



CLEARWATER PAPER CORPORATION

FIRST QUARTER EARNINGS
RELEASE MATERIALS
MAY 2, 2023



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 order patterns; product demand and industry trends; production targets; impact of announced price increases; impact of inflation of raw material and energy; assumptions for Q2 2023 and full year 2023, including maintenance outage impacts, operational factors, interest, capital, inflation, depreciation and amortization and income tax; our capital allocation priorities; our strategy, including achieving target leverage ratio and, maintaining liquidity; expectations regarding the paperboard markets and tissue markets; 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: 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 transportation 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; 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 include 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.

Q1 2023 BUSINESS HIGHLIGHTS

Overall

- Net sales \$525 million
- Net income \$24 million
- Adjusted net income \$25 million
- Adjusted EBITDA \$66 million

Pulp and Paperboard

- SBS prices increased from Q1 2022 and flat with Q4 2022
- Demand softened

Consumer Products

- Tissue prices increased, offset by inflation
- Demand for private branded products increased

Capital Structure

- Continued to maintain strong financial flexibility



BUSINESS UPDATE – PULP AND PAPERBOARD

PRICING OFFSETTING INFLATION, DRIVING STRONG RESULTS

Industry

- Demand and order backlogs softened during Q1
- While inflation and economic uncertainty exist, end markets tend to be economically resilient
- RISI reported market price increases
 - \$250 / ton in 2022 and no change in Q1 2023

Clearwater Paper

- Demand and order backlogs softened during Q1
- Continued benefits from previously announced price increases
- Inflation across raw materials and energy

BUSINESS UPDATE – CONSUMER PRODUCTS

SHIPMENTS STRENGTHENED; PRICES INCREASED

Industry

- Consumers shifting to private brands with economic uncertainty and inflation
- Private brand market share increased from 34.4% in March 2022 to 34.9%¹ in March 2023

Clearwater Paper

- Strong demand with Q1 2023 shipments of 12.7 million cases compared to 12.0 million in Q1 2022 and 13.0 million in Q4 2022
- Solid operational performance
- Inflation across raw materials and energy
- Implementing previously announced price increases

¹ IRI panel data for dollar share as of March 2023

FINANCIAL PERFORMANCE

(\$ IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

| | Quarter Ended March 31, | |
|-------------------------------------|-------------------------|----------|
| | 2023 | 2022 |
| Net sales | \$ 525.4 | \$ 488.2 |
| Cost of sales | 448.5 | 422.0 |
| Selling, general and administrative | 36.0 | 32.8 |
| Other operating charges, net | 1.1 | 0.5 |
| Income from operations | 39.8 | 32.9 |
| Non-operating expense | (7.5) | (10.3) |
| Income tax provision | 8.4 | 6.0 |
| Net income | \$ 23.8 | \$ 16.6 |
| Diluted income per share | \$ 1.40 | \$ 0.97 |
| Adjusted income per share | \$ 1.47 | \$ 1.03 |
| Adjusted EBITDA | \$ 65.7 | \$ 58.9 |

