

PRESS RELEASE



Cascades Inc.
404 Marie-Victorin Blvd., P.O. Box 30
Kingsey Falls (Québec) Canada J0A 1B0
www.cascades.com

Telephone: 819-363-5100
Fax: 819-363-5155

Cascades Announces Solid Results for the Fourth Quarter and Full Year 2019;

- **Record Annual Sales and Adjusted OIBD Generated for the Year**
- **Outlook is positive for 2020**

Kingsey Falls, Quebec, February 27, 2020 - Cascades Inc. (TSX: CAS) reports its unaudited financial results for the three-month period and the fiscal year ended December 31, 2019.

Q4 2019 Highlights

- Sales of \$1,227 million (compared to \$1,264 million in Q3 2019 (-3%) and \$1,196 million in Q4 2018 (+3%))
- As reported^{1,3} (including specific items)
 - Operating loss of \$1 million (compared to an operating income of \$105 million in Q3 2019 (-101%) and an operating loss of \$35 million in Q4 2018 (+97%))
 - Operating income before depreciation and amortization (OIBD)¹ of \$76 million (compared to \$178 million in Q3 2019 (-57%) and \$35 million in Q4 2018 (+117%))
 - Net loss per share of \$0.27 (compared to net earnings of \$0.42 in Q3 2019 and a net loss of \$0.71 in Q4 2018)
- Adjusted¹ (excluding specific items)
 - Operating income of \$75 million (compared to \$88 million in Q3 2019 (-15%) and \$43 million in Q4 2018 (+74%))
 - OIBD of \$152 million (compared to \$161 million in Q3 2019 (-6%) and \$113 million in Q4 2018 (+35%))
 - Net earnings per share of \$0.30 (compared to \$0.30 in Q3 2019 and \$0.00 in Q4 2018)

2019 Annual Highlights

- Sales of \$4,996 million (compared to \$4,649 million in 2018 (+7%))
- As reported^{1,3} (including specific items)
 - Operating income of \$258 million (compared to \$228 million in 2018 (+13%))
 - OIBD of \$547 million (compared to \$472 million in 2018 (+16%))
 - Net earnings per share of \$0.74 (compared to \$0.60 in 2018)
- Adjusted¹ (excluding specific items)
 - Operating income of \$315 million (compared to \$245 million in 2018 (+16%))
 - OIBD of \$604 million (compared to \$489 million in 2018 (+24%))
 - Net earnings per share of \$1.02 (compared to \$0.83 in 2018)
- Completed the acquisition of Orchids Paper Products² activities for total cash consideration of US\$235 million in September 2019
- Announced the planned March 2020 closure of two U.S. tissue converting facilities at the end of October 2019
- Senior Notes successfully refinanced in November 2019 in the amount of \$1 billion
- Exercised option to acquire the Caisse de dépôt et placement du Québec's ("CDPQ") 20.2% interest in the Greenpac Mill, increasing the Company's ownership to 86.3%; Transaction was effective January 3, 2020
- Net debt of \$1,963 million as at December 31, 2019 (compared to \$1,769 million as at December 31, 2018) and net debt to adjusted OIBD ratio of 3.25x, down from 3.6x at year-end 2018
- Impact of IFRS 16 accounting for leases: \$99 million debt increase as of January 1, 2019, and approximately \$30 million increase in full year OIBD for 2019

¹ For further details, please refer to the "Supplemental Information on non-IFRS Measures" section.

² Also referred to as the Orchids acquisition.

³ 2018 fourth quarter and 2019 third quarter results have been adjusted to reflect retrospective adjustments of purchase price allocation. Please refer to Note 5 of the 2019 audited financial statements for more details.

Mr. Mario Plourde, President and Chief Executive Officer, commented: "We are very pleased with the annual adjusted OIBD level of \$604 million generated in 2019, the second consecutive year of record performance for Cascades. These historic results affirm the solid progress we are making with our growth, optimization and strategic initiatives.

On a sequential basis, fourth quarter results reflect the softer seasonal demand common to the end of the year, and less favourable pricing and sales mix in all business segments. These effects were partially mitigated by lower raw material prices for all of our segments, acquisitions completed throughout the year, and sequentially lower production costs in Tissue and European Boxboard. Year-over-year quarterly performance was similarly aided by lower raw material pricing and recent business acquisitions, in addition to lower energy costs. The resulting benefits outweighed less favourable sales pricing and mix in all segments with the exception of Tissue, and higher production costs in our North American operations in part due to the higher proportion of sales coming from converting activities.

