



Exceptional people creating
bioproducts for a more
sustainable world

BMO Timber & Wood Products Summit
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Senior Vice President, CFO & Secretary



Forward-looking Statements



The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements.

Certain information included in this presentation contains statements that are forward-looking, such as statements relating to results of operations and financial conditions, market expectations and business development activities, as well as capital spending and financing sources.

Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statements made by or on behalf of Mercer.

For more information regarding these risks and uncertainties, review Mercer’s filings with the United States Securities and Exchange Commission.

Unless required by law, we do not assume any obligation to update forward-looking statements based on unanticipated events or changed expectations.



The world's tolerance of pollution and carbon emissions is rapidly diminishing.

Sustainably sourced biomaterials, including wood fiber and derivatives are part of the solution. However, supply is not boundless, and only the most efficient and innovative producers and products will be capable of meeting demand.

Our 4-element strategy for adding value



**Sustainable Products,
Processes, People**



**World-class Assets
and Innovation**

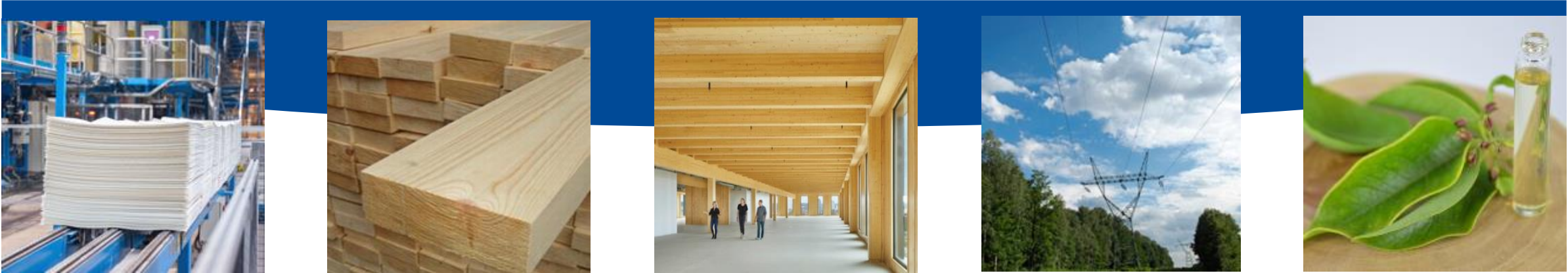


**Growth and
Diversification**



**Prudent, but Agile,
Capital Management**

Products



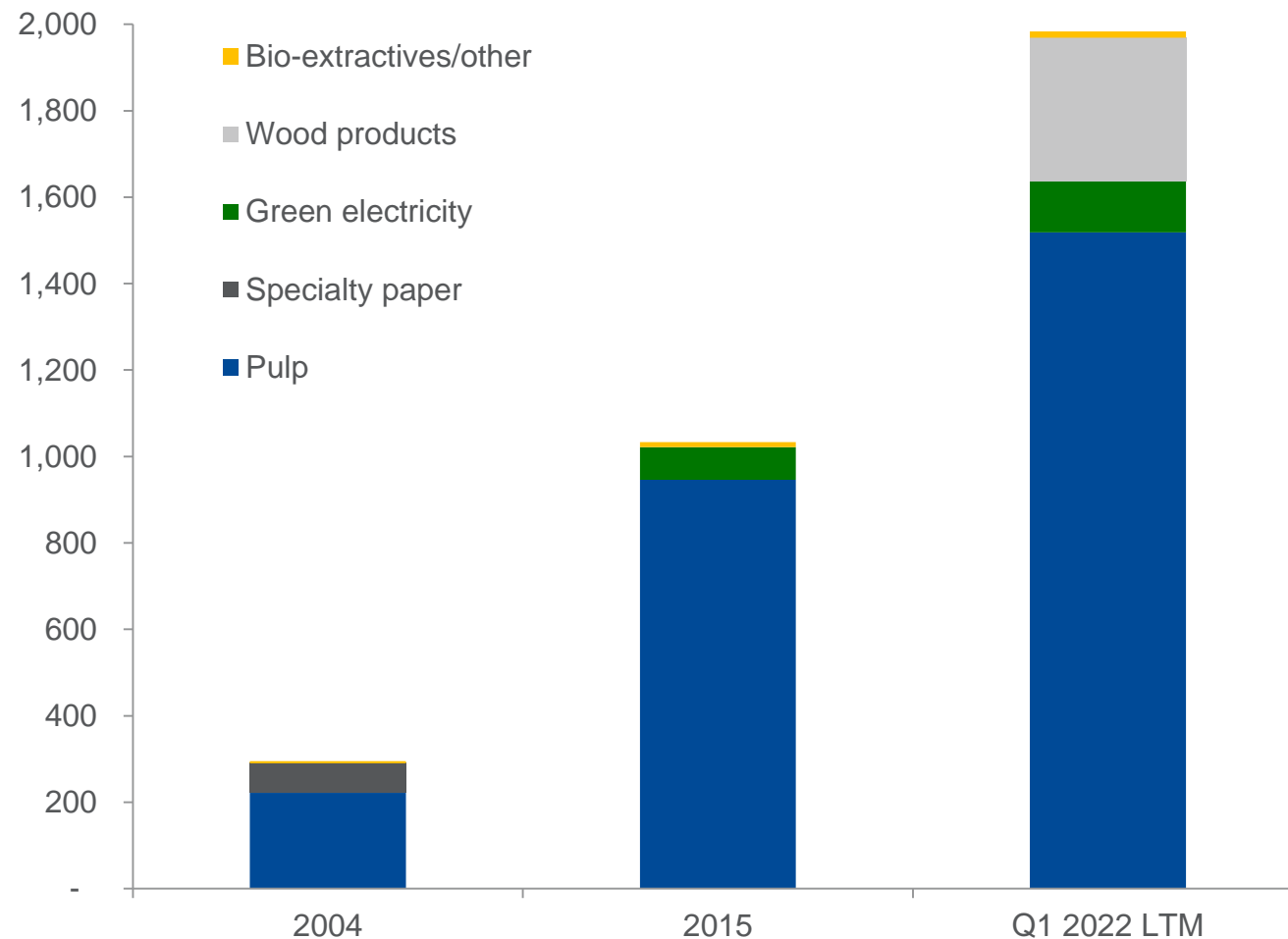
<p>Pulp</p>	<ul style="list-style-type: none"> NBSK and NBHK from sustainably managed forests are used in the production of tissue, recyclable graphic paper, and packaging alternatives to plastics One of the largest global producers of market NBSK with deep expertise and a market reputation as a reliable, efficient and high-quality producer 2,265,000 ADMT ⁽¹⁾
<p>Solid Wood</p>	<ul style="list-style-type: none"> Lumber produced from sustainably harvested and certified forests Expertise in wood procurement services that leverages logistics networks 550 MMfbm
<p>Mass Timber</p>	<ul style="list-style-type: none"> Innovative, low-carbon alternatives to traditional construction materials such as concrete and steel 140,000 m³ CLT
<p>Electricity</p>	<ul style="list-style-type: none"> Modern, highly efficient bio-refineries produce surplus renewable electricity and green bio-fuel energy as an alternative to fossil fuels 416.5 MW
<p>Bioproducts - Extractives</p>	<ul style="list-style-type: none"> Full utilization of wood extractives to produce tall oil and turpentine for the displacement of fossil fuel-based alternatives 2021 revenue of \$7.3 million ⁽²⁾

