ACQUISITION OF ORCHIDS PAPER PRODUCTS

July 2, 2019
DISCLAIMER

FORWARD-LOOKING STATEMENT

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 Corporation.

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 the performance, compare the Corporation’s results between periods and to assess operating results and liquidity, notwithstanding these specific items. Management believes these specific items are not necessarily reflective of the Corporation 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 cash available to us.

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 assets 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, 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. It 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 contribution of each segment when excluding depreciation & 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 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 obligation 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 the 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.

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

Please click here for supplemental information on non-IFRS measures.
STRATEGIC COMBINATION

Cascades’ US tissue platform uniquely positioned to realize important strategic & financial benefits from acquisition

• Accelerates plan to optimize geographic and competitive position in Southern and Western U.S.

• Expect Orchids facilities to operate at capacity by end-2020
  ➢ Transfer of existing tonnage from other Cascades facilities
  ➢ Sub-contracted converting tonnage brought in house

• QRT machine in Barnwell to be used as a swing machine for both high quality conventional & ultra-premium tissue products
  ➢ ~US$5 million investment to add swing functionality
  ➢ ~US$15 million of additional investments to align operational standards with those of Cascades

• Optimizes logistics, lowers inter-facility transportation within U.S. network
MODERNIZE & OPTIMIZE ASSET BASE

Low risk strategy to modernize asset portfolio

• US$240 million invested in the last 5 years
• Optimizes equipment configuration
  ➢ Paper machines with 100” trims
  ➢ Reduces rejection rates during conversion operations
  ➢ Provides better flexibility across multiple grades
• Integrated operations, with de-ink pulp capacity at Barnwell
• Expands product offering
  ➢ High quality conventional products
  ➢ Ultra-premium products
FINANCIAL OVERVIEW

• US$207 million cash consideration

• Assumption of debt of ~ US$9 million

• Full-year annual EBITDA (OIBD) run rate of approximately US $45 million from Orchids assets beginning 2021¹
  ➢ Implied ~ 5x acquisition multiple

• 100% cash offer, financed via current cash on hand and existing lines of credit

• Net leverage of ~ 3.5x post-acquisition including run rate EBITDA (OIBD)
  ➢ Cascades’ Q1 2019 net leverage 3.4x

• Expected close Q3 2019
  ➢ Subject to approval of U.S. competition bureau, other customary closing conditions

¹ Based on Orchids 2018 results of US$7 million and estimates of capacity maximization for both Pryor and Barnwell, rationalization of Cascades current platform and reduction of corporate and logistics costs.
## ORCHIDS – OVERVIEW OF ASSETS

### 2018 SALES: US$187M

- Private Label: 78%
- Branded: 22%

### Primary Locations

- **Pryor, OK**
  - Paper Mill Annual Capacity: 70,000 – 74,000 s.t.
  - Converting Annual Capacity: 82,500 s.t. (11 lines)
- **Barnwell, SC**
  - Paper Mill Annual Capacity: 35,000 – 40,000 s.t.
  - Converting Annual Capacity: 30,000 – 32,000 s.t. (2 lines)
- **FAPSA, Baja, CA**
  - Paper Mill Annual Capacity: 20,000 s.t.
  - Converting Annual Capacity: up to 20,000 s.t.

### Capacity Integration

- ~111%
- ~80% - 85%
- 100%

### 2018 Utilization Rate

- ~70%
- ~30%
- ~30%
- ~50%

### Investments Completed

- Barnwell, SC: US$165 M (2016-17)

### Total

- Total Paper Mill Capacity: 134,000 s.t.
- Total Converting Capacity: 134,500 s.t.
- Total Investments: US$241 M

### Tangible Book Value

- Total: US$285 M

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(1) Dependent on product mix  (2) Capacity integration = converting capacity / paper mill capacity  (3) 2018 Converting Production / Converting Capacity  (4) As of December 31, 2018 & including working capital  (5) 2014 partnership with FABRICA Papel de San Francisco, S.A. de C.V.  

**Source:** Company filings
## Combined Operational Profile – Day 1

### Paper Mills

<table>
<thead>
<tr>
<th></th>
<th>Cascades</th>
<th>Cascades + Orchids</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Canada</strong></td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>US</strong></td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td><strong>Machines</strong></td>
<td>16</td>
<td>20</td>
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<tr>
<td><strong>Annual Capacity</strong></td>
<td>600,000 s.t.</td>
<td>734,000 s.t.</td>
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</table>

### Converting Assets

<table>
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<th>Cascades</th>
<th>Cascades + Orchids</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Canada</strong></td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>US</strong></td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td><strong>Lines</strong></td>
<td>78</td>
<td>91</td>
</tr>
<tr>
<td><strong>Annual Capacity</strong></td>
<td>550,000 s.t.</td>
<td>684,500 s.t.</td>
</tr>
</tbody>
</table>

### Sales Breakdown

<table>
<thead>
<tr>
<th></th>
<th>Cascades</th>
<th>Cascades + Orchids</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US</strong></td>
<td>70%</td>
<td>74%</td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td>30%</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Retail Private Label</strong></td>
<td>31%</td>
<td>37%</td>
</tr>
<tr>
<td><strong>Retail Branded</strong></td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td><strong>AfH Private Label</strong></td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td><strong>AfH Branded</strong></td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Jumbo Rolls</strong></td>
<td>36%</td>
<td>32%</td>
</tr>
</tbody>
</table>

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(1) Considering the Toronto machines closed in 2019
(2) Includes 2014 partnership and supply agreement with FABRICA Papel de San Francisco, S.A. de C.V. Equipment is owned by Orchids and leased to FABRICA.
Cascades will have the best Tissue Private Label manufacturing footprint in the U.S.
ALIGNED WITH OUR STRATEGIC PLAN

Building on our past, Positioning for the future

✓ Modernize our equipment & improve our cost structure
✓ Optimize efficiency & productivity
✓ Supports our growth with our key strategic customers
✓ Build long-term & sustainable value

Cascades is now the 4th Tissue producer in North America
APPENDIX
CASCADES – OVERVIEW OF TISSUE PAPERS

- 5th largest tissue producer in NA²
- 40+ years of operational experience in N.A. tissue business
- Diversified capacity & positioning
- 2018 integration rate: 70%
- Sustainable product offering: 75% of raw material used is recycled

Focused on Returning to Double-Digit Margins

Sales by Country (2018)

Canada (CAN $419M - 31%)
- Branded: 41%
- Away-from-Home: 41%
- Private Label: 59%
- At-Home: 59%

US (CAN $933M - 69%)
- Branded: 25%
- Away-from-Home: 51%
- Private Label: 75%
- At-Home: 49%


- Retail - branded: 36%
- Retail - private label: 17%
- AfH - branded: 14%
- AfH - private label: 31%
- Parent rolls: 2%

2018 Sales: $1,352M

(1) Before the acquisition of Orchids paper products assets (2) Based on capacity.

Cascades
GREEN BY NATURE™

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