

CASCADES ALWAYS IN ACTION

Goldman Sachs
2012 Montréal
Paper & Forest Products
Investor Event



Cascades

GREEN BY NATURE™

March 14, 2012

RECOVERY + PACKAGING + PAPER

CASCADES.COM



DISCLAIMER

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 the Company's 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 also includes 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 Company.

The financial information included in this presentation also contains certain data that are not measures of performance under IFRS ("non-IFRS measures"). For example, the Company uses earnings before interest, taxes, depreciation and amortization (EBITDA) because it is the measure used by management to assess the operating and financial performance of the Company's operating segments. Such information is reconciled to the most directly comparable financial measures, as set forth in the "Supplemental Information on Non-IFRS Measures" section of our most recent annual report or earnings press release.

Specific items are defined as items such as charges for impairment of assets, for facility or machine closures, debt restructuring charges, gains or losses on sales of business units, unrealized gains or losses on derivative financial instruments that do not qualify for hedge accounting, foreign exchange gains or losses on long-term debt and other significant items of an unusual or non-recurring nature.

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





GREEN PACKAGING AND TISSUE PRODUCT OFFERING

Boxboard



Containerboard



Specialty products



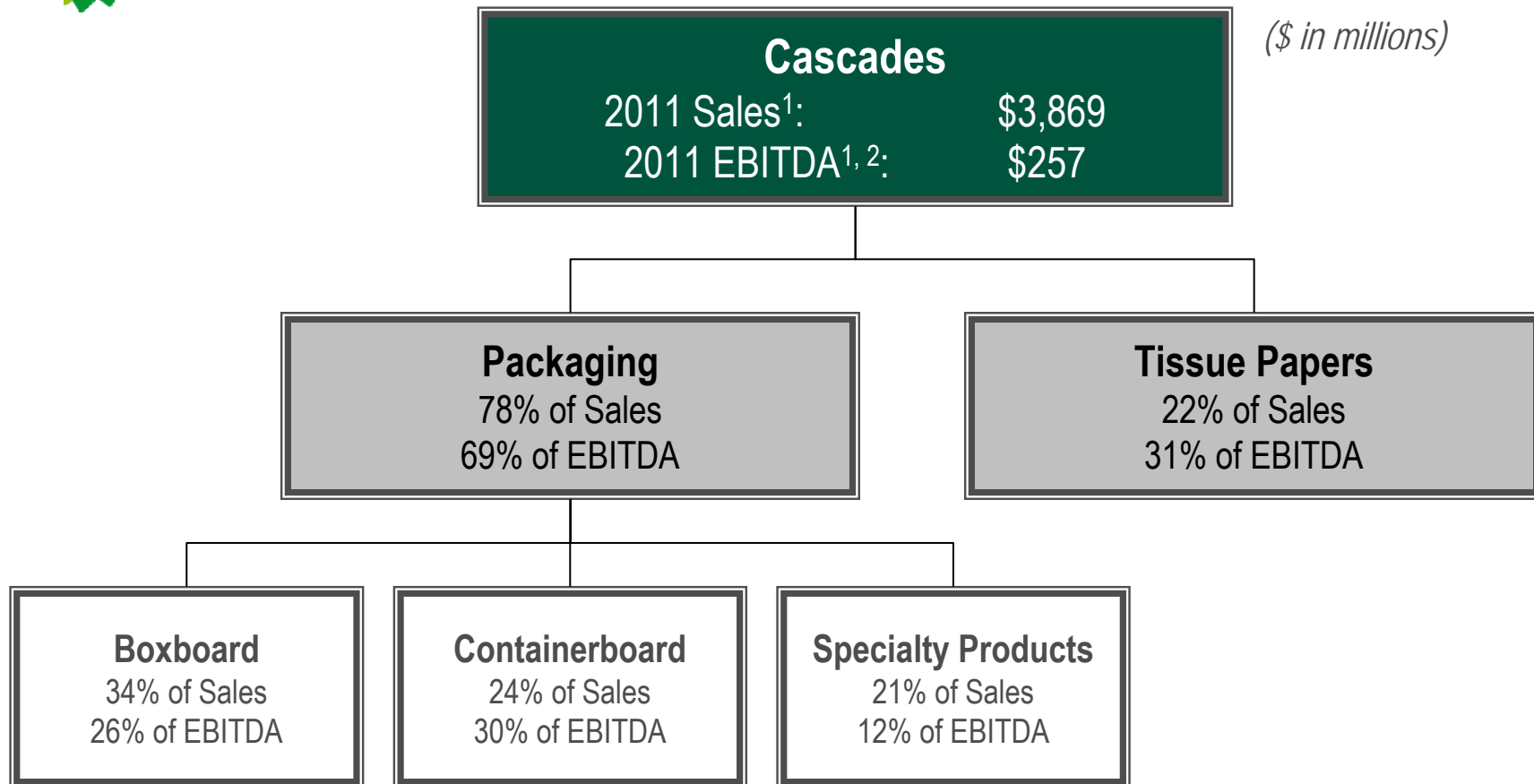
Tissue papers



Leading NA packaging and tissue manufacturer with substantial recycling capabilities



BALANCED PACKAGING AND TISSUE PLAY



Exposure to less cyclical end-markets

¹ Adjusted for the full year consolidation of Reno de Medici and Papersource.
² EBITDA excluding specific items and discontinued operations. Breakdown of sales and EBITDA before eliminations & corporate activities.



CLOSED-LOOP BUSINESS MODEL



100+ business units



RECOVERY
23 units



76% recycled fibre
(2.9M tons)

NA integration rate (2011):
32% (655K tons)

