Q4 & Fiscal 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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CONTENTS

	Page
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	*1*
Corporate Overview	*1*
Basis of Presentation	*1*
Financial Measures and Key Indicators	*2*
Forward-Looking Statements	*2*
Initial Public Offering	*4*
Summary of Factors Affecting our Performance	*4*
How We Assess the Performance of our Business	*9*
Selected Consolidated Financial Information	*11*
Significant Financial and Operational Highlights and Transactions Impacting the Results of the Period	*12*
Summary Results of Operations	*13*
Results of Operations for Q4 2018 compared to Q4 2017	*13*
Results of Operations for Fiscal 2018 compared to Fiscal 2017	*18*
Seasonal Trend Analysis	*25*
Liquidity and Capital Resources	*26*
Consolidated Financial Position	*28*
Cash Flows	*29*
Acquisition of Loomans Group N.V.	*33*
Outlook	*33*
Quantitative and Qualitative Disclosures about Market and Other Financial Risk	*34*
Off Balance Sheet Arrangements	*36*
Transactions with Related Parties	*36*
Critical Accounting Estimates	*36*
Accounting Standards Implemented for the Year ended December 31, 2018	*36*
Future Accounting Standards	*37*
Risk Factors	*37*
Disclosure Controls and Procedures and Internal Control Over Financial Reporting	*37*
Current Share Information	*38*
Reconciliation of non-IFRS Measures	*38*
Additional Information	*41*

IPL PLASTICS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three-month period and year ended December 31, 2018

The following management's discussion and analysis of financial condition and results of operations (''**MD&A**'') of IPL Plastics Inc. (together with its subsidiaries), referred to herein as ''IPL Plastics'', ''IPLP'', the ''Company'', ''we'', ''us'' or ''our'' is prepared as of March 15, 2019. It should be read in conjunction with our audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2018.

All references in this MD&A to ''**Q1 2019**'' are to the three-month period ending March 31, 2019, to ''**Q4 2018**'' are to the three-month period ended December 31, 2018 and to ''**Q4 2017**'' are to the three-month period ended December 31, 2017. All references in this MD&A to ''**Fiscal 2019**'' are to the Company's fiscal year ending December 31, 2019, to ''**Fiscal 2018**'' are to the Company's fiscal year ended December 31, 2018, to ''**Fiscal 2017**'' are to the Company's year ended December 31, 2017 and to ''**Fiscal 2016**'' are to the year ended December 31, 2016.

This MD&A contains forward-looking information and involves numerous risks and uncertainties, including but not limited to those described in the ''**Risk Factors**'' section of this MD&A. Actual results may differ materially from those expressed or implied by such forward-looking information. See ''**Forward-Looking Statements**''.

Corporate Overview

IPL Plastics Inc. is a corporation incorporated under the Canada Business Corporations Act (the ''**CBCA**'').

IPLP is a leading sustainable packaging solutions provider. We manufacture specialty packaging products used primarily in the food, consumer, agricultural, logistics and environmental end-markets, from our network of 14 manufacturing facilities. Our engineering expertise, particularly in injection molding, allows us to deliver innovative solutions to our highly diversified customer base, which is a mix of blue chip customers, leading regional and local businesses and large municipalities, most of which have a long-standing relationship with us. We offer products ranging from tamper-evident food containers, pails, bowls, tubs and lids to wheeled containers and material handling containers.

We believe that we have established leadership positions in several of our key product categories, such as in-mold labelling (''**IML**'') injection molded containers in North America, environmental waste containers in both North America and the U.K. and returnable bulk plastic containers in North America.

We continue to own a small metals recycling business based in the U.K. The revenue from this business amounts to 3.7% of our consolidated revenues for Fiscal 2018. This business and our central corporate overhead expenses are included within the ''Other'' operating segment as analyzed in ''Summary Results of Operations'' section below.

Basis of Presentation

We have historically structured our business through two separate segments, being OnePlastics Group and IPL Inc., of which, prior to February 28, 2018, we owned approximately 67%, with the balance owned by CDP Investissements Inc., a subsidiary of *Caisse de dépôt et placement du Québec* (''**CDPQ**'') and Fonds de solidarité des travailleurs du Québec (F.T.Q.) (''**FSTQ**''). In addition, we historically operated our business in three business units: IPL Inc., Macro Plastics, Inc. (''**Macro**'') and OnePlastics Group. Effective January 1, 2018, we re-structured the Company and our operating and reporting segments across our three-primary market-facing activities; Consumer Packaging Solutions (''**CPS**''), which serves the North American and European markets, Large Format Packaging and Environmental Solutions (''**LF&E**''), which serves the North American and European markets and Returnable Packaging Solutions (''**RPS**''), which serves the North American and European markets and resulted from the acquisition of Macro in June 2017.

The audited consolidated financial statements and accompanying notes for the year ended December 31, 2018 have been prepared in accordance with International Financial Reporting Standards (''**IFRS**'') and their interpretations as issued by the International Accounting Standards Board (''**IASB**''). The results for the three months ended December 31, 2018 have been derived from the audited consolidated financial statements and accompanying notes for the year ended December 31, 2018 and the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2018 as prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ('IAS 34') as issued by the IASB. The IFRS issued and effective from January 1, 2018 have been applied but do not have a significant effect on the financial information included in the audited consolidated financial statements. All amounts in this MD&A are expressed in U.S. dollars, unless otherwise indicated. All references to ''$'' and ''US$'' are to U.S. dollars and all references to ''C$'', ''£'' and ''€'', are to Canadian dollars, Pounds Sterling and euros, respectively. All amounts have been converted to U.S. dollars at the appropriate average or spot rate for the relevant period. Where no period rate is applicable, the spot rate as at December 31, 2018 has been applied.

Financial Measures and Key Indicators

This MD&A uses certain non-IFRS financial measures and ratios. Management uses these non-IFRS financial measures for purposes of comparison to prior periods, to prepare annual operating budgets, and for the development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of ongoing operations and in analyzing our financial condition, business performance and trends. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS financial measures including Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT, Adjusted Net Income, Adjusted Basic Earnings per Share, Adjusted Diluted Earnings per Share, Pro Forma Basic, Diluted, Adjusted Basic and Adjusted Diluted Earnings per Share, Pro Forma Total Shareholders' Equity, Net Debt and Adjusted Free Cash Flow to provide supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We believe that the presentation of these financial measures enhances an investor's understanding of our financial performance and financial condition. We further believe that these financial measures are useful financial metrics to assess our operating performance from period to period by excluding certain items that we believe are not representative of our core business. The definitions of these measures are included in the ''Reconciliation of non-IFRS Measures'' section of this MD&A.

Forward-Looking Statements

This MD&A may include statements that are, or may be deemed to be, ''forward-looking statements''. These forward-looking statements include all matters that are not historical facts. Specifically, forward-looking statements in this MD&A include, but are not limited to, statements regarding the expected completion dates of certain of the Company's capital projects, the Company's ability to pass through material price input change to customers, the Company's expectations regarding resin and freight costs and the results from the Company's response thereto including the impact on gross margin and Adjusted EBITDA margin for Fiscal 2019, expectations regarding securing labor and labor cost inflation and our expected cash outflows for Fiscal 2019, the impact of the RPS division's high order backlog on the Company's Adjusted EBITDA margin for Fiscal 2019. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms ''believes'', ''estimates'', ''plans'', ''projects'', ''anticipates'', ''expects'', ''intends'', ''may'', ''will'' or ''should'' or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions.

In addition, our assessments of, and outlook for Fiscal 2019 are considered forward-looking information. See ''Outlook'' for additional information concerning our strategies, assumptions and market outlook in relation to these assessments. Management currently believes that the achievement of such financial targets is possible, can be reasonably estimated and is based on underlying assumptions that management believes are reasonable in the circumstances, given the time period for such targets. However, there can be no assurance that the Company's responses to resin and freight costs increases will be successful in generating production efficiencies and improved Adjusted EBITDA margin in future periods. Furthermore, actual results or performance in the future may vary from our assumptions referred to in ''Outlook'' below.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Such information reflects IPLP's then current views with respect to future events based on certain material facts and assumptions and are subject to certain risks and uncertainties.

Forward-looking information is based on certain key expectations, opinions, assumptions and estimates made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances. Although IPLP believes that the expectations, opinions, assumptions and estimates on which such forward-looking information is based are reasonable, such forward-looking information should not be unduly relied upon since there can be no assurance that such expectations, opinions, assumptions and estimates will prove to be correct.

Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the ''Risk Factors'' section of this MD&A: our ability to successfully implement our business strategy; our highly competitive marketplace; a disruption in the overall economy and the financial market which may affect consumer demand; risks relating to Canada — U.S. trade; price volatility or a shortage of some of the raw materials we purchase; our results of operations may be impacted by different financial risks; our dependence on our manufacturing facilities and equipment, which require a high degree of capital expenditures to maintain or replace; changes in laws, regulations and related interpretations as well as changes in consumer trends; the loss of any key customers or a decrease in customer demand; our exposure to food industry risks; risks relating to our brand and reputation; brand and reputational risks associated with actions taken by our subcontractors; competition for acquisition candidates; our ability to execute our growth strategy being dependent on our ability to identify and acquire desirable candidates; our ability to successfully integrate recent acquisitions or future acquisitions; risks associated with our acquisition diligence procedures; failure to adapt to technological changes or the inability to continue to enhance existing products and develop and market new products that respond to customer needs and preferences; our ability to recruit and retain senior management and qualified personnel; failure to maintain good employee relations; increases in transportation costs; increases in energy costs; industry consolidation risk; potential exposure to product liability claims arising from the manufacture of faulty or contaminated products; failure to protect our intellectual property rights, including our unpatented proprietary know-how and trade secrets, or in avoiding claims that we infringed on the intellectual property rights of others; failure to comply with applicable laws and regulations; risks relating to environmental and health and safety laws and regulations; risks of downward pressure on pricing of our products; the inability to obtain appropriate funding; interest rate fluctuations; failure in internal controls; risks relating to information technology interruptions or breaches; litigation risk; potential indemnification obligations relating to divestments; counterparty credit risks; risks relating to future write-offs of our goodwill and other intangible assets; changes in applicable tax legislation; future sales of our securities by existing shareholders or by us could cause the market price for our common shares to fall; CDPQ having significant influence with respect to matters put before the shareholders; our dependence on our subsidiaries for cash to fund our operations and expenses; our dividend policy; difficulties enforcing judgments against the Company's directors and officers who are not resident in Canada; risks relating to claims for indemnification by our directors and officers; risks relating to our forum selection by law; and the forward looking statements contained in this MD&A proving to be incorrect.

The above-mentioned factors should not be construed as exhaustive. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that may cause results not to be as anticipated, estimated or intended.

All of the forward-looking information contained in this MD&A are qualified by the foregoing cautionary statements and there can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained in this MD&A is provided as of the date of this MD&A and the Company does not undertake to update or amend any forward-looking information contained herein whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Readers are also cautioned that outlook information contained in this MD&A should not be used for purposes other than for which it is disclosed herein or therein, as the case may be.

Initial Public Offering

The initial public offering on June 28, 2018 together with the over-allotment option are defined as the **''IPO''** in this document and consisted of a total offering of 14,200,000 shares for total gross proceeds of C$191.7 million. The IPO was carried out in connection with a Scheme of Arrangement by IPL Plastics Ltd **(''IPL Ltd'')**, which at that time was known as IPL Plastics plc, under the *Companies Act 2014* of Ireland, pursuant to which all of the then existing shareholders of IPL Ltd exchanged their shares in IPL Ltd for Class B common shares of IPL Plastics Inc. on the basis of five shares in IPL Ltd for one Class B common share.

In connection with the IPO, each holder of Class B common shares was entitled to elect to tender for redemption by IPL Plastics Inc. (subject to the tenders made by other shareholders of IPL Ltd) all or any portion of the Class B common shares they would receive at the time the Scheme of Arrangement became effective at the same price as the initial public offering common share price of C$13.50 (''**Buy-Back Option'')**. An aggregate of 2,085,678 Class B common shares was tendered under the Buy-Back Option representing a total redemption price of C$28.2 million. On July 11, 2018, the Company used C$28.2 million ($21.3 million) of the proceeds from the IPO to redeem Class B common shares pursuant to the Buy-Back Option.

During Q3 2018, the Company used $104.7 million of the proceeds from the IPO to repay a portion of its U.S. dollar Revolving Credit Facility (refer to ''Liquidity and Capital Resources — Senior Secured Facilities'') and $10.3 million to pay certain costs and expenses (excluding Underwriters fees) related to the IPO, the Scheme of Arrangement and related matters.

On December 28, 2018, the 39,363,693 issued and outstanding Class B common shares were automatically converted into common shares, on a one-for-one basis, and were listed for trading on the Toronto Stock Exchange (**''TSX'')**, with the first day of trading being December 28, 2018.

The total costs incurred with respect to the IPO and Scheme of Arrangement was $22.8 million. We have expensed a total of $9.9 million of these costs in the consolidated statements of income as initial public offering and related costs in Fiscal 2018 with a further $12.9 million recognized in the statement of financial position as share issuance costs against the equity raised as part of the IPO.

($'000)	*Twelve months to December 31*
Statement of income – Initial public offering and related costs	9,923
Statement of financial position – Share capital	12,861
Total	**22,784**

Summary of Factors Affecting our Performance

We believe our performance and continued success depend on a number of factors. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below and referenced in the ''**Risk Factors**'' section of this MD&A.

Industry Trends

The segments of the rigid plastic packaging industry in which we operate are subject to shifts in customer preferences and trends such as increased focus on sustainability and the substitution to rigid plastic packaging from non-plastic packaging products.

Our revenue and operating results depend, in part, on our ability to sell products that meet our customers' needs and adapting to changes in their needs in a timely manner. For example, in our RPS business segment, we have developed and offer products for the agricultural sector which represent an economical and environmentally sustainable solution in comparison to traditional alternatives. As another example, in our CPS business segment, we have rapidly penetrated the dairy market in North America by offering customized IML packaging solutions that are more visually appealing to retail customers relative to traditional offset printed labelling.

Sustainability is becoming a key consideration in developing our future business strategy and in Q4 2018, we published our Sustainability Strategy to 2022. At the heart of our Sustainability Strategy are three key focus areas of Innovation and the Circular Economy, Environmental Stewardship and People, Safety and Community Activities. The requirements of our customers and new Governments regulations, particularly in Europe, is increasingly shifting the importance of sustainability as a key determinant of the long-term success of our business. Conversations with our customers and resin suppliers increasingly involve discussions around use of recycled plastics, design for future circularity and enhanced recyclability through new and innovative product designs.

As a leading sustainable packaging solutions provider, we are well positioned to take advantage of these emerging regulatory and customer trends as we operate product return programs to recover and reuse certain products and continue to increase the levels of recycled plastic used across our divisions.

As a result of our customer-focused product innovation model, we believe that we are well-positioned to respond to the current trends in the industry, but also to more rapid shifts in customer trends and preferences.

Management of Cost of Sales

Resin Materials

The largest component of our cost of sales is the cost of materials, and the most significant component of this is resin. In Fiscal 2018, approximately 50.4% (Fiscal 2017: 49.6%) of our cost of sales was attributable to plastic resin. Polypropylene and polyethylene account for more than 90% of our plastic resin purchases based on pounds purchased. Plastic resins are subject to price fluctuations, including those arising from supply shortages and changes in the prices of natural gas, crude oil and other petrochemical intermediates from which resins are produced and have in the recent past exhibited a moderate level of volatility. Our profitability is impacted by resin price volatility, mitigated by the Company's ability to either structure passthrough arrangements (contracted or non-contracted) with a significant portion of our customers or to reset our prices under short term contracts. Due to differences in the timing of passing through resin cost changes to our customers, our profitability is negatively impacted in the short term when plastic resin costs increase and is positively impacted when plastic resin costs decrease. This timing lag in passing through raw material cost changes could affect our results as plastic resin costs fluctuate.

