TRANSCONTINENTAL

Investor relations presentation

Well positioned to pursue our transformation

January 23, 2017

FORWARD-LOOKING INFORMATION

This presentation contains certain forward-looking statements concerning the goals of the Corporation, its strategy, its projected financial results and expectations as to its operations. Such statements, based on the current expectations of management, inherently involve numerous risks and uncertainties, known and unknown. We caution that all forward-looking statements are inherently uncertain and actual results may differ materially from the expectations reflected or implied in the forward-looking statements, and that actual results will be affected by a number of factors, many of which are beyond the Corporation's control, including the economic situation, exchange rates, energy costs, increased competition, the Corporation's capacity to implement its strategic plan and to make and integrate acquisitions, the regulatory environment, the safety of our packaging products used in the food industry, innovation of our offering and concentration of our sales in certain segments. The principal risks, uncertainties and other factors that could influence actual results are described in the Management's Discussion and Analysis for the fiscal year ended on October 31, 2016 and in the latest Annual Information Form.

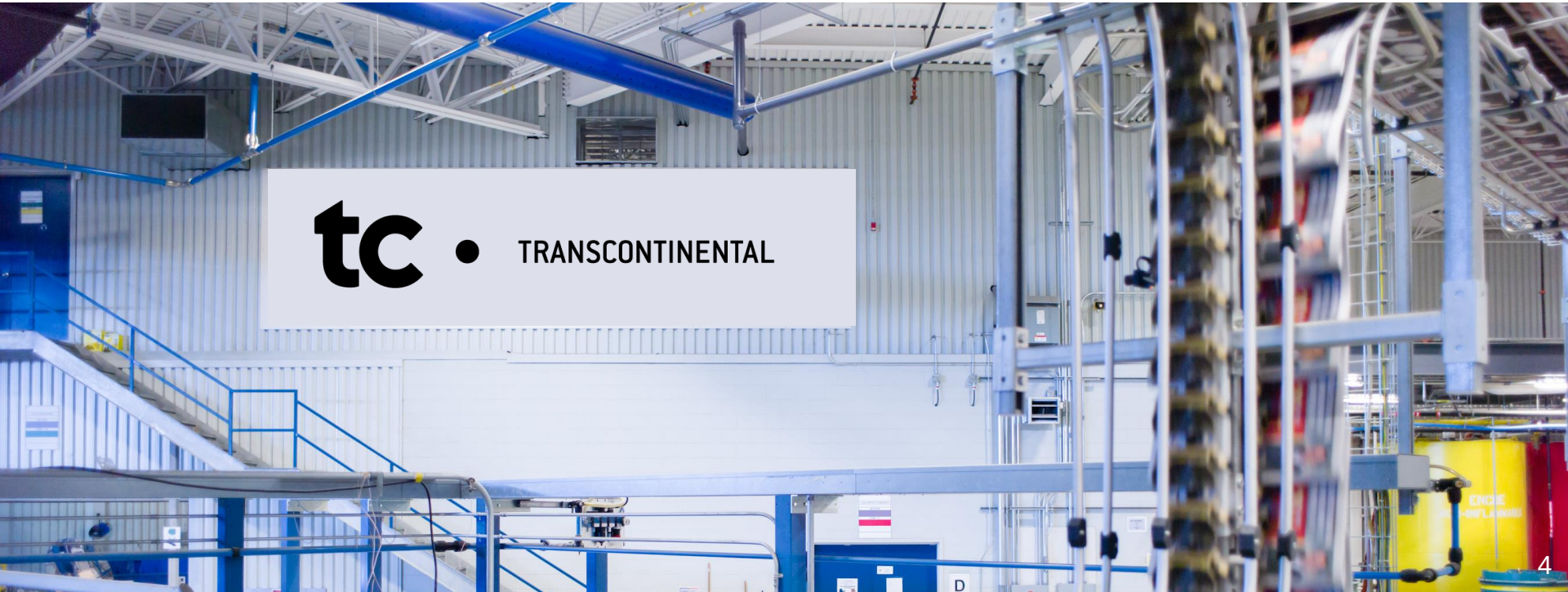
The forward-looking statements in this presentation are based on current expectations and information available as of January 23, 2017. We disclaim any intention or obligation to update or revise any forward-looking statements unless otherwise required by the securities authorities.

Overview

- Our organization at a glance
- Our business segments
- Our means to finance growth
- Contact and additional information

Introducing our organization

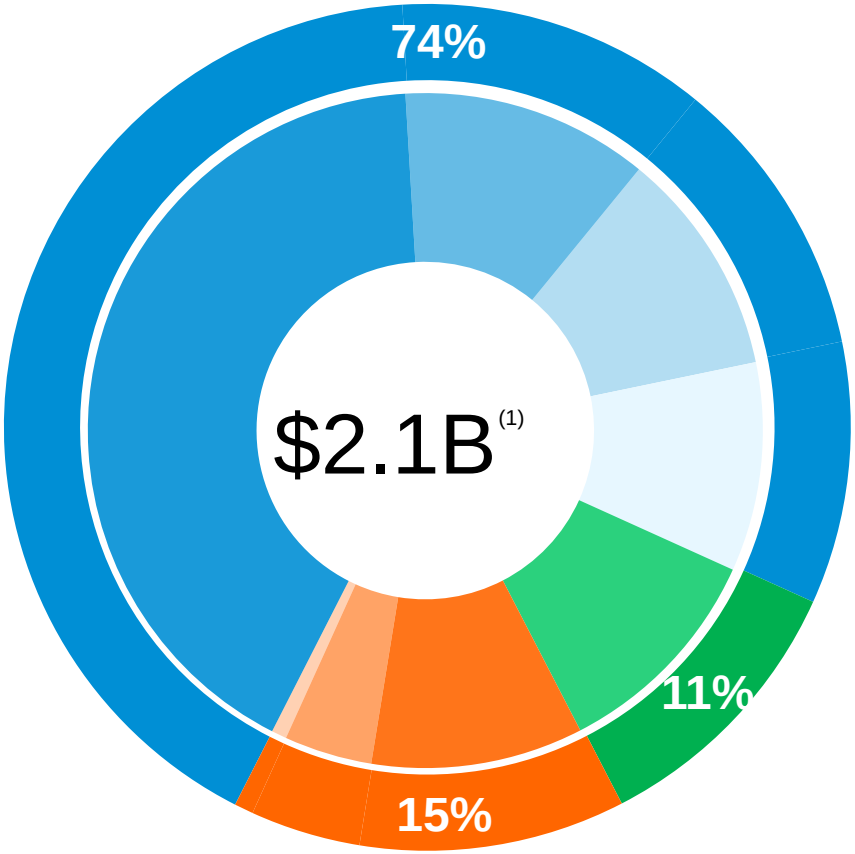
- Canada’s largest printer with operations in print, flexible packaging, publishing and digital media, TC Transcontinental's **mission** is to create products and services that allow businesses to attract, reach and retain their target customers.
- **Respect, teamwork, performance** and **innovation** are strong values held by the Corporation and its employees.
- TC Transcontinental employs close to **8,000 employees** in Canada and the United States.



