

Global Forest and Paper Industry

Net Earnings Summary

Three months ended March 31, 2014

This Net Earnings Summary has been prepared by PwC based on financial statements and other sources issued by the selected companies. Earnings are reported in regional currencies, as noted.

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Canada

Canadian forest products companies reported mixed earnings for the first quarter of 2014, with integrated companies and those producing building products reporting the strongest results. US single-family housing starts in the quarter were up close to 3% year-over-year although new home sales fell in March. The housing statistics for the quarter may have been linked to the severe winter weather experienced in eastern North America. Lumber prices fell through the quarter, while panel prices (OSB and plywood) were mixed. There were a series of fluff pulp price increase announcements through the quarter as the global demand for tissue papers continues to increase. Newsprint prices remained stable and paper prices were mixed. Transportation issues, including a trucker strike at Vancouver and rail car shortages created problems for Canadian based companies, especially the BC Interior based sawmills.

Western Canadian based companies posted net earnings of \$161.8 million in the first quarter of 2014 compared with net earnings of \$37.6 million in the fourth quarter of 2013 and net earnings of \$188.3 million in the first quarter of 2013. West Fraser started 2014 reporting net earnings of \$72.0 million, compared to earnings of \$67.0 million reported for the first Quarter of 2013. Canfor, Interfor, Mercer International, Western Forest Products and Conifex also reported positive earnings results for the quarter.

Fortress Paper reported a net loss of \$23.4 million, compared to losses of \$54.7 million in the fourth quarter of 2013 and \$12.4 million in the first quarter of 2013. Production down time during the quarter at Fortress's FSC mill in Quebec and a weakening dissolving pulp market contributed to the net loss reported in the quarter.

On May 14, 2014, Louisiana-Pacific Corp (LP) and Ainsworth announced that they terminated their September 4, 2013 agreement in which LP would acquire all the outstanding shares of Ainsworth. LP and Ainsworth cited that regulatory approvals in the US and Canada could not be obtained without divestitures significantly beyond those contemplated in the original agreement. Other M&A activity in the quarter included Interfor's acquisition

of Tolleson Lumber Company's sawmills based in Perry, Georgia and West Fraser's acquisition of Travis Lumber Company lumber manufacturing operations based in Mansfield, Arkansas.

Eastern Canadian based companies posted net losses of \$77.2 million in the quarter, compared to net earnings of \$8.0 million in the fourth quarter of 2013 and net earnings of \$23.0 million in the first quarter of 2013. Overall first quarter earnings for Eastern Canada have been influenced by Resolute Forest Products reported net loss of \$55.2 million for the quarter. Resolute has noted that the severe 2014 winter adversely affected operating income by \$55.0 million, significantly overshadowing the favourable effects of the weaker Canadian dollar. Operating costs for the quarter included higher steam costs, increased electricity costs, pulp and paper production lost to natural gas curtailments and increases in the cost of freight, fibre in the US, labour, chemicals and maintenance.

Net Earnings (Loss): Western Canada

\$ millions

Company	Q1 2014	Q4 2013	Q3 2013
West Fraser	\$72.0	\$118.0	\$67.0
Canfor	58.6	35.1	67.5
Interfor	27.5	11.4	15.2
Mercer International	25.6	(12.2)	0.4
Western Forest Products	23.6	49.9	22.8
Conifex	1.6	1.1	6.2
Catalyst Paper Corporation	(3.8)	(95.0)	(9.8)
Millar Western	(4.6)	(5.3)	(4.9)
Ainsworth	(15.3)	(10.7)	36.3
Fortress Paper Ltd	(23.4)	(54.7)	(12.4)
Total CAD	\$161.8	\$37.6	\$188.3

Net Earnings (Loss): Eastern Canada

\$ millions

Company	Q1 2014	Q4 2013	Q3 2013
Norbord	\$7.0	\$2.1	\$67.0
Cascades	(1.0)	6.0	(8.0)
Tembec	(28.0)	2.0	(31.0)
Resolute Forest Products	(55.2)	(2.1)	(5.0)
Total CAD	(\$77.2)	\$8.0	\$23.0



United States

Ten of the largest US-based forest and paper companies reported net earnings of US \$997.2 million for the first quarter, down from US \$2.2 billion in the fourth quarter of 2013 and US \$1.6 billion in the first quarter of 2013.

Kimberly Clark reported net earnings of US \$546.0 million, down from fourth quarter 2013 earnings of \$558.0 million and \$551.0 million in Q1 2013. Kimberly Clark reported sales of \$5.3 billion for the first quarter, down 1 percent from the same period one year ago. Unfavourable foreign currency exchange rates and lower sales in conjunction with European strategic changes and pulp and tissue restructuring actions, contributed to the decline in earnings.