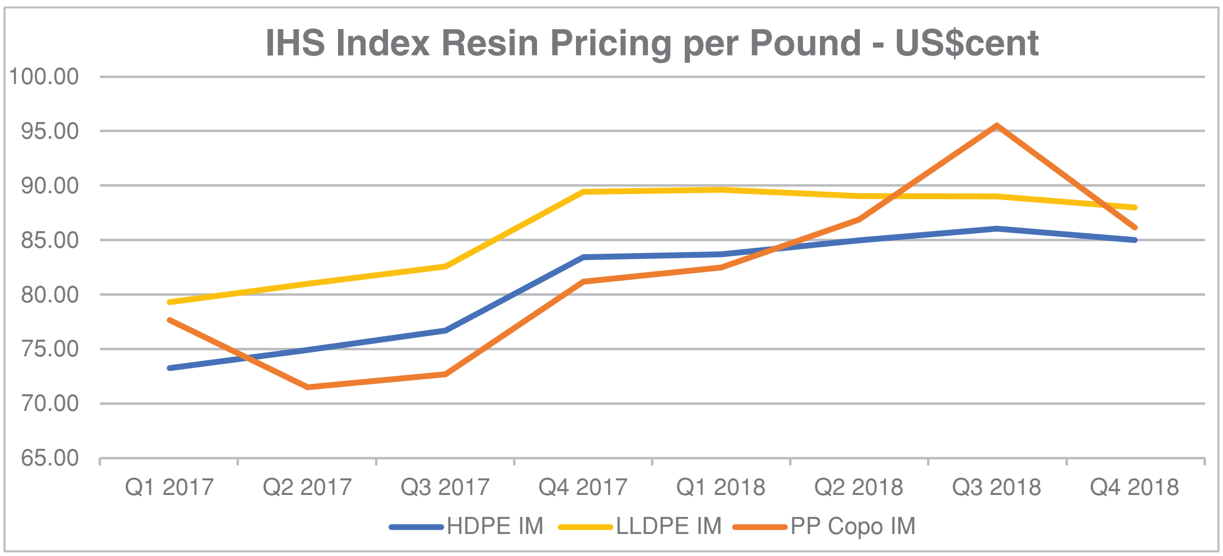
In the period from July 2017 to October 2018, resin prices in North America escalated significantly giving rise to increases in resin input costs leading to reductions in our gross margin (which is defined as our gross profit as a percentage of revenue) and in our Adjusted EBITDA margin in the second half of Fiscal 2017 and Fiscal 2018. We endeavor to maintain flexibility in our relationships with our customers whereby material price input changes can be passed through to the customer on an agreed upon basis. We have responded to the increased resin costs described above, by passing on those costs where contractual passthrough arrangements are in place with customers and by seeking to negotiate general price adjustments with other customers. General price increases were implemented in Q2 2018 and Q3 2018. However, the positive impact of these price increases were eroded by further increases in the price of resin during these periods. Where the Company has contractual passthrough arrangements in place, it is also important to note that while resin price increases are supported at the gross profit and Adjusted EBITDA level in absolute dollar terms, they result in gross margin and Adjusted EBITDA margin erosion in percentage terms as both revenue and cost of sales are inflated by the same amount as the movement in resin price.

The price of polyethylene and polypropylene resins decreased by approximately 7% and 19% respectively between October 2018 and December 2018. Due to the inventory holding levels, cyclicality of demand in our business and the nature of the production process, we expect, all other things being unchanged, the impact of these price reductions will positively impact our Q1 2019 statements of income.

The resin market is a global market and, based on our experience, we believe that adequate quantities of plastic resins will be available at market prices, but we can give no assurances as to such availability or the prices thereof. The price of resin that is available in North America and Europe can differ, due to a number of factors, including capacity and / or availability due to general market demand. Actual resin input prices are typically negotiated annually and are based on securing a discount from an agreed index while securing forecasted quantity. During Q4 2018, we completed a successful resin tender procurement process, securing additional savings for Fiscal 2019 when compared with Fiscal 2018. The Company aims to maintain a number of suppliers of key materials and equipment so as not to become overly dependent on any one supplier. We believe that we have maintained strong relationships with our key suppliers and expect that such relationships will continue into the foreseeable future.

The average North American resin industry prices per pound, as published by the IHS Markit Service ("**IHS**") which is the index primarily used by our divisions in North America, were as follows for the three-month period and year ended December 31, 2018 and 2017 respectively:

	Three months ended December 31			*For the year ended December 31*		
($'cent)	**2018**	2017	% Change	**2018**	2017	% Change
Polyethylene (HDPE IM)	**85.00**	83.50	1.8%	**84.92**	77.13	10.1%
Polyethylene (LLDPE IM)	**88.00**	89.50	(1.7%)	**88.92**	83.13	7.0%
Polypropylene (PP Copo IM)	**86.17**	81.17	6.2%	**87.75**	75.75	15.8%



The average price of polyethylene and polypropylene grades of resin per the IHS index were significantly higher in Fiscal 2018 as compared with Fiscal 2017 as demonstrated in the graph and table above. Following the decrease in North American resin prices in Q4 2018, when we compare the resin price per pound at the beginning of January 2018 to the price at the end of December 2018, polypropylene (PP Copo IM) has now decreased by 11% while polyethylene grades, HDPE IM and LLDPE IM, are now broadly in line.

In our European business, the average price of polypropylene resin per the index increased by 5.6% in Q4 2018 compared with Q4 2017. When we compare Fiscal 2018 with Fiscal 2017, polypropylene prices increased by 7.0% while polyethylene decreased by 0.7% in the same period.

We estimate that the changes in resin prices in Fiscal 2018 compared with Fiscal 2017 have resulted in a decline of the Company's gross margin by 2.0% and Adjusted EBITDA margin by 1.8% in Fiscal 2018, assuming revenue and other input costs remained constant year over year.

Direct and Indirect Labor

Direct and indirect labor costs amounted to approximately 15.7% of cost of sales and 69.1% of the total labor costs in Fiscal 2018 and includes those employees involved in the direct manufacturing and engineering of products, machine operations, repairs and maintenance of machinery and molds, and other supply chain activities such as quality control. The Company operates in several markets and regions, particularly North America, which are close to full employment leading to increased cost and reduced availability of labor. The Company has put in place a number of initiatives to ensure it can continue to attract and retain employees to support our operations. We also continue to invest in automation through our capital expenditure program to alleviate the risk of lack of available workers. See ''**Risk Factors**''.

Freight and Logistics

Freight and logistics costs also represent a significant portion of our cost of sales, amounting to approximately 7.3% in Fiscal 2018 (Fiscal 2017: 7.4%) and are incurred as the Company relies on sea and ground transportation via third-party freight service providers for the delivery and shipment of its raw materials and products. Our transportation costs are subject to fuel cost increases or surcharges and therefore fluctuate over time. Freight and logistics costs are dependent on IPLP's sales volume, the specific contractual arrangements in place with customers, the geographical mix of the product shipped, the cost of fuel used by freight carriers and the available capacity in the freight market. In order to optimize our cost model, the Company focuses on reducing logistics costs and reliance on third-party freight service providers by, among other things, transferring, where appropriate, production to strategically located facilities to mitigate the risk of increased freight costs. Failure to manage freight and logistics costs and our ability to mitigate cost fluctuations could have a material adverse effect on our business, financial condition, prospects and/or results of operations.

Freight and logistics costs continued to increase during the first half of Fiscal 2018, following the initial price hikes seen in the second half of 2017. The increases have been driven by increased fuel pricing and the reduced capacity in the freight market, because of new truck driver regulations in North America and challenges related to availability of labor in North America due to the levels of employment. These factors added pressure to the Company's operating margins for Fiscal 2018 when compared to 2017.

In the second half of Fiscal 2018, freight costs stabilized across the Company in absolute U.S. dollar terms when compared with the first half of the year. As a percentage of cost of sales, freight costs reduced to 6.9% in Q4 2018 when compared with 8.1% in Q4 2017. During the year, we implemented measures in response to the increases in freight costs which included, (i) entering into revised contractual arrangements with new and existing customers; (ii) seeking to negotiate general price increases with customers; and (iii) refining our freight procurement processes.

Competition

We operate in a competitive industry and our direct competition consists of publicly and privately-owned companies of varying sizes. We believe that we can maintain our established leadership positions in several of our key end-markets, such as food and dairy IML packaging markets in North America, environmental waste containers in both Canada and the U.K., and returnable bulk plastic containers globally with our ability to respond to customer needs through the development of customized products and through our industry-leading solutions and aftermarket services.

Implementation of Business Strategy and Growth Strategies

Our future success depends, in part, on management's ability to implement our growth strategy, including (i) realizing value from our recent significant capital investments; (ii) continuing to drive organic growth in our target end markets; (iii) our sustained focus on operational excellence to improve Adjusted EBITDA margin and Adjusted Free Cash Flow; and (iv) continuing to grow through strategic acquisitions.

The ability to implement this growth strategy depends, among other things, on our ability to develop new products and product line extensions that appeal to our customers, maintain and improve our competitive position in the end markets in which we compete, and identify and successfully penetrate new geographical markets, market segments and categories.

In addition, we have in the past, and will in the future, incur certain costs to achieve efficiency improvements and growth in our business. Over the last number of years, the Company has experienced very significant levels of organic growth, completed a number of acquisitions, completed a complex corporate restructuring in preparation for the initial public offering, realigned its operating divisions and significantly advanced a large-scale capital investment program which is nearing completion. In line with the Company's strategic plan, we commenced enhanced measures in Q4 2018 to improve the Company's business margins and core profitability levels during 2019. This broad-based strategic initiative is designed to drive margin enhancement and sustainable profit growth across all divisions, but with specific focus on our LF&E division in North America. As these efficiency improvements and growth initiatives are undertaken, our business strategy may change from time to time in light of our ability to implement our new business initiatives arising from these measures.

In Fiscal 2016 and Fiscal 2017, we began a major capital investment program, underpinned by commitments from select customers, to support our organic growth objectives. These investments will enable the Company to accelerate its geographic expansion and customer reach to meet significant and growing market demand for its products. This program included, among others, growth projects, which amounted to $80.3 million of planned capital investments. In total, the cash outflow with respect to capital purchases of property, plant and equipment in Fiscal 2018 amounted to $54.2 million (Fiscal 2017: $49.2 million) with $45.5 million related to strategic and development capital expenditure and $8.7 million of maintenance capital expenditure.

These projects can disrupt the ongoing business operations at our manufacturing plants for a period of time resulting in inefficiencies with respect to production and operations and additional costs in relation to quality control, warehousing and logistics, among others. We expect this temporary disruption to continue in the first half of 2019 until the significant capital programs are complete. The disruption costs related to the start-up and integration of the major capital expansion projects are included within business reorganization and integration costs, which is excluded from our primary performance measures. In Fiscal 2018, $6.5 million of costs were incurred in relation to the start-up and integration of the major capital expansion projects at our North American facilities, with $4.9 million incurred at our Forsyth, Georgia, facility and $1.6 million at our Edmundston, New Brunswick, facility.

Foreign Exchange

The U.S., the U.K. and Canada are our three largest geographical markets in terms of revenue. 49.0% of our Fiscal 2018 (41.0% of pro forma revenue in Fiscal 2017) revenue was delivered to destinations outside of the U.S. with the largest portion of this from our U.K. and Canadian operations. We are also seeing a ramp up in our RPS business outside of the U.S. because of growth in the automotive market. Both our U.S. and Canadian based operations supply products into the U.S. market. As our consolidated financial statements are presented in U.S. dollars, we have foreign exchange exposure primarily with respect to our Canadian and U.K. operations. The U.S. dollar weakened against the Pound Sterling in Fiscal 2018 compared to 2017 by 3.5%, while remaining broadly static on average against the Canadian dollar. In Q4 2018, the U.S. dollar strengthened against the Canadian dollar and the Pound Sterling, by 3.9% and 3.4% respectively, when compared with Q4 2017.

Revenue is generally invoiced and paid in the currency where the sale takes places. Most of our resin materials purchases are in U.S. dollars with other material and input costs generally purchased in the currency where the inputs are being utilized. Costs associated with our direct labor are typically denominated based on the location of the plant where the labor is being employed.

As a result, in the U.S., we currently have a natural currency hedge for products sold locally. In Canada, we are exposed to fluctuating U.S.-Canadian currency exchange rate where the products sold in Canadian dollars contain materials and inputs purchased in U.S. dollars and where products are sold in U.S. dollars into the U.S. market. Management requires each of our operating segments to manage their foreign exchange risk against their functional currency.

The Company also seeks to manage on an annual basis a significant amount of the overall foreign currency exposure arising from the conversion of its subsidiaries' Adjusted EBITDA results to the Company's reporting currency through the use of forward foreign currency contracts. This is done in accordance with the Company's internal Treasury Management policy, overseen by the Company's Treasury function, which reports regularly to management and the Audit Committee.

Seasonality

IPLP's business exhibits moderate seasonality driven by the seasonal patterns of our customers' end markets. While certain variable costs of the Company can be managed to match such seasonal patterns, a significant portion of our costs are fixed and cannot be adjusted for seasonality. For example, within our RPS business, customers in the agricultural market are typically busiest through the second and third quarter of the year, which coincides with key produce growing seasons. The order backlog and sales mix in the RPS business can also be impacted by weather conditions generally and the introduction of new bin products to the market.

Certain products in the food and consumer end-market, such as yogurt and ice cream, are also impacted by seasonality. Demand for these products is also typically strongest during the second and third quarters of the year. For these reasons, IPLP's revenue and Adjusted EBITDA tend to be lower in the first and fourth quarters of each year when compared with the second and third quarters of each year.

The number and timing of municipal and public council tenders fluctuates by year and is dependent on local micro economic conditions which can cause variances in the operational performance of our LF&E environmental container business.

Our investment in working capital typically peaks during the first half of the year and then unwinds over the remainder of the year. The timing of municipal and public council tenders can impact working capital significantly as the Company builds inventory to satisfy the volume and delivery requirements of the contracts.

Business Acquisitions

We leverage our relationships and network of industry participants and advisors to actively source and identify acquisition opportunities. We continue to pursue strategic acquisitions that enable us to add capacity in existing markets, gain leading market positions in underserved markets, access new geographical markets, broaden our product offerings and leverage cross-selling opportunities, and realize cost synergies. Any acquisition may present financial, managerial, operational and integration challenges, which, if not successfully overcome, may reduce our profitability.

How We Assess the Performance of our Business

The key performance indicator measures below are used by management in evaluating the performance of our Company and assessing our business. We refer to certain key performance indicators used by management and typically used by our competitors in the packaging industry, certain of which are not recognized under IFRS. See ''***Financial Measures and Key Indicators***''.

Revenue

IPLP generates the majority of its revenue from the sale to customers of a wide range of rigid plastic products across its CPS, LF&E, and RPS operating segments.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates and sales taxes. Revenue is recognized when control of the products has been transferred to the buyer. This is normally deemed to occur upon shipment or delivery of goods. Revenue from the sale of goods makes up approximately 99% of our Fiscal 2018 total revenue.

Revenue from services rendered is recognized in the consolidated statements of income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed with reference to surveys of work performed and agreed with the customer. Within our LF&E business, service revenue is earned primarily on the delivery of environmental containers to households or locations as prescribed by the various councils, boroughs or cities.

Cost of Sales

Our cost of sales represented 84.1%, 82.0%, 83.4% and 79.8% of revenue in Q4 2018, Q4 2017, Fiscal 2018 and Fiscal 2017, respectively. The reasons for the increase in cost of sales as a percentage of revenue in Q4 2018 compared to Q4 2017 and Fiscal 2018 compared to Fiscal 2017 is detailed in the **"Results of Operations for Q4 2018 compared to Q4 2017"** and **"Results of Operations for Fiscal 2018 compared to Fiscal 2017"** sections below respectively.

Cost of sales includes all fixed and variable costs of manufacturing to bring our products to their sale condition. Input costs associated with the manufacturing of our plastic products are primarily variable and include materials, direct and indirect labor costs including fringe benefits, logistics (including freight, warehousing and handling), subcontracting, repairs and maintenance, utilities, other manufacturing costs as well as depreciation and amortization costs related to the Company's plant, equipment and intangible assets related to the manufacturing process. Cost of sales are outlined in further detail in the "***Management of Cost of Sales***" section within "**Summary of Factors Affecting Our Performance**".

