

# SEALED AIR CORPORATION

Earnings Conference Call Supplement  
First Quarter 2013  
(Unaudited Results)

May 1, 2013

Jerome A. Peribere – President & Chief Executive Officer

Carol P. Lowe – Senior Vice President & Chief Financial Officer



# Safe Harbor and Regulation G Statement

- This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by such words as “anticipates,” “believes,” “plan,” “assumes,” “could,” “estimates,” “expects,” “intends,” “may,” “plans to,” “will” and similar expressions. Examples of these forward-looking statements include 2013 financial expectations and assumptions associated with our restructuring programs, availability and pricing of raw materials, success of our growth programs, economic conditions, and the success of pricing actions. These statements reflect our beliefs and expectations as to future events and trends affecting our business, our consolidated financial position and our results of operations. A variety of factors may cause actual results to differ materially from these expectations, including general domestic and international economic and political conditions affecting packaging utilization; changes in our raw material and energy costs; credit ratings; competitive conditions and contract terms; currency translation and devaluation effects, including Venezuela; the success of our financial growth, profitability and manufacturing strategies and our cost reduction and productivity efforts; the effects of animal and food-related health issues; pandemics; environmental matters; regulatory actions and legal matters; and the successful integration of Diversey. For more extensive information, see “Risk Factors” and “Cautionary Notice Regarding Forward-Looking Statements,” which appear in our most recent Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, and as revised and updated by our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. While we may elect to update these forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, whether as a result of new information, future events, or otherwise.
- Our management uses non-U.S. GAAP financial measures to evaluate the Company’s performance, which exclude items we consider unusual or special items. We believe the use of such financial measures and information may be useful to investors. We believe that the use of non-U.S. GAAP measures helps investors to gain a better understanding of core operating results and future prospects, consistent with how management measures and forecasts the Company’s performance, especially when comparing such results to previous periods or forecasts. For important information on our use of non-U.S. GAAP financial measures and information, including reconciliations of such non-U.S. GAAP financial measures and information to comparable U.S. GAAP measures and information, please refer to the financial tables and information provided in our earnings release.

# Key Takeaways

First Quarter 2013

## Q1 Performance Summary

- Sales +0.4% to \$1.9B. Organic\* 1.2% from + 1.0% volume & 0.2% price/mix
- Adj. EBITDA: \$227M, 12.2% of sales
- Adj. EPS \$0.17; Reported EPS of \$0.01

### **Excluding SARs expense:**

- Q1 2013 Adj. EBITDA: \$245M, 13.2% of sales
- Q1 2012 Adj. EBITDA: \$240M, 13.0% of sales
  
- Q1 2013 Adj. EPS: \$0.24
- Q1 2012 Adj. EPS: \$0.20

- Strong growth in developing regions
- Global economic challenges
  - Continued decline in Europe
  - Japan/ANZ net sales -2.3%
  - North America net sales flat
- Protein supply challenges in North America and Europe
- Higher SARs expense due to increase in stock price
- Core Tax Rate of 19.4%

\* Organic sales refers to unit volume and price/mix performance and excludes the impact of currency translation

