

**RAYONIER**   
Advanced Materials™

## **INVESTOR DAY**

THURSDAY,  
MARCH 7, 2019

NYSE  
11 WALL STREET,  
NEW YORK CITY

# 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 EBITDA margin, adjusted free cash flows, adjusted operating income, adjusted net income, adjusted net income per share, adjusted diluted earnings per share 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.

# Agenda

<b>9:00 AM</b>	Welcome	Mickey Walsh, Treasurer & VP Investor Relations
<b>9:05 AM</b>	Company Overview & Strategy	Paul Boynton, Chairman, President & CEO
<b>9:30 AM</b>	High Purity Cellulose – Commercial	Dr. Erin Byers, SVP High Purity Cellulose
<b>9:45 AM</b>	High Purity Cellulose – Manufacturing	Bill Manzer, SVP Manufacturing Operations
<b>10:00 AM</b>	<b>Questions &amp; Answer Session</b>	
<b>10:15 AM</b>	High Yield Pulp	Ken Duffy, VP Sales & Marketing High Yield Pulp
<b>10:30 AM</b>	Forest Products & Paper	Chris Black, SVP Forest Products & Paper
<b>10:45 AM</b>	Sustainability	Carla Yetter, VP Environmental & Regulatory Affairs
<b>11:00 AM</b>	<b>Questions &amp; Answer Session</b>	
<b>BREAK</b>		
<b>11:20 AM</b>	Strategic Pillars	Frank Ruperto, CFO & SVP, Finance and Strategy
<b>11:45 AM</b>	Closing Comments	Paul Boynton, Chairman, President & CEO
<b>12:00 PM</b>	<b>Questions &amp; Answer Session</b>	



# Investor Day – 2019

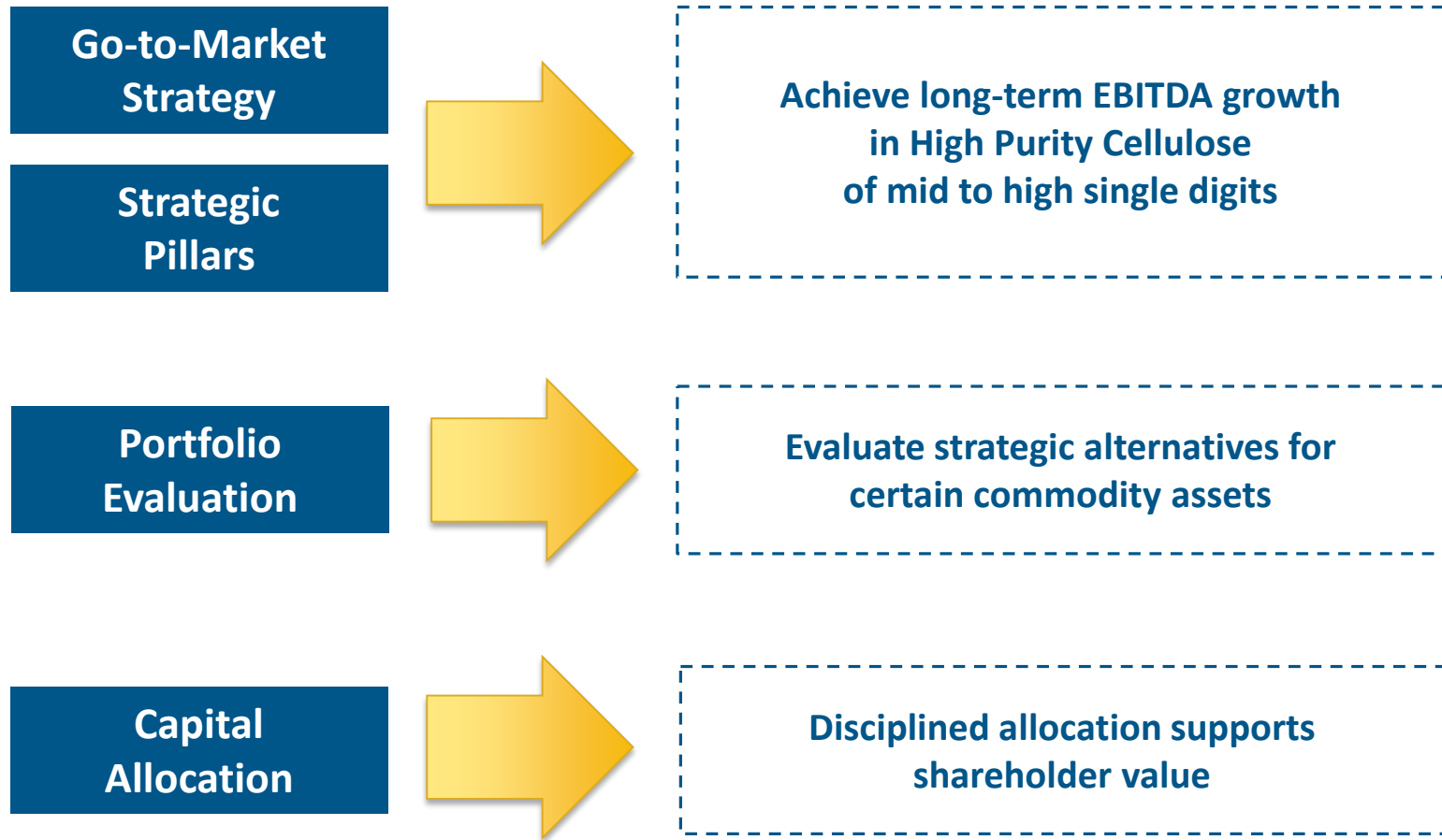
**Paul Boynton**  
Chairman, President & Chief  
Executive Officer

# Rayonier Advanced Materials

## NYSE Investor Day

- Values and vision
- You know us better than you think
- Over 90 years of continuous improvement and innovation
- RYAM today...
- Strategy to drive growth and value
  - Go-to-Market strategy
  - Pillars of growth
  - Portfolio evaluation
  - Disciplined capital allocation

# Strategy to Drive Growth & Shareholder Value



# Our Values



Integrity



Accountability



Quality



People

# Our Vision

*Creating value by applying science to nature.*



*From Renewable to Remarkable™*

**RAYONIER**  
Advanced Materials



# You already know us...

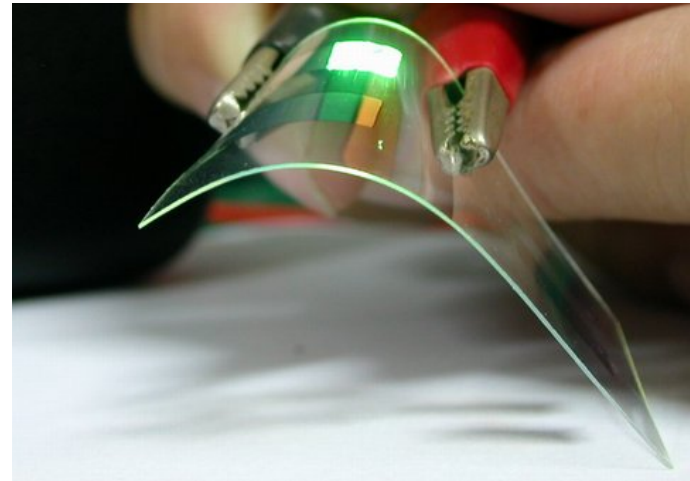


Paint

High Tenacity  
Rayon Textile  
Cord for Tires

Highly Mercerized  
Fibers for  
Air and Oil Filters

# You already know us...



**Protective Polarizing Film for LCD Screens**

# You already know us...



**Time Release Coating  
Spacing Agent in Pharmaceuticals**



**Thickening Agents**

# You already know us...



Food Safe Sausage Casing



Sponge Fibers



Dietary Foods



Over 90 Years of Creating Value

RAINIER PULP & PAPER  
COMPANY

RAYONIER  
INCORPORATED

Rayonier

RAYONIER  
INCORPORATED



ITT RAYONIER  
FOREST PRODUCTS

Rayonier

# Rayonier Advanced Materials

## *Continuous Improvement and Innovation*



**1926 – Rainier Pulp and Paper Company**

# A Look Through Our History



Rainier Pulp and Paper Company founded



Fernandina Beach plant opens



Acetate growth due to cigarette filters and photographic film

First viscose grades at Tartas

Acetate for LCD applications

Rayonier Advanced Materials becomes stand alone company

1926	1931	1939	1954	1950s	1960s	1970s	1980s	1990s	2000s	2014	2017
------	------	------	------	-------	-------	-------	-------	-------	-------	------	------

Partnered with DuPont to produce cellulose for rayon fibers  
**renamed Rayonier**

Jesup plant Started

Co-developed "fluff" pulp with J&J



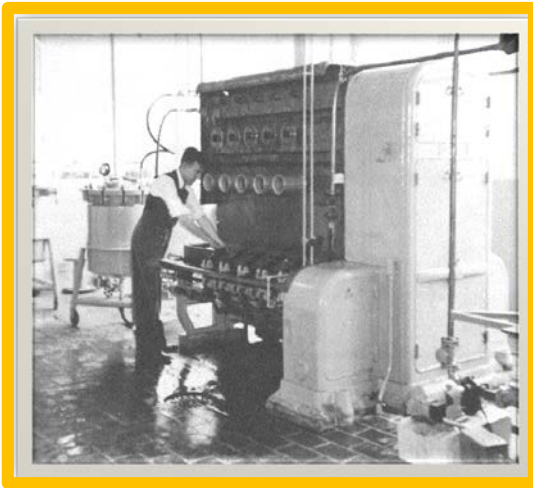
First high IV ethers grades in Temiscaming

Novathin® cores developed for absorbent materials market

Rayonier Advanced Materials acquires Tembec



# A Look Through Our History



First viscose grades at Tartas

Acetate growth due to cigarette filters and photographic film

Acetate for LCD applications

Rayonier Advanced Materials becomes stand alone company

1926

1931

1939

1954

1950s

1960s

1970s

1980s

1990s

2000s

2014

2017

**Partnered with DuPont to produce purified cellulose from hemlock for rayon industry**

Co-developed "fluff" pulp with J&J

First high IV ethers grades in Temiscaming

Novathin® cores developed for absorbent materials market

Rayonier Advanced Materials acquires Tembec





# A Look Through Our History



Rainier Pulp and Paper Company founded

Partnered with J&J to optimize an absorbent fiber in the first development of disposable baby diapers

Rayonier Advanced Materials becomes stand alone company



Partnered with DuPont to produce cellulose for rayon fibers renamed Rayonier



Novathin® cores developed for absorbent materials market

Rayonier Advanced Materials acquires Tembec



# A Look Through Our History



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------	------	------	------	-------	-------	-------	-------	-------	-------	------	------

Partnered with DuPont to produce cellulose for rayon fibers renamed Rayonier

**NovaThin<sup>®</sup> patented absorbent cores**



# A Look Through Our History



Rainier Pulp and Paper Company founded



Fernandina Beach plant opens

First viscose grades at Tartas

Acetate growth due to cigarette filters and photographic film



Perfected ultra high purity acetate for LCD screens

1926	1931	1939	1954	1950s	1960s	1970s	1980s	1990s	2000s	2014	2017
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# A Look Through Our History



Rainier Pulp and Paper Company founded



Fernandina Beach plant opens



Acetate growth due to cigarette filters and photographic film

First viscose grades at Tartas

**RYAM introduces XV20 - highest viscosity wood-based ethers pulp available**

1926	1931	1939	1954	1950s	1960s	1970s	1980s	1990s	2000s	2014	2017
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Partnered with DuPont to produce cellulose for rayon fibers  
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Jesup plant Started

Co-developed "fluff" pulp with J&J



First high IV ethers grades in Temiscaming

Novathin® cores developed for absorbent materials market

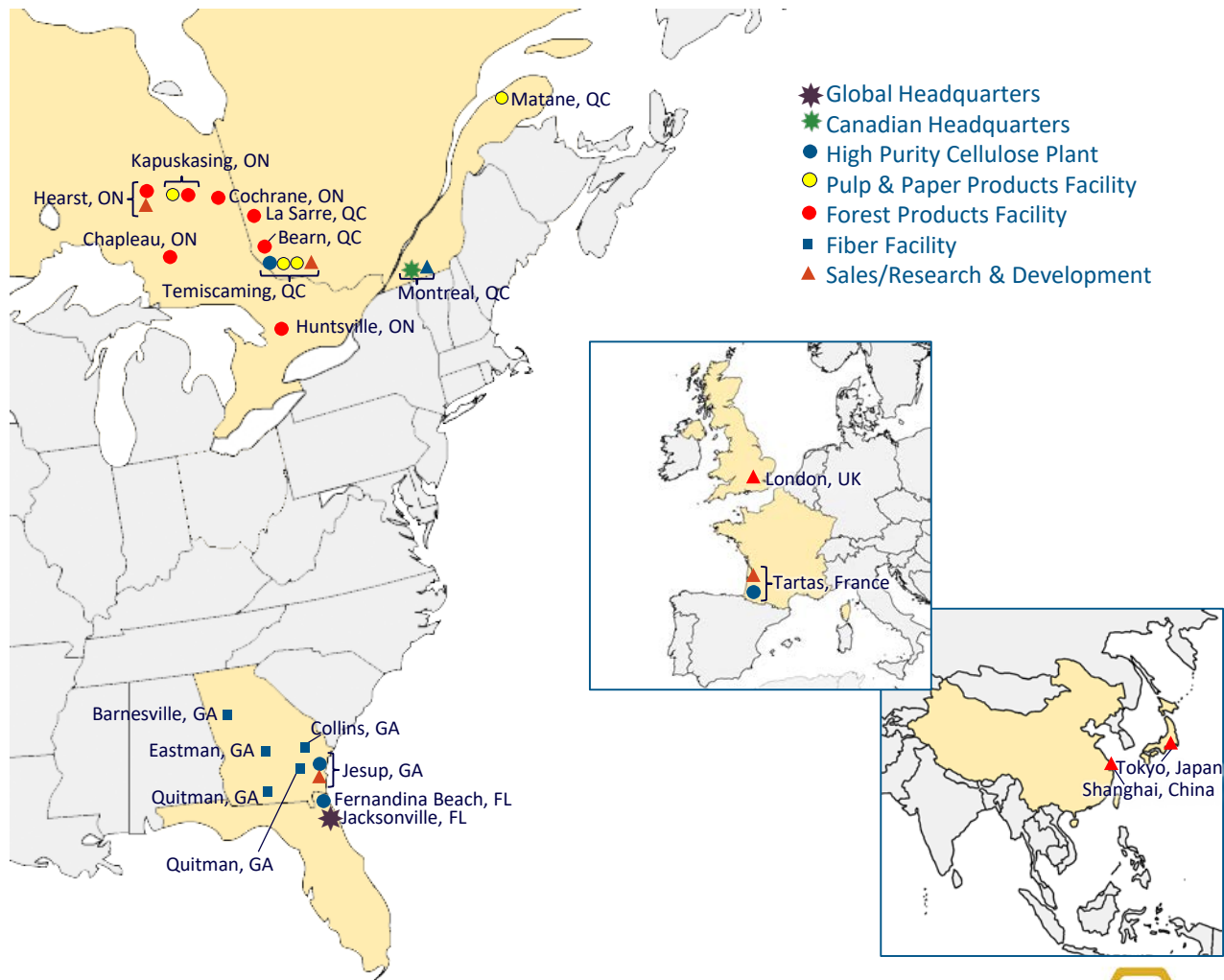
Rayonier Advanced Materials acquires Tembec



# Who we are today...

## At A Glance

- **Global HQ**  
Jacksonville, FL
- **Canadian HQ**  
Montreal, QC
- **R&D Locations**  
US and France
- **Manufacturing Facilities**  
17 in the US, Canada and France
- **Sales Offices**  
US, Canada, London, Tokyo and Shanghai
- **Employees**  
4,200
- **NYSE Ticker**  
RYAM



# RYAM by the Numbers

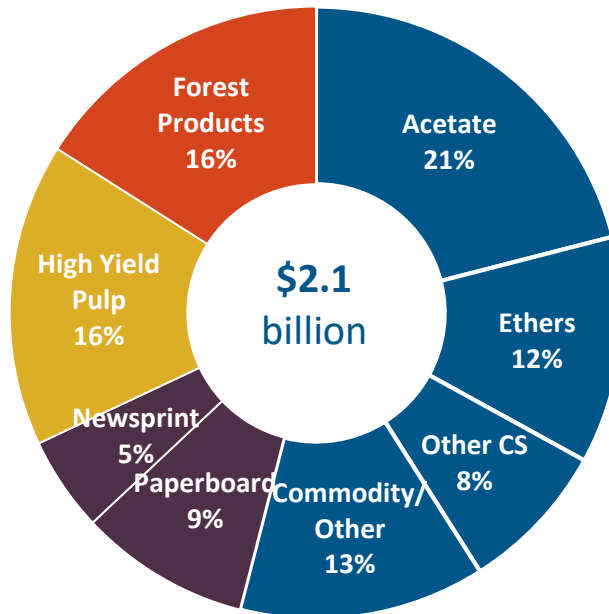
## 2018 Revenue by Geography

■ USA ■ Canada ■ China ■ Europe ■ Other



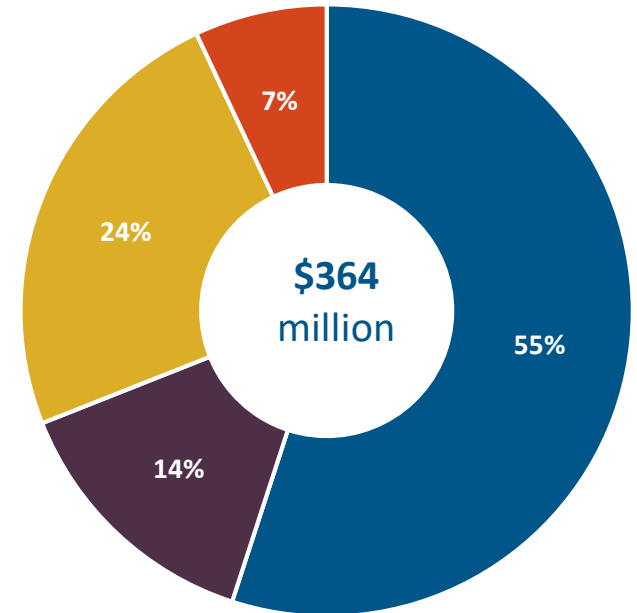
## 2018 Revenue by Product

- Pulp
- Paper
- Forest Products
- High Purity Cellulose



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

## 2018 Adjusted EBITDA by Segment



# RYAM Diverse Business Segments

	High Purity Cellulose	Forest Products	Paper	Pulp
Products	<ul style="list-style-type: none"> <li>• Dissolving Wood Pulp               <ul style="list-style-type: none"> <li>○ Acetate</li> <li>○ Ethers</li> <li>○ Specialties</li> <li>○ Viscose</li> </ul> </li> <li>• Fluff Pulp</li> </ul>	<ul style="list-style-type: none"> <li>• Dimensional Lumber</li> <li>• Framing Materials</li> <li>• Wood Chips</li> <li>• Fuel (Chips, Sawdust, Shavings &amp; Bark)</li> </ul>	<ul style="list-style-type: none"> <li>• Packaging</li> <li>• Multiply Coated Board</li> <li>• Newsprint</li> <li>• Book Paper</li> </ul>	<ul style="list-style-type: none"> <li>• Mechanical Hardwood Pulp (Maple &amp; Aspen)</li> </ul>
End Markets	 	 	 	 

# Acquisition of Tembec – November 2017

## Rationale

- Complementary product offerings and technical capabilities across High Purity Cellulose grades
- Additional growth opportunities in packaging and forest products
- Product and geographic diversification
- Stronger, more balanced business with greater scale to drive growth
- Shared vision on safety, operational excellence and environmental stewardship

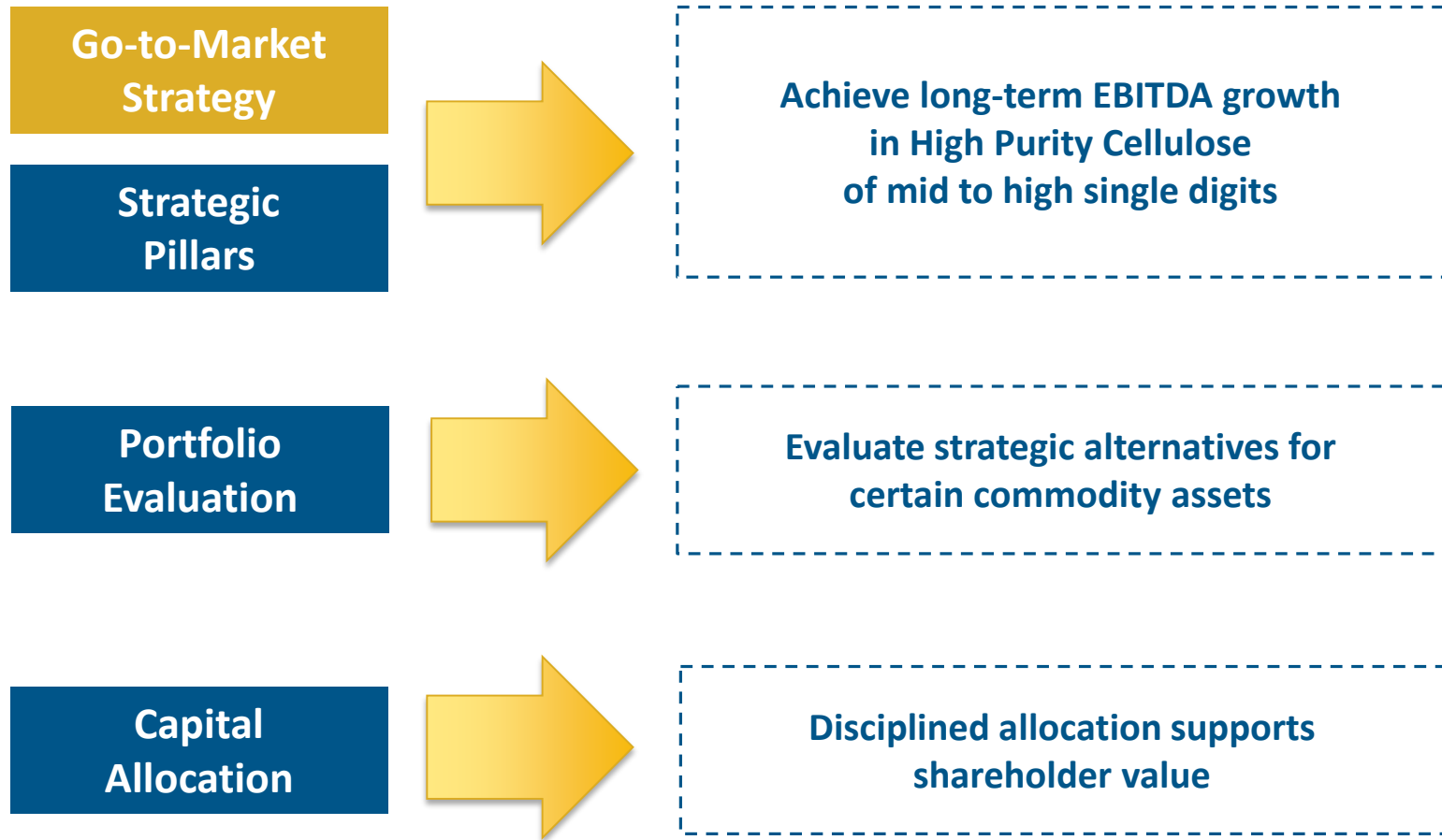
## Results

- Attractive purchase price leveraged down by synergies, investment opportunities and strong commodity markets
- Annual cost synergies of **\$75 million** expected to be achieved over 3 years; 50% higher than at announcement
- Incremental EBITDA benefits of \$25 million from strategic capital investment
- Strong commodity segments produced **\$139 million of Adjusted EBITDA** in 2018
- Tembec asset generated **\$244 million of EBITDA less CapEx\*** since announcement
- **74% accretion to Adjusted EPS** in 2018

