



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

## **4Q and FY 2023 Earnings Presentation**

Results through December 31, 2023

March 1, 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 Reports on Form 10-Q for the quarters ended March 31, 2023, June 30, 2023 and September 30, 2023 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

---



**Michael King**  
President & Chief Executive Officer



**Jon Baksht**  
Chief Financial Officer

# 4Q and FY 2023 Key Messages



- 1** Delivered strong financial results, including Adjusted EBITDA<sup>(1)</sup> of \$840M for FY 2023
- 2** Significant achievements on multiple aspects of our transformational journey
- 3** Consistent progress strengthening the balance sheet and reducing Net Leverage Ratio<sup>(1)</sup>

(1) Adjusted EBITDA and Net Leverage Ratio are non-GAAP measures. See the reconciliations to GAAP measures in the Appendix.

# Agenda



## 1 | Update on Strategic Direction



## 2 | 4Q & FY 2023 Financial Performance and 2024 Outlook



## 3 | Conclusion and Q&A



# Update on Strategic Direction

---



# Significant Progress on Our Transformational Journey

## 2023 Accomplishments



### Increased Focus on Converting Operations

- Reduced capital intensity through Canton Mill exit
- Combined legacy Food and Beverage Merchandising units
- Delivered on cost savings targets



### Enhanced Value Proposition

- Executed on value over volume strategy
- Continued to grow with key customers
- Optimized approach to profit generation



### Delivered Operational Excellence

- Implemented PEPS across entire Company
- 15 facilities achieved Bronze certification in first year
- Drove productivity and waste elimination

## 2024 & Beyond



### Next Phase

- Targeted Footprint Optimization (~\$35M expected run rate cost savings in 2026)
- Continued evolution to capital light business model
- Focus on Operational Excellence
- Further PEPS progress – first facility achieved Silver in February

**Grew Adjusted EBITDA<sup>(1)</sup> to \$840 million**  
**Reduced Net Leverage Ratio<sup>(1)</sup> to 4.1x**

(1) Adjusted EBITDA and Net Leverage Ratio are non-GAAP measures. See the reconciliations to GAAP measures in the Appendix.

# Current Company and Market Dynamics



## Consumer Demand / Volume

- Consumers continue to trade down and reallocate budgets to lower cost categories
- Reduced market impact from customer destocking; minimal impact for PTVE
- Consumer demand and industry volumes impacted by severe winter weather during the month of January

## Pricing / Mix

- Impact of overall lower raw material cost environment compared to last year
- Customers refocusing on own supply chains to offset impact of inflation
- Continuing to execute on value over volume pricing strategy





# 4Q & FY 2023 Financial Performance and 2024 Outlook

---



# Delivered Strong Financial Results

(\$ in millions, except per share amounts)	4Q 2023	YoY%	QoQ%	FY 2023	YoY%	Highlights
<b>Net Revenues</b>	\$1,274	(14%)	(8%)	\$5,510	(11%)	<ul style="list-style-type: none"> <li>Quarterly results followed traditional seasonal trends</li> <li>Year over year results impacted by Canton Mill exit, value over volume decisions and lower contractual cost pass throughs</li> <li>4Q Adj. EBITDA Margin<sup>(2)</sup> of 16.2%, 493bps improvement year over year</li> <li>Free Cash Flow impacted by timing of CapEx and reduced working capital benefit</li> </ul>
<b>Adj. EPS<sup>(1)</sup></b>	\$0.33	94%	3%	\$0.96	19%	
<b>Adj. EBITDA<sup>(1)</sup></b>	\$207	24%	(9%)	\$840	7%	
<b>Free Cash Flow<sup>(1)</sup></b>	(\$26)	nm	nm	\$249	60%	

(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)	4Q 2022	3Q 2023	4Q 2023	YoY %	QoQ %
<b>Net Revenues</b>	\$633	\$675	\$626	(1%)	(7%)
<b>Adjusted EBITDA</b>	\$85	\$117	\$112	32%	(4%)



