



On a long enough timeline
the survival rate for
everyone drops to zero.

Cascades Inc (Canada)

CREDIT SNAPSHOT

12/04/09

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CAS CN Equity

equity ticker: CAS CN

bond ticker: CASCN

sector: Basic Materials

subgroup: Paper&Related Products

company description:

Cascades Inc. produces paper and packaging products. The Company manufactures, converts, and markets specialty products, including boxboard, fine papers, tissue paper, and containerboard. Cascades and its subsidiaries operate in Canada, the United States, France, Sweden, Germany, and Great Britain.

Cascades Inc has 13,500 employees.

capitalisation (CAD in millions):

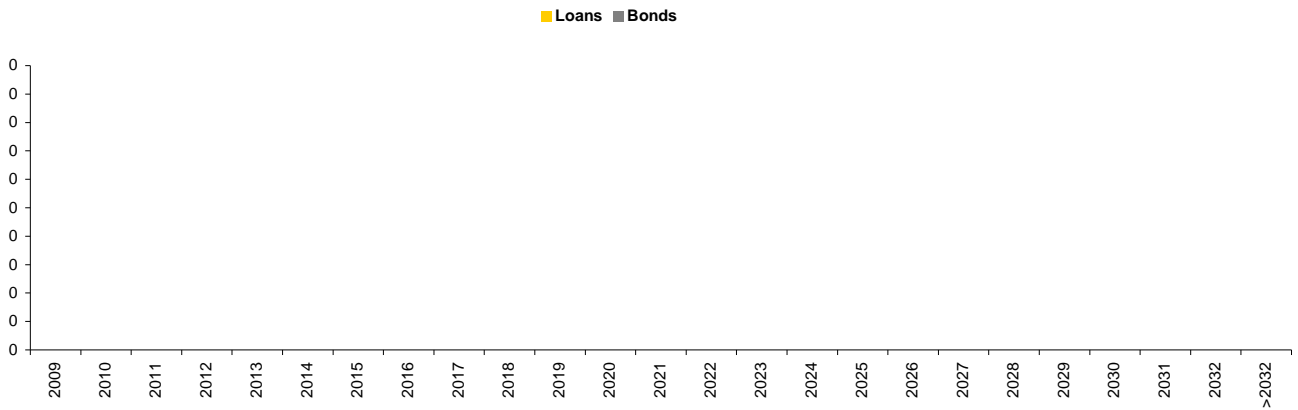
stock price	CAD 8.77
shares outstanding (million)	97.35
market capitalisation (CAD mm)	854
total debt	1,590
cash + marketable securities	20
other capital	0
enterprise value (excl. cash)	2,424
current EV / TTM EBITDA	5.3x

The company's next report is expected for 2/26/2010 (type: Estimated).

www.cascades.com

issuer	Rtg	debt type & details	coupon	mat	crncy	amount out (mm)	facility amount (mm)	issue date
CASCADES INC	NA	Loan, secured, rev, floater		12/29/2011	CAD		850	12/29/2006
CASCADES INC	NA	Loan, secured, rev, floater		12/29/2011	CAD		850	12/29/2006
CASCADES INC	NA	Loan, secured, rev, floater		12/29/2011	CAD		850	12/29/2006
CASCADES INC	NA	Loan, secured, term, floater		10/31/2012	CAD		850	12/29/2006

Total amount out of instruments listed above (CAD in MM)	0	Cash (MM)	20
Total debt (MM)	1,590	Total Number of Debt Instruments (for the issuer and its subs)	8



Moody's Ratings		
Outlook	STABLE	11/12/09
Issuer	WR	07/07/05
Senior Secured Debt	N/A	
LT Corp Family	Ba2	12/20/06
Bank Loan Debt	Baa3	12/20/06
Senior Unsecured Debt	Ba3	12/20/06
Subordinated Debt	N/A	
Short Term	N/A	

Standard & Poor's Ratings		
Outlook	STABLE	09/01/09
LT Foreign Currency Issuer	BB-	08/13/08
LT Local Currency Issuer	BB-	08/13/08
ST Foreign Currency Issuer	N/A	
ST Local Currency Issuer	N/A	

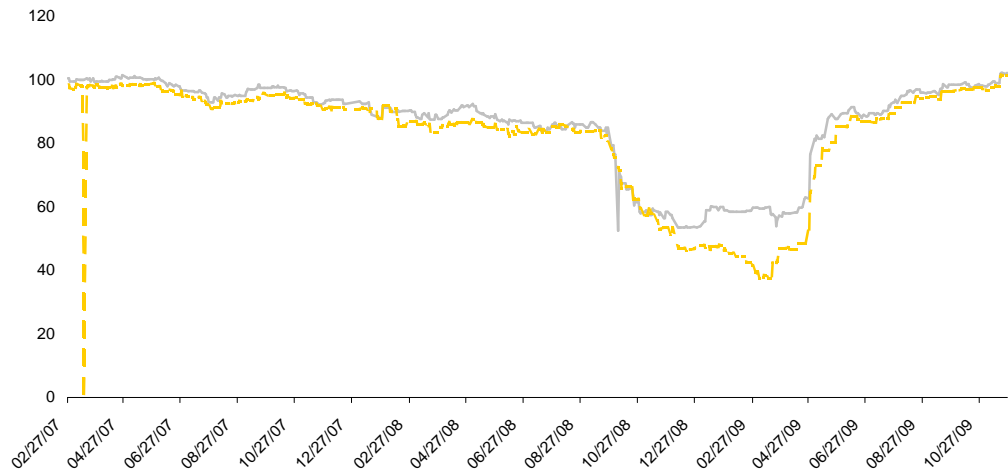
id	issuer	coupon	mat	outstanding	S&P	MDY	ask px	yield	spread*	px date	
146900AC	CASCADES INC	7.250	02/15/13	USD	645,942,000	B+	Ba3	102.25	2.1	183	11/25/09
65542NAJ	NORAMPAC INC	6.750	06/01/13	USD	250,000,000	B+	Ba3	101.50	5.7	495	11/25/09

*interpol. swap spread

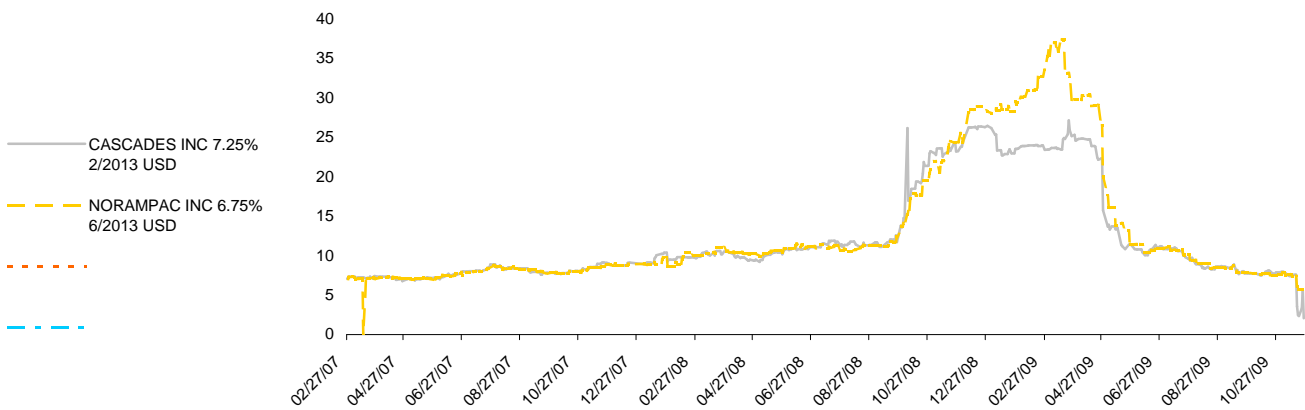
BONDS

Total Debt for the company currently stands at CAD 1,590mm.

