Verso Third Quarter 2017 Results

Earnings Conference Call and Webcast – November 14, 2017

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 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements in this presentation include, but are not limited to, our guidance for the fourth quarter of 2017 and the full year of 2017 and our expectations for pricing and input costs. Forward-looking statements may be identified by the words "believe," "expect," "anticipate," "project," "plan," "estimate," "intend," "potential" 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. Verso's actual actions and results may differ materially from what is expressed or implied by these statements due to a variety of factors, including those risks and uncertainties listed under the caption "Risk Factors" in Verso's Form 10-K for the fiscal year ended December 31, 2016 and from time to time in Verso's other 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.

Business Overview

B. Christopher DiSantis

Chief Executive Officer

Macro Level Update

- *Capacity closures and conversions favorably impacting supply v. demand balance.*
  - Closures: 569k tons CFS, 140k tons CGW.
    - Appleton Coated, West Linn, UPM (Blandin) No. 5 by end of Q1'18.
  - Conversions: 295k tons CFS, 187k tons UFS, C1S.
    - PCA (Wallula) No. 3 starting Q2'18, SAPPI (Skowhegan) No. 1 to Paperboard.
- *Industry-wide price increases announced in Q4.*
  - Coated web $40 / ton.
  - UFS $40 / ton.
  - Pulp NBHK $54 / ton.
  - Specialty $40 to $50 / ton.
- *Update on demand dynamics.*
  - E-commerce continues strong growth, while new retail not as print intensive. 9k retail stores to close in 2017.
  - Magazine ad pages down significantly, while catalog mailings continue to decline.
  - Commercial print continues growth.
  - Imports still gaining share in both CFS and CGW; however, CFS down from Q2.
  - Apparent consumption in CFS and CGW down 6.3% and 5.4%, respectively, in Q3'17.

YTD 3Q'17 Key Market Indicators (US)	vs. Prior Year
Magazine Ad Pages	-15.4%
Catalog Mailings [1]	-5.7%
Commercial Printing	+0.4%
CFS Apparent Consumption [2]	-3.5%
CGW Apparent Consumption [2]	-3.9%
CFS Imports (% of demand)	+3.5%
CGW Imports (% of demand)	-1.2%

Source: RISI

[1] Only 6 months. | [2] Seasonally adjusted.

Macro Level Update *Continued*

- *Specialty products (22% of Verso YTD revenue) - performing well.*
  - Specialty products up from 21% of total revenue in YTD 2016.
  - Coated machine-glazed (MG) products at record level.
  - Uncoated MG products growing. Androscoggin Mill, No. 5 machine utilization exited the quarter at 100% for first time.
  - Roll release liner continues to gain share and customer preference. On pace for full-year forecast of 43% growth over prior year.
  - Robust product development pipeline with focus on Androscoggin Mill No. 5 machine portfolio expansion, Stevens Point coated MG new product launches, release liner, and an expanded face paper offering.

- *Graphics products (72% of Verso YTD revenue) and Pulp (6% of Verso YTD revenue) - performance improving.*
  - Continued growth in Digital products, Productolith® Pts. (packaging market) and other areas.
  - Price flat versus Q3’16 and up 3% versus Q2’17.
  - Production returning to normal after significant major maintenance and inventory downtime earlier in the year.
  - CFS web and SC facing a very challenging market.
  - Mill schedules full through the end of the year.

Q3'17 Highlights

- *Strong safety performance continues at record levels.*
  - TIR and LWIR both well below last year.
- *Rebound in Adjusted EBITDA[1] in Q3 at $47M versus loss in Q2.*
  - Reduced downtime for maintenance and inventory reduction.
  - Price improvement across most products.
  - Cost reductions continue to deliver results.
  - Improved operating performance.
  - Inflation impact on input cost diminishing.
- *Exceptional cash flow performance of $40M in Q3.*
  - Continued working capital improvement.
  - Reduced total inventory by another $9M, bringing YTD reduction to $46M.
  - Term loan balance $151M as of October 31, 2017.
- *Increased liquidity to $180M in Q3.*
  - Reduced letters of credit.
  - Focused efforts across the system, including capital spending.
  - Excess availability[2] at $200M currently.

