



# pactiv evergreen™

## 2Q 2024 Earnings Presentation

Results through June 30, 2024

July 31, 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, the timing and magnitude of restructuring charges, and the timing of the closing of our recently announced divestiture of our Pine Bluff and Waynesville facilities and the effect of that divestiture on our business. 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 Reports on Form 10-Q for the quarters ended March 31, 2024 and June 30, 2024 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”) 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 or expense, unrealized gains or losses on derivatives, foreign exchange losses on cash, gains or losses on certain legal settlements and gains or losses on debt extinguishments. 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

---



**Michael King**  
President & Chief Executive Officer



**Jon Baksht**  
Chief Financial Officer

# Agenda



1

**Key Messages & Market Update**



2

**2Q 2024 Financial Performance and Pine Bluff Sale**



3

**2024 Outlook and Q&A**

# 2Q 2024 Key Messages



- 1** Announced Pine Bluff sale; represents exit from paper mills furthering strategic transformation
- 2** Q2 Adjusted EBITDA<sup>(1)</sup> of \$183M; results impacted by weaker demand and operational disruptions at Pine Bluff mill
- 3** Observed a continuation of broader market challenges/pressures; industry fundamentals muted QoQ and YoY
- 4** Focused on execution by optimizing cost structure, repricing term loans and extending debt maturities
- 5** Revising FY'24 guidance to reflect Q2 weakness and a more modest improvement in market trends

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

# Significant Milestone in Pactiv Evergreen's Transformational Journey

## Enhances Position as a Leader in Fresh Food and Beverage Packaging in North America

- Initiated Beverage Merchandising Restructuring plan; **goal of transitioning to a capital light business model**
- Announced closure of Canton, NC paper mill and converting facility in Olmsted Falls, OH. **Launched strategic alternatives review** for Pine Bluff mill and Waynesville extrusion facility
- **Identified party with deep mill operating** expertise and well suited to continue driving performance at Pine Bluff
- Announced sale is a great outcome and **supports the strategic objectives** of all stakeholders



Represents exit from paper mills



Enhances focus on core North American converting operations



Safeguards continuity of supply for critical raw materials



Reduces capital intensity



Improves cash flow profile



# Current Company and Market Dynamics



## Consumer Demand / Volume

- Cumulative impact of elevated inflation has negatively impacted consumer financial health and willingness to spend
- Continued erosion in YoY industry volumes and foot traffic during Q2
- Promotional pricing activity began ramping up towards the end of Q2

## Pricing / Cost Structure

- Overall Q2 pricing reflects higher raw material pass throughs
- Industry pricing pressure more acute as customers look to offset consumer price sensitivity
- Focused on controllable costs, including actions to reduce overhead costs through the remainder of the year



## 2Q 2024 Financial Performance and 2024 Outlook

---





# Q2 Financial Results

(in millions, except per share amounts)	2Q'24	2Q'23	1Q'24	YoY%	QoQ%
<b>Net Revenues</b>	\$1,338	\$1,426	\$1,252	(6%)	7%
<b>Adj. EPS<sup>(1)</sup></b>	\$0.17	\$0.20	\$0.14	(15%)	21%
<b>Adj. EBITDA<sup>(1)</sup></b>	\$183	\$217	\$168	(16%)	9%
<b>Free Cash Flow<sup>(1)</sup></b>	\$37	\$74	(\$74)	(50%)	NM

## YoY Commentary

- Revenue reflects a combination of the closure of our Canton, North Carolina mill during 2Q'23 and lower sales volume
- Lower sales volume in Food & Beverage Merchandising mainly due to strategically exiting certain business and the market softening amid inflationary pressures
- Overall pricing roughly flat compared to last year
- Q2 Adj. EBITDA Margin<sup>(2)</sup> of 13.7%, impacted by higher manufacturing costs and lower sales volumes
- Free Cash Flow<sup>(1)</sup> primarily reflects lower Adj. EBITDA<sup>(1)</sup> compared to last year

(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)	2Q 2024	2Q 2023	1Q 2024	YoY %	QoQ %
<b>Net Revenues</b>	\$668	\$656	\$597	2%	12%
<b>Adjusted EBITDA</b>	\$109	\$128	\$90	(15%)	21%



