



Corporate Presentation:

# Moving forward in our transformation

August 14, 2019

**tc** • TRANSCONTINENTAL

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

## 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. Please refer to the section entitled “Reconciliation of Non-IFRS Financial Measures” in the *Management’s Discussion and Analysis (MD&A) for the second quarter ended April 28, 2019* 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, raw material costs, competition, the Corporation’s capacity to generate organic growth in its Packaging Sector, the Corporation’s capacity to 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 and sustainable development, the impact of digital product adoption on the demand for its printed products, change in consumption habits or loss of a major customer, the safety 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, recruiting and retaining qualified personnel in certain geographic areas and industry sectors, taxation, interest rate and indebtedness level. The main risks, uncertainties and factors that could influence actual results are described in the *Management’s Discussion and Analysis (MD&A) for the year ended October 28, 2018* 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 nonrecurring or other unusual items, nor of divestitures, business combinations, mergers or acquisitions which may be announced after the date of August 14, 2019.

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 August 14, 2019. 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 40 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
- ▶ A Canadian leader in our specialty media segments



**\$2.6B\***

2018 Revenues

\* \$3.1B (LTM Q2-2019)



**9,000+**

Employees



**44**

Production  
facilities

# 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.

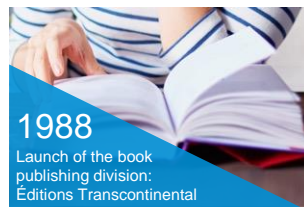
Building on more than 40 years of innovation and transformation to anticipate and meet our customers' evolving needs.

# Making impressions count since 1976

## Creation and development: 1976-1985



## Acquisitions and expansion: 1986-1995



## Growth and innovation: 1996-2005



# Making impressions count since 1976

## Diversification and consolidation: 2006-2015



**2006**  
Acquisition of Chenelière Éducation



**2012**  
Acquisition of Quad/Graphics Canada Inc.: becoming the largest printer in Canada



**2012**  
Beginning of the reflection to diversify assets and ensure long-term profitable growth



**2014**  
Entry into a growth area: packaging, with the strategic acquisition of the assets of Capri Packaging

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



**2016**  
Marks the 40<sup>th</sup> anniversary of TC Transcontinental's founding



**2016 - 2018**  
Several acquisitions in flexible packaging



**2018**  
Transformational acquisition of Coveris Americas



# Generating revenues from three business sectors

**tc** • TRANSCONTINENTAL  
PACKAGING

A leader in flexible packaging  
in North America

**tc** • TRANSCONTINENTAL  
PRINTING

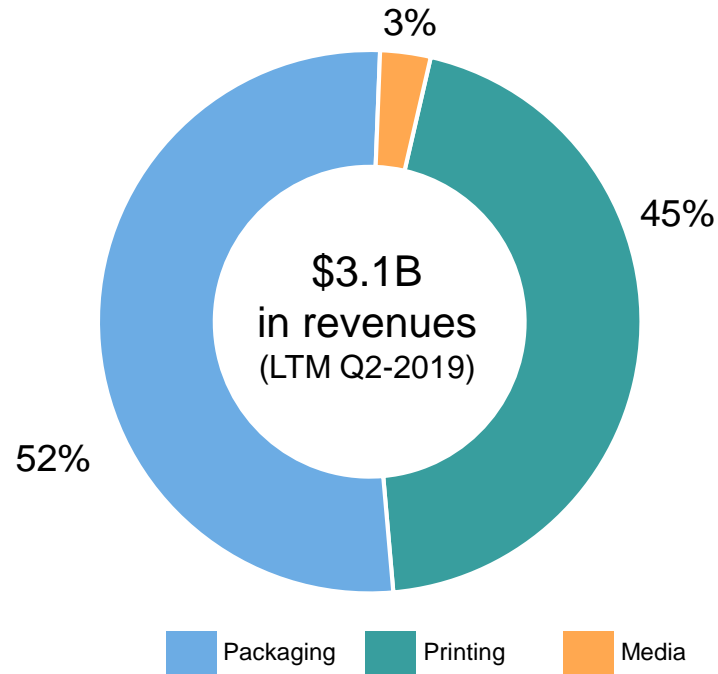
Canada's largest printer, and one of  
the largest in North America

**tc** • MEDIA

A leader in its specialty media  
segments and largest publisher of  
French-language educational resources  
in Canada