## YoY commentary

### Net Revenues down 1%

- Volume up 3%
- Price/mix down 4%, largely due to lower raw material costs

### Adjusted EBITDA up 32%

- The increase in Adjusted EBITDA was mainly due to lower material costs, net of costs passed through, higher sales volume and lower transportation costs, partially offset by higher manufacturing costs

## QoQ commentary

### Net Revenues down 7%

- Volume down 7%
- Price/mix flat

### Adjusted EBITDA down 4%

- Decrease in Adjusted EBITDA was due to lower sales volume and higher manufacturing costs, partially offset by lower material costs, net of costs passed through

# Food and Beverage Merchandising Segment Highlights

(\$ in millions)	4Q 2022	3Q 2023	4Q 2023	YoY %	QoQ %
<b>Net Revenues</b>	\$872	\$712	\$653	(25%)	(8%)
<b>Adjusted EBITDA</b>	\$109	\$130	\$113	4%	(13%)



## YoY commentary

### Net Revenues down 25%

- Volume down 15% due to closure of Canton, NC mill; down 7% excluding Canton mill
- Price/mix down 4%

### Adjusted EBITDA up 4%

- Increase was due to lower material costs, net of costs passed through, and lower transportation costs, partially offset by lower sales volume, the closure of our Canton mill and higher manufacturing costs

## QoQ commentary

### Net Revenues down 8%

- Volume down 7%
- Price/mix down 1%

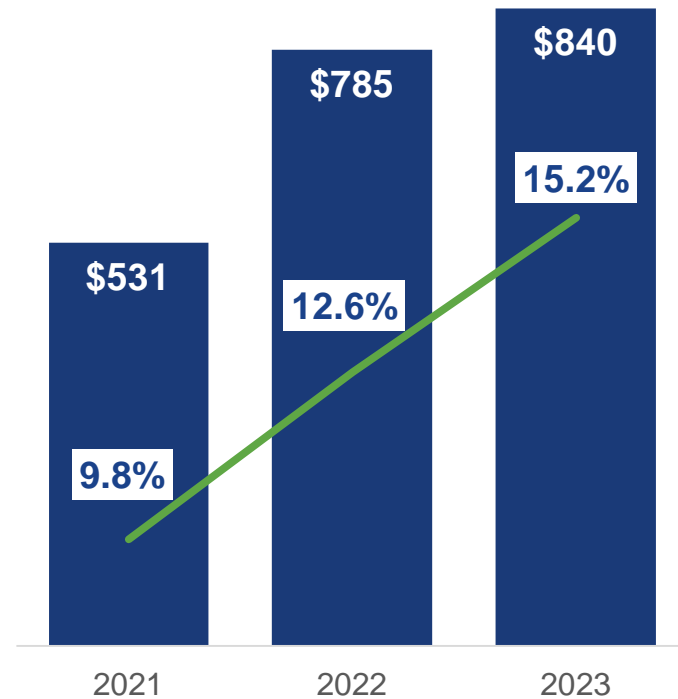
### Adjusted EBITDA down 13%

- Decrease was due to lower sales volume and higher manufacturing costs, partially offset by lower material costs, net of costs passed through

# Significant Multi-Year Improvement in Financial Performance

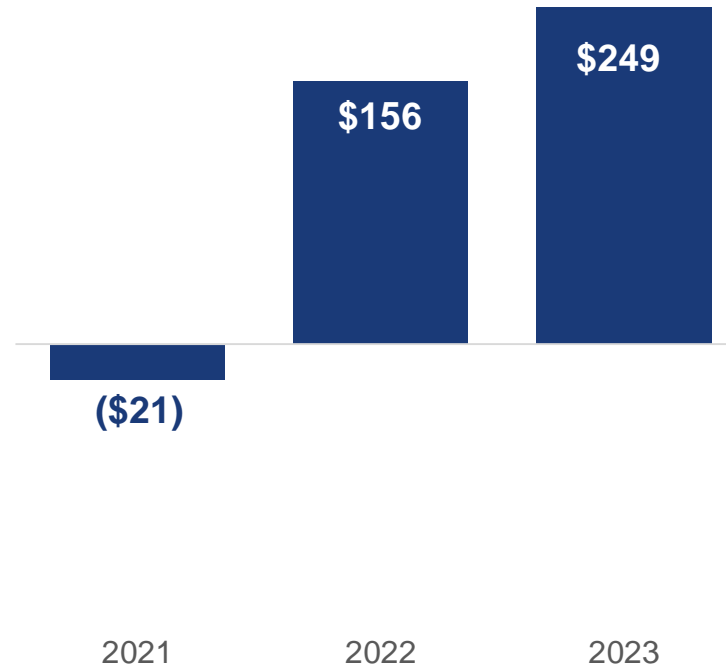
## Adj. EBITDA and Adj. EBITDA Margin<sup>(1,2,3)</sup>

