

# Q3 2020 FINANCIAL RESULTS

November 12, 2020





# 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:

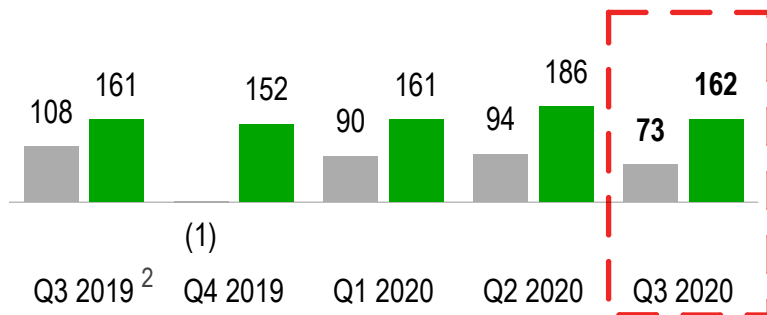
- Operating income before depreciation and amortization (OIBD): Used to assess operating performance and contribution of each segment when excluding depreciation & amortization. OIBD is widely used by investors as a measure of a corporation ability to incur and service debt and as an evaluation metric.
- 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.

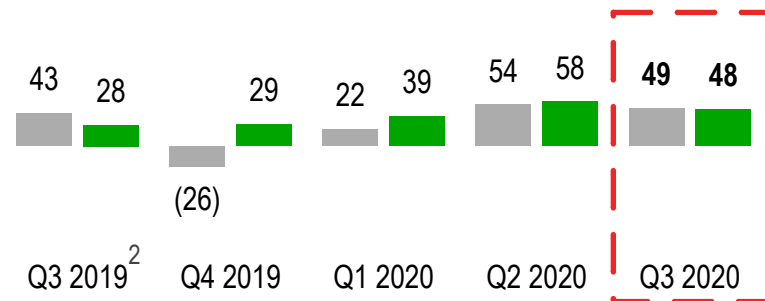
Please click [here](#) for supplemental information on non-IFRS measures.

# SUMMARY OF QUARTERLY FINANCIAL RESULTS<sup>2</sup>



■ Operating Income (loss) ■ Adjusted OIBD<sup>1</sup>

Figures above in millions of CAN\$



■ Net Earnings (loss) ■ Adjusted Net Earnings<sup>1</sup>

Figures above in millions of CAN\$

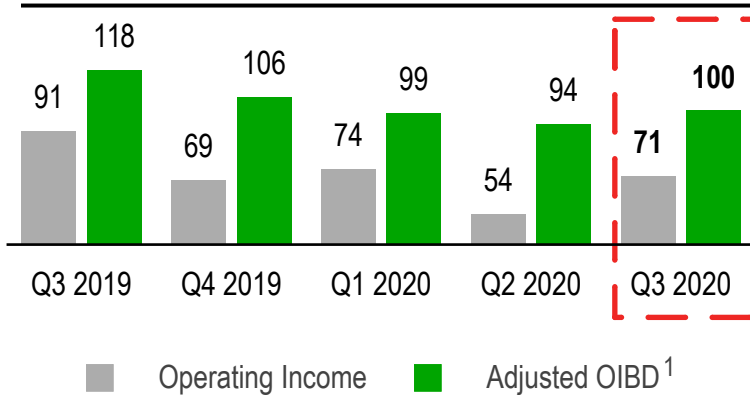
(In millions of CAN\$, except amount per share)					2018					2019 <sup>2</sup>	2020			LTM <sup>3</sup>
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3 <sup>2</sup>	Q4	Year	Q1	Q2	Q3	
<b>Financial results</b>														
<b>Sales</b>	1,098	1,180	1,175	1,196	4,649	1,230	1,275	1,264	1,227	4,996	1,313	1,285	1,275	5,100
<b>Operating income (loss)</b>	112	73	78	(35)	228	72	82	108	(1)	261	90	94	73	256
Adjusted OIBD <sup>1</sup>	105	134	137	113	489	135	156	161	152	604	161	186	162	661
<b>Net earnings (loss)</b>	61	27	36	(67)	57	24	31	43	(26)	72	22	54	49	99
Adjusted net earnings <sup>1</sup>	12	29	38	—	79	13	26	28	29	96	39	58	48	174
<b>Net earnings (loss) per share</b>	\$0.65	\$0.28	\$0.38	\$(0.71)	\$0.60	\$0.26	\$0.33	\$0.45	\$(0.27)	\$0.77	\$0.24	\$0.57	\$0.51	\$1.05
Adjusted net earnings per share <sup>1</sup>	\$0.13	\$0.30	\$0.40	—	\$0.83	\$0.14	\$0.28	\$0.30	\$0.30	\$1.02	\$0.42	\$0.61	\$0.50	\$1.83

**Q3 adjusted OIBD decrease QoQ largely driven by impact of Covid on Tissue AfH demand; YoY results reflect increases in Tissue & Boxboard Europe, offset by lower Containerboard results**

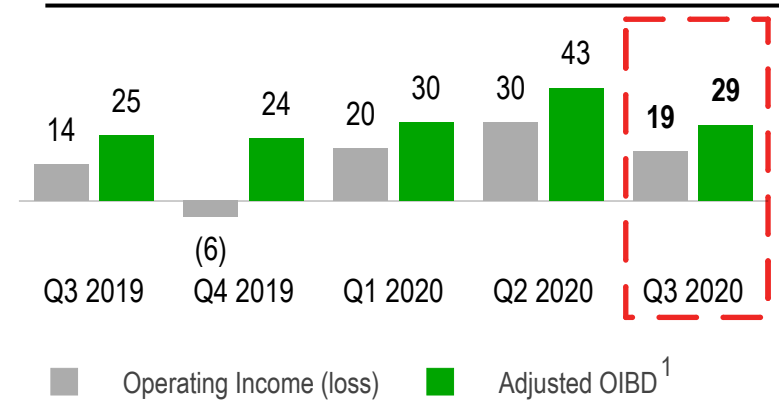
(1) Please click [here](#) for supplemental information on non-IFRS measures. (2) 2019 third quarter results have been adjusted to reflect retrospective adjustments of purchase price allocation. Please refer to Note 4 of the 2020 third quarter Unaudited Condensed Interim Consolidated Financial Statements for more details. (3) Last twelve months

# HISTORICAL SEGMENTED QUARTERLY OPERATING INCOME (LOSS) & ADJUSTED OIBD<sup>1,2</sup>

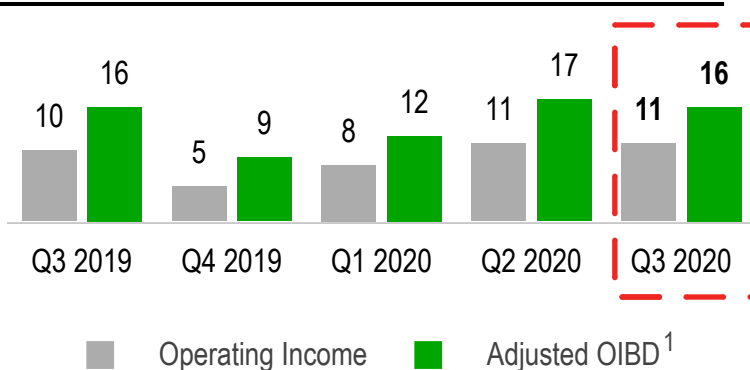
## Containerboard (millions of CAN\$)



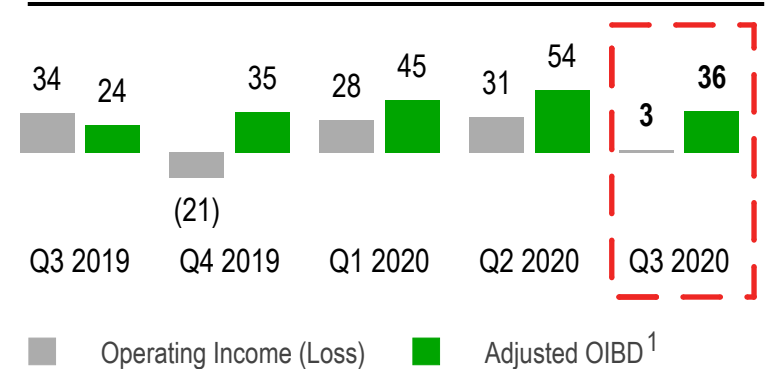
## Boxboard Europe<sup>2</sup> (millions of CAN\$)



## Specialty Products<sup>2</sup> (millions of CAN\$)



## Tissue Papers (millions of CAN\$)

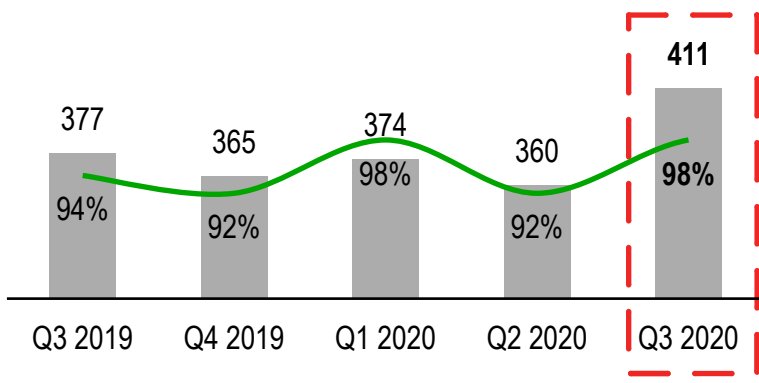


(1) Please click [here](#) for supplemental information on non-IFRS measures. (2) 2019 third quarter results have been adjusted to reflect retrospective adjustments of purchase price allocation. Please refer to Note 4 of the 2020 third quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

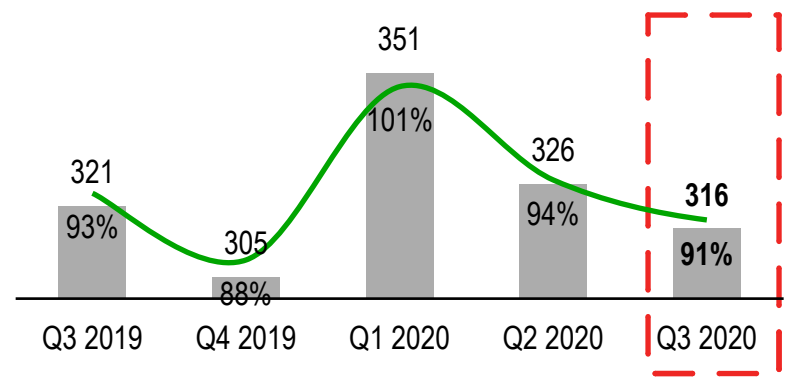


# HISTORICAL SEGMENTED QUARTERLY SHIPMENTS

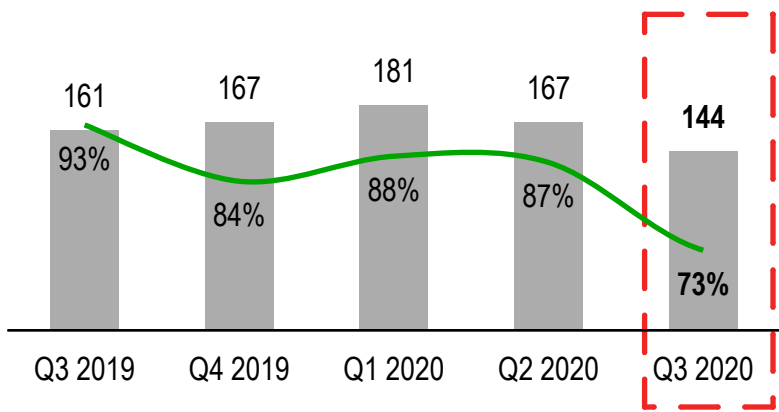
**Containerboard** ('000 s.t. and % capacity utilization<sup>1</sup>)



