



# 2020 Third Quarter Earnings

October 28, 2020

Conference Call Supplement (Unaudited Results)

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# Safe Harbor and Regulation G Statement

## **Forward-looking Statements**

This presentation contains “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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, expectations regarding the results of business strategies and transformations, 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. 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. For information about some of those risks and uncertainties, see 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 speaks only as of the date on which it is made, and we undertake no obligation to publicly update such statement.

## **Non-U.S. GAAP Financial Measures**

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 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 October 28, 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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# Q3 2020 YoY Financial Results

Reinvent SEE business transformation driving solid Q3 & YTD performance

**Net Sales** \$1.2B; +2% as Reported, +3% constant dollar

**Adjusted EBITDA** \$259M; +8% as Reported, +8% constant dollar

**Adjusted EPS** \$0.82; +28%

**YTD Free Cash Flow** \$292M vs \$110M in Q3 YTD 2019

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*Raising 2020 Outlook for Sales, Earnings & FCF*

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# SEE Solving Critical Packaging Challenges

Market driven with innovative, sustainable & essential packaging systems

Q3 YTD 2020  
Sales by End Market

64%

Protein, Foods, Fluids,  
Medical & Life Sciences, Pet Care

22%

Industrial, Transportation,  
Electronics & Other Protective

14%

Consumer,  
Retail & 3<sup>rd</sup> Party Logistics

Red Meat 23%

Poultry 8%

Cheese 7%

Seafood 2%

Medical, Life Sciences, Pet Care 4%

Industrials 11%

Retail & Consumer Goods 12%

Smoked & Processed 10%

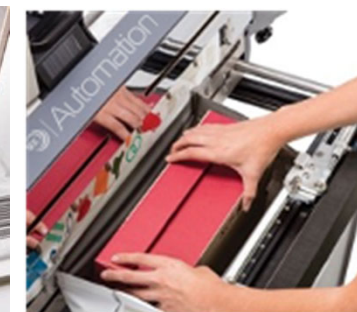
\* Other Foods 7%

Liquids & Fluids 3%

Electronics 6%

Transportation & Other 5%

3<sup>rd</sup> Party Logistics 2%



Cryovac® Barrier Bags

Vertical Pouch Packaging

FlexPrep®

Medical Films

Automated Mailer Systems

Autobag® Bagging Systems

Instapak®

Darfresh® Vacuum Skin

Case Ready Solutions

StealthWrap®

Korrvu®

Bubble Wrap® On-demand

Bubble Wrap® Inflatable Pouches

Specialty Foams



\* Other Foods includes frozen foods, produce, pantry items and meal kits



# Automated Solutions: Equipment System • Service • Materials

Next phase of business model transformation, > \$5 B growth opportunity over life cycle

## Solve Customer Needs for Automation ... Savings Pay for the System

Eliminate waste → simplify processes → remove people from harm's way → automate  
 Deliver savings via integrated solutions, targeting > **30% savings** for systems  
 Share value creation with customers

## SEE™ Automation Brand

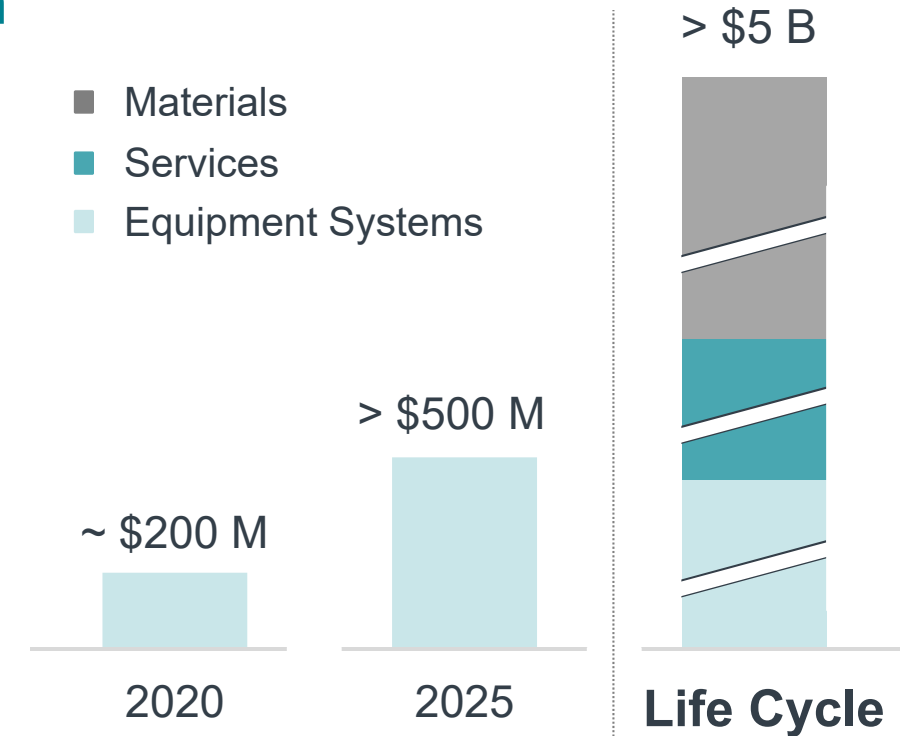
SEE™ Automation • SEE™ Automation Technology • SEE™ Automation Solution  
 Connect **SEE Smart Services** to systems, enhance customer process performance

## Implement Service Models to Improve Life Cycle Value

Upgrade and optimize installed base (thousands of machines)  
 Embed SEE in customers' operation, in person and/or digitally  
 Standardize **SEE systems and processes** to drive consistency and growth

## Enhance Materials and Service Revenues via Solution Model

Automated Solutions: Equipment System • Service • Materials  
**High performance material** enhances equipment sales ... Powerful synergy



**3x+ Solutions Multiple over Equipment Life Cycle**

Modeling life cycle opportunity at 10 years  
 Fleet life cycle between 3 and 30 years

*Best systems • right price • make them sustainable*

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

# Leadership Actions through COVID-19 Pandemic

Accelerating transformation to a stronger and better company

## 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; **"at the table" now online**  
Capital allocation strategy guides decisions

All out of harm's way **Digital • SMART • Connected**  
Flexible workplace eCommerce platform  
Equipment, service, materials, **automated systems**  
On track to achieve 2025 Sustainability Pledge