[1] See Appendix for reconciliation of net income to EBITDA and Adjusted EBITDA.
[2] Excess availability is defined as the amount available to borrow under the Company's revolving credit facility, plus cash.

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Conversion Evaluation / Other Strategic Alternatives

Conversion Evaluation Status

- On-going evaluation of low-capital conversions.
  - Light-weight liner.
  - Recycled medium and bag.
  - SBS product line expansion into higher caliper grades.
- Machine evaluations are in process throughout the system.
- Won't be any "bet the company" level investments. Risk / reward heavily scrutinized in our capital allocation process.

Other Strategic Alternatives

- Formed sub-committee of the Board advised by Houlihan Lokey.
- Continuing to evaluate each of the mills in the system and options.

Looking Forward

- Q4 has no planned downtime and order book is strong, but December is a perennial wild card.
- Expect favorable pricing to continue. This is a highly impactful driver of profitability.
- Raw material price inflation moderating, but logistics highly impacted by hurricane effect. Expect our suppliers to continue to be supportive of our strategies as we negotiate new terms.
- Verso now has a leaner cost structure with industry low SG&A costs – austerity, operational excellence and restructuring measures worked.
- Retired a substantial amount of debt ($60M of term loan YTD) and are now in the best liquidity position since the emergence.

Verso is positioned for success through a strong focus on its balance sheet, commercial and operational initiatives.

Financial Overview

Allen Campbell

SVP and Chief Financial Officer

Lookback on Q3'17 vs. Q2'17

Victories in Q3 vs. Q2

- Improved AP terms by $26M.
- Decreased inventory by $9M.
- Reduced net debt by $40M.
- Decreased term loan by $24M.
- Increased liquidity by $9M.
- Trailing leverage down from 1.99x to 1.78x.
- Announced additional price increases in Q4: CFS web $40/ton, CGW $40/ton, UFS $40/ton, Specialty $40 -$50/ton, Pulp $54/ton.

Challenges in Q3 vs. Q2

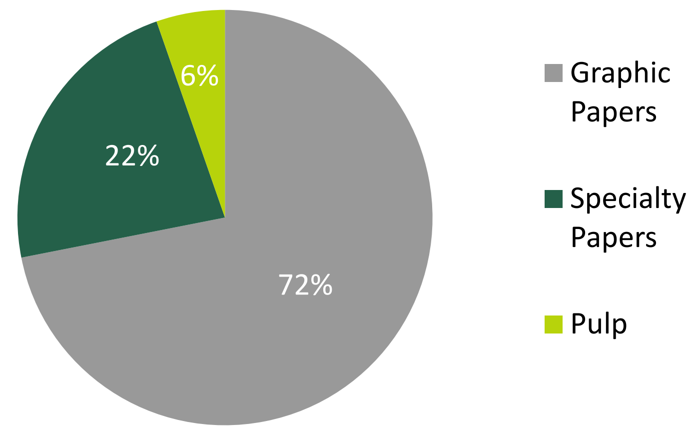
- Ongoing volume pressure dynamics.
- Wickliffe Mill to be re-marketed, buyer candidate did not complete deal.
- Pressure on freight rates.

Impactful value creation initiatives completed and nice work on items we control; positioned us well as we entered the stronger selling season.

Key Metrics

	Q3-16	Q3-17	Δ	Δ %
Shipments (000 tons)				
- Paper	752	676	(76)	-10%
- Pulp	65	72	7	11%
Total	817	748	(69)	-8%
NSP ($/ton)				
- Paper	$854	$859	$5	1%
- Pulp	$495	$540	$45	9%
Inventory ($M)	$429	$399	$(30)	-7%

Q3 YTD 2017 Revenues



- CGW web, CFS web and SC driving the lower overall volume, CGW impacted due to the No. 3 machine closure at the Androscoggin Mill.
- Pulp shipments up 11% vs. prior year.
- Average price per ton for Specialty grades holding as a result of mix.
- Pulp price experiencing recovery from low in Q3'16.

