



**pactiv**   
**evergreen**<sup>TM</sup>

# 1Q 2024 Earnings Presentation

Results through March 31, 2024

May 2, 2024

# Important Information

## Forward-Looking Statements and Other Information

This presentation contains forward-looking statements. All statements contained in this presentation other than statements of historical fact are forward-looking statements, including but not limited to statements regarding our guidance as to our future financial and operational results and the timing and magnitude of restructuring charges. 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, 2023 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, to be filed with the Securities and Exchange Commission.

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, Adjusted EPS, Free Cash Flow, Net Debt and the Net Leverage Ratio, which are non-GAAP financial measures. All references to Adjusted EBITDA refer to Adjusted EBITDA from continuing operations. All references to Adjusted EPS refer to Adjusted EPS from continuing operations.

We define Adjusted EBITDA as our net (loss) income 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 (expense), 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, executive transition charges and gains or losses on certain legal settlements. We define Adjusted EPS as diluted (loss) earnings per share ("EPS") from continuing operations calculated in accordance with GAAP adjusted for the after tax effect of 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 (expense), 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, executive transition charges and gains or losses on certain legal settlements. We define Free Cash Flow as net cash provided by operating activities less capital expenditures. We define Net Debt as the sum of current and long-term debt, less cash and cash equivalents. We define the Net Leverage Ratio as Net Debt divided by Adjusted EBITDA for the last 12 months, which we refer to as LTM Adjusted EBITDA.

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 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 & Chief Executive Officer



**Jon Baksht**  
Chief Financial Officer

# Agenda



1

**Key Themes & Strategic Priorities Update**



2

**1Q 2024 Financial Performance and 2024 Outlook**



3

**Conclusion and Q&A**

# 1Q 2024 Key Messages



- 1** Delivered solid financial results, including Adjusted EBITDA<sup>(1)</sup> of \$168M for 1Q'24
- 2** Broader market environment remains mixed with slowing trajectory of inflation improvement
- 3** Focused on managing costs; taking strategic actions to build 2H'24 momentum and position for sustainable growth
- 4** Reiterate financial guidance for FY'24; encouraged by recent cost actions and operational improvements

(1) Adjusted EBITDA is a non-GAAP measure. See reconciliation to GAAP measures in the Appendix.

# Current Company and Market Dynamics



## Consumer Demand / Volume

- Consumers gradually adapting to structurally higher food prices and trading down where possible
- Recent inflation resurgence muting near-term demand catalysts
- Impact from severe weather largely absorbed in 1Q

## Pricing / Mix

- Customers less able to continue pushing price; increasing focus on cost structures
- Volatility in oil prices impacting near-term resin prices
- Overall lower raw material cost environment compared to last two years



# 1Q 2024 Financial Performance and 2024 Outlook

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# Delivered Financial Results In Line with Expectations

(\$ in millions, except per share amounts)

	1Q'23	4Q'23	1Q'24	YoY%	QoQ%
<b>Net Revenues</b>	\$1,431	\$1,274	\$1,252	(13%)	(2%)
<b>Adj. EPS<sup>(1)</sup></b>	\$0.13	\$0.33	\$0.14	8%	(58%)
<b>Adj. EBITDA<sup>(1)</sup></b>	\$189	\$207	\$168	(11%)	(19%)
<b>Free Cash Flow<sup>(1)</sup></b>	\$25	(\$26)	(\$74)	NM	NM

## YoY Commentary

- Revenues impacted by prior year exit of Canton paper mill, lower pricing due to the pass through of lower material costs and lower sales volume
- Volumes mainly impacted by strategic value over volume decisions and the market softening amid inflationary pressures
- Q1 Adj. EBITDA Margin<sup>(2)</sup> of 13.4%, ~20bps increase
- Free Cash Flow<sup>(1)</sup> impacted by seasonal inventory build ahead of summer season

(1) Adjusted EPS, Adjusted EBITDA and Free Cash Flow are non-GAAP measures. See the reconciliations to GAAP measures in the Appendix.

(2) Adjusted EBITDA Margin is a non-GAAP financial measure, calculated as Adjusted EBITDA divided by Net Revenues.



