

# Scotiabank Marketing

## September 2, 2021



# DISCLAIMER

## FORWARD-LOOKING STATEMENT

Certain statements in this presentation, including statements regarding future results and performance, are forward-looking statements within the meaning of securities legislation based on current expectations. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the effect of general economic conditions, decreases in demand for Cascades Inc.'s ("Cascades," "CAS," the "Company," the "Corporation," "us" or "we") products, the prices and availability of raw materials, changes in the relative values of certain currencies, fluctuations in selling prices and adverse changes in general market and industry conditions. This presentation may also include price indices as well as variance and sensitivity analyses that are intended to provide the reader with a better understanding of the trends related to our business activities. These items are based on the best estimates available to the Corporation.

## SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES – SPECIFIC ITEMS

The Corporation incurs some specific items that adversely or positively affected its operating results. We believe it is useful for readers to be aware of these items, as they provide additional information to measure the performance, compare the Corporation's results between periods and to assess operating results and liquidity, notwithstanding these specific items. Management believes these specific items are not necessarily reflective of the Corporation underlying business operations in measuring and comparing its performance and analyzing future trends. Our definition of specific items may differ from those of other corporations and some of them may arise in the future and may reduce the cash available to us.

They include, but are not limited to, charges for (reversals of) impairment of assets, restructuring gains or costs, loss on refinancing and repurchase of long-term debt, some deferred tax assets provisions or reversals, premiums paid on long-term debt refinancing, gains or losses on the acquisition or sale of a business unit, gains or losses on the share of results of associates and joint ventures, unrealized gains or losses on derivative financial instruments that do not qualify for hedge accounting, unrealized gains or losses on interest rate swaps, foreign exchange gains or losses on long-term debt, specific items of discontinued operations and other significant items of an unusual, non-cash or non-recurring nature.

## RECONCILIATION OF NON-IFRS MEASURES

To provide more information for evaluating the Corporation's performance, the financial information included in this analysis contains certain data that are not performance measures under IFRS ("non-IFRS measures") which are also calculated on an adjusted basis to exclude specific items. We believe that providing certain key performance measures and non-IFRS measures is useful to both management and investors as they provide additional information to measure the performance and financial position of the Corporation. It also increases the transparency and clarity of the financial information. The following non-IFRS measures are used in our financial disclosures:

- Operating income before depreciation and amortization (OIBD): Used to assess operating performance and contribution of each segment when excluding depreciation & amortization. OIBD is widely used by investors as a measure of a corporation ability to incur and service debt and as an evaluation metric.
- Adjusted OIBD: Used to assess operating performance and contribution of each segment on a comparable basis.
- Adjusted operating income: Used to assess operating performance of each segment on a comparable basis.
- Adjusted net earnings: Used to assess the Corporation's consolidated financial performance on a comparable basis.
- Adjusted free cash flow: Used to assess the Corporation's capacity to generate cash flows to meet financial obligation and/or discretionary items such as share repurchase, dividend increase and strategic investments.
- Net debt to adjusted OIBD ratio: Used to measure the Corporation's credit performance and evaluate the financial leverage.
- Net debt to adjusted OIBD ratio on a pro forma basis: Used to measure the Corporation's credit performance and evaluate the financial leverage on a comparable basis including significant business acquisitions and excluding significant business disposals, if any.

Non-IFRS measures are mainly derived from the consolidated financial statements but do not have meanings prescribed by IFRS. These measures have limitations as an analytical tool and should not be considered on their own or as a substitute for an analysis of our results as reported under IFRS. In addition, our definitions of non-IFRS measures may differ from those of other corporations. Any such modification or reformulation may be significant.

All amounts in this presentation are in Canadian dollars unless otherwise indicated.

Please click [here](#) for supplemental information on non-IFRS measures.



# Our Mission

To improve the well-being of people, communities and the planet by providing sustainable and innovative solutions that create value.

# Our Vision

To be a key contributor to our customers' success by leading the way for sustainable packaging, hygiene and recovery solutions.

# SOURCE OF POSSIBILITIES



**~9,950 employees**

**78 facilities across North America**



# INVESTMENT THESIS

- ✓ Well-capitalized and modernized business platforms competitively positioned in growing markets
- ✓ Solid balance sheet and strong forecasted cash flow support operational flexibility and shareholder value creation
- ✓ Circular economy pioneer and industry leader in sustainable packaging and tissue solutions





# WELL POSITIONED ASSET BASE



# OUR BUSINESS - PRODUCTS, BRANDS, MARKETS

## PACKAGING SOLUTIONS



### PRODUCTS

#### ROLLS

- LINER
- MEDIUM
- URB

#### CONVERTED PRODUCTS

- CORRUGATED BOXES
- CONSUMER PRODUCTS PACKAGING
- INDUSTRIAL PACKAGING

### BRANDS



### END MARKETS

**60% of LTM Q2/21 Sales**

(APPROX. % OF PACKAGING SALES)

Converters	41%
Food & Beverage	33%
Industrial	9%
Other Sectors	17%

## TISSUE PAPERS



### PRODUCTS

#### TISSUE PARENT ROLLS

#### CONVERTED PRODUCTS

- BATHROOM & FACIAL TISSUE
- PAPER TOWELS
- PAPER HAND TOWELS
- NAPKINS

### BRANDS



### END MARKETS

**40% of LTM Q2/21 Sales**

(APPROX. % OF TISSUE SALES)

Retail – General Merch.	42%
Wholesaler/Distributor	37%
Retail – Food & Bev, Health	11%
Other Sectors	10%

## SERVICES

CASCADES RECOVERY+ (RECYCLED FIBRE OPS.) | CASCADES TRANSPORT | CASCADES CS+ (TECHNICAL SERVICES)



# INDUSTRY TRENDS

A MUST



Sustainable packaging



Differentiation by design



New technologies



E-commerce & E-food

# Packaging Solutions

- ✓ Broad selection of innovative & sustainable packaging solutions aligned with industry trends to meet the needs of our strategic markets.

## OUR MATERIALS



## OUR MARKETS



# SUSTAINABILITY ACTION PLAN: 2021- 2025

100 Most Sustainable Corporations in the World (Corporate Knights)



Ranked  
**17<sup>th</sup>**

Only Containers & Packaging company named

1 out of only 12 Canadian companies to make the list

3<sup>rd</sup> party frameworks, standards & guidelines provide comprehensive & transparent information for our customers, investors & stakeholders

## RANKING AGENCIES WHERE DATA IS FOLLOWED/VERIFIED/SUBMITTED



## FRAMEWORKS/STANDARDS BEING FOLLOWED AND/OR EVALUATED





# SUSTAINABILITY ACTION PLAN: 2021- 2025



Work in partnership to develop methods that are regenerative and respectful of the environment, allowing us to continue to reduce our environmental footprint.



Collaborate with our employees, customers and supply chain partners to develop environmentally friendly and sustainable solutions that create value and help build a better world for everyone.



Make decisions based on their positive contribution to the health and well-being of our communities, and guide people to make responsible choices on a daily basis.



Foster a healthy, safe and stimulating work environment where our employees develop their full potential and feel a sense of accomplishment by helping to achieve the company's mission.

# SUSTAINABILITY ACTION PLAN: 2021- 2025



## Climate change

▼ **38.7%** 2030 vs 2019  
scopes 1+2, mills (kg of CO2 eq./MT))

▼ **27.5%** 2030 vs 2019  
scopes 1+2, other (kg of CO2 eq.)

▼ **22%** 2030 vs 2019  
scope 3 (kg of CO2 eq./MT)



## Climate change

**100%** 2030  
renewable electricity

▼ **6%** 2025 vs 2019  
(GJ/TM)



## Water consumption

▼ **15%** 2025 vs 2019  
(M3/TM)



## Solutions driven



## Eco-designed products

**100%** 2030  
of the packaging we manufacture and sell  
is recyclable, compostable or reusable



## Responsible procurement

**100%** 2025  
of the fibre and paper we  
use is recycled or certified

×2 2025 vs 2019  
our FSC Mix® supply

**70%** 2025  
of our purchases are sourced  
from responsible suppliers



## Community minded



## Sustainable cities and communities

Allocate at least  
**50%** 2025  
of our annual donation and sponsorship  
budget to causes that support the UN's  
Sustainable Development Goals



## Community involvement

**15,000 hours** PER YEAR  
of community involvement  
completed by employees



## People focused



## Health, safety and well-being

▼ **50%** 2025 vs 2019  
the number of days lost due  
to workplace accidents



## Equity, diversity and inclusion

**100%** 2025  
of employees are committed to a positive  
health and wellness approach

**100%** 2025  
of employees are trained on unconscious  
biases related to equity, diversity and inclusion



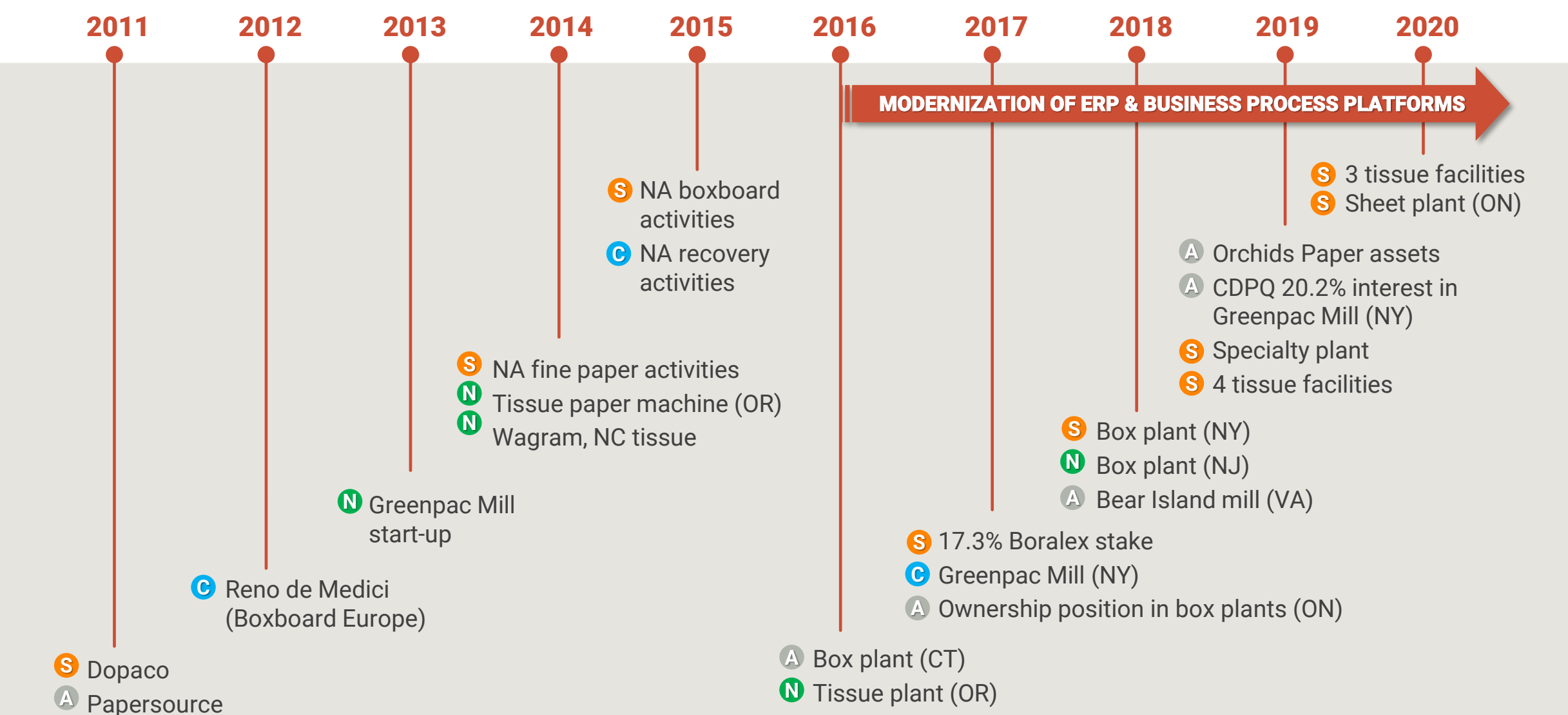
# You see Cascades



# We see a refocused company



# WE'VE BEEN BUSY: 2011-2020 REFOCUSSED & OPTIMIZED



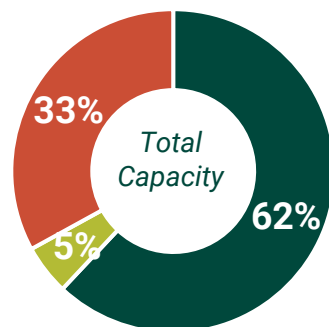


Investments & modernization initiatives have improved competitiveness\* of our assets.

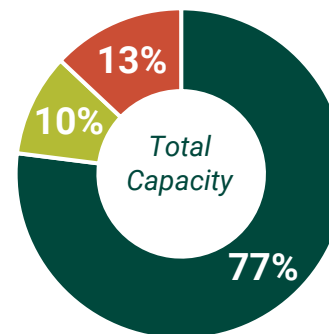
\* Competitiveness (Tier 1, 2 or 3) of manufacturing and converting assets based on extensive internal analysis: equipment age, width, speed, capacity and technological positioning.

