

# RESOLUTE FOREST PRODUCTS Q2 2019 RESULTS



AUGUST 1, 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; future pension obligations; 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, including as a result of the changes to our pension funding obligations; 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 our entry into tissue production and sales, or divestitures or other strategic transactions or projects; 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; disruptions to our information technology systems including cybersecurity incidents; 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 and anti-dumping duties on imports to the U.S. of substantially all of our softwood lumber products produced at our Canadian sawmills; 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, claims and governmental inquiries, investigations, and other 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, 2018.

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.

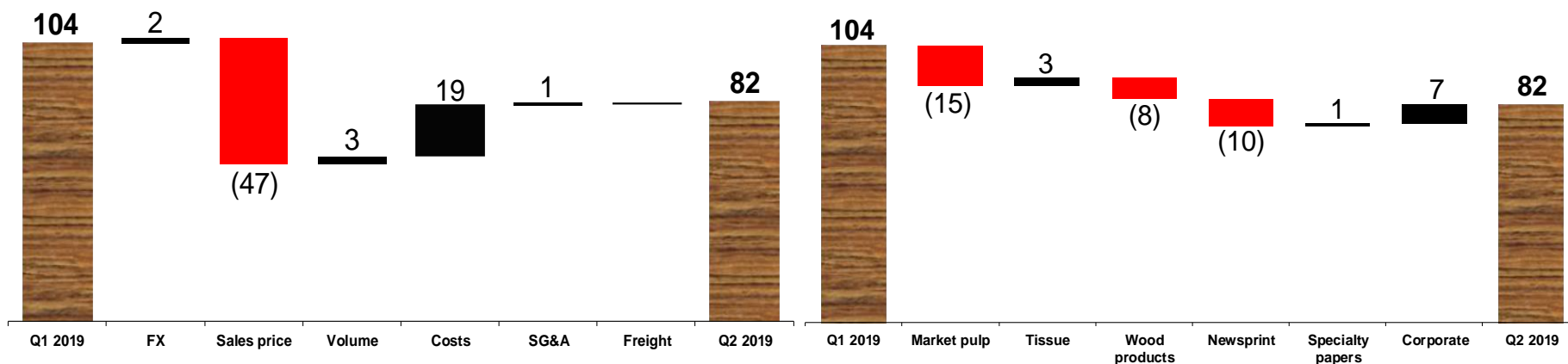
# Q2 2019 FINANCIAL HIGHLIGHTS

- Q2 GAAP net income of \$25 million / \$0.27 per share
- Adjusted EBITDA of \$82 million on sales of \$755 million
- Five-year extension of ABL Credit Facility
- Share repurchases of 1.8 million totaling \$12 million to date in 2019
- Liquidity remains strong at \$590 million

*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 2019 OVERVIEW

## Adjusted EBITDA : Q2'19 vs. Q1'19

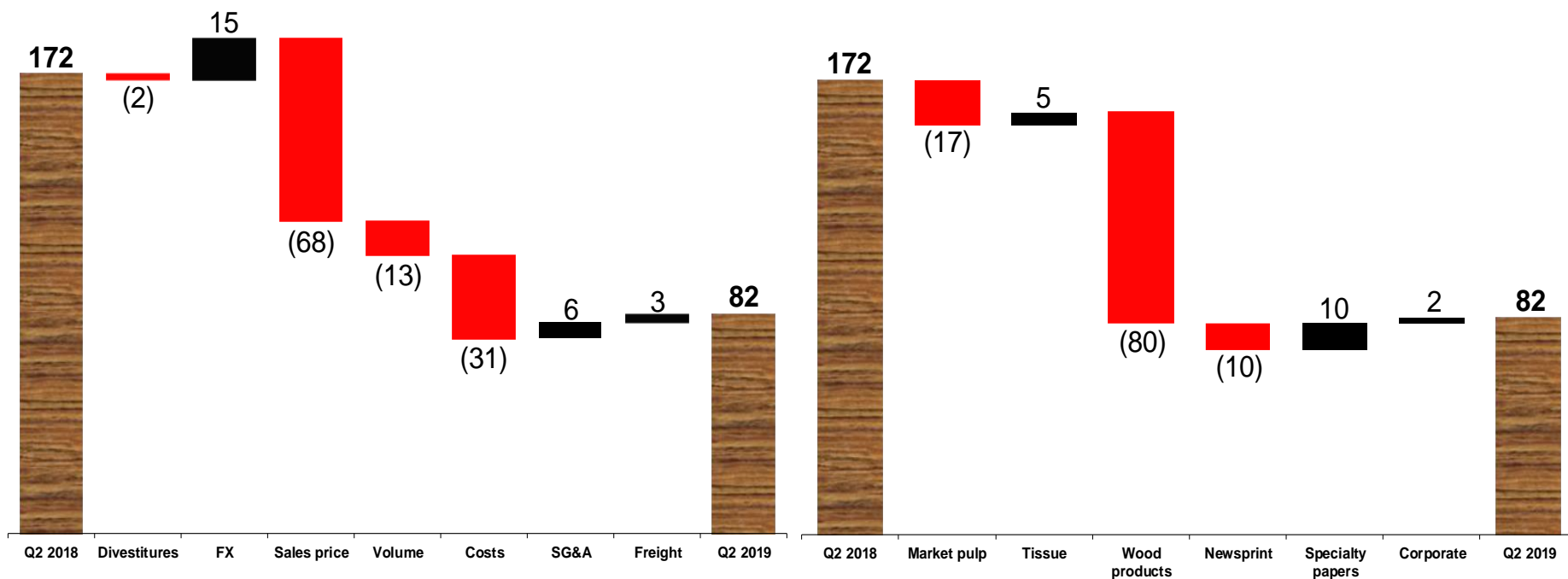


- Sales price: lower in all segments, except Tissue; pulp ↓ 9%; wood ↓ 7%; newsprint ↓ 6%; specialty ↓ 2%
- Tissue EBITDA marginally positive
- Costs: lower due to seasonally lower energy costs and improved productivity

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 2019 OVERVIEW

## Adjusted EBITDA : Q2'19 vs. Q2'18



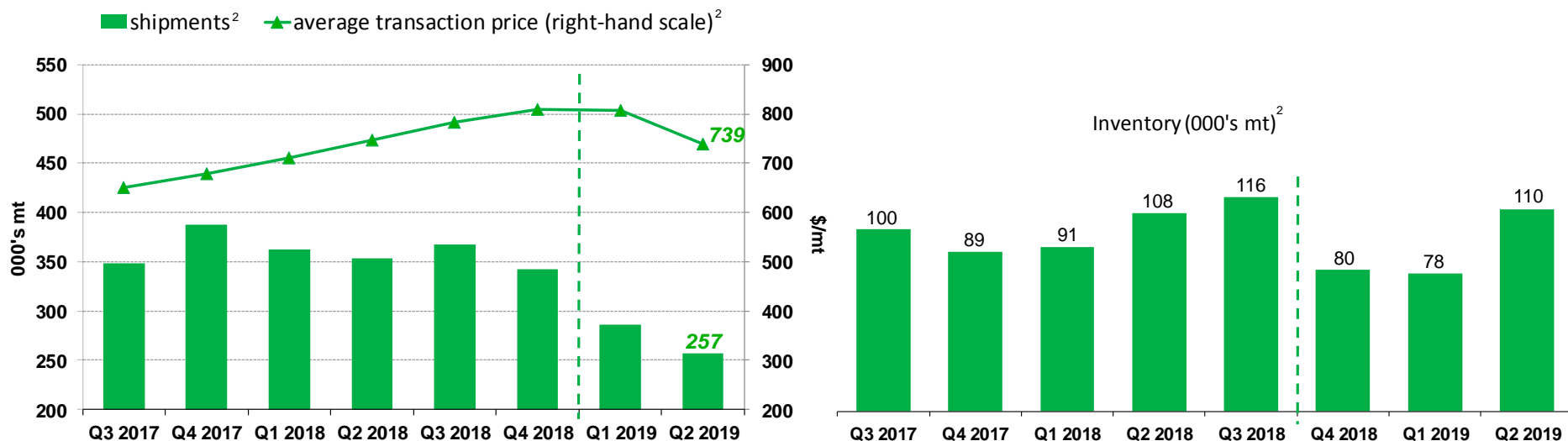
- Sales price: wood ↓ 32%; more than offsetting higher prices in the paper segments
- Volume: lower pulp and newsprint shipments
- Costs: higher fiber costs and additional maintenance