SEGMENT PROFIT AND LOSS AND ADJUSTED EBITDA

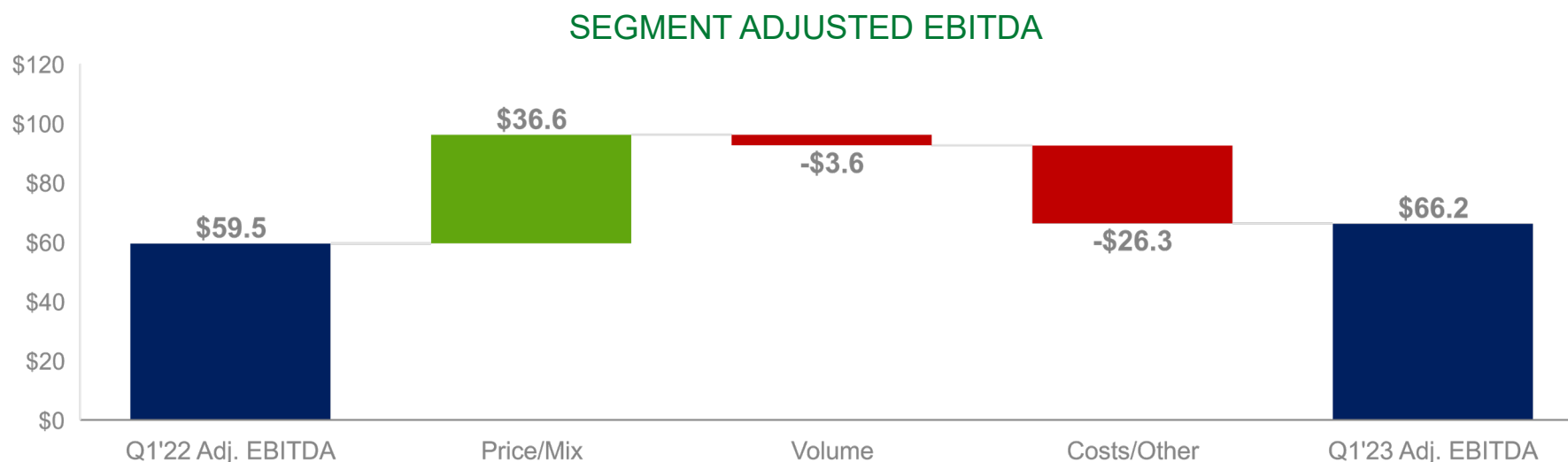
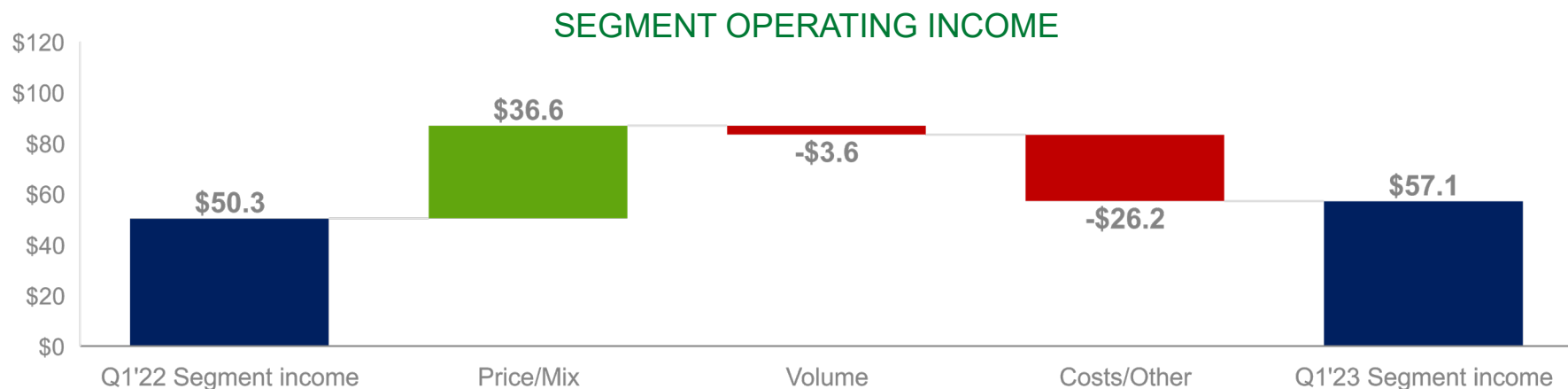
(\$ IN MILLIONS)

| | Quarter Ended March 31, | |
|------------------------------|-------------------------|-----------------|
| | 2023 | 2022 |
| Net Sales | | |
| Pulp and Paperboard | \$ 278.8 | \$ 266.2 |
| Consumer Products | 248.3 | 223.0 |
| Eliminations | (1.7) | (1.1) |
| | \$ 525.4 | \$ 488.2 |
| Operating Income | | |
| Pulp and Paperboard | \$ 57.1 | \$ 50.3 |
| Consumer Products | 4.2 | 0.9 |
| Corporate and other | (20.4) | (17.8) |
| Other operating charges, net | (1.1) | (0.5) |
| | \$ 39.8 | \$ 32.9 |
| Adjusted EBITDA | | |
| Pulp and Paperboard | \$ 66.2 | \$ 59.5 |
| Consumer Products | 19.2 | 16.2 |
| Corporate and other | (19.8) | (16.9) |
| | \$ 65.7 | \$ 58.9 |