\* Operating segments before corporate expenses

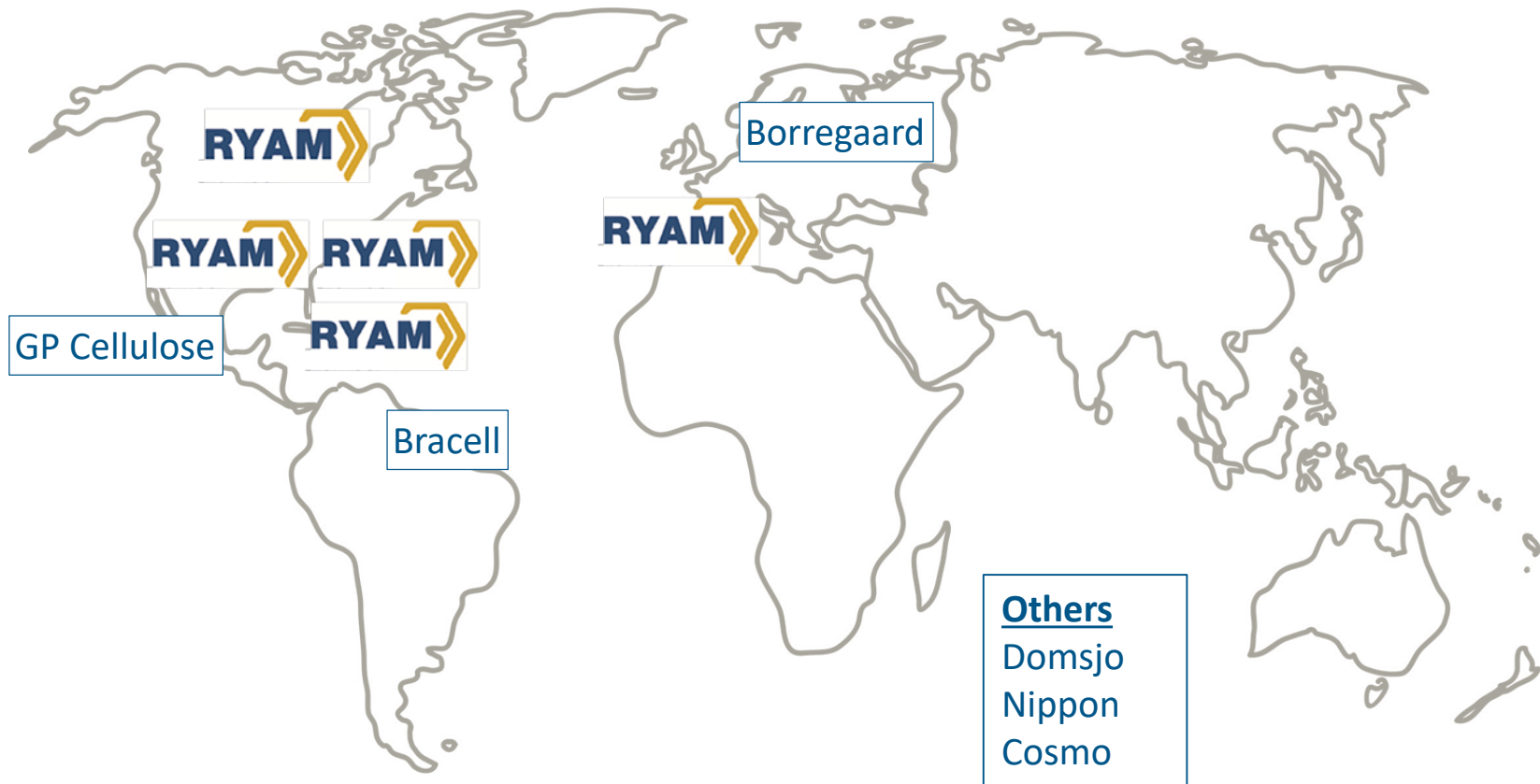


# Strategy to Drive Growth & Shareholder Value



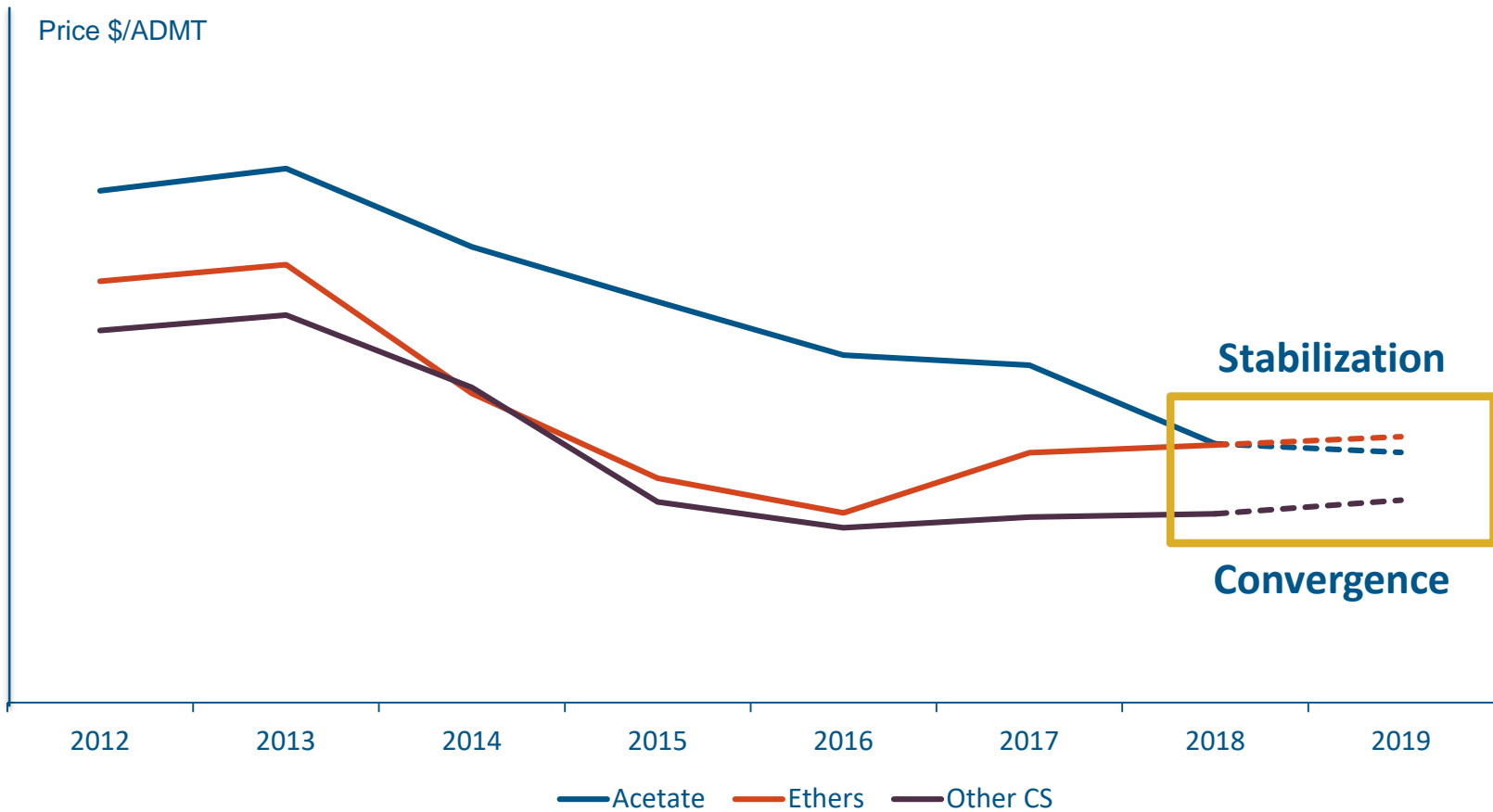
# 5 of 8 Major Cellulose Specialties Lines

RYAM to align assets to meet market needs and lower costs



# Cellulose Specialties Pricing

Prices settle – potential inflection point



# Go-to-Market Strategy

## Asset Realignment

Five CS lines to optimize grades and geographies to better serve customers and reduce costs

- Align assets toward most productive use
  - Convert Temiscaming plant to commodity products only (except regulated MCC); no acetate or ethers
  - Keep Jesup A focused on Other CS and Tartas on ethers and nitration; cease acetate production on both

	Acetate	Ethers	MCC	Nitration	Other CS	Commodity
Temiscaming	Grey	Grey	Light Blue	Grey	White	Dark Blue
Tartas	Grey	Dark Blue	White	Dark Blue	White	Grey
Jesup A	Grey	White	Dark Blue	White	Dark Blue	Grey
Jesup B	Dark Blue	White	White	White	White	White
Jesup C	White	White	White	White	White	Dark Blue
Fernandina	Dark Blue	Dark Blue	White	Dark Blue	White	Grey

• Other CS includes filtration, casings and tire cord products

Light Blue MCC Regulated in Temiscaming  
 Dark Blue Today Grey To be removed

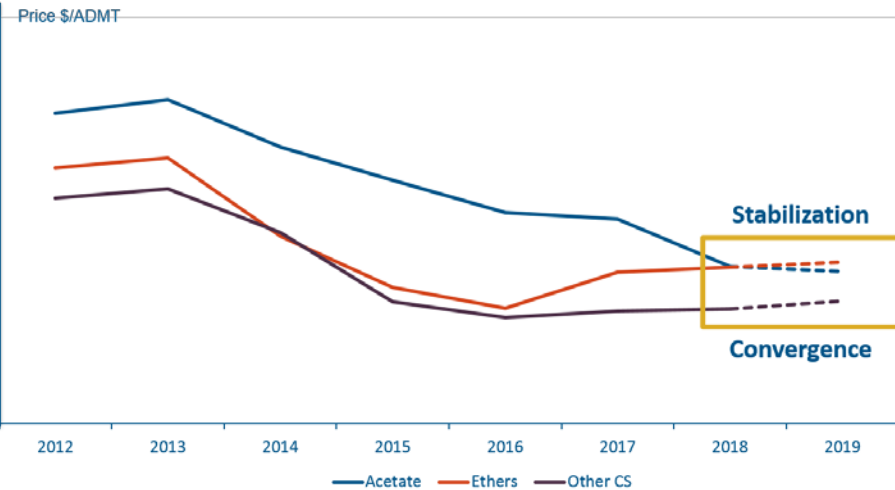
## Commercial Actions

Market conditions have changed

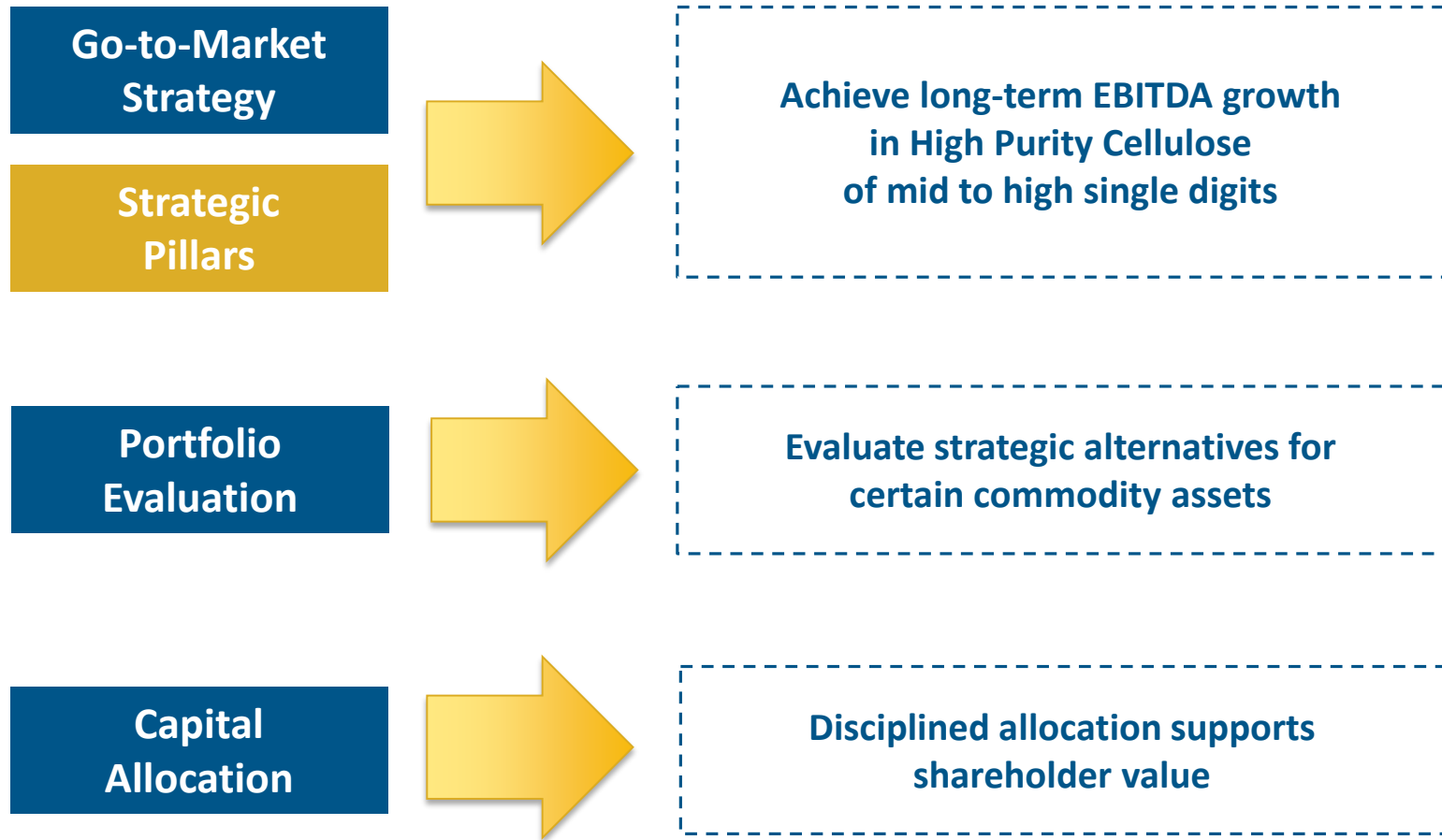
- CS prices have stabilized
- Acetate prices at parity with other CS products

**Growth in Cellulose Specialties**

- Improve price and margins
- Deliver long-term EBITDA growth
- Reduce exposure to acetate and grow with the market in ethers and other CS
- Exit lowest margin business



# Strategy to Drive Growth & Shareholder Value



# Strategic Pillars of Growth

**\$61 million\* generated in 2018;  
On track to deliver \$155\* million from 2018-2020**

## Cost Transformation

- Reduced costs by \$53 million
  - \$25 million from legacy plan
  - \$28 million from synergies
- Established Global Improvement Team (GIT) to capture remaining \$47 million of costs

## Market Optimization

- Integrated businesses to make right product in right location
- Established centers of excellence for sales and manufacturing to drive future value



## New Products

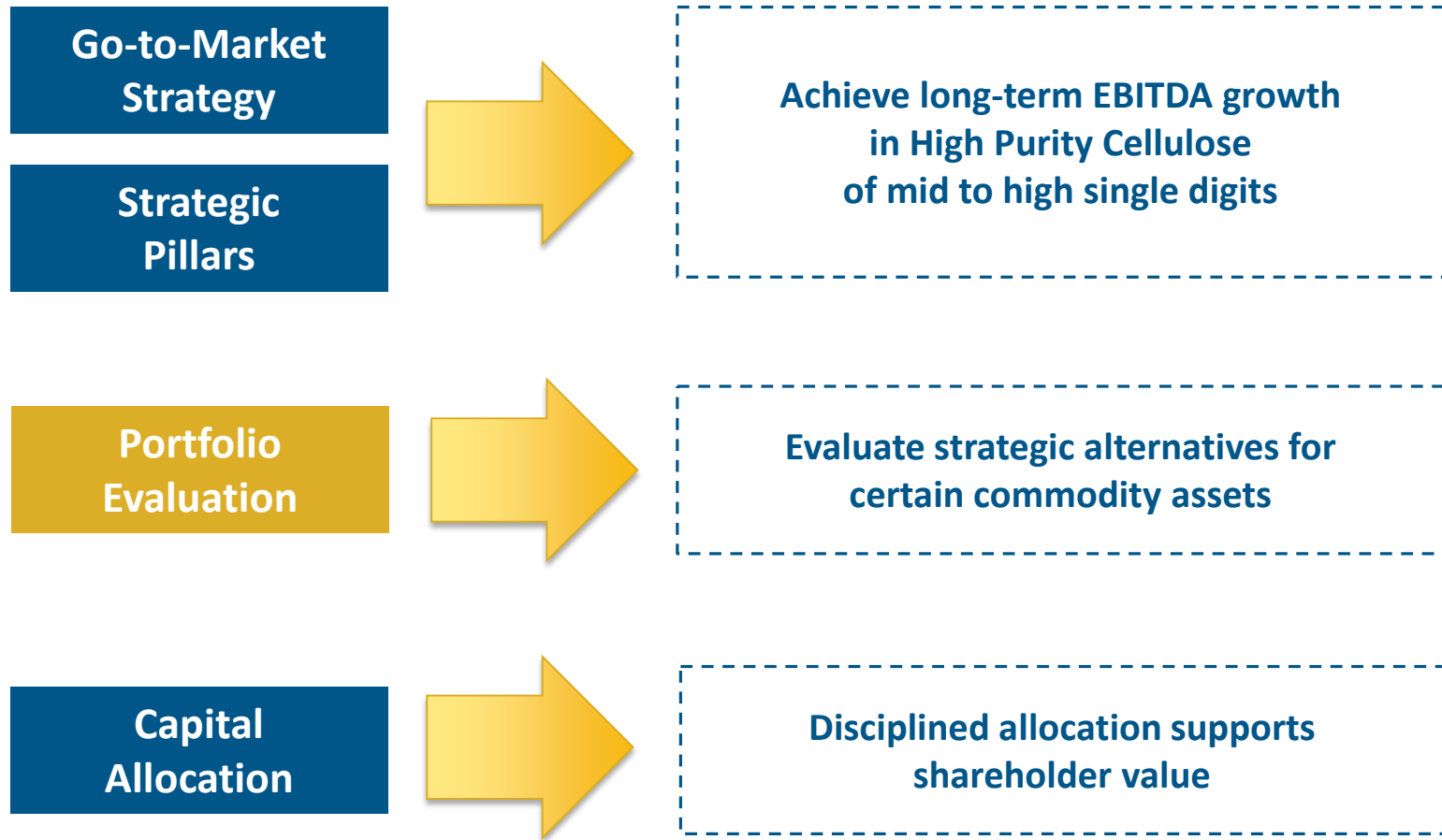
- 2 commercialized products brought to market
  - Optisilk – lower cost viscose
  - XV20 – ultra-high viscose ethers
- \$6 million of incremental EBITDA

## Investments

- \$37 million of strategic capital
- \$45 million of debt reduction
- \$72 million of capital returned
  - \$29 million of dividends
  - \$43 million from buybacks

*\*Includes \$25 million from Legacy Cost Transformation initiative*

# Strategy to Drive Growth & Shareholder Value



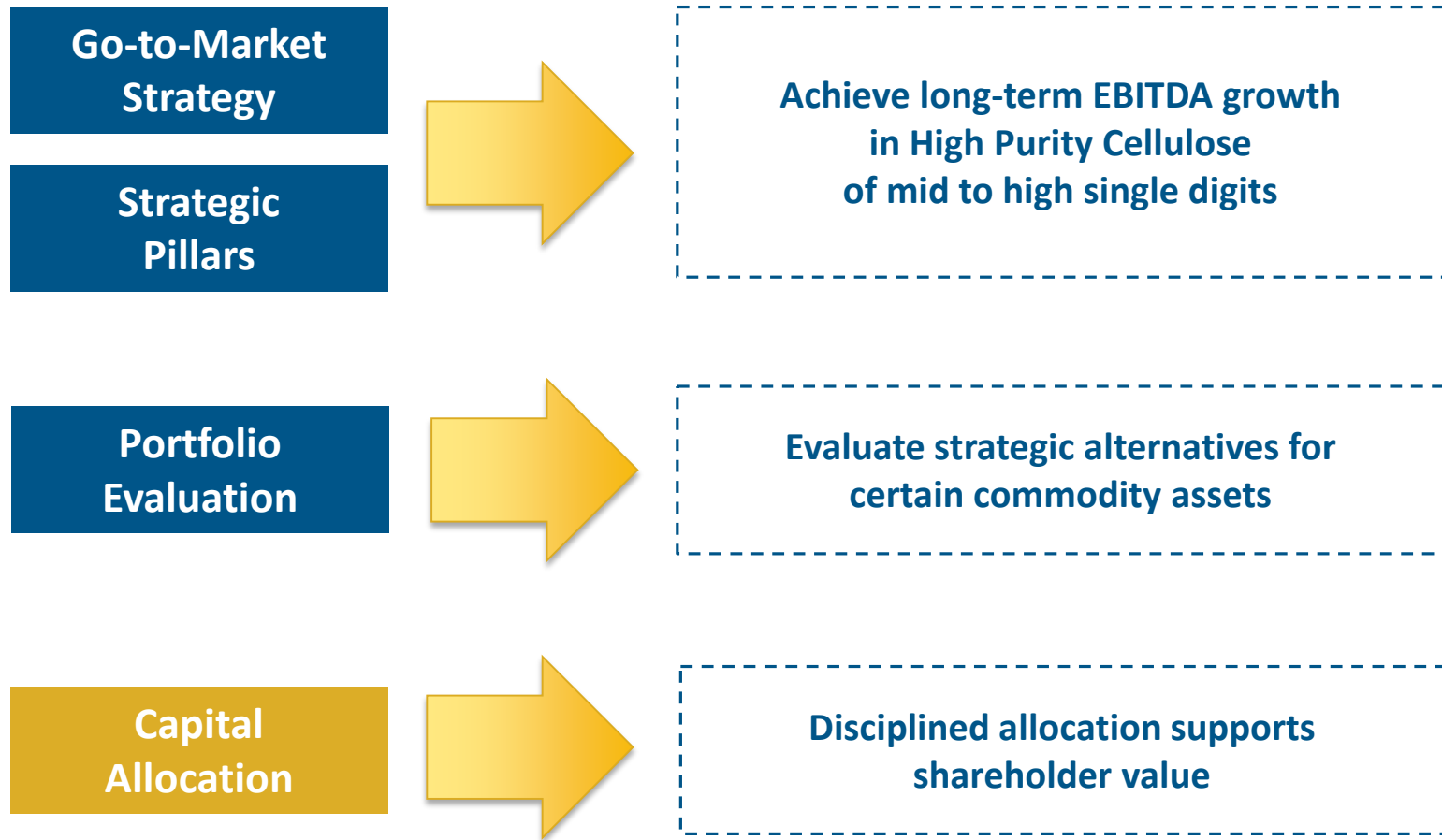
# Portfolio Evaluation

## Evaluating strategic alternatives for certain commodity assets

- Portfolio became more diverse with Tembec acquisition
- Some assets are integrated with the core High Purity Cellulose business
- Formal asset review
- Evaluating highest value owner for certain commodity assets (RYAM or Other)
- RYAM is prepared to operate and invest in all assets in its current portfolio



# Strategy to Drive Growth & Shareholder Value



# 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

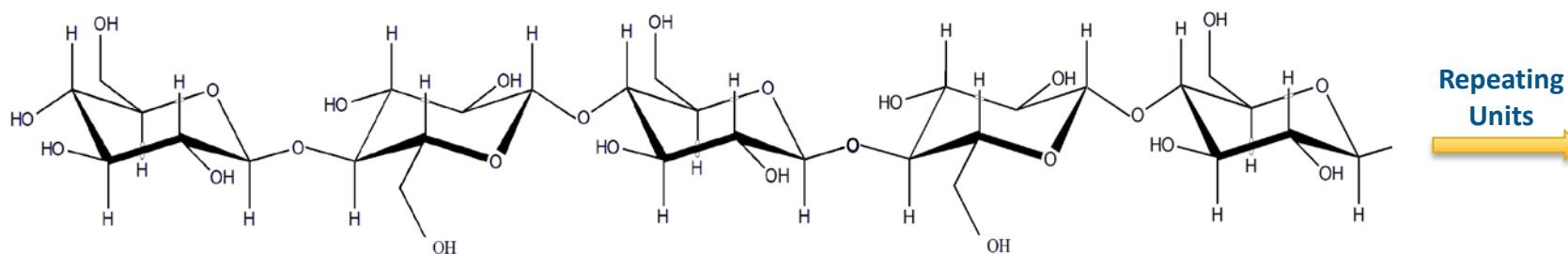
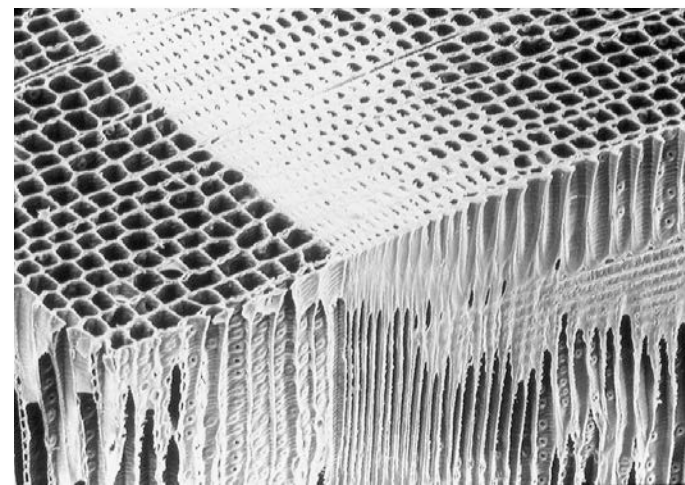
**Disciplined allocation supports shareholder value**



