



CLEARWATER PAPER CORPORATION

FOURTH QUARTER EARNINGS
RELEASE MATERIALS
FEBRUARY 15, 2022



ARSEN S. KITCH
President, Chief Executive Officer
And Director

MICHAEL J. MURPHY
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 announced price increases; assumptions for Q1 2022 and full year 2022 and 2023, including maintenance outage impacts, operational factors, interest, capital, inflation, depreciation and amortization and income tax; our capital allocation objectives; our strategy, including achieving target level ratio, debt reduction, and prioritizing free cash flow; the closure of the Neenah facility and related costs and benefits; expectations regarding the paperboard markets and tissue markets; focus on sustainable coating and fiber alternative initiatives; contract renewal uncertainty; and future sales chain opportunities. 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, free cash flow 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, free cash flow and net debt) to the most relevant GAAP measure is available in the appendix of this presentation.

Q4 AND FULL YEAR 2021 BUSINESS HIGHLIGHTS

Overall

- Net income \$9 million for Q4, net loss \$28 million for 2021
- Adjusted net income \$14 million for Q4, \$17 million for 2021
- Adjusted EBITDA \$56 million for Q4, \$175 million for 2021
- Net proceeds on asset sales of \$13 million

Pulp and Paperboard

- Continued strong customer demand
- SBS prices increased in Q4 and throughout 2021

Consumer Products

- Inflation pressures, partially offset by price increases
- Demand stabilized in Q4, after volatile year due to COVID impact

Capital Structure

- Liquidity remained strong at \$265 million
- Reduced net debt by \$37 million in Q4, \$69 million for the year



BUSINESS UPDATE – PULP AND PAPERBOARD

PRICING DRIVING OVERALL STRONG RESULTS

Industry

- Order backlogs remain strong
- Fastmarkets RISI reported market price increases of \$250/ton in 2021
 - Folding carton: Q1'21 \$20/ton, Q2'21 \$100/ton, Q3'21 \$80/ton and Q4'21 \$50/ton
 - Cup stock and food service: Q2'21 \$100/ton, Q3'21 \$100/ton and Q4'21 \$50/ton
- Fastmarkets RISI reported an additional market price increase of \$50/ton in January 2022
- 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

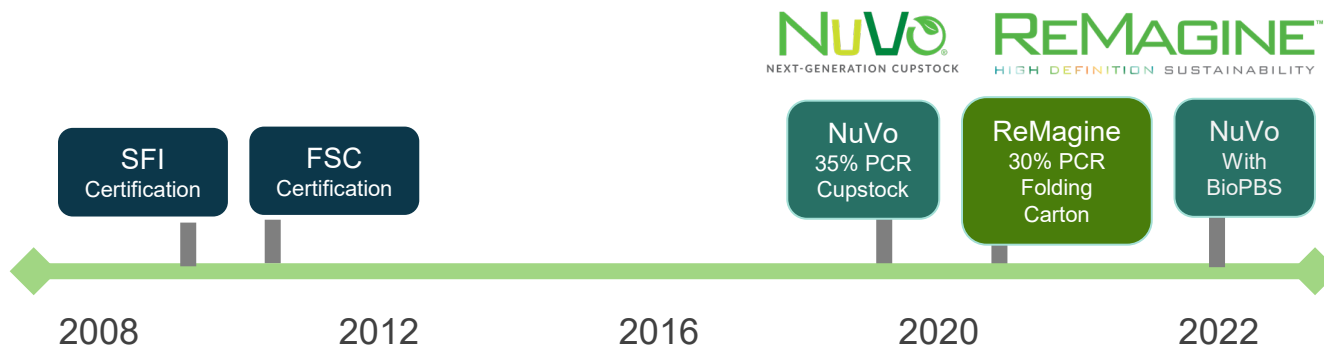
Clearwater Paper

- Demand and order backlogs remain strong
- Continued expected benefit of previously announced price increases, which can take up to two quarters to implement

PULP AND PAPERBOARD – SUSTAINABLE PRODUCTS

PRODUCT INNOVATION WITH FOCUS ON SUSTAINABILITY

- Sustainable forest certifications for fiber supply in place for over a decade
- Recent launch of products with recycled fiber content
 - ReMagine with up to 30% recycled content for folding carton applications
 - NuVo with up to 35% recycled content for cup applications
- Focus on developing more sustainable coating applications with Jan 2022 launch of BioPBS
 - Compostable coating relative to current application
 - Focus on cup and food service applications
- Future initiatives are focused on more sustainable coating and fiber alternatives



