



GROWING BUSINESS

IN A CHALLENGING ENVIRONMENT

RBC Capital Markets Forest Products Conference

December 1, 2022



FORWARD-LOOKING AND CAUTIONARY STATEMENTS

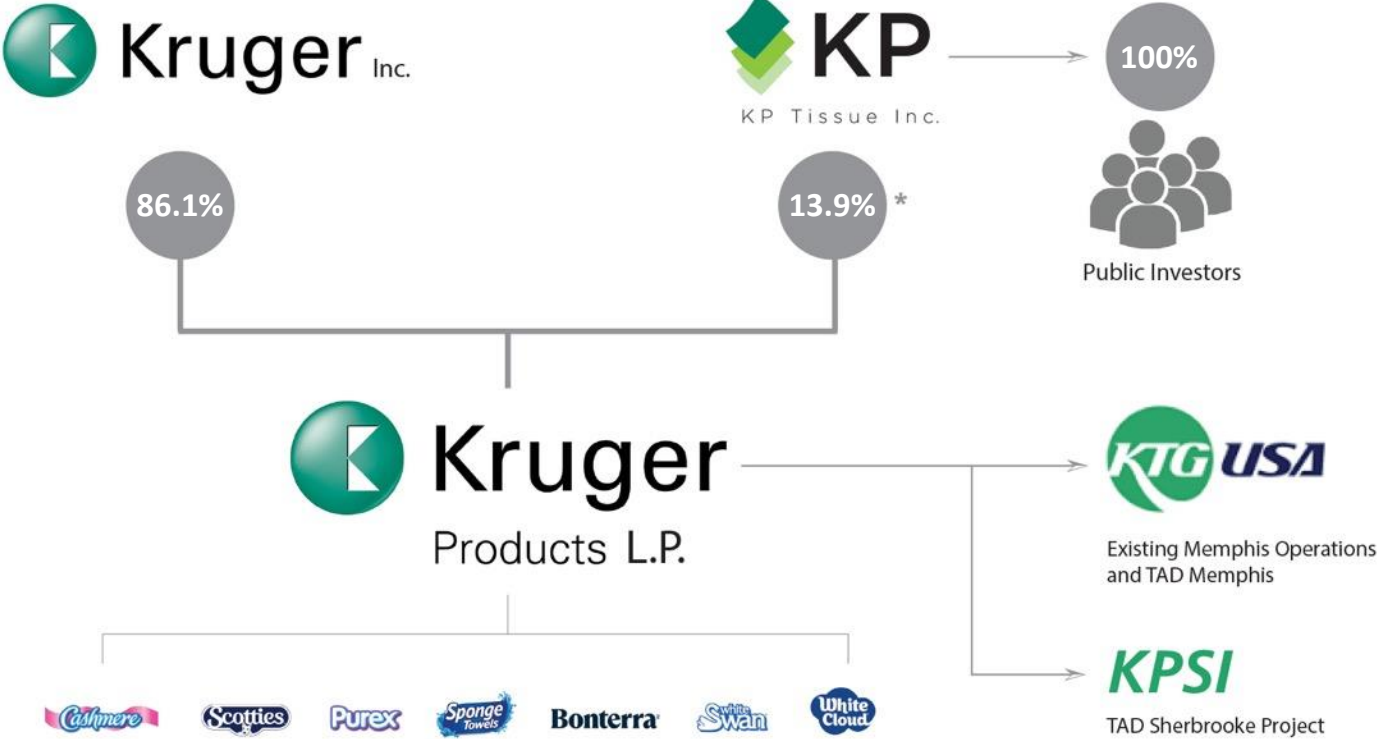
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CORPORATE STRUCTURE