# OUR ASSET BASE

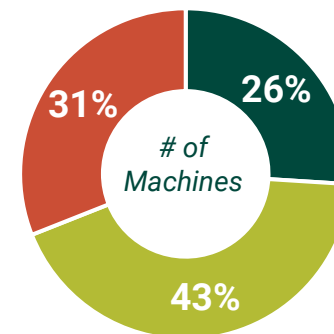
CONTAINERBOARD  
Manufacturing (with Bear Island)



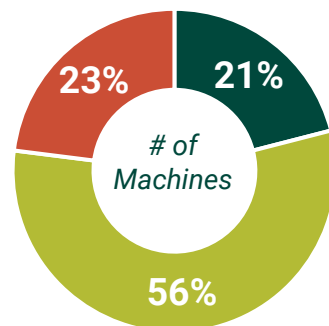
CONTAINERBOARD  
Converting



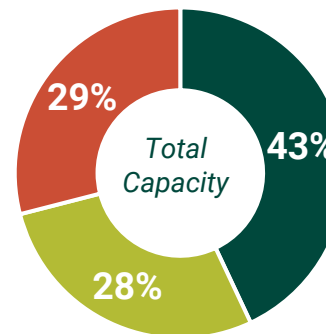
CONTAINERBOARD  
Sheeting



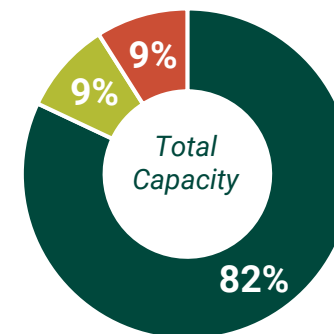
SPECIALTY  
PACKAGING



TISSUE PAPERS  
Manufacturing



TISSUE PAPERS  
Converting



Tier 1

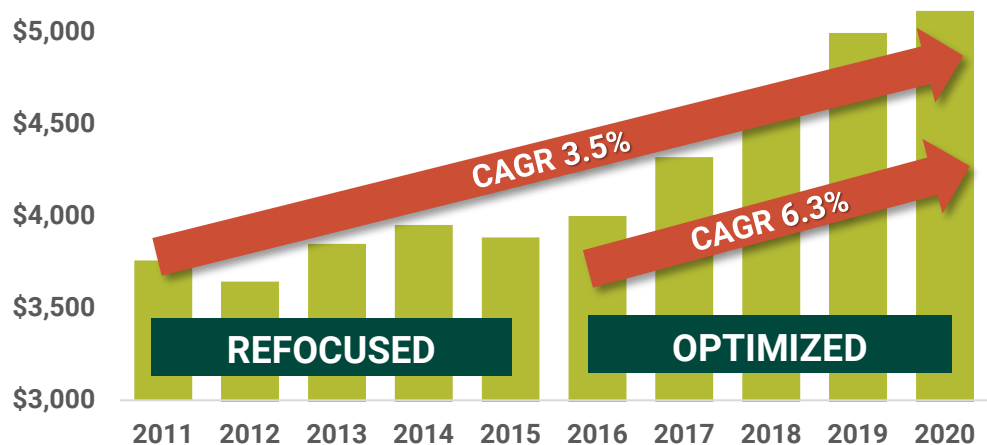
Tier 2

Tier 3

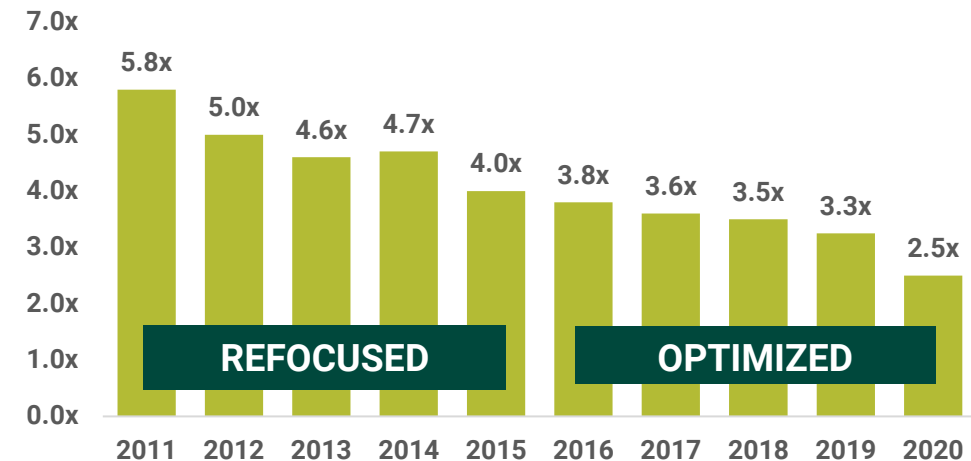


# 2011-2020 REFOCUSSED & OPTIMIZED

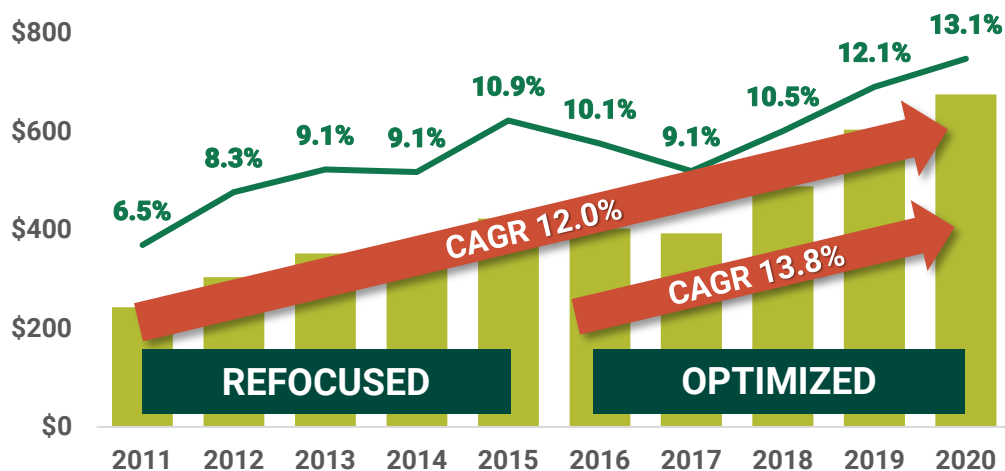
SALES (in 000's CAN\$)



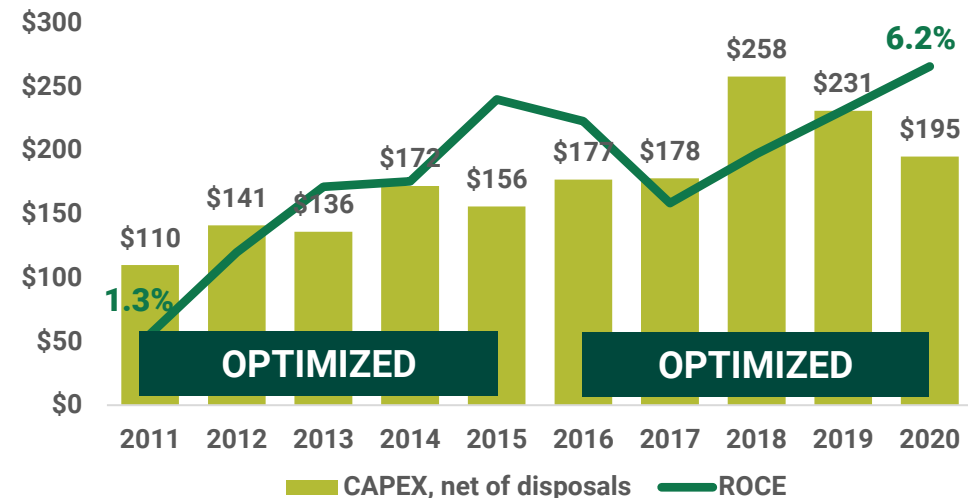
LEVERAGE RATIO



ADJUSTED OIBD<sup>1</sup> & MARGIN (M CAN\$, % of sales)



CAPEX & ROCE (M CAN\$, %)



(1) Please click [here](#) for supplemental information on non-IFRS measures. (2) Consolidated results have **NOT** been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.



# DRIVING VALUE

## STRATEGIC OBJECTIVES

### Capture Benefits from Modernization Initiatives

- Drive continuous value from stronger operational and financial capacity & platform
- Fund value-creating growth – Bear Island project
- Ramp up new Tissue converting assets, optimize newly repositioned platform

### Disciplined Capital Allocation

- Focused capital allocation – strategic, value-creating and targeted growth
- Maintain flexible balance sheet –leverage of < 3.0x (until Bear Island start-up)
- Return value to shareholders – align dividend yield with 3% - 3.5% industry average

### Continuous Margin Improvement

- Deliver adjusted OIBD<sup>1</sup> margin improvement targets of 1% in 2021 & 2022
- Disciplined production effectiveness and planning, leveraging ERP management system to optimize daily operational performance
- Targeted consolidated adjusted OIBD margins of 15%

<sup>1</sup> Please click [here](#) for supplemental information on non-IFRS measures. From 2019 base year.



# DRIVING VALUE

## MARGIN IMPROVEMENT INITIATIVES

### 5 PILLARS



#### REVENUE MANAGEMENT

→ Targeting improvements in net selling price, volumes, cost to serve and customer & product mix



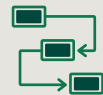
#### PRODUCTION EFFICIENCY

→ Targeting volume and costs to produce



#### SALES & OPERATION PLANNING

→ Targeting customer service, inventory levels and logistics efficiency



#### SUPPLY CHAIN EFFICIENCY

→ Targeting procurement, transportation and warehousing costs



#### ORGANIZATIONAL EFFECTIVENESS

→ Targeting improved operational structure and lower SG&A costs

### OBJECTIVES & RESULTS



#### OBJECTIVES

→ Increase adjusted OIBD margin<sup>1</sup> by 1% in 2020, 2021 and 2022 from our 2019 reference base year



#### RESULTS

→ Achieved approximately \$75 million in 2020, net of related costs

→ Offsetting cost inflation, potential increase in raw material & pressure on selling prices

<sup>1</sup> Please click [here](#) for supplemental information on non-IFRS measures. From 2019 base year.





# FINANCIAL RESULTS

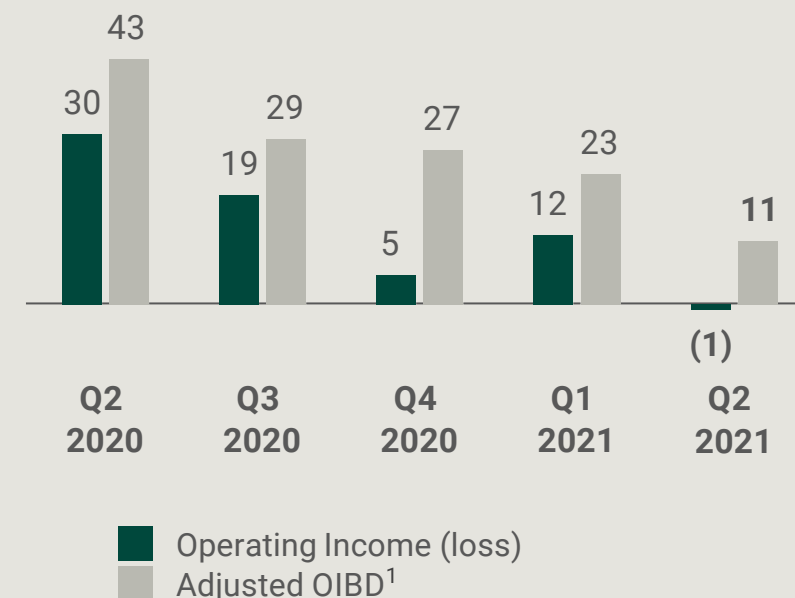


# DISCONTINUED OPERATIONS

On July 5, 2021, the Corporation announced the monetization of its 57.6% controlling equity interest in Reno de Medici S.p.A. (RDM) for an amount per share of €1.45, or \$461 million. The transaction is expected to close in the third quarter of 2021.

