



# Investor Relations Presentation

September 27, 2018



**tc** • TRANSCONTINENTAL

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



# TC Transcontinental at a glance

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- Leader in flexible packaging in North America
- Canada's largest printer
- Leader in its specialty media segments
- Mission: create products and services that allow businesses to attract, reach and retain their target customers
- Values: respect, teamwork, performance and innovation



**9,000**

employees  
in Canada and  
U.S.



**44**

operating  
facilities

## We are an organization in transformation

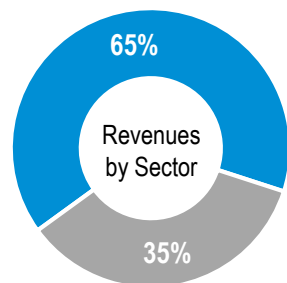
Our vision is to secure our position as a North American leader in flexible packaging and as Canada's largest printer

# Our transformation journey

## TRANSFORMATION

2010

Strategic investments



2007-2010

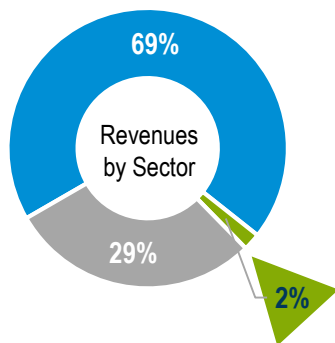
- Invested over \$800M in the printing platform

2010-2014

- Divested over \$400M in revenues from non-core assets (U.S., B&W books, Mexico operations)
- Consolidated printing industry in Canada (integration of Quad/Graphics Canada)

2014

1<sup>st</sup> Packaging acquisition

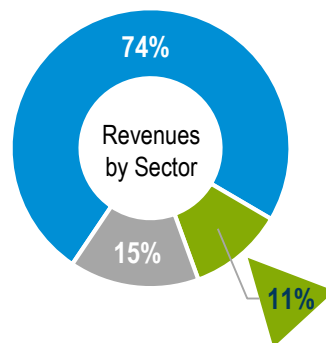


2014-2015

- Diversified into packaging with the acquisition of Capri Packaging
- Divested consumer magazines
- Consolidated local newspapers publishing market in QC (integration of QMI QC local newspapers)

2016

4 Packaging acquisitions completed

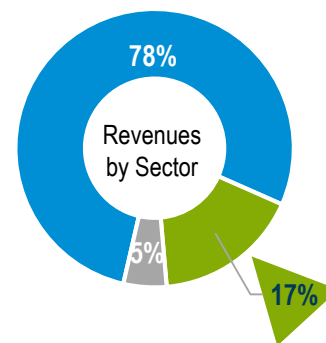


2016

- Pursued diversification into packaging
- Regrouped retailer-related services under the Printing Division
- Exited Interactive Marketing Solutions

2017

Exit of local newspaper publishing  
1 packaging acquisition

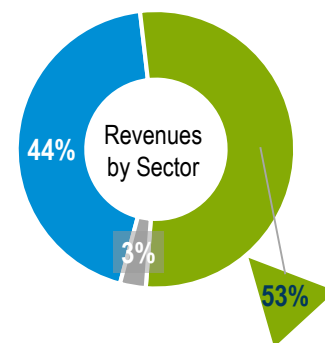


2017

- Divested media assets in the Atlantic Provinces
- Carried out local newspapers publishing divestiture in Quebec and Ontario
- Pursued diversification into packaging through M&A and organic growth
- Continued to optimize our printing platform

2018 Q3 Pro Forma

Transformational acquisition of Coveris Americas



2018

- 3 acquisitions in flexible packaging
  - Coveris Americas
  - Multifilm
  - Flexipak
- Completed the sale of all of our local newspapers

