



KP Tissue Releases Fourth Quarter and Full Year 2018 Financial Results

March 7, 2019

Strong revenue with continued cost headwinds

MISSISSAUGA, Ontario, March 07, 2019 (GLOBE NEWSWIRE) -- KP Tissue Inc. (KPT) (TSX: KPT) reports the Q4 2018 and full year 2018 financial and operational results of KPT and Kruger Products L.P. (KPLP). Kruger Products is Canada's leading manufacturer of quality tissue products for the Consumer market (Cashmere, Purex, SpongeTowels, Scotties, and White Swan) and the Away-From-Home market, and continues to grow in the U.S. Consumer tissue business with the White Cloud® brand and premium private label products. KPT currently holds a 15.7% interest in KPLP.

KPLP Q4 2018 Business and Financial Highlights

- Revenue increased by 5.7% to \$359.5 million in Q4 2018 compared to Q4 2017
- Adjusted EBITDA was \$20.3 million in Q4 2018 compared to \$33.7 million in Q4 2017
- Pulp and freight costs continued to escalate in the quarter
- Completed TAD2 financing and the project is progressing on time and on budget
- Signed a multi-year partnership agreement with the NHL
- Declared a quarterly dividend of \$0.18 per share to be paid on April 15, 2019

KPLP Full Year 2018 Business and Financial Highlights

- Revenue increased by 7.1% to \$1,370.4 million in 2018 compared to \$1,280.0 million in 2017
- Adjusted EBITDA was \$102.3 million in 2018, down from \$144.2 million in 2017

"We are pleased by our strong revenues for the year and for reaching another record level, however high pulp prices and freight costs, prevalent throughout 2018, led to disappointing results for the year. KP Tissue's countermeasures such as our value creation program and capital projects partially offset these higher input costs. The price increase announced last year in the Canadian consumer business will provide some relief starting in the first quarter of 2019. With the support of a third party consultant, we are initiating an operational excellence program to better leverage our assets, which is projected to result in cost savings of between \$15 and \$20 million on a run-rate basis by the end of 2020," said Dino Bianco, CEO of KP Tissue and KPLP.

"Our TAD2 project remains on budget and on track with construction starting this spring, setting the stage for a new growth phase. We are also very proud to have recently signed a multi-year agreement with the NHL allowing us to create innovative and fully integrated programs and promotions to further extend our brand leadership in both Consumer and Away-From-Home", concluded Mr. Bianco.

Outlook

KPLP continues to have strong long-term business fundamentals and will benefit from the Consumer Canada price increase implemented in Q4 2018. While the price increase will gain traction in the first quarter, Adjusted EBITDA is anticipated to be lower than the comparable quarter in 2018 due to continued pressure from high input costs.

TAD2 Project

On August 16, 2018, KPLP announced its plan for a capital investment of \$575 million in the Brompton area of Sherbrooke, Quebec, to build a new, state-of-the-art tissue plant featuring Canada's largest and most modern TAD paper machine along with related converting equipment and infrastructure (the TAD2 Project). The TAD2 Project is projected to produce at maturity approximately 70,000 metric tonnes per annum of bathroom tissue and paper towels which will enable KPLP to increase its offering of ultra-premium and innovative tissue projects under the Cashmere, Sponge Towels and Purex brands and also enable expansion in the U.S. private label business. Construction of the new site is expected to begin in the spring of 2019 and commence production in early 2021.

Financing of the TAD2 Project

On November 19, 2018, KPLP announced that it had closed financing transactions to fund the TAD2 Project. The financings include the TAD2 Project Facility, the KTG Facility, the Convertible Debenture and the Nordea 2 Facility, as well as a \$50 million factoring facility made available to KPLP under a receivables purchase agreement with The Bank of Nova Scotia. KPLP will use funds from the Nordea 2 Facility and the factoring facility as well as cash on hand to fund a \$125 million equity investment in Kruger Products Sherbrooke Inc. (KPSI), with half of such investment having occurred upon the closing of the financings and the remainder to be funded over the following two years. Funds from the KTG Facility were used to refinance existing indebtedness of TAD Canco Inc. incurred for the TAD1 project under a credit agreement with Caisse de dépôt et placement du Québec. The Project Facility and the KTG Facility are both non-recourse to KPLP. In connection with the financings, the Senior Credit Facility and the Nordea Credit Facility were amended to, amongst other things, amend certain covenants to increase the amount of permitted debt for borrowed money.