Thermal scanning and face protection at all SEE facilities



**Autobag**®  
Bagging Systems



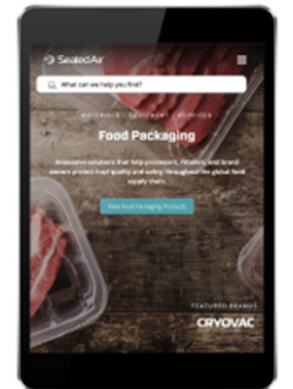
**Cryovac**®  
Darfresh® On Tray



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



SEE™ Mark  
Patent Pending



SealedAir.com



Vacuum Gripping Tool  
Patent Pending

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

# Q3 2020 YoY Regional Sales Performance

Favorable constant dollar growth led by strength in Protective NA & APAC

	* North America	Europe, Middle East & Africa	Asia Pacific	South America
As Reported % Change	2 %	2 %	4 %	- 16 %
Constant Dollar % Change	3 %	- 0.1 %	1 %	13 %
% of Sales	60 %	21 %	15 %	4 %

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Q3 2020 Net Sales: \$1.2 B

As Reported % Change: + 2 %

Constant Dollar % Change: + 3 %

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# YoY Sales Trends

Protective organic volume returns to growth, first time in six quarters

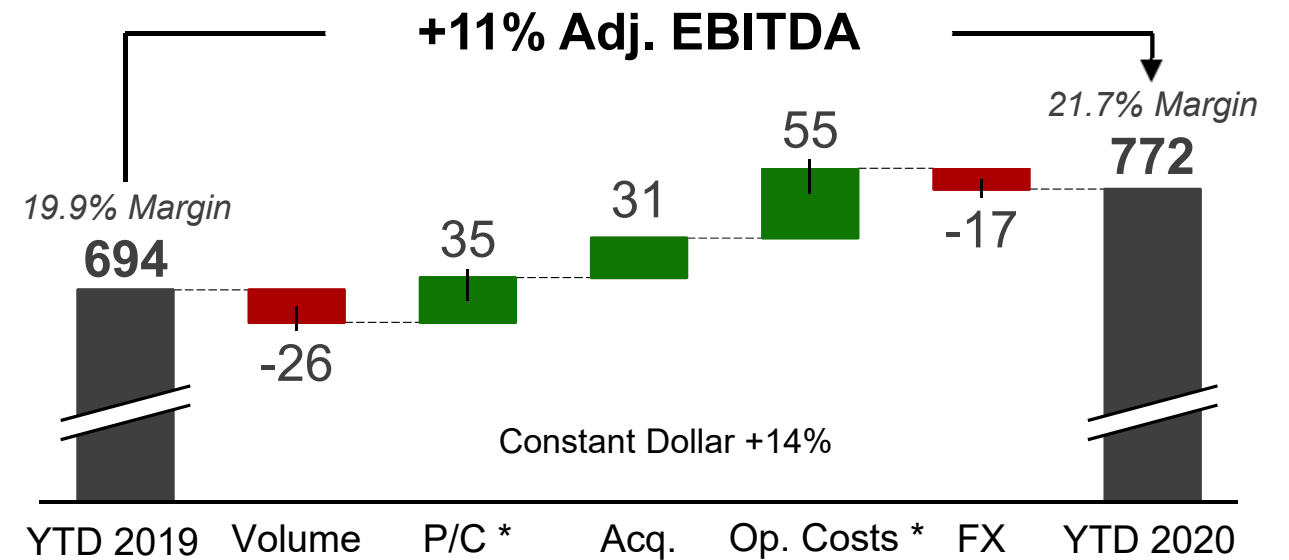
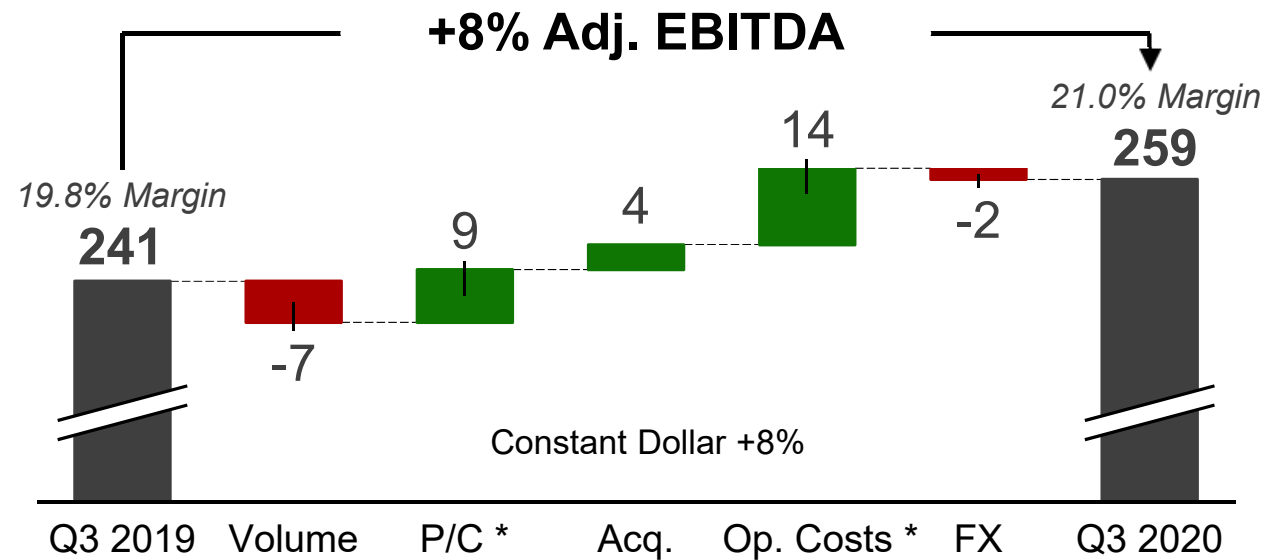
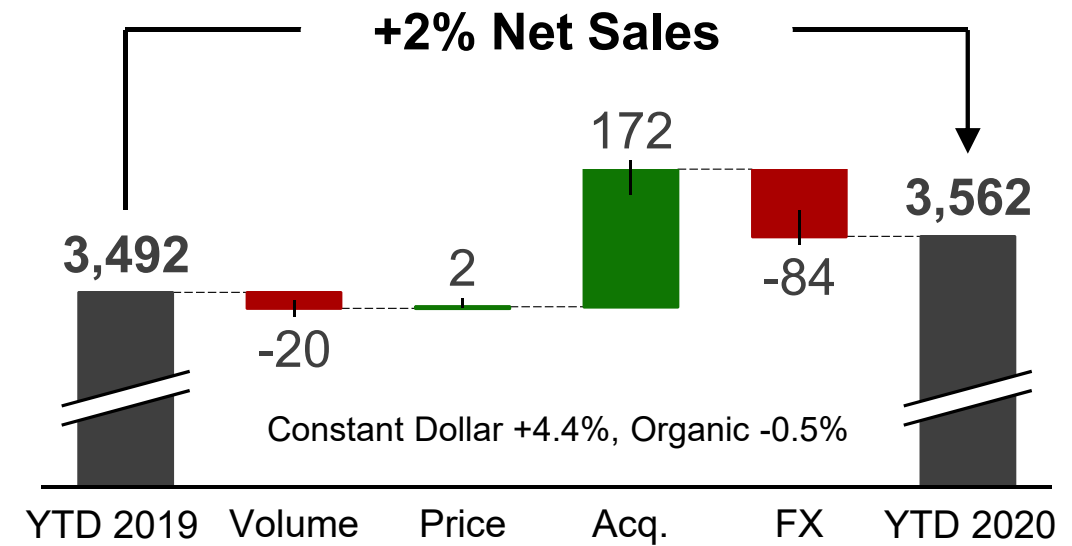
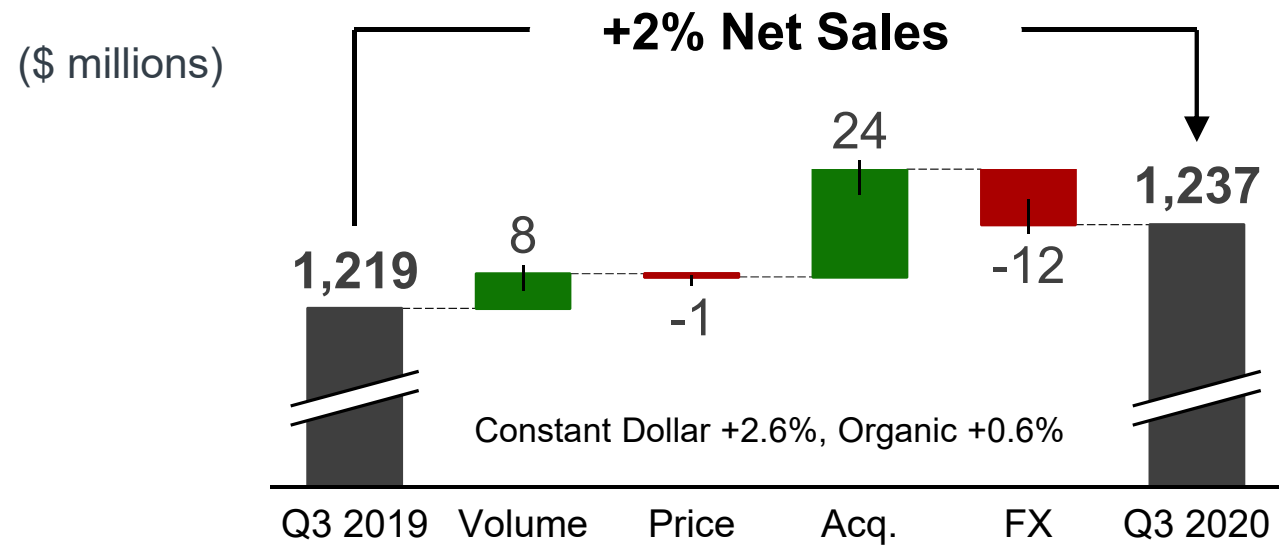