FINISHED PRODUCTS

May be sent to
recycling centers



MANUFACTURING

27 units



CONVERTING
62 units

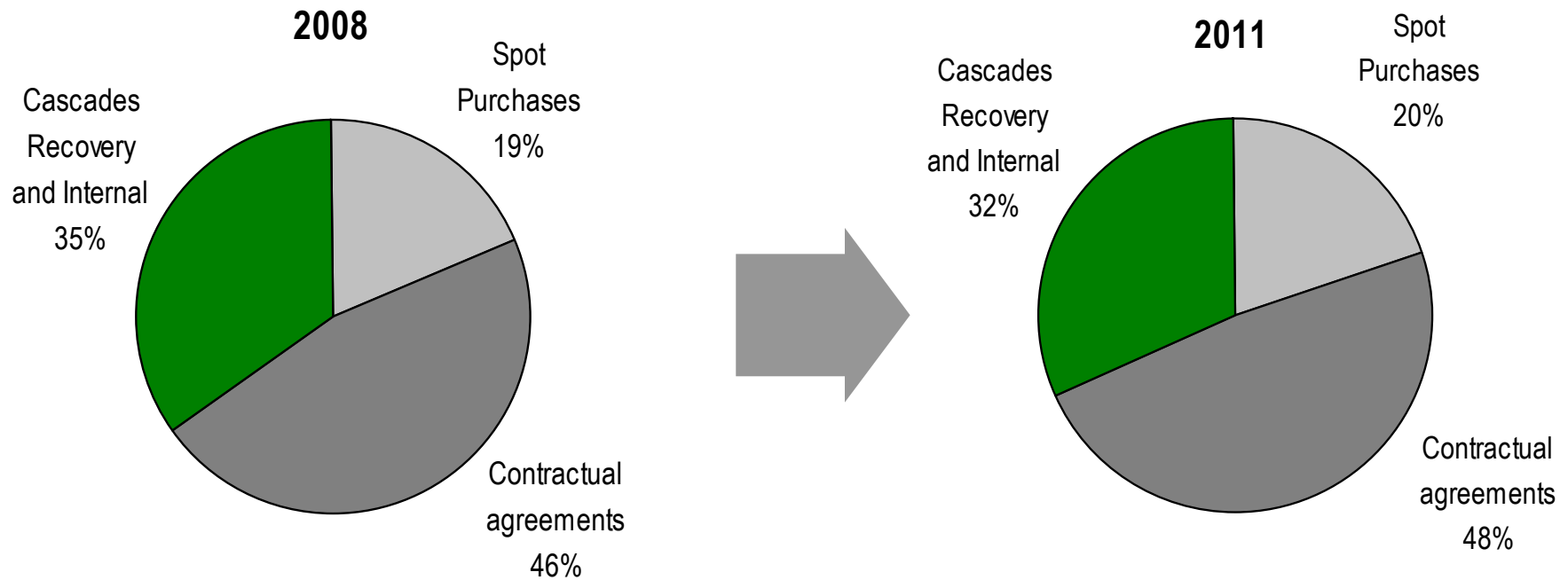


NA integration rate (2011):
47%

Upstream and downstream integration



NORTH AMERICAN RECYCLED FIBRE SUPPLY



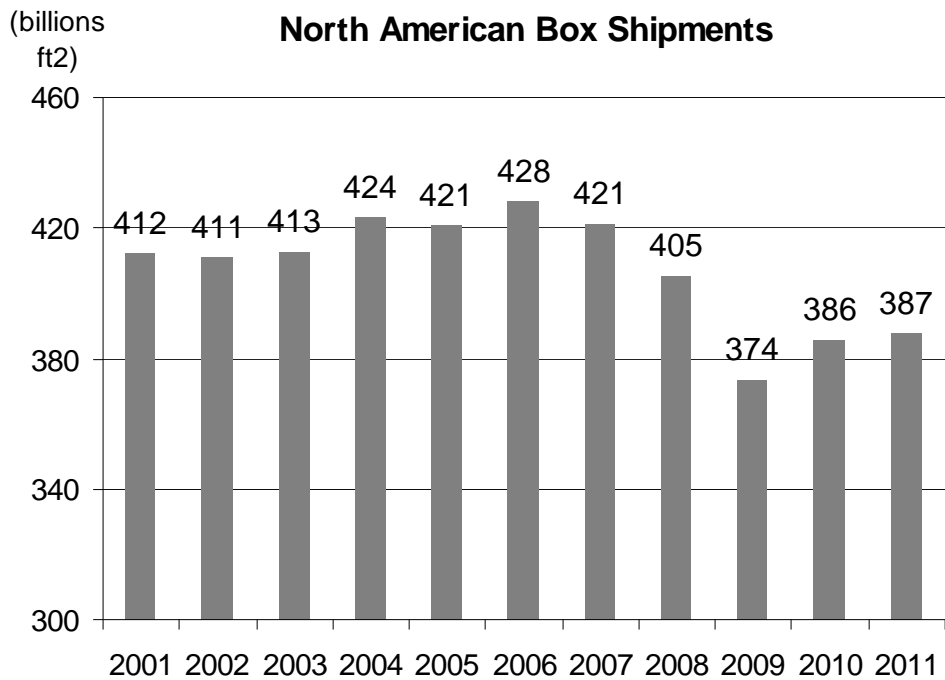
Control over 80% of our fibre supply despite greater concentration on the supply side



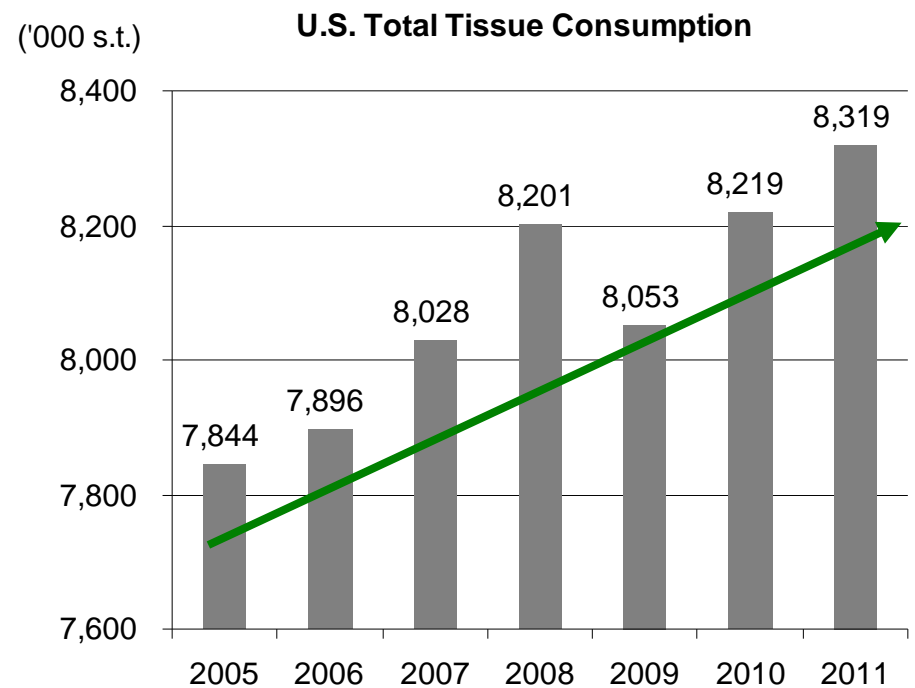
MARKET DYNAMICS – DEMAND



Packaging



Tissue



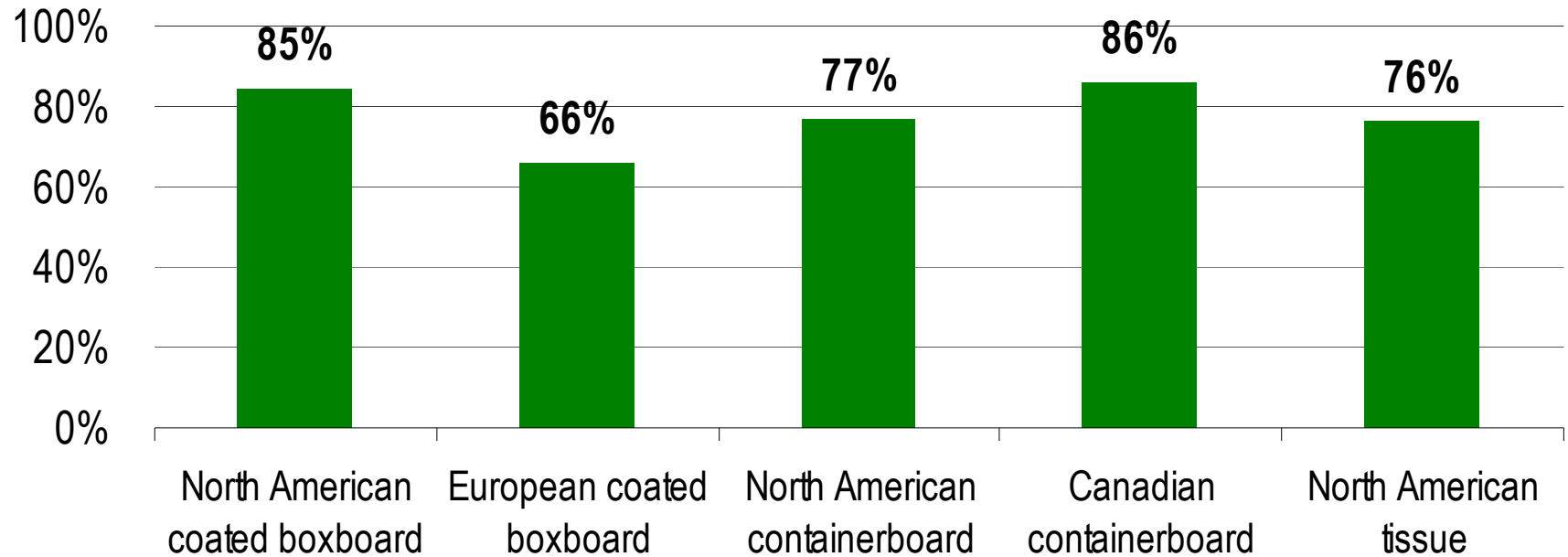
Exposure to relatively stable / growing demand



MARKET DYNAMICS – SUPPLY



Top 5 producers' share of capacity



Cascades's
Market Share
(estimate)