Develop products for a sustainable, circular economy that meet our converter operator and customer needs

BUSINESS UPDATE – CONSUMER PRODUCTS

RETAIL TISSUE SHIPMENTS STABILIZED IN Q4 2021

Industry

- COVID has led to demand and inventory distortions in 2020 and 2021
- Per RISI in 2020, US demand ~10.6 million tons
 - ~1 to 2% annual growth, slightly greater than population growth
 - ~70% at home (pre-COVID ~2/3 at home)
- At home: ~ 7.6 million ton demand with ~ 2/3 branded and ~ 1/3 private branded
- Private branded demand is ~2.5 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

- Q4 2021 shipments were 12.4 million cases compared to 13.9 million in Q4 2020, 12.3 million in Q3 2021
- Inflation persists, previously announced price increases are being implemented
- Production increased relative to Q3 2021 but still below capacity and Q4 2020 levels
- Monitoring channel and customer trends to determine altered consumer buying patterns
 - We are more concentrated in grocery and less in club/mass-merch versus industry

FINANCIAL PERFORMANCE

(\$ IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Quarter Ended Dec 31,		Year Ended Dec 31,	
	2021	2020	2021	2020
Net sales	\$ 489.8	\$ 452.9	\$ 1,772.6	\$ 1,868.6
Cost of sales	429.1	376.1	1,590.0	1,574.4
Selling, general and administrative	30.5	32.6	112.9	122.0
Other operating charges, net ¹	2.6	2.1	57.7	14.0
Income from operations	27.6	41.9	12.0	158.1
Non-operating expense	(12.0)	(12.4)	(47.7)	(59.9)
Income tax provision (benefit)	6.1	7.0	(7.7)	21.1
Net income (loss)	\$ 9.6	\$ 22.6	\$ (28.1)	\$ 77.1
Diluted income (loss) per share	\$ 0.56	\$ 1.34	\$ (1.67)	\$ 4.61
Adjusted income per share	\$ 0.82	\$ 1.45	\$ 1.03	\$ 5.30
Adjusted EBITDA	\$ 55.6	\$ 71.6	\$ 174.6	\$ 283.2

1. Includes impairment and other costs associated with the Neenah, Wisconsin facility closure and other items. Refer to Clearwater Paper 10-K filed with the SEC on February 15, 2022 for further details.

SEGMENT PROFIT AND LOSS AND ADJUSTED EBITDA

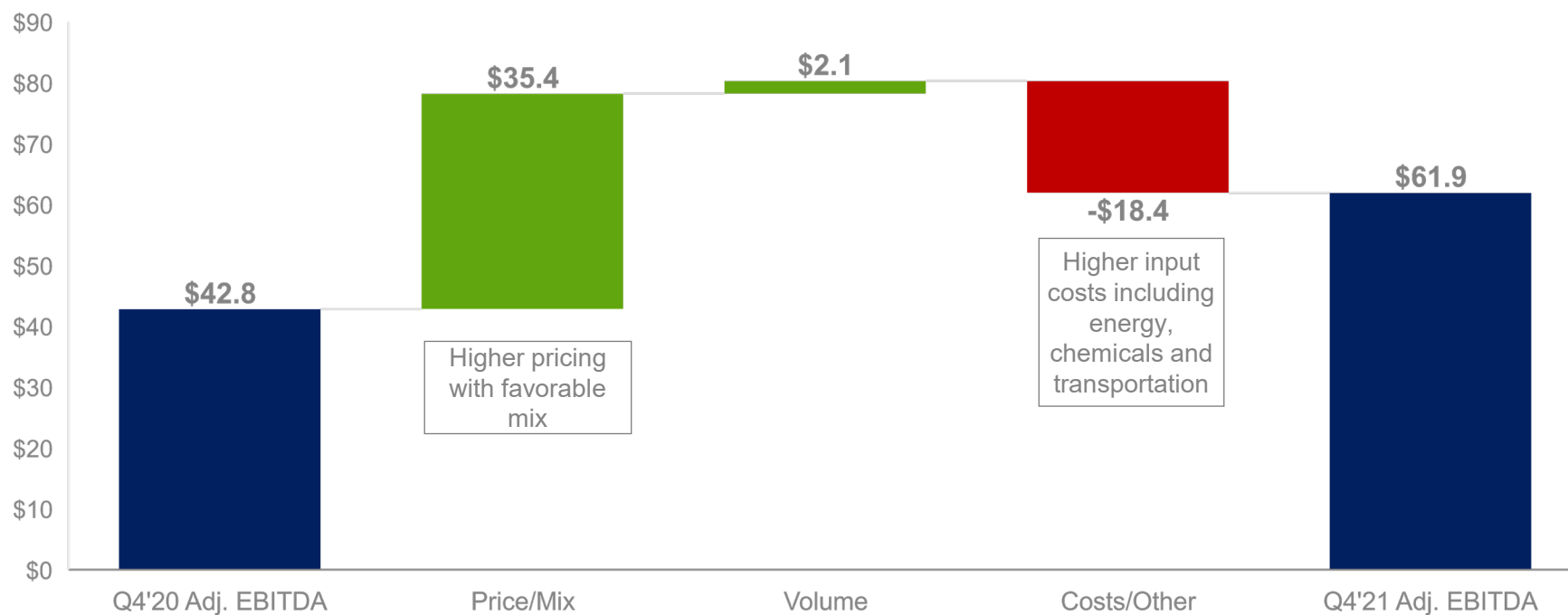
(\$ IN MILLIONS)