PULP AND PAPERBOARD Q1 2023 RESULTS

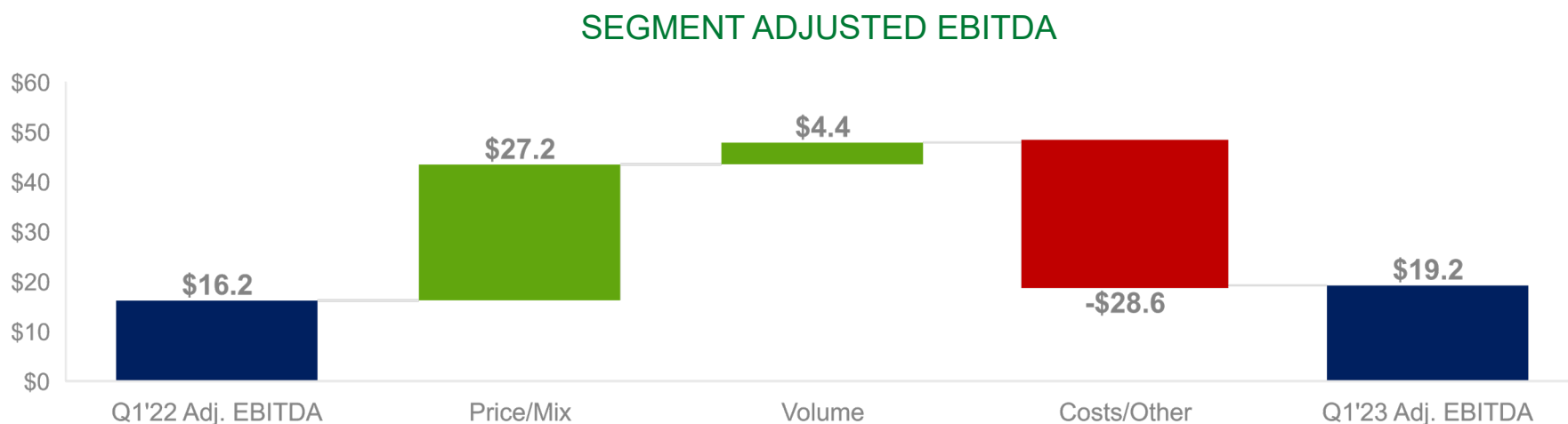
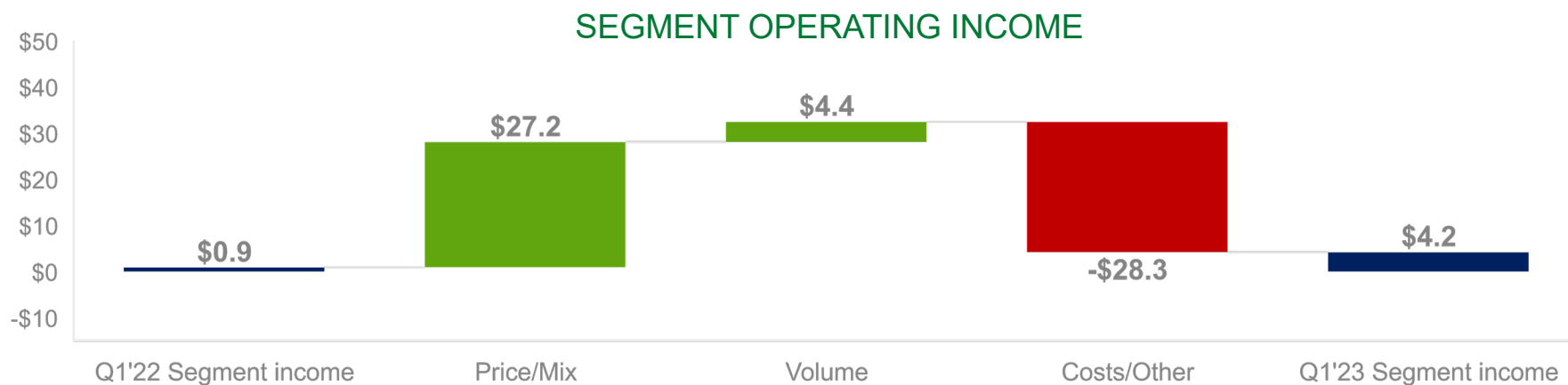
Q1 2023 VS. Q1 2022 SEGMENT RESULTS