Q3’17 Profit and Loss

(Dollars in millions)	Predecessor 7/1/16 to 7/14/16	Successor 7/15/16 to 9/30/16	Q3-17	YoY Δ
Net sales	$ 97	$ 578	$ 621	$ (54)
Costs and expenses:				
Cost of products sold (exclusive of depreciation, amortization and depletion)	83	559	552	(90)
Depreciation, amortization, and depletion	7	24	27	(4)
Selling, general, and administrative expenses	8	23	24	(7)
Restructuring charges	-	2	4	2
Other operating (income) expense	-	2	-	(2)
Operating income (loss)	**(1)**	**(32)**	**14**	**47**
Interest expense	2	8	10	-
Income (loss) before reorganization items, net	**(3)**	**(40)**	**4**	**47**
Reorganization items, net	(1,302)	-	-	1,302
Income (loss) before income taxes	**1,299**	**(40)**	**4**	**(1,255)**
Income tax expense (benefit)	-	-	-	-
Net income (loss)	**$ 1,299**	**$ (40)**	**$ 4**	**$ (1,255)**

- Net sales down because of decrease in volume of $57M, driven primarily by capacity reduction at Androscoggin Mill and general softening of demand for coated papers, offset by increase in price/mix of $3M.
- Gross margin was up from 4.9% to 11.1%, driven primarily by the effects of inventory fair value adjustments associated with fresh-start accounting in Q3’16. In Q3’17, gross margin was positively impacted by reductions in overhead, maintenance costs, timing of major maintenance and increased pulp prices, offset by lower sales volume and higher freight rates and effects of taking downtime at our mills.
- SG&A down $7M in Q3’17, primarily attributable to cost-reduction initiatives.

Q3’17 Adjusted EBITDA[1]

(Dollars in millions)	Predecessor 7/1/16 to 7/14/16	Successor 7/15/16 to 9/30/16	Successor Q3-17	YoY Δ
Net income (loss)	**$ 1,299**	**$ (40)**	**$ 4**	**$ (1,255)**
Income tax expense (benefit)	-	-	-	-
Interest expense	2	8	10	-
Depreciation, amortization, and depletion	7	24	27	(4)
EBITDA	**$ 1,308**	**$ (8)**	**$ 41**	**$ (1,259)**
Reorganization items, net	(1,302)	-	-	1,302
Pre- and post-bankruptcy related charges	-	2	1	(1)
Fresh-start accounting adjustments	3	44	-	(47)
Restructuring charges	-	2	4	2
Other severance costs	-	1	-	(1)
Other items, net	-	-	1	1
Adjusted EBITDA	**$ 9**	**$ 41**	**$ 47**	**$ (3)**
Adjusted EBITDA Margin %	9.3%	7.1%	7.6%	-8.8%

- Restructuring costs related to the closure of the Wickliffe Mill (2016/2017) and HQ consolidation (2017).

