CLEARWATER PAPER CORPORATION

FOURTH QUARTER AND FULL YEAR 2018 SUPPLEMENTAL INFORMATION

03/12/19

LINDA MASSMAN
PRESIDENT, CHIEF EXECUTIVE OFFICER AND DIRECTOR

JOHN HERTZ
SENIOR VICE PRESIDENT FINANCE AND CHIEF FINANCIAL OFFICER

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 Shelby, North Carolina expansion; financial models; estimated Q1 2019 net earnings, EBITDA, adjusted EBITDA, operating income, adjusted operating income, adjusted net earnings, net earnings per diluted common share, adjusted net earnings per diluted common share, net sales and adjusted operating margin; and Q1 2019 product pricing and sales mix, product volumes shipped, pulp, transportation and maintenance. 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, as well as the following:

- competitive pricing pressures for our products, including as a result of increased capacity as additional manufacturing facilities are operated by our competitors;
- the loss of, changes in prices in regard to, or reduction in, orders from a significant customer;
- changes in customer product preferences and competitors' product offerings;
- our ability to complete construction of our new tissue manufacturing operations in Shelby, North Carolina on time and within current cost expectations;
- 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 when they are completed;
- 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 achieve the expected operational or financial results of those projects, including from the continuous digester at our Lewiston, Idaho facility;
- changes in the cost and availability of wood fiber and wood pulp;
- changes in transportation costs and disruptions in transportation services;
- labor disruptions;
- 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;
- changes in costs for and availability of packaging supplies, chemicals, energy and maintenance and repairs;
- larger competitors having operational and other advantages;
- cyclical industry conditions;
- changes in expenses, required contributions and potential withdrawal costs associated with our pension plans;
- environmental liabilities or expenditures;
- cyber-security risks;
- reliance on a limited number of third-party suppliers for raw materials;
- our ability to attract, motivate, train and retain qualified and key personnel;
- material weaknesses in our internal control over financial reporting;
- our substantial indebtedness and ability to service our debt obligations;
- restrictions on our business from debt covenants and terms; 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.

2018 FULL YEAR HIGHLIGHTS

$1,724 MILLION NET SALES, FLAT VS. 2017

($98) MILLION GAAP OPERATING LOSS

$177 MILLION ADJUSTED EBITDA[1]

DILUTED GAAP EPS OF ($8.72) AND ADJUSTED DILUTED EPS OF $2.55[1]

ACHIEVED RECORD PAPERBOARD PRODUCTION AND SHIPMENTS

COMPLETED SALE OF LADYSMITH MILL

$195 MILLION NON CASH GOODWILL IMPAIRMENT CHARGE RELATED TO CONSUMER PRODUCTS

STARTED TISSUE CONVERTING OPERATIONS AT OUR EXPANDED SHELBY FACILITY

COMPLETED SG&A COST SAVINGS ACTIONS RESULTING IN A $13 MILLION REDUCTION IN 2018 WITH AN EXPECTED FULL $20 MILLION RUN RATE REDUCTION IN 2019

[1] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.

FOURTH QUARTER FINANCIAL HIGHLIGHTS

$429 MILLION NET SALES, FLAT VS. Q3'18

($175) MILLION GAAP OPERATING LOSS

$45 MILLION ADJUSTED EBITDA[1], AT HIGH END OF THE OUTLOOK RANGE OF $40 TO $46 MILLION

DILUTED GAAP EPS OF ($11.39) AND ADJUSTED DILUTED EPS OF $0.45[1]

CPD REVERSED OPERATING LOSS TO INCOME

$195 MILLION NON CASH GOODWILL IMPAIRMENT CHARGE RELATED TO CONSUMER PRODUCTS

[1] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.

FINANCIAL SUMMARY (GAAP BASIS)
(UNAUDITED)

(Dollars in thousands - except per-share amounts)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2018
Net sales	$437,525	$429,663	$426,504	$436,716	$436,952	$432,099	$426,460	$428,707	$1,730,408	$1,724,218
Gross Profit[1]	$50,465	$48,602	$39,742	$61,258	$44,519	$44,945	$50,239	$46,503	$200,067	$186,206
Selling, general and administrative expenses[1]	($29,955)	($29,454)	($34,582)	($34,891)	($32,980)	($26,564)	($26,283)	($27,161)	($128,882)	($112,988)
Operating income (loss)[1]	$20,510	$19,148	$5,160	$26,367	$11,539	$18,381	$46,900	($174,729)	$71,185	($97,909)
Consumer Products[1]	$6,204	$10,698	$4,525	$7,546	$1,629	($3,604)	($1,269)	$513	$28,973	($2,731)
Gain on divested assets	$—	$—	$—	$—	$—	$—	$22,944	$1,008	$—	$23,952
Goodwill impairment	$—	$—	$—	$—	$—	$—	$—	($195,079)	$—	($195,079)
Pulp and Paperboard[1]	$27,200	$21,071	$14,735	$34,354	$26,154	$34,192	$38,280	$31,800	$97,360	$130,426
Corporate[1]	($12,894)	($12,621)	($14,100)	($15,533)	($16,244)	($12,207)	($13,055)	($12,971)	($55,148)	($54,477)
Operating margin[1]	4.7%	4.5%	1.2%	6.0%	2.6%	4.3%	11.0%	(40.8)%	4.1%	(5.7)%
Interest expense, net	($8,043)	($7,673)	($7,683)	($7,975)	($8,020)	($7,723)	($7,547)	($7,330)	($31,374)	($30,620)
Non-operating pension and other postretirement benefit income (costs)[1]	$48	$517	$291	$287	($1,279)	($1,187)	($1,234)	($1,233)	$1,143	($4,933)
Income tax (provision) benefit[2]	($5,000)	($3,955)	$3,095	$62,245	$360	($2,510)	($3,675)	($4,480)	$56,385	($10,305)
Net earnings (loss)	$7,515	$8,037	$863	$80,924	$2,600	$6,961	$34,444	($187,772)	$97,339	($143,767)
Net earnings (loss) per diluted common share	$0.45	$0.48	$0.05	$4.88	$0.16	$0.42	$2.08	($11.39)	$5.88	($8.72)

[1] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.
[2] The Income tax benefit in Q4'17 is primarily due to the remeasurement of deferred tax liabilities as a result of the Tax Cuts and Jobs Act (the "Act") signed into law on December 22, 2017. The resulting net tax benefit is included in the three months ended December 31, 2017. The Act is complex and significantly changes the U.S. corporate income tax system by, among other things, reducing the Federal corporate income tax rate from 35% to 21%.