### Reported U.S. GAAP Measures

Q1-13 Net Sales: \$1.9B; Operating Profit: \$130M; Net Income: \$3M

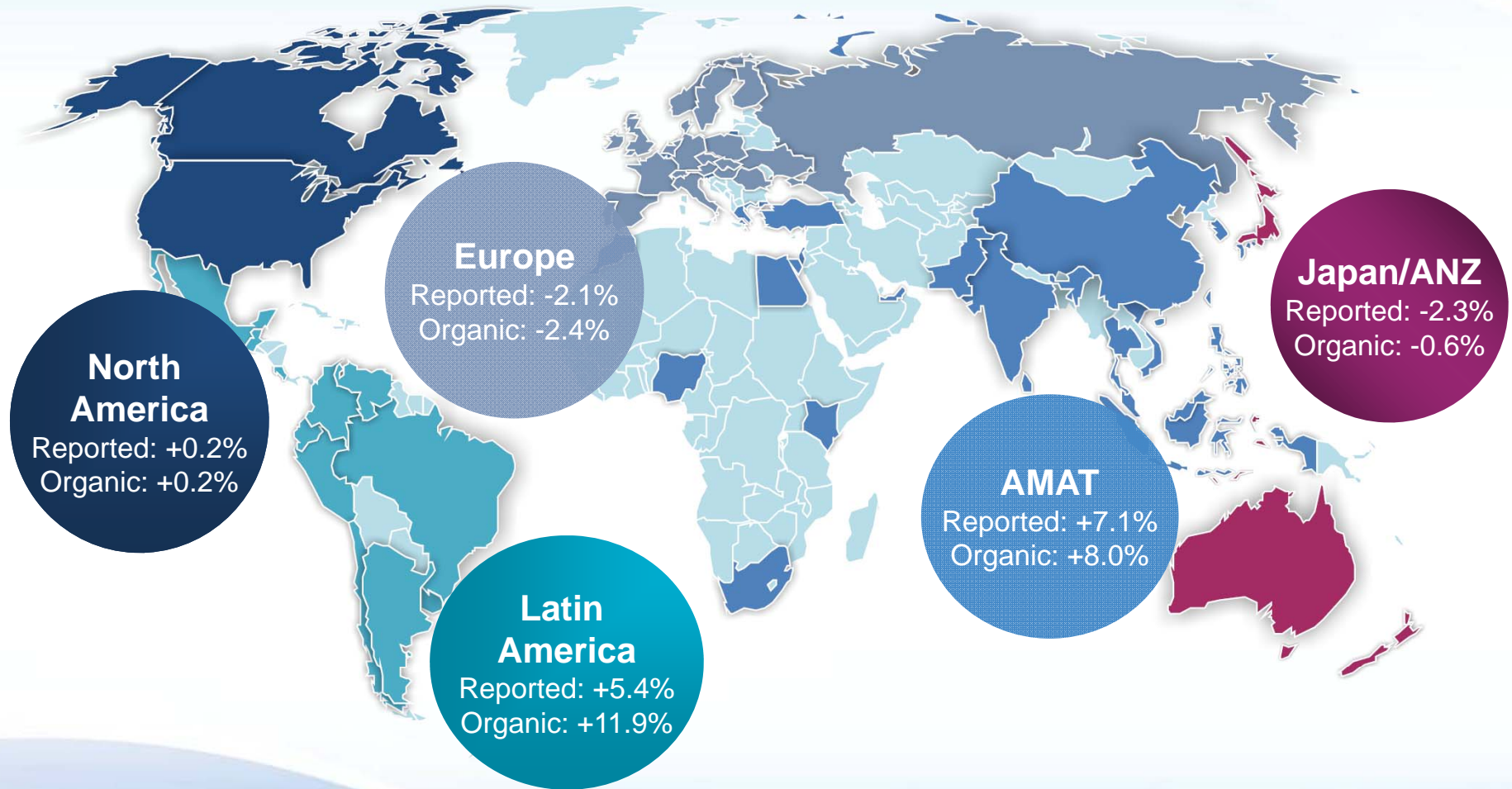
Q1-12 Net Sales: \$1.8B; Operating Profit: \$ 83M; Net Loss: \$(8)M

Q1-13 Effective tax rate 146.6%

Please see Sealed Air's May 1, 2013 earnings press release for important information about the use of non-U.S. GAAP financial measures, including applicable reconciliations to U.S. GAAP financial measures. All numbers reflect continuing operations, excluding the impact of the sale of Diversey Japan.



