

# RESOLUTE FOREST PRODUCTS Q4 2019 RESULTS



JANUARY 30, 2020

# 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; expectations on the closing of the pending acquisition and related benefits; 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,” “see,” “anticipate,” “continue,” “attempt,” “project,” “progress,” “build,” “plan,” “grow” 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.

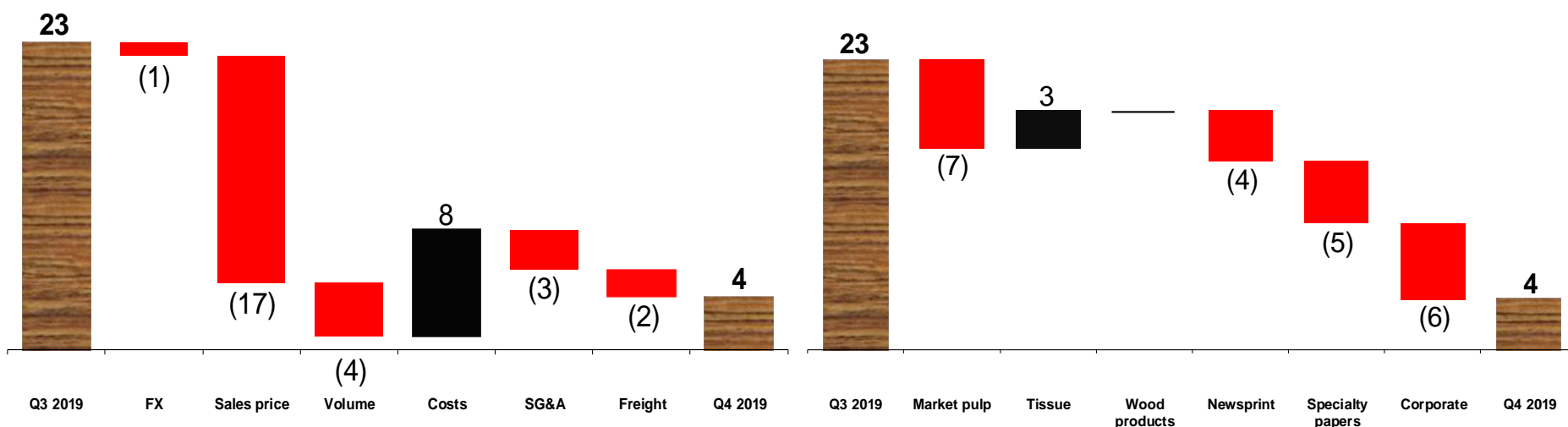
All forward-looking statements in this presentation are expressly qualified by the cautionary statements contained or referred to above and in the Company’s other filings with the U.S. Securities and Exchange Commission and the Canadian securities regulatory authorities. The Company disclaims any obligation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

# Q4 2019 FINANCIAL HIGHLIGHTS

- Q4 GAAP net loss of \$71 million / \$47 million for 2019
- Q4 adjusted EBITDA of \$4 million / \$213 million for 2019
- Acquisition of three U.S. South sawmills expected to close soon
- Repurchased 3 million shares in Q4 / 5 million in 2019
- Year-end liquidity at \$583 million

# Q4 2019 OVERVIEW

## Adjusted EBITDA : Q4'19 vs. Q3'19

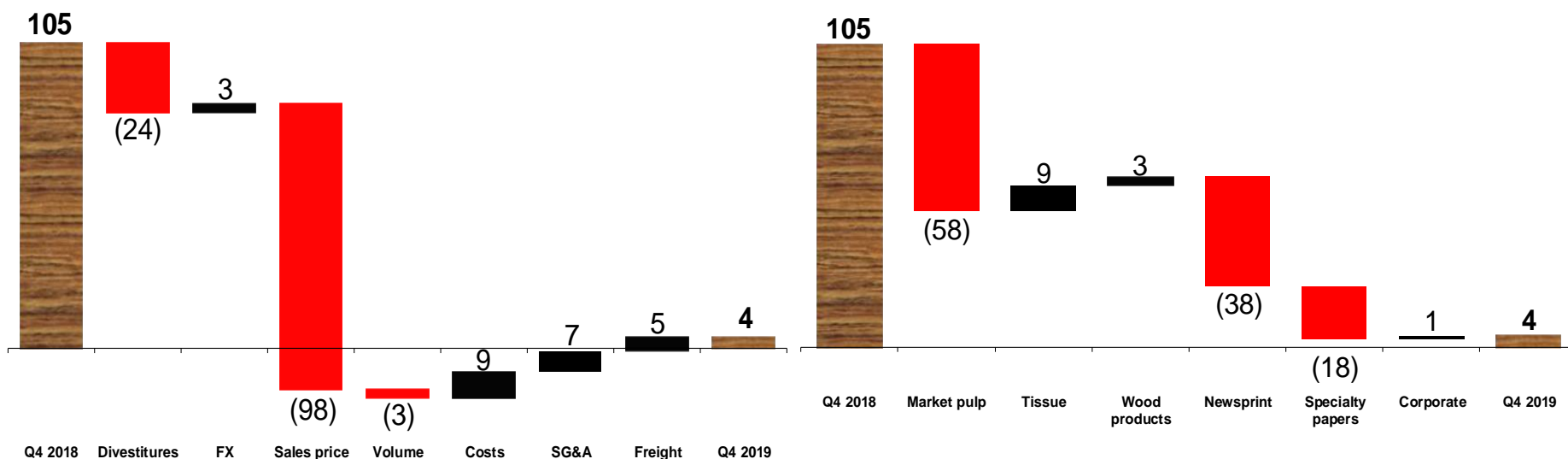


- Lower sales price: newsprint ↓ 5%; specialty papers ↓ 4%; pulp ↓ 4%; offset by wood ↑ 6%
- Costs: lower maintenance costs

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

# Q4 2019 OVERVIEW

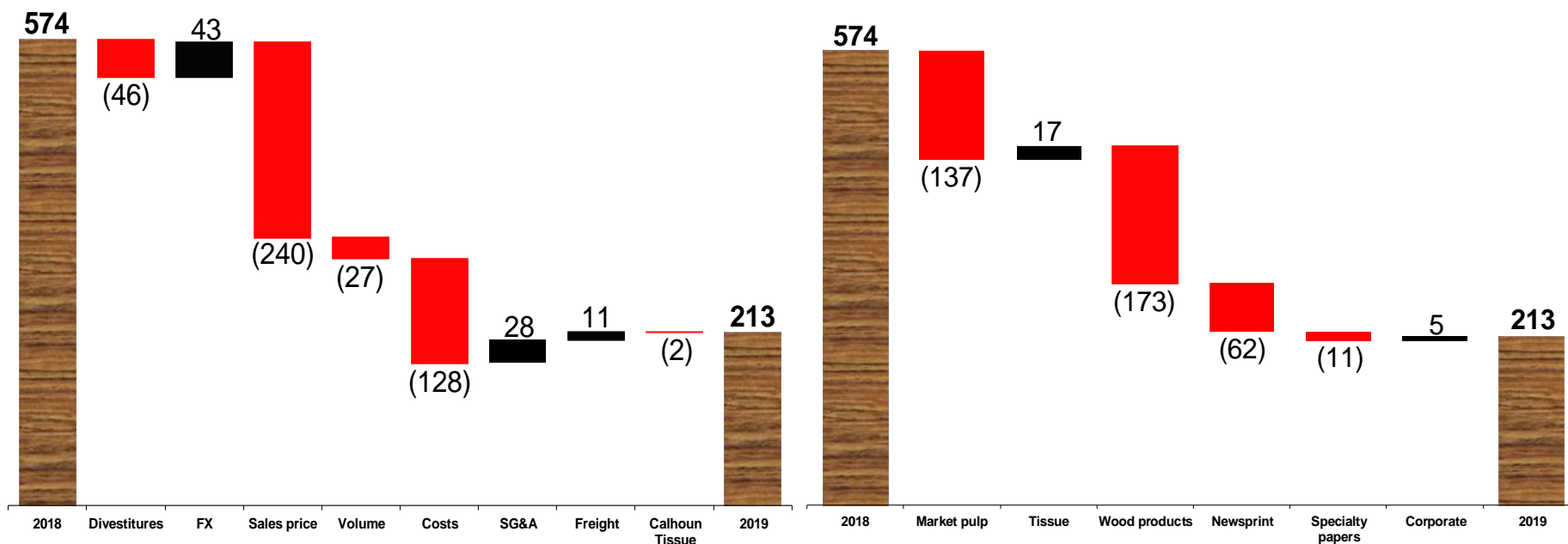
## Adjusted EBITDA : Q4'19 vs. Q4'18



- Divestitures: sale of Catawba and Fairmont facilities in Q4 2018
- Lower selling price: pulp ↓ 26%; newsprint ↓ 14%; specialty papers ↓ 7%
- Costs: lower input costs, due in part to the idling of Augusta
- SG&A: lower variable compensation expense

