



CLEARWATER PAPER CORPORATION

SECOND QUARTER EARNINGS RELEASE MATERIALS AUGUST 6, 2024



ARSEN KITCH
President, Chief Executive Officer
and Director



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Senior Vice President and Chief
Financial Officer

FORWARD LOOKING STATEMENTS

Cautionary Statement Regarding Forward Looking Statements

This presentation of supplemental information contains, in addition to historical information, certain “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995 as amended, including statements regarding: the recent acquisition of the paperboard manufacturing facility and associated business in Augusta, Georgia; the expected impact, benefits and opportunities resulting from the Augusta acquisition; the Company’s intention to focus on growth in paperboard; order patterns; product demand and industry trends; production targets; impact of inflation of raw material and energy; assumptions for Q3 2024 and full year 2024, including maintenance outage impacts, operational factors, interest, capital, lower input costs, depreciation and amortization and income tax; our capital allocation priorities; our strategy, including achieving target leverage ratio and maintaining liquidity; expectations regarding the paperboard and tissue markets; inventory management; our financial flexibility; and repurchases under existing share buyback authorization. These forward-looking statements are based on management’s current expectations, estimates, assumptions and projections that are subject to change. Our actual results of operations may differ materially from those expressed or implied by the forward-looking statements contained in this presentation. Important factors that could cause or contribute to such differences include the risks and uncertainties described from time to time in the Company’s public filings with the Securities and Exchange Commission, including but not limited to the following: our inability to realize the expected benefits of the Augusta, Georgia paperboard manufacturing facility acquisition because of integration difficulties or other challenges; risks relating to the integration of the Augusta, Georgia paperboard manufacturing facility and achievement of anticipated financial results and other benefits of the acquisition; competitive pricing pressures for our products, including as a result of capacity additions, demand reduction and the impact of foreign currency fluctuations on the pricing of products globally; the loss of, changes in prices in regard to, or reduction in, orders from a significant customer; changes in the cost and availability of wood fiber and wood pulp; changes in energy, chemicals, packaging and freight costs and disruptions in transportation services impacting our ability to receive inputs or ship products to customers; changes in customer product preferences and competitors’ product offerings; larger competitors having operational, financial and other advantages; consolidation and vertical integration of converting operations in the paperboard industry; changes in the U.S. and international economies and in general economic conditions in the regions and industries in which we operate; manufacturing or operating disruptions, including equipment malfunctions and damage to our manufacturing facilities; cyber-security risks; our ability to successfully execute capital projects and other activities to operate our assets, including effective maintenance, implement our operational efficiencies and realize higher throughput or lower costs; IT system disruptions and IT system implementation failures; labor disruptions; cyclical industry conditions; changes in expenses, required contributions and potential withdrawal costs associated with our pension plans; environmental liabilities or expenditures and climate change; reliance on a limited number of third-party suppliers, vendors and service providers required for the production of our products and our operations; our ability to attract, motivate, train and retain qualified and key personnel; our ability to service our debt obligations and restrictions on our business from debt covenants and terms; changes in our banking relations, or in our customer supply chain financing; negative changes in our credit agency ratings; and changes in laws, regulations or industry standards affecting our business. Forward-looking statements contained in this presentation present management’s views only as of the date of this presentation. We undertake no obligation to publicly update forward-looking statements or to retract future revisions of management’s views based on events or circumstances occurring after the date of this presentation.

Non-GAAP Financial Measures

This presentation includes certain financial measures that are not calculated in accordance with GAAP, including Adjusted EBITDA, free cash flow and net debt. The Company’s management believes that the presentation of these financial measures provides useful information to investors because these measures are regularly used by management in assessing the Company’s performance. These financial measures should be considered in addition to results prepared in accordance with GAAP but should not be considered substitutes for or superior to GAAP results. In addition, these non-GAAP financial measures may not be comparable to similarly-titled measures utilized by other companies, since such other companies may not calculate such measure in the same manner as we do. A reconciliation of these measures (Adjusted EBITDA, free cash flow and net debt) to the most relevant GAAP measure is available in the appendix of this presentation.