# Regional Sales Performance First Quarter 2013



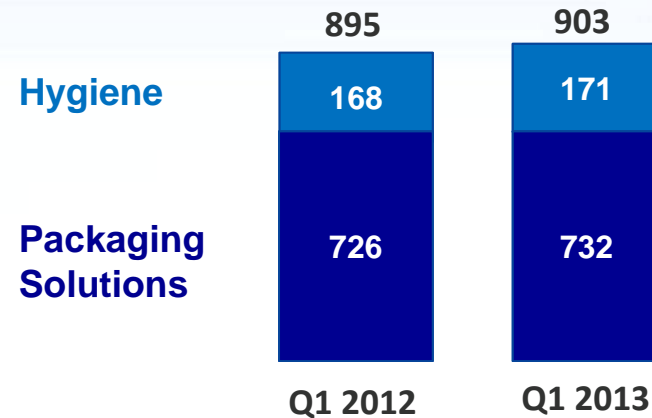


# Food and Beverage: Achieved Volume and Adj. EBITDA Growth

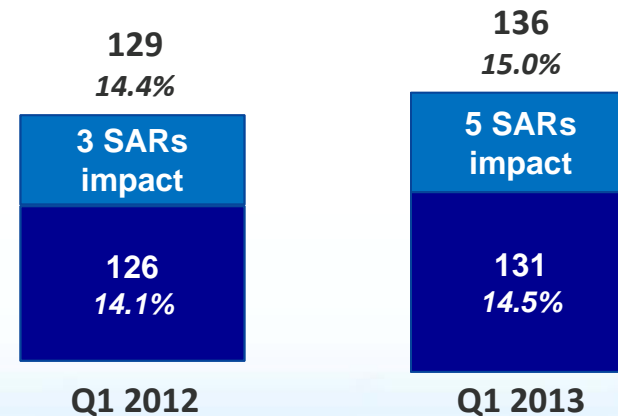
- Q1 Net Sales: +0.8%; organic growth 1.9%
  - +1.8% volume
  - Hygiene sales organic growth: 2.4%
  - Food Packaging Solutions org. growth: 1.7%
  - Strong Fresh Red Meat sales in Latin America and ANZ
  - Strong equipment sales in Latin America and AMAT
- Q1 Adj. EBITDA growth of 4.1%; +40 bps
  - Excluding SARs expense, growth of 5.6%; +60 bps
- Q1 Volume Growth by region v. PY
  - North America: -0.6%
  - Europe: -1.7%
  - Latin America: +11.1%
  - AMAT: +14.6%
  - Japan/ANZ: +0.9%
- **Largest growth drivers:** Developing regions: Brazilian beef production, equipment
- **Challenges:** North American and European protein supply constraints, price-cost spread

Reported U.S. GAAP Measures:  
 Q1-13 F&B Operating Profit: \$93M  
 Q1-12 F&B Operating Profit: \$82M

## Net Sales (\$M)



## Adjusted EBITDA excluding SARs (\$M)

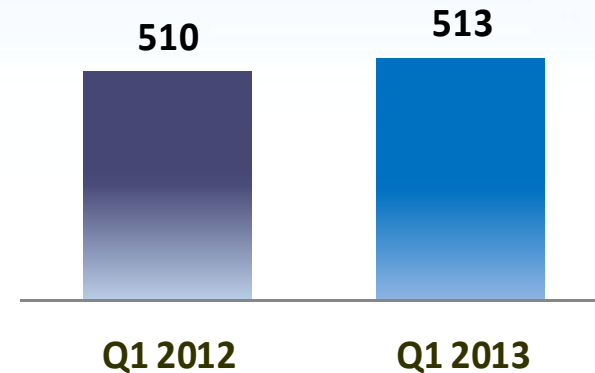


# Institutional and Laundry: Positive Emerging Market Growth

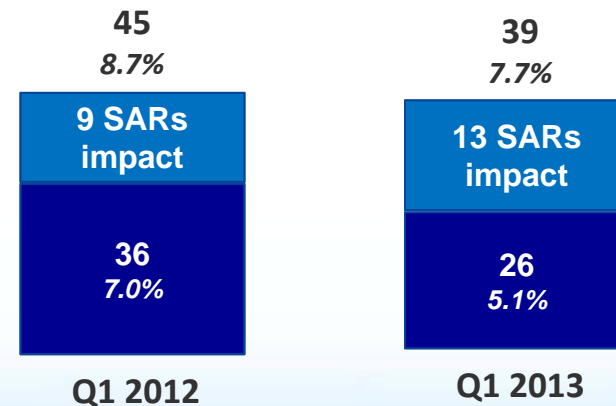
- Q1 Net Sales: +0.5%; +1.2% organic growth
  - +1.1% price/mix
  - +0.1% volume
  - Southern Europe sales -8%
- Q1 Adjusted EBITDA decline of -26.2%
  - Excluding SARs expense, decline of -11.5%
  - Impacted by negative customer mix
- Q1 Volume growth rates by region v. PY
  - North America: +2.5%
  - Europe: -4.8%
  - Latin America: +7.3%
  - AMAT: +6.7%
  - Japan/ANZ +0.5%
- **Largest Growth Drivers:** Developing regions, Food Service
- **Challenges:** Southern Europe, SARs expense, machine sales, distribution in mature markets

Reported U.S. GAAP Measures:  
 Q1-13 I&L Operating Loss: \$(9M)  
 Q1-12 I&L Operating Profit: \$(1M)

