

# Q2 2021 FINANCIAL RESULTS

August 5, 2021



# 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 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 repurchase of long-term debt, 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 and option fair value revaluation, foreign exchange gains or losses on long-term debt and financial instruments, fair value revaluation gain or losses on investments, 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.

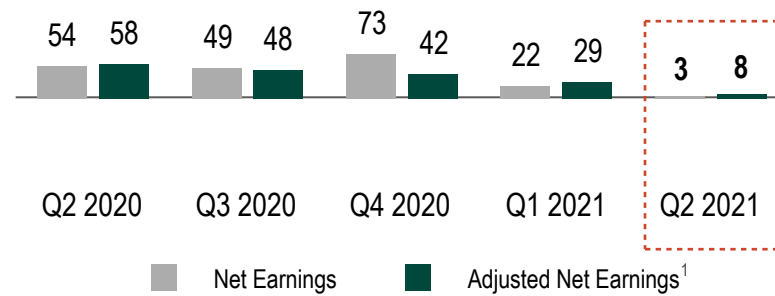
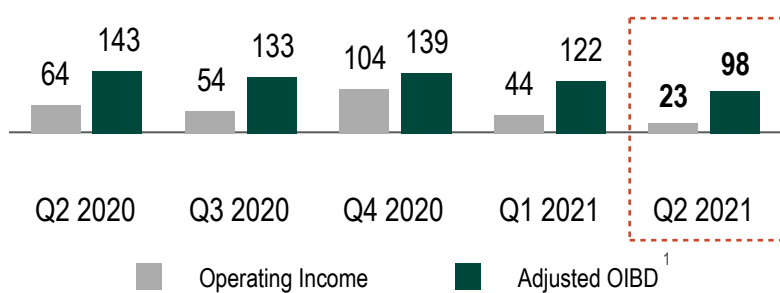
Non-IFRS measures are mainly derived from the consolidated financial statements, but do not have meanings prescribed by IFRS. These measures have limitations as an analytical tool and should not be considered on their own or as a substitute for an analysis of our results as reported under IFRS. In addition, our definitions of non-IFRS measures may differ from those of other corporations. Any such modification or reformulation may be significant.

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

Please click [here](#) for supplemental information on non-IFRS measures.



# SUMMARY OF QUARTERLY FINANCIAL RESULTS



Figures above in millions of CAN\$

Figures above in millions of CAN\$

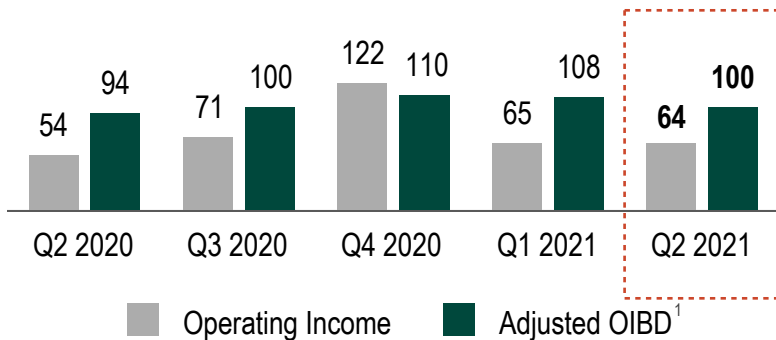
(In millions of CAN\$, except amount per share)	2020 <sup>2</sup>				2019 <sup>2</sup> Year	2020 <sup>2</sup>				2020 <sup>2</sup> Year	2021 <sup>2</sup>	
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2
<b>Financial results</b>												
<b>Sales</b>	951	1,005	1,008	984	3,948	1,041	1,020	1,014	1,030	4,105	942	956
<b>Operating income</b>	54	63	94	5	216	70	64	54	104	292	44	23
Adjusted OIBD <sup>1</sup>	106	126	136	128	496	131	143	133	139	546	122	98
<b>Net earnings (loss)</b>	24	31	43	(26)	72	22	54	49	73	198	22	3
Adjusted net earnings <sup>1</sup>	13	26	28	29	96	39	58	48	42	187	29	8
<b>Net earnings (loss) per share</b>	\$0.26	\$0.33	\$0.45	\$(0.27)	\$0.77	\$0.24	\$0.57	\$0.51	\$0.72	\$2.04	\$0.22	\$0.02
Adjusted net earnings per share <sup>1</sup>	\$0.14	\$0.28	\$0.30	\$0.30	\$1.02	\$0.42	\$0.61	\$0.50	\$0.42	\$1.95	\$0.29	\$0.07

**YoY Q2 adjusted OIBD decrease reflects demand contraction in Tissue and higher raw material costs for all segments, partially offset by stronger volumes and higher selling prices for packaging segments**

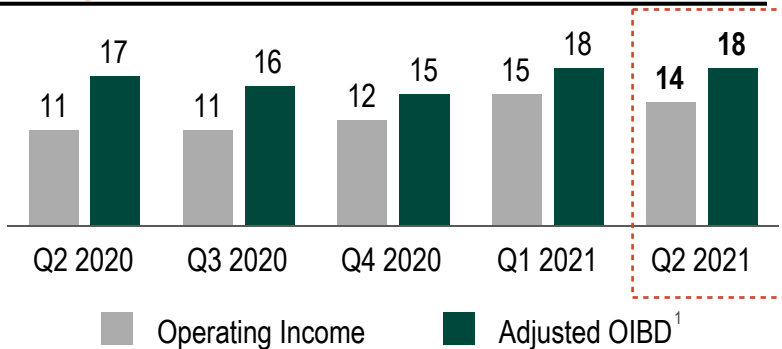
(1) Please click [here](#) for supplemental information on non-IFRS measures. (2) 2021, 2020 and 2019 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

# HISTORICAL SEGMENTED QUARTERLY OPERATING INCOME (LOSS) & ADJUSTED OIBD<sup>1</sup>

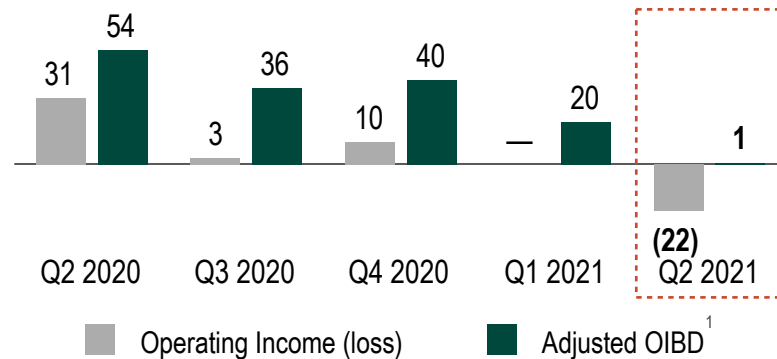
## Containerboard (millions of CAN\$)



## Specialty Products (millions of CAN\$)



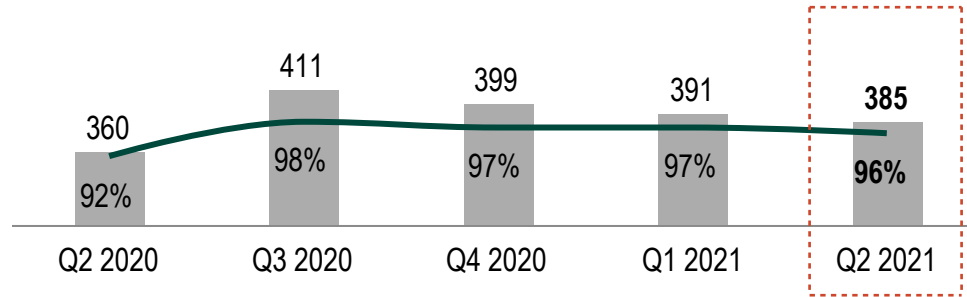
## Tissue Papers (millions of CAN\$)



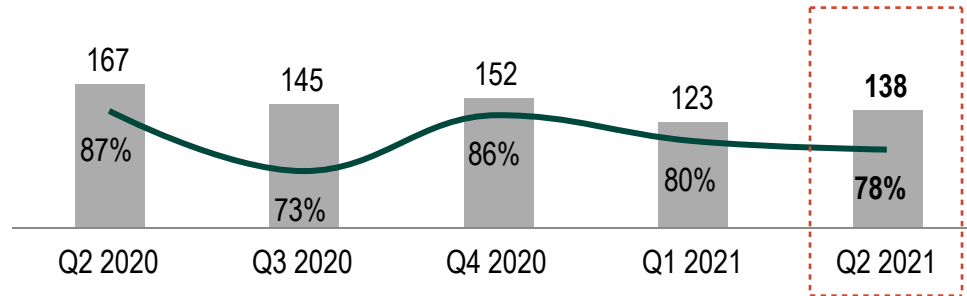
(1) Please click [here](#) for supplemental information on non-IFRS measures.

