







CLEARWATER PAPER CORPORATION

FIRST QUARTER EARNINGS RELEASE MATERIALS
APRIL 29, 2024

ARSEN 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 as amended, including statements regarding the proposed acquisition of the paperboard manufacturing facility and associated business in Augusta, Georgia; the expected timing and impact of the proposed acquisition; the expected benefits and opportunities resulting from the proposed acquisition; the Company's intention to explore strategic options for its tissue business and focus on growth in paperboard; order patterns; product demand and industry trends; production targets; impact of inflation of raw material and energy; assumptions for Q2 2024 and full year 2024, including maintenance outage impacts, operational factors, interest, capital, lower input costs, depreciation and amortization and income tax; our capital allocation priorities; our strategy, including achieving target leverage ratio and maintaining liquidity; expectations regarding the paperboard and tissue markets; inventory management; the redemption of our notes; our financial flexibility; and repurchases under existing share buyback authorization. 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: the expansion of our business through the acquisition of a paperboard manufacturing facility and associated business may not be completed or proceed as anticipated; our inability to realize the expected benefits of the acquisition because of integration difficulties or other challenges; competitive pricing pressures for our products, including as a result of capacity additions, demand reduction 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 energy, chemicals, packaging and freight costs and disruptions in transportation services impacting our ability to receive inputs or ship products to customers; changes in customer product preferences and competitors' product offerings; larger competitors having operational, financial and other advantages; consolidation and vertical integration of converting operations in the paperboard industry; 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 equipment malfunctions and damage to our manufacturing facilities; cyber-security risks; our ability to successfully execute capital projects and other activities to operate our assets, including effective maintenance, implement our operational efficiencies and realize higher throughput or lower costs; IT system disruptions and IT system implementation failures; labor disruptions; cyclical industry conditions; changes in expenses, required contributions and potential withdrawal costs associated with our pension plans; environmental liabilities or expenditures and climate change; reliance on a limited number of third-party suppliers, vendors and service providers required for the production of our products and our operations; our ability to attract, motivate, train and retain qualified and key personnel; our ability to service our debt obligations and restrictions on our business from debt covenants and terms; changes in our banking relations, or in our customer supply chain financing; 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 or 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 includes certain financial measures that are not calculated in accordance with GAAP, including Adjusted EBITDA, Adjusted Income, Adjusted income per diluted 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 diluted share, free cash flow and net debt) to the most relevant GAAP measure is available in the appendix of this presentation.

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Q1 2024 BUSINESS HIGHLIGHTS

Overall

- Net sales $496 million, down 6% versus Q1 2023
- Net income $17 million, down $7 million versus Q1 2023
- Adjusted net income $24 million, down $1 million versus Q1 2023
- Adjusted EBITDA $62 million, down $4 million versus Q1 2023
- $15 to $17 million impact from the extreme weather event at the Lewiston mill, primarily impacting paperboard

Pulp and Paperboard

- SBS prices down 11% versus Q1 2023, 1% lower versus Q4 2023
- Improved order entry and backlogs versus Q4 2023
- Planning for the Augusta mill acquisition in Q2 2024

Consumer Products

- Tissue prices down 2% versus Q1 2023, 2% lower than Q4 2023
- Demand for private branded products remained strong
- Strong operational performance and reduced input costs

Capital Structure

- Continued to maintain strong financial flexibility
- Repurchased $1 million of stock to offset dilution, with $6 million remaining authorized under our stock repurchase program



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BUSINESS UPDATE – PULP AND PAPERBOARD

IMPROVING DEMAND AND HIGHER CAPACITY UTILIZATION

Industry (SBS)

- Shipments, production, and operating rates increased in Q1 2024 versus Q4 2023 based on AF&PA data
  - Shipments (in tons) improved 7.1% from Q4 2023
  - Production improved 10.5% from Q4 2023
  - Operating rates increased to 88.3% in Q1 2024 from 79.3% in Q4 2023
- RISI reported $40/ton price decrease in February, for a total of $120/ton since Q3 of 2023
- RISI projecting demand recovery in 2024/2025

