



NEWS RELEASE
For immediate release

KP Tissue Releases Third Quarter 2018 Financial Results

Moving Forward with Long-Term Strategic Initiatives

Mississauga (ON), November 8, 2018 - KP Tissue Inc. (KPT) (TSX: KPT) reports the Q3 2018 financial and operational results of KPT and Kruger Products L.P. (KPLP). Kruger Products is Canada's leading manufacturer of quality tissue products for the Consumer market (Cashmere, Purex, SpongeTowels, Scotties, and White Swan) and the Away-From-Home market, and continues to grow in the U.S. Consumer tissue business with the White Cloud® brand and premium private label products. KPT currently holds a 15.8% interest in KPLP.

KPLP Q3 2018 Business and Financial Highlights

- Revenue increased by 3.6% to \$348.4 million in Q3 2018 compared to Q3 2017
- Adjusted EBITDA was \$28.3 million in Q3 2018 compared to \$39.4 million in Q3 2017
- Pulp and freight costs continued to escalate in the quarter
- Announced plans to invest \$575 million to build a second TAD paper machine and state-of-the-art plant
- Declared a quarterly dividend of \$0.18 per share to be paid on January 15, 2019

"Our results for the third quarter reflect continued negative impact from high pulp prices and freight costs. Despite this difficult cost environment in 2018, we are undertaking several key initiatives that will strengthen our business over the longer term, and reinforce our leadership position in the market," said Dino Bianco, CEO of KP Tissue and KPLP.

"The recent selling price increase announced in our Canadian consumer business will take effect in the fourth quarter and is expected to fully materialize in the first quarter of 2019. Our decision during the quarter to proceed with the \$575 million TAD2 Project is central to our long-term North American growth strategy in the ultra-premium paper tissue segment. We also have further plans to optimize our operational network.

"We are confident that we have the right vision and strategy to move the Company forward and create increased value for our shareholders," concluded Mr. Bianco.

Outlook

KPLP continues to have strong long-term business fundamentals. However, due to continued pressure from high input costs Q4 2018 Adjusted EBITDA is expected to be significantly lower than Q4 2017 which was \$33.7 million.

TAD2 Project

On August 16, 2018, KPLP announced its plan for a capital investment of \$575 million in the Brompton area of Sherbrooke, Quebec, to build a new, state-of-the-art tissue plant featuring Canada's largest and most modern TAD paper machine (TAD2) along with related converting equipment and infrastructure (the TAD2 Project). The TAD2 Project is projected to produce at maturity approximately 70,000 metric tonnes per annum of bathroom tissue and paper towels which will enable KPLP to increase its offering of ultra-premium and innovative tissue products under the Cashmere, Sponge Towels and Purex brands. Construction of the TAD2 Project is anticipated to begin in early 2019 and commence production in early 2021.

The TAD2 Project is expected to be financed with 40% equity and 60% debt in a newly-created, wholly-owned subsidiary of KPLP, Kruger Products Sherbrooke Inc. (KPSI), which will construct and operate the TAD2 Project. KPLP believes that negotiations and documentation are close to being finalized for long-term construction financing of KPSI for the anticipated \$345 million debt portion. The \$230 million equity portion of the financing is expected to be funded by the Government of Quebec through Investissement Quebec (IQ), which has agreed to invest \$105 million by way of subscription to a convertible debenture, and by KPLP, which intends to acquire an equity interest in KPSI for the remaining \$125 million of the equity component.

The financing structure for the TAD2 Project is anticipated to be non-dilutive to KPT shareholders. KPLP plans to finance its equity investment in KPSI with long-term senior secured fixed debt for approximately \$63 million, and the remainder by establishing an accounts receivable factoring program and from cash. Upon closing of the construction financing, KPLP intends to fund half of the \$125 million of equity into KPSI, with the remainder to be funded over the following two years. The various debt financings, whether at the KPLP or KPSI level, are expected to close prior to year-end 2018. The weighted average cost of capital for the entire \$575 million of TAD2 financing is anticipated to be in the 5-7% range. In addition, the existing KTG debt is expected to be refinanced with an 18 year term loan concurrently with the closing of the TAD2 financing, with an anticipated fixed interest cost in the 6-8% range, which is significantly less than the approximate 14-15% cost under the current KTG debt incurred for the TAD1 Project.

