



# Corporate Presentation

June 2021

**tc** • TRANSCONTINENTAL

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

# 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 “dollars” as well as the symbol “\$” designate Canadian dollars. In this document, we also use non-IFRS financial measures. Please refer to the section entitled “Reconciliation of Non-IFRS Financial Measures” in the *Management’s Discussion and Analysis (MD&A) for the year ended October 25, 2020* for a complete description of these measures.

## 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 exchange rate, availability of capital at a reasonable rate, bad debts from certain customers, import and export controls, raw materials and transportation costs, competition, the Corporation's ability to generate organic growth in its Packaging Sector, the Corporation's ability to identify and engage in strategic transactions and effectively integrate acquisitions into its activities without affecting its growth and its profitability, while achieving the expected synergies, the political and social environment as well as regulatory and legislative changes, in particular with regard to the environment or 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, the impact of digital product development and adoption on the demand for retailer-related services and other printed products, change in consumption habits or loss of a major customer, the impact of customer consolidation, the safety and quality of its packaging products used in the food industry, innovation of its offering, the protection of its intellectual property rights, concentration of its sales in certain segments, cybersecurity and data protection, the inability to maintain or improve operational efficiency and avoid disruptions that could affect its ability to meet deadlines, recruiting and retaining qualified personnel in certain geographic areas and industry sectors, taxation, interest rates, indebtedness level and the impact of the COVID-19 pandemic on its operations, facilities and financial results, change in consumption habits from consumers and changes in the operations and financial position of the Corporation's customers due to the 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, updated in the *Management's Discussion and Analysis* for the quarter ended February 25, 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 June 1<sup>st</sup>, 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 June 1<sup>st</sup>, 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.

# Overview

- ▶ Our Organization at a Glance
- ▶ Our Business Sectors
- ▶ Our Management Philosophy
- ▶ Contact and Additional Information

# TC Transcontinental at a Glance

For over 45 years, TC Transcontinental's **mission** has been to create products and services that allow businesses to attract, reach and retain their target customers.

- ▶ A leader in flexible packaging in North America
- ▶ Canada's largest printer
- ▶ The leading Canadian French-language educational publishing group



**\$2.6B**

2020 Revenues



Close to

**8,000**

Employees



**39**

Production  
facilities

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# Managing a family-controlled business for the long-term



Rémi Marcoux  
Founder and Director

Implemented a well-structured succession plan to hand over the reins to the second generation and inspire the third.

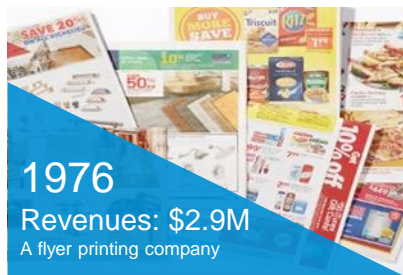


Isabelle Marcoux  
Chair of the Board

Driven by a long-term vision to ensure continued profitable growth.  
Building on more than 45 years of innovation and transformation to anticipate and meet our customers' evolving needs.

# Making impressions count since 1976

## Creation and development: 1976-1985



**1976**  
Revenues: \$2.9M  
A flyer printing company



**1978**  
Beginning of door-to-door  
distribution activities



**1979**  
Acquisition of Les Affaires /  
beginning of publishing  
activities

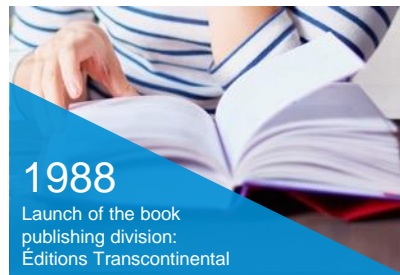


**1985**  
Debut on the Toronto  
Stock Exchange

## Acquisitions and expansion: 1986-1995



**1986**  
Publi-Sac and  
Publi-Lobby Launch



**1988**  
Launch of the book  
publishing division:  
Éditions Transcontinental



**1992**  
Acquisition of Southam's  
commercial printing division



**1993**  
Adoption of our first  
Environmental Policy

## Growth and innovation: 1996-2005



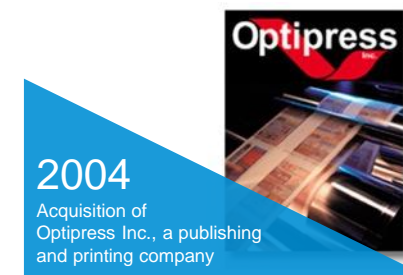
**1998**  
Achieves billion-dollar  
revenue mark



**2000**  
Largest acquisition  
to date, Télémedia's magazine  
publishing division



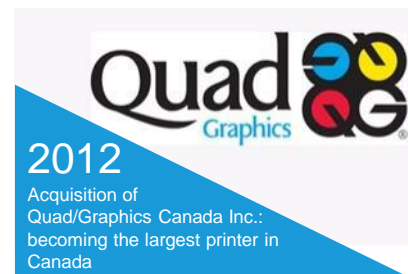
**2003**  
Opening of Transcontinental  
Métropolitain, furthering newspaper  
printing outsourcing