KPLP Q4 2018 Financial Results

Revenue was \$359.5 million in Q4 2018 compared to \$340.0 million in Q4 2017, an increase of \$19.5 million or 5.7%. The increase in revenue was primarily due to the Consumer Canada selling price increase implemented in Q4 2018, the favourable impact of foreign exchange fluctuations on U.S. sales, and increased sales volume in Mexico, partially offset by 6 fewer days of sales in Q4 2018 compared to Q4 2017.

Cost of sales was \$328.5 million in Q4 2018 compared to \$296.0 million in Q4 2017, an increase of \$32.5 million or 11.0%. Manufacturing costs

increased primarily due to higher pulp costs, increased sales volume, the cost of outsourced manufacturing and the unfavourable impact of foreign exchange fluctuations on USD denominated costs. The benefits from cost reduction initiatives and capital projects partially offset other manufacturing cost inflation. Freight costs increased primarily due to higher carrier rates and increased sales volume. As a percentage of revenue, cost of sales were 91.4% in Q4 2018 compared to 87.1% in Q4 2017.

Selling, general and administrative (SG&A) expenses were \$24.2 million in Q4 2018 compared to \$23.7 million in Q4 2017, an increase of \$0.5 million or 2.1%. As a percentage of revenue, SG&A expenses were 6.7% in Q4 2018 compared to 7.0% in Q4 2017.

Adjusted EBITDA was \$20.3 million in Q4 2018 compared to \$33.7 million in Q4 2017, a decrease of \$13.4 million. The decrease was primarily due to significantly higher fibre and freight costs, 6 fewer days of sales in Q4 2018 compared to Q4 2017, the cost of outsourced manufacturing, unfavourable sales mix and the net unfavourable impact of foreign exchange fluctuations, partially offset by the Q4 2018 Consumer Canada selling price increase.

Net income was \$38.0 million in Q4 2018 compared to a net loss of \$18.0 million in Q4 2017, an increase of \$56.0 million. The increase was primarily due to an increase in the change in amortized cost of partnership units liability of \$61.5 million and a change in income taxes of \$9.8 million. These items were partially offset by lower Adjusted EBITDA of \$13.4 million and an increase in interest expense of \$1.8 million.

Total liquidity, representing cash and cash equivalents and availability under the credit line within covenant limitations, was \$178.7 million as of December 31, 2018, including \$129.1 million of cash and cash equivalents held by KPSI and committed to the TAD2 Project, compared to \$63.6 million as of September 30, 2018.

KPLP 2018 Financial Results

Revenue was \$1,370.4 million in Fiscal 2018 compared to \$1,280.0 million in Fiscal 2017, an increase of \$90.4 million or 7.1%. The increase in revenue was primarily due to the favourable impact of increased sales volume and the Consumer Canada selling price increases implemented in Q4 2017 and Q4 2018.

Adjusted EBITDA was \$102.3 million in Fiscal 2018 compared to \$144.2 million in Fiscal 2017, a decrease of \$41.9 million or 29.1%. The decrease was primarily due to significantly higher fibre and freight costs, the cost of outsourced manufacturing and unfavourable sales mix, partially offset by increased sales volume and the Consumer Canada price increases.

Net income was \$45.4 million in Fiscal 2018 compared to \$15.3 million in Fiscal 2017, an increase of \$30.1 million. The increase was primarily due to an increase in the change in amortized cost of Partnership units liability of \$64.9 million and a decrease in income taxes of \$16.0 million. These items were partially offset by lower Adjusted EBITDA of \$41.9 million as discussed above, an increase in interest expense of \$6.0 million, and a change in foreign exchange gain (loss) of \$2.9 million.

KPT Q4 2018 Financial Results

KPT earned net income of \$2.7 million in Q4 2018. Included in the net income was \$6.0 million representing KPT's share of KPLP's income. The income was reduced by depreciation expense of \$1.5 million related to adjustments to carrying amounts on acquisition and an income tax expense of \$1.9 million.

KPT 2018 Financial Results

KPT incurred a net loss of \$0.3 million in 2018. Included in the net loss was \$7.2 million representing KPT's share of KPLP's income. The income was reduced by depreciation expense of \$5.8 million related to adjustments to carrying amounts on acquisition and income tax expense of \$1.9 million.

Dividends on Common Shares

The Board of Directors of KPT declared a quarterly dividend of \$0.18 per share to be paid on April 15, 2019 to shareholders of record at the close of business on April 1, 2019.