# 2019 OVERVIEW

## Adjusted EBITDA : 2019 vs. 2018



- Divestitures: sale of Catawba and Fairmont facilities in Q4 2018
- Lower selling price: wood ↓ 20%; pulp ↓ 9%
- Costs: higher fiber costs and additional maintenance
- SG&A: lower variable compensation expense

# U.S. SAWMILL ACQUISITIONS

## Acquisition of three U.S. sawmills:

- Agreement to purchase for \$163 million, plus working capital
- Closing expected in the first quarter

## Benefits:

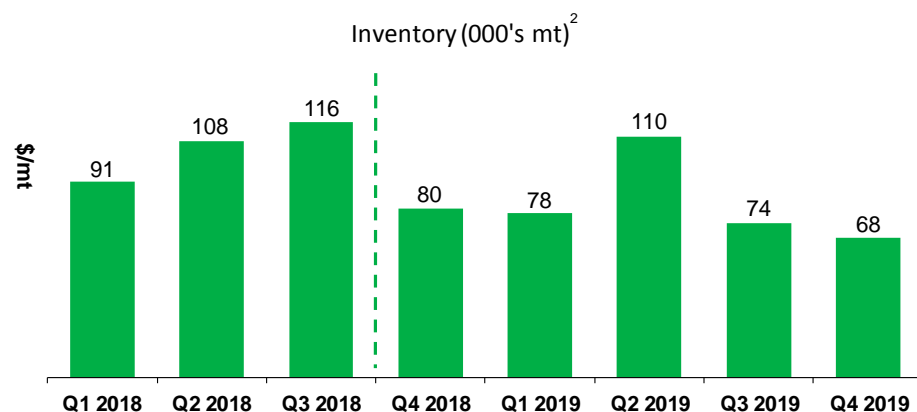
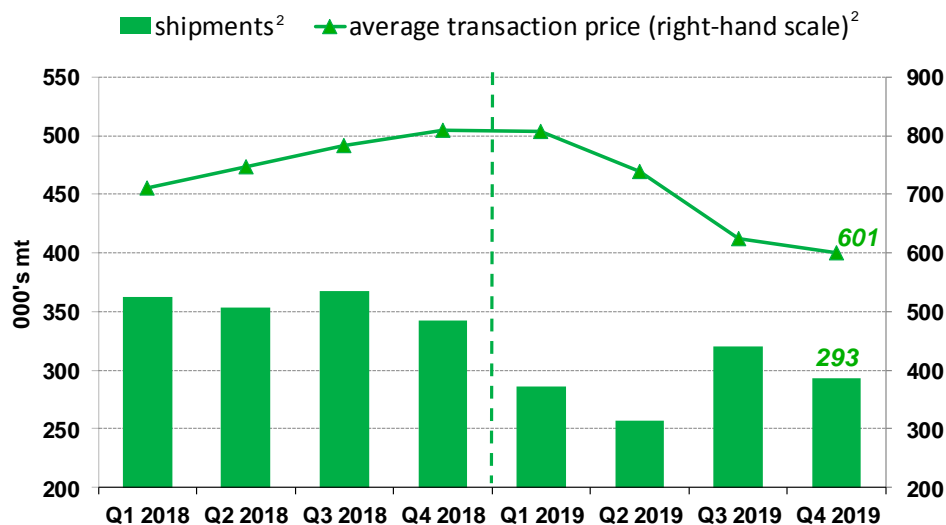
- Attractive valuation
- Combined production capacity of 550 mmbf
- Immediate scale in the attractive U.S. South
- Grows total footprint by 25% (at capacity), in a rich fiber basket
- Opportunity to create value with operational expertise in sawmilling
- Leverage scale to achieve synergies in fiber procurement, corporate procurement, corporate functions, etc.
- Tax efficient transaction



# MARKET PULP

(US\$mm)	Q4 2019	Q3 2019	2019	2018
Sales	176	201	797	1,085
Operating (loss) income	(18)	(12)	39	172
EBITDA <sup>1</sup>	(12)	(5)	62	199
Shipments (000's mt)	293	320	1,156	1,424

- World shipments of chemical pulp vs. 2018<sup>3</sup>
  - Hardwood unchanged
  - Softwood ↑ 6%
- Q4 transaction price ↓ \$24/mt vs. Q3
- Q4 shipments ↓ 27k mt vs. Q3
- Q4 cash cost<sup>4</sup> marginally lower vs. Q3
- Finished goods inventory ↓ 6k mt vs. Q3



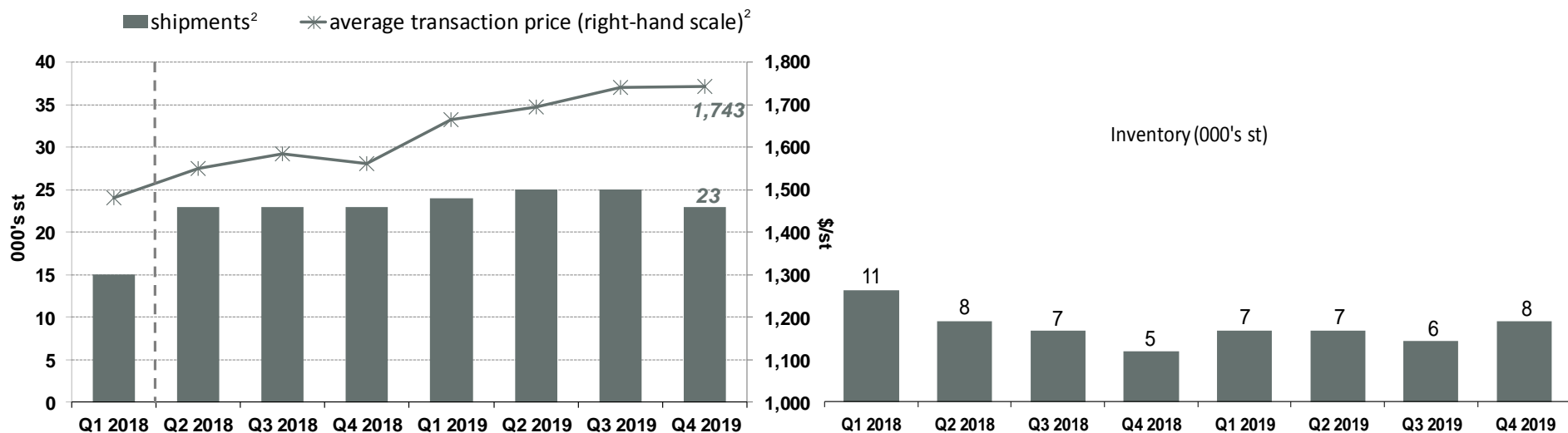
1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
2. Divestitures in Q4 2018: Catawba mill (approx. 230,000 mt annual capacity) and Fairmont mill (net impact of approx. 80,000 mt of shipments annually).
3. For the 11 months ended November 30, 2019 vs. November 30, 2018.
4. 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 2019	Q3 2019	2019	2018
Sales	40	43	165	130
Operating loss	(1)	(3)	(16)	(30)
EBITDA <sup>1</sup>	4	1	2	(15)
Shipments (000's st)	23	25	97	84

- U.S. consumption ↑ 2.7% vs. 2018<sup>3</sup>
  - Away-from-home shipments ↑ 3%
  - At-home shipments ↑ 2%
- Q4 transaction price ↑ \$2/st vs. Q3
- Q4 cash cost ↓ \$132/st vs. Q3
- Positive EBITDA in 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.

