



Richards Packaging Income Fund

2016 Annual General Meeting

May 5, 2017

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Good Things
Come in
Richards
Packaging



Forward-Looking Statements - Disclaimer

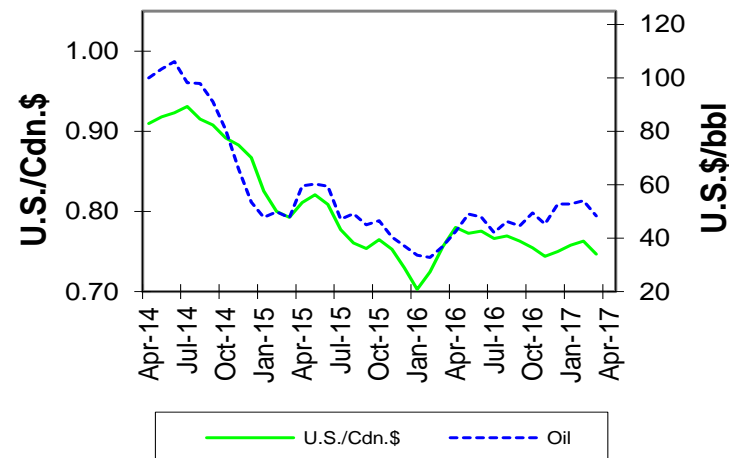
This presentation contains certain forward-looking statements regarding future growth potential, results of operations, performance and business prospects of the Fund. These statements contain management's current beliefs and are based on information currently available to the management of the Company. 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 2016 Annual Report and the Fund assumes no obligation to update or revise them to reflect new events or circumstances.



Investment Proposition

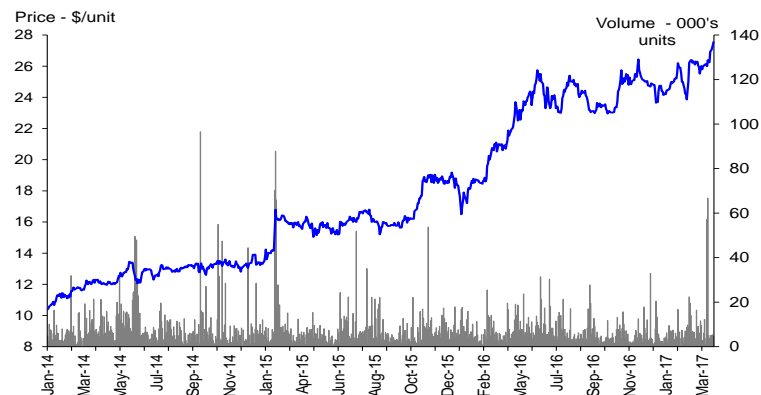
Financial Markets

- US GDP strength catalyst for packaging up 5% in 2016 (down 2% in 2015)
- Commodities unable to gain traction in the back half of 2016
- U.S./Cdn. exchange rate now +/- \$0.73
- Short term borrowing rates in US poised to go higher increasing spread with Canada
- Government shift to stimulus and growing deficits



RPI.UN Trading Activity

- Prices above \$25 reflecting demand for high-yield securities driving yield down to below 5%
- Increase in Nov 2015 reflected the Healthmark acquisition and a favourable currency environment
- Increase post March 2016 on 27% increase of monthly distribution by 2¢ per Unit
- Debt to EBITDA dropped 0.4 to 1.1 for 2016

