

Orchids Paper Products Company

Supplemental Information for the
2nd Quarter 2010 Earnings Call

Presenters : Robert Snyder,
CEO and Keith Schroeder, CFO

Forward-looking statements

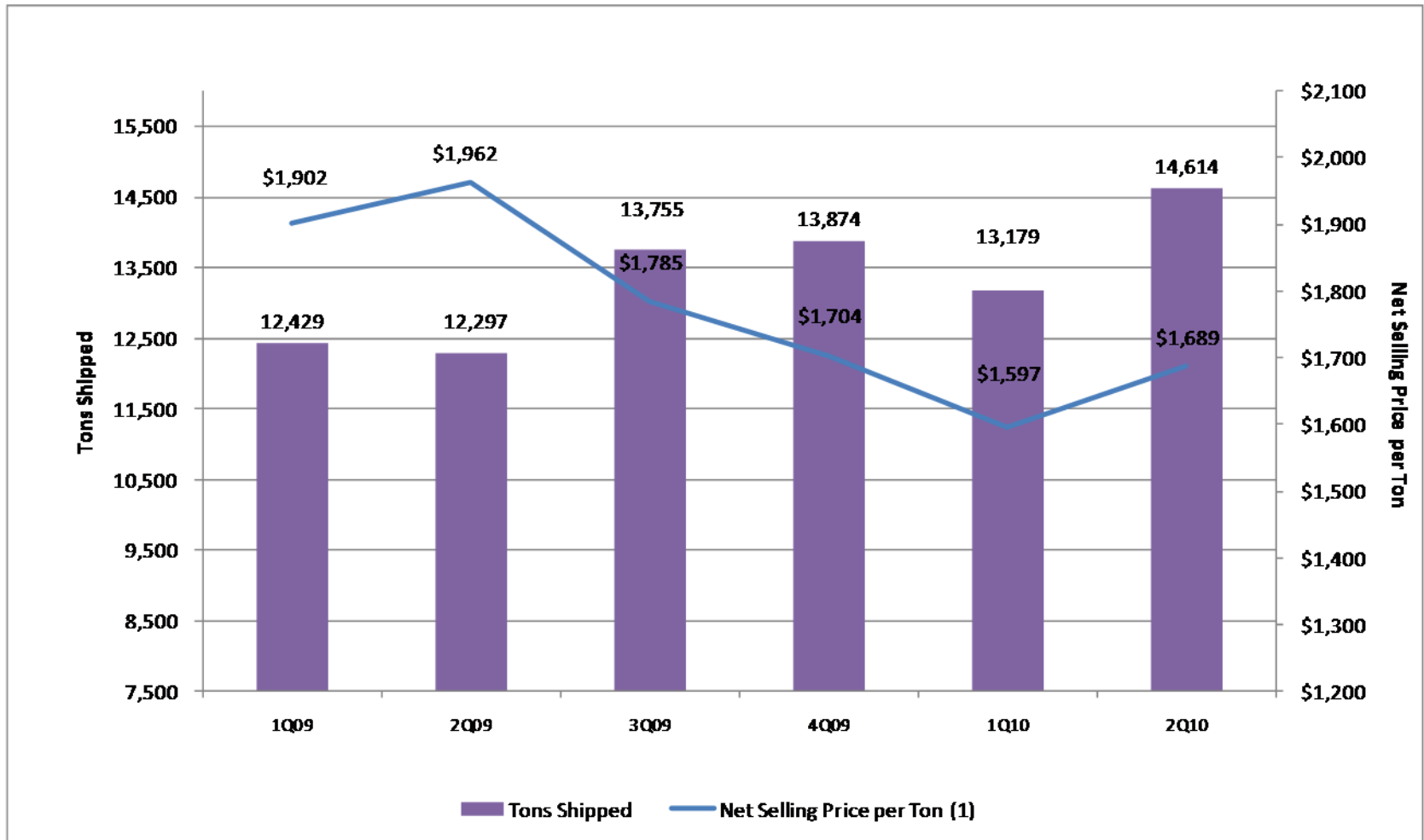
This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements reflect the Company's current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause actual results to differ materially. Factors that may contribute to these differences include, but are not limited to the following: competition in the Company's market; concentration of a substantial percentage of the Company's converted product revenues among a few large customers; disruption in the Company's supply or increase in the cost of waste paper; increased competition in our region; changes in our retail trade customers' policies and increased dependence on key retailers in developed markets; limitations on free cash flow and restrictions on business operations due to the Company's indebtedness; the availability of and prices for energy; potential financial exposure if the Company fails to purchase the contracted quantity of natural gas under an existing supply contract; the Company's exposure to variable interest rates;; the loss of key personnel; labor interruptions; natural disaster or other disruption to the Company's facility; the Company's ability to finance its capital requirements; costs to comply with government regulations; the Company's failure to maintain an effective system of internal controls necessary to accurately report its financial results and prevent fraud; fluctuations in demand and pricing in the parent roll market, which is a commodity market; reduction in prices for the Company's products due to excess supply; the Company's inability to continue to implement its business strategies or inability to sell the capacity operated from the Company's new converting line ; failure to complete the project to add a new converting line successfully or timely; and a significant decline in sales causing the Company to no longer need the new converting line. For a further list and description of such risks and uncertainties, see the reports filed by the Company with the Securities and Exchange Commission, including the Company's Form 10-K for the year ended December 31, 2009. Although the Company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be realized. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Financial highlights