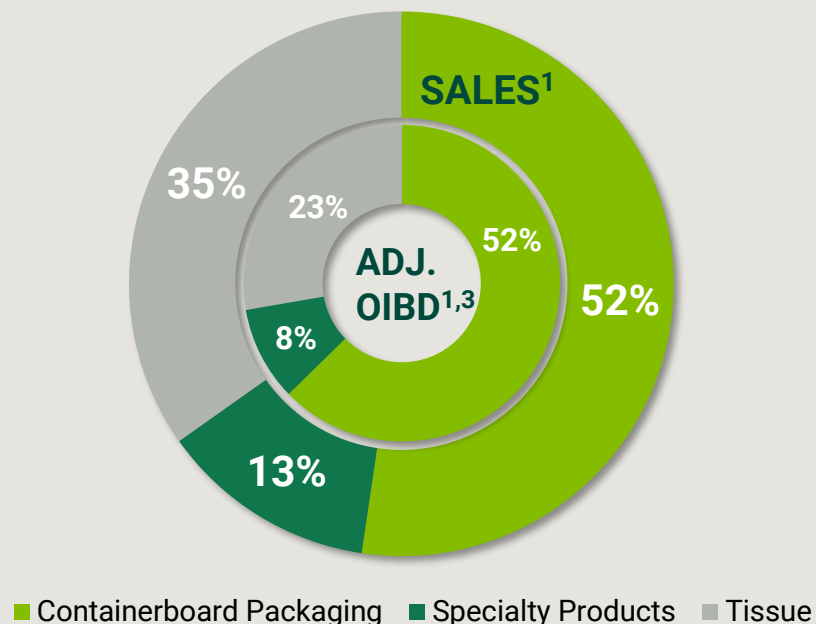
(In millions of CAN\$)	2019 <sup>2</sup>	2020 <sup>2</sup>		2021 <sup>2</sup>	
	Year	Q2	Year	Q1	Q2
<b>Financial results</b>					
<b>Sales</b>					
Before discontinued operations	4,996	1,285	5,157	1,228	1,209
Discontinued operations - Boxboard Europe	(1,048)	(265)	(1,052)	(286)	(253)
As reported in Q2 2021	3,948	1,020	4,105	942	956
<b>Operating income</b>					
Before discontinued operations	261	94	366	56	22
Discontinued operations - Boxboard Europe	(45)	(30)	(74)	(12)	1
As reported in Q2 2021	216	64	292	44	23
<b>Adjusted OIBD<sup>1</sup></b>					
Before discontinued operations	604	186	675	145	109
Discontinued operations - Boxboard Europe	(108)	(43)	(129)	(23)	(11)
As reported in Q2 2021	496	143	546	122	98

**Boxboard Europe<sup>2</sup> (millions of CAN\$)**



(1) Please click [here](#) for supplemental information on non-IFRS measures. (2) 2021, 2020 and 2019 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

# LTM Q2 2021 Results<sup>2</sup>



(LTM Q2 2021, except where specified)

Sales	\$3,942 M
Adj. OIBD <sup>3</sup>	\$492 M
Adj. OIBD <sup>3</sup> Margin	12.5%
Adj. CF from operations	\$399 M
Adj. Free CF	\$91 M
Adj. Free CF per share	\$0.92
Net debt (at 6/30/21)	\$1.71 B
Net debt/Adj. OIBD <sup>3</sup> (at 6/30/21)	2.9x
WC (% of YTD 2021 sales)	10.3%
Capacity utilization rate	91%

**Q2 2021** | Good packaging market dynamics were partially offset by ongoing softness and customer inventory management in Tissue related to Covid-19, inflationary pressures

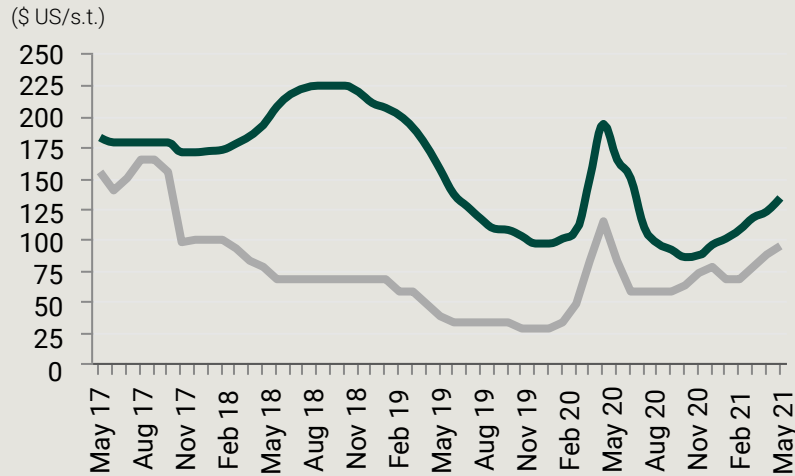
- + Containerboard:** Strong volumes and roll-out of price increases
- + Specialty Products:** Good volume growth more than offset the impact of higher raw material costs
- Raw material/Production costs:** higher raw material prices and production cost inflation for all business segments
- Tissue:** lower demand levels driven by customer inventory management following 2020 build up related to Covid-19 demand fluctuations

(1) Excluding inter-segment sales / Corporate Activities (2) Adjusted to exclude European Boxboard results, accounted for as discontinued operations following announced sale of equity ownership in Reno de Medici S.p.A. (RdM).

(3) Please click [here](#) for supplemental information on non-IFRS measures.

# Raw material – Index prices

## Recycled Fibre Prices

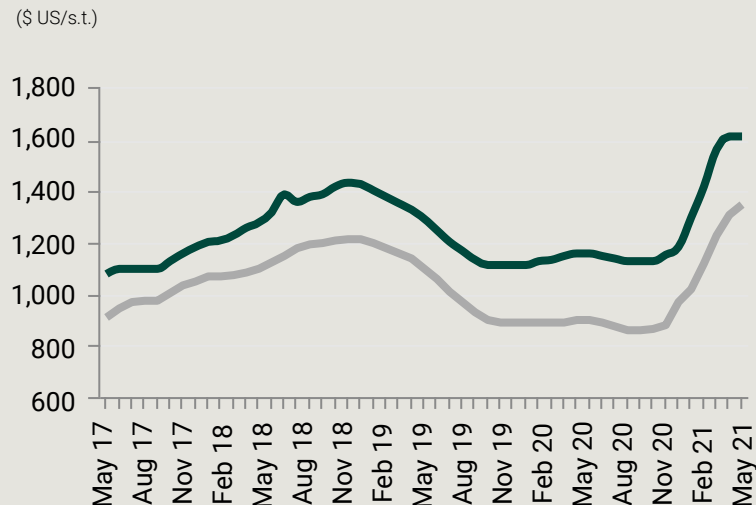


## Recovered Paper Prices

- WHITE GRADES** - Basket of products (Northeast avg)<sup>1</sup>
- BROWN GRADES** - OCC No. 11 (Northeast average)

Q2 2021	Q2 vs Q2/20	Q2 vs Q1/21
125	(26%)	23%
87	(7%)	23%

## Virgin Pulp Prices



## Virgin Pulp Prices

- NBSK**  
Canadian sources delivered to Eastern US
- NBHK**  
Canada/US sources delivered to Eastern US

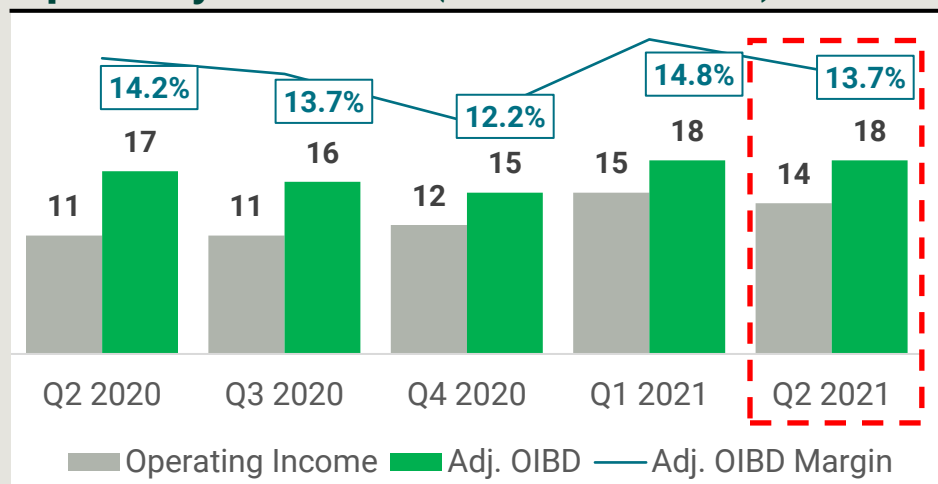
Q2 2021	Q2 vs Q2/20	Q2 vs Q1/21
1,598	38%	23%
1,297	45%	25%

Source: RISI. (1) Basket of white recycled paper, including grades such as SOP, Hard White Envelope and Coated Book Stock; Northeast average. Weighted average based on Cascades' consumption of each grade. (2) Current price for White Grades is the RISI index price for SOP and is not a basket of products.

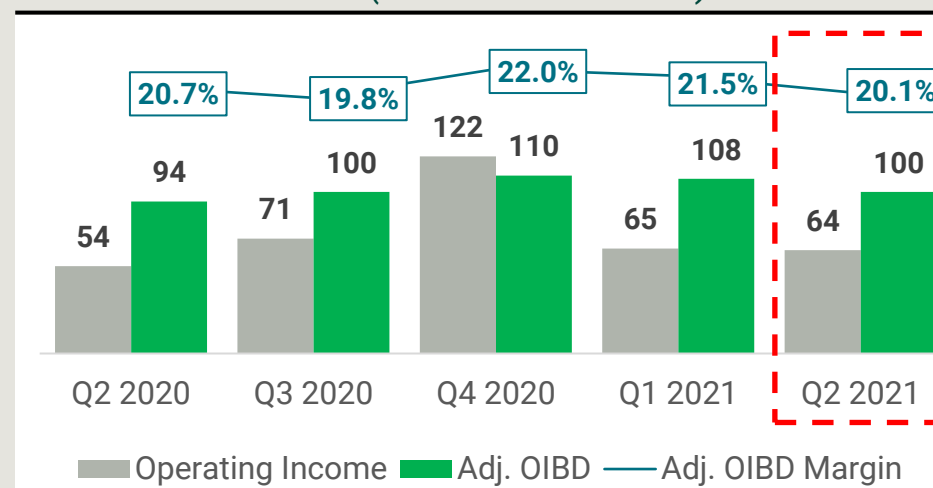


# QUARTERLY SEGMENTED OPERATING INCOME (LOSS), ADJUSTED OIBD<sup>1</sup> & MARGIN

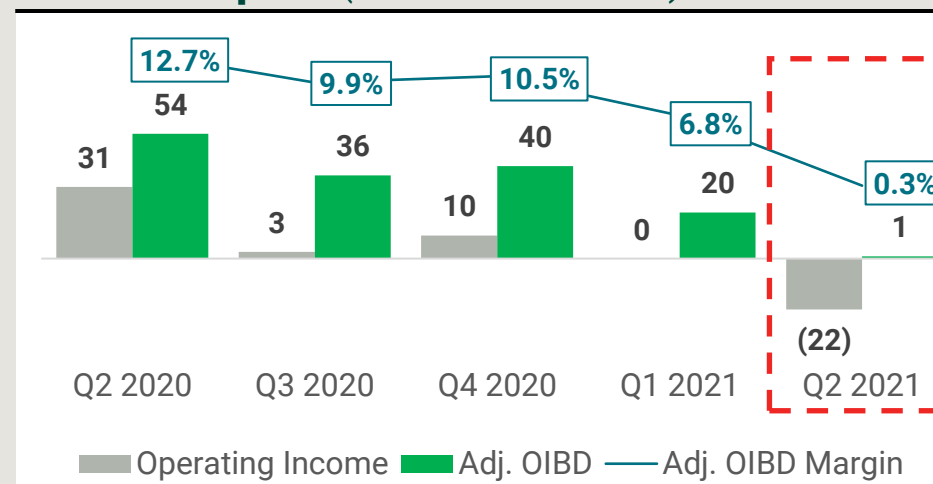
**Specialty Products** (millions of CAN\$/%)



**Containerboard** (millions of CAN\$/%)



**Tissue Papers** (millions of CAN\$/%)

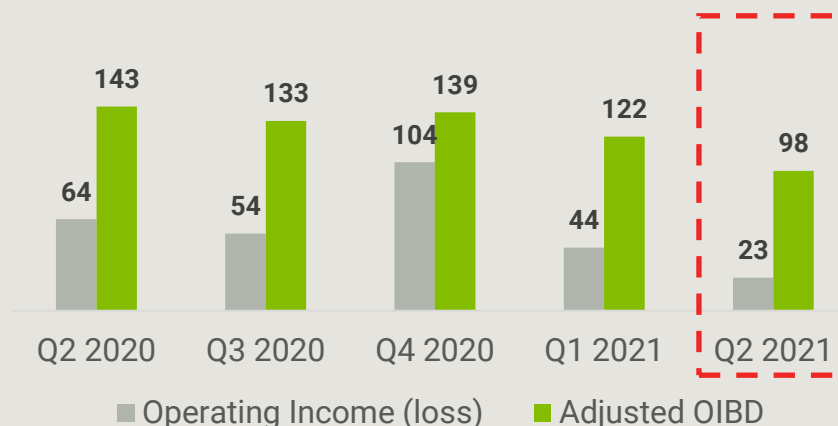


<sup>1</sup> Please click [here](#) for supplemental information on non-IFRS measures.