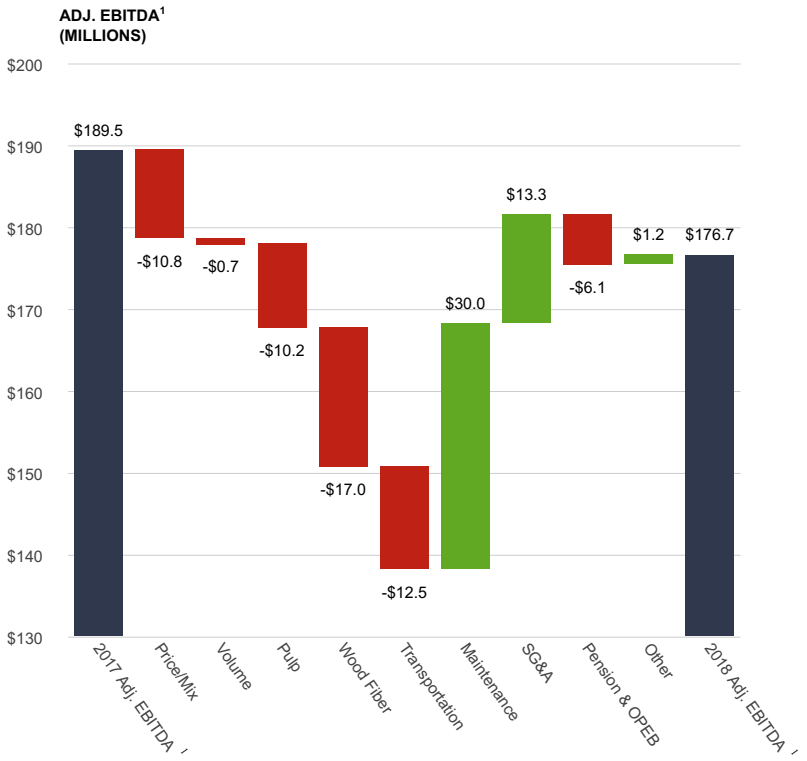
FINANCIAL SUMMARY (ADJUSTED BASIS)
(UNAUDITED)

(Dollars in thousands - except per-share amounts)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19 Outlook[7]	2017	2018
Net sales	$437,525	$429,663	$426,504	$436,716	$436,952	$432,099	$426,460	$428,707	1% - 2% Lower	$1,730,408	$1,724,218
Adjusted gross profit[1,3]	$56,668	$49,820	$41,048	$61,675	$44,712	$45,768	$50,399	$46,601		$209,211	$187,480
Adjusted gross profit margin[1,2,3]	13.0%	11.7%	9.7%	14.2%	10.2%	10.6%	11.8%	10.9%		12.1%	10.9%
Adjusted selling, general and administrative expenses[1,3]	($31,290)	($30,832)	($29,158)	($29,941)	($28,778)	($27,171)	($25,644)	($26,182)		($121,221)	($107,775)
Adjusted operating income (loss)[1,3]	$25,378	$18,988	$11,890	$31,734	$15,934	$18,597	$24,755	$20,419		$87,990	$79,705
Consumer Products[3]	$12,407	$11,916	$10,312	$11,513	$3,072	($2,596)	($1,024)	$852		$46,148	$304
Pulp and Paperboard[3]	$27,200	$21,071	$14,735	$34,486	$26,445	$34,284	$38,351	$31,806		$97,492	$130,886
Corporate[3]	($14,229)	($13,999)	($13,157)	($14,265)	($13,583)	($13,091)	($12,572)	($12,239)		($55,650)	($51,485)
Adjusted operating margin[1,3,4]	5.8%	4.4%	2.8%	7.3%	3.6%	4.3%	5.8%	4.8%	3.0% - 4.5%	5.1%	4.6%
Interest expense, net	($8,043)	($7,673)	($7,683)	($7,975)	($8,020)	($7,723)	($7,547)	($7,330)		($31,374)	($30,620)
Non-operating pension and other postretirement benefit income (costs)[3]	$48	$517	$291	$287	($1,279)	($1,187)	($1,234)	($1,233)		$1,143	($4,933)
Adjusted income tax (provision) benefit[1,5]	($6,655)	($3,902)	$807	($9,597)	($1,415)	($2,566)	$6,315	($4,494)		($19,347)	($2,160)
Adjusted net earnings[1]	$10,728	$7,930	$5,305	$14,449	$5,220	$7,121	$22,289	$7,362		$38,412	$41,992
Depreciation and amortization expense	$27,557	$26,055	$25,856	$25,522	$25,167	$25,177	$25,342	$26,267		$104,990	$101,953
Adjusted EBITDA[1]	$49,320	$45,023	$37,621	$57,543	$39,822	$42,587	$48,863	$45,453	$37,000 - $43,000	$189,507	$176,725
Consumer Products[3]	$26,986	$27,671	$25,969	$25,913	$17,369	$11,624	$13,423	$15,672		$106,539	$58,088
Pulp and Paperboard[3]	$35,305	$29,427	$23,063	$44,171	$35,874	$43,645	$47,667	$41,498		$131,966	$168,684
Corporate[3]	($12,971)	($12,075)	($11,411)	($12,541)	($13,421)	($12,682)	($12,227)	($11,717)		($48,998)	($50,047)
Adjusted EBITDA margin[1,6]	11.3%	10.5%	8.8%	13.2%	9.1%	9.9%	11.5%	10.6%		11.0%	10.2%
Adjusted net earnings per diluted common share[1]	$0.64	$0.48	$0.32	$0.87	$0.31	$0.43	$1.35	$0.45		$2.32	$2.55
Consolidated Secured Leverage Ratio[1,8]	3.37	3.71	3.69	3.86	4.15	3.95	3.97	0.99		3.86	0.99
Cash flow from operations	$45,538	$58,061	$48,577	$26,494	$30,853	$80,023	$10,223	$47,800		$178,670	$168,899
Capital Expenditures	$41,804	$47,750	$49,269	$59,862	$49,747	$117,712	$85,040	$85,451		$198,685	$337,950

[1] Non-GAAP measure - See Appendix for the definition and reconciliation to the most comparable GAAP measure.
[2] Adjusted gross profit margin is defined as Adjusted gross profit divided by Net sales.
[3] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.
[4] Adjusted operating margin is defined as Adjusted operating income divided by Net sales.
[5] The Income tax benefit in Q4'17 is primarily due to the remeasurement of deferred tax liabilities as a result of the Tax Cuts and Jobs Act (the "Act") signed into law on December 22, 2017. The resulting net tax benefit is included in the three months ended December 31, 2017. The Act is complex and significantly changes the U.S. corporate income tax system by, among other things, reducing the Federal corporate income tax rate from 35% to 21%.
[6] Adjusted EBITDA margin is defined as Adjusted EBITDA divided by Net sales.
[7] This information is based upon management's current expectations and estimates, which are in part based on market and industry data. Many factors are outside the control of management, including particularly input costs for commodity products, and actual results may differ materially from the information set forth above. See "Forward-Looking Statements" on page 2.
[8] Consolidated secured leverage ratio is calculated as the net secured debt to rolling four quarter total adjusted EBITDA plus franchise taxes and other reocuring non-cash items.

