



WELL POSITIONED FOR GROWTH

Q1 2021 FINANCIAL RESULTS

May 7, 2021



Forward-Looking and Cautionary Statements

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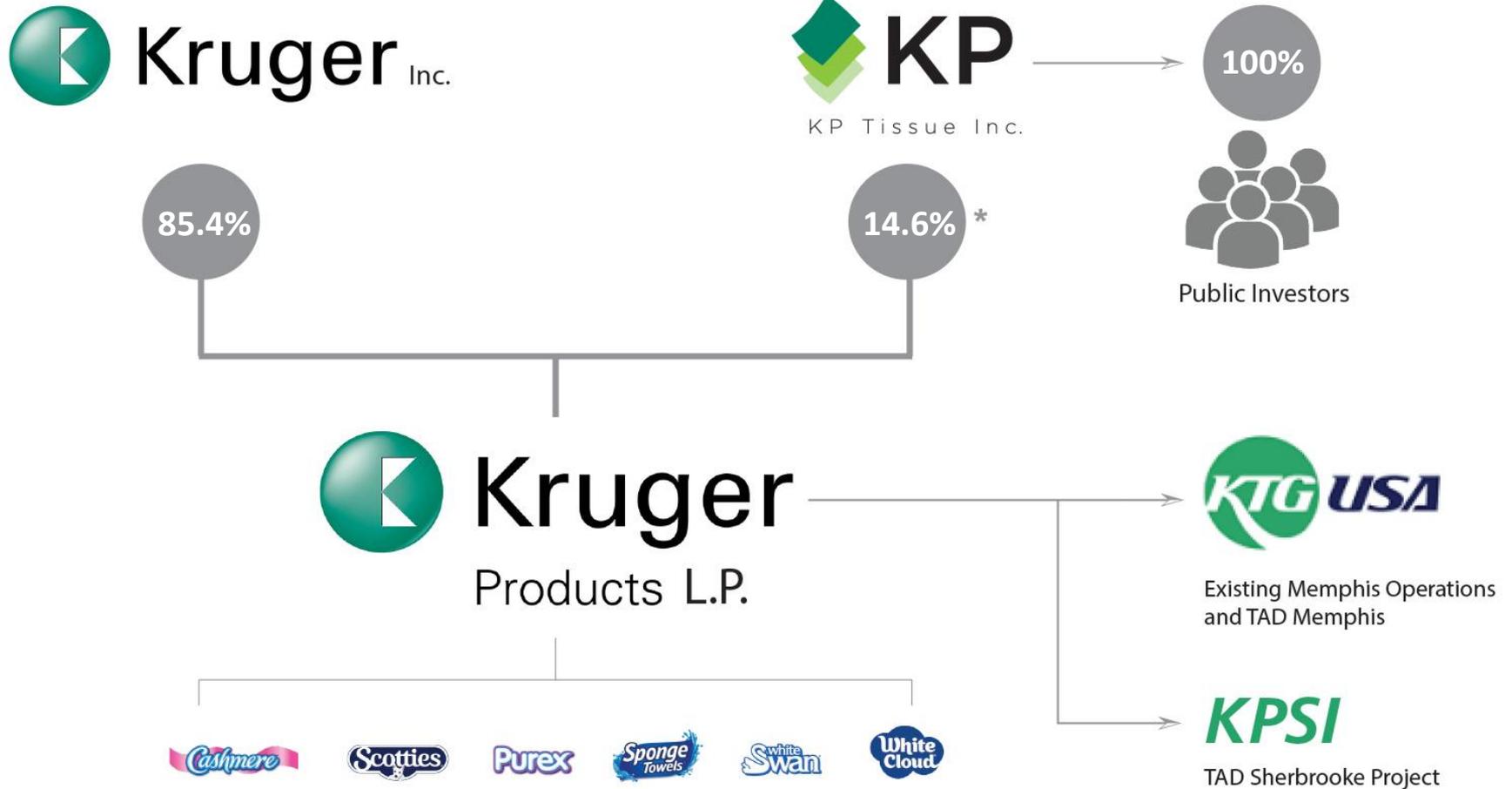
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Unless otherwise stated, references in this presentation to market shares or KPT’s market leadership are based on Nielsen dollar market share data and management estimates. Please refer to the Company’s MD&A for the complete Forward-looking and cautionary statements.