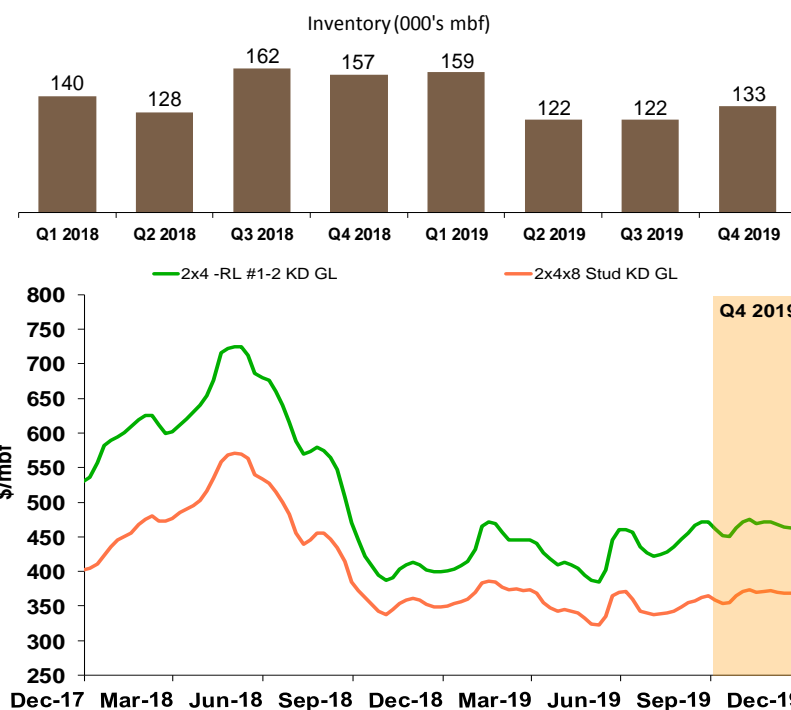
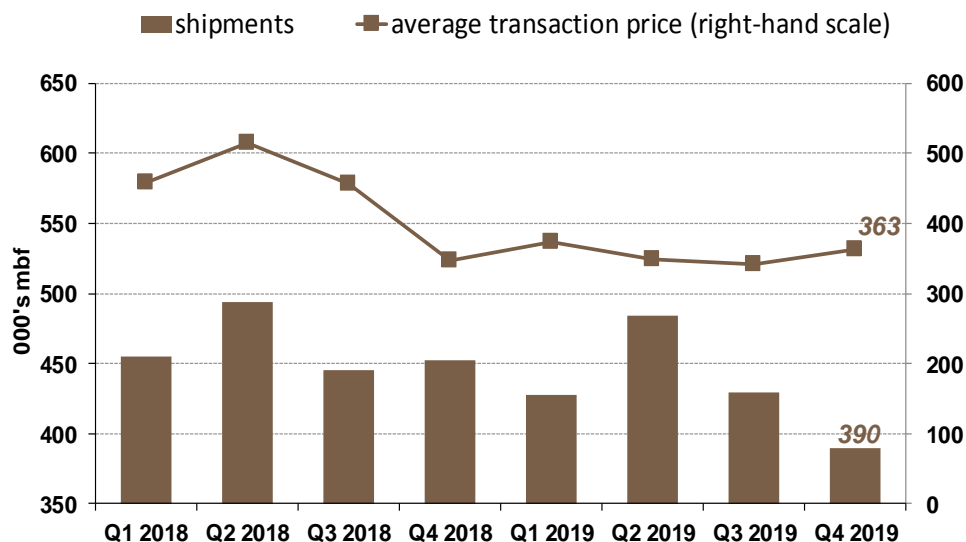
2. Includes Calhoun since Q2 2018.

3. For the 11 months ended November 30, 2019 vs November 30, 2018.

# WOOD PRODUCTS

(US\$mm)	Q4 2019	Q3 2019	2019	2018
Sales	141	146	616	823
Operating (loss) income	(5)	(4)	(6)	169
EBITDA <sup>1</sup>	4	4	28	201
Shipments (mmbf)	390	429	1,731	1,846

- U.S. housing starts ↑ 3% vs. 2018
  - Single-family starts ↑ 1%
  - Multi-family starts ↑ 7%
- Q4 transaction price ↑ \$22/mbf vs. Q3
- Q4 shipments ↓ 39 mmbf vs. Q3
- Q4 cash cost ↑ \$23/mbf vs. Q3
- 2019 downtime: 240 mmbf

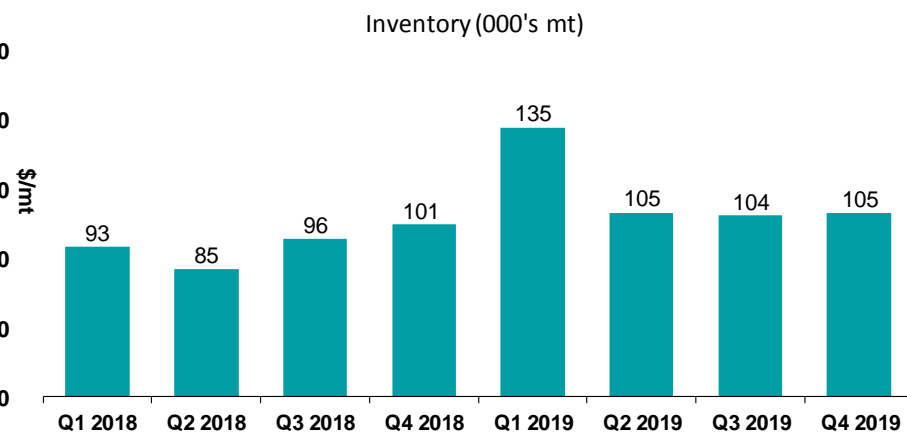
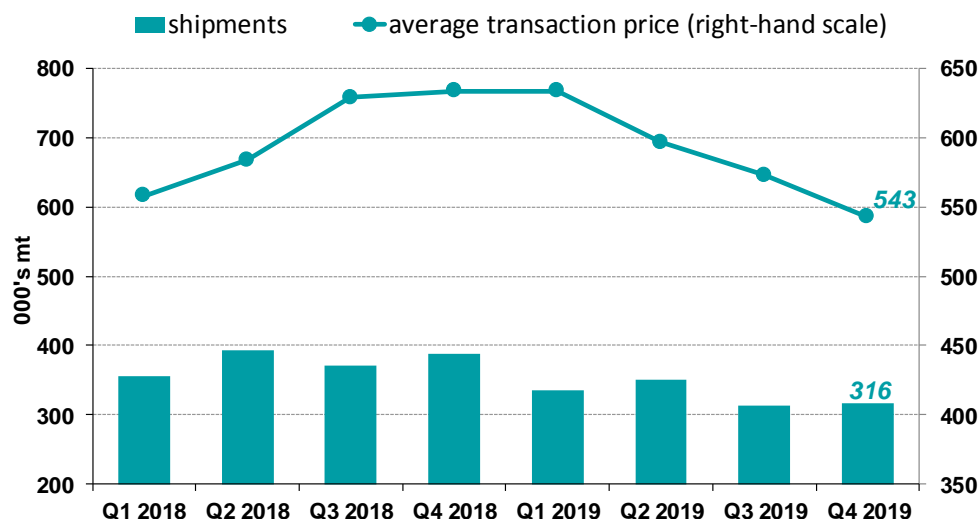


1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.

