Q1 2019 – IPL Plastics Inc.

Management’s Discussion and Analysis of Financial Condition and Results of Operations

CONTENTS **Page**

IPL Plastics Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three-month period ended March 31, 2019

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 May 9, 2019. It should be read in conjunction with our unaudited condensed consolidated interim financial statements and accompanying notes as at and for the three months ended March 31, 2019 and 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 ended March 31, 2019, "**Q1 2018**" are to the three-month period ended March 31, 2018, "**Q2 2019**" are to the three-month period ended June 30, 2019, "**Q3 2019**" are to the three-month period ended September 30, 2019 and to "**Q4 2018**" are to the three-month period ended December 31, 2018. 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 15 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.

On March 28, 2019, we completed the acquisition of 100% of the share capital of Loomans Group N.V. ("**Loomans**") for a total consideration including acquired debt of approximately $85.5 million (€75.0 million), funded from existing cash resources and credit facilities. Loomans has its operations and headquarters in Belgium and will be integrated into our Consumer Packaging Solutions ("**CPS**") business in Europe. Loomans is a well invested, single site plastic business, operating for over fifty years. The acquisition of Loomans is consistent with IPL Plastics' acquisition strategy. It diversifies our 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, long standing customer base in continental Europe and provides IPL Plastics with a strong platform for future growth in this region enabling us to participate in new and existing customers' growth plans in continental Europe.

We continue to own a small metals recycling business based in the U.K. The revenue from this business amounts to 4.0% of our consolidated revenues for Q1 2019. 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 structure our business across our three-primary market-facing activities; Large Format Packaging and Environmental Solutions ("**LF&E**"), which serves the North American and European markets, ("**CPS")**, which serves the North American and European markets and Returnable Packaging Solutions ("**RPS**"), which serves the North American and European markets.

The unaudited condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2019 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("**IASB**"). The International Financial Reporting Standards ("**IFRS**") issued and effective from January 1, 2019 have been applied in the preparation of these unaudited condensed consolidated interim financial statements and the impact of these IFRS on the financial information is discussed in further detail in the **"Accounting Standards Implemented for Fiscal 2019"** section of this MD&A. 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 March 31, 2019 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 and 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 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; *Caisse de dépôt et placement du Québec* (“**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.

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. 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 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 Governments' new 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 Q1 2019, approximately 48.5% (Q1 2018: 51.7%) 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 in 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 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 Fiscal 2018 with further increases planned for Fiscal 2019. However, the positive impact of the Fiscal 2018 price increases were eroded by further increases in the price of resin during that period.

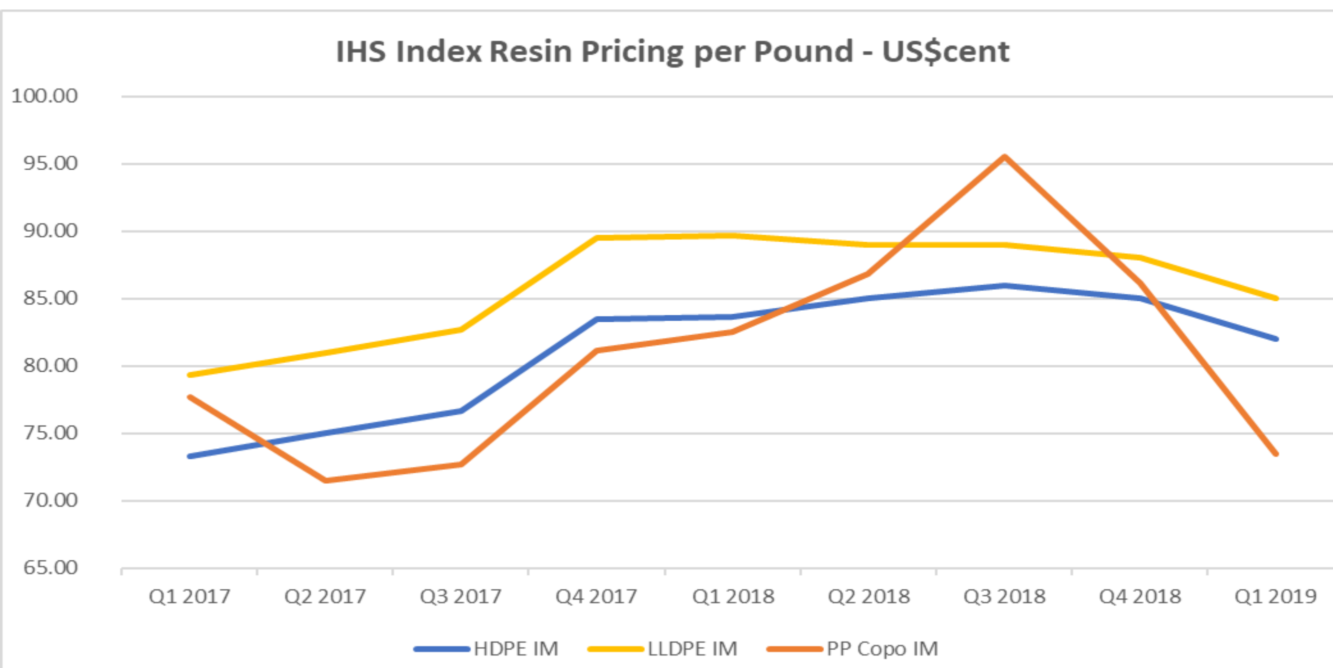
Between Q4 2018 and Q1 2019, the average price of polyethylene and polypropylene resins decreased by approximately 3% and 15% respectively. Due to the inventory holding levels, cyclicality of demand in our business and the nature of the production process, the impact of these price reductions has started to positively impact our Q1 2019 statements of income, particularly with respect to polypropylene and we expect will continue to do so in Q2 2019. 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.

During Q1 2019, our RPS business implemented a new resin strategy to hedge a significant portion of the Q2 2019 and Q3 2019 agricultural related resin purchases. 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. As such, this resin strategy will partially mitigate against the risk related to resin price movements in Q2 2019 and Q3 2019.

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 periods ended March 31, 2019 and 2018 respectively:

	Three months ended March 31		
($'cent)	**2019**	2018	% Change
Polyethylene (HDPE IM)	**82.00**	83.67	(2.0%)
Polyethylene (LLDPE IM)	**85.00**	89.67	(5.2%)
Polypropylene (PP Copo IM)	**73.50**	82.50	(10.9%)



The average price of polypropylene resin per the IHS index has reduced further in Q1 2019 following the initial reductions in Q4 2018 as can be seen in the chart above. Polyethylene resin prices has remained broadly flat with the price at the end of Fiscal 2018 but remains relatively high when compared with prices prior to Q4 2017 when resin prices increased significantly.

In our European business, the average price of polypropylene resin per the index decreased by 1.6% in Q1 2019 compared with Q1 2018, while polyethylene prices have remained broadly flat.

We estimate that the changes in resin prices in Q1 2019 compared with Q1 2018 have resulted in an improvement of the Company's gross margin and Adjusted EBITDA margin of 1.5% in Q1 2019, assuming revenue and other input costs remained constant year over year.