Additional Information

For additional information please refer to Management's Discussion and Analysis (MD&A) of KPT and KPLP for the fourth quarter ended December 31, 2018 available on SEDAR at www.sedar.com or our website at www.kptissueinc.com.

Fourth Quarter Results Conference Call Information

KPT will hold its fourth quarter conference call on Thursday, March 7, 2019 at 8:30 a.m. Eastern Time.

Via telephone: 1-877-223-4471 or 647-788-4922

Via the internet at: www.kptissueinc.com

Presentation material referenced during the conference call will be available at www.kptissueinc.com.

A rebroadcast of the conference call will be available until midnight, March 14, 2019 by dialing 1-800-585-8367 or 416-621-4642 and entering passcode 5517909.

The replay of the webcast will remain available on the website until midnight, March 14, 2019.

About KP Tissue Inc. (KPT)

KPT was created to acquire, and its business is limited to holding, a limited partnership interest in KPLP, which is accounted for as an investment on the equity basis. KPT currently holds a 15.7% interest in KPLP. For more information visit www.kptissueinc.com.

About Kruger Products L.P. (KPLP)

KPLP is Canada's leading manufacturer of quality tissue products for household, industrial and commercial use. KPLP serves the Canadian consumer market with such well-known brands as Cashmere®, Purex®, SpongeTowels®, Scotties® and White Swan®. In the U.S., KPLP manufactures the White Cloud® brand, as well as many private label products. The Away-From-Home division manufactures and distributes high-quality, cost-effective product solutions to a wide range of commercial and public entities. KPLP has approximately 2,500 employees and operates eight FSC® COC-certified (FSC® C-104904) production facilities in North America. For more information visit www.krugerproducts.ca.

Non-IFRS Measures

This press release uses certain non-IFRS financial measures which KPLP believes provide useful information to management of KPLP and the readers of the financial information in measuring the financial performance and financial condition of KPLP. These measures do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other companies. An example of such a measure is Adjusted EBITDA. Beginning with Q4 2015 in accordance with Canadian Securities Administrators Staff Notice 52-306 (Revised), we have referenced Adjusted EBITDA as a non-IFRS financial measure. This term replaces the previously referenced non-IFRS financial measure EBITDA. Our definition of Adjusted EBITDA is unchanged from our former definition of EBITDA. Accordingly, this change in terminology has no impact on our reported financial results for prior periods. Adjusted EBITDA is not a measurement of operating performance computed in accordance with IFRS and should not be considered as a substitute for operating income, net income or cash flows from operating activities computed in accordance with IFRS. "Adjusted EBITDA" is calculated by KPLP as net income (loss) before (i) interest expense, (ii) income taxes, (iii) depreciation, (iv) amortization, (v) impairment (gain on sale) of non-financial assets, (vi) loss (gain) on disposal of property, plant and equipment, (vii) foreign exchange loss (gain), (viii) costs related to restructuring activities, (ix) changes in amortized cost of Partnership units liability, and (x) one-time costs due to pension revaluations related to past service. A reconciliation of Adjusted EBITDA to the relevant reported results can be found in the MD&A of KPT and KPLP for the fourth quarter ended December 31, 2018 available on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements in this press release about KPT's and KPLP's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements in this press release include, but are not limited to, statements regarding the projected capacity of the TAD2 Project, the anticipated benefits of the TAD2 Project and the expected dates for commencement of construction and production of the TAD2 Project. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. The forward-looking statements are based on certain key expectations and assumptions made by KPT or KPLP. Although KPT and KPLP believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking statements since no assurance can be given that such expectations and assumptions will prove to be correct.

The outlook provided in respect of Adjusted EBITDA for Q1 2019 is forward-looking information and is subject to the risk and uncertainties referred to below. The purpose of the outlook is to provide the reader with an indication of management's expectations, at the date of this press release, regarding KPLP's future financial performance. Readers are cautioned that this information may not be appropriate for other purposes.