Operating Expenses

Our operating expenses represented 11.1%, 11.1%, 10.9%, and 11.4% of revenue in Q4 2018, Q4 2017, Fiscal 2018 and Fiscal 2017, respectively.

IPLP's operating expenses include selling, general and administrative ("**SG&A**") costs and realized and unrealized foreign exchange gains and losses. Selling costs include sales and marketing activities, including advertising and promotion, as well as selling expenses, commissions and other related costs. General and administrative expenses consist of costs relating to operations, finance, information technology, product research and development ("**R&D**"), legal, human resources, executive administration and depreciation and amortization associated with assets not directly connected with bringing our products to their sale condition such as furniture and fittings, acquired trademarks and customer relationships.

We are incurring additional general and administrative expenses since becoming a public company, such as additional accounting, insurance and legal expenses, costs for internal control compliance and investor relations, as well as increased board and governance costs and salary and benefit expenses associated with additional employees.

Other

To supplement our financial information presented in accordance with IFRS, we use the following additional non-IFRS financial measures to clarify and enhance an understanding of past performance; Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT, Adjusted Net Income, Adjusted Basic and Diluted Earnings per Share, Pro Forma Basic, Diluted, Adjusted Basic and Adjusted Diluted Earnings per Share, Pro Forma Total Shareholders' Equity, Net Debt and Adjusted Free Cash Flow. We have included definitions of each financial measure in the "**Reconciliation of non-IFRS Measures"** section of this MD&A.

Selected Consolidated Financial Information

The following table summarizes our recent results of operations for the periods indicated. The selected consolidated financial information set out below for the three-month period and year ended December 31, 2018 and 2017 has been derived from our audited consolidated financial statements and related notes.

	Three months ended December 31		*For the year ended December 31*	
($'000, unless otherwise stated)	**2018**	2017	**2018**	2017
Statement of Income Data:				
Continuing operations				
Revenue	**161,987**	133,441	**657,773**	535,887
Cost of sales	**(136,290)**	(109,367)	**(548,533)**	(427,895)
Gross profit	**25,697**	24,074	**109,240**	107,992
Gross profit margin	**15.9%**	18.0%	**16.6%**	20.2%
Operating expenses	**(18,019)**	(14,766)	**(72,014)**	(60,949)
Initial public offering and related costs	**—**	—	**(9,923)**	—
Business reorganization and integration costs	**(8,541)**	(5,495)	**(14,375)**	(12,755)
Operating (loss)/profit	**(863)**	3,813	**12,928**	34,288
Other (expenses)/income (net)	**(242)**	404	**(412)**	2,082
Share of profit of equity-accounted investees	**462**	(18)	**2,415**	1,992
Finance costs (net)	**(3,658)**	(5,314)	**(16,134)**	(15,996)
Refinancing transaction costs	**—**	—	**(5,658)**	—
(Loss)/income before income taxes	**(4,301)**	(1,115)	**(6,861)**	22,366
Income taxes	**2,471**	7,231	**8,636**	971
(Loss)/income from continuing operations	**(1,830)**	6,116	**1,775**	23,337
Discontinued operations				
Loss from discontinued operations	**—**	(587)	**—**	(670)
Net (loss)/income	**(1,830)**	5,529	**1,775**	22,667
Adjusted EBITDA(1)	**17,668**	19,149	**78,041**	80,073
Adjusted EBITDA Margin(1)	**10.9%**	14.4%	**11.9%**	14.9%
Adjusted EBIT(1)	**7,678**	9,308	**37,226**	47,043
Adjusted Net Income(1)	**5,749**	1,582	**29,720**	23,665
Earnings per Share from continuing operations (in $):				
Basic	**(0.03)**	0.19	**0.04**	0.74
Diluted	**(0.03)**	0.19	**0.04**	0.72
Adjusted Basic(1)	**0.11**	0.05	**0.65**	0.75
Adjusted Diluted(1)	**0.11**	0.05	**0.63**	0.73
Pro Forma Earnings per Share from continuing operations (in $)(1):				
Basic	**(0.03)**	0.12	**0.03**	0.44
Diluted	**(0.03)**	0.11	**0.03**	0.43
Adjusted Basic	**0.11**	0.03	**0.56**	0.45
Adjusted Diluted	**0.11**	0.03	**0.55**	0.44
Cash Flow Data:				
Net cash flows from operating activities	**21,835**	38,393	**18,669**	53,991
Net cash flows used in investing activities	**(8,130)**	(16,243)	**(50,206)**	(125,086)
Net cash flows (used in)/from financing activities	**(12,028)**	(5,738)	**47,345**	72,621
Adjusted Free Cash Flow(1)	**23,000**	33,970	**14,037**	39,726
Balance Sheet Data (at period end):			**Fiscal 2018**	Fiscal 2017
Cash and cash equivalents			**49,857**	47,609
Property, plant and equipment			**264,205**	257,421
Total assets			**751,629**	740,129
Total loans and borrowings, including current portion			**258,975**	321,751
Total liabilities			**404,387**	640,932
Total shareholders' equity			**347,242**	99,197
Pro Forma Total Shareholders' Equity(1)			**347,242**	242,819
Net Debt(1)			**210,538**	276,087

(1) To supplement our financial information presented in accordance with IFRS, we use the following additional non-IFRS financial measures. We have included definitions of each financial measures as part of the reconciliation of IFRS measures, see ''Reconciliation of non-IFRS Measures''.

Significant Financial and Operational Highlights and Transactions Impacting the Results of the Period

The significant events and transactions impacting the results of the Company in Q4 2018 and Fiscal 2018 as compared to Q4 2017 and Fiscal 2017 respectively, include the following:

- Revenue increased 21.4% to $162.0 million in Q4 2018 and 22.7% to $657.8 million in Fiscal 2018 following strong organic volume growth across all divisions;

- Adjusted EBITDA decreased to $17.7 million in Q4 2018 and to $78.0 million in Fiscal 2018 driven by a change in the product mix and by input cost pressures;

- Gross Profit and Adjusted EBITDA margins were both eroded due primarily to changes in the product mix and input cost pressures from resin, freight and labor in Fiscal 2018;

- Cash outflow with respect to capital purchases of property, plant and equipment in Fiscal 2018 amounted to $54.2 million (Fiscal 2017: $49.2 million), with $45.5 million related to strategic and development capital expenditure and $8.7 million of maintenance capital expenditure. The net outflow with respect to capital purchases of property, plant and equipment when you include proceeds from disposals in the year amounted to $52.9 million;

- Working capital levels were $19.4 million higher than expectations as at December 31, 2018. In our LF&E and CPS divisions, working capital was $8.8 million and $5.3 million above expectations respectively. This was primarily due to continued organic growth and price increases arising from resin index fluctuations in each of our divisions which has led to higher than expected trade receivables. In addition, the early payment of supplier invoices at the end of Fiscal 2018 resulted in a lower trade creditors balance. In our RPS division, inventory levels were approximately $4.4 million higher than expectations driven by the increase in sales volumes;

- Net Debt has reduced from $276.1 million at December 31, 2017 to $210.5 million at December 31, 2018 as the Company used a portion of the proceeds from the IPO to repay its debt. The Company's financial leverage ratio for Net Debt to the last twelve months Adjusted EBITDA as at December 31, 2018 was 2.70;

- The Company acquired 100% of the share capital of Macro on June 9, 2017. The RPS operating segment contains the results of Macro;

- On February 28, 2018, the minority shareholders' equity interests in IPL Inc. were exchanged for 47,238,242 shares in IPL Ltd. The completion of this transaction resulted in the settlement of the liability with respect to the Company's exchange obligation for the 33.33% of IPL Inc. held by CDPQ and FSTQ, referred to as the "**Put Liability**", from February 28, 2018;

- On April 17, 2018, we entered into a new bank facilities agreement which replaced our two separate existing credit facilities in Canada and Ireland, with committed facilities of €400.0 million ($494.3 million);

- The Company closed its IPO which consisted of a total offering of 14,200,000 shares for total gross proceeds of C$191.7 million on June 28, 2018, see "***Initial Public Offering***" section above. The significant transactions below followed the closing of the IPO;

    - On July 11, 2018, the Company used C$28.2 million of the proceeds from the IPO to redeem Class B common shares pursuant to the buy-back option.

- During Q3 2018, the Company used $104.7 million of the proceeds from the IPO to repay a portion of the U.S. dollar Revolving Credit Facility and subsequently the Company drew down C$45.5 million on its Canadian dollar Revolving Credit Facility to repay in full its obligation under its unsecured subordinated debentures.

- On December 28, 2018, the 39,363,693 issued and outstanding Class B common shares were automatically converted into common shares, on a one-for-one basis, and were listed for trading on the TSX, with the first day of trading being December 28, 2018.

- We have expanded management competencies in the second half of Fiscal 2018 with senior appointments in Human Resources, Operations, Legal, Corporate Development and Investor Relations;

- In Q4 2018, the Company commenced enhanced measures to improve its business margins and core profitability levels during 2019 and beyond. This broad based strategic initiative is underway with a number of specific actions designed to drive margin enhancement and sustainable profit growth primarily in our LF&E division in North America; and

- In November 2018, the Company published its Sustainability Strategy for 2019-2022, which outlines its commitment to embed sustainability across its operations.

Summary Results of Operations

The historical financial information for the three months ended December 31, 2018 and December 31, 2017 summarized below is derived from the audited consolidated financial statements and accompanying notes for the year ended December 31, 2018 and from our unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2018, which were prepared in accordance with IFRS. Our historical results are not necessarily indicative of results to be expected in any future period.

Results of Operations for Q4 2018 compared to Q4 2017

Revenue

	Three months ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Revenue	**161,987**	133,441	28,546	21.4%
Large Format Packaging and Environmental Solutions	**73,460**	69,552	3,908	5.6%
North America	**47,388**	49,653	(2,265)	(4.6%)
Europe	**26,072**	19,899	6,173	31.0%
Consumer Packaging Solutions	**46,187**	39,050	7,137	18.3%
North America	**32,760**	29,831	2,929	9.8%
Europe	**13,427**	9,219	4,208	45.6%
Returnable Packaging Solutions	**37,133**	21,315	15,818	74.2%
Other	**5,207**	3,524	1,683	47.8%

Revenue was $162.0 million in Q4 2018 compared to $133.4 million in Q4 2017, an increase of $28.5 million or 21.4%, with the increase arising mainly from continued organic growth across all divisions. The volume and price increases in revenue were offset partially by the negative impact from foreign exchange rate movements as the U.S. dollar strengthened in Q4 2018.

Revenue in the LF&E segment was $73.5 million in Q4 2018 ($47.4 million in North America and $26.1 million in Europe), an increase of $3.9 million or 5.6% on the comparative period in 2017. The revenue decline of $2.3 million for LF&E in the North American market was primarily attributable to the fact that Q4 2017 included one significant non-recurring contract in the environmental product area and there was a reduction in sales to the largest material handling product customer. The impact of these reductions was partially offset by organic growth in the bulk packaging product area, resin price movements and the impact of a general selling price increase implemented in the second half of Fiscal 2018. The European business contributed revenue of $26.1 million for Q4 2018, which was $6.2 million ahead of Q4 2017 revenue of $19.9 million. The 31.0% increase in revenue in the European LF&E business in Q4 2018 was driven by additional sales related to new environmental container rollouts, the rollout of a new product in our industrial product category and growth in bulk packaging. The environmental container rollouts typically contribute a lower gross margin relative to sales of other environmental products in our LF&E business in Europe. There was an unfavorable impact in both Europe and North America due to foreign exchange rate movements in Q4 2018 compared with Q4 2017.

Revenue in the CPS segment was $46.2 million in Q4 2018 ($32.8 million in North America and $13.4 million in Europe), an increase of $7.1 million or 18.3%. CPS revenue growth in the North American market was $2.9 million in Q4 2018 compared with Q4 2017 with a further $4.2 million of an increase in Europe. The growth in the North American market is primarily attributable to the rollout of the new dairy business, growth in existing business and resin price increases offset by the impact of foreign exchange movements. The strong growth of $4.2 million in revenue from our European business was primarily driven by continued additional demand from our largest customer in Europe, tooling revenue in the period and increased sales volumes in our food packaging products.

Revenue in the RPS segment was $37.1 million in Q4 2018, an increase of $15.8 million, from $21.3 million in Q4 2017. The increase of 74.2% in the RPS business on Q4 2017 is primarily driven by the introduction of new specialty bin technology for the automotive market in Europe and to a lesser extent late season orders for the citrus market. Overall, bin sales in units were up 52.6% in Q4 2018 when compared with Q4 2017 driven primarily by the automotive market sales.

Cost of Sales

	Three months ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Cost of Sales	**(136,290)**	(109,367)	(26,923)	24.6%
Large Format Packaging and Environmental Solutions	**(63,979)**	(60,127)	(3,852)	6.4%
Consumer Packaging Solutions	**(39,585)**	(32,334)	(7,251)	22.4%
Returnable Packaging Solutions	**(28,735)**	(14,300)	(14,435)	100.9%
Other	**(3,991)**	(2,606)	(1,385)	53.1%
Cost of Sales (% of Revenue)	**(84.1%)**	(82.0%)	(2.1%)	2.6%
Large Format Packaging and Environmental Solutions	**(87.1%)**	(86.4%)	(0.7%)	0.8%
Consumer Packaging Solutions	**(85.7%)**	(82.8%)	(2.9%)	3.5%
Returnable Packaging Solutions	**(77.4%)**	(67.1%)	(10.3%)	15.3%
Other	**(76.6%)**	(74.0%)	(2.6%)	3.5%

Cost of sales was $136.3 million in Q4 2018 compared to $109.4 million in Q4 2017, an increase of $26.9 million or 24.6%. As a percentage of revenue, cost of sales was 84.1% in Q4 2018 compared to 82.0% in Q4 2017. The primary reason for the increase in cost of sales in Q4 2018 compared to Q4 2017 was higher resin prices and labor market cost challenges. We estimate, that the continued increases in North American resin prices have resulted in a decline in the Company's gross margin by 0.6% and Adjusted EBITDA margin by 0.6% in Q4 2018, assuming revenue and other input costs remained constant year on year. In addition, certain increases in revenue were in product areas with typically lower material margins, thereby increasing our relative cost of sales as a percentage of revenue. Foreign exchange movements in Q4 2018 compared to Q4 2017 resulted in lower cost of sales for our LF&E and CPS divisions as the U.S. dollar strengthened against the Canadian dollar and Pounds Sterling.

Cost of sales in our LF&E business increased by $3.9 million on an absolute basis and as a percentage of revenue from 86.4% in Q4 2017 to 87.1% in Q4 2018. The increase on an absolute basis is primarily driven by our European business, as a result of the 31.0% sales growth in Q4 2018. In North America, there has been continued cost pressures from resin and the ongoing labor market challenges which has resulted in an increase in our cost of sales as a percentage of revenue.

Cost of sales in our CPS business increased by $7.3 million during Q4 2018 and cost of sales as a percentage of revenue increased by 2.9%, from 82.8% in Q4 2017 to 85.7% in Q4 2018. This was primarily driven by the North American business, where as a percentage of revenue, cost of sales was 85.4% in Q4 2018 compared to 81.3% in Q4 2017. The increase of 4.1% in cost of sales as a percentage of sales in North America primarily relates to increases in the cost of resin and sales and customer mix where Q4 2018 was comprised of a larger relative volume of business with lower gross margin, primarily the dairy market, when compared to the same period in the prior year. Resin as a percentage of revenue increased in Q4 2018 and we are also continuing to experience challenges as a result of the competitive labor market. Other ancillary costs related to the dairy business rollout such as IML labelling and packaging, have increased in Q4 2018 when compared with Q4 2017. In our European business, cost of sales for Q4 2018 also increased compared with Q4 2017, driven primarily by the growth in volume of sales.