	Quarter Ended Dec 31,		Year Ended Dec 31,	
	2021	2020	2021	2020
Net Sales				
Pulp and Paperboard	\$ 261.3	\$ 220.4	\$ 946.0	\$ 877.1
Consumer Products	231.8	238.9	835.0	1,018.5
Eliminations	(3.3)	(6.4)	(8.4)	(27.0)
	\$ 489.8	\$ 452.9	\$ 1,772.6	\$ 1,868.6
Operating Income				
Pulp and Paperboard	\$ 53.1	\$ 33.7	\$ 125.7	\$ 124.5
Consumer Products	(7.5)	27.6	4.0	110.6
Corporate and other	(15.3)	(17.3)	(60.1)	(63.0)
Other operating charges, net ¹	(2.6)	(2.1)	(57.7)	(14.0)
	\$ 27.6	\$ 41.9	\$ 12.0	\$ 158.1
Adjusted EBITDA				
Pulp and Paperboard	\$ 61.9	\$ 42.8	\$ 161.4	\$ 161.3
Consumer Products	8.0	44.7	69.0	179.1
Corporate and other	(14.3)	(16.0)	(55.7)	(57.2)
	\$ 55.6	\$ 71.6	\$ 174.6	\$ 283.2

1. Includes impairment and other costs associated with Neenah, Wisconsin and other items. Refer to Clearwater Paper 10-K filed with the SEC on February 15, 2022, for further details.