(\$ IN MILLIONS)



CONSUMER PRODUCTS Q1 2023 RESULTS

Q1 2023 VS. Q1 2022 SEGMENT RESULTS (\$ IN MILLIONS)



CAPITAL STRUCTURE AND ALLOCATION

Capital structure summary

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

Capital allocation

- Repurchased 51,000 shares at an average price of \$34.55 per share in Q1'23

Liquidity Profile (\$ in millions)¹

| | |
|------------------------|----------------|
| ABL Availability | \$275.0 |
| Less Utilization | (3.5) |
| Plus Unrestricted Cash | 16.7 |
| Liquidity | \$288.2 |

Scheduled Debt Maturity Profile (\$ in millions)²



1. ABL availability based on borrowing base calculations and consolidated balance sheet as of March 31, 2023, and utilization includes ABL borrowing of \$275 million and outstanding letters of credit of \$3.5 million.

2. This chart excludes finance leases as of March 31, 2023. Current debt maturities include \$270 million of 5.375% notes due 2025 and \$275 million of 4.75% notes due 2028.

OUTLOOK FOR Q2 AND 2023 OVERALL ASSUMPTIONS

Q2 2023:\$58 to \$68 million of Adjusted EBITDA

- Lower paperboard volumes
- Lower input costs, specifically energy, pulp and transportation

2023 Operational Assumptions vs. 2022

- \$42 million benefit due to fewer major maintenance outages and better operating performance
- Lower paperboard volumes in the first half
- Tissue margin recovery

2023 Other

- Interest expense: \$27 to \$29 million
- Depreciation and amortization expense: \$98 to \$101 million
- CAPEX: \$70 to \$80 million
- Taxes: effective rate ~ 25 - 26%

CAPITAL ALLOCATION PRIORITIES

DISCIPLINED APPROACH TO CAPITAL ALLOCATION

1

Sustain the business

- Invest capital to sustain current asset base
- \$60 to \$70 million per year outside of major projects

2

Preserve financial flexibility

- Reduce leverage to increase flexibility
- Target net leverage ratio around 2.5x through a cycle
- Support financing of future value creating options

3

Enhance value

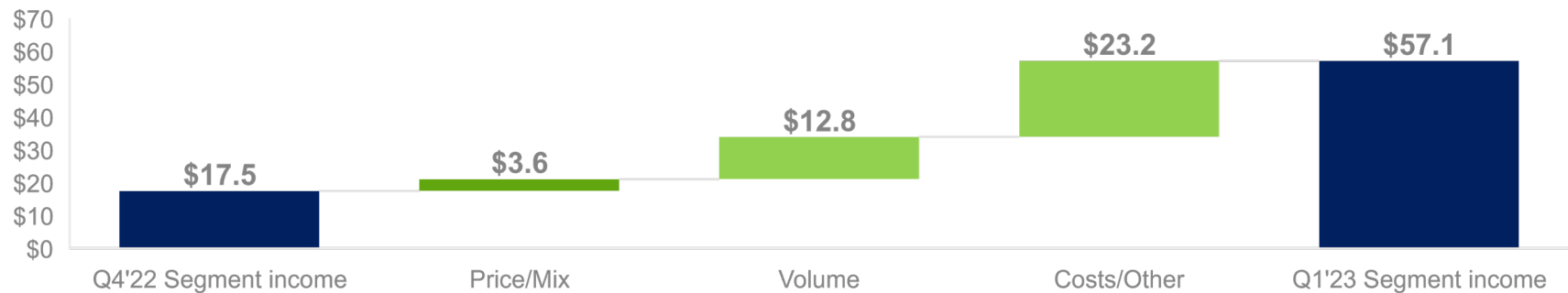
- Invest capital to improve asset base
- Opportunistic acquisitions
- Share buybacks to offset dilution and opportunistically add value

