

Fourth Quarter and Fiscal Year 2021 results Earnings call presentation

December 9, 2021

François Olivier, President and Chief Executive Officer

Peter Brues, President and Chief Executive Officer *

Donald LeCavalier, Chief Financial Officer

Yan Lapointe, Director, Investor Relations



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* Will assume the position on December 10, 2021, following the retirement of François Olivier

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 annual consolidated financial statements for the year ended October 31, 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
EBIT	Operating earnings
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), amortization of intangible assets arising from business combinations and impairment of assets, net of related income taxes as well as the adjustment on additional income taxes in other jurisdictions resulting from a prior year and the tax impact of an internal reorganization.
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 cost, bad debts from certain customers, import and export controls, raw materials, transportation and consumed energy costs, availability of raw materials, recruiting and retaining qualified personnel, 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 31, 2021, 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 December 9, 2021. The forward-looking statements in this press release are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. The forward-looking statements in this release are based on current expectations and information available as at December 9, 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.

FY 2021 Highlights

Packaging

- ▶ Solid organic growth in Q4 2021 and FY2021
- ▶ Significant progress in our sustainable product pipeline
- ▶ Excellent performance excluding higher resin prices, exchange rate, and lower Canada Emergency Wage Subsidy (CEWS)

Printing

- ▶ Strong organic growth in H2 2021
- ▶ Grew Adjusted EBITDA to 21.3% excluding the CEWS, reflecting our ability to operate with efficiency and to control our costs

Consolidated

- ▶ Our three sectors continued to perform very well
- ▶ CAPEX and M&A investments to support long-term growth

FY2021 strong performance reflecting the resilience and sound strategy of Transcontinental

Sustainable Packaging: ASTRA Center

Investments in R&D laboratories with state-of-the-art technology to drive growth and innovation and optimize the creation of sustainable solutions for customers

4 Laboratories

- Analytical and Testing Services Lab
- Applications and Packaging Development Lab
- Advanced Compost Lab
- Recycling Technology Lab



Benefits

- Deep expertise in compostable, recyclable, and recycled content packaging
- Increased speed to market from concept to commercialization
- Optimized solutions for performance and cost
- Turnkey packaging solutions

Sustainable Packaging is a key long-term growth driver

Q4 2021 Financial Results

	<u>Q4 2021</u>	<u>FY 2021</u>
Revenues	\$775.8M	\$2,643M
Adj. EBITDA ⁽¹⁾	\$140.5M	\$454.9M
EBIT	\$80.5M	\$233.8M
Adj. EPS ⁽¹⁾	\$0.81	\$2.37
Cash flow Operations	\$92.7M	\$315.3M

Highlights – Q4 2021 results

- ▶ +\$120M (+18.3%) versus Q4 2020, including solid organic growth in Packaging and Printing in addition to the additional week
- ▶ Adjusted EBITDA grew by ~\$5M excluding the impacts of lower CEWS⁽²⁾, higher resin prices, FX, and the additional week
- ▶ Excellent operating performance and additional week offset the lag in passing through higher resin prices, lower CEWS and FX
- ▶ Lower interest expense and tax rate at 23.7%
- ▶ Decline mainly due to higher inventory (impacted by resin price)

Excellent performance across all sectors excluding resin, CEWS and FX

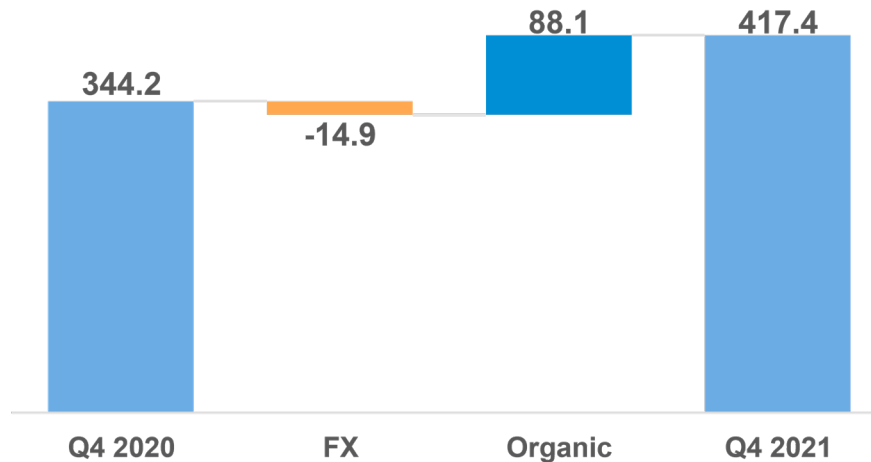
(1) Non-IFRS financial measure. Please refer to page 2 of this presentation for a complete description of these measures