[1] See Appendix for reconciliation of net income to EBITDA and Adjusted EBITDA

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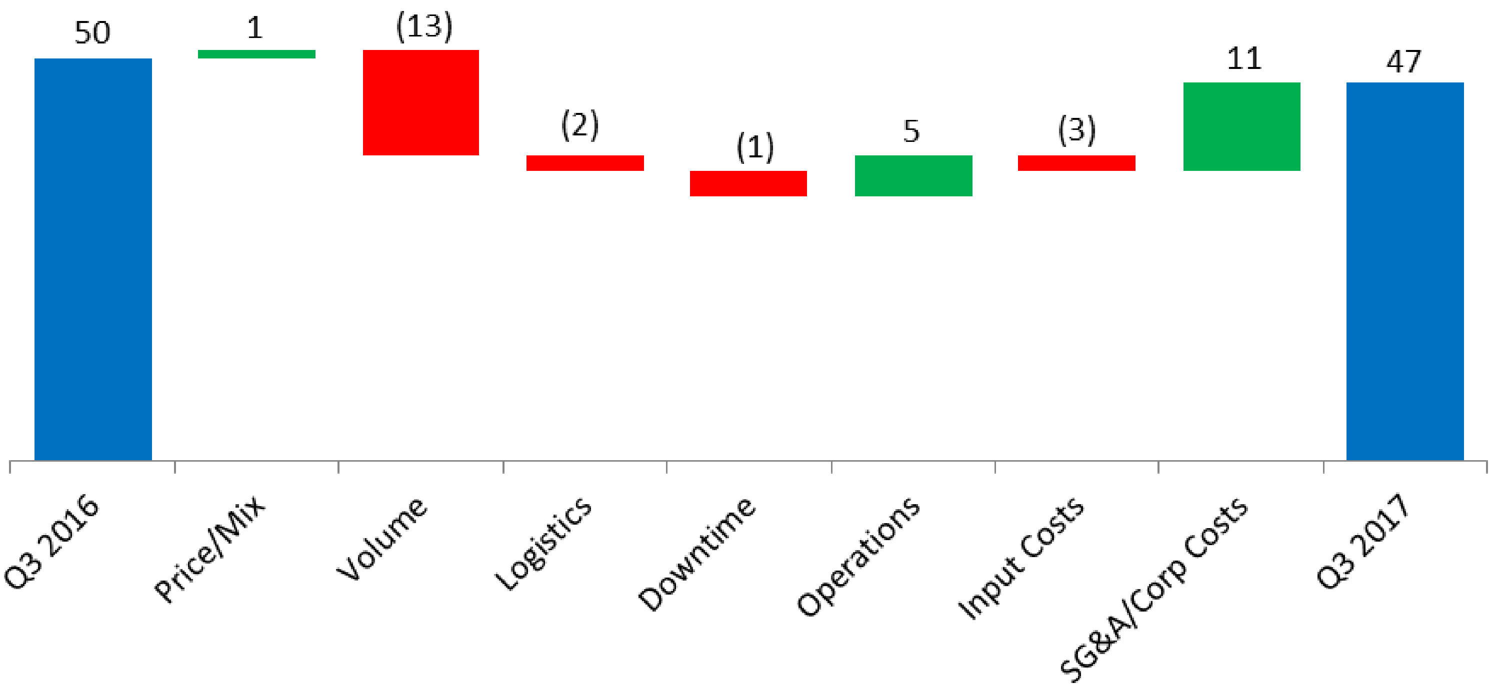
Q3’16 to Q3’17 Adjusted EBITDA Bridge ($M)[1]



- For Q3, pulp price is up $3M, Specialty papers down $2M with slightly favorable mix.
- Volume in Q3 was 69K tons lower than last year, driven primarily by 33K tons less CFS sales and 20K tons less CGW volume driven by Androscoggin Mill No. 3 machine closure.
- Logistics costs were unfavorable in Q3 because of continued increases in rates and surcharges.
- Input costs were unfavorable due to higher chemical and natural gas prices.
- SG&A/Corporate costs were favorable due to ongoing cost savings initiatives.

[1] See Appendix for reconciliation of net income to EBITDA and Adjusted EBITDA.

YTD 2017 Profit and Loss

(Dollars in millions)	Predecessor 1/1/16 to 7/14/16	Successor 7/15/16 to 9/30/16	Successor YTD Q3-17	YoY Δ
Net sales	$ 1,417	$ 578	$ 1,822	$ (173)
Costs and expenses:				
Cost of products sold (exclusive of depreciation, amortization and depletion)	1,249	559	1,683	(125)
Depreciation, amortization, and depletion	100	24	87	(37)
Selling, general, and administrative expenses	95	23	81	(37)
Restructuring charges	151	2	8	(145)
Other operating (income) expense	(57)	2	-	55
Operating income (loss)	**(121)**	**(32)**	**(37)**	**116**
Interest expense	39	8	29	(18)
Income (loss) before reorganization items, net	**(160)**	**(40)**	**(66)**	**134**
Reorganization items, net	(1,338)	-	-	1,338
Income (loss) before income taxes	**1,178**	**(40)**	**(66)**	**(1,204)**
Income tax expense (benefit)	-	-	-	-
Net income (loss)	**$ 1,178**	**$ (40)**	**$ (66)**	**$ (1,204)**

