

**Verso Corporation**

**Fourth Quarter 2014  
Earnings Conference Call**

**March 6, 2015**



# Forward-Looking Statements

In this presentation, all statements that are not purely historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may be identified by the words “believe,” “expect,” “anticipate,” “project,” “plan,” “estimate,” “intend” and other similar expressions. Forward-looking statements are based on currently available business, economic, financial and other information and reflect management’s current beliefs, expectations and views with respect to future developments and their potential effects on Verso. Actual results could vary materially depending on risks and uncertainties that may affect Verso and its business. For a discussion of such risks and uncertainties, please refer to Verso’s filings with the Securities and Exchange Commission. Verso assumes no obligation to update any forward-looking statement made in this presentation to reflect subsequent events or circumstances or actual outcomes

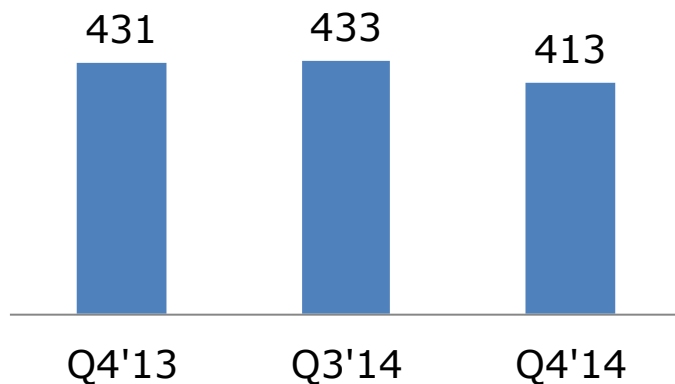
# Q4 2014 Review

# Q4 2014 Overview

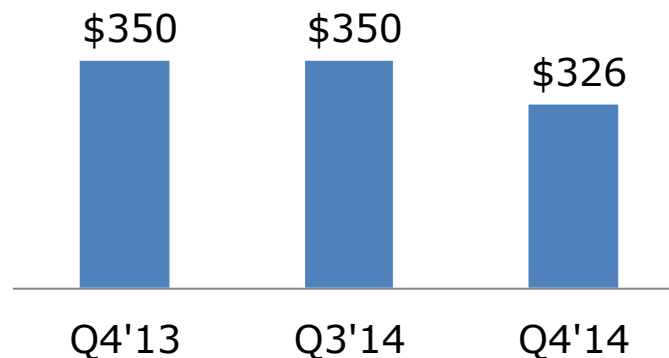
- Coated volume down (9.5)% from seasonally stronger Q3, and down (9.2)% versus last year
- CGW prices down (2.5)% from last quarter, (6.6)% from last year; CFS prices up slightly from both periods
- Inventory levels below last year and last quarter
- Input prices increased from Q3 in energy and wood; compared to last year wood costs increased while energy and raw materials have declined
- Ceased production at Bucksport on December 5<sup>th</sup>
- Significant activity related to closing the NewPage acquisition and preparation for integration, the marketing for sale and closing of the Rumford and Biron mills divestitures and the marketing and sale of the Bucksport Mill
  - All of these transactions closed in January 2015

# Q4 2014 Financial Overview

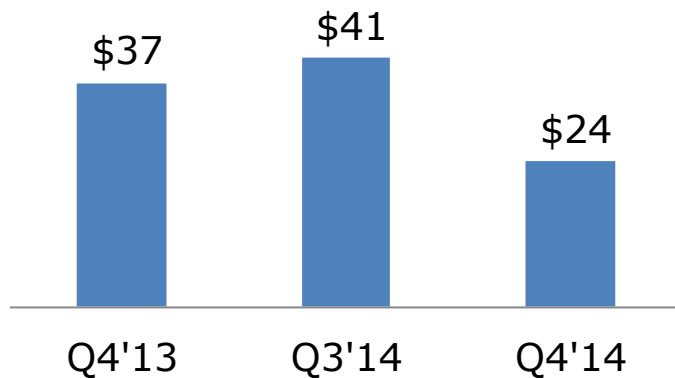
Volume (K Tons)



