



CASCADES INC.
Review of Q1 2015 Financial Results
May 7th, 2015



DISCLAIMER

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 Corporation'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 may also include 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 management of the Corporation.

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 Corporation 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 Corporation'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. EBITDA and OIBD are used interchangeably in our communications as EBITDA is a term commonly used in the financial field. However, it should be noted that when we refer to EBITDA, we exclude results of discontinued operations, net earnings (loss) attributable to non-controlling interests, share of results of associates and joint ventures, foreign exchange loss (gain) on long-term debt and financial instruments and all specific items as determined by the Corporation, if any.

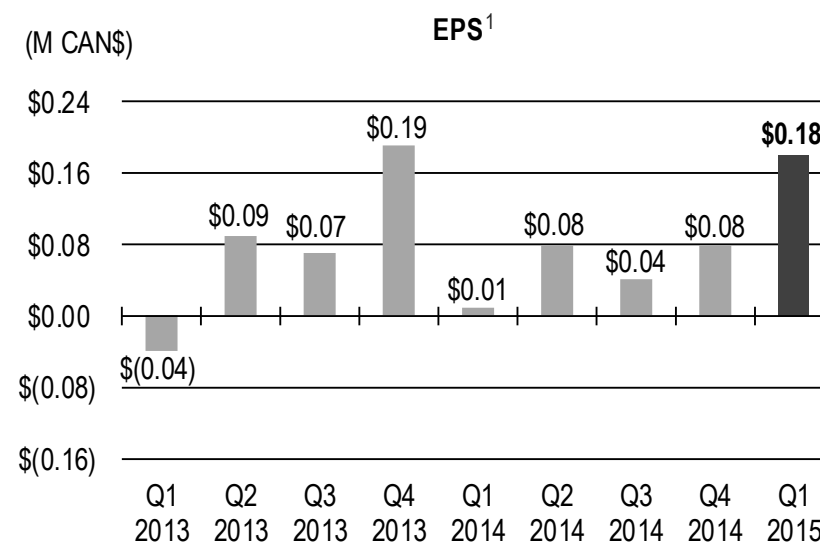
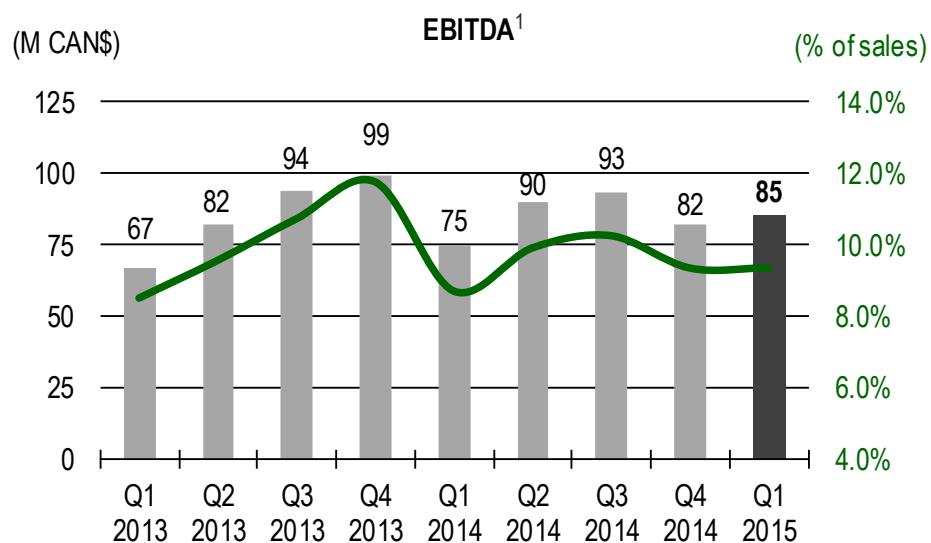
Specific items are defined as items such as charges for or reversal of impairment of assets, for facility or machine closures, accelerated depreciation of assets due to restructuring measures, debt restructuring charges, gains or losses on disposal or acquisition of business units, unrealized gains or 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

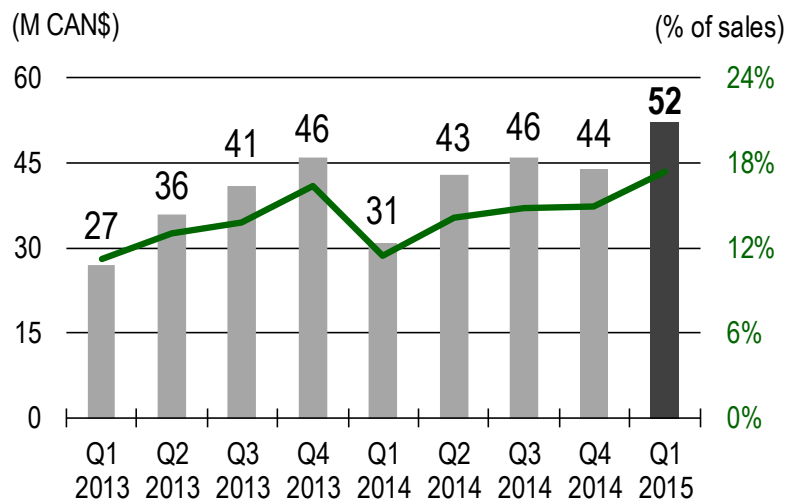


	2013	2014				2015	
	Year	Q1	Q2	Q3	Q4	Year	Q1
<i>(In millions of CAN\$, except amount per share)</i>							
Financial results							
Sales	3,370	863	910	909	879	3,561	910
Excluding specific items							
EBITDA	342	75	90	93	82	340	85
Net earnings (loss)	29	1	7	4	8	20	17
Net earnings (loss) per share	\$0.31	\$0.01	\$0.08	\$0.04	\$0.08	\$0.21	\$0.18
Cash flow from operations (adjusted)	233	57	54	93	73	277	35

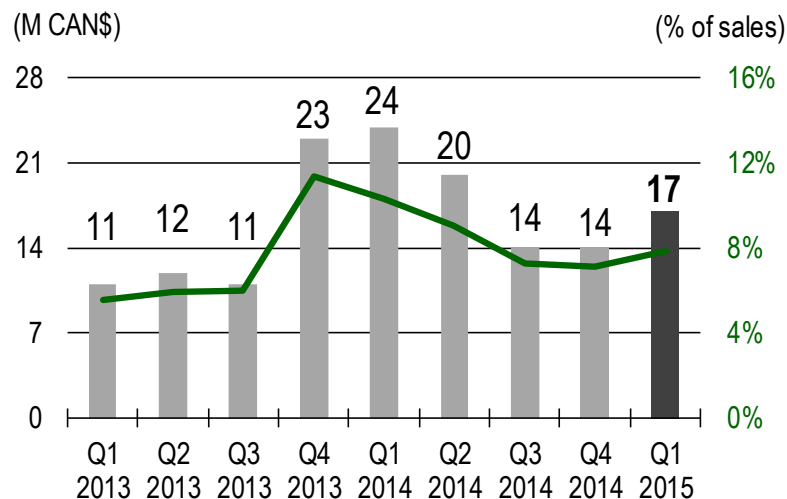
\$0.03 Greenpac contribution to EPS; semi-annual interest payment impact on free cash flows in Q1