**2004**  
Acquisition of  
Optipress Inc., a publishing  
and printing company

# Making impressions count since 1976 (cont.)

## Diversification and consolidation: 2006-2015



## Transformation and long-term vision: 2016 to date



# Generating revenues from three business sectors

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PACKAGING**

A leader in flexible packaging  
in North America

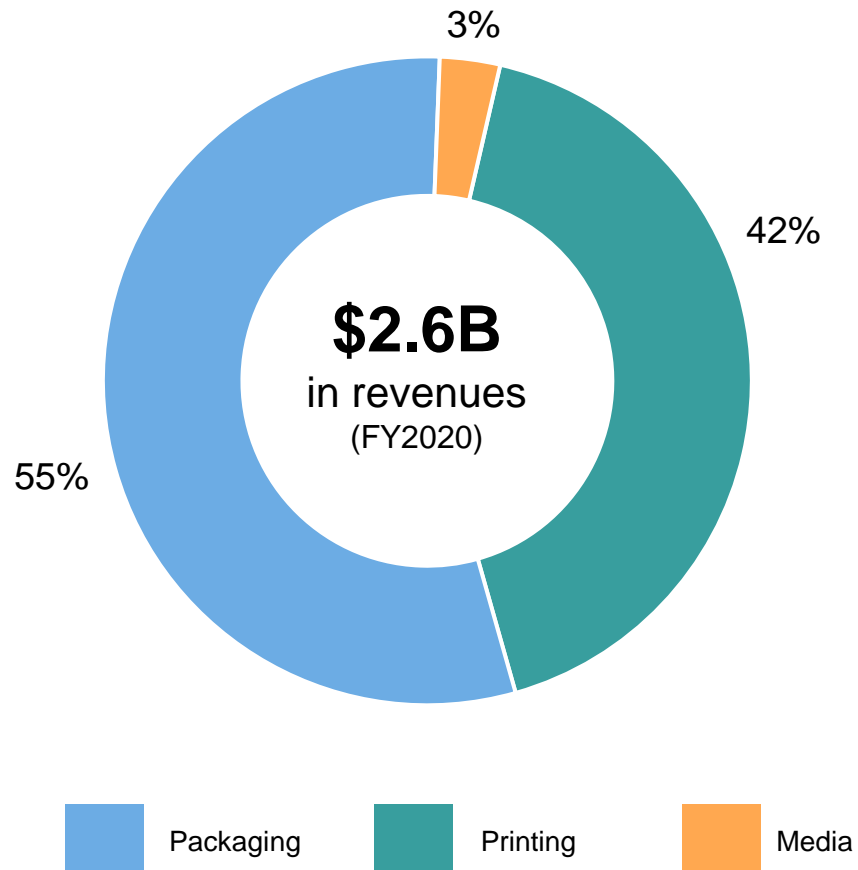
**tc • TRANSCONTINENTAL  
PRINTING**

Canada's largest printer, and one  
of the largest in North America

**tc • MEDIA**

The leading Canadian French-  
language educational publishing  
group

Revenue composition by sector<sup>1</sup>

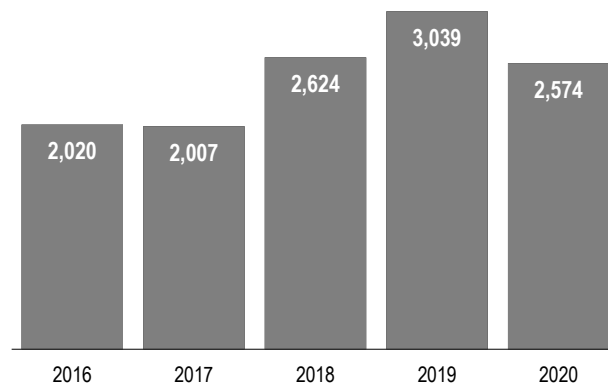


<sup>1</sup> As a percentage of revenues (excluding inter-segment eliminations).

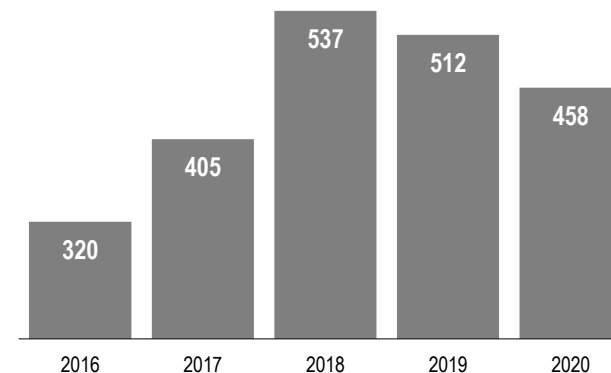


# Delivering a solid performance

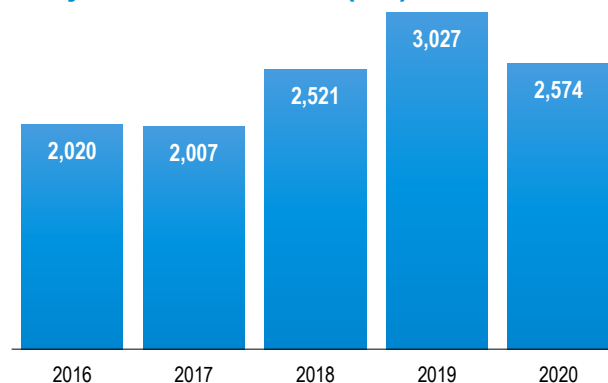
Revenues (\$M) – IFRS



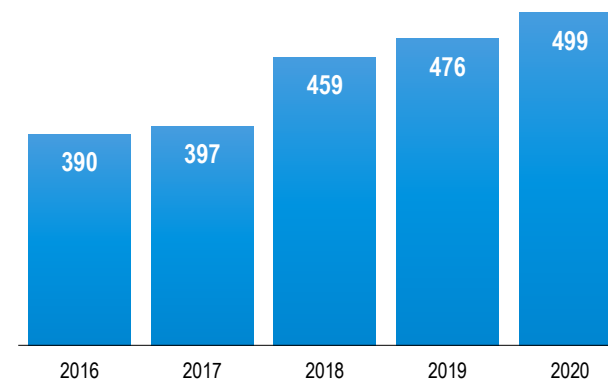
EBITDA (\$M) – IFRS



Adjusted Revenues<sup>1</sup> (\$M)



Adjusted EBITDA<sup>2</sup> (\$M)



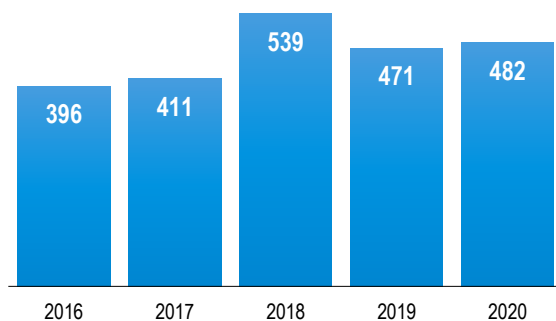
<sup>1</sup> Non-IFRS financial measure. Revenues before the accelerated recognition of deferred revenues\*.

<sup>2</sup> Non-IFRS financial measure. Operating earnings before depreciation and amortization as well as the accelerated recognition of deferred revenues\*, restructuring and other costs (gains), impairment of assets and reversal of the fair value adjustment of inventory sold arising from business combinations.

\* Related to the agreement signed with The Hearst Corporation. Please refer to note 31 to the annual consolidated financial statements for the fiscal year ended October 27, 2019.

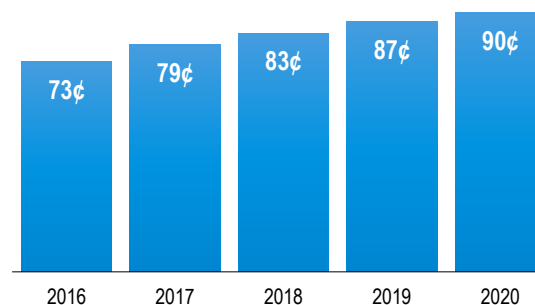
# Delivering a solid performance (cont.)

