



**First Quarter 2019  
Financial Presentation Materials**

# Safe Harbor

Certain statements in this document regarding anticipated financial, business, legal or other outcomes including business and market conditions, outlook and other similar statements relating to Rayonier Advanced Materials' future events, developments, or financial or operational performance or results, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as "may," "will," "should," "expect," "estimate," "believe," "intend," "forecast," "anticipate," "guidance," and other similar language. However, the absence of these or similar words or expressions does not mean a statement is not forward-looking. While we believe these forward-looking statements are reasonable when made, forward-looking statements are not guarantees of future performance or events and undue reliance should not be placed on these statements. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance these expectations will be attained and it is possible actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties.

Our operations are subject to a number of risks and uncertainties including, but not limited to, those listed below. When considering an investment in our securities, you should carefully read and consider these risks, together with all other information in our Annual Report on Form 10-K and our other filings and submissions to the SEC, which provide much more information and detail on the risks described below. If any of the events described in the following risk factors actually occur, our business, financial condition or operating results, as well as the market price of our securities, could be materially adversely affected. These risks and events include, without limitation: Our businesses we operate are highly competitive and many of them are cyclical, especially in commodity markets, which may result in fluctuations in pricing and volume that can adversely impact our business, financial condition and results of operations; Our ten largest customers represent approximately 35% of our 2018 revenue, and the loss of all or a substantial portion of our revenue from these large customers could have a material adverse effect on us; A material disruption at one of our major manufacturing facilities could prevent us from meeting customer demand, reduce our sales and profitability, increase our cost of production and capital needs, or otherwise adversely affect our business, financial condition and results of operation; Changes in raw material and energy availability and prices could affect our results of operations and financial condition; The availability of, and prices for, wood fiber may significantly impact our business, results of operations and financial condition; We are subject to risks associated with manufacturing and selling products and otherwise doing business outside of the United States; Our operations require substantial capital for ongoing maintenance, repair and replacement of existing facilities and equipment; Currency fluctuations may have a negative impact on our business, financial condition and results of operations; Restrictions on trade through tariffs, countervailing and anti-dumping duties, quotas and other trade barriers, in the United States and internationally, especially with respect to China, Canada and as a result of "Brexit", could adversely affect our ability to access certain markets and otherwise impact our results of operations; We depend on third parties for transportation services and increases in costs and the availability of transportation could adversely affect our business; Our business is subject to extensive environmental laws, regulations and permits that may restrict or adversely affect our ability to conduct our business; The impacts of climate-related initiatives remain uncertain at this time; Our failure to maintain satisfactory labor relations could have a material adverse effect on our business; We are dependent upon attracting and retaining key personnel, the loss of whom could adversely affect our business; Failure to develop new products or discover new applications for our existing products, or our inability to protect the intellectual property underlying such new products or applications, could have a negative impact on our business; Risk of loss of the Company's intellectual property and sensitive business information, or disruption of its manufacturing operations, in each case due to cyberattacks or cyber security breaches, could adversely impact the Company; We may need to make significant additional cash contributions to our retirement benefit plans if investment returns on pension assets are lower than expected or interest rates decline, and/or due to changes to regulatory, accounting and actuarial requirements; We have significant debt obligations that could adversely affect our business and our ability to meet our obligations; The phase-out of LIBOR as an interest rate benchmark could result in an increase to our borrowing costs; Challenges in the commercial and credit environments may materially adversely affect our future access to capital; We may need additional financing in the future to meet our capital needs or to make acquisitions, and such financing may not be available on favorable terms, if at all, and may be dilutive to existing stockholders; and the inability to effectively integrate the Tembec acquisition and meet our financial objectives therefrom, and any future acquisitions we may make, may affect our results.

Other important factors that could cause actual results or events to differ materially from those expressed in forward-looking statements that may have been made in this document are described or will be described in our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Rayonier Advanced Materials assumes no obligation to update these statements except as is required by law.



# Non-GAAP Financial Measures

These presentation materials contain certain non-GAAP financial measures, including EBITDA, adjusted EBITDA, adjusted free cash flows, adjusted operating income, adjusted net income and adjusted net debt. These non-GAAP measures are reconciled to each of their respective most directly comparable GAAP financial measures in the appendix of these presentation materials.