2018 VS. 2017 CONSOLIDATED ADJUSTED EBITDA[1] BRIDGE

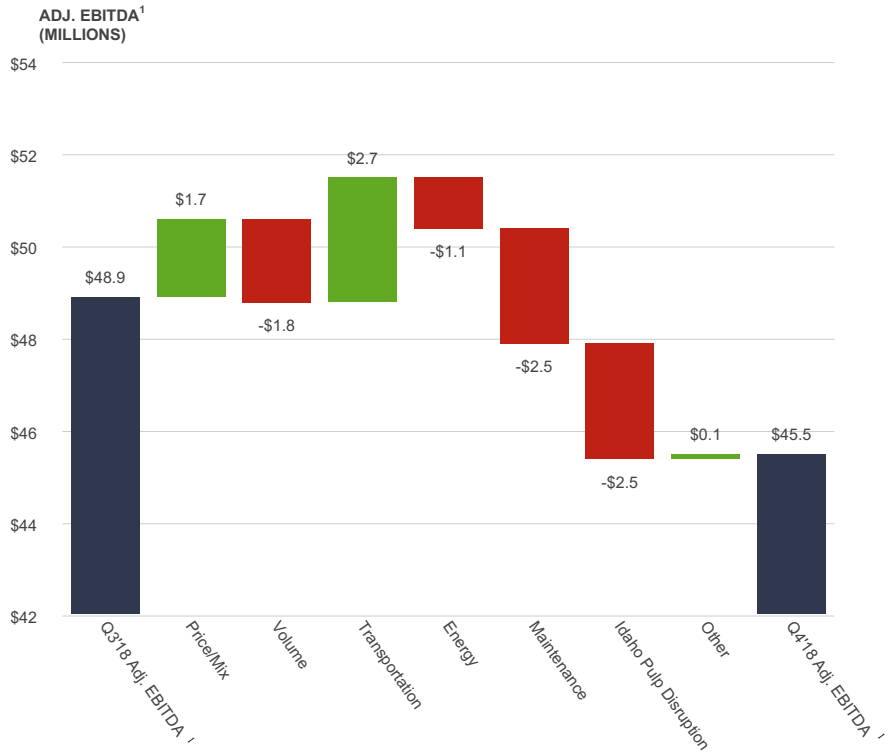
PRICE/MIX	Lower tissue pricing and weaker mix partially offset by paperboard price increases
VOLUME	Lower tissue shipments primarily due to the sale of our Ladysmith mill in August, offset by record paperboard production and shipments
PULP	Higher purchased pulp pricing due to tight pulp market
WOOD FIBER	Higher wood fiber pricing
TRANSPORTATION	Higher freight costs due to line haul rate increases partly offset by reduction in miles due to operating model improvements
MAINTENANCE	Absence of planned major maintenance at paperboard facilities
SG&A	SG&A cost reduction initiative and lower profit dependent accruals
PENSION & OPEB	Lower OPEB Income due to smaller actuarial gain amortization



[1] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.

Q4'18 VS. Q3'18 CONSOLIDATED ADJUSTED EBITDA[1] BRIDGE

PRICE/MIX	Higher paperboard and tissue pricing from previously announced price increases partially offset by weaker paperboard mix
VOLUME	Lower tissue shipments due to the sale of our Ladysmith mill and seasonally lower tissue demand
TRANSPORTATION	CPD operating model improvements from reduced freight and external warehousing costs
ENERGY	Higher natural gas prices due to a pipeline disruption impacting the Idaho mill partially offset by lower electrical rates at the Las Vegas mill
MAINTENANCE	Recovery boiler maintenance at the Idaho and Arkansas mills
IDAHO PULP DISRUPTION	Higher purchased pulp due to Idaho mill pulp production disruption, net of insurance recovery



[1] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.

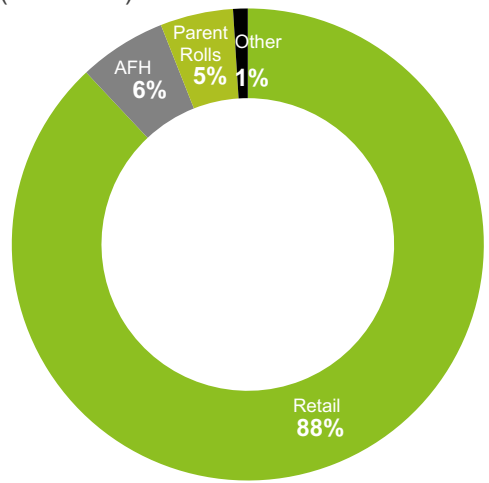
KEY SEGMENT RESULTS - CONSUMER PRODUCTS (UNAUDITED)

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	CONSUMER PRODUCTS CROSS-CYCLE FINANCIAL MODEL
Shipments									
Retail (short tons)	78,686	77,714	77,544	75,123	80,971	73,070	70,335	69,480	
Non-Retail (short tons)[1]	16,678	13,736	12,958	12,190	11,236	17,316	18,525	11,500	
Total Tissue Tons	95,364	91,450	90,502	87,313	92,207	90,386	88,860	80,980	
Converted Products (cases in thousands)[2]	13,123	12,709	12,727	12,662	13,262	12,027	11,789	11,621	
Sales Price									
Retail ($/short ton)	$2,772	$2,723	$2,754	$2,855	$2,715	$2,707	$2,615	$2,776	
Non-Retail ($/short ton)[1]	$1,439	$1,454	$1,468	$1,480	$1,509	$1,372	$1,491	$1,727	
Total Tissue ($/short ton)	$2,539	$2,533	$2,574	$2,663	$2,568	$2,451	$2,381	$2,627	
Segment net sales ($ in thousands)	$242,423	$231,912	$232,916	$234,656	$238,842	$221,585	$211,642	$212,743	
Segment GAAP operating income (loss)[3,6] ($ in thousands)	$6,204	$10,698	$4,525	$7,546	$1,629	($3,604)	$21,675	($193,558)	
Segment GAAP operating margin	2.6%	4.6%	1.9%	3.2%	0.7%	(1.6)%	10.2%	(91.0)%	
Segment Adjusted EBITDA[3,4] ($ in thousands)	$26,986	$27,671	$25,969	$25,913	$17,369	$11,624	$13,423	$15,672	
Segment Adjusted EBITDA margin[5]	11.1%	11.9%	11.1%	11.0%	7.3%	5.2%	6.3%	7.4%	17.0%

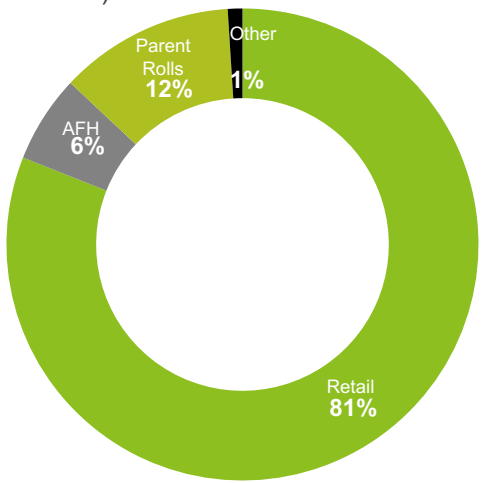
[1] Includes away-from-home (AFH), contract and parent roll tissue products.
[2] Includes retail, AFH, and contract tissue case products.
[3] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.
[4] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.
[5] Non-GAAP measure – Segment Adjusted EBITDA margin is defined as Segment Adjusted EBITDA divided by Segment net sales
[6] Operating income (loss) for Q3'18 and Q4'18 includes $22.9 million and $1.0 million, respectively, for the gain on divested assets, net.

