Certain statements in this presentation, including statements regarding future results and performance, are forward-looking statements within the meaning of securities legislation based on current expectations. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the effect of general economic conditions, decreases in demand for the Company’s products, the prices and availability of raw materials, changes in the relative values of certain currencies, fluctuations in selling prices and adverse changes in general market and industry conditions. This presentation also includes price indices as well as variance and sensitivity analyses that are intended to provide the reader with a better understanding of the trends related to our business activities. These items are based on the best estimates available to the Company.

The financial information included in this presentation also contains certain data that are not measures of performance under IFRS (“non-IFRS measures”). For example, the Company uses earnings before interest, taxes, depreciation and amortization (EBITDA) because it is the measure used by management to assess the operating and financial performance of the Company’s operating segments. Such information is reconciled to the most directly comparable financial measures, as set forth in the “Supplemental Information on Non-IFRS Measures” section of our most recent quarterly report or annual report.

Specific items are defined as items such as charges for impairment of assets, for facility or machine closures, debt restructuring charges, gains or losses on sales of business units, unrealized gains or losses on derivative financial instruments that do not qualify for hedge accounting, foreign exchange gains or losses on long-term debt and other significant items of an unusual or non-recurring nature.

All amounts in this presentation are in Canadian dollars unless otherwise indicated.
OPENING REMARKS
SUMMARY OF FINANCIAL RESULTS

Significant improvement in EBITDA: +41% QoQ and +95% YoY

EBITDA, net earnings and cash flow from operations (adjusted) excluding specific items.
Specialized Products & Tissue: Improvement due to lower raw material costs and productivity
Containerboard: Not producing to expectations
Europe: Difficult market environment in Q1-2012

EBITDA excluding specific items.
MARKET DYNAMICS
Market anomaly: SOP trading close to OCC ⇒ OCC should trade at lower price

Sources: RISI, Bloomberg.
### MARKET DYNAMICS – FX AND OTHER INPUT COSTS

**Oil & chemicals**

<table>
<thead>
<tr>
<th></th>
<th>Since Dec. 2011</th>
<th>Since Jan. 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil</td>
<td>+9%</td>
<td>+46%</td>
</tr>
<tr>
<td>Latex</td>
<td>+10%</td>
<td>+43%</td>
</tr>
<tr>
<td>Pigments</td>
<td>+1%</td>
<td>+37%</td>
</tr>
<tr>
<td>Plastics</td>
<td>+12%</td>
<td>+29%</td>
</tr>
<tr>
<td>Starch</td>
<td>+3%</td>
<td>+28%</td>
</tr>
</tbody>
</table>

**Currency**

- Q1-2012 vs Q4-2011
  - +2% vs +5%

- **CAN$ strength and input costs sky-rocketing since 2010**
Q1-2012 STRATEGIC INITIATIVES

Restructuring of under-performing units
- Announced consolidation of Ontario containerboard operations with closure of three plants
- Announced closure of Enviropac-Toronto
- Announced closure of Trenton mill

Focused investing for modernization of core operations (and IT)
- $30 million investment announced in Ontario in our containerboard sector
- ERP progressing

Optimizing capital allocation between sectors and investments
- Acquisition of Bird Packaging
- Greenpac on schedule and on budget; installation of paper machine started

Challenging Market Evolution ➔ Proactive measures ➔ Improved profitability
FINANCIAL REVIEW
Increase in sales resulting from consolidation of RdM, acquisitions and higher volume
Q1-2011 - Q1-2012 EBITDA VARIANCE ANALYSIS

Lower fibre costs, price increases and acquisitions offset lower volumes

EBITDA excluding specific items.
Q4-2011 - Q1-2012 EBITDA VARIANCE ANALYSIS

Lower recycled fibre costs represent most of the increase, offset by less favorable mix

EBITDA excluding specific items.
### Q1-2012 EBITDA TO OPERATING INCOME RECONCILIATION