# Foodservice Segment Highlights

(\$ in millions)	1Q 2023	4Q 2023	1Q 2024	YoY %	QoQ %
<b>Net Revenues</b>	\$614	\$626	\$597	(3%)	(5%)
<b>Adjusted EBITDA</b>	\$106	\$112	\$90	(15%)	(20%)



## YoY Commentary

### Net Revenues down 3%

- Volume down 1%
- Price/mix down 2%, mainly due to lower pricing, largely due to the pass through of lower material costs, and unfavorable product mix

### Adjusted EBITDA down 15%

- Decrease in Adjusted EBITDA was mainly due to unfavorable product mix, higher manufacturing costs and lower pricing, net of material costs passed through

## QoQ Commentary

### Net Revenues down 5%

- Volume down 5%
- Price/mix flat

### Adjusted EBITDA down 20%

- Decrease in Adjusted EBITDA was due to lower sales volume and higher manufacturing costs

# Food and Beverage Merchandising Segment Highlights

(\$ in millions)	1Q 2023	4Q 2023	1Q 2024	YoY %	QoQ %
<b>Net Revenues</b>	\$850	\$653	\$660	(22%)	1%
<b>Adjusted EBITDA</b>	\$101	\$113	\$100	(1%)	(12%)



## YoY Commentary

### Net Revenues down 22%

- Volume down 14% due to closure of Canton mill; down 4% excluding Canton mill
- Price/mix down 5% largely due to the pass through of lower material costs

### Adjusted EBITDA down 1%

- Decrease in Adjusted EBITDA was primarily due to lower sales volume, unfavorable product mix and lower pricing, net of material costs passed through, partially offset by lower manufacturing costs

## QoQ Commentary

### Net Revenues up 1%

- Volume up 1%
- Price/mix flat

### Adjusted EBITDA down 12%

- Decrease in Adjusted EBITDA reflects higher manufacturing and material costs, partially offset by lower transportation costs

# Balance Sheet, Cash Flow and Leverage

## Selected Balance Sheet

(\$ in millions)

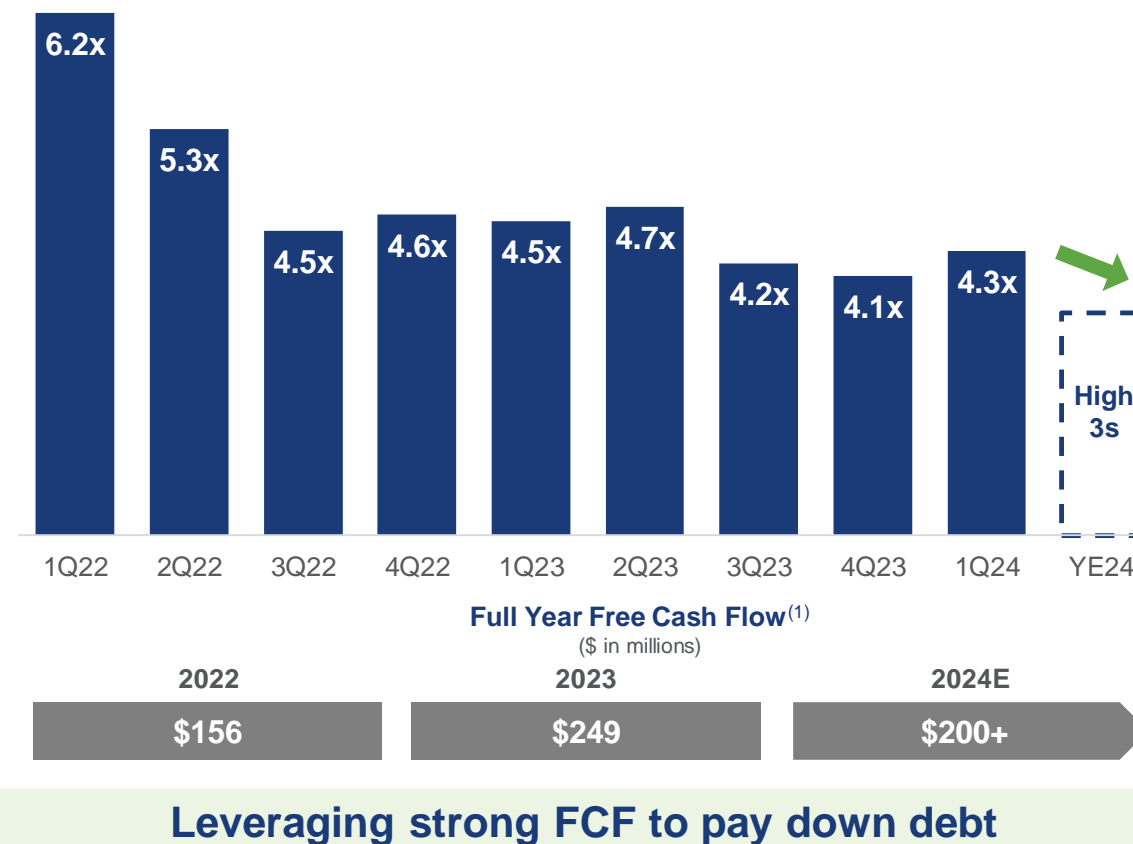
As of Quarter-end	4Q'23	1Q'24
Cash and Cash Equivalents	\$164	\$71
Net Debt <sup>(1)</sup>	\$3,422	\$3,514
Net Leverage Ratio <sup>(1)</sup>	4.1x	4.3x
Working Capital	\$793	\$811
Weighted average debt maturity	~3.7 years	~3.5 years
Fixed rate debt as % of total <sup>(2)</sup>	~81%	~81%