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

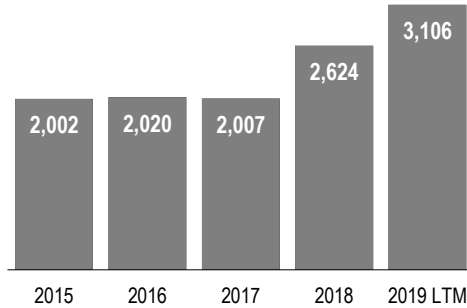
Revenue composition by sector<sup>1</sup> –  
Last twelve months (LTM) Q2-2019



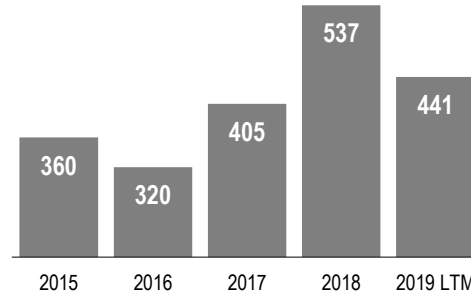


# Delivering a solid performance

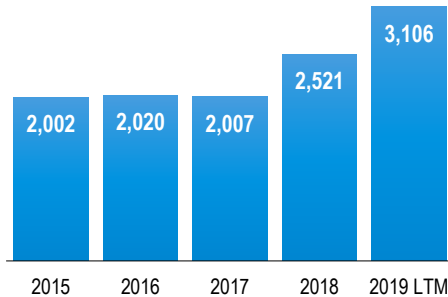
## Revenues (\$M) – IFRS



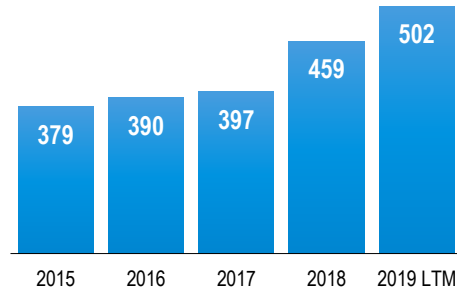
## EBITDA (\$M) – IFRS



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



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



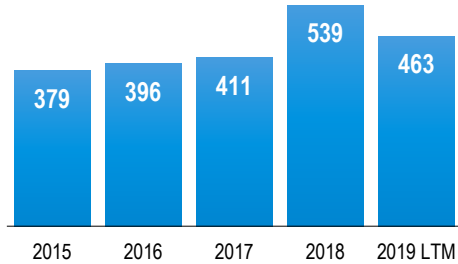
<sup>1</sup> Non-IFRS financial measure. Revenues before the accelerated recognition of deferred revenues\*.

<sup>2</sup> 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 on December 21, 2017. Please refer to note 31, "New agreement with Hearst", to the annual consolidated financial statements for the fiscal year ended October 28, 2018.

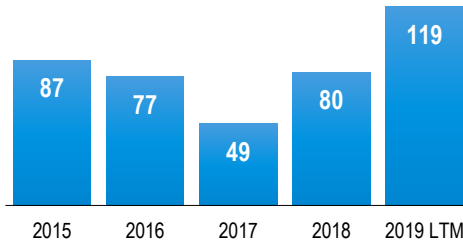
# Delivering a solid performance (continued)

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



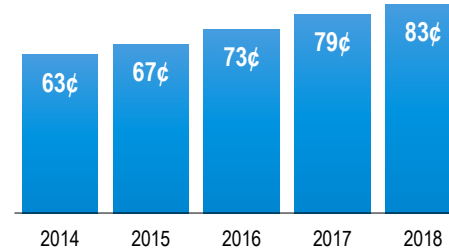
\* Cash flows generated by operating activities before changes in non-cash operating items and income taxes paid.

## Capital Expenditures (\$M)

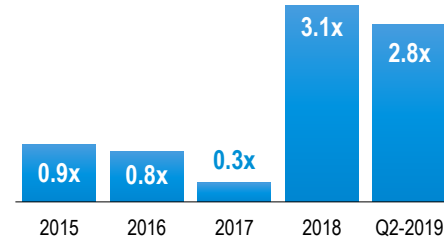


Note: Capital expenditures including intangible assets.

## Dividends Paid per Participating Share



## Net Indebtedness Ratio\*



\* 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.