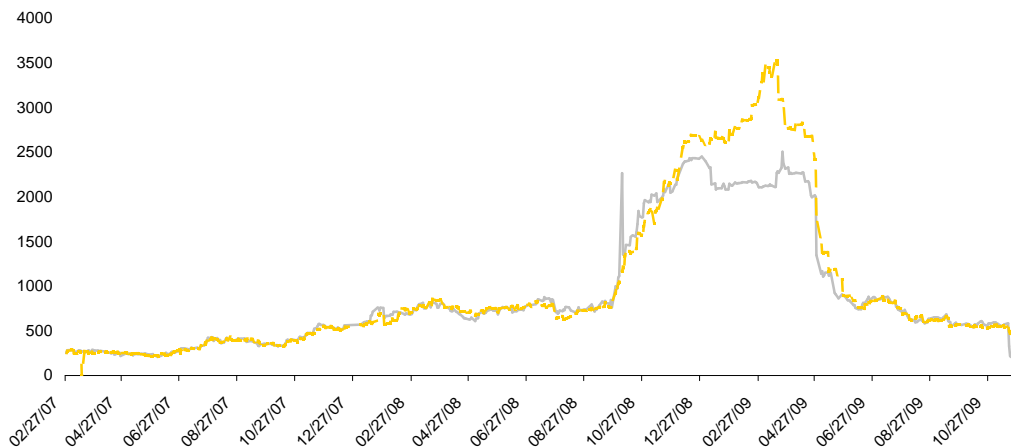
bond price



yield



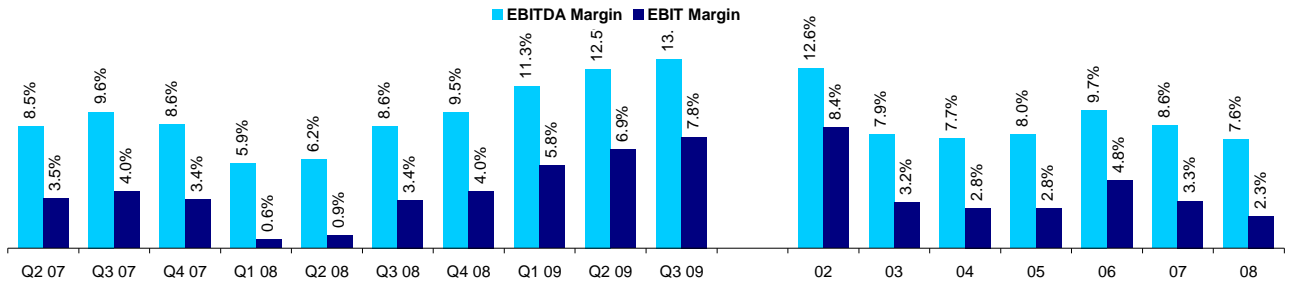
interpolated swap spread



Prices & yields bid side to 28/7/08 and ask side thereafter. Spread is Govt Bid Sprd to 28/7/08 and Interpol. Swap Ask Sprd then.

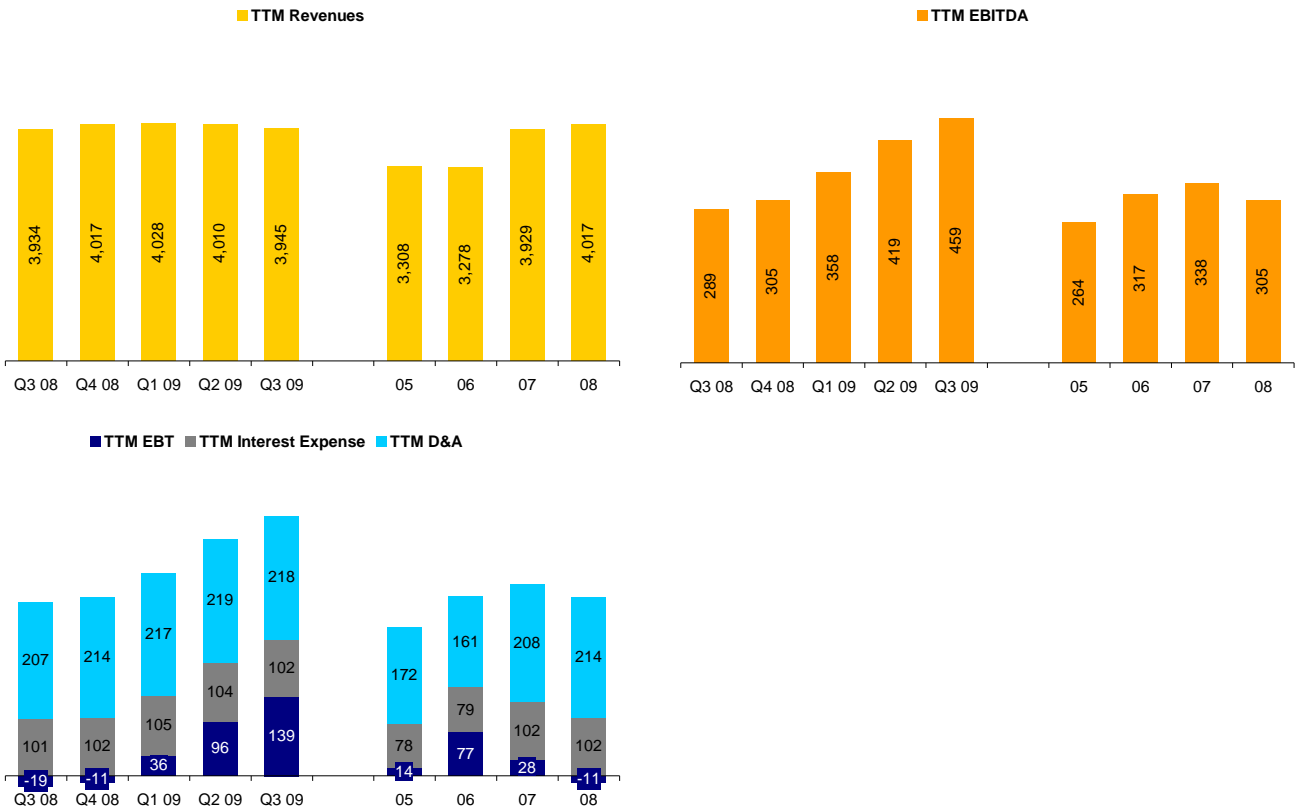
CAD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Revenues	1,039	1,020	970	981	974	3,308	3,278	3,929	4,017
COGS	908	877	806	805	805	2,907	2,818	3,409	3,537
COGS % of Revenues	87.4%	86.0%	83.1%	82.1%	82.6%	87.9%	86.0%	86.8%	88.1%
SG&A	96	102	108	108	93	309	304	390	389
SG&A % of Revenues	9.2%	10.0%	11.1%	11.0%	9.5%	9.3%	9.3%	9.9%	9.7%
EBITDA	89	97	110	123	129	264	317	338	305
Interest Expense	27	25	27	25	25	78	79	102	102
EBT	8	16	29	43	51	14	77	28	-11
Net Income	-7	-19	37	30	34	-97	3	95	-55
EBITDA Margin	8.6%	9.5%	11.3%	12.5%	13.2%	8.0%	9.7%	8.6%	7.6%
EBIT Margin	3.4%	4.0%	5.8%	6.9%	7.8%	2.8%	4.8%	3.3%	2.3%

