

Global Forest and Paper Industry

Net Earnings Summary

Three months ended September 30, 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

Net earnings for the third quarter of 2014 reported by the major Canadian forest products companies are higher overall than the same period in 2013, however earnings have declined from the second quarter of 2014. In general, the integrated producers, especially those with exposure to the building products markets in the United States, continue to report the strongest earnings with the exception of the strong quarterly results reported by pulp producer Mercer International.

The seasonally adjusted US housing starts as of August were 977 000 units, up about 7% from the annualized starts in August 2013. There were some bright spots in the quarter, including a 13.8% increase in new multi-family residential construction starts. In addition, the Joint Center for Housing Studies (JCHS) reported a 6% growth in homeowner improvement expenditures in the third quarter. Lumber pricing was unsettled for the quarter and producers have raised concerns related to trucking and rail transportation of their products over the winter. Oriented Strand Board (OSB) prices have been flat while plywood prices continue to strengthen. Softwood pulp (NBSK) prices were stable in the major markets while hardwood pulp (BEK) prices dropped through the quarter. Newsprint prices softened slightly through the quarter and paper prices were mixed.

Western Canadian based companies posted net earnings of \$169.8 million in the third quarter of 2014, down from net earnings of \$180.4 million in the second quarter but up from net earnings of \$113.1 million in the third quarter of 2013. Mercer International reported earnings of \$100.0 million for the third quarter, up significantly from second quarter earnings of \$3.0 million. Strong pulp sales from Mercer's two Germany based pulp mills, lower fibre costs and weaker currencies in both Canada and Europe contributed to the Mercer's strong third quarter results.

Ainsworth reported a net loss of \$36.4 million for the third quarter of 2014, down from earnings of \$12.8 million in the second quarter of 2014 and \$10.6 million in the third quarter of 2013. Ainsworth's third quarter results were affected by oversupply and lower realized prices for OSB in North America related to the slow pace of the recovery of the US housing market.

Eastern Canadian based companies posted net losses of \$131.9 million in the quarter, compared to net losses of \$41.0 million in the second quarter of 2014 and net losses of \$558.7 million in the third quarter of 2013.

Norbord reported net earnings of \$5.4 million, down from net earnings of \$12.0 million in the second quarter of 2014 and earnings of \$27.0 million in the third quarter of 2013. Norbord's declining earnings results were also related to the oversupply and pricing pressures in the North American OSB market.

Resolute Forest Products reported net losses of \$126.3 million in the third quarter of 2014 compared to losses of \$610.7 million in the third quarter of 2013. Resolute's third quarter results included \$85 million of accelerated depreciation and other closure costs related to the Laurentide paper mill in Quebec and a \$50 million write down to the company's investment in the Ponderay Newsprint Company. Resolute's third quarter 2013 results were also significantly affected by a \$619 million non-recurring, non-cash income tax charge.

Net Earnings (Loss): Western Canada

\$ millions

Company	Q3 2014	Q2 2014	Q3 2013
Mercer International	\$100.0	\$3.0	(\$2.4)
West Fraser	70.0	74.0	55.0
Canfor	58.2	64.5	33.6
Interfor	11.0	7.4	(0.1)
Western Forest Products	2.7	29.2	17.2
Conifex	1.1	2.0	(0.1)
Fortress Paper Ltd	(6.1)	(20.8)	(12.4)
Millar Western	(8.2)	14.6	6.5
Catalyst Paper Corporation	(22.5)	(6.3)	5.2
Ainsworth	(36.4)	12.8	10.6
Total CAD	\$169.8	\$180.4	\$113.1

Net Earnings (Loss): Eastern Canada

\$ millions

Company	Q3 2014	Q2 2014	Q3 2013
Norbord	\$5.4	\$12.0	\$27.0
Tembec	5.0	30.0	14.0
Cascades	(16.0)	(83.0)	11.0
Resolute Forest Products	(126.3)	0.0	(610.7)
Total CAD	(\$131.9)	(\$41.0)	(\$558.7)



United States

Ten of the largest US-based forest and paper companies reported net earnings of US \$2.9 billion for the third quarter of 2014, up from US \$1.4 billion in the second quarter of 2014 and \$1.6 billion in the third quarter of 2013.

Weyerhaeuser reported net earnings of US \$1.2 billion for the third quarter of 2014, up from earnings of \$291.0 million in the second quarter of 2014 and \$167.0 million in the third quarter of 2013. Weyerhaeuser's third quarter earnings include US \$966 million from discontinued operations related to the divestiture of Weyerhaeuser Real Estate Company.

