



Clearwater Paper Corporation

**FIRST QUARTER 2020
SUPPLEMENTAL INFORMATION
May 5, 2020**

ARSEN S. KITCH
PRESIDENT, CHIEF EXECUTIVE OFFICER AND DIRECTOR

MICHAEL J. MURPHY
SENIOR VICE PRESIDENT 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 our response to COVID-19 and the impact of COVID-19 on consumer behavior, our business and operations; industry trends in response to COVID-19 and potential recession; improvements to our cost structure; Q2 2020 outlook for net income (loss), Adjusted EBITDA, operating income (loss), adjusted operating income (loss), net earnings (loss), adjusted net earnings (loss), net earnings (loss) per diluted common share, and adjusted net earnings (loss) per diluted common share, product pricing and sales mix, product volumes shipped, costs, net sales and adjusted operating margin; our capital structure and liquidity; and near-term strategic positioning and market assessment. 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:

- impact of COVID-19 on our operations and our supplier's operations and on customer demand;
- competitive pricing pressures for our products, including as a result of increased capacity as additional manufacturing facilities are operated by our competitors 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 transportation costs and disruptions in transportation services;
- changes in customer product preferences and competitors' product offerings;
- larger competitors having operational and other advantages;
- 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;
- 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 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;
- cyber-security risks;
- changes in costs for and availability of packaging supplies, chemicals, energy and maintenance and repairs;
- labor disruptions;
- cyclical industry conditions;
- changes in expenses, required contributions and potential withdrawal costs associated with our pension plans;
- environmental liabilities or expenditures;
- reliance on a limited number of third-party suppliers for raw materials;
- our ability to attract, motivate, train and retain qualified and key personnel;
- our substantial indebtedness and ability to service our debt obligations;
- restrictions on our business from debt covenants and terms;
- 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, to retract future revisions of management's views based on events or circumstances occurring after the date of this presentation.

Introductions

Arsen S. Kitch

President, Chief Executive Officer and Director

- With Clearwater Paper since 2013, previous experience:
 - Senior Vice President and General Manager Consumer Products Division
 - Vice President, Finance and Financial Planning and Analysis
- Prior roles with Nestlé USA, KKR Capstone and Frito-Lay
- Bachelor's from University of California, Berkeley and MBA from Stanford Graduate School of Business

Michael J. Murphy

Senior Vice President, Chief Financial Officer

- Finance, treasury, strategy and M&A roles - Kapstone Paper and Boise, Inc.
- 17 years of investment banking with J.P. Morgan and John Nuveen & Co.
- Bachelor's from Northwestern University and MBA from University of Chicago Booth School of Business

COVID-19 - Q1 Operational Update

Committed to protecting our two most important assets: our employees and reputation with customers

Taking care of our employees:

- Temperature checks and sanitation practices
- Social distancing guidelines
- Remote work access and travel restrictions
- Enhanced benefits

Focusing on business continuity and customer service:

- No material disruption in Q1 production or supply chain
- Creative solutions to optimize shipments were highly successful
- Clearwater Paper's reputation for reliability grew in Q1

COVID-19 - Q1 Business Update

Consumer Products Division

Operational performance:

- 15.2 million cases of tissue shipped in Q1
- ~19% above past four quarter trend
- Demonstrated ability to execute against increased demand

Industry context:

- Retail tissue sales up over 90% in March per IRI
- Inventory drawdown aided Q1 sales

Industry trends:

- Expect elevated demand to continue in near-term
- Shift from “away-from-home” to “at-home” consumption will alter normal demand trends

COVID-19 - Q1 Business Update

Paperboard Division

Operational performance:

- Volume increased 4.5% in Q1'20 vs. Q4'19
- Strong shipments in March, driven by demand for food packaging

Industry context:

- We estimate 2/3 of industry demand driven by recession resilient end-markets segments
- 1/3 of demand driven by food service and discretionary products

Industry trends:

- Recessions historically lead to short-term declines in paperboard demand
- Uncertain impact of current economic environment
- Consumption patterns shifting to “at-home” products, shift will linger beyond mandates

Q1 Business Highlights

Q1'20 RESULTS

\$477.9 million net sales, up 10% vs. Q4'19, up 11% vs. Q1'19

\$18.8 million operating income

Diluted net earnings per share of \$0.62

\$55.4 million Adjusted EBITDA¹

Outperformance driven by elevated demand in tissue and continued improvements in our cost structure

