



RPI.UN Annual General Meeting – May 4, 2020



HEALTHMARK



Gerry Glynn – CEO
Enzio Di Gennaro - CFO

McKernan
PACKAGING CLEARING HOUSE



QUALITY DISCOUNT PACKAGING





Disclaimers

Forward-looking statements

This presentation contains certain forward-looking statements regarding future growth potential, results of operations, performance and business prospects of the Fund. These statements contain management's current beliefs and are based on information currently available to the management of the Company. A number of factors could cause actual events or results to differ materially from those discussed in the forward-looking statements. Although these statements are based upon what management believes to be reasonable assumptions, there can be no assurance that actual results will be consistent with these statements. These statements are made as of the date of the Fund's 2019 Annual Report.

Non-IFRS financial measures

The Company reports its financial results in accordance with IFRS. However, the following non-IFRS measures are used by the Company: Adjusted EBITDA, Distributable Cash Flow, Free Cash Flow, and Payout Ratio. Additional details for these non-IFRS measures can be found in the Company's Financial Statements and MD&A, which are available on the Company's website at www.richardspackaging.com.

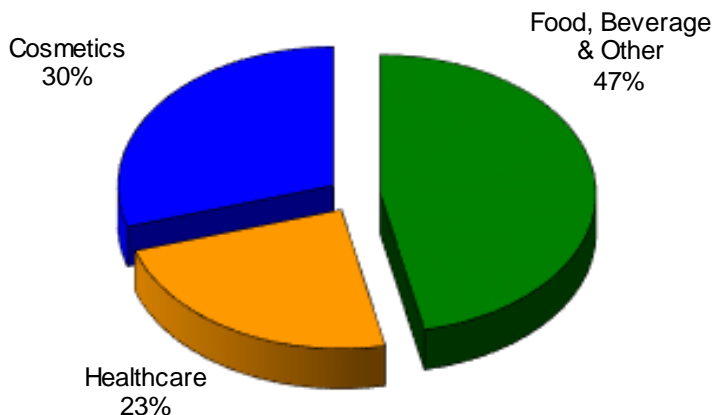
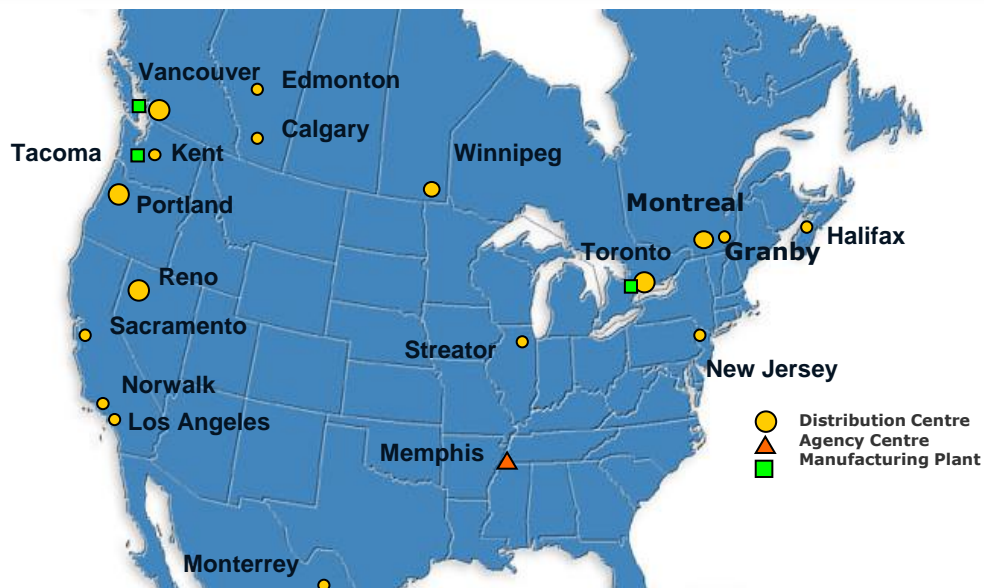


Highlights

- #1 packaging distributor in Canada; #3 in North America
- Healthcare footprint in Canada only (24% of total enterprise)
- Highly diversified geographically and by end customer markets
- 58% in the US and 42% in Canada
- Higher than industry average organic growth
- China represents approximately 25% of supplier base
- Adjusted EBITDA as a % of sales flat at 14.4% with the impact of US tariffs on Chinese imports
- History of accretive acquisitions
- Strong balance sheet with leverage at 0.3x adjusted EBITDA and 49% payout ratio at an 11¢/month distribution
- Minimal capital expenditure requirements



