



2018 Annual Meeting of Shareholders

May 10, 2018



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Unless otherwise stated, references in this presentation to market shares or KPT’s market leadership are based on Nielsen dollar market share data and management estimates.

Agenda

- Opening Remarks
- Call Meeting to Order and Appoint Secretary and Scrutineers
- Notice of Meeting and Quorum
- Voting and Procedural Matters
- Presentation of 2017 Financial Statements and Auditors' Report
- Election of Directors
- Re-appointment of Auditors
- Termination of Formal Business
- Concluding Remarks
- Management Presentation
- Question Period





Dino Bianco

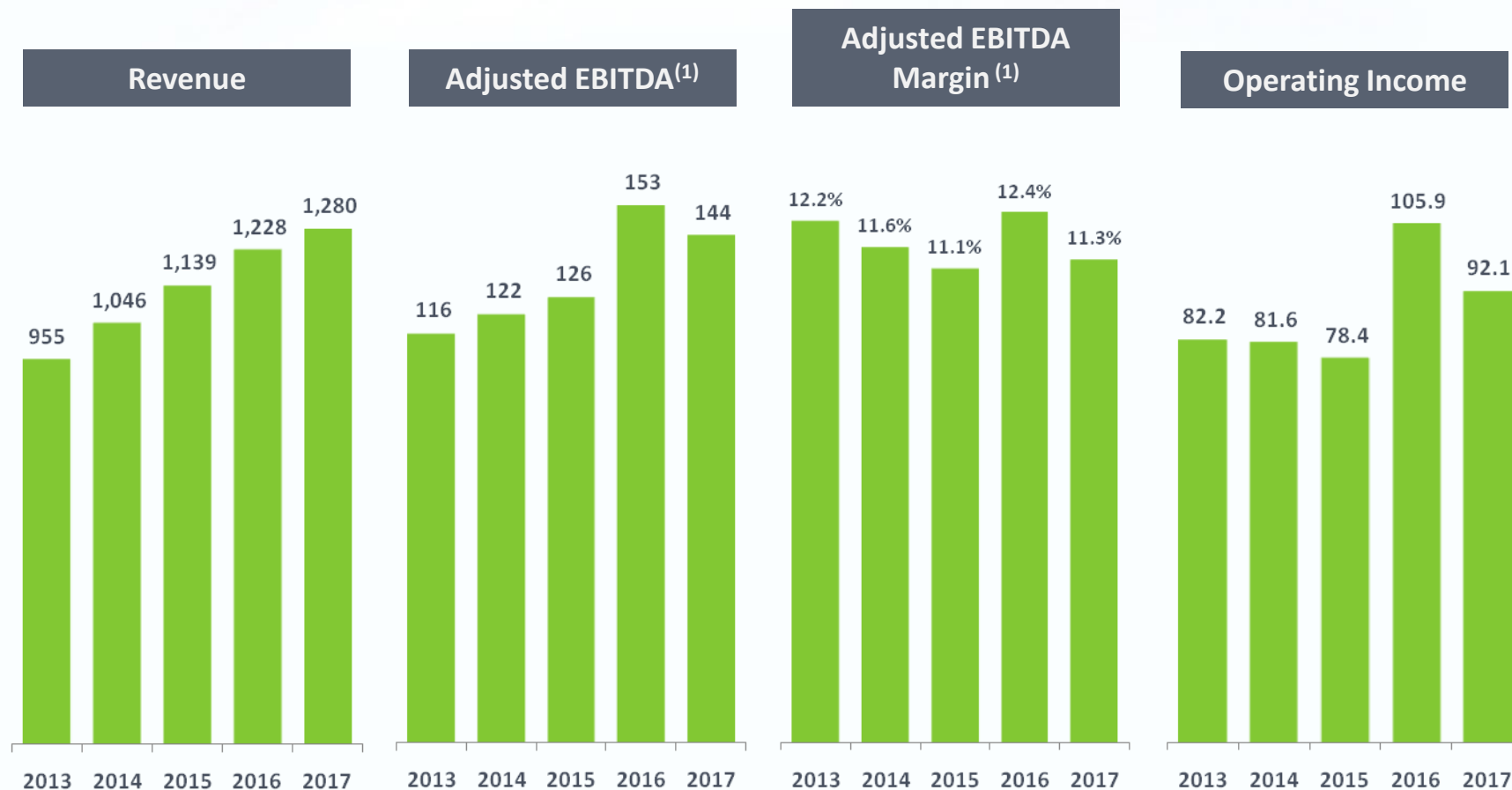
Chief Executive Officer

2017 Highlights



- Strong operational year: achieved record revenue for a fifth consecutive year reaching nearly \$1.3 billion.
- Adjusted EBITDA for 2017 was \$144.2 million, despite significant cost headwinds.
- Continued to be the leader in overall tissue market share in Canada
- Strong contribution from TAD products
- Expanding reach of well known White Cloud® brand in the U.S.
- Significantly increased CAPEX dedicated to high-return projects, such as our Crabtree PM8 machine, that will improve profitability and manufacturing efficiencies

Financial Performance Trend



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

Consumer Segment

- Consumer segment revenue was \$1.04 billion in Fiscal 2017, an increase of 5.4%