HISTORICAL SEGMENTED EBITDA¹

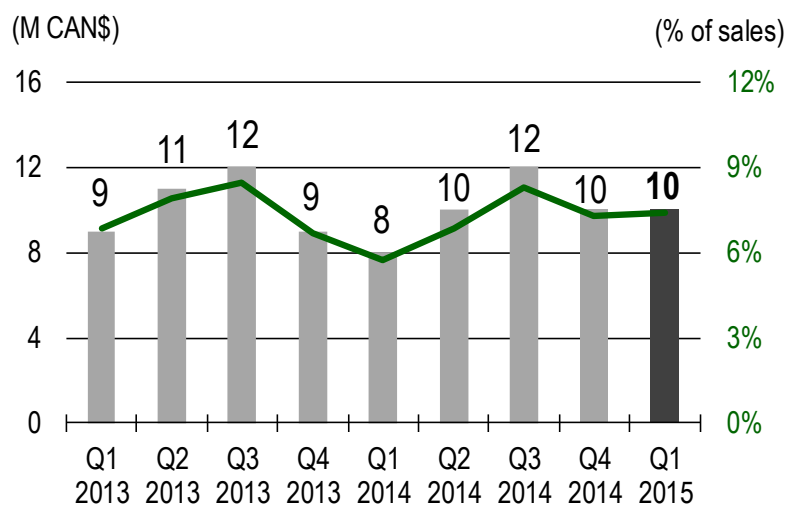
Containerboard



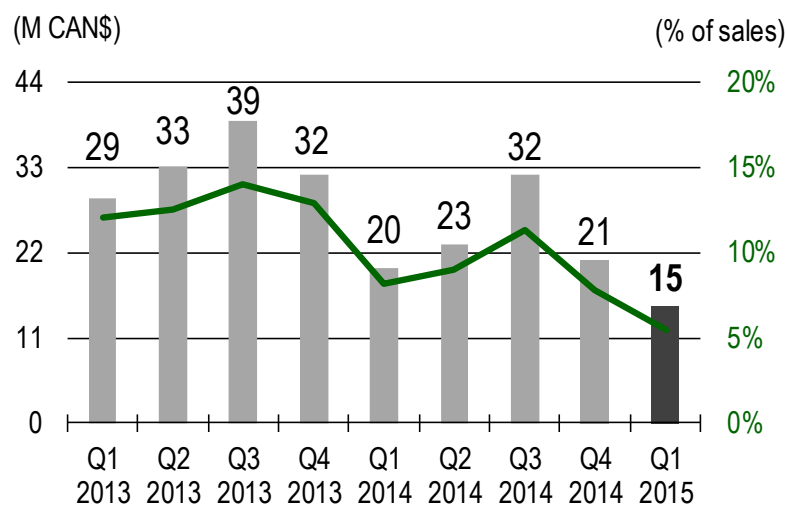
Boxboard Europe



Specialty Products



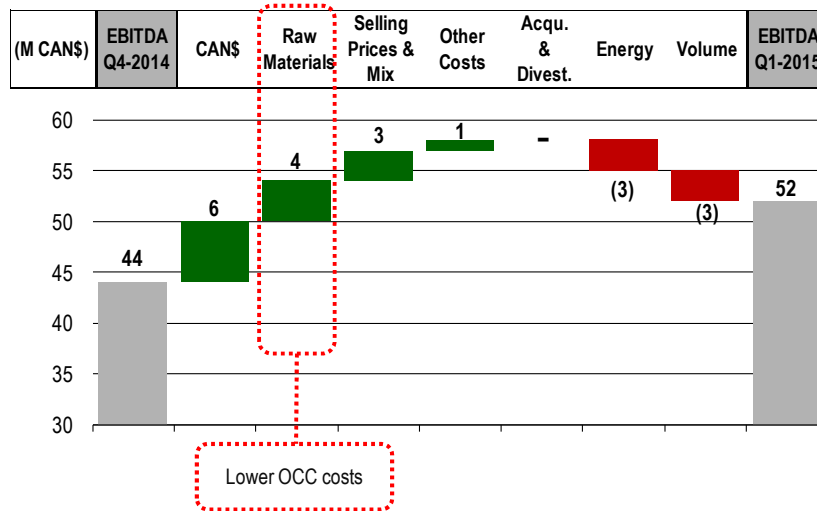
Tissue Papers



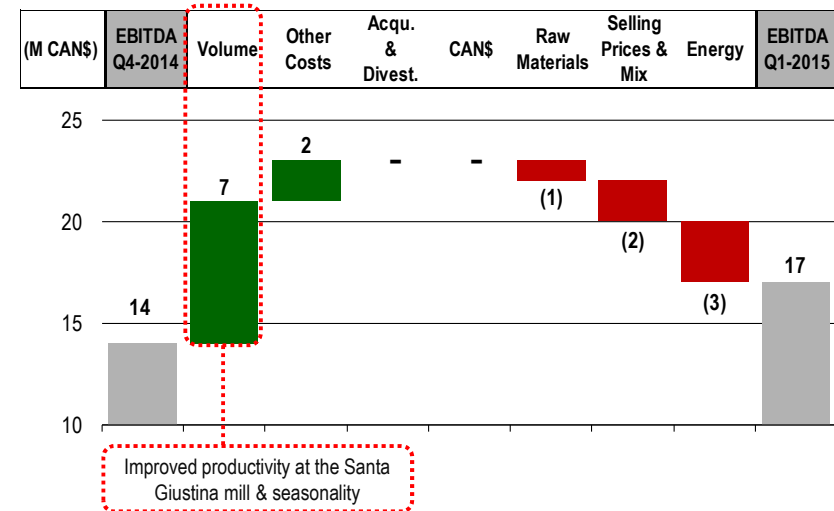
Note 1 – EBITDA excluding specific items.

SEGMENTED EBITDA WATERFALLS¹

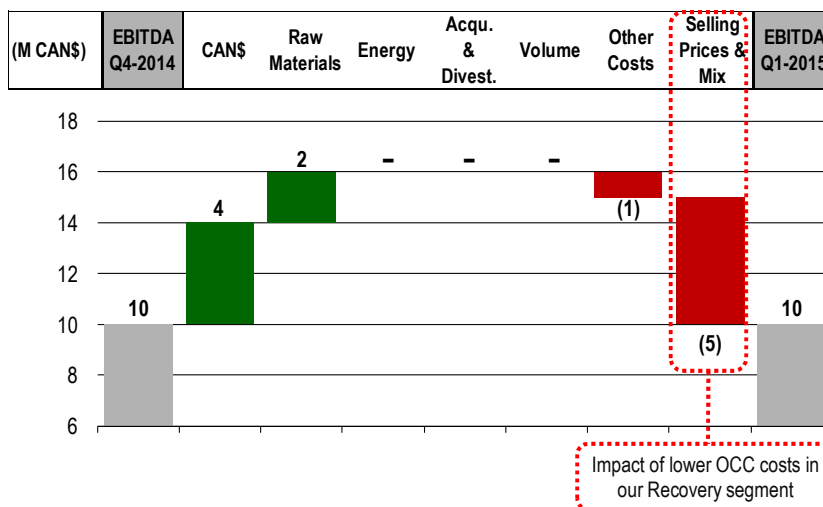
Containerboard



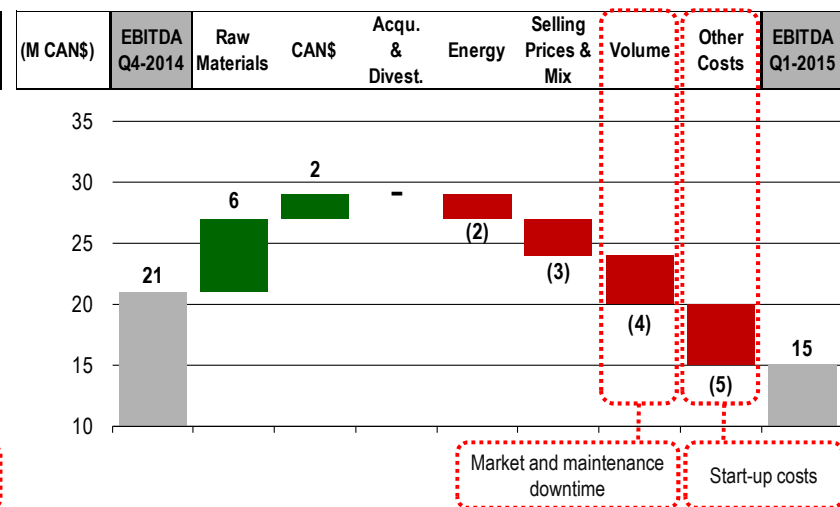
Boxboard Europe



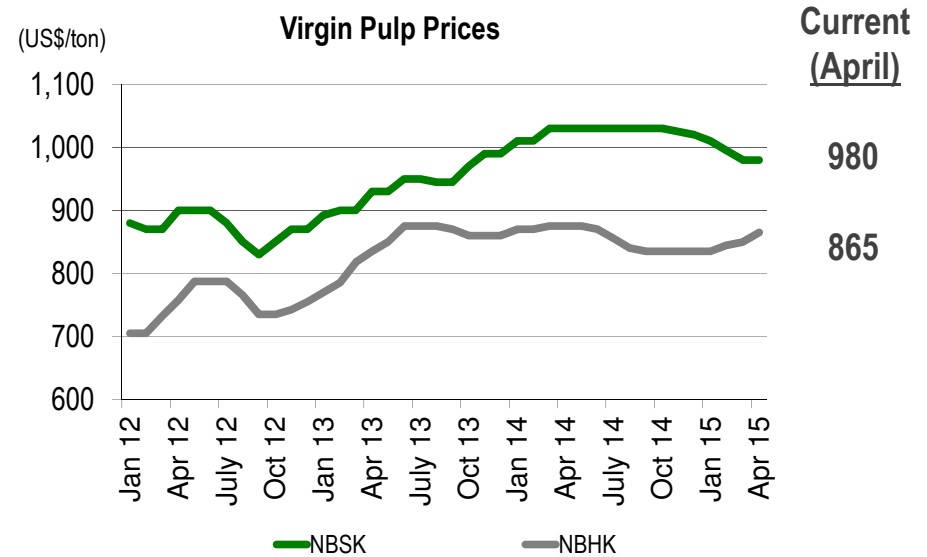
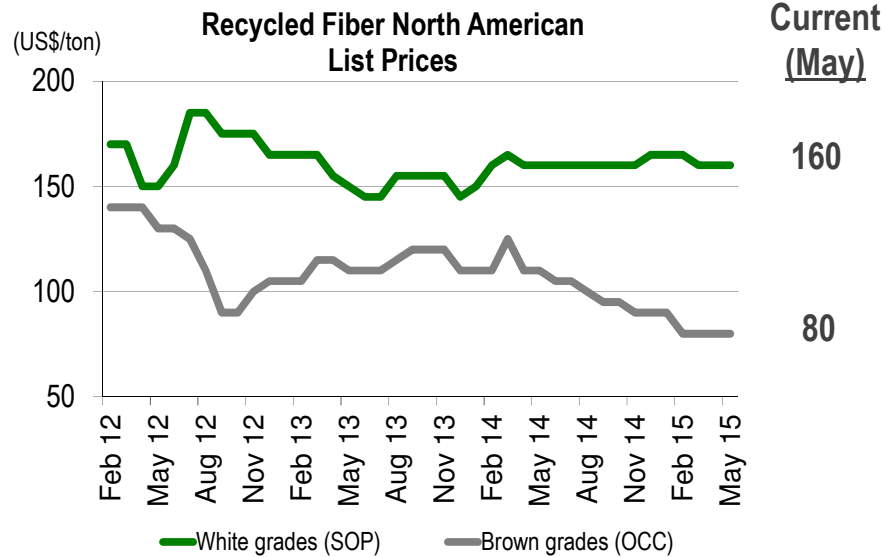
Specialty Products