# High Purity Cellulose Commercial

**Erin Byers**  
SVP, High Purity Cellulose

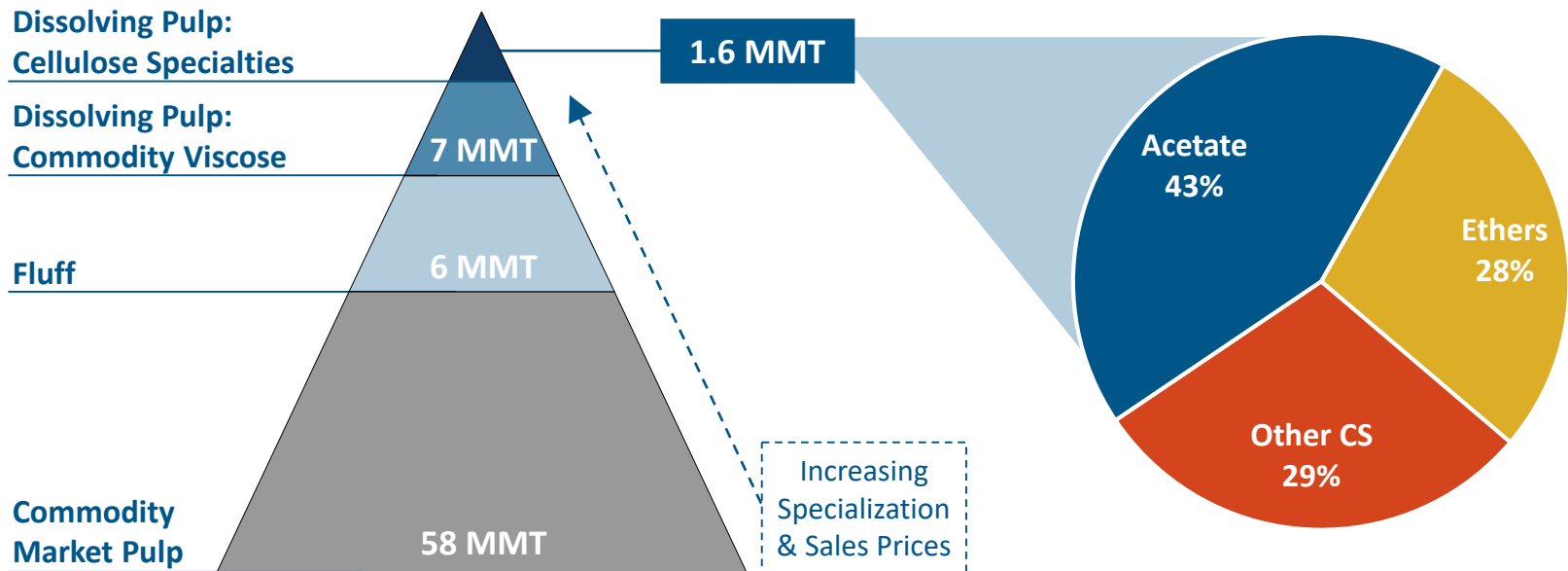
# 90 Years Advancing Cellulose Chemistry



Cellulose Polymer Chain

# Market Pulp Industry Value Chain\*

Market Pulp Industry: 73 MMT



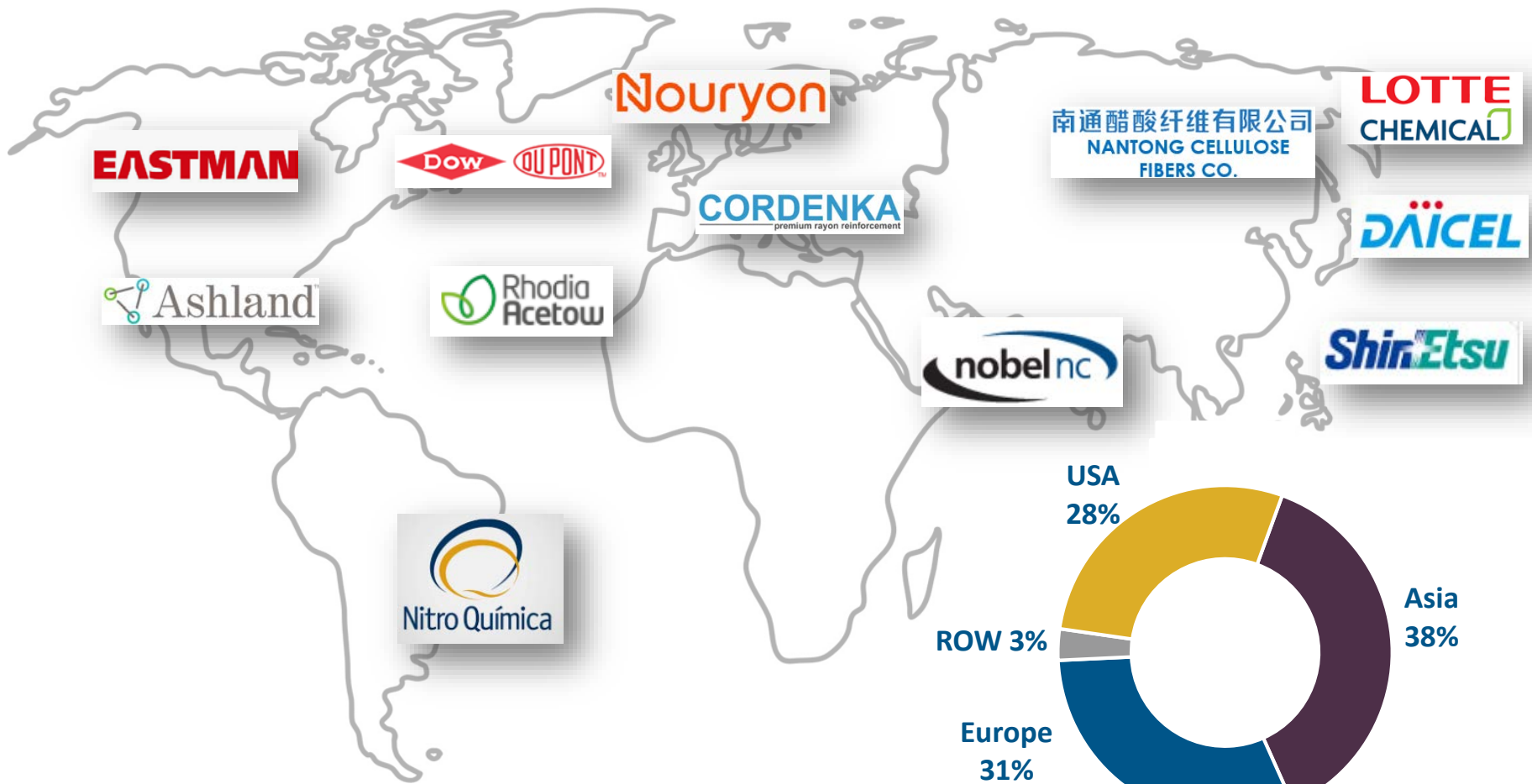
**RYAM is a market leader in high purity cellulose specialties**

Source: Hawkins Wright and company estimates

\* Based on 2017 estimates

\*\* Includes Cotton Linter Pulp

# Global Customer Base



*\*illustrative customers*

*Based on sales volumes*

# A Renewable Building Block In Everyday Products





# Exceeding Customer Needs

## Performance

- Broadest range of high performance products
- Proprietary high purity technology
- Exacting specifications
- Onsite customer technical support
- Joint product development teams with customers

## Reliability

- Reliable supply from multiple plants and multiple lines
- Customer service and supply chain expertise
- Multi-year sales agreements

**Customer relationships spanning 9 months to 90 years**

# Cellulose Specialties Product Overview

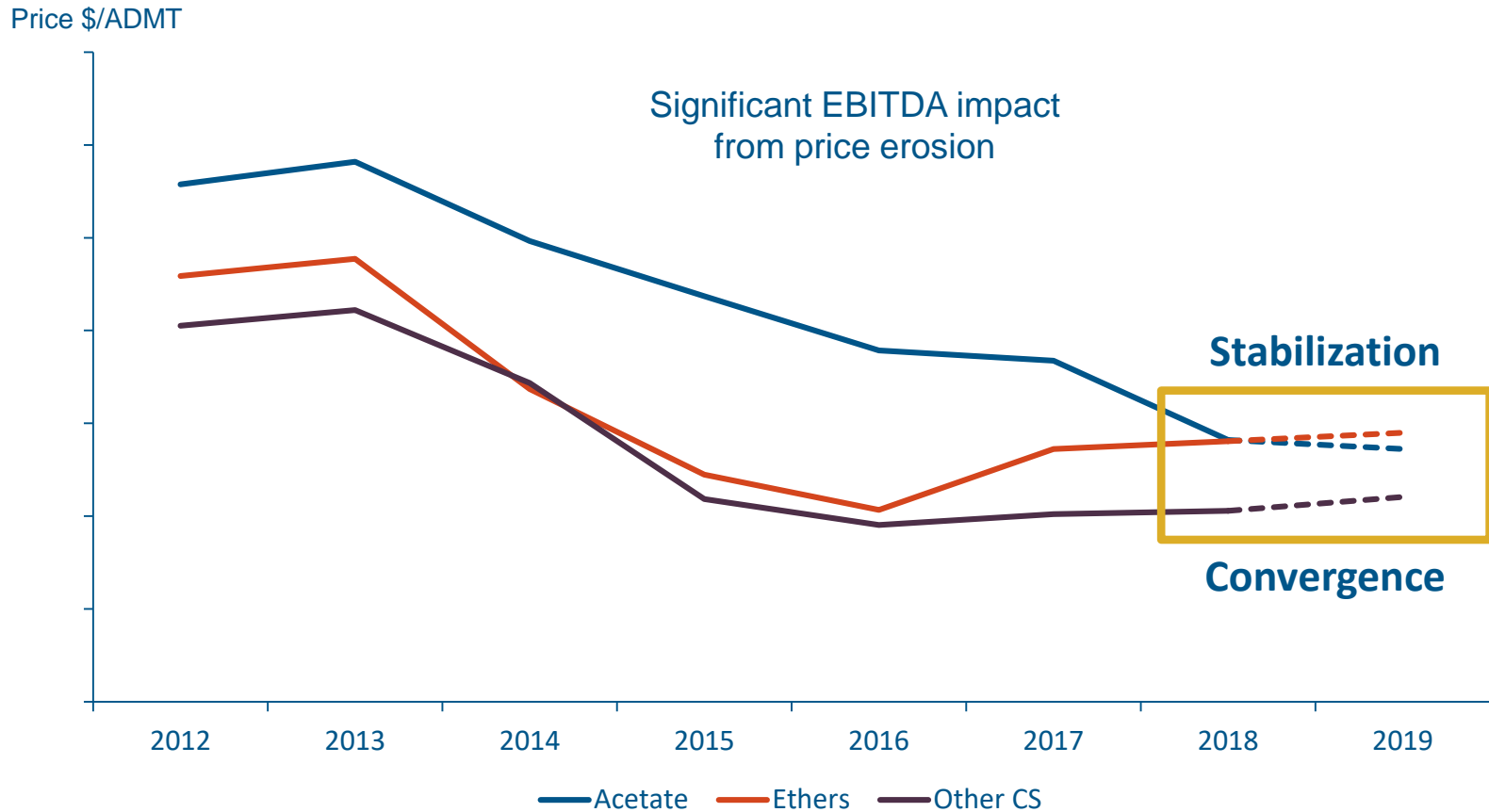
Products	End Markets	Primary Competitors*	Demand Outlook	Size (000s tons)
Acetate Pulp			~(1)%	660
Ethers Pulp		 Borregaard Cotton Linter Pulp	3-4%	440
Other CS		 GP Cellulose® growing smarter™	2-3%	450
<b>Total Cellulose Specialties</b>				<b>1,550</b>

\*Other competitors include Domsjo, Nippon, Cosmo

Source: Hawkins Wright and company estimates  
Based on 2017 estimates  
Includes Cotton Linter Pulp

# Cellulose Specialties Pricing

## Convergence of Acetate and Ethers Sales Price



\* Excludes benefits of cost transformation initiatives

# Cellulose Specialties Go-to-Market Strategy

Drive long-term EBITDA growth

- Committed to all Cellulose Specialties products
  - Reduce exposure to declining acetate market
  - Grow with ethers and other CS markets
  - Displace cotton linter pulp to expand ethers volumes
- Improve price and margins
- Exit underperforming business
- Align assets to new Go-to-Market Strategy

# Commodity Product Overview and Strategy

- Optimal mix of fluff and viscose based on market conditions and highest margins over time
- Maximize commodities at Temiscaming and Jesup C line
- Positive fixed cost contribution

Products	End Markets	Primary Competitors*	Demand Outlook	Size (000s tons)
Viscose		Various	6-7%	6,700
Absorbent Materials			3-4%	5,700
<b>Total Commodities</b>				<b>12,400</b>

# Rayonier Advanced Materials History



Rainier Pulp and Paper Company founded



Fernandina Beach plant opens



Acetate growth due to cigarette filters and photographic film

First viscose grades at Tartas

Acetate for LCD applications

Rayonier Advanced Materials becomes stand alone company

1926	1931	1939	1954	1950s	1960s	1970s	1980s	1990s	2000s	2014	2017
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Partnered with DuPont to produce cellulose for rayon fibers **renamed Rayonier**

Jesup plant Started

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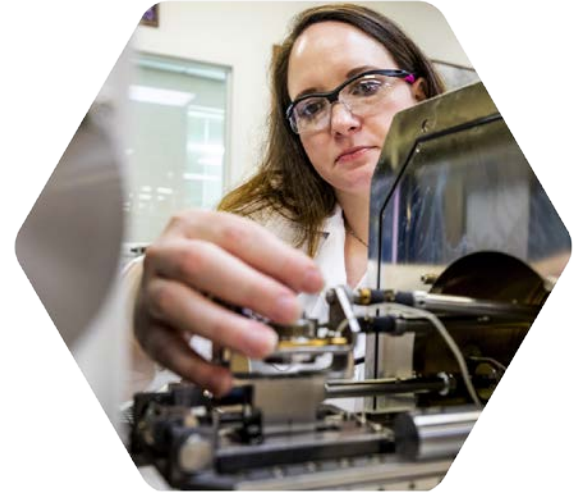
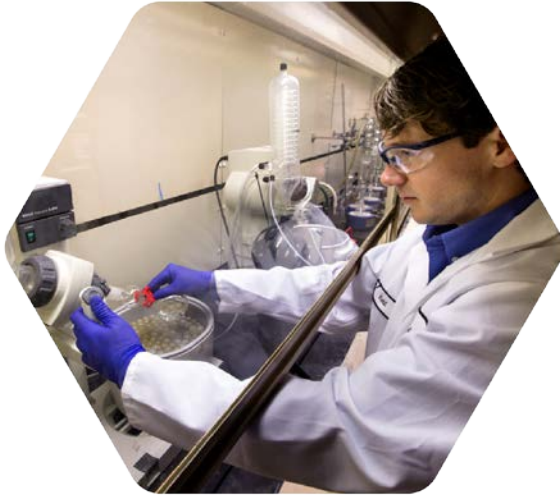
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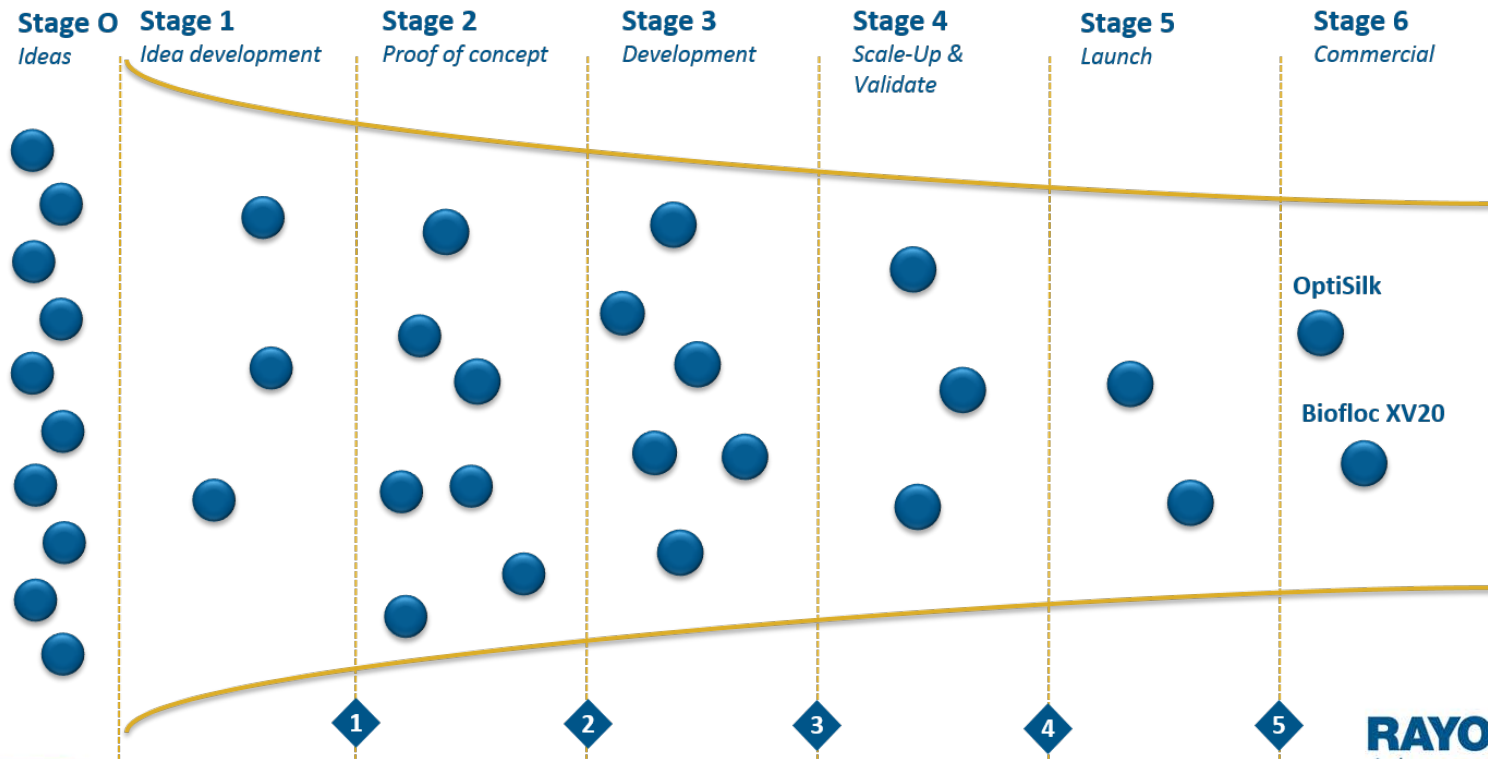
# History of Innovation



# New Product Portfolio

## GOALS:

- 20% of revenue derived from new products produced in past 5 years
- \$15 million of EBITDA improvement from 2018-2020
  - \$6 million achieved in 2018





# Two recent new product launches

OptiSilk	Biofloc XV 20
Novel cost effective technology for viscose pulp production	The highest viscosity wood based cellulose on the market
Southern pine fiber	Viscosity = 1,800 ml/g+
Increased throughput at viscose plants when blended with normal hardwood viscose pulp	Expands the market for RYAM ethers grades
2018 revenue = \$76 million	Competes with cotton linter pulp in demanding construction applications
Jesup Plant	Tartas Plant

# High Purity Cellulose Growth Drivers

- Industry leading product portfolio
- Long-term customer partnerships
- New product pipeline
- Cellulose Specialties Price stabilization in 2019
- Go-to-Market strategy matches assets to markets and drives price and margin improvement
- Positioned to grow long-term EBITDA mid-to-high single digits



# High Purity Cellulose Manufacturing

**Bill Manzer**  
SVP, Manufacturing Operations

# Decades of Learning and Developing

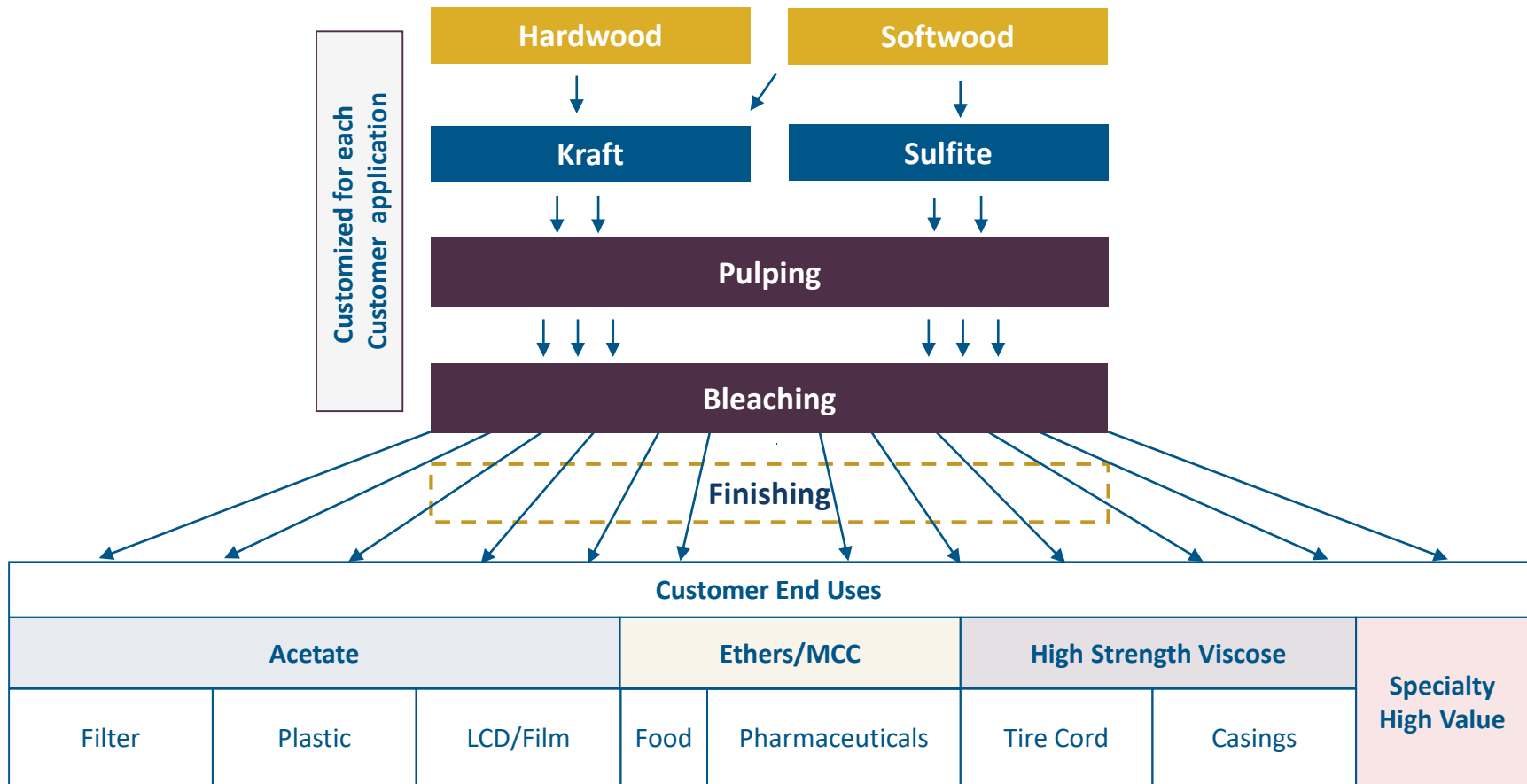
4 Sites, 6 HPC lines, 5 CS capable

- Fernandina , Florida 1939
- Jesup , Georgia 1954
- Temiscaming, Quebec 1973 (Tembec start)
- Tartas ,France 1996 (conversion to CS)