(2) CEWS: Canada Emergency Wage Subsidy

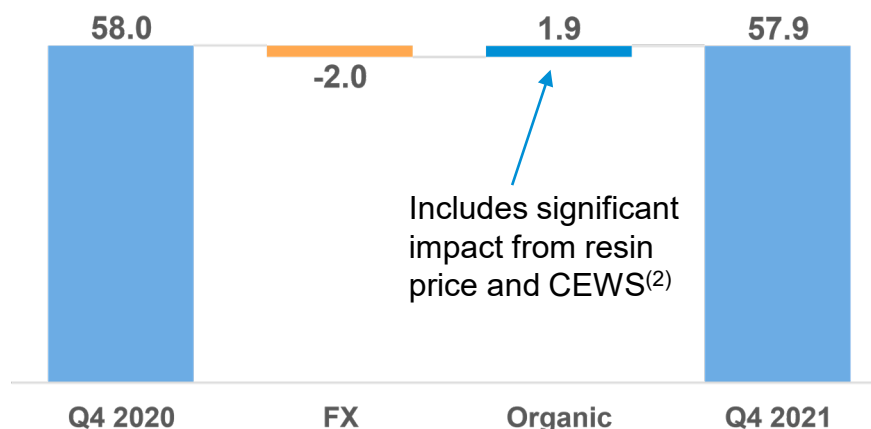
Q4 2021 Financial Results

Packaging

Revenues (in millions of \$)



Adj. EBITDA⁽¹⁾ (in millions of \$)



Highlights

- ▶ >2% volume growth excluding higher resin prices and the additional week (full year ~ 2%)

- ▶ Organic growth despite the impact of higher resin prices and lower CEWS⁽²⁾
- ▶ Excluding the impacts of higher resin prices, FX and lower CEWS⁽²⁾, Adj. EBITDA margin would have been higher than Q4 2020

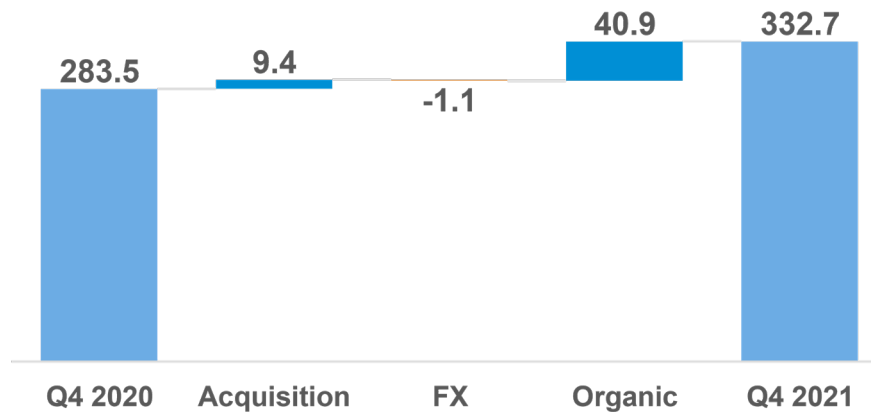
(1) Non-IFRS financial measure. Please refer to page 2 of this presentation for a complete description of these measures.