- Adjusted EBITDA was \$138.2 million, a decrease of 5.6%
- Leading brands: Scotties, Cashmere, Purex, SpongeTowels
- In 2017, once again, Cashmere was the best-selling bathroom tissue brand in Canada. In Western Canada, Purex was again the top brand



TAD Project



- 2017 was the fifth year of operation since commercial launch
- TAD products Adjusted EBITDA contribution exceeded our previously-stated expectation of \$60 million for the year
- With this strong performance, TAD products now form an integral part of our business and product offering

Away-From-Home (AFH) Segment



- AFH sells commercial tissue products primarily through distributors to businesses involved in property management, health care, food service, manufacturing and lodging, and to other public facilities
- AFH revenue was \$233.3 million in Fiscal 2017, an increase of 2.7%
- Adjusted EBITDA was \$6.2 million, an increase of 19.2%

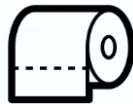


New Crabtree Paper Machine (PM8)

- Crabtree PM8 paper machine completed in Q3 2017 ahead of schedule
- Total project CAPEX of approximately \$55 million
- Positive contribution from PM8 started in Q1 2018



Brand Leadership Position



Bathroom Tissue	Facial Tissue	Paper Towel
#1 35.3%	#1 31.5%	#2 22.3%
18.8%	18.9%	11.5%
11.6%	0.7%	33.2%
3.2%	18.2%	1.7%

Source: Nielsen; dollar market share for the 52-week period ended March 31, 2018.

