

Fourth Quarter 2020 Earnings Call



Graphic Packaging
INTERNATIONAL

February 2, 2021

Michael P. Doss
President and Chief Executive Officer

Stephen R. Scherger
Executive Vice President and Chief Financial Officer



Inspired Packaging. A World of Difference.

FORWARD LOOKING STATEMENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Any statements of the Company's expectations in these slides, including but not limited to projected organic sales and EBITDA growth, timing of the new CRB machine start-up in Kalamazoo, Michigan, and the planned investment in the Texarkana, TX SBS mill constitute "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Such statements 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, the effects of the Covid-19 pandemic on the Company's operations and demand for its products, inflation of and volatility in raw material and energy costs, 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 the Company's debt level, 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 U.S. federal income tax attributes to offset U.S. federal income taxes and the timing related to the Company's future U.S. federal income tax payments. 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.

NON-GAAP FINANCIAL MEASURES

This presentation includes certain financial measures that exclude or adjust for charges or income associated with business combinations, facility shutdowns, extended mill outages, sales of assets and other special charges or income. The Company's management believes that the presentation of these financial measures provides useful information to investors because these measures are regularly used by management in assessing the Company's performance. These financial measures are not calculated in accordance with generally accepted accounting principles in the United States ("GAAP") and should be considered in addition to results prepared in accordance with GAAP, but should not be considered substitutes for or superior to GAAP results. In addition, these non-GAAP financial measures may not be comparable to similarly-titled measures utilized by other companies, since such other companies may not calculate such measure in the same manner as we do. A reconciliation of these measures to the most relevant GAAP measure is available in our latest earnings press release which can be found in the Investors section on the Graphic Packaging website at www.graphicpkg.com.

2020 HIGHLIGHTS

- **Vision 2025 Goals on Track with Solid Execution of Initiatives & Strong Financial Performance**
- **Showcased Corporate Responsibility & Long-Standing Commitment to Sustainability in ESG Report**
- **Strong Pivot to Growth, Net Organic Sales Increased 4% Year over Year**
- **Achieved Pre-Pandemic EBITDA Guidance; Exceeded Cash Flow Guidance**
- **Maintained Supply Chain Continuity for Customers; Delivered to Changing Demand Patterns**
- **Accelerated Multiple Strategic Business Decisions to Drive Results**
- **Instituted Protocols to Promote Employee Health and Safety**
- **Demonstrated Commitment to Production Employees with Special Bonuses and Our Communities with Food Bank Contributions**
- **Increased Paperboard Integration Rate to 70% from 68% in 2019**
- **Returned Over \$900 Million to Stakeholders**



POSITIONED FOR CONTINUED GROWTH IN 2021

- **Expect to Grow Sales, EBITDA and ROIC Consistent with Vision 2025 Goals**
- **Focused on Winning in Growing Markets; Targeting 100 – 200 Basis Points of Net Organic Sales Growth**
- **Accelerating Execution of Sustainability Supported, Innovative Packaging Solutions**
- **Pulling Forward New CRB Machine Start-up to Q4 2021; \$100M Projected Benefit to EBITDA, Expect to Capture 1st \$50M in EBITDA Benefit in '22 and 2nd \$50M in EBITDA Benefit in '23**
- **Investing \$100M in Texarkana, TX Mill to Increase Strategic Flexibility Across Both SBS and CUK Substrates (Swing Machine) While Meeting Global Demand For CUK Packaging Solutions**
- **Advancing ESG Initiatives: Sustainability in Operations; New and Innovative Sustainable Packaging Solutions; Employee Development and Community Engagement Programs**

Q4 2020 SUMMARY

FINANCIAL PERFORMANCE

- Q4 net sales \$1.7B, up 9% y/y
 - Food, Beverage & Consumer sales up 16% y/y (up 9% before acquisitions)
 - Foodservice sales down 10% y/y
- Q4 pricing unfavorable \$11M and net commodity input cost inflation of \$8M; \$21M positive price/cost relationship for the year
- Q4 net performance of \$25M driven by cost efficiencies, benefits from capital projects and synergy capture
- Q4 Adj. EBITDA \$265M
- Q4 Adj. EPS \$0.28, up 22% y/y

MARKETS & OPERATIONS

- Q4 net organic sales up 5% y/y
 - Q4 net organic sales growth driven by continued conversions to GPK paperboard packaging solutions and at-home food and beverage consumption
- AF&PA Q4 operating rate for SBS was 96%, CRB was 92%; GPK Q4 CUK operating rate 95%+
- Backlogs at 5+ weeks for SBS, CRB, and CUK