**Cash Flows from Operations\* (\$M)**

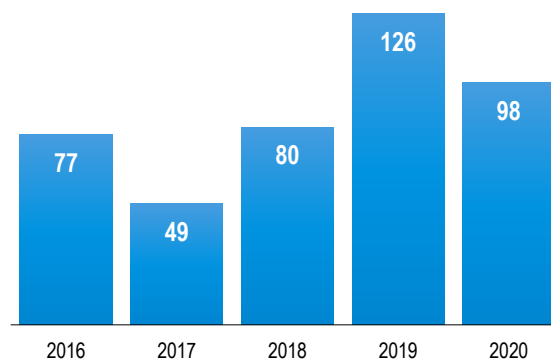


\* Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid.

**Dividends Paid per Participating Share**

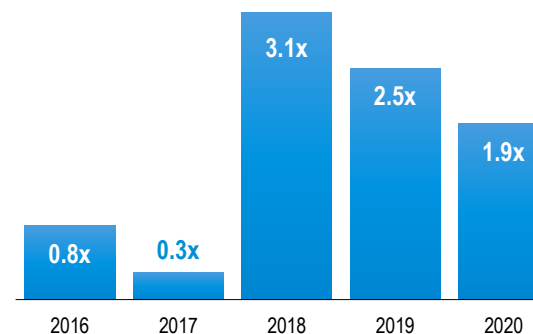


**Capital Expenditures (\$M)**



Note: Capital expenditures including intangible assets.

**Net Indebtedness Ratio\***



\* Non-IFRS financial measure. The net indebtedness ratio is calculated by dividing the net indebtedness by the last 12 months' adjusted operating earnings before depreciation and amortization. As at October 28, 2019, the Company adopted IFRS 16 using the modified retrospective approach. For comparative purposes, after normalizing for the effect of IFRS 16, the net indebtedness ratio was 1.6x as at October 25, 2020.

# Pursuing an optimization and diversification strategy



## PACKAGING

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PACKAGING

### Build a solid flexible packaging platform

- ▶ Generate long-term organic sales growth
- ▶ Identify complementary acquisition opportunities for our portfolio
- ▶ Innovate in sustainable product development
- ▶ Realize anticipated acquisition synergies
- ▶ Optimize our platform efficiency



## PRINTING

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PRINTING

### Optimize our printing platform and seize growth opportunities

- ▶ Align our capacity and costs to market demand
- ▶ Grow our market share in verticals with significant growth potential
- ▶ Defend our market share for retailer-related services
- ▶ Invest in automation to improve our manufacturing efficiency



## MEDIA

**tc** • MEDIA

### Develop the sector's activities to gain market share

- ▶ Develop French-language educational material publishing and distribution activities
- ▶ Gain market share in targeted educational verticals
- ▶ Develop Groupe Constructo's activities
- ▶ Evaluate targeted acquisition opportunities

# Overview

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## ► TC Transcontinental Packaging

# Building our flexible packaging platform since 2014



2014

Acquisition of  
Capri Packaging  
Clinton, Missouri



2015

Acquisition of  
Ultra Flex Packaging Corp.  
Brooklyn, New York



2016

Acquisition of  
Robbie Manufacturing  
Lenexa, Kansas



2016

Acquisition of  
Flexstar Packaging Inc.  
Richmond, British Columbia



2017

Acquisition of  
Les Industries Flexipak Inc.  
Montréal, Québec



2018

Acquisition of  
Multifilm Packaging  
Corporation Elgin, Illinois



2018

Acquisition of  
Coveris Americas  
Chicago, Illinois



2019

Acquisition of a  
majority participation in  
Industrial y Comercial Trilex C.A.  
Guayaquil, Ecuador



2020

Acquisition of the assets  
of Enviroplast Inc.  
Montréal, Québec

# Scaling our packaging platform

26

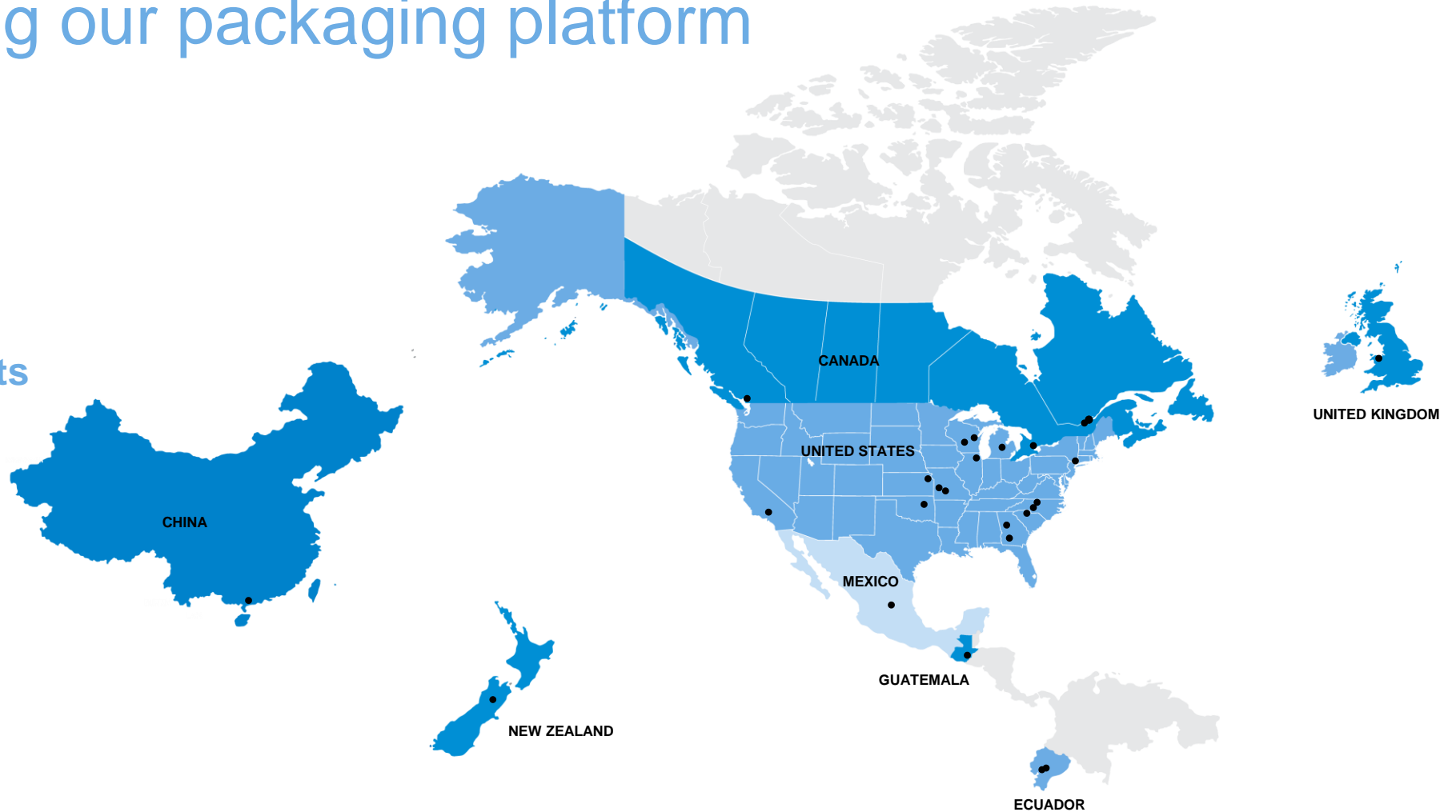
production plants

Close to

3,800 employees

TC Transcontinental Packaging is a leader in flexible packaging in North America specializing in recycling, extrusion, lamination, printing and converting.

