



# 2020 First Quarter Earnings

May 5, 2020

Conference Call Supplement (Unaudited Results)

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# Safe Harbor and Regulation G Statement

This presentation contains “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 concerning our business, consolidated financial condition and results of operations. Forward-looking statements are subject to risks and uncertainties, many of which are outside our control, which could cause actual results to differ materially from these statements. Therefore, you should not rely on any of these forward-looking statements. Forward-looking statements can be identified by such words as “anticipate,” “believe,” “plan,” “assume,” “could,” “should,” “estimate,” “expect,” “intend,” “potential,” “seek,” “predict,” “may,” “will” and similar references to future periods. All statements other than statements of historical facts included in this presentation regarding our strategies, prospects, financial condition, operations, costs, plans and objectives are forward-looking statements. Examples of forward-looking statements include, among others, statements we make regarding expected future operating results, expectations regarding the results of restructuring and other programs, anticipated levels of capital expenditures and expectations of the effect on our financial condition of claims, litigation, environmental costs, contingent liabilities and governmental and regulatory investigations and proceedings. The following are important factors that we believe could cause actual results to differ materially from those in our forward looking statements: global economic and political conditions, currency translation and devaluation effects, changes in raw material pricing and availability, competitive conditions, the success of new product offerings, consumer preferences, the effects of animal and food-related health issues, the effects of epidemics or pandemics, including the Coronavirus Disease 2019 (COVID-19), changes in energy costs, environmental matters, the success of our restructuring activities, the success of our financial growth, profitability, cash generation and manufacturing strategies and our cost reduction and productivity efforts, changes in our credit ratings, the tax benefit associated with the Settlement agreement (as defined in our most recent Annual Report on Form 10-K), regulatory actions and legal matters, and the other information referenced in the “Risk Factors” section appearing in our most recent Annual Report on Form 10-K, and as revised and updated by our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Any forward-looking statement made by us is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Our management uses non-U.S. GAAP financial measures to evaluate the Company’s performance, which exclude items we consider unusual or special items. We believe the use of such financial measures and information may be useful to investors. We believe that the use of non-U.S. GAAP measures helps investors to gain a better understanding of core operating results and future prospects, consistent with how management measures and forecasts the Company’s performance, especially when comparing such results to previous periods or forecasts. Please see Sealed Air’s May 5, 2020 earnings press release and the appendix of this presentation for important information about the use of non-U.S. GAAP financial measures relevant to this presentation, including applicable reconciliations to U.S. GAAP financial measures. Information reconciling forward-looking U.S. GAAP measures to non-U.S. GAAP measures is not available without unreasonable effort. Values in this presentation are approximate due to rounding. Additionally, the individual components of bridges or the individual quarterly components presented in the current or prior quarter earnings presentation may not sum to the full year amount due to rounding.

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# Q1 2020 Financial Results

Higher volumes, Reinvent SEE and Automated Packaging Systems drives profitable growth

## **Net Sales \$1.2B; +6% as Reported, +8% constant dollar**

Food +5% constant dollar, volume +5% led by North & South America and EMEA, acquisition +1%

Protective +13% constant dollar, acquisition +16% offset by volume decline of 2%

## **Adj. EBITDA \$253M; +17% as Reported, +20% constant dollar**

EBITDA growth primarily driven by Reinvent SEE, acquisition, and Food volume

Margins expanded 220 bps to 21.6%

## **Adj. EPS \$0.73; +24% growth**

D&A of \$52M vs \$40M in Q1 2019, including \$6M related to Automated Packaging Systems acquisition

Based on 155M diluted shares outstanding and adjusted tax rate of 28%

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*Solid performance across all key metrics*

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# Leading through Crisis with our 4P'S<sup>SM</sup> of Reinvent SEE<sup>TM</sup>

Ensure employee safety, business continuity, and accelerate innovation

**Performance:** World-class

**People:** **One SEE** High performance culture

**Products:** Best products, right price, make them sustainable

**Processes:** **One SEE** Operational Excellence

**Sustainability:** Leave our world better than we found it



SEE | Sealed Air<sup>®</sup>

My Sealed Air

SEE | Operating Model

SEE | Academy    SEE | Shop

Sealed Air<sup>®</sup>  
BRAND PROTECTIVE PACKAGING

CRYOVAC<sup>®</sup>  
BRAND FOOD PACKAGING

Autobag<sup>®</sup>  
BRAND AUTOMATED SYSTEMS

BubbleWrap<sup>®</sup>  
BRAND PACKAGING

SealedAir.com

SEE | Automation

SEE | Smart Service

SEE | OpEx



ALLIANCE TO  
END PLASTIC WASTE  
Board Member 2019

CEFLEX  
A CIRCULAR ECONOMY FOR FLEXIBLE PACKAGING

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*We are in business to protect, to solve critical packaging challenges,  
and to leave our world better than we found it*