(2) Canada Emergency Wage Subsidy

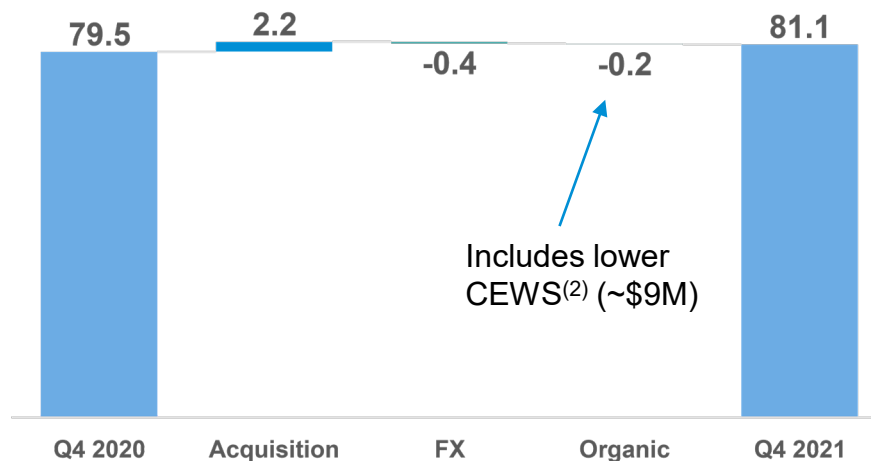
Q4 2021 Financial Results

Printing

Revenues (in millions of \$)



Adj. EBITDA⁽¹⁾ (in millions of \$)



Highlights

- ▶ ~5% organic growth excluding the additional week
- ▶ Expecting revenue growth in FY2022 (excluding impact of the additional week)

- ▶ Solid profitability in Q4 2021 with margin of 23.3% (full year at 21.3%) excluding CEWS⁽²⁾

(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

Conclusion

- ▶ Sound strategies and leading position in its 3 sectors
- ▶ Strong financial position to continue:
 - ▶ growing Packaging
 - ▶ transforming Print
- ▶ Experienced and talented team

Appendix

Reconciliation of Non-IFRS Financial Measures

Reconciliation of operating earnings - Fourth quarter and fiscal year

(in millions of dollars)	Three months ended		Year ended	
	October 31, 2021	October 25, 2020	October 31, 2021	October 25, 2020
Operating earnings	\$80.5	\$81.2	\$233.8	\$241.4
Restructuring and other costs	6.6	11.9	12.7	41.4
Amortization of intangible assets arising from business combinations ⁽¹⁾	17.1	17.0	66.3	70.0
Impairment of assets	0.7	—	0.7	—
Adjusted operating earnings	\$104.9	\$110.1	\$313.5	\$352.8
Depreciation and amortization ⁽²⁾	35.6	36.7	141.4	146.6
Adjusted operating earnings before depreciation and amortization	\$140.5	\$146.8	\$454.9	\$499.4

(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 operating earnings - Fourth quarter and fiscal year for Packaging Sector

(in millions of dollars)	Three months ended		Year ended	
	October 31, 2021	October 25, 2020	October 31, 2021	October 25, 2020
Operating earnings	\$19.7	\$23.1	\$64.4	\$85.2
Restructuring and other costs (gains)	3.9	(0.2)	0.9	(0.2)
Amortization of intangible assets arising from business combinations ⁽¹⁾	15.0	15.8	60.0	65.1
Impairment of assets	0.4	—	0.4	—
Adjusted operating earnings	\$39.0	\$38.7	\$125.7	\$150.1
Depreciation and amortization ⁽²⁾	18.9	19.3	73.8	77.4
Adjusted operating earnings before depreciation and amortization	\$57.9	\$58.0	\$199.5	\$227.5

(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 Non-IFRS Financial Measures (cont'd)

Reconciliation of operating earnings - Fourth quarter and fiscal year for Printing Sector

(in millions of dollars)	Three months ended		Year ended	
	October 31, 2021	October 25, 2020	October 31, 2021	October 25, 2020
Operating earnings	\$62.8	\$52.2	\$197.7	\$173.6
Restructuring and other costs	1.5	11.4	8.1	32.1
Amortization of intangible assets arising from business combinations ⁽¹⁾	2.0	1.2	6.1	4.8
Impairment of assets	0.3	—	0.3	—
Adjusted operating earnings	\$66.6	\$64.8	\$212.2	\$210.5
Depreciation and amortization ⁽²⁾	14.5	14.7	57.4	58.2
Adjusted operating earnings before depreciation and amortization	\$81.1	\$79.5	\$269.6	\$268.7

