



KP

KP Tissue Inc.

INVESTING

FOR THE LONG TERM

**2021 ANNUAL MEETING
OF SHAREHOLDERS**

June 9, 2021



Forward-Looking and Cautionary Statements

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Agenda



- Opening Remarks and Introduction
 - For technical issues contact: TsxtVGMinfo@tmx.com or <https://go.lumiglobal.com/faq>
- Call Meeting to Order, Appoint Secretary and Scrutineers
- Formal Business of Meeting
- Notice of Meeting, Quorum
- Presentation of the 2020 Financial Statements and Auditors' Report
- Election of Directors
- Re-appointment of Auditors
- Termination of Formal Business and Adjournment of Meeting
- Concluding Remarks and Management Presentation
- Question Period (Shareholder Q&A)



DINO BIANCO

Chief Executive Officer

Our Vision

OUR VISION IS TO BE THE MOST TRUSTED AND BEST LOVED TISSUE COMPANY IN NORTH AMERICA.



Making everyday life more comfortable.

Drive Strong Revenue, Profit and Shareholder Value

5

Underlying Strategies

- 
- Build Our Consumer Muscle
 - Winning Team & Culture
 - Expand in US/AFH
 - Build Efficient Supply Chain
 - Evolve Customer Strategy

Corporate Highlights



- Revenues increased to \$1.5 billion, up 11.7%⁽¹⁾ over 2019
- Adjusted EBITDA increased by 36.4% to \$198 million
- Safe environment and business continuity with no major disruptions during the pandemic
- Start-up of TAD Sherbrooke on time and on budget
- OPEX Program delivered cost savings above target and strong asset performance
- Strong market share gains in all categories

