

# Q4 2020 FINANCIAL RESULTS

February 25, 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 and option fair value revaluation, foreign exchange gains or losses on long-term debt and financial instruments, fair value gain or losses on investments, 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:

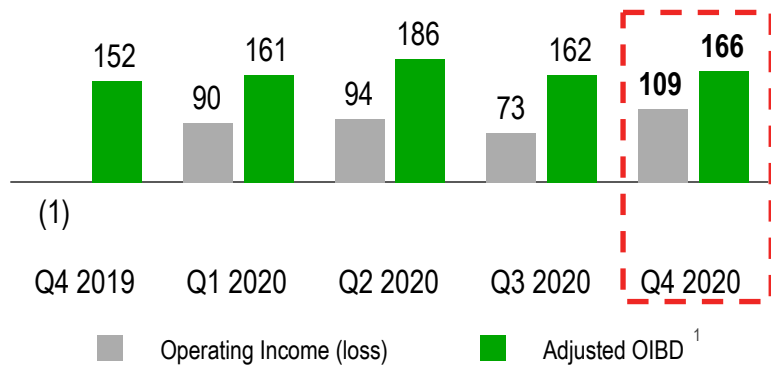
- Operating income before depreciation and amortization (OIBD): Used to assess operating performance and contribution of each segment when excluding depreciation & amortization. OIBD is widely used by investors as a measure of a corporation ability to incur and service debt and as an evaluation metric.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

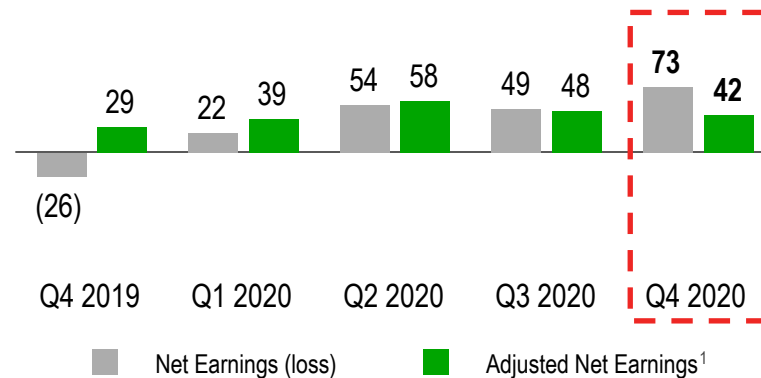
All amounts in this presentation are in Canadian dollars unless otherwise indicated.

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

# SUMMARY OF QUARTERLY FINANCIAL RESULTS



Figures above in millions of CAN\$



Figures above in millions of CAN\$

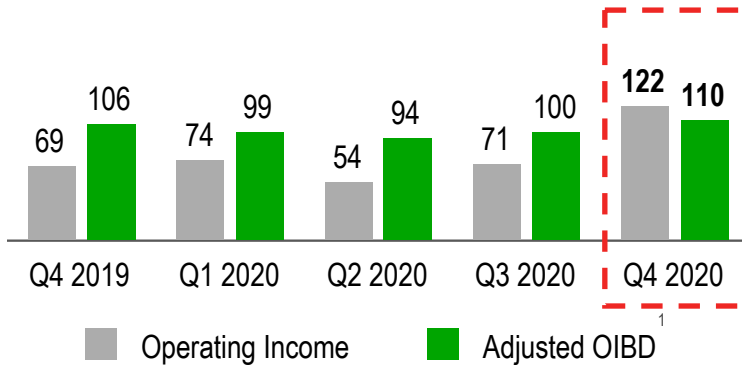
(In millions of CAN\$, except amount per share)	2018	2019 <sup>2</sup>				2020					
	Year	Q1	Q2	Q3 <sup>2</sup>	Q4	Year					
<b>Financial results</b>											
<b>Sales</b>	<b>4,649</b>	<b>1,230</b>	<b>1,275</b>	<b>1,264</b>	<b>1,227</b>	<b>4,996</b>	<b>1,313</b>	<b>1,285</b>	<b>1,275</b>	<b>1,284</b>	<b>5,157</b>
<b>Operating income (loss)</b>	<b>228</b>	<b>72</b>	<b>82</b>	<b>108</b>	<b>(1)</b>	<b>261</b>	<b>90</b>	<b>94</b>	<b>73</b>	<b>109</b>	<b>366</b>
Adjusted OIBD <sup>1</sup>	489	135	156	161	152	604	161	186	162	166	675
<b>Net earnings (loss)</b>	<b>57</b>	<b>24</b>	<b>31</b>	<b>43</b>	<b>(26)</b>	<b>72</b>	<b>22</b>	<b>54</b>	<b>49</b>	<b>73</b>	<b>198</b>
Adjusted net earnings <sup>1</sup>	79	13	26	28	29	96	39	58	48	42	187
<b>Net earnings (loss) per share</b>	<b>\$0.60</b>	<b>\$0.26</b>	<b>\$0.33</b>	<b>\$0.45</b>	<b>\$(0.27)</b>	<b>\$0.77</b>	<b>\$0.24</b>	<b>\$0.57</b>	<b>\$0.51</b>	<b>\$0.72</b>	<b>\$2.04</b>
Adjusted net earnings per share <sup>1</sup>	\$0.83	\$0.14	\$0.28	\$0.30	\$0.30	\$1.02	\$0.42	\$0.61	\$0.50	\$0.42	\$1.95

**Q4 adjusted OIBD increase QoQ largely driven by Containerboard, and improved performance in Tissue; YoY results reflect increases in all four business segments.**

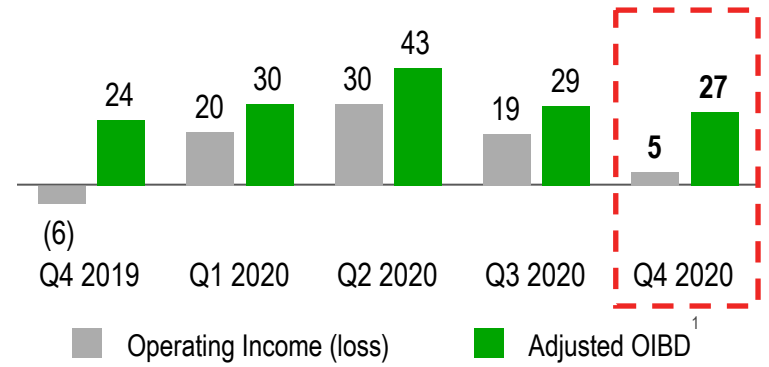
(1) Please click [here](#) for supplemental information on non-IFRS measures. (2) 2019 third quarter results have been adjusted to reflect retrospective adjustments of purchase price allocation. Please refer to Note 5 of the 2020 Audited Consolidated Financial Statements for more details.

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

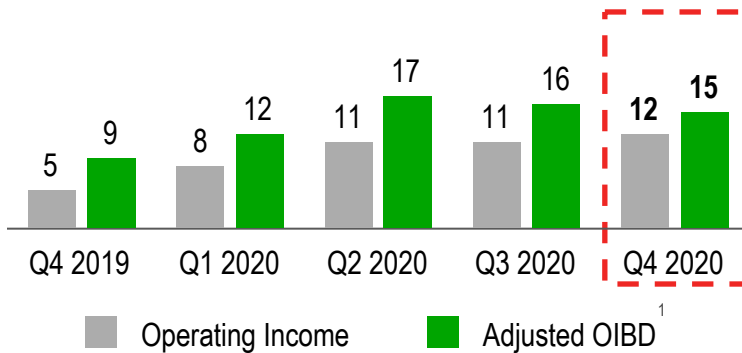
## Containerboard (millions of CAN\$)



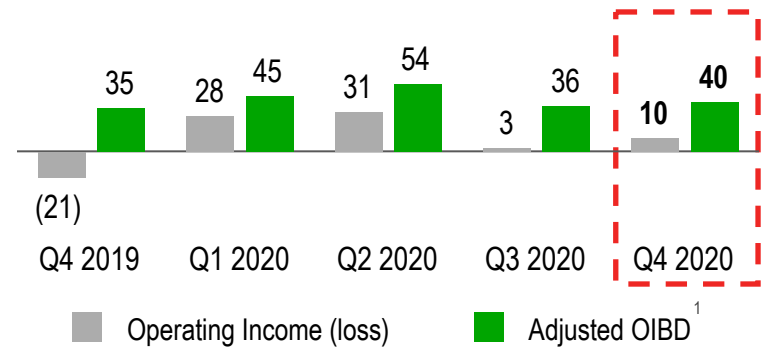
## Boxboard Europe (millions of CAN\$)



## Specialty Products (millions of CAN\$)



## Tissue Papers (millions of CAN\$)

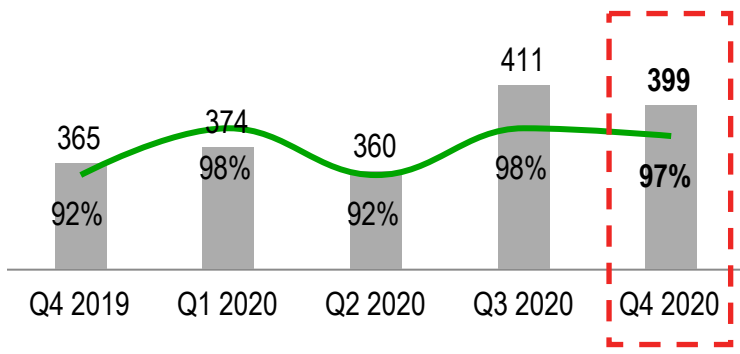


(1) Please click [here](#) for supplemental information on non-IFRS measures.

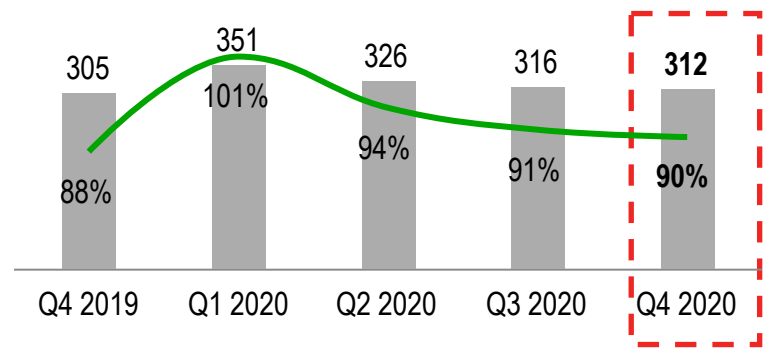


# HISTORICAL SEGMENTED QUARTERLY SHIPMENTS

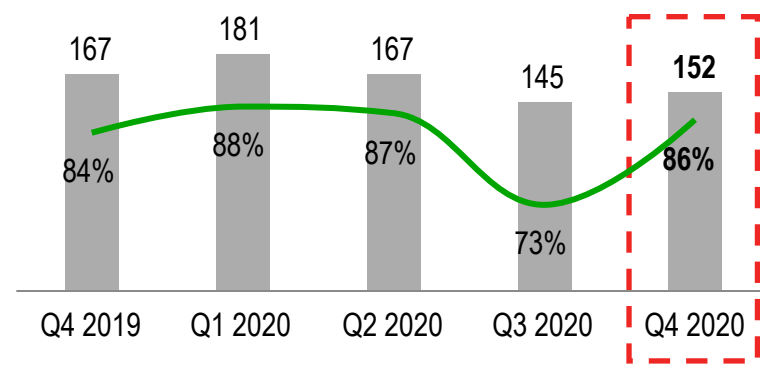
**Containerboard** ('000 s.t. and % capacity utilization<sup>1</sup>)