- Volume and price down driving lower revenue and margin due to competitive market pressures and the idling of No. 3 paper machine at Androscoggin Mill in Q1’17.
- SG&A down $37M, due to cost-reduction initiatives implemented by management, $8M non-recurring pre- and post-reorganization related costs in 2016 and $13M reclassified as COGS related to operations costs in 2017.
- Depreciation annual run rate decreased from approximately $14M/month in 2016 to $9M/month in 2017 (excludes $6M of accelerated depreciation related to idling of No. 3 machine) primarily attributable to fresh-start revaluation of assets.
- Predecessor period includes significant restructuring and reorganization costs.

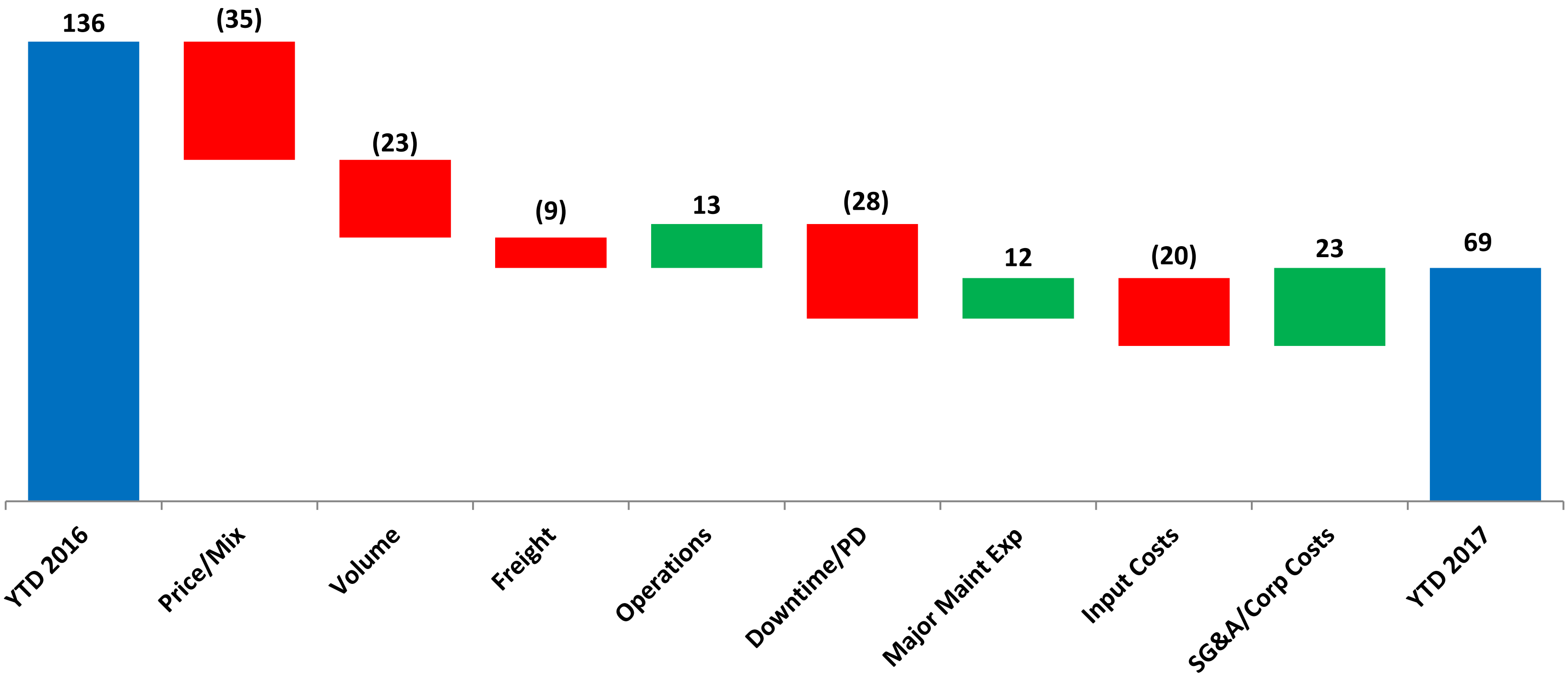
YTD 2017 Adjusted EBITDA[1]