Cost of sales in the RPS segment was $28.7 million or 77.4% of revenue in Q4 2018 compared with $14.3 million or 67.1% of revenue in Q4 2017. The increase in cost of sales as a percentage of revenue in Q4 2018 is driven by the impact of resin price increases, change in the sales mix to products with a lower margin due to the introduction of a new bin for the apple market. The increases in the price of polypropylene resin, which the RPS business uses in its products, from the first half of Fiscal 2018 continued to significantly impact the resin costs for Q4 2018. We estimate that increases in the price of polypropylene in Q4 2018, resulted in a reduction of 6.8% in the gross margin and 6.7% in the Adjusted EBITDA margin of this business, assuming revenue and other input costs remained constant quarter on quarter. The RPS division has no formal passthrough arrangement in place with its agricultural customers as selling prices are generally agreed at the time of order which at that time is based on the current market price of resin. A significant portion of the agriculture bin orders are taken in advance of production for planning purposes and to meet demand of market seasonality. This backlog of orders can result in a positive or negative impact on the gross profit margin and Adjusted EBITDA margin depending on price fluctuations in resin during the period from when the order is placed to the time of production. If resin input costs increase, sales prices are typically adjusted where possible to cover some of the increased resin cost. However, these price increases typically take time to be realized as the backlog typically sells through first. Due to the remaining order backlog in place within this business in Q4 2018 and given the resin pricing of polypropylene during the year, these factors continued to drag our gross margin and Adjusted EBITDA margin in Q4 2018.

Operating Expenses

	Three months ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Operating expenses	**(18,019)**	(14,766)	(3,253)	22.0%
Large Format Packaging and Environmental Solutions	**(6,598)**	(6,006)	(592)	9.9%
Consumer Packaging Solutions	**(3,259)**	(3,004)	(255)	8.5%
Returnable Packaging Solutions	**(4,860)**	(3,861)	(999)	25.9%
Other	**(3,302)**	(1,895)	(1,407)	74.2%
Operating expenses as a % of Revenue	**(11.1%)**	(11.1%)	(0.0%)	0.0%
Large Format Packaging and Environmental Solutions	**(9.0%)**	(8.6%)	(0.4%)	4.7%
Consumer Packaging Solutions	**(7.1%)**	(7.7%)	0.6%	(7.8%)
Returnable Packaging Solutions	**(13.1%)**	(18.1%)	5.0%	(27.6%)
Other	**(63.4%)**	(53.8%)	(9.6%)	17.8%

Operating expenses were $18.0 million in Q4 2018 compared to $14.8 million in Q4 2017, an increase of $3.3 million or 22.0%. As a percentage of revenue, operating expenses were 11.1% in Q4 2018 which is in line with the comparative period, Q4 2017.

Operating expenses in LF&E increased by $0.6 million driven primarily by an increase in selling and distribution costs in supporting the growth in sales.

Operating expenses in the RPS segment increased by $1.0 million in Q4 2018 to $4.9 million when compared with Q4 2017. This increase is primarily driven by temporary costs related to the start-up of the new automotive specialty bin contract in the U.K. market, additional international sales costs and foreign exchange losses incurred. RPS has historically had higher operating expenses as a percentage of revenue than the other businesses. For Q4 2018, operating expenses were 13.1% of revenue, compared with 18.1% of revenue in Q4 2017.

The increase in operating expenses in our Other segment is primarily driven by investment in additional SG&A costs and resources to support and develop the business following the completion of the IPO.

The reduction in the operating expenses as a percentage of sales in the CPS and RPS segments is partially explained by the impact of price increases that are included within revenue but which require no additional selling, general and administration costs support. In addition, as the business continues to grow, the operating model is such that the Company can leverage the fixed overhead base so that operating expenses do not increase in line with revenue.

Transaction, Reorganization and Integration Costs

Transaction, reorganization and integration costs for Q4 2018 and Q4 2017 consists of business reorganization and integration costs.

	Three months ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Business reorganization and integration costs	**(8,541)**	(5,495)	(3,046)	(55.4%)

Transaction, reorganization and integration costs were $8.5 million in Q4 2018 compared to $5.5 million in Q4 2017, an increase of $3.0 million.

During Q4 2018, we commenced enhanced measures to improve the Company's business margins and core profitability levels with specific focus on our LF&E division in North America. We have recognized $4.6 million with respect to redundancy, professional fees and onerous lease costs for this project in Q4 2018.

As discussed in the "**Implementation of Business Strategy and Growth Strategies**" section of this MD&A, an additional $1.6 million of costs were incurred in relation to the start-up and integration of the major capital expansion projects at our North American facilities in Q4 2018. In Q4 2017, costs were also incurred in relation to the start-up and integration of the major capital expansion projects amounting to $2.7 million, with the remaining business reorganization and integration costs related primarily related to corporate reorganization, management restructuring and redundancy related costs.

Other business reorganization and integration costs of $2.3 million incurred in Q4 2018 relate primarily to management restructuring, redundancy, and professional fees incurred with respect to potential acquisitions.

Finance Costs (net)

	Three months ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Finance costs (net)	**(3,658)**	(5,314)	1,656	31.2%

Net interest expense decreased by $1.7 million to $3.7 million in Q4 2018 (Q4 2017: $5.3 million) due to lower levels of borrowings, arising primarily from the repayment in Q3 2018 of C$45.0 million of unsecured subordinated debentures, which had a coupon of 10%, and lower bank borrowings in the period versus Q4 2017. The average interest rate paid by the Company in Q4 2018 was 4.21% (Q4 2017: 4.73%). The movement in the average interest rate paid was driven principally by the repayment of the unsecured subordinated debentures in Q3 2018 and a lower weighting of U.S. dollar denominated debt.

Income Taxes

($'000)	Three months ended December 31 2018	2017	Variance	% Variance
Income tax credit	**2,471**	7,231	(4,760)	(65.8%)

The net tax credit for Q4 2018 was $2.5 million compared with a credit of $7.2 million in Q4 2017, a decrease of $4.7 million on the prior year. This decrease is primarily as a result of the once off non-cash tax credit of $9.3 million recorded in December 2017 arising from the Tax Cuts and Jobs Act in the U.S., which reduced the federal corporate income tax rate from 35% to 21%, effective January 1, 2018. When the once off non-cash tax credit is excluded, the reduced tax charge in Q4 2018 is driven primarily by the recognition of deferred tax credits on losses and restricted interest in Q4 2018, the utilization of losses carried forward which were not recognized for deferred tax previously and a loss before income taxes of $4.3 million in Q4 2018 compared with a loss before income taxes of $1.1 million in Q4 2017.

Net (Loss)/Income

($'000)	Three months ended December 31 2018	2017	Variance	% Variance
Net (loss)/income	**(1,830)**	5,529	(7,359)	(133.1%)

The net loss for Q4 2018 was $1.8 million compared to a net income of $5.5 million in Q4 2017, a decrease of $7.4 million. The decrease was driven primarily by the additional business reorganization and integration costs and reduced income tax credit in Q4 2018.

Adjusted EBITDA

($'000)	Three months ended December 31 2018	2017	Variance	% Variance
Adjusted EBITDA(1)	**17,668**	19,149	(1,481)	(7.7%)
Large Format Packaging and Environmental Solutions	**7,126**	7,866	(740)	(9.4%)
Consumer Packaging Solutions	**6,503**	6,638	(135)	(2.0%)
Returnable Packaging Solutions	**5,953**	5,402	551	10.2%
Other	**(1,914)**	(757)	(1,157)	152.8%
Adjusted EBITDA Margin(1) (% of Revenue)	**10.9%**	14.4%	(3.5%)	(24.3%)
Large Format Packaging and Environmental Solutions	**9.7%**	11.3%	(1.6%)	(14.2%)
Consumer Packaging Solutions	**14.1%**	17.0%	(2.9%)	(17.1%)
Returnable Packaging Solutions	**16.0%**	25.3%	(9.3%)	(36.8%)

(1) Adjusted EBITDA and Adjusted EBITDA Margin are non-IFRS measures which are reconciled to income from continuing operations as detailed in the ''Reconciliation of non-IFRS Measures'' section of this MD&A.

Adjusted EBITDA was $17.7 million in Q4 2018 compared to $19.1 million in Q4 2017, a decrease of $1.4 million or 7.7%. The factors driving the reduction are consistent with those outlined in the revenue and cost of sales sections as the positive impact of continued organic growth in all divisions is offset by input cost pressures from resin and labor. As a result, Adjusted EBITDA margins have contracted across our divisions year on year, from 14.4% in Q4 2017 to 10.9% in Q4 2018. In addition, improved revenue performance driven by volume has come in product areas with typically lower gross margins.

Adjusted EBITDA for the LF&E business decreased by $0.7 million in Q4 2018, primarily driven by the factors outlined in the revenue and cost of sales sections of this MD&A as Adjusted EBITDA margin reduced to 9.7% in Q4 2018, from 11.3% in Q4 2017. The main factors contributing to the decline in Q4 2018 were input cost increases in North America offset by improved Adjusted EBITDA margin in the European region arising from the growth across environmental, industrial and bulk packaging product areas.

Adjusted EBITDA for the CPS business in Q4 2018 amounted to $6.5 million, which was in line with the $6.6 million achieved in Q4 2017. The reduction in the Adjusted EBITDA margin from 17.0% in Q4 2017 to 14.1% in Q4 2018 is primarily due to the factors outlined in the cost of sales section of this MD&A. The key items impacting the margin compared to Q4 2017 include the sales mix, resin price increases, labor market challenges and incremental material and packaging costs arising both from new business and growth in existing business.

Adjusted EBITDA in RPS amounted to $6.0 million for Q4 2018 compared with $5.4 million at Q4 2017, an increase of $0.6 million or 10.2%. The Adjusted EBITDA margin was 16.0% for Q4 2018, down from 25.3% in Q4 2017. The reduction in Adjusted EBITDA margin is primarily driven by higher resin prices and to a lesser extent product mix weighted towards lower margin business. If the same polypropylene resin input prices prevailed in Q4 2018 as those which prevailed in Q4 2017, our Adjusted EBITDA for Q4 2018 would have been higher by $2.7 million.

The Other segment includes Adjusted EBITDA contribution of $0.8 million in Q4 2018 (Q4 2017: $0.9 million) from the metals recycling business based in the U.K. offset by central overhead costs of $2.7 million (Q4 2017: $1.7 million).

Adjusted EBIT

	Three months ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Adjusted EBIT[1]	**7,678**	9,308	(1,630)	(17.5%)
Large Format Packaging and Environmental Solutions	**2,882**	3,420	(538)	(15.7%)
Consumer Packaging Solutions	**3,344**	3,711	(367)	(9.9%)
Returnable Packaging Solutions	**3,538**	3,154	384	12.2%
Other	**(2,086)**	(977)	(1,109)	113.5%

(1) Adjusted EBIT is a non-IFRS measure which is reconciled to Income from continuing operations as detailed in the ''Reconciliation of non-IFRS Measures'' section of this MD&A.

Adjusted EBIT was $7.7 million in Q4 2018 compared to $9.3 million in Q4 2017, a decrease of $1.6 million driven primarily by the same factors as those outlined in the Adjusted EBITDA commentary. Depreciation and amortization costs remained broadly stable in the period with a minor increase of $0.2 million from $9.8 million in Q4 2017 to $10.0 million in Q4 2018.

Results of Operations for Fiscal 2018 compared to Fiscal 2017

Revenue

	For the year ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Revenue from continuing operations	**657,773**	535,887	121,886	22.7%
Large Format Packaging and Environmental Solutions	**320,536**	301,898	18,638	6.2%
North America	**209,362**	209,793	(431)	(0.2%)
Europe	**111,174**	92,105	19,069	20.7%
Consumer Packaging Solutions	**186,738**	158,067	28,671	18.1%
North America	**139,865**	121,855	18,010	14.8%
Europe	**46,873**	36,212	10,661	29.4%
Returnable Packaging Solutions	**126,193**	55,562	70,631	127.1%
Other	**24,306**	20,360	3,946	19.4%

Revenue was $657.8 million in Fiscal 2018 compared to $535.9 million in 2017, an increase of $121.9 million or 22.7%. The acquisition of Macro in June 2017 contributed $70.6 million of the increase as that division experienced significant organic growth in Fiscal 2018 with the remaining movement of $51.3 million primarily driven by organic growth in CPS and in our LF&E business in Europe.

Revenue in the LF&E segment was $320.6 million in Fiscal 2018 ($209.4 million in North America and $111.2 million in Europe), an increase of $18.6 million or 6.2% on the comparative period in 2017. Revenue in the North American market remained broadly in line with Fiscal 2017 levels. Organic growth continued in the bulk packaging product area driven by continued increased volume demand, together with price adjustments driven by resin price movements and inflation. As expected, there was a reduction in sales volumes in the environmental and material handling product areas in North America due to the completion of two large contracts which had a significant impact on revenue in Fiscal 2017. The European business contributed revenue of $111.2 million in Fiscal 2018, compared with $92.1 million in 2017, an increase of $19.1 million or 20.7%. The European business contributed strong organic growth across each of the environmental, packaging and industrial product areas. The environmental business was positively impacted by growth related to new environmental container rollouts as several new tenders were secured in late Fiscal 2017 and early Fiscal 2018, which typically contribute a lower gross margin relative to sales of other environmental products in Europe. The packaging and industrial product categories had strong growth in Fiscal 2018 related to the rollout of new product offerings. There was a further positive impact from foreign exchange translation movement in Europe in Fiscal 2018 compared to 2017 due to a weaker U.S. dollar as compared with the Pound Sterling respectively.

Revenue in the CPS segment was $186.7 million in Fiscal 2018 ($139.9 million in North America and $46.9 million in Europe), an increase of $28.7 million or 18.1%. Revenue growth was strong in both the North American and European markets, with increases of $18.0 million and $10.7 million on Fiscal 2017 respectively. The growth in the North American market is primarily attributable to the rollout of the new dairy business, resin and other price increases, and organic growth in previously existing business. The increase of 29.4% in revenue in our European business was primarily driven by additional demand from our largest customer in Europe and increased sales volumes in our food packaging products.

Revenue in the RPS segment was $126.2 million in Fiscal 2018, an increase of $70.6 million on Fiscal 2017, which is in large part attributable to the acquisition of Macro on June 9, 2017. For the same period in Fiscal 2017 and prior to joining the Company, Macro recognized revenue of $93.9 million. The increase in the Macro business of $32.2 million or 34.3% on Fiscal 2017 is primarily driven by the introduction of new bin technology products for both the automotive market in Europe and the apple market primarily in the Pacific Northwest region of the U.S. This growth was partially offset by lower sales in the Californian cherry and citrus markets due to poor weather that reduced crop yields. Overall, bin sales in units were up 31.2% in Fiscal 2018 when compared with 2017 driven primarily by the automotive market sales, while units of bin sales to the agricultural market were also up 6.5% in the same comparative periods.

Cost of Sales

	For the year ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Cost of Sales	**(548,533)**	(427,895)	(120,638)	28.2%
Large Format Packaging and Environmental Solutions	**(276,162)**	(251,196)	(24,966)	9.9%
Consumer Packaging Solutions	**(154,737)**	(125,715)	(29,022)	23.1%
Returnable Packaging Solutions	**(100,267)**	(37,530)	(62,737)	167.2%
Other	**(17,367)**	(13,454)	(3,913)	29.1%
Cost of Sales (% of Revenue)	**(83.4%)**	(79.8%)	(3.6%)	4.5%
Large Format Packaging and Environmental Solutions	**(86.2%)**	(83.2%)	(3.0%)	3.6%
Consumer Packaging Solutions	**(82.9%)**	(79.5%)	(3.4%)	4.3%
Returnable Packaging Solutions	**(79.5%)**	(67.5%)	(12.0%)	17.8%
Other	**(71.5%)**	(66.1%)	(5.4%)	8.2%

Cost of sales was $548.5 million in Fiscal 2018 compared to $427.9 million in 2017, an increase of $120.6 million or 28.2%. As a percentage of revenue, cost of sales was 83.4% in Fiscal 2018 compared to 79.8% in 2017. The acquisition of Macro in June 2017 contributed to a $62.7 million increase in the overall cost of sales with the remaining increase of $57.9 million mainly arising across the LF&E and CPS divisions. The primary reason for the increase in cost of sales in Fiscal 2018 compared to Fiscal 2017 was the significantly higher resin prices, labor market cost challenges in North America, and increases in freight costs. We estimate that the increase in resin costs resulted in reductions in our gross margin, and consequently increases in our cost of sales as a percentage of revenue, of approximately 2.0%. In addition, certain growth in revenue was in product areas with typically lower material margins, thereby increasing our relative cost of sales as a percentage of revenue. Depreciation and amortization increased in Fiscal 2018 as compared with Fiscal 2017 following the significant capital investments during 2017 and the acquisition of Macro in June 2017.

