2018 ANNUAL MEETING OF SHAREHOLDERS
March 1, 2018
Saint-James's Club, Montréal
François Olivier, President and Chief Executive Officer, Transcontinental Inc.

Check against delivery

Thank you Isabelle.

Ladies and gentlemen, it is now my pleasure to welcome you to this annual meeting.

The video you just saw reflects who we are…the energy that runs through our plants and offices, the dynamic environment in all our lines of business, and above all, the passion that drives our talented teams.

I want to thank all our employees and all our managers. In 2017, they made their impressions count in our organization and worked tirelessly towards our success.

Thanks to them, our customers made their impressions count with their target customers, and our company also made a lasting impression in the industry.

Making impressions count has thus become our new corporate signature.

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Today, I will cover three important points: first, I will review highlights of our 2017 consolidated financial results. Second, I will provide an overview of our operations by focusing on our transformation strategy. Finally, I will present our outlook for the next fiscal year.

In 2017, we pursued Transcontinental's transformation not only with diligence and determination but also with success. Our consolidated financial results attest to the soundness of our business strategy.

Indeed, the Corporation posted solid financial performance and I would like to bring your attention to some highlights.

Our consolidated revenues remained stable at $2 billion.

Adjusted operating earnings[1] went from $283 million in fiscal 2016 to $293 million for the same period in 2017, an increase of 4%. This is considerable…but, if we exclude the unfavorable effect of the stock-based compensation expense[2] and the favourable exchange rate effect, adjusted operating earnings[1] increased 8% or $22 million. What does this tell us? It tells us that our operations are performing well.

[1] Non-IFRS financial measure. Operating earnings before restructuring and other costs (gains) and impairment of assets.
[2] As a result of the change in the share price in fiscal 2017 compared to fiscal 2016.

Moreover, for a third consecutive year, adjusted net earnings[3] attained their highest level since the founding of Transcontinental: for the first time, they broke the $200 million mark, reaching $202 million, an increase of 3% compared to the prior year.

In fiscal 2017, we once again generated significant cash flows, totalling $411 million.

We continued to reduce our net indebtedness[4], from $331 million at the beginning of 2017, to $35 million in the first quarter of 2018, which will allow us to accelerate our transformation into packaging.

The highlights I just mentioned are not insignificant since history has shown that companies undergoing transformation typically experience a decrease in their revenues, a decrease in their profitability, and an increase in their debt.

At Transcontinental, the opposite is true, and that's been the case since the start of our transformation in 2014.

Indeed, throughout this period, our revenues have remained relatively stable; our profitability has been constantly increasing; we have continued generating significant cash flows; and our level of indebtedness has been constantly decreasing.

It is a source of pride, particularly since, as you know, we achieved this while returning value to our shareholders. Over this four-year period, we distributed $218 million in dividends and we also repurchased $22 million in shares.

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Let us now look at the performance of our business activities in 2017.

First, the printing division.

This division had another excellent year and remains Canada's largest printer. In 2017, it generated 74% of our consolidated revenues, or $1.5 billion.

As you know, several verticals of the printing industry are declining. Well, despite this reality, at Transcontinental, we have continued to improve our profitability for an 8th consecutive year. Since 2009, adjusted operating earnings have grown at a compound annual growth rate of 6%.

These results indicate that we have succeeded in selecting the best-performing verticals and carving out a strong position for ourselves. Take for example our retailer-related services which alone account for close to 60% of our printing revenues.

Demand for these services has increased in 2017. This is a clear indication that our model creates value for retailers, but also for us.

[3] Non-IFRS financial measure. Net earnings before restructuring and other costs (gains) and impairment of assets, net of related income taxes.
[4] Non-IFRS financial measure. Total of long-term debt plus current portion of long-term debt less cash.

I take this opportunity to announce that, after the close of the fiscal year, we renewed a long-term agreement with Loblaw Companies Limited for all of its banners in the country. Not only does this agreement comprise the full range of our retailer-related services but it also includes additional commercial printing volume, additional in-store marketing product printing and new premedia services.

Our solid results for the printing division in 2017 also underscore the efficiency of our operations. How do we do it?

We maximize the utilization of our printing platform by optimizing our capacity in each of our plants according to the Canadian business volumes.

In summary, we have made the right choices for our printing division and we are thriving!

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Let's now discuss our **packaging division** which, as you know, is our growth axis.

This division made great strides over the past year. In 2017, it represented 15% of our consolidated revenues, or $308 million.

