Domtar Corporation
Quarterly Reconciliation of Non-GAAP Financial Measures
(In millions of dollars, unless otherwise noted)

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	Q3	Q4	**Year**	Q1	Q2	Q3	Q4	**Year**
Reconciliation of "Earnings before items" to Net earnings (loss)											
Net earnings (loss)	($)	54	43	99	87	**283**	20	38	70	(386)	**(258)**
(+) Impairment of property, plant and equipment and goodwill	($)	—	—	—	5	**5**	—	—	—	573	**573**
(+) Closure and restructuring costs	($)	—	—	—	6	**6**	—	—	—	1	**1**
(+) Litigation settlement	($)	2	—	—	—	**2**	—	—	—	—	**—**
(-) Net gains on disposals of property, plant and equipment	($)	(1)	(2)	—	—	**(3)**	—	—	(3)	(8)	**(11)**
(-) Reversal of contingent consideration	($)	—	—	—	—	**—**	—	—	(2)	—	**(2)**
(-) U.S. Tax Reform	($)	—	—	(7)	5	**(2)**	—	—	—	(140)	**(140)**
(=) **Earnings before items**	($)	55	41	92	103	**291**	20	38	65	40	**163**
(/) Weighted avg. number of common shares outstanding (diluted)	(millions)	62.9	63.2	63.2	63.0	**63.1**	62.8	62.7	62.9	62.7	**62.7**
(=) **Earnings before items per diluted share**	($)	0.87	0.65	1.46	1.63	**4.61**	0.32	0.61	1.03	0.64	**2.60**
Reconciliation of "EBITDA" and "EBITDA before items" to Net earnings (loss)											
Net earnings (loss)	($)	54	43	99	87	**283**	20	38	70	(386)	**(258)**
(+) Equity loss, net of taxes	($)	—	—	1	1	**2**	—	—	—	—	**—**
(+) Income tax expense (benefit)	($)	11	8	3	35	**57**	5	9	3	(142)	**(125)**
(+) Interest expense, net	($)	16	16	15	15	**62**	17	17	16	16	**66**
(+) Depreciation and amortization	($)	79	79	75	75	**308**	80	79	80	82	**321**
(+) Impairment of property, plant and equipment and goodwill	($)	—	—	—	7	**7**	—	—	—	578	**578**
(-) Net gains on disposals of property, plant and equipment	($)	(1)	(3)	—	—	**(4)**	—	—	(4)	(9)	**(13)**
(=) **EBITDA**	($)	159	143	193	220	**715**	122	143	165	139	**569**
(/) Sales	($)	1,345	1,353	1,367	1,390	**5,455**	1,302	1,221	1,290	1,335	**5,148**
(=) **EBITDA margin**	(%)	12%	11%	14%	16%	**13%**	9%	12%	13%	10%	**11%**
EBITDA	($)	159	143	193	220	**715**	122	143	165	139	**569**
(+) Closure and restructuring costs	($)	—	—	—	8	**8**	—	—	—	2	**2**
(+) Litigation settlement	($)	2	—	—	—	**2**	—	—	—	—	**—**
(-) Reversal of contingent consideration	($)	—	—	—	—	**—**	—	—	(2)	—	**(2)**
(=) **EBITDA before items**	($)	161	143	193	228	**725**	122	143	163	141	**569**
(/) Sales	($)	1,345	1,353	1,367	1,390	**5,455**	1,302	1,221	1,290	1,335	**5,148**
(=) **EBITDA margin before items**	(%)	12%	11%	14%	16%	**13%**	9%	12%	13%	11%	**11%**

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		2018					2017				
		Q1	Q2	Q3	Q4	**Year**	Q1	Q2	Q3	Q4	**Year**
Reconciliation of "Free cash flow" to Cash flows from operating activities											
Cash flows from operating activities	($)	90	177	70	217	**554**	91	121	112	125	**449**
(-) Additions to property, plant and equipment	($)	(25)	(37)	(49)	(84)	**(195)**	(34)	(37)	(40)	(71)	**(182)**
(=) **Free cash flow**	($)	65	140	21	133	**359**	57	84	72	54	**267**
"Net debt-to-total capitalization" computation											
Bank indebtedness	($)	—	1	—	—		2	—	—	—	
(+) Long-term debt due within one year	($)	1	1	1	1		64	1	1	1	
(+) Long-term debt	($)	1,103	1,103	1,103	853		1,188	1,203	1,164	1,129	
(=) Debt	($)	1,104	1,105	1,104	854		1,254	1,204	1,165	1,130	
(-) Cash and cash equivalents	($)	(152)	(264)	(256)	(111)		(111)	(124)	(143)	(139)	
(=) **Net debt**	($)	952	841	848	743		1,143	1,080	1,022	991	
(+) Shareholders' equity	($)	2,493	2,458	2,553	2,538		2,685	2,770	2,886	2,483	
(=) Total capitalization	($)	3,445	3,299	3,401	3,281		3,828	3,850	3,908	3,474	
Net debt	($)	952	841	848	743		1,143	1,080	1,022	991	
(/) Total capitalization	($)	3,445	3,299	3,401	3,281		3,828	3,850	3,908	3,474	
(=) **Net debt-to-total capitalization**	(%)	28%	25%	25%	23%		30%	28%	26%	29%	

“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” 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 Net earnings (loss), 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.

