



**Fourth Quarter 2015  
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," "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, especially with respect to increases in supply and pressures on demand for our products, which impact pricing; our ability to complete our announced cost and debt reduction initiatives and objectives within the planned parameters and achieve the anticipated benefits; our customer concentration, especially with our three largest customers; changes in global economic conditions, including currency; the Chinese dumping duties currently in effect for commodity viscose pulps; potential legal, regulatory and similar challenges relating to our permitted air emissions and waste water discharges from our facilities by non-governmental groups and individuals; the effect of current and future environmental laws and regulations as well as changes in circumstances on the cost and estimated future cost of required environmental expenditures; the 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; changes in transportation-related costs and availability; the failure to attract and retain key personnel; the failure to innovate to maintain our competitiveness, grow our business and protect our intellectual property; uncertainties related to the availability of additional financing to us in the future and the terms of such financing; our inability to make or effectively integrate future acquisitions and engage in certain other corporate transactions; any failure to realize expected benefits from our separation from Rayonier Inc.; financial and other obligations under agreements relating to our debt; and uncertainties relating to general economic, political, and regulatory 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 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.

# Financial Highlights

(\$ Millions)

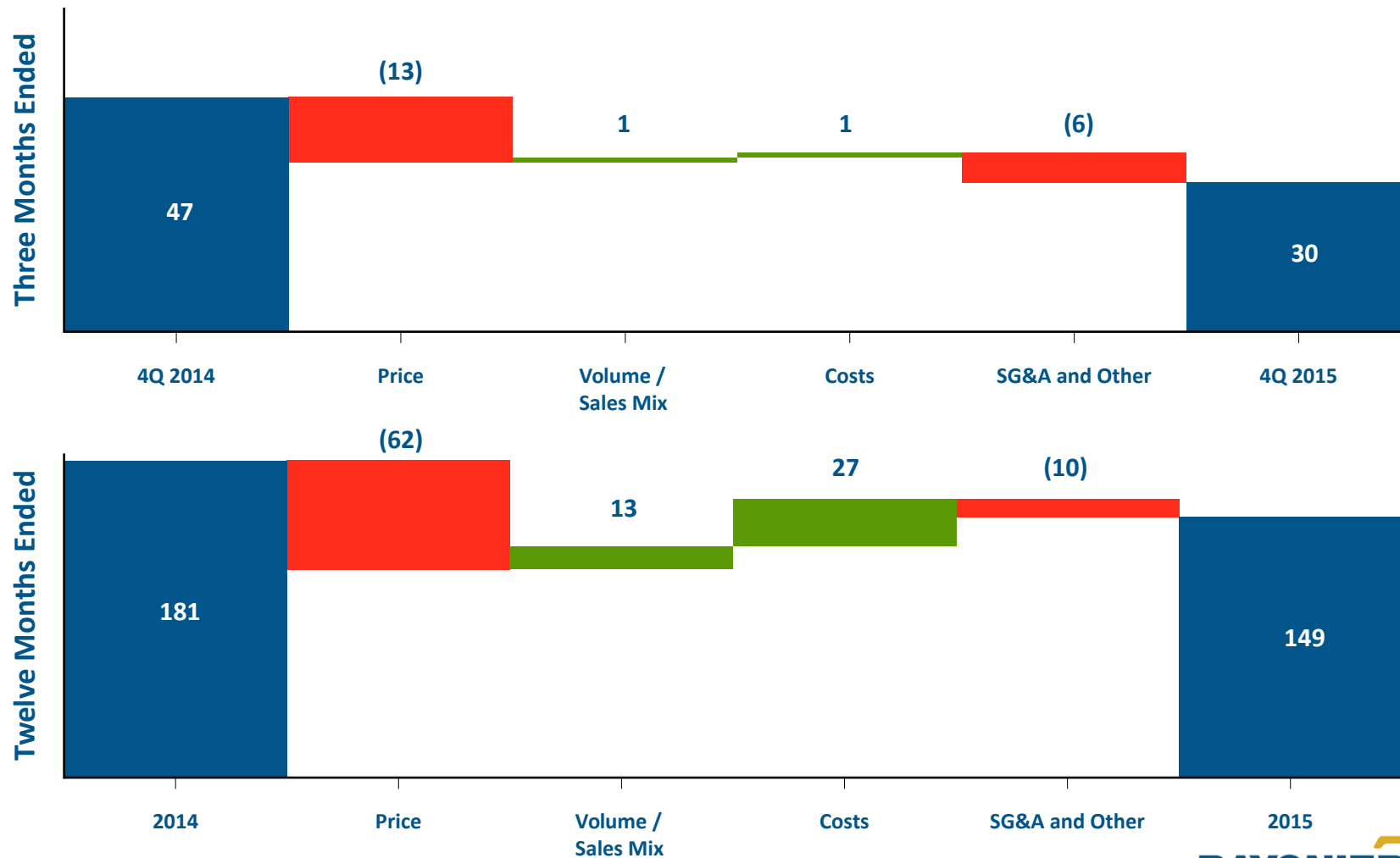
	Quarter Ended		Twelve Months Ended	
	4Q 2015	4Q 2014	4Q 2015	4Q 2014
Sales	\$ 242	\$ 248	\$ 941	\$ 958
Operating Income (Loss)	29	(28)	120	63
Pro Forma Operating Income*	30	47	149	181
Net Income (Loss)	13	(23)	55	32
Pro Forma Net Income*	14	26	73	106
Pro Forma Net Income per Share*	\$ 0.32	\$ 0.61	\$ 1.74	\$ 2.51