Q2 2024 BUSINESS HIGHLIGHTS

Overall

- Net sales \$586 million, up 12% versus Q2 2023
- Net loss \$26 million compared to net income \$30 million in Q2 2023
- Adjusted EBITDA \$35 million compared to \$72 million in Q2 2023

Pulp and Paperboard

- SBS prices down 14% versus Q2 2023, 5% lower versus Q1 2024
- Completed acquisition of Augusta paperboard facility; on track with integration
- \$32 million impact from the planned major maintenance at Lewiston pulp and paperboard facility

Consumer Products

- Tissue prices down 3% versus Q2 2023, 1% lower than Q1 2024
- Demand for private branded products remained strong
- Strong operational performance and reduced input costs

Capital Structure

- Continued to maintain strong financial flexibility
- Repurchased \$3 million of stock to offset dilution, with \$3 million remaining authorized under our stock repurchase program



BUSINESS UPDATE – PULP AND PAPERBOARD

IMPROVING DEMAND AND STEADY CAPACITY UTILIZATION

Industry (SBS)

- Shipments increased in Q2 2024 versus Q1 2024 based on AF&PA data
 - Shipments (in tons) improved 0.9% from Q1 2024
 - Production declined 6% from Q1 2024, inventory levels dropped 16%
 - Operating rates were flat at about 84% in Q2 2024 and Q1 2024
- RISI projecting gradual demand recovery into 2025

Clearwater Paper

- Price down 14% in Q2 2024 versus Q2 2023, down 5% versus Q1 2024
- Completed planned major maintenance at our Lewiston, ID facility in Q3 2024; Q2 2024 impact of \$32M
- On track with integration of Augusta paperboard facility

BUSINESS UPDATE – CONSUMER PRODUCTS

SHIPMENTS STRENGTHENED; DEMAND REMAINED STRONG

Industry

- Consumers continue to shift to private brands with economic uncertainty and inflation
- Private brand market share increased to 38%¹
- Over 95% capacity utilization YTD May 2024 based on RISI data

Clearwater Paper

- Strong demand with Q2 2024 shipments of 13.3 million cases compared to 12.8 million cases in Q2 2023 and 13.1 million in Q1 2024
- Solid operational performance continued
- Outstanding service levels with high on-time performance rates
- Lower input costs in pulp, energy and freight as compared to Q2 2023, with increased pulp costs between Q1 2024 and Q2 2024

¹ Circana panel data for dollar share as of June 2024

FINANCIAL PERFORMANCE

(\$ IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Quarter Ended		Year to date	
	June 30,		June 30,	
	2024	2023	2024	2023
Net sales	\$ 586.4	\$ 524.6	\$ 1,082.6	\$ 1,050.0
Cost of sales	550.8	438.7	972.5	887.2
Selling, general and administrative	38.0	39.1	74.3	75.1
Other operating charges, net	17.0	(0.4)	25.0	0.6
Income (loss) from operations	(19.5)	47.3	10.9	87.1
Non-operating expense	(15.7)	(7.4)	(21.9)	(14.9)
Income tax (benefit) provision	(9.4)	10.2	(2.4)	18.6
Net income (loss)	\$ (25.8)	\$ 29.7	\$ (8.6)	\$ 53.5
Diluted income (loss) per share	\$ (1.55)	\$ 1.75	\$ (0.52)	\$ 3.15
Adjusted EBITDA	\$ 35.3	\$ 71.5	\$ 96.8	\$ 137.2

