

# RESOLUTE FOREST PRODUCTS Q3 2018 RESULTS



NOVEMBER 1, 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.

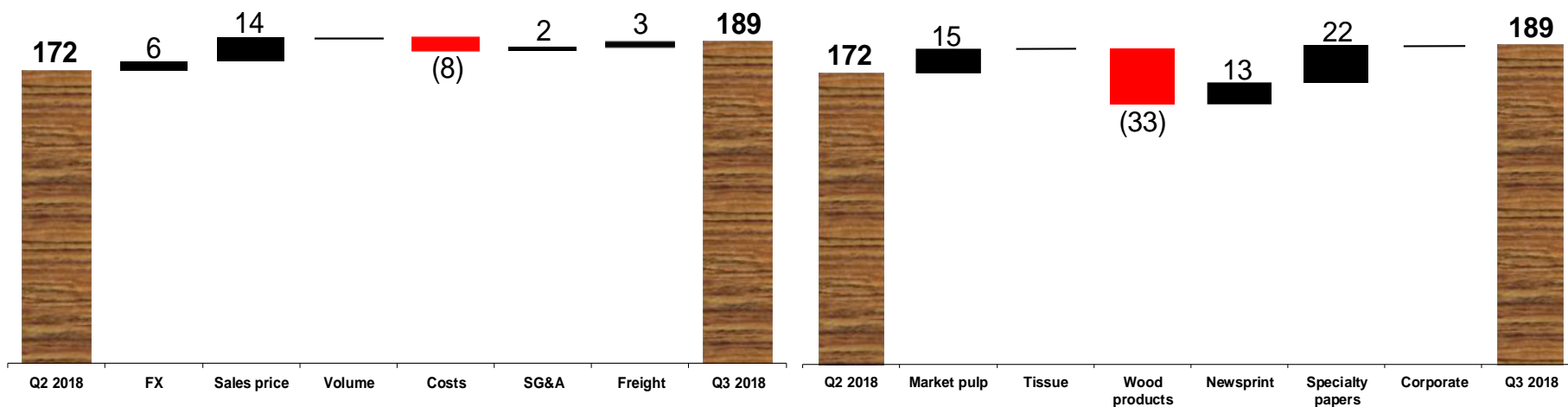
# Q3 2018 FINANCIAL HIGHLIGHTS

- Q3 GAAP net income of \$117 million or \$1.25 per diluted share
  - Q3 net income of \$96 million or \$1.03 per diluted share, excluding special items
- Adjusted EBITDA of \$189 million
- Net debt to trailing 12 month adjusted EBITDA drops to 1.0; liquidity at \$654 million
- Completion of the sale of Fairmont for \$62 million
- Special dividend of \$1.50 per share



# Q3 2018 OVERVIEW

## Adjusted EBITDA : Q3'18 vs. Q2'18

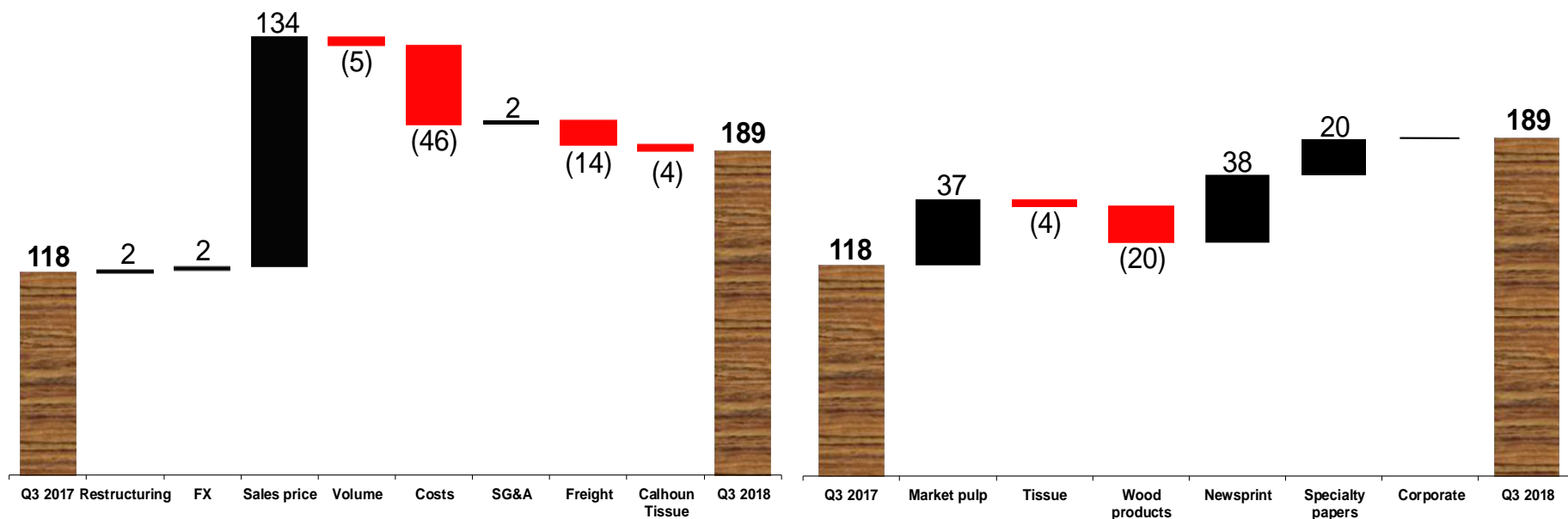


- Higher pricing and improved productivity in our pulp and paper operations
- Weaker lumber markets in Q3
- Increase in market-related fiber costs

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

# Q3 2018 OVERVIEW

## Adjusted EBITDA : Q3'18 vs. Q3'17



- Higher selling prices: newsprint ↑ 23%; pulp ↑ 21%; specialty papers ↑ 12%; wood ↑ 11% vs Q3 2017
- Costs: higher market-related fiber costs / maintenance outages
- Freight: ↑ 13% (primarily due to ↑ rate)

# ASSET DIVESTITURES

## Catawba facility:

- Agreement to sell for about \$300 million
- Expected to close around year-end
- Excluding Catawba: LTM<sup>1</sup> EBITDA<sup>2</sup> would have been reduced by \$35 million

## Fairmont mill:

- Sale will be completed for total proceeds of about \$62 million
- Excluding Fairmont: LTM<sup>1</sup> EBITDA<sup>2</sup> would have been higher by \$5 million
- Enables optimization of production at Menominee

