

# RESOLUTE FOREST PRODUCTS Q2 2020 RESULTS



JULY 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 included in the Outlook section of this presentation and statements relating to the impact of the novel coronavirus (or, “COVID-19”) pandemic and resulting economic conditions on our business, results of operations and market price of our securities, and to our: efforts and initiatives to reduce costs, increase revenues, and improve 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; estimated capital expenditures; 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: the COVID-19 pandemic and resulting economic conditions, 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 wood manufacturing in the U.S., and tissue production and sales, or divestitures or other strategic transactions or projects, including loss of synergies following business divestitures; uncertainty or changes in political or economic conditions in the U.S., Canada or other countries in which we sell our products, including the effects of pandemics; 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 or occupational health and safety issues; difficulties in our employee relations or in employee attraction or retention; disruptions to our supply chain, operations, or the delivery of our products, including due to public health epidemics; 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; changes relating to the London Interbank Offered Rate (or, the “LIBOR”), which could impact our borrowings under our credit facilities; losses that are not covered by insurance; any shutdown of machines or facilities, restructuring of operations or sale of assets resulting in 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 the vast majority 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 set forth 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, 2019, which have been heightened by the COVID-19 pandemic, including related governmental responses and economic impacts, market disruptions and changes in consumer habits and which should be read in conjunction with the COVID-19 risk factor update set forth under the heading “Risk Factors” in Part II, Item 1A of the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2020.

All forward-looking statements in this presentation are expressly qualified by the cautionary statements contained or referred to above and in our other filings with the U.S. Securities and Exchange Commission and the Canadian securities regulatory authorities. We disclaim 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.

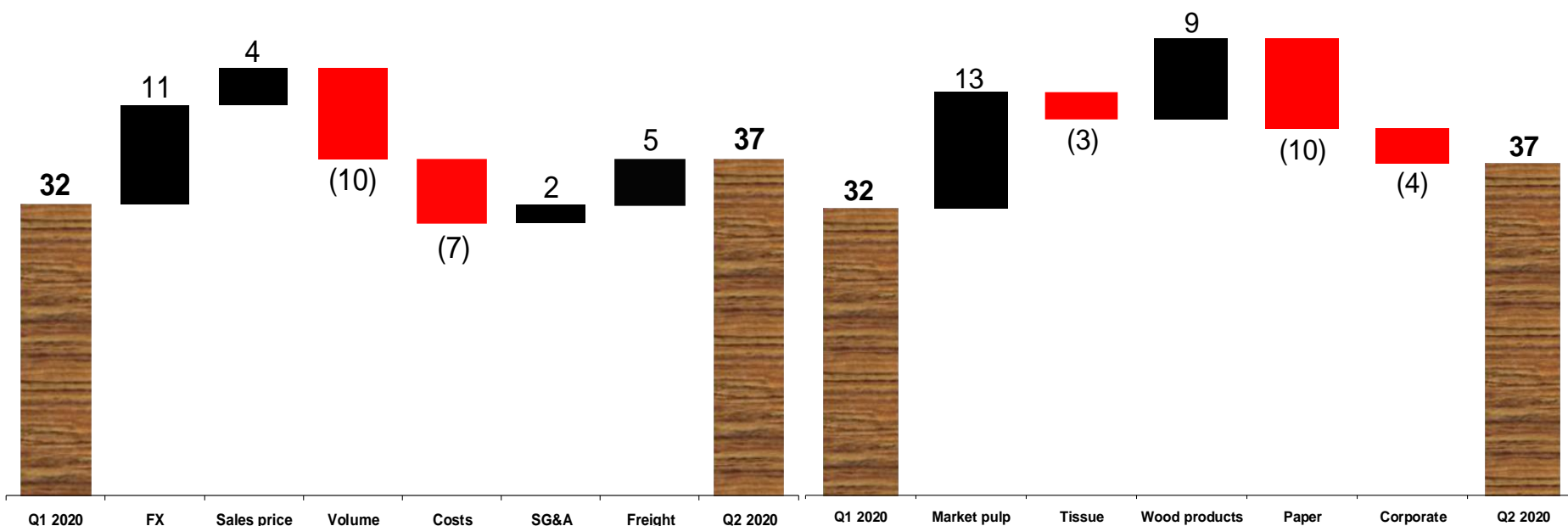
# Q2 2020 FINANCIAL HIGHLIGHTS

- Q2 GAAP net income of \$6 million / \$0.07 per diluted share
- Adjusted EBITDA of \$37 million
- Reduced debt by \$191 million; liquidity up \$47 million to \$396 million
- Successful integration of recently-acquired U.S. sawmills