INCOME STATEMENT

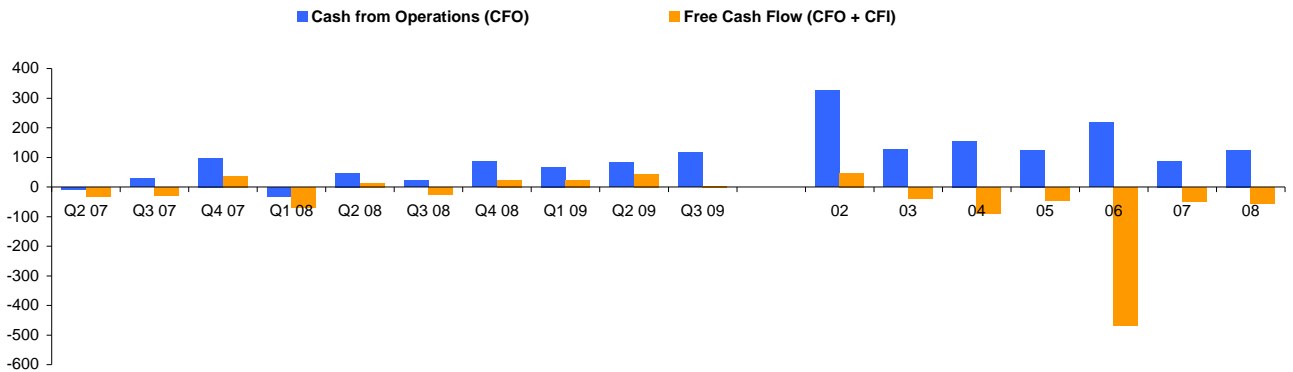


CAD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
TTM Revenues	3,934	4,017	4,028	4,010	3,945	3,308	3,278	3,929	4,017
TTM EBITDA	289	305	358	419	459	264	317	338	305
TTM D&A	207	214	217	219	218	172	161	208	214
TTM EBIT	82	91	141	200	241	92	156	130	91
TTM Interest Expense	101	102	105	104	102	78	79	102	102
TTM EBT	-19	-11	36	96	139	14	77	28	-11
TTM Net Income	-24	-55	-14	41	82	-97	3	95	-55

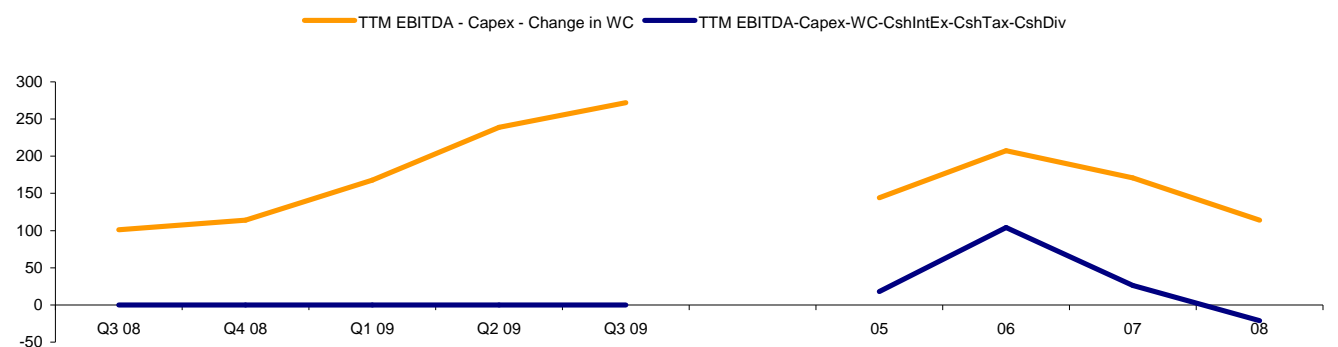
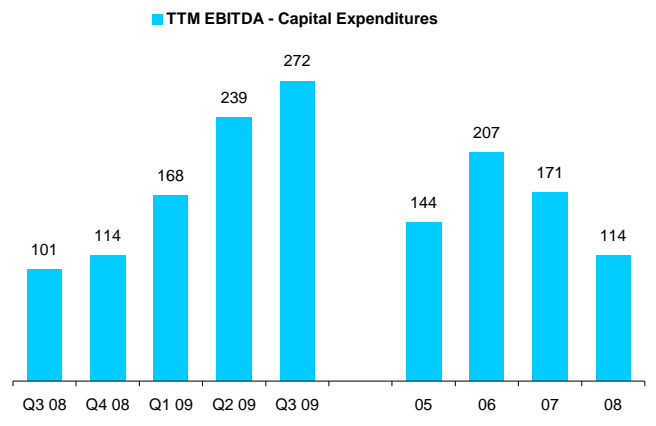
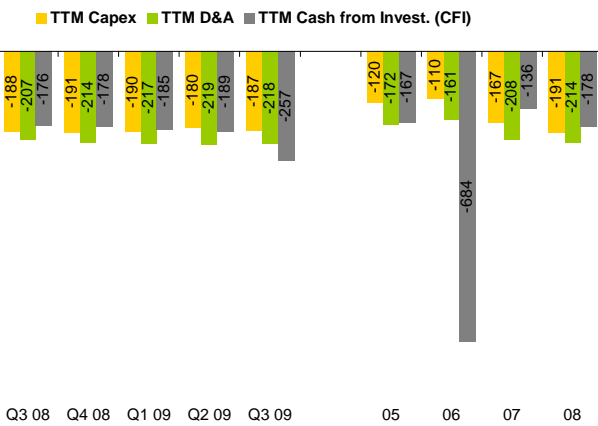
TTM INCOME STATEMENT



CAD in millions		Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
CASH FLOW						09/30/09				12/31/08
	Cash from Operations (CFO)	22	86	67	82	117	124	218	89	124
	Cash from Investing (CFI)	-46	-62	-43	-38	-114	-167	-684	-136	-178
	Free Cash Flow (CFO + CFI)	-24	24	24	44	3	-43	-466	-47	-54
	Cash from Financing Activities	12	-22	-22	-45	5	56	457	38	40



CAD in millions		Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
TTM CASH FLOW						09/30/09				12/31/08
	TTM Cash from Operations (CFO)	137	125	223	257	352	124	218	89	124
	TTM Cash from Invest. (CFI)	-176	-178	-185	-189	-257	-167	-684	-136	-178
	TTM Capex	-188	-191	-190	-180	-187	-120	-110	-167	-191
	TTM D&A	-207	-214	-217	-219	-218	-172	-161	-208	-214
	TTM Free Cash Flow (CFO + CFI)	-39	-53	38	68	95	-43	-466	-47	-54
	TTM Cash from Financing Activities	11	31	-51	-77	-84	56	457	38	40
	TTM CFO - Capital Expenditures	-51	-66	33	77	165	4	108	-78	-67
	TTM EBITDA - Capital Expenditures	101	114	168	239	272	144	207	171	114
	TTM EBITDA - Capex - Change in WC	101	114	168	239	272	144	207	171	114
	TTM EBITDA-Capex-WC-CshIntEx-CshTax-CshDiv						18	104	26	-21
	TTM CFO/Total Debt	7.6%	6.9%	12.3%	15.4%	22.1%	9.2%	12.8%	5.5%	6.8%
	TTM FCF/Total Debt	-2.2%	-2.9%	2.1%	4.1%	6.0%	-3.2%	-27.3%	-2.9%	-3.0%