Direct and Indirect Labor

Direct and indirect labor costs amounted to approximately 18.0% of cost of sales (Q1 2018: 16.6%) and 69.2% (Q1 2018: 66.9%) of the total labor costs in Q1 2019 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 7.1% in Q1 2019 (Q1 2018: 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 Fiscal 2017. The increases have been driven by increased fuel pricing and the reduced capacity in the freight market, because of charges in truck driver regulations in North America and challenges related to availability of labor in North America due to the levels of employment. These factors have added pressure to the Company's operating margins for Fiscal 2019 and Fiscal 2018. During Fiscal 2018, 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.

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. This has continued into Q1 2019 where in absolute U.S. dollar terms, freight costs reduced to by $0.9 million in Q1 2019 when compared with Q1 2018 in addition to the reduction as a percentage of cost of sales noted above.

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 Fiscal 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 have and will continue to enable the Company to accelerate its geographic expansion and customer reach to meet significant and growing market demand for its products. The cash outflow with respect to capital purchases of property, plant and equipment in Fiscal 2018 and Fiscal 2017 amounted to approximately $103.4 million in total, with $88.4 million related to strategic and development capital expenditure and $15.0 million of maintenance capital expenditure in the two-year period. The major capital investment program which is nearing completion 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. In Q1 2019, no significant disruption costs were deemed to have arisen in relation to the start-up and integration of the major capital expansion projects at our facilities and as such business reorganization and integration costs for Q1 2019 does not include any disruption costs.

Cash outflow with respect to capital purchases of property, plant and equipment in Q1 2019 amounted to $14.5 million (Q1 2018: $22.2 million) with $11.1 million related to strategic and development capital expenditure and $3.4 million of maintenance capital expenditure.

Foreign Exchange

The U.S., the U.K. and Canada are our three largest geographical markets in terms of revenue. Approximately 53.9% of our Q1 2019 (50.6% of revenue in Q1 2018) revenue was delivered to destinations outside of the U.S. with the largest portion of this from our U.K. and Canadian operations. The volume of our RPS business outside of the U.S. has also increased in Q1 2019 when compared with Q1 2018. Following the acquisition of Loomans, we expect a further increase in revenue to destinations outside of the U.S. from Q2 2019. Both our U.S. and Canadian based operations supply products into the U.S. market. As our unaudited condensed consolidated interim 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 strengthened against the Canadian dollar, Pound Sterling and euro in Q1 2019 compared to Q1 2018 by approximately 5%, 7% and 8% respectively.

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 late summer and fall, 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 LF&E, CPS 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 Q1 2019 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 81.5% and 83.4% of revenue in Q1 2019 and Q1 2018 respectively. The reasons for the reduction in cost of sales as a percentage of revenue in Q1 2019 compared to Q1 2018 is detailed in the **"Results of Operations for Q1 2019 compared to Q1 2018"** section below.

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 13.9% and 12.0% of revenue in Q1 2019 and Q1 2018 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 and Diluted Earnings per Share, Pro Forma Adjusted Basic and Adjusted Diluted Earnings per Share, 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 periods ended March 31, 2019 and 2018 has been derived from our unaudited condensed consolidated interim financial statements and related notes.

	Three months ended March 31	
($'000, unless otherwise stated)	**2019**	2018
Statement of Income Data:		
Continuing operations		
Revenue	**141,781**	148,321
Cost of sales	**(115,598)**	(123,764)
Gross profit	**26,183**	24,557
Gross profit margin	**18.5%**	16.6%
Operating expenses	**(19,737)**	(17,734)
Initial public offering and related costs	—	(1,481)
Business reorganization, acquisition and integration costs	**(2,567)**	(1,429)
Operating profit	**3,879**	3,913
Other income (net)	**20**	129
Finance costs (net)	**(3,927)**	(4,171)
Loss before income taxes	**(28)**	(129)
Income tax credit	**1,105**	1,546
Net Income	**1,077**	1,417
Adjusted EBITDA(1)	**17,266**	17,054
Adjusted EBITDA Margin(1)	**12.2%**	11.5%
Adjusted EBIT(1)	**6,446**	6,823
Adjusted Net Income(1)	**4,428**	5,121
Earnings per Share from continuing operations (in $):		
Basic	**0.02**	0.04
Diluted	**0.02**	0.04
Adjusted Basic(1)	**0.08**	0.15
Adjusted Diluted(1)	**0.08**	0.14
Pro Forma Earnings per Share from continuing operations (in $)(1):		
Basic	**0.02**	0.03
Diluted	**0.02**	0.03
Adjusted Basic	**0.08**	0.10
Adjusted Diluted	**0.08**	0.09
Cash Flow Data:		
Net cash flows used in operating activities	**(5,138)**	(19,859)
Net cash flows used in investing activities	**(57,498)**	(21,347)
Net cash flows from financing activities	**59,790**	32,824
Adjusted Free Cash Flow(1)	**(7,294)**	(23,729)
Balance Sheet Data (at period end)(2):	**March 31, 2019**	**Fiscal 2018**
Cash and cash equivalents	**47,052**	49,857
Property, plant and equipment and right-of-use asset	**327,336**	264,205
Total assets	**887,400**	751,629
Total loans and borrowings and lease liabilities	**384,230**	258,975
Total liabilities	**535,699**	404,387
Total shareholders' equity	**351,701**	347,242
Net Debt(1)	**317,560**	210,538

(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**".

(2) Balance Sheet data is shown as at March 31, 2019 and December 31, 2018.

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 Q1 2019 as compared to Q1 2018, include the following:

- Revenue decreased 4.4% to $141.8 million in Q1 2019 due to a negative foreign exchange translation impact in our LF&E and CPS divisions from the strengthening U.S. dollar and the temporary trading delays in Q1 2019 experienced in our RPS division offset by volume growth in our LF&E business in Europe and the CPS business in North America;

- Gross profit, gross profit margin, Adjusted EBITDA and Adjusted EBITDA margins all increased in Q1 2019 when compared with Q1 2018. The increases were driven primarily by decreases in resin input costs, other operational improvements and the positive impact of the adoption of IFRS 16 offset by increases in the cost of labor, additional operating expenses following completion of the IPO and the temporary trading issues in the RPS division;

- In January 2019, we completed the disposal of our 25% investment in Rilta Environmental Limited ("**Rilta**") and the early settlement of the associated unsecured vendor loan note for total proceeds of €8.25 million ($9.5 million). The results for Q1 2019 include an overall gain of $0.9 million in respect of this transaction included in business reorganization, acquisition and integration costs

- Cash outflow with respect to capital purchases of property, plant and equipment reduced to $14.5 million in Q1 2019 (Q1 2018: $22.2 million), with $11.1 million related to strategic and development capital expenditure and $3.4 million of maintenance capital expenditure;

- Net Debt has increased from $210.5 million at December 31, 2018 to $317.6 million at March 31, 2019 as the Company used a portion of the credit facilities available to complete the acquisition of Loomans. The Company's financial leverage ratio for Net Debt to the last twelve months Adjusted EBITDA including the pre-acquisition period of Loomans as at March 31, 2019 was 3.55, an increase from 2.70 at December 31, 2018 that was driven primarily by the acquisition of Loomans;