*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 2020 OVERVIEW

## Adjusted EBITDA : Q2'20 vs. Q1'20

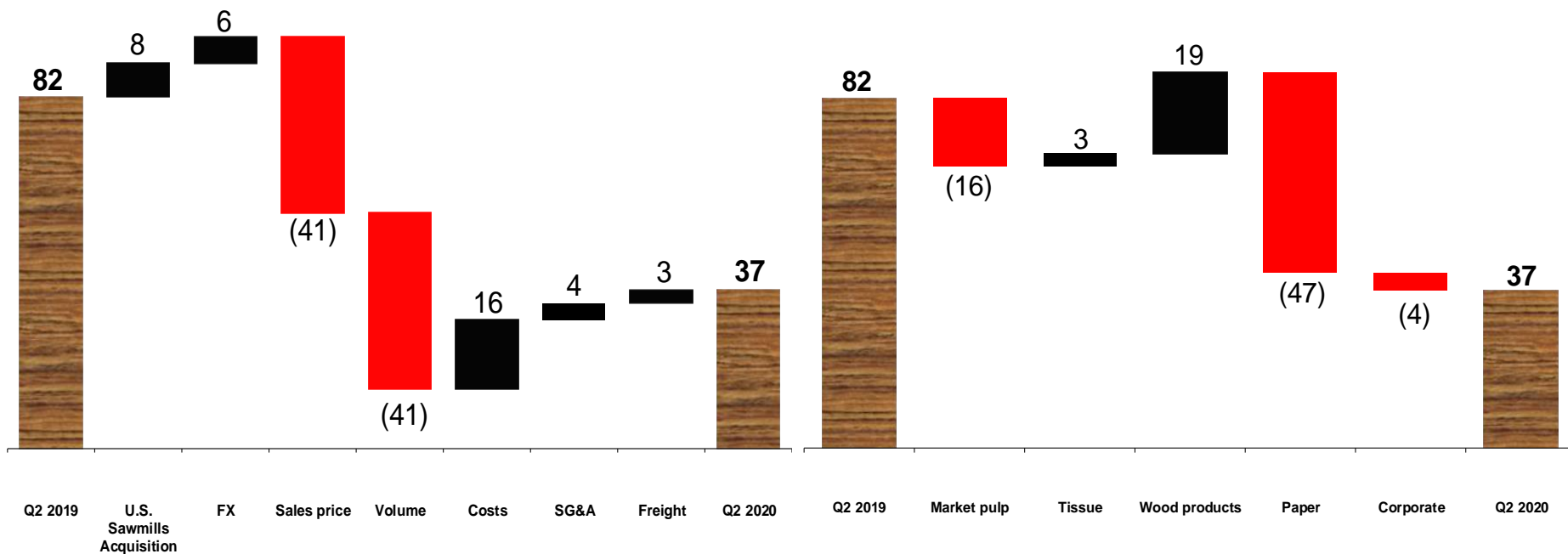


- Higher sales price: pulp ↑ 6%; tissue ↑ 4%; partially offset by wood products ↓ 2%; paper ↓ 1%
- Higher wood products volume ↑ 18% offset by paper ↓ 27%

*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 2020 OVERVIEW

## Adjusted EBITDA : Q2'20 vs. Q2'19

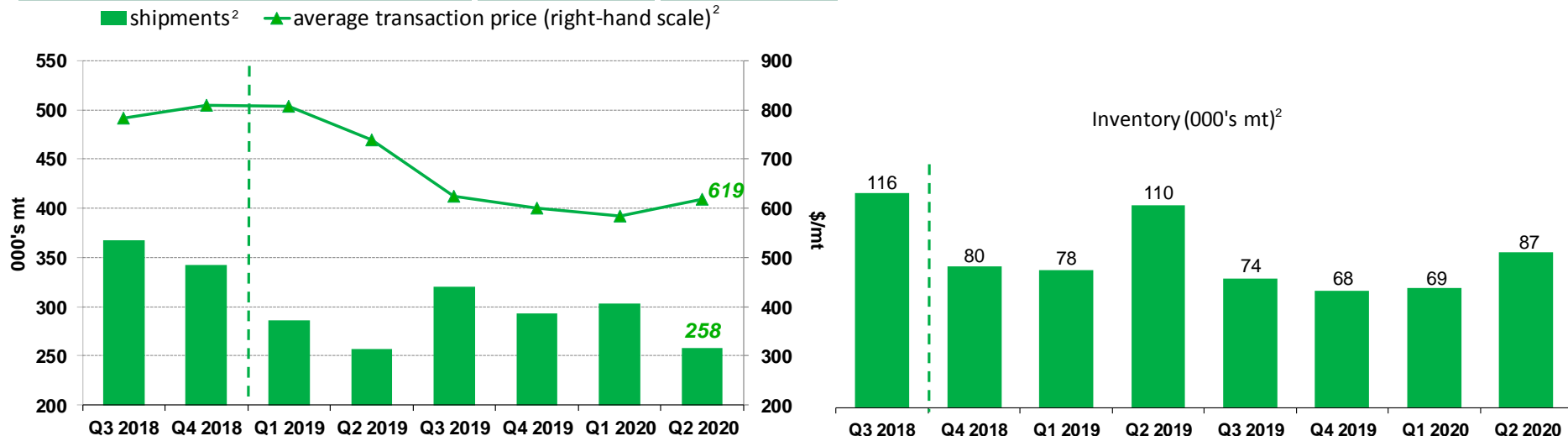


- Lower selling price: pulp ↓ 16%; paper ↓ 12%; partially offset by wood products ↑ 10%; tissue ↑ 8%
- Lower paper volume ↓ 34%

# MARKET PULP

(US\$mm)	Q2 2020	Q1 2020
Sales	161	177
Operating income (loss)	10	(3)
EBITDA <sup>1</sup>	16	3
Shipments (000's mt)	258	303

- World shipments of chemical pulp ↑ 8% vs. 2019<sup>3</sup>
  - Hardwood ↑ 13%
  - Softwood slight increase
- Q2 transaction price ↑ \$34/mt vs. Q1
- Q2 shipments ↓ 45k mt vs. Q1
- Q2 cash cost<sup>4</sup> ↓ \$15/mt vs. Q1
- Finished goods inventory ↑ 18k mt vs. Q1

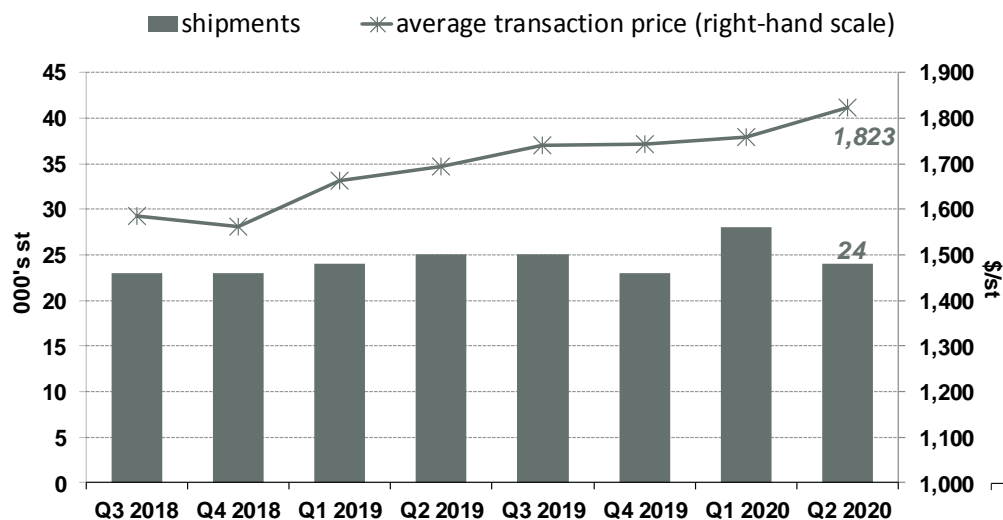


- EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
- Divestitures in Q4 2018: Catawba mill (approx. 230,000 mt annual capacity) and Fairmont mill (net impact of approx. 80,000 mt of shipments annually).
- For the five months ended May 31, 2020 vs. May 31, 2019.
- 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).