Let me remind you that our strategy for this division is to generate organic sales growth and make new acquisitions… and it's exactly what we did in 2017.

We note that the packaging division generated sustained organic sales growth of 6%, which I am very satisfied with. This is the outcome of several initiatives which we rolled out in fiscal 2016 and during the first quarters of 2017. We can point to the investments made to increase our production capacity, and the resources deployed to develop our sales force.

In terms of acquisitions, we would have liked to make more of them in 2017. The important thing for us, however, is to make the right acquisitions, namely acquisitions that can be strategically integrated into our platform and are a natural fit.

On that note, after the close of our fiscal year, on October 31, 2017, we acquired *Les Industries Flexipak* here, in Montréal. I take this opportunity to welcome Mr. Charles Boustany and Mr. Karl Boustany who are here with us today.

I would like to reiterate our commitment to pursuing promising acquisition opportunities and assure you that we are very active on this front.

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Finally, let's turn our attention to **TC Media's activities.**

In 2017, these generated 11% of our consolidated revenues. That said, it was a pivotal year as we continued to transform our asset portfolio with a focus on our promising segments.

In order to do that, difficult business decisions had to be made. We divested our media assets in Atlantic Canada and initiated a process for the sale of our 93 local and regional newspapers in Québec and Ontario. This rigorous process generated significant interest in the market and will be concluded shortly.

Going forward, we will focus our efforts on the Business and Education Group, namely our specialty brands for the business, finance and construction sectors, as well as our French-language educational book publishing activities.

This group generated $99 million in revenues in 2017. It is well ahead in its transformation with a product and service offering that is less dependent on advertising, and delivered an excellent performance once again this year.

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Driven by our success, in 2018, we will continue to execute on our transformation in a systematic and diligent manner.

When we entered the flexible packaging industry in 2014, our portfolio consisted primarily of two business segments: printing and media. Flexible packaging generated only 2% of our consolidated revenues.

A few years later, it's a very different picture. I will ask you to turn your attention to the 2018 *pro forma* last 12 months revenue chart. The printing division now generates 79% of our consolidated revenues while the Media Sector represents a lower proportion, namely 5%. The packaging division today accounts for a growing share of our consolidated revenues, or 16%.

As we will gradually continue making new flexible packaging acquisitions, we expect to see three significant outcomes – or crossovers – potentially play out over the coming years:

- ✓ The first: the number of flexible packaging plants will surpass the number of printing plants;
- ✓ The second crossover would be related to sales, at the point where packaging revenues will exceed those from printing;
- ✓ And the final one, profitability: our packaging activities will generate higher profitability than our printing activities.

It is of course difficult to predict when these outcomes could play out, but our strategy is clear and we are deploying all available resources to execute it efficiently. You can count on us to remain focused on this strategy.

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In 2018, we will accelerate our cruising speed. Here are the major elements of our outlook for the next year.

In the printing division, we expect stable revenues from our offering of retailer-related services and a decrease in sales in our other verticals. We will continue to rigorously manage our long-term contracts, work towards growing our market share in all our segments, most notably for in-store marketing products…and, continue to optimize our printing platform.

In our packaging business, we will continue to focus on business development and we expect organic sales growth similar to 2017. We will also continue developing our North American network through new acquisitions.

For our Media Sector, we will conclude the sale process of our local and regional newspapers. In addition, under the leadership of Pierre Marcoux, recently appointed President of TC Media, we will develop our promising segments in three ways: by enhancing our product and service offering, by growing our market share and by evaluating targeted acquisition opportunities in our two niches.

We benefit from a solid financial position and are starting 2018 with confidence. Based on our results, we can pursue our winning strategy. Consequently, we are positioned better than ever not only to continue but to accelerate our transformation where flexible packaging will take on greater importance.

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As Isabelle noted, success does not happen on its own. I would also like to take a moment to thank all those who make a difference at Transcontinental.

Once again, I must share our success with all of our employees who work tirelessly to achieve our objectives.

I also take this opportunity to commend the exceptional work of the members of our Executive Management Committee as well as all our executives, many of whom are here today. I am proud to count on your dedication and determination to ensure the successful transformation of our organization.

I would also like to express my heartfelt gratitude to our Board members. We know you are here to constantly guide and support us.

Furthermore, I want to sincerely thank all our customers for their renewed trust once again this year.

Finally, dear shareholders, I thank you for your trust and loyalty.

Thank you for your attention. I now turn the floor to Nelson Gentiletti.