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- Price down by 11% in Q1 2024 versus Q1 2023, down 1% versus Q4 2023
- Production impacted by extreme weather event at the Lewiston, Idaho mill during the quarter
- Operated paper machines at full capacity utilization outside of unplanned downtime
- Order entry and backlogs improved during Q1

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BUSINESS UPDATE – CONSUMER PRODUCTS

SHIPMENTS STRENGTHENED; DEMAND REMAINED STRONG

Industry

- Consumers shifting to private brands with economic uncertainty and inflation
- Private brand market share remained at 36%[1]
- Nearly 96% capacity utilization YTD February 2024 based on RISI data

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- Strong demand with Q1 2024 shipments of 13.1 million cases compared to 12.7 million cases in Q1 2023 and 13.5 million in Q4 2023
- Outstanding operational performance continued
- Strong service levels with high on-time performance rates
- Lower input costs in pulp, energy and freight as compared to Q1 2023, with moderating costs between Q4 2023 and Q1 2024

1 Circana panel data for dollar share as of March 2024

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FINANCIAL PERFORMANCE

($ IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Quarter Ended		
	March 31,		December 31,
	2024	2023	2023
Net sales	$ 496.2	$ 525.4	$ 512.8
Cost of sales	421.6	448.5	437.4
Selling, general and adminstrative	36.2	36.0	36.8
Other operating charges, net	7.9	1.1	2.9
Income from operations	30.4	39.8	35.7
Non-operating expense	(6.2)	(7.5)	(11.3)
Income tax provision	7.0	8.4	6.8
Net income (loss)	$ 17.2	$ 23.8	$ 17.6
Diluted income per share	$ 1.02	$ 1.40	$ 1.04
Adjusted income per share	$ 1.43	$ 1.47	$ 1.35
Adjusted EBITDA	$ 61.5	$ 65.7	$ 63.3

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SEGMENT PROFIT AND LOSS AND ADJUSTED EBITDA

($ IN MILLIONS)

	Quarter Ended		
	March 31,		December 31,
	2024	2023	2023
Net Sales			
Pulp and Paperboard	$ 244.5	$ 278.8	$ 251.3
Consumer Products	253.1	248.3	262.0
Eliminations	(1.4)	(1.7)	(0.5)
	$ 496.2	**$ 525.4**	**$ 512.8**
Operating Income			
Pulp and Paperboard	$ 25.3	$ 57.1	$ 27.3
Consumer Products	31.5	4.2	31.1
Corporate and other	(18.5)	(20.4)	(19.8)
Other operating charges, net	(7.9)	(1.1)	(2.9)
	$ 30.4	**$ 39.8**	**$ 35.7**
Adjusted EBITDA			
Pulp and Paperboard	$ 33.7	$ 66.2	$ 36.8
Consumer Products	45.7	19.2	45.7
Corporate and other	(17.9)	(19.8)	(19.2)
	$ 61.5	**$ 65.7**	**$ 63.3**