1) Total NBSK and NBHK capacity
 2) Excludes Santanol revenue

Building a Platform for Growth

- **1994:** Acquisition of Rosenthal mill
- **1999:** Rebuild of Rosenthal mill
- **2004:** Stendal greenfield construction
- **2005:** Acquisition of Celgar mill
- **2007:** Celgar "Project Blue Goose"
- **2010:** Celgar "Green Energy Project"
- **2013:** Stendal "Blue Mill" expansion and "Green Energy Project"
- **2014:** Rosenthal tall oil plant
- **2017:** Acquisition of Mercer Timber Products
- **2018:** Acquisition of Peace River; Acquisition of Santanol
- **2019:** Expansion of Mercer Timber Products sawmill
- **2020:** Acquisition of Mercer Forestry Services
- **2021:** Acquisition of Mercer Mass Timber; Stendal capacity expansion +80,000 ADMT

Consolidated Revenue (\$ millions) ⁽¹⁾⁽²⁾



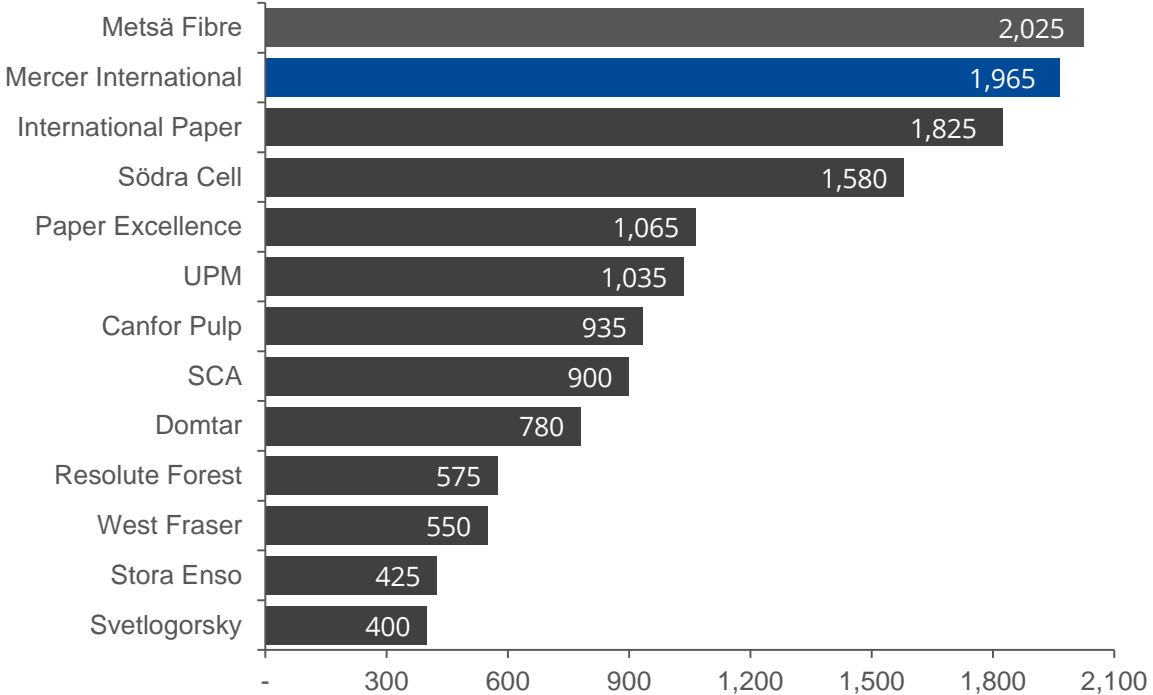
1) Q1 2022 LTM excludes energy sales from 50% owned Cariboo mill