	2019		Growth (%) As Reported					Growth (%) Constant Dollar					Volume (%) Excluding Acquisitions					Price (%) Excluding Acquisitions				
	Q3	Q4	Q1	Q2	Q3	Q3	Q4	Q1	Q2	Q3	Q3	Q4	Q1	Q2	Q3	Q3	Q4	Q1	Q2	Q3		
Food	0.3	(2)	2	(5)	(3)	3	1	5	(0.3)	(1)	2	(0.4)	5	(2)	(2)	0.4	(0.1)	(0.2)	1	1		
Protective	7	10	12	6	9	8	11	13	8	8	(5)	(4)	(2)	(8)	4	0.4	0.3	(1)	(1)	(1)		
<b>SEE</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>(1)</b>	<b>2</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>3</b>	<b>3</b>	<b>(1)</b>	<b>(2)</b>	<b>2</b>	<b>(4)</b>	<b>1</b>	<b>0.4</b>	<b>0.1</b>	<b>(0.5)</b>	<b>1</b>	<b>0</b>		
NA	4	4	9	1	2	4	3	10	2	3	(2)	(4)	3	(6)	2	(1)	(1)	(2)	(0.2)	(1)		
EMEA	1	2	4	(3)	2	5	4	7	0.3	(0.1)	1	(1)	1	(5)	(2)	0.0	(0.4)	(0.3)	(0.3)	0.4		
APAC	1	0.5	(5)	1	4	3	2	(1)	4	1	(0.2)	(0.1)	(2)	3	1	0.1	(1)	(0.3)	(0.4)	(0.1)		
SA	4	9	(3)	(15)	(16)	21	31	24	18	13	3	12	7	(1)	(3)	18	18	16	19	16		
<b>SEE</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>(1)</b>	<b>2</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>3</b>	<b>3</b>	<b>(1)</b>	<b>(2)</b>	<b>2</b>	<b>(4)</b>	<b>1</b>	<b>0.4</b>	<b>0.1</b>	<b>(0.5)</b>	<b>1</b>	<b>0</b>		