The IQ convertible debenture will carry a 3% capitalized fixed interest rate for a term of ten years, and will be required to be redeemed on a monthly basis by KPLP commencing 36 months from the date of issuance. In the event of a failure of either KPLP or Kruger Inc. to make a monthly redemption in accordance with the terms of the debenture, IQ will have a conversion right in respect of the portion of the balance of the debenture that is not paid on terms of conversion that would provide IQ with a 48% equity interest in KPSI if the entirety of the debenture were to be converted.

KPLP Q3 2018 Financial Results

Revenue in Q3 2018 was \$348.4 million, compared to \$336.3 million in Q3 2017, an increase of \$12.1 million or 3.6%. The increase in revenue was primarily due to the following factors: increased sales volume in the U.S. and Mexico, partially offset by a decrease in sales volume in Canada; the Consumer selling price increase in Canada in Q4 2017; and the favourable impact of foreign exchange fluctuations on U.S. dollar sales.

Cost of sales in Q3 2018 increased to \$312.6 million from \$290.8 million in Q3 2017. Manufacturing costs increased primarily due to significantly higher pulp and sorted office waste costs, increased sales volume and the unfavourable impact of foreign exchange fluctuations on U.S. dollar denominated costs. Freight costs increased primarily due to higher carrier rates and increased sales volume. As a percentage of revenue, cost of sales were 89.7% in Q3 2018 compared to 86.5% in Q3 2017.

Selling, general and administrative (SG&A) expenses in Q3 2018 were \$20.5 million, compared to \$20.7 million in Q3 2017. As a percentage of revenue, SG&A expenses were 5.9% in Q3 2018, compared to 6.2% in Q3 2017.

Adjusted EBITDA in Q3 2018 was \$28.3 million, compared to \$39.4 million in Q3 2017, lower by \$11.1 million or 28.2%, due primarily to significantly higher fibre costs and increased freight costs, unfavourable sales mix and the net unfavourable impact of foreign exchange fluctuations. These were partially offset by the Q4 2017 Canadian Consumer selling price increase.

Net income in Q3 2018 was \$4.2 million, compared to \$16.5 million in Q3 2017, primarily due to the factors that resulted in a lower Adjusted EBITDA set out above, as well as an increase in interest expense of \$1.6 million, an increase in the change in amortized cost of partnership units liability of \$0.9 million and a change in foreign exchange gain (loss) of \$0.7 million. These items were partially offset by lower depreciation expense of \$1.6 million and a decrease in income taxes of \$0.7 million.

Total liquidity, representing cash and cash equivalents and availability under the credit line within covenant limitations, was \$63.6 million as of September 30, 2018, compared to \$64.5 million as of July 1, 2018.

KPT Q3 2018 Financial Results

KPT incurred a net loss of \$0.8 million in Q3 2018. Included in the net loss was \$0.7 million representing KPT's share of KPLP's income. The income was reduced by depreciation expense of \$1.4 million related to adjustments to carrying amounts on acquisition, partially offset by an income tax expense of \$0.1 million.

Dividends on Common Shares

The Board of Directors of KPT declared a quarterly dividend of \$0.18 per share to be paid on January 15, 2019 to shareholders of record at the close of business on December 31, 2018.

Additional Information

For additional information please refer to Management's Discussion and Analysis (MD&A) of KPT and KPLP for the third quarter ended September 30, 2018 available on SEDAR at www.sedar.com or our website at www.kptissueinc.com.

Third Quarter Results Conference Call Information

KPT will hold its third quarter conference call on Thursday, November 8, 2018 at 8:30 a.m. Eastern Time.

Via telephone: 1-877-223-4471 or 647-788-4922

Via the internet at: www.kptissueinc.com

Presentation material referenced during the conference call will be available at www.kptissueinc.com.

A rebroadcast of the conference call will be available until midnight, November 15, 2018 by dialing 800-585-8367 or 416-621-4642 and entering passcode 1279747.

The replay of the webcast will remain available on the website until midnight, November 15, 2018.

About KP Tissue Inc. (KPT)

KPT was created to acquire, and its business is limited to holding, a limited partnership interest in KPLP, which is accounted for as an investment on the equity basis. KPT currently holds a 15.8% interest in KPLP. For more information visit www.kptissueinc.com.