On the strategic front, Cascades purchased the CDPQ's 20.2% interest in our Greenpac Mill on January 3, 2020. Increasing ownership of this state-of-the-art lightweight containerboard facility to 86.3% will improve available cash flow levels and reinforce the competitive positioning of the containerboard platform. In a similar vein, we continued to advance the integration of the Orchids activities during the quarter, and subsequently completed the conversion of the Barnwell paper machine from QRT to conventional paper in mid-January 2020. Finally, we successfully refinanced our senior notes in November, taking advantage of favourable market pricing conditions to proactively manage our debt profile.

Discussing near-term outlook, Mr. Plourde commented, "First quarter performance is projected to improve year-over-year, largely driven by improvements in the Tissue segment as a result of our strategic repositioning and ongoing integration of the Orchids activities. Results in our other three segments are expected to be stable, with pricing headwinds for these businesses expected to be offset by improved volumes and favourable raw material pricing in containerboard and Boxboard Europe.

Our operational outlook is positive for 2020. We are forecasting strong year-over-year improvement in the Tissue segment, moderate year-over-year improved results in Specialty Products and stable annual performance in Boxboard Europe. While pricing headwinds are expected to translate into softer annual Containerboard results, raw material prices continue to be a strong tailwind for this business, as does our focus on improved operational execution. On a consolidated basis, we expect to generate solid cash flow levels in 2020, of which approximately \$250 million will be dedicated to capital expenditures. Based on current operational conditions, we expect the remaining cash flow to be in excess of \$100 million. These funds will be allocated in part to the Bear Island conversion project, when approved and once the financial and operational structure is finalized, and to the reduction of our debt."

Financial Summary

Selected consolidated information

(in millions of Canadian dollars, except amounts per share) (unaudited)	2019	2018 ²	Q4 2019	Q3 2019 ²	Q4 2018 ²
Sales	4,996	4,649	1,227	1,264	1,196
As Reported					
Operating income before depreciation and amortization (OIBD) ¹	547	472	76	178	35
Operating income (loss)	258	228	(1)	105	(35)
Net earnings (loss)	69	57	(26)	40	(67)
per share	\$ 0.74	\$ 0.60	\$ (0.27)	\$ 0.42	\$ (0.71)
Adjusted¹					
Operating income before depreciation and amortization (OIBD)	604	489	152	161	113
Operating income	315	245	75	88	43
Net earnings	96	79	29	28	—
per share	\$ 1.02	\$ 0.83	\$ 0.30	\$ 0.30	—
Margin (OIBD)	12.1%	10.5%	12.4%	12.7%	9.4%

1 - Refer to the "Supplemental Information on Non-IFRS Measures" section.

2 - 2018 fourth quarter and 2019 third quarter results have been adjusted to reflect retrospective adjustments of purchase price allocation. Please refer to Note 5 of the 2019 audited financial statements for more details.

Segmented OIBD as reported^{1,2}

(in millions of Canadian dollars) (unaudited)	2019	2018 ²	Q4 2019	Q3 2019 ²	Q4 2018 ²
Packaging Products					
Containerboard	443	470	98	120	111
Boxboard Europe	92	99	8	25	22
Specialty Products	52	35	9	14	9
Tissue Papers	64	(58)	(3)	46	(83)
Corporate Activities	(104)	(74)	(36)	(27)	(24)
Operating income (loss) as reported	547	472	76	178	35

1 - The Recovery activities sales, OIBD and adjusted OIBD figures were reclassified from the Specialty Products segment to Corporate activities. Prior years and quarterly figures were adjusted to reflect the current presentation.

2 - 2018 fourth quarter and 2019 third quarter results have been adjusted to reflect retrospective adjustments of purchase price allocation. Please refer to Note 5 of the 2019 audited financial statements for more details.

Segmented adjusted OIBD^{1,2}

(in millions of Canadian dollars) (unaudited)	2019	2018 ²	Q4 2019	Q3 2019 ²	Q4 2018 ²
Packaging Products					
Containerboard	441	410	106	118	111
Boxboard Europe	108	97	24	25	20
Specialty Products	55	33	9	16	8
Tissue Papers	86	17	35	24	(8)
Corporate Activities	(86)	(68)	(22)	(22)	(18)
Adjusted OIBD	604	489	152	161	113

1 - Refer to the "Supplemental Information on Non-IFRS Measures" section.