⁽¹⁾ Excluding Mexico

COVID-19 – Safety and Business Continuity



PRIORITY

Keeping our people safe while maintaining Business Continuity

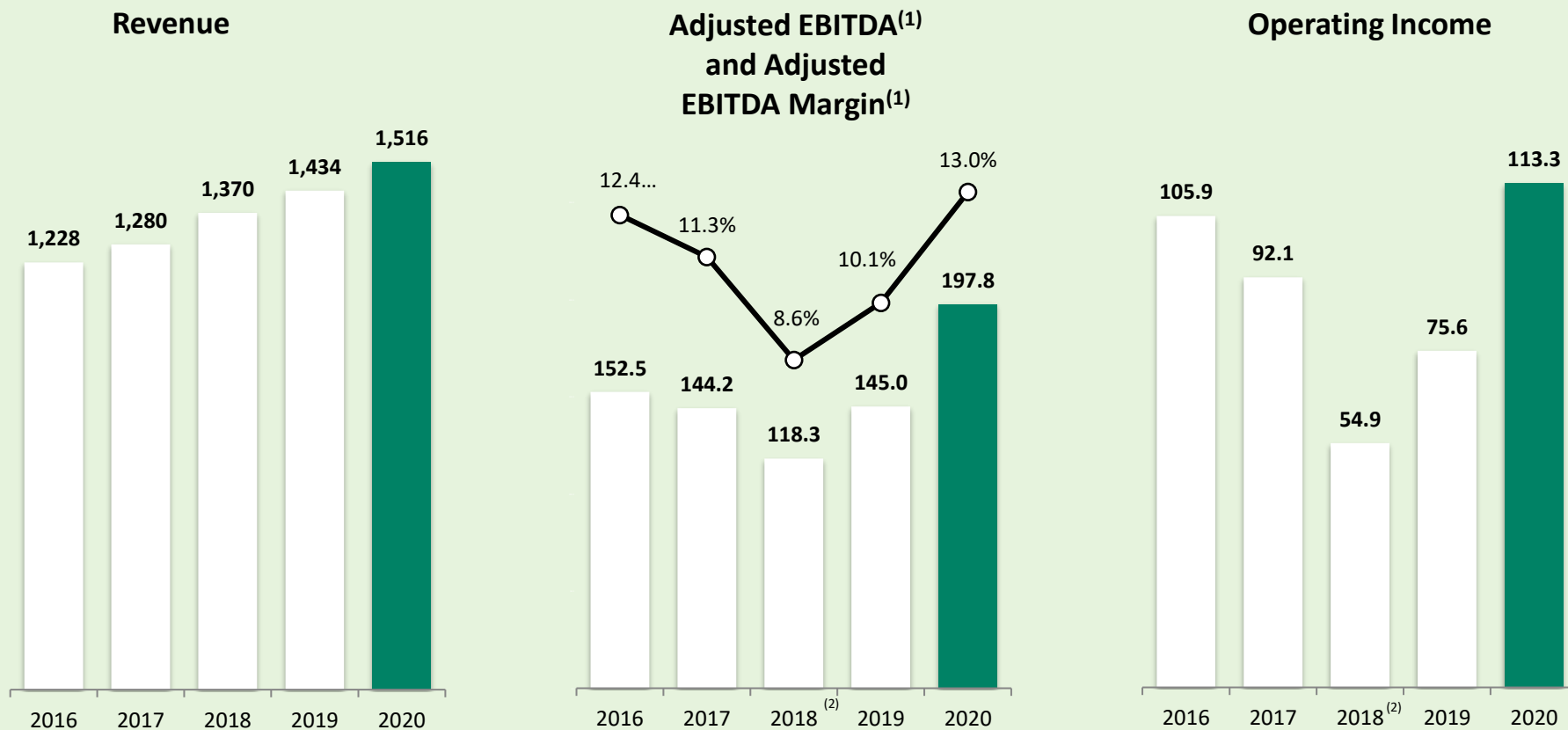
IMPACTS

- No major business disruptions and inter-site transmission
- Increasing the availability of our products with supply chain remaining stable
- Significant de-stocking in Consumer tissue by retailers and consumers in Q1
- Carried forward learnings derived from COVID-19 including SKU reduction and new listings

Consumer trust in our brand is a key differentiator in period of uncertainty leading to further market share gain

Financial Performance Trend

(in C\$ millions and including Mexico)

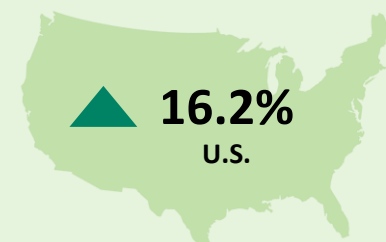
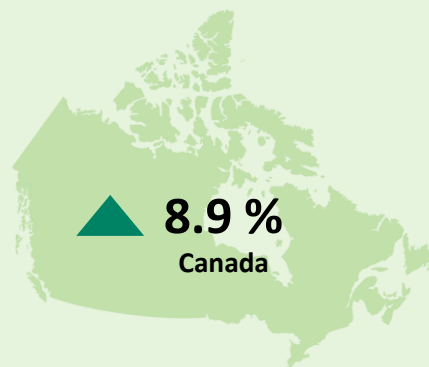


(1) Non-GAAP measure – see MD&A for the definition and reconciliation of the most comparable GAAP measure

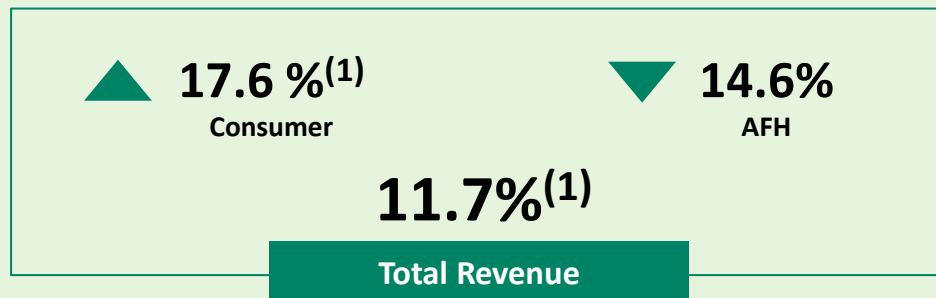
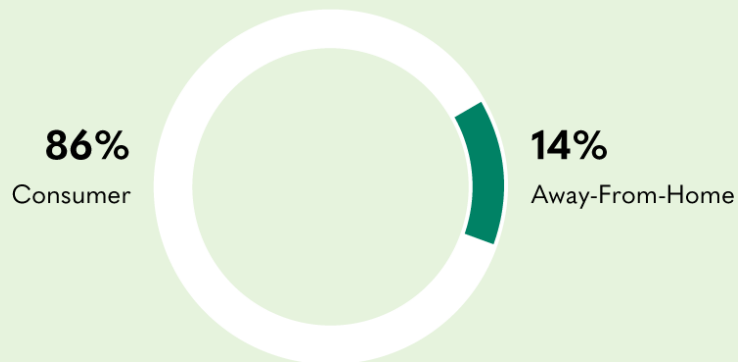
(2) Effective January 1, 2019, KPLP adopted IFRS 16 Leases, the new accounting standard covering lease accounting, using the full retrospective approach. Under this approach, Fiscal 2018 have been restated to reflect the adoption of IFRS 16.