(\$ in millions and %, respectively)

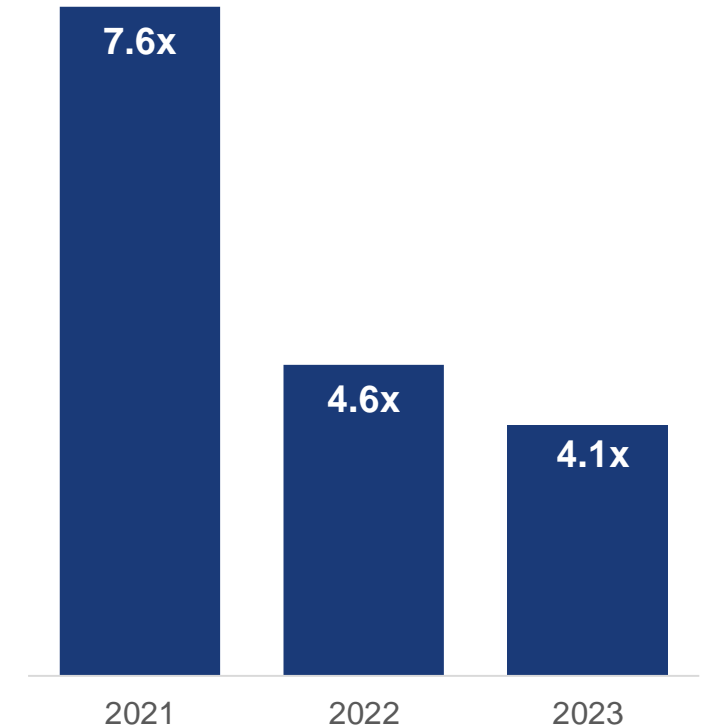


## Free Cash Flow<sup>(1,3)</sup>

(\$ in millions)



## Net Leverage Ratio<sup>(1,4)</sup>



(1) Adjusted EBITDA, Free Cash Flow, and Net Leverage Ratio 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.

(3) For the year ended December 31, 2021, December 31, 2022, and December 31, 2023.

(4) As of December 31, 2021, 2022, and 2023.

# 2024 Outlook



Adj. EBITDA <sup>(1)</sup>	
1Q 2024	FY 2024
<b>\$160M - \$170M</b>	<b>\$850M - \$870M</b>
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) <sup>(4)</sup>	<b>Non-cash: \$325M - \$330M</b> <b>Cash: \$150M - \$160M</b>
Footprint Optimization (2024 – 2025) <sup>(5)</sup>	<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) Represents expected Restructuring Charges for 2023 and 2024. See detail in the Appendix.

(5) Represents expected Restructuring Charges for 2024 and 2025.



