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SPEAKERS
Riko Gaundreault – Investor Relations
Mario Plourde – President & CEO
Allan Hogg – CFO
Luc Langevin – COO Specialty Products Group
Charles Malo – COO Container Products Group
Jean Jobin – President & COO of Tissue Group

ANALYSTS
Leon Agazarian – National Bank
Analyst – RBC Capital
Analyst – TD Securities

PRESENTATION
Operator: Welcome to Cascades Inc’s Conference Call for Third Quarter 2015 Financial Results. At this time all participants are in a listen-only mode. Following today’s presentation, there will be a formal question and answer session at which time you can select * then 1 on your touchtone phone to ask a question. Please note that this conference is being recorded.

I will now turn the call over to Riko Gaundreault, Director of Investor Relations and Business Strategy. Mr. Gaundreault, you may begin.

Riko Gaundreault: Thank you, operator, and good morning, everyone. Welcome to our conference call for the 2015 Third Quarter Results. Joining me today are Mario Plourde, our President and CEO; Allan Hogg, our CFO; Charles Malo, the COO of our Containerboard Group; Luc Langevin, the President and
COO of our Specialty Products Group; and Jean Jobin, the President and COO of our Tissue Papers Group.

Please note that we have changed the presentations order. As usual you will first hear from Mario, Allan, and the group’s representatives. Mario will cover the results of our Boxboard Europe Group. You should note that the quarterly results for Reno de Medici were released on November 6th and can be reviewed on Reno’s website. However, contrary to previous quarters, our president will proceed with his concluding remarks before the question period.

Before I turn things over to my colleague please note that during this call, certain statements will discuss historical and forward-looking matters. The accuracy of these statements is subject risk factors that can have a material impact on actual results. These risks are listed in our public filings. These statements, the investor presentation and the press release also include data that are not measures of performance under IFRS. I would like to remind the media and Internet users that they can only listen to the call. If you have any questions, please feel free to call us after this session.

I will now turn the call over to our CEO, Mario.

Mario Plourde: Thank you, Riko and good morning, everyone. We are pleased to release good results this morning. When we exclude specific items, our EBITDA of the $134 million sets a new quarterly record for Cascade. At $0.52 per share, our EPS excluding specific items more than doubled compared to the previous quarter. Not only did our EPS benefit from these better results, but also from increasing contribution of Greenpac Mill, which represented $0.04 per share during this third quarter.

Briefly commenting on our segmented performance, the major contributor to our sequential improvement was the Containerboard Group with an EBITDA of $68 million, a quarterly record for this group. Also
setting a record, the Tissue Paper Group sequentially improved its EBITDA by 87% to contribute $43 million in Q3. Both these groups benefit from higher average selling price, higher shipments and favorable exchange rate. More importantly, these improved results are clearly illustrating the benefit of our effort to improve our asset base. Our Specialty Products Group also significantly improved its EBITDA compared to Q2, generating 50% more than during the same period last year.

In Europe seasonality explained the decrease in EBITDA, but its performance was stable compared to the same period last year, despite a softer market and the lack of energy credit. Altogether, these results represent an EBITDA margin of 13% compared to close to 11% in Q2, a significant improvement.

On the KPI front, we improved all our indicators except for the utilization rate, which essentially remained stable. As for our returns on asset, it reached close to 11% during the quarter.

Looking at raw material cost, the OCC Publication Index increased by 13% during the third quarter. Generation is now picking up before the holidays and with the amount of OCC in the market, price decreased slightly last week as Asian buyers probably owned decent inventory right now after increasing imports in Q3.

Specialty prices also decreased recently and for the third quarter the average price of our basket of white recycled paper grades sequentially decreased by 3%. We expect these costs to remain stable or even decrease in the short term as export is quiet and generation is good. For pulp, both NBSK and NBHK price didn’t move much during the quarter, but a recent price decrease for NBSK should result in lower average cost in the near term.

I will now let my colleagues give you more specific information, starting with Allan and I will be back later to cover Europe and our outlook. Allan?
Allan Hogg: Thank you, Mario and good morning. So to start with the sales volumes compared to last year, sales were up 13%, reaching $1 billion due to a favorable exchange rate and a 4% volume increase in all segments. Sequentially sales increased 8% for the same reasons, combined with favorable average selling prices in all segments.