2) Wood products includes wood residual sales

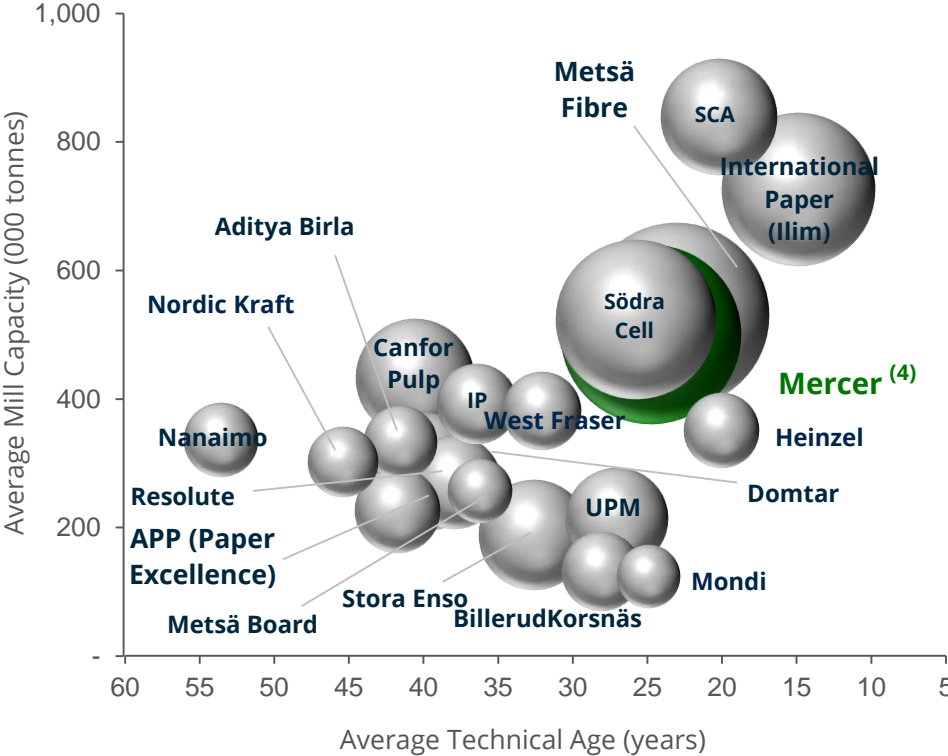
World-class Assets and Innovation

- One of the largest producers of market NBSK in the world
- Efficient distribution channels to major pulp consuming markets of Asia, Europe, and North America
- Operating among the most modern NBSK mills in the world
- Low cost, energy self-sufficient, net exporters of green electricity