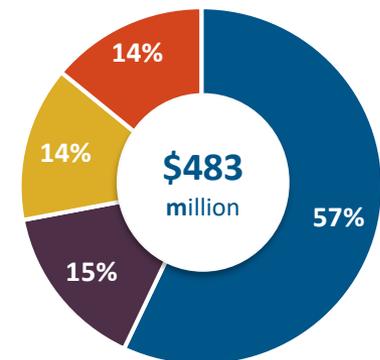
We believe these non-GAAP measures provide useful information to our board of directors, management and investors regarding certain trends relating to our financial condition and results of operations. Our management uses these non-GAAP measures to compare our performance to that of prior periods for trend analyses, purposes of determining management incentive compensation and budgeting, forecasting and planning purposes.

We do not consider these non-GAAP measures an alternative to financial measures determined in accordance with GAAP. The principal limitations of these non-GAAP financial measures are that they may exclude significant expenses and income items that are required by GAAP to be recognized in our consolidated financial statements. In addition, they reflect the exercise of management's judgment about which expenses and income items are excluded or included in determining these non-GAAP financial measures. In order to compensate for these limitations, management provides reconciliations of the non-GAAP financial measures we use to their most directly comparable GAAP measures. Non-GAAP financial measures should not be relied upon, in whole or part, in evaluating the financial condition, results of operations or future prospects of the Company.

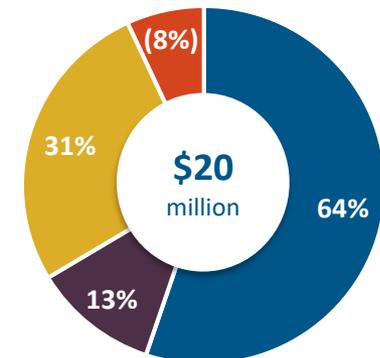
# Q1'19 Consolidated Financial Highlights

- Q1 Revenue: \$483 million
- Q1 Operating Loss: \$18 million; Adjusted EBITDA: \$20 million
  - Results significantly impacted by:
    - Unplanned downtime in Temiscaming lost 25 days of commodity viscose production costing \$10 million
    - Wood costs and availability in Jesup impacted costs by \$11 million
    - CS price lowered results by \$14 million due to quarterly timing and mix with \$3 million from tariffs
  - Pulp experienced lower prices due to market weakness, as well as lower volumes due to corresponding market downtime
  - Paper impacted by lower newsprint volumes offset by higher newsprint prices
  - Forest Products improved from Q4 as prices improve and costs reduced
- Addressing operational production issues in High Purity Cellulose
  - Temiscaming boiler addressed in early Q2
  - Jesup increased hardwood inventories to target levels, positioned to manage wood costs lower
  - Expect to improve financial performance building through the remainder of 2019, subject to commodity prices and Chinese tariffs
- Portfolio evaluation process ongoing and anticipated to conclude by the end of the second quarter

**Revenue\***



**Adjusted EBITDA\***



\*Revenue by Segment excludes eliminations, Adjusted EBITDA by Segment excludes Corporate segment results

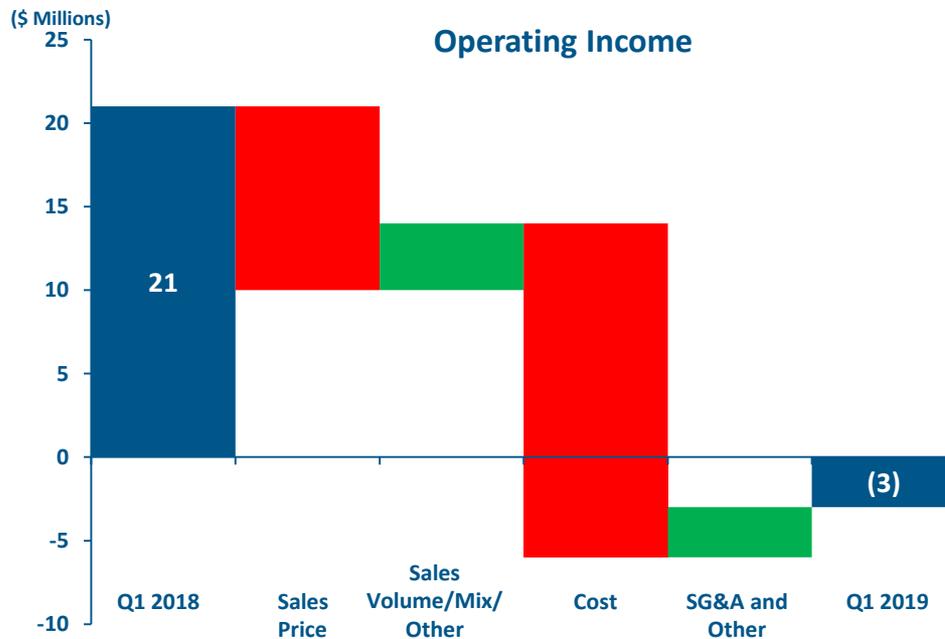
# High Purity Cellulose – Results & Outlook