*Strength in eComm, fulfillment & automated equipment offsetting industrial & food service*



# SEE Q3 & YTD Net Sales & Adjusted EBITDA

Growth largely driven by strength in Protective & Reinvent SEE



\* Q3 Reinvent SEE benefits \$32 M: \$3 M Price Cost Spread (P/C); \$29 M Operating Costs, including \$6 M Restructuring Savings

\* YTD Reinvent SEE benefits \$100 M: \$12 M Price Cost Spread (P/C); \$88 M Operating Costs, including \$27 M Restructuring Savings

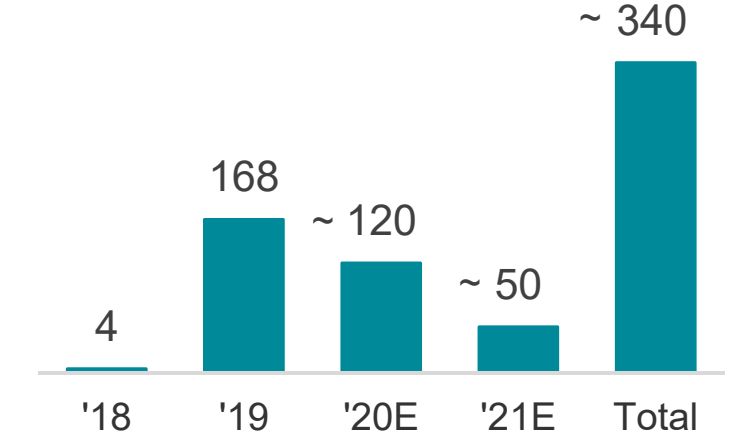
# Reinvent SEE Creating Structural Change

