Cascades

Source of Possibilities

Quarterly Report 1

for the three-month periods ended March 31, 2020 and 2019

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FORWARD-LOOKING STATEMENTS

The following is the quarterly financial report and Management's Discussion and Analysis ("MD&A") of the operating results and financial position of Cascades Inc. ("Cascades" or "the Corporation") and should be read in conjunction with the Corporation's Unaudited Condensed Interim Consolidated Financial Statements and accompanying notes for the three-month periods ended March 31, 2020 and 2019, together with the most recent Audited Consolidated Financial Statements. Information contained herein includes any significant developments as at May 6, 2020, the date on which the MD&A was approved by the Corporation's Board of Directors. For additional information, readers are referred to the Corporation's Annual Information Form ("AIF"), which is published separately. Additional information relating to the Corporation is also available on SEDAR at www.sedar.com.

The financial information contained herein, including tabular amounts, is expressed in Canadian dollars, unless otherwise specified, and is prepared in accordance with International Financial Reporting Standards (IFRS), unless otherwise specified. Unless otherwise specified or if required by context, the terms "we", "our" and "us" refer to Cascades Inc. and all of its subsidiaries, joint ventures and associates.

This MD&A is intended to provide readers with information that Management believes is necessary for an understanding of Cascades' current results and to assess the Corporation's future prospects. Consequently, certain statements herein, 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, prices and availability of raw material, changes in relative values of certain currencies, fluctuations in selling prices, and adverse changes in general market and industry conditions. Cascades disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required under applicable securities regulations. This MD&A also includes price indices, as well as variance and sensitivity analysis intended to provide the reader with a better understanding of the trends with respect to our business activities. These items are based on the best estimates available to the Corporation.

TO OUR SHAREHOLDERS

FINANCIAL HIGHLIGHTS

- Sales of $1,313 million
  (compared with $1,227 million in Q4 2019 (+7%) and $1,230 million in Q1 2019 (+7%))
- As reported (including specific items)
  - Operating income of $90 million
    (compared with an operating loss of $1 million in Q4 2019 and an operating income of $72 million in Q1 2019 (+25%))
  - Operating income before depreciation and amortization (OIBD)[1] of $161 million
    (compared with $76 million in Q4 2019 (+112%) and $139 million in Q1 2019 (+16%))
  - Net earnings per share of $0.24
    (compared with net loss per share of $0.27 in Q4 2019 and net earnings per share of $0.26 in Q1 2019)
- Adjusted (excluding specific items)[1]
  - Operating income of $90 million
    (compared with $75 million in Q4 2019 (+20%) and $68 million in Q1 2019 (+32%))
  - OIBD of $161 million
    (compared with $152 million in Q4 2019 (+6%) and $135 million in Q1 2019 (+19%))
  - Net earnings per share of $0.42
    (compared with $0.30 in Q4 2019 and $0.14 in Q1 2019)
- Net debt[1] of $2,212 million as at March 31, 2020 (compared with $1,963 million as at December 31, 2019) reflecting FX impact ($140 million) and the acquisition of CDPQ's interest in Greenpac Mill ($121 million); Net debt to adjusted OIBD ratio[1] at 3.5x.

FINANCIAL SUMMARY

SELECTED CONSOLIDATED INFORMATION

(in millions of Canadian dollars, except per share amounts)	**Q1 2020**	Q4 2019	Q1 2019
Sales	**1,313**	1,227	1,230
As reported			
Operating income before depreciation and amortization (OIBD)[1]	**161**	76	139
Operating income (loss)	**90**	(1)	72
Net earnings (loss)	**22**	(26)	24
per share	**$ 0.24**	$ (0.27)	$ 0.26
Adjusted[1]			
Operating income before depreciation and amortization (OIBD)	**161**	152	135
Operating income	**90**	75	68
Net earnings	**39**	29	13
per share	**$ 0.42**	$ 0.30	$ 0.14
Margin (OIBD)	**12.3%**	12.4%	11.0%

SEGMENTED OIBD AS REPORTED

(in millions of Canadian dollars)	**Q1 2020**	Q4 2019	Q1 2019
Packaging Products			
Containerboard	**102**	98	111
Boxboard Europe	**31**	8	29
Specialty Products	**11**	9	13
Tissue Papers	**45**	(3)	4
Corporate Activities	**(28)**	(36)	(18)
OIBD as reported	**161**	76	139

1 Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.

SEGMENTED ADJUSTED OIBD[1]

(in millions of Canadian dollars)	**Q1 2020**	Q4 2019	Q1 2019
Packaging Products			
Containerboard	**99**	106	104
Boxboard Europe	**30**	24	29
Specialty Products	**12**	9	14
Tissue Papers	**45**	35	9
Corporate Activities	**(25)**	(22)	(21)
Adjusted OIBD	**161**	152	135

We would like to begin by thanking every one of our employees for their incredible dedication during these very difficult times as we navigate the Covid-19 pandemic. Their hard work has allowed us to continue providing our customers with the essential tissue and packaging products they need. The past few months have been unprecedented on many levels and we are incredibly proud of our employees' ongoing commitment to support each other, our customers, and our communities. Our top priority is the health and safety of our employees. In early March we restricted work-related travel, implemented workplace social distancing measures, and introduced extensive cleaning protocols at our operations. We have also been in regular communication with our employees, providing them with protocols, updates and support when and where needed. At the operations level, we are maintaining open lines of communication with our customers to ensure that all product needs are being fulfilled and any supply gaps are identified and rectified quickly.

Our first quarter results are a testament to the dedication and hard work of every one of our employees during these challenging times. Within this difficult context, first quarter sales increased 7% from the prior quarter. This reflected improvements in all business segments, most notably in Tissue, European Boxboard and specific Specialty Packaging products as a result of consumer buying patterns related to Covid-19 and strategic actions taken in recent quarters. Sales growth of 7% year-over-year was largely driven by increases in Tissue, which benefited from higher volumes and favourable average selling price, sales mix and exchange rate. Containerboard sales also increased year-over-year, as higher volumes and a beneficial exchange rate offset the impacts from a less favourable sales mix and lower average selling price. Sales in European Boxboard decreased slightly year-over-year largely due to lower average selling prices, while lower sales in Specialty Products reflect a business divestiture and mill closure in 2019.

First quarter adjusted OIBD of $161 million, which is net of a $10 million expected credit loss provision taken against accounts receivable amounts across our business segments, increased 6% sequentially and 19% compared to the prior year period. The sequential performance was driven by improved results in Tissue that reflected volume growth combined with a higher average selling price. Stronger sequential performances from the European Boxboard and Specialty Packaging segments also benefited from volume growth. European Boxboard results also reflected lower raw material pricing and lower average selling prices, while the reverse was true for Specialty Packaging. The year-over-year growth was entirely attributable to the improved performance in the Tissue segment.

MARIO PLOURDE
President and Chief Executive Officer
May 6, 2020

1 Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.

OUR BUSINESS

Cascades Inc. is a paper and packaging company that produces, converts and sells packaging and tissue products composed primarily of recycled fibres. Established in 1964 in Kingsey Falls, Québec, the Corporation was founded by the Lemaire brothers, who saw the economic and social potential of building a company focused primarily on the sustainable development principles of reusing, recovering and recycling. More than 55 years later, Cascades is a multinational business with 90 operating facilities[1] and approximately 12,000 employees across Canada, the United States and Europe. The Corporation currently operates four business segments:

(Business segments)	Number of Facilities[1]	Q1 2020 Sales[2] (in $M)	Q1 2020 Operating Income Before Depreciation and Amortization (OIBD)[2] (in $M)	Q1 2020 Adjusted OIBD[2,4] (in $M)	Q1 2020 Adjusted OIBD Margin (%)
PACKAGING PRODUCTS					
Containerboard	26	458	102	99	21.6 %
Boxboard Europe[3]	7	272	31	30	11.0 %
Specialty Products	18	113	11	12	10.6 %
TISSUE PAPERS	21	446	45	45	10.1 %

BUSINESS DRIVERS

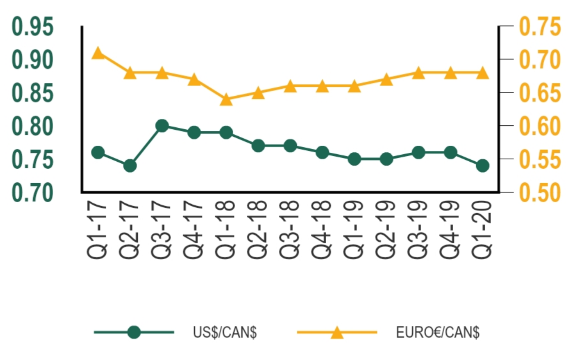
Cascades' results may be impacted by fluctuations in the following areas:

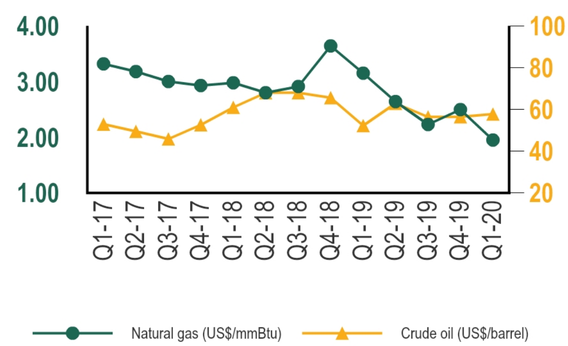
EXCHANGE RATES

Sequentially, the average value of the Canadian dollar decreased by 2% compared to the US dollar and decreased by 1% compared to the euro in the first quarter of 2020. On a year-over-year basis, the average value of the Canadian dollar decreased by 1% compared to the US dollar and increased by 2% compared to the Euro.

ENERGY COSTS

During the quarter, the average price of natural gas decreased by 22% sequentially and by 38% compared to the same period of last year. In the case of crude oil, the average price was 2% and 11% higher sequentially and year-over-year, respectively.





					2018					2019	**2020**
	Q1	Q2	Q3	Q4	YEAR	Q1	Q2	Q3	Q4	YEAR	**Q1**
US$/CAN$ - Average rate	$ 0.79	$ 0.77	$ 0.77	$ 0.76	$ 0.77	$ 0.75	$ 0.75	$ 0.76	$ 0.76	$ 0.75	**$ 0.74**
US$/CAN$ End of period rate	$ 0.78	$ 0.76	$ 0.77	$ 0.73	$ 0.73	$ 0.75	$ 0.76	$ 0.76	$ 0.77	$ 0.77	**$ 0.71**
EURO€/CAN$ - Average rate	$ 0.64	$ 0.65	$ 0.66	$ 0.66	$ 0.65	$ 0.66	$ 0.67	$ 0.68	$ 0.68	$ 0.67	**$ 0.68**
EURO€/CAN$ End of period rate	$ 0.63	$ 0.65	$ 0.67	$ 0.64	$ 0.64	$ 0.67	$ 0.67	$ 0.69	$ 0.69	$ 0.69	**$ 0.64**
Natural Gas Henry Hub - US$/mmBtu	$ 2.98	$ 2.80	$ 2.91	$ 3.64	$ 3.09	$ 3.15	$ 2.64	$ 2.23	$ 2.50	$ 2.63	**$ 1.95**

Source: Bloomberg

1 Including associates and joint ventures. The Corporation also has 18 Recovery and Recycling facilities which are included in Corporate Activities.
2 Excluding associates and joint ventures not included in consolidated results. Refer to Note 8 of the 2019 Audited Consolidated Financial Statements for more information on associates and joint ventures.
3 Via our equity ownership in Reno de Medici S.p.A., an Italian public company.
4 Please refer to the "Supplemental Information on Non-IFRS Measures" section for a complete reconciliation.

HISTORICAL MARKET PRICES OF MAIN PRODUCTS AND RAW MATERIAL

These indexes should only be used as trend indicators; they may differ from our actual selling prices and purchasing costs.	2018 Year	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 Year	**2020 Q1**	**Q1 2020 vs. Q1 2019 Change**	**Q1 2020 vs. Q1 2019 %**	**Q1 2020 vs. Q4 2019 Change**	**Q1 2020 vs. Q4 2019 %**
Selling prices (average)											
PACKAGING PRODUCTS											
Containerboard (US$/short ton)											
Linerboard 42-lb. unbleached kraft, Eastern US (open market)	747	752	735	725	725	734	**715**	**(37)**	**(5)%**	**(10)**	**(1)%**
Corrugating medium 26-lb. semichemical, Eastern US (open market)	662	650	640	630	630	638	**615**	**(35)**	**(5)%**	**(15)**	**(2)%**
Boxboard Europe (euro/metric ton)											
Recycled white-lined chipboard (WLC) index[1]	674	672	672	672	669	671	**653**	**(19)**	**(3)%**	**(16)**	**(2)%**
Virgin coated duplex boxboard (FBB) index[2]	1,072	1,117	1,117	1,117	1,115	1,117	**1,099**	**(18)**	**(2)%**	**(16)**	**(1)%**
Specialty Products (US$/short ton)											
Uncoated recycled boxboard - 20-pt. bending chip (series B)	696	730	730	730	730	730	**710**	**(20)**	**(3)%**	**(20)**	**(3)%**
TISSUE PAPERS (US$/short ton)											
Parent rolls, recycled fibres (transaction)	1,093	1,151	1,164	1,143	1,109	1,142	**1,111**	**(40)**	**(3)%**	**2**	**—**
Parent rolls, virgin fibres (transaction)	1,395	1,441	1,444	1,420	1,411	1,429	**1,416**	**(25)**	**(2)%**	**5**	**—**
Raw material prices (average)											
RECYCLED PAPER											
North America (US$/short ton)											
Sorted residential papers, No. 56 (SRP - Northeast average)	36	24	16	10	8	15	**8**	**(16)**	**(67)%**	**—**	**—**
Old corrugated containers, No. 11 (OCC - Northeast average)	74	61	40	33	30	41	**36**	**(25)**	**(41)%**	**6**	**20 %**
Sorted office papers, No. 37 (SOP - Northeast average)	193	183	140	101	88	128	**89**	**(94)**	**(51)%**	**1**	**1 %**
Europe (euro/metric ton)											
Recovered paper index[3]	105	96	87	71	49	76	**33**	**(63)**	**(66)%**	**(16)**	**(33)%**
VIRGIN PULP (US$/metric ton)											
Northern bleached softwood kraft, Canada	1,342	1,380	1,292	1,170	1,115	1,239	**1,127**	**(253)**	**(18)%**	**12**	**1 %**
Bleached hardwood kraft, mixed, Canada/US	1,152	1,180	1,100	970	893	1,036	**890**	**(290)**	**(25)%**	**(3)**	**—**

Source: RISI and Cascades.