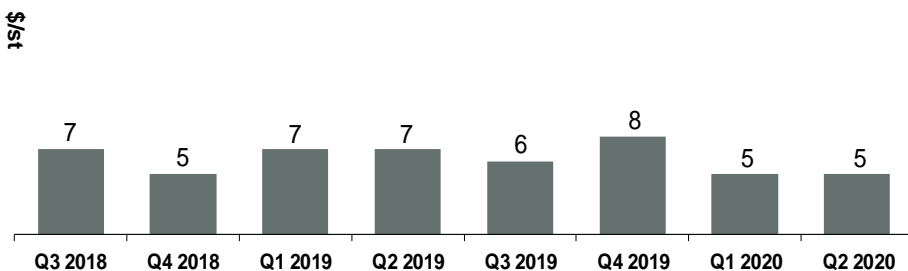
# TISSUE

(US\$mm)	Q2 2020	Q1 2020
Sales	44	49
Operating (loss) income	(2)	2
EBITDA <sup>1</sup>	3	6
Shipments (000's st)	24	28

- U.S. consumption vs. 2019<sup>2</sup>
  - At-home shipments ↑ 19%
  - Away-from-home shipments ↓ 4%
- Q2 transaction price ↑ \$65/st vs. Q1
- Q2 shipments ↓ 4k st vs. Q1
- Q2 cash cost ↑ \$145/st vs. Q1



Inventory (000's st)



resolute

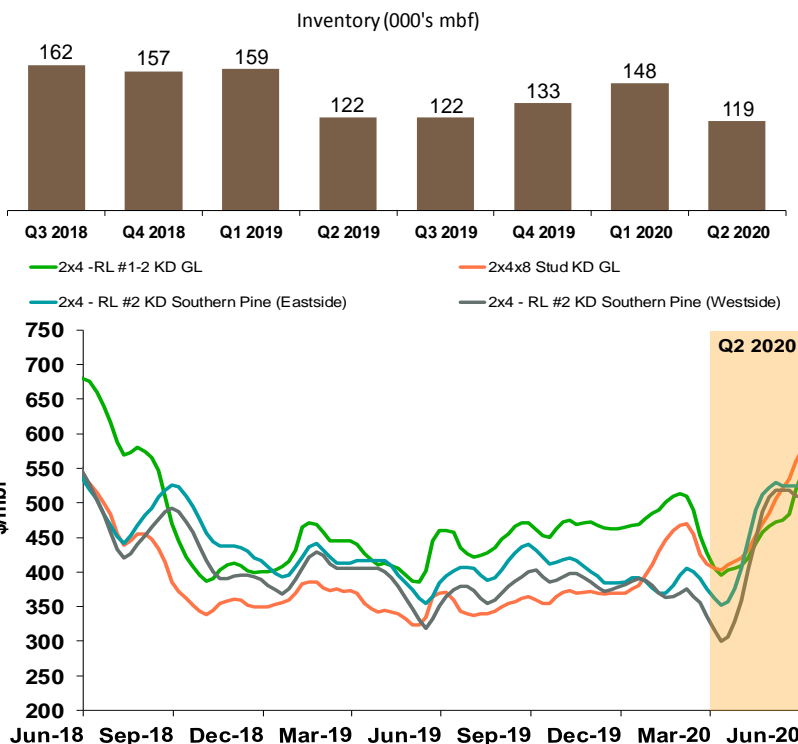
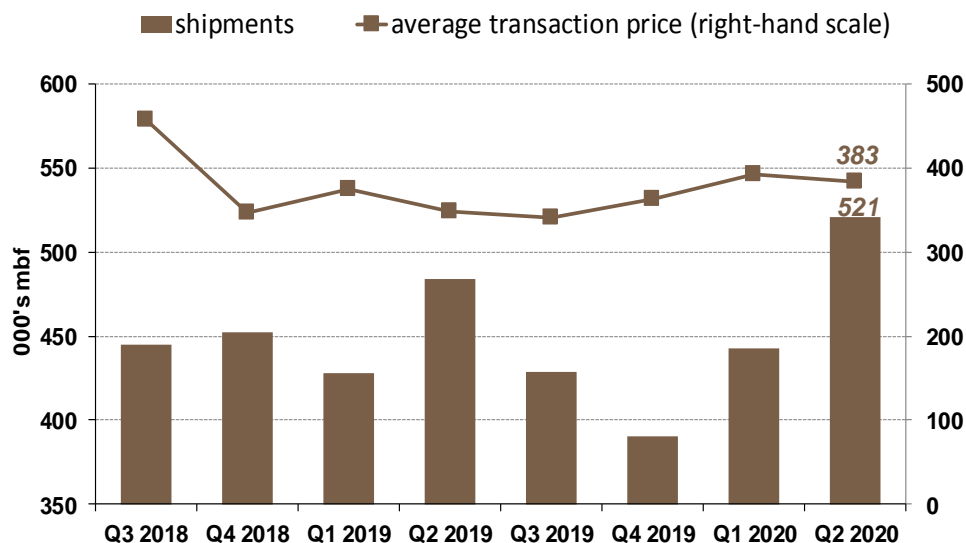
1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.
2. For the five months ended May 31, 2020 vs. May 31, 2019.



# WOOD PRODUCTS

(US\$mm)	Q2 2020	Q1 2020
Sales	199	174
Operating income	15	5
EBITDA <sup>1</sup>	25	16
Shipments (mmbf)	521	443

- U.S. housing starts recovered to seasonally – adjusted level of 1.2 million by June
- Q2 shipments ↑ 78 mmbf vs. Q1
- Q2 transaction price ↓ \$9/mbf vs. Q1
- Q2 cash cost ↓ \$21/mbf vs. Q1
- Finished goods inventory ↓ 29k mt vs. Q1



