

RESOLUTE FOREST PRODUCTS Q4 2018 RESULTS



JANUARY 31, 2019

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, “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 our 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 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.

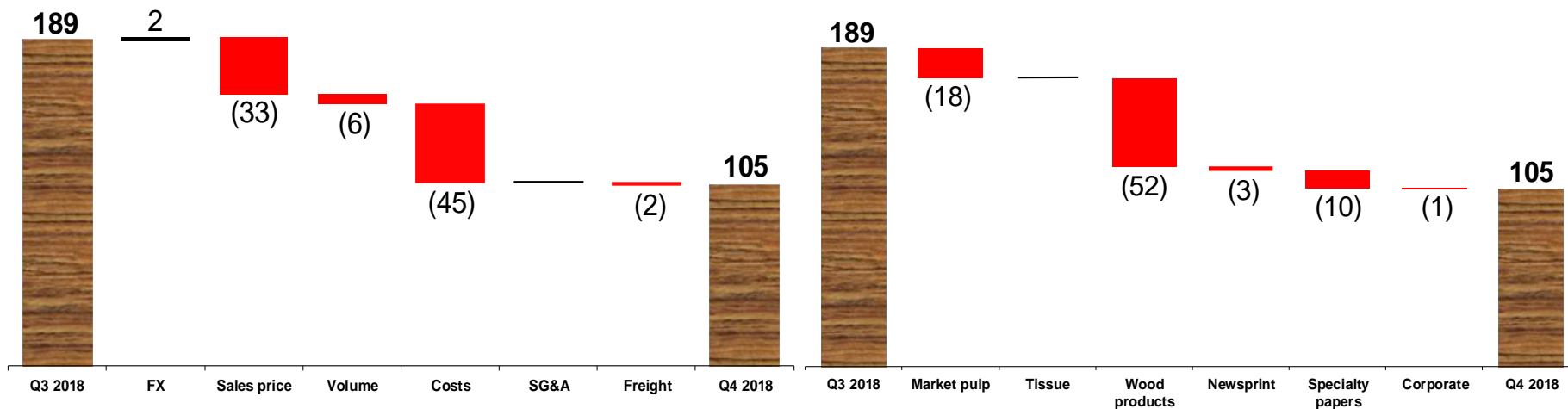
All forward-looking statements in this presentation are expressly qualified by the cautionary statements contained or referred to above and in the company's other filings with the U.S. Securities and Exchange Commission and the Canadian securities regulatory authorities. The company disclaims any obligation 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.

Q4 2018 FINANCIAL HIGHLIGHTS

- Q4 GAAP net income of \$36 million / \$235 million in 2018
- Q4 adjusted EBITDA of \$105 million / \$574 million in 2018
- Completed Catawba and Fairmont mill sales for approximately \$360 million
- Net debt to adjusted EBITDA falls to 0.6x
- Repurchased \$225 million of senior notes after year-end

Q4 2018 OVERVIEW

Adjusted EBITDA : Q4'18 vs. Q3'18

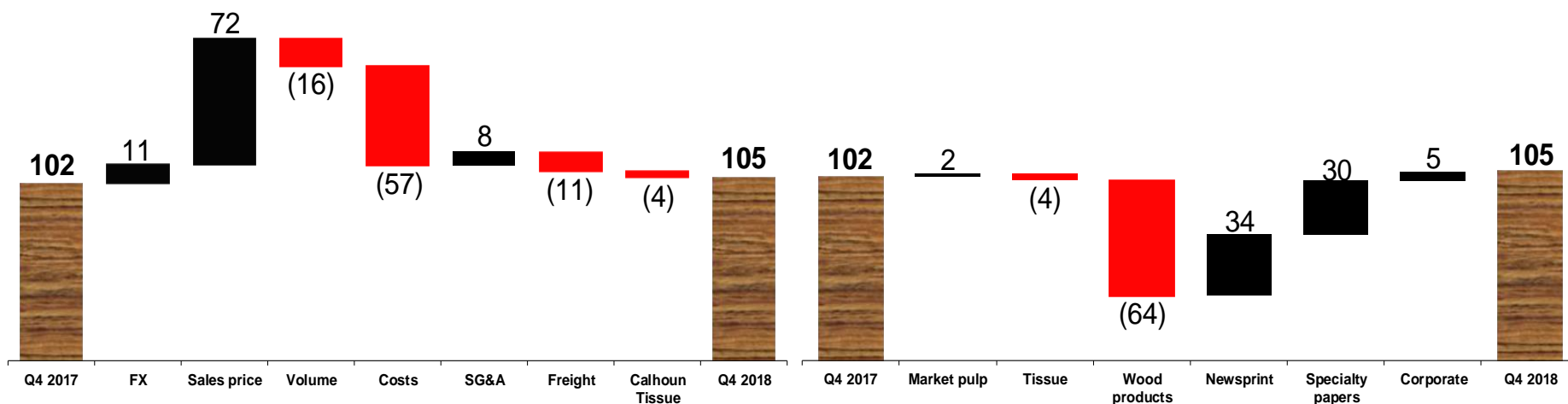


- Weaker lumber markets: selling price ↓ \$110/mbf
- Costs: production disruptions, planned maintenance, seasonally higher energy expenses, higher wood costs (wet weather)

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

Q4 2018 OVERVIEW

Adjusted EBITDA : Q4'18 vs. Q4'17

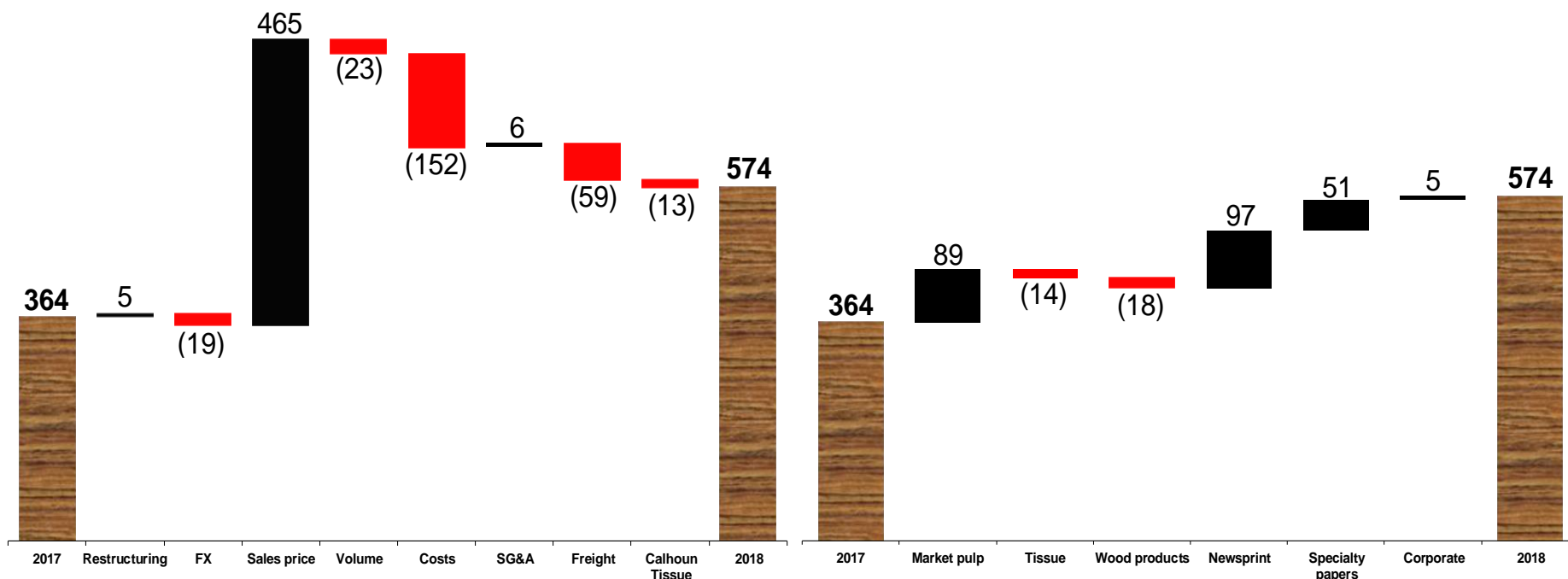


- Higher selling prices: newsprint ↑ 21%; pulp ↑ 19%; specialty papers ↑ 15%; offset by wood ↓ 21%
- Lower volumes: timing of scheduled pulp outages
- Costs: higher energy and maintenance expenses / market-related fiber and chemical costs

