

First Quarter 2021 results Conference call presentation

February 25, 2021

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Note to readers

In this document, unless otherwise indicated, all financial data are prepared in accordance with International Financial Reporting Standards (IFRS) and the term “dollars” as well as the symbol “\$” designate Canadian dollars. In this document, we also use non-IFRS financial measures for which a complete definition is presented below and for which a reconciliation to financial information in accordance with IFRS is presented at the end of this presentation and in Note 3 "Segmented Information" to the unaudited condensed interim consolidated financial statements for the first quarter ended January 24, 2021. These measures should be considered as a complement to financial performance measures in accordance with IFRS. They do not substitute and are not superior to them.

Terms used	Definitions
Adjusted operating earnings before depreciation and amortization (Adjusted EBITDA)	Operating earnings before depreciation and amortization as well as restructuring and other costs (gains) and impairment of assets
Adjusted EBITDA margin	Adjusted operating earnings before depreciation and amortization divided by revenues
Adjusted net earnings attributable to shareholders of the Corporation per share (Adjusted EPS)	Net earnings attributable to shareholders of the Corporation before restructuring and other costs (gains), impairment of assets, amortization of intangible assets arising from business combinations, net of related income taxes as well as the effect of the U.S. tax reform on deferred taxes divided by the average number of shares.
Net indebtedness	Total of long-term debt, of current portion of long-term debt, of lease liabilities and of current portion of lease liabilities, less cash
Net indebtedness ratio	Net indebtedness divided by the last 12 months' adjusted operating earnings before depreciation and amortization



Forward-looking information

Our public communications often contain oral or written forward-looking statements which are based on the expectations of management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general and specific assumptions. The Corporation cautions against undue reliance on such statements since actual results or events may differ materially from the expectations expressed or implied in them. Forward-looking statements may include observations concerning the Corporation's objectives, strategy, anticipated financial results and business outlook. The Corporation's future performance may also be affected by a number of factors, many of which are beyond the Corporation's will or control. These factors include, but are not limited to, the economic situation in the world, structural changes in the industries in which the Corporation operates, the impact of digital product development and adoption on the demand for retailer-related services and other printed products, the Corporation's ability to generate organic growth in highly competitive industries, the Corporation's ability to complete acquisitions in the packaging industry and properly integrate them, the inability to maintain or improve operational efficiency and avoid disruptions that could affect its ability to meet deadlines, cybersecurity and data protection, the political and social environment as well as regulatory and legislative changes, in particular with regard to the environment and door-to-door distribution, changes in consumption habits related, in particular, to issues involving sustainable development and the use of certain products or services such as door-to-door distribution, change in consumption habits or loss of a major customer, customer consolidation, the safety and quality of its packaging products used in the food industry, the protection of its intellectual property rights, the exchange rate, availability of capital at a reasonable rate, bad debts from certain customers, import and export controls, raw materials and transportation costs, recruiting and retaining qualified personnel in certain geographic areas and industry sectors, taxation, interest rates and the impact of the COVID-19 pandemic on its operations, facilities and financial results, changes in consumption habits from consumers and changes in the operations and financial position of the Corporation's customers due to the COVID-19 pandemic and the effectiveness of plans and measures implemented in response thereto. The main risks, uncertainties and factors that could influence actual results are described in the *Management's Discussion and Analysis* for the year ended October 25, 2020 and in the latest *Annual Information Form*.

Unless otherwise indicated by the Corporation, forward-looking statements do not take into account the potential impact of non-recurring or other unusual items, nor of disposals, business combinations, mergers or acquisitions which may be announced or entered into after the date of February 25, 2021. The forward-looking statements in this presentation are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. The forward-looking statements in this presentation are based on current expectations and information available as at February 25, 2021. Such forward-looking information may also be found in other documents filed with Canadian securities regulators or in other communications. The Corporation's management disclaims any intention or obligation to update or revise these statements unless otherwise required by the securities authorities.