APPENDIX

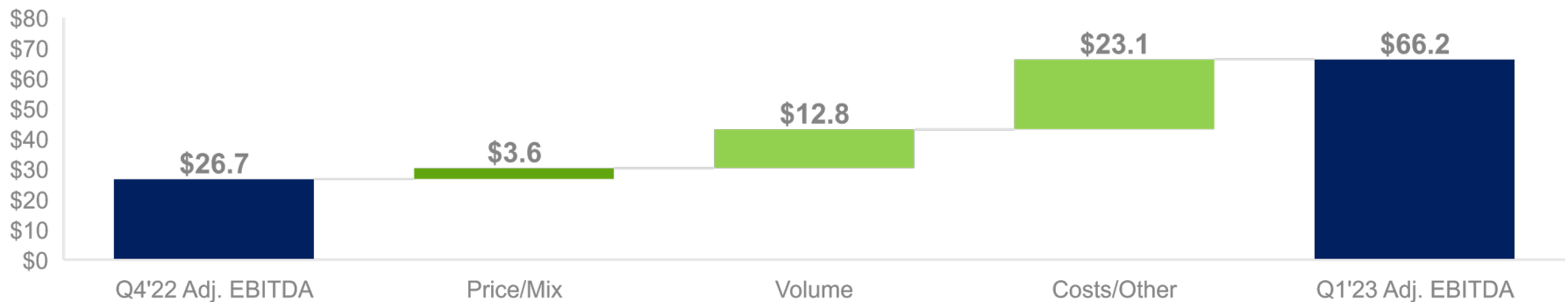
PULP AND PAPERBOARD SEQUENTIAL QUARTER RESULTS

Q1 2023 VS. Q4 2022 SEGMENT RESULTS (\$ IN MILLIONS)

SEGMENT OPERATING INCOME



SEGMENT ADJUSTED EBITDA

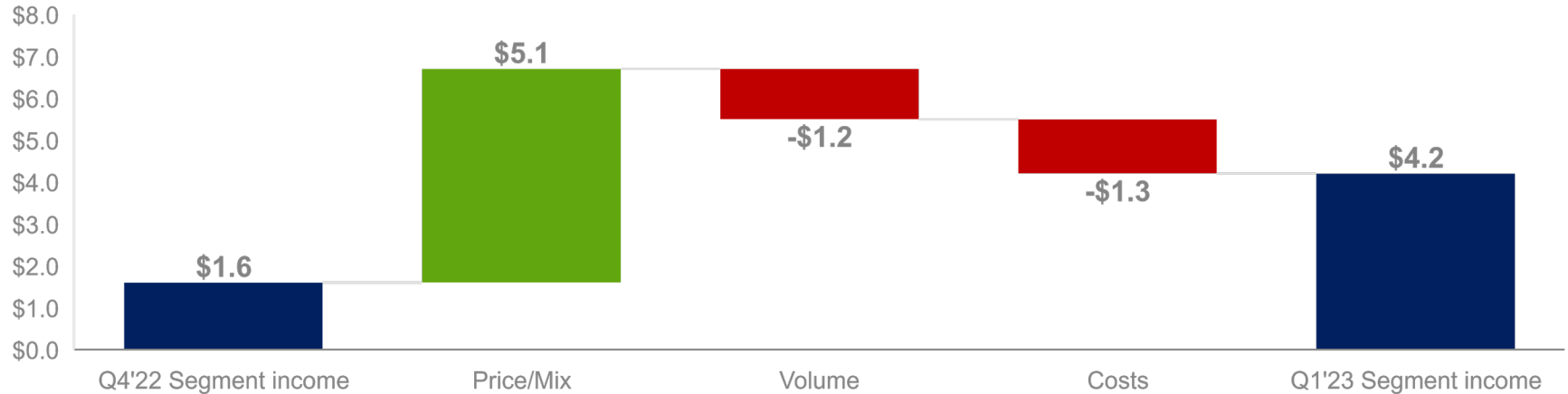


Note: Q4'22 had a major maintenance outage which impacted Adjusted EBITDA by \$28 million and we had no major maintenance outages in Q1 2023

