

Third Quarter 2018 Earnings Call October 23, 2018

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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 and cash flow, as well as expected synergies, 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.

Q3 2018 Overview

Financial Performance

- Q3 Adjusted EBITDA of \$256 million, up \$68 million y-o-y; 16.8% Adjusted EBITDA margin
- SBS mill and foodservice converting assets generated solid Adjusted EBITDA of \$63 million
- Integration of SBS mill and converting assets on track – executing on \$75 million of targeted synergies
- CRB and CUK mill and global converting assets Adjusted EBITDA up \$6 million y-o-y
- Q3 Adjusted EBITDA vs. expectations negatively impacted by \$7 million in inflation/hurricane costs, \$4 million in SBS reliability/performance, and \$3 million in FX
- Wood and chemical inflation accelerated during the quarter
- Full-year 2018 Adjusted EBITDA outlook of \$970 million; cash flow outlook of \$475 million
- Targeting 2019 Capex spend to be at baseline level of ~\$325 million

Markets & Operations

- Q3 volume up 2.5% driven primarily by acquisitions
 - Q3 organic volume flat driven by strong new product introductions
- Successfully implemented 2nd 2018 open market \$50 per ton CUK price increase; and \$20 per ton of 2nd 2018 open market SBS price increase in September
- CRB and CUK mill and global converting assets pricing to commodity input cost relationship turned \$6 million positive in Q3
- CRB and CUK mills ran well in the quarter
- Successfully completed planned annual outage at Macon CUK mill
- Backlogs remain strong at 5+ weeks for CRB, CUK, and SBS
- AF&PA reported operating rates at 95%+ for all three paperboard grades

Capital Allocation

- Invested \$97 million in capital expenditures in Q3
 - Completed \$30 million curtain coater installation on Macon machine No. 2; expected annual EBITDA contribution of \$10 million
- Completed Letica Foodservice Assets acquisition
 - Expanding our leading position in the growing paperboard foodservice market in North America
 - Enhances customer and geographic footprint, and provides capacity to meet growing demand for paper cups
 - Synergies to be driven by the integration of additional 30k SBS paperboard tons and cost efficiencies; expected post-synergy EV/EBITDA multiple ~6.0X
- Returned \$23 million to shareholders in Q3 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.

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

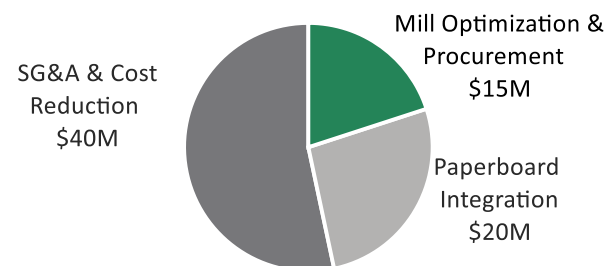
Combination

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

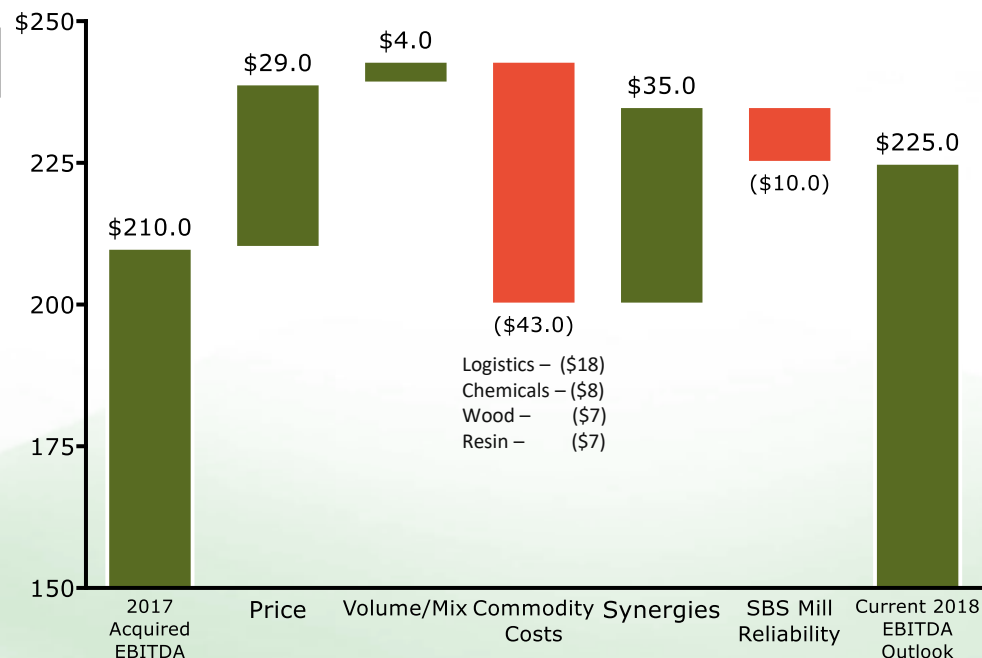
Q3 Performance, Integration

- Q3 EBITDA of \$63 million
- Integration of SBS mill and converting assets on track – executing on \$75 million of targeted synergies
- Expect full year 2018 EBITDA of \$225 million, reflecting greater synergy realization offset by higher commodity input costs and mill reliability costs
- Augusta reliability issue being addressed with planned Q4 recovery boiler rebuild
- Implemented 2nd 2018 open market SBS cup stock and SBS folding carton increase
- Closed Letica Foodservice Assets acquisition