CASH FLOW / CAPITAL

Generated free cash flow to reduce net debt

Strong liquidity position of \$234.4 million as of March 31, 2020

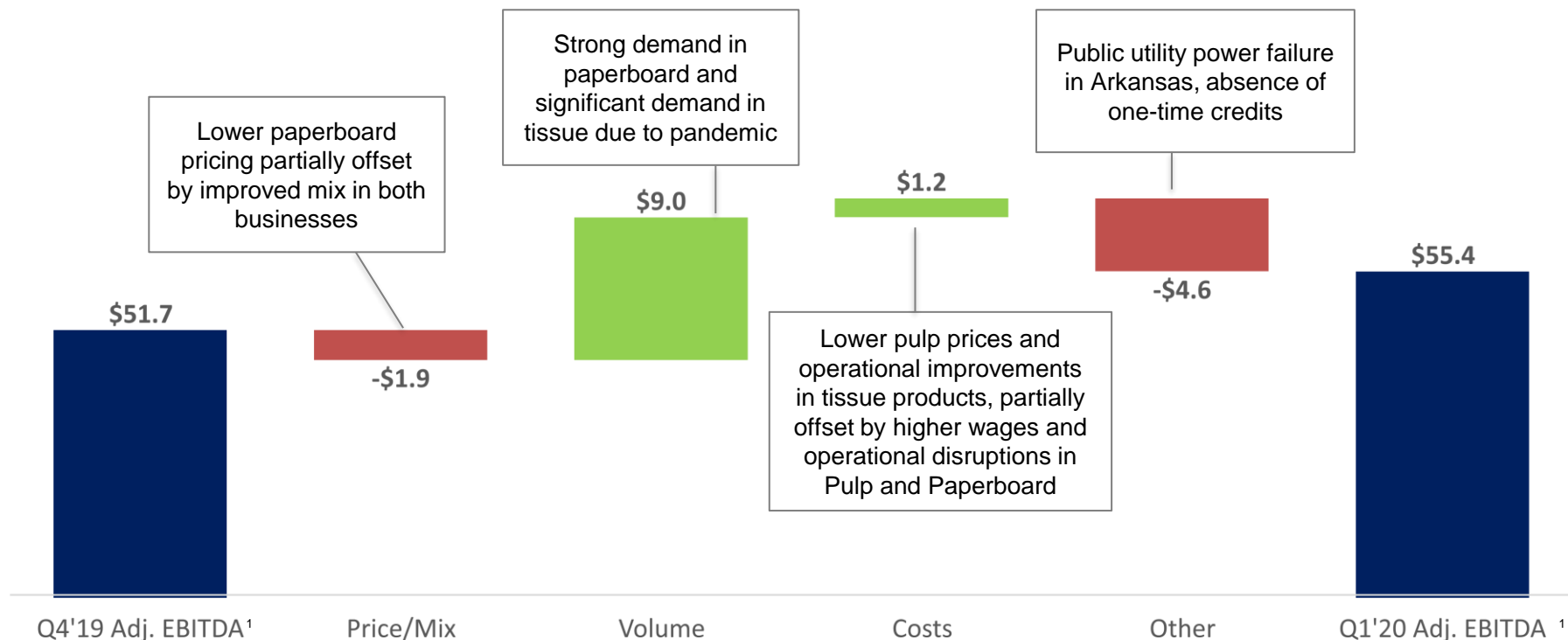
¹ Non-GAAP measure – See Appendix for the reconciliation to the most comparable GAAP measure.

Clearwater Paper Sequential Quarter Results

GAAP Measures (dollars in millions)

Period	Net Sales	Operating Income	Net Income
Q1'20	\$477.9	\$18.8	\$10.3
Q4'19	\$435.5	\$18.1	\$2.0

Q1'20 vs. Q4'19 Adjusted EBITDA¹ (\$ millions)

