



IT'S OUR NATURE TO PROTECT

---

# **ANNUAL SHAREHOLDERS MEETING**

**JUNE 26, 2020**

# Disclaimer



Certain statements made in the following discussion contain forward-looking statements including, but not limited to, statements concerning possible or assumed future results of operations of the Company. Forward-looking statements represent the Company's intentions, plans, expectations and beliefs, and are not guarantees of future performance. Such forward-looking statements represent our current views based on information as at the date of this report. They involve risks, uncertainties and assumptions and the Company's actual results could differ, which in some cases may be material, from those anticipated in these forward-looking statements. Unless otherwise required by applicable securities law, we disclaim any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. The Company cautions investors not to place undue reliance upon forward-looking statements.



**2019**

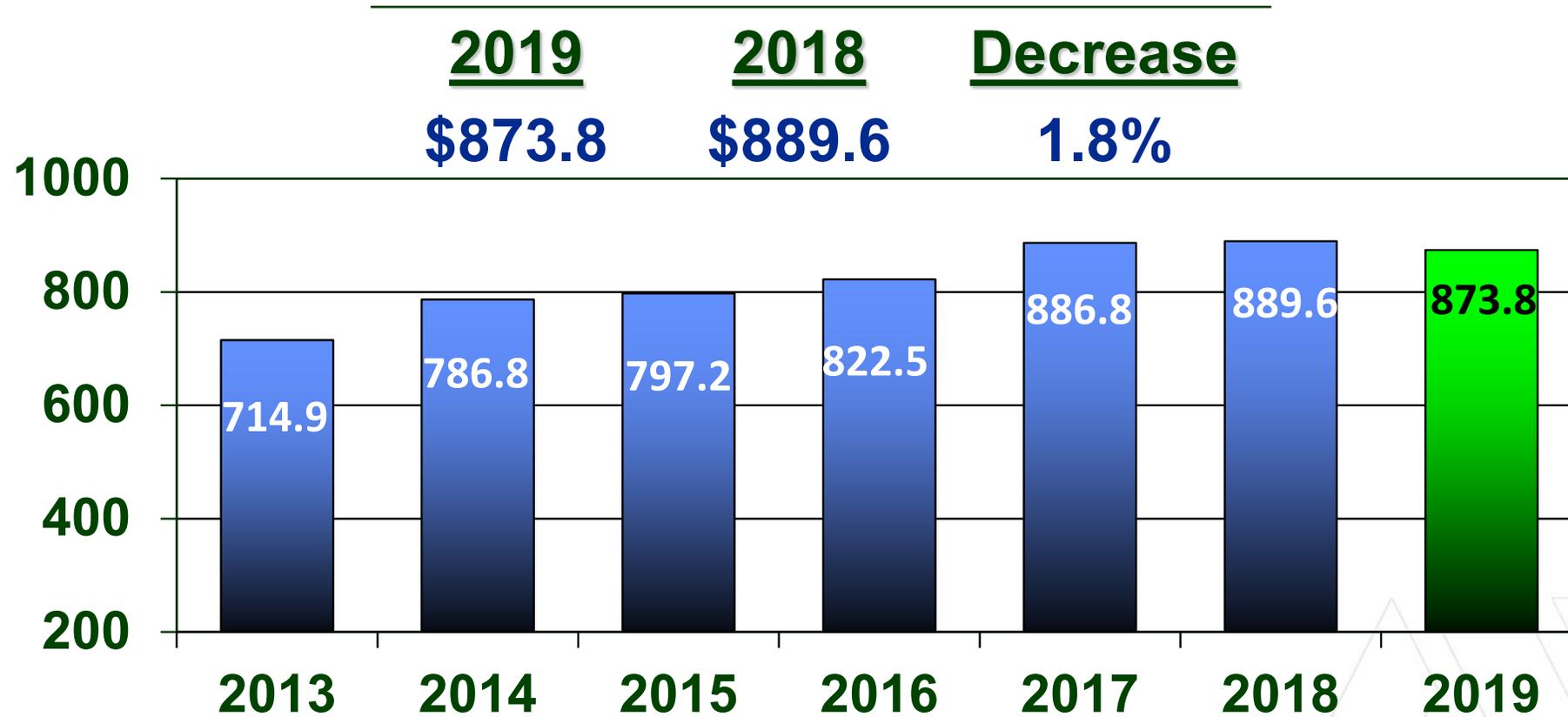
- RESULTS REVIEW

# REVENUE COMPARISON

2019



## \$US Millions



# GEOGRAPHIC MARKETS

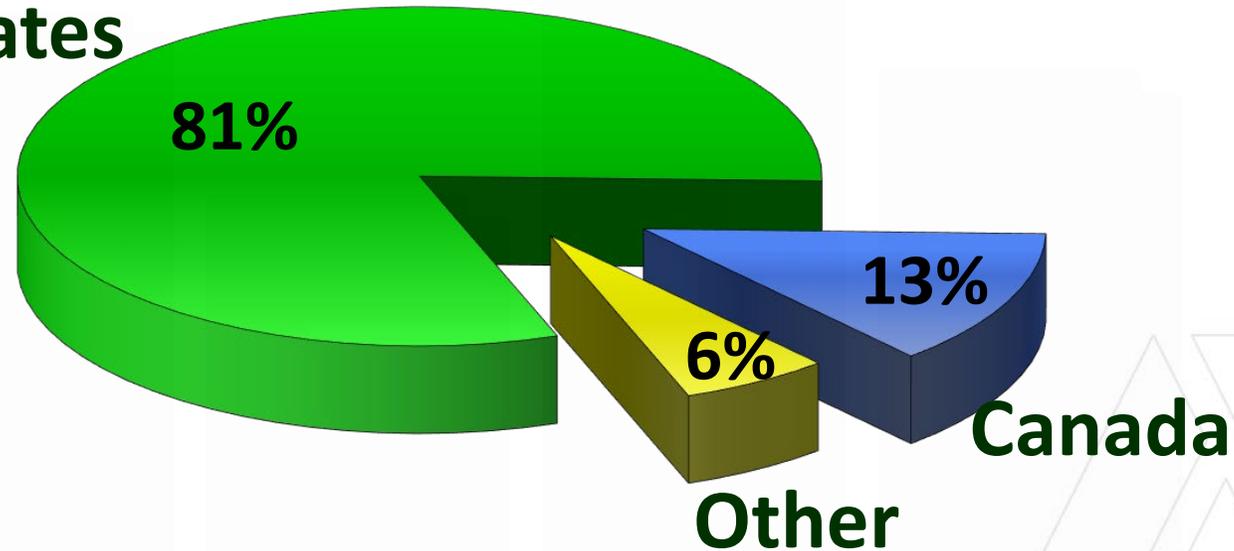
2019



Winpak markets its products globally, with a prime focus on North America.