(Dollars in thousands, except for per share data and % of net sales)

	1Q 09	2Q09	3Q09	4Q09	1Q10	2Q10	12 months ended December 31	
							2008	2009
Net Sales	\$23,640	\$24,131	\$24,557	\$23,635	\$21,040	\$24,685	\$90,202	\$95,963
Gross Profit	\$6,432	\$7,828	\$7,429	\$6,338	\$3,861	\$5,075	\$15,006	\$28,027
% of net sales	27.2%	32.4%	30.3%	26.8%	18.4%	20.6%	16.6%	29.2%
Net Income	\$2,797	\$3,775	\$3,815	\$3,165	\$1,360	\$2,172	\$5,191	\$13,552
Diluted EPS	\$0.42	\$0.55	\$0.52	\$0.40	\$0.18	\$0.28	\$0.79	\$1.89
EBITDA	\$5,409	\$6,576	\$6,665	\$5,742	\$3,271	\$4,394	\$11,879	\$24,392
% of net sales	22.9%	27.3%	27.1%	24.3%	15.6%	17.8%	13.2%	25.4%

Tons shipped and net selling price per ton



(1) Weighted average of converted products and parent roll

Balance sheet and cash flow

(Dollars in thousands, except for ratios)

	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
Current and Long-Term Debt Outstanding	\$ 21,889	\$ 22,631	\$ 24,050	\$ 23,275	\$ 22,350	\$ 25,038
Cash and Short Term Investments	\$ 1,552	\$ 4,294	\$ 22,819	\$ 19,741	\$ 14,154	\$ 9,893
Net Debt	\$ 20,337	\$ 18,337	\$ 1,231	\$ 3,534	\$ 8,196	\$ 15,145
Debt Service Coverage Ratio	4.24	5.07	5.95	6.25	5.29	N/A
Fixed Charge Coverage Ratio	N/A	N/A	N/A	N/A	N/A	3.73
Funded Debt to EBITDA Ratio	1.41	1.14	1.02	0.93	0.98	1.22
Price-Earnings Ratio	12.05	13.43	10.93	10.59	9.97	9.42
Capital Expenditures	\$ 1,290	\$ 3,355	\$ 1,909	\$ 9,157	\$ 7,358	\$ 11,340
Cash Provided by Operations	\$ 4,721	\$ 5,276	\$ 4,063	\$ 6,812	\$ 2,696	\$ 4,416
Cash Provided by (used by) Investing Activities	\$ (1,290)	\$ (5,855)	\$ (21,911)	\$ (5,164)	\$ (2,361)	\$ (7,341)
Cash Provided by (used by) Financing Activities	\$ (1,890)	\$ 821	\$ 16,371	\$ (733)	\$ (925)	\$ 2,663

Reconciliation of non-GAAP measures

(Dollars in thousands)

	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
EBITDA Reconciliation:						
Net Income	\$ 2,797	\$ 3,775	\$ 3,815	\$ 3,165	\$ 1,360	\$ 2,172
Plus: Interest Expense	159	135	174	224	215	211
Plus: Income Tax Expense	1,649	1,832	1,673	1,310	565	864
Plus: Depreciation	804	834	1,003	1,043	1,131	1,147
Earnings Before Interest, Income Tax and Depreciation and Amortization (EBITDA)	<u>\$ 5,409</u>	<u>\$ 6,576</u>	<u>\$ 6,665</u>	<u>\$ 5,742</u>	<u>\$ 3,271</u>	<u>\$ 4,394</u>