CAPITAL ALLOCATION

- Returned \$90M to stakeholders
 - \$68M common share repurchase
 - \$22M in dividends and distributions
- Invested \$221M in capital expenditures to support strategic investments
- Significant liquidity of \$1.7B; borrowing effectively and maintaining ample balance sheet flexibility
- Year-end net leverage ratio of 3.26x

INCREASED DEMAND FOR SUSTAINABLE PACKAGING IN OUR GROWTH MARKETS; DRIVES 100-200BPS OF ORGANIC SALES GROWTH PER YEAR

\$7.5 BILLION ADDRESSABLE MARKET

PLASTIC SUBSTITUTION

Foodservice Cups and Cartons



Beverage Multi-packs



Food Trays (non cooking)



COOKING SOLUTIONS

Microwave Technologies



Paperboard Bowls and Trays



STRENGTH PACKAGING

Club Stores and Mass Retailers



E-commerce (SIOC)



PLATFORM ENABLERS

PACKAGING DESIGN AND PREMIUMIZATION



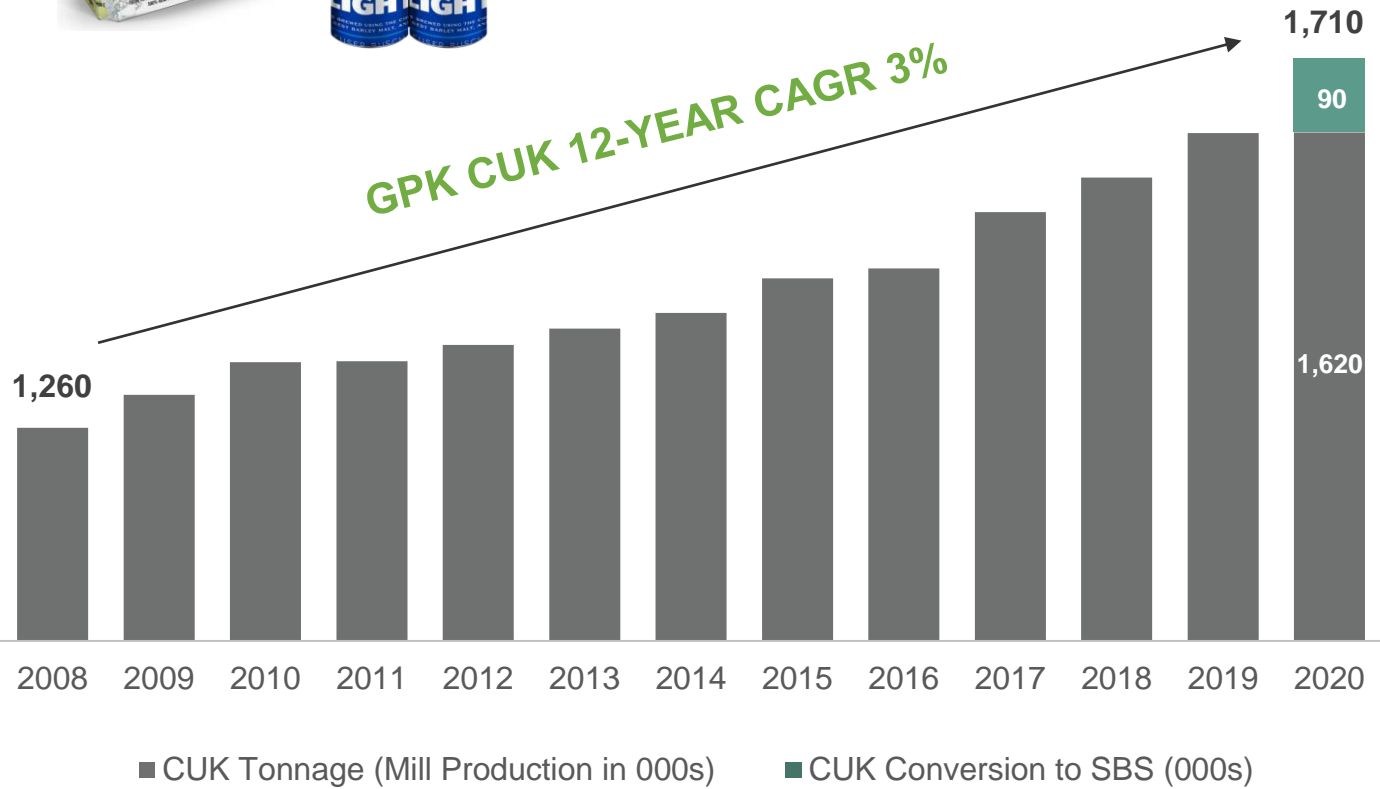
STRENGTH PACKAGING SOLUTIONS ADDRESS OMNI-CHANNEL DISTRIBUTION REQUIREMENTS; DELIVERS EFFICIENCY BENEFITS



