

First Quarter 2022 Earnings Call

April 26, 2022



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**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, guidance regarding synergies, net sales and European sales, EBITDA and cash flow (and the components thereof), adjusted earnings per share, CRB capacity and the effect of the CRB optimization project, capital expenditures, interest expense, taxes, working capital changes, year-end leverage and pension contributions, effects of price actions in 2022, and pension expense, depreciation and amortization, and future levels of paperboard integration; as well as targeted reductions in water usage, energy consumption, greenhouse gases and low-density polyethylene usage constitute "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties that could cause actual results to differ materially from the Company's historical experience and its present expectations. These risks and uncertainties include, but are not limited to, inflation of and volatility in raw material and energy costs, changes in consumer buying habits and product preferences, competition with other paperboard manufacturers and product substitution, the Company's ability to implement its business strategies, including strategic acquisitions, productivity initiatives, cost reduction plans and integration activities, currency movements and other risks of conducting business internationally, and the impact of regulatory and litigation matters, including those that could impact the Company's ability to utilize its net operating losses to offset 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 may be required by law. Additional information regarding these and other risks is contained in the Company's periodic filings with the Securities and Exchange Commission.

NON-GAAP FINANCIAL MEASURES

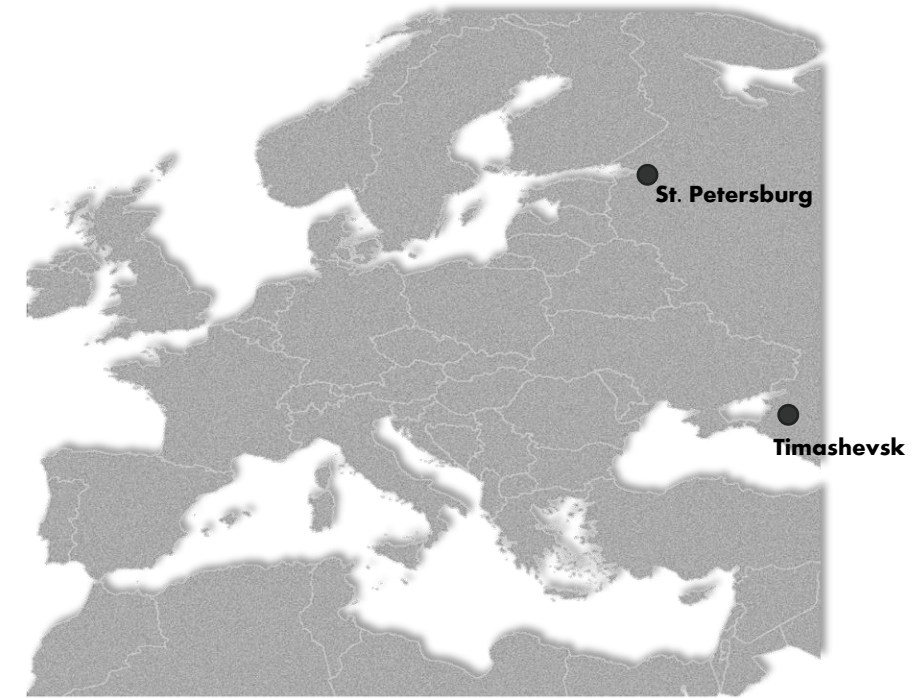
This presentation includes certain financial measures that exclude or adjust for charges or income associated with business combinations, facility shutdowns, extended mill outages, sales of assets and other special charges or income. The Company's management believes that the presentation of these financial 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 can be found in the Company's earnings press releases.

Q1 2022 HIGHLIGHTS

- Adjusted EBITDA \$350 Million, up 46% y/y Driven by \$46 Million of Positive Price-Cost Relationship, \$68 Million in Volume/Mix and \$14 Million in Net Performance
- Adjusted EPS (excluding amortization of purchased intangibles) \$0.48, up 78% y/y
- Net Organic Sales Growth up 3% y/y Driven By Increased Demand for Innovative Fiber-Based Packaging Solutions and Expansion into New Market Segments and Geographies
- Executing Price Actions to Offset Commodity Input Cost Inflation; \$222M in Pricing Actions More than Offset \$176M in Commodity Input Cost Inflation
- Integration of Recently Expanded European Platform Continued; On Track to Deliver \$40 Million of Synergies over Three Years; Substantial Cross-Selling and Geographic Expansion Opportunities Identified and Being Pursued
- New K2 Coated Recycled Paperboard (CRB) Machine in Kalamazoo, Michigan Began Operating and is Meeting Expectations; On Track to Achieve \$50 Million in Incremental EBITDA in '22, \$130 Million In Incremental EBITDA over Three Years; Lowest Cost, Highest Quality CRB Production in North America
- >\$1 Billion in Global Liquidity
- Reiterating '22 Guidance: Significant Step Up in Adjusted EBITDA and Cash Flow from '21, Rapid Deleveraging