**EBITDA excl. spec. items**

**Depreciation & amortization**

**EBIT excl. spec. items**

**Unrealized gain on financial instr.**

**Gain on disposal and others**

**Operating income**

<table>
<thead>
<tr>
<th>(M CAN$)</th>
<th>Container-board</th>
<th>Boxboard Europe</th>
<th>Specialty Products</th>
<th>Tissue Papers</th>
<th>Corporate Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>8</td>
<td>4</td>
<td>5</td>
<td>21</td>
<td>(9)</td>
<td>29</td>
</tr>
<tr>
<td><strong>Specific items:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss (gain) on disposal and others</td>
<td>(1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td>Unrealized loss (gain) on financial instruments</td>
<td>(2)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Total specific items</strong></td>
<td>(3)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Operating income (loss) excluding specific items</strong></td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>21</td>
<td>(9)</td>
<td>26</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>16</td>
<td>9</td>
<td>6</td>
<td>12</td>
<td>3</td>
<td>46</td>
</tr>
<tr>
<td><strong>EBITDA excluding specific items</strong></td>
<td>21</td>
<td>13</td>
<td>11</td>
<td>33</td>
<td>(6)</td>
<td>72</td>
</tr>
</tbody>
</table>
Q1-2012 NET EARNINGS RECONCILIATION

(M CAN$)

Net earnings excluding spec. items: 4
Unrealized gain on financial instruments: 2
FX gain on long-term debt and financial instruments: 2
Gain on disposal and others: 1
Tax effect on specific items: (1)
Discontinued operations: (2)
Net earnings: 6
Challenging market conditions and lower utilization rates greatly diminished cash flows.
Utilization rate and working capital KPIs did not meet expectations.
Net debt up mostly due to CAPEX and working capital increase.

Q1 2012 net debt includes $173 million of non-recourse net debt of Reno De Medici and others.
DEBT PROFILE

Long-term Debt Maturities Distribution

90% of debt maturing after 2015
Slight increase in debt during the execution of our strategic plan

¹Starting in Q2 2011, LTM EBITDA / Interest includes 100% of Reno De Medici. Starting in Q4 2011, also includes 100% of Papersource. Cascades’ financial covenant ratios: Net funded debt to capitalization of not more than 65%, interest coverage ratio not less than 2.25x. EBITDA excluding specific items. Q2 and Q3 2011 numbers have been slightly restated following the finalization of the purchase price allocation on the Reno De Medici acquisition.
SEGMENTED REVIEW
Shipments were 4% higher in Q1-2012 than during the last quarter of 2011. The impacts of business acquisitions and growth in sales of parent rolls were partly offset by a decrease in shipments of converted products, mainly in the Consumer market segment.

The 2% decrease in our average selling price in US dollar is mainly attributable to a difference in the product mix. Softer market conditions for the parent roll market sector contributed to a decrease in prices during the first quarter and the proportion of parent rolls in our mix was higher. Also contributing to a less favorable product mix were higher volumes in the Commercial and Industrial sector combined with lower volume of higher-end products in our US Consumer Product sector. Finally, our manufacturing productivity greatly improved during the first quarter of 2012.

In Canadian dollar terms, the average selling prices were 5% lower than during Q4-2011 and, as a result, sales decreased by 2% despite higher shipments.

Overall, EBITDA margin improved over the previous quarter mainly due to lower fiber prices and strong production efficiencies.

The improvement in EBITDA can also be explained by the inclusion of the results of Papersource for a full quarter and the good performance of our lesser performing units, most of them exceeding their cost reduction objectives.

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (in millions $)</td>
<td>EBITDA (in millions $)</td>
<td>EBITDA margins (% of sales)</td>
<td>Shipments (in thousands s.t.)</td>
<td>Avg. Selling price (CAN$/s.t.)</td>
<td>Avg. Selling price (US$/s.t.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>229</td>
<td>233</td>
<td>33</td>
<td>28</td>
<td>14%</td>
<td>12%</td>
<td>130</td>
<td>125</td>
<td>1,764</td>
<td>1,854</td>
<td>1,761</td>
<td>1,812</td>
</tr>
</tbody>
</table>
PACKAGING – CONTAINERBOARD

<table>
<thead>
<tr>
<th>Sales (in millions $)</th>
<th>EBITDA (in millions $)</th>
<th>EBITDA margins (% of sales)</th>
<th>Shipments (in thousands s.t.)</th>
<th>Avg. Selling price (CAN$/s.t. or msf)</th>
<th>Avg. Selling price (US$/s.t. or msf)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2012</td>
<td>Q4 2011</td>
<td>Q1 2012</td>
<td>Q4 2011</td>
<td>Q1 2012</td>
<td>Q4 2011</td>
</tr>
<tr>
<td>284</td>
<td>299</td>
<td>21</td>
<td>19</td>
<td>548</td>
<td>548</td>
</tr>
</tbody>
</table>

EBITDA excluding specific items.