INTEGRAFLUTE™

- Omni-channel solution with sustainable structure that is sturdy and brand enhancing
- Easily processed through e-commerce fulfillment centers; improving handling and delivery
- Ships In Own Container (SIOC) increases efficiency while lowering cost, waste, materials and supply chain challenges
- Wide range of markets including pet care, home and garden, pool care, briquettes/wood pellets and other consumer bulk items

INVESTMENT IN TEXARKANA, TX TO INCREASE STRATEGIC FLEXIBILITY ACROSS SBS & CUK WHILE MEETING CONTINUED STRONG DEMAND FOR CUK



TEXARKANA PROJECT OVERVIEW

- Flexible, swing machine capable of producing CUK or SBS
- \$100M investment
- Expect to capture \$20M in EBITDA benefit over 3 years from margin improvement
- Start-up of swing production in Q1 '22
- Supports global CUK growth
- Overall capacity neutral
- 300K ton production capacity on existing SBS machine (no change)

ACCELERATING START UP OF NEW CRB MACHINE



K2 CRB Machine Hall and Campus (Rendering)
Kalamazoo, Michigan

KALAMAZOO PROJECT UPDATE

- Start-up paperboard production on new machine in Q4 '21, ahead of schedule
- \$100M projected benefit to EBITDA
 - Expect to capture 1st \$50M in '22
 - Expect to capture 2nd \$50M in '23
- Multiple benefits:
 - Increased CRB integration
 - Best in class cost structure
 - Lowest basis weight and caliper profile in North America
 - Highest quality CRB sheet in the market
 - Reduced environmental impact

RUNNING A DIFFERENT RACE- WINNING WITH SUSTAINABILITY SUPPORTED INNOVATION IN GROWING MARKETS, FOCUSED ON EXECUTION AND DELIVERING ON OUR VISION 2025 GOALS

Grow Converting Volume

- Sustainability supported organic sales growth
- Targeted share gains
- Select tuck-under acquisitions
- Transformational M&A

New Product Innovation

- Expand new product development capabilities to accelerate growth
- Sustainable new product development to support circular economy
- Growth platforms that build upon each other every year (optimizing Opex / Capex)

Enhance Process Capabilities

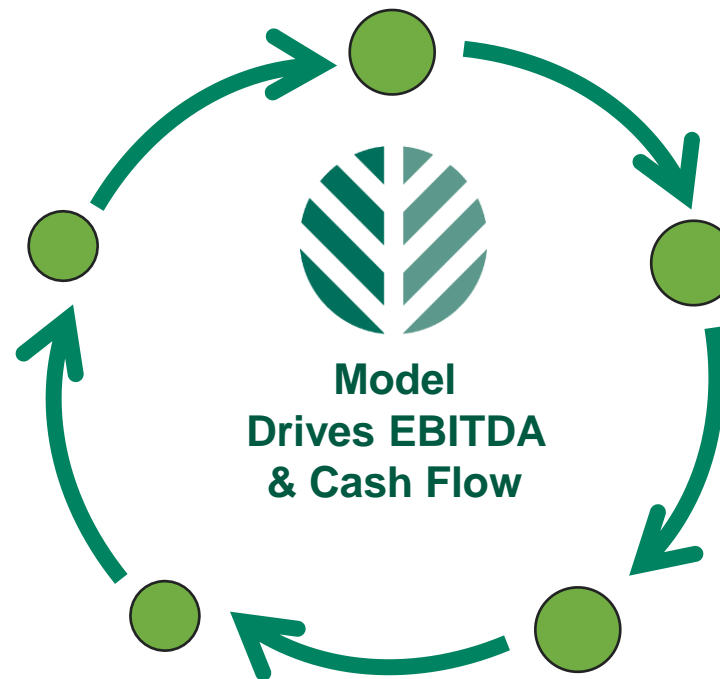
- Drive process innovation to reduce costs
- Enable supply chain to create differentiated, winning customer experiences
- Increase talent development capabilities
- Improve business services capabilities

Fill the Mills, Increase Integration Rates

- Reduce system volatility
- High fixed-cost utilization
- Skilled and stable workforce

Long-Term Strategic Investments

- New CRB machine and consolidation project (Kalamazoo)
- Substrate flexibility to capture growth (Texarkana)
- Global beverage converting platform (Monroe, Sneek)