Generating C$2 billion in revenues from three business segments

2016 Revenues

TRANSCONTINENTAL PRINTING	**$1,535M**
Retail and Newspapers	$859M
Magazines and Books	$245M
Marketing Products	$224M
Distribution and Premedia	$207M
MEDIA	**$312M**
Local Solutions	$210M
Business and Education	$ 87M
Interactive Marketing Solutions	$ 15M
TRANSCONTINENTAL PACKAGING	**$220M**



(1) Excludes intercompany eliminations.

Building a North American flexible packaging platform

Sustaining strong long-standing relationships with a diverse mix of leading customers

RETAILERS	GROCERY	Loblaws, metro, Sobeys, Overwaitea Food Group
	DRUGSTORE	Shoppers Drug Mart, Uniprix, Familiprix, London Drugs, Katz Group, Jean Coutu
	HOME IMPROVEMENT	The Home Depot, Canadian Tire, Home hardware, RONA, BMR le groupe
	OTHER	Walmart, Best Buy, hbc, Giant Tiger your save on everything store
	NEWSPAPER PUBLISHERS	San Francisco Chronicle, Toronto Star, tc media, La Presse, The Globe and Mail, Postmedia, Groupe Capitales Médias
	BOOK AND MAGAZINE PUBLISHERS	Rogers, Chenelière Éducation, Elsevier, Québecor Média

Pursuing an optimization and diversification strategy

Mature segment	Segment in transformation	Growth segment
TRANSCONTINENTAL PRINTING	MEDIA	TRANSCONTINENTAL PACKAGING

Defend and strengthen our Printing platform

- Improving efficiencies
- Gaining market share
- Managing long term contracts (80% of sales)

Optimizing our Media activities

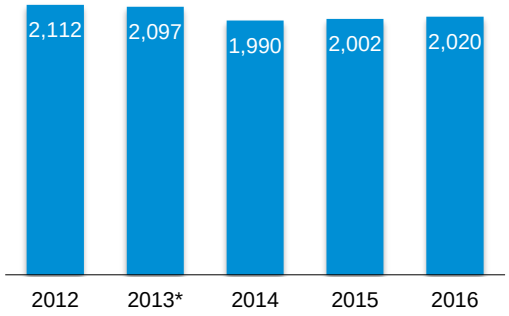
- Improving efficiencies
- Gaining market share in educational publishing
- Strengthening our digital media offering

Building our Packaging division

- Pursuing acquisitions
- Growing sales organically

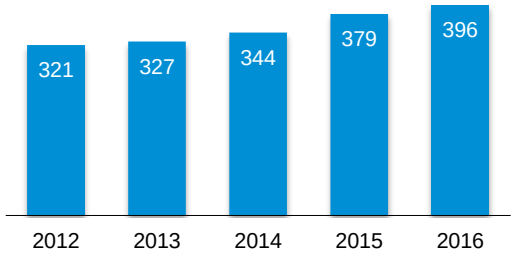
Delivering a solid performance

REVENUES ($M)



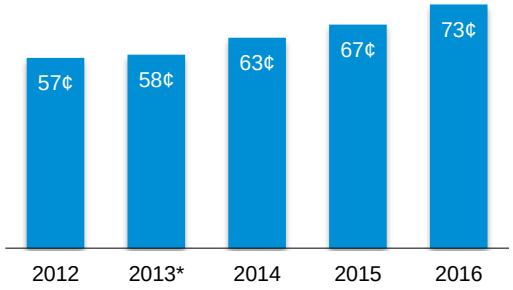
* 2013 financial information has been restated to reflect the impact of the adoption of IFRS 11 "Joint Arrangements" and amended IAS 19 "Employee benefits" and other elements

CASH FLOW FROM OPERATIONS* ($M)



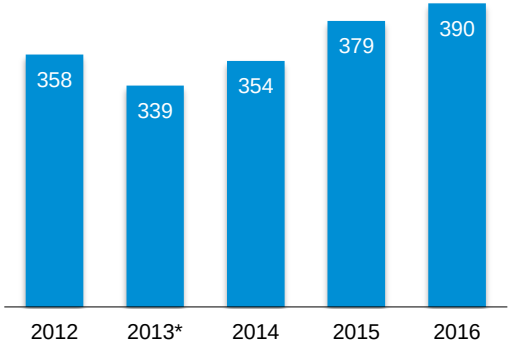
* Cash flows generated by operating activities before changes in non-cash operating items and income taxes recovered (paid)

DIVIDENDS PAID PER PARTICIPATING SHARE (¢)



* Paid a special dividend of $1.00 per share in addition to regular quarterly dividend

ADJUSTED EBITDA ($M)



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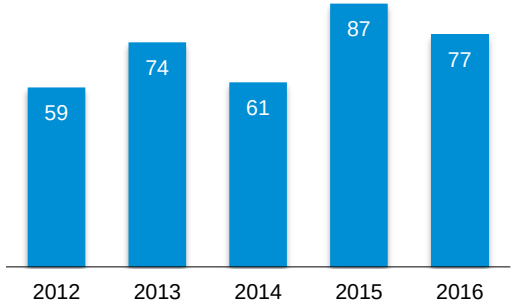
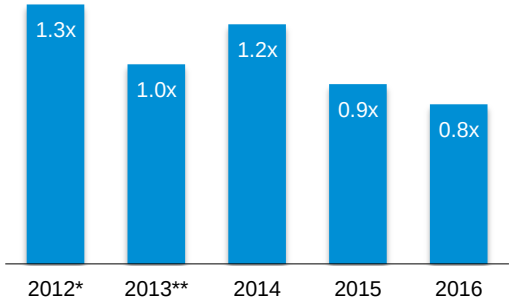
CAPITAL EXPENDITURES ($M)



