

The following table sets forth certain non-U.S. generally accepted accounting principles (“GAAP”) financial metrics identified in bold as “Earnings before items”, “Earnings before items per diluted share”, “EBITDA”, “EBITDA margin”, “EBITDA before items”, “EBITDA margin before items”, “Free cash flow”, “Net debt” and “Net debt-to-total capitalization”. Management believes that the financial metrics are useful to understand our operating performance and benchmark with peers within the industry. The Company calculates “Earnings before items” and “EBITDA before items” by excluding the after-tax (pre-tax) effect of specified items. These metrics are presented as a complement to enhance the understanding of operating results but not in substitution for GAAP results.

	2018			2017					
	Q1	Q2	YTD	Q1	Q2	Q3	Q4	Year	
Reconciliation of "Earnings before items" to Net earnings (loss)									
Net earnings (loss)	(S)	54	43	97	20	38	70	(386)	(258)
(+) Impairment of goodwill	(S)	—	—	—	—	—	—	573	573
(+) Closure and restructuring costs	(S)	—	—	—	—	—	—	1	1
(+) Litigation settlement	(S)	2	—	2	—	—	—	—	—
(-) Net gains on disposals of property, plant and equipment	(S)	(1)	(2)	(3)	—	—	(3)	(8)	(11)
(-) Reversal of contingent consideration	(S)	—	—	—	—	—	(2)	—	(2)
(-) U.S. Tax Reform	(S)	—	—	—	—	—	—	(140)	(140)
(-) Earnings before items	(S)	55	41	96	20	38	65	40	163
(/) Weighted avg. number of common shares outstanding (diluted)	(millions)	62.9	63.2	63.1	62.8	62.7	62.9	62.7	62.7
(-) Earnings before items per diluted share	(S)	0.87	0.65	1.52	0.32	0.61	1.03	0.64	2.60
Reconciliation of "EBITDA" and "EBITDA before items" to Net earnings (loss)									
Net earnings (loss)	(S)	54	43	97	20	38	70	(386)	(258)
(+) Income tax expense (benefit)	(S)	11	8	19	5	9	3	(142)	(125)
(+) Interest expense, net	(S)	16	16	32	17	17	16	16	66
(+) Depreciation and amortization	(S)	79	79	158	80	79	80	82	321
(+) Impairment of goodwill	(S)	—	—	—	—	—	—	578	578
(-) Net gains on disposals of property, plant and equipment	(S)	(1)	(3)	(4)	—	—	(4)	(9)	(13)
(-) EBITDA	(S)	159	143	302	122	143	165	139	569
(/) Sales	(S)	1,345	1,353	2,698	1,302	1,221	1,290	1,335	5,148
(-) EBITDA margin	(%)	12%	11%	11%	9%	12%	13%	10%	11%
(+) Closure and restructuring costs	(S)	—	—	—	—	—	—	2	2
(+) Litigation settlement	(S)	2	—	2	—	—	—	—	—
(-) Reversal of contingent consideration	(S)	—	—	—	—	—	(2)	—	(2)
(-) EBITDA before items	(S)	161	143	304	122	143	163	141	569
(/) Sales	(S)	1,345	1,353	2,698	1,302	1,221	1,290	1,335	5,148
(-) EBITDA margin before items	(%)	12%	11%	11%	9%	12%	13%	11%	11%
Reconciliation of "Free cash flow" to Cash flows from operating activities									
Cash flows from operating activities	(S)	90	177	267	91	121	112	125	449
(-) Additions to property, plant and equipment	(S)	(25)	(37)	(62)	(34)	(37)	(40)	(71)	(182)
(-) Free cash flow	(S)	65	140	205	57	84	72	54	267
"Net debt-to-total capitalization" computation									
Bank indebtedness	(S)	—	1	—	2	—	—	—	—
(+) Long-term debt due within one year	(S)	1	1	—	64	1	1	1	—
(+) Long-term debt	(S)	1,103	1,103	—	1,188	1,203	1,164	1,129	—
(-) Debt	(S)	1,104	1,105	—	1,254	1,204	1,165	1,130	—
(-) Cash and cash equivalents	(S)	(152)	(264)	—	(111)	(124)	(143)	(139)	—
(-) Net debt	(S)	952	841	—	1,143	1,080	1,022	991	—
(+) Shareholders' equity	(S)	2,493	2,458	—	2,685	2,770	2,886	2,483	—
(-) Total capitalization	(S)	3,445	3,299	—	3,828	3,850	3,908	3,474	—
(-) Net debt	(S)	952	841	—	1,143	1,080	1,022	991	—
(/) Total capitalization	(S)	3,445	3,299	—	3,828	3,850	3,908	3,474	—
(-) Net debt-to-total capitalization	(%)	28%	25%	—	30%	28%	26%	29%	—

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The following table sets forth certain non-U.S. generally accepted accounting principles (“GAAP”) financial metrics identified in bold as “Operating income (loss) before items”, “EBITDA before items” and “EBITDA margin before items” by reportable segment. Management believes that the financial metrics are useful to understand our operating performance and benchmark with peers within the industry. The Company calculates the segmented “Operating income (loss) before items” by excluding the pre-tax effect of specified items. These metrics are presented as a complement to enhance the understanding of operating results but not in substitution for GAAP results.