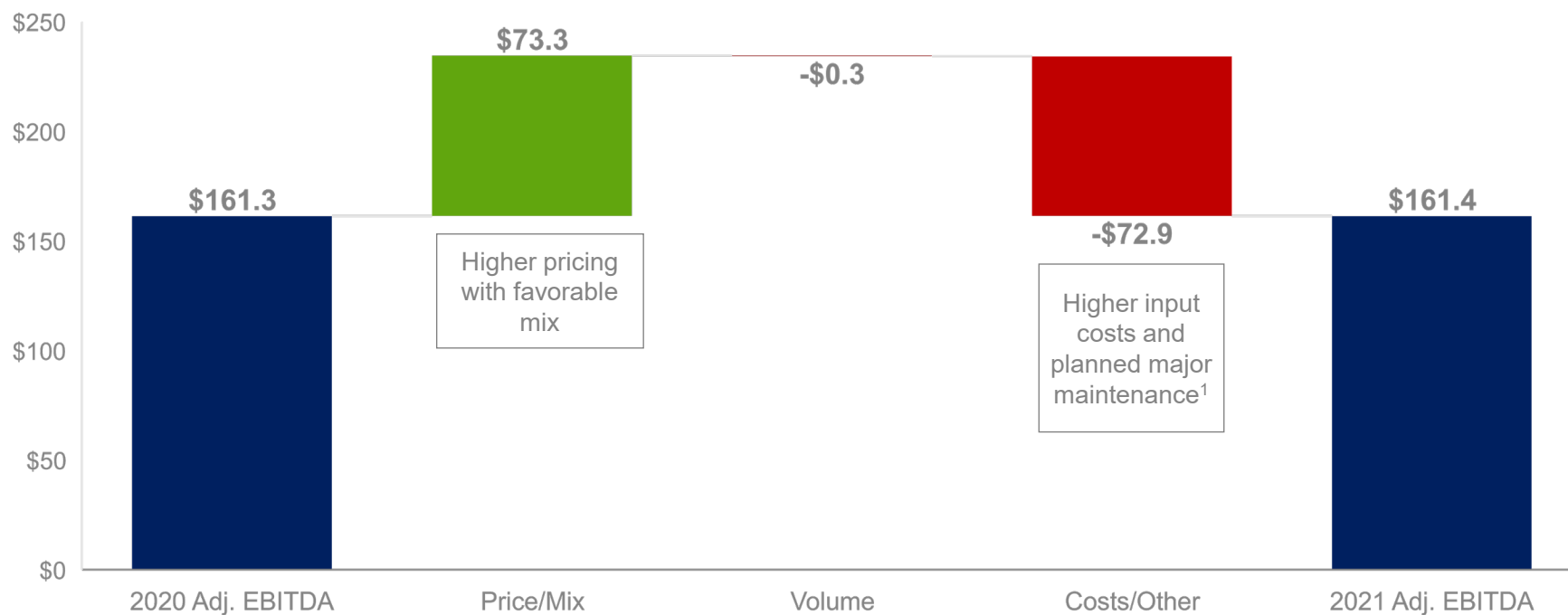
PULP AND PAPERBOARD RESULTS

Q4 2021 VS. Q4 2020 SEGMENT ADJUSTED EBITDA (\$ IN MILLIONS)



PULP AND PAPERBOARD RESULTS

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



¹ Estimated impact of planned major maintenance outage was \$27 million

CONSUMER PRODUCTS RESULTS

Q4 2021 VS. Q4 2020 SEGMENT ADJUSTED EBITDA (\$ IN MILLIONS)



CONSUMER PRODUCTS RESULTS

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



CAPITAL STRUCTURE AND ALLOCATION

Capital structure: supportive and stable

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

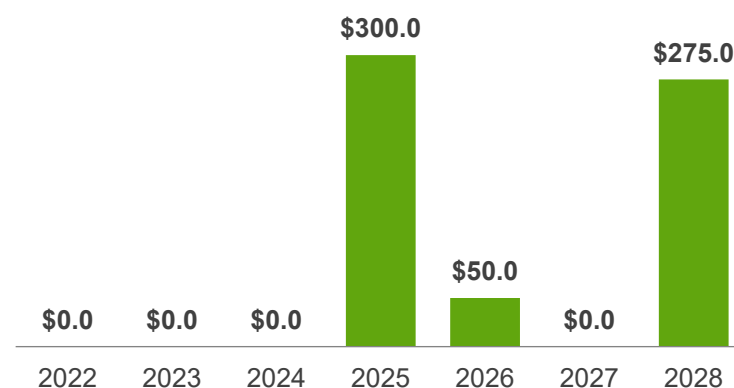
Capital allocation objectives:

- 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

Liquidity Profile (\$ in millions)¹

ABL Availability	\$243.6
Less Utilization	(3.6)
Plus Unrestricted Cash	25.2
Liquidity	\$265.2

Scheduled Debt Maturity Profile (\$ in millions)²



1. ABL availability based on borrowing base calculations and consolidated balance sheet as of December 31, 2021, and utilization includes ABL borrowing of \$0 million and outstanding letters of credit of \$3.6 million.