Cost of sales in our LF&E business increased by $25.0 million on an absolute basis and as a percentage of revenue from 83.2% in Fiscal 2017 to 86.2% in Fiscal 2018 driven primarily by the higher resin prices, the ongoing labor market challenges in North America and increases in freight costs as noted above. It is estimated that increases in resin prices in Fiscal 2018 compared to Fiscal 2017 resulted in a reduction of 1.8% in the gross margin and 1.7% in the Adjusted EBITDA margin of this business in North America, assuming revenue and other input costs remained constant. The increasing price of fuel, labor market challenges and new truck driver regulations in the U.S. resulted in further freight price increases. These constraints combined with a wider geographical spread of shipments of products to customers resulted in an overall increase in freight costs from 6.4% of revenue in Fiscal 2017 to 7.1% in Fiscal 2018 in North America. Freight costs stabilized in the second half of the year when compared with the first half of Fiscal 2018. In the European business, revenue increases were in product areas with typically higher resin costs resulting in an increase in cost of sales as a percentage of revenue. The European business also experienced increases in resin costs but was successful in passing much of these increases onto the customer. Foreign exchange movements in Fiscal 2018 resulted in a further cost of sales increase in the European markets compared to Fiscal 2017.

Cost of sales in our CPS business increased by $29.0 million or 23.1% during Fiscal 2018 and cost of sales as a percentage of revenue increased by 3.4%, from 79.5% in Fiscal 2017 to 82.9% in Fiscal 2018, primarily impacted by the North American business. The sales mix in the North American market in Fiscal 2018 was comprised of a larger relative volume of business with lower material margin when compared to the same period in the prior year, primarily due to the rollout of the dairy business. Other ancillary costs related to the dairy business rollout such as IML labelling and packaging have increased in Fiscal 2018 when compared with Fiscal 2017. In Fiscal 2018, resin as a percentage of revenue increased and we are also continuing to experience challenges as a result of the competitive labor market. Typically, the CPS segment in North America has passthrough arrangements in place with all of its customers, but there can be a lag in applying resin price adjustments. In our European business, cost of sales for Fiscal 2018 also increased compared with Fiscal 2017, driven primarily by the growth in volume of sales.

Cost of sales in the RPS segment was $100.3 million or 79.5% of revenue for Fiscal 2018, with depreciation and amortization included in cost of sales amounting to $6.3 million. For Fiscal 2017, including the period prior to the acquisition of Macro, cost of sales restated for the pro forma acquisition adjustments amounted to $67.3 million for the year and 71.6% of revenue. The increase in cost of sales as a percentage of revenue for Fiscal 2018 is driven by the impact of resin price increases, change in the sales mix to products with a lower margin due to reductions in citrus and cherry market sales, and temporary outsourcing costs related to the new automotive specialty bin technology contract. We estimate that increases in the price of polypropylene in Fiscal 2018, resulted in a reduction of 6.3% in the gross margin and Adjusted EBITDA margin of this business, assuming revenue and other input costs remained constant.

Depreciation and amortization costs in total (included in cost of sales and operating expenses) continued to increase across the Company following significant capital investment in Fiscal 2017 as they amounted to $40.8 million in Fiscal 2018 compared with $33.0 million in Fiscal 2017, an increase of $7.8 million. The acquisition of Macro contributed $4.5 million of this increase with the remaining $3.3 million resulting from the capital investment in Fiscal 2017.

Operating Expenses

	For the year ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Operating expenses	**(72,014)**	(60,949)	(11,065)	18.2%
Large Format Packaging and Environmental Solutions	**(29,306)**	(28,127)	(1,179)	4.2%
Consumer Packaging Solutions	**(14,572)**	(14,622)	50	(0.3%)
Returnable Packaging Solutions	**(16,395)**	(8,471)	(7,924)	93.5%
Other	**(11,741)**	(9,729)	(2,012)	20.7%
Operating expenses as a % of Revenue	**(10.9%)**	(11.4%)	0.5%	(4.4%)
Large Format Packaging and Environmental Solutions	**(9.1%)**	(9.3%)	0.2%	(2.2%)
Consumer Packaging Solutions	**(7.8%)**	(9.3%)	1.5%	(16.1%)
Returnable Packaging Solutions	**(13.0%)**	(15.2%)	2.2%	(14.5%)
Other	**(48.3%)**	(47.8%)	(0.5%)	1.0%

Operating expenses were $72.0 million in Fiscal 2018 compared to $60.9 million in Fiscal 2017, an increase of $11.1 million or 18.2%. As a percentage of revenue, operating expenses were 10.9% in Fiscal 2018 compared to 11.4% in Fiscal 2017. The reduction in the operating expenses as a percentage of revenue is partially explained by the impact of price increases that are included within revenue but which require no additional selling, general and administration costs support. In addition, as the business continues to grow, the operating model is such that the Company can leverage the fixed overhead base so that operating expenses do not increase in line with revenue.

Operating expenses in the LF&E division in Fiscal 2018 have increased by $1.2 million or 4.2% when compared with Fiscal 2017. This increase is primarily driven by an increase in selling and distribution costs and the impact of foreign exchange movements as the U.S. dollar weakened against the Pound Sterling in Fiscal 2018 compared to Fiscal 2017. Operating expenses as a percentage of revenue has decreased from 9.3% in Fiscal 2017 to 9.1% in Fiscal 2018.

Operating expenses for Fiscal 2018 in the CPS division have remained broadly in line with Fiscal 2017, with operating expenses as a percentage of revenue decreasing from 9.3% in Fiscal 2017 to 7.8% in Fiscal 2018, in line with the factors outlined above with respect to pricing and the operating model.

The acquisition of Macro in the RPS segment resulted in additional operating expenses of $7.9 million. This business has traditionally had higher operating expenses as a percentage of revenue than our other businesses. For Fiscal 2018, operating expenses were 13.0% of revenue, compared with 15.2% for the post acquisition period in Fiscal 2017. Depreciation and amortization costs included in operating expenses amounted to $3.3 million for Fiscal 2018, compared with $1.8 million for Fiscal 2017. The operating expenses of Macro for Fiscal 2017, including the period prior to its acquisition by IPLP, amounted to $13.0 million or 13.8% of revenue.

Transaction, Reorganization and Integration Costs

Transaction, reorganization and integration costs consists of initial public offering and related costs, business reorganization and integration costs and transaction fees.

	For the year ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Initial public offering and related costs	**(9,923)**	—	(9,923)	100.0%
Business reorganization and integration costs	**(14,375)**	(12,755)	(1,620)	12.7%
Refinancing transaction costs	**(5,658)**	—	(5,658)	100.0%
Transaction, reorganization and integration costs	**(29,956)**	(12,755)	(17,201)	134.9%

Transaction, reorganization and integration costs were $30.0 million in Fiscal 2018 compared to $12.8 million in Fiscal 2017, an increase of $17.2 million. Fiscal 2018 includes $9.9 million of costs incurred with respect to the IPO and Scheme of Arrangement process and $5.7m of refinancing transaction costs incurred concurrently with the IPO.

In Fiscal 2018, business reorganization and integration costs incurred related primarily to the start-up and integration of the major capital expansion projects, which included $4.6 million of costs with respect to the broad-based strategic initiative focused on the LF&E division in North America and management restructuring and redundancy related costs. The start-up costs at our Forsyth, Georgia, facility and at our Edmundston, New Brunswick, facility amounted to $4.9 million and $1.6 million respectively. Other business reorganization and integration costs of $3.3 million incurred in Fiscal 2018 relate primarily to management restructuring, redundancy, and professional fees incurred with respect to potential acquisitions. In 2017, the business reorganization and integration costs related primarily to the acquisition of Macro and to the start-up and integration of the major capital expansion projects, corporate reorganization, management restructuring and redundancy related costs.

Following the completion of the bank refinancing in April 2018 and the repayment of unsecured subordinated debentures in August 2018, the unamortized finance costs with respect to the repaid indebtedness of the Company under the previously existing Irish banking facility agreement, under the previously existing Canadian credit agreement and under the unsecured subordinated debentures, which in total amounted to $5.4 million were expensed to the consolidated statements of income in Q2 and Q3 2018 and recognized within refinancing transaction costs. In consideration for the early prepayment of the debentures, a premium of $0.3 million which was equal to 1% of the principal amount was paid to the debenture holders, pursuant to the terms of the debentures.

Other Income/(expenses) (net)

	For the year ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Other income/(expenses) (net)	**(412)**	2,082	(2,494)	(119.8%)

Other income amounted to $2.1 million in 2017, which was primarily derived from $1.6 million of dividend income from Pioneer Green Energy LLC ("**Pioneer**"), a U.S. wind and solar energy development company, where IPLP continues to hold its 13.7% stake. We received a further $0.2 million from Pioneer in Q4 2018.

Share of Profit of Equity-Accounted Investees

	For the year ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Share of profit of equity-accounted investees	**2,415**	1,992	423	21.2%

This amount is the Company's share of profit in its equity-accounted investee, Altas Investments plc ("**Altas**"), an Irish investment company operating in the road and energy sectors, in which IPLP holds a 23.6% shareholding interest. During Fiscal 2018 and Fiscal 2017, Altas paid dividends to the Company with respect to accrued profits in the year. The Company's interest in Altas is carried at $0.1 million at December 31, 2018. Limited future profits are expected on this investment.

Finance Costs (net)

	For the year ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Finance costs (net)	**(16,134)**	(15,996)	(138)	(0.9%)

Net interest expense amounted to $16.1 million in Fiscal 2018 which was broadly in line with the expense incurred in Fiscal 2017 of $16.0 million. The effect of the drawdown of bank borrowings for the purposes of acquiring Macro in June 2017 was broadly matched by the impact of repaying a net amount of approximately $70.0 million from the Revolving Credit Facility and repaying the C$45.0 million of unsecured subordinated debentures in Q3 2018. The average interest rate paid by the Company in Fiscal 2018 was 4.70% (Fiscal 2017: 4.54%). The movement in the average interest rate paid was driven by an increase in base interest rates in both the U.S. and Canada throughout both Fiscal 2017 and Fiscal 2018, partially offset by the repayment in Q3 2018 of the unsecured subordinated debentures which had a coupon of 10%.

Income Taxes

	For the year ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Income taxes	**8,636**	971	7,665	789.4%

The net tax credit for Fiscal 2018 was $8.6 million compared with a credit of $1.0 million in Fiscal 2017, an increase in the tax credit of $7.7 million on the prior year. The reduced tax charge is driven primarily by a loss before income taxes of $6.9 million in Fiscal 2018, which was primarily driven by the additional transaction, reorganization and integration costs, compared to an income before income taxes of $22.4 million in 2017. Other significant movements in Fiscal 2018 include the recognition of deferred tax credits on losses and restricted interest in Q4 2018 and the utilization of losses carried forward which were not recognized for deferred tax previously. The tax charge in Fiscal 2017 was reduced by a once off non-cash tax credit of $9.3 million which arose following the introduction of the Tax Cuts and Jobs Act in the U.S., which reduced the federal corporate income tax rate from 35% to 21%, effective January 1, 2018.

Net Income

	For the year ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Net income	**1,775**	22,667	(20,892)	(92.2%)

The net income for Fiscal 2018 was $1.8 million compared to a net income of $22.7 million in Fiscal 2017, a decrease of $20.9 million. The decrease was due primarily to increased transaction, reorganization and integration costs of $17.2 million, increased depreciation and amortization costs of $7.8 million and a reduction in Adjusted EBITDA of $2.0 million, offset by an increase in the income tax credit of $7.7 million.

Adjusted EBITDA

	For the year ended December 31			
($'000)	**2018**	2017	Variance	% Variance
Adjusted EBITDA[(1)]	**78,041**	80,073	(2,032)	(2.5%)
Large Format Packaging and Environmental Solutions	**32,881**	38,540	(5,659)	(14.7%)
Consumer Packaging Solutions	**30,209**	29,066	1,143	3.9%
Returnable Packaging Solutions	**19,169**	14,686	4,483	30.5%
Other	**(4,218)**	(2,219)	(1,999)	90.1%
Adjusted EBITDA Margin (% of Revenue)[(1)]	**11.9%**	14.9%	(3.0%)	(20.1%)
Large Format Packaging and Environmental Solutions	**10.3%**	12.8%	(2.5%)	(19.5%)
Consumer Packaging Solutions	**16.2%**	18.4%	(2.2%)	(12.0%)
Returnable Packaging Solutions	**15.2%**	26.4%	(11.2%)	(42.4%)

(1) Adjusted EBITDA and Adjusted EBITDA Margin are non-IFRS measures which are reconciled to income from continuing operations as detailed in the ''Reconciliation of non-IFRS Measures'' section of this MD&A.

Adjusted EBITDA was $78.0 million in Fiscal 2018 compared to $80.1 million in Fiscal 2017, a decrease of $2.0 million or 2.5%. The factors driving the reduction are consistent with those outlined in the revenue and cost of sales sections as the positive impact of continued organic growth in all divisions and the contribution of an additional $4.5 million from Macro following its acquisition in June 2017, is offset by input cost pressures from resin, freight and labor. As a result, Adjusted EBITDA margins have contracted across our divisions year over year, from 14.9% in 2017 to 11.9% in Fiscal 2018. In addition, improved revenue performance driven by volume has come in product areas with typically lower gross margins.

Adjusted EBITDA for the LF&E business decreased by $5.7 million driven by the factors outlined in the cost of sales section of this MD&A but primarily due to the increases in resin, labor and freight costs in North America. These factors combined with the impact of the sales mix in Europe contributed to a decline in the Adjusted EBITDA margin from 12.8% in Fiscal 2017 to 10.3% in Fiscal 2018.

Adjusted EBITDA in the CPS business grew by 3.9% to $30.2 million in Fiscal 2018, with growth in both the North America and European regions. The reduction in the Adjusted EBITDA margin from 18.4% in 2017 to 16.2% in Fiscal 2018 is primarily due to the rollout of the new dairy business, which is typically at a lower Adjusted EBITDA margin relative to the existing business, the incremental ancillary costs arising from the new business and the resin factors outlined above.

Adjusted EBITDA in RPS amounted to $19.2 million for Fiscal 2018, compared with $14.7 million for Fiscal 2017. For the same period in Fiscal 2017 and prior to the acquisition of Macro by IPLP, Adjusted EBITDA restated for pro forma acquisition adjustments amounted to $20.3 million. The Adjusted EBITDA margin for Fiscal 2018 was 15.2% compared to an Adjusted EBITDA margin of 21.6% for Fiscal 2017, including the period prior to acquisition by IPLP. The Adjusted EBITDA in RPS in Fiscal 2018 was impacted by significantly increased volumes of bin sales to the apple market, higher polypropylene resin input costs, lower bin sales to the citrus market and significant volume of bin sales to the automotive industry. At the start of Fiscal 2019, we expected that volumes of bin sales to the apple market would reduce in 2019 and that volumes of bin sales to the citrus market would recover to pre-Fiscal 2018 levels, sales to the automotive market would continue in line with those volumes experienced in 2018 and in addition our 2019 bin sales would be favorably impacted by the launch of new specialty bin technologies products targeted at the wider agricultural market in the U.S and South America. During Q1 2019, our RPS division experienced temporary delays, which we expect to make up during the remainder of Fiscal 2019, in securing agricultural bin sales due to amongst other factors, the severe adverse weather conditions on the U.S. west coast. In addition, during Q1 2019 the third-party logistics provider responsible for the roll out of the automotive bins to the primary automotive producer informed us that as a consequence of logistical difficulties, they have a significant backlog of bin stocks not yet incorporated into the logistical bin fleet of the primary automotive end customer and they would not be placing further purchase orders until the second half of Fiscal 2019. The automotive bin is performing very successfully in its target market, with very positive customer experience and feedback and we therefore continue to be optimistic that this product will generate significant future sales. We have taken corrective action to streamline our cost base and have actively engaged with other automotive producers with a view to diversifying our customer base and accelerating other revenue generating opportunities. Notwithstanding the issues noted above, we expect Adjusted EBITDA for our RPS division for Fiscal 2019 to be at least in line with Fiscal 2018.