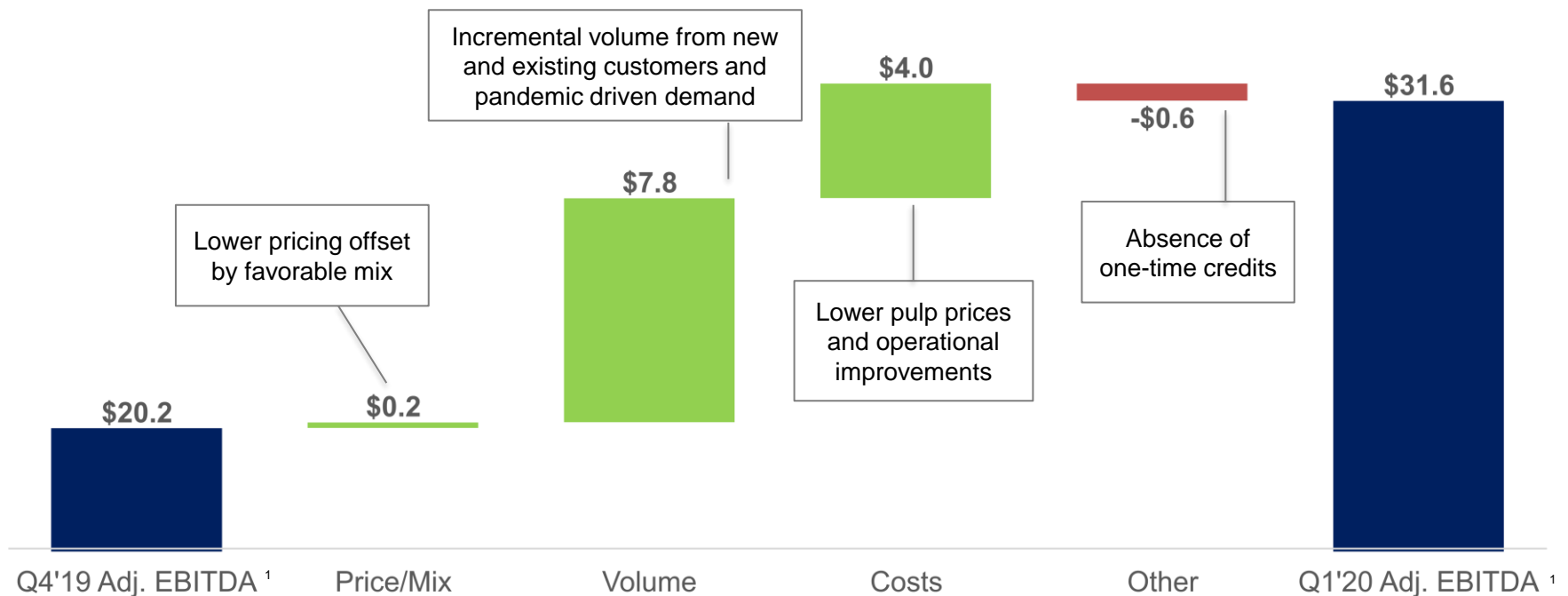


¹ Non-GAAP measure – See Appendix for the reconciliation to the most comparable GAAP measure.

Consumer Products Sequential Quarter Results

GAAP Measures (dollars in millions)			
Period	Net Sales	Operating Income	Operating Income Percentage
Q1'20	\$265.7	\$14.3	5.4%
Q4'19	\$230.6	\$1.6	0.7%

Q1'20 vs. Q4'19 Segment Adjusted EBITDA¹ (\$ millions)



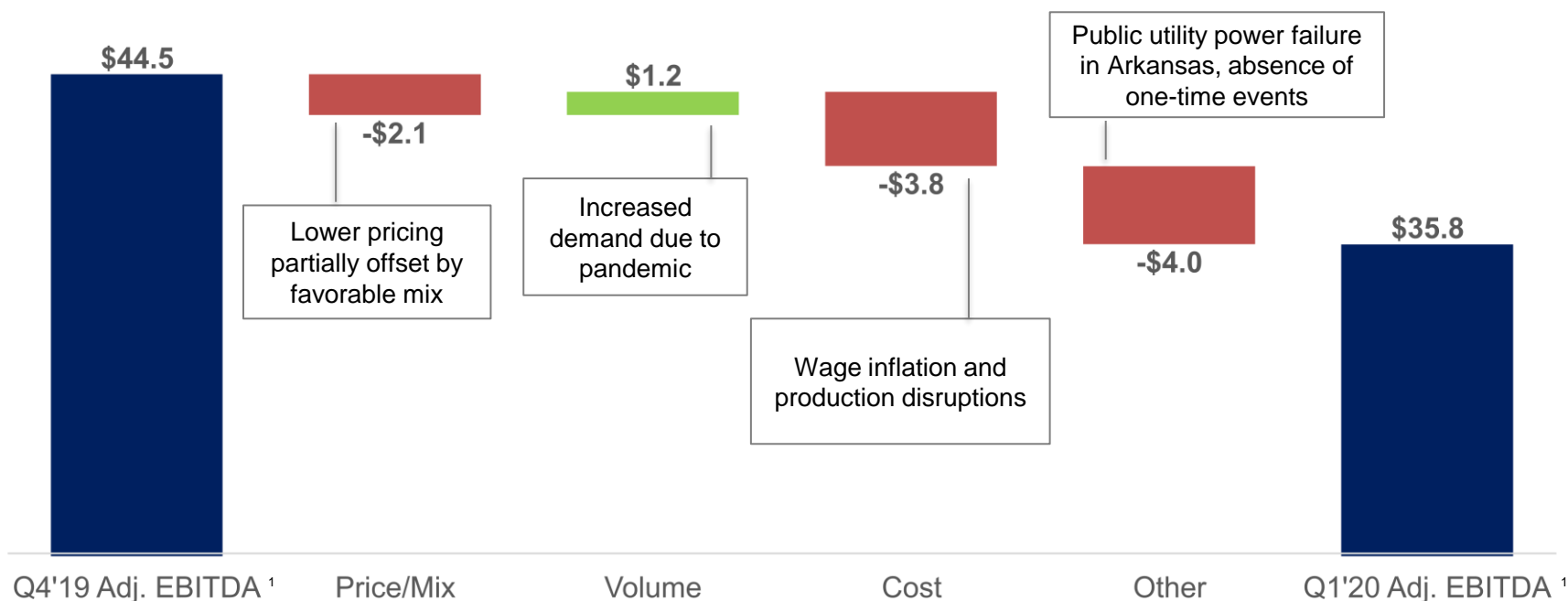
¹ Non-GAAP measure – See Appendix for the reconciliation to the most comparable GAAP measure.