FULL YEAR 2020 FINANCIAL RESULTS

(US\$ M)	2020	2019	% Chg
Net Sales	\$6,560	\$6,160	+6%
Adj. EBITDA	\$1,070	\$1,030	+4%
Adj. EBITDA Margin	16.3%	16.7%	-40bps
Adj. EPS	\$1.12	\$0.87	+29%
Global Liquidity	\$1,717	\$1,557	+10%
Integration Rate ⁽¹⁾	70%	68%	+200bps

DELIVERING STRONG RESULTS

- Net Sales up 6% y/y
 - Net Organic Sales⁽²⁾ up 4% y/y
- Adj EBITDA \$1,070M up 4% y/y
 - EBITDA margin impacted by SBS cup market downtime & timing of synergy achievement from 2020 tuck-under acquisitions
- Adj. EPS \$1.12 up 29% y/y, benefitted by acquisition of partnership interest and continued repurchase of GPK shares
- \$1.7B in Global Liquidity

(1) Integration rate is defined as paperboard we produce which is converted in manufacturing facilities we operate.

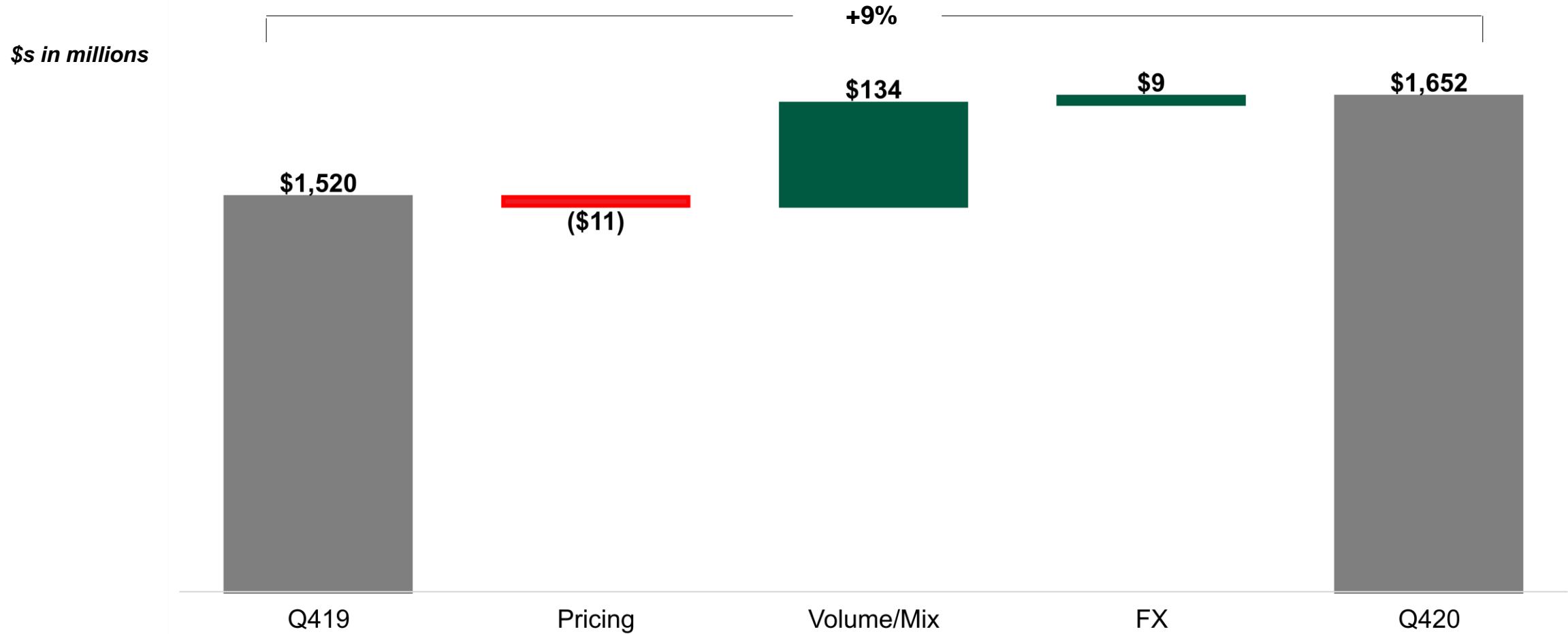
(2) Net organic sales = Net sales – open market sales – sales from acquisitions closed within the last 12 months - pricing – FX impact

Adjusted figures and global liquidity represent non-GAAP measures. Please refer to earnings press release for reconciliations to GAAP measures.

