







CLEARWATER PAPER®

CLEARWATER PAPER CORPORATION

THIRD QUARTER EARNINGS RELEASE MATERIALS NOVEMBER 2, 2021

ARSEN S. KITCH
President, Chief Executive Officer
And Director

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Senior Vice President And Chief
Financial Officer

FORWARD LOOKING STATEMENTS

Cautionary Statement Regarding Forward Looking Statements

This presentation of supplemental information contains, in addition to historical information, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the impact of COVID-19 on consumer behavior and our business and operations; order patterns; consumer demand and industry trends, including in response to COVID-19, and other factors; production targets; backlogs and inventory overhang; impact of price increases; assumptions for Q4 2021 and full year 2021 and 2022, including maintenance outage impacts, operational factors, interest, capital, inflation, depreciation and amortization and income tax; the operational and financial benefits from the Shelby expansion; our capital allocation objectives; our strategy; and the indefinite closure of the Neenah facility and related costs and benefits. These forward-looking statements are based on management's current expectations, estimates, assumptions and projections that are subject to change. Our actual results of operations may differ materially from those expressed or implied by the forward-looking statements contained in this presentation. Important factors that could cause or contribute to such differences include the risks and uncertainties described from time to time in the company's public filings with the Securities and Exchange Commission, including but not limited to the following: impact of COVID-19 on our operations and our supplier's operations and on customer demand; competitive pricing pressures for our products, including as a result of increased capacity as additional manufacturing facilities are operated by our competitors and the impact of foreign currency fluctuations on the pricing of products globally; the loss of, changes in prices in regard to, or reduction in, orders from a significant customer; changes in the cost and availability of wood fiber and wood pulp; changes in transportation costs and disruptions in transportation services; changes in customer product preferences and competitors' product offerings; larger competitors having operational and other advantages; customer acceptance and timing and quantity of purchases of our tissue products, including the existence of sufficient demand for and the quality of tissue produced by our expanded Shelby, North Carolina operations; consolidation and vertical integration of converting operations in the paperboard industry; our ability to successfully implement our operational efficiencies and cost savings strategies, along with related capital projects and restructuring activities, and achieve the expected operational or financial results of those projects; changes in the U.S. and international economies and in general economic conditions in the regions and industries in which we operate; manufacturing or operating disruptions, including IT system and IT system implementation failures, equipment malfunctions and damage to our manufacturing facilities; cyber-security risks; changes in costs for and availability of packaging supplies, chemicals, energy and maintenance and repairs; labor disruptions; cyclical industry conditions; changes in expenses, required contributions and potential withdrawal costs associated with our pension plans; environmental liabilities or expenditures; reliance on a limited number of third-party suppliers for raw materials; our ability to attract, motivate, train and retain qualified and key personnel; our substantial indebtedness and ability to service our debt obligations; restrictions on our business from debt covenants and terms; negative changes in our credit agency ratings; and changes in laws, regulations or industry standards affecting our business. Forward-looking statements contained in this presentation present management's views only as of the date of this presentation. We undertake no obligation to publicly update forward-looking statements, to retract future revisions of management's views based on events or circumstances occurring after the date of this presentation.

Non-GAAP Financial Measures

This presentation include certain financial measures that are not calculated in accordance with GAAP, including Adjusted EBITDA, Adjusted Income, Adjusted income per share and Net debt. The Company's management believes that the presentation of these financial measures provides useful information to investors because these measures are regularly used by management in assessing the Company's performance. These financial measures should be considered in addition to results prepared in accordance with GAAP but should not be considered substitutes for or superior to GAAP results. In addition, these non-GAAP financial measures may not be comparable to similarly-titled measures utilized by other companies, since such other companies may not calculate such measure in the same manner as we do. A reconciliation of these measures (Adjusted EBITDA, Adjusted Income, Adjusted income per share and Net debt) to the most relevant GAAP measure is available in the appendix of this presentation.