Printing

Packaging

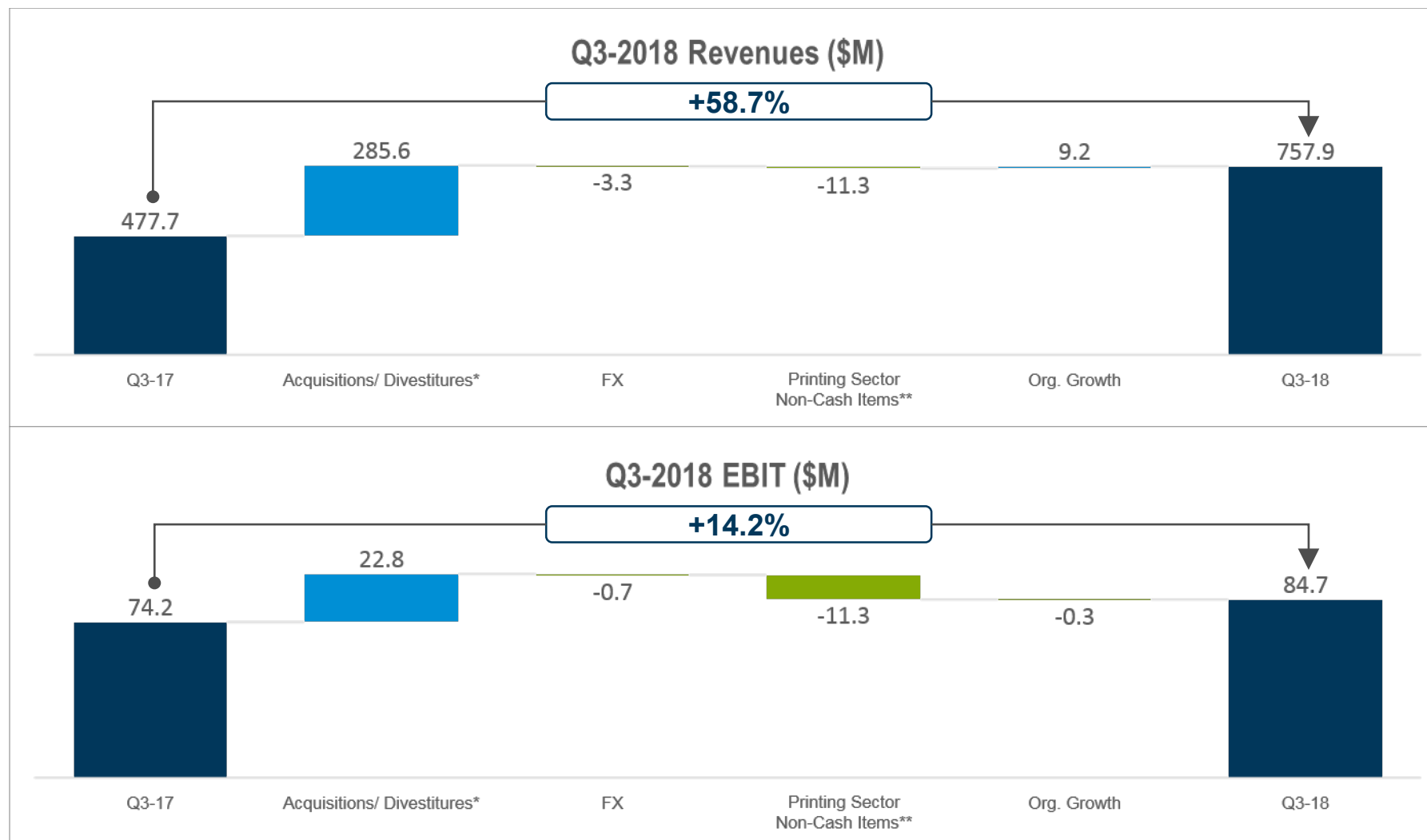
Media

Notes: (1) 2010, 2014 and 2016 as reported (for 2010 and 2014, distribution and premedia services are under Media). Pro forma 2018 revenues include annualized acquisitions in packaging and exit from local newspaper publishing. (2) Excludes intercompany eliminations.



# Latest financials

# Q3-2018 financial performance



\* Excludes the non-cash impact resulting from the end of the recognition of deferred revenues related to the contract to print the San Francisco Chronicle, which was part of our Fremont California operations sold to Hearst.

