

Global Forest and Paper Industry Net Earnings Summary

Three months ended December 31, 2013

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

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Canada

Canadian forest products companies reported generally stronger net earnings for the fourth quarter, rounding out a generally positive 2013. US housing starts were up about 18% in 2013, however construction slowed in December, which may have been linked to the severe winter weather experienced in eastern North America. Building material prices, including lumber and plywood, remained strong through the quarter, however OSB prices continued to weaken as new capacity comes online. Softwood pulp prices remained strong in the quarter due to low inventories and steady demand. Hardwood pulp prices were kept in check due to higher inventories and expectations of expanded supply. Newsprint prices remained steady through the quarter. The continued weakening of the Canadian dollar relative to the US dollar has benefited Canadian manufacturers. The CDN/US exchange rate as of December 31, 2013 was \$0.95, a \$0.05 decline from December 2012.

Western Canadian based companies posted net earnings of \$48.3 million compared with net earnings of \$85.9 million in the third quarter and net earnings of \$10.6 million in the fourth quarter of 2012. West Fraser reported strong fourth quarter net earnings of \$118.0 million, compared to earnings of \$55.0 million in the third quarter and \$20.0 million in the fourth quarter of 2012. After several challenging years, Western Forest Products, a coastal British Columbia lumber and log producer, reported fourth quarter net earnings of \$49.9 million.

Catalyst Paper Corporation reported a net loss of \$95.0 million for the fourth quarter of 2013, compared to net earnings of \$5.2 million in the third quarter and a net loss of 35.2 million in the fourth quarter of 2012. Catalyst's fourth quarter results included a write down of the full carrying value of the company's goodwill (\$56.7 million) and the carrying value of buildings, plant and equipment (\$30.2 million) as required by US GAAP. Catalyst, in their first full year of operations after emerging from creditor protection, has focused on stabilizing the company's finances, reducing the size of the corporate executive team and selling non-core assets.

Eastern Canadian based companies posted net earnings of \$7.9 million in the fourth quarter, compared to net losses of \$561.7 million in the third quarter of 2013 and net losses of \$57.6 million in the fourth quarter of 2012. Cascades reported net earnings of \$7.0 million for the quarter compared with losses of \$36.0 million in fourth quarter of 2012. Norbord and Tembec both reported net earnings of \$2.0 million for the quarter, down from net earnings of \$28.0 million and \$14.0 million respectively in the third quarter.

Resolute Forest Products reported net losses of \$3.1 million, a significant improvement from net losses of \$610.7 million in the third quarter of 2013. Resolute's third quarter net loss was due to a write off of deferred tax assets in the United States.

Net Earnings (Loss): Western Canada \$ millions

Company	Q4 2013	Q3 2013	Q4 2012
West Fraser	\$118.0	\$55.0	\$20.0
Western Forest Products	49.9	17.2	14.3
Canfor	35.1	33.6	24.7
Interfor	11.4	(0.1)	(3.8)
Conifex	1.1	(0.1)	(3.6)
Millar Western	(5.3)	(10.7)	6.5
Mercer International	(12.2)	(1.8)	(8.1)
Fortress Paper Ltd	(54.7)	(12.4)	(4.2)
Catalyst Paper Corporation	(95.0)	5.2	(35.2)
Total CAD	\$48.3	\$85.9	\$10.6

Net Earnings (Loss): Eastern Canada \$ millions

Company	Q4 2013	Q3 2013	Q4 2012
Cascades	\$7.0	\$7.0	(\$36.0)
Norbord	2.0	28.0	38.0
Tembec	2.0	14.0	(15.0)
Resolute Forest Products	(3.1)	(610.7)	(44.6)
Total CAD	\$7.9	(\$561.7)	(\$57.6)

United States

Nine of the largest US-based forest and paper companies reported strong results, with net earnings of US \$2.2 billion for the fourth quarter, up from US \$1.6 billion in the third quarter and US \$0.9 billion in the fourth quarter of 2012. MeadWestvaco (MWV) reported net earnings of US \$682.0 million, up from \$80.0 million in the third quarter of 2013. Growth in targeted packaging and specialty chemicals markets, in addition to improved pricing and productivity gains contributed to the strong quarter results. MWV also completed the sale of the company's forestry and certain minerals related businesses, realizing a \$780 million pre-tax gain.

