

## 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.

### SPECIFIC ITEMS INCLUDED IN OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION AND NET EARNINGS

The Corporation incurred the following specific items during the first quarters of 2020 and 2019:

#### LOSS (GAIN) ON ACQUISITIONS, DISPOSALS AND OTHERS

##### 2020

The Specialty Products segment recorded a \$1 million environmental provision related to a closed plant in Québec in previous years.

##### 2019

In the first quarter, the lease on our Bear Island facility in Virginia was terminated by the lessee. As such, the Containerboard segment recorded a gain of \$10 million following the reversal of liabilities related to a lease incentives to the lessee and to accrued carrying costs.

#### IMPAIRMENT CHARGES AND RESTRUCTURING COSTS

##### 2019

As a result of the lease termination on our Bear Island facility, described above, the Containerboard segment recorded a \$3 million impairment charge on some assets that will not be used in the future.

In the first quarter, the Specialty Products segment recorded a \$1 million of restructuring costs stemming from the closure of its Trois-Rivières, Québec, plant manufacturing felt backing for flooring.

In the first quarter, the Tissue Papers segment recorded a \$1 million impairment charge on some equipment, in addition to \$4 million of restructuring costs related to the closure of two tissue paper machines in Ontario and changes in the segment's senior management.

#### DERIVATIVE FINANCIAL INSTRUMENTS

In the first quarter of 2020, the Corporation recorded an unrealized gain of \$1 million, compared to an unrealized gain of \$3 million in the same period of 2019, on certain derivative financial instruments not designated for hedge accounting.

#### FOREIGN EXCHANGE LOSS (GAIN) ON LONG-TERM DEBT AND FINANCIAL INSTRUMENTS

In the first quarter of 2020, the Corporation recorded a loss of \$17 million on its US\$-denominated debt and related financial instruments, compared to a gain of \$6 million in the same period of 2019. This included a loss of \$11 million in the first quarter of 2020, compared to a gain of \$4 million in the same period of 2019, on foreign exchange forward contracts not designated for hedge accounting. This also included a loss of \$6 million during the period, compared to a gain of \$2 million in the same period of 2019, on our US\$-denominated long-term debt, net of our net investment hedges in the U.S. and Europe as well as forward exchange contracts designated as hedging instruments.

## 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:

For the 3-month period ended March 31, 2020						
(in millions of Canadian dollars)	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
<b>Operating income (loss)</b>	74	20	8	28	(40)	90
Depreciation and amortization	28	11	3	17	12	71
<b>Operating income (loss) before depreciation and amortization</b>	<b>102</b>	<b>31</b>	<b>11</b>	<b>45</b>	<b>(28)</b>	<b>161</b>
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	—
<b>Adjusted operating income (loss) before depreciation and amortization</b>	<b>99</b>	<b>30</b>	<b>12</b>	<b>45</b>	<b>(25)</b>	<b>161</b>
<b>Adjusted operating income (loss)</b>	<b>71</b>	<b>19</b>	<b>9</b>	<b>28</b>	<b>(37)</b>	<b>90</b>

For the 3-month period ended March 31, 2019						
(in millions of Canadian dollars)	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
<b>Operating income (loss)</b>	84	18	9	(8)	(31)	72
Depreciation and amortization	27	11	4	12	13	67
<b>Operating income (loss) before depreciation and amortization</b>	<b>111</b>	<b>29</b>	<b>13</b>	<b>4</b>	<b>(18)</b>	<b>139</b>
Specific items:						
Gain on acquisitions, disposals and others	(10)	—	—	—	—	(10)
Impairment charges	3	—	—	1	—	4
Restructuring costs	—	—	1	4	—	5
Unrealized gain on derivative financial instruments	—	—	—	—	(3)	(3)
	(7)	—	1	5	(3)	(4)
<b>Adjusted operating income (loss) before depreciation and amortization</b>	<b>104</b>	<b>29</b>	<b>14</b>	<b>9</b>	<b>(21)</b>	<b>135</b>
<b>Adjusted operating income (loss)</b>	<b>77</b>	<b>18</b>	<b>10</b>	<b>(3)</b>	<b>(34)</b>	<b>68</b>