Note: Capital expenditures including intangible assets

ADJUSTED NET INDEBTEDNESS RATIO



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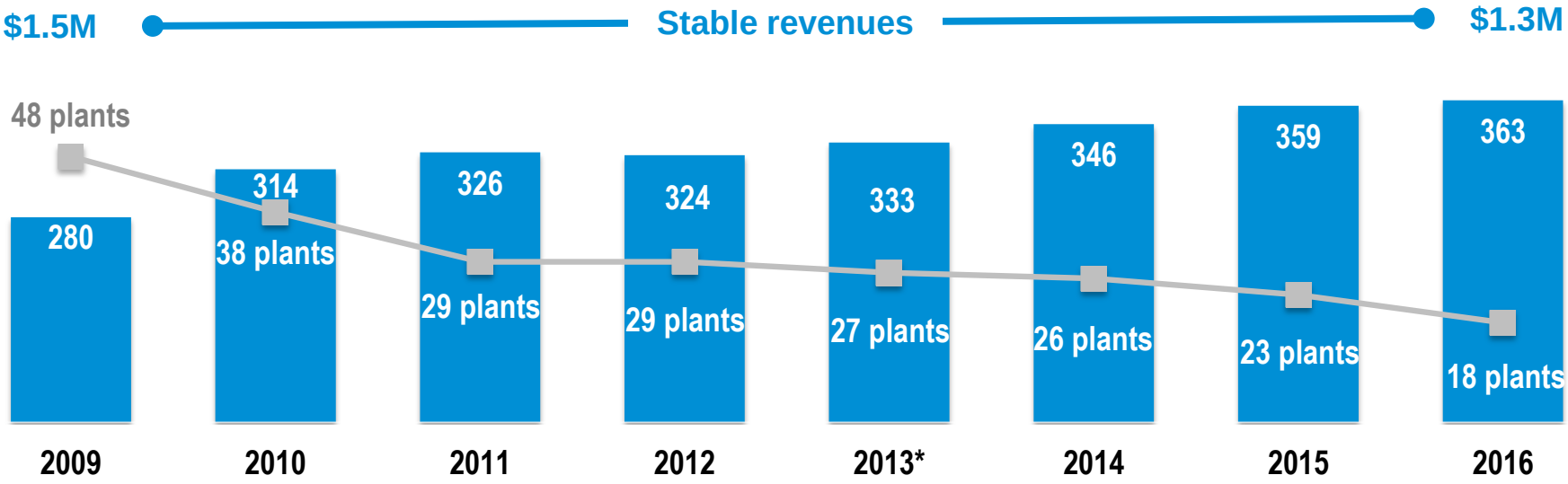
Continued optimization of our printing platform

Printing division adjusted EBITDA (in millions of $)



* 2013 figures have been restated to take into account the effects of amended IAS 19 - Employee Benefits, IFRS 11 - Joint Arrangements and other elements.
Note: Includes adjusted EBITDA of our distribution and premedia operations.

State-of-the-art national printing network

18

printing plants

(As of January 23, 2017)

Quebec
Beauceville
Boucherville
Gatineau
Montreal (3)
Quebec
St-Hyacinthe

Ontario
Markham & Aurora
Brampton
Owen Sound
Vaughan

Manitoba
Winnipeg

Alberta
Calgary

British Columbia
Delta

Prince Edward Island
Borden-Carlton

Nova Scotia
Halifax

USA
Fremont

Providing a broad range of solutions as the largest printer in Canada and one of the largest in North America

Retail flyers

Flyer distribution

Door-to-door distribution, geotargeting
Leader in Quebec and some Atlantic provinces

Marketing products

In-store marketing products, direct mail, catalogs, etc.

Premedia

Continued

Providing a broad range of solutions as the largest printer in Canada and one of the largest in North America

Magazines and books

Newspapers

Unique outsourcing model for publishers

Managing opportunities and risks

Opportunities

- Increasing share of wallet with key customers
- Gaining additional newspaper outsourcing agreements
- Continuing to grow our in-store marketing (ISM) opportunity
- Leveraging favourable exchange rate to gain business in four-colour book printing and catalogue printing
- Continuing to optimize the printing platform

Risks

- Speed of transition of advertising dollars to digital
- Popularity of digital flyers / flyer app
- Consolidation of customers
- Competition from U.S. players

Providing a broad range of multiplatform media solutions

Multiplatform local and regional newspaper publishing

140 titles in Quebec and Eastern Canada, digital advertising network

Leader in Quebec and Eastern Canada

Business Solutions

Multiplatform speciality publications, business events, conferences and seminars, content solutions

Educational and Trade Book Publishing

Leader in French-language educational book publishing in Canada

Managing opportunities and risks

Opportunities

- Building new sources of revenues for educational books and trade publications
- Continuing to optimize our portfolio and our cost structure
- Growing local digital ad solutions offering

Risks

- On-going challenging advertising market

Generating packaging revenues from four acquired businesses

Pro Forma 2016 Revenues: $300M*

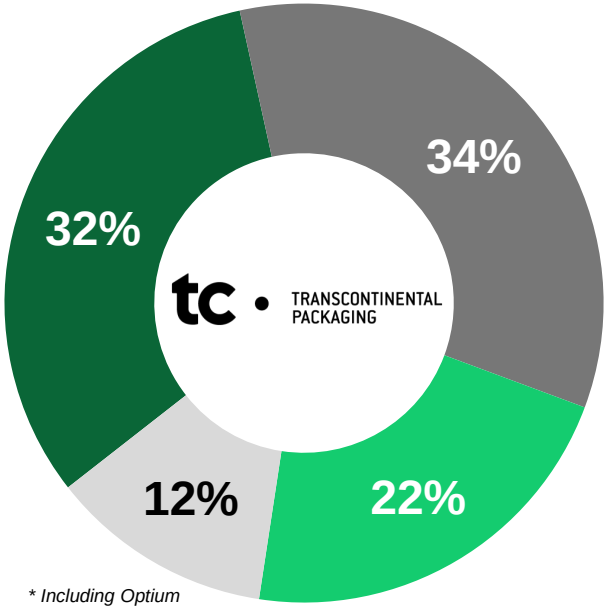
Breakdown by acquisition**

Transcontinental Capri
- Transaction closed on May 3, 2014
- ≈ 200 employees
- Main markets served: cheese, yogourt