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



# Pro Forma Operating Income - Variance Analysis

(\$ Millions)



Price variance is calculated for all products. Volume variance is calculated on a contribution margin basis.

# Selected Financial and Operating Information

	Three Months Ended		Twelve Months Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
<b>Sales Volume, thousands of metric tons</b>				
Cellulose specialties	116	123	467	479
Commodity products	73	46	247	148
Total	189	169	714	627

## Average Sales Price, \$ per metric ton

Cellulose specialties	\$ 1,638	\$ 1,735	\$ 1,641	\$ 1,762
Commodity products	\$ 670	\$ 691	\$ 671	\$ 692

# Capital Resources & Liquidity

(\$ Millions)

	Twelve Months Ended	
	December 31, 2015	December 31, 2014
Cash Provided by Operating Activities	\$ 202	\$ 188
Cash Used for Investing Activities	(78)	(91)
Cash Used for Financing Activities	(89)	(31)
Adjusted Free Cash Flow*	124	113
EBITDA*	209	149
Pro Forma EBITDA*	238	267
Debt	\$ 868	\$ 945
Cash	101	66
Net Debt	767	879
Available Liquidity*	337	288
<b>Financial Covenants**</b>	<b>December 31, 2015</b>	<b>Covenant</b>
Net Secured Leverage	0.8x	< 3.0x
Interest Coverage	7.1x	> 3.0x

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

\*\* Defined by credit agreement as the trailing 12 months' pro forma EBITDA including certain adjustments of approximately \$25 million as of December 31, 2015.



# 2016 Full Year Guidance

- CS prices 6 to 7% below 2015 average prices
- CS volumes down 4 to 5% from 2015
- Commodity sales volumes higher than 2015
- Pro forma EBITDA of \$175 to \$190 million
- Expected cost savings of \$25 to \$40 million
- CapEx of approximately \$90 million
- Free cash flow of \$75 to \$85 million

# EBITDA Bridge

## 2015 Pro Forma to 2016 Guidance

(\$ Millions)



\* Cost reductions include remainder of 2015 cost reduction initiatives, impact of asset realignment and new cost initiatives.