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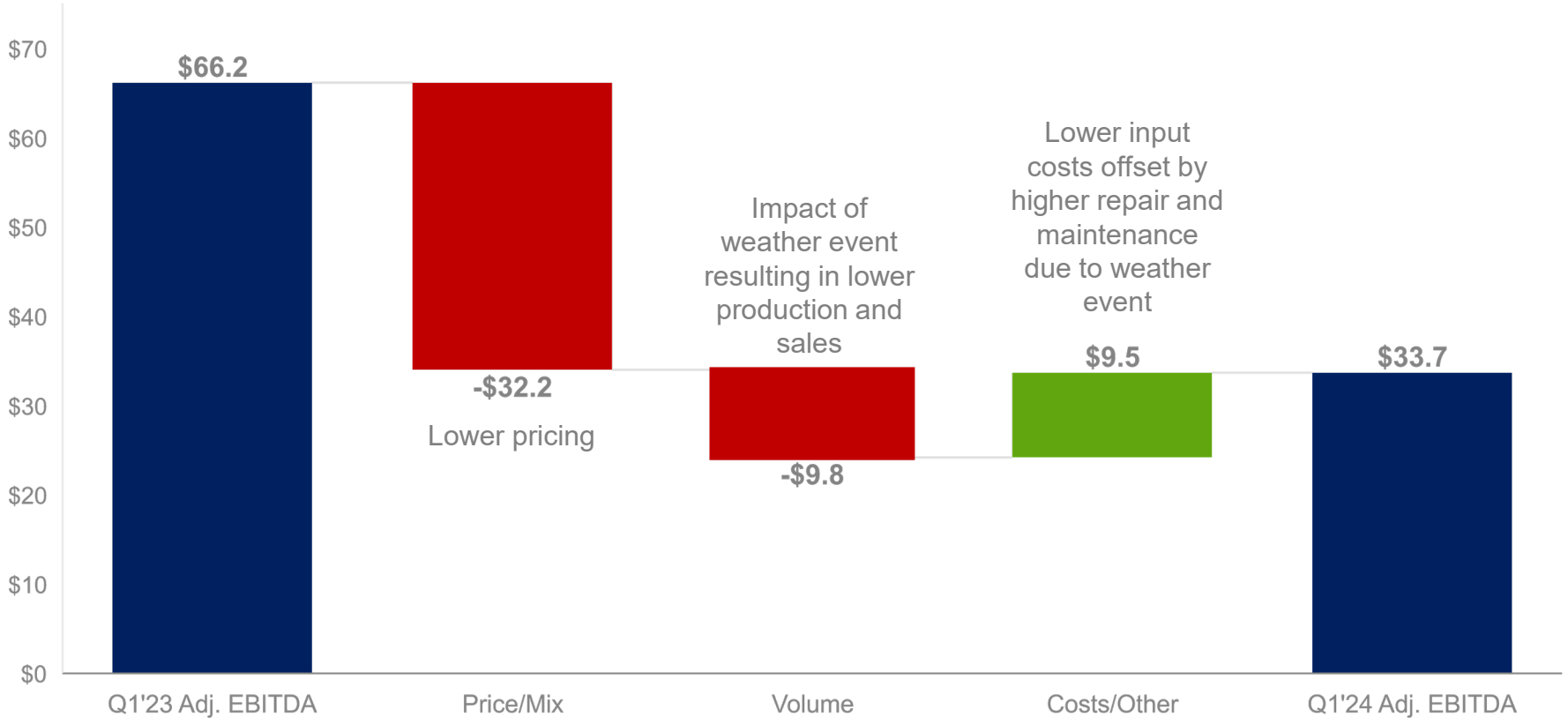
PULP AND PAPERBOARD Q1 2024 RESULTS

Q1 2023 VS. Q1 2024 ADJUSTED EBITDA
($ IN MILLIONS)



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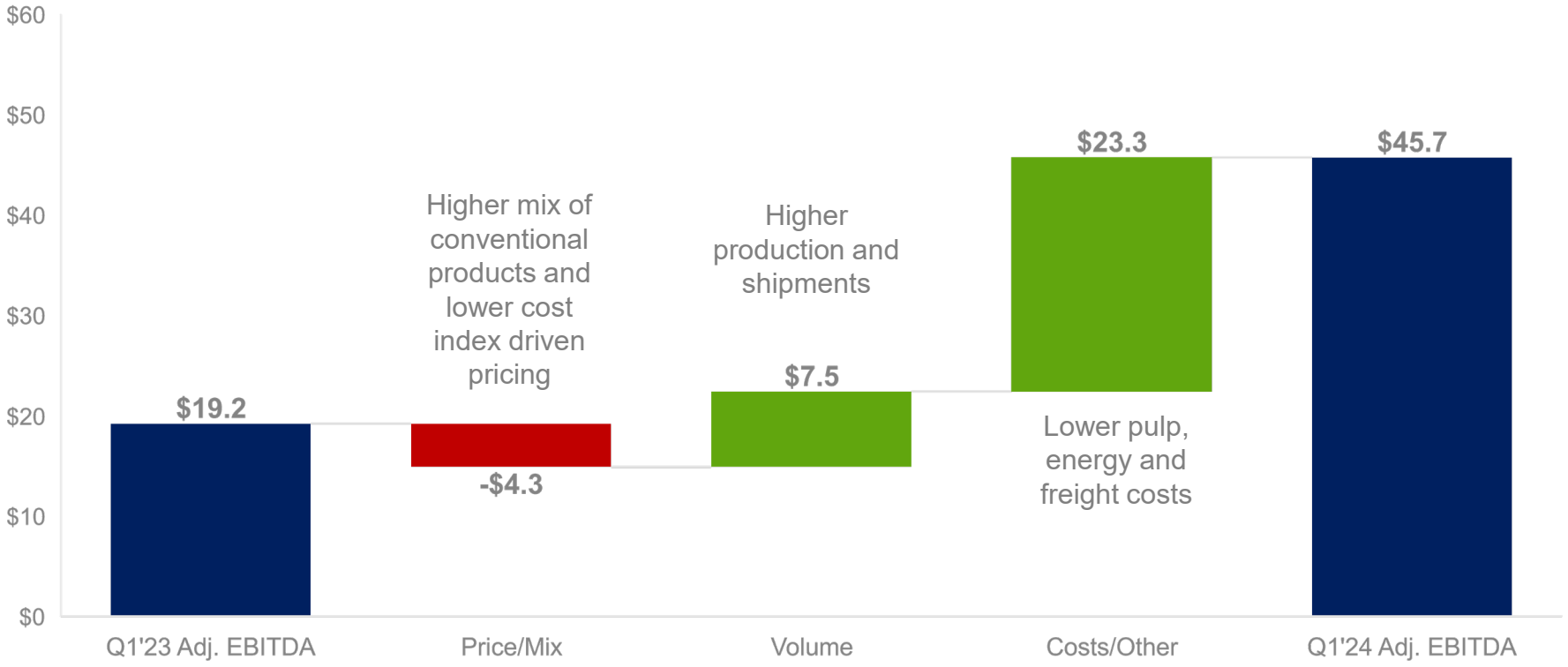
CONSUMER PRODUCTS Q1 2024 RESULTS

