# IPL Plastics Inc. Reports Fourth Quarter and Fiscal 2018 Financial Results

## *IPLP also announces its expansion into continental Europe with the acquisition of Loomans Group N.V. in Belgium*

**Montreal, QC, March 15, 2019** – IPL Plastics Inc. ("IPL Plastics", "IPLP", the "Group" or the "Company") (TSX: IPLP) today reported financial results for the fourth quarter and year ended December 31, 2018 ("Q4 2018" and "Fiscal 2018"). IPL Plastics also announced the signing of a Share Purchase Agreement ("SPA") to acquire Loomans Group N.V. ("Loomans") for a total consideration of $85.5 million, financed by existing cash resources and credit facilities. The transaction is due to close by the end of March 2019.

All financial information is in U.S. dollars unless otherwise noted. Certain metrics, including those expressed on an adjusted basis, are non-IFRS measures. See "Non-IFRS Financial Measures" below.

**Q4 2018 and Fiscal 2018 Highlights**

- Revenue increased by 21.4% to $162.0 million in Q4 2018 and by 22.7% to $657.8 million in Fiscal 2018;
- Adjusted EBITDA was $17.7 million in Q4 2018 and $78.0 million in Fiscal 2018. The positive impact of continued organic growth was offset by a change in product mix and by input cost pressures, particularly from high resin prices;
- Net loss was $1.8 million in Q4 2018 with an overall Net Income of $1.8 million for Fiscal 2018;
- Adjusted Net Income was $5.7 million in Q4 2018 and $29.7 million in Fiscal 2018;
- Net Debt has reduced by 23.7% to $210.5 million as at December 31, 2018;
- Net capital expenditures of property, plant and equipment amounted to $52.9 million in Fiscal 2018;
- The Company commenced business optimization measures to improve margins in its Large Format Packaging and Environmental Solutions ("LF&E") division in North America; and
- Moved to one single class of share with the automatic conversion of all outstanding Class B shares into common shares on December 28, 2018.

**Acquisition of Loomans Group N.V.**

The Company announced that, subject to closing conditions, it had signed an SPA to acquire 100% of Loomans Group N.V. 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 in 2018 reflecting an EV/EBITDA multiple of 7.7 times. Loomans has its operations and headquarters in Belgium and will be integrated into our Consumer Packaging Solutions ("CPS") business in Europe.

Loomans is an impressive, single site tooling and plastics manufacturing business, with significant in-mold labelling expertise, operating for over fifty years. The acquisition is consistent with IPL Plastics' acquisition strategy. It diversifies the Group's geographic footprint, adding new capacity and capabilities to serve a broader customer base such as the cosmetic / personal care and beverage sectors in the consumer space. Loomans has a well-established, blue chip customer base in continental Europe and provides IPL Plastics with a strong platform for future growth in this region and opportunities for tooling synergies and cross selling opportunities.

On an Adjusted Earnings per Share basis, the acquisition is expected to be mid to high single digit accretive in Fiscal 2019. In Fiscal 2018 Loomans had Adjusted EBITDA margins of approximately 20% on revenue of $57.0* million. Financial leverage is expected to initially increase to approximately 3.5 times the trailing twelve month Adjusted EBITDA of the enlarged entity as at March 31, 2019 with a reduction to pre-acquisition levels of 2.7 times forecast by December 31, 2019.

**Q1 2019 Trading Update**

* (based on unaudited Fiscal 2018 financial statements)

Trading year to date in LF&E and CPS divisions is satisfactory. The Returnable Packaging Solutions ("RPS") division is experiencing temporary trading issues due to weather and seasonality which is impacting agricultural bin sales. In addition, the third party responsible for roll out of the automotive bins is experiencing logistical difficulties, causing delays in the integration of these bins with the end customer's supply chain, leading to a deferral of further automotive purchase orders until the second half of Fiscal 2019. This is to allow time to facilitate the current back log of automotive bin stocks to be fully integrated into the end customers' logistics fleet. Notwithstanding these temporary issues management expects Adjusted EBITDA for the RPS division for Fiscal 2019 to be at least in line with Fiscal 2018.

Commenting on the results, **Alan Walsh, CEO of IPL Plastics** said "the 2018 results were satisfactory given the sustained increases in resin, labor and freight throughout the year and the significant level of restructuring initiatives completed by management to transition to a fully listed public company in June 2018.

