

PRESS RELEASE



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Cascades Reports Strong Results for the Second Quarter of 2020 Record quarterly adjusted OIBD highlights resiliency of our business model

Kingsey Falls, Quebec, August 6, 2020 - Cascades Inc. (TSX: CAS) reports its unaudited financial results for the three-month period ended June 30, 2020.

Q2 2020 Highlights

- Sales of \$1,285 million (compared with \$1,313 million in Q1 2020 (-2%) and \$1,275 million in Q2 2019 (+1%))
- As reported (including specific items)
 - Operating income of \$94 million (compared with of \$90 million in Q1 2020 (+4%) and an operating income of \$82 million in Q2 2019 (+15%))
 - Operating income before depreciation and amortization (OIBD)¹ of \$169 million (compared with \$161 million in Q1 2020 (+5%) and \$154 million in Q2 2019 (+10%))
 - Net earnings per share of \$0.57 (compared with \$0.24 in Q1 2020 and \$0.33 in Q2 2019)
- Adjusted (excluding specific items)¹
 - Operating income of \$111 million (compared with \$90 million in Q1 2020 (+23%) and \$84 million in Q2 2019 (+32%))
 - OIBD of \$186 million (compared with \$161 million in Q1 2020 (+16%) and \$156 million in Q2 2019 (+19%))
 - Net earnings per share of \$0.61 (compared with \$0.42 in Q1 2020 and \$0.28 in Q2 2019)
- Net debt¹ of \$2,077 million as at June 30, 2020 (compared with \$2,212 million as at March 31, 2020) reflecting favourable foreign exchange variance and solid cash flow from operations and including acquisition of CDPQ's interest in Greenpac Mill (\$121 million) realized in the first quarter; Net debt to adjusted OIBD ratio¹ of 3.1x as at June 30, 2020, down from 3.5x at March 31, 2020.

¹ For further details, please refer to the "Supplemental Information on non-IFRS Measures" section.

Mario Plourde, President and CEO, commented: "Our operations executed and adapted well during the second quarter, delivering improved consolidated results on both a sequential and year-over-year basis. This strong performance resulted in a record quarterly adjusted OIBD for the Corporation, highlighting the resiliency of our business model focused on providing customers with essential, sustainable quality packaging and tissue solutions. The ability of our business segments to successfully navigate through the challenging second quarter business environment is a testament to the commitment and hard work of our dedicated employees, and a measurable indication of the operational improvements and cost reduction initiatives being generated by our strategic investments of the past few years.

Sales in the second quarter decreased by 2% sequentially as the elevated Covid-19 related demand levels present in the first quarter eased. As expected, this resulted in lower volumes in all segments with the exception of Specialty Products. Sales increased modestly when compared to the comparable period last year, supported by a 12.5% growth in Tissue.

Second quarter adjusted OIBD of \$186 million, representing a 14.5% margin, was a quarterly record for the Corporation, and was 16% above the prior quarter and 19% over the prior year period. The sequential performance was driven by improved results in all segments except Containerboard. Results of both the Tissue and Containerboard segments were negatively impacted by slightly lower volumes and higher raw material costs compared to the prior quarter. As mentioned at the end of the first quarter, the Corporation viewed the sharp increases in prices of recycled fibers as temporary. Pricing has since decreased and is expected to remain within these more normalized levels. The year-over-year adjusted OIBD increase of \$30 million was largely driven by the Tissue segment and, to a lesser extent, Boxboard Europe. Specialty Products results were stable year-over-year, while those of Containerboard decreased mainly due to higher raw material costs and less favourable selling price and mix."

Discussing near-term outlook, Mr. Plourde commented, "Looking ahead, we are cautiously optimistic regarding our operational performance given the weighting of our production that falls within essential tissue and packaging segments, and the adaptability demonstrated by our business segments within the challenging business environment. In the near-term, this is counterbalanced by the ongoing potential economic impact related to Covid-19, and evolving consumption trends in end markets that have resulted from the pandemic. With this in mind, we are expecting consolidated results to decrease sequentially, as benefits from favourable raw materials pricing are anticipated to be offset by lower expected volumes, notably in the Away-from-Home Tissue business and the usual lower seasonal third quarter volumes in Europe. Given continued uncertainty around Covid-19, we are focused on the health and safety of our employees and maintaining flexibility in our operations to meet the evolving product needs of our customers. We are committed in our support of community initiatives helping people navigate the current environment, and continue to work closely with our suppliers and customers being impacted. As always, management of our cash flow remains a priority along with reducing operational and SG&A costs. We continue to expect our projected available liquidity levels to meet future requirements including management of our debt level, and will readjust our investment plans should the need become apparent. At this time, we do not have any update on our Bear Island conversion project, for which analysis has continued at a slower pace given current circumstances."