EBITDA for the second quarter was up 44% compared to last year and reached $134 million. A favorable exchange rate combined with the positive effects of recent sales and productivity initiatives led to higher volume and reduced production costs. Sequentially our EBITDA was up 30% or $31 million, once again a favorable exchange rate in North America combined with an increase in volume of 1%, 5% when excluding Europe and increased average selling prices in all segments were the main drivers. This was offset by normal seasonal downtime in Europe.

With regards to our U.S. dollar sensitivity, we wish to highlight that we have revised our EBITDA sensitivity from $4 million to $3 million per Canadian cents. At the current exchange rate, this means we would be slightly less penalized by a stronger Canadian dollar. The decrease in sensitivity is the result of a change in the sales mix between our Canadian and U.S. operations further to the Tissue Wagram [ph] Project and also from the creation of a joint venture and also from the creation of our joint venture in our recovery operations in western Canada. It is important to note that this sensitivity number only factors the direct impact of U.S. dollar transaction from our Canadian operations and doesn’t account for the specific impact that the dollar may have on our denominated Canadian dollar business.

Slide 14 and 15 illustrate the volumes of our EPS and the detail of the specific items that affected our results during the quarter. Sequentially our EPS excluding specific items increased by $0.27 resulting from higher operating results and the $0.3 positive variance from discontinued operations. Our Greenpac
investment contributed $0.04 compared to $0.03 in the previous quarter. This improvement was offset by the lower contribution from Boralex [ph].

The depreciation of the Canadian dollar led to a loss on our long-term debt of $36 million. Also following the recent conversion of Boralex convertible debentures, our ownership now stands at 20.3%, resulting in a non-cash dilution gain of $15 million, which was included in our share of results of associates and joint ventures. The other significant item is an impairment charge on certain assets in our Specialty Products. All in all, specific items had a negative impact of $27 million or $0.28 per share.

On Page 16, cash flow from operations amounted to $110 million during the last three months including our third quarter interest payment. Capital expenditures amounted to $31 million and free cash flow stands at $105 million so far this year.

Moving to the reconsideration of our debt, the main impact is the depreciation of the Canadian dollar, which resulted in a net increase of $48 million, despite strong cash flow from operations during the period. In terms of financial ratios our net debt to EBITDA decreased from 4.7 to 4.3 times again of the quarter and we continue to trend forwards our target of 3.5 times EBITDA.

As introduced earlier this year, we are showing on Slide 19 some key figures on a proportionate consolidated basis. These numbers include our share of our respective ownership in Greenpac, Reno De Medici and our other joint ventures in the Specialty Products Group. They do not reflect the results of Boralex. You can see the improved EBITDA margin and lower leverage ratio calculated when we annualize EBITDA after nine months.

I thank you for your attention, and I will ask Charles to discuss the results of our Containerboard Group. Charles?
Charles Malo: Good morning everyone and thank you, Allan. During the third quarter of 2015 the Containerboard Group shipments reached 296,000 short-term, representing a sequential increase of 5% for a second quarter in a row. The improvement in volume experienced in Q3 comes from both manufacturing and converting activities. In the converting activities, shipments have sequentially increased by 7%. This performance is better than the 4% increase of the Canadian market and the 1% increase in the U.S. industry.

In the manufacturing activities, our operating rate increased to 95%, representing an improvement of 4% compared to the previous quarter. Accordingly, our external paper shipments rose by 2% and our integration rate remained stable. On the pricing front, average selling price increased by $55 Canadian short, mainly due to a weaker Canadian dollar, which lost 6.5% in the present quarter compared to Q2. It also reflects the full impact of price increase for corrugated product supplies in February to offset the negative impact of the weaker Canadian dollar.

With regards to profitability, the Containerboard Group realized record EBITDA of $68 million in the third quarter of 2015. This performance represents an improvement of 24% compared to the previous quarter and 48% compared to the same quarter last year. Our third quarter EBITDA of $68 million represent a margin of 90% on sales, which compared to 17% in the second quarter of 2015.

If we look at our manufacturing activities separately, their margin reached 27% for the quarter. The group’s solid performance was achieved as a consequence of increase of 14,000 short tons in shipments, and a higher average selling price denominated in Canadian dollars. Combined, these two items positively impacted our results by $14 million. However, the raw material costs were negatively impacted by a price increase of $10 short ton for the OCC index combined with an unfavorable mix of paper rolls.
and corrugated boxes, which negatively affected our results by $6 million compared to the second quarter of 2015.

