FINAL TRANSCRIPT

Cascades Inc.

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PRESENTATION

Operator

[Operator's Remarks in French]

Good morning. My name is Simon (phon), and I will be your conference Operator today. At this time, I would like to welcome everyone to the Cascades Third Quarter 2018 Financial Results Conference Call. All lines are currently in listen-only mode.

After the speakers' remarks, there will be a question-and-answer session.

I will now pass the call to Jennifer Aitken, Director of Investor Relations for Cascades. Ms. Aitken, you may begin your conference.

Jennifer Aitken — Director of Investor Relations, Cascades Inc.

Thank you, Simon. Good morning, everyone, and thank you for joining our third quarter 2018 financial results conference call. The speakers this morning will be Mario Plourde, President and CEO; Allan Hogg, CFO; Charles Malo, President and COO of the Containerboard Packaging Group; Luc Langevin, President and COO of the Specialty Products Group; and Jean Jobin, President and COO of the Tissue Papers Group.

We will begin the call with discussions regarding our North American operations. Mario will then discuss results from Boxboard Europe, followed by some concluding remarks, after which we will begin the question period.

Before I turn the call over to my colleagues, I would like to highlight that Reno de Medici's nine-month report, released on October 31st, can be viewed on Reno's website.

I would also note that certain statements made during this call will discuss historical and forward-looking matters. The accuracy of these statements is subject to risk factors that can have a material impact on actual results. These risks are listed in our public filings.

The statements, the investor presentation, and the press release also include data that are not measures of performance under IFRS. Please refer to our accompanying Q3 2018 investor presentation for details. This presentation, along with our third quarter press release, can be found in the Investors section of our website.

I would like to remind the media and internet users that they are in listen-only mode and can therefore only listen to the call. If you have any questions, please feel free to call us after the session.

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

Mario Plourde — President and Chief Executive Officer, Cascades Inc.

Thank you, Jennifer, and good morning, everyone. We released solid third quarter 2018 results earlier this morning. Earnings per share on an adjusted basis reached $0.40 compared to $0.20 in 2017 and $0.30 in the previous quarter. EBITDA of 137 million increased 29 percent over the last year and 2 percent versus the second quarter.

On a consolidated basis, the EBITDA margin reached 11.7 percent in Q3. These results were largely driven by a very strong performance from our Containerboard segment, which generated a 63 percent increase in adjusted EBITDA year over year and 11 percent compared to Q2.

Our European Boxboard segment also contributed to the improved result year over year. Sequential results in this segment decreased, which is in line with the usual lower seasonal demands level, most notably during the holiday month of August.

Third quarter results of the Specialty Products segment decreased marginally from last year, largely due to the variation of recycled paper prices, year over year. However, as expected, results improved in this segment compared to Q2.

Finally, the performance of the Tissue segment continued to be impacted by increases in raw material prices and higher transportation costs on both a year-over-year and sequential basis. While market dynamics in this segment remain challenging, our top-line growth speaks to the underlying strength of our sales platform.

On the KPI front, third quarter shipments decreased by 4 percent from Q2. This reflected lower shipments level in both Containerboard and Europe and a marginal increase in shipment levels in Tissue.

Our third quarter capacity utilization rate of 91 percent was 6 percent below Q2, driven by decreases in both Containerboard and European Boxboard. The 1 percent decrease compared to the prior-year levels was entirely due to the European Boxboard segment.

On the raw materials side. The average Q3 index price for OCC brown paper grades fell by a significant 58 percent year over year and decreased by 4 percent compared to Q2. Conversely, the average price of the solid office paper white recycled grades, which makes up for a large part of the raw material usage by our Tissue business, increased by 25 percent year over year and 9 percent compared to Q2.

The performance of our Tissue segment was further impacted by virgin pulp price, which increased both sequentially and compared to the prior-year levels. Supported by the solid results of the last two quarters, our financial metrics continued to improve despite more intense capital spending.

I will now pass the call over to Allan, who will discuss the main highlights of our third quarter financial performance. Allan?

Allan Hogg — Vice-President and Chief Financial Officer, Cascades Inc.

Yes. Thank you, Mario, and good morning, everyone. So I will begin with sales on Page 10 and 11 of our third quarter call presentation, which can be found in the Investors section of our website as well. Please note that all reconciliation of non-IFRS measures are also available on our website.