2 - The Recovery activities sales, OIBD and adjusted OIBD figures were reclassified from the Specialty Products segment to Corporate activities. Prior years and quarterly figures were adjusted to reflect the current presentation.

Analysis of results for the three-month period ended December 31, 2019 (compared to the same period last year)

Sales of \$1,227 million increased by \$31 million, or 3%, compared with the same period last year. Specifically, Tissue sales increased by \$57 million, or 17%, a reflection of increased volumes, higher average selling price, more favourable sales mix, and the addition of Orchids Paper assets. European Boxboard sales decreased by \$2 million, or 1%, compared with the previous year, largely driven by less favourable average selling price and mix and Canadian dollar - euro exchange rate, and slightly lower volumes, the effects of which were largely mitigated by the business acquisition in Spain at the end of 2018. The Specialty Products segment generated an 8% or \$8 million sales improvement year-over-year, reflecting 2018 acquisitions and slightly higher volumes, the benefits of which outweighed slightly less favourable pricing and sales mix. Lastly, sales in the Containerboard Packaging group decreased by \$21 million year-over-year due to slightly lower volume and less favourable average selling price and sales mix year-over-year.

The Corporation generated an operating income before depreciation and amortization (OIBD) of \$76 million in the fourth quarter of 2019. This compares with the \$35 million generated in the same period last year. This reflects impairments charges of \$75 million and \$34 million recorded in the Tissue segment in the fourth quarters of 2018 and 2019, respectively, and additional impairment charges of \$14 million related to goodwill that were recorded in our Recovery operations in 2019. On a year-over-year basis, operating results benefited from more favourable raw material prices across all four businesses, lower energy costs in all segments with the exception of Specialty Products, and business acquisitions completed in the last twelve months. Offsetting these benefits were less favourable selling prices and mix in all segments except Tissue, and higher production costs in all segments largely attributable to the higher proportion of sales coming from converting activities. Results generated by Recovery activities, accounted for with Corporate Activities as of the current quarter, negatively impacted results in the current period following year-over-year decreases in recycled fibre pricing. Operating results for 2019 also include the beneficial impact of IFRS 16 accounting for leases, which increased fourth quarter 2019 OIBD by approximately \$7 million. On an adjusted basis¹, fourth quarter 2019 OIBD stood at \$152 million, versus \$113 million in the previous year.

The main specific items, before income taxes, that impacted our fourth quarter 2019 OIBD and/or net earnings were:

- \$64 million impairment charge mainly related to certain assets in our Tissue and Boxboard Europe segments and the goodwill in Recovery operations (OIBD and net earnings)
- \$10 million loss related to the sale of certain equipment, restructuring costs and other charges following facility closures and the Orchids acquisition (OIBD and net earnings)
- \$2 million unrealized loss on financial instruments (OIBD and net earnings)
- \$14 million charge on repurchase of long-term debt (net earnings)

For the 3-month period ended December 31, 2019, the Corporation posted a net loss of \$26 million, or \$0.27 per share, compared with a net loss of \$67 million², or \$0.71 per share, for the same period in 2018. On an adjusted basis¹, the Corporation generated net earnings of \$29 million in the fourth quarter of 2019, or \$0.30 per share, compared with a break even net earnings of \$0 million, or \$0.00 per share, for the same period in 2018.

1 - For further details, please refer to the "Supplemental Information on non-IFRS Measures" section.

2 - 2018 fourth quarter and 2019 third quarter results have been adjusted to reflect retrospective adjustments of purchase price allocation. Please refer to Note 5 of the 2019 audited financial statements for more details.

Dividend on common shares and normal course issuer bid

The Board of Directors of Cascades declared a quarterly dividend of \$0.08 per share to be paid on March 26, 2020 to shareholders of record at the close of business on March 12, 2020. This dividend is an "eligible dividend" as per the Income Tax Act (R.C.S. (1985), Canada). During the fourth quarter of 2019, Cascades purchased 135,354 shares for cancellation at a weighted average price of \$11.71.

2019 Fourth Quarter and Annual Financial Results Conference Call Details

Management will discuss the 2019 fourth quarter and annual financial results during a conference call today at 9:00 a.m. EST. The call can be accessed by dialing 1-888-231-8191 (international dial-in 1-647-427-7450). The conference call, including the investor presentation, will be broadcast live on the Cascades website (www.cascades.com) under the "Investors" section. A replay of the call will be available on the Cascades website and may also be accessed by phone until March 27, 2020 by dialing 1-855-859-2056, access code 6667977.

