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SPEAKERS

Riko Gaudreault – Director, Investor Relations and Business Strategy
Mario Plourde - President and CEO
Allan Hogg - CFO
Charles Malo - President and COO of our Containerboard Group
Luc Langevin - President and COO of the Specialty Products Group
Jean Jobin - President and COO of our Tissue Papers Group

ANALYSTS

Hamir Patel - CIBC Capital Markets
Leon Aghazarian - National Bank Financial
Sean Steuart - TD Securities
Stephen Atkinson –Dundee Capital Markets
Bill Garnett – Scotiabank
Paul Quinn - RBC Capital Markets

PRESENTATION

Operator: Bienvenue à la conférence téléphonique de Cascades Inc. pour les résultats du T4 et l'année financière 2015. En ce moment, tous les participants sont en mode écoute seulement. Suite à la présentation d'aujourd'hui, il y aura une session de questions-réponses pendant laquelle vous pouvez sélectionner la touche étoile et le chiffre 1 de votre téléphone pour poser une question. Veuillez noter que cette conférence est enregistrée.

Welcome to the Cascades Inc.'s Conference Call for Q4 and Full year 2015 Financial Results. At this time, all participants are in a listen-only mode. Following today's presentation, there will be a formal question-and-answer session. (Operator instructions.) Please note that this conference is being recorded.

I will now turn the call over to Riko Gaudreault, Director, Investor Relations and Business Strategy. Mr. Gaudreault, you may begin.

Riko Gaudreault: Thank you, operator. Good morning, everyone, and welcome to our conference call for the 2015 fourth quarter and yearend results. Today you will hear from Mario Plourde, our President and CEO; Allan Hogg, our CFO; Charles Malo, the recently nominated President and COO of our Containerboard Group; Luc Langevin, the President and COO of the Specialty Products Group; and Jean Jobin, the President and COO of our Tissue Papers Group. As usual, Mario will cover the results of the Boxboard Europe Group, and he will proceed with his concluding remarks before the question period.

Before I turn things over to my colleagues, please note that the quarterly results of Reno De Medici were released on February 11 and can be reviewed on Reno's website. Also during this call, certain statements will discuss historical and forward-looking matters. The accuracy of these statements is subject to risk factors that can have a material impact on actual results. These risks are listed in our public filings. These statements, the investor presentation and the press release also include data that are not measures of performance under IFRS. I would like to remind the media and Internet users that they can only listen to the call. If you have any questions, please feel free to call us after this session.

I will now turn the call over to our CEO, Mario.

Mario Plourde: Thank you, Riko, and good morning, everyone.

We were pleased to end the year on a strong note. When we exclude specific items, our EBITDA of $104 million is the best performance achieved for fourth quarter on the comparable asset base. At $0.23 per share, our EPS, excluding specific item is almost three times higher than last year. As expected, EBITDA is down to $30 million from the previous quarter due to lower seasonal volume and higher cost related to corporate activities.

Our containerboard and tissue activities performed well despite softer demand in December. Our specialty product group finished the year on a strong note while our results for the European asset were stable. EBITDA margin for the fourth quarter stood at 10.7% compared to 13% in the third quarter and 9.3% in the last quarter of 2014.

For the year, EBITDA finished at $426 million, a margin of 11% compared to 9.5% or $340 million for 2014. The reported Q4 EPS is a loss of $0.81 mostly related to foreign exchange loss and impairment charges on our European virgin boxboard mill during the quarter.

On the KPI front, we improved all of our indicator and shipment, while our activity utilization rate was down reflecting seasonality. Working capital was stable at 11.3% of our sales.

Looking at raw material costs, both brown and white fiber index prices remain favorable. We do not expect significant changes in the near terms, which should be positive for us. For pulp, both NBSK and NBHK price didn't move much during the quarter. And again, we do not expect any significant changes.

I will now let my colleague give you more specific information starting with Allan and I will be back later to cover Europe and our outlook. Allan?

Allan Hogg: Yes. Thank you, Mario, and good morning, everyone.

So compared to last year, sales were up 11% reaching $975 million due to a favorable exchange rate and the positive impact of higher average prices in our containerboard segment. Sequentially, sales have decreased 5% due to lower seasonal volume in all business segments.

EBITDA for the fourth quarter was up 27% compared with last year and reached $104 million. At favorable exchange rate, the positive effects of recent sales incentive and lower raw material and energy cost contributed to this strong performance. Sequentially as Mario mentioned, our EBITDA is down 22% or $30 million on a 7% decrease in volume.