3%

17%

3%

26%

7%

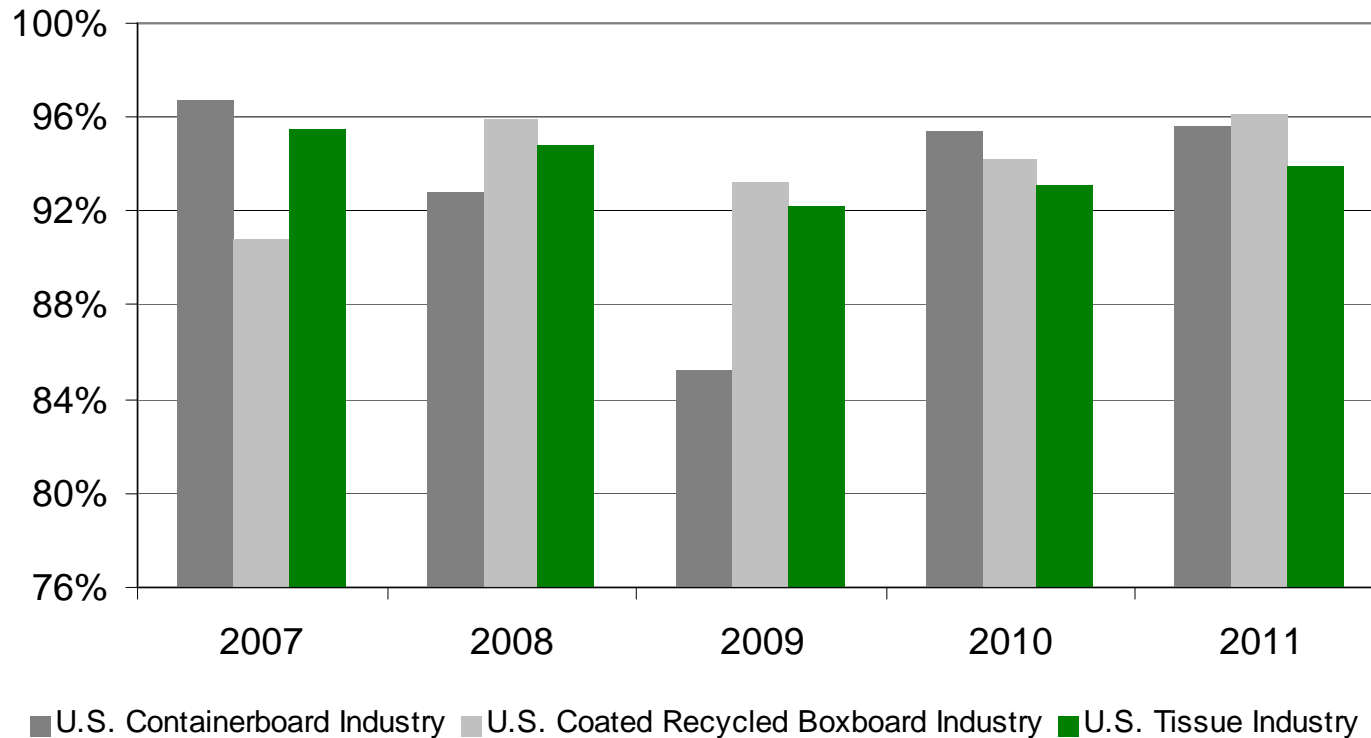
Increased consolidation over the last few years in our market segments



MARKET DYNAMICS – MARKET BALANCE



Annual Average Capacity Utilization Rates



Balanced supply/demand equation with utilization rates at approximately 95%

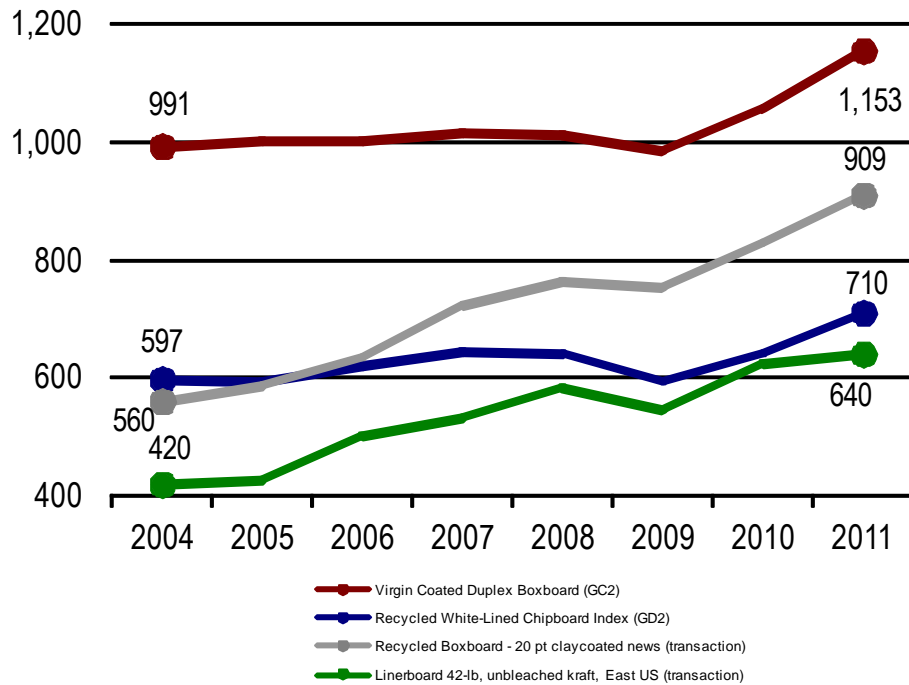


MARKET DYNAMICS – PRICING



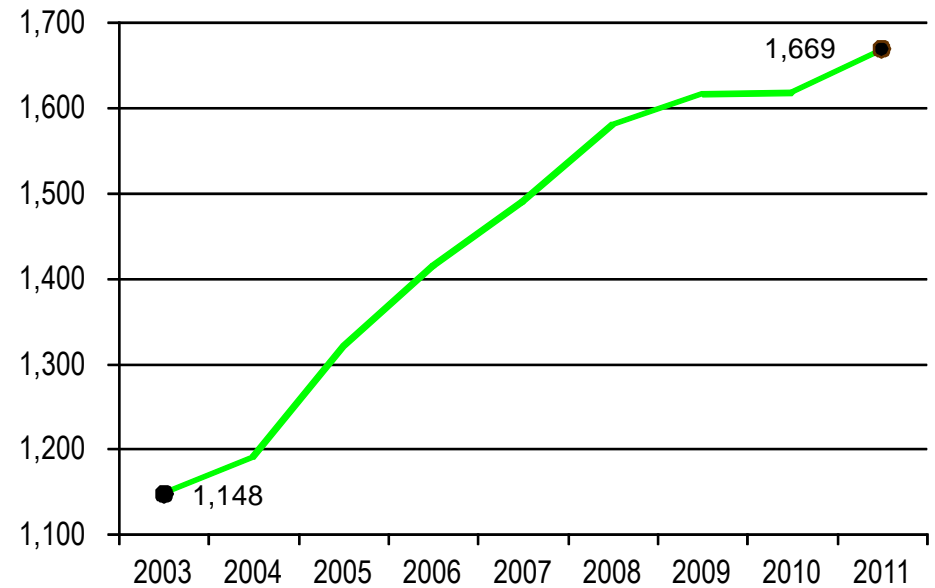
Packaging

Packaging Annual Average Selling Prices



Tissue

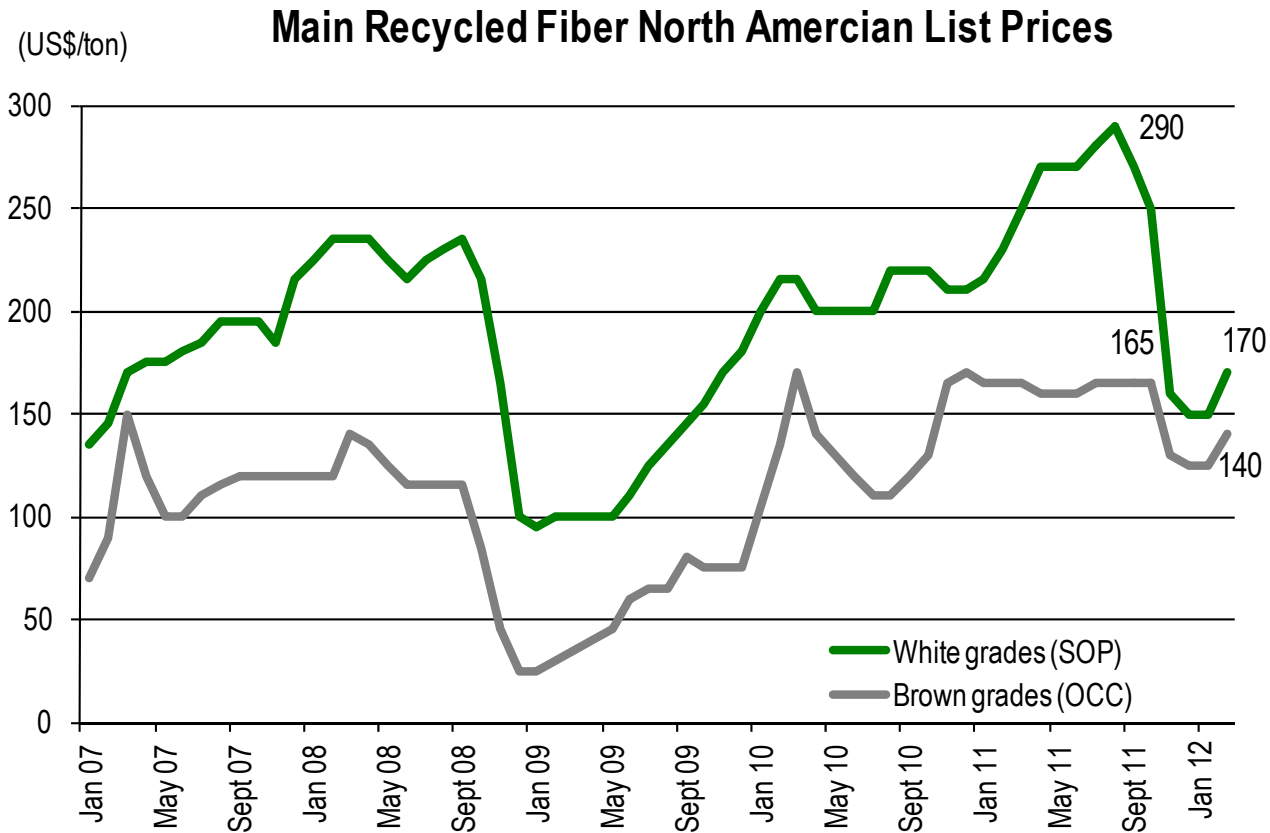
Cascades Tissue Papers Index (January 1999 = 1,000)