## Revenue

**United States**



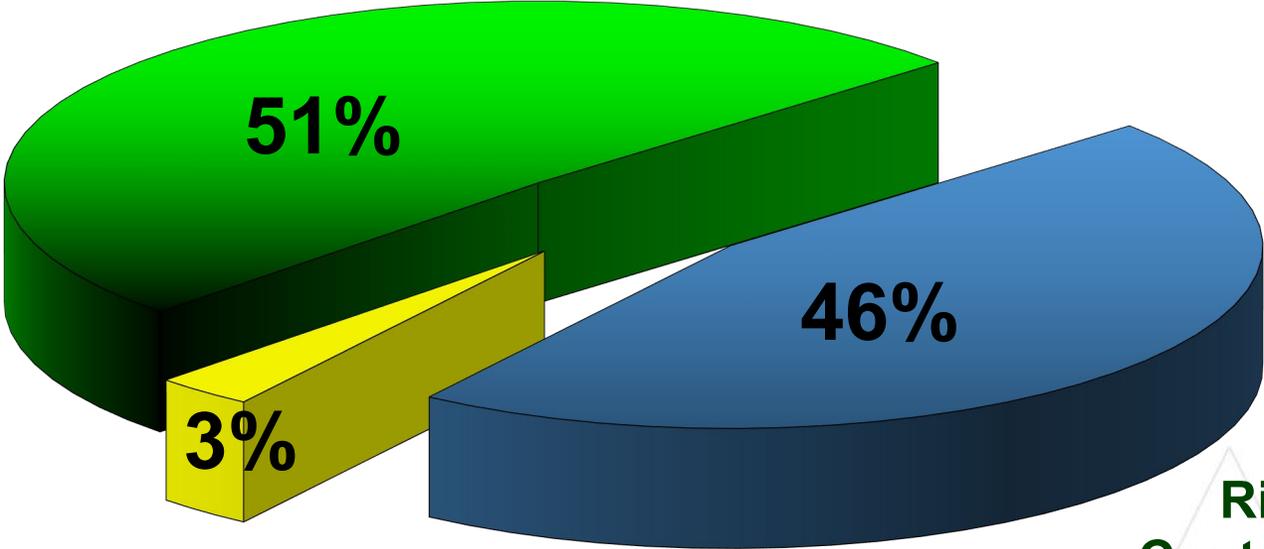
# PRODUCTS & MARKETS

2019



## Sales

Flexible  
Packaging



Packaging  
Machines

Rigid  
Container &  
Flexible  
Lidding

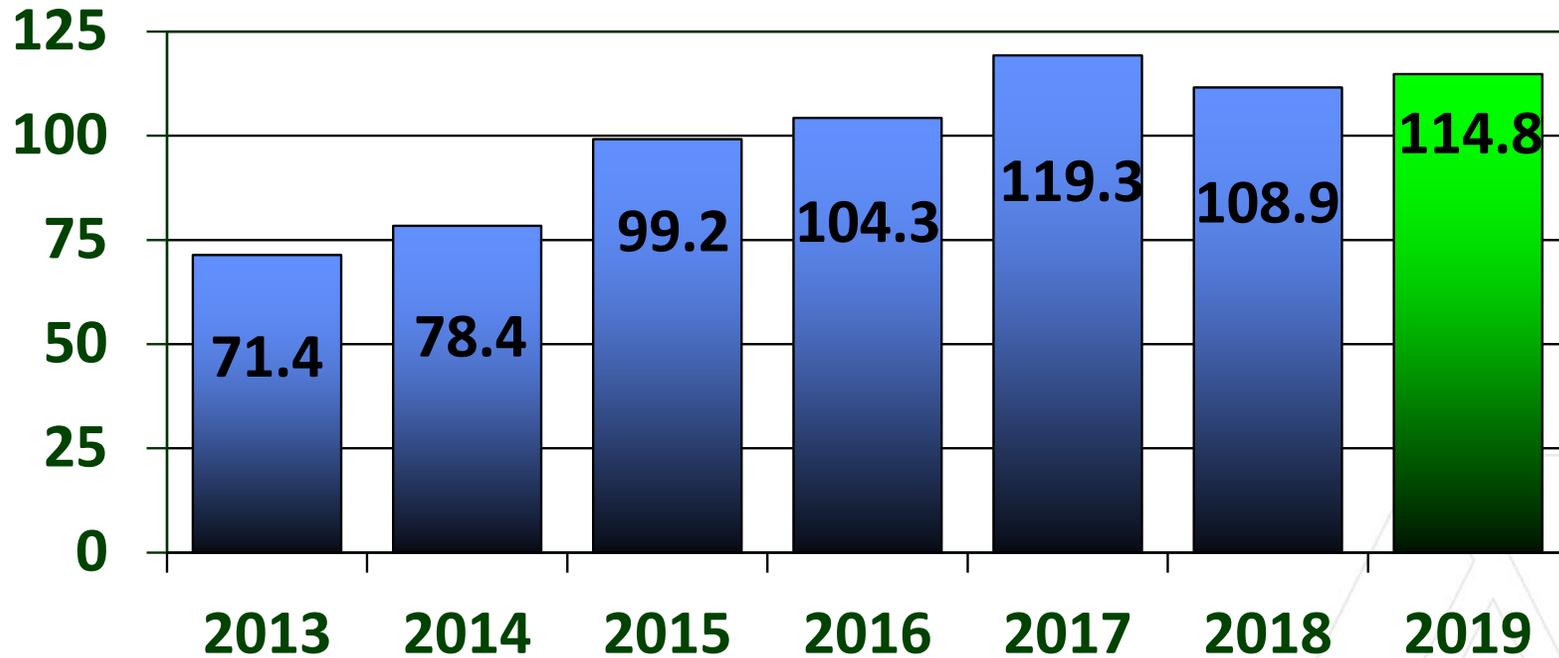
# NET INCOME COMPARISON

2019



**\$US Millions**

<u>2019</u>	<u>2018</u>	<u>Increase</u>	
<b>\$114.8</b>	<b>\$108.9</b>	<b>\$5.9</b>	<b>5.4%</b>