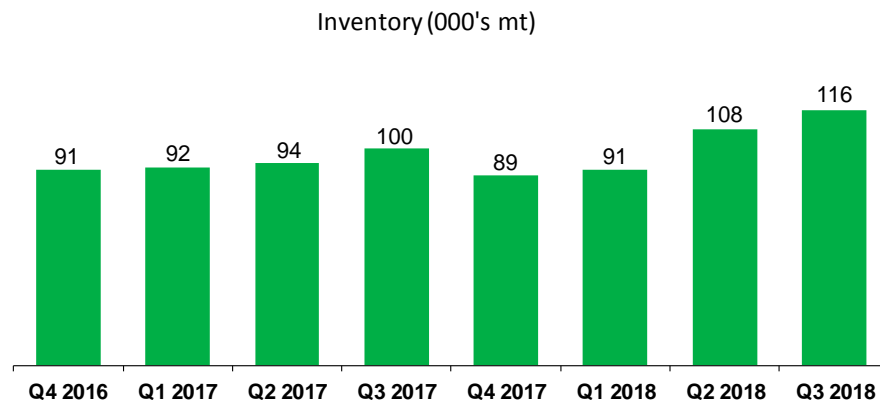
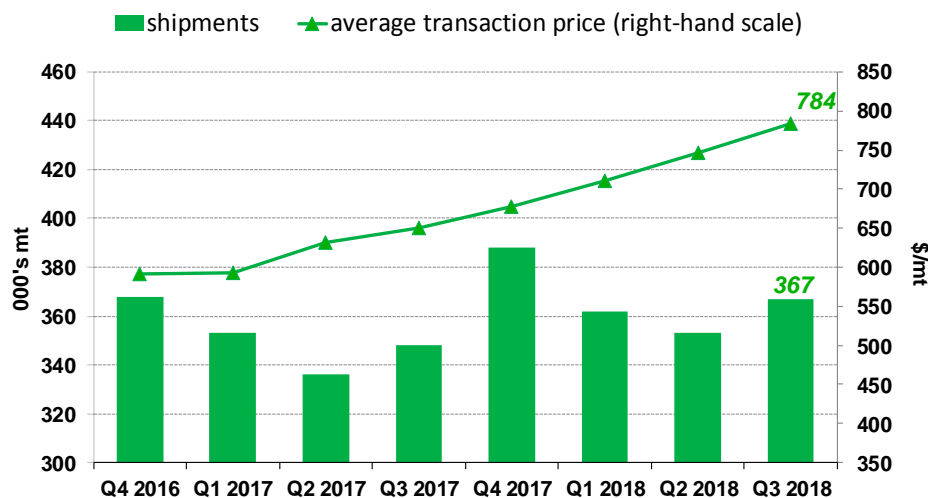
1. Last twelve months.

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

# MARKET PULP

(US\$mm)	Q3 2018	Q2 2018
Sales	288	264
Operating income	57	41
EBITDA <sup>1</sup>	64	49
Shipments (000's mt)	367	353

- Global chemical pulp shipments ↑ 3% vs. 2017
  - China ↑ 7%; Western Europe ↑ 5%; North America ↓ 5%
  - Softwood ↓ 2%; hardwood ↑ 7%
- Q3 Transaction price ↑ \$37/mt vs. Q2; ↑ \$134/mt vs. 2017
- Q3 Shipments ↑ 14k mt vs. Q2
- Strategic project at Saint-Félicien completed on schedule
  - Annual production ↑ 27k mt by end of 2019



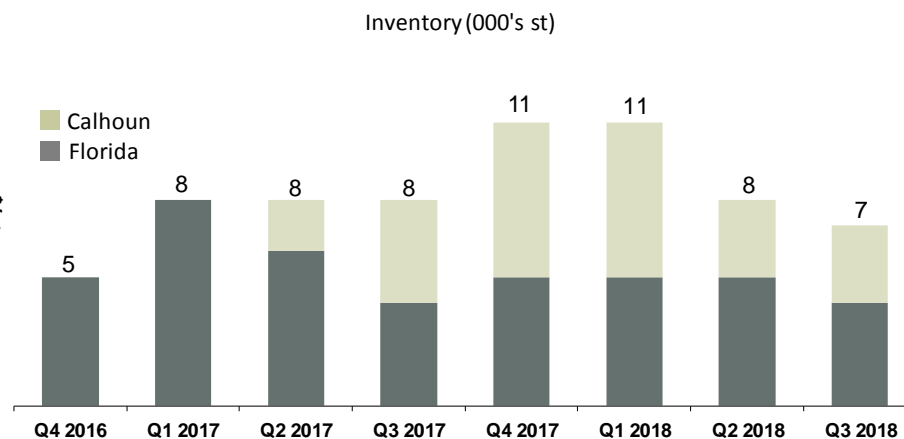
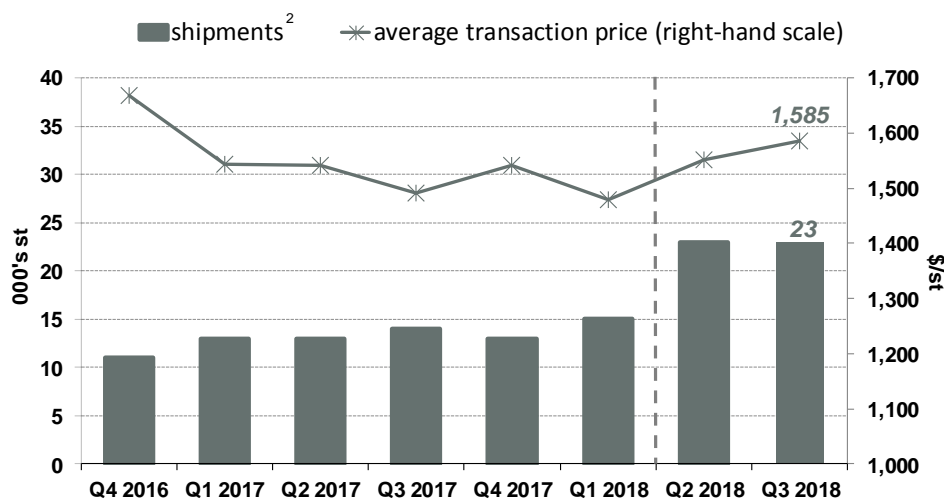
1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.



# TISSUE

(US\$mm)	Q3 2018	Q2 2018
Sales	38	35
Operating loss	(10)	(10)
EBITDA <sup>1</sup>	(5)	(5)
Shipments (000's st)	23	23

- U.S. consumption ↑ 2.5% vs. 2017
  - Away-from-home shipments ↑ 3.1%
  - At-home shipments ↑ 1.5%
- Q3 Transaction price ↑ \$34/st vs. Q2
- Cost improvement initiatives:
  - Closing of less efficient converting lines
  - On-site warehouse adjacent to Calhoun



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

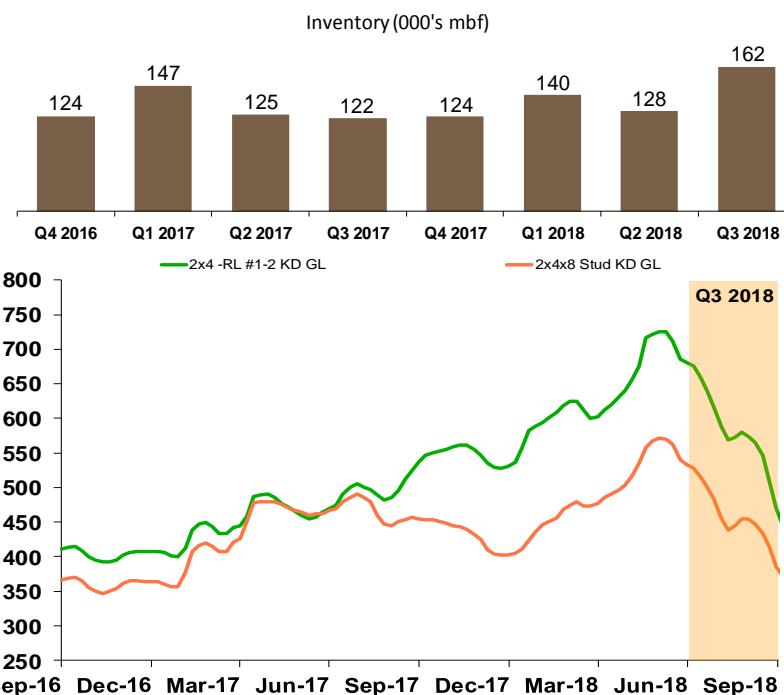
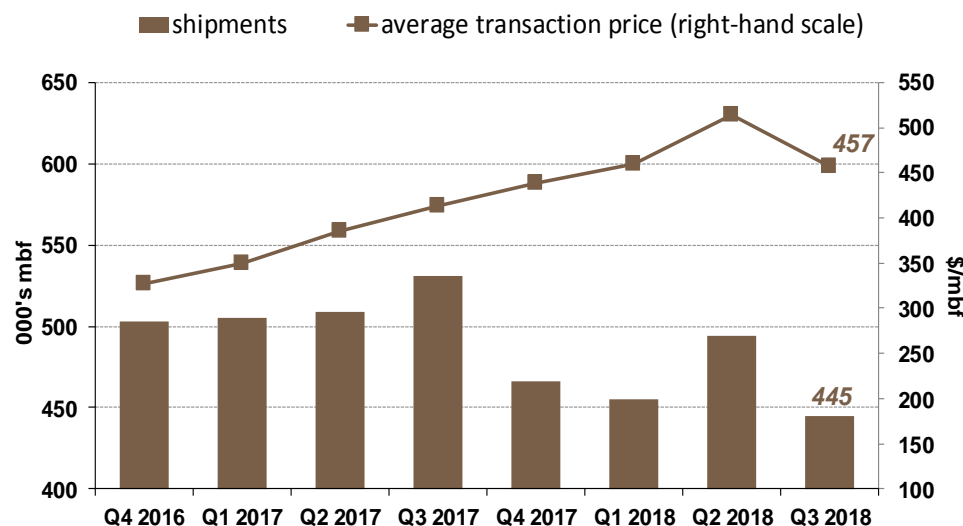
2. Q2 2018 includes Calhoun for first time.



