CASCADES INC.
Institutional Investors Roadshow
Montréal - Toronto
March 14-15, 2016
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 Cascades Inc.’s (“Cascades,” “CAS,” the “Company,” the “Corporation,” “us” or “we”) 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 Company.

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 Company uses operating income before depreciation and amortization (“OIBD” which, for purposes of this presentation, we call “EBITDA”) and operating income before depreciation and amortization (excluding specific items) (“OIBD (excluding specific items)” which, for purposes of this presentation, we call “EBITDA (excluding specific items)”) because such measures are used by management to assess the operating and financial performance of the Company’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 or reversal of impairment of assets, for facility or machine closures, accelerated depreciation of assets due to restructuring measures, premiums paid on long-term debt refinancing, loss on refinancing of long-term debt, gains or losses on sales of business units, 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, other significant items of an unusual or non-recurring nature, and all such items included in discontinued operations or in the share of results of our associates and joint ventures.

All amounts in this presentation are in Canadian dollars unless otherwise indicated.
LEADING PACKAGING PRODUCTS AND TISSUE PAPER MANUFACTURER

### Packaging Products

<table>
<thead>
<tr>
<th>Containerboard</th>
<th>Boxboard Europe</th>
<th>Specialty Products</th>
<th>Tissue Papers</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="imagexx" alt="Containerboard" /></td>
<td><img src="imagexx" alt="Boxboard Europe" /></td>
<td><img src="imagexx" alt="Specialty Products" /></td>
<td><img src="imagexx" alt="Tissue Papers" /></td>
</tr>
<tr>
<td>• One of the Canadian leaders</td>
<td>• # 2 in coated recycled boxboard in Europe</td>
<td>• Largest paper collector in Canada</td>
<td>• # 1 in Canada</td>
</tr>
<tr>
<td>• # 6 in North America&lt;sup&gt;3&lt;/sup&gt;</td>
<td></td>
<td>• # 5 in North America</td>
<td></td>
</tr>
</tbody>
</table>

### Market Position

<table>
<thead>
<tr>
<th>2015 Financials</th>
<th>Containerboard</th>
<th>Boxboard Europe</th>
<th>Specialty Products</th>
<th>Tissue Papers</th>
</tr>
</thead>
<tbody>
<tr>
<td>33% of Sales&lt;sup&gt;1&lt;/sup&gt;</td>
<td>21% of Sales&lt;sup&gt;1&lt;/sup&gt;</td>
<td>15% of Sales&lt;sup&gt;1&lt;/sup&gt;</td>
<td>31% of Sales&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>49% of EBITDA&lt;sup&gt;2&lt;/sup&gt;</td>
<td>13% of EBITDA&lt;sup&gt;2&lt;/sup&gt;</td>
<td>13% of EBITDA&lt;sup&gt;2&lt;/sup&gt;</td>
<td>25% of EBITDA&lt;sup&gt;2&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>EBITDA Margin&lt;sup&gt;2&lt;/sup&gt;: 18%</td>
<td>EBITDA Margin&lt;sup&gt;2&lt;/sup&gt;: 8%</td>
<td>EBITDA Margin&lt;sup&gt;2&lt;/sup&gt;: 10%</td>
<td>EBITDA Margin&lt;sup&gt;2&lt;/sup&gt;: 10%</td>
<td></td>
</tr>
</tbody>
</table>

### Notes:
1. Before inter-segment sales and corporate activities
2. Excluding specific items and before corporate activities
3. Including 100% of Greenpac’s capacity
BALANCED PLAY IN TWO HEALTHY SECTORS

Segmented EBITDA\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Containerboard</th>
<th>Boxboard Europe</th>
<th>Specialty Products</th>
<th>Tissue Papers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>90</td>
<td>43</td>
<td>37</td>
<td>138</td>
</tr>
<tr>
<td>2013</td>
<td>150</td>
<td>57</td>
<td>41</td>
<td>133</td>
</tr>
<tr>
<td>2014</td>
<td>164</td>
<td>72</td>
<td>40</td>
<td>96</td>
</tr>
<tr>
<td>2015</td>
<td>231</td>
<td>63</td>
<td>58</td>
<td>119</td>
</tr>
</tbody>
</table>

\(^1\) Excluding specific items and before corporate activities
STRONG FINANCIAL MOMENTUM