Domtar Corporation
Quarterly Reconciliation of Non-GAAP Financial Measures – By Segment 2018
(In millions of dollars, unless otherwise noted)

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	**Year**	Q1'18	Q2'18	Q3'18	Q4'18	**Year**	Q1'18	Q2'18	Q3'18	Q4'18	**Year**	Q1'18	Q2'18	Q3'18	Q4'18	**Year**
Reconciliation of Operating income (loss) to "Operating income (loss) before items"																					
Operating income (loss)	($)	76	79	135	148	**438**	8	2	(3)	(12)	**(5)**	(7)	(19)	(18)	(3)	**(47)**	77	62	114	133	**386**
(+) Impairment of property, plant and equipment	($)	—	—	—	—	**—**	—	—	—	7	**7**	—	—	—	—	**—**	—	—	—	7	**7**
(-) Net gains on disposals of property, plant and equipment	($)	(1)	(3)	—	—	**(4)**	—	—	—	—	**—**	—	—	—	—	**—**	(1)	(3)	—	—	**(4)**
(+) Closure and restructuring costs	($)	—	—	—	—	**—**	—	—	—	8	**8**	—	—	—	—	**—**	—	—	—	8	**8**
(+) Litigation settlement	($)	—	—	—	—	**—**	—	—	—	—	**—**	2	—	—	—	**2**	2	—	—	—	**2**
(=) **Operating income (loss) before items**	($)	75	76	135	148	**434**	8	2	(3)	3	**10**	(5)	(19)	(18)	(3)	**(45)**	78	59	114	148	**399**
Reconciliation of "Operating income (loss) before items" to "EBITDA before items"																					
Operating income (loss) before items	($)	75	76	135	148	**434**	8	2	(3)	3	**10**	(5)	(19)	(18)	(3)	**(45)**	78	59	114	148	**399**
(+) Non-service components of net periodic benefit cost	($)	4	6	4	5	**19**	—	—	—	—	**—**	—	(1)	—	—	**(1)**	4	5	4	5	**18**
(+) Depreciation and amortization	($)	61	61	58	58	**238**	18	18	17	17	**70**	—	—	—	—	**—**	79	79	75	75	**308**
(=) **EBITDA before items**	($)	140	143	197	211	**691**	26	20	14	20	**80**	(5)	(20)	(18)	(3)	**(46)**	161	143	193	228	**725**
(/) Sales	($)	1,100	1,123	1,146	1,154	**4,523**	262	247	237	254	**1,000**	—	—	—	—	**—**	1,362	1,370	1,383	1,408	**5,523**
(=) **EBITDA margin before items**	(%)	13%	13%	17%	18%	**15%**	10%	8%	6%	8%	**8%**	—	—	—	—	**—**	12%	10%	14%	16%	**13%**

“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.

Domtar Corporation
Quarterly Reconciliation of Non-GAAP Financial Measures – By Segment 2017
(In millions of dollars, unless otherwise noted)

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				
		Q1'17	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)	($)	30	62	89	56	**237**	16	13	8	(564)	**(527)**	(8)	(13)	(12)	(5)	**(38)**	38	62	85	(513)	**(328)**
(+) Impairment of goodwill	($)	—	—	—	—	**—**	—	—	—	578	**578**	—	—	—	—	**—**	—	—	—	578	**578**
(-) Net gains on disposals of property, plant and equipment	($)	—	—	(4)	—	**(4)**	—	—	—	—	**—**	—	—	—	(9)	**(9)**	—	—	(4)	(9)	**(13)**
(-) Reversal of contingent consideration	($)	—	—	—	—	**—**	—	—	—	—	**—**	—	—	(2)	—	**(2)**	—	—	(2)	—	**(2)**
(+) Closure and restructuring costs	($)	—	—	—	—	**—**	—	—	—	2	**2**	—	—	—	—	**—**	—	—	—	2	**2**
(=) **Operating income (loss) before items**	($)	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	($)	30	62	85	56	**233**	16	13	8	16	**53**	(8)	(13)	(14)	(14)	**(49)**	38	62	79	58	**237**
(+) Non-service components of net periodic benefit cost	($)	4	3	4	2	**13**	—	—	—	—	**—**	—	(1)	—	(1)	**(2)**	4	2	4	1	**11**
(+) Depreciation and amortization	($)	64	63	63	64	**254**	16	16	17	18	**67**	—	—	—	—	**—**	80	79	80	82	**321**
(=) **EBITDA before items**	($)	98	128	152	122	**500**	32	29	25	34	**120**	(8)	(14)	(14)	(15)	**(51)**	122	143	163	141	**569**
(/) Sales	($)	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.