- Shipment are down 20,000 short tons mainly related to the closure of Burnaby and to a 10% reduction in shipments of the boxboard mills following the loss an important client. Mechanical issues in the some containerboard mills negatively affected production efficiency and resulted in a shortfall in production of 21,500 short tons.

- Converted products shipments increased 2.2% led by a 19% increase in folding carton products. Corrugated products shipments were stable and in line with the North American industry.

- The change in external sales (product mix) between the manufacturing and converting products positively impacted EBITDA by $4 million in the following way:
  - Selling prices (+$6 million), raw material cost (+$4 million) and variable costs (-$6 million).

- Profitability also improved by $6 million due to lower raw material prices and lower fixed costs. This gain was more than offset by average selling prices having an impact of $4 million due to an unfavorable product mix within the corrugated product sub-segment.

- Lower overall volumes also reduce profitability by $4 million.
Market in general remains difficult for both recycled and virgin grades with 3-4% decrease in order inflow compared to Q1-2011.

The important de-stocking by customers at the end of 2011 came to an end and shipments for our European operations were 10% higher in Q1-2012 compared to the previous quarter.

Average selling prices were 3% lower than in Q4-2011. This decrease was caused by a different product mix due to higher shipments overseas. In addition, the Canadian dollar appreciated 5% against the Euro compared to the previous quarter.

The European operations' EBITDA increased to 13 millions $ despite higher energy prices.

Major manufacturers, including Reno de Medici, have announced a recycled board price increase of 50€ applicable for mid-May.

### Table: Sales, EBITDA, Shipments, and Average Selling Price

<table>
<thead>
<tr>
<th></th>
<th>Sales (in millions $)</th>
<th>EBITDA (in millions $)</th>
<th>EBITDA margins (% of sales)</th>
<th>Shipments (in thousands s.t.)</th>
<th>Avg. Selling price (CAN$/s.t.)</th>
<th>Avg. Selling price (euro/s.t.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2012</td>
<td>204</td>
<td>13</td>
<td>6%</td>
<td>278</td>
<td>751</td>
<td>€ 572</td>
</tr>
<tr>
<td>Q4 2011</td>
<td>206</td>
<td>10</td>
<td>5%</td>
<td>253</td>
<td>815</td>
<td>€ 591</td>
</tr>
<tr>
<td>Q1 2012</td>
<td>204</td>
<td>13</td>
<td>6%</td>
<td>278</td>
<td>751</td>
<td>€ 572</td>
</tr>
<tr>
<td>Q4 2011</td>
<td>206</td>
<td>10</td>
<td>5%</td>
<td>253</td>
<td>815</td>
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<td>Q1 2012</td>
<td>204</td>
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<td>751</td>
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</tr>
<tr>
<td>Q4 2011</td>
<td>206</td>
<td>10</td>
<td>5%</td>
<td>253</td>
<td>815</td>
<td>€ 591</td>
</tr>
</tbody>
</table>

EBITDA excluding specific items.
PACKAGING – SPECIALTY PRODUCTS

Industrial Packaging
• Higher average prices due to a favorable product mix in our conversion activities and lower raw material costs in the uncoated board activity contributed to a favorable spread resulting in increased profitability.
• Profitability was also positively affected by higher shipments for our uncoated board activity during Q1-2012.

Consumer Packaging
• The Flexible Packaging showed the most important improvement over the previous quarter due to higher shipments and improved efficiencies, which more than offset higher fixed costs.
• Despite lower volumes, the Plastic sector was more profitable due to higher selling prices.
• The performance of the Moulded Pulp sector was slightly better in Q1-2012 due to lower raw materials.

Specialty Papers
• Both our Deinked Pulp and Fine Papers operations showed significant improvement over the previous quarter due to a significant increase in shipments.
• Lower raw material cost in both our Deinked Pulp and Kraft Papers segments contributed to our improved results as well.
• The Speciality Papers sector in general benefited from lower variable expenses.