**Boxboard Europe** ('000 s.t. and % capacity utilization<sup>1</sup>)



**Tissue Papers** ('000 s.t. and % capacity utilization<sup>1</sup>)

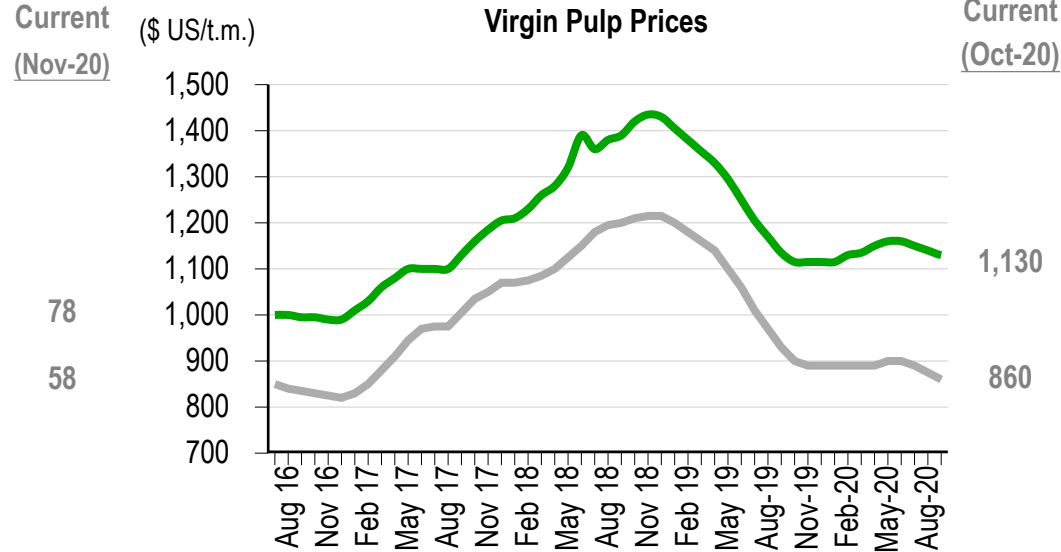
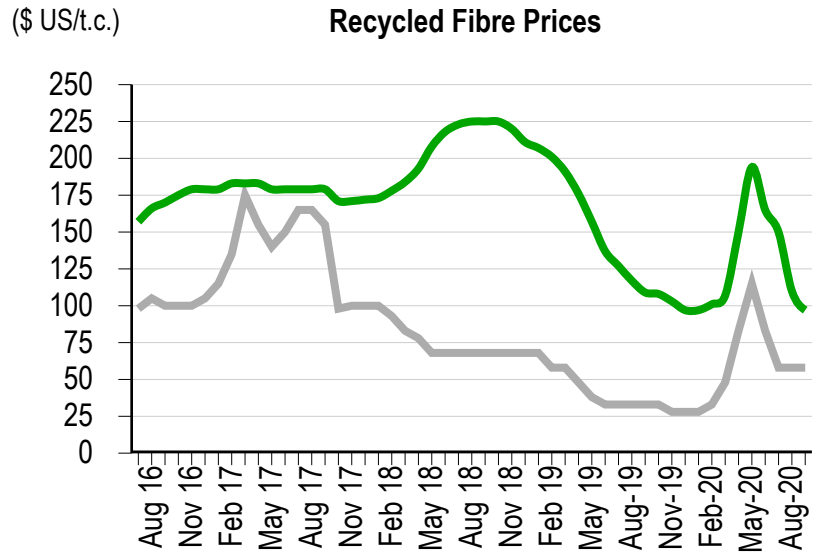


(1) Utilization rate defined as total manufacturing shipments divided by practical capacity.





# RAW MATERIAL COSTS - INDEX LIST PRICES



■ White grades (Basket of products)    
 ■ Brown grades (OCC)

■ NBSK    
 ■ NBHK

### Recovered Paper Prices

White grades - Basket of products (Northeast average)<sup>1</sup>  
 Brown grades - OCC No. 11 (Northeast average)

	<u>Q3-2020</u>	<u>Q2-2020</u>	<u>Q3-2019</u>	<u>Q3/Q3</u>	<u>Q3/Q2</u>
White grades - Basket of products (Northeast average) <sup>1</sup>	119	170	118	1%	(30)%
Brown grades - OCC No. 11 (Northeast average)	58	94	33	76%	(38)%

### Virgin Pulp Prices

NBSK (Canadian sources delivered to Eastern US)  
 NBHK (Canada/US sources delivered to Eastern US)

	<u>Q3-2020</u>	<u>Q2-2020</u>	<u>Q3-2019</u>	<u>Q3/Q3</u>	<u>Q3/Q2</u>
NBSK (Canadian sources delivered to Eastern US)	1,140	1,158	1,170	(3)%	(2)%
NBHK (Canada/US sources delivered to Eastern US)	875	897	970	(10)%	(2)%

**Prices of recycled fibres decreased significantly QoQ; OCC prices were notably higher on a YoY basis, while those of White Grades were stable; Pulp prices decreased both QoQ and YoY**

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. Current price for White Grades is the RISI index price for SOP and is not a basket of products.

# SEGMENTED REVIEW





# PACKAGING PRODUCTS / CONTAINERBOARD

<b>Results</b>	<b>Change vs.</b>	
Q3 2020	Q2 2020	Q3 2019
<b>Shipments ('000 s.t.)</b>		
411	14%	9%
<b>Average selling price</b> (CAN\$/unit)		
1,233	(2)%	(2)%
<b>Sales (M\$)</b>		
506	11%	7%
<b>Operating income (M\$)</b>		
71	31%	(22)%
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>		
100	6%	(15)%
% of sales		
19.8%		

## Comments on sequential performance

- ➔ Shipments increased by 14% sequentially. This was driven by an 18% increase in manufacturing shipments that reflects higher demand and the 16.5 days of planned maintenance and market related downtime taken in the previous quarter. Shipments of converted products increased 10% on a sequential basis, and the integration rate decreased 4% compared to the prior quarter.
- ➔ The average second quarter selling price decreased by 2% in Canadian dollars. This reflects the appreciation of the Canadian dollar compared to the US dollar, and a less favourable sales mix which included more parent rolls.
- ➔ The sales increase is largely attributable to the higher volume. This was partly offset by the appreciation of the Canadian dollar compared to the prior quarter.
- ➔ Adjusted OIBD increased by 6% on a sequential basis. This reflects higher sales, the effects of which were partially offset by the appreciation of the Canadian dollar, and higher energy, raw material and production costs in the current period.

## Maintenance and capital investment downtime (in s.t.)

FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
46,500	8,200	20,700	11,400	~ 9,000 to 10,000	~ 49,000 to 50,000

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





# TISSUE PAPERS

<b>Results</b> Q3 2020	<b>Change vs.</b>	
	Q2 2020	Q3 2019
<b>Shipments ('000 s.t.)</b>		
<b>144</b>	(14)%	(11)%
<b>Average selling price</b> (CAN\$/unit)		
<b>2,524</b>	(1)%	5%
<b>Sales (M\$)</b>		
<b>364</b>	(14)%	(6)%
<b>Operating income (M\$)</b>		
<b>3</b>	(90)%	(91)%
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>		
<b>36</b>	(33)%	50%
% of sales		
9.9%		

## Comments on sequential performance

- ➔ Shipments decreased 14% on a sequential basis in the third quarter. This reflects an 11% decrease in shipments of converted products, driven by the Covid-19 related demand impact on Away-from-Home converted products in the current period. Manufacturing shipments decreased 23% sequentially, also a reflection of the impact of Covid-19 on demand levels.
- ➔ The average selling price in Canadian dollars decreased by a marginal 1% sequentially. This reflects the 4% appreciation of the Canadian dollar compared to the US dollar, partially offset by a more favourable mix of converted products sold.
- ➔ The impact of lower volumes and lower average selling prices, as detailed above, had a combined net negative impact of 14% on sales on a sequential basis.
- ➔ Adjusted OIBD decreased by \$18 million, or 33%, sequentially. This is largely a reflection of the lower sales levels. Higher transportation and maintenance costs also impacted results, as did higher variable costs in the current period attributable to the mix of products sold.

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



# PACKAGING PRODUCTS / BOXBOARD EUROPE

<b>Results</b>	<b>Change vs.</b>		
	Q3 2020	Q2 2020	Q3 2019
<b>Shipments ('000 s.t.)</b>			
<b>316</b>	(3)%	(2)%	
<b>Average selling price<sup>1</sup></b>			
(CAN\$/unit)			
<b>792</b>	2%	5%	
(Euro€/unit)			
<b>509</b>	—	(1)%	
<b>Sales (M\$)</b>			
<b>261</b>	(2)%	2%	
<b>Operating income (M\$)</b>			
<b>19</b>	(37)%	36%	
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>			
<b>29</b>	(33)%	16%	
% of sales			
11.1%			

(1) Average selling price for manufacturing and converting activities only

## Comments on sequential performance

- ➔ Shipments of virgin boxboard decreased by 6,000 s.t., or 14%, in the third quarter of 2020 compared to the prior quarter, while shipments of recycled boxboard decreased 5,000 s.t., or 2%. These decreases are primarily a reflection of lower shipments in Western Europe and the usual seasonal production shutdowns taken in the month of August. Shipments of converted products decreased by 1,000 s.t. compared to the previous quarter.
- ➔ The sequential increase in the average selling price in CAN\$ is a reflection of the 2% depreciation of the Canadian dollar compared to the euro. The average selling price of virgin boxboard decreased 3% sequentially, while that of recycled boxboard increased by 1% compared to the second quarter.
- ➔ The lower sequential sales reflects the decrease in shipment volumes as discussed above, the effects of which were partially offset by the 2% depreciation of the Canadian dollar compared to the euro.
- ➔ The sequential \$14 million decrease in adjusted OIBD is largely a reflection of the impact from the seasonal production shutdowns in the month of August that resulted in lower volumes and higher maintenance costs.



# PACKAGING PRODUCTS / SPECIALTY PRODUCTS

<b>Results</b>	<b>Change vs.</b>		
	Q3 2020	Q2 2020	Q3 2019
<b>Sales (M\$)</b>			
117	(3)%	(5)%	
<b>Operating income (M\$)</b>			
11	—	10%	
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>			
16	(6)%	—	
% of sales			
13.7%			

## Comments on sequential performance

- Sales decreased by 3% sequentially. Sales in the Industrial packaging sub-sector increased 8%, while those of flexible and plastic food packaging increased 9% from the previous quarter. These increases were offset by a sequential 10% decrease in moulded pulp products, following the elevated demand levels in Q2 and less favourable product mix and foreign exchange rate.
- The sequential decrease in adjusted OIBD of \$1 million reflects the less favourable sales mix in the current period, along with slightly higher raw material costs and a less favourable exchange rate. These impacts were partially offset by the higher sales volumes in the Industrial and plastic food packaging sub-segments.

## CHANGE IN THE PRESENTATION OF SEGMENTED INFORMATION

The Corporation reclassified Recovery & Recycling activities results (sales, OIBD and adjusted OIBD figures) to Corporate Activities in the fourth quarter of 2019. Results from these activities had been included within the Specialty Products segment previously. Prior annual and quarterly figures were adjusted to reflect the change.