Higher maintenance activities during the period partially offset the positive impact of higher realized average selling prices and lower raw material costs. Results of corporate activities were negatively impacted by approximately $6 million due to higher share-based compensation, expenses related to management employment contracts and by start-up cost for our shared service activities.

Also, the depreciation and amortization expense is higher due to the review of estimated useful life of assets that has been or will be removed from service following the recent capital investments. This had a negative impact of approximately $10 million during the quarter.

On Slide 13 and 14, we illustrate the volumes of our EPS and the details of the specific items that affected our results during the quarter. Sequentially, our EPS excluding specific items decreased by $0.29 resulting mainly from lower operating results and higher deprecation expense as just explained.

Our shared results of our investments in associates and JVs contributed $0.04 more than the previous quarter. This improvement is mainly due to the higher contribution from Boralex. Specific items had a negative impact of $98 million or $1.04 per share. During the quarter, we recorded an impairment charge on our virgin boxboard mill located in France. As a result of the review of it's recoverable value due to sustained difficult market conditions and continuous downward pressure on profitability margins.

Total charge including the reversal of deferred tax assets amounted to $71 million. Also, the depreciation of the Canadian dollar led to a loss on our longer term of debt of $23 million.

On Page 15, cash flow from operations amounted to $106 million during the last three months. Capital expenditures including capital lease payments amounted to $53 million and free cash flow stands at $49 million during the quarter.

For the year, our free cash flow after CapEx, capital leases and dividend payments amounted to $149 million.

Moving to the reconciliation of our debt, the main impact once again is the deprecation of the Canadian dollar which resulted in an increase of $42 million of our debt during the fourth quarter despite strong cash flow from operations.

During the quarter, we also purchased the 27% minority interest in our recovery -- in our Cascade recovery operations for $32 million which will be paid over the next 10 years. For the year, the depreciation of the Canadian dollar had a negative impact of $210 million on our debt.

In terms of financial ratios, our net debt to EBITDA decreased from 4.7x to 4x at the end of the year and we continue to trend towards our target of 3.5x.

As introduced earlier this year, we are showing some key figures on a proportionate consolidated basis. These figures include our share of ownership in Greenpac, Reno De Medici and our other joint ventures in the specialty products group. They do not reflect the results of Boralex. You can see the improved EBITDA margin and the leverage ratio remains stable even when including the effect of Greenpac.

Thank you for your attention. And I will ask Charles to discuss the results of our containerboard group. Charles?

Charles Malo: Thank you, Allan, and good morning, everyone.

During the fourth quarter of 2015, the containerboard group shipments reached 268,000 short ton, representing a sequential decrease of 9%. The sequential shortfall is in line with the demand variation experienced for the same period of the prior years. The shortfall in volume experienced in Q4 comes from both manufacturing and converting activities.

In the converting activities shipments have sequentially decreased by 7%. This performance is similar to the 6% decrease on the Canadian market where we sell most of our converted product.

In the manufacturing activities, our operating rate decreased to 90%, representing a shortfall of 5% compared to the previous quarter as a consequence of lower demand. Accordingly, our internal paper shipments decreased by 13% while our integration rate increased by 3%.

On the pricing front, average selling price increased by Canadian dollars of $20 short ton mainly due to a weaker Canadian dollar which lost 2% compared to Q3. When excluding the impact of the weaker Canadian dollar average selling price remain stable.

With regards to profitability, the containerboard group generated an EBITDA of $56 million in the fourth quarter of 2015, a decrease of 18% compared to previous quarter and an improvement of 27% compared to the same quarter last year.

Our fourth quarter EBITDA of $56 million represent a margin of 17% on sales which compares to 19% in the third quarter of 2015. But if we look at the margin of our manufacturing activity separately, it reached 22% up for the quarter. The group's fourth quarter performance is mainly explained by a shortfall of 20,000 short tons in shipments which negatively impacted results by $30 million. Raw material costs were positively impacted by the $3 short ton OCC price reduction, which combined with a favorable material mix between the conception of paper rolls and OCC added $6 million to our results compared to the third quarter of 2015.

With regards to the sales, the impact of Canadian dollar on sales added $3 million to our profitability. Finally, operating cost increased by $8 million compared to Q3 mainly as a consequence of planned annual maintenance in the mills of segment and lower efficiency associated with the weaker volume in December.

