



# Jefferies Industrial Conference

August 2017

# 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.

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 current and future acquisitions and engage in certain other corporate transactions; any failure to realize expected benefits from our separation from Rayonier Inc.; risks related to our pending acquisition of Tembec Inc., including the failure to satisfy the conditions to completing the transaction, including obtaining regulatory approvals, our failure to obtain the anticipated benefits and synergies from the acquisition and the impact of additional debt we will incur and equity that we will issue to finance the acquisition; 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.

# Non-GAAP Financial Measures

These presentation materials contain certain non-GAAP financial measures, including EBITDA, adjusted free cash flows, pro forma operating income, pro forma 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.

# Who We Are

- We are a new public company with **90 years** of operating history
- We are a **global leader** in high purity cellulose products, including cellulose specialties (CS)
- We are the **industry standard** for high purity CS products for technically demanding end uses
- We have **long-term customer relationships**, primarily serving global chemical companies
- We are the only producer with **three CS manufacturing lines**
- 2017 Net Income Guidance at \$32M-39M and Pro forma EBITDA guidance of \$190M-\$200M<sup>1</sup>

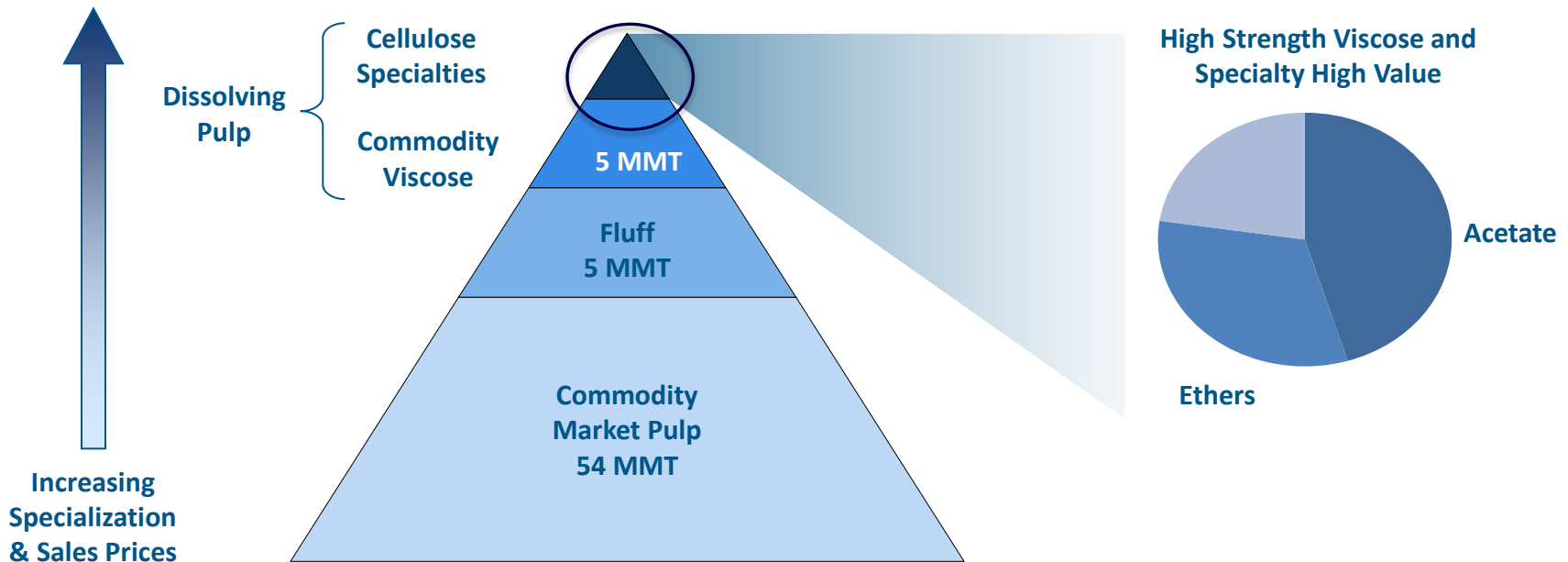


<sup>1</sup> Non-GAAP measures (see Appendix in second quarter earnings release on form 8-K for definitions and reconciliations).