The Other segment includes Adjusted EBITDA contribution of $4.7 million in Fiscal 2018 (Fiscal 2017: $5.2 million) from the metals recycling business based in the U.K. offset by central overhead costs of $8.9 million (Fiscal 2017: $7.4 million).

Adjusted EBIT

($'000)	2018	2017	Variance	% Variance
	For the year ended December 31			
Adjusted EBIT[(1)]	**37,226**	47,043	(9,817)	(20.9%)
Large Format Packaging and Environmental Solutions	**15,061**	22,575	(7,514)	(33.3%)
Consumer Packaging Solutions	**17,424**	17,730	(306)	(1.7%)
Returnable Packaging Solutions	**9,512**	9,561	(49)	(0.5%)
Other	**(4,771)**	(2,823)	(1,948)	69.0%

(1) Adjusted EBIT is a non-IFRS measure which is reconciled to Income from continuing operations as detailed in the "Reconciliation of non-IFRS Measures" section of this MD&A. Note 3 to the audited consolidated financial statements provides a further reconciliation on a cumulative basis from Adjusted EBIT to Net income.

Adjusted EBIT was $37.2 million in Fiscal 2018 compared to $47.0 million in Fiscal 2017, a decrease of $9.8 million or 20.9%. Depreciation and amortization costs have increased significantly from $33.0 million in Fiscal 2017 to $40.8 million in Fiscal 2018. The increase is explained by additional depreciation and amortization arising from the acquisition of Macro of $4.5 million and additional depreciation of $3.3 million arising from increased capital additions in Fiscal 2017 and Fiscal 2018 primarily generated by the capital investment program. The remaining decrease is explained by the $2.0 million reduction in Adjusted EBITDA in Fiscal 2018.

Seasonal Trend Analysis

Quarterly operating net income and revenue are affected by seasonality. The second and third quarters typically generate the greatest contribution to revenue and earnings as detailed in the "***Seasonality***" section of this MD&A. In addition, there are a number of significant transactions and trends outlined in the "***Significant Financial and Operational Highlights and Transactions Impacting the Results of the Period***" and "***Summary Results of Operations***" sections of this MD&A which have driven changes to the results in various quarters. On June 9, 2017, the RPS division was formed following the acquisition of Macro which has had a positive impact on our results since Q2 2017. As outlined in the "***Initial Public Offering***" section of this MD&A, we incurred significant costs and issued additional shares as part of the IPO process which has had a negative impact on our net income and Earnings per Share metrics since Q2 2018.

The following table shows the consolidated financial performance of the Company by quarter over the last eight quarters. Previous quarter results can be agreed back to previous quarter filings on SEDAR.

($'000)	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Revenue	**161,987**	169,173	178,292	148,321	133,441	157,516	132,338	112,592
Net (loss)/income	**(1,830)**	4,760	(2,574)	1,417	5,529	7,481	10,890	(1,232)
Basic Earnings per Share	**(0.03)**	0.09	(0.06)	0.01	0.19	0.24	0.34	(0.01)
Diluted Earnings per Share	**(0.03)**	0.09	(0.06)	0.01	0.19	0.23	0.34	(0.01)
Net (loss)/income – Continuing Operations	**(1,830)**	4,760	(2,574)	1,417	6,116	7,224	6,040	3,958
Basic Earnings per Share – Continuing Operations	**(0.03)**	0.09	(0.06)	0.01	0.19	0.23	0.19	0.02
Diluted Earnings per Share – Continuing Operations	**(0.03)**	0.09	(0.06)	0.01	0.19	0.22	0.19	0.02
Adjusted EBITDA	**17,668**	20,521	22,798	17,054	19,149	25,534	20,772	14,617
Adjusted Net Income	**5,749**	10,537	8,685	5,121	1,582	8,706	8,799	4,578
Pro Forma Adjusted Diluted Earnings per Share	**0.11**	0.19	0.16	0.12	0.03	0.16	0.17	0.11

Liquidity and Capital Resources

Overview

IPLP is financed principally through a combination of cash generated from operations, equity and from borrowings under its various debt facilities. The Company's principal use of funds is for operating expenses, working capital and capital expenditures (together, the ''**Funding Requirements**'').

IPLP believes that cash generated from operations, together with amounts available under the bank facilities, as detailed below, will be sufficient to meet its future funding requirements. However, IPLP's ability to fund future requirements, to make scheduled payments of interest on the bank facilities and to satisfy any of its other present or future debt obligations will depend on its future operating performance, which will be affected by general economic, financial and other factors including factors beyond its control. See ''**Risk Factors**''. IPLP reviews investment opportunities in the normal course of its business and may, if suitable opportunities arise, make selected investments to implement IPLP's business strategy. Historically, the funding for any such investments has come from cash flow from operations and/or additional debt.

Senior Secured Facilities

On April 17, 2018, IPL Ltd (as parent of a group of borrowers including IPL Ltd and certain of its subsidiaries) entered into a facilities agreement (the ''**New Facilities Agreement**'') which replaced its existing credit facilities with committed facilities of €400.0 million ($494.3 million) provided by way of a term loan facility in the aggregate amount equal to €110.0 million ($135.9 million) (the ''**Term Facility**'') and a Revolving Credit Facility in the aggregate amount equal to €290.0 million ($358.4 million) (the ''**Revolving Credit Facility**'' and together with the Term Facility, the ''**Facilities**''). The New Facilities Agreement contains an accordion feature allowing IPL Ltd to seek a maximum of two increases of the Revolving Credit Facility commitments in an aggregate maximum amount of €100.0 million ($123.9 million) at any time during the availability period for the Revolving Credit Facility.

On March 13, 2019, the Company signed a Supplemental Facilities Agreement with its syndicate of banks to enable it to utilize the accordion feature contained in the New Facilities Agreement, thereby obtaining an increase of the Revolving Credit Facility in the amount of €90.0 million ($101.7 million). The increase in the Revolving Credit Facility will be used to fund the acquisition of Loomans Group N.V. (see ''**Acquisition of Loomans Group N.V.**''). The New Facilities Agreement permits the Company to seek one further increase of the Revolving Credit Facility under this accordion feature provided the combined increases sought do not exceed an aggregate amount of €100.0 million ($113.0 million) at any time during the availability period for the Revolving Credit Facility.

The Facilities provide flexibility to take advantage of opportunities to develop the business, focusing on organic growth and strategic acquisitions which will enhance shareholder value.

The Facilities are available in euros, Pounds Sterling, U.S. dollars or Canadian dollars and subject to agreement with the lenders, some or all of the Facilities will be available in one or more alternative currencies. Subject to the terms of the New Facilities Agreement, the Facilities are available for five years from the date of the New Facilities Agreement or, if all of the lenders agree, following their receipt of an extension request from IPLP within one month of the first anniversary of the New Facilities Agreement and/or one month of the second anniversary of the New Facilities Agreement, six years or seven years, as the case may be.

Term Facility

The Term Facility matures on April 17, 2023, and as of March 11, 2019, a principal amount of $131.7 million was outstanding. Repayment of the Term Facility must be made in installments of €2.75 million ($3.2 million), the first of which will occur on October 17, 2019, being 18 months after the date of the New Facilities Agreement, with subsequent installments at three-month intervals thereafter. The balance must be repaid in full on April 17, 2023, subject to the right of IPLP to request two extension periods of one year each and the lender acceptance of any such request.

Revolving Credit Facility

The Revolving Credit Facility matures on April 17, 2023, subject to any extension period consented to by the lenders, and as of March 11, 2019, the Company had $128.7 million drawn under the Revolving Credit Facility. The outstanding balance under the Revolving Credit Facility must be repaid in full on April 17, 2023, subject to the right of IPLP to request two extension periods of one year each and the lenders acceptance of any such request.

Covenants

The New Facilities Agreement contains affirmative covenants customary for credit facilities of this nature, including, but not limited to, compliance with applicable laws and regulations, payment of taxes, delivery of financial and other information to the lenders, notice to the lenders upon the occurrence of certain material events, preservation of assets, maintenance of insurance, access to books and records by the secured parties, preservation of intellectual property and further assurances. The New Facilities Agreements contains customary negative covenants including but not limited to, restrictions on the Company and each of the other borrowers' and guarantors' ability to make certain distributions, acquire, merge, consolidate or amalgamate with other companies, make certain investments or capital expenditures, substantially change their business, enter into certain joint ventures, dispose of certain assets, provide certain forms of financial assistance, incur indebtedness or transact or have any outstanding financial instruments other than certain permitted indebtedness, hypothecate, charge, pledge or otherwise encumber their assets other than certain permitted encumbrances. In addition to these affirmative and negative covenants, the New Facilities Agreement also contains financial maintenance covenants, including (i) an Interest Coverage ratio of not less than 3.00 to 1.00; and (ii) a Total Net Leverage ratio which varies between 3.50 to 1.00 and 4.50 to 1.00 depending on certain conditions (as Interest Coverage and Total Net Leverage are defined in net facilities as agreed).

As of December 31, 2018, the Company was in compliance with all covenants contained in the New Facilities Agreement, and no event of default (as defined in the New Facilities Agreement) had occurred or been waived. The financial leverage as at December 31, 2018 was 2.70x Net Debt to the last twelve months Adjusted EBITDA.

Unsecured Subordinated Debentures

On August 31, 2018, the unsecured subordinated debentures of C$45.0 million were repaid in full following the drawdown of C$45.5 million on our Canadian dollar Revolving Credit Facility. In consideration for the early prepayment of these debentures a premium equal to 1% of the principal amount was paid to the debenture holders, pursuant to the terms of the debentures.

Put Liability with respect to IPL Inc. 33.33% Minority Shareholding

The Company previously recorded a liability with respect to the Company's exchange obligation for the 33.33% of IPL Inc. held by CDPQ and FSTQ referred to as the ''Put Liability''. As at December 31, 2017, the Put Liability amounted to $143.6 million (2016: $76.1 million). On February 28, 2018, we acquired the remaining 33.33% of IPL Inc. held by CDPQ and FSTQ in exchange for ordinary shares of IPL Ltd thereby settling the Put Liability, see ''Deferred Contingent Consideration'' in ''**Consolidated Financial Position**'' section below.

Consolidated Financial Position

Consolidated Financial Position as at December 31, 2018 and December 31, 2017

The following table shows the significant asset and liability balances extracted from the consolidated statements of financial position of the Company at December 31, 2018 and December 31, 2017, and the related net variance:

($'000)	**December 31, 2018**	As restated, December 31, 2017	Variance
Assets			
Cash and cash equivalents	**49,857**	47,609	2,248
Total current and non-current trade and other receivables	**113,521**	93,022	20,499
Inventories	**84,373**	82,833	1,540
Property, plant and equipment	**264,205**	257,421	6,784
Goodwill and intangible assets	**233,834**	248,640	(14,806)
Liabilities			
Total current and non-current loans and borrowings	**258,975**	321,751	(62,776)
Total current and non-current trade and other payables	**105,890**	121,735	(15,845)
Deferred contingent consideration	**—**	143,683	(143,683)

Cash and Cash Equivalents

The cash and cash equivalents balance increased by $2.3 million to $49.9 million as at December 31, 2018 compared to $47.6 million at December 31, 2017. This increase is primarily driven by the proceeds raised by the Company through the IPO of $144.8 million (C$191.7 million) prior to the payments with respect to the Buy-Back Option redemption, debt repayment and fees related to the IPO and Scheme of Arrangement. A full reconciliation and explanation of the movements in the Company's cash flows during the year is detailed in the ''Cash Flows'' section.

Trade and Other Receivables

The trade and other receivables balance increased by $20.5 million to $113.5 million as at December 31, 2018 compared to $93.0 million at December 31, 2017. The sales increase of 22.7% in Fiscal 2018 is driving an increase in the trade receivables balance. There has also been a small change in the profile of our trade receivables book as we secured significant contracts with leading multi-national companies which in some cases have longer payment terms.

As explained in the ''***Seasonality***'' section of this MD&A, our investment in working capital typically peaks during the first half of the year and then unwinds over the remainder of the year. As such, we have seen a decrease in this balance at year end when compared with Q3 2018.

Inventories

The inventories balance increased by $1.5 million to $84.4 million as at December 31, 2018 compared to $82.8 million at December 31, 2017. The primary driver of the increased inventory holdings is the buildup of inventory to service new business wins and continued high demand in all our divisions. The reduction in resin prices that we have seen in Q4 2018 when compared with the prices in place at December 2017 results in a lower inventory valuation and offsets the increased inventory holdings from a volume perspective.

Property, Plant and Equipment

The property, plant and equipment balance increased by $6.8 million to $264.2 million as at December 31, 2018 compared to $257.4 million as at December 31, 2017. Capital additions in Fiscal 2018 amounted to $54.4 million offset by a depreciation charge of $33.8 million. The remaining reduction is related to disposals in the year of $1.5 million and foreign exchange and other movements of $12.3 million. The carrying amount of property, plant and equipment that relate to assets under construction was $23.8 million at December 31, 2018 (December 31, 2017: $31.0 million).

Goodwill and Intangible Assets

The goodwill and intangible assets balance decreased by $14.8 million to $233.8 million as at December 31, 2018 compared to $248.6 million as at December 31, 2017. This decrease primarily relates to amortization of intangible assets of $7.0 million and additions and foreign exchange translation differences of $7.8 million.

Loans and Borrowings

The loans and borrowings balance decreased by $62.8 million to $259.0 million as at December 31, 2018 compared to the December 31, 2017 balance of $321.8 million. During Q3 2018, the Company used $104.7 million of the proceeds from the IPO to repay a portion of its U.S. dollar Revolving Credit Facility and subsequently the Company drew down C$45.5 million on its Canadian dollar Revolving Credit Facility to repay in full its obligation under its unsecured subordinated debentures.

Trade and Other Payables

The trade and other payables balance decreased by $15.8 million to $105.9 million as at December 31, 2018 compared to the December 31, 2017 balance of $121.7 million. The decrease is primarily driven by the timing of payments.

Deferred Contingent Consideration

Deferred contingent consideration balance decreased to $Nil at December 31, 2018 from $143.7 million as at December 31, 2017 as explained in the "***Liquidity and Capital Resources***" section of this MD&A above.

Cash Flows

The following tables and discussion shows the significant cash transactions impacting the cash flows of the Company for the year ended December 31, 2018 and December 31, 2017:

	Three months ended December 31		*For the year ended December 31*	
($'000)	**2018**	2017	**2018**	2017
Net cash flows from operating activities	**21,835**	38,393	**18,669**	53,991
Net cash flows used in investing activities	**(8,130)**	(16,243)	**(50,206)**	(125,086)
Net cash flows (used in)/from financing activities	**(12,028)**	(5,738)	**47,345**	72,621
Net increase in cash and cash equivalents	**1,677**	16,412	**15,808**	1,526
Cash and cash equivalents at beginning of period	**54,475**	31,370	**47,609**	41,479
Effect of movements in exchange rates on cash held	**(6,295)**	(173)	**(13,560)**	4,604
Cash and cash equivalents at end of the period	**49,857**	47,609	**49,857**	47,609

Reconciliation of Adjusted EBITDA to Net Cash Flows from Operating Activities

The table below provides a reconciliation of the adjusting items to reconcile Adjusted EBITDA to net cash flows from operating activities for the year ended December 31, 2018 and December 31, 2017.