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# Leadership Actions through COVID-19 Pandemic

Eliminate waste → simplify process → remove people from harm's way → automate

## Lead through Crisis → Accelerate Transformation → Stronger post Crisis

Keep people out of harm's way  
 Supporting peak customer demands  
 Activated **crisis management**  
 Global leadership collaboration

Keep people out of harm's way  
 Reinvent SEE 4P'S based playbook  
 Innovation speed; partnerships **"at the table"**  
 Capital allocation strategy guides decisions

Keep people out of harm's way  
 Adopt flexible work place practices  
 Best equipment, service, materials, **automation**  
 On track to achieve 2025 Sustainability Pledge



Thermal scanning and face protection at all facilities

**Sealed Air**® Korrvu® brand Retention Packaging COVID-19 ventilators



**Cryovac**® brand Darfresh® On Tray



**Bubble Wrap**® brand On-Demand Systems



**Cryovac**® brand Bag-Over-Bag design Patent pending for shelf-life extension of seafood and fresh "red" meat



**Autobag**® brand Bagging Systems

*Leading to a "new normal", creating a touchless, digital world*



# SEE Solving Critical Packaging Challenges

Rapid response to global pandemic with innovative, sustainable & essential packaging

**65%**

**Protein, Foods, Fluids,  
Medical & Life Sciences**

**22%**

**Industrial, Transportation,  
Electronics & Other Protective**

**13%**

**Consumer,  
Retail & 3PL**

**Sales by  
End Market <sup>1</sup>**

**Positive  
Impact**

Retail packaged proteins fresh & frozen,  
produce, pantry items, meal kits & pet care

Medical supplies, pharmaceuticals,  
personal protective equipment

Consumer electronics for  
e-Learning, remote working,  
home theater & gaming

eCommerce to support stay-  
at-home environment

**Negative  
Impact**

Food service & restaurant industry

Industrial & general manufacturing

Non-essential retail

**Q1 2020**

**Net positive**

**Net negative**

**Net positive**

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**> 75% end markets essential or support stay-at-home environment**

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<sup>1</sup> Estimated based on 2019 results

# Q1 2020 YoY Regional Sales Performance



Growth led by Food volume, e-Commerce and Automated Packaging Systems acquisition

	* North America	Europe, Middle East & Africa	Asia Pacific	South America
As Reported % Change	9 %	4 %	- 5 %	- 3 %
Constant Dollar % Change	10 %	7 %	- 1 %	24 %
% of Sales	61 %	21 %	14 %	4 %