Adjusted 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)	Q2 2019	Q1 2019
Sales	189	231
Operating income	27	42
EBITDA <sup>1</sup>	32	47
Shipments (000's mt)	257	286

- World shipments of chemical pulp ↓ 3% vs. 2018<sup>3</sup>
  - Western Europe ↓ 11%; China ↓ 4%; North America ↑ 11%
  - Hardwood ↓ 6%; softwood ↑ 1%
- Q2 transaction price ↓ \$69/mt vs. Q1
- Q2 shipments: ↓ 29k mt vs. Q1
- Q2 cash cost<sup>4</sup> ↓ \$36/mt vs. Q1
- Finished goods inventory ↑ 32k mt vs Q1

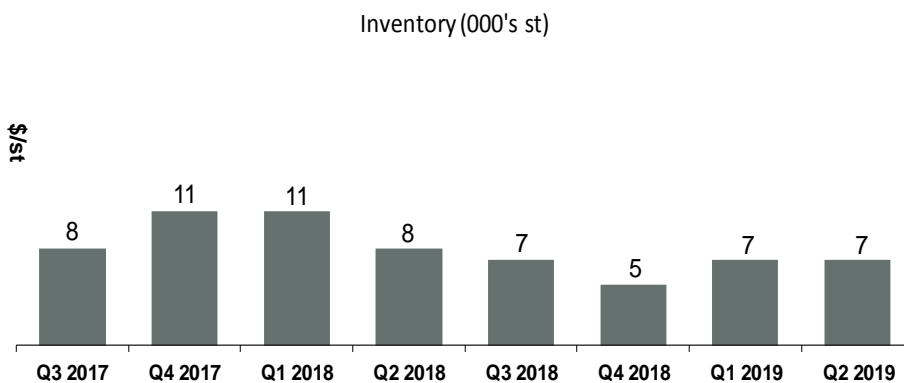
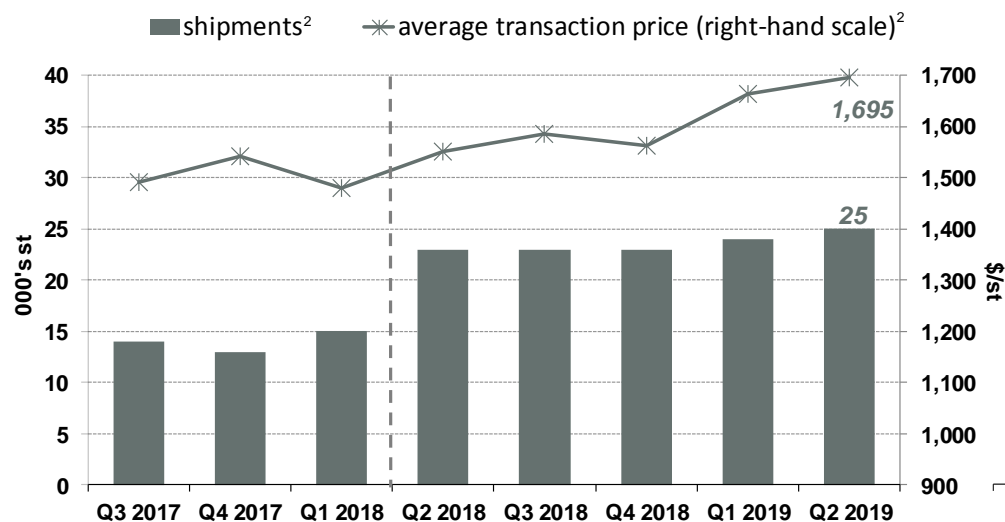


- EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
- Divestitures in Q4 2018: Catawba mill (approx. 230,000 mt annual capacity) and Fairmont mill (net impact of approx. 80,000 mt of shipments annually).
- For the five months ended May 31, 2019 vs. May 31, 2018.
- 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)	Q2 2019	Q1 2019
Sales	43	39
Operating loss	(4)	(8)
EBITDA <sup>1</sup>	-	(3)
Shipments (000's st)	25	24

- U.S. consumption ↑ 2.6% vs. 2018
  - Away-from-home shipments ↑ 3.3%
  - At-home shipments ↑ 1.8%
- Sales ↑ 10% vs Q1:
  - Transaction price ↑ \$31/st
  - Shipments ↑ 4%
- Q2 cash cost ↓ \$100/st vs. Q1
- Marginally positive EBITDA in Q2