## Quarter Ended

	Mar 30, 2019	Dec 31, 2018	Mar 31 2018
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### Key Financials (in millions)

Net Sales	\$ 286	\$ 317	\$ 282
Operating Income	(3)	29	21
Adjusted EBITDA	25	62	54



## Q1 2019 Results:

- Sales increased \$4 million from Q1'18 driven by higher commodity volumes and a 5% increase in commodity prices partially offset by CS price and volume declines of 7% and 1%, respectively
  - Price declines driven by weaker first quarter mix, sales timing from prior year and impact of duties
- Adjusted EBITDA decreased \$29 million primarily from unplanned downtime in Temiscaming (~\$10 million), elevated wood costs in Jesup (~\$11 million) and CS price (~\$14 million)

## 2019 Outlook:

- Operational issues negatively impact previous guidance, which should no longer be relied upon
- Stable CS price and volume expected for first time in six years, excluding impact of Chinese duties
  - Duties on U.S. sales to China; currently 5% or ~\$2 million of EBITDA per quarter
  - Contracted price declines of 1-2%
  - Volumes down 1-2% due to weak acetate market
  - Growth across all CS products, excluding acetate
- Commodity volumes expected to be modestly below original forecasted 75,000 ton increase from 2018
- Expect to improve financial performance building sequentially through the remainder of 2019, subject to fluctuations in commodity prices and tariffs

# Forest Products – Results & Outlook

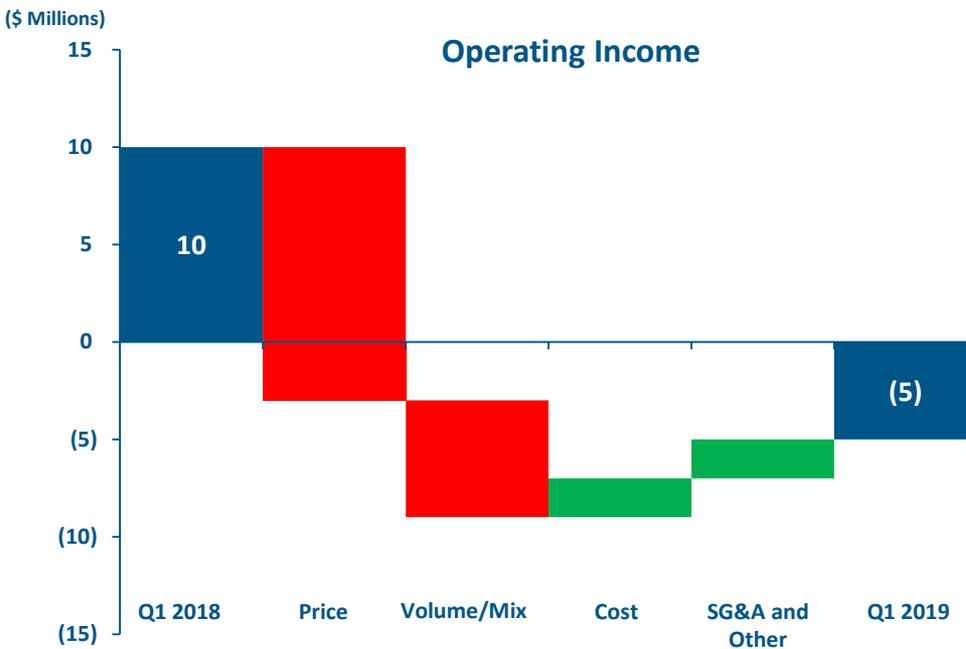
	Quarter Ended		
	Mar 30, 2019	Dec 31, 2018	Mar 31, 2018
Key Financials (in millions)			
Net Sales	\$ 75	\$ 73	\$ 99
Operating Income	(5)	(10)	10
Adjusted EBITDA	(3)	(9)	12