2020 NET SALES PERFORMANCE

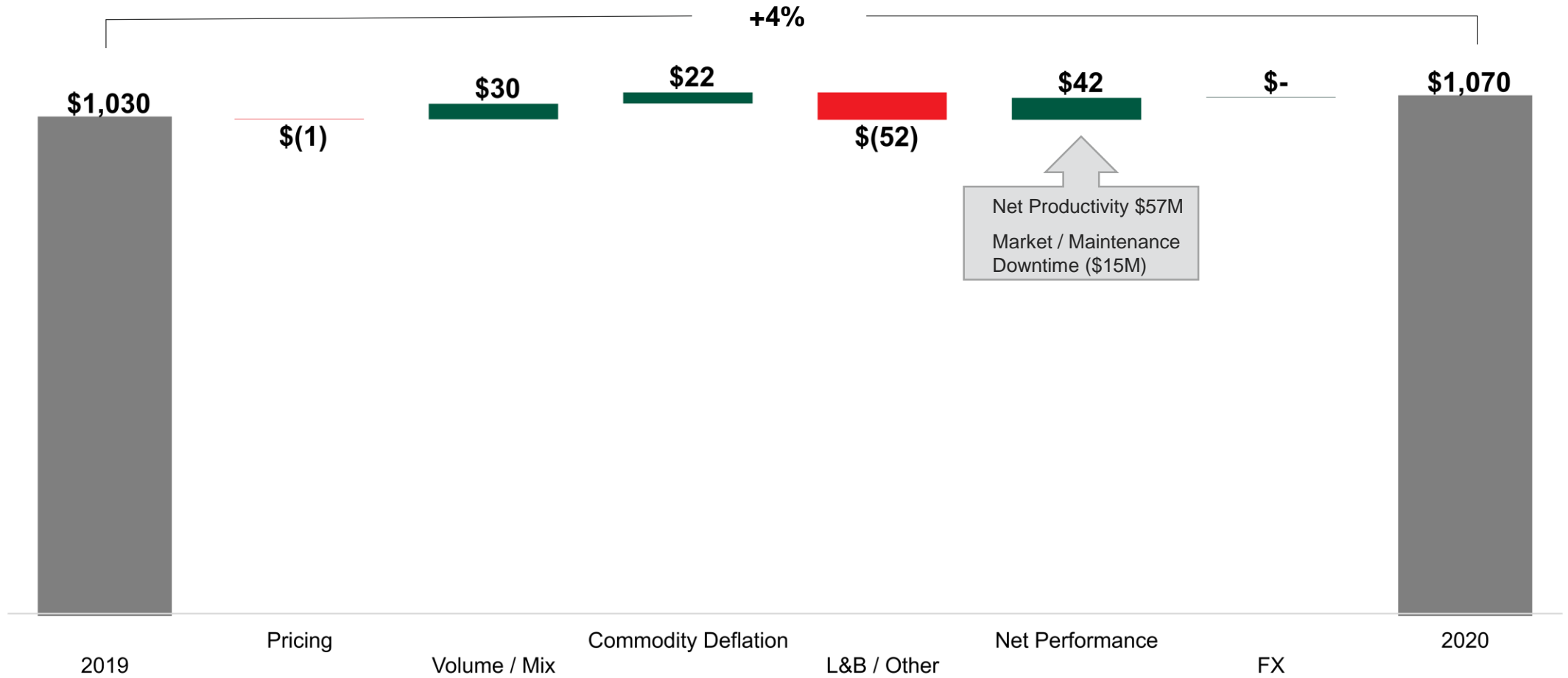


Q420 NET SALES PERFORMANCE



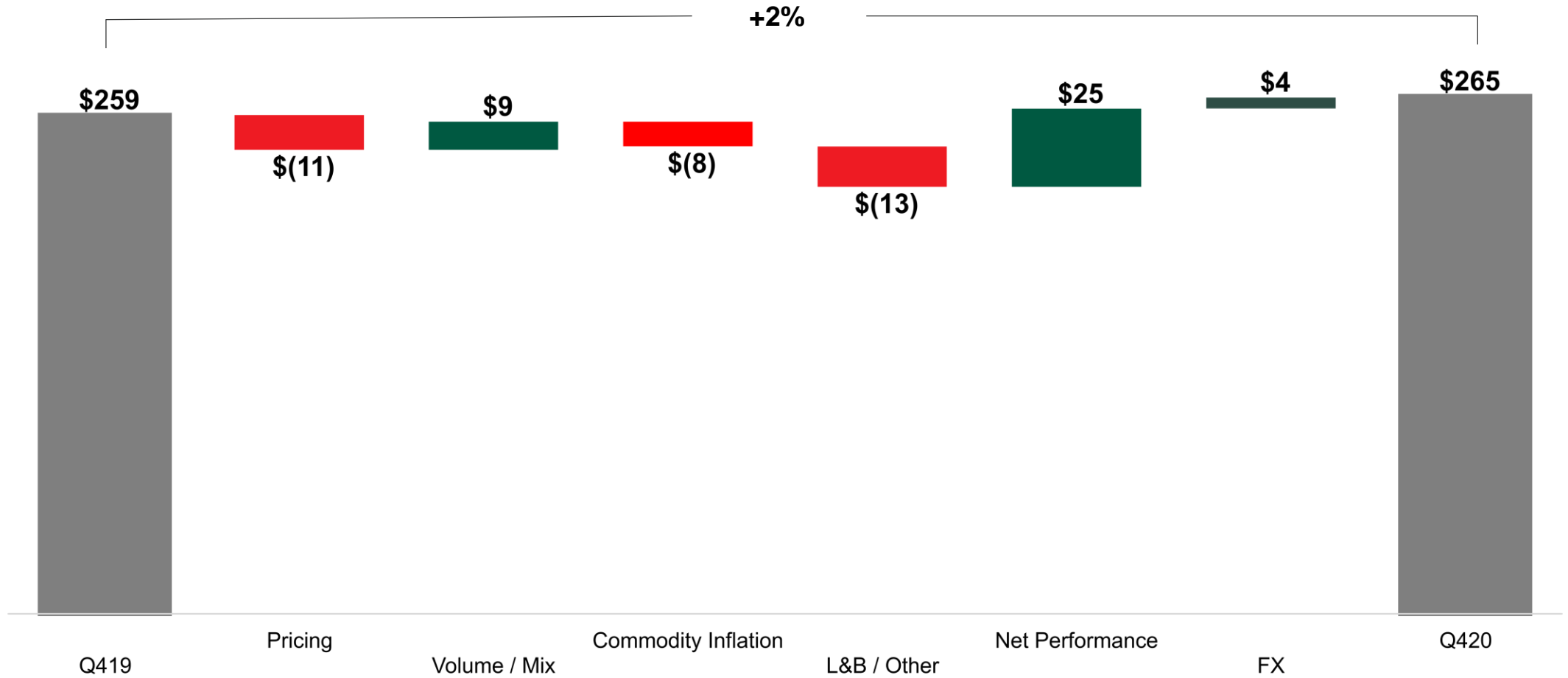
2020 ADJUSTED EBITDA PERFORMANCE

\$s in millions



Q420 ADJUSTED EBITDA PERFORMANCE

\$s in millions



2021 ADJUSTED EBITDA AND CASH FLOW GUIDANCE

Adjusted EBITDA \$1,090M - \$1,150M

EBITDA Components

Volume/Mix	\$10M - \$40M
Net Performance	\$70M - \$90M
L&B / Other ⁽¹⁾	(\$60M - \$50M)
FX ⁽²⁾	(\$10M) - \$10M
Price to Commodity Input Cost Spread	(\$20M) - \$20M

(1) Other inflation is primarily related to property insurance

(2) FX range at current rates

Cash Flow \$175M - \$250M

Cash Flow Components

Cap Ex	(\$710M - \$690M)
Interest	(\$130M - \$120M)
Tax	(\$45M - \$35M)
Working Capital	(\$30M - \$10M)
Pension	(\$20M - \$10M)