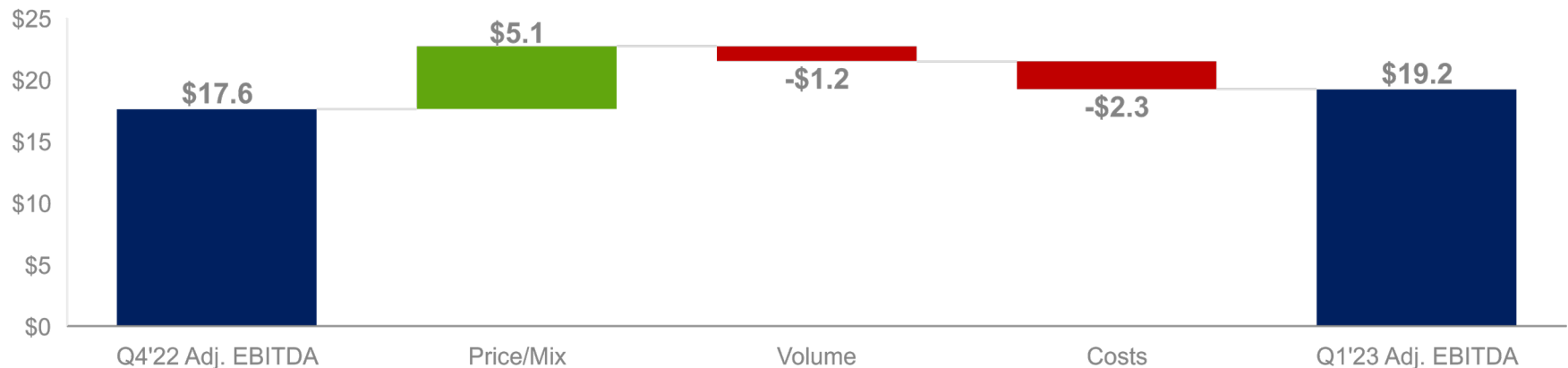
CONSUMER PRODUCTS SEQUENTIAL QUARTER RESULTS

Q1 2023 VS. Q4 2022 SEGMENT RESULTS (\$ IN MILLIONS)

SEGMENT OPERATING INCOME



SEGMENT ADJUSTED EBITDA



KEY SEGMENT INFORMATION

| | Q1'2021 | Q2'2021 | Q3'2021 | Q4'2021 | Q1'2022 | Q2'2022 | Q3'2022 | Q4'2022 | Q1 2023 |
|---|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Pulp and Paperboard | | | | | | | | | |
| Sales (\$ millions) | \$219.7 | \$227.4 | \$237.5 | \$261.3 | \$266.2 | \$295.8 | \$300.8 | \$273.5 | \$278.8 |
| Adjusted EBITDA (\$ millions) | \$34.0 | \$22.0 | \$43.5 | \$61.9 | \$59.5 | \$61.2 | \$73.0 | \$26.7 | \$66.2 |
| Paperboard shipments (short tons) | 206.7 | 200.6 | 203.4 | 211.5 | 201.4 | 215.9 | 208.3 | 189.0 | 189.4 |
| Paperboard sales price (\$/short ton) | \$1,028 | \$1,058 | \$1,102 | \$1,164 | \$1,263 | \$1,332 | \$1,405 | \$1,429 | \$1,441 |
| Consumer Products | | | | | | | | | |
| Sales (\$ millions) | \$208.4 | \$180.7 | \$214.2 | \$231.8 | \$223.0 | \$232.1 | \$240.9 | \$254.1 | \$248.3 |
| Adjusted EBITDA (\$ millions) | \$34.7 | \$6.7 | \$19.6 | \$8.0 | \$16.2 | \$19.1 | \$21.2 | \$17.6 | \$19.2 |
| Shipments | | | | | | | | | |
| Retail (short tons in thousands) | 70.8 | 61.5 | 76.2 | 79.4 | 75.4 | 76.6 | 76.9 | 80.8 | 76.8 |
| Non-Retail (short tons in thousands) | 9.4 | 7.4 | 5.7 | 6.2 | 5.1 | 2.6 | 2.3 | 2.2 | 1.0 |
| Converted Products (cases in millions) ¹ | 11.7 | 10.2 | 12.3 | 12.4 | 12.0 | 12.6 | 12.6 | 13.0 | 12.7 |
| Sales Price (\$ per short ton) | | | | | | | | | |
| Retail | \$ 2,758 | \$2,755 | \$2,732 | \$2,831 | \$2,872 | \$2,984 | \$3,082 | \$3,095 | \$3,201 |
| Production | | | | | | | | | |
| Converted Products (cases in millions) | 13.5 | 9.6 | 11.4 | 11.9 | 12.2 | 12.1 | 12.9 | 12.3 | 12.7 |