# WOOD PRODUCTS

(US\$mm)	Q3 2018	Q2 2018
Sales	203	254
Operating income	45	79
EBITDA <sup>1</sup>	53	86
Shipments (mmbf)	445	494

- Q3 SAAR<sup>2</sup> for U.S. housing starts ↓ 3% vs. Q2; ↑ 6% vs. Q3 2017
  - Multi-family starts ↓ 4%; single-family starts ↓ 3% vs. Q2
- Q3 Transaction price ↓ \$57/mbf vs. Q2; ↑ \$44/mbf vs. 2017
- Q3 Shipments ↓ 49 mmbf vs. Q2
- Investments in Ontario and Quebec to improve productivity and efficiency
  - ↑ 80 mmbf lumber capacity

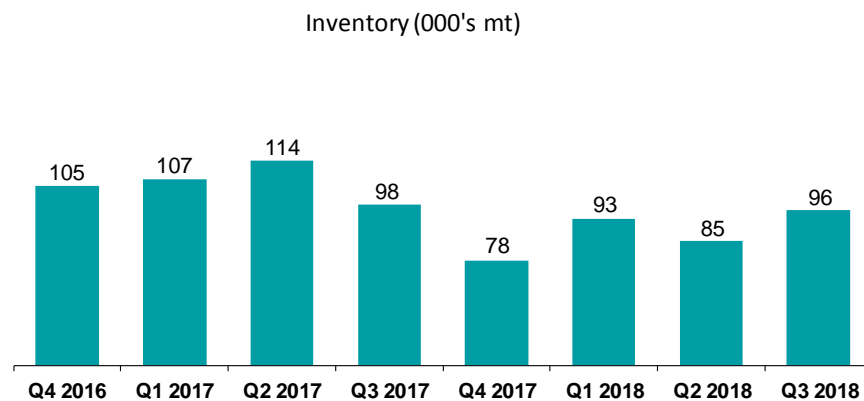
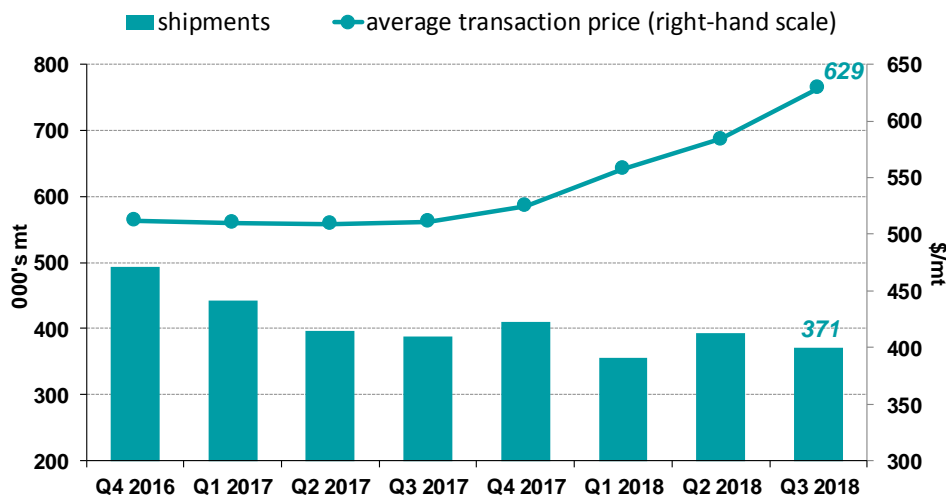


- EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
- Seasonally adjusted annual rate.

# NEWSPRINT

(US\$mm)	Q3 2018	Q2 2018
Sales	232	230
Operating income	32	18
EBITDA <sup>1</sup>	48	35
Shipments (000's mt)	371	393

- North America:
  - Demand ↓ 12% vs. 2017; publishers ↓ 14%
  - Shipment-to-capacity ratio of 95%
- World<sup>2</sup>:
  - Demand ↓ 9% vs. 2017
  - Shipment-to-capacity ratio of 89%
- Q3 Transaction price ↑ \$45/mt vs. Q2; ↑ \$118/mt vs. 2017
- Q3 Shipments ↓ 22k mt vs. Q2



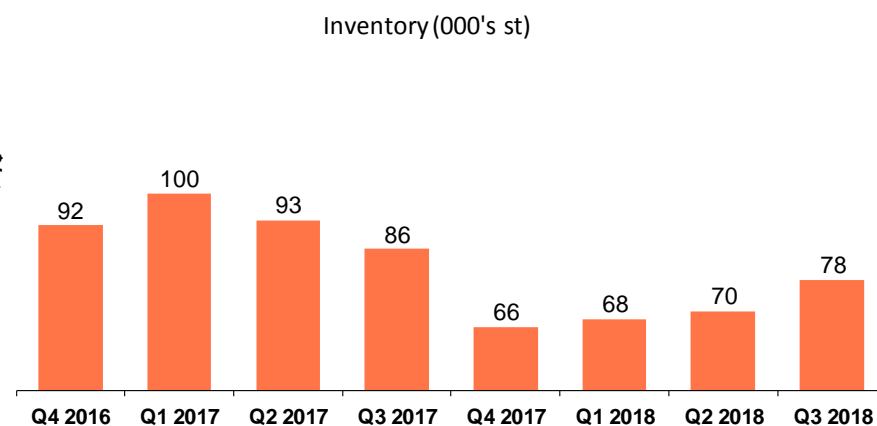
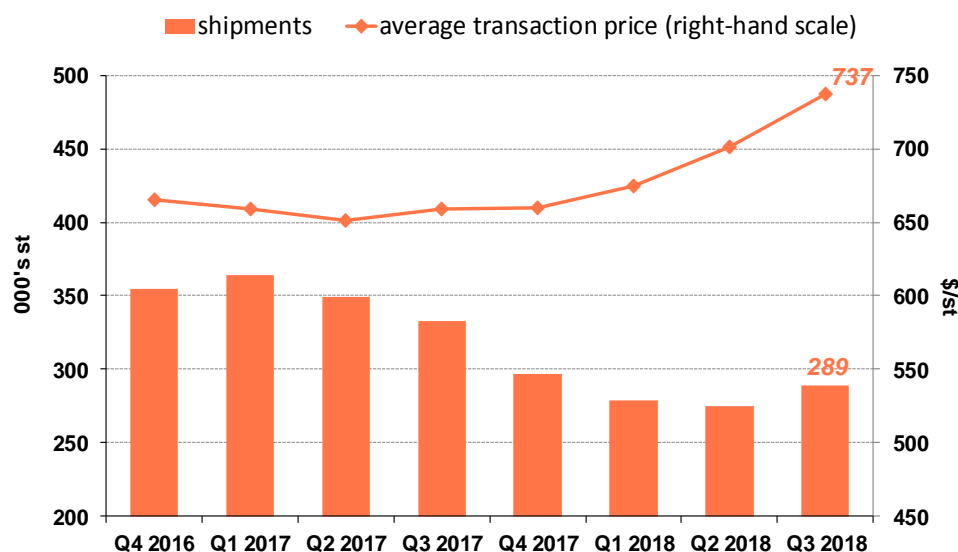
1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.