## YoY Commentary

### Net Revenues up 2%

- Volume was flat
- Price/mix up 2% mainly due to the pass through of higher material costs, partially offset by unfavorable product mix

### Adjusted EBITDA down 15%

- Decrease was primarily due to higher manufacturing costs and unfavorable product mix, partially offset by higher pricing, net of material costs passed through, and lower incentive based compensation costs

## QoQ Commentary

### Net Revenues up 12%

- Volume up 11% largely due to seasonal trends
- Price/mix up 1% mainly due to the pass through of higher material costs

### Adjusted EBITDA up 21%

- Increase in Adjusted EBITDA was primarily due to higher sales volume and lower incentive based compensation costs, partially offset by higher manufacturing costs



# Food and Beverage Merchandising Segment Highlights

(in millions)	2Q 2024	2Q 2023	1Q 2024	YoY %	QoQ %
<b>Net Revenues</b>	\$674	\$805	\$660	(16%)	2%
<b>Adjusted EBITDA</b>	\$93	\$109	\$100	(15%)	(7%)



## YoY Commentary

### Net Revenues down 16%

- Volume down 5%, excluding the Canton mill closure, mainly due to strategically exiting certain business and the market softening amid inflationary pressures
- Price/mix down 1% largely due to the pass through of lower material costs

### Adjusted EBITDA down 15%

- Decrease was primarily attributable to higher manufacturing costs, lower sales volume and lower pricing, net of material costs passed through, partially offset by lower incentive based compensation costs

## QoQ Commentary

### Net Revenues up 2%

- Volume up 3% largely due to seasonal trends
- Price/mix down 1% due to unfavorable product mix

### Adjusted EBITDA down 7%

- Decrease in Adjusted EBITDA reflects higher manufacturing costs, mostly due to a planned annual mill outage, and unfavorable product mix, partially offset by higher sales volume and lower incentive based compensation costs

# Overview of Transaction to Sell Pine Bluff Mill and Waynesville Extrusion Facility to Suzano S.A.

## Transaction Overview

<b>Transaction Details</b>	<ul style="list-style-type: none"><li>▪ Purchase Price: \$110 million, subject to certain customary adjustments at closing such as working capital</li><li>▪ Non-Cash Impairment Charge: \$320 million - \$340 million in Q3 2024</li></ul>
<b>Supply Agreement</b>	<ul style="list-style-type: none"><li>▪ Long-term supply agreement for liquid packaging board for PTVE's converting operations</li><li>▪ Market-based pricing based on raw material and other input costs</li></ul>
<b>Strengthens Balance Sheet &amp; Capex Profile</b>	<ul style="list-style-type: none"><li>▪ Proceeds to further strengthen balance sheet</li><li>▪ Expected to reduce capital intensity going forward</li></ul>
<b>Closing Date</b>	<ul style="list-style-type: none"><li>▪ Anticipated to close in Q4 2024 <i>(subject to the satisfaction of customary closing conditions, including foreign antitrust approval)</i></li></ul>

Completes strategic alternatives review launched in 2023



# Balance Sheet, Cash Flow and Leverage

## Selected Balance Sheet

(in millions)