Transcontinental Ultra Flex
- Transaction closed on Sept. 30, 2015
- ≈ 300 employees
- Main markets served: Coffee, cigars, confectionnary

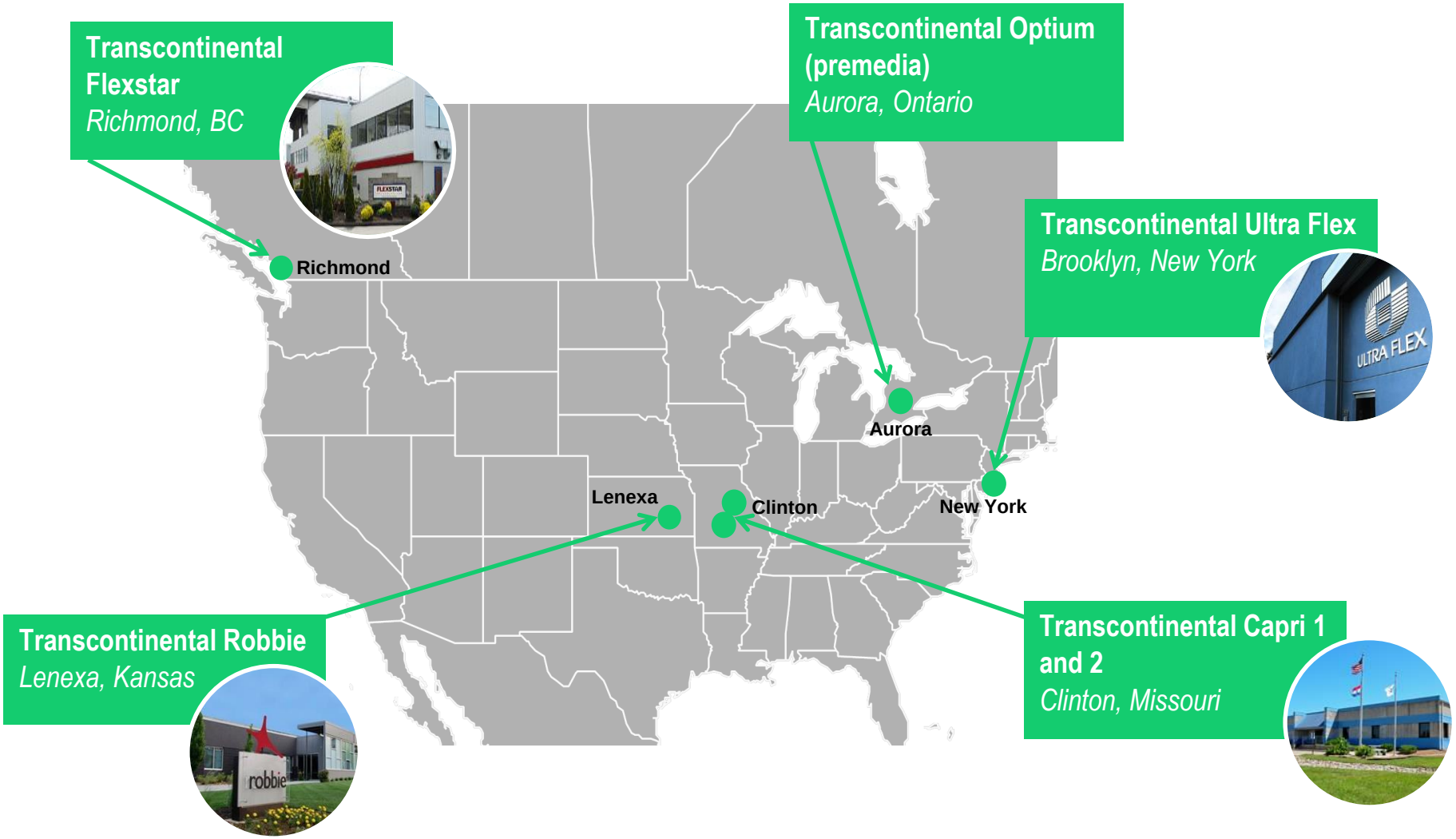
Transcontinental Robbie
- Transaction closed on June 30, 2016
- ≈ 175 employees
- Main markets served: rotisserie chicken, deli, bakery, fresh and frozen produce, multipack

Transcontinental Flexstar
- Transaction closed on October 17, 2016
- ≈ 120 employees
- Main markets served: cereal, confectionery, snack, frozen food, coffee



** Including Optium*
*** Annual revenues as published on the date of the acquisition of Robbie Manufacturing (converted into CAD) and Flexstar Packaging*

Building a high-performance North American flexible packaging platform



(As of January 23, 2017)

Providing a broad range of innovative and attention-grabbing flexible packaging solutions

Assorted pouches and bags

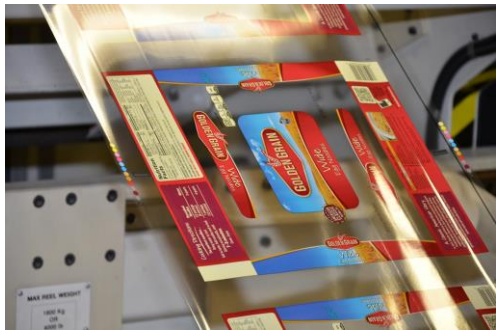
Overwrap

Printed shrink and stretch films

Continued

Providing a broad range of innovative and attention-grabbing flexible packaging solutions

Rollstock



Non-forming web

Lidding

Managing opportunities and risks

Opportunities

- Leveraging our expertise in manufacturing network management
- Expanding our North American footprint
- Leveraging our national sales force
- Entering into new vertical markets
- Expanding our capabilities by investing into new capacity
- Leveraging our extensive knowledge of the retail industry