# Multiple Production Lines and Products

## The “Rayonier Advanced Material Recipe”



# Global HPC Manufacturing Presence



# A Global Leader in High Purity Cellulose

**775,000 MT Cellulose Specialties Capacity**  
**+ 245,000 MT Commodity Capacity**  
**= > 1,000,000 MT Total Capacity**



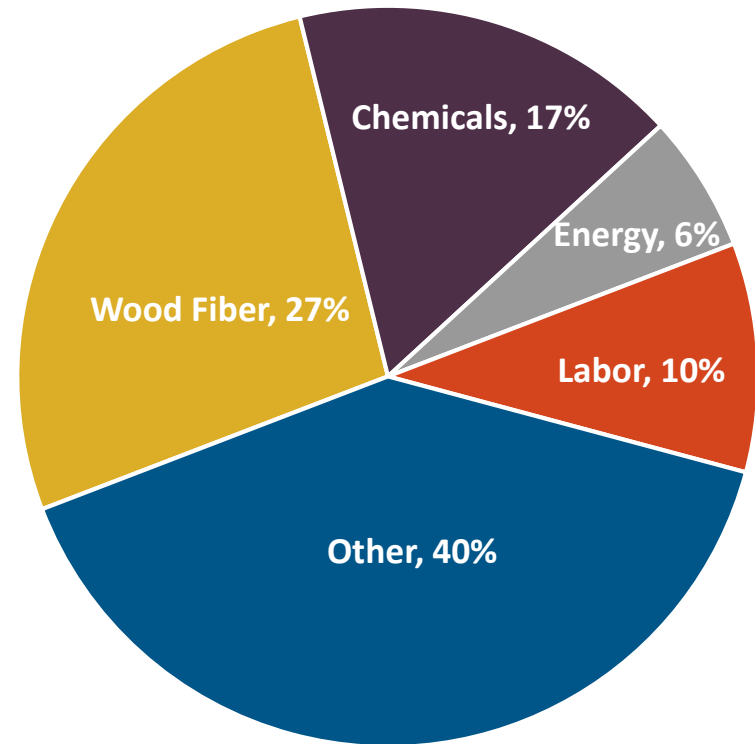
RYAM Line	Wood	Tech	Capacity
Fernandina	Softwood	Sulfite	155,000
Jesup A	Hardwood/ Softwood	Kraft	} 330,000
Jesup B	Hardwood	Kraft	
Jesup C*	Softwood	Kraft	245,000
Tartas	Softwood	Sulfite	140,000
Temiscaming	Softwood	Sulfite	150,000

\* Commodity Only

# Cost to Produce

- **Wood Fiber**
  - U.S. Southern Pine
  - U.S. Southern Hardwood
  - France Maritime Pine
  - Canada Spruce, Pine and Fir from lumber chips
- **Chemicals**
  - Caustic
  - Sulfur
- **Energy**
  - Biofuel
  - Natural Gas

**Average Cost\* across High Purity Cellulose Segment**



\* *Varies by location*



# Cellulose Specialties Asset Alignment

	Acetate	Ethers	MCC	Nitration	Other CS	Commodity
Temiscaming	Today	Today	MCC Regulated in Temiscaming	Today		Today
Tartas	Today	Today		Today		Today
Jesup A	Today		Today		Today	Today
Jesup B	Today					
Jesup C						Today
Fernandina	Today	Today		Today		Today

• Other CS includes filtration, casings and tire cord products

 MCC Regulated in Temiscaming

 Today

# Cellulose Specialties Asset Alignment

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Today

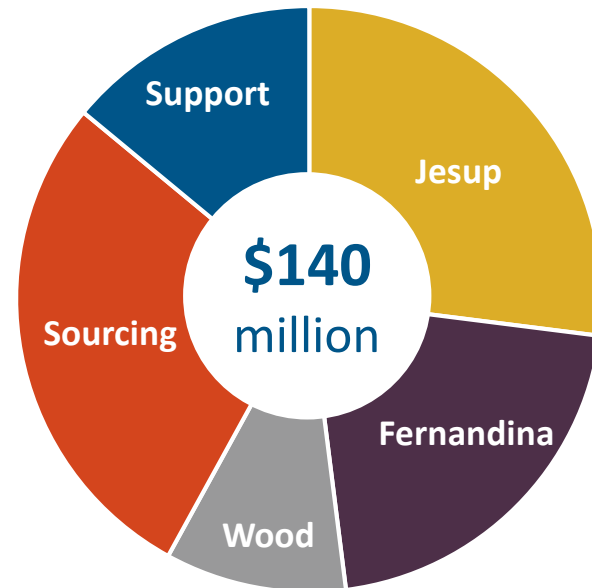
# Continuous Improvement

58% of \$140 million cost transformation savings from manufacturing

## Key Areas of Manufacturing Focus

- Chemical Reductions
- Energy Efficiency
- Maintenance
- Wood Procurement

## Cost Savings by Area



# Fundamentals of Continuous Improvement

*Every person, every day, driving continuous improvement*

- Everything we do is a process
- Continuous Improvement is a part of everything we do; it is not a separate activity
- It is all about Teams, at all levels
- Standard work is critical to building and sustaining Continuous Improvement
- Visual Management is key to highlighting actuals to standards and expectations
- Go see where the work is done

# Maintenance Capital Process

## *A Rigorous and disciplined system*

**\$80 Million annual High Purity Cellulose budget**  
**\$100 Million RYAM total budget**

### Maintenance Capital Process

- Compliance requirements
- Maintain operations
- 5 Year Plan
- Prioritized risk ranking
- Executive review





# Strategic Capital Process

- Strategic projects
- High-return projects
- 2018-2020 capital plans\*
  - \$30 million of capital, net
  - \$15 million annual EBITDA improvement\*\*



\* High Purity Cellulose Strategic Capital benefits both Investment Pillar and Cost Transformation Pillar, depending on size and scope

\*\* Additional EBITDA benefits extend beyond 2020

# High Purity Cellulose – Key Highlights

- Core-business contributes greater than 50% of Company EBITDA
- Long successful history in this market with global customer relationships dating back over 90 years
- Most capable assets base in the industry
- Efficient operations built on continuous improvement processes successfully reduced significant cost with additional opportunities ahead
- Identified opportunities for high-return capital investments over the next several years
- History of innovation with New Products expected to generate over 20% of revenues in next 5 years
- Our Go-to-Market strategy will increase profit margins



**QUESTIONS?**



## High Yield Pulp

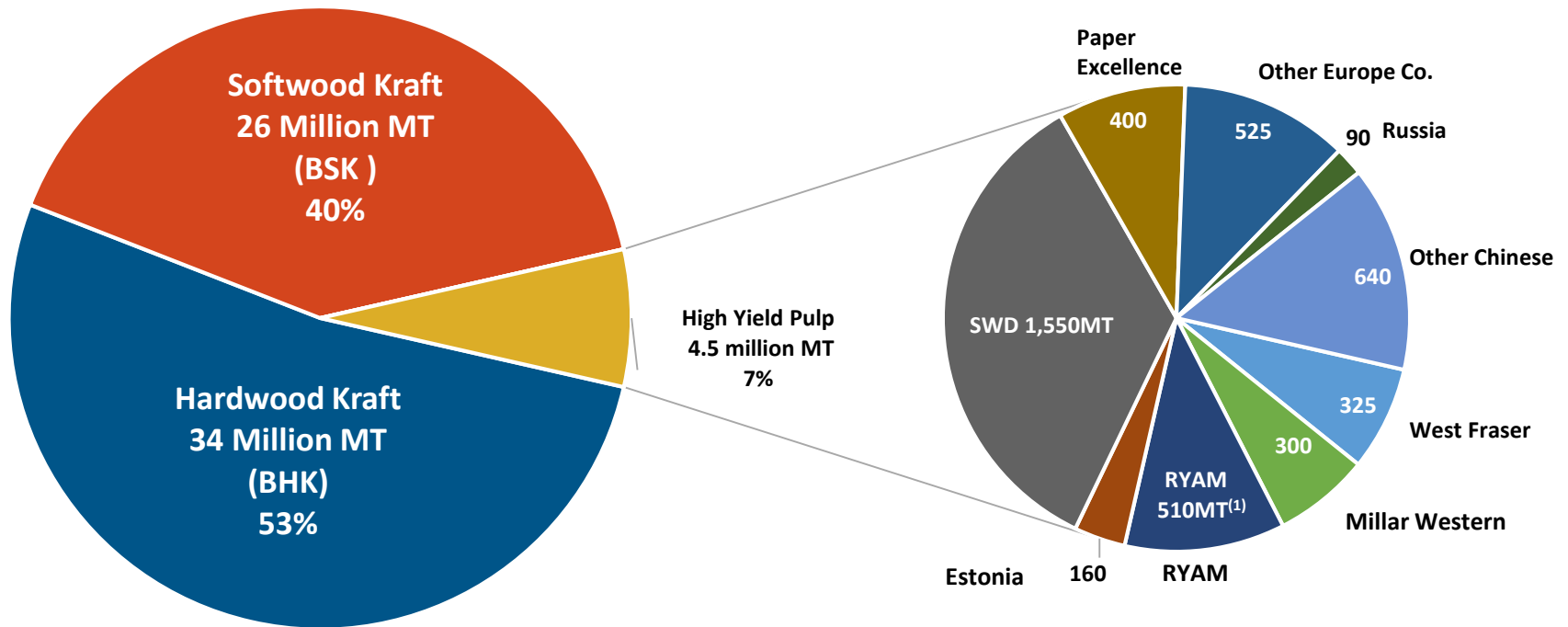
**Ken Duffy**

VP, Sales & Marketing,  
High Yield Pulp

# Global Market - Paper Pulp

**Total Demand**  
65 million MT

**High Yield Pulp**  
4.5 million MT (7%)



Source: Brian McClay

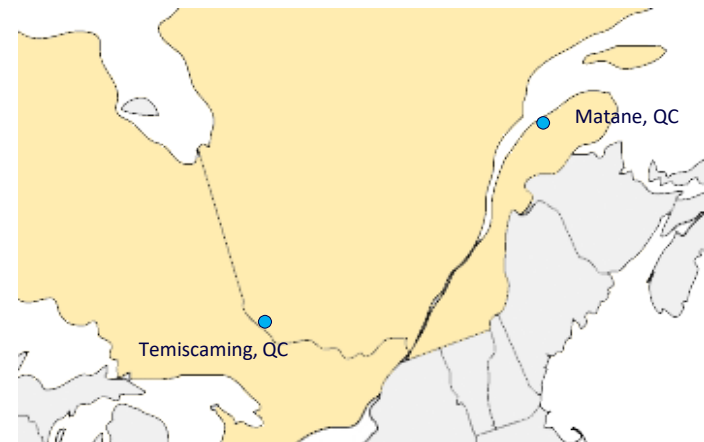
1) Excludes 60 MT of internal sales.

# High Yield Pulp Overview

- Two High Yield Pulp mills
  - ~60,000 MT sold internally to Temiscaming's Paperboard facility
- 100% hardwood grades
  - Maple & aspen
- Two main markets
  - Printing & Writing Paper
  - Paperboard
- Leader in FSC\* certified pulp

## Facility Details

High-Yield Pulp	tonnes
Hardwood high-yield - Temiscaming, QC	300,000
Hardwood high-yield - Matane, QC	270,000
<b>Total</b>	<b>570,000</b>

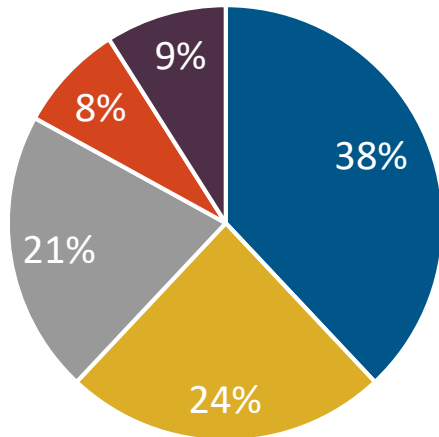


\* Forest Stewardship Council

# Pulp Sales Mix

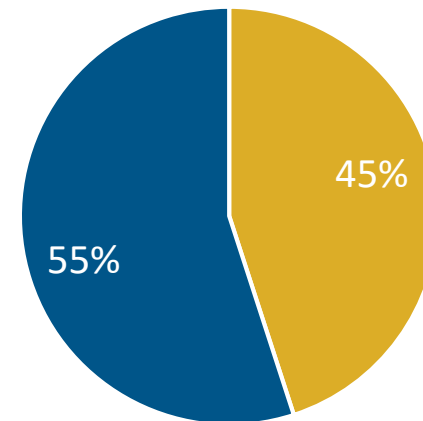
Top 10 Customers = 70% of sales  
Largest Customer = 10% of sales

## 2018 Sales by Region



■ China ■ Europe ■ Korea ■ North America ■ Other

## 2018 Sales by End Use



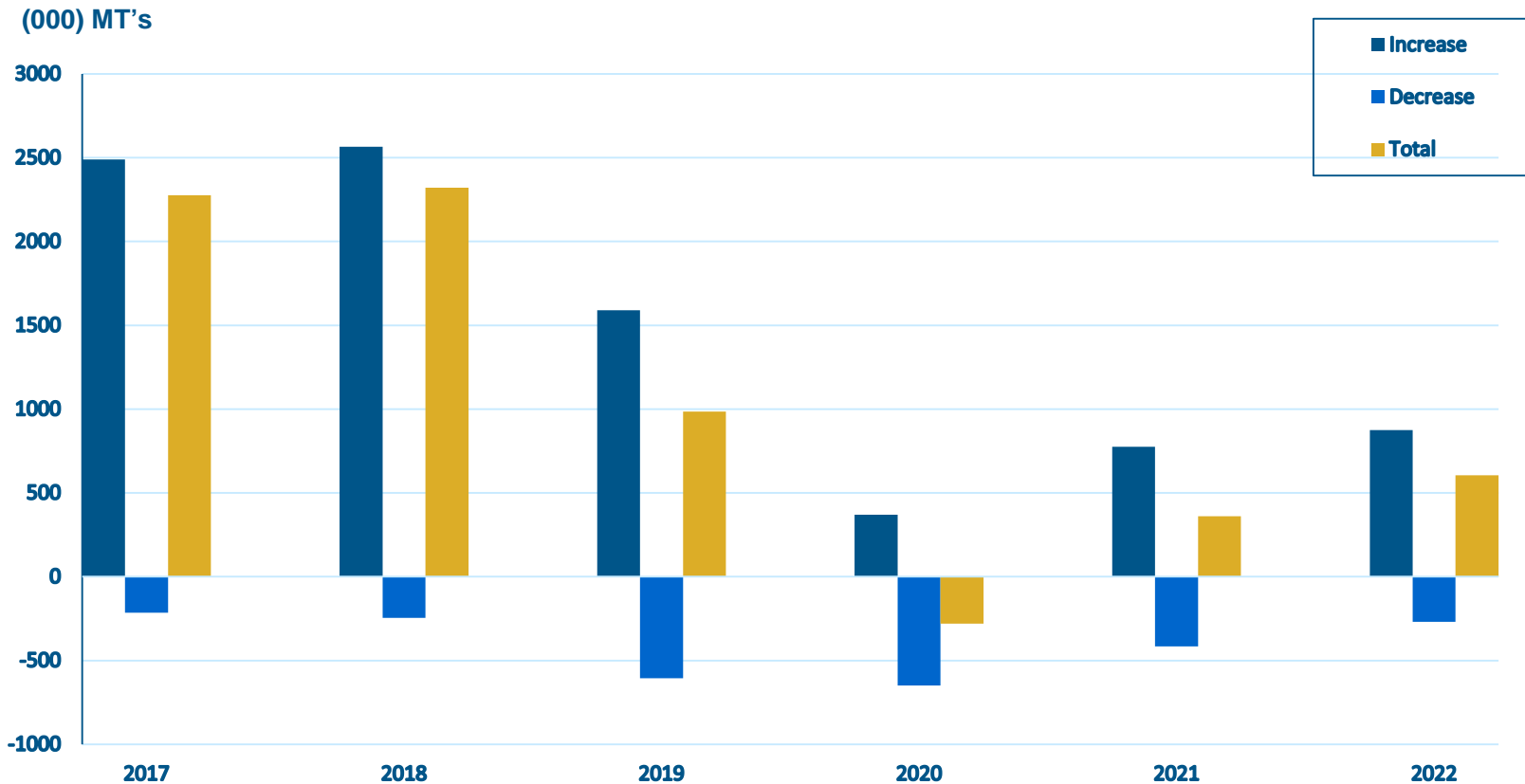
■ Paperboard ■ Printing & Writing

- Diversified customer base
  - North America customer mix growing
  - Chinese market share has decreased to 38% from 50% over the last few years

# Major Paper-Grade Market Pulp Capacity Changes

65 MT Global Market Pulp

2% Demand Growth = 1.3 Million MT per year



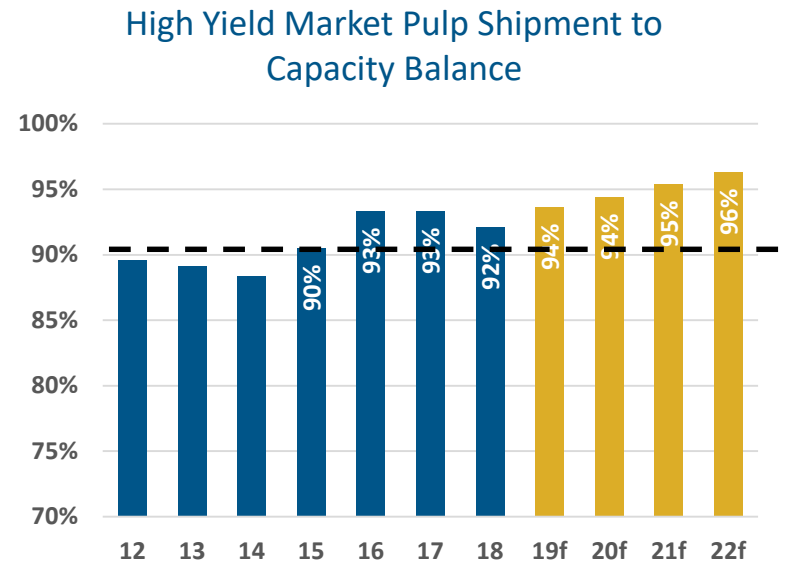
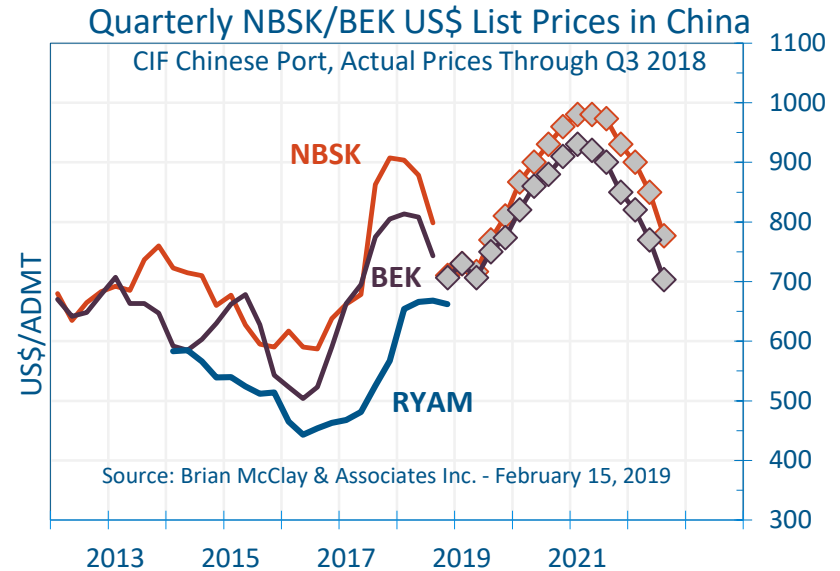
- No significant announced capacity expansions expected until 2021

Source: Hawkins Wright. Announced capacity changes only, not committed.



# Favorable Market Conditions

- Positive supply-demand outlook
- No new major capacity additions expected until 2021
- Pulp demand forecasted to grow 2% per year
  - Demand growth concentrated in Asia, mainly in tissue and packaging sectors
- Over 94% Shipment to capacity utilization



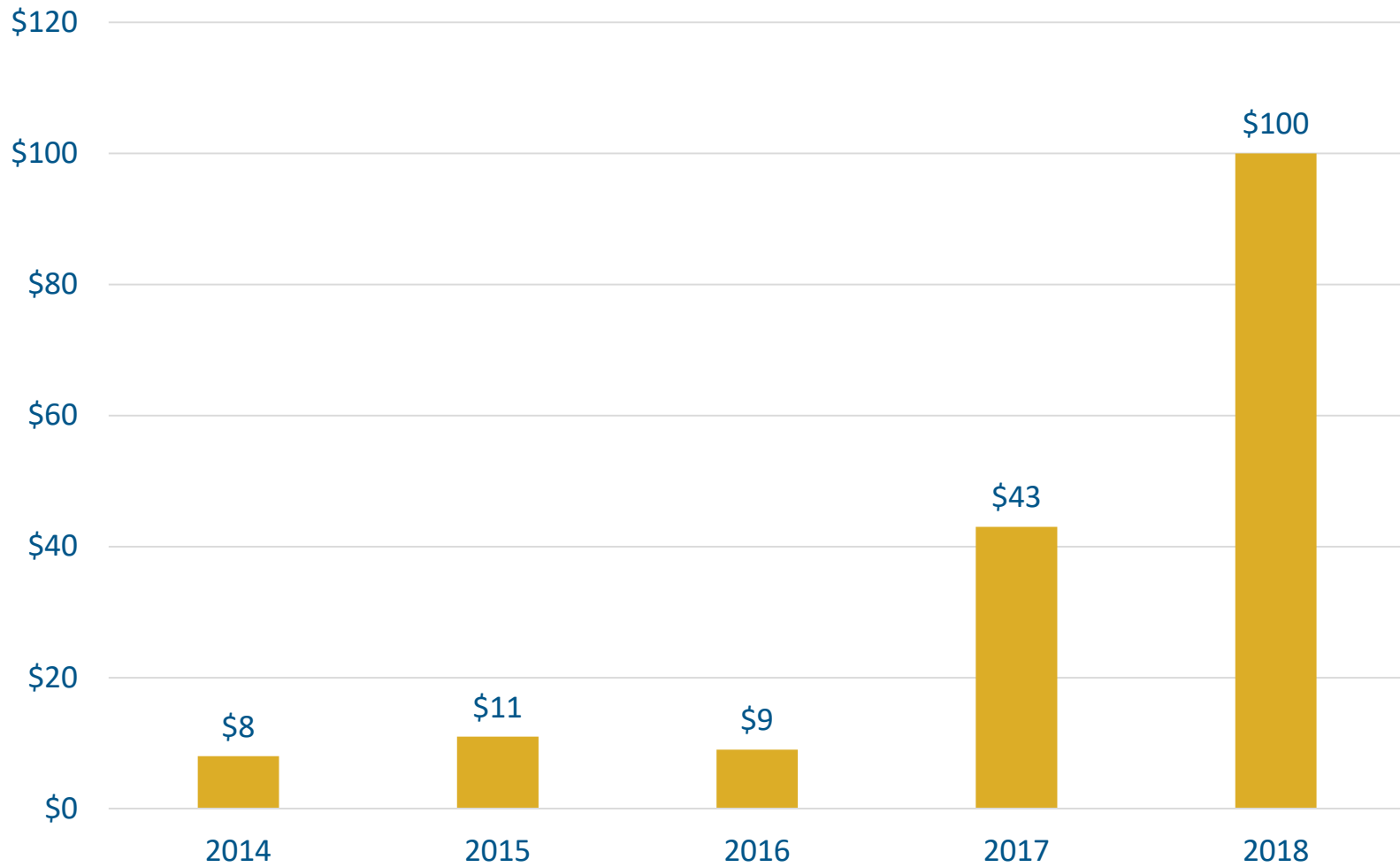
Source: PPPC

# Attractive Mill Profiles

- **Low cost mills**
  - Both mills in second quartile
  - Delivered Costs < \$475/tonne (CIF China)
  - Geographically located to deliver to key market
- **Low capital requirements**
  - Total CapEx of \$3.5 million average per year
- **High cash flow conversion**