Paperboard Sequential Quarter Results

GAAP Measures (dollars in millions)

Period	Net Sales	Operating Income	Operating Income Percentage
Q1'20	\$212.2	\$26.5	12.5%
Q4'19	\$204.9	\$35.3	17.2%

Q1'20 vs. Q4'19 Segment Adjusted EBITDA¹ (\$ millions)



¹ Non-GAAP measure – See Appendix for the reconciliation to the most comparable GAAP measure.

Q2'20 Outlook¹ of Non-GAAP Financial Measures (unaudited)

Adjusted EBITDA Outlook^{1,2}

(Dollars in millions)	THREE MONTHS ENDING JUNE 30, 2020	
	RANGE OF ESTIMATE	
	FROM	TO
GAAP net income	\$1.3	\$8.7
Interest expense, net	11.9	12.0
Income tax provision (benefit)	0.4	2.9
Depreciation and amortization expense	27.9	27.9
Directors' equity-based compensation expense	0.4	0.4
Non-operating pension and OPEB costs	1.9	1.9
Other	1.2	1.2
Adjusted EBITDA²	\$45.0	\$55.0
	FROM	TO
GAAP net income per diluted common share ³	\$0.08	\$0.52

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 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 income (loss). EBITDA is net income (loss) adjusted for net interest expense, income taxes, and depreciation and amortization. It should not be considered as an alternative to net income (loss) computed under GAAP. Adjusted EBITDA excludes the impact of the items listed that we do not believe are indicative of our core operating performance.

³ GAAP net income (loss) per diluted common share and are calculated utilizing first quarter 2020 diluted average common shares outstanding of 16,615 (in thousands).

Outlook

Q2'20: \$45 to \$55 million of adjusted EBITDA

- Volume normalizing, impact of reported RISI SBS price reduction

Other FY '20 assumptions

- \$49 - \$51M interest expense
- \$45 - \$50M capital expense
- \$109 - \$112M depreciation and amortization expense
- Income tax expense expected to be offset by tax benefits
- On track to achieve \$20 to \$25 million of EBITDA contribution from Shelby expansion

Capital Structure and Liquidity

Supportive, stable capital structure

- Capital structure provides ample liquidity
- No material near-term debt maturities
- Corporate/Issuer ratings: Ba2/BB-

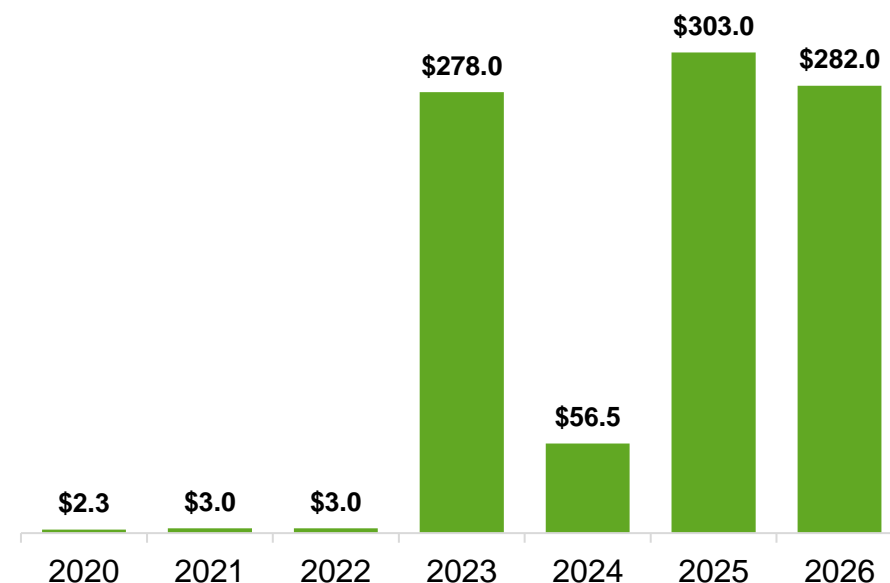
Liquidity Profile (\$ in millions)¹

ABL Availability	\$231.5
Less Utilization	(57.9)
Plus Unrestricted Cash	<u>60.8</u>
Liquidity	\$234.4