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

(in millions of Canadian dollars)	For the 3-month periods ended March 31,	
	2020	2019
<b>Net earnings attributable to Shareholders for the period</b>	<b>22</b>	<b>24</b>
Net earnings attributable to non-controlling interests	11	9
Provision for income taxes	15	8
Share of results of associates and joint ventures	(3)	(2)
Foreign exchange loss (gain) on long-term debt and financial instruments	17	(6)
Financing expense and interest expense on employee future benefits and other liabilities	28	39
<b>Operating income</b>	<b>90</b>	<b>72</b>
Specific items:		
Loss (gain) on acquisitions, disposals and others	1	(10)
Impairment charges	—	4
Restructuring costs	—	5
Unrealized gain on derivative financial instruments	(1)	(3)
	—	(4)
<b>Adjusted operating income</b>	<b>90</b>	<b>68</b>
Depreciation and amortization	71	67
<b>Adjusted operating income before depreciation and amortization</b>	<b>161</b>	<b>135</b>

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 amount per share)	NET EARNINGS		NET EARNINGS PER SHARE <sup>1</sup>	
	For the 3-month periods ended March 31,		For the 3-month periods ended March 31,	
	2020	2019	2020	2019
<b>As per IFRS</b>	<b>22</b>	<b>24</b>	<b>\$ 0.24</b>	<b>\$ 0.26</b>
Specific items:				
Loss (gain) on acquisitions, disposals and others	1	(10)	\$ 0.01	\$ (0.11)
Impairment charges	—	4	—	\$ 0.03
Restructuring costs	—	5	—	\$ 0.04
Unrealized gain on derivative financial instruments	(1)	(3)	\$ (0.01)	\$ (0.02)
Foreign exchange loss (gain) on long-term debt and financial instruments	17	(6)	\$ 0.18	\$ (0.06)
Tax effect on specific items, other tax adjustments and attributable to non-controlling interests <sup>1</sup>	—	(1)	—	—
	17	(11)	\$ 0.18	\$ (0.12)
<b>Adjusted</b>	<b>39</b>	<b>13</b>	<b>\$ 0.42</b>	<b>\$ 0.14</b>

<sup>1</sup> 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)	For the 3-month periods ended March 31,	
	2020	2019
<b>Cash flow from operating activities</b>	119	52
Changes in non-cash working capital components	34	30
Depreciation and amortization	(71)	(67)
Net income taxes received	(9)	—
Net financing expense paid	17	43
Gain (loss) on acquisitions, disposals and others	(1)	9
Impairment charges and restructuring costs	—	(5)
Unrealized gain on derivative financial instruments	1	3
Dividends received, employee future benefits and others	—	7
<b>Operating income</b>	<b>90</b>	<b>72</b>
Depreciation and amortization	71	67
<b>Operating income before depreciation and amortization</b>	<b>161</b>	<b>139</b>

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 as otherwise mentioned)	For the 3-month periods ended March 31,	
	2020	2019
<b>Cash flow from operating activities</b>	119	52
Changes in non-cash working capital components	34	30
<b>Cash flow from operating activities (excluding changes in non-cash working capital components)</b>	<b>153</b>	<b>82</b>
Specific items, net of current income taxes if applicable	—	3
<b>Adjusted cash flow from operating activities</b>	<b>153</b>	<b>85</b>
Capital expenditures, other assets <sup>1</sup> and right-of-use assets payments, net of disposals of \$1 million in both first quarters of 2020 and 2019	(84)	(76)
Dividends paid to the Corporation's Shareholders and to non-controlling interests	(10)	(8)
<b>Adjusted free cash flow</b>	<b>59</b>	<b>1</b>
<b>Adjusted free cash flow per share</b>	<b>\$ 0.63</b>	<b>\$ 0.01</b>
<b>Weighted average basic number of shares outstanding</b>	<b>94,248,804</b>	<b>94,166,959</b>

<sup>1</sup> 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)	March 31, 2020	December 31, 2019
Long-term debt	2,264	2,022
Current portion of long-term debt	92	85
Bank loans and advances	9	11
<b>Total debt</b>	<b>2,365</b>	<b>2,118</b>
Less: Cash and cash equivalents	153	155
<b>Net debt</b>	<b>2,212</b>	<b>1,963</b>
Adjusted OIBD (last twelve months)	630	604
<b>Net debt / Adjusted OIBD</b>	<b>3.5x</b>	<b>3.25x</b>