**The following presentation is to review Kruger Products L.P.
Q1 2021 financial results**

Corporate Structure



*As of May 6, 2021 (14.7% as of March 31, 2021).

Kruger Products Overview

1

**Canada's Leading
Tissue Company**

2

Strong Portfolio of Brands

3

**Strong Customer
Relationships**

4

**Broad Manufacturing
Infrastructure**

5

Growth Focused

6

**Experienced
Management Team**

Q1 2021 Highlights

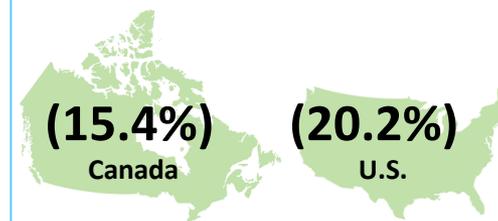
\$310.4 M

Revenue

17.3%

Over Q1 2020

Decline due to significant sales volume decreases compared to high COVID-19 buying activity last year, destocking of tissue inventories by retailers and consumers in Q1 2021, and the unfavourable impact of COVID-19 restrictions on the AFH segment, as well as unfavourable impact of FX.



\$37.5 M

Adjusted EBITDA¹

26.5%

over Q1 2020

The decrease was primarily due to the impact of lower sales volumes net of overhead absorption, combined with the unfavourable impact of higher pulp prices, and higher freight rates and warehousing costs, slightly offset by lower SG&A expenses.

\$6.8 M

Net Income

\$1.6M

over Q1 2020

The decrease was primarily due to lower Adjusted EBITDA and higher interest and depreciation expense, partially offset by an increase in other income, and no consulting costs related to operational transformation initiatives.

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

Pulp Input Prices

Q1 2021 NBSK average prices in CAD increased 11.5% and BEK average prices increased 13.8% compared to Q4 2020.

NBSK average prices in USD have increased 14.3% and BEK average prices increased 16.7% quarter-over-quarter in Q1 2021 with Q2 2021 prices escalating further. Based on industry forecasts, both NBSK and BEK prices are expected to remain elevated for the remainder of 2021.

**NBSK North American List Prices per MT
(Q1 2021 9.2% YOY in CAD)**



**BEK List Prices per MT
(Q1 2021 11.5% YOY in CAD)**



(USD average 1.27 in Q1 2021 compared to 1.34 in Q1 2020)

COVID-19 Impact and Priorities



- Continue to protect the health and safety of our employees
- 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
- Provinces and States are opening-up at varying degrees
- 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

NETWORK MODERNIZATION

TAD Sherbrooke

- Successful ramp-up and 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 quality in terms of strength and absorbency

Sherbrooke Expansion

- Project scope being finalized
- Engineering, environmental and geotechnical studies underway
- Financing in final stages of approval

OpEx

- Investing more in enhanced maintenance to drive stronger asset performance
- 2021 focus expanded to new assets and waste reduction



TRADEMARK

Continued focus on investing and building our brands

- Strong share gains across all categories continued in Q1
- Continued incremental marketing investment for full year 2021
- Full distribution of quality improved Cashmere supported by strong advertising
- New “Unleash the Scotties” Campaign gaining strong consumer traction
- Strong NHL partnership continues with the activation of our “Find the Cup” to Win Stanley Cup Playoffs Promotion
- On plan launch of new SpongeTowels Ultra Pro™ paper towel hitting stores now