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

2018 OVERVIEW

Adjusted EBITDA : 2018 vs. 2017



- Higher selling price: pulp ↑ 19%; newsprint ↑ 17%; wood ↑ 13%; specialty papers ↑ 9%
- Lower volumes: weaker lumber markets in the second half of 2018
- Costs: higher market-related fiber and chemical costs; increase in energy and maintenance expenses
- Freight: ↑ 13% (primarily due to ↑ rate)

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

ASSET DIVESTITURES

Catawba mill:

- Sale completed for total consideration of about \$300 million
- Attractive valuation for a conversion-ready asset
- Excluding Catawba: 2018 adjusted EBITDA¹ would have been \$35 million lower

Fairmont mill:

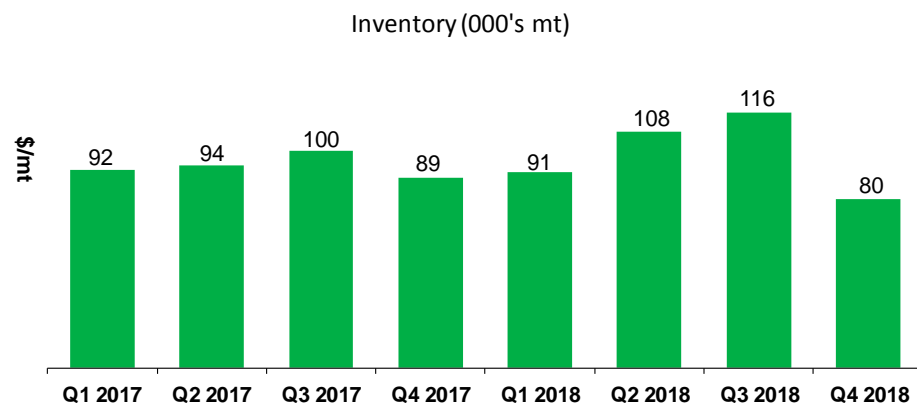
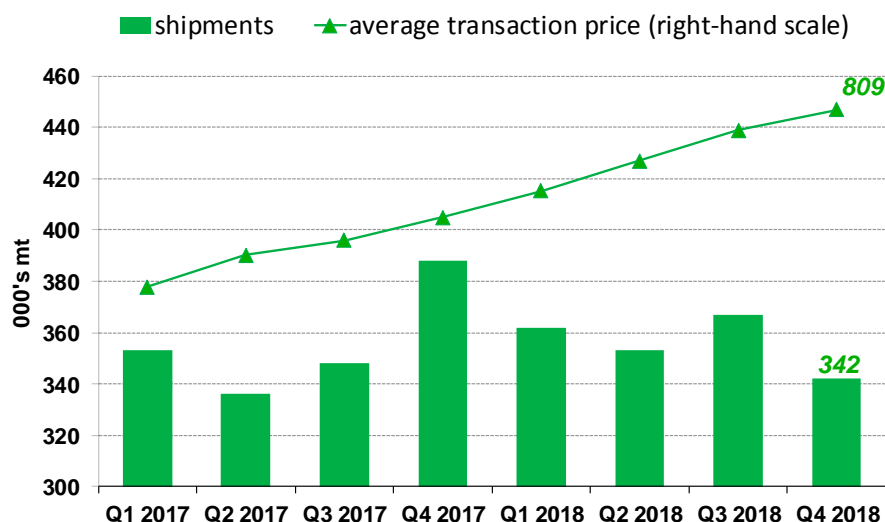
- Sale completed for total consideration of \$62 million
- Enables optimization of production at Menominee

1. 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)	Q4 2018	Q3 2018	2018	2017
Sales	276	288	1,085	911
Operating income	41	57	172	79
EBITDA ¹	46	64	199	110
Shipments (000's mt)	342	367	1,424	1,425

- World chemical pulp shipments ↑ 1% in 2018 vs. 2017
 - China ↑ 2%; Western Europe ↑ 2%; North America ↓ 5%
 - Softwood ↓ 3%; hardwood ↑ 4%
- Price increases reported in October and November across all pulp grades
- Q4 Transaction price ↑ \$25/mt vs. Q3; ↑ \$123/mt vs. 2017
- Q4 Shipments ↓ 25k mt vs. Q3
- Q4 Cash cost² ↑ \$64/mt vs. Q3



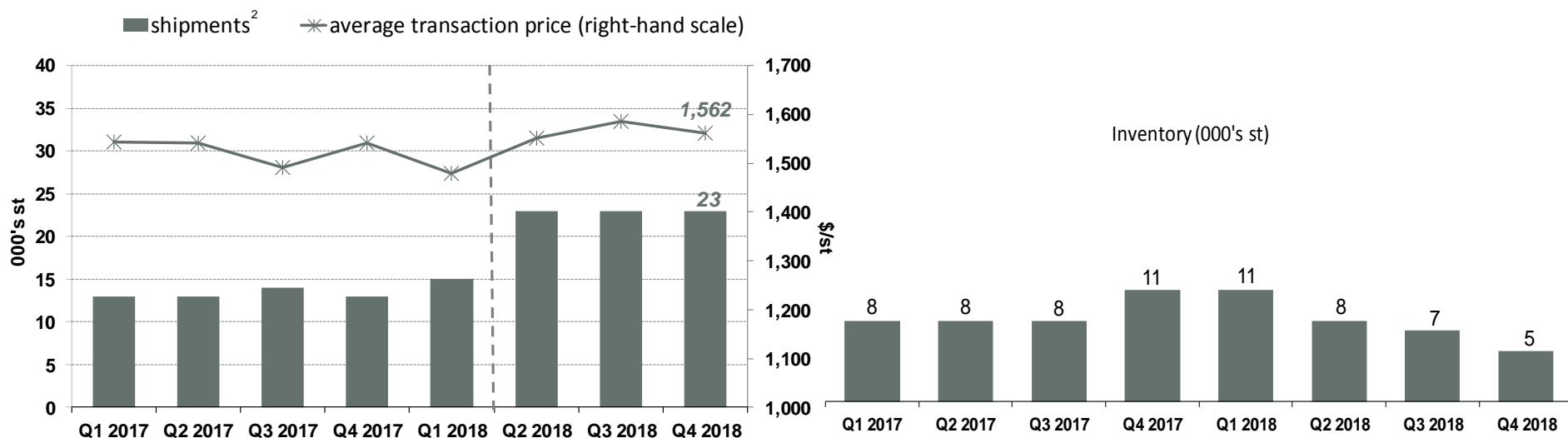
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- EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
- The "all-in" cash cost is the total cost, excluding depreciation and amortization, of each ton shipped (cost of sales, distribution costs, and selling, general and administrative expenses).

TISSUE

(US\$mm)	Q4 2018	Q3 2018	2018	2017
Sales	35	38	130	81
Operating loss	(9)	(10)	(30)	(6)
EBITDA ¹	(5)	(5)	(15)	(1)
Shipments (000's st)	23	23	84	53

- U.S. consumption ↑ 2.6% in 2018 vs. 2017³
 - Away-from-home shipments ↑ 3.3%
 - At-home shipments ↑ 1.5%
- Sales growth on target
- Significant progress in Q4 to improve quality and productivity