On a year-over-year basis, third quarter sales increased by 69 million or 6 percent. This reflects improvements in pricing and sales mix in all of our segments, with the exception of a marginal decrease in Europe. Recent acquisitions in Containerboard and Boxboard Europe segments improved volumes in Tissue, and a more favourable foreign exchange rate for all our business segments were also positive factors. Mitigating this was a lower contribution from our recovery and recycling activities following OCC price decreases.

Sequentially, Q3 sales decreased by a marginal 7 million or 1 percent. This was largely driven by lower volumes in Containerboard and Boxboard Europe, the effects of which offset the improvements in sales mix and price, and again, a more favourable foreign exchange rate.

Moving now to operating income and adjusted EBITDA. As highlighted on Slide 12, Q3 operating income was 27 million above last year. Adjusted EBITDA of 137 million increased 31 million from prior-year levels. My colleagues will provide more details regarding performances of their respective segments.

On a consolidated basis, results benefitted from a stronger performance from our Containerboard and European Boxboard segments. These were partially offset by lower contribution from the Tissue segment and a marginally lower contribution from Specialty Products. The change in depreciation expense reflects business acquisitions and new equipment start-ups in the past year.

Sequentially, Q3 adjusted EBITDA increased by 3 million. This was largely driven by Containerboard and also from a sequential improvement in Specialty Products. These were partially offset by a decrease in Boxboard Europe related to the usual seasonal softness in volumes. A smaller sequential decrease was also registered in Tissue, due largely to higher raw material costs.

Slide 14 and 15 of the presentation illustrate the year-over-year and sequential volumes of our Q3 earnings per share and the details of the specific items that affected our quarterly results. As reported, earnings per share totalled $0.38 in the third quarter, compared to the reported earnings per share of $0.35 last year, which included a fair value revaluation gain on investments and a foreign exchange gain on our long-term debt and financial instruments. On an adjusted basis, our third quarter EPS increased by $0.20 year over year to $0.40 per share.

As was the case in recent quarters, net earnings attributable to noncontrolling interests in Greenpac and Reno de Medici were higher compared to last year, thus reducing our share of the net results. On a sequential basis, third quarter adjusted earnings per share increased by $0.10 as a result of a lower effective tax rate and lower noncontrolling interests resulting from a lower contribution from our European Boxboard segments.

Slide 16 and 17 of the presentation illustrate the specific items recorded during the quarter, impacting operating income and net earnings. Cash flow from operations increased by 31 million year over year to 92 million. Adjusted free cash flow decreased by 54 million compared to 2017 as a result of higher CapEx levels this year. For the first nine months of 2018, our adjusted free cash flow stands positive at 39 million.

Moving now to our debt reconciliation on Page 19. Our net debt decreased marginally in Q3 as a stronger cash flow from operations, lower working capital requirements, and a more favourable FX rate on our US-denominated debt more than offset higher capital investments and higher amounts allocated to share repurchases and payment of dividends, including those paid to noncontrolling interests.

The main CapEx realized in the third quarter are related to the end of the construction of the Piscataway converting plant in New Jersey, the start of the modernization plan in Tissue, and the acquisition of the White Birch Bear Island assets in Virginia.

On a pro forma basis, to include our recent business acquisitions, our net debt leverage ratio stood at 3.2 times at the end of the third quarter, a slight improvement from 3.5 times at the end of the second quarter. For additional details regarding our third quarter performance on a segmented basis, please refer to Slides 21 through 26, while our near-term outlook is detailed on Slide 28.

Thank you and I will now pass the call to Charles to discuss the third quarter results of our Containerboard Packaging Group.

Charles Malo — President and Chief Operating Office, Cascades Containerboard Packaging Group

Good morning, everyone, and thank you, Allan. On a sequential basis, the third quarter shipments reached 370,000 short tons in the Containerboard Group, which represents a 4 percent decrease. The paper shipments to external customers decreased by 14,000 short tons from the previous quarter, mainly due to maintenance downtime, which reflects an 8 percent decrease in our operating rate during Q3.

Our integration rate remained stable at 56 percent. When including shipments to Greenpac partners and when including paper sold to our associated companies, our Q3 integration rate totalled

78 percent, up from 76 percent in the previous quarter. On the converse side, shipments decreased by 1 percent sequentially in NSF. This outperformed a 2 percent decrease reported from the US market and underperformed the Canadian market, which remained stable sequentially.

