



MERCER

international

Investor Presentation

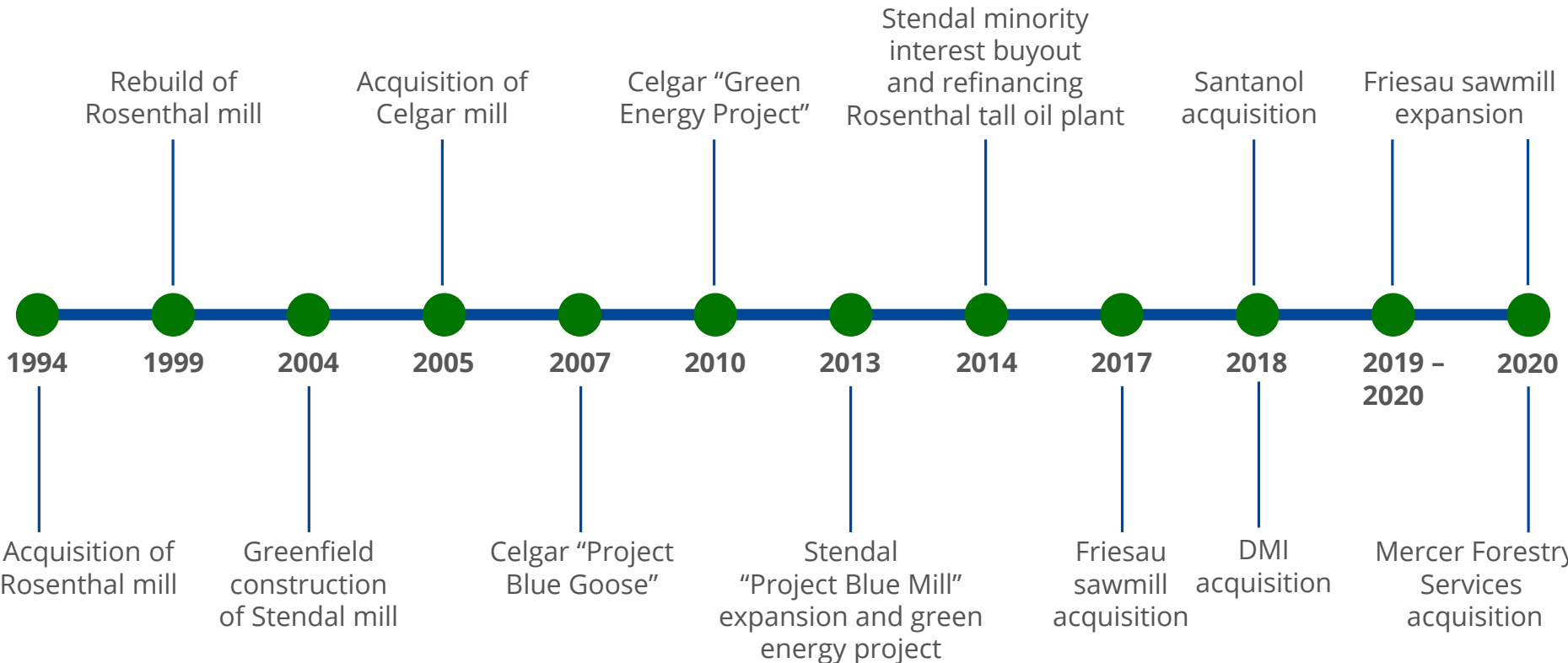
February 2021



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 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.

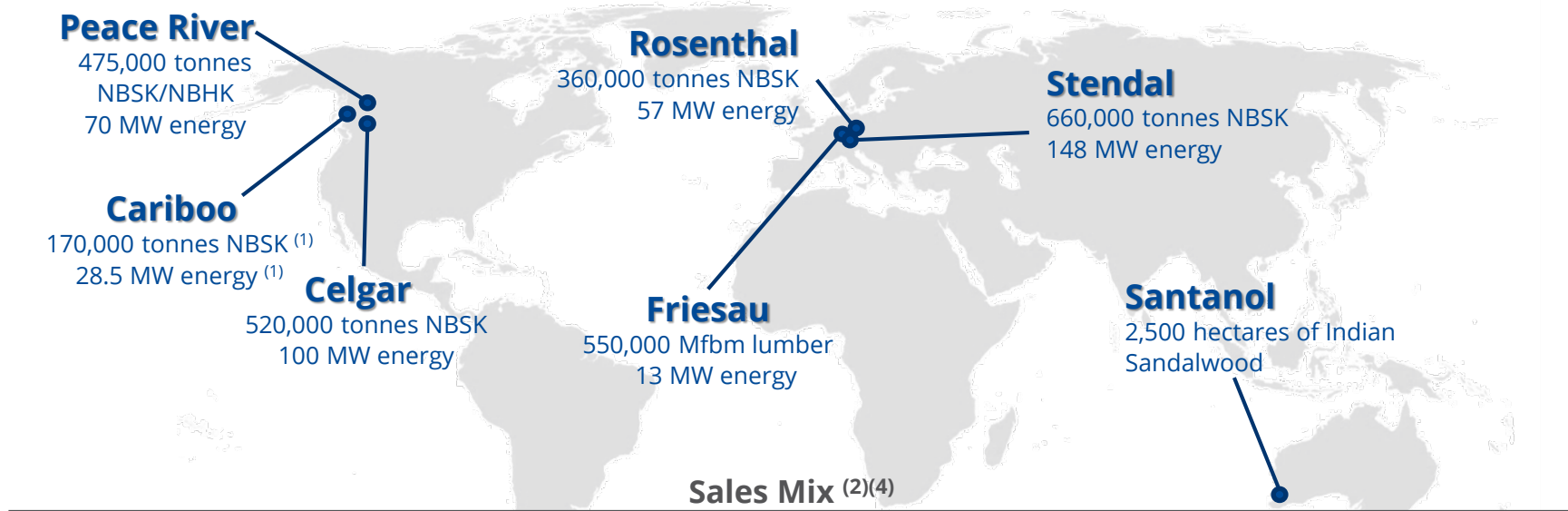
Building a Platform for Growth

A history of execution...

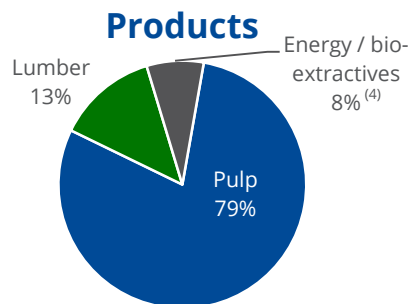


Diverse Products, Global Reach

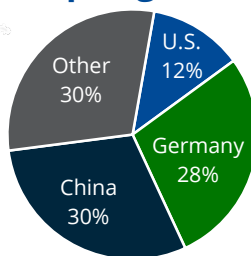
Strategically Located Facilities with Excellent Access to Key Markets



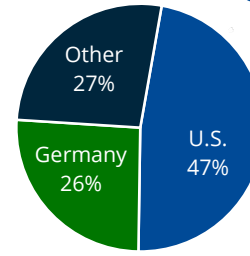
Sales Mix ⁽²⁾⁽⁴⁾



Pulp Segment



Wood Products Segment ⁽³⁾



Combined, our Pulp, Wood Products and Corporate segments include **\$106 million in green energy and bio-extractives revenue** ⁽⁴⁾

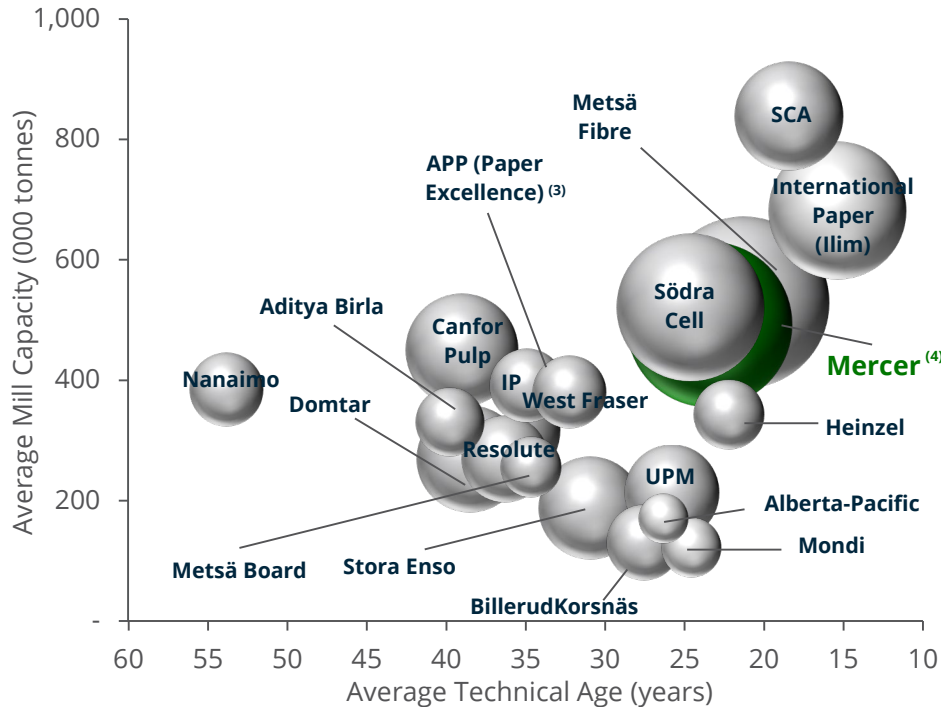
1) Represents Mercer's 50% share of operations
 2) LTM December 31, 2020 by revenue
 3) Includes wood residual sales
 4) Excludes energy sales from 50% owned Cariboo mill, recorded as an equity investment

Continuously Improving, Competitive Pulp Mills

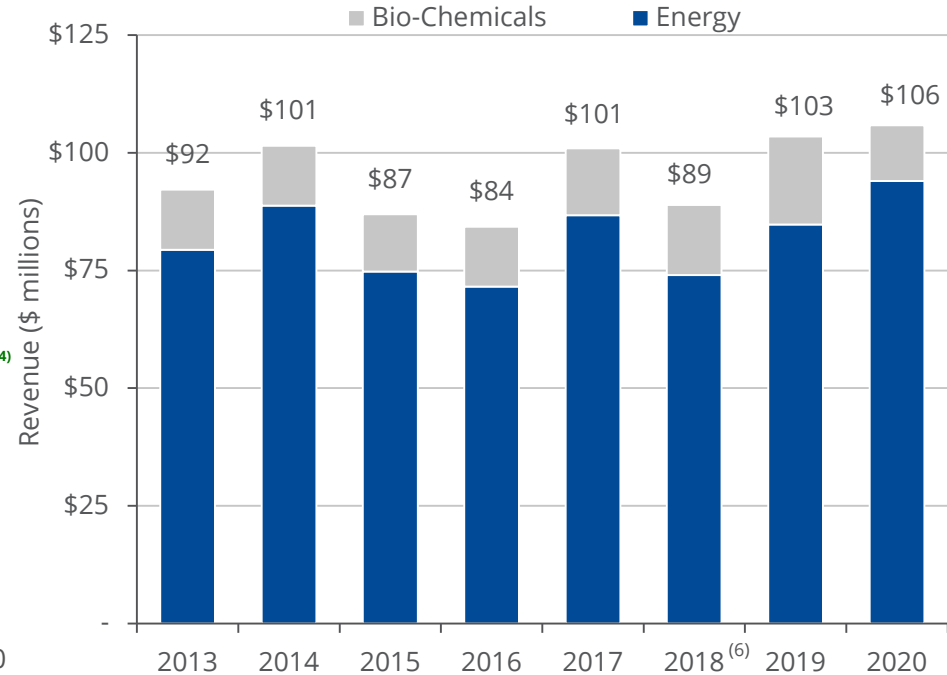
Our pulp operations are some of the largest and most modern facilities in the world