## Selected Quarterly Cash Flow

(\$ in millions)

As of Quarter-end	4Q'23	1Q'24
Cash Flow from Operations	\$81	(\$33)
CapEx	(\$107)	(\$41)
Free Cash Flow <sup>(1)</sup>	(\$26)	(\$74)

## Net Leverage Ratio<sup>(1)(3)</sup>



(1) Net Debt, Net Leverage Ratio, and Free Cash Flow are non-GAAP measures. See the reconciliations to GAAP measures in the Appendix.

(2) Net of interest rate swaps entered into during the fourth quarter of 2022 for an aggregate notional amount of \$1,000 million of our U.S. term loans.

(3) Net Leverage Ratio is a non-GAAP measure. We are unable to provide a reconciliation of forward-looking Net Leverage Ratio without unreasonable effort because of the uncertainty and potential variability in amount and timing of the reconciling items between GAAP net (loss) income from continuing operations and Adjusted EBITDA, which is a component of Net Leverage Ratio.

# Reiterate 2024 Outlook



## FY 2024 Adj. EBITDA<sup>(1)</sup>

**\$850M - \$870M**

## Other Matters

FY 2024 CapEx	\$300M
Free Cash Flow <sup>(2)</sup>	\$200M+
Net Leverage Ratio <sup>(3)</sup>	High 3s

## Total Restructuring Charges

Beverage Merchandising Restructuring (2023 – 2024)	<b>Non-cash: \$330M</b> <b>Cash: \$160M</b>
Footprint Optimization (2024 – 2025)	<b>Non-cash: \$20M - \$40M</b> <b>Cash: \$50M - \$65M</b>

(1) The Company has not reconciled the forward-looking non-GAAP measure Adjusted EBITDA to the GAAP measure net (loss) income from continuing operations in this presentation because the Company does not provide guidance for certain of the reconciling items on a consistent basis, including but not limited to items relating to restructuring, asset impairment and other related charges, depreciation and amortization expense, net interest expense and income taxes, which would be required to include a reconciliation of Adjusted EBITDA to GAAP net (loss) income from continuing operations, as the Company is unable to quantify these amounts without unreasonable efforts.

(2) Free Cash Flow is a non-GAAP measure. See the reconciliation to net cash provided by operating activities in the Appendix.

(3) Net Leverage Ratio is a non-GAAP measure. We are unable to provide a reconciliation of forward-looking Net Leverage Ratio without unreasonable effort because of the uncertainty and potential variability in amount and timing of the reconciling items between GAAP net (loss) income from continuing operations and Adjusted EBITDA, which is a component of Net Leverage Ratio, for the reasons described above in footnote 1.



## Conclusion and Q&A

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# Pactiv Evergreen's Unique Value Proposition



- 1** Market leading positions in growing, recession-resilient consumer end markets and **longstanding partnerships with blue chip customers**
- 2** Broad range of **product offerings, channels, and distribution network** to reach customers and consumers anywhere in North America
- 3** **Innovative and sustainability-focused** products to address evolving customer needs
- 4** **Strong and flexible** balance sheet with **clear capital allocation priorities**
- 5** World-class **leadership team** executing transformation journey with focus on operational excellence