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

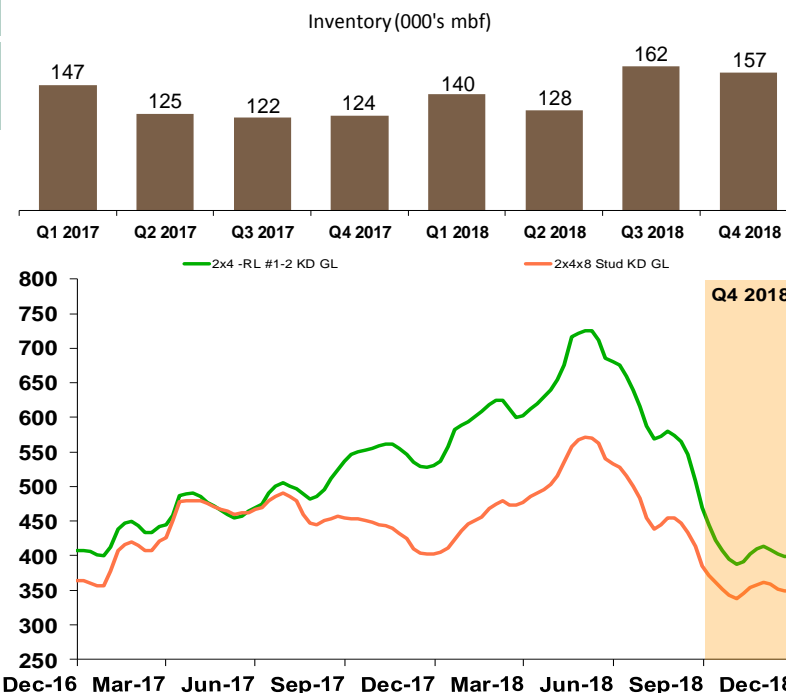
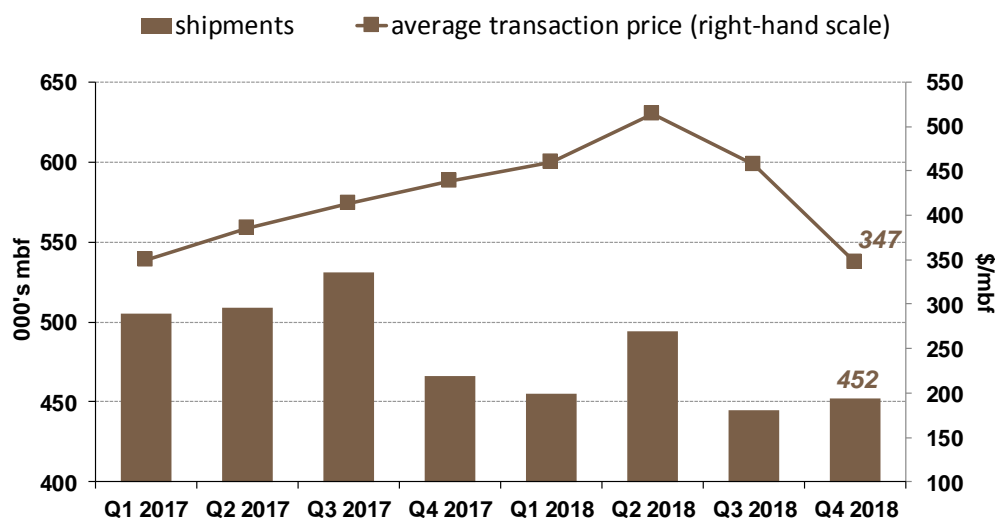
2. Includes Calhoun starting in Q2 2018.

3. For the 11 months ended November 20, 2018

WOOD PRODUCTS

(US\$mm)	Q4 2018	Q3 2018	2018	2017
Sales	157	203	823	797
Operating (loss) income	(8)	45	169	186
EBITDA ¹	1	53	201	219
Shipments (mmbf)	452	445	1,846	2,011

- Q4 SAAR² for U.S. housing starts ↑ 5% vs. 2017³
 - Multi-family starts ↑ 8%; single-family starts ↑ 3% vs. 2017
- Q4 Transaction price ↓ \$110/mbf vs. Q3; ↑ \$50/mbf vs. 2017
- Q4 Shipments ↑ 7 mmbf vs. Q3
- 10% of production capacity curtailed in Q4 2018
- Q4 Cash cost ↑ \$9/mmbf



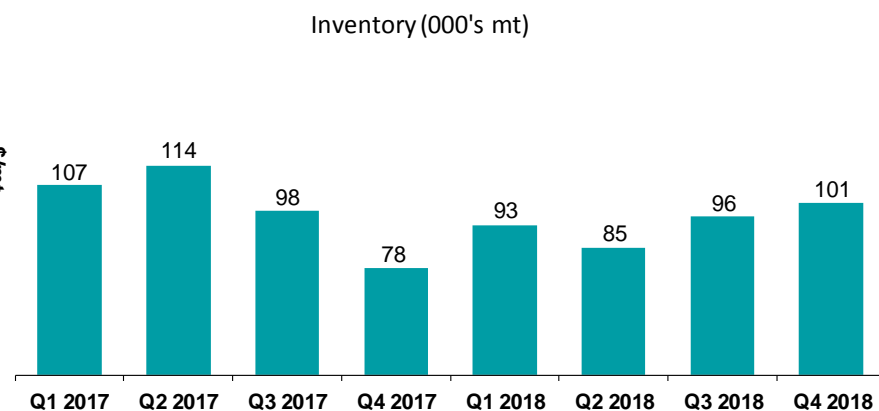
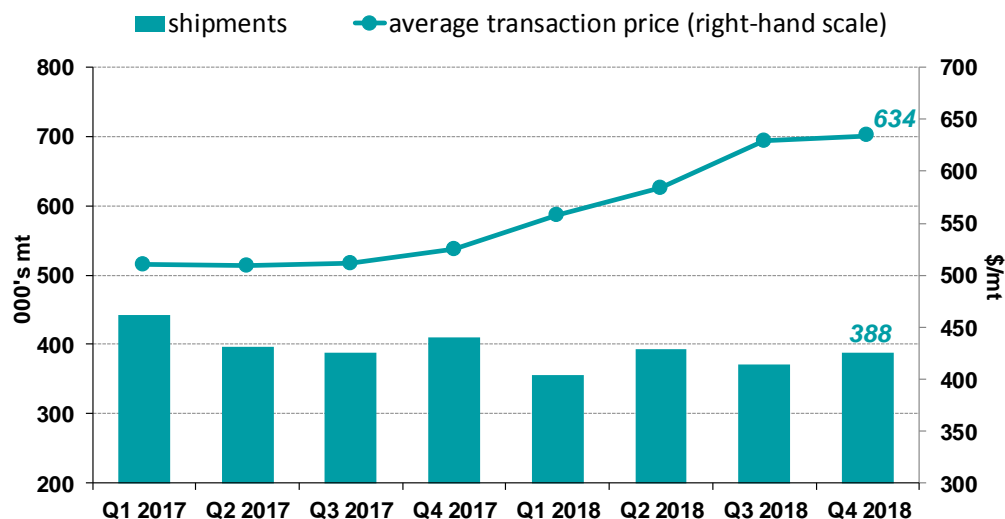
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- EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
- Seasonally adjusted annual rate.
- For the 11 months ended November 30, 2018.

NEWSPRINT

(US\$mm)	Q4 2018	Q3 2018	2018	2017
Sales	247	232	907	842
Operating Income (loss)	28	32	74	(23)
EBITDA ¹	45	48	140	43
Shipments (000's mt)	388	371	1,507	1,638

- North America:
 - Demand ↓ 11% vs. 2017; publishers ↓ 14%
 - Shipment-to-capacity ratio of 94%
- World²:
 - Demand ↓ 8% vs. 2017
 - Shipment-to-capacity ratio of 90%
- Q4 Transaction price ↑ \$5/mt vs. Q3; ↑ \$88/mt vs. 2017
- Q4 Shipments ↑ 17k mt vs. Q3
- Q4 Cash cost ↑ \$19/mt



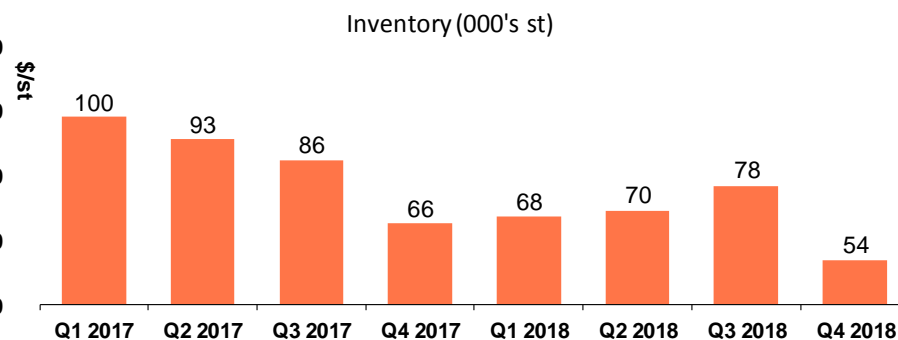
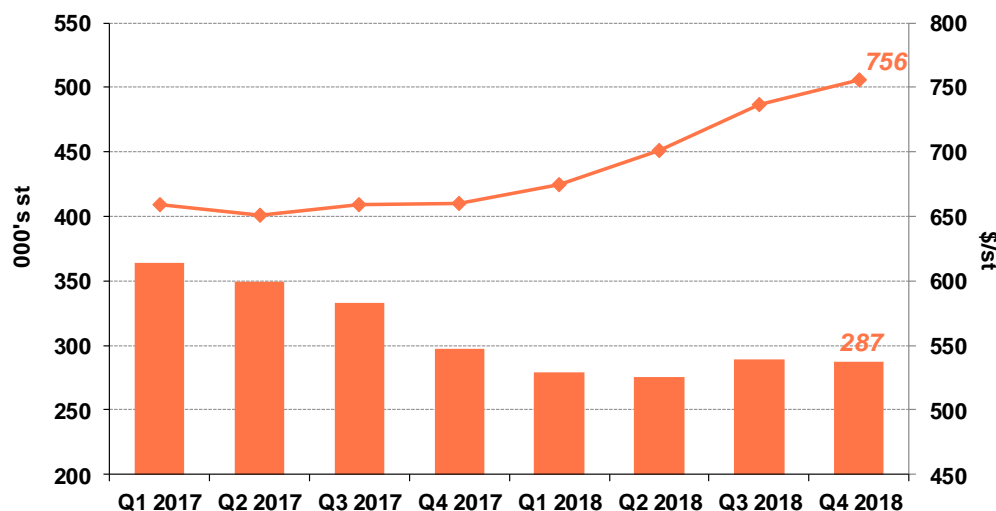
1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures
 2. For the 11 months ended November 30, 2018.