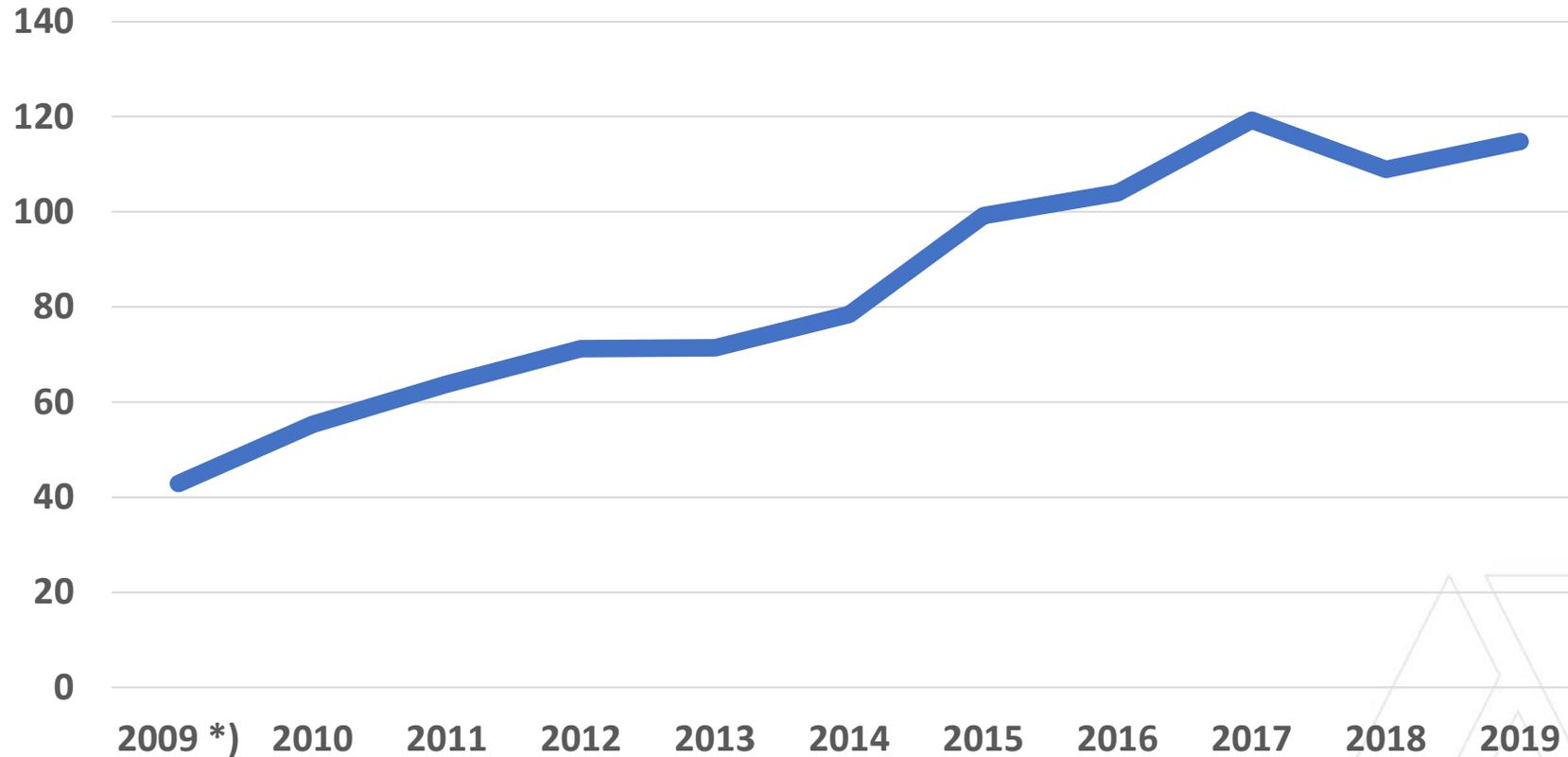
# NET INCOME COMPARISON

2019



10-Year Compound Annual Growth Rate (CAGR) of 10.3%

\$US Millions



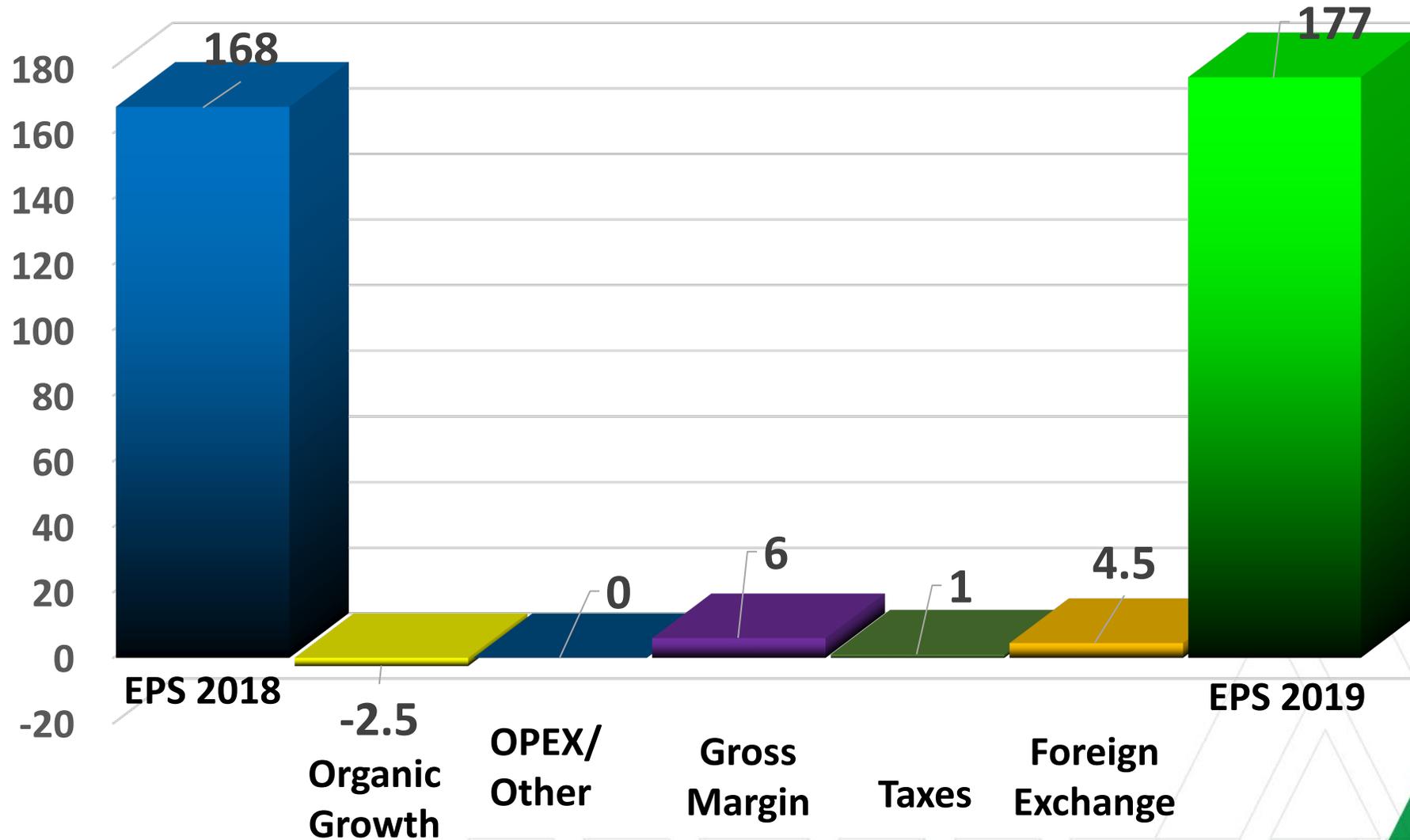
*\*All references to net income relate to net income attributable to equity holders.  
The 2009 figure is as previously reported under Canadian GAAP.*