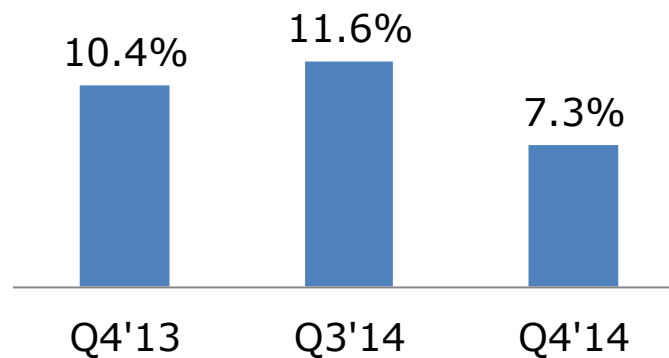
Revenue (\$'MM)



Adjusted EBITDA (\$'MM)



Adjusted EBITDA Margin %

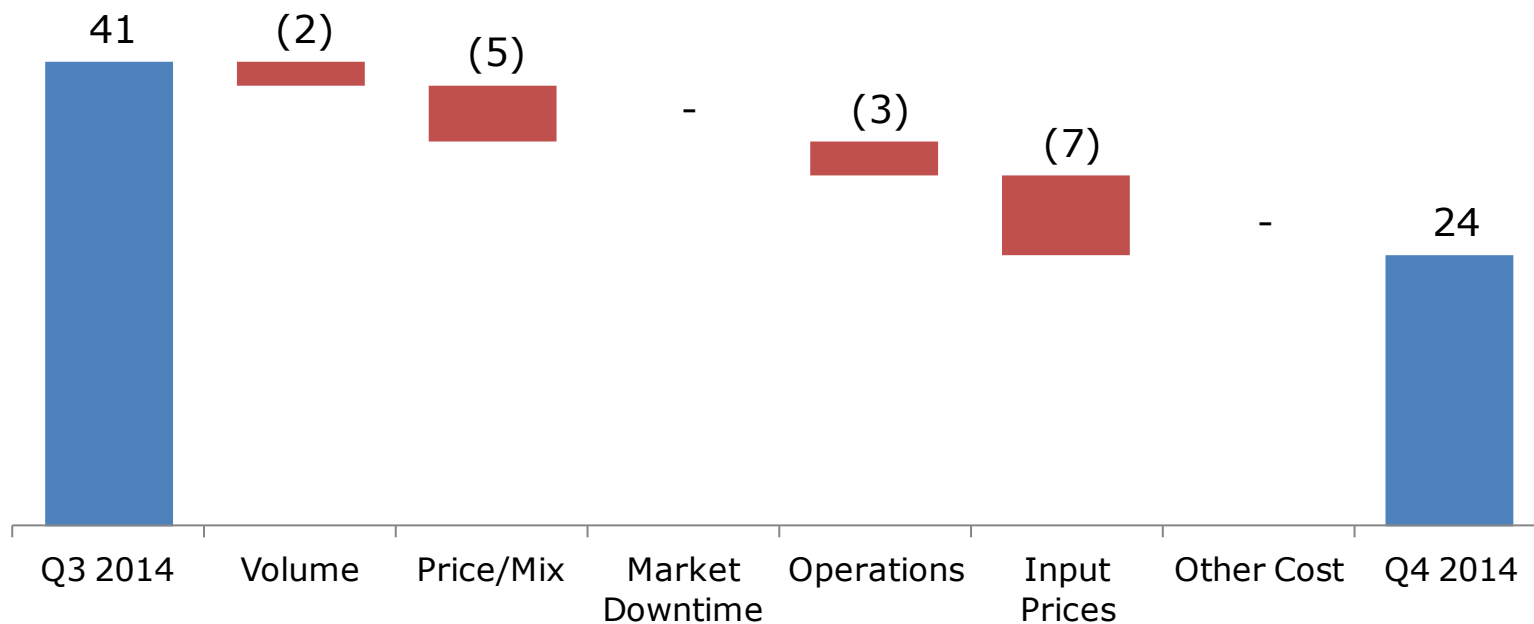


# Key Revenue Metrics

	Q4 2013	Q3 2014	Q4 2014
Coated Volume (tons)	316,500	317,600	287,400
Coated Price (per ton)	\$841	\$823	\$814
Pulp Volume (tons)	68,100	62,400	73,500
Pulp Price (per ton)	\$595	\$589	\$569

