



# Transcontinental Inc. Investor Relations Presentation

June 2023



# 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 for which a complete definition and a reconciliation to financial information in accordance with IFRS is presented in Note 3 "Segmented Information" to unaudited interim condensed consolidated financial statements for fiscal year ended October 30, 2022. These measures should be considered as a complement to financial performance measures in accordance with IFRS. They do not substitute and are not superior to them.

## Forward-looking information

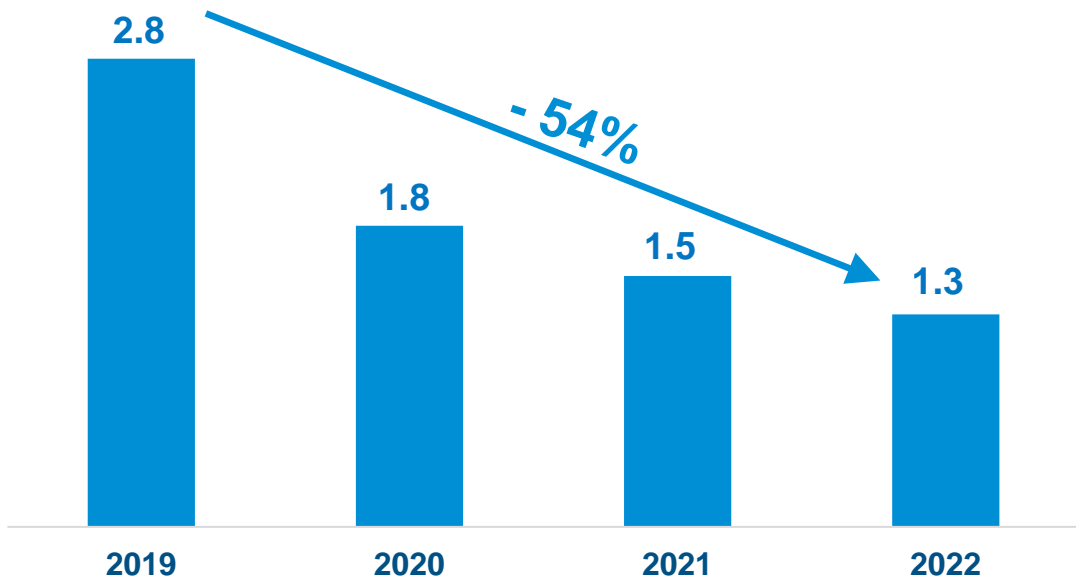
Our public communications often contain oral or written forward-looking statements which are based on the expectations of management and inherently subject to a certain number of risks and uncertainties, known and unknown. By their very nature, forward-looking statements are derived from both general 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 impact of digital product development and adoption on the demand for retailer-related services and printed products, the global economic environment, including inflation and recession risks and disruptions in the supply chain, the Corporation's ability to generate organic growth in highly competitive industries, the Corporation's ability to complete acquisitions and properly integrate them, the inability to maintain or improve operational efficiency and avoid disruptions that could affect its ability to meet deadlines, raw materials, transportation and consumed energy costs, availability of raw materials, the impact of a pandemic, an epidemic or an outbreak of an infectious disease on the Corporation's operations, operating results and financial position, cybersecurity and data protection, recruiting and retaining qualified personnel, the political and social environment as well as regulatory and legislative changes, in particular with regard to the environment or door-to-door distribution and use of plastic, 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, loss of a major customer, customer consolidation, structural changes in the industries in which the Corporation operates, the safety and quality of its packaging products used in the food industry, the impact of economic cycles on product demand, data confidentiality, the protection of its intellectual property rights, bad debts from certain customers, import and export controls, exchange rate fluctuations, interest rates and availability of capital at a reasonable cost, litigation and respect of privacy, the impact of major market fluctuations on the solvency of defined benefit pension plans, taxation, including changes in tax legislation that could adversely affect profitability, disputes with tax authorities or amendments to statutory rates in force, and results of impairment tests on the value of assets. 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 30, 2022, 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 7, 2023. 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 7, 2023. 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.



- **Company Overview**
- **Our Strategy**
- **Corporate Social Responsibility**

**Total Incident Rate (TIR)**



**Our shared values**



Respect



Teamwork



Performance



Innovation

- Performing root cause analysis of each incident in order to eliminate all injury and provide a safe workspace for our coworkers
- Significant improvement towards our zero-injury vision

*Note: TIR = (Number of recordable incidents X 200,000) / Employee total hours worked*



## RESILIENT INVESTMENT CASE: LONG TERM VISION & INCOME GENERATION



**Diversified operations** in flexible packaging, printing and education



**Leadership position in most of our verticals** driven by deep customer relationships



**Leading commitment to sustainability** and a circular economy



**Resilience during recession** with ability to transfer higher costs from raw materials and inflation to customers



**Strong and reliable cash flow and investment grade credit rating** providing flexibility for future investments



**Disciplined M&A strategy** with track record of successful integrations, prudent balance sheet management, and post-acquisition deleveraging



**Attractive dividend yield and track record of dividend growth** (yield at 6.1% as of June 16, 2023)





# TC TRANSCONTINENTAL AT A GLANCE

- Family-controlled business founded in 1976
- Solid financial position and investment grade credit rating
- Track record of pursuing our activities responsibly recognized by stakeholders (Sustainalytics, MSCI, Corporate Knights)



