



**Second Quarter 2014  
Financial Presentation Materials**

# Safe Harbor

Certain statements in this document regarding anticipated financial, 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," "anticipate" and other similar language. However, the absence of these or similar words or expressions does not mean that a statement is not forward-looking. While we believe that 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 that the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that these expectations will be attained and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties.

Such risks and uncertainties include, but are not limited to, competitive pressures in the markets in which we operate; risks associated with customer concentration, raw material and energy prices; risks associated with international operations; changes in global economic conditions; the Chinese dumping duties imposed on commodity viscose; litigation with the Altamaha Riverkeeper relating to our permitted Jesup, Georgia effluent discharge; the effect of current and future environmental laws and regulations; potential impact of future tobacco-related restrictions; potential for additional pension contributions; labor relations with the unions representing our hourly employees; the effect of weather and other natural conditions; transportation cost and availability; the failure to attract and retain key personnel; the failure to develop new ideas and protect our intellectual property; uncertainties related to the availability of additional financing to us in the future and the terms of such financing; risks associated with product liability claims; the inability to make or effectively integrate future acquisitions; our inability to engage in certain corporate transactions; any failure to realize expected benefits from our separation from Rayonier Inc.; risks associated with our debt obligations; and uncertainties relating to general economic, political, business, industry, regulatory and market conditions.

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 Form 10 Registration Statement. Rayonier Advanced Materials assumes no obligation to update these statements except as is required by law.

# Financial Highlights

(\$ Millions – Except EPS)

	2Q 2014	1Q 2014	2Q 2013
<b><u>Profitability</u></b>			
Sales	\$ 213	\$ 243	\$ 254
Operating income	6	43	72
Pro forma operating income*	43	46	75
Net income	5	31	49
Pro forma net income*	25	33	51
<b>Diluted Earnings Per Share:</b>			
Net income	0.11	0.73	1.16
Pro forma net income*	0.59	0.78	1.21
Average diluted shares (millions)**	42.2	42.2	42.2
<b>Six Months Ended</b>			
<b><u>Capital Resources and Liquidity</u></b>			
	<u>6/28/2014</u>		<u>6/30/2013</u>
Cash Provided by Operating Activities	\$ 103		\$ 116
Cash Used for Investing Activities	(64)		(152)
Cash (Used for) Provided by Financing Activities	(20)		35
EBITDA*	88		188
Pro forma EBITDA*	127		191
Adjusted Free Cash Flow *	52		27
	<u>6/28/2014</u>		<u>12/31/2013</u>
Debt	\$ 949		\$ -
Cash	20		-
Available liquidity *	243		-

\* Non-GAAP measures (see pages 8-10 for definitions and reconciliations).

\*\* For comparative purposes shares assumed outstanding for prior periods.



# Variance Analysis

(\$ Millions)

<b>1Q 2014 to 2Q 2014</b>		<b>Pro Forma Operating Income*</b>	
<b>1Q 2014</b>		<b>\$</b>	<b>46</b>
Variance			
- CS Price			(6)
- CS Volume			-
- Costs / Mix / Other			3
<b>2Q 2014</b>		<b>\$</b>	<b>43</b>