- ✓ Low production cost
- ✓ Low maintenance capital requirements
- ✓ Strong environmental performance
- ✓ Net energy exporters

NBSK Producer Competitiveness (1)(2)



Energy & Bio-Chemical Revenue (5)



1) Source: FisherSolve Q4 2020. Mercer includes Peace River, excludes 50% interest in Cariboo. SCA, Metsä Fibre reflect completion of ramp-up of Östrand and Äänekoski

2) NBSK market pulp only

3) Excludes Northern Pulp (Pictou) mill as it permanently shut on January 31, 2020

4) Includes 475,000 tonnes for Peace River mill as it is a swing mill capable of producing 100% NBSK

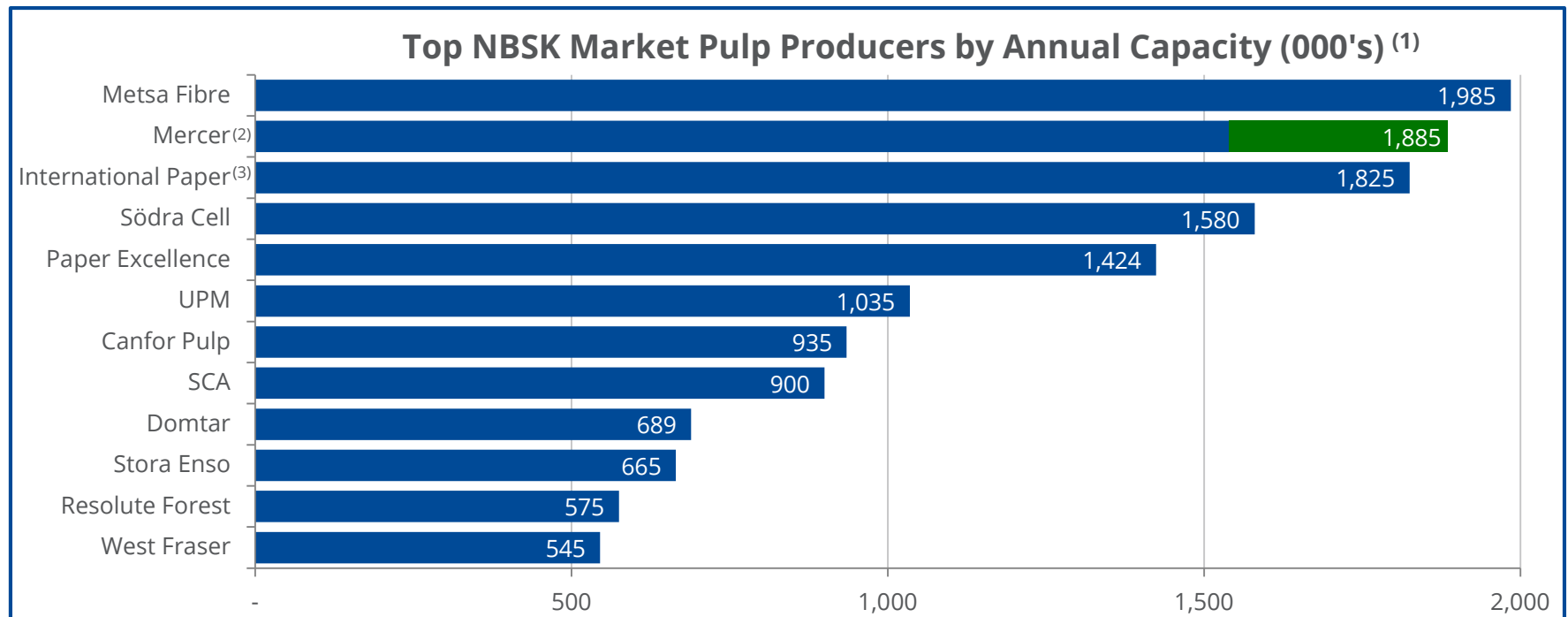
5) Excludes energy sales from 50% owned Cariboo mill, recorded as an equity investment

6) Includes MPR results since acquisition on December 10, 2018

Expanding our Pulp Mill Platform

Acquisition of DMI advances our long term growth strategy

- ✓ Expands product offering to include NBHK
- ✓ Further solidifies our position as a top global NBSK producer
- ✓ Improves exposure to growing markets in Asia
- ✓ New forest tenures strengthens raw material supply at times of constrained global supply
- ✓ Significant low cost synergy opportunities



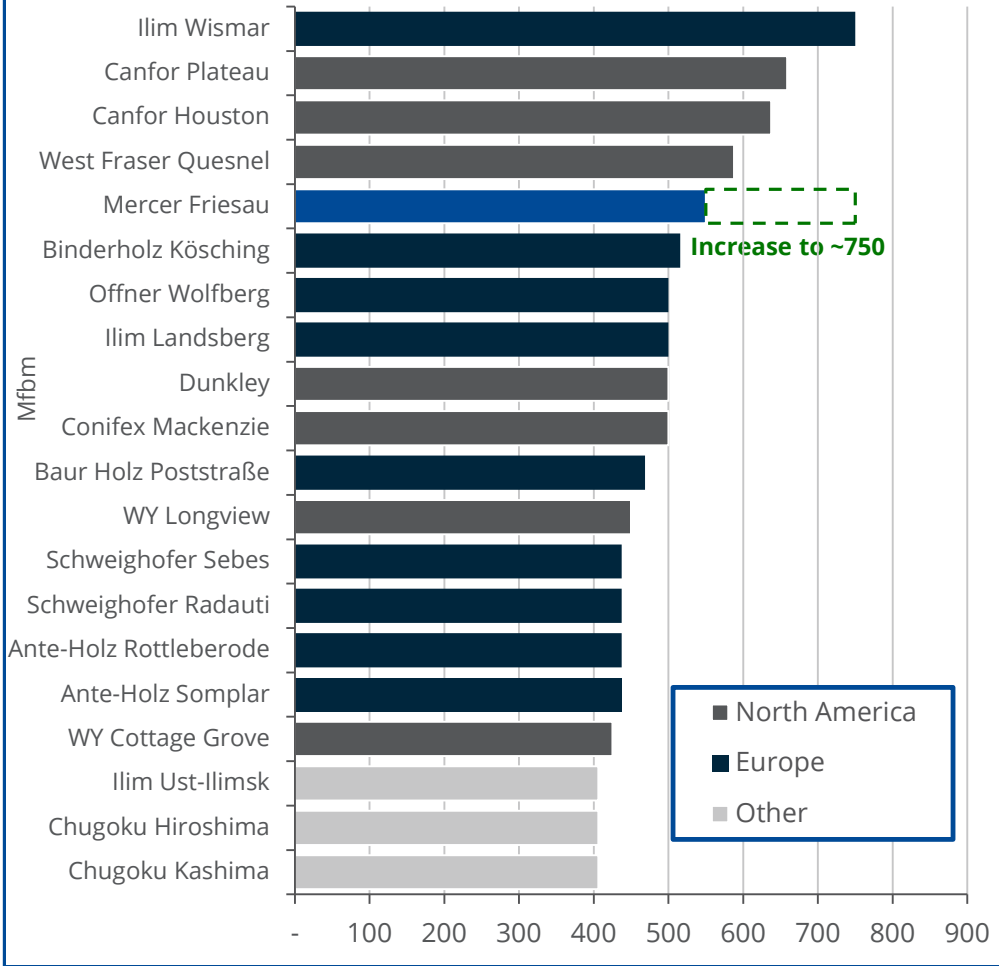
1) Capacities for non-Mercer mills sourced from Brian McClay as at December 2020

2) Includes 175,000 tonnes for Peace River mill (illustrative only; based on NBSK/NBHK production mix for the last three years) + 170,000 tonnes for Mercer's 50% ownership in the Cariboo mill

3) International Paper includes Ilim Group

Friesau Sawmill: Building on Success

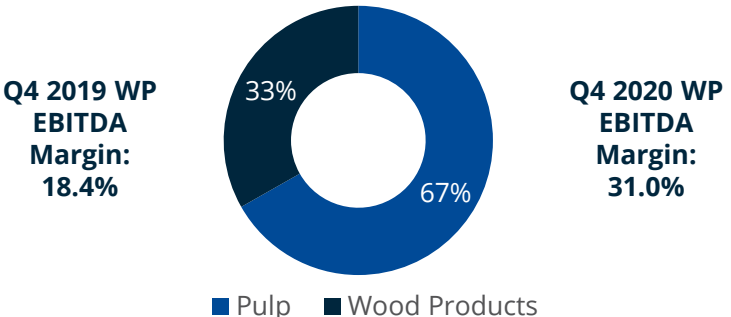
Top 20 Largest Softwood Sawmills (1)



A strong entry into the global softwood lumber market

- ✓ Comparable size to largest sawmills in North America
- ✓ Capable of producing green, kiln-dried and planed lumber for all global markets
- ✓ Commenced expansion and optimization project designed to increase production capacity to ~750 Mfbm (2)
- ✓ Upgrade, when substantially completed in 2021, will make it one of the largest and most efficient sawmills in the world
- ✓ Operating income of \$12.9 million for the period ended Q4 2020 versus \$5.3 million for the period ended Q4 2019

WP Contribution to Total EBITDA - Q4 2020



Q4 2019 WP EBITDA Margin: 18.4%

Q4 2020 WP EBITDA Margin: 31.0%

Note: Converted from m³ to board feet at a rate of 1.6 m³ per board foot

1) Source: Sawmill capacities as per www.sawmilldatabase.com
 2) On a three-shift operation basis
 3) Pulp segment includes corporate segment.
 4) Operating EBITDA is a non-GAAP measure. For a Reconciliation of Operating Income to Operating EBITDA, please refer to slide 35