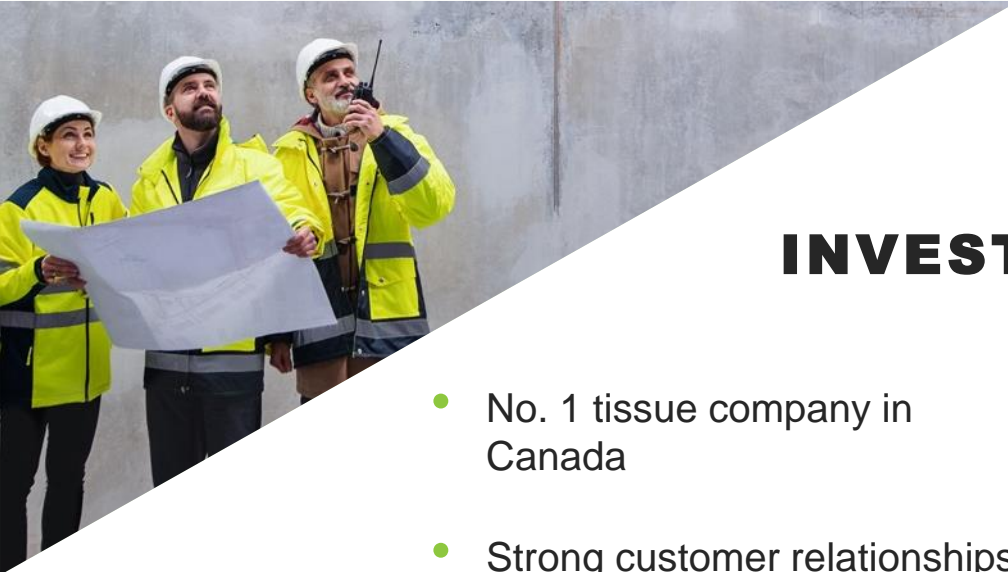
*As of November 8, 2022 (14.1% as of September 30, 2022).



Dino Bianco
Chief Executive Officer



Mark Holbrook
Chief Financial Officer



INVESTMENT HIGHLIGHTS

- No. 1 tissue company in Canada
- Strong customer relationships with a compelling retail proposition
- Focus on innovation through Bonterra and Cashmere and Purex UltraLuxe launches
- Large, multi-faceted manufacturing capabilities
- Growing US platform with premium private label and White Cloud™ brand
- Attractive dividend yield
- Seasoned management team with proven record

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



Making everyday life more comfortable.