2. For the 8 months ended August 30, 2018

# SPECIALTY PAPERS

(US\$mm)	Q3 2018	Q2 2018
Sales	213	193
Operating income	26	4
EBITDA <sup>1</sup>	38	16
Shipments (000's st)	289	275

- North American demand ↓ 7% in uncoated mechanical grades vs. 2017
  - Standard papers ↓ 10%; SC<sup>2</sup> ↓ 1%
  - Shipment-to-capacity ratio of 91%
- North American coated mechanical grades:
  - Demand ↓ 7%
  - Shipment-to-capacity ratio of 94%
- Q3 Transaction price ↑ \$36/st vs. Q2
- Q3 Shipments ↑ 14k st vs. Q2
- Q3 Cash cost<sup>(3)</sup> ↓ \$40/st vs. Q2



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. Supercalendered.

3. 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).

# P&L

## Selected financial information

Q3 2018 <sup>1</sup>	vs Q2 2018	vs Q3 2017
Net income <sup>1</sup> \$96mm	+\$30mm	+\$65mm
Sales \$974mm	-	+10%
EPS <sup>1</sup> \$1.03	+\$0.32	+\$0.69
Adjusted EBITDA <sup>2</sup> \$189mm	+10%	+60%

## Special items affecting net income (pre-tax)

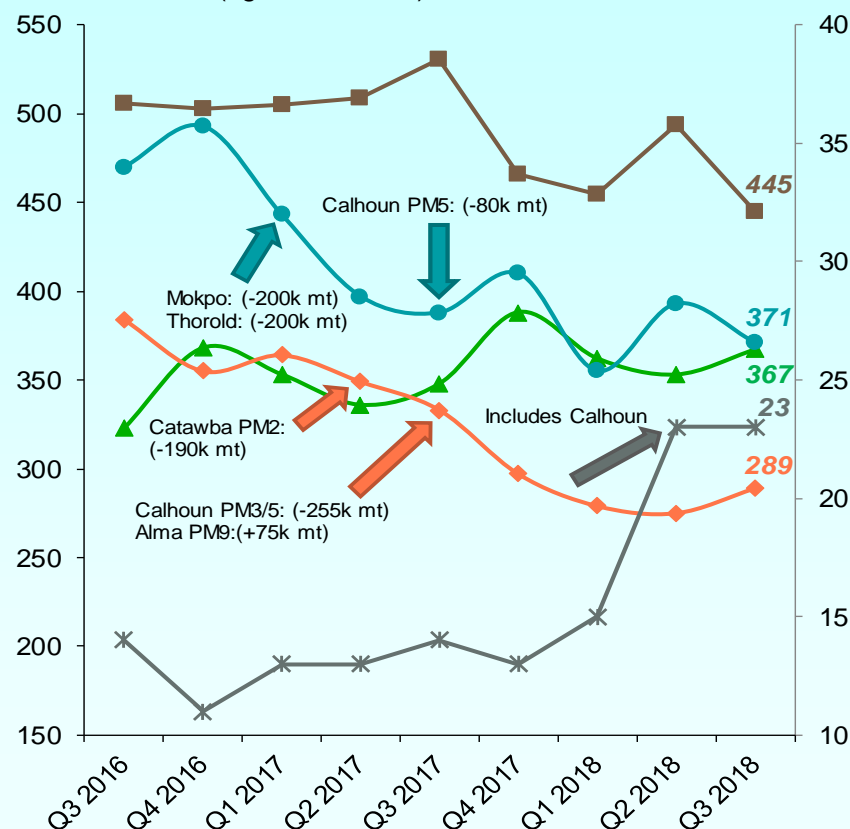
### Q3 2018

- \$13mm non-operating pension and OPEB<sup>3</sup> credits

1. Excluding special items. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
2. Adjusted EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
3. Other postretirement benefit.

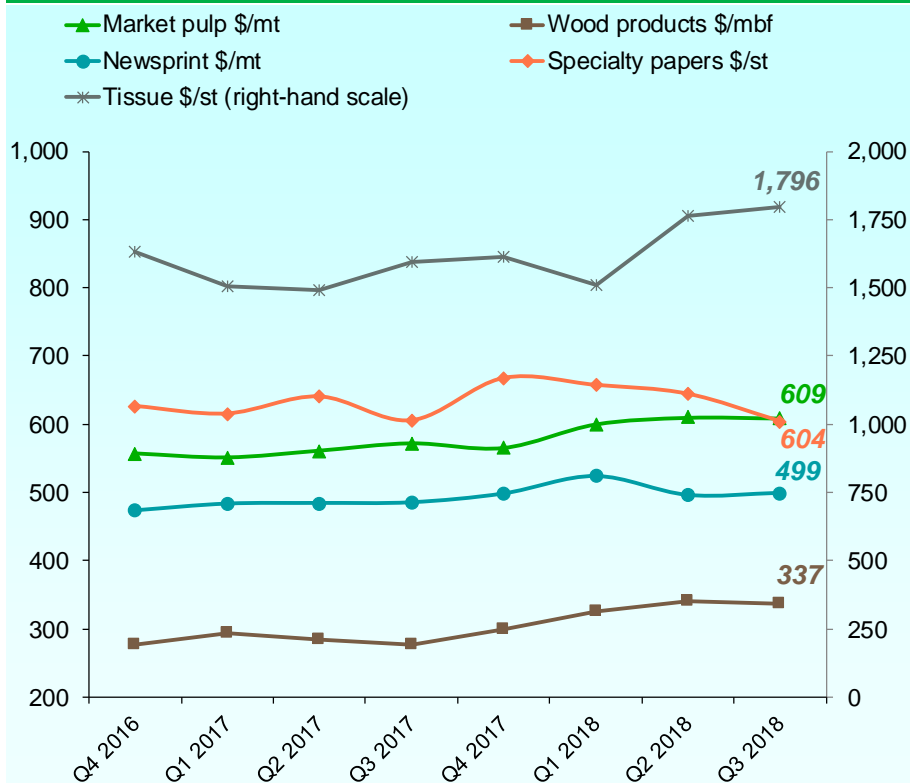
## Shipments

- Market pulp 000's mt
- Newsprint 000's mt
- Tissue 000's st (right-hand scale)
- Wood products 000's mbf
- Specialty papers 000's st

