



# 1Q22 Investor Presentation

Results Through March 31, 2022

May 5, 2022



# Important Information

## Forward-Looking Statements and Other Information

This presentation contains forward-looking statements. All statements other than statements of historical fact contained in this presentation, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. Forward-looking statements are subject to various risks and uncertainties. Accordingly, there are important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. Moreover, new risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation. The results, events and circumstances reflected in the forward-looking statements made herein may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on any forward-looking statements. For additional information on these and other factors that could cause our actual results to differ materially from those set forth in this presentation, please see our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission, or SEC, and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 to be filed with the SEC.

All information contained herein speaks only as of the date of this presentation, except where otherwise stated. Except as required by law, we undertake no duty to update or revise the information contained herein, publicly or otherwise, including any forward-looking statements.

## Non-GAAP Financial Measures

In addition to U.S. GAAP financial measures, this presentation includes references to Adjusted EBITDA from continuing operations and free cash flow, which are non-GAAP financial measures.

We define Adjusted EBITDA as our net income (loss) from continuing operations calculated in accordance with GAAP plus the sum of income tax expense (benefit), net interest expense, depreciation and amortization and further adjusted to exclude certain items, including but not limited to restructuring, asset impairment and other related charges, gains on the sale of businesses and noncurrent assets, non-cash pension income, operational process engineering-related consultancy costs, business acquisition and integration costs and purchase accounting adjustments, unrealized gains or losses on derivatives, foreign exchange losses on cash and executive transition charges. We define free cash flow as net cash provided by operating activities less capital expenditures. All references to Adjusted EBITDA and free cash flow in this presentation are to Adjusted EBITDA and free cash flow from continuing operations, respectively.

These non-GAAP measures are in addition to, and not a substitute for or superior to, measures prepared in accordance with GAAP.

A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures is set forth in the Appendix to this presentation.



# Today's Presenters

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**Michael King**  
President and Chief Executive Officer



**Mike Ragen**  
Chief Financial Officer



# Agenda

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- 1. Q1 Highlights
- 2. Q1 2022 Financial Performance
- 3. 2022 Outlook
- 4. Conclusion & Q&A





# Q1 Highlights

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# Q1 2022 Highlights

- Net revenue of \$1,495mn
  - Increased \$331mn or 28% vs 1Q21
  - Price/mix up 26% y/y for 1Q22 largely due to material costs passed through to customers and pricing actions across all segments
  - Benefit from the acquisition of Fabri-Kal
  - Volume down 5% primarily due to labor shortages and coated groundwood exit
- Net income of \$43mn vs loss of \$11mn in 1Q21
  - Diluted EPS of \$0.24
  - Higher gross profit and gain on sale of Naturepak Beverage Packaging, partially offset by an increase in tax expense
- Adjusted EBITDA<sup>(1)</sup> of \$182mn increased \$105mn vs 1Q21
  - Favorable pricing, the benefit from Winter Storm Uri and scheduled cold mill outage costs in 1Q21 that did not recur and the Fabri-Kal acquisition, partially offset by higher material, manufacturing and logistics costs

**\$1,495 million**  
of Net Revenue

**\$182 million**  
of Adjusted EBITDA<sup>(1)</sup>

**\$70 million**  
of Free Cash Flow<sup>(1)</sup>

(1) Adjusted EBITDA and free cash flow are non-GAAP measures. See the reconciliation of net income (loss) to Adjusted EBITDA and free cash flow in the Appendix.