5 UNDERLYING STRATEGIES

Drive Strong Revenue, Profit and Shareholder Value in a Sustainable Manner

1



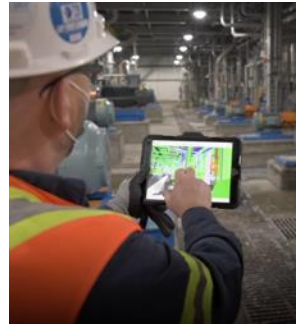
**Consumer As Our
Compass**

2



**Expand Our
Business Footprint**

3



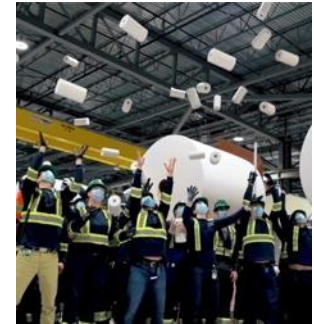
**End-to-End Supply
Chain Excellence**

4



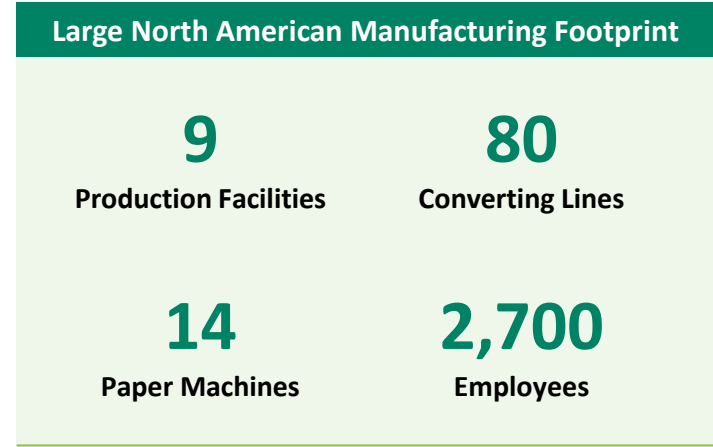
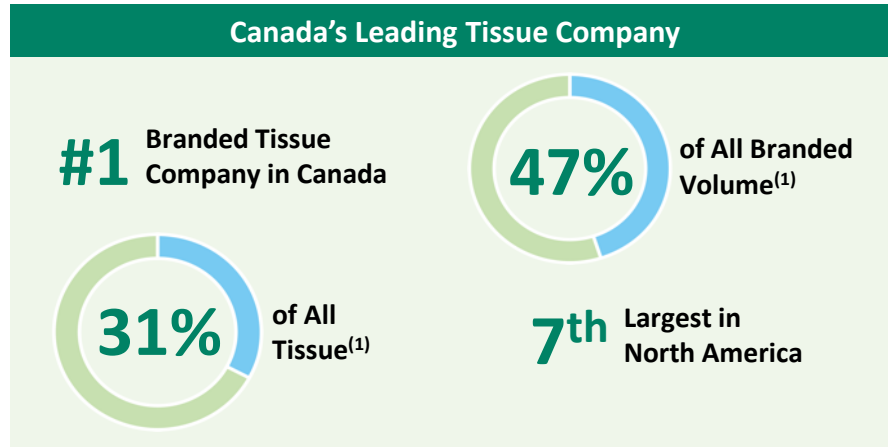
**Deliver
Sustainability**

5



**Winning Team
and Culture**

KRUGER PRODUCTS BY NUMBERS



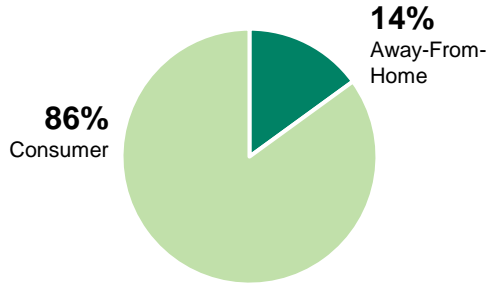
	Revenue	Net Loss	Adjusted EBITDA ⁽²⁾
LTM	\$1.6B	(\$30.6M)	\$109.9M

(1) Nielsen Market, Last 52 weeks ended September 10, 2022. Numbers were rounded.

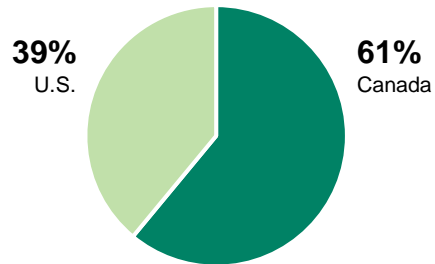
(2) Non-GAAP measure – see MD&A for the definition and reconciliation of the most comparable GAAP measure.

DIVERSIFIED PORTFOLIO

Segment Split⁽¹⁾



Geographic Split⁽¹⁾



	Bathroom Tissue	Facial Tissue	Paper Towel	Napkin
Branded	✓	✓	✓	✓
Away-From-Home	✓	✓	✓	✓
Private Label	✓	✓	✓	✓