- The Company acquired 100% of the share capital of Loomans on March 28, 2019. The CPS operating segment contains the results of Loomans and for Q1 2019 includes the trading activity from the date of acquisition. The results for Q1 2019 include revenue and Adjusted EBITDA contribution from Loomans of approximately $0.4 million and $0.05 million respectively. Business reorganization, acquisition and integration costs for Q1 2019 include acquisition related costs of $1.4 million for the Loomans transaction. The Company's statement of financial position at March 31, 2019 has consolidated net assets of Loomans in the amount of $25.9 million and additional goodwill of $44.9 million in respect of the transaction has also been recorded. This is outlined in further detail in the "**Consolidated Financial Position**" section below.;

- On February 28, 2018, the minority shareholders' equity interests in IPL Inc., a subsidiary of the Company, were exchanged for 47,238,242 shares in IPL Plastics Ltd ("**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 Caisse de dépôt et placement du Québec ("**CDPQ**") and Fonds de solidarité des travailleurs du Québec (F.T.Q.) ("**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). On March 13, 2019, we obtained an increase to the Revolving Credit Facility in the amount of €90.0 million ($101.7 million) to fund the acquisition of Loomans, see **"Liquidity and Capital Resources"**;

- The Company closed its Initial Public Offering ("**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. The significant transactions below followed the closing of the IPO in Fiscal 2018; and

    - 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 Toronto Stock Exchange ("**TSX**").

• 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 well underway with satisfactory progress been made in Q1 2019. A number of specific actions with respect to operational improvement and efficiencies have started to contribute to margin enhancement and sustainable profit growth primarily in our LF&E division in North America.

Summary Results of Operations

The historical financial information for the three-month periods ended March 31, 2019 and March 31, 2018 summarized below is derived from the unaudited condensed consolidated interim financial statements and accompanying notes for the period ended March 31, 2019, 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 Q1 2019 compared to Q1 2018

Revenue

	Three months ended March 31			
($'000)	**2019**	**2018**	**Variance**	**% Variance**
Revenue	**141,781**	148,321	(6,540)	(4.4%)
Large Format Packaging and Environmental Solutions	**74,192**	75,592	(1,400)	(1.9%)
North America	**46,441**	51,406	(4,965)	(9.7%)
Europe	**27,751**	24,186	3,565	14.7%
Consumer Packaging Solutions	**45,284**	44,992	292	0.6%
North America	**34,826**	33,798	1,028	3.0%
Europe	**10,458**	11,194	(736)	(6.6%)
Returnable Packaging Solutions	**16,588**	21,809	(5,221)	(23.9%)
Other	**5,717**	5,928	(211)	(3.6%)

Revenue was $141.8 million in Q1 2019 compared to $148.3 million in Q1 2018, a decrease of $6.5 million or 4.4%, with the decrease due primarily to a negative foreign exchange translation impact from the strengthening U.S. dollar of approximately $4.4 million and the temporary delays in Q1 2019 experienced in our RPS division. These decreases were offset by continued organic volume growth primarily in our LF&E business in Europe and the CPS business in North America and price increases.

Revenue in the LF&E segment was $74.2 million in Q1 2019 ($46.4 million in North America and $27.8 million in Europe), a decrease of $1.4 million or 1.9% on Q1 2018. The revenue decline of $5.0 million for LF&E in the North American market was primarily attributable to reductions in sales across the business and negative foreign exchange impact offset by the positive impact of a general selling price increase implemented in the second half of Fiscal 2018 and the timing of passthrough of resin price movements. The European business contributed revenue of $27.8 million for Q1 2019, which was $3.6 million ahead of Q1 2018 revenue of $24.2 million. The 14.7% increase in revenue in the European LF&E business in Q1 2019 was driven by strong organic volume growth related to new environmental container rollouts, increased demand in the industrial product category and continued growth in bulk packaging. There was an unfavorable impact in both Europe and North America due to foreign exchange rate movements in Q1 2019 compared with Q1 2018.

Revenue in the CPS segment was $45.3 million in Q1 2019 ($34.8 million in North America and $10.5 million in Europe), which is slightly ahead of Q1 2018 revenue of $45.0 million. CPS revenue growth in the North American market was $1.0 million in Q1 2019 when compared with Q1 2018, offset by a reduction of $0.7 million in Europe. The growth in the North American market is primarily attributable to volume growth in existing business offset by the impact of foreign exchange movements. The reduction in revenue from our European business was primarily driven by a temporary reduction in demand from our largest customer in Europe as they manage their inventory holding levels offset by increased sales volumes in our food packaging products and the contribution of $0.4 million from Loomans from date of acquisition on March 28 to March 31, 2019. There was an unfavorable impact in both Europe and North America due to foreign exchange rate movements in Q1 2019 compared with Q1 2018.

Revenue in the RPS segment was $16.6 million in Q1 2019, a decrease of $5.2 million, from $21.8 million in Q1 2018. The decrease in the RPS business on Q1 2018 is primarily driven by the temporary delays experienced in Q1 2019 in securing agricultural bin sales due to amongst other factors, the severe adverse weather conditions in the U.S. 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, there is a significant backlog of bin stocks not yet incorporated into the logistical bin fleet of the primary automotive end customer and they would be delaying placing further purchase orders until later in Fiscal 2019. The reduction in the automotive and agricultural product areas was offset by volume growth on the MacroTrac product. Overall, bin sales in units reduced by 42.7% in Q1 2019 when compared with Q1 2018 driven primarily by the temporary trading factors outlined.

Cost of Sales

	Three months ended March 31			
($'000)	**2019**	**2018**	**Variance**	**% Variance**
Cost of Sales	**(115,598)**	(123,764)	8,166	(6.6%)
Large Format Packaging and Environmental Solutions	**(60,360)**	(64,600)	4,240	(6.6%)
Consumer Packaging Solutions	**(36,536)**	(37,048)	512	(1.4%)
Returnable Packaging Solutions	**(14,679)**	(18,093)	3,414	(18.9%)
Other	**(4,023)**	(4,023)	0	0.0%
Cost of Sales (% of Revenue)	**(81.5%)**	(83.4%)	1.9%	(2.3%)
Large Format Packaging and Environmental Solutions	**(81.4%)**	(85.5%)	4.1%	(4.8%)
Consumer Packaging Solutions	**(80.7%)**	(82.3%)	1.6%	(1.9%)
Returnable Packaging Solutions	**(88.5%)**	(83.0%)	(5.5%)	6.6%
Other	**(70.4%)**	(67.9%)	(2.5%)	3.7%

Cost of sales was $115.6 million in Q1 2019 compared to $123.8 million in Q1 2018, a decrease of $8.2 million or 6.6%. As a percentage of revenue, cost of sales was 81.5% in Q1 2019 compared to 83.4% in Q1 2018. The primary reason for the decrease in cost of sales in Q1 2019 compared to Q1 2018 was the reduction in revenue as noted in the section above, the impact of the strengthening U.S. dollar and decreases in resin prices offset by increases in labor costs due to the challenges of a full employment market. The reduction in cost of sales as a percentage of revenue was driven by these same factors together with a focus on operational improvements and efficiencies primarily in our LF&E business in North America. We estimate, that the movements in resin prices and the decreases in North America in particular have resulted in an improvement in the Company's gross margin by 1.5% and Adjusted EBITDA margin by 1.5% in Q1 2019, assuming revenue and other input costs remained constant year on year. Foreign exchange movements in Q1 2019 compared to Q1 2018 resulted in lower cost of sales for our LF&E and CPS divisions as the U.S. dollar strengthened against the Canadian dollar, Pound Sterling and euro.