# Pursuing an optimization and diversification strategy



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PACKAGING

## Grow our Packaging Sector

- ▶ Realize anticipated synergies related to acquisitions
- ▶ Generate long-term organic sales growth
- ▶ Identify complementary acquisition opportunities for our portfolio



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PRINTING

## Develop our product and service offering and solidify our printing platform

- ▶ Grow our market share in verticals with significant growth potential
- ▶ Ensure rigorous management of long-term contracts
- ▶ Invest in automation to improve manufacturing efficiencies
- ▶ Continue to generate significant cash flow



**tc** • MEDIA

## Develop our specialty media activities

- ▶ Further develop our non-advertising based product and service offering
- ▶ Evaluate targeted acquisition opportunities
- ▶ Improve efficiencies

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## TC Transcontinental Packaging

# Building our flexible packaging platform since 2014



2014

Acquisition of  
Capri Packaging  
Clinton, Missouri



ULTRA FLEX

2015

Acquisition of  
Ultra Flex Packaging Corp.  
Brooklyn, New York



robbie  
fantastic flexibles

2016

Acquisition of  
Robbie Manufacturing  
Lenexa, Kansas

**FLEXSTAR**  
TRANSCONTINENTAL FLEXSTAR INC

2016

Acquisition of  
Flexstar Packaging Inc.  
Richmond, British Columbia



2017

Acquisition of  
Les Industries Flexipak Inc.  
Montréal, Québec



MULTIFILM  
Packaging Corporation

2018

Acquisition of  
Multifilm Packaging  
Corporation Elgin, Illinois

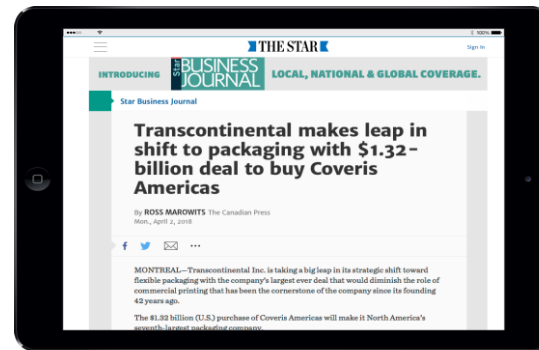
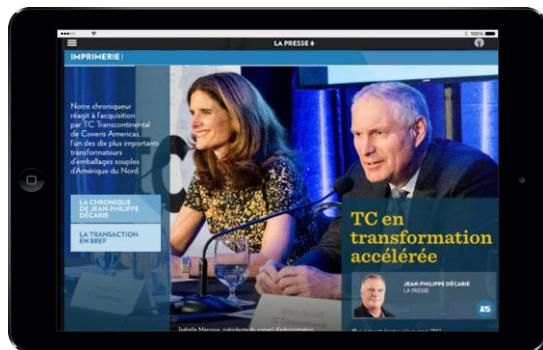


COVERIS™  
AMERICAS

2018

Acquisition of  
Coveris Americas  
Chicago, Illinois

# Accelerating our transformation with the acquisition of Coveris Americas in May 2018



Acquisition price  
**US\$1.32** billion

Employees  
**3,100**

Revenues  
**US\$966** million<sup>1</sup>

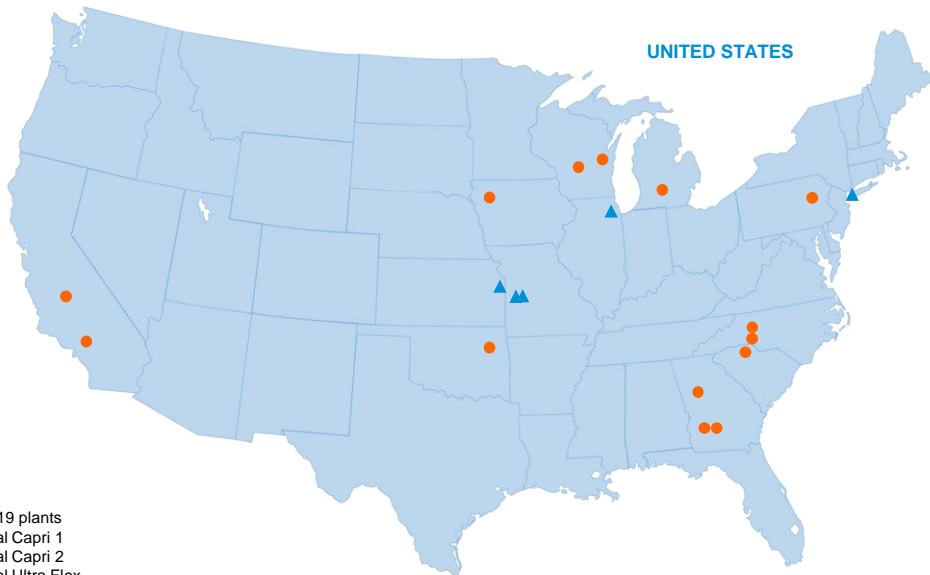
Customers  
**3,500**

Operating earnings  
**US\$68** million<sup>1</sup>

Adjusted EBITDA  
**US\$128** million

<sup>1</sup> For Coveris Americas' fiscal year ended December 31, 2017. Per Coveris Americas annual financial statements including U.S. GAAP IFRS adjustments.