# NEWSPRINT

(US\$mm)	Q4 2019	Q3 2019	2019	2018
Sales	172	180	773	907
Operating income	-	4	49	74
EBITDA <sup>1</sup>	7	11	78	140
Shipments (000's mt)	316	314	1,315	1,507

- North America:
  - Demand ↓ 14% vs. 2018
    - Publishers ↓ 17%
    - Commercial printers ↓ 9%
  - Shipment-to-capacity ratio of 84%
- World<sup>2</sup>:
  - Demand ↓ 13% vs. 2018
  - Shipment-to-capacity ratio of 81%
- Q4 transaction price ↓ \$30/mt vs. Q3
- Q4 shipments ↑ 2k mt vs. Q3
- Q4 cash cost ↓ \$15/mt vs. Q3



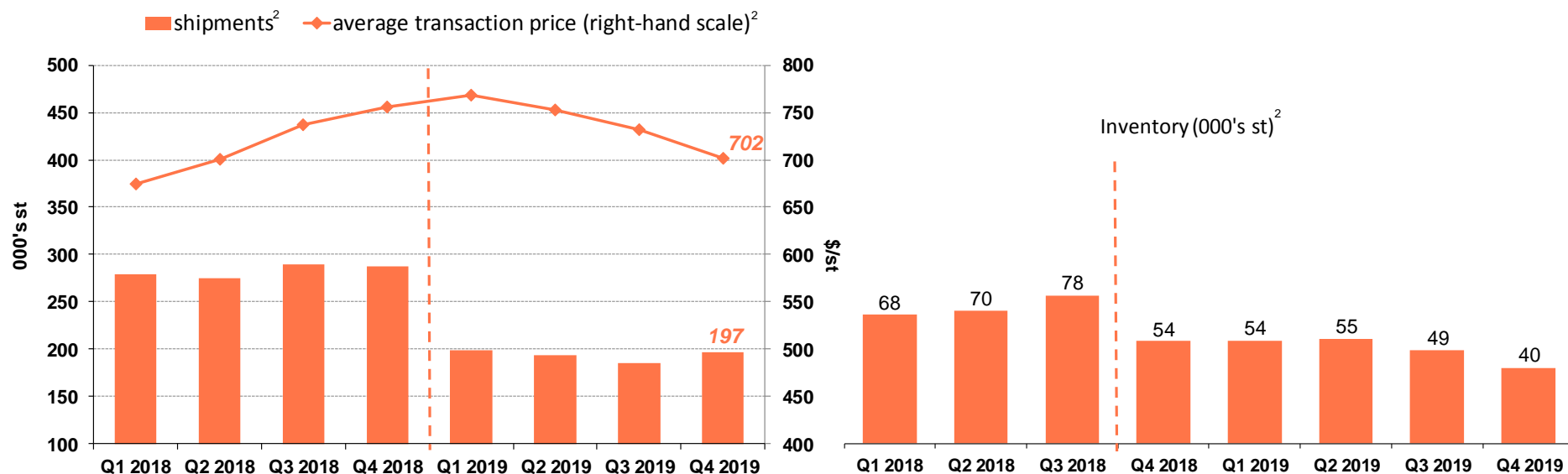
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1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.  
 2. For the 11 months ended November 30, 2019 vs. November 30, 2018.

# SPECIALTY PAPERS

(US\$mm)	Q4 2019	Q3 2019	2019	2018
Sales	139	135	572	811
Operating (loss) income	(1)	4	33	40
EBITDA <sup>1</sup>	10	15	76	87
Shipments (000's st)	197	185	774	1,130

- North American uncoated mechanical grades demand ↓ 16% vs. 2018
  - Standard papers ↓ 21%; SC<sup>3</sup> ↓ 11%
  - Shipment-to-capacity ratio of 82%
- Q4 transaction price ↓ \$30/st vs. Q3
- Q4 shipments ↑ 12k st vs. Q3
- Q4 cash cost ↑ \$5/st vs. Q3



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

2019	vs 2018	Q4 2019	vs Q3 2019	vs Q4 2018
Net income <sup>1</sup> -\$46mm	-\$229mm	Net income <sup>1</sup> -\$53mm	-\$19mm	-\$57mm
Sales \$2,923mm	-22% <sup>4</sup>	Sales \$668mm	-5%	-28% <sup>4</sup>
EPS <sup>1</sup> -\$0.50	-\$2.46	EPS <sup>1</sup> -\$0.59	-\$0.22	-\$0.63
Adjusted EBITDA <sup>2</sup> \$213mm	-63%	Adjusted EBITDA <sup>2</sup> \$4mm	-83%	-96%

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

2019	Q4 2019
<ul style="list-style-type: none"> <li>\$47mm non-operating pension and OPEB<sup>3</sup> credits</li> <li>\$23mm litigation charge recorded in other expense</li> <li>\$18mm of closure costs related to Augusta</li> <li>\$13mm of inventory write-downs related to Augusta</li> </ul>	<ul style="list-style-type: none"> <li>\$18mm of closure costs related to Augusta</li> <li>\$13mm of inventory write-downs related to Augusta</li> <li>\$11mm non-operating pension and OPEB<sup>3</sup> credits</li> </ul>

1. Excluding special items. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.

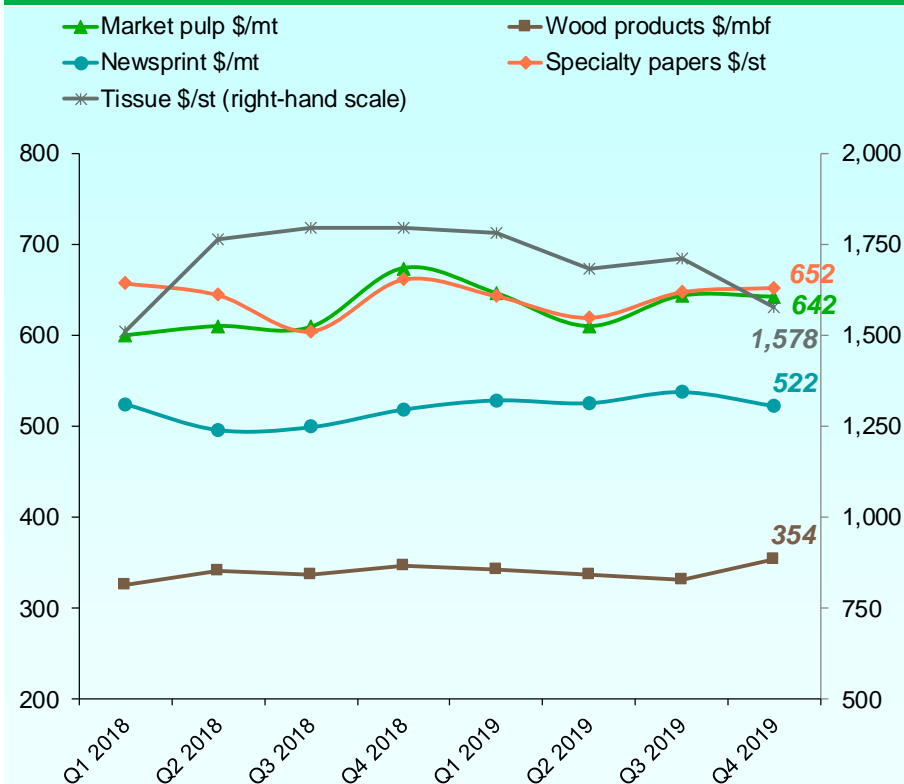
2. Adjusted EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.