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



SBS Mill and Foodservice Assets EBITDA Bridge



Q3 Volume up 2.5% driven primarily by acquisitions

- Q3 organic volume flat as strong new product introductions offset U.S. big beer volume weakness

Q3 Pricing

- Legacy CRB and CUK mill and global converting assets pricing to commodity input cost relationship positive \$6 million in Q3
- First positive price / cost relationship since Q1 2016
- Successfully implemented 2nd 2018 open market \$50 per ton CUK price increase; \$20 per ton of 2nd 2018 open market SBS price increase
- Expect positive pricing to commodity input cost relationship in Q4 2018
- Strong pricing momentum into 2019 – line of sight to at least \$100 million pricing y-o-y in 2019

Q3 performance

- Drove \$9 million of performance benefits in Q3
- CRB and CUK mills ran well
- Successfully completed planned annual outage at Macon CUK mill
- SBS mills experienced \$4M in reliability/performance issues during the quarter, Augusta recovery boiler investment underway to address
- Backlogs strong at 5+ weeks for CRB, CUK, and SBS
- AF&PA reported operating rates at 95%+ for all three paperboard grades

Invested \$97 million in capital expenditures in Q3

- Completed \$30 million curtain coater installation on Macon machine No. 2; expected annual EBITDA contribution of \$10 million
- Numerous capital projects to drive reduced consumption of raw materials, increase productivity, and improve quality

Replacement of shrink wrap with paperboard for pet food in Europe

Paperboard taking position from plastics in Europe

- Introduced a sustainable, fully enclosed paperboard carton to replace shrink film multipacks [6, 12, 18, 24] for a European pet care customer
- Potential to eliminate the use of 6.4 million square meters of plastic wrap per year
- Fully enclosed carton is 100% recyclable and is the first of its kind in the pet care market to be manufactured in the UK



Letica Acquisition Extends our Leading Position in Growing Paperboard-Based Foodservice Market in North America

GEOGRAPHIC OVERVIEW



LETICA ACQUISITION

- Purchase price ~\$95 million
- LTM Sales of ~\$110 million
- LTM EBITDA of ~\$10 million
- Run rate EBITDA of \$15-16 million USD in 12-24 months
- Post-synergy, EV/EBITDA multiple expected to be ~6.0X
- **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

Completed 2019 Capital Expenditures Planning Process. Targeting 2019 Spending of ~\$325 Million

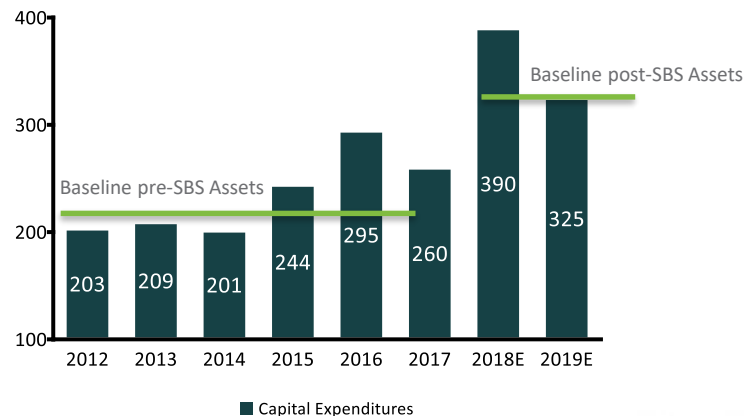
Baseline capital expenditures framework

- Drive productivity in excess of labor and benefits inflation within baseline capital spend
- Baseline capital spend including the SBS mill and foodservice assets ~\$325 million
- Maintenance ~\$225 million
- Return focused ~\$100 million
- When capital exceeds \$325 million, clearly outline the project scope and return profile
- Target after-tax IRR's in mid-to-high teens

Projects in 2018 that were above baseline capital spend

- Capital expenditures in 2018 expected to be \$390 million compared to our baseline figure of \$325 million
- Curtain coater installation at Macon in Q3 2018 – \$30 million investment / \$10 million of annualized EBITDA
- Augusta recovery boiler rebuild and related electrical upgrades in Q4 2018 - \$40 million project