RUSSIA BUSINESS UPDATE

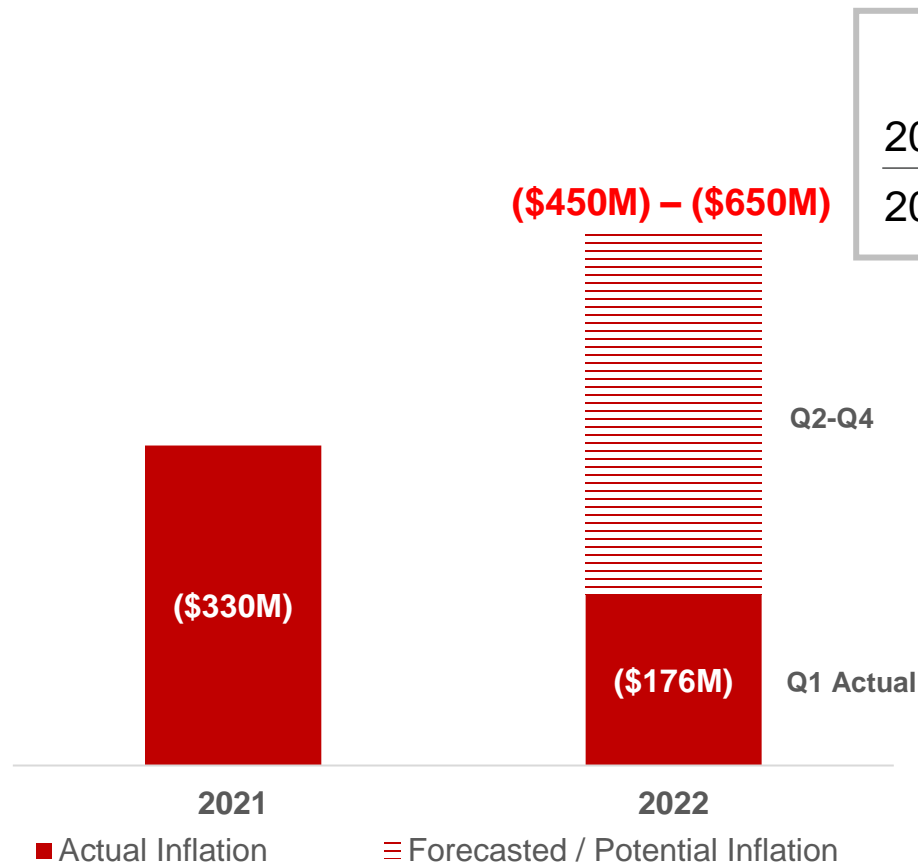
- ~1% of total sales
- <1% of annualized EBITDA
- Two folding carton facilities
- Adhering to all U.S. and EU sanctions
- Operating to meet existing customer contractual commitments where possible
- No new investments or contractual customer relationships
- Actively exploring all options for the business as customer contractual agreements expire



~\$1B IN PRICE ACTIONS BEING EXECUTED OVER 2021-2022 TO OFFSET \$780M TO \$980M OF INFLATION OVER SAME TIMEFRAME; PRICE AND INFLATION UP \$150M FROM ORIGINAL GUIDANCE