Q1 2023 VS. Q1 2024 ADJUSTED EBITDA ($ IN MILLIONS)



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CAPITAL STRUCTURE AND ALLOCATION

Capital structure summary

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

Capital allocation

- Repurchased 12,900 shares at an average price of $40.71 per share in Q1 2024
- Reduced net debt by $33 million from Q4 2023
- Leverage ratio as of March 2024 is 1.38x

Liquidity Profile ($ in millions)[1]	
ABL Availability	$260.2
Less Utilization	(3.7)
Plus Unrestricted Cash	55.2
Liquidity	**$311.7**

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



1. ABL availability based on borrowing base calculations and consolidated balance sheet as of March 31, 2024, maximum capacity is $275 million
2. This chart excludes finance leases as of March 31, 2024. Current debt maturities include $275 million of 4.75% notes and $150 million Term Loan due 2028

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OUTLOOK FOR Q2'24 AND 2024 OVERALL ASSUMPTIONS

Q2 2024: $23 to $33 million[1] of adjusted EBITDA

- Increasing paperboard demand and production volumes
- Continued strong performance in tissue, offset by higher pulp costs
- Impact of $40/ton price decrease in paperboard as reported by RISI in February
- $35 - $40 million planned maintenance outage at Lewiston and additional maintenance at other sites
- Partial insurance recovery for the Q1 2024 severe weather event in Lewiston

FY 2024 operational assumptions vs. FY 2023

- Maintaining tissue margin improvement achieved in 2023
- $30 - $35 million planned major maintenance outage at Lewiston site
- $40 - $50 million lower paperboard pricing offset by lower input costs
- $15 - $25 million improved paperboard demand in second half of year

2024 other assumptions

- Interest expense: $28 to $30 million
- Depreciation and amortization expense: $97 to $100 million
- CAPEX: $90 to $100 million
- Taxes: effective rate ~25 to 26%

Q2 and FY 2024 assumptions do not include impacts from planned Augusta acquisition

[1] As there is uncertainty in connection with calculating the adjustments necessary to prepare reconciliations from Adjusted EBITDA to the comparable GAAP financial measure, the Company is unable to reconcile the Adjusted EBITDA projections without unreasonable efforts. Therefore, no reconciliation is being provided at this time. These items could result in significant adjustments from the most comparable GAAP measure.