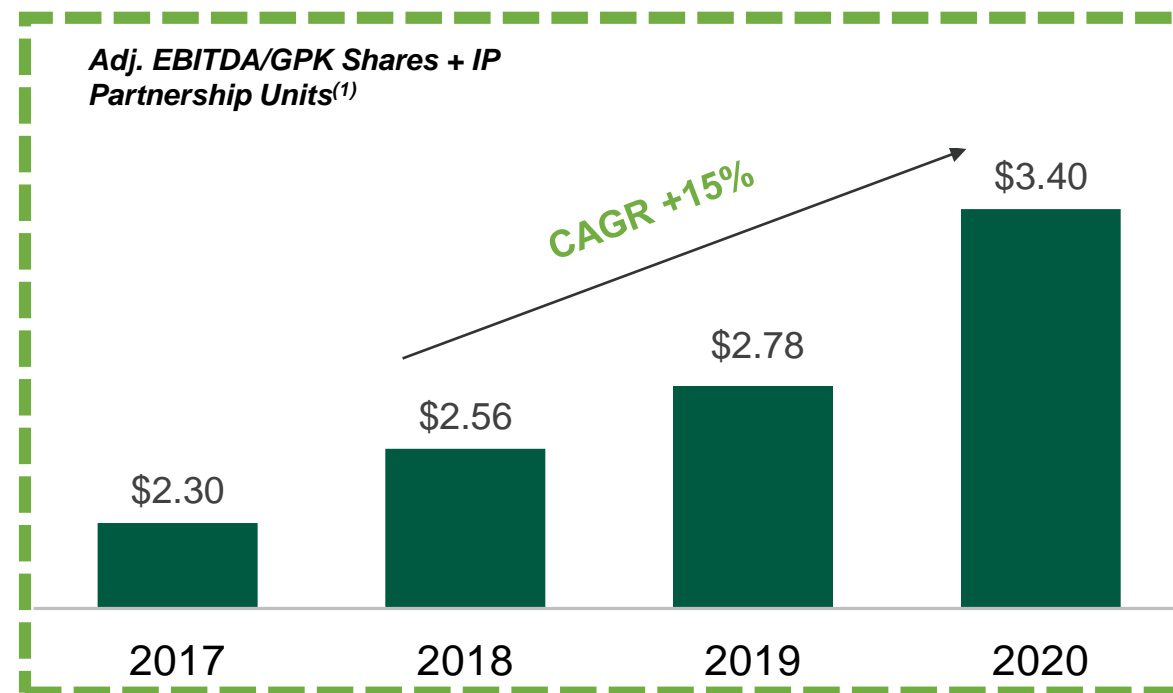
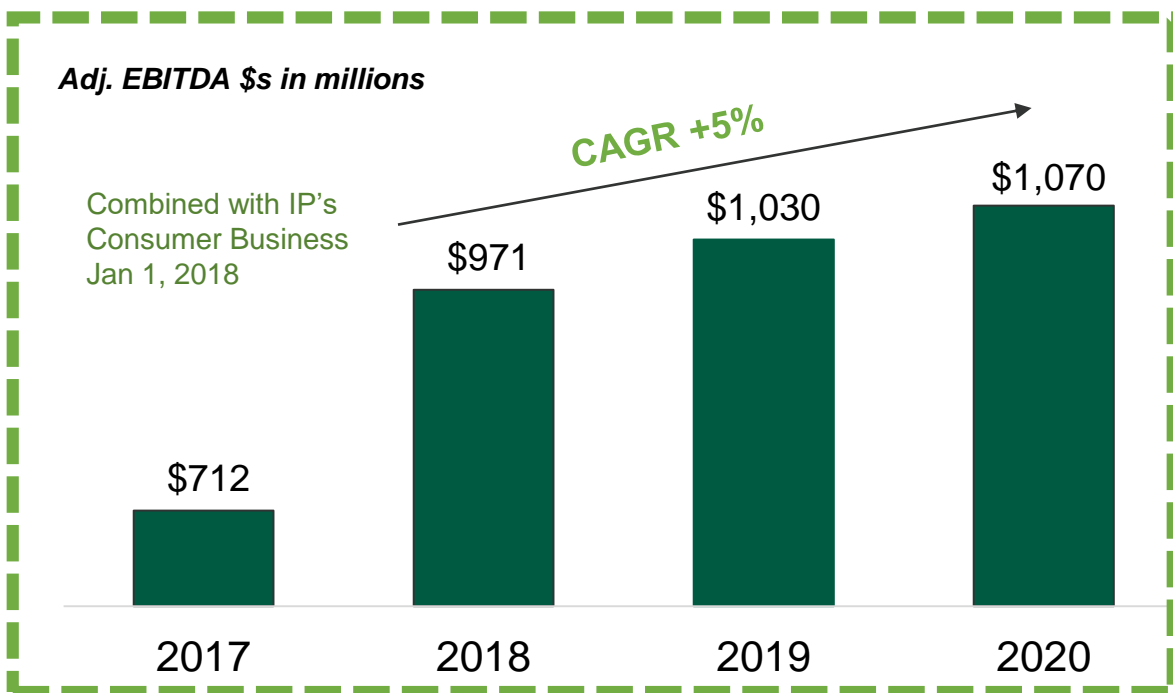
Return to Substantial Cash Flow in 2022

Cap Ex (\$M)