# NET EARNINGS PER SHARE 2018-19 COMPARISON



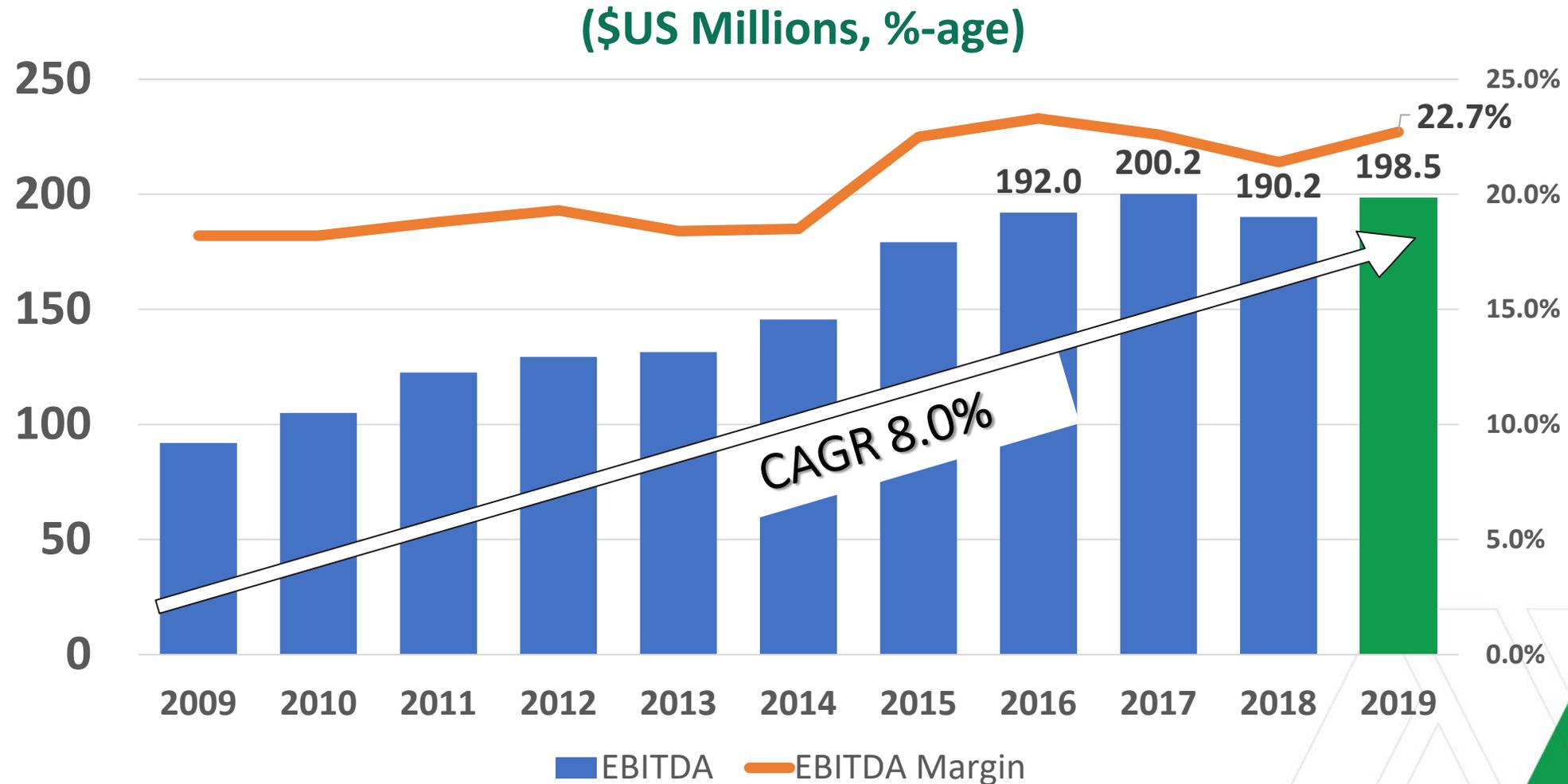
2019

(Cents)



# EBITDA and EBITDA MARGIN

2019

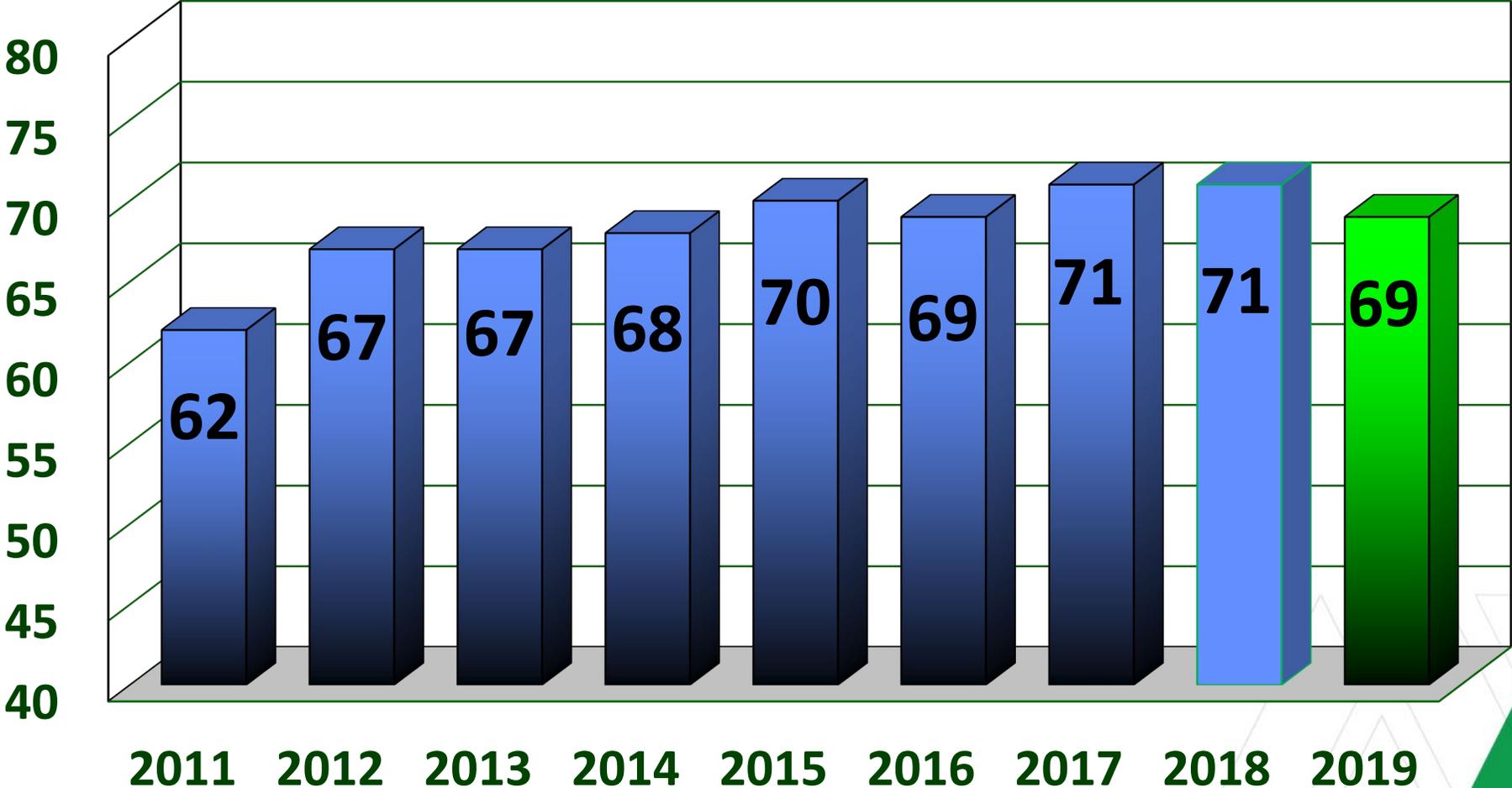


# SELLING PRICE INDEX AGREEMENTS

2019



(% of Revenue)



# 2019 RESULTS RECAP.

2019



## US \$ Millions

	<u>2019</u>	<u>2018</u>	<u>(De-)Increase</u>	
			<u>\$</u>	<u>%</u>
Revenue	\$873.8	\$889.6	\$(15.8)	(1.8)%
EBITDA	\$198.5	\$190.2	\$8.3	4.4%

*Volumes in 2019 decreased by 1.3 percent (normalized for the Control Group acquisition) as a mix result from growth in flexibles and a contraction in our rigid business*