(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 operating earnings - Fourth quarter and fiscal year for Other Sector

(in millions of dollars)	Three months ended		Year ended	
	October 31, 2021	October 25, 2020	October 31, 2021	October 25, 2020
Operating earnings	(\$2.0)	\$ 5.9	(\$28.3)	(\$17.4)
Restructuring and other costs	1.2	0.7	3.7	9.5
Amortization of intangible assets arising from business combinations ⁽¹⁾	0.1	—	0.2	0.1
Adjusted operating earnings	(\$0.7)	\$6.6	(\$24.4)	(\$7.8)
Depreciation and amortization ⁽²⁾	2.2	2.7	10.2	11.0
Adjusted operating earnings before depreciation and amortization	\$1.5	\$9.3	(\$14.2)	\$3.2

(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 Non-IFRS Financial Measures (cont'd)

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

(in millions of dollars, except per share amounts)	Three months ended	
	October 31, 2021	October 25, 2020
Net earnings attributable to shareholders of the Corporation	\$39.2	\$51.3
Restructuring and other costs	6.6	11.9
Tax on restructuring and other costs	(1.4)	(3.7)
Amortization of intangible assets arising from business combinations ⁽¹⁾	17.1	17.0
Tax on amortization of intangible assets arising from business combinations	(1.8)	(4.1)
Impairment of assets	0.7	—
Tax on impairment of assets	(0.2)	—
Adjustment on additional taxes in other jurisdictions	(0.3)	—
Tax impact of a reorganization ⁽²⁾	10.7	—
Adjusted net earnings attributable to shareholders of the Corporation	\$70.6	\$72.4
Net earnings attributable to shareholders of the Corporation per share	\$0.45	\$0.59
Adjusted net earnings attributable to shareholders of the Corporation per share	\$0.81	\$0.84
Weighted average number of shares outstanding	87.0	87.0

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

(2) During the year ended October 31, 2021, the Corporation carried out an internal reorganization which generated a deferred tax expense of \$10.7 million.

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

Reconciliation of net earnings attributable to shareholders of the Corporation - Cumulative

	Year ended	
	October 31, 2021	October 25, 2020
(in millions of dollars, except per share amounts)	Total	Total
Net earnings attributable to shareholders of the Corporation	\$130.6	\$131.7
Restructuring and other costs	12.7	41.4
Tax on restructuring and other costs	(3.7)	(10.7)
Tax impact of the disposal	—	11.7
Amortization of intangible assets arising from business combinations ⁽¹⁾	66.3	70.0
Tax on amortization of intangible assets arising from business combinations	(13.7)	(17.1)
Impairment of assets	0.7	—
Tax on impairment of assets	(0.2)	—
Adjustment on additional taxes in other jurisdictions	3.0	—
Tax impact of a reorganization ⁽²⁾	10.7	—
Adjusted net earnings attributable to shareholders of the Corporation	\$206.4	\$227.0
Net earnings attributable to shareholders of the Corporation per share	\$1.50	\$1.51
Adjusted net earnings attributable to shareholders of the Corporation per share	\$2.37	\$2.61
Weighted average number of shares outstanding	87.0	87.1

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

(2) During the year ended October 31, 2021, the Corporation carried out an internal reorganization which generated a deferred tax expense of \$10.7 million.

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

Reconciliation of net indebtedness

(in millions of dollars, except ratios)	As at October 31, 2021	As at October 25, 2020
Long-term debt	\$778.2	\$790.4
Current portion of long-term debt	187.3	229.7
Lease liabilities	137.3	132.0
Current portion of lease liabilities	23.1	22.8
Cash	(231.1)	(241.0)
Net indebtedness	\$894.8	\$933.9
Adjusted operating earnings before depreciation and amortization (last 12 months)	\$454.9	\$499.4
Net indebtedness ratio	2.0 x	1.9 x