Net Earnings (Loss): United States US\$ millions

Company	Q4 2013	Q3 2013	Q4 2012
MeadWestvaco	\$682.0	\$80.0	\$17.0
Kimberly-Clark	558.0	565.0	286.0
International Paper	430.0	376.0	232.0
Packaging Corp. of America	227.0	84.2	61.0
Rock-Tenn	110.6	178.3	86.9
Domtar	65.0	27.0	19.0
Sonoco	56.1	61.4	42.8
Weyerhaeuser	54.0	167.0	142.0
Graphic Packaging	45.3	45.7	22.5
Total USD	\$2,228.0	\$1,584.6	\$909.2

Europe

Eight of the largest European based forest and paper companies reported net earnings of € 243.7 million for the fourth quarter of 2013, down from € 526.0 million in the third quarter of 2013, but an improvement from net losses of € 972.3 million in the fourth quarter of 2012.

Svenska Cellulosa (SCA) reported net earnings of € 206.2 million in the third quarter, up from € 167.1 million in the third quarter. In the fourth quarter, SCA's offer for the Chinese tissue company Vinda closed, with SCA taking a 51.4% ownership in the company. Vinda is the third largest tissue company in China, which is the world's second largest tissue market.

Stora Enso reported a net loss of € 160.0 million in the fourth quarter, down from earnings of € 84.0 million in the third quarter. Lower sales volumes, especially for newsprint due to permanent paper machine shutdowns and lower sales prices for all paper products negatively influenced the fourth quarter results.

Net Earnings (Loss): Europe € millions

Company	Q4 2013	Q3 2013	Q4 2012
Svenska Cellulosa (SCA)	€ 206.2	€ 167.1	€ 241.2
Metsä Group	71.6	20.6	49.7
Portucel	60.3	52.0	51.0
Smurfit Kappa	59.0	59.0	61.0
UPM-Kymmene	36.0	138.0	(1,486.0)
Holmen	26.0	23.9	104.5
Norske Skog	(55.4)	(18.5)	(259.7)
Stora Enso	(160.0)	84.0	266.0
Total EUR	€ 243.7	€ 526.0	(€ 972.3)

Rest of the World: Japan and Emerging Markets

Six of the largest forest and paper companies in Japan posted net earnings of US \$321.5 million in the fourth quarter of 2013, up from US \$282.1 million in the third quarter of 2013.

In the Emerging Markets, Sappi (South Africa) reported net earnings of US \$18.0 million in the third quarter of 2013, compared to losses of US \$149.0 million in the third quarter. Fibria Celulose (Brazil) reported losses of US \$ 81.4 million, compared to earnings of US \$ 24.9 million in the third 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	Q4 2013	Q3 2013	Q4 2012
Unicharm Corporation	\$120.1	\$64.5	\$170.6
Oji Holdings Corp	92.8	74.5	135.7
Nippon Paper Group	57.8	41.2	37.3
Rengo	31.5	36.5	93.7
Sumitomo Forestry	14.8	141.7	22.0
Daio Paper	4.5	(76.3)	0.4
Total USD	\$321.5	\$282.1	\$459.7

Net Earnings (Loss): Emerging Markets US\$ millions

Company	Q4 2013	Q3 2013	Q4 2012
Sappi (South Africa)	\$18.0	\$(149.0)	\$12.0
Fibria Celulose (Brazil)	(81.4)	24.9	23.3
Total USD	\$(63.4)	\$(124.1)	\$35.3

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