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Q3 2021 BUSINESS HIGHLIGHTS

Overall

- Net income $2 million
- Adjusted net income $9 million
- Adjusted EBITDA $50 million

Pulp and Paperboard

- Continued strong customer demand
- SBS prices increased
- Successfully completed major maintenance outage at Cypress Bend, Arkansas mill

Consumer Products

- Demand recovering after inventory de-stocking in second quarter of 2021
- Production targeted to match demand, manage inventory

Capital Structure

- Liquidity remained strong at $270 million
- Reduced net debt by $7 million, $32 million year to date



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BUSINESS UPDATE – PULP AND PAPERBOARD

PRICING DRIVING OVERALL STRONG RESULTS

Industry

- Order backlogs remain strong
- Fastmarkets RISI reported market price increases of $200/ton through Q3’21
  - Folding carton: Q1’21 $20/ton, Q2’21 $100/ton and Q3’21 $80/ton
  - Cup stock and food service: Q2’21 $100/ton and Q3’21 $100/ton
- Fastmarkets RISI recognized an additional market price increase of $50/ton in October
- Positive mix shift during COVID, which is likely to revert to historical levels
  - Folding carton has benefited from shift to at home consumption
  - Shift back to food service is expected as economy recovers

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- Demand and order backlogs remain strong
- Continued impact of previously announced price increases, which can take up to two quarters to implement
- Major maintenance outage in Cypress Bend, Arkansas completed on-time and on budget

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BUSINESS UPDATE – CONSUMER PRODUCTS

RETAIL TISSUE SHIPMENTS RECOVERING IN Q3 2021

Industry

- COVID has led to demand and inventory distortions in 2020 and 2021
- Total category in North America ~10 million tons demand
  - ~1 to 2% annual growth, slightly greater than population growth
  - ~2/3 at home, ~1/3 away from home
- At home: ~6 to 7 million ton demand with ~2/3 branded and ~1/3 private branded
- Private branded demand is ~2 million, growing faster than branded
- Private branded capacity additions outpacing historical demand growth
- Club and mass merch share of tissue sales has grown at expense of grocery

Clearwater Paper

- Q3 2021 shipments were 12.3 million cases compared to 14.5 million in Q3 2020, 10.2 million in Q2 2021
- Brief demand spike in August 2021 and again in late October 2021
- Production increased relative to Q2 2021 but still below capacity
- Monitoring channel and customer trends to determine altered consumer buying patterns
  - Clearwater Paper is more concentrated in grocery and less in club/mass-merch versus industry
- Closed Neenah facility to improve cost structure, exited away from home category

1. Based upon RISI Outlook for World Tissue Business April 2021

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FINANCIAL PERFORMANCE

($ IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Quarter Ended Sept 30,		Nine Months Ended Sept 30,	
	2021	2020	2021	2020
Net sales	$ 450.5	$ 457.4	$ 1,282.8	$ 1,415.9
Cost of sales	398.2	378.6	1,160.9	1,198.3
Selling, general and adminstrative	28.3	29.3	82.5	89.4
Other operating charges, net[1]	10.2	0.3	55.1	11.9
Income (loss) from operations	13.8	49.2	(15.6)	116.2
Non-operating expense	(12.2)	(17.9)	(35.7)	(47.5)
Income tax provision (benefit)	(0.3)	9.9	(13.8)	14.1
Net income (loss)	$ 1.9	$ 21.4	$ (37.6)	$ 54.5
Diluted income (loss) per share	$ 0.11	$ 1.28	$ (2.25)	$ 3.27
Adjusted income per share	$ 0.55	$ 1.59	$ 0.19	$ 3.81
Adjusted EBITDA	$ 49.9	$ 77.2	$ 119.0	$ 211.5

1. Includes impairment and other costs associated with the Neenah, Wisconsin facility closure and other items. Refer to Clearwater Paper 10-Q filed with the SEC on November 2, 2021 for further details.