Richards Overview – since 1912



Diversified Customer Base

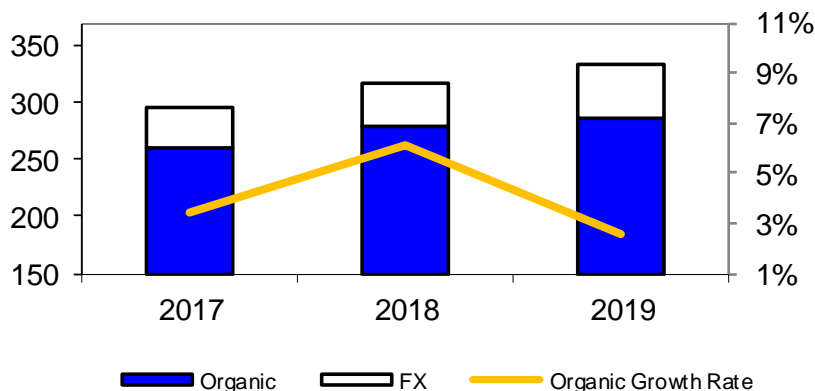
- Over 14,300 customers
- 42% Canada & 58% US
- Optimize concentration of small customers – 2/3^{rds}
- Distributor of over 5,800 items sourced from over 850 suppliers; 9% manufactured
- ~ 500 employees

(% change)	Qtr.1	Qtr.2	Qtr.3	Qtr.4	2019
Revenue disaggregation					
Cosmetics.....	3.4%	15.6%	4.6%	-2.6%	5.5%
Healthcare.....	15.3%	1.5%	8.0%	-2.2%	4.9%
Food, beverage & other.....	3.2%	-2.6%	5.0%	-4.5%	0.3%
Exchange translation.....	4.2%	3.7%	2.3%	0.1%	2.5%
Weighted average growth.....	9.8%	6.5%	7.2%	-2.8%	5.1%



Revenue growth amidst a challenging F/X environment

(\$ millions)



- 2019 FX annual = 75.9¢
- Revenue FX sensitivity - 1¢ movement = \$0.5 mil.
- 2019 Q1 FX weakens 3¢ from prior year
- 2018 Q3/Q4 Buying ahead of China tariffs and incremental sales from Healthmark supplier acquisition consolidation
- 2019 Food, beverage & other large customer sales drop \$2.0 mil./qtr.
- 2019 Q1 Healthcare up 15.3% on supplier acquiring its competitor
- 2019 Q2 Cosmetic up 15.6% sales of inventory investment to customers outside our base

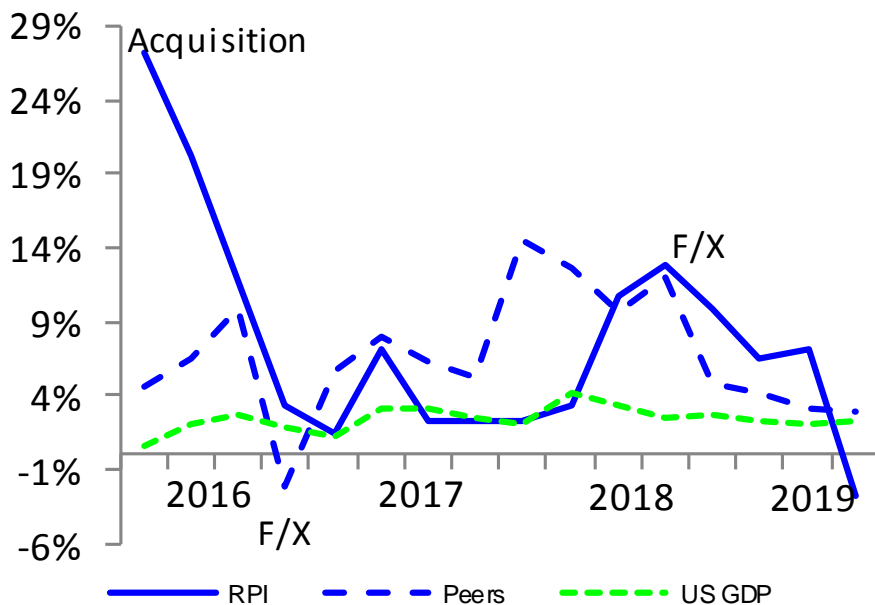
Quarterly Revenue Growth

	<u>Organic</u>	<u>Fx</u>	<u>Revenue</u>
2017 - Q1	2.6%	-1.2%	1.4%
2017 - Q2	4.0%	3.1%	7.1%
2017 - Q3	3.7%	-1.3%	2.4%
2017 - Q4	3.6%	-1.2%	2.4%
2018 - Q1	3.8%	-1.5%	2.3%
2018 - Q2	4.7%	-1.4%	3.3%
2018 - Q3	6.8%	3.9%	10.7%
2018 - Q4	9.2%	3.7%	12.9%
2019 - Q1	5.6%	4.2%	9.8%
2019 - Q2	2.8%	3.7%	6.5%
2019 - Q3	4.9%	2.3%	7.2%
2019 - Q4	-2.9%	0.1%	-2.8%