3. Other postretirement benefit.

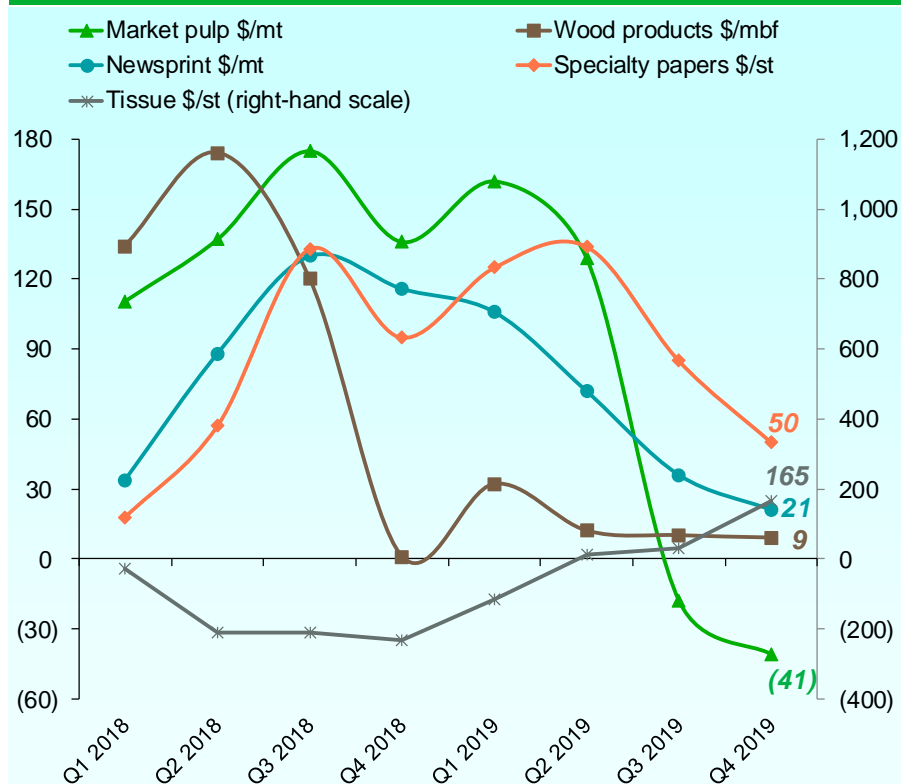
4. Includes impact of divestitures of Catawba and Fairmont mills in 2018.

# PERFORMANCE METRICS

## « All-in » cash cost



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



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

**Q1'18**

12

**Q2'18**

11

**Q3'18**

10

**Q4'18**

4

**Q1'19**

11

**Q2'19**

8

**Q3'19**

9

**Q4'19**

8

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 used by operations of \$35mm
- 2019 capex of \$113mm
- Cumulative lumber cash duty deposits of \$162mm
- \$24mm of share repurchases in 2019
- Available liquidity of \$583mm
- Net debt to adjusted LTM<sup>1</sup> EBITDA<sup>2</sup> ratio at 2.1x
- Extended and increased senior secured credit facility by an additional \$175mm in Q4

(US\$mm)	Q4 2019	vs Q3 2019	vs Q4 2018
Cash	3	-66	-301
Working capital <sup>3</sup>	562	+19	-4
Total debt	449	+25	-196
Interest	7	-1	-4

Available liquidity (US\$mm)	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total debt	449	424	423	423	645	645	675	779
Cash on hand	3	69	98	69	304	72	6	13
Available under revolving credit facilities	580	497	492	526	517	582	511	439

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 in Q4 2018 \$1mm of supercalendered paper and \$6mm of uncoated groundwood paper cash countervailing duty deposits receivable.





# PENSION

- Net pension & OPEB liability ↑ \$203mm in Q4 vs. 2018
  - Decrease in the applicable discount rates and unfavorable currency exchange, offset by ongoing pension contributions

(US\$mm)	2019	2018	2017
Net pension liabilities	1,326	1,122	1,097
OPEB liabilities	147	148	172
<b>Net pension and OPEB liabilities</b>	<b>1,473</b>	<b>1,270</b>	<b>1,269</b>
U.S. GAAP discount rate at 12/31 <sup>1</sup>	3.0%	3.8%	3.6%
Pension plans deficit for funding purposes <sup>2</sup>	497	550	562

(US\$mm)	2020E	2019	2018	2017
Pension contributions <sup>3</sup>	112	99	121	132
OPEB payments	13	12	13	11
Operating pension and OPEB costs <sup>3</sup>	34	33	40	41
Non-op. pension and OPEB (credits)/costs <sup>4</sup>	8	(47)	(50)	(7)
<b>Total pension and OPEB (credits)/costs<sup>3</sup></b>	<b>42</b>	<b>(14)</b>	<b>(10)</b>	<b>34</b>

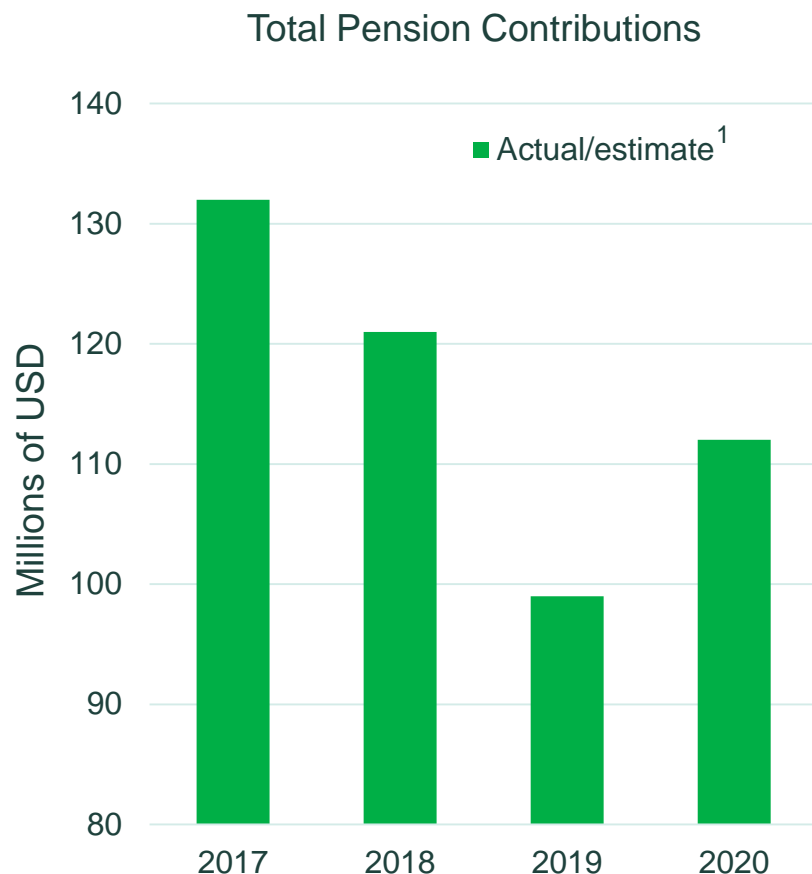
1. Pension plans.

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

3. Includes defined benefit and defined contribution plans.

4. Excluded from adjusted EBITDA.

# PENSION



2019 Pension Plans Deficit			
	Accounting Basis	Funding Purposes²	Variance
Net pension liabilities (US\$mm)	1,326	497	829
Funded ratio (%)	74%	88%	
Discount rate (%)	3.0%	5.6%	

Assumptions used for 2020	
Discount rate: going concern	5.6%
Canadian dollar	US\$ 0.77

1. The assumptions for 2020 estimated total pension contributions can be found in the table “Assumptions used for 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.