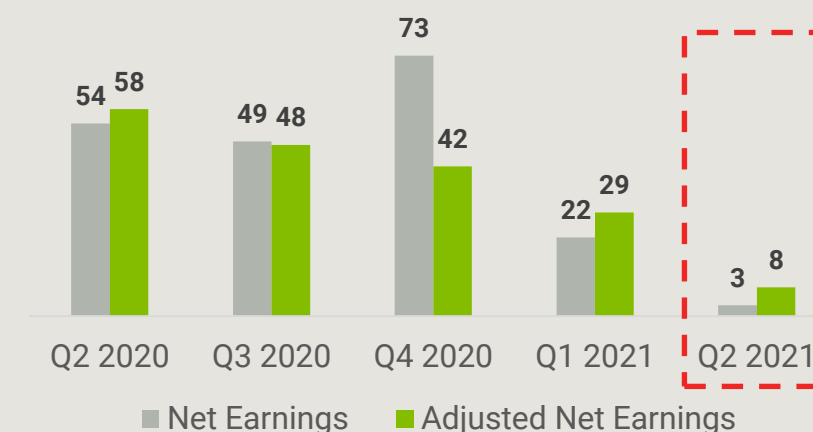


# Quarterly Financial Results

In millions of CAN\$



In millions of CAN\$

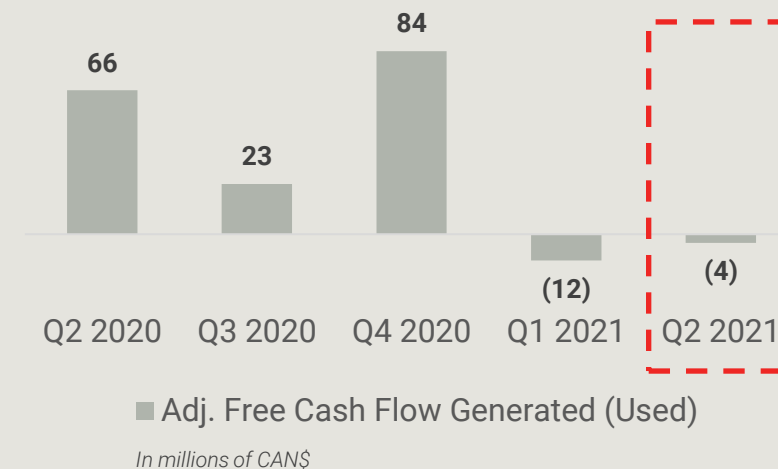
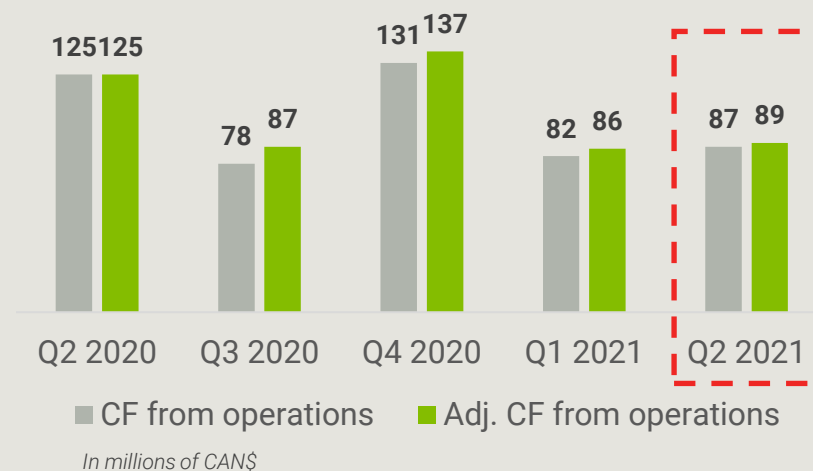


(In millions of CAN\$, except amount per share)	Q1	Q2	Q3	Q4	2019 <sup>2</sup> Year	Q1	Q2	Q3	Q4	2020 Year	Q1	2021 <sup>2</sup> Q2
<b>Financial results</b>												
<b>Sales</b>	951	1,005	1,008	984	3,948	1,041	1,020	1,014	1,030	4,105	942	956
<b>Operating income (loss)</b>	54	63	94	5	216	70	64	54	104	292	44	23
Adjusted OIBD <sup>1</sup>	106	126	136	128	496	131	143	133	139	546	122	98
<b>Net earnings (loss)</b>	24	31	43	(26)	72	22	54	49	73	198	22	3
Adjusted net earnings <sup>1</sup>	13	26	28	29	96	39	58	48	42	187	29	8
<b>Net earnings (loss) per share</b>	\$0.26	\$0.33	\$0.45	\$(0.27)	\$0.77	\$0.24	\$0.57	\$0.51	\$0.72	\$2.04	\$0.22	\$0.02
Adjusted net earnings per share <sup>1</sup>	\$0.14	\$0.28	\$0.30	\$0.30	\$1.02	\$0.42	\$0.61	\$0.50	\$0.42	\$1.95	\$0.29	\$0.07

(1) Please click [here](#) for supplemental information on non IFRS measures. (2) 2021, 2020 and 2019 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations. (3) Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.



# Quarterly Cash Flows



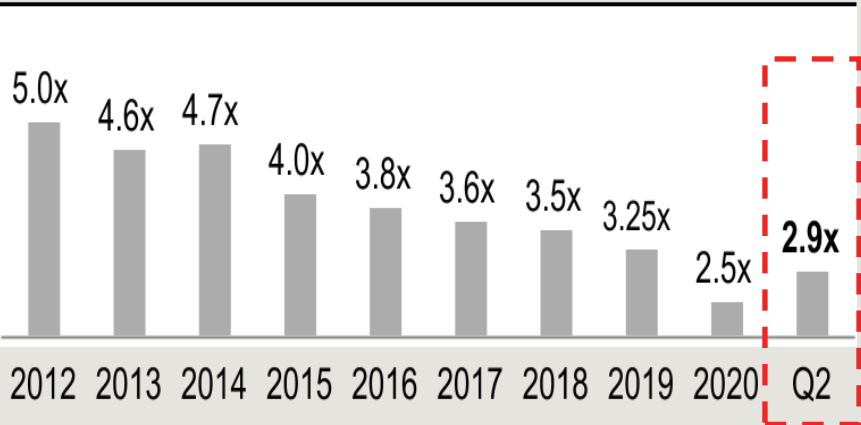
(In millions of CAN\$, except amount per share)	2019 <sup>5</sup>					2020 <sup>5</sup>					2021 <sup>5</sup>	
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2
Cash flow from operations	57	96	91	79	323	124	125	78	131	458	82	87
Specific items <sup>1</sup>	3	1	4	16	24	—	—	9	6	15	4	2
Adjusted cash flow from operations <sup>3</sup>	60	97	95	95	347	124	125	87	137	473	86	89
Including: Net financing expense paid	(42)	(15)	(41)	(33)	(131)	(16)	(7)	(48)	(5)	(76)	(40)	(4)
Capital expenditures & other assets <sup>2</sup> , lease obligations payments, net of disposals	(59)	(57)	(51)	(62)	(229)	(73)	(47)	(53)	(41)	(214)	(86)	(83)
Dividends <sup>4</sup>	(8)	(7)	(12)	(11)	(38)	(10)	(12)	(11)	(12)	(45)	(12)	(12)
Adjusted free cash flow <sup>3</sup>	(7)	33	32	22	80	41	66	23	84	214	(12)	(4)
Adjusted free cash flow per share <sup>3</sup>	(0.07)	\$0.35	\$0.34	\$0.23	\$0.85	\$0.44	\$0.70	\$0.24	\$0.84	\$2.23	\$(0.12)	\$(0.04)

(1) Specific items: premiums paid on the repurchase of long-term debt and restructuring costs. (2) Excluding increase in investments. (3) Please click [here](#) for supplemental information on non-IFRS measures. (4) Paid to our shareholders and to non-controlling interests. (5) 2021, 2020 and 2019 consolidated cash flows have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

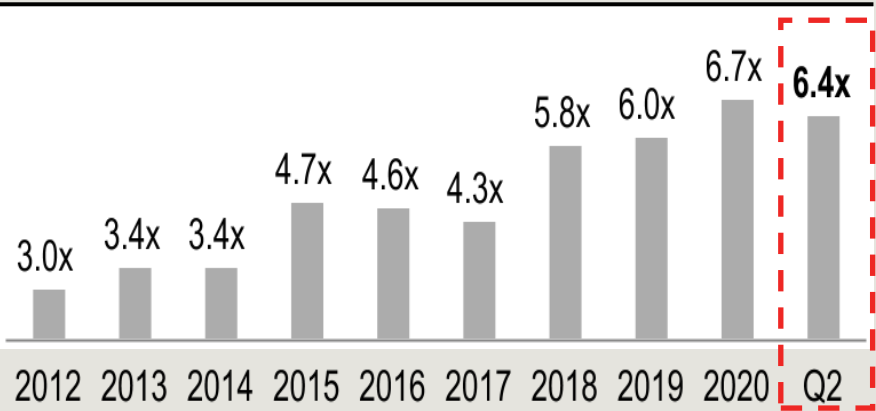


# CONSOLIDATED FINANCIAL RATIOS & DEBT MATURITIES

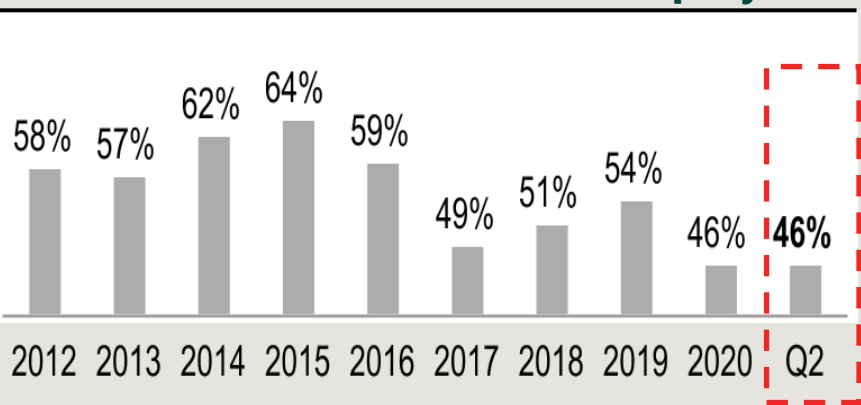
Net Debt / Adjusted OIBD<sup>1,3,4</sup>



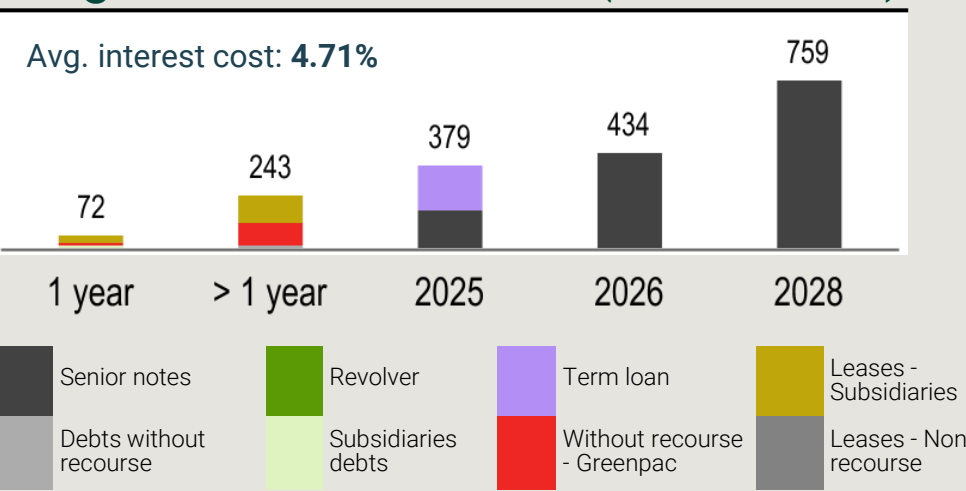
Interest Coverage Ratio<sup>2,3,4</sup>



Net Debt<sup>4</sup> / Net Debt<sup>4</sup> + Total Equity



Long-Term Debt Maturities (as at June 30, 2021)



Bank debt financial covenant ratios: Net funded debt to capitalization < 65% (currently at 46.51%), interest coverage ratio > 2.25x (currently at 5.33x). (1) Please click [here](#) for supplemental information on non-IFRS measures. (2) Adjusted OIBD to financing expense. (3) Pro-forma up to 2018 to include business acquisitions on a LTM basis, if applicable. (4) Not adjusted for discontinued operations.

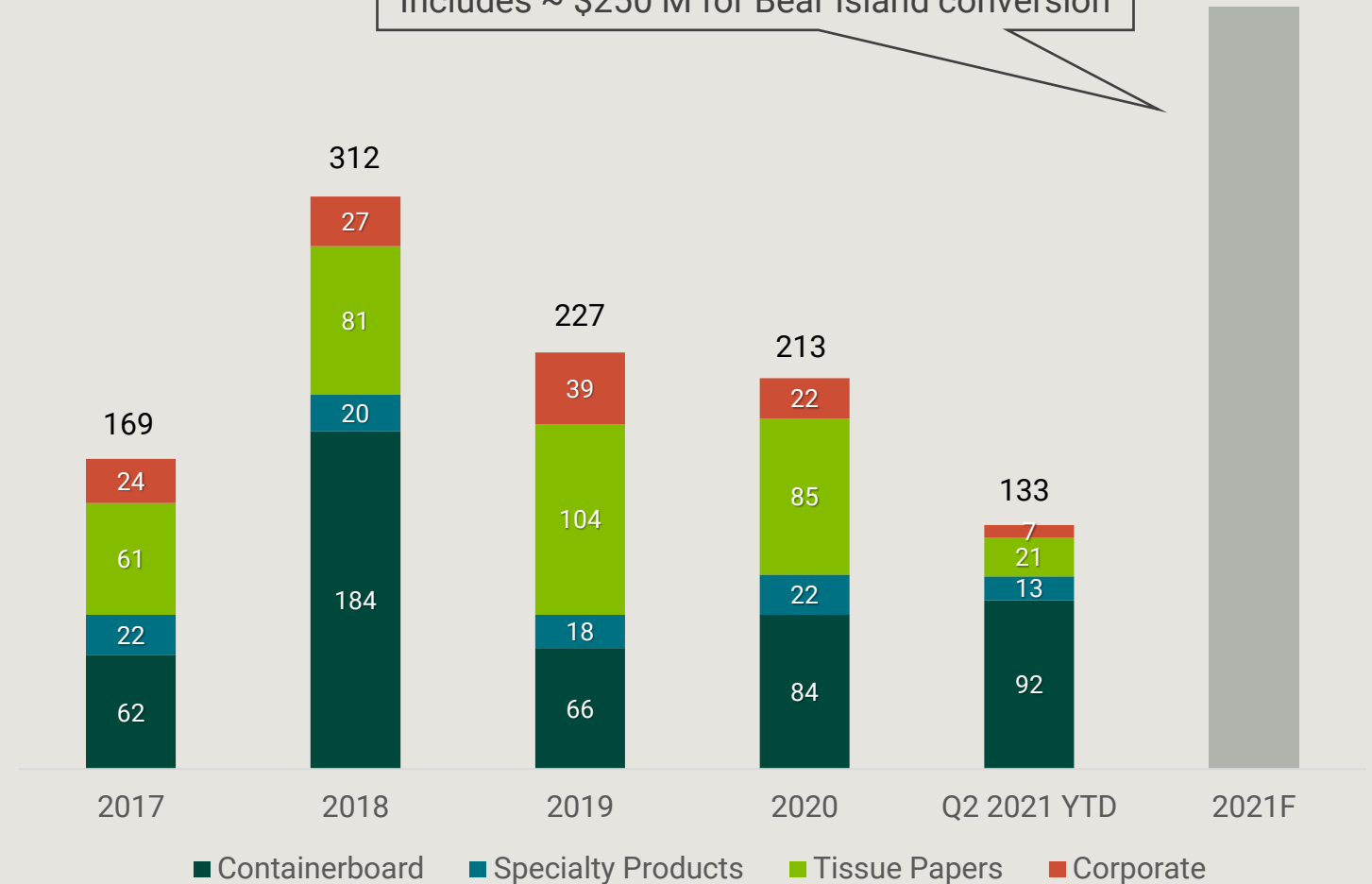




# CAPITAL INVESTMENTS<sup>1</sup>

**2021F: \$400 M - \$425 M<sup>2</sup>**  
Includes ~ \$250 M for Bear Island conversion

- Replaced older assets with **MODERN** equipment
- Invested in **ORGANIC** growth
- **OPTIMIZED** geographic footprint
- Increased **INTEGRATION** rate
- **Disciplined, balanced capital allocation:** CAPEX funded via cash flow + deleveraging



<sup>1</sup> In millions of CAN\$, including capitalization of IT projects, but excluding value of capital leases.