CLEARWATER PAPER TISSUE SHIPMENTS AND U.S. RETAIL TISSUE MARKET

CLW Q4'18 by Market Segment
(% of Tons)



CLW Q3'18 by Market Segment
(% of Tons)



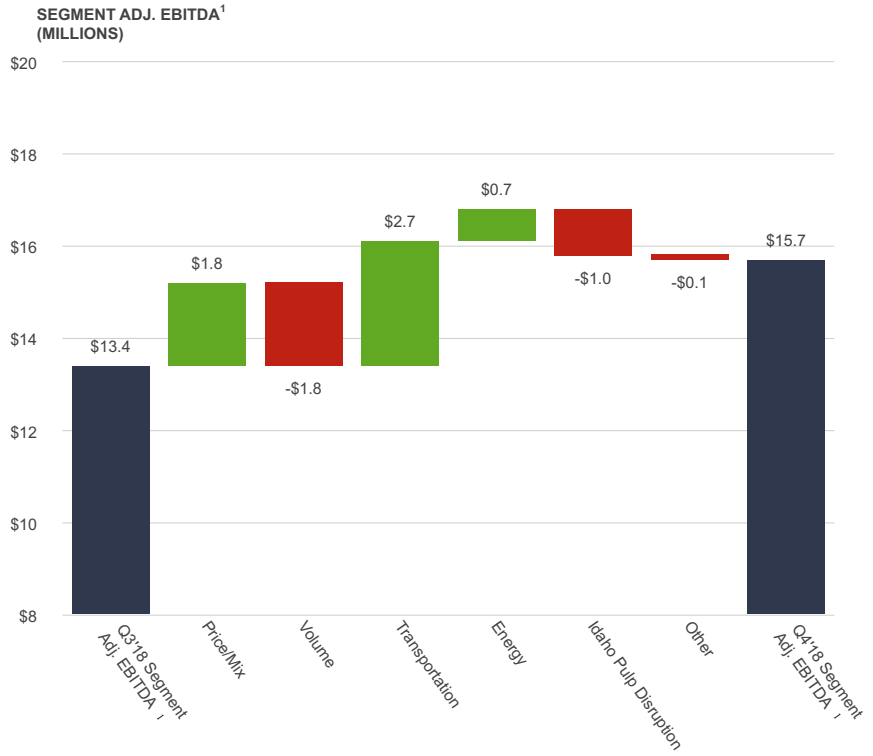
U.S. Retail Tissue Market Q4'18 ($)
(MultiOutlet)[1]

CATEGORY	PRIVATE LABEL	BRANDS	TOTAL
Total Retail Tissue Share ($)	31%	69 %	100%
% Change Q4'18 vs. Q3'18	0.8%	(0.8)%	—%

[1] Data Source: IRI Worldwide data through December 31, 2018.

Q4'18 VS. Q3'18 CONSUMER PRODUCTS ADJUSTED EBITDA[1] BRIDGE

PRICE/MIX	Higher pricing due to previously announced price increases and higher mix of cases and lower parent roll shipments due to Ladysmith divestiture
VOLUME	Lower shipments due to the sale of our Ladysmith mill and seasonally lower demand
TRANSPORTATION	Operating model improvements from reduced freight and external warehousing costs
ENERGY	Seasonally lower electrical rates at Las Vegas mill
IDAHO PULP DISRUPTION	Higher purchased pulp due to Idaho mill pulp production disruption, net of insurance recovery



[1] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.

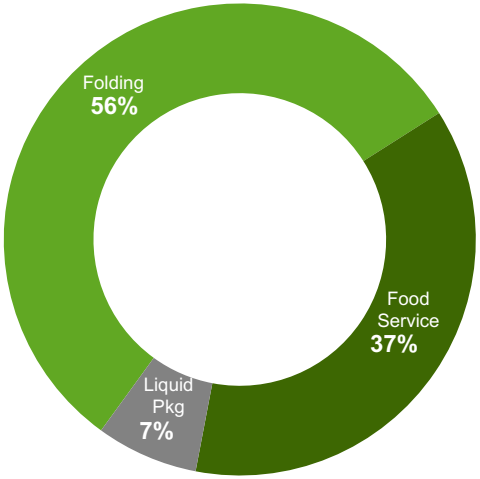
KEY SEGMENT RESULTS – PULP AND PAPERBOARD
(UNAUDITED)

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	PULP AND PAPERBOARD CROSS-CYCLE FINANCIAL MODEL
Shipments[1]									
Paperboard (short tons)	210,382	207,152	200,569	210,098	206,309	216,582	218,135	218,322	
Sales Price[1]									
Paperboard ($/short ton)	$927	$955	$965	$962	$960	$972	$985	$982	
Segment net sales ($ in thousands)	$195,102	$197,751	$193,588	$202,060	$198,110	$210,514	$214,818	$215,964	
Segment GAAP operating income[2] ($ in thousands)	$27,200	$21,071	$14,735	$34,354	$26,154	$34,192	$38,280	$31,800	
Segment GAAP operating margin	13.9%	10.7%	7.6%	17.0%	13.2%	16.2%	17.8%	14.7%	
Segment Adjusted EBITDA[2,3] ($ in thousands)	$35,305	$29,427	$23,063	$44,171	$35,874	$43,645	$47,667	$41,498	
Segment Adjusted EBITDA margin[4]	18.1%	14.9%	11.9%	21.9%	18.1%	20.7%	22.2%	19.2%	19.0%

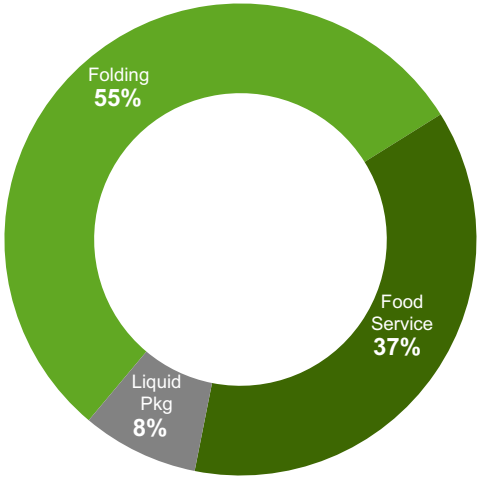
[1] Shipments and Sales Price exclude Scrap Sales in the fourth quarter of 2018
[2] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.
[3] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.
[4] Non-GAAP measure – Segment Adjusted EBITDA margin is defined as Segment Adjusted EBITDA divided by Segment net sales.