EBITDA & EBITDA Margin (excluding specifics)

CAGR: 14%

(M$)

2012 2013 2014 2015

285 342 340 426

6% 8% 10% 12% 14% 16%
STRONG FREE CASH FLOW GENERATION

Free Cash Flow per Share$^{1,2}$

<table>
<thead>
<tr>
<th>Year</th>
<th>Free Cash Flow per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$(0.21)$</td>
</tr>
<tr>
<td>2013</td>
<td>$0.78$</td>
</tr>
<tr>
<td>2014</td>
<td>$0.86$</td>
</tr>
<tr>
<td>2015</td>
<td>$1.58$</td>
</tr>
</tbody>
</table>

- High free cash flow yield
- Improving cash flows driven by Strategic Action Plan and positive drivers

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1 Excluding specific items
2 Excluding increase in investments
EXCHANGE RATE & SALES DISTRIBUTION

US$/CAN$ Exchange Rate

- $3 million EBITDA sensitivity to every CAN$0.01 change in FX

Destination of 2015 Sales of $3.9 billion

- 37% Canada
- 40% U.S.
- 23% Europe & Others

14% from Canada
26% from the U.S.
FX IMPACT ON DEBT HAS SLOWED US DOWN

- Net debt 12/31/2012: $1,535 M
- Cash flow from operations: $797 M
- Disc. operations: $(72) M
- Dividends, share buyback & issuance and working capital: $85 M
- Capital investments & other non-cash items: $611 M
- Net debt 12/31/2015: $1,362 M
- FX: $359 M
- Net debt 12/31/2015: $1,721 M

(M$)
LEVERAGE TARGET ACHIEVABLE WITHOUT ASSET DISPOSALS

Based on Street’s EBITDA estimates $438 million for 2016 and $408 million for 2017. Assuming stable EBITDA for 2018 ($408 million), FX at 1.33 and only $100 million of free cash flows dedicated to debt annually.
# Proportionate Consolidation

## Selected Financial Data

<table>
<thead>
<tr>
<th>2015</th>
<th>As Reported (IFRS)</th>
<th>Proportionate Consolidation¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (M$)</td>
<td>3,861</td>
<td>3,747</td>
</tr>
<tr>
<td>Adjusted EBITDA (M$)</td>
<td>426</td>
<td>463</td>
</tr>
<tr>
<td>Adjusted EBITDA Margin</td>
<td>11.0%</td>
<td>12.4%</td>
</tr>
<tr>
<td>Net Debt to Adjusted EBITDA Ratio²</td>
<td>4.0x</td>
<td>4.0x</td>
</tr>
</tbody>
</table>

¹ Selected financial data adjusted to proportionally reflect the impact of certain associates and joint ventures namely Greenpac at 59.7%, Sonoco JVs at 50%, Reno de Medici at 57.6% and Recovery at 73% until November 30, 2015. Not adjusted for Boralex interest.

² Ratio "As reported" based on LTM EBITDA excluding specific items; ratio under “Proportionate consolidation” based on run-rate Adjusted EBITDA of $463M for Q4-2015 and $464M for Q3-2015 (9-month period annualized).
OUR FOUR STRATEGIC PRIORITIES

1. MODERNIZE
   - core operations through focused investments
   - Status: Ongoing

2. OPTIMIZE
   - capital allocation and reduce working capital
   - Status: Ongoing

3. RESTUCTURE
   - underperforming units
   - Status: Well-advanced

4. INNOVATE
   - to improve and develop processes and products
   - Status: Continuous
IMPROVING ASSET BASE

±$300 million invested in modern equipment
CAPEX DURING MODERNIZATION PHASE

Capital Expenditures

- 2016 level of ~$185M
- Impacted by strong US$
- 2012-2013: investment in containerboard – now bearing fruit
- 2013-2015: investment in tissue papers – not yet reflected in results
### STREAMLINING THE PORTFOLIO

**From 2011 to 2015**
- 15 closures
- 6 asset sales

<table>
<thead>
<tr>
<th>Data on Sales and Closures</th>
<th>Excluding Dopaco</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees:</td>
<td>– 2,300</td>
</tr>
<tr>
<td>Sales:</td>
<td>– $986M</td>
</tr>
<tr>
<td>EBITDA:</td>
<td>– $29M</td>
</tr>
<tr>
<td>EBITDA Margin:</td>
<td>3%</td>
</tr>
</tbody>
</table>

