

# CASCADES INC.

Review of Q3 2013  
financial results

November 7, 2013



GREEN BY NATURE™

RECOVERY + PACKAGING + PAPER

CASCADES.COM



# DISCLAIMER

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

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

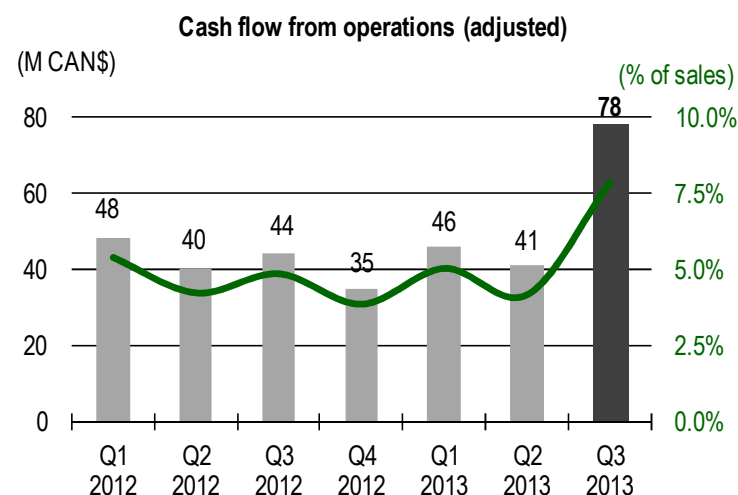
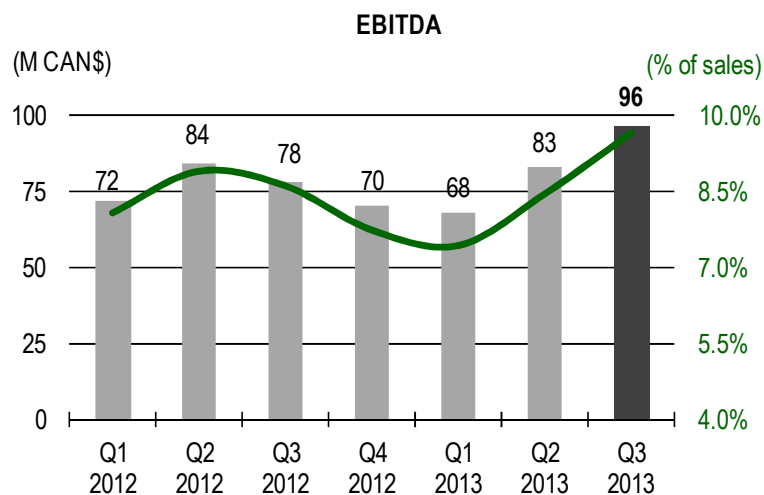
Specific items are defined as items such as charges for impairment of assets, for facility or machine closures, accelerated depreciation of assets due to restructuring measures, debt restructuring charges, gains or losses on sales or acquisition of business units, unrealized gains or losses on derivative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

All amounts in this presentation are in Canadian dollars unless otherwise indicated.



# OPENING REMARKS

# SUMMARY OF FINANCIAL RESULTS



	2012					2013			
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Year
<i>(In millions of CAN\$, except amount per share)</i>									
<b>Financial results</b>									
Sales	891	944	906	904	3,645	914	982	995	2,891
Excluding specific items									
EBITDA	72	84	78	70	304	68	83	96	247
Net earnings (loss) <sup>1</sup>	1	5	4	(5)	5	(4)	8	7	11
Net earnings (loss) per share <sup>1</sup>	\$0.01	\$0.05	\$0.05	\$(0.06)	\$0.05	\$(0.04)	\$0.09	\$0.07	\$0.12
Cash flow from operations (adjusted)	48	40	44	35	167	46	41	78	165

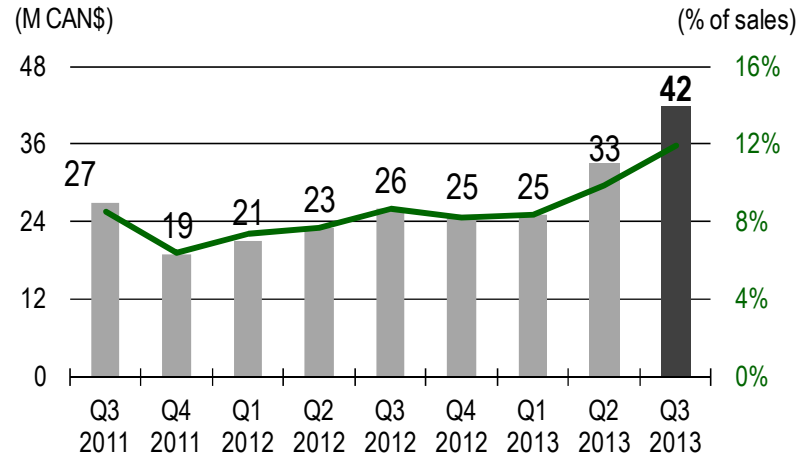
EBITDA, net earnings and cash flow from operations (adjusted) excluding specific items.

Note 1 - 2012 restated to comply with IAS19 standard – Employee benefits

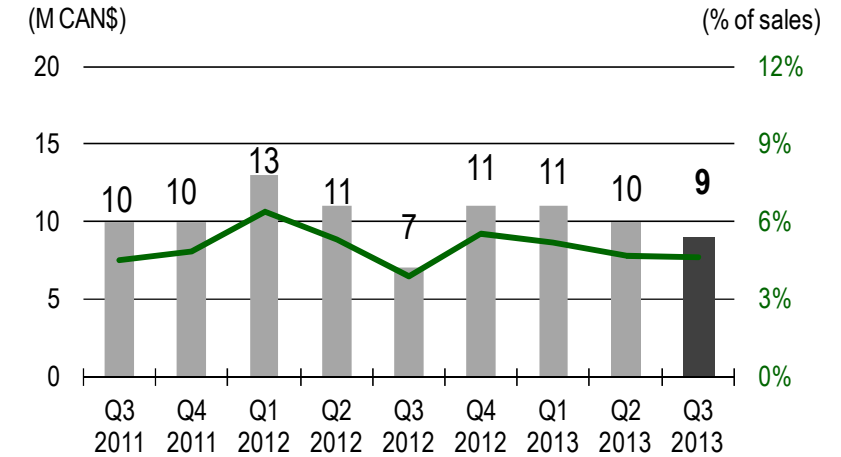
**Best results since 2010 with strong performance from our two core sectors**