1 The Cascades Recycled White-Lined Chipboard Selling Price Index is based on published indexes and represents an approximation of Cascades' recycled-grade selling prices in Europe. It is weighted by country and has been rebalanced as at January 1, 2018.
2 The Cascades Virgin Coated Duplex Boxboard Selling Price Index is based on published indexes and represents an approximation of Cascades' virgin-grade selling prices in Europe. It is weighted by country and has been rebalanced as at January 1, 2018.
3 The Cascades Recovered Paper Index is based on published indexes and represents an approximation of Cascades' recovered paper purchase prices in Europe. It is weighted by country, based on the recycled fibre supply mix, and has been rebalanced as at January 1, 2018.

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 plant in Québec that was closed in prior year.

2019
In the first quarter, the lease on the 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 lease incentives to the lessee and to accrued carrying costs.

IMPAIRMENT CHARGES AND RESTRUCTURING COSTS

2019
As a result of the lease termination on the 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 $1 million of restructuring costs stemming from the closure of its Trois-Rivières, Québec, plant that manufactured 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**
Operating income (loss)	**74**	**20**	**8**	**28**	**(40)**	**90**
Depreciation and amortization	**28**	**11**	**3**	**17**	**12**	**71**
Operating income (loss) before depreciation and amortization	**102**	**31**	**11**	**45**	**(28)**	**161**
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**	**—**
Adjusted operating income (loss) before depreciation and amortization	**99**	**30**	**12**	**45**	**(25)**	**161**
Adjusted operating income (loss)	**71**	**19**	**9**	**28**	**(37)**	**90**

	For the 3-month period ended March 31, 2019					
(in millions of Canadian dollars)	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	84	18	9	(8)	(31)	72
Depreciation and amortization	27	11	4	12	13	67
Operating income (loss) before depreciation and amortization	111	29	13	4	(18)	139
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)
Adjusted operating income (loss) before depreciation and amortization	104	29	14	9	(21)	135
Adjusted operating income (loss)	77	18	10	(3)	(34)	68

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
Net earnings attributable to Shareholders for the period	**22**	24
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
Operating income	**90**	72
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)
Adjusted operating income	**90**	68
Depreciation and amortization	**71**	67
Adjusted operating income before depreciation and amortization	**161**	135

The following table reconciles net earnings and net earnings per share, as per IFRS, with adjusted net earnings and adjusted net earnings per share:

	NET EARNINGS		NET EARNINGS PER SHARE[1]	
	For the 3-month periods ended March 31,		For the 3-month periods ended March 31,	
(in millions of Canadian dollars, except amount per share)	2020	2019	2020	2019
As per IFRS	**22**	24	**$ 0.24**	$ 0.26
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[1]	**—**	(1)	**—**	—
	17	(11)	**$ 0.18**	$ (0.12)
Adjusted	**39**	13	**$ 0.42**	$ 0.14

1 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
Cash flow from operating activities	**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
Operating income	**90**	72
Depreciation and amortization	**71**	67
Operating income before depreciation and amortization	**161**	139

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

1 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
Total debt	**2,365**	2,118
Less: Cash and cash equivalents	**153**	155
Net debt	**2,212**	1,963
Adjusted OIBD (last twelve months)	**630**	604
Net debt / Adjusted OIBD	**3.5x**	3.25x

MANAGEMENT'S DISCUSSION & ANALYSIS

CHANGE IN SEGMENTED INFORMATION

In 2019, the Corporation modified its internal reporting in accordance with CODM requirements and business analysis. As a result, the Corporation modified its segmented information disclosure and restated prior periods. The Corporation's recovery and recycling activities, previously included in the Specialty Products segment, are now included in the Corporate Activities since they support our North American packaging and Tissue Papers segments and are analyzed separately.

FINANCIAL OVERVIEW - 2019

On a consolidated basis, 2019 performance reflected solid sales levels, business acquisitions completed at the end of 2018 and in 2019, lower average raw material costs, stronger Tissue Papers results, favourable foreign exchange rates for our North American operations, and strategic initiatives and investments across our platforms.

Annual consolidated sales totaled $4,996 million, an increase of $347 million or 7% compared to 2018 levels. This performance reflected business acquisitions and beneficial foreign exchange rates for the North American operations as noted above, in addition to more favourable average selling price and sales mix in the Tissue and Specialty Products business segments. These were partly offset by lower volumes in all business segments, with the exception of Specialty Products, and less advantageous sales pricing and mix in the Containerboard and European Boxboard segments, the latter of which also saw results impacted by unfavourable foreign exchange rates compared to the prior year.

Operating income before depreciation and amortization (OIBD) increased by $78 million[1], or 17%, to $550 million in 2019. This largely reflects strong year-over-year improved results in the Tissue Papers segment that were driven by more favourable average selling price and sales mix, lower raw material and energy costs, and the acquisition of Orchids activities in September 2019. Results in the Containerboard Packaging segment benefited from lower raw material prices, beneficial exchange rates, and slightly lower energy costs, the benefits of which were partially mitigated by slightly lower volumes, and higher production costs largely related to sales mix. European Boxboard performance was supported by lower raw material and energy pricing and recent business acquisitions. Less favourable average selling price, sales mix and foreign exchange rate had a negative impact on annual results compared to the prior year. Results in the Specialty Products segment were above prior-year levels largely due to lower raw material pricing, benefits from 2018 acquisition, and more favourable selling price and sales mix. Slightly higher production costs partially offset these benefits. Recovery and recycling activities results of the Corporate activities segment were negatively impacted by falling prices of recycled brown paper.

FINANCIAL OVERVIEW - FIRST QUARTER OF 2020

Results for the first quarter reflect strong sales driven mostly by increased demand, amid the Covid-19 situation and the Orchids acquisition realized in the second half of 2019 in the Tissue Papers segment. The Tissue papers segment also benefited from higher average selling prices while the other three segments had a lower average selling price compared to last year's first quarter. However, the lower costs of brown and white recycled fibre grades benefited our four business segments.

Given the uncertainty regarding the potential impact from the Covid-19 pandemic over the coming months, we continue to regularly update our financial and cash flow forecasts. Although, the pandemic had an overall favorable impact on volume levels in the first quarter, the Corporation recorded a $10 million expected credit loss provision on accounts receivable due to the higher level of uncertainty and credit risk.

For the 3-month period ended March 31, 2020, sales increased by $83 million, or 7%, to reach $1,313 million, compared to $1,230 million in the same period of 2019. The Corporation recorded an operating income before depreciation and amortization of $161 million during the period, compared to $139 million in the same period of 2019. On an adjusted basis[1], operating income before depreciation and amortization stood at $161 million, compared to $135 million last year.

The Corporation posted net earnings of $22 million, or $0.24 per share, compared to net earnings of $24 million, or $0.26 per share, in the same period of 2019. On an adjusted basis[2], the Corporation generated net earnings of $39 million in the first quarter of 2020, or $0.42 per share, compared to net earnings of $13 million, or $0.14 per share, in the same period of 2019.

1 2019 results have been adjusted to reflect retrospective adjustments of purchase price allocation. See Note 4 of the 2020 first quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

2 Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.

KEY PERFORMANCE INDICATORS

We use several key performance indicators to monitor our action plan and analyze the progress we are making toward achieving our long-term objectives. These include the following:

	2018					2019					2020	LTM [9]
	Q1	Q2	Q3	Q4	YEAR	Q1	Q2	Q3 [8]	Q4	YEAR	Q1	
OPERATIONAL												
Total shipments (in '000 s.t.)[1]												
Packaging Products												
Containerboard	352	385	370	368	1,475	342	363	377	365	1,447	**374**	***1,479***
Boxboard Europe	298	276	259	292	1,125	333	331	321	305	1,290	**351**	***1,308***
	650	661	629	660	2,600	675	694	698	670	2,737	**725**	***2,787***
Tissue Papers	149	163	164	149	625	146	155	161	167	629	**181**	***664***
Total	799	824	793	809	3,225	821	849	859	837	3,366	**906**	***3,451***
Integration rate[2]												
Containerboard	56%	56%	56%	58%	57%	59%	59%	58%	58%	58%	**57%**	***58%***
Tissue Papers	67%	68%	71%	75%	70%	76%	77%	76%	75%	76%	**73%**	***75%***
Manufacturing capacity utilization rate[3]												
Packaging Products												
Containerboard	89%	100%	92%	93%	93%	88%	91%	94%	92%	91%	**98%**	***94%***
Boxboard Europe	103%	96%	90%	90%	94%	96%	95%	93%	88%	93%	**101%**	***94%***
Tissue Papers	88%	92%	92%	87%	90%	87%	92%	93%	84%	88%	**88%**	***89%***
Consolidated total	94%	97%	91%	90%	93%	91%	93%	93%	90%	92%	**97%**	***93%***
FINANCIAL												
Return on assets[4]												
Packaging Products												
Containerboard	14%	16%	18%	20%	20%	20%	20%	20%	20%	20%	**20%**	
Boxboard Europe	14%	15%	16%	15%	15%	15%	14%	14%	15%	15%	**15%**	
Specialty Products	15%	14%	15%	11%	11%	13%	16%	21%	21%	21%	**20%**	
Tissue Papers	9%	6%	4%	2%	2%	1%	2%	4%	7%	7%	**9%**	
Consolidated return on assets	9.5%	10.2%	10.7%	10.6%	10.6%	11.0%	11.2%	11.4%	12.0%	12.0%	**12.3%**	
Return on capital employed[5]	3.9%	4.4%	4.7%	4.6%	4.6%	4.8%	4.9%	4.9%	5.4%	5.4%	**5.6%**	
Working capital[6]												
In millions of $, at end of period	513	506	464	455	455	500	525	502	416	416	**488**	
As a percentage of sales[7]	10.5%	10.8%	10.7%	10.6%	10.6%	10.4%	10.3%	10.3%	10.1%	10.1%	**9.9%**	

1 Shipments do not take into account the elimination of business sector inter-segment shipments. Shipments from our Specialty Products segment are not presented as they use different units of measure.

2 Defined as: Percentage of manufacturing shipments transferred to our converting operations.

3 Defined as: Manufacturing internal and external shipments/practical capacity. Excluding Specialty Products segment manufacturing activities.

4 Return on assets is a non-IFRS measure defined as the last twelve months' ("LTM") adjusted OIBD/LTM quarterly average of total assets less cash and cash equivalents.

5 Return on capital employed is a non-IFRS measure and is defined as the after-tax amount of the LTM adjusted operating income, including our share of core associates and joint ventures, divided by the LTM quarterly average of capital employed. Capital employed is defined as the quarterly total average assets less trade and other payables and cash and cash equivalents.

6 Working capital includes accounts receivable (excluding the short-term portion of other assets) plus inventories less trade and other payables.

7 Percentage of sales = Average LTM working capital/LTM sales. It includes or excludes significant business acquisitions and disposals.