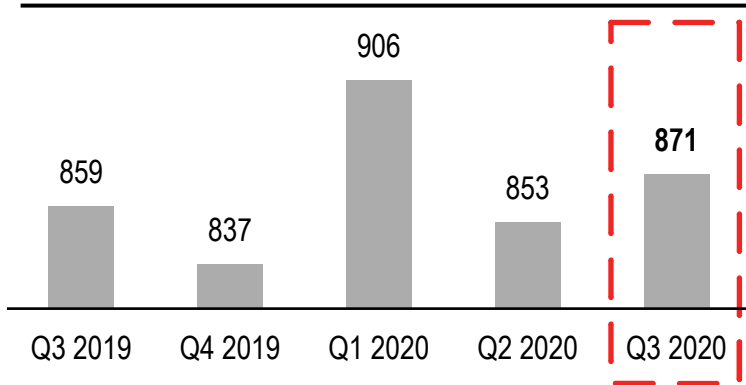
# FINANCIAL REVIEW



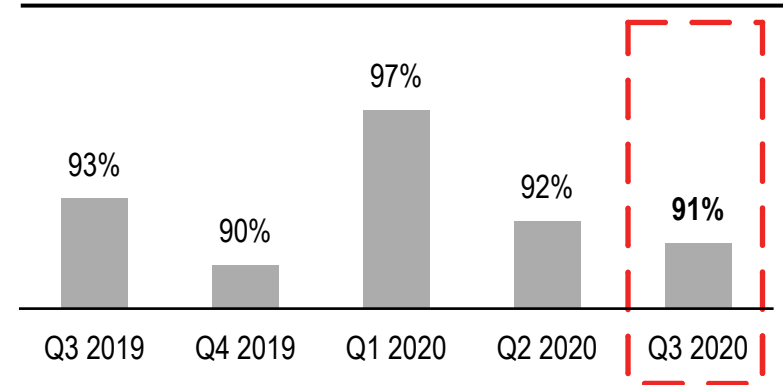


# KEY PERFORMANCE INDICATORS (KPIs)

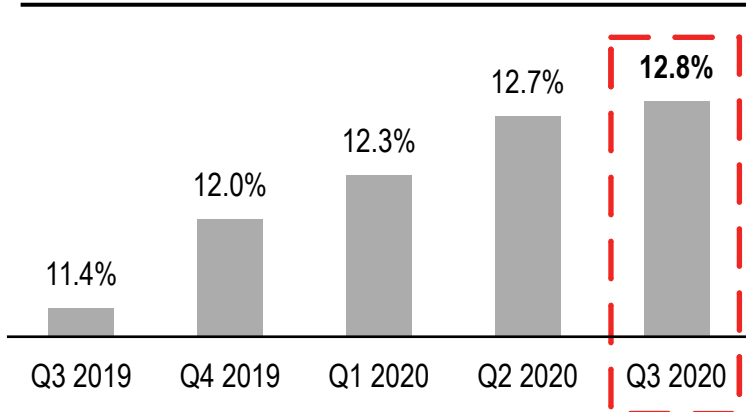
**Total Shipments<sup>1</sup>** ('000 s.t.)



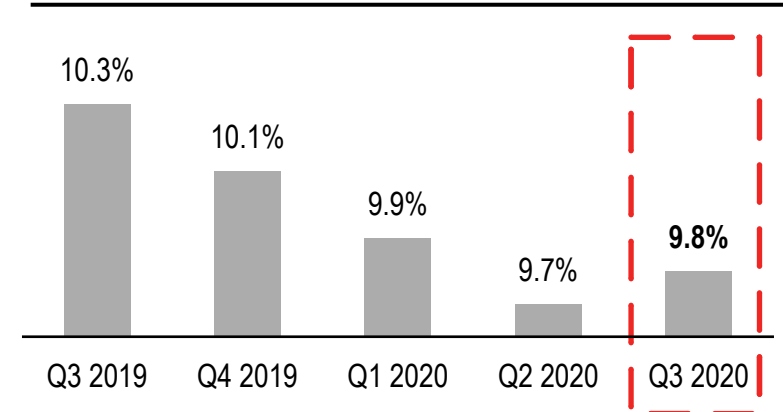
**Capacity Utilization Rate<sup>1-2</sup>** (manufacturing only)



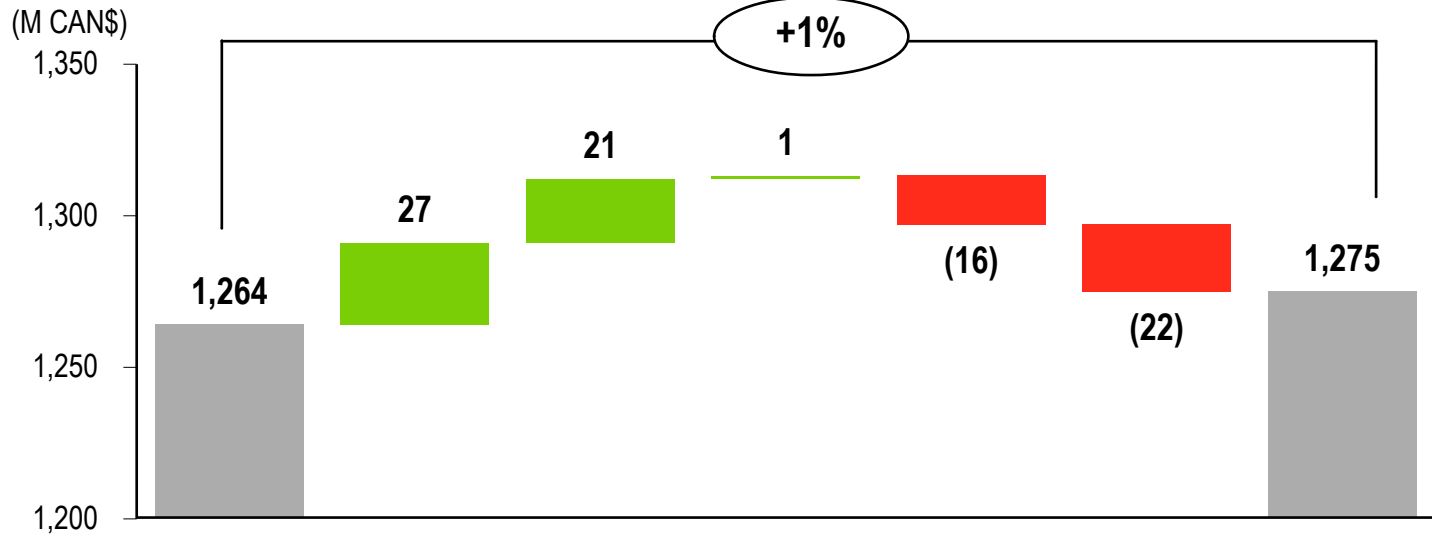
**LTM Return on Assets**



**LTM Working Capital** (% of LTM Sales)



# YEAR OVER YEAR SALES RECONCILIATION

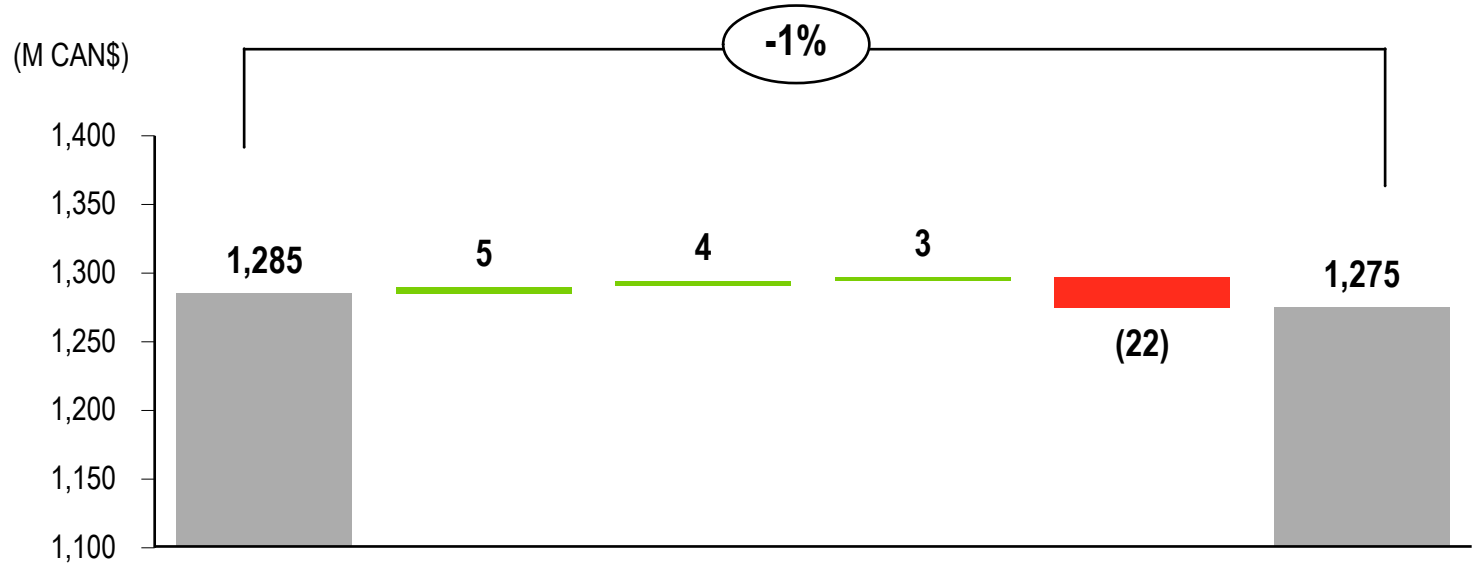


(M CAN\$)	Sales Q3-2019	Volume	F/X CAN\$	Other variances	Business closure and disposal	Price & Mix	Sales Q3-2020
Containerboard	473	42	2	—	—	(11)	506
Boxboard Europe	256	(5)	15	—	—	(5)	261
Specialty Products	123	18	1	—	(16)	(9)	117
Tissue Papers	387	(28)	3	—	—	2	364
Corporate & Elim.	25	—	—	1	—	1	27
<b>Total</b>	<b>1,264</b>	<b>27</b>	<b>21</b>	<b>1</b>	<b>(16)</b>	<b>(22)</b>	<b>1,275</b>

YoY sales increase reflects higher volumes in Containerboard & Specialty Products and positive FX for all segments; Partly offset by lower Tissue AfH volumes, less favourable selling price & mix in packaging segments, and business closure/disposal in Specialty Products