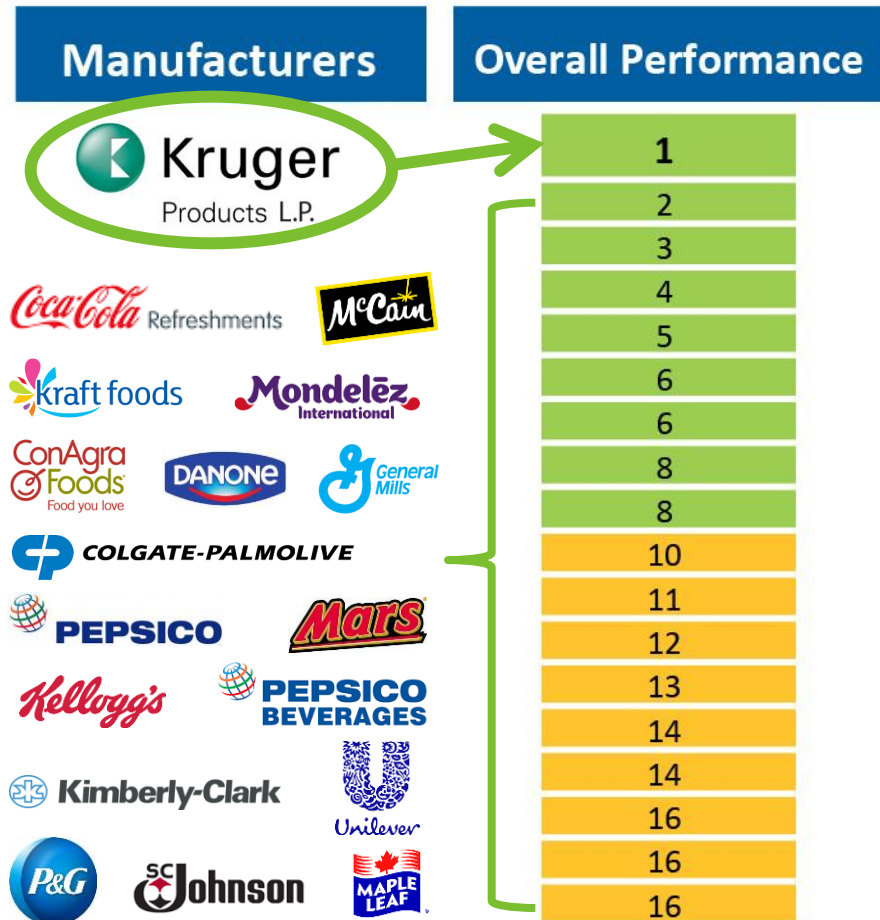
Strong Customer/Retailer Relationships

SURVEY CATEGORIES



SUMMARY

Core Competitive Set (Grocery/Mass/Club/Drug Channels)



Kruger Products ranked as #1 from 2013 to 2017

Recognition Highlights



Corporate Knights 2017
Future 40 Responsible Leaders



Greater Toronto's Top Employers
5th Consecutive Year



United Grocers Inc.
Best Supplier Award

Recognition Highlights



Ranked #1 CPG supplier, Industry Survey
for 5th Consecutive Year



16 Marketing Awards Won in 2017

TAD2 Project

Part of KPLP's long-term strategy is to increase premium paper capacity

Studying the potential for a second TAD paper machine with state-of-the-art converting capability ("TAD2")

- Potential sites in Canada and the U.S.
-

The project would require approximately two years for construction and installation following board approval, followed by a ramp-up period for production and sales

A decision to proceed with the project is subject to a number of factors, including identification of an acceptable site and availability of financing on satisfactory terms

AFH Segment



Resetting the AFH business to create a more efficient manufacturing and logistics footprint:

-
- In progress with a CAPEX program to improve manufacturing and logistics costs
-
- Results are also affected by pulp prices and freight costs
-
- Crabtree PM8 paper machine is now being partially used for the Consumer segment instead of AFH, reducing the beneficial impacts for AFH
-
- Reset will allow AFH business to become more competitive
-

White Cloud to Pursue Expansion in the U.S.



- White Cloud® was exclusive to Walmart in the U.S. until two years ago
- White Cloud® benefits from a strong brand name recognition in the U.S. and continues to be recognized as the #1 bathroom tissue
- Continue to pursue White Cloud® customer diversification strategy



Stable Underlying Demand for Consumer Tissue



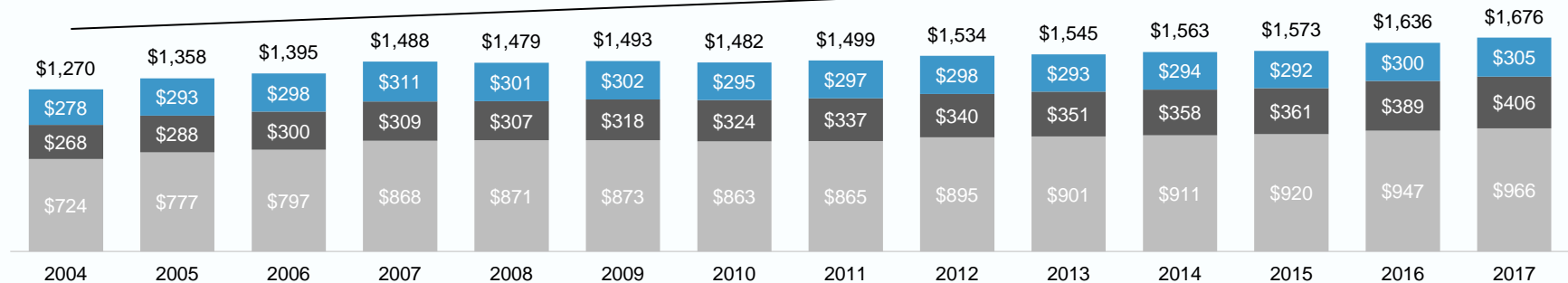
- Tissue demand has been relatively stable over time
- Demand typically supported by overall population growth and high household penetration rates