## Conclusion and Q&A

---





# Appendix

---



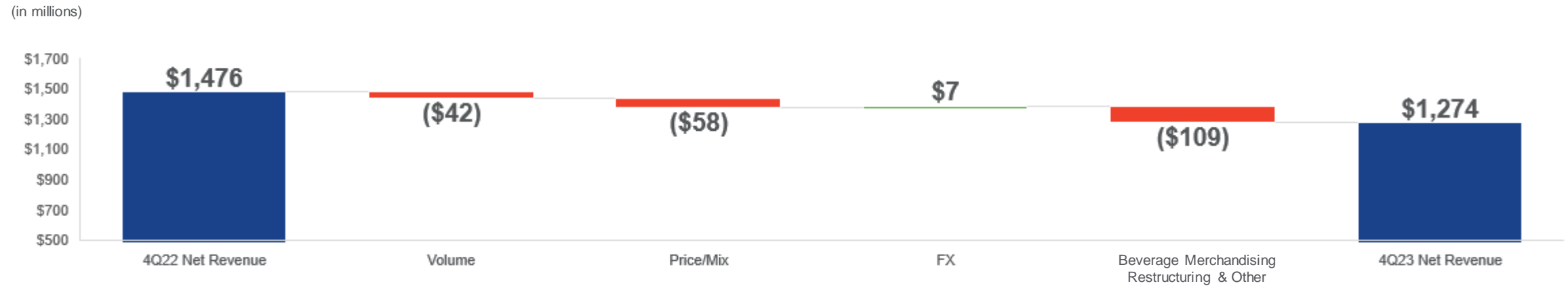
# Pactiv Evergreen's Unique Value Proposition



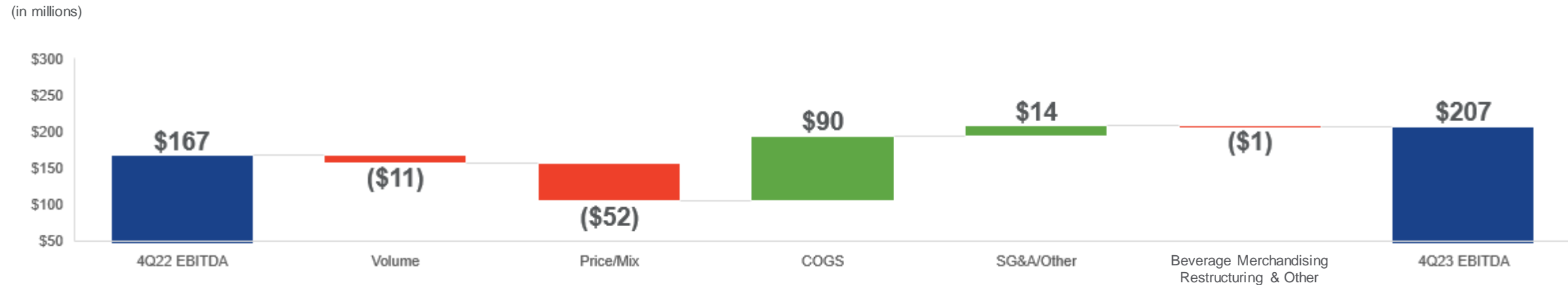
- 1** Market leading positions in growing, recession-resilient consumer end markets and **longstanding partnerships with blue chip customers**
- 2** Broad range of **product offerings, channels, and distribution network** to reach customers and consumers anywhere in North America
- 3** **Innovative and 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**