2020 Revenues – Segment and Geographic Split

GEOGRAPHIC SPLIT



SEGMENT SPLIT

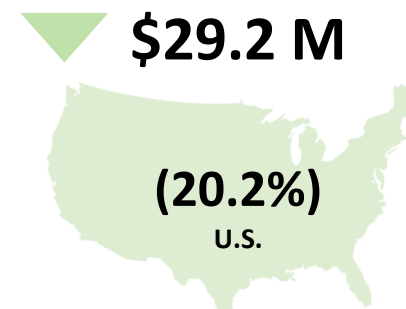
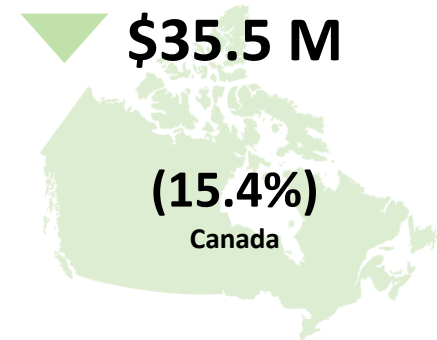


⁽¹⁾ Excluding Mexico

Q1 2021 Results



Geographic revenue variation



\$310.4 M

Q1 Revenue

17.3%
over Q1 2020

\$37.5 M

Q1 Adjusted EBITDA⁽¹⁾

26.5%
over Q1 2020

⁽¹⁾ Non-GAAP measure – see MD&A for the definition and reconciliation of the most comparable GAAP measure.

The TAD Sherbrooke Update and Expansion Project



TAD SHERBROOKE

- Start-up of paper machine on time and on budget despite COVID-19 protocols and challenges
- Successful ramp-up benefit beginning to flow to P&L
- Paper machine and converting-line start-ups continue to track well ahead of start-up curve
- New SpongeTowels Ultra PRO™, with industry leading consumer preference



SHERBROOKE EXPANSION PROJECT

- \$240 million investment to add bathroom tissue converting line to Sherbrooke facility and build a new facility with LDC tissue machine and facial tissue converting line
- Project is non-dilutive and debt financed
- Engineering, environmental and geotechnical studies underway
- At maturity, annual output of +30,000 MT

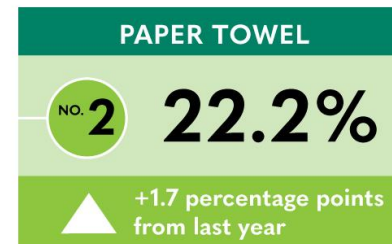
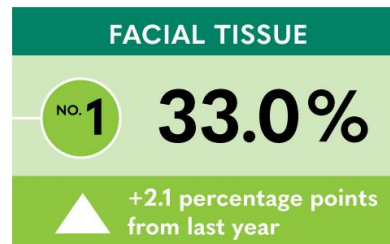
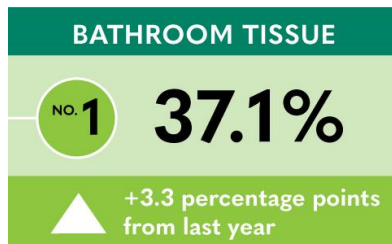
Sherbrooke to become major production hub to reach North American markets

OpEx Program



- Established OpEx program at the beginning of 2019
- **Five key pillars:** environment, health and safety, asset care and progressive maintenance, end-to-end quality, and strategic deployment initiative management
- Delivered above target cost savings on an annual run rate basis
- Investing more in enhanced maintenance to drive stronger asset performance
- 2021 focus expanded to additional assets and waste reduction
- Sustainable benefits from higher level of employee engagement and culture shift

Trademark



- Focus remains on investing and building our brands
- Canadian tissue leader while also expanding in North America
- Continued incremental marketing investment for 2021
- New bold and purpose-driven marketing campaigns: “Unapologetically Human™”, “Unleash the Scotties™”, and “Absorbs Life. All of It.™”
- Strong NHL partnership continues with the activation of our “Find the Cup” to Win Stanley Cup Playoffs Promotion and the “Kruger Big Assist™”
- Full distribution of quality improved Cashmere supported by strong advertising
- On plan launch of new SpongeTowels Ultra Pro™ paper towel in stores now

Bold New Purpose Driven Marketing Campaigns

By breaking the mold of traditional tissue marketing campaigns, we are redefining our brands for the future



Unapologetically Human™
multi-brand campaign, fully adapted into 5 languages.



Unleash the Scotties™
campaign.



Absorb Life. All of It.™
SpongeTowels Ultra Pro campaign.

Great Partners to Further Our Brands



Our success reflects continued investments in our brands and products combined with strong and long-term collaborations with our well recognized partners



Since 1981



Since 1990



Since 1999



Since 2005



Since 2013



Since 2014



Since 2017



Since 2019

Away-From-Home (AFH) Segment



- Canadian leader with market share of approximately 30% and accounting for approximately 14% of total revenues
- Hard hit by the pandemic with very challenging market conditions in foodservice, lodging and property management
- Volume trends improving, but Q1 2021 volume remained approximately 25% below pre-pandemic levels
- Encouraging trends in U.S. market with lessening in restrictions and progress from vaccination efforts
- Operations performing well and ready for recovery