Top NBSK Market Pulp Producers by Annual Capacity (000's Tonnes) ⁽¹⁾



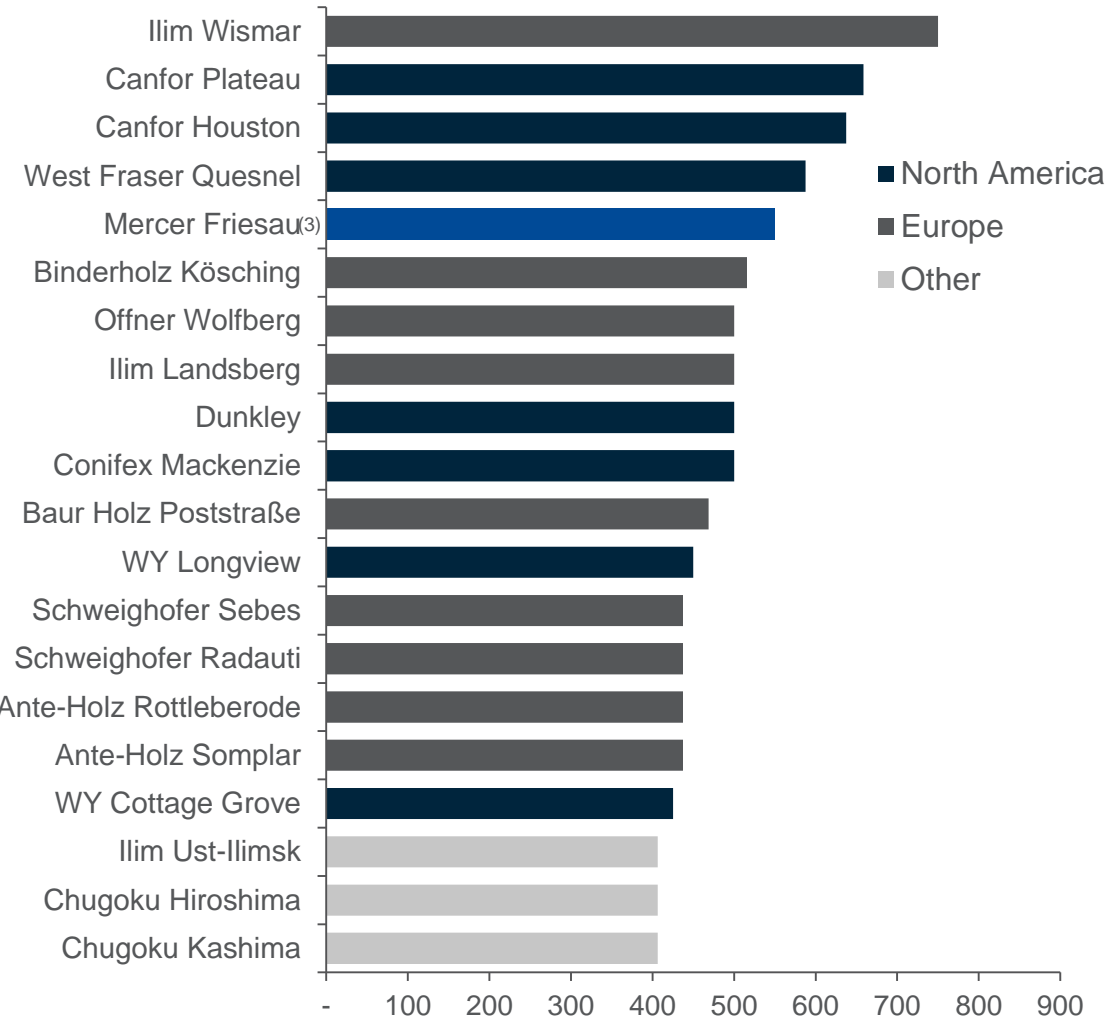
NBSK Producer Competitiveness ⁽²⁾⁽³⁾



1) Capacity for non-Mercer mills sourced from Brian McClay as at January 2022
 2) Source: FisherSolve™ Next © 2021 Fisher International, Inc.. Mercer includes Peace River, excludes 50% interest in Cariboo. SCA, Metsa Fibre reflect completion of ramp-up of Östrand and Äänekoski
 3) NBSK market pulp only
 4) Includes 475,000 tonnes for Peace River mill as it is a swing mill capable of producing 100% NBSK

World-class Assets and Innovation

Top 20 Softwood Sawmills (MMfbm) ⁽¹⁾⁽²⁾



Mercer Timber Products

- Unique flexibility to produce metric and US dimension grades, green, rough and kiln-dried for all major world markets
- Competitive shipping channels to Europe, US East and Gulf coasts, and Japan

1) Source: Sawmill capacities as per www.sawmilldatabase.com
 2) Converted from m³ to board feet at a rate of 1.6 m³ per board feet
 3) Mercer Timber Products

World-class Assets and Innovation

Mercer Mass Timber

State-of-the-art **cross-laminated timber (CLT) facility** in Spokane, WA; equipped with extensive automation technologies including one of the largest CLT presses in the world.



Design Precision: High-precision manufacturing for specific end-use applications with little to no job site waste – MMT can manufacture more than 140,000 cubic metres of CLT per year – more than 1/4 of total North American capacity.



Prefabrication and Assembly: Rapid assembly and construction improves efficiency and results in lower capital costs, including reduced demand for skilled workers, and faster occupancy.



Eco-Living: Construction timber made of sustainably sourced renewable wood, sequesters carbon, at a lower carbon intensity than steel and concrete alternatives.



Concrete of the future: Code-compliant construction materials for residential, commercial, and industrial buildings. 5x lighter than concrete – lower foundation costs, easier transportation to site, and rapid prefabricated assembly.



Optimization Through Innovation

1 Logistics Innovation

- Design and construction of dedicated trains and truck fleet for shipping wood and end-products
- Dedicated ports and breakbulk access for wood, pulp and lumber

2 Construction Expertise

- Greenfield and brownfield pulp mills
- Sawmill modernization and optimization
- Power plants and extractive plant construction