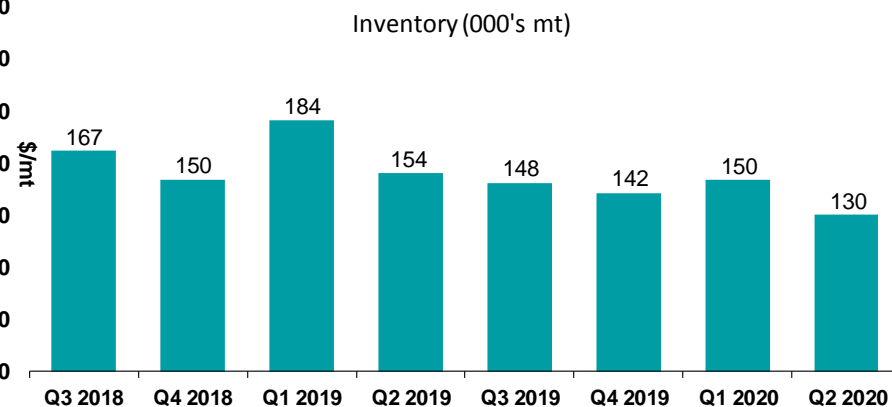
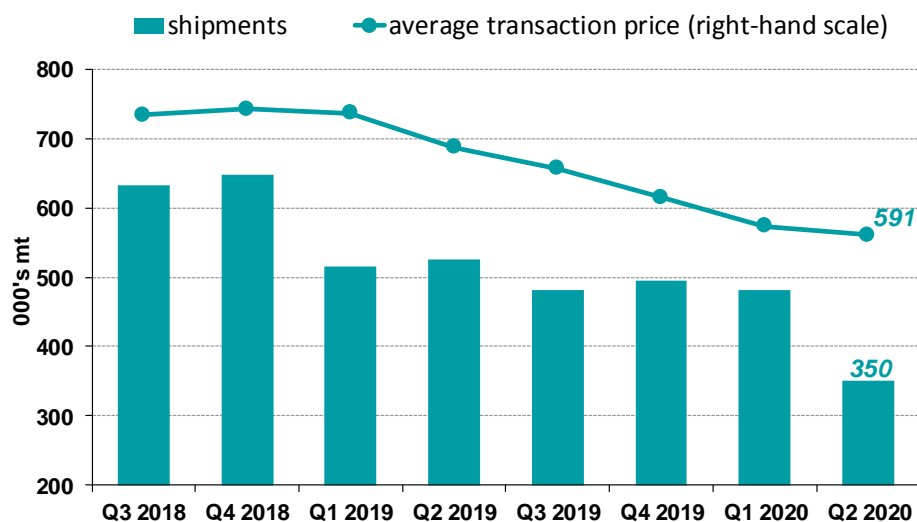
1. EBITDA is a non-GAAP financial measure. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.



# PAPER

(US\$mm)	Q2 2020	Q1 2020
Sales	208	289
Operating loss	(12)	(3)
EBITDA <sup>1</sup>	4	14
Shipments (000's mt)	350	482

- North America:
  - Demand ↓ 24% for uncoated mechanical papers; ↓ 23% for newsprint vs. 2019
  - Shipment-to-capacity ratio of 72% for uncoated mechanical papers; 79% for newsprint
- World<sup>2</sup>:
  - Demand ↓ 18% for newsprint vs. 2019
  - Shipment-to-capacity ratio of 74% for newsprint
- Q2 shipments ↓ 132k mt vs. Q1
- Q2 transaction price ↓ \$8/mt vs. Q1
- Q2 cash cost ↑ \$7/mt vs. Q1



# P&L

## Selected financial information

	Q2 2020	vs Q1 2020	vs Q2 2019
Net income (excluding special items) <sup>1</sup>	-\$22mm	+\$7mm	-\$33mm
Sales	\$612mm	-11%	-19%
EPS (excluding special items) <sup>1</sup>	-\$0.25	+\$0.08	-\$0.37
Adjusted EBITDA <sup>2</sup>	\$37mm	+16%	-55%

## Special items affecting net income (pre-tax) in Q2 2020

- \$15mm insurance claim settlement in other income
- \$9mm foreign exchange loss recorded in other expense
- \$9mm net gain on disposition of assets
- \$4mm non-operating pension and OPEB<sup>3</sup> credits

EBITDA <sup>2</sup> contribution from cogen (US\$mm)	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
	10	4	11	8	9	8	11	10

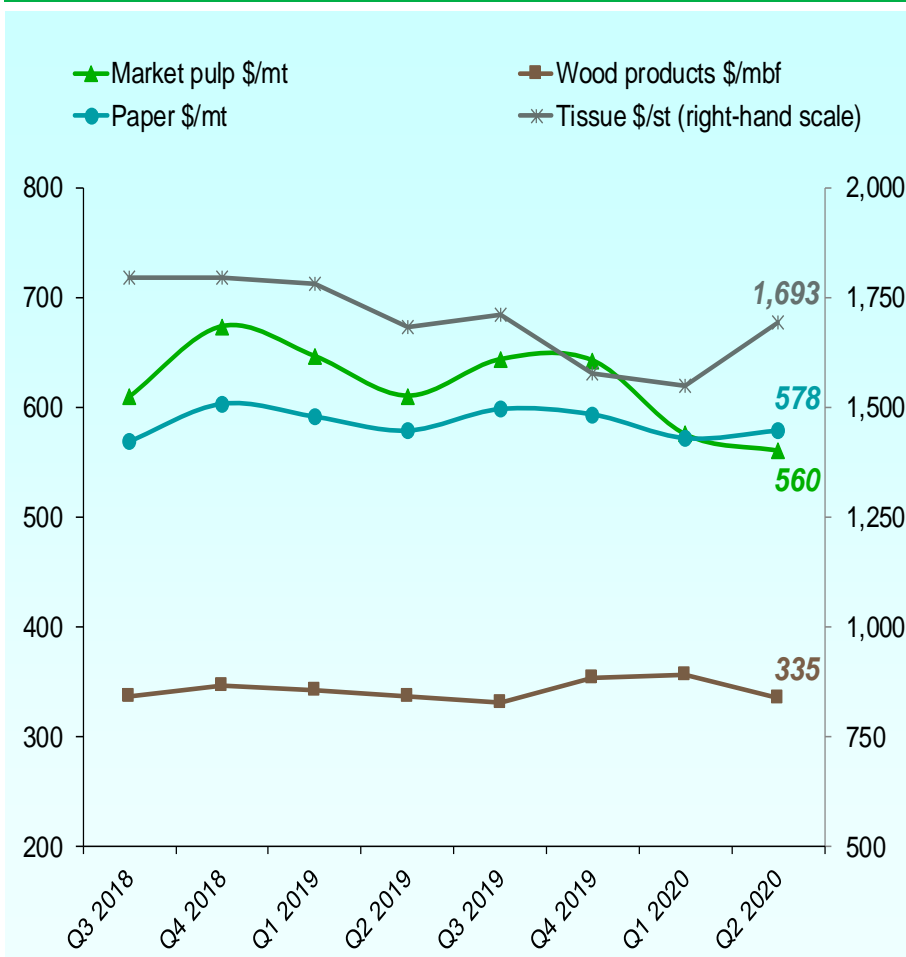
1. Refer to Appendices A and B for a definition and reconciliation of non-GAAP financial measures.

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.