Net Debt (\$ in millions)³

ABL	\$53.5
Term Loan	299.3
4.5% Notes due 2023	275.0
5.375% Notes due 2025	300.0
Finance Leases	<u>22.0</u>
Total Debt	\$949.7
Less Unrestricted Cash	<u>(\$60.8)</u>
Net Debt	\$888.9

Scheduled Debt Maturity Profile (\$ in millions)²



¹ Note: ABL availability based on borrowing base calculations and consolidated balance sheet as of March 31, 2020, and utilization includes ABL borrowing of \$53.5 million and outstanding letters of credit of \$4.4 million.

² Note: This chart excludes finance leases and assumes that the notes due in 2023 and 2025 are repaid or refinanced at least 91 days prior to their respective maturities.

³ Note: Table doesn't add due to rounding

Value Proposition

Well positioned across two attractive businesses

Consumer Products:

1. Tissue is need-based and economically resilient
2. Shift to private-branded over branded product continues with long runway
3. Clearwater has national scale and superior supply chain performance

Paperboard:

1. Diversified range of end-markets, well invested national footprint
2. Focused on non-integrated customers, with strong service and quality commitment
3. Well positioned for trends towards sustainable packaging and food service products

Shift from capital investment to value creation

Strategy is to prioritize free cash flow and reduce debt

- Deliver benefits from Shelby expansion
- Operational improvements
- Aggressively manage working capital
- Prudent capital allocation

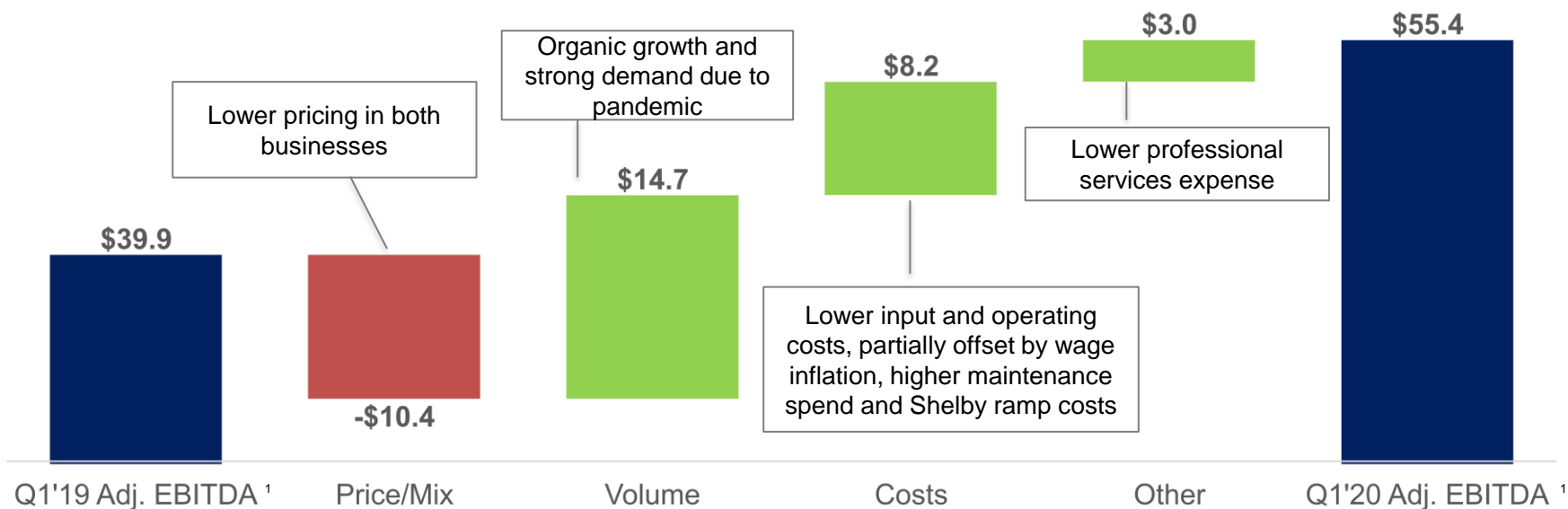
Appendix

Clearwater Paper Year over Year Results

GAAP Measures (dollars in millions)