## Net Sales (\$M)



## Adjusted EBITDA excluding SARs (\$M)



# Protective Packaging: Flat Volumes with Global Manufacturing Weakness

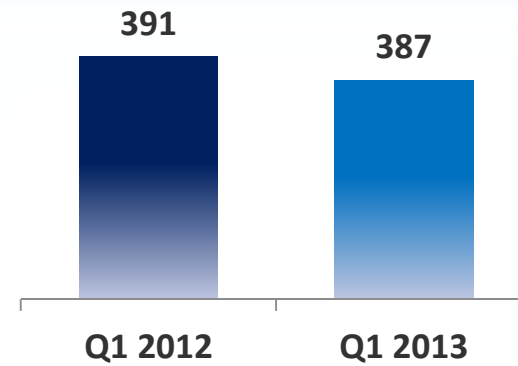
- Q1 Net Sales: -1.2%; -0.8% organic change
  - +0.1% volume
  - -0.9% price/mix
  - Increased volume to consumer-based products and related solutions
- Q1 Adjusted EBITDA decline of -4.6%
- Q1 Volume growth rates by region v. PY
  - North America: +1.1%
  - Europe: -2.8%
  - Latin America: -2.1%
  - AMAT: +1.0%
  - Japan/ANZ +3.7%
- **Largest growth drivers:** E-commerce/retail
- **Challenges:** Global economic weakness, customer mix, price/cost spread

Reported U.S. GAAP Measures:

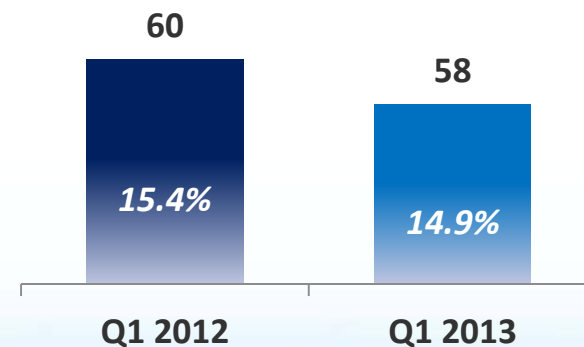
Q1-13 Protective Packaging Operating Profit: \$47M