# 2020 PRIORITIES

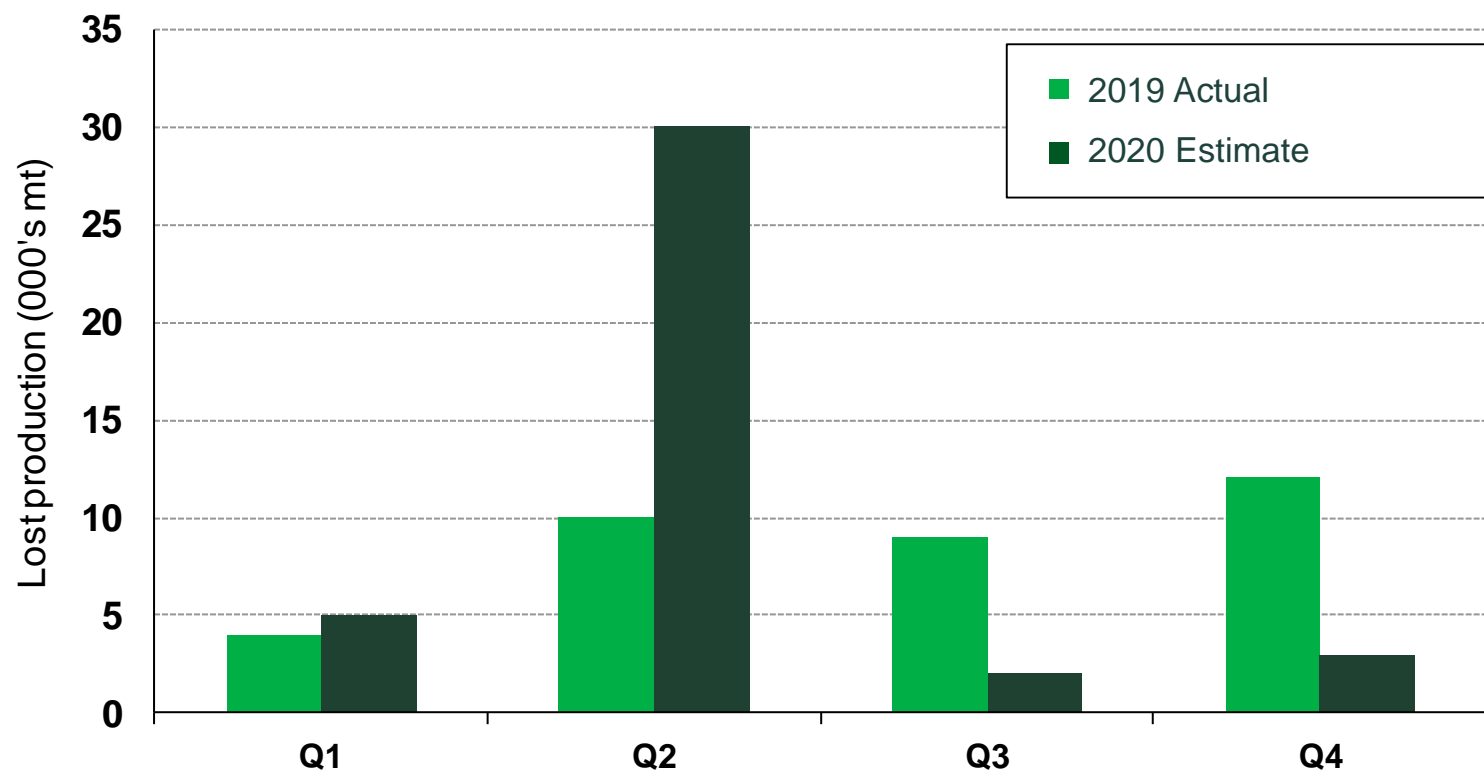
<b>Safety &amp; people</b>	<ul style="list-style-type: none"><li>• 2019 = 2<sup>nd</sup> consecutive year below 0.5 OSHA incident rate</li><li>• Continue to build on world-class safety performance</li><li>• Support initiatives around workforce attraction and retention</li></ul>
<b>Sawmill acquisitions</b>	<ul style="list-style-type: none"><li>• Integrate U.S. sawmill assets quickly and efficiently</li></ul>
<b>Tissue</b>	<ul style="list-style-type: none"><li>• Customer portfolio optimization initiatives to improve margins</li><li>• Close the converting gap to improve product mix</li></ul>
<b>Costs</b>	<ul style="list-style-type: none"><li>• Maximize operational performance and value generation from existing assets</li></ul>
<b>Business transformation</b>	<ul style="list-style-type: none"><li>• Focus on acquisitions and organic opportunities</li><li>• Construction of cellulose filament plant in Kenogami</li></ul>

# OUTLOOK

<b>Market Pulp</b>	<ul style="list-style-type: none"><li>• Expect to build up from bottom-of-cycle pricing</li><li>• Softwood pulp: stronger operating rates = indicators of long-term demand growth for quality pulp</li></ul>
<b>Tissue</b>	<ul style="list-style-type: none"><li>• Build on recent improvements around sales growth and productivity gains for progressive earnings growth in 2020</li></ul>
<b>Paper</b>	<ul style="list-style-type: none"><li>• Focus on maximizing earnings power and cash generation</li><li>• Sustained pricing pressures as operating rates remain low</li><li>• Modest expectations to 2020 earnings</li></ul>
<b>Wood Products</b>	<ul style="list-style-type: none"><li>• Positive housing starts data and improving pricing environment</li></ul>

# OUTLOOK

## 2020 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 January 30, 2020, press release available on our website.

<b>Three months ended December 31, 2019</b> (Unaudited, in millions of U.S. dollars, except per share amounts)	<b>Operating loss</b>	<b>Net loss</b>	<b>EPS</b>
<b>GAAP, as reported</b>	<b>\$ (69)</b>	<b>\$ (71)</b>	<b>\$ (0.79)</b>
Adjustments for special items:			
Closure costs, impairment and other related charges	18	18	0.20
Inventory write-downs related to closures	13	13	0.14
Net gain on disposition of assets	(1)	(1)	(0.01)
Non-operating pension and other postretirement benefit credits	-	(11)	(0.12)
Income tax effect of special items	-	(1)	(0.01)
<b>Adjusted for special items</b>	<b>\$ (39)</b>	<b>\$ (53)</b>	<b>\$ (0.59)</b>

<b>Three months ended December 31, 2018</b> (Unaudited, in millions of U.S. dollars, except per share amounts)	<b>Operating income</b>	<b>Net income</b>	<b>EPS</b>
<b>GAAP, as reported</b>	<b>\$ 75</b>	<b>\$ 36</b>	<b>\$ 0.38</b>
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 other postretirement benefit credits	-	(12)	(0.13)
Other income, net	-	(1)	(0.01)
Income tax effect of special items	-	2	0.02
<b>Adjusted for special items</b>	<b>\$ 54</b>	<b>\$ 4</b>	<b>\$ 0.04</b>



<b>Year ended December 31, 2019</b> (Unaudited, in millions of U.S. dollars, except per share amounts)	<b>Operating income</b>	<b>Net loss</b>	<b>EPS</b>
<b>GAAP, as reported</b>	<b>\$ 17</b>	<b>\$ (47)</b>	<b>\$ (0.51)</b>
Adjustments for special items:			
Closure costs, impairment and other related charges	18	18	0.19
Inventory write-downs related to closures	13	13	0.14
Net gain on disposition of assets	(2)	(2)	(0.02)
Non-operating pension and other postretirement benefit credits	-	(47)	(0.51)
Other expense, net	-	22	0.24
Income tax effect of special items	-	(3)	(0.03)
<b>Adjusted for special items</b>	<b>\$ 46</b>	<b>\$ (46)</b>	<b>\$ (0.50)</b>

<b>Year ended December 31, 2018</b> (Unaudited, in millions of U.S. dollars, except per share amounts)	<b>Operating income</b>	<b>Net income</b>	<b>EPS</b>
<b>GAAP, as reported</b>	<b>\$ 379</b>	<b>\$ 235</b>	<b>\$ 2.52</b>
Adjustments for special items:			
Closure costs, impairment and other related charges	121	121	1.30
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 other postretirement benefit credits	-	(50)	(0.54)
Other income, net	-	(5)	(0.06)
Income tax effect of special items	-	20	0.21
<b>Adjusted for special items</b>	<b>\$ 362</b>	<b>\$ 183</b>	<b>\$ 1.96</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 January 30, 2020, press release available on our website.