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APPENDIX

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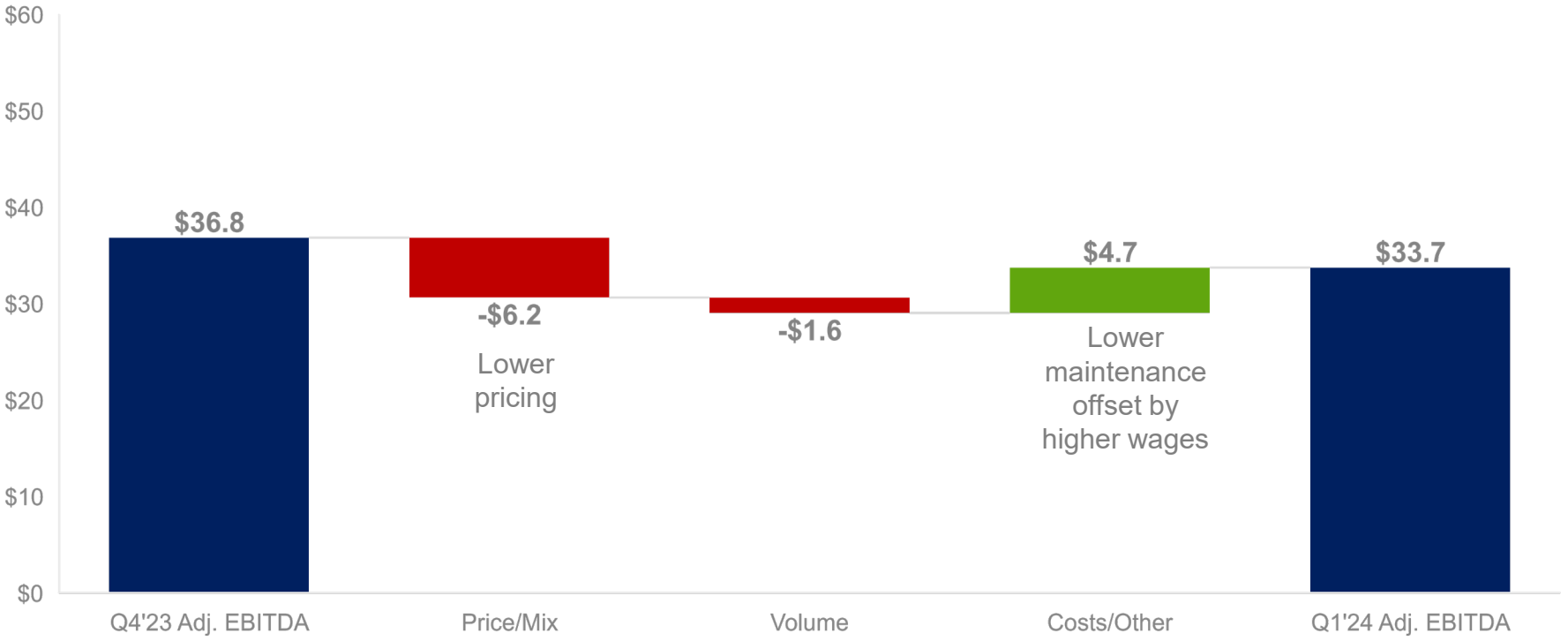
PULP AND PAPERBOARD SEQUENTIAL QUARTER RESULTS

Q4 2023 VS. Q1 2024 ADJUSTED EBITDA
($ IN MILLIONS)



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CONSUMER PRODUCTS SEQUENTIAL QUARTER RESULTS

Q4 2023 VS. Q1 2024 ADJUSTED EBITDA
($ IN MILLIONS)