On the pricing front, our average selling price increased by C$44 per ton in Canadian dollars or 4 percent on a sequential basis. This is the result of the full impact of the US$50 per short ton price increase we began implementing during the second quarter.

On a segmented basis, our average selling price for Containerboard increased by $43 per short ton in Canadian dollars, while our corrugated product average selling price increased by $15 per short ton in Canadian dollars. The 1 percent depreciation of the Canadian dollar had a positive impact on our average selling price during the quarter. A favourable product sales mix also positively impacted our average selling price.

During the third quarter, the Containerboard Group generated an EBITDA of $117 million, which represents a margin of 25 percent. This compares to margins of 22 percent in the second quarter and 17 percent in the same quarter of last year.

Our improved sequential results were largely driven by the higher selling price, which contributed to an additional $12 million of profitability. Lower personnel costs, more specifically, repair and maintenance, and labour costs more than offset the impact from higher transportation costs, in addition to the depreciation of the Canadian dollar. These benefits also more than offset the impact of lower volume and higher energy costs.

Before discussing our short-term outlook, let me briefly touch on one element. Over the past few months, several new capacity announcements have been confirmed for the North American Containerboard market. From our perspective, we continue to advance our Bear Island conversion project and look forward to providing more details once the project engineering has analyzed and approved. In tandem with this, we continue to closely monitor market dynamics.

Finally, with regards to the short-term outlook, we expect the fourth quarter demand to follow the usual trends. Despite these lower- anticipated-than levels, we expect results to benefit from improved operating rates in our containerboard mills, despite plant maintenance downtime. Our results will continue to benefit from the favourable OCC pricing; additionally, will benefit from the US$50 short ton price increase implemented in the second quarter in our manufacturing segment; and the corresponding 8 percent box price increase that was fully implemented during Q3.

Thank you for your attention, and I will now ask Mario to provide you with an overview of our Boxboard activity in Europe. Mario?

Mario Plourde

Thank you, Charles. The European Boxboard operation generated good results in Q3. Sales increased 4 percent compared to the prior-year levels, driven by a more favourable exchange rate, the contribution of the newly acquired PAC Service, and improvement in pricing and sales mix.

On a year-over-year basis, the average selling price and recycled boxboard activities increased by €6 or 1 percent, while the average selling price in virgin boxboard activities increased by

€50 or 7 percent. These benefits were partially offset by slightly softer demands, which is in part a reflection of the elevated demand levels in the third quarter of last year.

EBITDA increased 36 percent from a comparable period last year, driven by higher selling prices and lower raw material costs, partially offset by higher energy costs. On a sequential basis, the 9.5 percent decrease in sales in Canadian dollars brings attention to the sequential decrease in demand and production volumes, common during the summer holiday period, most notably August.

Adjusted EBITDA was down 35 percent from the previous quarter, driven by higher white fibre and energy costs and lower seasonal volumes.

In the near-term outlook, we expect demand to remain at a good level, as we do not expect prices for recycled fibre to rise, with the exception of white recycled and virgin fibres.

I will now pass the call over to Luc, who will provide you with the overview performance of our Specialty Products.

Luc Langevin — President and Chief Operating Officer, Cascades Specialty Products Group

Thank you, Mario. Good morning. During the third quarter, the Specialty Products Group sales were essentially stable at 164 million sequentially. The positive impact of higher volumes and favourable exchange rate on our packaging activities were offset by decreased revenues in our recovery activities. These were primarily affected by lower average fibre prices and seasonal reductions in recycled paper generation.

Despite these stable revenues, our EBITDA stood at 14 million in Q3, compared to 9 million during Q2, as our EBITDA margins increased from 5 to 9 percent sequentially.

Looking more specifically at the results at each of our segments. Our industrial packaging segment's EBITDA improved, mostly due to favourable spreads, a weaker Canadian dollar, and higher volumes in our markets.

Please also note that a downtime related to a major equipment upgrade at our URB mill dampened our results during the previous quarter. The EBITDA of our consumer product packaging segment slightly deteriorated during the last quarter. Although we recorded lower fixed and maintenance costs, these weren't enough to fully offset the negative impact of the lower volumes recorded in our rigid plastic subsegment.

We experienced a minimal price index movement on polyethylene and polystyrene during the quarter, but a more significant $0.07 per pound increase on polyester index impacted our spread. Margins will be rebuilt with the price mechanism that we have in place.