Tissue Papers



RAW MATERIAL COSTS



OBM Average Quarterly List Prices

Brown grades - OCC No. 11 (Northeast)
White grades - SOP No. 37 (Northeast)

	Q1-2014	Q4-2014	Q1-2015
Brown grades - OCC No. 11 (Northeast)	115	92	83
White grades - SOP No. 37 (Northeast)	158	162	163

Virgin Pulp Prices

NBSK (Canadian sources delivered to US East)
NBHK (Canada/US sources delivered to US East)

	Q1-2014	Q4-2014	Q1-2015
NBSK (Canadian sources delivered to US East)	1,017	1,025	995
NBHK (Canada/US sources delivered to US East)	872	835	843

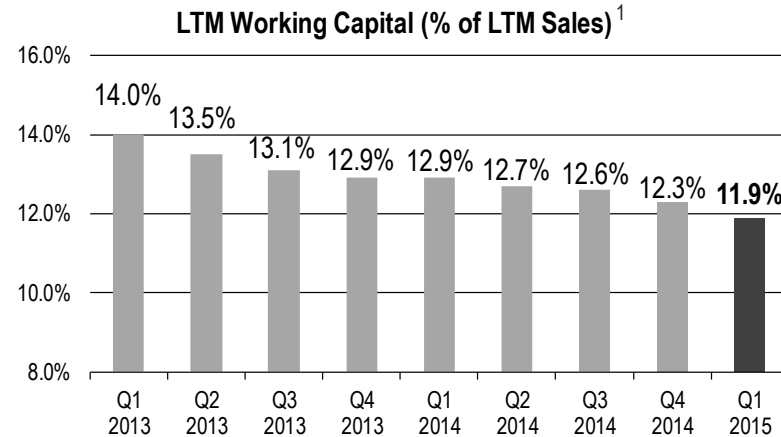
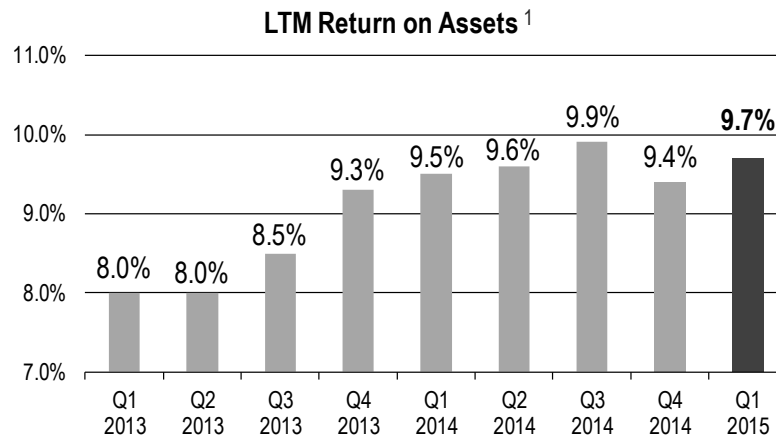
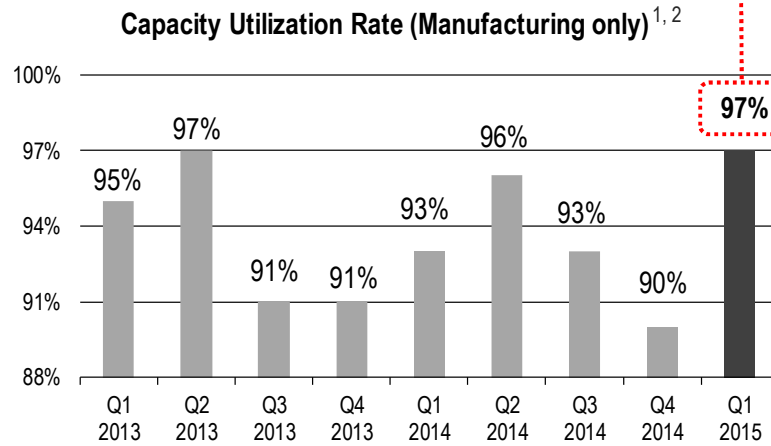
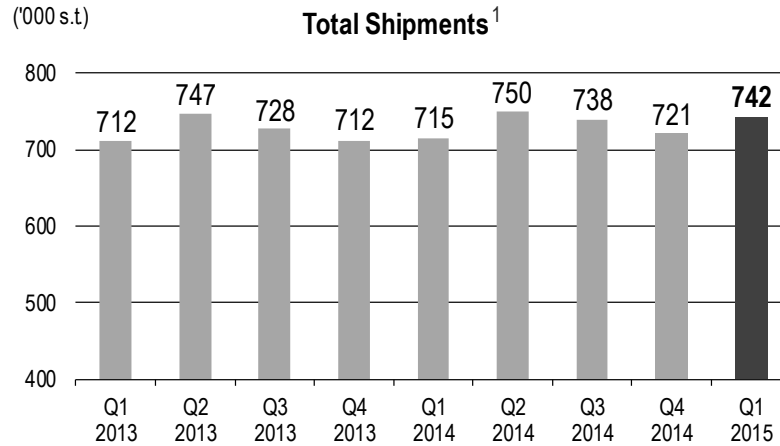
	Q1/Q1	Q1/Q4
Brown grades - OCC No. 11 (Northeast)	-28%	-9%
White grades - SOP No. 37 (Northeast)	+3%	+1%

	Q1/Q1	Q1/Q4
NBSK (Canadian sources delivered to US East)	-2%	-3%
NBHK (Canada/US sources delivered to US East)	-3%	+1%

OCC shed another 9% during the quarter; SOP now entering low generation season

KEY PERFORMANCE INDICATORS (KPIs)

Containerboard: 91%
Boxboard Europe: 101%
Tissue Papers: 98%



Improvement of all KPIs sequentially and compared to the same period last year

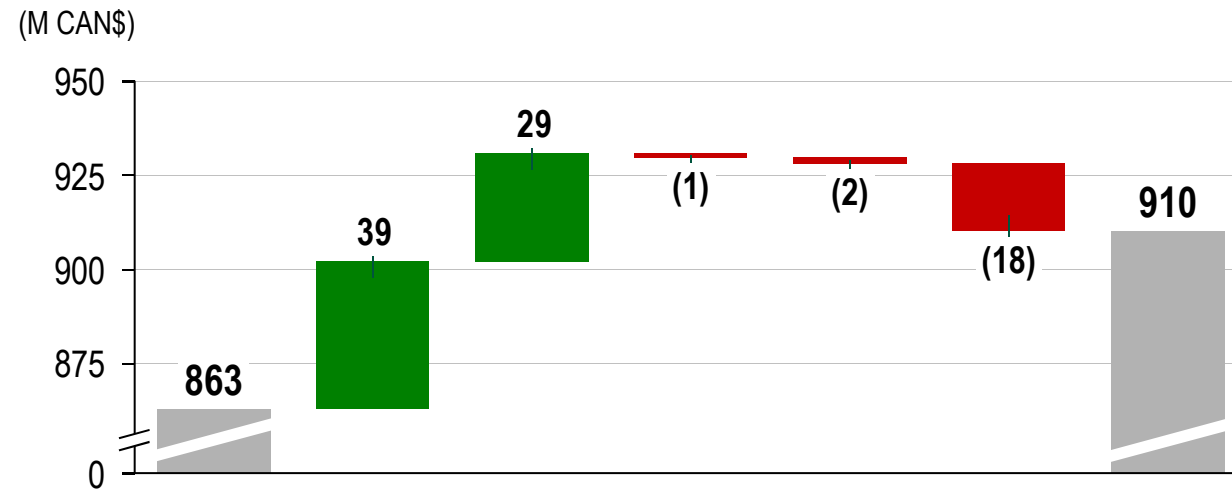


Note 1 – Not adjusted for discontinued operations.
Note 2 – Not considering the Specialty Products Group.
Please refer to the 2014 Annual Report for the definition of the KPIs.