GDP and Packaging Markets

Revenue Growth

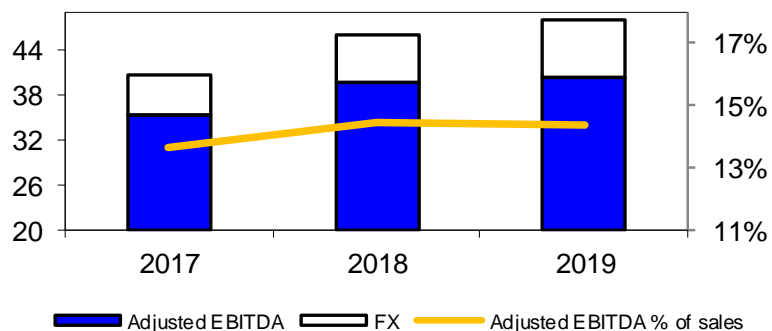


- Acquisitions catalyst for packaging growth for 2018
- RPI higher in Healthcare and cosmetics for 2019
- Approximately 143 industry wide acquisitions annually; median multiple of 10x EBITDA
- RPI Acquisition history:
 - Q4 2015 – Healthmark
 - Q4 2007 – McKernan
 - Q3 2005 – Dispill
 - Q4 2004 – Kay Containers, Calgary Plastics, Foss Distributors
- Peer group includes 15 North American publicly traded packaging companies



Adjusted EBITDA¹ strengthening on organic growth and mix

(\$ millions)



(\$ millions)

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenue	\$ 296.6	\$ 318.1	\$ 334.1
Margin	52.6	58.6	61.0
	% 17.8%	18.4%	18.2%
Admin. Exp	12.2	12.5	13.0
Adjusted EBITDA	\$ 40.6	\$ 46.0	\$ 48.1
	% 13.7%	14.4%	14.4%
<i>Diluted/Unit</i>	3.47	3.93	4.11

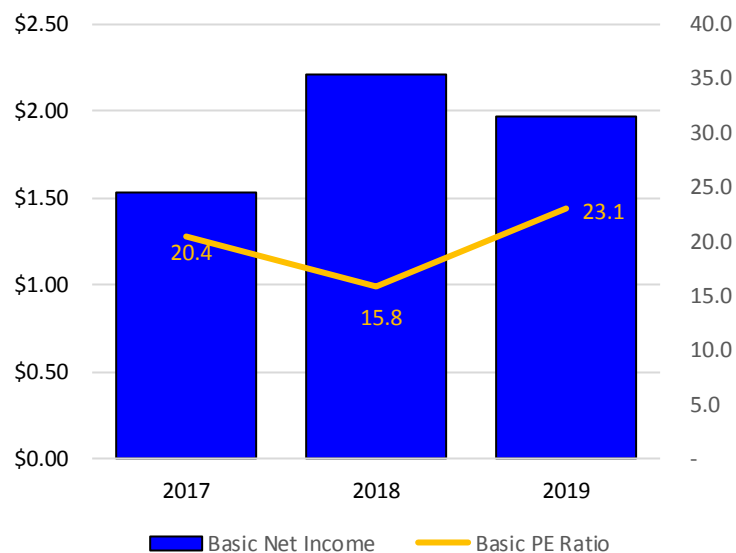
- Adjusted EBITDA as a % of sales flattened with the timing of Chinese tariffs
- Adjusted EBITDA FX sensitivity - 1¢ = 0.05 mil.
- 2019 FX impact up \$1.5 mil. (2018 – up \$1.0 mil.)

