



Reliance Packaging LLC
Of Sigma Plastics Group

Saving Money with Modern Plastic Bags & Packaging

PRESENTED BY:

Satish Sharma

President of Reliance Packaging, LLC.

Frank Laurienzo

National Account Executive



Topics for today:

- Introduction & Background
- Save money with new efficiencies in production
- Benefits of a managed inventory program
- Market updates



Who is Reliance Packaging?

- Joint venture in 2014 with Sigma Plastics Group
- On-site extrusion, printing, & conversion
- 10 color / High Quality flexographic printing
- ULTRA-WIDE = 92" print capable!
- A domestic source



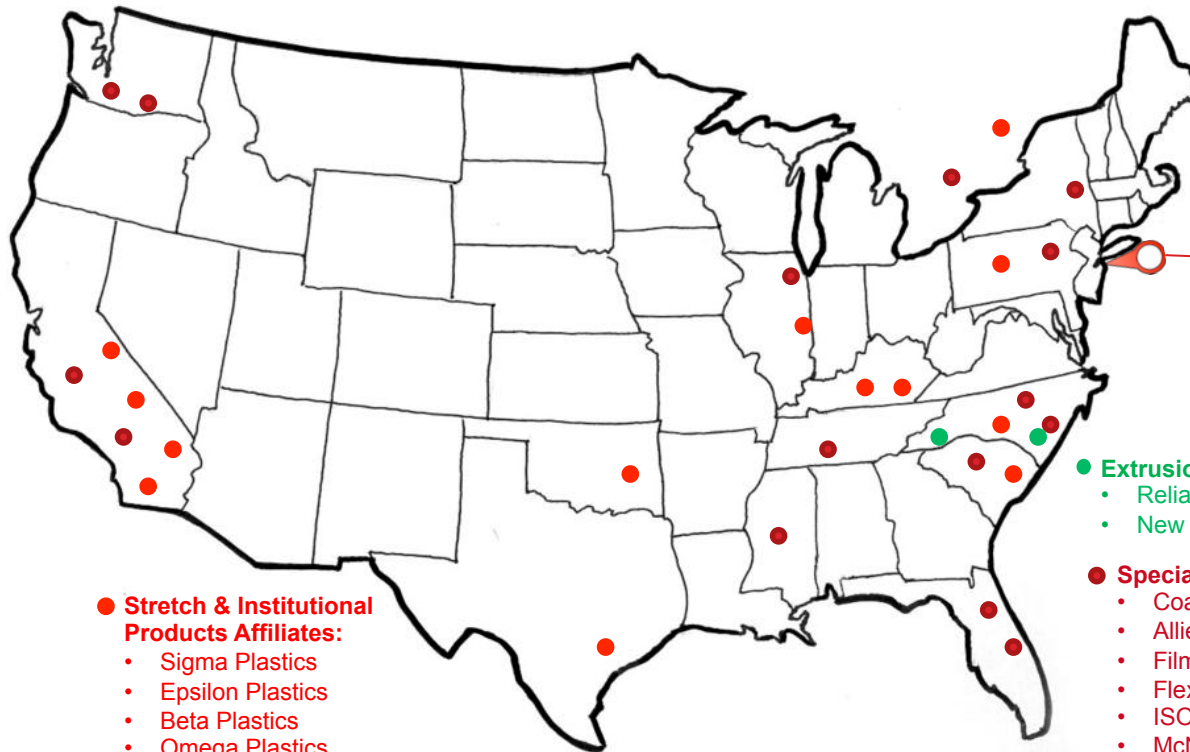


Who is the Sigma Plastics Group?

- Founded in 1978 by Alfred Teo, CEO
- Acquisitions throughout its 30+ year history with major additions between 2009 – 2017
- \$2.45 Billion in Sales (*Sigma ranked 2nd in N.A. film & sheet production*)
- North America's largest privately owned plastics company



SIGMA PLASTICS GROUP



**Headquarters
(Lyndhurst, NJ)**

- 1 Converter / Specialty Films Plant
- 5 Trash bags / garment Bags Films Plants

- **Extrusion, Printing & Converting Plant:**
 - Reliance Packaging
 - New Excelsior

● Specialty Custom Films Affiliates:

- Coastal Films of Florida
- Allied Plastics
- Film-tech Corp
- Flexsol Packaging Corp
- ISO Poly Films
- McNeely Plastics
- Mercury Plastics
- Performance Packaging
- Santa Fe Packaging
- Southern Films

● Stretch & Institutional Products Affiliates:

- Sigma Plastics
- Epsilon Plastics
- Beta Plastics
- Omega Plastics
- Argus
- Poly Plastic Products
- Republic Bag Inc
- Southeastern Plastics



Save money with efficient extrusion!