CAD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Cash	9	11	13	12	20	43	34	25	11
Marketable Securities / ST Investments									
Accounts & Notes Receivable	730	657	639	625	622	545	650	624	657
Inventories & Unbilled Receivables	556	580	577	551	525	537	548	555	580
Net Fixed Assets	1,937	2,037	2,028	1,959	1,955	1,562	2,063	1,886	2,037
75% of Accounts Receivable	548	493	479	469	467	409	488	468	493
30% of Inventories & Unbill. Rec.	167	174	173	165	158	161	164	167	174
10% of Net Fixed Assets	194	204	203	196	196	156	206	189	204
Collateral (Liquidation) Asset Value	917	881	868	842	840	769	892	848	881
Working Capital	608	522	549	533	544	530	574	581	522
Cash Conversion Cycle	65.5	57.6	59.9	58.2	59.7	61.4	62.6	55.2	57.6
Total Borrowings (includes ST Borrowings)	1,795	1,812	1,818	1,670	1,590	1,341	1,708	1,621	1,812
Net Debt	1,786	1,801	1,805	1,658	1,570	1,298	1,674	1,596	1,801
Collateral Asset Value / Total Borrowings	51.1%	48.6%	47.8%	50.4%	52.8%	57.3%	52.2%	52.3%	48.6%

BALANCE SHEET

explanations and definitions:

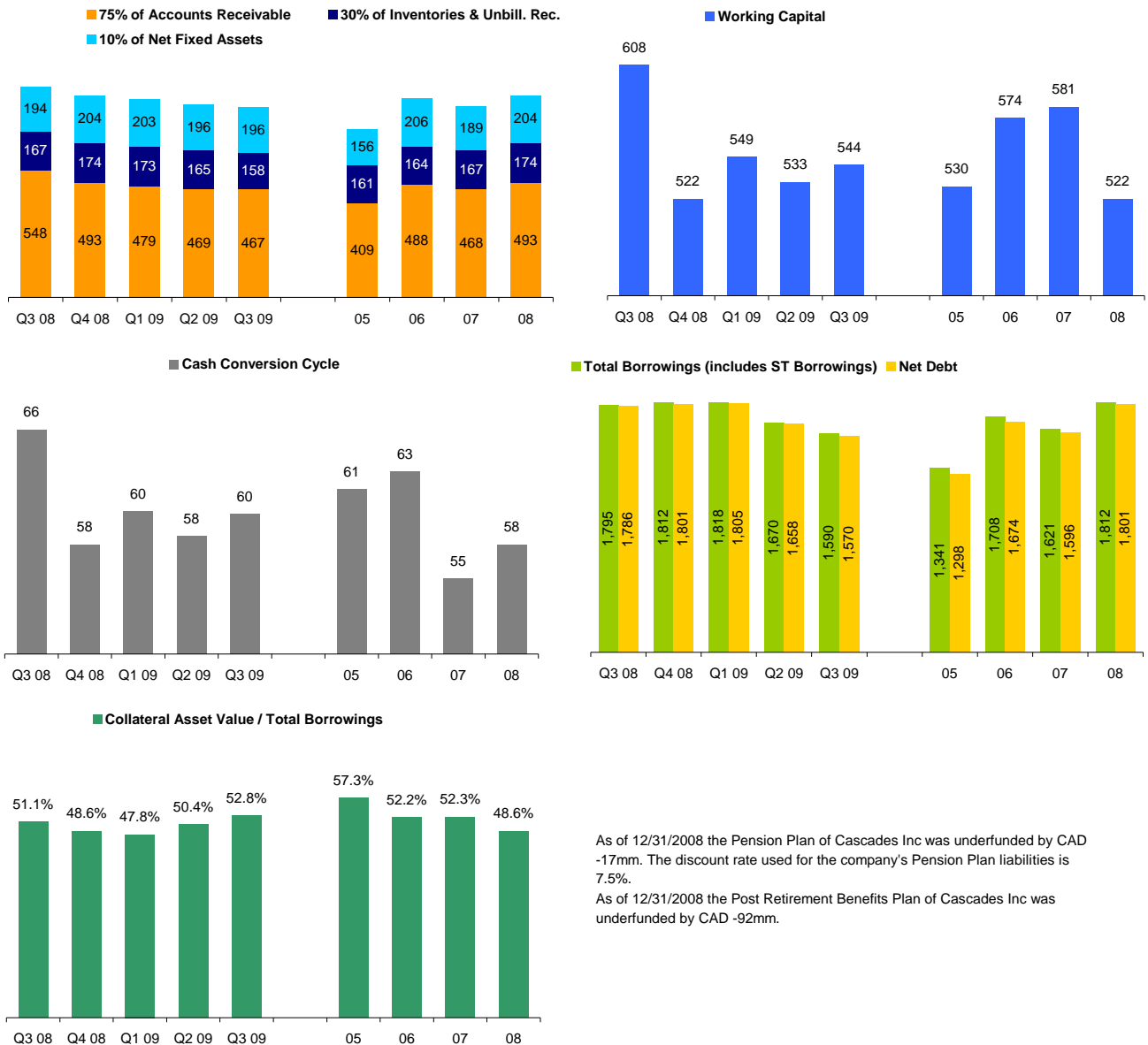
The approximation we use to calculate a company's total **Collateral (Liquidation) Asset Value** (for an asset based liquidation scenario) is calculated as the sum of Cash plus Marketable Securities / Short-Term Investments plus assets with the following valuation rates applied:

75% of stated Accounts Receivable

30% of stated Inventory

10% of stated Net Fixed Assets.

Although we acknowledge that some industries and individual situations demand clearly different assumptions we nevertheless think this is a useful approximation across all industries covered, if only as a starting point for further individual in-depth analysis.