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SEGMENT PROFIT AND LOSS AND ADJUSTED EBITDA

($ IN MILLIONS)

	Quarter Ended Sept 30,		Nine Months Ended Sept 30,	
	2021	2020	2021	2020
Net Sales				
Pulp and Paperboard	$ 237.5	$ 217.2	$ 684.6	$ 656.8
Consumer Products	214.2	245.9	603.2	779.7
Eliminations	(1.2)	(5.6)	(5.0)	(20.6)
	$ 450.5	**$ 457.4**	**$ 1,282.8**	**$ 1,415.9**
Operating Income				
Pulp and Paperboard	$ 34.6	$ 32.6	$ 72.6	$ 90.8
Consumer Products	3.7	31.5	11.5	82.9
Corporate and other	(14.3)	(14.6)	(44.8)	(45.6)
Other operating charges, net[1]	(10.2)	(0.3)	(55.1)	(11.9)
	$ 13.8	**$ 49.2**	**$ (15.6)**	**$ 116.2**
Adjusted EBITDA				
Pulp and Paperboard	$ 43.5	$ 41.8	$ 99.5	$ 118.5
Consumer Products	19.6	48.5	60.9	134.3
Corporate and other	(13.1)	(13.1)	(41.4)	(41.3)
	$ 49.9	**$ 77.2**	**$ 119.0**	**$ 211.5**

1. Includes impairment and other costs associated with Neenah, Wisconsin and other items. Refer to Clearwater Paper 10-Q filed with the SEC on November 2, 2021, for further details.

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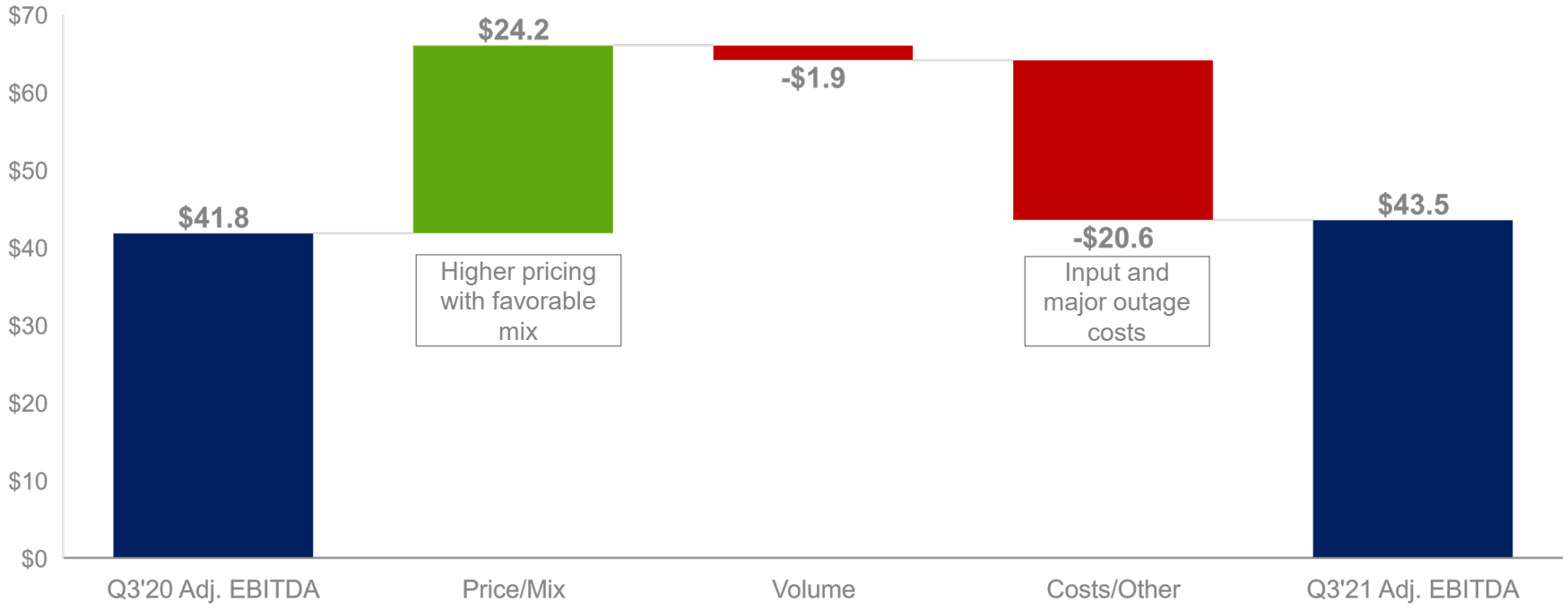
PULP AND PAPERBOARD RESULTS