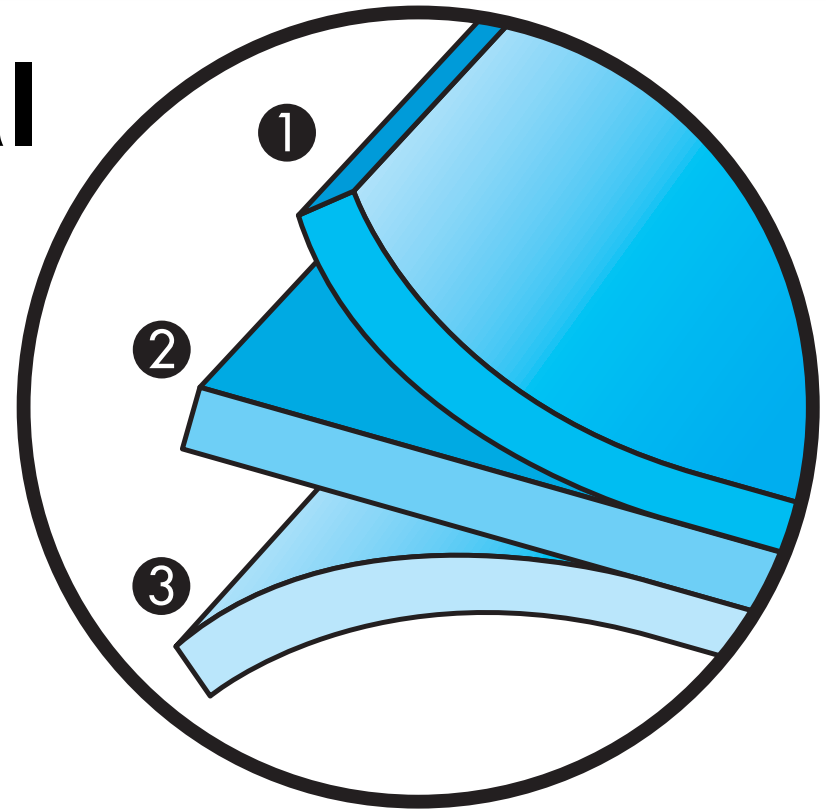
- Thickness of material = Cost of bags
- Retain bag strength through multi-layer extrusion & enhanced materials
- Reduced film thickness
 - From 2.25 mil down to 2.15 mil
 - Cost savings in material = cheaper bags





Tuff-Flex Material

- Unique 3 Layer Co-Extrusion film
- Custom blend of resins
- Each layer = Specific attributes
- Results in stronger film with less material



- ① Outer layer - Non Skid & Enhanced UVI
- ② Middle Layer - Maximum Strength
- ③ Inner Layer - Increased Sealability



Benefits of a Managed Inventory Program

- Unprinted film available for urgent orders
- Storage of finished product
- Just-in-time delivery!
- Improve cash-flow





Benefits of a Managed Inventory Program

TRADITIONAL ORDER

- 200k x 5 subjects = 1,000,000 bags
 - \$180,000 order
 - 60 pallets of storage

MANAGED INVENTORY PROGRAM

- 100k x 5 subjects = 500,000 bags
 - \$90,000 order
 - 30 pallets of storage





Resin Market Updates

Impact of Force Majeure

- Recent events of Hurricane Harvey
- Increased resin costs
- Reduced capacity & deliveries





Outcome of Hurricane Harvey

RECENT PRICE INCREASES

- \$.03 in August
- \$.04 in September
- \$.03 in October





Hurricane Harvey and Resin Production

- Equistar stopped PE production at Matagorda, Corpus Christi, Victoria, Chocolate Bayou and La Porte.
- Chevron Phillips was shutting certain operations at Sweeny.
- Dow's TX-8 olefins plant running at reduced rates.
- Ineos shut down Olefins 1 and Olefins 2 units at Chocolate Bayou.
- ExxonMobil shut down its entire Baytown facility.
- Dow's TX-8 steam cracker at Freeport reduced rates. Dow shut down Seadrift site.
- Chevron Phillips shut down its Cedar Bayou site.
- Formosa closed Point Comfort site.

And Much, Much More...