# Scaling our packaging platform: from 7 to 28 plants



- UNITED STATES:** 19 plants
- Transcontinental Capri 1
  - Transcontinental Capri 2
  - Transcontinental Ultra Flex
  - Transcontinental Robbie
  - Transcontinental Multifilm
  - Transcontinental Hanford
  - Transcontinental Ontario
  - Transcontinental Albany
  - Transcontinental Griffin
  - Transcontinental Tifton
  - Transcontinental Sibley
  - Transcontinental Battle Creek
  - Transcontinental Matthews
  - Transcontinental Thomasville
  - Transcontinental Tulsa
  - Transcontinental Hazleton
  - Transcontinental Spartanburg
  - Transcontinental Menasha
  - Transcontinental Tomah

- CANADA:** 3 plants and one premedia studio
- Transcontinental Flexipak
  - Transcontinental Flexstar
  - Transcontinental Whitby
  - Transcontinental Premedia

- LATIN AMERICA:** 3 plants
- Transcontinental Ecuador
  - Transcontinental Guatemala
  - Transcontinental Mexico

- REST OF THE WORLD:** 3 plants
- Transcontinental New Zealand
  - Transcontinental United Kingdom
  - Transcontinental China

**28**  
**PRODUCTION PLANTS**



▲ TC Transcontinental Packaging (7)

● Coveris Americas Acquisition (21)



# 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 and paper products**, including rollstock, bags and pouches, coextruded films, shrink films, coatings and agricultural films.



# Serving a variety of industries

## Markets



## Products



Banana tree bags & skirts



Labels & twine



Box liners



Mulch films



Greenhouse films



Multipack shrink films



Integritite™ shrink films



Integritite Smartpack™

# Serving a variety of industries

## Markets



## Products



Twist wrap



Twist close



Flow wrap



Aluminum foil wrap



Stand-up pouches



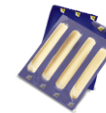
Shredded cheese films



Peel reseal lidding



HALO®  
for natural sliced and  
chunk cheese



ENVIO®  
Forming & non-forming  
films



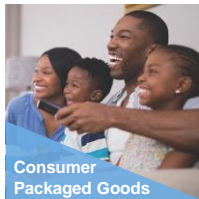
Dairy whey bags

# Serving a variety of industries

## Markets



Consumer  
Packaged Goods



## Products



Whole bean



Brick pack with  
compostable options



Fractional



Single serve



Paper products



Personal care &  
feminine care



Household cleaning



Multipacks

# Serving a variety of industries

## Markets



## Products



# Serving a variety of industries

## Markets



## Products



Stand-up pouches



PET laminated bags



Flat bottom bags



WPP:  
Woven Polypropylene bags



Multiwall paper bags



Hot N Handy®  
deli pouch



Oven N Done®  
fresh meal kit bag



Steam N Eat® fresh  
vegetable cook-in-bag



Fresh N Tasty®  
fresh produce pouch



Fresh N Tasty®  
baked goods pouch



Cigarillos



Loose Leaf

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

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



**Design**



**Prepress**



**Extrusion**



**Lamination**



**Printing**



**Converting**



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

- We are a **global manufacturer** of precision coated polymers, papers, 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