Q3 2021 VS. Q3 2020 SEGMENT ADJUSTED EBITDA
($ IN MILLIONS)



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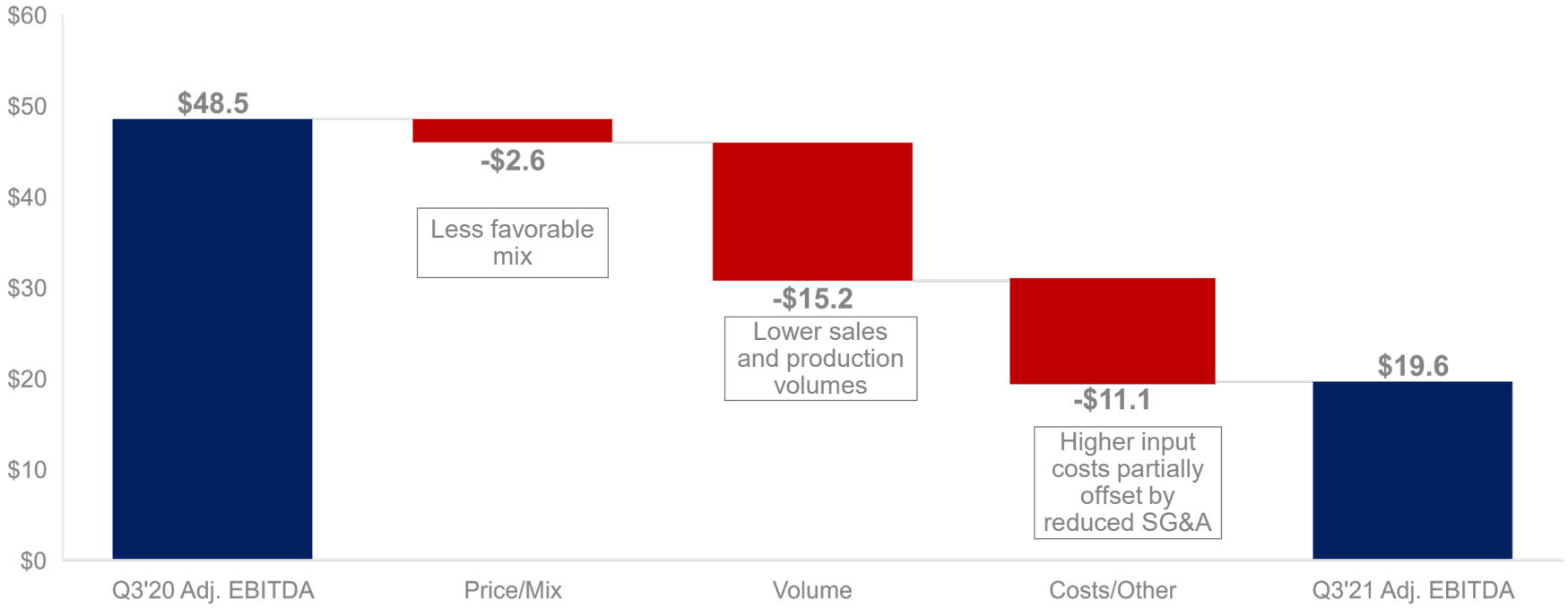
CONSUMER PRODUCTS RESULTS