SPECIALTY PAPERS

(US\$mm)	Q4 2018	Q3 2018	2018	2017
Sales	217	213	811	882
Operating Income (loss)	17	26	40	(9)
EBITDA ¹	28	38	87	36
Shipments (000's st)	287	289	1,130	1,343

- North American demand ↓ 6% in uncoated mechanical grades vs. 2017
 - Standard papers ↓ 9%; SC² ↓ 1%
 - Shipment-to-capacity ratio of 92%
- North American coated mechanical grades:
 - Demand ↓ 8%
 - Shipment-to-capacity ratio of 95%
- Exited coated mechanical grades with the sale of Catawba
- Q4 Transaction price ↑ \$19/st vs. Q3; ↑ \$61/st vs 2017
- Q4 Shipments ↓ 2k st vs. Q3
- Q4 Cash cost ↑ \$57/st vs. Q3

shipments average transaction price (right-hand scale)



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.

P&L

Selected financial information

2018	vs 2017	Q4 2018	vs Q3 2018	vs Q4 2017
Net income ¹ \$183mm	+\$171mm	Net income ¹ \$4mm	-\$92mm	-\$10mm
Sales \$3,756mm	+7%	Sales \$932mm	-4%	+4%
EPS ¹ \$1.96	+\$1.83	EPS ¹ \$0.04	-\$0.99	-\$0.11
Adjusted EBITDA ² \$574mm	+58%	Adjusted EBITDA ² \$105mm	-44%	+3%

Special items affecting net income (pre-tax)

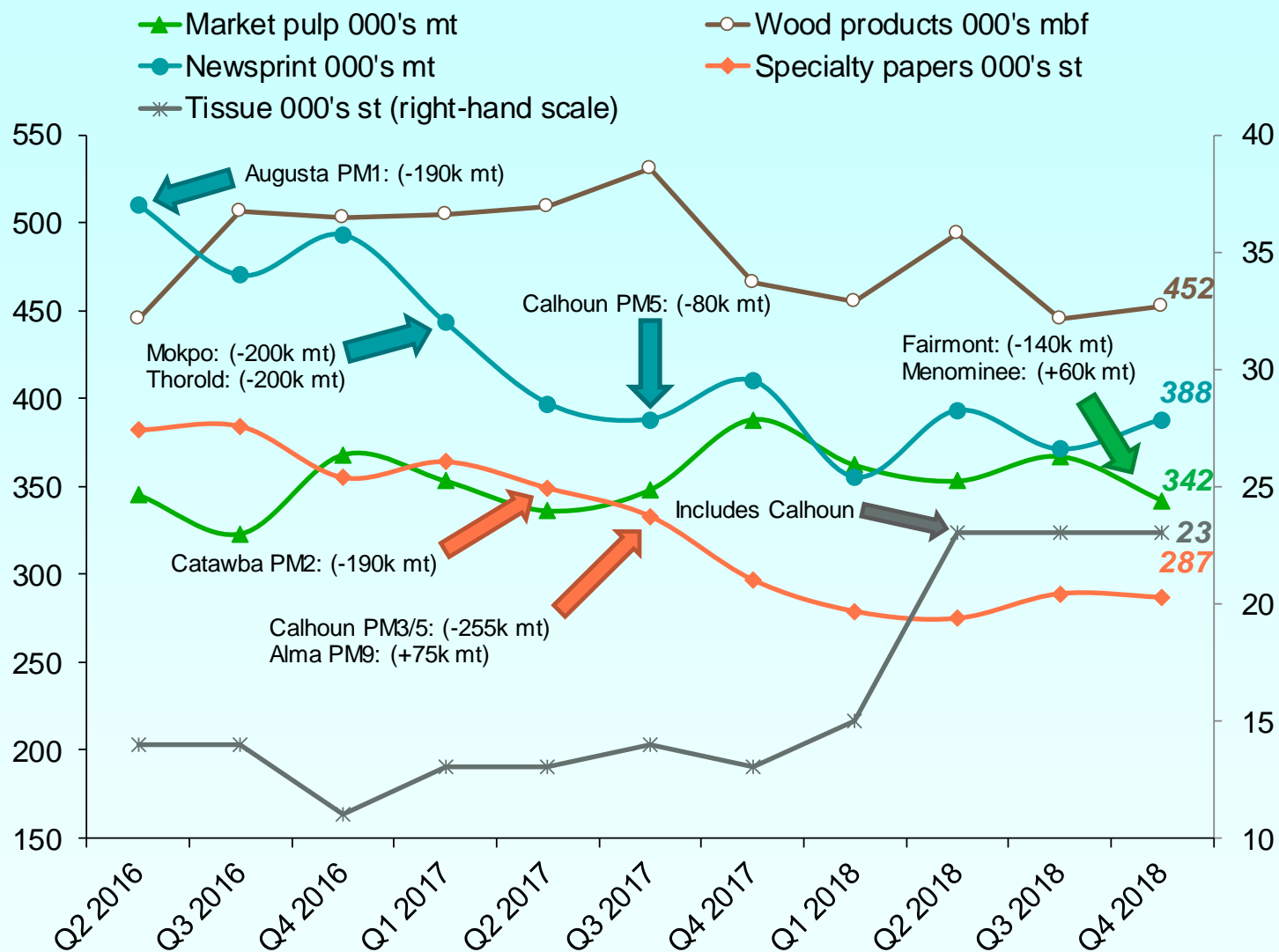
2018	Q4 2018
<ul style="list-style-type: none"> - \$145mm net gain on disposition of assets - \$120mm non-cash impairment charge - \$50mm non-operating pension and OPEB³ credits 	<ul style="list-style-type: none"> - \$141mm net gain on disposition of assets - \$120mm non-cash impairment charge - \$12mm non-operating pension and OPEB³ 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.

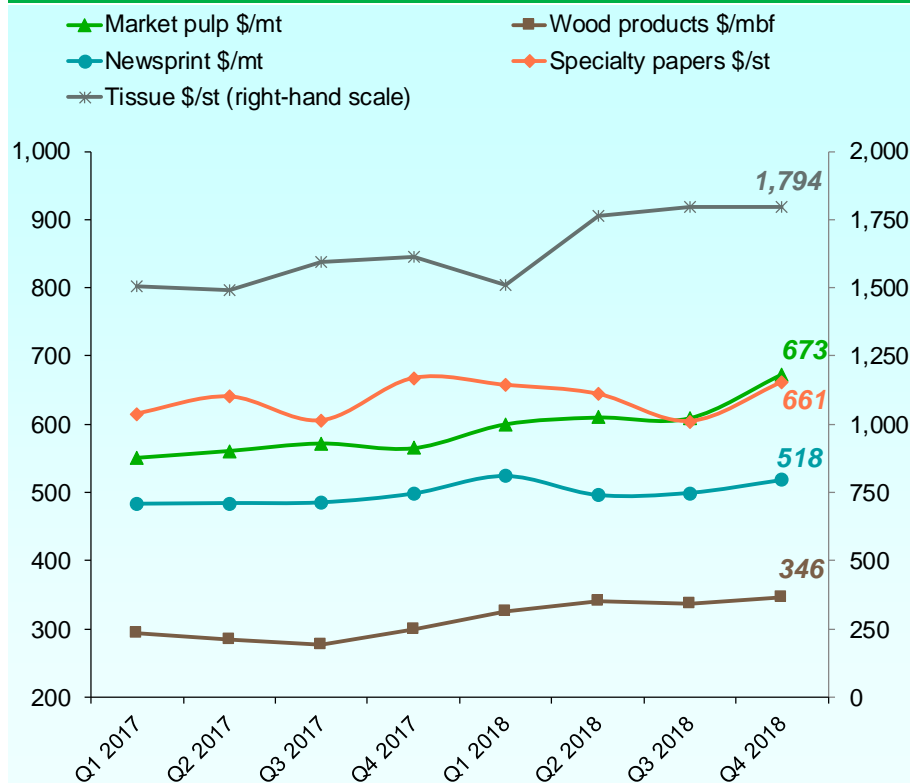
3. Other postretirement benefit.