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



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

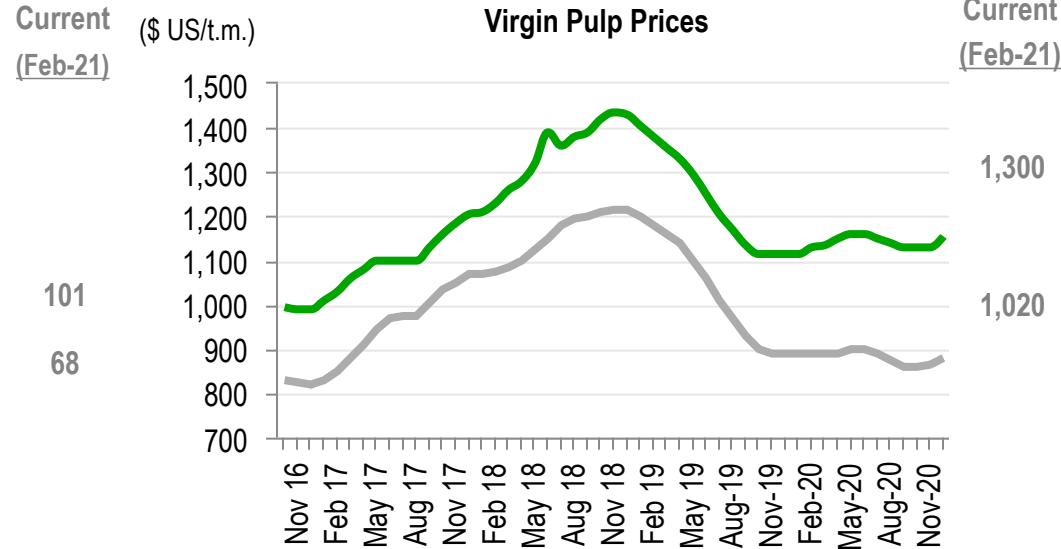
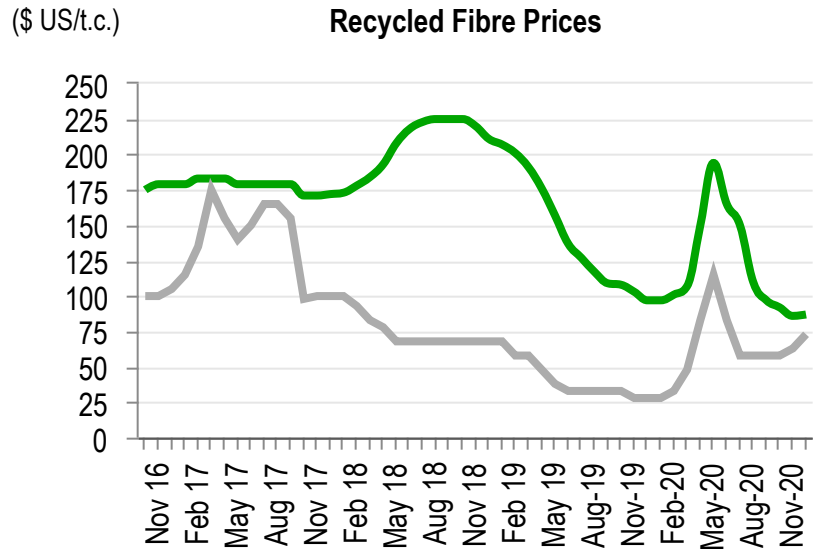


(1) Utilization rate defined as total manufacturing shipments divided by practical capacity.





# 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>Q4-2020</u>	<u>Q3-2020</u>	<u>Q4-2019</u>	<u>Q4/Q4</u>	<u>Q4/Q3</u>
White grades - Basket of products (Northeast average) <sup>1</sup>	88	119	103	(15)%	(26)%
Brown grades - OCC No. 11 (Northeast average)	65	58	30	117%	12%
<b>Virgin Pulp Prices</b>					
	<u>Q4-2020</u>	<u>Q3-2020</u>	<u>Q4-2019</u>	<u>Q4/Q4</u>	<u>Q4/Q3</u>
NBSK (Canadian sources delivered to Eastern US)	1,138	1,140	1,115	2%	—%
NBHK (Canada/US sources delivered to Eastern US)	868	875	893	(3)%	(1)%

**OCC prices were up QoQ and YoY, driven by greater Covid-19 related demand for Containerboard and increased export activity; Prices of White Grades decreased in both cases, while prices of Virgin Pulp remained stable.**

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>	
Q4 2020	Q3 2020	Q4 2019
<b>Shipments ('000 s.t.)</b>		
399	(3)%	9%
<b>Average selling price</b> (CAN\$/unit)		
1,252	2%	1%
<b>Sales (M\$)</b>		
500	(1)%	11%
<b>Operating income (M\$)</b>		
122	72%	77%
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>		
110	10%	4%
% of sales 22.0%		

## Comments on sequential performance

- Shipments decreased by 3% sequentially. This was driven by a 6% decrease in manufacturing shipments that reflects a 1% lower capacity utilization rate and higher integration rate in the current period. Shipments of converted products increased by 1% on a sequential basis.
- The average fourth quarter selling price increased by 2% in Canadian dollars sequentially. This reflects early benefits being realized from the November 1st price increase and a more favourable mix of products sold in the current period.
- The marginal 1% sequential decrease in sales is largely attributable to the lower volume and appreciation of the Canadian dollar compared to the prior quarter. These were partially offset by the beneficial impact attributable to a more favourable mix of products sold in the current period.
- Adjusted OIBD increased by 10% on a sequential basis. This reflects lower raw material costs and lower production costs in the current period, the effects of which were partially offset by lower volumes.

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

Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
8,200	20,700	11,400	9,200	49,500
Q1 2021F	Q2 2021F	Q3 2021F	Q4 2021F	FY 2021F
~ 11,800	~ 15,000	~ 12,000	~ 14,500	~ 53,300





# TISSUE PAPERS

<b>Results</b>	<b>Change vs.</b>	
Q4 2020	Q3 2020	Q4 2019
<b>Shipments ('000 s.t.)</b>		
152	5%	(9)%
<b>Average selling price</b> (CAN\$/unit)		
2,513	—%	6%
<b>Sales (M\$)</b>		
381	5%	(4)%
<b>Operating income (M\$)</b>		
10	233%	(148)%
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>		
40	11%	14%
% of sales		
10.5%		

## Comments on sequential performance

- ➔ Shipments increased 5% on a sequential basis in the fourth quarter. This was driven by a 7% increase in shipments of converted products in all market segments, which is largely a reflection of weaker shipment levels in the prior quarter related to the impact that the Covid-19 pandemic had on demand levels, primarily for Away-from-Home converted products. Year-end fulfillment of contracted volumes also benefited shipments.
- ➔ The average selling price in Canadian dollars was stable sequentially. This reflects a higher average selling price and more favourable mix of products sold in the current period, the effects of which were offset by the 2% appreciation of the Canadian dollar compared to the US dollar.
- ➔ The benefits from higher volumes and stable average selling prices, as detailed above, had a combined positive impact of 5% on sales on a sequential basis.
- ➔ Adjusted OIBD increased by \$4 million, or 11%, sequentially. This is largely a reflection of higher sales levels and lower raw material prices. These benefits were partially offset by higher production costs in the current period mainly attributable to mix of converted products sold.

# PACKAGING PRODUCTS / BOXBOARD EUROPE

<b>Results</b>	<b>Change vs.</b>		
	Q4 2020	Q3 2020	Q4 2019
<b>Shipments ('000 s.t.)</b>			
312	(1)%	2%	
<b>Average selling price<sup>1</sup></b>			
(CAN\$/unit)			
781	(1)%	3%	
(Euro€/unit)			
502	(1)%	(3)%	
<b>Sales (M\$)</b>			
254	(3)%	5%	
<b>Operating income (M\$)</b>			
5	(74)%	(183)%	
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>			
27	(7)%	13%	
% of sales			
10.6%			

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

## Comments on sequential performance

- ➔ Shipments of virgin boxboard increased by 2,000 s.t., or 16%, in the fourth quarter of 2020 compared to the prior quarter, while shipments of recycled boxboard decreased 6,000 s.t., or 2%. These decreases are primarily a reflection of lower shipments overseas and the usual seasonal production shutdowns taken during the holidays. Shipments of converted products remained stable compared to the previous quarter.
- ➔ The slight sequential decrease in the average selling price in CAN\$ is a reflection of the decrease in the average selling prices of both virgin and recycled boxboard products, with a stable Canadian dollar to euro exchange rate. The average selling price of virgin boxboard decreased 2% sequentially, while that of recycled boxboard also decreased by 2% compared to the third quarter. As a result of a greater proportion of higher-priced virgin products in the sales mix during the fourth quarter, the decrease in the average selling price was limited to 1%.
- ➔ The lower sequential sales reflect the decrease in shipment volumes as discussed above and the lower average selling price.
- ➔ The sequential \$2 million decrease in adjusted OIBD is largely a reflection of the impacts discussed above, partially offset by lower operational costs.



# PACKAGING PRODUCTS / SPECIALTY PRODUCTS

<b>Results</b>	<b>Change vs.</b>	
	Q4 2020	Q3 2020      Q4 2019
<b>Sales (M\$)</b>		
123	5%	17%
<b>Operating income (M\$)</b>		
12	9%	140%
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>		
15	(6)%	67
% of sales		
12.2%		

## Comments on sequential performance

- ➔ Sales increased by 5% sequentially. This reflects stable sequential sales in the Industrial packaging sub-sector, and a 4% sequential increase in sales of moulded pulp products. These increases were partially offset by a 3% decrease in the sales of flexible and plastic food packaging compared to the prior quarter, which is largely a reflection of the usual seasonal demand trends for this sub-segment.
- ➔ The sequential decrease in adjusted OIBD of \$1 million reflects slightly higher operational and maintenance costs in the current period, partially offset by a more favourable mix of products sold and stable volume levels compared to the prior period.

## CHANGE IN THE PRESENTATION OF SEGMENTED INFORMATION (Q4 2019)

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.

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

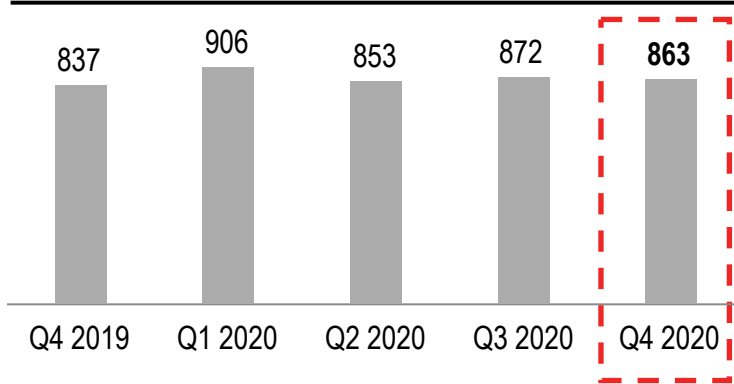
# FINANCIAL REVIEW



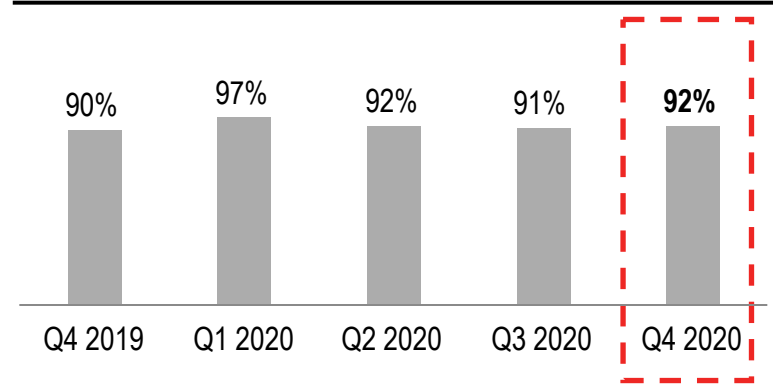


# KEY PERFORMANCE INDICATORS (KPIs)

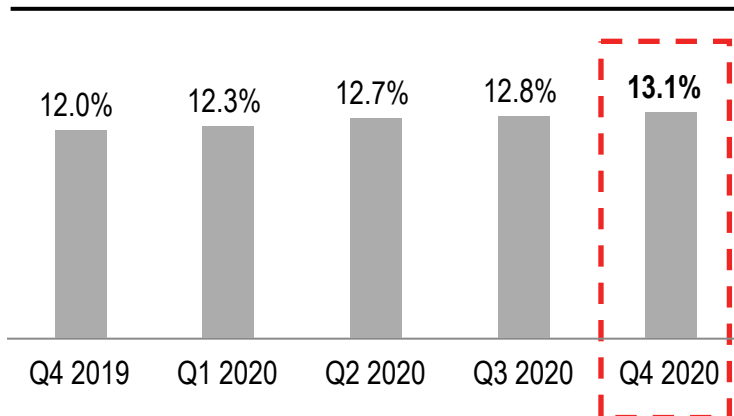
**Total Shipments<sup>1</sup>** ('000 s.t.)