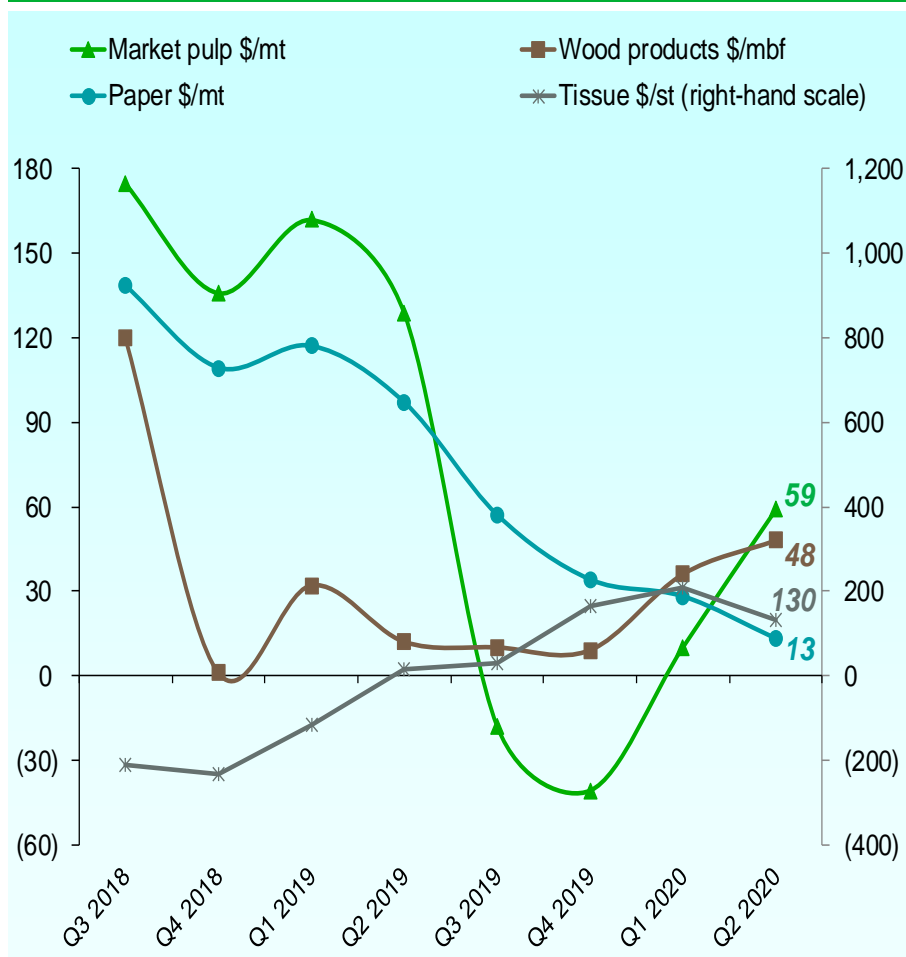
3. Other postretirement benefit.

# PERFORMANCE METRICS

## « All-in » cash cost



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



# LIQUIDITY AND CASH FLOW

- Liquidity remains strong at \$396mm, a \$47mm increase vs. Q1
- Reduced borrowings by \$191 million in Q2
- Q2 net cash provided by operations of \$125mm
- Q2 capex of \$16mm
- \$90mm of capital expenditures expected in 2020, aligned with Q1 revised guidance
- Quarterly lumber cash duty deposits of \$17mm (cumulative of \$194mm)

(US\$mm)	Q2 2020	VS Q1 2020	VS Q2 2019
Cash	27	-89	-71
Working capital	555	-85	-41
Total debt	630	-191	+207
Net debt	603	-102	+278

(US\$mm)	2020		2019				2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total debt	630	821	449	424	423	423	645	645
Cash on hand	27	116	3	69	98	69	304	72
Available under revolving credit facilities	369	233	580	497	492	526	517	582
<b>Available liquidity</b>	<b>396</b>	<b>349</b>	<b>583</b>	<b>566</b>	<b>590</b>	<b>595</b>	<b>821</b>	<b>654</b>

# PENSION

- Net pension & OPEB liability ↑ \$6mm in Q2
  - Unfavorable currency impact offset by ongoing pension contributions

(US\$mm)	Q2'2020	2019	2018	2017
Net pension liabilities	1,223	1,326	1,122	1,097
OPEB liabilities	139	147	148	172
<b>Net pension and OPEB liabilities</b>	<b>1,362</b>	<b>1,473</b>	<b>1,270</b>	<b>1,269</b>
U.S. GAAP discount rate at 12/31 <sup>1</sup>	N/A	3.0%	3.8%	3.6%
Pension plans deficit for funding purposes <sup>2</sup>	N/A	497 <sup>3</sup>	550	562

(US\$mm)	2020E	Q2'2020	2019	2018	2017
Pension contributions <sup>4</sup>	112	16	99	121	132
OPEB payments	13	3	12	13	11
Operating pension and OPEB costs <sup>4</sup>	34	8	33	40	41
Non-op. pension and OPEB (credits)/costs <sup>5</sup>	8	(4)	(47)	(50)	(7)
<b>Total pension and OPEB (credits)/costs<sup>4</sup></b>	<b>42</b>	<b>4</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 for 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. Preliminary, subject to final actuarial reports.

4. Includes defined benefit and defined contribution plans.

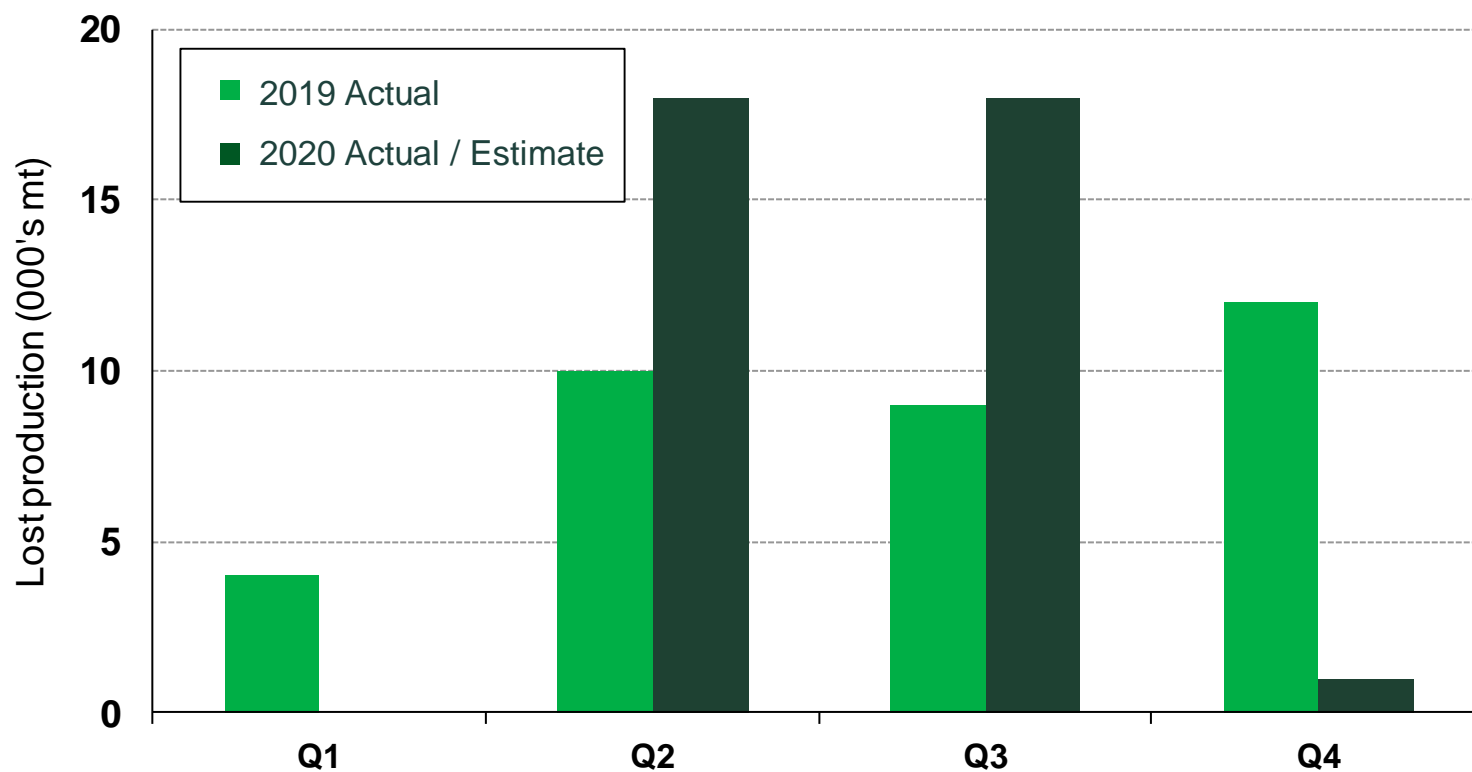
5. Excluded from adjusted EBITDA.