**OUR STRONGEST,
MOST ABSORBENT
Paper Towel.***



**Strong
and Durable**



**Clean
Finish**

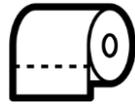


**Sponge-Like
Absorbency**



NEW

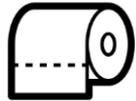
Canada's Leading Tissue Company



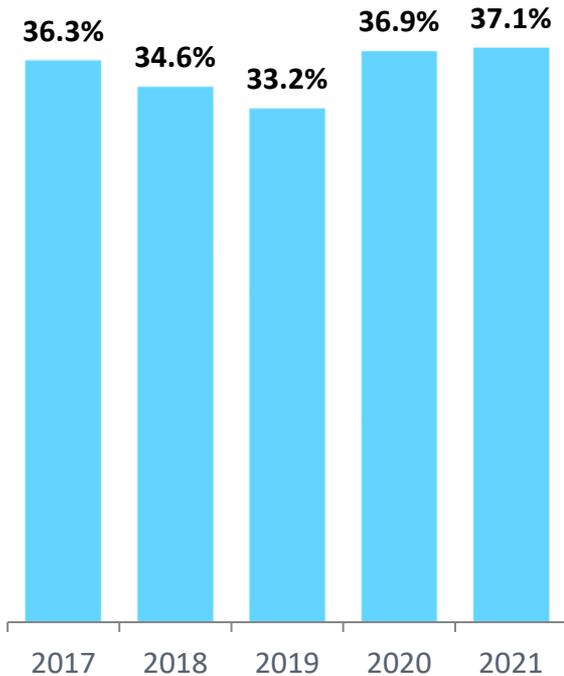
	Bathroom Tissue	Facial Tissue	Paper Towel
Kruger	#1 37.1%	#1 33.0%	#2 22.2%
IRVING	18.7%	19.6%	13.2%
P&G	10.5%	0.4%	34.0%
Kimberly-Clark	1.2%	16.7%	0.9%