Q3 2021 VS. Q3 2020 SEGMENT ADJUSTED EBITDA ($ IN MILLIONS)



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CAPITAL STRUCTURE AND ALLOCATION

Capital structure: supportive and stable

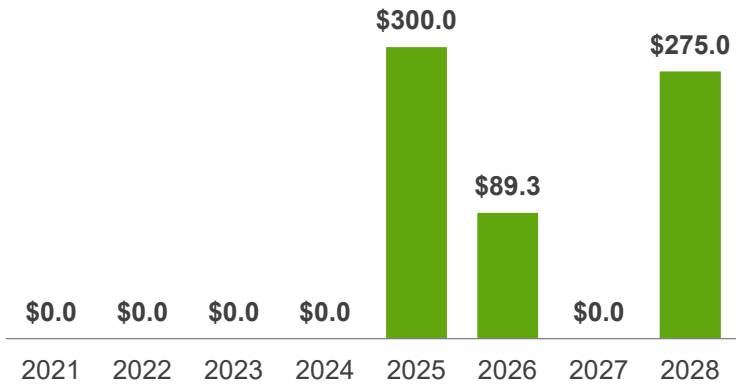
- Ample liquidity
- No material near-term debt maturities
- Corporate/Issuer ratings: Ba2/BB-

Liquidity Profile ($ in millions)[1]	
ABL Availability	$246.4
Less Utilization	(3.9)
Plus Unrestricted Cash	27.8
Liquidity	**$270.3**

Capital allocation objectives:

- Utilize free cash flow to reduce debt
- Target net debt to Adjusted EBITDA ratio of 2.5x, expect achievement by 2023
- Typical maintenance and business improvement capital investments of $60 million/year

Scheduled Debt Maturity Profile ($ in millions)[2]



1. ABL availability based on borrowing base calculations and consolidated balance sheet as of September 30, 2021, and utilization includes ABL borrowing of $0 million and outstanding letters of credit of $3.9 million.
2. This chart excludes finance leases as of September 30, 2021 and assumes that the 2025 notes are repaid or refinanced at least 91 days prior to their maturity. Current debt maturities include $300 million of 5.375% notes due 2025; Term Loan due 2026; and $275 million of 4.75% notes due 2028.

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OUTLOOK FOR 2021 - ASSUMPTIONS

Q4 2021 Operational: $48 to $56 million of Adjusted EBITDA

- Positive impact of previously announced price increases in paperboard
- Raw material inflation impacting Adjusted EBITDA sequentially by $7 to $12 million relative to Q3 2021
- No major maintenance outages scheduled
- Realize benefits of Neenah closure

FY 2021 Operational: $167 to $175 million of Adjusted EBITDA

- Impact of previously announced price increases in paperboard
- Planned major maintenance outages with $27 million impact to Adjusted EBITDA
- Tissue volumes down significantly year over year due to de-stocking, lower demand
- Raw material, freight, and energy inflation impact of $80 to $85 million
- Realizing benefits of Neenah closure

FY 2021 Other

- Interest expense: $36 to $38 million
- Depreciation and amortization expense: $104 to $107 million
- CAPEX: ~$42-47 million
- Taxes: Effective rate 26-27%

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CLEARWATER PAPER VALUE PROPOSITION

WELL POSITIONED ACROSS TWO ATTRACTIVE BUSINESSES

Pulp and Paperboard

- Diversified range of end-market products, well-invested national footprint
- Focused on non-integrated customers with strong service and quality commitment
- Well positioned for trends towards sustainable packaging and food service products