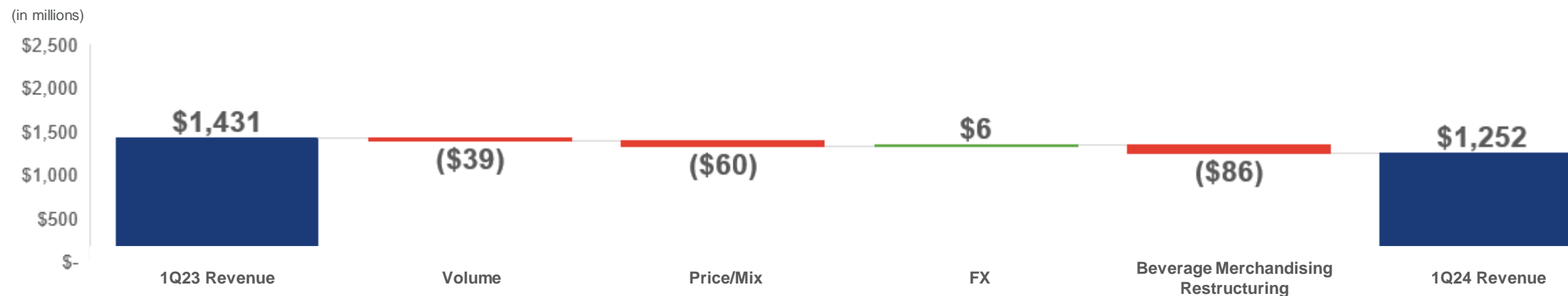


# Appendix

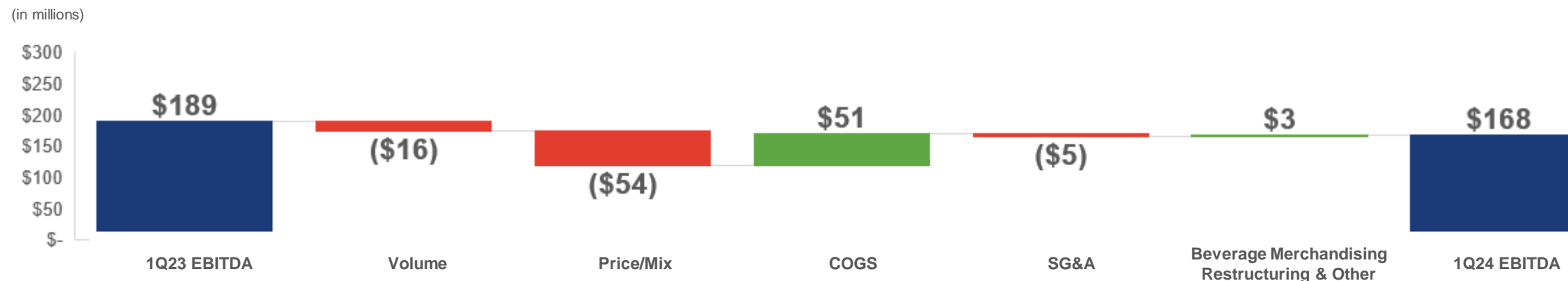
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# Revenue & Adjusted EBITDA<sup>(1)</sup> Bridges 1Q 2024 vs 1Q 2023

## Net Revenue



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

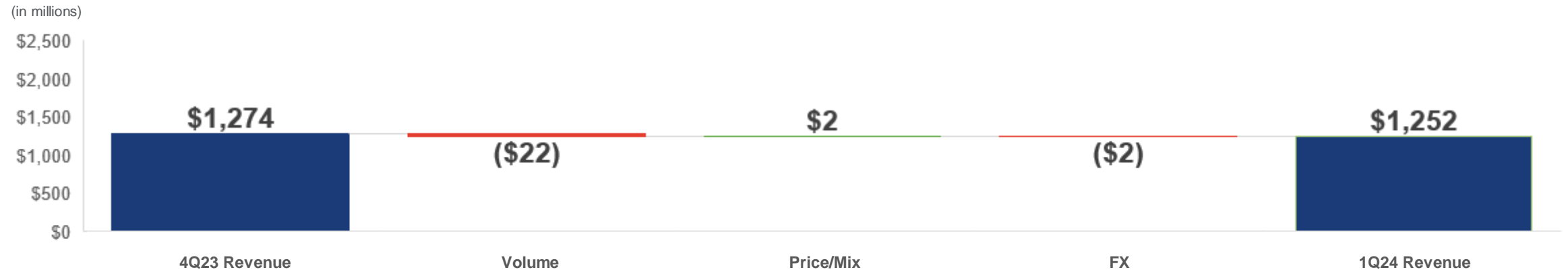


(1) Adjusted EBITDA is a non-GAAP measure. See the reconciliation to the GAAP measure in this appendix.