3 Continuous Improvement

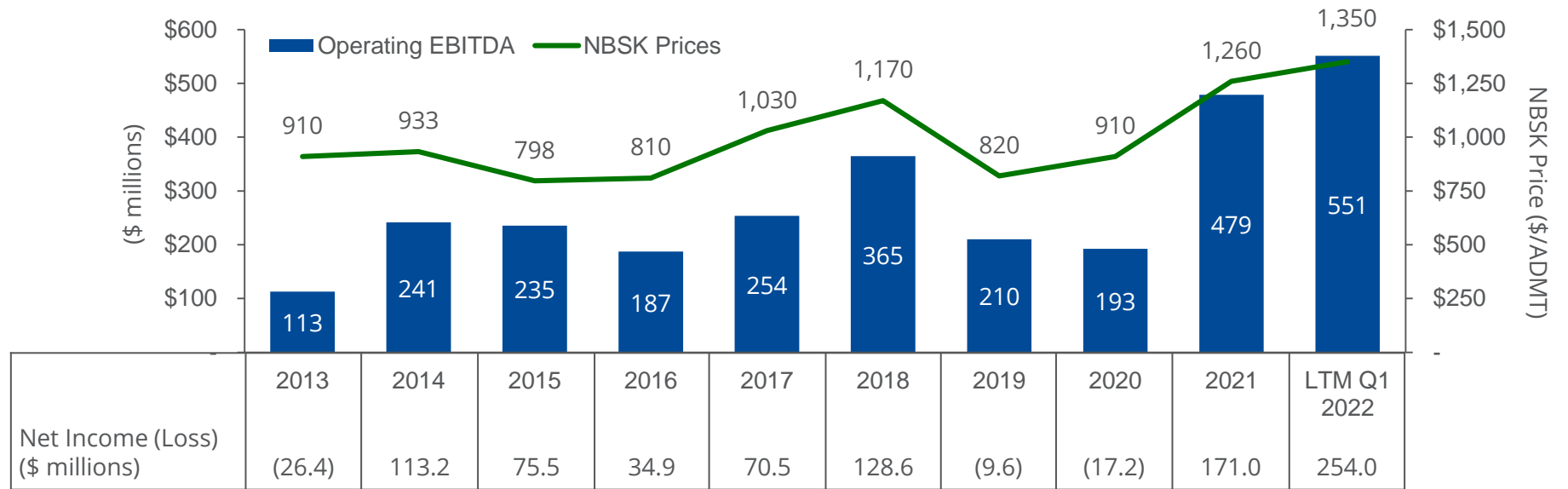
- Forest waste material recovery
- Pulp and lumber wood yield improvements
- Extractives capacity expansion
- Energy efficiency
- GHG emission and chemical use reductions

Financial Performance

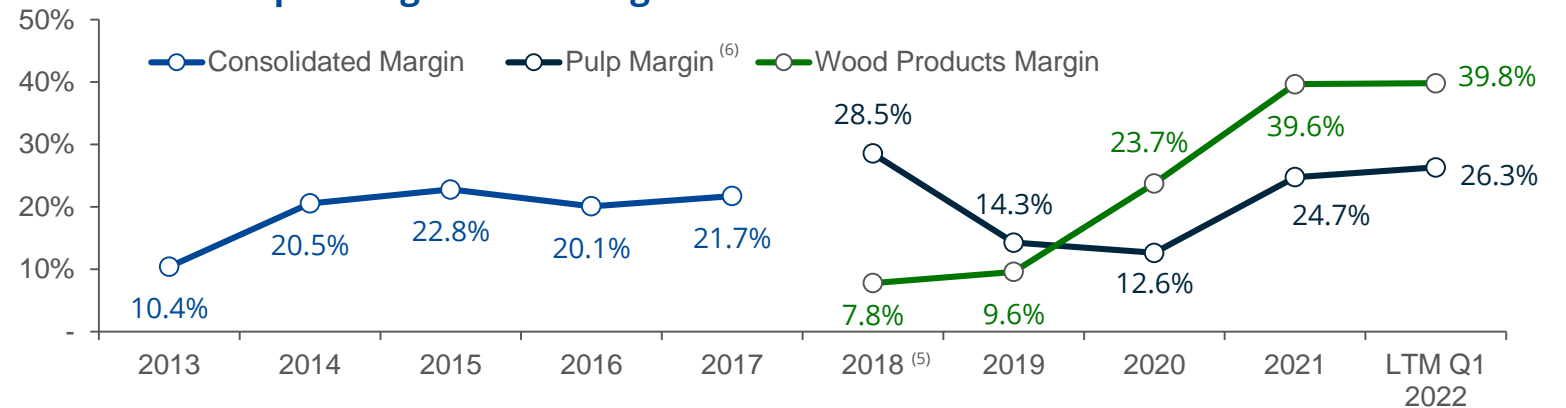
- Operating EBITDA ⁽¹⁾⁽²⁾ was historically influenced by global NBSK pricing, however:
- Green electricity revenues remain relatively fixed
- Wood products are a growing source of EBITDA; contributing \$123 million in 2021, \$136 million LTM

Introduction of wood products business has diversified EBITDA and moderated margins

Annual Operating EBITDA (1)(2)



Annual Operating EBITDA Margin (1)(2)(3)(4)



Note: Some numbers may not add due to rounding

- Operating EBITDA is a non-GAAP measure. For a Reconciliation of Net Income (Loss) to Operating EBITDA, please refer to slide 21
- Operating EBITDA Margin is defined as Operating EBITDA divided by revenue
- Our reporting currency was the euro until October 1, 2013. Prior figures converted to USD at average FX rates in effect during the period
- Excludes unrealized MPR synergies and energy sales from 50% owned Cariboo mill, recorded as an equity investment
- Includes MPR results since acquisition on December 10, 2018
- Excludes corporate segment