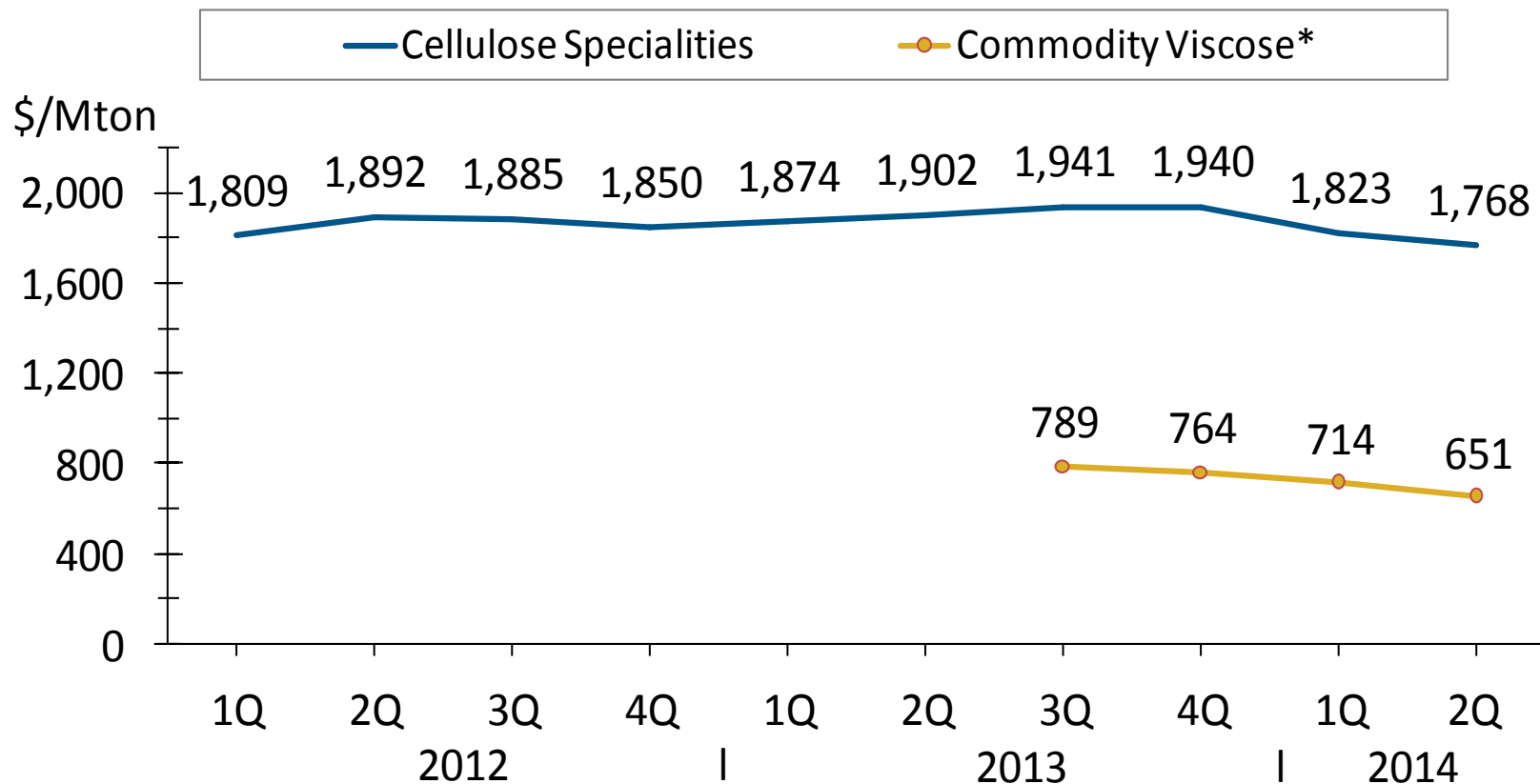
<b>2Q 2013 to 2Q 2014</b>		<b>Pro Forma Operating Income*</b>		
	<b>Quarter</b>	<b>Year-to-date</b>		
<b>2Q 2013</b>	<b>\$</b>	<b>75</b>	<b>\$</b>	<b>162</b>
Variance				
- CS Price		(15)		(21)
- CS Volume		(7)		(21)
- Costs / Mix / Other		(10)		(31)
<b>2Q 2014</b>	<b>\$</b>	<b>43</b>	<b>\$</b>	<b>89</b>

\* Non-GAAP measure (see page 10 for reconciliation).