Financial Summary

Selected consolidated information

(in millions of Canadian dollars, except amounts per share) (unaudited)	Q2 2020	Q1 2020	Q2 2019
Sales	1,285	1,313	1,275
As Reported			
Operating income before depreciation and amortization (OIBD) ¹	169	161	154
Operating income	94	90	82
Net earnings	54	22	31
per share	\$ 0.57	\$ 0.24	\$ 0.33
Adjusted¹			
Operating income before depreciation and amortization (OIBD)	186	161	156
Operating income	111	90	84
Net earnings	58	39	26
per share	\$ 0.61	\$ 0.42	0.28
Margin (OIBD)	14.5%	12.3%	12.2%

1 - Refer to the "Supplemental Information on Non-IFRS Measures" section.

Segmented OIBD as reported

(in millions of Canadian dollars) (unaudited)	Q2 2020	Q1 2020	Q2 2019
Packaging Products			
Containerboard	83	102	114
Boxboard Europe	42	31	30
Specialty Products	16	11	16
Tissue Papers	48	45	17
Corporate Activities	(20)	(28)	(23)
OIBD as reported	169	161	154

Segmented adjusted OIBD¹

(in millions of Canadian dollars) (unaudited)	Q2 2020	Q1 2020	Q2 2019
Packaging Products			
Containerboard	94	99	113
Boxboard Europe	43	30	30
Specialty Products	17	12	16
Tissue Papers	54	45	18
Corporate Activities	(22)	(25)	(21)
Adjusted OIBD	186	161	156

1 - Refer to the "Supplemental Information on Non-IFRS Measures" section.

Analysis of results for the three-month period ended June 30, 2020 (compared to the same period last year)

Sales of \$1,285 million grew by \$10 million, or 1%, compared with the same period last year. This was largely a reflection of the volume-driven 12.5% increase in the Tissue segment, favourable foreign exchange impacts for all business segments and a positive contribution from recovery operations as a result of higher raw material prices. These benefits were partially offset by lower average selling prices and/or less favourable sales mix in all business segments except Specialty Products, in which year-over-year sales performance levels were nonetheless negatively impacted as a result of the mill closure and business divestiture completed in 2019.

The Corporation generated an operating income before depreciation and amortization (OIBD) of \$169 million in the second quarter of 2020, down from \$154 million in the second quarter of 2019. On an adjusted basis, second quarter OIBD totaled \$186 million in the current period, a new quarterly record for the Corporation. This compares with the \$156 million generated in the same period last year, an increase of \$30 million, or 19%. The annual improvement in adjusted OIBD reflects increases of \$36 million from Tissue and \$13 million from Boxboard Europe and stable results in the Specialty Products segment. These benefits were partially offset by a decrease of \$19 million from the Containerboard segment, largely due to higher raw material costs and a less favourable selling price and sales mix year-over-year. On a consolidated basis, higher raw material costs, a less favourable average selling price and sales mix negatively impacted adjusted OIBD performance compared to the prior year period. These effects were more than offset by lower production costs, lower energy costs, beneficial foreign exchange impact and a favourable contribution from recovery operations as a result of higher raw material pricing. Research and development tax credits of \$9 million were recorded in the current quarter.

On an adjusted basis¹, second quarter 2020 OIBD stood at \$186 million, versus \$156 million in the previous year. The main specific items, before income taxes, that impacted our second quarter 2020 OIBD and/or net earnings were:

- \$13 million of impairment charges and \$2 million of restructuring charges were recorded by the Containerboard and Tissue segments as part of network optimization and profitability improvement initiatives (OIBD and net earnings)
- \$4 million environmental provision was recorded in the Specialty Products segment related to plants in Canada that were closed in the past (OIBD and net earnings)
- \$3 million gain in the Specialty Products segment related to the sale of a non-core equity investment (OIBD and net earnings)
- \$1 million unrealized loss on financial instruments (OIBD and net earnings)
- \$9 million foreign exchange gain on long-term debt and financial instruments (net earnings)

For the 3-month periods ended June 30, 2020, the Corporation posted net earnings of \$54 million, or \$0.57 per share, compared to net earnings of \$31 million, or \$0.33 per share, in the same period of 2019. On an adjusted basis¹, the Corporation generated net earnings of \$58 million in the second quarter of 2020, or \$0.61 per share, compared to net earnings of \$26 million, or \$0.28 per share, in the same period of 2019.

