

Second Quarter 2017 Earnings Call July 25, 2017

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Packaging**
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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 margins, projected Adjusted EBITDA and cash flow, as well as expected volume, capital spending, productivity benefits, pension contributions and 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.

Q2 2017 Financial Overview

	<u>Q2 2017</u>	<u>Q2 2016</u>
Net Sales (millions)	\$1,094.7	\$1,103.2
Earnings per Diluted Share	\$0.14	\$0.24
Adjusted Earnings per Diluted Share	\$0.15	\$0.19
Net Income (millions)	\$42.0	\$77.8
Adjusted EBITDA (millions)	\$170.6	\$195.2

- Returned \$43 million to shareholders through dividends (\$23 million) and share repurchases (\$20 million) in Q2

2017 Outlook

EBITDA

- Expect Adjusted EBITDA will be in the \$715-\$735 million range in 2017 vs. the previous outlook of \$725-\$745 million
- Reduction driven by the re-acceleration of recycled fiber prices in July, as well as less realization from our announced CUK and CRB price increases
- Focused on implementing price increases to offset the sharp input cost inflation
- Expect margins to improve in the 2H2017 and in 2018
- Continue to expect the 2018 price to commodity cost relationship will be at least a \$40 million positive, assuming current OCC prices
 - Implementing the announced July \$50/ton open market CRB price increase

Cash Flow

- Lower by \$10 million to the \$370-\$390 million range, to reflect the EBITDA reduction

Carton Craft Acquisition increases Integration and Provides Runway for Further Margin Improvement



CARTON CRAFT ACQUISITION

- Purchase price ~\$110M
- LTM Sales of ~\$70M
- LTM EBITDA of ~\$14M
 - Expected to contribute \$5-6M of EBITDA in 2017
- Run rate EBITDA of \$17-18M USD in 12-24 months
- Post-synergy, EV/EBITDA multiple is expected to be below 6.0X
- **Two converting facilities in New Albany, Indiana**
 - Increases our mill to converting plant integration into growing markets
 - Provides runway for further margin improvement