# HISTORICAL SEGMENTED EBITDA

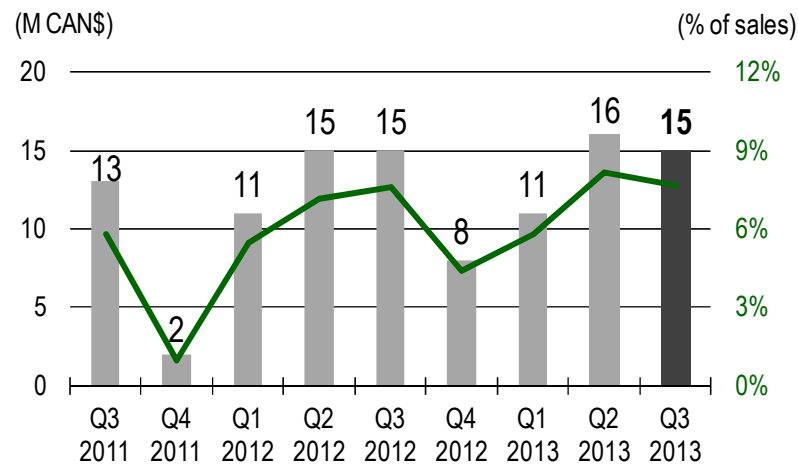
## Containerboard



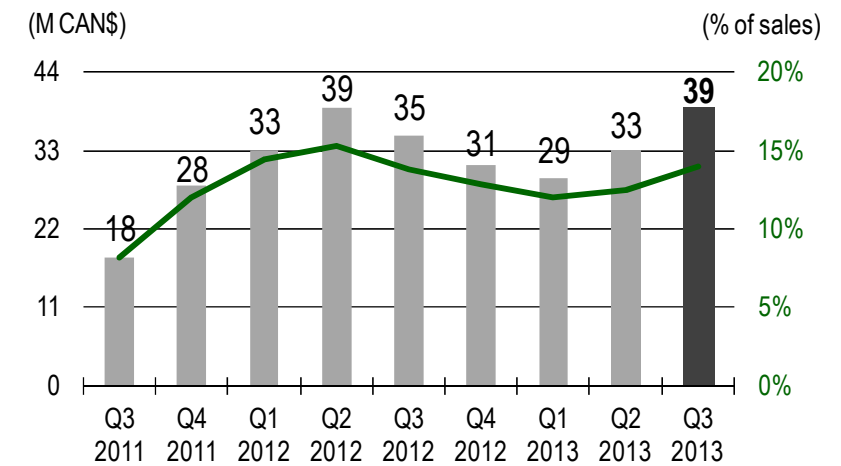
## Boxboard Europe



## Specialty Products

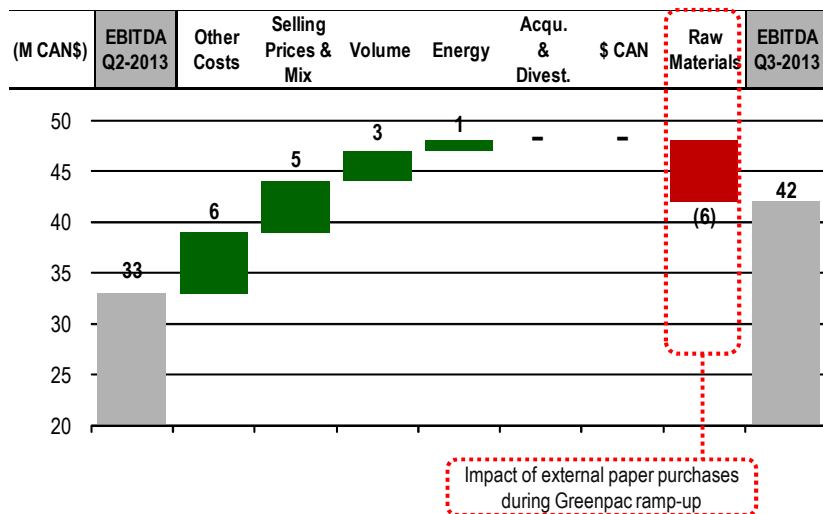


## Tissue Papers

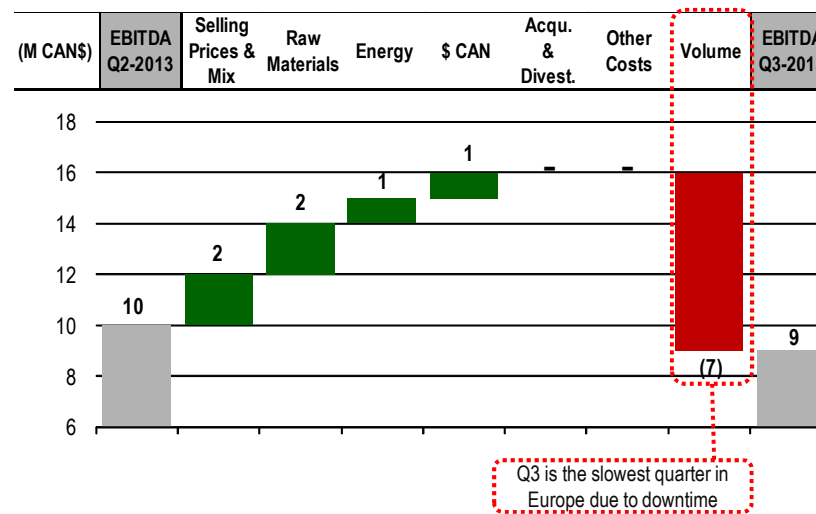


# SEGMENTED EBITDA WATERFALLS

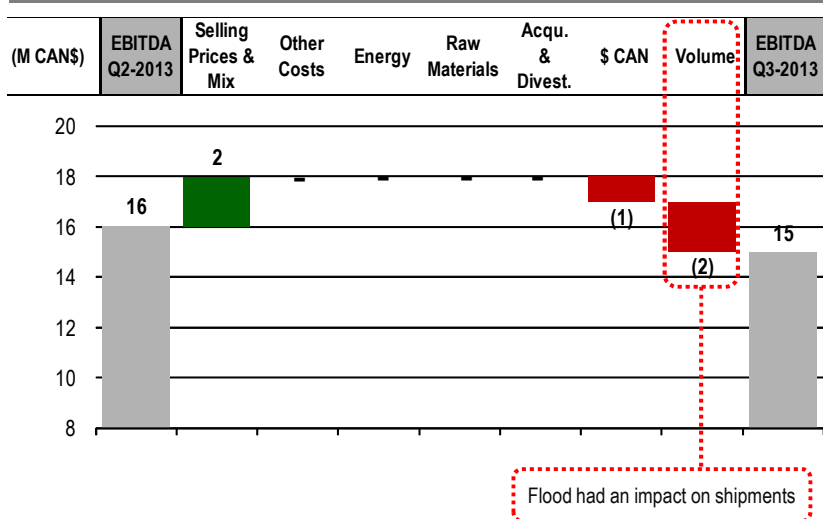
## Containerboard



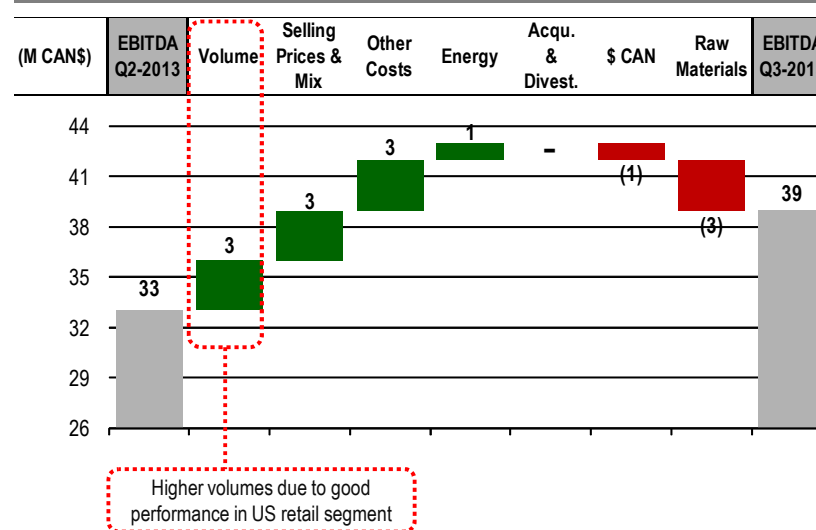
## Boxboard Europe



## Specialty Products



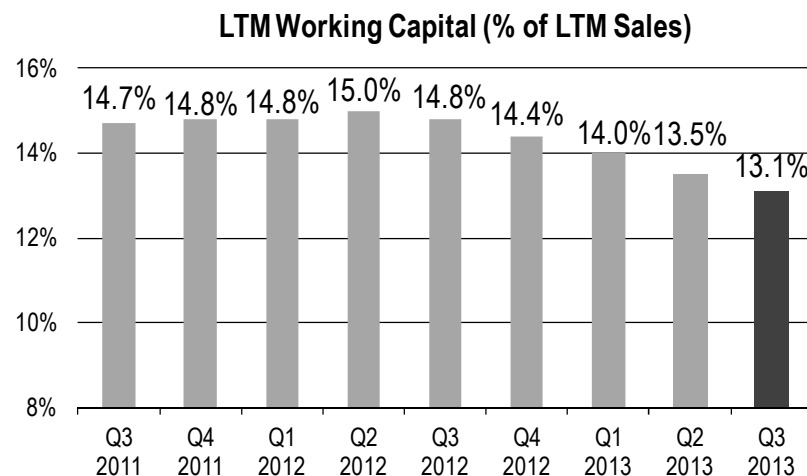
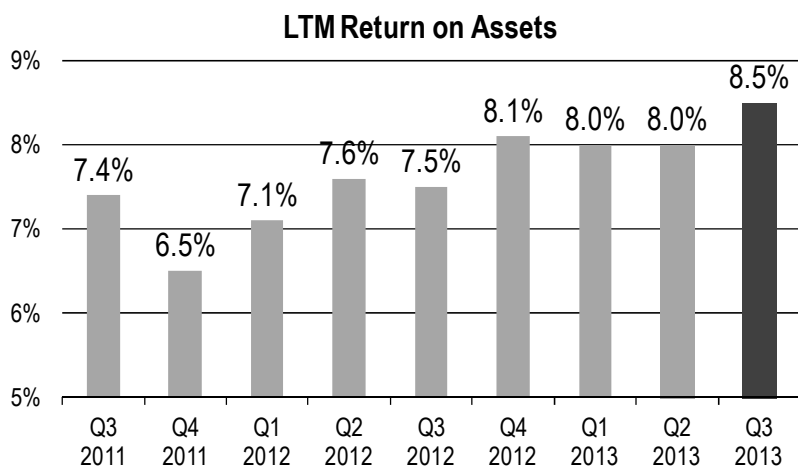
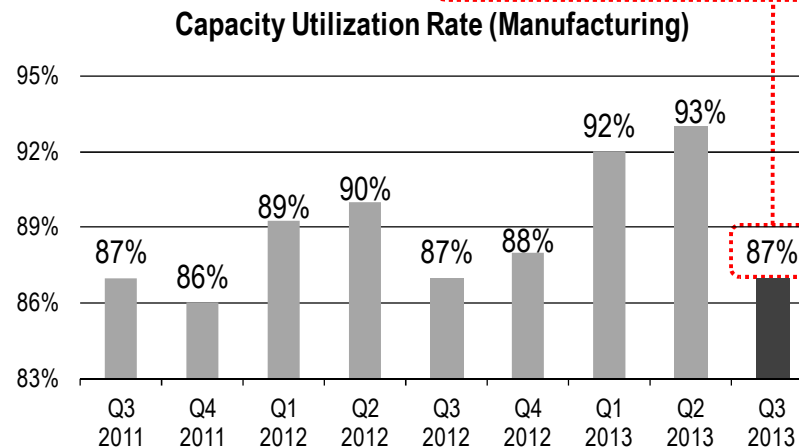
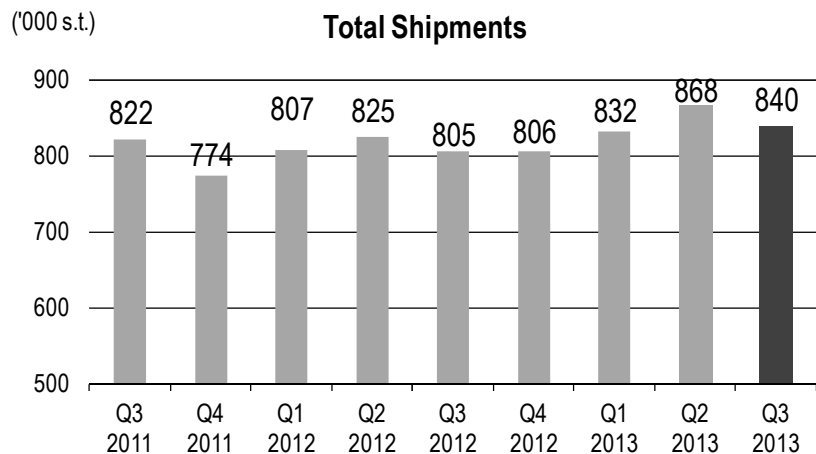
## Tissue Papers