# SEQUENTIAL SALES RECONCILIATION

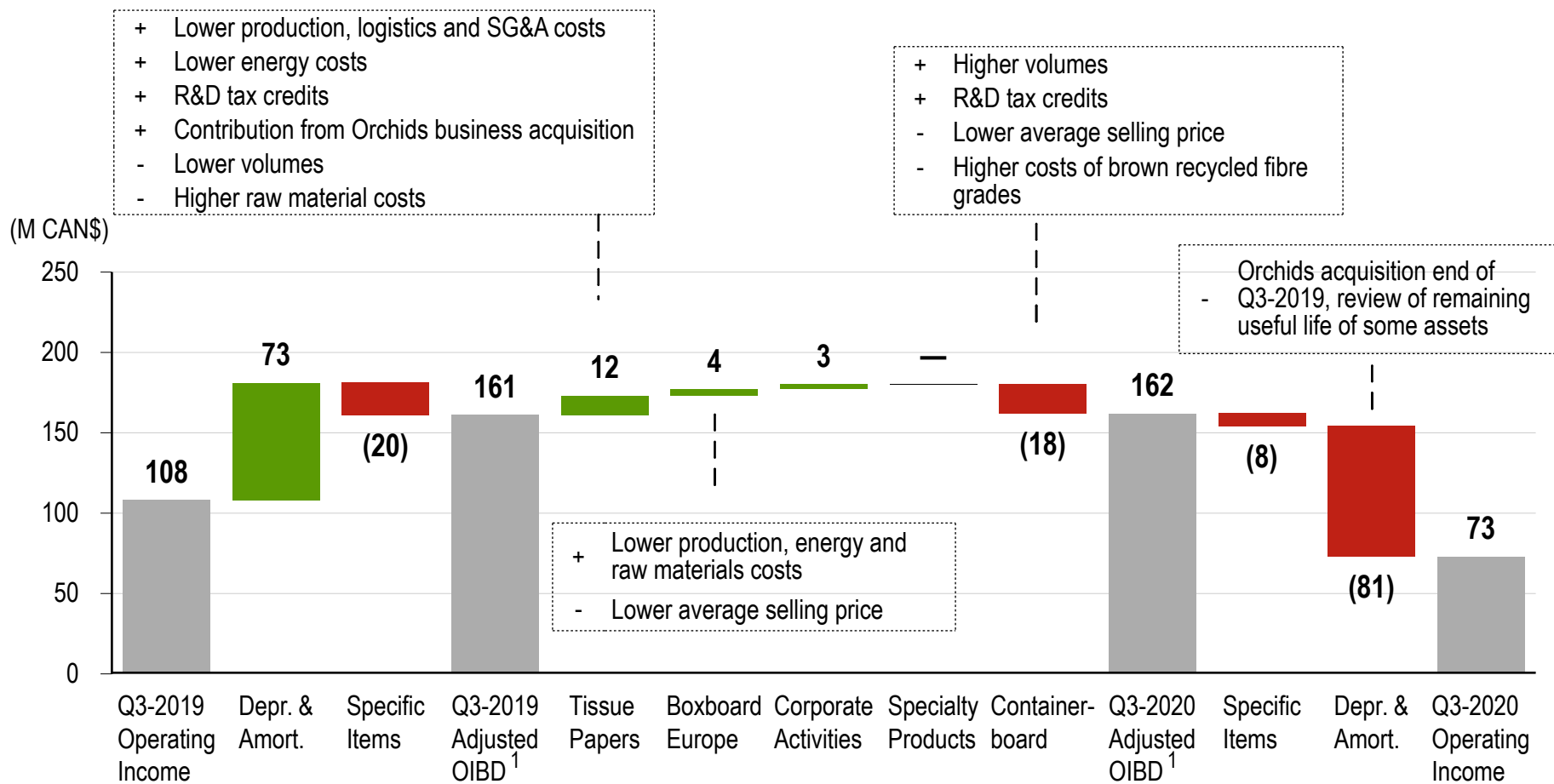


(M CAN\$)	Sales Q2-2020	Other variances	Volume	Price & Mix	F/X CAN\$	Sales Q3-2020
Containerboard	458	—	64	—	(12)	454
Boxboard Europe	272	—	(9)	—	5	265
Specialty Products	113	—	7	(7)	(3)	120
Tissue Papers	446	—	(58)	10	(12)	424
Corporate & Elim.	24	5	—	—	—	22
<b>Total</b>	<b>1,313</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>(22)</b>	<b>1,285</b>

**Sequential sales decrease largely driven by less favourable FX for all N.A. business segments; Lower AfH volumes in Tissue and seasonally softer Boxboard Europe volumes partly offset by higher volumes in Containerboard and Specialty Products**



# YEAR-OVER-YEAR OPERATING INCOME RECONCILIATION

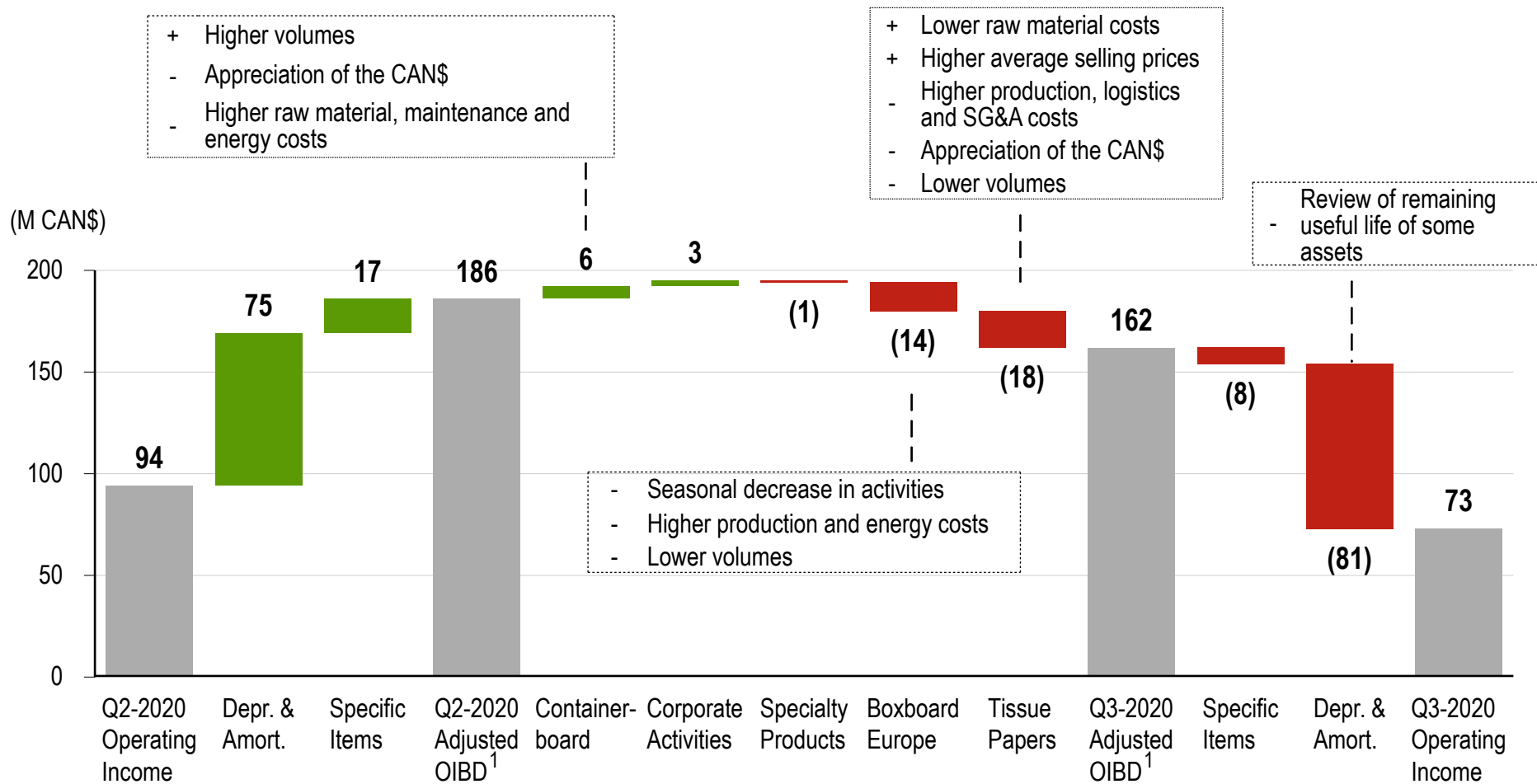


**Results reflect lower production, SG&A costs and additional contribution from Orchids in Tissue, and lower production, energy and raw material costs in Boxboard Europe; These benefits were largely offset by lower Containerboard results driven by higher raw material costs & lower selling price**

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



# SEQUENTIAL OPERATING INCOME RECONCILIATION



- + Higher volumes
- Appreciation of the CAN\$
- Higher raw material, maintenance and energy costs

- + Lower raw material costs
- + Higher average selling prices
- Higher production, logistics and SG&A costs
- Appreciation of the CAN\$
- Lower volumes

- Review of remaining useful life of some assets

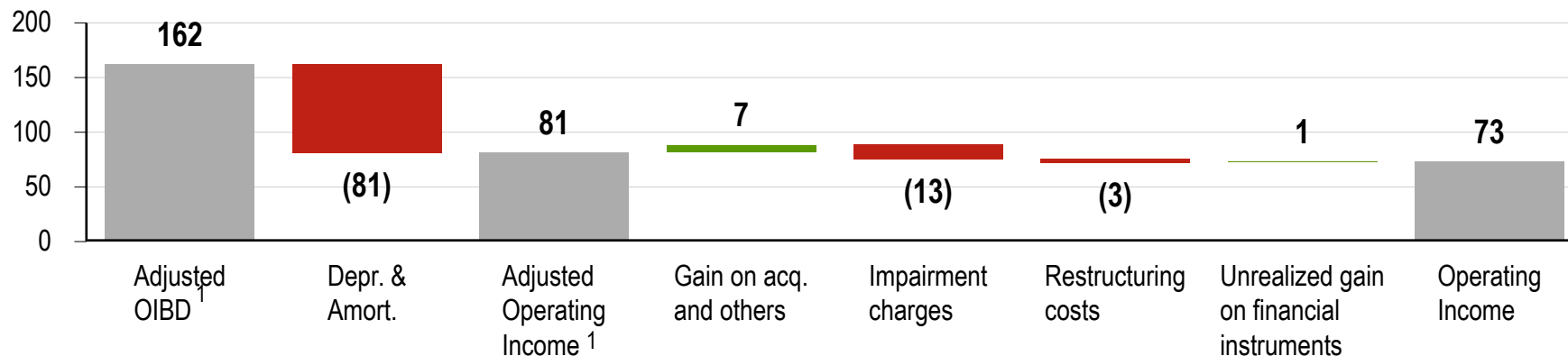
- Seasonal decrease in activities
- Higher production and energy costs
- Lower volumes

**Sequential decrease reflects higher production costs in all business segments, and lower volumes in Tissue and Boxboard Europe; Partly offset by higher volumes in Containerboard, and lower raw material costs and higher average selling prices in Tissue**

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

## Q3-20 ADJUSTED OIBD TO OPERATING INCOME RECONCILIATION

(M CAN\$)



(M CAN\$)	Container-board	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Total
<b>Operating income (loss)</b>	<b>71</b>	<b>19</b>	<b>11</b>	<b>3</b>	<b>(31)</b>	<b>73</b>
Specific items:						
Gain on acquisitions, disposals and others	(5)	—	—	(2)	—	(7)
Impairment charges	—	—	—	13	—	13
Restructuring costs	3	—	—	—	—	3
Unrealized loss (gain) on financial instruments	1	(2)	—	—	—	(1)
Total Specific items	(1)	(2)	—	11	—	8
<b>Adjusted operating income (loss)<sup>1</sup></b>	<b>70</b>	<b>17</b>	<b>11</b>	<b>14</b>	<b>(31)</b>	<b>81</b>
Depreciation and amortization	30	12	5	22	12	81
<b>Adjusted OIBD<sup>1</sup></b>	<b>100</b>	<b>29</b>	<b>16</b>	<b>36</b>	<b>(19)</b>	<b>162</b>