<b>Three months ended December 31, 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 loss including noncontrolling interests</b>	<b>\$ (18)</b>	<b>\$ (1)</b>	<b>\$ (5)</b>	<b>\$ -</b>	<b>\$ (1)</b>	<b>\$ (46)</b>	<b>\$ (71)</b>
Interest expense						7	7
Income tax provision						6	6
Depreciation and amortization	6	5	9	7	11	5	43
<b>EBITDA</b>	<b>\$ (12)</b>	<b>\$ 4</b>	<b>\$ 4</b>	<b>\$ 7</b>	<b>\$ 10</b>	<b>\$ (28)</b>	<b>\$ (15)</b>
Closure costs, impairment and other related charges						18	18
Inventory write-downs related to closures						13	13
Net gain on disposition of assets						(1)	(1)
Non-operating pension and other postretirement benefit credits						(11)	(11)
<b>Adjusted EBITDA</b>	<b>\$ (12)</b>	<b>\$ 4</b>	<b>\$ 4</b>	<b>\$ 7</b>	<b>\$ 10</b>	<b>\$ (9)</b>	<b>\$ 4</b>
<b>Three months ended December 31, 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>\$ (9)</b>	<b>\$ (8)</b>	<b>\$ 28</b>	<b>\$ 17</b>	<b>\$ (33)</b>	<b>\$ 36</b>
Interest expense						11	11
Income tax provision						41	41
Depreciation and amortization	5	4	9	17	11	5	51
<b>EBITDA</b>	<b>\$ 46</b>	<b>\$ (5)</b>	<b>\$ 1</b>	<b>\$ 45</b>	<b>\$ 28</b>	<b>\$ 24</b>	<b>\$ 139</b>
Closure costs, impairment and other related charges						120	120
Net gain on disposition of assets						(141)	(141)
Non-operating pension and other postretirement benefit credits						(12)	(12)
Other income, net						(1)	(1)
<b>Adjusted EBITDA</b>	<b>\$ 46</b>	<b>\$ (5)</b>	<b>\$ 1</b>	<b>\$ 45</b>	<b>\$ 28</b>	<b>\$ (10)</b>	<b>\$ 105</b>

Year ended December 31, 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	\$ 39	\$ (16)	\$ (6)	\$ 49	\$ 33	\$ (146)	\$	(47)
Interest expense						31		31
Income tax provision						58		58
Depreciation and amortization	23	18	34	29	43	20		167
<b>EBITDA</b>	<b>\$ 62</b>	<b>\$ 2</b>	<b>\$ 28</b>	<b>\$ 78</b>	<b>\$ 76</b>	<b>\$ (37)</b>	<b>\$</b>	<b>209</b>
Closure costs, impairment and other related charges						18		18
Inventory write-downs related to closures						13		13
Net gain on disposition of assets						(2)		(2)
Non-operating pension and other postretirement benefit credits						(47)		(47)
Other expense, net						22		22
<b>Adjusted EBITDA</b>	<b>\$ 62</b>	<b>\$ 2</b>	<b>\$ 28</b>	<b>\$ 78</b>	<b>\$ 76</b>	<b>\$ (33)</b>	<b>\$</b>	<b>213</b>
Year ended December 31, 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	\$ 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
<b>EBITDA</b>	<b>\$ 199</b>	<b>\$ (15)</b>	<b>\$ 201</b>	<b>\$ 140</b>	<b>\$ 87</b>	<b>\$ 34</b>	<b>\$</b>	<b>646</b>
Closure costs, impairment and other related charges						121		121
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 other postretirement benefit credits						(50)		(50)
Other income, net						(5)		(5)
<b>Adjusted EBITDA</b>	<b>\$ 199</b>	<b>\$ (15)</b>	<b>\$ 201</b>	<b>\$ 140</b>	<b>\$ 87</b>	<b>\$ (38)</b>	<b>\$</b>	<b>574</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	\$ 705	\$ 668	\$ 2,923
Operating income (loss)	48	121	135	75	379	64	40	(18)	(69)	17
Interest expense	(13)	(11)	(12)	(11)	(47)	(9)	(7)	(8)	(7)	(31)
Net income (loss) attributable to Resolute Forest Products Inc.	10	72	117	36	235	42	25	(43)	(71)	(47)
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	\$ (0.47)	\$ (0.79)	\$ (0.51)
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	90,869	89,780	91,356
Ending shares outstanding (in thousands)	90,315	90,342	90,345	90,730	90,730	91,099	90,400	89,294	86,694	86,694

### Financial Position

Cash and cash equivalents	\$ 13	\$ 6	\$ 72	\$ 304	\$ 304	\$ 69	\$ 98	\$ 69	\$ 3	\$ 3
Working capital <sup>(1)</sup>	626	664	749	573	573	616	596	543	562	562
Fixed assets, net	1,684	1,669	1,545	1,515	1,515	1,492	1,479	1,477	1,459	1,459
Total assets	4,122	4,025	4,145	3,935	3,935	3,802	3,752	3,671	3,626	3,626
Current portion of long-term debt	1	1	1	223	223	1	1	1	1	1
Long-term debt, net of current portion	778	674	644	422	422	422	422	423	448	448
Net debt <sup>(2)</sup>	766	669	573	341	341	354	325	355	446	446
Liquidity <sup>(3)</sup>	452	517	654	821	821	595	590	566	583	583
Total Resolute Forest Products Inc. shareholders' equity	1,615	1,691	1,809	1,534	1,534	1,579	1,599	1,551	1,234	1,234
Noncontrolling interests	1	1	1	1	1	1	1	1	1	1
Total equity	1,616	1,692	1,810	1,535	1,535	1,580	1,600	1,552	1,235	1,235

### Cash Flow Information

Cash flows provided by (used in) operating activities	\$ 62	\$ 158	\$ 131	\$ 84	\$ 435	\$ 23	\$ 72	\$ 25	\$ (35)	\$ 85
Cash invested in fixed assets	(25)	(28)	(41)	(61)	(155)	(26)	(19)	(37)	(31)	(113)
Dispositions of assets	-	2	-	334	336	-	2	-	1	3
(Increase) decrease in countervailing duty cash deposits on supercalendered paper, net	(5)	(6)	24	35	48	1	-	-	-	1
Increase in countervailing and anti-dumping duty cash deposits on softwood lumber	(14)	(27)	(21)	(15)	(77)	(14)	(19)	(13)	(13)	(59)
(Increase) decrease in countervailing duty cash deposits on uncoated groundwood paper	(2)	(4)	-	-	(6)	6	-	-	-	6
Cash flows (used in) provided by investing activities	(46)	(63)	(38)	293	146	(33)	(36)	(50)	(43)	(162)
Purchases of treasury stock	-	-	-	-	-	-	(5)	(7)	(12)	(24)
Net (repayments) borrowings under revolving credit facilities	(9)	(105)	(30)	-	(144)	-	-	-	71	71
Payment of special dividend	-	-	-	(136)	(136)	-	-	-	-	-
Payments of debt	-	-	-	-	-	(225)	-	-	(46)	(271)
Cash flows (used in) provided by financing activities	(10)	(105)	(30)	(136)	(281)	(225)	(7)	(7)	11	(228)

## 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	\$ 201	\$ 176	\$ 797
Tissue <sup>(4)</sup>	22	35	38	35	130	39	43	43	40	165
Wood products	209	254	203	157	823	161	168	146	141	616
Newsprint	198	230	232	247	907	212	209	180	172	773
Specialty papers	188	193	213	217	811	152	146	135	139	572
<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>\$ 705</b>	<b>\$ 668</b>	<b>\$ 2,923</b>
<b>Shipments to Third Parties (thousands of units)</b>										
Market pulp (mt)	362	353	367	342	1,424	286	257	320	293	1,156
Tissue (st) <sup>(4)</sup>	15	23	23	23	84	24	25	25	23	97
Wood products (mbf)	455	494	445	452	1,846	428	484	429	390	1,731
Newsprint (mt)	355	393	371	388	1,507	335	350	314	316	1,315
Specialty papers (st)	279	275	289	287	1,130	199	193	185	197	774
<b>Average Transaction Price per Unit</b>										
Market pulp (\$/mt)	\$ 710	\$ 747	\$ 784	\$ 809	\$ 762	\$ 808	\$ 739	\$ 625	\$ 601	\$ 690
Tissue (\$/st) <sup>(4)</sup>	1,480	1,551	1,585	1,562	1,551	1,664	1,695	1,741	1,743	1,711
Wood products (\$/mbf)	459	514	457	347	446	374	348	341	363	356
Newsprint (\$/mt)	558	584	629	634	602	634	597	573	543	588
Specialty papers (\$/st)	675	701	737	756	718	768	753	732	702	739