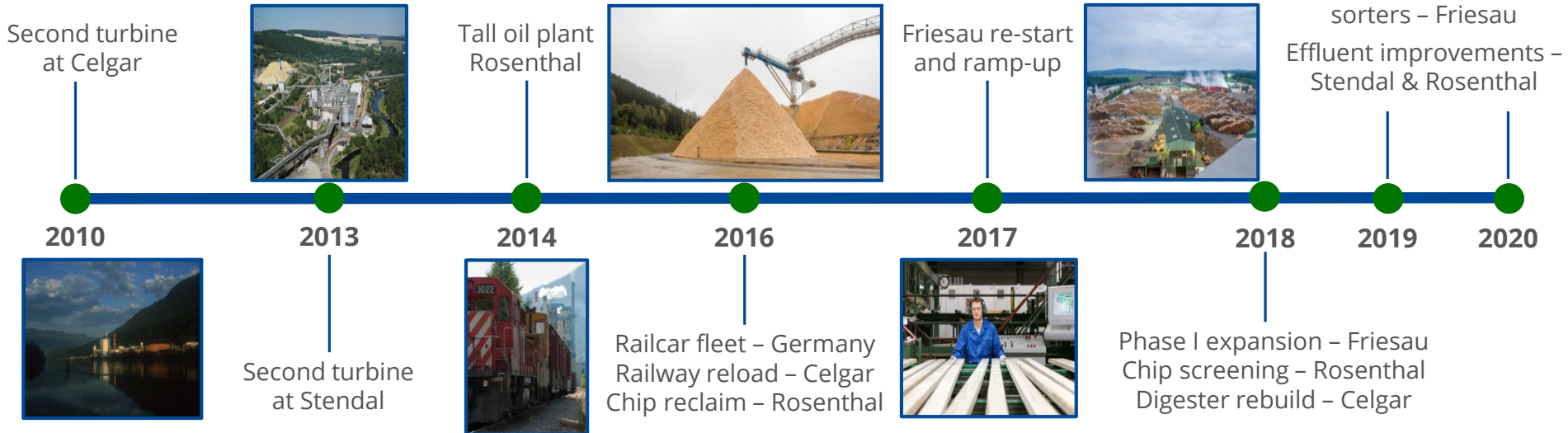
Core Competencies

Innovation

- Wood logistics
- Wood merchandising
- Waste wood utilization
- Energy and bio-extractives growth
- Wood costs reduction
- Productivity improvements



Excellence in Execution



Executing Mercer's 4-Element Strategy

World class assets

1

- Driving Celgar to its full potential
- Continued debottlenecking at Stendal, Rosenthal and Peace River
- Sawline upgrades, sorter expansion and new planer mill at Friesau

Seize growth opportunities and diversify EBITDA ⁽¹⁾

2

- Growth in areas of core competence:
- Acquisition of Peace River, Cariboo JV interest and Santanol in 2018 and Mercer Forestry Services in 2020
- Ramp up of Friesau sawmill to capitalize on high-return opportunities and alternative market capability
- Optimization of bio-extractives production

Target Growth Areas

- Kraft pulp
- Bio-extractives / wood derivatives
- Wood products
- Specialty pulp and paper products
- Energy

3

Manage balance sheet to enable growth and dividends

- Maintain prudent leverage level to withstand global economic shocks
- Material quarterly dividend

Growth built on a platform of sustainability

4

- Sustainable, renewable, bio-degradable, certified products, many of which displace fossil fuel based alternatives
- Sustainable manufacturing process:
 - Environment – innovative practices and continuous investments that lower the environmental footprint of our mills and our supply chain
 - Social – deep engagement with communities in which we operate, CEO-led “Road to Zero” health and safety culture
 - Governance – best practices for corporate governance

1) Operating EBITDA is a non-GAAP measure. For a Reconciliation of Net Income to Operating EBITDA, please refer to slide 34

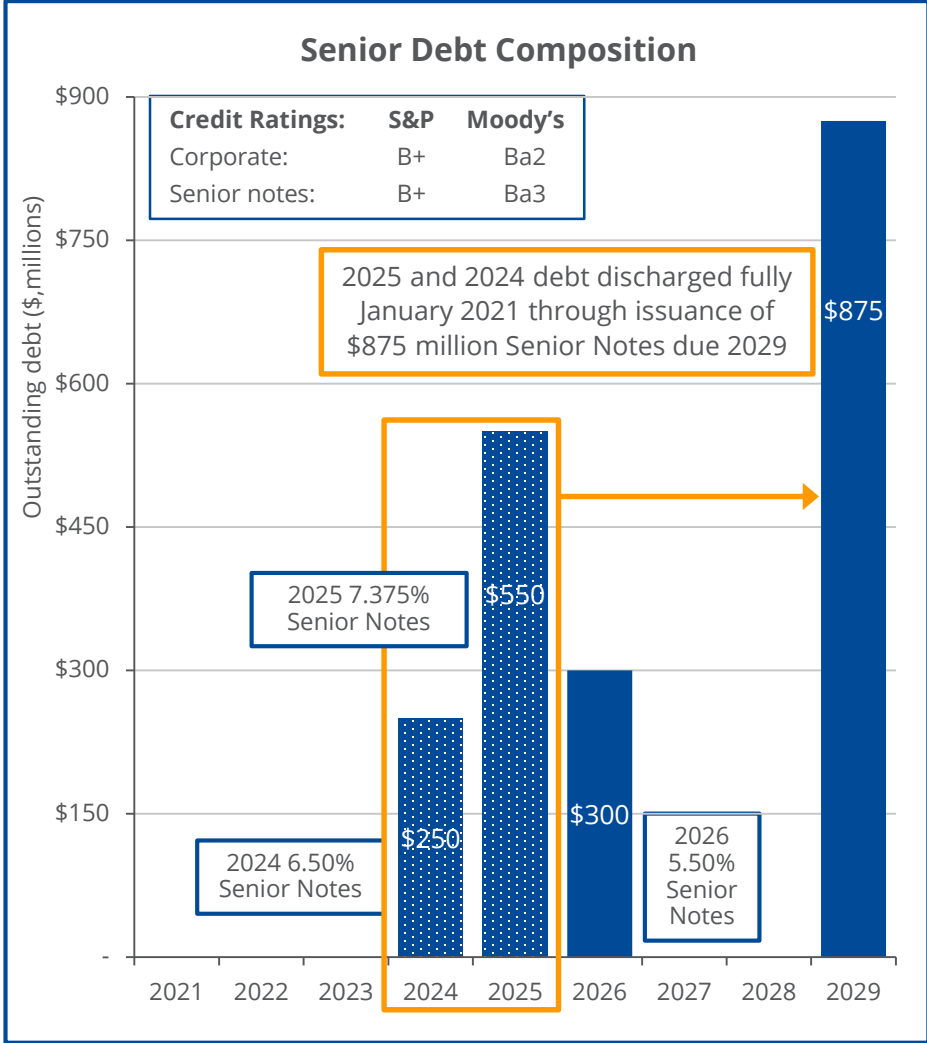
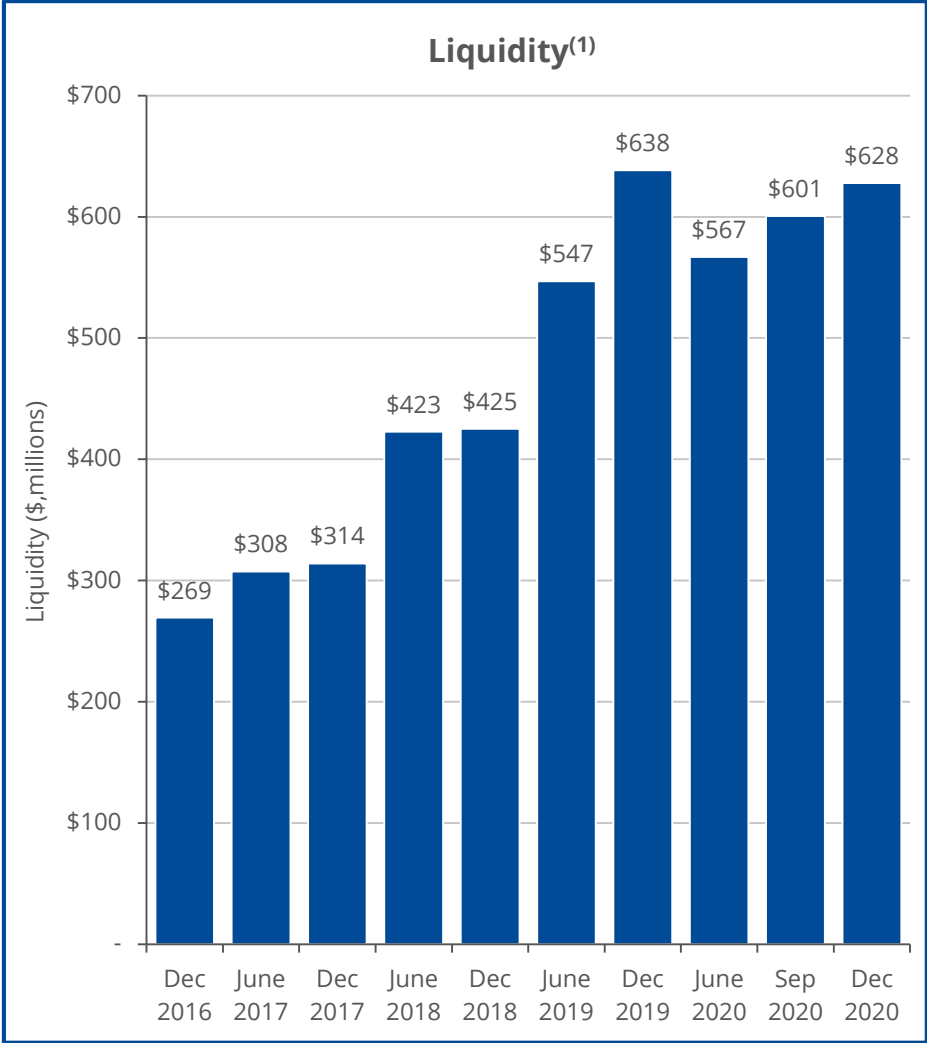
A Platform of Sustainability

Sustainable products for a carbon conscious planet:

- ✓ Solid wood products produced from sustainably sourced, certified, private and public land suppliers
 - Products used in construction and renovation end uses
 - Displacing higher carbon footprint concrete and steel alternatives
- ✓ Pulp products produced from wood waste materials such as low quality forest wood and residuals from sawmills
 - End uses include bio-degradable tissue and packaging, as well as alternatives to plastic packaging
- ✓ Electricity generated from the pulp chemical recovery process
 - Self-supply co-generated electricity and sell surplus
 - Green electricity capacity is displacing coal based electricity in most jurisdictions
 - Residual steam eliminates fossil fuel use
- ✓ Bio-based extractives produced from resins and natural oils of wood
 - Displacing hydrocarbon based products including food additives, aroma-therapy and fragrance applications



Liquidity and Debt Maturities



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

COVID

- The Company has not experienced any material disruptions to its operations or outbreaks since the pandemic was declared in March, 2020:
 - The Company activated its Crisis Management Plan; a documented communication and decision protocol that was developed to ensure clear communication and decisive actions to reduce risk
 - CEO-led “Road to Zero” health and safety culture guided our implementation of procedures at our operations both to protect our employees and to allow our mills to safely operate uninterrupted
 - Rigorous protection measures implemented during the spring are being maintained in preparation for a “second-wave” of infections
- COVID has impacted end use demand considerably, albeit inconsistently:
 - Increases in demand for tissue and hygiene products; early in the pandemic, demand was supported by inventory build. Currently, demand is sustainably higher than pre-COVID levels (towels versus air dryers for example)
 - Graphic papers are suffering considerable demand reductions, while a portion of this demand is not expected to return, the remainder is expected to recover as global economic conditions improve.
 - Packaging and specialties products are holding as the world becomes more reliant on web-based deliveries for products
- Absence of new capacity, announced curtailments and deferred maintenance are supporting upward pressure on pulp prices in Q1, 2021.