**\$3.0B**

2022 Revenues



**~8,000**

Employees



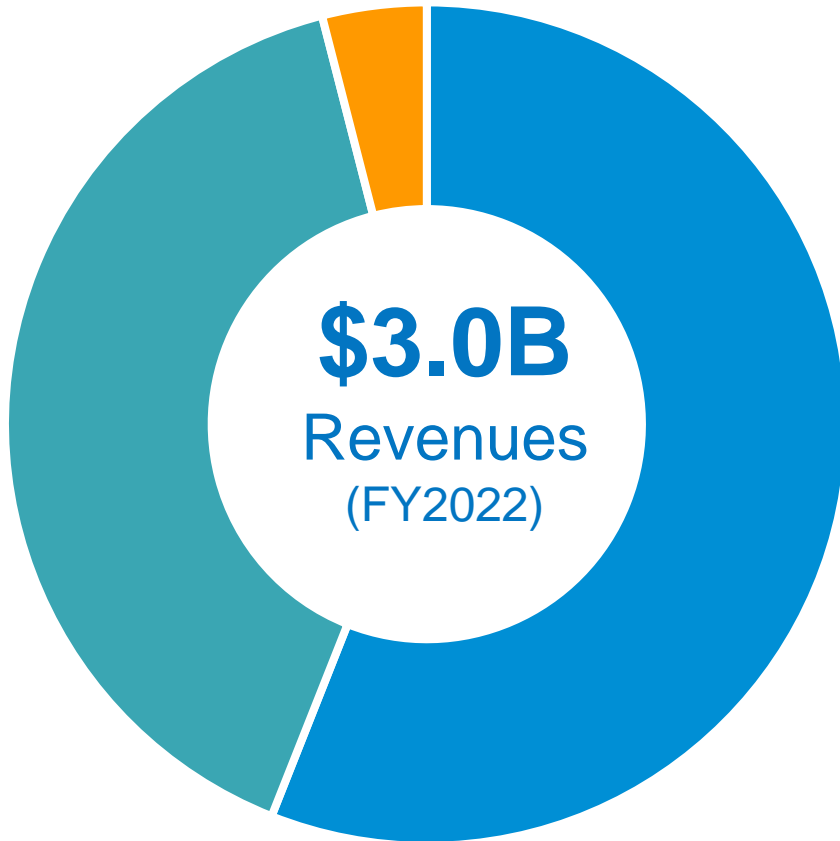
**41**

Production facilities



# LEADER IN OUR MARKETS

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



**tc** • TRANSCONTINENTAL  
PACKAGING

A leader in flexible packaging in North America

56%

**tc** • TRANSCONTINENTAL  
PRINTING

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

40%

**tc** • MEDIA

The leading Canadian French-language educational publishing group

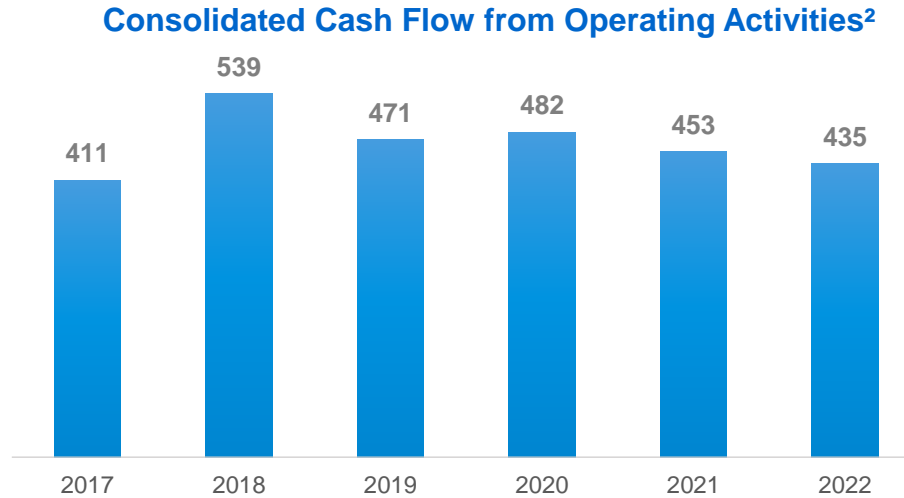
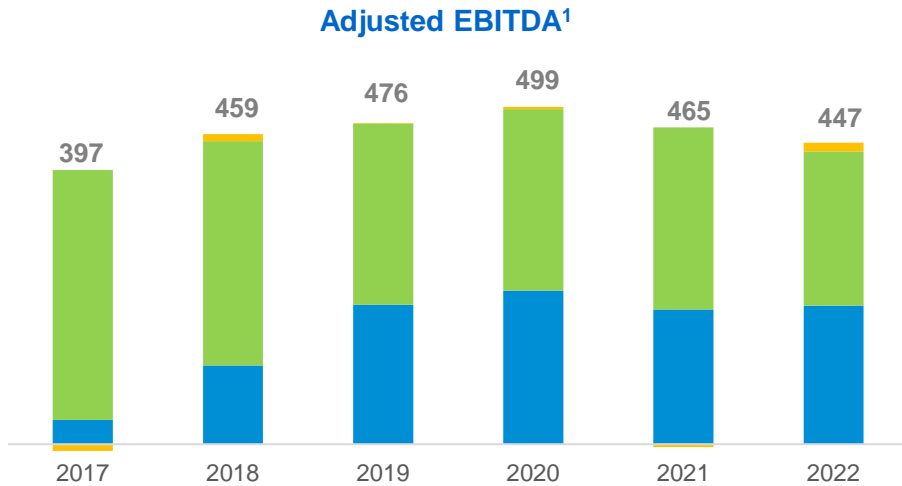
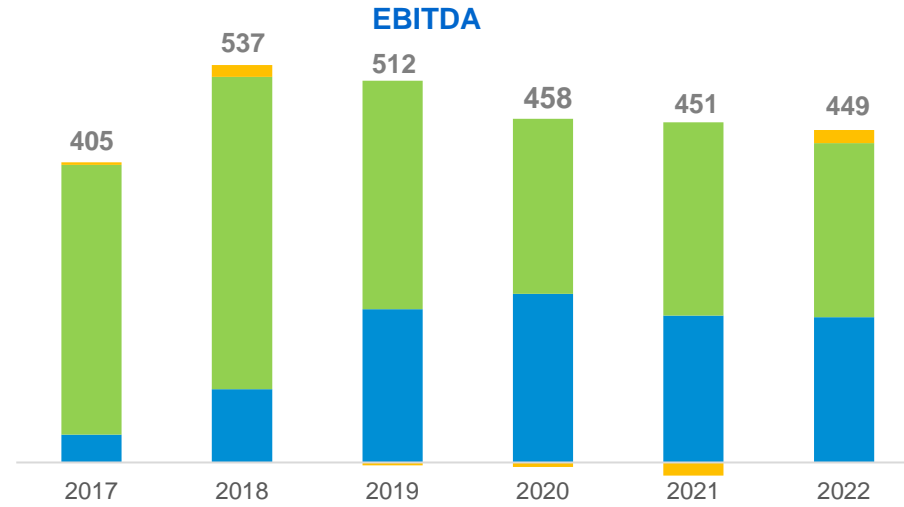
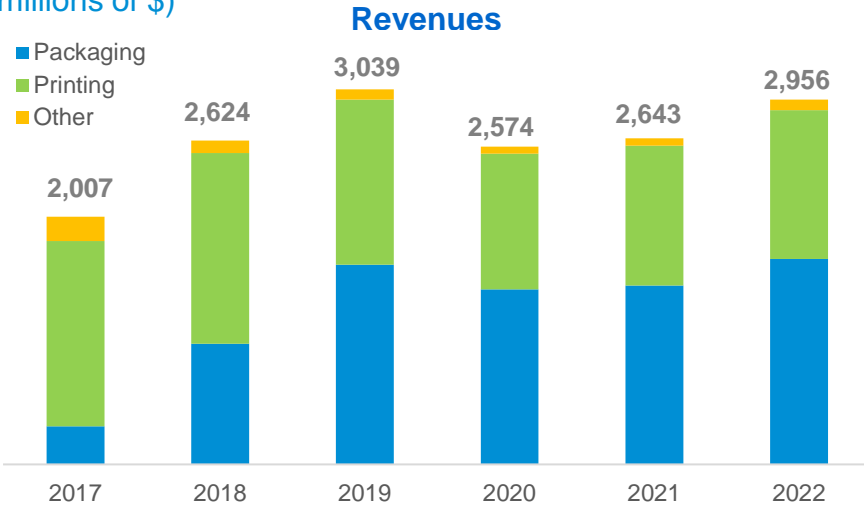
4%

1. As a percentage of revenues (excluding inter-segment eliminations).



# 2017-2022 PERFORMANCE HIGHLIGHTS

(in millions of \$)



**~\$2.8B cash flows from operating activities<sup>2</sup> generated since FY2017  
(average of ~\$465M/year)**

<sup>1</sup> Non-IFRS financial measure.