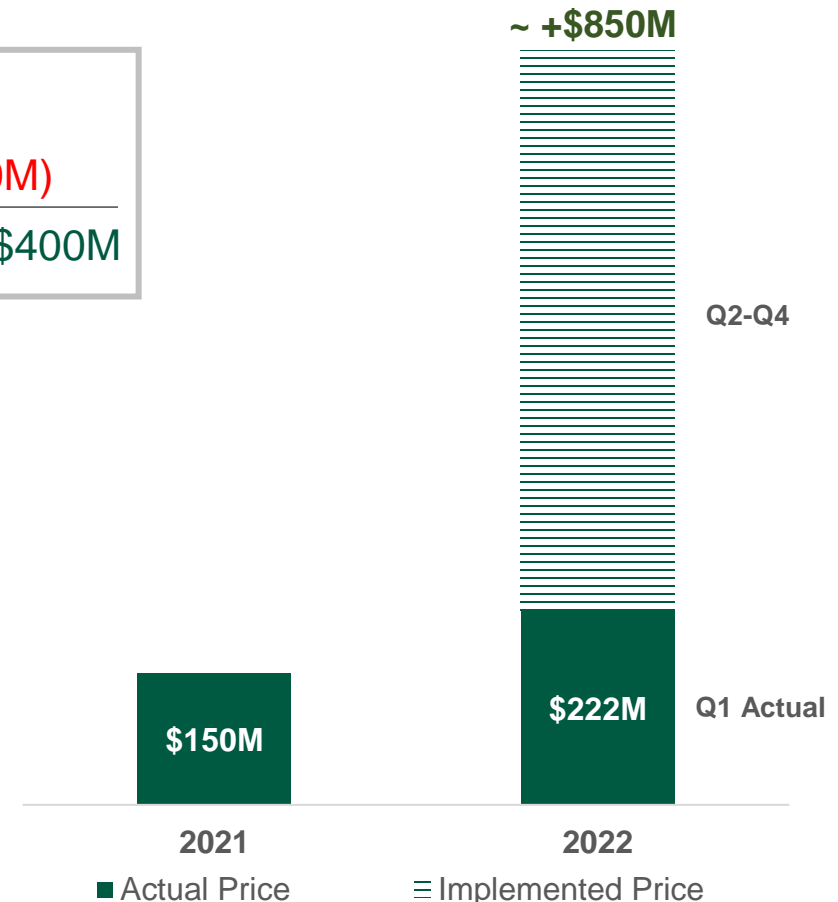
2021 – 2022 Commodity Input Costs

(\$780M) – (\$980M)



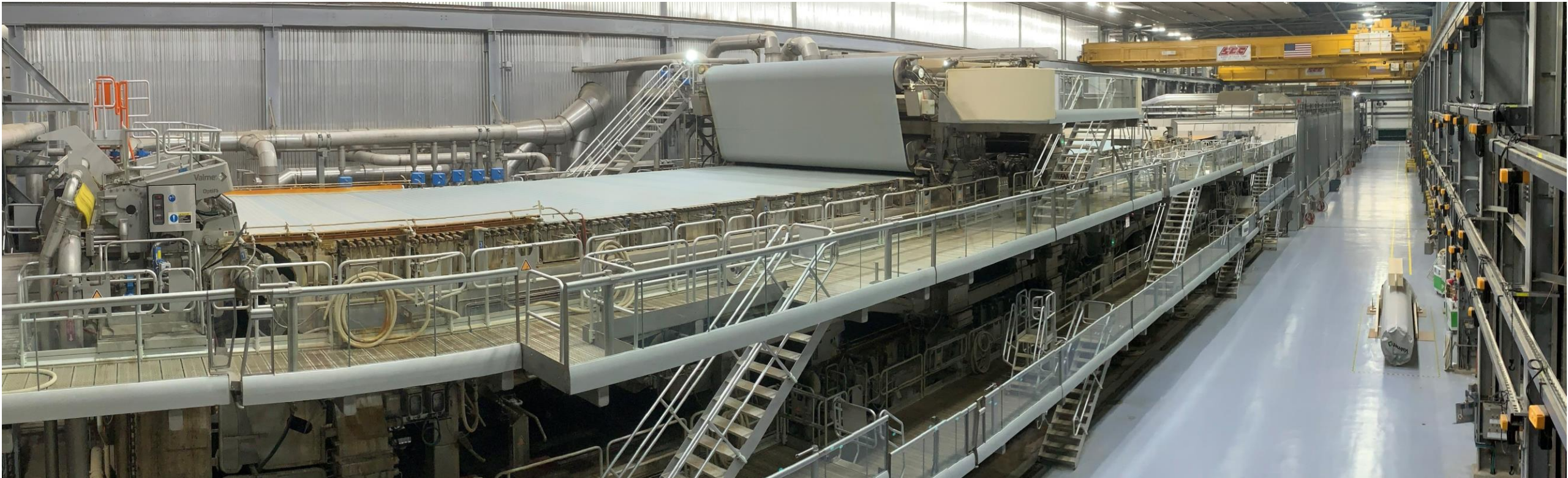
2021 – 2022 Price Actions

~\$1B Implemented & Recognized



| Price-Cost | |
|------------|-----------------|
| 2021A | (\$180M) |
| 2022E | \$200M - \$400M |