Many factors could cause KPLP's actual results, level of activity, performance or achievements or future events or developments (which could in turn affect the economic benefits derived from KPT's economic interest in KPLP), to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors – Risks Related to KPLP's Business" section of the KPT Annual Information Form dated March 8, 2019 available on SEDAR at www.sedar.com: Kruger Inc.'s influence over KPLP; KPLP's reliance on Kruger Inc.; consequences of an event of insolvency relating to Kruger Inc.; risks associated with the TAD2 Project; operational risks; Gatineau Plant land lease; significant increases in input costs; reduction in supply of fibre; increased pricing pressure and intense competition; KPLP's inability to innovate effectively; adverse economic conditions; dependence on key retail trade customers; damage to the reputation of KPLP or KPLP's brands; KPLP's sales being less than anticipated; KPLP's failure to implement its business and operating strategies; KPLP's obligation to make regular capital expenditures; KPLP's entering into unsuccessful acquisitions; KPLP's dependence on key personnel; KPLP's inability to retain its existing customers or obtain new customers; KPLP's loss of key suppliers; KPLP's failure to adequately protect its intellectual property rights; KPLP's reliance on third party intellectual property licenses; adverse litigation and other claims affecting KPLP; material expenditures due to comprehensive environmental regulation affecting KPLP's cash flow; KPLP's pension obligations are significant and can be materially higher than predicted if KPLP Management's underlying assumptions are incorrect; labour disputes adversely affecting KPLP's cost structure and KPLP's ability to run its plants; exchange rate and U.S. competitors; KPLP's inability to service all of its indebtedness; exposure to potential consumer product liability; covenant compliance; interest rate and refinancing risk; and risks relating to information technology; cyber-security; insurance; internal controls; and trade.

Readers should not place undue reliance on forward-looking statements made herein. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information contained herein is made as of the date of press release and KPT undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws.

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Kruger Products L.P.

Consolidated Statement of Financial Position
(thousands of Canadian dollars)

	December 31, 2018	December 31, 2017
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	169,884	8,837
Trade and other receivables	127,633	113,194
Receivables from related parties	172	85
Current portion of advances to partners	-	1,928
Inventories	202,916	192,394
Income tax recoverable	362	522
Prepaid expenses	6,904	8,007
	507,871	324,967
Non-current assets		
Advances to partners	1,704	4,489
Property, plant and equipment	786,022	761,610
Other long-term assets	10	6,331
Goodwill	160,939	160,939
Intangible assets	14,924	15,327
Deferred income taxes	33,440	26,092
Total assets	1,504,910	1,299,755
Liabilities		
Current liabilities		
Bank indebtedness	-	9,051
Trade and other payables	238,856	190,698
Payables to related parties	5,620	2,596
Income tax payable	80	498
Distributions payable	10,723	10,382
Current portion of provisions	292	333
Current portion of long-term debt	13,939	190,947
	269,510	404,505
Non-current liabilities		
Long-term debt	563,955	225,368
Provisions	5,398	5,973
Pensions	104,939	119,558
Post-retirement benefits	54,051	60,457
Liabilities to non-unitholders	997,853	815,861
Current portion of Partnership units liability	-	1,928
Long-term portion of Partnership units liability	116,524	158,381
Total Partnership units liability	116,524	160,309
Total liabilities	1,114,377	976,170
Equity		
Partnership units	376,274	356,240
Deficit	(78,780)	(99,742)
Accumulated other comprehensive income	93,039	67,087
Total equity	390,533	323,585
Total equity and liabilities	1,504,910	1,299,755

Kruger Products L.P.
Consolidated Statement of Comprehensive Income (Loss)
(thousands of Canadian dollars)

	3-month period ended December 31, 2018	3-month period ended December 31, 2017	12-month period ended December 31, 2018	12-month period ended December 31, 2017
	\$	\$	\$	\$
Revenue	359,504	340,071	1,370,432	1,280,014
Expenses				

Cost of sales	328,591	295,978	1,233,479	1,098,086
Selling, general and administrative expenses	24,061	23,609	87,655	90,076
(Gain) loss on sale of non-financial assets	3	5	(204)	(75)
Restructuring costs, net	-	54	1	(180)
Operating income	6,849	20,425	49,501	92,107
Interest expense	12,183	10,467	48,059	42,021
Other (income) expense	(41,334)	20,130	(40,790)	21,990
Income (loss) before income taxes	36,000	(10,172)	42,232	28,096
Income taxes	(1,989)	7,916	(3,174)	12,838
Net income (loss) for the year	37,989	(18,088)	45,406	15,258
Other comprehensive income (loss)				
Items that will not be reclassified to net income (loss):				
Remeasurements of pensions	(11,701)	(6,916)	17,021	(27,563)
Remeasurements of post-retirement benefits	42	(2,491)	7,532	(2,763)
Items that may be subsequently reclassified to net income (loss):				
Cumulative translation adjustment	16,005	5,357	25,952	(21,762)
Total other comprehensive income (loss) for the year	4,346	(4,050)	50,505	(52,088)
Comprehensive income (loss) for the year	42,335	(22,138)	95,911	(36,830)

Kruger Products L.P.