<sup>2</sup> Before changes in non-cash operating items and income taxes paid



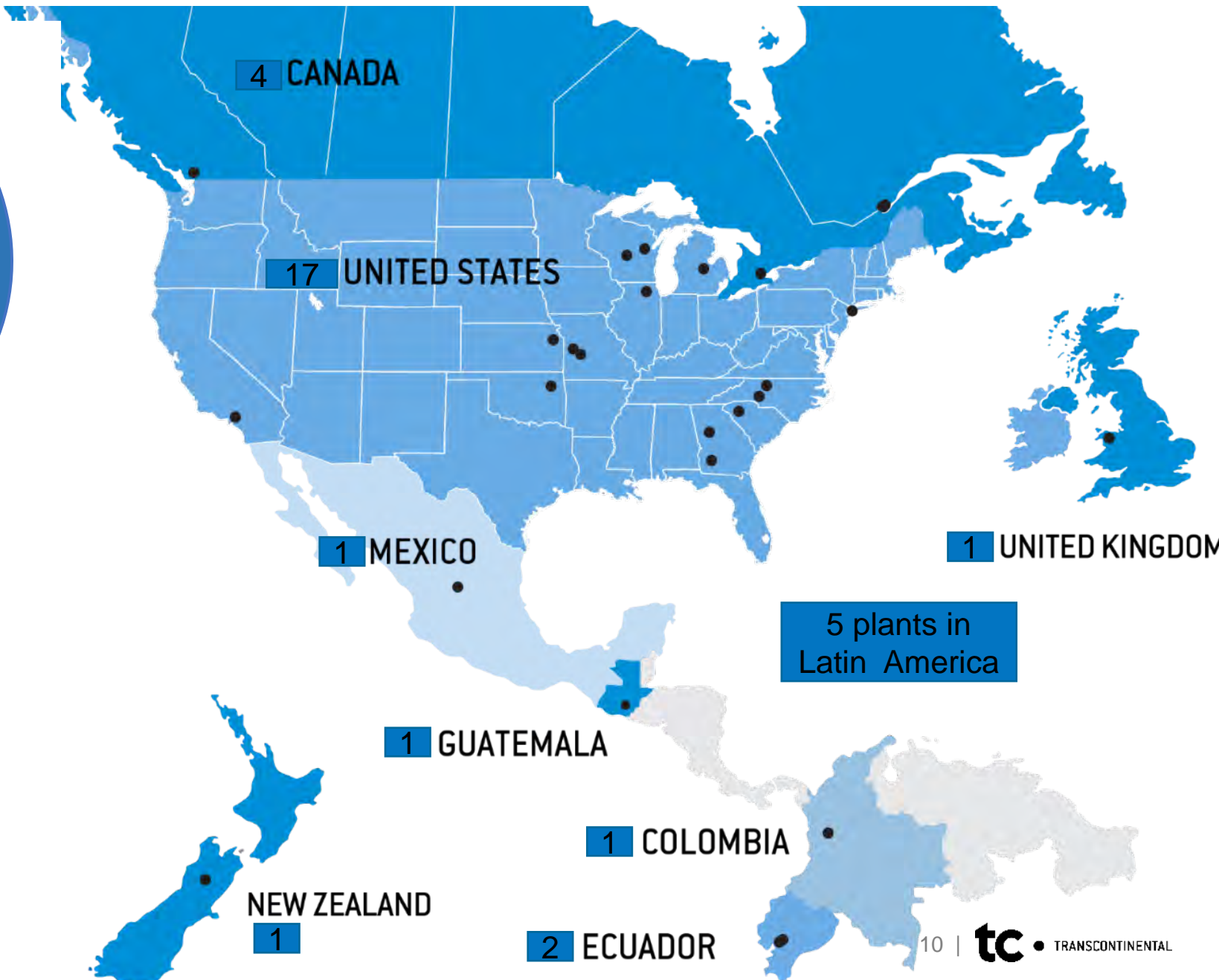
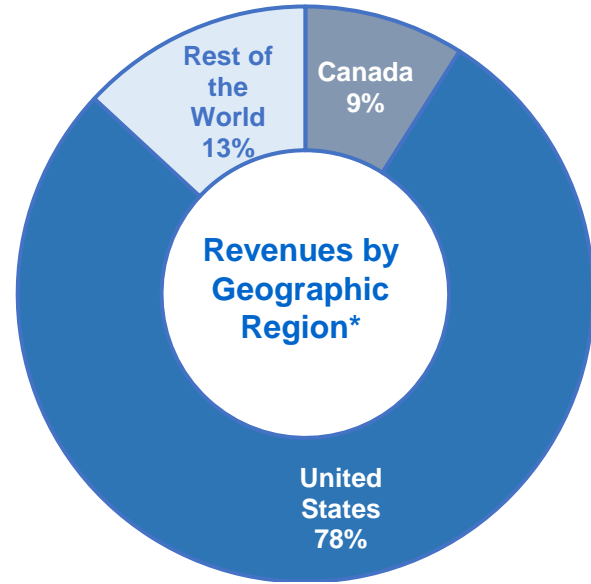


**tc** •

**TRANSCONTINENTAL  
PACKAGING**



# OUR TC PACKAGING NETWORK



**FY22 Revenue: \$1.7B**  
**Adj EBITDA: \$205M**



**28 plants**



**4,000 employees**

\*based on plant locations





# DIVERSE PORTFOLIO OF PRODUCTS AND CUSTOMERS

**Broad Array of Flexible Packaging Products**

**Shrink Bags and Thermoforming Films**

 Vacuum Shrink Bags       Vacuum Frozen Bags

**Films and Lamination**

 Shrink Films       Form, Fill and Seal

**Plastic Bags and Pouches**

 Flat Bottom       Frozen

**Multi-wall Paper and Composite Bags/Sacks**

 Paste Valve (Paper)       Pinch/WPP (Comp)