# Market Pulp Industry Value Chain\*

Market pulp industry : 65 MMT

Cellulose Specialties segment: 1.4 MMT



**RYAM - leader in high purity cellulose specialties**

Source: Hawkins Wright and company estimates

\* Based on 2015 estimates

\*\* Includes Cotton Linter Pulp

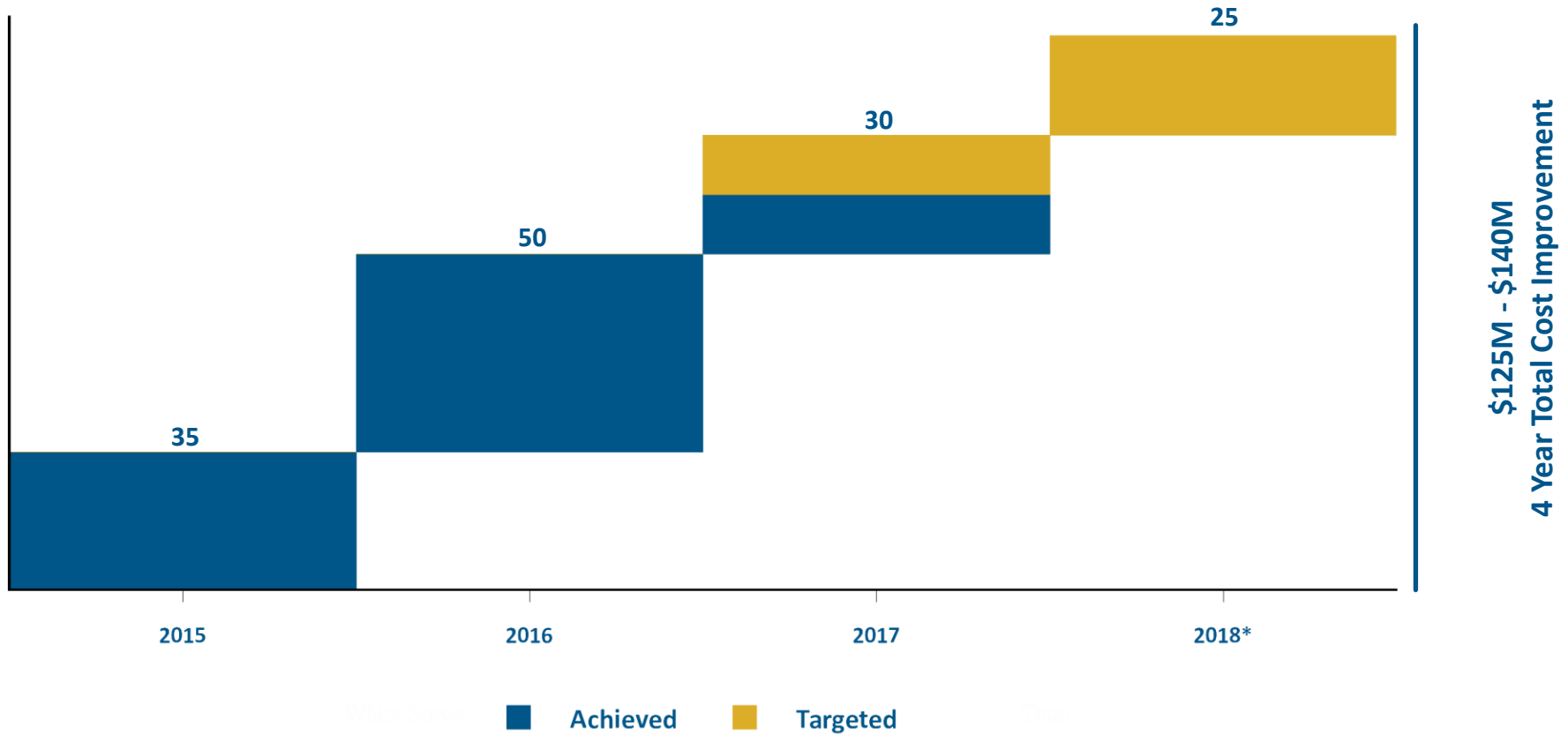
# Strategic Pillars of Growth



**Drives Growth and Shareholder Value**

# Cost Improvement Initiatives

(\$ Millions)



**\$100 million in Cost Improvements achieved since 2014**

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

# Acquisition Pillar

## Strategic Opportunity Summary

- On May 25, 2017, and as amended on July 24, 2017, Rayonier Advanced Materials entered into a definitive agreement to acquire Tembec Inc. (“Tembec”) in a transaction valued at \$870 million<sup>+</sup>, including \$481 million<sup>+</sup> of assumed net debt
- Tembec is a manufacturer of forest products, including High Purity Cellulose\*, lumber, paper pulp, paper, and is a global leader in sustainable forest practices
- The combination of Rayonier Advanced Materials and Tembec will meaningfully enhance scale and diversify earnings and create growth opportunities through complementary products, operations and geographies
- The combined company has revenue and adjusted EBITDA for the twelve month period ended June 24, 2017 of \$2.0 billion and \$408 million\*\*, respectively
- Total initial net leverage of 3.1x\*\*

*+ In USD, USD/CAD exchange rate of 0.7540 and RYAM stock price of \$15.17*

*\* High Purity Cellulose includes fluff and dissolving wood pulp (“DWP”) grades, including cellulose specialties (“CS”).*