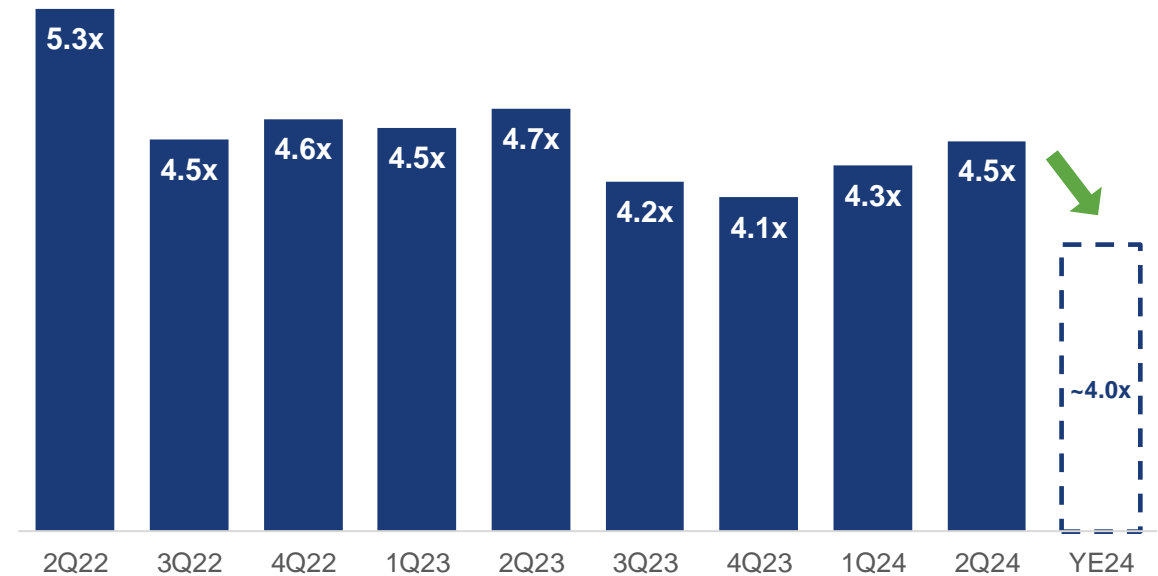
As of Quarter-end	2Q'24	1Q'24
Cash and Cash Equivalents	\$95	\$71
Net Debt <sup>(1)</sup>	\$3,497	\$3,514
Net Leverage Ratio <sup>(1)</sup>	4.5x	4.3x
Working Capital	\$822	\$811
Weighted average debt maturity	~3.8 years	~3.5 years
Fixed rate debt as % of total <sup>(2)</sup>	~81%	~81%

## Selected Quarterly Cash Flow

(in millions)

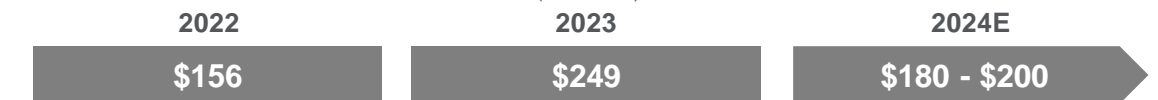
For the period ended	2Q'24	1Q'24
Cash Flow from Operations	\$94	(\$33)
CapEx	(\$57)	(\$41)
Free Cash Flow <sup>(1)</sup>	\$37	(\$74)

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



## Full Year Free Cash Flow<sup>(1)</sup>

(in millions)



**Pine Bluff sale proceeds to augment de-leveraging**

(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.

# Revised 2024 Outlook



	Previous FY 2024 Guidance (May 2, 2024)	Revised FY 2024 Guidance (July 31, 2024)
Adj. EBITDA <sup>(1)</sup>	\$850M - \$870M	\$800M - \$820M
FY 2024 CapEx	\$300M	\$260M
Free Cash Flow <sup>(2)</sup>	\$200M+	\$180M - \$200M
Net Leverage Ratio <sup>(3)</sup>	High 3s	~4.0x
<b>Restructuring &amp; Impairment Charges</b>		
Beverage Merchandising Restructuring (2023 – 2024) <sup>(4)</sup>	<b>Non-cash: \$330M</b> <b>Cash: \$160M</b>	<b>Non-cash: \$650M - \$670M</b> <b>Cash: \$160M</b>
Footprint Optimization (2024 – 2025)	<b>Non-cash: \$20M - \$40M</b> <b>Cash: \$50M - \$65M</b>	<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.