## 2020

- FIRST QUARTER RESULTS



# FIRST QUARTER REVENUE COMPARISON

2020 vs 2019

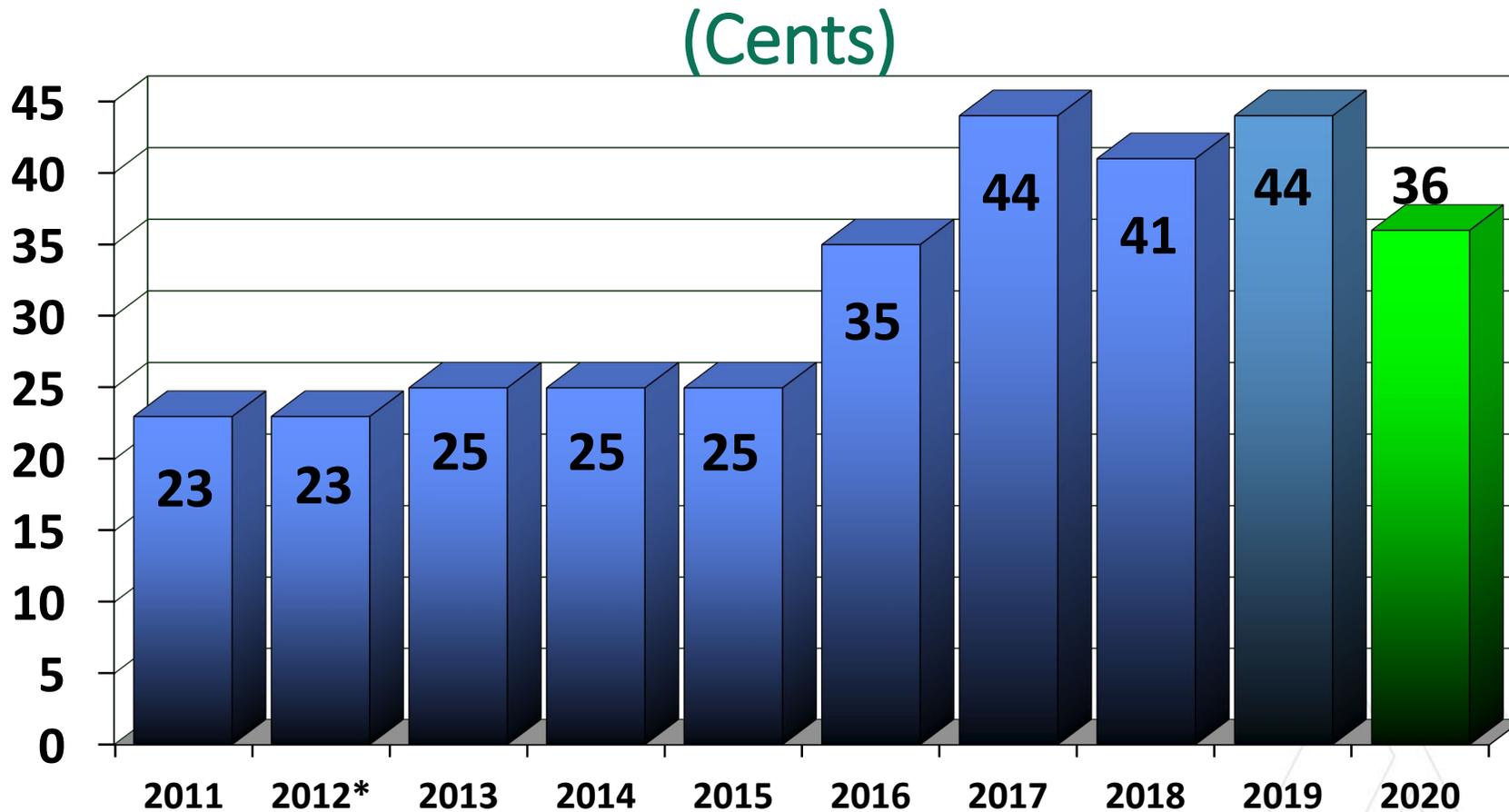


(\$US Millions)

<u>2020</u>	<u>2019</u>	<u>Decrease</u>	
		<u>\$</u>	<u>%</u>
<b>\$213.6</b>	<b>\$224.0</b>	<b>\$10.4</b>	<b>4.7%</b>