About Kruger Products L.P. (KPLP)

KPLP is Canada's leading manufacturer of quality tissue products for household, industrial and commercial use. KPLP serves the Canadian consumer market with such well-known brands as Cashmere®, Purex®, SpongeTowels®, Scotties® and White Swan®. In the U.S., KPLP manufactures the White Cloud® brand, as well as many private label products. The Away-From-Home division manufactures and distributes high-quality, cost-effective product solutions to a wide range of commercial and public entities. KPLP has approximately 2,500 employees and operates eight FSC® COC-certified (FSC® C-104904) production facilities in North America. For more information visit www.krugerproducts.ca.

Non-IFRS Measures

This press release uses certain non-IFRS financial measures which KPLP believes provide useful information to management of KPLP and the readers of the financial information in measuring the financial performance and financial condition of KPLP. These measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other companies. An example of such a measure is Adjusted EBITDA. Beginning with Q4 2015 in accordance with Canadian Securities Administrators Staff Notice 52-306 (Revised), we have referenced Adjusted EBITDA as a non-IFRS financial measure. This term replaces the previously referenced non-IFRS financial measure EBITDA. Our definition of Adjusted EBITDA is unchanged from our former definition of EBITDA. Accordingly, this change in terminology has no impact on our reported financial results for prior periods. Adjusted EBITDA is not a measurement of operating performance computed in accordance with IFRS and should not be considered as a substitute for operating income, net income or cash flows from operating activities computed in accordance with IFRS. "Adjusted EBITDA" is calculated by KPLP as net income (loss) before (i) interest expense, (ii) income taxes, (iii) depreciation, (iv) amortization, (v) impairment (gain on sale) of non-financial assets, (vi) loss (gain) on disposal of property, plant and equipment, (vii) foreign exchange loss (gain), (viii) costs related to restructuring activities, (ix) changes in amortized cost of Partnership units liability, and (x) one-time costs due to pension revaluations related to past service. A reconciliation of Adjusted EBITDA to the relevant reported results can be found in the MD&A of KPT and KPLP for the third quarter ended September 30, 2018 available on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements in this press release about KPT's and KPLP's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements in this press release include, but are not limited to, items such as: the potential construction of the TAD2 paper machine, the timing of commencement of construction of TAD2, the timing of commencement of production of TAD2, the anticipated capacity of TAD2, the benefits of TAD2, the cost of TAD2 and the anticipated financing structure and timing and cost of financing for TAD2, and KPLP's future business strategy. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. The forward-looking statements are based on certain key expectations and assumptions made by KPT or KPLP, including expectations and assumptions concerning: the entering into of satisfactory definitive agreements with third parties for the financing of TAD2; the on-time and on-budget construction of TAD2; the impact of the TAD2 Project on Adjusted EBITDA; the expectation of continued growth in sales of TAD products in the U.S.; a successful ramp-up of the Crabtree paper machine; improved performance of the Away-From-Home business; and expanded distribution of White Cloud to select U.S. retailers. Although KPT and KPLP believe that the expectations and assumptions on which such forward-looking

information is based are reasonable, undue reliance should not be placed on the forward-looking statements since no assurance can be given that such expectations and assumptions will prove to be correct.

The outlook provided in respect of Adjusted EBITDA for Q4 2018 is forward-looking information and is subject to the risk and uncertainties referred to below. The purpose of the outlook is to provide the reader with an indication of management's expectations, at the date of this press release, regarding KPLP's future financial performance. Readers are cautioned that this information may not be appropriate for other purposes.

Many factors could cause KPLP's actual results, level of activity, performance or achievements or future events or developments (which could in turn affect the economic benefits derived from the corporation's economic interest in KPLP) to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors – Risks Related to KPLP's Business" section of the KPT Annual Information Form dated March 9, 2018 available on SEDAR at www.sedar.com: Kruger Inc.'s influence over KPLP; KPLP's reliance on Kruger Inc.; consequences of an event of insolvency relating to Kruger Inc.; risks associated with the Memphis TAD machine; operational risks; Gatineau Plant land lease; significant increases in input costs; reduction in supply of fibre; increased pricing pressure and intense competition; KPLP's inability to innovate effectively; adverse economic conditions; dependence on key retail trade customers; damage to the reputation of KPLP or KPLP's brands; KPLP's sales being less than anticipated; KPLP's failure to implement its business and operating strategies; KPLP's obligation to make regular capital expenditures; KPLP's entering into unsuccessful acquisitions; KPLP's dependence on key personnel; KPLP's inability to retain its existing customers or obtain new customers; KPLP's loss of key suppliers; KPLP's failure to adequately protect its intellectual property rights; KPLP's reliance on third party intellectual property licenses; adverse litigation and other claims affecting KPLP; material expenditures due to comprehensive environmental regulation affecting KPLP's cash flow; KPLP's pension obligations are significant and can be materially higher than predicted if KPLP Management's underlying assumptions are incorrect; labour disputes adversely affecting KPLP's cost structure and KPLP's ability to run its plants; exchange rate and U.S. competitors; KPLP's inability to service all of its indebtedness; exposure to potential consumer product liability; covenant compliance; interest rate and refinancing risk; and risks relating to information technology, cyber-security, insurance, internal controls, and trade.