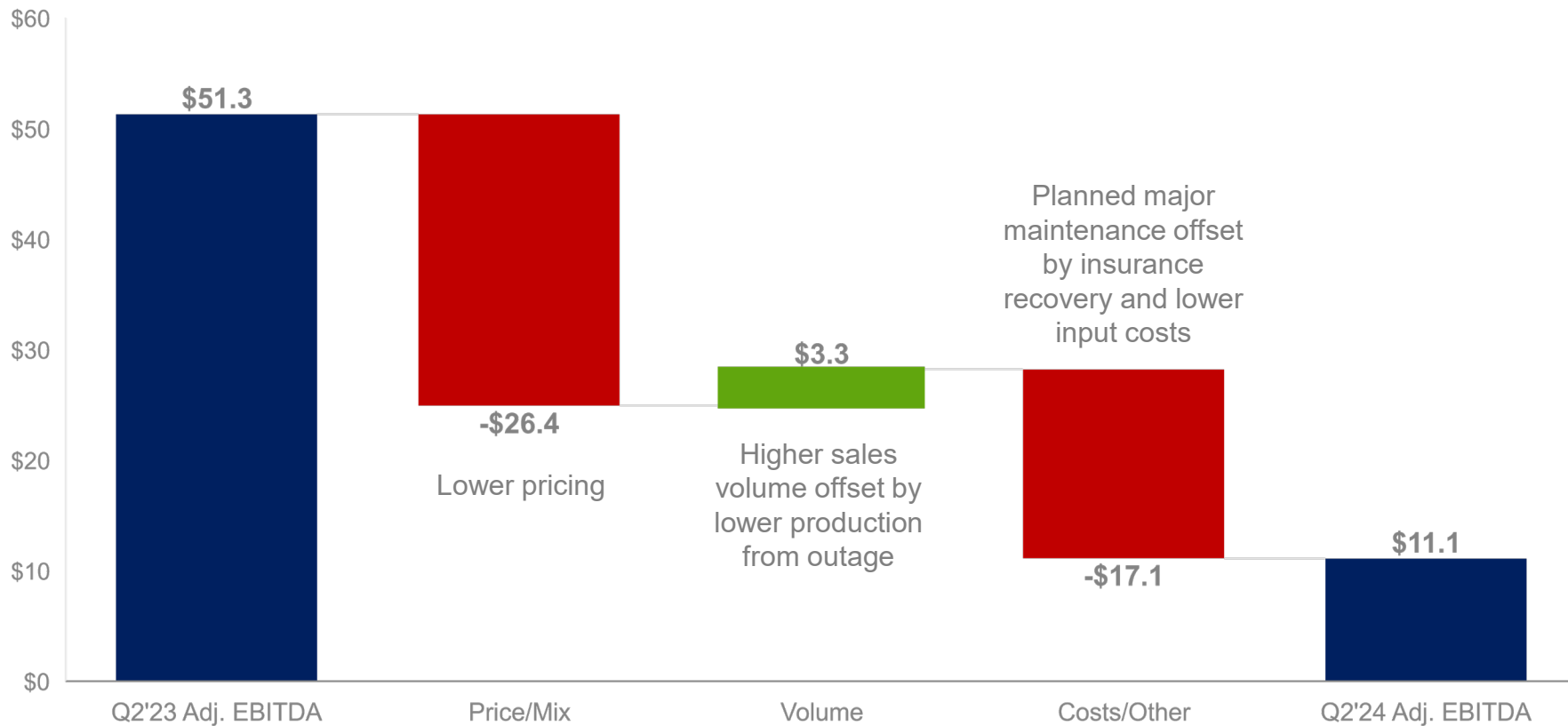
SEGMENT PROFIT AND LOSS AND ADJUSTED EBITDA

(\$ IN MILLIONS)

	Quarter Ended		Year to Date	
	June 30,		June 30,	
	2024	2023	2024	2023
Net Sales				
Pulp and Paperboard	\$ 333.6	\$ 272.3	\$ 578.1	\$ 551.0
Consumer Products	252.8	253.6	505.9	502.0
Eliminations	-	(1.3)	(1.4)	(3.0)
	\$ 586.4	\$ 524.6	\$ 1,082.6	\$ 1,050.0
Operating Income				
Pulp and Paperboard	\$ (12.2)	\$ 42.0	\$ 13.1	\$ 99.1
Consumer Products	27.4	25.0	59.0	29.2
Corporate and other	(17.7)	(20.1)	(36.2)	(40.6)
Other operating charges, net	(17.0)	0.4	(25.0)	(0.6)
	\$ (19.5)	\$ 47.3	\$ 10.9	\$ 87.1
Adjusted EBITDA				
Pulp and Paperboard	\$ 11.1	\$ 51.3	\$ 44.8	\$ 117.6
Consumer Products	41.4	39.7	87.1	58.9
Corporate and other	(17.2)	(19.5)	(35.1)	(39.3)
	\$ 35.3	\$ 71.5	\$ 96.8	\$ 137.2