Source: Nielsen; dollar market share for the 52-week period ended March 27, 2021

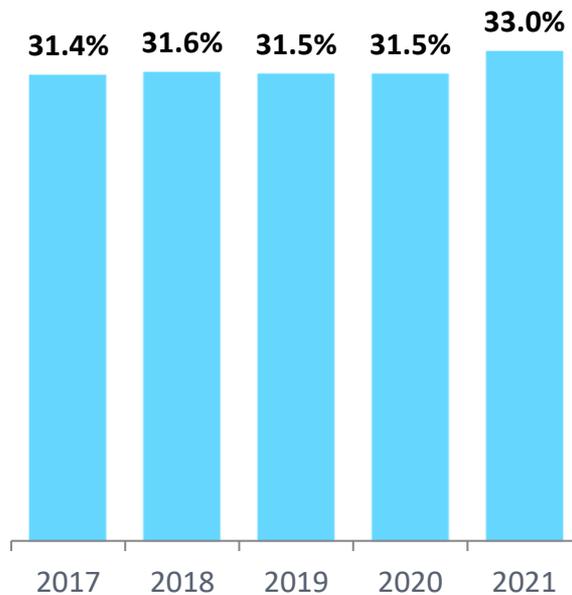
Brand Leadership Position



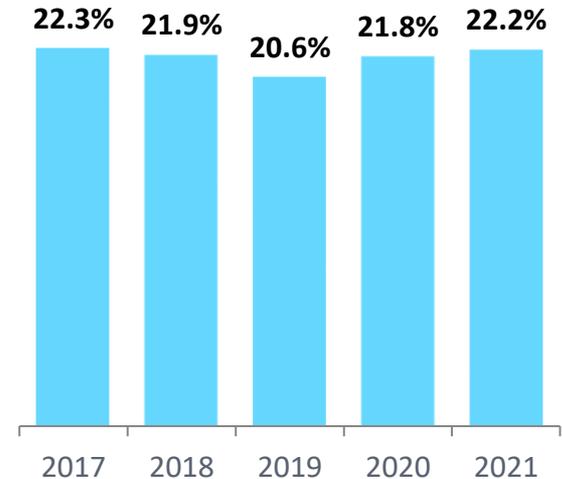
#1 Bathroom Tissue



#1 Facial Tissue



#2 Paper Towel

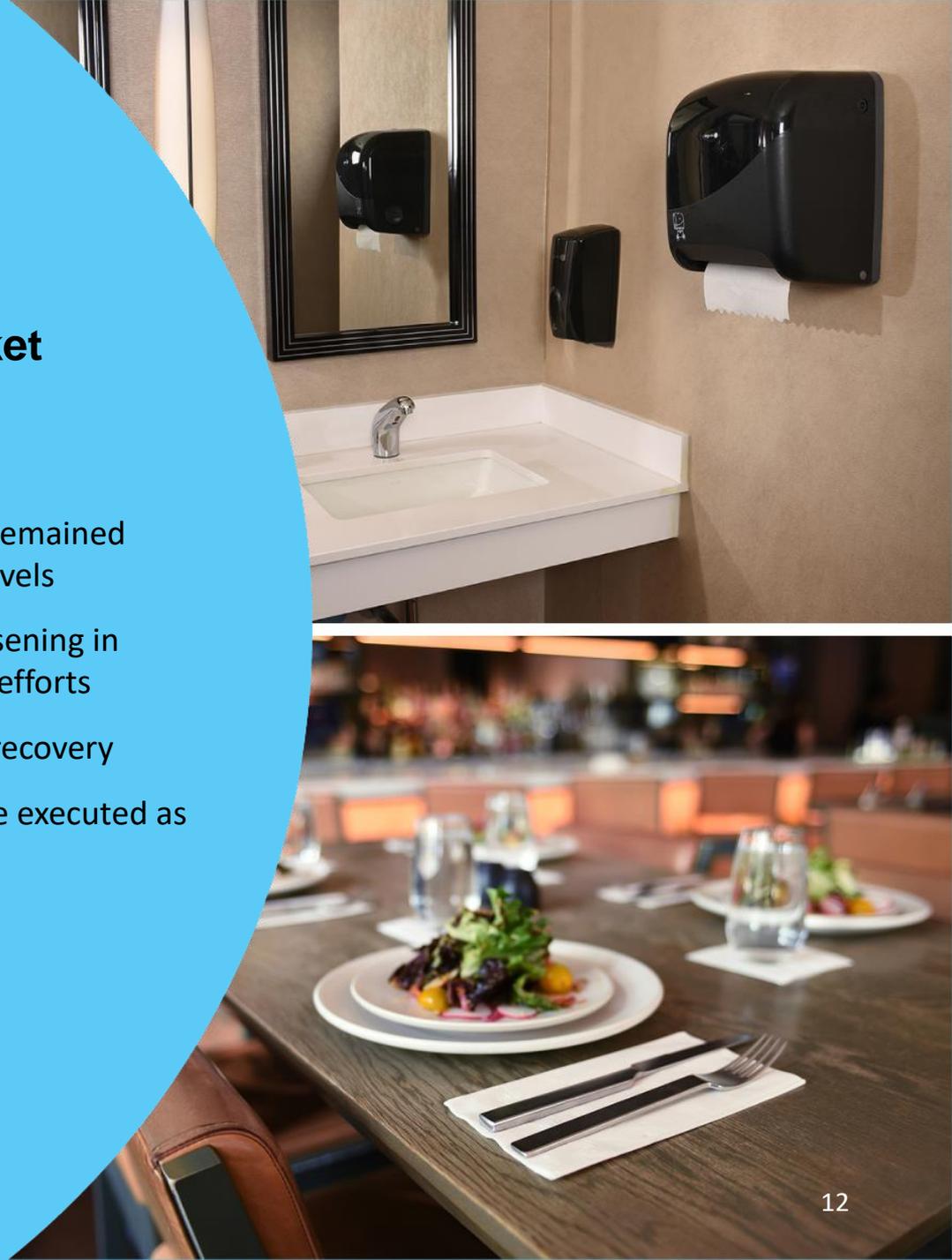


Source: Nielsen Canadian dollar market share for 52-week period data. 2021 represents the latest 12 months ending March 27, 2021

AFH SEGMENT

Performance Tied to End-Market Recovery

- Volume trends improving, but Q1 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
- Announced pulp-based price increase to be executed as contracts renewed



