

# Investor Fact Sheet

## Fourth Quarter of 2017

As at December 14, 2017

### 2017 HIGHLIGHTS

- Revenues decreased by \$12.3 million, or 0.6%. Excluding the unfavourable impact from the sale of newspapers and other media assets in 2016 and 2017 related to the Corporation's strategy, as well as the favourable exchange rate effect, revenues increased by \$58.6 million, or 3.0%.
- Operating earnings increased by \$89.2 million, from \$212.8 million to \$302.0 million. Adjusted operating earnings, which exclude restructuring and other costs (gains) and impairment of assets, increased by \$9.9 million, from \$283.4 million to \$293.3 million, or 3.5%. Excluding the \$16.7 million unfavourable effect of the stock-based compensation expense as a result of the change in the share price in fiscal 2017 compared to fiscal 2016, the unfavourable impact from the sale of newspapers and other media assets in 2016 and 2017, as well as the favourable exchange rate effect, adjusted operating earnings increased by \$23.9 million, or 8.5%.
- Net earnings increased by \$65.2 million, from \$146.3 million to \$211.5 million. Adjusted net earnings, which exclude restructuring and other costs (gains) and impairment of assets, net of related taxes, increased by \$5.9 million, from \$196.3 million to \$202.2 million, or 3.0%.
- Maintained a solid financial position, with a net indebtedness ratio of 0.3x.
- Acquired, subsequent to the end of the fiscal year, Les Industries Flexipak Inc., a flexible packaging supplier located in Montréal, Québec.

### NOTES TO READERS

In this document, unless otherwise indicated, all financial data are prepared in accordance with International Financial Reporting Standards (IFRS) and the term "dollar", as well as the symbol "\$" designate Canadian dollars. In this Investor Fact Sheet, we also use non-IFRS financial measures. Please refer to the section entitled "Reconciliation of Non-IFRS Financial Measures" in the Management Discussion and Analysis (MD&A) and Note 3 "Segmented Information" accompanying the annual consolidated financial statements for the fiscal year ended October 29<sup>th</sup>, 2017 for a complete description of these measures.

### FORWARD-LOOKING STATEMENT

This report contains certain forward-looking statements concerning the future performance of the Corporation. Such statements, based on the current expectations of management, inherently involve numerous risks and uncertainties, both general and specific.

We caution that all forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking information, and that actual future performance will be affected by a number of factors, many of which are beyond the Corporation's control. The risks, uncertainties and other factors that could influence actual results are described in the *Management's Discussion and Analysis (MD&A) for the year ended October 29<sup>th</sup>, 2017 and in the latest Annual Information Form.*

## PROFILE

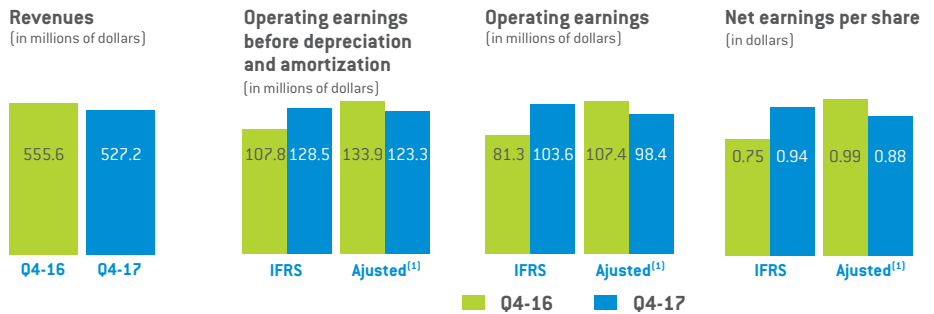
TC Transcontinental is Canada's largest printer and a key supplier of flexible packaging in North America. The Corporation is also a leader in its specialty media segments. TC Transcontinental's mission is to create products and services that allow businesses to attract, reach and retain their target customers.

Respect, teamwork, performance and innovation are strong values held by the Corporation and its employees. The Corporation's commitment to its stakeholders is to pursue its business activities in a responsible manner.

Transcontinental Inc. (TSX: TCL.A TCL.B), known as TC Transcontinental, has over 6,500 employees in Canada and the United States, and revenues of C\$2.0 billion in 2017.

[www.tc.tc](http://www.tc.tc)

## FOURTH QUARTER FINANCIAL HIGHLIGHTS



## MESSAGE FROM THE PRESIDENT & CEO

"I am very proud of our performance in 2017," said François Olivier, President and Chief Executive Officer of TC Transcontinental. "While pursuing our transformation with determination, we recorded, for a third consecutive year, the highest profitability in our history."