<sup>2</sup> Amount is subject to change depending on business and/or economic conditions.

Targeted IRR of 15%. Cascades uses a WACC of 9%. Actual IRR may vary by project. A limited number of projects with returns below IRR target may be undertaken for strategic purposes.











# Near term factors



- **North American operations:** positive impact from margin improvement initiatives YoY and QoQ.
- **Containerboard:** expect continued strong demand levels in addition to favourable impact on selling price QoQ and YoY as industry price increases are implemented.
- **Specialty Products:** good volume and selling price trends support YoY results; stable results QoQ.

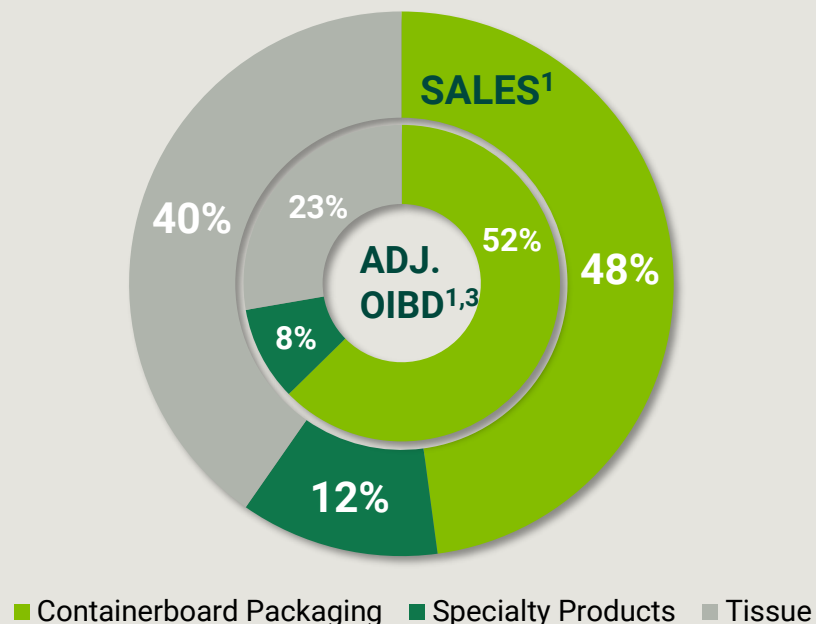


- **Raw materials:** expect higher raw material prices both year-over-year and sequentially in Q3 for all businesses.
- **Tissue:** Q3 volume trends expected to improve QoQ but remain below elevated levels in prior year related to Covid-19.
- **Production costs:** anticipate continued upward trend QoQ and YoY driven by inflationary pressures for all business segments.

Q3 2021 OIBD <sup>1</sup> Trend	Total	Containerboard	Tissue Papers	Specialty Products
vs Q2 2021				
vs Q3 2020				

(1) Please click [here](#) for supplemental information on non-IFRS measures

# 2020 Results<sup>2</sup>



2020 Sales	\$4,105 M
Adj. OIBD <sup>3</sup>	\$546 M
Adj. OIBD <sup>3</sup> Margin	13.3%
Adj. CF from operations	\$473 M
Adj. Free CF	\$214 M
Adj. Free CF per share	\$2.23
Net debt (at June 30/21)	\$1.71 B
Net debt/Adj. OIBD <sup>3</sup>	2.5x
WC (% of 2020 sales)	10.3%
Capacity utilization rate (2020)	92%

## 2020 | Robust demand levels for essential packaging and retail tissue products

- + **Tissue:** Strong demand for retail tissue products
- + **Containerboard:** Strong volumes driven by increased demand for essential products and e-commerce
- **Containerboard:** higher raw material prices and lower average selling prices year-over-year
- **Tissue:** lower demand for Away-from-Home products driven by Covid-19 impact on businesses

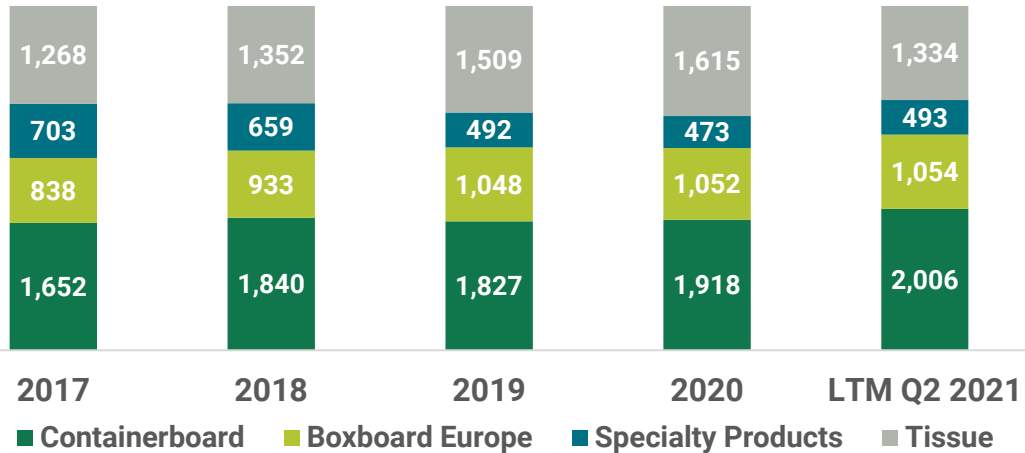
(1) Excluding inter-segment sales / Corporate Activities (2) Adjusted to exclude European Boxboard results, accounted for as discontinued operations following announced sale of equity ownership in Reno de Medici S.p.A. (RdM).

(3) Please click [here](#) for supplemental information on non-IFRS measures

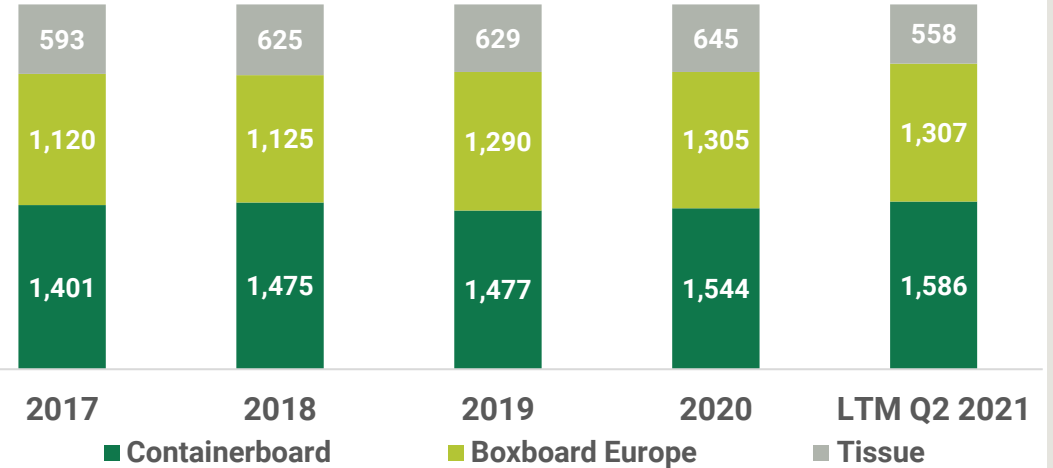


# ANNUAL HISTORICAL PERFORMANCE<sup>2</sup>

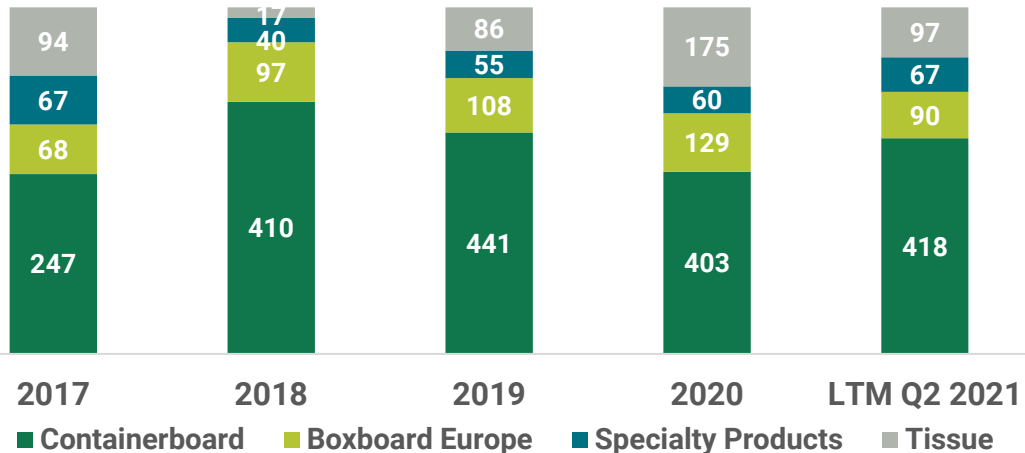
SALES (M CAN\$)



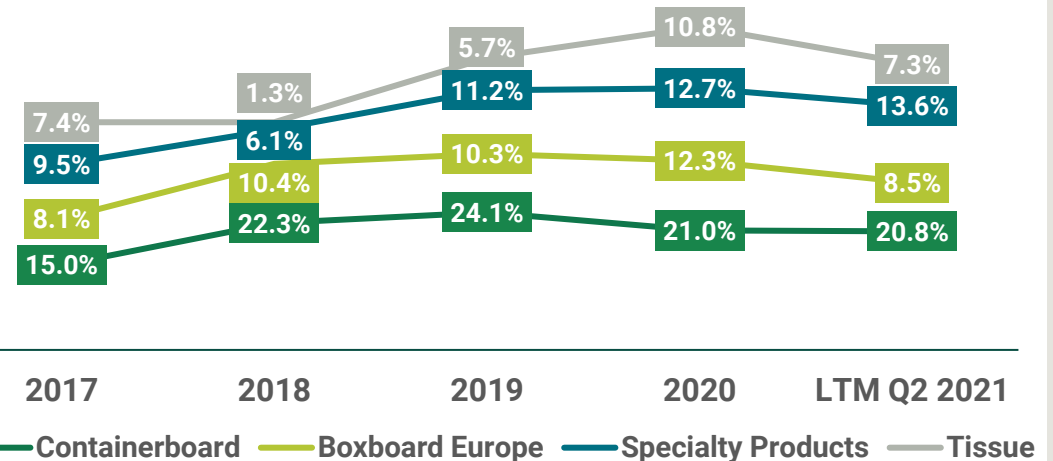
SHIPMENTS ('000 s.t.)