**Fruit Bags and Packaging**

 Banana Treebags       Banana Packaging

**Outdoor Films and Wraps**

 Sillage/ Waste Wrap       Greenhouse Films

**Diverse End-Markets**

 **Consumer**

 **Dairy**

 **Agriculture**

 **Beverage**

 **Protein**

 **Pet Food**

 **Industrial**

 **Advanced Coating**



**tc** ●

**TRANSCONTINENTAL  
PRINTING**



# OFFERING A STATE-OF-THE-ART NATIONAL PRINTING NETWORK

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



FY22 Revenue: **\$1.2B**  
Adj. EBITDA: **\$228M**



**~3,700**  
employees



**13**  
printing  
plants

1 British Columbia

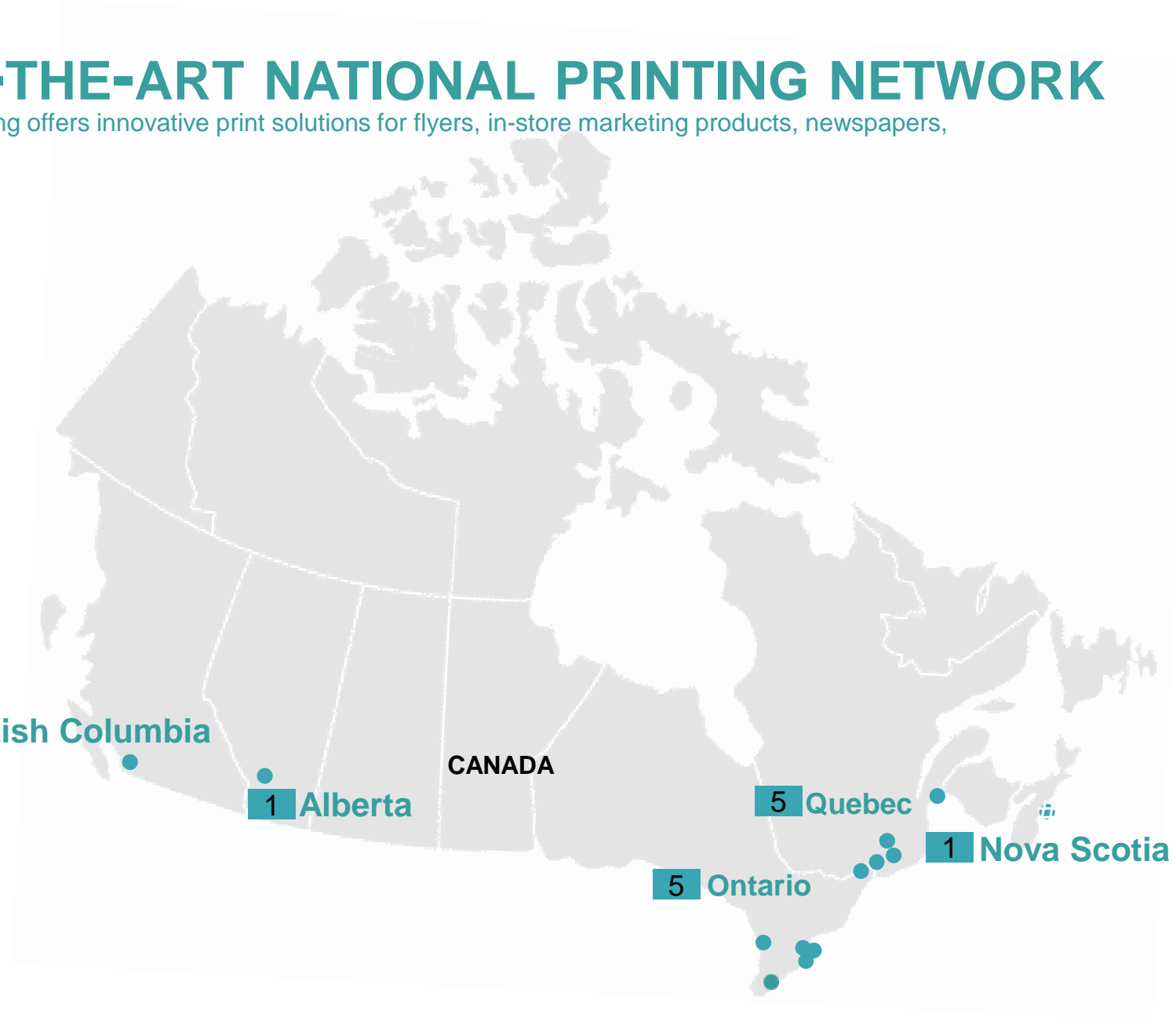
1 Alberta

CANADA

5 Quebec

5 Ontario

1 Nova Scotia







# PRINTING: CORE SERVICES AND PRODUCTS

1. Comprehensive Service and Product Offerings for Retailer's Marketing Strategy and Customer Experience Cycle



## 2. Printing

- Books
- Newspapers
- Magazines

## 3. Niche/ Specialty Products

- Vinyls
- DVDs & CDs
- Direct Mail





**tc** ● MEDIA



# PROVIDING A RANGE OF MULTIPLATFORM PRODUCTS & SERVICES



## BOOKS AND EDUCATIONAL GROUP

Publishing of educational, supplemental and trade books publishing, as well as innovative digital educational products; distribution of specialized books.



## CONSTRUCTO GROUP

Publication of strategic information for the construction sector in Québec, through its print and digital media.





- **Company Overview**
- **Our Strategy**
- **Corporate Social Responsibility**



**People & Culture**

Cultivate a positive and inclusive work environment for our people



**Transformation**

Further solidify our leading position in Packaging



**Diversification**

Continue to diversify our offering and customer base

**Priorities**

- Sustain profitable organic growth
- Optimize our return on assets
- Deleverage our balance sheet
- Pursue our sustainability agenda

**Our Values**



**Performance**



**Respect**



**Innovation**

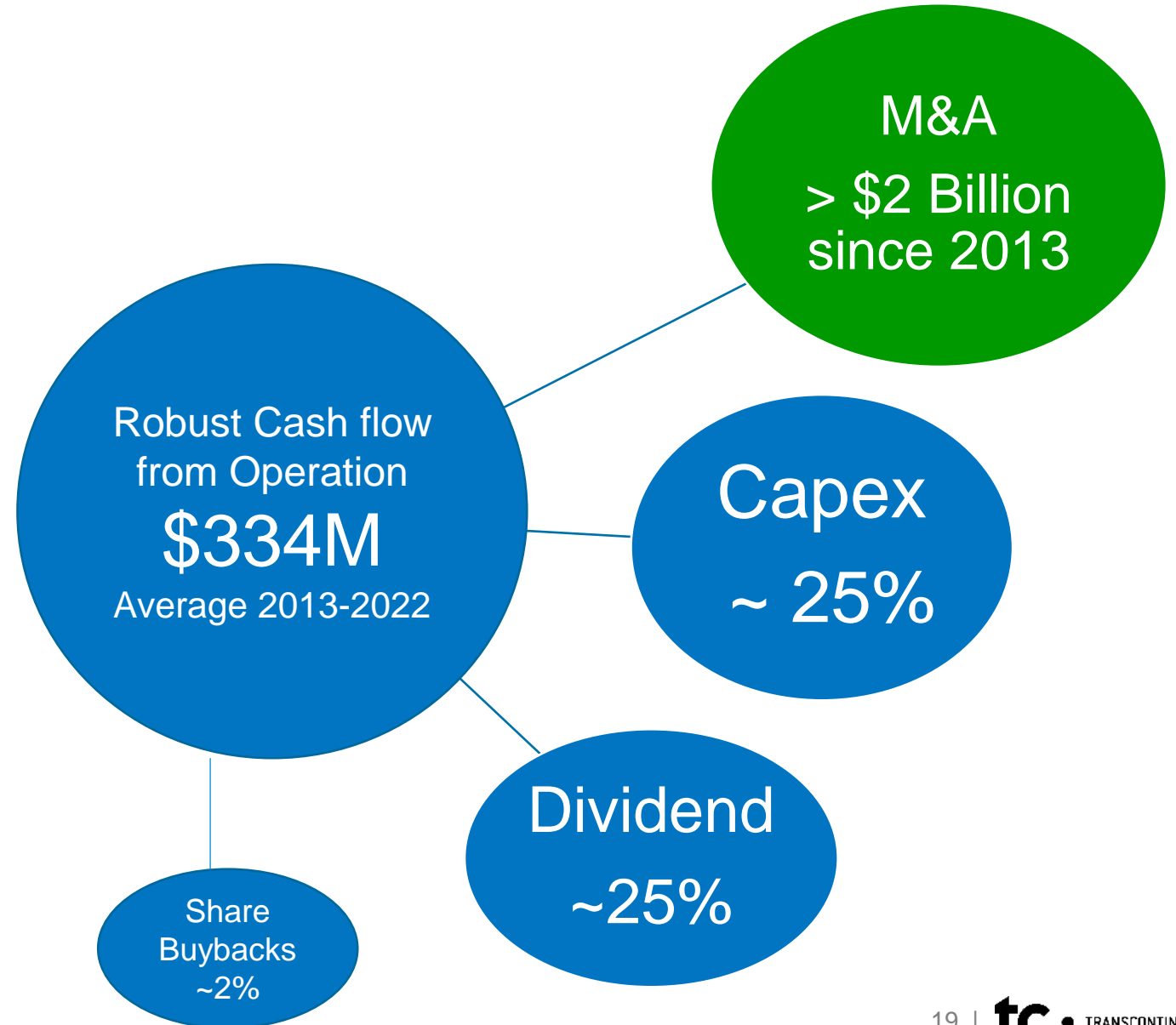


**Teamwork**



# STRONG CASH FLOW SUPPORTING GROWTH

Our strategy is to use our strong and consistent cash flow generated from our traditional printing segment to grow our leadership positions in our growth segments: flexible packaging, in-store-marketing and media/education.