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



## NET EARNINGS - IFRS VS ADJUSTED

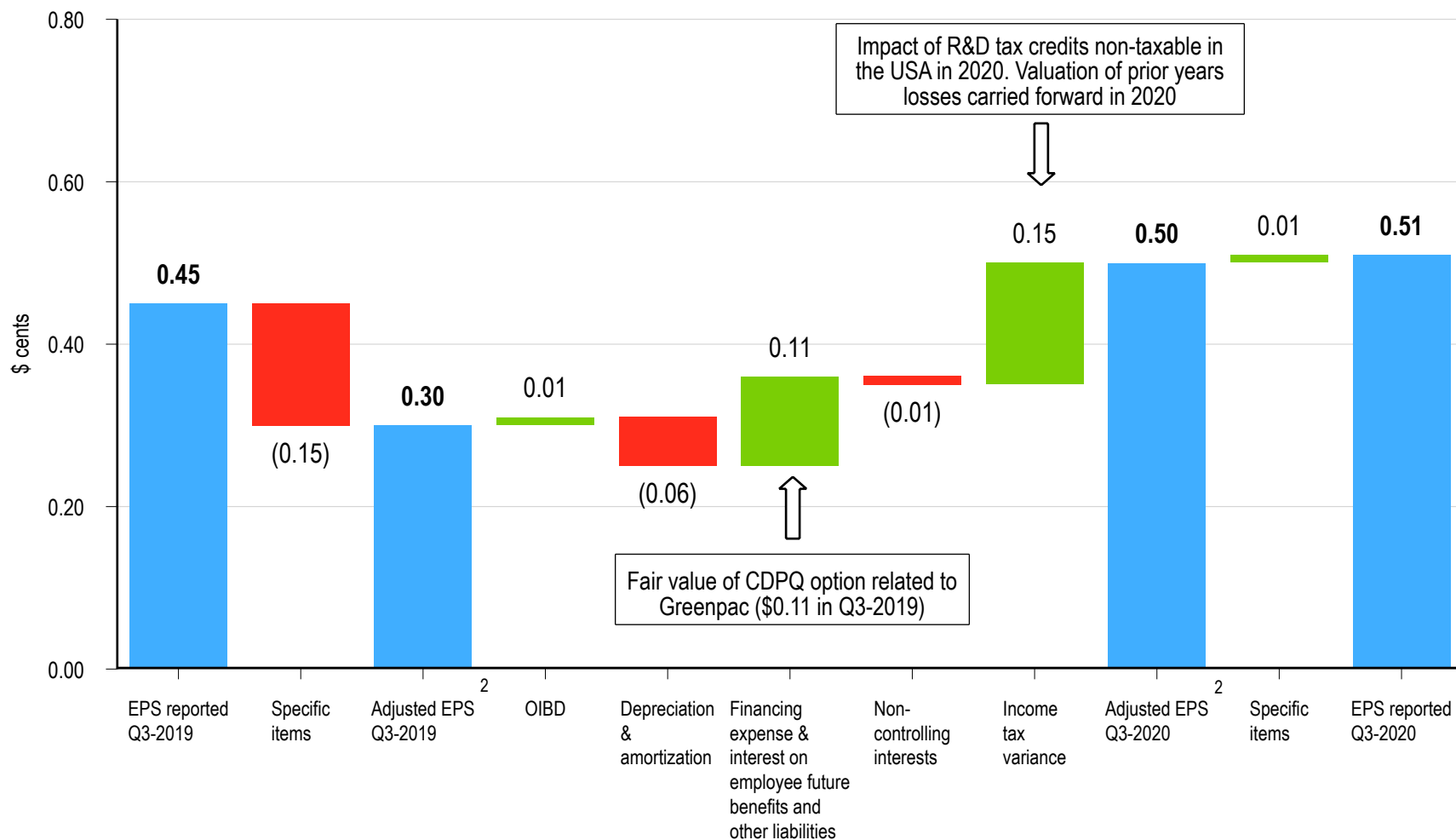
	NET EARNINGS (LOSS)	NET EARNINGS PER SHARE <sup>1</sup>
(in millions of Canadian dollars, except amount per share)	Q3-2020	Q3-2020
<b>As per IFRS</b>	<b>49</b>	<b>\$ 0.51</b>
Specific items:		
Gain on acquisitions, disposals and others	(7)	\$ (0.05)
Impairment charges	13	\$ 0.10
Restructuring costs	3	\$ 0.03
Unrealized gain on financial instruments	(1)	—
Foreign exchange gain on long-term debt & financial instruments	(11)	\$ (0.12)
Loss on repurchase of long-term debt	6	\$ 0.05
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest <sup>1</sup>	(4)	\$ (0.02)
	<b>(1)</b>	<b>\$ (0.01)</b>
<b>Adjusted<sup>2</sup></b>	<b>48</b>	<b>\$ 0.50</b>

(1) Specific amounts per share are calculated on an after-tax basis and are net of the portion attributable to non-controlling interest.

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



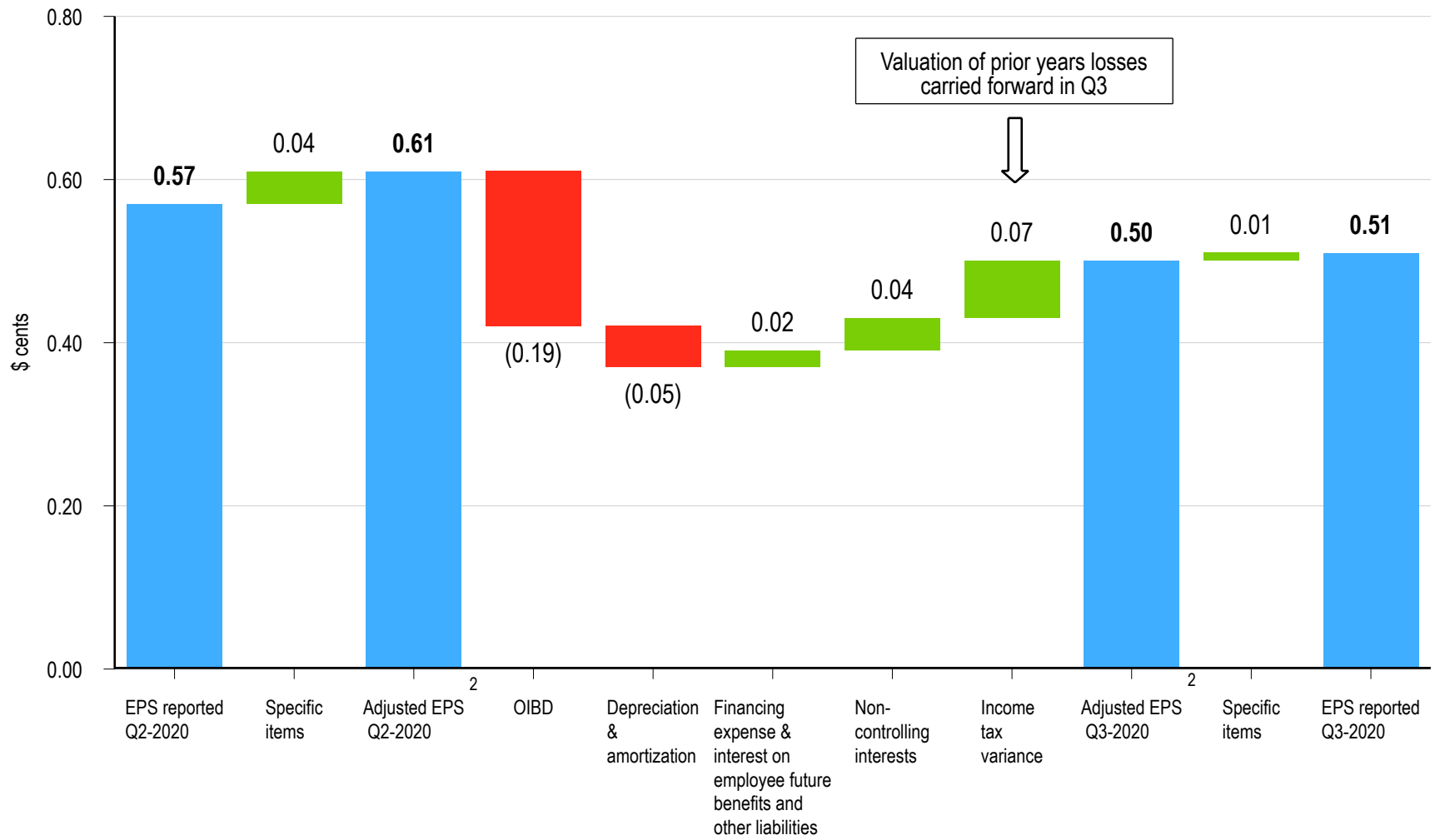
# QUARTERLY YEAR-OVER-YEAR ADJUSTED EPS VARIANCE<sup>1,2</sup>





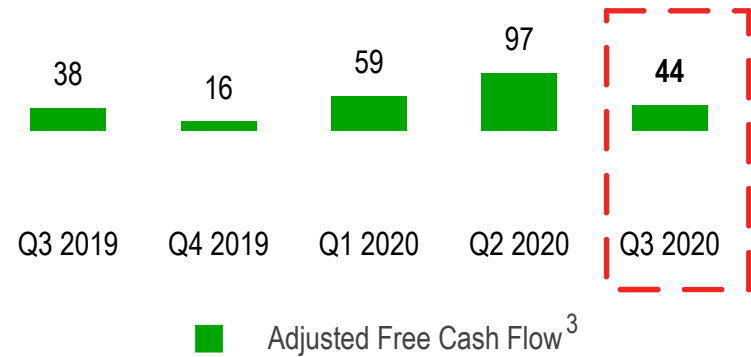
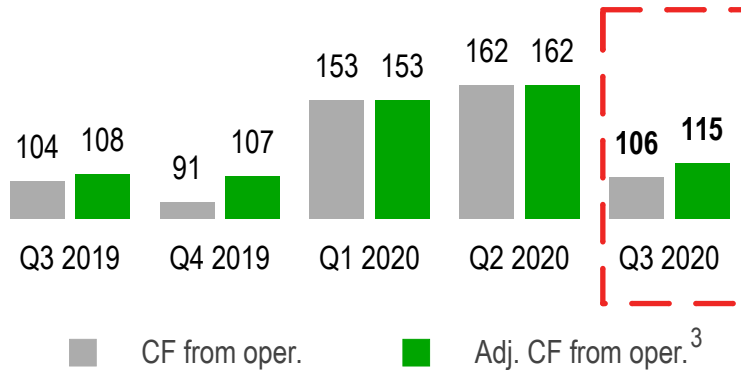


# QUARTERLY SEQUENTIAL ADJUSTED EPS VARIANCE<sup>1,2</sup>



<sup>1</sup> After-tax variance normalized at 26% tax rate, except for Income tax variance column. <sup>2</sup> Please click [here](#) for supplemental information on non-IFRS measures.