Long-Term Market Opportunities

Demand

Pulp

- Steady demand and falling inventories will improve markets over time
- Steady mid-term growth from emerging economies, including China, across spectrum of grades
- New environmental policies reshaping fiber supply-demand fundamentals in China (agricultural pulps, recycled paper)
- Stable demand in western economies

Lumber

- We expect US lumber prices to remain at elevated levels over the next year, supported by rising housing starts and currently low inventory levels
- Recovering Eurozone economies will support modest demand growth

Supply

- We are beginning to see supply-side restrictions as many old, high cost NBSK mills that are still running are beginning to experience unplanned maintenance downtime, curtailments and closures (i.e. closure of the Northern Pulp mill, and curtailment of Paper Excellence's Crofton mill)
- Limited new, near-term capacity expected after three years of considerable growth
- Russian producers cycling from softwood to hardwood
- Conversions of softwood to other grades

- Increased supply of spruce beetle damaged wood in Europe
- Pine beetle and historic overcutting resulting in annual cut reductions across BC
- Recent forest fires in Canada and Scandinavia
- Transportation bottlenecks

Mercer: Sustainable, Long-Term Growth





Appendix A

Market Primer

Global Wood Fibre Overview⁽¹⁾

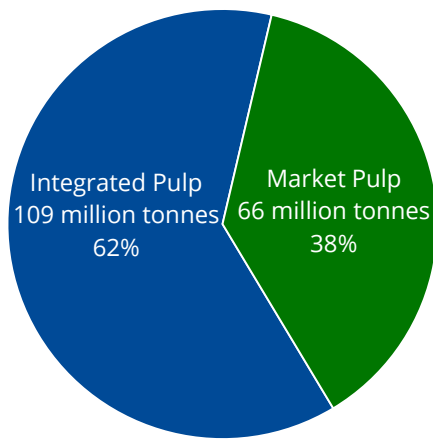
Global Fibre Consumption 406 million tonnes

Virgin Fibre Wood Pulp
175 million tonnes

Recovered Fibre
211 million tonnes

Other
14.4 Mt

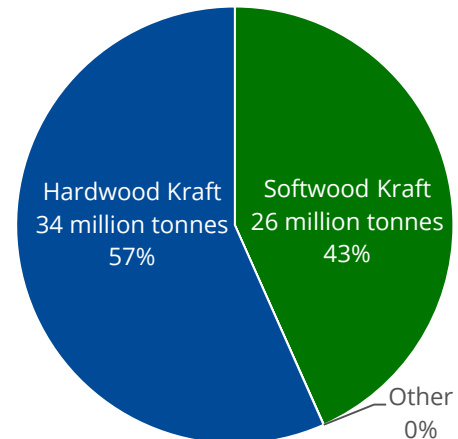
Virgin Fibre Wood Pulp



Chemical Pulp
60 million tonnes

Other Pulp
6 million tonnes

Chemical Pulp

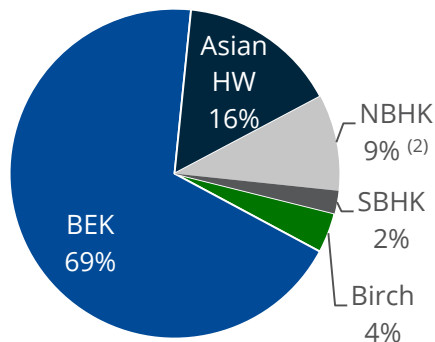


1) Source: Hawkins Wright (August 2020) for 2019E

NBSK, NBHK Market Overview

Northern Bleached Hardwood Kraft (“NBHK”) is produced from aspen, maple, balsam and beech grown primarily in Canada, Russia and Northern Europe

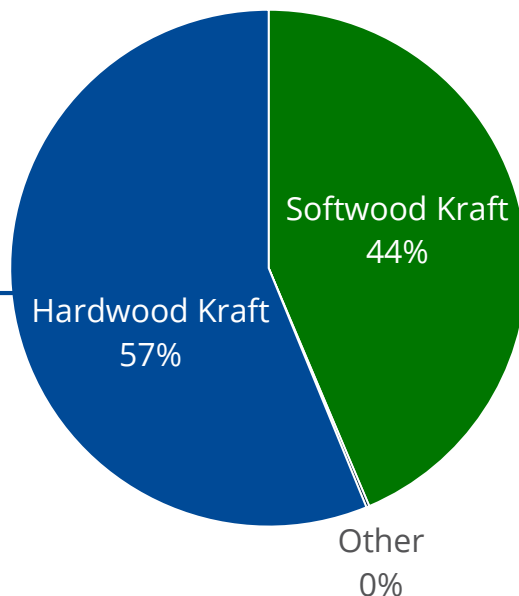
Bleached Hardwood Kraft Pulp Demand (1)
(33.7 million tonnes)



NBHK Characteristics

- Short fiber length yielding smoothness
- Strong optical, opacity and bulk qualities

Chemical Pulp Demand (1)
(60.0 million tonnes)



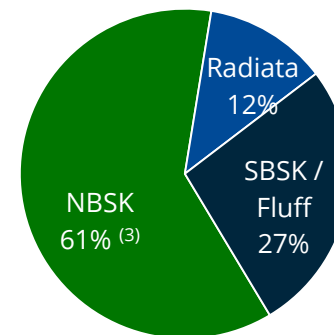
NBSK and NBHK Key End Uses

Tissue, printing and writing paper and specialties



Northern Bleached Softwood Kraft (“NBSK”) is produced from spruce, pine, fir and cedar grown primarily in Canada, Northern Europe and North-Central Russia

Bleached Softwood Kraft Pulp Demand (1)
(26.2 million tonnes)



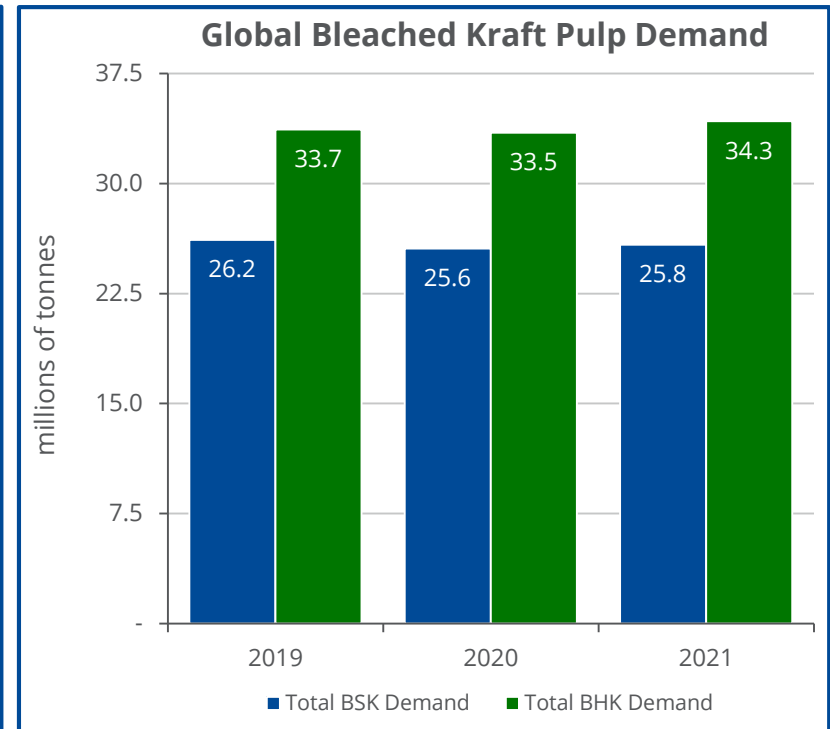
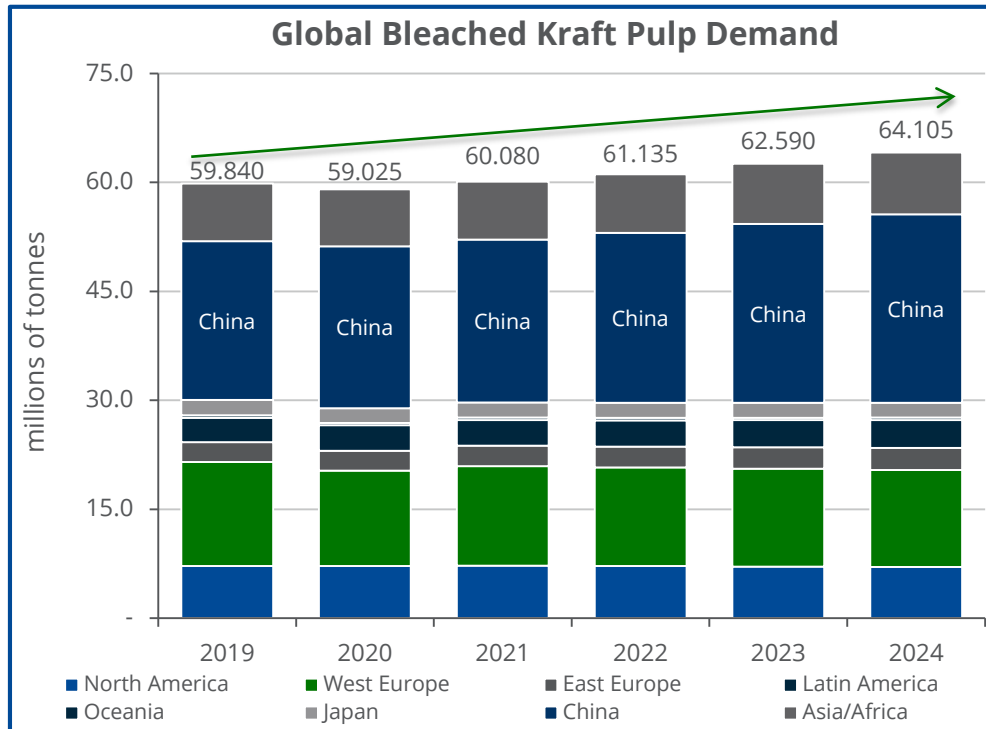
NBSK Characteristics

- Long fiber length yielding high tensile strength
- High fiber diameter yielding good bonding surface
- Low cell wall thickness yielding high flexibility

1) Source: Hawkins Wright (August 2020) for 2019E
 2) 2019E NBHK demand ~3.2 million tonnes
 3) 2019E NBSK demand ~16.0 million tonnes

Global Bleached Kraft Pulp Market (1)