SHIPMENTS

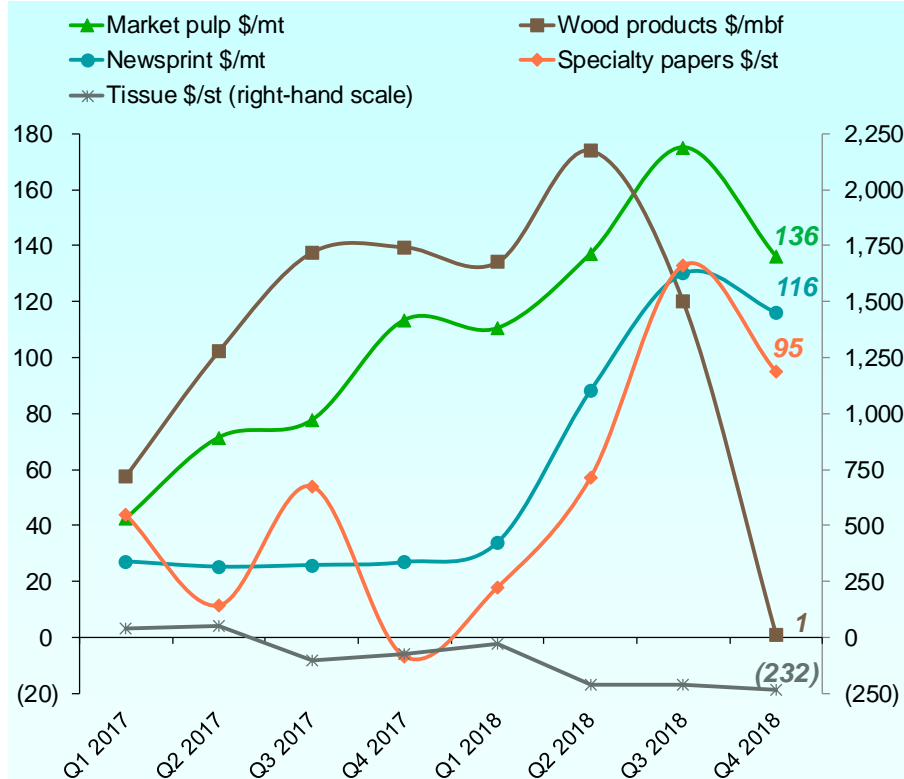


PERFORMANCE METRICS

« All-in » cash cost



EBITDA per unit¹



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

Q1'17

13

Q2'17

9

Q3'17

9

Q4'17

9

Q1'18

12

Q2'18

11

Q3'18

10

Q4'18

4



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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

- Q4 net cash provided by operations of \$84mm
- Special dividend payment of \$136mm in Q4
- \$334mm of net proceeds from the disposition of assets in Q4
- \$225mm of senior notes repurchased in 2019
- Net debt to adjusted LTM¹ EBITDA² ratio ↓ to 0.6x in Q4
- \$160mm of capital expenditures expected in 2019
- Almost all of the \$61mm supercalendered cash duty deposits returned; cumulative lumber cash duty deposits of \$103mm

(US\$mm)	Q4 2018	vs Q3 2018	vs Q4 2017
Cash	304	+232	+298
Working capital ⁽³⁾	566	+22	-52
Total debt	645	–	-144
Interest	11	-1	-2

Available liquidity (US\$mm)	2018				2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total debt	645	645	675	779	789	832	840	881
Cash on hand	304	72	6	13	6	38	44	39
Available under revolving credit facilities	517	582	511	439	412	362	370	341

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 assets held for sale, net (\$163mm in Q3 2018); supercalendered paper cash deposits (\$1M in Q4 2018; \$36M in Q3 2018); and uncoated groundwood paper cash countervailing duty deposits (\$6M in Q4 2018 and Q3 2018).



PENSION

- Net pension & OPEB liability ↑ \$182 million in Q4
 - Negative equity returns, offset by the increase in the applicable discount rate

(US\$mm)	2018	2017	2016
Net pension liabilities	1,122	1,097	1,123
OPEB liabilities	148	172	172
Net pension and OPEB liabilities	1,270	1,269	1,295
U.S. GAAP discount rate at 12/31 ¹	3.8%	3.6%	3.8%

(US\$mm)	2019E	2018	2017	2016
Pension contributions ²	100	121	132	162
OPEB payments	15	13	11	13
Operating pension and OPEB costs	30	40	41	42
Non-op. pension and OPEB (credits)/costs ³	(45)	(50)	(7)	8
Total pension and OPEB (credits)/costs	(15)	(10)	34	50

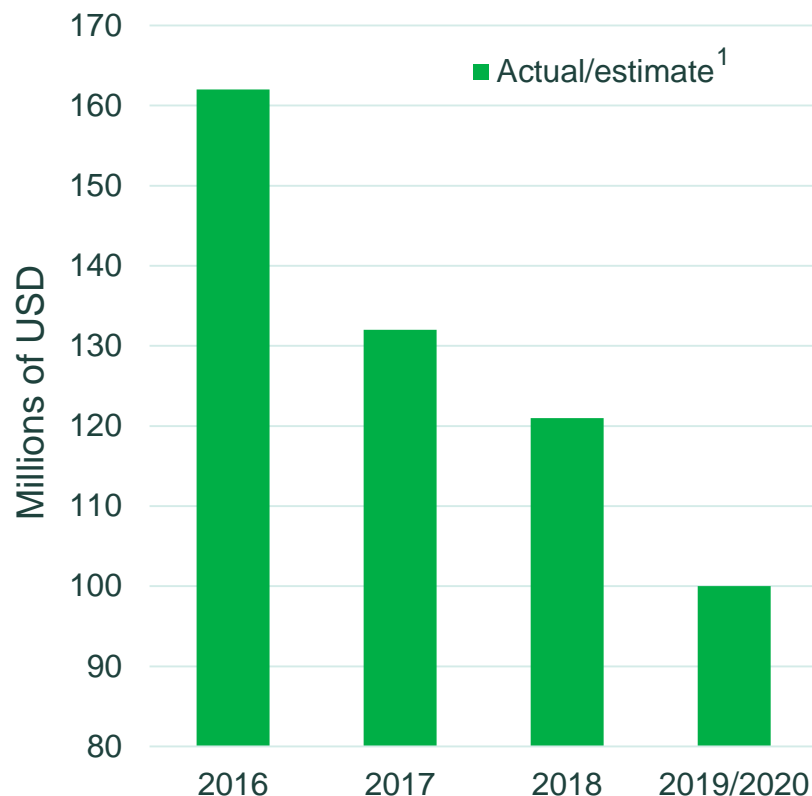
1. Pension plans.

2. Includes defined benefit and defined contribution plans.

3. Excluded from adjusted EBITDA.

PENSION

Total Pension Contributions



2018 Pension Plans Deficit

	Accounting Basis	Funding Purposes ²	Variance
Net pension liabilities (US\$mm)	1,122	586	536
Funded ratio (%)	77%	91%	
Discount rate (%)	3.8%	5.7%	

Assumptions used for 2019-2020

Discount rate: going concern	5.7%
Canadian dollar	US\$ 0.75

1. The assumptions for 2019-2020 estimated total pension contributions can be found in the table "Assumptions used for 2019-2020" above which includes defined benefit and defined contribution plans.
2. Funding for pension plans in Quebec are on a going concern basis; in Ontario, also on going-concern basis as we exited special funding regulations on December 31, 2018; and in the U.S. on a 25-year average interest rate basis.