# Outlook

- Cellulose specialties ("CS") remain under pressure
  - Oversupply continues
  - Acetate tow destocking depresses pulp demand
    - China excess inventory remains
    - Global tobacco companies inventories in-line
    - Anticipate underlying acetate tow demand to be flat
  - Ethers, casings, tire cord filtration markets remain steady
- Competitors benefiting from weak global currencies impacting our pricing and volume
- Anticipate 2017 acetate pricing down approximately 2% from 2016\*

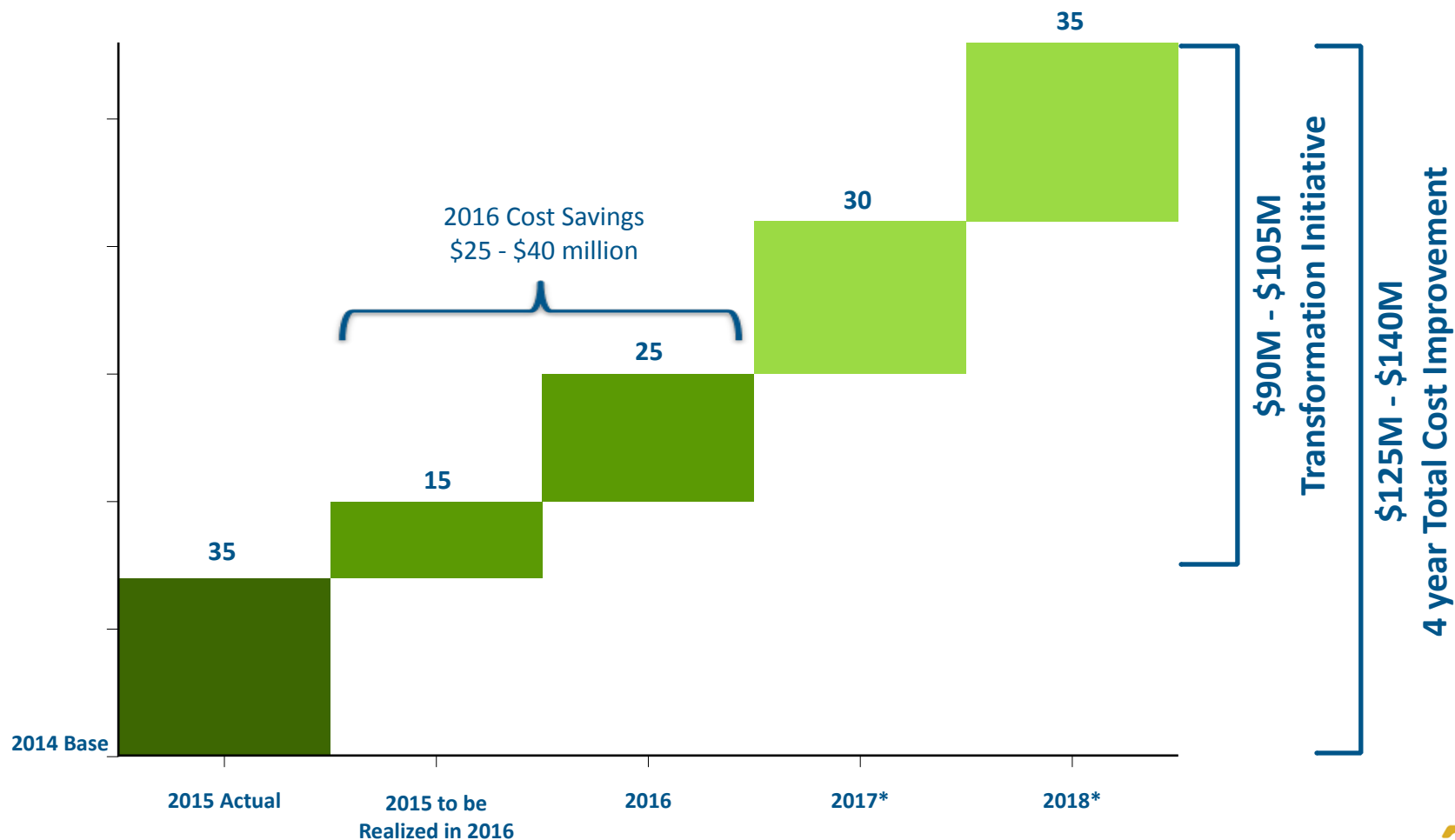
\* Based on contractually committed acetate volume

# Our Long-Term Growth Strategy

- Three-year transformation initiative to enhance profitability
  - Improve costs by \$75 to 90 million run-rate over the next three years
  - Maintain efficient and reliable operations
  - Optimize assets to match market conditions
- Innovation to drive growth and diversification
  - Develop products that enhance value to customer
  - Create incremental value from co-products
  - Follow a stage gate process to pursue only the most valuable ideas
  - Deliver 20% of revenue from new products within 10 years
- Position the Company to drive long-term stockholder value

# Cost Improvement Initiatives

(\$ Millions)



\* Breakdown of future cost savings on a run-rate basis included for illustrative purposes. To be refined in future periods.