(1) Segment and geographic splits are based on FY 2021

BRAND LEADERSHIP POSITION



Bathroom Tissue

Facial Tissue

Paper Towel

 **Kruger**
Products



 **Kimberly-Clark**

#1
33.7%

15.6%

11.2%

1.3%

#1
36.6%

17.5%

0.7%

16.2%

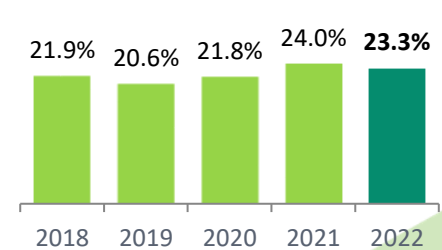
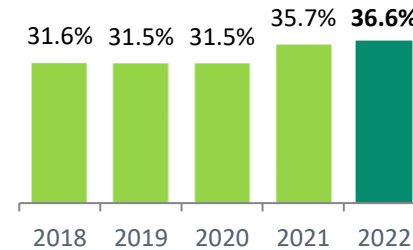
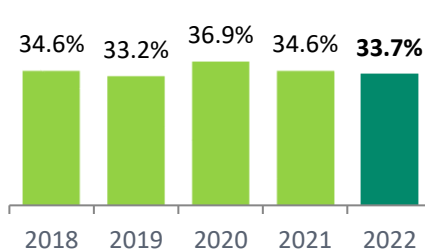
#2
23.3%

11.1%

34.3%

0.2%

 **Kruger**
Products

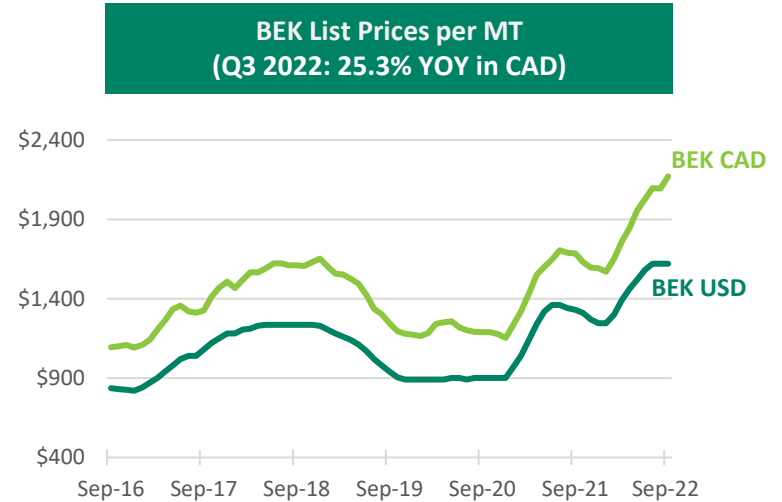
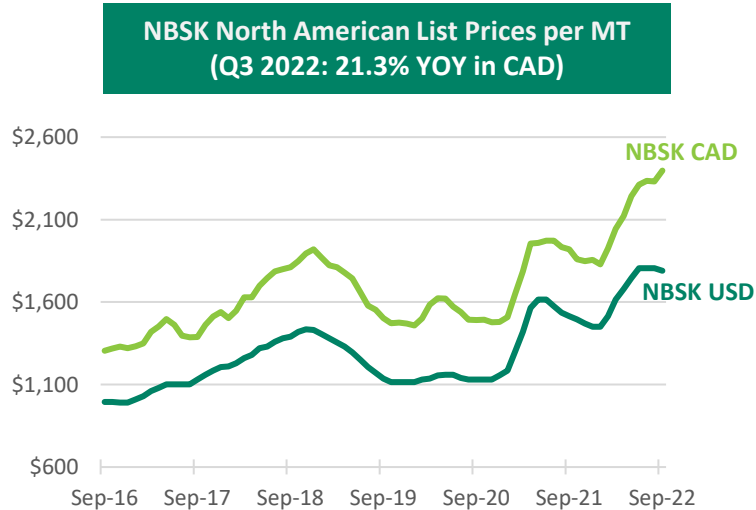


Source: Nielsen Canadian dollar market share for 52-week period data. 2022 represents the latest 12 months ended September 10, 2022.

PULP INPUT PRICES

Q3 2022 NBSK average prices¹ in CAD increased 5.8%, while BEK average prices¹ increased 9.3% from Q2 2022.