Total Consumer Retail Sales in Canada

C\$ millions

■ Bathroom Tissue ■ Paper Towels ■ Facial Tissue

CAGR: 2.2%



Source: Nielsen

U.S. Tissue Demand is Stable



U.S. demand for tissue products has grown consistently at a CAGR of 1.4% from 2001 – 2016

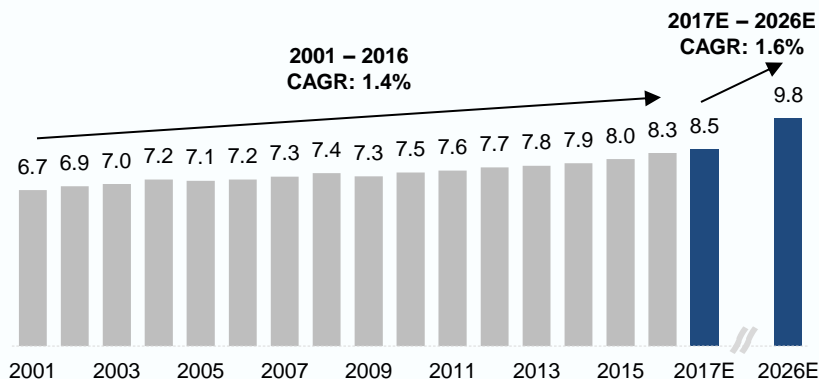
- CAGR of 1.6% expected from 2017E to 2026E
- Consumer represents ~67% of U.S. tissue demand
- AFH has shown similar growth to consumer segment; typically greater sensitivity to economic cycles

Private label volume continues to gain share, rising from 18% in 2008 to over 28% by 2016

- Greater acceptance since the economic downturn particularly in the towels and napkins segments
- Increasing emphasis on quality likely to support growth