# KEY PERFORMANCE INDICATORS (KPIs)

Slightly lower shipments; increased capacity in Europe

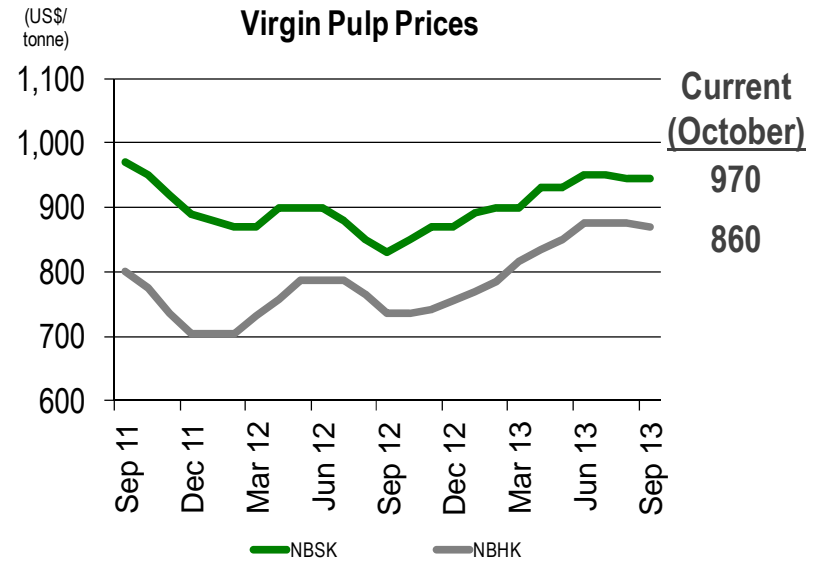
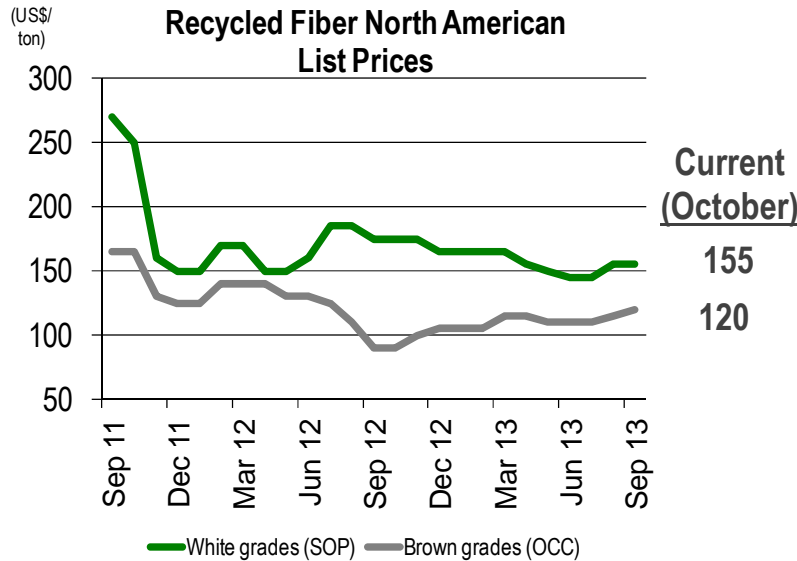
Containerboard: 88%  
Boxboard Europe: 86%  
Spec. Prod.: 74%  
Tissue Papers: 100%



**Lower shipments in Europe due to usual slowdown in Q3**



# RAW MATERIAL COSTS



### OBM Average Quarterly List Prices

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

### Q3-2012

108  
 182

### Q2-2013

112  
 150

### Q3-2013

115  
 152

### YoY

+6%  
 -17%

### QoQ

+3%  
 +1%

### Virgin Pulp Prices

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

853  
 763

937  
 853

947  
 873

+11%  
 +15%

+1%  
 +2%

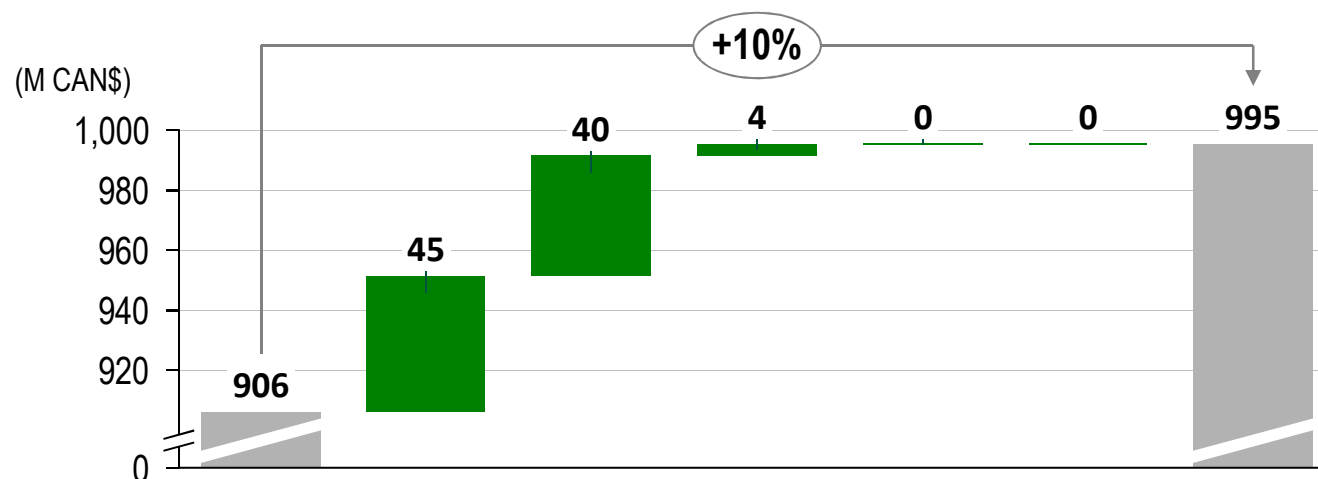
**No significant short term increase expected in recovered paper prices; pulp prices stable**





# FINANCIAL REVIEW

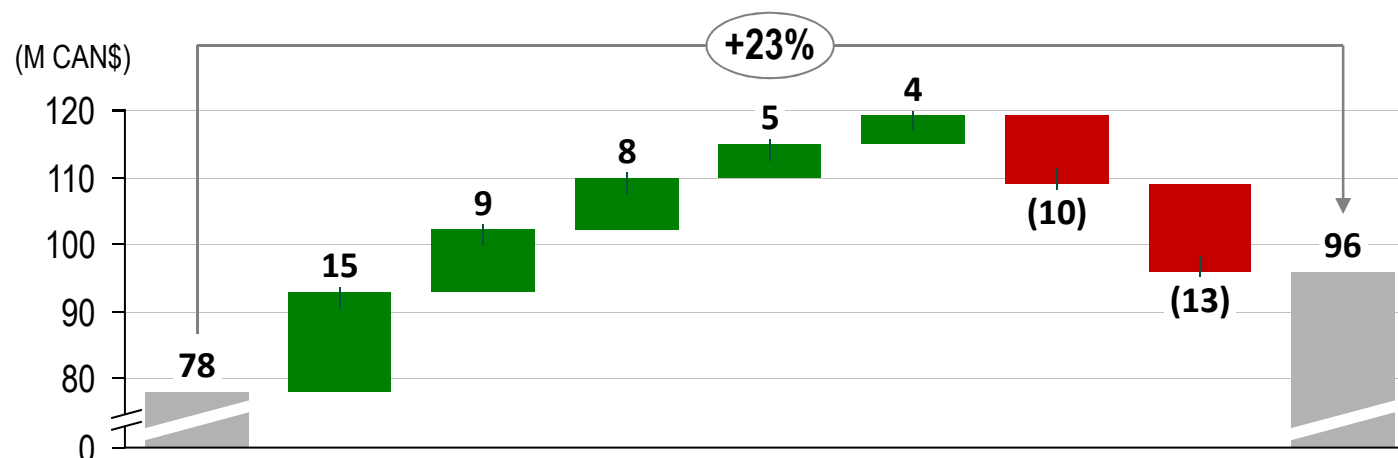
# Q3 2012 – Q3 2013 SALES RECONCILIATION



(M CAN\$)	Sales Q3-2012	Volume	\$ CAN	Selling Prices & Mix	Acqu. & Disposals	Corp. Elim.	Sales Q3-2013
Containerboard	299	41	6	5		2	353
Boxboard Europe	181		18	(5)			194
Specialty Products	197	(8)	6			2	197
Tissue Papers	253	12	10	4			279
Corporate	(24)					(4)	(28)
<b>Total</b>	<b>906</b>	<b>45</b>	<b>40</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>995</b>