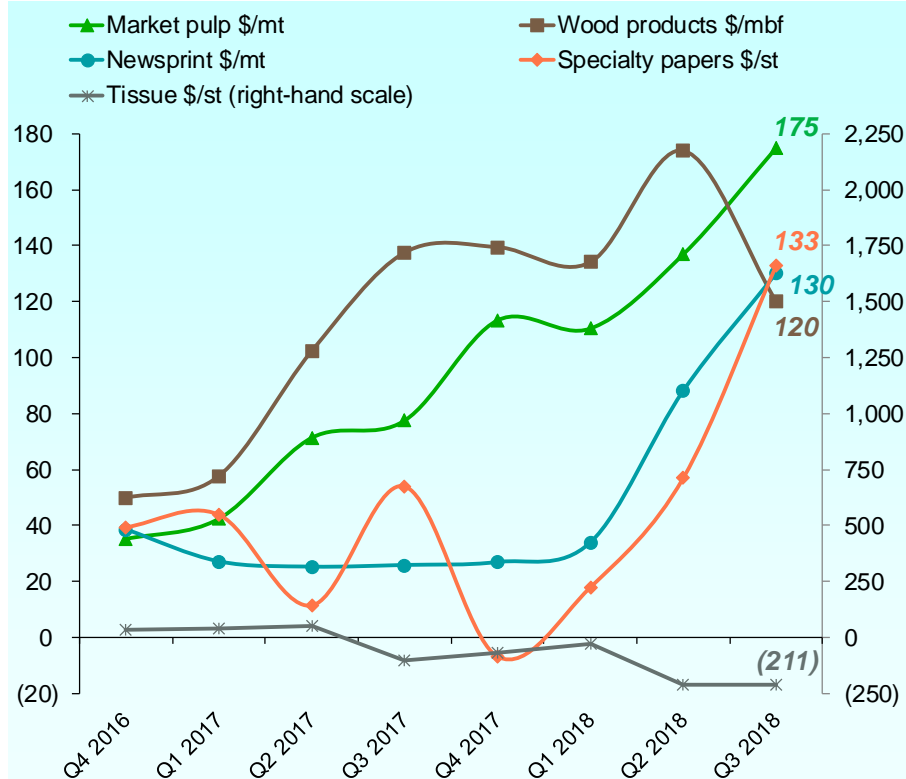


# PERFORMANCE METRICS

## « All-in » cash cost



## EBITDA per unit<sup>1</sup>



**EBITDA<sup>1</sup>  
contribution from  
cogen  
(US\$mm)**

Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18
10	13	9	9	9	12	11	10

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

- Q3 net cash provided by operations of \$131mm
- Debt repayments of \$30mm in Q3
- No amounts drawn on revolving credit facilities
- Liquidity of \$654mm
- Net debt to adjusted LTM<sup>1</sup> EBITDA<sup>2</sup> ratio ↓ to 1.0x in Q3
- \$150mm of capital expenditures expected in 2018
- Softwood lumber duty deposits of \$21mm paid in Q3
- \$25mm of supercalendred cash deposits returned with interest in Q3

(US\$mm)	Q3 2018	vs Q2 2018	vs Q3 2017
Cash	72	+66	+34
Working capital <sup>3</sup>	624	+20	+16
Total debt	645	-30	-187
Interest	12	+1	-1

Available liquidity (US\$mm)	2018			2017				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total debt	645	675	779	789	832	840	881	762
Cash on hand	72	6	13	6	38	44	39	35
Available under revolving credit facilities	582	511	439	412	362	370	341	433

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 \$36mm of supercalendred paper and \$6mm of uncoated groundwood paper cash countervailing duty deposits reclassified to current assets in Q2 2018 and Q3 2018, respectively, and \$83mm of net long-term assets, reclassified to assets held for sale, net in Q3 2018.



# PENSION

- Net pension & OPEB liability ↓ \$65 million in Q3
  - Ongoing contributions and the reclassification of the net pension/OPEB obligation to be assumed in agreement to sell Catawba

(US\$mm)	Q3'2018	2017	2016
Net pension liabilities	929	1,097	1,123
OPEB liabilities	159	172	172
<b>Net pension and OPEB liabilities</b>	<b>1,088</b>	<b>1,269</b>	<b>1,295</b>
U.S. GAAP discount rate at 12/31 <sup>1</sup>	N/A	3.6%	3.8%

(US\$mm)	2018E	Q3'2018	2017	2016
Pension contributions <sup>2</sup>	125	36	132	162
OPEB payments	15	3	11	13
Operating pension and OPEB costs	40	10	41	42
Non-op. pension and OPEB (credits)/costs <sup>3</sup>	(55)	(13)	(7)	8
<b>Total pension and OPEB (credits)/costs</b>	<b>(15)</b>	<b>(3)</b>	<b>34</b>	<b>50</b>

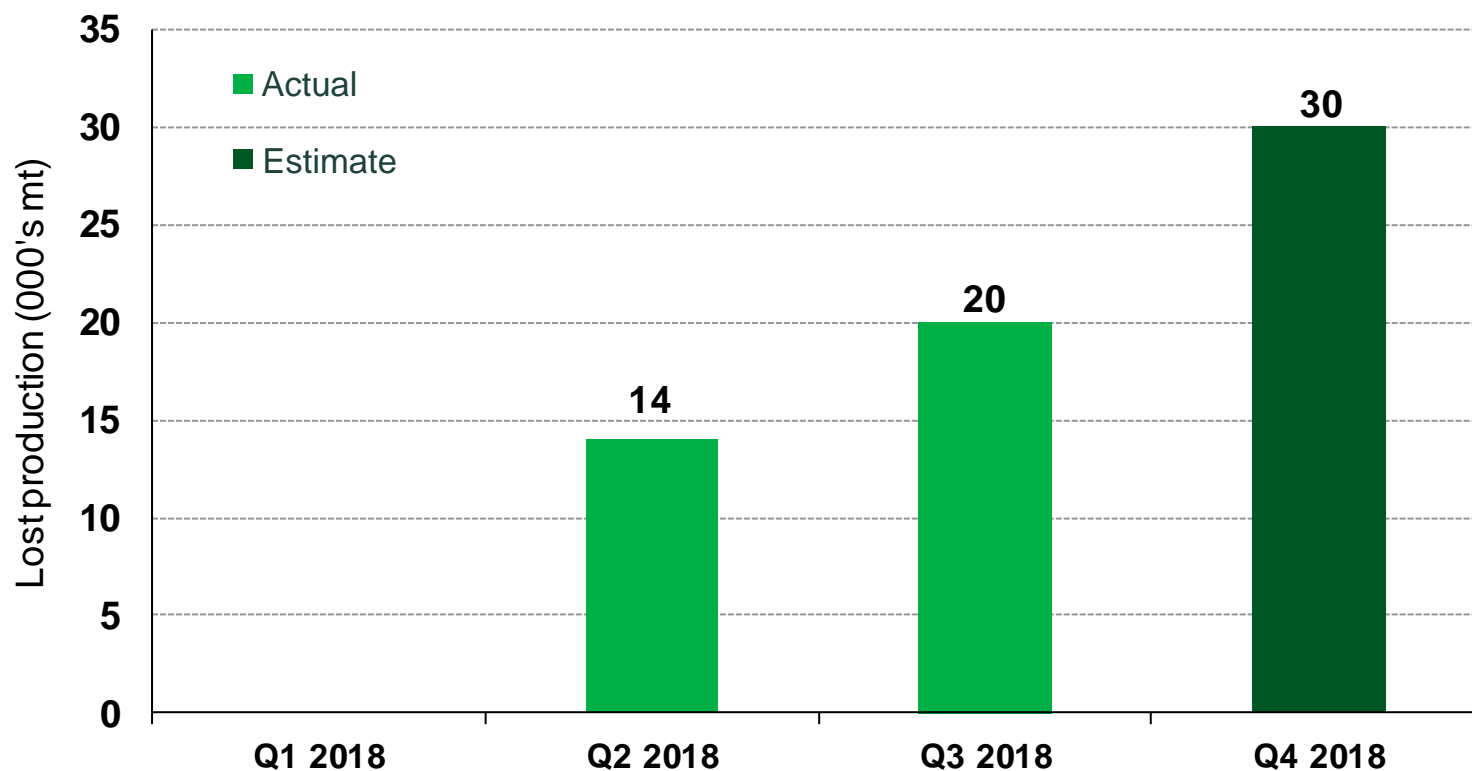
1. Pension plans.