"The printing division posted excellent results in 2017 and continued to improve its profitability, notably as a result of increased demand from Canadian retailers for our integrated service offering. We also renewed and expanded our long-term agreements with large retailers. Finally, we implemented measures to optimize the utilization of our printing platform."

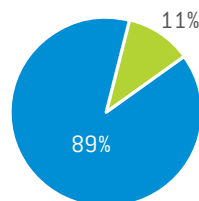
"In the packaging division, we successfully integrated Robbie Manufacturing and Flexstar Packaging. With the investments made in our platform and the development of our sales force, many business opportunities came to fruition this year. As a result, this division generated sustained organic growth in 2017. Lastly, we pursued numerous acquisition initiatives and recently announced the acquisition of Les Industries Flexipak Inc., located in Montréal."

"In the Media Sector, we continued to strategically transform our asset portfolio to refocus on our most promising niches. Our specialty media and educational book publishing activities generated solid results in 2017. In addition, we disposed of our publications in Atlantic Canada and have already sold close to 60% of our local and regional newspapers in Québec and Ontario."

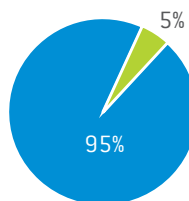
"To conclude, with our sound financial position and our significant cash flows, we are very well positioned to continue building our North American flexible packaging platform."

## OVERVIEW

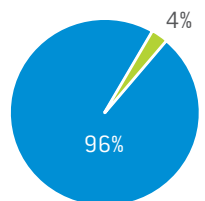
Revenues by Sector - 2017



Adjusted operating earnings before depreciation and amortization<sup>(1)</sup> by Sector - 2017



Adjusted operating earnings<sup>(1)</sup> by Sector - 2017



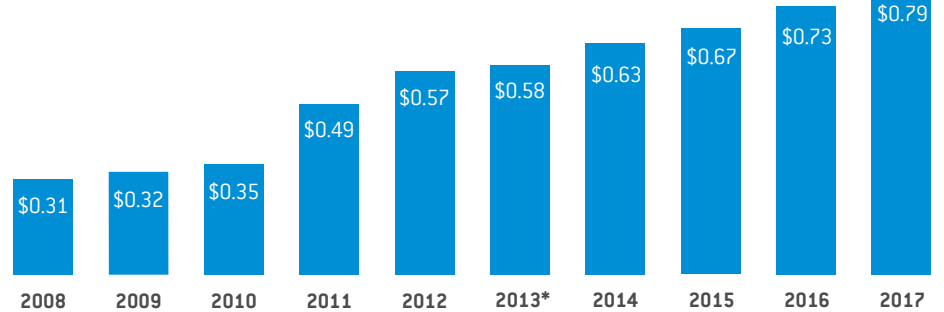
■ Printing & Packaging ■ Media

## SELECTED FINANCIAL DATA

(in millions of dollars, except ratios)