Readers should not place undue reliance on forward-looking statements made herein. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information contained herein is made as of the date of press release and KPT undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws.

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Kruger Products L.P.
Unaudited Condensed Consolidated Statement of Financial Position
(thousands of Canadian dollars)

	September 30, 2018	December 31, 2017
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	26,929	8,837
Trade and other receivables	149,825	113,194
Receivables from related parties	217	85
Current portion of advances to partners	6,199	1,928
Inventories	199,912	192,394
Income tax recoverable	402	522
Prepaid expenses	10,417	8,007
	<u>393,901</u>	<u>324,967</u>
Non-current assets		
Advances to partners	-	4,489
Property, plant and equipment	766,032	761,610
Other long-term assets	10	6,331
Goodwill	160,939	160,939
Intangible assets	15,272	15,327
Deferred income taxes	29,902	26,092
	<u>1,366,056</u>	<u>1,299,755</u>
Total assets	<u>1,366,056</u>	<u>1,299,755</u>
Liabilities		
Current liabilities		
Bank indebtedness	-	9,051
Trade and other payables	195,843	190,698
Payables to related parties	4,546	2,596
Income tax payable	647	498
Distributions payable	10,620	10,382
Current portion of provisions	456	333
Current portion of long-term debt	202,649	190,947
	<u>414,761</u>	<u>404,505</u>
Non-current liabilities		
Long-term debt	286,738	225,368
Provisions	5,850	5,973
Pensions	91,870	119,558
Post-retirement benefits	53,812	60,457
	<u>853,031</u>	<u>815,861</u>
Liabilities to non-unitholders		
Current portion of Partnership units liability	1,928	1,928
Long-term portion of Partnership units liability	157,169	158,381
Total Partnership units liability	<u>159,097</u>	<u>160,309</u>
Total liabilities	<u>1,012,128</u>	<u>976,170</u>
Equity		
Partnership units	371,401	356,240
Deficit	(94,507)	(99,742)
Accumulated other comprehensive income	77,034	67,087
	<u>353,928</u>	<u>323,585</u>
Total equity	<u>353,928</u>	<u>323,585</u>
Total equity and liabilities	<u>1,366,056</u>	<u>1,299,755</u>

Kruger Products L.P.
Unaudited Condensed Consolidated Statement of Comprehensive Income (Loss)
(thousands of Canadian dollars)

	3-month period ended September 30, 2018 \$	3-month period ended September 24, 2017 \$	9-month period ended September 30, 2018 \$	9-month period ended September 24, 2017 \$
Revenue	348,420	336,284	1,010,928	939,943
Expenses				
Cost of sales	312,595	290,777	904,888	802,108
Selling, general and administrative expenses	20,573	20,726	63,594	66,467
(Gain) loss on sale of non-financial assets	1	(12)	(207)	(80)
Restructuring costs, net	-	(245)	1	(234)
Operating income	15,251	25,038	42,652	71,682
Interest expense	12,065	10,533	35,876	31,554
Other (income) expense	(465)	(2,103)	544	1,860
Income before income taxes	3,651	16,608	6,232	38,268
Income taxes	(545)	158	(1,185)	4,922
Net income for the period	4,196	16,450	7,417	33,346
Other comprehensive income (loss)				
Items that will not be reclassified to net income:				
Remeasurements of pensions	11,051	(5,424)	28,722	(20,647)
Remeasurements of post-retirement benefits	7,068	2,929	7,490	(272)
Items that may be subsequently reclassified to net income:				
Cumulative translation adjustment	(4,963)	(23,774)	9,947	(27,119)
Total other comprehensive income (loss) for the period	13,156	(26,269)	46,159	(48,038)
Comprehensive income (loss) for the period	17,352	(9,819)	53,576	(14,692)

Kruger Products L.P.
Unaudited Condensed Consolidated Statement of Cash Flows
(thousands of Canadian dollars)