Upward long-term pricing trend



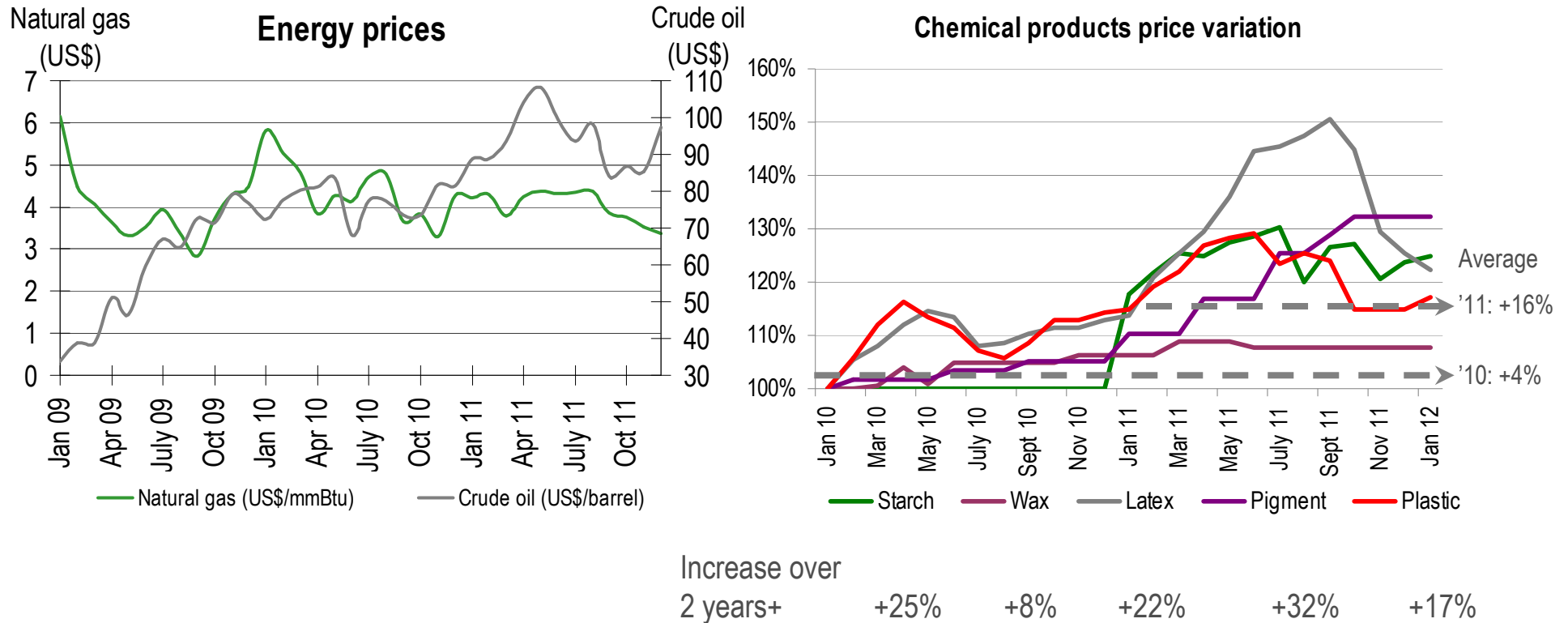
MARKET DYNAMICS – RAW MATERIAL COSTS



EBITDA sensitivity to 15\$U.S. or €/s.t. change in recycled fiber costs = 48 M\$



MARKET DYNAMICS – INPUT COST INFLATION



Financial results impacted by significant variable cost inflation

ACTING ON OUR STRATEGIC PRIORITIES IN 2011

1

Focused investing for modernization of core operations and IT

ATMOS (Voith)

- Full machine rebuilt
- Swing machine with “TAD equivalent” technology
- \$30M investment
- First to install in North America
- High-end tissue paper offering
- Can use up to 100% recycled fiber
- Lower energy costs



ERP

- \$80M investment program
- Blueprint and programming: 2011-2012
- Implementation: 2011-2015

Challenging Market Evolution ⇒ Proactive measures ⇒ Improved profitability



TOWARDS MODERNIZATION : GREENPAC



- **Competitive advantage – Recycled liner**
 - Largest in NA
 - 540,000 short tons capacity
 - Most technologically advanced equipment
 - Well-aligned with current market trends

- **Financial flexibility not affected**
 - \$99M total investment
 - \$84M in equity
 - \$15M in bridge loan
 - Debt non-recourse to Cascades



- **Strong Partnership**
 - Norampac (Cascades)
 - Caisse de dépôt et placement du Québec
 - Two industry converters

59.7%
20.2%
20.1%

Will position us amongst leaders in terms of product offering, productivity and profitability

ACTING ON OUR STRATEGIC PRIORITIES IN 2011

2

Optimizing capital allocation between sectors and investments; reducing working capital

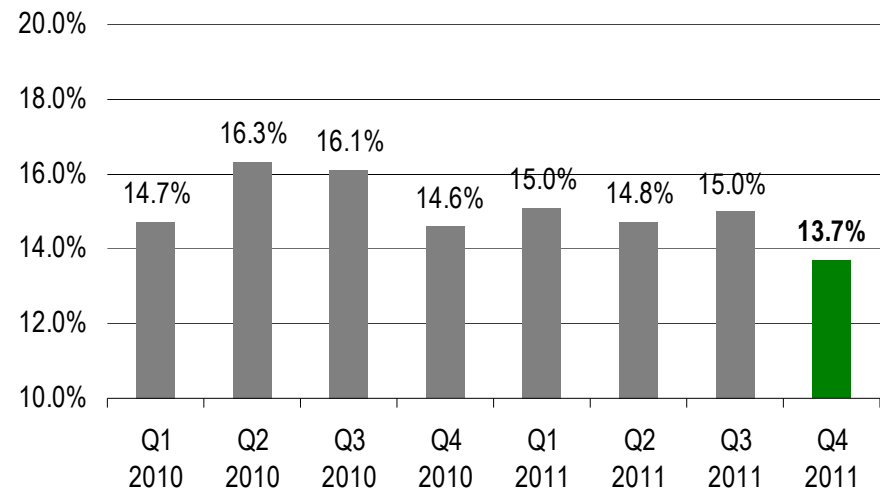
Papersource Acquisition

- Acquired one of the most modern converting plants in NA
- Integration level increased to 70% +
- Reinforces positioning in away-from-home sector
- 10 converting lines



W/C Reduction

Working capital (% of sales)



Challenging Market Evolution ⇒ Proactive measures ⇒ Improve profitability

ACTING ON OUR STRATEGIC PRIORITIES IN 2011

3

Restructuring of under-performing units

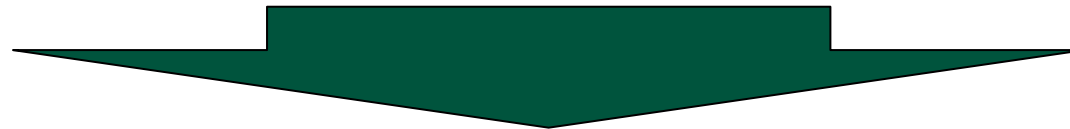
Periods	2004-2006	2006-2008	2008-2010	2011
Strategic measures	<p><u>Packaging</u> 5 acquisitions 7 closures 2 sales</p> <p><u>Tissue</u> 1 sale 1 closure 1 acquisition</p>	<p><u>Packaging</u> 2 mergers 4 closures 4 sales 2 acquisitions 1 partnership</p>	<p><u>Packaging</u> 2 closures 2 acquisitions</p> <p><u>Tissue</u> 1 investment 1 acquisition</p>	<p><u>Packaging</u> 4 sales 1 investment 4 closures</p> <p><u>Tissue</u> 1 acquisition</p>