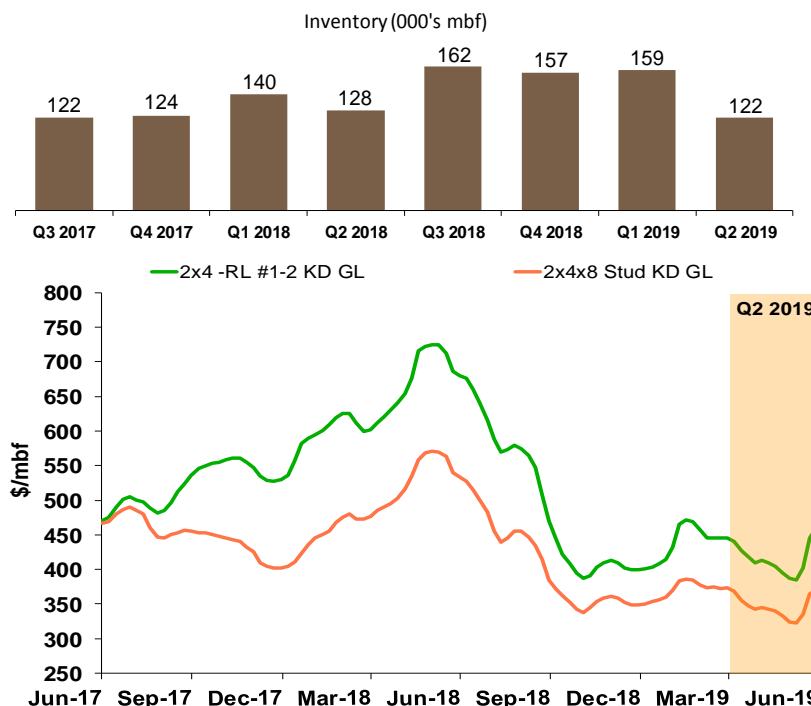
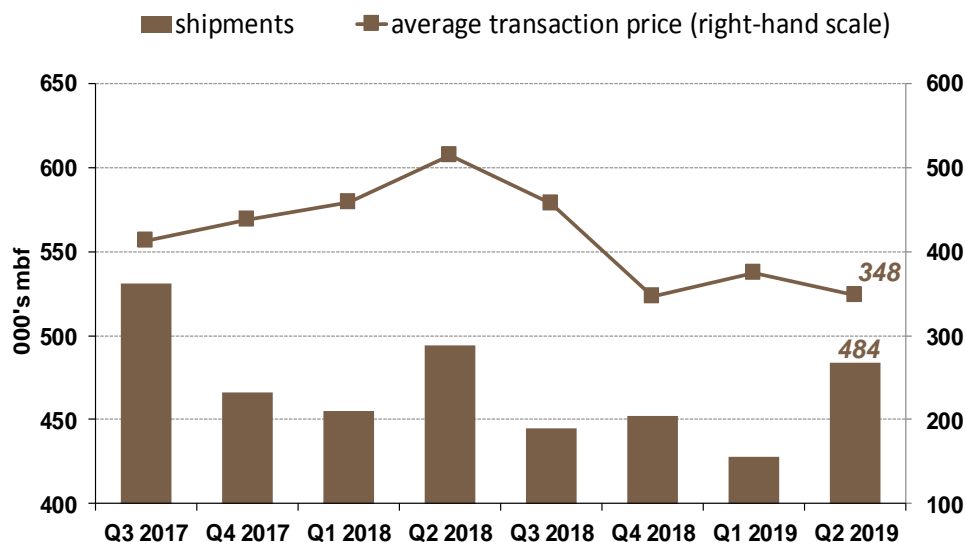




# WOOD PRODUCTS

(US\$mm)	Q2 2019	Q1 2019
Sales	168	161
Operating (loss) income	(3)	6
EBITDA <sup>1</sup>	6	14
Shipments (mmbf)	484	428

- SAAR<sup>2</sup> for U.S. housing starts ↓ 4% vs. 2018
  - Single-family starts ↓ 5%; multi-family starts ↓ 2% vs. 2018
- Q2 transaction price ↓ \$26/mbf vs. Q1; ↓ \$166/mbf vs. Q2 2018
- Q2 shipments ↑ 56 mmbf vs. Q1
- Q2 cash cost ↓ \$6/mbf vs. Q1
- Finished goods inventory ↓ 37 mmbf vs. Q1



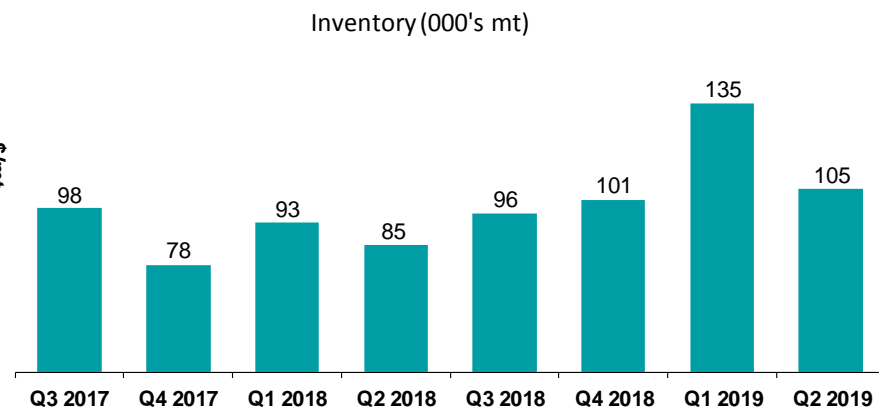
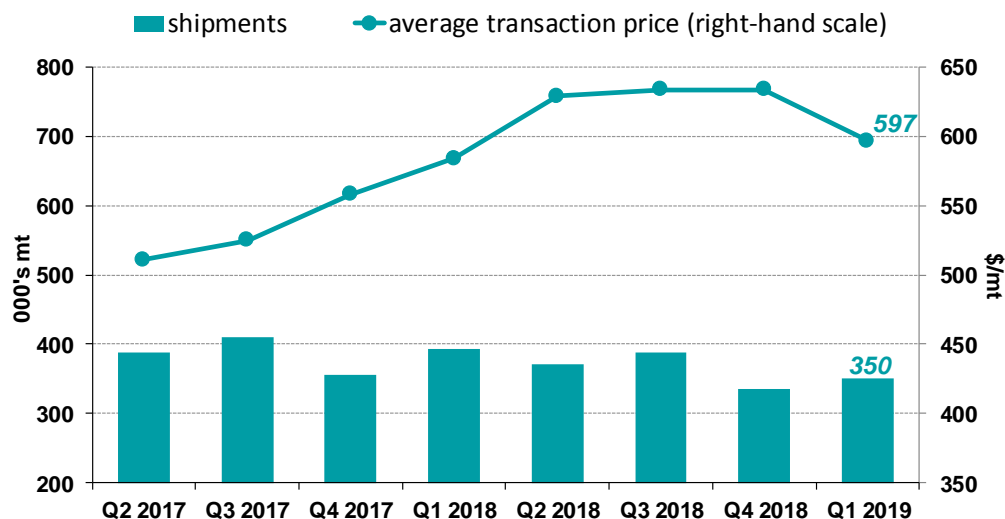
1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
2. Seasonally adjusted annual rate.



# NEWSPRINT

(US\$mm)	Q2 2019	Q1 2019
Sales	209	212
Operating income	17	28
EBITDA <sup>1</sup>	25	35
Shipments (000's mt)	350	335

- North America:
  - Demand ↓ 16% vs. 2018
    - Publishers ↓ 20%
    - Commercial printers ↓ 8%
  - Shipment-to-capacity ratio of 84%
- World<sup>2</sup>:
  - Demand ↓ 8% vs. 2018
  - Shipment-to-capacity ratio of 85%
- Q2 transaction price ↓ \$37/mt vs. Q1
- Q2 shipments ↑ 15k mt vs. Q1
- Q2 cash cost ↓ \$3/mt vs. Q1
- Finished goods inventory ↓ 30k mt vs. Q1