	3-month period ended September 30, 2018 \$	3-month period ended September 24, 2017 \$	9-month period ended September 30, 2018 \$	9-month period ended September 24, 2017 \$
Cash flows from (used in) operating activities				
Net income for the period	4,196	16,450	7,417	33,346
Items not affecting cash				
Depreciation	12,640	14,350	38,023	38,414
Amortization	345	286	1,078	775
Loss (gain) on sale of property, plant and equipment	-	-	434	(2)
Change in amortized cost of Partnership units liability	-	(882)	716	4,178
Foreign exchange loss (gain)	(534)	(1,221)	123	(2,318)
Change in fair value of derivatives	69	-	(295)	-
Interest expense	12,065	10,533	35,876	31,554
Pension and post-retirement benefits	2,931	2,513	9,850	7,539
Provisions	25	(127)	86	211
Income taxes	(545)	158	(1,185)	4,922
Loss (gain) on sale of non-financial assets	1	(12)	(207)	(80)
Total items not affecting cash	26,997	25,598	84,499	85,193
Net change in non-cash working capital	6,291	5,130	(34,609)	(25,959)
Contributions to pension and post-retirement benefit plans	(4,169)	(3,735)	(12,308)	(11,406)
Provisions paid	-	(565)	(247)	(1,015)
Income tax payments	(514)	(115)	(1,863)	(3,169)
Net cash from operating activities	32,801	42,763	42,889	76,990
Cash flows from (used in) investing activities				
Purchases of property, plant and equipment	(7,551)	(12,033)	(35,869)	(50,278)
Capitalized interest paid	-	(116)	-	(497)
Government assistance received	1,171	923	1,182	3,872
Purchases of software	2	(460)	(1,023)	(460)
Proceeds on sale of property, plant and equipment	(1)	14	323	1,184
Net cash used in investing activities	(6,379)	(11,672)	(35,387)	(46,179)
Cash flows from (used in) financing activities				
Proceeds from long-term debt	(112)	(5,893)	195,001	20,877
Repayment of long-term debt	(408)	(4,749)	(127,516)	(5,250)
Payment of deferred financing fees	(186)	-	(4,103)	(12)
Interest paid on long-term debt	(8,784)	(7,819)	(25,660)	(18,930)
Distributions and advances paid, net	(5,609)	(8,263)	(18,374)	(25,992)
Net cash from (used in) financing activities	(15,099)	(26,724)	19,348	(29,307)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	(186)	(1,924)	293	(2,011)
Increase (decrease) in cash and cash equivalents during the period	11,137	2,443	27,143	(507)
Cash and cash equivalents - Beginning of period	15,792	24,554	(214)	27,504
Cash and cash equivalents - End of period	26,929	26,997	26,929	26,997

Kruger Products L.P.
Segment and Geographic Results
(thousands of Canadian dollars)

	3-month period ended September 30, 2018 \$	3-month period ended September 24, 2017 \$	9-month period ended September 30, 2018 \$	9-month period ended September 24, 2017 \$
Segment Information				
Segment Revenue				
Consumer	287,090	272,917	832,281	763,996
AFH	59,428	62,497	172,537	171,090
Other	1,902	870	6,110	4,857
Total segment revenue	<u>348,420</u>	<u>336,284</u>	<u>1,010,928</u>	<u>939,943</u>
Segment Adjusted EBITDA				
Consumer	35,317	38,077	97,391	105,951
AFH	(4,830)	1,852	(8,263)	4,840
Other	(2,249)	(512)	(7,147)	(236)
Total segment Adjusted EBITDA	28,238	39,417	81,981	110,555
Reconciliation to Net Income:				
Depreciation and amortization	12,986	14,636	39,101	39,189
Interest expense	12,065	10,533	35,876	31,554
Change in amortized cost of Partnership units liability	-	(882)	716	4,178
Change in fair value of derivatives	69	-	(295)	-
(Gain) loss on sale of property, plant and equipment	-	-	434	(2)
(Gain) loss on sale of non-financial assets	1	(12)	(207)	(80)
Restructuring costs, net	-	(245)	1	(234)
Foreign exchange (gain) loss	(534)	(1,221)	123	(2,318)
Income before income taxes	3,651	16,608	6,232	38,268
Income taxes	(545)	158	(1,185)	4,922
Net income	<u>4,196</u>	<u>16,450</u>	<u>7,417</u>	<u>33,346</u>
Geographic Revenue				
Canada	205,082	209,289	596,075	570,949
U.S.	119,727	113,157	351,631	332,710
Mexico	23,611	13,838	63,222	36,284
Total revenue	<u>348,420</u>	<u>336,284</u>	<u>1,010,928</u>	<u>939,943</u>