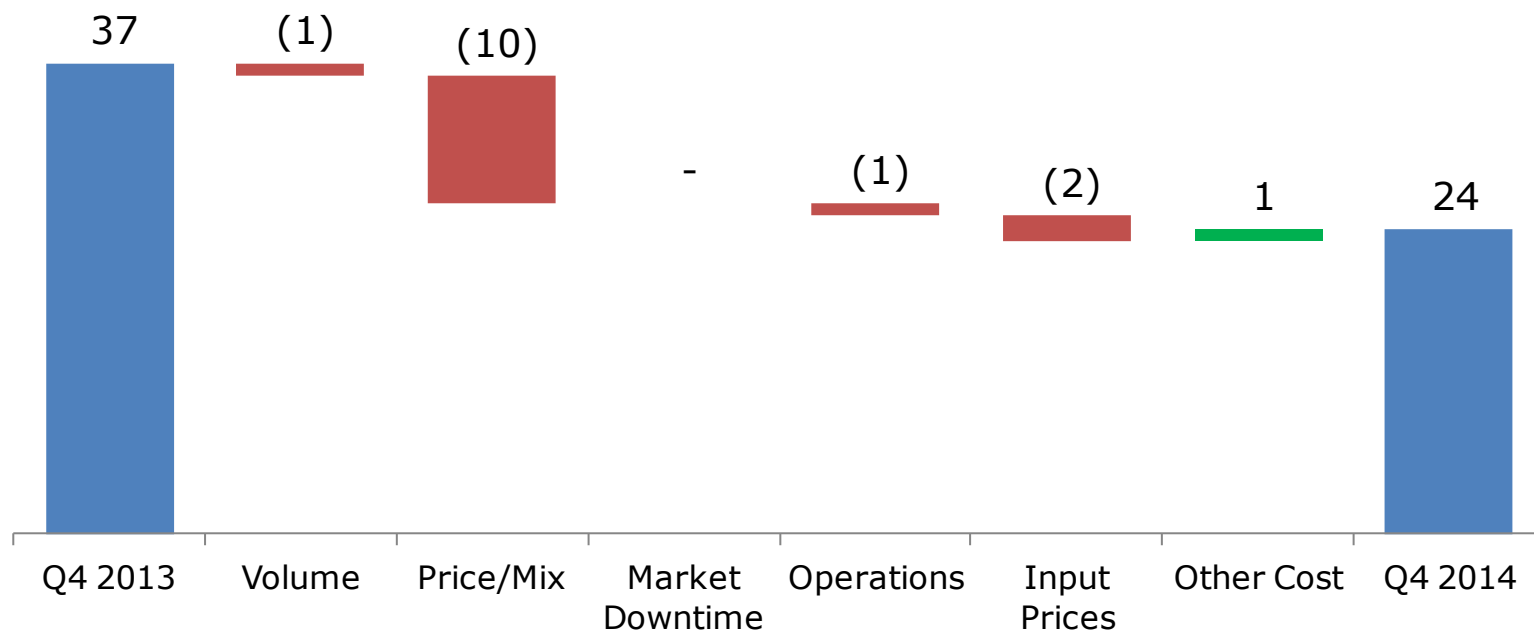
# Adjusted EBITDA Q3 2014 vs. Q4 2014

Adjusted EBITDA (\$'MM)









# Adjusted EBITDA Q4 2013 vs. Q4 2014

Adjusted EBITDA (\$'MM)