Finally, the improved productivity resulted in a decrease of $5 million of our operation costs. With regards to the short-term outlook, we should continue to benefit from the stable economic environment in the containerboard market largely in Canada. We expect fourth quarter demand to be lower than during the previous two quarters as a consequence of seasonality. On the other hand, we should continue to benefit from the weakness of the Canadian dollar and the implementation of our September box price increase.

Finally, a word on the performance of Greenpac Mill in the third quarter of 2015, Greenpac produced 116,000 short tons of linerboard representing a 5% sequential increase. The Greenpac XP grades now represent 58% of the total production of the mill in Q3 due to the good market receptivity to this value added product. On the productivity front, we continue to be pleased with the paper machine, which established a new productivity record in August with a 1,333 short tons per day.

I thank you for your attention and will now ask Mario to give you an overview of our boxboard activity in Europe. Mario?

**Mario Plourde:** Thank you, Charles. In Europe the third quarter is characterized by normal downtime in August. This year was no different and shipments of our European operation were 10% lower than Q2. Sequentially average selling price was 2% higher. Price increase announced in Q2 for recycled grade were implemented, but only compensated for higher raw material costs allowing Reno to maintain its spread. For virgin grade, average selling prices were slightly higher due to favorable shipping destination.
The foreign exchange with the euro is still favorable, and we enjoy a 9% increase in average selling price in Canadian dollar terms compared to the previous quarter. As a result, lower shipments were offset by the impact of the favorable exchange rate and higher selling prices resulting in the sales of $205 million, 1% higher than during the Q2 2015.

Combined with the above mentioned increase in raw material, the seasonal decrease in sales resulted in an EBITDA of $14 million for our Boxboard Europe sector. This is 26% lower than during the second quarter, but stable compared to our performance in 2014 with an EBITDA margin of 7%. Keep in mind that this was achieved without the benefit of energy certificate totaling $2 million that were included in last year result.

Looking ahead the business was slower than expected after the summer break and recycled boxboard order backlog have decreased in October after restocking activity by customers started at the end of Q2 and continue in Q3. Energy costs should be sequentially higher, but more favorable rates have been negotiated compare to last year quarter 2014. We foresee a slight decrease in prices of raw material and the outlook for the Boxboard Europe group is stable.

Thank you and I will ask Luc to follow-up with the overview performance of the Specialty Products Group.

**Luc Langevin:** Thank you, Mario. Good morning, everyone. We are pleased to report a very good quarter for the Specialty Products Group. Sales improved in our packaging and recovery segments, reaching $151 million compared to $146 million in Q2 or a 3% increase. This increase results from higher average selling prices in the recovery segment and from favorable exchange rates during the quarter. Our EBITDA totalled $18 million, a sequential increase of 29%. A weaker Canadian dollar in Q3 boosted the results of all three of our segments.
Looking more specifically at our sub segments, EBITDA of our industrial packaging segment increased by $1 million compared to the same quarter. In addition to the favorable exchange rate, we benefitted from stronger volumes and good operating efficiencies. EBITDA of our consumer product packaging segment was in line with the results of the second quarter of 2015. The higher resin [ph] prices observed during the summer didn’t impact our spread significantly and volumes remain stable during the period.

Finally, EBITDA of the recovery and recycling segment improved by $3 million compared to the previous quarter. This higher contribution was due to a consistent flow of material and improved average selling prices during the period. Our freight costs continue to decline, mostly due to the new business conditions on the West Coast since Q2.

Looking forward besides lower seasonal demand usually observed during the fourth quarter, we expect overall business conditions to remain favorable for the near future. The level of business activity following [indiscernible] will likely be the most significant driver to monitor during the next quarter.

Thank you for your attention, and I will now ask Jean to present the results of the Tissue Papers Group.

Jean Jobin: Thank you, Luc. Good morning, everyone. I'm pleased to announce that we delivered our best historical quarterly result. EBITDA reached $43 million for a 13% margin on sales compared to $23 million during the previous quarter, an improvement of 87%. This strong performance is mainly due to demand seasonality in the away from home market, additional volume in the retail market, and good overall productivity across the group.

Overall shipments increased by 6% compared to the previous quarter. As usual for containerboard product, the third quarter is the strongest quarter of the year and in 2015 we experienced a sequential
increase of 7%. Away from home seasonality and additional volume for a major U.S. retail customer were the most important drivers behind this increase.