# HISTORICAL SEGMENTED QUARTERLY SHIPMENTS

## Containerboard ('000 s.t. and % capacity utilization<sup>1</sup>)

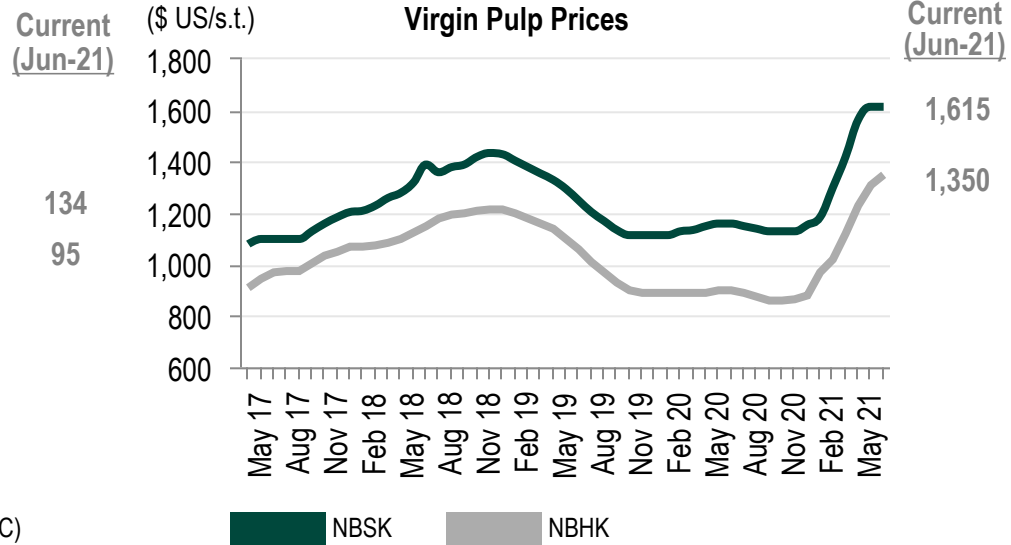
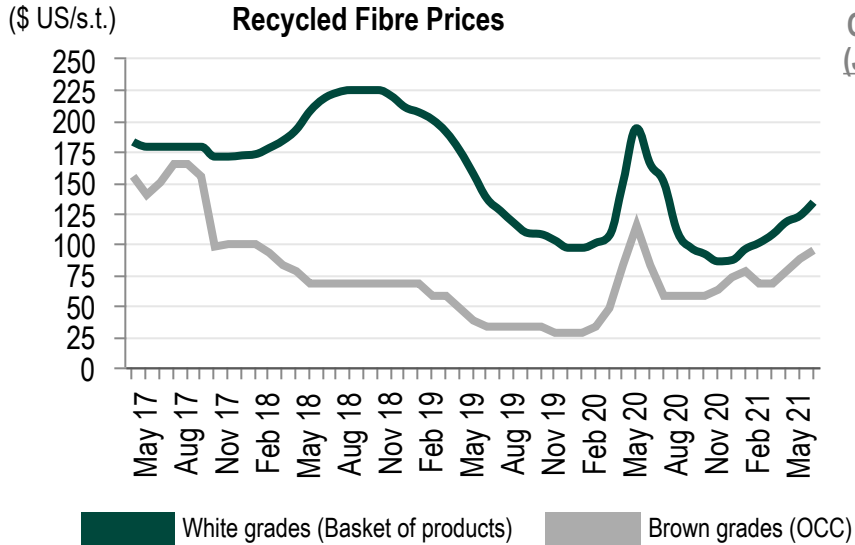


## Tissue Papers ('000 s.t. and % capacity utilization<sup>1</sup>)



(1) Utilization rate defined as total manufacturing shipments divided by practical capacity.

# RAW MATERIAL COSTS - INDEX LIST PRICES



## Recovered Paper Prices

White grades - Basket of products (Northeast average)<sup>1</sup>  
 Brown grades - OCC No. 11 (Northeast average)

## Virgin Pulp Prices

NBSK (Canadian sources delivered to Eastern US)  
 NBHK (Canada/US sources delivered to Eastern US)

	<u>Q2 2021</u>	<u>Q1 2021</u>	<u>Q2 2020</u>	<u>Q2/Q2</u>	<u>Q2/Q1</u>
White grades - Basket of products (Northeast average) <sup>1</sup>	125	102	170	(26)%	23%
Brown grades - OCC No. 11 (Northeast average)	87	71	94	(7)%	23%
NBSK (Canadian sources delivered to Eastern US)	1,598	1,302	1,158	38%	23%
NBHK (Canada/US sources delivered to Eastern US)	1,297	1,037	897	45%	25%

**OCC prices were up QoQ and YoY, driven by COVID-19 related domestic demand & high export activity;  
 Prices of white recycled paper grades rose QoQ while prices of Virgin Pulp increased in both cases**



Source: RISI. (1) Basket of white recycled paper, including grades such as SOP, Hard White Envelope and Coated Book Stock; Northeast average. Weighted average based on Cascades' consumption of each grade. Current price for White Grades is the RISI index price for SOP and is not a basket of products.

# PACKAGING PRODUCTS / CONTAINERBOARD

<b>Results</b> Q2 2021	<b>Change vs.</b>	
	Q1 2021	Q2 2020
<b>Shipments ('000 s.t.)</b>		
<b>385</b>	(2)%	7%
<b>Average selling price</b> (CAN\$/unit)		
<b>1,286</b>	—	2%
<b>Sales (M\$)</b>		
<b>497</b>	(1)%	9%
<b>Operating income (M\$)</b>		
<b>64</b>	(2)%	19%
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>		
<b>100</b>	(7)%	6%
<b>% of sales</b> 20.1%		

## Comments on sequential performance

- ➔ Shipments decreased by 2% sequentially. This was driven by a 1% decrease in the operating rate. Shipments of parent rolls and converted products decreased by 1% on a sequential basis.
- ➔ The average first quarter selling price remained stable sequentially. This reflects the implementations of the first two announced price increases, the benefits of which were offset by less favourable mix of products sold and exchange rate in the current period.
- ➔ The marginal 1% sequential decrease in sales is largely attributable to the 3% appreciation of the Canadian dollar, the less favourable product sales mix and the lower volume. These were partially offset by benefits from higher selling prices in the current period.
- ➔ Adjusted OIBD decreased by 7% on a sequential basis. This reflects higher raw material costs, lower volume, higher operational costs and the appreciation of the Canadian dollar in the current period. These effects were partially offset by the implementation of price increases.

## Maintenance and capital investment downtime (in s.t.)

Q1 2021	Q2 2021	Q3 2021F	Q4 2021F	FY 2021F
11,900	15,500	~ 9,800	~ 17,600	~ 54,800



(1) Please click [here](#) for supplemental information on non-IFRS measures.

# TISSUE PAPERS

<b>Results</b>	<b>Change vs.</b>		
	Q2 2021	Q1 2021	Q2 2020
<b>Shipments ('000 s.t.)</b>			
<b>138</b>	12%	(17)%	
<b>Average selling price</b> (CAN\$/unit)			
<b>2,160</b>	(9)%	(15)%	
<b>Sales (M\$)</b>			
<b>297</b>	2%	(30)%	
<b>Operating income (loss)</b> (M\$)			
<b>(22)</b>	zero in Q1 2021	(171)%	
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>			
<b>1</b>	(95)%	(98)%	
% of sales			
0.3%			

## Comments on sequential performance

- Shipments increased by 12% on a sequential basis in the second quarter. This reflects a 3% increase in shipments of converted products driven by Away-from-Home products, while shipments of retail products decreased sequentially. On the manufacturing side, shipments of parent rolls increased 43% from the first quarter, reflecting higher external sales that were driven by successful sales efforts.
- The average selling price decreased 9% sequentially. This reflects the 3% appreciation of the Canadian dollar compared to the US dollar, increase of parent rolls sold and less favourable mix of converted products sold in the current period.
- The combination of the beneficial impact of higher volumes and the negative impact of less favourable mix resulted in sales increasing 2% on a sequential basis.
- Adjusted OIBD decreased by \$19 million sequentially. This is largely a reflection of higher raw material prices in the current period compared to Q1.



(1) Please click [here](#) for supplemental information on non-IFRS measures.



# PACKAGING PRODUCTS / SPECIALTY PRODUCTS

<b>Results</b>	<b>Change vs.</b>	
Q2 2021	Q1 2021	Q2 2020
<b>Sales (M\$)</b>		
131	7%	16%
<b>Operating income (M\$)</b>		
14	(7)%	27%
<b>Adjusted OIBD<sup>1</sup> (M\$)</b>		
18	—	6%
% of sales		
13.7%		

## Comments on sequential performance

- Sales increased by 7% sequentially. Volume increased in all product segments, driven primarily by the plastic food and egg packaging distribution segments. In addition, price increases in response to raw material cost inflation contributed positively to top line performance, most notably in the cardboard and plastics product segments. These were partially offset by a less favourable exchange rate as well as a less favourable product mix in the egg distribution packaging segment.
- Adjusted OIBD of \$18 million was stable sequentially. The benefit of higher volumes and selling prices was partially offset by lower realized spreads due to fibre and plastic resin cost increases. Additionally, higher operating & maintenance, a less favourable mix and exchange rate negatively impacted adjusted OIBD levels on a sequential basis.



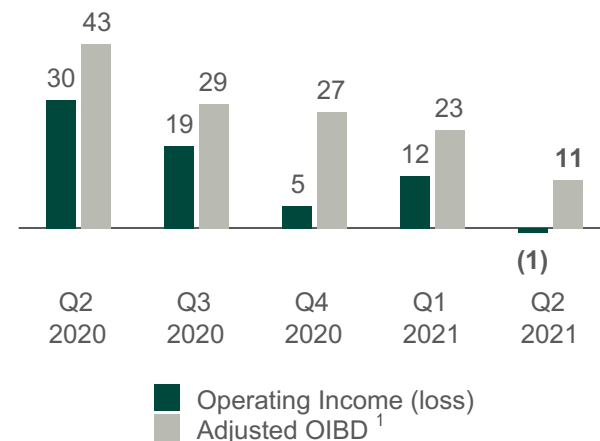
(1) Please click [here](#) for supplemental information on non-IFRS measures.

# DISCONTINUED OPERATIONS

On July 5, 2021, the Corporation announced the monetization of its 57.6% controlling equity interest in Reno de Medici S.p.A. (RDM) for an amount per share of €1.45, or \$461 million. The transaction is expected to close in the third quarter of 2021.