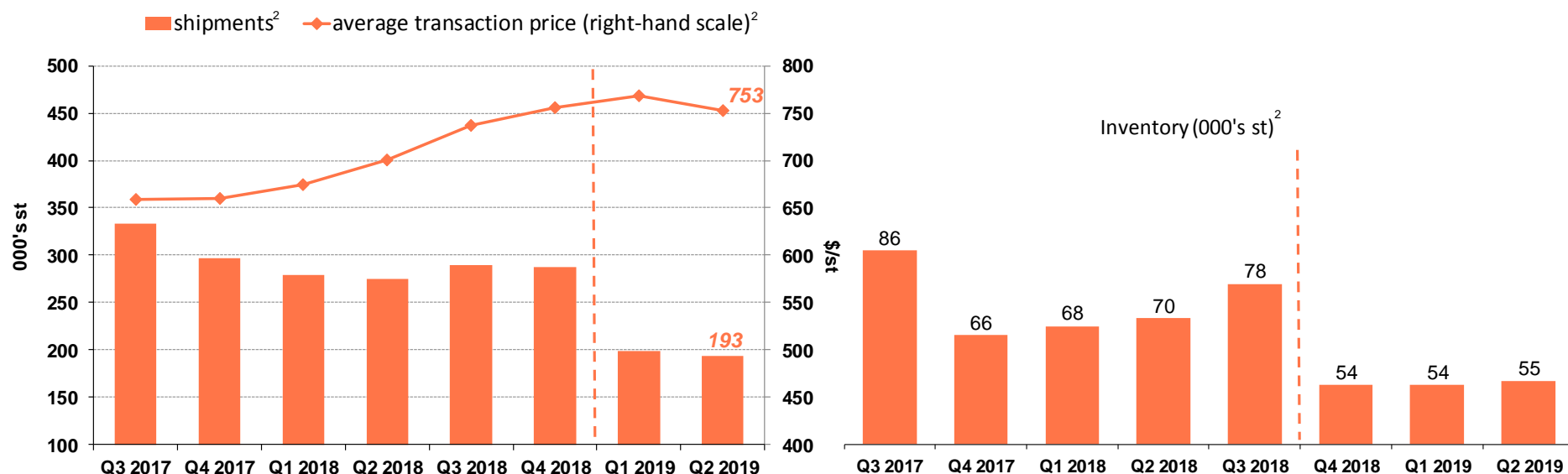


1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures  
 2. For the five months ended May 31, 2019 vs. May 31, 2018.

# SPECIALTY PAPERS

(US\$mm)	Q2 2019	Q1 2019
Sales	146	152
Operating income	15	15
EBITDA <sup>1</sup>	26	25
Shipments (000's st)	193	199

- North American uncoated mechanical grades demand ↓ 14% vs. 2018
  - Standard papers ↓ 20%; SC<sup>3</sup> ↓ 7%
  - Shipment-to-capacity ratio of 83%
- Q2 transaction price ↓ \$15/st vs. Q1; ↑ \$52/st vs. Q2 2018
- Q2 shipments ↓ 6k st vs. Q1
- Q2 cash cost ↓ \$24/st 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.
2. Divestiture at the end of Q4 2018: Catawba mill (approx. 350,000 st annual capacity).
3. Supercalendered.

# P&L

## Selected financial information

	Q2 2019	vs Q1 2019	vs Q2 2018
Net income (excluding special items) <sup>1</sup>	\$11mm	-\$19mm	-\$55mm
Sales	\$755mm	-5%	-23% <sup>4</sup>
EPS (excluding special items) <sup>1</sup>	\$0.12	-\$0.20	-\$0.59
Adjusted EBITDA <sup>2</sup>	\$82mm	-21%	-52%

## Special items affecting net income (pre-tax) in Q2 2019

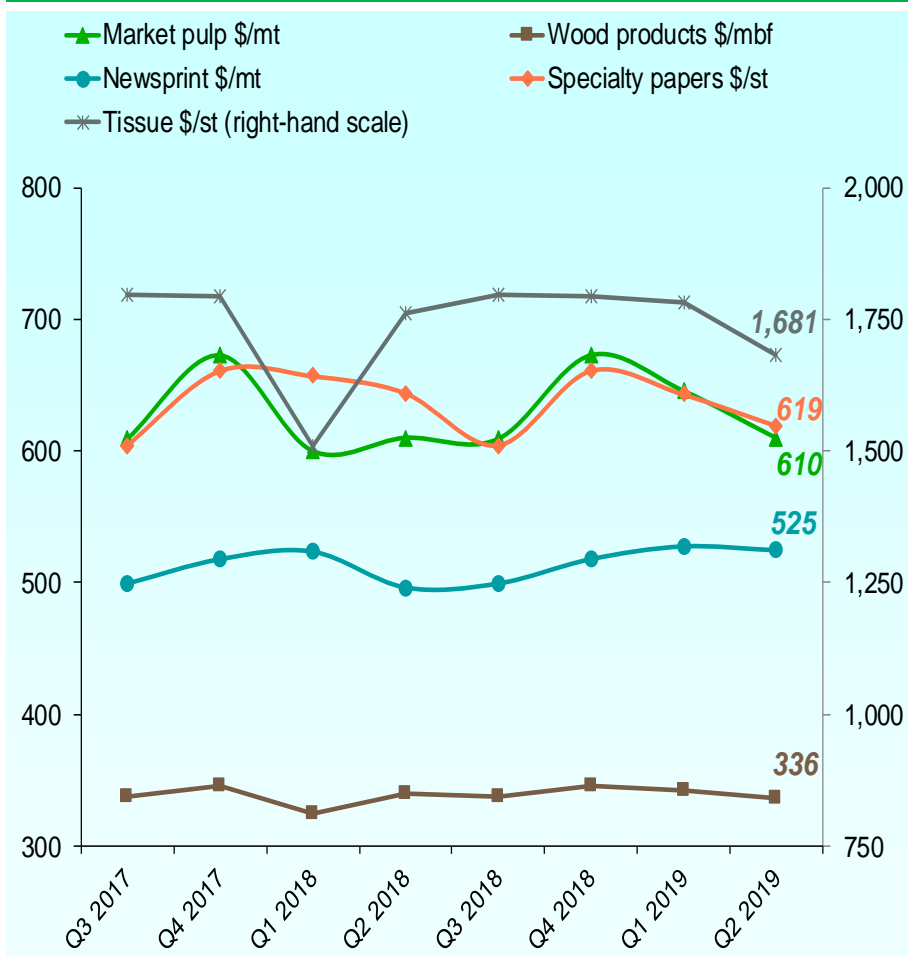
- \$12mm non-operating pension and OPEB<sup>3</sup> credits

EBITDA <sup>2</sup> contribution from cogen (US\$mm)	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
	9	9	12	11	10	4	11	8

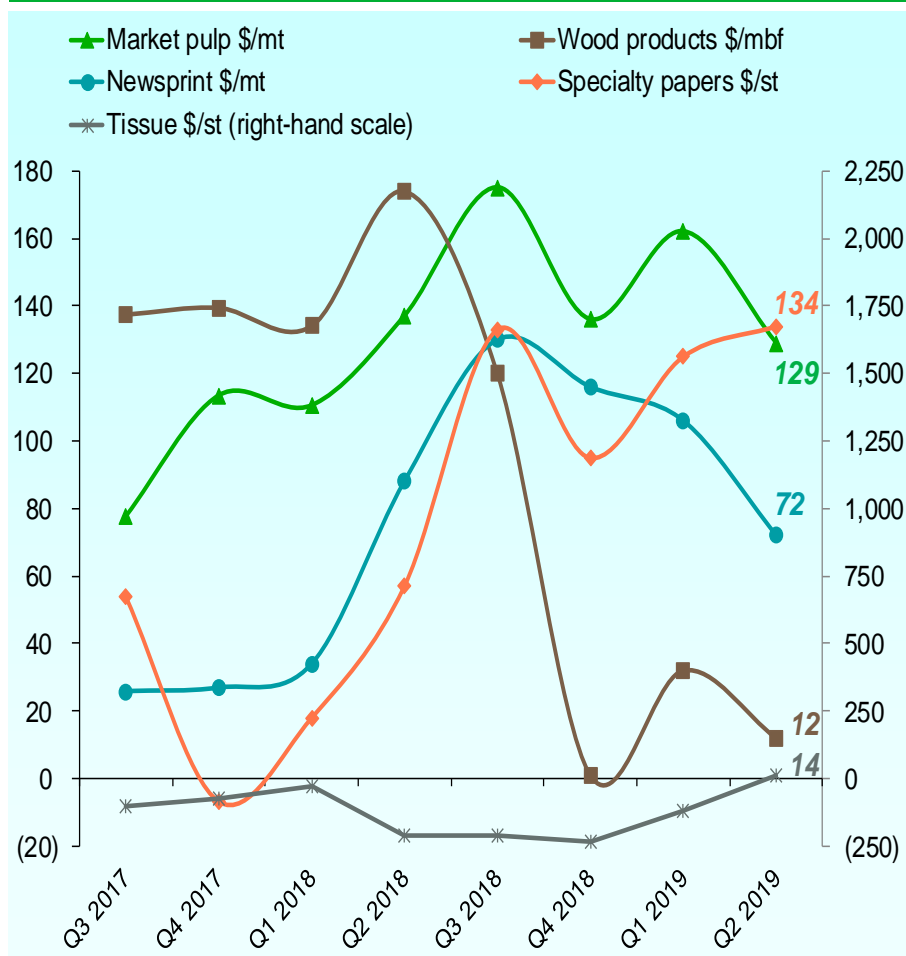
1. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
2. Adjusted EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
3. Other postretirement benefit.
4. Includes impact of divestitures of Catawba and Fairmont mills in 2018.

