

BEAR ISLAND

Ashland, Virginia, US

Containerboard Conversion Project

Investor Presentation
October 5, 2020



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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 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.
- Operating income margin and OIBD Margin: Operating income and Operating income before depreciation and amortization, calculated as a percentage of sales, used as a proxy for a company’s current operating profitability.
- 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.
- Internal Rate of Return (IRR): Used to measure the annual rate of growth an investment is expected to generate and represents the interest rate at which the net present value of all future cash flows of a project equal zero.

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.

Bear Island Containerboard Conversion Project

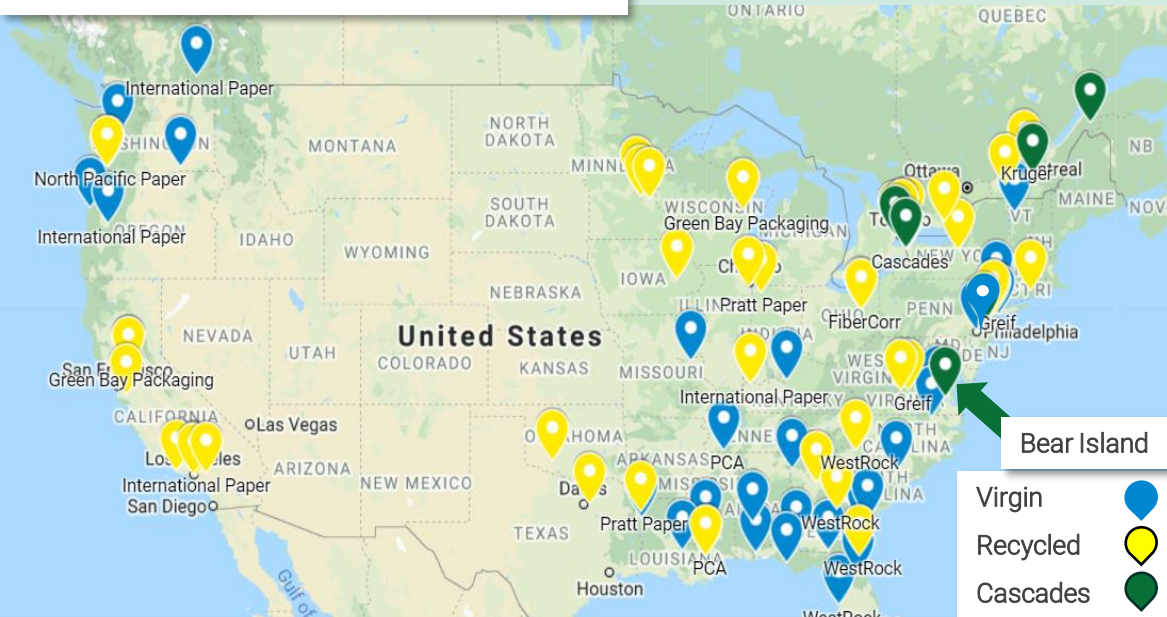
- ✓ Bear Island newsprint machine is well suited for conversion to high-quality, 100% recycled liner & medium, that will be among the few to offer the lowest basis weight containerboard in N.A.
- ✓ With annual capacity of 465,000 s.t., the mill will be one of the largest and most modern recycled containerboard machines in N.A. to supply the growing lightweight packaging market
- ✓ Scale, location and equipment expected to position Bear Island mill in the 1st quartile on the RISI N.A. cash cost curve
- ✓ Project cost: US\$380 M includes contingencies & initial site acquisition cost of US\$35 M
- ✓ Expected start-up in Q4 2022; operational ramp-up target of 80% run-rate by the end of 2023, and 100% run rate by the end of 2025
- ✓ Operating income¹ margins of ~20%² and OIBD¹ margins ~30%² with potential to deliver, at maturity, higher profitability, similar to Greenpac's >30% OIBD margin¹
- ✓ Limited impact on Cascades net leverage: expected to remain at ~3.0x throughout start-up and decrease to targeted ratio of 2.5x Net Debt/Adjusted OIBD¹ by the end of 2023.