¹ For further details, please refer to the "Supplemental Information on non-IFRS Measures" section.

Dividend on common shares and normal course issuer bid

The Board of Directors of Cascades declared a quarterly dividend of \$0.08 per share to be paid on September 3, 2020 to shareholders of record at the close of business on August 20, 2020. This dividend is an "eligible dividend" as per the Income Tax Act (R.C.S. (1985), Canada). Cascades did not purchase any shares for cancellation during the second quarter of 2020.

2020 Second Quarter Results Conference Call Details

Management will discuss the 2020 second quarter financial results during a conference call today at 9:00 a.m. EDT. The call can be accessed by dialing 1-888-231-8191 (international dial-in 1-647-427-7450). The conference call, including the investor presentation, will be broadcast live on the Cascades website (www.cascades.com under the "Investors" section). A replay of the call will be available on the Cascades website and may also be accessed by phone until September 6, 2020 by dialing 1-855-859-2056 (international dial-in 1-416-849-0833), access code 5819259.

Founded in 1964, Cascades offers sustainable, innovative and value-added packaging, hygiene and recovery solutions. The company employs 12,000 women and men across a network of 90 facilities in North America and Europe. Driven by its participative management, half a century of experience in recycling, and continuous research and development efforts, Cascades continues to provide innovative products that customers have come to rely on, while contributing to the well-being of people, communities and the entire planet. Cascades' shares trade on the Toronto Stock Exchange under the ticker symbol CAS. Certain statements in this release, including statements regarding future results and performance, are forward-looking statements (as such term is defined under the Private Securities Litigation Reform Act of 1995) 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 Corporation's products, increases in raw material costs, fluctuations in selling prices and adverse changes in general market and industry conditions and other factors listed in the Corporation's Securities and Exchange Commission filings.

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars) (unaudited)	June 30, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	162	155
Accounts receivable	677	606
Current income tax assets	22	32
Inventories	657	598
Current portion of financial assets	7	10
	1,525	1,401
Long-term assets		
Investments in associates and joint ventures	88	80
Property, plant and equipment	2,806	2,770
Intangible assets with finite useful life	171	182
Financial assets	24	16
Other assets	51	55
Deferred income tax assets	163	153
Goodwill and other intangible assets with indefinite useful life	539	527
	5,367	5,184
Liabilities and Equity		
Current liabilities		
Bank loans and advances	9	11
Trade and other payables	837	788
Current income tax liabilities	19	17
Current portion of other debt without recourse to the Corporation to be refinanced	165	—
Current portion of long-term debt	90	85
Current portion of provisions for contingencies and charges	5	5
Current portion of financial liabilities and other liabilities	26	137
	1,151	1,043
Long-term liabilities		
Long-term debt	1,975	2,022
Provisions for contingencies and charges	54	49
Financial liabilities	8	5
Other liabilities	209	198
Deferred income tax liabilities	212	198
	3,609	3,515
Equity		
Capital stock	498	491
Contributed surplus	13	15
Retained earnings	1,050	1,003
Accumulated other comprehensive loss	(2)	(17)
Equity attributable to Shareholders	1,559	1,492
Non-controlling interests	199	177
Total equity	1,758	1,669
	5,367	5,184