# OUTLOOK

<b>Market Pulp</b>	<ul style="list-style-type: none"><li>• Potential short-term pressure as tissue and printing &amp; writing demand stabilize in the ongoing pandemic economy</li></ul>
<b>Tissue</b>	<ul style="list-style-type: none"><li>• Continue to drive for customer portfolio optimization, particularly in the retail segment</li><li>• Expect to continue to gain momentum in the coming quarters</li></ul>
<b>Wood Products</b>	<ul style="list-style-type: none"><li>• Improved outlook versus April from the strength of the repair &amp; remodeling market and stronger housing starts</li><li>• Integration of recently-acquired U.S. sawmills progressing well</li><li>• Plans to bring El Dorado on-line early in 2021, subject to market conditions</li></ul>
<b>Paper</b>	<ul style="list-style-type: none"><li>• Significant slowdown due to COVID-19 will continue to impact demand</li><li>• Will continue to adjust our capacity as conditions evolve</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 July 30, 2020, press release available on our website.

Three months ended June 30, 2020	Operating	Net income	
(Unaudited, in millions of U.S. dollars, except per share amounts)	income (loss)	(loss)	EPS
GAAP, as reported	\$ 6	\$ 6	\$ 0.07
Adjustments for special items:			
Net gain on disposition of assets	(9)	(9)	(0.10)
Non-operating pension and other postretirement benefit credits	-	(4)	(0.05)
Other income, net	-	(10)	(0.11)
Income tax effect of special items	-	(5)	(0.06)
Adjusted for special items	\$ (3)	\$ (22)	\$ (0.25)
Three months ended June 30, 2019	Operating	Net income	
(Unaudited, in millions of U.S. dollars, except per share amounts)	income		EPS
GAAP, as reported	\$ 40	\$ 25	\$ 0.27
Adjustments for special items:			
Non-operating pension and other postretirement benefit credits	-	(12)	(0.13)
Other expense, net	-	1	0.01
Income tax effect of special items	-	(3)	(0.03)
Adjusted for special items	\$ 40	\$ 11	\$ 0.12

<b>Six months ended June 30, 2020</b> (Unaudited, in millions of U.S. dollars, except per share amounts)	<b>Operating loss</b>	<b>Net income (loss)</b>	<b>EPS</b>
<b>GAAP, as reported</b>	\$ (2)	\$ 5	\$ 0.06
Adjustments for special items:			
Closure costs, impairment and other related charges	(2)	(2)	(0.02)
Net gain on disposition of assets	(9)	(9)	(0.10)
Non-operating pension and other postretirement benefit credits	-	(19)	(0.22)
Other income, net	-	(38)	(0.43)
Income tax effect of special items	-	12	0.14
<b>Adjusted for special items</b>	\$ (13)	\$ (51)	\$ (0.57)

<b>Six months ended June 30, 2019</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>	\$ 104	\$ 67	\$ 0.71
Adjustments for special items:			
Non-operating pension and other postretirement benefit credits	-	(24)	(0.26)
Other expense, net	-	5	0.06
Income tax effect of special items	-	(7)	(0.07)
<b>Adjusted for special items</b>	\$ 104	\$ 41	\$ 0.44

**RESOLUTE FOREST PRODUCTS INC.**  
**RECONCILIATION OF EBITDA AND ADJUSTED EBITDA**

A reconciliation of our net income including noncontrolling interest 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 July 30, 2020, press release available on our website.

<b>Three months ended June 30, 2020</b> (Unaudited, in millions of U.S. dollars)		<b>Market pulp</b>	<b>Tissue</b>	<b>Wood products</b>	<b>Paper <sup>(2)</sup></b>	<b>Corporate and other</b>	<b>Total</b>
<b>Net income (loss) including noncontrolling interest</b>	<b>\$</b>	<b>10</b>	<b>\$ (2)</b>	<b>\$ 15</b>	<b>\$ (12)</b>	<b>\$ (5)</b>	<b>\$ 6</b>
Interest expense						9	9
Income tax provision						5	5
Depreciation and amortization		6	5	10	16	3	40
<b>EBITDA</b>	<b>\$</b>	<b>16</b>	<b>\$ 3</b>	<b>\$ 25</b>	<b>\$ 4</b>	<b>\$ 12</b>	<b>\$ 60</b>
Net gain on disposition of assets						(9)	(9)
Non-operating pension and other postretirement benefit credits						(4)	(4)
Other income, net						(10)	(10)
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>16</b>	<b>\$ 3</b>	<b>\$ 25</b>	<b>\$ 4</b>	<b>\$ (11)</b>	<b>\$ 37</b>