ADJUSTED OIBD<sup>1</sup> (M CAN\$)



ADJUSTED OIBD<sup>1</sup> MARGIN



(1) Please click [here](#) for supplemental information on non-IFRS measures. (2) Consolidated results have **NOT** been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

# BUSINESS SEGMENTS & ACTIVITIES





# Recovery Activities

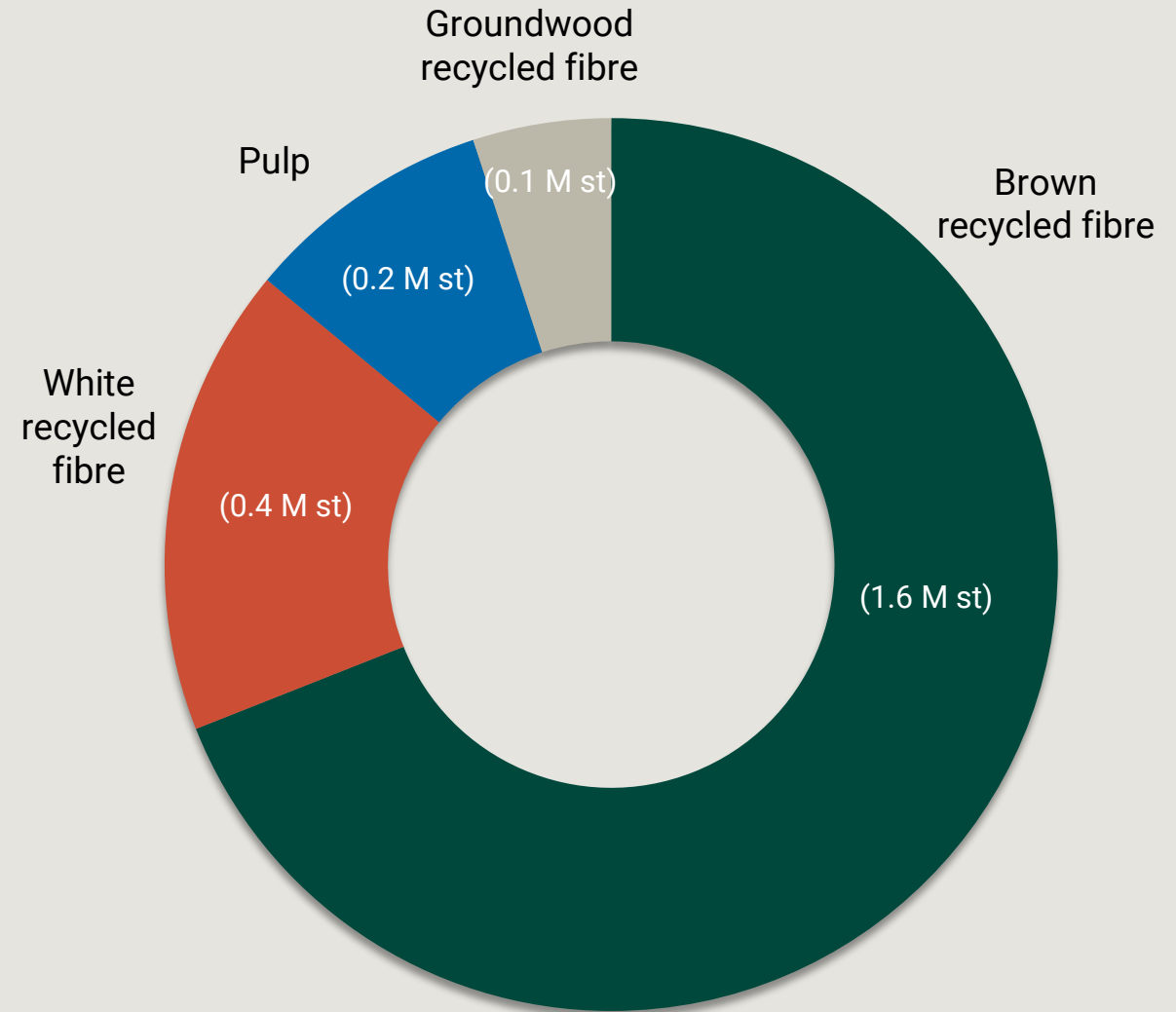


**A leading paper collector  
in Canada**

18 facilities in Canada & the U.S.

In 2020, we collected & purchased  
**3 million** s.t. of fibre

- **77%** (2.4 million s.t.) used internally
- **23%** (0.6 million s.t.) sold to external customers

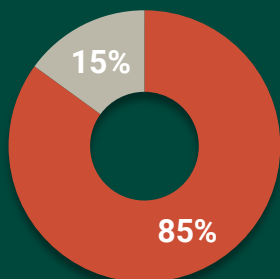


**Fibre<sup>1</sup> used in 2020: 2.4 M s.t.**

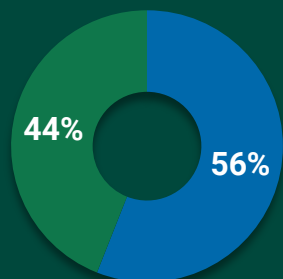
(1) North America only. 2020 figures

# Containerboard

Annual capacity:  
1,565 k s.t.



Recycled Virgin



Linerboard Medium



## Manufacturing

10%  
of 2020 sales

Canada

20%  
of 2020 sales

USA

## Converting

53%  
of 2020 sales

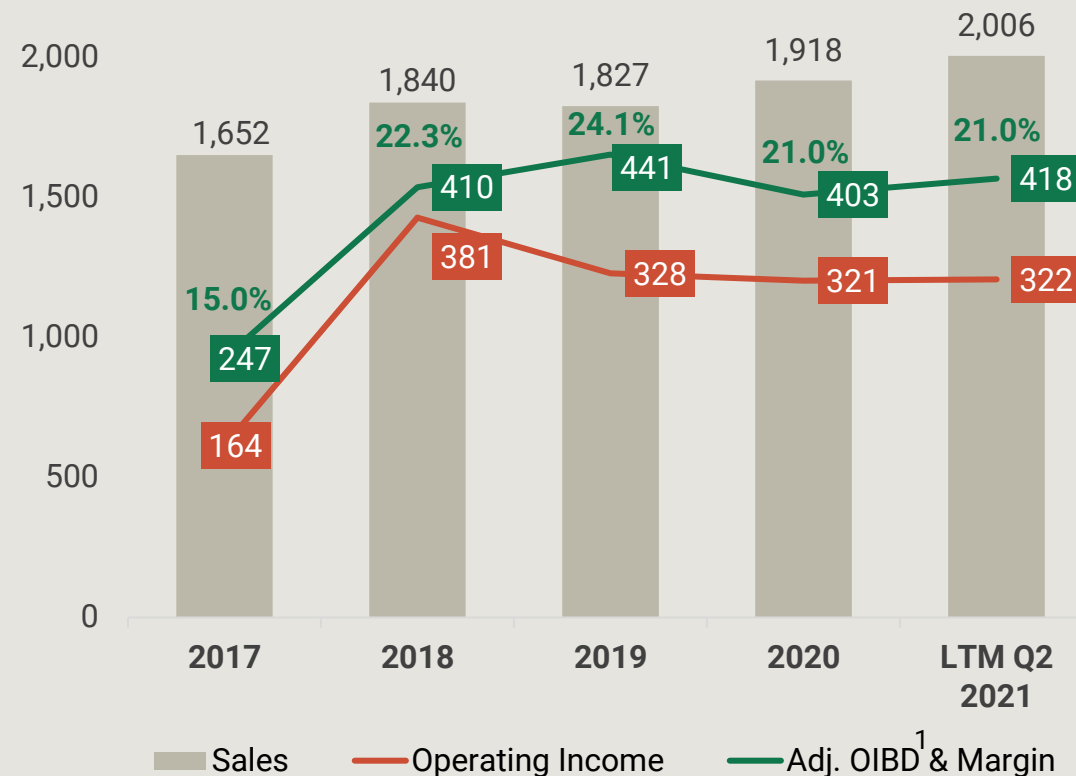
17%  
of 2020 sales



2020 integration rate<sup>2</sup>: 69%

6<sup>th</sup> largest containerboard producer in N.A.

(CAN \$ M)



2017 – LTM Q2/21 adjusted OIBD<sup>1</sup> CAGR: 14.1%

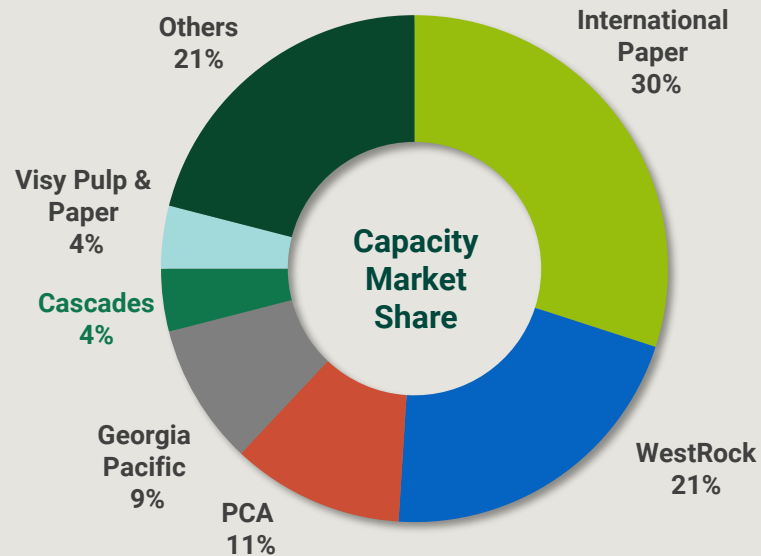
(1) Please click [here](#) for supplemental information on non-IFRS measures.

(2) Including associates, JVs.



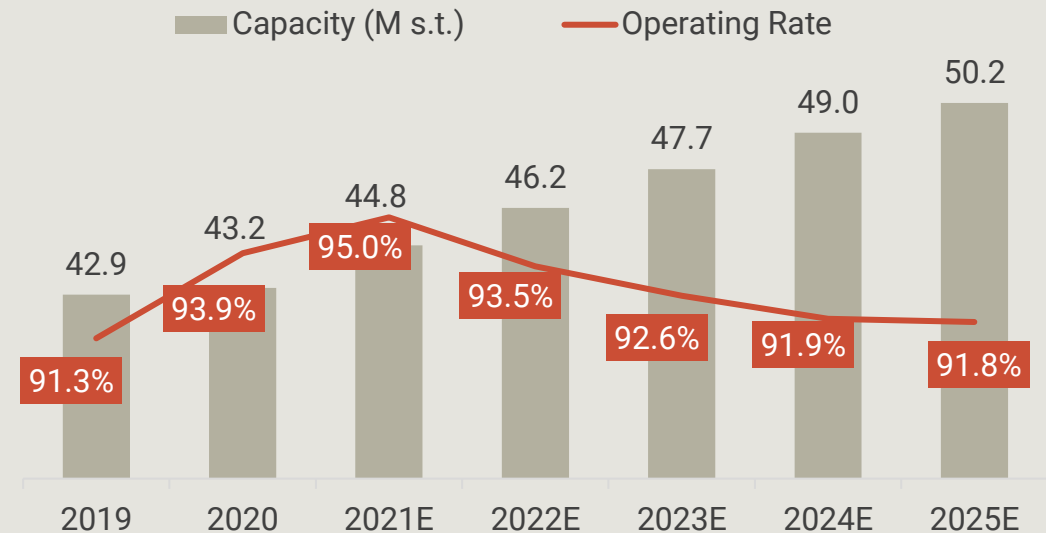
# Containerboard – Industry

## North American Containerboard Demand Growth and Market Share<sup>1</sup>



- Top 5 producers represent ~ 75% of total N.A. capacity
- Market concentration driving disciplined approach to net capacity additions, supply-demand management

## North American Capacity and Operating Rate<sup>1</sup>



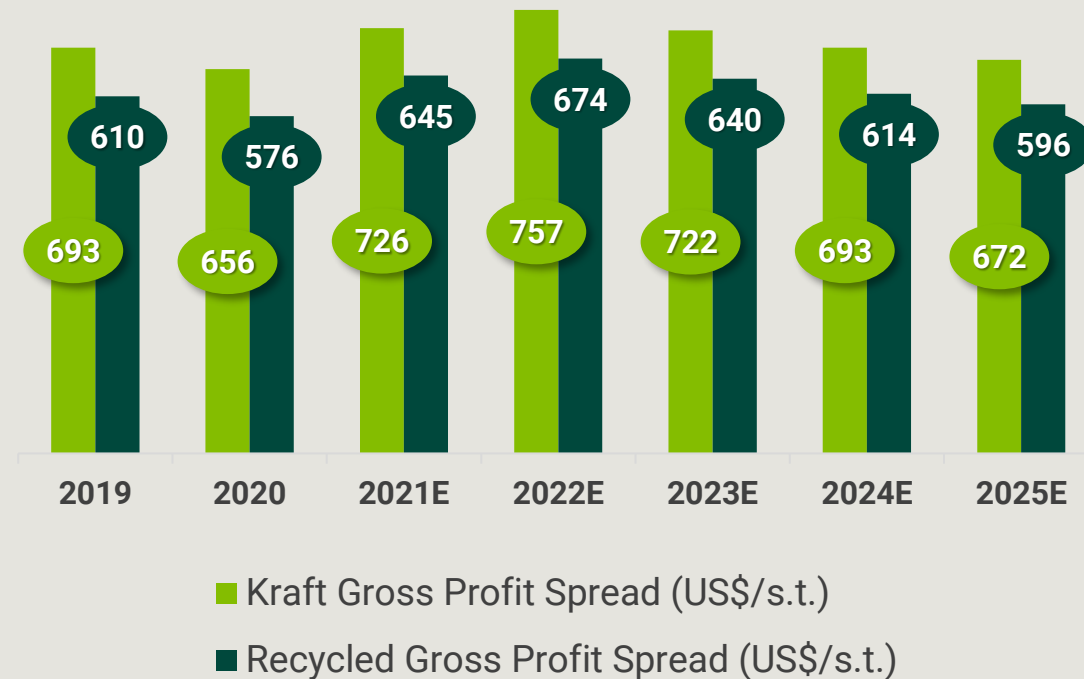
- Forecasted 2021 - 2025 CAGR capacity growth of approximately 2.9%
- Operating rate expected to average ~93% over the 2021 - 2025 period

<sup>1</sup> Source: RISI; Market share is 2020 data.