Prudent, Agile Capital Structure

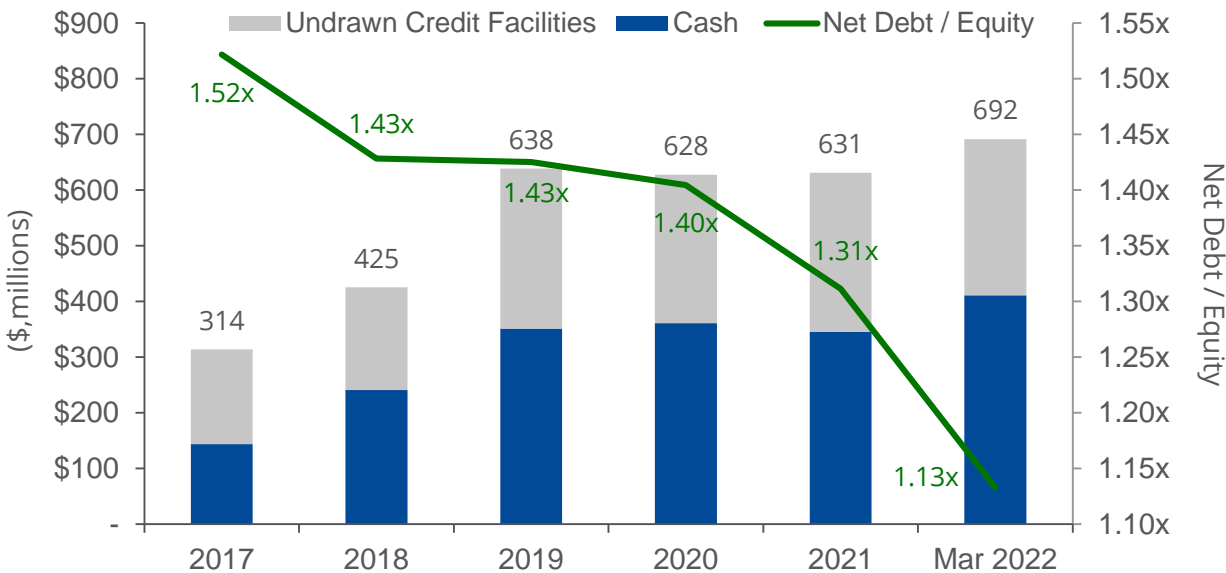
Liquidity is managed to the global economic conditions:

- 2016-2018: Tighter liquidity during stronger economic conditions and expansion period for Mercer
- 2019-2021 Higher liquidity to protect against global economic weakness and to allow Mercer to advance key strategic initiatives such as capex and acquisitions uninterrupted

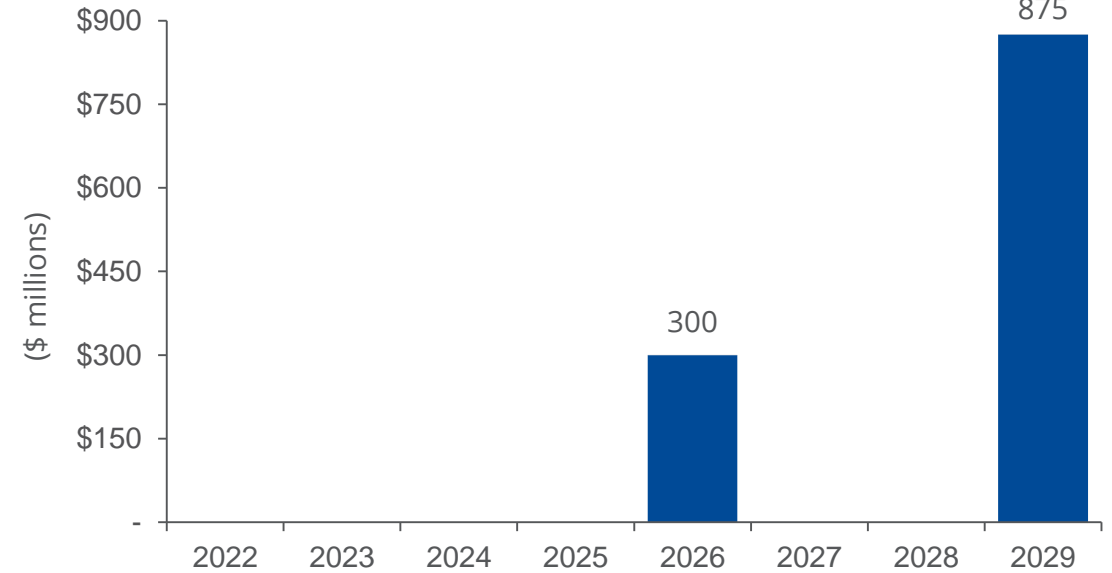
Debt composition is optimized when opportunistic:

- Weighted average maturity of senior debt is 2028
- Weighted average coupon of 5.22%; a reduction of 1.44% and 1.50% since December 31, 2020, December 31, 2017, respectively
- Current debt rating of B+ (S&P); Ba3 (Moody's)

Liquidity (1)