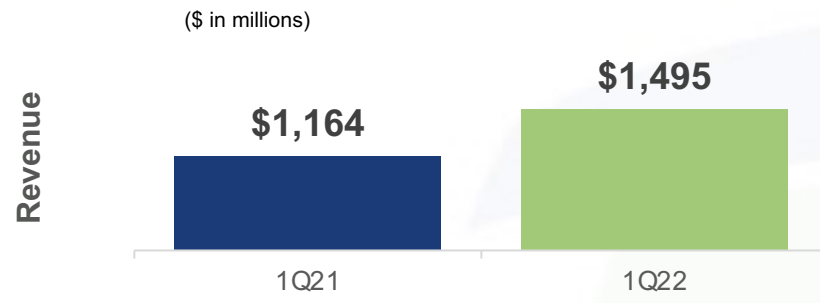


# Q1 2022 Financial Performance

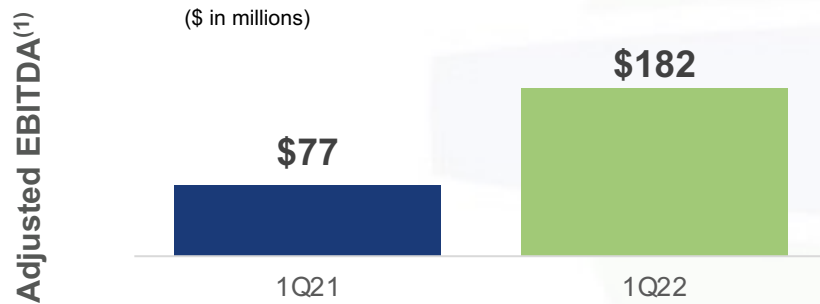
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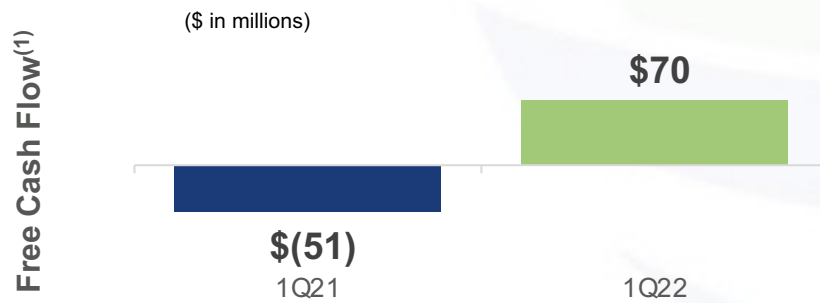
# 1Q 2022 Financial Performance



- **Q1 2022 revenue up 28% y/y**
  - Price/mix up 26% primarily related to higher material costs passed through to customers and pricing actions
  - Up 9% due to acquisition of Fabri-Kal
  - Volume was down 5% primarily due to labor challenges and exit from coated groundwood business



- **Q1 2022 Adjusted EBITDA<sup>(1)</sup> increased \$105mn y/y**
  - Adjusted EBITDA<sup>(1)</sup> was up y/y primarily due to favorable pricing, the benefit from Winter Storm Uri and scheduled cold mill outage costs in 1Q21 that did not recur and the impact of the Fabri-Kal acquisition, partially offset by higher material, manufacturing and logistics costs



- **Free Cash Flow<sup>(1)</sup> increased \$121mn y/y**
  - Higher net cash flow provided from operating activities, and lower capex

(1) Adjusted EBITDA and free cash flow are non-GAAP measures. See the reconciliation of net income (loss) to Adjusted EBITDA and free cash flow in the Appendix.

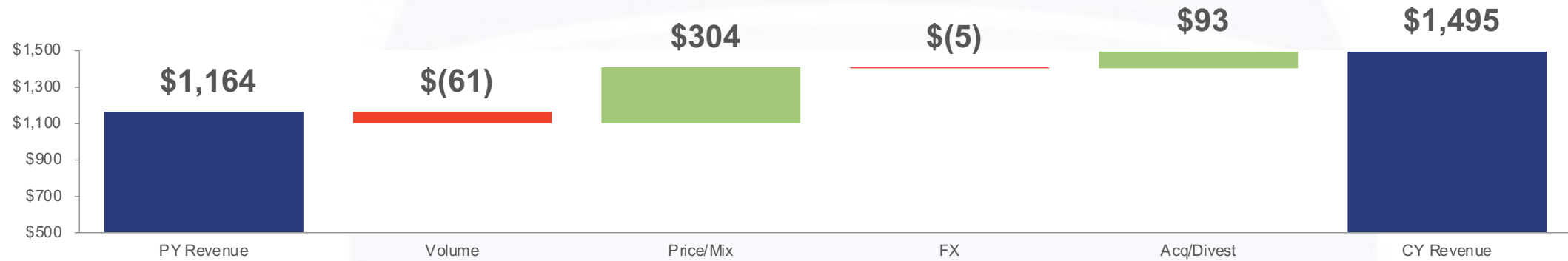




# Q1 2022 Revenue & Adjusted EBITDA<sup>(1)</sup> Bridge

## Revenue

(\$ in millions)



## Adjusted EBITDA<sup>(1)</sup>

(\$ in millions)



(1) Adjusted EBITDA is a non-GAAP measure. See the reconciliation of net income (loss) to Adjusted EBITDA in the Appendix.