# 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	\$ (12)	\$ (18)	\$ 39
Tissue <sup>(4)</sup>	(1)	(10)	(10)	(9)	(30)	(8)	(4)	(3)	(1)	(16)
Wood products	53	79	45	(8)	169	6	(3)	(4)	(5)	(6)
Newsprint	(4)	18	32	28	74	28	17	4	-	49
Specialty papers	(7)	4	26	17	40	15	15	4	(1)	33
Corporate and other	(26)	(11)	(15)	6	(46)	(19)	(12)	(7)	(44)	(82)
Total operating income (loss)	\$ 48	\$ 121	\$ 135	\$ 75	\$ 379	\$ 64	\$ 40	\$ (18)	\$ (69)	\$ 17

### Selling, General and Administrative Expenses

Market pulp	\$ 9	\$ 9	\$ 8	\$ 9	\$ 35	\$ 7	\$ 7	\$ 7	\$ 6	\$ 27
Tissue <sup>(4)</sup>	1	3	4	3	11	3	3	2	2	10
Wood products	7	8	6	6	27	6	6	5	6	23
Newsprint	9	9	8	9	35	9	9	9	8	35
Specialty papers	7	6	6	5	24	5	4	4	5	18
Corporate and other	10	7	8	8	33	7	7	3	6	23
Total selling, general and administrative expenses	\$ 43	\$ 42	\$ 40	\$ 40	\$ 165	\$ 37	\$ 36	\$ 30	\$ 33	\$ 136

### Operating Cost per Unit

Market pulp (\$/mt)	\$ 619	\$ 631	\$ 629	\$ 688	\$ 641	\$ 664	\$ 630	\$ 664	\$ 663	\$ 656
Tissue (\$/st) <sup>(4)</sup>	1,585	1,973	2,003	1,982	1,916	1,984	1,853	1,885	1,769	1,873
Wood products (\$/mbf)	342	355	355	366	354	360	355	351	377	360
Newsprint (\$/mt)	568	538	543	562	552	550	547	560	545	550
Specialty papers (\$/st)	698	688	647	697	682	695	676	705	708	696

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

Market pulp (\$/mt)	\$ 600	\$ 610	\$ 609	\$ 673	\$ 622	\$ 646	\$ 610	\$ 643	\$ 642	\$ 636
Tissue (\$/st) <sup>(4)</sup>	1,508	1,762	1,796	1,794	1,736	1,781	1,681	1,710	1,578	1,688
Wood products (\$/mbf)	325	340	337	346	337	342	336	331	354	340
Newsprint (\$/mt)	524	496	499	518	509	528	525	537	522	528
Specialty papers (\$/st)	657	644	604	661	641	643	619	647	652	640

### Product Inventory (thousands of units)

Market pulp (mt)	91	108	116	80	80	78	110	74	68	68
Tissue (st) <sup>(4)</sup>	11	8	7	5	5	7	7	6	8	8
Wood products (mbf)	140	128	162	157	157	159	122	122	133	133
Newsprint (mt)	93	85	96	101	101	135	105	104	105	105
Specialty papers (st)	68	70	78	54	54	54	55	49	40	40



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

	2018					2019				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
(In millions of U.S. dollars)										
<b>Net Income (Loss) Including Noncontrolling Interests</b>										
Market pulp	\$ 33	\$ 41	\$ 57	\$ 41	\$ 172	\$ 42	\$ 27	\$ (12)	\$ (18)	\$ 39
Tissue <sup>(4)</sup>	(1)	(10)	(10)	(9)	(30)	(8)	(4)	(3)	(1)	(16)
Wood products	53	79	45	(8)	169	6	(3)	(4)	(5)	(6)
Newsprint	(4)	18	32	28	74	28	17	4	-	49
Specialty papers	(7)	4	26	17	40	15	15	4	(1)	33
Corporate and other	(64)	(60)	(33)	(33)	(190)	(41)	(27)	(32)	(46)	(146)
Total net income (loss) including noncontrolling interests	\$ 10	\$ 72	\$ 117	\$ 36	\$ 235	\$ 42	\$ 25	\$ (43)	\$ (71)	\$ (47)
<b>Interest Expense</b>	\$ 13	\$ 11	\$ 12	\$ 11	\$ 47	\$ 9	\$ 7	\$ 8	\$ 7	\$ 31
<b>Income Tax Provision</b>	\$ 31	\$ 47	\$ 33	\$ 41	\$ 152	\$ 21	\$ 19	\$ 12	\$ 6	\$ 58
<b>Depreciation and Amortization</b>										
Market pulp	\$ 7	\$ 8	\$ 7	\$ 5	\$ 27	\$ 5	\$ 5	\$ 7	\$ 6	\$ 23
Tissue <sup>(4)</sup>	1	5	5	4	15	5	4	4	5	18
Wood products	8	7	8	9	32	8	9	8	9	34
Newsprint	16	17	16	17	66	7	8	7	7	29
Specialty papers	12	12	12	11	47	10	11	11	11	43
Corporate and other	9	5	6	5	25	5	5	5	5	20
Total depreciation and amortization	\$ 53	\$ 54	\$ 54	\$ 51	\$ 212	\$ 40	\$ 42	\$ 42	\$ 43	\$ 167
<b>EBITDA <sup>(5)</sup></b>										
Market pulp	\$ 40	\$ 49	\$ 64	\$ 46	\$ 199	\$ 47	\$ 32	\$ (5)	\$ (12)	\$ 62
Tissue <sup>(4)</sup>	-	(5)	(5)	(5)	(15)	(3)	-	1	4	2
Wood products	61	86	53	1	201	14	6	4	4	28
Newsprint	12	35	48	45	140	35	25	11	7	78
Specialty papers	5	16	38	28	87	25	26	15	10	76
Corporate and other	(11)	3	18	24	34	(6)	4	(7)	(28)	(37)
Total EBITDA	\$ 107	\$ 184	\$ 216	\$ 139	\$ 646	\$ 112	\$ 93	\$ 19	\$ (15)	\$ 209
<b>Special Items <sup>(5)</sup></b>										
Closure costs, impairment and other related charges	\$ -	\$ 1	\$ -	\$ 120	\$ 121	\$ -	\$ -	\$ -	\$ 18	\$ 18
Inventory write-downs related to closures	(1)	-	-	-	(1)	-	-	-	13	13
Net gain on disposition of assets	-	(4)	-	(141)	(145)	-	-	(1)	(1)	(2)
Non-operating pension and other postretirement benefit credits	(13)	(12)	(13)	(12)	(50)	(12)	(12)	(12)	(11)	(47)
Start-up costs	8	-	-	-	8	-	-	-	-	-
Other expense (income), net	7	3	(14)	(1)	(5)	4	1	17	-	22
Total special items	\$ 1	\$ (12)	\$ (27)	\$ (34)	\$ (72)	\$ (8)	\$ (11)	\$ 4	\$ 19	\$ 4
<b>Adjusted EBITDA <sup>(5)</sup></b>										
Market pulp	\$ 40	\$ 49	\$ 64	\$ 46	\$ 199	\$ 47	\$ 32	\$ (5)	\$ (12)	\$ 62
Tissue <sup>(4)</sup>	-	(5)	(5)	(5)	(15)	(3)	-	1	4	2
Wood products	61	86	53	1	201	14	6	4	4	28
Newsprint	12	35	48	45	140	35	25	11	7	78
Specialty papers	5	16	38	28	87	25	26	15	10	76
Corporate and other	(10)	(9)	(9)	(10)	(38)	(14)	(7)	(3)	(9)	(33)
Total adjusted EBITDA	\$ 108	\$ 172	\$ 189	\$ 105	\$ 574	\$ 104	\$ 82	\$ 23	\$ 4	\$ 213

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

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**Notes**

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<sup>1</sup> We define working capital as current assets less current liabilities excluding cash and cash equivalents, restricted cash, 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 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 income and expense, net. 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 Q4 2019 RESULTS



JANUARY 30, 2020