	Pulp and Paper					Personal Care					Corporate					Total					
	Q1'18	Q2'18	Q3'18	Q4'18	YTD	Q1'18	Q2'18	Q3'18	Q4'18	YTD	Q1'18	Q2'18	Q3'18	Q4'18	YTD	Q1'18	Q2'18	Q3'18	Q4'18	YTD	
Reconciliation of Operating income (loss) to "Operating income (loss) before items"																					
Operating income (loss)	(\$)	76	79	—	—	155	8	2	—	—	10	(7)	(19)	—	—	(26)	77	62	—	—	139
(-) Net gains on disposals of property, plant and equipment	(\$)	(1)	(3)	—	—	(4)	—	—	—	—	—	—	—	—	—	(1)	(1)	(3)	—	—	(4)
(+) Litigation settlement	(\$)	—	—	—	—	—	—	—	—	—	2	—	—	—	—	2	2	—	—	—	2
(=) Operating income (loss) before items	(\$)	75	76	—	—	151	8	2	—	—	10	(5)	(19)	—	—	(24)	78	59	—	—	137
Reconciliation of "Operating income (loss) before items" to "EBITDA before items"																					
Operating income (loss) before items	(\$)	75	76	—	—	151	8	2	—	—	10	(5)	(19)	—	—	(24)	78	59	—	—	137
(+) Non-service components of net periodic benefit cost	(\$)	4	6	—	—	10	—	—	—	—	—	—	(1)	—	—	(1)	4	5	—	—	9
(+) Depreciation and amortization	(\$)	61	61	—	—	122	18	18	—	—	36	—	—	—	—	—	79	79	—	—	158
(-) EBITDA before items	(\$)	140	143	—	—	283	26	20	—	—	46	(5)	(20)	—	—	(25)	161	143	—	—	304
(/) Sales	(\$)	1,100	1,123	—	—	2,223	262	247	—	—	509	—	—	—	—	—	1,362	1,370	—	—	2,732
(=) EBITDA margin before items	(%)	13%	13%	—	—	13%	10%	8%	—	—	9%	—	—	—	—	—	12%	10%	—	—	11%

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	Pulp and Paper					Personal Care					Corporate					Total					
	Q1'17	Q2'17	Q3'17	Q4'17	Year	Q1'17	Q2'17	Q3'17	Q4'17	Year	Q1'17	Q2'17	Q3'17	Q4'17	Year	Q1'17	Q2'17	Q3'17	Q4'17	Year	
Reconciliation of Operating income (loss) to “Operating income (loss) before items”																					
Operating income (loss)	(S)	30	62	89	56	237	16	13	8	(564)	(527)	(8)	(13)	(12)	(5)	(38)	38	62	85	(513)	(328)
(+) Impairment of goodwill	(S)	—	—	—	—	—	—	—	—	578	578	—	—	—	—	—	—	—	—	—	578
(-) Net gains on disposals of property, plant and equipment	(S)	—	—	(4)	—	(4)	—	—	—	—	—	—	—	—	(9)	(9)	—	—	—	(4)	(9)
(-) Reversal of contingent consideration	(S)	—	—	—	—	—	—	—	—	—	—	—	—	(2)	—	(2)	—	—	—	(2)	(2)
(+) Closure and restructuring costs	(S)	—	—	—	—	—	—	—	2	2	—	—	—	—	—	—	—	—	—	—	2
(-) Operating income (loss) before items	(S)	30	62	85	56	233	16	13	8	16	53	(8)	(13)	(14)	(14)	(49)	38	62	79	58	237
Reconciliation of “Operating income (loss) before items” to “EBITDA before items”																					
Operating income (loss) before items	(S)	30	62	85	56	233	16	13	8	16	53	(8)	(13)	(14)	(14)	(49)	38	62	79	58	237
(+) Non-service components of net periodic benefit cost	(S)	4	3	4	2	13	—	—	—	—	—	—	(1)	—	(1)	(2)	4	2	4	1	11
(+) Depreciation and amortization	(S)	64	63	63	64	254	16	16	17	18	67	—	—	—	—	—	80	79	80	82	321
(-) EBITDA before items	(S)	98	128	152	122	500	32	29	25	34	120	(8)	(14)	(14)	(15)	(51)	122	143	163	141	569
(/) Sales	(S)	1,073	999	1,054	1,090	4,216	247	238	251	260	996	—	—	—	—	—	1,320	1,237	1,305	1,350	5,212
(-) EBITDA margin before items	(%)	9%	13%	14%	11%	12%	13%	12%	10%	13%	12%	—	—	—	—	—	9%	12%	12%	10%	11%

“Operating income (loss) before items”, “EBITDA before items” and “EBITDA margin before items” have no standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures presented by other companies and therefore should not be considered in isolation or as a substitute for Operating income (loss) or any other earnings statement, cash flow statement or balance sheet financial information prepared in accordance with GAAP. It is important for readers to understand that certain items may be presented in different lines by different companies on their financial statements, thereby leading to different measures for different companies.