8 2019 third quarter results have been adjusted to reflect retrospective adjustments of purchase price allocation. Please refer to Note 4 of the 2020 first quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

9 LTM (last twelve months).

HISTORICAL FINANCIAL INFORMATION

					2018					2019	**2020**	**LTM [3]**
(in millions of Canadian dollars, unless otherwise noted)	Q1	Q2	Q3	Q4	YEAR	Q1	Q2	Q3 [2]	Q4	YEAR	**Q1**	
Sales												
Packaging Products												
Containerboard	421	475	472	472	1,840	441	462	473	451	1,827	**458**	***1,844***
Boxboard Europe	246	232	210	245	933	279	270	256	243	1,048	**272**	***1,041***
Specialty Products	84	88	89	97	358	129	135	123	105	492	**113**	***476***
Inter-segment sales	(3)	(4)	(4)	(3)	(14)	(4)	(3)	(4)	(3)	(14)	**(3)**	***(13)***
	748	791	767	811	3,117	845	864	848	796	3,353	**840**	***3,348***
Tissue Papers	305	343	364	340	1,352	348	377	387	397	1,509	**446**	***1,607***
Inter-segment sales and Corporate Activities	45	46	44	45	180	37	34	29	34	134	**27**	***124***
Total	1,098	1,180	1,175	1,196	4,649	1,230	1,275	1,264	1,227	4,996	**1,313**	***5,079***
Operating income (loss)												
Packaging Products												
Containerboard	121	82	94	84	381	84	84	91	69	328	**74**	***318***
Boxboard Europe	19	22	10	11	62	18	19	14	(6)	45	**20**	***47***
Specialty Products	6	4	8	6	24	9	12	10	5	36	**8**	***35***
	146	108	112	101	467	111	115	115	68	409	**102**	***400***
Tissue Papers	(2)	(9)	(11)	(100)	(122)	(8)	1	34	(21)	6	**28**	***42***
Corporate Activities	(32)	(26)	(23)	(36)	(117)	(31)	(34)	(41)	(48)	(154)	**(40)**	***(163)***
Total	112	73	78	(35)	228	72	82	108	(1)	261	**90**	***279***
Adjusted OIBD[1]												
Packaging Products												
Containerboard	77	105	117	111	410	104	113	118	106	441	**99**	***436***
Boxboard Europe	28	30	19	20	97	29	30	25	24	108	**30**	***109***
Specialty Products	8	9	10	8	33	14	16	16	9	55	**12**	***53***
	113	144	146	139	540	147	159	159	139	604	**141**	***598***
Tissue Papers	13	7	5	(8)	17	9	18	24	35	86	**45**	***122***
Corporate Activities	(21)	(15)	(14)	(18)	(68)	(21)	(21)	(22)	(22)	(86)	**(25)**	***(90)***
Total	105	136	137	113	489	135	156	161	152	604	**161**	***630***
Net earnings (loss)	61	27	36	(67)	57	24	31	43	(26)	72	**22**	***70***
Adjusted[1]	12	31	38	—	79	13	26	28	29	96	**39**	***122***
Net earnings (loss) per share (in dollars)												
Basic	$ 0.65	$ 0.28	$ 0.38	$ (0.71)	$ 0.60	$ 0.26	$ 0.33	$ 0.45	$ (0.27)	$ 0.77	**$ 0.24**	***$ 0.75***
Diluted	$ 0.63	$ 0.27	$ 0.37	$ (0.71)	$ 0.56	$ 0.26	$ 0.32	$ 0.44	$ (0.27)	$ 0.75	**$ 0.23**	***$ 0.72***
Basic, adjusted[1]	$ 0.13	$ 0.30	$ 0.40	—	$ 0.83	$ 0.14	$ 0.28	$ 0.30	$ 0.30	$ 1.02	**$ 0.42**	***$ 1.30***
Cash flow from operating activities (excluding changes in non-cash working capital components)	69	111	92	89	361	82	124	104	91	401	**153**	***472***
Net debt[1]	1,534	1,586	1,573	1,769	1,769	1,878	1,861	2,070	1,963	1,963	**2,212**	

1 Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.

2 2019 third quarter results have been adjusted to reflect retrospective adjustments of purchase price allocation. Please refer to Note 4 of the 2020 first quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

3 Last twelve months

BUSINESS HIGHLIGHTS

From time to time, the Corporation enters into transactions to optimize its asset base and streamline its cost structure. The following transactions should be taken into consideration when reviewing the overall and segmented analysis of the Corporation's 2020 and 2019 results.

BUSINESS START-UP, ACQUISITION, DISPOSAL AND CLOSURE

SPECIALTY PRODUCTS

- On September 30, 2019, the Corporation concluded the sale of its two facilities in France that convert cardboard into packaging for the paper industry.
- In July 2019, the Corporation closed its plant that manufactured felt backing for flooring, located in Trois-Rivières, Québec.

TISSUE PAPERS

- On September 13, 2019, the Corporation announced the completion of the acquisition of Orchids assets. The assets include the Barnwell, South Carolina and Pryor, Oklahoma plants.
- In the second quarter of 2019, the Corporation closed its tissue paper machines located in Whitby and Scarborough, Ontario.

SIGNIFICANT FACTS AND DEVELOPMENTS

2020

The Corporation exercised its option to purchase the 20.2% interest in Greenpac Holding LLC ("Greenpac") held by the Caisse de dépôt et placement du Québec (CDPQ) on November 30, 2019 for an exercise price of US$93 million ($121 million). The transaction closed January 3, 2020 and increased the Corporation's, direct and indirect, ownership interest in Greenpac to 86.3%.

2019

On November 26, 2019, the Corporation announced that it had completed its private offering of US$350 million aggregate principal amount of 5.125% senior notes due 2026, US$300 million aggregate principal amount of 5.375% senior notes due 2028 and $175 million aggregate principal amount of 5.125% senior notes due 2025. The net proceeds from the notes offering were used by the Corporation to redeem all of its outstanding $250 million aggregate principal amount of 5.50% senior notes due 2021 and US$400 million aggregate principal amount of 5.50% senior notes due 2022 and repay certain amounts outstanding under its revolving credit facility. The Corporation also paid $11 million of premiums and wrote off $3 million of unamortized financing costs related to these notes.

On October 30, 2019, the Corporation announced the closure of its Waterford, New York and Kingman, Arizona tissue converting facilities, which produce a combined total volume of 9 million cases of tissue products. This volume will be transferred to the Corporation's other Tissue Papers facilities with available capacity and the newly acquired Orchids activities (see Note 5 of the Audited Consolidated Financial Statements for more details). The closure of these facilities is expected to gradually take place during the second quarter.

On August 9, 2019, the Corporation announced an increase of its quarterly dividend from $0.04 to $0.08 per share.

On May 31, 2019, the Corporation entered into an agreement with its lenders to extend and amend its existing $750 million revolving credit facility. The amendment extends the term of the facility to July 2023. The financial conditions remain unchanged.

FINANCIAL RESULTS FOR THE 3-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

SALES

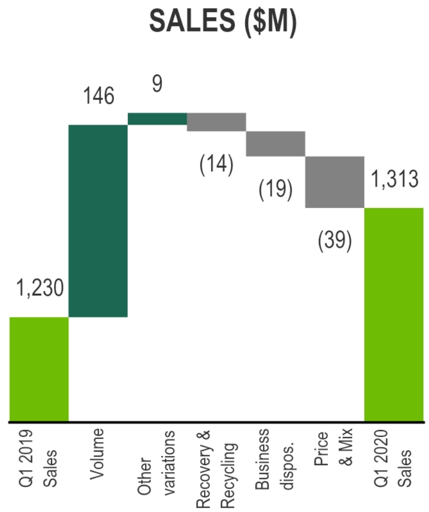
Sales of $1,313 million grew by $83 million, or 7%, compared with the same period last year. This reflected increases in all segments with the exception of Specialty Products, but was largely driven by the Tissue segment, where sales grew $98 million, or 28%, compared to the prior year. Specifically, sales in the Tissue segment reflected increased consumer demand in light of Covid-19, higher average selling price, more favourable sales mix and foreign exchange impact, and the addition of Orchids assets in the second half of 2019. European Boxboard sales decreased by $7 million, or 3%, compared with the previous year. This was largely driven by lower average selling prices in both recycled and virgin boxboard and a less favourable Canadian dollar - euro exchange rate, the effects of which were partially offset by higher volumes. Sales in the Specialty Products segment decreased 12% or $16 million year-over-year, reflecting the divestiture of the European activities and closure of the felt vinyl backing mill during the second half of 2019, the impacts of which outweighed the benefits from higher volume in Consumer packaging and favourable exchange rate. Lastly, sales in the Containerboard Packaging group increased by 4% or $17 million year-over-year, due primarily to higher volume and, to a lesser extent, by a more favourable exchange rate. These benefits were partially offset by a lower average selling price and less favourable sales mix year-over-year.

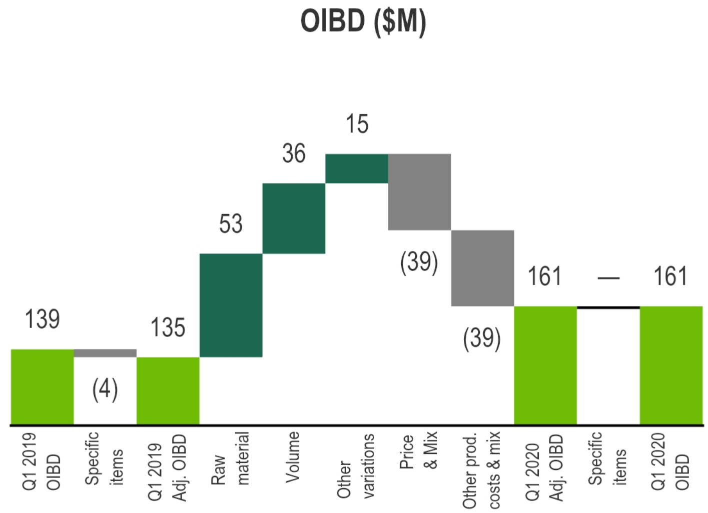
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION (OIBD)

The Corporation generated an operating income before depreciation and amortization (OIBD) of $161 million in the first quarter of 2020, which is net of a $10 million expected credit loss provision taken on accounts receivable amounts across the Corporation's business segments in relation to the current uncertainty caused by the pandemic. This compares with the $139 million generated in the same period last year, an increase of $22 million. The annual improvement was driven by the Tissue segment, where results benefited from lower raw material prices, volume gains, and more favourable average selling price and sales mix. European Boxboard results also improved slightly year-over-year, as benefits from lower raw material costs and higher volumes offset the impacts from lower average selling prices and higher production costs. The decrease in Containerboard results reflect a lower average selling price, higher operational and freight costs and less favourable sales mix, the effects of which mitigated the benefit from lower raw material costs. Specialty Products performance reflect higher operating and maintenance costs, partially offset by volume gains and improved realized spreads in some sub-sectors.

Adjusted OIBD[1] was $161 million in the first quarter of 2020, compared to $135 million in the same period of 2019.

The main variances in sales and operating income before depreciation and amortization in the first quarter of 2020, compared to the same period of 2019, are shown below:





Adjusted OIBD	*Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.*
Raw materials (OIBD)	*The impacts of these estimated costs are based on production costs per unit shipped externally or inter-segment, which are affected by yield, product mix changes, inbound freight costs and purchase and transfer prices. In addition to market pulp and recycled fibre, these costs include purchases of external boards and parent rolls for the converting sector, and other raw materials such as plastic and wood chips.*
F/X CAN$ (OIBD)	*The estimated impact of the exchange rate is based on the Corporation's Canadian export sales less purchases, denominated in US$, that are impacted by exchange rate fluctuations and by the translation of our non-Canadian subsidiaries OIBD into CAN$. It also includes the impact of exchange rate fluctuations on the Corporation's Canadian units in currency other than the CAN$ working capital items and cash positions, as well as our hedging transactions. It excludes indirect sensitivity (please refer to the "Sensitivity Table" section for further details).*
Other production costs and mix (OIBD)	*These costs include the impact of variable and fixed costs based on production costs per unit shipped externally, which are affected by downtime, efficiency and product mix changes.*
Recovery and Recycling activities (Sales and OIBD)	*While this sub-segment is integrated within the other segments of the Corporation, any variation in the results of Recovery and Recycling activities are presented separately and on a global basis in the charts.*

The analysis of variances in segment operating income before depreciation and amortization appears within each business segment review (please refer to the "Business Segment Review" section for more details).

1 Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.

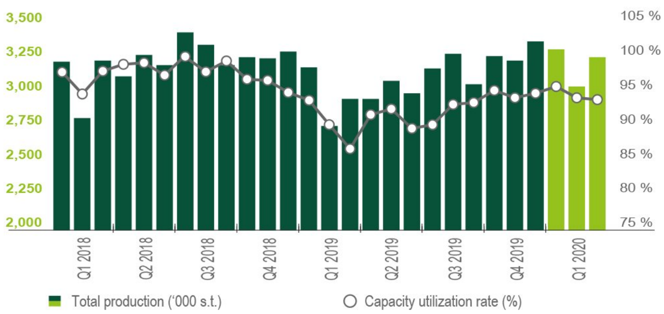
BUSINESS SEGMENT REVIEW

PACKAGING PRODUCTS - CONTAINERBOARD

Our Industry

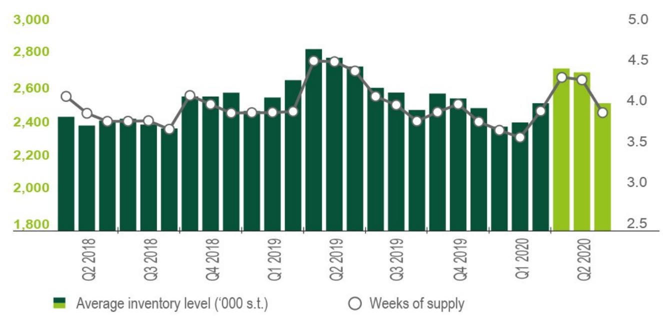
U.S. containerboard industry production and capacity utilization rate [1]

Total U.S. containerboard production amounted to 9.5 million short tons in the first quarter of 2020, a sequential decrease of 2% and an 8% increase year-over-over, respectively. The industry registered an average capacity utilization rate of 94% during the quarter.



U.S. containerboard inventories at box plants and mills [2]

The average inventory level increased 8% sequentially and decreased by 5% year-over-year during the first quarter of 2020. Inventory levels stood at approximately 2.5 million short tons at the end of March 2020, representing 3.9 weeks of supply.