Consumer Products

- Leading private-brand provider with national scale and superior supply chain performance
- Shift to private-brands continues with long runway
- Tissue is need-based and economically resilient

Near-term strategy is to prioritize free cash flow, reduce debt

- Expected to achieve target leverage ratio of 2.5x by 2023
- Current capital allocation is focused on:
  - Sustaining our asset base
  - Debt reduction
  - Prioritize high return cost reduction and business performance projects
- Maintaining a strong and flexible balance sheet is a key priority
- Future capital allocation planning is shareholder value focused

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APPENDIX



PULP AND PAPERBOARD SEQUENTIAL QUARTER RESULTS

Q3 2021 VS. Q2 2021 SEGMENT ADJUSTED EBITDA
($ IN MILLIONS)



1. Estimated net cost difference of $17 million, Q2 outage of $22 million net of Q3 outage of $5 million

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CONSUMER PRODUCTS SEQUENTIAL QUARTER RESULTS

Q3 2021 VS. Q2 2021 SEGMENT ADJUSTED EBITDA
($ IN MILLIONS)



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KEY SEGMENT INFORMATION

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Pulp and Paperboard											
Sales ($ millions)	$212.1	$235.4	$223.6	$214.3	$223.1	$216.5	$217.2	$220.4	$219.7	$227.4	$237.5
Adjusted EBITDA ($ millions)	$38.9	$42.9	$28.2	$44.0	$35.5	$41.2	$41.8	$42.8	$34.0	$22.0	$43.5
Shipments (short tons)	197.8	220.6	210.5	199.1	207.9	201.7	205.3	206.2	206.7	200.6	203.4
Sales price ($/short ton)	$1,024	$ 1,023	$ 1,021	$ 1,023	$ 1,013	$ 1,009	$ 1,010	$ 1,002	$1,028	$1,058	$1,102
Consumer Products											
Sales ($ millions)	$223.1	$222.8	$227.9	$228.7	$262.5	$271.3	$245.9	$238.9	$208.4	$180.7	$214.2
Adjusted EBITDA ($ millions)	$16.0	$12.4	$14.7	$20.7	$31.9	$53.9	$48.5	$44.7	$34.7	$6.7	$19.6
Shipments											
Retail (short tons in thousands)	73.4	76.2	79.5	79.7	90.8	95.4	86.3	83.3	70.8	61.5	76.2
Non-Retail (short tons in thousands)	10.3	6.6	6.9	8.4	9.0	5.8	3.8	6.5	9.4	7.4	5.7
Converted Products (cases in millions)[1]	12.3	12.5	13.2	13.3	15.2	16.0	14.5	13.9	11.7	10.2	12.3
Sales Price ($ per short ton)											
Retail	$2,789	$ 2,764	$ 2,707	$ 2,698	$ 2,732	$ 2,729	$ 2,766	$ 2,745	$ 2,758	$2,755	$2,732
Non-Retail[2]	$1,799	$ 1,851	$ 1,805	$ 1,590	$ 1,548	$ 1,746	$ 1,820	$ 1,552	$ 1,404	$1,508	$988
Production											
Converted Products (cases in millions)	12.4	12.8	12.9	13.6	13.9	15.9	15.3	13.9	13.5	9.6	11.4

1. Includes both retail and away-from-home (AFH) cases. AFH was exited in Q3, 2021. AFH cases totaled 2.0 million in 2019 and 1.5 million in 2020.
2. Non-retail includes away-from-home and parent rolls.