# Pulp Segment EBITDA



*Note: 2014-2017 calendar year results based on Tembec published historical reported segments, converted to US Dollars*

# Pulp – Key Highlights

- **Versatile high yield pulp mills**
  - High-bulk maple and aspen desired fiber for paperboard and printing and writing markets
  - Leading producer of FSC Certified High Yield Pulp
- **Low cost producer**
  - 2<sup>nd</sup> Quartile on the cost curve
  - Favorable transportation options
- **Pricing strength forecasted for several years**
  - Positive supply-demand dynamics with minimal new announced capacity until at least 2021



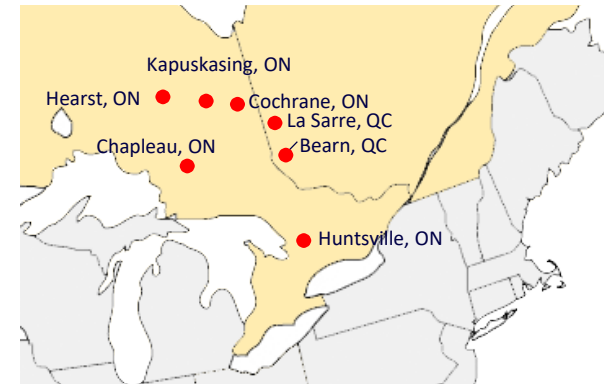
# Forest Products

**Chris Black**  
SVP, Forest Products & Paper

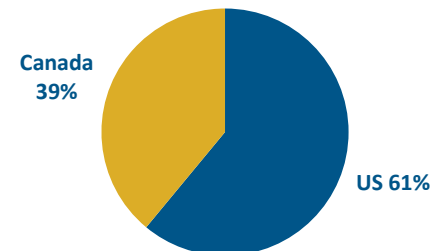
# Forest Products Overview

- Produce a wide range of commodity forest products used primarily for residential and commercial construction
  - Top 10 producer of lumber in US & Canada
- Manufactured products include SPF lumber, hardwood lumber, wood chips, and by-products
- Highly diversified customer base
- Leader in FSC-certified wood products
- Subject to final duties of 20.2%

Facility Details	
<b>SPF Lumber</b>	<b>Capacity (mbf)</b>
Stud lumber - La Sarre, QC	135,000
Stud lumber - Cochrane, ON	125,000
Stud lumber - Kapuskasing, ON	105,000
Random lumber - Bearn, QC	110,000
Random lumber - Chapleau, ON	135,000
Random lumber - Hearst, ON	110,000
<b>Total Spruce, Pine, Fir (SPF)</b>	<b>720,000</b>
<b>Specialty Wood</b>	<b>mbf</b>
Hardwood lumber - Huntsville, ON	15,000



## 2018 Lumber Sales by Geography



# Wood Usage by Different Grades

## Random Length Mills



## Stud Mills

## Premium Grades



## M.S.R., #2 & Better



## No. 3, Economy



## Stud Grade

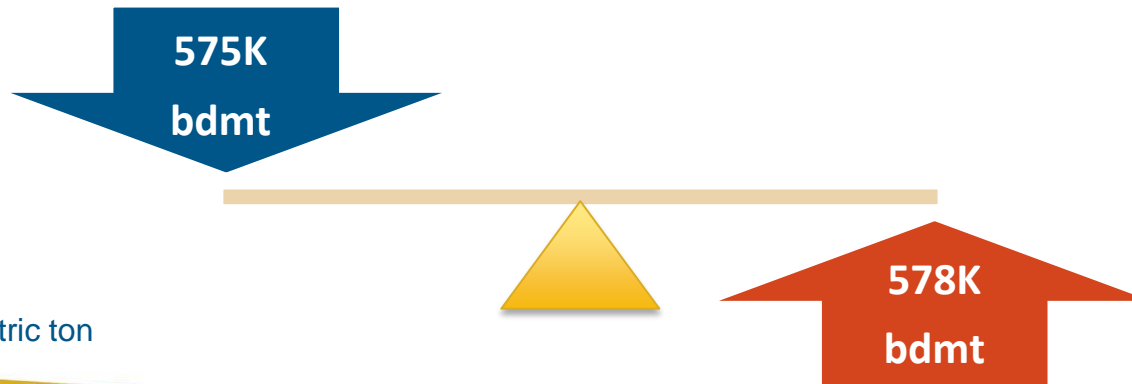
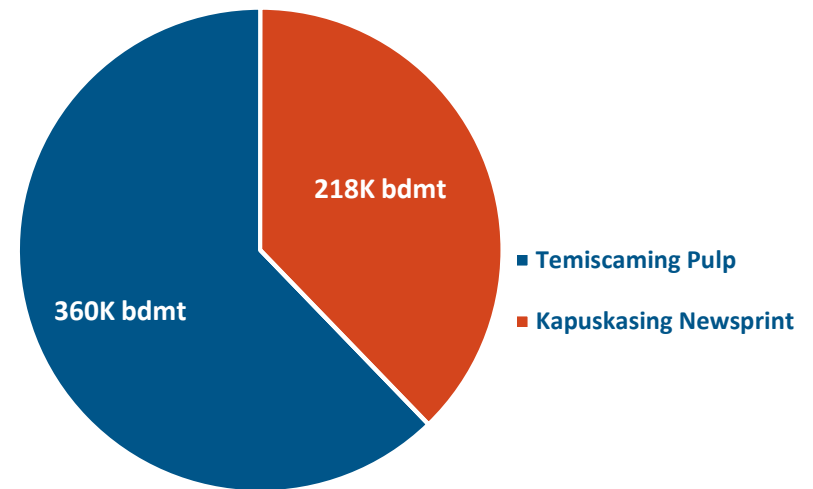
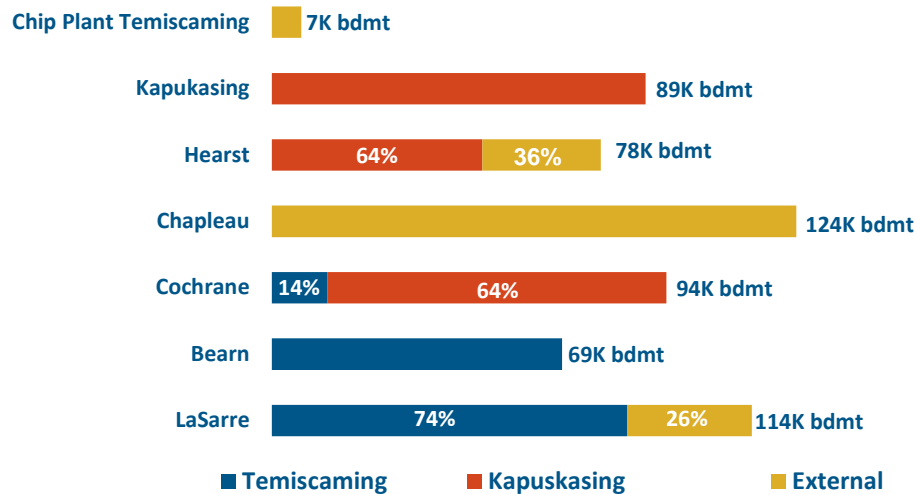


# Internal Supply & Demand – Chips

**RYAM currently uniquely balanced**

## Sawmill Chip Production

## Chip Consumption

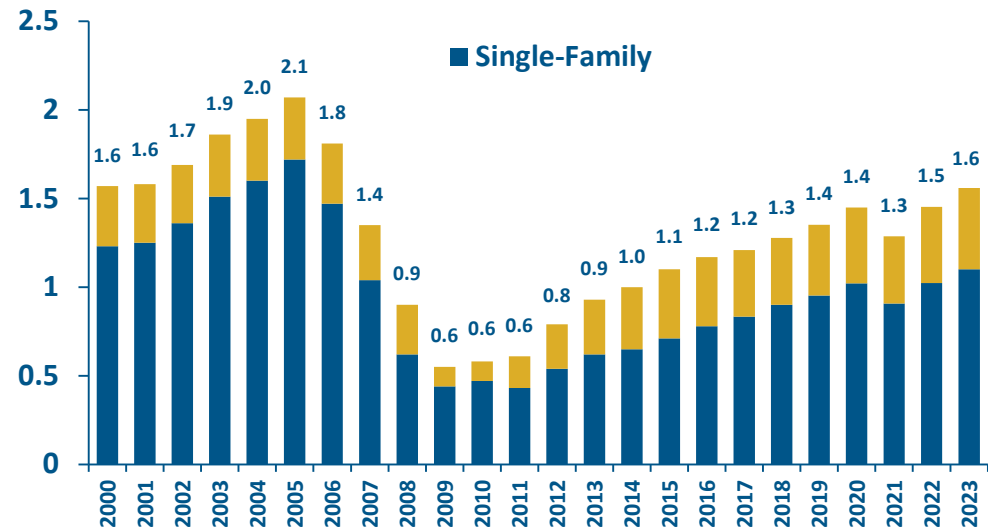
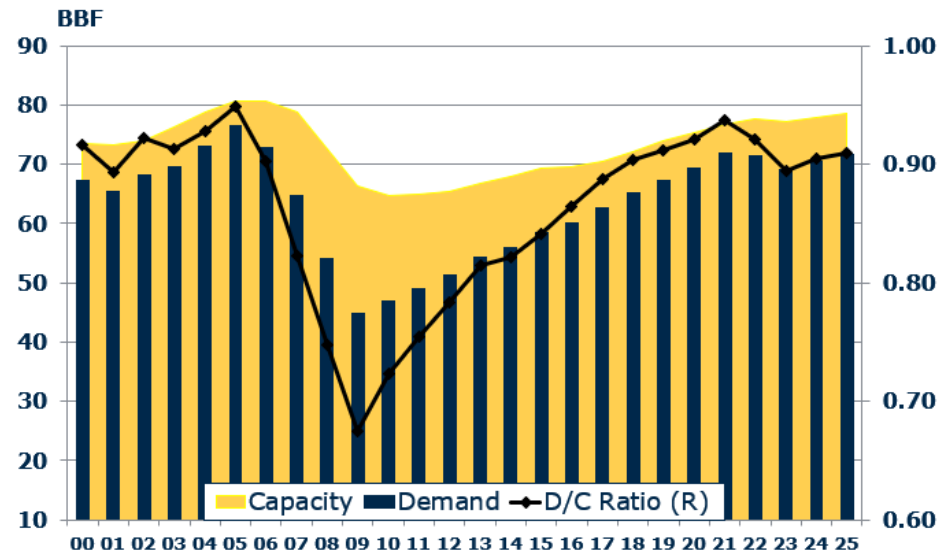


bdmt = bone dried metric ton



# Lumber Market Outlook

- Lumber consumption expected to grow slowly but steadily over the next several years
- Supply side constraints will hamper the North American industry's ability to keep pace with growing consumption
- Tightening demand supply conditions along with increased higher cost imports should improve prices from lows we are currently experiencing
- US housing starts key indicator



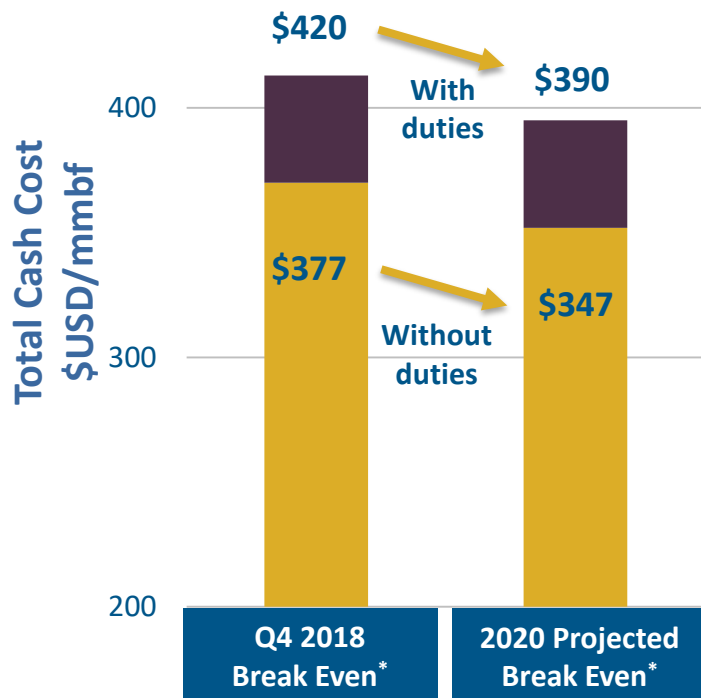
Source: RISI

# U.S./Canada Softwood Lumber Dispute

- 2018 Canadian exports to the U.S. fell 1,800 BBF to 13,500 BBF
  - Represents 28% U.S. market share (down from 30% in 2017)
- AD & CVD rates at 20.2%
- RYAM current deposits to December 31<sup>st</sup> total US\$37 million.
- No ongoing negotiations and no agreement anticipated over the next 12 months.
- In the meantime, Canadian government continues to work on litigation through both USMCA and WTO.

# Cost Position & Breakeven

Improving our competitive position over next two years



\*Break evens include \$43/mmbf of duties based on constant current mix and geographical sales

## 2018-2020 Strategic Capital

- \$30 million of investment with \$15 million in returns
  - \$8 million from cost reductions
  - \$7 million from margin improvement

## Reliability

- Increased reliability improves costs by \$5 million
  - 604 MBF production in 2018
  - 680 MBF production forecast for 2020

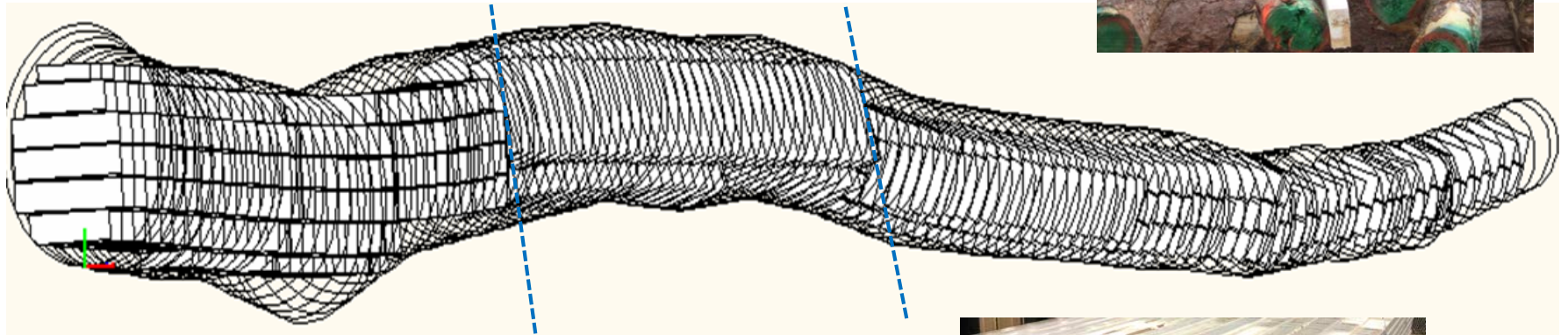
*Great Lakes historical average premium of \$85-90/mmbf above the Western Index*

# Sawline Modernization

## \$10 million Investment

1. Cost Improvement – Better log recovery through curve sawing

- Cost Reduction \$4M



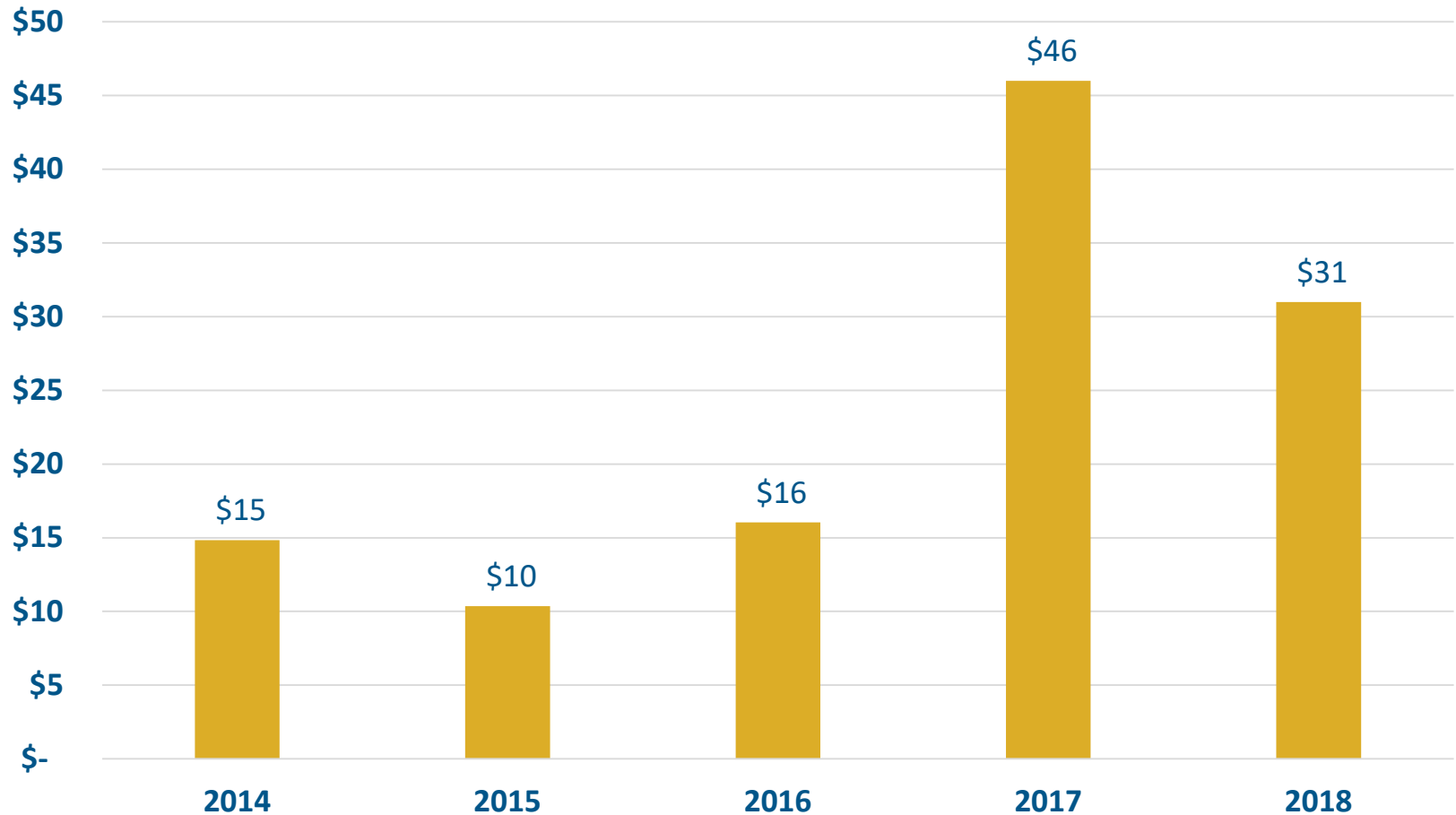
2. Margin Enhancement – Better quality products/more grades

- Price improvement \$1M



# Forest Products Segment EBITDA

*(Only Current Sawmills)*



*Note: 2014-2017 calendar year results based on Tembec published historical reported segments, converted to US Dollars*

# Forest Products – Key Highlights

- Well-managed and maintained FSC Certified wood basket
- Opportunity to lower our costs through investments and synergies at all sawmills
- Demand/Capacity ratio of over 90% forecasts favorable conditions for sawmills



# Paper

**Chris Black**  
SVP, Forest Products & Paper



**Video**



# Paperboard Overview

## ■ Printing Market

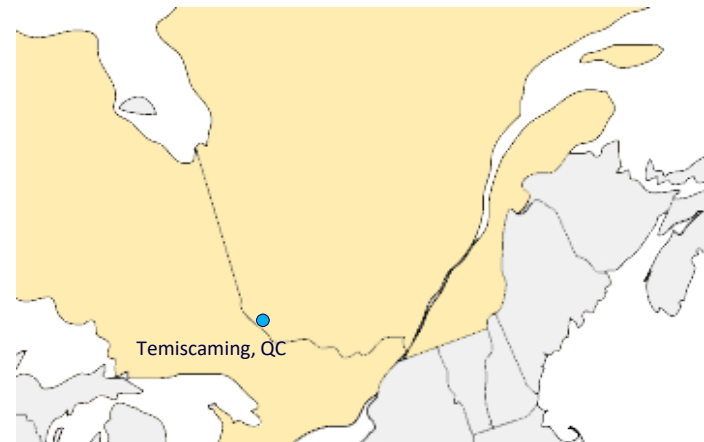
- Market optimization focused on improving board overall quality and cost structure and capitalizing on unique Folding Box Board (FBB) lightweight advantage

## ■ Packaging Market

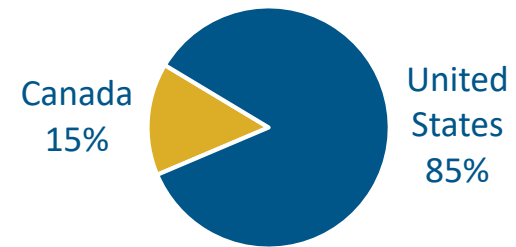
- Enter market by developing higher caliper grades suited to the packaging folding boxboard segment with existing machine capabilities.