Q3 2022 NBSK average prices¹ in CAD increased 21.3% and BEK average prices¹ increased 25.3% year-over-year. Based on industry forecasts for 2022, NBSK and BEK prices are expected to remain at elevated levels but continue to be volatile.



(CAD/USD averaged 1.31 in Q3 2022, up 4% from Q3 2021)

¹ Both NBSK price and BEK price were calculated using RISI

HIGH INFLATIONARY PRESSURE

Q3 2022 vs. Q3 2021



**+\$45 Million
Impact**



21-25%
FIBRE



25-30%
FREIGHT



4-6%
LABOUR



10-12%
PACKAGING



50-55%
NATURAL GAS



15%
OTHER

ALL PRICING ACTIONS IMPLEMENTED FOR 2022

Pricing Actions in 2022

Consumer Canada

- Price increases in July and October

Consumer U.S.

- Price increases in Jan/Feb., July and October

AFH

- Price increases in January, May and August

10-12%

**Average Price Increase
in Q3 2022 (YoY)**

Cost Management Plans in 2022

- Reduced capital spending
- Lower working capital
- Increased productivity
- Cut discretionary SG&A spending



FOCUS ON INNOVATION

Bonterra

- Offers consumers a sustainable solution with bundle of unique features:
 - Plastic-free paper packaging
 - High quality FSC® certified recycled fiber
 - Carbon neutral production
 - Partnerships with 4Ocean and One Tree Planted
 - Made in Canada
- Bathroom tissue, facial tissue and paper towel products
- Availability began in March 2022

Cashmere and Purex UltraLux

- Significant upgrade using new TAD soft technology to grow ultra-premium segment
- Consumer research confirms it's our softest and most luxurious bathroom tissue ever
- Availability began in February 2022



BRAND SUPPORT

- Q3 2022 and Q4 2022 marketing spend dedicated to in-store and shopper marketing initiatives to drive sales and mitigate price increase impact
- Focusing on managing price gaps following price increases
- Continued awareness and trial-building activities behind Cashmere and Purex UltraLuxe, Sponge Towels UltraPRO, Bonterra and White Cloud launches
- Strong share gains for Sponge Towels UltraPRO and Cashmere/Purex UltraLuxe
- 19th Annual Cashmere Collection in market and Q4 launch of 3rd annual Kruger Big Assist with new Shopping Assist incentive to drive sales



AFH SEGMENT

RECOVERY ONGOING IN COMMERCIAL SECTOR

- Volume remained strong in Q3 2022, 12% higher year-over-year
- Growth in U.S. exceeding market
- EBITDA margin is now positive
- Pricing activity undertaken in 2022 is offsetting inflation
- Commercial tissue capacity remains highly utilized in North America





NETWORK MODERNIZATION

TAD Sherbrooke

- Continuing to exceed ramp-up plans
- Phase 2 of AI implementation progressing according to plan

Sherbrooke Expansion

- Increased total investment to ~\$350 million
- Start-up for bathroom tissue line expected in Q1 2023 with hiring and training phase on track
- Start-up for facial line (Q3 2023) and paper machine line (end of 2024)
- Tracking to plan but closely watching supply chain and inflation





MEMPHIS OPERATIONS

Memphis Performance

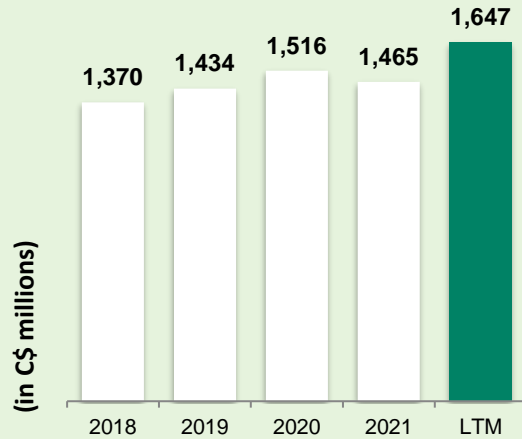
- Made improvements to TAD operations (less output variability)
- Re-ignition of efforts on OpEx underway using third-party partner
- Optimizing staff numbers and continuing to train at all levels
- Operational recovery benefit expected in early 2023
- Shutting down older production assets in January 2023