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# Our transformational acquisition: Coveris Americas



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## Summary of client & plant visits

- Since the acquisition, we have visited all but one of the Coveris locations, representing over 3,000 employees.
- Employees are generally very engaged and excited to have joined the TC family. The presentation of our value-based culture is met with enthusiasm.
- From a client perspective, we have visited 15 clients representing ~\$400M (41%) of revenues.
- Overall, client reception to the change of ownership has been positive as they view TC Transcontinental as providing stability in ownership and long-term commitment to the business.
- Excellent platform of equipment.

## Scaling opportunity of film manufacturing

- Acquisition of a strong expertise in technical films production that enables insourcing of film manufacturing
  - Significant high-end blown extrusion capacity for multi-layer barrier film (up to 11 layers)
  - Extensive extrusion lamination capabilities
  - Cast extrusion capabilities
- These capabilities will lead to
  - Cost competitiveness
  - Competitive differentiation
  - Product development
  - Innovation of sealant technology



**Value creation to be enhanced by more than US \$20M annual cost savings synergies to be realized over the first 24 months following the closing of the acquisition**

### Economies of scale

- Procurement of raw materials

### Sharing of best practices & integration

- Vertical integration of film manufacturing
- Insourcing of prepress and plate-making operations

**Cost saving synergies estimated at more than US \$20 million**

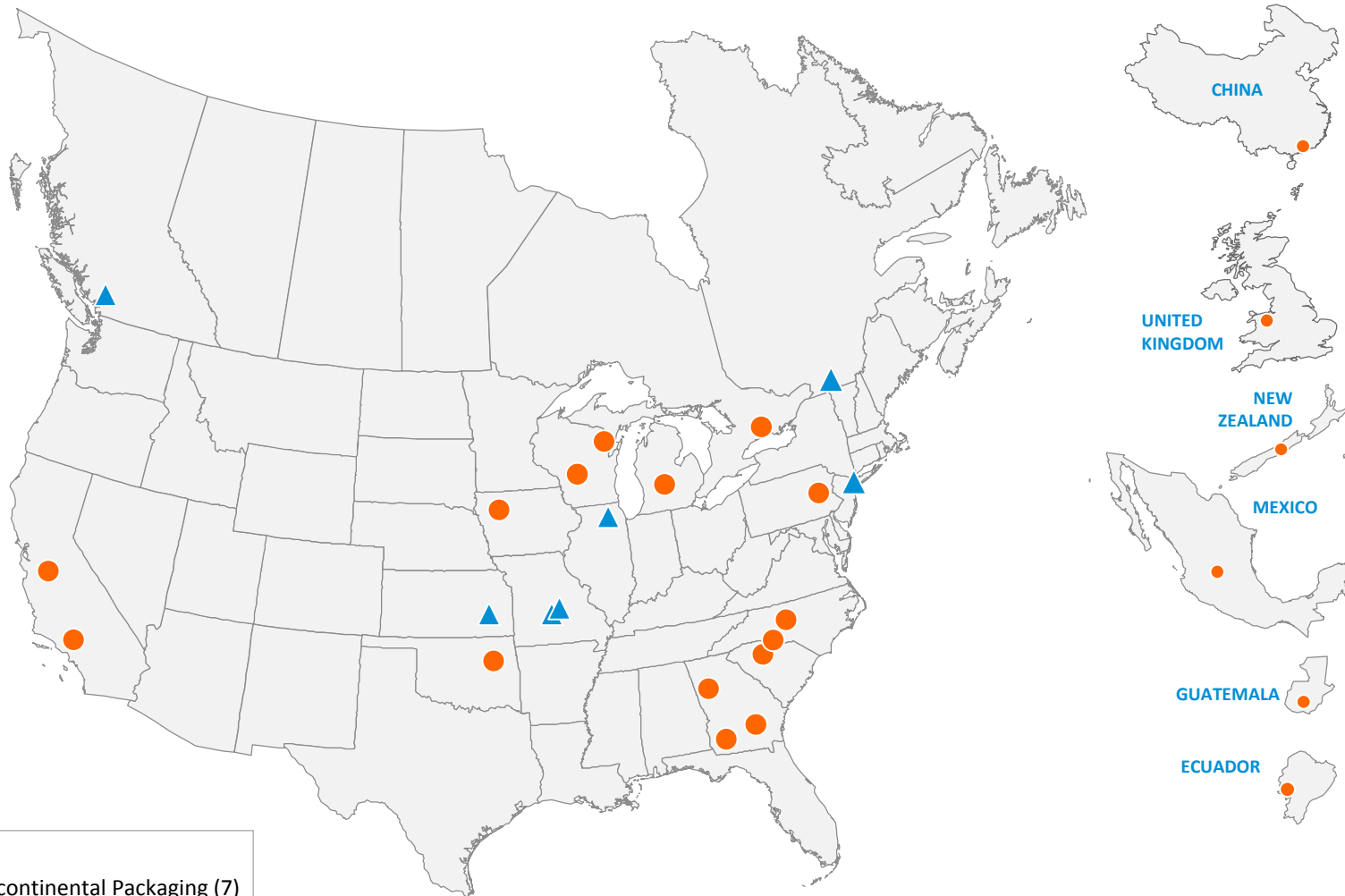


# Expanded portfolio across attractive end markets

	Alignment with TC	Highlights of Acquired Business
