

RESOLUTE FOREST PRODUCTS Q2 2018 RESULTS



AUGUST 2, 2018

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

Statements in this presentation that are not reported financial results or other historical information of Resolute Forest Products Inc. (with its subsidiaries and affiliates, “we,” “our,” “us” or the company”) are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. They include, for example, statements made in the Outlook slide of this presentation and statements relating to our: efforts and initiatives to reduce costs and increase revenues and profitability; business and operating outlook; assessment of market conditions; growth strategies and prospects, and the growth potential of the company and the industry in which we operate; liquidity; future cash flows; and strategies for achieving our goals generally. Forward-looking statements may be identified by the use of forward-looking terminology such as the words “should,” “would,” “could,” “will,” “may,” “expect,” “believe,” “anticipate,” “attempt,” “project” and other terms with similar meaning indicating possible future events or potential impact on our business or our shareholders.

The reader is cautioned not to place undue reliance on these forward-looking statements, which are not guarantees of future performance. These statements are based on management's current assumptions, beliefs and expectations, all of which involve a number of business risks and uncertainties that could cause actual results to differ materially. The potential risks and uncertainties that could cause the company's actual future financial condition, results of operations and performance to differ materially from those expressed or implied in this presentation include, but are not limited to, the impact of: developments in non-print media, and the effectiveness of our responses to these developments; intense competition in the forest products industry; any inability to offer products certified to globally recognized forestry management and chain of custody standards; any inability to successfully implement our strategies to increase our earnings power; the possible failure to successfully integrate acquired businesses with ours or to realize the anticipated benefits of acquisitions, such as Atlas Paper Holdings, Inc. and its subsidiaries, or divestitures or other strategic transactions or projects, such as our Calhoun (Tennessee) tissue operations; uncertainty or changes in political or economic conditions in the United States, Canada or other countries in which we sell our products; global economic conditions; the highly cyclical nature of the forest products industry; any difficulties in obtaining timber or wood fiber at favorable prices, or at all; changes in the cost of purchased energy and other raw materials; physical and financial risks associated with global, regional and local weather conditions, and climate change; any disruption in operations or increased labor costs due to labor disputes; difficulties in our employee relations or retention; disruptions to our supply chain, operations or the delivery of our products; cybersecurity risks; risks related to the operation and transition of legacy system applications; negative publicity, even if unjustified; currency fluctuations; any increase in the level of required contributions to our pension plans, including as a result of any increase in the amount by which they are underfunded; our ability to maintain adequate capital resources to provide for all of our substantial capital requirements; the terms of our outstanding indebtedness, which could restrict our current and future operations; losses that are not covered by insurance; any additional closure costs and long-lived asset or goodwill impairment or accelerated depreciation charges; any need to record additional valuation allowances against our recorded deferred income tax assets; our exports from one country to another country becoming or remaining subject to duties, cash deposit requirements, border taxes, quotas or other trade remedies or restrictions; countervailing or anti-dumping duties on imports to the U.S. of most of our paper products and substantially all of our softwood lumber products produced at our Canadian mills; any failure to comply with laws or regulations generally; any additional environmental or health and safety liabilities; any violation of trade laws, export controls or other laws relating to our international sales and operations; adverse outcomes of legal proceedings or disputes in which we are involved; the actions of holders of a significant percentage of our common stock; and the potential risks and uncertainties described under the heading “Risk Factors” in Part I, Item 1A of the company's annual report on Form 10-K for the year ended December 31, 2017.

All forward-looking statements in this presentation are expressly qualified by the cautionary statements contained or referred to above and in the company's other filings with the U.S. Securities and Exchange Commission and the Canadian securities regulatory authorities. The company disclaims any obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

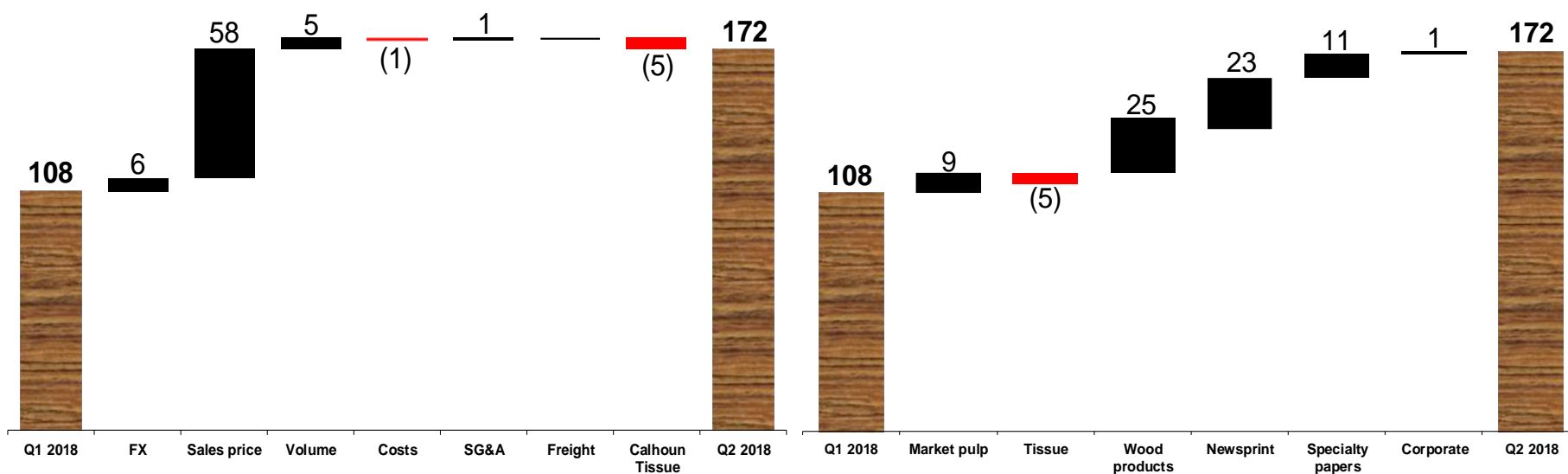
Q2 2018 FINANCIAL HIGHLIGHTS

- Q2 GAAP net income of \$72 million or \$0.77 per diluted share
 - Q2 net income of \$66 million or \$0.71 per diluted share excluding special items
- Adjusted EBITDA of \$172 million, up 59% from first quarter
- Debt repayment of \$105 million; liquidity at \$517 million
- Supercalendered paper cash duty deposits of \$60 million to be returned with interest

Adjusted EBITDA and Liquidity are non-GAAP financial measures. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.