Q1 2021 Highlights

Packaging

- ▶ Strong organic growth in revenues and EBITDA
- ▶ Sustainability continues to be a major company focus and R&D priority

Printing

- ▶ Maintained solid profitability despite impacts from pandemic
- ▶ Continue to pursue opportunities in verticals with growth potential

Consolidated

- ▶ Strong cash flow from operating activities enabling deleveraging of balance sheet
- ▶ Solid financial position providing flexibility to grow organically and through acquisitions

Focused on creating long-term value for our stakeholders

Sustainability is a key competitive advantage and is well integrated in our corporate strategy

- ▶ Breakthrough compostable packaging for Maxwell House Canada Single Serve Coffee Pods winning the **Best in Class Package Innovation Sustainable Design** in the 2021 PAC Global Leadership Awards
- ▶ Named to Corporate Knights' 2021 **Global 100 Most Sustainable Corporations in the World** (ranked 12th North American company and 1st in flexible packaging)
- ▶ Ranked in **Sustainalytics' Global 50 Top Rated company** for the 2nd year in a row (top 0.5% worldwide)



We see significant growth opportunities related to sustainability

Q1 2021 Financial Results

Revenues	\$622.7M
Adj. EBITDA ⁽¹⁾	\$105.7M
EBIT	\$47.2M
Adj. EPS ⁽¹⁾	\$0.50
Cash flow Operations	\$84.7M

Highlights

- ▶ \$21.1M organic growth in Packaging
- ▶ Reflects disposition of Paper packaging business and impact of COVID-19 on Printing
- ▶ +12.8% organic growth in Packaging Adjusted EBITDA
- ▶ Stable margins excluding CEWS⁽²⁾ in Printing
- ▶ +15.7% (+\$6.4M) improvement versus Q1 2020
- ▶ Lower interest expenses (lower net debt and rate) and tax rate at 24%
- ▶ IFRS EPS increased from \$0.07 in Q1 2020 to \$0.32 in Q1 2021
- ▶ Improvement of \$21M versus Q1 2020

Very strong start of the fiscal year with solid performance across all sectors, especially the organic growth in Packaging

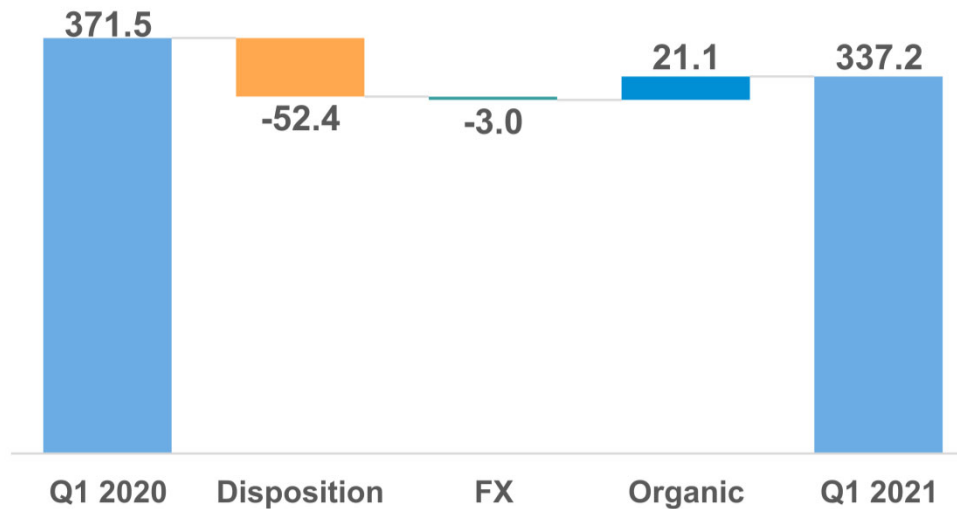
(1) Non-IFRS financial measure. Please refer to page 2 of this presentation for a complete description of these measures