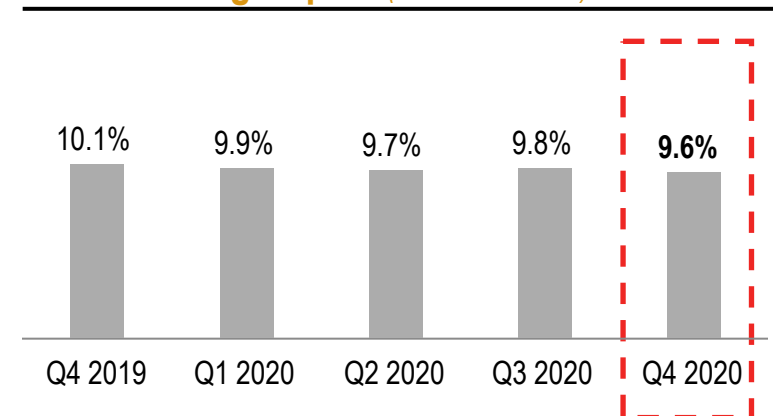
**Capacity Utilization Rate<sup>1-2</sup>** (manufacturing only)



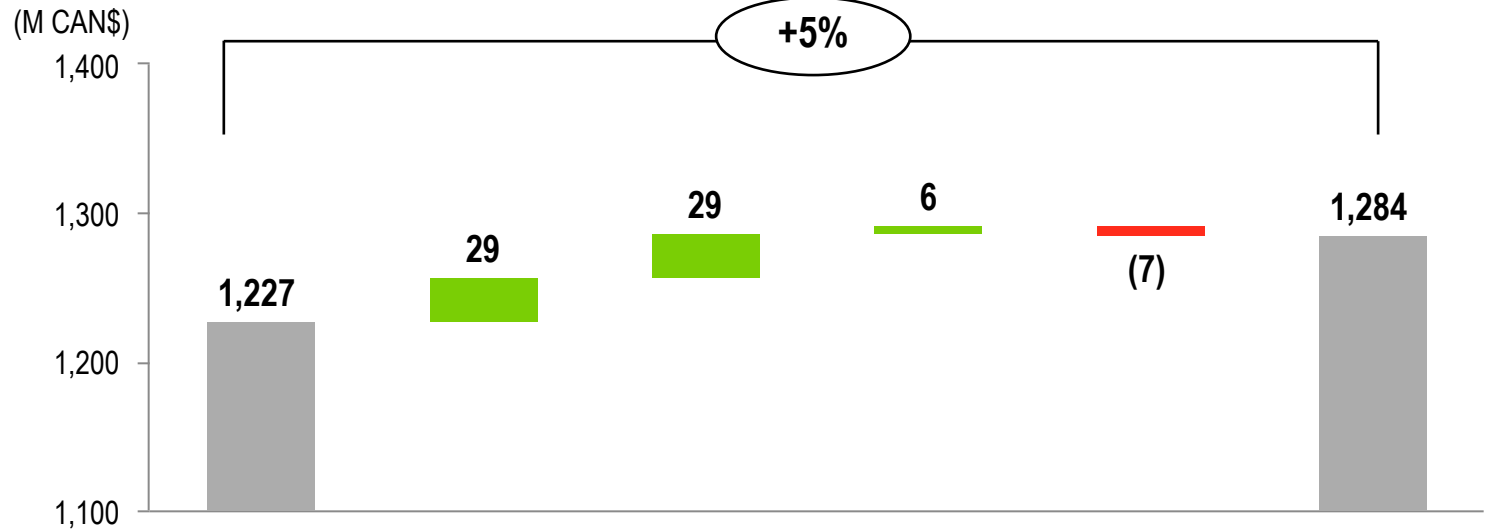
**LTM Return on Assets**



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



# YEAR OVER YEAR SALES RECONCILIATION

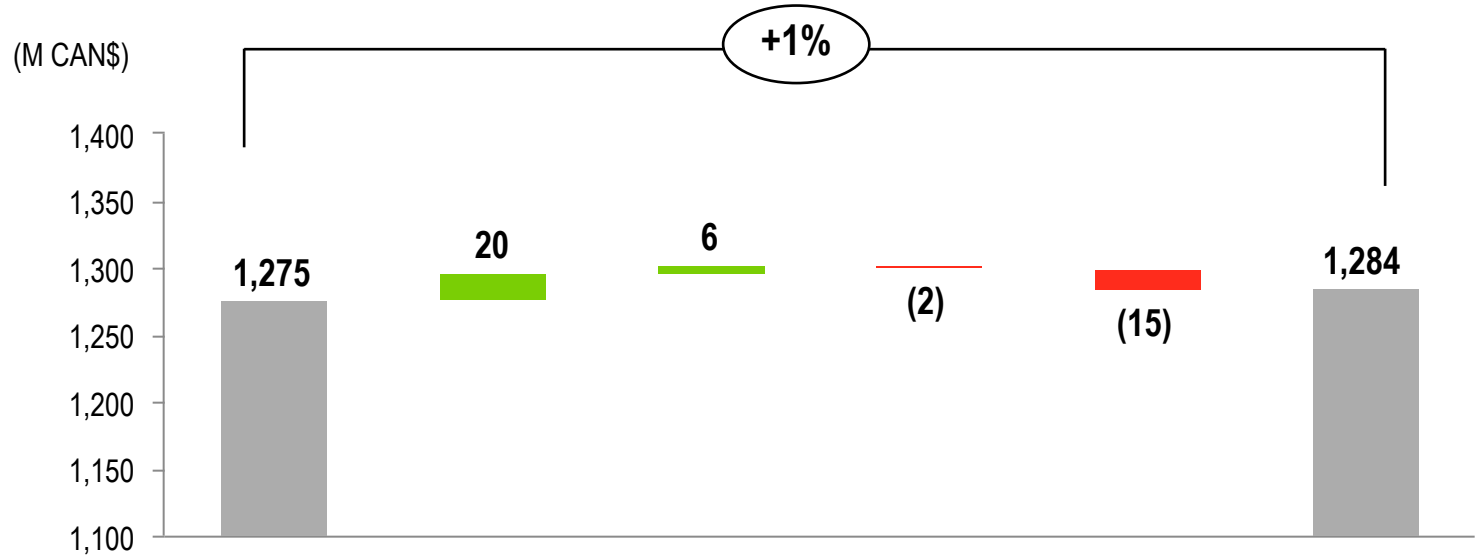


(M CAN\$)	Sales Q4-2019	Volume	Price & Mix	F/X CAN\$	Other variances	Sales Q4-2020
Containerboard	451	42	11	(4)	—	500
Boxboard Europe	243	6	(10)	15	—	254
Specialty Products	105	17	1	—	—	123
Tissue Papers	397	(36)	25	(5)	—	381
Corporate & Elim.	31	—	2	—	(7)	26
<b>Total</b>	<b>1,227</b>	<b>29</b>	<b>29</b>	<b>6</b>	<b>(7)</b>	<b>1,284</b>

YoY sales increase reflects higher volumes in Containerboard, Specialty Products and European Boxboard, offset by lower volumes in Tissue, primarily in AfH; Pricing & mix was beneficial, primarily in Tissue, while FX rates were favourable for European Boxboard



# SEQUENTIAL SALES RECONCILIATION



(M CAN\$)	Sales Q3-2020	Price & Mix	Volume	Other variances	F/X CAN\$	Sales Q4-2020
Containerboard	506	13	(14)	—	(5)	500
Boxboard Europe	261	(4)	(3)	—	—	254
Specialty Products	117	2	6	—	(2)	123
Tissue Papers	364	8	17	—	(8)	381
Corporate & Elim.	27	1	—	(2)	—	26
<b>Total</b>	<b>1,275</b>	<b>20</b>	<b>6</b>	<b>(2)</b>	<b>(15)</b>	<b>1,284</b>

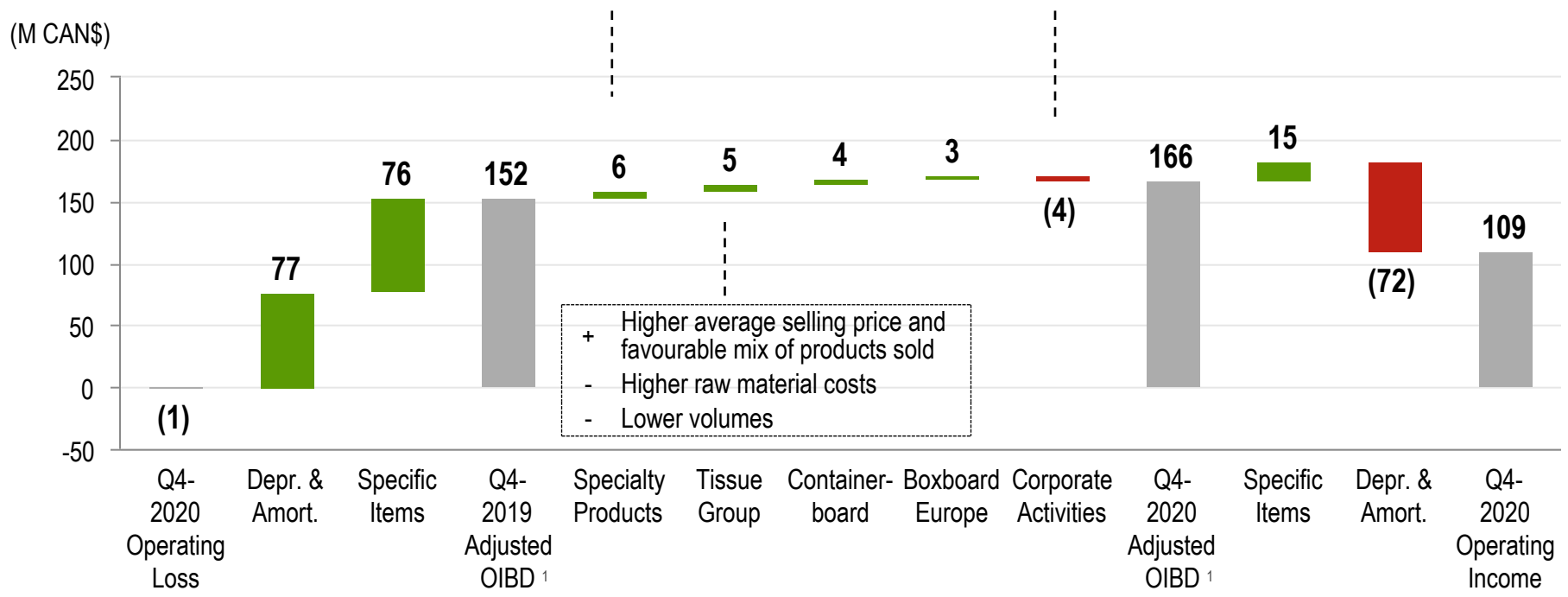
Sequential sales increase reflects favourable pricing & mix in all N.A. business segments, and stronger volumes in Tissue & Specialty Products. These benefits were offset by the impact of less favourable FX on N.A. business segments.