CONSOLIDATED STATEMENTS OF EARNINGS

(in millions of Canadian dollars, except per common share amounts and number of common shares) (unaudited)	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2020	2019	2020	2019
Sales	1,285	1,275	2,598	2,505
Cost of sales and expenses				
Cost of sales (including depreciation and amortization of \$75 million for 3-month period (2019 — \$72 million) and \$146 million for 6-month period (2019 — \$139 million))	1,065	1,081	2,157	2,139
Selling and administrative expenses	110	111	241	215
Loss (gain) on acquisitions, disposals and others	1	3	2	(7)
Impairment charges and restructuring costs	15	1	15	10
Foreign exchange gain	(1)	(1)	(1)	(1)
Loss (gain) on derivative financial instruments	1	(2)	—	(5)
	1,191	1,193	2,414	2,351
Operating income	94	82	184	154
Financing expense	27	25	54	50
Interest expense on employee future benefits and other liabilities	1	10	2	24
Foreign exchange loss (gain) on long-term debt and financial instruments	(9)	(1)	8	(7)
Share of results of associates and joint ventures	(3)	(2)	(6)	(4)
Earnings before income taxes	78	50	126	91
Provision for income taxes	12	10	27	18
Net earnings from continuing operations including non-controlling interests for the period	66	40	99	73
Net earnings attributable to non-controlling interests	12	9	23	18
Net earnings attributable to Shareholders for the period	54	31	76	55
Net earnings per common share				
Basic	\$ 0.57	\$ 0.33	\$ 0.81	\$ 0.59
Diluted	\$ 0.57	\$ 0.32	\$ 0.80	\$ 0.58
Weighted average basic number of common shares outstanding	94,459,257	93,636,771	94,354,030	93,900,400
Weighted average number of diluted common shares	95,600,602	95,058,479	95,562,296	95,395,585

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2020	2019	2020	2019
Net earnings including non-controlling interests for the period	66	40	99	73
Other comprehensive income (loss)				
Items that may be reclassified subsequently to earnings				
Translation adjustments				
Change in foreign currency translation of foreign subsidiaries	(45)	(21)	57	(58)
Change in foreign currency translation related to net investment hedging activities	25	14	(34)	35
Cash flow hedges				
Change in fair value of foreign exchange forward contracts	—	—	—	1
Change in fair value of interest rate swaps	1	(1)	—	(1)
Change in fair value of commodity derivative financial instruments	—	(1)	—	(2)
	(19)	(9)	23	(25)
Items that are not released to earnings				
Actuarial loss on employee future benefits	(25)	(10)	(15)	(15)
Recovery of income taxes	7	1	4	3
	(18)	(9)	(11)	(12)
Other comprehensive income (loss)	(37)	(18)	12	(37)
Comprehensive income including non-controlling interests for the period	29	22	111	36
Comprehensive income attributable to non-controlling interests for the period	8	7	31	9
Comprehensive income attributable to Shareholders for the period	21	15	80	27

CONSOLIDATED STATEMENTS OF EQUITY

For the 6-month period ended June 30, 2020

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance - End of previous period, as reported	491	15	1,000	(17)	1,489	177	1,666
Business combinations	—	—	3	—	3	—	3
Adjusted balance - Beginning of period	491	15	1,003	(17)	1,492	177	1,669
Comprehensive income							
Net earnings	—	—	76	—	76	23	99
Other comprehensive income (loss)	—	—	(11)	15	4	8	12
	—	—	65	15	80	31	111
Dividends	—	—	(15)	—	(15)	(9)	(24)
Issuance of common shares upon exercise of stock options	9	(2)	—	—	7	—	7
Redemption of common shares	(2)	—	(3)	—	(5)	—	(5)
Balance - End of period	498	13	1,050	(2)	1,559	199	1,758

For the 6-month period ended June 30, 2019

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Adjusted balance - Beginning of period	490	16	989	2	1,497	180	1,677
Comprehensive income (loss)							
Net earnings	—	—	55	—	55	18	73
Other comprehensive loss	—	—	(12)	(16)	(28)	(9)	(37)
	—	—	43	(16)	27	9	36
Dividends	—	—	(7)	—	(7)	(10)	(17)
Redemption of shares	(3)	—	(2)	—	(5)	—	(5)
Balance - End of period	487	16	1,023	(14)	1,512	179	1,691