With regards to the short-term outlook, following the RISI Index decrease of $15 and $20 on containerboard grades, we anticipate some pressure on the selling price; however, we believe that the RISI Index reflects some pricing dynamic that already had impacted the market. Accordingly, we are working to minimize the impact of this announcement on our results for the next quarters.

In terms of demand, we expect a slight pick-up as a consequence of normal seasonal demand variation. Also, we should continue to benefit from the weakness of the Canadian dollar.

Finally, a word on the performance of Greenpac mill. In the fourth quarter of 2015, Greenpac produced 118,000 short ton of liner board, representing a 2% increase. Consequently the contribution to our EPS coming from our share of Greenpac's net earnings excluding specific items amounted to $3 million or $0.03 per share during Q4. The Greenpac XP grades now represent 72% of the total production of the mill in Q4 due to the good market receptivity of this value-added product.

I thank you for your attention, and I will now ask Mario to give you an overview of our boxboard activity in Europe. Mario?

Mario Plourde: Thank you, Charles.

In Europe, the fourth quarter was quite similar to last year and the previous quarter. Sales slightly decreased by $3 million to reach $202 million. Shipments were 3000 ton lower than the previous quarter due to weak demand in Q4. In euros, average prices slightly decreased due to an unfavorable sales mix.

EBITDA decreased by $1 million during the quarter to $13 million compared to $14 million last quarter and last year. For the year, despite a 2% improvement in volumes, sales are down 2% to $825 million in Canadian dollar due to an unfavorable exchange rate. EBITDA is down from $72 million to $63 million. Higher raw material prices were offset by lower production and energy cost. Also in 2014, we recorded $9 million in energy credits that were not repeated in 2015.

Looking ahead, the start of the year is soft as our backlog is not as high as last year. Energy costs remain low, while recycle fiber prices are showing some signs of weakness. We will continue our effort to reduce production cost driven by the recent capital investment made in our mills. As a result, we expect a stable performance in 2016.

On the strategic front, in January, Reno De Medici announced the sale of its boxboard mill in Spain for a total consideration of €4 million. The impact on result will not be significant.

Thank you. And I will ask now Luc to follow up with a review performance of our specialty product group. Luc?

Luc Langevin: Thank you, Mario. Good morning.

During the fourth quarter, sales for the specialty products group slightly declined to $147 million compared to $151 million in Q3, representing a 3% sequential decrease. These lower sales were expected as we typically experienced lower seasonal demand in Q4; however, our top line improved by more than 7% compared to the same quarter last year.

On a sequential basis, the positive impact of a weaker Canadian dollar was not sufficient to offset lower seasonal volume in most of our segments. We completed the fourth quarter with an EBITDA of $60 million, which represent a $2 million decrease from the previous quarter. This negative variance is mainly due to our lower volume. Please note, however, that this EBITDA figure represents a 60% improvement over last year.

Looking more specifically at our four sub-segments, our industrial packaging activities delivered stable results. Slightly lower volumes were offset by improved average selling prices. Our consumer products packaging segment also maintained its EBITDA. The impact of typical or seasonal demand was more than offset by lower raw material cost and lower SG&A expenses during this quarter. As for other activities, their EBITDA declined by $1 million sequentially as we experienced lower volumes and unfavorable product mix during the quarter.

Finally, the EBITDA of our recovery segment was slightly lower. Although no significant variation in volume was observed during the quarter, this segment was negatively impacted by slightly lower selling prices and increased fixed costs.

Looking at the near term, we expect the overall business conditions to remain favorable with limited impact from higher energy costs this winter and lower volume variance due to seasonality in some segments.

Thank you for your attention. I will now ask Jean to present the result of the tissue papers group. Jean?

Jean Jobin: Thank you, Luc. Good morning, everyone. Earlier today the tissue group reported a good fourth quarter performance with $38 million of EBITDA for an 11.8% margin on sales compared to $43 million or 12.6% margin on sales during the previous quarter. It is worth mentioning that we greatly improve our performance in comparison to the same quarter last year as we increased our profitability by 81%. Let's remember that last year the EBITDA was $21 million or 8% for the same quarter.

The usual sales seasonality has obviously impacted our results in comparison to the previous quarter, as our overall shipment are 11% lower. Current overall shipment have declined by 20% mainly driven by two elements, exceptionally high shipment during the third quarter and the regular fourth quarter market seasonality.

Also, during the fourth quarter, shipment of converted product decreased by 5%. In terms of pricing, our average selling price was 5% higher than during the previous quarter due to the weakness of the Canadian dollar and a lower share of parent roll in their product mix. In summary, our total sales were 6% lower than during the previous quarter.