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RECONCILIATION OF ADJUSTED EBITDA

($ IN MILLIONS)

	Quarter Ended Sept 30,		June 30,	Nine Months Ended Sept 30,	
	2021	2020	2021	2021	2020
Net income (loss)	$ 1.9	$ 21.4	$ (51.6)	$ (37.6)	$ 54.5
Income tax provision (benefit)	(0.3)	9.9	(16.7)	(13.8)	14.1
Interest expense, net	8.9	12.2	9.3	27.5	37.0
Depreciation and amortization expense	25.9	27.7	26.9	79.6	83.5
Other operating charges, net	10.2	0.3	44.5	55.1	11.9
Other non-operating expense	2.8	1.9	2.5	7.8	5.7
Debt retirement costs	0.5	3.9	-	0.5	4.8
Adjusted EBITDA	$ 49.9	$ 77.2	$ 14.8	$ 119.0	$ 211.5
Pulp and Paperboard segment income	$ 34.6	$ 32.6	$ 13.0	$ 72.6	$ 90.8
Depreciation and amortization	8.9	9.2	9.0	26.9	27.6
Adjusted EBITDA Paperboard segment	$ 43.5	$ 41.8	$ 22.0	$ 99.5	$ 118.5
Consumer Products segment income	$ 3.7	$ 31.5	$ (10.0)	$ 11.5	$ 82.9
Depreciation and amortization	15.9	17.1	16.8	49.4	51.4
Adjusted EBITDA Consumer Products segment	$ 19.6	$ 48.5	$ 6.7	$ 60.9	$ 134.3
Corporate and other expense	$ (14.3)	$ (14.6)	$ (15.0)	$ (44.8)	$ (45.6)
Depreciation and amortization	1.1	1.5	1.0	3.3	4.4
Adjusted EBITDA Corporate and other	$ (13.1)	$ (13.1)	$ (14.0)	$ (41.4)	$ (41.3)
Pulp and Paperboard segment	$ 43.5	$ 41.8	$ 22.0	$ 99.5	$ 118.5
Consumer Products segment	19.6	48.5	6.7	60.9	134.3
Corporate and other	(13.1)	(13.1)	(14.0)	(41.4)	(41.3)
Adjusted EBITDA	$ 49.9	$ 77.2	$ 14.8	$ 119.0	$ 211.5

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RECONCILIATION OF ADJUSTED INCOME

($ IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Quarter Ended Sept 30,		Nine Months Ended Sept 30,	
	2021	2020	2021	2020
Net income (loss)	$ 1.9	$ 21.4	$ (37.6)	$ 54.5
Add back:				
Income tax provision (benefit)	(0.3)	9.9	(13.8)	14.1
Income (loss) before income taxes	1.7	31.3	(51.4)	68.7
Add back:				
Debt retirement costs	0.5	3.9	0.5	4.8
Other operating charges, net	10.2	0.3	55.1	11.9
Adjusted income before tax	12.4	35.5	4.2	85.3
Normalized income tax provision (benefit)	3.1	8.9	1.0	21.3
Adjusted income	$ 9.3	$ 26.6	$ 3.1	$ 64.0
Weighted average diluted shares (thousands)	16,971	16,783	16,689	16,689
Adjusted income per diluted share	$ 0.55	$ 1.59	$ 0.19	$ 3.81

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ADDITIONAL RECONCILIATIONS

($ IN MILLIONS)

Net Debt

	Mar 31, 2020	June 30, 2020	Sept 30, 2020	Dec 31, 2020	Mar 31, 2021	June 30, 2021	Sept 30, 2021
Cash	$ 60.8	$ 48.2	$ 47.5	$ 35.9	$ 57.1	$ 60.9	$ 27.8
Current debt	58.1	1.6	1.7	1.7	1.7	1.7	1.6
Long term debt	883.9	827.9	785.5	716.4	716.3	716.2	676.5
add:							
Deferred debt costs	7.7	6.4	8.2	6.9	6.6	6.4	5.6
less:							
Financing leases	(22.0)	(21.6)	(21.2)	(20.8)	(20.4)	(20.0)	(19.5)
Subtotal	927.7	814.3	774.2	704.2	704.2	704.3	664.2
Net debt	**$ 866.9**	**$ 766.1**	**$ 726.7**	**$ 668.4**	**$ 647.1**	**$ 643.3**	**$ 636.4**