1. Includes both retail and away-from-home (AFH) cases. AFH was exited in Q3, 2021

RECONCILIATION OF ADJUSTED EBITDA

(\$ IN MILLIONS)

| | Quarter Ended | | |
|---|------------------|-------------------|----------------------|
| | 2023 | March 31, 2022 | December 31, 2022 |
| Net income | \$ 23.8 | \$ 16.6 | \$ (5.9) |
| Income tax provision (benefit) | 8.4 | 6.0 | (2.3) |
| Interest expense, net | 7.6 | 8.6 | 7.3 |
| Depreciation and amortization expense | 24.8 | 25.4 | 25.9 |
| Other operating charges, net | 1.1 | 0.5 | 1.2 |
| Other non-operating expense | (0.1) | 1.6 | 1.4 |
| Adjusted EBITDA | <u>\$ 65.7</u> | <u>\$ 58.9</u> | <u>\$ 27.8</u> |
| Pulp and Paperboard segment income | \$ 57.1 | \$ 50.3 | \$ 17.5 |
| Depreciation and amortization | 9.1 | 9.3 | 9.2 |
| Adjusted EBITDA Paperboard segment | <u>\$ 66.2</u> | <u>\$ 59.5</u> | <u>\$ 26.7</u> |
| Consumer Products segment income | \$ 4.2 | \$ 0.9 | \$ 1.6 |
| Depreciation and amortization | 15.0 | 15.3 | 16.0 |
| Adjusted EBITDA Consumer Products segment | <u>\$ 19.2</u> | <u>\$ 16.2</u> | <u>\$ 17.6</u> |
| Corporate and other expense | \$ (20.4) | \$ (17.8) | \$ (17.3) |
| Depreciation and amortization | 0.6 | 0.9 | 0.8 |
| Adjusted EBITDA Corporate and other | <u>\$ (19.8)</u> | <u>\$ (16.9)</u> | <u>\$ (16.6)</u> |
| Pulp and Paperboard segment | \$ 66.2 | \$ 59.5 | \$ 26.7 |
| Consumer Products segment | 19.2 | 16.2 | 17.6 |
| Corporate and other | (19.8) | (16.9) | (16.6) |
| Adjusted EBITDA | <u>\$ 65.7</u> | <u>\$ 58.9</u> | <u>\$ 27.8</u> |

RECONCILIATION OF ADJUSTED INCOME

(\$ IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

| | Quarter Ended March 31, | |
|---|-------------------------|---------|
| | 2023 | 2022 |
| Net income | \$ 23.8 | \$ 16.6 |
| Add back: | | |
| Income tax provision | 8.4 | 6.0 |
| Income before income taxes | 32.2 | 22.6 |
| Add back: | | |
| Debt retirement costs | - | 0.2 |
| Other operating charges, net | 1.1 | 0.5 |
| Adjusted income before tax | 33.4 | 23.4 |
| Normalized income tax provision (benefit) | 8.3 | 5.8 |
| Adjusted income | \$ 25.0 | \$ 17.6 |
| Weighted average diluted shares (thousands) | 17,036 | 17,073 |
| Adjusted income per diluted share | \$ 1.47 | \$ 1.03 |

ADDITIONAL RECONCILIATIONS

(\$ IN MILLIONS)