# Q4 Input Prices Movements

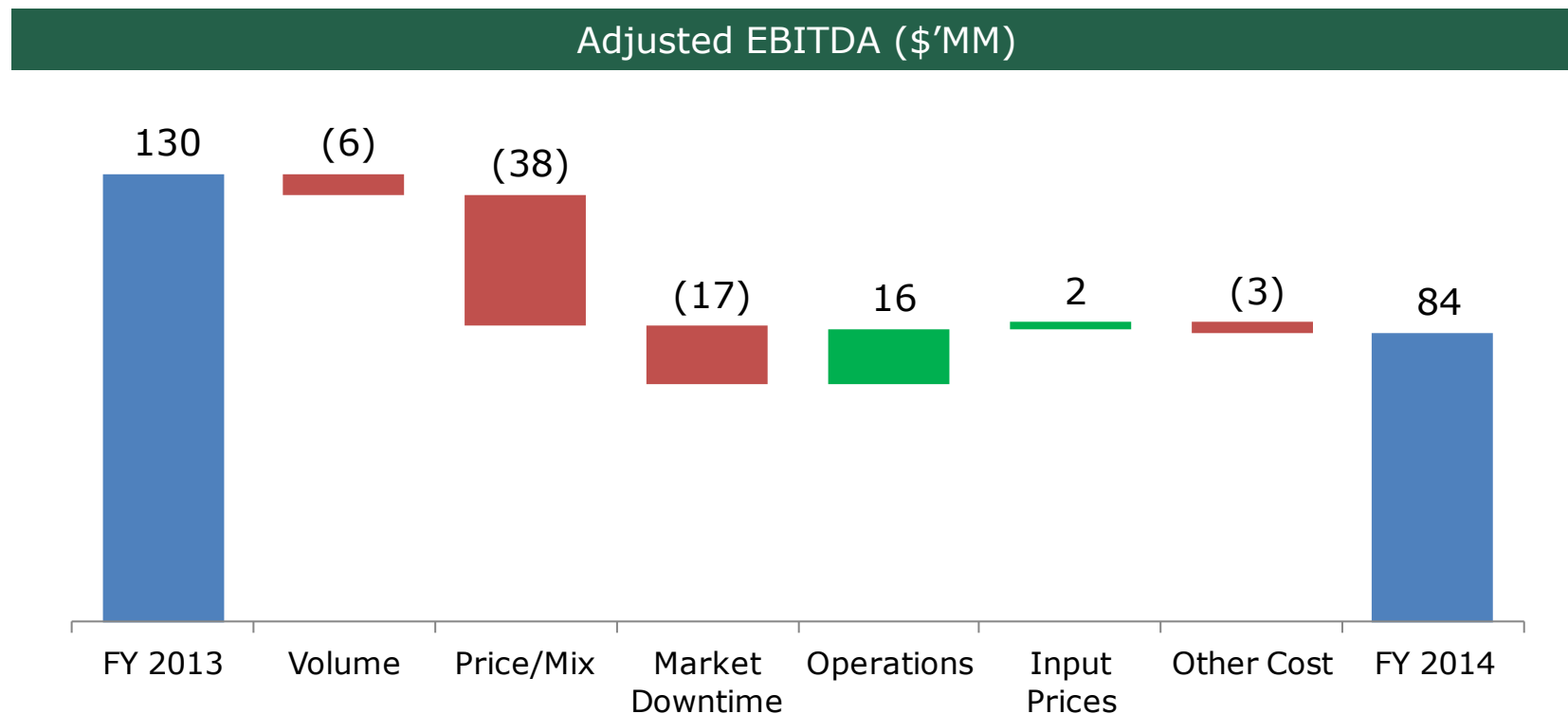
Segment	Vs. Q4'13	Vs. Q3'14	Comments
<b>Chemicals</b>			Sodium Chlorate, Starch & TiO2 below last year. Latex & Caustic down from Q3
<b>Wood</b>			Wood prices are up 11% compared to last year, up 4% versus last quarter
<b>Energy</b>			Natural Gas up seasonally but 3% below last year

# RISI Reported 2014

RISI Reported 2013 to 2014 Year-over-Year Change		
	CFS	CGW
Apparent Consumption	(0.7)%	(7.8)%
Coated Paper Prices *	(7.3)%	(7.5)%

\* CFS - Coated No. 3 60 Lb. Paper in Rolls  
 CGW - Coated No. 5 34 Lb. in Rolls