2. This chart excludes finance leases as of December 31, 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.

OUTLOOK FOR Q1 AND 2022 OVERALL ASSUMPTIONS

Q1 2022: \$48 to \$56 million of Adjusted EBITDA

- Positive impact of previously announced price increases in paperboard and tissue
- Raw material inflation impacting Adjusted EBITDA by \$5 to \$7 million relative to Q4 2021
- Lewiston headbox outage and other maintenance, expected to impact Adjusted EBITDA by \$3 to \$4 million

2022 Operational Assumptions vs. 2021

- Price/mix – \$120 to \$140 million impact from previously announced price increases
- Volume – stability in paperboard, recovery in tissue, with some uncertainty due to contract renewals and new sales opportunities
- Inflation – raw material, freight and energy inflation expected impact of \$90 to \$100 million

2022 Other

- Interest expense: \$33 to \$35 million
- Depreciation and amortization expense: \$101 to \$104 million
- CAPEX: \$60 to \$70 million
- Taxes: Effective rate 22 to 23%

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

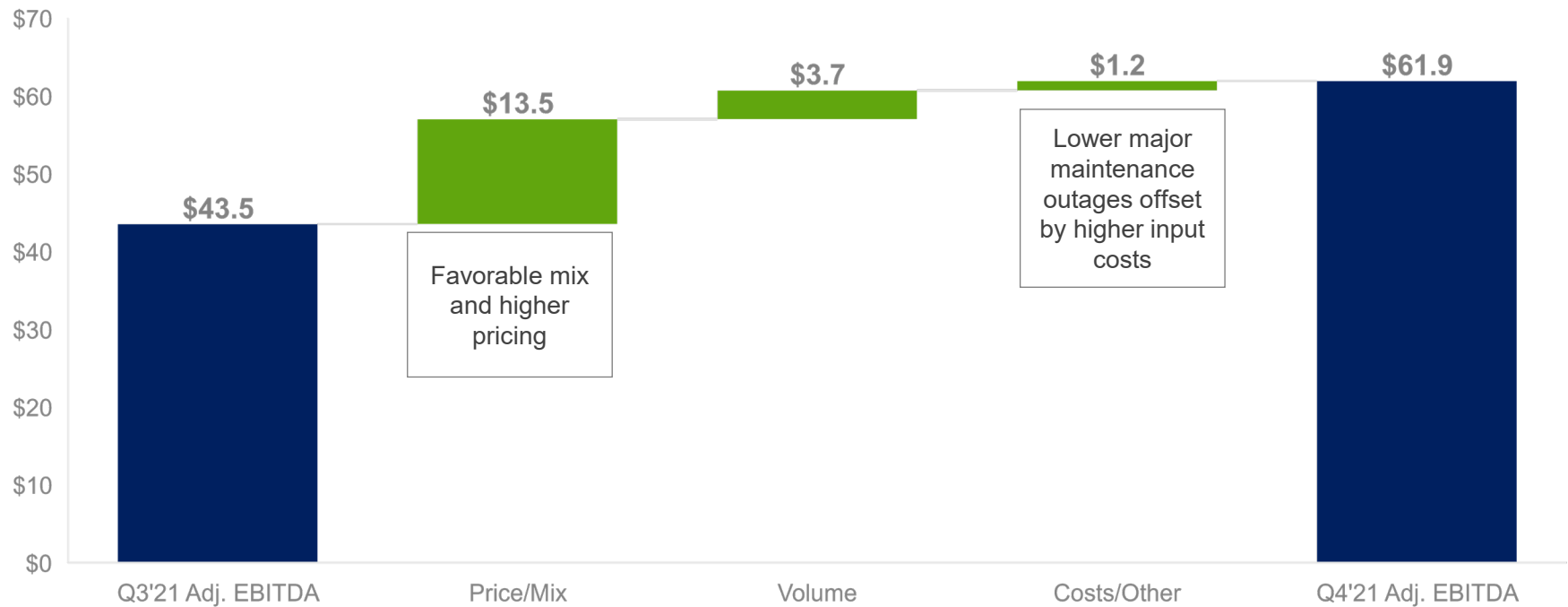
Near-term strategy is to prioritize free cash flow, reduce debt