	Predecessor	Successor		
(Dollars in millions)	1/1/16 to 7/14/16	7/15/16 to 9/30/16	YTD Q3-17	YoY Δ
Net income (loss)	**$ 1,178**	**$ (40)**	**$ (66)**	**$ (1,204)**
Income tax expense (benefit)	-	-	-	-
Interest expense	39	8	29	(18)
Depreciation, amortization, and depletion	100	24	87	(37)
EBITDA	**$ 1,317**	**$ (8)**	**$ 50**	**$ (1,259)**
Reorganization items, net	(1,338)	-	-	1,338
Pre- and post-bankruptcy related charges	6	2	1	(7)
Fresh-start accounting adjustments	3	44	-	(47)
Restructuring charges	151	2	8	(145)
Gain on sale of assets	(57)	-	1	58
Other severance costs	2	1	5	2
Other items, net	11	-	4	(7)
Adjusted EBITDA	**$ 95**	**$ 41**	**$ 69**	**$ (67)**
Adjusted EBITDA Margin %	6.7%	7.1%	3.8%	-10.0%

- Restructuring costs relate to the closure of the Wickliffe Mill (2016/2017) and HQ consolidation (2017).
- Gains on disposal of assets relate primarily to the sale of the Androscoggin hydroelectric facility.
- Other items net, include non-cash equity award expense, costs associated with the temporary idling of the No. 3 paper machine at the Androscoggin Mill and the indefinite idling of the Wickliffe Mill, and miscellaneous other non-recurring adjustments.

[1] See Appendix for reconciliation of net income to EBITDA and Adjusted EBITDA.

YTD 2016 to YTD 2017 Adjusted EBITDA Bridge ($M)[1]



- YTD through September, price/mix is off $35M from last year, with pricing lower in all grade lines except Digital, C1S Specialty and MG Specialty.
- Volume is off 170K tons year-over-year, with 65K tons of the decline in CGW (driven by closure of No. 3 machine), with CFS, SC, UFS, and C1S Specialty also lower.
- Over 100K tons of paper machine market and maintenance downtime has been taken.
- Input costs were unfavorable $20M, with higher chemical and energy pricing partially offset by lower wood prices.
- SG&A/Corporate costs were favorable by $23M year-over-year, driven by cost reduction initiatives implemented across the Company.

[1] See Appendix for reconciliation of net income to EBITDA and Adjusted EBITDA.

Cash Flow

(Dollars in millions)	Q3 2017	YTD 2017
Adjusted EBITDA[1]	$ 47	$ 69
Less CapEx	(8)	(29)
Net	$ 39	$ 40
Less:		
Change in working capital	25	55
Net pension contributions	(11)	(20)
Cash interest	(8)	(23)
Other	(5)	(17)
Net change	$ 40	$ 35
Term loan reduction	$ (24)	$ (40)
Revolver change	(16)	5
Change in cash balance	$ -	$ -

- Q3 working capital cash flows driven by changes in AR of $(17)M, inventory of $9M, other current assets of $1M, accounts payable of $25M, and accrued liabilities of $7M.
- Inventory change reflects efforts to reduce inventory, including market-related downtime.
- Accounts payable change reflects supply chain improvements, including efforts to extend payment terms.

[1] See Appendix for reconciliation of net income to Adjusted EBITDA.