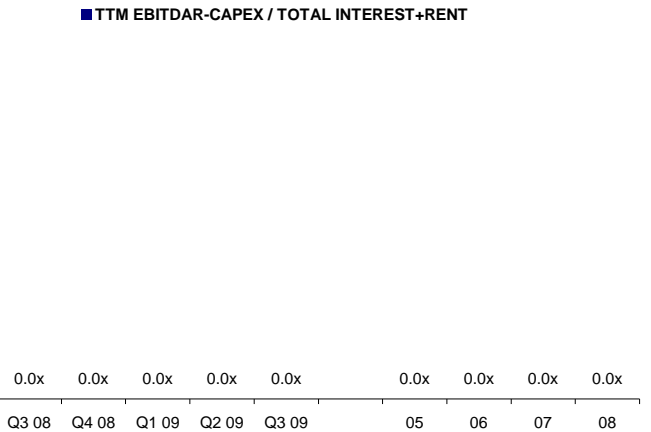
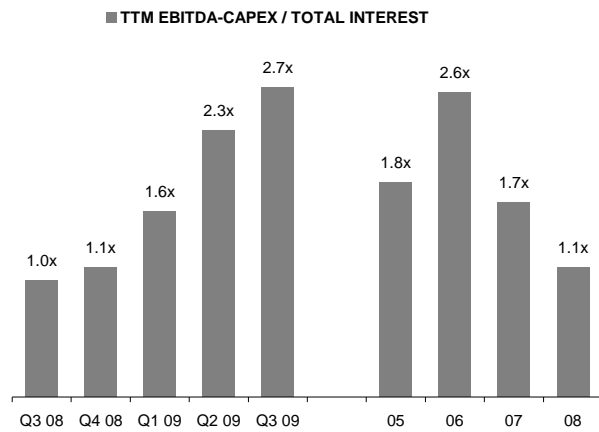
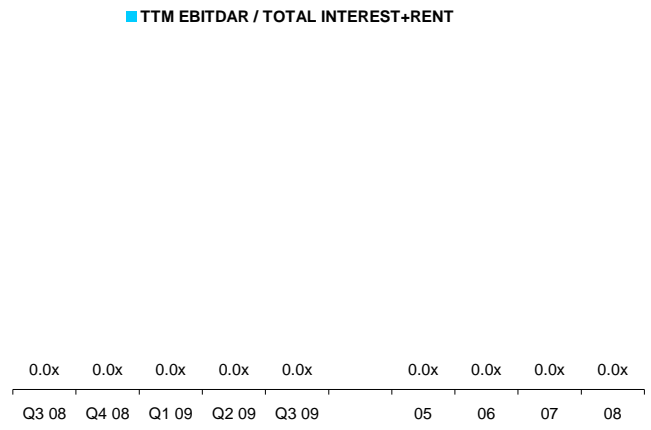
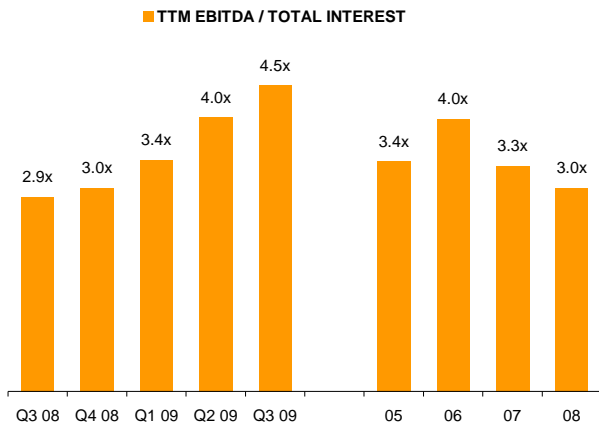
As of 12/31/2008 the Pension Plan of Cascades Inc was underfunded by CAD -17mm. The discount rate used for the company's Pension Plan liabilities is 7.5%.

As of 12/31/2008 the Post Retirement Benefits Plan of Cascades Inc was underfunded by CAD -92mm.

COVERAGE RATIOS	CAD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
						09/30/09				12/31/08
	TTM EBITDA / TOTAL INTEREST	2.9x	3.0x	3.4x	4.0x	4.5x	3.4x	4.0x	3.3x	3.0x
	TTM EBITDAR / TOTAL INTEREST+RENT	-	-	-	-	-	-	-	-	-
	TTM EBITDA-CAPEX / TOTAL INTEREST	1.0x	1.1x	1.6x	2.3x	2.7x	1.8x	2.6x	1.7x	1.1x
	TTM EBITDAR-CAPEX / TOTAL INTEREST+RENT	-	-	-	-	-	-	-	-	-

explanations and definitions:

TTM TOTAL INTEREST: For all coverage ratio calculations we use the Total Interest figure which in addition to **Interest Expense** also includes **Capitalized Interest Expenses**. We think this gives a better view of the economic reality than the simple Interest Expense figure.



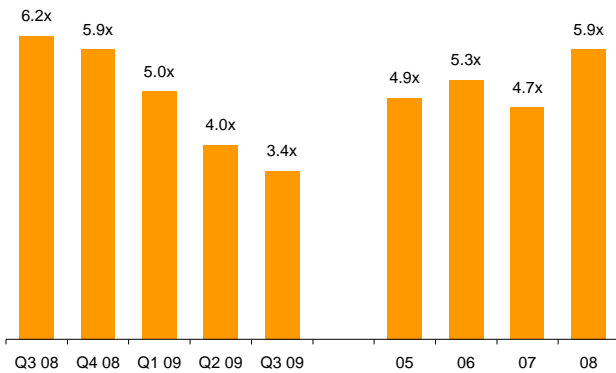
CAD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
NET DEBT / TTM EBITDA	6.2x	5.9x	5.0x	4.0x	3.4x	4.9x	5.3x	4.7x	5.9x
TOTAL DEBT / TTM EBITDA	6.2x	5.9x	5.1x	4.0x	3.5x	5.1x	5.4x	4.8x	5.9x
TOTAL DEBT / TTM EBITDA-CAPEX	17.8x	15.9x	10.8x	7.0x	5.8x	9.3x	8.3x	9.5x	15.9x
Rentadj. TOT DEBT / TTM EBITDAR									
Rentadj. TOT DEBT / TTM EBITDAR-CAPEX									
HAIRCUT EBITDA MULTIPLE / TOTAL DEBT	50.7%	53.0%	62.0%	79.0%	90.9%	62.0%	58.5%	65.7%	53.0%
TOTAL DEBT / TTM EBIT	21.9x	19.9x	12.9x	8.4x	6.6x	14.6x	10.9x	12.5x	19.9x

explanations and definitions:

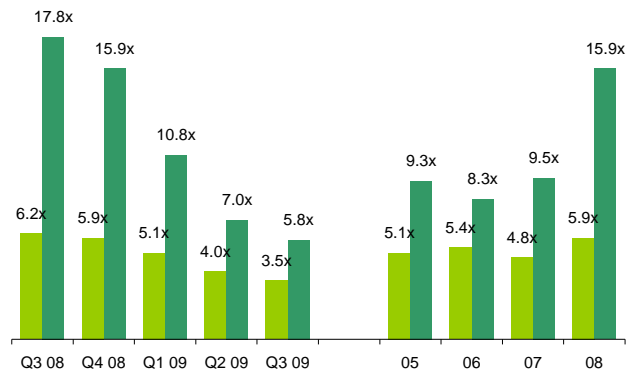
Rent adj. Total Debt/TTM EBITDAR: This ratio is calculated by dividing the Rent Adjusted Total Debt figure (Total Debt plus 8 times TTM Rental Expenses) by EBITDAR (TTM EBITDA plus TTM Rental Expenses).

HAIRCUT EBITDA MULTIPLE / TOTAL DEBT: We adjust TTM EBITDA to 70% of its stated value, multiply the result with 4.5 as an assumed exit multiple and relate the resulting figure (the haircut EBITDA multiple) to the TOTAL DEBT number. This ratio should reflect the situation of an issuer's liquidation, whereby the assets can be sold at a reduced EBITDA multiple.