Period	Net Sales	Operating Income	Net Income
Q1'20	\$477.9	\$18.8	\$10.3
Q1'19	\$428.8	\$14.4	\$3.8

Q1'20 vs. Q1'19 Adjusted EBITDA¹ Bridge (\$ millions)

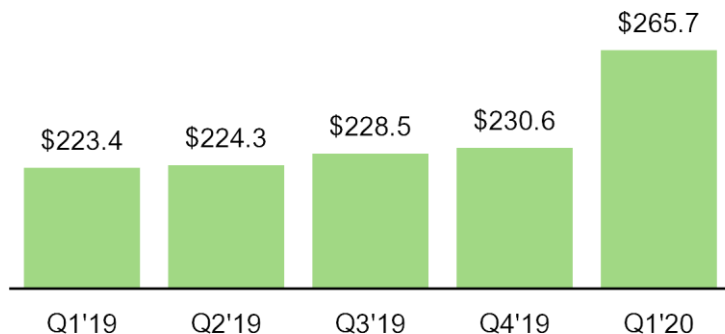


¹ Non-GAAP measure – See Appendix for the definition and reconciliation to the most comparable GAAP measure.

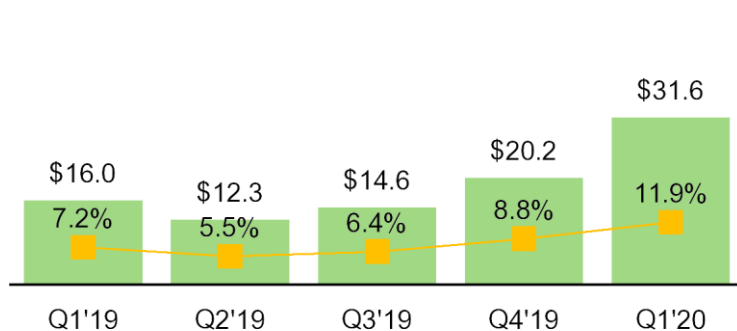
Five Quarter Segment Trends

CONSUMER PRODUCTS

total net sales (\$ millions)

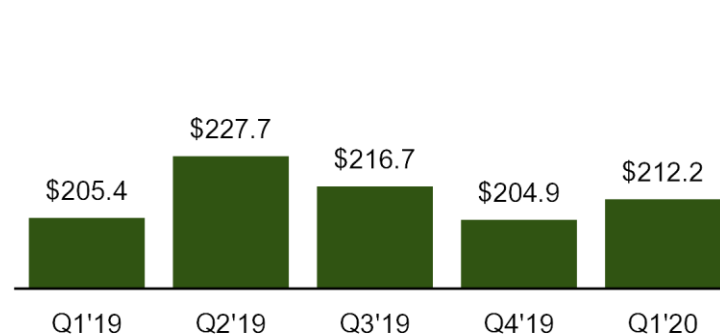


adjusted EBITDA & margin^{1,2}

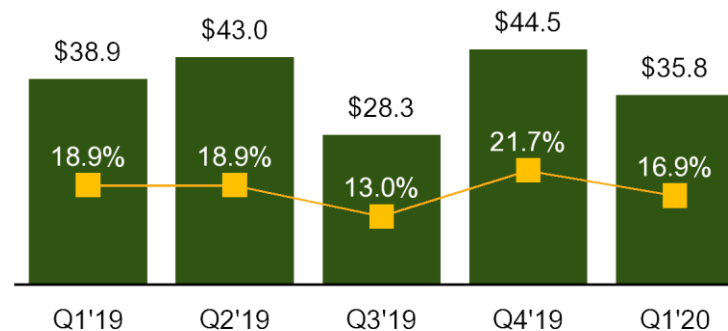


PAPERBOARD

total net sales (\$ millions)



adjusted EBITDA & margin^{1,2}



¹ Non-GAAP measure - See Appendix for the reconciliation to the most comparable GAAP measure.

² Non-GAAP measure - Segment Adjusted EBITDA margin is defined as Segment Adjusted EBITDA divided by Segment net sales.