Growth workstream accelerating innovation and penetrating adjacent markets

	'18 & '19	YTD '20	
<b>Total YoY Benefits</b>	<b>\$172 M</b>	<b>\$100 M</b>	<b>Reinventing how we innovate to solve</b>
<b>Price / Cost Spread YoY Benefits</b>	<b>\$37 M</b>	<b>\$12 M</b>	Logistics rate improvements Strategic value capture Non-market price movements Procurement savings
<b>Total Operating Costs YoY Benefits</b>	<b>\$135 M</b>	<b>\$88 M</b>	SG&A efficiency and savings on indirect spend Manufacturing network efficiencies
<b>Operating Costs YoY Benefits</b>	<b>\$64 M</b>	<b>\$61 M</b>	Yield improvements and gauge optimization Material substitution & alternate raw material qualifications
<b>Restructuring YoY Savings</b>	<b>\$71 M</b>	<b>\$27 M</b>	Delaying & simplifying organization

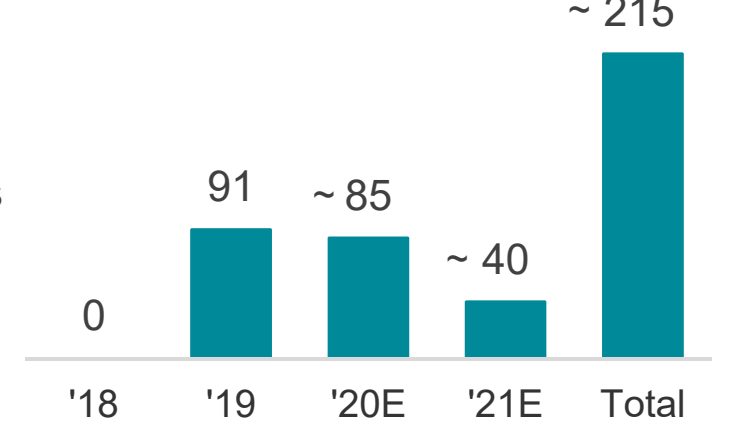
## Reinvent SEE Benefits

(Adj. EBITDA, \$ M)



## Reinvent SEE Cash Payments

(\$ M)

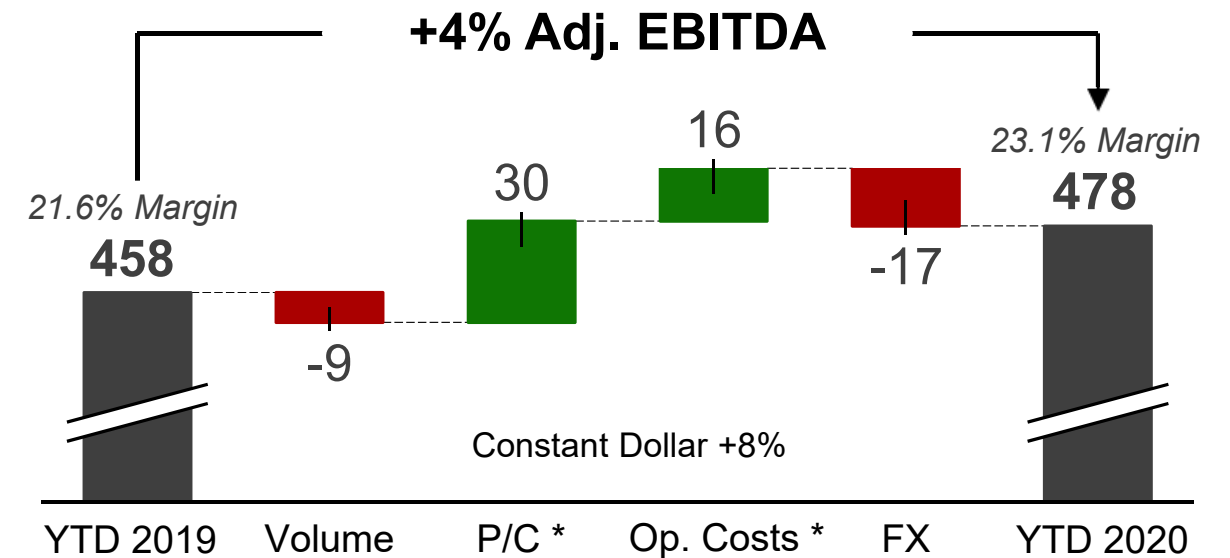
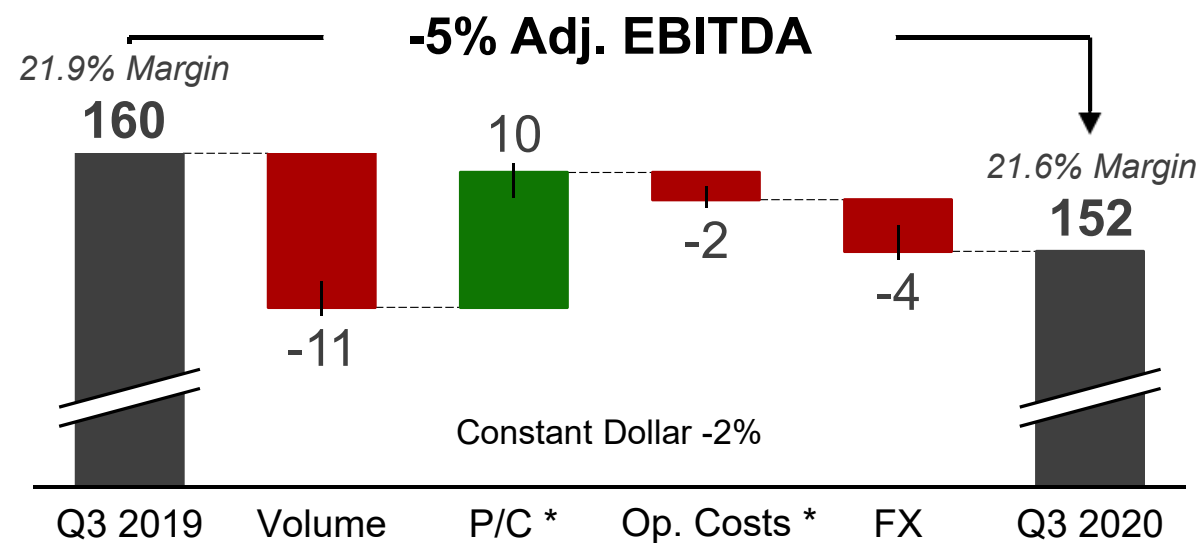
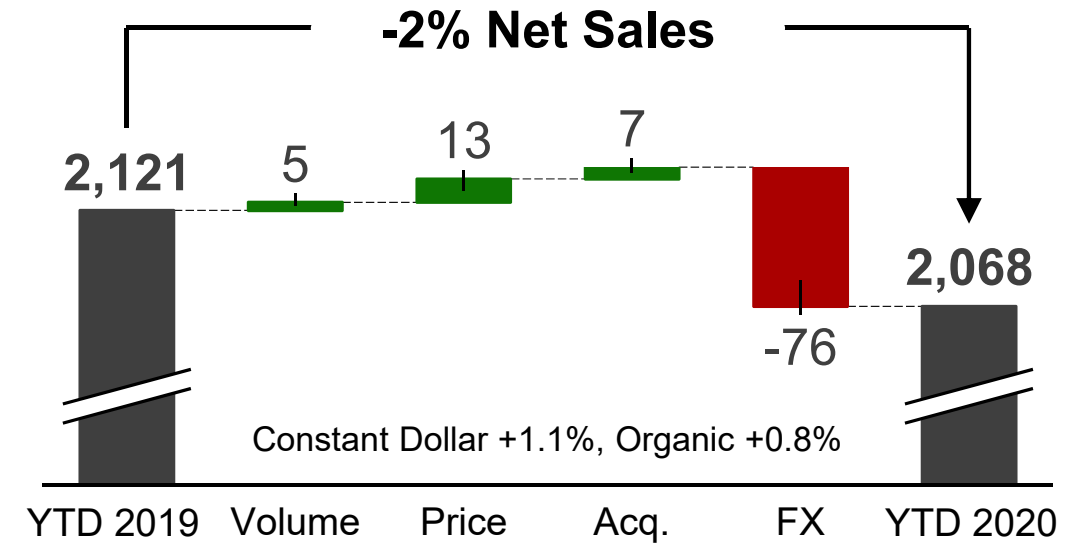
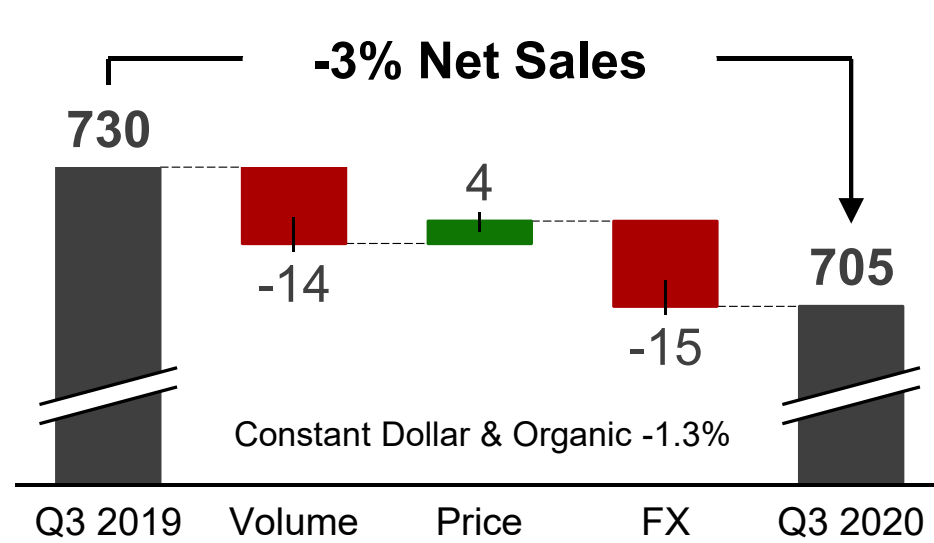