Cost of sales in our LF&E business decreased by $4.2 million on an absolute basis and as a percentage of revenue from 85.5% in Q1 2018 to 81.4% in Q1 2019. The decrease on an absolute basis is primarily driven by the sales decrease in our North American business but also due to the reductions in resin prices and increased resin savings, freight costs and operational improvement measures. Freight costs as a percentage of revenue has decreased from 7.1% in Q1 2018 to 5.8% in Q1 2019. These factors have also contributed to a reduction in our cost of sales as a percentage of revenue and improvement in gross margin. In our European business, cost of sales has increased in line with the 14.7% increase in revenue in the period. There was a favorable impact in both Europe and North America due to foreign exchange rate movements in Q1 2019 compared with Q1 2018.

Cost of sales in our CPS business decreased by $0.5 million during Q1 2019 and cost of sales as a percentage of revenue decreased by 1.6%, from 82.3% in Q1 2018 to 80.7% in Q1 2019. In our North American business, decreases in the cost of resin in Q1 2019 and improved freight management processes resulted in improved cost of sales as a percentage of revenue. In addition, in our European business, cost of sales for Q1 2019 decreased compared with Q1 2018, driven primarily by the reduction in revenue as detailed in the section above offset by $0.2 million of costs related to the Loomans post acquisition trading period. There was a favorable impact in both Europe and North America due to foreign exchange rate movements in Q1 2019 compared with Q1 2018.

Cost of sales in the RPS segment was $14.7 million or 88.5% of revenue in Q1 2019 compared with $18.1 million or 83.0% of revenue in Q1 2018. The increase in cost of sales as a percentage of revenue in Q1 2019 is driven by the revenue reduction as a result of the temporary trading delays experienced in Q1 while maintaining the fixed overhead cost base. 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. The decreases in the price of polypropylene resin, which the RPS business uses in its products is expected to positively impact resin costs from Q2 2019 onwards as the current raw material and finished goods balances are sold through to the customer.

Operating Expenses

($'000)	*Three months ended March 31* **2019**	**2018**	**Variance**	**% Variance**
Operating expenses	**(19,737)**	(17,734)	(2,003)	11.3%
Large Format Packaging and Environmental Solutions	**(7,520)**	(7,199)	(321)	4.5%
Consumer Packaging Solutions	**(4,257)**	(4,020)	(237)	5.9%
Returnable Packaging Solutions	**(3,688)**	(3,100)	(588)	19.0%
Other	**(4,272)**	(3,415)	(857)	25.1%
Operating expenses as a % of Revenue	**(13.9%)**	(12.0%)	(1.9%)	15.8%
Large Format Packaging and Environmental Solutions	**(10.1%)**	(9.5%)	(0.6%)	6.3%
Consumer Packaging Solutions	**(9.4%)**	(8.9%)	(0.5%)	5.6%
Returnable Packaging Solutions	**(22.2%)**	(14.2%)	(8.0%)	56.3%
Other	**(74.7%)**	(57.6%)	(17.1%)	29.7%

Operating expenses were $19.7 million in Q1 2019 compared to $17.7 million in Q1 2018, an increase of $2.0 million or 11.3%. As a percentage of revenue, operating expenses were 13.9% in Q1 2019 which is an increase of 1.9% from 12.0% on Q1 2018.

Operating expenses in our LF&E and CPS divisions increased by $0.3 million and $0.2 million in Q1 2019 respectively driven primarily by the impact of a foreign exchange gain on the revaluation of non-functional currency balances in Q1 2018 and $0.1 million of costs in CPS related to the Loomans post acquisition trading period.

Operating expenses in the RPS segment increased by $0.6 million in Q1 2019 to $3.7 million when compared with Q1 2018. This increase is primarily driven by additional international sales costs and foreign exchange losses incurred. For Q1 2019, operating expenses were 22.2% of revenue, compared with 14.2% of revenue in Q1 2018. While, RPS has historically had higher operating expenses as a percentage of revenue than the other businesses, the reduction in revenue has had a large impact on this metric as the fixed SG&A overhead base remained relatively flat despite the sales volume decrease. During Q1 2019, restructuring and redundancy measures were taken to streamline the RPS fixed overhead SG&A cost base. This is detailed in the transaction, reorganization and integration costs section below. We expect to see the full impact of this cost saving measure in Q2 2019.

The increase in operating expenses in our Other segment of $0.9 million is primarily driven by investment in additional SG&A costs and resources to support and develop the business following the completion of the IPO.

Transaction, Reorganization and Integration Costs

Transaction, reorganization and integration costs for Q1 2019 and Q1 2018 consists of business reorganization, acquisition and integration costs and initial public offering and related costs.

($'000)	*Three months ended March 31* **2019**	**2018**	**Variance**	**% Variance**
Acquisition related costs	**(1,404)**	(49)	(1,355)	2765.3%
Gain on disposal of associate	**895**	—	895	100.0%
Business reorganization costs	**(2,058)**	(1,380)	(678)	49.1%
Business reorganization, acquisition and integration costs	**(2,567)**	(1,429)	(1,138)	79.6%
Initial public offering and related costs	**-**	(1,481)	1,481	(100.0%)
Transaction, reorganization and integration costs	**(2,567)**	(2,910)	343	(11.8%)

Transaction, reorganization and integration costs were $2.6 million in Q1 2019 compared to $2.9 million in Q1 2018, a decrease of $0.3 million.

During Q1 2019, we recognized $1.4 million of business reorganization costs with respect to restructuring and redundancy costs related to the streamlining of the RPS fixed overhead cost base following the temporary trading issues experienced by that division in Q1 2019 and a further $0.7 million related to other management restructuring. Acquisition related costs of $1.4 million were recognized in Q1 2019, which is primarily related to the acquisition of Loomans. These costs were offset by a gain of $0.9 million related to the early settlement of an unsecured vendor loan note and the release of potential liabilities following the disposal of our 25% investment in Rilta in Q1 2019.

As discussed in the "**Implementation of Business Strategy and Growth Strategies**" section of this MD&A, no significant disruption costs were deemed to have arisen in relation to the start-up and integration of the major capital expansion projects at our facilities and as such business reorganization, acquisition and integration costs for Q1 2019 does not include any disruption costs. In Q1 2018, $1.4 million of costs were incurred in relation to these projects at our North American facilities. $1.5 million was incurred in Q1 2018 related to planning costs in respect of the initial public offering and related costs.