(2) Canada Emergency Wage Subsidy

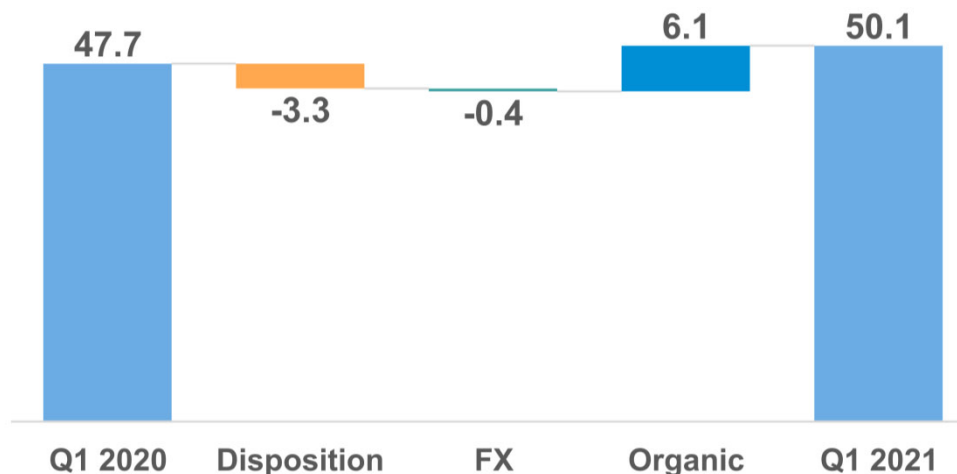
Q1 2021 Financial Results

Packaging

Revenues (in millions of \$)



Adj. EBITDA⁽¹⁾ (in millions of \$)



Highlights

- ▶ Excellent organic growth mainly from higher volume due to strong demand across most verticals
 - Including new products introduction and new contracts
 - Resin price also contributed

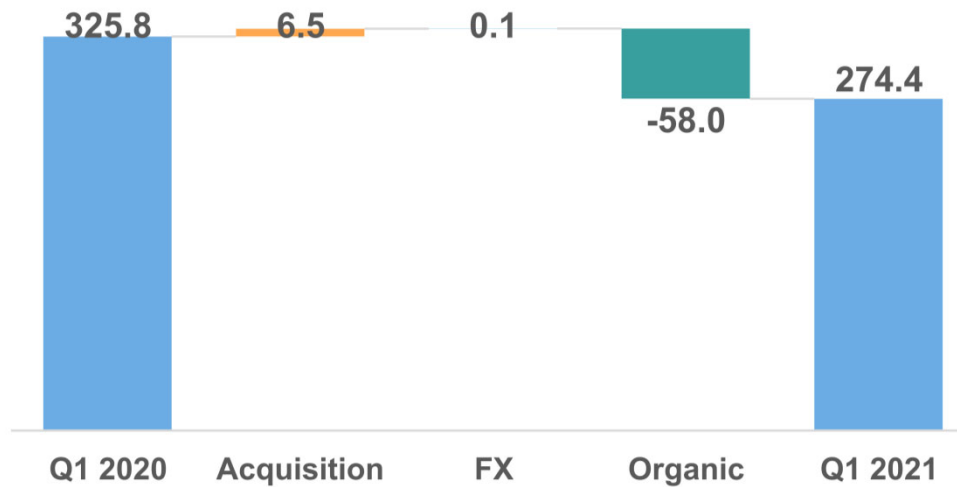
- ▶ Adj. EBITDA grew by \$6.1M organically
- ▶ Includes temporary impact from recent resin price increases not yet passed through

(1) Non-IFRS financial measure. Please refer to page 2 of this presentation for a complete description of these measures.