Dairy	Complementary Operations	<ul style="list-style-type: none"> <li>Strong capability in extrusion lamination</li> <li>Complements TC Transcontinental's existing offering in the dairy vertical</li> </ul>
Pet Food	Complementary Operations	<ul style="list-style-type: none"> <li>Attractive assets in high-growth end market</li> <li>A top player in pet food packaging in North America with both paper and plastic offering</li> </ul>
Consumer	Complementary Operations	<ul style="list-style-type: none"> <li>A leader in multiple sub-markets</li> <li>Solid assets with good complementarity to TC Transcontinental's packaging business</li> </ul>
Agriculture	New End Market	<ul style="list-style-type: none"> <li>Well-positioned in a market with strong growth</li> <li>A leading manufacturer of banana tree bags</li> <li>Good crop protection technology</li> </ul>
Protein	New End Market	<ul style="list-style-type: none"> <li>Entry point into key protein market with state-of-the-art technology</li> <li>Strong asset base to compete in this vertical</li> </ul>
Beverages	New End Market	<ul style="list-style-type: none"> <li>A leader in North American printed beverage shrink films</li> <li>High quality products in above market growth sub-segment</li> </ul>
Performance Packaging	New End Market	<ul style="list-style-type: none"> <li>Includes plastic and paper packaging products</li> <li>Top player in insulation, salt and chemicals</li> </ul>
Advanced Coatings	New End Market	<ul style="list-style-type: none"> <li>A leader in custom coating</li> <li>Technical coating technologies for film used in medical, digital media and electronics</li> </ul>

# Integrated platform leading to potential economies of scale

Acquisition of 21 well-invested facilities, namely in the Americas, the United Kingdom and Australasia