Targeting 2019 Capex of ~\$325 million

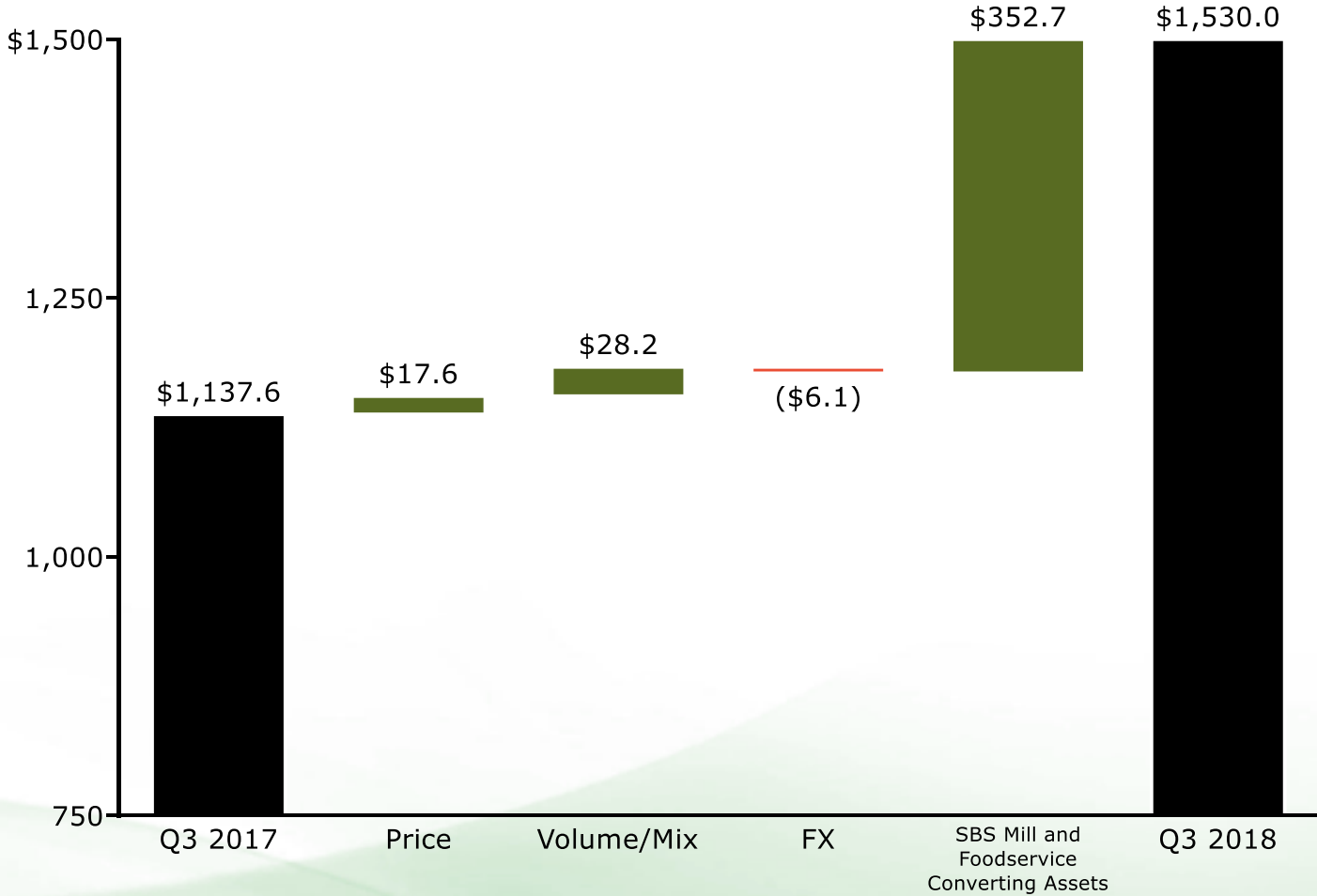


Curtain Coater Projects Completed

Timeframe	Mill	Machine
Q1 2014	Kalamazoo	No. 1
Q3 2016	Macon	No. 1
Q3 2018	Macon	No. 2