# Revenue & Adjusted EBITDA<sup>(1)</sup> Bridges 1Q 2024 vs 4Q 2023

## Net Revenue



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



(1) Adjusted EBITDA is a non-GAAP measure. See the reconciliation to the GAAP measure in this appendix.

# Reconciliation of Net Cash (used in) Provided by Operating Activities to Free Cash Flow and to 2024 Free Cash Flow Outlook

(in millions)	For the Three Months Ended			For the Year Ended		
	March 31, 2024	December 31, 2023	March 31, 2023	December 31, 2023	December 31, 2022	December 31, 2021
Net cash (used in) provided by operating activities (GAAP)	(\$33)	\$81	\$88	\$534	\$414	\$261
Capital expenditures	(41)	(107)	(\$63)	(285)	(258)	(282)
<b>Free Cash Flow (Non-GAAP)</b>	<b>(\$74)</b>	<b>(\$26)</b>	<b>\$25</b>	<b>\$249</b>	<b>\$156</b>	<b>(\$21)</b>

(in millions)	For the Year Ended
	December 31, 2024
Net cash (used in) provided by operating activities (GAAP)	\$500+
Capital expenditures	(300)
<b>Free Cash Flow (Non-GAAP)</b>	<b>\$200+</b>

# Reconciliation of Net Income to Adjusted EBITDA and Diluted EPS to Adjusted EPS

(in millions, except per share amounts)

	For the Three Months Ended					
	March 31, 2024		December 31, 2023		March 31, 2023	
	Net income to Adjusted EBITDA	Diluted EPS to Adjusted EPS	Net income to Adjusted EBITDA	Diluted EPS to Adjusted EPS	Net income to Adjusted EBITDA	Diluted EPS to Adjusted EPS
<b>Net income / Diluted EPS (Reported GAAP Measure)</b>	<b>\$10</b>	<b>\$0.04</b>	<b>\$22</b>	<b>\$0.12</b>	<b>(\$133)</b>	<b>(\$0.76)</b>
Income tax expense (benefit)	5		2		(19)	
Interest expense, net	59		57		63	
Depreciation and amortization (excluding restructuring-related charges)	75		80		84	
Beverage Merchandising Restructuring charges <sup>(1)</sup>	11	0.05	35	0.16	187	0.87
Footprint Optimization Charges <sup>(2)</sup>	10	0.05	—	—	—	—
Other restructuring and asset impairment charges (reversals)	—	—	6	0.03	(1)	—
(Gain) Loss on sale of businesses and noncurrent assets	(1)	(0.01)	1	—	—	—
Non-cash pension expense <sup>(3)</sup>	—	—	2	0.01	1	—
Unrealized losses (gains) on commodity derivatives	(1)	—	1	—	2	—
Foreign exchange losses on cash	—	—	2	0.01	4	0.01
Gain on legal settlement	—	—	—	—	1	0.01
Other	—	—	(1)	—	—	—
<b>Adjusted EBITDA / Adjusted EPS<sup>(4)</sup> (Non-GAAP Measure)</b>	<b>\$168</b>	<b>\$0.14</b>	<b>\$207</b>	<b>\$0.33</b>	<b>\$189</b>	<b>\$0.13</b>

(1) Reflects charges related to the Beverage Merchandising Restructuring, including \$3 million, \$4 million and \$90 million of accelerated depreciation expense for the three months ended March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

(2) Reflects charges related to the Footprint Optimization, including \$1 million of accelerated depreciation expense for the three months ended March 31, 2024.

(3) Reflects the non-cash pension expense related to our employee benefit plans.

(4) Income tax expense (benefit), interest expense, net and depreciation and amortization (excluding restructuring-related charges) are not adjustments from diluted EPS to calculate Adjusted EPS. Adjustments were tax effected using the applicable effective income tax rate for each period. For the three months ended March 31, 2024, December 31, 2023 and March 31, 2023, the tax effect of the adjustments were a loss of \$0.01 per diluted share, income of \$0.05 per diluted share and income of \$0.20 per diluted share, respectively.