Finance Costs (net)

	Three months ended March 31			
($'000)	**2019**	2018	Variance	% Variance
Finance costs (net)	**(3,927)**	(4,171)	244	(5.8%)

Net interest expense decreased by $0.3 million to $3.9 million in Q1 2019 (Q1 2018: $4.2 million) due to lower levels of average borrowings, arising primarily from the effect of repaying a net amount of $70.0 million from the Group's bank borrowings and the repayment in Q3 2018 of the unsecured subordinated debentures. The average interest rate paid by the Company in Q1 2019 was 4.60% (Q1 2018: 4.86%). The movement in the average interest rate paid was driven principally by the repayment of the unsecured subordinated debentures in Q3 2018.

Income Taxes

	Three months ended March 31			
($'000)	**2019**	2018	Variance	% Variance
Income tax credit	**1,105**	1,546	(441)	(28.5%)

The net tax credit for Q1 2019 was $1.1 million compared with a credit of $1.5 million in Q1 2018, a reduction of $0.4 million on the prior year. The tax credits in both periods are primarily driven by adjustments to the prior year estimates.

Net Income

	Three months ended March 31			
($'000)	**2019**	2018	Variance	% Variance
Net Income	**1,077**	1,417	(340)	(24.0%)

The net income for Q1 2019 was $1.1 million compared to a net income of $1.4 million in Q1 2018, a decrease of $0.3 million. The decrease was driven primarily by the additional income tax credit in Q1 2018.

Adjusted EBITDA

	Three months ended March 31			
($'000)	**2019**	**2018**	**Variance**	**% Variance**
Adjusted EBITDA(1)	**17,266**	17,054	212	1.2%
Large Format Packaging and Environmental Solutions	**10,848**	8,320	2,528	30.4%
Consumer Packaging Solutions	**7,656**	7,194	462	6.4%
Returnable Packaging Solutions	**953**	2,962	(2,009)	(67.8%)
Other	**(2,191)**	(1,422)	(769)	54.1%
Adjusted EBITDA Margin(1) (% of Revenue)	**12.2%**	11.5%	0.7%	6.1%
Large Format Packaging and Environmental Solutions	**14.6%**	11.0 %	3.6%	32.7%
Consumer Packaging Solutions	**16.9%**	16.0%	0.9%	5.6%
Returnable Packaging Solutions	**5.7%**	13.6%	(7.9%)	(58.1%)

(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 $17.3 million in Q1 2019 compared to $17.1 million in Q1 2018, an increase of $0.2 million or 1.2%. The increase in Adjusted EBITDA was achieved despite a reduction in revenue during Q1 2019 and was driven by decreases in resin input costs and increased resin savings, other operational improvements and positive impact resulting from the adoption of IFRS 16 offset by increases in the cost of labor, additional operating expenses following completion of the IPO and the temporary trading issues in the RPS division. As a result, Adjusted EBITDA margins have improved overall, from 11.5% in Q1 2018 to 12.2% in Q1 2019, with significant improvement in our LF&E and CPS Adjusted EBITDA margins offset by a reduction in RPS due to the temporary trading delays. The adoption of IFRS 16 *Leases* resulted in improvement in Adjusted EBITDA of $1.0 million which was offset by increases in depreciation of $0.8 million and finance costs of $0.2 million in Q1 2019.

Adjusted EBITDA for the LF&E business increased by $2.5 million in Q1 2019, primarily driven by the factors outlined in the revenue and cost of sales sections of this MD&A as Adjusted EBITDA margin improved to 14.6% in Q1 2019, from 11.0% in Q1 2018. The main factors contributing to the improvement in Q1 2019 were reductions in resin input costs and reduced freight costs and other operational improvement measures in North America, continued organic volume growth in the European region across environmental, industrial and bulk packaging product areas and positive impact to Adjusted EBITDA of the adoption of the new accounting standard IFRS 16 *Leases*.

Adjusted EBITDA for the CPS business in Q1 2019 amounted to $7.7 million, an increase of $0.5 million on the $7.2 million achieved in Q1 2018 with Loomans contributing Adjusted EBITDA of $0.05 million in the post-acquisition trading period in Q1 2019. Adjusted EBITDA margin has improved from 16.0% in Q1 2018 to 16.9% in Q1 2019 primarily due to the factors outlined in the cost of sales section of this MD&A. The key items impacting the margin compared to Q1 2018 include resin price reductions, growth in existing business and positive impact to Adjusted EBITDA of the new accounting standard IFRS 16 *Leases*.

Adjusted EBITDA in RPS amounted to $1.0 million for Q1 2019 compared with $3.0 million at Q1 2018, a decrease of $2.0 million. The Adjusted EBITDA margin was 5.7% for Q1 2019, down from 13.6% in Q1 2018. The reduction in Adjusted EBITDA and Adjusted EBITDA margin is primarily driven by temporary trading delays experienced in Q1 2019 in securing agricultural bin sales due to amongst other factors, the severe adverse weather conditions in the U.S. 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, there is a significant backlog of bin stocks not yet incorporated into the logistical bin fleet of the primary automotive end customer and they would be delaying placing further purchase orders until later in 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 $1.3 million in Q1 2019 (Q1 2018: $1.4 million) from the metals recycling business based in the U.K. offset by central overhead costs of $3.5 million (Q1 2018: $2.8 million).

Adjusted EBIT

	Three months ended March 31			
($'000)	**2019**	**2018**	**Variance**	**% Variance**
Adjusted EBIT[(1)]	**6,446**	6,823	(377)	(5.5%)
Large Format Packaging and Environmental Solutions	**6,313**	3,793	2,520	66.4%
Consumer Packaging Solutions	**4,492**	3,924	568	14.5%
Returnable Packaging Solutions	**(1,779)**	616	(2,395)	(388.8%)
Other	**(2,580)**	(1,510)	(1,070)	70.9%

(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 $6.4 million in Q1 2019 compared to $6.8 million in Q1 2018, a decrease of $0.4 million driven primarily by the same factors as those outlined in the Adjusted EBITDA commentary offset by an increase in depreciation and amortization costs of $0.6 million from $10.2 million in Q1 2018 to $10.8 million in Q1 2019 driven primarily by the impact of the adoption of the new accounting standard IFRS 16 *Leases* which was effective from January 1, 2019.

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. 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 our previous quarterly filings on SEDAR.