**Sales benefited from higher volumes and a weaker CAN\$**

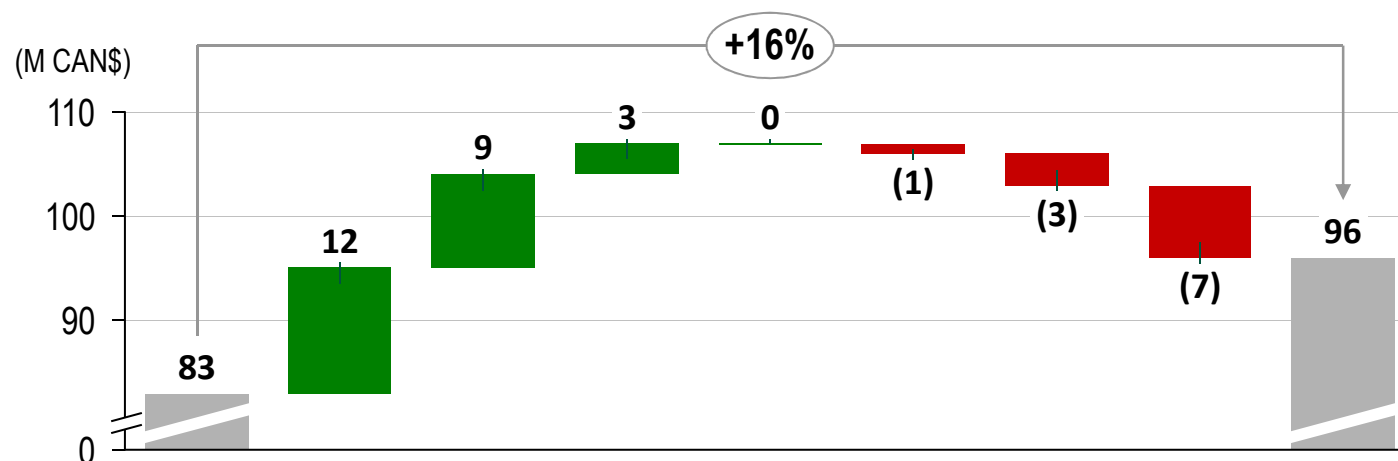
# Q3 2012 – Q3 2013 EBITDA VARIANCE ANALYSIS



(M CAN\$)	EBITDA Q3-2012	Volume	Energy	\$ CAN	Acq. & Disposals	Selling Prices & Mix	Raw Materials	Other Costs	EBITDA Q3-2013
Containerboard	26	13	3	2	4	5	(13)	2	42
Boxboard Europe	7		4	1	1	(5)	(1)	2	9
Specialty Products	15	(2)	0	3			1	(2)	15
Tissue Papers	35	4	2	2		4	3	(11)	39
Corporate	(5)							(4)	(9)
<b>Total</b>	<b>78</b>	<b>15</b>	<b>9</b>	<b>8</b>	<b>5</b>	<b>4</b>	<b>(10)</b>	<b>(13)</b>	<b>96</b>

**Important increase YoY despite external parent roll purchases and use of sub-contracting**

# Q2 2013 – Q3 2013 EBITDA VARIANCE ANALYSIS



(M CAN\$)	EBITDA Q2-2013	Selling Prices & Mix	Other Costs	Energy	Acqu. & Divest.	\$ CAN	Volume	Raw Materials <sup>1</sup>	EBITDA Q3-2013
Containerboard	33	5	6	1			3	(6)	42
Boxboard Europe	10	2		1		1	(7)	2	9
Specialty Products	16	2				(1)	(2)	0	15
Tissue Papers	33	3	3	1		(1)	3	(3)	39
Corporate	(9)								(9)
<b>Total</b>	<b>83</b>	<b>12</b>	<b>9</b>	<b>3</b>	<b>0</b>	<b>(1)</b>	<b>(3)</b>	<b>(7)</b>	<b>96</b>

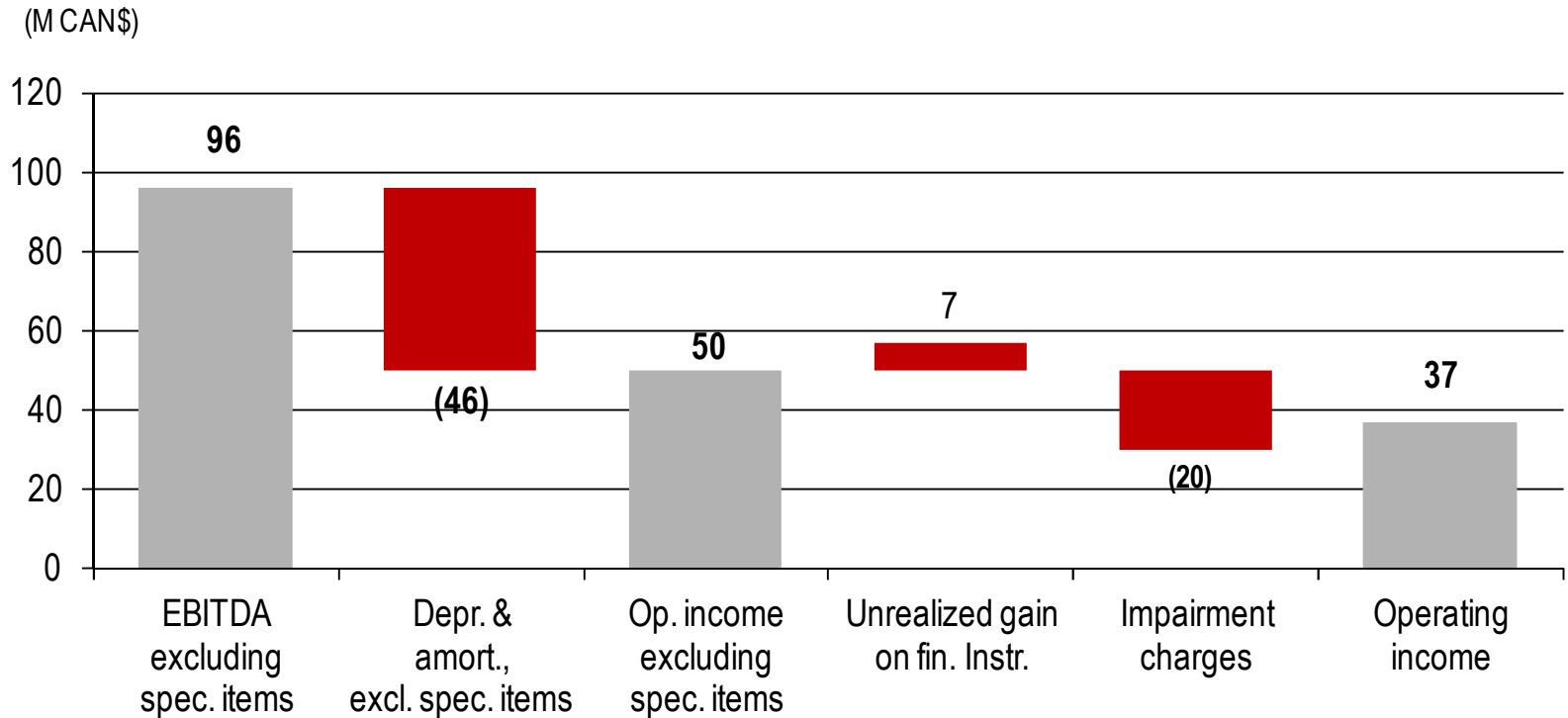
**Higher prices and cost reductions more than offset higher raw material costs and lower volume in Europe**

# IMPACT OF OPERATIONAL INCIDENTS DURING THE QUARTER

	M\$
• Loss of tonnage	
• Containerboard Group	1
• Specialty Products Group	1
• Direct cleaning costs – Corporate	2
	<hr/>
• EBITDA impact	4
• Capitalized costs	3
	<hr/>
• Total costs	7

**Acts-of-god cost us \$7M during Q3, lowering EBITDA by approximately \$4 million**

# Q3 2013 EBITDA TO OPERATING INCOME RECONCILIATION



(M CAN\$)	Container-board	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Total
<b>Operating income (loss)</b>	<b>33</b>	<b>-</b>	<b>(12)</b>	<b>29</b>	<b>(13)</b>	<b>37</b>
Specific items:						
Impairment charges	-	-	20	-	-	20
Unrealized loss (gain) on financial instruments	(7)	-	-	-	-	(7)
Total specific items	(7)	-	20	-	-	13
<b>Operating income (loss) excluding specific items</b>	<b>26</b>	<b>-</b>	<b>8</b>	<b>29</b>	<b>(13)</b>	<b>50</b>
Depreciation, excluding specific items	16	9	7	10	4	46
<b>EBITDA excluding specific items</b>	<b>42</b>	<b>9</b>	<b>15</b>	<b>39</b>	<b>(9)</b>	<b>96</b>