## Q1 2019 Results:

- Sales decreased \$24 million from prior year driven by a 19% decline in lumber prices and 10% decline in volumes
- Adjusted EBITDA decreased \$15 million primarily from lower sales
- Adjusted EBITDA results include \$5 million of duties, bringing total duties paid since 2017 to \$42 million, which historically have been recovered upon settlement of trade disputes

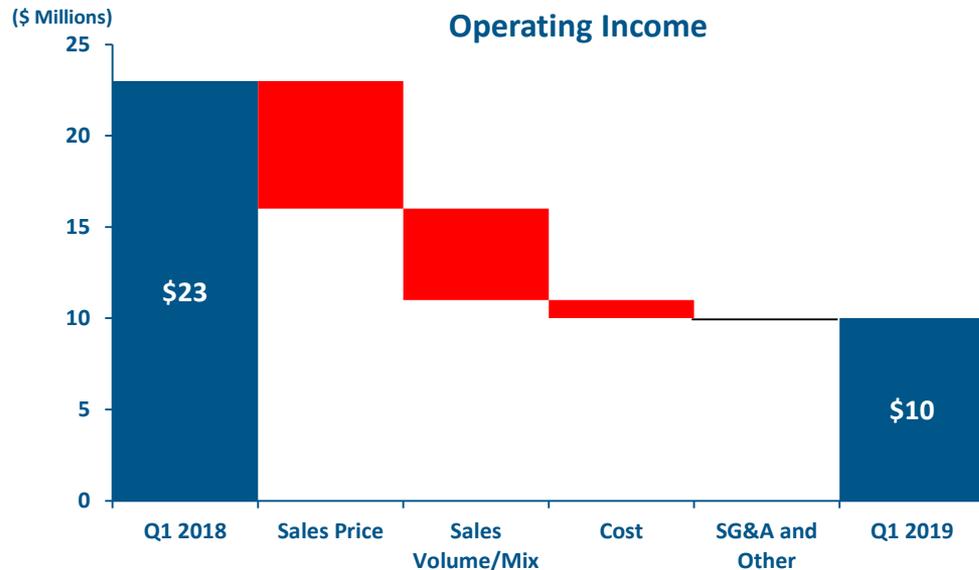
## Outlook:

- Lumber prices declined in first quarter and are expected to remain depressed in the second quarter
- Recent industry curtailment announcements in BC may improve pricing in near-term
- Longer-term stable outlook for U.S. housing likely to provide lift for lumber prices



# Pulp – Results & Outlook

	Quarter Ended		
	Mar 30, 2019	Dec 31, 2018	Mar 31, 2018
Key Financials (in millions)			
Net Sales	\$ 70	\$ 81	\$ 85
Operating Income	10	20	23
Adjusted EBITDA	12	21	24



## Q1 2019 Results:

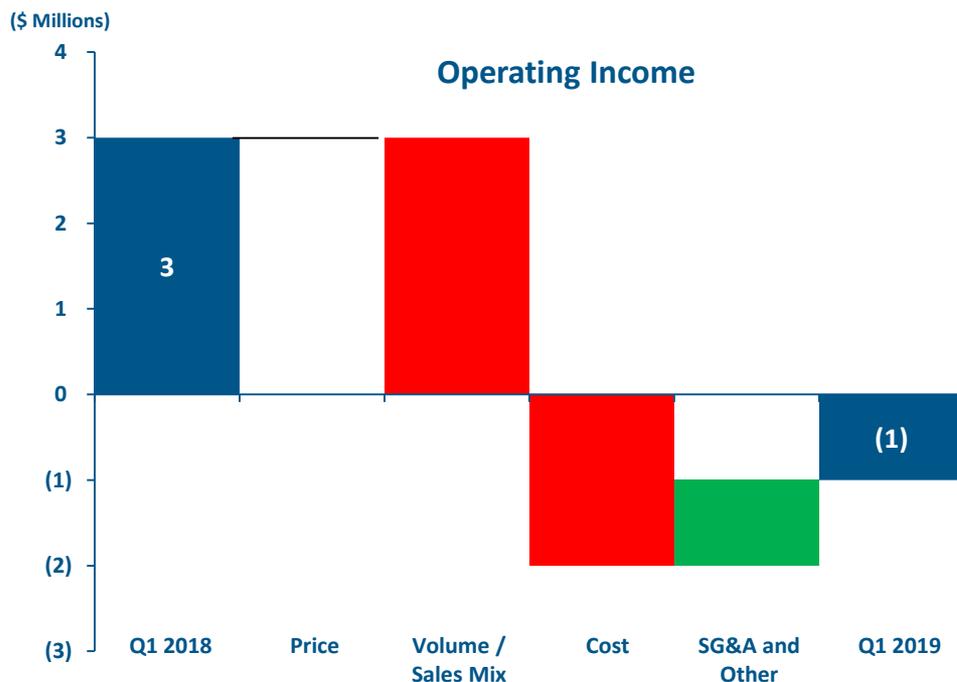
- Sales decreased \$15 million from prior year driven by a 10% decline in prices and 11% decline in volume due to market downtime
- Adjusted EBITDA decreased \$12 million primarily from lower sales