- 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

APPENDIX

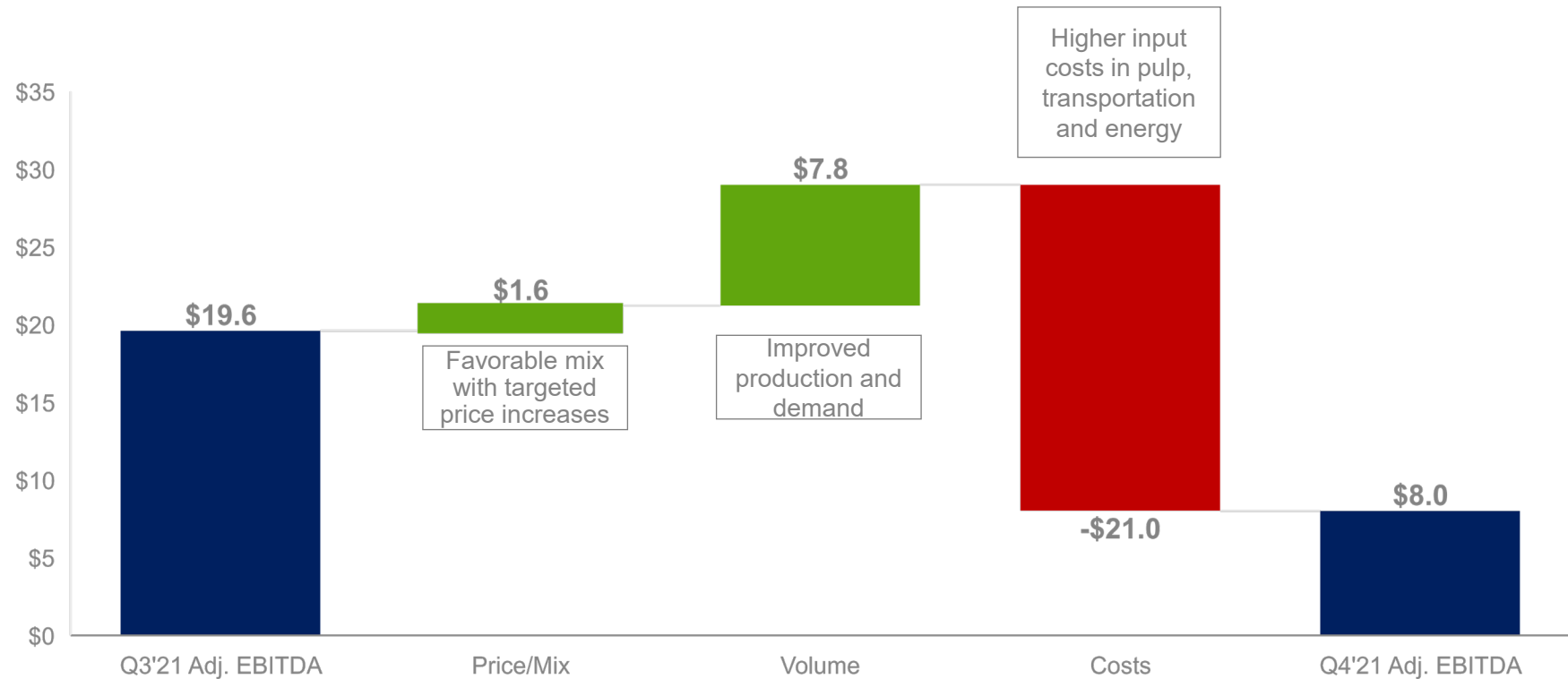
PULP AND PAPERBOARD SEQUENTIAL QUARTER RESULTS

Q4 2021 VS. Q3 2021 SEGMENT ADJUSTED EBITDA
(\$ IN MILLIONS)



CONSUMER PRODUCTS SEQUENTIAL QUARTER RESULTS

Q4 2021 VS. Q3 2021 SEGMENT ADJUSTED EBITDA
(\$ IN MILLIONS)



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 Q4 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	\$261.3
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	\$61.9
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	211.5
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	\$1,164

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	\$231.8
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	\$8.0

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	79.4
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	6.2
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	12.4

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	\$2,831
Non-Retail ²	\$1,799	\$ 1,851	\$ 1,805	\$ 1,590	\$ 1,548	\$ 1,746	\$ 1,820	\$ 1,552	\$ 1,404	\$1,508	\$988	\$1,054

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	11.9
--	------	------	------	------	------	------	------	------	------	-----	------	------

1. Includes both retail and away-from-home (AFH) cases. AFH was exited in Q3, 2021. AFH cases totaled 2.0 million in 2019, 1.5 million in 2020 and 0.8 million in 2021.