PULP AND PAPERBOARD Q2 2024 RESULTS

Q2 2023 VS. Q2 2024 ADJUSTED EBITDA (\$ IN MILLIONS)



CONSUMER PRODUCTS Q2 2024 RESULTS

Q2 2023 VS. Q2 2024 ADJUSTED EBITDA
(\$ IN MILLIONS)



CAPITAL STRUCTURE AND ALLOCATION

Capital structure summary

- Ample liquidity
- No material near-term debt maturities
- Corporate/Issuer ratings: Ba2/BB-

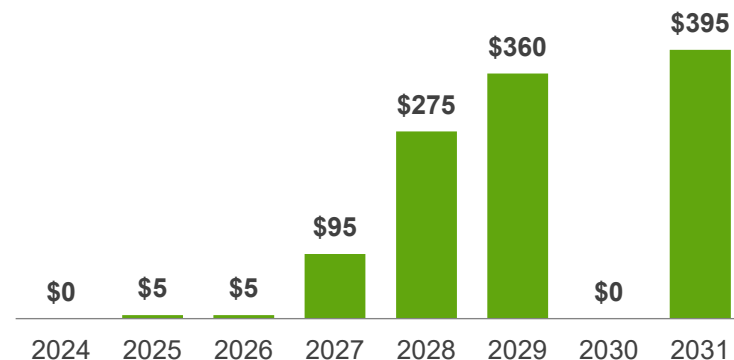
Capital allocation

- Repurchased 64,000 shares at an average price of \$46.95 per share in Q2 2024
- \$730M additional debt to fund closing of Augusta acquisition on May 1
- Reduced net debt by \$30 million post Augusta acquisition
- Leverage ratio as of June 2024 is 3.58x

Liquidity Profile (\$ in millions)¹

ABL Availability	\$278.2
Less Utilization	(93.7)
Plus Unrestricted Cash	39.6
Liquidity	\$224.1

Scheduled Debt Maturity Profile (\$ in millions)²



1. ABL availability based on borrowing base calculations and consolidated balance sheet as of June 30, 2024, maximum capacity is \$275 million

2. This chart excludes finance leases as of June 30, 2024.

OUTLOOK FOR Q3'24 AND 2024 OVERALL ASSUMPTIONS

Q3 2024: \$58 to \$68 million¹ of adjusted EBITDA

- Increasing paperboard demand and production volumes
- Lower maintenance outage cost impact
- Continued strong performance in tissue, partly offset by higher pulp costs

FY 2024 operational assumptions vs. FY 2023²

- Maintaining tissue margin improvement achieved in 2023
- \$69 - \$74 million planned major maintenance outage at Lewiston and Augusta sites
- \$40 - \$50 million lower paperboard pricing partly offset by lower input costs
- \$55 - \$70 million improved paperboard demand and contribution from Augusta

2024 other assumptions

- Interest expense: \$63 to \$67 million
- Depreciation and amortization expense: \$120 to \$125 million
- CAPEX: \$115 to \$125 million, inclusive of Augusta
- Taxes: effective rate ~25 to 26%