Recovery and Recycling
• Compared to Q4-2011, the performance of the Recovery and Recycling Group remained stable.

<table>
<thead>
<tr>
<th></th>
<th>Q1 2012</th>
<th>Q4 2011</th>
<th>Q1 2012</th>
<th>Q4 2011</th>
<th>Q1 2012</th>
<th>Q4 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>202</td>
<td>206</td>
<td>11</td>
<td>2</td>
<td>98</td>
<td>87</td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA margins</td>
<td></td>
<td></td>
<td>5%</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shipments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avg. Selling price (CAN$/s.t.)</td>
<td></td>
<td></td>
<td>930</td>
<td>953</td>
<td>925</td>
<td>932</td>
</tr>
<tr>
<td>Avg. Selling price (US$/s.t.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EBITDA excluding specific items.
Q & A
CONCLUDING REMARKS
NEAR TERM OUTLOOK: Cautious optimism

- Lower raw material costs
- Consolidation of Papersource
- Impacts of restructuring and optimization measures
- Produce according to historical standards

- Higher demand volatility
- Europe uncertainty
- Continuous strength of CAN$
- High energy and chemical costs

<table>
<thead>
<tr>
<th></th>
<th>Boxboard Europe</th>
<th>Containerboard</th>
<th>Specialty products</th>
<th>Tissue papers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>Stable</td>
<td>Slight increase</td>
<td>Slight increase</td>
<td>Slight increase</td>
</tr>
<tr>
<td>Selling prices</td>
<td>Slight increase</td>
<td>Stable</td>
<td>Stable</td>
<td>Stable</td>
</tr>
<tr>
<td>Raw material costs</td>
<td>Slight decrease</td>
<td>Slight decrease</td>
<td>Slight decrease</td>
<td>Slight decrease</td>
</tr>
<tr>
<td>Exchange rate</td>
<td>Stable</td>
<td></td>
<td>Stable</td>
<td></td>
</tr>
<tr>
<td>Energy Costs</td>
<td>Slight increase</td>
<td></td>
<td></td>
<td>Stable</td>
</tr>
</tbody>
</table>
APPENDICES
ENERGY PRICES

Energy prices

Crude oil
(US$)

Natural gas
(US$)

- Natural gas Henry Hub (US$/mmBtu)
- Crude oil (US$/barrel)

Hedging Program - Natural gas

- Canada:
  - 2012: 65% at 5.97 CAN$/GJ
  - 2013: 70% at 5.48 CAN$/GJ

- U.S.:
  - 2012: 58% at 6.30 US$/mmBtu
  - 2013: 52% at 5.84 US$/mmBtu

### Energy prices

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year</td>
<td>Year</td>
<td>Q1</td>
<td>Q1 2012</td>
</tr>
<tr>
<td><strong>Averages</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy prices</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural gas Henry Hub (US$/mmBtu)</td>
<td>4.39</td>
<td>4.04</td>
<td>2.74</td>
<td>-33%</td>
</tr>
<tr>
<td>Crude oil WTI (US$/barrel)</td>
<td>77.32</td>
<td>94.01</td>
<td>100.51</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Bloomberg.
Hedging Program - Cash flow USD:

- **2012**
  
  31 to 52% (with options) of exposure hedged at an average rate of 1.032CAN$/US$ to 1.067CAN$/US$

- **2013**
  
  23 to 39% (with options) of exposure hedged at an average rate of 1.037CAN$/US$ to 1.079CAN$/US$

---

Source: Bloomberg.
Chemical products price variation

Average increase from Jan 2010 to:
- Dec. 2010: +8%
- Dec. 2011: +21%
- March 2012: +27%

Increase since Jan 2010:
- Wax: +7%
- Latex: +43%
- Pigments: +37%
- Plastics: +29%
- Starch: +28%

Financial results impacted by significant variable cost inflation

Source: Bloomberg.
Manufacturing spread in CAN$ in Q1/12: +1% vs Q4/11 and +17% vs Q1/11

See notes page 30. Source: Bloomberg.
## MARKET PRICES AND COSTS SUMMARY

### Sources:
RISI, Dow Jones, Random Lengths and Cascades. See notes p. 35.

### MARKET PRICES AND COSTS SUMMARY

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>Q1</td>
<td>Q2</td>
</tr>
</tbody>
</table>