Finally, the financial results of the recovery and recycling segment continued to improve. The weaker Canadian dollar at the end of the quarter, as well as better spreads, were the major positive contributors to this performance. Previous initiatives undertaken to rebuild margins led us to this more positive trend; more stable market prices and the improved raw material also supporting these efforts.

Regarding our near-term outlook. We expect our recovery and recycling activities to continue to show stable results. The OTC market is well balanced with increased seasonal generation supporting a steady domestic consumption.

Demand also remains strong for our high-end mechanical grades, but we are strategically managing our requirements and exploring substitutes for our moulded pulp activities. Our white paper inventories are at needed levels, and the current supply meets our internal demand requirements, as we have observed a recent relative softening in market conditions in the Southeast.

Finally, the virgin pulp market in North America remains tight, despite an easement in China pulp demand over the last few months. The unexpected downtime at North American producers has contributed to this consistent market pressure.

For packaging products, the fourth quarter seasonality is generally weaker, but the good performance expected from our URB activities should help to mitigate this impact. As such, we expect stable results for the group during the last quarter of 2018.

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

Jean Jobin — President and Chief Operating Officer, Cascades Tissue Papers Group

Thank you, Luc. Good morning everyone. As was the case in Q2, the Tissue Group faced very difficult market conditions in the third quarter. While volumes increased year over year, the cost of white recycled fibres, virgin fibre, and transportation continued to increase, putting significant pressure on our overall profitability.

We also faced Hurricane Florence in the third quarter, which forced us to shut down two of our facilities for six days. I'm happy to report that these were preventive measures, and neither facility suffered any significant or long-term damage. More importantly, our employees were all fine.

Moving now to our third quarter results. Our operation delivered an adjusted EBITDA of $5 million, which translates into a margin of 2 percent and compares to the 24 million or 7 percent that we generated in Q3 last year. On a sequential basis, performance was also down from our second quarter adjusted EBITDA of $7 million and margin of 2 percent.

On the positive side, total shipments increased by 4 percent year over year. Shipments of converted products increased by 8 percent due to the higher demand in our targeted market segments. Shipments in the parent rolls, however, decreased by 4 percent compared to last year. This was mainly due to Hurricane Florence and to our successful effort to reduce inventory levels last year.

On a sequential basis, overall shipments increased by 1 percent. Shipments in our parent roll subsegment decreased by 10 percent, while our converted product shipment increased by 4 percent, despite the difficulties presented as a result of the hurricane.

In terms of pricing, the average selling price increased by 7 percent year over year. This was in part due to previously announced price increases, the higher proportion of converted products in our overall shipments, and the depreciation of the Canadian dollar. On a sequential basis, our quarterly average selling price increased by 5 percent for the same reason.

On an operational basis, the higher raw material costs negatively impacted our results by 14 million year over year. Specifically, the higher white recycled fibre and virgin pulp costs negatively impacted results by 19 million, while the lower brown fibre costs offset this by 5 million. This was driven by a year-over-year increase of 21 percent in hardwood pulp, 24 percent in softwood, while the recycled white SOP fibre increased by 25 percent from last-year levels. Sequentially, the unfavourable impact of change in raw material prices and a negative of $5 million on a net basis.

On the transportation side, rising costs negatively impacted our overall result by $8 million year over year. As we have mentioned in the past, the combination of the current North American transportation network challenges and fuel cost increases are the driving factors behind the significant increase in cost level. And given that a higher proportion of our business is in the US market, the impact of these factors on our overall logistics is greater than forecasted at other business segments.

On a sequential basis, the increase in these costs impacted our results by $2 million. I would also note that Hurricane Florence required us to manage our distribution network in a way that would avoid supply disruption. These efforts put additional pressure on our overall transportation costs.

Touching very briefly on our West Coast converting plant. I'm pleased to note that we continue to make good progress in terms of sales penetration. More than 50 percent of the facility's overall capacity has been secured, and we continue to improve monthly.

As you all know, the current reality of rising raw material prices and increasing transfer costs have put a lot of pressure on margins. In response, we have announced the following additional price increases in Q3: an increase of up to 7 percent in the away-from-home segment across North America, effective December 1st; up to 8 percent in the US consumer product business, effective November 25th.