2. Includes defined benefit and defined contribution plans.

3. Excluded from adjusted EBITDA.



# 2018 SCHEDULED MARKET PULP OUTAGES<sup>1</sup>



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

# OUTLOOK

<b>Market Pulp</b>	<ul style="list-style-type: none"><li>• Optimistic through Q4; supply disruptions and sustained strength in demand</li><li>• Further publicly reported price increases in October and November</li></ul>
<b>Tissue</b>	<ul style="list-style-type: none"><li>• Ongoing productivity improvements at Calhoun</li><li>• Second price increase announced on our away-from-home products for December</li></ul>
<b>Wood Products</b>	<ul style="list-style-type: none"><li>• Recent weakness in lumber prices expected to negatively impact results in Q4</li><li>• Ongoing recovery in U.S. housing starts should improve demand in the medium to long term</li></ul>
<b>Paper</b>	<ul style="list-style-type: none"><li>• Paper markets impacted by structural decline in demand</li><li>• Results in Q4 favorably impacted by the implementation of previous price increases</li></ul>

# 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 November 1, 2018, press release available on our website.

<b>Three months ended September 30, 2018</b> <b>(unaudited, in millions, except per share amounts)</b>	<b>Operating income (loss)</b>	<b>Net income (loss)</b>	<b>EPS</b>
<b>GAAP, as reported</b>	<b>\$ 135</b>	<b>\$ 117</b>	<b>\$ 1.25</b>
Adjustments for special items:			
Non-operating pension and OPEB credits	-	(13)	(0.14)
Other income, net	-	(14)	(0.15)
Income tax effect of special items	-	6	0.07
<b>Adjusted for special items</b>	<b>\$ 135</b>	<b>\$ 96</b>	<b>\$ 1.03</b>
<b>Three months ended September 30, 2017</b> <b>(unaudited, in millions, except per share amounts)</b>	<b>Operating income (loss)</b>	<b>Net income (loss)</b>	<b>EPS</b>
<b>GAAP, as reported</b>	<b>\$ 46</b>	<b>\$ 24</b>	<b>\$ 0.26</b>
Adjustments for special items:			
Foreign exchange gain	-	(7)	(0.08)
Closure costs, impairment and other related charges	8	8	0.09
Inventory write-downs related to closures	11	11	0.12
Start-up costs	3	3	0.03
Net gain on disposition of assets	(2)	(2)	(0.02)
Non-operating pension and OPEB credits	-	(2)	(0.02)
Other expense, net	-	1	0.01
Income tax effect of special items	-	(5)	(0.05)
<b>Adjusted for special items</b>	<b>\$ 66</b>	<b>\$ 31</b>	<b>\$ 0.34</b>

<b>Nine months ended September 30, 2018</b> (unaudited, in millions, except per share amounts)	<b>Operating income (loss)</b>	<b>Net income (loss)</b>	<b>EPS</b>
<b>GAAP, as reported</b>	<b>\$ 304</b>	<b>\$ 199</b>	<b>\$ 2.14</b>
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)	(0.04)
Non-operating pension and OPEB credits	-	(38)	(0.41)
Other income, net	-	(6)	(0.07)
Income tax effect of special items	-	18	0.19
<b>Adjusted for special items</b>	<b>\$ 308</b>	<b>\$ 179</b>	<b>\$ 1.92</b>
<b>Nine months ended September 30, 2017</b> (unaudited, in millions, except per share amounts)	<b>Operating income (loss)</b>	<b>Net income (loss)</b>	<b>EPS</b>
<b>GAAP, as reported</b>	<b>\$ (11)</b>	<b>\$ (97)</b>	<b>\$ (1.07)</b>
Adjustments for special items:			
Foreign exchange gain	-	(10)	(0.11)
Closure costs, impairment and other related charges	80	80	0.89
Inventory write-downs related to closures	24	24	0.26
Start-up costs	18	18	0.20
Net gain on disposition of assets	(2)	(2)	(0.02)
Non-operating pension and OPEB credits	-	(6)	(0.07)
Other income, net	-	(1)	(0.01)
Income tax effect of special items	-	(8)	(0.09)
<b>Adjusted for special items</b>	<b>\$ 109</b>	<b>\$ (2)</b>	<b>\$ (0.02)</b>

**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 November 1, 2018, press release available on our website.

<b>Three months ended September 30, 2018</b>									
<b>(unaudited, in millions)</b>									
	Market pulp	Tissue <sup>(2)</sup>	Wood products	Newsprint	Specialty papers	Corporate and other			Total
Net income (loss) including noncontrolling interests	\$ 57	\$ (10)	\$ 45	\$ 32	\$ 26	\$ (33)	\$		\$ 117
Interest expense						12			12
Income tax provision						33			33
Depreciation and amortization	7	5	8	16	12	6			54
<b>EBITDA</b>	<b>\$ 64</b>	<b>\$ (5)</b>	<b>\$ 53</b>	<b>\$ 48</b>	<b>\$ 38</b>	<b>\$ 18</b>	<b>\$</b>		<b>\$ 216</b>
Non-operating pension and OPEB credits						(13)			(13)
Other income, net						(14)			(14)
<b>Adjusted EBITDA</b>	<b>\$ 64</b>	<b>\$ (5)</b>	<b>\$ 53</b>	<b>\$ 48</b>	<b>\$ 38</b>	<b>\$ (9)</b>	<b>\$</b>		<b>\$ 189</b>

<b>Three months ended September 30, 2017</b>									
<b>(unaudited, in millions)</b>									
	Market pulp	Tissue	Wood products	Newsprint	Specialty papers	Corporate and other			Total
Net income (loss) including noncontrolling interests	\$ 19	\$ (3)	\$ 64	\$ (6)	\$ 7	\$ (55)	\$		\$ 26
Interest expense						13			13
Income tax provision						15			15
Depreciation and amortization	8	2	9	16	11	6			52
<b>EBITDA</b>	<b>\$ 27</b>	<b>\$ (1)</b>	<b>\$ 73</b>	<b>\$ 10</b>	<b>\$ 18</b>	<b>\$ (21)</b>	<b>\$</b>		<b>\$ 106</b>
Foreign exchange gain						(7)			(7)
Closure costs, impairment and other related charges						8			8
Inventory write-downs related to closures						11			11
Start-up costs						3			3
Net gain on disposition of assets						(2)			(2)
Non-operating pension and OPEB credits						(2)			(2)
Other expense, net						1			1
<b>Adjusted EBITDA</b>	<b>\$ 27</b>	<b>\$ (1)</b>	<b>\$ 73</b>	<b>\$ 10</b>	<b>\$ 18</b>	<b>\$ (9)</b>	<b>\$</b>		<b>\$ 118</b>