# FIRST QUARTER NET EARNINGS PER SHARE COMPARISON

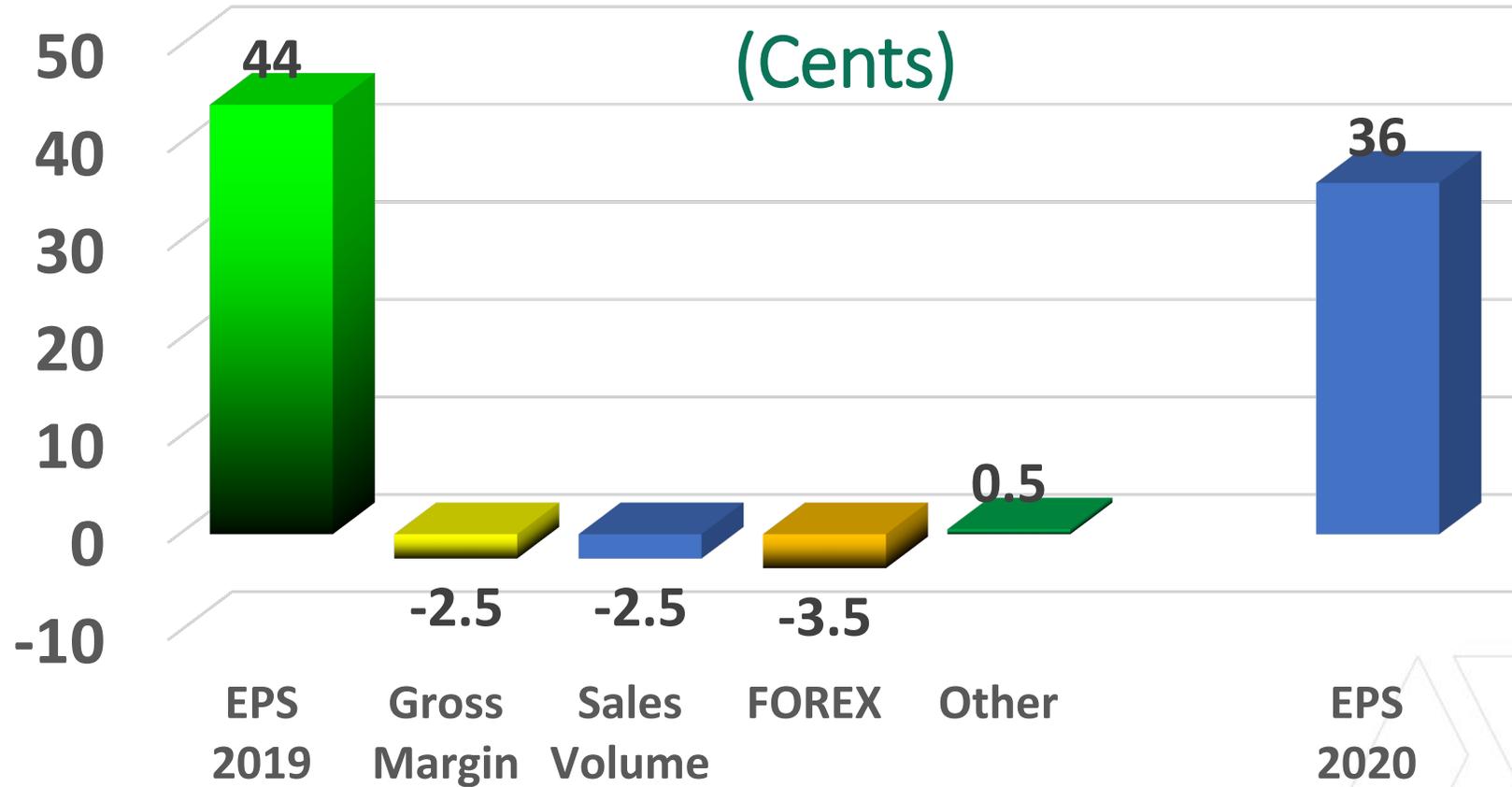
2020



*\* Restated for retrospective application of IAS 19-Pensions*

# FIRST QUARTER NET EARNINGS PER SHARE COMPARISON

2020



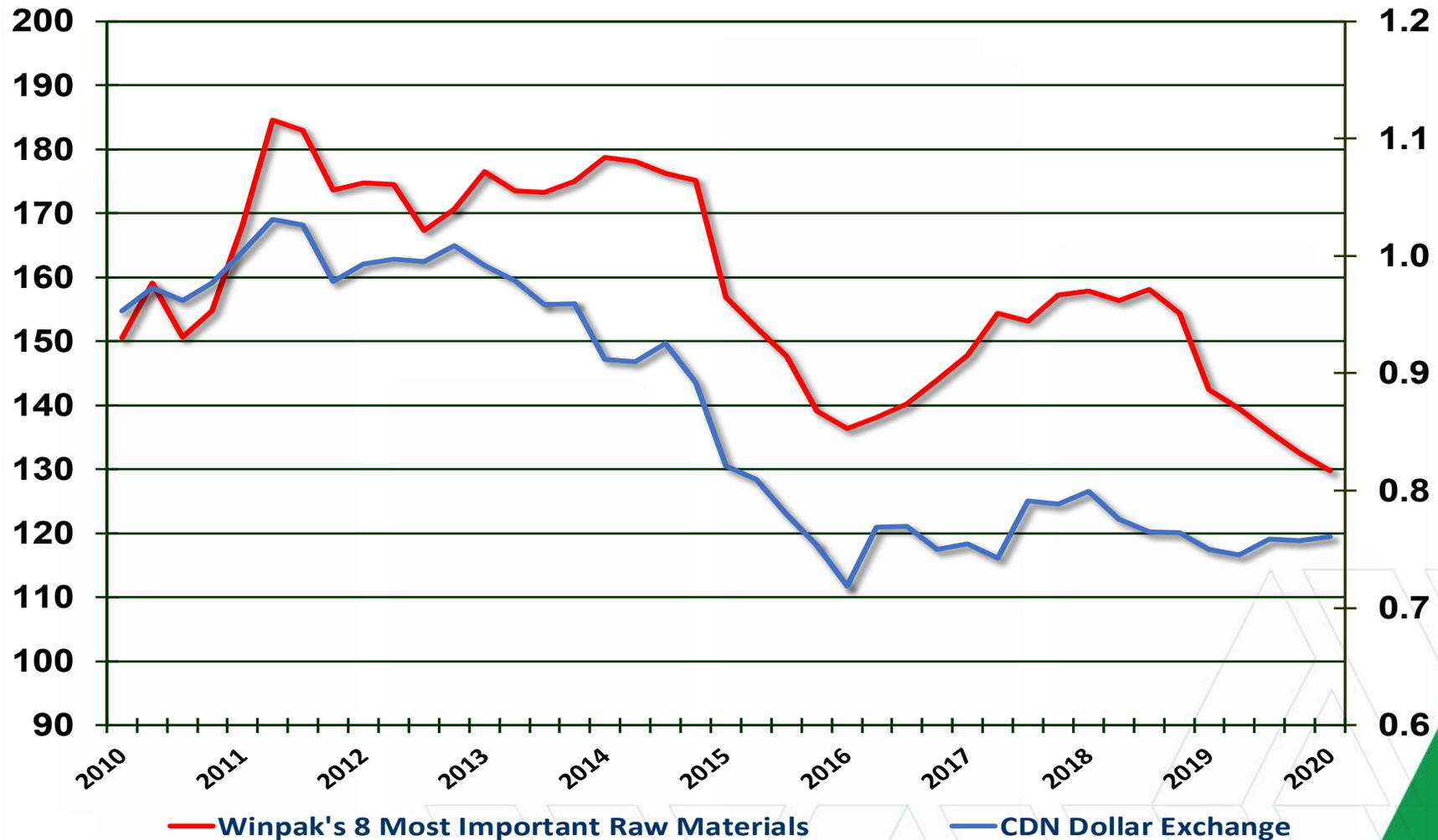
# RAW MATERIALS AND FOREIGN EXCHANGE INDEX

2020



(Raw Materials Index)

(Exchange Rate)