# Adjusted EBITDA FY 2013 vs. FY 2014



## Record Safety Year

Total Incident Rate of 0.78 and Lost Workday Rate of 0.09

# **Promising Outlook for the New, Stronger Verso**

# Acquisition Summary

## The Combined Verso Has a Strong Foundation to Withstand Industry Headwinds

- ✓ **#1 Coated Paper Manufacturer in North America and #4 Globally**
  - Scale will improve cost-savings and provide customer service advantages
  - Strong relationships with existing customer base will be reinforced through the combination
- ✓ **Cost Leader in the North American Coated Paper Industry**
  - Despite an already low cost structure relative to peers, Verso will improve its cost position through synergy realization
  - Operates many of the lowest cost mills in both CFS and CGW
- ✓ **Generate Strong Free Cash Flow for Debt Repayment**
  - Modest capital requirements and favorable tax position provide consistent cash flow
  - Cost structure synergies and consistent generation of top quartile FCF metric
- ✓ **Experienced Management Team**
  - Strong management team with extensive paper industry experience across its top managers

# Acquisition Consistent with Verso Foundation Document Strategies

Enhance core business by improving margins

- Adds quality assets and brand strength in core businesses
- Significant synergy generation

Develop new revenue streams outside of core coated paper markets to mitigate coated paper demand and price volatility

- Provides cash flow to strengthen balance sheet and fuel reinvestment and innovation

Gain manufacturing superiority by benchmarking and reducing operating gaps

- Significant R-Gap opportunity across combined platform

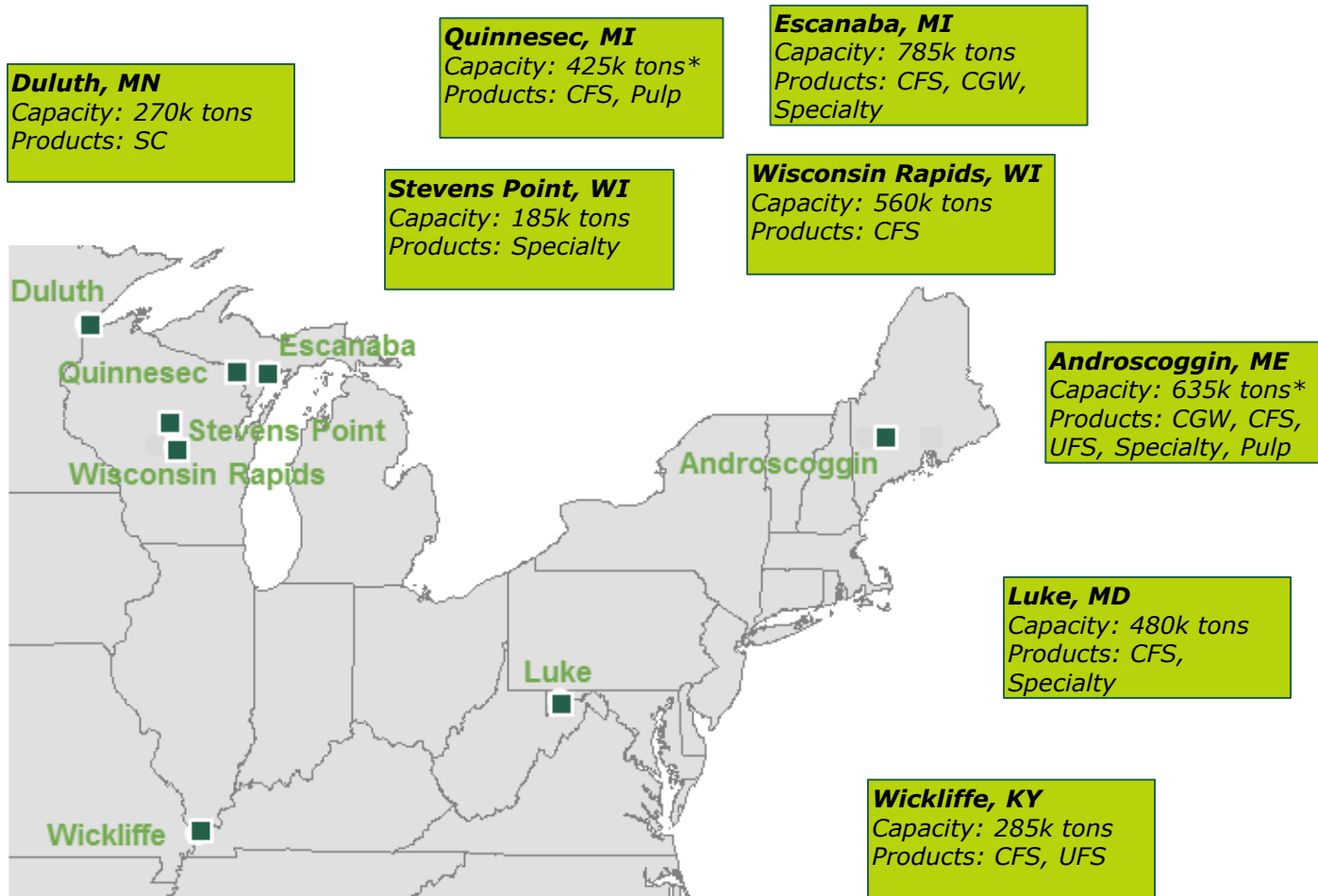
Enhance cash flow by operating our business platforms to balance our stakeholders' needs