June 2021



# Scaling our packaging platform (cont.)

## UNITED STATES: 15 plants

- **Transcontinental Albany** (Georgia)
- **Transcontinental Battle Creek** (Michigan)
- **Transcontinental Brooklyn** (New York)
- **Transcontinental Capri 1** (Clinton, Missouri)
- **Transcontinental Capri 2** (Clinton, Missouri)
- **Transcontinental Griffin** (Georgia)
- **Transcontinental Lenexa** (Kansas)
- **Transcontinental Matthews** (North Carolina)
- **Transcontinental Menasha** (Wisconsin)
- **Transcontinental Multifilm** (Elgin, Illinois)
- **Transcontinental Ontario** (California)
- **Transcontinental Spartanburg** (South Carolina)
- **Transcontinental Thomasville** (North Carolina)
- **Transcontinental Tomah** (Wisconsin)
- **Transcontinental Tulsa** (Catoosa, Oklahoma)

## CANADA: 4 plants

- **Transcontinental Flexipak** (Montréal, QC)
- **Transcontinental Recycling Montréal** (QC)
- **Transcontinental Richmond** (B.-C.)
- **Transcontinental Whitby** (ON)

## LATIN AMERICA: 4 plants

- **Transcontinental Ecuador** (Guayaquil, Ecuador)
- **Transcontinental Guatemala** (Villa Nueva, Guatemala)
- **Transcontinental Mexico** (San Luis, Mexico)
- **Transcontinental Trilex** (Guayaquil, Ecuador)

## REST OF THE WORLD: 3 plants

- **Transcontinental China** (Guangzhou)
- **Transcontinental New Zealand** (Christchurch)
- **Transcontinental United Kingdom** (Wrexham)



# Providing a broad range of innovative and high-performance flexible packaging solutions

- We blend **art, science and technology** to create the perfect flexible packaging that accentuates our customers' brand, protects their products and inspires consumers.
- We offer a **variety of flexible plastic products**, including rollstock, bags and pouches, coextruded films, shrink films, coatings and agricultural films.



# Serving a variety of industries

## Markets



Agriculture



Beverage



Candy & Confectionery

## Products



Banana tree bags & skirts



Labels & twine



Box liners



Mulch films



Greenhouse films



Integritite™ 33% PCR collation shrink films



Integritite™ shrink films



Multipack shrink films



Twist wrap



Twist close



Flow wrap



Aluminum foil wrap



Stand-up pouches

# Serving a variety of industries (cont.)

## Markets



## Products



Shredded cheese films



Peel reseal lidding



HALO®  
For natural sliced and  
chunk cheese



ENVIO®  
Forming & non-forming films



Whole bean bags and  
recyclable pouches



Brick pack with  
compostable options



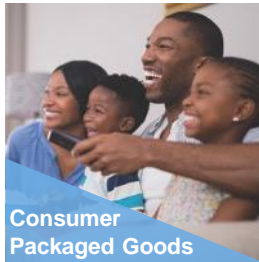
Compostable coffee pod  
lidding films and mother bag



Fractional

# Serving a variety of industries (cont.)

## Markets



## Products





# Serving a variety of industries (cont.)

## Markets



Stand-up pouches



PET laminated bags



Flat bottom bags



Hot N Handy®  
deli pouch



Steam N Eat® fresh  
vegetable cook-in-bag



Fresh N Tasty®  
fresh produce pouch

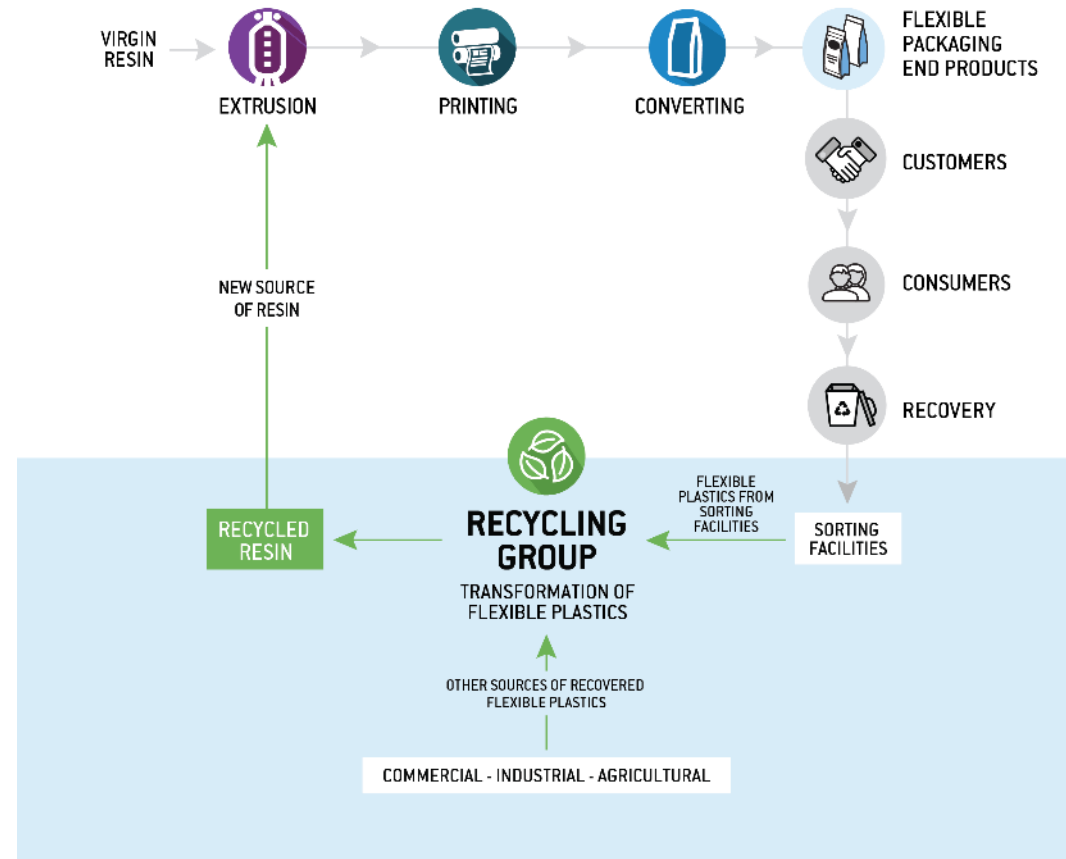


Fresh N Tasty®  
baked goods pouch

Understanding that the packaging experience can transform the way consumers engage with a brand, shop and buy products.