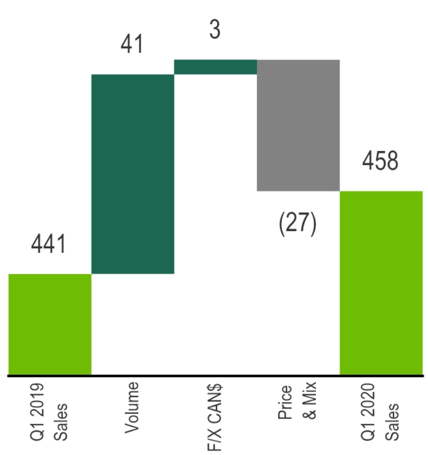
1 Source: RISI

2 Source: Fibre Box Association

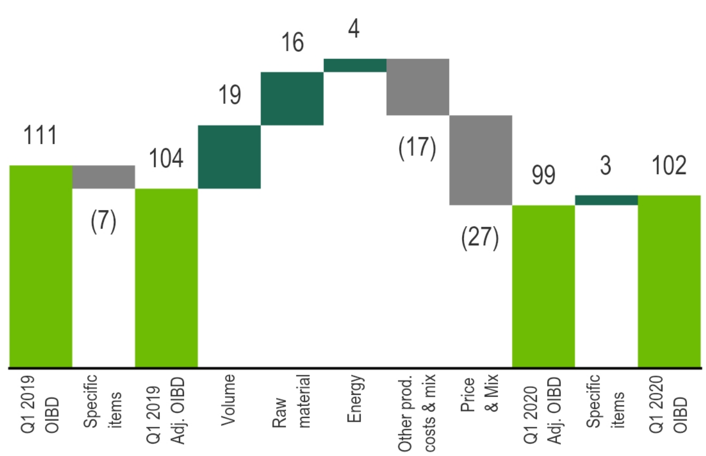
Our Performance

The main variances[1] in sales and operating income before depreciation and amortization for the Containerboard Packaging segment in the first quarter of 2020, compared to the same period of 2019, are shown below:

SALES ($M)



OIBD ($M)



1 For definitions of certain sales and operating income before depreciation and amortization (OIBD) variation categories, please refer to the "Financial results for the 3-month periods ended March 31, 2020 and 2019 section for more details.

The Corporation incurred certain specific items in the first quarters of 2020 and 2019 that adversely or positively affected its operating results. Please refer to the "Supplemental Information for Non-IFRS Measures" section for reconciliations and details.

	Q1 2019	Q1 2020	Change in %
Shipments[2] ('000 s.t.)	342	374	9%
Average Selling Price (CAN$/unit)	1,288	1,225	-5%
Sales ($M)	441	458	4%
OIBD[1] ($M) (as reported)	111	102	-8%
% of sales	25%	22%	
(adjusted)[1]	104	99	-5%
% of sales	24%	22%	
Operating income ($M) (as reported)	84	74	-12%
(adjusted)[1]	77	71	-8%

1 Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.

2 Shipments do not take into account the elimination of business sector inter-segment shipments. Including 3.3 billion square feet in the first quarter of 2020, compared to 3.1 billion square feet in the first quarter of 2019.

3 Including sales to other partners in Greenpac.

Shipments increased by 32,000 s.t., or 9%, in the first quarter of 2020 compared to the same period of 2019. This reflects a 21,000 s.t. increase in external shipments from our containerboard mills due to higher market demand and a 10% increase in the capacity utilization rate. This led to a lower mill integration rate of 57% in the first quarter of 2020, compared with 59% for the first quarter of 2019. Including sales to associates[3], the integration rate was 69% in the first quarter of 2020, compared with 71% last year. On the converting side, shipments increased by 8% (in billion square feet (MMSF)). This outperformed the Canadian and US markets which both increased by 4%.

The average selling price denominated in Canadian dollars decreased by 9% for parent rolls and by 1% for converted products. The 1% average depreciation of the Canadian dollar compared to the US dollar partly offset these negative impacts on average selling prices.

Sales increased by $17 million, or 4%, compared to the same period of 2019. The higher volume added $41 million to sales, while the 1% average depreciation of the Canadian dollar added $3 million. These benefits were partly offset by the less favourable mix of products sold and lower average selling price, which together subtracted $27 million.

Operating income before depreciation and amortization (OIBD) decreased by $9 million, or 8% in the first quarter of 2020, compared to the same period of 2019. Excluding specific items[1] in both years, the $5 million decrease in adjusted OIBD reflects a net negative impact of $27 million related to the average selling price and less favourable sales mix. Higher freight costs subtracted $2 million from OIBD. In addition, higher operational costs, including an expected credit loss provision due to increased credit risk from the current Covid-19 pandemic, and higher chemical, repair and maintenance, indirect labour and warehousing costs, reduced OIBD by another $15 million. These were partly offset by lower costs of brown recycled fibre grades, which benefited results by $16 million. Higher volume and lower energy costs added $19 million and $4 million to the results, respectively.

The segment incurred some specific items[1] in the first quarters of 2020 and 2019 that affected OIBD. Adjusted OIBD[1] was $99 million in the first quarter of 2020, compared to $104 million in the same period of 2019.

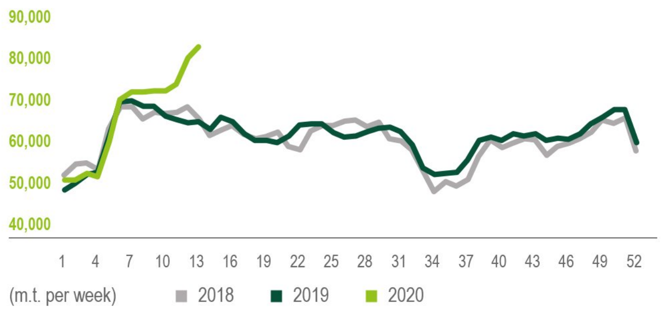
PACKAGING PRODUCTS - BOXBOARD EUROPE

Our Industry

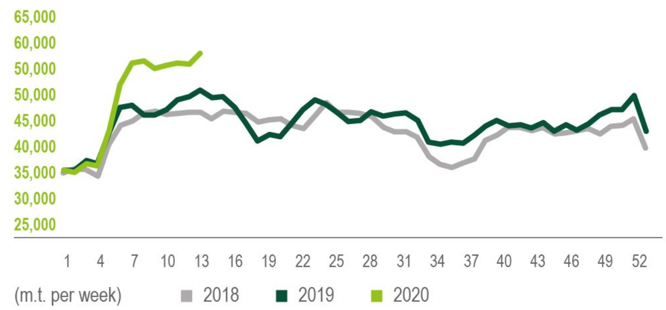
European industry order inflow of coated boxboard [1]

In Europe, order inflows of white-lined chipboard (WLC) totaled approximately 860,000 tonnes in the first quarter of 2020, a 7% and 6% increase sequentially and year-over-year, respectively. In European countries where our Boxboard Europe segment is active, WLC prices decreased by 2% and 3% sequentially and year-over-year, respectively. The folding boxboard (FBB) industry recorded order inflows of approximately 637,000 tonnes during the first quarter of 2020, representing an increase of 8% sequentially and 11% year-over-year. FBB prices decreased by 1% and 2% sequentially and year-over-year, respectively.

Coated recycled boxboard industry's order inflow from Europe
(White-lined chipboard (WLC) - 5-week weekly moving average)



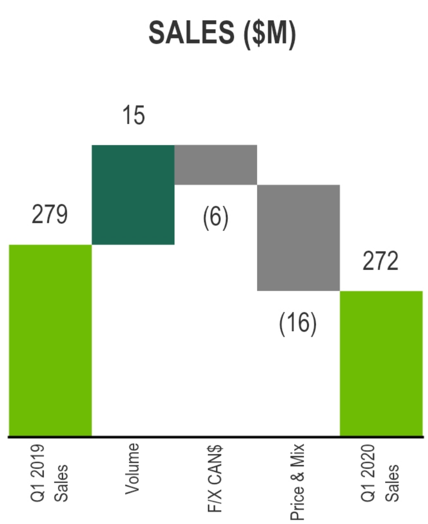
Coated virgin boxboard industry's order inflow from Europe
(Folding boxboard (FBB) - 5-week weekly moving average)

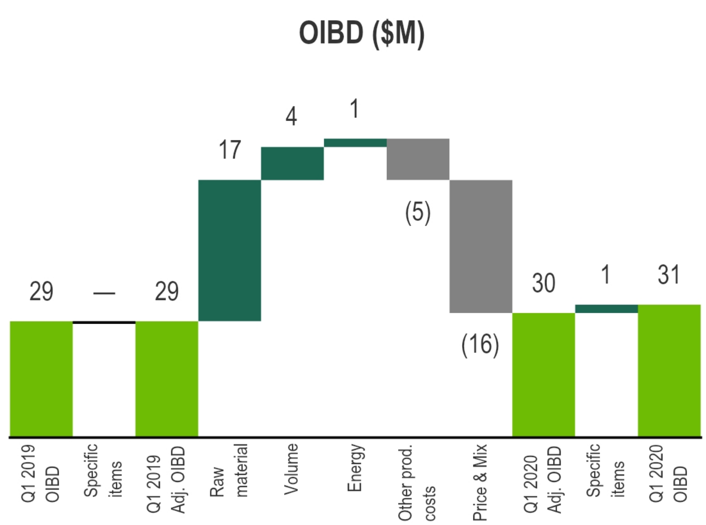


1 Source: CEPI Cartonboard

Our Performance

The main variances[1] in sales and operating income before depreciation and amortization for the Boxboard Europe segment in the first quarter of 2020, compared to the same period of 2019, are shown below:





1 For definitions of certain sales and operating income before depreciation and amortization (OIBD) variation categories, please refer to the "Financial results for the 3-month periods ended March 31, 2020 and 2019 section for more details.

The Corporation incurred certain specific items in the first quarters of 2020 and 2019 that adversely or positively affected its operating results. Please refer to the "Supplemental Information for Non-IFRS Measures" section for reconciliations and details.

	Q1 2019	Q1 2020	Change in %
Shipments[2] ('000 s.t.)	333	351	5%
Average Selling Price[3] (CAN$/unit)	796	750	-6%
(euro€/unit)	527	506	-4%
Sales ($M)	279	272	-3%
OIBD[1] ($M) (as reported)	29	31	7%
% of sales	10%	11%	
(adjusted)[1]	29	30	3%
% of sales	10%	11%	
Operating income ($M) (as reported)	18	20	11%
(adjusted)[1]	18	19	6%

1 Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.

2 Shipments do not take into account the elimination of business sector inter-segment shipments.

3 Average selling price is a weighted average of virgin, recycled and converted boxboard shipments.

External recycled boxboard shipments increased by 15,000 s.t., or 5%, in the first quarter of 2020 compared to the same period of 2019. This reflects the higher market demand in Europe and our increased market share. Shipments of virgin boxboard increased by 3,000 s.t., or 6%, while converted products shipments remained stable.

The average selling price decreased in both euros and Canadian dollars year-over-year. Compared with the prior-year period, the average selling price of recycled boxboard decreased by €17, or 3%, while the average selling price of virgin boxboard decreased by €27, or 4%. The 2% average year-over-year appreciation of the Canadian dollar compared to the euro also added to the decline in average selling price when converted in Canadian dollars.

The $7 million year-over-year decrease in sales in the first quarter of 2020 reflects the lower average selling prices, as mentioned previously, for $16 million and the 2% average year-over-year appreciation of the Canadian dollar compared to the euro for $6 million. Higher volume partly offset the decrease by $15 million.

Operating income before depreciation and amortization (OIBD) increased by $2 million in the first quarter of 2020 compared to the same period of 2019. The lower raw material costs provided $17 million while the higher volume also contributed $4 million to the OIBD. On the other hand, lower selling prices subtracted $16 million and higher production costs also lowered OIBD by $5 million. Lower energy costs also increased OIBD but were partly offset by fewer energy certificates received in the period for a net favourable impact of $1 million.

The segment incurred some specific items[1] in the first quarter of 2020 that affected OIBD. Adjusted OIBD[1] was $30 million in the first quarter of 2020, compared to $29 million in the same period of 2019.