LOWEST COST, HIGHEST QUALITY CRB PRODUCTION IN NORTH AMERICA; ON TRACK TO ACHIEVE \$50M IN INCREMENTAL EBITDA IN 2022



K2 ramp & CRB platform optimization

- Qualifications all on track – customer feedback very positive
- Demand remains strong driving extended backlogs
- Integration rates will move higher as more paperboard is integrated
- Fully supports water, energy and GHG intensity reduction goals
- Some Battle Creek employees transitioning to Kalamazoo
- \$50M in incremental EBITDA in 2022
- \$130M in incremental EBITDA over three years

INNOVATION DRIVING ORGANIC SALES GROWTH GLOBALLY; INCREASED ADOPTION OF SUSTAINABLE PACKAGING SOLUTIONS



Global Adoption of Fiber-Based Packaging

PaperSeal®

- First commercialized in Europe and Australia, PaperSeal now commercial in U.S.
- West coast grocer, New Seasons Market, rolling out PaperSeal to replace plastic clamshells for the grocer's Partner Brand Fresh Pasta



ProducePack™

- ProducePack commercialized with Michigan apple distributor BelleHarvest in U.S.
- Large grocery retailer launching ProducePack Punnet in U.S. in Q2

FIRST QUARTER 2022 FINANCIAL RESULTS

| (US\$ M) | Q1 2022 | Q1 2021 | % Chg y/y |
|--------------------------------------|---------|---------|-----------|
| Net Sales | \$2,245 | \$1,649 | +36% |
| Adj. EBITDA | \$350 | \$240 | +46% |
| Adj. EBITDA Margin | 15.6% | 14.6% | +100bps |
| Adj. EPS (excl. amort.) ¹ | \$0.48 | \$0.27 | +78% |
| Global Liquidity | \$1,078 | \$1,444 | |
| Integration Rate ² | 73% | 71% | +200bps |

Q1: ORGANIC SALES GROWTH, MARGIN EXPANSION & SIGNIFICANT EBITDA IMPROVEMENT

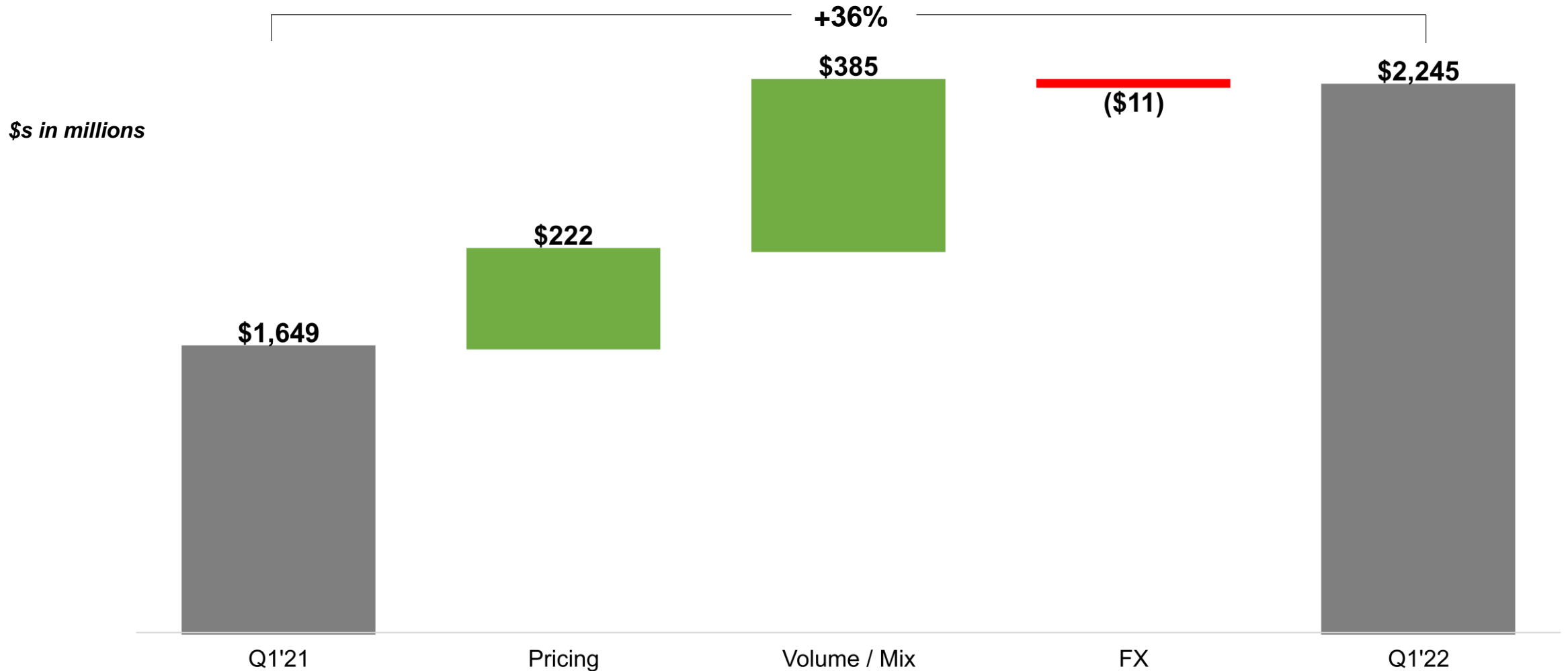
- Net Sales \$2.2B, up 36% y/y
 - Net Organic Sales increased 3% y/y
- Adj. EBITDA \$350M, up 46% y/y
 - Margin expansion driven by favorable volume/mix, an inflection to positive price-cost relationship and net performance improvements
- Adj. EPS (excl. amort.)¹ \$0.48, up 78% y/y
- \$1.1B in Global Liquidity
- Integration rate improved 200bps to 73%