Senior Debt Composition



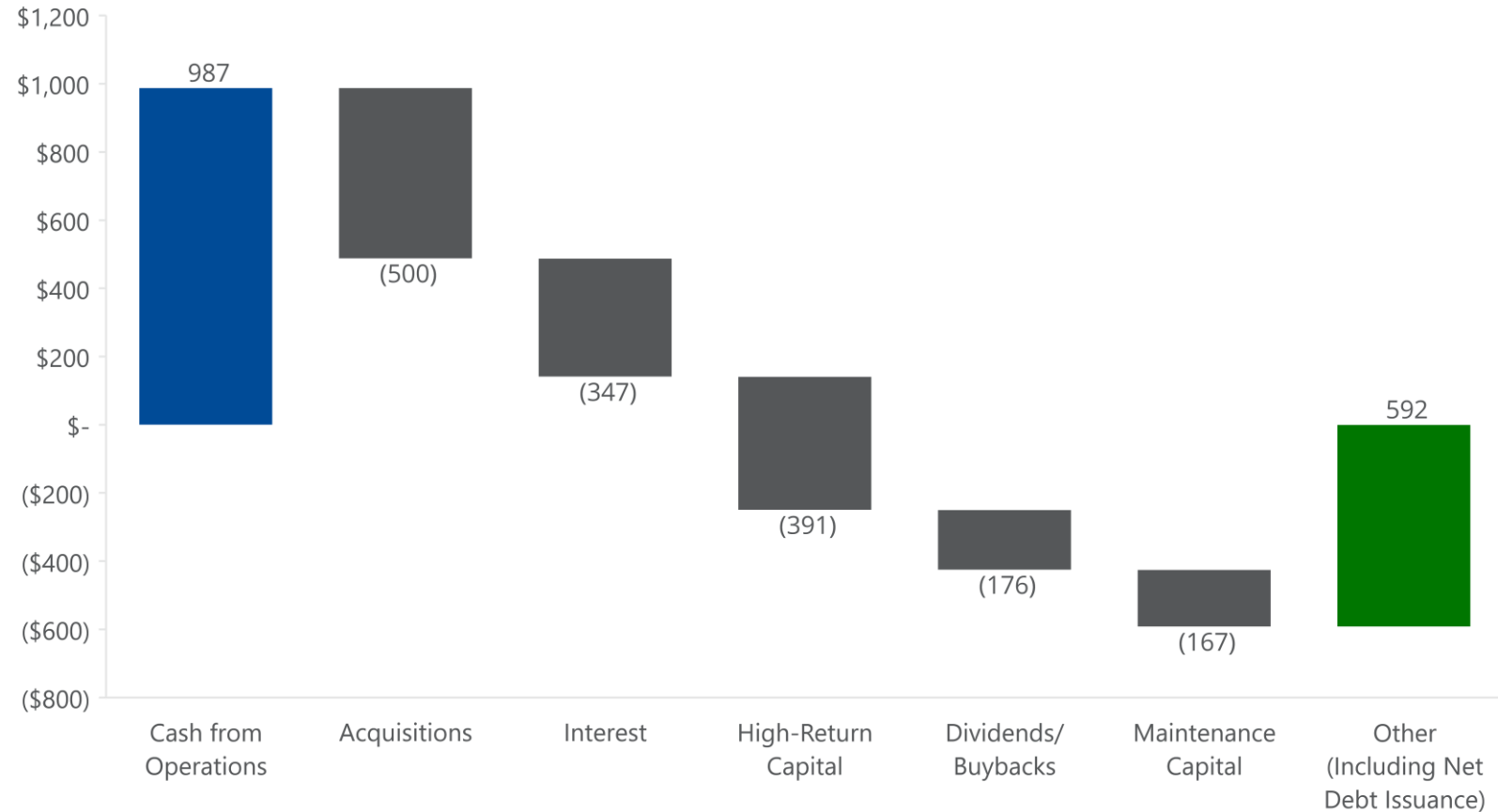
1) Liquidity calculated as total cash and cash equivalents and combined availability under revolving credit facilities

Balanced Capital Allocation

Capital allocation is balanced and consistent with the strategy:

- Maintenance of Business ⁽¹⁾ capital expenditures to maintain modern, efficient and reliable mills.
- Growing the Company through acquisitions and high-return capital expenditures.
- Commitment to returning capital to shareholders through a material dividend.
- Accumulation of or reduction to cash in response to economic conditions at the time.