During the fourth quarter, we were able to achieve solid productivity and keep the focus on controlling our operating cost. As usual, the fourth quarter is impacted by annual maintenance at several facilities. On top of it, we took market related downtime to manage our supply and demand. As a total, we took 6,000 tons of downtime during Q4. Annual maintenance and lower volume obviously have negatively impacted our results for the quarter; however, we managed downtime effectively, allowing us to reduce the negative impact on our profitability.

The impact of our past investment and the effort made during the first part of the year enabled us to end 2015 on a positive trend. That being said, the first quarter of the year will continue to be impacted by low seasonal volume, but we expect to start to see the impact of price increases in the Canadian retail market at the end of the quarter. The best is yet to come for the tissue group, and we look forward to 2016.

Thank you. I will now turn back the call to Mario for the conclusion. Mario?

Mario Plourde: Thank you, Jean.

We are proud of our record performance in 2015. Of course, we had favorable market condition, but the strategic actions taken over the last few years have started to contribute to our results. Our containerboard group added solid performance as did our specialty products and tissue activity in the second half of the year.

Free cash flow was strong, and we were able to reduce our leverage ratio even with the depreciation of the Canadian dollar. Despite recent softness in the containerboard market, all business drivers are looking positive for us, and we remain confident in our ability to deliver a solid performance in 2016.

We will continue to improve our asset base along with our internal processes, and we will direct a significant portion of our free cash flow toward the reduction of our debt. We will now open the line for the questions. Operator?

Operator: Thank you. (Operator instructions.) Our first question comes from Hamir Patel with CIBC Capital Markets.

Hamir Patel: Hi, good morning. First question I have is on the containerboard business, and this might be for Charles or Allan. We saw *Pulp & Paper Week* reduce pricing in January for both grades and then again in February for medium. How should we think about the lag as to how that impacts realizations within your containerboard business?

Mario Plourde: Allan, I will take that one, if it's okay with you.

Allan Hogg: No problem.

Mario Plourde: First, we were surprised to—with the article in the *Pulp & Paper*. That being said, as I mentioned in my comments that we believe that some of the impact has already been reflected in our results from last year. But we are going to see some impact in the next four months, and the reason why I'm saying four months is we do have an integration rate. So, everything that will be reflected based on our converted product, based on contract, do have a lag of four months. So, when I look at the overall impact on our overall sales, the impact would be about 65% of our total output. I would say that about 35% of it would be lag four months and maybe 30% within the next, the first two months of the year.

Hamir Patel: Okay, great. That's helpful. And then just on your non-integrated tons, I guess, how much of that is indexed to the benchmark. Is it all indexed to those benchmarks or is some—?

Mario Plourde: Well, that's why I gave you the overall number, the 65%. When I gave you the 65% and 35, 30, that includes the overall sales.

Hamir Patel: Right. Okay. That's helpful. And then just you mentioned your integration. Just curious if you exclude Greenpac and some of the JVs you have, what's with the Drummondville target or operating, what do you estimate your integration rate is now in the containerboard segment?

Mario Plourde: Our true integration rate is 52%, but we do have, as you mentioned, JVs and also long-term contracts that would bring it higher to 60, over 65% integration.

Hamir Patel: Okay. Thanks. And if you wanted to get that integration rate up to, I think your long-term goal is probably closer to 85%, how many more corrugators do you think you would need to add or require to get there?

Mario Plourde: The calculation that we made, if we look at the average on the market today, it's between 50,000 to 60,000 tons per corrugator, so you can make the calculation.

Hamir Patel: Okay. Thanks. That's all I had. I'll turn it over.

Mario Plourde: Thank you.

Operator: Our next question comes from Paul Quinn with RBC Capital Markets.

Paul Quinn: Yes. Thanks very much and good morning, gentlemen. Just couple of questions. One on—you did a great job of breaking out quarter-over-quarter and year-over-year variance, but this other cost bucket is getting rather high, $23 million quarter-over-quarter, $27 million year-over-year. Maybe you could break that down.

Allan Hogg: Yes. The other cost, when it's compared to the previous quarter, there is the impact of the annual maintenance and production cost in the volumes, you mean, Paul?

Paul Quinn: Yes. It just seems like if it was $10 million or under it would be a small amount, and I can understand lumping a bunch of things into it. It just seems like a big amount and just wondering what the main components of that, like so if you take that $23 million quarter-over-quarter, what is the main component of that cost?