Total U.S. Tissue Demand

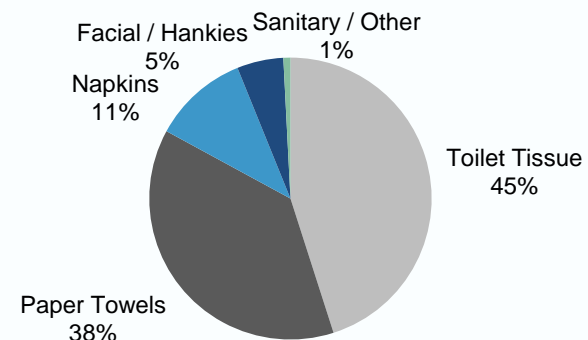
Volume (millions of mt) - 2001 to 2026E



Source: RISI

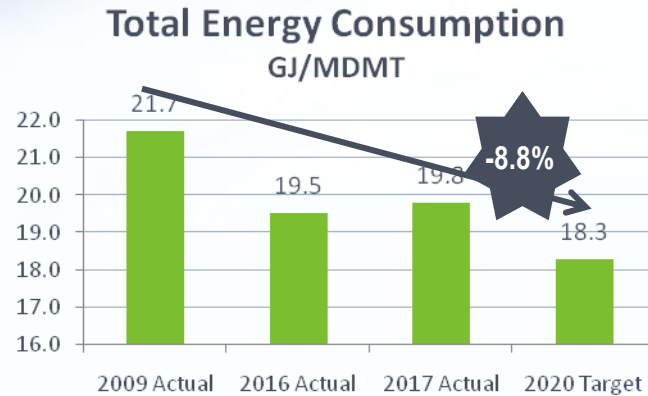
U.S. Tissue Demand Segments by Volume

2016

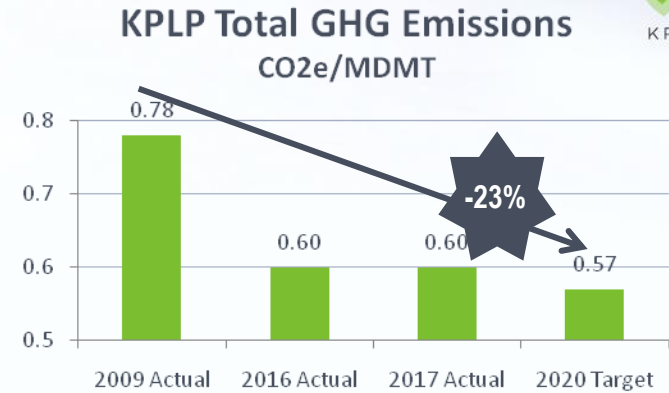


Source: RISI

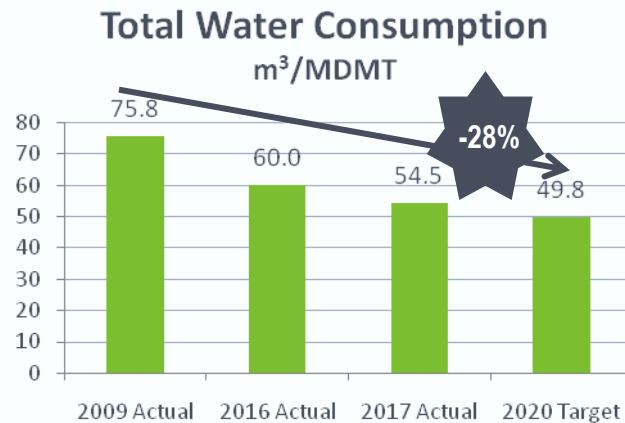
Sustainability Efforts Deliver Impact



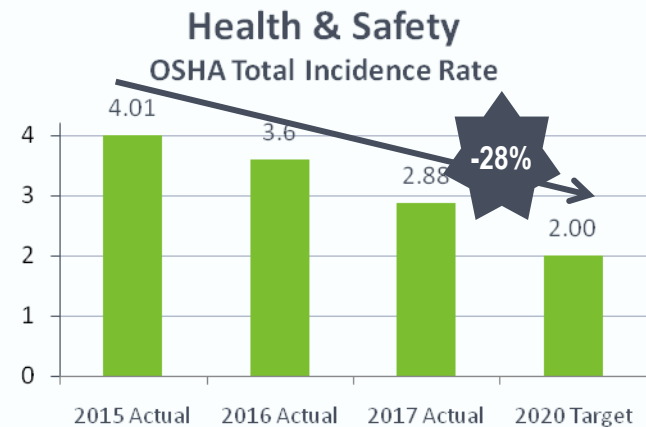
Target -15% Reduction¹ vs. 2009



Target -27% Reduction¹ vs. 2009



Target -35% Reduction¹ vs. 2009



Target -50% OSHA vs. 2015



¹Intensity Basis

Corporate Social Responsibility



Contribution to a number of social causes and philanthropic activities:

- Canadian Breast Cancer Foundation
- Ronald MacDonald House Charities
- Friends of We Care
- Earth Day Canada
- Scotties Tournament of Hearts



Business Strategy Focused on Building Great Brands and Products



Build Consumer and Brand Leadership in Canada

- Drive marketing and sales excellence
- Strengthen our brands
- Increase innovation

Drive Growth in U.S.

- Leverage TAD capabilities and focus on the high-end private label business
- Invest in technology to support “national brand equivalent”
- Strengthen position with current customers, penetrate select new strategic customers
- Build White Cloud brand

Create a North American Efficient Supply Chain

- Leverage manufacturing technology to drive product superiority and cost savings
- Growth capital projects drive performance improvement with strong paybacks
- Utilize full supply chain footprint to drive efficiency

Drive Sustainability (Sustainability 2020 Project)

- Reduce energy consumption by 15% from 2009 levels
- Reduce water consumption by 35% from 2009 levels
- Reduce greenhouse gas emissions by 27% from 2009 levels
- Improve employee safety by 50% from 2015 levels



Q&A



Thank You