# Integrating the recycling of plastics in our production chain

- Our recycling activities allow us to offer our customers **sustainable packaging products made from recycled plastic**, and accelerate their development through consistent, stable and high-quality supply.
- Our equipment is used for converting plastic waste recovered from sorting facilities and other commercial, industrial and agricultural sources into **100 % post-consumer recycled resin (PCR)**.
- **The resin we produce has been tested and certified** by the Association of Plastics Recyclers (APR), endorsed by SCS Global Services as 100% post-consumer recycled content. And our facility conforms to the SCS Recycling Program Standard for efficiently processing post-consumer waste material for landfill diversion and incorporate it as post-consumer recycled content.



# Leveraging our integrated platform with best-in-class capabilities



**Design**



**Prepress**



**Recycling**



**Metallization**



**Extrusion**



**Lamination**



**Printing**



**Converting**





# Developing, manufacturing and distributing high-quality coated films and foils

- We are a **global manufacturer** of precision coated polymers, films and specialty substrates that touch everyday life.
- Our state-of-the-art **ISO 9001-certified production facilities** in Europe and in the United States allow us to apply our key technology platforms to develop high-performance products for the most challenging applications.





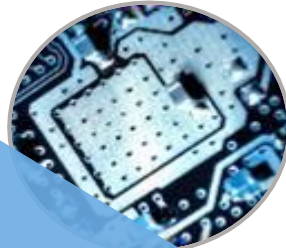
# Serving multiple markets with high-performance products and brands



Automotive



Medical



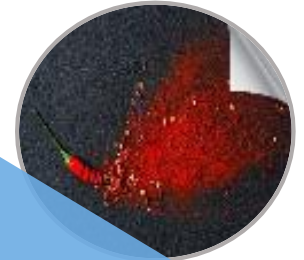
Electronics



Conductive films



Optical films



Digital Imaging

contract  
coating

digital  
imaging

inspire

strat-fx

reflex

tecnilith

z-flo

SENTIENT FOAMS



## ► TC Transcontinental Printing

# Offering a state-of-the-art national printing network

**13**

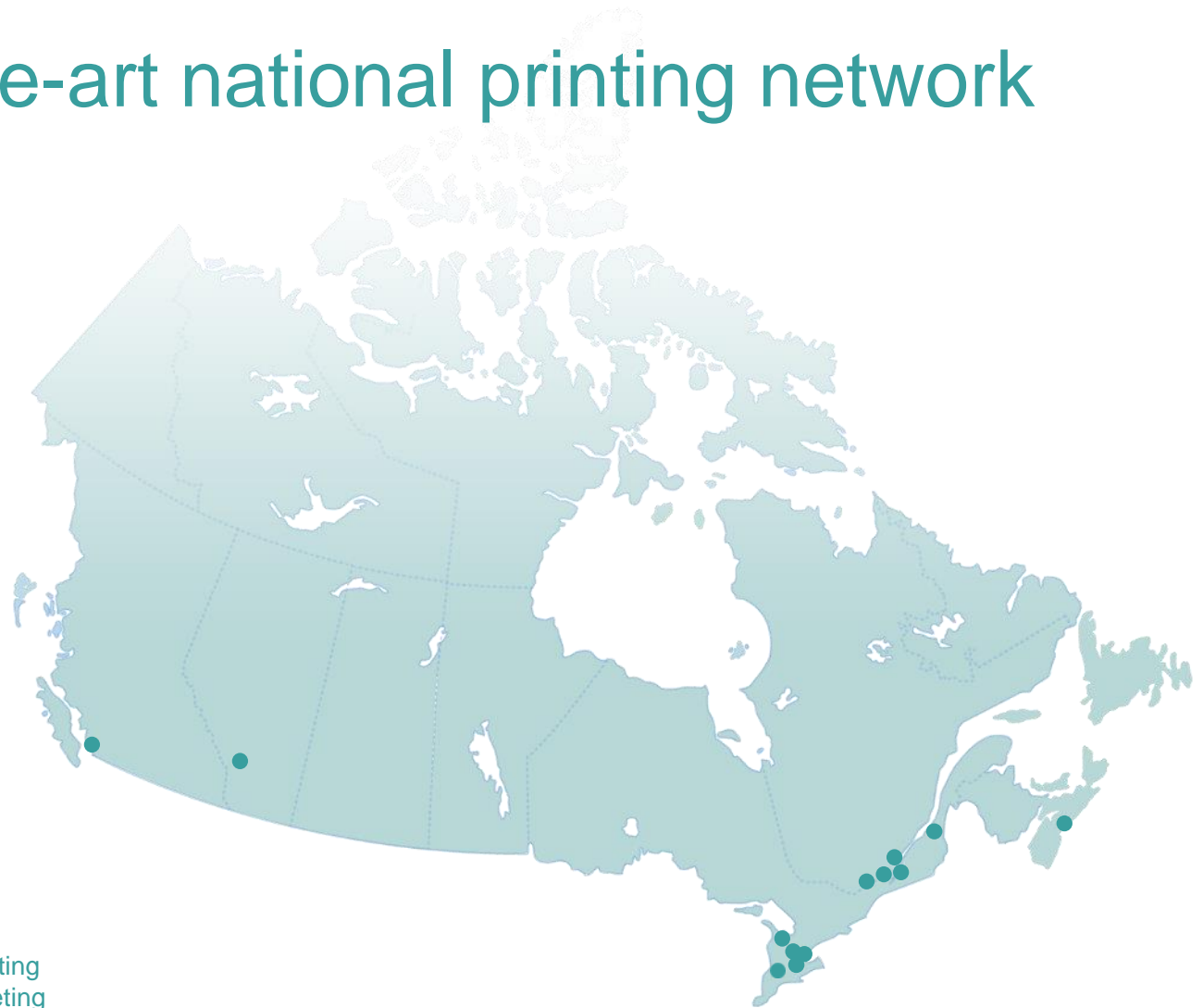
printing plants

Close to

**3,700**

employees

The largest printer in Canada. TC Transcontinental Printing offers innovative print solutions for flyers, in-store marketing products, newspapers, magazines and 4-colour books.