*\*\* Assumes \$50 million full run-rate synergies*





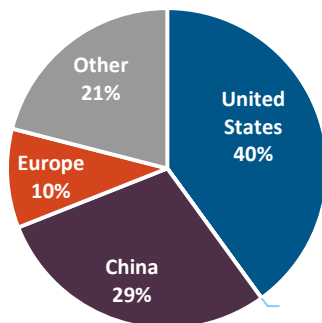
# At a Glance

## Combination of Two Best-in-Class Organizations with Complementary Products



- 90 years as leading supplier of High Purity Cellulose products
- Global leader in acetate pulp
- Unparalleled knowledge and expertise serving customers globally
- LTM Revenue: \$840 million  
LTM EBITDA : \$204 million
- Employees: 1,200

Sales by Region

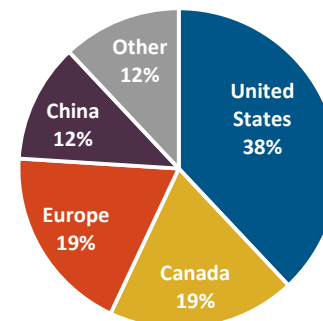


- 2 High Purity Cellulose Facilities
  - Jesup, Georgia
  - Fernandina Beach, Florida
- 5 Wood Chipping Facilities



- Global leader in ethers pulp
- Diversified forest products manufacturer of
  - High Purity Cellulose products
  - Forest products
  - High-yield pulp
  - Paper (packaging & newsprint)
- LTM Revenue: \$1,180 million  
LTM EBITDA : \$154 million
- Employees: 3,000

Sales by Region






- 2 High Purity Cellulose Facilities – Canada & France
- 7 Sawmills – Canada
- 2 Paper Mills – Canada
- 2 High-Yield Pulp Mills – Canada
- 4 Chemical Plants – Canada, France & US

In USD, USD/CAD exchange rate of 0.7540



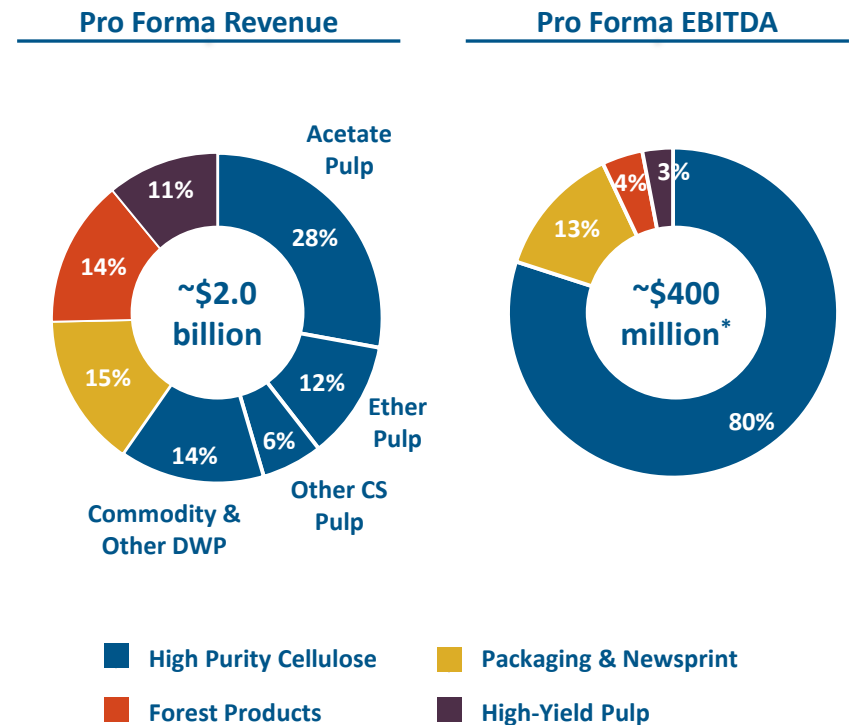
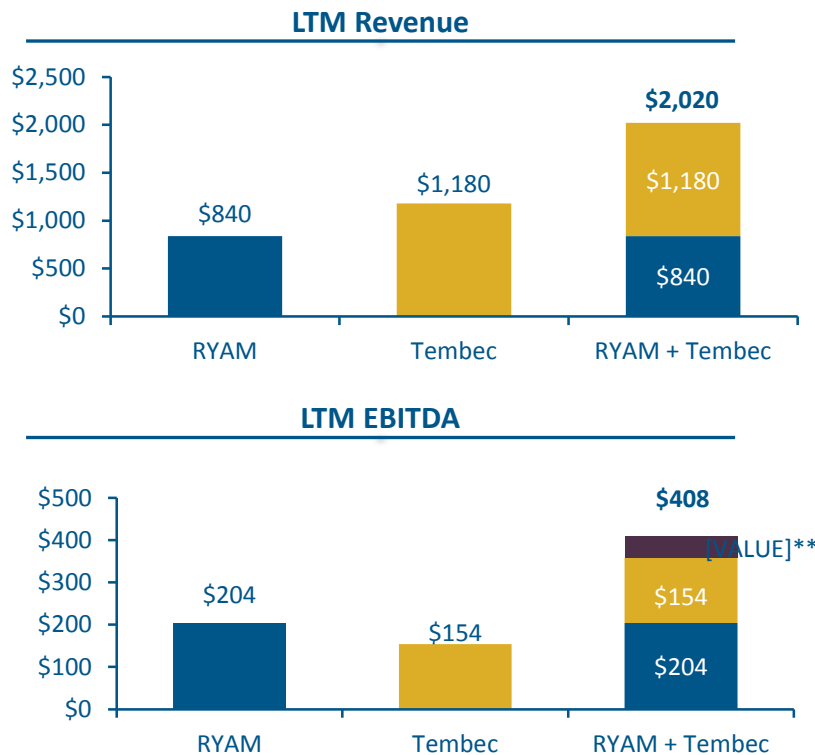
# Integrated and Complementary Businesses