Consistent with Vision 2025, normalized capex target (% of sales) of ~5%

CONSISTENT EBITDA GROWTH AND SIGNIFICANT RETURNS TO STAKEHOLDERS DRIVE VALUE CREATION PER GPK SHARE/IP UNIT



MAJOR DRIVERS

- Net organic sales growth
- Productivity greater than labor/benefits inflation
- Neutral price-cost relationship over time
- Acquisition of partnership interest & share repurchases

(in millions)	GPK Shares ⁽¹⁾	IP Units ⁽¹⁾	Total Shares/Units ⁽¹⁾
2017	310	-	310
2018	300	80	380
2019	290	80	370
2020	268	47	315

APPENDIX



Graphic
Packaging

2021 YEAR OVER YEAR IMPACT SCHEDULE AND OTHER GUIDANCE

NET PRICE / COMMODITY INPUT COST SPREAD & NET OUTAGE COST IMPACT Y/Y

Changes (\$M)

	Q1	Q2	Q3	Q4
Net Price/Cost Spread Impact	↓	↓	↑	↑
Net Outage Cost Impact	(\$10M)	\$0M	\$15M	\$15M

	2019 Actual	2020 Actual	2021 Guidance
Pension Expense/(Income) ⁽¹⁾ (includes pension amortization)	\$16M	\$14M	\$13M
Depreciation & Amortization ⁽²⁾ (excluding pension amortization)	\$447M	\$450M	\$460M
Pension Amortization	\$10M	\$6M	\$5M
Effective Tax Rate ⁽³⁾ (Normalized)	26%	19%	24-26%
Year End Net Leverage Ratio	2.6x	3.3x	3.0-3.5x

(1) 2019 and 2020 pension expense exclude \$39 million and \$154 million of non-cash pension plan settlement charges, respectively.

(2) 2019 D&A includes \$5 million of accelerated depreciation. 2020 D&A actual and 2021 D&A guidance excludes \$26 million and \$24 million of accelerated depreciation related to exit activities, respectively.

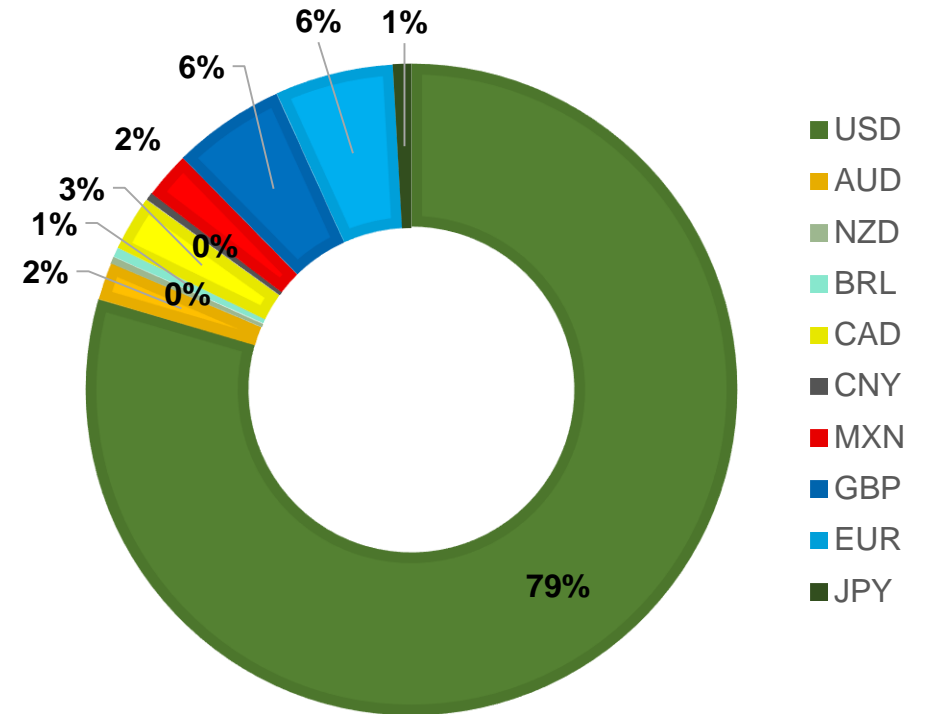
(3) Tax rate applied to GPHC's share of the partnership earnings.

SUPPLEMENTAL INFORMATION

COMMODITY ANNUAL CONSUMPTION

Categories	Units
Wood (Million tons)	10
Recycled Fiber (Million tons)	1
Natural Gas (MMBTU)	22
Caustic Soda (000, tons)	40
Starch (Million lbs.)	150
TiO2 (Million lbs.)	25
Polyethylene (Million lbs.)	105

2020 REVENUE BY CURRENCY





Graphic
Packaging