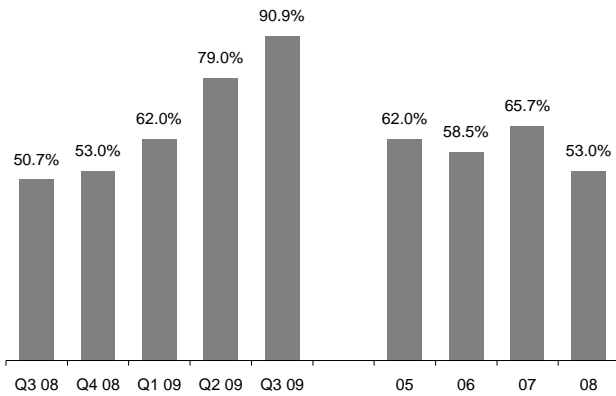
NET DEBT / TTM EBITDA



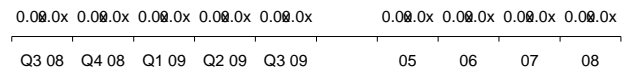
TOTAL DEBT / TTM EBITDA TOTAL DEBT / TTM EBITDA-CAPEX



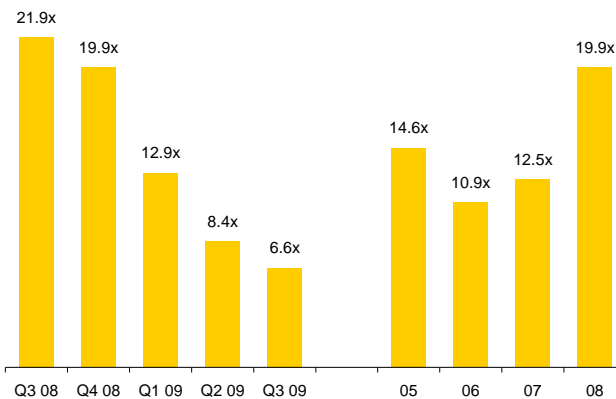
HAIRCUT EBITDA MULTIPLE / TOTAL DEBT



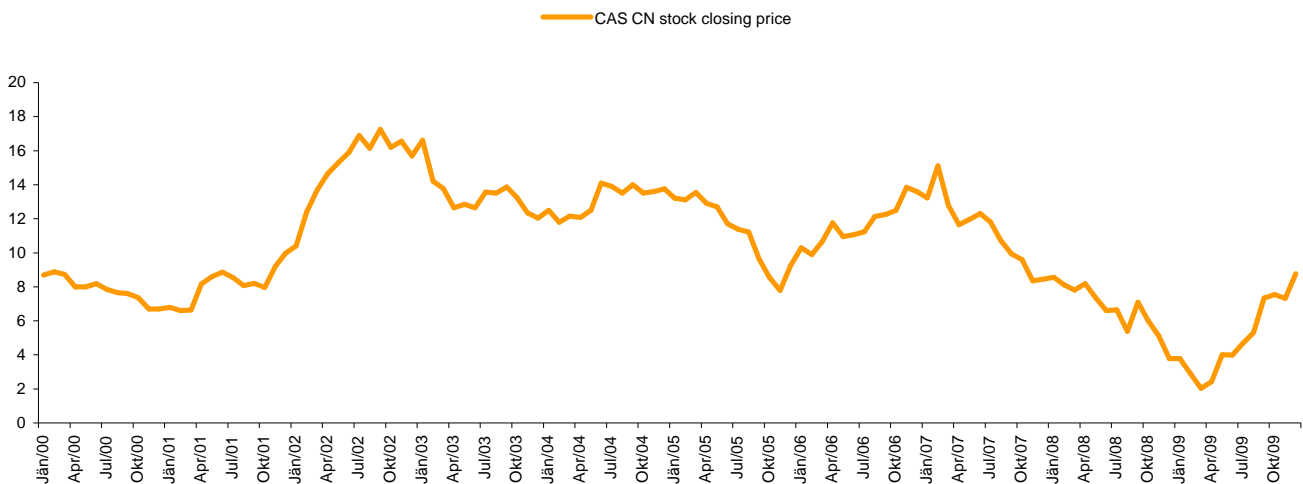
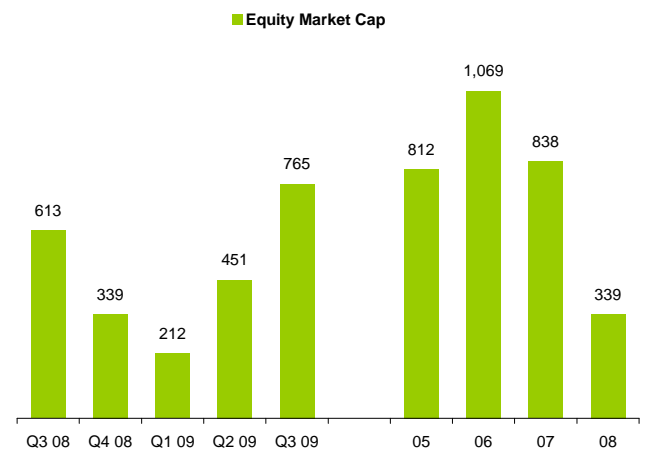
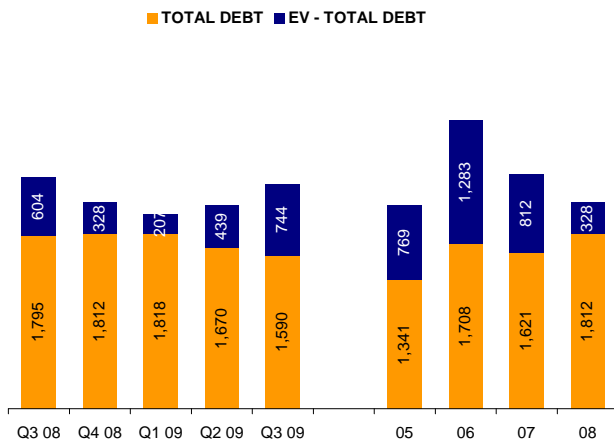
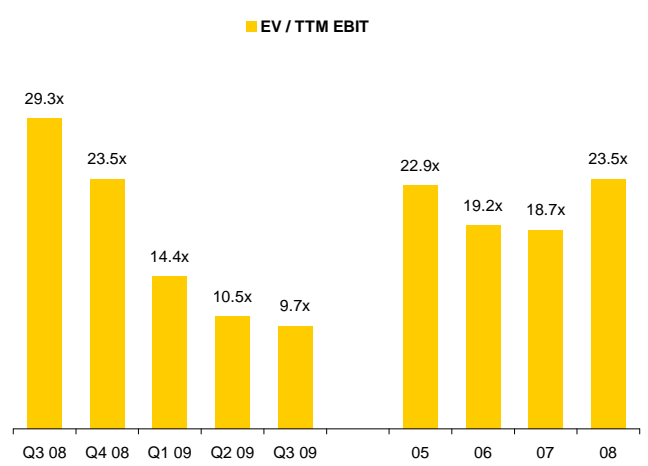
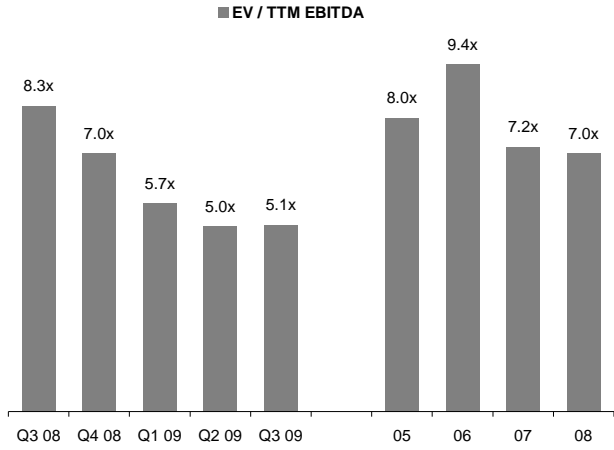
Rentadj. TOT DEBT / TTM EBITDAR Rentadj. TOT DEBT / TTM EBITDAR-CAPEX