New Facial Tissue Line in Memphis

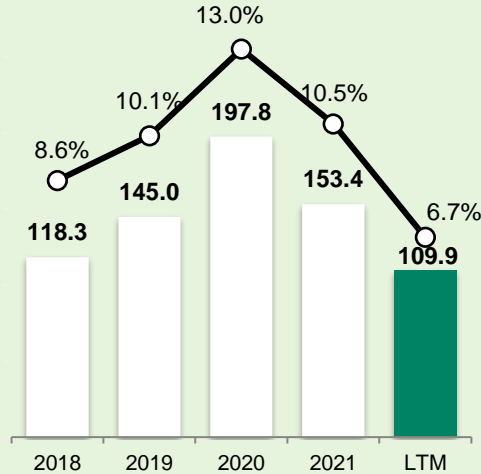
- Rolled out in July and continues to exceed start-up curve
- Adding new product configurations to expand portfolio
- Provides opportunity for future growth in the U.S.

FINANCIAL PERFORMANCE TREND

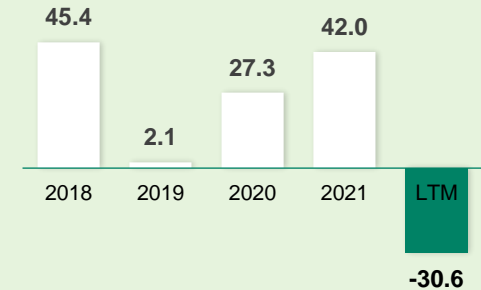
Revenue



Adjusted EBITDA⁽¹⁾ and Adjusted EBITDA Margin⁽¹⁾



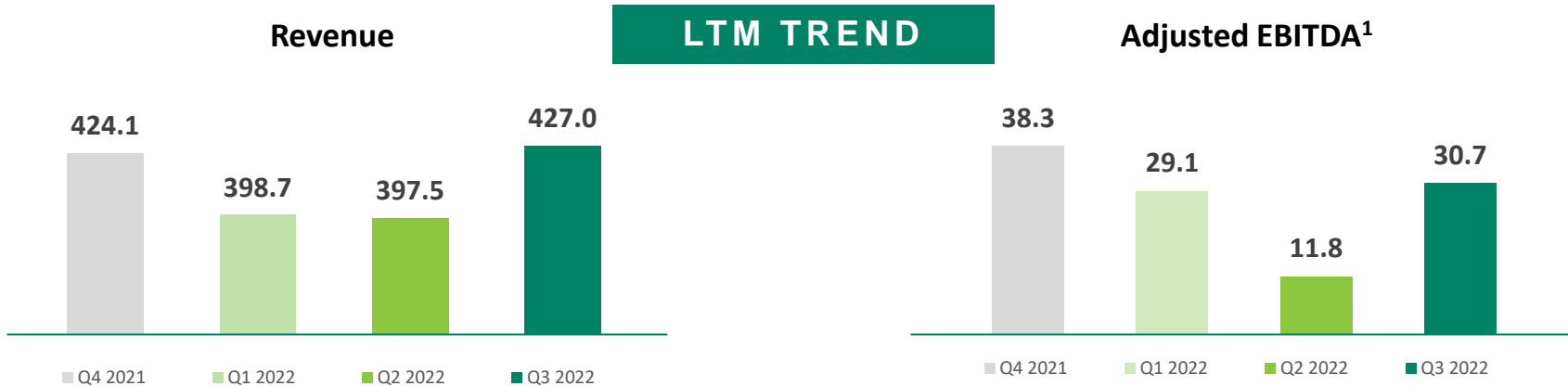
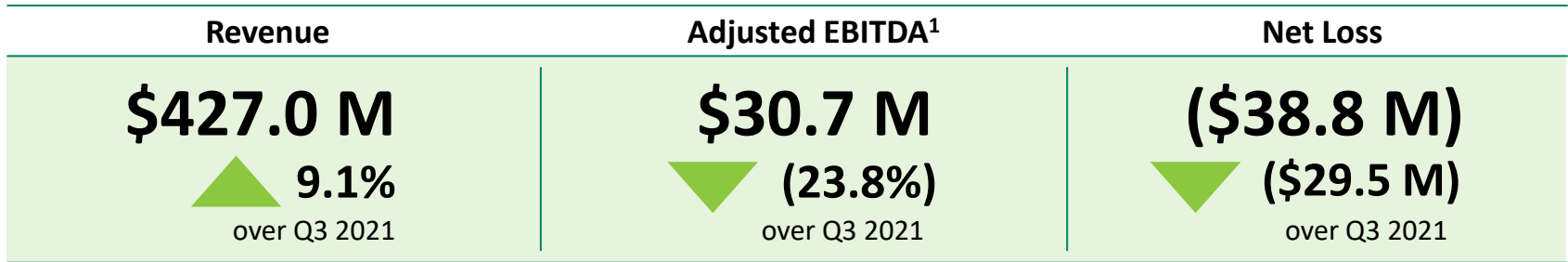
Net Income (Loss)