2019 PRIORITIES

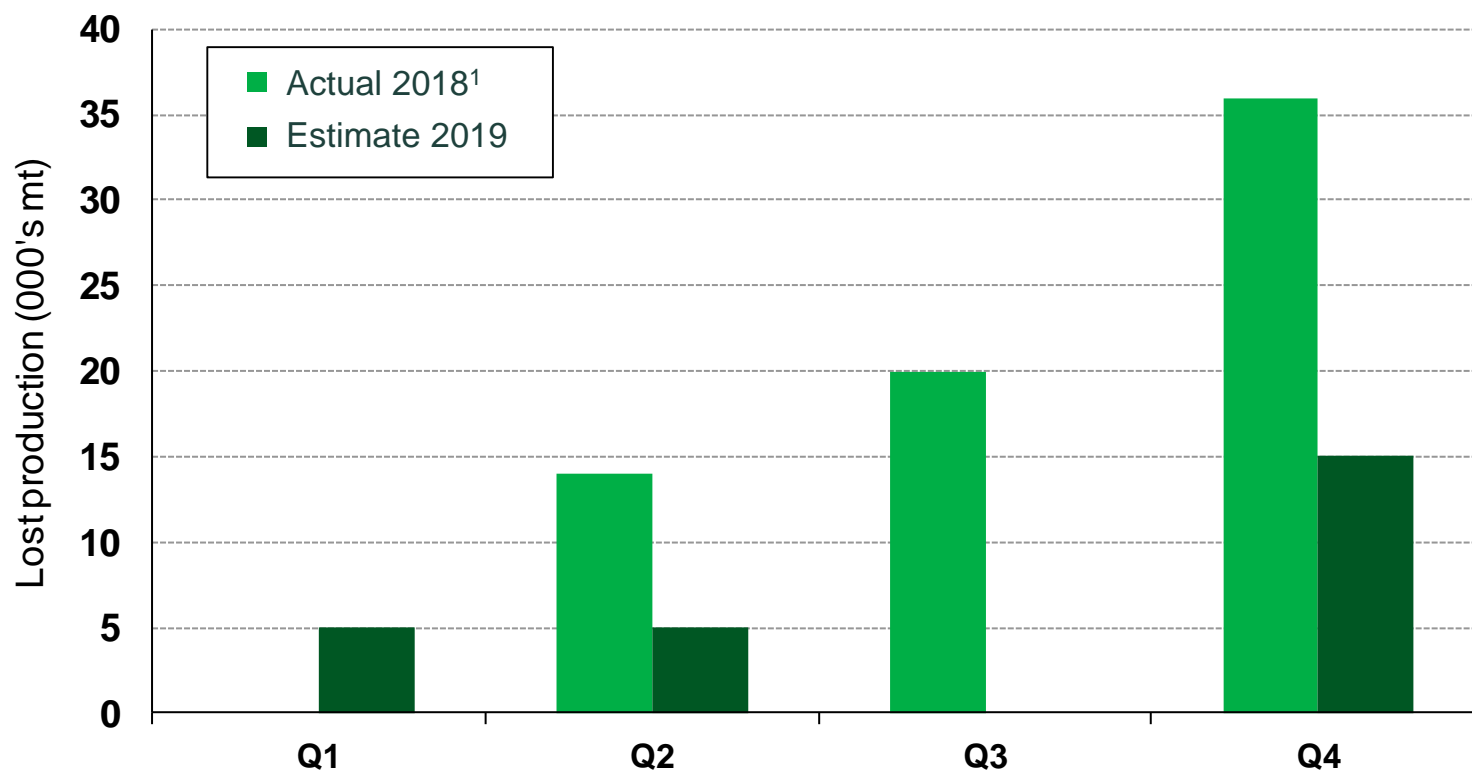
Calhoun Tissue	<ul style="list-style-type: none">• Increase productivity and enhance product quality
Costs	<ul style="list-style-type: none">• Improve operational efficiencies and limit production disruptions
Investments	<ul style="list-style-type: none">• Focus on acquisitions and organic opportunities
Employees	<ul style="list-style-type: none">• Continue to build on our world-class safety performance• Support workforce attraction and retention

OUTLOOK

Wood Products	<ul style="list-style-type: none">• Despite weaker lumber markets, we believe markets will gradually improve in 2019• Long-term outlook unchanged; belief in the underlying fundamentals and growth prospects
Market Pulp	<ul style="list-style-type: none">• Fundamentals expected to remain positive, even with softening in Chinese buying activities• Limited capacity additions over the medium term• Scheduled maintenance outages will decrease production by 25k mt in 2019
Paper	<ul style="list-style-type: none">• Seasonally low paper shipments expected in Q1
Tissue	<ul style="list-style-type: none">• Ongoing productivity and quality improvements at Calhoun• Targeting positive earnings generation in the first half of 2019• Optimistic about the long-term growth prospects

OUTLOOK

Scheduled Market Pulp Outages



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

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 January 31, 2019, press release available on our website.

Three months ended December 31, 2018 (unaudited, in millions, except per share amounts)	Operating income (loss)	Net income (loss)	EPS
GAAP, as reported	\$ 75	\$ 36	\$ 0.38
Adjustments for special items:			
Closure costs, impairment and other related charges	120	120	1.27
Net gain on disposition of assets	(141)	(141)	(1.49)
Non-operating pension and OPEB credits	-	(12)	(0.13)
Other income, net	-	(1)	(0.01)
Income tax effect of special items	-	2	0.02
Adjusted for special items	\$ 54	\$ 4	\$ 0.04
Three months ended December 31, 2017 (unaudited, in millions, except per share amounts)	Operating income (loss)	Net income (loss)	EPS
GAAP, as reported	\$ 53	\$ 13	\$ 0.14
Adjustments for special items:			
Foreign exchange loss	-	1	0.01
Closure costs, impairment and other related charges	2	2	0.02
Start-up costs	9	9	0.10
Net gain on disposition of assets	(13)	(13)	(0.14)
Non-operating pension and OPEB credits	-	(1)	(0.01)
Other expense, net	-	4	0.04
Income tax effect of special items	-	(1)	(0.01)
Adjusted for special items	\$ 51	\$ 14	\$ 0.15

Twelve months ended December 31, 2018 (unaudited, in millions, except per share amounts)	Operating income (loss)	Net income (loss)	EPS
GAAP, as reported	\$ 379	\$ 235	\$ 2.52
Adjustments for special items:			
Foreign exchange loss	-	2	0.02
Closure costs, impairment and other related charges	121	121	1.30
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	(145)	(145)	(1.55)
Non-operating pension and OPEB credits	-	(50)	(0.54)
Other income, net	-	(7)	(0.08)
Income tax effect of special items	-	20	0.21
Adjusted for special items	\$ 362	\$ 183	\$ 1.96
Twelve months ended December 31, 2017 (unaudited, in millions, except per share amounts)	Operating income (loss)	Net income (loss)	EPS
GAAP, as reported	\$ 42	\$ (84)	\$ (0.93)
Adjustments for special items:			
Foreign exchange gain	-	(9)	(0.10)
Closure costs, impairment and other related charges	82	82	0.91
Inventory write-downs related to closures	24	24	0.27
Start-up costs	27	27	0.30
Net gain on disposition of assets	(15)	(15)	(0.17)
Non-operating pension and OPEB credits	-	(7)	(0.08)
Other expense, net	-	3	0.03
Income tax effect of special items	-	(9)	(0.10)
Adjusted for special items	\$ 160	\$ 12	\$ 0.13

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 January 31, 2019, press release available on our website.