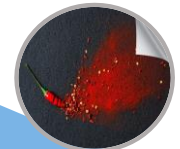
Electronics



Conductive films



Optical films



Digital imaging

contract  
coating

inspire

reflex

z-flo

digital  
imaging

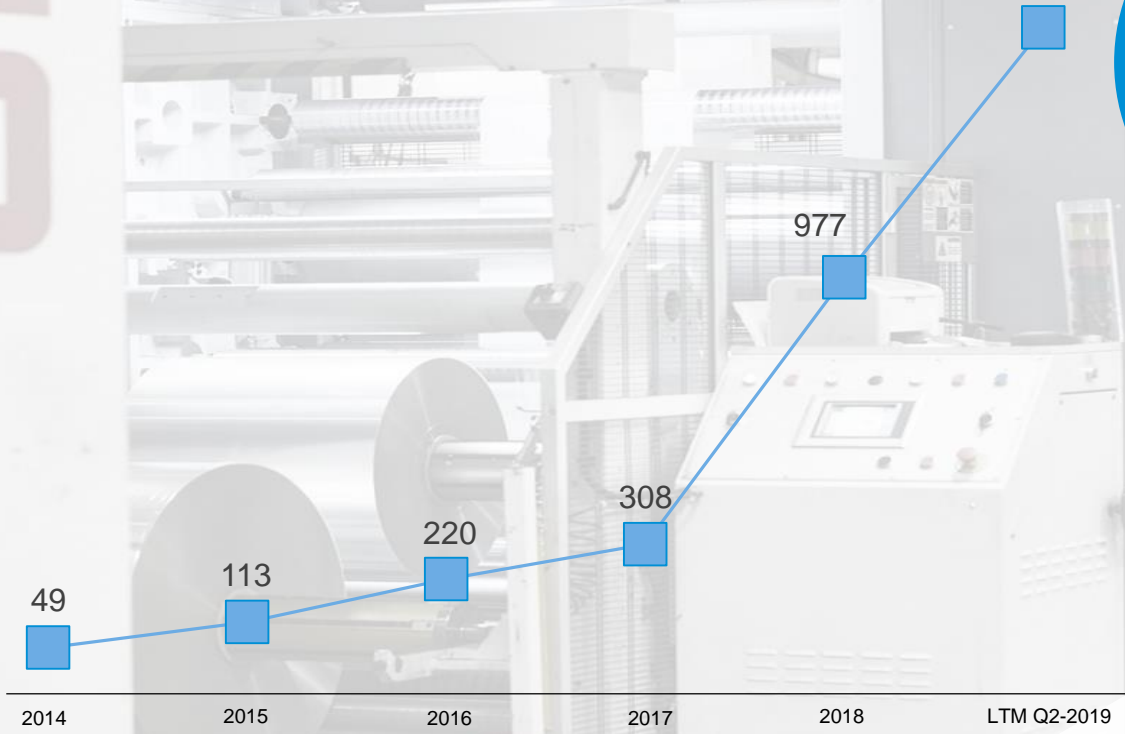
strat-fx

tecnilith

SENTIENT FOAMS

# Growing our packaging revenues since 2014 (\$M)

LTM Q2-2019:  
**\$1,632M**  
(28 plants, full year)





# TC Transcontinental Printing

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

16

PRINTING  
PLANTS

**QUÉBEC:** 7 plants

- Transcontinental Interglobe, Beauceville
- Transcontinental Interweb, Boucherville
- Transcontinental Qualimax, Gatineau
- Transcontinental Ross-Ellis, Montréal
- Transcontinental Transmag, Montréal
- Transcontinental de la Capitale, Québec
- Transcontinental Saint-Hyacinthe

**ONTARIO:** 4 plants

- Transcontinental Aurora
- Transcontinental Brampton
- Transcontinental RBW Graphics, Owen Sound
- Transcontinental Vaughan