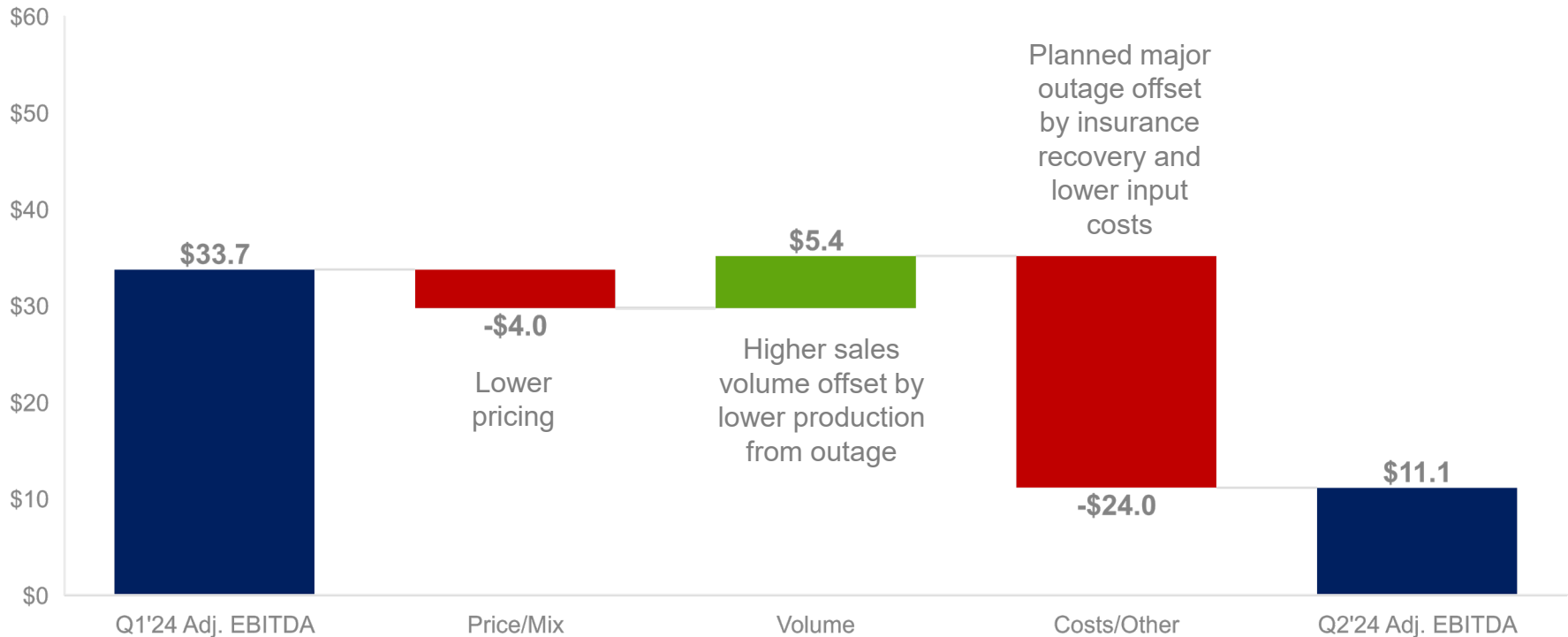
¹ As there is uncertainty in connection with calculating the adjustments necessary to prepare reconciliations from Adjusted EBITDA to the comparable GAAP financial measure, the Company is unable to reconcile the Adjusted EBITDA projections without unreasonable efforts. Therefore, no reconciliation is being provided at this time. These items could result in significant adjustments from the most comparable GAAP measure.