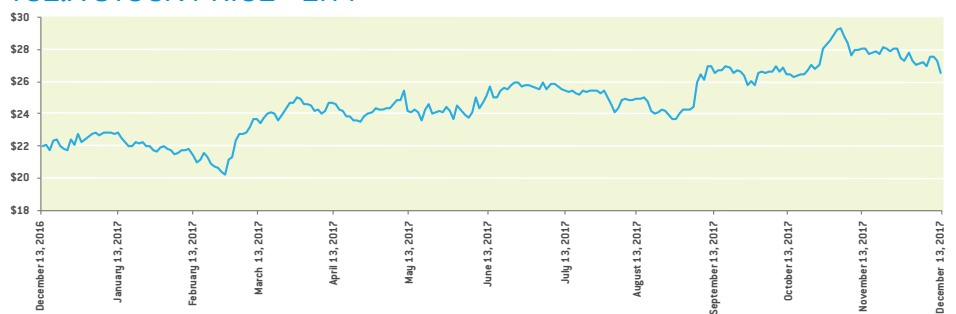
	Q4-17	Q3-17	Q2-17	Q1-17	2017	Q4-16
Printing & Packaging	479.3	430.3	449.5	450.1	1,809.2	484.6
Media	54.1	56.1	59.0	63.1	232.3	82.1
Other	(6.2)	(8.7)	(9.8)	(9.6)	(34.3)	(11.1)
<b>Revenues</b>	<b>527.2</b>	<b>477.7</b>	<b>498.7</b>	<b>503.6</b>	<b>2,007.2</b>	<b>555.6</b>
<b>Operating earnings before depreciation and amortization</b>	<b>128.5</b>	<b>93.7</b>	<b>94.2</b>	<b>89.0</b>	<b>405.4</b>	<b>107.8</b>
Printing & Packaging	118.7	95.8	98.2	93.8	406.5	125.2
Media	12.0	7.3	0.7	0.7	20.7	12.7
Other	(7.4)	(7.7)	(8.8)	(6.6)	(30.5)	(4.0)
<b>Adjusted operating earnings before depreciation and amortization<sup>(1)</sup></b>	<b>123.3</b>	<b>95.4</b>	<b>90.1</b>	<b>87.9</b>	<b>396.7</b>	<b>133.9</b>
Printing & Packaging	24.8%	22.3%	21.8%	20.8%	22.5%	25.8%
Media	22.2%	13.0%	1.2%	1.1%	8.9%	15.5%
<b>Adjusted operating earnings before depreciation and amortization margin<sup>(1)</sup></b>	<b>23.4%</b>	<b>20.0%</b>	<b>18.1%</b>	<b>17.5%</b>	<b>19.8%</b>	<b>24.1%</b>
<b>Net earnings per share</b>	<b>0.94</b>	<b>0.64</b>	<b>0.60</b>	<b>0.55</b>	<b>2.73</b>	<b>0.75</b>
<b>Adjusted net earnings per share<sup>(1)</sup></b>	<b>0.88</b>	<b>0.65</b>	<b>0.55</b>	<b>0.53</b>	<b>2.61</b>	<b>0.99</b>
Net indebtedness ratio <sup>(3)</sup>	0.3x	0.5x	0.6x	0.7x		0.8x
Net indebtedness <sup>(3)</sup>	101.2	195.4	234.6	280.9		331.4

## DIVIDENDS PAID PER PARTICIPATING SHARE



\* Paid a special dividend of \$1.00 and a regular dividend of \$0.58.

## TCL.A STOCK PRICE - LTM<sup>(2)</sup>



## IMPORTANT DATES

### Quarterly Results

<b>Q1-2018</b>	March 1 <sup>st</sup> , 2018
<b>Q2-2018</b>	June 7, 2018
<b>Q3-2018</b>	September 6, 2018
<b>Q4-2018</b>	December 13, 2018

## CONTACT

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Note 1: Adjusted operating earnings before depreciation and amortization and adjusted operating earnings exclude restructuring and other costs (gains) and impairment of assets. Adjusted net earnings exclude the same elements, net of related taxes. Adjusted operating earnings before depreciation and amortization margin is calculated by dividing adjusted operating earnings before depreciation and amortization by revenues.

Note 2: Last twelve months.

Note 3: Net indebtedness represents total of long-term debt plus current portion of long-term debt less cash. The net indebtedness ratio is calculated by dividing the net indebtedness by the last 12 months adjusted operating earnings before depreciation and amortization.

Note 4: Retailer-related services include flyer and in-store marketing product printing, premedia services, and door-to-door distribution.

## KEY INVESTMENT CONSIDERATIONS

- Strong cash flow generating ability
- Leader in most of the markets we serve
- Solid relationships with our customers
- Balanced portfolio of businesses
- Track record of dividend growth
- Family-controlled business with long term vision
- Investment grade credit rating

## REVENUES BY SEGMENT 2017

(in millions of dollars)

<b>Printing and Packaging Sector</b>	<b>1,809</b>
Retailer-related services <sup>(4)</sup>	885
Newspapers	242
Magazines and Books	225
Marketing products	149
Packaging	308
<b>Media Sector</b>	<b>232</b>
Local Solutions	133
Business and Education	99

## STOCK MARKET INFORMATION

As at December 13, 2017

<b>Symbol on the TSX:</b>	TCL.A	TCL.B
Participating Shares Outstanding:	77.6 M	
Public Float:	65.0 M	
Market Capitalization:	\$2,063.4M	
Dividend Yield:	3.0%	
Dividend per Share:	\$0.80	
Corporate Credit Ratings:	- DBRS: BBB (low), Stable	
	- S&P: BBB-, Stable	

## ANALYST COVERAGE

Adam Shine	National Bank Financial
Aravinda Galappathige	Canaccord Genuity
Robert Bek	CIBC
David McFadgen	Cormark Securities Inc.
Drew McReynolds	RBC Capital Markets
Mark Neville	Scotia Capital
Matthew Griffiths	Bank of America Merrill Lynch
Tim Casey	BMO Capital Markets