Risks

- Ability to make acquisitions at reasonable prices
- Long sales cycles

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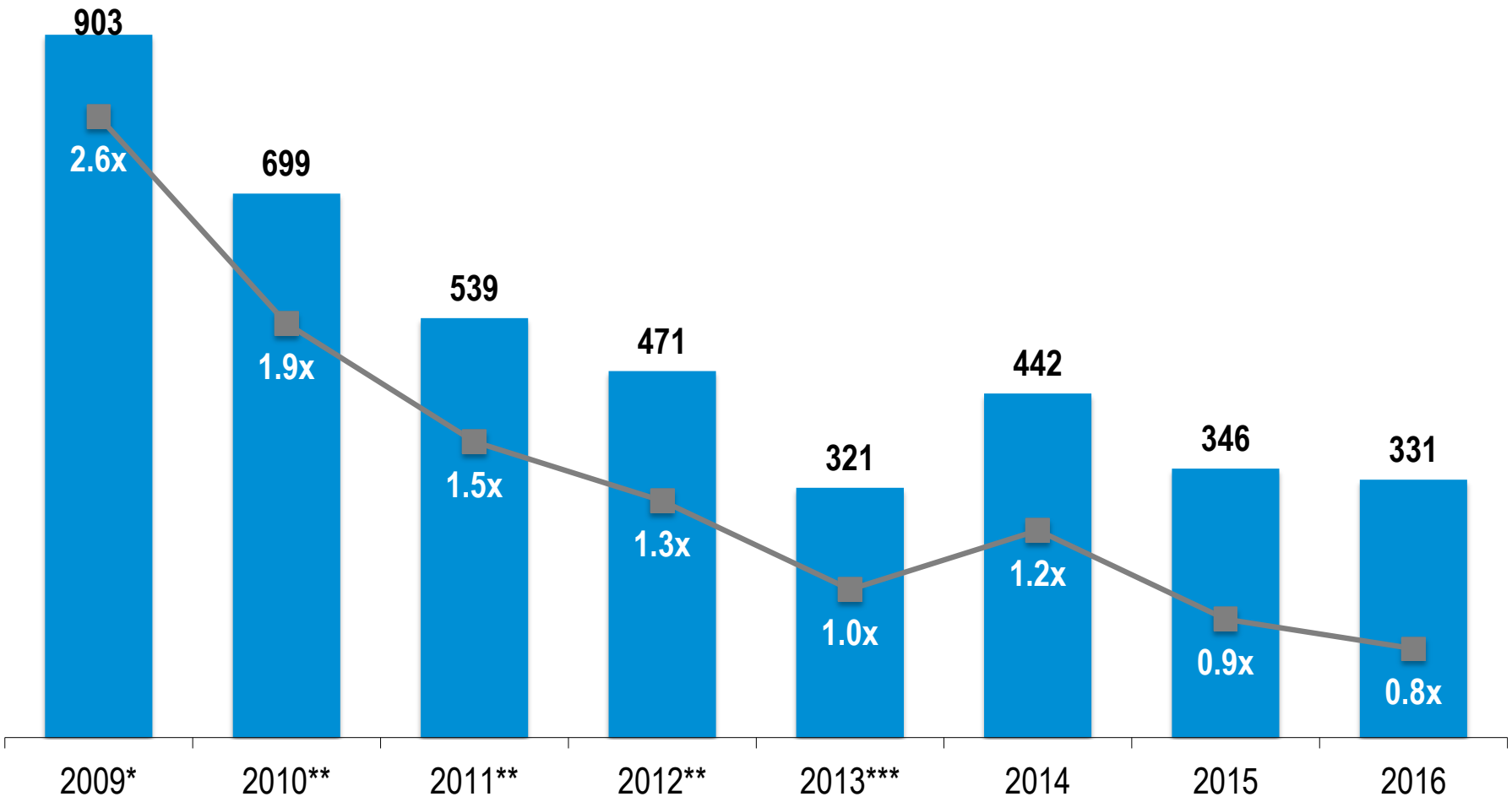
Solid balance sheet for future strategic investments

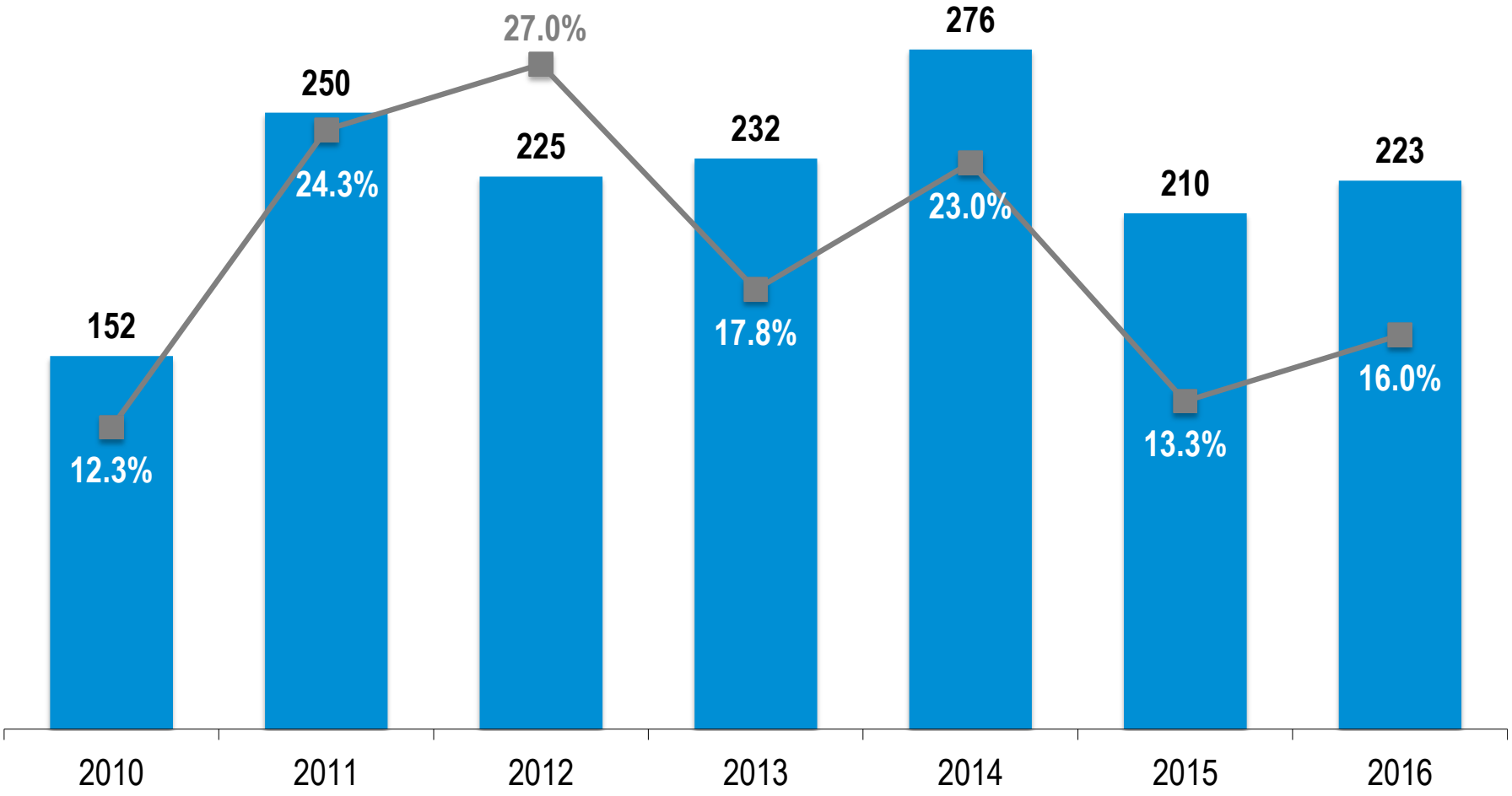
Net indebtedness (in millions of $) and leverage ratio