The [indiscernible] market is still on the positive trend with an increase of 3% in shipments, while we continue to manage the inventory level. Compared to the previous quarter, total sales increased by 14%, largely driven by the weakness of the Canadian dollar, the increase in shipments and favorable average selling prices. The increase in prices is largely driven by a higher proportion of converted products in the product mix, parent roll price increase and price increases negotiated with some of our major retail customers, which are beginning to positively impact our results. The improvements in productivity enabled us to reduce the external supply of parent rolls, as well as fiber usage, which in turn lowered our raw material cost.

The ramp-up of our recent major technical projects are almost completed and these two sides are gradually improving performance. Certain key performance improvement initiatives and fixed cost reduction measures also continue to positively impact our results. The state-of-the-art towel lines started in [indiscernible] in Q3, is performing as planned and we are beginning to see the positive impact on our results.

Hence the third quarter was an important step in our plan to get our EBITDA margin back to at least [indiscernible] in the short-term. For the near-term, we are entering into a lower season in terms of volume. However, we are confident that we will be able to continue to deliver good performance in terms of productivity and fixed costs management. In addition, price increases announced in the away from home market will start to positively impact our results during the next quarter.
On the downside, given softer seasonal demand in the fourth quarter, we are planning maintenance shutdown at the end of the year as usual. These shutdowns will allow us to manage our inventory level, but will impact our December results.

Thank you, I will now turn the call back to Mario for the conclusion. Mario?

Mario Plourde: Thank you, Jean. In conclusion, the results of the third quarter were strong and demonstrate Cascades’ earning power when market conditions are good. Looking forward, we expect weaker results in the Q4 due to the regular maintenance downtime and seasonality. This being said, we expect to improve our performance compared to the fourth quarter of 2015, as most of the tailwinds that we have been positive for us during the last six months still prevail.

Despite the sequential uptick in the OCC list price, the index has already started to decline and we do not expect unfavorable change and recovered paper prices for the remainder of the year. Our two packaging groups in North America should continue to perform well, as business activity remains good in Canada and the northeast United States.

In Europe, backlog has declined recently due to price related inventory management. With the negative impact of the recent startup now behind us, our Tissue Papers Group should continue to post more encouraging results as productivity continues to be good, additional volume is secure and price increases are implemented.

On the EPS front, the Greenpac Mill is expected to continue to contribute positively to quarterly earnings per share. As for our leverage, we expect our debt to EBITDA ratio to continue to improve.

We will now open the line for the question, Operator?
Operator: Thank you. We will now begin the question and answer session. If you have a question, please press star then one on your touchtone phone. If you wish to be removed from the queue, please press the pound sign or the hash key. There will be a delay before the first question is announced. If you are using a speakerphone you may need to pick up the handset first before pressing the numbers. Once again, if you have a question, please press star then one on your touchtone phone.

And our first question comes from Leon Agazarian from National Bank Financial.

Leon Agazarian: Yes, hi, regarding containerboard, we noticed that the utilization rate on the containerboard is around 95%, which is a little bit higher than what we've normally seen. How much of that do you attribute to the increase in EBITDA?

Allan Hogg: Sorry, to how much is helping our EBITDA?

Leon Agazarian: Yes.

Allan Hogg: We mentioned in the past that each 1% equals about $2.5 million, so that's the number that we're seeing right now in our number, so for this quarter it's $6 million.

Leon Agazarian: And do you think that that 95% utilization rate is sustainable?

Allan Hogg: For the Q2 and Q4 it is sustainable as we mentioned. For Q4 the seasonality we'll have a bit less volume, but still we will maintain a good performance.
Leon Agazarian: Okay, regarding the outlook, you mentioned that there's a sustained demand for containerboard. Can you just discuss a little bit on the capacity in the industry with the Greenpac ramping up and peers adding capacity, so can you just talk about maybe the supply and demand outlook that you're seeing for the near-term please?

Allan Hogg: I'm not going to comment on the overall. What I can say is we are seeing with efforts that we made on ourselves, especially also with our new product that we had, the XP, which is very well accepted on the market that we're seeing a good backlog for our containerboard.

Leon Agazarian: Okay, and another question from me on the tissue side, regarding the startup costs, are they now all passed, are they all now behind you, and looking forward, do you expect the margin that we're seeing to be more sustainable now?

Allan Hogg: Well, for your first part of your question we're behind most of the startup actually, so did we reach the full potential that we will have? No, not yet, so on that part I think we'll continue to improve. There's no major cost to pass to our facility related to that. In terms of the sustainability of our EBITDA, I believe that we see the benefit of our past investments all the effort that we've made to improve our productivity and to get good volume from our customer and also from good market conditions, so we made 13% for the first time in years. Our goal obviously is to be better than the same quarter the year before, so I believe that we're still continuing to do good. But as you know Q4 it's always a bit less profitable than Q3, so that's what we expect this year.