# Reconciliation of Total Debt to Net Debt and LTM Net Income (Loss) From Continuing Operations to LTM Adjusted EBITDA From Continuing Operations and Derivation of Net Leverage Ratio

(in millions)										
Net Debt:	1Q 24	4Q 23	3Q 23	2Q 23	1Q 23	4Q 22	3Q 22	2Q 22	1Q 22	
Total Debt (GAAP)	\$3,585	\$3,586	\$3,611	\$3,840	\$4,022	\$4,136	\$4,233	\$4,237	\$4,243	
Less cash and cash equivalents	71	164	233	233	427	531	559	246	283	
Net Debt (Non-GAAP)	\$3,514	\$3,422	\$3,378	\$3,607	\$3,595	\$3,605	\$3,674	\$3,991	\$3,960	

(in millions)	Last Twelve Months Ended									
LTM Adjusted EBITDA:	1Q 24	4Q 23	3Q 23	2Q 23	1Q 23	4Q 22	3Q 22	2Q 22	1Q 22	
Net (loss) income from continuing operations (GAAP)	(\$79)	(\$222)	(\$217)	(\$70)	\$143	\$319	\$326	\$153	\$87	
Income tax (benefit) expense	21	(3)	(16)	41	94	149	182	90	50	
Interest expense, net	241	245	248	246	232	218	208	206	198	
Depreciation and amortization (excluding Beverage-Merchandising Restructuring-related charges)	318	327	331	335	339	339	346	364	355	
Beverage Merchandising Restructuring charges <sup>(1)</sup>	294	470	435	403	187	—	—	—	—	
Footprint Optimization charges <sup>(2)</sup>	10	—	—	—	—	—	—	—	—	
Other restructuring and asset impairment charges (reversals) <sup>(3)</sup>	7	6	—	57	57	58	59	2	11	
Loss (gain) on sale of businesses and noncurrent assets <sup>(4)</sup>	1	2	1	(238)	(239)	(266)	(266)	(27)	(27)	
Non-cash pension expense (income) <sup>(5)</sup>	7	8	9	(37)	(37)	(49)	(65)	(61)	(88)	
Unrealized gains (losses) on commodity derivatives <sup>(6)</sup>	(2)	1	—	11	11	4	6	(3)	1	
Foreign exchange losses on cash <sup>(7)</sup>	2	6	5	3	4	3	3	3	4	
Gain on legal settlement <sup>(8)</sup>	—	—	—	—	(15)	(15)	(15)	(15)	—	
Business acquisition and integration costs and purchase accounting adj. <sup>(9)</sup>	—	—	—	—	2	6	19	21	19	
Operational process engineering-related consultancy costs <sup>(10)</sup>	—	—	2	5	6	9	12	15	21	
Executive transition charges <sup>(11)</sup>	—	—	—	—	2	2	2	2	—	
Costs associated with legacy sold facility <sup>(12)</sup>	—	—	—	—	3	6	6	6	3	
Other	(1)	—	2	4	3	2	—	(1)	2	
<b>LTM Adjusted EBITDA (Non-GAAP)</b>	<b>\$819</b>	<b>\$840</b>	<b>\$800</b>	<b>\$760</b>	<b>\$792</b>	<b>\$785</b>	<b>\$823</b>	<b>\$755</b>	<b>\$636</b>	
<b>Net Leverage Ratio</b>	<b>4.3</b>	<b>4.1</b>	<b>4.2</b>	<b>4.7</b>	<b>4.5</b>	<b>4.6</b>	<b>4.5</b>	<b>5.3</b>	<b>6.2</b>	

- (1) Reflects charges related to the Beverage Merchandising Restructuring, including \$274 million of accelerated depreciation expense in 2023.
- (2) Reflects charges related to the Footprint Optimization, including \$1 million of accelerated depreciation expense in 2024.
- (3) Reflects asset impairment, restructuring and other related charges (net of reversals) primarily associated with our decision to exit our remaining closures operations and the closure of our coated groundwood operations.
- (4) Reflects the loss (gain) from the sale of businesses and noncurrent assets. For the year ended December 31, 2022 this primarily related to the sale of Beverage Merchandising Asia and the sale of our equity interests in NaturepakBeverage.
- (5) Reflects the non-cash pension income related to our employee benefit plans, including settlement gains.
- (6) Reflects the mark-to-market movements in our commodity derivatives.
- (7) Reflects foreign exchange losses on cash, primarily on U.S. dollar.
- (8) Reflects the gain, net of costs, arising from the settlement of a historical legal action.
- (9) Reflects amounts related to the acquisition of FabriKal.
- (10) Reflects the costs incurred to evaluate and improve the efficiencies of our manufacturing and distribution operations.
- (11) Reflects charges relating to key executive retirement and separation agreements in the second quarter of 2022.
- (12) Reflects costs related to a closed facility, sold prior to our acquisition of the entity.



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