Facility Details	
Facilities	Capacity

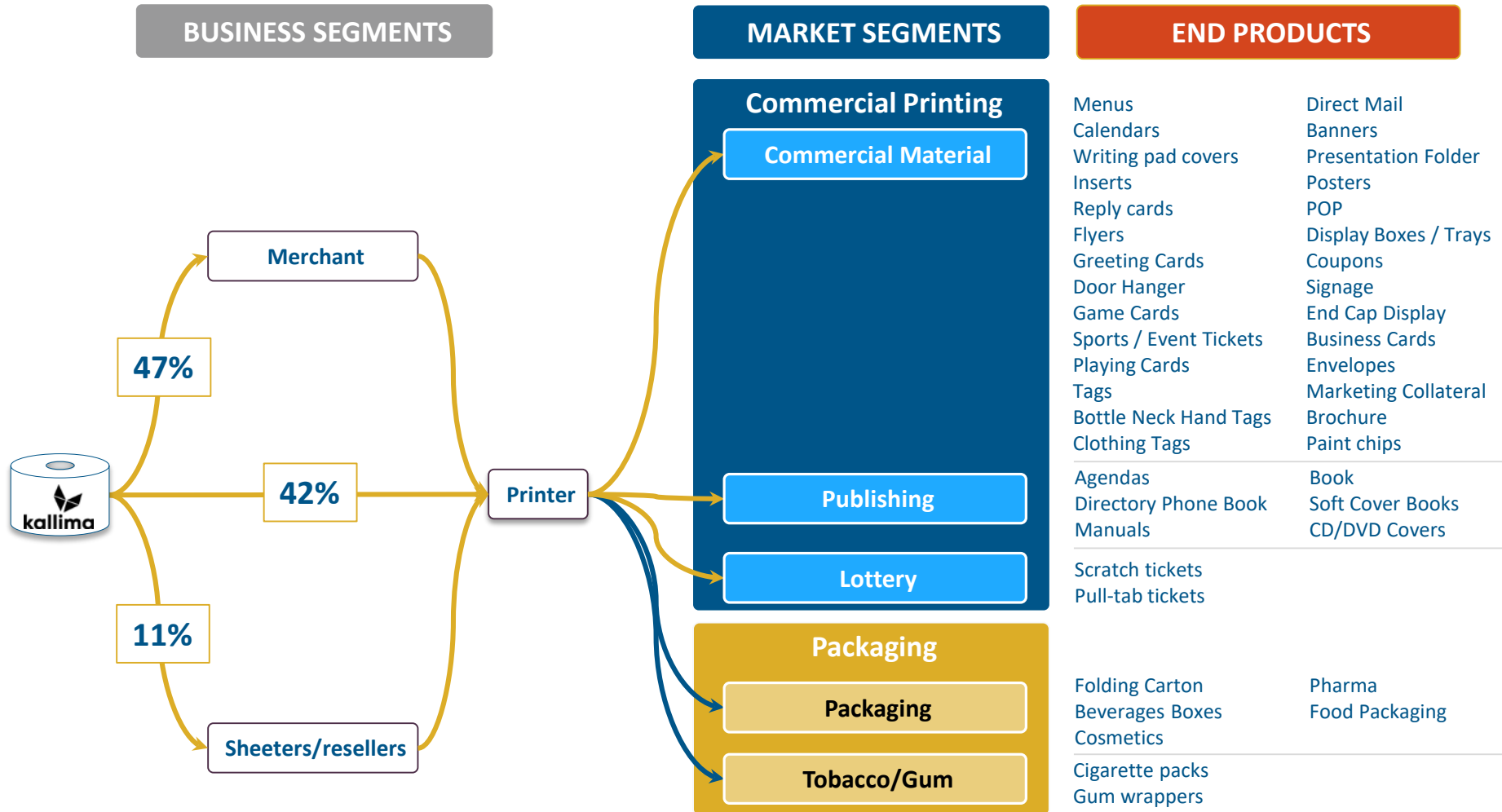
Paperboard (Temiscaming)	180,000 MT
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## Sales By Geography



# Paperboard – RYAM Key End Markets



# Paperboard - Market Drivers

**Segments traditionally served by RYAM in decline; higher caliber segments growing**

## **Commercial print**

- Instant lottery
- Gang run printing

Declining ~1%/yr<sup>1</sup>  
Stable in 2019<sup>2</sup>

## **Book publishing**

- eBooks and digital platforms

Declining 3-10%/yr<sup>3</sup>

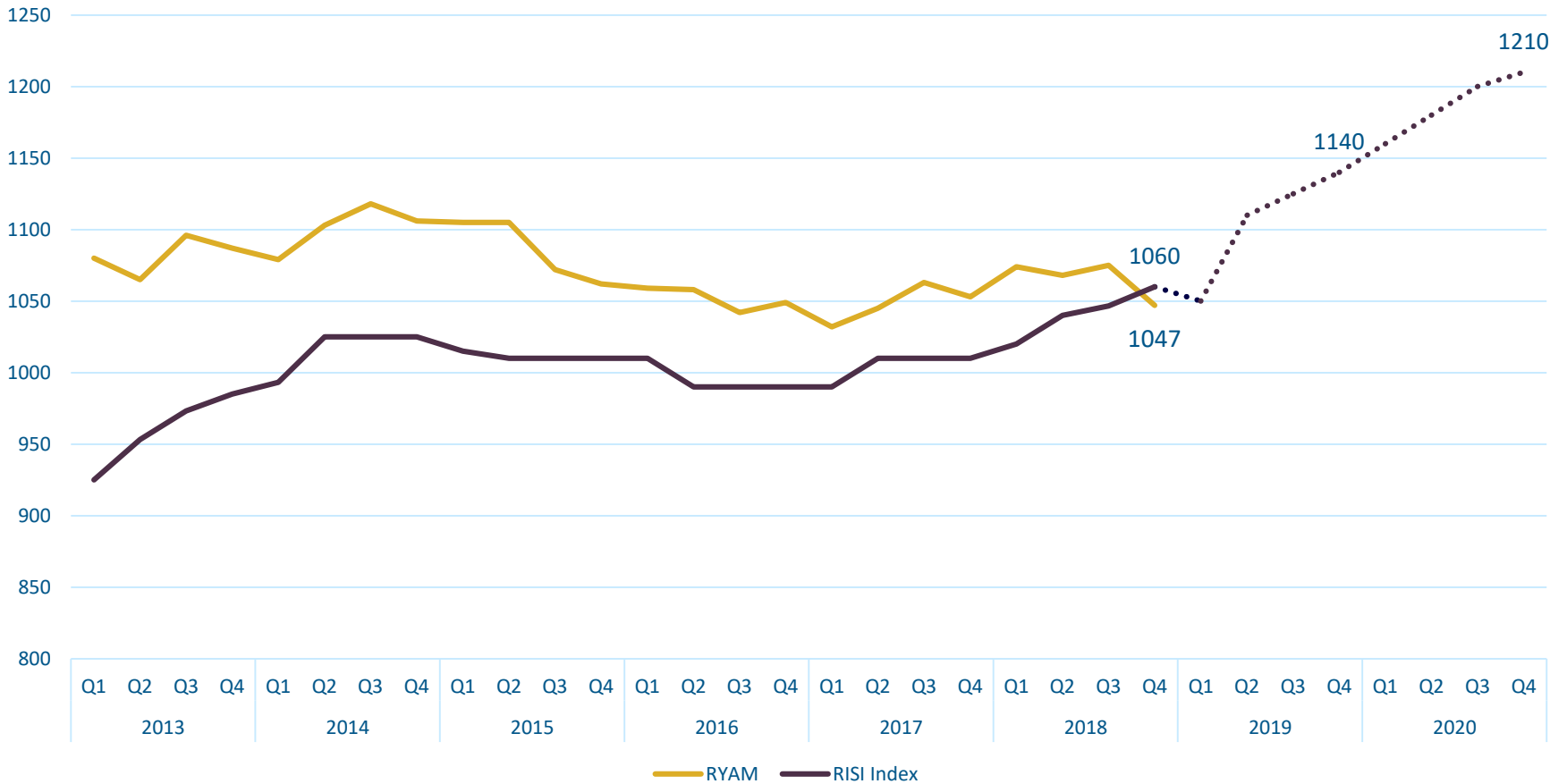
## **Packaging (bleached cartonboard)**

- E-commerce (Amazon effect)
- Transition from plastic to paper-based packaging
- General state of the economy (durable and non-durable goods consumption and food service)

Growing ~5%/yr<sup>4</sup>

1. RISI North American Graphic Paper Forecast – 5 year, August 2018
2. RYAM Customer info
3. RISI North American Graphic Paper Forecast – 5 year and PPPC Data Analytics Study
4. RISI North American Paper Packaging Forecast – 5 year, September 2018

# Paperboard Pricing History and Forecast



**Market Indicators**  
**Price Index, SBS coated 1 side, 16 pt, USD/MT**

RISI online, February 2019



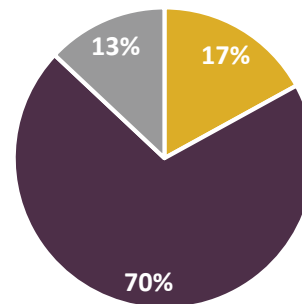
# Newsprint Overview

- Newsprint has one facility located in Kapuskasing, ON
- Key markets include daily newspapers and commercial publications, as well as controlled bulk paper for mass-market paperback books
- Newsprint markets are in decline due to global trends towards digital media
- The Kapuskasing facility is well placed on the cost curve (first quartile)

## Facility Details

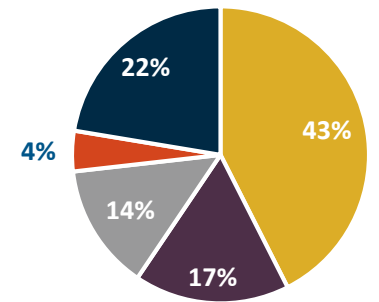
Facilities	Capacity
<u>Kapuskasing</u> Newsprint	205,000 MT

## Sales By Geography



- Canada
- United States
- Other

## Key North American Producers

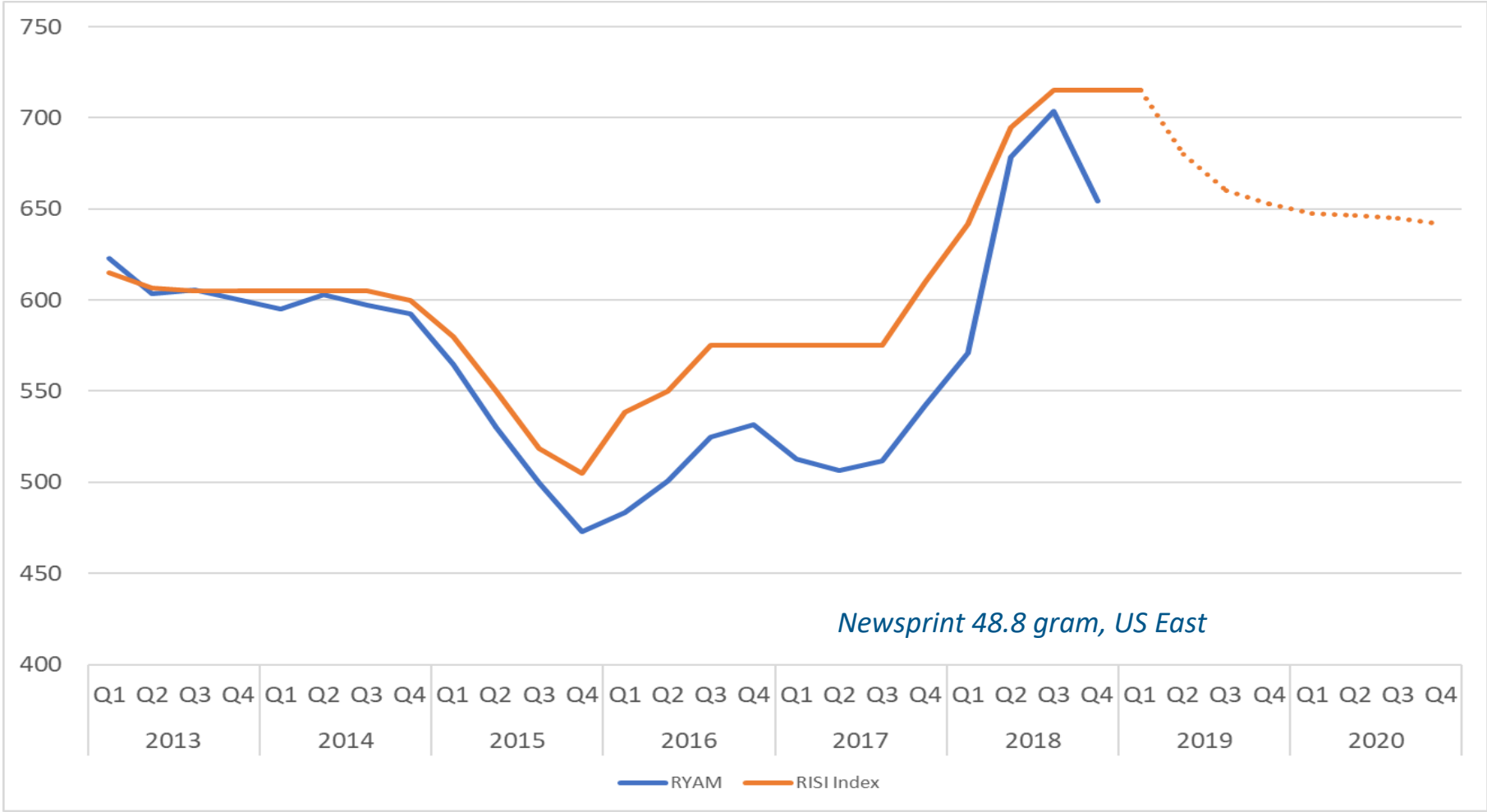


- Resolute
- White Birch
- Kruger
- Rayonier Advanced Materials
- Others

# Newsprint Market Commentary

- Newsprint demand declining 10% year over year
- Similar trend in Bulky Book grades in book publishing markets
  - eBooks
  - Digital publishing
- Commercial print continues to decline
  - Advertising spend shifting to digital platforms
- Reduction in supply from high-cost producers exiting the market is tied to market prices
  - One mill closure every 12-18 months needed to maintain supply/demand equilibrium

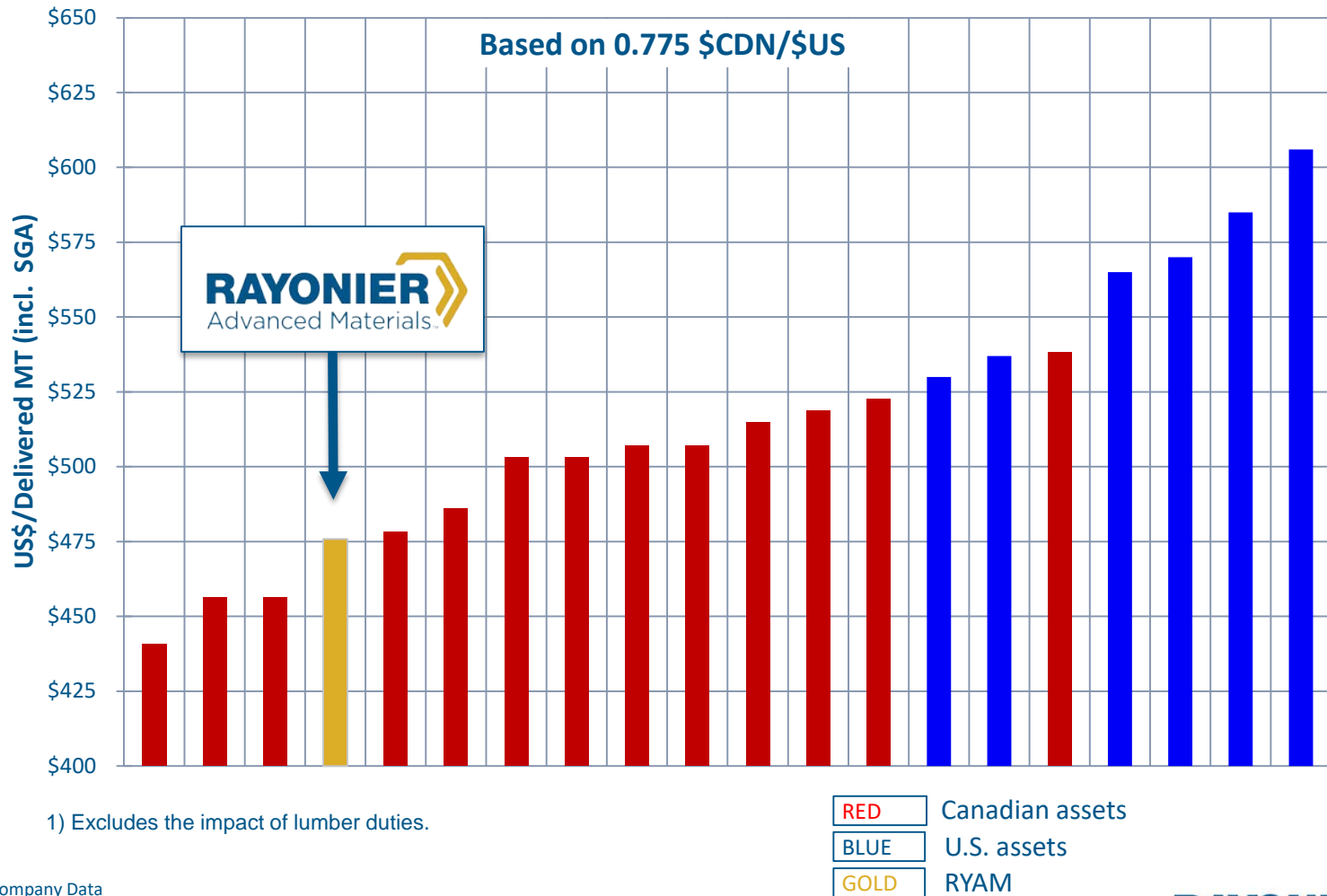
# Newsprint Pricing History and Forecast



Source: RISI online February 2019 and Company

# North American Newsprint

## Mill Cash Cost Curve

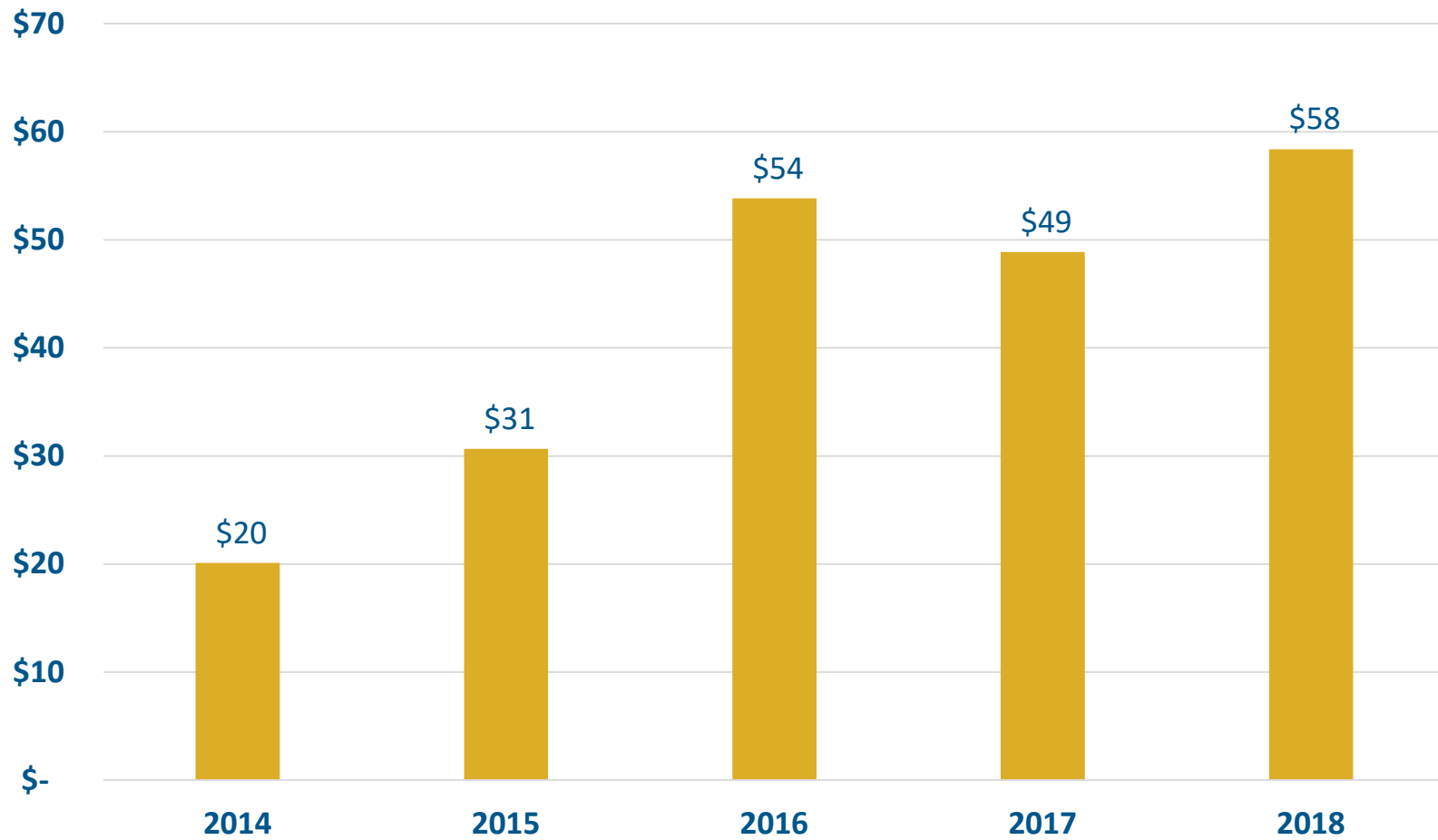


\*source: PPC and Company Data





# Paper Segment EBITDA



*Note: 2014-2017 calendar year results based on Tembec published historical reported segments, converted to US Dollars*

# Paper – Key Highlights

## Paperboard

- Well-established and highly-regarded Kallima brand
- Strong share in the large lottery ticket market
- Opportunity to produce more products for the high growth packaging sector

## Newsprint

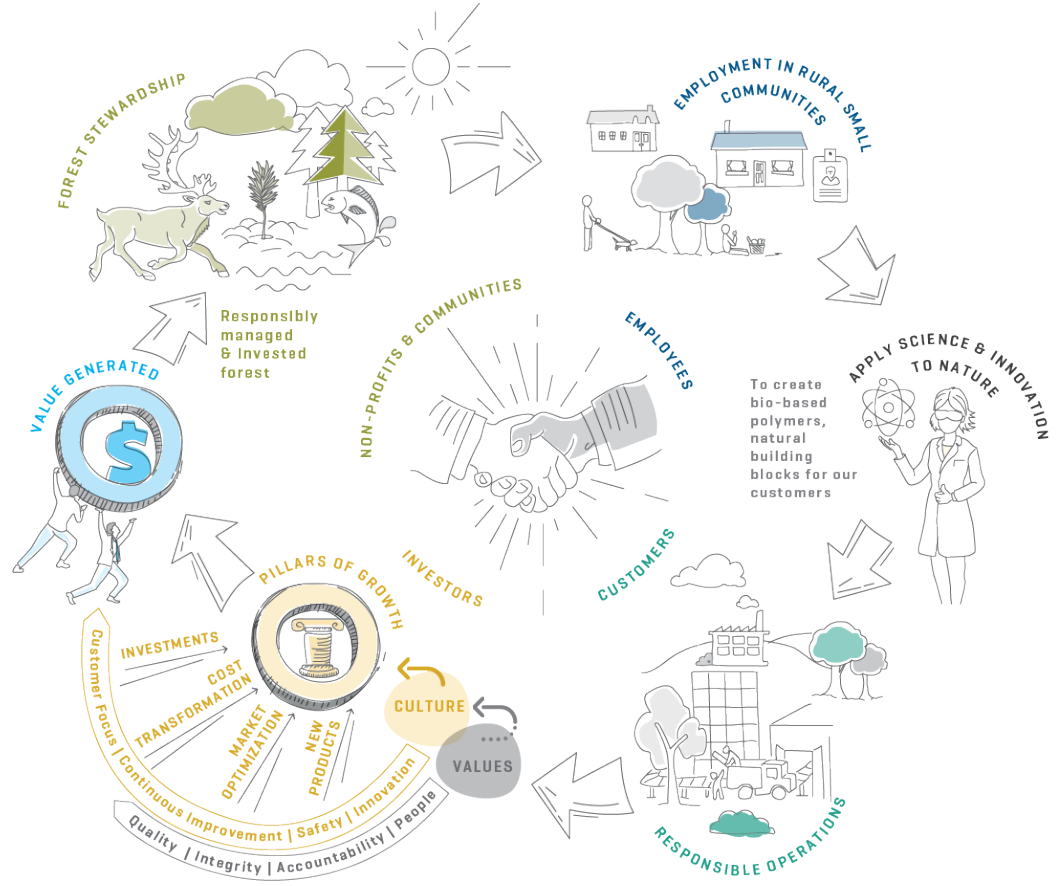
- Low cost producer
- Diversifying into more stable commercial print and book markets
- Exploring low cost opportunities to produce other grades including packaging products



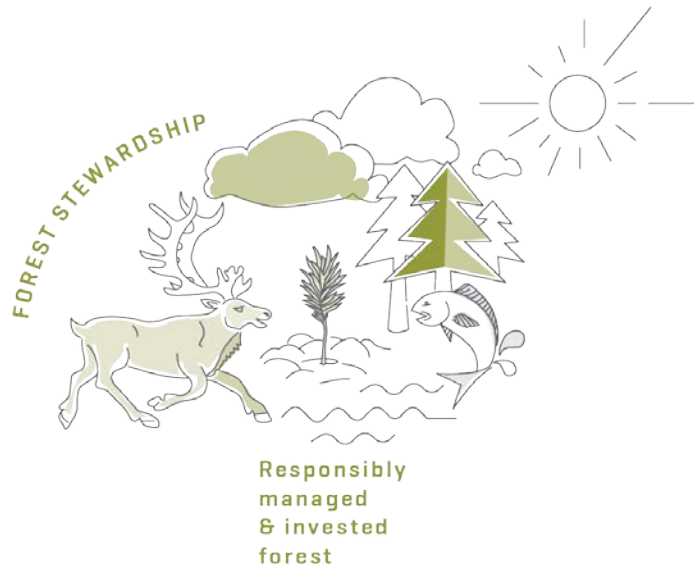
# Sustainability

**Carla Yetter**  
VP, Environmental &  
Regulatory Affairs

# Renewable Business Cycle



# Forestry Stewardship



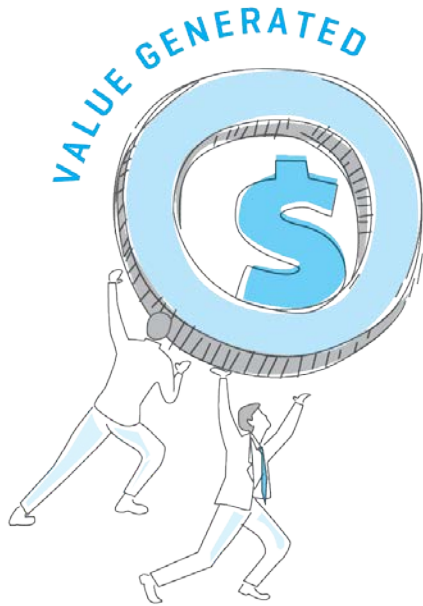
- Knowledge and experience
- Research
- Community engagement
- Conservation
- Certification