Leon Agazarian: And just one final one from me if I may regarding some cap ex announcements that have been made recently, you did mention that you'll be investing at the Norampac Drummondville corrugated plant as well as the strategic one at the Kingsay Falls in Drummondville. Can we just get an update on what you do expect for cap ex going forward?
Mario Plourde: We are in the process of reviewing budget for 2016, so we have not finalized our budget. It would not be that far from what you are used to, so it's around the same envelope that we're looking at obviously for the moment, but we need to finalize budget presentation before coming with a final number.

Leon Agazarian: Great, thank you very much.

Operator: Our next question comes from [indiscernible] from TD Securities.

M: Thanks, good morning, everyone, a couple of questions with respect to the tissue segment. Can you give us a sense of where the operating rates were for the Oregon facility and the converting facilities that have started up, where was the Q3 operating rate? And I gather those assets are more or less ramped fully now. Is that the correct way to look at it?

Mario Plourde: Yes. For the Oregon our operating rate for the quarter was 100%, so we had no market shutdown of any kind. Of course as you know, paper machine, you do small shutdowns to replace shelves [ph] and stuff like that, but we ran that 100% of the time.

M: And the converting lines?

Mario Plourde: Which one are you talking about?

M: Well I guess—

Mario Plourde: Wagram or—
M: Yes, Wagram I guess.

Mario Plourde: Wagram we run 24/7 right now. We're still ramping up. We still have not used like I said full potential there, so we're still improving right now, but we're running all the time, no market shutdown there.

M: Okay. And you referenced some negotiated price increases for some of your retail customers. Can you go into a bit more detail there, I guess the scope of how much that would have affected your overall sales and the magnitude of those increases?

Mario Plourde: If you look at our results, you will see the part that the sales have increased. There I will not go in details specific to customer, but I can tell you that the price increase we have announced in the U.S. have passed like we have said the previous quarter.

M: Okay, that's all I had. Thanks very much.

Operator: Our next question comes from [indiscernible] from RBC Capital.

M: Thanks very much and good morning, just a couple of questions, one on the tissue side, if you could just try to help me understand the tissue market in North America and the split that you've got between Canada and the U.S. and what you're seeing in different market conditions in both those markets.

Mario Plourde: Well I believe that U.S. markets right now for us at least I cannot talk for all the others, of course there is a lot of movement as you know with the acquisitions that are taking place and the announcements that are taking place, but still a very good markets for us. More than two third of our
sales are in the U.S. and this is going well for us. There is a price increase initiative in the U.S. that's worked like we mentioned earlier.

In the Canadian market there we see the dynamic is different. The company like us that has a lot of assets in Canada are better plays because of the weakening of the Canadian dollar, but there is no big growth in terms of volume. It's more regular volume and prices are I want to say a bit on the upswing, but more stable in Canada.

**M:** With the weakening in Canadian dollar, have you seen less imports from the U.S. into the Canadian markets on the tissue set?

**Mario Plourde:** This always takes time before that we can really say it is the case, but obviously if I am an American and I receive less for my dollar, I'm less aggressive in Canada, so we've seen more requests. Has that converted yet into a lot more volume for us in Canada? No, but we definitively see more pressure on that aspect positive for us.

**M:** Great. And then just on the containerboard side, pretty impressive increase in results, although you are still lagging your peers and you've got some pretty favorable cost side with your higher recycled fiber input. I'm just wondering how you are going to bridge the gap, what's the time frame to bridge the gap to some of the major companies right there with higher EBITDA margins.

**Mario Plourde:** We have made a lot of work in the past few years with the strategic investment that we made, both in our converting and also in our paper mills. The statement that we made with the Greenpac was one of going towards that. We have when we compared to the rest of the industry, we do have smaller paper mills compared to the rest of the industry, but we've been improving our efficiency, our sales also and our equipment utilization. We announced lately an investment in Drummondville. This
is really in line with what we're trying to achieve, so with some more debt assets in place to be able to compete with the best out there.

**M:** Thanks very much, great results. Cheers.

**Operator:** Once again, If you have a question, please press star then one on your touchtone phone. We have no further questions at this time. Thank you ladies and gentlemen. This concludes today's conference. Thank you for cooperating. You may now disconnect.

**Mario Plourde:** Thank you everyone.