(In millions of CAN\$)	2019 <sup>2</sup>	2020 <sup>2</sup>		2021 <sup>2</sup>	
	Year	Q2	Year	Q1	Q2
<b>Financial results</b>					
<b>Sales</b>					
Before discontinued operations	4,996	1,285	5,157	1,228	1,209
Discontinued operations - Boxboard Europe	(1,048)	(265)	(1,052)	(286)	(253)
As reported in Q2 2021	3,948	1,020	4,105	942	956
<b>Operating income</b>					
Before discontinued operations	261	94	366	56	22
Discontinued operations - Boxboard Europe	(45)	(30)	(74)	(12)	1
As reported in Q2 2021	216	64	292	44	23
<b>Adjusted OIBD<sup>1</sup></b>					
Before discontinued operations	604	186	675	145	109
Discontinued operations - Boxboard Europe	(108)	(43)	(129)	(23)	(11)
As reported in Q2 2021	496	143	546	122	98

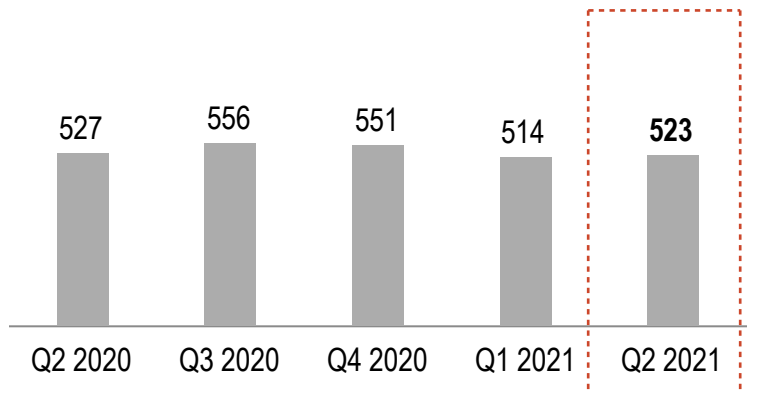
**Boxboard Europe<sup>2</sup>** (millions of CAN\$)



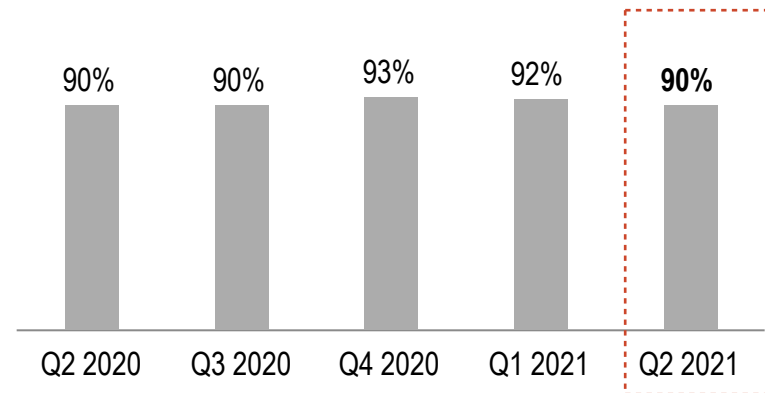
(1) Please click [here](#) for supplemental information on non-IFRS measures. (2) 2021, 2020 and 2019 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the “Discontinued operations” section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

# KEY PERFORMANCE INDICATORS (KPIs)

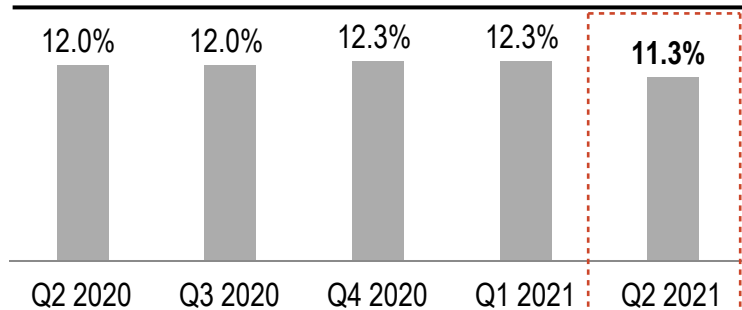
## Total Shipments<sup>1,2</sup> ('000 s.t.)



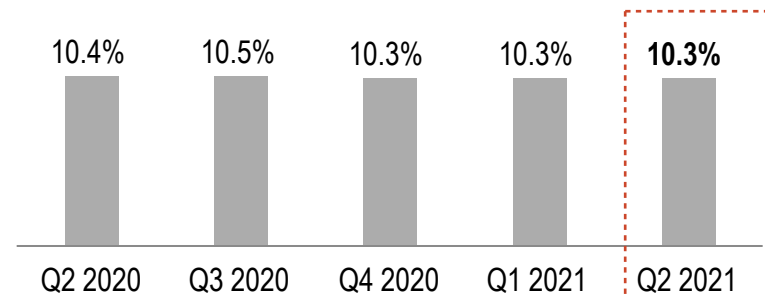
## Capacity Utilization Rate<sup>1,2,3</sup> (manufacturing only)



## LTM Return on Assets



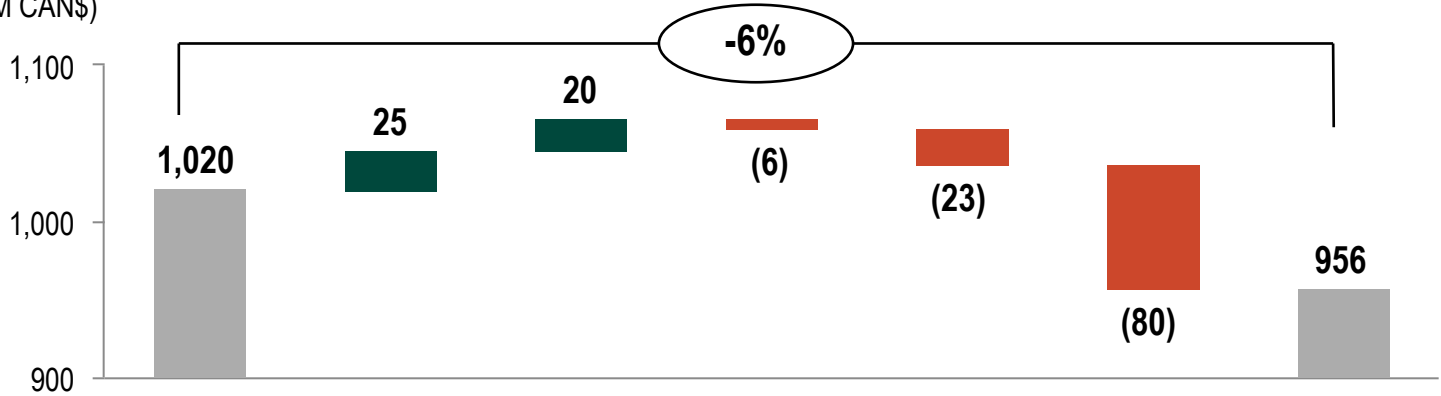
## LTM Working Capital (% of LTM Sales)



(1) Not including the Specialty Products segment. (2) 2021 and 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details. (3) Utilization rate defined as total manufacturing shipments divided by practical capacity. Please refer to the 2020 Annual Report for definitions of the KPIs.

# YEAR OVER YEAR SALES RECONCILIATION

(M CAN\$)



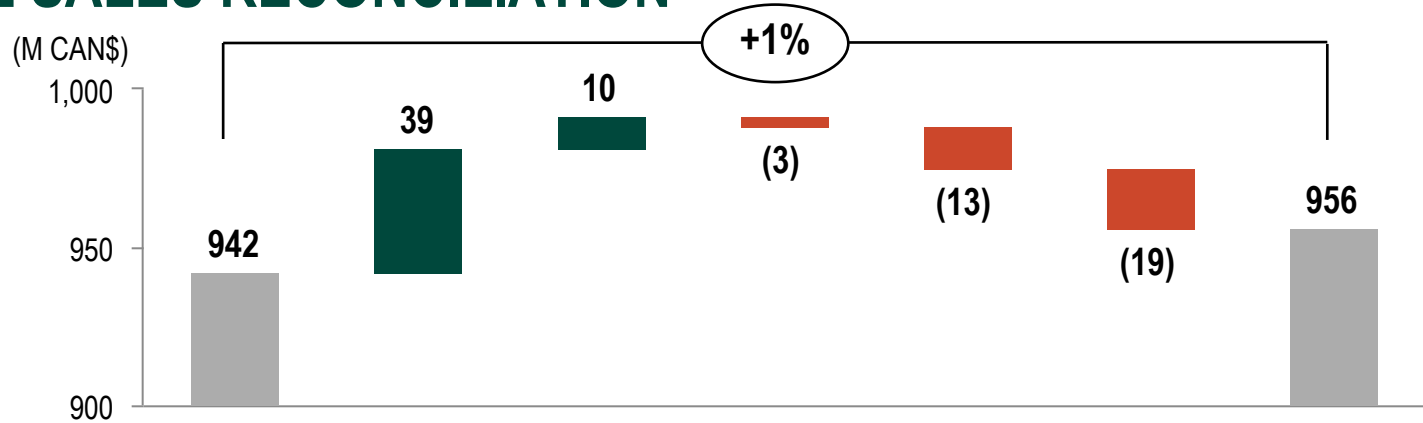
(M CAN\$)	Sales Q2-2020 <sup>1</sup>	Price & Mix	Recovery & Recycling	Other	Volume	F/X CAN\$	Sales Q2-2021
Containerboard	454	41	—	3	33	(34)	497
Specialty Products	120	3	—	—	20	(12)	131
Tissue Papers	424	(18)	—	—	(76)	(33)	297
Corporate & Elim.	22	(1)	20	(9)	—	(1)	31
<b>Total</b>	<b>1,020</b>	<b>25</b>	<b>20</b>	<b>(6)</b>	<b>(23)</b>	<b>(80)</b>	<b>956</b>

YoY sales decrease was driven by important demand contraction in Tissue following elevated demand levels in 2020 related to COVID-19; Volume and pricing & mix were beneficial for packaging businesses, while FX rate was unfavourable for all business segments



(1) 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

# SEQUENTIAL SALES RECONCILIATION



(M CAN\$)	Sales Q1-2021 <sup>1</sup>	Volume	Recovery & Recycling	Other	Price & Mix	F/X CAN\$	Sales Q2-2021
Containerboard	503	(6)	—	—	7	(7)	497
Specialty Products	122	12	—	—	—	(3)	131
Tissue Papers	292	33	—	—	(20)	(8)	297
Corporate & Elim.	25	—	10	(3)	—	(1)	31
<b>Total</b>	<b>942</b>	<b>39</b>	<b>10</b>	<b>(3)</b>	<b>(13)</b>	<b>(19)</b>	<b>956</b>