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Q1 2020 Net Sales: \$1.2 B

As Reported % Change: + 6 %

Constant Dollar % Change: + 8 %

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# YoY Sales Trends

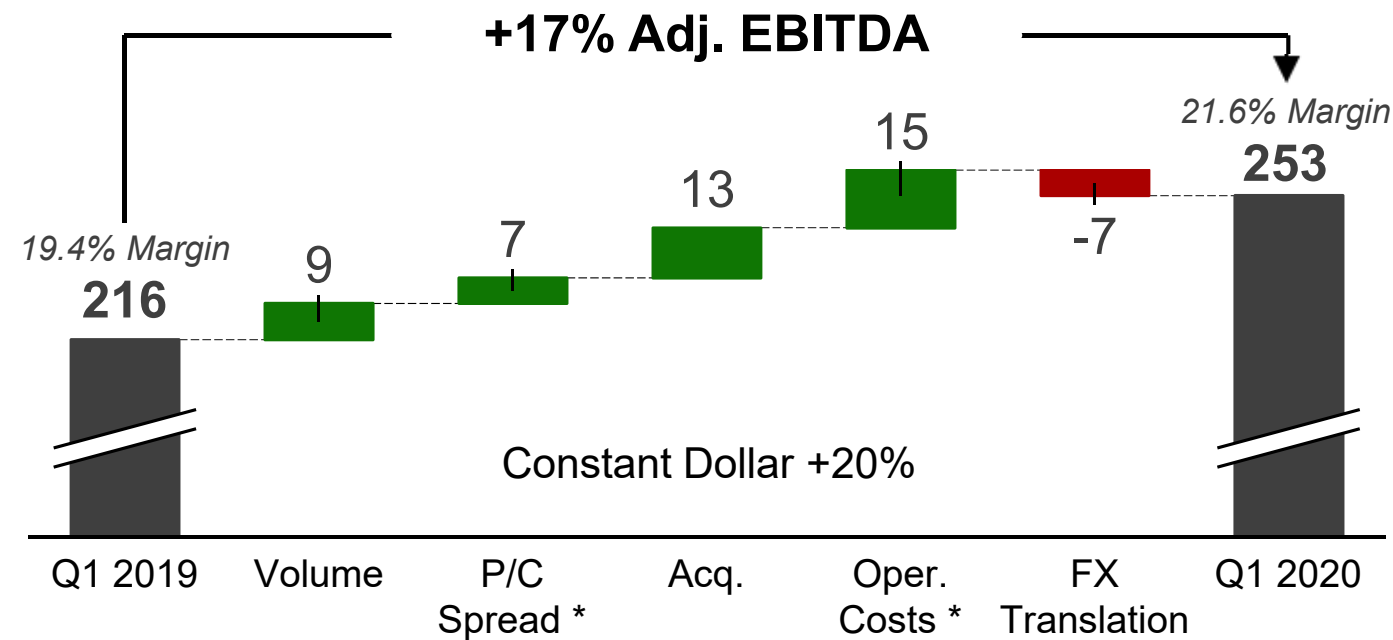
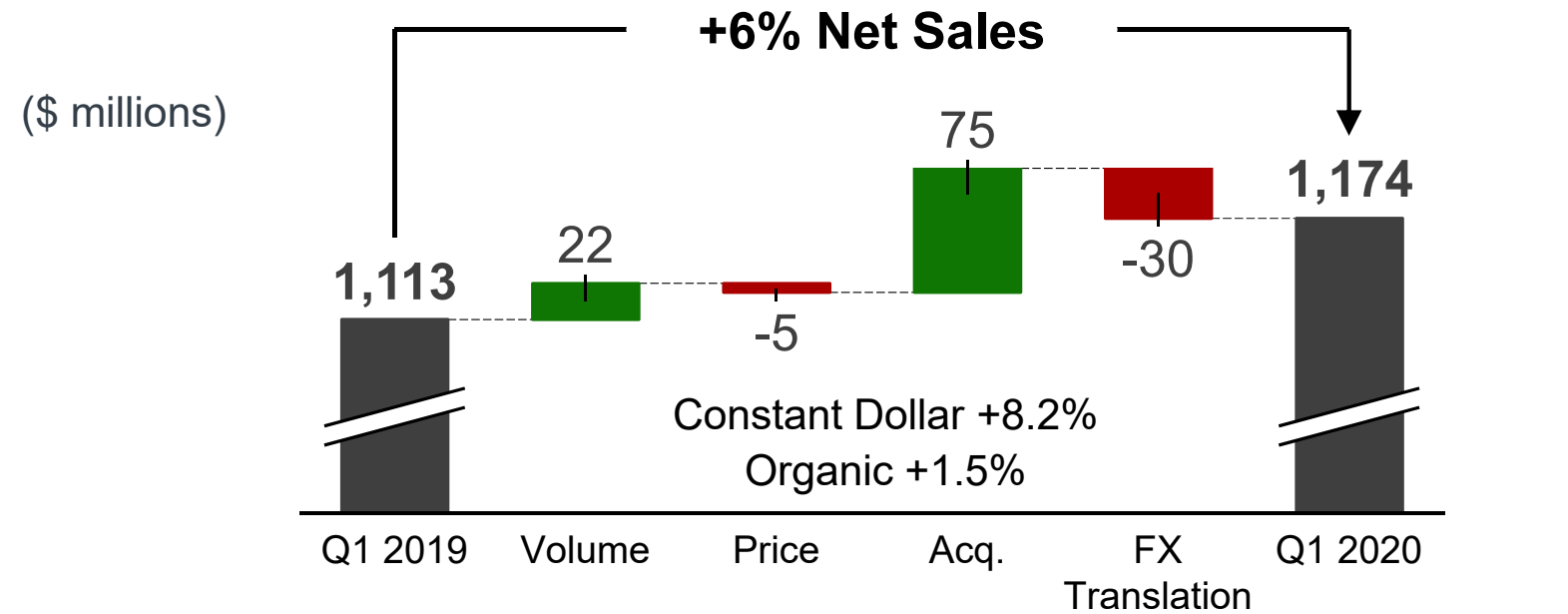
	Growth (%) As Reported					Growth (%) Constant Dollar					Volume (%) Excluding Acquisitions					Price (%) Excluding Acquisitions						
	2019	2020	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1	Q2	Q3	Q4	Q1		
Food			(2)	(0.3)	0.3	(2)	2	3	4	3	1	5	0.4	2	2	(0.4)	5	3	1	0.4	(0.1)	(0.2)
Protective			(0.5)	2	7	10	12	2	4	8	11	13	(4)	(3)	(5)	(4)	(2)	1	1	0.4	0.3	(1)
<b>SEE</b>			<b>(2)</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>	<b>(2)</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>0.4</b>	<b>0.1</b>	<b>(0.5)</b>
NA			2	4	4	4	9	3	4	4	3	10	(2)	2	(2)	(4)	3	1	(0.4)	(1)	(1)	(2)
EMEA			(9)	(6)	1	2	4	(1)	(0.3)	5	4	7	(1)	(1)	1	(1)	1	1	0.3	0.0	(0.4)	(0.3)
APAC			(3)	(4)	1	0.5	(5)	3	1	3	2	(1)	0.3	(4)	(0.2)	(0.1)	(2)	0.1	0.1	0.1	(1)	(0.3)
SA			(7)	2	4	9	(3)	25	30	21	31	24	(0.1)	5	3	12	7	25	25	18	18	16
<b>SEE</b>			<b>(2)</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>	<b>(2)</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>0.4</b>	<b>0.1</b>	<b>(0.5)</b>