CLEARWATER PAPER PAPERBOARD SHIPMENTS AND U.S. PAPERBOARD MARKET

CLW Q4'18 by Market Segment
(% of Tons)



CLW Q3'18 by Market Segment
(% of Tons)



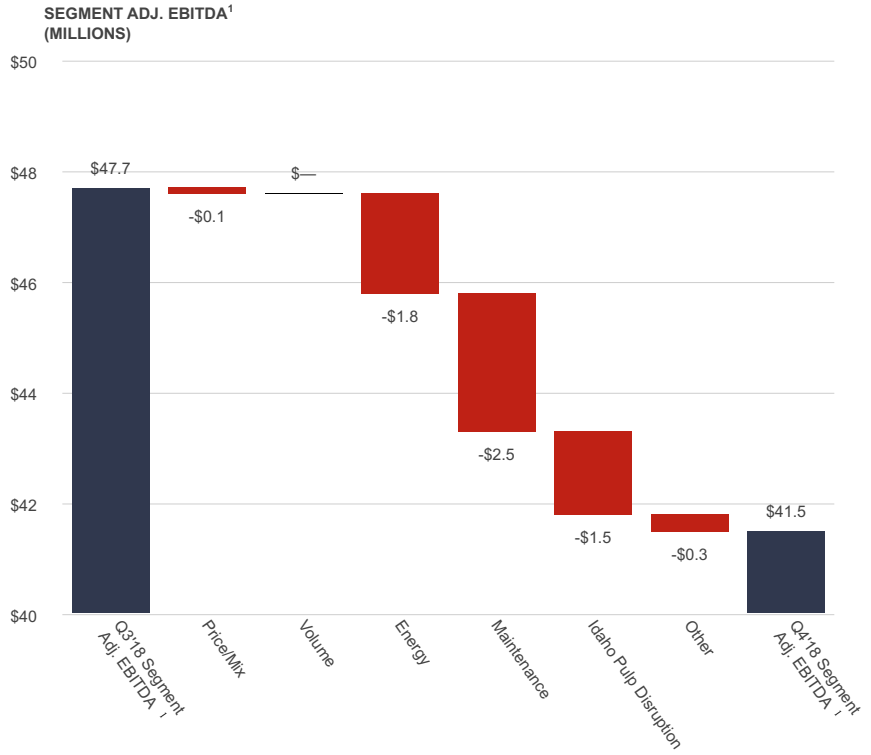
U.S. Paperboard Production Q4'18[3]

CATEGORY	CLEARWATER PAPER	OTHER
Total Domestic SBS[1] Market Share	14%	86%
Folding	19%	81%
Food Service[2]	14%	86%
Liquid Packaging	5%	95%

[1] Solid Bleached Sulfate.
[2] Food Service includes cup, plate, dish and tray products.
[3] Data Source: American Forest and Paper Association Solid Bleached Domestic Production – December 31, 2018.

Q4'18 vs. Q3'18 PULP AND PAPERBOARD ADJUSTED EBITDA[1] BRIDGE

PRICE/MIX	Weaker mix largely offset by higher prices due to previously announced price increase
VOLUME	Flat
ENERGY	Higher natural gas prices due to a pipeline disruption impacting the Idaho mill
MAINTENANCE	Recovery boiler maintenance at the Idaho and Arkansas mills
IDAHO PULP DISRUPTION	Higher purchased pulp due to Idaho mill pulp production disruption, net of insurance recovery



[1] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.

CLEARWATER PAPER CROSS-CYCLE FINANCIAL MODEL

(Dollars in thousands)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2018	CLEARWATER PAPER CROSS-CYCLE FINANCIAL MODEL
Net sales	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Adjusted gross profit margin[1]	13.0%	11.7%	9.7%	14.2%	10.2%	10.6%	11.8%	10.9%	12.1%	10.9%	17.0%
Adjusted SG&A expenses[1] as % of net sales	(7.2%)	(7.2%)	(6.8%)	(6.9%)	(6.6%)	(6.3%)	(6.0%)	(6.1%)	(7.0%)	(6.3%)	(6.0%)
Adjusted operating margin[1]	5.8%	4.4%	2.8%	7.3%	3.6%	4.3%	5.8%	4.8%	5.1%	4.6%	11.0%
Adjusted net earnings[1] as % of net sales	2.5%	1.8%	1.2%	2.5%	1.2%	1.6%	5.2%	1.7%	2.2%	2.4%	5.0%
Adjusted EBITDA margin[1]	11.3%	10.5%	8.8%	13.2%	9.1%	9.9%	11.5%	10.6%	11.0%	10.2%	15.0%

[1] Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.

Q1'19 ADJUSTED EBITDA OUTLOOK[1] AND RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

	OUTLOOK	
	THREE MONTHS ENDING MARCH 31, 2019	
	RANGE OF ESTIMATE	
(Dollars in thousands)	FROM	TO
Earnings before interest, income taxes, and depreciation & amortization (EBITDA)[2]:		
GAAP net earnings	$1,500	$5,500
Interest expense, net	7,900	8,100
Income tax provision	600	1,900
Depreciation and amortization expense	25,500	26,000
EBITDA[2]	$35,500	$41,500
Directors' equity-based compensation expense	500	500
Reorganization expenses associated with SG&A cost control measures	100	100
Other	900	900
Adjusted EBITDA[3]	$37,000	$43,000

[1] This information is based upon management's current expectations and estimates, which are in part based on market and industry data. Many factors are outside the control of management, including particularly input costs for commodity products, and actual results may differ materially from the information set forth above. See "Forward-Looking Statements" on page 2.
[2] EBITDA is a non-GAAP measure that management uses as a supplemental performance measure. The most directly comparable GAAP measure is net earnings (loss). EBITDA is net earnings adjusted for net interest expense, income taxes, and depreciation and amortization. It should not be considered as an alternative to net earnings computed under GAAP.
[3] Adjusted EBITDA excludes the impact of the items listed that we do not believe are indicative of our core operating performance.