Challenging Market Evolution ⇒ Proactive measures ⇒ Improved profitability

ACTING ON OUR STRATEGIC PRIORITIES IN 2011

4

Improvement and development of processes and products through innovation



MID-TERM OBJECTIVE

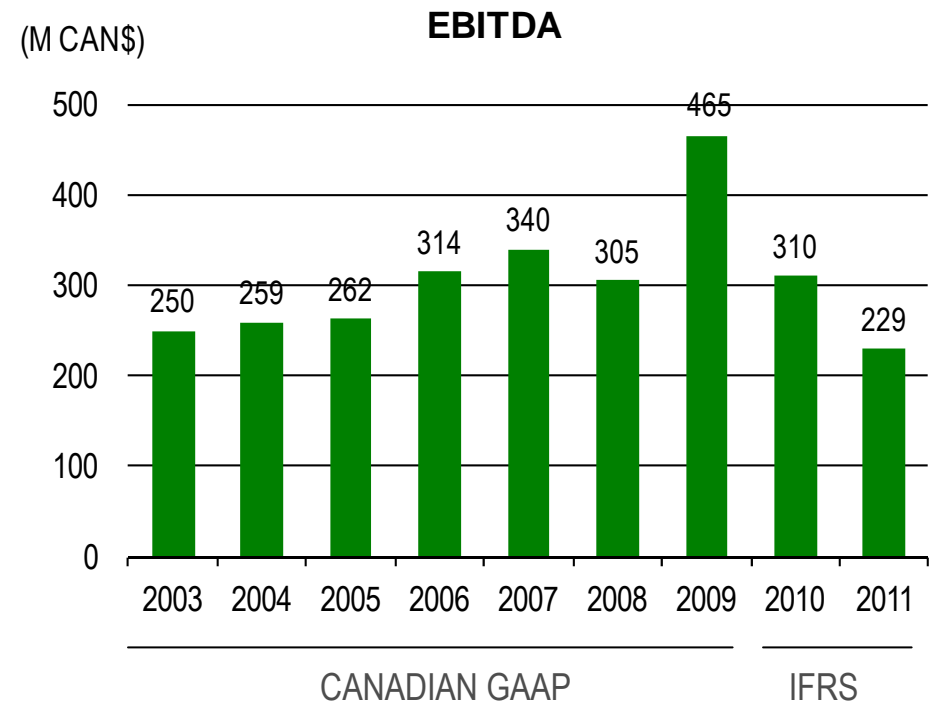
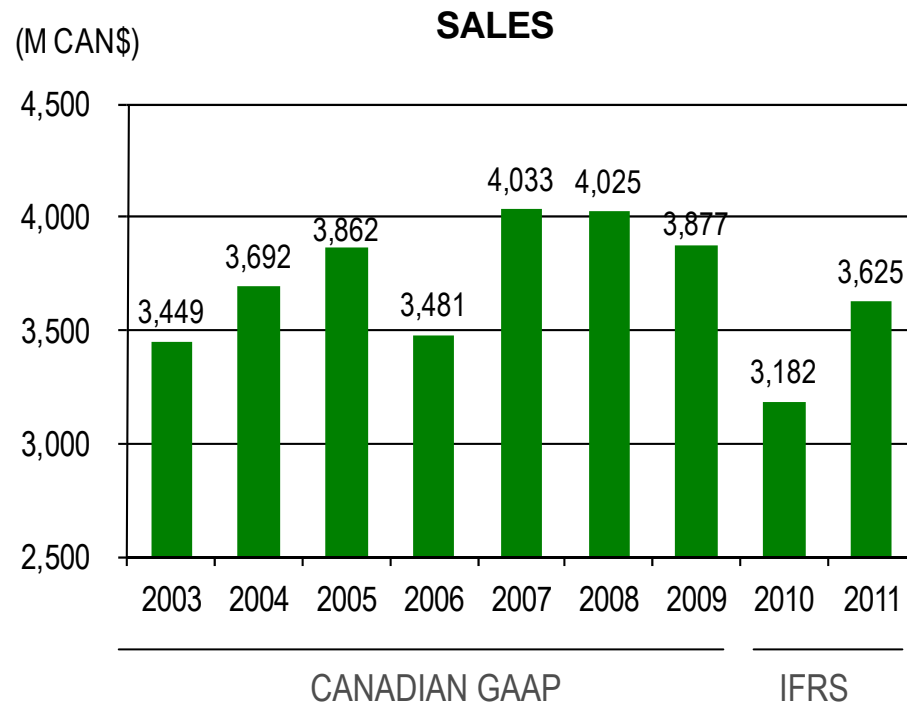
ROCE \geq WACC

Net debt/EBITDA at 3x

Challenging Market Evolution \Rightarrow Proactive measures \Rightarrow Improve profitability



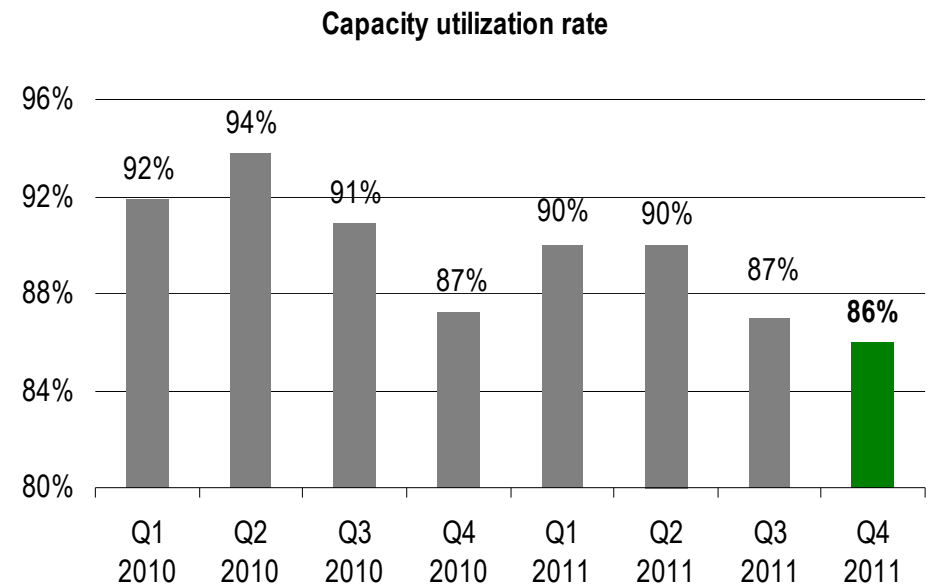
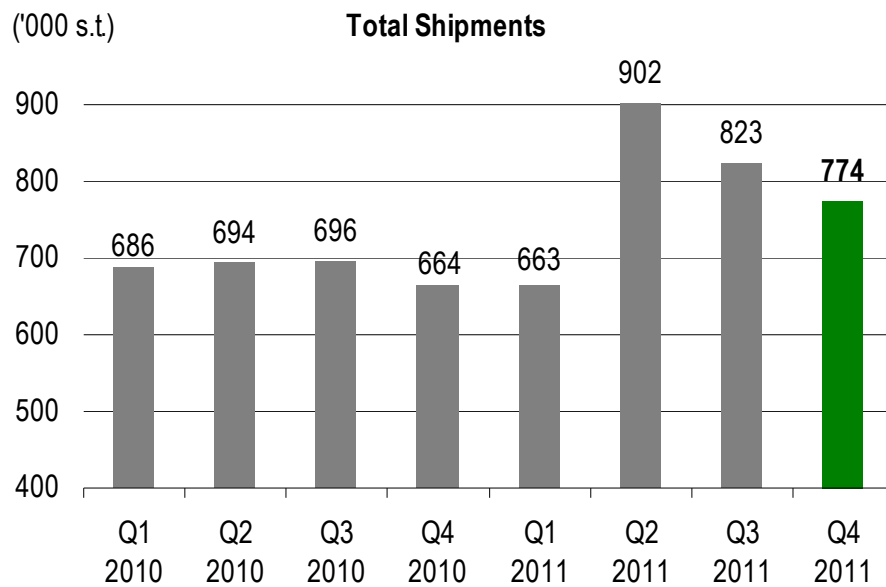
HISTORICAL FINANCIAL PERFORMANCE



Results impacted by challenging market conditions, lower shipments and higher cost input