# QUARTERLY VARIANCE OF EPS EXCLUDING SPECIFICS

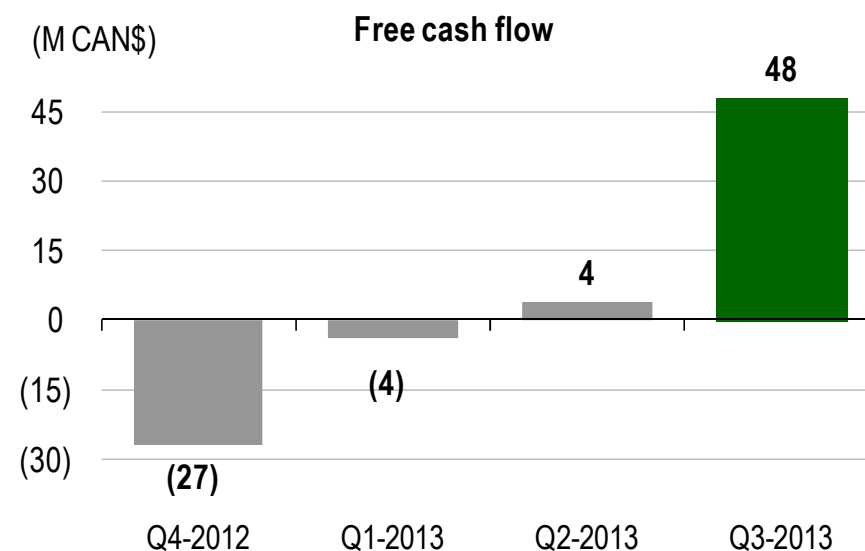
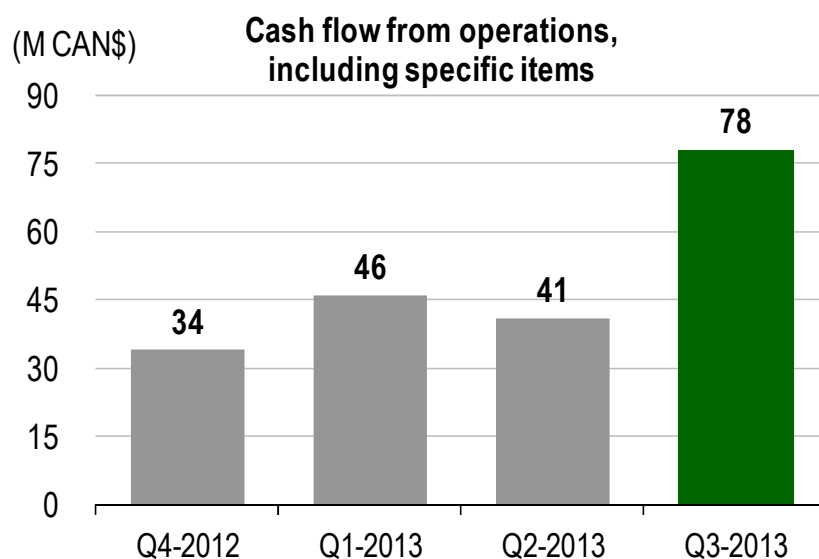
	Q2-2013					Q3-2013				
	Operating segments	Share of Ass/JV & Non-Cont. Int.	Excluding specifics	Specifics	As reported	Operating segments	Share of Ass/JV & Non-Cont. Int.	Excluding specifics	Specifics	As reported
<b>EBITDA</b>	83		<b>83</b>	(1)	<b>82</b>	96		<b>96</b>	(13)	<b>83</b>
Depreciation	(44)		<b>(44)</b>		<b>(44)</b>	(46)		<b>(46)</b>		<b>(46)</b>
<b>EBIT</b>	39	0	<b>39</b>	(1)	<b>38</b>	50	0	<b>50</b>	(13)	<b>37</b>
Financing expenses	(26)		<b>(26)</b>		<b>(26)</b>	(27)		<b>(27)</b>	1	<b>(26)</b>
Interest expense on employee future benefits	(3)		<b>(3)</b>		<b>(3)</b>	(3)		<b>(3)</b>		<b>(3)</b>
FX gain (loss) on LT debt and fin. inst.			<b>0</b>	(5)	<b>(5)</b>			<b>0</b>	11	<b>11</b>
Share of results of associates and JVs		(1)	<b>(1)</b>		<b>(1)</b>		(5)	<b>(5)</b>	5	<b>0</b>
<b>Profit before tax</b>	10	(1)	<b>9</b>	(6)	<b>3</b>	20	(5)	<b>15</b>	4	<b>19</b>
Provision for income taxes	(1)	1	<b>0</b>	0	<b>0</b>	(9)	2	<b>(7)</b>	0	<b>(7)</b>
Non-controlling interests		(1)	<b>(1)</b>		<b>(1)</b>		(1)	<b>(1)</b>		<b>(1)</b>
<b>Net earnings</b>	9	(1)	<b>8</b>	(6)	<b>2</b>	11	(4)	<b>7</b>	4	<b>11</b>
<b>per share</b>	\$0.10	(\$0.01)	<b>\$0.09</b>	(\$0.06)	<b>\$0.03</b>	\$0.12	(\$0.05)	<b>\$0.07</b>	\$0.05	<b>\$0.12</b>

Change in Operating results after-tax (normalized 30%)	\$0.07
Change in Income taxes provision (vs normalized 30%)	(\$0.05) → Tax rate mix, Europe valuation allowance, prior year tax adj.
Change in Share of results of Assoc. and JVs - net of taxes	(\$0.04) → Mainly share of Greenpac & Boralex
	<u>(\$0.02)</u>

**Tax consideration and equity pick-up had a negative impact on EPS excluding specifics**



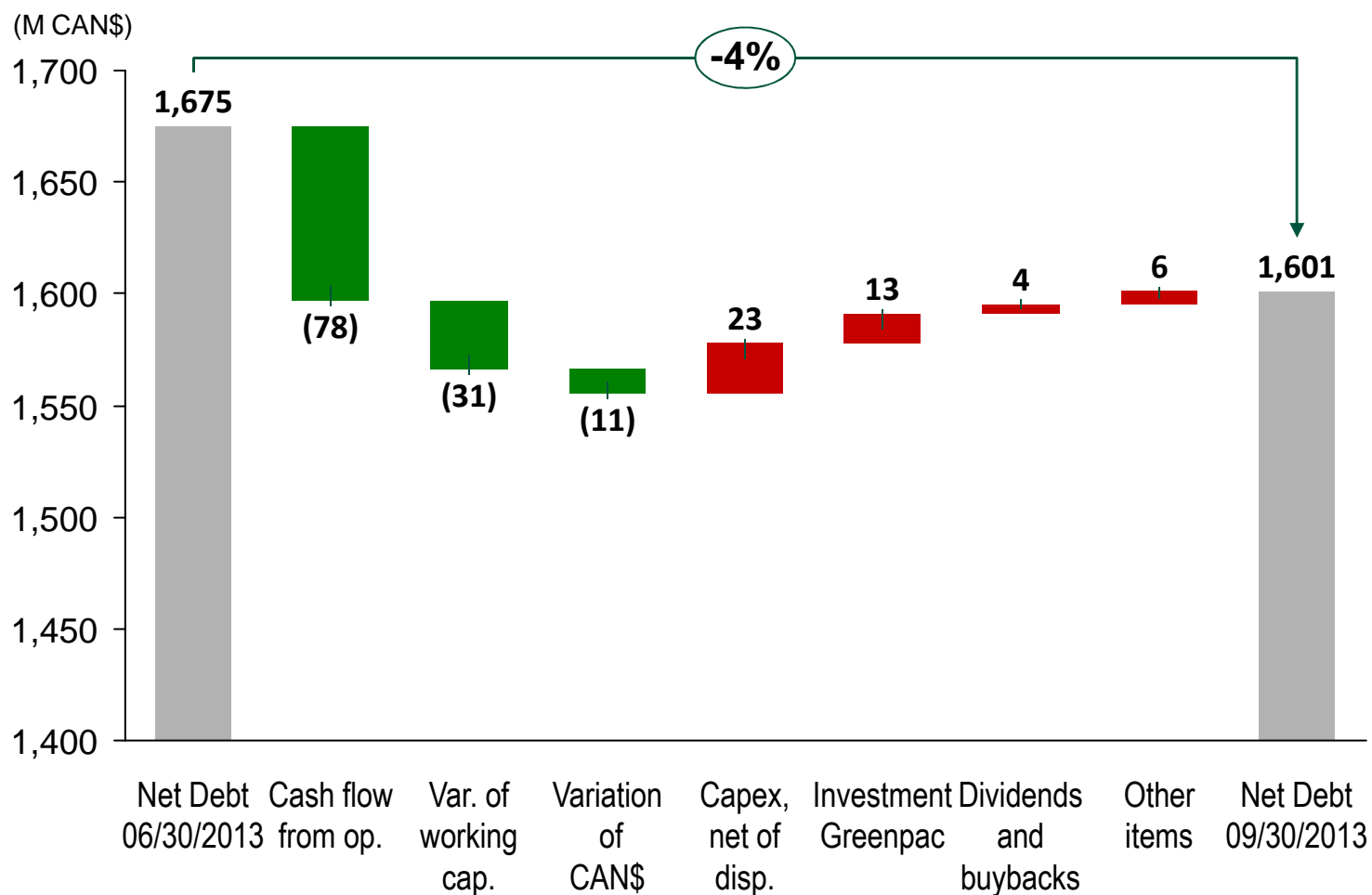
# CASH FLOW OVERVIEW



(in millions of CAN\$)	2012					2013			
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Year
Cash flow from operations, including disc. operations	48	37	42	34	161	46	41	78	165
Capital expenditures & other assets, net of disposals <sup>1</sup>	(47)	(36)	(25)	(57)	(165)	(46)	(33)	(26)	(105)
Dividend & share buyback	(6)	(4)	(4)	(4)	(18)	(4)	(4)	(4)	(12)
<b>Free cash flow</b>	<b>(5)</b>	<b>(3)</b>	<b>13</b>	<b>(27)</b>	<b>(22)</b>	<b>(4)</b>	<b>4</b>	<b>48</b>	<b>48</b>
Free cash flow per share	\$(0.05)	\$(0.03)	\$0.14	\$(0.29)	\$(0.23)	\$(0.04)	\$0.04	<b>\$0.51</b>	\$0.51