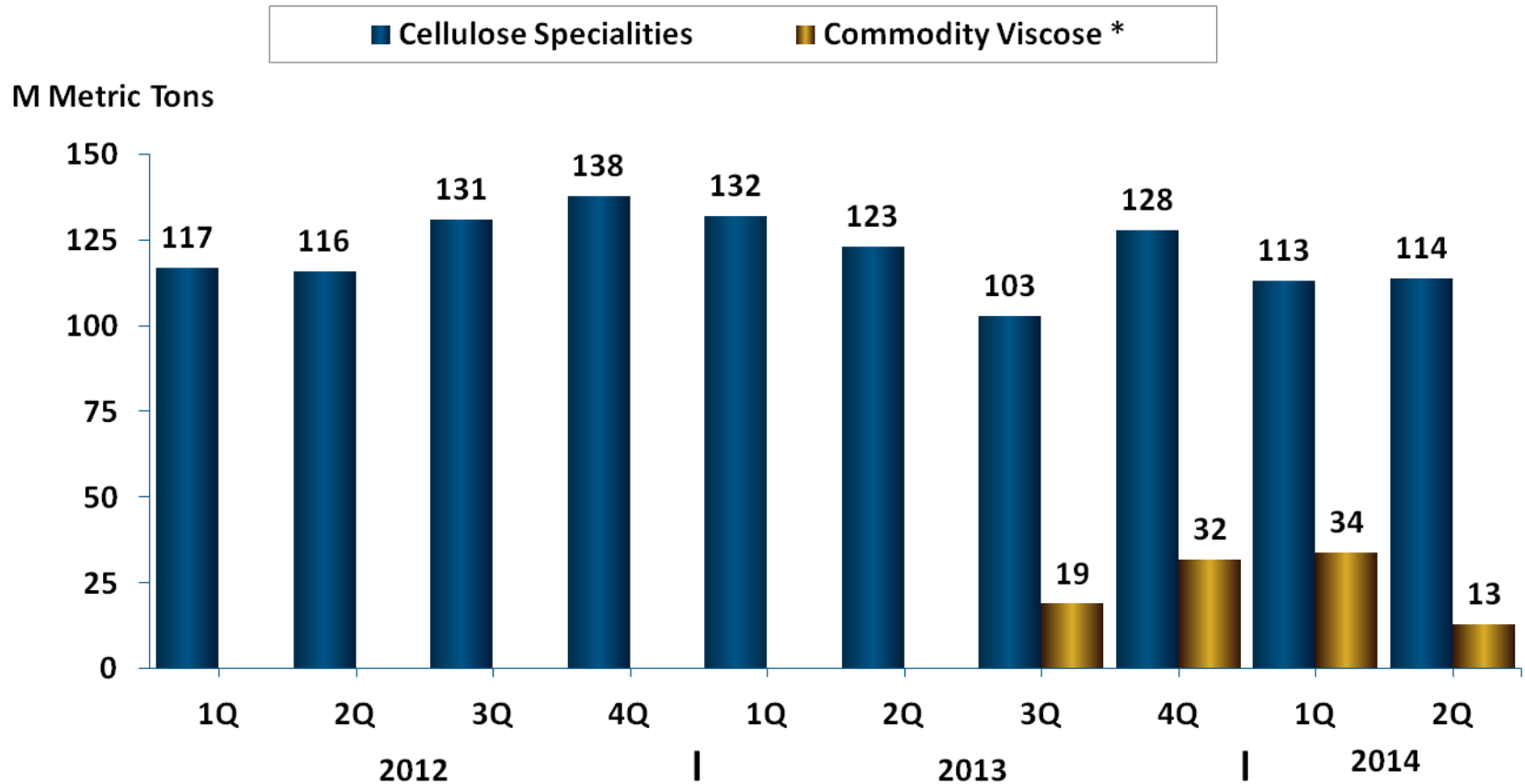
# Appendix

# Performance Fibers Net Selling Prices



\* Initial production from the Jesup plant Cellulose Specialities Expansion project will be viscose and other commodity grades with a multi-year transition to all cellulose specialties after customer qualification and end use market growth.

# Performance Fibers Sales Volumes



\* Initial production from the Jesup plant Cellulose Specialties Expansion project will be viscose and other commodity grades with a multi-year transition to all cellulose specialties after customer qualification and end use market growth.

# 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.

**Pro Forma EBITDA** is defined as EBITDA (as defined above) before one-time separation and legal costs.

**Adjusted Free Cash Flow** is defined as cash provided by operating activities adjusted for capital expenditures excluding strategic capital and subsequent tax benefits to exchange the AFMC for the CBPC. Adjusted Free Cash Flow is a non-GAAP measure of cash generated during a period that is available for dividend distribution, repurchase of the Company's common shares, debt reduction and strategic acquisitions. Adjusted Cash Flow is not necessarily indicative of the Adjusted Free Cash Flow that may be generated in future periods.