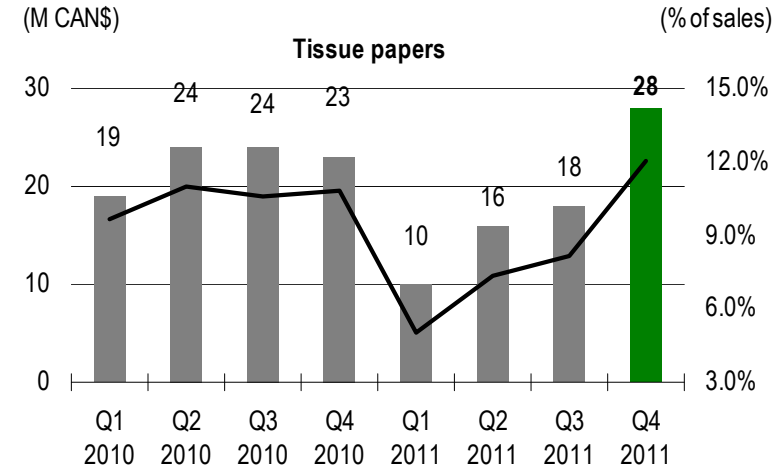
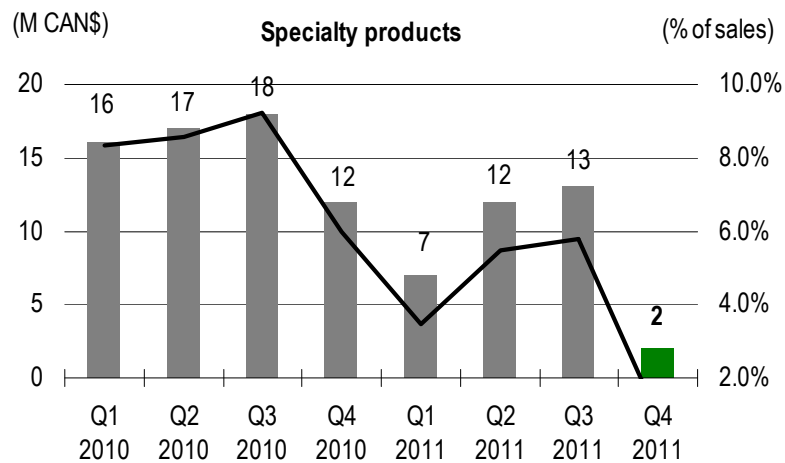
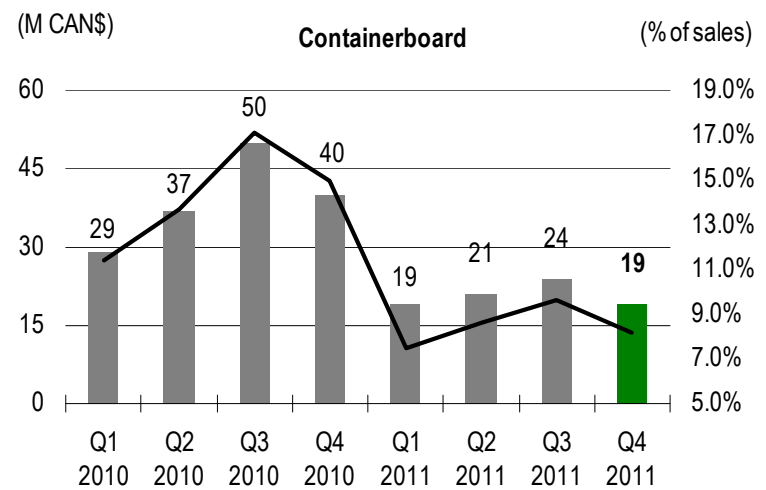
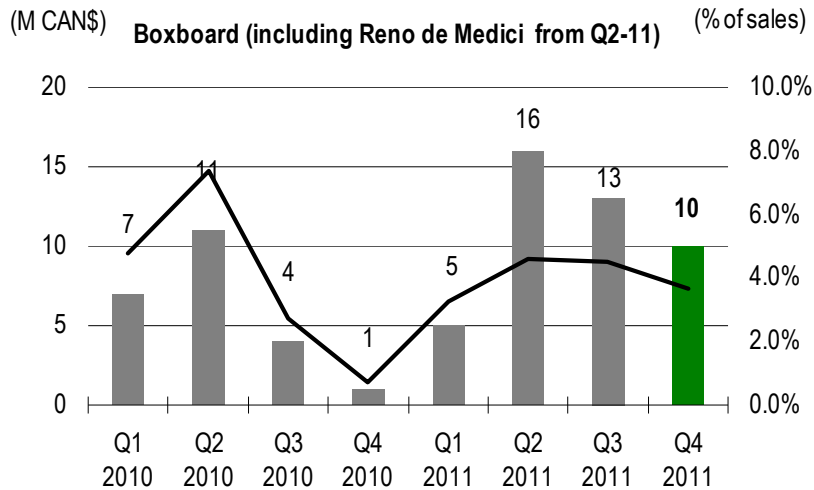
KEY PERFORMANCE INDICATORS (KPIs)



Lower utilization rate affected results in 2011



SEGMENTED EBITDA



Tissue Papers segment performed well in a difficult Q4 2011



PERFORMANCE OF OUR EQUITY INVESTMENTS



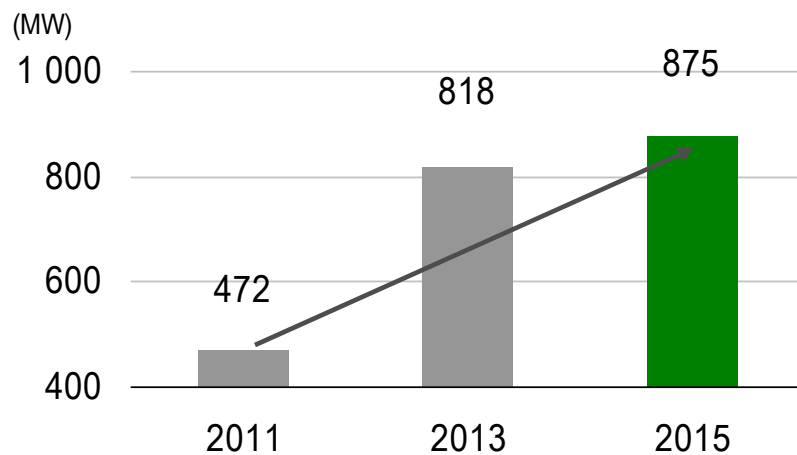
- 35% equity investment
- Market Value: +/- \$110M

RenoDeMedici

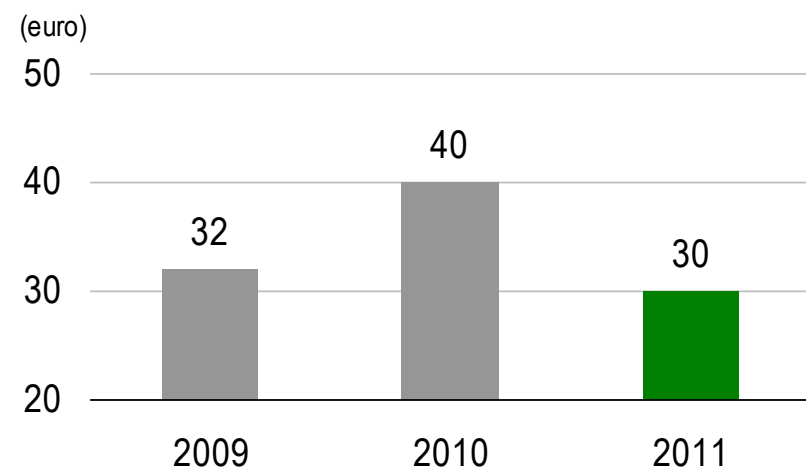


- 45% equity investment
- Market value: +/- \$25M

Borex's forecast installed production capacity



Reno De Medici's EBITDA



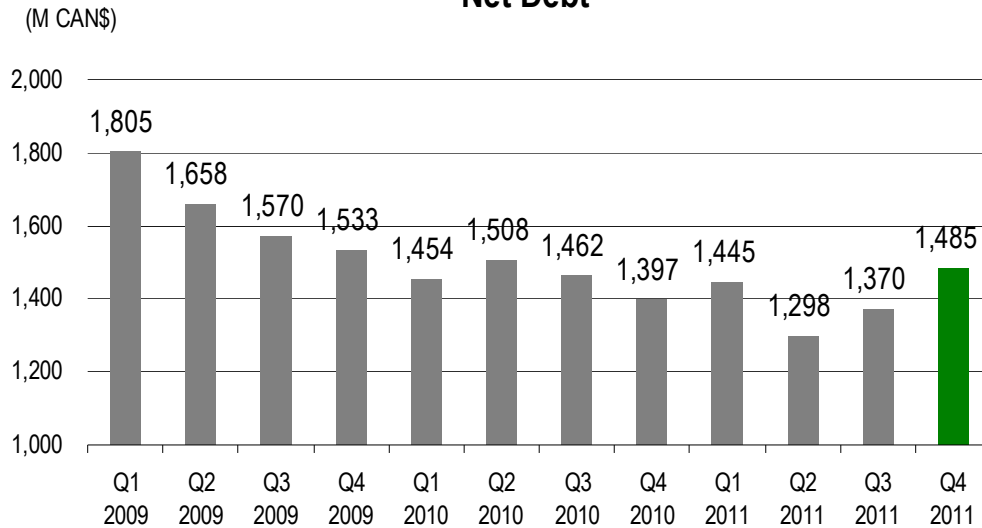
Investments in strong growth & turnaround stories currently worth +/- \$135M