Nine months ended September 30, 2018 (unaudited, in millions)								
	Market pulp	Tissue <sup>(2)</sup>	Wood products	Newsprint	Specialty papers	Corporate and other	Total	
Net income (loss) including noncontrolling interests	\$ 131	\$ (21)	\$ 177	\$ 46	\$ 23	\$ (157)	\$	199
Interest expense						36		36
Income tax provision						111		111
Depreciation and amortization	22	11	23	49	36	20		161
<b>EBITDA</b>	<b>\$ 153</b>	<b>\$ (10)</b>	<b>\$ 200</b>	<b>\$ 95</b>	<b>\$ 59</b>	<b>\$ 10</b>	<b>\$</b>	<b>507</b>
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						(38)		(38)
Other income, net						(6)		(6)
<b>Adjusted EBITDA</b>	<b>\$ 153</b>	<b>\$ (10)</b>	<b>\$ 200</b>	<b>\$ 95</b>	<b>\$ 59</b>	<b>\$ (28)</b>	<b>\$</b>	<b>469</b>
Nine months ended September 30, 2017 (unaudited, in millions)								
	Market pulp	Tissue	Wood products	Newsprint	Specialty papers	Corporate and other	Total	
Net income (loss) including noncontrolling interests	\$ 42	\$ (4)	\$ 129	\$ (17)	\$ 4	\$ (247)	\$	(93)
Interest expense						36		36
Income tax provision						63		63
Depreciation and amortization	24	4	25	49	34	17		153
<b>EBITDA</b>	<b>\$ 66</b>	<b>\$ -</b>	<b>\$ 154</b>	<b>\$ 32</b>	<b>\$ 38</b>	<b>\$ (131)</b>	<b>\$</b>	<b>159</b>
Foreign exchange gain						(10)		(10)
Closure costs, impairment and other related charges						80		80
Inventory write-downs related to closures						24		24
Start-up costs						18		18
Net gain on disposition of assets						(2)		(2)
Non-operating pension and OPEB credits						(6)		(6)
Other income, net						(1)		(1)
<b>Adjusted EBITDA</b>	<b>\$ 66</b>	<b>\$ -</b>	<b>\$ 154</b>	<b>\$ 32</b>	<b>\$ 38</b>	<b>\$ (28)</b>	<b>\$</b>	<b>262</b>

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	\$ 974		\$ 2,824
Operating income (loss) <sup>(1)</sup>	(9)	(48)	46	53	42	48	121	135		304
Interest expense	(11)	(12)	(13)	(13)	(49)	(13)	(11)	(12)		(36)
Net income (loss) including noncontrolling interests	(46)	(73)	26	15	(78)	10	72	117		199
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	117		199
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	\$ 1.25		\$ 2.14
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	93,393		93,238
Ending shares outstanding (in thousands)	89,751	89,751	89,798	90,197	90,197	90,315	90,342	90,345		90,345

### Financial Position

Cash and cash equivalents	\$ 39	\$ 44	\$ 38	\$ 6	\$ 6	\$ 13	\$ 6	\$ 72		\$ 72
Working capital <sup>(2)</sup>	630	580	608	618	618	626	664	749		749
Fixed assets, net	1,866	1,779	1,737	1,716	1,716	1,684	1,669	1,545		1,545
Total assets	4,335	4,171	4,232	4,147	4,147	4,122	4,025	4,145		4,145
Current portion of long-term debt	1	1	-	1	1	1	1	1		1
Long-term debt, net of current portion	880	839	832	788	788	778	674	644		644
Net debt <sup>(3)</sup>	842	796	794	783	783	766	669	573		573
Liquidity <sup>(4)</sup>	380	414	400	418	418	452	517	654		654
Total Resolute Forest Products Inc. shareholders' equity	1,655	1,590	1,607	1,599	1,599	1,615	1,691	1,809		1,809
Noncontrolling interests	19	20	22	1	1	1	1	1		1
Total equity	1,674	1,610	1,629	1,600	1,600	1,616	1,692	1,810		1,810

### Cash Flow Information

Cash flows provided by (used in) operations	\$ (39)	\$ 99	\$ 39	\$ 59	\$ 158	\$ 62	\$ 158	\$ 131		\$ 351
Cash invested in fixed assets	(69)	(47)	(20)	(28)	(164)	(25)	(28)	(41)		(94)
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)	24		13
Decrease (increase) in countervailing and anti-dumping duty cash deposits on softwood lumber	-	(4)	(14)	(8)	(26)	(14)	(27)	(21)		(62)
Decrease (increase) in countervailing duty cash deposits on uncoated groundwood paper	-	-	-	-	-	(2)	(4)	-		(6)
Cash flows provided by (used in) investing activities	(74)	(58)	(36)	(23)	(191)	(46)	(63)	(38)		(147)
Net borrowings (repayments) under revolving credit facilities	118	(41)	(7)	(51)	19	(9)	(105)	(30)		(144)
Cash flows provided by (used in) financing activities	118	(41)	(8)	(66)	3	(10)	(105)	(30)		(145)

**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
<b>Sales</b>										
Market pulp	\$ 209	\$ 213	\$ 227	\$ 262	\$ 911	\$ 257	\$ 264	\$ 288		\$ 809
Tissue <sup>(5)</sup>	20	20	21	20	81	22	35	38		95
Wood products	177	197	219	204	797	209	254	203		666
Newsprint	226	201	199	216	842	198	230	232		660
Specialty papers	240	227	219	196	882	188	193	213		594
<b>Total sales</b>	<b>\$ 872</b>	<b>\$ 858</b>	<b>\$ 885</b>	<b>\$ 898</b>	<b>\$ 3,513</b>	<b>\$ 874</b>	<b>\$ 976</b>	<b>\$ 974</b>		<b>\$ 2,824</b>
<b>Shipments to Third Parties (thousands of units)</b>										
Market pulp (mt)	353	336	348	388	1,425	362	353	367		1,082
Tissue (st) <sup>(5)</sup>	13	13	14	13	53	15	23	23		61
Wood products (mbf)	505	509	531	466	2,011	455	494	445		1,394
Newsprint (mt)	443	397	388	410	1,638	355	393	371		1,119
Specialty papers (st)	364	349	333	297	1,343	279	275	289		843
<b>Average Transaction Price per Unit</b>										
Market pulp (\$/mt)	\$ 593	\$ 632	\$ 650	\$ 678	\$ 639	\$ 710	\$ 747	\$ 784		\$ 747
Tissue (\$/st) <sup>(5)</sup>	1,543	1,541	1,492	1,542	1,529	1,480	1,551	1,585		1,547
Wood products (\$/mbf)	350	386	413	438	396	459	514	457		478
Newsprint (\$/mt)	510	509	511	525	514	558	584	629		590
Specialty papers (\$/st)	659	651	659	660	657	675	701	737		705

# 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	\$ 57		\$ 131
Tissue <sup>(5)</sup>	-	(1)	(3)	(2)	(6)	(1)	(10)	(10)		(21)
Wood products	20	45	64	57	186	53	79	45		177
Newsprint	(4)	(7)	(6)	(6)	(23)	(4)	18	32		46
Specialty papers	4	(7)	7	(13)	(9)	(7)	4	26		23
Corporate and other <sup>(1)</sup>	(36)	(94)	(35)	(20)	(185)	(26)	(11)	(15)		(52)
Total operating income (loss) <sup>(1)</sup>	\$ (9)	\$ (48)	\$ 46	\$ 53	\$ 42	\$ 48	\$ 121	\$ 135		\$ 304