KP Tissue Inc.
Unaudited Condensed Statement of Financial Position
(thousands of Canadian dollars)

	September 30, 2018	December 31, 2017
	<u>\$</u>	<u>\$</u>
Assets		
Current assets		
Distributions receivable	1,683	1,658
Receivable from Partnership	614	-
Income tax recoverable	527	826
	<u>2,824</u>	<u>2,484</u>
Non-current assets		
Investment in associate	98,458	98,674
Total Assets	<u><u>101,282</u></u>	<u><u>101,158</u></u>
Liabilities		
Current liabilities		
Dividend payable	1,683	1,658
Payable to Partnership	-	52
Current portion of advances from Partnership	1,005	309
	<u>2,688</u>	<u>2,019</u>
Non-current liabilities		
Advances from Partnership	-	731
Deferred income taxes	2,535	1,483
Total liabilities	<u>5,223</u>	<u>4,233</u>
Equity		
Common shares	16,577	15,014
Contributed surplus	144,819	144,819
Deficit	(79,035)	(74,952)
Accumulated other comprehensive income	13,698	12,044
Total equity	<u>96,059</u>	<u>96,925</u>
Total liabilities and equity	<u><u>101,282</u></u>	<u><u>101,158</u></u>

KP Tissue Inc.
Unaudited Condensed Statement of Comprehensive Income (Loss)
(thousands of Canadian dollars, except share and per share amounts)

	3-month period ended September 30, 2018 \$	3-month period ended September 24, 2017 \$	9-month period ended September 30, 2018 \$	9-month period ended September 24, 2017 \$
Equity Income (loss)	(789)	1,179	(3,186)	931
Dilution gain	49	39	138	136
Income (loss) before income taxes	(740)	1,218	(3,048)	1,067
Income taxes	92	1,288	(49)	2,288
Net loss for the period	(832)	(70)	(2,999)	(1,221)
Other comprehensive income (loss) net of tax expense (recovery)				
Items that will not be reclassified to net loss:				
Remeasurements of pensions	1,526	(755)	3,974	(2,885)
Remeasurements of post-retirement benefits	701	287	760	(27)
Items that may be subsequently reclassified to net loss:				
Cumulative translation adjustment	(851)	(4,086)	1,654	(4,705)
Total other comprehensive income (loss) for the period	1,376	(4,554)	6,388	(7,617)
Comprehensive income (loss) for the period	544	(4,624)	3,389	(8,838)
Basic loss per share	(0.09)	(0.01)	(0.32)	(0.13)
Weighted average number of shares outstanding	9,341,392	9,176,138	9,292,592	9,146,312

KP Tissue Inc.
Unaudited Condensed Statement of Cash Flows
(thousands of Canadian dollars)

	3-month period ended September 30, 2018	3-month period ended September 24, 2017	9-month period ended September 30, 2018	9-month period ended September 24, 2017
	\$	\$	\$	\$
Cash flows from (used in) operating activities				
Net loss for the period	(832)	(70)	(2,999)	(1,221)
Items not affecting cash				
Equity (income) loss	789	(1,179)	3,186	(931)
Dilution gain	(49)	(39)	(138)	(136)
Income taxes	92	1,288	(49)	2,288
Total items not affecting cash	832	70	2,999	1,221
Net change in non-cash working capital	-	(219)	-	478
Tax payments	-	(225)	(274)	(1,999)
Tax Distribution received	-	-	-	481
Advances received	-	444	274	1,040
Net cash from (used in) operating activities	-	-	-	-
Cash flows from investing activities				
Partnership unit distributions received	1,181	1,218	3,482	3,586
Net cash from investing activities	1,181	1,218	3,482	3,586
Cash flows used in financing activities				
Dividends paid	(1,181)	(1,218)	(3,482)	(3,586)
Net cash used in financing activities	(1,181)	(1,218)	(3,482)	(3,586)
Increase (decrease) in cash and cash equivalents during the period	-	-	-	-
Cash and cash equivalents - Beginning of period	-	-	-	-
Cash and cash equivalents - End of period	-	-	-	-