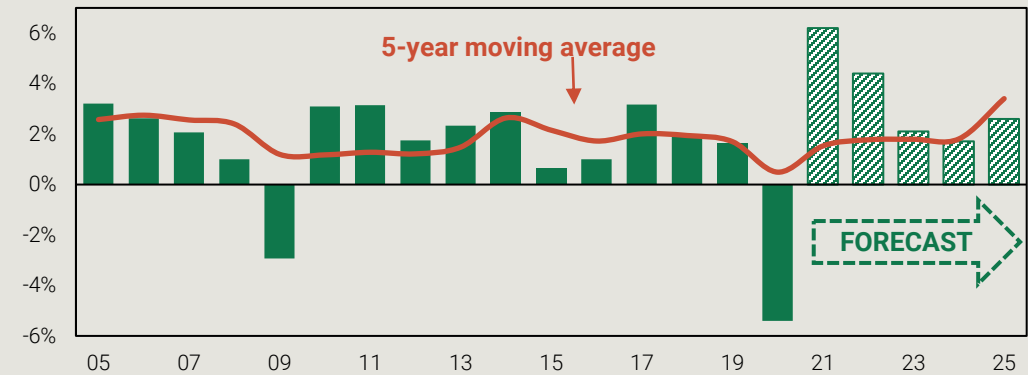
# Containerboard – Industry

- Gross profit expected to average US\$714/s.t. for kraft liner and US\$634/s.t. for recycled liner over 2021 – 2025
- Demand for containerboard supported by solid forecasted N.A. GDP growth through 2025

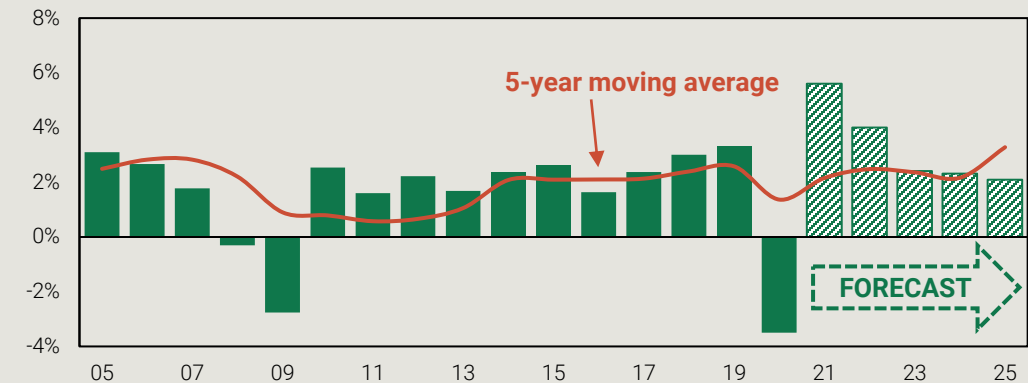
Kraft Liner & Recycled Liner Gross Profit Spread <sup>1,2</sup>



Canada : Real GDP Growth (Annual % Change)<sup>1</sup>



US : Real GDP (Annual % Change)<sup>1</sup>



<sup>1</sup> Source: RISI

<sup>2</sup> Gross Profit Spread = Average US Linerboard 42 lbs unbleached kraft price less average US OCC (#11) cost ; 30-31 lbs Recycled liner price less average US OCC (#11) cost.

# Specialty Products<sup>3</sup>



**Consumer Products Packaging<sup>2</sup>**

**59%**  
of 2020 sales

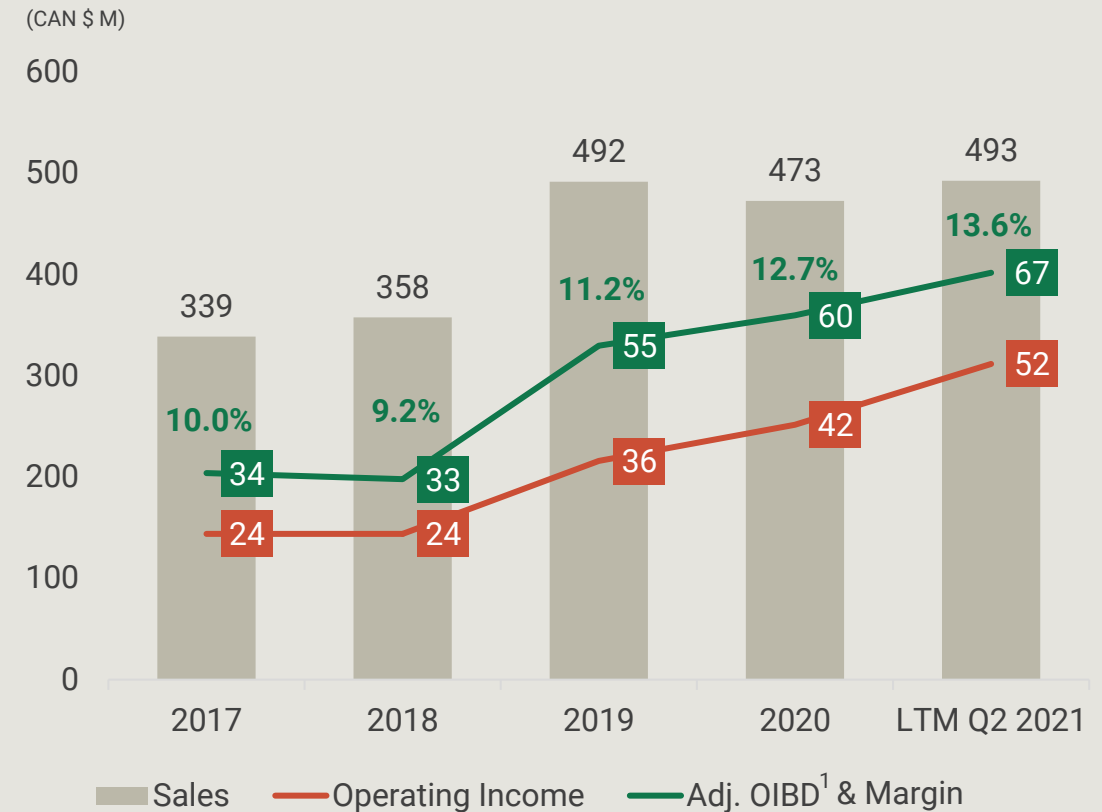


**Industrial Packaging**

**41%**  
of 2020 sales

<sup>1</sup> Please click [here](#) for supplemental information on non-IFRS measures.<sup>2</sup> Includes distribution activities.  
<sup>3</sup> Recovery activities sales, OIBD and adjusted OIBD figures were reclassified from the Specialty Products segment to Corporate Activities as of Q4 2019. Quarterly and prior year figures were adjusted to reflect the current presentation.

## Comprehensive Packaging Solutions Provider Focused on Strategic Scalable Markets

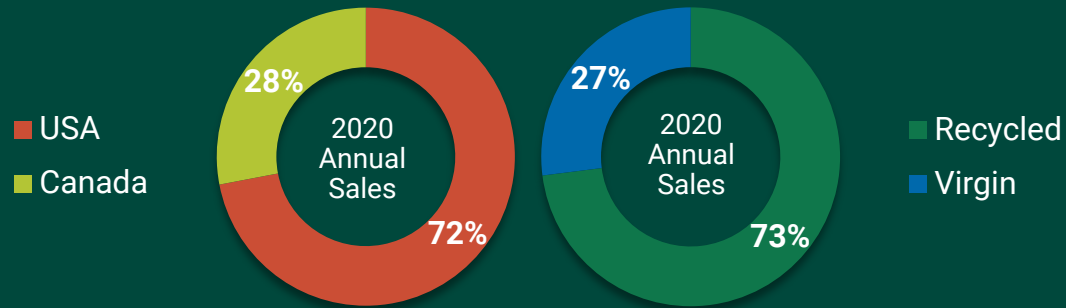


**2017-LTM Q2/21 adjusted OIBD<sup>1</sup> margin CAGR: 18.5%**





# Tissue Papers



## Retail Tissue

**45%**  
of 2020 sales

Branded: 4%  
Private label: 41%



## Away-from-Home

**35%**  
of 2020 sales

Branded: 16%  
Private label: 19%

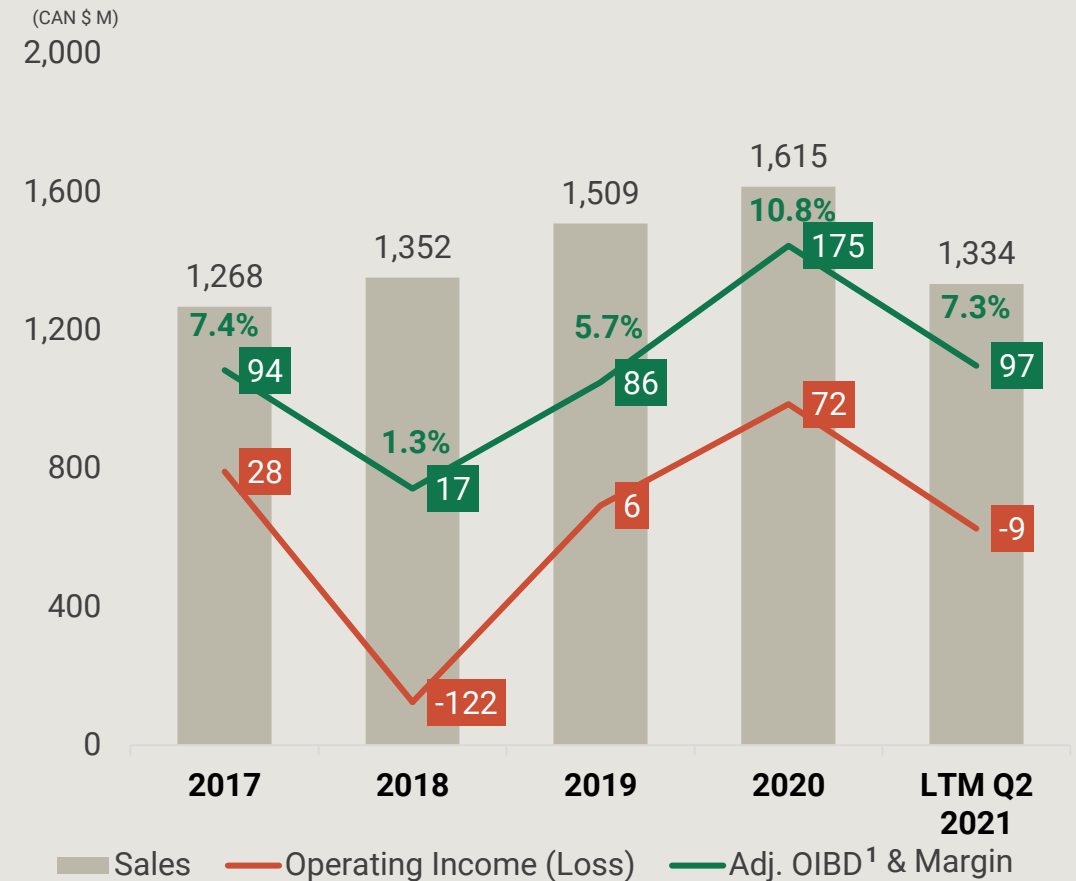


## Parent Rolls

**20%**  
of 2020 sales

**2020 integration rate: 73%**

**4<sup>th</sup> largest tissue producer in N.A.**



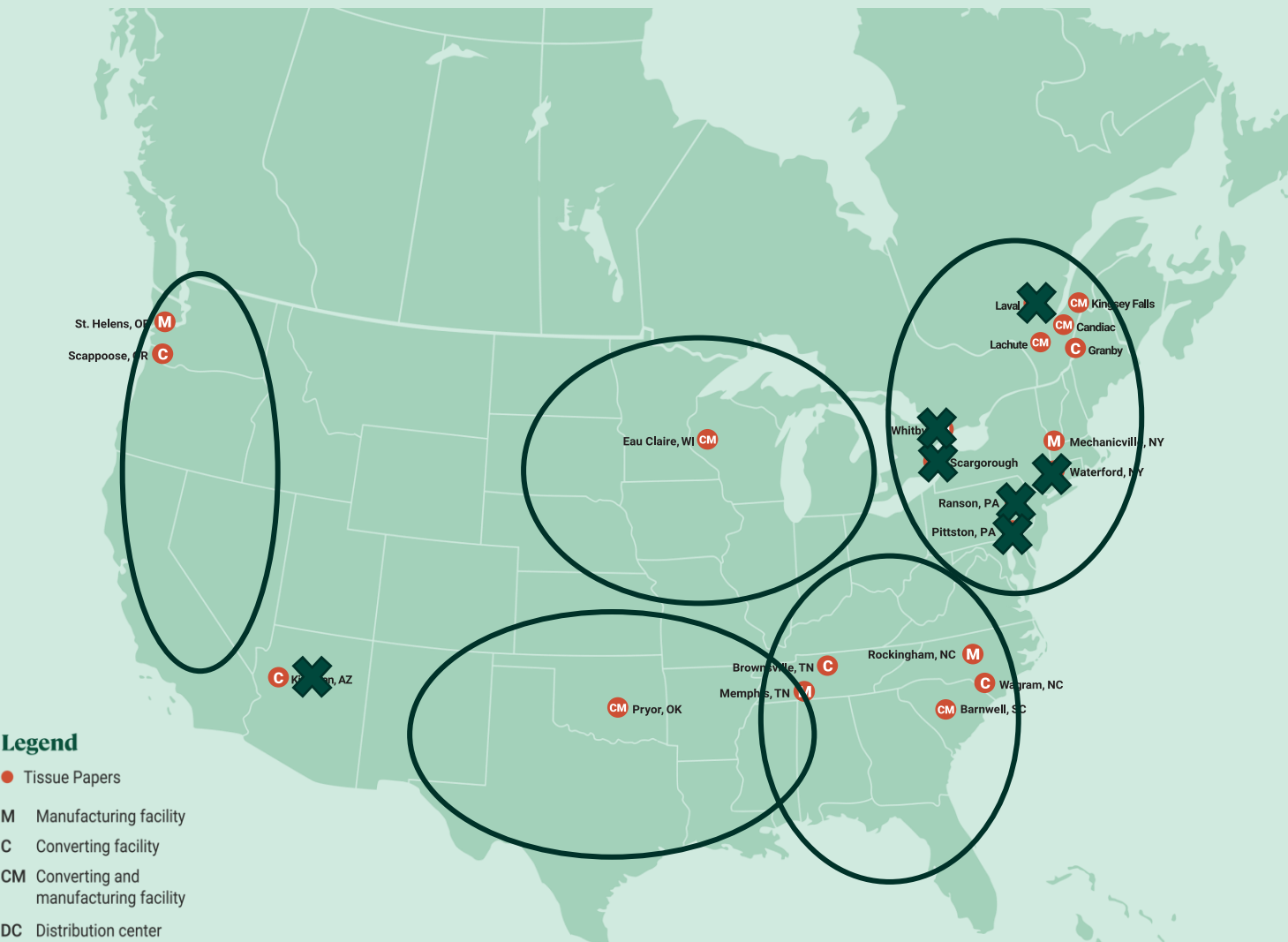
**Targeted normalized adjusted OIBD¹ margin: 15%**

<sup>1</sup> Please click [here](#) for supplemental information on non-IFRS measures.