FINANCIAL REVIEW

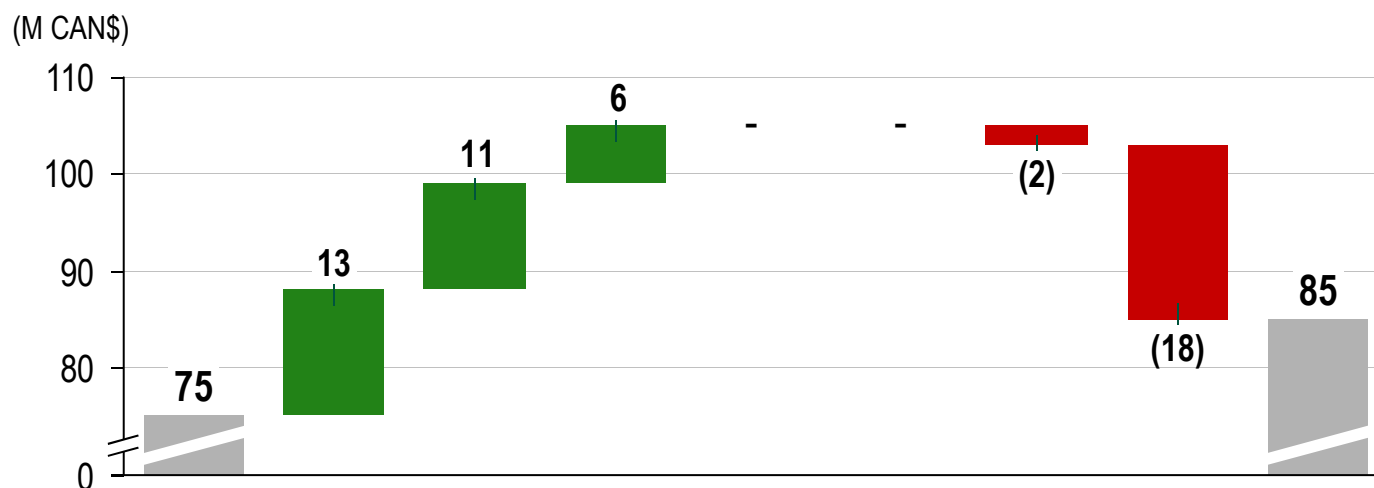
Q1 2014 – Q1 2015 SALES RECONCILIATION



(M CAN\$)	Sales Q1-2014	Volume	CAN\$	Acqu. & Disposals	Corp. & Elim.	Selling Prices & Mix	Sales Q1-2015
Containerboard	271	15	14	(1)		1	300
Boxboard Europe	232	6	(18)			(4)	216
Specialty Products	140	6	8		(12)	(7)	135
Tissue Papers	245	12	25			(8)	274
Corporate	(25)				10		(15)
Total	863	39	29	(1)	(2)	(18)	910

Improved volumes and US\$/CAN\$ exchange rate behind the increase in sales

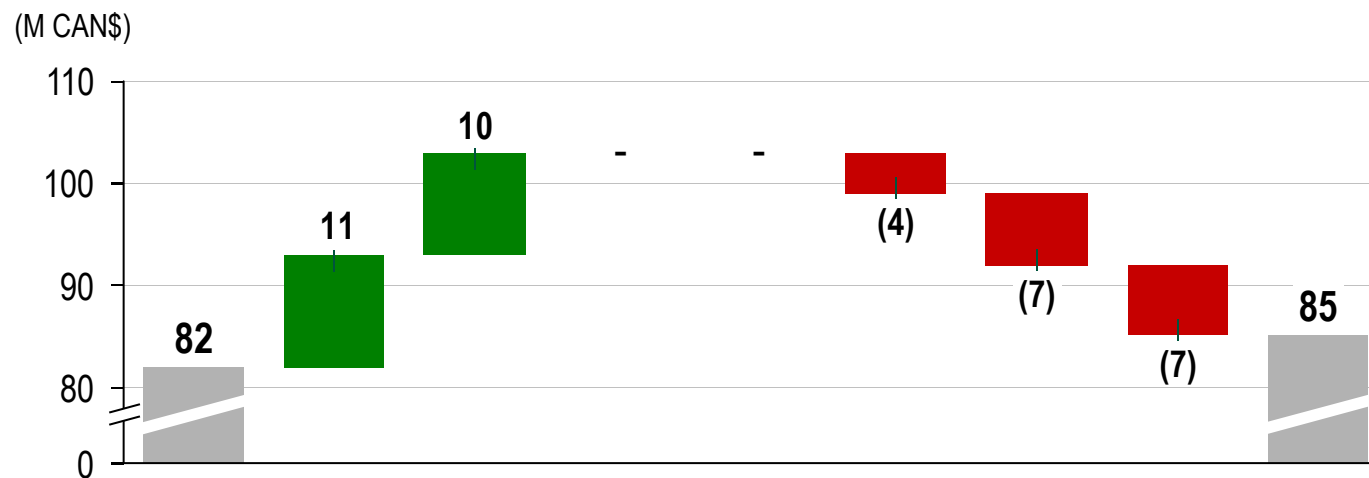
Q1 2014 – Q1 2015 EBITDA VARIANCE ANALYSIS



(M CAN\$)	EBITDA Q1-2014	Volume	CAN\$	Other Costs	Acqu. & Disposals	Energy	Raw Materials ¹	Selling Prices & Mix	EBITDA Q1-2015
Containerboard	31	5	8	4		2	1	1	52
Boxboard Europe	24	1	(1)	2		(4)	(1)	(4)	17
Specialty Products	8	2	4	2			1	(7)	10
Tissue Papers	20	5	1	(2)		2	(3)	(8)	15
Corporate	(8)		(1)						(9)
Total	75	13	11	6			(2)	(18)	85

Higher volume and favourable FX more than offset lower selling prices

Q4 2014 – Q1 2015 EBITDA VARIANCE ANALYSIS



(M CAN\$)	EBITDA Q4-2014	Raw Materials ¹	CAN\$	Acqu. & Disposals	Volume	Other Costs	Energy	Selling Prices & Mix	EBITDA Q1-2015
Containerboard	44	4	6		(3)	1	(3)	3	52
Boxboard Europe	14	(1)			7	2	(3)	(2)	17
Specialty Products	10	2	4			(1)		(5)	10
Tissue Papers	21	6	2		(4)	(5)	(2)	(3)	15
Corporate	(7)		(2)			(1)	1		(9)
Total	82	11	10			(4)	(7)	(7)	85

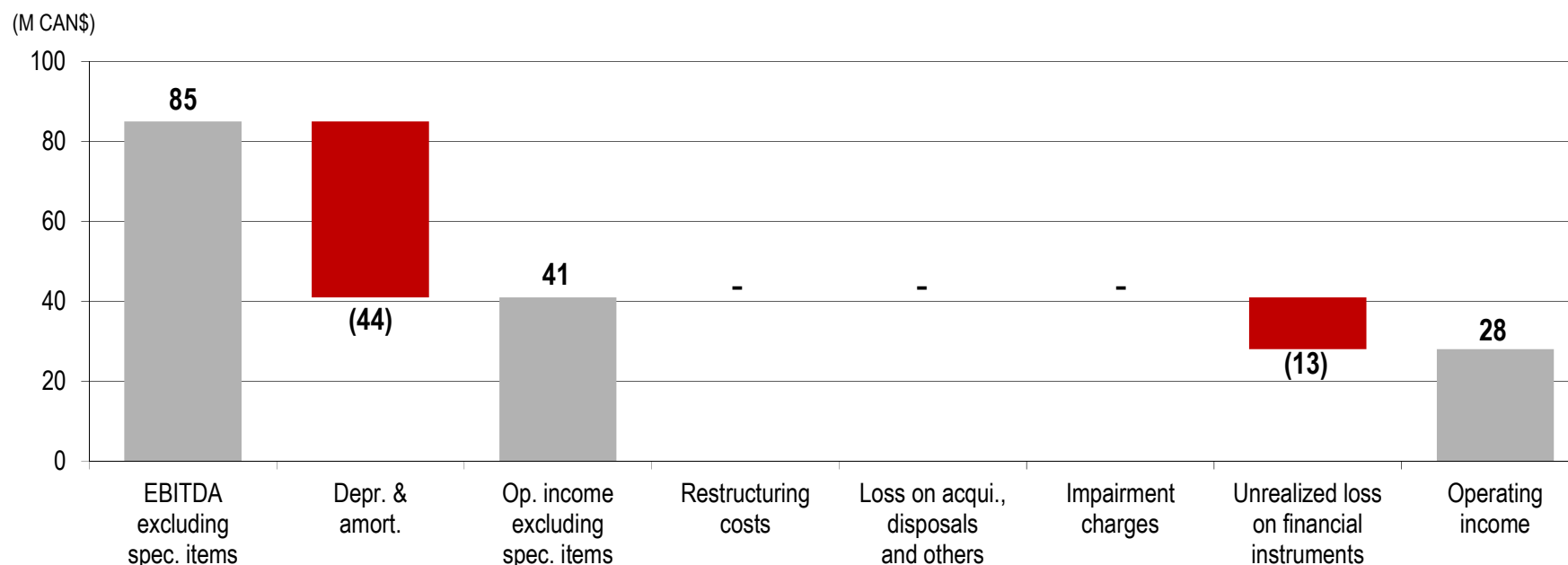
Favourable FX and raw material costs offset start-up costs in Tissue and cold weather impact