**MANITOBA:** 1 plant

- Transcontinental LGM – Coronet, Winnipeg

**ALBERTA:** 1 plant

- Transcontinental Calgary

**BRITISH COLUMBIA:** 1 plant

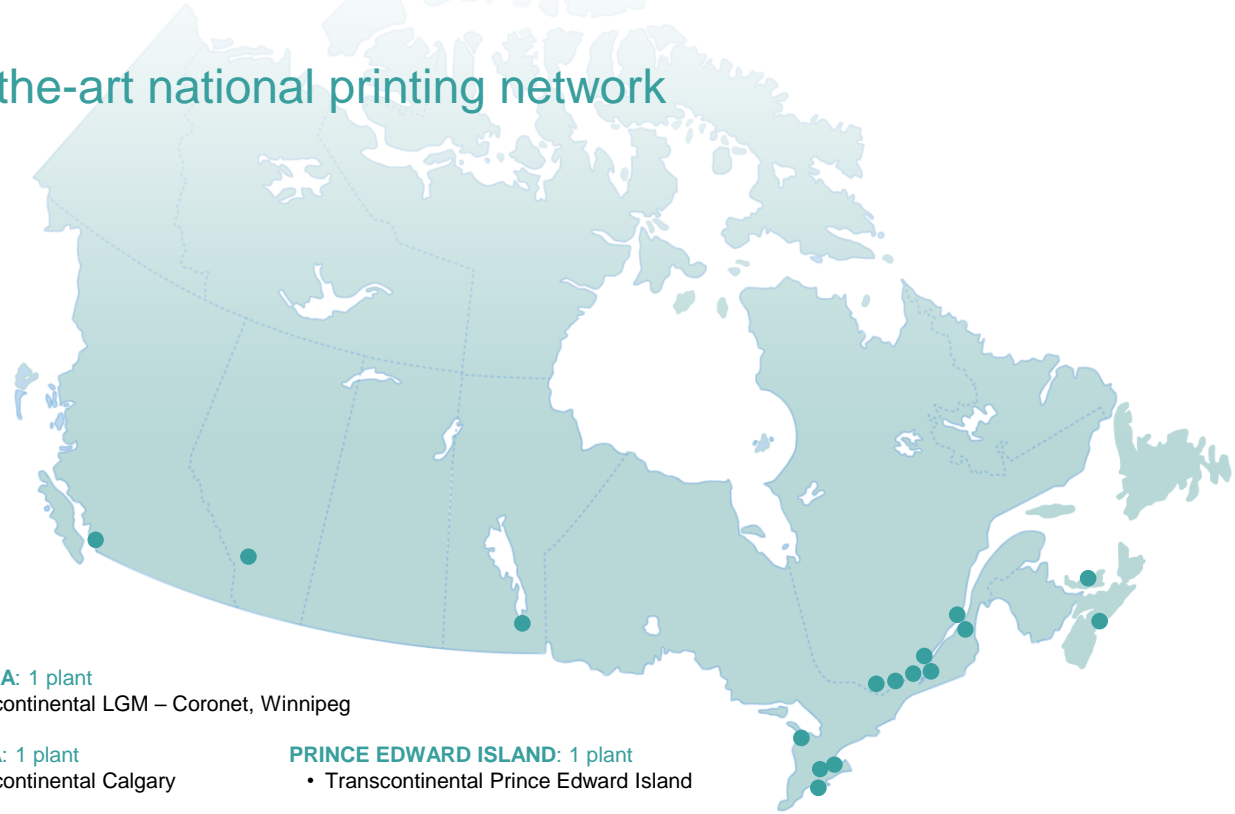
- Transcontinental Vancouver

**PRINCE EDWARD ISLAND:** 1 plant

- Transcontinental Prince Edward Island

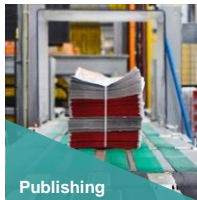
**NOVA SCOTIA:** 1 plant

- Transcontinental Halifax

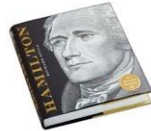


# Providing a broad range of printing solutions for many industries

## Markets



## Products



# Providing a broad range of printing solutions for many industries

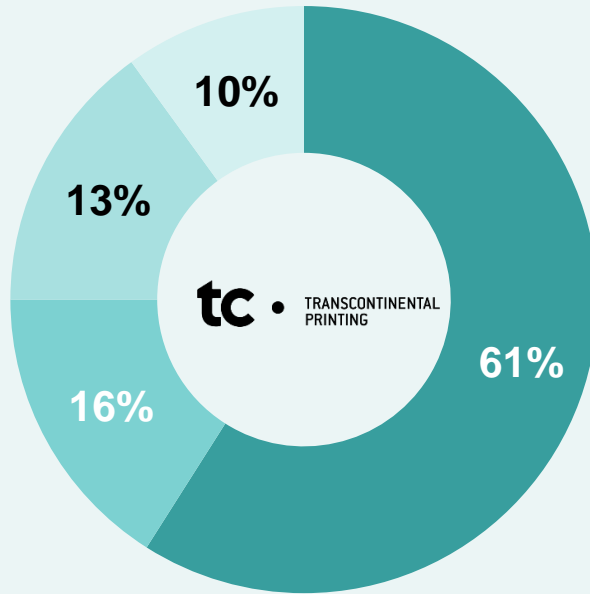
## Markets



## Products



# Generating more than 60% of our printing revenues through our retailer-related services



**2018 Adjusted Revenues<sup>1</sup>: \$1,443M**

- Retailer-related Services
- Magazines and Books
- Newspapers
- Marketing Products

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

\* Related to the agreement signed with The Hearst Corporation on December 21, 2017. Please refer to note 31, "New agreement with Hearst", to the annual consolidated financial statements for the fiscal year ended October 28, 2018.