¹ Adjusted for contingent consideration revaluation, unrealized losses on exchangeable shares, share of income - Vision



Net Income

Basic Net Income Per Unit



	<u>2017</u>	<u>2018</u>	<u>2019</u>
<i>(\$/Unit-basic)</i>			
Adjusted EBITDA	\$ 3.73	\$ 4.22	\$ 4.34
Amortization	0.30	0.30	0.32
Financial expenses	0.21	0.21	0.30
Exceptional items	0.01	-	0.03
Exchangeable shares	0.58	0.39	0.70
Income taxes	1.09	1.10	1.03
Basic Net Income	\$ 1.53	\$ 2.21	\$ 1.97
Fully diluted basis	\$ 1.97	\$ 2.43	\$ 2.52
Unit price	31.17	35.00	45.59
Diluted PE Ratio	15.85	14.42	18.12

- Exceptional items = contingent consideration and restructuring fees
- Exchangeable shares treated as debt therefore impact above is mark-to-market adjustments – no cash or tax effect
- Debt drop from 2017 to 2019 of \$27 mil.; interest rates up 1.35%



Distributable Cash Flow (DCF)

DCF Per Unit



■ DCF — Distributions per Unit

(\$/Unit-fully diluted)	<u>2017</u>	<u>2018</u>	<u>2019</u>
Adjusted EBITDA	\$ 3.47	\$ 3.93	\$ 4.09
Interest	0.20	0.20	0.19
Taxes	1.14	1.05	1.06
Mtce. capital	0.10	0.17	0.15
Distributable cash flow	\$ 2.03	\$ 2.52	\$ 2.69
Distributions	\$ 1.28	\$ 1.33	\$ 1.32
Free Cash Flow	\$ 0.75	\$ 1.19	\$ 1.37
<i>Payout Ratio</i>	63%	53%	49%
<i>Debt/Adjusted EBITDA</i>	0.8	0.6	0.3

- Taxes – 2017 & 2018 intercompany refinancing; 2018 US tax reform
- Maintenance capital - 2018 warehouse productivity system upgrade
- Distributable cash flow FX sensitivity - 1¢ = \$0.03 mil.



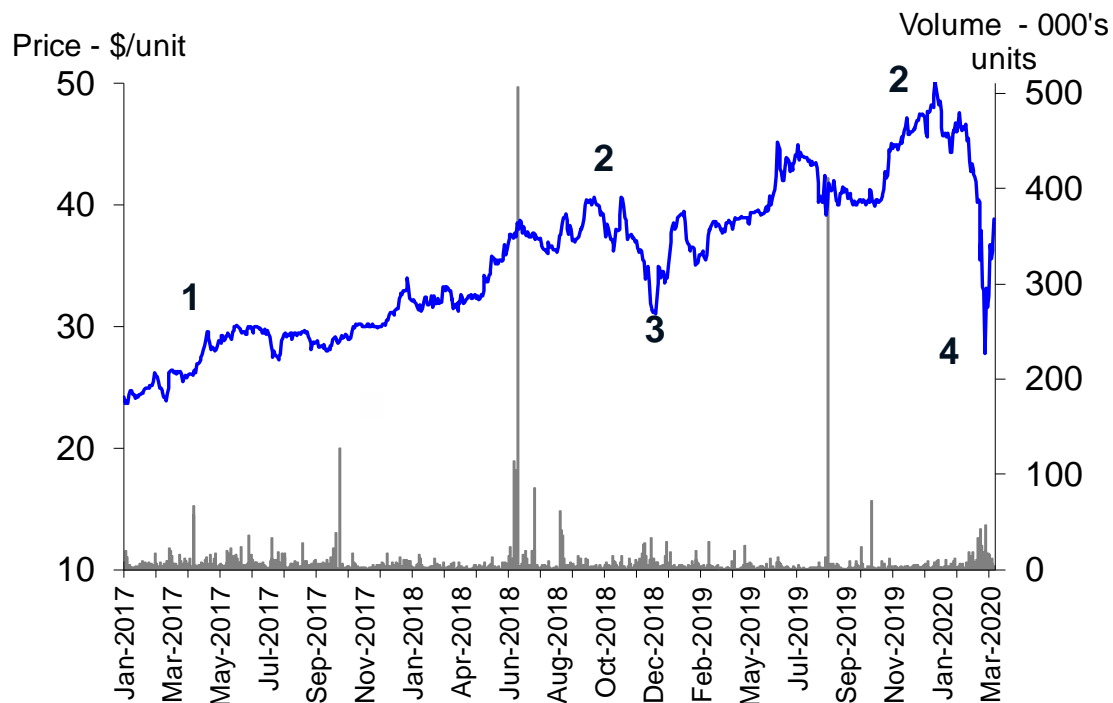
Distribution Policy Stress Test – retain capital for opportunities