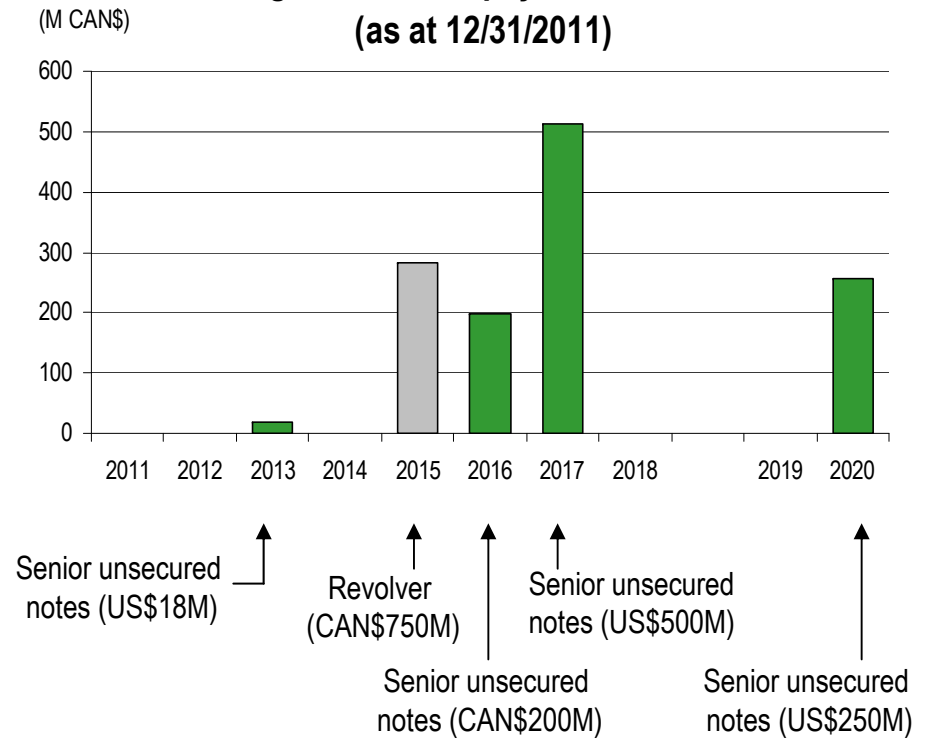
DEBT PROFILE



Net Debt



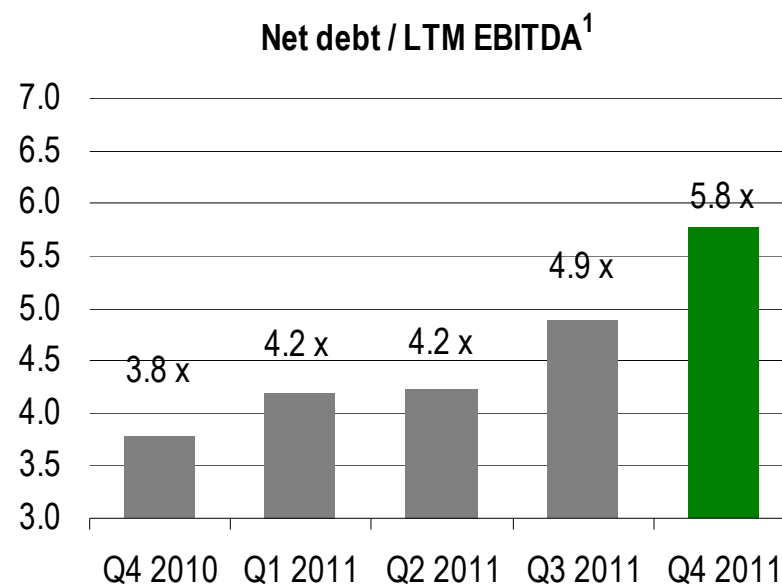
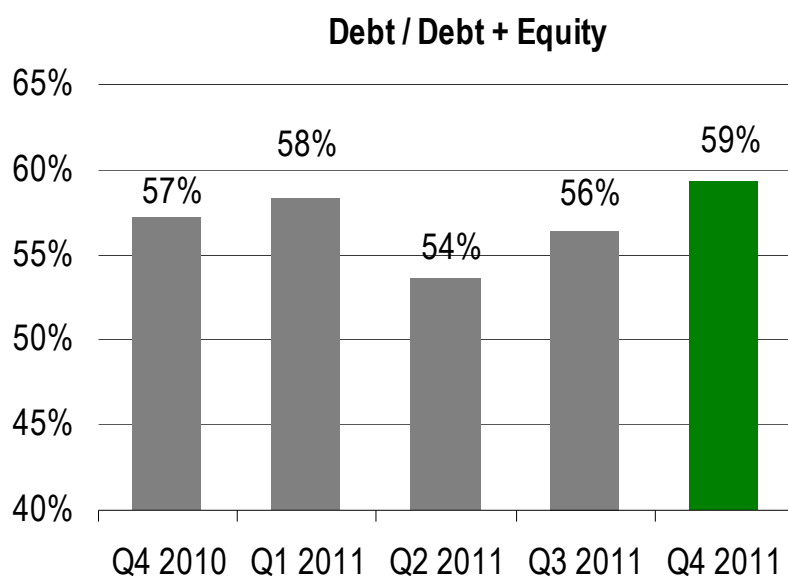
Long-term debt repayment schedule (as at 12/31/2011)



Debt reduced in absolute terms over the last two years and maturities well spread out



LEVERAGE FINANCIAL RATIOS & COVENANTS



- Cascades' financial bank covenant ratios²:

- Net funded debt to capitalization
- Interest coverage ratio

Covenant	Now
≤ 65%	53%
≥ 2.25x	2.4x

Slight increase in ratios due to a more challenging H2 2011 and CAPEX program

¹ LTM EBITDA adjusted for the full year of Reno de Medici and Papersource.

² On an adjusted consolidation basis.



CREDIT AGREEMENT TERMS



	Before	February 2011
Structure	\$750 M revolving credit facility \$100 M term loan	\$750 M revolving credit facility
Maturity	Credit facility: December 2011 Term loan: February 2012	February 2015
Interest rate	Credit facility: LIBOR + 275 bps Term loan: LIBOR + 287.5 bps	LIBOR + 212.5 bps
Standby fees	70 bps	22.5% x (spread over LIBOR) = 48 bps
Covenants¹	Funded Debt to Capitalization Ratio ≤ 65% Interest Coverage Ratio ≥ 2.25x	Funded Debt to Capitalization Ratio ≤ 65% Interest Coverage Ratio ≥ 2.25x