# Offering a state-of-the-art national printing network (cont.)

## QUÉBEC: 5 plants

- **Transcontinental Interglobe** (Beauceville)
- **Transcontinental Interweb** (Boucherville)
- **Transcontinental Ross-Ellis** (Montréal)
- **Transcontinental Transmag** (Montréal)
- **Transcontinental Saint-Hyacinthe**

## ONTARIO: 5 plants

- **Transcontinental Aurora**
- **Transcontinental BGI Retail** (Paris)
- **Transcontinental Brampton**
- **Transcontinental RBW Graphics** (Owen Sound)
- **Transcontinental Vaughan**

## ALBERTA: 1 plant

- **Transcontinental Calgary**

## BRITISH COLUMBIA: 1 plant

- **Transcontinental Vancouver**

## NOVA SCOTIA: 1 plant

- **Transcontinental Halifax**



# Providing a broad range of printing solutions for many industries

## Markets



## Products



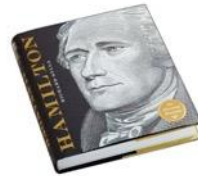


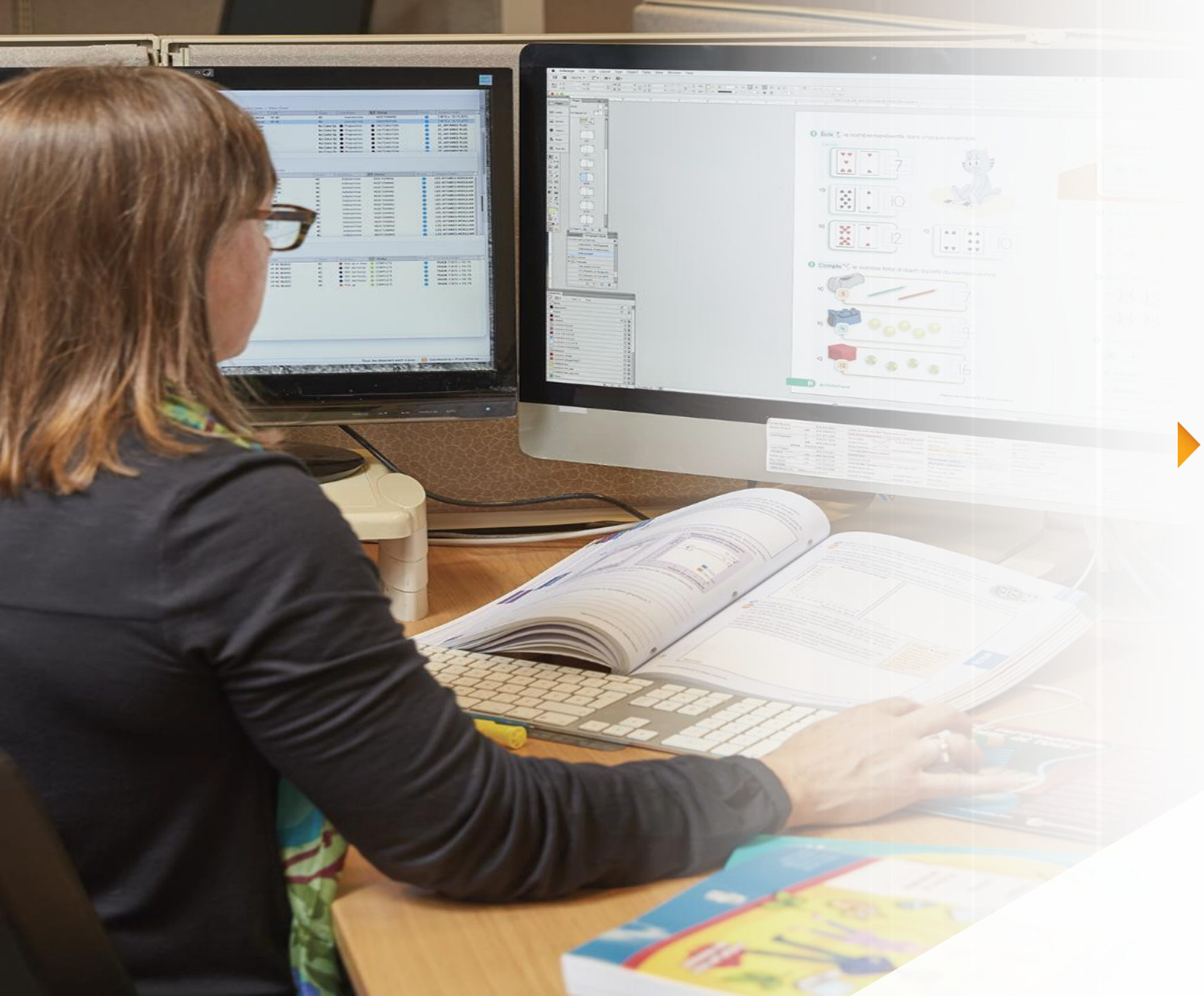
# Providing a broad range of printing solutions for many industries (cont.)

## Markets



## Products





► TC Media

**tc** • MEDIA

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

# Providing a range of multiplatform products & services

Educational, supplemental and trade book publishing, as well as specialty book distribution