Founded in 1964, Cascades offers sustainable, innovative and value-added packaging, hygiene and recovery solutions. The company employs 11,000 women and men across a network of over 90 facilities in North America and Europe. Driven by its participative management, half a century of experience in recycling, and continuous research and development efforts, Cascades continues to provide innovative products that customers have come to rely on, while contributing to the well-being of people, communities and the entire planet. Cascades' shares trade on the Toronto Stock Exchange under the ticker symbol CAS. Certain statements in this release, including statements regarding future results and performance, are forward-looking statements (as such term is defined under the Private Securities Litigation Reform Act of 1995) 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, increases in raw material costs, fluctuations in selling prices and adverse changes in general market and industry conditions and other factors listed in the Corporation's Securities and Exchange Commission filings.

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars) (unaudited)	December 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	155	123
Accounts receivable	605	635
Current income tax assets	32	29
Inventories	598	606
Current portion of financial assets	10	10
	1,400	1,403
Long-term assets		
Investments in associates and joint ventures	80	81
Property, plant and equipment	2,767	2,505
Intangible assets with finite useful life	182	208
Financial assets	16	20
Other assets	55	42
Deferred income tax assets	153	134
Goodwill and other intangible assets with indefinite useful life	527	555
	5,180	4,948
Liabilities and Equity		
Current liabilities		
Bank loans and advances	11	16
Trade and other payables	788	781
Current income tax liabilities	17	23
Current portion of long-term debt	85	55
Current portion of provisions for contingencies and charges	5	6
Current portion of financial liabilities and other liabilities	137	101
	1,043	982
Long-term liabilities		
Long-term debt	2,022	1,821
Provisions for contingencies and charges	49	42
Financial liabilities	5	14
Other liabilities	198	202
Deferred income tax liabilities	197	201
	3,514	3,262
Equity		
Capital stock	491	490
Contributed surplus	15	16
Retained earnings	1,000	998
Accumulated other comprehensive income (loss)	(17)	2
Equity attributable to Shareholders	1,489	1,506
Non-controlling interests	177	180
Total equity	1,666	1,686
	5,180	4,948

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

(in millions of Canadian dollars, except per common share amounts and number of common shares) (unaudited)	For the 3-month periods ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Sales	1,227	1,196	4,996	4,649
Cost of sales and expenses				
Cost of sales (including depreciation and amortization of \$289 million (\$77 million in the fourth quarter); 2018— \$244 million (\$70 million in the fourth quarter))	1,022	1,044	4,232	3,997
Selling and administrative expenses	133	109	453	410
Loss (gain) on acquisitions, disposals and others	5	(3)	(21)	(69)
Impairment charges and restructuring costs	67	77	78	77
Foreign exchange gain	(1)	—	(2)	(2)
Loss (gain) on derivative financial instruments	2	4	(2)	8
	1,228	1,231	4,738	4,421
Operating income (loss)	(1)	(35)	258	228
Financing expense	27	24	101	84
Interest expense on employee future benefits and other liabilities	(6)	5	42	15
Loss on repurchase of long-term debt	14	—	14	—
Foreign exchange loss (gain) on long-term debt and financial instruments	1	8	(6)	4
Fair value revaluation gain on investments	—	—	—	(5)
Share of results of associates and joint ventures	(3)	(4)	(9)	(11)
Earnings (loss) before income taxes	(34)	(68)	116	141
Provision for (recovery of) income taxes	(11)	(9)	19	48
Net earnings (loss) including non-controlling interests for the period	(23)	(59)	97	93
Net earnings attributable to non-controlling interests	3	8	28	36
Net earnings (loss) attributable to Shareholders for the period	(26)	(67)	69	57
Net earnings (loss) per common share				
Basic	\$ (0.27)	\$ (0.71)	\$ 0.74	\$ 0.60
Diluted	\$ (0.27)	\$ (0.71)	\$ 0.73	\$ 0.56
Weighted average basic number of common shares outstanding	94,287,895	94,173,071	93,987,980	94,570,924
Weighted average number of diluted common shares	95,748,973	96,161,127	95,515,822	96,933,681