Q1-12 Protective Packaging Operating Profit: \$51M

## Net Sales (\$M)



## Adjusted EBITDA (\$M)



# Earnings Quality Improvement Program

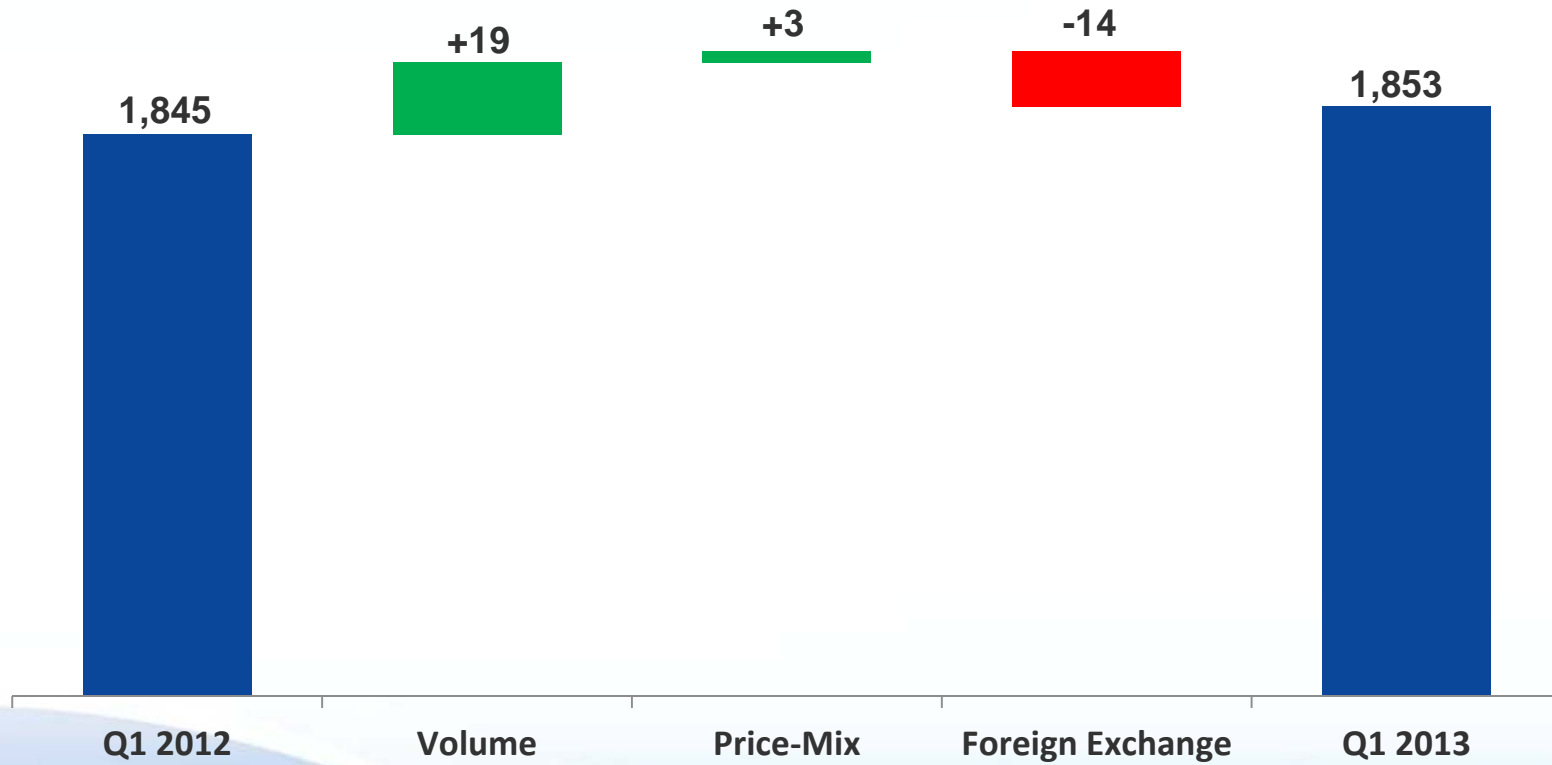
- Estimate \$80 million in annual savings to be realized by the end of 2015
  - Divisional Structure Realignment (\$90-95 million cost)
  - Supply Chain Network Optimization (\$85-95 million cost)
  - Other (\$5-10 million cost)
  - Minimal savings in 2013
- New program is incremental to the cost synergies under 2011-2014 Integration and Optimization Program
- Estimated total costs of \$180-200 million
  - \$65 million in 2013 estimated one-time cash costs

Program cost and timing estimates and savings are based on information currently available to management and may fluctuate due to a variety of reasons, including changes in foreign exchange rates.



# Q1 Net Sales Bridge

(\$ in millions)



# Q1 2013 Adjusted EBITDA Bridge

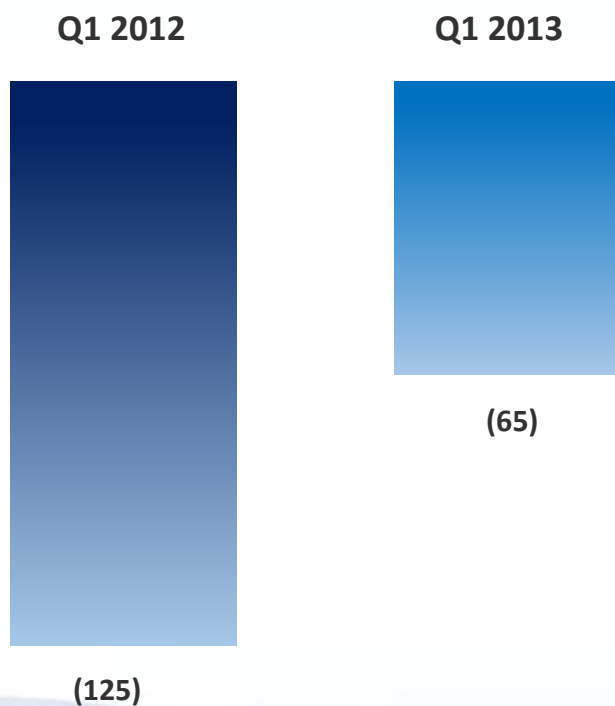
(\$ millions)



# Q1 Free Cash Flow showed significant improvement over Q1 2012

(\$ in millions)