Q2 2018 OVERVIEW

Adjusted EBITDA : Q2'18 vs. Q1'18

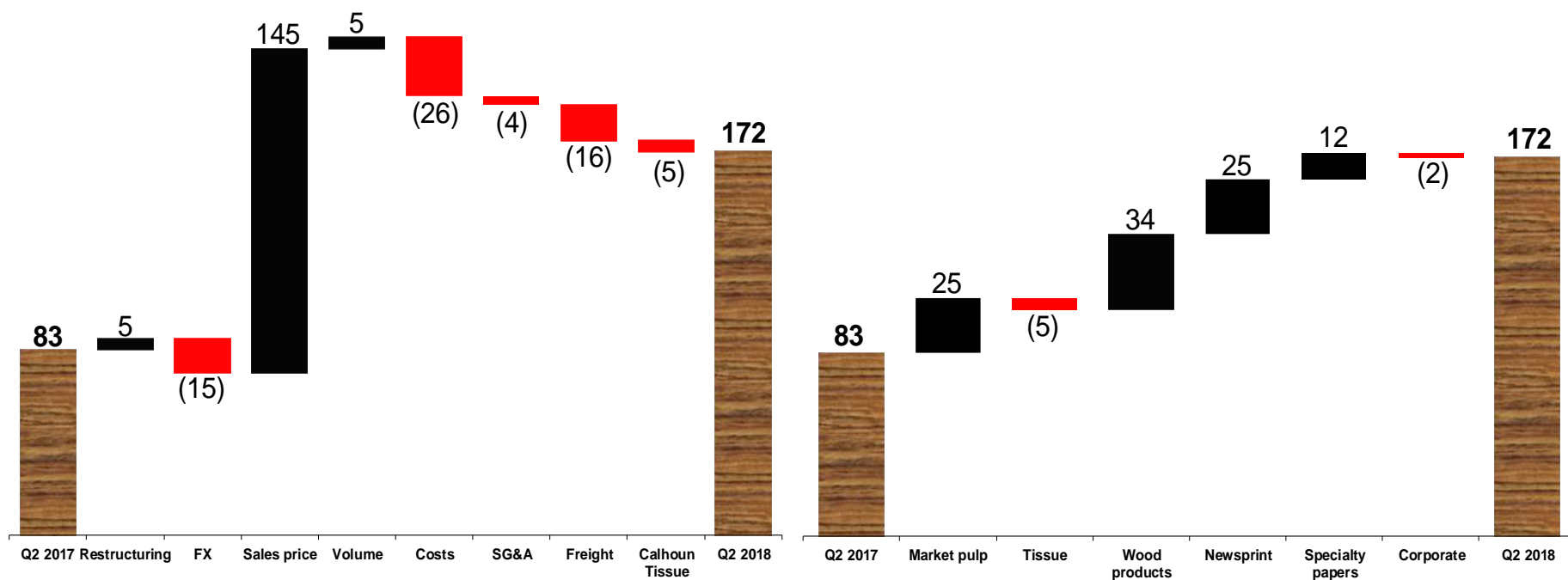


- Higher selling prices across all segments
- Freight rate pressures persisted in Q2
- Calhoun's tissue operations included in tissue segment starting in Q2

Adjusted EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures

Q2 2018 OVERVIEW

Adjusted EBITDA : Q2'18 vs. Q2'17

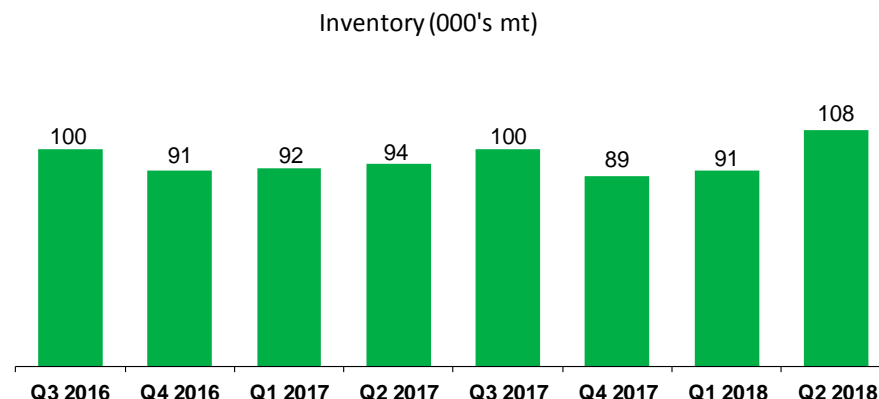
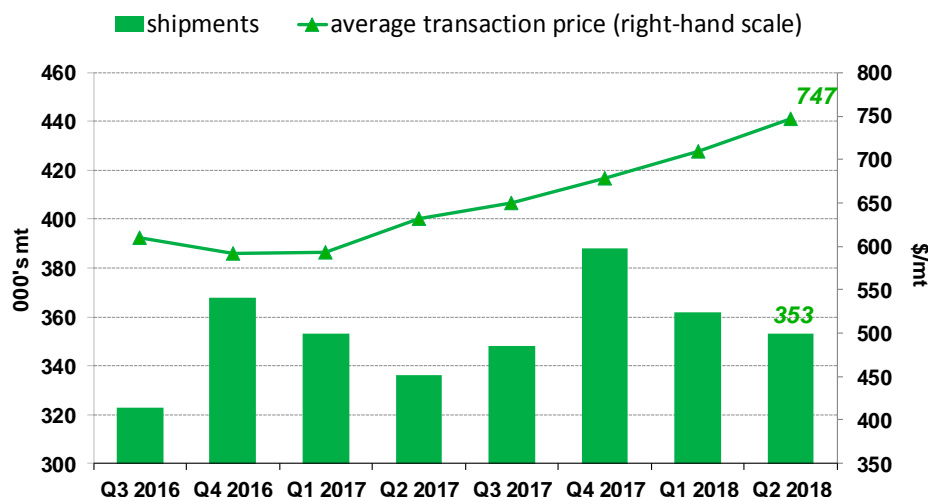


- Restructuring: elimination of fixed costs due to capacity closures in paper segments
- Higher selling prices: wood ↑ 33%; pulp ↑ 18%; newsprint ↑ 15%; specialty ↑ 8% vs Q2 2017
- Costs: higher market-related fiber costs / Timing of scheduled outages
- Freight: ↑ 15% (\$10mm due to rate ↑)

MARKET PULP

(US\$mm)	Q2 2018	Q1 2018
Sales	264	257
Operating income	41	33
EBITDA ¹	49	40
Shipments (000's mt)	353	362

- Global chemical pulp shipments ↑ 3% in Q2 vs. 2017
 - China ↑ 12%; Western Europe ↑ 3%; North America ↓ 5%;
 - ↑ 3% for softwood and hardwood
- Q2 Transaction price ↑ \$37/mt vs. Q1; ↑ \$154/mt since beginning of 2017
- Q2 Shipments ↓ 9k mt vs. Q1
- Q2 Cash cost² ↑ \$10/mt vs. Q1
- Inventory build for strategic project at Saint-Félicien



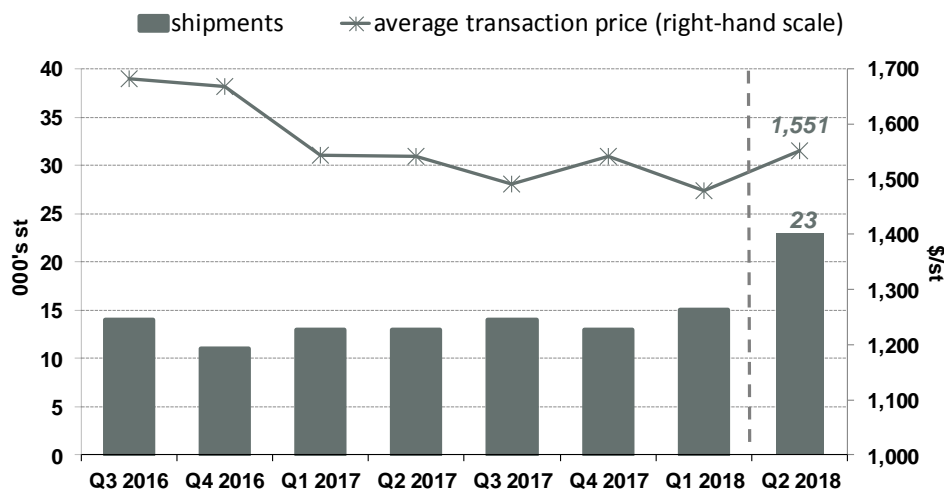
1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.

2. The "all-in" cash cost is the total cost, excluding depreciation and amortization, of each ton shipped (cost of sales, distribution costs, and selling, general and administrative expenses).

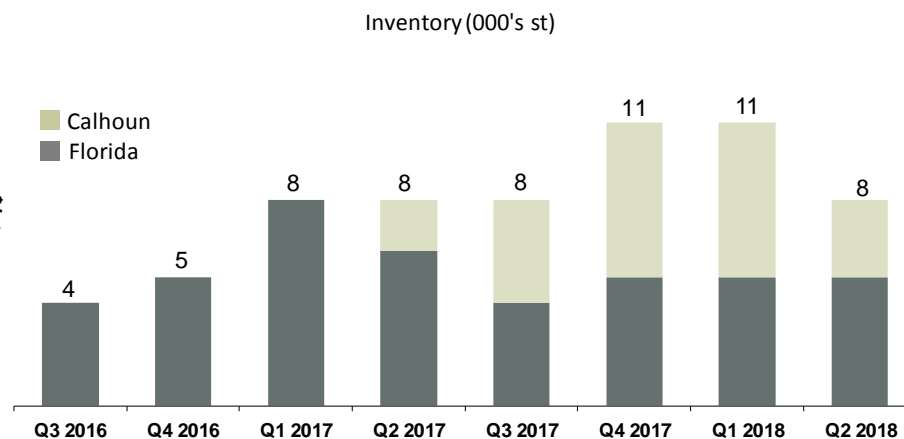
TISSUE – Q2 2018 INCLUDES CALHOUN FOR FIRST TIME