▶ TC Media

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# Providing a range of multiplatform specialty products & services

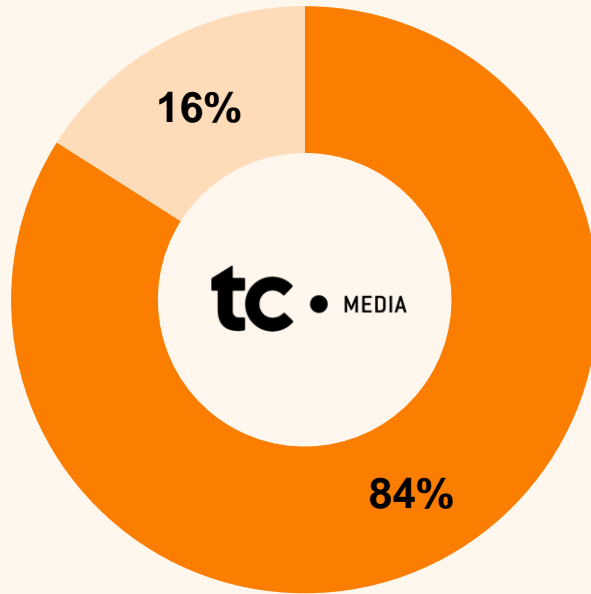
## ► Business Media



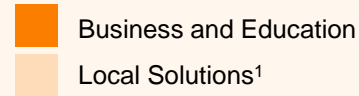
## ► Educational and Trade Book Publishing



## Generating revenues from a variety of sources including advertising and non-advertising based



**2018 Revenues: \$116M**

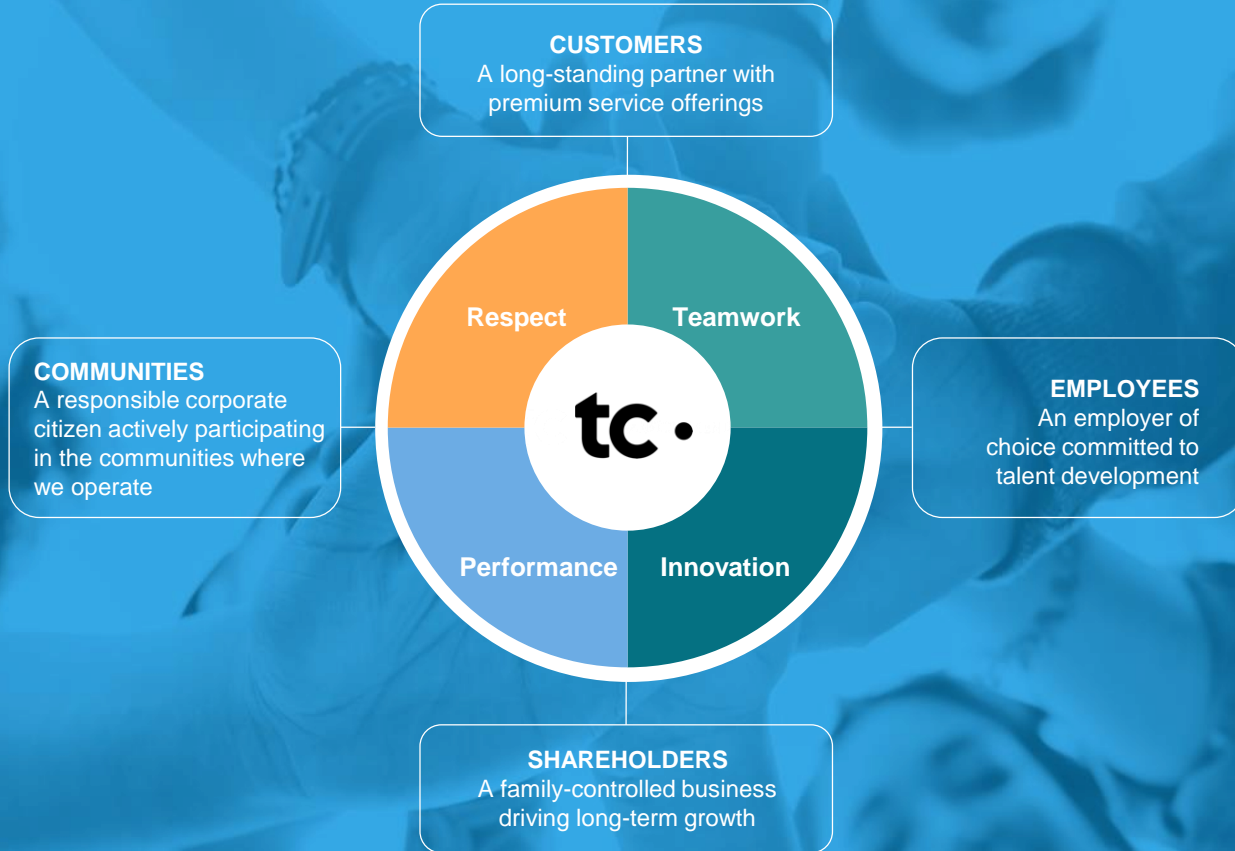


<sup>1</sup> Revenues reported in 2018 included Local Solutions activities. Since then, the Corporation has sold all of its local and regional newspapers.