QUARTERLY EPS VARIANCE

	Q4-2014			Q1-2015		
	Excluding specifics	Specifics	As reported	Excluding specifics	Specifics	As reported
EBITDA	82	(25)	57	85	(13)	72
Depreciation	(44)		(44)	(44)		(44)
EBIT	38	(25)	13	41	(13)	28
Financing expenses	(23)		(23)	(24)		(24)
Interest expense on employee future benefits	(1)		(1)	(2)		(2)
FX gain (loss) on LT debt and fin. Inst.	0	(13)	(13)	0	(45)	(45)
Share of results of associates and JVs	3	(2)	1	9	(5)	4
Profit (loss) before tax	17	(40)	(23)	24	(63)	(39)
Provision for income taxes	(7)	5	(2)	(6)	10	4
Non-controlling interests	(1)	5	4	(2)		(2)
Discontinued operations	(1)	(25)	(26)	1	1	2
Net earnings (loss) per share	8	(55)	(47)	17	(52)	(35)
	\$0.08	(\$0.59)	(\$0.51)	\$0.18	(\$0.55)	(\$0.37)

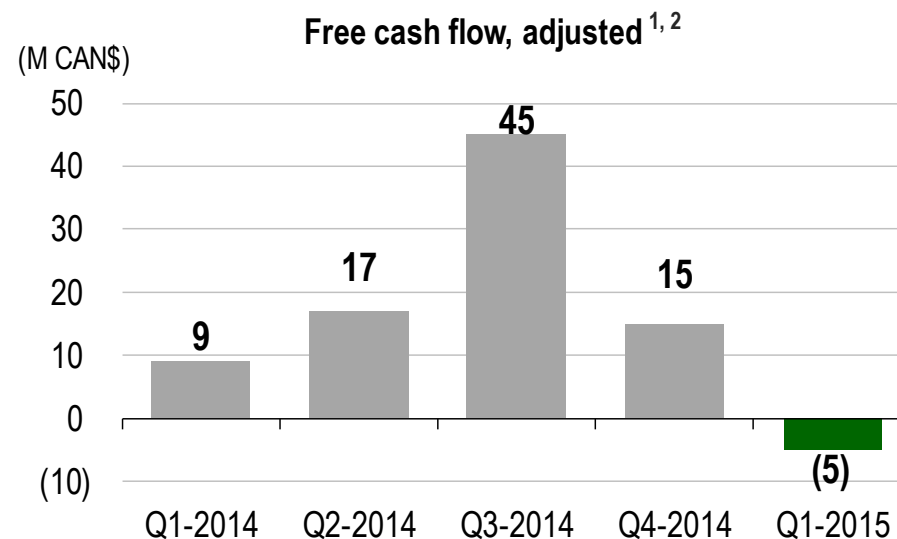
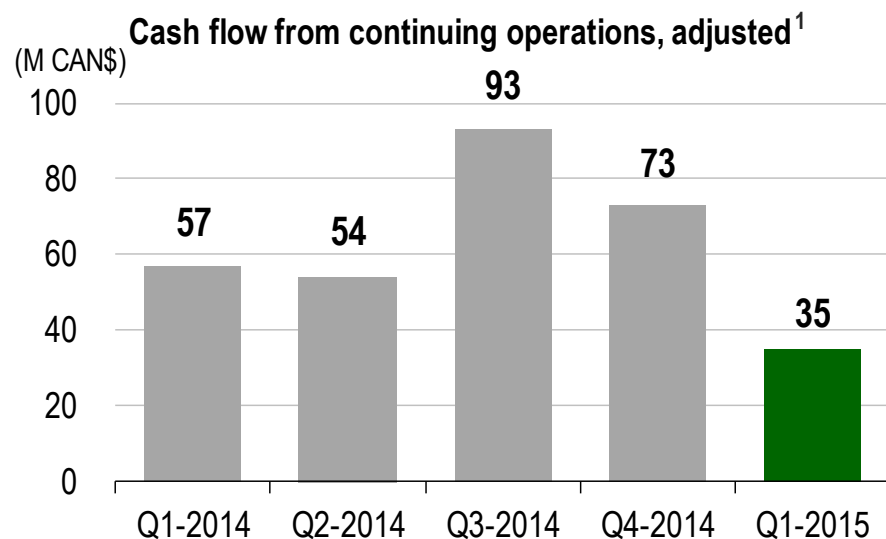
Change in Operating results after-tax (normalized 30%)	0.01	\$
Change in income taxes provision (vs normalized 30%)	0.03	\$
Change in share of results of Associates and JVs - net of taxes and non-controlling interests	0.04	\$ → Higher contribution from Greenpac and Boralex
Change in discontinued operations, net of taxes	0.02	\$
	0.10	\$

Q4 2014 EBITDA TO OPERATING INCOME RECONCILIATION



(M CAN\$)	Container-board	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Total
Operating income (loss)	39	9	5	2	(27)	28
Specific items:						
Loss on acquisitions, disposals and others						
Impairment charges						
Restructuring costs						
Unrealized loss on financial instruments					13	13
Total specific items					13	13
Operating income (loss) excluding specific items	39	9	5	2	(14)	41
Depreciation and amortization	13	8	5	13	5	44
EBITDA excluding specific items	52	17	10	15	(9)	85

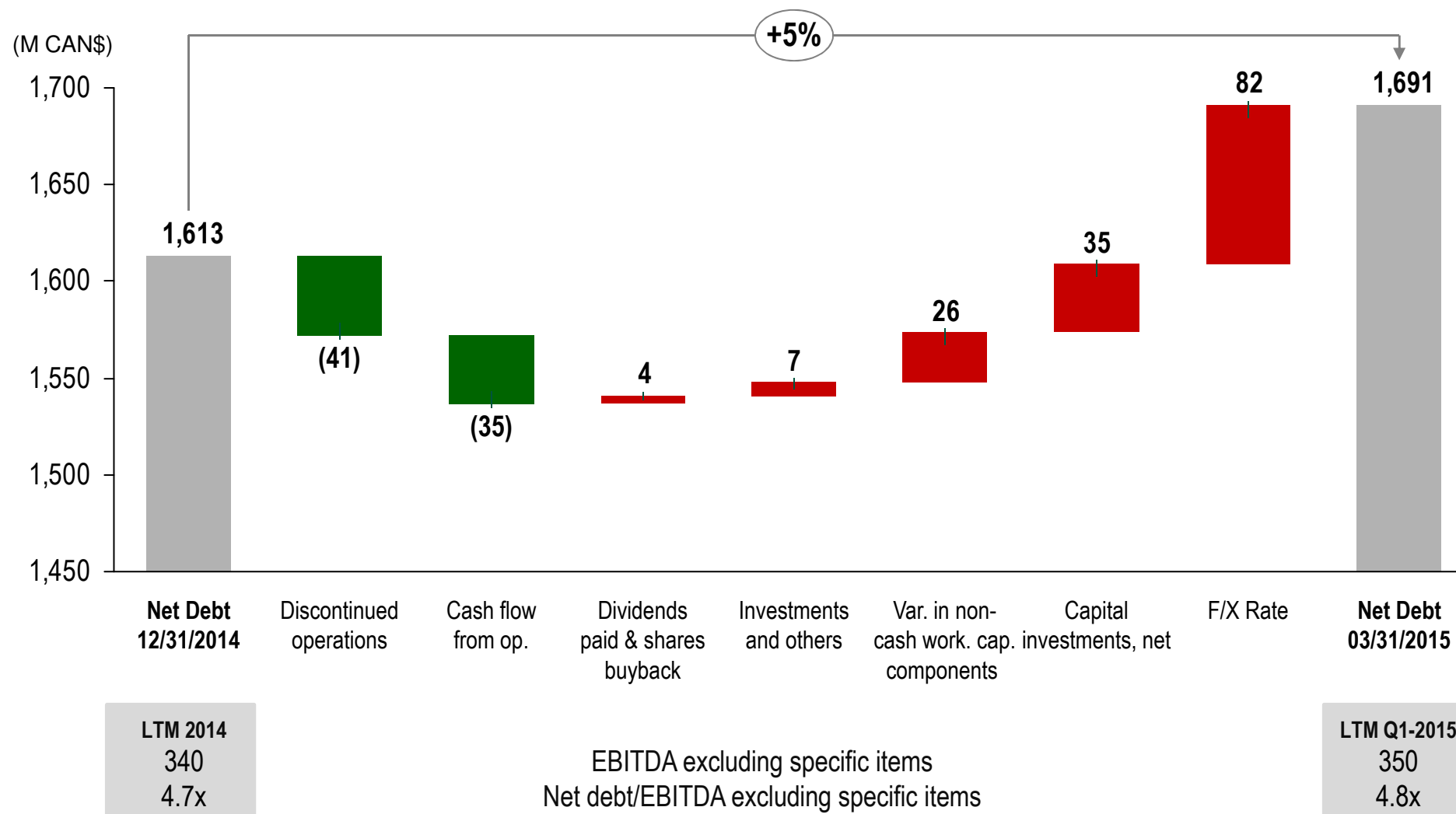
CASH FLOW OVERVIEW



(in millions of CAN\$)	2013	2014				2015	
	Year	Q1	Q2	Q3	Q4	Year	Q1
Cash flow from operations adjusted ¹	233	57	54	93	73	277	35
Capital expenditures & other assets, net of disposals ²	(141)	(44)	(33)	(44)	(55)	(176)	(36)
Dividend & share buyback	(15)	(4)	(4)	(4)	(3)	(15)	(4)
Free cash flow	77	9	17	45	15	86	(5)
Free cash flow per share	\$0.82	\$0.10	\$0.18	\$0.48	\$0.16	\$0.91	\$(0.05)