*Acceleration largely driven by surge in packaged foods for retail market and strength in e-Comm, partially offset by declines in food service and industrial packaging*



# SEE Q1 Net Sales & Adj. EBITDA

Performance driven by higher volume, Reinvent SEE, lower input costs and acquisitions



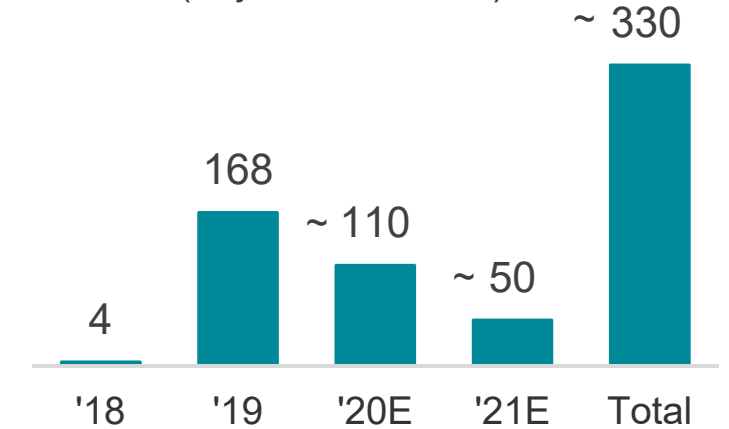
\* Q1 Reinvent SEE benefits \$30 M: \$5 M P/C Spread; \$25 M Operating Costs, including \$14 M Restructuring Savings

# Reinvent SEE Creating Structural Change

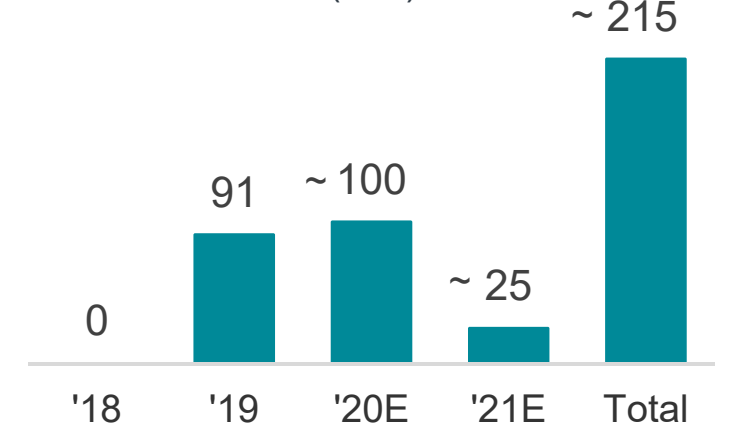
New growth workstream to accelerate innovation and penetrate adjacent markets

	'18 & '19	Q1 '20	
<b>Total YoY Benefits</b>	<b>\$172 M</b>	<b>\$30 M</b>	<b>Reinventing how we innovate to solve</b>
<b>Price / Cost Spread YoY Benefits</b>	<b>\$37 M</b>	<b>\$5 M</b>	<ul style="list-style-type: none"> <li>Logistics rate improvements</li> <li>Strategic value capture</li> <li>Non-market price movements</li> <li>Procurement savings</li> </ul>
<b>Total Oper. Costs YoY Benefits</b>	<b>\$135 M</b>	<b>\$25 M</b>	<ul style="list-style-type: none"> <li>SG&amp;A efficiency and savings on indirect spend</li> <li>Manufacturing network efficiencies</li> </ul>
<b>Operating Costs YoY Benefits</b>	<b>\$64 M</b>	<b>\$11 M</b>	<ul style="list-style-type: none"> <li>Yield improvements and gauge optimization</li> <li>Material substitution &amp; alt. raw material qualifications</li> </ul>
<b>Restructuring YoY Savings</b>	<b>\$71 M</b>	<b>\$14 M</b>	<ul style="list-style-type: none"> <li>Delaying &amp; simplifying organization</li> </ul>