# Revenue & Adjusted EBITDA<sup>(1)</sup> Bridges 4Q 2023 vs 4Q 2022

## Net Revenue



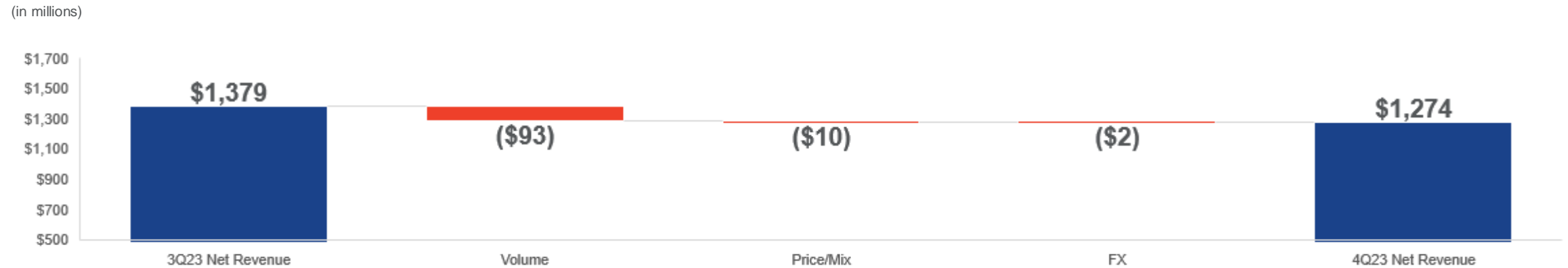
## Adjusted EBITDA<sup>(1)</sup>



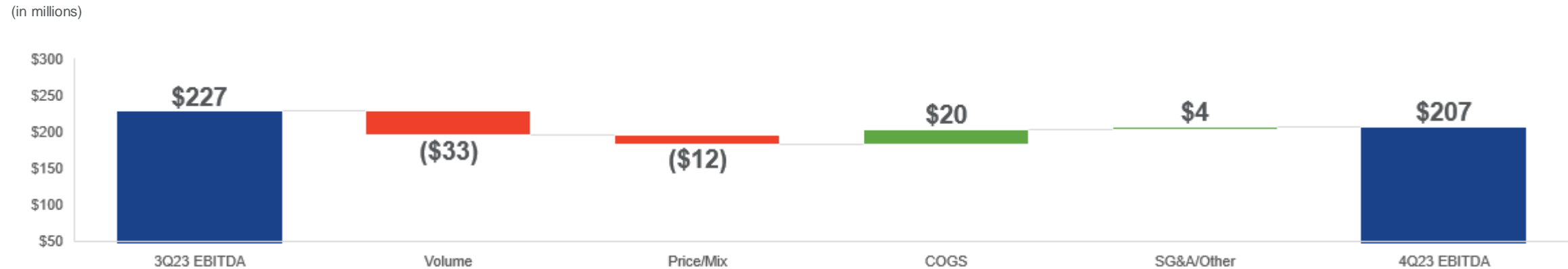
(1) Adjusted EBITDA is a non-GAAP measure. See the reconciliation to the GAAP measure in the appendix.

# Revenue & Adjusted EBITDA<sup>(1)</sup> Bridges 4Q 2023 vs 3Q 2023

## Net Revenue



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



(1) Adjusted EBITDA is a non-GAAP measure. See the reconciliation to the GAAP measure in the 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		
	December 31, 2023	September 30, 2023	December 31, 2023	December 31, 2022	December 31, 2021
Net cash provided by operating activities (GAAP)	\$81	\$238	\$534	\$414	\$261
Capital expenditures	(107)	(62)	(285)	(258)	(282)
<b>Free Cash Flow (Non-GAAP)</b>	<b>(\$26)</b>	<b>\$176</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)	\$500+
Capital expenditures	(300)
<b>Free Cash Flow (Non-GAAP)</b>	<b>\$200+</b>

# Beverage Merchandise Restructuring: Estimated Financial Impacts

(in millions)	Total Expected Charges <sup>(1)</sup>		Incurred Charges for Year Ended December 31, 2023	Timing
<b>Non-cash</b>				
Accelerated property, plant and equipment depreciation	\$280	\$280	\$274	2023 – 2024
Other non-cash charges	45	50	50	2023 – 2024
<b>Total non-cash</b>	<b>\$325</b>	<b>\$330</b>	<b>\$324</b>	<b>2023 – 2024</b>
<b>Cash</b>				
Exit, disposal and other transition costs	\$105	\$115	\$103 <sup>(3)</sup>	2023 – 2024
Severance, termination and related costs	45	45	43 <sup>(3)</sup>	2023 – 2024
<b>Total cash<sup>(2)</sup></b>	<b>\$150</b>	<b>\$160</b>	<b>\$146</b>	<b>2023 – 2024</b>

(1) Amounts exclude any potential impact related to the ongoing strategic review of Pine Bluff and Waynesville.

(2) Total cash charges exclude the benefit of any potential cash proceeds related to possible sales of any property, plant and equipment as part of our ongoing restructuring activities.