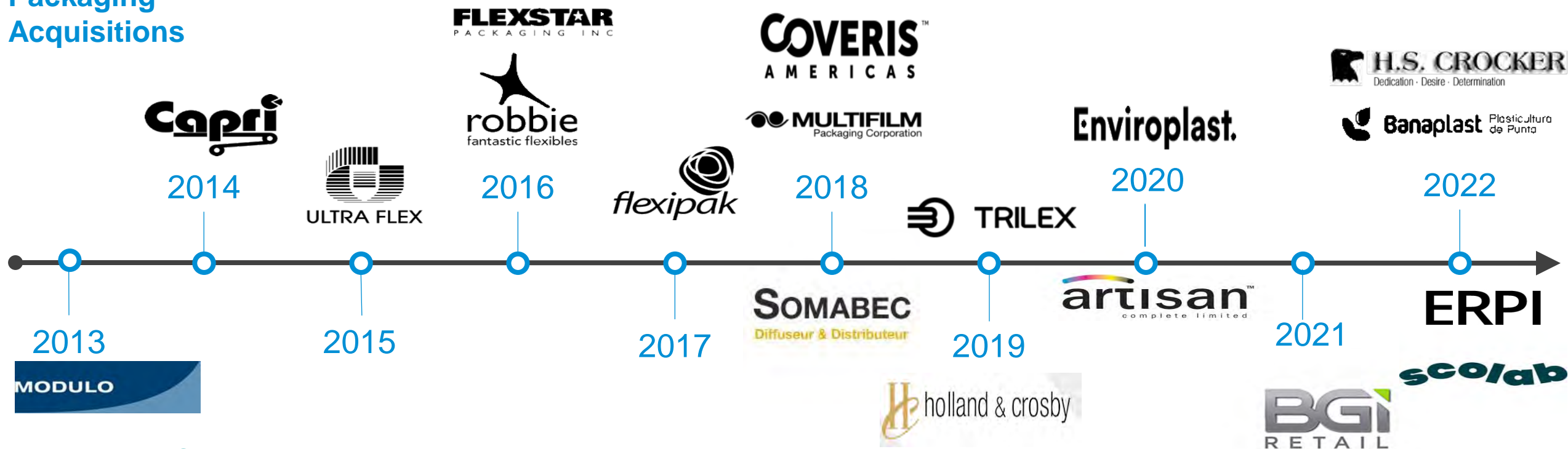






# ACQUISITIONS TO TRANSITION TO GROWING MARKETS

## Packaging Acquisitions



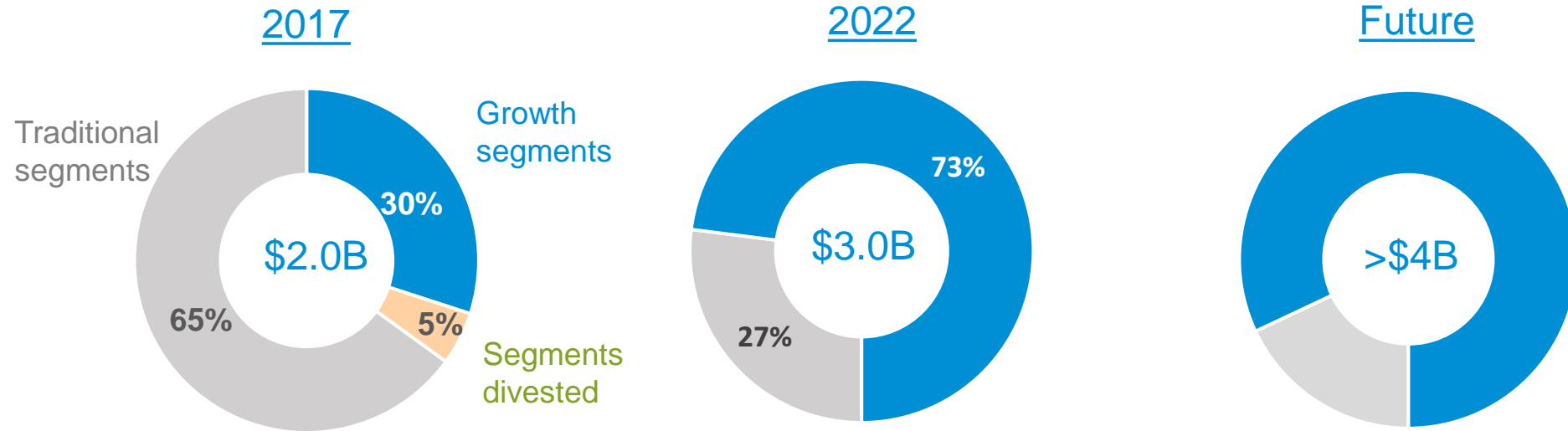
## Media and ISM Acquisitions

- Invested > \$2B to build a leading North American flexible packaging platform
- Invested ~ \$200M to strengthen Media/Education and ISM growth market





# SUCCESSFULLY TRANSFORM PORTFOLIO TOWARDS ACTIVITIES WITH FAVOURABLE LONG-TERM OUTLOOK



Growth Segments	30%	73%	>80%
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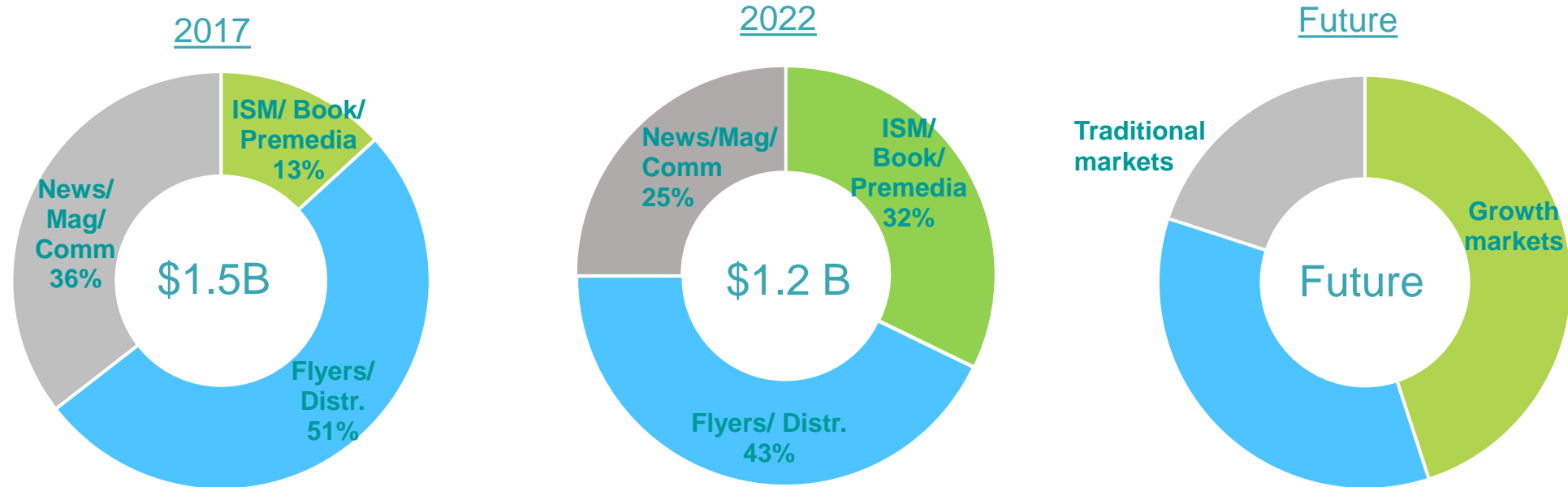
- Using strong cash flows from traditional segments to transform the company
- Long-term profitable growth outlook
- Solid balance sheet providing opportunities to accelerate growth through capital investments and acquisitions