## Outlook:

- Pulp prices expected to remain solid albeit at lower levels for 2019 than comparable periods in 2018
- Supply and demand dynamics remain positive
  - Positive pricing trend through 2019
  - No significant new capacity expected until 2021

# Paper – Results & Outlook

	Quarter Ended		
	Mar 30, 2019	Dec 31, 2018	Mar 31, 2018
Key Financials (in millions)			
Net Sales	\$ 70	\$ 72	\$ 76
Operating Income	(1)	8	3
Adjusted EBITDA	5	14	10



## Q1 2019 Results:

- Sales decreased \$6 million from prior year driven by:
  - 27% decline in newsprint volumes and 5% decline in paperboard price,
  - Partially offset by 12% higher newsprint prices and 5% higher paperboard volumes
- Adjusted EBITDA decreased \$5 million primarily from production issues in newsprint and lower sales volumes

## Outlook:

- Paperboard prices may experience pressure from increased competition into the U.S.
- Newsprint prices anticipated to decline due to demand weakness and reversal of duties in 2018

# Financial Highlights

(in \$ millions)

	Quarter Ended	
	<u>Q1'19</u>	<u>Q1'18</u>
Sales	\$ 483	\$ 522
Operating Income (Loss)	(18)	46
Net Income (Loss)	(22)	24
EBITDA*	20	86
Diluted Earnings (Loss) Per Share	\$ (0.52)	\$ 0.38

- 7% decrease in sales driven by:
  - 7% decline in CS price
  - 10% decline in high-yield pulp prices
  - 19% decline in lumber prices
  - 27% decline in newsprint volumes
 Partially offset by:
  - \$30 million increase to commodity HPC sales
- \$5 million of lumber duties expensed in 2019; Total of \$42 million expensed since 2017
- EBITDA decline driven by operational issues, CS price and commodity prices in Forest Products, Pulp and Paper

\* Non-GAAP measures (see Appendix for definitions and reconciliations)

\*\* See Basis of Presentation disclosure

# Capital Resources & Allocation

(\$ Millions)	Quarter Ended	
	March 30, 2019	March 31, 2018
Cash Provided by (Used for) Operating Activities	\$ (27)	\$ 33
Cash Used for Investing Activities	(31)	(29)
Cash Provided by Financing Activities	18	(12)
Change in Cash Balances	<u>\$ (40)</u>	<u>\$ (8)</u>
<b>Adjusted Free Cash Flows*</b>	(54)	13
Strategic Capital Expenditures	(4)	(9)
Debt Borrowings/(Payments), net	33	(2)
Dividends on Common and Preferred Stock	(9)	(7)
Equity Repurchases	(6)	(3)
Change in Cash Balances	<u>\$ (40)</u>	<u>\$ (8)</u>
Debt Principal Balance	\$ 1,227	
Cash	68	
Adjusted Net Debt*	1,159	
LTM, Adjusted EBITDA	298	
Net Leverage	3.9x	

\* Non-GAAP measures (see Appendix for definitions and reconciliations).