QoQ sales increase reflects higher volumes in Specialty Products & Tissue, offset by slightly lower Containerboard volumes reflecting higher planned maintenance; Tissue sales impacted by less favourable mix; FX negatively impacted results for all segments



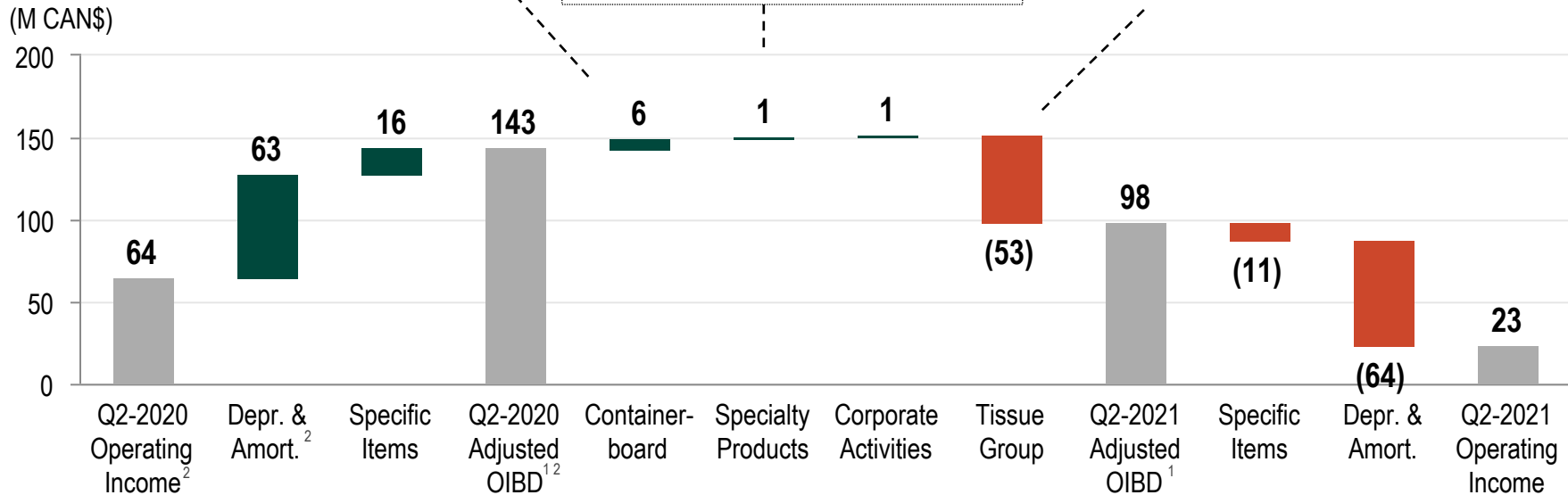
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# YEAR-OVER-YEAR OPERATING INCOME RECONCILIATION

- + Higher selling prices and favourable mix
- + Higher volumes
- Higher raw material and operational costs
- Less favourable FX rate

- + Higher spreads realized in the Industrial Packaging and Consumer products sub-segments
- Higher operational costs
- Less favourable FX rate

- Less favourable mix of products sold
- Lower converted product shipments related to continued customer inventory management due to COVID-19



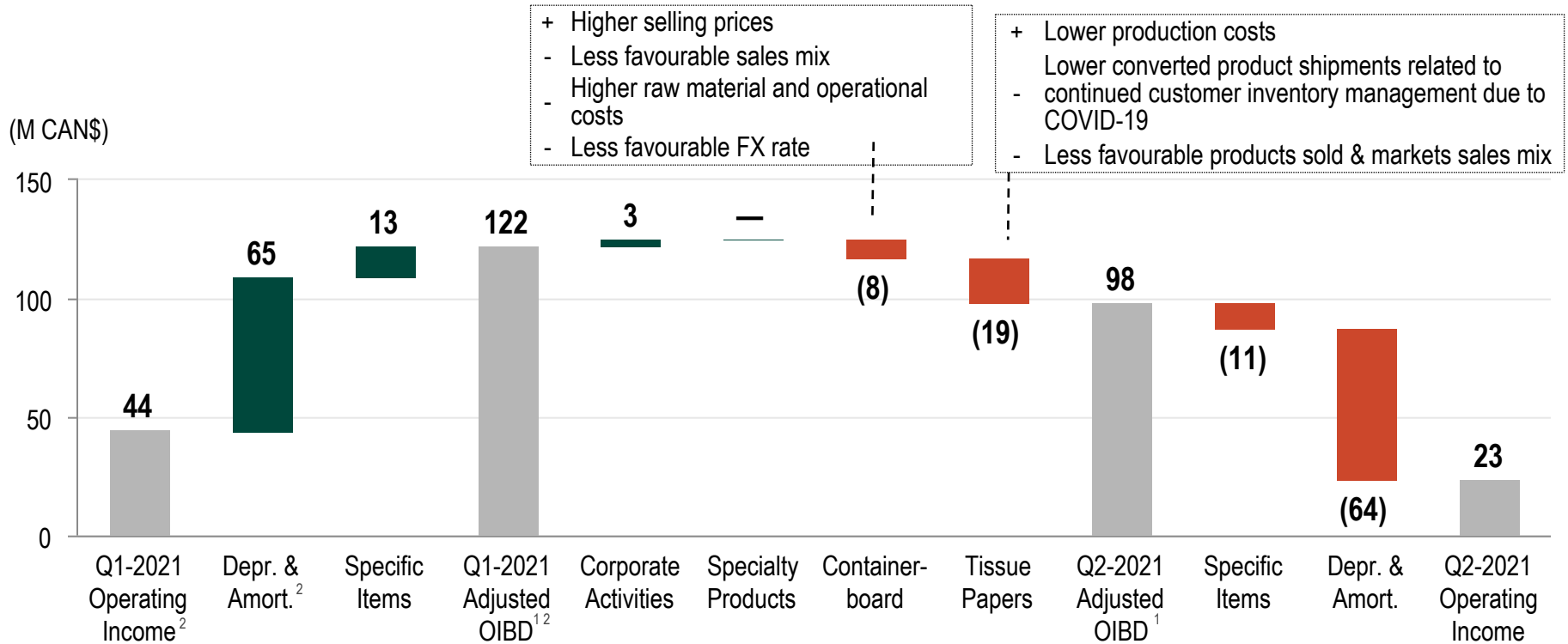
**Lower results driven by demand weakness related to customer inventory management in Tissue; Partially offset by stronger results in Containerboard, and stable results in Specialty Products and Corporate Activities**

(1) Please click [here](#) for supplemental information on non-IFRS measures.

(2) 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.



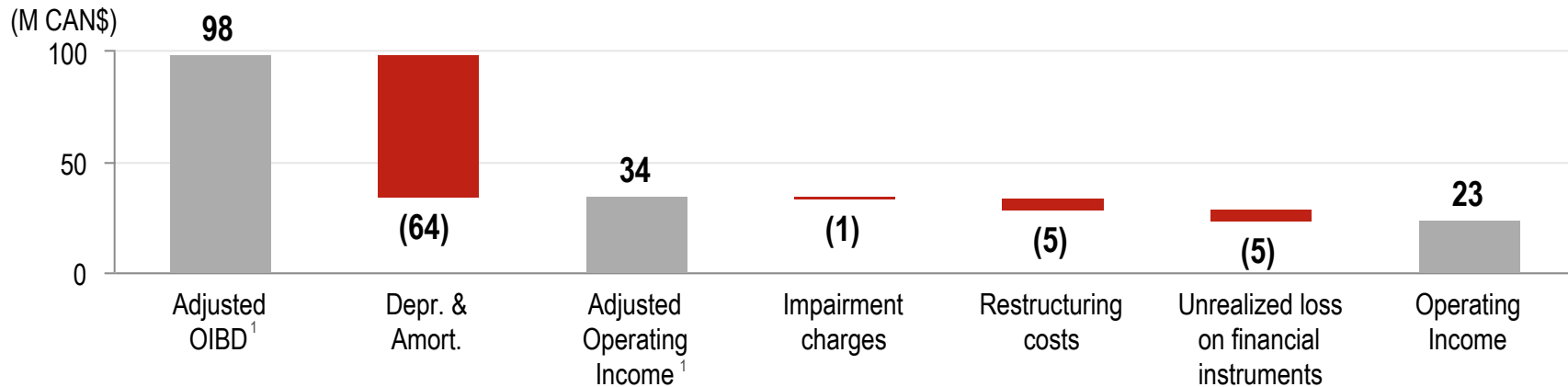
# SEQUENTIAL OPERATING INCOME RECONCILIATION



**Decrease driven by volume contraction in Tissue related to customer inventory management and less favourable market & sales mix; Benefits from higher selling prices in Containerboard offset by impact of higher raw material prices and production costs in the period**

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# Q2 2021 ADJUSTED OIBD TO OPERATING INCOME RECONCILIATION



(M CAN\$)	Container-board	Boxboard Europe	Specialty Products	Tissue Papers	Corporate Activities	Discontinued operations	Total
<b>Operating income (loss)</b>	<b>64</b>	<b>(1)</b>	<b>14</b>	<b>(22)</b>	<b>(33)</b>	<b>1</b>	<b>23</b>
Specific items:							
Loss on acquisitions, disposals and others	—	2	—	—	—	(2)	—
Impairment charges	—	—	—	1	—	—	1
Restructuring costs	—	—	—	5	—	—	5
Unrealized loss (gain) on financial instruments	5	(2)	—	—	—	2	5
Total Specific items	5	—	—	6	—	—	11
<b>Adjusted operating income (loss)<sup>1</sup></b>	<b>69</b>	<b>(1)</b>	<b>14</b>	<b>(16)</b>	<b>(33)</b>	<b>1</b>	<b>34</b>
Depreciation and amortization	31	12	4	17	12	(12)	64
<b>Adjusted OIBD<sup>1</sup></b>	<b>100</b>	<b>11</b>	<b>18</b>	<b>1</b>	<b>(21)</b>	<b>(11)</b>	<b>98</b>



(1) Please click [here](#) for supplemental information on non-IFRS measures.