During Q1 2019, our RPS business is experiencing temporary trading issues, notwithstanding which, we expect that RPS's Adjusted EBITDA performance in Fiscal 2019 to be at least in line with 2018. Our LF&E and CPS divisions are trading satisfactorily. With the progress we have made with our resin procurement strategies and the implementation of the business optimization programme, we are focused on maximizing the profitability of our existing product portfolio and market positions. Our 2019 expectation is for an overall solid improvement in the Group's trading performance reflecting the benefits of the various initiatives we have taken and the underlying robustness of our business.

We are also delighted to announce the acquisition of Loomans, a business we have been tracking since 2015. Loomans will add geographic, customer and sector diversification which will enable IPL Plastics to participate in new and existing customer growth plans in continental Europe and also provides us with in-house tooling manufacturing capabilities."

**Financial Results and Company Developments**

| **($million, unless otherwise specified)** | **Q4 2018** | **Q4 2017** | **Fiscal 2018** | **Fiscal 2017** |
|---|---|---|---|---|
| Revenue | 162.0 | 133.4 | 657.8 | 535.9 |
| Gross Profit | 25.7 | 24.1 | 109.2 | 108.0 |
| Adjusted EBITDA | 17.7 | 19.1 | 78.0 | 80.1 |
| Net (Loss)/Income | (1.8) | 5.5 | 1.8 | 22.7 |
| Adjusted Net Income | 5.7 | 1.6 | 29.7 | 23.7 |
| Adjusted Diluted Earnings Per Share (in $) | 0.11 | 0.05 | 0.63 | 0.73 |
| Pro Forma Adjusted Diluted Earnings Per Share (in $) | 0.11 | 0.03 | 0.55 | 0.44 |

Q4 2018 revenue increased 21.4% to $162.0 million, compared to $133.4 million in in the three months ended December 31, 2017 ("Q4 2017"). The increase was primarily driven by continued organic volume growth and price increases in all three of the Company's divisions, particularly the CPS and RPS divisions. In the RPS business, unit bin sales increased by 52.6% in Q4 2018 when compared with Q4 2017 driven primarily by automotive market sales.

Gross profit increased to $25.7 million in Q4 2018, compared to $24.1 million in Q4 2017. Gross profit margin for Q4 2018 was 15.9%, compared to 18.0% in Q4 2017. Adjusted EBITDA was $17.7 million in Q4 2018, compared to $19.1 million in Q4 2017. Adjusted EBITDA margins contracted across all divisions in Q4 2018 relative to Q4 2017. The reductions in gross profit margin, Adjusted EBITDA and Adjusted EBITDA margin in Q4 2018 were primarily driven by input cost pressures from resin and labor, in addition to changes in the product mix, partially offset by continued organic growth in all divisions.

Net loss in Q4 2018 was $1.8 million, compared to net income of $5.5 million in Q4 2017. The variance was primarily attributable to additional business reorganization and integration costs and reduced income tax credit in Q4 2018. Adjusted Net Income was $5.7 million in Q4 2018, an increase of $4.1

million compared to $1.6 million in the prior year. The increase was driven in part by a reduction in finance costs and the reduction of our Fiscal 2018 corporation tax charge. Adjusted Diluted Earnings Per Share were $0.11 in Q4 2018, compared to $0.05 in Q4 2017. On a pro forma basis, Adjusted Diluted Earnings Per Share were $0.11 in Q4 2018 and $0.03 in Q4 2017.

Adjusted Free Cash Flow was an inflow of $23.0 million in Q4 2018, compared to $34.0 million in the prior year. The reduction was primarily the result of reduced cash flows from operating activities as a result of lower Adjusted EBITDA and the reduced unwind of the working capital position compared to Q4 2017.

**Business Optimization Program: *Fitter for Continued Growth***

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 the LF&E division in North America with the target of restoring LF&E Adjusted EBITDA margins to the mid-teens by Fiscal 2020. In Q4 2018, a charge of $4.6 million was recognised in our financial statements covering measures taken under the optimisation program.

**Outlook**

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

Financial 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, the Company expects, all other things being unchanged, the impact of the recently negotiated resin procurement tender process and polypropylene price reductions to benefit its results in Fiscal 2019 when compared with Fiscal 2018. Resin prices are expected to remain relatively stable in the near term.