(US\$mm)	Q2 2018	Q1 2018
Sales	35	22
Operating loss	(10)	(1)
EBITDA ¹	(5)	-
Shipments (000's st)	23	15

- U.S. consumption ↑ 1.6% vs. 2017
 - Away-from-home shipments ↑ 2.7%
 - At-home shipments ↑ 1.4%
- Including Calhoun's Q1 results:
 - Q2 tissue sales ↑ 5% vs. Q1
 - Q2 converted product shipments ↑ 20% vs. Q1



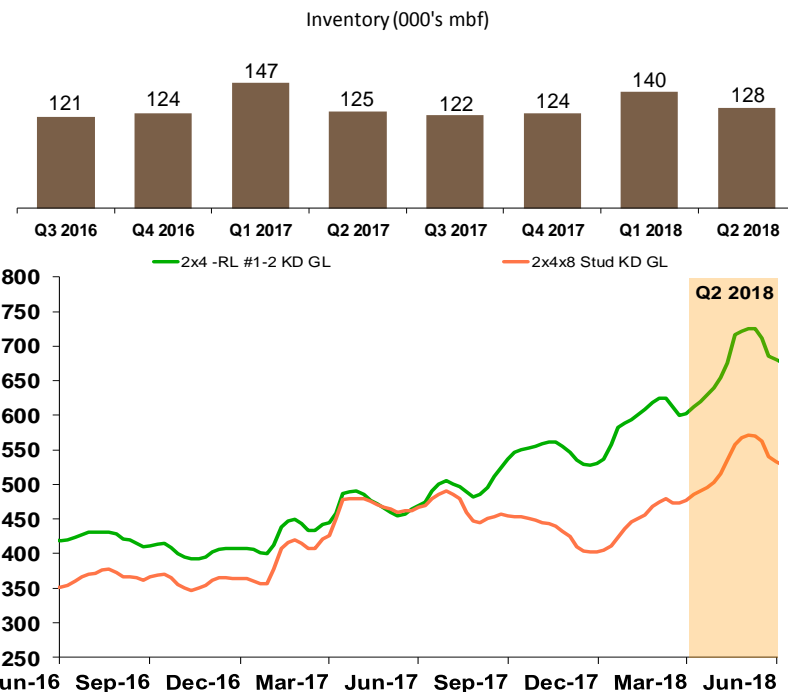
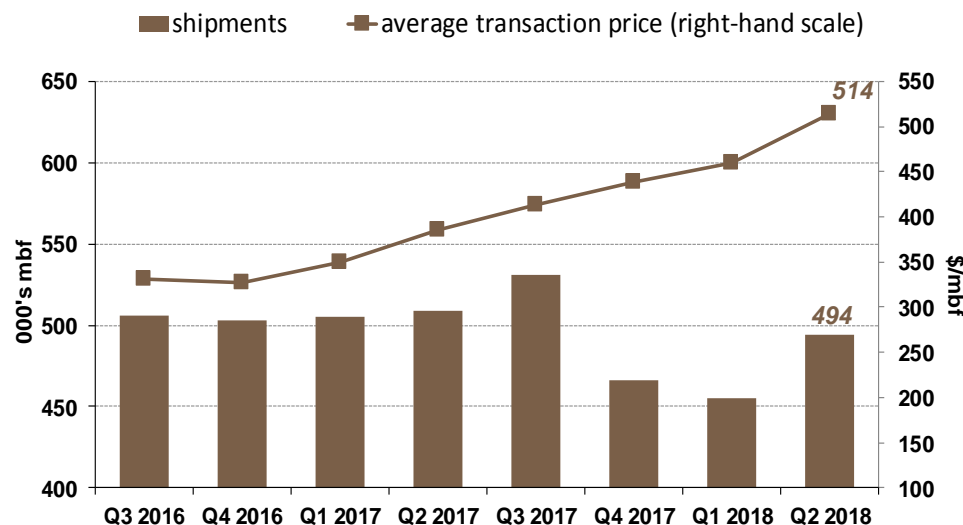
1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.



WOOD PRODUCTS

(US\$mm)	Q2 2018	Q1 2018
Sales	254	209
Operating income	79	53
EBITDA ¹	86	61
Shipments (mmbf)	494	455

- Q2 SAAR² for U.S. housing starts ↓ 4% vs. Q1; ↑ 7% vs. Q2 2017
 - Multi-family starts ↓ 16%, single-family housing starts unchanged vs. Q1
- Q2 Transaction price ↑ \$55/mbf vs. Q1; ↑ \$128/mbf vs. Q2 2017
- Q2 Shipments ↑ 39 mmbf vs. Q1
- Q2 Cash cost ↑ \$15/mbf vs. Q1

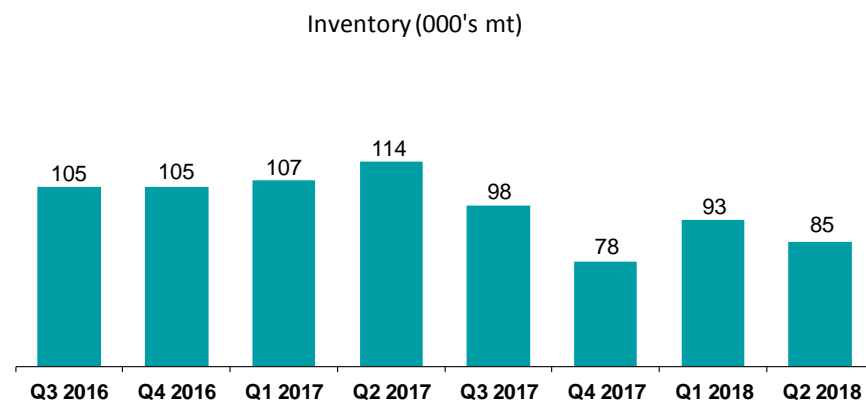
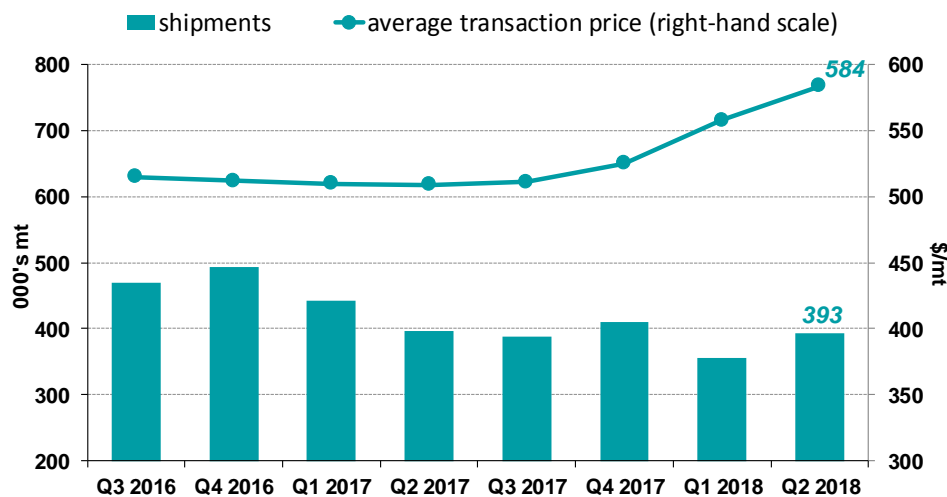


- EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
- Seasonally adjusted annual rate.