(1) Please refer to the heading "Reconciliation of Non-IFRS Measures and Other Performance Measures" on page 2.

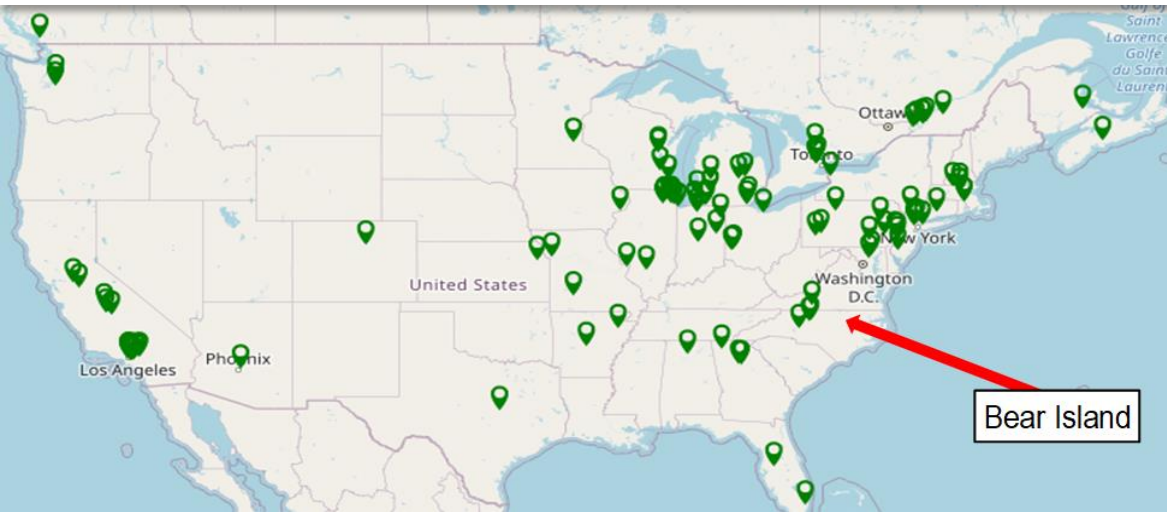
(2) Based on current market conditions (Linerboard at US\$580/st and OCC at US\$65/st) and forecasted mix of products, excluding recently announced US\$50/st price increase.

Project Overview

North American Containerboard Mills¹



North American Independent Containerboard Packaging Plants¹



✓ Bear Island newsprint machine well suited for conversion to recycled containerboard:

- Excellent strategic geographic location near Richmond, VA and 100 miles South of Washington, DC
- Available experienced workforce
- Very good transport access + easy availability for recycled fibre sourcing