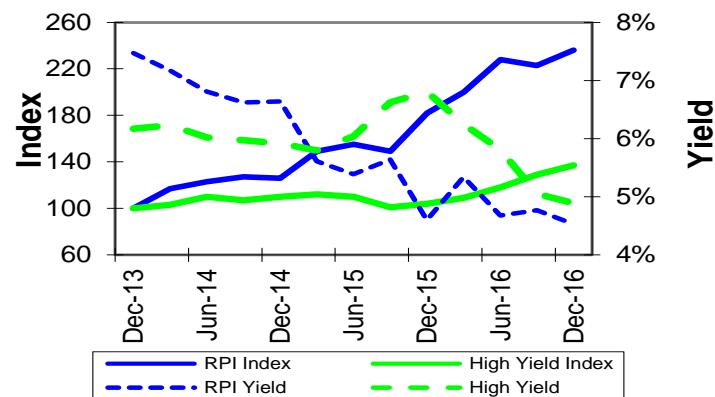




Investment Proposition

High Yield Diversified Market

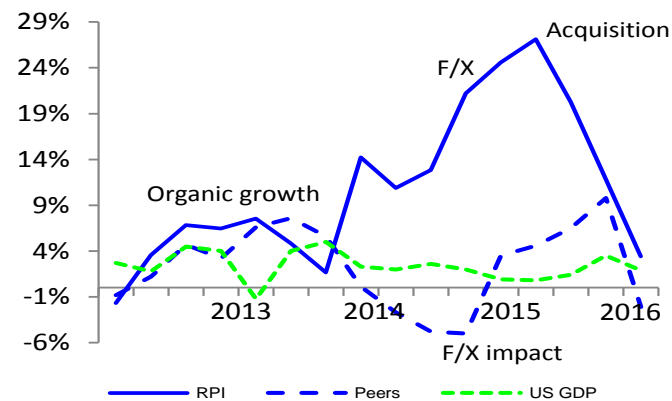
- December 2013 Price Index = 100
- Includes 35 corporations and trusts with yields in excess of 5%
- Yields dropping to between 6.25% and below 5%
- Average price index slightly rising
- Average payout 72% (2015 – 64%), monthly distribution 7.7¢ (2015 – 7.8¢) and leverage 2.3 (2015 – 2.2)



North American Packaging Industry

- Market recovered in 2016 up 5% with GDP expansion
- RPI positive impact from F/X with growth in US operations
- 294 acquisitions (269 in 2015); median multiple of 8.0x EBITDA (8.2x in 2015)

Revenue Growth





Customer Base

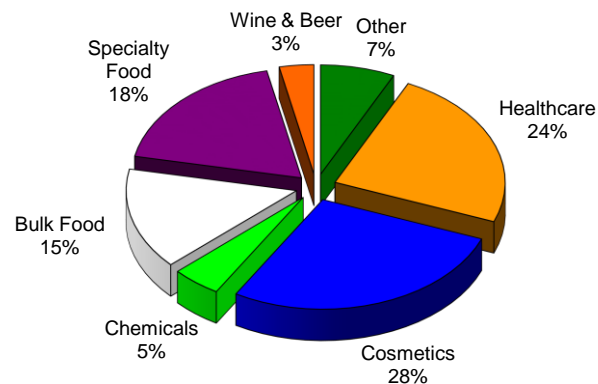
Cornerstones of Strategy

- Diversified base dominated by small regional premium product marketers
- One of the largest distributors of European and Asian glass for the specialty food, wine and spirits markets
- Leading supplier of sterile IV, chemo and oral drug packaging and dispensing systems to health care service providers in Canada
- Largest distributor of surplus packaging
- Only major distributor with dedicated in-house plastics manufacturing capability

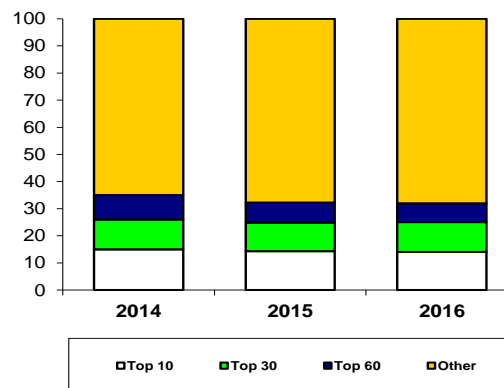
Diversified Customer Base

- Focus on customers with high value for our unique product & services
- Continue to optimize concentration of large customers; In top 60, large customers up \$6 mil. (2015 – up \$6 mil.); but small up \$31 mil. (2015 - \$24 mil.)
- Reduce top 60 to 30% (2015 – 32%)

Revenue by End User



Diversified Customer Base



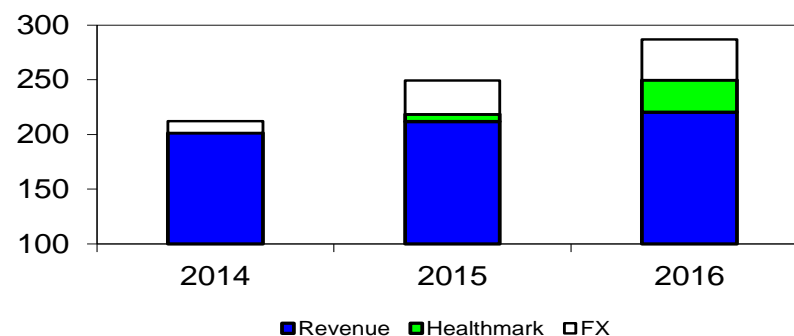


Annual Results

Revenue

- Organic growth 4% or \$8.8 mil. mainly in small customers (2015 – \$10.4 mil.)
- Non-cash currency translation impact of \$6.3 mil. (2015 – \$19.8 mil.)
- 9% healthcare increase