### Selling prices

#### Cascades North American US$ index (index 2005 = 1,000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,186</td>
<td>1,238</td>
<td>1,267</td>
<td>1,272</td>
<td>1,256</td>
<td>1,271</td>
<td>34</td>
<td>3%</td>
<td>0</td>
</tr>
</tbody>
</table>

#### PACKAGING

**Boxboard**

- North America (US$/ton)
  - Recycled boxboard - 20pt. Clay coated news (transaction) 828
  - Europe (Euro/tonne)
  - Recycled white-lined chipboard (GD2) index 639
  - Virgin coated duplex boxboard (GC2) index 1,055

**Containerboard (US$/ton)**

- Linerboard 42-lb. unbleached kraft, East US (transaction) 625
- Corrugating medium 26-lb. Semichemical, East U.S. (transaction) 595

**Specialty products (US$/ton, tonne for deinked pulp)**

- Recycled boxboard - 20pt. Bending chip (transaction) 619
- Deinked pulp f.o.b. U.S. air-dried & wet-lap, post-consumer 743
- Unbleached kraft paper, Grocery bag 30-lb. 1,022
- Uncoated white 50-lb. offset, rolls 914

#### TISSUE PAPERS

- Cascades Tissue papers (index 1999 = 1,000)

#### Raw materials

- Cascades North American US$ index (index 2005 = 300)

**RECYCLED PAPER**

- North America (US$/ton)
  - Corrugated containers, no. 11 (New England) 149
  - Special news, no. 8 (ONP - Chicago & NY average) 88
  - Sorted office papers, no. 37 (SOP - Chicago & NY average) 214
  - Europe (Euro/tonne)
    - Recovered paper index 120

**VIRGIN PULP (US$/tonne)**

- Bleached softwood kraft Northern, East U.S. 960
- Bleached hardwood kraft Northern mixed, East U.S. 856

**WOODCHIPS – Conifer eastern Canada (US$/odmt)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1 2012 (unit)</th>
<th>Q1 2011 (%)</th>
<th>Q4 2011 (unit)</th>
<th>Q4 2011 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>123</td>
<td>123</td>
<td>125</td>
<td>125</td>
<td>124</td>
<td>7</td>
<td>6%</td>
<td>4</td>
</tr>
</tbody>
</table>

These indexes should only be used as an indicator of trends and they be different than our actual selling prices or purchasing costs.

---

34
1. The Cascades North American selling prices index represents an approximation of the Company's manufacturing selling prices in North America (excluding converting). It is weighted according to shipments and is based on the average selling price of our North American manufacturing operations of boxboard, containerboard, specialty products and tissue paper. It considers the change in the mix of products sold. This index should only be used as a trend indicator.

2. The Cascades recycled white-lined chipboard selling prices index represents an approximation of Cascades' recycled grades selling prices in Europe. It is weighted by country.

3. The Cascades virgin coated duplex boxboard selling prices index represents an approximation of Cascades' virgin grades selling prices in Europe. It is weighted by country.

4. The Cascades Tissue paper selling prices index represents a mix of primary and converted products, and is based on the product mix at the end of 2006.

5. The Cascades North American raw materials index is based on publication prices and the average weighted cost paid for some of our manufacturing raw materials, namely recycled fibre, virgin pulp and woodchips, in North America. It is weighted according to purchase volume. This index should only be used as a trend indicator, as it may differ from our actual manufacturing purchasing costs and our purchase mix.

6. The Cascades recovered paper index represents an approximation of Cascades' recovered paper purchase prices in Europe. It is weighted by country based on the recycled fibre supply mix of 2009.

The capacity utilization rate is defined as: Shipments/Practical capacity. Paper manufacturing only.

Return on assets is a non-GAAP measure and is defined as: LTM EBITDA excluding specific items/ LTM Average of total quarterly assets. It includes discontinued operations.

Working capital includes accounts receivable plus inventories less accounts payable. It excludes an unpaid provision for closure and restructuring costs. It also excludes the current portion of derivatives financial instruments and the current portion of future taxes liability.
RECOVERY + PACKAGING + PAPER

For more information:
www.cascades.com/investors

Riko Gaudreault
Director, Investor Relations
riko_gaudreault@cascades.com
514-282-2697