Net Debt

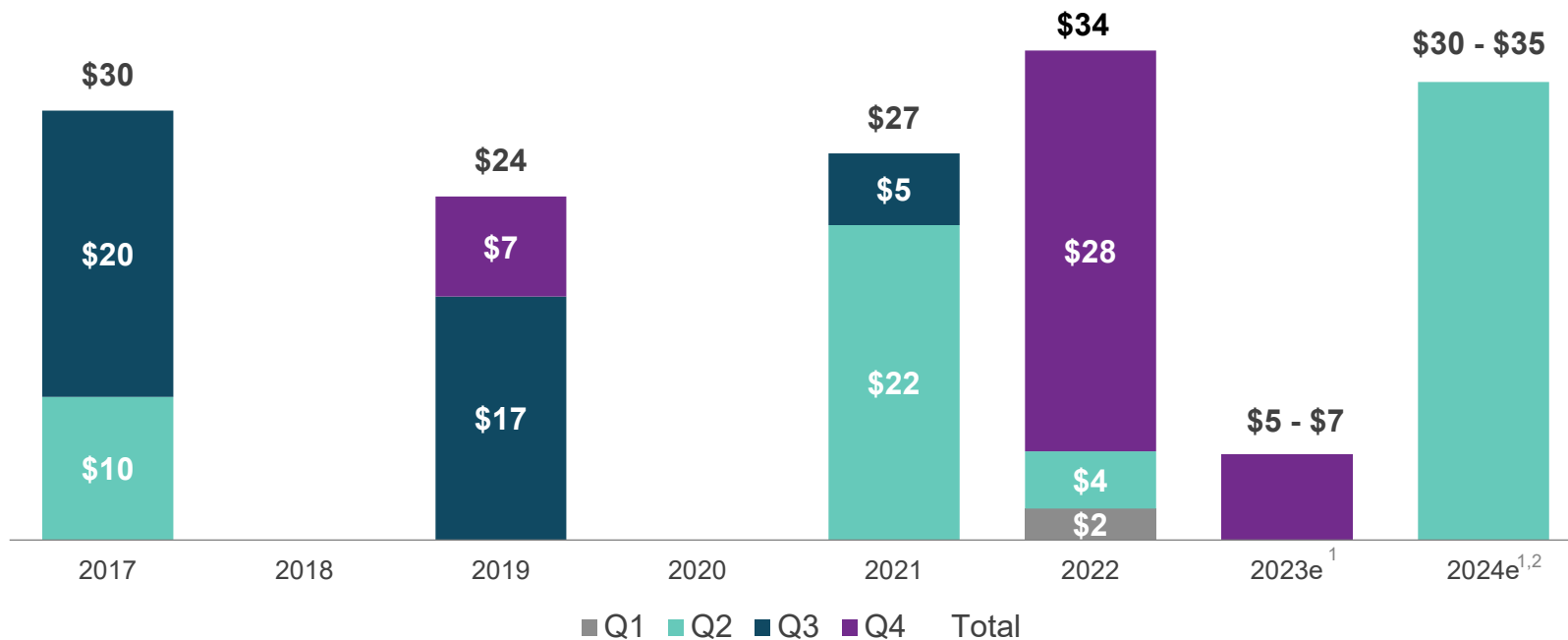
| | June 30, 2021 | Sept 30, 2021 | Dec 31, 2021 | Mar 31, 2022 | June 30, 2022 | Sept 30, 2022 | Dec 31, 2022 | Mar 31, 2023 |
|---------------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| Cash | \$ 60.9 | \$ 27.8 | \$ 25.2 | \$ 36.4 | \$69.5 | \$50.8 | \$53.7 | \$16.7 |
| Current debt | 1.7 | 1.6 | 1.6 | 1.6 | 1.0 | 1.0 | 0.9 | 0.9 |
| Long term debt | 716.2 | 676.5 | 637.6 | 617.7 | 589.9 | 564.9 | 564.9 | 564.9 |
| add: | | | | | | | | |
| Deferred debt costs | 6.4 | 5.6 | 4.8 | 4.4 | 3.8 | 3.6 | 3.4 | 3.2 |
| less: | | | | | | | | |
| Financing leases | (20.0) | (19.5) | (19.1) | (18.7) | (24.7) | (24.4) | (24.2) | (24.0) |
| Subtotal | 704.3 | 664.2 | 624.9 | 605.0 | 570.0 | 545.1 | 545.0 | 545.0 |
| Net debt | \$ 643.3 | \$ 636.4 | \$ 599.8 | \$568.6 | \$500.5 | \$494.2 | \$491.3 | \$528.3 |

Free Cash Flow

| | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 |
|--|---------------|---------------|----------------|---------------|---------------|--------------|--------------|-----------------|
| Cash from operations | \$ 14.8 | \$ 16.3 | \$ 32.1 | \$41.1 | \$78.5 | \$13.3 | \$17.4 | \$(9.1) |
| Additions to property, plant and equipment, net of proceeds from sales | (10.5) | (8.9) | 4.8 | (7.9) | (5.4) | (6.7) | (13.5) | (21.5) |
| Free cash flow | \$ 4.3 | \$ 7.4 | \$ 36.9 | \$33.2 | \$73.1 | \$6.6 | \$3.9 | \$(30.6) |

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.