# PERFORMANCE METRICS

## « All-in » cash cost



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



# LIQUIDITY AND CASH FLOW

- Liquidity of \$590mm
- Net debt to adjusted LTM<sup>1</sup> EBITDA<sup>2</sup> ratio at 0.7x in Q2
- Q2 net cash provided by operations of \$72mm
- Q2 capex of \$45mm; \$150mm of capital expenditures expected in 2019
- Cumulative lumber cash duty deposits of \$136mm
- Five-year extension of ABL Credit Facility
- \$5mm of company stock repurchased in Q2; \$12mm to date in 2019

(US\$mm)	Q2 2019	vs Q1 2019	vs Q2 2018
Cash	98	+29	+92
Working capital <sup>3</sup>	596	-20	-8
Total debt	423	-	-252
Interest	7	-2	-4

Available liquidity (US\$mm)	2019		2018				2017	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total debt	423	423	645	645	675	779	789	832
Cash on hand	98	69	304	72	6	13	6	38
Available under revolving credit facilities	492	526	517	582	511	439	412	362

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 supercalendered paper cash deposits receivable (\$60M in Q2 2018).

# PENSION

- Net pension & OPEB liability ↓ \$13mm in Q2
  - Ongoing pension contributions largely offset by unfavorable currency impact

(US\$mm)	Q2'2019	2018	2017	2016
Net pension liabilities	1,099	1,122	1,097	1,123
OPEB liabilities	147	148	172	172
<b>Net pension and OPEB liabilities</b>	<b>1,246</b>	<b>1,270</b>	<b>1,269</b>	<b>1,295</b>
U.S. GAAP discount rate at 12/31 <sup>1</sup>	N/A	3.8%	3.6%	3.8%
Pension plans deficit for funding purposes <sup>2</sup>	N/A	572 <sup>3</sup>	562	621

(US\$mm)	2019E	Q2'2019	2018	2017	2016
Pension contributions <sup>4</sup>	100	23	121	132	162
OPEB payments	15	3	13	11	13
Operating pension and OPEB costs <sup>4</sup>	30	7	40	41	42
Non-op. pension and OPEB (credits)/costs <sup>5</sup>	(45)	(12)	(50)	(7)	8
<b>Total pension and OPEB (credits)/costs<sup>4</sup></b>	<b>(15)</b>	<b>(5)</b>	<b>(10)</b>	<b>34</b>	<b>50</b>

1. Pension plans.

2. Funding for pension plans in Quebec is determined on a going concern basis; in Ontario, also on a going-concern basis for 2018 as we exited special funding regulations on December 31, 2018, and on a solvency basis for 2017 and 2016; and in the U.S. on a 25-year average interest rate basis.