# YEAR-OVER-YEAR OPERATING INCOME RECONCILIATION

- + Higher volumes in all sub-segments
- + Lower energy costs
- Higher raw material costs

- + Higher profitability from higher recycled fibre prices
- Non-recurring Q4-20 incident cost, and higher employee related claims & professional fees

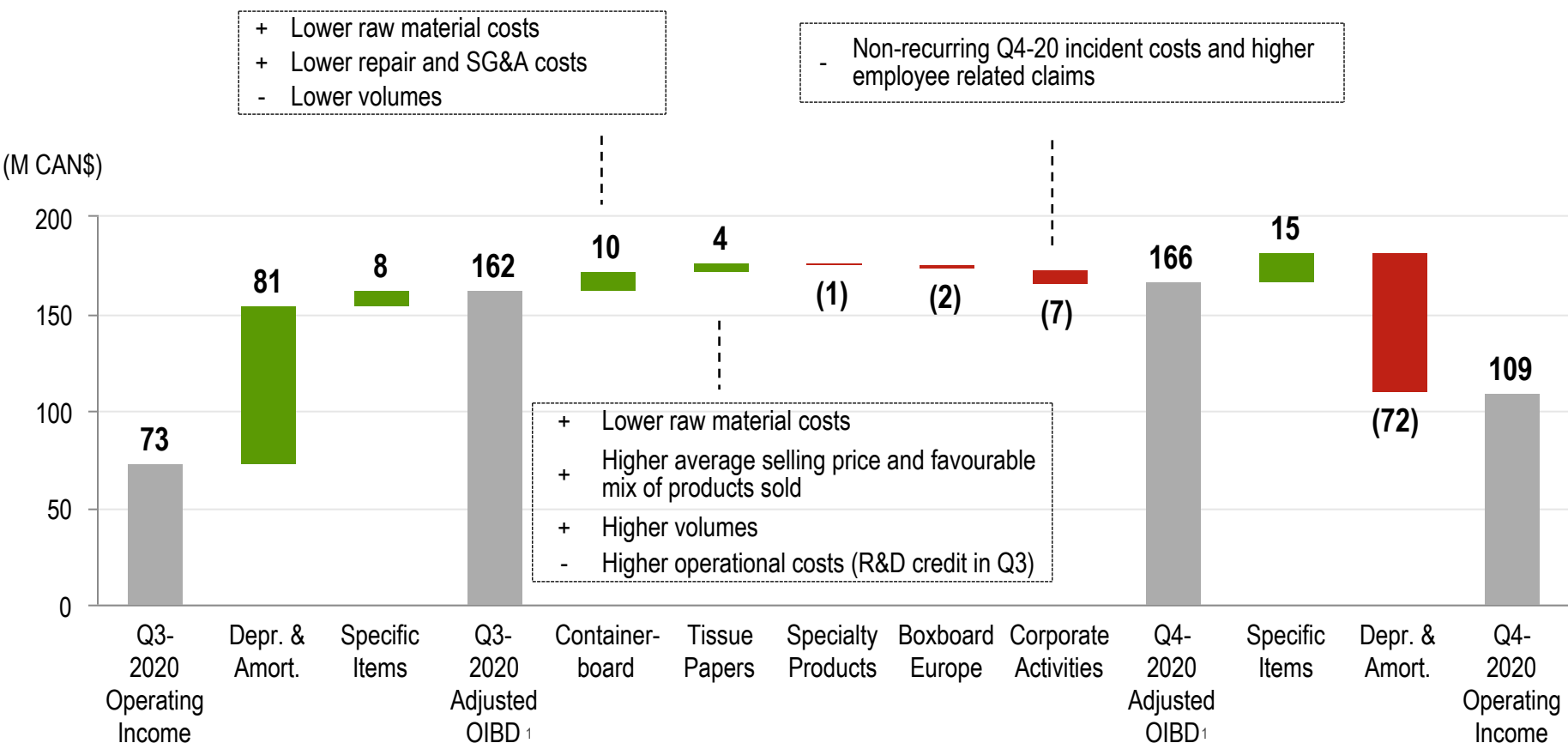


**Improved results reflect stronger performance from all business segments year-over-year; The impact of higher raw material costs were offset by stronger volumes in Containerboard and by a more favourable selling price and sales mix in Tissue.**

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



# SEQUENTIAL OPERATING INCOME RECONCILIATION

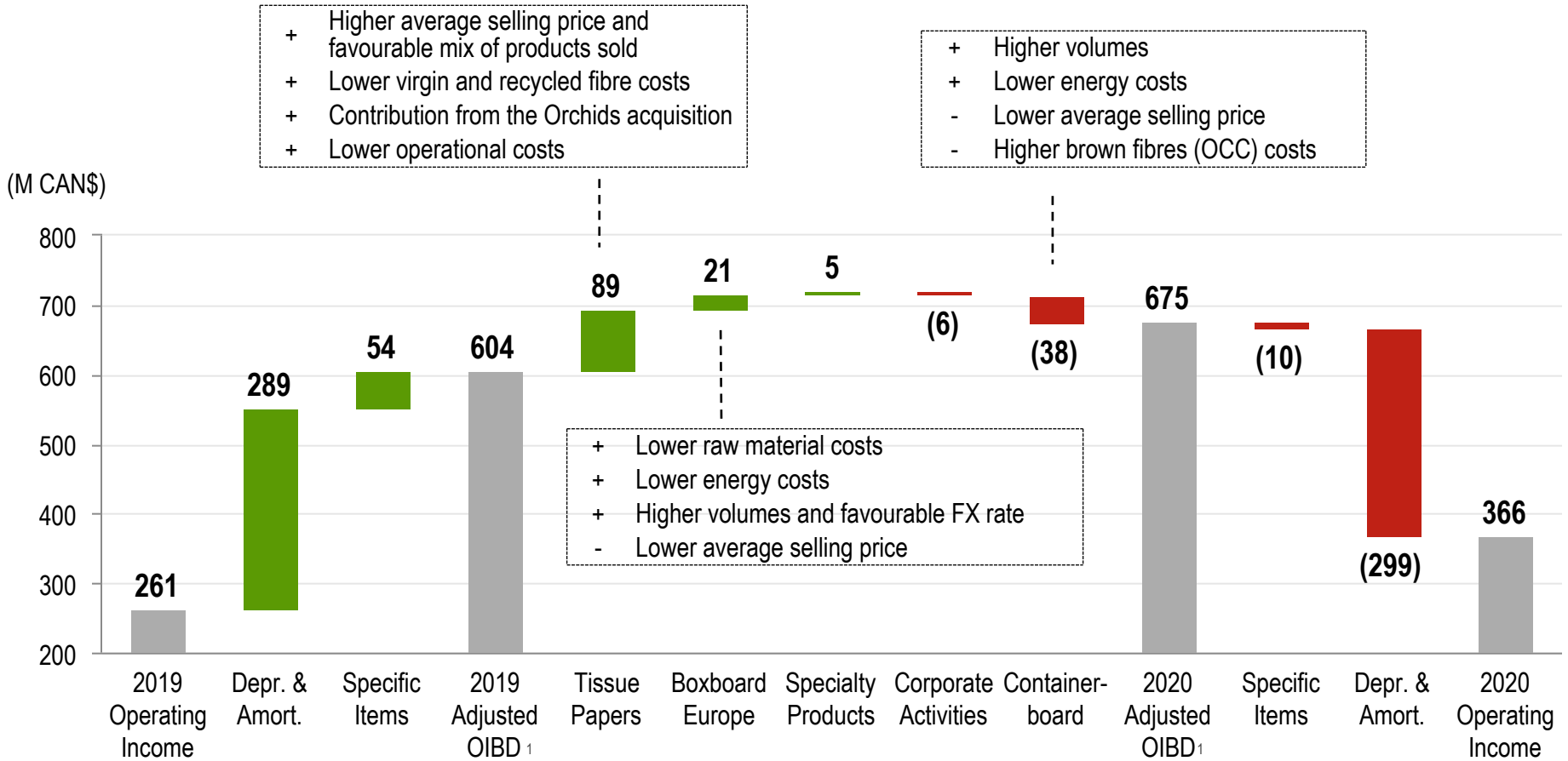


**Increase driven by Containerboard & Tissue, which benefited from lower raw material costs; Volumes & selling price were also favourable for Tissue; Offsetting this were slight decreases in Specialty Products & European Boxboard, and higher claims and incident costs in Corporate Activities**

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



# YEAR TO DATE OPERATING INCOME RECONCILIATION



Year-over-year results reflect solid improvements in Tissue and Boxboard Europe, partly offset by lower Containerboard results driven by higher raw material costs and lower average selling price



# 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 by 1% in 2020, 2021 and 2022 from our 2019 reference base year



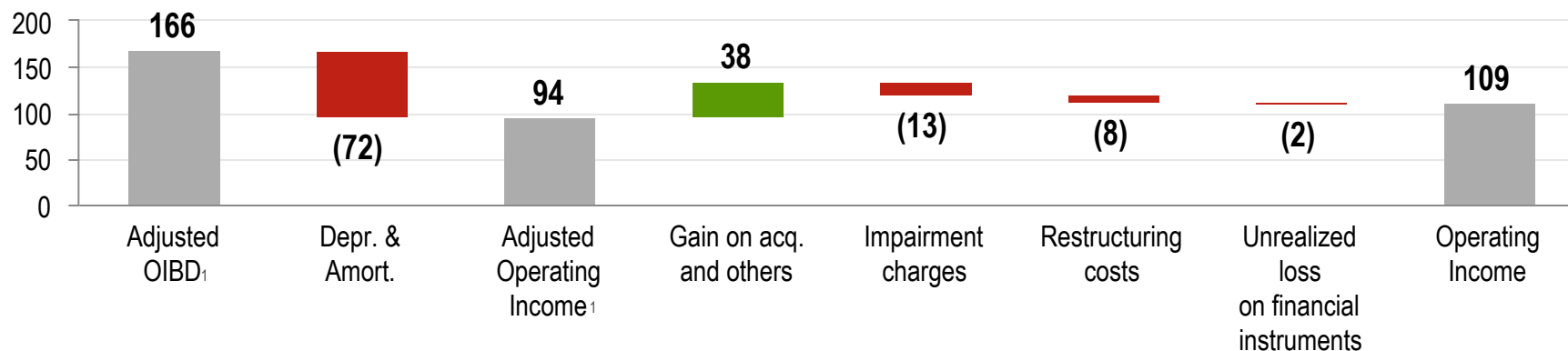
### RESULTS

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

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

# Q4-20 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>122</b>	<b>5</b>	<b>12</b>	<b>10</b>	<b>(40)</b>	<b>109</b>
Specific items:						
Loss (gain) on acquisitions, disposals and others	(40)	—	—	2	—	(38)
Impairment charges (reversals)	(2)	9	—	5	1	13
Restructuring costs	—	—	—	6	2	8
Unrealized loss on financial instruments	2	—	—	—	—	2
Total Specific items	(40)	9	—	13	3	(15)
<b>Adjusted operating income (loss)<sup>1</sup></b>	<b>82</b>	<b>14</b>	<b>12</b>	<b>23</b>	<b>(37)</b>	<b>94</b>
Depreciation and amortization	28	13	3	17	11	72
<b>Adjusted OIBD<sup>1</sup></b>	<b>110</b>	<b>27</b>	<b>15</b>	<b>40</b>	<b>(26)</b>	<b>166</b>