# NET EARNINGS - IFRS VS ADJUSTED

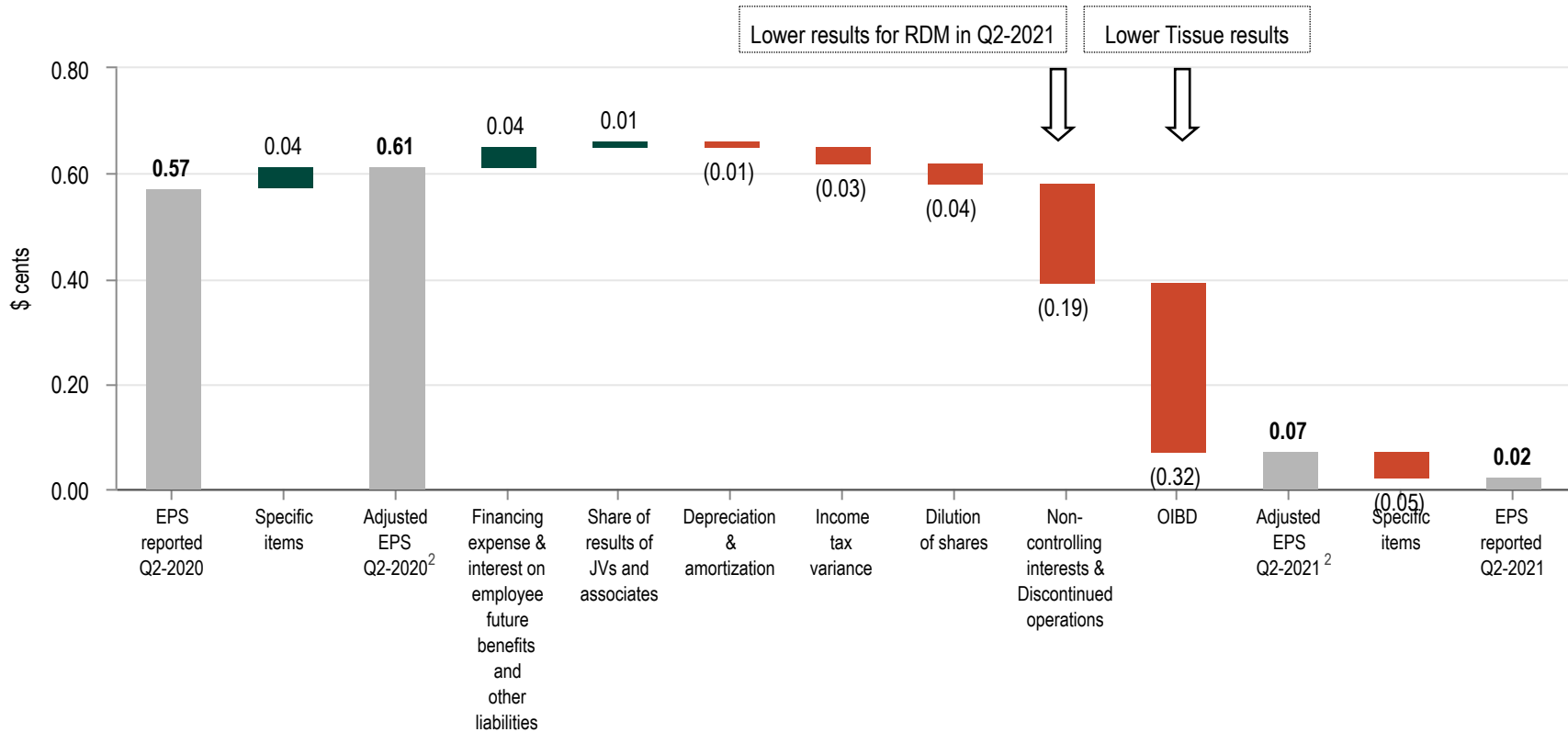
	NET EARNINGS	NET EARNINGS PER SHARE <sup>1</sup>
(in millions of Canadian dollars, except amount per share)	Q2 2021	Q2 2021
<b>As per IFRS</b>	<b>3</b>	<b>\$0.02</b>
Specific items:		
Impairment charges	1	0.01
Restructuring costs	5	\$0.04
Unrealized loss on financial instruments	5	\$0.03
Foreign exchange gain on long-term debt & financial instruments	(3)	(\$0.03)
Tax effect on specific items, other tax adjustments and attributable to non-controlling interest <sup>1</sup>	(3)	—
	<b>5</b>	<b>\$0.05</b>
<b>Adjusted<sup>2</sup></b>	<b>8</b>	<b>\$0.07</b>



(1) Specific amounts per share are calculated on an after-tax basis and are net of the portion attributable to non-controlling interest.

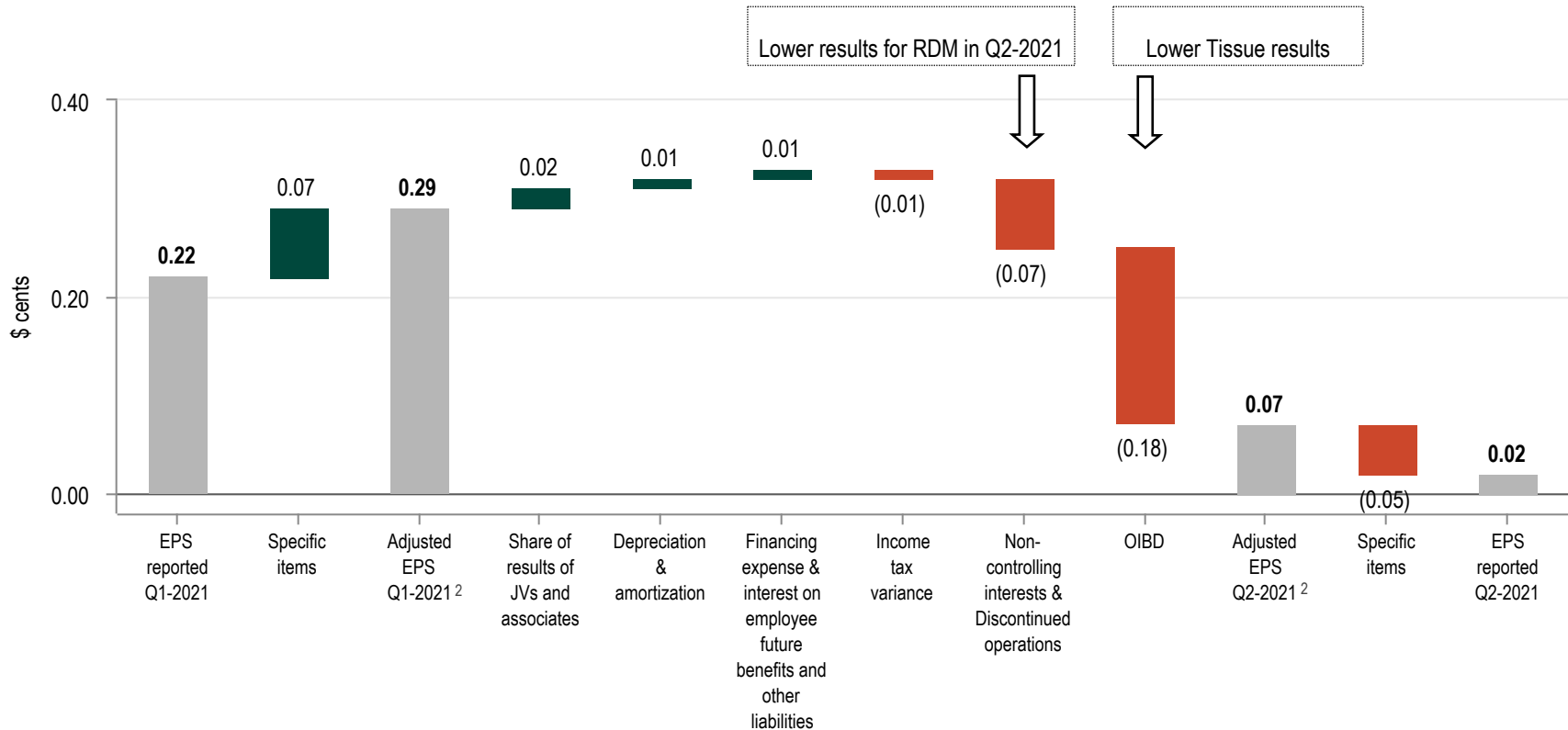
(2) Please click [here](#) for supplemental information on non-IFRS measures.

# QUARTERLY YEAR-OVER-YEAR ADJUSTED EPS VARIANCE<sup>1,2,3</sup>



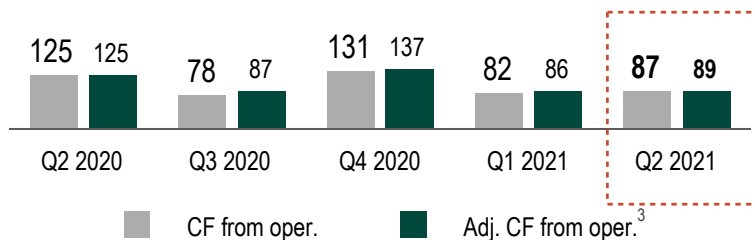
(1) After-tax variance normalized at 26% tax rate, except for Income tax variance column. (2) Please click [here](#) for supplemental information on non-IFRS measures. (3) 2021 and 2020 consolidated results have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