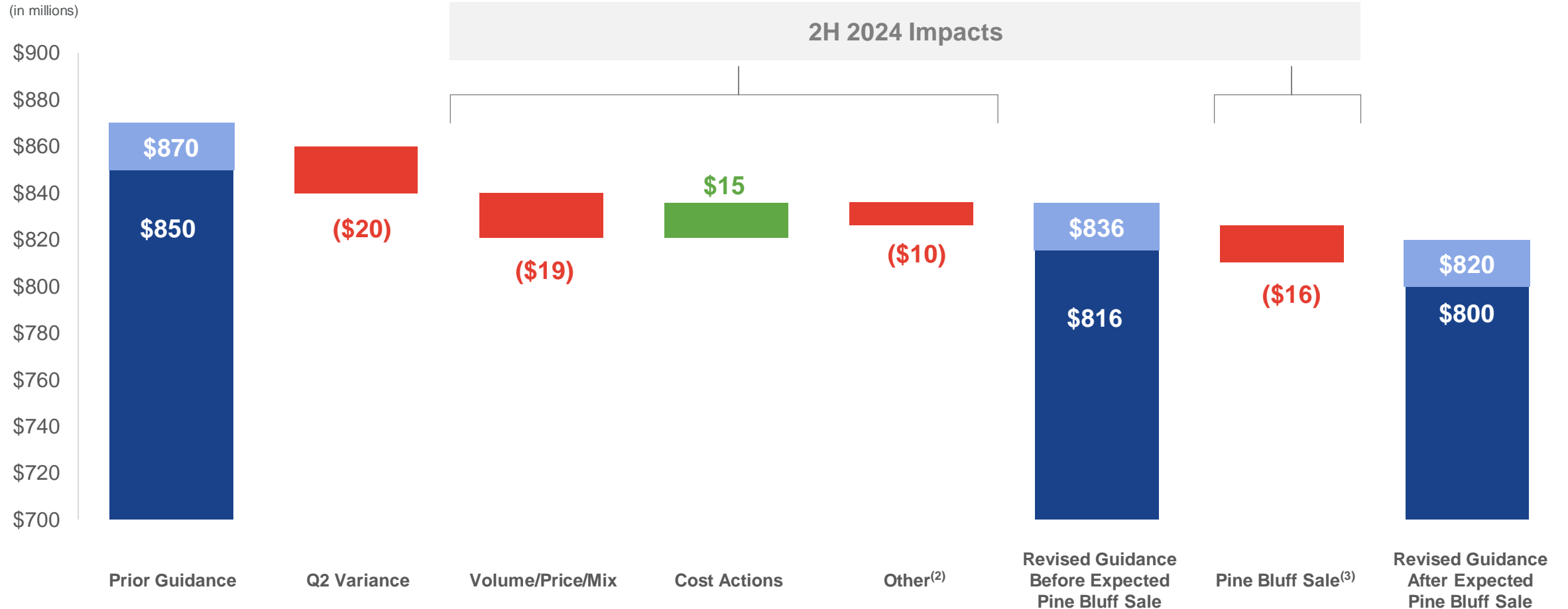
(2) Free Cash Flow is a non-GAAP measure. See the reconciliation to net cash provided by operating activities in the Appendix.

(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.

(4) Revised 2024 guidance includes expected non-cash impairment charges related to Pine Bluff and Waynesville divestiture.



# FY'24 Adjusted EBITDA<sup>(1)</sup> Guidance Bridge (Prior May 2, 2024 Guidance vs Revised July 31, 2024 Guidance)



(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) Includes impact of lower fixed cost absorption and reduced incentive compensation.

(3) Assumes October 1, 2024 closing date.