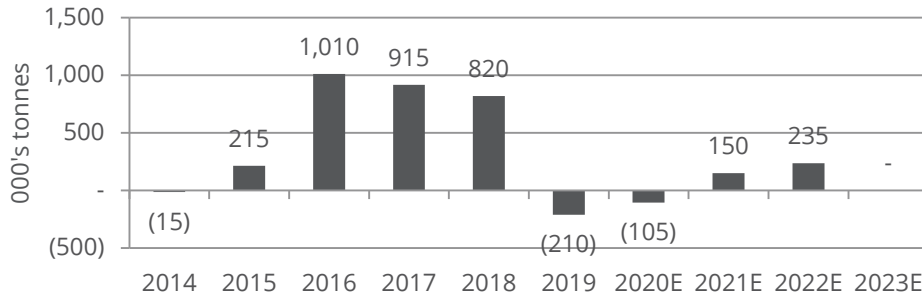
- From 2019, global BKP demand is forecast to grow by 4.3 million tonnes through 2024, at an average growth rate of 1.4% per year
- China is expected to account for the majority of entire global demand growth between 2019 and 2024, increasing demand by 4.1 million tonnes
- Overall BKP demand is increasing, with BHK demand expected to increase by 3.8 million tonnes from 2019 to 2024, while BSK demand is expected to increase by 0.5 million tonnes



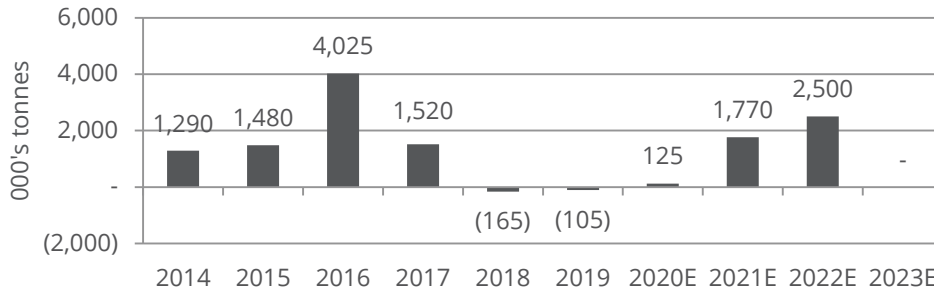
1) Source: Hawkins Wright - Outlook for Market Pulp (August 2020)

Pulp Capacity Changes

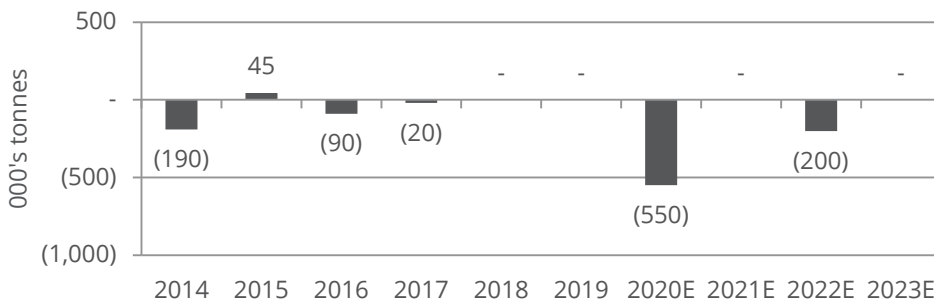
NBSK Market Pulp Net Capacity Changes ⁽¹⁾



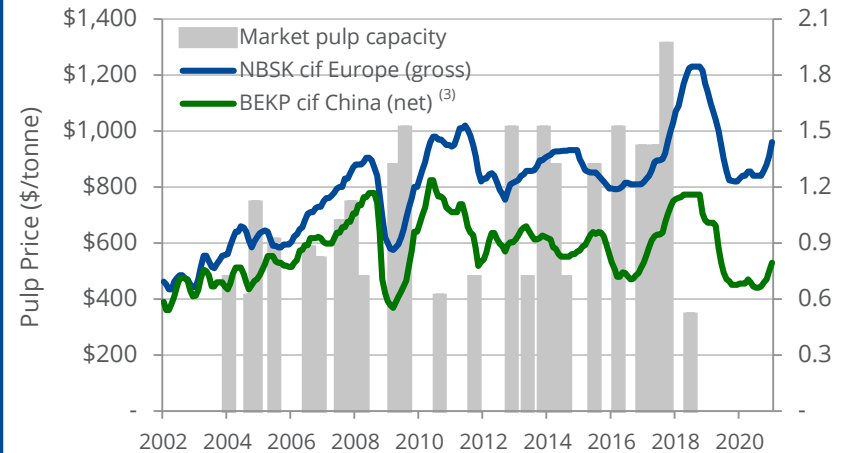
Hardwood Market Pulp Net Capacity Changes ⁽¹⁾



SBSK/Fluff/Radiata Market Pulp Net Capacity Changes ⁽¹⁾



Price Impact of New Capacity ⁽²⁾



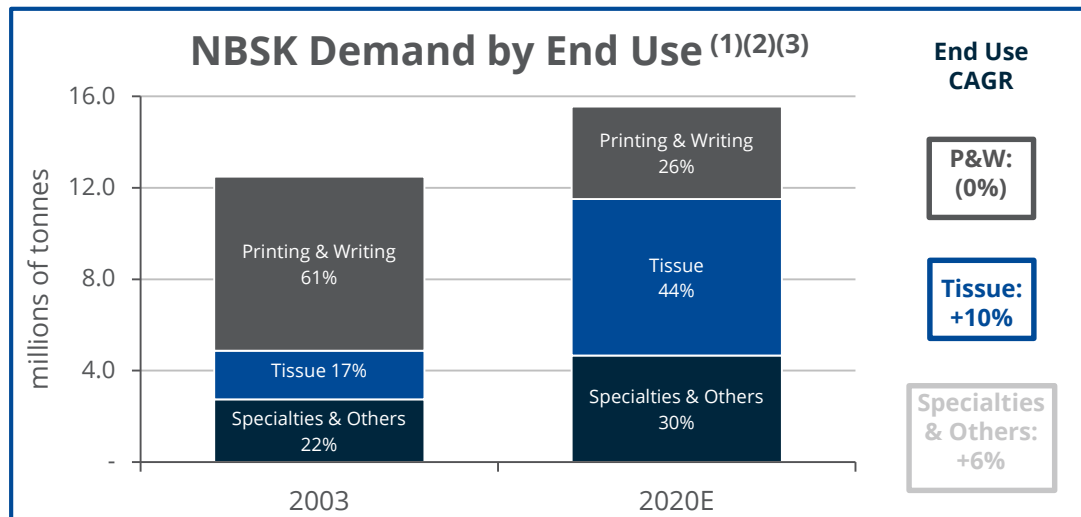
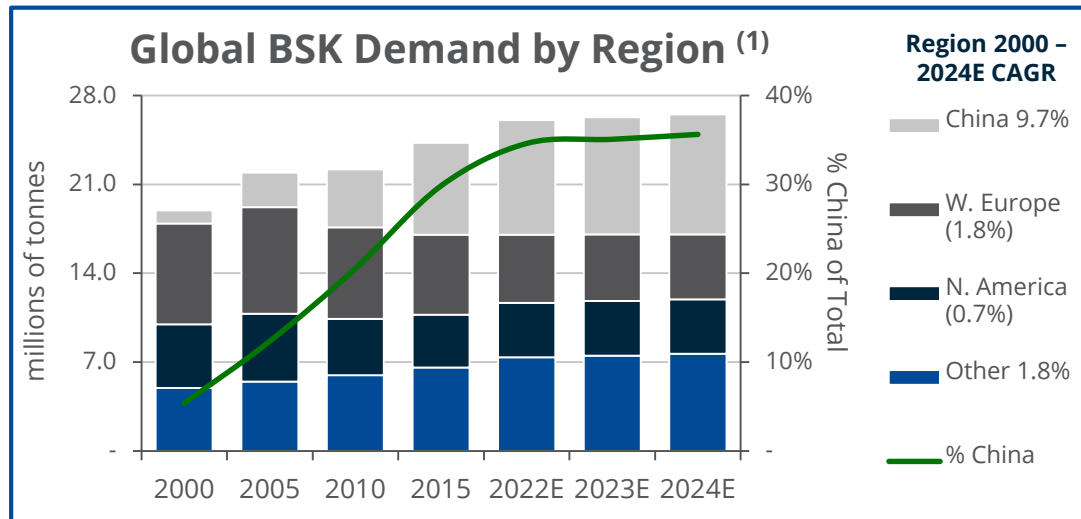
- Capacity additions have been displacing Chinese domestic agricultural-based, high polluting pulp and deteriorating availability and quality of recycled fiber
- Pulp price changes in the past were more heavily influenced by global economic conditions than capacity additions

1) Source: PPPC (November, 2020)
 2) Source: Hawkins Wright (February 25, 2021, prepared for Mercer International)
 3) BEKP is used as a benchmark for NBHK

NBSK – Demand Drivers

NBSK Demand Changes

- Increased NBSK demand for tissue and specialty products continues to rise globally
- In developing countries, demand for NBSK across all end uses is growing
- Increasing income levels, rapid urbanization of populations and rising living standards are creating strong demand for fiber of all grades
- Demand for NBSK in printing and writing grades, while stabilizing in recent years, has fallen in the developed economies of North America and Western Europe due to the digitalization of print media
- Despite declines in developed countries, the global compounded annual growth rate of NBSK demand was ~2.0% between 2014 and 2019, or an average of ~609 thousand tonnes per year ⁽¹⁾



1) Source: PPC (September 2020, February 2016, April 2006) for BSK Demand

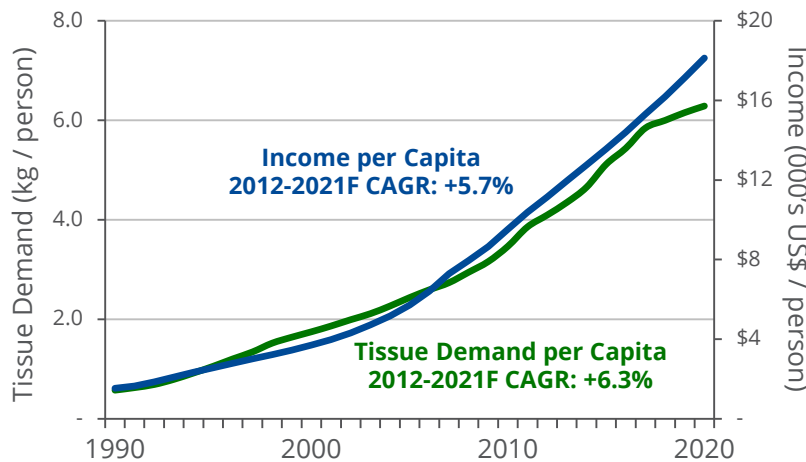
2) Source: Brian McClay (October 2020) for current NBSK End Uses; PPC (September 2020) for 2020 Demand Forecast