# QUARTERLY SEQUENTIAL ADJUSTED EPS VARIANCE<sup>1,2,3</sup>

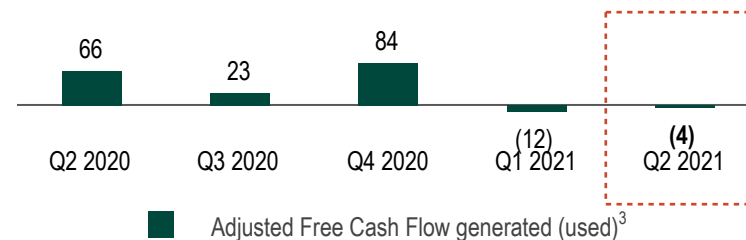


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# CASH FLOW OVERVIEW



Figures above in millions of CAN\$



Figures above in millions of CAN\$

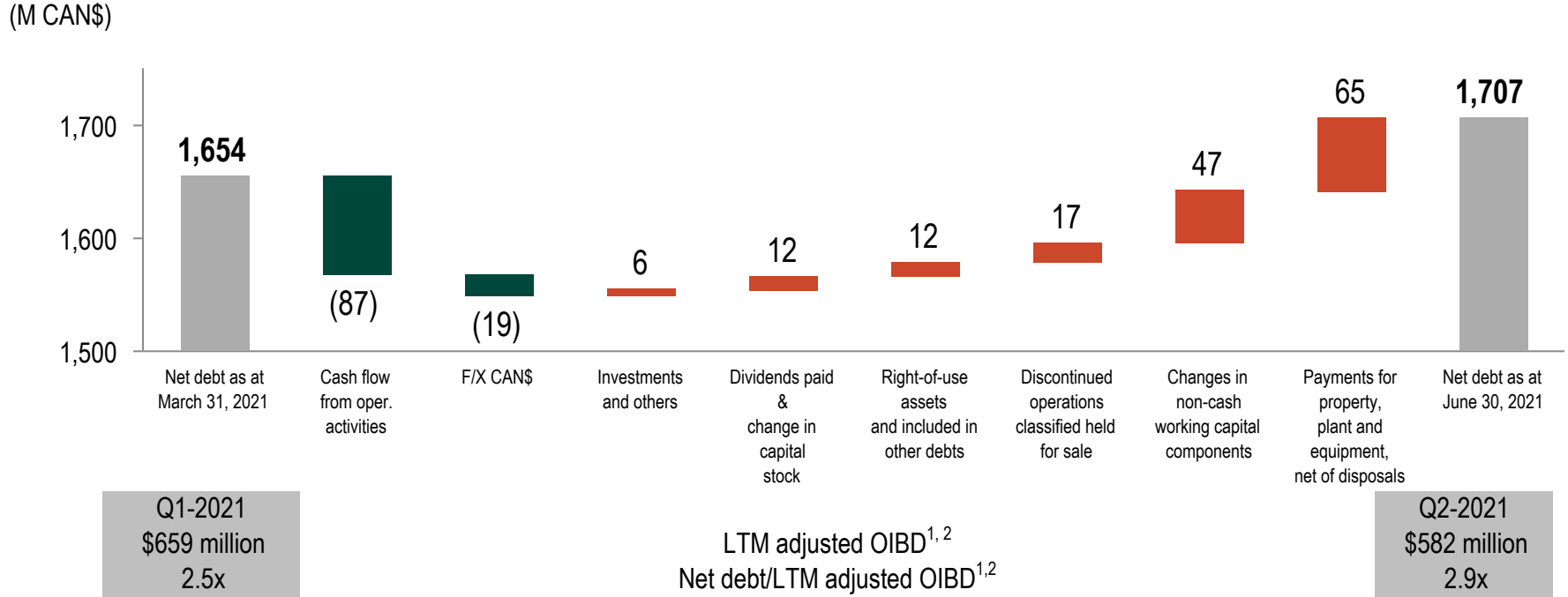
(In millions of CAN\$, except amount per share)					2019 <sup>5</sup>					2020 <sup>5</sup>	2021 <sup>5</sup>	
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2
Cash flow from operations	57	96	91	79	323	124	125	78	131	458	82	87
Specific items <sup>1</sup>	3	1	4	16	24	—	—	9	6	15	4	2
Adjusted cash flow from operations <sup>3</sup>	60	97	95	95	347	124	125	87	137	473	86	89
<i>Including: Net financing expense paid</i>	(42)	(15)	(41)	(33)	(131)	(16)	(7)	(48)	(5)	(76)	(40)	(4)
Capital expenditures & other assets <sup>2</sup> , lease obligations payments, net of disposals	(59)	(57)	(51)	(62)	(229)	(73)	(47)	(53)	(41)	(214)	(86)	(83)
Dividends <sup>4</sup>	(8)	(7)	(12)	(11)	(38)	(10)	(12)	(11)	(12)	(45)	(12)	(10)
Adjusted free cash flow <sup>3</sup>	(7)	33	32	22	80	41	66	23	84	214	(12)	(4)
Adjusted free cash flow per share <sup>3</sup>	(0.07)	\$0.35	\$0.34	\$0.23	\$0.85	\$0.44	\$0.70	\$0.24	\$0.84	\$2.23	\$(0.12)	\$(0.04)

**The YoY decrease in Adjusted Free Cash Flow driven by lower Cash Flow from Operations; Improved sequential Adjusted Free Cash Flow reflects lower financing expenses paid offsetting lower OIBD**



(1) Specific items: premiums paid on the repurchase of long-term debt and restructuring costs. (2) Excluding increase in investments. (3) Please click [here](#) for supplemental information on non-IFRS measures. (4) Paid to our shareholders and to non-controlling interests. (5) 2021, 2020 and 2019 consolidated cash flows have been adjusted to reflect retrospective adjustments of discontinued operations. Please refer to the "Discontinued Operations" section and Note 4 of the 2021 second quarter Unaudited Condensed Interim Consolidated Financial Statements for more details.

# NET DEBT<sup>1</sup> RECONCILIATION - Q2 2021



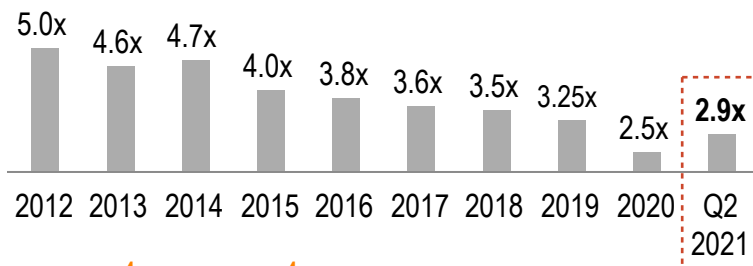
**Working capital requirements and CAPEX partially offset by Cash Flow from Operations and appreciation of the Canadian dollar; Considering expected \$461 M of net proceeds from RDM transaction, leverage ratio would be at 2.5x on a pro-forma basis**



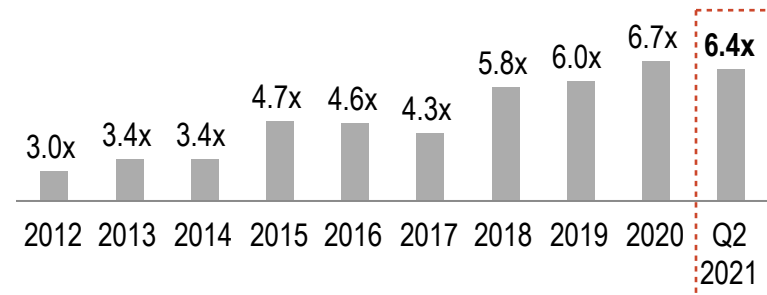
(1) Please click [here](#) for supplemental information on non-IFRS measures. (2) Not adjusted for discontinued operations.

# CONSOLIDATED FINANCIAL RATIOS & DEBT MATURITIES

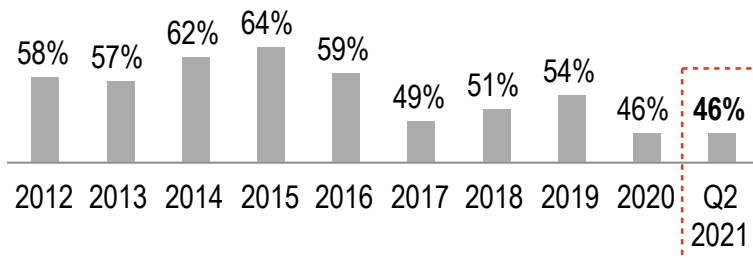
## Net Debt / Adjusted OIBD<sup>1,3,4</sup>



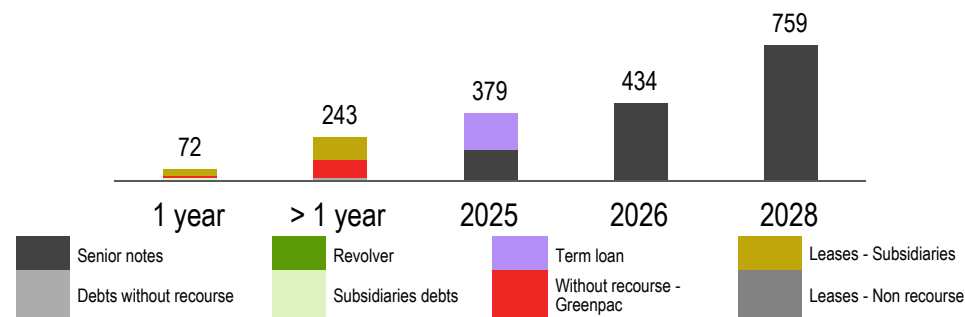
## Interest Coverage Ratio<sup>2,3,4</sup>