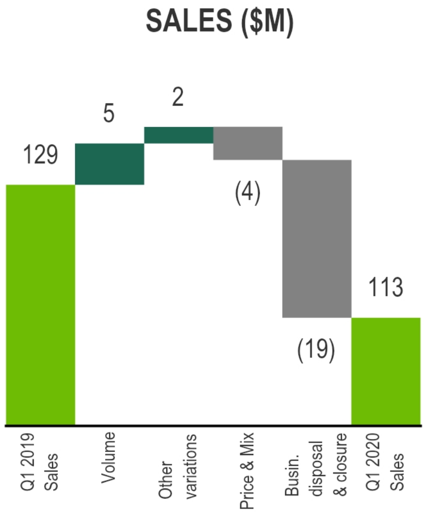
PACKAGING PRODUCTS - SPECIALTY PRODUCTS

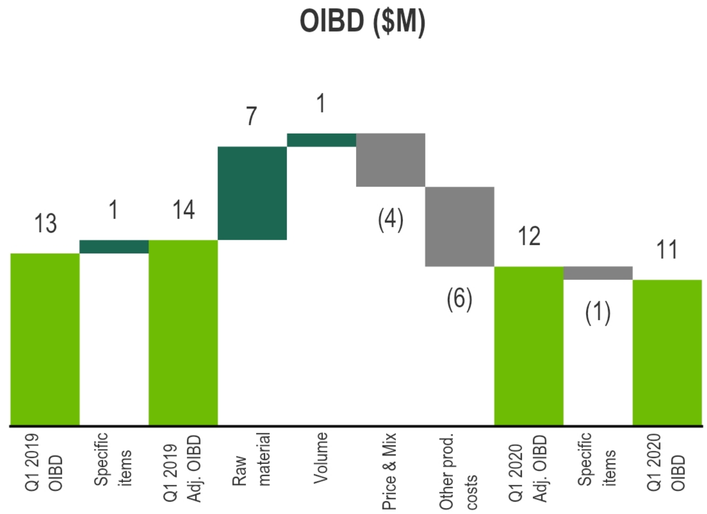
CHANGE IN SEGMENTED INFORMATION

In 2019, the Corporation modified its internal reporting in accordance with CODM requirements and business analysis. As a result, the Corporation modified its segmented information disclosure and restated prior periods. The Corporation's recovery and recycling activities, previously included in the Specialty Products segment, are now included in the Corporate Activities since they support our North American packaging and Tissue Papers segments and are analyzed separately.

Our Performance

The main variances[1] in sales and operating income before depreciation and amortization for the Specialty Products segment in the first quarter of 2020, compared to the same period of 2019, are shown below:





1 For definitions of certain sales and operating income before depreciation and amortization (OIBD) variation categories, please refer to the "Financial results for the 3-month periods ended March 31, 2020 and 2019 section for more details.

The Corporation incurred certain specific items in the first quarters of 2020 and 2019 that adversely or positively affected its operating results. Please refer to the "Supplemental Information for Non-IFRS Measures" section for reconciliations and details.

	Q1 2019	Q1 2020	Change in %
Sales ($M)	129	113	-12%
OIBD[1] ($M) (as reported)	13	11	-15%
% of sales	10%	10%	
(adjusted)[1]	14	12	-14%
% of sales	11%	11%	
Operating income ($M) (as reported)	9	8	-11%
(adjusted)[1]	10	9	-10%

1 Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.

Sales decreased by $16 million, or 12%, compared with the first quarter of 2019. Sales levels were negatively impacted by the divestiture of the European activities and the closure of the vinyl backing felt mill for $19 million. This was partly offset by increased volume in the Consumer Products, plastics and moulded pulp products areas, as well as a favourable exchange rate.

Operating income before depreciation and amortization (OIBD) decreased by $2 million in the first quarter of 2020 compared to the same period of 2019. Higher realized spreads and higher volumes contributed positively to the results. These benefits were offset by higher operating and maintenance costs.

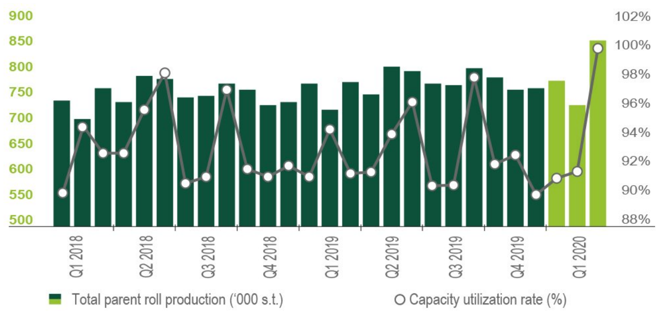
The segment incurred some specific items[1] in the first quarters of 2020 and 2019 that affected OIBD. Adjusted OIBD[1] was $12 million in the first quarter of 2020, compared to $14 million in the same period of 2019.

TISSUE PAPERS

Our Industry

U.S. tissue paper industry production (parent rolls) and capacity utilization rate [1]

During the first quarter of 2020, parent roll production amounted to 2.4 million tons, up 2% sequentially and 4% compared to the same period last year. The average capacity utilization rate for the quarter stood at 94%, up by 3% sequentially and 2% compared to the first quarter of 2019.



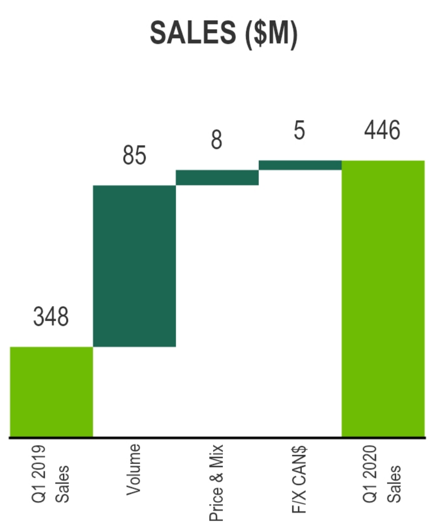
U.S. tissue paper industry converted product shipments [1]

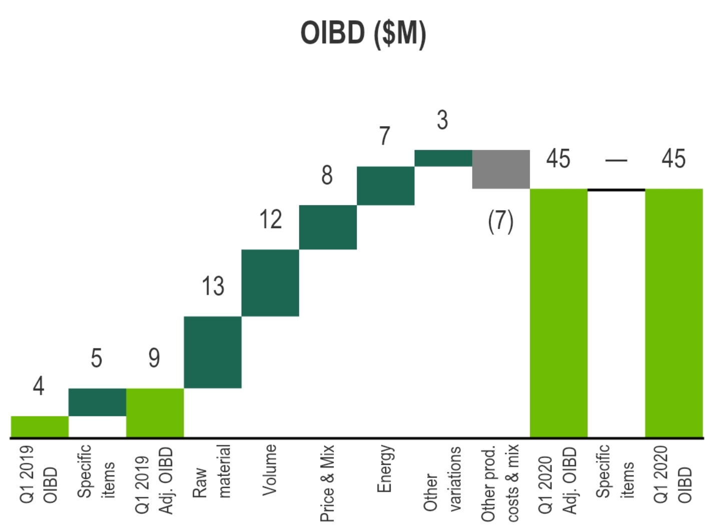
Shipments in the Away-from-Home market increased 3% sequentially and 4% year-over-year in the first quarter of 2020. Shipments in the Retail market rose by 13% compared to the previous quarter and 14% versus the same period of 2019, amid the Covid-19 increase of demand.

1 Source: RISI

Our Performance

The main variances[1] in sales and operating income before depreciation and amortization for the Tissue Papers segment in the first quarter of 2020, compared to the same period of 2019, are shown below:





1 For definitions of certain sales and operating income before depreciation and amortization (OIBD) variation categories, please refer to the "Financial results for the 3-month periods ended March 31, 2020 and 2019 section for more details.

The Corporation incurred certain specific items in the first quarters of 2020 and 2019 that adversely or positively affected its operating results. Please refer to the "Supplemental Information for Non-IFRS Measures" section for reconciliations and details.

	Q1 2019	Q1 2020	Change in %
Shipments[2] ('000 s.t.)	146	181	24%
Average Selling Price (CAN$/unit)	2,386	2,466	3%
Sales ($M)	348	446	28%
OIBD[1] ($M) (as reported)	4	45	1,025%
% of sales	1%	10%	
(adjusted)[1]	9	45	400%
% of sales	3%	10%	
Operating income (loss) ($M) (as reported)	(8)	28	450%
(adjusted)[1]	(3)	28	1,033%

1 Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.

2 Shipments do not take into account the elimination of business sector inter-segment shipments.

External manufacturing shipments increased by 4,000 s.t., or 14%, year-over-year in the first quarter of 2020. This largely reflects the lower integration rate of 73% in the current period, down from 76% in the same period of 2019, that was mainly due to the closure of two paper machines in Toronto, Canada in the first half of 2019. External converting shipments increased by 16,000 s.t., or 15%, year-over-year, mainly driven by new volume with key strategic customers and increased demand due to the Covid-19 pandemic. The acquisition of Orchids in the third quarter of 2019 added 15,000 s.t. to shipment levels in the first quarter of 2020.

The 3% increase in the average selling price was mainly due to the 1% average depreciation of the Canadian dollar compared to the US dollar, a higher proportion of converted products, and a more favourable mix of converted products sold. The price increases announced at the beginning of 2019 in both the Away-From-Home and Consumer Products sectors also positively impacted the average selling price.

The 28% increase in sales in the first quarter of 2020 was largely driven by higher volumes, which added $85 million, including the acquisition of Orchids and the beneficial impact of higher selling prices and a favourable mix of customers and products sold, which added an additional $8 million. The favorable exchange rate benefited sales by $5 million.

The significant increase in operating income before depreciation and amortization (OIBD) reflects a $13 million benefit from lower recycled paper costs, higher volumes, which contributed $12 million, and higher selling prices and a favourable mix of customers and products sold, which added an additional $8 million. Lower energy costs benefited results by $7 million. These were partially offset by higher outsourcing costs required to fulfill our increase in market share despite production efficiency improvements and lower transportation costs. In addition, production costs per ton were higher year-over-year as a result of the greater proportion of sales of converted products, adding $7 million of costs compared to last year. While more expensive to produce, these products are sold at a higher selling price and margin. Other factors and foreign exchange rate added $3 million to OIBD.

The segment incurred some specific items[1] in the first quarter of 2019 that affected OIBD. Adjusted OIBD[1] was $45 million in the first quarter of 2020, compared to $9 million in the same period of 2019.

CORPORATE ACTIVITIES

Corporate Activities included some specific items[1] in the first quarters of 2020 and 2019 that affected OIBD. Adjusted OIBD[1] was a loss of $25 million in the first quarter of 2020, compared with a loss of $21 million in the same period of 2019. The decrease is mainly explained by the additional costs incurred to support our strategic initiative to optimize our profitability through improvements in production efficiency, supply chain, sales and operation planning and net revenue management.

Sales of our recovery and recycling activities declined as the market price of recycled paper fibre decreased compared to the first quarter of 2019. Operating income before depreciation and amortization (OIBD) remained relatively stable.

STOCK-BASED COMPENSATION EXPENSE

Stock-based compensation expense recognized in the Corporate Activities amounted to $2 million in the first quarter of 2020, compared with nil in the same period of 2019. For more details on stock-based compensation, see Note 21 of the 2019 Audited Consolidated Financial Statements.

1 Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.

OTHER ITEMS ANALYSIS

DEPRECIATION AND AMORTIZATION

The depreciation and amortization expense increased by $4 million to $71 million in the first quarter of 2020, compared with $67 million in the same period of 2019. The increase is mainly attributable to the Orchids acquisition in the second half of 2019 and capital expenditure investments completed during the last twelve months. Impairment charges recorded in 2019 partly offset this increase.

FINANCING EXPENSE AND INTEREST ON EMPLOYEE FUTURE BENEFITS AND OTHER LIABILITIES

The financing expense and interest on employee future benefits and other liabilities amounted to $28 million in the first quarter of 2020, compared to $39 million in the same period of 2019, a decrease of $11 million. The variance is mainly attributable to the 2019 first quarter fair value revaluation recognized on the CDPQ put option, which amounted to $12 million due to Greenpac's improving financial performance.

PROVISION FOR INCOME TAXES

In the first quarter of 2020, the Corporation recorded an income tax provision of $15 million, which compares to an income tax provision of $8 million in the same period of 2019.

Greenpac is a limited liability company (LLC) and partners agreed to account for it as a disregarded entity for tax purposes. Consequently, income taxes associated with Greenpac net earnings are proportionately recorded by each partner based on its respective share in the LLC and no income tax provision is included in Greenpac's net earnings. As such, although Greenpac is fully consolidated in the Corporation's results, only 92% of pre-tax book income is considered for tax provision purposes (71.8% prior to the acquisition of CDPQ 20.2% participation in Greenpac on January 3, 2020).

The effective tax rate and income taxes are affected by the results of certain subsidiaries and joint ventures located in countries where the income tax rates are different from those in Canada, notably the United States, France and Italy. The normal effective tax rate is expected to be in the range of 24% to 28%. The weighted-average applicable tax rate was 25.2% in the first quarter of 2020.

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

Share of results of associates and joint ventures amounted to $3 million in the first quarter of 2020 compared to $2 million for the same period of last year. Refer to Note 8 of the 2019 Audited Consolidated Financial Statements for more information on associates and joint ventures.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities generated $119 million of liquidity in the first quarter of 2020, compared to $52 million generated in the same period of 2019. Changes in non-cash working capital components used $34 million of liquidity in the first quarter of 2020, versus $30 million used in the same period of 2019. Stronger sales mainly towards the end of the first quarter and prepaid expenses, as well as a volume rebate payment which mostly occurs in the first quarter led to working capital requirements. As at March 31, 2020, average LTM working capital as a percentage of LTM sales stood at 9.9%, compared to 10.1% as at December 31, 2019.

Cash flow from operating activities, excluding changes in non-cash working capital components, stood at $153 million in the first quarter of 2020, compared to $82 million in the same period of 2019. This cash flow measurement is relevant to the Corporation's ability to pursue its capital expenditure program and reduce its indebtedness.

Following the redemption of our senior notes in the fourth quarter of 2019, an interest payment normally planned for January 2020 was done in December 2019 in the amount of $23 million. The Corporation also received $9 million of net income taxes in the first quarter of 2020, compared to nil for the same period in 2019.