(1) Excludes amortization of purchased intangibles

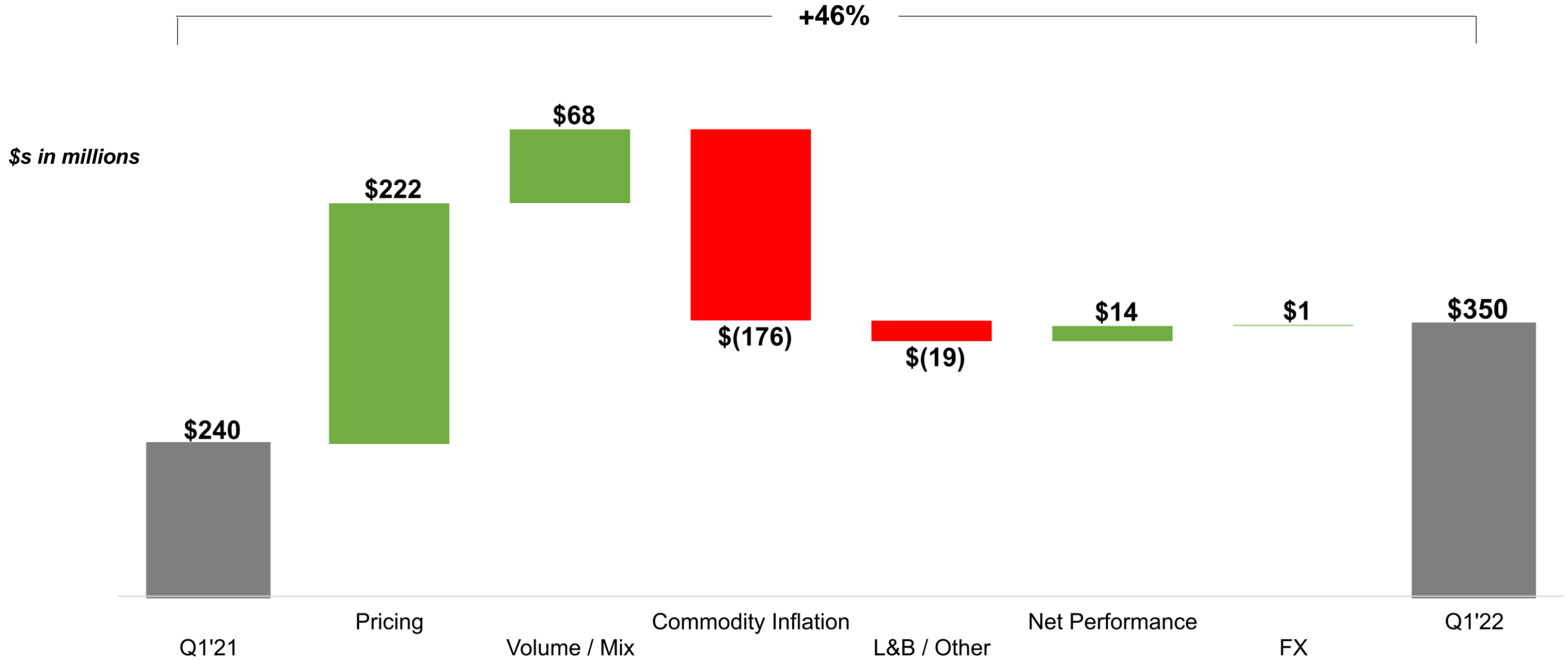
(2) Integration rate is defined as paperboard produced and converted in manufacturing facilities we operate