## Conclusion and Q&A

---





# Appendix

---

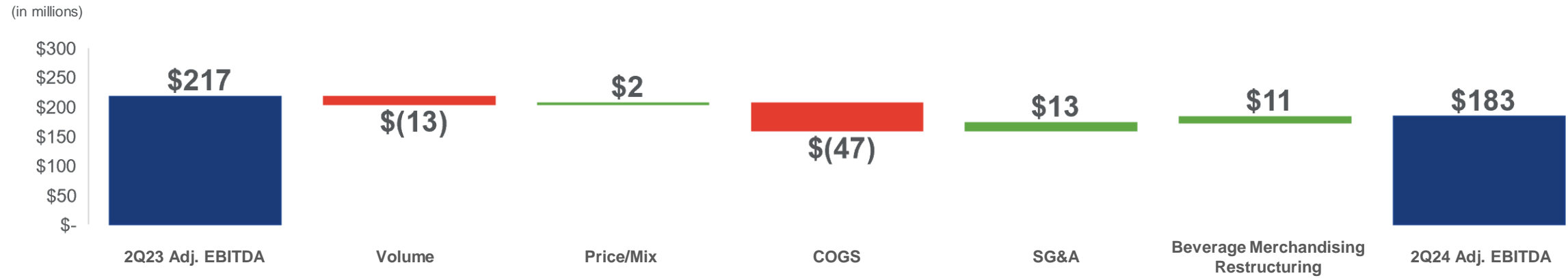


# Revenue & Adjusted EBITDA<sup>(1)</sup> Bridges 2Q 2024 vs 2Q 2023

## Net Revenue



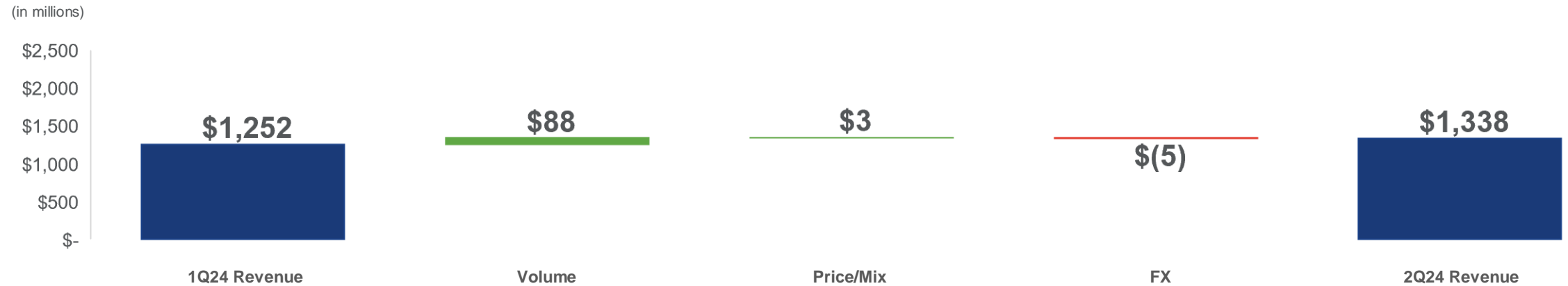
## Adjusted EBITDA<sup>(1)</sup>



(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 2Q 2024 vs 1Q 2024

## 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 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		
	June 30, 2024	March 31, 2024	June 30, 2023	December 31, 2023	December 31, 2022	December 31, 2021
Net cash provided by (used in) operating activities (GAAP)	\$94	(\$33)	\$127	\$534	\$414	\$261
Capital expenditures	(57)	(41)	(\$53)	(285)	(258)	(282)
<b>Free Cash Flow (Non-GAAP)</b>	<b>\$37</b>	<b>(\$74)</b>	<b>\$74</b>	<b>\$249</b>	<b>\$156</b>	<b>(\$21)</b>

(in millions)	For the Year Ended
	December 31, 2024
Net cash provided by operating activities (GAAP)	\$440 - \$460
Capital expenditures	(260)
<b>Free Cash Flow (Non-GAAP)</b>	<b>\$180 - \$200</b>



# Reconciliation of Net Income (Loss) to Adjusted EBITDA and Diluted EPS to Adjusted EPS

(in millions, except per share amounts)

	For the Three Months Ended					
	June 30, 2024		March 31, 2024		June 30, 2023	
	Net income to Adjusted EBITDA	Diluted EPS to Adjusted EPS	Net income to Adjusted EBITDA	Diluted EPS to Adjusted EPS	Net loss to Adjusted EBITDA	Diluted EPS to Adjusted EPS
<b>Net income (loss) / Diluted EPS (Reported GAAP Measure)</b>	<b>\$20</b>	<b>\$0.10</b>	<b>\$10</b>	<b>\$0.04</b>	<b>(\$139)</b>	<b>(\$0.78)</b>
Income tax expense (benefit)	11		5		(8)	
Interest expense, net (excluding loss on extinguishment of debt)	60		59		64	
Loss on extinguishment of debt <sup>(1)</sup>	6	0.02	—	—	—	—
Depreciation and amortization (excluding restructuring-related charges)	75		75		82	
Beverage Merchandising Restructuring charges <sup>(2)</sup>	7	0.03	11	0.05	216	0.98
Footprint Optimization Charges <sup>(3)</sup>	3	0.01	10	0.05	—	—
Other restructuring and asset impairment charges (reversals)	2	0.01	—	—	1	—
Loss (gain) on sale of businesses and noncurrent assets	1	—	(1)	—	1	—
Non-cash pension expense <sup>(4)</sup>	—	—	—	—	3	0.01
Unrealized gains on commodity derivatives	(1)	—	(1)	—	(1)	—
Foreign exchange gains on cash	(1)	—	—	—	(2)	(0.01)
<b>Adjusted EBITDA / Adjusted EPS<sup>(5)</sup> (Non-GAAP Measure)</b>	<b>\$183</b>	<b>\$0.17</b>	<b>\$168</b>	<b>\$0.14</b>	<b>\$217</b>	<b>\$0.20</b>

(1) Reflects the write-off of previously unamortized debt issuance costs and discounts as a result of the amendments to the Credit Agreement.