<i>(\$ millions)</i>	2019	Adj's	Proforma
Adjusted EBITDA	48.1	(6.1)	42.0
Interest	(2.2)	(0.1)	(2.3)
Taxes	(12.1)	2.5	(9.6)
Maintenance capital	(1.8)		(1.8)
Distributable cash flow	32.0		28.3
Current distribution level	15.5		15.5
Payout Ratio	49%		55%

- Pro forma distributable cash reflects impact of a recession similar to 2009 at -10%, long term rates of 3% interest and a U.S./Cdn. 84¢ exchange rate
- Distributions for 2020 will be mainly return of capital
- Remaining paid up capital depleted at end of 2020
- Current payout reflects uncertain times
- Acquisition capacity – Max. leverage 2.75x or an additional \$120 million of debt
- Distribution reset in March each year – decision delayed pending coronavirus impact



Investment Proposition – RPI.UN Unit Performance



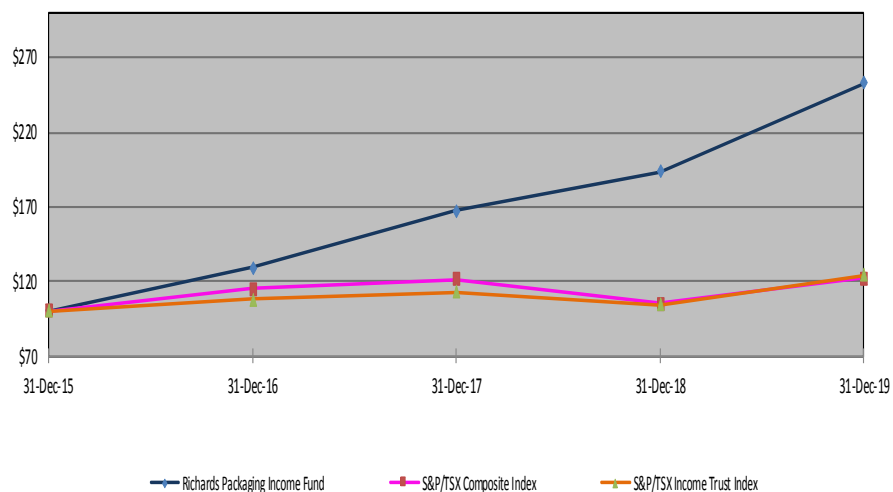
Ownership:

- 12 mil. Units o/s
 - Management currently 27% (Insider moves 700,000 June 2018 and 400,000 Aug 2019)
 - 9 institutions ~ 30%
 - Retail Float ~ 44% (thinly traded 7k/day)
-
- **1.** Increase post March 2017 on increase of monthly distribution by 1.65¢ per Unit,
 - **2.** Adjusted EBITDA as a % of sales and organic growth accelerate
 - **3.** Christmas eve market sell off; rebounded with market
 - **4.** coronavirus impact on overall market – Unit price down to \$27.50



Investment Proposition – Cumulative Value

Cumulative Value of \$100 Investment



	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Cumulative</u>
<i>\$/Unit</i>					
Distributions	1.08	1.29	1.32	1.32	5.01
Unit Value	5.61	6.38	3.83	10.59	26.41
NCIB	0.02	-	-	-	0.02
LTIP	(0.01)	(0.01)	(0.01)	(0.02)	(0.05)
Total	6.71	7.66	5.14	11.89	31.39

- Opening price Jan. 2016 of \$19.18
- Dec. 31 closing price of \$45.59; current \$45
- NCIB up to 0.5 mil. Units
- LTIP - \$0.2 mil per year



Board of Trustees/Directors

Trustee/Director	Active Since	Background
Donald Wright Chair	2004	President and CEO of Winnington Capital Group Inc. Mr. Wright was Deputy Chairman of TD Bank Financial Group from 2001 to 2002 and Chairman and Chief Executive Officer of TD Securities Inc. from 1998 to 2002.
Susan Allen Chair – Audit Committee	2017	Director positions on various boards of directors, public and private, and has extensive experience with Audit Committees from her 34 year career with PricewaterhouseCoopers LLP, where she held both National and Global leadership positions as an audit partner until her retirement in 2016.
Rami Younes Chair – Compensation and Corporate Governance Committee	2005	Director positions on various boards of directors including Lancaster Technology Board, a private packaging business. Mr. Younes served as President of CCL Container, a division of CCL Industries Inc. from 1980 to 2006.
Gerry Glynn Chief Executive Officer	2004	Chief Executive Officer of Richards Packaging since November 2002.