Trading in the LF&E and CPS divisions in the two months to the end of February 2019 has been satisfactory. The RPS division is experiencing temporary delays in Q1 2019 in securing agricultural bin sales, which we expect to make up during the remainder of Fiscal 2019. The delays are due in part to the severe adverse weather conditions on the U.S. west coast which severely curtailed deliveries. In addition, during Q1 2019 a third-party logistics provider responsible for the roll out of the automotive bins informed the Company that as a consequence of its logistical difficulties, it has a significant backlog of bin stocks not yet incorporated into the logistical bin fleet of the primary automotive end customer and 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 management therefore continues to be optimistic that this product will generate significant future sales. The Company has taken corrective action to streamline its cost base and has actively engaged with other automotive producers with a view to diversifying its customer base and accelerating other revenue generating opportunities. Notwithstanding the issues noted above, Adjusted EBITDA for the RPS division for Fiscal 2019 is expected 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.

Management expect, in the absence of new capital investment growth opportunities underpinned by customer contracts, that 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 the major capital investment program comes to an end. This estimate is based on the following assumptions, among others: (i) that 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.

**Consolidated Financial Statements and Management's Discussion and Analysis**

The Company's audited consolidated financial statements and accompanying notes for the year ended December 31, 2018 and related Management's Discussion and Analysis ("MD&A") are available under the Company's profile on SEDAR at www.sedar.com and in the Investor Relations section of the Company's website at www.iplpgroup.com.

**Conference Call**

Management will host a conference call for investors and analysts to discuss the Company's Q4 2018 results at 1:00 p.m. ET today. The dial-in numbers for participants are +1 416 764 8609 in Canada, +1 888 390 0605 in North America and 1800 939 111 in Ireland. A live webcast of the call will be accessible at: https://event.on24.com/wcc/r/1931735/7F2C701C407CBFE014EDB092504CCD18

A replay of the call will be available until 11:59 pm (ET), on March 26, 2019. To access the replay, call +1 416 764 8677 in Canada or +1 888 390 0541 elsewhere in North America, and enter passcode: 236048#. A transcript of the call will be posted on the Company's website.

**About IPL Plastics**

IPLP is a leading sustainable packaging solutions provider primarily in the food, consumer, agricultural, logistics and environmental end-markets operating in Canada, the U.S, the U.K., Ireland, China and Mexico. IPLP employs approximately 2,000 people and has corporate offices in Montreal and Dublin. For more information, please visit the Company's website at www.iplpgroup.com.

**Forward Looking Statements**

This press release 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 press release include, but are not limited to, statements regarding the Company's anticipated growth opportunities and its outlook for its 2019 revenue and Adjusted EBITDA ,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.

This information reflects the Company's current expectations regarding future events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such risks and uncertainties include, but are not limited to, the factors discussed under "Risk Factors" in the Company's MD&A dated March 15, 2019. This information is based on the Company's reasonable assumptions and beliefs in light of the information currently available to it and the statements are made as of the date of this press release. The Company does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law or regulatory authority.

We caution that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect the Company's results. Readers are urged to consider the risks, uncertainties and assumptions associated with these statements carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. See "Forward-looking Information" and “Risk Factors” within the Company’s MD&A for a discussion of the uncertainties, risks and assumptions associated with these statements.

**Non-IFRS Financial Measures**

This press release 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 Adjusted Basic and Adjusted Diluted Earnings per Share, 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 following tables below show a reconciliation of the non-IFRS measures included in this press release.

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 |
| **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.

| *($'000, unless otherwise stated)* | *Three months ended December 31* **2018** | 2017 | *For the year ended December 31* **2018** | 2017 |
|---|---|---|---|---|
| **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 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 pro forma number of common shares outstanding. The Pro Forma Adjusted 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. In the case of 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.

| *($'000, unless otherwise stated)* | *Three months ended December 31* **2018** | 2017 | *For the year ended December 31* **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 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.

| *($'000)* | *As at December 31* **2018** | *As at December 31* 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 relates 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 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 |


**Investor Enquiries**

Alan Walsh, Chief Executive Officer + 353 1 612 1375
Pat Dalton, Chief Financial Officer + 353 1 612 1377
Paul Meade, Head of Investor Relations +353 87 0655368
www.iplpgroup.com

**Media Enquiries**

**Canada**: Phil Koven, Bay Street Communications +1 647 496 7858
**Ireland**: Tom McEnaney, McEnaney Media +353 87 2222 666