($'000)	**Q1 2019**	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Revenue	**141,781**	161,987	169,173	178,292	148,321	133,441	157,516	132,338
Net income/(loss)	**1,077**	(1,830)	4,760	(2,574)	1,417	5,529	7,481	10,890
Basic Earnings per Share	**0.02**	(0.03)	0.09	(0.06)	0.04	0.19	0.24	0.34
Diluted Earnings per Share	**0.02**	(0.03)	0.09	(0.06)	0.04	0.19	0.23	0.34
Net income/(loss)– Continuing Operations	**1,077**	(1,830)	4,760	(2,574)	1,417	6,116	7,224	6,040
Basic Earnings per Share – Continuing Operations	**0.02**	(0.03)	0.09	(0.06)	0.04	0.19	0.23	0.19
Diluted Earnings per Share – Continuing Operations	**0.02**	(0.03)	0.09	(0.06)	0.04	0.19	0.22	0.19
Adjusted EBITDA	**17,266**	17,668	20,521	22,798	17,054	19,149	25,534	20,772
Adjusted Net Income	**4,428**	5,749	10,537	8,685	5,121	1,582	8,706	8,799
Pro Forma Adjusted Diluted Earnings per Share	**0.08**	0.11	0.19	0.16	0.09	0.03	0.16	0.17

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 all expenses typically incurred in the day-to-day operation of its businesses including, but not limited to working capital, capital expenditures and finance costs among others. The Company's principal use of funds also includes the making of acquisitions and their associated costs, together with repayments of debt and other capital amounts, among others (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, IPLP 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 IPLP 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 was used to fund the acquisition of Loomans. 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 May 6, 2019, a principal amount of $239.3 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 May 6, 2019, the Company had $123.8 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 March 31, 2019, 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 March 31, 2019 was 3.55 Net Debt to the last twelve months Adjusted EBITDA, including the pre-acquisition period of Loomans (December 31, 2018 was 2.70).

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". 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.

Consolidated Financial Position

Consolidated Financial Position as at March 31, 2019 and December 31, 2018

The following table shows the significant asset and liability balances extracted from the consolidated statements of financial position of the Company at March 31, 2019 and December 31, 2018, and the related net variance:

($'000)	**March 31, 2019**	December 31, 2018	Variance
Assets			
Cash and cash equivalents	47,052	49,857	(2,805)
Total current and non-current trade and other receivables	122,742	113,521	9,221
Inventories	93,959	84,373	9,586
Property, plant and equipment and right-of-use asset	327,336	264,205	63,131
Goodwill and intangible assets	294,747	233,834	60,913
Total Assets	***887,400***	***751,629***	***135,771***
Liabilities			
Total current and non-current loans and borrowings and lease liabilities	384,230	258,975	125,255
Total current and non-current trade and other payables	100,373	105,890	(5,517)
Total Liabilities	***535,699***	***404,387***	***131,312***
Total shareholders' equity	**351,701**	**347,242**	**4,459**

Acquisition of Loomans Group N.V.

On March 28, 2019, we completed the acquisition of 100% of the share capital of Loomans for a total consideration including acquired debt of approximately $85.5 million (€75.0 million). Loomans has its operations and headquarters in Belgium and is in the process of integration into our CPS business in Europe. Loomans is a well invested, single site plastic business, operating for over fifty years. The acquisition of Loomans is consistent with IPL Plastics' acquisition strategy. It diversifies our 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, long standing customer base in continental Europe and provides IPL Plastics with a strong platform for future growth in this region enabling us to participate in new and existing customers' growth plans in continental Europe. The Company's statement of financial position at March 31, 2019 includes consolidated net assets of Loomans in the amount of $25.9 million together with goodwill of $44.9 million in respect of the transaction.

Cash and Cash Equivalents

The cash and cash equivalents balance decreased by $2.8 million to $47.1 million as at March 31, 2019 compared to $49.9 million as at December 31, 2018. The integration of the Loomans statement of financial position has resulted in an additional $11.0 million in cash and cash equivalents at March 31, 2019 of which $6.0 million was used at the beginning of April to settle debt that existed prior to the acquisition. 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 $9.2 million to $122.7 million as at March 31, 2019 compared to $113.5 million as at December 31, 2018. The integration of the Loomans statement of financial position has resulted in an increase of $10.0 million in trade and other receivables at March 31, 2019. During Fiscal 2018, there was 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. On January 11, 2019, the Group sold its 25% shareholding in Rilta for total proceeds of €8.25 million ($9.5 million). The total proceeds include the settlement of both the 25% equity investment in the amount of €2.75 million ($3.2 million) and the vendor loan note instrument in the amount of €5.5 million ($6.3 million).

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 an increase in this balance at Q1 2019 when compared with Q4 2018.

Inventories

The inventories balance increased by $9.6 million to $94.0 million as at March 31, 2019 compared to $84.4 million as at December 31, 2018. The integration of the Loomans statement of financial position has resulted in an increase of $4.6 million in inventories at March 31, 2019. The primary driver of the remaining increased inventory balance is the buildup of inventory to service the second and third quarter of the year. Demand is typically strongest during the second and third quarters of the year.

Property, Plant and Equipment and Right-of-Use Asset

The property, plant and equipment balance and right-of-use asset balance increased by $63.1 million to $327.3 million as at March 31, 2019 compared to $264.2 million as at December 31, 2018. The increase is driven primarily by the acquisition of Loomans and the adoption of IFRS 16 *Leases.* The completion of the preliminary fair value assessment of Loomans tangible assets has resulted in the addition of $32.9 million to property plant and equipment and $4.4 million of right-of-use assets. In addition, the adoption of IFRS 16 effective January 1, 2019 has resulted in the recognition of right-of-use assets, which were previously treated as operating leases, with a net book value of $21.6 million at March 31, 2019. Capital additions in Q1 2019 amounted to $11.5 million offset by a depreciation charge of $8.2 million. The remaining movement is related to foreign exchange and other movements of $0.9 million. The carrying amount of property, plant and equipment that relate to assets under construction was $28.7 million at March 31, 2019 (December 31, 2018: $23.8 million).

Goodwill and Intangible Assets

The goodwill and intangible assets balance increased by $60.9 million to $294.7 million as at March 31, 2019 compared to $233.8 million as at December 31, 2018. This increase primarily relates to the acquisition of Loomans with intangible assets valued at $16.1 million following completion of a preliminary fair value assessment and goodwill of $44.9 million recognized. The remaining movement is driven by the recognition of the amortization of intangible assets and foreign exchange translation differences.

Loans and Borrowings and Lease Liabilities

The loans and borrowings balance increased by $125.2 million to $384.2 million as at March 31, 2019 compared to the December 31, 2018 balance of $259.0 million. The increase relates primarily to the drawdown of funds in Q1 2019 to fund the acquisition of Loomans and for working capital purposes and the recognition of lease liabilities arising from the adoption of IFRS 16 *Leases* of $21.6 million. As noted in the Cash and Cash Equivalents section above, $6.0 million was used at the beginning of April to settle Loomans debt that existed prior to the acquisition.

Trade and Other Payables

The trade and other payables balance decreased by $5.5 million to $100.4 million as at March 31, 2019 compared to the $105.9 million as at December 31, 2018. The integration of the Loomans statement of financial position has resulted in an increase of $9.0 million in trade and other payables at March 31, 2019. The remaining movement of $14.5 million is primarily driven by the timing of payments.

Cash Flows

The following tables and discussion shows the significant cash transactions impacting the cash flows of the Company for the three months ended March 31, 2019 and March 31, 2018.