NBSK – The Chinese Market

China is the leader of demand growth in developing economies

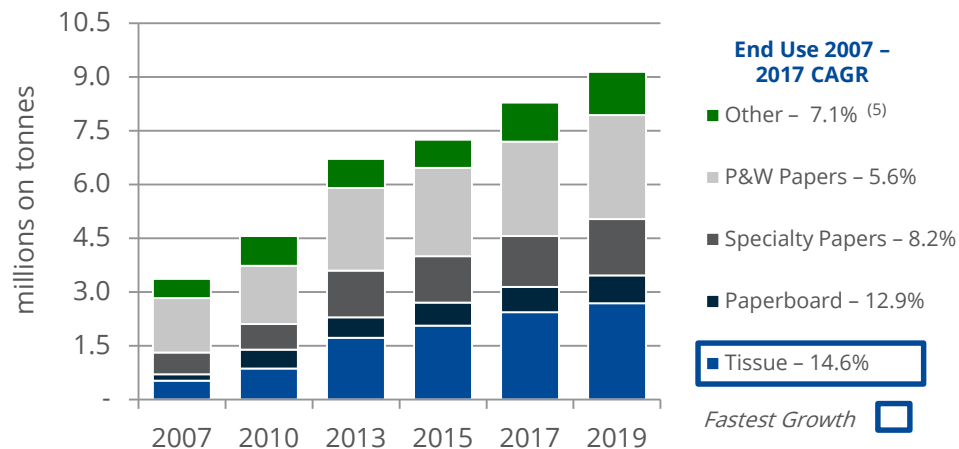
- In China, demand for NBSK grew on average by 5.9% between 2013 and 2018 on a compounded basis ⁽¹⁾
- Growth has been driven by higher living standards which is driving growth across all end uses, but is most pronounced in high NBSK-containing tissue and specialties products

Tissue Demand & Income in China ⁽²⁾⁽³⁾

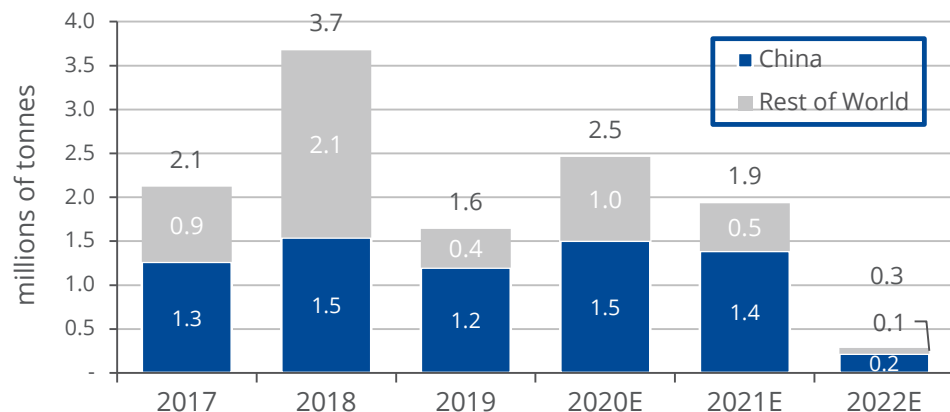


- 1) Source: PPPC (September 2020) for NBSK demand
- 2) Source: PPPC (February 25, 2020, prepared for Mercer International)

China's BSK Pulp Demand by End Use ⁽⁴⁾

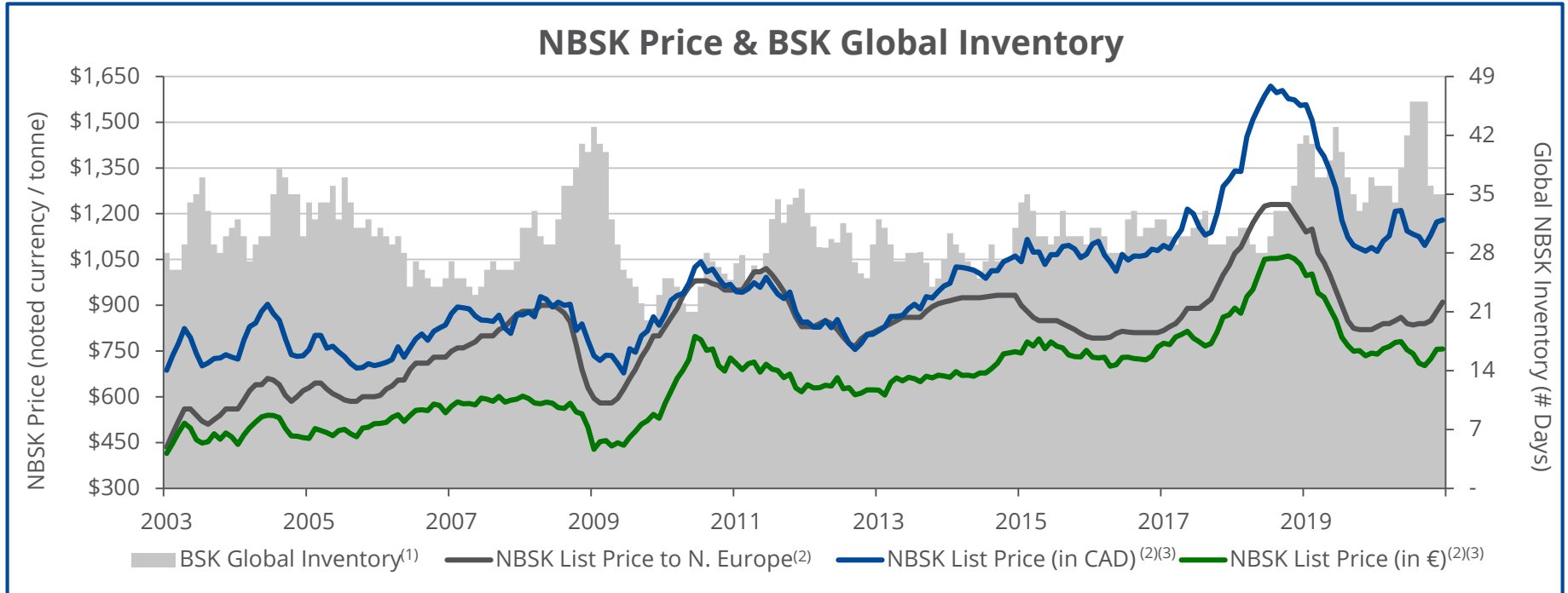


Tissue Capacity Growth by Region ⁽⁶⁾



- 3) Note: Income measured at purchasing power parity in constant 2011 US dollars
- 4) Source: PPPC (September 2020) for BSK demand and PPPC (October 2020) for end uses
- 5) Other includes fluff-based products, kraft papers, mechanical printing & writing grades and newsprint
- 6) Source: Brian McClay (January, 2021), some numbers may not add due to rounding

NBSK – Pricing Trend



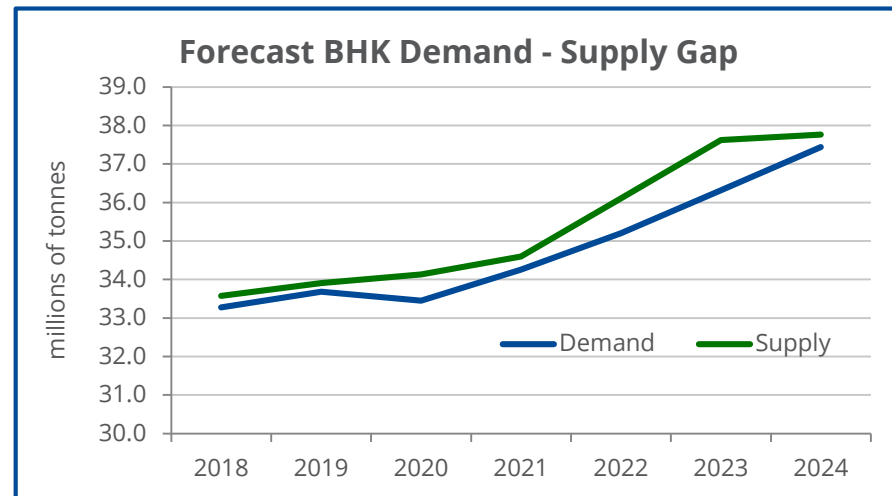
- Most NBSK is produced in euro and Canadian dollar zones, so the U.S. dollar NBSK price can be influenced by changing exchange rates, as was the case in 2015
- NBSK was, until the early 2000's, the global benchmark pulp grade used in most paper applications
- With the introduction of southern eucalyptus hardwood plantations and mills, hardwood pushed NBSK out of many low-strength paper grades
- During this time the global NBSK capacity rationalized to supply customers seeking high strength and bonding characteristics

1) Source: PPPC monthly World Chemical Market Pulp Flash reports for inventories
 2) Source: Brian McClay Market Pulp Monthly reports for pricing
 3) Source: FactSet for exchange rates

NBHK – Demand

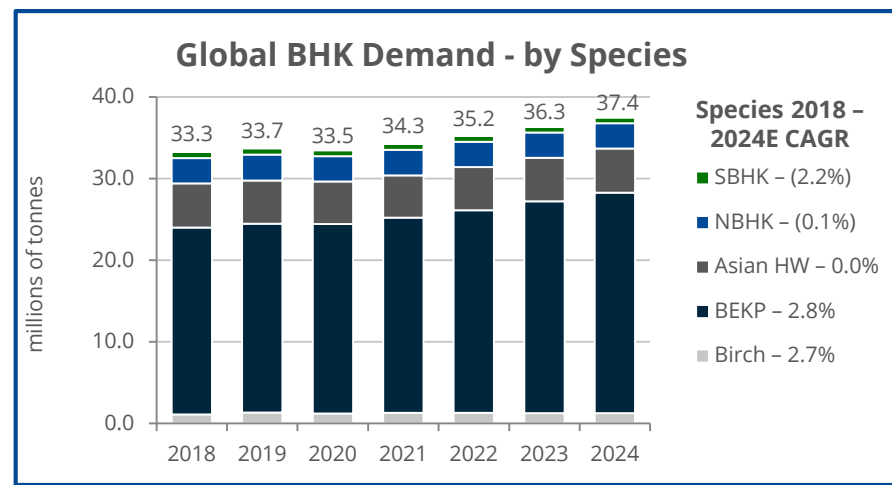
Overview

- The BHK market has grown on average 3.1% per year since 2009, in contrast to NBSK which has grown by 3.0% during the same period
- BHK consists of many species with unique attributes suitable for various applications
- BEK dominates the BHK market due to its high fiber density, accounting for 67% of global BHK capacity and 69% of global BHK demand ⁽¹⁾