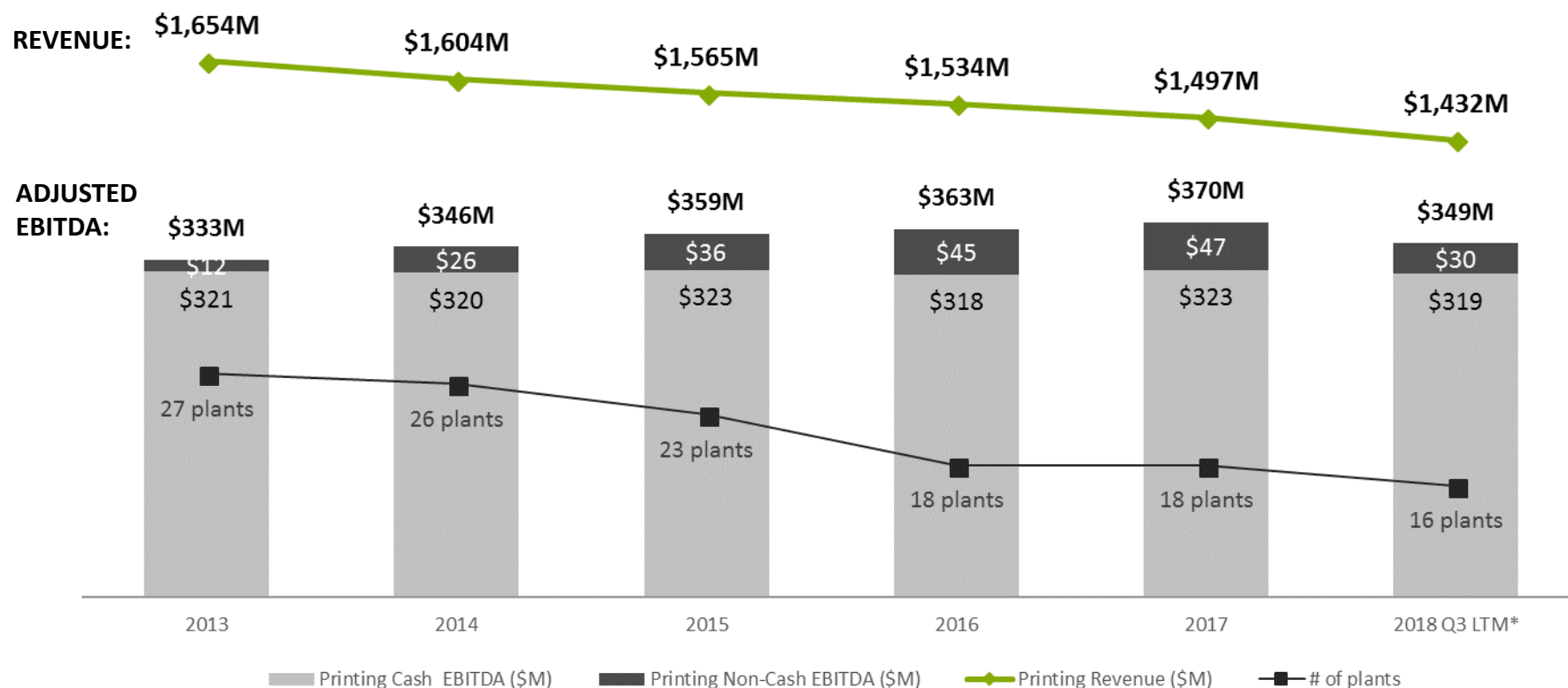
## Legend

- ▲ TC Transcontinental Packaging (7)
- Coveris Americas (21)