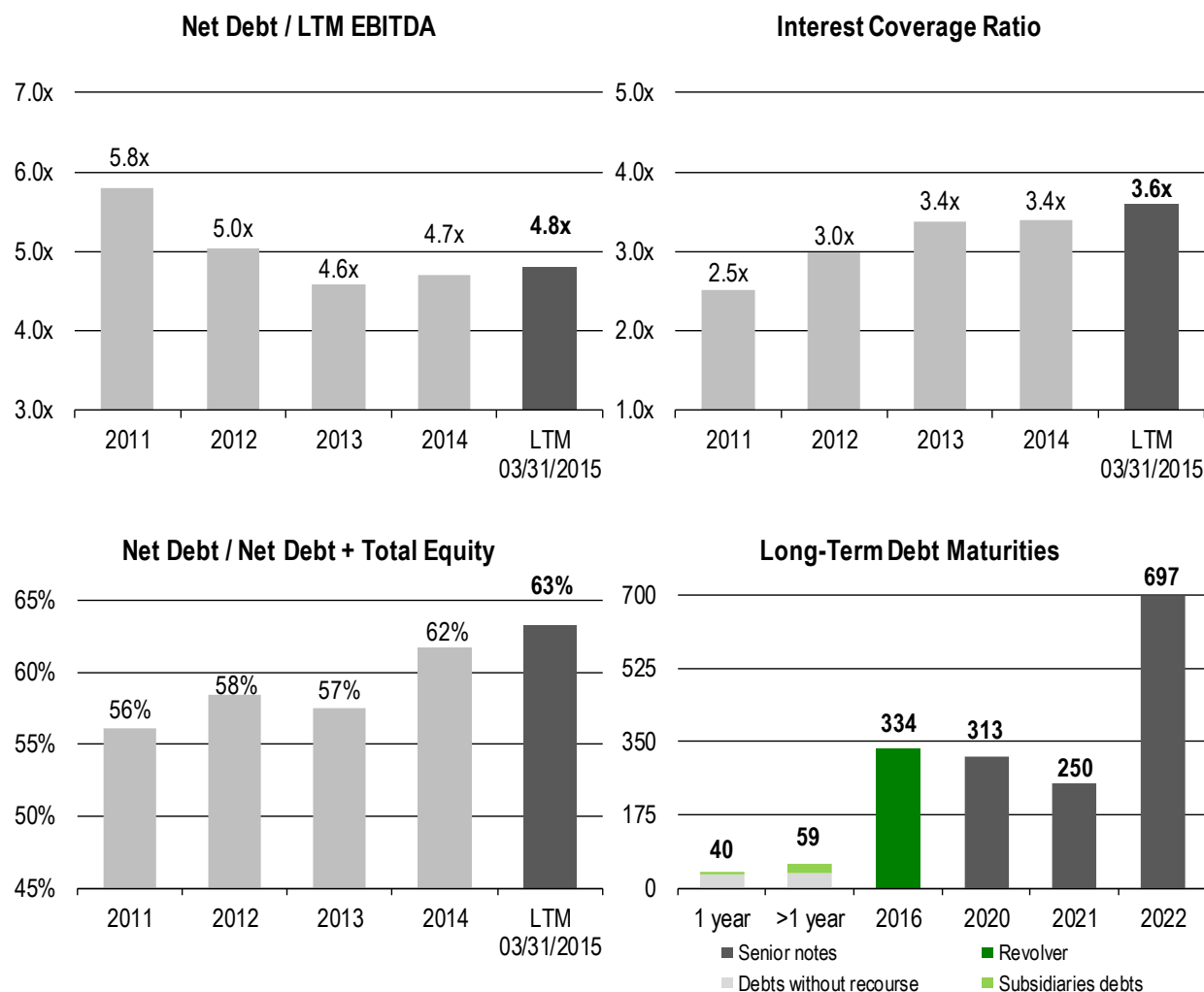
Negative impact of interest payments now in January and July since 2014 refinancing

NET DEBT RECONCILIATION



Despite stronger LTM EBITDA, depreciation of the CAN\$ explains the increased leverage

CONSOLIDATED FINANCIAL RATIOS & DEBT MATURITIES



Leverage ratios were affected by the weakness of the CAN\$

Bank debt financial covenant ratios: Net funded debt to capitalization < 65% (currently at 60,7%), interest coverage ratio > 2.25x (currently at 3.53x).

INTRODUCING PROPORTIONATE CONSOLIDATION

<i>(in millions of Canadian dollars)</i>	As reported (IFRS)	Proportionate consolidation¹
Q1-2015 Selected financial data		
Sales	910	878
EBITDA excluding specific items	85	95
EBITDA excluding specific items - margin (%)	9.3%	10.8%
Total assets	3,719	3,741
Net debt ²	1,691	1,842
Net debt/EBITDA excl. specific items ratio (x) ³	4.8x	4.8x

Our investment in Greenpac improves the profile on a proportionate basis

Note 1 – Mainly Greenpac at 59.7%, Sonoco JVs at 50%, Reno de Medici at 57.6% and Recovery at 73%.

Note 2 – Proportionate net debt includes a subordinated loan of Greenpac to be repaid upon receipt of U.S. tax credits amounting to approximately \$34 million on a proportionate basis.

Note 3 – Ratio as reported based on LTM EBITDA excluding specific items; ratio under proportionate consolidation based on run rate EBITDA of \$380 million.



SEGMENTED REVIEW

PACKAGING PRODUCTS / CONTAINERBOARD

Results Q1 2015	Change vs.	
	Q4 2014	Q1 2014
Shipments ('000 s.t.) 268	-3%	6%
Average selling price (CAN\$/unit) 1,116 (US\$/unit) 899	5%	5%
Sales (\$M) 300	2%	11%
EBITDA (\$M) 52 % of sales 17%	18%	68%

EBITDA excluding specific items

Comments on sequential performance

- ▶ Decrease in total shipments of 3% (-4% external shipments by mills and -3% for corrugated boxes)
- ▶ Higher integration rate explains lower external sales
- ▶ Higher average selling prices in Canada as box shipments decreased less than roll shipments
- ▶ Important decrease in the value of the Canadian dollar explaining lower average selling prices when converted into U.S. dollars as most of our sales are in Canada
- ▶ Favourable exchange rate more than offset the negative impact of lower shipments
- ▶ Higher EBITDA mainly due to lower OCC and freight costs and the depreciation of the Canadian dollar
- ▶ EBITDA negatively impacted by higher energy costs
- ▶ Compared to the same period last year, important increase in EBITDA due to favourable exchange rate, higher shipments and lower operating costs including energy

PACKAGING PRODUCTS / BOXBOARD EUROPE

Results Q1 2015	Change vs.	
	Q4 2014	Q1 2014
Shipments ('000 s.t.) 296	13%	2%
Average selling price <i>(CAN\$/unit)</i> 729 <i>(Euro\$/unit)</i> 522	-2%	-9%
	0%	-1%
Sales (\$M) 216	10%	-7%
EBITDA (\$M) 17 <i>% of sales</i> 8%	21%	-29%

EBITDA excluding specific items

Comments on sequential performance

- ▶ Seasonality and improved production contributed to increase in shipments in both virgin and recycled markets
- ▶ Improve productivity at Reno de Medici also contributed positively
- ▶ Solid backlog level

- ▶ Sequentially, prices remained stable in Euro
- ▶ Sequential strengthening of the Canadian dollar against the Euro resulting in lower average selling prices in Canadian dollar terms

- ▶ Sales increase essentially due to the above-mentioned increase in shipments

- ▶ In addition to the increase in sales, lower maintenance costs during the first quarter also contributed positively to EBITDA
- ▶ The Group also benefited from lower chemical products costs and improved efficiency at Santa Giustina which more than offset higher pulp costs due to the strengthening of the U.S. dollar
- ▶ EBITDA decrease compared to the same period last year explained by \$5 million of energy credits received in Q1 2014