(3) For the year ended December 31, 2023, the cash paid for Exit, disposal and other transition costs was \$73 million, and the cash paid for Severance, termination and related costs was \$34 million.

# Reconciliation of Net Income from continuing operations to Adjusted EBITDA and Diluted EPS from continuing operations to Adjusted EPS

(in millions, except per share amounts)

	For the Three Months Ended					
	December 31, 2023		September 30, 2023		December 31, 2022	
	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 from continuing operations / Diluted EPS from continuing operations (Reported GAAP Measure)</b>	<b>\$22</b>	<b>\$0.12</b>	<b>\$28</b>	<b>\$0.15</b>	<b>\$27</b>	<b>\$0.15</b>
Income tax expense (benefit)	2		22		(11)	
Interest expense, net	57		61		60	
Depreciation and amortization (excluding restructuring-related charges)	80		81		84	
Beverage Merchandising Restructuring charges <sup>(1)</sup>	35	0.16	32	0.15	—	—
Other restructuring and asset impairment charges (reversals)	6	0.03	—	—	—	—
Loss on sale of businesses and noncurrent assets	1	—	—	—	—	—
Non-cash pension expense <sup>(2)</sup>	2	0.01	2	0.01	3	0.01
Unrealized losses (gains) on commodity derivatives	1	—	(1)	—	—	—
Foreign exchange losses on cash	2	0.01	2	0.01	1	—
Operational process engineering-related consultancy costs <sup>(3)</sup>	—	—	—	—	2	0.01
Other	(1)	—	—	—	1	—
<b>Adjusted EBITDA / Adjusted EPS<sup>(4)</sup> (Non-GAAP Measure)</b>	<b>\$207</b>	<b>\$0.33</b>	<b>\$227</b>	<b>\$0.32</b>	<b>\$167</b>	<b>\$0.17</b>

(1) Reflects charges related to the Beverage Merchandising Restructuring.

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

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

(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 statutory or effective income tax rate for each period. For the three months ended December 31, 2023, September 30, 2023 and December 31, 2022, the tax effect of the adjustments were income of \$0.05 per diluted share, income of \$0.03 per diluted share and income of \$0.02 per diluted share, respectively.

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

	For the Years Ended December 31					
	2023		2022		2021	
(in millions, except per share amounts)	Net loss to Adjusted EBITDA	Diluted EPS to Adjusted EPS	Net income to Adjusted EBITDA	Diluted EPS to Adjusted EPS	Net income to Adjusted EBITDA	
<b>Net (loss) income from continuing operations / Diluted EPS from continuing operations (Reported GAAP Measure)</b>	<b>(\$222)</b>	<b>(\$1.28)</b>	<b>\$319</b>	<b>\$1.77</b>	<b>\$33</b>	
Income tax (benefit) expense	(3)		149		(4)	
Interest expense, net	245		218		191	
Depreciation and amortization (excluding restructuring-related charges)	327		339		344	
Beverage Merchandising Restructuring charges <sup>(1)</sup>	470	2.15	—	—	—	
Other restructuring and asset impairment charges (reversals)	6	0.03	58	0.32	9	
Loss (gain) on sale of businesses and noncurrent assets <sup>(2)</sup>	2	0.01	(266)	(1.17)	—	
Non-cash pension expense (income) <sup>(3)</sup>	8	0.03	(49)	(0.12)	(101)	
Unrealized losses on commodity derivatives	1	—	4	—	7	
Foreign exchange losses on cash	6	0.02	3	0.01	2	
Gain on legal settlement <sup>(4)</sup>	—	—	(15)	(0.11)	—	
Business acquisition and integration costs and purchase accounting adj. <sup>(5)</sup>	—	—	6	0.03	15	
Operational process engineering-related consultancy costs <sup>(6)</sup>	—	—	9	0.03	21	
Executive transition charges <sup>(7)</sup>	—	—	2	0.02	10	
Costs associated with legacy sold facility <sup>(8)</sup>	—	—	6	0.03	—	
Other	—	—	2	—	4	
<b>Adjusted EBITDA / Adjusted EPS<sup>(9)</sup> (Non-GAAP Measure)</b>	<b>\$840</b>	<b>\$0.96</b>	<b>\$785</b>	<b>\$0.81</b>	<b>\$531</b>	

(1) Reflects charges related to the Beverage Merchandising Restructuring, including \$274 million of accelerated depreciation expense for the year ended December 31, 2023.