# Disciplined Capital Allocation

Cash Flow From Operations

Maintain Assets

\$100-110 million of annual capex

Adjusted Free Cash Flow

Reduce Leverage

Target 2.5x Net Leverage

Value Driven Approach Focused on Risk Adjusted Returns on Invested Capital

Investment in the Company

High-return projects designed to enhance competitive position and drive EBITDA growth

External Strategic Investments

Acquisitions and other investments to complement core business

Return of Capital to Shareholders

Stock buybacks and dividends to maximize long-term shareholder returns

# Strategy to Drive Growth & Shareholder Value

## Go-to-Market Strategy

Launch new “Go-to-Market” strategy designed to:

- Improved Cellulose Specialties price and margin
- Realign assets to market needs and sales mix
- Drive long-term High Purity EBITDA growth

**Achieve long-term EBITDA growth in High Purity Cellulose of mid to high single digits**

## Strategic Pillars

Improve the competitive positioning through the Four Strategic Pillars

- Cost transformation
- Market optimization
- New products
- Prudent investments

## Portfolio Evaluation

To include:

- Formal asset review
- Determine market value of business segments
- Capture highest value for shareholders

**Evaluate strategic alternatives for certain commodity assets**

## Capital Allocation

Employ a disciplined and balanced capital allocation strategy focused on:

- Debt paydown
- Re-investment
- Return of capital to shareholders

**Disciplined allocation supports shareholder value**



# Appendix

# Definitions of Non-GAAP Measures

**EBITDA** is defined as earnings before interest, taxes, depreciation and amortization. EBITDA is a non-GAAP measure used by our Chief Operating Decision Maker, existing stockholders and potential stockholders to measure how the Company is performing relative to the assets under management.

**Adjusted Free Cash Flows** is defined as cash provided by (used for) operating activities adjusted for capital expenditures excluding strategic capital. Adjusted free cash flows is a non-GAAP measure of cash generated during a period which is available for dividend distribution, debt reduction, strategic acquisitions and repurchase of our common stock. Adjusted free cash flows is not necessarily indicative of the adjusted free cash flows that may be generated in future periods.

**Adjusted Net Debt** is defined as the amount of debt after the consideration of the original issue discount, premiums, and debt issuance costs, less cash. Adjusted net debt is a non-GAAP measure of debt and is not necessarily indicative of the adjusted net debt that may occur in future periods.

**Adjusted Net Income (Loss)** is defined as net income (loss) adjusted net of tax for gain on bargain purchase.

**Available Liquidity** is defined as the funds available under the revolving credit facility and term loans, adjusted for cash on hand and outstanding letters of credit.

# Reconciliation of Non-GAAP Measures

(\$ Millions)

Three Months Ended	Forest Products	Pulp	Paper	High Purity Cellulose	Corporate & Other	Total
<b>March 30, 2019</b>						
<b>Net Income (Loss)</b>	\$ (5)	\$ 11	\$ 1	\$ (4)	\$ (25)	\$ (22)
Depreciation and amortization	2	1	4	29	—	36
Interest expense, net	—	—	—	—	15	15
Income tax expense	—	—	—	—	(9)	(9)
<b>EBITDA</b>	<b>\$ (3)</b>	<b>\$ 12</b>	<b>\$ 5</b>	<b>\$ 25</b>	<b>\$ (19)</b>	<b>\$ 20</b>
<b>March 31, 2018</b>						
<b>Net Income (Loss)</b>	\$ 10	\$ 23	\$ 5	\$ 25	\$ (39)	\$ 24
Depreciation and amortization	2	1	5	29	—	37
Interest expense, net	—	—	—	—	15	15
Income tax expense	—	—	—	—	10	10
<b>EBITDA</b>	<b>\$ 12</b>	<b>\$ 24</b>	<b>\$ 10</b>	<b>\$ 54</b>	<b>\$ (14)</b>	<b>\$ 86</b>

# Reconciliation of Non-GAAP Measures

(\$ Millions)

	<u>March 30, 2019</u>	<u>December 31, 2018</u>
<b>Adjusted Net Debt Reconciliation</b>		
Current maturities of long-term debt	\$ 15	\$ 15
Long-term debt & capital lease obligation	1,208	1,173
Total debt	\$ 1,223	\$ 1,188
Original issue discount, premiums and debt issuance costs	4	5
Cash and cash equivalents	(68)	(109)
<b>Adjusted Net Debt</b>	<u>\$ 1,159</u>	<u>\$ 1,084</u>

# Reconciliation of Non-GAAP Measures

(\$ Millions)

	<u>March 30, 2019</u>	<u>March 31, 2018</u>
<b>Adjusted Free Cash Flows:</b>		
Cash provided by (used for) operating activities	(27)	33
Capital expenditures	(27)	(20)
<b>Adjusted Free Cash Flows</b>	<u>\$ (54)</u>	<u>\$ 13</u>