*Raising 2020 Reinvent SEE benefits to \$120 M from \$110 M;  
SEE Operational Excellence engine driving profitable growth above inflation*

# Food Q3 & YTD Net Sales & Adjusted EBITDA

Food service and labor challenges at meat processing plants offsetting growth in equipment

(\$ millions)

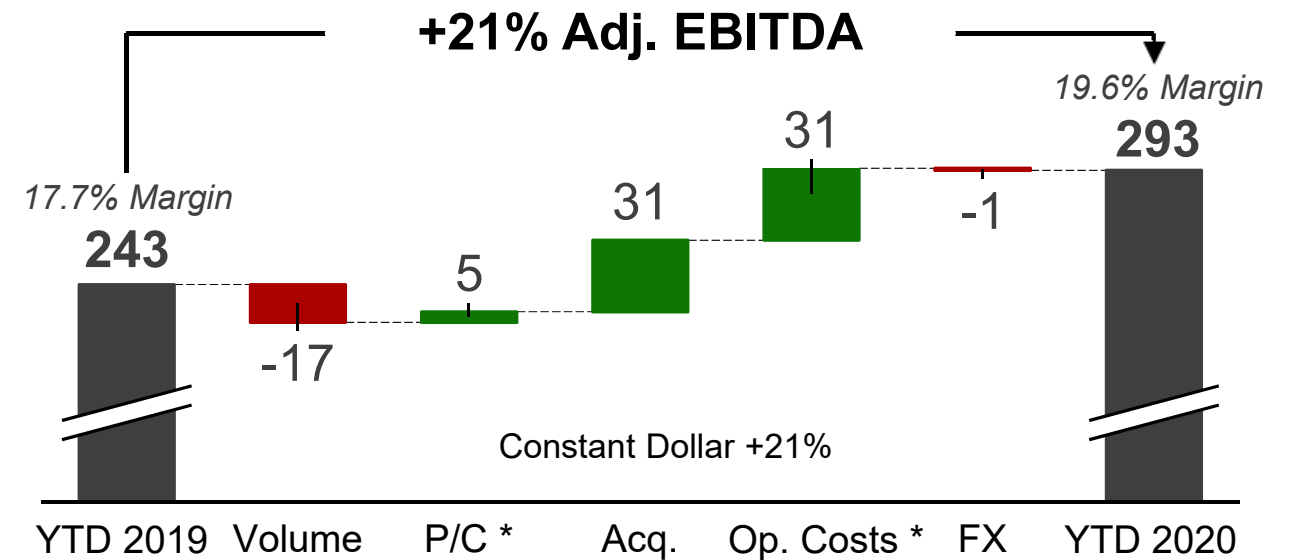
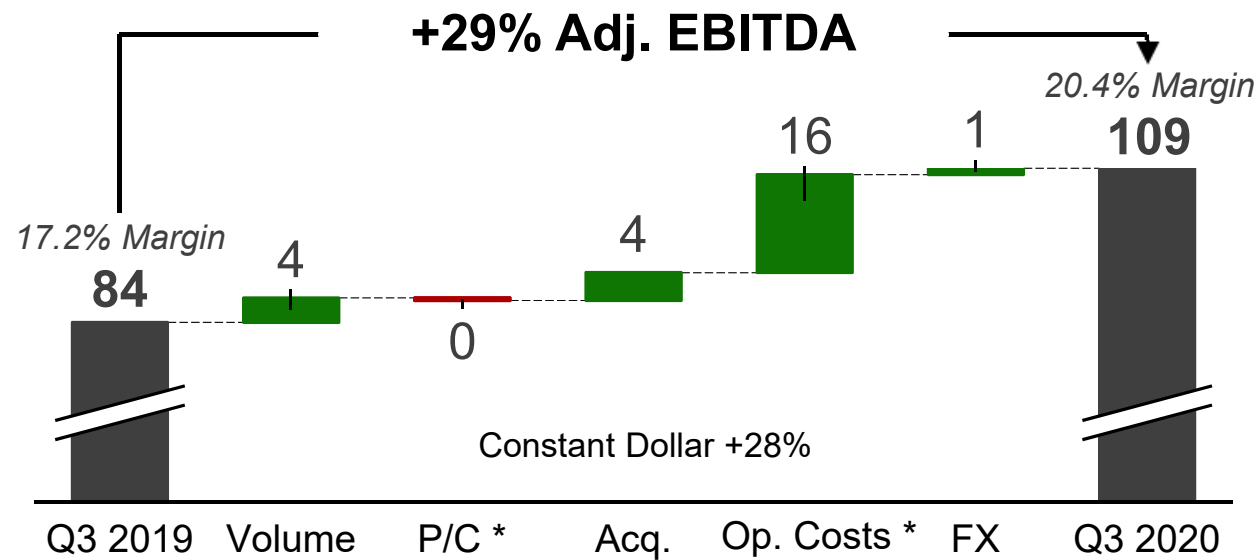
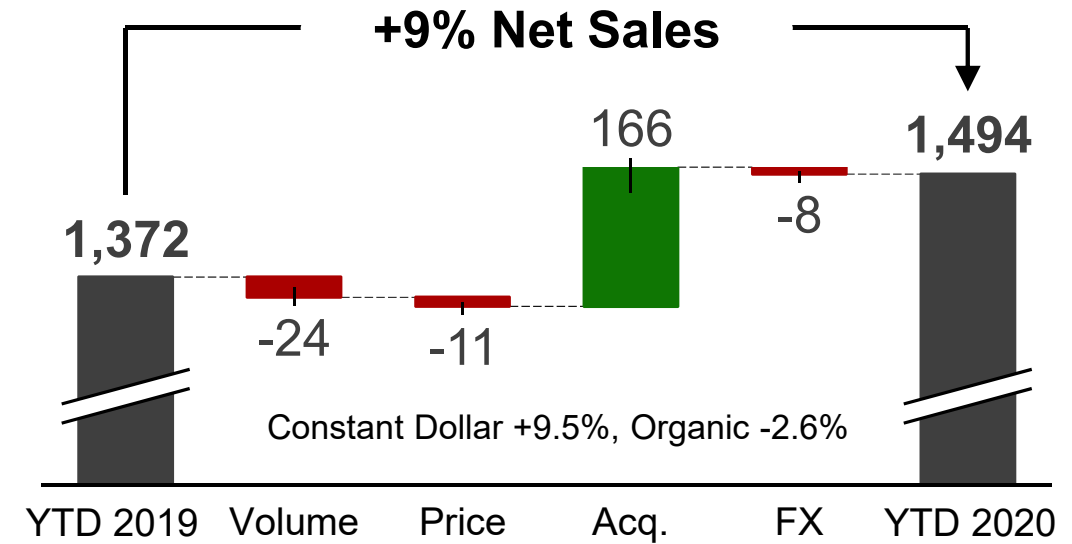
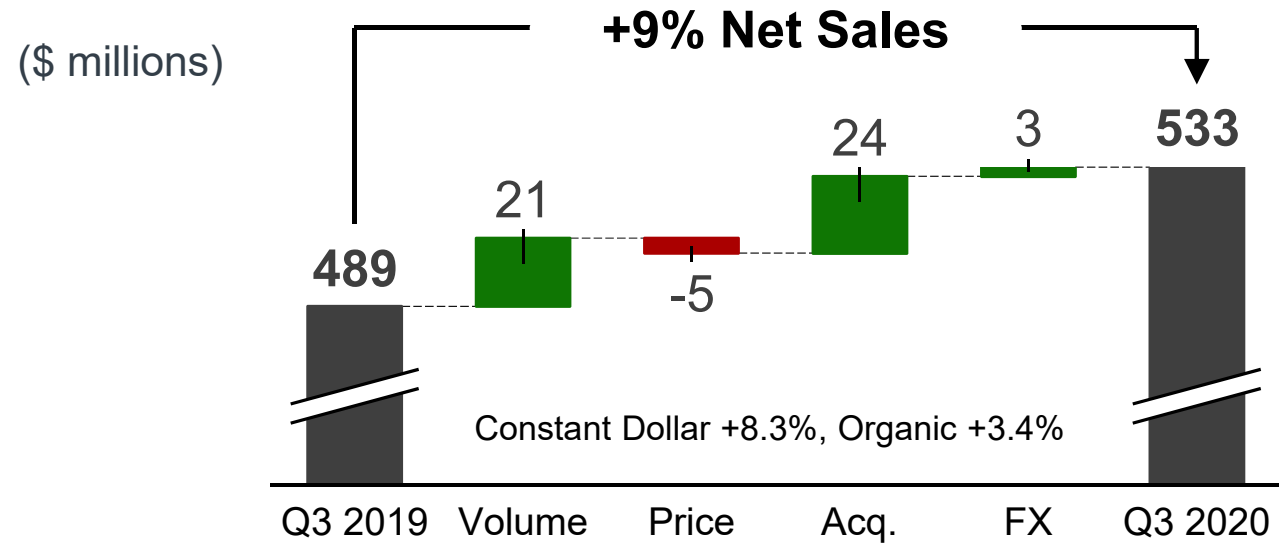


\* Q3 Reinvent SEE benefits \$20 M: \$2 M Price Cost Spread (P/C); \$19 M Operating Costs, including \$4 M Restructuring Savings

\* YTD Reinvent SEE benefits \$67 M: \$9 M Price Cost Spread (P/C); \$59 M Operating Costs, including \$17 M Restructuring Savings

# Protective Q3 & YTD Net Sales & Adjusted EBITDA

Strength in eComm, fulfillment & automated systems outweighs industrial declines



\* Q3 Reinvent SEE benefits \$12 M: \$1 M Price Cost Spread (P/C); \$11 M Operating Costs, including \$2 M Restructuring Savings

\* YTD Reinvent SEE benefits \$33 M: \$4 M Price Cost Spread (P/C); \$29 M Operating Costs, including \$10 M Restructuring Savings



# Free Cash Flow

Growth driven by higher Adj. EBITDA, lower restructuring & capex, and 2019 legal settlement

(\$ millions)	Nine Months Ended Sep. 30,	
	2020	2019
Adjusted EBITDA	772	694
Interest payments, net of interest income	(132)	(130)
Income tax payments	(53)	(47)
Reinvent SEE, restructuring & assoc. payments	(59)	(77)
Change in trade working capital, net <sup>1</sup>	(119)	(99)
Change in other assets/liabilities <sup>2</sup>	1	(90)
Cash flow provided by operating activities	410	251
Capital expenditures	(118)	(141)
<b>Free Cash Flow</b>	<b>292</b>	<b>110</b>