Q1 2021 Financial Results

Printing

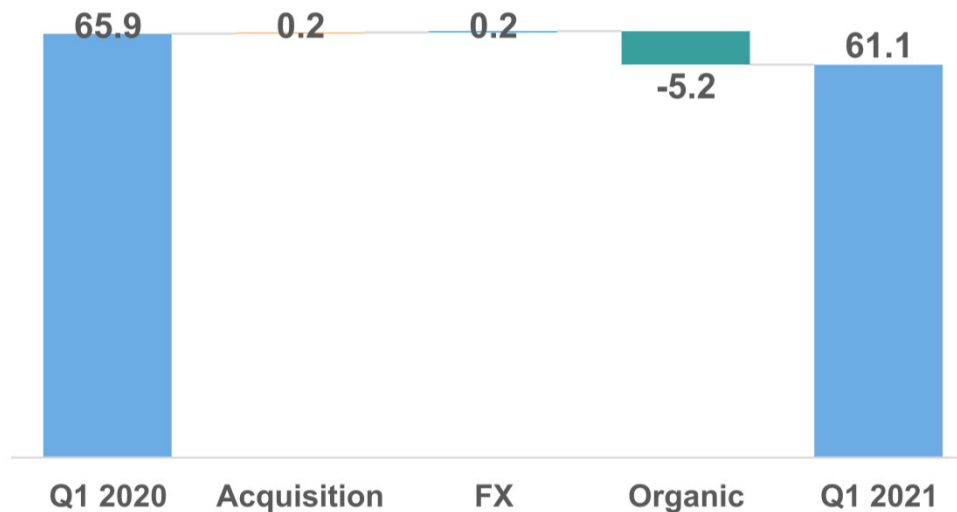
Revenues (in millions of \$)



Highlights

- ▶ Organic decline of 17.8% (impact of COVID-19)
- ▶ Benefitted from acquisition of Artisan Complete in 2020

Adj. EBITDA⁽¹⁾ (in millions of \$)