NEWSPRINT

(US\$mm)	Q2 2018	Q1 2018
Sales	230	198
Operating income (loss)	18	(4)
EBITDA ¹	35	12
Shipments (000's mt)	393	355

- North America:
 - Demand ↓ 8% vs. 2017; publishers ↓ 9%
 - Production ↓ 6% vs. 2017
 - Shipment-to-capacity ratio of 96%
- World demand ↓ 9% vs. 2017
- Q2 Transaction price ↑ \$26/mt vs. Q1
 - ↑ \$75/mt vs. Q2 2017
- Q2 Shipments ↑ 38k mt vs. Q1
- Q2 Cash cost ↓ \$28/mt vs. Q1

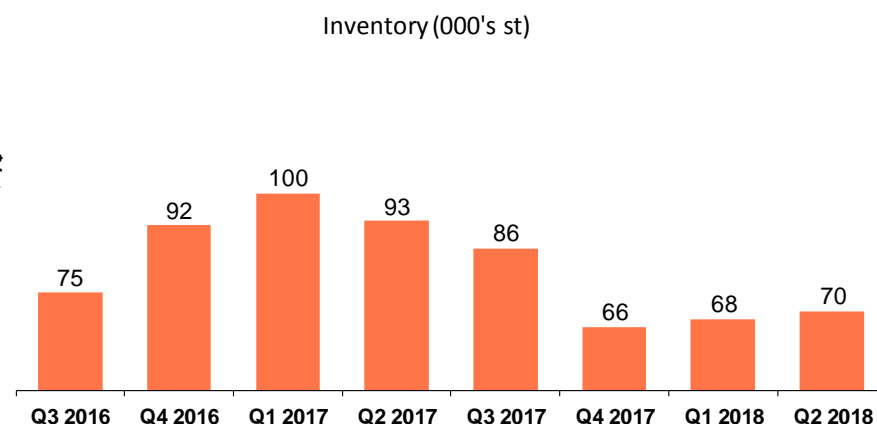
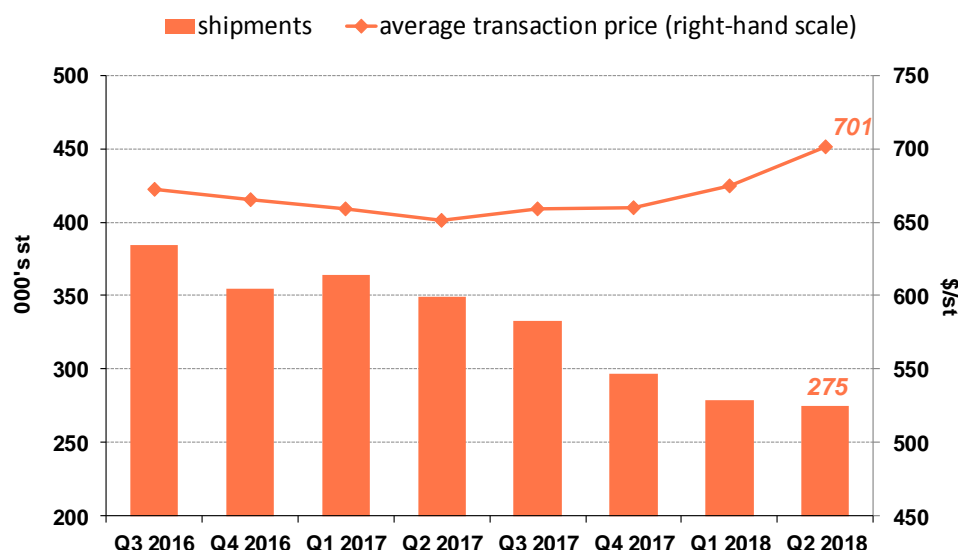


1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.

SPECIALTY PAPERS

(US\$mm)	Q2 2018	Q1 2018
Sales	193	188
Operating income (loss)	4	(7)
EBITDA ¹	16	5
Shipments (000's st)	275	279

- North American demand ↓ 4% in uncoated mechanical grades in Q2 vs. 2017
 - Standard papers ↓ 10%; SC² ↑ 2%
 - Shipment-to-capacity ratio of 91%
- North American coated mechanical grades:
 - Demand ↓ 5%; Production ↓ 16%
 - Shipment-to-capacity ratio of 94%
- Q2 Transaction price ↑ \$26/st vs. Q1
- Q2 Shipments ↓ 4k st vs. Q1
- Q2 Cash cost ↓ \$13/st vs. Q1



- EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
- Supercalendered.

TRADE DUTIES

Duty	Duty Cash Deposits (US\$mm)			Current Duty Rate		Status
	Date Started	Estimated Annual ¹	Cumulative as of 6/30/2018	RFP	Average ²	
Softwood Lumber CVD ³	4/28/17	65	50	14.70%	14.19%	Chapter 19 NAFTA / WTO ⁴ recourses
Softwood Lumber ADD ⁵	6/30/17	15	17	3.20%	6.04%	Chapter 19 NAFTA / WTO recourses
Supercalendered Paper CVD	8/3/15	N/A	60	N/A	N/A	CVD order revoked on 7/6/18; \$60mm previously paid will be returned with interest in the coming months
Uncoated Groundwood Paper CVD	1/16/18	20	6	4.42% ⁶	6.53%	Preliminary rate remained in effect until 5/16/18; Final rate and injury determination expected in September
Uncoated Groundwood Paper ADD	3/19/18	0	0	0% ⁶	22.16%	Final rate and injury determination expected in September
Total		100	133			

1. Based on our current operating parameters and duty rates for full 12 months.
2. Average of companies subject to duty.
3. Countervailing duty.
4. North American Free Trade Agreement / World Trade Organization.
5. Anti-dumping duty.
6. Preliminary rate.

P&L

Selected financial information

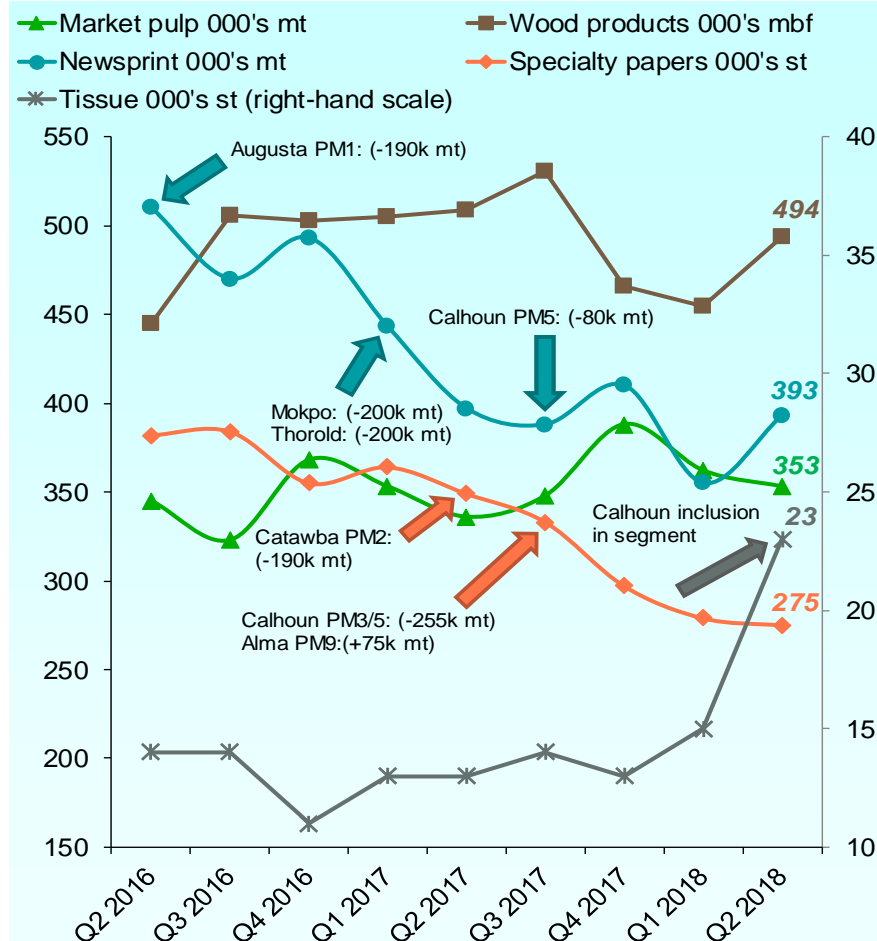
Q2 2018 ¹	vs Q1 2018	vs Q2 2017
Net income ² \$66mm	+\$49mm	+\$69mm
Sales \$976mm	+12%	+14%
EPS ² \$0.71	+\$0.53	+\$0.74
Adjusted EBITDA ³ \$172mm	+59%	+107%

Special items affecting net income (pre-tax)

Q2 2018

- \$12mm non-operating pension and OPEB⁴ credits
- \$4mm net gain on disposition of assets