Quarterly Financial Summary

(Million CAD\$, unless otherwise noted)	Q1 2021	Q4 2020	Q1 2020	% Change	
				Y/Y	Q/Q
Revenue	310.4	385.0	375.1	(17.3%)	(19.4%)
Cost of Sales	263.3	332.2	314.5	(16.3%)	(20.7%)
Gross Profit	47.0	52.8	60.6	(22.4%)	(10.8%)
Gross Margin	15.2%	13.7%	16.2%		
Adjusted EBITDA¹	37.5	36.2	51.0	(26.5%)	3.5%
Adjusted EBITDA Margin ¹	12.1%	9.4%	13.6%		
Net Income	6.8	(28.5)	8.4		
Net Income Margin	2.2%	(7.4%)	2.2%		

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

Quarterly Segmented Results

(Million CAD\$, unless otherwise noted)	Q1 2021	Q4 2020	Q1 2020	% Change	
				Y/Y	Q/Q
Segmented Revenue					
Consumer	271.4	333.2	313.2	(13.3%)	(18.6%)
AFH	39.0	51.8	61.9	(37.0%)	(24.6%)
Total Segment Revenue	310.4	385.0	375.1	(17.3%)	(19.4%)
Segment Adjusted EBITDA¹					
Consumer	44.1	44.2	54.3	(18.9%)	(0.3%)
AFH	(4.8)	(2.4)	(1.0)	368.4%	102.8%
Corporate and other costs	(1.8)	(5.6)	(2.3)		
Total Segment Adjusted EBITDA¹	37.5	36.2	51.0	(26.5%)	3.5%
Segment Adjusted EBITDA Margin²					
Consumer	16.2%	13.3%	17.3%		
AFH	(12.3%)	(4.6%)	(1.7%)		
Total Segment Adjusted EBITDA Margin¹	12.1%	9.4%	13.6%		

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

Q1 2021 Revenue Compared to Q1 2020

\$64.7 M

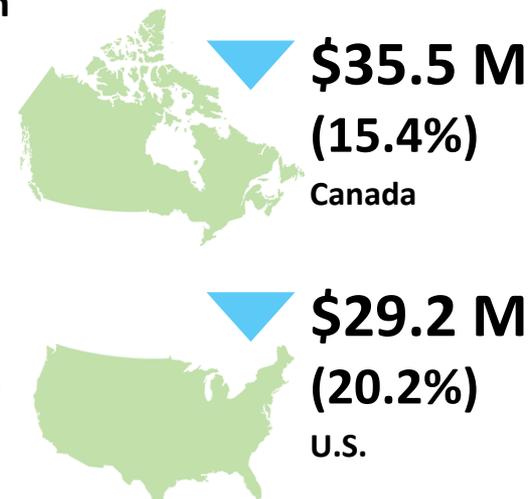
Q1 Revenue Decrease

17.3%
over Q1 2020

Impacted due to a combination of:

- Sales volume decreases in Canada and U.S. due to:
 - Comparison to high COVID-19 buying activity across all business segments in Q1 2020
 - De-stocking of tissue inventories by retailers and consumers in Q1 2021
 - Unfavourable impact of COVID-19 restrictions on the AFH segment in Q1 2021
- Unfavourable FX

Geographic revenue segmentation



Q1 2021 Adjusted EBITDA¹ Compared to Q1 2020

\$13.5 M

Q1 Adjusted EBITDA¹ decrease



26.5%
over Q1 2020

Gross Margin

15.2%



Q1 2021

16.2%



Q1 2020

Primarily due to the following factors:

- Lower sales volume net of overhead absorption
- Unfavourable impact of higher pulp prices
- Higher outsourcing costs
- Increase in freight and warehousing costs

Partially offset by:

- Lower SG&A expenses

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

Q1 2021 Revenue Compared to Q4 2020

\$74.6 M

Q1 Revenue decrease

19.4%

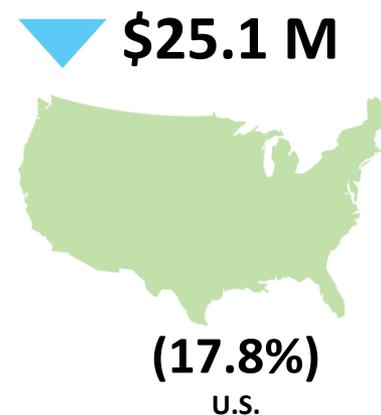
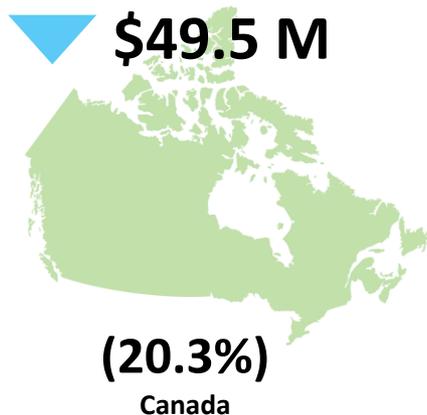
over Q4 2020

Decrease due to a combination of:

- Significantly lower Consumer volume due to retailer and consumer de-stocking
- Lower AFH sales reflecting new wave of COVID-19 restrictions in Canada
- Lower F/X on USD sales



Geographic revenue segmentation



Q1 2021 Adjusted EBITDA¹ Compared to Q4 2020

\$1.3 M

Q1 Adjusted EBITDA¹ increase



3.5%
over Q4 2020

Gross Margin

15.2%



Q1 2021

13.7%



Q4 2020

Increase due to the following factors:

- Reduced SG&A spending, particularly lower seasonal advertising
- One-time hourly workforce bonus paid in Q4 2020
- TAD Sherbrooke modest positive contribution in Q1 2021 compared to start-up costs in Q4 2020

Mostly offset by:

- Significantly lower sales volume in both business segments, net of overhead absorption
- Higher pulp prices
- Increased freight rates

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

Balance Sheet

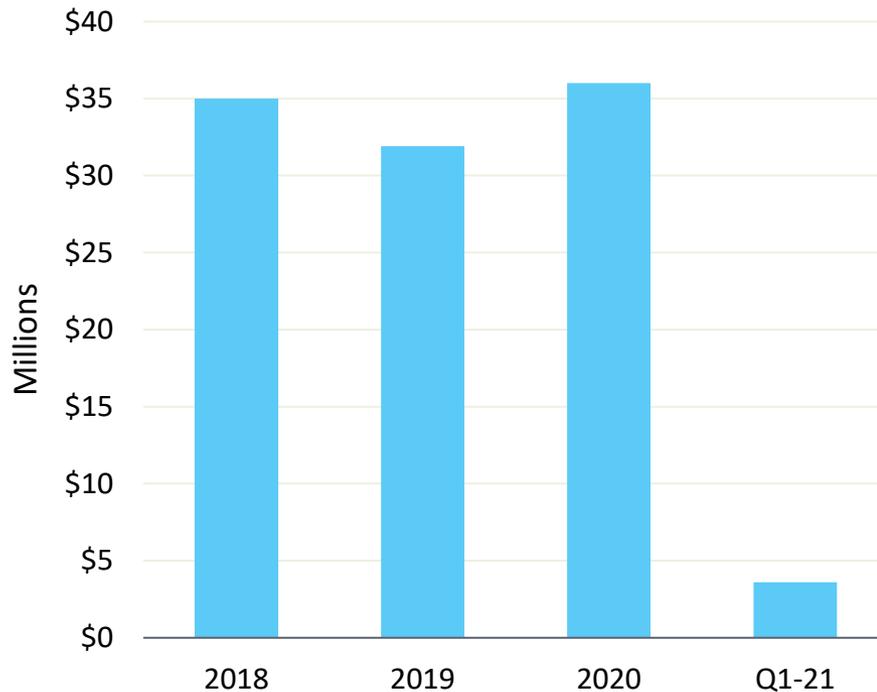
(Million CAD\$, unless otherwise noted)	Q1 2021	Q4 2020
Cash	57.6	128.7
Current Portion of Long-term Debt	9.9	9.5
Long-term Debt	842.8	744.0
Net Debt	795.2	624.7
LTM Adjusted EBITDA ¹	184.3	197.8
Net Debt/LTM Adjusted EBITDA¹	4.3x	3.2x