<b>Three months ended June 30, 2019</b> (Unaudited, in millions of U.S. dollars)		<b>Market pulp</b>	<b>Tissue</b>	<b>Wood products</b>	<b>Paper <sup>(2)</sup></b>	<b>Corporate and other</b>	<b>Total</b>
<b>Net income (loss) including noncontrolling interest</b>	<b>\$</b>	<b>27</b>	<b>\$ (4)</b>	<b>\$ (3)</b>	<b>\$ 32</b>	<b>\$ (27)</b>	<b>\$ 25</b>
Interest expense						7	7
Income tax provision						19	19
Depreciation and amortization		5	4	9	19	5	42
<b>EBITDA</b>	<b>\$</b>	<b>32</b>	<b>\$ -</b>	<b>\$ 6</b>	<b>\$ 51</b>	<b>\$ 4</b>	<b>\$ 93</b>
Non-operating pension and other postretirement benefit credits						(12)	(12)
Other expense, net						1	1
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>32</b>	<b>\$ -</b>	<b>\$ 6</b>	<b>\$ 51</b>	<b>\$ (7)</b>	<b>\$ 82</b>

Six months ended June 30, 2020 (Unaudited, in millions of U.S. dollars)							Corporate and other	Total
	Market pulp	Tissue	Wood products	Paper <sup>(2)</sup>				
Net income (loss) including noncontrolling interest	\$ 7	\$ -	\$ 20	\$ (15)	\$ (7)	\$ 5		
Interest expense					18	18		
Income tax provision					32	32		
Depreciation and amortization	12	9	21	33	7	82		
<b>EBITDA</b>	<b>\$ 19</b>	<b>\$ 9</b>	<b>\$ 41</b>	<b>\$ 18</b>	<b>\$ 50</b>	<b>\$ 137</b>		
Closure costs, impairment and other related charges					(2)	(2)		
Net gain on disposition of assets					(9)	(9)		
Non-operating pension and other postretirement benefit credits					(19)	(19)		
Other income, net					(38)	(38)		
<b>Adjusted EBITDA</b>	<b>\$ 19</b>	<b>\$ 9</b>	<b>\$ 41</b>	<b>\$ 18</b>	<b>\$ (18)</b>	<b>\$ 69</b>		

Six months ended June 30, 2019 (Unaudited, in millions of U.S. dollars)							Corporate and other	Total
	Market pulp	Tissue	Wood products	Paper <sup>(2)</sup>				
Net income (loss) including noncontrolling interest	\$ 69	\$ (12)	\$ 3	\$ 75	\$ (68)	\$ 67		
Interest expense					16	16		
Income tax provision					40	40		
Depreciation and amortization	10	9	17	36	10	82		
<b>EBITDA</b>	<b>\$ 79</b>	<b>\$ (3)</b>	<b>\$ 20</b>	<b>\$ 111</b>	<b>\$ (2)</b>	<b>\$ 205</b>		
Non-operating pension and other postretirement benefit credits					(24)	(24)		
Other expense, net					5	5		
<b>Adjusted EBITDA</b>	<b>\$ 79</b>	<b>\$ (3)</b>	<b>\$ 20</b>	<b>\$ 111</b>	<b>\$ (21)</b>	<b>\$ 186</b>		

# 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

	2019					2020				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
Sales	\$ 795	\$ 755	\$ 705	\$ 668	\$ 2,923	\$ 689	\$ 612			\$ 1,301
Operating income (loss)	64	40	(18)	(69)	17	(8)	6			(2)
Interest expense	(9)	(7)	(8)	(7)	(31)	(9)	(9)			(18)
Net income (loss) attributable to Resolute Forest Products Inc.	42	25	(43)	(71)	(47)	(1)	6			5
Diluted net income (loss) per share attributable to Resolute Forest Products Inc. common shareholders	\$ 0.45	\$ 0.27	\$ (0.47)	\$ (0.79)	\$ (0.51)	\$ (0.01)	\$ 0.07			\$ 0.06
Average diluted shares outstanding (in thousands)	93,868	93,633	90,869	89,780	91,356	88,120	88,154			88,161
Ending shares outstanding (in thousands)	91,099	90,400	89,294	86,694	86,694	87,358	87,113			87,113

#### Financial Position

Cash and cash equivalents	\$ 69	\$ 98	\$ 69	\$ 3	\$ 3	\$ 116	\$ 27			\$ 27
Working capital <sup>(1)</sup>	615	596	543	562	562	640	555			555
Fixed assets, net	1,492	1,479	1,477	1,459	1,459	1,583	1,524			1,524
Total assets	3,802	3,752	3,671	3,626	3,626	3,859	3,667			3,667
Current portion of long-term debt	1	1	1	1	1	2	2			2
Long-term debt, net of current portion	422	422	423	448	448	819	628			628
Net debt <sup>(2)</sup>	354	325	355	446	446	705	603			603
Liquidity <sup>(3)</sup>	595	590	566	583	583	349	396			396
Total Resolute Forest Products Inc. shareholders' equity	1,579	1,599	1,551	1,234	1,234	1,233	1,249			1,249
Noncontrolling interest	1	1	1	1	1	1	1			1
Total equity	1,580	1,600	1,552	1,235	1,235	1,234	1,250			1,250

#### Cash Flow Information

Net cash provided by (used in) operating activities	\$ 23	\$ 72	\$ 25	\$ (35)	\$ 85	\$ (49)	\$ 125			\$ 76
Cash invested in fixed assets	(26)	(19)	(37)	(31)	(113)	(21)	(16)			(37)
Acquisition of business, net of cash acquired	-	-	-	-	-	(174)	2			(172)
Increase in countervailing and anti-dumping duty cash deposits on softwood lumber	(14)	(19)	(13)	(13)	(59)	(15)	(17)			(32)
Net cash used in investing activities	(33)	(36)	(50)	(43)	(162)	(206)	(21)			(227)
Net borrowings under revolving credit facilities	-	-	-	71	71	189	(191)			(2)
Proceeds from long-term debt	-	-	-	-	-	180	-			180
Repayments of debt	(225)	-	-	(46)	(271)	(1)	-			(1)
Purchases of treasury stock	-	(5)	(7)	(12)	(24)	-	(1)			(1)
Net cash (used in) provided by financing activities	(225)	(7)	(7)	11	(228)	368	(192)			176