Note: Growth segments include the Packaging Sector, the Media Sector, and the In-Store Marketing (ISM), Book, and Premedia activities



# DYNAMICALLY ADAPTING PRINT PORTFOLIO TO GROWTH MARKETS

## Revenues by product/ market in the Printing Segment



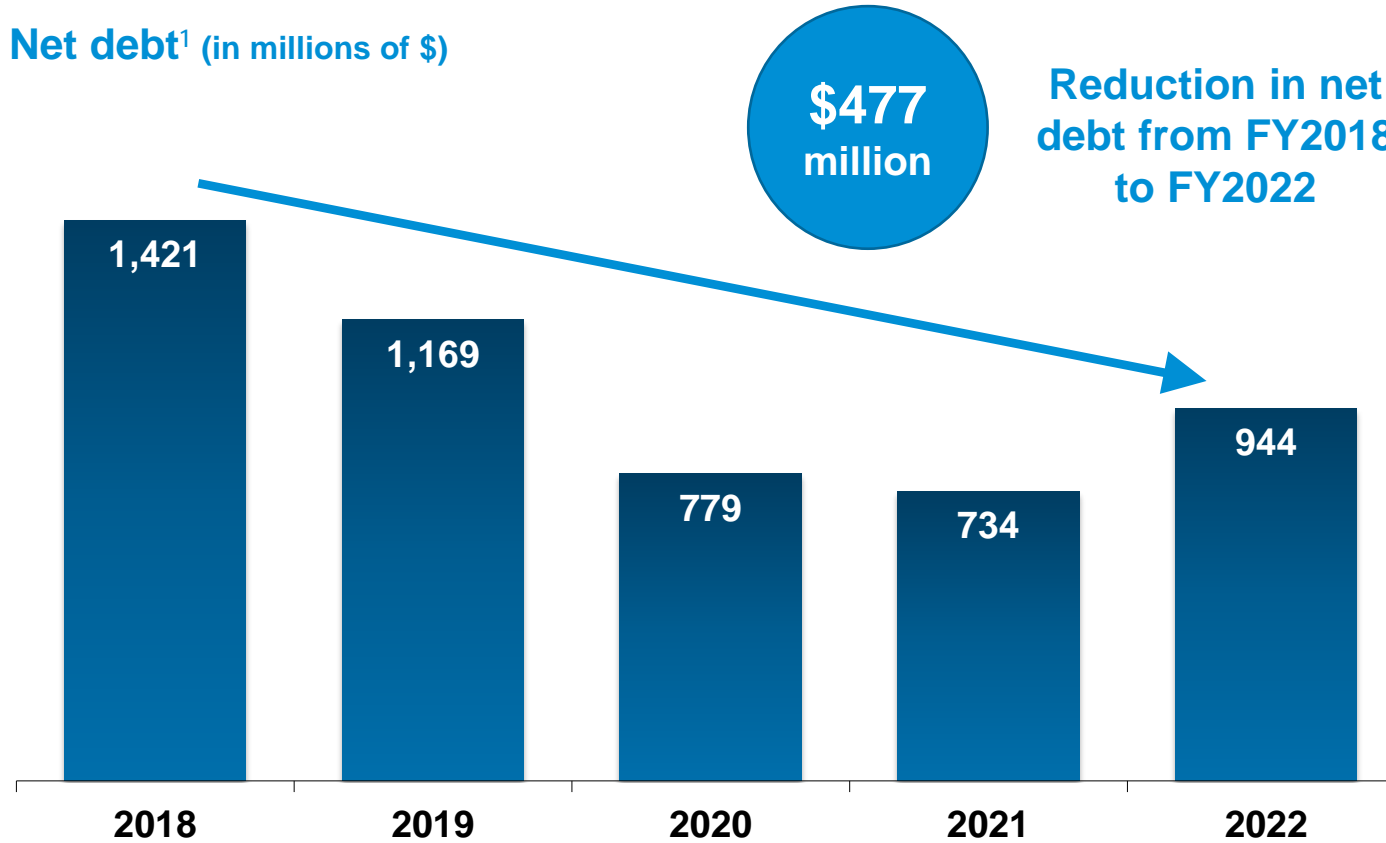
- A **growing** portion of the portfolio is composed of market segments with **favourable growth opportunities**. FY2022 revenues from these markets **>30%**.
- **Flyers continue to generate significant revenues** due to unmatched reach and return on investment for retailers.
- Print's portfolio today is **more resilient** with lower exposure to Newspapers, Magazines and Commercial printing while continuing to generate **strong free cash flow**.
- We aim to be the **last man standing** on the newspaper segment and capture additional volume as there are still some publishers, but they are not economically efficient to print for themselves.

*Note: Revenue segmentation for FY2016 based on manufacturing revenues.*



# DEMONSTRATED ABILITY TO DELEVERAGE RAPIDLY USING SOLID FREE CASH FLOW

Net debt<sup>1</sup> (in millions of \$)



~ \$200 million debt increase in 2022 mainly due to acquisitions & working capital

S&P and DBRS both recently reaffirmed TC's Investment Grade Rating

1. Long-term debt minus cash. Excluding the impact of IFRS 16 (lease liabilities).



# RETURNING CAPITAL TO SHAREHOLDERS



**Dividend yield<sup>1</sup>**  
**6.1%**

*Vs. a Dividend Yield of 3.2% for  
the TSX composite index*



**Payout Ratio<sup>2</sup>**  
**~51%**

*Dividend Supported by Strong Cash  
Flow Generation and Profitability*



**Growth**  
**9.8%**

*Average Annual Dividend  
Growth Rate (1993-2022)*



**Track Record**  
**30 Years**

*Distributing a Quarterly Dividend  
Since 1993*

<sup>1</sup> Dividend yield calculated as at June 16<sup>th</sup> 2023

<sup>2</sup> Payout ratio (average 5 years) = Dividends per Share /Earnings per Share



- **Company Overview**
- **Our Strategy**
- **Corporate Social Responsibility**

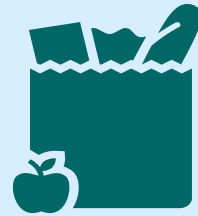


# FLEXIBLE PACKAGING PLAYS A KEY ROLE IN SUSTAINABILITY



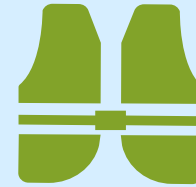
## Lower environmental impact

Lower energy consumptions,  
Greenhouse emissions  
& Water usage



## Food Waste Reduction

Extended shelf life  
Barrier properties



## Protects the Product & Reduces container breakage

Less Waste



## Fewer Trucks for Transport

Optimizes transportation with light weight & flat shape

Flexible plastic packaging protects and extends shelf life with significantly less waste, energy use, and global warming potential