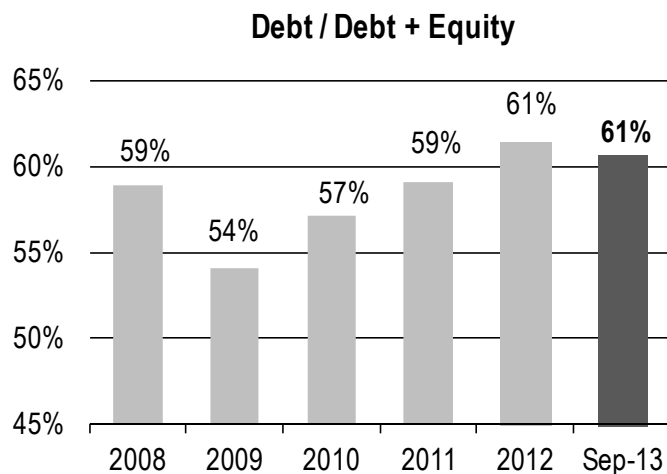
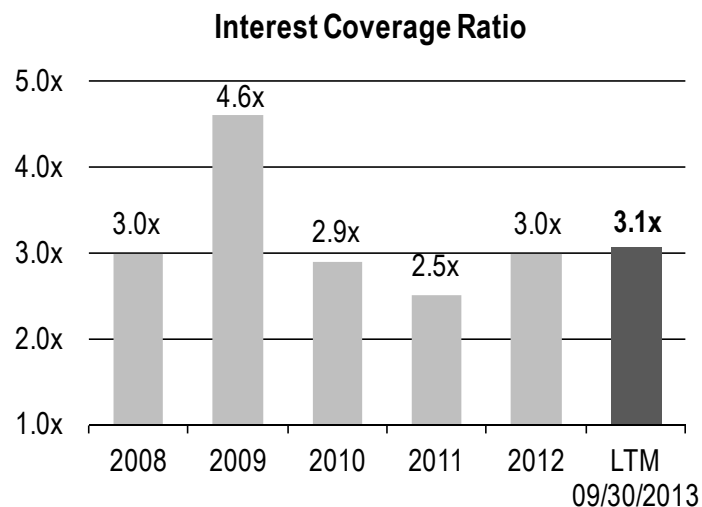
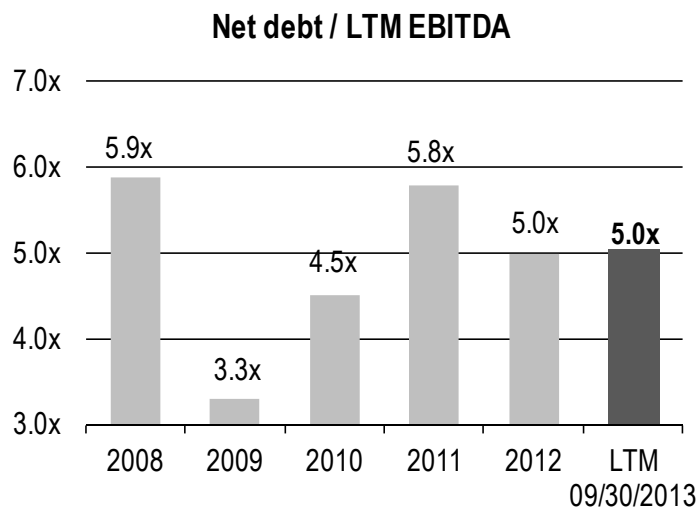
**Important FCF increase during the quarter due to improved performance**

# NET DEBT RECONCILIATION

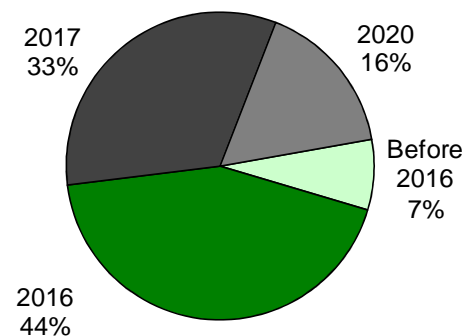


**Net debt decrease linked to operational performance, working capital management and FX**

# CONSOLIDATED FINANCIAL RATIOS & DEBT MATURITIES



### Long-term Debt Maturities Distribution



**Leverage ratio almost at 2012 level**



Cascades' bank debt financial covenant ratios: Net funded debt to capitalization < 65% (currently at 55%), interest coverage ratio > 2.25x (currently at 3.0x).



# SEGMENTED REVIEW

# TISSUE PAPERS

Results Q3 2013	Change vs.	
	Q2 2013	Q3 2012
<b>Shipments ('000 s.t.)</b> <b>153</b>	3%	4%
<b>Average selling price</b> (CAN\$/unit) <b>1 822</b> (US\$/unit) <b>1 755</b>	3% 1%	6% 1%
<b>Sales (M\$)</b> <b>279</b>	6%	10%
<b>EBITDA (M\$)</b> <b>39</b> % of sales <b>14%</b>	18%	11%

EBITDA excluding specific items

## Comments on sequential performance

- ▶ Increased shipments mostly related to higher sales on the US retail market
- ▶ Volume of converted products increased by 5% while parent rolls shipments decrease by 3% due to a more favorable integration rate
- ▶ Sequential increase of average selling prices explained by a favorable integration rate resulting in a product mix that included more converted products
- ▶ Positive impact of favorable exchange rate
- ▶ Stable prices for parent rolls and converted products
- ▶ Higher shipments and favorable exchange rate explain sequential increase in sales
- ▶ Positive impact of improved productivity, higher sales volume, favorable exchange rate and higher integration rate more than offset higher raw material costs, namely virgin pulp and recovered papers
- ▶ A reduction of promotional activities, including an important initiative which was held in Q2, has contributed to reduce operational costs

# PACKAGING / CONTAINERBOARD

Results Q3 2013	Change vs.	
	Q2 2013	Q3 2012
<b>Shipments ('000 s.t.)</b> <b>334</b>	3%	12%
<b>Average selling price</b> (CAN\$/unit) <b>1 057</b> (US\$/unit) <b>1 018</b>	2%	5%
<b>Sales (M\$)</b> <b>353</b>	5%	18%
<b>EBITDA (M\$)</b> <b>42</b> % of sales <b>12%</b>	27%	62%

## Comments on sequential performance

- ▶ 2% sequential increase in external shipments in our manufacturing activities despite flooding incident in Niagara Falls for 5,800 tons (3% containerboard and -8% boxboard)
- ▶ 3% increase in shipments of converted products (+5% for Canadian corrugated products activities while the industry remained stable; offset by a 18% decrease in folding carton including the impact of the Lachute plant closure in Q2 2013)
- ▶ Second price increase in corrugated products segment fully implemented and to be reflected in the results of the next quarter
- ▶ Our containerboard manufacturing activities fully benefited during the quarter of the May price increase while our boxboard manufacturing activities benefited from the May and August price increases
- ▶ Weakening of the Canadian dollar positively impacted selling prices in our two segments
- ▶ Significant increase in sales due to higher shipments (+\$9M), higher prices for most of our segments (+\$5M) and a favorable exchange rate (+\$2M)
- ▶ Sequentially, higher average selling prices (+\$5M) combined higher volume as cited above (+\$3M) and its positive impact on production costs (+\$5M, including a \$3M impact from a favorable product mix) have more than offset additional costs related to the purchase of external containerboard rolls (-\$2M) and higher cost of recycled fibre (-\$2M)

EBITDA excluding specific items  
 Average selling prices now include converted products

# PACKAGING / BOXBOARD EUROPE

Results Q3 2013	Change vs.		Comments on sequential performance
	Q2 2013	Q3 2012	
<b>Shipments ('000 s.t.)</b> <b>260</b>	-14%	0%	<ul style="list-style-type: none"> <li>▶ Sequential decline in shipments related to usual seasonal downtime in European board market</li> <li>▶ Order book is still healthy and better than at the same period last year for recycled boxboard</li> <li>▶ Market share increased since last year, particularly in Italy</li> <li>▶ Average prices increased by 1%, including a 3% from recycled boxboard</li> <li>▶ Announced price increases for recycled grades in Q2 are still being implemented but should gradually be effective in Q4</li> <li>▶ Sequential weakening of the Canadian dollar against the Euro</li> </ul>
<b>Average selling price</b> (CAN\$/unit) <b>745</b> (Euros/unit) <b>541</b>	4%	7%	
<b>Sales (M\$)</b> <b>194</b>	-10%	7%	
<b>EBITDA (M\$)</b> <b>9</b> % of sales 5%	-10%	29%	

EBITDA excluding specific items



# PACKAGING / SPECIALTY PRODUCTS

Results Q3 2013	Change vs.	
	Q2 2013	Q3 2012
<b>Shipments ('000 s.t.)</b> <b>93</b>	-1%	-6%
<b>Average selling price</b> (CAN\$/unit) <b>894</b> (US\$/unit) <b>861</b>	0%	0%
	-2%	-4%
<b>Sales (M\$)</b> <b>197</b>	1%	0%
<b>EBITDA (M\$)</b> <b>15</b> % of sales <b>8%</b>	-6%	0%

## Comments on sequential performance

- ▶ Sequential decrease in shipments in the Specialty Papers segment due to a flooding incident that caused a production downtime of 3 weeks at our St-Jérôme Fine Paper Mill (loss of 4,000 tons)
  - ▶ The incident also affected the operations of our Breakeyville Pulp Mill and our St-Jérôme Converting Center
  - ▶ Partially offset by higher volume in the Industrial Packaging segment
  - ▶ Selling prices in the Specialty Papers and Industrial Packaging segments have remained stable compared to the previous quarter
  - ▶ Unfavorable product mix due to lost volume from St-Jérôme negatively impacted average selling price in US dollar
  - ▶ More than offset by weakening of Canadian dollar
- 
- ▶ Slight improvement in sales linked to higher volume in the Recovery and Industrial Packaging segments that counterbalanced lower volume in the Consumer Product Packaging and Specialty Papers segments as explained above
  - ▶ A favorable exchange rate also contributed positively to the increase in sales
  - ▶ EBITDA decreased compared to the previous quarter due to lower volume caused by downtime in the Specialty Papers segment as mentioned above
  - ▶ Negative FX impact due to stronger Canadian dollar at the end of Q3 compared to the end of Q2

EBITDA excluding specific items

1 Shipments and average selling prices for Specialty Papers and Industrial Packaging segments only



**Q&A**

**AND**

**CONCLUDING REMARKS**

# NEAR TERM OUTLOOK



- Price increases in boxboard sector in North America and Europe
- Benefits of restructuring and optimization measures
- Improvement of Greenpac contribution to EPS
- Incremental capacity in our Tissue Papers Group