	Three months ended December 31		*For the year ended December 31*	
($'000)	**2018**	2017	**2018**	2017
Adjusted EBITDA	**17,668**	19,149	**78,041**	80,073
Net foreign exchange gains/(losses)	**(1,212)**	(352)	**(1,831)**	(129)
Initial public offering and related costs paid	**(2,564)**	—	**(9,923)**	—
Business reorganization and integration costs paid	**(3,961)**	(4,174)	**(8,091)**	(8,587)
Other income received	**150**	1,581	**205**	1,412
Income taxes paid	**1,065**	(680)	**902**	(1,861)
Working capital movements	**15,037**	23,526	**(35,570)**	(15,465)
Other	**(4,348)**	(657)	**(5,064)**	(1,452)
Net cash flows from operating activities	**21,835**	38,393	**18,669**	53,991

Net Cash Flows from Operating Activities

The rigid plastic packaging industry is generally characterized by relatively high sales volume and reasonably fast turnover of inventories and accounts receivable. In general, accounts receivable and inventories are readily convertible into cash. Investment in working capital may be affected by fluctuations in the prices of resin and other supply costs, vendor terms, building of inventory for significant customer contracts or seasonal demand and timing of collection of accounts receivable.

	Three months ended December 31		*For the year ended December 31*	
($'000)	**2018**	2017	**2018**	2017
Net cash flows from operating activities before working capital movements	**6,798**	14,867	**54,239**	69,456
Movements in working capital	**15,037**	23,526	**(35,570)**	(15,465)
Net cash flows from operating activities	**21,835**	38,393	**18,669**	53,991

The net cash inflow from operating activities for Q4 2018 was $21.8 million, a decrease of $16.6 million or 43.2% on the Q4 2017 inflow of $38.4 million. The Q4 2018 reduction is primarily driven by the reduction in Adjusted EBITDA of $1.5 million, decreased unwind noted in working capital when compared with Q4 2017 and cash outflow in respect of the initial public offering and related matters.

Working capital levels were $19.4 million higher than expectations as at December 31, 2018. In our LF&E and CPS divisions, working capital was $8.8 million and $5.3 million above expectations respectively. This was primarily due to continued organic growth and price increases arising from resin index fluctuations in each of our divisions which has led to higher than expected trade receivables. In addition, the early payment of supplier invoices at the end of Fiscal 2018 resulted in a lower trade creditors balance. In our RPS division, inventory levels were approximately $4.4 million higher than expectations driven by the increase in sales volumes.

The net cash inflow from operating activities in Fiscal 2018 was $18.7 million compared to an inflow of $54.0 million in Fiscal 2017, a decrease of $35.3 million. The decrease in net cash from operating activities was driven primarily by a net increase in working capital of $20.1 million due to timing of supplier payments, higher trade receivables from the growth in revenue and additional inventory built up with respect to continued demand. In addition, there were significant once off payments with respect to the IPO and Scheme of Arrangement in Fiscal 2018 amounting to $9.9 million.

__Net Cash Flows used in Investing Activities__

	Three months ended December 31		For the year ended December 31	
($'000)	**2018**	2017	**2018**	2017
Proceeds from sale and disposal of property, plant and equipment and intangible assets	**541**	1,358	**1,256**	1,610
Disposal/discontinuation of subsidiary undertakings, net of cash disposed	**107**	779	**424**	43,812
Disposals and distributions received from equity-accounted investees and available-for-sale assets	**2,708**	(1,473)	**3,824**	5,979
Acquisition of property, plant and equipment	**(11,111)**	(14,809)	**(54,220)**	(49,169)
Acquisition of subsidiaries, including associated costs and net of cash acquired	**(248)**	(2,803)	**(787)**	(128,648)
Other	**(127)**	705	**(703)**	1,330
Net cash used in investing activities	**(8,130)**	(16,243)	**(50,206)**	(125,086)

Net cash used in investing activities was $8.1 million in Q4 2018 compared to $16.2 million in Q4 2017, a decrease of $8.1 million. The decrease in cash outflow was primarily driven by distributions received from Altas and Pioneer in Q4 2018 and a reduction in cash outflow with respect to purchases of property, plant and equipment in Q4 2018 compared with Q4 2017.

Net cash used in investing activities was $50.2 million in Fiscal 2018 compared to $125.1 million in Fiscal 2017, a decrease of $74.9 million. The decrease was primarily due to the acquisition of Macro in June 2017 which resulted in a cash outflow of $128.6 million offset by the disposal of the Irish and U.K. SES businesses which resulted in an inflow of $43.8 million in Fiscal 2017. In addition, this was offset by an increase in cash outflow with respect to property, plant and equipment of $5.0 million in Fiscal 2018.

Capital Expenditures

The table below details the cash outflows with respect to capital purchases of property, plant and equipment amounts for Q4 2018, Q4 2017, Fiscal 2018 and Fiscal 2017 by operating segment.

	Three months ended December 31					
	2018			2017		
($'000)	**Development**	**Maintenance**	**Total**	Development	Maintenance	Total
LF&E	**4,125**	**1,143**	**5,268**	5,263	174	5,437
CPS	**1,995**	**1,340**	**3,335**	3,756	1,696	5,452
RPS	**2,253**	**103**	**2,356**	3,442	69	3,511
Other	**25**	**127**	**152**	107	302	409
Total	**8,398**	**2,713**	**11,111**	12,568	2,241	14,809

	For the year ended December 31					
	2018			2017		
($'000)	**Development**	**Maintenance**	**Total**	Development	Maintenance	Total
LF&E	**25,149**	**3,970**	**29,119**	20,081	2,477	22,558
CPS	**11,701**	**3,232**	**14,933**	18,839	3,077	21,916
RPS	**8,537**	**1,115**	**9,652**	3,801	232	4,033
Other	**161**	**355**	**516**	128	534	662
Total	**45,548**	**8,672**	**54,220**	42,849	6,320	49,169

The cash outflow with respect to capital purchases of property, plant and equipment in Q4 2018 amounted to $11.1 million (Q4 2017: $14.8 million), with $8.4 million related to strategic and development capital expenditure and $2.7 million of maintenance capital expenditure.

The cash outflow with respect to capital purchases of property, plant and equipment in Fiscal 2018 amounted to $54.2 million (Fiscal 2017: $49.2 million), with $45.5 million related to strategic and development capital expenditure and $8.7 million of maintenance capital expenditure.

The increase in cash outflows with respect to capital expenditure in Fiscal 2018 compared to Fiscal 2017, is as a result of the major capital investment program that began in Fiscal 2016 and Fiscal 2017, which have deferred payment terms. The net outflow with respect to capital purchases of property, plant and equipment when proceeds from disposals in the year are included, amounts to $52.9 million.

Strategic & Development Capital Expenditure

In addition to investing in the Company's product development programs, investments are made from time to time to respond to customer and market demands in order to ensure that the Company is capable of providing relevant, market-leading products.

Maintenance Capital Expenditure

IPLP's maintenance capital expenditure is required to maintain current levels of production and to maintain operational effectiveness of our manufacturing facilities. Revenue or Adjusted EBITDA are generally not affected by maintenance capital expenditure. However, some of the maintenance capital expenditure projects, by their nature, may directly result in cost savings. These include projects such as the replacement of existing machines with newer and more efficient and automated machines and other projects such as bringing production back in house from sub-contractors, will likely also contribute to lower labor and operating costs.

Future Capital Expenditure Commitments

The Company had future contracted capital expenditure amounts of $8.9 million as at December 31, 2018 (December 31, 2017: $25.2 million).

Net Cash Flows (used in)/from Financing Activities

	Three months ended December 31		*For the year ended December 31*	
($'000)	**2018**	2017	**2018**	2017
Finance costs paid	**(3,549)**	(4,775)	**(13,770)**	(15,120)
Net proceeds from equity issued	**—**	277	**111,309**	573
Net drawdown of bank borrowings	**63,400**	28,636	**494,115**	199,466
Repayment of borrowings	**(71,879)**	(29,876)	**(544,309)**	(112,298)
Net cash flow (used in) / from financing activities	**(12,028)**	(5,738)	**47,345**	72,621

Net cash flows used in financing activities was $12.0 million in Q4 2018 compared to net cash flow from financing activities of $5.7 million in Q4 2017, an increase of $6.3 million. The net cash used in financing activities in Q4 2018 and Q4 2017 was primarily related to the repayment of bank borrowings which exceeded drawdowns in the period.

Net cash inflow from financing activities was $47.3 million in Fiscal 2018 compared to an inflow of $72.6 million in Fiscal 2017, a decrease of $25.3 million. The decrease in the net cash flow from financing activities in Fiscal 2018 compared with Fiscal 2017 is primarily due to the Company using part of the funds raised through the IPO to settle a portion of the debt. In addition to the drawdowns and repayments noted in Q4 2018, Q2 2018 contained significant drawdown and repayment of borrowings amounts that related to the bank refinancing which took place in April 2018, see ''**Liquidity and Capital Resources – Senior Secured Facilities**'' section of this MD&A. In Fiscal 2017, net cash flow from financing activities was primarily related to the drawdown of bank borrowings for the purposes of acquiring Macro in June 2017 and investment in capital purchases of property, plant and equipment.

Contractual Obligations

IPLP's contractual obligations primarily consist of long-term debt (principal repayments and interest payments), contracted capital commitments and operating leases for the rental of property, equipment and automobiles. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Compliance with the Company's debt covenants is monitored continuously based on the management accounts. Sensitivity analysis using various scenarios is applied to forecasts to assess their impact on covenants and net debt.

Contractual Obligations as at December 31, 2018

($'000)	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Debt					
Senior secured bank borrowings	307,381	18,287	24,058	264,997	39
Convertible loan notes	2,743	160	319	320	1,944
Finance lease liabilities	544	167	311	33	33
Other					
Contracted capital commitments	8,887	8,887	—	—	—
Operating leases	26,484	4,493	7,657	5,480	8,854
Total contractual obligations	**346,039**	**31,994**	**32,345**	**270,830**	**10,870**

Acquisition of Loomans Group N.V.

On March 15, 2019, the Company announced that, subject to closing conditions, it had signed a Share Purchase Agreement to acquire 100% of Loomans Group N.V. (''**Loomans**'') for a total consideration of approximately $85.5 million (€75.0 million), funded from existing cash resources and credit facilities. Loomans had a normalized Adjusted EBITDA of $11.1 million (based on unaudited Fiscal 2018 financial statements) reflecting an Enterprise Value/Adjusted EBITDA multiple of 7.7 times. Loomans has its operations and headquarters in Belgium and will be integrated into our CPS business in Europe.

Outlook

The Company continues to experience strong growth in demand for its products.

The results for Fiscal 2018 were adversely impacted by, amongst other factors, changes in product mix and increases in resin prices, freight and logistics, and labor costs. In North America, average IHS resin index prices for HDPE polyethylene and polypropylene were 10.1% and 15.8% higher respectively in Fiscal 2018 compared with Fiscal 2017. Between October 2018 and December 2018 the IHS index price of polyethylene and polypropylene resins decreased by approximately 7% and 19% respectively. The resin price per pound of polypropylene at the beginning of January 2018 compared to the price at the end of December 2018, decreased by 11%, while polyethylene prices over the same period did not change. Due to resin inventory holding levels, the cyclicality of demand and the nature of the production process, we expect, all other things being unchanged, the impact of the recently negotiated resin procurement tender process and polypropylene price reductions to benefit our results in Fiscal 2019 when compared with Fiscal 2018. Resin prices are expected to remain relatively stable in the near term.

Trading in our LF&E and CPS divisions in the two months to the end of February 2019 has been satisfactory. Our RPS division has experienced temporary delays in Q1 2019, which we expect to make up during the remainder of Fiscal 2019, in securing agricultural bin sales due to amongst other factors, the severe adverse weather conditions on the U.S. west coast. In addition, during Q1 2019 the third-party logistics provider responsible for the roll out of the automotive bins to the primary automotive producer informed us that as a consequence of logistical difficulties, they have a significant backlog of bin stocks not yet incorporated into the logistical bin fleet of the primary automotive end customer and they would not be placing further purchase orders until the second half of Fiscal 2019. The automotive bin is performing very successfully since it has been rolled out with very positive customer feedback and we therefore continue to be optimistic that this product will generate significant future sales. We have taken corrective action to streamline our cost base and have actively engaged with other automotive producers with a view to diversifying our customer base and accelerating other revenue generating opportunities. Notwithstanding the issues noted above, we expect adjusted EBITDA for our RPS division for Fiscal 2019 to be at least in line with Fiscal 2018.

Management is focused on delivering an overall improvement in operating and financial performance in Fiscal 2019 when compared with Fiscal 2018, supported by the recent significant capital expenditure program which is nearing completion, advances in our resin procurement strategies, stabilization of our freight costs and also the realization of improvements in Adjusted EBITDA from the implementation of the business optimization program in our LF&E division in North America since it was announced in Q4 2018.

We expect, in the absence of new capital investment growth opportunities underpinned by customer contracts, our total cash outflow with respect to capital purchases of property, plant and equipment for Fiscal 2019 to decrease significantly when compared with Fiscal 2018 and be in the range of $32.5 million to $37.5 million as our major capital investment program comes to an end. This estimate is based on the following assumptions, among others: (i) our major capital investment projects are completed on time and on budget; (ii) no significant fluctuations in foreign exchange rates; and (iii) interest and inflation rates remain consistent with historical levels.

The description of our Fiscal 2019 financial outlook in this MD&A is based on management's current views and strategies, our assumptions and expectations concerning our growth opportunities and our assessment of the opportunities for our business and the global packaging industry and the rigid plastic packaging market and has been calculated using accounting policies that are generally consistent with our current accounting policies. The purpose of disclosing the foregoing outlook is to provide investors with more information concerning the financial impact of our business initiatives and growth strategies. The description of our Fiscal 2019 outlook is forward-looking information for purposes of applicable securities laws in Canada and readers are therefore cautioned that actual results may vary from those described above. See ***''Forward-Looking Statements''*** and ***''Risk Factors''*** for a reference to the risks and uncertainties that impact our business and that could cause actual results to vary.

Quantitative and Qualitative Disclosures about Market and Other Financial Risk

The Company's operations expose it to various financial risks. The Company has a risk management program in place, as approved by the Board of Directors, which seeks to limit the impact of these risks on the financial performance of the Company and it is the policy to manage these risks in a non-speculative manner.

The sections below present information about the Company's exposure to the risks from its use of financial instruments and the Company's objectives, policies and processes for measuring and managing the risk.

Credit Risk

Credit risk arises from credit to customers arising on outstanding receivables and outstanding transactions as well as cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. The Company has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, customers' track record and historic default rates and the Company uses credit insurance where available on reasonable commercial terms. Individual risk limits are generally set by customer and risk is only accepted above such limits in defined circumstances. The utilization of credit limits is regularly monitored.

Cash and short-term bank deposits are invested with institutions having considered their credit rating, with limits on amounts held with individual banks or institutions at any one time.

Regarding the Company's cash and cash equivalents, the credit ratings of the institutions in which cash is deposited was BBB – or above at December 31, 2018 on Standard & Poor's ratings (Fiscal 2017: BBB – or above).

The carrying amount of financial assets, net of impairment provisions represents the Company's maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Compliance with the Company's debt covenants is monitored continuously based on the management accounts. Sensitivity analysis using various scenarios is applied to forecasts to assess their impact on covenants and net debt.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's risk management strategy is to manage and control market risk exposures within acceptable parameters and to manage these risks in a non-speculative manner.

Currency Risk

Foreign exchange risk arises from foreign currency transactions, assets and liabilities. These currency risks are monitored by management on a regular basis. The Company is mainly exposed to the foreign currency exchange rate differences between U.S. dollar and the Canadian dollar, Pounds Sterling and euro.

The Company is also exposed to foreign currency risk on retranslation of its foreign currency operations in the U.K., Canada, Ireland and China from their functional currencies of Pounds Sterling, Canadian dollar, euro and Chinese Renminbi into the U.S. dollars presentation currency.

Interest Rate Risk

The Company holds both interest-bearing assets and interest-bearing liabilities. In general, the approach employed by the Company to manage its interest exposure is to maintain the majority of its cash, short term bank deposits and interest-bearing borrowings on fixed and floating rates. Rates are generally fixed for relatively short periods in order to match funding requirements while being able to benefit from opportunities due to movement in longer term rates.