INVESTING ACTIVITIES

Investing activities used $75 million in the first quarter of 2020, compared with $66 million used in the same period of 2019.

CHANGE IN INTANGIBLE AND OTHER ASSETS

The main items were as follows:

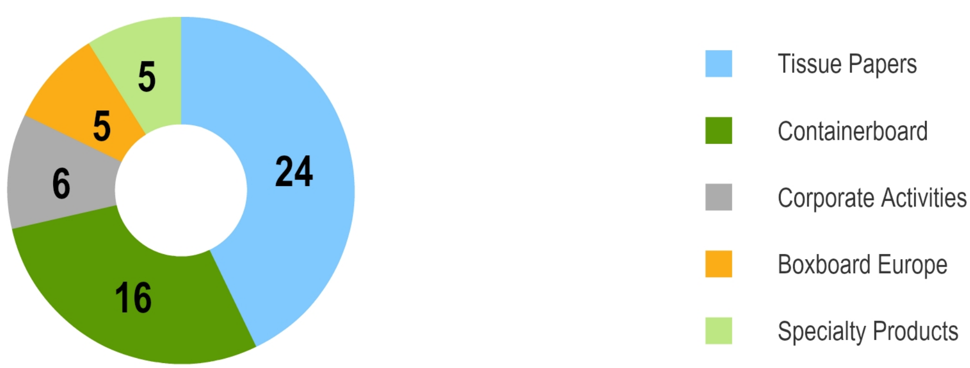
2020
The Corporation invested $2 million for its ERP information technology system and other software development.

2019
The Corporation invested $2 million for its ERP information technology system and other software development and received $1 million from a note receivable.

PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

	For the 3-month periods ended March 31,	
(in millions of Canadian dollars)	**2020**	2019
Total acquisitions	**56**	76
Variation of acquisitions for property, plant and equipment included in “Trade and other payables”	**27**	5
Right-of-use assets and included in other debts	**(9)**	(15)
Payments for property, plant and equipment	**74**	66
Proceeds from disposals of property, plant and equipment	**(1)**	(1)
Payments for property, plant and equipment net of proceeds from disposals	**73**	65

New capital expenditure projects, including right-of-use assets, by segment in the first quarter of 2020 were as follows (in $M):



The major capital projects that were initiated, are in progress or were completed in the first quarter of 2020 are as follows:

CONTAINERBOARD PACKAGING

- Investments for an electric boiler and other equipment to reduce our environmental footprint and revalue production by products at our Cabano, Canada, manufacturing mill
- Bear Island assets in Virginia, USA for site preparation before conversion of equipment to containerboard manufacturing
- Investments for a digital press at our Newtown, Connecticut, converting plant to improve products portfolio and footprint

SPECIALTY PRODUCTS

- Investments to replace ovens at our Indiana, USA moulded pulp plant to increase productivity and quality

TISSUE PAPERS

- Investment in new converting lines at our Wagram facility in North Carolina, USA and acquisition of other converting equipment to upgrade our asset base

FINANCING ACTIVITIES

Financing activities, including $7 million of dividend payments to the Corporation's shareholders, debt repayment and the change in our revolving facility, used $58 million in liquidity in the first quarter of 2020, compared to $12 million generated in the same period of 2019. The Corporation purchased 445,354 shares for cancellation at an average price of $11.53 for an amount of $5 million in the first quarter of 2020. The Corporation issued 471,557 shares at an average price of $5.83 as a result of the exercise of stock options in 2020, representing an aggregate amount of $3 million. Payment of other liabilities amounted to $121 million related to the purchase of CDPQ interest in Greenpac Holding LLC (see "Business Highlights" section for more details). Dividends paid to non-controlling interests amounted to $3 million in the first quarter of 2020. These payments are the results of dividends paid to the non-controlling shareholders of Greenpac and/or Reno de Medici.

CONSOLIDATED FINANCIAL POSITION

AS AT MARCH 31, 2020 AND DECEMBER 31, 2019

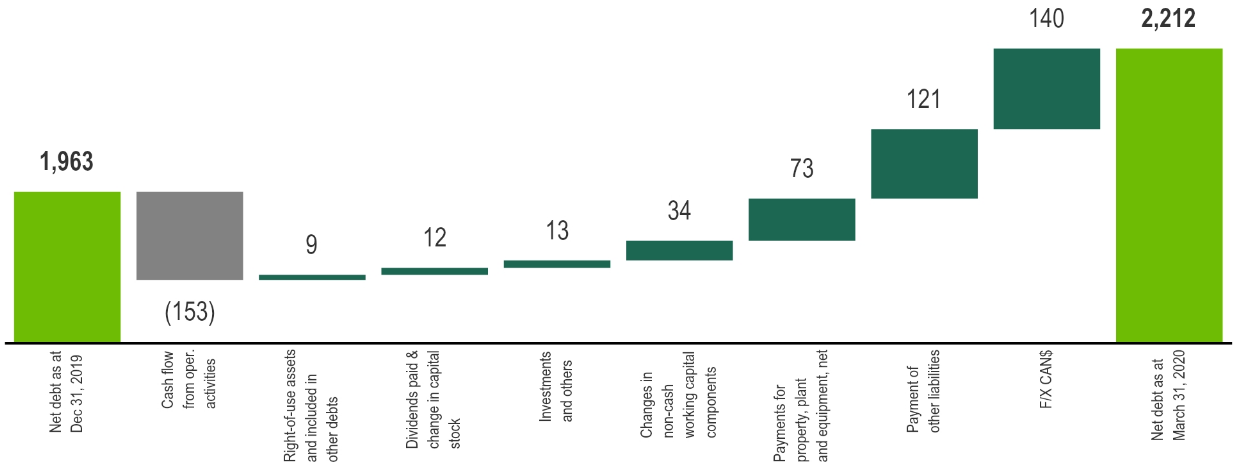
The Corporation’s financial position and ratios are as follows:

(in millions of Canadian dollars, unless otherwise noted)	**March 31, 2020**	December 31, 2019
Cash and cash equivalents	**153**	155
Working capital[1]	**488**	416
As a percentage of sales[2]	**9.9%**	10.1%
Total assets	**5,477**	5,184
Total debt[3]	**2,365**	2,118
Net debt[3] (total debt less cash and cash equivalents)	**2,212**	1,963
Equity attributable to Shareholders	**1,542**	1,492
Non-controlling interests	**197**	177
Total equity	**1,739**	1,669
Total equity and net debt	**3,951**	3,632
Ratio of net debt/(total equity and net debt)	**56.0%**	54.0%
Shareholders' equity per share (in dollars)	**$ 16.36**	$ 15.83

1 Working capital includes accounts receivable (excluding the short-term portion of other assets) plus inventories less trade and other payables.
2 Percentage of sales = Average LTM working capital/LTM sales. It includes or excludes significant business acquisitions and disposals, respectively, of the last twelve months.
3 Please refer to the “Supplemental Information on Non-IFRS Measures” section for reconciliation of these figures.

NET DEBT[1] RECONCILIATION

The variances in the net debt (total debt less cash and cash equivalents) in the first quarter of 2020 are shown below (in millions of dollars), with the applicable financial ratios included.



604	Adjusted OIBD[1] (last twelve months)	**630**
3.25x	Net debt/Adjusted OIBD[1]	**3.5x**

1 Please refer to the "Supplemental Information on Non-IFRS Measures" section for reconciliation of these figures.

Liquidity available via the Corporation's credit facilities and the anticipated cash flow generated by its operating activities are expected to provide sufficient funds to meet our financial obligations and to fulfill our capital expenditure program for at least the next twelve months. As at March 31, 2020, the Corporation had $496 million (net of letters of credit in the amount of $18 million) available on its $750 million credit facility (excluding the credit facilities of our subsidiaries Greenpac and Reno de Medici). Cash and cash equivalents as at March 31, 2020 are comprised as follows: $29 million in the parent company and restricted subsidiaries (as defined in the credit agreement) and $124 million in unrestricted subsidiaries, mainly Greenpac and Reno de Medici.

NEAR-TERM OUTLOOK

At this time we expect second quarter performance to be the result of a combination of tailwinds and headwinds in our different business segments. Specifically, Tissue results will reflect elevated raw material prices due to higher white recycled grade fibre costs and a greater use of virgin pulp due to lower levels of available recycled material. Containerboard margins are also expected to be impacted by higher OCC prices. Volumes in both Tissue and Containerboard are also forecasted to slow sequentially following an easing of the Covid-19 related pantry stocking trends seen in the first quarter and lower demand levels following business closures. Near-term Specialty Product performance is expected to reflect stronger consumer packaging trends, the effects of which should offset softness in industrial packaging. Boxboard Europe results are expected to increase slightly, supported by steady demand and announced industry price increases.

Our priority is the health and safety of our employees, ensuring the continuity of our production to meet the needs of our customers, supporting community initiatives and working in partnership with customers impacted by the current business environment. We will remain vigilant in our cash flow management, and expect our projected available liquidity levels to meet future requirements. We will adjust investment plans further should they be required while continuing to manage our debt level. Given the uncertainty regarding the potential impact from the Covid-19 pandemic over the coming months, we are focused on prudent cash flow management, and have therefore reduced planned capital expenditures to a range of $175 to $200 million for the year, down from $250 million previously, but are maintaining our current dividend policy. Analysis of our Bear Island conversion project has continued at a slower pace given current circumstances, and as such we will not be providing any updated specifics or schedule at this time.

CAPITAL STOCK INFORMATION

SHARE TRADING

Cascades' stock is traded on the Toronto Stock Exchange under the ticker symbol "CAS". From January 1, 2020 to March 31, 2020, Cascades' share price fluctuated between $10.17 and $12.72. During the same period, 16.2 million Cascades shares were traded on the Toronto Stock Exchange. On March 31, 2020, Cascades shares closed at $12.57. This compares with a closing price of $8.34 on the same closing day last year.

SHARES OUTSTANDING

As at March 31, 2020, the Corporation's issued and outstanding capital stock consisted of 94,271,498 shares (94,245,295 as at December 31, 2019) and 3,004,739 issued and outstanding stock options (3,476,296 as at December 31, 2019). In 2020, the Corporation purchased 445,354 shares for cancellation, while 471,557 stock options were exercised. As at May 6, 2020, issued and outstanding capital stock consisted of 94,373,538 shares and 2,902,699 stock options.

NORMAL COURSE ISSUER BID PROGRAM

The normal course issuer bid announced on March 14, 2019 enabled the Corporation to purchase for cancellation up to 1,878,456 shares between March 19, 2019 and March 18, 2020. During that period, the Corporation purchased 780,308 shares for cancellation. The current normal course issuer bid announced on March 17, 2020 enables the Corporation to purchase for cancellation up to 1,886,220 shares between March 19, 2020 and March 18, 2021. During the period between March 19, 2020 and May 6, 2020, the Corporation purchased 89,500 shares for cancellation.

DIVIDEND POLICY

On May 7, 2020, Cascades' Board of Directors declared a quarterly dividend of $0.08 per share to be paid on June 4, 2020 to shareholders of record at the close of business on May 21, 2020. On May 6, 2020, dividend yield was 2.4%.

				2018				2019	**2020**
TSX Ticker: CAS	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	**Q1**
Shares outstanding (in millions) [1]	95.0	94.6	94.2	94.2	93.6	93.6	94.2	94.2	**94.3**
Closing price [1]	$ 13.33	$ 11.77	$ 12.61	$ 10.23	$ 8.34	$ 10.54	$ 11.58	$ 11.21	**$ 12.57**
Average daily volume [2]	246,940	201,563	215,882	218,696	238,606	202,448	164,371	146,157	**256,827**
Dividend yield [1]	1.2%	1.4%	1.3%	1.6%	1.9%	1.5%	2.8%	2.9%	**2.5%**

1 On the last day of the quarter.
2 Average daily volume on the Toronto Stock Exchange.

CASCADES' SHARE PRICE FOR THE PERIOD FROM JANUARY 1, 2018 TO MARCH 31, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

For all the details for this section, please refer to the notes to the Unaudited Condensed Interim Consolidated Financial Statements.

CONTROLS AND PROCEDURES

EVALUATION OF THE EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES, AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Corporation's President and Chief Executive Officer, and its Vice-President and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR), as defined in National Instrument 52-109, "Certification of Disclosure in Issuer's Annual and Interim Filings".

The DC&P have been designed to provide reasonable assurance that important information relevant to the Corporation is communicated to the President and Chief Executive Officer and to the Vice-President and Chief Financial Officer by other people and that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by the Corporation under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. They have limited the scope of their design of DC&P and ICFR to exclude controls, policies and procedures of the Corporation's 2019 business combinations. The design and evaluation of the operating effectiveness of the 2019 business combinations' DC&P and ICFR will be completed within 365 days from the date of acquisition. The President and Chief Executive Officer and the Vice-President and Chief Financial Officer have concluded, based on their evaluation, that the DC&P of the Corporation were effective as at March 31, 2020.

Business combination' balance sheet and results are included in our consolidated financial statements since the acquisition date. They constituted approximately 6.5% of total consolidated assets as of March 31, 2020, while they represented approximately 4.3% of consolidated sales and approximately a loss of 13.5% of consolidated net earnings attributable to Shareholders for the period ended March 31, 2020. Further details on these business combinations are disclosed in Note 4 of 2020 first quarter Unaudited Condensed Interim Consolidated Financial Statements.