* As originally reported and including securitization.
** As originally reported.
*** 2013 figures have been restated to take into account the effects of amended IAS 19 - Employee Benefits, IFRS 11 - Joint Arrangements and other elements.

Generating strong free cash flow and yield

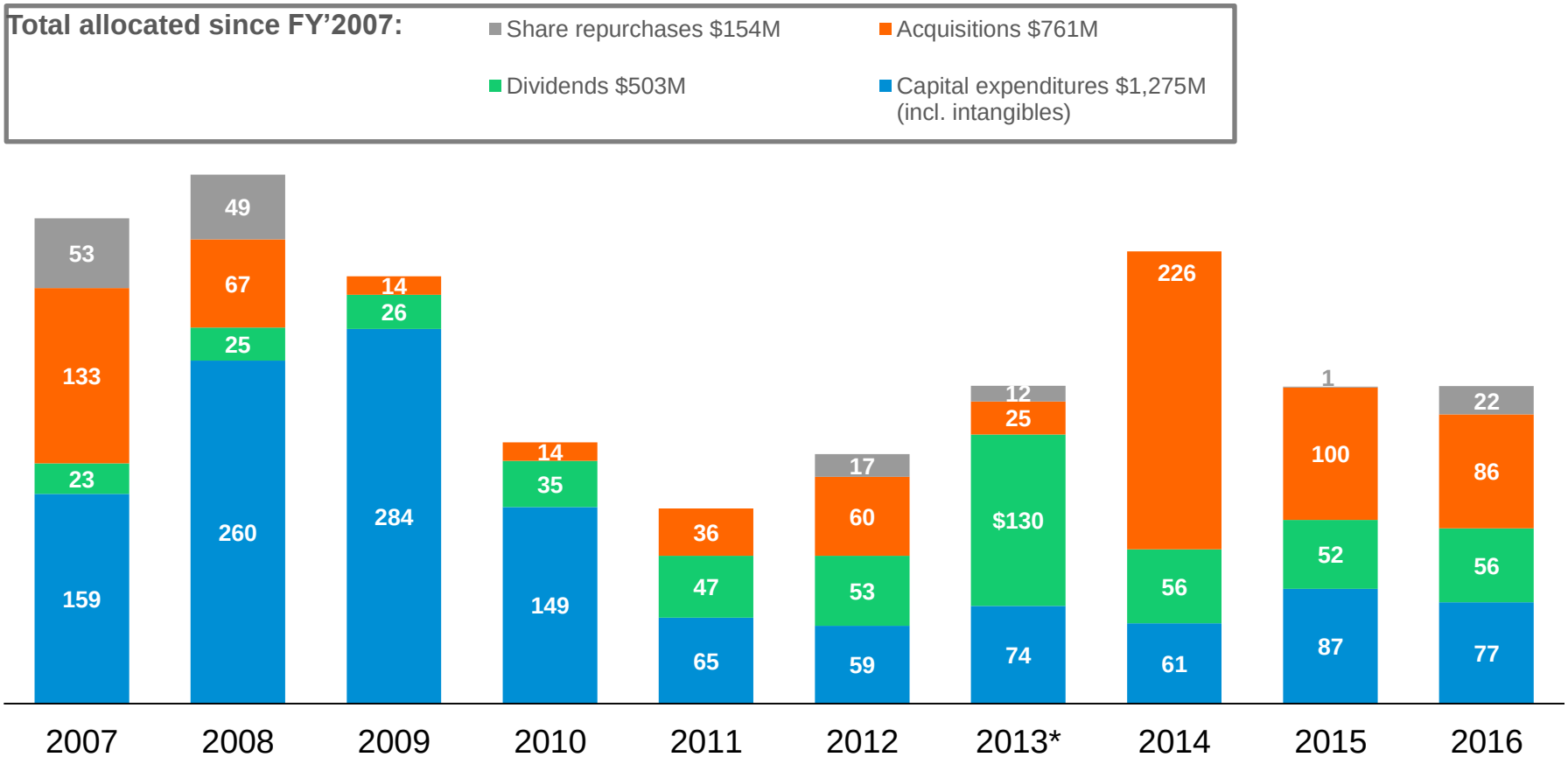
Free cash flow (in millions of $) and yield



Note: Free cash flow is adjusted operating earnings before amortization less the sum of capital expenditures, interest paid and income taxes paid (recovered). Free cash flow yield is free cash flow divided by the market capitalization as at the end of the financial year.