# Printing Sector: Efficient operator

# Continued optimization of our printing platform



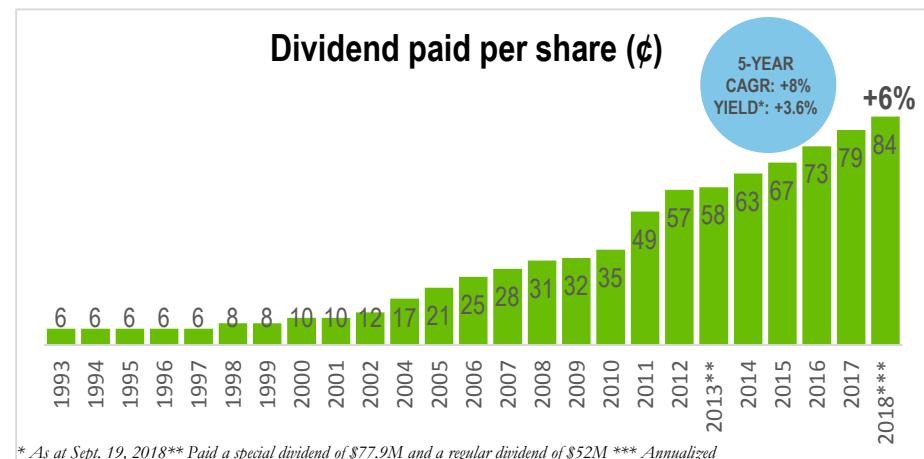
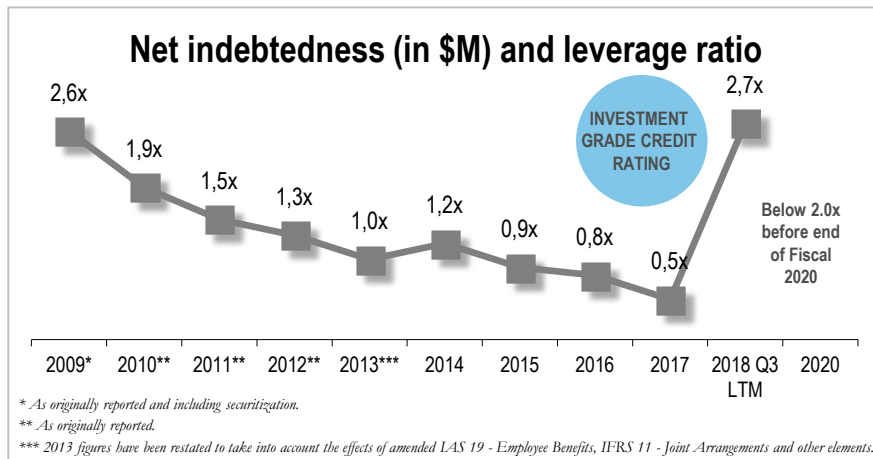
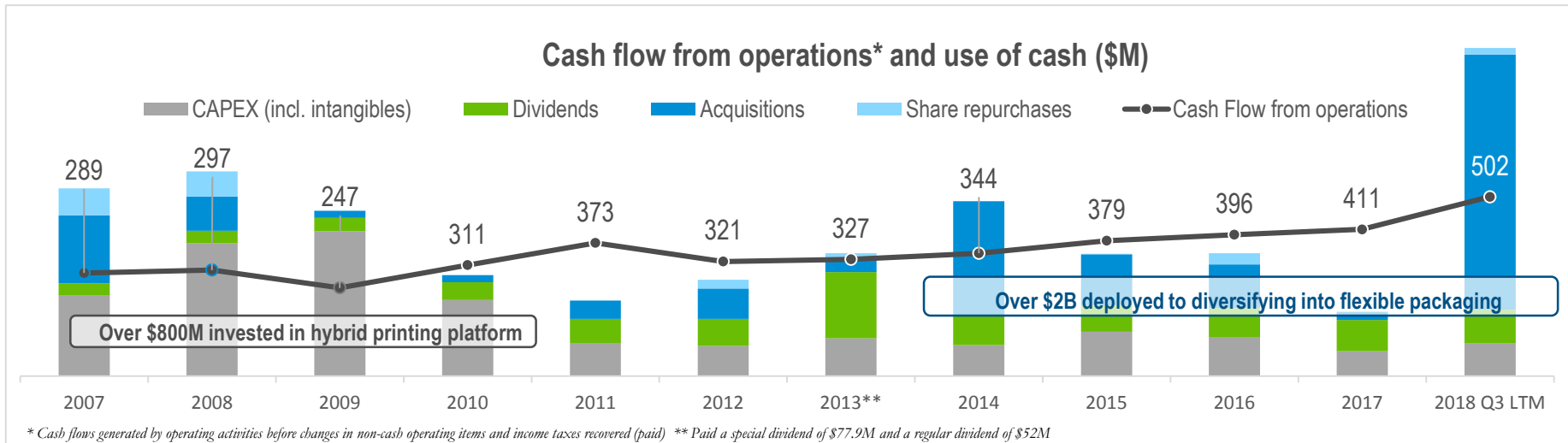
**Printing non-cash EBITDA will decrease by \$25M in F2019 compared to 2018 LTM.**

\* 2017 and 2018 reflect favorable changes in Management fees of approximately \$6M resulting the split of the Printing & Packaging group into two sectors. 2017 adjusted EBITDA excludes \$100M gain due to the accelerated recognition of deferred revenue related to the contract to print the San Francisco Chronicle



**Strong cash flow  
generating capacity**

# Key financial metrics



History of returning cash to shareholders, but cash deployment focus remains, enabling organic and acquisition led growth