# CASH FLOW OVERVIEW



Figures above in millions of CAN\$

Figures above in millions of CAN\$

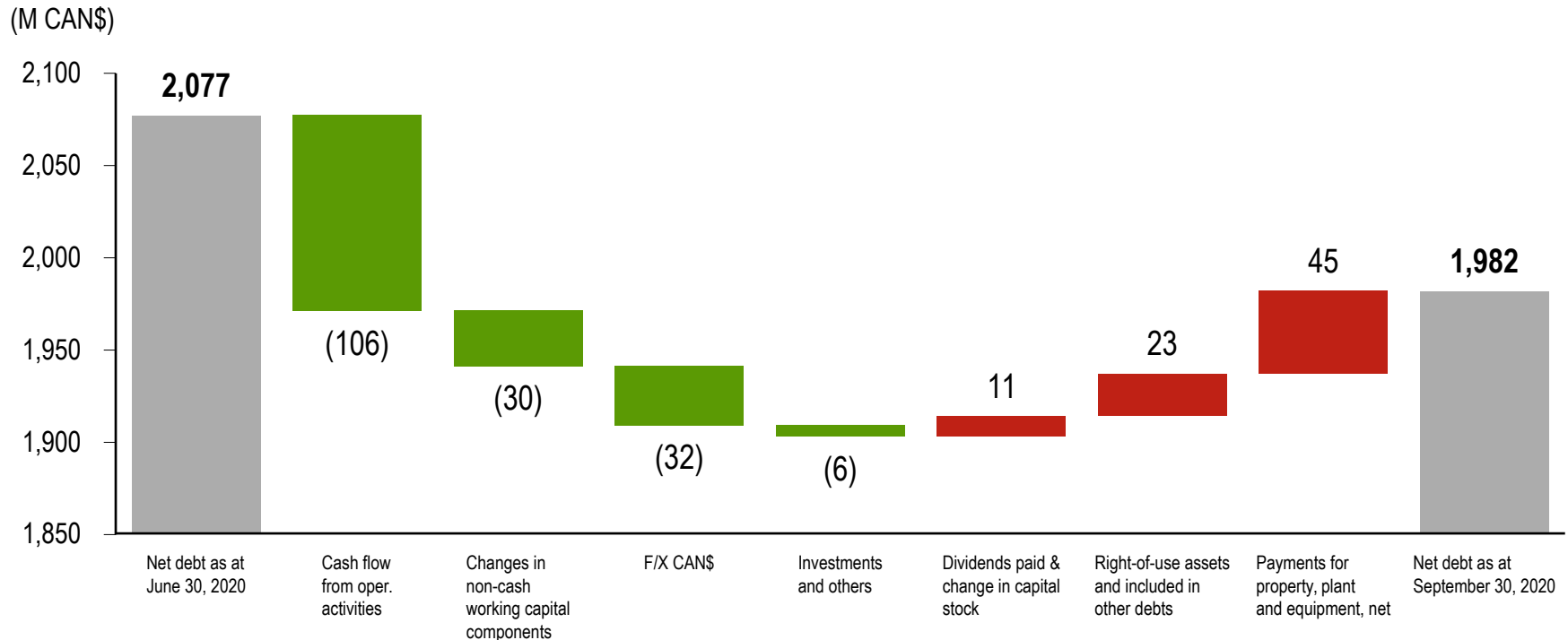
(In millions of CAN\$, except amount per					2018					2019	2020			LTM <sup>6</sup>
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	
Cash flow from operations	69	111	92	89	361	82	124	104	91	401	153	162	106	512
Specific items <sup>1</sup>	—	—	—	—	—	3	1	4	16	24	—	—	9	25
Adjusted cash flow from operations <sup>3</sup>	69	111	92	89	361	85	125	108	107	425	153	162	115	537
Including: Net financing expense paid	(37)	(18)	(39)	(13)	(107)	(43)	(16)	(42)	(32)	(133)	(17)	(7)	(49)	(105)
Capital expenditures & other assets <sup>2</sup> , right-of-use assets payments, net of disposals	(9) <sup>5</sup>	(72)	(129)	(65)	(275)	(76)	(64)	(58)	(80)	(278)	(84)	(51)	(60)	(275)
Dividends <sup>4</sup>	(6)	(12)	(5)	(9)	(32)	(8)	(9)	(12)	(11)	(40)	(10)	(14)	(11)	(46)
Adjusted free cash flow <sup>3</sup>	54	27	(42)	15	54	1	52	38	16	107	59	97	44	216
Adjusted free cash flow per share <sup>3</sup>	\$0.56	\$0.29	\$(0.44)	\$0.16	\$0.57	\$0.01	\$0.56	\$0.40	\$0.17	\$1.14	\$0.63	\$1.02	\$0.46	\$2.28

**The QoQ decrease in Adjusted Free Cash Flow reflects lower Cash flow from operations, and higher CAPEX & financing payments; YoY improved Adjusted Free Cash Flow level reflects the opposite**

(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) Net of disposals of \$81 million. (6) Last twelve months



# NET DEBT<sup>1</sup> RECONCILIATION - Q3 2020



Q2-2020  
\$660 million  
3.1x

LTM adjusted OIBD<sup>1</sup>  
Net debt/LTM adjusted OIBD<sup>1</sup>

Q3-2020  
\$661 million  
3.0x

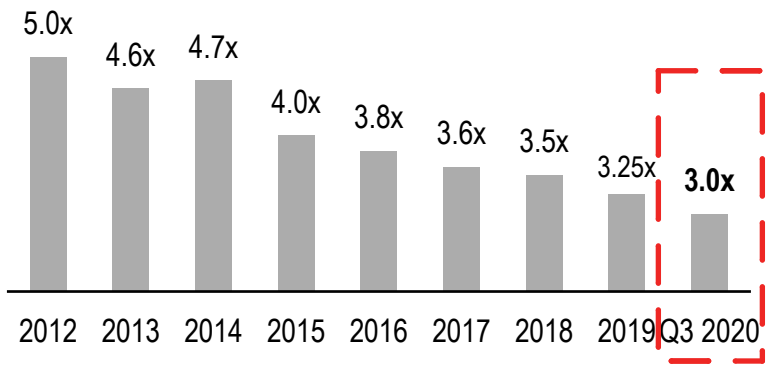
**Solid Cash Flow from Operations, lower working capital requirements and favourable FX more than offset Capital expenditures**

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

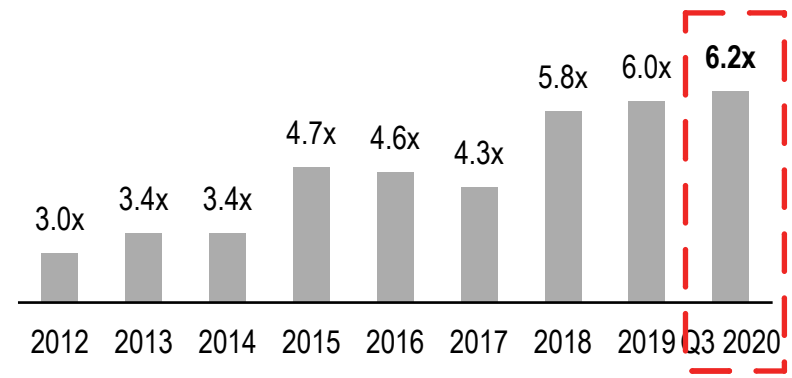


# CONSOLIDATED FINANCIAL RATIOS & DEBT MATURITIES

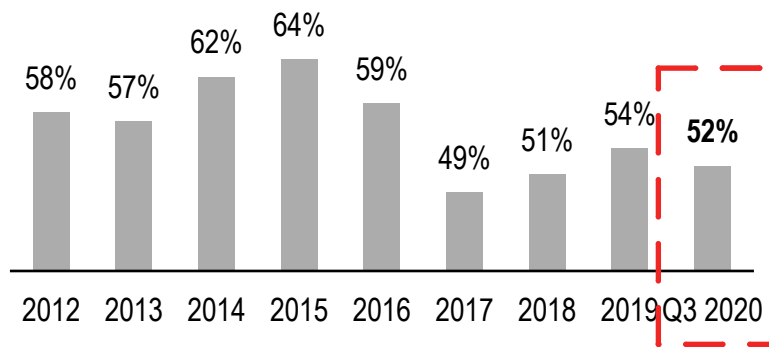
## Net Debt / LTM Adjusted OIBD<sup>1,3</sup>



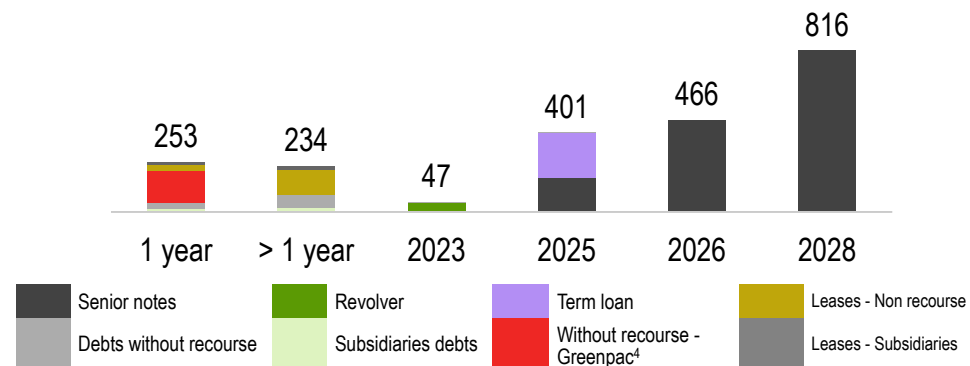
## Interest Coverage Ratio<sup>2,3</sup>



## Net Debt / Net Debt + Total Equity



## Long-Term Debt Maturities (as at September 30, 2020)



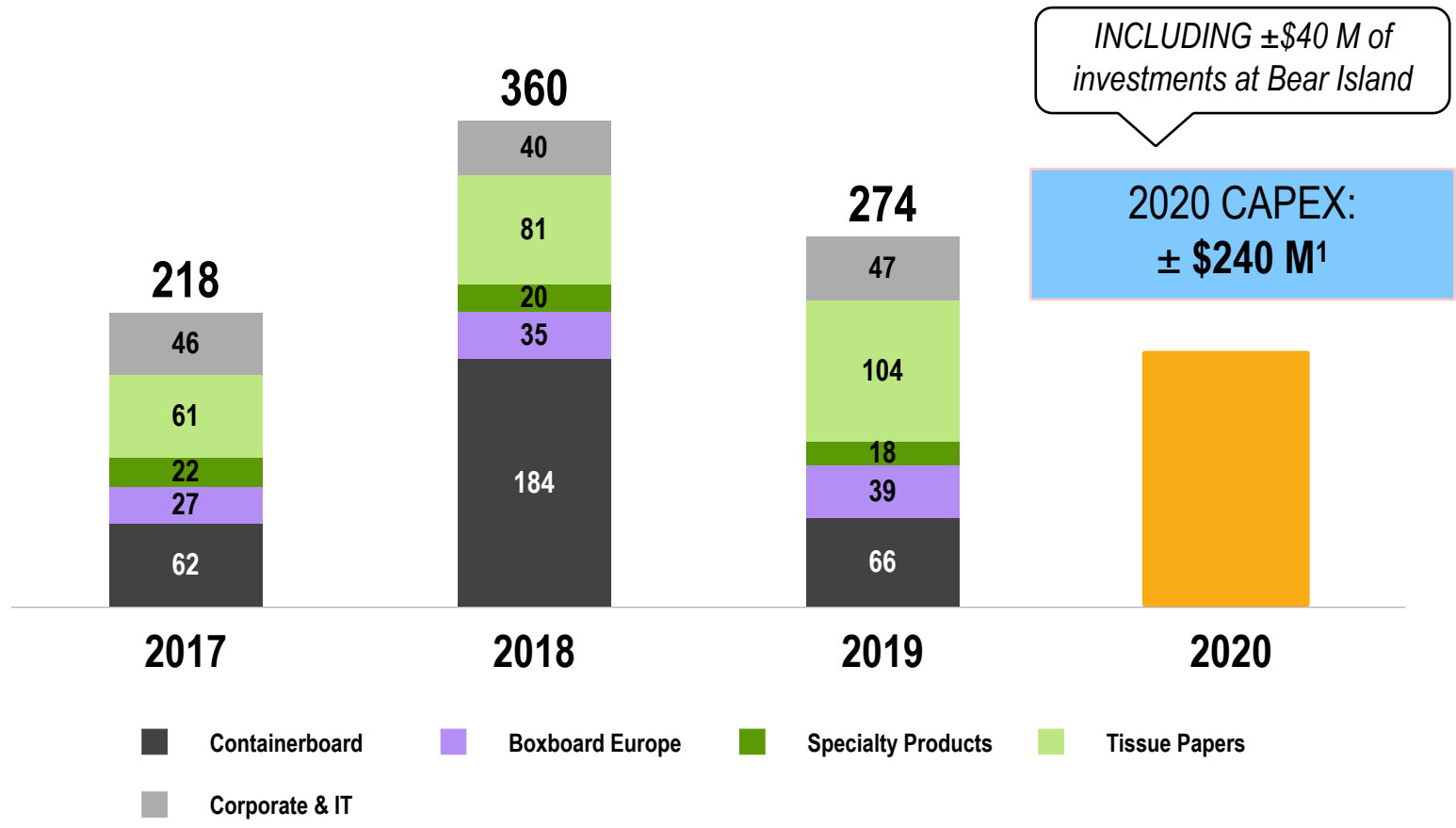
**Leverage ratio of 3.0x at the end of Q3 2020, down from 3.1x at the end of Q2 2020 and 3.25x<sup>3</sup> at the end of 2019**

Bank debt financial covenant ratios: Net funded debt to capitalization < 65% (currently at 51.26%), interest coverage ratio > 2.25x (currently at 5.13x).  
 (1) Please click [here](#) for supplemental information on non-IFRS measures. (2) Last twelve months adjusted OIBD to financing expense. (3) Pro-forma up to 2018 to include business acquisitions on a LTM basis, if applicable. (4) Debt without recourse of Greenpac of \$165 million to be refinanced before May 2021.