- Leverage increased due to the higher level of net debt and decreasing LTM Adjusted EBITDA
- Net debt increased due to higher working capital and investment in TAD Sherbrooke
- Subsequent to quarter closed \$135 million in Senior Unsecured Notes

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

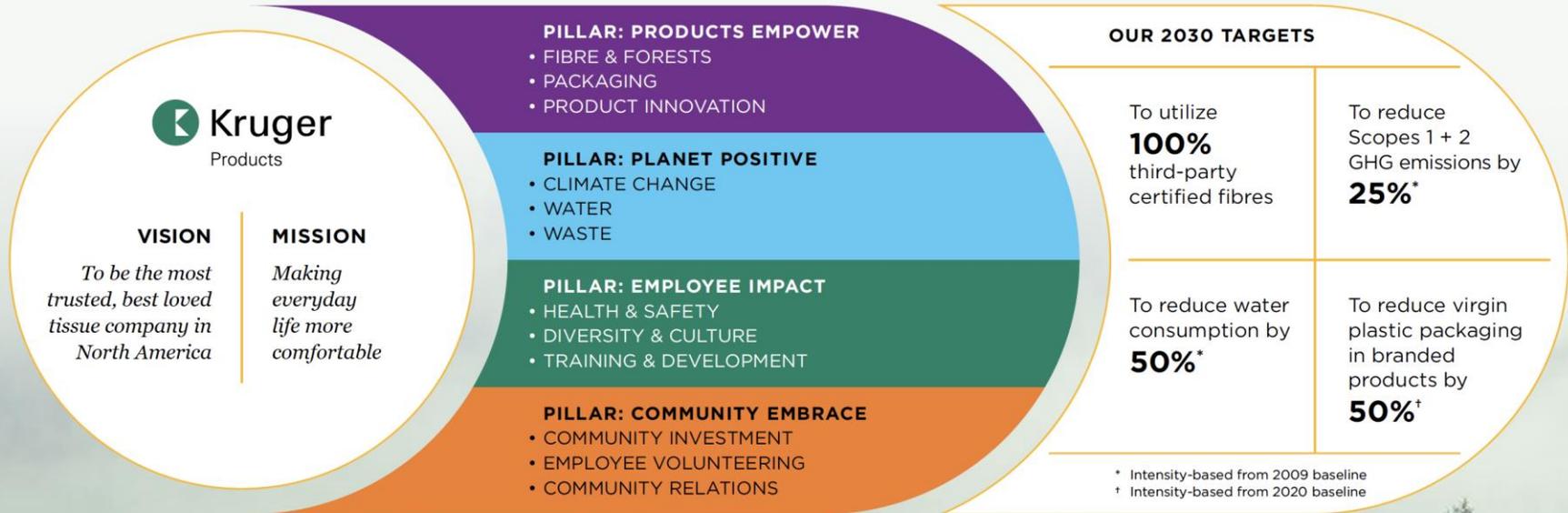
CAPEX

CAPEX, excluding TAD Sherbrooke



- Q1 2021 TAD Sherbrooke CAPEX was \$51.1 million
- \$25.2 million of accrued and unpaid capital spending as of March 31, 2021
- Q1 2021 CAPEX excluding TAD Sherbrooke was \$3.6 million
- 2021 TAD Sherbrooke CAPEX estimated at approximately \$115 million
- Total 2021 CAPEX of \$160-\$180 million

Reimagine 2030 - New 10-Year Sustainable Development Strategy



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 in the U.S.

- Pricing action plan in Consumer and AFH to counter exceptional rise in pulp prices

- TAD Sherbrooke facility exceeding ramp-up curve and manufacturing new SpongeTowels Ultra Pro™, with industry leading quality in terms of strength and absorbency

- OpEx program and announced Sherbrooke Expansion will increase capacity and optimize cost structure for the future

- Preparing AFH for a variable recovery in end-user markets

- New 10-year sustainable development strategy to spearhead transformative growth and sustainable innovation

- Developing our organizational capability and culture to drive growth for the future



KP Tissue Inc.

THANK
YOU

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