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*Raising 2020 Free Cash Flow to ~ \$450 M*

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<sup>1</sup> Includes cash (used) from trade receivables, inventory, customer advance payments, and accounts payable net

<sup>2</sup> Change in other assets/liabilities in 2019 includes a \$59 million legal settlement to Novipax

# Strengthening our Balance Sheet

Well positioned to grow business through pandemic environment

**Q3 2020 Net Debt / LTM Adjusted EBITDA 3.3x**

Priority is to continue to de-lever the balance sheet

**\$1.45B of liquidity available, including:**

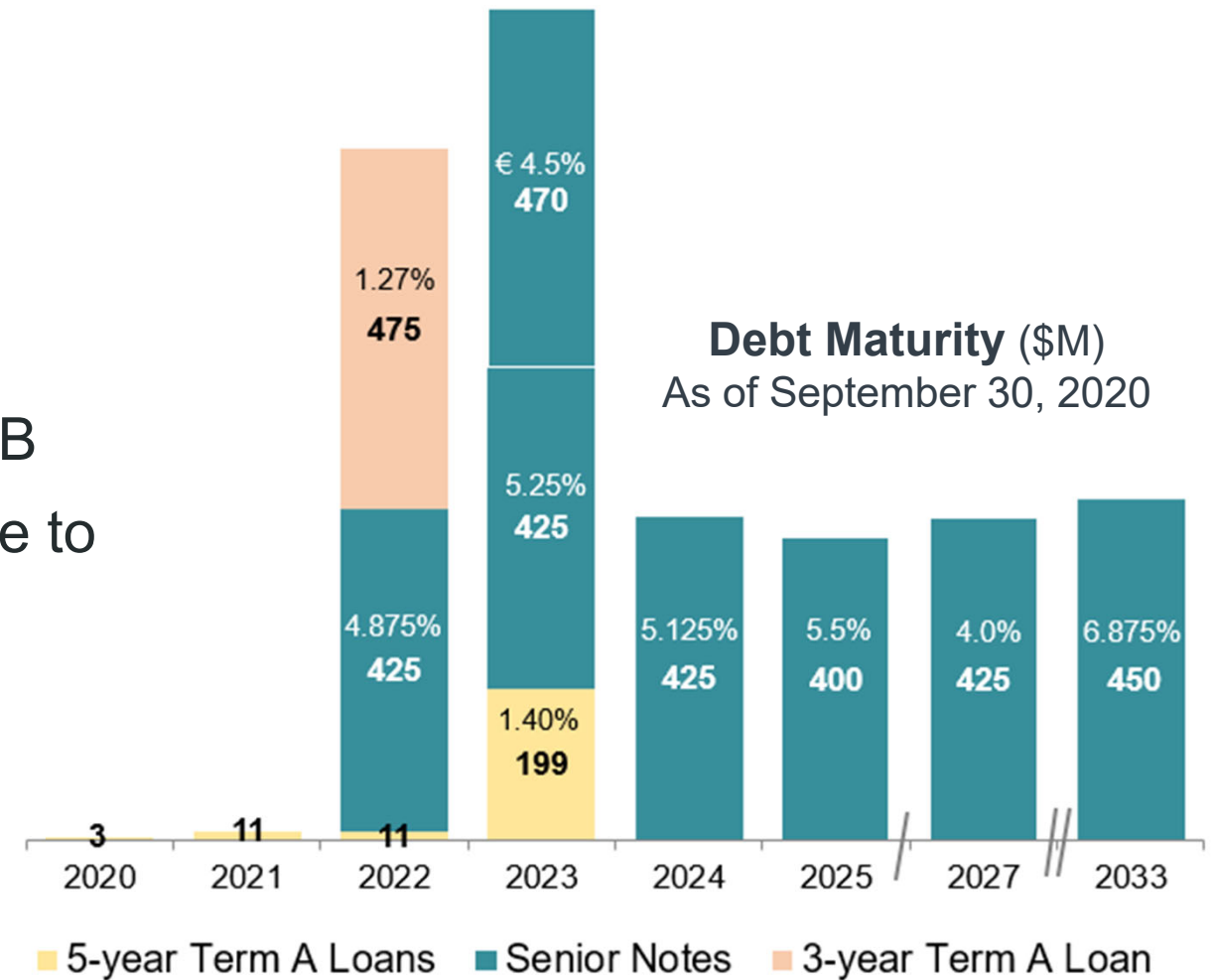
Cash \$317M, undrawn, committed credit facilities \$1.13B

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

Q3 2020 covenant leverage 2.8x

**No debt maturities until August 2022**

Weighted average cost of debt 4.4%



*Strong liquidity and maturity profile provide financial flexibility*

# Capital Allocation Strategy

Driving automation, sustainability and SEE Operational Excellence through the crisis

## Investing in:

### Attractive markets, disruptive products & technologies

APS acquisition completed August 1, 2019

Platforms for automation (equipment), service and digital printing

Convert rigids to sustainable flexibles, fluids & liquids packaging

ESG & Sustainable solutions

eCommerce technologies

### 2020E Capital Expenditures ~ \$175 M

Investing in breakthrough processes, innovation & automation

~ 40% growth, ~ 45% maintenance, ~ 15% cost productivity

## Returning Capital to Shareholders:

### Reducing Net Leverage

2020 Net Debt / Adj. EBITDA Target < 3.5x

Q3 '20 Net Debt / Adj. EBITDA 3.3x

FCF Conversion Rate <sup>1</sup> Long-Term Target > 40%

Q3 '20 YTD FCF / Adj. EBITDA 38%

### Dividends

YTD '20 cash dividend \$76M or \$0.48 per share

### Share Repurchase

Repurchased 521 K shares for \$20 M Q3 '20

\$688 M remaining under current authorization

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*Maintaining dividend at current level;  
Opportunistic share repurchases in context of overall deleveraging*

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# 2020 Outlook

Raising full year guidance based on YTD execution & increased demand in Protective

## Net Sales

~ \$4.85 B

As Reported ~ 1 %

Unfavorable Currency ~ (\$90 M)

Constant Dollar ~ 3 %

Food ~ 1%, Protective ~ 7 %

## Adj. EBITDA

~ \$1.04 B

As Reported ~ 8 %

Unfavorable Currency ~ (\$20 M)