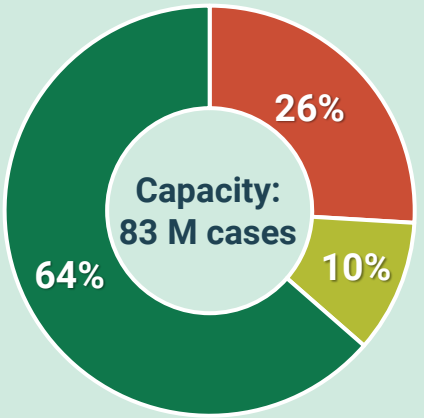
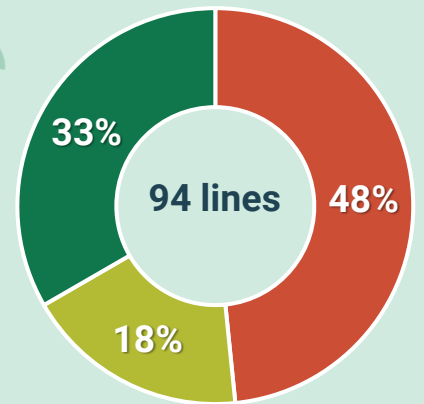


# Tissue Papers

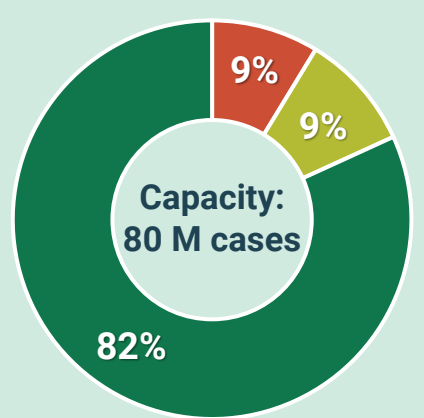
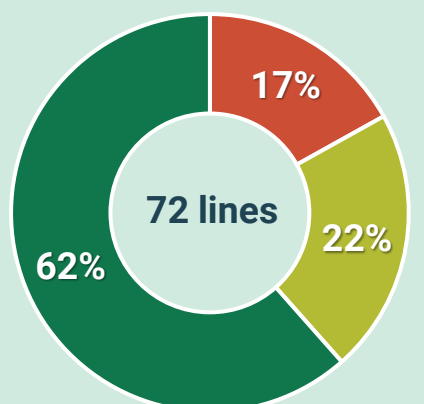
Significantly modernized & strengthened our converting platform



EARLY 2019



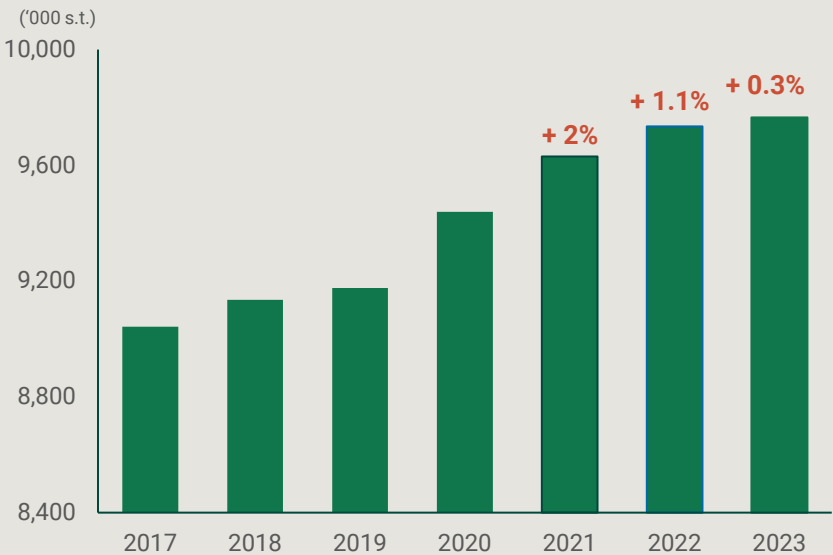
2022



# TISSUE PAPERS – MARKET

## North American Tissue Capacity<sup>1</sup>

Forecasted avg annual capacity growth of ~ 1.1% over 2021-2023

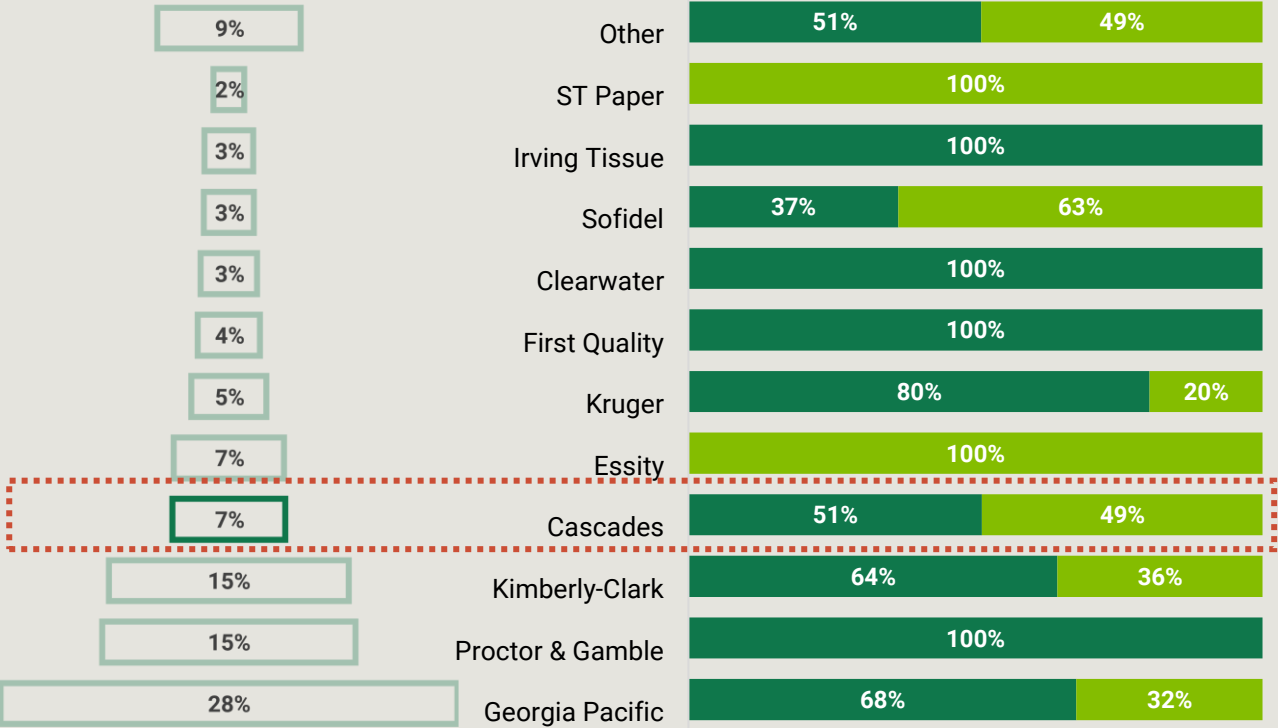


	2021	2022	2023
Forecasted US GDP Growth <sup>1</sup>	1.7%	1.9%	1.8%
Forecasted N.A. Population Growth <sup>2</sup>	0.7%	0.7%	0.7%

## Market Share 2020 North American Tissue Capacity<sup>1</sup>

% Total 2020 production capacity of ~10.0 M s.t.

TOP 5 = 72%



■ % Retail ■ % Away-from-Home

<sup>1</sup> Source: RISI. Note: effective capacity considers learning curves of new expansions and acquisitions/divestments. Total production capacity is total reported capacity .

<sup>2</sup> Source: Organization for Economic Cooperation and Development (OECD)



# APPENDICES



# SELECT REFERENCE PRICES & FIBRE COSTS

These indexes should only be used as an indicator of trends and they may be different than our actual selling prices or purchasing costs.	2019					2020					2021		Q2 2021 vs Q2 2020		Q2 2021 vs Q1 2021	
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	(units)	(%)	(units)	(%)
<b>Selling prices (average)</b>																
<b>PACKAGING PRODUCTS</b>																
<b>Containerboard (US\$/short ton)</b>																
Linerboard 42-lb. unbleached kraft, Eastern US (open market)	752	735	725	725	734	715	715	715	748	723	772	825	110	15%	53	7%
Corrugating medium 26-lb. semichemical, Eastern US (open market)	650	640	630	630	638	615	615	615	648	623	675	735	120	20%	60	9%
<b>Specialty Products (US\$/short ton)</b>																
Uncoated recycled boxboard - 20-pt. bending chip (series B)	730	730	730	730	730	710	700	700	720	708	740	793	93	13%	53	7%
<b>TISSUE PAPERS (US\$/short ton)</b>																
Parent rolls, recycled fibres (transaction)	1,151	1,164	1,143	1,109	1,142	1,111	1,138	1,123	1,110	1,120	1,115	1,159	21	2%	44	4%
Parent rolls, virgin fibres (transaction)	1,441	1,444	1,420	1,411	1,429	1,416	1,450	1,427	1,418	1,428	1,453	1,545	95	7%	92	6%
<b>Raw material (average)</b>																
<b>RECYCLED PAPER</b>																
<b>North America (US\$/short ton)</b>																
Sorted residential papers, No. 56 (SRP - Northeast average) Old	24	16	10	8	15	8	18	30	30	21	31	50	32	178%	19	61%
corrugated containers, No. 11 (OCC - Northeast average)	61	40	33	30	41	36	94	58	65	63	71	87	(7)	(7%)	16	23%
Sorted office papers, No. 37 (SOP - Northeast average)	183	140	101	88	128	89	160	109	80	109	94	117	(43)	(27%)	23	24%
<b>VIRGIN PULP (US\$/metric ton)</b>																
Northern bleached softwood kraft, Canada	1,380	1,292	1,170	1,115	1,239	1,127	1,158	1,140	1,138	1,141	1,302	1,598	440	38%	296	23%
Bleached hardwood kraft, mixed, Canada/US	1,180	1,100	970	893	1,036	890	897	875	868	883	1,037	1,297	400	45%	260	25%



# SENSITIVITIES<sup>1</sup>

		SHIPMENTS /CONSUMPTION (‘000 s.t, ‘000 mm Btu for Natural Gas)	INCREASE	OIBD IMPACT (in CAN\$ M)
<b>SELLING PRICE<sup>2</sup> (Manufacturing &amp; Converting)</b>				
<b>North America</b>	Linerboard, Eastern US	430	US\$25/s.t.	14
	Corrugated medium, Eastern US	330	US\$25/s.t.	11
	Converted products	780	US\$25/s.t.	25
	Tissue Papers	650	US\$25/s.t.	21
<b>RAW MATERIALS<sup>2</sup> (Recycled Papers, Pulp, Gas)</b>				
<b>North America</b>	Brown grades (OCC & others)	1,630	US\$15/s.t.	(32)
	Groundwood grades (SRP & others)	120	US\$15/s.t.	(2)
	White grades (SOP & others)	410	US\$15/s.t.	(8)
	Virgin pulp	200	US\$30/s.t.	(8)
	Natural gas	9,300	US\$1.00/mmBtu	(12)
<b>EXCHANGE RATE<sup>3</sup></b>				
Sales less purchases in US\$ from Canadian operations			CAN\$/US\$ 0.01 change	-
Translation - U.S. subsidiaries			CAN\$/US\$ 0.01 change	3

<sup>1</sup> Sensitivity calculated according to 2020 volumes or consumption with year-end closing exchange rate of CAN\$/US\$ 1.30 and CAN\$/€ 1.54, excluding hedging programs and the impact of related expenses such as discounts, commissions on sales and profit-sharing. <sup>2</sup> Based on 2020 external manufacturing & converting shipments, and fibre and pulp consumption. Including purchases sourced internally from our recovery and recycling operations. Adjusted to reflect acquisitions, disposals and closures, if needed. <sup>3</sup> As an example, based on CAN\$/US\$ 1.30 to CAN\$/US\$ 1.31, and from CAN\$/€ 1.54 to CAN\$/€ 1.55.





***Cascades***

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