(2) 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.

(3) Reflects the non-cash pension expense (income) related to our employee benefit plans, including the pension settlement gains of \$57 million and \$22 million recognized during the years ended December 31, 2022 and 2021, respectively.

(4) Reflects the gain, net of costs, arising from the settlement of a historical legal action.

(5) Reflects the acquisition and integration costs related to the acquisition of Fabri-Kal, including a \$12 million inventory fair value step-up that was expensed within cost of sales during 2021.

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

(7) Reflects charges relating to key executive retirement and separation agreements.

(8) Reflects costs related to a closed facility that was sold prior to our acquisition of the entity.

(9) 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 statutory or effective income tax rate for each period. For the years ended December 31, 2023 and 2022, the tax effect of the adjustments were income of \$0.52 per diluted share and a loss of \$0.39 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)	As of December 31		
	2023	2022	2021
<b>Net Debt:</b>			
<b>Total Debt (GAAP)</b>	\$3,586	\$4,136	\$4,250
Less cash and cash equivalents	164	531	197
<b>Net Debt (Non-GAAP)</b>	<b>\$3,422</b>	<b>\$3,605</b>	<b>\$4,053</b>

(in millions)	Last Twelve Months Ended		
	4Q 23	4Q 22	4Q 21
<b>LTM Adjusted EBITDA:</b>			
<b>Net (loss) income from continuing operations (GAAP)</b>	<b>(\$222)</b>	<b>\$319</b>	<b>\$33</b>
Income tax (benefit) expense	(3)	149	(4)
Interest expense, net	245	218	191
Depreciation and amortization (excluding Beverage-Merchandising Restructuring-related charges)	327	339	344
Beverage Merchandising Restructuring charges <sup>(1)</sup>	470	-	-
Other restructuring and asset impairment charges (reversals)	6	58	9
Loss (gain) on sale of businesses and noncurrent assets <sup>(2)</sup>	2	(266)	-
Non-cash pension expense (income) <sup>(3)</sup>	8	(49)	(101)
Unrealized losses on derivatives	1	4	7
Foreign exchange losses on cash	6	3	2
Gain on legal settlement <sup>(4)</sup>	-	(15)	-
Business acquisition and integration costs and purchase accounting adj. <sup>(5)</sup>	-	6	15
Operational process engineering-related consultancy costs <sup>(6)</sup>	-	9	21
Executive transition charges <sup>(7)</sup>	-	2	10
Costs associated with legacy sold facility <sup>(8)</sup>	-	6	-
Other	-	2	4
<b>LTM Adjusted EBITDA (Non-GAAP)</b>	<b>\$840</b>	<b>\$785</b>	<b>\$531</b>
<b>Net Leverage Ratio</b>	<b>4.1</b>	<b>4.6</b>	<b>7.6</b>

(1) Reflects charges related to the Beverage Merchandising Restructuring, including \$274 million of accelerated depreciation expense during the year ended December 31, 2023.

(2) 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.

(3) Reflects the non-cash pension expense (income) related to our employee benefit plans, including the pension settlement gains of \$57 million and \$22 million recognized during the years ended December 31, 2022 and 2021, respectively.

(4) Reflects the gain, net of costs, arising from the settlement of a historical legal action.

(5) Reflects the acquisition and integration costs related to the acquisition of Fabri-Kal, including a \$12 million inventory fair value step-up that was expensed within cost of sales during 2021.

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

(7) Reflects charges relating to key executive retirement and separation agreements.

(8) Reflects costs related to a closed facility that was sold prior to our acquisition of the entity.





**pactiv**   
**evergreen™**