- Top quartile free cash flow metrics
- Effective capital management

Improve our organizational capability

- Leverages strengths and experience of new team members with diverse industry backgrounds

# Verso at a Glance ... Where We Are



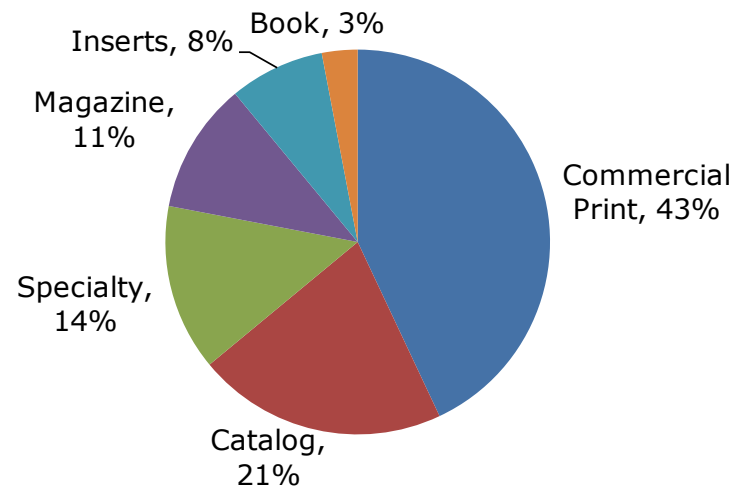
**Over 4MM tons of Paper and Pulp Capacity**

\* Paper production only

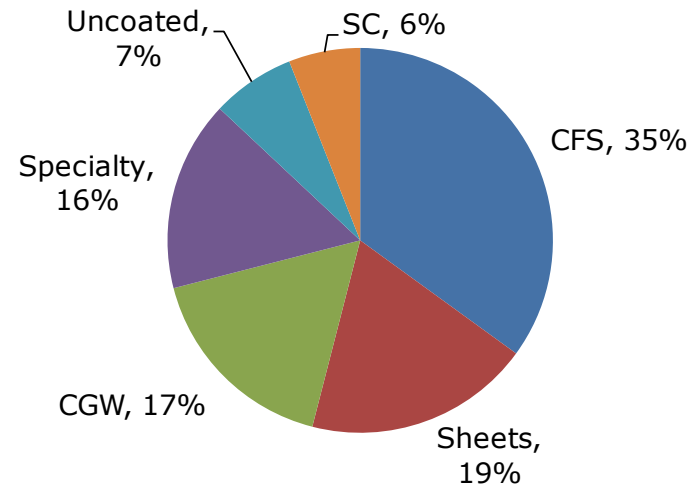
# Verso: North America's Leading Manufacturer of Coated Papers

- North America's premier coated and SC manufacturer with 8 mills strategically located across the US and over 3.6 million tons of total paper capacity
- The broadest product offering to serve our customer's needs:
  - Coated Digital
  - Coated Sheets
  - Coated Web
  - Supercalendered
  - Uncoated
  - NBHK Market pulp
  - Specialty/Label and Packaging
- Diverse customer base including commercial print, publishers, corporate end users, convertor and label/packaging suppliers