Graphic Packaging reported net earnings of US \$53.0 million for the third quarter of 2014 compared a net loss of US \$40.3 million for the second quarter of 2014. Graphic Packaging's second quarter 2014 net earnings were negatively impacted by US \$ 106.0 million of charges primarily from the loss on sale of assets related to the sale of the multi-wall bag business.

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

Company	Q3 2014	Q2 2014	Q3 2013
Weyerhaeuser	\$1,164.0	\$291.0	\$167.0
Kimberly-Clark	582.0	530.0	565.0
International Paper	355.0	161.0	382.0
Domtar	281.0	40.0	27.0
Rock-Tenn	155.3	134.4	178.3
MeadWestvaco	108.0	73.0	80.0
Packaging Corp. of America	104.4	99.6	84.7
Sonoco	71.7	61.6	61.4
Graphic Packaging	53.0	(40.3)	45.7
Boise Cascade Co	32.3	26.4	15.9
Total USD	\$2,906.7	\$1,376.7	\$1,607.0

Europe

Ten of the largest European based forest and paper companies reported net earnings of € 975.5 million for the third quarter of 2014, up from € 546.1 million in the second quarter of 2014 and € 550.6 million reported in the third quarter of 2013.

Svenska Cellulosa (SCA) reported net earnings of € 219.7 million in the third quarter, up from € 209.8 million in the second quarter. As reported in the second quarter, SCA's hygiene and forest products business operations continue to show strong growth, however the tissue business unit results were negatively affected by the acquisition of the majority shareholding of China based Vinda Paper Group.

Sequana SA reported net earnings of € 216.0 million in the third quarter, up from losses of € 74.0 million in the second quarter. Sequana's second quarter results included € 77.0 million in non-recurring expenses attributed to the restructuring plan for the Arjowiggins' printing and writing paper business announced in April of 2014.

Norkse Skog reported net losses of € 23.2 million in the third quarter of 2014, compared to losses of € 13.9 million in the second quarter of 2014 and losses of € 18.5 million in the third quarter of 2013.

Net Earnings (Loss): Europe € millions

Company	Q3 2014	Q2 2014	Q3 2013
Svenska Cellulosa (SCA)	€ 219.7	€ 209.8	€ 174.6
Sequana SA	216.0	(74.0)	(21.0)
UPM-Kymmene	182.0	129.0	138.0
Stora Enso	123.0	1.0	84.0
Smurfit Kappa	75.0	78.0	59.0
Metsä Group	62.0	109.9	20.4
Portucel	42.5	49.7	52.0
Holmen	41.8	27.6	23.9
Mayr-Melnhof Group	36.5	28.9	38.2
Norske Skog	(23.2)	(13.9)	(18.5)
Total EUR	€ 975.3	€ 546.1	€ 550.6

Rest of the World: Japan and Emerging Markets

Four of the largest forest and paper companies in Japan posted net earnings of US \$318.8 million in the third quarter of 2014, compared to earnings of US \$38.4 million in the second quarter of 2014 and earnings of US \$ 293.9 million in the third quarter of 2013.

In the Emerging Markets regions, five of the largest forest and paper companies reported net losses of US \$ 197.3 million, down from earnings of \$910.5 million in the second quarter of 2014 and earnings of \$88.4 million in the third quarter of 2013. Brazilian based pulp and paper producers Suzano and Fibria Celulose reported net losses of US \$ 159.2 million and US\$ 157.7 million respectively, down from earnings of US \$ 43.5 million and US \$ 631.0 million in the second quarter of 2014. The third quarter net earnings for both Fibria and Suzano were significantly impacted by an 11.3% depreciation of the Real against the US Dollar during the quarter. Although the currency depreciation had positive effects for the company's on the US Dollar denominated price of pulp, this was outweighed by the quarterly mark to market adjustments of US dollar denominated debt for both companies.

Net Earnings (Loss): Japan US\$ millions

Company	Q3 2014	Q2 2014	Q3 2013
Nippon Paper Industries Co.	\$172.9	\$31.3	\$41.2
Sumitomo Forestry	99.0	(29.4)	141.7
Oji Holdings Corp	33.4	30.6	74.5
Rengo	13.5	5.9	36.5
Total USD	\$318.8	\$38.4	\$293.9

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

Company	Q3 2014	Q2 2014	Q3 2013
Arauco (Chile)	\$90.4	\$127.2	\$118.2
Sappi (South Africa)	68.0	17.0	(149.0)
Empresas CMPC (Chile)	(38.8)	91.8	43.3
Fibria Celulose (Brazil)	(157.7)	631.0	57.0
Suzano Pulp & Paper (Brazil)	(159.2)	43.5	18.9
Total USD	(\$197.3)	\$910.5	\$88.4