Consolidated Statement of Cash Flows (thousands of Canadian dollars)

	3-month period ended December 31, 2018 \$	3-month period ended December 31, 2017 \$	12-month period ended December 31, 2018 \$	12-month period ended December 31, 2017 \$
Cash flows from (used in) operating activities				
Net income (loss) for the year	37,989	(18,088)	45,406	15,258
Items not affecting cash				
Depreciation	12,920	12,875	50,943	51,289
Amortization	348	317	1,426	1,092
Loss (gain) on sale of property, plant and equipment	188	(1)	622	(3)
Change in amortized cost of Partnership units liability	(42,573)	18,835	(41,857)	23,013
Foreign exchange loss (gain)	1,308	931	1,431	(1,387)
Change in fair value of derivatives	(69)	364	(364)	364
Interest expense	12,183	10,467	48,059	42,021
Pension and post-retirement benefits	3,104	2,572	12,954	10,111
Provisions	(95)	67	(9)	278
Income taxes	(1,989)	7,916	(3,174)	12,838
Loss (gain) on sale of non-financial assets	3	5	(204)	(75)
Total items not affecting cash	(14,672)	54,348	69,827	139,541
Net change in non-cash working capital	61,577	(9,235)	26,968	(35,194)

Contributions to pension and post-retirement benefit plans	(2,904	)	(3,731	)	(15,212	)	(15,137)
Provisions paid	-		(633	)	(247	)	(1,648)
Income tax payments	(615	)	(423	)	(2,478	)	(3,592)
Net cash from operating activities	81,375		22,238		124,264		99,228	
Cash flows from (used in) investing activities								
Purchases of property, plant and equipment (PP&E)	(10,565	)	(17,849	)	(33,647	)	(68,127)
Purchases of PP&E related to TAD2 Project	(13,851	)	-		(26,638)	-	
Capitalized interest paid	(184	)	-		(184	)	(497)
Government assistance received	18,044		774		19,226		4,646	
Purchases of software	-		(689	)	(1,023	)	(1,149)
Proceeds on sale of property, plant and equipment	(3	)	(4	)	320		1,180	
Net cash used in investing activities	(6,559)		(17,768)		(41,946)		(63,947)	
Cash flows from (used in) financing activities								
Proceeds from long-term debt	289,754		7,957		484,755		28,834	
Repayment of long-term debt	(199,384	)	(20,789	)	(326,900	)	(26,039)
Payment of deferred financing fees	(14,386	)	-		(18,489	)	(12)
Interest paid on long-term debt	(8,691	)	(14,171	)	(34,351	)	(33,101)
Distributions and advances paid, net	(1,132	)	(5,555	)	(19,506	)	(31,547)
Net cash from (used in) financing activities	66,161		(32,558)		85,509		(61,865)	
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	1,978		877		2,271		(1,134)	
Increase (decrease) in cash and cash equivalents during the year	142,955		(27,211)		170,098		(27,718)	
Cash and cash equivalents - Beginning of year	26,929		26,997		(214)		27,504	
Cash and cash equivalents - End of year	169,884		(214)		169,884		(214)	

Kruger Products L.P.
Segment and Geographic Results
(thousands of Canadian dollars)

	3-month period ended December 31, 2018 \$	3-month period ended December 31, 2017 \$	12-month period ended December 31, 2018 \$	12-month period ended December 31, 2017 \$
Segment Information				
Segment Revenue				
Consumer	295,817	276,432	1,124,553	1,040,428
AFH	58,551	62,231	231,087	233,321
Other	5,136	1,408	14,792	6,265
Total segment revenue	359,504	340,071	1,370,432	1,280,014
Segment Adjusted EBITDA				

Consumer	26,400	32,207	119,643	138,158
AFH	(4,809)	1,395	(12,844)	6,235
Other	(1,283)	73	(4,510)	(163)
Total segment Adjusted EBITDA	20,308	33,675	102,289	144,230
Reconciliation to Net Income (Loss):				
Depreciation and amortization	13,268	13,192	52,369	52,381
Interest expense	12,183	10,467	48,059	42,021
Change in amortized cost of Partnership units liability	(42,573)	18,835	(41,857)	23,013
Change in fair value of derivatives	(69)	364	(364)	364
(Gain) loss on sale of property, plant and equipment	188	(1)	622	(3)
(Gain) loss on sale of non-financial assets	3	5	(204)	(75)
Restructuring costs, net	-	54	1	(180)
Foreign exchange (gain) loss	1,308	931	1,431	(1,387)
Income (loss) before income taxes	36,000	(10,172)	42,232	28,096
Income taxes	(1,989)	7,916	(3,174)	12,838
Net income (loss)	37,989	(18,088)	45,406	15,258
Geographic Revenue				
Canada	207,490	203,638	803,565	774,587
U.S.	127,733	120,127	479,364	452,837
Mexico	24,281	16,306	87,503	52,590
Total revenue	359,504	340,071	1,370,432	1,280,014

KP Tissue Inc.