Employee and Corporate Social Responsibility Awards

**We continue to invest to build our culture and capabilities for the future and
have been recognized for our efforts**



Corporate Knights'
Best 50 Corporate Citizens
Since 2018



Canada's Best Managed
Companies
Since 2018



Forbes Canada's
Best Employers
Since 2017



Greater Toronto's
Top Employers
Since 2012



Sustainability – Part of Our Purpose



Program launched in 2010

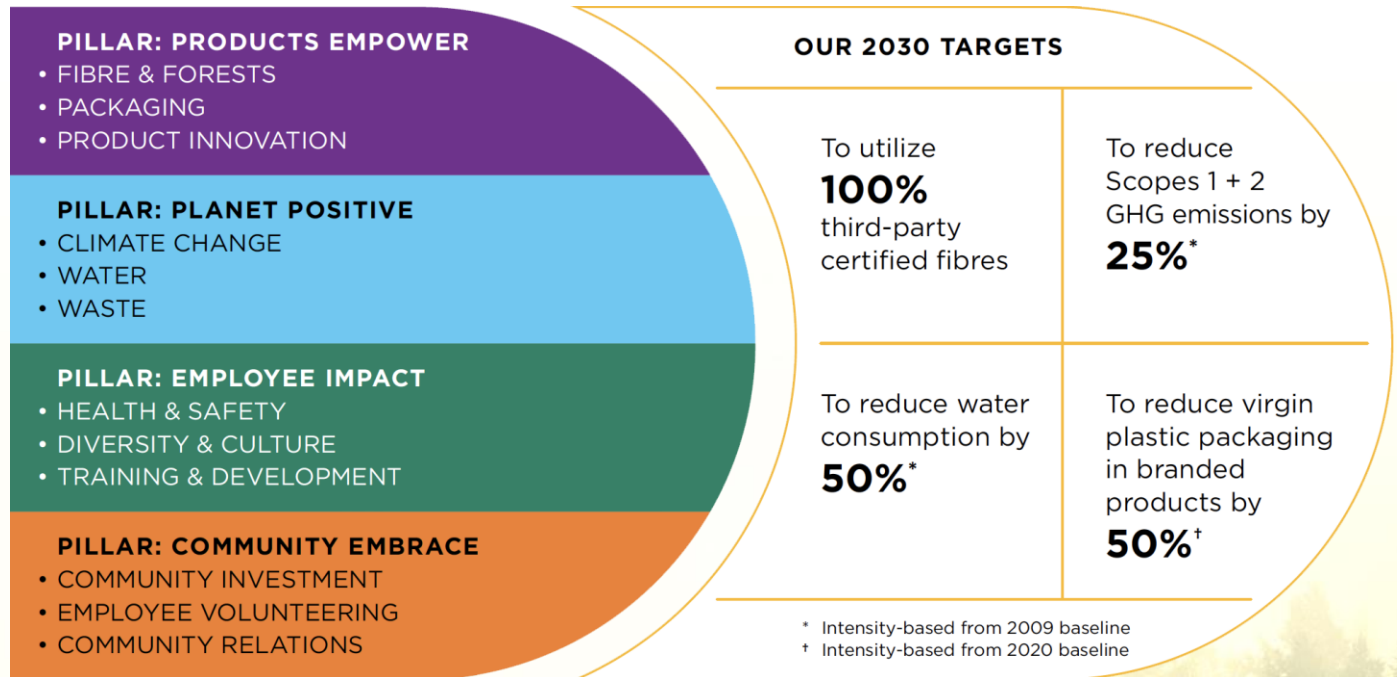


Program launched in 2016

	2020 TARGET	2020 RESULTS
Employee Safety ⁽¹⁾	50% improvement from 2015	58% improvement from 2015
Energy Consumption ⁽²⁾	15% reduction from 2009	15% reduction from 2009
Greenhouse Gas Emissions ⁽²⁾	27% reduction from 2009	26% reduction from 2009
Water Consumption ⁽²⁾	35% reduction from 2009	37% reduction from 2009
⁽¹⁾ OSHA Total Incidence Rate ⁽²⁾ Intensity-based		



Reimagine 2030 – The Next 10 Years



Reinvesting in the business to build a strong future



Our focus going forward will be on:

- Investing in our brands and innovation to build market share leadership in Canada while expanding White Cloud brand in the U.S.
- Pricing action plan in place to counter exceptional rise in pulp prices
- TAD Sherbrooke facility exceeding ramp-up curve and manufacturing new SpongeTowels Ultra Pro™
- OpEx program and Sherbrooke Expansion Project will increase capacity and optimize cost structure for the future
- Preparing Away-from-Home for a recovery in end-user markets
- New long-term sustainable development strategy to spearhead transformative growth and sustainable innovation
- Developing our organizational capability and culture to drive growth for the future



Q & A



KP Tissue Inc.

THANK
YOU

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