# CAPITAL INVESTMENTS

(in millions of Canadian dollars, including capitalization of IT projects, excluding value of leases)



(1) Amount is subject to change depending on business and/or economic conditions.

# CONCLUDING REMARKS







# NEAR TERM FACTORS



- **Containerboard:** favourable impact on selling price QoQ and YoY as Nov. 1<sup>st</sup> price increase begins to be implemented
- **Raw materials:** lower sequential prices expected to benefit Containerboard & Tissue Papers segments
- **Tissue:** QoQ and YoY expected to benefit from pricing improvement & initiatives
- **Specialty Products:** positive volume and selling price supporting YoY results



- For each of our business segments, we are remaining cautious for our Q4 outlook given lack of certainty about the potential impact that Covid may have on volumes. The potential for these impacts, and resulting changes to demand trends, may differ from those seen in the first half of 2020.
- Specifically to Tissue: expect volume trends to reflect continued demand contraction for AfH products and usual seasonality

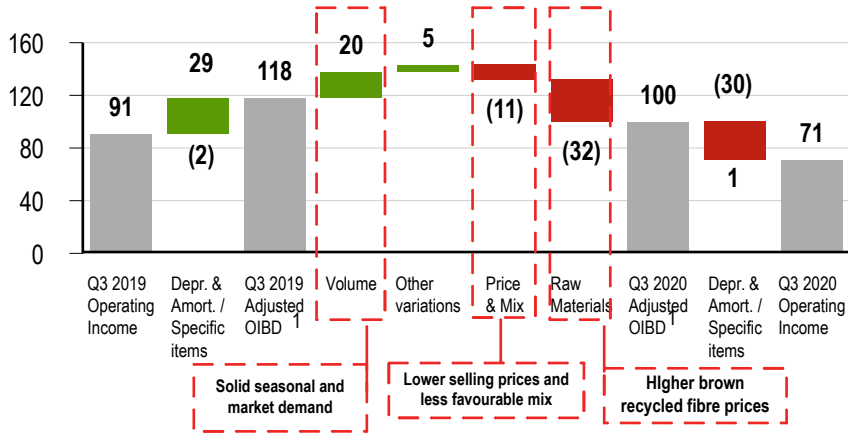
Q4 2020	Containerboard		Boxboard Europe <sup>1</sup>		Specialty Products		Tissue Papers	
OIBD <sup>2</sup> Trend	YoY ↓	QoQ ↔	YoY ↓	QoQ ↓	YoY ↑	QoQ ↔	YoY ↓	QoQ ↓
REFLECTING:								
VOLUME	↗	↘	↘	↘	↗	↘	↘	↘
SELLING PRICE	↗	↗	↘	↘	↗	↗	↗	↗
RAW MATERIAL COST	↗	↘	↗	↔	↗	↔	↗	↘
EXCHANGE RATE	↗	↗	↗	↗	↗	↗	↗	↗
ENERGY COST	↔	↗	↘	↔	↔	↗	↔	↗

# APPENDIX

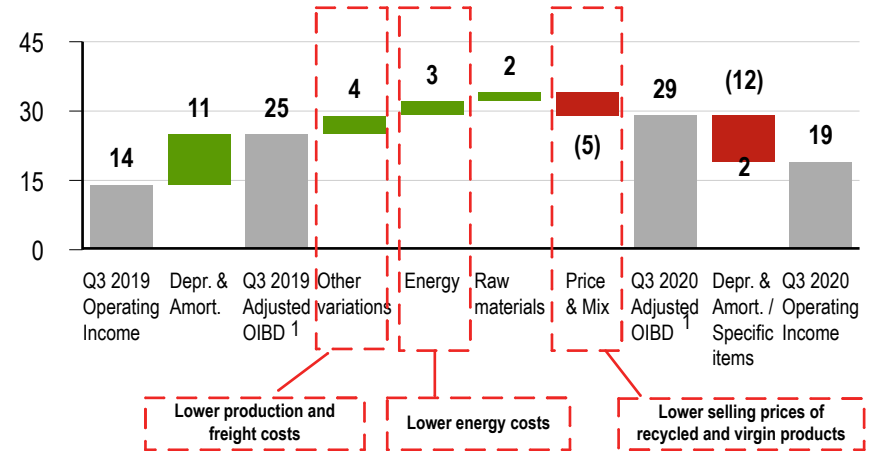


# SEGMENTED YoY OPERATING INCOME WATERFALLS

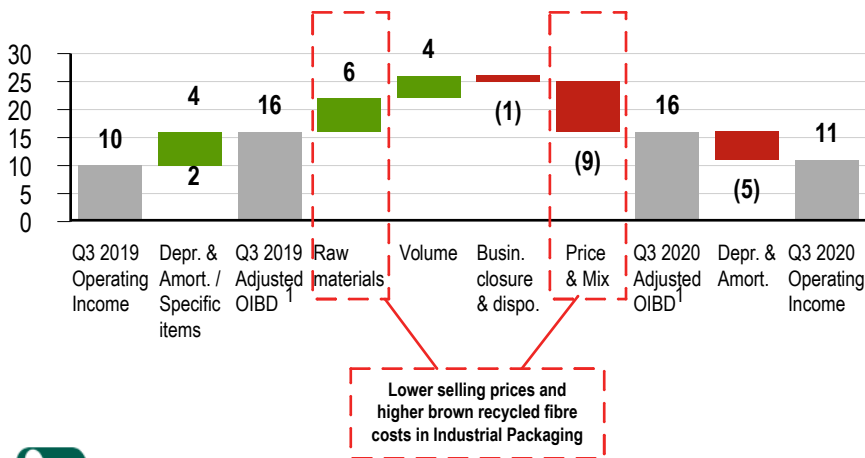
## Containerboard (millions of CAN\$)



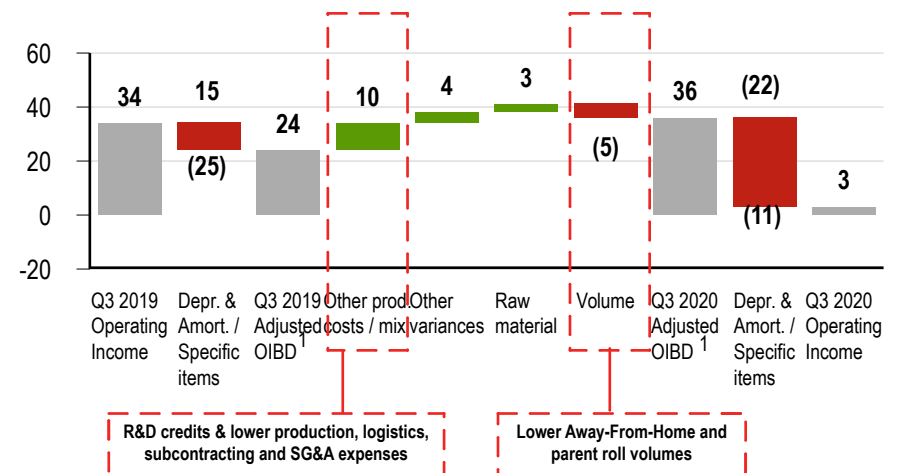
## Boxboard Europe (millions of CAN\$)



## Specialty Products (millions of CAN\$)

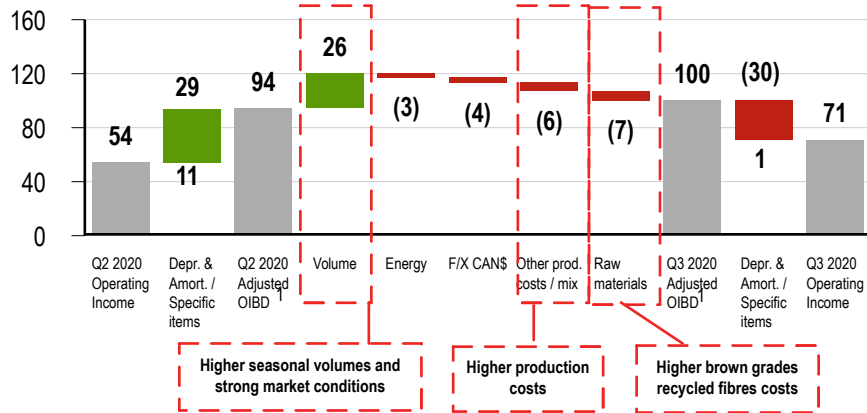


## Tissue Papers (millions of CAN\$)

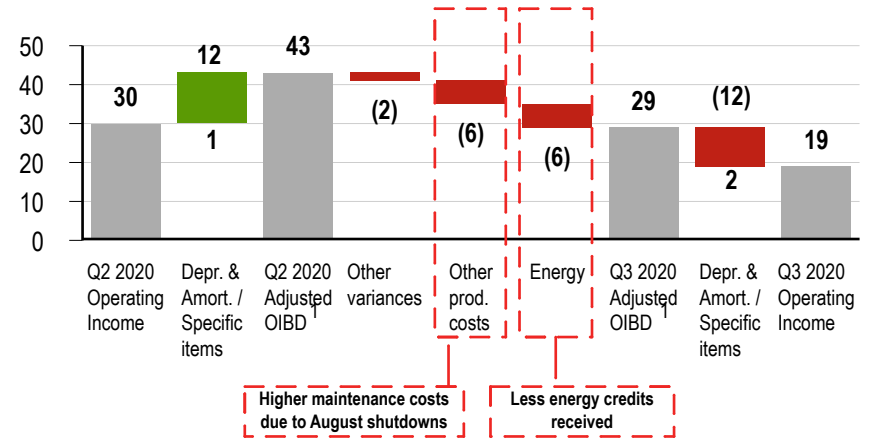


# SEGMENTED SEQUENTIAL OPERATING INCOME WATERFALLS

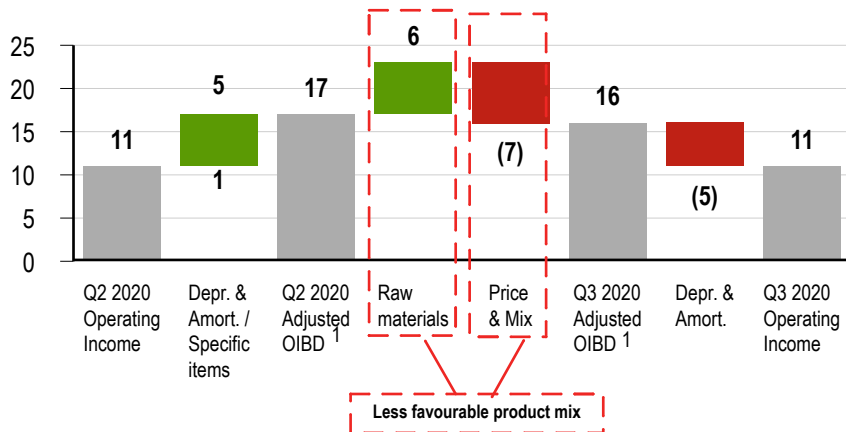
## Containerboard (millions of CAN\$)



