2019 ANNUAL MEETING OF SHAREHOLDERS
February 28, 2019
Saint-James's Club, Montréal
François Olivier, President and Chief Executive Officer, Transcontinental Inc.
Check against delivery

Thank you Isabelle.

It is now my turn to welcome you to our annual meeting capping off 2018, a year to remember, marked by the largest acquisition in our history: Coveris Americas.

This year was a springboard for well-thought-out growth. I can tell you that I am very proud of it. Once again, our talented people were right at the heart of our success. Together, we executed our strategy every day and put much energy into transforming our company.

I would like to start by sincerely thanking them.

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During my presentation, I will provide a brief overview of our 2018 consolidated financial results. I will then address the broad themes of our strategy for each of our business sectors by highlighting our main achievements. Finally, I will close by looking ahead to our future… with our outlook for 2019.

First, our financial results.

Our consolidated adjusted revenues[1] increased by 26% to $2.5 billion in fiscal 2018. This considerable growth is mainly attributable to the strategic acquisitions made in our Packaging Sector, more specifically that of Coveris Americas on May 1.

A truly transformational transaction. To such an extent that in 2018, only four years after embarking on our strategic shift into flexible packaging, these activities account for 38% of our consolidated[2] adjusted revenues[1]. And, in 2019, packaging will represent more than half of our consolidated revenues.

Also, the growth in our revenues for 2018 was slightly mitigated by certain factors. I point here to the sale of our local and regional newspapers in Québec, in line with our business strategy.

In short, we took the decisions needed to advance and transform our asset portfolio.

Profitability metrics also speak for themselves. Adjusted operating earnings[3] increased by 15% compared to the previous fiscal year, to $357 million in 2018. Simply put, our operations are performing well.

1 Non-IFRS financial measure. Revenues before the accelerated recognition of deferred revenues*.

2 Excluding inter-segment eliminations.

3 Non-IFRS financial measure. Operating earnings before the accelerated recognition of deferred revenues*, accelerated depreciation*, restructuring and other costs (gains), impairment of assets, as well as amortization of intangible 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.

And what about adjusted net earnings[4] which were at a historic record for the fourth consecutive year since the founding of TC Transcontinental. They reached $239 million, an increase of 12% compared to the prior year.

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In 2018, we generated significant cash flows totalling $539 million.

And we also invested to ensure our long-term growth. In 2018, we deployed close to $1.8 billion in multiple strategic acquisitions. Other than Coveris Americas mentioned earlier, on the packaging side, we welcomed Multifilm Packaging in Chicago and Les Industries Flexipak here in Montréal, in addition to the promising acquisitions of Contech, Somabec and Edisem in our Media Sector.

Finally, in 2018, we spent a total of $80 million in capital expenditures. We distributed to you, our shareholders, dividends of $69 million, and repurchased $24 million in shares.

Now a few words about our debt. The acquisition of Coveris Americas, for a purchase price of US$1.32 billion, contributed to the increase in our net indebtedness[5] which stood at C$1,421 million at the end of fiscal 2018.

As for our 2018 pro forma net indebtedness ratio[6], it stands at 2.7x and we expect it will decline below 2.0x by the end of fiscal 2020.

It goes without saying that we are very satisfied with our fiscal 2018 financial results.

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Let's turn now to our main achievements in 2018.

Starting with our **<u>Packaging Sector</u>**.

In 2018, this sector became a leader in flexible packaging in North America with revenues of $977 million. This growth of 217% compared to fiscal 2017 stems primarily from the significant contribution of our three acquisitions.

We now have a presence in Québec thanks to the acquisition of Les Industries Flexipak at the beginning of fiscal 2018. This flexible packaging plant will gradually relocate its equipment over the course of 2019 to our plant in Pointe-aux-Trembles, where the *La Presse* daily was printed. This will enable Transcontinental Flexipak to expand and increase its production capacity.

We then completed our 6th acquisition in the industry, namely that of Multifilm Packaging, located in Illinois, a leader in high-end confectionery packaging in North America.

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[4] Non-IFRS financial measure. Net earnings before the accelerated recognition of deferred revenues*, accelerated depreciation*, restructuring and other costs (gains), impairment of assets, amortization of intangible assets and reversal of the fair value adjustment of inventory sold arising from business combinations, net of related income taxes, as well as the impact of the U.S. tax reform on deferred taxes.

[5] Total of long-term debt plus current portion of long-term debt less cash.

[6] Net indebtedness divided by the last 12 months' adjusted operating earnings before depreciation and amortization, plus the effect of annualized business combinations, net of disposals.

* 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.

Finally, with the acquisition of Coveris Americas, we extended our presence on a global scale with the addition of 21 production sites, mainly in North America and Latin America. We expanded our product offering and can now count on best-in-class manufacturing capabilities and greater plastic film manufacturing capabilities.

Of course, we deployed much effort towards the integration of our activities and to welcome the thousands of new employees who joined the ranks of TC Transcontinental.

Today, our Packaging Sector has over 4,000 employees working in 28 plants.