Allan Hogg: When it's in the business segment, when compared to previous quarters, mainly due to maintenance activities and the effect of volume, so there is an impact on efficiency and the line on corporate, the corporate line this quarter, as we mentioned in my—was mentioned in my comment in the press release, there are some expenses related to share-based compensation and employment contract and the startup costs for productivities. And also there is a portion of additional profit sharing due to the stronger profitability compared to previous period, compared to last year mainly.

Paul Quinn: So, would you say most of the increase year-over-year and quarter-over-quarter based on other costs is due to employment related expenses?

Allan Hogg: When we look at corporate costs, there are some items that will not repeat themselves, but other than that its, there is profit sharing in there and some additional maintenance.

Paul Quinn: Okay. And then just looking at your overall debt levels, net debt to trailing EBITDA of 4 times. What is your long-term goal, and can you bridge us to getting there in a reasonable timeframe?

Mario Plourde: Well, Paul, our target, as we've been mentioning, is between 3 and 3.5, so we're working towards that. We're pleased this year to generate $150 million of free cash flow. We'll keep a monitor our CapEx and our free cash flow as well, and most of the free cash flow will be dedicated to deleveraging, so our target remains 3 and 3.5.

Paul Quinn: Most of future free cash flow to deleveraging, good to hear. Thanks very much, guys. Best of luck.

Mario Plourde: Thank you.

Operator: Our next question comes from Leon Aghazarian with National Bank Financial.

Leon Aghazarian: Hi, good morning. Just to pick up on that question, what is the expected CapEx for 2016, and are there any special types of projects that are included in there as well?

Mario Plourde: The envelope for the year is $185 million. Of that, between $45 million to $50 million will be towards maintenance CapEx; the rest will be towards modernizations and new projects, so majority of the envelope will be towards new projects.

Leon Aghazarian: Okay. Thanks. That's helpful. And then one question from me is on the tissue side. We're seeing improvement on the margin side, which is something that you had highlighted that you would have liked to be doing to get the margins, I guess, closer to the peers. I'm just wondering if you can give us an update in terms of the ramp-up of some of the new machines and if they're all fully up and running and all the costs have been basically—are all in right now at this point there.

Jean Jobin: Thank you for your question, Leon. Jean Jobin speaking. In terms of new project that we put a new machine, the machine in Oregon, what we call the H2, is running very well right now. For the slow season, it's a machine that makes hand towels, so right now we had to take down time during Christmas. But that's not the only machine that we had to do that. So on that aspect, it's going very well. We're very happy with what we have right now.

For the Wagram project, we're still ramping up at this point. This is five converting line in the Southeast in North Carolina. And this is starting to consume more and more tonnage internally, so we're very happy with that as well.

Leon Aghazarian: Okay. And just a followup, I guess, there would be you mentioned in your prepared remarks a price increase at the retail level in Canada. I mean, one of your competitors have also mentioned that as well. I just want to see what the impact on that would be, if you can help us quantify how big the price increase was there.

Jean Jobin: Well, as you know, our line in terms of pricing as we never comment on that. I'm sure that you can put some number yourself with that. You know the size of our Canadian volume because we disclosed that. So, I'm sure you have good way to estimate that, but I'd prefer not go there.

Leon Aghazarian: Great, thank you.

Operator: And our next question comes from Sean Steuart with TD Securities.

Sean Steuart: Thanks. Good morning. Couple of questions. You went through the higher depreciation in containerboard, and I'm just trying to gauge, is that a non-recurring increase for the fourth quarter? Should we expect that to come back towards more normal levels going forward?

Mario Plourde: Yes, Sean. As I mentioned, there were some review of estimated life of assets, and we took the decision to accelerate depreciation because the decision was taken to put some asset out of service, so you can say that it may be one-time, yes.

Sean Steuart: Okay. And second question, and I think I probably know what your answer will be, but Boralex has had a great run here and lots of successful growth initiatives in France and in Canada as well. Share prices had a very good run in recent months. Any updated thoughts on potentially monetizing that investment for you guys?

Mario Plourde: No. We have not changed our position, Sean. If you read in the paper recently what I said is that asset for us could be used if ever we had a project to finance at the moment. We don't have a major project on the go. And we look at the trending of the value of Boralex, and we're good with it. We feel that we are benefiting from our position to stand still at the moment. So, we have not changed our position.

Sean Steuart: Okay. Thanks, Mario. That's all I had.

Mario Plourde: Thank you.

Operator: Our next question comes from Stephen Atkinson with Dundee Capital Markets.