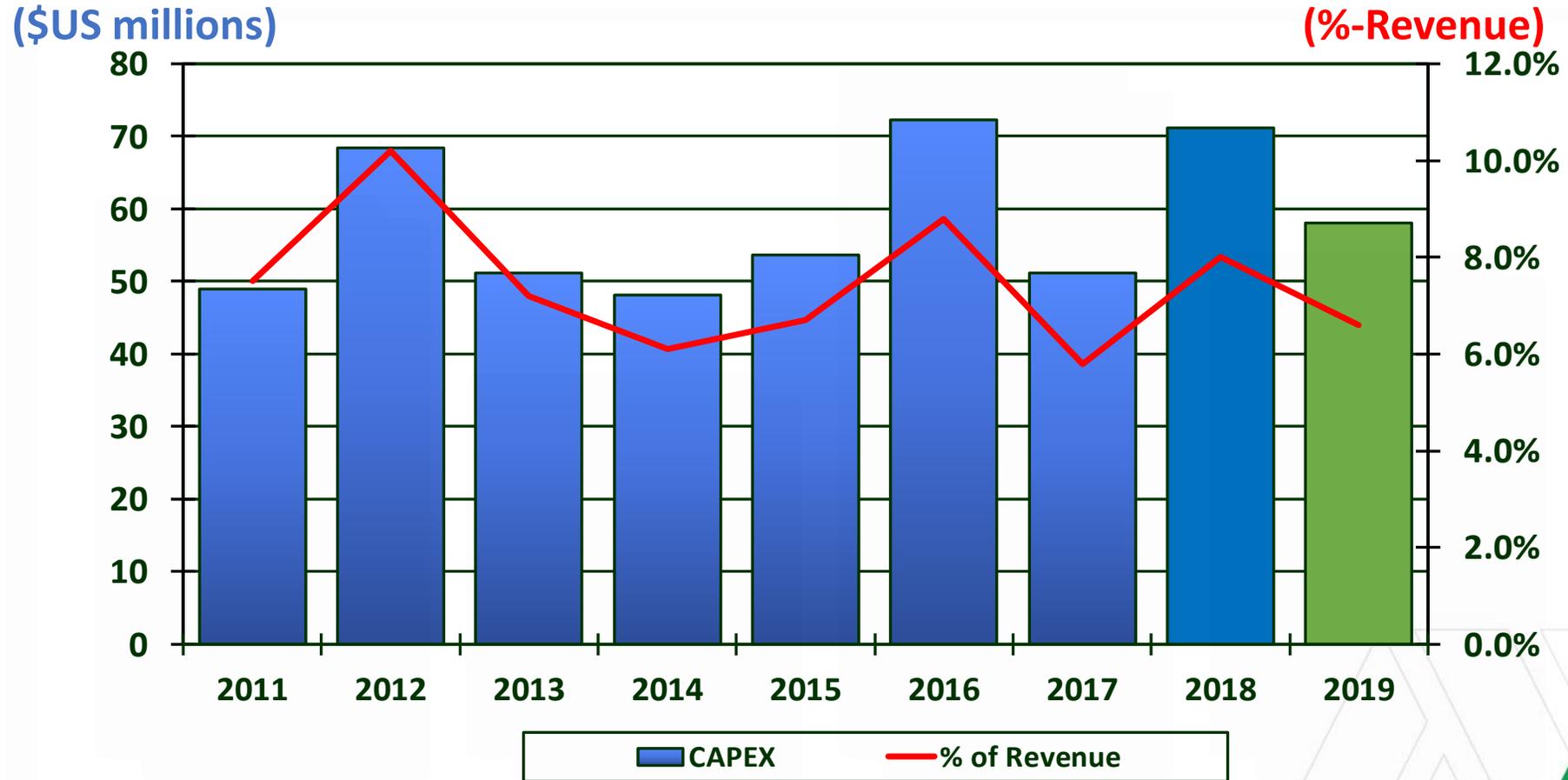
IT'S OUR NATURE TO PROTECT

---

# CAPITAL PROJECTS

# CAPEX

## INVESTMENTS REVIEW



Over the past decade, CAPEX of \$562 million has averaged 7.3% of revenue.

# Winpak Control Group Acquisition

## Healthcare Service Model



### Fact Sheet

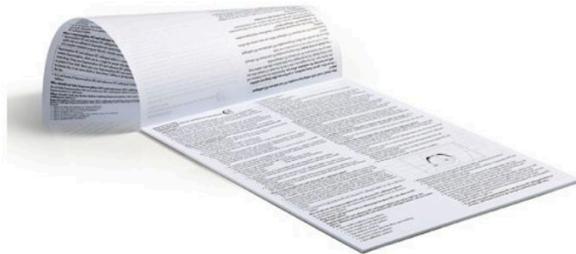
- \$ 42.7 million acquisition (net assets and building)
- Latest Fiscal Year Revenues: \$ 25 millions, 71 employees
- 61,300 sq.ft flexibles Pharma, Medical and Personal Care conversion
- 21,000 sq.ft paper inserts/outserts, leaflets and Med-Guides printing
- Industry-leading Healthcare Printing Service Model
- 40 years history of printing excellence and pioneering breakthroughs
- UV Flexo-, digital printing, in-line lamination, die- or laser-cutting capabilities

### Winpak Strategy:

- Vertical integration for base materials (WinForm, Drug-Pak, Safety-Pak, sachets...)
- Expand Industry-Leading Service Model across all Healthcare activities - "WinSpeed"
- Develop one-face to customer, broad pharma and medical representation of WIPAK and Winpak product portfolio

# Winpak Control Group

## Some Product Examples



# AMERICAN BIAXIS

WINNIPEG



# AMERICAN BIAXIS

## EXAMPLES OF CURRENT BOPA USES



# AMERICAN BIAXIS

## BOPA 3 CONSTRUCTION SITE



# WINPAK PORTION PACKAGING

SAUK VILLAGE, IL



# WINPAK PORTION PACKAGING

SAUK VILLAGE, IL IN-LINE SHEET AND THERMOFORMING



# WINPAK PORTION PACKAGING

## EXAMPLES OF CURRENT PRODUCTS



# WINPAK PORTION PACKAGING

## EXAMPLES OF CURRENT PRODUCTS



# WINPAK HEAT SEAL – EMBALAJES DE MEXICO

FACILITY INAUGURATED SEPTEMBER 2019



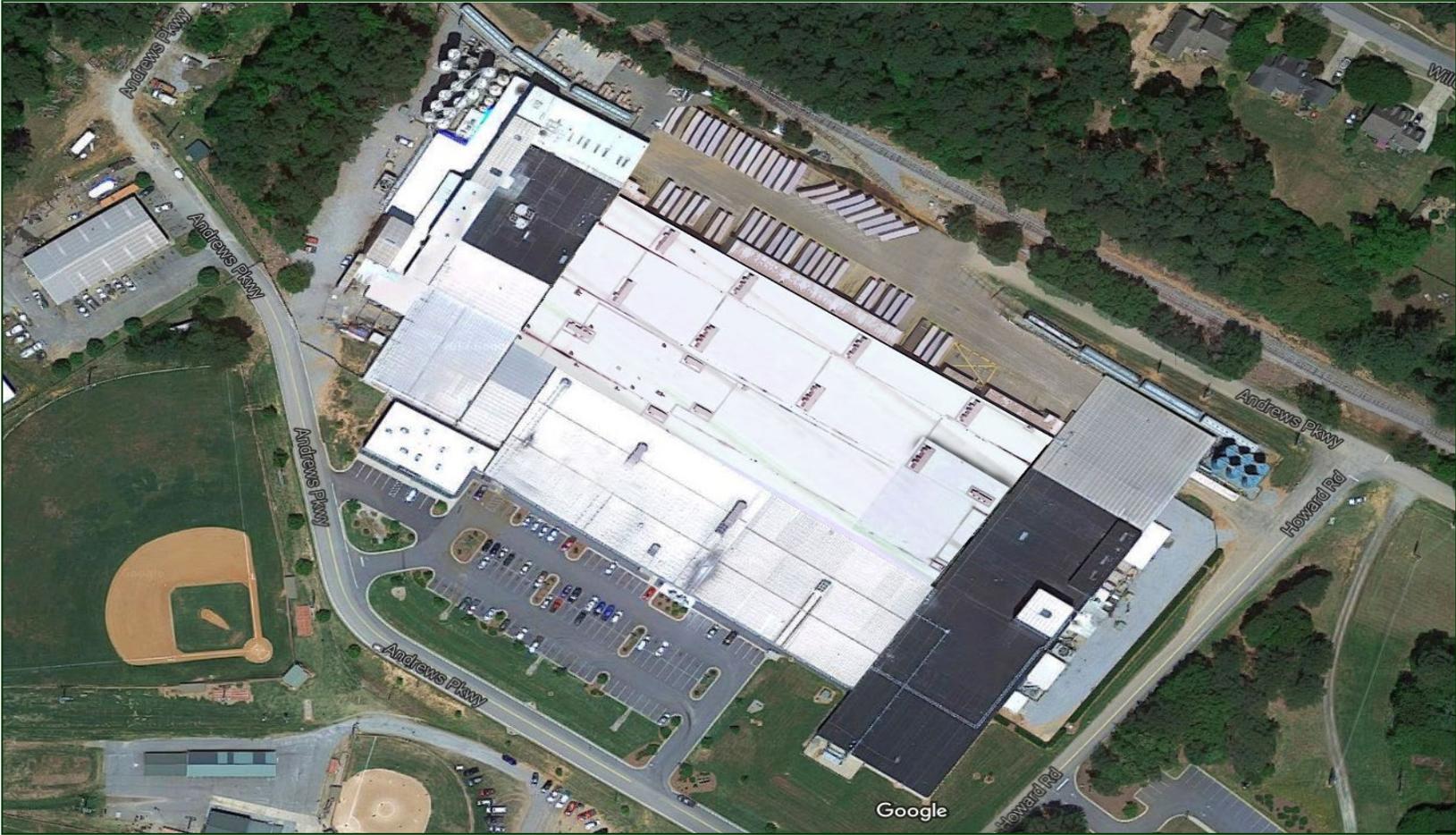
# WINPAK EMBALAJES DE MEXICO

FACILITY INAUGURATED SEPTEMBER 2019



# WINPAK FILMS SENOIA, GA

## EXPANDED SITE



# WINPAK FILMS SENOIA, GA

NEW BLOWN FILM LINE (2<sup>ND</sup> IN A ROW)