Aspen NBHK

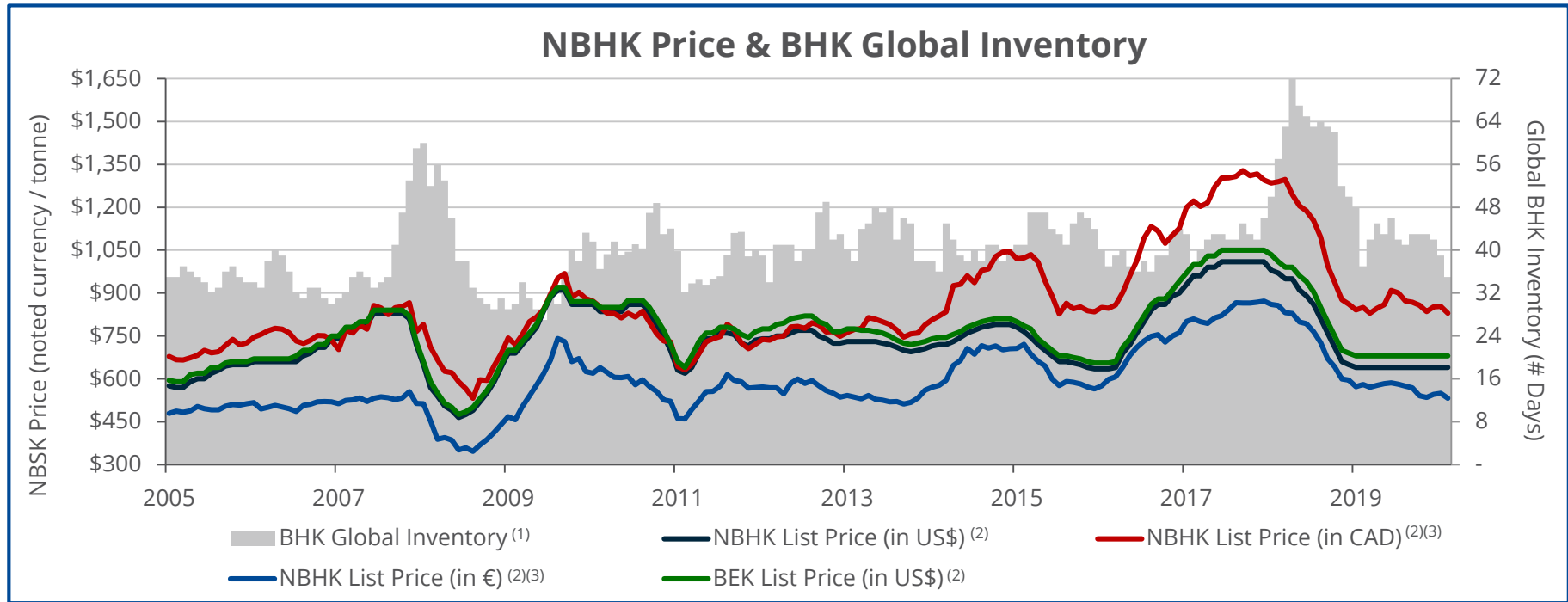
- Peace River Pulp produces Aspen NBHK – a niche product ideal for applications requiring a smooth surface
 - Aspen NBHK is included within the NBHK pulp category
 - Demand for NBHK is forecast to decrease at a CAGR of (0.1%) through 2024, while capacity is forecast to remain flat over the same period ⁽¹⁾



Note: Source: Hawkins Wright – Outlook for Market Pulp (August, 2020)

1) Based on 2018A

NBHK – Pricing Trend



- Most NBHK is produced in euro and Canadian dollar zones, so the U.S. dollar NBHK price can be influenced by changing exchange rates, as was the case in 2015
- With the introduction of eucalyptus hardwood plantations and mills, hardwood pushed NBSK out of many low-strength paper grades

1) Source: PPC monthly World Chemical Market Pulp Flash reports for inventories
 2) Source: RISI delivered to Europe list price reports for pricing
 3) Source: FactSet for exchange rates



Appendix B

Overview of Operations

Rosenthal Mill

- **Location:** Blankenstein, Germany (~300 km south of Berlin)
- **Pulp production capacity:** 360,000 tonnes per year NBSK
- **Electricity generating capacity:** 57 MW
- **Certification:** ISO 9001, 14001, and 50001
- **2020 green electricity sales:** \$16.1 million
- **2020 bio-extractives sales:** \$0.02 million

Key Features:

- Built in 1999 – modern and efficient
- Strategically located in central Europe
- Close proximity to stable fiber supply and nearby sawmills
- Allows customers to operate using just-in-time inventory process, lowering their costs and making Rosenthal a preferred supplier
- One of the largest biomass power plants in Germany
- In 2020, the mill sold 154,177 MWh of green electricity
- Regularly setting new pulp and energy production records
- 6,000 tonne per year tall oil plant became operational in Q4 2014



Stendal Mill

- **Location:** Stendal, Germany (~130 km west of Berlin)
- **Pulp production capacity:** 660,000 tonnes per year NBSK
- **Electricity generating capacity:** 148 MW
- **Certification:** ISO 9001, 14001, and 50001
- **2020 green electricity sales:** \$51.3 million
- **2020 bio-extractives sales:** \$6.8 million

Key Features:

- Completed in 2004, it's one of the newest and largest pulp mills in the world
- In September 2014, we completed the acquisition of the minority interest and other rights in the Stendal mill
- One of the largest biomass power plants in Germany
- In 2020, exported 539,607 MWh of green electricity
- Project Blue Mill was completed in Q4 2013 and, among other things, increased the mill's annual pulp production capacity by 30,000 tonnes and electricity generation by 109,000 MWh
- Regularly setting new performance records

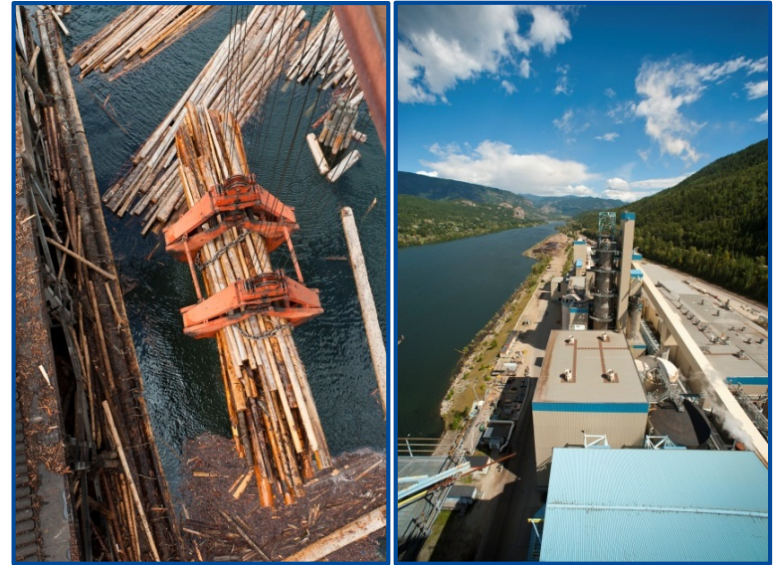


Celgar Mill

- **Location:** Castlegar, BC, Canada (~600 km east of Vancouver)
- **Pulp production capacity:** 520,000 tonnes per year NBSK
- **Electricity generating capacity:** 100 MW
- **Certification:** ISO 9001 and 14001
- **2020 green electricity sales:** \$10.9 million
- **2020 bio-extractives sales:** \$0.06 million

Key Features:

- Modern and efficient
- Abundant and low cost fiber, by global standards
- Green Energy Project was completed in September 2010
- One of the largest biomass power plants in Canada
- In 2020, the mill sold 134,444 MWh of green electricity
- Continues to demonstrate significant upside potential



Peace River Mill

- **Location:** Peace River, Alberta (~500 km northwest of Edmonton)
- **Pulp production capacity:** 475,000 tonnes per year NBSK/NBHK
- **Electricity generating capacity:** 65 MW
- **Certification:** ISO 9001 and ISO 14001
- **2020 green electricity sales:** \$5.2 million

Key Features:

- Modern, high performing kraft mill
- Abundant and low cost fiber, by global standards
- NBSK / NBHK swing mill
- 20 year term forest tenure including annually 400,000 m³ of softwood and 2.4 million m³ of hardwood
- Bio-mass fueled cogeneration power plant with two turbines; a 45 MW back pressure turbine to power pulp production and a 25 MW condensing turbine generator to generate electricity for sale to the Alberta grid
- In 2020, the mill sold 66,306 MWh of green electricity



Cariboo Mill (50% JV Owned)

- **Location:** Quesnel, British Columbia (~650 km north of Vancouver)
- **Pulp production capacity:** 170,000 tonnes per year ⁽¹⁾ NBSK
- **Electricity generating capacity:** 28.5 MW ⁽¹⁾
- **Certification:** ISO 9001 and ISO 14001
- **2020 green electricity sales:** \$5.4 million ⁽²⁾

Key Features:

- 50% joint venture stake in reliable NBSK mill
- Reliable wood supply sourced from large local sawmilling industry
- Bio-mass fueled cogeneration power plant with two turbines; a 32 MW back pressure turbine to power pulp production and a 25 MW condensing turbine generator to generate electricity for sale to BC Hydro



1) Reflects 50% ownership stake

2) Cariboo energy sales are recorded as an equity investment due to JV agreement

Friesau Sawmill & Power Plant

- **Location:** Friesau, Germany (~300 km south of Berlin)
- **Lumber production capacity:** 550,000 Mfbm
- **Energy generating capacity:** 49.5 MW (13 MW electricity)
- **2020 lumber sales:** \$180.8 million
- **2020 wood residuals sales:** \$6.3 million
- **2020 green electricity sales:** \$10.6 million

Key Features:

- High quality logs from surrounding fiber basket
- Sawmill built in 1992
 - Two high-volume Linck sawlines
 - Ability to produce both rough and planed products
 - European metric and specialty lumber; US-dimensional lumber; J-grade
- Power plant built in 2008
 - Plant can be fueled by bark, chips, sawdust and recycled wood
 - At input feed of 1.6 million m³ of logs, power plant can be fueled entirely by residual bark
 - EEG feed-in tariff extends to 2029