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Net earnings (loss) including non-controlling interests for the period	(23)	(59)	97	93
Other comprehensive income (loss)				
Items that may be reclassified subsequently to earnings				
Translation adjustments				
Change in foreign currency translation of foreign subsidiaries	(18)	72	(75)	96
Change in foreign currency translation related to net investment hedging activities	13	(43)	45	(58)
Cash flow hedges				
Change in fair value of foreign exchange forward contracts	—	(1)	1	(2)
Change in fair value of interest rate swaps	—	—	(1)	1
Change in fair value of commodity derivative financial instruments	(1)	1	(2)	6
Recovery of income taxes	1	1	1	2
	(5)	30	(31)	45
Items that are not released to earnings				
Actuarial gain (loss) on employee future benefits	10	(29)	(3)	(16)
Recovery of (provision for) income taxes	(2)	7	1	4
	8	(22)	(2)	(12)
Other comprehensive income (loss)	3	8	(33)	33
Comprehensive income (loss) including non-controlling interests for the period	(20)	(51)	64	126
Comprehensive income attributable to non-controlling interests for the period	1	18	14	46
Comprehensive income (loss) attributable to Shareholders for the period	(21)	(69)	50	80

CONSOLIDATED STATEMENTS OF EQUITY

For the year ended December 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
Balance - End of previous year, as reported	490	16	1,000	2	1,508	180	1,688
Business combinations	—	—	(2)	—	(2)	—	(2)
Adjusted balance - End of previous year	490	16	998	2	1,506	180	1,686
New IFRS adoption	—	—	(9)	—	(9)	—	(9)
Adjusted balance - Beginning of year	490	16	989	2	1,497	180	1,677
Comprehensive income (loss)							
Net earnings	—	—	69	—	69	28	97
Other comprehensive loss	—	—	—	(19)	(19)	(14)	(33)
Dividends	—	—	69	(19)	50	14	64
Dividends	—	—	(23)	—	(23)	(17)	(40)
Issuance of common shares upon exercise of stock options	6	(1)	—	—	5	—	5
Redemption of common shares	(5)	—	(4)	—	(9)	—	(9)
Disposal of a subsidiary	—	—	—	—	—	(1)	(1)
Acquisition of non-controlling interests	—	—	(31)	—	(31)	1	(30)
Balance - End of year	491	15	1,000	(17)	1,489	177	1,666

For the year ended December 31, 2018

(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
Balance - End of previous year, as reported	492	16	982	(35)	1,455	146	1,601
New IFRS adoption	—	—	(2)	2	—	—	—
Adjusted Balance - Beginning of year	492	16	980	(33)	1,455	146	1,601
Comprehensive income (loss)							
Net earnings	—	—	57	—	57	36	93
Other comprehensive income (loss)	—	—	(12)	35	23	10	33
Business combinations	—	—	45	35	80	46	126
Business combinations	—	—	—	—	—	4	4
Dividends	—	—	(15)	—	(15)	(16)	(31)
Stock options expense	—	1	—	—	1	—	1
Issuance of common shares upon exercise of stock options	6	(1)	—	—	5	—	5
Redemption of common shares	(8)	—	(12)	—	(20)	—	(20)
Capital contribution from a non-controlling interest	—	—	—	—	—	1	1
Acquisition of non-controlling interests	—	—	—	—	—	(1)	(1)
Balance - End of year	490	16	998	2	1,506	180	1,686

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Operating activities				
Net earnings (loss)	(26)	(67)	69	57
Adjustments for:				
Financing expense and interest expense on employee future benefits and other liabilities	21	29	143	99
Loss on repurchase of long-term debt	14	—	14	—
Depreciation and amortization	77	70	289	244
Loss (gain) on acquisitions, disposals and others	5	(3)	(24)	(69)
Impairment charges and restructuring costs	62	77	68	77
Unrealized loss (gain) on derivative financial instruments	2	4	(2)	9
Foreign exchange loss (gain) on long-term debt and financial instruments	1	8	(6)	4
Provision for (recovery of) income taxes	(11)	(9)	19	48
Fair value revaluation gain on investments	—	—	—	(5)
Share of results of associates and joint ventures	(3)	(4)	(9)	(11)
Net earnings attributable to non-controlling interests	3	8	28	36
Net financing expense paid	(32)	(13)	(133)	(107)
Premium paid on long-term debt repurchase	(11)	—	(11)	—
Net income taxes paid	(13)	(7)	(27)	(11)
Dividends received	6	2	9	6
Employee future benefits and others	(4)	(6)	(26)	(16)
	91	89	401	361
Changes in non-cash working capital components	72	(4)	59	12
	163	85	460	373
Investing activities				
Investments in associates and joint ventures	—	—	1	(2)
Payments for property, plant and equipment	(73)	(64)	(258)	(338)
Proceeds from disposals of property, plant and equipment	6	3	27	85
Change in intangible and other assets	(5)	(4)	(8)	(15)
Cash paid for business combinations, net of cash acquired	3	(103)	(311)	(100)
Proceeds on disposals of a subsidiary, net of cash disposed	—	—	9	—
	(69)	(168)	(540)	(370)
Financing activities				
Bank loans and advances	(3)	(6)	(5)	(22)
Change in credit facilities	(278)	(141)	39	(126)
Increase in term loan	—	235	—	235
Issuance of unsecured senior notes, net of related expenses	1,026	—	1,026	—
Repurchase of unsecured senior notes	(776)	—	(776)	—
Increase in other long-term debt	(1)	1	6	66
Payments of other long-term debt	(31)	(19)	(125)	(81)
Settlement of derivative financial instruments	—	—	—	(1)
Issuance of common shares upon exercise of stock options	1	1	5	5
Redemption of common shares	(1)	(1)	(9)	(20)
Dividends paid to non-controlling interests and acquisition of non-controlling interests	(3)	(5)	(17)	(17)
Capital contribution from non-controlling interests	—	—	—	1
Dividends paid to the Corporation's Shareholders	(8)	(4)	(23)	(15)
	(74)	61	121	25
Net change in cash and cash equivalents during the period	20	(22)	41	28
Currency translation on cash and cash equivalents	(3)	6	(9)	6
Cash and cash equivalents - Beginning of the period	138	139	123	89
Cash and cash equivalents - End of the period	155	123	155	123