# Reconciliation of Reported to Adjusted Earnings

(\$ Millions, except per share amounts)

**Adjusted Net Income (Loss) (a):**

**Net Income (Loss)**

Gain on bargain purchase

**Adjusted Net Income (Loss)**

	Three Months Ended					
	March 30, 2019		December 31, 2018		March 31, 2018	
	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share
Net Income (Loss)	\$ (22)	\$ (0.52)	\$ 13	\$ 0.18	\$ 24	\$ 0.38
Gain on bargain purchase	—	—	—	0.01	—	—
<b>Adjusted Net Income (Loss)</b>	<b>\$ (22)</b>	<b>\$ (0.52)</b>	<b>\$ 13</b>	<b>\$ 0.19</b>	<b>\$ 24</b>	<b>\$ 0.38</b>

(a) Adjusted net income (loss) is not necessarily indicative of results that may be generated in future periods.



# Average Sales Price & Volume

	<u>Q1'19</u>	<u>Q4'18</u>	<u>Q1'18</u>
<b>High Purity Cellulose</b>			
<b>Cellulose Specialties</b>			
Price (\$ per metric ton)	1,284	1,303	1,375
Volume (metric tons)	150	158	152
<b>Commodity Products</b>			
Price (\$ per metric ton)	847	827	803
Volume (metric tons)	87	109	53
<b>Forest Products</b>			
<b>Lumber</b>			
Price (\$ per thousand board feet)	389	379	480
Volume (million board feet)	147	147	163
<b>Pulp</b>			
<b>High-Yield Pulp</b>			
Price (\$ per metric ton)	590	662	654
Volume (metric tons)	107	114	120
<b>Paper</b>			
<b>Paperboard</b>			
Price (\$ per metric ton)	1,102	1,112	1,154
Volume (metric tons)	43	43	41
<b>Newsprint</b>			
Price (\$ per metric ton)	594	600	530
Volume (metric ton)	38	41	52

# Key Production & Pricing

Product	Index*	Q1'19 Average Index Price	Q4'18 Average Index Price	Q1'18 Average Index Price
Cellulose Specialties	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
High Purity Commodity	<ul style="list-style-type: none"> <li>Bleached Kraft Fluff</li> <li>Viscose Pulp delivered to China</li> </ul>	<ul style="list-style-type: none"> <li>\$1,332</li> <li>\$890</li> </ul>	<ul style="list-style-type: none"> <li>\$1,363</li> <li>\$930</li> </ul>	<ul style="list-style-type: none"> <li>\$1,223</li> <li>\$920</li> </ul>
Forest Products	<ul style="list-style-type: none"> <li>2x4 Random Lengths Grade 2 &amp; Better Great Lakes</li> <li>2x4 8' Stud Great Lakes</li> </ul>	<ul style="list-style-type: none"> <li>\$439</li> <li>\$370</li> </ul>	<ul style="list-style-type: none"> <li>\$432</li> <li>\$368</li> </ul>	<ul style="list-style-type: none"> <li>\$596</li> <li>\$452</li> </ul>
Paperboard	<ul style="list-style-type: none"> <li>Solid Bleached Sulfate 16 point</li> </ul>	<ul style="list-style-type: none"> <li>\$1,060***</li> </ul>	<ul style="list-style-type: none"> <li>\$1,080***</li> </ul>	<ul style="list-style-type: none"> <li>\$1,040***</li> </ul>
High-Yield Pulp	<ul style="list-style-type: none"> <li>Bleached Eucalyptus Kraft**</li> </ul>	<ul style="list-style-type: none"> <li>\$687</li> </ul>	<ul style="list-style-type: none"> <li>\$763</li> </ul>	<ul style="list-style-type: none"> <li>\$798</li> </ul>
Newsprint	<ul style="list-style-type: none"> <li>45 gram US East</li> </ul>	<ul style="list-style-type: none"> <li>\$761</li> </ul>	<ul style="list-style-type: none"> <li>\$740</li> </ul>	<ul style="list-style-type: none"> <li>\$685</li> </ul>

\* Indices provide directional relationship between products and pricing; contractual arrangements and mix will determine actual pricing

\*\* Alternative Index includes Bleached Chemi-Thermo Mechanical Pulp (BCTMP), which more closely reflects production capabilities

\*\*\* Index is based on price per short ton; sales are measured on metric ton