And finally, effective November 1st, we have announced an increase on jumbo roll. Will affect all virgin pulp grades by $75 per ton, recycled white grade by $35 per ton, and brown recycled by $25 per ton. These announced price increases are in addition to the ones that have been announced previously. As we have previously highlighted, contract terms mean that the full implementation of these price increases takes roughly six months.

Looking forward, we expect conditions will remain challenging. Unfortunately, we anticipate that raw material and transport costs will both remain high. However, recently announced price increases will bring a more positive momentum.

That being said, we will continue to focus on our innovation and strategic initiatives to add value for our customers, examples of which were launched at the ISSA conference last week and have been very well received by our customers. We'll also continue to dedicate resources to offset rising costs by working on pulp and transportation optimization, manufacturing productivity levels, and continuing to ramp up our West Coast market development.

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

Mario Plourde

Thank you, Jean. Taking into account the interim seasonality of the fourth quarter, we expect results to continue to reflect solid market fundamentals in our Containerboard packaging business. Market pricing is stable in this sector, while costs of raw materials, most notably OCC, remain low.

While market dynamics for Containerboard segment remained healthy, the Tissue industry is facing a period of challenging business fundamentals. It is expected that the rollout of the new capacity, higher raw material prices, and increased operation costs will continue to dampen performance over the coming quarters. Furthermore, results will reflect the seasonally softer demand levels common to the time of year.

In spite of this, we expect stable results from Tissue for the fourth quarter, largely due to the implementation of price increases announced in several subsegments. As we have highlighted in the past, we are focused on successfully carrying out strategic investments to modernize our Tissue platform to reinforce our market positioning and reduce our production costs.

Fourth quarter results in European Boxboard are expected to remain steady and reflect improved volume following the seasonal softness of the third quarter, in addition to the contribution of the newly acquired Barcelona Cartonboard as of November 1st. Market conditions remain healthy in Europe in spite of a slightly lower order inflow and backlog compared to 2017. Reno continues to manage market dynamics by being strategic on its approach to sales. Finally, performance from the Specialty Products segment is expected to remain stable sequentially.

Before opening the call to questions, let me briefly touch on some of the recent news regarding future capacity addition in the Containerboard segment. Recent volatility in the stock prices and many containerboard players suggest that this has led to market concern about demand-and-supply balance in the containerboard market in the long term.

While we will not speculate on what other companies will or will not do, currently available public data implies a well balanced market for the medium term. Given this, we expect Containerboard to continue to be an important driver for our business performance over this time frame.

On that note, I will now be happy to answer your questions. Operator?

Q&A

Operator

[Operator Instructions in French]

Thank you. If you would like to ask a question, simply press *, then the number 1 on your telephone keypad. If you would like to withdraw your question, please press the # key. Again, if you have a question, please press *, then 1 on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from the line of Roshni Luthra with CIBC Capital Markets. Your line is open.

Roshni Luthra — CIBC Capital Markets

Yeah. Hi. Good morning.

Jennifer Aitken

Hi. Good morning.

Roshni Luthra

Jean, I have a question for you first. There's been reports in the past week or so that the Fairmont being (phon) mill has shifted from using sorted office paper to OCC and mixed paper. Are you expecting much relief on your SOP cost from the shift?

Luc Langevin

This is Luc Langevin. And if you don't mind, I will answer your questions.

Roshni Luthra

Sure.

Luc Langevin

We heard—although we haven't seen yet any confirmation, there's a strong rumour in the market that they will quit the white paper business to get into the mixed paper and the OCC business by early next year. And it sounds like some of the softness we've seen in the Southeast over the last few weeks would already be a result of these rumours in the market.

Roshni Luthra

Okay.

Luc Langevin

You probably observed that the price of SOP went down last week in the Southeast by $15.

Roshni Luthra

Yeah. Great. Thanks. And then, Charles, I think—so with WestRock having closed this acquisition of KapStone, do you see any opportunities to win some business from customers that were previously buying from both, but they want to maintain a diversified supplier base?

Charles Malo

We're always open for business, so we will keep our ears and eyes open. The opportunities are there when two groups merge like this, so we will be close to it, to be ready to service the customers.

Roshni Luthra

Okay. Thanks. And just one last question. Allan, maybe you can help me with this one. Can you elaborate on your CapEx plans for 2019? Are there any projects you're considering to further booster integration rates in Tissue and Containerboard?