✓ 310" machine width is well suited for modern converting equipment

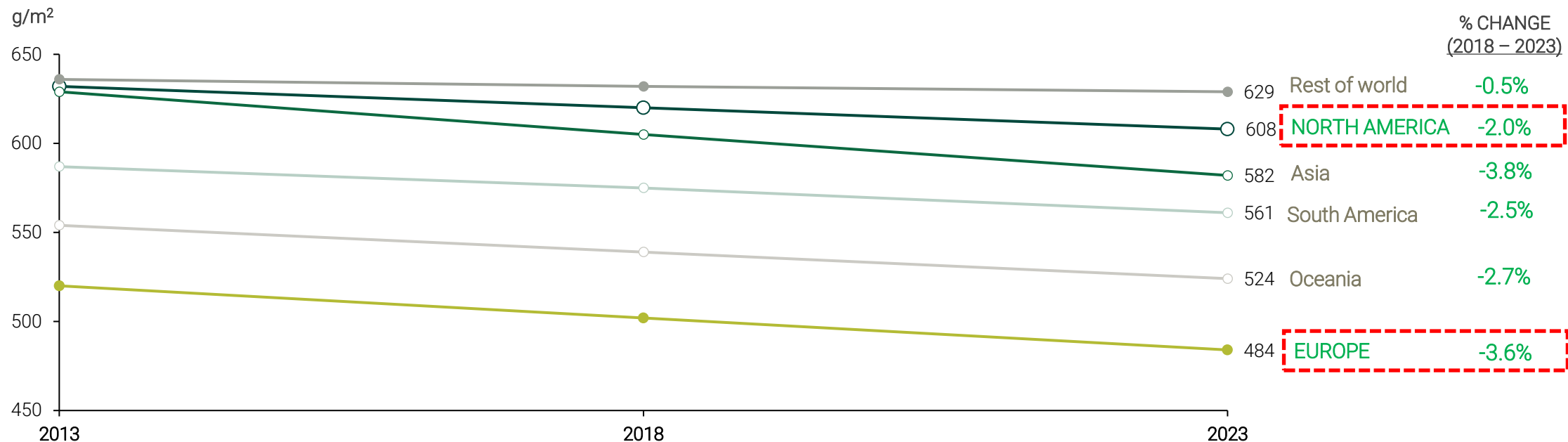
✓ 15%+ IRR^{2,3} assumes current raw material costs & selling prices

(1) Source: RISI Mill Asset Database and FisherSolve (2) Please refer to the heading "Reconciliation of Non-IFRS Measures and Other Performance Measures" on page 2. (3) Based on current market conditions (Linerboard at US\$580/st and OCC at US\$65/st) and forecasted mix of products, excluding recently announced US\$50/st price increase.

Observed Trends in Packaging Weight

- ✓ Cascades has a strong position in the N.A. packaging industry being one of the few N.A. producers/marketers of low basis weight containerboard (as low as 16 lbs)
- ✓ Lightweight packaging is growing due to increase in e-commerce and resulting trend towards rightsizing packaging

Observed Trends of Packaging Weight – Analysis by Region (g/m²)¹



Significantly Advances Cascades Strategic Positioning

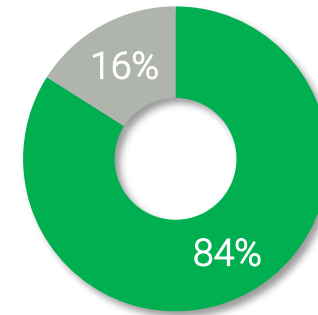
- **Modernization** – optimizes Containerboard platform location of production, cost base & machine width
- **Geographic positioning** – Southwest and Midwest US – will be the most southern mill in our platform
- **Eco-friendly, highly competitive product** – 100% recycled + high quality + low basis weight
- **Lower input cost base** – Can use up to 60% of mixed waste fibre grades in production of medium

	BEAR ISLAND	GREENPAC MILL
ANNUAL PRODUCTION CAPACITY	465,000 st (1,300 st/day)	540,000 st (1,500 st/day)
GRADES PRODUCED	Liner (XP) and Medium (XP)	Liner only (HP & XP)
MACHINE WIDTH (inches)	310"	330"
BASIS WEIGHT PRODUCED	18 lbs – 42 lbs (management expects to achieve 16 lbs min. weight)	23 lbs – 42 lbs
SPEED (maximum # of feet/minute)	4,500	3,500
MIXED PAPER RAW MATERIAL COMPONENT (maximum % that can be used when producing medium at Bear Island and Liner at Greenpac)	0% – 60%	0% – 5%

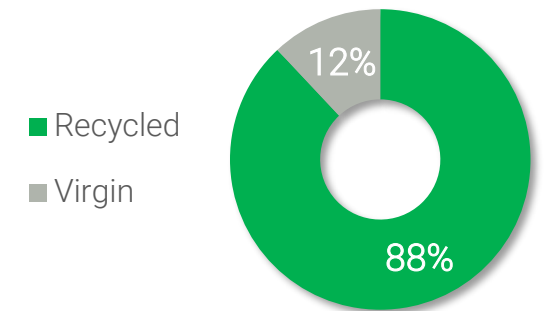
1st Quartile, Sustainable, Lightweight Production