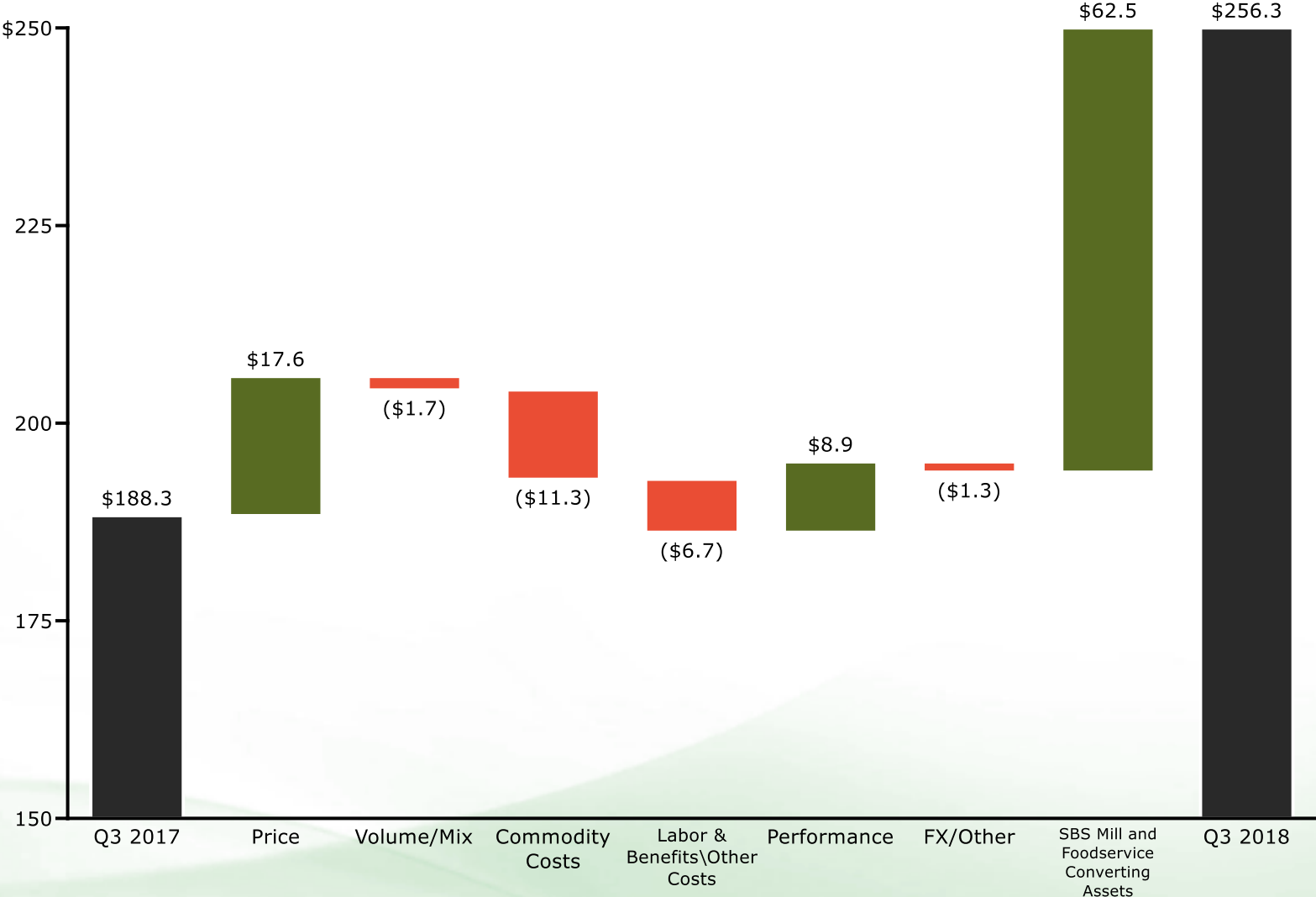
Q3 2018 Net Sales Comparison YoY

In US\$ millions



Q3 2018 EBITDA Comparison YoY

In US\$ millions



Q3 2018 Cash Flow, Debt and Liquidity

Net Debt decreased \$33 million to \$2.9 billion in Q3 from Q2

- Adjusted Net Cash Provided by Operating Activities was \$210 million in Q3
- Q3 capital expenditures of \$97 million
- Global liquidity > \$1 billion at September 30, 2018

Pro forma Net leverage ratio of 3.0x

- Remain committed to long-term net leverage target of 2.5 to 3 times
- Expect net leverage ratio to be approximately 2.8x by year-end

2018 Full Year Guidance

	<u>2Q 2018 Guidance</u>	<u>3Q 2018 Guidance</u>
– Cash Flow available for Net Debt Reduction, Dividends & Share Repurchase (before M&A/Capital Markets activity)	~\$475M	~\$475M
– Capital Expenditures	\$380M	\$390M
– Cash Pension Contributions	\$5-\$10M	\$5-\$10M
– Pension Expense/(Income) (includes pension amortization)	\$3M	\$3M
– Cash Taxes	\$20-\$30M	\$20-\$30M
– Depreciation & Amortization (excluding pension amortization)	\$430-\$450M	\$430-\$450M
– Pension Amortization	\$6M	\$6M
– Interest Expense	\$125-\$135M	\$120-\$130M
– Effective Tax Rate (Normalized)	24-27%	23-25%
– Year End Net Leverage Ratio	2.5x-3.0x	2.5x-3.0x