Free Cash Flow

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Cash from operations	$ 11.7	$ 109.0	$ 55.7	$ 70.8	$ 33.8	$ 14.8	$ 16.3
Additions to property, plant and equipment	(10.5)	(7.3)	(9.7)	(12.2)	(11.1)	(10.5)	(8.9)
Free cash flow	**$ 1.2**	**$ 101.7**	**$ 46.0**	**$ 58.6**	**$ 22.7**	**$ 4.3**	**$ 7.4**

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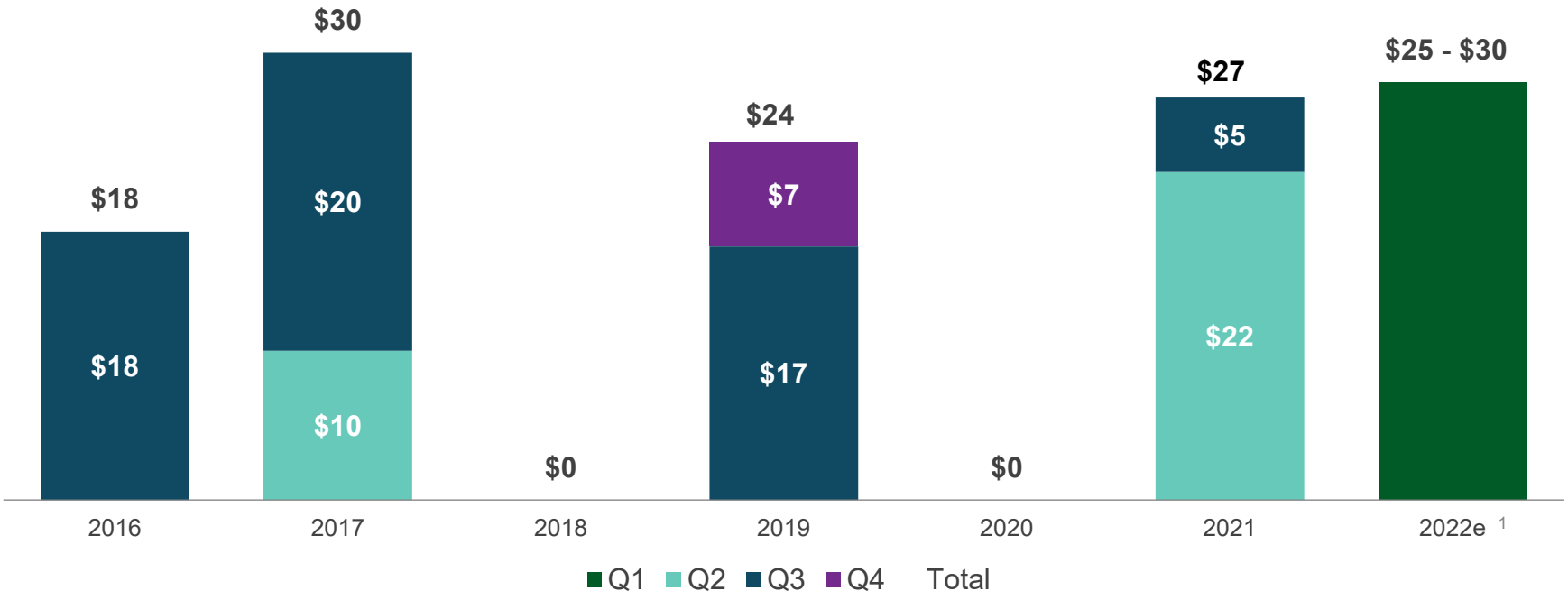
MAJOR MAINTENANCE SCHEDULE

($ IN MILLIONS)



1. This information is based upon management's current expectations and estimates, as well as historical averages. Many factors are outside the control of management, and actual results may differ materially from the information set forth above. See "Forward-Looking Statements" on page 2.

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