- Dopaco division also divested in 2011 to finance Greenpac, Reno and Papersource investments
CONTAINERBOARD - DRIVERS

• Canada’s competitive positioning following the reversal of the $CAD

• Spread
  – Price
  – Raw materials

• Supply/demand equation
  – Economic environment and market segments
  – New capacity and machine conversions
  – Our approach: state-of-the-art mill Greenpac

• Products
  – Lightweighting
  – Online and on-shoring trends
CONTAINERBOARD – STRATEGIC FOCUS

- Improve processes
  - Produce to capacity
- Leverage our modernized asset base in Canada
  - Maintain our leadership position
  - Converting platforms in Ontario and Québec
  - Greenpac capacity and product lines
- Increase our U.S. converting footprint
- Product innovation to capture benefits from recent trends
- Continue to improve Greenpac’s performance
CONTAINERBOARD - PRODUCE TO CAPACITY

Illustrative EBITDA and Manufacturing Utilization Rate (excluding Greenpac)

- 2015 mill utilization rate at ~92%
- Importance of ONE Certification program
- EBITDA increases ~$2.5M for every additional percentage of utilization rate
CONTAINERBOARD - OUR CORNERSTONE: GREENPAC

• Largest recycled linerboard mill in NA: 1,500 s.t./day of lightweight recycled linerboard (26 pounds)

• Product differentiation

• State-of-the-art equipment

• Take-or-pay agreement for 81% of the mill’s output

• 59.7% ownership:
  • Partners include a pension fund and two independent converters
IMPROVING GREENPAC PERFORMANCE

- Greenpac XP grades represented 72% of the total production in Q4-2015 due to good market receptivity

\[\text{(s.t./day)}\]

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>524</td>
<td>764</td>
<td>944</td>
<td>1,147</td>
<td>1,125</td>
<td>1,211</td>
<td>1,260</td>
<td>1,300</td>
<td>1,283</td>
<td>1,288</td>
</tr>
</tbody>
</table>

1 Excluding planned shutdown
## GREENPAC IMPACT ON EPS

- Assuming a conservative multiple, Greenpac adds significant value to the Cascades story

<table>
<thead>
<tr>
<th>Greenpac Illustrative EBITDA (US$M)</th>
<th>Impact on Cascades’ EPS (CAN$)</th>
<th>Illustrative Value per Share $1 (CAN$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>$0.08</td>
<td>$1.70</td>
</tr>
<tr>
<td>80</td>
<td>$0.17</td>
<td>$2.80</td>
</tr>
<tr>
<td>100</td>
<td>$0.27</td>
<td>$3.90</td>
</tr>
</tbody>
</table>

**EBITDA Sensitivity ±10**

±$0.55

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$1 For illustrative purposes only. Using conservative Total Enterprise Value to EBITDA multiple of 7x. Reflecting expected receipt of tax credit. Does not reflect the views of the Corporation on valuation. Assuming a foreign exchange rate of $1.25 Canadian dollar per US dollar.
## CONTAINERBOARD - OUR OBJECTIVE

<table>
<thead>
<tr>
<th>EBITDA Margin¹ (%)</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>IP (NA Industrial Packaging)</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>Packaging Corp. (Packaging)</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>WestRock² (NA Corrugated Packaging)</td>
<td>18%</td>
<td>19%</td>
</tr>
<tr>
<td>KapStone (Consolidated, with kraft paper)</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>21%</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Be among top-3 in the sector in terms of EBITDA margin**

1. Based on public reports and Cascades' estimates
2. RockTenn Corrugated Packaging Segment results
3. Including 100% of Greenpac's results
EXTENSIVE EUROPEAN PLATFORM

- ~58% ownership of RdM, a public Italian company, and 100% of a virgin board mill in France
- Rationalization of production capacity, consolidation of sales forces, structure simplification and modernization investments have resulted in improved performance

#2 Producer of Coated Recycled Boxboard in Europe

![Map of Europe highlighting manufacturing locations](image)