2014 Pro Forma\* Sales by End User %



2014 Pro Forma\* Sales by Paper Grade %

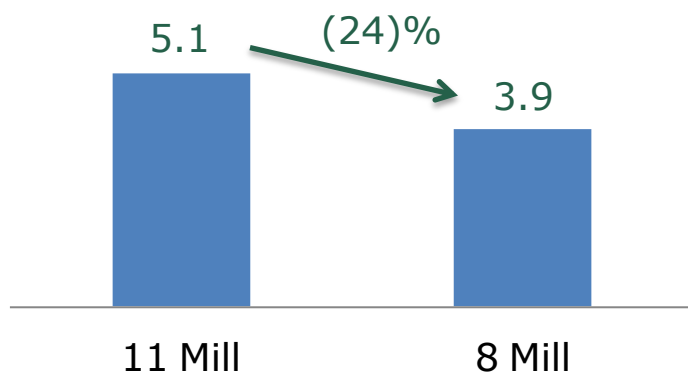


\* 2014 Pro Forma consolidated companies excluding, Biron, Bucksport and Rumford

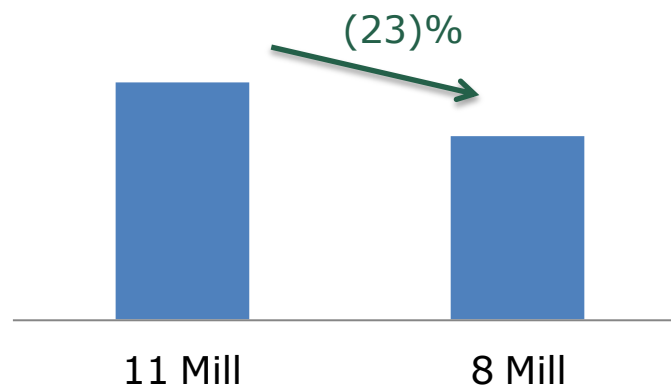


# Verso + NewPage = Immediate Margin Improvement

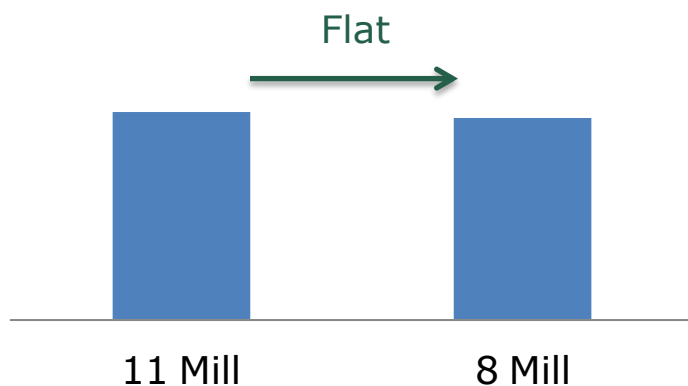
Pro Forma 2014 Volume (MM Tons)