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



# NET EARNINGS - IFRS VS ADJUSTED

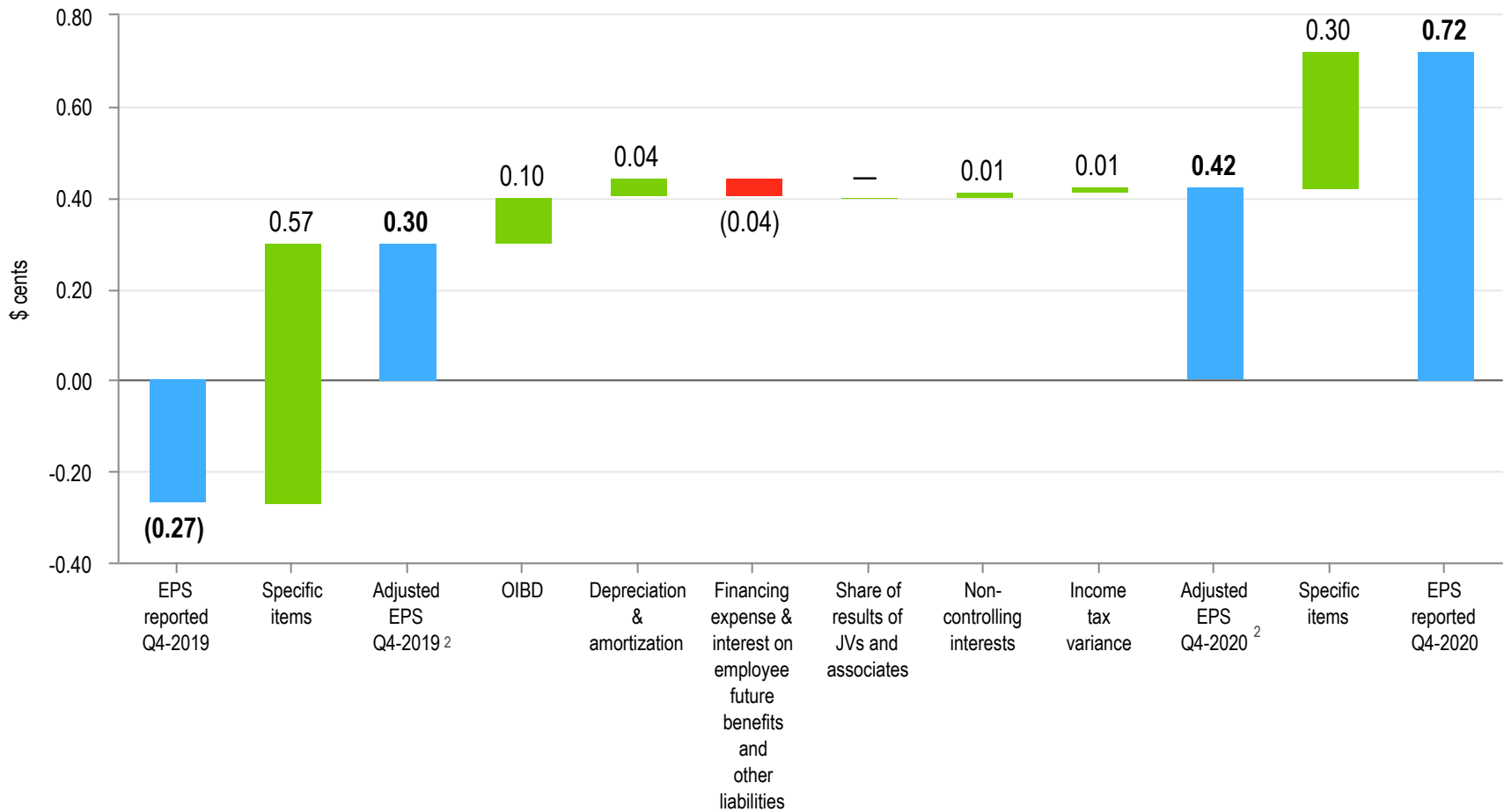
	NET EARNINGS	NET EARNINGS PER SHARE <sup>1</sup>
(in millions of Canadian dollars, except amount per share)	Q4-2020	Q4-2020
<b>As per IFRS</b>	<b>73</b>	<b>\$0.72</b>
Specific items:		
Gain on acquisitions, disposals and others	(38)	(\$0.34)
Impairment charges	13	\$0.09
Restructuring costs	8	\$0.05
Unrealized loss on financial instruments	2	\$0.02
Foreign exchange gain on long-term debt & financial instruments	(3)	(\$0.02)
Unrealized gain on interest rate swaps and option fair value	(11)	(\$0.12)
Fair value revaluation loss on investment	3	\$0.02
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest <sup>1</sup>	(5)	—
	<b>(31)</b>	<b>(\$0.30)</b>
<b>Adjusted<sup>2</sup></b>	<b>42</b>	<b>\$0.42</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.

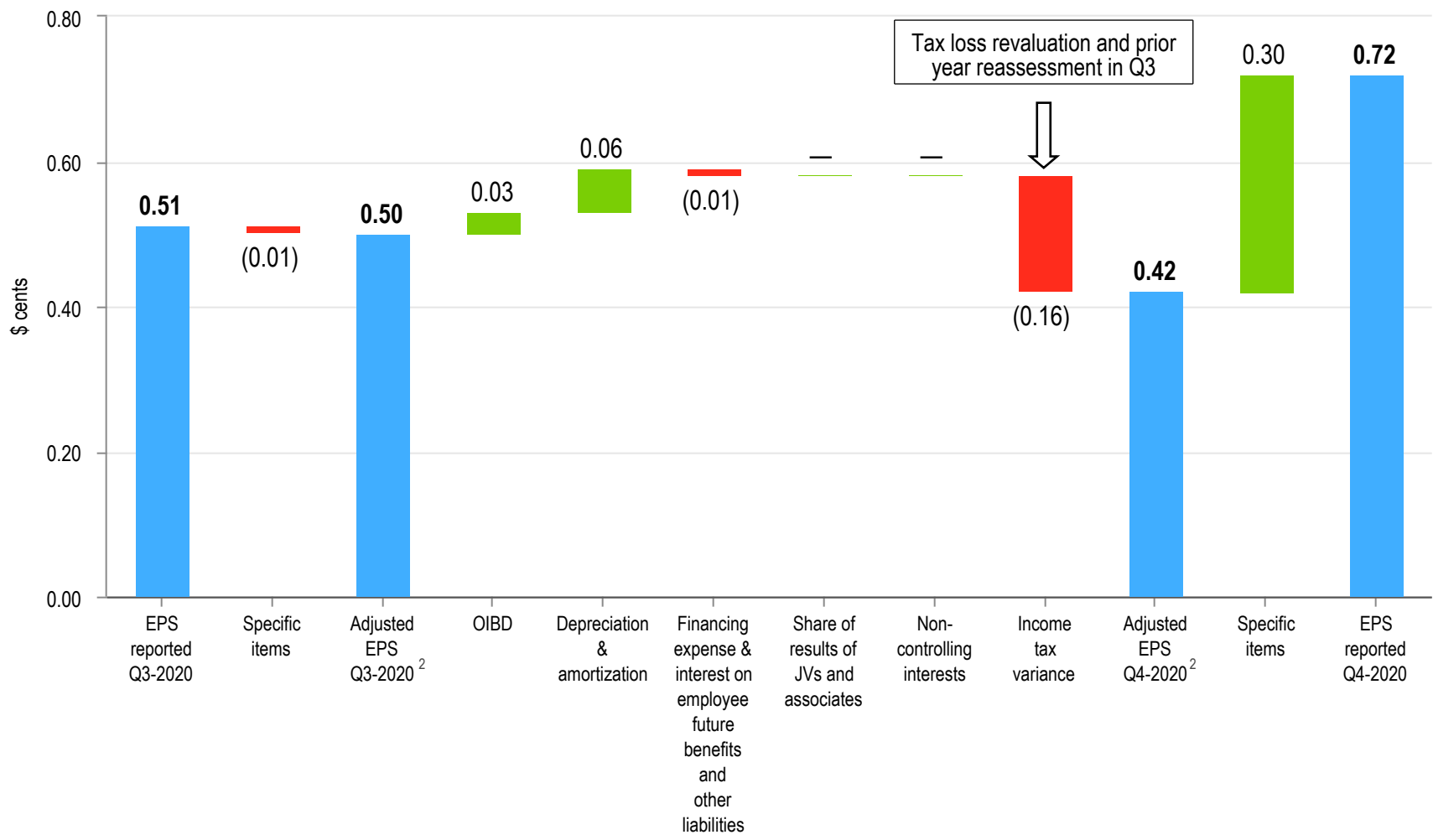


# QUARTERLY YEAR-OVER-YEAR ADJUSTED EPS VARIANCE<sup>1,2</sup>

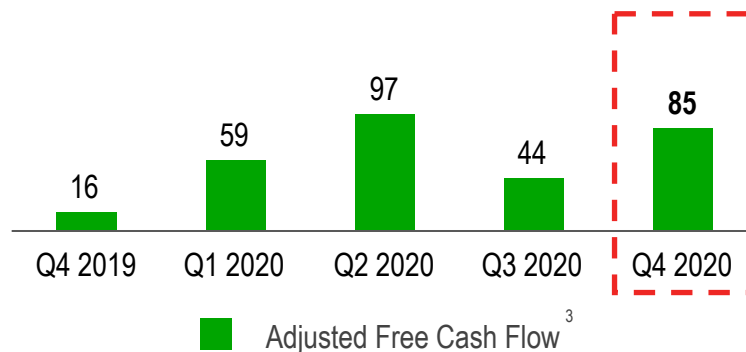
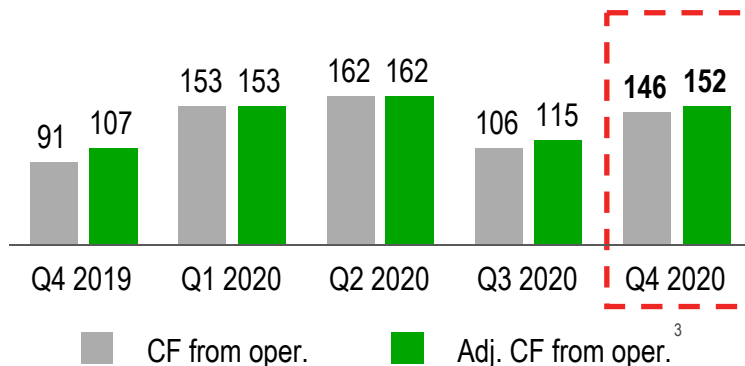