Deploying capital efficiently

Primary use of cash (in millions of $)

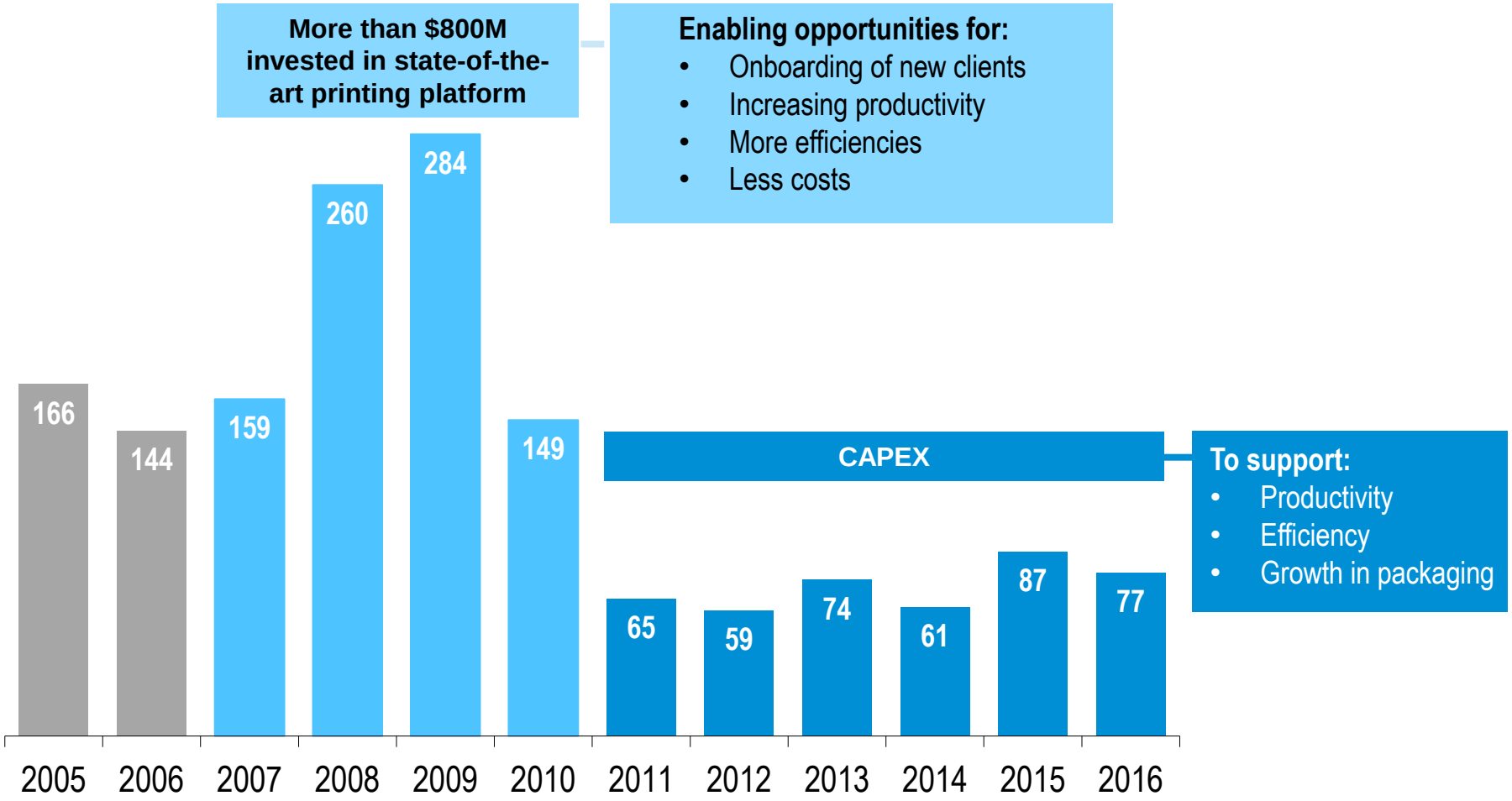


*Paid special dividend of $77.9 million in addition to regular quarterly dividends of $52 million.

Focus on packaging acquisitions in the last 3 years.