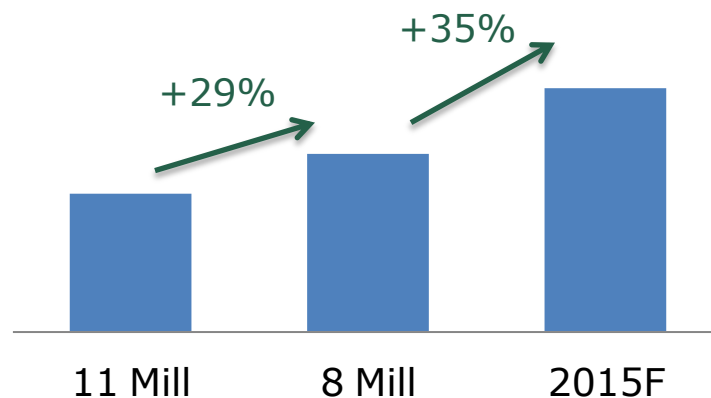
Pro Forma 2014 Revenue



Pro Forma 2014 Adjusted EBITDA



Pro Forma 2014 Adj. EBITDA Margin %



\* 2014 is Pro Forma and excludes Rumford, Biron and Bucksport

# Coated Price Sensitivity

Price $\Delta$ \$/ton	Volume (MM tons)					
	0.5MM	1.0MM	1.5MM	2.0MM	2.5MM	3.0MM
\$10	\$5MM	\$10MM	\$15MM	\$20MM	\$25MM	\$30MM
\$20	\$10MM	\$20MM	\$30MM	\$40MM	\$50MM	\$60MM
\$30	\$15MM	\$30MM	\$45MM	\$60MM	\$75MM	\$90MM
\$40	\$20MM	\$40MM	\$60MM	\$80MM	\$100MM	\$120MM
\$50	\$25MM	\$50MM	\$75MM	\$100MM	\$125MM	\$150MM

# Outlook for 2015

- Progressing well on integration and synergy achievement
- Completion of the transition of the Rumford and Biron mills to Catalyst
- Price increases announced in January ranging from \$20-\$40 per ton on CFS, CGW and SC
- Volumes are expected to be flat year-over-year
- Inventories managed to optimal levels
- Expectation is for moderate inflation compared to 2014 with inflation in wood and energy partially offset by deflation in raw materials
- Capital spending to be in the range of \$80-100MM
- Synergy achievement expected to be \$70-90MM in 2015; with \$175MM achieved within 18 months
- Delay in the closing of the NewPage acquisition creates slower near term cash flow generation however, expect significant momentum as we end 2015 and enter 2016

# Appendix



# Liquidity & Net Debt

Liquidity \$'MM	12/31/13	9/30/14	12/31/14
Revolver *	183	212	199
- Balance Drawn	-	113	93
- Letters of Credit	42	41	39
Remaining Capacity	141	58	67
Cash	11	12	6
<b>Total Liquidity</b>	<b>152</b>	<b>70</b>	<b>73</b>

\*ABL availability limited; 2014 includes hydro revolving credit facility

Net Debt \$'MM	12/31/13	9/30/14	12/31/14
Cash	11	12	6
Revolver	-	113	93
First Lien Notes (at par)	418	418	418
<b>Net First Lien Debt</b>	<b>407</b>	<b>519</b>	<b>505</b>
1.5 Lien Notes	272	272	272
Sec Priority Sr. Notes (at par)	409	396	396
Senior Sub notes	143	143	143
<b>Net Holdco Debt</b>	<b>1,231</b>	<b>1,330</b>	<b>1,316</b>

# Adjusted Net Income (Loss)/EPS Reconciliation

(\$ Millions)	Q4 13	Q3 14	Q4 14
Net Loss	(\$20)	(\$35)	(\$184)
Special Items	(\$4)	\$16	\$158
<b>Adjusted Net Loss</b>	<b>(\$24)</b>	<b>(\$19)</b>	<b>(\$26)</b>

Diluted Shares (M)	53,172	53,328	53,331
Earnings per Diluted Share	(\$0.38)	(\$0.67)	(\$3.45)
Special Items	(\$0.07)	\$0.31	\$2.95
<b>Adjusted Earnings per Share</b>	<b>(\$0.45)</b>	<b>(\$0.36)</b>	<b>(\$0.50)</b>

# Special Items

	Q4 13		Q3 14		Q4 14	
	Million \$	Per Share	Million \$	Per Share	Million \$	Per Share
<b>M &amp; A</b>	\$5	\$0.10	\$14	\$0.26	\$6	\$0.11
<b>Change in Hedge Valuation</b>	(\$12)	(\$0.24)	(\$5)	(\$0.09)	\$11	\$0.20
<b>Trademark Impairment</b>	\$2	\$0.04	\$6	\$0.12	--	--
<b>Restructuring</b>	--	--	--	--	\$141	\$2.64
<b>Other</b>	\$1	\$0.03	\$1	\$0.02	--	--
<b>Total Special Items</b>	<b>(\$4)</b>	<b>(\$0.07)</b>	<b>\$16</b>	<b>\$0.31</b>	<b>\$158</b>	<b>\$2.95</b>