(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 has been restated to reflect the adoption of IFRS 16.

Q3 2022 HIGHLIGHTS



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

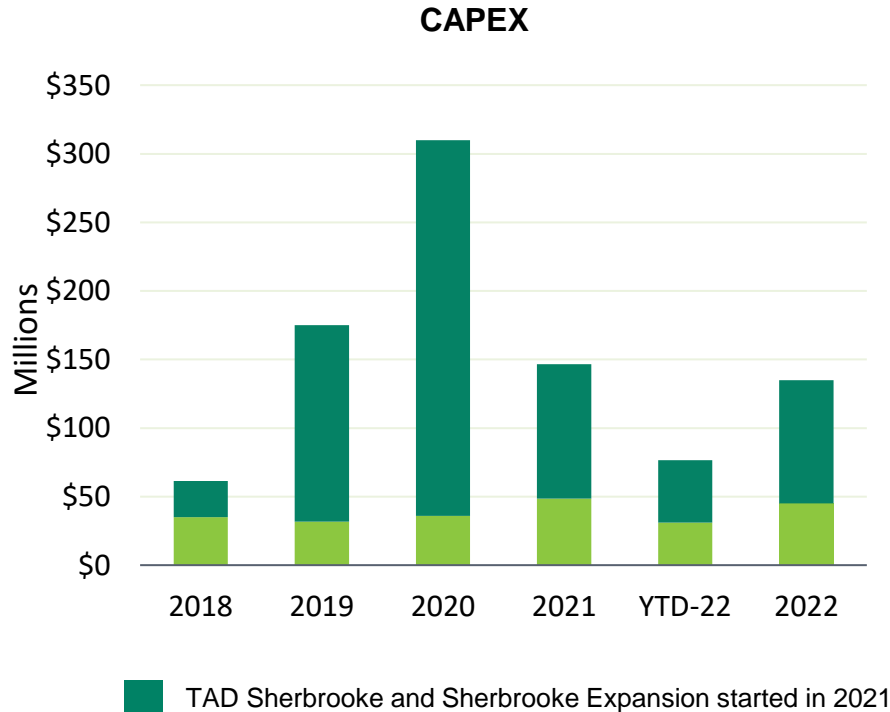
BALANCE SHEET

(Million CAD\$, unless otherwise noted)	Q3 2022	Q2 2022
Cash	82.1	100.3
Current Portion of Long-term Debt	34.6	33.8
Long-term Debt	1,095.0	1,039.5
Net Debt	1,047.7	973.0
LTM Adjusted EBITDA ⁽¹⁾	109.9	119.5
Net Debt/LTM Adjusted EBITDA⁽¹⁾	9.5x	8.1x

