



UPDATE ON OUR STRATEGIC DIRECTION

Domtar continues to build on its capabilities and to execute a well-defined strategy to maximize the value of each of its businesses. Led by a strong team, Domtar is well positioned to drive growth, return capital to shareholders and reach the next stage in its evolution as a leading North American pulp and paper company with a future as a major packaging player in North America

AGREEMENT TO SELL PERSONAL CARE BUSINESS



POSITIONS DOMTAR FOR LONG-TERM SUCCESS

- Agreement to sell Personal Care business for \$920 million
- Net cash proceeds will be used to execute value-maximizing capital allocation strategy
- Considered a full range of potential alternatives through a lens of maximizing shareholder value
- Reinforces our focus on building an industry-leading Paper, Pulp and Packaging company
- Optimizes our operations to remain an agile, reliable partner to our customers
- Strengthens our core business to support additional investment in the future of Domtar

With this sale, the Company plans to use proceeds generated to:

\$600
Million



Pay Down Debt

- Reduce debt by \$600 million to increase balance sheet flexibility and position the Company for resiliency and growth

\$300
Million



Share Repurchases


- Return capital to shareholders through accelerated share repurchase programs and open market repurchases

Introducing the Future of Domtar



PAPER

- Highly cash generative and reliable business
- Well invested, low cost mills
- Distinctive/flexible service model
- Favorable supply dynamics



PULP

- Leading market position with exposure to attractive growth categories including tissue and hygiene
- Continuing to focus on low risk / high ROIC investments to bring assets towards 1ST quartile cash costs




PACKAGING

- Potential capacity of up to 2.5M tons over time
- Low cost mills capable of competitively producing lightweights
- Differentiated commercial strategy enabling independent converters to win in the marketplace


Low cost mills with limited future capital requirements

- Redefining our cost basis through cost reduction program



Only committed paper supplier in North America with a national presence


- Major paper buyers seeking to pivot more volume towards Domtar and increasingly looking to develop long- term relationships



Top performer with highly resilient and strong cash flows in all market conditions


Pulp prices beginning to recover from recent trough

- Recently announced price increases indicating that pulp markets beginning to improve



Positioned to maximize value through high return projects

- Modernize, integrate and optimize platforms in order to drive market pulp mills towards 1st quartile cash costs
- Debottleneck, improve energy efficiency and make several additional upgrades at four of our mills



Solidifying Domtar as one of the most competitive suppliers of premium pulp in the world

Strong foundation

- Domtar's strong balance sheet and cash flows support investments
- Strong packaging team already in place with deep understanding of the market
- Ability to leverage our extensive network of existing relationships

Attractive market and customers

- Large addressable market across independent converters, converters with mill affiliations, etc.
- Discussions with potential customers validate our value proposition

Substantial opportunity

- Unleash growth potential of independent converters currently constrained by integrated producers with opportunity for joint ventures

Long-Term Revenue Growth Potential