Q2 2017 Volume and Demand

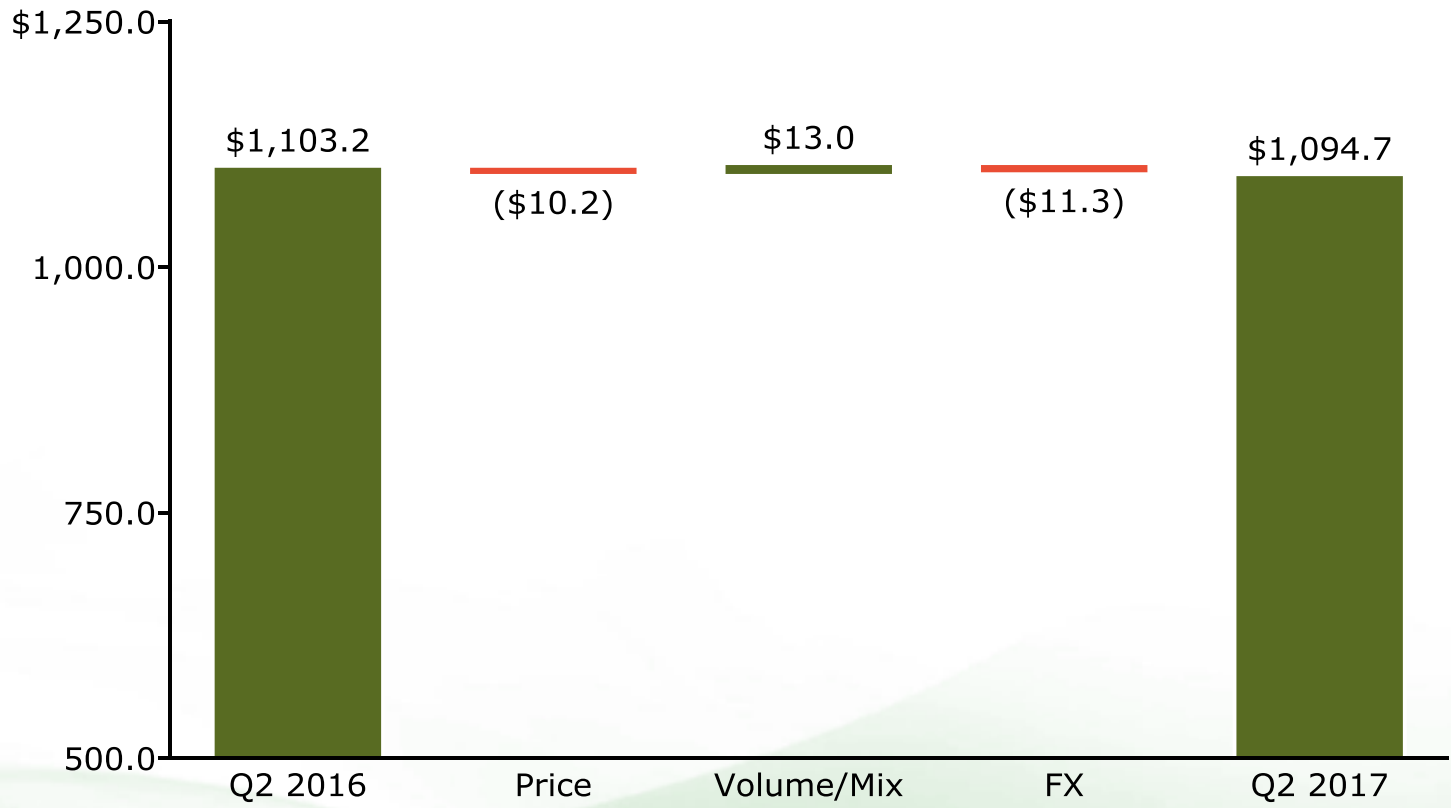
- Volume in Q2 up 1.7%, driven by an acquisition and slightly positive core volume
 - Core volume was up 0.4% in Q2, slightly better than the flat volume trend in the first quarter and in 2016
 - We continue to plan for flat core volume in the 2H of 2017
- U.S. Food and Consumer
 - GPK outperformed the end-markets in Q2, consistent with previous years, driven by the ongoing success of the new product development pipeline
- Global Beverage
 - A.C. Nielsen reported continued growth in U.S. Beverage
 - GPK global beverage volume was up low single digits in the quarter

Q2 2017 Operations

- Performance in Q2
 - Drove \$15.8 million of performance benefits
 - Successfully completed our bi-annual maintenance cold outage at West Monroe, Louisiana, which negatively impacted results by \$14 million
- Invested \$68 million in capital expenditures in Q2; capital spending expected to be approximately \$250 million in 2017
 - In Q1, invested \$35 million to upgrade two headboxes on the WM#6 paper machine
 - Expect capital investments to help deliver productivity benefits at the mid-to-high end of our targeted \$60-\$80 million productivity range annually
- Backlogs remain stable
 - CUK at 5 weeks
 - CRB at 4 plus weeks