Statement of Financial Position
(thousands of Canadian dollars)

	December 31, 2018	December 31, 2017
	\$	\$
Assets		
Current assets		
Distributions receivable	1,694	1,658
Receivable from Partnership	269	-
Income tax recoverable	230	826
	2,193	2,484
Non-current assets		
Investment in associate	103,143	98,674
Total Assets	105,336	101,158
Liabilities		
Current liabilities		
Dividend payable	1,694	1,658
Payable to Partnership	-	52
Current portion of advances from Partnership	-	309
	1,694	2,019
Non-current liabilities		
Advances from Partnership	269	731
Deferred income taxes	4,602	1,483
Total liabilities	6,565	4,233
Equity		
Common shares	17,090	15,014
Contributed surplus	144,819	144,819
Deficit	(79,515)	(74,952)
Accumulated other comprehensive income	16,377	12,044
Total equity	98,771	96,925
Total liabilities and equity	105,336	101,158

KP Tissue Inc.

Statement of Comprehensive Income (Loss)

(thousands of Canadian dollars, except share and per share amounts)

	3-month period ended December 31, 2018	3-month period ended December 31, 2017	12-month period ended December 31, 2018	12-month period ended December 31, 2017
	\$	\$	\$	\$
Equity Income (loss)	4,576	(4,371)	1,390	(3,440)
Dilution gain	58	54	196	190
Income (loss) before income taxes	4,634	(4,317)	1,586	(3,250)
Income taxes	1,808	(97)	1,759	2,191
Net income (loss) for the year	2,826	(4,220)	(173)	(5,441)
Other comprehensive income (loss)				
net of tax expense (recovery)				
Items that will not be reclassified to net income (loss):				
Remeasurements of pensions	(1,640)	(961)	2,334	(3,846)
Remeasurements of post-retirement benefits	16	(243)	776	(270)
Items that may be subsequently reclassified to net income (loss):				
Cumulative translation adjustment	2,679	931	4,333	(3,774)
Total other comprehensive income (loss) for the year	1,055	(273)	7,443	(7,890)
Comprehensive income (loss) for the year	3,881	(4,493)	7,270	(13,331)
Basic income (loss) per share	0.30	(0.46)	(0.02)	(0.59)
Weighted average number of shares outstanding	9,400,074	9,206,637	9,319,683	9,162,508

KP Tissue Inc.

Statement of Cash Flows

(thousands of Canadian dollars)

	3-month period ended December 31, 2018	3-month period ended December 31, 2017	12-month period ended December 31, 2018	12-month period ended December 31, 2017
	\$	\$	\$	\$
Cash flows from (used in) operating activities				
Net income (loss) for the year	2,826	(4,220)	(173)	(5,441)
Items not affecting cash				
Equity (income) loss	(4,576)	4,371	(1,390)	3,440
Dilution gain	(58)	(54)	(196)	(190)
Income taxes	1,808	(97)	1,759	2,191
Total items not affecting cash	(2,826)	4,220	173	5,441
Net change in non-cash working capital	-	-	-	478
Tax (payments) refunds	736	-	462	(1,999)
Tax Distribution received	-	-	-	481
Advances received	-	-	274	1,040
Advances paid	(736)	-	(736)	-
Net cash from (used in) operating activities	-	-	-	-
Cash flows from investing activities				

Partnership unit distributions received	1,158	1,220	4,640	4,806
Net cash from investing activities	1,158	1,220	4,640	4,806
Cash flows used in financing activities				
Dividends paid	(1,158)	(1,220)	(4,640)	(4,806)
Net cash used in financing activities	(1,158)	(1,220)	(4,640)	(4,806)
Increase (decrease) in cash and cash equivalents during the year	-	-	-	-
Cash and cash equivalents - Beginning of year	-	-	-	-
Cash and cash equivalents - End of year	-	-	-	-



Source: KP Tissue Inc.