Q1'19 ADJUSTED NET EARNINGS OUTLOOK[1] AND RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

	OUTLOOK THREE MONTHS ENDING MARCH 31, 2019 RANGE OF ESTIMATE	
(Dollars in thousands)	FROM	TO
GAAP Operating Income	$11,000	$17,000
Directors' equity-based compensation expense	500	500
Reorganization expenses associated with SG&A cost control measures	100	100
Other	900	900
Adjusted operating income[2]	$12,500	$18,500

(Dollars in thousands)	FROM	TO
GAAP net earnings	$1,500	$5,500
Adjustments, after tax[3]:		
Directors' equity-based compensation expense	370	370
Reorganization expenses associated with SG&A cost control measures	70	70
Other	670	670
Adjusted net earnings[2]	$2,610	$6,610

	FROM	TO
GAAP net earnings per diluted common share[4]	$0.09	$0.33
Adjusted net earnings per diluted common share[2,4]	$0.16	$0.40

[1] This information is based upon management's current expectations and estimates, which are in part based on market and industry data. Many factors are outside the control of management, including particularly input costs for commodity products, and actual results may differ materially from the information set forth above. See "Forward-Looking Statements" on page 2.
[2] Adjusted operating income, Adjusted net earnings and Adjusted net earnings per diluted common share exclude the impact of the items listed that we do not believe are indicative of our core operating performance.
[3] All non-tax items are tax effected at a 26% annual rate.
[4] GAAP net earnings per diluted common share and Adjusted net earnings per diluted common share are calculated utilizing fourth quarter 2018 diluted average common shares outstanding of 16,491 (in thousands).

Q1'19 OUTLOOK[1]



NET SALES	1% - 2% Lower
ADJUSTED OPERATING MARGIN[2,3]	3.0% - 4.5%
ADJUSTED EBITDA[2]	$37M - $43M
ADJUSTED NET EARNINGS PER DILUTED COMMON SHARE[2,4]	$0.16 - $0.40

[1] This information is based upon management's current expectations and estimates, which are in part based on market and industry data. Many factors are outside the control of management, including particularly input costs for commodity products, and actual results may differ materially from the information set forth above. See "Forward-Looking Statements" on page 2.
[2] Non-GAAP measure – See prior slides for the reconciliation to the most comparable GAAP measure.
[3] Adjusted operating margin is defined as net sales divided by adjusted operating income.
[4] Adjusted net earnings per diluted common share is calculated utilizing fourth quarter 2018 diluted average common shares outstanding of 16,491 (in thousands).

APPENDIX

ADJUSTED GROSS PROFIT & ADJUSTED SG&A RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(Dollars in thousands)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2018
Gross profit[1,2]	$50,465	$48,602	$39,742	$61,258	$44,519	$44,945	$50,239	$46,503	$200,067	$186,206
Costs associated with Long Island facility closure	466	661	610	298	—	—	—	—	2,035	—
Costs associated with Oklahoma City facility closure	5,737	275	576	119	—	—	—	—	6,707	—
Write-off of assets as a result of Warehouse Automation project	—	41	—	—	—	—	—	—	41	—
Accelerated depreciation of assets as a result of Warehouse Automation project	—	241	120	—	—	—	—	—	361	—
Reorganization expenses associated with SG&A cost control measures	—	—	—	—	193	31	2	—	—	226
Consumer Products reorganization related expenses	—	—	—	—	—	792	158	98	—	1,048
Adjusted gross profit[3]	$56,668	$49,820	$41,048	$61,675	$44,712	$45,768	$50,399	$46,601	$209,211	$187,480
Selling, general and administrative expenses (SG&A)[2]	($29,955)	($29,454)	($34,582)	($34,891)	($32,980)	($26,564)	($26,283)	($27,161)	($128,882)	($112,988)
Directors' equity-based compensation (benefit) expense	(1,450)	(1,483)	463	(363)	(709)	(1,990)	769	(410)	(2,833)	(2,340)
Costs associated with Oklahoma City facility closure	—	—	4,481	3,530	—	—	—	—	8,011	—
Manchester Industries acquisition related expenses	115	105	—	—	—	—	—	—	220	—
Reorganization expenses associated with SG&A cost control measures	—	—	480	1,783	4,911	1,045	208	545	2,263	6,709
Other	—	—	—	—	—	338	(338)	844	—	844
Adjusted selling, general and administrative expenses[2]	($31,290)	($30,832)	($29,158)	($29,941)	($28,778)	($27,171)	($25,644)	($26,182)	($121,221)	($107,775)

[1] Gross profit is defined as net sales minus cost of sales.
[2] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.
[3] Adjusted gross profit and Adjusted selling, general and administrative expenses exclude the impact of the items listed that we do not believe are indicative of our core operating performance.

SEGMENT ADJUSTED OPERATING INCOME (LOSS) RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(Dollars in thousands)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2018
Consumer Products										
Operating income (loss)[1,3]	$6,204	$10,698	$4,525	$7,546	$1,629	($3,604)	$21,675	($193,558)	$28,973	($173,858)
Costs associated with Long Island facility closure	466	661	610	298	—	—	—	—	2,035	—
Costs associated with Oklahoma City facility closure	5,737	275	5,057	3,649	—	—	—	—	14,718	—
Write-off of assets as a result of Warehouse Automation project	—	41	—	—	—	—	—	—	41	—
Accelerated depreciation of assets as a result of Warehouse Automation project	—	241	120	—	—	—	—	—	361	—
Reorganization expenses associated with SG&A cost control measures	—	—	—	20	1,443	216	87	241	20	1,987
Consumer Products reorganization related expenses	—	—	—	—	—	792	158	98	—	1,048
Gain on divested assets, net	—	—	—	—	—		(22,944)	(1,008)	—	(23,952)
Goodwill impairment					—	—	—	195,079	—	195,079
Adjusted Consumer Products operating income (loss)[2]	$12,407	$11,916	$10,312	$11,513	$3,072	($2,596)	($1,024)	$852	$46,148	$304
Pulp and Paperboard										
Operating Income[1]	$27,200	$21,071	$14,735	$34,354	$26,154	$34,192	$38,280	$31,800	$97,360	$130,426
Reorganization expenses associated with SG&A cost control measures	—	—	—	132	291	92	71	6	132	460
Adjusted Pulp and Paperboard operating income[2]	$27,200	$21,071	$14,735	$34,486	$26,445	$34,284	$38,351	$31,806	$97,492	$130,886
Corporate										
Operating loss[1]	($12,894)	($12,621)	($14,100)	($15,533)	($16,244)	($12,207)	($13,055)	($12,971)	($55,148)	($54,477)
Directors' equity-based compensation (benefit) expense	(1,450)	(1,483)	463	(363)	(709)	(1,990)	769	(410)	(2,833)	(2,340)
Manchester Industries acquisition related expenses	115	105	—	—	—	—	—	—	220	—
Reorganization expenses associated with SG&A cost control measures	—	—	480	1,631	3,370	768	52	298	2,111	4,488
Other	—	—	—	—	—	338	(338)	844	—	844
Adjusted Corporate operating loss[2]	($14,229)	($13,999)	($13,157)	($14,265)	($13,583)	($13,091)	($12,572)	($12,239)	($55,650)	($51,485)

[1] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.
[2] Adjusted operating income (loss) excludes the impact of the items listed that we do not believe are indicative of our core operating performance.
[3] Operating income for Q3'18 and Q4'18 includes $22.9 million $1.0 million, respectively, for the gain on divested assets, net.