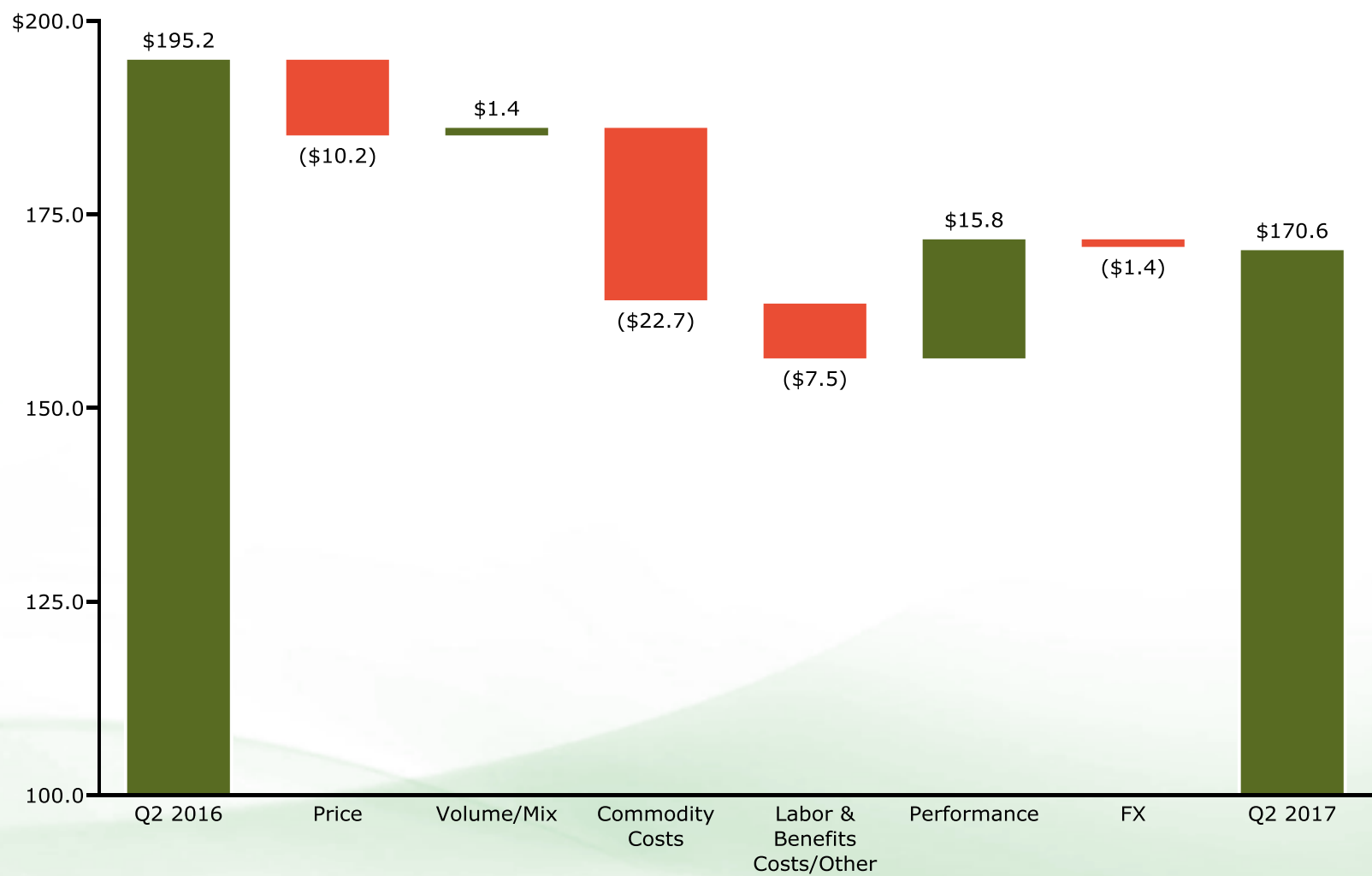
Q2 2017 Net Sales Comparison YoY

In US\$ millions



Q2 2017 Adjusted EBITDA Comparison YoY

In US\$ millions



Q2 2017 Cash Flow, Debt and Liquidity

- Net Debt decreased \$16 million to \$2.2 billion in Q2 from Q1 2017
- Net leverage ratio of 3.1x, up from 2.8x at the end of Q4 2016
- Global liquidity > \$1.1B at end Q2

2017 Guidance

	<u>1Q 2017 Guidance</u>	<u>2Q 2017 Guidance</u>
– Cash Flow available for Net Debt Reduction, Dividends & Share Repurchase (before M&A/Capital Markets activity)	\$380M-\$400M	\$370-\$390M
– Capital Expenditures	\$250M	\$250M
– Cash Pension Contributions	\$30M-\$40M	\$30-\$40M
– Pension Expense/(Income) (includes pension amortization)	(\$4M)	(\$4M)
– Cash Taxes	\$15M-\$25M	\$15-\$25M
– Depreciation & Amortization (excluding pension amortization)	\$300-\$320M	\$300-\$320M
– Pension Amortization	\$7M	\$7M
– Interest Expense	\$80M-\$90M	\$80-\$90M
– Effective Tax Rate (Normalized)	35-37%	35-37%
– Year End Net Leverage Ratio	2.5x-3.0x	2.5x-3.0x