² Does not contemplate CPD divestiture

APPENDIX

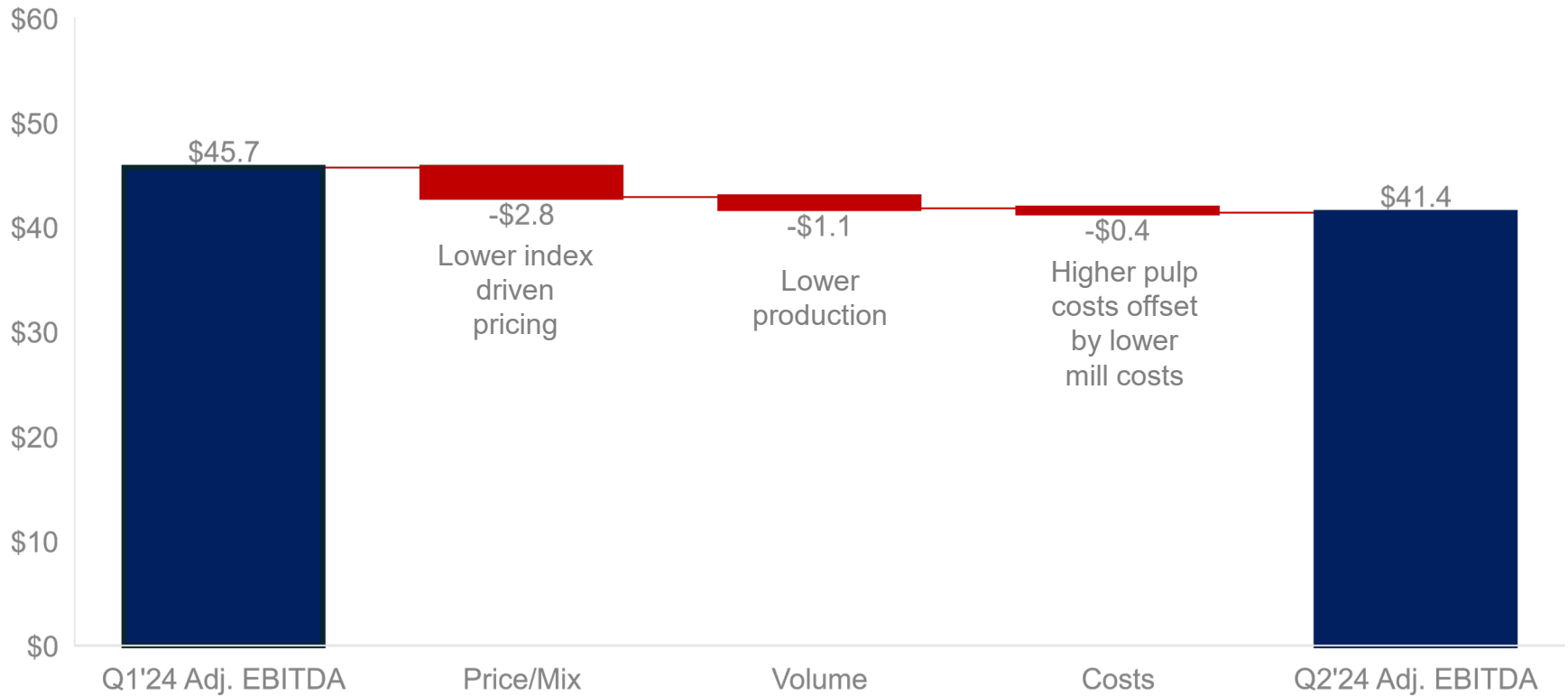
PULP AND PAPERBOARD SEQUENTIAL QUARTER RESULTS

Q1 2024 VS. Q2 2024 ADJUSTED EBITDA (\$ IN MILLIONS)



CONSUMER PRODUCTS SEQUENTIAL QUARTER RESULTS

Q1 2024 VS. Q2 2024 ADJUSTED EBITDA (\$ IN MILLIONS)



KEY SEGMENT INFORMATION

Q2'2022 Q3'2022 Q4'2022 Q1'2023 Q2'2023 Q3'2023 Q4'2023 Q1'2024 Q2'2024

Pulp and Paperboard

Sales (\$ millions)	\$295.8	\$300.8	\$273.5	\$278.8	\$272.3	\$261.4	\$251.3	\$244.5	\$333.6
Adjusted EBITDA (\$ millions)	\$61.2	\$73.0	\$26.7	\$66.2	\$51.3	\$53.1	\$36.8	\$33.7	\$11.1
Paperboard shipments (short tons)	215.9	208.3	189.0	189.4	186.2	187.9	188.0	187.3	272.6
Paperboard sales price (\$/short ton)	\$1,332	\$1,405	\$1,429	\$1,441	\$1,413	\$1,350	\$1,297	\$1,284	\$1,216

Consumer Products

Sales (\$ millions)	\$232.1	\$240.9	\$254.1	\$248.3	\$253.6	\$259.3	\$262.0	\$253.1	\$252.8
Adjusted EBITDA (\$ millions)	\$19.1	\$21.2	\$17.6	\$19.2	\$39.7	\$45.8	\$45.7	\$45.7	\$41.4

Shipments

Retail (short tons in thousands)	76.6	76.9	80.8	76.8	78.7	80.5	81.5	79.9	81.2
Non-Retail (short tons in thousands)	2.6	2.3	2.2	1.0	0.1	1.4	2.3	2.3	0.4
Converted Products (cases in millions)	12.6	12.6	13.0	12.7	12.8	13.0	13.5	13.1	13.3

Sales Price (\$ per short ton)

Retail	\$2,984	\$3,082	\$3,095	\$3,201	\$3,214	\$3,198	\$3,187	\$3,138	\$3,104
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Production

Converted Products (cases in millions)	12.1	12.9	12.3	12.7	12.6	12.9	13.0	13.3	13.2
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RECONCILIATION OF ADJUSTED EBITDA

(\$ IN MILLIONS)