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Significant Progress on Controllables

In 2017, Verso has dedicated significant management time and effort toward improving its cash flow, liquidity and controllable cost areas.

Results achieved thus far[1]:

- Intensively managed inventory down by **$46M**.
- Negotiated vendor terms, driving an increase in AP of **$52M**.
- Reduced SG&A costs by **$14M** on equivalent basis.
- Successfully negotiated lower letter of credit requirements of **$36M**.
- Reduced our term loan balance by **$60M**.
- Improved overall liquidity by **$29M**.
- Reduced cash conversion cycle by **8 days** from 77 to 69 days.

[1] Term Loan, LOC and Liquidity results through October 31, 2017.

Liquidity and Net Debt

Liquidity (Dollars in millions)	6/30/17	9/30/17
Revolving credit facilities[1]	$355	$346
- Balance drawn	133	117
- Letters of credit	57	55
Remaining ABL availability	165	174
Cash	6	6
Total liquidity	**$171**	**$180**

Net Debt	9/30/17
Revolving credit facilities	$117
Other debt (Term Loan)	171
Less: cash	(6)
Net Verso Corporation debt	**$282**

Changes in Liquidity	
June 30, 2017	$171
Change in balance drawn	16
Change in borrowing base	(9)
Reduction in LOCs	2
September 30, 2017	**$180**

Debt covenant status and significant changes.

- Total leverage ratio at 1.78x compared to a covenant maximum of 2.25x.
- Fixed charge coverage ratio[2] at 1.3x compared to a covenant minimum of 1.0x.
- Eliminated additional $13M in LOC requirements in October primarily related to landfill closure financial assurance requirements not reflected in above balance.
- Voluntary term loan payment of $20M made October 19, 2017 not reflected in above balance. **Term loan current balance is $151M.**

[1] $375M ABL facility limited by borrowing base.
[2] Only applicable when ABL availability is below $37.5M.

Guidance Q4’17 vs. Q3’17

Sales	$635 - 645M in Q4. Price increases announced across portfolio.
Gross Profit	No planned downtime in Q4. Improved operational performance offsetting higher logistics.
SG&A	SG&A expense continues to drop.
Input Cost	Roughly flat – Energy costs may increase in winter months. Other price impacts ebbing.
CapEx	Higher run rate in H2. Projected spend of $15 - 18M in Q4. Full year expected to be $44 - 47M; down from 2016 spend of $73M.

Finance Appendix

Adjusted EBITDA Definition

EBITDA consists of earnings before interest, taxes, depreciation, and amortization. Adjusted EBITDA reflects adjustments to EBITDA to eliminate the impact of certain items that we do not consider to be indicative of our performance. We use EBITDA and Adjusted EBITDA as a way of evaluating our performance relative to that of our peers and to assess compliance with our credit facilities. We believe that Adjusted EBITDA is an operating performance measure commonly used in our industry that provides investors and analysts with a measure of ongoing operating results unaffected by differences in capital structures, capital investment cycles, and ages of related assets among otherwise comparable companies.

We believe that the supplemental adjustments applied in calculating Adjusted EBITDA are reasonable and appropriate to provide additional information to investors.

Because EBITDA and Adjusted EBITDA are not measurements determined in accordance with GAAP and are susceptible to varying calculations, EBITDA and Adjusted EBITDA, as presented, may not be comparable to similarly titled measures of other companies. You should consider our EBITDA and Adjusted EBITDA in addition to, and not as a substitute for, or superior to, our operating or net income or cash flows from operating activities, which are determined in accordance with GAAP.