# QUARTERLY SEQUENTIAL ADJUSTED EPS VARIANCE<sup>1,2</sup>



# CASH FLOW OVERVIEW



Figures above in millions of CAN\$

Figures above in millions of CAN\$

(In millions of CAN\$, except amount per share)	2018					2019					2020
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Cash flow from operations	361	82	124	104	91	401	153	162	106	146	567
Specific items <sup>1</sup>	—	3	1	4	16	24	—	—	9	6	15
Adjusted cash flow from operations <sup>3</sup>	361	85	125	108	107	425	153	162	115	152	582
<i>Including: Net financing expense paid</i>	(107)	(43)	(16)	(42)	(32)	(133)	(17)	(7)	(49)	(6)	(79)
Capital expenditures & other assets <sup>2</sup> , lease obligations payments, net of disposals	(275)	(76)	(64)	(58)	(80)	(278)	(84)	(51)	(60)	(55)	(250)
Dividends <sup>4</sup>	(32)	(8)	(9)	(12)	(11)	(40)	(10)	(14)	(11)	(12)	(47)
Adjusted free cash flow <sup>3</sup>	54	1	52	38	16	107	59	97	44	85	285
Adjusted free cash flow per share <sup>3</sup>	\$0.57	\$0.01	\$0.56	\$0.40	\$0.17	\$1.14	\$0.63	\$1.02	\$0.46	\$0.85	\$2.97

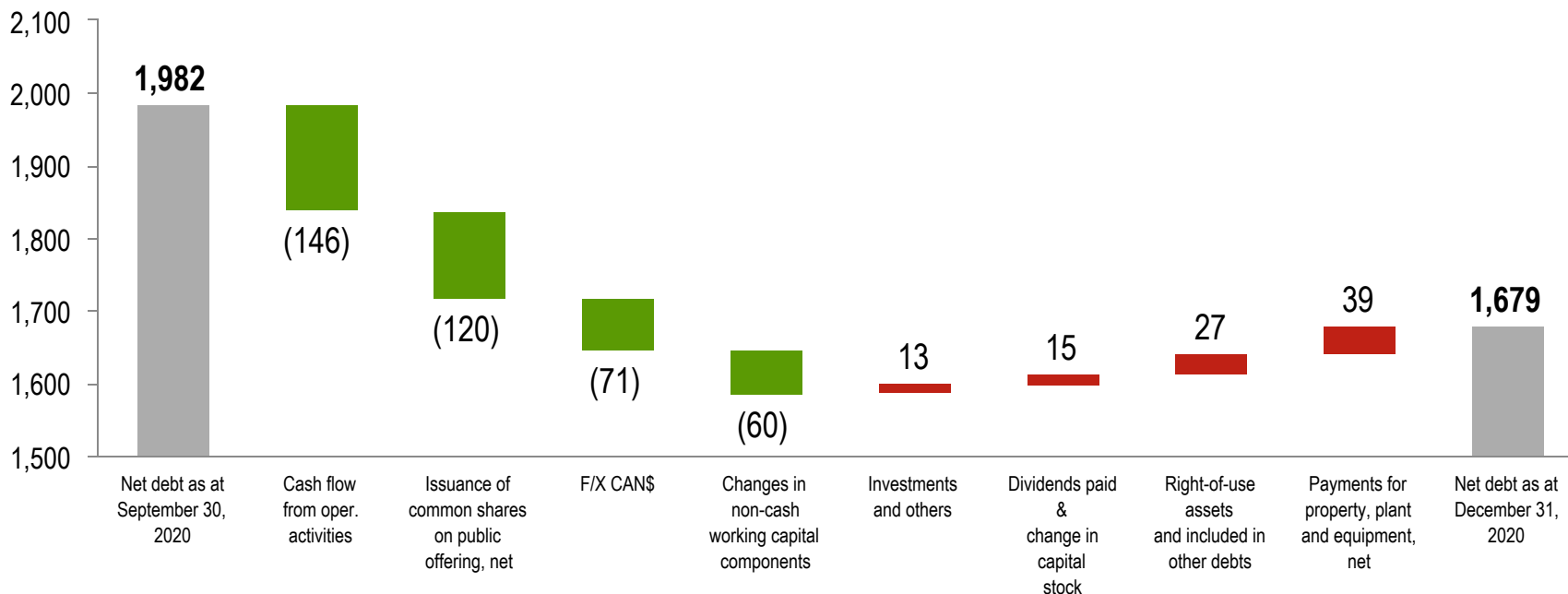
**The YoY and QoQ increase in Adjusted Free Cash Flow reflects higher Cash Flow from Operations, lower CAPEX & financing payments, the benefits of which were slightly offset by the higher dividend payments**

(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.



# NET DEBT<sup>1</sup> RECONCILIATION - Q4 2020

(M CAN\$)



Q3-2020  
\$661 million  
3.0x

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

Q4-2020  
\$675 million  
2.5x

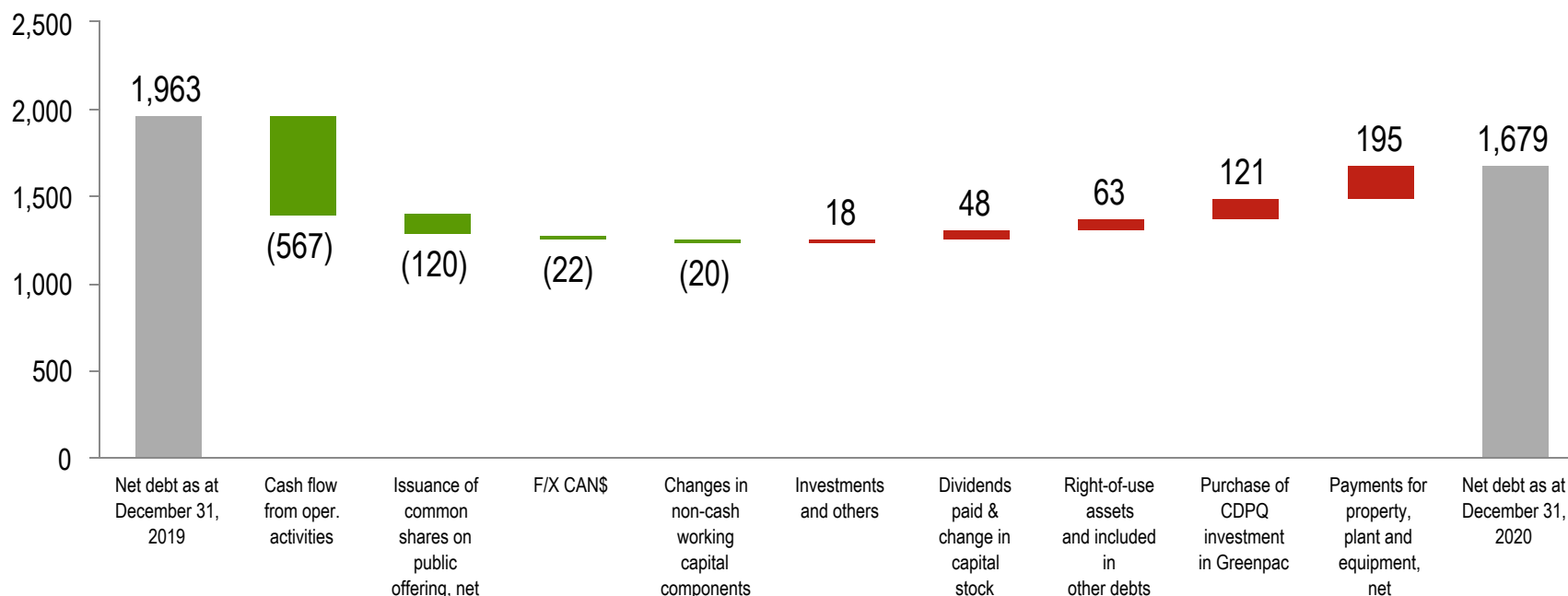
**Solid Cash Flow from Operations, proceeds from the issuance of common shares related to the public offering, lower working capital requirements & favourable FX more than offset dividend payments and Capital expenditures**

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



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

(M CAN\$)



2019  
\$604 million  
3.3x

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

2020  
\$675 million  
2.5x

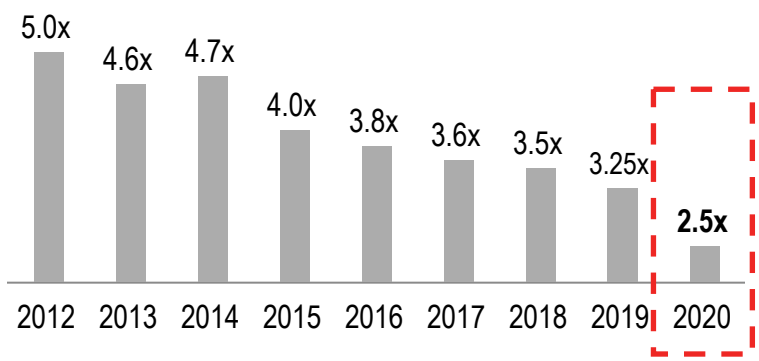
**ACHIEVED TARGETED 2.5x LEVERAGE:** driven by solid CF from Operations, net proceeds from the equity offering completed in October, lower WC requirements & favourable FX, which offset Capital expenditures, purchase of CDPQ interest in Greenpac and dividend payments



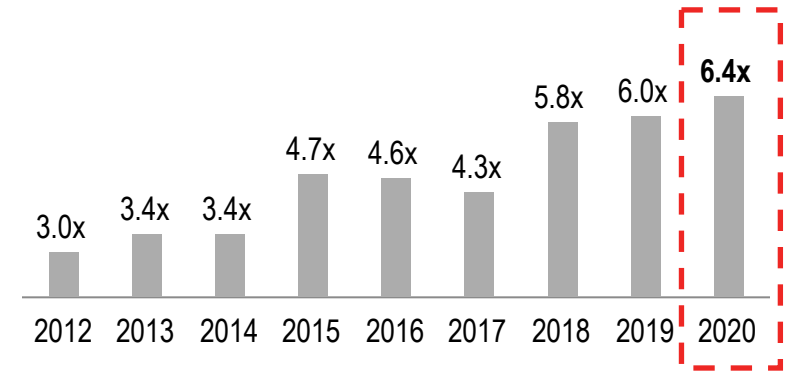


# CONSOLIDATED FINANCIAL RATIOS & DEBT MATURITIES

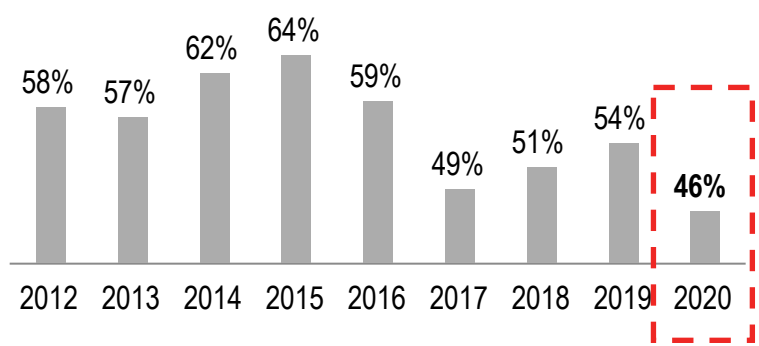
### Net Debt / Adjusted OIBD<sup>1,3</sup>