# LOWER ENVIRONMENTAL IMPACT

## Coffee Package Comparison



**Water Consumption**



STAND-UP FLEXIBLE POUCH

16X less than



STEEL CAN



**Greenhouse Gas Emissions**



STAND-UP FLEXIBLE POUCH

8X less than



STEEL CAN



**Fossil Fuel Consumption**



STAND-UP FLEXIBLE POUCH

5X less than



STEEL CAN



# FLEXIBLE PACKAGING REDUCES FOOD WASTE

When shelf life increase, **food waste decreases**



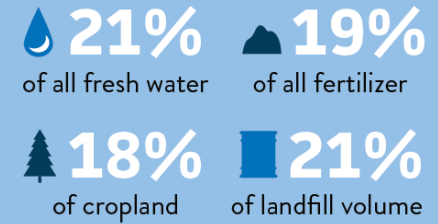
■ Without Flexible Packaging
 ■ With Flexible Packaging

1/3 of all food produced is disposed of before it is consumed

### RULE OF THUMB:

Packaging accounts for about 10% of carbon footprint of product

### Food Waste Consumes



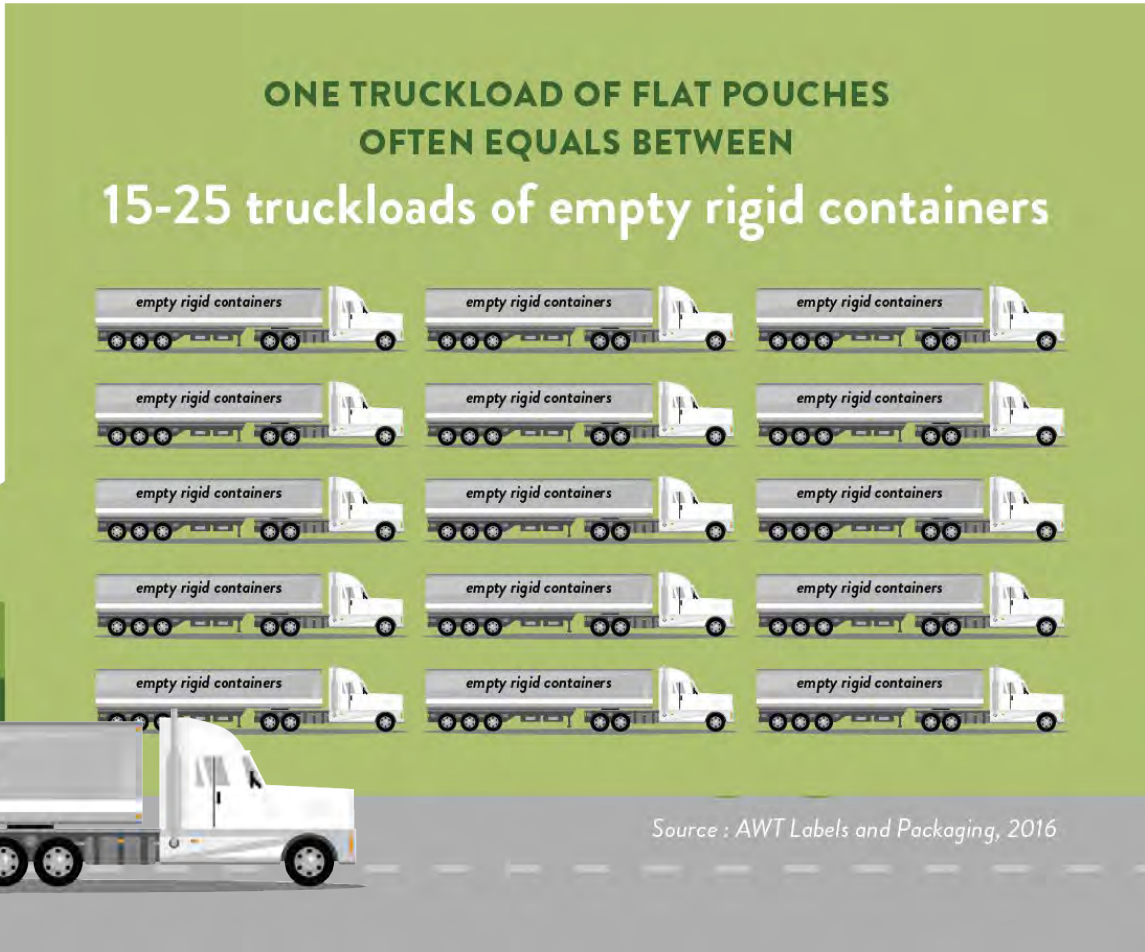
# 85%

Occurs downstream at consumer facing businesses and homes



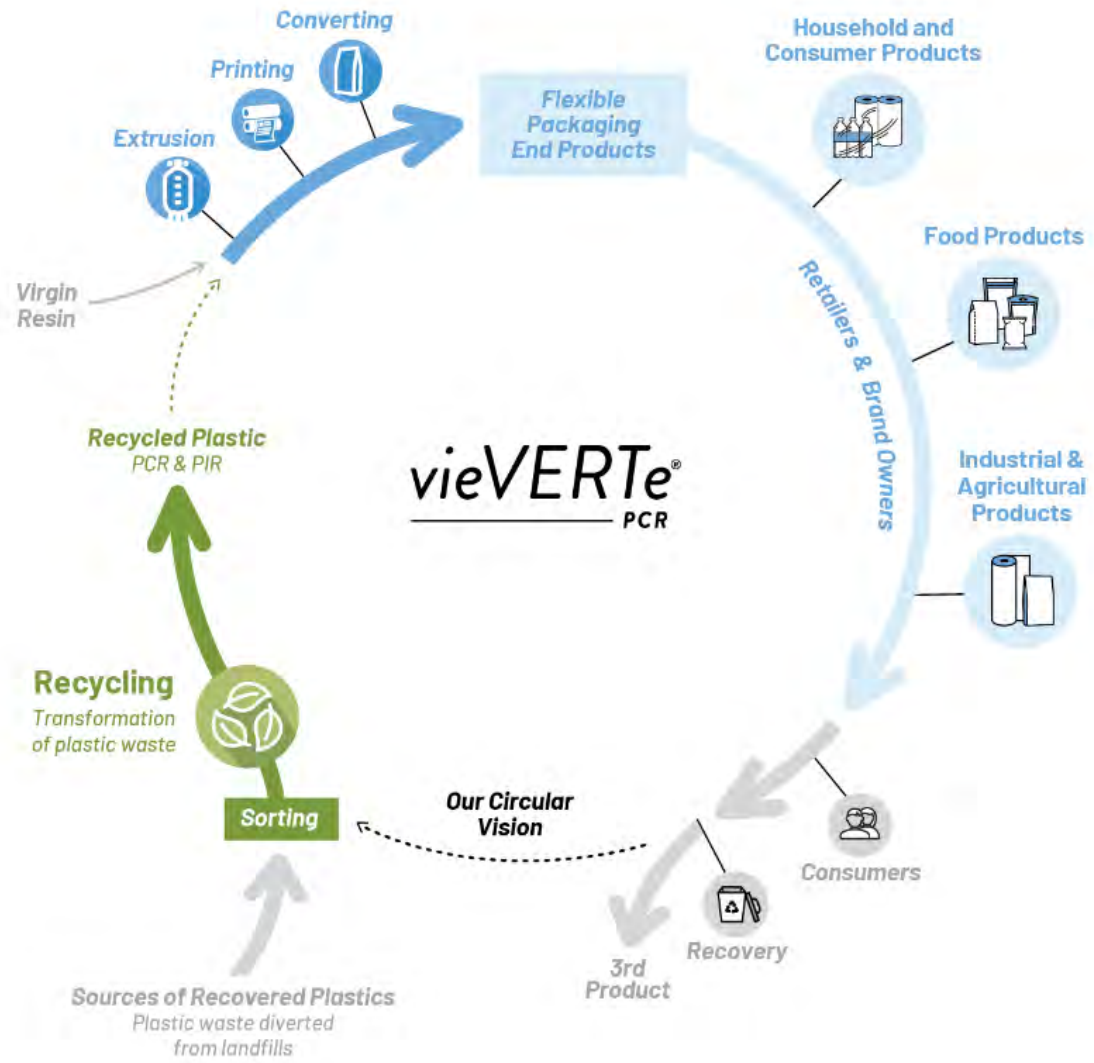
# FEWER TRUCKS FOR TRANSPORT

Guess how many trucks you would need to transport the same volume of rigid containers?