**EBITDA & EBITDA Margin**

<table>
<thead>
<tr>
<th>Year</th>
<th>Recycled (M€)</th>
<th>Virgin (M€)</th>
<th>EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>29</td>
<td>10</td>
<td>6%</td>
</tr>
<tr>
<td>2012</td>
<td>33</td>
<td>10</td>
<td>6%</td>
</tr>
<tr>
<td>2013</td>
<td>40</td>
<td>10</td>
<td>7%</td>
</tr>
<tr>
<td>2014</td>
<td>48</td>
<td>10</td>
<td>9%</td>
</tr>
<tr>
<td>2015</td>
<td>45</td>
<td>10</td>
<td>8%</td>
</tr>
</tbody>
</table>

Energy credits totaling €4M in 2013, €6M in 2014
BOXBOARD EUROPE – STRATEGIC FOCUS

Growth areas

• Strengthen presence in growing markets (i.e. Eastern Europe)

• Continue to reduce leverage to provide flexibility

Productivity initiatives

• Strategic investment to reduce costs and improve quality and margins (energy, automation and capacity creep)

• Increase synergies between our recycled and virgin platforms

• IT upgrades
BOXBOARD EUROPE - REDUCE LEVERAGE TO MAINTAIN FLEXIBILITY

Net Financial Debt Reno De Medici

1 2008-2010: as reported. 2011-2015: excluding specific items and discontinued operations
# SPECIALTY PRODUCTS – OPERATING SNAPSHOT

<table>
<thead>
<tr>
<th>OPERATING PLATFORMS</th>
<th>RECOVERY</th>
<th>INDUSTRIAL PACKAGING AND OTHERS</th>
<th>CONSUMER PACKAGING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>19</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>Employees (2015)</td>
<td>1,075</td>
<td>600</td>
<td>420</td>
</tr>
<tr>
<td>Key Technologies</td>
<td></td>
<td>Collection vehicle fleet</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bailing</td>
<td>Extrusion</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sorting line</td>
<td>Thermo forming</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Pulp molding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Board machine</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extrusion/Coating</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Slitting/die-cutting/lamination</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Deinked pulp line</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Board machine</td>
<td></td>
</tr>
</tbody>
</table>
SPECIALTY PRODUCTS – CURRENT SALES DISTRIBUTION

2015 Sales Distribution (IFRS) $579M

- Consumer Packaging 24%
- Industrial Packaging 25%
- Recovery 42%
- Others 9%

2015 Sales Distribution (JV at 100%; non-IFRS) $792M

- Consumer Packaging 18%
- Industrial Packaging 43%
- Recovery 33%
- Others 6%
SPECIALTY PRODUCTS – RECENT PERFORMANCE & INITIATIVES

EBITDA & EBITDA Margin (excluding specifics)

2014 Events
Closure:
• East Angus Kraft paper mill

Asset Sale:
• Fine Papers division

2015 Events
Restructuring/Acquisition:
• Norcan

Acquisition:
• Cascades Recovery minority (27%)
SPECIALTY PRODUCTS – STABILITY AND GROWTH

RECOVERY

- Continue to secure strategic source of supply

INDUSTRIAL PACKAGING

- Stable contributor and leading market position

CONSUMER PACKAGING

- Growth vector

Objective to increase top line by +10% over the next three years while improving margins in all segments, excluding Recovery
# TISSUE – DIVERSIFIED CAPACITY

<table>
<thead>
<tr>
<th></th>
<th>Manufacturer</th>
<th>Capacity ('000 s.t.)</th>
<th>Market Share</th>
<th>Capacity Retail</th>
<th>Capacity AfH</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Georgia-Pacific</td>
<td>2,849</td>
<td>29%</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>2</td>
<td>Procter &amp; Gamble</td>
<td>1,494</td>
<td>15%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>3</td>
<td>Kimberly-Clark</td>
<td>1,466</td>
<td>15%</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>4</td>
<td>SCA Tissue NA</td>
<td>772</td>
<td>8%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>5</td>
<td>Cascades Tissue</td>
<td>657</td>
<td>7%</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>6</td>
<td>Clearwater Paper</td>
<td>435</td>
<td>4%</td>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>7</td>
<td>KP Tissue</td>
<td>399</td>
<td>4%</td>
<td>77%</td>
<td>23%</td>
</tr>
<tr>
<td>8</td>
<td>First Quality Tissue</td>
<td>290</td>
<td>3%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>9</td>
<td>Irving Tissue</td>
<td>282</td>
<td>3%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>10</td>
<td>Soundview Paper</td>
<td>161</td>
<td>2%</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>1,013</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>9,819</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: RISI
TISSUE – GEOGRAPHIC DISTRIBUTION