Three months ended December 31, 2018								
(unaudited, in millions)	Market pulp	Tissue ⁽²⁾	Wood products	Newsprint	Specialty papers	Corporate and other	Total	
Net income (loss) including noncontrolling interests	\$ 41	\$ (9)	\$ (8)	\$ 28	\$ 17	\$ (33)	\$	36
Interest expense						11		11
Income tax provision						41		41
Depreciation and amortization	5	4	9	17	11	5		51
EBITDA	\$ 46	\$ (5)	\$ 1	\$ 45	\$ 28	\$ 24	\$	139
Closure costs, impairment and other related charges						120		120
Net gain on disposition of assets						(141)		(141)
Non-operating pension and OPEB credits						(12)		(12)
Other income, net						(1)		(1)
Adjusted EBITDA	\$ 46	\$ (5)	\$ 1	\$ 45	\$ 28	\$ (10)	\$	105

Three months ended December 31, 2017								
(unaudited, in millions)	Market pulp	Tissue	Wood products	Newsprint	Specialty papers	Corporate and other	Total	
Net income (loss) including noncontrolling interests	\$ 37	\$ (2)	\$ 57	\$ (6)	\$ (13)	\$ (58)	\$	15
Interest expense						13		13
Income tax provision						21		21
Depreciation and amortization	7	1	8	17	11	7		51
EBITDA	\$ 44	\$ (1)	\$ 65	\$ 11	\$ (2)	\$ (17)	\$	100
Foreign exchange loss						1		1
Closure costs, impairment and other related charges						2		2
Start-up costs						9		9
Net gain on disposition of assets						(13)		(13)
Non-operating pension and OPEB credits						(1)		(1)
Other expense, net						4		4
Adjusted EBITDA	\$ 44	\$ (1)	\$ 65	\$ 11	\$ (2)	\$ (15)	\$	102

Twelve months ended December 31, 2018 (unaudited, in millions)								
	Market pulp	Tissue ⁽²⁾	Wood products	Newsprint	Specialty papers	Corporate and other	Total	
Net income (loss) including noncontrolling interests	\$ 172	\$ (30)	\$ 169	\$ 74	\$ 40	\$ (190)	\$	235
Interest expense						47		47
Income tax provision						152		152
Depreciation and amortization	27	15	32	66	47	25		212
EBITDA	\$ 199	\$ (15)	\$ 201	\$ 140	\$ 87	\$ 34	\$	646
Foreign exchange loss						2		2
Closure costs, impairment and other related charges						121		121
Reversal of inventory write-downs related to closures						(1)		(1)
Start-up costs						8		8
Net gain on disposition of assets						(145)		(145)
Non-operating pension and OPEB credits						(50)		(50)
Other income, net						(7)		(7)
Adjusted EBITDA	\$ 199	\$ (15)	\$ 201	\$ 140	\$ 87	\$ (38)	\$	574
Twelve months ended December 31, 2017 (unaudited, in millions)								
	Market pulp	Tissue	Wood products	Newsprint	Specialty papers	Corporate and other	Total	
Net income (loss) including noncontrolling interests	\$ 79	\$ (6)	\$ 186	\$ (23)	\$ (9)	\$ (305)	\$	(78)
Interest expense						49		49
Income tax provision						84		84
Depreciation and amortization	31	5	33	66	45	24		204
EBITDA	\$ 110	\$ (1)	\$ 219	\$ 43	\$ 36	\$ (148)	\$	259
Foreign exchange gain						(9)		(9)
Closure costs, impairment and other related charges						82		82
Inventory write-downs related to closures						24		24
Start-up costs						27		27
Net gain on disposition of assets						(15)		(15)
Non-operating pension and OPEB credits						(7)		(7)
Other expense, net						3		3
Adjusted EBITDA	\$ 110	\$ (1)	\$ 219	\$ 43	\$ 36	\$ (43)	\$	364

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	\$ 932	\$ 3,756
Operating income (loss) ⁽¹⁾	(9)	(48)	46	53	42	48	121	135	75	379
Interest expense	(11)	(12)	(13)	(13)	(49)	(13)	(11)	(12)	(11)	(47)
Net income (loss) including noncontrolling interests	(46)	(73)	26	15	(78)	10	72	117	36	235
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	36	235
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	\$ 0.38	\$ 2.52
Special dividend declared per common share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.50	\$ 1.50
Average diluted shares outstanding (in thousands)	90,195	90,344	91,639	93,032	90,474	92,999	93,197	93,393	94,442	93,257
Ending shares outstanding (in thousands)	89,751	89,751	89,798	90,197	90,197	90,315	90,342	90,345	90,730	90,730

Financial Position

Cash and cash equivalents	\$ 39	\$ 44	\$ 38	\$ 6	\$ 6	\$ 13	\$ 6	\$ 72	\$ 304	\$ 304
Working capital ⁽²⁾	630	580	608	618	618	626	664	749	573	573
Fixed assets, net	1,866	1,779	1,737	1,716	1,716	1,684	1,669	1,545	1,515	1,515
Total assets	4,335	4,171	4,232	4,147	4,147	4,122	4,025	4,145	3,935	3,935
Current portion of long-term debt	1	1	-	1	1	1	1	1	223	223
Long-term debt, net of current portion	880	839	832	788	788	778	674	644	422	422
Net debt ⁽³⁾	842	796	794	783	783	766	669	573	341	341
Liquidity ⁽⁴⁾	380	414	400	418	418	452	517	654	821	821
Total Resolute Forest Products Inc. shareholders' equity	1,655	1,590	1,607	1,599	1,599	1,615	1,691	1,809	1,534	1,534
Noncontrolling interests	19	20	22	1	1	1	1	1	1	1
Total equity	1,674	1,610	1,629	1,600	1,600	1,616	1,692	1,810	1,535	1,535

Cash Flow Information

Cash flows provided by (used in) operations	\$ (39)	\$ 99	\$ 39	\$ 59	\$ 158	\$ 62	\$ 158	\$ 131	\$ 84	\$ 435
Cash invested in fixed assets	(69)	(47)	(20)	(28)	(164)	(25)	(28)	(41)	(61)	(155)
Dispositions of assets	-	-	3	18	21	-	2	-	334	336
Decrease (increase) in countervailing duty cash deposits on supercalendered paper	(5)	(7)	(5)	(5)	(22)	(5)	(6)	24	35	48
Decrease (increase) in countervailing and anti-dumping duty cash deposits on softwood lumber	-	(4)	(14)	(8)	(26)	(14)	(27)	(21)	(15)	(77)
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)	293	146
Net borrowings (repayments) under revolving credit facilities	118	(41)	(7)	(51)	19	(9)	(105)	(30)	-	(144)
Payment of special dividend	-	-	-	-	-	-	-	-	(136)	(136)
Cash flows provided by (used in) financing activities	118	(41)	(8)	(66)	3	(10)	(105)	(30)	(136)	(281)

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	\$ 288	\$ 276	\$ 1,085
Tissue ⁽⁵⁾	20	20	21	20	81	22	35	38	35	130
Wood products	177	197	219	204	797	209	254	203	157	823
Newsprint	226	201	199	216	842	198	230	232	247	907
Specialty papers	240	227	219	196	882	188	193	213	217	811
Total sales	\$ 872	\$ 858	\$ 885	\$ 898	\$ 3,513	\$ 874	\$ 976	\$ 974	\$ 932	\$ 3,756
Shipments to Third Parties (thousands of units)										
Market pulp (mt)	353	336	348	388	1,425	362	353	367	342	1,424
Tissue (st) ⁽⁵⁾	13	13	14	13	53	15	23	23	23	84
Wood products (mbf)	505	509	531	466	2,011	455	494	445	452	1,846
Newsprint (mt)	443	397	388	410	1,638	355	393	371	388	1,507
Specialty papers (st)	364	349	333	297	1,343	279	275	289	287	1,130
Average Transaction Price per Unit										
Market pulp (\$/mt)	\$ 593	\$ 632	\$ 650	\$ 678	\$ 639	\$ 710	\$ 747	\$ 784	\$ 809	\$ 762
Tissue (\$/st) ⁽⁵⁾	1,543	1,541	1,492	1,542	1,529	1,480	1,551	1,585	1,562	1,551
Wood products (\$/mbf)	350	386	413	438	396	459	514	457	347	446
Newsprint (\$/mt)	510	509	511	525	514	558	584	629	634	602
Specialty papers (\$/st)	659	651	659	660	657	675	701	737	756	718

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	\$ 41	\$ 172
Tissue ⁽⁵⁾	-	(1)	(3)	(2)	(6)	(1)	(10)	(10)	(9)	(30)
Wood products	20	45	64	57	186	53	79	45	(8)	169
Newsprint	(4)	(7)	(6)	(6)	(23)	(4)	18	32	28	74
Specialty papers	4	(7)	7	(13)	(9)	(7)	4	26	17	40
Corporate and other ⁽¹⁾	(36)	(94)	(35)	(20)	(185)	(26)	(11)	(15)	6	(46)
Total operating income (loss) ⁽¹⁾	\$ (9)	\$ (48)	\$ 46	\$ 53	\$ 42	\$ 48	\$ 121	\$ 135	\$ 75	\$ 379