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

FIRST QUARTER 2022 NET SALES PERFORMANCE



FIRST QUARTER 2022 ADJUSTED EBITDA PERFORMANCE



Q1 2022 SUMMARY

FINANCIAL PERFORMANCE

- Q1 net sales \$2,245M, up 36% y/y
 - Food, Beverage & Consumer sales up 37% y/y (up 14% before acquisitions)
 - Foodservice sales up 30% y/y
- Q1 pricing favorable \$222M; offsetting commodity input cost inflation of \$176M
- Q1 net productivity of \$14M driven by cost efficiencies, benefits from capital projects and a non-repeat of a negative weather impact in Q121
- Q1 Adj. EBITDA \$350M, up 46% y/y
- Q1 Adj. EPS (excl. amort.)¹ \$0.48, up 78% y/y

MARKETS & OPERATIONS

- Q1 net organic sales up 3% y/y
 - Q1 net organic sales growth driven by continued conversions to fiber-based packaging and expansion into new markets segments and geographies
 - AF&PA Q4 industry operating rate 93% for SBS, 96% for CRB; GPK Q1 CUK operating rate 95%+
- Backlogs increased for SBS, CRB and CUK in Q1, all three substrates 10+ weeks

CAPITAL ALLOCATION

- Returned \$23M to stockholders in dividends
- Invested \$223M in capital expenditures
- Significant liquidity of \$1.1B; ample balance sheet flexibility
- Q1 pro-forma net leverage ratio of 4.6x²

REITERATING 2022 ADJUSTED EBITDA, CASH FLOW, SALES AND YEAR-END LEVERAGE GUIDANCE

Adjusted EBITDA \$1,400M – \$1,600M

EBITDA Components

| | |
|------------------------------------|-----------------|
| Volume/Mix ¹ | \$160M - \$180M |
| Net Performance ² | \$80M - \$120M |
| L&B / Other Inflation ³ | (\$90M - \$70M) |
| FX | (\$40M - \$0M) |
| Price-Commodity Input Cost Spread | \$200M - \$400M |

Sales ~\$9B

Adjusted Cash Flow \$600M – \$800M

Cash Flow Components

| | |
|----------------------------|---------------------|
| Adjusted EBITDA | \$1,400M - \$1,600M |
| Cap Ex | (\$450M) |
| Cash Interest ⁴ | (\$180M - \$160M) |
| Taxes | (\$80M - \$60M) |
| Working Capital | (\$120M - \$100M) |
| Pension | (\$20M - \$10M) |

Year-End Leverage

$$\frac{\text{Net Debt}}{\text{Adj EBITDA}} = \frac{\sim\$5\text{B}}{\$1.4\text{B} - \$1.6\text{B}} = 3.0x - 3.5x$$

REITERATING ADJUSTED EPS EXCLUDING AMORTIZATION OF PURCHASED INTANGIBLES GUIDANCE

| (\$s in Millions) excl. EPS | Est. 2022 Adjusted EPS (excl. amort) |
|-----------------------------------|--------------------------------------|
| Adjusted EBITDA | \$1,400 - \$1,600 |
| Depreciation | (480) |
| Est. Amortization ¹ | (15) |
| Adjusted EBIT | \$905 - \$1,105 |
| Interest Expense | (180) |
| Adjusted EBT | \$725 - \$925 |
| Taxes | (180 - 230) |
| Adjusted Net Income | \$545 - \$695 |
| Share Count | 307 |
| Adjusted EPS (excl. amort) | \$1.75 - \$2.25 |

- (1) \$85 million of excluded amortization relates to purchased intangibles. \$15 million of remaining amortization expense relates to pension amortization and amortization related to patents, trademarks, licenses and leases
(2) Assumes GPK repurchases annual dilution from incentive grants