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, 2018.

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. 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 recycling and recovery activities, previously included in the Specialty Products segment, are now included in the Corporate Activities.

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.

(in millions of Canadian dollars) (unaudited)	SALES			
	For the 3-month periods ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Packaging Products				
Containerboard	451	472	1,827	1,840
Boxboard Europe	243	245	1,048	933
Specialty Products	105	97	492	358
Intersegment sales	(3)	(3)	(14)	(14)
	796	811	3,353	3,117
Tissue Papers	397	340	1,509	1,352
Intersegment sales and Corporate Activities	34	45	134	180
	1,227	1,196	4,996	4,649

(in millions of Canadian dollars) (unaudited)	OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION			
	For the 3-month periods ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Packaging Products				
Containerboard	98	111	443	470
Boxboard Europe	8	22	92	99
Specialty Products	9	9	52	35
	115	142	587	604
Tissue Papers	(3)	(83)	64	(58)
Corporate Activities	(36)	(24)	(104)	(74)
Operating income before depreciation and amortization	76	35	547	472
Depreciation and amortization	(77)	(70)	(289)	(244)
Financing expense and interest expense on employee future benefits and other liabilities	(21)	(29)	(143)	(99)
Loss on repurchase of long-term debt	(14)	—	(14)	—
Foreign exchange gain (loss) on long-term debt and financial instruments	(1)	(8)	6	(4)
Fair value revaluation gain on investments	—	—	—	5
Share of results of associates and joint ventures	3	4	9	11
Earnings (loss) before income taxes	(34)	(68)	116	141

PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

(in millions of Canadian dollars) (unaudited)	For the 3-month periods ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Packaging Products				
Containerboard	28	27	83	243
Boxboard Europe	15	12	56	35
Specialty Products	9	2	20	20
	52	41	159	298
Tissue Papers	36	31	110	88
Corporate Activities	8	11	48	31
Total acquisitions	96	83	317	417
Proceeds from disposals of property, plant and equipment	(6)	(3)	(27)	(85)
Right-of-use assets and included in other debts and liabilities	(8)	(2)	(50)	(70)
	82	78	240	262
Acquisitions for property, plant and equipment included in "Trade and other payables"				
Beginning of period	31	20	37	28
End of period	(46)	(37)	(46)	(37)
Payments for property, plant and equipment net of proceeds from disposals	67	61	231	253

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.