## Net Debt<sup>4</sup> / Net Debt<sup>4</sup> + Total Equity



## Long-Term Debt Maturities (as at June 30, 2021)



**Leverage ratio of 2.9x at the end of Q2 2021, up from the end of 2020**



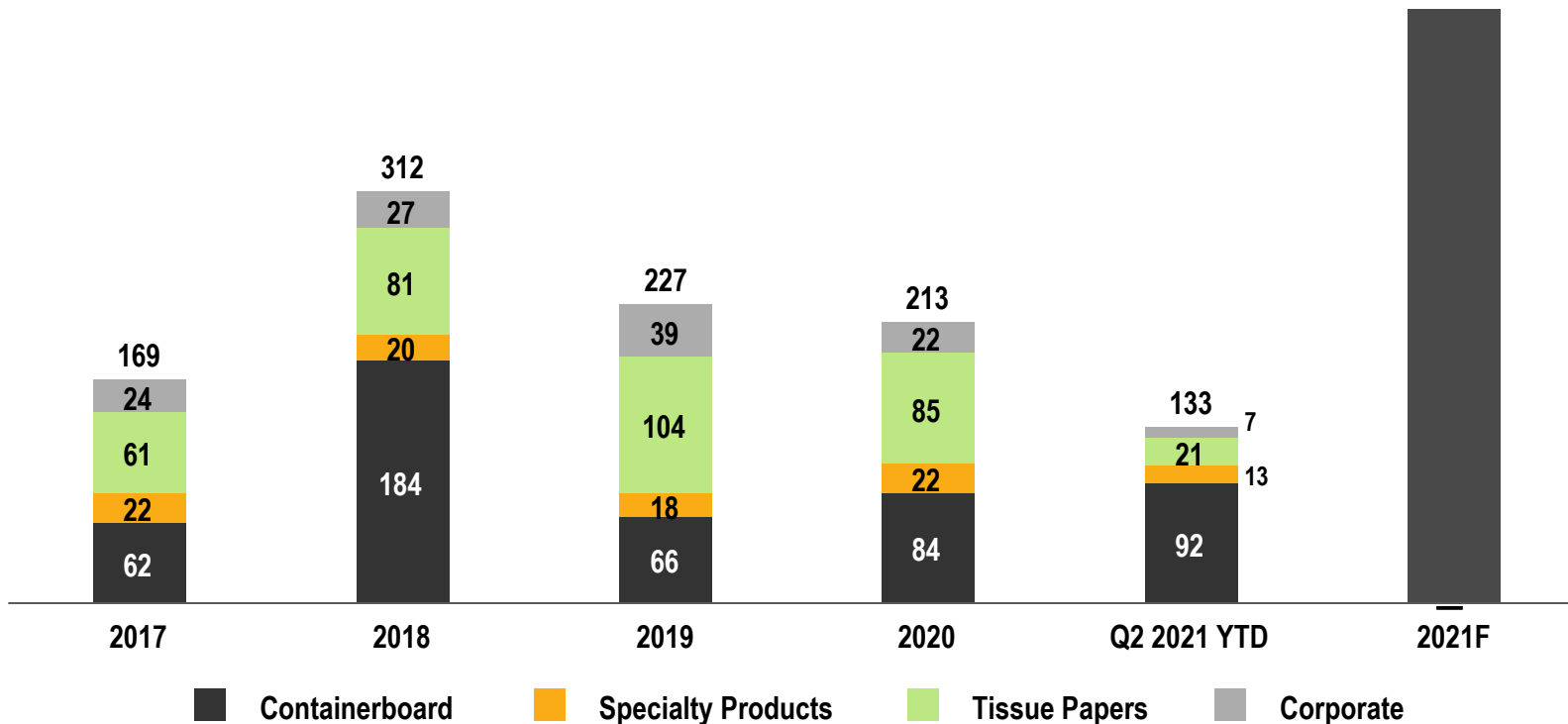
Bank debt financial covenant ratios: Net funded debt to capitalization < 65% (currently at 46.51%), interest coverage ratio > 2.25x (currently at 5.33x).

(1) Please click [here](#) for supplemental information on non-IFRS measures. (2) Adjusted OIBD to financing expense. (3) Pro-forma up to 2018 to include business acquisitions on a LTM basis, if applicable. (4) Not adjusted for discontinued operations.

# CAPITAL INVESTMENTS

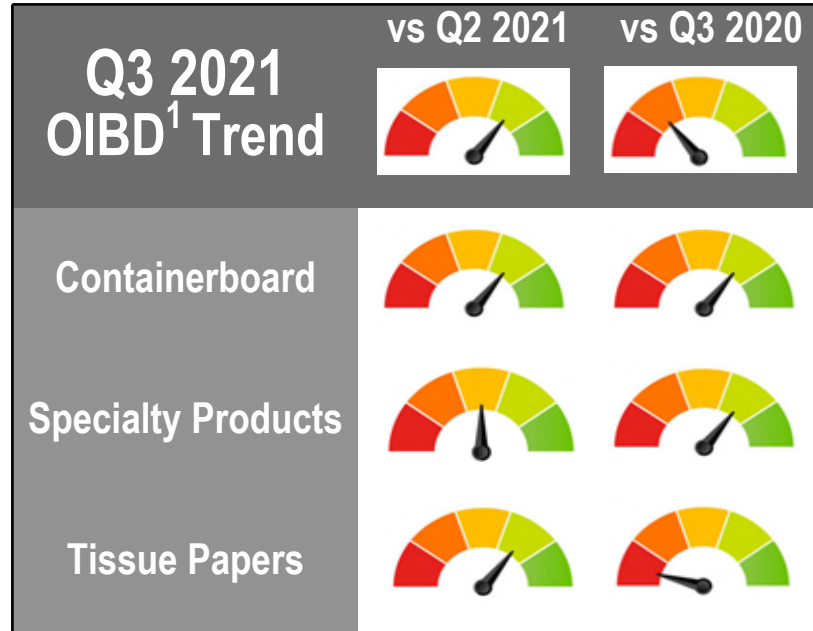
(in millions of Canadian dollars, excluding value of leases)

**2021F CAPEX: \$400 - \$425 M<sup>1</sup>**  
 includes ~\$250 M for Bear Island conversion



(1) Amount is subject to change depending on business and/or economic conditions.

# NEAR TERM FACTORS



- **North American operations:** positive impact from margin improvement initiatives YoY and QoQ
- **Raw materials:** expect higher raw material prices both YoY and sequentially in Q3 for all business segments
- **Production costs:** anticipate continued upward trend QoQ and YoY driven by inflationary pressures for all business segments
- **Containerboard:** expect continued strong demand levels in addition to favourable impact on selling price QoQ and YoY as industry price increases are implemented
- **Specialty Products:** good volume and selling price trends support YoY results; stable results QoQ
- **Tissue:** Q3 volume trends expected to improve QoQ but remain below elevated levels in prior year related to Covid-19

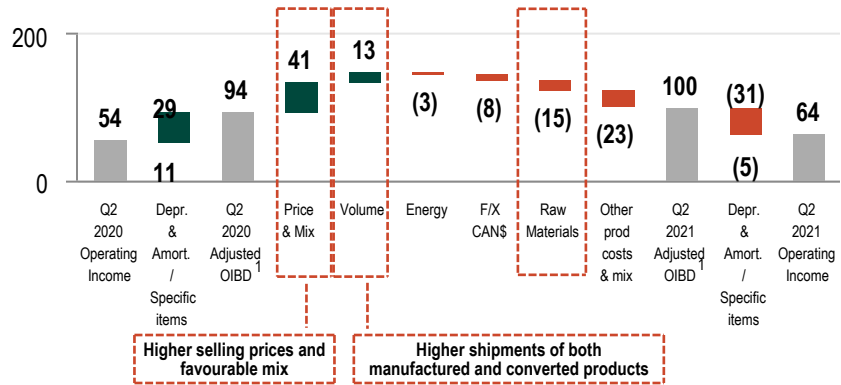


(1) Please click [here](#) for supplemental information on non-IFRS measures.

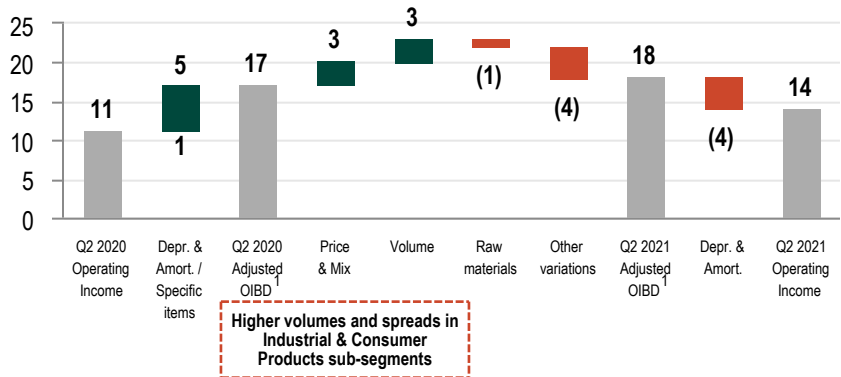


# SEGMENTED YoY OPERATING INCOME WATERFALLS

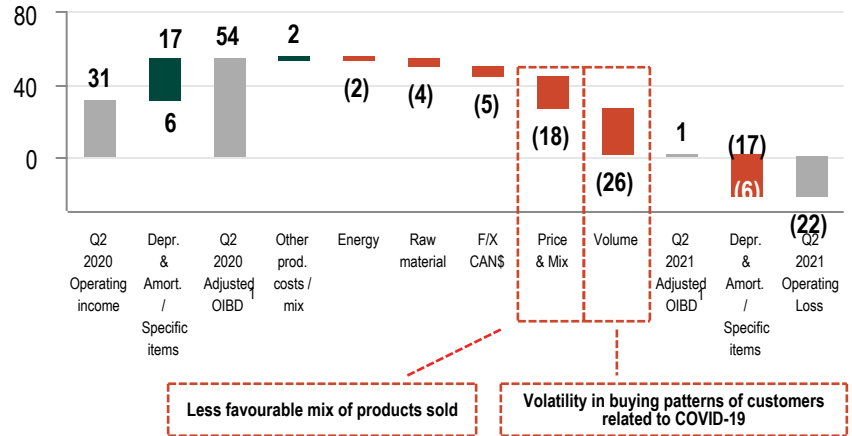
## Containerboard (millions of CAN\$)



## Specialty Products (millions of CAN\$)



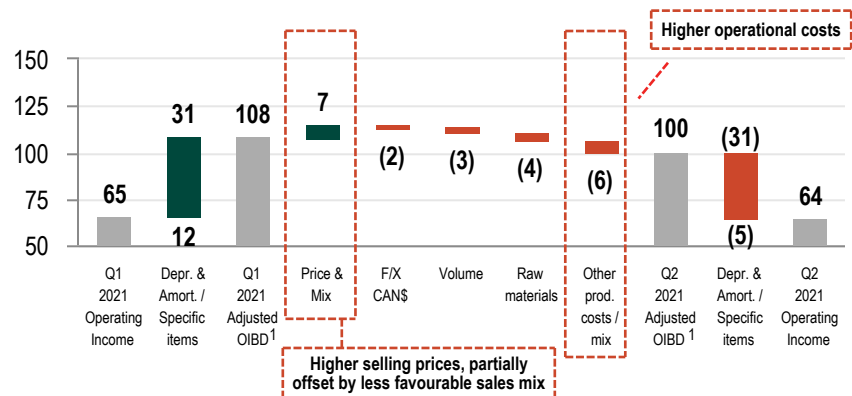
## Tissue Papers (millions of CAN\$)



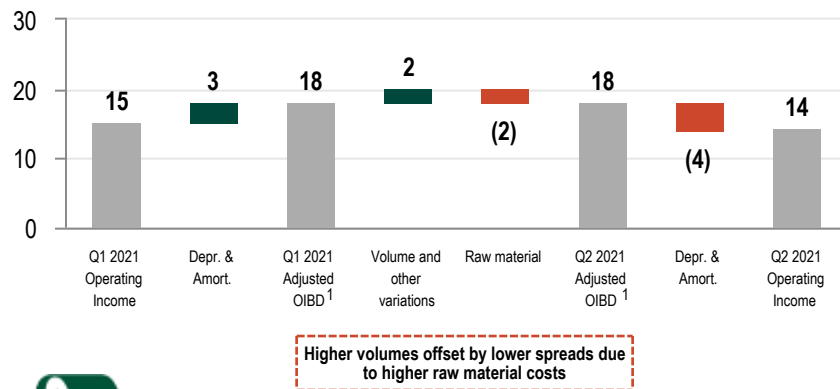
(1) Please click [here](#) for supplemental information on non-IFRS measures.

