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Domtar Quarterly Financial Report: Q1 2018

Our preliminary Q1 2018 financial report is in. Highlights from this Domtar first-quarter financial report include:

- First-quarter 2018 net earnings of \$0.86 per share
- A \$50-per-ton price increase on the majority of communication grades, to be implemented in May 2018
- \$90 million of cash flow from operating activities

Quarterly Review

Domtar reported net earnings of \$54 million (\$0.86 per share) for the first quarter of 2018 compared to a net loss of \$386 million (\$6.16 per share) for the fourth quarter of 2017 and net earnings of \$20 million (\$0.32 per share) for the first quarter of 2017. Sales for the first quarter of 2018 were \$1.3 billion.

"We continued to see strong price momentum for our products in the first quarter with higher price realizations in both of our Pulp and Paper businesses," said John D. Williams, president and chief executive officer. "Despite improved results, some of our operations were adversely affected by severe weather, notably in our pulp business, which impacted production and costs. Constrained availability of trucking options also contributed to higher-than-expected freight costs in the first quarter. Nevertheless, the short-term outlook for pulp and paper markets continues to be favorable."

Commenting on Personal Care, Mr. Williams added, “Our results in Personal Care were in line with our expectations. While our margins were impacted by higher raw material prices and lower selling prices, we are taking actions to reduce costs in order to improve performance. We continue to mitigate headwinds, with a focus on continued cost savings and converting our sales pipeline into new wins.”

Operating income was \$77 million in the first quarter of 2018 compared to an operating loss of \$513 million in the fourth quarter of 2017. Depreciation and amortization totaled \$79 million in the first quarter of 2018.

Outlook

For the remainder of the year, our paper shipments should benefit from the announced industry capacity closures, and we expect to benefit from recently announced pulp and paper price increases. The second quarter will be affected by seasonally higher maintenance activity in our Pulp and Paper business as we move into the annual shutdowns at some of our major facilities. Personal Care is expected to be negatively impacted by higher raw material costs and an unfavorable tender balance.

For more information on the [Domtar first-quarter financial report](#), please read the full press release.

All information from the Domtar quarterly financial report is in U.S. dollars, and all earnings per share results are diluted, unless otherwise noted.



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