- Net debt increased \$74.7 million sequentially primarily due to a significant FX increase on USD debt, use of financed cash and debt for Sherbrooke Expansion Project and TAD Expansion Project, and for other capital spending and working capital
- Leverage increased due to higher level of net debt and lower LTM Adjusted EBITDA

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

LOWERED CAPEX

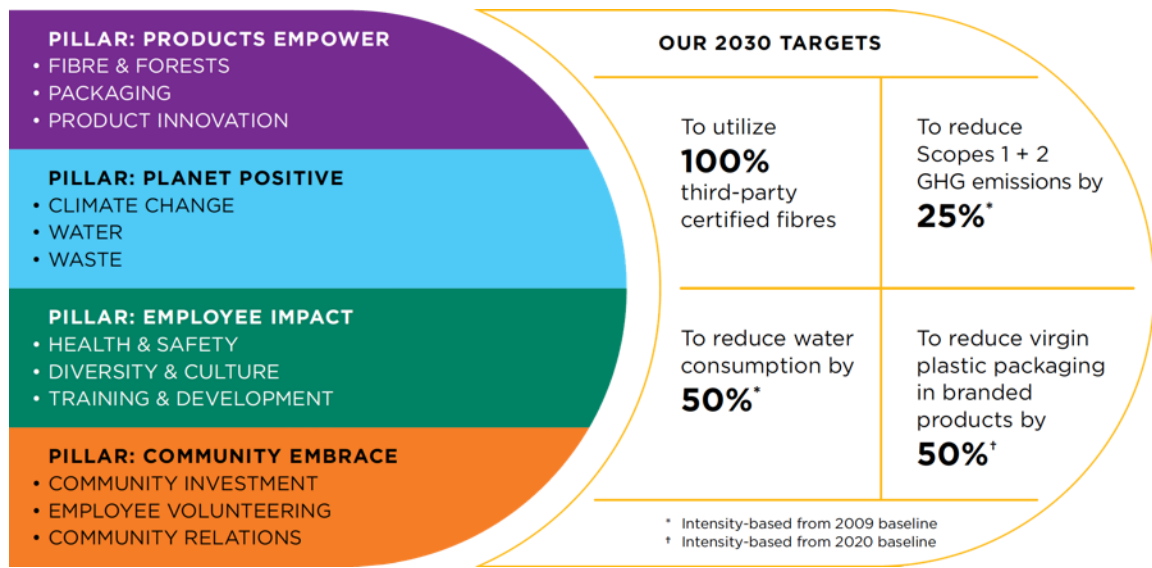


- YTD 2022 CAPEX reached \$76.6 million, including \$15.2 million related to TAD Sherbrooke Project and \$30.2 million related to Sherbrooke Expansion Project
- Projected 2022 CAPEX of \$130-\$140 million, including Sherbrooke Expansion Project
- CAPEX forecast reduced by \$30-\$40 million from previous quarter due to reductions in discretionary projects and delays caused by supply chain issues on strategic projects



SUSTAINABILITY FOCUS

REIMAGINE
2030
 TRANSFORMATIVE GROWTH
 SUSTAINABLE INNOVATION





KEY TAKEAWAYS

- Continuing to deliver strong top-line growth
- Price increases and cost efficiencies mitigated inflationary pressure in third quarter with further improvement in profitability expected in fourth quarter
- Prudently investing in our brands to support price increases and managing price gaps
- Focus on awareness and trial-building activities behind Cashmere and Purex UltraLuxe, Sponge Towels UltraPRO, Bonterra and White Cloud launches
- TAD Sherbrooke facility continuing to exceed ramp-up curve, while Memphis operational recovery benefit expected in early 2023
- Robust Away-from-Home recovery across North America
- Progressively strengthening liquidity and improving leverage ratio
- Developing organizational capability and culture to drive future growth



THANK
YOU

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