2015 Sales Distribution
$1,236 million

- **AFH**: 49%
- **Retail**: 51%

- **Canada**: 25%

- **U.S.**: 75%

- **Away-from-Home (AFH)**: 42%
- **Retail**: 58%

- **Parent Rolls**: 17%
- **Retail**: 44%
- **Away-from-Home**: 39%
TISSUE – STRATEGIC FOCUS

Growth areas

- Grow U.S. Away-from-Home segment more aggressively
- Increase our footprint in the West and the South
- Increase integration rate – targeting 85%
- Increase market presence in value-added product segment (“Better” and “Best”)

Productivity initiatives

- Reduce costs to improve competitiveness
  - Continue to modernize asset base
  - Optimize logistics (trim and freight)
- Invest in innovation
TISSUE – OPTIMIZE LOGISTICS AND INCREASE INTEGRATION

Now take steps to integrate volume from our mill in Oregon

Wagram was a significant step to get closer to growth regions
TISSUE – IMPROVING OUR PERFORMANCE

EBITDA & EBITDA Margin (excluding specifics)

Objective: 13% margin

- Expected margin expansion with announced price increases
- Improved Canadian producer competitiveness
- Complete start-ups
- Growth in private label (US/CA)
- Growth in AfH USA
- OEE/Quality/H&S
- Cost reduction initiatives
Q1-2016 NEAR TERM OUTLOOK

- Favourable FX environment
- Continued implementation of FX-related price increases for corrugated boxes
- Higher volume in Q1
- OCC prices still low and stable

- Higher prices for recovered white papers
- Potential decrease in prices in Europe for recycled boxboard (WLC)
- Decrease in index price for linerboard and corrugating medium

<table>
<thead>
<tr>
<th></th>
<th>Boxboard Europe</th>
<th>Impact EBITDA</th>
<th>Containerboard</th>
<th>Impact EBITDA</th>
<th>Specialty Products</th>
<th>Impact EBITDA</th>
<th>Tissue Papers</th>
<th>Impact EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>Stable</td>
<td>←→</td>
<td>Slight increase</td>
<td>←→</td>
<td>Stable</td>
<td>←→</td>
<td>Slight increase</td>
<td>←→</td>
</tr>
<tr>
<td>Average selling prices</td>
<td>Slight decrease</td>
<td>↓</td>
<td>Slight decrease</td>
<td>↓</td>
<td>Stable</td>
<td>←→</td>
<td>Slight increase</td>
<td>←→</td>
</tr>
<tr>
<td>Raw material costs</td>
<td>Stable</td>
<td>←→</td>
<td>Stable</td>
<td>←→</td>
<td>Stable</td>
<td>←→</td>
<td>Slight increase</td>
<td>←→</td>
</tr>
<tr>
<td>CAN$ vs other currency</td>
<td>Stable</td>
<td>←→</td>
<td>Stable</td>
<td>←→</td>
<td>Stable</td>
<td>←→</td>
<td>Stable</td>
<td>←→</td>
</tr>
<tr>
<td>Energy costs</td>
<td>Slight decrease</td>
<td>↑</td>
<td>Stable</td>
<td>←→</td>
<td>Stable</td>
<td>←→</td>
<td>Stable</td>
<td>←→</td>
</tr>
</tbody>
</table>
POSITIVE DRIVERS FOR 2016

• Continue to improve EBITDA, EBITDA margin and EPS
  • Greenpac impact on EPS

• Potential operational improvements
  • Produce to capacity
  • Process improvements
  • Ramp-up of recent CAPEX projects

• Beneficial drivers
  • FX
  • Price increase implementation and full year impact
  • Recovered papers and China situation
  • Natural gas, oil and oil-influenced products
  • Economic environment and demand
APPENDIX
BUSINESS DRIVERS – PRICE DYNAMICS

Containerboard - Selected Benchmarks

Tissue Papers - Selected Benchmarks

(US$/s.t.)