Graphic
Packaging

APPENDIX

2022 YEAR-OVER-YEAR OUTAGE IMPACT SCHEDULE AND OTHER GUIDANCE

Price-Commodity Input Cost Relationship & Net Outage Cost Impacts

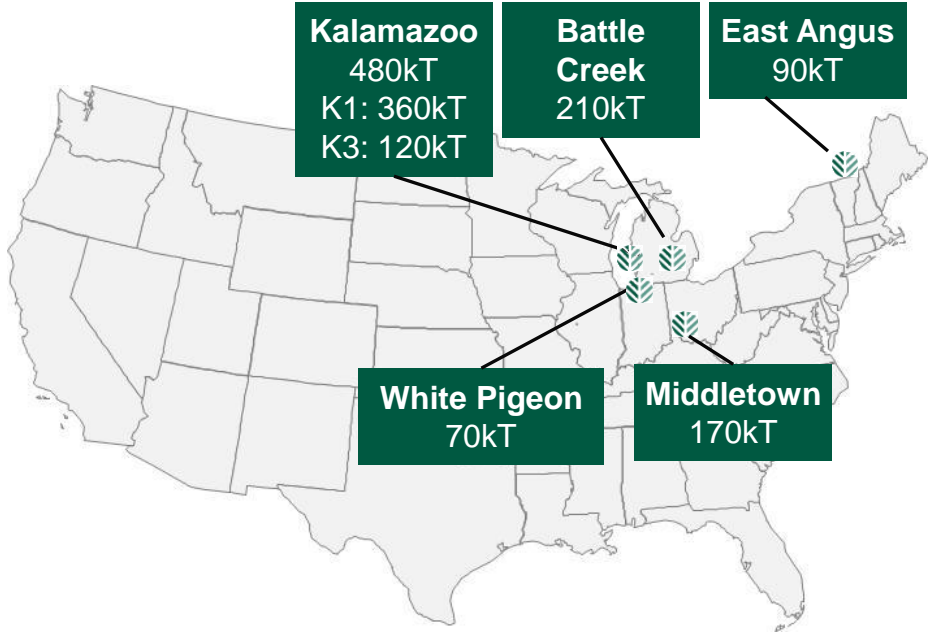
Year-over-Year Change (\$s in Millions)

| | Q1 | Q2 | Q3 | Q4 |
|---------------------------------|-----------|-----------------|------|--------|
| Price-Cost Spread Impact | ↑ \$46 | ↑ \$80-\$100 | ↑ | ↑ |
| Net Outage Cost Impact | - | \$10 | \$10 | (\$20) |

| | 2020 Actual | 2021 Actual | 2022 Guidance |
|---|-------------|-------------------|---------------|
| Pension Expense ¹ (excludes pension amortization) | \$9M | \$6M | \$6M |
| Depreciation ² | \$388M | \$403M | \$480M |
| Amortization (includes pension amortization) | \$67M | \$74M | \$100M |
| Effective Tax Rate (Normalized) | 19% | 25% | 24 – 26% |
| Year End Net Leverage Ratio | 3.3x | 4.6x ³ | 3.0 – 3.5x |