The ICFR was designed to provide reasonable assurance that the financial information presented is reliable and that the financial statements were prepared according to the IFRS. The President and Chief Executive Officer and the Vice-President and Chief Financial Officer have evaluated the effectiveness of the ICFR as at March 31, 2020 based on the control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO Framework). Based on this evaluation, they have concluded that the Corporation's ICFR were effective as of the same date. During the three-month period ended March 31, 2020, there were no changes in the Corporation's ICFR that materially affected or are reasonably likely to materially affect the Corporation's ICFR.

RISK FACTORS

As part of its ongoing business operations, the Corporation is exposed to certain market risks, including risks arising from changes in the selling prices of its principal products, the cost of raw material, interest rates and foreign currency exchange rates, all of which could have an impact on the Corporation's financial position, operating results and cash flows. The Corporation manages its exposure to these and other market risks through regular operating and financing activities and, on a limited basis, through the use of derivative financial instruments. We use these derivative financial instruments as risk management tools and not for speculative investment purposes.

Pages 56 to 65 of our Annual Report for the year ended December 31, 2019 contain a discussion of the key areas of the Corporation's business risks and uncertainties and its mitigating strategies. This information on business risks and enterprise risk management remains substantially unchanged. Please refer to our Annual Report for further details.

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars) (unaudited)	NOTE	**March 31, 2020**	December 31, 2019
			Adjusted, Note 4
Assets			
Current assets			
Cash and cash equivalents		**153**	155
Accounts receivable		**733**	606
Current income tax assets		**22**	32
Inventories		**606**	598
Current portion of financial assets	7	**11**	10
		1,525	1,401
Long-term assets			
Investments in associates and joint ventures		**86**	80
Property, plant and equipment	5	**2,904**	2,770
Intangible assets with finite useful life		**180**	182
Financial assets	7	**31**	16
Other assets		**52**	55
Deferred income tax assets		**150**	153
Goodwill and other intangible assets with indefinite useful life		**549**	527
		5,477	5,184
Liabilities and Equity			
Current liabilities			
Bank loans and advances		**9**	11
Trade and other payables		**846**	788
Current income tax liabilities		**21**	17
Current portion of long-term debt	6	**92**	85
Current portion of provisions for contingencies and charges		**4**	5
Current portion of financial liabilities and other liabilities	11	**32**	137
		1,004	1,043
Long-term liabilities			
Long-term debt	6	**2,264**	2,022
Provisions for contingencies and charges		**53**	49
Financial liabilities	7	**14**	5
Other liabilities		**190**	198
Deferred income tax liabilities		**213**	198
		3,738	3,515
Equity			
Capital stock	8	**492**	491
Contributed surplus		**14**	15
Retained earnings		**1,023**	1,003
Accumulated other comprehensive income (loss)		**13**	(17)
Equity attributable to Shareholders		**1,542**	1,492
Non-controlling interests		**197**	177
Total equity		**1,739**	1,669
		5,477	5,184

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(in millions of Canadian dollars, except per common share amounts and number of common shares) (unaudited)	NOTE	For the 3-month periods ended March 31, 2020	2019
Sales	9	**1,313**	1,230
Cost of sales and expenses			
Cost of sales (including depreciation and amortization of $71 million (2019 — $67 million))		**1,092**	1,058
Selling and administrative expenses		**131**	104
Loss (gain) on acquisitions, disposals and others	10	**1**	(10)
Impairment charges and restructuring costs		**—**	9
Gain on derivative financial instruments		**(1)**	(3)
		1,223	1,158
Operating income		**90**	72
Financing expense		**27**	25
Interest expense on employee future benefits and other liabilities		**1**	14
Foreign exchange loss (gain) on long-term debt and financial instruments		**17**	(6)
Share of results of associates and joint ventures		**(3)**	(2)
Earnings before income taxes		**48**	41
Provision for income taxes		**15**	8
Net earnings including non-controlling interests for the period		**33**	33
Net earnings attributable to non-controlling interests		**11**	9
Net earnings attributable to Shareholders for the period		**22**	24
Net earnings per common share			
Basic		**$ 0.24**	$ 0.26
Diluted		**$ 0.23**	$ 0.26
Weighted average basic number of common shares outstanding		**94,248,804**	94,166,959
Weighted average number of diluted common shares		**95,523,990**	95,736,437

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the 3-month periods ended March 31,	
(in millions of Canadian dollars) (unaudited)	**2020**	2019
Net earnings including non-controlling interests for the period	**33**	33
Other comprehensive income (loss)		
Items that may be reclassified subsequently to earnings		
Translation adjustments		
Change in foreign currency translation of foreign subsidiaries	**102**	(37)
Change in foreign currency translation related to net investment hedging activities	**(59)**	21
Cash flow hedges		
Change in fair value of foreign exchange forward contracts	**—**	1
Change in fair value of interest rate swaps	**(1)**	—
Change in fair value of commodity derivative financial instruments	**—**	(1)
	42	(16)
Items that are not released to earnings		
Actuarial gain (loss) on employee future benefits	**10**	(5)
Recovery (provision) of income taxes	**(3)**	2
	7	(3)
Other comprehensive income (loss)	**49**	(19)
Comprehensive income including non-controlling interests for the period	**82**	14
Comprehensive income attributable to non-controlling interests for the period	**23**	2
Comprehensive income attributable to Shareholders for the period	**59**	12

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EQUITY

For the 3-month period ended March 31, 2020

(in millions of Canadian dollars) (unaudited)	NOTE	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance - End of previous period, as reported		**491**	**15**	**1,000**	**(17)**	**1,489**	**177**	**1,666**
Business combinations	4	**—**	**—**	**3**	**—**	**3**	**—**	**3**
Adjusted balance - Beginning of period		**491**	**15**	**1,003**	**(17)**	**1,492**	**177**	**1,669**
Comprehensive income								
Net earnings		**—**	**—**	**22**	**—**	**22**	**11**	**33**
Other comprehensive income		**—**	**—**	**7**	**30**	**37**	**12**	**49**
		—	**—**	**29**	**30**	**59**	**23**	**82**
Dividends		**—**	**—**	**(7)**	**—**	**(7)**	**(3)**	**(10)**
Issuance of common shares upon exercise of stock options		**4**	**(1)**	**—**	**—**	**3**	**—**	**3**
Redemption of common shares	8	**(3)**	**—**	**(2)**	**—**	**(5)**	**—**	**(5)**
Balance - End of period		**492**	**14**	**1,023**	**13**	**1,542**	**197**	**1,739**

For the 3-month period ended March 31, 2019

(in millions of Canadian dollars) (unaudited)	CAPITAL STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Adjusted balance - Beginning of period	490	16	989	2	1,497	180	1,677
Comprehensive income (loss)							
Net earnings	—	—	24	—	24	9	33
Other comprehensive loss	—	—	(3)	(9)	(12)	(7)	(19)
	—	—	21	(9)	12	2	14
Dividends	—	—	(4)	—	(4)	(4)	(8)
Redemption of common shares	(3)	—	(2)	—	(5)	—	(5)
Balance - End of period	487	16	1,004	(7)	1,500	178	1,678

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars) (unaudited)	NOTE	For the 3-month periods ended March 31, 2020	2019
Operating activities			
Net earnings attributable to Shareholders for the period		**22**	24
Adjustments for:			
Financing expense and interest expense on employee future benefits and other liabilities		**28**	39
Depreciation and amortization		**71**	67
Loss (gain) on acquisitions, disposals and others	10	**1**	(9)
Impairment charges and restructuring costs		**—**	5
Unrealized loss (gain) on derivative financial instruments		**(1)**	(3)
Foreign exchange loss (gain) on long-term debt and financial instruments		**17**	(6)
Provision for income taxes		**15**	8
Share of results of associates and joint ventures		**(3)**	(2)
Net earnings attributable to non-controlling interests		**11**	9
Net financing expense paid		**(17)**	(43)
Net income taxes received		**9**	—
Employee future benefits and others		**—**	(7)
		153	82
Changes in non-cash working capital components		**(34)**	(30)
		119	52
Investing activities			
Payments for property, plant and equipment		**(74)**	(66)
Proceeds from disposals of property, plant and equipment		**1**	1
Change in intangible and other assets		**(2)**	(1)
		(75)	(66)
Financing activities			
Bank loans and advances		**(2)**	2
Change in credit facilities		**97**	64
Payments of other long-term debt		**(20)**	(41)
Issuance of common shares upon exercise of stock options		**3**	—
Redemption of common shares	8	**(5)**	(5)
Payment of other liabilities	11	**(121)**	—
Dividends paid to non-controlling interests		**(3)**	(4)
Dividends paid to the Corporation's Shareholders		**(7)**	(4)
		(58)	12
Change in cash and cash equivalents during the period		**(14)**	(2)
Currency translation on cash and cash equivalents		**12**	(4)
Cash and cash equivalents - Beginning of period		**155**	123
Cash and cash equivalents - End of period		**153**	117

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

SEGMENTED INFORMATION

The Corporation analyzes the performance of its operating segments based on their operating income before depreciation and amortization, which is not a measure of performance under International Financial Reporting Standards (IFRS); however, the chief operating decision-maker (CODM) uses this performance measure to assess the operating performance of each reportable segment. Earnings for each segment are prepared on the same basis as those of the Corporation. Intersegment operations are recorded on the same basis as sales to third parties, which are at fair market value. The accounting policies of the reportable segments are the same as the Corporation's accounting policies described in its most recent Audited Consolidated Financial Statements for the year ended December 31, 2019.

The Corporation's operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The Chief Executive Officer has authority for resource allocation and management of the Corporation's performance and is therefore the CODM.

The Corporation's operations are managed in four segments: Containerboard, Boxboard Europe and Specialty Products (which constitutes the Corporation's Packaging Products) and Tissue Papers.

	SALES	
	For the 3-month periods ended March 31,	
(in millions of Canadian dollars) (unaudited)	**2020**	2019
Packaging Products		
Containerboard	**458**	441
Boxboard Europe	**272**	279
Specialty Products	**113**	129
Intersegment sales	**(3)**	(4)
	840	845
Tissue Papers	**446**	348
Intersegment sales and Corporate Activities	**27**	37
	1,313	1,230

	OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	
	For the 3-month periods ended March 31,	
(in millions of Canadian dollars) (unaudited)	**2020**	2019
Packaging Products		
Containerboard	**102**	111
Boxboard Europe	**31**	29
Specialty Products	**11**	13
	144	153
Tissue Papers	**45**	4
Corporate Activities	**(28)**	(18)
Operating income before depreciation and amortization	**161**	139
Depreciation and amortization	**(71)**	(67)
Financing expense and interest expense on employee future benefits and other liabilities	**(28)**	(39)
Foreign exchange gain (loss) on long-term debt and financial instruments	**(17)**	6
Share of results of associates and joint ventures	**3**	2
Earnings before income taxes	**48**	41

PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

	For the 3-month periods ended March 31,	
(in millions of Canadian dollars) (unaudited)	**2020**	2019
Packaging Products		
Containerboard	**16**	22
Boxboard Europe	**5**	11
Specialty Products	**5**	3
	26	36
Tissue Papers	**24**	29
Corporate Activities	**6**	11
Total acquisitions	**56**	76
Proceeds from disposals of property, plant and equipment	**(1)**	(1)
Right-of-use assets and included in other debts	**(9)**	(15)
	46	60
Acquisitions for property, plant and equipment included in “Trade and other payables”		
Beginning of period	**46**	37
End of period	**(19)**	(32)
Payments for property, plant and equipment net of proceeds from disposals	**73**	65

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(tabular amounts in millions of Canadian dollars)

NOTE 1

GENERAL INFORMATION

Cascades Inc. and its subsidiaries (together "Cascades" or the "Corporation") produce, convert and market packaging and tissue products composed mainly of recycled fibres. Cascades Inc. is incorporated and domiciled in Québec, Canada. The address of its registered office is 404 Marie-Victorin Boulevard, Kingsey Falls. Its common shares are listed on the Toronto Stock Exchange.

The Board of Directors approved the Unaudited Condensed Interim Consolidated Financial Statements on May 6, 2020.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*. The Unaudited Condensed Interim Consolidated Financial Statements should be read in conjunction with the Audited Consolidated Financial Statements for the year ended December 31, 2019, which have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) as set forth in Part I of the Chartered Professional Accountants of Canada (CPA Canada) Handbook – Accounting, which incorporates IFRS as issued by the IASB.

The accounting policies applied in these Unaudited Condensed Interim Consolidated Financial Statements are the same as those applied in the Audited Consolidated Financial Statements for the year ended December 31, 2019. Also, income taxes in the interim periods are accrued using the tax rate that would be applicable to expected annual earnings or loss for each jurisdiction.

NOTE 3

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Unaudited Condensed Interim Consolidated Financial Statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

As an initial response to the effects of the crisis Covid-19 the Corporation reviewed the assumptions for operating plans, valuation of long-lived assets and accounts receivable. The exercise resulted in an increase by $10 million in the estimated credit loss for accounts receivable. The Corporation will continue to closely monitor the Covid-19 situation: the duration, spread or intensity of the pandemic as they further develop in 2020, the supply chain, market pricing and customer demand. These factors may further impact the Corporation's operating plan, its cash flows, ability to raise funds and the valuation of its long-lived assets.