# 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.

**Pro Forma EBITDA** is defined by the Company as EBITDA before non-cash impairment charges, one-time separation and legal costs, insurance recoveries and environmental reserve adjustments.

**Adjusted Free Cash Flow** is defined as cash provided by operating activities adjusted for capital expenditures excluding strategic capital. Adjusted free cash flow, as defined by the Company, is a non-GAAP measure of cash generated during a period which is available for dividend distribution, debt reduction, strategic acquisitions and repurchase of the Company's common stock. Adjusted free 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 non-cash impairment charges, one-time separation and legal costs, insurance recoveries and environmental reserve adjustments.

**Pro Forma Net Income** is defined as net income adjusted net of tax for non-cash impairment charges, one-time separation and legal costs, insurance recoveries, environmental reserve adjustments and for tax benefits from the reversal of reserve related to the taxability of the Cellulosic Biofuel Products Credit ("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

(\$ Millions)

	Twelve Months Ended	
	December 31, 2015	December 31, 2014
<b>EBITDA Reconciliation</b>		
<b>Net Income (Loss)</b>	\$ 55	\$ 32
Depreciation and amortization	89	86
Interest expense, net	37	22
Income tax expense (benefit)	28	9
<b>EBITDA</b>	\$ 209	\$ 149
Non-cash impairment charge	28	—
One-time separation and legal costs	2	26
Insurance recovery	(1)	(3)
Environmental reserve adjustments	—	95
<b>Pro Forma EBITDA</b>	\$ 238	\$ 267
<b>Adjusted Free Cash Flow Reconciliation</b>		
Cash provided by operating activities	\$ 202	\$ 188
Capital expenditures*	(78)	(75)
<b>Adjusted Free Cash Flow</b>	\$ 124	\$ 113