## 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)

	2019					2020				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
<b>Sales</b>										
Market pulp	\$ 231	\$ 189	\$ 201	\$ 176	\$ 797	\$ 177	\$ 161			\$ 338
Tissue	39	43	43	40	165	49	44			93
Wood products	161	168	146	141	616	174	199			373
Paper <sup>(a)</sup>	364	355	315	311	1,345	289	208			497
<b>Total sales</b>	<b>\$ 795</b>	<b>\$ 755</b>	<b>\$ 705</b>	<b>\$ 668</b>	<b>\$ 2,923</b>	<b>\$ 689</b>	<b>\$ 612</b>			<b>\$ 1,301</b>
<b>Shipments (thousands of units)</b>										
Market pulp (mt)	286	257	320	293	1,156	303	258			561
Tissue (st)	24	25	25	23	97	28	24			52
Wood products (mbf)	428	484	429	390	1,731	443	521			964
Paper (mt) <sup>(a)</sup>	515	525	482	495	2,017	482	350			832
<b>Average Transaction Price per Unit</b>										
Market pulp (\$/mt)	\$ 808	\$ 739	\$ 625	\$ 601	\$ 690	\$ 585	\$ 619			\$ 601
Tissue (\$/st)	1,664	1,695	1,741	1,743	1,711	1,758	1,823			1,788
Wood products (\$/mbf)	374	348	341	363	356	392	383			387
Paper (\$/mt) <sup>(a)</sup>	708	675	655	627	667	599	591			596

# 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)

	2019					2020				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
Market pulp	\$ 42	\$ 27	\$ (12)	\$ (18)	\$ 39	\$ (3)	\$ 10			\$ 7
Tissue	(8)	(4)	(3)	(1)	(16)	2	(2)			-
Wood products	6	(3)	(4)	(5)	(6)	5	15			20
Paper <sup>(4)</sup>	43	32	8	(1)	82	(3)	(12)			(15)
Corporate and other	(19)	(12)	(7)	(44)	(82)	(9)	(5)			(14)
Total operating income (loss)	\$ 64	\$ 40	\$ (18)	\$ (69)	\$ 17	\$ (8)	\$ 6			\$ (2)

### Selling, General and Administrative Expenses

Market pulp	\$ 7	\$ 7	\$ 7	\$ 6	\$ 27	\$ 8	\$ 5			\$ 13
Tissue	3	3	2	2	10	2	3			5
Wood products	6	6	5	6	23	7	5			12
Paper <sup>(4)</sup>	14	13	13	13	53	12	10			22
Corporate and other	7	7	3	6	23	5	9			14
Total selling, general and administrative expenses	\$ 37	\$ 36	\$ 30	\$ 33	\$ 136	\$ 34	\$ 32			\$ 66

### Operating Cost per Unit

Market pulp (\$/mt)	\$ 664	\$ 630	\$ 664	\$ 663	\$ 656	\$ 595	\$ 581			\$ 588
Tissue (\$/st)	1,984	1,853	1,885	1,769	1,873	1,703	1,870			1,780
Wood products (\$/mbf)	360	355	351	377	360	380	355			366
Paper (\$/mt) <sup>(4)</sup>	626	613	636	630	626	605	625			614

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

Market pulp (\$/mt)	\$ 646	\$ 610	\$ 643	\$ 642	\$ 636	\$ 575	\$ 560			\$ 568
Tissue (\$/st)	1,781	1,681	1,710	1,578	1,688	1,548	1,693			1,615
Wood products (\$/mbf)	342	336	331	354	340	356	335			345
Paper (\$/mt) <sup>(4)</sup>	591	578	598	593	590	571	578			574

### Product Inventory (thousands of units)

Market pulp (mt)	78	110	74	68	68	69	87			87
Tissue (st)	7	7	6	8	8	5	5			5
Wood products (mbf)	159	122	122	133	133	148	119			119
Paper (mt) <sup>(4)</sup>	184	154	148	142	142	150	130			130

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

(In millions of U.S. dollars)

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

	2019					2020				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
Market pulp	\$ 42	\$ 27	\$ (12)	\$ (18)	\$ 39	\$ (3)	\$ 10			\$ 7
Tissue	(8)	(4)	(3)	(1)	(16)	2	(2)			-
Wood products	6	(3)	(4)	(5)	(6)	5	15			20
Paper <sup>(4)</sup>	43	32	8	(1)	82	(3)	(12)			(15)
Corporate and other	(41)	(27)	(32)	(46)	(146)	(2)	(5)			(7)

Total net income (loss) including noncontrolling interest

**Interest Expense**

	\$ 9	\$ 7	\$ 8	\$ 7	\$ 31	\$ 9	\$ 9			\$ 18
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**Income Tax Provision**

	\$ 21	\$ 19	\$ 12	\$ 6	\$ 58	\$ 27	\$ 5			\$ 32
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**Depreciation and Amortization**

Market pulp	\$ 5	\$ 5	\$ 7	\$ 6	\$ 23	\$ 6	\$ 6			\$ 12
Tissue	5	4	4	5	18	4	5			9
Wood products	8	9	8	9	34	11	10			21
Paper <sup>(4)</sup>	17	19	18	18	72	17	16			33
Corporate and other	5	5	5	5	20	4	3			7

Total depreciation and amortization

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

Market pulp	\$ 47	\$ 32	\$ (5)	\$ (12)	\$ 62	\$ 3	\$ 16			\$ 19
Tissue	(3)	-	1	4	2	6	3			9
Wood products	14	6	4	4	28	16	25			41
Paper <sup>(4)</sup>	60	51	26	17	154	14	4			18
Corporate and other	(6)	4	(7)	(28)	(37)	38	12			50

Total EBITDA

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

Closure costs, impairment and other related charges	\$ -	\$ -	\$ -	\$ 18	\$ 18	\$ (2)	\$ -			\$ (2)
Inventory write-downs related to closures	-	-	-	13	13	-	-			-
Net gain on disposition of assets	-	-	(1)	(1)	(2)	-	(9)			(9)
Non-operating pension and other postretirement benefit credits	(12)	(12)	(12)	(11)	(47)	(15)	(4)			(19)
Other expense (income), net	4	1	17	-	22	(28)	(10)			(38)
Income tax effect of special items	(4)	(3)	5	(1)	(3)	17	(5)			12

Total special items

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

Market pulp	\$ 47	\$ 32	\$ (5)	\$ (12)	\$ 62	\$ 3	\$ 16			\$ 19
Tissue	(3)	-	1	4	2	6	3			9
Wood products	14	6	4	4	28	16	25			41
Paper <sup>(4)</sup>	60	51	26	17	154	14	4			18
Corporate and other	(14)	(7)	(3)	(9)	(33)	(7)	(11)			(18)

Total adjusted EBITDA

**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, 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> In the second quarter of 2020, the results from our newsprint and specialty papers operations have been combined to form the paper reportable segment. This better reflects management's internal analysis, given the diminishing percentage newsprint and specialty papers represents in our product portfolio. Comparative information has been modified to conform with this revised segment presentation.

<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 interest from the consolidated statements of operations, allocated to each of our reportable segments (market pulp, tissue, wood products and paper) 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 interest 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, 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 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 2020 RESULTS



JULY 30, 2020