PACKAGING PRODUCTS / SPECIALTY PRODUCTS

Results Q1 2015	Change vs.		Comments on sequential performance
	Q4 2014	Q1 2014	
Shipments ('000 s.t.) 41	11%	0%	<ul style="list-style-type: none"> ▶ Sequential increase in Industrial Packaging shipments, but lower shipments in other segments
Sales (\$M) 135	-1%	-4%	<ul style="list-style-type: none"> ▶ Positive impact of a favourable exchange rate for all segments offset by lower average selling prices and a decrease in shipments in the Recovery segment
EBITDA (\$M) 10 % of sales 7%	0%	25%	<ul style="list-style-type: none"> ▶ Despite a slight decrease in sales, lower raw material costs contributed to stabilize EBITDA ▶ Lower maintenance costs in the Recovery and Consumer Products Packaging segments positively impacted results ▶ Negative impact of higher energy costs in deinked pulp and administrative expenses ▶ The important increase in EBITDA compared to the same period last year was due to a favourable exchange rate and higher shipments in all segments (except deinked pulp)

EBITDA excluding specific items

Industrial Packaging shipments only

TISSUE PAPERS

Results Q1 2015	Change vs.	
	Q4 2014	Q1 2014
Shipments ('000 s.t.) 137	-5%	5%
Average selling price <i>(CAN\$/unit)</i> 2,004 <i>(US\$/unit)</i> 1,615	6%	7%
Sales (\$M) 274	1%	12%
EBITDA (\$M) 15 <i>% of sales</i> 5%	-29%	-25%

EBITDA excluding specific items

Comments on sequential performance

- ▶ 9% decrease in converted products shipments essentially linked to seasonality in the away-from-home market
- ▶ Increase in parent rolls shipments of 7% due to efforts to manage inventories and higher productivity of the new paper machine in Oregon
- ▶ Positive impact of the exchange rate on average selling prices in Canadian dollar
- ▶ Product mix including more parent rolls explains lower U.S average selling prices
- ▶ Impact of parent roll price reduction implemented in January
- ▶ A favourable exchange rate more than offset the above-mentioned decrease in shipments, contributing to a slight increase in sales
- ▶ Slightly higher sales were not enough to counterbalance inefficiencies related to ramp-ups and production downtime taken for maintenance and to manage inventories
- ▶ Usual seasonality related to the first quarter on converted products sales negatively impacted results compared to last quarter
- ▶ Higher seasonal energy costs also negatively impacted our results



Q&A

AND

CONCLUDING REMARKS

NEAR TERM OUTLOOK



- Strong season for packaging products in North America
- Announced price increase in Europe
- Favourable FX environment
- Favourable OCC environment
- Lower energy costs (seasonal)
- Positive impact from recent strategic initiatives



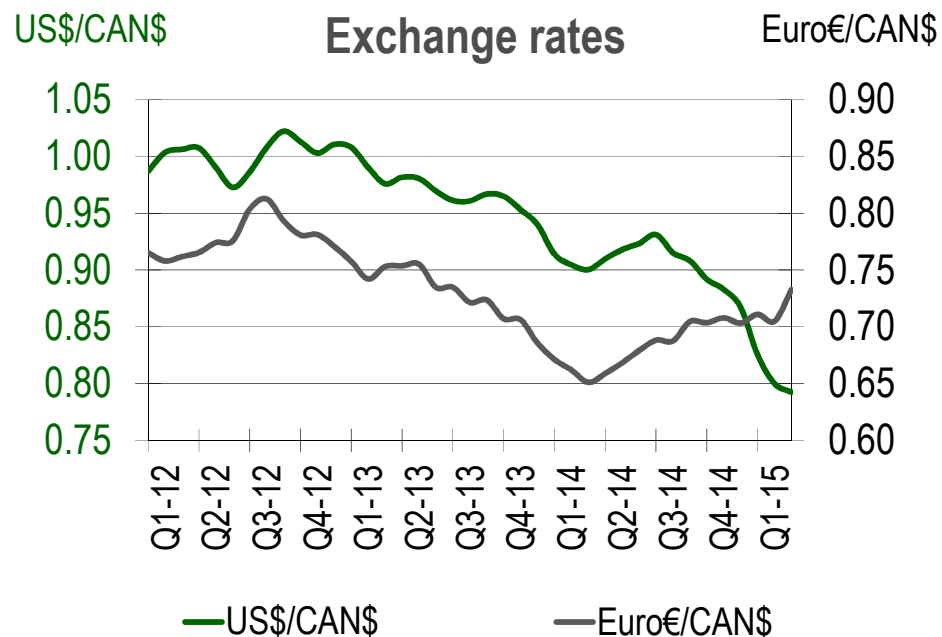
- Competitive tissue market
- Ramp-up of two new tissue sites
- Potential pressure for recovered paper prices in Europe

	Boxboard Europe	Containerboard	Specialty Products	Tissue Papers
Volume	Slight increase →	Slight increase →	Slight increase →	Slight increase →
Average Selling prices	Slight increase →	Stable ↔	Stable ↔	Stable ↔
Raw material costs	Slight increase ↗	Stable ↔	Stable ↔	Slight increase ↗
CAN\$ vs other currency	Stable ↔	Stable ↔		
Energy costs	Slight decrease ↘	Slight decrease ↘	Slight decrease ↘	Slight decrease ↘



APPENDIX

FOREIGN EXCHANGE



Hedging Program – USD Cash flows

2015

- 26% to 48% of exposure (net of interest) hedged at an average rate of 1.11 CAN\$/US\$ to 1.16 CAN\$/US\$

2016

- 32% to 64% of exposure (net of interest) hedged at an average rate of 1.13 CAN\$/US\$ to 1.16 CAN\$/US\$

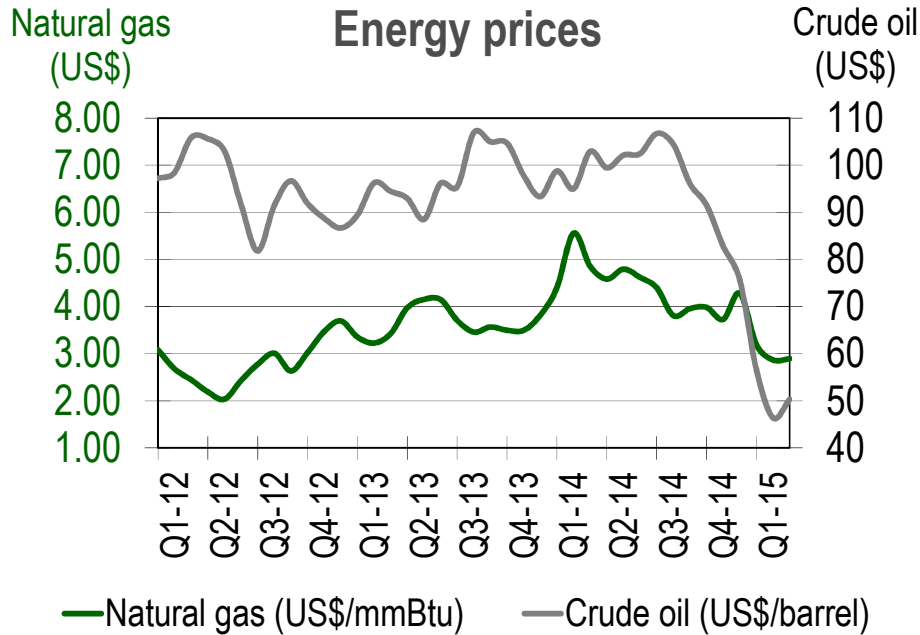
As a percentage of LTM 03/31/2015 EBITDA

- Between 10% to 20% hedged for next 12 to 24 months

	2013				2014		2015	Change	
Averages	Year	Q1	Q2	Q3	Q4	Year	Q1	Q1 2015 Q1 2014	Q1 2015 Q4 2014
Foreign exchange rates									
US\$/CAN\$	0.971	0.906	0.917	0.918	0.881	0.906	0.806	(11%)	(4%)
Euro€/CAN\$	0.731	0.661	0.669	0.693	0.705	0.682	0.716	8%	2%

Source: Bloomberg

ENERGY PRICES



Hedging Program – Natural gas

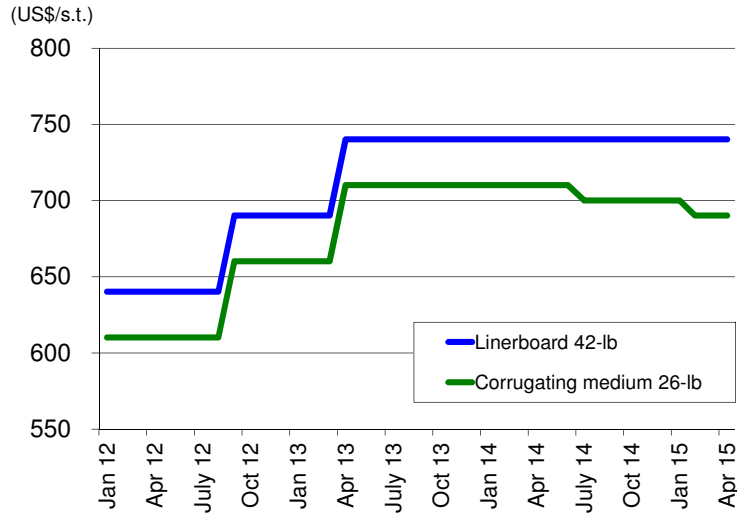
- Canada:
 - 2015 : 73% at 4.67 CAN\$/GJ
 - 2016 : 61% at 4.08 CAN\$/GJ
- U.S.:
 - 2015 : 49% at 4.71 US\$/mmBtu
 - 2016 : 38% at 4.67 US\$/mmBtu