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2020	2019	2020	2019
Operating activities				
Net earnings attributable to Shareholders for the period	54	31	76	55
Adjustments for:				
Financing expense and interest expense on employee future benefits and other liabilities	28	35	56	74
Depreciation and amortization	75	72	146	139
Loss (gain) on acquisitions, disposals and others	1	3	2	(6)
Impairment charges and restructuring costs	15	—	15	5
Unrealized loss (gain) on derivative financial instruments	1	(2)	—	(5)
Foreign exchange loss (gain) on long-term debt and financial instruments	(9)	(1)	8	(7)
Provision for income taxes	12	10	27	18
Share of results of associates and joint ventures	(3)	(2)	(6)	(4)
Net earnings attributable to non-controlling interests	12	9	23	18
Net financing expense paid	(7)	(16)	(24)	(59)
Net income taxes received (paid)	(7)	(2)	2	(2)
Dividends received	5	2	5	2
Employee future benefits and others	(15)	(15)	(15)	(22)
	162	124	315	206
Changes in non-cash working capital components	(34)	(36)	(68)	(66)
	128	88	247	140
Investing activities				
Investments in associates and joint ventures	(1)	1	(1)	1
Payments for property, plant and equipment	(39)	(53)	(113)	(119)
Proceeds from disposals of property, plant and equipment	1	1	2	2
Change in intangible and other assets	(3)	(1)	(5)	(2)
Cash paid for business combinations	—	(14)	—	(14)
	(42)	(66)	(117)	(132)
Financing activities				
Bank loans and advances	—	(2)	(2)	—
Change in credit facilities	(40)	1	57	65
Increase in other long-term debt	—	7	—	7
Payments of other long-term debt	(22)	(38)	(42)	(79)
Settlement of derivative financial instruments	1	—	1	—
Issuance of common shares upon exercise of stock options	4	—	7	—
Redemption of common shares	—	—	(5)	(5)
Payment of other liabilities	—	—	(121)	—
Dividends paid to non-controlling interests	(6)	(6)	(9)	(10)
Dividends paid to the Corporation's Shareholders	(8)	(3)	(15)	(7)
	(71)	(41)	(129)	(29)
Change in cash and cash equivalents during the period	15	(19)	1	(21)
Currency translation on cash and cash equivalents	(6)	—	6	(4)
Cash and cash equivalents - Beginning of period	153	117	155	123
Cash and cash equivalents - End of period	162	98	162	98

SEGMENTED INFORMATION

The Corporation analyzes the performance of its operating segments based on their operating income before depreciation and amortization, which is not a measure of performance under International Financial Reporting Standards (IFRS). However, the chief operating decision-maker (CODM) uses this performance measure to assess the operating performance of each reportable segment. Earnings for each segment are prepared on the same basis as those of the Corporation. Intersegment operations are recorded on the same basis as sales to third parties, which are at fair market value. The accounting policies of the reportable segments are the same as the Corporation's accounting policies described in its most recent audited consolidated financial statements for the year ended December 31, 2019.

The Corporation's operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The Chief Executive Officer has authority for resource allocation and management of the Corporation's performance and is therefore the CODM.

The Corporation's operations are managed in four segments: Containerboard, Boxboard Europe and Specialty Products (which constitutes the Corporation's Packaging Products), and Tissue Papers.

(in millions of Canadian dollars) (unaudited)	SALES			
	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2020	2019	2020	2019
Packaging Products				
Containerboard	454	462	912	903
Boxboard Europe	265	270	537	549
Specialty Products	120	135	233	264
Intersegment sales	(5)	(3)	(8)	(7)
	834	864	1,674	1,709
Tissue Papers	424	377	870	725
Intersegment sales and Corporate Activities	27	34	54	71
	1,285	1,275	2,598	2,505

(in millions of Canadian dollars) (unaudited)	OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION			
	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2020	2019	2020	2019
Packaging Products				
Containerboard	83	114	185	225
Boxboard Europe	42	30	73	59
Specialty Products	16	16	27	29
	141	160	285	313
Tissue Papers	48	17	93	21
Corporate Activities	(20)	(23)	(48)	(41)
Operating income before depreciation and amortization	169	154	330	293
Depreciation and amortization	(75)	(72)	(146)	(139)
Financing expense and interest expense on employee future benefits and other liabilities	(28)	(35)	(56)	(74)
Foreign exchange gain (loss) on long-term debt and financial instruments	9	1	(8)	7
Share of results of associates and joint ventures	3	2	6	4
Earnings before income taxes	78	50	126	91

PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended June 30,		For the 6-month periods ended June 30,	
	2020	2019	2020	2019
Packaging Products				
Containerboard	15	14	31	36
Boxboard Europe	4	17	9	28
Specialty Products	4	4	9	7
	23	35	49	71
Tissue Papers	15	18	39	47
Corporate Activities	5	10	11	21
Total acquisitions	43	63	99	139
Proceeds from disposals of property, plant and equipment	(1)	(1)	(2)	(2)
Right-of-use assets acquisitions and acquisitions included in other debts	(4)	(18)	(13)	(33)
	38	44	84	104
Acquisitions for property, plant and equipment included in "Trade and other payables"				
Beginning of period	19	32	46	37
End of period	(19)	(24)	(19)	(24)
Payments for property, plant and equipment net of proceeds from disposals	38	52	111	117

SUPPLEMENTAL INFORMATION ON NON-IFRS MEASURES

SPECIFIC ITEMS

The Corporation incurs some specific items that adversely or positively affect its operating results. We believe it is useful for readers to be aware of these items as they provide additional information to measure performance, compare the Corporation's results between periods, and assess operating results and liquidity, notwithstanding these specific items. Management believes these specific items are not necessarily reflective of the Corporation's 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 Corporation's available cash.

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 asset 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 and financial instruments, 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. This 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 the contribution of each segment when excluding depreciation and amortization. OIBD is widely used by investors as a measure of a corporation's ability to incur and service debt and as an evaluation metric.
- Adjusted OIBD: Used to assess operating performance and the 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 obligations 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 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.

The reconciliation of operating income (loss) to OIBD, to adjusted operating income (loss) and to adjusted OIBD by business segment is as follows:

	Q2 2020					
(in millions of Canadian dollars) (unaudited)	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	54	30	11	31	(32)	94
Depreciation and amortization	29	12	5	17	12	75
Operating income (loss) before depreciation and amortization	83	42	16	48	(20)	169
Specific items:						
Loss on acquisitions, disposals and others	—	—	1	—	—	1
Impairment charges	8	—	—	5	—	13
Restructuring costs	1	—	—	1	—	2
Unrealized loss (gain) on financial instruments	2	1	—	—	(2)	1
	11	1	1	6	(2)	17
Adjusted operating income (loss) before depreciation and amortization	94	43	17	54	(22)	186
Adjusted operating income (loss)	65	31	12	37	(34)	111

	Q1 2020					
(in millions of Canadian dollars) (unaudited)	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	74	20	8	28	(40)	90
Depreciation and amortization	28	11	3	17	12	71
Operating income (loss) before depreciation and amortization	102	31	11	45	(28)	161
Specific items :						
Loss on acquisitions, disposals and others	—	—	1	—	—	1
Unrealized loss (gain) on derivative financial instruments	(3)	(1)	—	—	3	(1)
	(3)	(1)	1	—	3	—
Adjusted operating income (loss) before depreciation and amortization	99	30	12	45	(25)	161
Adjusted operating income (loss)	71	19	9	28	(37)	90

(in millions of Canadian dollars) (unaudited)	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	84	19	12	1	(34)	82
Depreciation and amortization	30	11	4	16	11	72
Operating income (loss) before depreciation and amortization	114	30	16	17	(23)	154
Specific items:						
Loss on acquisitions, disposals and others	—	—	—	—	3	3
Restructuring costs	—	—	—	1	—	1
Unrealized gain on financial instruments	(1)	—	—	—	(1)	(2)
	(1)	—	—	1	2	2
Adjusted operating income (loss) before depreciation and amortization	113	30	16	18	(21)	156
Adjusted operating income (loss)	83	19	12	2	(32)	84

Net earnings, as per IFRS, is reconciled below with operating income, adjusted operating income and adjusted operating income before depreciation and amortization:

(in millions of Canadian dollars) (unaudited)	Q2 2020	Q1 2020	Q2 2019
Net earnings attributable to Shareholders for the period	54	22	31
Net earnings attributable to non-controlling interests	12	11	9
Provision for income taxes	12	15	10
Share of results of associates and joint ventures	(3)	(3)	(2)
Foreign exchange loss (gain) on long-term debt and financial instruments	(9)	17	(1)
Financing expense and interest expense on employee future benefits and other liabilities	28	28	35
Operating income	94	90	82
Specific items:			
Loss on acquisitions, disposals and others	1	1	3
Impairment charges	13	—	—
Restructuring costs	2	—	1
Unrealized loss (gain) on derivative financial instruments	1	(1)	(2)
	17	—	2
Adjusted operating income	111	90	84
Depreciation and amortization	75	71	72
Adjusted operating income before depreciation and amortization	186	161	156

