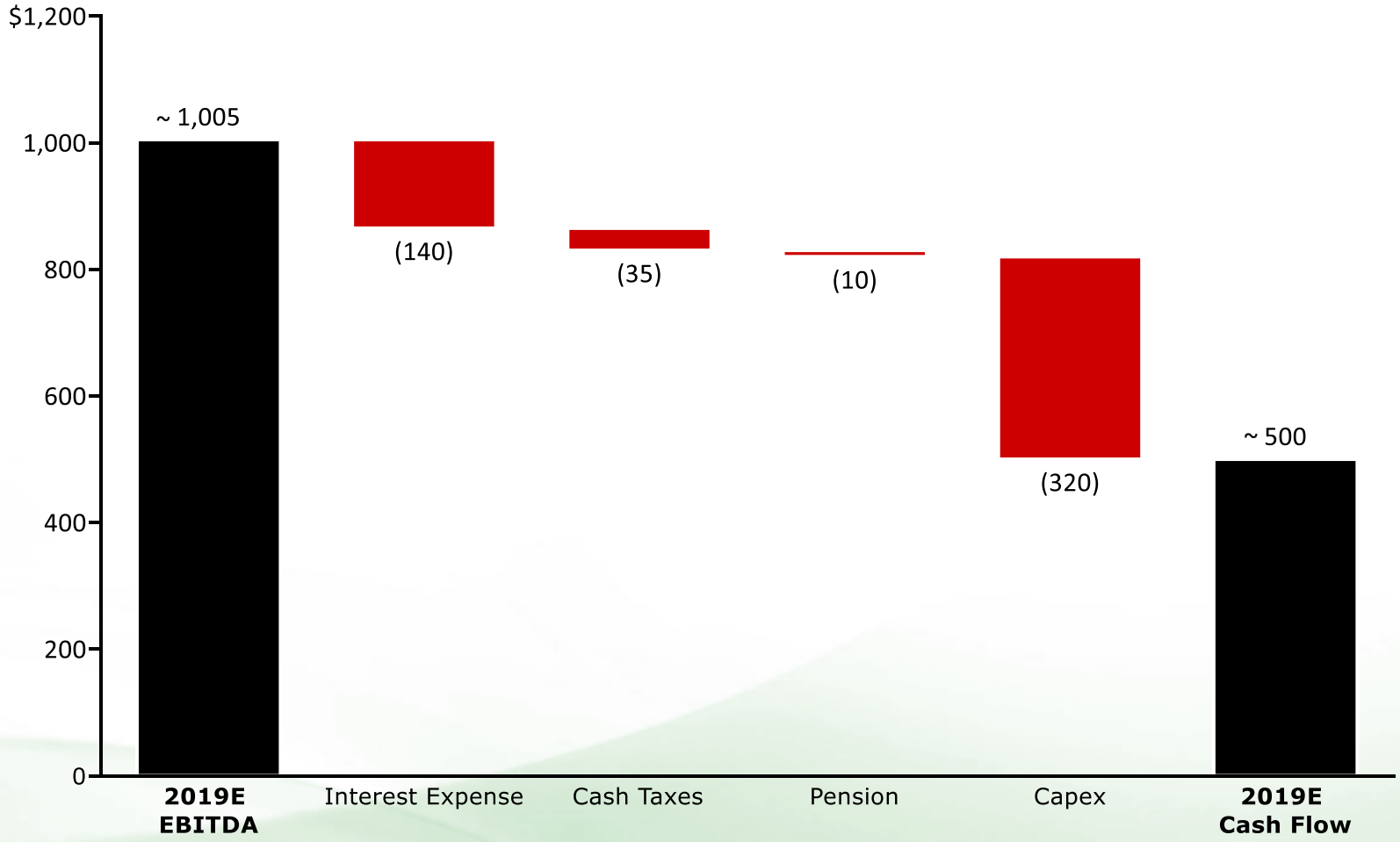
2019E EBITDA Guidance Bridge

In US\$ millions



2019E Cash Flow Guidance Bridge

In US\$ millions



2019E Guidance

	2018 Actual	2019 Guidance
– Cash Flow available for Net Debt Reduction, Dividends & Share Repurchase (before M&A/Capital Markets activity)	\$469M	~\$500M
– Capital Expenditures	\$395M	\$320M
– Cash Pension Contributions	\$6M	\$10M
– Pension Expense/(Income) (includes pension amortization)	\$3M	\$15M
– Cash Taxes	\$27M	\$35M
– Depreciation & Amortization (excluding pension amortization)	\$431M	\$435M
– Pension Amortization	\$6M	\$10M
– Interest Expense	\$124M	\$140M
– Effective Tax Rate (Normalized)	21%	25%
– Year End Net Leverage Ratio	2.98x	2.5x-3.0x