350
400
450
500
550
600
650
700
750
Feb 06
Aug 06
Feb 07
Aug 07
Feb 08
Aug 08
Feb 09
Aug 09
Feb 10
Aug 10
Feb 11
Aug 11
Feb 12
Aug 12
Feb 13
Aug 13
Feb 14
Aug 14
Feb 15
Aug 15
Feb 16

Linerboard 42-lb. unbleached kraft, Eastern U.S.
Corrugating medium 26-lb. semichemical, Eastern U.S.

Virgin parent rolls
Recycled parent rolls

(US$/s.t.)

37
**BUSINESS DRIVERS – SHIPMENTS**

- Shipments were 2% higher in Q4-2015 compared to the same period last year
- Manufacturing utilization rates\(^2\) hovering around 89% in Q4-2015
  - Containerboard – 90%
  - Boxboard Europe – 89%
  - Tissue Papers – 89%

---

**Total Shipments (‘000 s.t.)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Shipments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,765</td>
</tr>
<tr>
<td>2013</td>
<td>2,899</td>
</tr>
<tr>
<td>2014</td>
<td>2,924</td>
</tr>
<tr>
<td>2015</td>
<td>2,992</td>
</tr>
</tbody>
</table>

**Total Manufacturing Utilization Rate\(^1,2\)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Utilization Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>92%</td>
</tr>
<tr>
<td>2013</td>
<td>93%</td>
</tr>
<tr>
<td>2014</td>
<td>93%</td>
</tr>
<tr>
<td>2015</td>
<td>92%</td>
</tr>
</tbody>
</table>

---

1 Excludes Specialty Products segment
2 Defined as: Manufacturing internal and external shipments/practical capacity
BUSINESS DRIVERS – COGS

2015

- Raw materials: 37%
- Chemicals and production supplies: 11%
- Wages and employee benefits expenses: 20%
- Energy: 8%
- Freight: 8%
- Depreciation and amortization: 11%
- Others: 10%
- Others: 6%

- Raw materials (including chemicals and supplies) = nearly half of COGS
RAW MATERIALS – FIBRE COSTS

**Recycled Fibre North American List Prices**

- **Current (March)**
  - White grades (Basket of products): $153
  - Brown grades (OCC): $85

**Virgin Pulp prices**

- **Current (February)**
  - NBSK: $940
  - NBHK: $875

**OBM Average Quarterly List Prices**

- **Q4-2014**
  - White grades - Basket of products: $171
  - Brown grades - OCC No. 11 (Northeast): $92
- **Q3-2015**
  - White grades - Basket of products: $165
  - Brown grades - OCC No. 11 (Northeast): $90
- **Q4-2015**
  - White grades - Basket of products: $151
  - Brown grades - OCC No. 11 (Northeast): $88

**Q4/Q4**

- White grades - Basket of products: -12%
- Brown grades - OCC No. 11 (Northeast): -4%

**Q4/Q3**

- White grades - Basket of products: -9%
- Brown grades - OCC No. 11 (Northeast): -2%

**2015/2014**

- White grades - Basket of products: -3%
- Brown grades - OCC No. 11 (Northeast): -18%

**Virgin Pulp Prices**

- **NBSK (Canadian sources delivered to US East)**
  - Current: $1,025
  - Previous: $967
  - Change: -8%
- **NBHK (Canada/US sources delivered to US East)**
  - Current: $835
  - Previous: $880
  - Change: +5%

**Source:** RISI

1 Basket of white recycled paper, including grades such as SOP, Hard White Envelope and Coated Book Stock.
RAW MATERIALS – SOURCING STRATEGY

Cascades’ NA Recycled Fibre Supply

2015¹

Most of the fibre supply coming from internal sources, contracts and regular streams

<table>
<thead>
<tr>
<th>Source Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery &amp; Internal</td>
<td>25%</td>
</tr>
<tr>
<td>Regular &amp; Steady Volume (Noncontractual)</td>
<td>27%</td>
</tr>
<tr>
<td>Spot</td>
<td>25%</td>
</tr>
<tr>
<td>Contractual Agreements</td>
<td>23%</td>
</tr>
</tbody>
</table>

World Top Recovered Paper Suppliers

(M Tonnes)

Source: RISI

Strategy

- Constant review of our inventory strategy
- Ensure control over fibre supply with potential increase of tons under control
- Develop substitute grades
- Full ownership of Cascades Recovery
- Potential to increase virgin content in certain circumstances
- Continue to close the loop with customers retailers

¹ Including volume treated for Greenpac