($'000)	*Three months ended March 31* 2019	2018
Net cash flows used in operating activities	**(5,138)**	(19,859)
Net cash flows used in investing activities	**(57,498)**	(21,347)
Net cash flows from financing activities	**59,790**	32,824
Net increase in cash and cash equivalents	**(2,846)**	(8,382)
Cash and cash equivalents at beginning of period	**49,857**	47,609
Effect of movements in exchange rates on cash held	**41**	579
Cash and cash equivalents at end of the period	**47,052**	39,806

Reconciliation of Adjusted EBITDA to Net Cash Flows used in Operating Activities

The table below provides a reconciliation of the adjusting items to reconcile Adjusted EBITDA to net cash flows used in operating activities for the three months ended March 31, 2019 and March 31, 2018.

($'000)	*Three months ended March 31* 2019	2018
Adjusted EBITDA	**17,266**	17,054
Net foreign exchange gains	**1,209**	867
Business reorganization, acquisition and integration costs paid	**(4,467)**	(2,665)
Other expenses paid	**(83)**	55
Income taxes (paid)/received	**(239)**	274
Working capital movements	**(21,445)**	(35,160)
Other	**2,621**	(284)
Net cash flows used in operating activities	**(5,138)**	(19,859)

Net Cash Flows used in 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.

($'000)	*Three months ended March 31* 2019	2018
Net cash flows from operating activities before working capital movements	**16,307**	15,301
Movements in working capital	**(21,445)**	(35,160)
Net cash flows used in operating activities	**(5,138)**	(19,859)

The net cash outflow used in operating activities for Q1 2019 was $5.1 million, a decrease of $14.8 million or 74.1% on the Q1 2018 outflow of $19.9 million. The Q1 2019 reduction is primarily driven by the decrease in working capital build up when compared with Q1 2018.

Net Cash Flows used in Investing Activities

($'000)	*Three months ended March 31* 2019	2018
Proceeds from sale of property, plant and equipment and intangible assets	**-**	1,162
Disposal/discontinuation of subsidiary undertakings	**103**	112
Proceeds from disposal of equity-accounted investee and associated vendor loan note	**9,458**	-
Acquisition of property, plant and equipment	**(14,510)**	(22,198)
Acquisition of subsidiaries, including associated costs and net of cash acquired	**(52,478)**	(344)
Other	**(71)**	(79)
Net cash used in investing activities	**(57,498)**	(21,347)

Net cash used in investing activities was $57.5 million in Q1 2019 compared to $21.3 million in Q1 2018, an increase of $36.2 million. The increase in cash outflow was primarily driven by a cash outflow of $52.5 million related to the acquisition of Loomans partially offset by net proceeds of $9.5 million related to the disposal of Rilta and a reduction of $7.7 million in cash outflow with respect to purchases of property, plant and equipment in Q1 2019 compared with Q1 2018.

Capital Expenditures

The table below details the cash outflows with respect to capital purchases of property, plant and equipment amounts for Q1 2019 and Q1 2018 by operating segment.

	Three months ended March 31					
	2019			2018		
($'000)	**Development**	**Maintenance**	**Total**	Development	Maintenance	Total
LF&E	2,738	1,875	**4,613**	13,063	517	13,580
CPS	2,874	779	**3,653**	5,622	874	6,496
RPS	5,547	666	**6,213**	937	1,108	2,045
Other	-	31	**31**	22	55	77
Total	11,159	3,351	**14,510**	19,644	2,554	22,198

The cash outflow with respect to capital purchases of property, plant and equipment reduced to $14.5 million in Q1 2019 (Q1 2018: $22.2 million), with $11.1 million related to strategic and development capital expenditure and $3.4 million of maintenance capital expenditure. The decrease in cash outflows with respect to capital expenditure in Q1 2019 compared to Q1 2018, is as a result of the major capital investment program that began in Fiscal 2016 and Fiscal 2017, which have deferred payment terms nearing completion.

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 machines and bringing production back in house from sub-contractors, all of which together contribute to lower labor costs, lower operating costs and increased automation.

Future Capital Expenditure Commitments

The Company had future contracted capital expenditure amounts of $8.9 million at Fiscal 2018.

We expect, in the absence of new capital investment growth opportunities underpinned by further 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.

Net Cash Flows from Financing Activities

($'000)	*Three months ended March 31* **2019**	**2018**
Finance costs paid	**(3,355)**	(3,926)
Repayment of lease liabilities	**(1,013)**	-
Net proceeds from equity issued	**1,331**	480
Drawdown of borrowings	**101,206**	41,766
Repayment of bank borrowings	**(38,379)**	(5,496)
Net cash flow from financing activities	**59,790**	32,824

Net cash flows from financing activities was $59.8 million in Q1 2019 compared to net cash flow from financing activities of $32.8 million in Q1 2018, an increase of $27.0 million. Net cash flow from financing activities in Q1 2019 is predominately related to the drawdown of debt to fund the acquisition of Loomans offset by the repayment of debt acquired while in Q1 2018 cash flow from financing activities was primarily to support working capital and capital expenditure requirements.

Contractual Obligations

IPLP's contractual obligations primarily consist of long-term debt (principal repayments and interest payments), contracted capital commitments and 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.

There have been no material movements in our Company's remaining contractual obligations and commitments from the audited consolidated financial statements as at and for the year ended December 31, 2018, that are not detailed in the "**Consolidated Financial Position**" section of this MD&A.

Outlook

Our results for Q1 2019 showed increases in our gross profit, gross profit margin, Adjusted EBITDA and Adjusted EBITDA margin when compared with Q1 2018. The improvement in these results in Q1 2019 was driven primarily by decreases in resin input costs, other operational improvements and the positive impact resulting from the adoption of IFRS 16 offset by increases in the cost of labor, additional operating expenses following completion of the IPO and the temporary trading issues experienced in the RPS division. Adjusted EBIT for Q1 2019 was broadly in line with Q1 2018.

In North America, average IHS resin index prices for HDPE polyethylene and polypropylene were 2.0% and 10.9% lower respectively in Q1 2019 compared with Q1 2018. In Europe, average ICIS resin index prices for polypropylene were 1.6% lower in Q1 2019 compared with Q1 2018 while polyethylene prices remained broadly flat. In North America, resin prices have fallen significantly in the six months since October 2018 as IHS resin index prices for HDPE polyethylene and polypropylene have reduced by 6.8% and 25.7% respectively. European polypropylene resin index prices have also reduced by 4.3%, while HDPE polyethylene prices have been more stable over the same period. The near-term outlook is that resin prices are expected to see some modest upward pressure during Q2 2019.

Trading in our LF&E and CPS divisions in Q1 2019 has been satisfactory. Our RPS division has experienced temporary trading issues in Q1 2019 in securing agricultural bin sales due to amongst other factors, the severe adverse weather conditions in the U.S. 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, there is a significant backlog of bin stocks not yet incorporated into the logistical bin fleet of the primary automotive end customer and they would be delaying placing further purchase orders until later in 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. This goal, which does not include the impact of the Loomans acquisition, is supported by the significant capital expenditure program that is nearing completion, advances in our resin procurement strategies, stabilization of freight costs and improved performance in the LF&E division in North America following the Q4 announcement of the business optimization program.