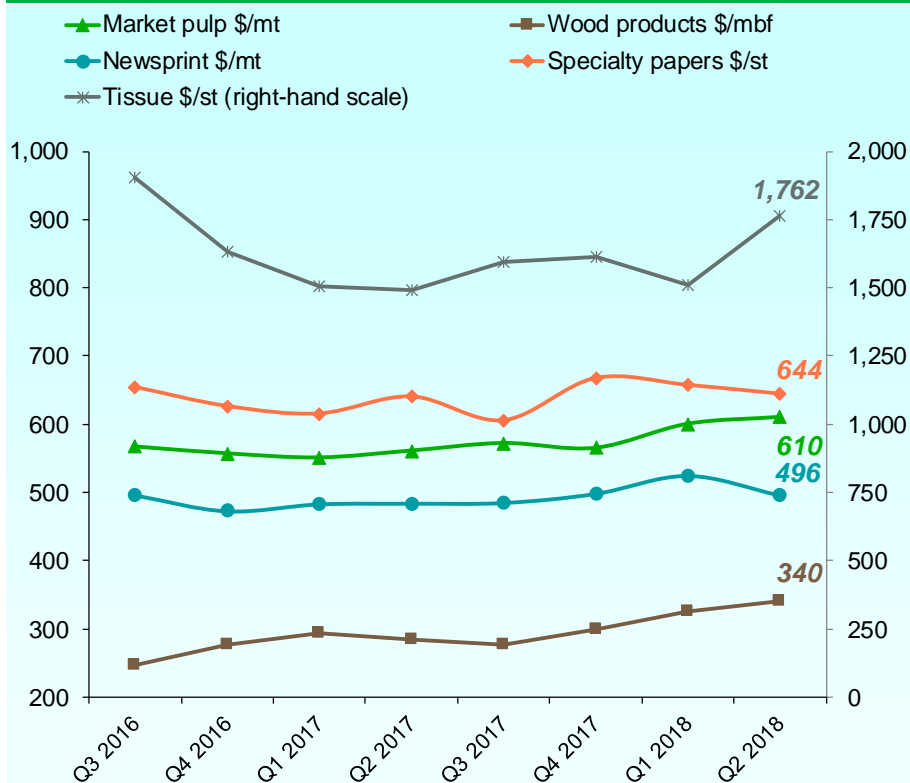
Shipments



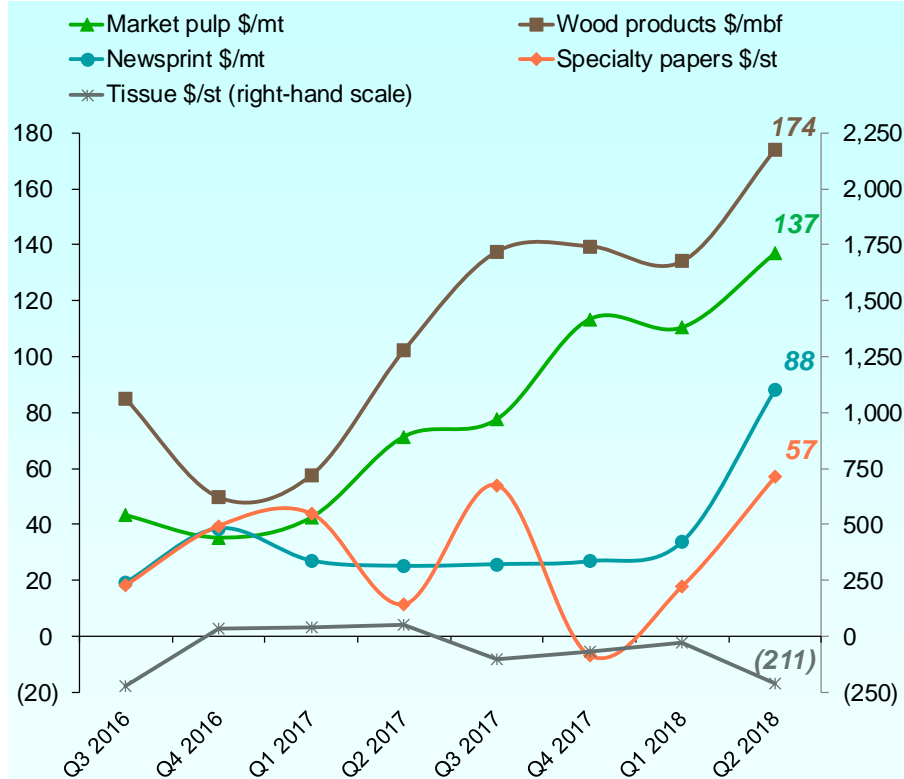
1. The operating results of our Calhoun (Tennessee) tissue operations have been recorded in our tissue segment since April 1, 2018.
2. Excluding special items. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
3. Adjusted EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
4. Other postretirement benefit.

PERFORMANCE METRICS

« All-in » cash cost



EBITDA per unit¹



**EBITDA¹
contribution from
cogen
(US\$mm)**

Q3'16

9

Q4'16

10

Q1'17

13

Q2'17

9

Q3'17

9

Q4'17

9

Q1'18

12

Q2'18

11

1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.

LIQUIDITY AND CASH FLOW

- Q2 net cash provided by operations of \$158mm
- Debt repayments of \$105mm in Q2
- Liquidity of \$517mm
- Net debt to capital ratio ↓ from 32% to 28% in Q2
- Net debt to adjusted LTM¹ EBITDA² ratio ↓ to 1.3 in Q2
- \$150mm of capital expenditures expected in 2018
- Cumulative duty deposits of \$133mm

(US\$mm)	Q2 2018	vs Q1 2018	vs Q2 2017
Cash	6	-7	-38
Working capital ³	604	-22	+24
Total debt	675	-104	-165
Interest	11	-2	-1

Available liquidity (US\$mm)	2018		2017				2016	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total debt	675	779	789	832	840	881	762	727
Cash on hand	6	13	6	38	44	39	35	55
Available under revolving credit facilities	511	439	412	362	370	341	433	465

1. Last twelve months.

2. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.

3. Excludes \$60mm of supercalendered paper cash countervailing duty deposits reclassified to current assets in Q2 2018.

PENSION

- Net pension & OPEB liability ↓ \$54 million in Q2
 - Ongoing pension contributions and favorable foreign currency impact

(US\$mm)	Q2'2018	2017	2016
Net pension liabilities	989	1,097	1,123
OPEB liabilities	164	172	172
Net pension and OPEB liabilities	1,153	1,269	1,295
U.S. GAAP discount rate at 12/31 ¹	N/A	3.6%	3.8%

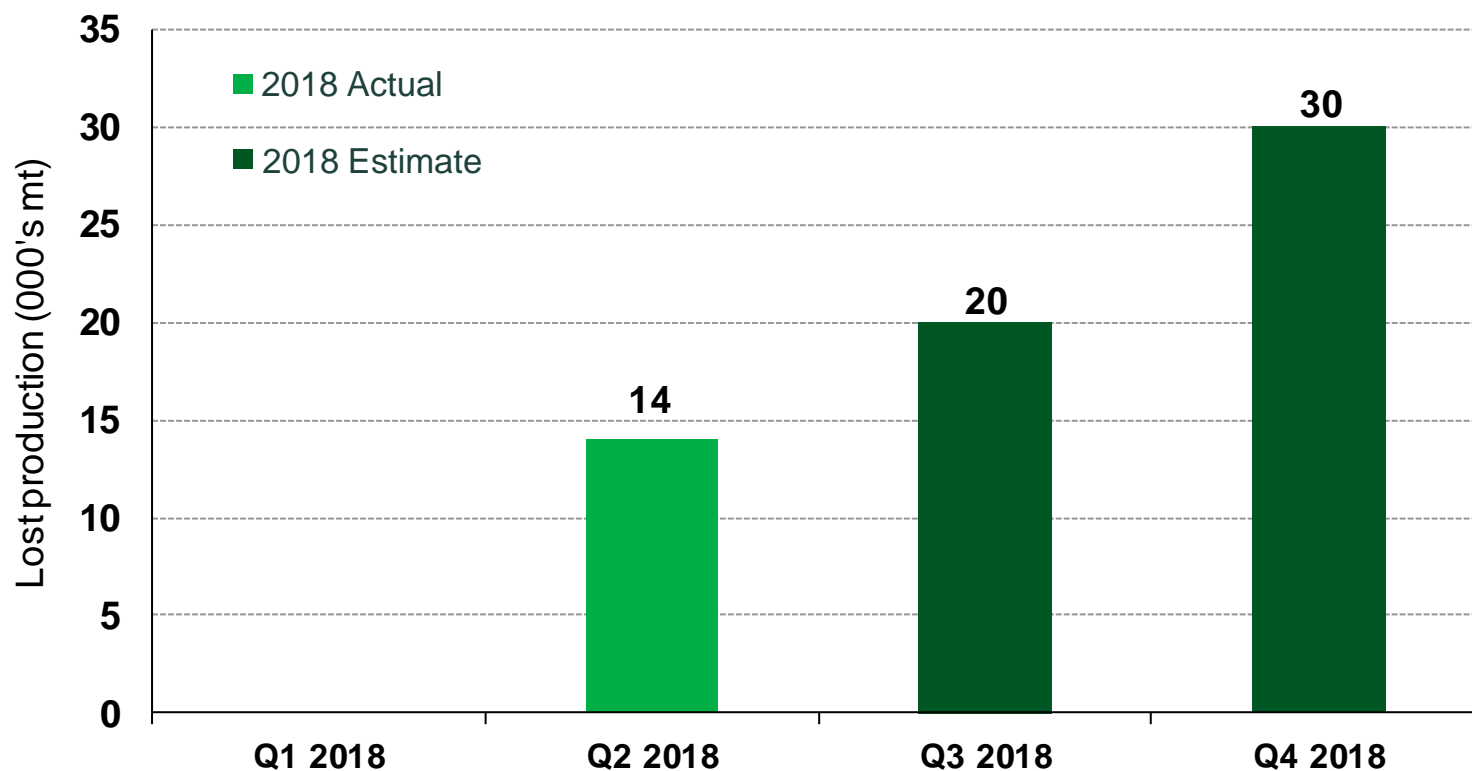
(US\$mm)	2018E	Q2'2018	2017	2016
Pension contributions ²	125	29	132	162
OPEB payments	15	4	11	13
Operating pension and OPEB costs	40	10	41	42
Non-op. pension and OPEB (credits)/costs ³	(55)	(12)	(7)	8
Total pension and OPEB (credits)/costs	(15)	(2)	34	50