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Besides acquisitions, we are pursuing organic sales growth in packaging. The 1.2% growth in 2018 is satisfactory but below the objective we had set for ourselves.

What is the take-away for our Packaging Sector? We have a solid platform, quality assets, enviable relationships with customers who are leaders in their market and, above all, a talented team focused on our growth and ready to take on challenges.

Now, before moving on to the review of our Printing Sector, I would like to present to you our packaging video which has recently been updated with footage from some of our newly acquired plants.

[Video]

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Let's continue with our **Printing Sector**, which had another very good year.

Excluding the favourable effect of $102 million for the accelerated recognition of deferred revenues related to the agreement signed with Hearst in December 2017, adjusted revenues[7] for this sector decreased by 4% to $1,443 million.

Its profitability remained strong and even similar to that of 2017, excluding the non-cash effect of the end of the recognition of deferred revenues for certain newspapers.

That is significant. Why? Because TC Transcontinental Printing is able to adapt within a printing industry that is experiencing systemic decline. How do we do it?

First, we rigorously manage our long-term contracts with all large Canadian retailers in order to solidify our position as a leader in the solid vertical of integrated retailer-related services. More than 60% of our printing revenues in 2018 came from premedia services, flyer printing and distribution, as well as in-store marketing product printing.

Demand for these services remained relatively stable during the last fiscal year. I would like to highlight that the in-store marketing product vertical is growing and now represents over $75 million in revenues on an annualized basis.

[7] 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.

Furthermore, we are continuously optimizing our printing platform. In 2018, we continued to adjust our platform capacity and our costs to business volumes, namely by consolidating our newspaper printing activities in Québec into three plants.

Overall, by all accounts, our rigorous management of activities in this sector enabled us to maintain the best performance in the industry.

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Finally, our activities in the **Media Sector** generated revenues of $116 million in 2018, as well as a solid operating earnings margin of 15%.

In line with our strategy to develop our specialty media activities, we made acquisitions: Contech, which joined Groupe Constructo; as well as the pan-Canadian publisher and distributor of French-language books, Somabec, and publishing house Edisem, which joined the ranks of TC Media Books.

2018 was also marked by the completion of the sale of our portfolio of local and regional newspapers in Québec. This was the end of an important chapter in our history with respect to local news publishing. We are very satisfied given that all of these newspapers are in the hands of dynamic and competent local owners. We are proud to remain involved in the industry as a printer and distributor.

Excluding the sale of these assets as part of our strategy, TC Media had a solid performance in 2018.

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What should we expect in 2019?

Let's start with the **Packaging Sector**… a major engine of growth for our company. First of all, our acquisitions, especially that of Coveris Americas, will significantly contribute to our results.

In addition, we are confident that our well-established sales force will contribute to generating organic revenue growth throughout fiscal 2019, which should also contribute to profitability.

We will realize anticipated cost synergies related to the acquisition of Coveris Americas. Donald will provide you with more details during his presentation.

Our objective is clear: we are committed to steadily increase profitability over the next three years to achieve a 15% adjusted EBITDA margin.

Finally, we will continue to identify complementary acquisition opportunities for our portfolio.

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In our **Printing Sector**, we expect revenues from our service offering to Canadian retailers to remain solid in fiscal 2019, while trending slightly lower. Revenues from our other printing verticals should continue to be impacted by the migration of advertising investments into digital.

But rest assured that we will be very active and proactive. We will work to grow our market share in all of our verticals, more specifically in the growing markets of in-store marketing products and premedia services.

We are also planning to invest in automation to continue improving our manufacturing efficiency.

In addition, equipment from the Fremont, California facility is in the process of being installed in some of our Canadian plants. This will enable us to optimize the efficiency of our retail printing platform during the year.

Finally, for the **Media Sector**, we will continue to develop our non-advertising-based product and service offering. We will also remain on the lookout for targeted acquisitions to develop our portfolio of assets in our promising segments.

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I am optimistic about 2019. Driven by our 2018 results, we will pursue our growth with agility and confidence.

We expect to continue generating significant cash flows from our operating activities, which will first be allocated to reducing our net indebtedness.

2018 marked our history… 2019 will guide our future.

In closing, I would like to recognize the commitment and rigour of our employees. Without them, the year of leaping forward that we just had would not have been possible. Every day, I witness the efforts that are passionately invested. I want to sincerely thank all of them.

I would also like to highlight the exceptional contribution of the members of our Executive Management Committee and our other executives. They rise without hesitation to the many challenges that forge our path. Because of their leadership and sound management, we can stay focused on our objectives and our desire to build for the long term.

I must also thank the members of our Board of Directors. They guide us through our transformation with great tact. Their wise counsel is invaluable to us.

Finally, it is to our customers that we owe our results. Without their renewed trust and commitment to make TC Transcontinental their partner of choice, all of our efforts would be in vain. Thank you for contributing to our success.

To conclude, dear shareholders, thank you for your trust. Know that we remain committed and determined to ensuring our profitable long-term growth.

Thank you for your attention. I now turn the floor over to Donald LeCavalier.