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KEY SEGMENT INFORMATION

	Q1'2022	Q2'2022	Q3'2022	Q4'2022	Q1'2023	Q2'2023	Q3'2023	Q4'2023	Q1'2024
Pulp and Paperboard									
Sales ($ millions)	$266.2	$295.8	$300.8	$273.5	$278.8	$272.3	$261.4	$251.3	$244.5
Adjusted EBITDA ($ millions)	$59.5	$61.2	$73.0	$26.7	$66.2	$51.3	$53.1	$36.8	$33.7
Paperboard shipments (short tons)	201.4	215.9	208.3	189.0	189.4	186.2	187.9	188.0	187.3
Paperboard sales price ($/short ton)	$1,263	$1,332	$1,405	$1,429	$1,441	$1,413	$1,350	$1,297	$1,284
Consumer Products									
Sales ($ millions)	$223.0	$232.1	$240.9	$254.1	$248.3	$253.6	$259.3	$262.0	$253.1
Adjusted EBITDA ($ millions)	$16.2	$19.1	$21.2	$17.6	$19.2	$39.7	$45.8	$45.7	$45.7
Shipments									
Retail (short tons in thousands)	75.4	76.6	76.9	80.8	76.8	78.7	80.5	81.5	79.9
Non-Retail (short tons in thousands)	5.1	2.6	2.3	2.2	1.0	0.1	1.4	2.3	2.3
Converted Products (cases in millions)	12.0	12.6	12.6	13.0	12.7	12.8	13.0	13.5	13.1
Sales Price ($ per short ton)									
Retail	$2,872	$2,984	$3,082	$3,095	$3,201	$3,214	$3,198	$3,187	$3,138
Production									
Converted Products (cases in millions)	12.2	12.1	12.9	12.3	12.7	12.6	12.9	13.0	13.3

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RECONCILIATION OF ADJUSTED EBITDA

($ IN MILLIONS)

	Quarter Ended		
	March 31,		December 31,
	2024	2023	2023
Net income (loss)	$ 17.2	$ 23.8	$ 17.6
Income tax provision	7.0	8.4	6.8
Interest expense, net	6.5	7.6	8.0
Depreciation and amortization expense	23.2	24.8	24.7
Other operating charges, net	7.9	1.1	2.9
Other non-operating expense	(0.3)	(0.1)	0.2
Debt retirement costs	-	-	3.1
Adjusted EBITDA	$ 61.5	$ 65.7	$ 63.3
Pulp and Paperboard segment income	$ 25.3	$ 57.1	$ 27.3
Depreciation and amortization	8.4	9.1	9.5
Adjusted EBITDA Paperboard segment	$ 33.7	$ 66.2	$ 36.8
Consumer Products segment income	$ 31.5	$ 4.2	$ 31.1
Depreciation and amortization	14.2	15.0	14.6
Adjusted EBITDA Consumer Products segment	$ 45.7	$ 19.2	$ 45.7
Corporate and other expense	$ (18.5)	$ (20.4)	$ (19.8)
Depreciation and amortization	0.6	0.6	0.6
Adjusted EBITDA Corporate and other	$ (17.9)	$ (19.8)	$ (19.2)
Pulp and Paperboard segment	$ 33.7	$ 66.2	$ 36.8
Consumer Products segment	45.7	19.2	45.7
Corporate and other	(17.9)	(19.8)	(19.2)
Adjusted EBITDA	$ 61.5	$ 65.7	$ 63.3

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RECONCILIATION OF ADJUSTED INCOME

($ IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Quarter Ended		
	March 31,		December 31,
	2024	2023	2023
Net income	$ 17.2	$ 23.8	$ 17.6
Add back:			
Income tax provision	7.0	8.4	6.8
Income before income taxes	24.2	32.2	24.4
Add back:			
Debt retirement costs		-	3.1
Other operating charges, net	7.9	1.1	2.9
Adjusted income before tax	32.1	33.4	30.4
Normalized income tax provision	8.0	8.3	7.6
Adjusted income	$ 24.1	$ 25.0	$ 22.8
Weighted average diluted shares (thousands)	16,895	17,036	16,867
Adjusted income per diluted share	$ 1.43	$ 1.47	$ 1.35

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ADDITIONAL RECONCILIATIONS

($ IN MILLIONS)

Net Debt

	Mar 31 '22	Jun 30 '22	Sep 30 '22	Dec 31 '22	Mar 31 '23	Jun 30 '23	Sep 30 '23	Dec 31 '23	Mar 31'24
Cash	$ 36.4	$69.5	$50.8	$53.7	$16.7	$41.7	$110.2	$42.0	$55.2
Current debt	1.6	1.0	1.0	0.9	0.9	0.9	0.9	0.8	0.9
Long term debt	617.7	589.9	564.9	564.9	564.9	564.8	564.6	462.3	442.3
add:									
Deferred debt costs	4.4	3.8	3.6	3.4	3.2	3.0	3.0	5.1	4.9
Subtotal	623.7	594.7	569.5	569.2	569.0	568.7	568.5	468.3	448.1
Net debt	**$587.3**	**$525.2**	**$518.7**	**$515.5**	**$552.3**	**$527.0**	**$458.3**	**$426.3**	**$392.9**