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 March 31, 2019 on Standard & Poor's ratings (Fiscal 2018: 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, Belgium 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

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 March 31, 2019, IPLP had letters of credit in place amounting to $0.3 million, in line with the $0.3 million as at December 31, 2018.

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 unaudited condensed consolidated interim 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 and are discussed in the unaudited condensed consolidated interim financial statements for the period and primarily related to: Impairment testing of intangibles, Business Combinations and Deferred Tax Assets.

Accounting Standards Implemented for Fiscal 2019

New standards and amendments to standards and interpretations effective for annual periods beginning on or after January 1, 2019 have been applied in preparing the unaudited condensed consolidated interim financial statements for Q1 2019.

On January 1, 2019, the IPLP adopted IFRS 16 *Leases*, which sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessee and lessor. The adoption of IFRS 16 *Leases*, eliminates 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. The Company performed an assessment of the impact of IFRS 16 and availed 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 resulted in the recognition of right-of-use assets of approximately $21.3 million and lease liabilities of the same value in the consolidated statement of financial position as at January 1, 2019.

Future Accounting Standards

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 three months ended March 31, 2019.

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 respecting Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 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 unaudited condensed consolidated interim financial statements and accompanying notes as at and for the three months ended March 31, 2019, and the Company's Board of Directors approved these documents prior to their release.

In accordance with the provisions of NI 52-109, the CEO and CFO have limited the scope of their design of disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of the activities of Loomans Group N.V. acquired on March 28, 2019.

The contribution of the acquired activities of Loomans Group N.V. to our consolidated revenues for the three-month period ended March 31, 2019 was 0.2% of consolidated revenues and 2.5% of consolidated net income. Additionally, at March 31, 2019, the current assets of the acquired activities of Loomans Group N.V. represented approximately 10.0% of consolidated current assets and its current liabilities represented approximately 15.7% of consolidated current liabilities. The non-current assets of the acquired activities of Loomans Group N.V. represented approximately 15.6% of consolidated non-current assets and their non-current liabilities represented approximately 8.2% of consolidated non-current liabilities. The design of the disclosure controls and procedures and internal control over financial reporting of the acquired activities of Loomans Group N.V. will be completed by the end of the financial period to March 31, 2020.

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 January 1, 2019 and ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Current Share Information

As at May 6, 2019, an aggregate of 54,030,156 common shares and no preferred shares are issued and outstanding. There was a total of 1,859,460 outstanding share options as at May 6, 2019. This was split between 1,724,749 equity settled share options and 134,711 Restricted Share Units ("**RSUs**"), Deferred Share Units ("**DSUs**") and Performance Share Units ("**PSUs**").

As at March 31, 2019, an aggregate of 53,919,861 common shares and no preferred shares are issued and outstanding. There was a total of 1,969,755 outstanding equity settled share options, which includes RSUs, DSUs, PSUs and share options, as at March 31, 2019.

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, acquisition 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 March 31	
($'000)	**2019**	**2018**
Income from continuing operations	**1,077**	1,417
Income tax credit	**(1,105)**	(1,546)
Finance costs (net)	**3,927**	4,171
Other income (net)	**(20)**	(129)
Operating Profit	**3,879**	3,913
Business reorganization, acquisition and integration costs	**2,567**	1,429
Initial public offering and related costs	**-**	1,481
Adjusted EBIT	**6,446**	6,823
Depreciation and amortization	**10,820**	10,231
Adjusted EBITDA	**17,266**	**17,054**

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, business reorganization, acquisition 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 March 31* 2019	2018
Income from continuing operations	1,077	1,417
Business reorganization, acquisition and integration costs	2,567	1,429
Initial public offering and related costs	-	1,481
Amortization of acquisition related intangibles	1,634	1,675
Other income (net)	(20)	(129)
Taxes related to the above noted items	(830)	(752)
Adjusted Net Income	**4,428**	**5,121**
Weighted-average number of common shares	53,758	34,970
Adjusted basic earnings per share (in $)	**0.08**	**0.15**
Equity instruments with a dilutive effect – share options	606	1,126
Weighted-average number of common shares (diluted)	54,364	36,096
Adjusted diluted earnings per share (in $)	**0.08**	**0.14**

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.

($'000, unless otherwise stated)	*Three months ended March 31* 2019	2018
Income from continuing operations	**1,077**	**1,417**
Weighted-average number of common shares	53,758	34,970
Pro-forma adjustment for shares issued on share reorganization	-	6,110
Pro-forma adjustment for shares issued on initial public offering	-	14,200
Pro-forma adjustment for shares redeemed with respect to the Buy-Back Option	-	(2,086)
	53,758	53,194
Pro Forma Basic earnings per share (in $)	**0.02**	**0.03**
Equity instruments with a dilutive effect – share options(1)	606	1,126
Weighted-average number of common shares (diluted)	54,364	54,320
Pro Forma Diluted earnings per share (in $)	**0.02**	**0.03**

(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.

<u>Pro Forma Adjusted Basic and Adjusted Diluted Earnings per Share</u>

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 March 31	
($'000, unless otherwise stated)	**2019**	**2018**
Adjusted Net Income	**4,428**	**5,121**
Weighted-average number of common shares	53,758	34,970
Pro-forma adjustment for shares issued on share reorganization	-	6,110
Pro-forma adjustment for shares issued on initial public offering	-	14,200
Pro-forma adjustment for shares redeemed with respect to the Buy-Back Option	-	(2,086)
	53,758	53,194
Pro Forma Adjusted basic earnings per share (in $)	**0.08**	**0.10**
Equity instruments with a dilutive effect – share options(1)	606	1,126
Weighted-average number of common shares (diluted)	54,364	54,320
Pro Forma Adjusted diluted earnings per share (in $)	**0.08**	**0.09**

(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 impact of the lease liabilities recognized on adoption of IFRS 16 *Leases*.

($'000)	*As at March 31* **2019**	*As at December 31* **2018**
Loans and Borrowings including bank loans	**360,918**	258,431
Lease liabilities	**2,301**	544
Convertible loan notes	**1,393**	1,420
Cash and cash equivalents	**(47,052)**	(49,857)
Net Debt	**317,560**	210,538

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 used in operating activities excluding discontinued operations, less finance costs and maintenance capital expenditure amounts paid, adding back business reorganization, acquisition 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 March 31	
($'000)	**2019**	2018
Net cash flows used in operating activities	**(5,138)**	**(19,859)**
Business reorganization, acquisition and integration costs paid (excluding investing and financing related costs)	**4,467**	**2,665**
Other income (net)	**83**	**(55)**
Adjusted net cash flow used in operating activities	**(588)**	**(17,249)**
Maintenance capital expenditure	**(3,351)**	**(2,554)**
Finance costs paid	**(3,355)**	**(3,926)**
Adjusted Free Cash Flow	**(7,294)**	**(23,729)**

Additional Information

Additional information relating to our Company, including our most recent quarterly report and the annual and quarterly reports filed on May 9, 2019, is available on SEDAR at www.sedar.com and on the Company's website at www.iplpgroup.com.