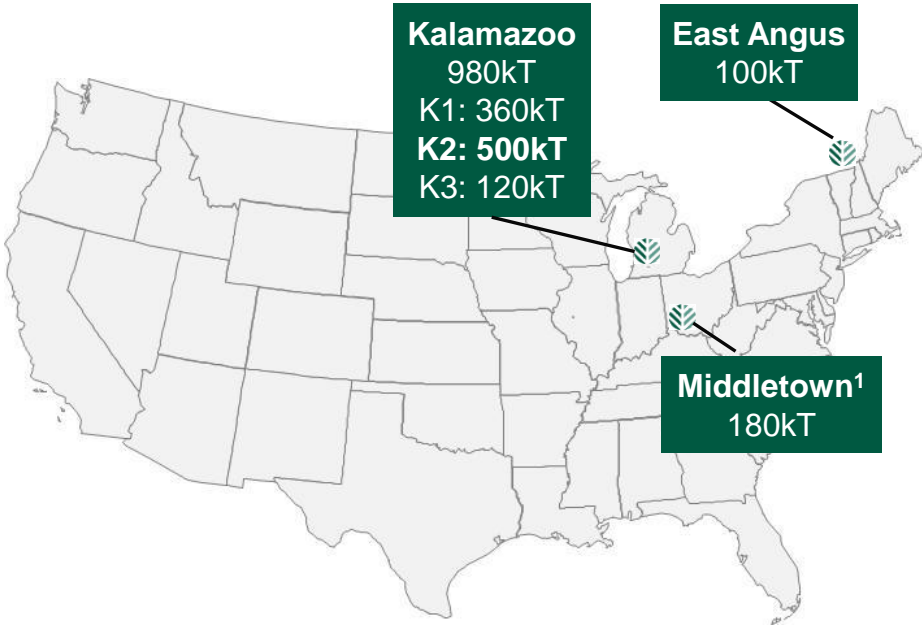
CRB PLATFORM OPTIMIZATION PROJECT UPDATED TO SUPPORT INCREMENTAL GPK DEMAND

2019 CRB Mill System



~1,020_{kT}
Total CRB capacity

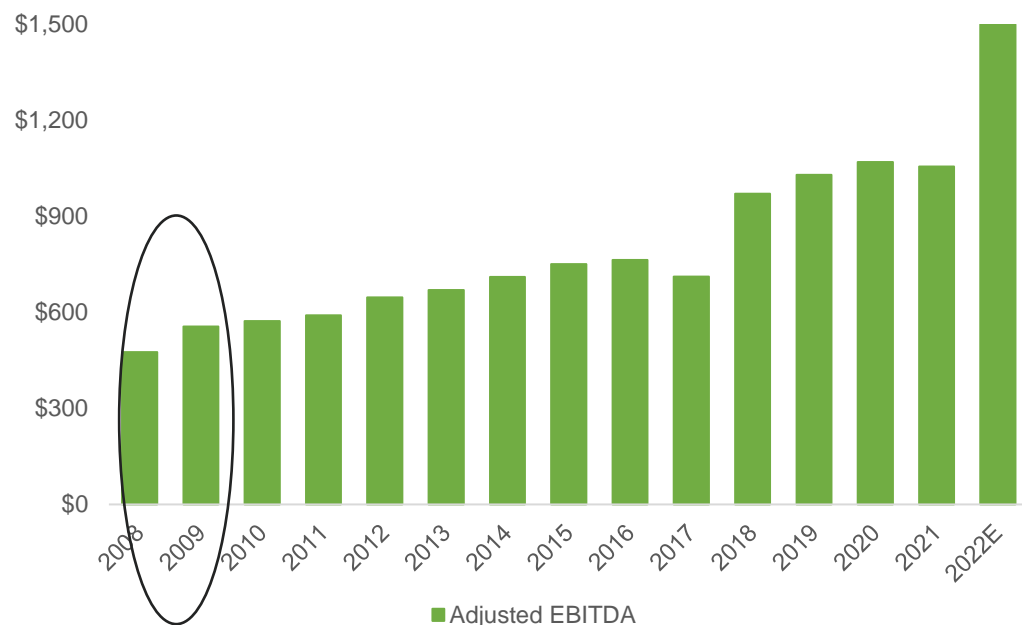
2022 Year-end CRB Mill System



~1,260_{kT}
Total CRB capacity

(1) Capable of producing CRB and URB

RECESSION RESISTANT MODEL



Last Recession - What happened in 2009?

- Core folding carton volume declined 3.6% y/y
- Adj. EBITDA improved \$81M y/y to \$556 million or 14% y/y
 - \$54M increase in Adj. EBITDA y/y driven by positive price/cost relationship, productivity, synergy realization
 - \$27M increase in acquired Adj. EBITDA
- SBS demand down single digits in '09, with recovery in '10¹

2022: DIVERSIFIED REVENUE & CUSTOMER PROFILE; STRONGER FINANCIAL POSITION WITH SIGNIFICANT CASH FLOW GENERATION

- End Market Diversification
 - Food & Beverage 56%; Consumer 20%, Foodservice (QSR) 20%, Health & Beauty 4%
 - No customer >5% of sales
- Customer Concentration Significantly Reduced
 - Top 10 Customers 30% vs historical avg ~45%
 - Mix of National and Store Brands
- 2008: Net Leverage Ratio 7x
 - \$413M in Adjusted EBITDA
 - Annual Interest Expense \$215M
 - Negative Adj Cash Flow
 - Available Liquidity \$390M
- 2022E: Net Leverage Ratio 3x - 3.5x
 - \$1,400 - \$1,600 in Adjusted EBITDA
 - Annual Interest Expense \$180M
 - \$600 - \$800M Positive Adj Cash Flow
 - Available Liquidity >\$1B