**Reinvent SEE Benefits**  
(Adj. EBITDA, \$ M)



**Reinvent SEE Cash Payments**  
(\$ M)

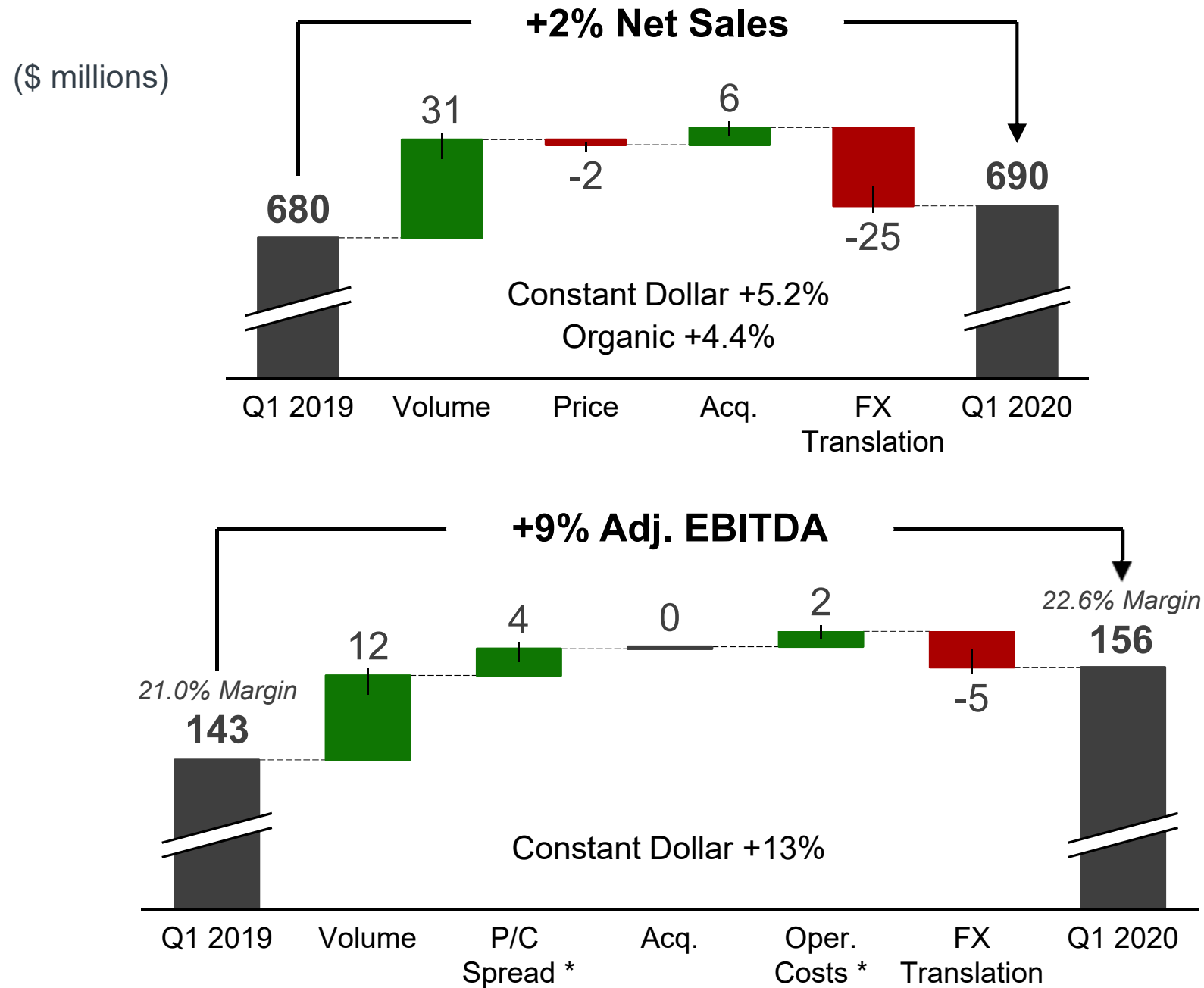


*SEE Operational Excellence engine driving profitable growth above inflation*