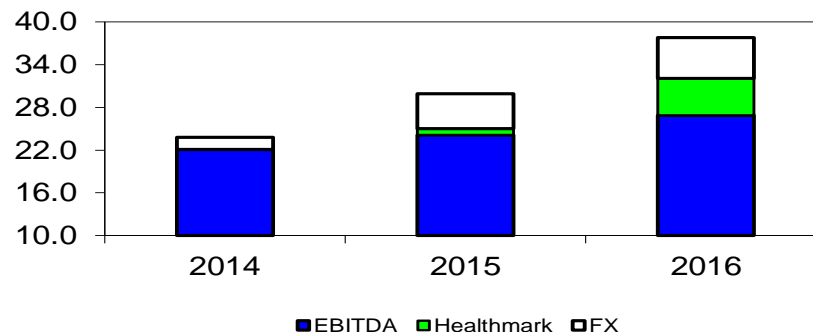
(\$ millions)



EBITDA

- EBITDA up \$7.8 mil. at 13% of sales (2015 – up \$6.1 mil. at 12% of sales)
- Inventory provision \$2.7 mil. (2015 – \$2.4 mil.)
- FX currency impact \$0.8 mil. (2015 – \$3.2 mil.)
- Expansion capital impact \$0.2 mil.

(\$ millions)





Quarterly Earnings

	Annual 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Annual 2016
(\$ 000's)						
<i>f/x</i>	\$0.78	\$0.73	\$0.78	\$0.77	\$0.75	\$0.75
Revenue	249,430	71,879	72,532	71,794	70,755	286,960
<i>Organic</i>	17,379	11,044	10,272	7,761	2,175	31,252
<i>f/x</i>	19,766	4,287	1,956	-141	176	6,278
Margin %	16.6%	17.3%	17.2%	17.5%	17.1%	17.2%
Expenses	11,262	3,046	2,836	3,074	2,780	11,602
EBITDA	29,882	9,356	9,606	9,478	9,321	37,761
<i>Organic</i>	2,879	2,018	2,190	1,786	1,062	7,056
<i>f/x</i>	3,206	871	273	-45	-276	823
EBITDA %	12.0%	13.0%	13.2%	13.2%	13.2%	13.2%



Distributable Cash

	Annual 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Annual 2016
(\$ 000's)						
EBITDA	29,882	9,356	9,606	9,478	9,321	37,761
Interest	2,183	640	652	665	591	2,548
Dividends - Vision	-50	-	-	-	-50	-50
Cash income tax	8,608	2,787	2,587	2,778	2,819	10,971
Maintenance capital	1,295	195	210	128	110	643
Distributable cash flow	17,846	5,734	6,157	5,907	5,851	23,649
Distribution Per unit	89.0¢	22.4¢	28.3¢	28.3¢	28.3¢	\$1.07
Payout ratio	58%	45%	54%	56%	57%	53%
Free cash flow	7,422	3,126	2,850	2,598	2,539	11,113



Working capital changes

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
(\$ 000's)					
<i>f/x</i>	\$0.72	\$0.77	\$0.77	\$0.76	\$0.74
Accounts receivable	1,738	-3,553	1,329	-1,400	563
Inventory	-3,982	2,847	4,046	2,219	1,425
Prepaid expenses	586	-466	-1,737	1,053	226
Accounts payable	139	1,022	-2,553	-1,305	2,554
	-1,519	-150	1,085	567	4,768

Balances

Cash	794	2,982	3,213	6,787	13,257
Term debt	47,000	46,000	44,000	44,000	42,000



Distribution Policy & Free Cash Flow

Distribution Policy

- Pro forma distributable cash reflects long term rates of 3% interest and a U.S./Cdn. 84¢ exchange rate
- Distributions for 2016 will be return of capital reflecting cash flow from Richards US
- April 2017 monthly distributions increase 1.65¢, or 17.5%, to 11¢ per Unit (up 2¢ in 2016)
- Payout target of 80% reflects uncertain times

<i>(\$ millions)</i>	2016	Adj's	Proforma
EBITDA	37.8	(2.5)	35.3
Interest	(2.6)	(0.8)	(3.4)
Dividends - Vision	0.1		0.1
Taxes	(11.0)	1.2	(9.8)
Maintenance capital	<u>(0.7)</u>	<u>(0.3)</u>	<u>(1.0)</u>
Future Distributable cash flow	23.6		21.2
Current distribution level	12.5	2.9	15.4
Payout Ratio	53%		73%

Free Cash Flow Deployment

- Free cash flow reflects higher EBITDA and associated income taxes
- Cash balance of \$1.0 mil. after payment on Healthmark acquisition and annual bonuses
- Working capital improvement on inventory reduction of \$10.5 mil.
- Debt repayments \$5.0 mil. (2015 – \$2.3 mil.)

<i>(\$ millions)</i>	2014	2015	2016
Free Cash Flow	4.2	7.4	11.1
Cash	(2.3)	0.5	11.2
Working Capital	3.1	5.8	(6.3)
Expansion Capex	0.3	0.4	0.9
Unit Buyback	0.1	0.2	0.3
Debt Repayment	3.0	0.5	5.0