ADJUSTED NET EARNINGS & ADJUSTED NET EARNINGS PER DILUTED COMMON SHARE RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(Dollars in thousands - except per-share amounts)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2018
GAAP net earnings (loss)	$7,515	$8,037	$863	$80,924	$2,600	$6,961	$34,444	($187,772)	$97,339	($143,767)
Adjustments, after tax[1]:										
Directors' equity-based compensation (benefit) expense	(957)	(988)	306	(242)	(532)	(1,472)	524	(337)	(1,881)	(1,817)
Costs associated with Long Island facility closure	308	440	402	199	—	—	—	—	1,349	—
Costs associated with Oklahoma City facility closure	3,786	183	3,338	2,434	—	—	—	—	9,741	—
Manchester Industries acquisition related expenses	76	70	—	—	—	—	—	—	146	—
Write-off of assets as a result of Warehouse Automation project	—	27	—	—	—	—	—	—	27	—
Accelerated depreciation of assets as a result of Warehouse Automation project	—	161	79	—	—	—	—	—	240	—
Reorganization expenses associated with SG&A cost control measures	—	—	317	1,189	3,828	796	143	447	1,506	5,214
Federal tax rate change[3]	—	—	—	(70,055)	—	—	—	—	(70,055)	—
Impact of state tax rate changes	—	—	—	—	(676)	—	—	—	—	(676)
Consumer Products reorganization related expenses	—	—	—	—	—	586	108	80	—	774
Other	—	—	—	—	—	250	(250)	693	—	693
Gain on divested assets, net	—	—	—	—	—	—	(12,680)	(828)	—	(13,508)
Goodwill impairment	—	—	—	—	—	—	—	195,079	—	195,079
Adjusted net earnings[2]	$10,728	$7,930	$5,305	$14,449	$5,220	$7,121	$22,289	$7,362	$38,412	$41,992
Net earnings (loss) per diluted common share	$0.45	$0.48	$0.05	$4.88	$0.16	$0.42	$2.08	($11.39)	$5.88	($8.72)
Adjustments, after tax[1]:										
Directors' equity-based compensation (benefit) expense	(0.06)	(0.06)	0.02	(0.01)	(0.03)	(0.09)	0.03	(0.02)	(0.11)	(0.11)
Costs associated with Long Island facility closure	0.02	0.03	0.02	0.01	—	—	—	—	0.08	—
Costs associated with Oklahoma City facility closure	0.23	0.01	0.20	0.15	—	—	—	—	0.59	—
Manchester Industries acquisition related expenses	—	0.01	—	—	—	—	—	—	0.01	—
Write-off of assets as a result of Warehouse Automation project	—	—	—	—	—	—	—	—	—	—
Accelerated depreciation of assets as a result of Warehouse Automation project	—	0.01	0.01	—	—	—	—	—	0.01	—
Reorganization expenses associated with SG&A cost control measures	—	—	0.02	0.07	0.22	0.04	0.01	0.03	0.09	0.32
Federal tax rate change[3]	—	—	—	(4.23)	—	—	—	—	(4.23)	—
Impact of state tax rate changes	—	—	—	—	(0.04)	—	—	—	—	(0.04)
Consumer Products reorganization related expenses	—	—	—	—	—	0.04	0.01	0.01	—	0.05
Other	—	—	—	—	—	0.02	(0.02)	0.04	—	0.04
Gain on divested assets, net	—	—	—	—	—	—	(0.76)	(0.05)	—	(0.82)
Goodwill impairment	—	—	—	—	—	—	—	11.83	—	11.83
Adjusted net earnings per diluted common share[2]	$0.64	$0.48	$0.32	$0.87	$0.31	$0.43	$1.35	$0.45	$2.32	$2.55

[1] All non-tax items are tax effected at the expected annual rate for that period.
[2] Adjusted net earnings and Adjusted net earnings per diluted common share exclude the impact of the items listed that we do not believe are indicative of our core operating performance.
[3] The federal tax rate change in Q4'17 is primarily due to the remeasurement of deferred tax liabilities as a result of the Tax Cuts and Jobs Act (the "Act") signed into law on December 22, 2017. The resulting net tax benefit is included in the three months ended December 31, 2017. The Act is complex and significantly changes the U.S. corporate income tax system by, among other things, reducing the Federal corporate income tax rate from 35% to 21%.

ADJUSTED INCOME TAX PROVISION RECONCILIATION OF NON-GAAP FINANCIAL MEASURE (UNAUDITED)

(Dollars in thousands)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2018
GAAP income tax (provision) benefit	($5,000)	($3,955)	$3,095	$62,245	$360	($2,510)	($3,675)	($4,480)	$56,385	($10,305)
Adjustments, tax impact:										
Directors' equity-based compensation benefit (expense)	493	495	(157)	121	177	518	(245)	73	952	523
Costs associated with Long Island facility closure	(158)	(221)	(208)	(99)	—	—	—	—	(686)	—
Costs associated with Oklahoma City facility closure	(1,951)	(92)	(1,719)	(1,215)	—	—	—	—	(4,977)	—
Manchester Industries acquisition related expenses	(39)	(35)	—	—	—	—	—	—	(74)	—
Write-off of assets as a result of Warehouse Automation project	—	(14)	—	—	—	—	—	—	(14)	—
Accelerated depreciation of assets as a result of Warehouse Automation project	—	(80)	(41)	—	—	—	—	—	(121)	—
Reorganization expenses associated with SG&A cost control measures	—	—	(163)	(594)	(1,276)	(280)	(67)	(98)	(757)	(1,721)
Federal tax rate change[2]	—	—	—	(70,055)	—	—	—	—	(70,055)	—
Impact of state tax rate changes	—	—	—	—	(676)	—	—	—	—	(676)
Consumer Products reorganization related expenses	—	—	—	—	—	(206)	(50)	(18)	—	(274)
Other	—	—	—	—	—	(88)	88	(151)	—	(151)
Gain on divested assets, net	—	—	—	—	—	—	10,264	180	—	10,444
Goodwill impairment	—	—	—	—	—	—	—	—	—	—
Adjusted income tax (provision) benefit[1]	($6,655)	($3,902)	$807	($9,597)	($1,415)	($2,566)	$6,315	($4,494)	($19,347)	($2,160)

[1] Adjusted income tax provision excludes the impact of the items listed that we do not believe are indicative of our core operating performance.
[2] The federal tax rate change in Q4'17 is primarily due to the remeasurement of deferred tax liabilities as a result of the Tax Cuts and Jobs Act (the "Act") signed into law on December 22, 2017. The resulting net tax benefit is included in the three months ended December 31, 2017. The Act is complex and significantly changes the U.S. corporate income tax system by, among other things, reducing the Federal corporate income tax rate from 35% to 21%.