# Responsible Operations

- Culture of Continuous Improvement
- Conserve resources
- Reduce impacts
- Energy focus



# People



- The Foundation of Success
- Commitment to Safety
- Everyone injury-free everyday
- Growing talent

# Communities

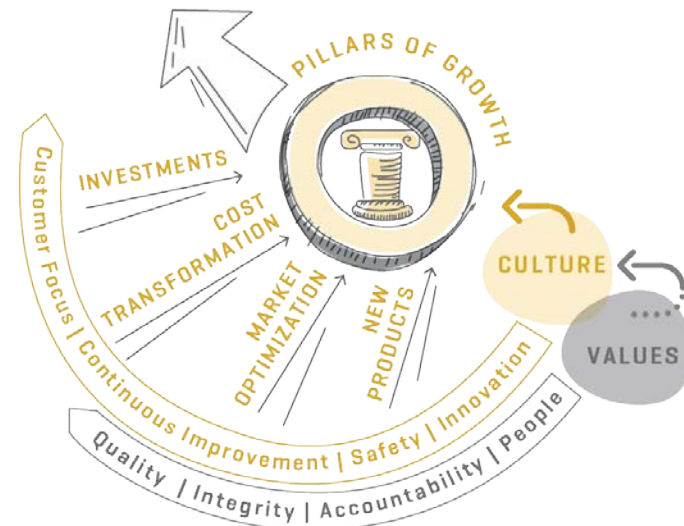


- RYAM Foundations
- Employee involvement
- Partnerships with schools
- Community Advisory Councils



# Governance

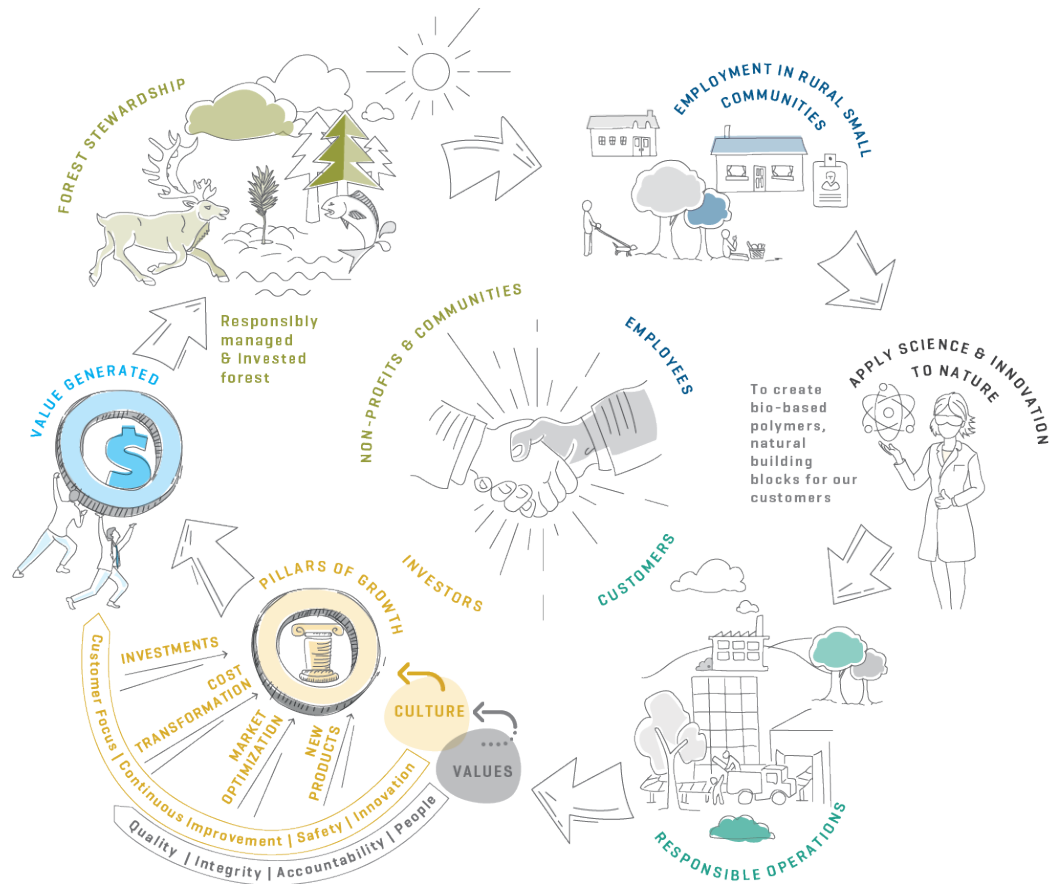
- Core Values
- Code of Conduct
- Board of Directors



# Turning the Renewable into the Remarkable™



# Looking Forward





Invested in  
Nature,  
Investing in  
the Future.

**RAYONIER**  
Advanced Materials.

- [www.rayonieram.com](http://www.rayonieram.com)

**RAYONIER**  
Advanced Materials.



**QUESTIONS?**



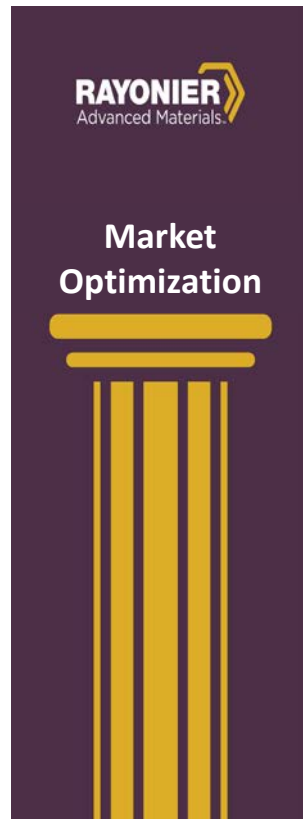
# Strategic Pillars of Growth

**Frank Ruperto**  
Chief Financial Officer and  
SVP, Finance & Strategy

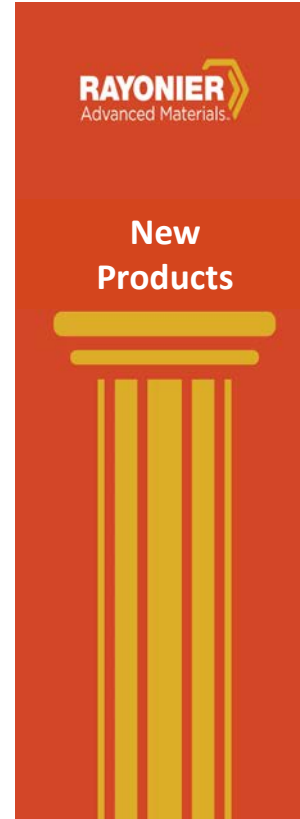
# RYAM Strategic Pillars



**Rapidly reshape  
the company's  
cost position**



**Maximize  
earnings by  
optimizing  
product and  
market mix**



**Develop a  
pipeline of  
customer-valued  
new product and  
service offerings**



**Create a faster  
growing business  
with disciplined  
and balanced  
capital allocation**

# Cost Transformation

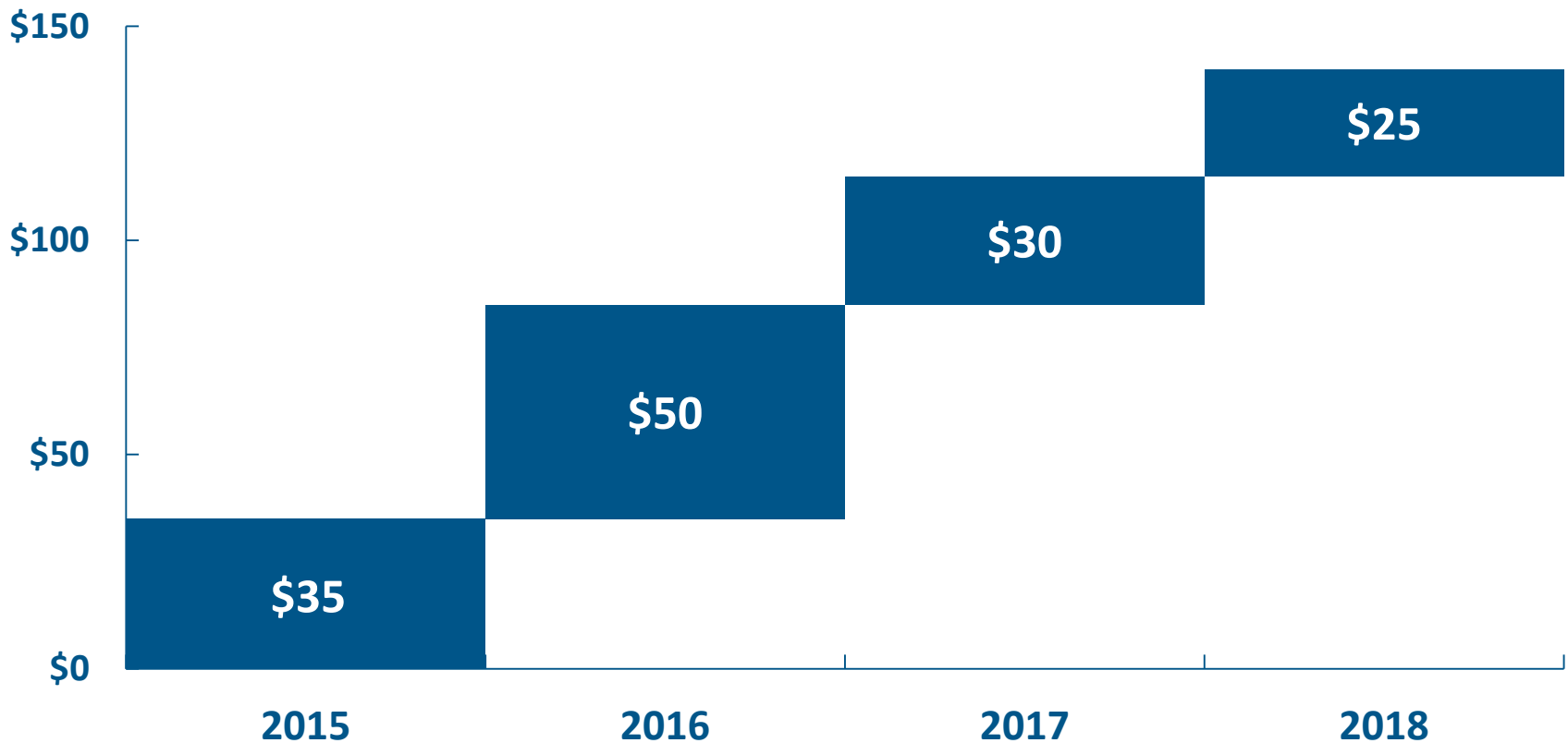


<b>VISION</b>	<b>Rapidly reshape the company</b>
<b>MISSION</b>	<b>Achieve a sustainable globally competitive cost position in any market environment through continuous improvement and creativity that enables our customers, company and employees to pursue growth opportunities</b>



# Legacy Cost Transformation Complete

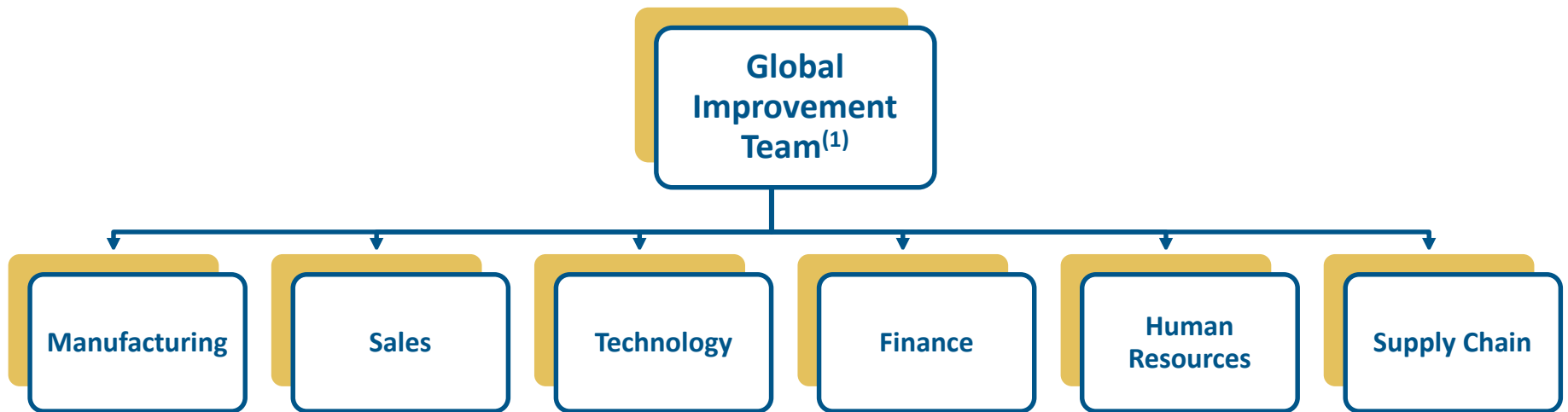
**\$140 million of Cost Transformation achieved from 2015-2018**



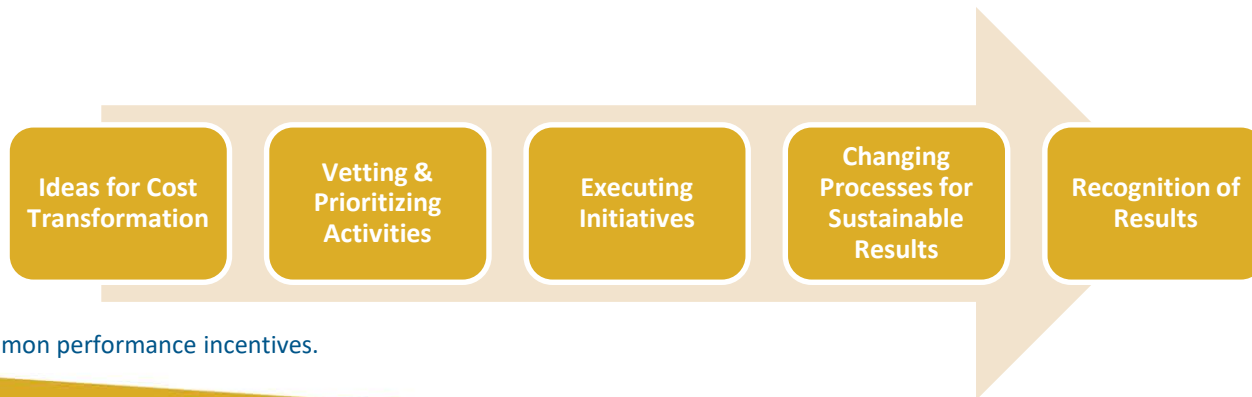
*\*Cost Transformation improvements before inflation and changes in commodity prices*

# Cost Transformation Management Structure

Cross-functional leadership team with the common objective to drive performance



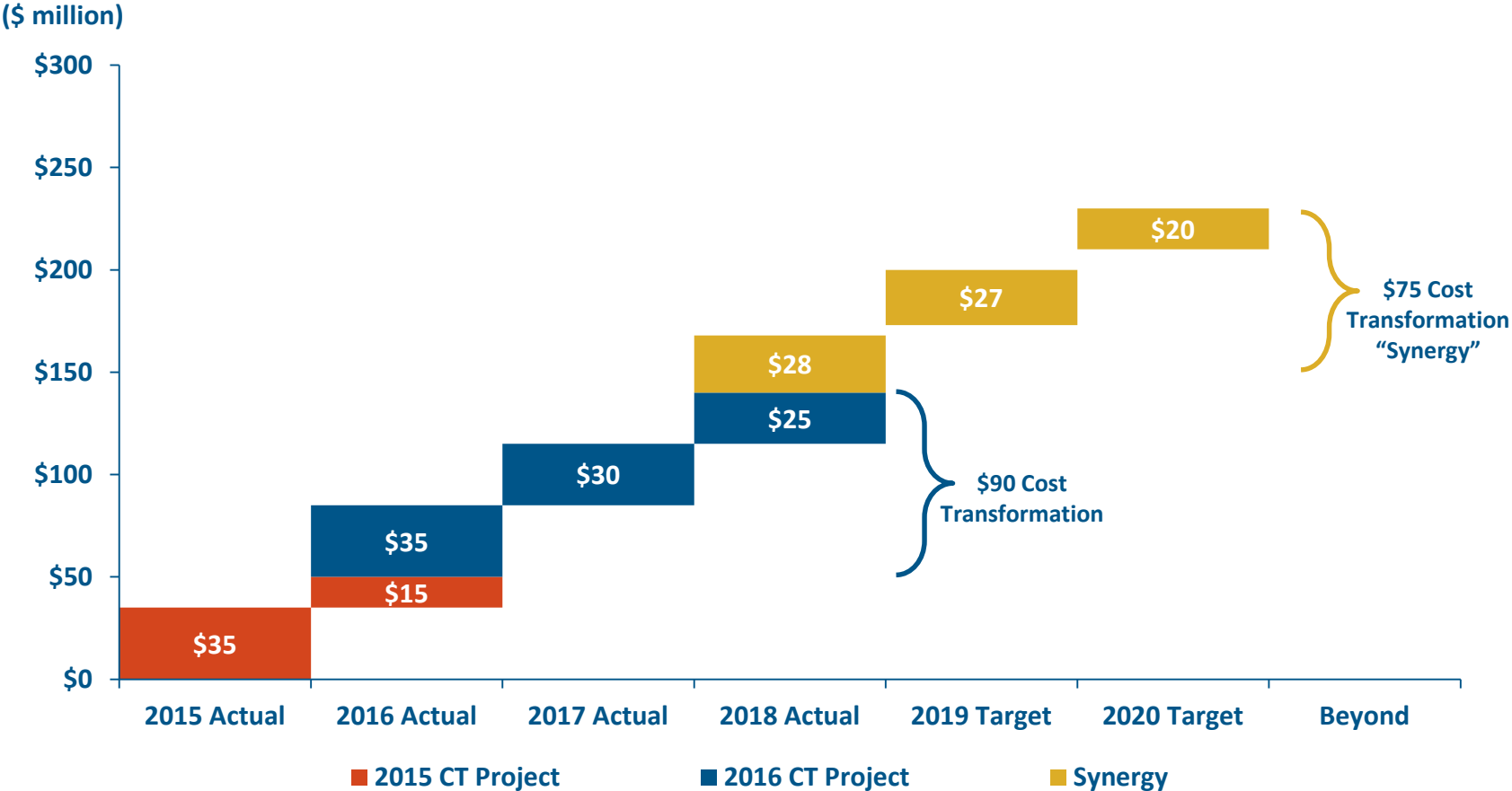
Manage portfolio of actions – address risks & clear hurdles – Continuous Improvement



1) Team aligned on common performance incentives.

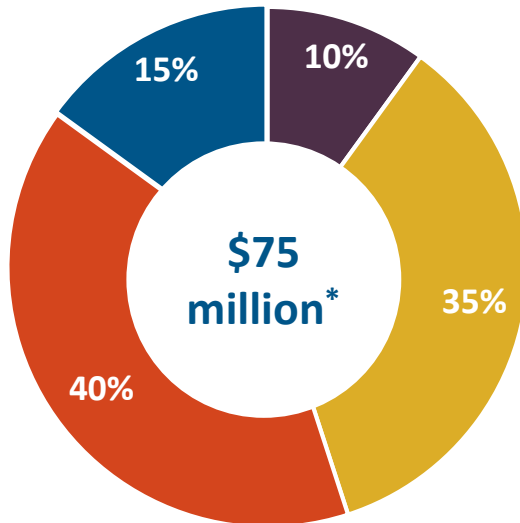
# Cost Transformation Improvements

Significant Cost Transformation EBITDA improvement since 2015



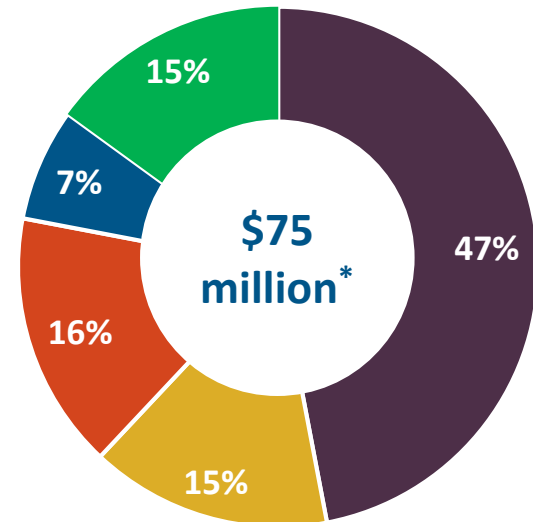
# Cost Transformation Synergies

Significant Synergies across business with less than 1x cash costs to achieve



■ Sales & Marketing ■ Supply Chain & Procurement ■ Manufacturing ■ S&GA

By Functional Area



■ HPC ■ Pulp ■ Paper ■ FPG ■ Corporate

By Operating Segment

\*Synergies expected to be realized over a 3 year period

# Integration Progress for Tembec

## Day 1 of Acquisition:

- New management team and organizational structures in place
- Few integrated business processes
- Disparate technology systems
- Started to push towards One Company, One Team culture
- Backoffice inefficiencies
- Kicked off global improvement team “Synergy Focus”
- Focus on business continuity

## Day 365+ of Acquisition

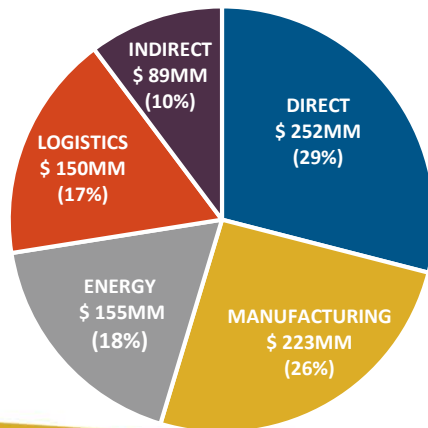
- Major progress in key business processes standardized
- Implementing Global ERP technology with priority in HPC
- Actively managing 300+ cost transformation ideas and actions globally
- \$28 million in Cost Transformation synergy realized in 2018
- Improving Backoffice cost effectiveness

# Strategic Sourcing

## Strategic Sourcing changes have led to significant savings opportunities

- 2016 - Move to Strategic Sourcing model (11 Step Process)
- 2017 – Focus on improving sourcing opportunities
  - Expanded our Sourcing organization
  - Developed, trained and implemented a Strategic Sourcing process across the legacy RYAM company
  - Legacy project has generated \$16 million in savings to-date
- 2018 - Begin integrating Tembec into Strategic Sourcing process.
- Expected to generate 35% of synergies, including supply chain
- Offset rising costs high inflation periods and deliver growth in low inflation periods.