Allan Hogg

Well, as we said in the past calls and when we're on the road that it will be the continuity of the Tissue plan to modernize the asset. And also depending on the outcome of the Bear Island project, we might see some dollars to that next year, but it will be in the same range as we said this year. So—

Roshni Luthra

Okay. Great.

Allan Hogg

—for now that's—that's what we can say for now.

Roshni Luthra

Okay. Great. Thanks for providing that. Good luck for the next quarter. Thank you.

Allan Hogg

Thank you.

Mario Plourde

Thank you.

Operator

Your next question comes from the line of Sean Steuart with TD Securities. Your line is open.

Sean Steuart — TD Securities

Thanks. Good morning. A couple questions. On Containerboard price realizations. I appreciate that the Q1 price hike for board and boxes was fully realized during Q3. Is there any follow-on tailwind in Q4, having it in place for the full quarter? And if so, can you quantify that?

Charles Malo

The difference between the Q4 and the Q3 to be expected is the—as we explained on the converting side, on the box side—there is a lag of about four to five months to put the increase in. So what we will see is the full impact—so the ramping up of the price increase, we'll see the full benefits in Q4.

Sean Steuart

Okay. Thanks for that. And then a follow-on question with respect to CapEx. You gave us some sense of 2019 spending, pretty flat year over year. Can you speak to your longer-term initiatives to optimize your Tissue business? And how much incremental spending do you guys envision beyond 2019 on the discretionary side for your Tissue business, to get margins to where you think they need to be?

Allan Hogg

Well, we don't go further than 2020 as it is today. The envelope that we are looking now is around the $350 million per year, and this envelope will be distributed between the modernization that we have to do in the Containerboard and improve our integration rate, as it is for Tissue. We have not given any specifics of how the envelope is split between the Tissue and the Containerboard, but the majority of the CapEx would be towards those two groups.

Sean Steuart

Okay. That's all I have for now. Thank you.

Operator

Your next question comes from the line of Charan Sanghera with RBC Capital Markets. Your line is open.

Charan Sanghera — RBC Capital Markets

Hi. Good morning, guys. Just a quick question on the Barcelona Cartonboard. It seems like Reno presentations would have it pegged at €8 million EBITDA impact. Is there any room for improvement with that? Like did that take into account recent price increases in Europe?

Mario Plourde

There will be a little bit of a synergy that we can capture from this acquisition, mainly with the sales between the Spain and Italian markets, and a little bit with grades that we can switch between the different facilities. So it's not huge synergy, but yes, there is some synergy that we can capture in this acquisition.

Charan Sanghera

Okay. And just keeping on Reno. With its valuation on an equity basis for you guys being pretty significant, but it doesn't seem to be really kind of recognized by investors, in our view. And have you thought, and has it changed your view on maybe, potentially divesting of this business, given it's seen, probably, multiyear best conditions for that market?

Allan Hogg

No, we have not changed our mind as we speak. And most of our focus right now will be to integrate the volume we just acquired.

Charan Sanghera

Okay. All right. Thank you. That's it for me.

Allan Hogg

Thank you.

Operator

Again, if you would like to ask a question, please press *, then the number 1 on your telephone keypad.

Your next question comes from the line of Keith Howlett with Desjardins Securities. Your line is open.

Keith Howlett — Desjardins Securities

Yes. I wondered if you could update how the Scappoose converting plant is going?

Jean Jobin

Like I said earlier, Keith, the Scappoose plant is doing better every month. So we see that we are gaining market share over there, so we're really happy with that.

Keith Howlett

And just a question on freight in Tissue. Do you sell freight included, most of the time? And is there any ability of the industry to change that? Or is there—are there—what sort of mechanisms are open to you, to try and bridge the issue of freight and tissue in this sort of market?

Jean Jobin

To answer the first part of your question, yes. Most of our cases, it is a delivered price that we have. So we absorb the extra freight, and this is how it works in our industry.

The second part is mechanisms available right now, and we're working on multiple solutions right now to get better. There is nothing like being close to your customer and at this point, we ship maybe a bit too long, but we're working on different options to reduce that in the future.

Keith Howlett

Thank you.

Operator

There are no further—there are no further questions at this time. Mr. Plourde, please continue.

Mario Plourde

Yep. Thank you, everyone, for being on the line, and we're looking forward to talk to you in Q4. Have a good day. Thank you.

Operator

[Operator's Remarks in French]

Thank you. Ladies and gentlemen, this concludes today's conference call. You may now disconnect.

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