1. Pension plans.

2. Includes defined benefit and defined contribution plans.

3. Excluded from adjusted EBITDA.

2018 SCHEDULED MARKET PULP OUTAGES¹



1. Includes the outage related to the strategic capital expenditures at Saint-Félicien in Q3 and Q4.

OUTLOOK

Market Pulp

- Optimistic through Q3 given sustained strength in demand
- Further publicly reported price increases in July and August
- 35-day outage for investment at Saint-Félicien will decrease production in Q3-Q4; by end of 2019, annual capacity will increase by 27k mt

Tissue

- Focus is on improving overall productivity to support growing sales volume
- Costs expected to remain challenged until a sustained level of daily targeted production is achieved
- Price increases to be implemented on away-from-home products

Wood Products

- Underlying market fundamentals will support healthy operating results in the medium term, as housing starts continue their gradual recovery

Paper

- Reduced industry capacity has created a favorable market balance; solid Q3 expected
- Publicly reported price increases in Q3 for all coated, uncoated mechanical, and uncoated freesheet papers
- Making steady progress in the specialty paper operations optimization

APPENDIX A



RESOLUTE FOREST PRODUCTS INC.
RECONCILIATION OF OPERATING INCOME AND NET INCOME ADJUSTED FOR SPECIAL ITEMS

A reconciliation of our operating income, net income and net income per share reported before special items is presented in the tables below. See Note 1 to the Reconciliations of Non-GAAP Measures regarding our use of non-GAAP measures contained in our August 2, 2018, press release available on our website.

Three months ended June 30, 2018 (unaudited, in millions, except per share amounts)	Operating income (loss)	Net income (loss)	EPS
GAAP, as reported	\$ 121	\$ 72	\$ 0.77
Adjustments for special items:			
Foreign exchange loss	-	1	0.01
Closure costs, impairment and other related charges	1	1	0.01
Net gain on disposition of assets	(4)	(4)	(0.04)
Non-operating pension and OPEB credits	-	(12)	(0.13)
Other expense, net	-	2	0.02
Income tax effect of special items	-	6	0.07
Adjusted for special items	\$ 118	\$ 66	\$ 0.71
Three months ended June 30, 2017 (unaudited, in millions, except per share amounts)	Operating income (loss)	Net income (loss)	EPS
GAAP, as reported	\$ (48)	\$ (74)	\$ (0.82)
Adjustments for special items:			
Foreign exchange gain	-	(3)	(0.03)
Closure costs, impairment and other related charges	65	65	0.72
Inventory write-downs related to closures	9	9	0.10
Start-up costs	7	7	0.08
Non-operating pension and OPEB credits	-	(1)	(0.01)
Other income, net	-	(2)	(0.02)
Income tax effect of special items	-	(4)	(0.05)
Adjusted for special items	\$ 33	\$ (3)	\$ (0.03)

Six months ended June 30, 2018 (unaudited, in millions, except per share amounts)	Operating income (loss)	Net income (loss)	EPS
GAAP, as reported	\$ 169	\$ 82	\$ 0.88
Adjustments for special items:			
Foreign exchange loss	-	2	0.02
Closure costs, impairment and other related charges	1	1	0.01
Reversal of inventory write-downs related to closures	(1)	(1)	(0.01)
Start-up costs	8	8	0.09
Net gain on disposition of assets	(4)	(4)	(0.05)
Non-operating pension and OPEB credits	-	(25)	(0.27)
Other expense, net	-	8	0.09
Income tax effect of special items	-	12	0.13
Adjusted for special items	\$ 173	\$ 83	\$ 0.89
Six months ended June 30, 2017 (unaudited, in millions, except per share amounts)	Operating income (loss)	Net income (loss)	EPS
GAAP, as reported	\$ (57)	\$ (121)	\$ (1.34)
Adjustments for special items:			
Foreign exchange gain	-	(3)	(0.03)
Closure costs, impairment and other related charges	72	72	0.80
Inventory write-downs related to closures	13	13	0.14
Start-up costs	15	15	0.16
Non-operating pension and OPEB credits	-	(4)	(0.05)
Other income, net	-	(2)	(0.02)
Income tax effect of special items	-	(3)	(0.03)
Adjusted for special items	\$ 43	\$ (33)	\$ (0.37)

RESOLUTE FOREST PRODUCTS INC.
RECONCILIATION OF EBITDA AND ADJUSTED EBITDA

A reconciliation of our net income including noncontrolling interests to EBITDA and Adjusted EBITDA is presented in the tables below. See Note 1 to the Reconciliations of Non-GAAP Measures regarding our use of the non-GAAP measures EBITDA and Adjusted EBITDA contained in our August 2, 2018, press release available on our website.

Three months ended June 30, 2018								
(unaudited, in millions)								
	Market pulp	Tissue ⁽²⁾	Wood products	Newsprint	Specialty papers	Corporate and other	Total	
Net income (loss) including noncontrolling interests	\$ 41	\$ (10)	\$ 79	\$ 18	\$ 4	\$ (60)	\$	72
Interest expense						11		11
Income tax provision						47		47
Depreciation and amortization	8	5	7	17	12	5		54
EBITDA	\$ 49	\$ (5)	\$ 86	\$ 35	\$ 16	\$ 3	\$	184
Foreign exchange loss						1		1
Closure costs, impairment and other related charges						1		1
Net gain on disposition of assets						(4)		(4)
Non-operating pension and OPEB credits						(12)		(12)
Other expense, net						2		2
Adjusted EBITDA	\$ 49	\$ (5)	\$ 86	\$ 35	\$ 16	\$ (9)	\$	172

Three months ended June 30, 2017								
(unaudited, in millions)								
	Market pulp	Tissue	Wood products	Newsprint	Specialty papers	Corporate and other	Total	
Net income (loss) including noncontrolling interests	\$ 16	\$ (1)	\$ 45	\$ (7)	\$ (7)	\$ (119)	\$	(73)
Interest expense						12		12
Income tax provision						19		19
Depreciation and amortization	8	1	7	17	11	6		50
EBITDA	\$ 24	\$ -	\$ 52	\$ 10	\$ 4	\$ (82)	\$	8
Foreign exchange gain						(3)		(3)
Closure costs, impairment and other related charges						65		65
Inventory write-downs related to closures						9		9
Start-up costs						7		7
Non-operating pension and OPEB credits						(1)		(1)
Other income, net						(2)		(2)
Adjusted EBITDA	\$ 24	\$ -	\$ 52	\$ 10	\$ 4	\$ (7)	\$	83