- ✓ Recycled capacity will increase to 88% of total containerboard production
- ✓ 60% + of manufacturing asset base capacity will be 1st quartile of the N.A. industry
- ✓ 50% + of production capacity will be lightweight (production capability of <26 lbs minimum)
- ✓ ~2/3 of manufacturing capacity will be well-positioned to be competitive, even in economic downturn

CURRENT CAPACITY:
1,568 K ST/YR



CAPACITY WITH BEAR ISLAND:
2,033 K ST/YR (+30%)¹



(1) Once operating at full capacity.

COMPETITIVENESS OF CONTAINERBOARD MANUFACTURING PLATFORM (BASED ON TONNAGE)

■ 2nd, 3rd, 4th Quartile

■ 1st Quartile



Current Asset Base
(7 paper machines)

With Bear Island
(8 paper machines)

Project Funding from Equity Financing, Internal Cash Flow & Existing Credit Facilities

PROJECT COSTS <i>(in US\$ millions)</i>	≤ 2020	2021	2022	TOTAL
Site Acquisition	\$ 35	-	-	\$ 35
Machinery/Engineering/Project Management	\$ 27	\$ 162	\$ 89	\$ 278
Other Costs/Contingencies	\$ 7	\$ 31	\$ 29	\$ 67
TOTAL SPEND	\$ 69¹	\$ 193	\$ 118	\$ 380

PROJECT FUNDING & PROJECTED RETURN

15% + IRR²

PROFITABILITY

FUNDING SOURCES

- Forecasted to have limited impact on Cascades leverage

- Based on current market conditions (Linerboard at US\$580/st & OCC at US\$65/st)
- Excludes recently announced US\$50/st price increase
- Expected to generate operating income² margins of ~20%³ and OIBD² margins of ~ 30%³
- Announced bought deal common share equity financing (~CAD\$125 M)
- Strong forecasted Adjusted Free Cash Flow² from current operations
- Existing bank revolver – current availability is at >CAD\$700M

(1) US\$50 M already incurred. (2) Please refer to the heading "Reconciliation of Non-IFRS Measures and Other Performance Measures" on page 2.

(3) Based on current market conditions (Linerboard at US\$580/st and OCC at US\$65/st) and forecasted mix of products, excluding recently announced US\$50/st price increase.

Project Timeline

START-UP

- Q4 2022

OPERATIONAL RAMP-UP TARGET

- 80% run-rate by end of 2023
- 90% run-rate by end of 2024
- 100% run-rate by end of 2025

INITIAL ESTIMATED CAPACITY OFF-TAKE

- 10% will be used internally
- 30% - 35% via long-term agreements with existing & new customers by 2023

TIMELINE		2020				2021				2022				2023					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Engineering			■	■	■	■	■	■											
Site preparation		■	■	■	■	■	■												
Paper Machine	Order			■															
	Construction							■	■	■									
	Installation								■	■	■	■	■						
OCC Plant	Order			■															
	Construction							■	■	■									
	Installation								■	■	■	■	■						
Water Treatment	Order				■														
	Refurbish / Installation							■	■	■	■								
Boiler	Refurbish							■	■	■	■								
START-UP																	★		
RAMP-UP																■	■	■	■

Robust Strategic, Shareholder Return and Competitive Rationale for Bear Island Project

- ✓ Significantly advances **modernization of N.A. containerboard platform** and improves Cascades' competitiveness in lightweight packaging
- ✓ Optimizes **geographic positioning**
- ✓ Expands **1st quartile competitive production** to 60%+ of total capacity
- ✓ **Near-term benefit** on OIBD¹ margin & shareholder return profile
- ✓ **Sustainable + high-performance** - 100% recycled, light basis weight



Cascades