	Quarter Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2024	2023	2024	2024	2023
Net income (loss)	\$ (25.8)	\$ 29.7	\$ 17.2	\$ (8.6)	\$ 53.5
Income tax (benefit) provision	(9.4)	10.2	7.0	(2.4)	18.6
Interest expense, net	16.0	7.5	6.5	22.6	15.1
Depreciation and amortization expense	30.9	24.6	23.2	54.1	49.4
Inventory revaluation on acquired business	6.8	-	-	6.8	-
Other operating charges, net	17.0	(0.4)	7.9	25.0	0.6
Other non-operating expense	(0.3)	(0.1)	(0.3)	(0.7)	(0.2)
Adjusted EBITDA	<u>\$ 36.3</u>	<u>\$ 71.5</u>	<u>\$ 61.5</u>	<u>\$ 96.8</u>	<u>\$ 137.2</u>
Pulp and Paperboard segment income	\$ (12.2)	\$ 42.0	\$ 25.3	\$ 13.1	\$ 99.1
Depreciation and amortization	16.5	9.3	8.4	24.8	18.5
Inventory revaluation on acquired business	6.8	-	-	6.8	-
Adjusted EBITDA Paperboard segment	<u>\$ 11.1</u>	<u>\$ 51.3</u>	<u>\$ 33.7</u>	<u>\$ 44.8</u>	<u>\$ 117.6</u>
Consumer Products segment income	\$ 27.4	\$ 25.0	\$ 31.5	\$ 59.0	\$ 29.2
Depreciation and amortization	14.0	14.7	14.2	28.2	29.7
Adjusted EBITDA Consumer Products segment	<u>\$ 41.4</u>	<u>\$ 39.7</u>	<u>\$ 45.7</u>	<u>\$ 87.1</u>	<u>\$ 58.9</u>
Corporate and other expense	\$ (17.7)	\$ (20.1)	\$ (18.5)	\$ (36.2)	\$ (40.6)
Depreciation and amortization	0.5	0.6	0.6	1.1	1.2
Adjusted EBITDA Corporate and other	<u>\$ (17.2)</u>	<u>\$ (19.5)</u>	<u>\$ (17.9)</u>	<u>\$ (35.1)</u>	<u>\$ (39.3)</u>
Pulp and Paperboard segment	\$ 11.1	\$ 51.3	\$ 33.7	\$ 44.8	\$ 117.6
Consumer Products segment	41.4	39.7	45.7	87.1	58.9
Corporate and other	(17.2)	(19.5)	(17.9)	(35.1)	(39.3)
Adjusted EBITDA	<u>\$ 35.3</u>	<u>\$ 71.5</u>	<u>\$ 61.5</u>	<u>\$ 96.8</u>	<u>\$ 137.2</u>

ADDITIONAL RECONCILIATIONS

(\$ IN MILLIONS)

Net Debt

	Jun 30 '22	Sep 30 '22	Dec 31 '22	Mar 31 '23	Jun 30 '23	Sep 30 '23	Dec 31 '23	Mar 31'24	Jun 30'24
Cash	\$69.5	\$50.8	\$53.7	\$16.7	\$41.7	\$110.2	\$42.0	\$55.2	\$39.6
Current debt	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.9	5.2
Long term debt	589.9	564.9	564.9	564.9	564.8	564.6	462.3	442.3	1,137.9
add:									
Deferred debt costs	3.8	3.6	3.4	3.2	3.0	3.0	5.1	4.9	14.2
Subtotal	594.7	569.5	569.2	569.0	568.7	568.5	468.3	448.1	1,157.3
Net debt	\$525.2	\$518.7	\$515.5	\$552.3	\$527.0	\$458.3	\$426.3	\$392.9	\$1,117.6

Free Cash Flow

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Cash from operations	\$78.5	\$13.3	\$17.4	\$(9.1)	\$46.0	\$88.2	\$65.6	\$59.2	\$21.1
Additions to property, plant and equipment, net	(5.4)	(6.7)	(13.5)	(21.5)	(12.8)	(14.2)	(25.2)	(18.5)	(18.1)
Free cash flow	\$73.1	\$6.6	\$3.9	\$(30.6)	\$33.2	\$74.0	\$40.4	\$40.7	\$3.0