Margin ~ 21.4 %

## Adj. EPS

~ \$3.05

As Reported ~ 8 %

D&A ~ \$215 M

Int. Exp., Net ~ \$175 M

Adj. Tax Rate ~ 26 %

Diluted Shares 156 M

## Free Cash Flow

~ \$450 M

Capex ~ \$175 M

Restr. Payments ~ \$85 M

FCF conversion <sup>1</sup> ~ 43%

### *Previous Guidance*

**\$4.725 B – \$4.775 B**

*As Reported (1%) to flat*

*Unfavorable Currency ~ (\$120 M)*

*Constant Dollar Growth 1 – 2 %*

*Food ~ 1 %, Protective ~ 3 %*

**\$1.01 B – \$1.03 B**

*As Reported 5 – 7 %*

*Unfavorable Currency ~ (\$25 M)*

*Margin ~ 21.5 %*

**\$2.85 – \$2.95**

*As Reported 1 – 5 %*

*Int. Exp., Net ~ \$185 M*

*Adj. Tax Rate ~ 27 %*

**\$350 M – \$375 M**

*Capex \$175 M – \$190 M*

*Restr. Payments ~ \$100 M*

<sup>1</sup> FCF Conversion Rate defined as Free Cash Flow / Adjusted EBITDA



# Our 4P'S<sup>SM</sup> of Reinvent SEE<sup>TM</sup>

Leading in crisis: focus on Zero Harm, business continuity, accelerate innovations for growth

**Performance:** World-class

**People:** One SEE High performance culture

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

**Processes:** One SEE Operational Excellence

**Sustainability:** In everything we do, fueling our growth



SealedAir.com



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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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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

# U.S. GAAP Summary & Reconciliations

## Q3 and YTD Performance

(\$ millions, except per share data)	Three Months Ended Sep. 30,				Nine Months Ended Sep. 30,			
	2020		2019		2020		2019	
	Net Earnings	Diluted EPS	Net Earnings	Diluted EPS	Net Earnings	Diluted EPS	Net Earnings	Diluted EPS
<b>U.S. GAAP net earnings and diluted EPS from continuing operations</b>	<b>\$ 131.8</b>	<b>\$ 0.85</b>	<b>\$ 79.5</b>	<b>\$ 0.51</b>	<b>\$ 346.6</b>	<b>\$ 2.22</b>	<b>\$ 169.3</b>	<b>\$ 1.09</b>
Special Items	(4.7)	(0.03)	20.2	0.13	12.2	0.08	147.9	0.95
<b>Non-U.S. GAAP Adjusted net earnings and adjusted diluted EPS from continuing operations</b>	<b>\$ 127.1</b>	<b>\$ 0.82</b>	<b>\$ 99.7</b>	<b>\$ 0.64</b>	<b>\$ 358.8</b>	<b>\$ 2.30</b>	<b>\$ 317.2</b>	<b>\$ 2.04</b>
Weighted average number of common shares outstanding - Diluted		156.1		154.8		155.8		155.2

(\$ millions)

Total debt

Less: cash and cash equivalents

**Net Debt**

Sep. 30, 2020  
(unaudited)

\$ 3,739.3

(316.8)

**\$ 3,422.5**



# U.S. GAAP Summary & Reconciliations

## Q3 and YTD Performance

	Three Months Ended Sep. 30,		Nine Months Ended Sep. 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net Sales	\$1.2 billion	\$1.2 billion	\$3.6 billion	\$3.5 billion
Pre-tax Earnings from Continuing Operations	\$149.2 million	\$102.3 million	\$441.3 million	\$234.8 million
Net Earnings From Continuing Operations	\$131.8 million	\$79.5 million	\$346.6 million	\$169.3 million
EPS From Continuing Operations (Diluted)	\$0.85	\$0.51	\$2.22	\$1.09
Effective Tax Rate	11.7%	22.3%	21.5%	27.9%
Operating Cash Flow	\$197 million	\$82 million	\$410 million	\$251 million

(\$ millions)	Three Months Ended Sep. 30,		Nine Months Ended Sep. 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>U.S. GAAP Net earnings from continuing operations</b>	<b>131.8</b>	<b>79.5</b>	<b>346.6</b>	<b>169.3</b>
Interest expense, net	43.0	48.5	130.7	136.6
Income tax provision	17.4	22.8	94.7	65.5
Depreciation and amortization, net of adjustments	56.2	53.2	161.1	131.4
<i>Special items</i>				
Restructuring charges	1.0	6.9	11.7	43.6
Other restructuring associated costs	7.2	12.8	15.0	50.8
FX Loss on highly inflationary economies	1.1	1.3	3.2	3.4
Novipax settlement agreement charge	—	—	—	59.0
Charges related to acquisition and divestiture activity	1.0	6.0	5.1	9.2
Other Special Items	0.6	10.1	4.3	24.8
Pre-tax impact of Special Items	<u>10.9</u>	<u>37.1</u>	<u>39.3</u>	<u>190.8</u>
<b>Non-U.S. GAAP Total Company Adj EBITDA from continuing operations</b>	<b><u>259.3</u></b>	<b><u>241.1</u></b>	<b><u>772.4</u></b>	<b><u>693.6</u></b>

# Net Debt / Adj EBITDA and LTM Adjusted EBITDA

## Q3 '20 Net Debt / Adj. EBITDA

(\$ millions)

Non-U.S. GAAP Total Company Adjusted EBITDA (Trailing twelve months ending September 30, 2020)	\$ 1,044 M
Net Debt	3,423 M
Net Debt / Adjusted EBITDA	<u>3.28</u>

## Q3 YTD Free Cash Flow Conversion

(\$ millions)

Free Cash Flow	\$ 292 M
2020 YTD Adjusted EBITDA	772 M
Free Cash Flow Conversion	<u>38%</u>

(\$ millions)

### U.S. GAAP Net earnings from continuing operations

	Three months ended			
	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020
U.S. GAAP Net earnings from continuing operations	124.4	114.5	100.3	131.8
Interest expense, net	47.5	44.4	43.3	43.0
Income tax provision (benefit)	11.1	32.7	44.6	17.4
Depreciation and amortization, net of adjustments	53.1	51.5	53.4	56.2

### Special Items

Restructuring (income) charges	(1.7)	0.6	10.1	1.0
Other restructuring associated costs	9.5	4.0	3.8	7.2
Foreign currency exchange loss due to highly inflationary economies	1.2	0.9	1.2	1.1
Loss on debt redemption and refinancing activities	16.1	-	-	-
Charges related to acquisitions and divestiture activity	5.7	2.9	1.2	1.0
Other Special Items	4.3	1.7	2.0	0.6
Pre-tax impact of special items	35.1	10.1	18.3	10.9
<b>Non-U.S. GAAP Total Company Adjusted EBITDA</b>	<b>271.2</b>	<b>253.2</b>	<b>259.9</b>	<b>259.3</b>
<b>2020 Year to Date Adjusted EBITDA</b>				<b>772.4</b>
<b>Last twelve months Adjusted EBITDA</b>				<b>1,043.6</b>