Selling, General and Administrative Expenses

Market pulp	\$ 8	\$ 8	\$ 9	\$ 7	\$ 32	\$ 9	\$ 9	\$ 8	\$ 9	\$ 35
Tissue ⁽⁵⁾	2	1	2	1	6	1	3	4	3	11
Wood products	6	7	7	6	26	7	8	6	6	27
Newsprint	10	8	10	10	38	9	9	8	9	35
Specialty papers	7	6	7	7	27	7	6	6	5	24
Corporate and other ⁽¹⁾	9	7	8	17	41	10	7	8	8	33
Total selling, general and administrative expenses ⁽¹⁾	\$ 42	\$ 37	\$ 43	\$ 48	\$ 170	\$ 43	\$ 42	\$ 40	\$ 40	\$ 165

Operating Cost per Unit

Market pulp (\$/mt)	\$ 575	\$ 583	\$ 595	\$ 583	\$ 584	\$ 619	\$ 631	\$ 629	\$ 688	\$ 641
Tissue (\$/st) ⁽⁵⁾	1,592	1,579	1,700	1,697	1,642	1,585	1,973	2,003	1,982	1,916
Wood products (\$/mbf)	310	299	291	318	304	342	355	355	366	354
Newsprint (\$/mt)	519	525	526	540	528	568	538	543	562	552
Specialty papers (\$/st)	647	673	639	703	664	698	688	647	697	682

Operating Cost per Unit, Excluding Depreciation and Amortization

Market pulp (\$/mt)	\$ 551	\$ 561	\$ 572	\$ 565	\$ 562	\$ 600	\$ 610	\$ 609	\$ 673	\$ 622
Tissue (\$/st) ⁽⁵⁾	1,504	1,489	1,593	1,614	1,550	1,508	1,762	1,796	1,794	1,736
Wood products (\$/mbf)	293	284	276	299	287	325	340	337	346	337
Newsprint (\$/mt)	483	484	485	498	488	524	496	499	518	509
Specialty papers (\$/st)	615	640	605	667	630	657	644	604	661	641

Product Inventory (thousands of units)

Market pulp (mt)	92	94	100	89	89	91	108	116	80	80
Tissue (st) ⁽⁵⁾	8	8	8	11	11	11	8	7	5	5
Wood products (mbf)	147	125	122	124	124	140	128	162	157	157
Newsprint (mt)	107	114	98	78	78	93	85	96	101	101
Specialty papers (st)	100	93	86	66	66	68	70	78	54	54

Financial and Operating Statistics (Page 4 of 5)

(in millions)

Net Income (Loss) Including Noncontrolling Interests

	First	Second	Third	Fourth	Total
Market pulp	\$ 7	\$ 16	\$ 19	\$ 37	\$ 79
Tissue ⁽⁵⁾	-	(1)	(3)	(2)	(6)
Wood products	20	45	64	57	186
Newsprint	(4)	(7)	(6)	(6)	(23)
Specialty papers	4	(7)	7	(13)	(9)
Corporate and other	(73)	(119)	(55)	(58)	(305)
Total net income (loss) including noncontrolling interests	\$ (46)	\$ (73)	\$ 26	\$ 15	\$ (78)

Interest Expense

	\$ 11	\$ 12	\$ 13	\$ 13	\$ 49
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Income Tax Provision (Benefit)

	\$ 29	\$ 19	\$ 15	\$ 21	\$ 84
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Depreciation and Amortization

Market pulp	\$ 8	\$ 8	\$ 8	\$ 7	\$ 31
Tissue ⁽⁵⁾	1	1	2	1	5
Wood products	9	7	9	8	33
Newsprint	16	17	16	17	66
Specialty papers	12	11	11	11	45
Corporate and other	5	6	6	7	24
Total depreciation and amortization	\$ 51	\$ 50	\$ 52	\$ 51	\$ 204

EBITDA ⁽⁶⁾

Market pulp	\$ 15	\$ 24	\$ 27	\$ 44	\$ 110
Tissue ⁽⁵⁾	1	-	(1)	(1)	(1)
Wood products	29	52	73	65	219
Newsprint	12	10	10	11	43
Specialty papers	16	4	18	(2)	36
Corporate and other	(28)	(82)	(21)	(17)	(148)
Total EBITDA	\$ 45	\$ 8	\$ 106	\$ 100	\$ 259

Special Items ⁽⁶⁾

Foreign exchange (gain) loss	\$ -	\$ (3)	\$ (7)	\$ 1	\$ (9)
Closure costs, impairment and other related charges ⁽¹⁾	7	65	8	2	82
(Reversal of) inventory write-downs related to closures	4	9	11	-	24
Net (gain) loss on disposition of assets	-	-	(2)	(13)	(15)
Non-operating pension and OPEB costs (credits) ⁽¹⁾	(3)	(1)	(2)	(1)	(7)
Start-up costs	8	7	3	9	27
Other (income) expense, net	-	(2)	1	4	3
Total special items	\$ 16	\$ 75	\$ 12	\$ 2	\$ 105

Adjusted EBITDA ⁽⁶⁾

Market pulp	\$ 15	\$ 24	\$ 27	\$ 44	\$ 110
Tissue ⁽⁵⁾	1	-	(1)	(1)	(1)
Wood products	29	52	73	65	219
Newsprint	12	10	10	11	43
Specialty papers	16	4	18	(2)	36
Corporate and other	(12)	(7)	(9)	(15)	(43)
Total adjusted EBITDA	\$ 61	\$ 83	\$ 118	\$ 102	\$ 364

2018

	First	Second	Third	Fourth	Total
Market pulp	\$ 33	\$ 41	\$ 57	\$ 41	\$ 172
Tissue ⁽⁵⁾	(1)	(10)	(10)	(9)	(30)
Wood products	53	79	45	(8)	169
Newsprint	(4)	18	32	28	74
Specialty papers	(7)	4	26	17	40
Corporate and other	(64)	(60)	(33)	(33)	(190)
Total net income (loss) including noncontrolling interests	\$ 10	\$ 72	\$ 117	\$ 36	\$ 235
Interest Expense	\$ 13	\$ 11	\$ 12	\$ 11	\$ 47
Income Tax Provision (Benefit)	\$ 31	\$ 47	\$ 33	\$ 41	\$ 152
Depreciation and Amortization	\$ 7	\$ 8	\$ 7	\$ 5	\$ 27
Market pulp	\$ 7	\$ 8	\$ 7	\$ 5	\$ 27
Tissue ⁽⁵⁾	1	5	5	4	15
Wood products	8	7	8	9	32
Newsprint	16	17	16	17	66
Specialty papers	12	12	12	11	47
Corporate and other	9	5	6	5	25
Total depreciation and amortization	\$ 53	\$ 54	\$ 54	\$ 51	\$ 212
EBITDA ⁽⁶⁾	\$ 40	\$ 49	\$ 64	\$ 46	\$ 199
Market pulp	\$ 40	\$ 49	\$ 64	\$ 46	\$ 199
Tissue ⁽⁵⁾	-	(5)	(5)	(5)	(15)
Wood products	61	86	53	1	201
Newsprint	12	35	48	45	140
Specialty papers	5	16	38	28	87
Corporate and other	(11)	3	18	24	34
Total EBITDA	\$ 107	\$ 184	\$ 216	\$ 139	\$ 646
Special Items ⁽⁶⁾	\$ 1	\$ 1	\$ -	\$ -	\$ 2
Foreign exchange (gain) loss	\$ 1	\$ 1	\$ -	\$ -	\$ 2
Closure costs, impairment and other related charges ⁽¹⁾	-	1	-	120	121
(Reversal of) inventory write-downs related to closures	(1)	-	-	-	(1)
Net (gain) loss on disposition of assets	-	(4)	-	(141)	(145)
Non-operating pension and OPEB costs (credits) ⁽¹⁾	(13)	(12)	(13)	(12)	(50)
Start-up costs	8	-	-	-	8
Other (income) expense, net	6	2	(14)	(1)	(7)
Total special items	\$ 1	\$ (12)	\$ (27)	\$ (34)	\$ (72)
Adjusted EBITDA ⁽⁶⁾	\$ 40	\$ 49	\$ 64	\$ 46	\$ 199
Market pulp	\$ 40	\$ 49	\$ 64	\$ 46	\$ 199
Tissue ⁽⁵⁾	-	(5)	(5)	(5)	(15)
Wood products	61	86	53	1	201
Newsprint	12	35	48	45	140
Specialty papers	5	16	38	28	87
Corporate and other	(10)	(9)	(9)	(10)	(38)
Total adjusted EBITDA	\$ 108	\$ 172	\$ 189	\$ 105	\$ 574

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 Q4 2018 RESULTS



JANUARY 31, 2019