EBITDA & ADJUSTED EBITDA RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(Dollars in thousands)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2018
Earnings before interest, income taxes, and depreciation & amortization (EBITDA)[1]										
GAAP net earnings (loss)	$7,515	$8,037	$863	$80,924	$2,600	$6,961	$34,444	($187,772)	$97,339	($143,767)
Interest expense, net	8,043	7,673	7,683	7,975	8,020	7,723	7,547	7,330	31,374	30,620
Income tax provision (benefit)	5,000	3,955	(3,095)	(62,245)	(360)	2,510	3,675	4,480	(56,385)	10,305
Depreciation and amortization expense	27,557	26,055	25,856	25,522	25,167	25,177	25,342	26,267	104,990	101,953
EBITDA[1]	$48,115	$45,720	$31,307	$52,176	$35,427	$42,371	$71,008	($149,695)	$177,318	($889)
Directors' equity-based compensation (benefit) expense	(1,450)	(1,483)	463	(363)	(709)	(1,990)	769	(410)	(2,833)	(2,340)
Costs associated with Long Island facility closure	466	365	314	298	—	—	—	—	1,443	—
Costs associated with Oklahoma City facility closure	2,074	275	5,057	3,649	—	—	—	—	11,055	—
Manchester Industries acquisition related expenses	115	105	—	—	—	—	—	—	220	—
Write-off of assets as a result of Warehouse Automation project	—	41	—	—	—	—	—	—	41	—
Reorganization expenses associated with SG&A cost control measures	—	—	480	1,783	5,104	1,076	210	545	2,263	6,935
Consumer Products reorganization related expenses	—	—	—	—	—	792	158	98	—	1,048
Other	—	—	—	—	—	338	(338)	844	—	844
Gain on divested assets, net	—	—	—	—	—	—	(22,944)	(1,008)	—	(23,952)
Goodwill impairment	—	—	—	—	—	—	—	195,079	—	195,079
Adjusted EBITDA[2]	$49,320	$45,023	$37,621	$57,543	$39,822	$42,587	$48,863	$45,453	$189,507	$176,725

[1] EBITDA is a non-GAAP measure that management uses as a supplemental performance measure. The most directly comparable GAAP measure is net earnings. EBITDA is net earnings adjusted for net interest expense, income taxes, and depreciation and amortization. It should not be considered as an alternative to net earnings computed under GAAP.

[2] Adjusted EBITDA excludes the impact of the items listed that we do not believe are indicative of our core operating performance.

SEGMENT EBITDA & ADJUSTED EBITDA RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(Dollars in thousands)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2018
Consumer Products										
Operating income (loss)[1,4]	$6,204	$10,698	$4,525	$7,546	$1,629	($3,604)	$21,675	($193,558)	$28,973	($173,858)
Depreciation and amortization expense	18,242	16,292	16,073	14,400	14,297	14,220	14,447	14,820	65,007	57,784
Segment EBITDA[2]	$24,446	$26,990	$20,598	$21,946	$15,926	$10,616	$36,122	($178,738)	$93,980	($116,074)
Costs associated with Long Island facility closure	466	365	314	298	—	—	—	—	1,443	—
Costs associated with Oklahoma City facility closure	2,074	275	5,057	3,649	—	—	—	—	11,055	—
Write-off of assets as a result of Warehouse Automation project	—	41	—	—	—	—	—	—	41	—
Reorganization expenses associated with SG&A cost control measures	—	—	—	20	1,443	216	87	241	20	1,987
Consumer Products reorganization related expenses	—	—	—	—	—	792	158	98	—	1,048
Gain on divested assets, net	—	—	—	—	—		(22,944)	(1,008)	—	(23,952)
Goodwill impairment	—	—	—	—	—	—	—	195,079	—	195,079
Segment Adjusted EBITDA[3]	$26,986	$27,671	$25,969	$25,913	$17,369	$11,624	$13,423	$15,672	$106,539	$58,088
Pulp and Paperboard										
Operating income[1]	$27,200	$21,071	$14,735	$34,354	$26,154	$34,192	$38,280	$31,800	$97,360	$130,426
Depreciation and amortization expense	8,105	8,356	8,328	9,685	9,429	9,361	9,316	9,692	34,474	37,798
Segment EBITDA[2]	$35,305	$29,427	$23,063	$44,039	$35,583	$43,553	$47,596	$41,492	$131,834	$168,224
Reorganization expenses associated with SG&A cost control measures	—	—	—	132	291	92	71	6	132	460
Segment Adjusted EBITDA[3]	$35,305	$29,427	$23,063	$44,171	$35,874	$43,645	$47,667	$41,498	$131,966	$168,684
Corporate										
Operating loss[1]	($12,894)	($12,621)	($14,100)	($15,533)	($16,244)	($12,207)	($13,055)	($12,971)	($55,148)	($54,477)
Depreciation and amortization expense	1,210	1,407	1,455	1,437	1,441	1,596	1,579	1,755	5,509	6,371
Non-operating pension and other postretirement benefit costs[1]	48	517	291	287	(1,279)	(1,187)	(1,234)	(1,233)	1,143	(4,933)
Corporate EBITDA[2]	($11,636)	($10,697)	($12,354)	($13,809)	($16,082)	($11,798)	($12,710)	($12,449)	($48,496)	($53,039)
Directors' equity-based compensation (benefit) expense	(1,450)	(1,483)	463	(363)	(709)	(1,990)	769	(410)	(2,833)	(2,340)
Manchester Industries acquisition related expenses	115	105	—	—	—	—	—	—	220	—
Reorganization expenses associated with SG&A cost control measures	—	—	480	1,631	3,370	768	52	298	2,111	4,488
Other	—	—	—	—	—	338	(338)	844	—	844
Corporate Adjusted EBITDA[3]	($12,971)	($12,075)	($11,411)	($12,541)	($13,421)	($12,682)	($12,227)	($11,717)	($48,998)	($50,047)

[1] In the first quarter of 2018, we adopted a new accounting standard that resulted in a change in the presentation of pension and postretirement benefit costs other than service costs on a line outside of operating income. The corresponding prior period amounts have been reclassified to conform with the current period presentation.

[2] Segment EBITDA is a non-GAAP measure that management uses as a supplemental performance measure. The most directly comparable GAAP measure is segment operating income (loss). Segment EBITDA is segment operating income (loss) adjusted for depreciation and amortization and non-operating pension and other postretirement benefit costs. It should not be considered as an alternative to segment operating income (loss) computed under GAAP.

[3] Segment Adjusted EBITDA excludes the impact of the items listed that we do not believe are indicative of our core operating performance.

[4] Operating income for Q3'18 and Q4'18 includes $22.9 million $1.0 million, respectively, for the gain on divested assets, net.

FOR MORE INFORMATION:
WWW.CLEARWATERPAPER.COM

CLEARWATER PAPER®