# Food Care Q1 Net Sales & Adj. EBITDA



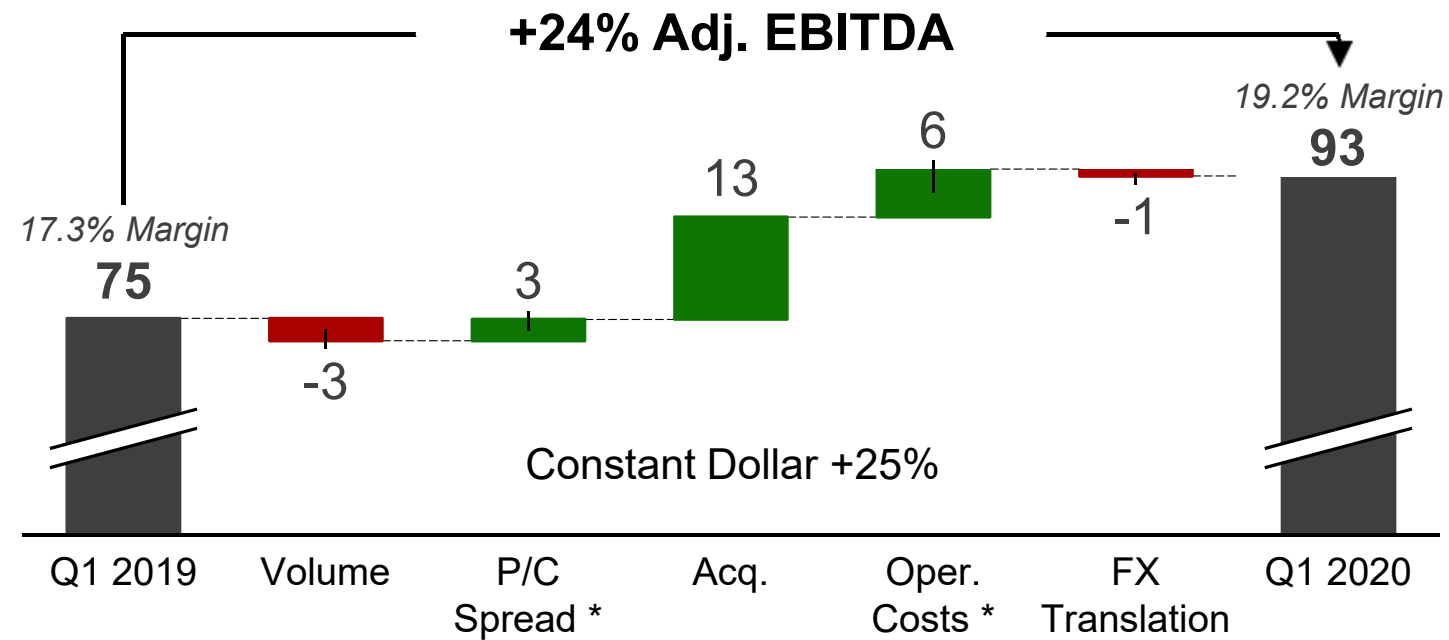
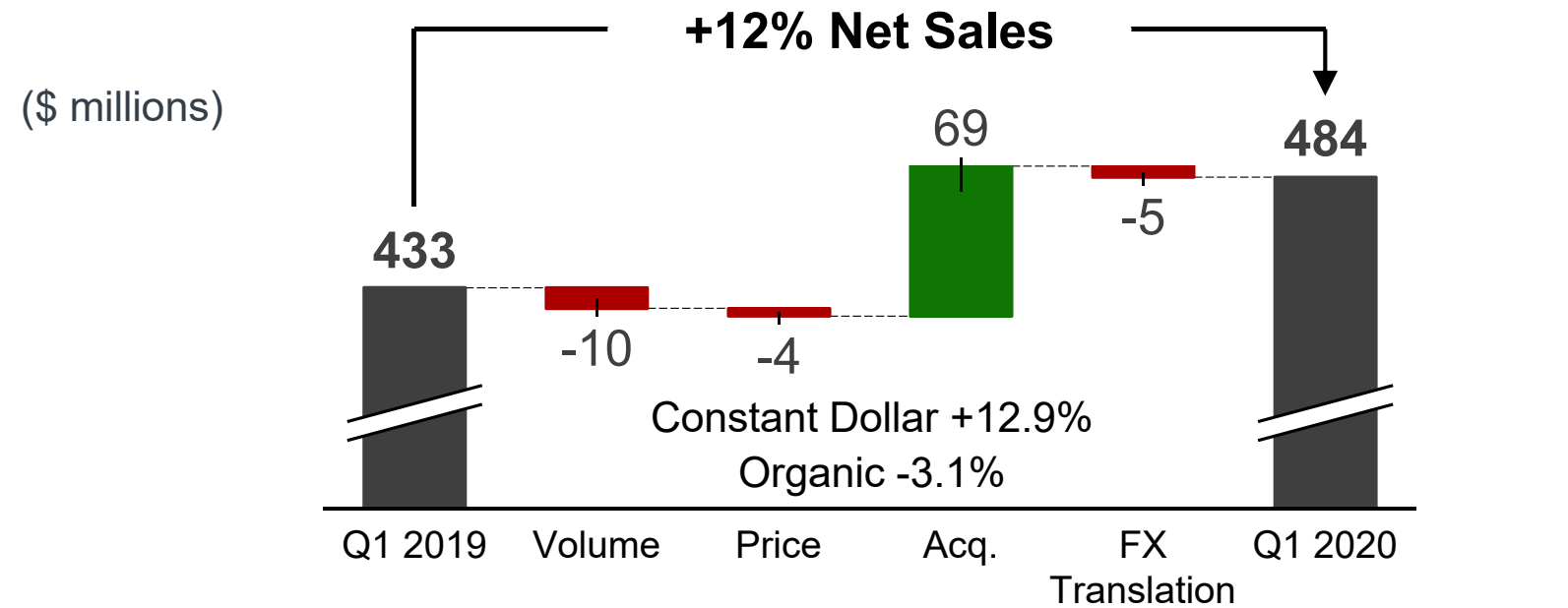
Higher volume, Reinvent SEE & favorable price cost spread, partially offset by FX translation