International Paper reported a net loss of US \$99.0 million for the first quarter compared to net earnings of US \$430.0 million for the fourth quarter of 2013. IP's first quarter results include a pre-tax charge of \$495 million associated with the closure of the Courtland, Alabama paper mill. The closure of the Courtland mill will remove approximately 765,000 tons per year of uncoated free sheet paper capacity from the market.

Net Earnings (Loss): United States

US\$ millions

Company	Q1 2014	Q4 2013	Q3 2013
Kimberly-Clark	\$546.0	\$558.0	\$551.0
Weyerhaeuser	194.0	54.0	144.0
Packaging Corp. of America	90.1	227.0	62.3
Rock-Tenn	83.5	110.6	325.6
Sonoco	52.2	56.1	47.8
Domtar	39.0	65.0	45.0
Graphic Packaging	34.8	45.3	34.6
MeadWestvaco	31.0	682.0	12.0
Boise Cascade Co	5.6	9.8	80.8
International Paper	(99.0)	430.0	315.0
Total USD	\$977.2	\$2,237.9	\$1,618.1

Europe

Nine of the largest European based forest and paper companies reported net earnings of € 670.3 million for the first quarter of 2014, up from € 277.4 million in the first quarter of 2013.

UPM-Kymmene reported net earnings of € 193.0 million in the first quarter, up from € 36.0 million in the fourth quarter. UPM's first quarter results included special income of € 66.0 million related to the sale of Metsä Fibre shares in 2012 related to UPM's rights under the shareholders' agreement.

Norkse Skog reported earnings of € 1.3 million, compared to losses of € 55.4 million in the fourth quarter of 2013 and losses of € 51.3 million in the first quarter of 2013. Norske's first quarter results included gains of € 13.7 million primarily associated with a mark to market increase in the value of energy contracts recognized on the balance sheet.

Net Earnings (Loss): Europe

€ millions

Company	Q1 2014	Q4 2013	Q3 2013
UPM-Kymmene	€ 193.0	€ 36.0	€ 47.0
Svenska Cellulosa (SCA)	174.1	216.0	141.7
Stora Enso	100.0	(160.0)	(16.0)
Smurfit Kappa	66.0	59.0	33.0
Portucel	40.8	60.3	44.7
Mayr-Melnhof Karton	32.1	30.1	27.0
Metsä Group	31.8	71.6	46.4
Holmen	31.2	26.0	4.9
Norske Skog	1.3	(55.4)	(51.3)
Total EUR	€ 670.3	€ 283.5	€ 277.4

*Q4 2013 Net Earnings not available

Rest of the World:

Japan and Emerging Markets

Six of the largest forest and paper companies in Japan posted net earnings of US \$324.9 million in the first quarter of 2014, down from US \$345.1 million in the fourth quarter of 2013.

In the Emerging Markets, Arauco (Chile) reported net earnings of US \$105.5 million in the first quarter of 2014, compared to earnings of US \$45.5 million in the fourth quarter. Fibria Celulose (Brazil) reported earnings of US \$8.0 million, compared to losses of US \$185.0 million in the fourth quarter. Fibria's fourth quarter results were impacted by a one-time US\$246 million settlement of outstanding tax claims.

Net Earnings (Loss): Japan

US\$ millions

Company	Q1 2014	Q4 2013	Q3 2013
Sumitomo Forestry	\$96.8	\$14.8	\$114.8
Unicharm Corporation	86.0	120.1	144.5
Oji Holdings Corp	83.9	92.8	67.0
Nippon Paper Industries Co.	75.5	57.8	*
Daio Paper	48.3	28.1	4.5
Rengo	(65.6)	31.5	1.0
Total USD	\$324.9	\$345.1	\$331.8

*As of April 1, 2013, Nippon Paper Group Inc. merged with Nippon Paper Industries Co., Ltd. in internal reorganization. No Q1 2013 data available.

Net Earnings (Loss): Emerging Markets

US\$ millions

Company	Q1 2014	Q4 2013	Q3 2013
Arauco (Chile)	\$105.5	\$45.5	\$93.5
Empresas CMPC (Chile)	46.4	37.5	84.3
Sappi (South Africa)	32.0	18.0	2.0
Fibria Celulose (Brazil)	8.0	(185.0)	24.0
Total USD	\$191.9	(\$84.0)	\$203.8