Advantageous credit terms providing flexibility

¹ On an adjusted consolidated basis

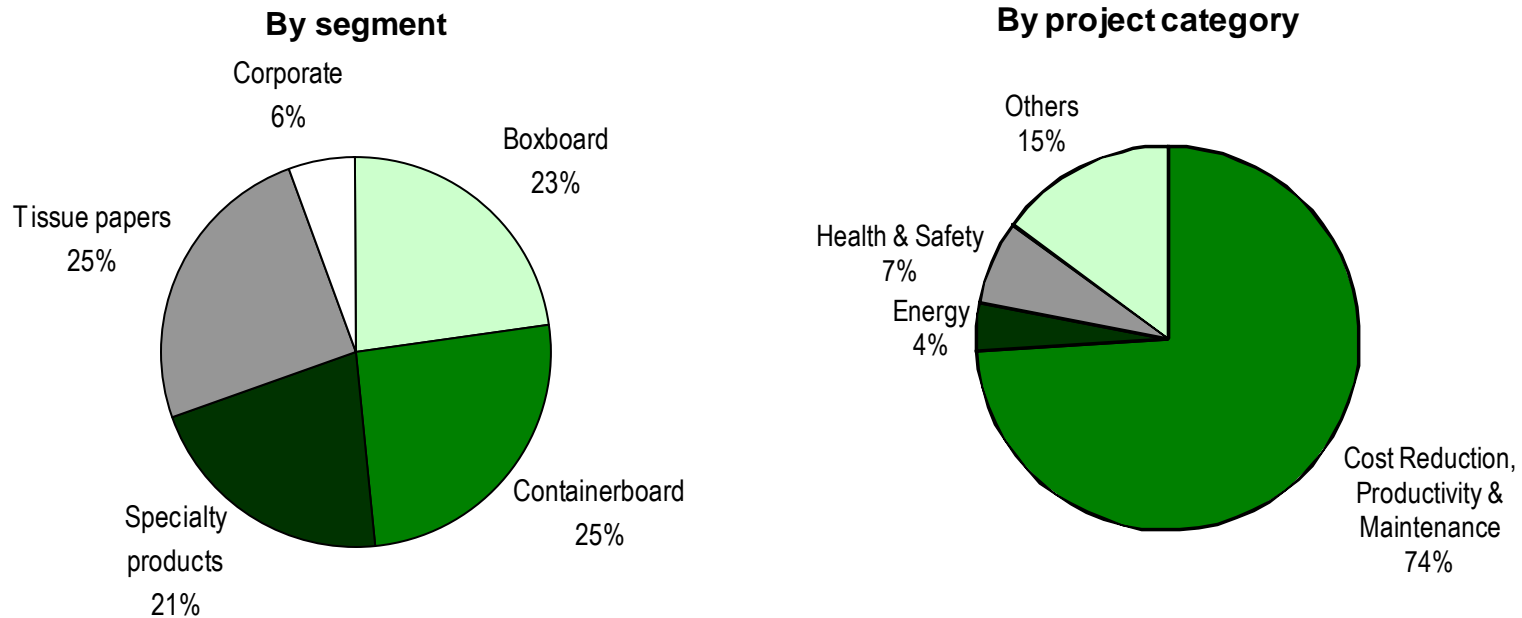


CAPEX PROGRAM



- Projects in the works could be approved if business conditions are favourable
 - Potential for \$225M to \$250M in 2012
- Capex requests for 2012 initially approved at approximately \$150M
 - Amount subject to change depending on operating results and economic conditions.

Capital Expenditures Distribution in 2011 - \$141M



Gradual capex program to improve asset base while maintaining financial flexibility



CONCLUDING REMARKS



- Short term
 - Prioritize organic growth and productivity improvement over acquisitions
 - Proactively address operational issues and realize our strategic plan
 - Focused investing for modernization of core operations
 - Optimize capital allocation
 - Restructure under-performing units
 - Improve and develop processes and products through innovation
- Medium term
 - Reach industry comparable leverage ratios
 - Pursue consolidation opportunities

Prudent and gradual investments to improve portfolio of assets



APPENDIX



NEAR TERM OUTLOOK



	Boxboard Europe	Boxboard North America	Containerboard	Specialty products	Tissue papers
Volume	Stable ↔	Slight Increase ↗	Slight Increase ↗	Slight Increase ↗	Slight Increase ↗
Selling prices	Stable ↔	Stable ↔	Stable ↔	Stable ↔	Slight Increase ↗
Raw material costs	Slight Increase ↗	Stable ↔	Stable ↔	Stable ↔	Stable ↔
CAN\$	N/A	Stable ↔			
Energy Costs	Slight Increase ↗	Slight Increase ↗			

Cautious optimism as volume and input cost may be volatile



SENSITIVITY TABLE



	CAPACITY / CONSUMPTION (^{'000} s.t. and ^{'000} mmBtu for natural gas)	CHANGE	EBITDA IMPACT (In million of CAN\$)
SELLING PRICES (MANUFACTURING)			
Boxboard	1,425	25 US\$ or € / ton	45
Containerboard	920	25 US\$ / ton	23
Specialty Products (paper only)	375	25 US\$ / ton	9
Tissue	525	25 US\$ / ton	13
RAW MATERIAL COSTS			
Recycled papers			
Brown grades (OCC & others)	1,740	15 US\$ or € / ton	(29)
Groundwood grades (ONP & others)	305	15 US\$ or € / ton	(5)
White grades (SOP & others)	870	15 US\$ or € / ton	(14)
Commercial pulp	275	30 US\$ or € / ton	(9)
Natural gas	11,740	1.00 US\$ or € / mmBtu	(13)
FOREIGN EXCHANGE			
Change of US\$ 0.01 vs CAN\$			(7)



MARKET PRICES AND COSTS SUMMARY



												Change		
	2009					2010					2011	2011	2011	
	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average	2010	2010	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	(unit)	(%)
These indexes should only be used as indicator of trends and they be different than our actual selling prices or purchasing costs.														
Selling prices														
Cascades North American US\$ index (index 2005 = 1,000)¹	1.109	1.106	1.180	1.223	1.234	1.186	1.238	1.250	1.267	1.267	1.256	70	6%	
PACKAGING														
Boxboard														
North America (US\$/ton)														
Recycled boxboard - 20pt. Clay coated news (transaction)	754	790	825	843	855	828	880	917	920	920	909	81	10%	
Europe (Euro/tonne)														
Recycled white-lined chipboard (GD2) index ²	592	580	631	656	690	639	690	716	716	718	710	71	11%	
Virgin coated duplex boxboard (GC2) index ³	985	976	1.025	1.063	1.155	1.055	1.155	1.151	1.152	1.155	1.153		9%	
Containerboard (US\$/ton)														
Linerboard 42-lb. unbleached kraft, East US	547	580	640	640	640	625	640	640	640	640	640	15	2%	
Corrugating medium 26-lb. Semichemical, East U.S.	517	550	610	610	610	595	610	610	610	610	610	15	3%	
Specialty products (US\$/ton, tonne for deinked pulp)														
Recycled boxboard - 20pt. Bending chip	565	575	625	625	650	619	667	675	670	670	671	52	8%	
Deinked pulp (f.o.b; U.S. air-dried & wet-lap, post-consumer)	601	708	752	755	755	743	748	768	812	725	763	21	3%	
Unbleached kraft paper, Grocery bag 30-lb.	926	960	1.020	1.047	1.060	1.022	1.025	1.093	1.110	1.150	1.095		7%	
Uncoated white 50-lb. offset, rolls	855	868	917	938	933	914	930	955	947	930	941	27	3%	
TISSUE PAPERS														
Cascades Tissue papers (index 1999 = 1,000) ⁴	1.617	1.617	1.623	1.615	1.620	1.619	1.631	1.662	1.718	1.664	1.669	0	3%	
Raw materials														
Cascades North American US\$ index (index 2005 = 300)⁵	258	426	409	397	451	421	470	492	512	409	471	50	63%	
RECYCLED PAPER														
North America (US\$/ton)														
Corrugated containers, no. 11 (New England)	68	149	146	131	170	149	182	178	179	155	174	25	16%	
Special news, no. 8 (ONP - Chicago & NY average)	56	90	92	78	95	88	128	139	135	103	126	38	43%	
Sorted office papers, no. 37 (SOP - Chicago & NY average)	120	225	198	218	216	214	223	263	283	164	233	19	9%	
Europe (Euro/tonne)														
Recovered paper index ⁶	53	100	120	126	132	120	146	158	147	107	140	20	16%	
VIRGIN PULP (US\$/tonne)														
Bleached softwood kraft Northern, East U.S.	718	880	993	1000	967	960	970	1 027	993	920	978	18	2%	
Bleached hardwood kraft Northern mixed, East U.S.	609	776	908	900	840	856	820	850	823	738	808	-48	-6%	
WOODCHIPS – Conifer eastern Canada (US\$/odmt)	121	125	121	120	124	123	123	125	125	134	127	4	3%	

Sources: RISI, Dow Jones, Random Lengths and Cascades. See notes on next page.



NOTES



1. The Cascades North American selling prices index represents an approximation of the Company's manufacturing selling prices in North America (excluding converting). It is weighted according to shipments and is based on the average selling price of our North American manufacturing operations of boxboard, containerboard, speciality products and tissue paper. It considers the change in the mix of products sold. This index should only be used as a trend indicator.
2. The Cascades recycled white-lined chipboard selling prices index represents an approximation of Cascades' recycled grades selling prices in Europe. It is weighted by country.
3. The Cascades virgin coated duplex boxboard selling prices index represents an approximation of Cascades' virgin grades selling prices in Europe. It is weighted by country.
4. The Cascades Tissue paper selling prices index represents a mix of primary and converted products, and is based on the product mix at the end of 2006.
5. The Cascades North American raw materials index is based on publication prices and the average weighted cost paid for some of our manufacturing raw materials, namely recycled fibre, virgin pulp and woodchips, in North America. It is weighted according to purchase volume. This index should only be used as a trend indicator, as it may differ from our actual manufacturing purchasing costs and our purchase mix.
6. The Cascades recovered paper index represents an approximation of Cascades' recovered paper purchase prices in Europe. It is weighted by country based on the recycled fiber supply mix of 2009.



For more information:

www.cascades.com/investors

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