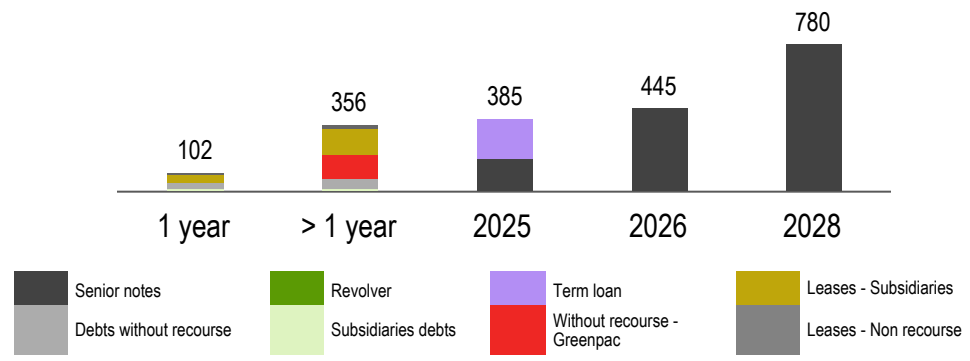
### Interest Coverage Ratio<sup>2,3</sup>



### Net Debt / Net Debt + Total Equity



### Long-Term Debt Maturities (as at December 31, 2020)



**Leverage ratio of 2.5x at the end of 2020, down from 3.0x at the end of Q3 2020 and 3.25x<sup>3</sup> at the end of 2019**

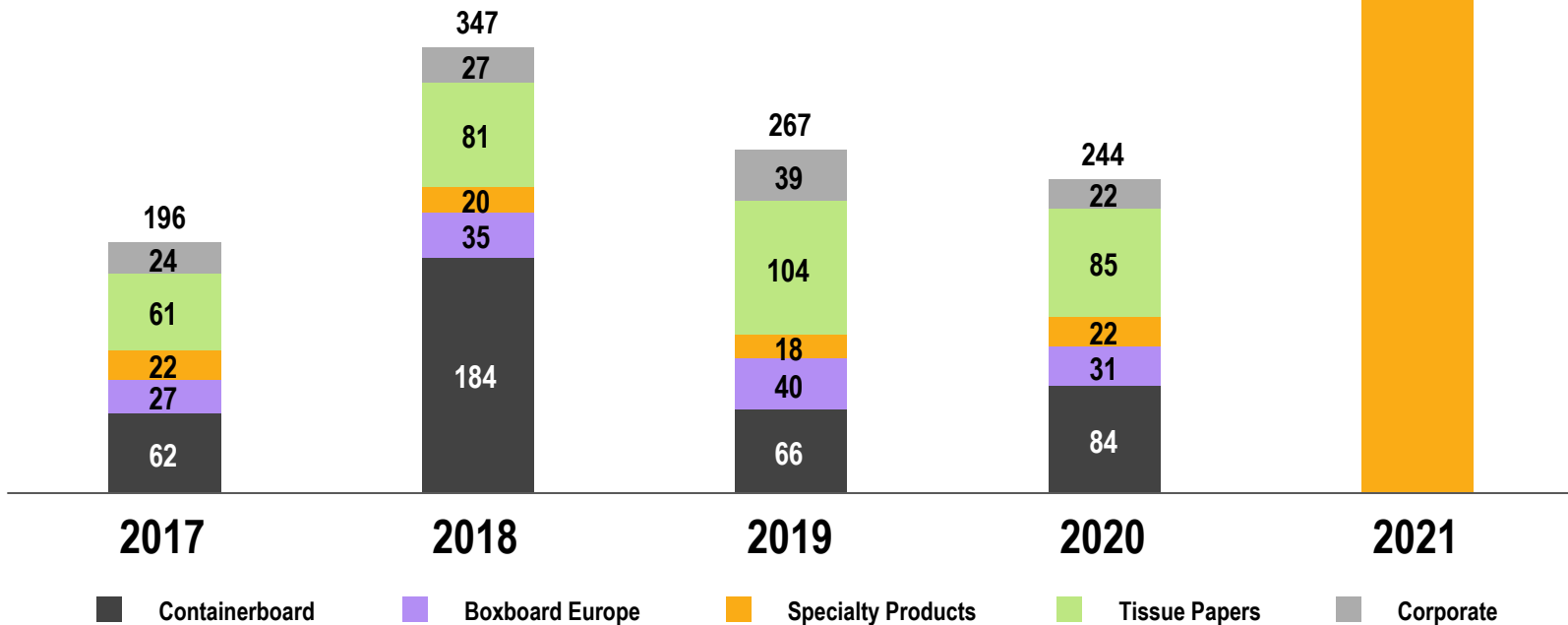
Bank debt financial covenant ratios: Net funded debt to capitalization < 65% (currently at 47.47%), interest coverage ratio > 2.25x (currently at 5.47x).  
 (1) Please click [here](#) for supplemental information on non-IFRS measures. (2) Adjusted OIBD to financing expense. (3) Pro-forma up to 2018 to include business acquisitions on a LTM basis, if applicable.



# CAPITAL INVESTMENTS

(in millions of Canadian dollars, excluding value of leases)

**2021F CAPEX: \$450 - \$475 M<sup>1</sup>**  
 includes ~\$250 M for Bear Island conversion



Containerboard
  Boxboard Europe
  Specialty Products
  Tissue Papers
  Corporate

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

# CONCLUDING REMARKS





# NEAR TERM FACTORS



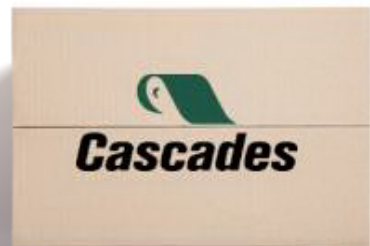
- North American operations: positive impact from margin improvement initiatives YoY and QoQ
- Containerboard: expect continued strong demand levels in addition to favourable impact on selling price QoQ and YoY as industry price increases are implemented
- Tissue: QoQ and YoY expected to benefit from pricing improvement & initiatives
- Specialty Products: positive volume and selling price supporting YoY results



- Raw materials: expect higher raw material prices both year-over-year and sequentially in Q1 for all businesses
- Tissue: expect Q1 volume trends to continue to reflect ongoing demand headwinds for AfH products both year-over-year and sequentially, and usual seasonal softness on a sequential basis

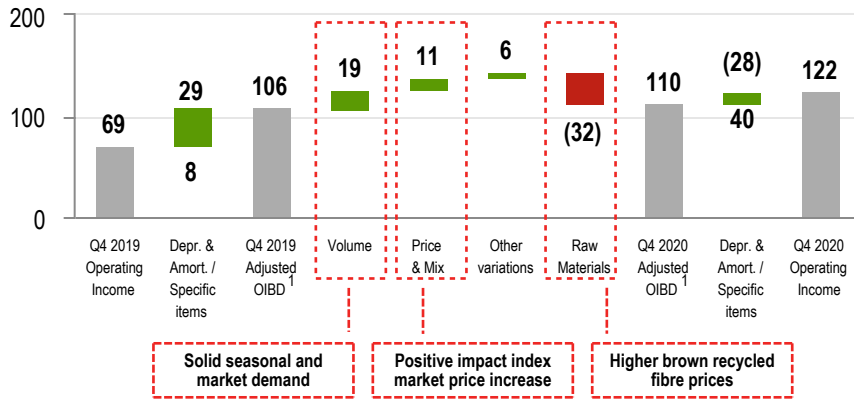
Q1 2021	Containerboard		Boxboard Europe <sup>1</sup>		Specialty Products		Tissue Papers	
OIBD <sup>2</sup> Trend	YoY ↑	QoQ ↔	YoY ↔	QoQ ↔	YoY ↑	QoQ ↔	YoY ↓	QoQ ↓
REFLECTING:								
VOLUME	↑	↑	↔	↑	↑	↔	↓	↓
SELLING PRICE	↑	↑	↔	↔	↑	↑	↑	↑
RAW MATERIAL COST	↑	↑	↑	↑	↑	↑	↑	↑
EXCHANGE RATE	↓	↓	↑	↔	↓	↓	↓	↓
ENERGY COST	↑	↑	↓	↑	↔	↔	↑	↑

# APPENDIX

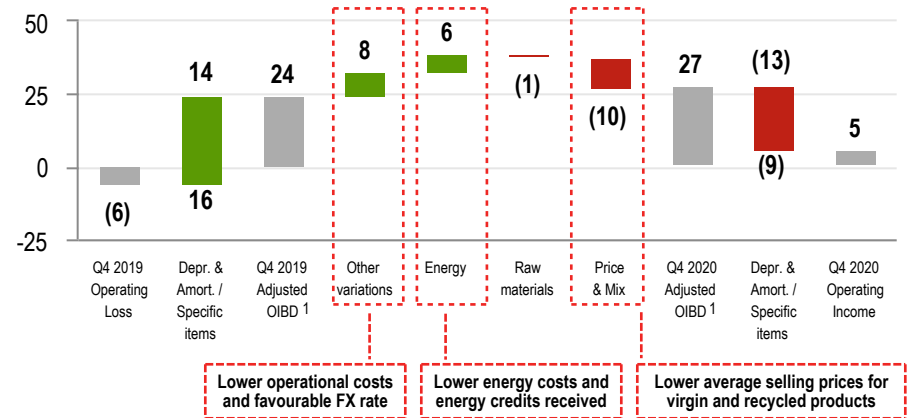


# SEGMENTED YoY OPERATING INCOME WATERFALLS

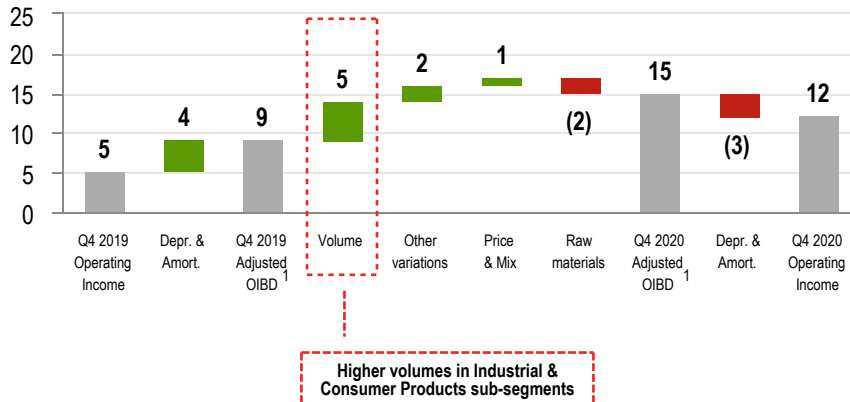
## Containerboard (millions of CAN\$)



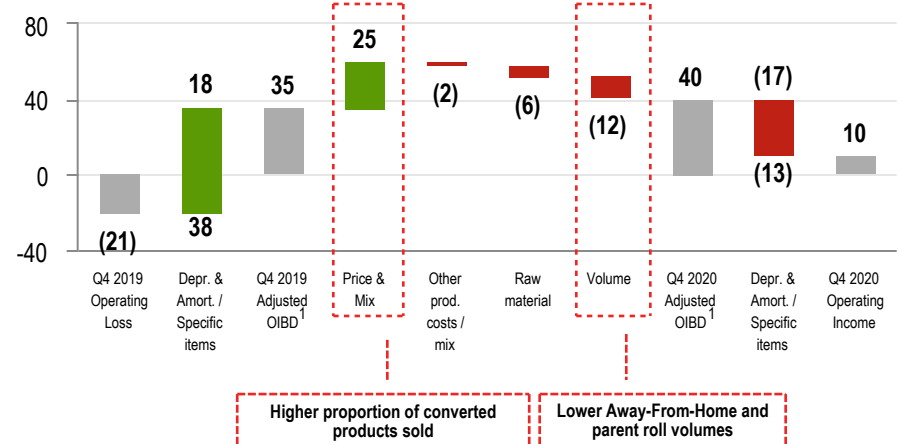
## Boxboard Europe (millions of CAN\$)