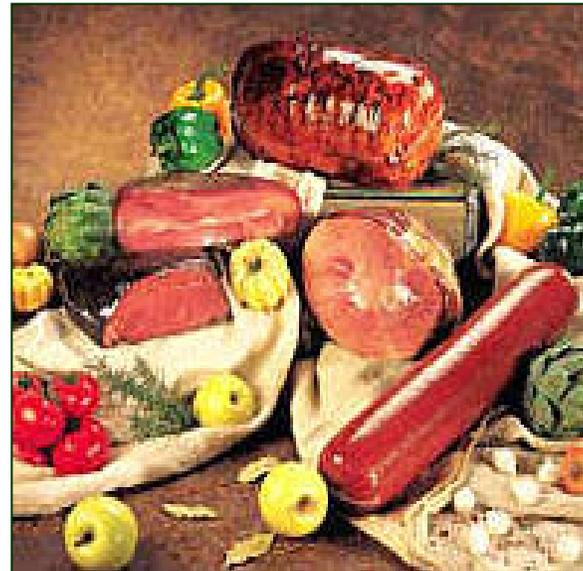
# WINPAK FILMS SENOIA, GA

## SHRINK TUBE/BAG RE-ENGINEERING



# WINPAK FILMS SENOIA, GA

## EXAMPLES OF CURRENT PRODUCTS



# WINPAK DIVISION WINNIPEG, MB



# WINPAK DIVISION WINNIPEG, MB

## EXAMPLES OF CURRENT PRODUCTS



# WINPAK LANE, SAN BERNARDINO, CA

## OUR MACHINERY BUSINESS



# NEW HOME FOR WINPAK LANE

RIALTO, CA



## PROPERTY HIGHLIGHTS

- +  $\pm$  67,742 SF Light Industrial
- +  $\pm$  2,500 SF Spec Office
- + 32' Clear Height
- + ESFR Sprinkler System
- + 15 Dock High Doors
- + 1 GL Ground Level Door
- + 9 Trailer Parking Spaces within Gated Yard
- + 72 Auto Parking Spaces
- + Minimum  $\pm$  130' All Concrete Truck Court
- + 2.5% Skylights
- + Situated on  $\pm$  4.32 Acres of Land





IT'S OUR NATURE TO PROTECT

---

# SUSTAINABILITY MANDATE

# Company Overview

Sustainability values and pillars



## IT'S OUR NATURE TO PROTECT™

**Winpak's vision is to excel in sustainable business practices to create products, processes and services that deliver net positive economic, social and environmental benefits while growing profitably and responsibly.**



# Sustainability Pillars & KPIs



## Growing as a “Valued Partner”

- Customer Satisfaction
- Materials Management
- Sustainable Products



## Keeping our “Extended Family” Safe and Engaged

- Health & Safety
- Employee Retention
- Employee Satisfaction



## Proud of our “Roots”

- Code of Conduct
- Responsible Supply Chain
- Corporate Transparency



## “Planet” for Future Generations

- Energy Intensity
- GHG Emissions Intensity: > 10% reduction
- Landfill Waste

# Products

## ReFresh™ - A Fresh Start to Sustainable Packaging

- **ReForm**

- Flexible thermoformable polyolefin-based film with low haze and high clarity

- **ReLam**

- Flexible non-forming polyolefin-based film with low haze and high clarity

- **ReLid**

- High speed heat sealable polyolefin-based lidding film with excellent gas, moisture and aroma barriers
- Designed to provide a complete recycle-ready packaging solution when paired with Winpak's recyclable high barrier MAPfresh® trays

- **RePouch**

- Available in high clarity polyolefin structures with oxygen, moisture and aroma barriers





IT'S OUR NATURE TO PROTECT

---

# **OVERVIEW AND FORWARD-LOOKING STATEMENTS**

# COMPANY OVERVIEW



## Strong Financial Position

Debt-free

- Remaining long-term debt was retired in Q1/09
- Net cash position of over \$397 million at end of 2019.

Shareholders' equity of \$1,035 million

Current ratio of 9.4 to 1

Consistent strong generation of cash flow from operations

Dividends

- Regular dividends of \$0.03 CDN per share are paid quarterly. The last increase in the regular dividend occurred in 2007 when it was doubled.
- Special dividends were declared in 2015 and 2014 of \$1.50 and \$1.00 CDN per share respectively.

# COMPANY OVERVIEW



## Looking Forward - 1

### Raw Materials

- Input costs have eased, as new capacity came on stream for polyethylene resin combined with the recent decline in world oil prices. On an annual average, raw materials declined by 12.2 percent, following two years of increases.
- In any event, 69 percent of Winpak's revenues are indexed to raw material pricing, creating a partial hedge. However, a time lag exists before the customers' prices are affected, which average 3 – 4 months, depending on contract terms.

### Selling Prices

- 2019 experienced intense competitive pressures on lower selling prices in the Company's product markets and this environment is expected to persist in 2020, applying pressure on gross profit margins.

### Sales Volumes

- Lack luster growth in the North American food packaging industry, due in part to changing consumer consumption patterns, may influence revenue growth to some degree with customers looking forward.

### Winpak's Core business is very stable

- Over 90 percent of sales are to food and healthcare markets, resistant to economic downturns.
- Top 15 customers account for approx. 35% of revenues, with the largest customer accounting for approx. 11% in Q1 2020 (vs. 17% Q1 2019).

# COMPANY OVERVIEW



## Forward Looking - 2

### Foreign exchange impacts

- 1 cent increase in CDN \$ equates to approx. 0.7 of a cent decrease in EPS. However, the effect is not immediate due to the Company's hedging policy which covers 50% to 80% of conversion requirements for the ensuing 9 to 15 months.
- The current depreciation in the CDN \$, while a headwind to revenues, is a tailwind to Winpak's bottom line results as 20% of costs but only 10% of revenues are denominated in CDN \$. The Company's functional and reporting currency is USD.

### Capital spending

- For 2020, capital expenditures are expected to be \$50 to \$60 million, comparable to 2019 spending level of \$58.1 million due to a building and line expansion and new capacity (extrusion, injection molding and other converting additions).
- The focus of the capital expenditures is to expand on existing & new technology capabilities in extrusion and converting.

### Strong cash flow from operations

- Will allow for funding of organic CAPEX without the need for borrowing.

### Acquisitions

- On October 1, 2019, the Company acquired all of the business (net assets and building) of privately owned Cheringal Associates, Inc. and Norwood, Printing, Inc. collectively "Control Group" located in Norwood, New Jersey for US \$42.7 million. In its most recent fiscal year, Control Group had revenues approaching US \$25 million. The transaction was funded from cash resources on hand



**WINPAK**

---

IT'S OUR NATURE TO PROTECT