**Somabec**  
DIFFUSEUR et DISTRIBUTEUR

## Groupe Constructo



**constructo.ca**

**SEQO** LE SYSTÈME ÉLECTRONIQUE D'APPEL D'OFFRES DU GOUVERNEMENT DU QUÉBEC

**VOIR VERT.ca**

**PORTAIL constructo**

**L'AVISEUR**

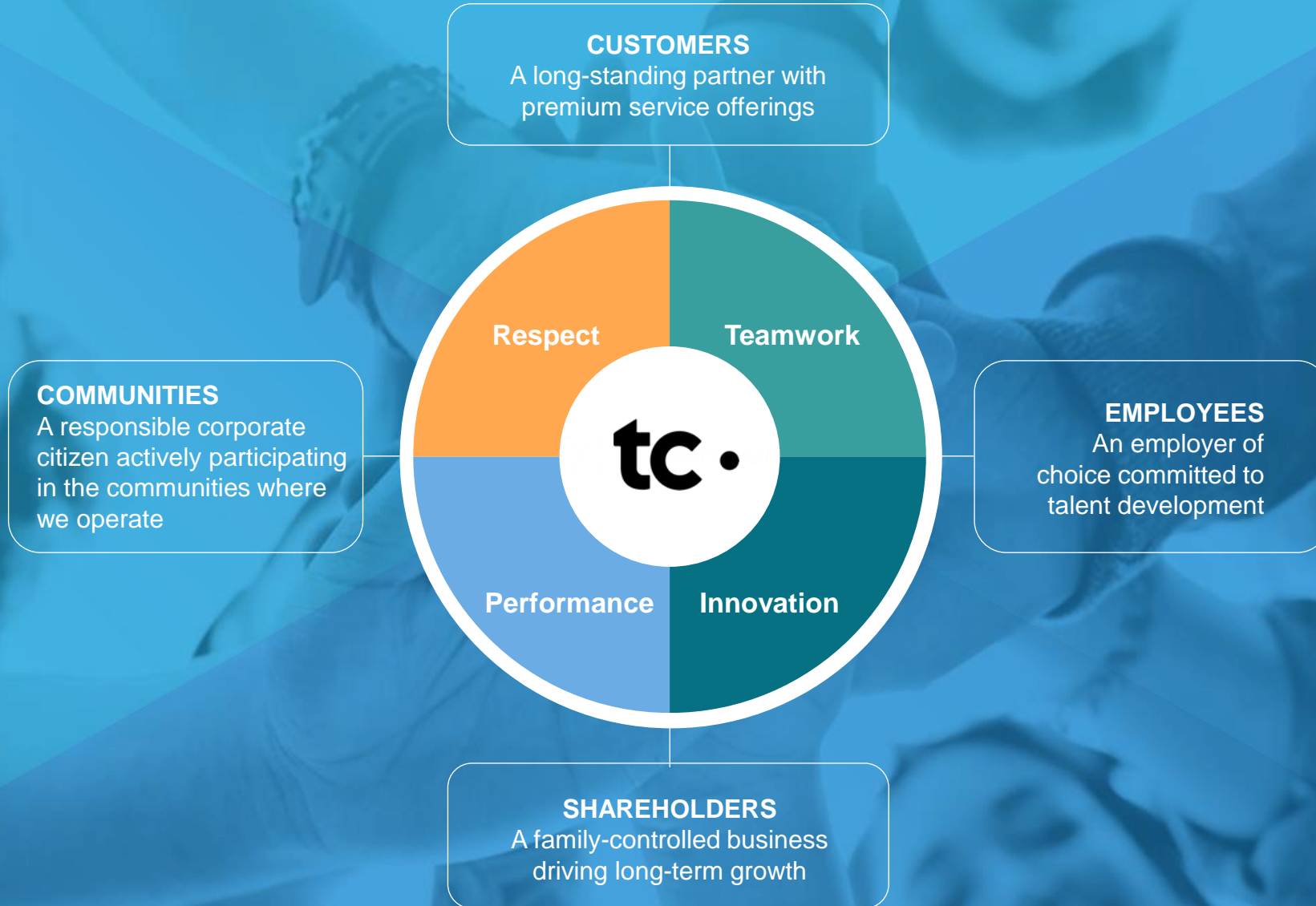
**ESPACE DATA**

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# Living our values every day





# Driving strategic growth together, with an experienced executive management team



**François Olivier**  
President and  
Chief Executive Officer



**Magali Depras**  
Chief Strategy and  
CSR Officer



**Christine Desaulniers**  
Chief Legal Officer and  
Corporate Secretary



**Benoit Guilbault**  
Chief Information Officer



**Donald LeCavalier**  
Chief Financial Officer



**Lyne Martel**  
Chief Human Resources Officer



**Thomas Morin**  
President,  
TC Transcontinental Packaging



**Eric Morisset**  
Chief Corporate Development  
Officer



**Brian Reid**  
President,  
TC Transcontinental Printing



**François Taschereau**  
Vice President,  
Corporate Communications  
and Public Affairs

# Committing to corporate social responsibility objectives

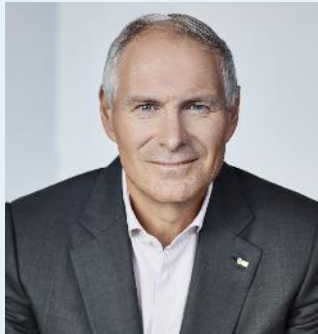
We have always diligently integrated best practices in sustainable development as part of our business activities and processes.



Isabelle Marcoux  
Chair of the Board

“For over 45 years, TC Transcontinental has remained committed to the long-term profitable growth of our organization, while creating value for all of our stakeholders. As a family-controlled corporation, we have the desire to build a lasting company and to pass on the legacy of a solid, responsible corporate citizen. We have always demonstrated our leadership in corporate social responsibility (CSR) and we are proud to continue doing so by investing in the development and wellness of our employees, adopting good practices to limit the environmental impact of our operations, innovating in the development of sustainable products for our customers, from sourcing to end-of-life, and by contributing to the communities in which we operate.”

Throughout our transformation, we are committed to maintaining our leadership in corporate social responsibility by deploying efforts to pursue our business activities in a responsible manner within all our verticals.



François Olivier  
President and  
Chief Executive Officer

“Respect for our people, our customers, our shareholders and the communities in which we operate is at the heart of our commitment to corporate social responsibility (CSR). Building on our past accomplishments, we have developed our 2019-2021 CSR Plan, which presents ambitious goals that are precise and quantifiable. It becomes our roadmap to further our commitment towards sustainability throughout our transformation and steadfast growth in packaging. I strongly believe that rising to the sustainability challenges we are facing as an industry will be achieved by #ActingTogether in a concerted manner. We want to be part of the solution and I invite you to join us along the way.”

# Pursuing our business activities responsibly



Committed to disclosure in the Carbon Disclosure Project (CDP)



Among the Best 50 Corporate Citizens in Canada for the 17<sup>th</sup> time and ranked in the top 10 in 2019 and 2020



One of the world's 100 most sustainable corporations on the Global 2021 Corporate Knights ranking and ranked 2<sup>nd</sup> among the packaging industry



Signatory of the Ellen MacArthur Foundation's New Plastics Economy Global Commitment



Included in the Top 50 of the Jantzi® Social Index in Canada



Member of the Sustainable Packaging Coalition® (SPC)



Ranked in Sustainalytics' Global 50 Top Rated for the 2<sup>nd</sup> year in a row



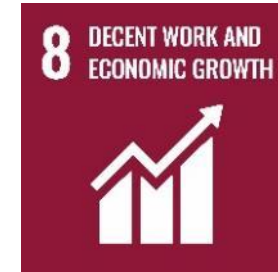
Signatory of the United Nations Global Compact

# Joining the United Nations *Global Compact*



Of the international sustainable development goals defined by the *Global Compact*, seven are fully aligned with the targets of our three-year *Acting Together* plan and our policies. We refer to them in our *2019 Progress Report*.

For TC Transcontinental, this endorsement of the United Nations goals confirms our commitment to corporate social responsibility and its integration into our operations and culture.



# Making strides towards a circular economy for plastic

- ▶ We share the **Ellen MacArthur Foundation's** common vision of a circular economy for plastic, **where plastic never becomes waste**.
- ▶ TC Transcontinental was **the first Canadian-based manufacturer to join** the **Ellen MacArthur Foundation's New Plastics Economy Global Commitment**.

*As a signatory:*

- ▶ The Corporation commits to **collaborating towards increasing reuse, recycling and composting rates for plastic** in the communities where it operates.
- ▶ TC Transcontinental is pledging, by 2025, for **100% of its plastic packaging to be reusable, recyclable or compostable** and to achieve a **10% use of post-consumer recycled content** on average by weight across all plastics in its product basket.