- State of Canadian economy
- Stable to slightly increasing raw material costs
- New capacity in tissue industry
- Challenges in our North American boxboard operations

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



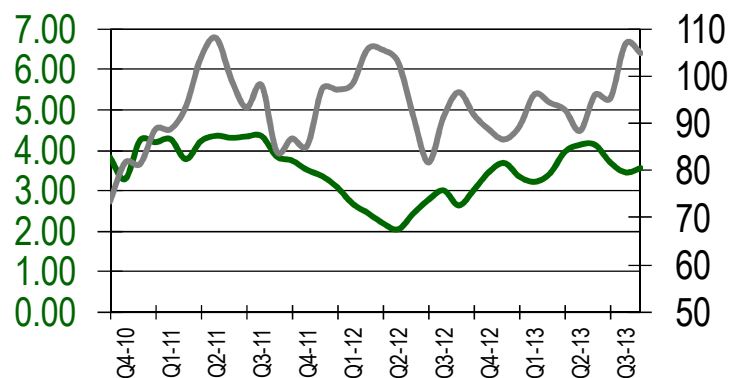
# APPENDIX

# ENERGY PRICES

Natural gas  
(US\$)

## Energy prices

Crude oil  
(US\$)



— Natural gas (US\$/mmBtu) — Crude oil (US\$/barrel)

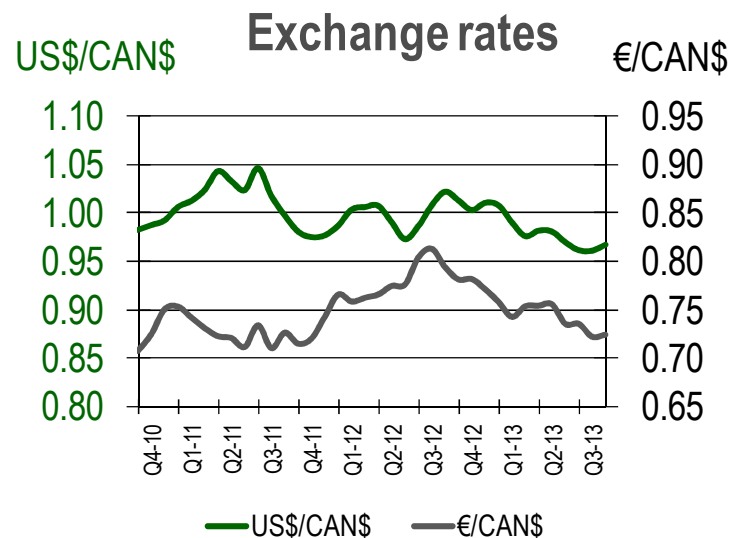
## Hedging Program – Natural gas

- Canada:
  - 2014 : 65% at 5.35 CAN\$/GJ
  - 2015: 56% at 4.83 CAN\$/GJ
- U.S.:
  - 2014: 57% at 5.16 US\$/mmBtu
  - 2015: 39% at 5.29 US\$/mmBtu

	2011	2012	2013			Change	
	Year	Year	Q1	Q2	Q3	Q3 2013 Q3 2012	Q3 2013 Q2 2013
<b>Averages</b>							
<b>Energy prices</b>							
Natural gas Henry Hub (US\$/mmBtu)	4.04	2.79	3.34	4.09	3.58	28%	-13%
Crude oil WTI (US\$/barrel)	94.01	94.92	93.37	92.54	102.42	14%	11%

Source: Bloomberg

# FOREIGN EXCHANGE



## Hedging Program – USD Cash flows

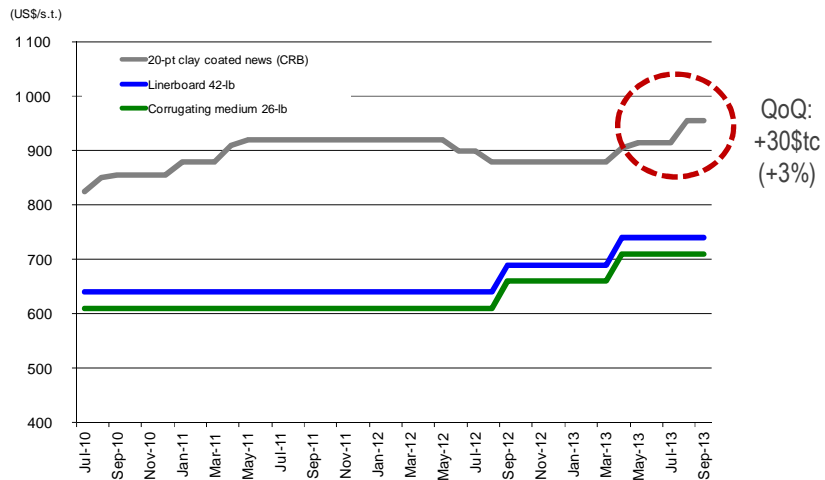
- 2014  
22 to 36% of exposure hedged at an average rate of 1.041CAN\$/US\$ to 1.056CAN\$/US\$
- 2015  
1 to 3% of exposure hedged at an average rate of 1.06CAN\$/US\$

	2011		2012		2013		Change	
	Year	Year	Q1	Q2	Q3	Q3 2013 Q3 2012	Q3 2013 Q2 2013	
<i>Averages</i>								
<b>Foreign exchange rates</b>								
US\$/CAN\$	1.011	1.001	0.991	0.977	0.963	-4%	-1%	
EURO/CAN\$	0.727	0.779	0.751	0.748	0.727	-10%	-3%	