Stephen Atkinson: Good morning. Start off with on CapEx, can you give us some guidance for this year or next year?

Mario Plourde: Yes. Like we just said earlier, our envelope will be $185 million. Of that $185 million, around $50 million will be towards maintenance and the rest will be towards new project and modernization.

Stephen Atkinson: Any major projects in there?

Mario Plourde: We have not disclosed any yet, but yes, there are a few that we are looking right now. So, in due time we will make announcement.

Stephen Atkinson: Okay. And for next year, I guess I could assume something less than that unless you announce something?

Allan Hogg: For the year after you mean?

Stephen Atkinson: Yes. Just to put in a general number if you maintain businesses only $50 million?

Allan Hogg: Well, if you look at the past, we ranged from—

Mario Plourde: One hundred fifty to 160.

Allan Hogg: Yes. But yes, the current asset base, yes.

Stephen Atkinson: Yes, but you finished most of your major restructuring, I believe.

Mario Plourde: There is still some to be done. Obviously, there will be some that will happen in 2016 and 2017. So, I said we never end modernizing. So, obviously, we are monitoring that very closely, and we should be for future around 150 to 160 like we used to be.

Stephen Atkinson: Okay. That's great. And in terms of the acquisition, the 23% or $32 million to be bid over ten years, what was the reason for that?

Luc Langevin: Yes. This is Luc Langevin. The fiber recovery is very strategic for Cascades, so now that we own 100% of the share, this will give us more freedom of action with that division. And we're currently looking at opportunities to do some organizational adjustment and to improve our performance with that division.

Stephen Atkinson: Okay. And so would you be looking to expand as well in other areas?

Luc Langevin: I guess it's too early now to disclose, but we definitely want, as I said, it's a very strategic part of our business. We're going to look at all opportunities.

Stephen Atkinson: Okay. So, I assume that in terms of the acquisition and what you paid for it, in the near term, obviously there is no major impact on the bottom line.

Luc Langevin: No, because it's only taking out 27% of net earnings, so it's quite, it's really not significant.

Mario Plourde: Cash-wise, it’s paid in ten years.

Stephen Atkinson: Yes, agreed. So, okay, and so finally, obviously, in the fourth quarter you had to do quite a bit of maintenance. Are you able to, shall we say, give us some color as to what the first quarter looks like? Do you have an [indiscernible] or anything like that?

Mario Plourde: Well, as you know, historically fourth quarter and first quarter are quite the same normally, so I would say history repeat again.

Stephen Atkinson: Okay. That's perfect. Thank you.

Operator: (Operator instruction.) Our next question comes from Bill Garnett with Scotiabank.

Bill Garnett: Hi, guys. Just a quick question here on SG&A. You had a bit of an uptick here in Q4. Just wondering if you can give us a bit of an idea for what that looks like through 2016 for a run rate?

Allan Hogg: Well, the items I explained before in the corporate activities are all in the SG&A, so historically SG&A is around 9.5% of sales, between 9% and 10%, so that should remain.

Bill Garnett: Okay. All right. Thanks guys.

Operator: And our next question comes from Paul Quinn with RBC Capital Markets.

Paul Quinn: Yes, thanks. I'm just trying to reconcile the outlook which you stated is 2016 expected to be similar to 2015 given the headwinds that you're going to see in containerboard. I'm just trying to understand that. Do you think the tissue price increase is going to offset the drop in containerboard? And then just over on the CapEx with the increased CapEx, that caught me by surprise. What specifically are you spending that $185 million on?

Mario Plourde: You have many questions in there. The increased CapEx, as I said, majority of it will be toward new projects. As you know, we have decided to move in the U.S. So, this is towards that. And I just want to remind you that first quarter last year the tissue performance was not as it is today. And they were suffering from the start up of the Wagram and the Oregon project. This is behind us now. So, we're benefiting from it in Q1, so that's why I'm saying that Q1 should be similar to Q4.

Allan Hogg: And Paul, maybe for the year, remember that we had in the specialty and in tissue two first half, a stronger second. So, we will continue to benefit from the full effect of the Canadian dollar. Everything that happened in 2015, we'll get the full effect in 2016.

Paul Quinn: Okay. Hope you're right. Cheers.

Allan Hogg: Yes. Thank you.

Operator: (Operator instructions.) And we have no further questions at this time. I will now turn the call over to Mario Plourde for closing remarks. Mr. Plourde?

Mario Plourde: Thank you very much, everyone, for attending, and we'll see you on the next quarter. Thank you very much. Have a good day.

Operator: Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.