# Pactiv Evergreen Quarterly Highlights – By Segment

(\$ in millions)	Foodservice		
	Q1 2022	Q1 2021	YoY %
Net Revenue	\$697	\$454	54%
Adjusted EBITDA	\$116	\$61	90%

- **Foodservice revenue up 54%**

- Price/mix up 34% y/y primarily due to higher material costs passed through to customers and pricing actions
- Up 22% due to acquisition of Fabri-Kal
- Volume down 2%

- **Adjusted EBITDA up 90% to \$116mn**

- Increase was primarily due to favorable pricing and the impact of Fabri-Kal acquisition, partially offset by higher material, manufacturing and logistics costs

(\$ in millions)	Food Merchandising		
	Q1 2022	Q1 2021	YoY %
Net Revenue	\$404	\$342	18%
Adjusted EBITDA	\$60	\$55	9%

- **Food Merchandising revenue up 18%**

- Price/mix up 24% y/y primarily due to higher material costs passed through to customers and pricing actions
- Volume down 6% primarily due to labor shortages

- **Adjusted EBITDA up 9% to \$60mn**

- Increase was primarily due to favorable pricing, partially offset by higher material and manufacturing costs, lower sales volume and higher logistics costs

(\$ in millions)	Beverage Merchandising		
	Q1 2022	Q1 2021	YoY %
Net Revenue	\$403 <sup>(1)</sup>	\$357 <sup>(2)</sup>	13%
Adjusted EBITDA	\$24	\$(32)	NM

- **Beverage Merchandising revenue up 13%**

- Price/mix up 18% y/y primarily due to pricing actions, contractual pass-through of higher material costs and favorable product mix
- Volume down 4% primarily due to our strategic exit from the coated groundwood business

- **Adjusted EBITDA increased \$56mn to \$24mn**

- Increase was driven by favorable pricing and the benefit related to \$34 million of Winter Storm Uri costs and \$16 million of scheduled cold mill outage costs in Q121 that did not recur, partially offset by higher material, manufacturing and logistics costs

(1) Includes \$31 million of intersegment revenues.

(2) Includes \$18 million of intersegment revenues.

NM – not meaningful





# 2022 Outlook

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# Driving Towards ESG Excellence



## PROTECT OUR PLANET'S RESOURCES

- Reduce emissions and energy use
- Protect the sustainability of our forests
- Minimize water use
- Decrease waste going to landfill



## DELIVER SUSTAINABLE PRODUCTS ESSENTIAL TO CONSUMERS

- Implement our Four R's approach to our materials and products
- Collaborate across the value chain to drive the Four R's
- Design innovative materials and products



## VALUE OUR PEOPLE AND COMMUNITIES

- Champion a culture of safety at work and at home
- Attract, empower and retain the best team
- Embrace diversity and inclusion
- Support the communities in which we work and live



## PROMOTE EFFECTIVE GOVERNANCE

- Oversight by independent, diverse board
- Implement formal executive compensation practices
- Ensure strict and transparent audit processes
- Foster a culture of integrity and ethics

Quarterly Highlights

- Built cross-functional, corporate-level team dedicated to improved water efficiency
- Continued implementation of operational sustainability metrics management system

- Supported McDonald's test of new Circular Cups, sourced from recycled and biobased polypropylene
- Passed compostability testing of new tamper-evident French fry containers

- Launched GiveBack Key Initiative, expanding on existing program supporting the communities in which we work and live

- Convened internal working group to determine climate-related risks and opportunities and examine scenarios, in alignment with Task Force for Climate-related Financial Disclosures recommendations

# 2022 Outlook

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## Maintaining Outlook After Strong Start to 2022

**FY 2022 Adj. EBITDA<sup>(1)</sup> : \$705mn**

This guidance incorporates our previously noted key assumptions, with the following points:

- Labor improvement on track; challenges in 1H22 moderating into 2H22
- Continued progress in improving mill operations
- Increased uncertainty around global energy markets and its impact on raw materials, logistics and other costs
- Continued broader inflationary pressures

(1) We are unable to provide a reconciliation of forward-looking Adjusted EBITDA without unreasonable effort because of the uncertainty and potential variability in amount and timing of gains on the sale of businesses, non-cash pension income or expense, unrealized gains or losses on derivatives and foreign exchange gains or losses on cash, which are reconciling items between GAAP net income (loss) and Adjusted EBITDA and could significantly impact GAAP results.