Six months ended June 30, 2018 (unaudited, in millions)	Market pulp	Tissue ⁽²⁾	Wood products	Newsprint	Specialty papers	Corporate and other	Total
Net income (loss) including noncontrolling interests	\$ 74	\$ (11)	\$ 132	\$ 14	\$ (3)	\$ (124)	\$ 82
Interest expense						24	24
Income tax provision						78	78
Depreciation and amortization	15	6	15	33	24	14	107
EBITDA	\$ 89	\$ (5)	\$ 147	\$ 47	\$ 21	\$ (8)	\$ 291
Foreign exchange loss						2	2
Closure costs, impairment and other related charges						1	1
Reversal of inventory write-downs related to closures						(1)	(1)
Start-up costs						8	8
Net gain on disposition of assets						(4)	(4)
Non-operating pension and OPEB credits						(25)	(25)
Other expense, net						8	8
Adjusted EBITDA	\$ 89	\$ (5)	\$ 147	\$ 47	\$ 21	\$ (19)	\$ 280

Six months ended June 30, 2017 (unaudited, in millions)	Market pulp	Tissue	Wood products	Newsprint	Specialty papers	Corporate and other	Total
Net income (loss) including noncontrolling interests	\$ 23	\$ (1)	\$ 65	\$ (11)	\$ (3)	\$ (192)	\$ (119)
Interest expense						23	23
Income tax provision						48	48
Depreciation and amortization	16	2	16	33	23	11	101
EBITDA	\$ 39	\$ 1	\$ 81	\$ 22	\$ 20	\$ (110)	\$ 53
Foreign exchange gain						(3)	(3)
Closure costs, impairment and other related charges						72	72
Inventory write-downs related to closures						13	13
Start-up costs						15	15
Non-operating pension and OPEB credits						(4)	(4)
Other income, net						(2)	(2)
Adjusted EBITDA	\$ 39	\$ 1	\$ 81	\$ 22	\$ 20	\$ (19)	\$ 144

2. The operating results of our Calhoun (Tennessee) tissue operations have been recorded in our tissue segment since April 1, 2018.

APPENDIX B



Resolute Forest Products Inc.

Financial and Operating Statistics (Page 1 of 5)

(in millions, except per share amounts and otherwise indicated)

Income Statement Data

	2017					2018				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
Sales	\$ 872	\$ 858	\$ 885	\$ 898	\$ 3,513	\$ 874	\$ 976			\$ 1,850
Operating income (loss) ⁽¹⁾	(9)	(48)	46	53	42	48	121			169
Interest expense	(11)	(12)	(13)	(13)	(49)	(13)	(11)			(24)
Net income (loss) including noncontrolling interests	(46)	(73)	26	15	(78)	10	72			82
Net income (loss) attributable to noncontrolling interests	1	1	2	2	6	-	-			-
Net income (loss) attributable to Resolute Forest Products Inc.	(47)	(74)	24	13	(84)	10	72			82
Diluted net income (loss) per share attributable to Resolute Forest Products Inc. common shareholders	\$ (0.52)	\$ (0.82)	\$ 0.26	\$ 0.14	\$ (0.93)	\$ 0.11	\$ 0.77			\$ 0.88
Dividends declared per common share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			\$ -
Average diluted shares outstanding (in thousands)	90,195	90,344	91,639	93,032	90,474	92,999	93,197			93,125
Ending shares outstanding (in thousands)	89,751	89,751	89,798	90,197	90,197	90,315	90,342			90,342

Financial Position

Cash and cash equivalents	\$ 39	\$ 44	\$ 38	\$ 6	\$ 6	\$ 13	\$ 6			\$ 6
Working capital ⁽²⁾	630	580	608	618	618	626	664			664
Fixed assets, net	1,866	1,779	1,737	1,716	1,716	1,684	1,669			1,669
Total assets	4,335	4,171	4,232	4,147	4,147	4,122	4,025			4,025
Current portion of long-term debt	1	1	-	1	1	1	1			1
Long-term debt, net of current portion	880	839	832	788	788	778	674			674
Net debt ⁽³⁾	842	796	794	783	783	766	669			669
Liquidity ⁽⁴⁾	380	414	400	418	418	452	517			517
Total Resolute Forest Products Inc. shareholders' equity	1,655	1,590	1,607	1,599	1,599	1,615	1,691			1,691
Noncontrolling interests	19	20	22	1	1	1	1			1
Total equity	1,674	1,610	1,629	1,600	1,600	1,616	1,692			1,692

Cash Flow Information

Cash flows provided by (used in) operations	\$ (39)	\$ 99	\$ 39	\$ 59	\$ 158	\$ 62	\$ 158			\$ 220
Cash invested in fixed assets	(69)	(47)	(20)	(28)	(164)	(25)	(28)			(53)
Dispositions of assets	-	-	3	18	21	-	2			2
Decrease (increase) in countervailing duty cash deposits on supercalendered paper	(5)	(7)	(5)	(5)	(22)	(5)	(6)			(11)
Decrease (increase) in countervailing and anti-dumping duty cash deposits on softwood lumber	-	(4)	(14)	(8)	(26)	(14)	(27)			(41)
Decrease (increase) in countervailing duty cash deposits on uncoated groundwood paper	-	-	-	-	-	(2)	(4)			(6)
Cash flows provided by (used in) investing activities	(75)	(54)	(39)	(24)	(192)	(46)	(63)			(109)
Net borrowings (repayments) under revolving credit facilities	118	(41)	(7)	(51)	19	(9)	(105)			(114)
Cash flows provided by (used in) financing activities	118	(41)	(8)	(66)	3	(10)	(105)			(115)

Resolute Forest Products Inc.

Financial and Operating Statistics (Page 2 of 5)

(in millions, except per unit items and otherwise indicated)

	2017					2018				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
Sales										
Market pulp	\$ 209	\$ 213	\$ 227	\$ 262	\$ 911	\$ 257	\$ 264			\$ 521
Tissue ⁽⁵⁾	20	20	21	20	81	22	35			57
Wood products	177	197	219	204	797	209	254			463
Newsprint	226	201	199	216	842	198	230			428
Specialty papers	240	227	219	196	882	188	193			381
Total sales	\$ 872	\$ 858	\$ 885	\$ 898	\$ 3,513	\$ 874	\$ 976			\$ 1,850
Shipments to Third Parties (thousands of units)										
Market pulp (mt)	353	336	348	388	1,425	362	353			715
Tissue (st) ⁽⁵⁾	13	13	14	13	53	15	23			38
Wood products (mbf)	505	509	531	466	2,011	455	494			949
Newsprint (mt)	443	397	388	410	1,638	355	393			748
Specialty papers (st)	364	349	333	297	1,343	279	275			554
Average Transaction Price per Unit										
Market pulp (\$/mt)	\$ 593	\$ 632	\$ 650	\$ 678	\$ 639	\$ 710	\$ 747			\$ 728
Tissue (\$/st) ⁽⁵⁾	1,543	1,541	1,492	1,542	1,529	1,480	1,551			1,523
Wood products (\$/mbf)	350	386	413	438	396	459	514			488
Newsprint (\$/mt)	510	509	511	525	514	558	584			571
Specialty papers (\$/st)	659	651	659	660	657	675	701			688

Resolute Forest Products Inc.