**Pro Forma Operating Income** is defined as operating income adjusted for one-time separation and legal costs.

**Pro Forma Net Income** is defined as net income adjusted for one-time separation and legal costs (net of taxes) and for tax benefits from the reversal of reserve related to the taxability of the CBPC and the subsequent tax benefits to exchange the AFMC for the CBPC.

**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

	Six Months Ended	
	June 28, 2014	June 30, 2013
<b>EBITDA Reconciliation</b>		
Net Income	\$ 36	\$ 129
Depreciation & amortization	38	29
Interest, net	3	-
Income tax expense	11	30
<b>EBITDA</b>	<b>\$ 88</b>	<b>\$ 188</b>
One-time separation and legal costs	39	3
<b>Pro Forma EBITDA</b>	<b>\$ 127</b>	<b>\$ 191</b>
 <b>Adjusted Free Cash Flow Reconciliation</b>		
Cash flow from operations	\$ 103	\$ 116
Capital expenditures*	(51)	(70)
Tax benefit due to AFMC / CBPC	-	(19)
<b>Adjusted Free Cash Flow</b>	<b>\$ 52</b>	<b>\$ 27</b>

\* Capital expenditures exclude strategic capital. For the six months ended June 28, 2014, strategic capital totaled \$13 million for the purchase of timber deeds. For the six months ended June 30, 2013, strategic capital totaled \$100 million for the Jesup plant cellulose specialties expansion.

# Reconciliation of Reported to Pro Forma Earnings

(\$ Millions, except per share amounts)

	Three Months Ended					
	June 28, 2014		March 31, 2014		June 30, 2013	
	\$	EPS	\$	EPS	\$	EPS
Operating income	\$ 6		\$ 43		\$ 72	
One-time separation and legal costs	37		3		3	
Pro forma operating income	<u>\$ 43</u>		<u>\$ 46</u>		<u>\$ 75</u>	
Net income	\$ 5	\$ 0.11	\$ 31	\$ 0.73	\$ 49	\$ 1.16
One-time separation and legal costs	25	0.59	2	0.05	2	0.05
Reversal of reserve related to the taxability of the CBPC	(5)	(0.11)	-	-	-	-
Pro forma net income	<u>\$ 25</u>	<u>\$ 0.59</u>	<u>\$ 33</u>	<u>\$ 0.78</u>	<u>\$ 51</u>	<u>\$ 1.21</u>

	Six Months Ended			
	June 28, 2014		June 30, 2013	
	\$	EPS	\$	EPS
Operating income	\$ 50		\$ 159	
One-time separation and legal costs	39		3	
Pro forma operating income	<u>\$ 89</u>		<u>\$ 162</u>	
Net income	\$ 36	\$ 0.84	\$ 129	\$ 3.06
One-time separation and legal costs	27	0.64	2	0.05
Reversal of reserve related to the taxability of the CBPC	(5)	(0.11)	-	-
Tax benefit due to exchange of AFMC for CBPC	-	-	(19)	(0.45)
Pro forma net income	<u>\$ 58</u>	<u>\$ 1.37</u>	<u>\$ 112</u>	<u>\$ 2.66</u>

# Selected Financial and Operating Information

	Three Months Ended			Six Months Ended	
	June 28, 2014	March 31, 2014	June 30, 2013	June 28, 2014	June 30, 2013
Sales Volume, in thousands of metric tons					
Cellulose specialties	114	113	123	227	254
Absorbent materials	-	16	29	16	85
Commodity viscose and other	13	34	-	47	-
Total	<u>127</u>	<u>163</u>	<u>152</u>	<u>290</u>	<u>339</u>
Sales Price, \$ per metric ton					
Cellulose specialties	\$ 1,768	\$ 1,823	\$ 1,902	\$ 1,796	\$ 1,887
Absorbent materials	\$ 627	\$ 634	\$ 644	\$ 634	\$ 644
Commodity viscose and other	\$ 651	\$ 714	-	\$ 697	-

# Debt Maturity Schedule