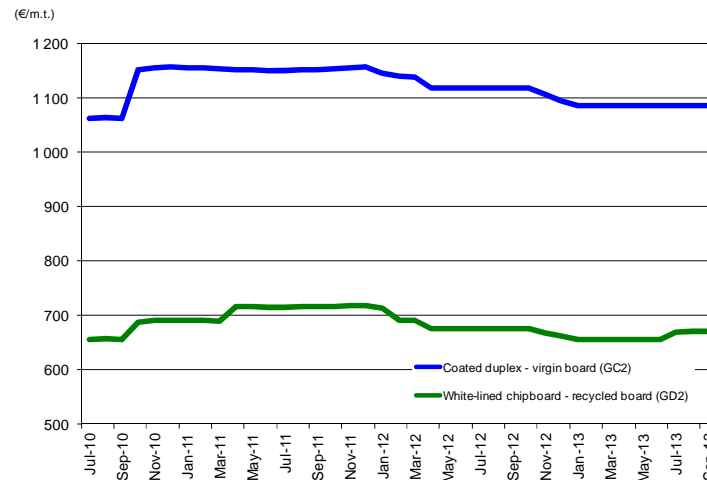
Source: Bloomberg

# SELECTED INDUSTRY REFERENCE PRICES

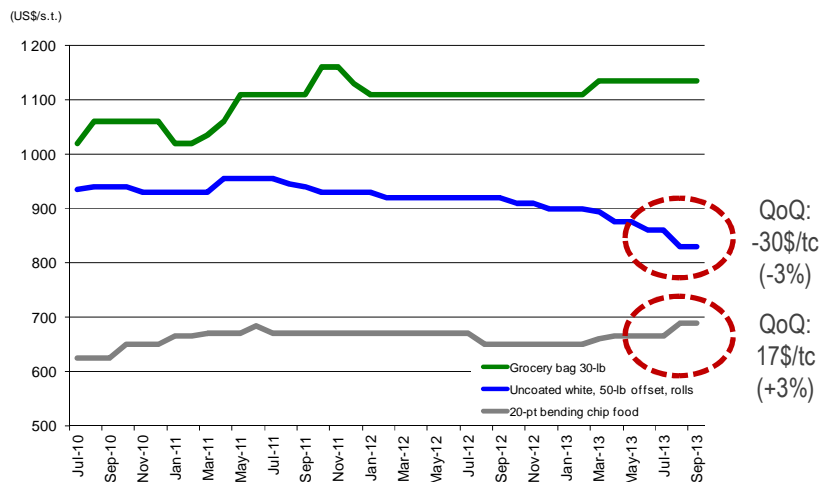
### Containerboard - Selected Products



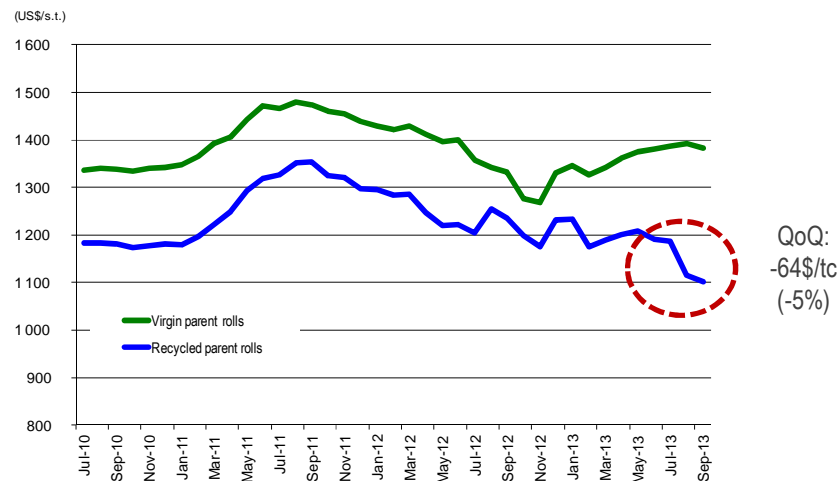
### Boxboard Europe - Selected Products



### Specialty Products - Selected Products



### Tissue Papers - Selected Products



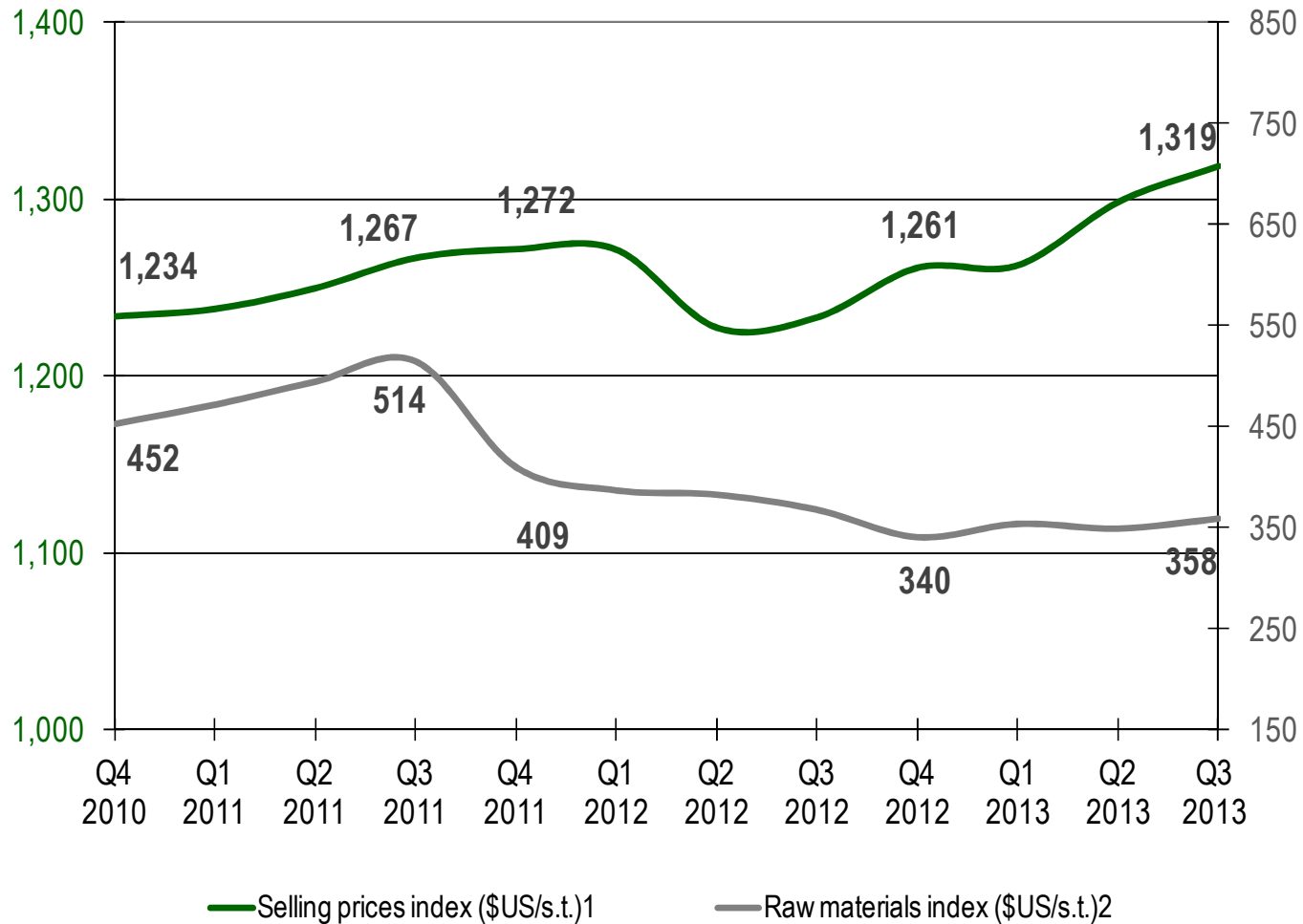


# MARKET PRICES AND COSTS SUMMARY

These indexes should only be used as indicator of trends and they be different than our actual selling prices or purchasing costs.	2011		2012				2013			Q3 2013 over Q3 2012		Q3 2013 over Q2 2013	
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	(units)	(%)	(units)	(%)
<b>Selling prices (average)</b>													
<b>Cascades North American US\$ index (index 2005 = 1,000)<sup>1</sup></b>	<b>1,256</b>	<b>1,271</b>	<b>1,227</b>	<b>1,233</b>	<b>1,261</b>	<b>1,248</b>	<b>1,263</b>	<b>1,298</b>	<b>1,319</b>	<b>86</b>	<b>7%</b>	<b>20</b>	<b>2%</b>
<b>PACKAGING PRODUCTS</b>													
<b>Boxboard</b>													
North America (US\$/ton)													
Recycled boxboard - 20pt. clay coated news (transaction)	909	920	913	887	880	900	880	912	942	55	6%	30	3%
Europe (Euro/tonne)													
Recycled white-lined chipboard (GD2) index <sup>2</sup>	710	698	677	677	669	680	656	656	670	-6	-1%	15	2%
Virgin coated duplex boxboard (GC2) index <sup>3</sup>	1,153	1,141	1,118	1,118	1,106	1,121	1,086	1,086	1,086	-32	-3%	0	0%
<b>Containerboard (US\$/ton)</b>													
Linerboard 42-lb. unbleached kraft, East U.S. (transaction)	640	640	640	657	690	657	690	740	740	83	13%	0	0%
Corrugating medium 26-lb. semichemical, East U.S. (transaction)	610	610	610	627	660	627	660	710	710	83	13%	0	0%
<b>Specialty Products (US\$/ton, tonne for deinked pulp)</b>													
Recycled boxboard - 20pt. bending chip (transaction)	670	670	670	657	650	662	653	665	682	25	4%	17	3%
Deinked pulp (f.o.b; U.S. air-dried & wet-lap, post-consumer)	763	663	675	713	715	692	740	755	758	45	6%	3	0%
Unbleached kraft paper, grocery bag 30-lb.	1,095	1,110	1,110	1,110	1,110	1 110	1,118	1 135	1 135	25	2%	0	0%
Uncoated white 50-lb. offset, rolls	940	923	920	920	907	918	898	870	840	-80	-9%	-30	-3%
<b>TISSUE PAPERS</b>													
Cascades Tissue Papers (index 1999 = 1,000) <sup>4</sup>	1,669	1,654	1,647	1,651	1,642	1,649	1,619	1,598	1,594	-57	-3%	-4	0%
<b>Raw materials (average)</b>													
<b>Cascades North American US\$ index (index 2005 = 300)<sup>5</sup></b>	<b>472</b>	<b>386</b>	<b>382</b>	<b>367</b>	<b>340</b>	<b>369</b>	<b>353</b>	<b>348</b>	<b>358</b>	<b>-9</b>	<b>-2%</b>	<b>10</b>	<b>3%</b>
<b>RECYCLED PAPER</b>													
<b>North America (US\$/ton)</b>													
Corrugated containers, no. 11 (New England)	149	123	120	93	82	104	94	98	102	10	10%	4	4%
Special news, no. 8 (ONP - Chicago & NY average)	126	85	90	70	60	76	67	65	58	-13	-18%	-8	-12%
Sorted office papers, no. 37 (SOP - Chicago & NY average)	233	145	151	170	151	154	150	138	135	-36	-21%	-3	-2%
<b>Europe (Euro/tonne)</b>													
Recovered paper index <sup>6</sup>	140	113	118	102	111	111	111	119	115	13	13%	-4	-3%
<b>VIRGIN PULP (US\$/tonne)</b>													
Northern bleached softwood kraft, East U.S.	978	873	900	853	863	873	898	937	947	93	11%	10	1%
Northern bleached hardwood kraft mixed, East U.S.	808	714	778	763	744	750	791	853	873	111	15%	20	2%
<b>WOODCHIPS – Conifer Eastern Canada (US\$/odmt)</b>	<b>127</b>	<b>130</b>	<b>121</b>	<b>120</b>	<b>120</b>	<b>123</b>	<b>110</b>	<b>107</b>	<b>105</b>	<b>-15</b>	<b>-13%</b>	<b>-2</b>	<b>-2%</b>

Source: RISI, Random Lengths and Cascades.

# NORTH AMERICAN MANUFACTURING SPREAD



**Manufacturing spread in CAN\$ in Q3/13: +3% vs Q2/13 and +16% vs Q3/12**



Refer to Notes page included in the Appendix.  
Source: RISI

# NOTES

1. The Cascades North American selling prices index represents an approximation of the Corporation's manufacturing selling prices in North America (excluding converting). It is weighted according to shipments and is based on the average selling price of our North American manufacturing operations of boxboard, containerboard, speciality products and tissue paper. It considers the change in the mix of products sold. This index should only be used as a trend indicator.
2. The Cascades recycled white-lined chipboard selling prices index represents an approximation of Cascades' recycled grades selling prices in Europe. It is weighted by country.
3. The Cascades virgin coated duplex boxboard selling prices index represents an approximation of Cascades' virgin grades selling prices in Europe. It is weighted by country.
4. The Cascades Tissue Papers selling prices index represents a mix of primary and converted products, and is based on the product mix at the end of 2006.
5. The Cascades North American raw materials index is based on publication prices and the average weighted cost paid for some of our manufacturing raw materials, namely recycled fibre, virgin pulp and woodchips, in North America. It is weighted according to purchase volume. This index should only be used as a trend indicator, as it may differ from our actual manufacturing purchasing costs and our purchase mix.
6. The Cascades recovered paper index represents an approximation of Cascades' recovered paper purchase prices in Europe. It is weighted by country based on the recycled fibre supply mix of 2009 and has been updated in 2013.

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

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

Working capital includes accounts receivable plus inventories less accounts payable.