TOTAL DEBT / TTM EBIT



ENTERPRISE VALUE	CAD in millions					Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
											09/30/09		12/31/08	
EV / TTM EBITDA						8.3x	7.0x	5.7x	5.0x	5.1x	8.0x	9.4x	7.2x	7.0x
EV / TTM EBIT						29.3x	23.5x	14.4x	10.5x	9.7x	22.9x	19.2x	18.7x	23.5x
Enterprise Value						2,399	2,140	2,025	2,109	2,334	2,110	2,991	2,433	2,140
TOTAL DEBT						1,795	1,812	1,818	1,670	1,590	1,341	1,708	1,621	1,812
Equity Market Cap						613	339	212	451	765	812	1,069	838	339



CAD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Adjusted Cap Rate	1.89%	2.39%	0	5.78%	6.37%	2.69%	3.29%	3.35%	2.62%
Tangible Capital	2,551	2,594	2,628	2,514	2,422	2,054	2,427	2,353	2,594
Total Intangibles	436	463	466	453	483	141	404	442	463
Pre-tax ROIC	3.2%	3.5%	5.4%	8.0%	10.0%	4.5%	6.4%	5.5%	3.5%
After-tax ROIC (effective tax rate)			4.7%	5.1%	6.6%		4.9%	5.1%	
After-tax ROIC (assumed tax rate)	2.1%	2.3%	3.5%	5.2%	6.5%	2.9%	4.2%	3.6%	2.3%
WACD (Pre-tax)	5.6%	5.6%	5.8%	6.2%	6.4%	5.8%	4.6%	6.3%	5.6%

explanations and definitions:

Adjusted Cap Rate: This ratio shows EBIT reduced by an assumed tax rate of 35% and adjusted for Net Non-Operating and Extraordinary Losses (Gains) - averaged over the last 5 years - divided by the Enterprise Value.

Tangible Capital: Starting with the Total Book Capital the Tangible Capital figure is calculated by subtracting Intangibles, Cash and Marketable Securities as well as Short Term Investments.

We calculate three different ROIC (Return on Invested Capital) figures:

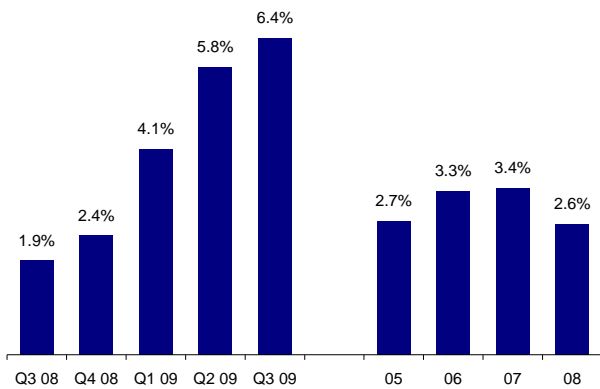
Pre-Tax ROIC: this ratio relates the trailing twelve months (TTM) EBIT to Tangible Capital as defined above.

After-tax ROIC (effective tax rate): here EBIT is corrected by the company's effective tax rate as stated in it's latest financials, giving an after-tax ROIC rate.

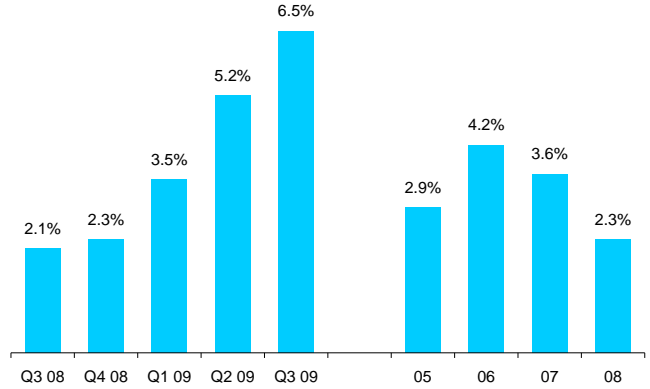
After-tax ROIC (assumed tax rate): here EBIT is corrected by an assumed tax rate of 35%, giving a modified after-tax ROIC rate.

WACD (Pre-Tax): This rate is defined as trailing twelve months (TTM) TOTAL INTEREST EXPENSE divided by Total Borrowings.

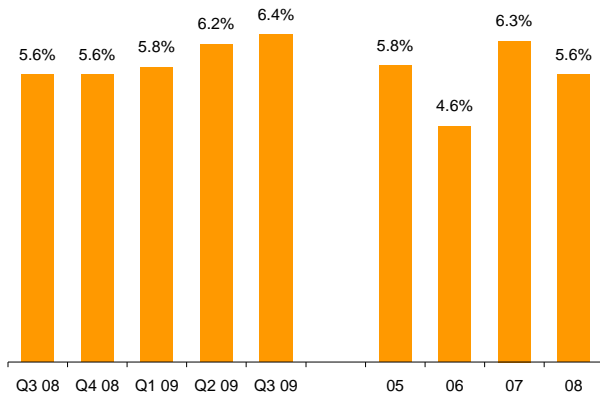
■ Adjusted Cap Rate



■ After-tax ROIC (assumed tax rate)



■ WACD (Pre-tax)



Average Bond Spread (in BPoints (1))	270
Estimated Bond Recovery Rate (2)	83.9%
Resulting Tolerable Default Rate (3)	16.8%

explanations and definitions:

We calculate estimated default and recovery rates to be used in other credit models (f.i. for the valuation of CDOs or similar structures) as follows:

(1) **Average Bond Spread:** Average Spread of all bonds listed on page 2 of this report.

(2) **Estimated Bond Recovery Rate:** To calculate this rate we first divide the total debt amount into bond debt and loan debt that is senior to bond debt. As an approximation for the total amount of bond debt we use the sum of the amounts outstanding of all bonds listed on page 1 of this report. The total debt figure is reduced by this sum, giving us an approximate figure for debt that is senior to bond debt. We then calculate a collateral asset coverage figure for the bond debt by starting with the Collateral Asset Value (as defined on page 5 of this report) which we reduce by the amount of senior debt ahead of the bonds. The remaining Collateral Asset Value is then divided by the approximate bond debt amount as defined above, giving an estimated recovery value on a collateral asset basis. We apply the same logic to an EBITDA multiple ratio (as on page 7 of this report) and get a second recovery estimate based on the EBITDA multiple. The higher of the 2 estimates is used as the "Estimated Bond Recovery Rate".

(3) **Resulting Tolerable Default Rate:** The implied default rate calculated using the Market Spread (1) and the Estimated Recovery Rate (2). With the given Market Spread and Estimated Recovery Rate it defines the maximum tolerable default probability for the risk premium paid in the form of Spread. Please note: This rate will only be displayed when it is greater than 0% and lower than 30% as we believe it is not meaningful ('NM') out of this range.