Commodity Price Risk

The Company is exposed to market risk from changes in plastic resin prices that could impact its results of operations and financial condition. IPLP has historically adopted a hybrid resin purchasing strategy which has proved to be successful over time in the U.K., Ireland and China and is now being rolled out in the North American operations. This approach allows each of its manufacturing facilities to maintain responsibility for its own raw material costs but leverages IPLP's international purchasing power in order to reduce prices. The Company aims to maintain a number of suppliers of key materials and equipment so as not to become overly dependent on any one supplier. We believe that we have maintained strong relationships with our key suppliers and expect that such relationships will continue into the foreseeable future. The resin market is a global market and, based on our experience, we believe that adequate quantities of plastic resins will be available at market prices, but we can give no assurances as to such availability or the prices thereof. IPLP's purchases of resin are primarily in U.S. dollars. If the price of resin increased or decreased by 5% this would result in a material change to our cost of goods sold. Historically, we generally had the ability to pass on resin price fluctuations to certain of our customers, but this ability is, to some extent, dependent upon market conditions and the timing of fluctuations in resin prices, and in any event, may tend to lag behind the price input movements. There can be no assurance that we will be able to successfully pass on, or continue to pass on, price fluctuations to our customers.

Off Balance Sheet Arrangements

IPLP has entered into operating lease commitments related to land and buildings, plant and machinery, equipment and vehicles. The expiry dates of these leases range from less than one year to 13 years. Contractual obligations with respect to these operating leases are described in the ***''Contractual Obligations''*** subsection under the ***''Liquidity and Capital Resources''*** of this MD&A. The material movements in our Company's contractual obligations and commitments from the annual financial statements are detailed in the ''***Contractual Obligations***'' section above.

At December 31, 2018, IPLP had letters of credit in place amounting to $0.3 million, reduced from $1.1 million as at December 31, 2017.

Transactions with Related Parties

IPL Inc., a Canadian subsidiary of the Company had previously drawn down subordinated term debt of C$45.0 million from CDPQ, FSTQ and Investissement Québec (''**IQ**''). On August 31, 2018 the unsecured subordinated debentures of C$45.0 million were repaid in full. In consideration for the early prepayment of these debentures a premium equal to 1% of the principal amount was paid to the debenture holders, pursuant to the terms of the debentures. See ''**Liquidity and Capital Resources – Unsecured Subordinated Debentures**''.

In connection with the IPO, the Company entered into an Investor Rights Agreement with CDPQ, which became effective on June 28, 2018, the date the IPO closed.

Critical Accounting Estimates

The preparation of the audited consolidated financial statements of IPLP is in accordance with IFRS as issued by the IASB. Preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The areas involving a high degree of judgment, complexity or where assumptions and estimates are significant to the Company's financial statements are discussed in our previous MD&A and primarily related to; Impairment testing of intangibles, Business Combinations and Deferred Tax Assets.

Accounting Standards Implemented for the Year ended December 31, 2018

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2018 and have been applied in preparing the audited consolidated financial statements for Fiscal 2018.

The Company adopted IFRS 9 *Financial Instruments,* which addresses the classification, measurement and recognition of financial assets and liabilities, effective January 1, 2018. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IPLP has elected to adopt an accounting policy to record gains and losses on quoted investments in other comprehensive income. Adoption of the IFRS 9 *Financial Instruments* has resulted in no significant change to the consolidated statements of financial position. The change in the fair value of the cash flow hedges have been recorded in the consolidated statements of changes in equity.

The Company adopted IFRS 15 *Revenue from Contracts with Customers,* which specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures, effective January 1, 2018. The Standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard does not have a significant impact on the Company's financial statements.

Future Accounting Standards

IFRS 16 *Leases* sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessee and lessor. The adoption of IFRS 16 Leases, will eliminate the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model where the recognition of a right-of-use asset and a lease liability measured at the present value of the future lease payments on the Statement of Financial Position is required for all material leases that have a term of greater than a year. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, and IPLP will apply IFRS 16 from its effective date.

IPLP performed an assessment of the impact of IFRS 16 and will avail of the practical expedient allowing leases previously classified as operating leases and ending within 12 months of the date of transition, to be accounted for as short-term leases. The application of IFRS 16 results in the recognition of right-of-use assets and lease liabilities in the consolidated statement of financial position in the range of $20-$23 million.

There are no other IFRS standards or interpretations that are not yet effective that would be expected to have a material impact on the Company.

Risk Factors

The risks and uncertainties that we believe could materially affect business activities, financial condition, cash flows and results of operations were included under the heading ''Risk Factors'' in our Annual Information Form filed on March 15, 2019. There was no significant change to these risks and uncertainties during the year ended December 31, 2018.

If any of these risks, or any additional risks and uncertainties presently unknown to management or that are currently considered as being not material, actually occur or become material risks, our business activities, financial condition, cash flows and results of operations could be materially adversely affected.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Disclosure controls and procedures within the Company have been designed to provide reasonable assurance that all relevant information is identified to its Chief Executive Officer (''CEO'') and Chief Financial Officer (''CFO'') to ensure appropriate and timely decisions are made regarding public disclosure.

Internal controls over financial reporting have been designed by management, under the supervision of, and with the participation of the Company's CEO and CFO, to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS.

In the Company's filings, the Company's CEO and CFO certify, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design and effectiveness of the Company's disclosure controls and procedures and the design of internal controls over financial reporting. The Company's Audit Committee reviewed this MD&A and audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2018, and the Company's Board of Directors approved these documents prior to their release.

Management, under the supervision of and with the participation of the Company's CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined under National Instrument 52-109) and concluded, as at December 31, 2018, that such disclosure controls and procedures were effective.

Management, under the supervision of and with the participation of the Company's CEO and CFO, evaluated the effectiveness of the Company's internal controls over financial reporting (as defined under National Instrument 52-109). In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commissions (''COSO'') in Internal Control – Integrated Framework (2013). Based on that evaluation, management and the CEO and CFO have concluded that, as at December 31, 2018, the Company's internal controls over financial reporting were effective.

Changes in Internal Control Over Financial Reporting

There have been no changes to the Company's internal controls over financial reporting during the financial period beginning October 1, 2018 and ending December 31, 2018 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Current Share Information

As at March 11, 2019, an aggregate of 53,808,430 common shares and no preferred shares are issued and outstanding. There was a total of 2,040,126 outstanding share options as at March 11, 2019. This was split between 1,917,349 equity settled share options and 122,777 Restricted Share Units ("**RSUs**"), Deferred Share Units ("**DSUs**") and Performance Share Units ("**PSUs**").

As at December 31, 2018, an aggregate of 53,563,693 common shares and no preferred shares are issued and outstanding. There was a total of 2,284,863 outstanding equity settled share options, which includes RSUs, DSUs, PSUs and share options, as at December 31, 2018.

Reconciliation of non-IFRS Measures

The tables below show a reconciliation of all non-IFRS measures used in this MD&A to the IFRS results for the period.

Reconciliation of Adjusted EBIT and Adjusted EBITDA to Income from continuing operations:

Adjusted EBITDA consists of income from continuing operations before income taxes, net finance costs, share of profit of equity-accounted investees, refinancing transaction costs, business reorganization and integration costs, initial public offering and related costs, depreciation and amortization, and other income/(expenses). Adjusted EBIT is Adjusted EBITDA less depreciation and amortization.

	Three months ended December 31		*For the year ended December 31*	
($'000)	**2018**	2017	**2018**	2017
(Loss)/income from continuing operations	**(1,830)**	6,116	**1,775**	23,337
Income taxes	**(2,471)**	(7,231)	**(8,636)**	(971)
Refinancing transaction costs	**—**	—	**5,658**	—
Finance costs (net)	**3,658**	5,314	**16,134**	15,996
Other expenses/(income) (net)	**242**	(404)	**412**	(2,082)
Share of profit of equity-accounted investees	**(462)**	18	**(2,415)**	(1,992)
Operating (loss)/profit	**(863)**	3,813	**12,928**	34,288
Business reorganization and integration costs	**8,541**	5,495	**14,375**	12,755
Initial public offering and related costs	**—**	—	**9,923**	—
Adjusted EBIT	**7,678**	9,308	**37,226**	47,043
Depreciation and amortization	**9,990**	9,841	**40,815**	33,030
Adjusted EBITDA	**17,668**	19,149	**78,041**	80,073

Reconciliation of Adjusted Net Income, Adjusted Basic Earnings per Share, Adjusted Diluted Earnings per Share and Pro Forma Earnings per Share:

Adjusted Net Income, Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share

Adjusted Net Income consists of income from continuing operations before share of profit of equity-accounted investees, refinancing transaction costs, business reorganization and integration costs, initial public offering and related costs, amortization of acquisition-related intangibles, other income/(expenses), income tax related to the above noted items and the effects of change in tax rates. Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share is calculated by dividing the Adjusted Net Income by the weighted-average number of common shares outstanding. In the case of Adjusted Diluted Earnings per Share, the number of outstanding common shares is adjusted for the effects of options with a dilutive effect.

	Three months ended December 31		*For the year ended December 31*	
($'000, unless otherwise stated)	**2018**	2017	**2018**	2017
(Loss)/income from continuing operations	**(1,830)**	6,116	**1,775**	23,337
Refinancing transaction costs	**—**	—	**5,658**	—
Business reorganization and integration costs	**8,541**	5,495	**14,375**	12,755
Initial public offering and related costs	**—**	—	**9,923**	—
Amortization of acquisition related intangibles	**1,647**	1,763	**6,625**	5,168
Other expenses/(income) (net)	**242**	(404)	**412**	(2,082)
Share of profit of equity-accounted investees	**(462)**	18	**(2,415)**	(1,992)
Effect of changes in tax rates	**—**	(9,312)	**—**	(9,312)
Taxes related to the above noted items	**(2,389)**	(2,094)	**(6,633)**	(4,209)
Adjusted Net Income	**5,749**	1,582	**29,720**	23,665
Weighted-average number of common shares	**53,477**	31,607	**45,940**	31,492
Adjusted basic earnings per share (in $)	**0.11**	0.05	**0.65**	0.75
Equity instruments with a dilutive effect – share options	**635**	833	**963**	1,108
Weighted-average number of common shares (diluted)	**54,112**	32,440	**46,903**	32,600
Adjusted diluted earnings per share (in $)	**0.11**	0.05	**0.63**	0.73

Pro Forma Basic and Diluted Earnings per Share

Pro Forma Earnings per Share reflects historical earnings per share recast using the number of common shares outstanding for the relevant period end dates, after giving effect to the share reorganization transaction on February 28, 2018 where the minority shareholders' equity interests in IPL Inc. were exchanged for 47,238,242 shares in IPL Ltd. It also gives effect to the Scheme of Arrangement pursuant to which the holders of ordinary shares exchanged their shares for Class B common shares on the basis of five shares of IPL Ltd for one Class B common share in IPL Plastics Inc. Finally, the Pro Forma Earnings per Share gives effect to the number of common shares issued on closing of the initial public offering and the number of shares redeemed with respect to the Buy-Back Option.

	Three months ended December 31		*For the year ended December 31*	
($'000, unless otherwise stated)	**2018**	2017	**2018**	2017
(Loss)/income from continuing operations	**(1,830)**	6,116	**1,775**	23,337
Weighted-average number of common shares	**53,477**	31,607	**45,940**	31,492
Pro-forma adjustment for shares issued on share reorganization	**—**	9,448	**1,496**	9,448
Pro-forma adjustment for shares issued on initial public offering	**—**	14,200	**6,983**	14,200
Pro-forma adjustment for shares redeemed with respect to the Buy-Back Option	**—**	(2,086)	**(1,014)**	(2,086)
	53,477	53,169	**53,405**	53,054
Pro Forma Basic earnings per share (in $)	**(0.03)**	0.12	**0.03**	0.44
Equity instruments with a dilutive effect – share options(1)	**635**	833	**963**	1,108
Weighted-average number of common shares (diluted)	**54,112**	54,002	**54,368**	54,162
Pro Forma Diluted earnings per share (in $)	**(0.03)**	0.11	**0.03**	0.43

(1) After giving effect to the Scheme of Arrangement pursuant to which the holders of ordinary shares exchanged their shares for Class B common shares on the basis of five shares of IPL Ltd for one Class B common share in IPL Plastics Inc.

Pro Forma Adjusted Basic and Adjusted Diluted Earnings per Share

The Pro Forma Adjusted Earnings per Share is defined as the Adjusted Net Income divided by the same pro forma number of common shares outstanding. In the case of the Pro Forma Diluted Earnings per Share and the Pro Forma Adjusted Diluted Earnings per Share, the number of outstanding common shares is adjusted for the effects of options with a dilutive impact.

	Three months ended December 31		*For the year ended December 31*	
($'000, unless otherwise stated)	**2018**	2017	**2018**	2017
Adjusted Net Income	**5,749**	1,582	**29,720**	23,665
Weighted-average number of common shares	**53,477**	31,607	**45,940**	31,492
Pro-forma adjustment for shares issued on share reorganization	**—**	9,448	**1,496**	9,448
Pro-forma adjustment for shares issued on initial public offering	**—**	14,200	**6,983**	14,200
Pro-forma adjustment for shares redeemed with respect to the Buy-Back Option	**—**	(2,086)	**(1,014)**	(2,086)
	53,477	53,169	**53,405**	53,054
Pro Forma Adjusted basic earnings per share (in $)	**0.11**	0.03	**0.56**	0.45
Equity instruments with a dilutive effect – share options(1)	**635**	833	**963**	1,108
Weighted-average number of common shares (diluted)	**54,112**	54,002	**54,368**	54,162
Pro Forma Adjusted diluted earnings per share (in $)	**0.11**	0.03	**0.55**	0.44

(1) After giving effect to the Scheme of Arrangement pursuant to which the holders of ordinary shares of IPL Ltd exchanged their shares for Class B common shares on the basis of five ordinary shares of IPL Ltd for one Class B common share.

Reconciliation of Pro Forma Total Shareholders' Equity:

The table below details the Pro Forma Total Shareholders' Equity position of the Company at the various period ends. Pro Forma Total Shareholders' Equity is defined as the Total Shareholders' Equity giving effect to the settlement of the Put Liability.

	As at December 31	*As at December 31*
($'000)	**2018**	2017
Total shareholders' equity	**347,242**	99,197
Put Liability arising on Equity investments by Non-Controlling Interests	**—**	143,622
Pro Forma Total Shareholders' Equity	**347,242**	242,819

Reconciliation of Net Debt:

The table below sets out the Net Debt position of the Company at the various period ends. Net Debt is defined as loans and borrowings and convertible loan notes less cash and cash equivalents, and excludes the Put Liability arising on equity investment by non-controlling interests in IPL Inc.

	As at December 31	*As at December 31*
($'000)	**2018**	2017
Bank loans	**258,431**	286,118
Subordinated term borrowings	**—**	35,280
Finance lease liabilities	**544**	353
Convertible loan notes	**1,420**	1,945
Cash and cash equivalents	**(49,857)**	(47,609)
Net Debt	**210,538**	276,087

Reconciliation of Adjusted Free Cash Flow:

Adjusted Free Cash Flow represents cash generated by IPLP activities and available for reinvestment elsewhere, including the early repayment of debt. It is defined as the net cash flow from operating activities excluding discontinued operations, less finance costs and maintenance capital expenditure amounts paid, adding back business reorganization and integration costs paid, excluding investing and financing related cost, the payment of initial public offering and related costs and other (income)/expenses (received)/paid.

	Three months ended December 31		*For the year ended December 31*	
($'000)	**2018**	2017	**2018**	2017
Net cash flows from operating activities	**21,835**	38,393	**18,669**	53,991
Initial public offering and related costs paid	**2,564**	—	**9,923**	—
Business reorganization and integration costs paid (excluding investing and financing related costs)	**3,961**	4,174	**8,092**	8,587
Other income received	**(150)**	(1,581)	**(205)**	(1,412)
Adjusted net cash flow from/ (used in) operating activities	**28,210**	40,986	**36,479**	61,166
Maintenance capital expenditure	**(1,661)**	(2,241)	**(8,672)**	(6,320)
Finance costs paid	**(3,549)**	(4,775)	**(13,770)**	(15,120)
Adjusted Free Cash Flow	**23,000**	33,970	**14,037**	39,726

Additional Information

Additional information relating to our Company, including our most recent quarterly report and the annual and quarterly reports filed on March 15, 2019, is available on SEDAR at www.sedar.com and on the Company's website at www.iplpgroup.com.

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