2. Non-retail includes away-from-home and parent rolls.

RECONCILIATION OF ADJUSTED EBITDA

(\$ IN MILLIONS)

	<u>Quarter Ended</u> Dec 31,		<u>Sept 30,</u>	<u>Year Ended</u> Dec 31,	
	2021	2020	2021	2021	2020
Net income (loss)	\$ 9.6	\$ 22.6	\$ 1.9	\$ (28.1)	\$ 77.1
Income tax provision (benefit)	6.1	7.0	(0.3)	(7.7)	21.1
Interest expense, net	8.9	9.5	8.9	36.4	46.5
Depreciation and amortization expense	25.4	27.5	25.9	105.0	111.0
Other operating charges, net	2.6	2.1	10.2	57.7	14.0
Other non-operating expense	2.6	1.9	2.8	10.4	7.6
Debt retirement costs	0.5	1.1	0.5	1.0	5.9
Adjusted EBITDA	<u>\$ 55.6</u>	<u>\$ 71.6</u>	<u>\$ 49.9</u>	<u>\$ 174.6</u>	<u>\$ 283.2</u>
Pulp and Paperboard segment income	\$ 53.1	\$ 33.7	\$ 34.6	\$ 125.7	\$ 124.5
Depreciation and amortization	8.8	9.0	8.9	35.7	36.7
Adjusted EBITDA Paperboard segment	<u>\$ 61.9</u>	<u>\$ 42.8</u>	<u>\$ 43.5</u>	<u>\$ 161.4</u>	<u>\$ 161.3</u>
Consumer Products segment income	\$ (7.5)	\$ 27.6	\$ 3.7	\$ 4.0	\$ 110.6
Depreciation and amortization	15.5	17.1	15.9	64.9	68.5
Adjusted EBITDA Consumer Products segment	<u>\$ 8.0</u>	<u>\$ 44.7</u>	<u>\$ 19.6</u>	<u>\$ 69.0</u>	<u>\$ 179.1</u>
Corporate and other expense	\$ (15.3)	\$ (17.3)	\$ (14.3)	\$ (60.1)	\$ (63.0)
Depreciation and amortization	1.1	1.4	1.1	4.4	5.8
Adjusted EBITDA Corporate and other	<u>\$ (14.3)</u>	<u>\$ (16.0)</u>	<u>\$ (13.1)</u>	<u>\$ (55.7)</u>	<u>\$ (57.2)</u>
Pulp and Paperboard segment	\$ 61.9	\$ 42.8	\$ 43.5	\$ 161.4	\$ 161.3
Consumer Products segment	8.0	44.7	19.6	69.0	179.1
Corporate and other	(14.3)	(16.0)	(13.1)	(55.7)	(57.2)
Adjusted EBITDA	<u>\$ 55.6</u>	<u>\$ 71.6</u>	<u>\$ 49.9</u>	<u>\$ 174.6</u>	<u>\$ 283.2</u>

RECONCILIATION OF ADJUSTED INCOME

(\$ IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Quarter Ended Dec 31,		Year Ended Dec 31,	
	2021	2020	2021	2020
Net income (loss)	\$ 9.6	\$ 22.6	\$ (28.1)	\$ 77.1
Add back:				
Income tax provision (benefit)	6.1	7.0	(7.7)	21.1
Income (loss) before income taxes	15.6	29.5	(35.7)	98.2
Add back:				
Debt retirement costs	0.5	1.1	1.0	5.9
Other operating charges, net	2.6	2.1	57.7	14.0
Adjusted income before tax	18.7	32.7	23.0	118.1
Normalized income tax provision (benefit)	4.7	8.2	5.7	29.5
Adjusted income	\$ 14.1	\$ 24.6	\$ 17.2	\$ 88.6
Weighted average diluted shares (thousands)	17,149	16,891	16,767	16,724
Adjusted income per diluted share	\$ 0.82	\$ 1.45	\$ 1.03	\$ 5.30

ADDITIONAL RECONCILIATIONS

(\$ IN MILLIONS)