3. Preliminary, subject to final actuarial reports.

4. Includes defined benefit and defined contribution plans.

5. Excluded from adjusted EBITDA.

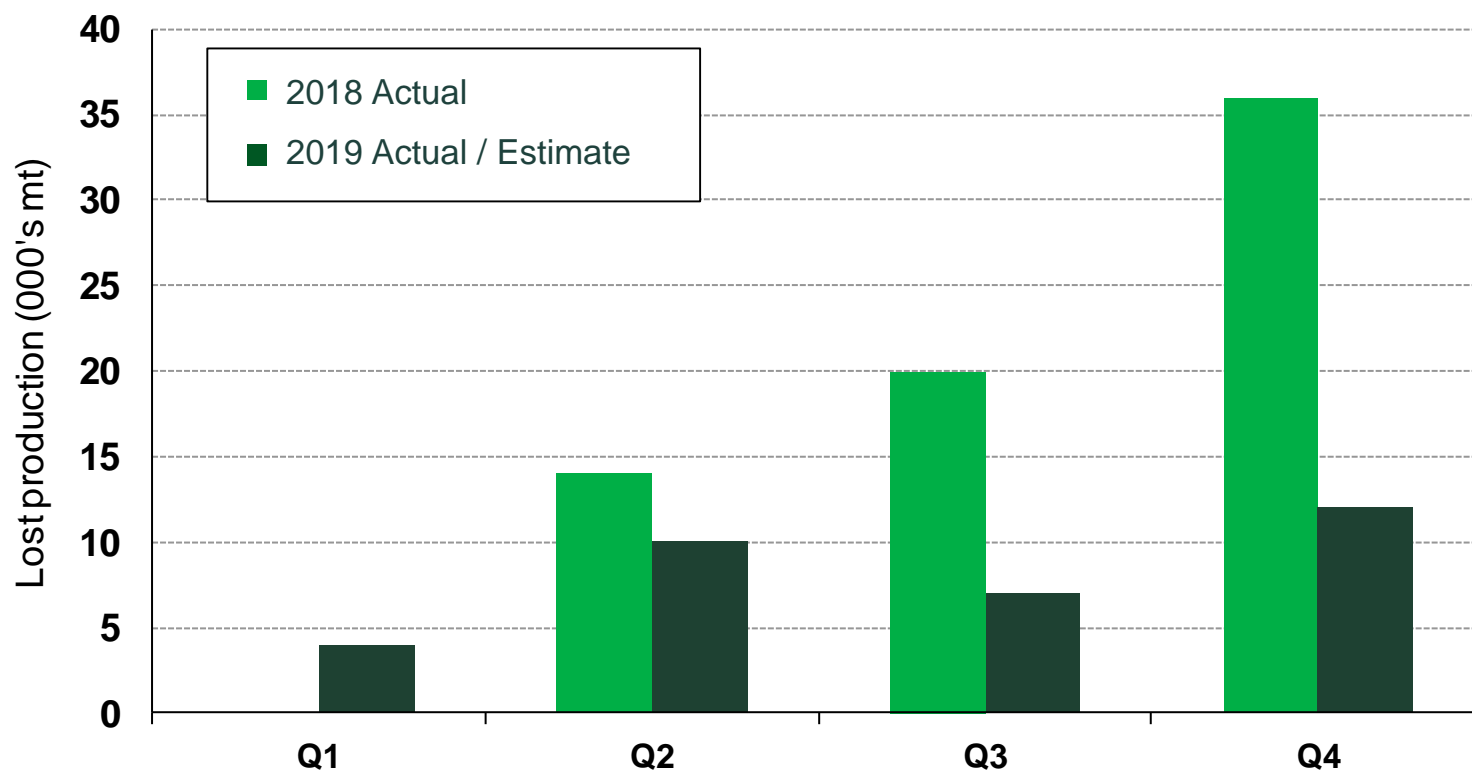
# OUTLOOK

<b>Market Pulp</b>	<ul style="list-style-type: none"><li>• Soft global market conditions will continue to impact profitability in the third quarter</li><li>• Pricing pressures in Q3 but shipments are expected to be higher</li><li>• Limited supply additions and growing demand expected to support favorable market dynamics in the medium term</li></ul>
<b>Tissue</b>	<ul style="list-style-type: none"><li>• Continue to grow sales and improve productivity</li></ul>
<b>Wood Products</b>	<ul style="list-style-type: none"><li>• Cautious outlook in the short term as demand remains soft</li><li>• Belief in growth prospects for lumber markets</li></ul>
<b>Paper</b>	<ul style="list-style-type: none"><li>• Pricing headwinds expected to continue in the second half of the year</li></ul>



# OUTLOOK

## 2019 Scheduled Market Pulp Outages



# 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 1, 2019, press release available on our website.

<b>Three months ended June 30, 2019</b> (Unaudited, in millions of U.S. dollars, except per share amounts)	<b>Operating income (loss)</b>	<b>Net income (loss)</b>	<b>EPS</b>
<b>GAAP, as reported</b>	<b>\$ 40</b>	<b>\$ 25</b>	<b>\$ 0.27</b>
Adjustments for special items:			
Foreign exchange loss	-	6	0.06
Non-operating pension and other postretirement benefit credits	-	(12)	(0.13)
Other income, net	-	(5)	(0.05)
Income tax effect of special items	-	(3)	(0.03)
<b>Adjusted for special items</b>	<b>\$ 40</b>	<b>\$ 11</b>	<b>\$ 0.12</b>

<b>Three months ended June 30, 2018</b> (Unaudited, in millions of U.S. dollars, except per share amounts)	<b>Operating income (loss)</b>	<b>Net income (loss)</b>	<b>EPS</b>
<b>GAAP, as reported</b>	<b>\$ 121</b>	<b>\$ 72</b>	<b>\$ 0.77</b>
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 other postretirement benefit credits	-	(12)	(0.13)
Other expense, net	-	2	0.02
Income tax effect of special items	-	6	0.07
<b>Adjusted for special items</b>	<b>\$ 118</b>	<b>\$ 66</b>	<b>\$ 0.71</b>

<b>Six months ended June 30, 2019</b> (Unaudited, in millions of U.S. dollars, except per share amounts)	<b>Operating income (loss)</b>	<b>Net income (loss)</b>	<b>EPS</b>
<b>GAAP, as reported</b>	<b>\$ 104</b>	<b>\$ 67</b>	<b>\$ 0.71</b>
Adjustments for special items:			
Foreign exchange loss	-	10	0.11
Non-operating pension and other postretirement benefit credits	-	(24)	(0.26)
Other income, net	-	(5)	(0.05)
Income tax effect of special items	-	(7)	(0.07)
<b>Adjusted for special items</b>	<b>\$ 104</b>	<b>\$ 41</b>	<b>\$ 0.44</b>
<b>Six months ended June 30, 2018</b> (Unaudited, in millions of U.S. dollars, except per share amounts)	<b>Operating income (loss)</b>	<b>Net income (loss)</b>	<b>EPS</b>
<b>GAAP, as reported</b>	<b>\$ 169</b>	<b>\$ 82</b>	<b>\$ 0.88</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)	(0.05)
Non-operating pension and other postretirement benefit credits	-	(25)	(0.27)
Other expense, net	-	8	0.09
Income tax effect of special items	-	12	0.13
<b>Adjusted for special items</b>	<b>\$ 173</b>	<b>\$ 83</b>	<b>\$ 0.89</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 August 1, 2019, press release available on our website.

<b>Three months ended June 30, 2019</b> <b>(Unaudited, in millions of U.S. dollars)</b>	<b>Market pulp</b>	<b>Tissue <sup>(2)</sup></b>	<b>Wood products</b>	<b>Newsprint</b>	<b>Specialty papers</b>	<b>Corporate and other</b>	<b>Total</b>
<b>Net income (loss) including noncontrolling interests</b>	<b>\$ 27</b>	<b>\$ (4)</b>	<b>\$ (3)</b>	<b>\$ 17</b>	<b>\$ 15</b>	<b>\$ (27)</b>	<b>\$ 25</b>
Interest expense						7	7
Income tax provision						19	19
Depreciation and amortization	5	4	9	8	11	5	42
<b>EBITDA</b>	<b>\$ 32</b>	<b>\$ -</b>	<b>\$ 6</b>	<b>\$ 25</b>	<b>\$ 26</b>	<b>\$ 4</b>	<b>\$ 93</b>
Foreign exchange loss						6	6
Non-operating pension and other postretirement benefit credits						(12)	(12)
Other income, net						(5)	(5)
<b>Adjusted EBITDA</b>	<b>\$ 32</b>	<b>\$ -</b>	<b>\$ 6</b>	<b>\$ 25</b>	<b>\$ 26</b>	<b>\$ (7)</b>	<b>\$ 82</b>

<b>Three months ended June 30, 2018</b> <b>(Unaudited, in millions of U.S. dollars)</b>	<b>Market pulp</b>	<b>Tissue <sup>(2)</sup></b>	<b>Wood products</b>	<b>Newsprint</b>	<b>Specialty papers</b>	<b>Corporate and other</b>	<b>Total</b>
<b>Net income (loss) including noncontrolling interests</b>	<b>\$ 41</b>	<b>\$ (10)</b>	<b>\$ 79</b>	<b>\$ 18</b>	<b>\$ 4</b>	<b>\$ (60)</b>	<b>\$ 72</b>
Interest expense						11	11
Income tax provision						47	47
Depreciation and amortization	8	5	7	17	12	5	54
<b>EBITDA</b>	<b>\$ 49</b>	<b>\$ (5)</b>	<b>\$ 86</b>	<b>\$ 35</b>	<b>\$ 16</b>	<b>\$ 3</b>	<b>\$ 184</b>
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 other postretirement benefit credits						(12)	(12)
Other expense, net						2	2
<b>Adjusted EBITDA</b>	<b>\$ 49</b>	<b>\$ (5)</b>	<b>\$ 86</b>	<b>\$ 35</b>	<b>\$ 16</b>	<b>\$ (9)</b>	<b>\$ 172</b>