# SEGMENTED SEQUENTIAL OPERATING INCOME (LOSS) WATERFALLS

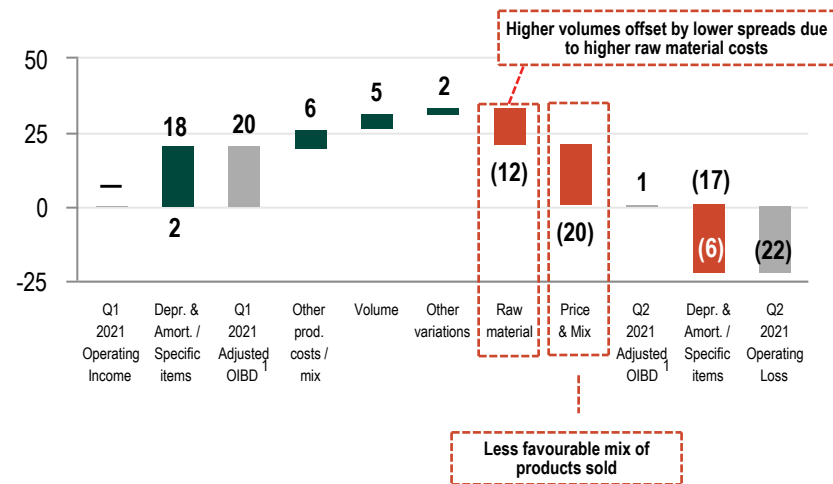
## Containerboard (millions of CAN\$)



## Specialty Products (millions of CAN\$)

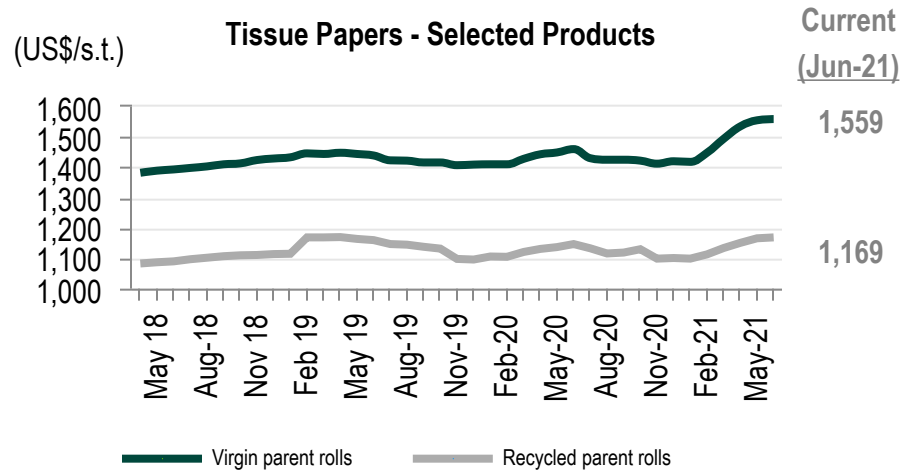
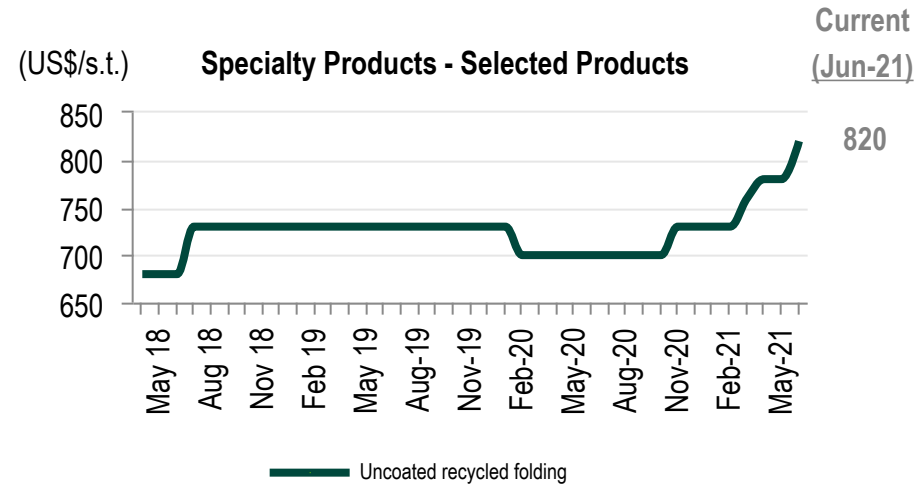
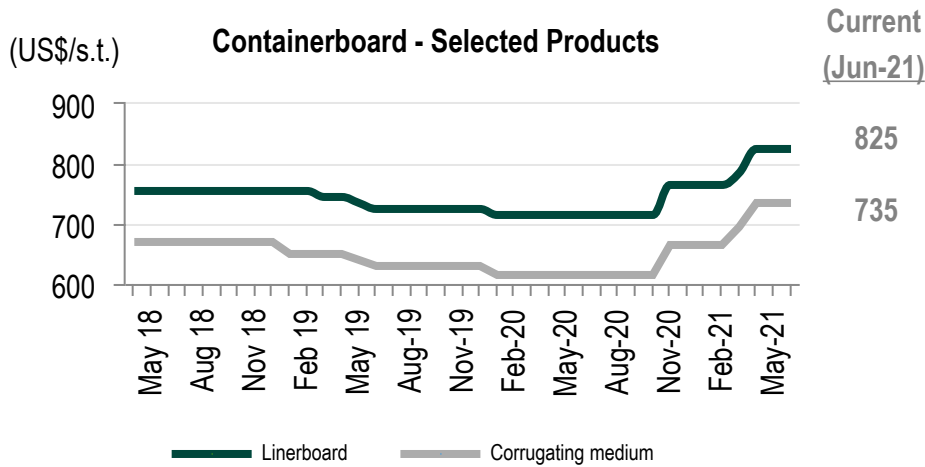


## Tissue Papers (millions of CAN\$)



(1) Please click [here](#) for supplemental information on non-IFRS measures.

# SELECTED REFERENCE PRICES



# SELECTED REFERENCE PRICES AND FIBRE COSTS

	2019					2020					2021		Q2 2021 vs Q2 2020		Q2 2021 vs Q1 2021		
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	(units)	(%)	(units)	(%)	
These indexes should only be used as an indicator of trends and they may be different than our actual selling prices or purchasing costs.																	
<b>Selling prices (average)</b>																	
<b>PACKAGING PRODUCTS</b>																	
<b>Containerboard (US\$/short ton)</b>																	
Linerboard 42-lb. unbleached kraft, Eastern US (open market)	752	735	725	725	734	715	715	715	748	723	772	825	110	15%	53	7%	
Corrugating medium 26-lb. semichemical, Eastern US (open market)	650	640	630	630	638	615	615	615	648	623	675	735	120	20%	60	9%	
<b>Specialty Products (US\$/short ton)</b>																	
Uncoated recycled boxboard - 20-pt. bending chip (series B)	730	730	730	730	730	710	700	700	720	708	740	793	93	13%	53	7%	
<b>TISSUE PAPERS (US\$/short ton)</b>																	
Parent rolls, recycled fibres (transaction)	1,151	1,164	1,143	1,109	1,142	1,111	1,138	1,123	1,110	1,120	1,115	1,159	21	2%	44	4%	
Parent rolls, virgin fibres (transaction)	1,441	1,444	1,420	1,411	1,429	1,416	1,450	1,427	1,418	1,428	1,453	1,545	95	7%	92	6%	
<b>Raw material (average)</b>																	
<b>RECYCLED PAPER</b>																	
<b>North America (US\$/short ton)</b>																	
Sorted residential papers, No. 56 (SRP - Northeast average)	24	16	10	8	15	8	18	30	30	21	31	50	32	178%	19	61%	
Old corrugated containers, No. 11 (OCC - Northeast average)	61	40	33	30	41	36	94	58	65	63	71	87	(7)	(7%)	16	23%	
Sorted office papers, No. 37 (SOP - Northeast average)	183	140	101	88	128	89	160	109	80	109	94	117	(43)	(27%)	23	24%	
<b>VIRGIN PULP (US\$/metric ton)</b>																	
Northern bleached softwood kraft, Canada	1,380	1,292	1,170	1,115	1,239	1,127	1,158	1,140	1,138	1,141	1,302	1,598	440	38%	296	23%	
Bleached hardwood kraft, mixed, Canada/US	1,180	1,100	970	893	1,036	890	897	875	868	883	1,037	1,297	400	45%	260	25%	

Sources: RISI





***Cascades***

**Source of possibilities**

**For more information:**

[www.cascades.com/investors](http://www.cascades.com/investors)

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