The following table reconciles net earnings and net earnings per share, as per IFRS, with adjusted net earnings and adjusted net earnings per share:

(in millions of Canadian dollars, except amounts per share) (unaudited)	NET EARNINGS			NET EARNINGS PER SHARE ¹		
	Q2 2020	Q1 2020	Q2 2019	Q2 2020	Q1 2020	Q2 2019
As per IFRS	54	22	31	\$ 0.57	\$ 0.24	\$ 0.33
Specific items:						
Loss (gain) on acquisitions, disposals and others	1	1	3	—	\$ 0.01	\$ 0.03
Impairment charges	13	—	—	\$ 0.10	—	—
Restructuring costs	2	—	1	\$ 0.02	—	\$ 0.01
Unrealized loss (gain) on derivative financial instruments	1	(1)	(2)	\$ 0.01	\$ (0.01)	\$ (0.02)
Unrealized gain on interest rate swaps and option fair value	—	—	(6)	—	—	\$ (0.06)
Foreign exchange loss (gain) on long-term debt and financial instruments	(9)	17	(1)	\$ (0.09)	\$ 0.18	\$ (0.01)
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest ¹	(4)	—	—	—	—	—
	4	17	(5)	\$ 0.04	\$ 0.18	\$ (0.05)
Adjusted	58	39	26	\$ 0.61	\$ 0.42	\$ 0.28

¹ Specific amounts per share are calculated on an after-tax basis and are net of the portion attributable to non-controlling interests. Per share amounts in line item "Tax effect on specific items, other tax adjustments and attributable to non-controlling interests" only include the effect of tax adjustments.

The following table reconciles cash flow from operating activities with operating income and operating income before depreciation and amortization:

(in millions of Canadian dollars) (unaudited)	Q2 2020	Q1 2020	Q2 2019
Cash flow from operating activities	128	119	88
Changes in non-cash working capital components	34	34	36
Depreciation and amortization	(75)	(71)	(72)
Net income taxes paid (received)	7	(9)	2
Net financing expense paid	7	17	16
Loss on acquisitions, disposals and others	(1)	(1)	(3)
Impairment charges and restructuring costs	(15)	—	—
Unrealized gain (loss) on derivative financial instruments	(1)	1	2
Dividend received, employee future benefits and others	10	—	13
Operating income	94	90	82
Depreciation and amortization	75	71	72
Operating income before depreciation and amortization	169	161	154

The following table reconciles cash flow from operating activities with cash flow from operating activities (excluding changes in non-cash working capital components) and adjusted cash flow from operating activities. It also reconciles adjusted cash flow from operating activities to adjusted free cash flow, which is also calculated on a per share basis:

(in millions of Canadian dollars, except amount per share or otherwise mentioned) (unaudited)	Q2 2020	Q1 2020	Q2 2019
Cash flow from operating activities	128	119	88
Changes in non-cash working capital components	34	34	36
Cash flow from operating activities (excluding changes in non-cash working capital components)	162	153	124
Specific items, net of current income taxes if applicable	—	—	1
Adjusted cash flow from operating activities	162	153	125
Capital expenditures & other assets ¹ and right-of-use assets payments, net of disposals	(51)	(84)	(64)
Dividends paid to the Corporation's Shareholders and to non-controlling interests	(14)	(10)	(9)
Adjusted free cash flow	97	59	52
Adjusted free cash flow per share	\$ 1.02	\$ 0.63	\$ 0.56
Weighted average basic number of shares outstanding	94,459,257	94,248,804	93,636,771

¹ Excluding increase in investments

The following table reconciles total debt and net debt with the ratio of net debt to adjusted operating income before depreciation and amortization (adjusted OIBD):

(in millions of Canadian dollars)	June 30, 2020	March 31, 2020	June 30, 2020
Long-term debt	1,975	2,264	1,866
Current portion of long-term debt	255	92	77
Bank loans and advances	9	9	16
Total debt	2,239	2,365	1,959
Less: Cash and cash equivalents	162	153	98
Net debt	2,077	2,212	1,861
Adjusted OIBD (last twelve months)	660	630	541
Net debt / Adjusted OIBD ratio	3.1x	3.5x	3.4x

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