What’s Wrong with Our Industry’s Financials?

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About Pratt

“From Schlock Recycler to trailblazer” Anthony Pratt – RISI CEO of year

• Largest ($2.5B) 100% fully integrated Recycled corrugated packaging company in North America

• U.S.A.= 4 – 100% Recycled Paper Mills
  – Largest user of RESIDENTIAL mixed paper in North America
  – Mills COMSUME ~10 million pounds/day of recycled paper

• 5th Largest corrugated box company in the U.S.A.
  – 40+ Converting plants – 6,000 green-collar employees

• 17 Material Recovery facilities (MRFs)
  – Majority of which were built during the past decade
What’s Wrong with Our Industry’s Financials?

1. Imbalance of MRF Infrastructure

- Residential vs. Commercial/Industrial

Where Materials Recovery is Generated*

- Residential: 23%
- Commercial/Industrial: 77%

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2. Single-Stream did not exactly work out as planned
   - Processing costs underestimated
   - Contamination underestimated
   - Volume declines worse than expected
   - Wear and tear/R&M underestimated (plastic bags, glass, etc.), at MRFs, and rest of supply chain (Mills)
   - Commodity price volatility worse than expected
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3. Municipal Contracts did not share pain/gain

4. Weight-based recycling goals had MRF consequences
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Recent statements (past 30 days) from Recycling Industry CEOs/COOs (not Pratt)

“...we’re still committed to recycling for customers that are willing to pay...company is being more strategic with its decisions. This includes avoiding long-term contracts with decreasing value over time, closing unprofitable facilities...”

AND

“...absolutely will never go back to the old style of doing business in recycling as long as I am breathing...”
But...Not all Gloom and Doom

• There are lots of things that are right about recycling, and when one door closes, another one opens.

• These past few years have been a great wake-up call, and many best practices of how to do it right!
  (“When the going gets tough, the tough get going”)

• Speaking for Pratt...we need the feedstock and are continuously investing to create a better system.
In the Spirit of Nov 8\textsuperscript{th} 2016

“Make Recycling Great Again”

or

“Stronger source-separated”

It will be over in 32 hours and 46 minutes... HOPEFULLY !!!