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:

Q4 2019						
(in millions of Canadian dollars) (unaudited)	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	69	(6)	5	(21)	(48)	(1)
Depreciation and amortization	29	14	4	18	12	77
Operating income (loss) before depreciation and amortization	98	8	9	(3)	(36)	76
Specific items:						
Loss on acquisitions, disposals and others	4	—	—	—	1	5
Inventory adjustment resulting from business acquisition	—	—	—	2	—	2
Impairment charges	2	14	—	34	14	64
Restructuring costs	1	—	—	2	—	3
Unrealized loss (gain) on financial instruments	1	2	—	—	(1)	2
	8	16	—	38	14	76
Adjusted operating income (loss) before depreciation and amortization	106	24	9	35	(22)	152
Adjusted operating income (loss)	77	10	5	17	(34)	75

Q3 2019 ¹						
(in millions of Canadian dollars) (unaudited)	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	91	14	10	31	(41)	105
Depreciation and amortization	29	11	4	15	14	73
Operating income (loss) before depreciation and amortization	120	25	14	46	(27)	178
Specific items :						
Loss (gain) on acquisitions, disposals and others	(2)	—	1	(22)	4	(19)
Impairment charges	—	—	1	—	—	1
Unrealized loss on derivative financial instruments	—	—	—	—	1	1
	(2)	—	2	(22)	5	(17)
Adjusted operating income (loss) before depreciation and amortization	118	25	16	24	(22)	161
Adjusted operating income (loss)	89	14	12	9	(36)	88

¹ 2019 third quarter results have been adjusted to reflect retrospective adjustments of purchase price allocation. Please refer to Note 5 of the 2019 audited financial statements for more details.

(in millions of Canadian dollars) (unaudited)	Containerboard	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Consolidated
Operating income (loss)	84	11	6	(100)	(36)	(35)
Depreciation and amortization	27	11	3	17	12	70
Operating income (loss) before depreciation and amortization	111	22	9	(83)	(24)	35
Specific items:						
Gain on acquisitions, disposals and others	(1)	(2)	—	—	—	(3)
Impairment charges	—	—	—	75	—	75
Restructuring costs (reversals)	3	—	(1)	—	—	2
Unrealized loss (gain) on financial instruments	(2)	—	—	—	6	4
	—	(2)	(1)	75	6	78
Adjusted operating income (loss) before depreciation and amortization	111	20	8	(8)	(18)	113
Adjusted operating income (loss)	84	9	5	(25)	(30)	43

Net earnings (loss), as per IFRS, is reconciled below with operating income (loss), adjusted operating income and adjusted operating income before depreciation and amortization:

(in millions of Canadian dollars) (unaudited)	2019	2018 ¹	Q4 2019	Q3 2019 ¹	Q4 2018 ¹
Net earnings (loss) attributable to Shareholders for the period	69	57	(26)	40	(67)
Net earnings attributable to non-controlling interests	28	36	3	7	8
Provision for (recovery of) income taxes	19	48	(11)	12	(9)
Fair value revaluation gain on investments	—	(5)	—	—	—
Share of results of associates and joint ventures	(9)	(11)	(3)	(2)	(4)
Foreign exchange loss (gain) on long-term debt and financial instruments	(6)	4	1	—	8
Financing expense, interest expense on employee future benefits and other liabilities and charge on repurchase of long-term debt	157	99	35	48	29
Operating income (loss)	258	228	(1)	105	(35)
Specific items:					
Loss (gain) on acquisitions, disposals and others	(21)	(69)	5	(19)	(3)
Inventory adjustment resulting from business acquisition	2	—	2	—	—
Impairment charges	69	75	64	1	75
Restructuring costs	9	2	3	—	2
Unrealized loss (gain) on derivative financial instruments	(2)	9	2	1	4
	57	17	76	(17)	78
Adjusted operating income	315	245	75	88	43
Depreciation and amortization	289	244	77	73	70
Adjusted operating income before depreciation and amortization	604	489	152	161	113

¹ 2018 fourth quarter and 2019 third quarter results have been adjusted to reflect retrospective adjustments of purchase price allocation. Please refer to Note 5 of the 2019 audited financial statements for more details.