## Specialty Products (millions of CAN\$)



## Tissue Papers (millions of CAN\$)

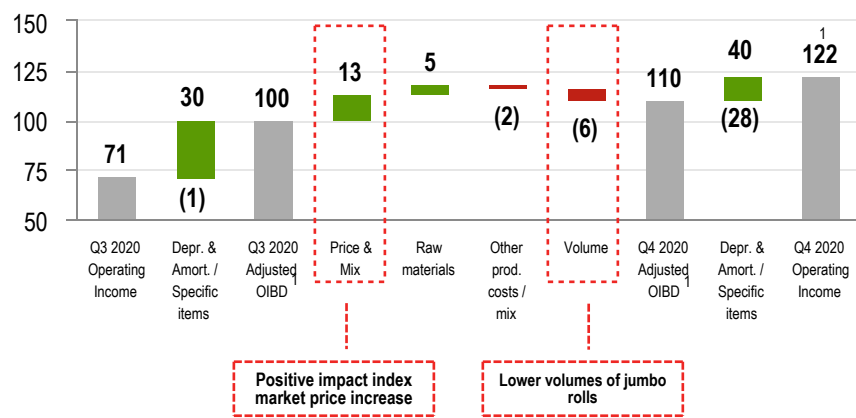




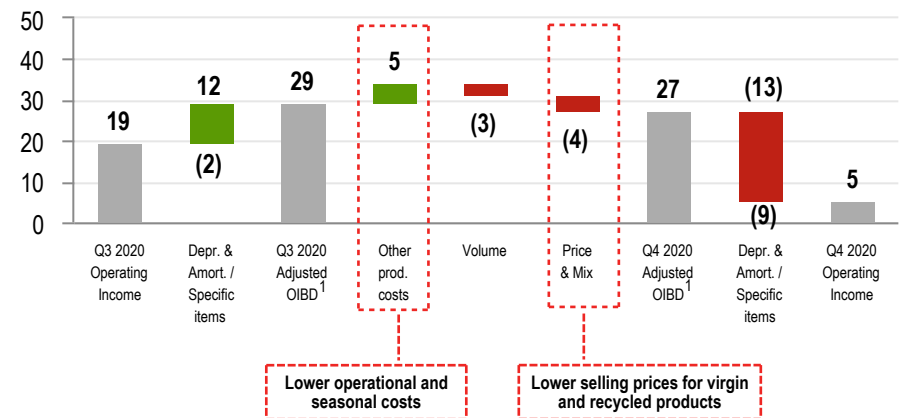


# SEGMENTED SEQUENTIAL OPERATING INCOME WATERFALLS

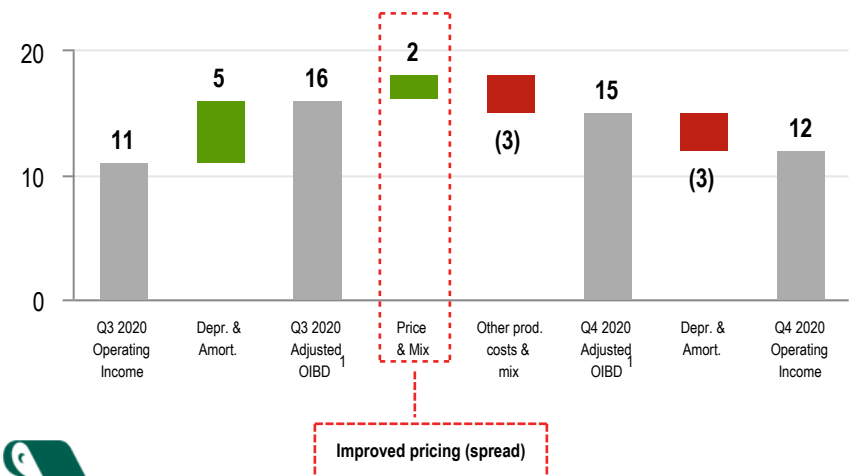
## Containerboard (millions of CAN\$)



## Boxboard Europe (millions of CAN\$)



## Specialty Products (millions of CAN\$)



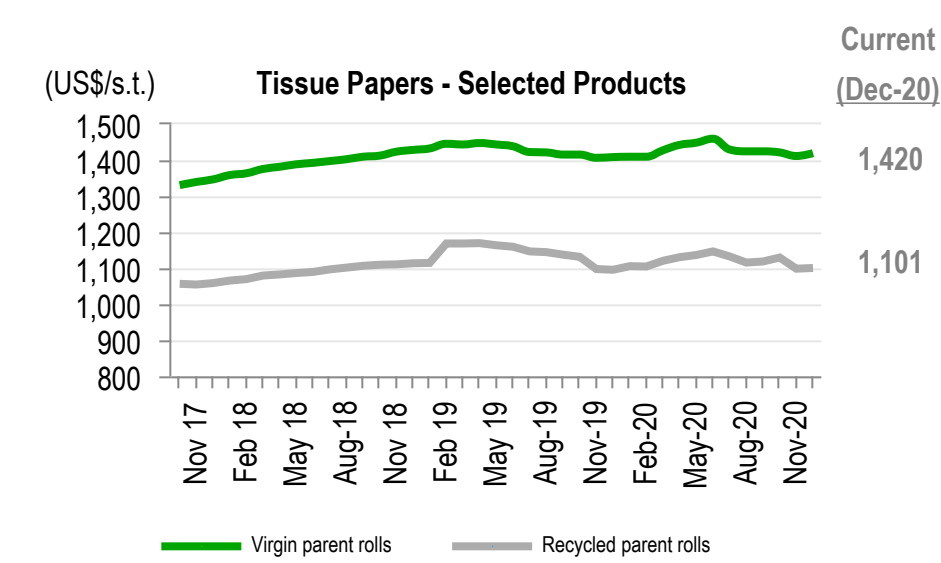
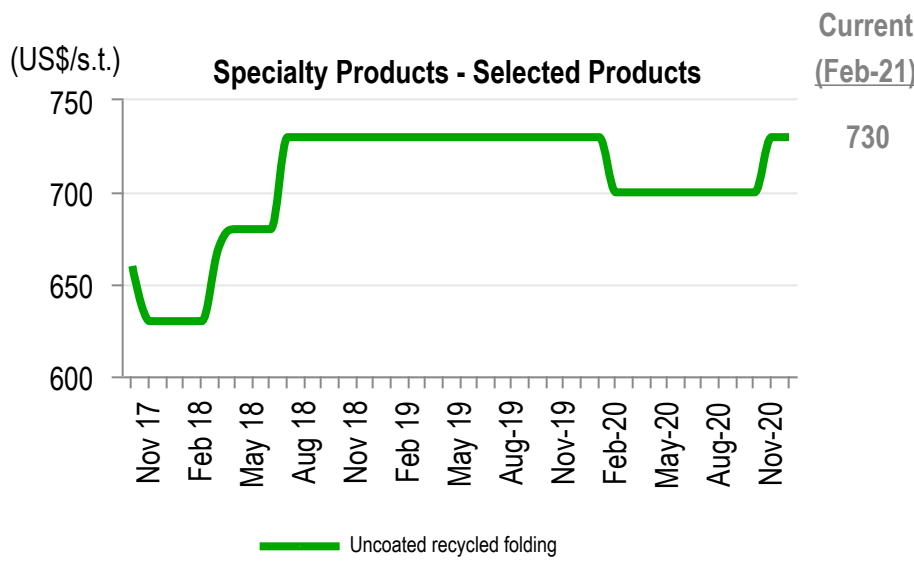
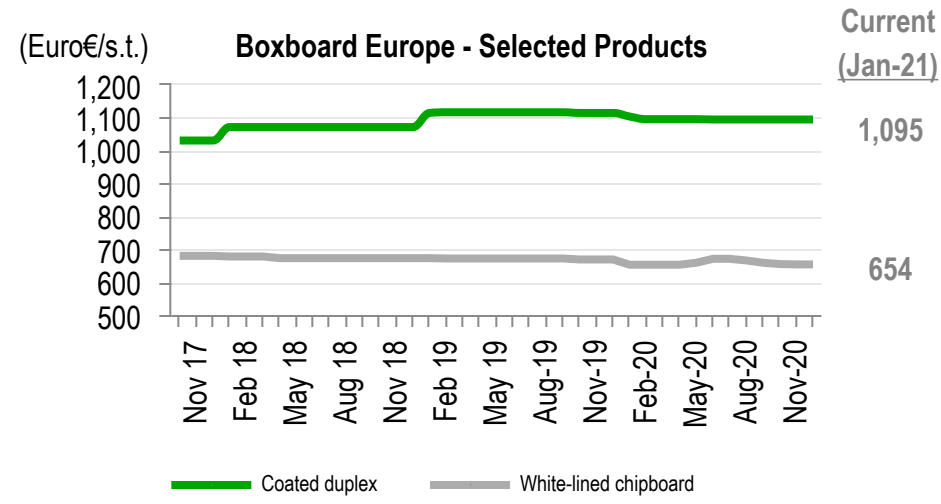
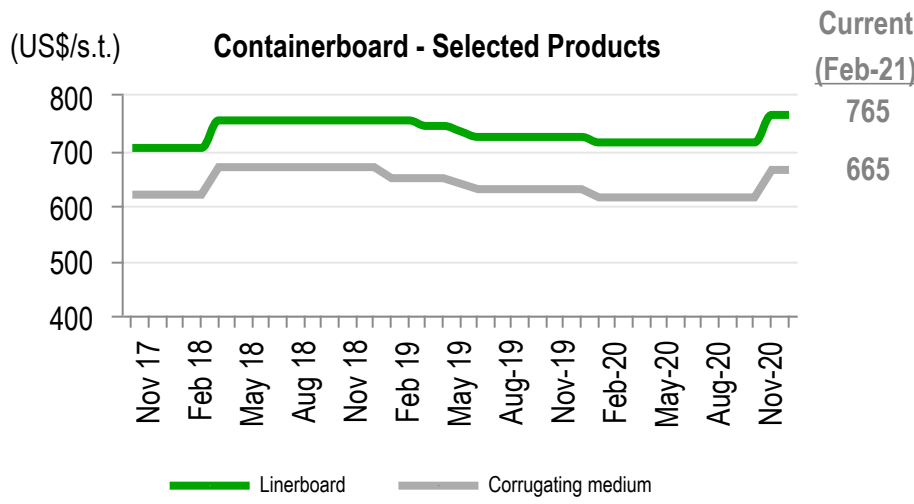
## Tissue Papers (millions of CAN\$)



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



# SELECTED REFERENCE PRICES



# SELECTED REFERENCE PRICES AND FIBRE COSTS

	2018					2019					2020					Q4 2020 vs Q4 2019		Q4 2020 vs Q3 2020	
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	(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	748	723	23	3%	33	5
Corrugating medium 26-lb. semichemical, Eastern US (open market)	637	670	670	670	662	650	640	630	630	638	615	615	615	648	623	18	3%	33	5
<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	654	658	(15)	(2)%	(11)	(2)%
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	1,095	1,096	(20)	(2)%	—	—
<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	720	708	(10)	(1)%	20	3
<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	1,110	1,120	1	—	(13)	(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	1,418	1,428	7	—	(9)	(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	30	21	22	275%	—	—
Old corrugated containers, No. 11 (OCC - Northeast average)	92	71	68	68	74	61	40	33	30	41	36	94	58	65	63	35	117%	7	12%
Sorted office papers, No. 37 (SOP - Northeast average)	165	193	210	203	193	183	140	101	88	128	89	160	109	80	109	(8)	(9)%	(29)	(27)%
<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	76	62	27	55%	20	36%
<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	1,138	1,141	23	2%	(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	868	883	(25)	(3)%	(7)	(1)%

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™**

**For more information:**

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