Key Segment Results (unaudited)

	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20
Consumer Products					
Shipments					
Retail (short tons)	73,356	76,175	79,526	79,748	90,791
Non-Retail (short tons) ¹	10,266	6,623	6,882	8,393	9,002
Total Tissue Tons	83,622	82,798	86,408	88,141	99,793
Converted Products (cases in thousands)²	12,320	12,488	13,162	13,290	15,204
Sales Price					
Retail (\$/short ton) ¹	\$2,789	\$2,764	\$2,707	\$2,698	\$2,732
Non-Retail (\$/short ton) ¹	\$1,799	\$1,851	\$1,805	\$1,590	\$1,548
Total Tissue (\$/short ton)	\$2,667	\$2,691	\$2,635	\$2,593	\$2,625
Segment net sales (\$ in thousands)	\$223.4	\$224.3	\$228.5	\$230.6	\$265.7

Paperboard					
Shipments					
Paperboard (short tons) ³	202,834	225,188	214,537	202,102	211,296
Sales Price					
Paperboard (\$/short ton) ³	\$1,001	\$1,004	\$1,004	\$1,009	\$999
Segment net sales (\$ in thousands)	\$205.4	\$227.7	\$216.7	\$204.9	\$212.2

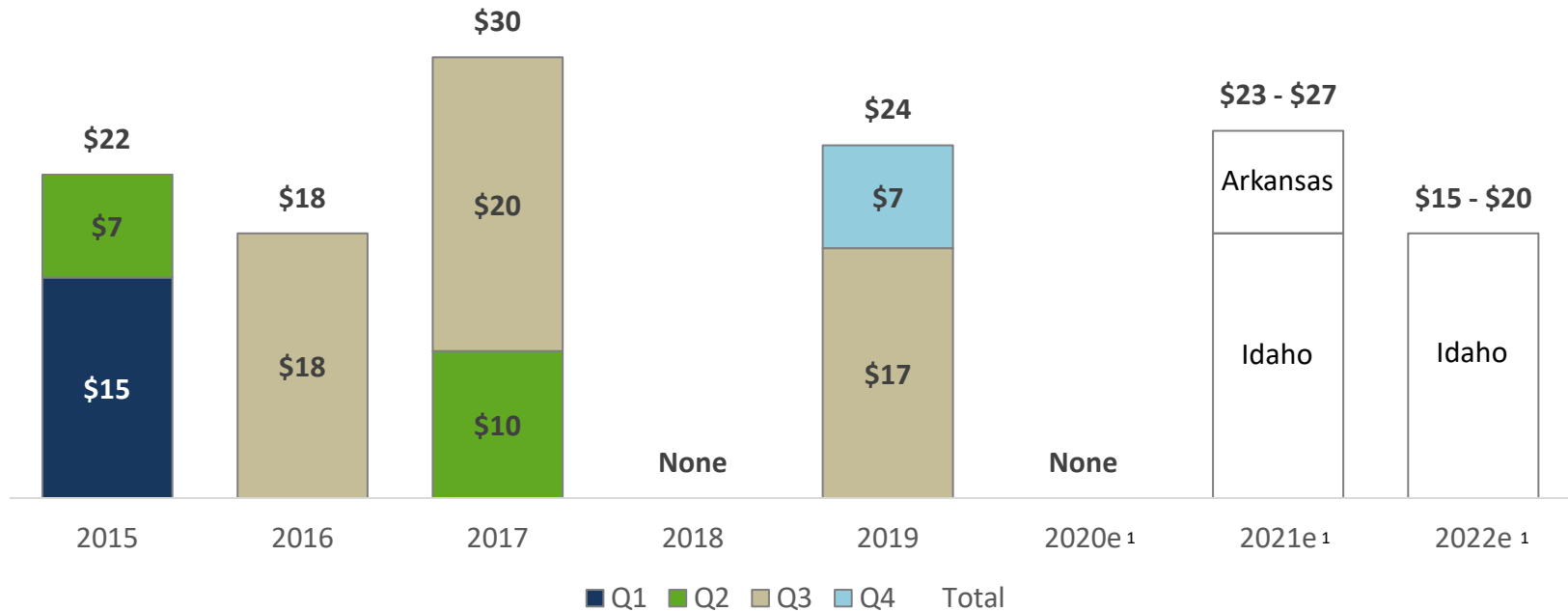
¹ Includes away-from-home (AFH), contract and parent roll tissue products.

² Includes retail, AFH, and contract tissue case products.

³ Shipments and Sales Price exclude Scrap Sales

Major Maintenance Schedule

(Dollars in millions)



¹ This information is based upon management's current expectations and estimates, as well as historical averages. Many factors are outside the control of management, and actual results may differ materially from the information set forth above. See "Forward-Looking Statements" on page 2.

Key Commodity Consumption Volumes

COGS Input	Unit of Measure	Approximate Annual Volume¹ (in millions)
Purchased Pulp	Ton	0.30
Fiber	Bone Dry Ton	1.50
Diesel	Gallon	10.0
Electric	MWh	1.20
Natural Gas	MMBTU	10.7
Polyethylene	Pound	30.0
Caustic	Pound	90.0
Chlorate	Pound	30.0

¹ Approximated annual volume and expense amounts are based on historical average consumption and management's current expectations and estimates with respect to future volumes and expense, and these amounts may be significantly influenced by general market conditions and other factors outside of our control. Actual results may differ materially from the information set forth above. See "Forward-Looking Statements" on page 2.