# Making strides towards a circular economy for plastic (cont.)

## Innovate

to design packaging that is reusable, recyclable or compostable

Our Circular Approach to Plastic

## Collaborate

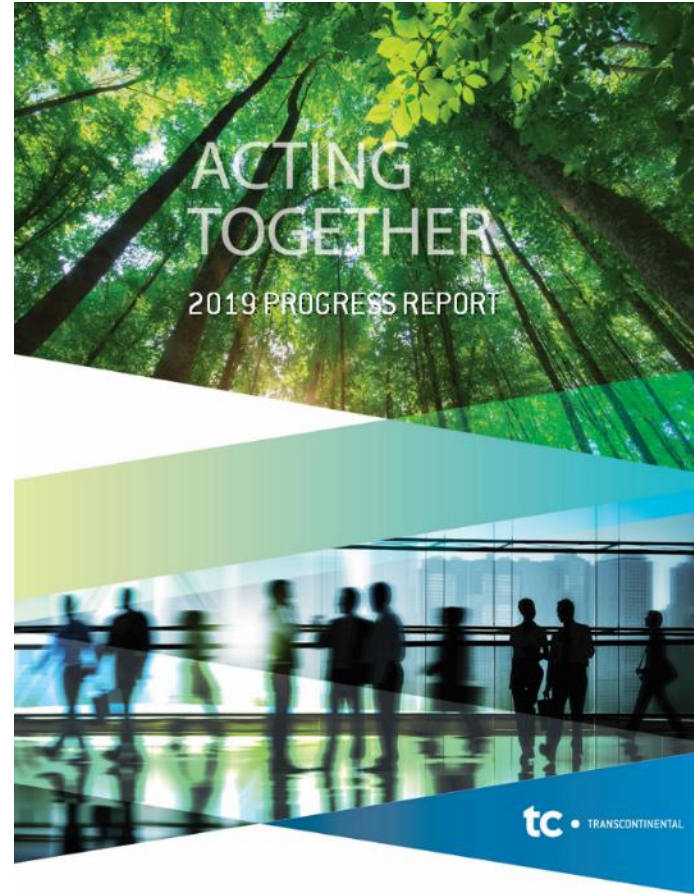
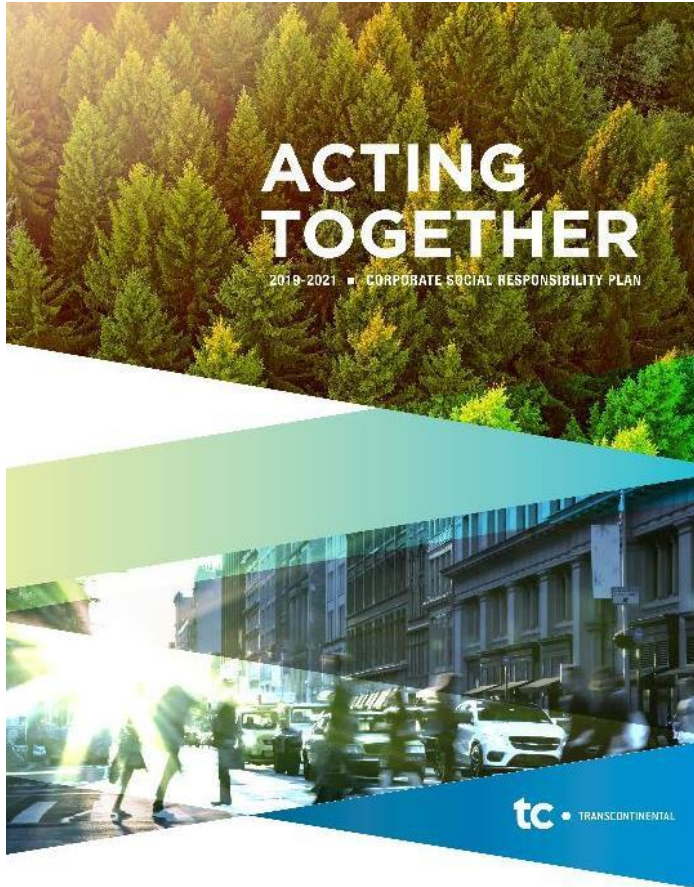
with industry partners to increase reuse, recycling and composting rates

## Promote

the use of post-consumer recycled content

# Executing our 2019-2021 Corporate Social Responsibility Plan

Our three-year plan, entitled *Acting Together*, presents 11 targets with respect to four key axes: our people, our operations, our products and our communities. In the summer of 2020, we released our *2019 Progress Report*.





## Our PEOPLE

### **TARGET 1** Maintain a safe and healthy work environment

- Reduce the total incident rate (incidents per 200,000 worked hours) by 15% for our Printing and Packaging sectors

### **TARGET 2** Move towards a more balanced gender representation in leadership

- Ensure at least 30% of female representation on the Board of Directors
- Have at least 3 women on the Executive Management Committee
- Reach 30% of women in executive and management positions

### **TARGET 3** Develop our talent

- Annual performance reviews to be completed for 100% of salaried employees





## Our OPERATIONS

### **TARGET 4** Reduce our greenhouse gas emissions

- Reduce our greenhouse gas emissions by 5%<sup>1</sup>

### **TARGET 5** Optimize waste management

- Aim for zero non-hazardous waste to landfill in our operating business units

### **TARGET 6** Ensure food safety and quality

- Obtain a GFSI-recognized food safety certification for all our direct-food contact packaging facilities

<sup>1</sup> Refers to absolute emissions from Scope 1 (direct emissions from owned or controlled sources) and Scope 2 (indirect emissions from the generation of purchased energy)





## Our PRODUCTS

### **TARGET 7 Promote the use of sustainable materials**

- 100% of our paper purchases to come from third-party certified or recycled sources
- By 2025, achieve a 10% use of post-consumer recycled content on average by weight across all plastic packaging in our product offering

### **TARGET 8 Design for end-of-life**

- By 2025, 100% of our plastic packaging to be reusable, recyclable or compostable

### **TARGET 9 Focus on product research and development**

- Invest at least 1% of our Packaging Sector's annual revenues in research and development



## Our COMMUNITIES

### **TARGET 10** Invest in our communities

- Over 3 years, donate \$5M in financial contributions, goods and services to organizations, projects and programs that support the communities in which we operate

### **TARGET 11** Foster employee engagement

- All business units to participate annually in at least one initiative making a positive impact in their community

# Overview

- ▶ Our Organization at a Glance
- ▶ Our Business Sectors
- ▶ Our Management Philosophy
- ▶ Contact and Additional Information



# Contact and additional information

## **Transcontinental Inc.**

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## History

[2019-2021 Corporate  
Social Responsibility Plan](#)

[Acting Together – 2019  
Progress Report](#)





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