Approximate Spend by Category



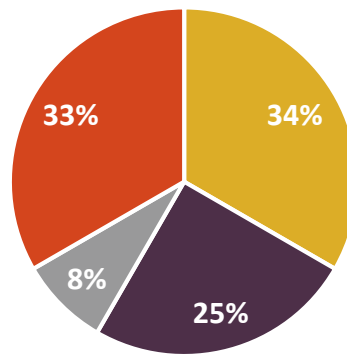
Category	Comments
Directs (Chemicals)	Projects built around new scale and market expertise
MFG (Eqpt & Service)	Longer lead times with complex implementations
Indirects (Support Service)	Quick wins that require significant change management
Logistics	Continuous optimization and sourcing strategy
Energy	Regulated industry and specialty knowledge

# Cost Transformation – Examples

## Corporate and Backoffice synergies

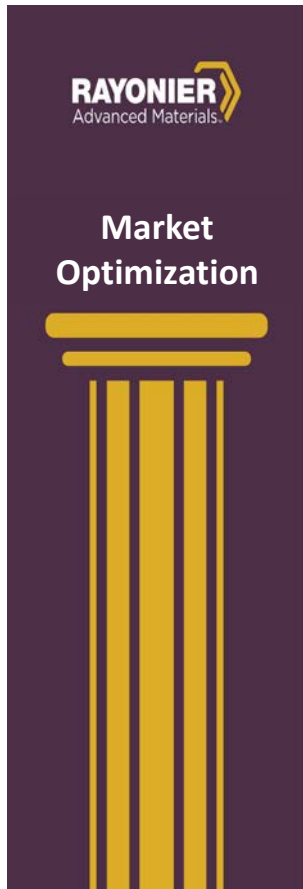
- Eliminate redundancy in management teams
- Implement technology to automate transactional business processes
- Outsource certain transactional or support function to be more cost effective and efficient
- Drive functional back office costs to industry bench marks
- Expected to generate approximately 15% of targeted synergies

## Distribution of Synergy by Area



■ Redundant Company ■ Human Resources ■ Technology ■ Finance

# Market Optimization



<b>VISION</b>	<b>Maximize earnings by optimizing product and market mix</b>
<b>MISSION</b>	<b>Identify and achieve optimum sustainable sales mix based on RYAM production capabilities, end markets and customer attractiveness</b>



# Go-to-Market Strategy

## Commercial Actions and Realignment of Assets Drive Long-Term EBITDA Growth

- Review Cellulose Specialties volumes to improve margins
- Reduce exposure to acetate and grow with the market in ethers and other CS
- Exit lowest margin business
- Realign production assets
- Goal to reverse price declines from previous 5 years
- Stabilize HPC segment and improve price, margins and EBITDA
- Go-to-Market Strategy aligned with and supports Market Optimization goal of generating \$15 million in EBITDA by 2020

# New Products



<b>VISION</b>	<b>Develop a pipeline of customer-valued new product and service offerings</b>
<b>MISSION</b>	<b>Improve profitability by generating 20% of sales from new products developed in the prior five years</b>

# New Products Goals

**RYAM's New Products Pillar is anticipated to generate approximately \$15 million in opportunities across the portfolio through 2020**

- Focus on developing high value, cellulosic products
- Leverage specific cellulose knowledge and production capabilities to identify new opportunities
- Derive 20% of revenues from new products within 5 years
- Deliver \$15 million in EBITDA by 2020; \$6 million realized in 2018
- Continue to develop a pipeline of products

# Investments

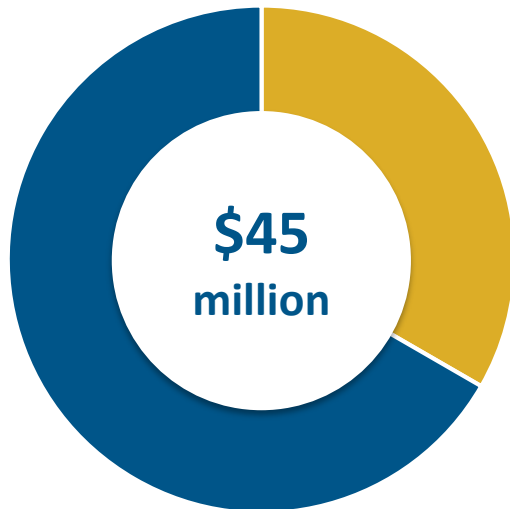


<b>VISION</b>	<b>Create a faster growing business with disciplined and balanced capital allocation</b>
<b>MISSION</b>	<b>Allocate capital in a disciplined and balanced method focused on manufacturing assets, managing debt levels and investing for risk adjusted returns to drive shareholder value</b>

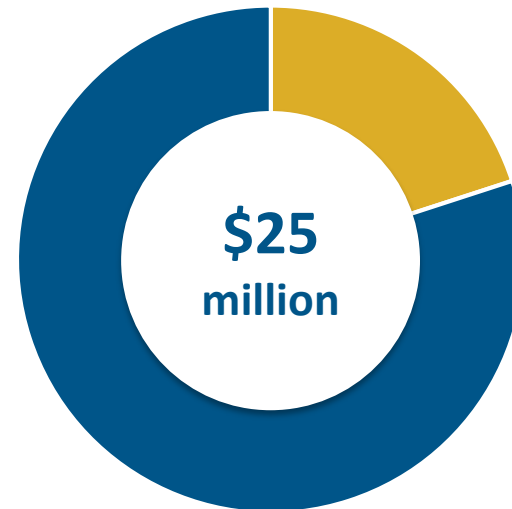
# Investments Goals

**RYAM has significant opportunities to invest capital in its existing business and generate high returns**

**2018-2020  
Strategic CapEx, net**



**2018-2020  
EBITDA**



■ Forest Products   ■ High Purity Cellulose

- Benefit from Quebec Tariff L program to return 40% of capital spent on qualified provincial investments

# Portfolio Evaluation

## Evaluating strategic alternatives for certain commodity assets

- Portfolio became more diverse with Tembec acquisition
- Some assets are integrated with the core High Purity Cellulose business
- Formal asset review
- Evaluating highest value owner for certain commodity assets (RYAM or Other)
- RYAM is prepared to operate and invest in all assets in its current portfolio

# 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

Return of Capital  
to Shareholders

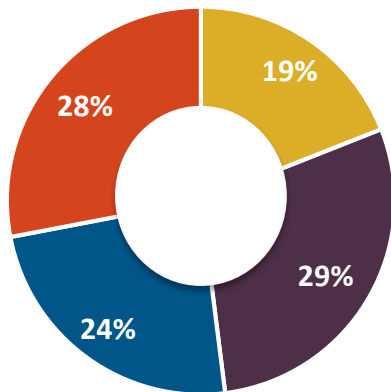
Stock buybacks and dividends to maximize long-term shareholder returns

External Strategic  
Investments

Acquisitions and other investments to complement core business

# 2018 Capital Resources & Allocation

## Disciplined Allocation of Adjusted Free Cash Flow



- Dividends
- Debt Repayments
- Strategic Capital
- Equity Repurchases

*Excludes proceeds from Resins business*

- Debt Repayments of \$46 million
- Strategic Capital of \$37 million
  - \$9 million for LignoTech Florida
  - \$17 million toward Investment pillar
  - \$11 million toward Cost Transformation pillar
- Dividends of \$29 million
  - 7¢ per quarter on common shares
  - \$2.00 per quarter on preferred shares\*
  - \* Preferred shares convert to common in August 2019*
- Equity Repurchases of \$43 million
  - Utilized \$40 million of \$100 million share buyback authorization



# Stable and Balanced Capital Structure

As of December 31, 2018

	<u>Outstanding</u>	<u>Leverage</u>	<u>Interest Rate</u>	<u>Maturity</u>
Cash	\$109			
Term Loan A-1	\$160		LIBOR +2.00%	November 2022
Term Loan A-2	\$439		LIBOR +1.75%*	November 2024
Other Secured Debt	\$98		Average ~6%	2019-2028
<b>Total Secured Debt</b>	<b>\$697</b>	<b>1.9x</b>		
Senior Notes	\$496		5.50%	June 2024
<b>Total Debt</b>	<b>\$1,193</b>	<b>3.3x</b>		
<b>Net Debt</b>	<b>\$1,084</b>	<b>3.0x</b>		
<b>Adjusted EBITDA</b>	<b>\$364</b>			
<b>% of Fixed Net Debt**</b>	<b>73%</b>			

• Includes 0.6% benefit from cash patronage

\*\* Fixed Net Debt includes \$200 million of floating to fixed rate hedges that expire in November 2020

# Strategic Pillars of Growth

**\$61 million\* generated in 2018;  
On track to deliver \$155\* million from 2018-2020**

## Cost Transformation

- Reduced costs by \$53 million
  - \$25 million from legacy plan
  - \$28 million from synergies
- Established Global Improvement Team (GIT) to capture remaining \$47 million of costs

## Market Optimization

- Integrated businesses to make right product in right location
- Established centers of excellence for sales and manufacturing to drive future value



## New Products

- 2 commercialized products brought to market
  - Optisilk – lower cost viscose
  - XV20 – ultra-high viscose ethers
- \$6 million of incremental EBITDA

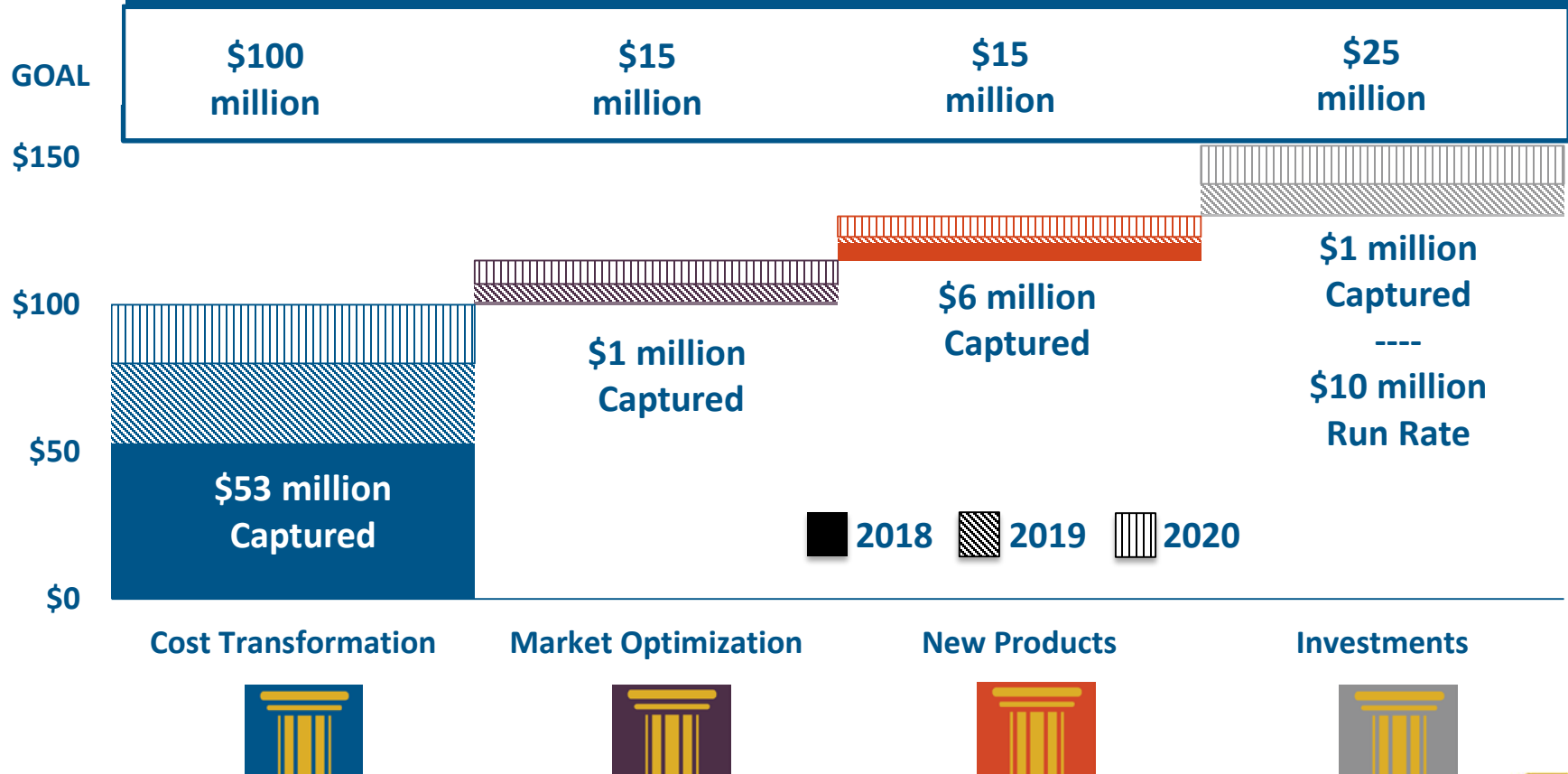
## Investments

- \$37 million of strategic capital
- \$45 million of debt reduction
- \$72 million of capital returned
  - \$29 million of dividends
  - \$43 million from buybacks

*\*Includes \$25 million from Legacy Cost Transformation initiative*

# Strategic Pillars Tracking

**\$155 million EBITDA\* opportunity by end of 2020**  
**\$61 million captured in year 1 of 3 year plan**  
**\$45 million targeted in 2019**



\*Cost improvements before inflation and changes in commodity prices

\*Includes \$25 million from Legacy Cost Transformation initiative as described in slide 12



## Closing Comments

**Paul Boynton**  
Chairman, President & Chief  
Executive Officer

# 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

# Presenters



**Paul Boynton**  
**Chairman, President & CEO**

Mr. Boynton is Chairman, President and CEO of the Company, a position he has held since June 2014. Previously he held a number of positions of increasing responsibility with Rayonier Inc., including Senior Vice President, Performance Fibers from 2002 to 2008, Senior Vice President, Performance Fibers and Wood Products from 2008 to 2009, Executive Vice President, Forest Resources and Real Estate from 2009 to 2010, President and Chief Operating Officer from 2010 to 2011, President and CEO from January 2012 to May 2012 and Chairman, President and CEO from May 2012 to June 2014. Mr. Boynton joined Rayonier Inc. as Director, Specialty Pulp Marketing and Sales in 1999. Prior to joining Rayonier Inc., he held positions with 3M Corporation from 1990 to 1999, including as Global Brand Manager, 3M Home Care Division. Mr. Boynton serves on the Board of Directors of The Brink's Company, is also a member of the Board of Governors and its Executive Committee of the National Council for Air and Stream Improvement, a member of the Board of Directors of the National Association of Manufacturers and a member of the Board of Directors of the Federal Reserve Bank of Atlanta's Jacksonville Branch. From 2012 until 2014 Mr. Boynton also served as a director of Rayonier Inc. He holds a bachelor's degree in Mechanical Engineering from Iowa State University, an MBA from the University of Iowa and graduated from the Harvard University Graduate School of Business Advanced Management Program.



**Erin M. Byers**  
**SVP, High Purity and High Yield Cellulose Business**

Dr. Byers joined Rayonier Inc. in September 1988 as Senior Research Specialist for R&D. In May 1993, he transferred to the Sales and Marketing group as a Technical Marketing Representative and in May 2007, he was promoted to Director, Cellulose Specialties. In November 2009, he was promoted to Vice President, Sales, Marketing and Research, a position he held until June 2014. Following our 2014 spinoff, Dr. Byers was appointed Vice President, Sales, Marketing and Research of the Company and was elected to his current position effective December 1, 2017. Dr. Byers holds a bachelor's degree in Paper Science from the State University of New York and a master's and PhD from the Institute of Paper Chemistry.



# Presenters



**Bill Manzer**  
**SVP, High Purity Cellulose**

Mr. Manzer joined Rayonier Inc. as Vice President, Manufacturing Operations in January 2011, a position he held until June 2014. Following our 2014 spinoff, Mr. Manzer was appointed to his current position for the Company. Prior to joining Rayonier Inc., from September 2001 to December 2010, he was employed in various senior manufacturing roles for Fraser Papers (a manufacturer of specialized printing, publishing and converting papers) and most recently was Senior Vice President, Business Strategy and Projects. Previously, Mr. Manzer worked from January 1991 to August 2001 for Champion International and from June 1980 until December 1991 for Fraser Papers in various pulp and paper manufacturing roles. His responsibilities have included pulp and paper mills in the US and Canada. Mr. Manzer holds a bachelor's degree in chemical engineering from the University of Maine, Orono.



**Ken Duffy**  
**VP, Sales & Marketing High Yield Pulp**

Ken joined Rayonier Advanced Materials in November 2017 with the acquisition of Tembec. During the last 30 years, he has been involved in sales and marketing in different aspects of the pulp and paper industry. Together with the sales, marketing and technical service group, he is responsible for the global sales strategy for Rayonier Advanced Materials' High-Yield pulp business. Joining Tembec in 2011 as Vice President, Sales (High Yield Pulp), Ken and the team worked hard to expand the High-Yield Pulp customer base. In 2013, Ken took on additional responsibilities when the softwood kraft sales group was combined with high-yield pulp to create the paper pulp sales group. In 2016, the Newsprint Sales group was also added to his area of responsibility. Prior to joining Tembec, Ken held various sales and technical service positions of increasing responsibility in the specialty chemicals sector, almost exclusively dedicated to the pulp and paper industry. Mr. Duffy earned a Bachelor's Degree in Applied Science (Chemical Engineering) from the University of Toronto in 1987.

# Presenters



**Chris Black**  
**SVP, Forest Production & Paper**

Mr. Black joined Rayonier Advanced Materials in 2017 as Senior Vice President, Forest Products, Paper and Board Business, following the acquisition of Tembec. Prior to the acquisition, Mr. Black was Executive Vice President, Forest Products, Pulp and Paper at Tembec. Mr. Black began his career in 1983 with Kimberly-Clark Corporation where, over a ten-year period, he held increasingly senior positions in finance and marketing. In 1992, he joined Navistar as Director of Marketing and continued in the heavy truck industry in several sales and general management roles until joining Tembec in 2000. Mr. Black joined Tembec as Vice President, Sales and Marketing, Newsprint Division and was appointed Executive Vice President, Forest Products, Pulp and Paper in 2013. He holds a B.A. in Economics and a M.B.A. (Finance) from York University in Toronto.



**Carla Yetter**  
**VP, Environmental & Regulatory Affairs**

Ms. Yetter serves as Rayonier Advanced Materials' Vice President of Environmental Affairs overseeing all environmental matters for the company. With more than 25 years of environmental engineering, law and government relations experience, Yetter leads a team of 7 professionals providing counsel to company leaders and addressing issues related to air, water, waste, remediation and environmental policy. Yetter chairs the company's Sustainability Council and has served on the Talent Management Council.

# Presenters



## **Frank Ruperto** **CFO & SVP of Finance and Strategy**

Mr. Ruperto joined Rayonier Inc. in March 2014 as Senior Vice President, Corporate Development and Strategic Planning, a position he held until June 2014. Following our 2014 spinoff, he was appointed to the same position at the Company and was appointed to his current position in November 2014. Prior to joining Rayonier Inc., from 2003 to 2012, he served as Managing Director, Mergers and Acquisitions for Banc of America Securities and, subsequent to their merger, Bank of America Merrill Lynch (each a consumer banking and financial services provider). From 1996 to 2003, Mr. Ruperto held various positions at Merrill Lynch & Co. including Managing Director, Mergers & Acquisitions. Prior to that, Mr. Ruperto was an Associate with Kidder Peabody & Co./PaineWebber Inc. from 1993 to 1995 and with Smith Barney Inc. from 1995 to 1996. From 1988 to 1991, he was a Corporate Finance Analyst with Alex. Brown & Sons Inc. Mr. Ruperto received a Bachelor of Arts with a concentration in economics from Harvard College and holds an MBA, with a major in finance, from The Wharton School of Business at The University of Pennsylvania.



## **Mickey Walsh** **Treasurer & VP of Investor Relations**

Mr. Walsh joined Rayonier Advanced Materials in 2013 as Treasurer and added the role of Vice President, Investor relations to his responsibilities in 2015. He currently sits on the board for LignoTech Florida, and has done so since 2015. Prior to joining Rayonier, Mickey was Vice President of Cenveo, Inc. From 2007 to 2010 he was Assistant Treasurer and, from 2005 to 2007 he served as Treasury Director. Prior to his tenure at Cenveo he served held roles at International Paper Company as Senior Analyst, Global Market Risk and Applera Corporation as Senior Treasury Analyst and Foreign Exchange Analyst. Mr. Walsh holds a BS in Business Administration from Stonehill College and an MBA from the University of Connecticut and is a Certified Treasury Professional.

# 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 EBITDA** is defined as EBITDA adjusted for items management believes do not represent core operations. Management believes this measure is useful to evaluate the Company's performance.

**Adjusted Free Cash Flows** is defined as cash provided by 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 Operating Income** is defined as operating income adjusted for severance expense, acquisition related costs and fair market valuation of inventory.

**Adjusted Net Income** is defined as net income adjusted net of tax for gain on bargain purchase, acquisition related costs, severance expense, fair market valuation of inventory, U.S. tax reform impact, and loss (gain) on derivative.

**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:	Forest Products	Pulp	Paper	High Purity Cellulose	Corporate & Other	Total
<b>December 31, 2018</b>						
<b>Net Income</b>	\$ 22	\$ 96	\$ 40	\$ 118	\$ (148)	\$ 128
Depreciation and amortization	7	4	18	119	—	148
Interest expense, net	—	—	—	—	60	60
Income tax expense	—	—	—	—	44	44
<b>EBITDA</b>	\$ 29	\$ 100	\$ 58	\$ 237	\$ (44)	\$ 380
Gain on bargain purchase	2	—	—	(2)	(20)	(20)
Severance	—	—	—	—	4	4
<b>Adjusted EBITDA</b>	\$ 31	\$ 100	\$ 58	\$ 235	\$ (60)	\$ 364
<b>December 31, 2017</b>						
<b>Net Income</b>	\$ —	\$ 4	\$ —	\$ 117	\$ 204	\$ 325
Depreciation and amortization	1	1	2	93	—	97
Interest expense, net	—	—	—	—	38	38
Income tax expense	—	—	—	—	20	20
<b>EBITDA</b>	\$ 1	\$ 5	\$ 2	\$ 210	\$ 262	\$ 480
Acquisition related costs	—	—	—	—	34	34
Inventory write-up to fair value	5	6	6	6	—	23
Gain on bargain purchase	—	—	—	—	(317)	(317)
Gain on derivative instrument	—	—	—	—	(8)	(8)
<b>Adjusted EBITDA</b>	\$ 6	\$ 11	\$ 8	\$ 216	\$ (29)	\$ 212

# Reconciliation of Non-GAAP Measures

(\$ Millions)

	December 31, 2018	December 31, 2017
<b>Adjusted Net Debt Reconciliation</b>		
Current maturities of long-term debt	\$ 15	\$ 9
Long-term debt & capital lease obligation	1,173	1,232
Total debt	\$ 1,188	\$ 1,241
Original issue discount, premiums and debt issuance costs	5	5
Cash and cash equivalents	(109)	(96)
<b>Adjusted Net Debt</b>	<b>\$ 1,084</b>	<b>\$ 1,150</b>

# Reconciliation of Non-GAAP Measures

(\$ Millions)

	December 31, 2018	December 31, 2017
<b>Adjusted Free Cash Flows:</b>		
Cash provided by operating activities	247	130
Capital expenditures	(95)	(65)
<b>Adjusted Free Cash Flows</b>	<b>\$ 152</b>	<b>\$ 65</b>

# Reconciliation of Reported to Adjusted Earnings

(\$ Millions, except per share amounts)

	Three Months Ended				Twelve Months Ended					
	December 31, 2018		September 29, 2018		December 31, 2017		December 31, 2018		December 31, 2017	
Adjusted Operating and Net Income (a):	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share	\$	Per Diluted Share
<b>Operating Income (b)</b>	\$ 29		\$ 56		\$ 1		\$ 198		\$ 61	
Severance expense	—		4		—		4		—	
Acquisition related costs	—		—		21		—		34	
Inventory write-up to fair value	—		—		23		—		23	
<b>Adjusted Operating Income (b)</b>	<u>\$ 29</u>		<u>\$ 60</u>		<u>\$ 45</u>		<u>\$ 201</u>		<u>\$ 118</u>	
<b>Net Income</b>	\$ 13	\$ 0.18	\$ 38	\$ 0.60	\$ 295	\$ 5.01	\$ 128	\$ 1.96	\$ 325	\$ 5.81
Severance expense	—	—	4	0.06	—	—	4	0.06	—	—
Gain on bargain purchase	—	0.01	(6)	(0.10)	(317)	(5.37)	(20)	(0.31)	(317)	(5.66)
Acquisition related costs	—	—	—	—	21	0.36	—	—	34	0.61
Inventory write-up to fair value	—	—	—	—	23	0.39	—	—	23	0.41
Loss (gain) on derivative instrument	—	—	—	—	8	0.14	—	—	(8)	(0.14)
U.S. tax reform impact	—	—	—	—	11	0.19	—	—	11	0.20
Tax effects of adjustments	—	—	(1)	(0.02)	(12)	(0.22)	(1)	(0.01)	(11)	(0.21)
Dilutive impact of Preferred Stock	—	—	—	—	—	—	—	—	—	(0.05)
<b>Adjusted Net Income</b>	<u>\$ 13</u>	<u>\$ 0.19</u>	<u>\$ 35</u>	<u>\$ 0.54</u>	<u>\$ 29</u>	<u>\$ 0.50</u>	<u>\$ 111</u>	<u>\$ 1.69</u>	<u>\$ 57</u>	<u>\$ 0.97</u>

(a) Adjusted operating income and adjusted net income are not necessarily indicative of results that may be generated in future periods.