	2013				2014	2015	Change		
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q1 2015 Q1 2014	Q1 2015 Q4 2014
Averages									
Energy prices									
Natural gas Henry Hub (US\$/mmBtu)	3.65	4.94	4.67	4.06	4.00	4.42	2.98	(40%)	(25%)
Crude oil WTI (US\$/barrel)	96.73	98.89	101.33	102.40	83.30	96.48	51.08	(48%)	(39%)

Source: Bloomberg

SELECTED REFERENCE PRICES

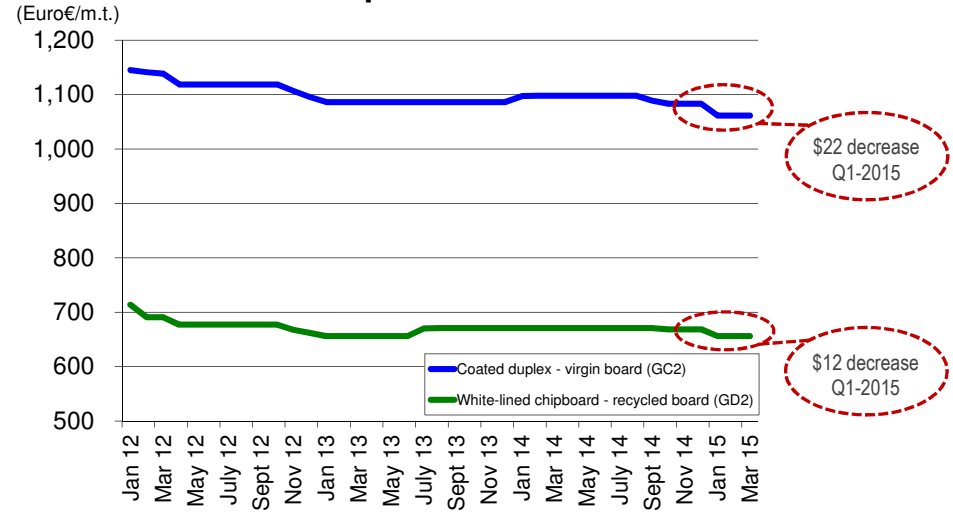
Containerboard - Selected Products



Current
(April)

740
690

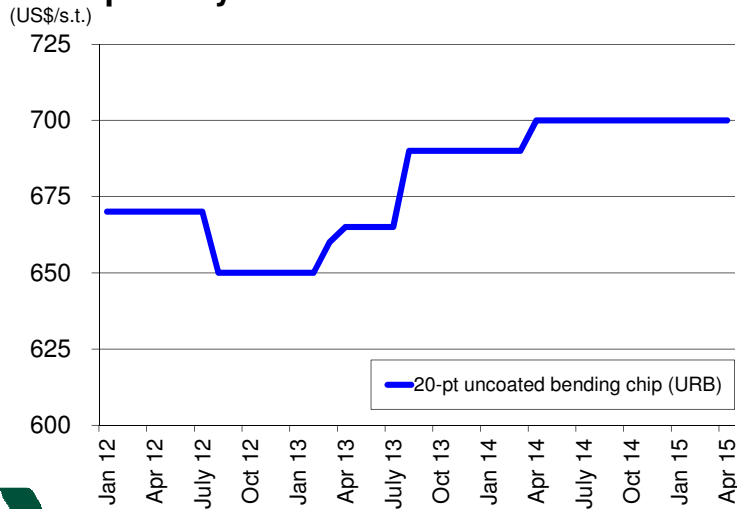
Boxboard Europe - Selected Products



\$22 decrease
Q1-2015

\$12 decrease
Q1-2015

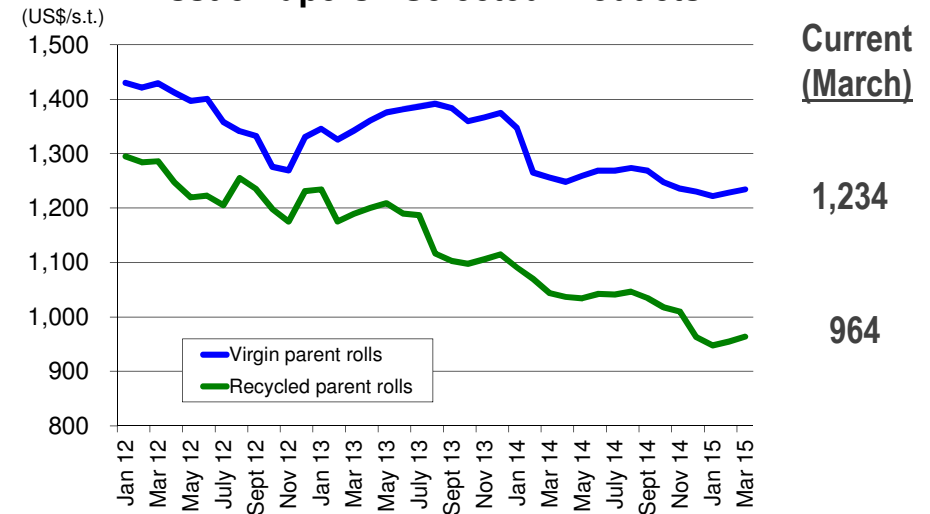
Specialty Products - Selected Products



Current
(April)

700

Tissue Papers - Selected Products



Current
(March)

1,234

964

SELECTED REFERENCE PRICES AND FIBRE COSTS

These indexes should only be used as indicator of trends and they be different than our actual selling prices or purchasing costs								Q1 2015		Q1 2015	
	2013					2014		2015		over Q1 2014	
	Year	Q1	Q2	Q3	Q4	Year	Q1	(units)	(%)	(units)	(%)
Selling prices (average)											
PACKAGING PRODUCTS											
Boxboard Europe (Euro/tonne)											
Recycled white-lined chipboard (GD2) index ¹	663	671	671	671	668	670	656	(15)	(2%)	(13)	(2%)
Virgin coated duplex boxboard (GC2) index ²	1,086	1,097	1,098	1,095	1,083	1,093	1,061	(36)	(3%)	(22)	(2%)
Containerboard (US\$/ton)											
Linerboard 42-lb. unbleached kraft, East U.S. (transaction)	728	740	740	740	740	740	740	0	0%	0	0%
Corrugating medium 26-lb. semichemical, East U.S. (transaction)	698	710	710	700	700	705	693	(17)	(2%)	(7)	(1%)
Specialty Products (US\$/ton, tonne for deinked pulp)											
Uncoated recycled boxboard - 20pt. bending chip (transaction)	673	690	700	700	700	698	700	10	1%	0	0%
Deinked pulp (f.o.b; U.S. air-dried & wet-lap, post-consumer)	756	785	800	800	795	795	800	15	2%	5	1%
TISSUE PAPERS (US\$/ton)											
Parent rolls, recycled fibres (transaction)	1,160	1,068	1,038	1,041	997	1,036	955	(113)	(11%)	(41)	(4%)
Parent rolls, virgin fibres (transaction)	1,366	1,289	1,259	1,270	1,238	1,264	1,228	(61)	(5%)	(10)	(1%)
Raw materials (average)											
RECYCLED PAPER											
North America (US\$/ton)											
Special news, no. 8 (ONP - Northeast average)	65	63	63	63	63	63	59	(3)	(5%)	(3)	(5%)
Corrugated containers, no. 11 (OCC - Northeast average)	108	110	103	96	89	100	81	(29)	(27%)	(8)	(9%)
Sorted office papers, no. 37 (SOP - Northeast average)	150	153	155	155	157	155	158	5	3%	2	1%
Europe (Euro/tonne)											
Recovered paper index ³	115	115	107	108	105	109	106	(9)	(8%)	1	1%
VIRGIN PULP (US\$/tonne)											
Bleached softwood kraft Northern, Eastern U.S.	941	1,017	1,030	1,030	1,025	1,025	995	(22)	(2%)	(30)	(3%)
Bleached hardwood kraft Northern mixed, Eastern U.S.	844	872	873	843	835	856	843	(28)	(3%)	8	1%

Sources RISI, Cascades and Reno de Medici

¹ The index represents an approximation of Cascades' recycled grades selling prices in Europe. It is based on RISI data and weighted by country.

² The index represents an approximation of Cascades' virgin grades selling prices in Europe. It is based on RISI data and weighted by country.

³ The recovered paper index represents an approximation of Cascades' recovered paper purchase prices in Europe. It is based on RISI data and weighted by country.



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