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

	NET EARNINGS (LOSS)					NET EARNINGS (LOSS) PER SHARE ¹				
	2019	2018 ²	Q4 2019	Q3 2019 ²	Q4 2018 ²	2019	2018 ²	Q4 2019	Q3 2019 ²	Q4 2018 ²
(in millions of Canadian dollars, except amounts per share) (unaudited)										
As per IFRS	69	57	(26)	40	(67)	\$ 0.74	\$ 0.60	\$ (0.27)	\$ 0.42	\$ (0.71)
Specific items:										
Loss (gain) on acquisitions, disposals and others	(21)	(69)	5	(19)	(3)	\$ (0.25)	\$ (0.53)	\$ 0.04	\$ (0.21)	\$ (0.02)
Inventory adjustment resulting from business acquisition	2	—	2	—	—	\$ 0.02	—	\$ 0.02	—	—
Impairment charges	69	75	64	1	75	\$ 0.53	\$ 0.60	\$ 0.49	\$ 0.01	\$ 0.60
Restructuring costs	9	2	3	—	2	\$ 0.07	\$ 0.02	\$ 0.02	—	\$ 0.02
Unrealized loss (gain) on derivative financial instruments	(2)	9	2	1	4	\$ (0.02)	\$ 0.07	\$ 0.01	\$ 0.01	\$ 0.03
Charge on repurchase of long-term debt	14	—	14	—	—	\$ 0.11	—	\$ 0.11	—	—
Unrealized loss (gain) on interest rate swaps and option fair value	—	(1)	(1)	7	—	—	\$ (0.01)	\$ (0.01)	\$ 0.07	—
Foreign exchange loss (gain) on long-term debt and financial instruments	(6)	4	1	—	8	\$ (0.06)	\$ 0.03	\$ 0.01	—	\$ 0.06
Fair value revaluation gain on investments	—	(5)	—	—	—	—	\$ (0.03)	—	—	—
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest ¹	(38)	7	(35)	(2)	(19)	\$ (0.12)	\$ 0.08	\$ (0.12)	—	\$ 0.02
	27	22	55	(12)	67	\$ 0.28	\$ 0.23	\$ 0.57	\$ (0.12)	\$ 0.71
Adjusted	96	79	29	28	—	\$ 1.02	\$ 0.83	\$ 0.30	\$ 0.30	—

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) (unaudited)	2019	2018 ²	Q4 2019	Q3 2019 ²	Q4 2018 ²
Cash flow from operating activities	460	373	163	157	85
Changes in non-cash working capital components	(59)	(12)	(72)	(53)	4
Depreciation and amortization	(289)	(244)	(77)	(73)	(70)
Net income taxes paid	27	11	13	12	7
Net financing expense paid	133	107	32	42	13
Premium paid on long-term debt repurchase	11	—	11	—	—
Gain (loss) on acquisitions, disposals and others	24	69	(5)	23	3
Impairment reversals and restructuring costs	(68)	(77)	(62)	(1)	(77)
Unrealized gain (loss) on derivative financial instruments	2	(9)	(2)	(1)	(4)
Dividend received, employee future benefits and others	17	10	(2)	(1)	4
Operating income (loss)	258	228	(1)	105	(35)
Depreciation and amortization	289	244	77	73	70
Operating income before depreciation and amortization	547	472	76	178	35

² 2018 fourth quarter and 2019 third quarter results have been adjusted to reflect retrospective adjustments of purchase price allocation. Please refer to Note 5 of the 2019 audited financial statements for more details.

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 otherwise mentioned) (unaudited)	2019	2018	Q4 2019	Q3 2019	Q4 2018
Cash flow from operating activities	460	373	163	157	85
Changes in non-cash working capital components	(59)	(12)	(72)	(53)	4
Cash flow from operating activities (excluding changes in non-cash working capital components)	401	361	91	104	89
Specific items, net of current income taxes if applicable	24	—	16	4	—
Adjusted cash flow from operating activities	425	361	107	108	89
Capital expenditures & other assets ¹ and capital lease payments, net of disposals	(278)	(275)	(80)	(58)	(65)
Dividends paid to the Corporation's Shareholders and to non-controlling interests	(40)	(32)	(11)	(12)	(9)
Adjusted free cash flow	107	54	16	38	15
Adjusted free cash flow per share	\$ 1.14	\$ 0.57	\$ 0.17	\$ 0.40	\$ 0.16
Weighted average basic number of shares outstanding	93,987,980	94,570,924	94,287,895	93,860,367	94,173,071

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)	December 31, 2019	September 30, 2019 ¹	December 31, 2018
Long-term debt	2,022	2,107	1,821
Current portion of long-term debt	85	87	55
Bank loans and advances	11	14	16
Total debt	2,118	2,208	1,892
Less: Cash and cash equivalents	155	138	123
Net debt	1,963	2,070	1,769
Adjusted OIBD (last twelve months)	604	565	491
Net debt / Adjusted OIBD ratio	3.25	3.7	3.6

¹ 2019 third quarter results have been adjusted to reflect retrospective adjustments of purchase price allocation. Please refer to Note 5 of the 2019 audited financial statements for more details.

For further information:

Media:

Hugo D'Amours
Vice-President, Communications and Public Affairs
819-363-5184

Investors:

Jennifer Aitken, MBA
Director, Investor Relations
514-282-2697

Source:

Allan Hogg
Vice-President and Chief Financial Officer

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