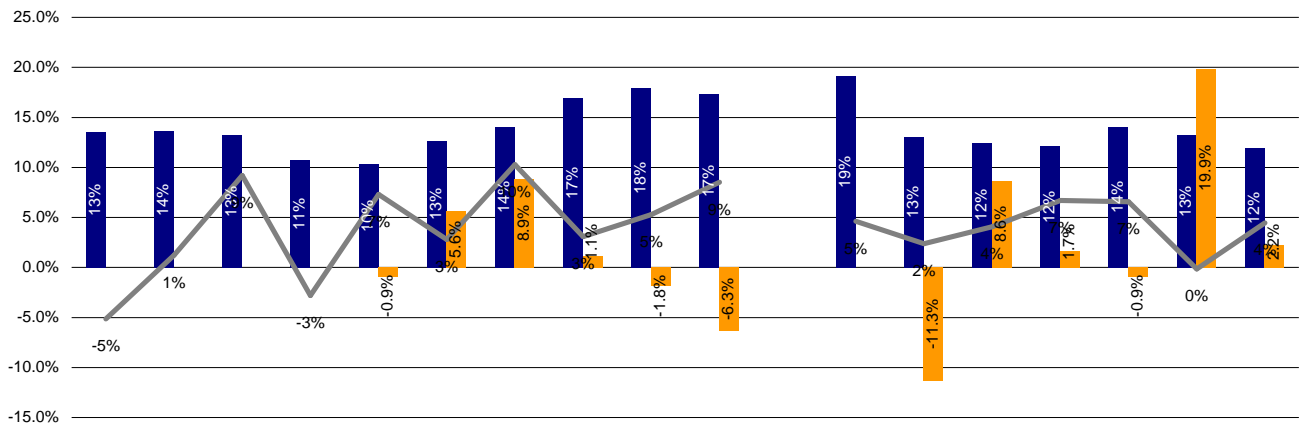
Although we acknowledge that the calculated results are by no means exact, we think they make for a good estimate in the valuation of credit structures when individual default and recovery rates for single issuers are to be used.

CAD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Total Assets	3,917	4,031	4,041	3,886	3,877	3,046	3,911	3,769	4,031
Total Liabilities	2,716	2,775	2,752	2,577	2,542	2,149	2,754	2,570	2,775
Total Intangibles	436	463	466	453	483	141	404	442	463
Tangible Net Worth	765	793	823	856	852	756	753	757	793
Rent Debt (8x Annual Rental Expense)									
Underfunded Pension & Post Ret. Liab.						-182	-139	-113	-109
Discount on Hard Assets	2,315	2,404	2,389	2,305	2,283	1,918	2,403	2,242	2,404
Adjusted Tangible Net Worth	-1,550	-1,611	-1,566	-1,449	-1,431	-1,344	-1,789	-1,598	-1,720

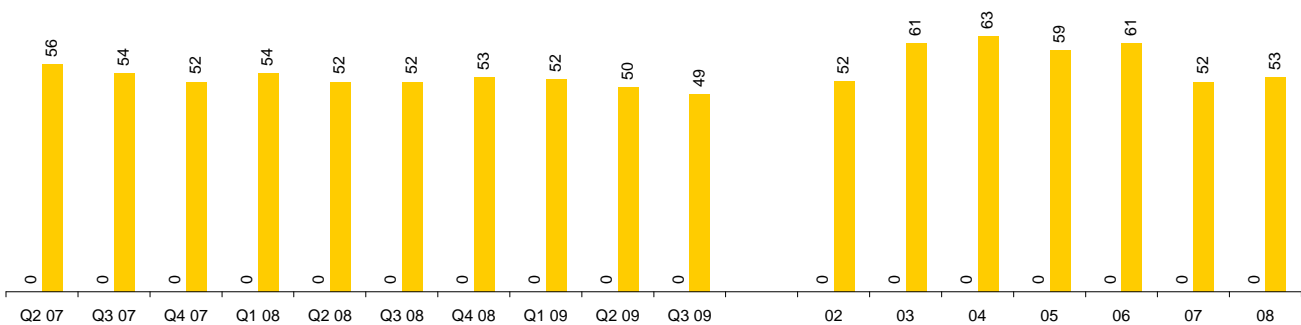
CAD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
(CFO-Net Income)/Revenues	2.8%	10.3%	3.1%	5.3%	8.5%	6.7%	6.6%	-0.2%	4.5%
yoy Revenue Growth	5.6%	8.9%	1.1%	-1.8%	-6.3%	1.7%	-0.9%	19.9%	2.2%
Gross Margin	12.6%	14.0%	16.9%	17.9%	17.4%	12.1%	14.0%	13.2%	11.9%
Days Sales Outstanding	68	60	58	57	58	60	72	58	60
Days Sales of Inventory	52	53	52	50	49	59	61	52	53
Soft Assets	685	746	784	739	755	359	616	679	746
Unbilled Receivables	-	-	-	-	-	-	-	-	-
Deferred / Unearned Revenue	-	-	-	-	-	-	-	-	-
Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-	-
TTM Dividends Paid	16	21	21	21	21	13	13	16	16
TTM Preferred Dividends	0	0	0	0	0	0	0	0	0
Net Change in Capital Stock	-1	-1	-2	0	-1	-6	238	-4	-4
Non-Capex CFI (CFI less Capex)	-1	1	-3	-6	-62	-47	-574	31	13

ACCOUNTING RED FLAGS

Gross Margin yoy Revenue Growth (CFO-Net Income)/Revenues



Days Sales Outstanding Days Sales of Inventory



Auditor Information:	
Current auditor	PRICEWATERHOUSECOOPERS LLP (as of 16.3.2009)
Auditor's opinion	Unqualified
Auditor's opinion - Definitions	
Not Audited / Unaudited	No tests were performed to verify amounts in financial statements. Typically applied to interim statement.
Partially audited	Not all statements were audited. Auditor may specifically give opinion on one or two statements.
Unqualified	Auditor declares, without reservation, that the financial statements fairly represent the company's financial position at a point in time and that the statements conform in all material respects to GAAP.
Qualified: Limited Scope	An aspect of the company's financial statements could not be verified, such as a portion of inventory not counted.
Qualified: Inconsistent Standards	Accounting standards were not applied consistently between periods.
Qualified: not GAAP	Standard accounting principles for the country were not followed. Typically related to a unique line item and uses the phrase 'except for.'
Qualified: uncertainty	Doubt exists related to a material balance sheet item, such as value of investment or collectability of major receivable; or auditor doubts going concern ability of company. This opinion usually employs the phrase 'subject to.'
Disclaimer	Auditor refuses to state opinion on financial statements, typically due to lack of sufficient documentation provided by company and/or subsidiaries.

Annual and transition report of foreign private issuers (Form Type 20-F)

end of period

Current report of foreign issuer (Form Type 6-K)

filing date

Prospectus (Form Type 42..)

filing date

424B3	http://www.sec.gov/Archives/edgar/data/1049190/000104746905017692/a2159939z424b3.htm	06/20/05
424B3	http://www.sec.gov/Archives/edgar/data/1049190/000104746903036600/a2122100z424b3.htm	11/10/03
424B3	http://www.sec.gov/Archives/edgar/data/1049190/000104746903034190/a2120920z424b3.htm	10/24/03
424B3	http://www.sec.gov/Archives/edgar/data/1049190/000104746903033916/a2120787z424b3.htm	10/22/03



On a long enough timeline
the survival rate for
everyone drops to zero.

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