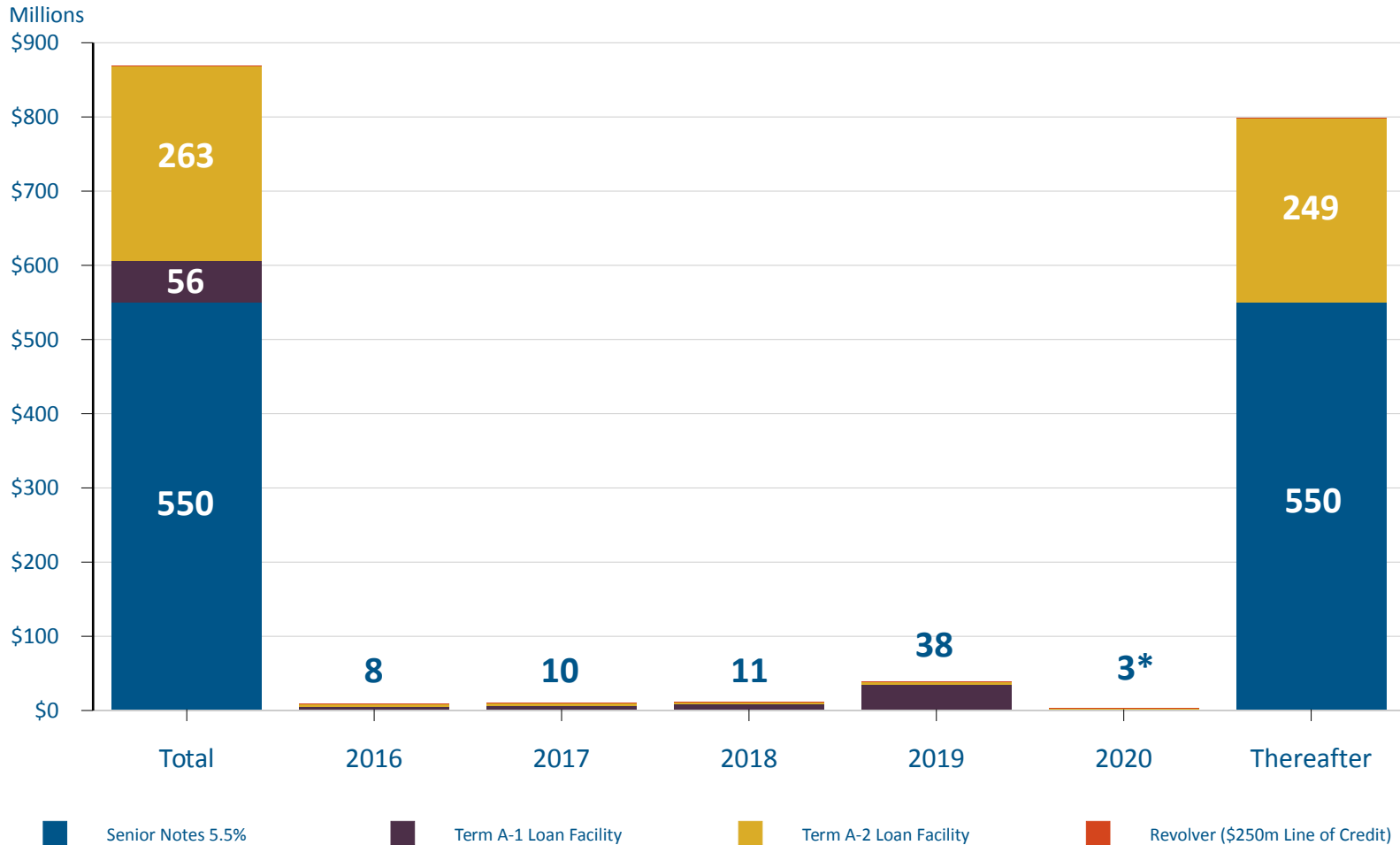
\* Capital expenditures exclude strategic capital.

# Reconciliation of Reported to Pro Forma Earnings

(\$ Millions, except per share amounts)

	Three Months Ended						Twelve Months Ended			
	December 31, 2015		September 26, 2015		December 31, 2014		December 31, 2015		December 31, 2014	
Pro Forma Operating Income and Net Income:	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share
<b>Operating Income (Loss)</b>	\$ 29		\$ 58		\$ (28)		\$ 120		\$ 63	
Non-cash impairment charge	—		—		—		28		—	
One-time separation and legal costs	1		2		2		2		26	
Insurance recovery	—		—		(3)		(1)		(3)	
Environmental reserve adjustments	—		—		76		—		95	
<b>Pro Forma Operating Income</b>	<u>\$ 30</u>		<u>\$ 60</u>		<u>\$ 47</u>		<u>\$ 149</u>		<u>\$ 181</u>	
<b>Net Income (Loss)</b>	\$ 13	\$ 0.30	\$ 32	\$ 0.76	\$ (23)	\$ (0.55)	\$ 55	\$ 1.30	\$ 32	\$ 0.75
Non-cash impairment charge, net of tax	—	—	—	—	—	—	18	0.43	—	—
One-time separation and legal costs, net of tax	1	0.02	1	0.02	2	0.04	1	0.03	19	0.45
Insurance recovery, net of tax	—	—	—	—	(2)	(0.05)	(1)	(0.02)	(2)	(0.05)
Environmental reserve adjustments, net of tax	—	—	—	—	49	1.17	—	—	62	1.47
Reversal of reserve related to the taxability of the CBPC	—	—	—	—	—	—	—	—	(5)	(0.11)
<b>Pro Forma Net Income</b>	<u>\$ 14</u>	<u>\$ 0.32</u>	<u>\$ 33</u>	<u>\$ 0.78</u>	<u>\$ 26</u>	<u>\$ 0.61</u>	<u>\$ 73</u>	<u>\$ 1.74</u>	<u>\$ 106</u>	<u>\$ 2.51</u>

# Debt Maturity Schedule



\* \$3 million of Term A-2 paid in 2020