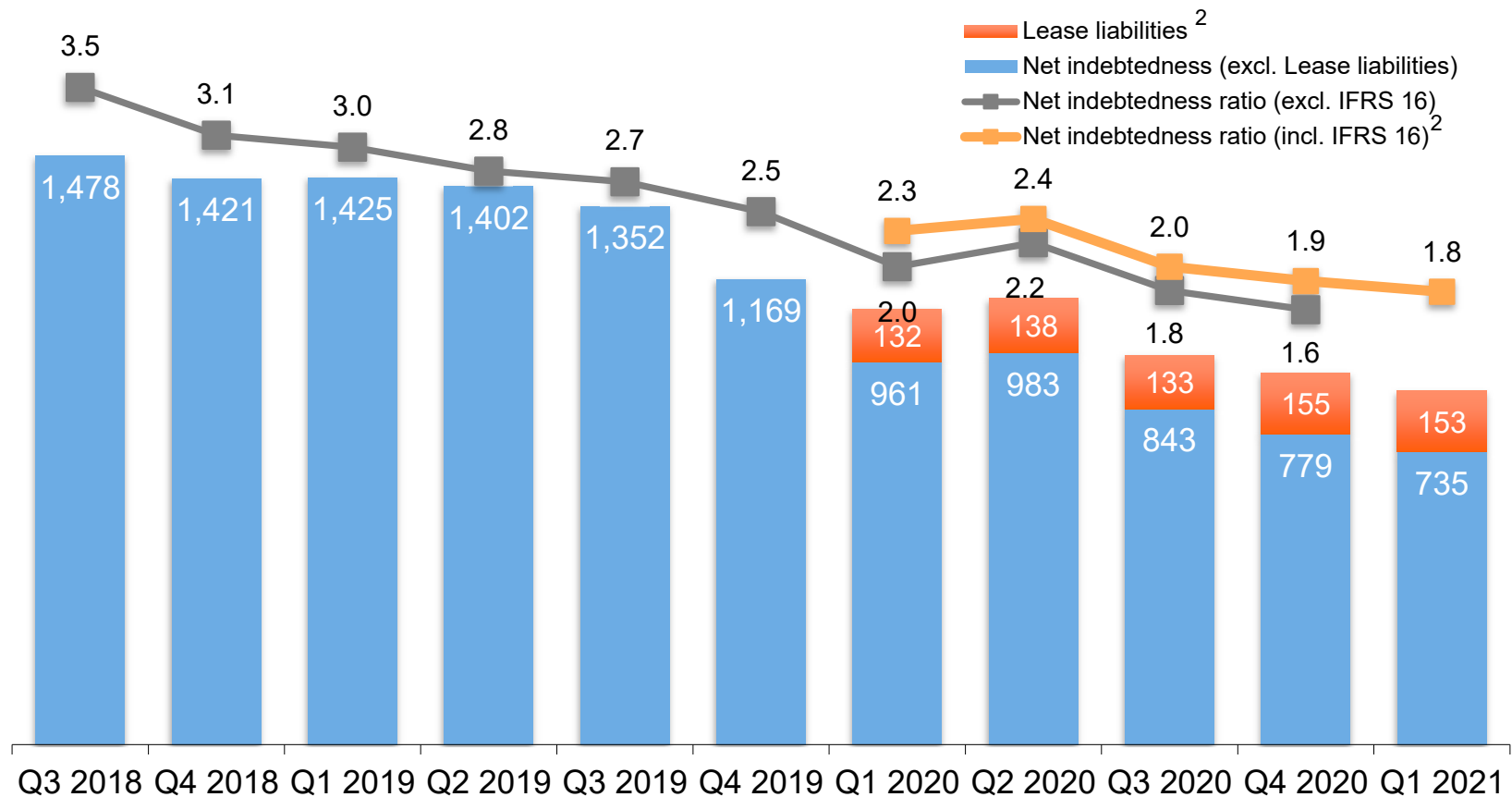


- ▶ Continue to align cost structure to protect profitability
- ▶ Margin of 22.3% (19.1% excluding CEWS)

(1) Non-IFRS financial measure. Please refer to page 2 of this presentation for a complete description of these measures.

Demonstrated ability to deleverage rapidly using solid free cash flow

Net indebtedness¹ (in millions of \$) and net indebtedness ratio¹



S&P improved outlook (from Negative to Stable) and reaffirmed Transcontinental's Investment Grade Rating

1. Non-IFRS financial measure. Please refer to page 2 of this presentation for a complete description of these measures.
 2. As at October 28, 2019, the Company adopted IFRS 16 using the modified retrospective transition method. For comparative purposes, we included the net indebtedness ratios for FY2020 after normalizing for the effect of IFRS 16.



Conclusion

- ▶ Very strong start of the fiscal year with solid performance across all sectors
- ▶ Well positioned to grow organically in Packaging and to benefit from a gradual recovery in Print
- ▶ Solid financial position, generating strong and consistent cash flows providing the flexibility to grow organically and through acquisitions

Appendix

Reconciliation of Non-IFRS Financial Measures

Reconciliation of operating earnings - First quarter

(in millions of dollars)	Three months ended	
	January 24, 2021	January 26, 2020
Operating earnings	\$47.2	\$40.8
Restructuring and other costs	4.8	13.3
Amortization of intangible assets arising from business combinations ⁽¹⁾	16.6	18.0
Adjusted operating earnings	\$68.6	\$72.1
Depreciation and amortization ⁽²⁾	37.1	36.9
Adjusted operating earnings before depreciation and amortization	\$105.7	\$109.0

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.

(2) Depreciation and amortization excludes the amortization of intangible assets arising from business combinations.

Reconciliation of net earnings attributable to shareholders of the Corporation - First quarter

(in millions of dollars, except per share amounts)	Three months ended			
	January 24, 2021		January 26, 2020	
	Total	Per share	Total	Per share
Net earnings attributable to shareholders of the Corporation	\$27.7	\$0.32	\$6.4	\$0.07
Restructuring and other costs, net of related income taxes	3.5	0.04	22.8	0.26
Amortization of intangible assets arising from business combinations, net of related income taxes ⁽¹⁾	12.6	0.14	13.6	0.16
Adjusted net earnings attributable to shareholders of the Corporation	\$43.8	\$0.50	\$42.8	\$0.49

(1) Intangible assets arising from business combinations include our customer relationships, trademarks and non-compete agreements.

Reconciliation of Non-IFRS Financial Measures (cont'd)

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	As at January 24, 2021	As at October 25, 2020
Long-term debt	\$578.9	\$790.4
Current portion of long-term debt	337.7	229.7
Lease liabilities	130.7	132.0
Current portion of lease liabilities	22.7	22.8
Cash	(182.0)	(241.0)
Net indebtedness	\$888.0	\$933.9
Adjusted operating earnings before depreciation and amortization (last 12 months)	\$496.1	\$499.4
Net indebtedness ratio	1.8 x	1.9 x



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