Reliance Packaging LLC

Of Sigma Plastics Group



Total Petrochemicals & Refining USA, Inc.
Corporate Headquarters

August 29, 2017

Dear Valued Customer:

The impact of Hurricane Harvey has resulted in a suspension of production at Total Petrochemicals & Refining USA, Inc.'s (TOTAL) Polyethylene facility in Bayport, TX. Due to this disruption, TOTAL is declaring Force Majeure with regard to the supply of all polyethylene products, effective immediately.

At this time, we are hopeful the Force Majeure will last no more than 2 weeks (14 days) and will continue to share additional information regarding any changes to this.

We appreciate your understanding as we work through this situation together. Your Sales Account Manager will continue to be your primary contact and inform you as additional information becomes available.

Sincerely,

Paul H. Colonna
Vice President - Polymers Americas

Total Petrochemicals & Refining USA, Inc. - Corporate Headquarters | 1001 Louisiana Street, Suite 1600 | Houston, TX 77002 | Tel: 713 469 2000

INEOS Olefins & Polymers USA

INEOS Olefins & Polymers USA
A Division of INEOS USA LLC
2001 South Stem Boulevard
Suite 300
Lubbock, TX, Texas 79401
Tel: (817) 537-6600
www.ineos-usa.com

August 28, 2017

Re: Force Majeure Declaration on High Density Polyethylene

Dear Valued Customer:

Hurricane Harvey has affected the Texas-based monomer and polymer production facilities of INEOS Olefins & Polymers USA ("INEOS") and as such, INEOS must declare Force Majeure and suspend its obligations with respect to the supply of all high density polyethylene grades.

Your INEOS Olefins & Polymers USA Account Manager will be contacting you to discuss the specific impact this event may have on future supply availability.

Sincerely,

Michael D. Nagle
MICHAEL D. NAGLE
VP Commercial



LYON
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August 28, 2017

Dear Valued Customer,

We regret to inform you that due to Hurricane Harvey, we have shut down 8 of our Matagorda, Victoria, Chocolate Bayou and LaPorte, Texas polyeth. Accordingly, we must declare a force majeure event for products produced at these sites effective immediately.

We are currently evaluating the impact of this event on our production capability. Additional information will be provided once we have assessed our ability to supply. Through the extent of the impact has not yet been fully defined, we are issuing this notification as soon as possible to ensure that you are aware of the situation. We will be contacting you regarding product availability once more details are identified.

As always, your Account Manager is available to address any questions or concerns you may have regarding this force majeure event. We value the trust you place in us as a supplier and we apologize for the inconvenience this may cause you.

Thank you for your understanding and patience.

Sincerely,

James R. Clark

James R. Clark
Director PE Americas
Equistar Chemicals, LP



Formosa Plastics Corporation, U.S.A.
8 Peach Tree Hill Road
Livingston, NJ 07032
Telephone: (973) 462-2000

August 28, 2017

Re: Hurricane Harvey - Update No. 1
Force Majeure

Dear Valued Customer,

Formosa Plastics Corporation, Texas - Point Comfort site ("Formosa") experienced no equipment damage due to wind and rain caused by Hurricane Harvey that would prevent a restart; this is based on a current preliminary assessment. Plant personnel are in the process of returning to work, subject to their ability to do so safely, as our primary focus is the safety of our employees.

A major supply partner of raw material, propylene, to the complex has declared force majeure. In addition, transportation partners are amassing shipments in addition to implementing embargos destined to Houston and the surrounding areas.

As a result, pursuant to Section 4 of Formosa Terms and Conditions of Sales, Formosa is declaring Excuse of Performance (Force Majeure) on all of its Formolene® grades of Polypropylene and Polyethylene for the months of August and September 2017. Formosa will provide further information on supply quantities; however, it is anticipated that this information will not be available for several days as we continue to assess the full impact of the hurricane and our ability to supply products.

You are encouraged to use the "My Formosa" E-Business Service Center at www.fpcusa.com for commercial information including the location of railcar shipments. Future updates related to this event will be available on the Formosa Website, tagged as SPECIAL NOTICE: HURRICANE HARVEY, <http://www.fpcusa.com/myformosa/customer/index.html>.

We understand the burden that this will put on your company. Formosa is making every effort to return back to normal production as quickly as possible. Your sales representative will keep you apprised of the status of this issue and work with you on your specific product needs in an effort to minimize the impact of this supply disruption.

Sincerely,

Ken Mougner

Ken Mougner
Vice President/General Manager
Polyolefins Division





How to plan around the Resin Market?

- **How to plan ahead?**
 - Managed inventory programs in place
 - Reduced material consumption
- **Benefits of diversification**
 - Buying power = Prioritized resin delivery
 - Sigma = **2 Billion** pounds of resin per year



Questions?

Thank you for your time!