Free Cash Flow

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Cash from operations	$41.1	$78.5	$13.3	$17.4	$(9.1)	$46.0	$88.2	$65.6	$59.2
Additions to property, plant and equipment, net of proceeds from sales	(7.9)	(5.4)	(6.7)	(13.5)	(21.5)	(12.8)	(14.2)	(25.2)	(18.5)
Free cash flow	**$33.2**	**$73.1**	**$6.6**	**$3.9**	**$(30.6)**	**$33.2**	**$74.0**	**$40.4**	**$40.7**

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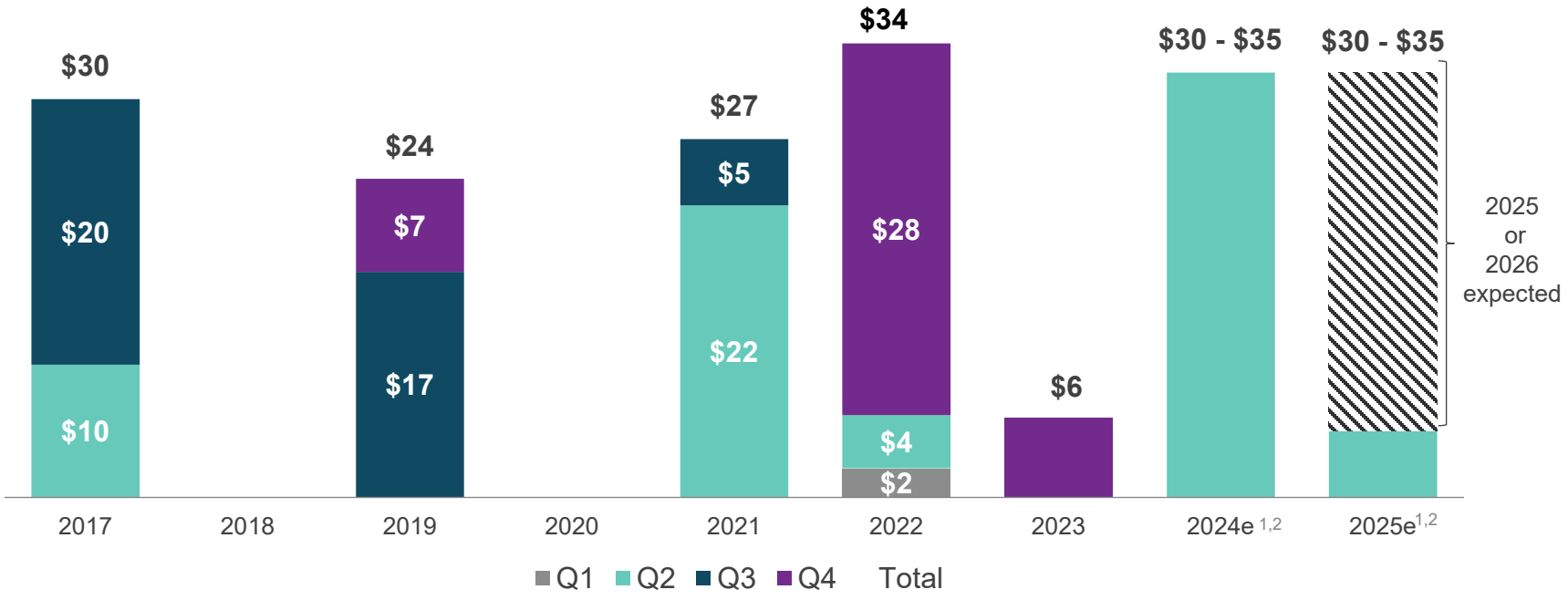
MAJOR MAINTENANCE SCHEDULE

ADJUSTED EBITDA IMPACT ($ IN MILLIONS)



1. This information is based upon management's current assumptions and estimates.
2. See "Forward-Looking Statements" on page 2.

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