## Free Cash Flow Performance

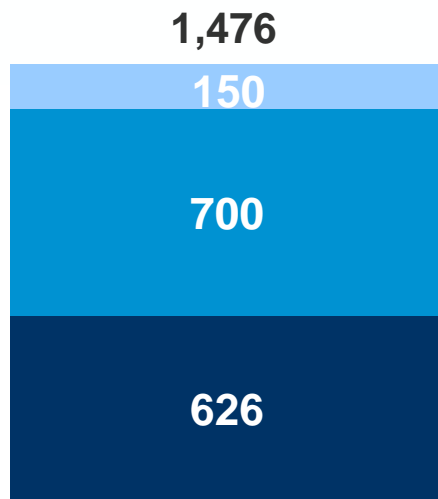


Free Cash Flow	Q1-2012	Q1-2013
U.S. GAAP Cash Flow from Operating Activities	\$ (93)	\$ (39)
Capital Expenditures	(31)	(26)
<b>Free Cash Flow</b>	<b>\$ (125)</b>	<b>\$ (65)</b>

# Liquidity & Net Debt

(\$ in millions)

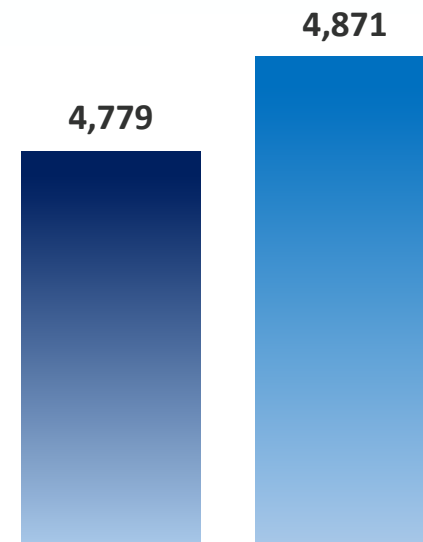
## Liquidity Position



Mar 2013

- A/R Securitization
- Revolving Credit Facility
- Cash & Cash Equivalents

## Net Debt



Dec 2012    Mar 2013

### Higher net debt as a result of:

- Seasonal inventory growth
- Certain annual incentive compensation payments
- Financing activities
- 40% of annual cash interest paid during the first quarter

# Outlook for Full Year 2013

## Management's full year outlook includes:

- Net Sales approximately \$7.7 billion to \$7.9 billion
- Adjusted EBITDA approximately \$1.01 billion to \$1.03 billion
- Earnings Per Share approximately \$1.10 to \$1.20 per share
- Revised Free Cash Flow approximately \$275 million to \$325 million
  - Includes estimated cash costs of \$65 million for earnings quality improvement program and \$70 million for the 2011-2014 Integration and Optimization Program and anticipated higher SARs payments
  - Includes 2013 estimated capital expenditures of \$160 million
  - 2012 Free Cash Flow was \$280 million and was net of \$81 million of Integration and Optimization cash payments and \$125 million of capital expenditures

Adjusted EPS guidance excludes the impact of special items. It also excludes the payment of the W. R. Grace settlement, as the exact timing of the settlement is unknown. Final payment of the W. R. Grace settlement is expected to be accretive to adjusted EPS by approximately \$0.13 annually following the payment date under the assumption of using a substantial portion of cash on hand for the payment and ceasing to accrue interest on the settlement amount. Additionally, guidance excludes any non-operating gains or losses that may be recognized in 2013 due to currency fluctuations in Venezuela.

Please see Sealed Air's May 1, 2013 earnings press release for important information about the use of non-U.S. GAAP financial measures, including applicable reconciliations to U.S. GAAP financial measures.





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# Q&A

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# Appendix

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# 1Q 2013 Adjusted EPS Calculation

	<u>Q1 2013</u>
<b>Net Sales (M)</b>	\$ 1,853
<b>Adjusted EBITDA</b>	<b>\$ 227</b>
Interest expense	(91)
Depreciation and amortization <sup>(1)</sup>	(80)
Non-cash profit sharing <sup>(2)</sup>	(10)
<b>Adjusted Pre-tax Earnings</b>	<b>\$ 46</b>
<i>Core income tax provision</i>	<i>19.4%</i>
Core income taxes	(9)
<b>Adjusted Net Earnings</b>	<b>37</b>
Diluted shares outstanding	212.7
<b>Adjusted EPS</b>	<b><u><u>\$ 0.17</u></u></b>

(1) Comprised of \$41M of property and equipment depreciation, \$32M of amortization of Intangibles and \$8M of share-based compensation

(2) Contributions to be made in Sealed Air common stock

Reported U.S. GAAP Measures :  
Q1 2013 Operating Income: \$130M; Net Income \$3M