Adjusted Net Earnings and Adjusted EBITDA Reconciliation of Non-GAAP Financial Measures (unaudited)

(Dollars in millions)	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20
Net income (loss)	\$ 3.8	\$ (0.4)	\$ (11.0)	\$ 2.0	\$ 10.3
Add back:					
Income tax provision	(0.7)	(3.4)	8.7	(2.3)	6.2
Earnings before income taxes	\$ 4.5	\$ 3.0	\$ (19.7)	\$ 4.3	\$ 4.1
Add back:					
Debt retirement costs	—	—	2.7	—	—
Other operating charges	(0.3)	0.4	1.9	4.3	8.6
Adjusted income before tax	\$ 4.2	\$ 3.4	\$ (15.1)	\$ 8.6	12.7
Adjusted income tax provision (benefit)	1.1	0.8	(7.1)	2.5	3.2
Adjusted income (loss)¹	\$ 3.1	\$ 2.6	\$ (8.0)	\$ 6.1	\$ 9.5
Net income (loss)	\$ 3.8	\$ (0.4)	\$ (11.0)	\$ 2.0	\$ 10.3
Add back:					
Depreciation and amortization	25.8	28.5	32.0	29.3	28.0
Income tax provision	0.7	3.4	(8.7)	2.3	(6.2)
Interest expense, net	8.6	10.8	13.1	12.4	12.8
Non-operating income (expense)	1.3	1.5	4.2	1.4	1.9
Other operating charges	(0.3)	0.4	1.9	4.3	8.6
Adjusted EBITDA²	\$ 39.9	\$ 44.2	\$ 31.5	\$ 51.7	\$ 55.4
Consumer Products Adjusted EBITDA ²	\$ 16.0	\$ 12.3	\$ 14.6	\$ 20.2	\$ 31.6
Paperboard Adjusted EBITDA ²	38.9	43.0	28.3	44.5	35.8
Corporate Adjusted EBITDA ²	(15.0)	(11.1)	(11.4)	(13.0)	(12.0)
Adjusted EBITDA²	\$ 39.9	\$ 44.2	\$ 31.5	\$ 51.7	\$ 55.4

¹ Adjusted earnings (loss) exclude the impact of the items that we do not believe are indicative of our core operating performance.

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

Segment Adjusted EBITDA Reconciliation of Non-GAAP Financial Measures (unaudited)

(Dollars in millions)	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20
Consumer Products segment income (loss)	\$ 1.3	\$ (5.1)	\$ (4.4)	\$ 1.6	\$ 14.3
Depreciation and amortization	14.7	17.4	19.0	18.6	17.3
Adjusted EBITDA Consumer Products¹	\$ 16.0	\$ 12.3	\$ 14.6	\$ 20.2	\$ 31.6
Paperboard segment income	\$ 29.4	\$ 33.5	\$ 17.1	\$ 35.3	\$ 26.5
Depreciation and amortization	9.5	9.5	11.2	9.2	9.3
Adjusted EBITDA Pulp and Paperboard¹	\$ 38.9	\$ 43.0	\$ 28.3	\$ 44.5	\$ 35.8
Corporate segment loss	\$ (16.6)	\$ (12.7)	\$ (13.2)	\$ (14.5)	\$ (13.4)
Depreciation and amortization	1.6	1.6	1.8	1.5	1.4
Adjusted EBITDA Corporate¹	\$ (15.0)	\$ (11.1)	\$ (11.4)	\$ (13.0)	\$ (12.0)
Adjusted EBITDA¹	\$ 39.9	\$ 44.2	\$ 31.5	\$ 51.7	\$ 55.4

¹ Adjusted EBITDA excludes the impact of the items that we do not believe are indicative of our core operating performance.

Free Cash Flow (Unaudited)

(Dollars in millions)	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20
Net Income	\$3.8	(\$0.4)	(\$11.0)	\$2.0	\$10.3
Depreciation and amortization	25.8	28.6	31.9	29.3	28.0
Stock compensation	0.8	1.3	0.9	1.1	1.5
Change in working capital	(61.9)	15.4	(57.2)	36.3	(27.5)
Loss on retirement of debt	-	-	2.7	-	-
Other operating activities	2.1	(0.8)	1.8	3.1	(0.2)
Cash from operating activities	(29.4)	44.1	(30.9)	71.8	12.1
Capital expenditures	(71.6)	(36.8)	(17.4)	(14.3)	(10.5)
Free cash flow	(\$101.0)	\$7.3	(\$48.3)	\$57.5	\$1.6