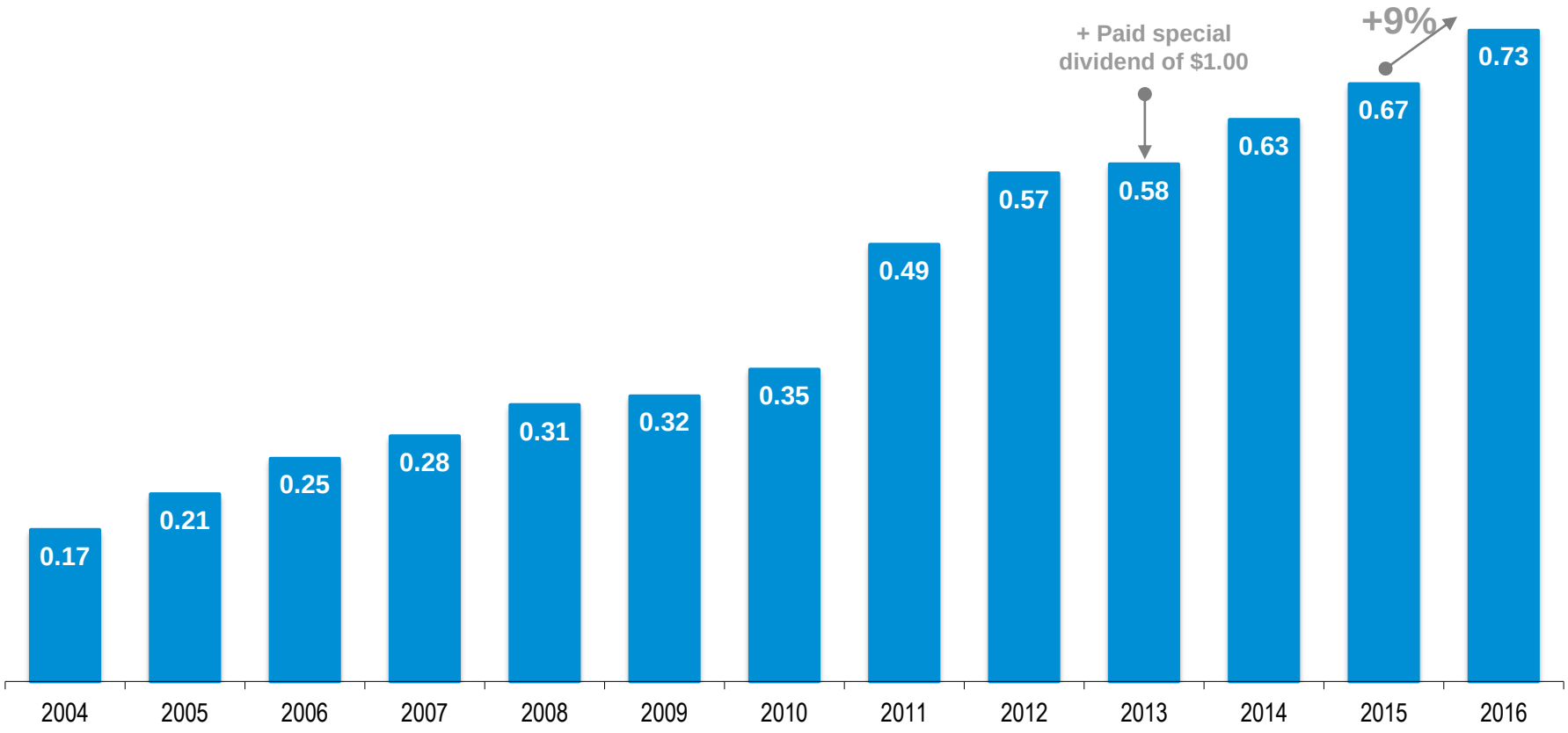
Requiring low capital expenditures

Capital expenditures (incl. intangible assets) (in millions of $)



Sustaining dividend growth

Dividends paid per participating share on an annual basis (in $)

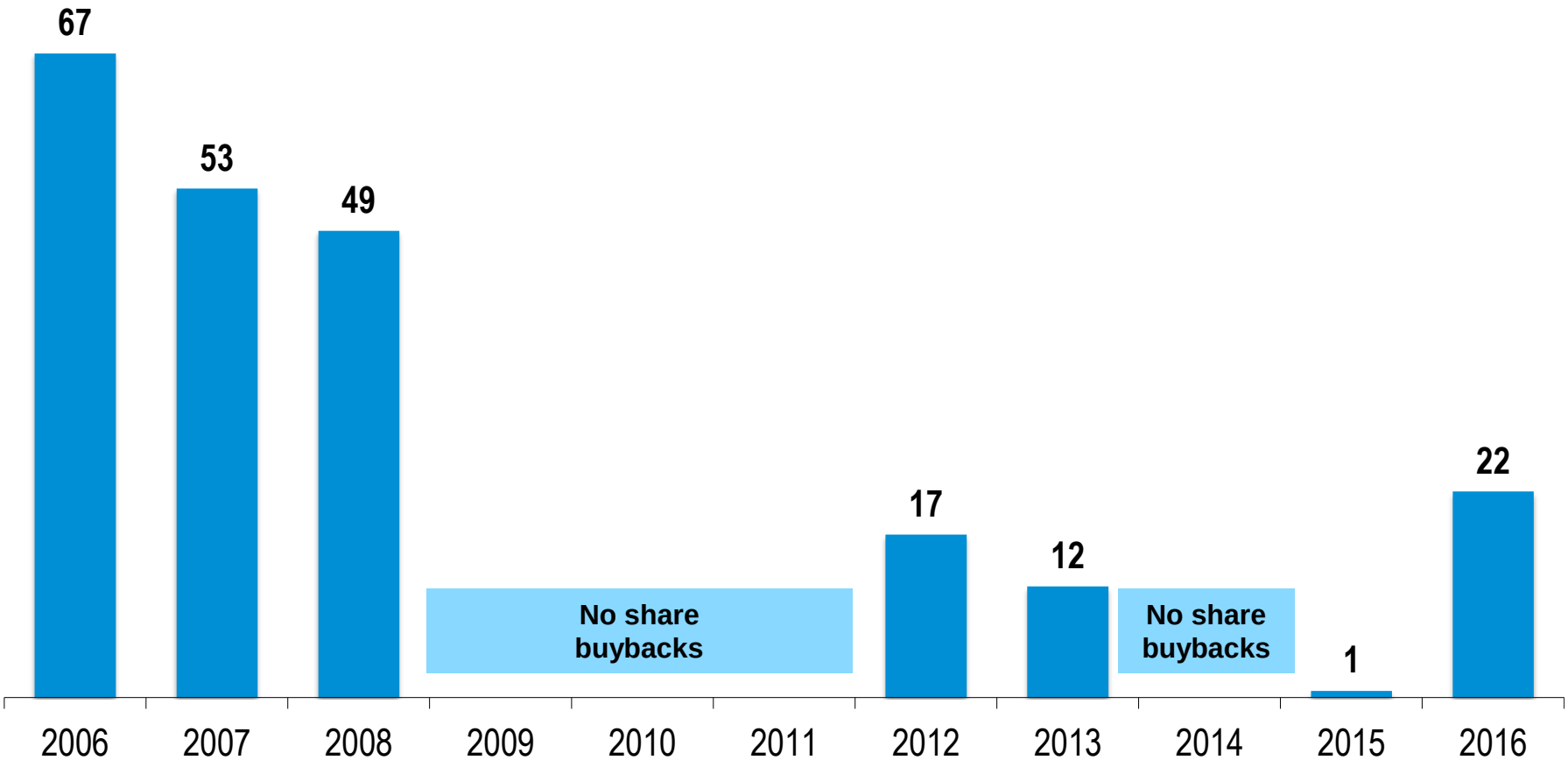


5-year CAGR: 8.3%

Yield: 4.1% (as at Oct. 31, 2016)

Using normal course issuer bid opportunistically

Participating share redemptions (in millions of $)



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Contact and additional information

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Investor's kit:

Corporate Presentation

2016-2018 Corporate Social Responsibility Plan

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