(2) Reflects charges related to the Beverage Merchandising Restructuring, including \$3 million, \$3 million and \$177 million of accelerated depreciation expense for the three months ended June 30, 2024, March 31, 2024 and June 30, 2023, respectively.

(3) Reflects charges related to the Footprint Optimization, including \$2 million and \$1 million of accelerated depreciation expense for the three months ended June 30, 2024 and March 31, 2024, respectively.

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

(5) Income tax expense (benefit), interest expense, net (excluding loss on extinguishment of debt) 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 June 30, 2024, March 31, 2024 and June 30, 2023, the tax effect of the adjustments were income of \$0.02 per diluted share, income of \$0.01 per diluted share and income of \$0.24 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:	2Q 24	1Q 24	4Q 23	3Q 23	2Q 23	1Q 23	4Q 22	3Q 22	2Q 22
Total Debt (GAAP)	\$3,592	\$3,585	\$3,586	\$3,611	\$3,840	\$4,022	\$4,136	\$4,233	\$4,237
Less cash and cash equivalents	95	71	164	233	233	427	531	559	246
Net Debt (Non-GAAP)	\$3,497	\$3,514	\$3,422	\$3,378	\$3,607	\$3,595	\$3,605	\$3,674	\$3,991

(in millions)	Last Twelve Months Ended								
LTM Adjusted EBITDA:	2Q 24	1Q 24	4Q 23	3Q 23	2Q 23	1Q 23	4Q 22	3Q 22	2Q 22
Net income (loss) from continuing operations (GAAP)	\$80	(\$79)	(\$222)	(\$217)	(\$70)	\$143	\$319	\$326	\$153
Income tax expense (benefit)	40	21	(3)	(16)	41	94	149	182	90
Interest expense, net	243	241	245	248	246	232	218	208	206
Depreciation and amortization (excluding Beverage-Merchandising Restructuring-related charges)	311	318	327	331	335	339	339	346	364
Beverage Merchandising Restructuring charges <sup>(1)</sup>	85	294	470	435	403	187	—	—	—
Footprint Optimization charges <sup>(2)</sup>	13	10	—	—	—	—	—	—	—
Other restructuring and asset impairment charges (reversals) <sup>(3)</sup>	8	7	6	—	57	57	58	59	2
Loss (gain) on sale of businesses and noncurrent assets <sup>(4)</sup>	1	1	2	1	(238)	(239)	(266)	(266)	(27)
Non-cash pension expense (income) <sup>(5)</sup>	4	7	8	9	(37)	(37)	(49)	(65)	(61)
Unrealized (gains) losses on commodity derivatives <sup>(6)</sup>	(2)	(2)	1	—	11	11	4	6	(3)
Foreign exchange losses on cash <sup>(7)</sup>	3	2	6	5	3	4	3	3	3
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
Operational process engineering-related consultancy costs <sup>(10)</sup>	—	—	—	2	5	6	9	12	15
Executive transition charges <sup>(11)</sup>	—	—	—	—	—	2	2	2	2
Costs associated with legacy sold facility <sup>(12)</sup>	—	—	—	—	—	3	6	6	6
Other	(1)	(1)	—	2	4	3	2	—	(1)
LTM Adjusted EBITDA (Non-GAAP)	\$785	\$819	\$840	\$800	\$760	\$792	\$785	\$823	\$755
Net Leverage Ratio	4.5	4.3	4.1	4.2	4.7	4.5	4.6	4.5	5.3

- (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 \$3 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, the closure of our coated groundwood operations and the write-down of our equity interest in a joint venture located in the Middle East region.
- (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 Naturepak Beverage.
- (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.



**pactiv**   
**evergreen™**