Consolidated Net Income/Loss to EBITDA and Adjusted EBITDA Reconciliation

	Predecessor		Successor		
(Dollars in millions)	July 1, 2016 Through July 14, 2016	January 1, 2016 Through July 14, 2016	July 15, 2016 Through September 30, 2016	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Net income (loss)	$ 1,299	$ 1,178	$ (40)	$ 4	$ (66)
Income tax expense	-	-	-	-	-
Interest expense, net	2	39	8	10	29
Depreciation, amortization and depletion	7	100	24	27	87
EBITDA	$ 1,308	$ 1,317	$ (8)	$ 41	$ 50
Adjustments to EBITDA:					
Reorganization items, net (1)	(1,302)	(1,338)	-	-	-
Restructuring charges (2)	-	151	2	4	8
Fresh-start accounting adjustments (3)	3	3	44	-	-
(Gain) loss on disposal of assets (4)	-	(57)	-	-	1
Pre- and post-reorganization costs (5)	-	6	2	1	1
Other severance costs (6)	-	2	1	-	5
Other items, net (7)	-	11	-	1	4
Adjusted EBITDA	$ 9	$ 95	$ 41	$ 47	$ 69

(1) Net gains associated with the Chapter 11 Cases.
(2) For 2017, charges are primarily associated with the announced closure and relocation of the Memphis office headquarters and closure of the Wickliffe Mill. For 2016, charges are primarily associated with the closure of the Wickliffe Mill, of which $137 million is non-cash.
(3) Non-cash charges related to the one-time impacts of adopting fresh-start accounting.
(4) Realized gain on the sale of assets was primarily attributable to the sale of hydroelectric facilities in January 2016.
(5) Costs incurred in connection with advisory and legal services related to planning for and emerging from the Chapter 11 Cases.
(6) Severance and related benefit costs not associated with restructuring activities.
(7) For 2017, costs incurred in connection with the re-engineering of information systems, non-cash equity award expense, costs associated with the temporary idling of the No. 3 paper machine at the Androscoggin Mill, and miscellaneous other non-recurring adjustments. For 2016, costs associated with the indefinite idling of the Wickliffe Mill, non-cash equity award expense, unrealized losses (gains) on energy-related derivative contracts, and miscellaneous other non-recurring adjustments.

Q3 & Q3 YTD 2017 P&L with/without Adjusted EBITDA add back items

The table below shows the Company's consolidated income statement as presented under U.S. GAAP in the first column, then adjusted to reflect the adjustments the Company uses to get from EBITDA to Adjusted EBITDA.

(Dollars in millions)	Q3-17	Less Adjustments to EBITDA	Before Adjustments to EBITDA	YTD Q3-17	Less Adjustments to EBITDA	Before Adjustments to EBITDA
Net sales	$ 621	$ -	$ 621	$ 1,822	$ -	$ 1,822
Costs and expenses:						
Cost of products sold	552	-	552	1,683	2 (c)	1,681
Depreciation, amortization, and depletion	27	-	27	87	-	87
Selling, general, and administrative expenses	24	1 (a)	23	81	8 (a)	73
Restructuring charges	4	4 (b)	-	8	8 (b)	-
Other operating (income) expense	-	1 (d)	(1)	-	1 (d)	(1)
Operating income (loss)	**14**	**(6)**	**20**	**(37)**	**(19)**	**(18)**
Interest expense	10	-	10	29	-	29
Income (loss) before reorganization items, net	**4**	**(6)**	**10**	**(66)**	**(19)**	**(47)**
Reorganization items, net	-	-	-	-	-	-
Income (loss) before income taxes	**4**	**(6)**	**10**	**(66)**	**(19)**	**(47)**
Income tax expense (benefit)	-	-	-	-	-	-
Net income (loss)	**$ 4**	**$ (6)**	**$ 10**	**$ (66)**	**$ (19)**	**$ (47)**

(a) Severance and related benefit costs not associated with restructuring activities, non-cash equity award expense, costs incurred in connection with the re-engineering of information systems and miscellaneous other non-recurring adjustments.
(b) Charges are primarily associated with the announced closure and relocation of the Memphis office headquarters and closure of the Wickliffe Mill.
(c) Costs associated with the temporary idling of the No. 3 paper machine at the Androscoggin Mill, severance and related benefit costs not associated with restructuring activities, and (gain) loss on disposal of assets.
(d) Costs incurred in connection with advisory and legal services related to planning for and emerging from the Chapter 11 Cases.

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