\* Q1 Reinvent SEE benefits \$20 M: \$4 M P/C Spread; \$16 M Operating Costs, including \$9 M Restructuring Savings

# Product Care Q1 Net Sales & Adj. EBITDA

APS acquisition, Reinvent SEE & lower input costs, partially offset by lower volume



\* Q1 Reinvent SEE benefits \$10 M: \$1 M P/C Spread; \$9 M Operating Costs, including \$5 M Restructuring Savings

# Free Cash Flow



Higher Adj. EBITDA offset by seasonal trade working capital increase & higher incentive comp. payments

(\$ millions)	Three Months Ended March 31,	
	2020	2019
Adjusted EBITDA	253	216
Interest payments, net of interest income	(47)	(40)
Income tax payments	(16)	(13)
Reinvent SEE, restructuring & assoc. payments	(26)	(25)
Change in trade working capital, net *	(61)	(31)
Change in other assets/liabilities	(62)	(42)
Cash flow provided by operating activities	41	65
Capital expenditures	(49)	(49)
<b>Free Cash Flow</b>	<b>(8)</b>	<b>16</b>

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*Reducing 2020 capex from \$200 M to \$175 M, protecting growth investments*

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\* Includes cash (used) from trade receivables, inventory, accounts payable net

# Healthy Balance Sheet Position

Well positioned to support business in COVID-19 environment

**Q1 2020 Proforma Net Debt / LTM Adj. EBITDA<sup>1</sup> 3.5x (Q4 2019: 3.6x)**

Priority is to continue to de-lever the balance sheet

**\$1.24B of liquidity available, including:**

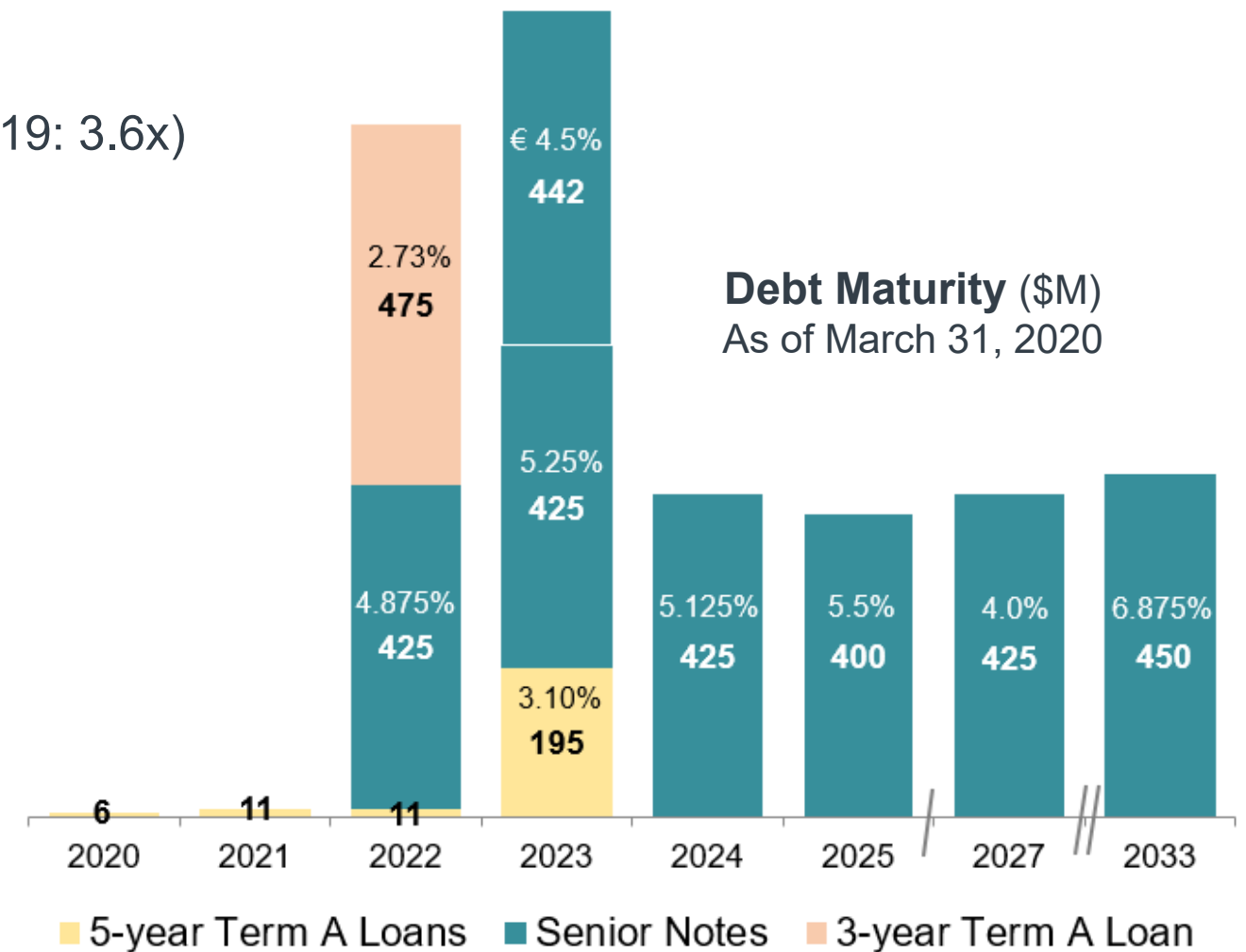
Cash \$275M, undrawn, committed credit facilities \$968M