Further information on critical accounting estimates and judgments is detailed in the Audited Consolidated Financial Statements as at and for the year ended December 31, 2019.

NOTE 4

BUSINESS COMBINATIONS

2019

Orchids Paper Products

On September 13, 2019, the Corporation acquired the assets of Orchids Paper Products Company ("Orchids") for a total consideration of $307 million, which consisted of US$235 million ($311 million) in cash, less $2 million for a purchase price adjustment and the settlement of a net liability of $2 million with the acquiree prior to the transaction. The Corporation recorded a bargain purchase gain on acquisition of the distressed assets of $25 million before transaction fees of $9 million.

The assets include the Barnwell, South Carolina and Pryor, Oklahoma Tissue plants. As part of the transaction, the Corporation acquired all of the outstanding units of OPP Acquisition Mexico S. de R.L. de C.V., designated as assets held-for-sale at acquisition date, which were resold the same day for US$14 million ($19 million).

This acquisition will accelerate the modernization of the Corporation's U.S. consumer product tissue platform by strengthening our operations and improving our geographic positioning.

The $14 million fair value of accounts receivables is equal to gross contractual cash flows, which were all expected to be collected at the time of the acquisition.

The purchase price allocation was finalized during the first quarter of 2020 and the adjustments were retroactively recorded at the date of acquisition.

Assets acquired and liabilities assumed were as follows:

			2019
BUSINESS SEGMENT:			Tissue Papers
ACQUIRED COMPANIES:			Orchids
(in millions of Canadian dollars)	Adjusted preliminary allocation	Adjustments	Final allocation
Fair values of identifiable assets acquired and liabilities assumed:			
Accounts receivable	14	1	15
Inventories	24	—	24
Assets held-for-sale	19	—	19
Property, plant and equipment	290	3	293
Other assets	1	—	1
Total assets	348	4	352
Trade and other payables	(12)	—	(12)
Deferred income tax liabilities	(7)	(1)	(8)
Net assets acquired	329	3	332
Bargain purchase gain on acquisition	(22)	(3)	(25)
	307	—	307
Net cash paid	311	—	311
Purchase price adjustment	(2)	—	(2)
Settlement of liability with acquiree before the transaction	(2)	—	(2)
Total consideration	307	—	307

NOTE 5
RIGHT-OF-USE ASSETS

The consolidated balance sheets include, in “Property, plant and equipment”, $175 million as at March 31, 2020 ($171 million as at December 31, 2019) hereunder as right-of-use assets relating to leases.

NOTE 6
LONG-TERM DEBT

(in millions of Canadian dollars)	MATURITY	**March 31, 2020**	December 31, 2019
Revolving credit facility, weighted average interest rate of 2.76% as at March 31, 2020, consists of $101 million and US$96 million (December 31, 2019 - $108 million and US$11 million)	2023	**236**	123
5.75% Unsecured senior notes of US$200 million	2023	**281**	260
5.125% Unsecured senior notes of $175 million	2025	**175**	175
5.125% Unsecured senior notes of US$350 million	2026	**492**	455
5.375% Unsecured senior notes of US$300 million	2028	**422**	390
Term loan of US$175 million, interest rate of 3.09% as at March 31, 2020	2025	**239**	221
Lease obligations of subsidiaries		**159**	153
Other debts of subsidiaries		**46**	39
Lease obligations without recourse to the Corporation		**36**	35
Other debts without recourse to the Corporation		**286**	272
		2,372	2,123
Less: Unamortized financing costs		**16**	16
Total long-term debt		**2,356**	2,107
Less:			
Current portion of lease obligations of subsidiaries		**29**	28
Current portion of other debts of subsidiaries		**17**	14
Current portion of lease obligations without recourse to the Corporation		**12**	11
Current portion of other debts without recourse to the Corporation		**34**	32
		92	85
		2,264	2,022

As at March 31, 2020, the long-term debt had a fair value of $2,327 million (December 31, 2019 – $2,159 million).

NOTE 7
FINANCIAL INSTRUMENTS

DETERMINING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount of consideration that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date.

(i) The fair value of cash and cash equivalents, accounts receivable, notes receivable, bank loans and advances, trade and other payables and provisions approximates their carrying amounts due to their relatively short maturities.

(ii) The fair value of investment in shares is based on observable market data and is quoted on the Toronto Stock Exchange and classified as level 1.

(iii) The fair value of long-term debt and some other liabilities is based on observable market data and on the calculation of discounted cash flows. Discount rates were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for the credit market liquidity conditions and are classified as levels 1 and 3.

HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following table presents information about the Corporation's financial assets and financial liabilities measured at fair value on a recurring basis as at March 31, 2020 and December 31, 2019 and indicates the fair value hierarchy of the Corporation's valuation techniques to determine such fair value. Three levels of inputs that may be used to measure fair value are:

Level 1 - Quoted prices in active markets for identical assets or liabilities

Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 - Inputs that are generally unobservable and typically reflect Management's estimates of assumptions that market participants would use in pricing the asset or liability

For commodity derivative financial instruments and foreign currency forward contracts, the Corporation classifies the fair value measurement as Level 2, as they are based mainly on observable market data. The fair value of commodity derivative financial instruments is determined using expected future cash flows based on observable data and notional quantity, with the resulting value discounted using a curve that reflects the credit risk of the Corporation or the counterparty, as applicable. The fair value of foreign currency forward contracts is determined using quoted forward exchange rates at the measurement date, with the resulting value discounted back to present values using a curve that reflects the credit risk of the Corporation or the counterparty, as applicable.

As at March 31, 2020

(in millions of Canadian dollars)	CARRYING AMOUNT	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Financial assets				
Equity investments	**1**	**1**	**—**	**—**
Derivative financial assets	**42**	**—**	**42**	**—**
	43	**1**	**42**	**—**
Financial liabilities				
Derivative financial liabilities	**(35)**	**—**	**(35)**	**—**
	(35)	**—**	**(35)**	**—**

As at December 31, 2019

(in millions of Canadian dollars)	CARRYING AMOUNT	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Financial assets				
Derivative financial assets	26	—	26	—
	26	—	26	—
Financial liabilities				
Derivative financial liabilities	(13)	—	(13)	—
	(13)	—	(13)	—

NOTE 8
CAPITAL STOCK

REDEMPTION OF COMMON SHARES

In 2019, in the normal course of business, the Corporation renewed its redemption program of a maximum of 1,878,456 common shares with the Toronto Stock Exchange, said shares representing approximately 2% of issued and outstanding common shares. The redemption authorization is valid from March 19, 2019 to March 18, 2020. During the period between January 1, 2020 and March 18, 2020, the Corporation redeemed 355,854 common shares under this program for an amount of $4 million.

In 2020, in the normal course of business, the Corporation renewed its redemption program of a maximum of 1,886,220 common shares with the Toronto Stock Exchange, said shares representing approximately 2% of issued and outstanding common shares. The redemption authorization is valid from March 19, 2020 to March 18, 2021. During the period between March 19, 2020 and March 31, 2020, the Corporation redeemed 89,500 common shares under this program for an amount of $1 million.

NOTE 9
REVENUE

Information by geographic segment is as follows:

										SALES
										For the 3-month periods ended March 31,
	Canada		United States		Italy		Other countries		Total	
(in millions of Canadian dollars)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Packaging Products										
Containerboard	**260**	257	**197**	183	**—**	—	**1**	1	**458**	441
Boxboard Europe	**—**	—	**—**	—	**81**	82	**191**	197	**272**	279
Specialty Products	**35**	33	**76**	79	**—**	—	**2**	17	**113**	129
Intersegment sales	**(3)**	(3)	**—**	(1)	**—**	—	**—**	—	**(3)**	(4)
	292	287	**273**	261	**81**	82	**194**	215	**840**	845
Tissue Papers	**70**	63	**375**	281	**—**	—	**1**	4	**446**	348
Intersegment sales and Corporate Activities	**26**	34	**1**	3	**—**	—	**—**	—	**27**	37
	388	384	**649**	545	**81**	82	**195**	219	**1,313**	1,230

NOTE 10
LOSS (GAIN) ON ACQUISITIONS, DISPOSALS AND OTHERS

In the first quarter of 2020, the Corporation recorded the following loss:

The Specialty Products segment recorded a $1 million environmental provision related to a plant in Québec that was closed in prior year.

NOTE 11
PAYMENT OF OTHER LIABILITIES

In November 2019, the Corporation exercised its call option and repurchased the CDPQ (Caisse de dépôt et placement du Québec) 20.20% participation in Greenpac of $121 million. The consideration has been paid on January 3, 2020.

NOTE 12
COMMITMENTS

Capital expenditures contracted at the end of the reporting date but not yet incurred total $51 million.

This report is also available on our website at: **www.cascades.com**

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service@computershare.com

HEAD OFFICE

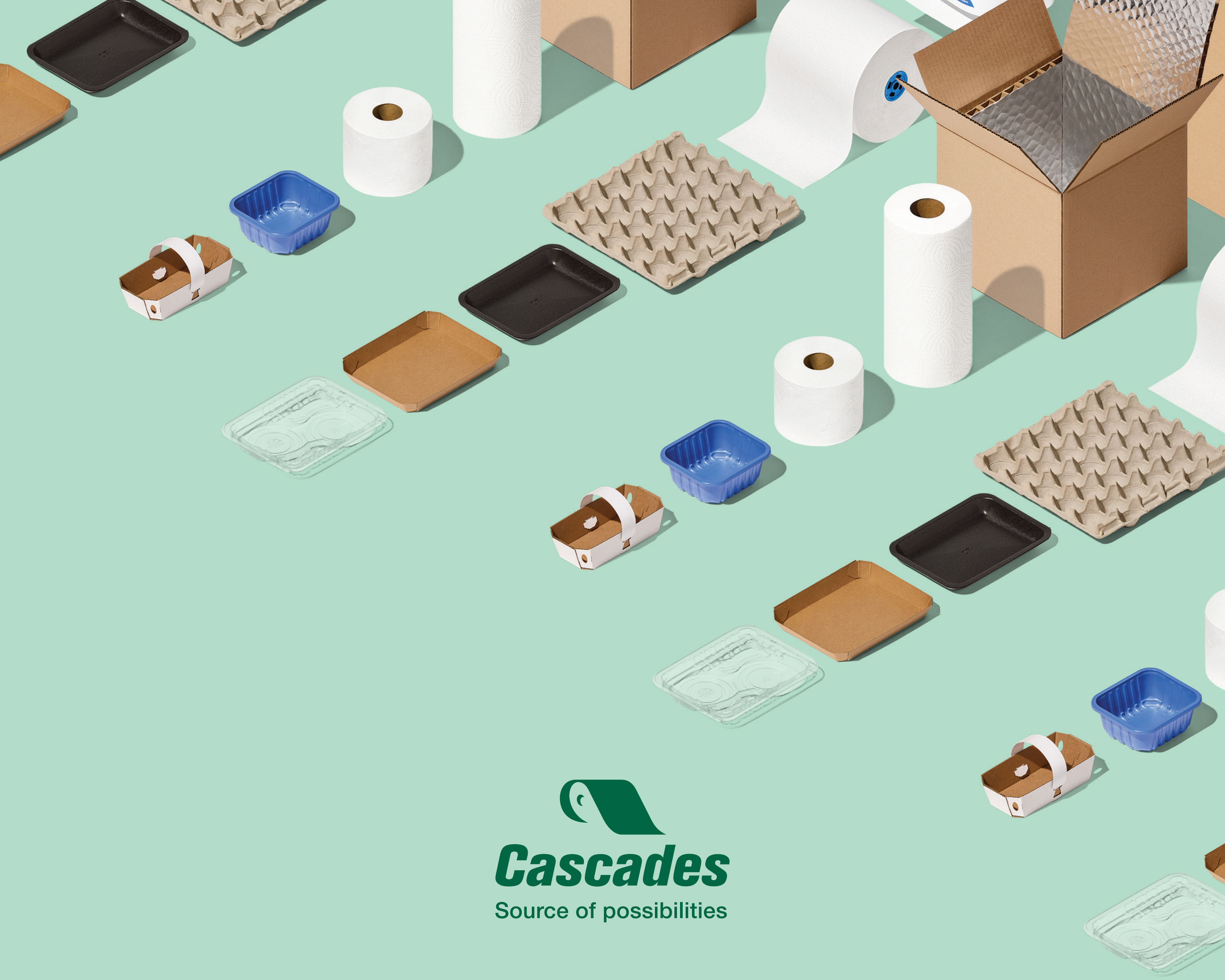
Cascades Inc.
404 Marie-Victorin Blvd.
Kingsey Falls, Québec, J0A 1B0 Canada
Telephone: 819-363-5100 Fax: 819-363-5155

INVESTOR RELATIONS

For more information, please contact:
Jennifer Aitken, MBA
Director, Investor Relations
Cascades Inc.
772 Sherbrooke Street West, Montréal, Québec H3A 1G1 Canada
Telephone: 514-282-2697 Fax: 514-282-2624
jennifer_aitken@cascades.com
www.cascades.com/investors, investor@cascades.com

On peut se procurer la version française du présent rapport trimestriel en s'adressant au siège social de la Société à l'adresse suivante :

Secrétaire corporatif
Cascades inc.
404, boulevard Marie-Victorin
Kingsey Falls (Québec) J0A 1B0
Canada



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