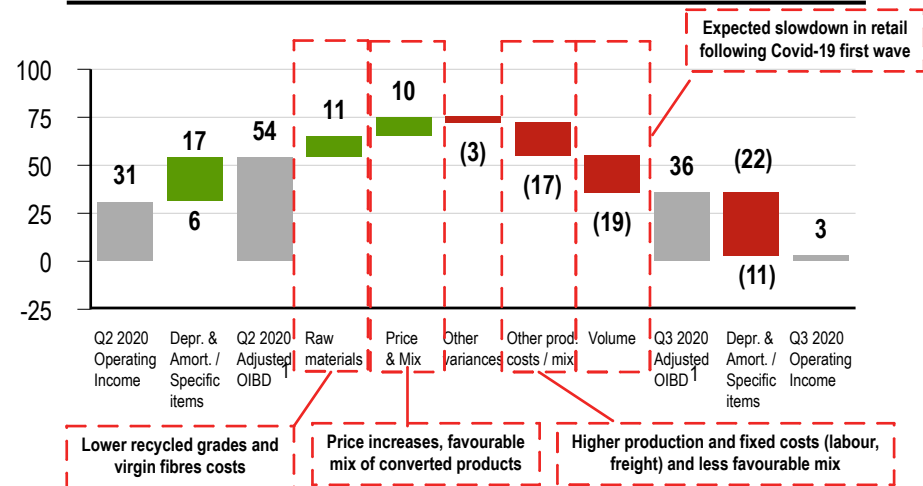
## Boxboard Europe (millions of CAN\$)



## Specialty Products (millions of CAN\$)

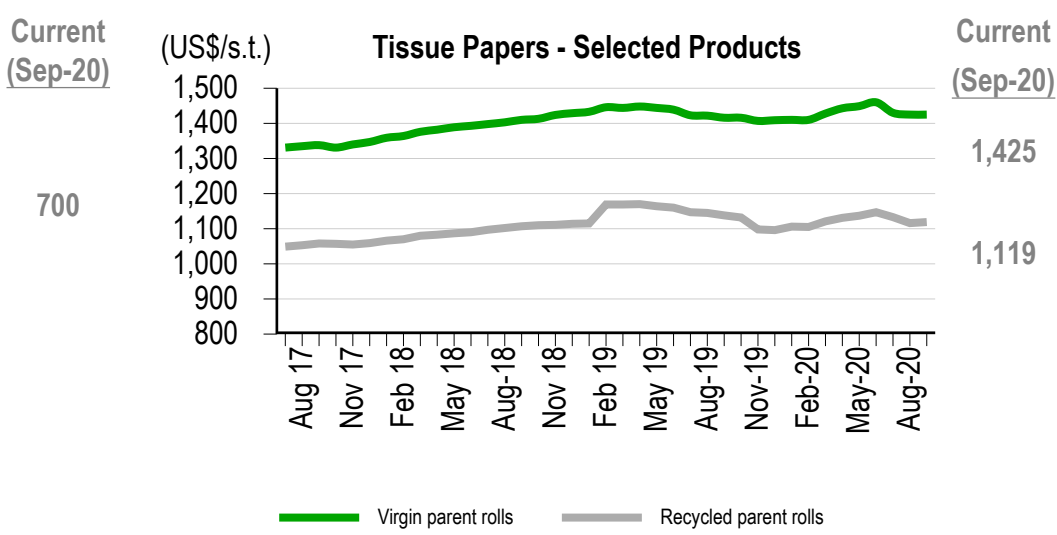
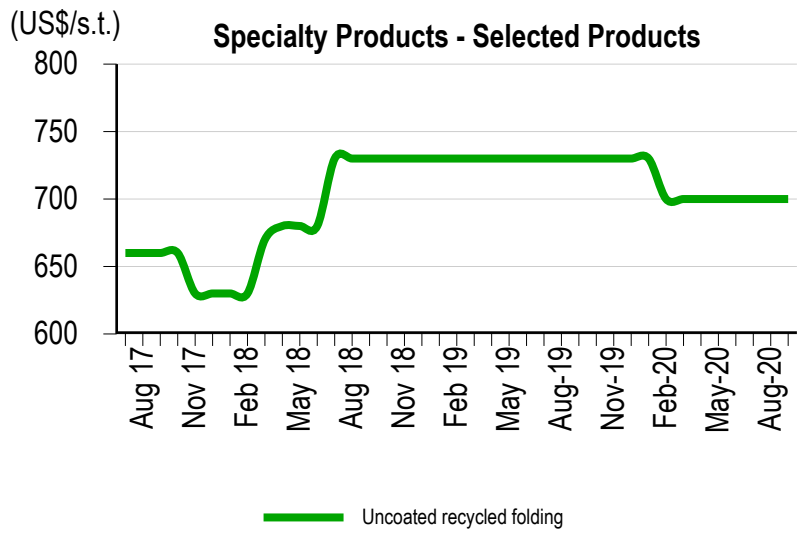
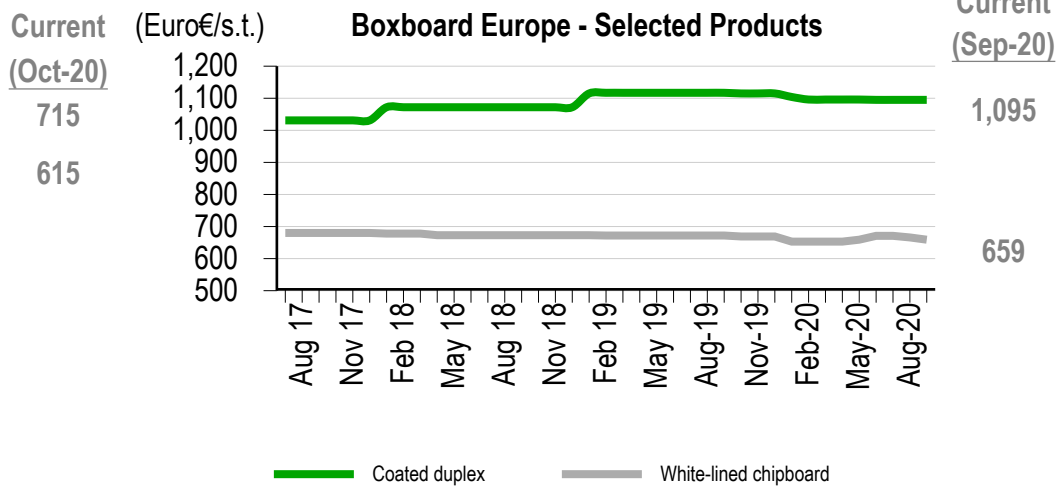
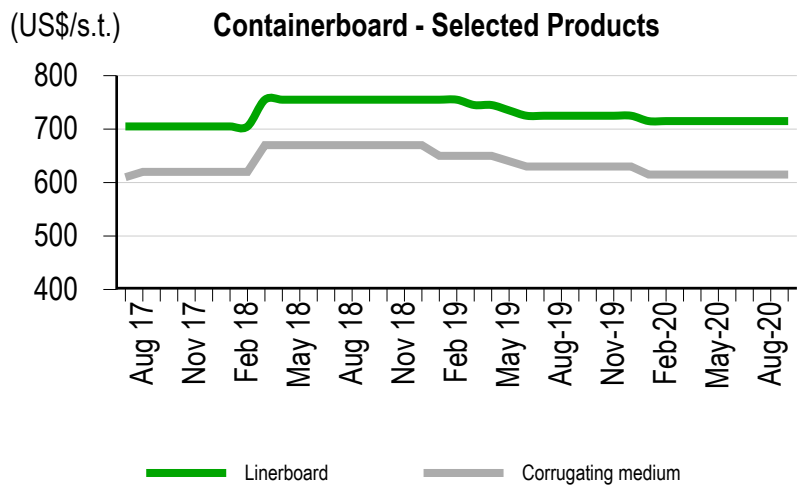


## Tissue Papers (millions of CAN\$)





# SELECTED REFERENCE PRICES



# SELECTED REFERENCE PRICES AND FIBRE COSTS

	2018					2019					2020			Q3 2020 vs Q3 2019		Q3 2020 vs Q2 2020	
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	(units)	(%)	(units)	(%)
These indexes should only be used as an indicator of trends and they may be different than our actual selling prices or purchasing costs.																	
<b>Selling prices (average)</b>																	
<b>PACKAGING PRODUCTS</b>																	
<b>Containerboard (US\$/short ton)</b>																	
Linerboard 42-lb. unbleached kraft, Eastern US (open market)	722	755	755	755	747	752	735	725	725	734	715	715	715	(10)	(1)%	—	—
Corrugating medium 26-lb. semichemical, Eastern US (open)	637	670	670	670	662	650	640	630	630	638	615	615	615	(15)	(2)%	—	—
<b>Boxboard Europe (euro/metric ton)</b>																	
Recycled white-lined chipboard (WLC) index <sup>1</sup>	678	673	673	673	674	672	672	672	669	671	653	661	665	(7)	(1)%	4	1%
Virgin coated duplex boxboard (FBB) index <sup>2</sup>	1,072	1,072	1,072	1,072	1,072	1,117	1,117	1,117	1,115	1,117	1,099	1,096	1,095	(22)	(2)%	(1)	—
<b>Specialty Products (US\$/short ton)</b>																	
Uncoated recycled boxboard - 20-pt. bending chip (series B)	643	680	730	730	696	730	730	730	730	730	710	700	700	(30)	(4)%	—	—
<b>TISSUE PAPERS (US\$/short ton)</b>																	
Parent rolls, recycled fibres (transaction)	1,072	1,087	1,102	1,112	1,093	1,151	1,164	1,143	1,109	1,142	1,111	1,138	1,123	(20)	(2)%	(15)	(1)%
Parent rolls, virgin fibres (transaction)	1,366	1,388	1,404	1,422	1,395	1,441	1,444	1,420	1,411	1,429	1,416	1,445	1,427	7	—	(18)	(1)%
<b>Raw material (average)</b>																	
<b>RECYCLED PAPER</b>																	
<b>North America (US\$/short ton)</b>																	
Sorted residential papers, No. 56 (SRP - Northeast average)	59	31	28	28	36	24	16	10	8	15	8	18	30	20	200%	12	67%
Old corrugated containers, No. 11 (OCC - Northeast average)	92	71	68	68	74	61	40	33	30	41	36	94	58	25	76%	(36)	(38)%
Sorted office papers, No. 37 (SOP - Northeast average)	165	193	210	203	193	183	140	101	88	128	89	160	109	8	8%	(51)	(32)%
<b>Europe (euro/metric ton)</b>																	
Recovered paper index <sup>3</sup>	111	99	103	107	105	96	87	71	49	76	33	82	56	(15)	(21)%	(26)	(32)%
<b>VIRGIN PULP (US\$/metric ton)</b>																	
Northern bleached softwood kraft, Canada	1,233	1,310	1,377	1,428	1,342	1,380	1,292	1,170	1,115	1,239	1,127	1,158	1,140	(30)	(3)%	(18)	(2)%
Bleached hardwood kraft, mixed, Canada/US	1,077	1,125	1,192	1,213	1,152	1,180	1,100	970	893	1,036	890	897	875	(95)	(10)%	(22)	(2)%

Sources: RISI, Cascades and Reno de Medici. (1) The index is based on publication prices and represents an approximation of Cascades' recycled grades selling prices in Europe. It is weighted by country. (2) The index is based on publication prices and represents an approximation of Cascades' virgin grades selling prices in Europe. It is weighted by country. (3) The recovered paper index is based on publication prices and represents an approximation of Cascades' recovered paper purchase prices in Europe. It is weighted by country.





# ***Cascades***

## **GREEN BY NATURE™**

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