	High Purity Cellulose	Forest Products	Packaging & Newsprint	High-Yield Pulp
Products	<p>Dissolving Wood Pulp</p> <p>Acetate Ethers Specialties Viscose</p> <hr/> <p>Fluff Pulp</p>	<p>Dimensional Lumber Framing Materials Wood Chips Fuel (Chips, Sawdust, Shavings &amp; Bark)</p>	<p>Packaging Multiply Coated Board Newsprint Book Paper</p>	<p>Mechanical Hardwood Pulp (Maple &amp; Aspen)</p>
End Markets				

# Acquisition Significantly Increases Scale and Diversifies Product Mix

Significantly Increase the Size and Scale of the Combined Business

Diversified Product Mix<sup>+</sup>



In USD, USD/CAD exchange rate of 0.7540

+ Product Mix based on 2016 revenue

\* Pie chart does not allocate \$50 million of synergies

\*\* Includes \$50 million full run-rate synergies

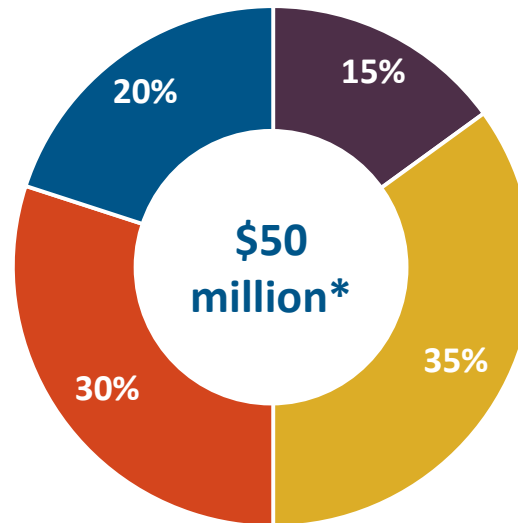
# Compelling Synergies Drive Incremental Value

## SG&A/Public Company Costs

- General corporate cost reductions
- Consolidation of duplicate systems and spending

## Operational/Manufacturing

- Apply continuous improvement across a larger combined company
- Increased production yields



## Sales & Marketing

- Optimized sales channel distribution
- Regional customer alignment

## Supply Chain & Procurement

- Leverage combined spending
- Reduce transportation costs

**Less Than 1x Cash Costs to Achieve Synergies**

*\*Full run-rate synergies expected to be realized over a 3 year period.*

# Expands Global Presence and Diversifies Currency Exposure

Increases geographical diversity and mitigates currency risk



## Rayonier Advanced Materials

- ★ Headquarters
- ◆ High Purity Cellulose Plant
- ◀ Fiber Facility
- ◀ Marketing & Research Center
- + Sales Office

## Tembec

- ★ Headquarters
- ◆ SPF Lumber Facility
- High Purity Cellulose Facility
- ▲ Other Pulp Facility
- Other Manufacturing Facility
- + Sales Office
- ▼ Sales and Research



# Acquisition of Tembec Process

- Tembec Shareholder Vote
- Canadian Court Ratifies Vote - August 7
- Antitrust Clearance
  - United States
  - Germany
  - Canada
  - China
- Investment Canada Compliance

**Closing expected in Q4 2017**

# Combination Drives Successful Earnings Growth



- Enhanced scale drives ability to execute growth strategy
- Superior capabilities in high purity cellulose
- Diversified paper and forest products profile
- Expansion of cost transformation initiative
- Significant high return capital project opportunities
- Acceleration of product innovation