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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



**Sam Bendavid**  
Vice President,  
Corporate Development



**Magali Depras**  
Chief Strategy Officer



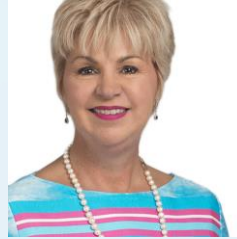
**Christine Desaulniers**  
Chief Legal Officer and  
Corporate Secretary



**Benoit Guilbault**  
Chief Information Officer



**Donald LeCavalier**  
Chief Financial Officer



**Lyne Martel**  
Chief Human Resources Officer



**Thomas Morin**  
President,  
TC Transcontinental Packaging



**Brian Reid**  
President,  
TC Transcontinental Printing

# Committing to corporate social responsibility objectives

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

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.



Isabelle Marcoux  
Chair of the Board

“For over 40 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.”

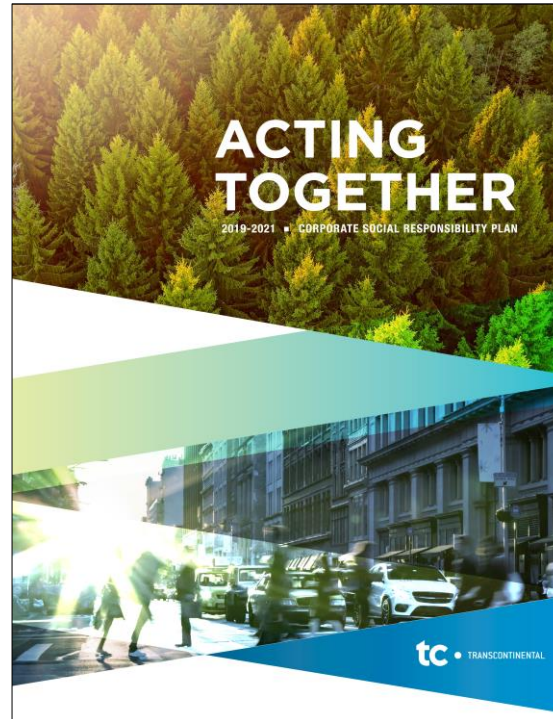


François Olivier  
President and  
Chief Executive Officer

“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.”

## 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.





## 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



## 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

## Pursuing our business activities responsibly



Among the Best 50 Corporate Citizens in Canada (8<sup>th</sup> position in 2019)



Committed to disclosure in the Carbon Disclosure Project (CDP)



Included in the Jantzi Social Index<sup>®</sup>



Member of the Sustainable Packaging Coalition<sup>®</sup> (SPC)

## 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**.
- ▶ Uniting organizations worldwide, the Ellen MacArthur Foundation is a global thought leader establishing the circular economy on the agenda of decision-makers across business, governments and academia.
- ▶ TC Transcontinental is **the first Canadian-based manufacturer to join** the Ellen MacArthur Foundation's New Plastics Economy Global Commitment.

**We are proud signatories of the  
Ellen MacArthur Foundation's  
New Plastics Economy  
Global Commitment.**



*Global  
Commitment*

# Making strides towards a circular economy for plastic (continued)

## 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

## Committing to specific targets towards a circular economy for plastic

- ▶ 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.
- ▶ The Corporation commits to **collaborating towards increasing reuse, recycling and composting rates for plastic** in the communities where it operates.

*“We want to leave behind the legacy of a responsible corporate citizen, mindful of how today’s decisions will impact our collective tomorrow. We look forward to inspire change by pioneering the development of sustainable products and driving innovation to support our customers in their own sustainability journey.”*

– François Olivier, President and Chief Executive Officer of TC Transcontinental



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# Contact and additional information

## **Transcontinental Inc.**

1 Place Ville Marie, Suite 3240  
Montréal (QC) H3B 0G1  
Telephone: 514-954-4000  
[www.tc.tc](http://www.tc.tc)

## History

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

[2016-2018 Corporate  
Social Responsibility Report](#)

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