Maximum leverage covenant in credit facility 5.0x due to APS acquisition, returns to 4.5x Q4 2020

Q1 2020 covenant leverage ~ 3.2x

**No debt maturities until August 2022**

Weighted average cost of debt 4.7%



*Strong liquidity and maturity profile provide financial flexibility; maintaining dividend at current level*

<sup>1</sup> Proforma Net Debt / LTM Adj EBITDA Ratio includes 12-months ended March 31, 2020 Adj. EBITDA for Automated Packaging Systems





We are in business to protect,  
to solve critical packaging challenges,  
and to leave our world better than we found it.





# Appendix

# U.S. GAAP Summary & Reconciliations



	Three Months Ended Mar. 31,	
	<u>2020</u>	<u>2019</u>
Net Sales	\$1.2 billion	\$1.1 billion
Pre-tax Earnings from Continuing Operations	\$147.2 million	\$94.7 million
Net Earnings From Continuing Operations	\$114.5 million	\$64.3 million
EPS From Continuing Operations	\$0.74	\$0.41
Effective Tax Rate	22.2%	32.1%
Operating Cash Flow	\$41.0 million	\$65.1 million
	Three Months Ended Mar. 31,	
	<u>2020</u>	<u>2019</u>
(\$ millions)		
<b>U.S. GAAP Net earnings from continuing operations</b>	<b>114.5</b>	<b>64.3</b>
Interest expense, net	44.4	44.9
Income tax provision	32.7	30.4
Depreciation and amortization, net of adjustments	51.5	40.2
<i>Special items</i>		
Restructuring charges	0.6	7.4
Other restructuring associated costs	4.0	16.7
Foreign currency exchange loss due to highly inflationary economies	0.9	0.8
Charges related to acquisition and divestiture activity	2.9	3.7
Other Special Items	1.7	7.4
Pre-tax impact of Special Items	<u>10.1</u>	<u>36.0</u>
<b>Non-U.S. GAAP Total Company Adj EBITDA from continuing operations</b>	<b><u>253.2</u></b>	<b><u>215.8</u></b>

# U.S. GAAP Summary & Reconciliations



(\$ millions, except per share data)	Three Months Ended Mar. 31,			
	2020		2019	
	Net Earnings	Diluted EPS	Net Earnings	Diluted EPS
<b>U.S. GAAP net earnings and diluted EPS from continuing operations</b>	<b>\$ 114.5</b>	<b>\$ 0.74</b>	<b>\$ 64.3</b>	<b>\$ 0.41</b>
Special Items	(1.1)	(0.01)	27.9	0.18
<b>Non-U.S. GAAP Adjusted net earnings and adjusted diluted EPS from continuing operations</b>	<b>\$ 113.4</b>	<b>\$ 0.73</b>	<b>\$ 92.2</b>	<b>\$ 0.59</b>
Weighted average number of common shares outstanding - Diluted		154.8		155.4

(\$ millions)	Mar. 31, 2020 (unaudited)
Total debt	\$ 3,874.4
Less: cash and cash equivalents	(274.6)
<b>Net Debt</b>	<b>\$ 3,599.8</b>

# ROIC Calculation



## *Q1 2020 Trailing Twelve Months*

Adjusted EBITDA (Non-GAAP)	\$ 1,002 M
Less: Depreciation and Amortization	<u>(196 M)</u>
Adjusted Operating Profit	806 M
Adjusted Tax Rate (Non-GAAP)	26%
Tax on Adjusted Operating Profit	<u>(210 M)</u>
<b>Net Adjusted Operating Profit After Tax</b>	<b>\$ 597M</b>

## *One-year average (Q1 '20 and Q1 '19)*

Book value of Equity	\$ (237 M)
Current and Long-Term Debt	3,721 M
Other Long-Term Liabilities	710 M
Less: Non-Operating Assets *	<u>(257 M)</u>
<b>Total Capital</b>	<b>\$ 3,936 M</b>
<b>Return on Invested Capital</b>	<b>15%</b>

\* Primarily represents cash balance