Six months ended June 30, 2019 (Unaudited, in millions of U.S. dollars)	Market pulp	Tissue <sup>(2)</sup>	Wood products	Newsprint	Specialty papers	Corporate and other	Total
Net income (loss) including noncontrolling interests	\$ 69	\$ (12)	\$ 3	\$ 45	\$ 30	\$ (68)	\$ 67
Interest expense						16	16
Income tax provision						40	40
Depreciation and amortization	10	9	17	15	21	10	82
<b>EBITDA</b>	<b>\$ 79</b>	<b>\$ (3)</b>	<b>\$ 20</b>	<b>\$ 60</b>	<b>\$ 51</b>	<b>\$ (2)</b>	<b>\$ 205</b>
Foreign exchange loss						10	10
Non-operating pension and other postretirement benefit credits						(24)	(24)
Other income, net						(5)	(5)
<b>Adjusted EBITDA</b>	<b>\$ 79</b>	<b>\$ (3)</b>	<b>\$ 20</b>	<b>\$ 60</b>	<b>\$ 51</b>	<b>\$ (21)</b>	<b>\$ 186</b>
Six months ended June 30, 2018 (Unaudited, in millions of U.S. dollars)	Market pulp	Tissue <sup>(2)</sup>	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
<b>EBITDA</b>	<b>\$ 89</b>	<b>\$ (5)</b>	<b>\$ 147</b>	<b>\$ 47</b>	<b>\$ 21</b>	<b>\$ (8)</b>	<b>\$ 291</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 other postretirement benefit credits						(25)	(25)
Other expense, net						8	8
<b>Adjusted EBITDA</b>	<b>\$ 89</b>	<b>\$ (5)</b>	<b>\$ 147</b>	<b>\$ 47</b>	<b>\$ 21</b>	<b>\$ (19)</b>	<b>\$ 280</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 of U.S. dollars, except per share amounts and otherwise indicated)

### Income Statement Data

	2018					2019				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
Sales	\$ 874	\$ 976	\$ 974	\$ 932	\$ 3,756	\$ 795	\$ 755			\$ 1,550
Operating income (loss)	48	121	135	75	379	64	40			104
Interest expense	(13)	(11)	(12)	(11)	(47)	(9)	(7)			(16)
Net income (loss) including noncontrolling interests	10	72	117	36	235	42	25			67
Net income (loss) attributable to noncontrolling interests	-	-	-	-	-	-	-			-
Net income (loss) attributable to Resolute Forest Products Inc.	10	72	117	36	235	42	25			67
Diluted net income (loss) per share attributable to Resolute Forest Products Inc. common shareholders	\$ 0.11	\$ 0.77	\$ 1.25	\$ 0.38	\$ 2.52	\$ 0.45	\$ 0.27			\$ 0.71
Special dividend declared per common share	\$ -	\$ -	\$ -	\$ 1.50	\$ 1.50	\$ -	\$ -			\$ -
Average diluted shares outstanding (in thousands)	92,999	93,197	93,393	94,442	93,257	93,868	93,633			93,754
Ending shares outstanding (in thousands)	90,315	90,342	90,345	90,730	90,730	91,099	90,400			90,400

### Financial Position

Cash and cash equivalents	\$ 13	\$ 6	\$ 72	\$ 304	\$ 304	\$ 69	\$ 98			\$ 98
Working capital <sup>(1)</sup>	626	664	749	573	573	616	596			596
Fixed assets, net	1,684	1,669	1,545	1,515	1,515	1,492	1,479			1,479
Total assets	4,122	4,025	4,145	3,935	3,935	3,802	3,752			3,752
Current portion of long-term debt	1	1	1	223	223	1	1			1
Long-term debt, net of current portion	778	674	644	422	422	422	422			422
Net debt <sup>(2)</sup>	766	669	573	341	341	354	325			325
Liquidity <sup>(3)</sup>	452	517	654	821	821	595	590			590
Total Resolute Forest Products Inc. shareholders' equity	1,615	1,691	1,809	1,534	1,534	1,579	1,599			1,599
Noncontrolling interests	1	1	1	1	1	1	1			1
Total equity	1,616	1,692	1,810	1,535	1,535	1,580	1,600			1,600

### Cash Flow Information

Cash flows provided by (used in) operations	\$ 62	\$ 158	\$ 131	\$ 84	\$ 435	\$ 23	\$ 72			\$ 95
Cash invested in fixed assets	(25)	(28)	(41)	(61)	(155)	(26)	(19)			(45)
Dispositions of assets	-	2	-	334	336	-	2			2
Decrease (increase) in countervailing duty cash deposits on supercalendered paper	(5)	(6)	24	35	48	1	-			1
Decrease (increase) in countervailing and anti-dumping duty cash deposits on softwood lumber	(14)	(27)	(21)	(15)	(77)	(14)	(19)			(33)
Decrease (increase) in countervailing duty cash deposits on uncoated groundwood paper	(2)	(4)	-	-	(6)	6	-			6
Cash flows provided by (used in) investing activities	(46)	(63)	(38)	293	146	(33)	(36)			(69)
Net borrowings (repayments) under revolving credit facilities	(9)	(105)	(30)	-	(144)	-	-			-
Payment of special dividend	-	-	-	(136)	(136)	-	-			-
Payments of debt	-	-	-	-	-	(225)	-			(225)
Cash flows provided by (used in) financing activities	(10)	(105)	(30)	(136)	(281)	(225)	(7)			(232)

# Resolute Forest Products Inc.

## Financial and Operating Statistics (Page 2 of 5)

(in millions of U.S. dollars, except per unit items and otherwise indicated)

	2018					2019				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
<b>Sales</b>										
Market pulp	\$ 257	\$ 264	\$ 288	\$ 276	\$ 1,085	\$ 231	\$ 189			\$ 420
Tissue <sup>(4)</sup>	22	35	38	35	130	39	43			82
Wood products	209	254	203	157	823	161	168			329
Newsprint	198	230	232	247	907	212	209			421
Specialty papers	188	193	213	217	811	152	146			298
<b>Total sales</b>	<b>\$ 874</b>	<b>\$ 976</b>	<b>\$ 974</b>	<b>\$ 932</b>	<b>\$ 3,756</b>	<b>\$ 795</b>	<b>\$ 755</b>			<b>\$ 1,550</b>
<b>Shipments to Third Parties (thousands of units)</b>										
Market pulp (mt)	362	353	367	342	1,424	286	257			543
Tissue (st) <sup>(4)</sup>	15	23	23	23	84	24	25			49
Wood products (mbf)	455	494	445	452	1,846	428	484			912
Newsprint (mt)	355	393	371	388	1,507	335	350			685
Specialty papers (st)	279	275	289	287	1,130	199	193			392
<b>Average Transaction Price per Unit</b>										
Market pulp (\$/mt)	\$ 710	\$ 747	\$ 784	\$ 809	\$ 762	\$ 808	\$ 739			\$ 775
Tissue (\$/st) <sup>(4)</sup>	1,480	1,551	1,585	1,562	1,551	1,664	1,695			1,680
Wood products (\$/mbf)	459	514	457	347	446	374	348			360
Newsprint (\$/mt)	558	584	629	634	602	634	597			615
Specialty papers (\$/st)	675	701	737	756	718	768	753			761

# Resolute Forest Products Inc.

## Financial and Operating Statistics (Page 3 of 5)

(in millions of U.S. dollars, except per unit items and otherwise indicated)