# Conclusion & Q&A

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# Appendix

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# Condensed Consolidated Statements of Income (Loss)

(\$ in millions)	For the three months ended March 31,	
	2022	2021
<b>Net revenues</b>	<b>\$ 1,495</b>	<b>\$ 1,164</b>
Cost of sales	(1,263)	(1,056)
<b>Gross profit</b>	<b>232</b>	<b>108</b>
Selling, general and administrative expenses	(142)	(126)
Restructuring, asset impairment and other related charges	-	2
Other income, net	28	6
<b>Operating income (loss) from continuing operations</b>	<b>118</b>	<b>(10)</b>
Non-operating income, net	10	23
Interest expense, net	(49)	(42)
<b>Income (loss) from continuing operations before tax</b>	<b>79</b>	<b>(29)</b>
Income tax (expense) benefit	(36)	18
<b>Income (loss) from continuing operations</b>	<b>43</b>	<b>(11)</b>
Loss from discontinued operations, net of income taxes	-	(3)
<b>Net income (loss)</b>	<b>43</b>	<b>(14)</b>
Income attributable to non-controlling interests	-	(1)
<b>Net income (loss) attributable to Pactiv Evergreen Inc. common shareholders</b>	<b>\$ 43</b>	<b>\$ (15)</b>
<b>Net income (loss) per share from continuing operations:</b>		
Basic	\$ 0.24	\$ (0.07)
Diluted	\$ 0.24	\$ (0.07)



# Reconciliation Of Net Income (Loss) From Continuing Operations To Adjusted EBITDA

(\$ in millions)

	For the three months ended March 31,	
	2022	2021
<b>Net income (loss) from continuing operations (GAAP)</b>	<b>\$ 43</b>	<b>\$ (11)</b>
Income tax expense (benefit)	36	(18)
Interest expense, net	49	42
Depreciation and amortization	84	73
Restructuring, asset impairment and other related charges <sup>(1)</sup>	-	(2)
Gain on sale of business and noncurrent assets <sup>(2)</sup>	(27)	-
Non-cash pension income <sup>(3)</sup>	(10)	(23)
Operational process engineering-related consultancy costs <sup>(4)</sup>	3	3
Business acquisition and integration costs and purchase accounting adjustments <sup>(5)</sup>	4	-
Unrealized (gains) losses on derivatives <sup>(6)</sup>	(5)	1
Foreign exchange losses on cash <sup>(7)</sup>	2	-
Executive transition charges <sup>(8)</sup>	-	10
Costs associated with legacy sold facility <sup>(9)</sup>	3	-
Other	-	2
<b>Adjusted EBITDA from continuing operations (Non-GAAP)</b>	<b>\$ 182</b>	<b>\$ 77</b>

(1) Reflects restructuring, asset impairment and other related charges (net of reversals) primarily associated with our remaining closures businesses.

(2) Reflects the gain from the sale of businesses and noncurrent assets, primarily related to the sale of our equity interests in Naturepak Beverage Packaging Co. Ltd.

(3) Reflects the non-cash pension income related to our employee benefit plans, including the pension settlement gain of \$10 million recognized during the three months ended March 31, 2022.

(4) Reflects the costs incurred to evaluate and improve the efficiencies of our manufacturing and distribution operations.

(5) Reflects integration costs related to the acquisition of Fabri-Kal.

(6) Reflects the mark-to-market movements in our commodity derivatives.

(7) Reflects foreign exchange losses on cash, primarily on U.S. dollar amounts held in non-U.S. dollar functional currency entities.

(8) Reflects charges relating to key executive retirement and separation agreements in the first quarter of 2021.

(9) Reflects costs related to a closed facility, sold prior to our acquisition of the entity.

# Reconciliation Of Net Cash Provided by Operating Activities to Free Cash Flow

	For the three months ended March 31,	
	2022	2021
<b>Net cash provided by operating activities</b>	<b>\$ 120</b>	<b>\$ 9</b>
Capital expenditures from continuing operations	(50)	(60)
<b>Free Cash Flow</b>	<b>\$ 70</b>	<b>\$ (51)</b>

**pactiv**   
**evergreen**™