### Selling, General and Administrative Expenses

Market pulp	\$ 8	\$ 8	\$ 9	\$ 7	\$ 32	\$ 9	\$ 9	\$ 8		\$ 26
Tissue <sup>(5)</sup>	2	1	2	1	6	1	3	4		8
Wood products	6	7	7	6	26	7	8	6		21
Newsprint	10	8	10	10	38	9	9	8		26
Specialty papers	7	6	7	7	27	7	6	6		19
Corporate and other <sup>(1)</sup>	9	7	8	17	41	10	7	8		25
Total selling, general and administrative expenses <sup>(1)</sup>	\$ 42	\$ 37	\$ 43	\$ 48	\$ 170	\$ 43	\$ 42	\$ 40		\$ 125

### Operating Cost per Unit

Market pulp (\$/mt)	\$ 575	\$ 583	\$ 595	\$ 583	\$ 584	\$ 619	\$ 631	\$ 629		\$ 626
Tissue (\$/st) <sup>(5)</sup>	1,592	1,579	1,700	1,697	1,642	1,585	1,973	2,003		1,891
Wood products (\$/mbf)	310	299	291	318	304	342	355	355		351
Newsprint (\$/mt)	519	525	526	540	528	568	538	543		549
Specialty papers (\$/st)	647	673	639	703	664	698	688	647		677

### Operating Cost per Unit, Excluding Depreciation and Amortization

Market pulp (\$/mt)	\$ 551	\$ 561	\$ 572	\$ 565	\$ 562	\$ 600	\$ 610	\$ 609		\$ 606
Tissue (\$/st) <sup>(5)</sup>	1,504	1,489	1,593	1,614	1,550	1,508	1,762	1,796		1,714
Wood products (\$/mbf)	293	284	276	299	287	325	340	337		334
Newsprint (\$/mt)	483	484	485	498	488	524	496	499		505
Specialty papers (\$/st)	615	640	605	667	630	657	644	604		634

### Product Inventory (thousands of units)

Market pulp (mt)	92	94	100	89	89	91	108	116		116
Tissue (st) <sup>(5)</sup>	8	8	8	11	11	11	8	7		7
Wood products (mbf)	147	125	122	124	124	140	128	162		162
Newsprint (mt)	107	114	98	78	78	93	85	96		96
Specialty papers (st)	100	93	86	66	66	68	70	78		78

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

(in millions)	2017					2018				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
<b>Net Income (Loss) Including Noncontrolling Interests</b>										
Market pulp	\$ 7	\$ 16	\$ 19	\$ 37	\$ 79	\$ 33	\$ 41	\$ 57		\$ 131
Tissue <sup>(5)</sup>	-	(1)	(3)	(2)	(6)	(1)	(10)	(10)		(21)
Wood products	20	45	64	57	186	53	79	45		177
Newsprint	(4)	(7)	(6)	(6)	(23)	(4)	18	32		46
Specialty papers	4	(7)	7	(13)	(9)	(7)	4	26		23
Corporate and other	(73)	(119)	(55)	(58)	(305)	(64)	(60)	(33)		(157)
<b>Total net income (loss) including noncontrolling interests</b>	<b>\$ (46)</b>	<b>\$ (73)</b>	<b>\$ 26</b>	<b>\$ 15</b>	<b>\$ (78)</b>	<b>\$ 10</b>	<b>\$ 72</b>	<b>\$ 117</b>		<b>\$ 199</b>
<b>Interest Expense</b>	<b>\$ 11</b>	<b>\$ 12</b>	<b>\$ 13</b>	<b>\$ 13</b>	<b>\$ 49</b>	<b>\$ 13</b>	<b>\$ 11</b>	<b>\$ 12</b>		<b>\$ 36</b>
<b>Income Tax Provision (Benefit)</b>	<b>\$ 29</b>	<b>\$ 19</b>	<b>\$ 15</b>	<b>\$ 21</b>	<b>\$ 84</b>	<b>\$ 31</b>	<b>\$ 47</b>	<b>\$ 33</b>		<b>\$ 111</b>
<b>Depreciation and Amortization</b>										
Market pulp	\$ 8	\$ 8	\$ 8	\$ 7	\$ 31	\$ 7	\$ 8	\$ 7		\$ 22
Tissue <sup>(5)</sup>	1	1	2	1	5	1	5	5		11
Wood products	9	7	9	8	33	8	7	8		23
Newsprint	16	17	16	17	66	16	17	16		49
Specialty papers	12	11	11	11	45	12	12	12		36
Corporate and other	5	6	6	7	24	9	5	6		20
<b>Total depreciation and amortization</b>	<b>\$ 51</b>	<b>\$ 50</b>	<b>\$ 52</b>	<b>\$ 51</b>	<b>\$ 204</b>	<b>\$ 53</b>	<b>\$ 54</b>	<b>\$ 54</b>		<b>\$ 161</b>
<b>EBITDA <sup>(6)</sup></b>										
Market pulp	\$ 15	\$ 24	\$ 27	\$ 44	\$ 110	\$ 40	\$ 49	\$ 64		\$ 153
Tissue <sup>(5)</sup>	1	-	(1)	(1)	(1)	-	(5)	(5)		(10)
Wood products	29	52	73	65	219	61	86	53		200
Newsprint	12	10	10	11	43	12	35	48		95
Specialty papers	16	4	18	(2)	36	5	16	38		59
Corporate and other	(28)	(82)	(21)	(17)	(148)	(11)	3	18		10
<b>Total EBITDA</b>	<b>\$ 45</b>	<b>\$ 8</b>	<b>\$ 106</b>	<b>\$ 100</b>	<b>\$ 259</b>	<b>\$ 107</b>	<b>\$ 184</b>	<b>\$ 216</b>		<b>\$ 507</b>
<b>Special Items <sup>(6)</sup></b>										
Foreign exchange (gain) loss	\$ -	\$ (3)	\$ (7)	\$ 1	\$ (9)	\$ 1	\$ 1	\$ -		\$ 2
Closure costs, impairment and other related charges <sup>(1)</sup>	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) <sup>(1)</sup>	(3)	(1)	(2)	(1)	(7)	(13)	(12)	(13)		(38)
Start-up costs	8	7	3	9	27	8	-	-		8
Other (income) expense, net	-	(2)	1	4	3	6	2	(14)		(6)
<b>Total special items</b>	<b>\$ 16</b>	<b>\$ 75</b>	<b>\$ 12</b>	<b>\$ 2</b>	<b>\$ 105</b>	<b>\$ 1</b>	<b>\$ (12)</b>	<b>\$ (27)</b>		<b>\$ (38)</b>
<b>Adjusted EBITDA <sup>(6)</sup></b>										
Market pulp	\$ 15	\$ 24	\$ 27	\$ 44	\$ 110	\$ 40	\$ 49	\$ 64		\$ 153
Tissue <sup>(5)</sup>	1	-	(1)	(1)	(1)	-	(5)	(5)		(10)
Wood products	29	52	73	65	219	61	86	53		200
Newsprint	12	10	10	11	43	12	35	48		95
Specialty papers	16	4	18	(2)	36	5	16	38		59
Corporate and other	(12)	(7)	(9)	(15)	(43)	(10)	(9)	(9)		(28)
<b>Total adjusted EBITDA</b>	<b>\$ 61</b>	<b>\$ 83</b>	<b>\$ 118</b>	<b>\$ 102</b>	<b>\$ 364</b>	<b>\$ 108</b>	<b>\$ 172</b>	<b>\$ 189</b>		<b>\$ 469</b>

**Notes**

<sup>1</sup> 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.

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

<sup>3</sup> We define net debt as total debt less cash and cash equivalents.

<sup>4</sup> We define liquidity as cash and cash equivalents and availability under our credit facilities.

<sup>5</sup> 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.

<sup>6</sup> 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 Q3 2018 RESULTS



NOVEMBER 1, 2018