# INTEGRATING THE RECYCLING OF PLASTIC IN OUR PRODUCTION CHAIN



- Our recycling activities allow us to offer our customers **sustainable packaging products made from recycled plastic**, accelerating their development through consistent, stable and high-quality supply.
- We convert plastic waste recovered from commercial, industrial and agricultural sources into **100% post-consumer recycled resin (PCR)**, tested and certified by SCS Global Services, endorsed by the Association of Plastics Recyclers (APR).





# VIEVERTE: OUR GROWING SUSTAINABLE PACKAGING LINE

## 100% Recycled Ready



**vieVERTe™**  
RECYCLE READY

- Low barrier outer bag/pouch
- Lamination-two layer
- Approved by How2Recycle for in-store drop off
- Seal-ability, machinability, and durability

## Barrier Recycled Ready



**vieVERTe™**  
RECYCLE READY

- First to commercialize barrier structure barrier
- Lamination two-layer, reverse print
- Received How2Recycle approval
- Moisture and oxygen barrier requirements met
- Maintains machine speeds
- Available with up to 15% PCR content by weight in sealant lamination layer

## Compostable



**vieVERTe™**  
COMPOSTABLE

- Leader in packaging films for compostable
- Custom engineered with customer collaboration
- BPI certified INDUSTRIAL COMPOSTABLE
- Developing film technology for HOME COMPOSTABLE
- Know how on ASTM 6400 testing requirements
- Strong relationships throughout the industry: composters, BPI, forums, universities, suppliers

## PCR Shrink Films



**Integritite™**  
RECYCLE READY

- Use of post-industrial recycled (PIR), post-consumer recycled (PCR) and FDA approved
- Maintains machine speeds
- Up to 50% PCR content by weight
- Recycle Ready





# PURSuing OUR BUSINESS ACTIVITIES RESPONSIBLY

OUR EFFORTS ARE BEING RECOGNIZED BY STAKEHOLDERS.



Rated "A" by MSCI ESG Ratings for the last 6 years



Corporate Knights: Ranked 16<sup>th</sup> on the list of the 100 most sustainable corporations in the world in 2021



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



Global Commitment

Signatory of the United Nations Global Compact and of the Ellen MacArthur Foundation's New Plastics Economy Global Commitment



Committed to disclosure in the Carbon Disclosure Project since 2010

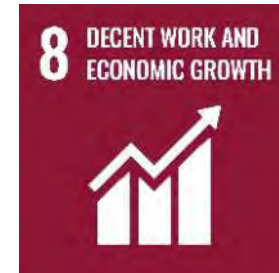


# SIGNATORY OF THE UNITED NATIONS GLOBAL COMPACT

Since 2020 we have aligned our CSR objectives with those of the United Nations Sustainable Development Goals (SDGs).

Of the 17 goals established that are part of the 2030 Agenda for Sustainable Development, we are contributing to 9 of them.

## SUSTAINABLE DEVELOPMENT GOALS





# 2025 CORPORATE SOCIAL RESPONSIBILITY PLAN



## Waste Management

- Recover **100%** of non-hazardous operational waste

## Greenhouse Gas Emissions

- Reduce greenhouse gas emissions by **10%**
- Publish a longer-term GHG reduction roadmap aligned with the SBTi by the end of 2023

## Health & Security

- Reduce our Incident Frequency Rate each year by **3%** as we pursue our goal of « zero injury »

## Diversity & Inclusion

- Maintain female representation on the Board, at Executive Committee level and in management positions with a proportion target of **35%**

## Paper Procurement

- Achieve a **100%** paper sourcing from third-party certified / recycled sources

## Circular Economy Plastic

- Reach an average usage rate of post-consumer recycled content of **10%** for all plastic packaging in our product portfolio
- Aim for **100%** of our plastic packaging to be reusable, recyclable or compostable

## Governance & Responsible Business Practices



Responsible Procurement



Data Security



Food Safety & Roadmap



Ethics & Compliance



Risk Management



# 2022 CORPORATE SOCIAL RESPONSIBILITY PROGRESS REPORT

Pillar		2025 Target	2022 Result	Progress
<b>GREENER GROWTH</b>				
Waste management	Recover all non-hazardous operational waste	100%	93%	<span style="color: green;">●</span>
Greenhouse gas emissions	Reduce our greenhouse gas emissions in absolute terms <sup>1</sup>	10%	0.8%	<span style="color: orange;">●</span>
	Publish a longer-term GHG reduction roadmap aligned with the Science Based Targets initiative (SBTi) by the end of 2023	SBTi commitment	Ongoing	<span style="color: green;">●</span>
<b>INCLUSIVE AND SAFE ENVIRONMENT</b>				
Health and safety	Reduce our Total Incident Rate (TIR) each year as we pursue our goal of "no injuries" <sup>2</sup>	3%	23%	<span style="color: green;">✔</span>
Diversity and inclusion	Maintain female representation on the Board of Directors	35%	42%	<span style="color: green;">✔</span>
	Increase the proportion of women at Executive Management Committee level <sup>3</sup>	35%	36%	<span style="color: green;">✔</span>
	Increase the proportion of women in management positions	35%	33%	<span style="color: green;">●</span>
	Increase the ethnic diversity of front-line supervisors <sup>4</sup>	↑	Ongoing	<span style="color: green;">●</span>
	Foster a culture of inclusion through True Colors, our initiative dedicated to the LGBTQ+ community and its allies	↑	Ongoing	<span style="color: green;">●</span>
Talent	Ensure that all critical positions have an identified successor (1-3 years)	100%	Ongoing	<span style="color: green;">●</span>

Pillar		2025 Target	2022 Result	Progress
<b>INNOVATIVE AND SUSTAINABLE PRODUCTS</b>				
Paper procurement	Sourcing paper from third-party certified or recycled sources <sup>5</sup>	100%	99%	<span style="color: green;">●</span>
Circular economy for plastic	Aim for all our plastic packaging to be reusable, recyclable or compostable <sup>6</sup>	100%	48%	<span style="color: green;">●</span>
	Achieve an average usage rate of post-consumer recycled content by weight for all plastic packaging in our product portfolio <sup>6</sup>	10%	1%	<span style="color: orange;">●</span>
<b>UNITED WITH OUR COMMUNITIES</b>				
Local commitment	Invest in our communities near our sites through our employee engagement program "\$ for Doers"	↑	Ongoing	<span style="color: green;">●</span>
Donations	Provide a cumulative sum to our communities in the form of donations and sponsorships	\$5M	\$1.3M	<span style="color: green;">●</span>

✔ Achieved   
 ● On track   
 ● Requires further action



## Contact information

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