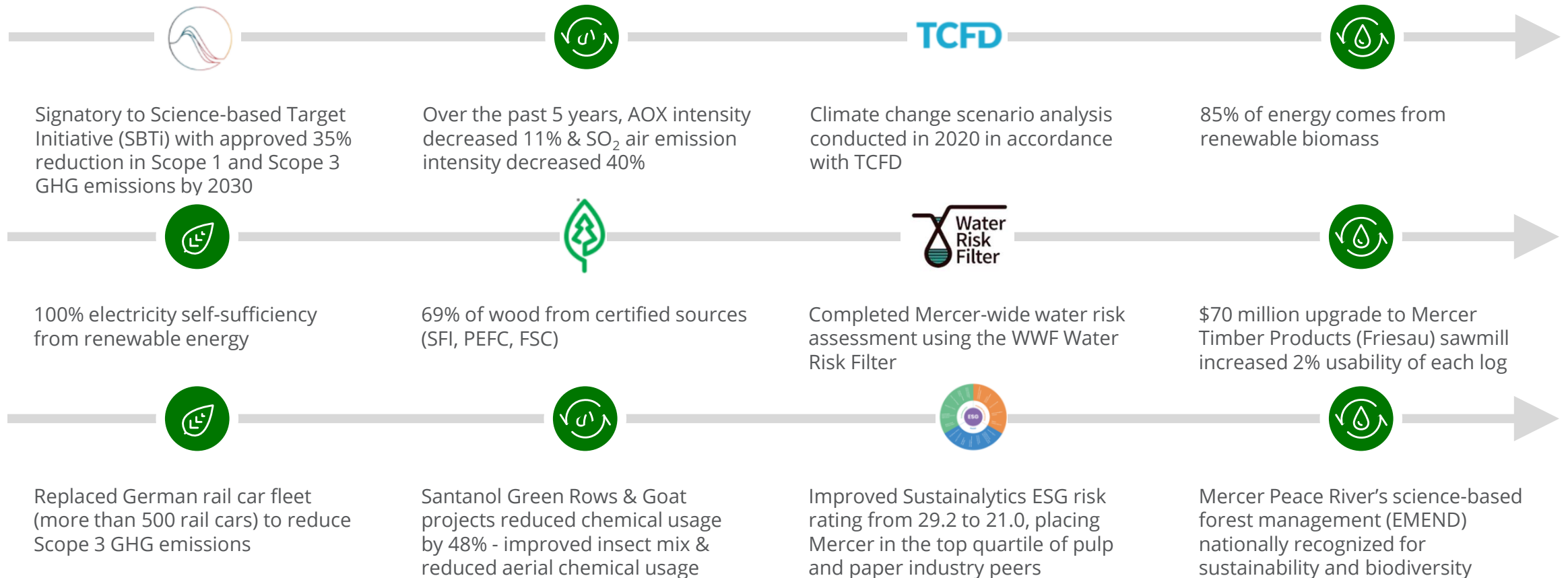
Cumulative Capital Allocation
2016-2021 (in \$millions)



1) Maintenance of Business is a term broadly referencing the base capital required to continuously use facilities and equipment, in their designed capacity and efficiency, for their intended purpose

Environmental Responsibility

**Modern assets and innovation makes our processes sustainable.
A continuous improvement culture keeps us advancing.**



Social Responsibility

Embracing social responsibility means consciously upholding our commitments. That's the Mercer way.



Partnered with Business for Social Responsibility (BSR) to develop positive workplace, community, and global impact actions



Signatory to Canadian Council of Aboriginal Business and UNDRIP



High-potential global candidates participating in SGMI Institute of Management St. Gallen leadership training



Global DE&I council workgroups building governance structure, literacy and bias awareness



1/3 of Mercer's top 100 management positions held by women



90% of key leaders completed unconscious bias training



19% of 2021 new hires were women – a 6% increase from 2020 and 1/3 of BOD are women



Progressive Aboriginal Relations (PAR) program of the Canadian Council for Aboriginal Business (CCAB) certification



Indigenous Traditional Land Use (TLU) partnership project to digitally map landmarks, sites, and values



2021 CEO of the Year Safest Workforce



Mercer Peace River voted Alberta's Top 70 Employers 2021; FPAC 3x Awards of Excellence recipients 2021;

Current Market Conditions

Pulp: Near-Term	Pulp: Mid-Term
No material new near-term NBSK capacity	Steady demand growth, principally from the increasing middle class of emerging economies, will support demand for graphics papers, packaging, hygiene, and specialty paper products
New hardwood capacity from South America is targeted to textiles or matching demand growth	New environmental policies in Asia are limiting the availability and quality of recycled fiber; quality of recycle is declining
Recent closure of high-cost NBSK mills (APP) and more frequent unplanned maintenance, transitions away from paper grade	Growing demand for wood fibers for textiles as an alternative for higher environmental impact cotton and polyesters
Shipping constraints limiting some pulp producers to local markets and extreme transportation bottlenecks - particularly in Western Canada	Growing demand for wood fiber-based packaging solutions to displace highly polluting plastic products
Lumber & Mass Timber Products: Near-Term	Lumber & Mass Timber Products: Mid-Term
Extreme transportation bottlenecks, particularly in Western Canada; rising construction costs	Historically low mortgage rates, historically low and old housing inventory, highest demographic of 30-35 year olds in US history
Cross-laminated timber demand growth exceeding 30% CAGR	Falling lumber supply from Canada due to annual cut reductions due to insect infestations, forest fires, and old growth protection measures
	Demand for low-carbon building solutions displacing concrete and steel construction
Green Energy: Near-Term	Green Energy: Mid-Term
Regional shortages of natural gas have doubled electricity prices in central Europe in recent months due to conflict in Ukraine; benefitting net producers like Mercer	Western economies are winding down fossil fuel and nuclear-based electricity generation in favor of solar and bio-fuel derived power like that from Mercer
	Electrification of economies will continue to drive electricity demand growth

Investment Highlights

**Compelling
Carbon-forward
Products**

**Sustainable,
Long-term
Growth**



Management committed to growth in spaces where we have core competencies



Prudent and agile balance sheet discipline, commitment to the dividend



Commitment to sustainability in our products, operations, and communities



Attractive long-term fundamentals in key markets

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