### Operating Income (Loss)

	2018					2019				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
Market pulp	\$ 33	\$ 41	\$ 57	\$ 41	\$ 172	\$ 42	\$ 27			\$ 69
Tissue <sup>(4)</sup>	(1)	(10)	(10)	(9)	(30)	(8)	(4)			(12)
Wood products	53	79	45	(8)	169	6	(3)			3
Newsprint	(4)	18	32	28	74	28	17			45
Specialty papers	(7)	4	26	17	40	15	15			30
Corporate and other	(26)	(11)	(15)	6	(46)	(19)	(12)			(31)
Total operating income (loss)	\$ 48	\$ 121	\$ 135	\$ 75	\$ 379	\$ 64	\$ 40			\$ 104

### Selling, General and Administrative Expenses

Market pulp	\$ 9	\$ 9	\$ 8	\$ 9	\$ 35	\$ 7	\$ 7			\$ 14
Tissue <sup>(4)</sup>	1	3	4	3	11	3	3			6
Wood products	7	8	6	6	27	6	6			12
Newsprint	9	9	8	9	35	9	9			18
Specialty papers	7	6	6	5	24	5	4			9
Corporate and other	10	7	8	8	33	7	7			14
Total selling, general and administrative expenses	\$ 43	\$ 42	\$ 40	\$ 40	\$ 165	\$ 37	\$ 36			\$ 73

### Operating Cost per Unit

Market pulp (\$/mt)	\$ 619	\$ 631	\$ 629	\$ 688	\$ 641	\$ 664	\$ 630			\$ 648
Tissue (\$/st) <sup>(4)</sup>	1,585	1,973	2,003	1,982	1,916	1,984	1,853			1,916
Wood products (\$/mbf)	342	355	355	366	354	360	355			357
Newsprint (\$/mt)	568	538	543	562	552	550	547			549
Specialty papers (\$/st)	698	688	647	697	682	695	676			686

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

Market pulp (\$/mt)	\$ 600	\$ 610	\$ 609	\$ 673	\$ 622	\$ 646	\$ 610			\$ 629
Tissue (\$/st) <sup>(4)</sup>	1,508	1,762	1,796	1,794	1,736	1,781	1,681			1,730
Wood products (\$/mbf)	325	340	337	346	337	342	336			339
Newsprint (\$/mt)	524	496	499	518	509	528	525			527
Specialty papers (\$/st)	657	644	604	661	641	643	619			631

### Product Inventory (thousands of units)

Market pulp (mt)	91	108	116	80	80	78	110			110
Tissue (st) <sup>(4)</sup>	11	8	7	5	5	7	7			7
Wood products (mbf)	140	128	162	157	157	159	122			122
Newsprint (mt)	93	85	96	101	101	135	105			105
Specialty papers (st)	68	70	78	54	54	54	55			55

**Financial and Operating Statistics (Page 4 of 5)**

(in millions of U.S. dollars)

**Net Income (Loss) Including Noncontrolling Interests**

Market pulp

 Tissue <sup>(4)</sup>

Wood products

Newsprint

Specialty papers

Corporate and other

Total net income (loss) including noncontrolling interests

**Interest Expense**
**Income Tax Provision (Benefit)**
**Depreciation and Amortization**

Market pulp

 Tissue <sup>(4)</sup>

Wood products

Newsprint

Specialty papers

Corporate and other

Total depreciation and amortization

**EBITDA <sup>(5)</sup>**

Market pulp

 Tissue <sup>(4)</sup>

Wood products

Newsprint

Specialty papers

Corporate and other

Total EBITDA

**Special Items <sup>(5)</sup>**

Foreign exchange (gain) loss

Closure costs, impairment and other related charges

(Reversal of) inventory write-downs related to closures

Net (gain) loss on disposition of assets

Non-operating pension and other postretirement benefit costs (credits)

Start-up costs

Other (income) expense, net

Total special items

**Adjusted EBITDA <sup>(5)</sup>**

Market pulp

 Tissue <sup>(4)</sup>

Wood products

Newsprint

Specialty papers

Corporate and other

Total adjusted EBITDA

**2018**

First

Second

Third

Fourth

Total

\$ 33

\$ 41

\$ 57

\$ 41

\$ 172

(1)

(10)

(10)

(9)

(30)

53

79

45

(8)

169

(4)

18

32

28

74

(7)

4

26

17

40

(64)

(60)

(33)

(33)

(190)

\$ 10

\$ 72

\$ 117

\$ 36

\$ 235

\$ 13

\$ 11

\$ 12

\$ 11

\$ 47

\$ 31

\$ 47

\$ 33

\$ 41

\$ 152

\$ 7

\$ 8

\$ 7

\$ 5

\$ 27

1

5

5

4

15

8

7

8

9

32

16

17

16

17

66

12

12

12

11

47

9

5

6

5

25

\$ 53

\$ 54

\$ 54

\$ 51

\$ 212

\$ 40

\$ 49

\$ 64

\$ 46

\$ 199

-

(5)

(5)

(5)

(15)

61

86

53

1

201

12

35

48

45

140

5

16

38

28

87

(11)

3

18

24

34

\$ 107

\$ 184

\$ 216

\$ 139

\$ 646

\$ 1

\$ 1

\$ -

\$ -

\$ 2

-

1

-

120

121

(1)

-

-

-

(1)

-

(4)

-

(141)

(145)

(13)

(12)

(13)

(12)

(50)

8

-

-

-

8

6

2

(14)

(1)

(7)

\$ 1

\$ (12)

\$ (27)

\$ (34)

\$ (72)

\$ 40

\$ 49

\$ 64

\$ 46

\$ 199

-

(5)

(5)

(5)

(15)

61

86

53

1

201

12

35

48

45

140

5

16

38

28

87

(10)

(9)

(9)

(10)

(38)

\$ 108

\$ 172

\$ 189

\$ 105

\$ 574

**2019**

First

Second

Third

Fourth

Total

\$ 42

\$ 27

(8)

(4)

6

(3)

28

17

15

15

(41)

(27)

\$ 42

\$ 25

\$ 9

\$ 7

\$ 21

\$ 19

\$ 5

\$ 5

5

4

8

9

7

8

10

11

5

5

\$ 40

\$ 42

\$ 47

\$ 32

(3)

-

14

6

35

25

25

26

(6)

4

\$ 112

\$ 93

\$ 4

\$ 6

-

-

-

-

-

-

(12)

(12)

-

-

-

(5)

\$ (8)

\$ (11)

\$ 47

\$ 32

(3)

-

14

6

35

25

25

26

(14)

(7)

\$ 104

\$ 82

\$ 69

(12)

3

45

30

(68)

\$ 67

\$ 16

\$ 40

\$ 10

9

17

15

21

10

---

**Financial and Operating Statistics (Page 5 of 5)**

---

**Notes**

---

<sup>1</sup> We define working capital as current assets less current liabilities excluding cash and cash equivalents, debt, and operating lease liabilities.

<sup>2</sup> We define net debt as total debt less cash and cash equivalents.

<sup>3</sup> We define liquidity as cash and cash equivalents and availability under our credit facilities.

<sup>4</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>5</sup> Earnings before interest expense, income taxes, and depreciation and amortization (or "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 Financial Accounting Standards Board Accounting Standards Codification 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 other postretirement benefit costs and credits and other charges or credits. Special items are allocated to corporate and other.

EBITDA and adjusted EBITDA are not financial measures recognized under U.S. generally accepted accounting principles (or "GAAP"). 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 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 U.S. Securities and Exchange Commission.

# RESOLUTE FOREST PRODUCTS Q2 2019 RESULTS



AUGUST 1, 2019