Financial and Operating Statistics (Page 3 of 5)

(in millions, except per unit items and otherwise indicated)

Operating Income (Loss)

	2017					2018				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
Market pulp	\$ 7	\$ 16	\$ 19	\$ 37	\$ 79	\$ 33	\$ 41			\$ 74
Tissue ⁽⁵⁾	-	(1)	(3)	(2)	(6)	(1)	(10)			(11)
Wood products	20	45	64	57	186	53	79			132
Newsprint	(4)	(7)	(6)	(6)	(23)	(4)	18			14
Specialty papers	4	(7)	7	(13)	(9)	(7)	4			(3)
Corporate and other ⁽¹⁾	(36)	(94)	(35)	(20)	(185)	(26)	(11)			(37)
Total operating income (loss) ⁽¹⁾	\$ (9)	\$ (48)	\$ 46	\$ 53	\$ 42	\$ 48	\$ 121			\$ 169

Selling, General and Administrative Expenses

Market pulp	\$ 8	\$ 8	\$ 9	\$ 7	\$ 32	\$ 9	\$ 9			\$ 18
Tissue ⁽⁵⁾	2	1	2	1	6	1	3			4
Wood products	6	7	7	6	26	7	8			15
Newsprint	10	8	10	10	38	9	9			18
Specialty papers	7	6	7	7	27	7	6			13
Corporate and other ⁽¹⁾	9	7	8	17	41	10	7			17
Total selling, general and administrative expenses ⁽¹⁾	\$ 42	\$ 37	\$ 43	\$ 48	\$ 170	\$ 43	\$ 42			\$ 85

Operating Cost per Unit

Market pulp (\$/mt)	\$ 575	\$ 583	\$ 595	\$ 583	\$ 584	\$ 619	\$ 631			\$ 625
Tissue (\$/st) ⁽⁵⁾	1,592	1,579	1,700	1,697	1,642	1,585	1,973			1,822
Wood products (\$/mbf)	310	299	291	318	304	342	355			349
Newsprint (\$/mt)	519	525	526	540	528	568	538			552
Specialty papers (\$/st)	647	673	639	703	664	698	688			693

Operating Cost per Unit, Excluding Depreciation and Amortization

Market pulp (\$/mt)	\$ 551	\$ 561	\$ 572	\$ 565	\$ 562	\$ 600	\$ 610			\$ 604
Tissue (\$/st) ⁽⁵⁾	1,504	1,489	1,593	1,614	1,550	1,508	1,762			1,662
Wood products (\$/mbf)	293	284	276	299	287	325	340			333
Newsprint (\$/mt)	483	484	485	498	488	524	496			508
Specialty papers (\$/st)	615	640	605	667	630	657	644			650

Product Inventory (thousands of units)

Market pulp (mt)	92	94	100	89	89	91	108			108
Tissue (st) ⁽⁵⁾	8	8	8	11	11	11	8			8
Wood products (mbf)	147	125	122	124	124	140	128			128
Newsprint (mt)	107	114	98	78	78	93	85			85
Specialty papers (st)	100	93	86	66	66	68	70			70

Resolute Forest Products Inc.
Financial and Operating Statistics (Page 4 of 5)

	2017					2018				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
(in millions)										
Net Income (Loss) Including Noncontrolling Interests										
Market pulp	\$ 7	\$ 16	\$ 19	\$ 37	\$ 79	\$ 33	\$ 41			\$ 74
Tissue ⁽⁵⁾	-	(1)	(3)	(2)	(6)	(1)	(10)			(11)
Wood products	20	45	64	57	186	53	79			132
Newsprint	(4)	(7)	(6)	(6)	(23)	(4)	18			14
Specialty papers	4	(7)	7	(13)	(9)	(7)	4			(3)
Corporate and other	(73)	(119)	(55)	(58)	(305)	(64)	(60)			(124)
Total net income (loss) including noncontrolling interests	\$ (46)	\$ (73)	\$ 26	\$ 15	\$ (78)	\$ 10	\$ 72			\$ 82
Interest Expense	\$ 11	\$ 12	\$ 13	\$ 13	\$ 49	\$ 13	\$ 11			\$ 24
Income Tax Provision (Benefit)	\$ 29	\$ 19	\$ 15	\$ 21	\$ 84	\$ 31	\$ 47			\$ 78
Depreciation and Amortization										
Market pulp	\$ 8	\$ 8	\$ 8	\$ 7	\$ 31	\$ 7	\$ 8			\$ 15
Tissue ⁽⁵⁾	1	1	2	1	5	1	5			6
Wood products	9	7	9	8	33	8	7			15
Newsprint	16	17	16	17	66	16	17			33
Specialty papers	12	11	11	11	45	12	12			24
Corporate and other	5	6	6	7	24	9	5			14
Total depreciation and amortization	\$ 51	\$ 50	\$ 52	\$ 51	\$ 204	\$ 53	\$ 54			\$ 107
EBITDA ⁽⁶⁾										
Market pulp	\$ 15	\$ 24	\$ 27	\$ 44	\$ 110	\$ 40	\$ 49			\$ 89
Tissue ⁽⁵⁾	1	-	(1)	(1)	(1)	-	(5)			(5)
Wood products	29	52	73	65	219	61	86			147
Newsprint	12	10	10	11	43	12	35			47
Specialty papers	16	4	18	(2)	36	5	16			21
Corporate and other	(28)	(82)	(21)	(17)	(148)	(11)	3			(8)
Total EBITDA	\$ 45	\$ 8	\$ 106	\$ 100	\$ 259	\$ 107	\$ 184			\$ 291
Special Items ⁽⁶⁾										
Foreign exchange (gain) loss	\$ -	\$ (3)	\$ (7)	\$ 1	\$ (9)	\$ 1	\$ 1			\$ 2
Closure costs, impairment and other related charges ⁽¹⁾	7	65	8	2	82	-	1			1
(Reversal of) inventory write-downs related to closures	4	9	11	-	24	(1)	-			(1)
Net (gain) loss on disposition of assets	-	-	(2)	(13)	(15)	-	(4)			(4)
Non-operating pension and OPEB costs (credits) ⁽¹⁾	(3)	(1)	(2)	(1)	(7)	(13)	(12)			(25)
Start-up costs	8	7	3	9	27	8	-			8
Other (income) expense, net	-	(2)	1	4	3	6	2			8
Total special items	\$ 16	\$ 75	\$ 12	\$ 2	\$ 105	\$ 1	\$ (12)			\$ (11)
Adjusted EBITDA ⁽⁶⁾										
Market pulp	\$ 15	\$ 24	\$ 27	\$ 44	\$ 110	\$ 40	\$ 49			\$ 89
Tissue ⁽⁵⁾	1	-	(1)	(1)	(1)	-	(5)			(5)
Wood products	29	52	73	65	219	61	86			147
Newsprint	12	10	10	11	43	12	35			47
Specialty papers	16	4	18	(2)	36	5	16			21
Corporate and other	(12)	(7)	(9)	(15)	(43)	(10)	(9)			(19)
Total adjusted EBITDA	\$ 61	\$ 83	\$ 118	\$ 102	\$ 364	\$ 108	\$ 172			\$ 280

Notes

¹ In March 2017, the FASB issued ASU 2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," which requires employers that present a measure of operating income in their statements of earnings to disaggregate and present only the service cost component of net periodic pension cost and net periodic OPEB cost in operating expenses (together with other employee compensation costs arising during the period). The other components of the net periodic pension cost and net periodic OPEB cost (or "Non-operating pension and OPEB costs") are reported separately outside any subtotal of operating income. This update is effective retrospectively for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We adopted this ASU on January 1, 2018.

² We define working capital as current assets less current liabilities excluding cash and cash equivalents and debt.

³ We define net debt as total debt less cash and cash equivalents.

⁴ We define liquidity as cash and cash equivalents and availability under our credit facilities.

⁵ The operating results of our Calhoun (Tennessee) tissue operations, previously recorded under corporate and other, have been recorded in our tissue segment since April 1, 2018.

⁶ EBITDA by reportable segment is calculated as net income (loss) including noncontrolling interests from the consolidated statements of operations, allocated to each of our reportable segments (market pulp, tissue, wood products, newsprint and specialty papers) in accordance with FASB ASC 290, "Segment Reporting," adjusted for depreciation and amortization. EBITDA for corporate and other is calculated as net income (loss) including noncontrolling interests from the consolidated statements of operations, after the allocation to reportable segments, adjusted for interest expense, income taxes, and depreciation and amortization.

Adjusted EBITDA means EBITDA, excluding special items, such as foreign exchange gains and losses, closure costs, impairment and other related charges, inventory write-downs related to closures, start-up costs, gains and losses on disposition of assets, non-operating pension and OPEB costs and credits and other charges or credits. Special items are allocated to corporate and other.

We believe that using these non-GAAP measures is useful because they are consistent with the indicators management uses internally to measure the Company's performance, and it allows the reader to more easily compare our ongoing operations and financial performance from period to period. EBITDA and adjusted EBITDA are internal measures, and therefore may not be comparable to those of other companies. These non-GAAP measures should not be viewed as substitutes to financial measures determined under GAAP in our consolidated statements of operations in our filings with the SEC.

RESOLUTE FOREST PRODUCTS Q2 2018 RESULTS



AUGUST 2, 2018