Net Debt

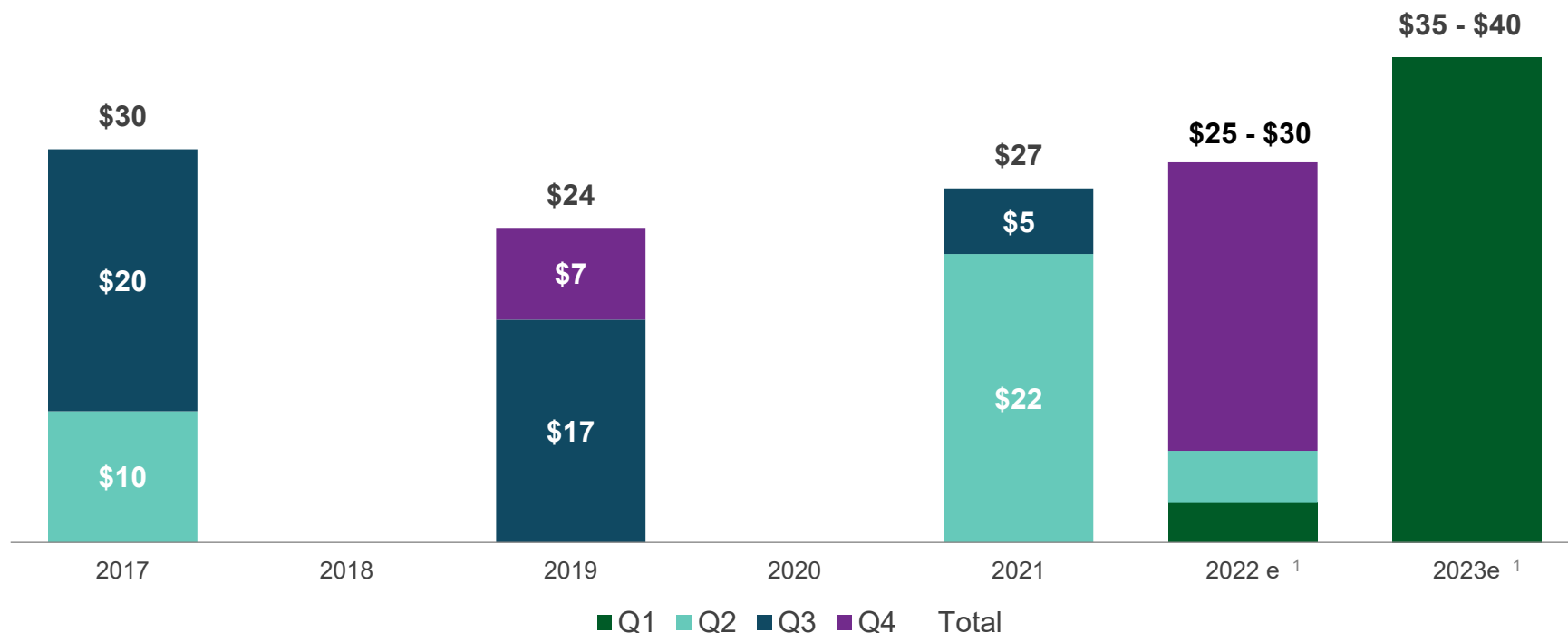
	Mar 31, 2020	June 30, 2020	Sept 30, 2020	Dec 31, 2020	Mar 31, 2021	June 30, 2021	Sept 30, 2021	Dec 31, 2021
Cash	\$ 60.8	\$ 48.2	\$ 47.5	\$ 35.9	\$ 57.1	\$ 60.9	\$ 27.8	\$ 25.2
Current debt	58.1	1.6	1.7	1.7	1.7	1.7	1.6	1.6
Long term debt	883.9	827.9	785.5	716.4	716.3	716.2	676.5	637.6
add:								
Deferred debt costs	7.7	6.4	8.2	6.9	6.6	6.4	5.6	4.8
less:								
Financing leases	(22.0)	(21.6)	(21.2)	(20.8)	(20.4)	(20.0)	(19.5)	(19.1)
Subtotal	927.7	814.3	774.2	704.2	704.2	704.3	664.2	624.9
Net debt	\$ 866.9	\$ 766.1	\$ 726.7	\$ 668.4	\$ 647.1	\$ 643.3	\$ 636.4	\$ 599.8

Free Cash Flow

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Cash from operations	\$ 11.7	\$ 109.0	\$ 55.7	\$ 70.8	\$ 33.8	\$ 14.8	\$ 16.3	\$ 32.1
Additions to property, plant and equipment, net of proceeds from sales	(10.5)	(7.3)	(9.7)	(12.2)	(11.1)	(10.5)	(8.9)	4.8
Free cash flow	\$ 1.2	\$ 101.7	\$ 46.0	\$ 58.6	\$ 22.7	\$ 4.3	\$ 7.4	\$ 36.9

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.