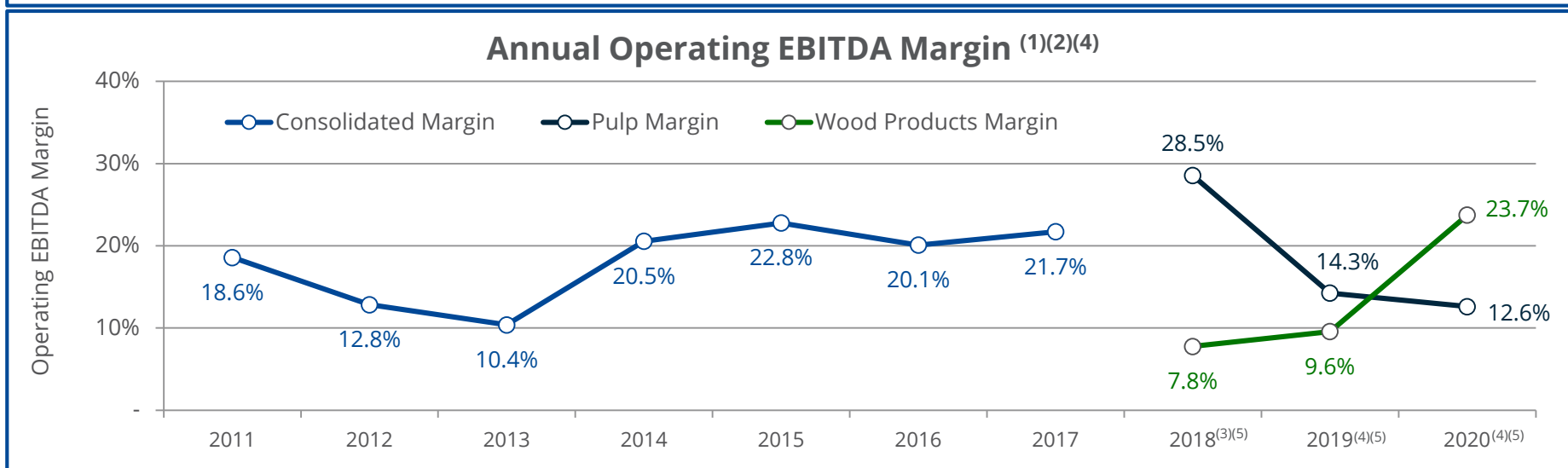
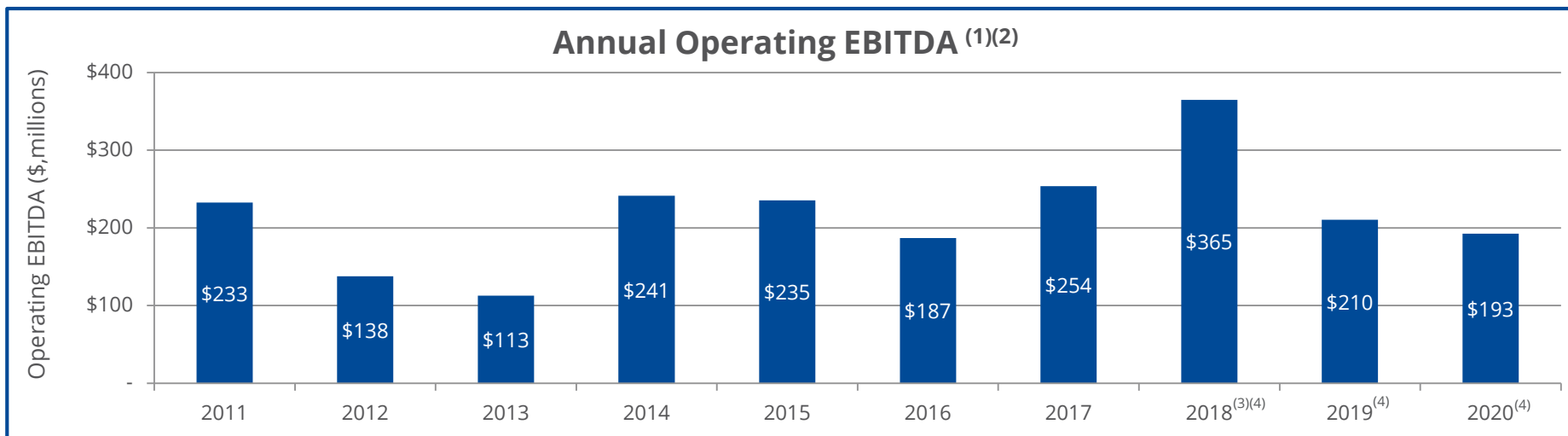




Appendix C

Financial Highlights

EBITDA and EBITDA Margin



Note: Some numbers may not add due to rounding

- 1) Operating EBITDA is a non-GAAP measure. For a Reconciliation of Net Income to Operating EBITDA, please refer to slide 34
- 2) Our reporting currency was the euro until October 1, 2013. Prior figures converted to USD at average FX rates in effect during the period
- 3) Includes MPR results since acquisition on December 10, 2018
- 4) Excludes unrealized MPR synergies and energy sales from 50% owned Cariboo mill, recorded as an equity investment
- 5) Excludes corporate segment

Credit Profile

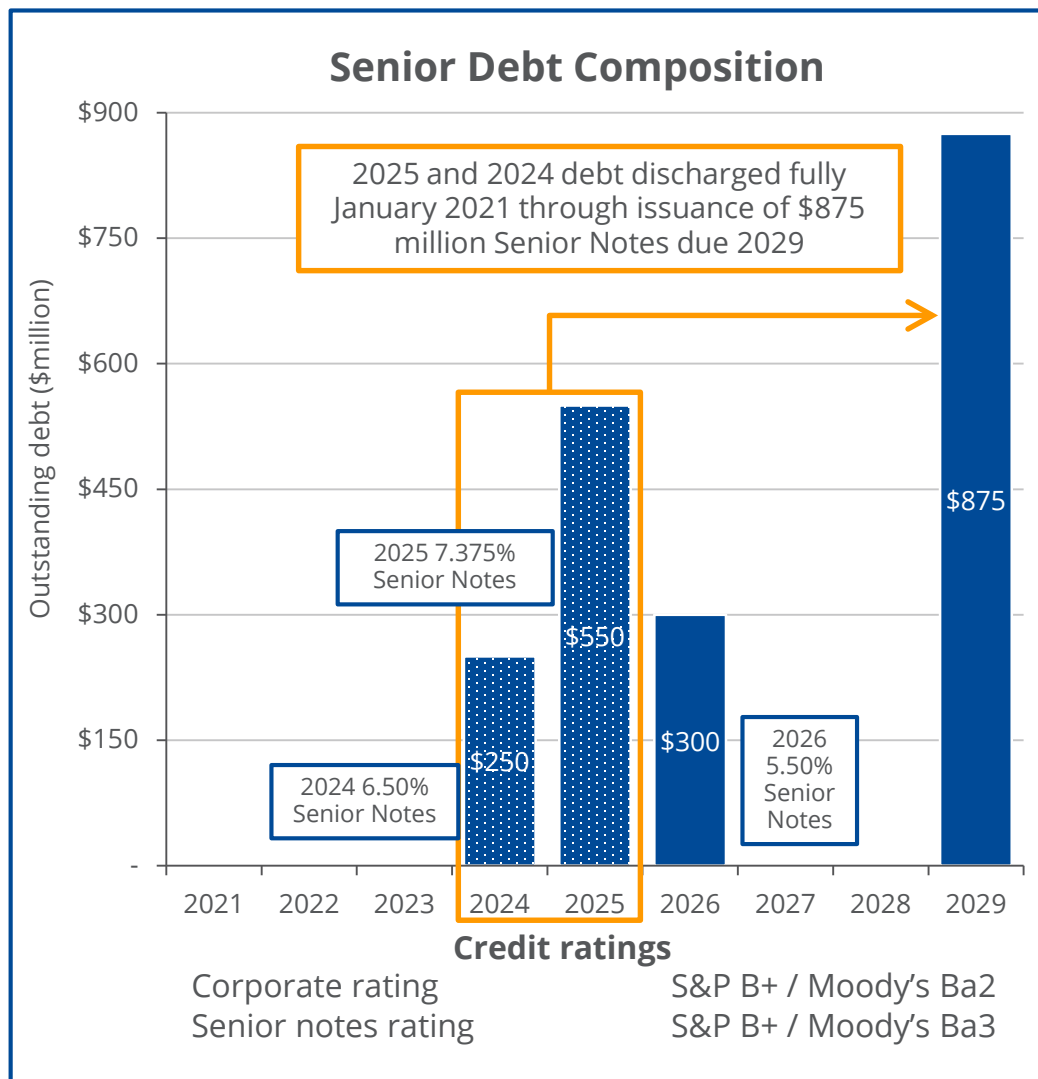
Restructured balance sheet

- 2014** Acquired the minority interest in Stendal
Restricted / unrestricted group structure eliminated
Debt reduction
Balance sheet recapitalized with lower cost debt
- 2015** Commenced quarterly dividend of \$0.115 per share
- 2017** 2019 Senior Notes replaced with lower cost 2024 Senior Notes

\$300 million of 2022 Senior Notes replaced with lower cost 2026 Senior Notes

Increased dividend to \$0.125 per share
- 2018** \$350 million of 2025 Senior Notes issued to finance DMI acquisition
- 2019** \$200 million add-on of 2025 Senior Notes issued at 6.4% YTW to finance capital projects and replace higher cost 2022 Senior Notes

Increased dividend to \$0.1375 per share
- 2020** Decreased dividend to \$0.0650 per share
- 2021** Issued \$875.0 million of 2029 Senior Notes at 5.125%. A portion of the net proceeds were used to refinance in full the 2024 and 2025 Senior Notes, lowering the weighted average YTW of our Senior Notes



Reconciling Net Income to EBITDA

Consolidated (US\$ millions)	2016	2017	2018 ⁽¹⁾⁽²⁾	2019 ⁽²⁾	2020 ⁽²⁾
Net Income (Loss) Attributable to Common Shareholders	34.9	70.5	128.6	(9.6)	(17.2)
Add: Income Tax Provision (Benefit)	24.5	33.5	48.7	19.2	6.1
Add: Interest Expense	51.6	54.8	51.5	75.8	80.7
Add: Other Expense (Income)	4.1 ⁽³⁾	9.8 ⁽⁴⁾	39.1 ⁽⁵⁾	(1.3) ⁽⁶⁾	(5.9)
Operating Income (Loss)	115.1	168.6	267.9	84.0	63.7
Add: Depreciation and Amortization	72.0	85.3	96.7	126.4	128.9
Operating EBITDA	187.1	253.8	364.6	210.4	192.7

Segmented (US\$ millions)	Pulp + Corporate		Wood Products	
	Q4 2019	Q4 2020	Q4 2019	Q4 2020
Operating Income	(71.4)	2.8	5.3	12.9
Add: Depreciation and Amortization	29.7	30.3	2.0	3.6
Operating EBITDA	(41.5)	33.1	7.3	16.4

Note: See next page for additional disclosures

Note: The following reconciles actual EBITDA to net income. Some numbers may not add due to rounding

1) Includes MPR results since acquisition on December 10, 2018

2) Excludes unrealized MPR synergies and energy sales from 50% owned Cariboo mill, recorded as an equity investment

3) Includes debt settlement loss of \$0.5 million related to the 2019 Senior Notes

4) Includes debt settlement loss of \$10.7 million related to the 2019 Senior Notes

5) Includes debt settlement loss of \$21.5 million related to the 2022 Senior Notes

6) Includes debt settlement loss of \$4.8 million related to the 2022 Senior Notes

Reconciling Net Income to EBITDA

Note: For other reconciliations of Net Income (Loss) to Operating EBITDA in periods not shown, please refer to that period's respective Form 10-Q or 10-K, which can be found on our website (www.mercerint.com)

Operating EBITDA is defined as operating income (loss) plus depreciation and amortization and non-recurring capital asset impairment charges. Management uses Operating EBITDA as a benchmark measurement of its own operating results, and as a benchmark relative to its competitors. Management considers it to be a meaningful supplement to operating income (loss) as a performance measure primarily because depreciation expense and non-recurring capital asset impairment charges are not an actual cash cost, and depreciation expense varies widely from company to company in a manner that management considers largely independent of the underlying cost efficiency of their operating facilities. In addition, we believe Operating EBITDA is commonly used by securities analysts, investors and other interested parties to evaluate our financial performance.

Operating EBITDA does not reflect the impact of a number of items that affect our net income (loss) attributable to common shareholders, including financing costs and the effect of derivative instruments. Operating EBITDA is not a measure of financial performance under the accounting principles generally accepted in the United States of America ("GAAP"), and should not be considered as an alternative to net income (loss) or income (loss) from operations as a measure of performance, nor as an alternative to net cash from operating activities as a measure of liquidity.

Operating EBITDA has significant limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. Operating EBITDA should only be considered as a supplemental performance measure and should not be considered as a measure of liquidity or cash available to us to invest in the growth of our business. Because all companies do not calculate Operating EBITDA in the same manner, Operating EBITDA as calculated by us may differ from Operating EBITDA or EBITDA as calculated by other companies. We compensate for these limitations by using Operating EBITDA as a supplemental measure of our performance and by relying primarily on our GAAP financial statements.

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