



FOURTH QUARTER AND FULL YEAR 2020 FINANCIAL RESULTS

Non-GAAP Reconciliations

March 3, 2021

Appendix

Reconciliation of Non-GAAP Financial Measures

We supplement our financial information prepared in accordance with U.S. GAAP with certain non-GAAP measures including Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, restructuring charges, net, integration and acquisition expenses and other similar charges including any severance costs, costs associated with warehouse and office openings or closings, consolidation, and relocation and other business optimization expenses, stock-based compensation expense, changes in the LIFO reserve, non-restructuring asset impairment charges, non-restructuring severance charges, non-restructuring pension charges, net, fair value adjustments related to contingent liabilities assumed in mergers and acquisitions and certain other adjustments) and free cash flow. We believe investors commonly use Adjusted EBITDA, free cash flow and these other non-GAAP measures as key financial metrics for valuing companies. In addition, the credit agreement governing our Asset-Based Lending Facility (the "ABL Facility") permits us to exclude the foregoing and other charges in calculating "Consolidated EBITDA", as defined in the ABL Facility. We approximate foreign currency effects by applying the foreign currency exchange rate for the prior period to the local currency results for the current period.

Adjusted EBITDA, free cash flow and these other non-GAAP measures are not alternative measures of financial performance or liquidity under U.S. GAAP. Non-GAAP measures do not have definitions under U.S. GAAP and may be defined differently by, and not be comparable to, similarly titled measures used by other companies. As a result, we consider and evaluate non-GAAP measures in connection with a review of the most directly comparable measure calculated in accordance with U.S. GAAP. We caution investors not to place undue reliance on such non-GAAP measures and to consider them with the most directly comparable U.S. GAAP measures. Adjusted EBITDA, free cash flow and these other non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analyzing our results as reported under U.S. GAAP. Please see the following tables for reconciliations of non-GAAP measures to the most comparable U.S. GAAP measures.

A reconciliation of the forecasted full year 2021 Adjusted EBITDA guidance range cannot be provided without unreasonable efforts due to the uncertainty and variability on a forward-looking basis of certain items that impact net income including, but not limited to, restructuring charges, LIFO reserves, and taxes, any of which may be significant. In addition, the Company believes such a reconciliation would imply a degree of precision that would be confusing or misleading to investors.

Appendix

Reconciliation of Non-GAAP Financial Measures

Table I
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
NET INCOME (LOSS) TO ADJUSTED EBITDA; ADJUSTED EBITDA MARGIN
(in millions, unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Net income (loss)	\$ 32.0	\$ 3.4	\$ 34.2	\$ (29.5)
Interest expense, net	5.4	7.6	25.1	38.1
Income tax expense (benefit)	9.0	0.5	8.8	0.7
Depreciation and amortization	14.6	14.0	57.7	53.5
EBITDA	61.0	25.5	125.8	62.8
Restructuring charges, net	11.8	11.9	52.2	28.8
Facility closure charges, including (gain) loss from asset disposition	1.7	—	(3.7)	—
Stock-based compensation	2.8	2.2	17.7	14.6
LIFO reserve (decrease) increase	3.1	(2.7)	(1.5)	(3.7)
Non-restructuring severance charges	0.9	4.4	4.1	8.4
Non-restructuring pension charges, net	—	0.0	7.2	6.6
Integration and acquisition expenses	—	4.2	—	17.5
Fair value adjustment on Tax Receivable Agreement contingent liability	(20.1)	(1.5)	(19.1)	0.3
Fair value adjustment on contingent consideration liability	—	2.5	1.0	13.1
Escheat audit contingent liability	(0.2)	(2.3)	(0.2)	3.7
Other	0.7	3.0	4.1	3.8
Adjusted EBITDA	\$ 61.7	\$ 47.2	\$ 187.6	\$ 155.9
Net sales	\$ 1,642.3	\$ 1,835.2	\$ 6,345.6	\$ 7,659.4
Adjusted EBITDA as a % of net sales	3.8 %	2.6 %	3.0 %	2.0 %

Appendix

Reconciliation of Non-GAAP Financial Measures

Table I.a
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
NET INCOME (LOSS) TO ADJUSTED EBITDA; ADJUSTED EBITDA MARGIN
(in millions, unaudited)

	Three Months Ended	
	December 31, 2020	September 30, 2020
Net income (loss)	\$ 32.0	\$ 21.1
Interest expense, net	5.4	5.5
Income tax expense (benefit)	9.0	(0.1)
Depreciation and amortization	14.6	15.0
EBITDA	61.0	41.5
Restructuring charges, net	11.8	7.9
Facility closure charges, including (gain) loss from asset disposition	1.7	(7.4)
Stock-based compensation	2.8	4.8
LIFO reserve (decrease) increase	3.1	(0.4)
Non-restructuring severance charges	0.9	0.8
Fair value adjustment on Tax Receivable Agreement contingent liability	(20.1)	2.0
Escheat audit contingent liability	(0.2)	—
Other	0.7	0.7
Adjusted EBITDA	\$ 61.7	\$ 49.9
Net sales	\$ 1,642.3	\$ 1,591.2
Adjusted EBITDA as a % of net sales	3.8 %	3.1 %

Appendix

Reconciliation of Non-GAAP Financial Measures

Table II
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
FREE CASH FLOW
(in millions, unaudited)

	<u>Year Ended December 31, 2020</u>	
Net cash provided by (used for) operating activities	\$	289.2
Less: Capital expenditures		<u>(23.6)</u>
Free cash flow	\$	<u>265.6</u>

Appendix

Reconciliation of Non-GAAP Financial Measures

Table II.a

VERITIV CORPORATION

RECONCILIATION OF NON-GAAP MEASURES

FREE CASH FLOW GUIDANCE

(in millions, unaudited)

	<u>Forecast for Year Ending December 31, 2021</u>
Net cash provided by (used for) operating activities	at least \$110
Less: Capital expenditures	<u>(35)</u>
Free cash flow	<u>at least \$75</u>

Appendix

Reconciliation of Non-GAAP Financial Measures

Table III
VERITIV CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
NET DEBT TO ADJUSTED EBITDA (in millions, unaudited)

	December 31, 2020	December 31, 2019
Amount drawn on ABL Facility	\$ 520.2	\$ 673.2
Less: Cash and cash equivalents	(120.6)	(38.0)
Net debt	\$ 399.6	\$ 635.2
Last Twelve Months Adjusted EBITDA	\$ 187.6	\$ 155.9
Net debt to Adjusted EBITDA	2.1x	4.1x
	Last Twelve Months December 31, 2020	Last Twelve Months December 31, 2019
Net income (loss)	\$ 34.2	\$ (29.5)
Interest expense, net	25.1	38.1
Income tax expense (benefit)	8.8	0.7
Depreciation and amortization	57.7	53.5
EBITDA	125.8	62.8
Restructuring charges, net	52.2	28.8
Facility closure charges, including (gain) loss from asset disposition	(3.7)	—
Stock-based compensation	17.7	14.6
LIFO reserve (decrease) increase	(1.5)	(3.7)
Non-restructuring severance charges	4.1	8.4
Non-restructuring pension charges, net	7.2	6.6
Integration and acquisition expenses	—	17.5
Fair value adjustment on Tax Receivable Agreement contingent liability	(19.1)	0.3
Fair value adjustment on contingent consideration liability	1.0	13.1
Escheat audit contingent liability	(0.2)	3.7
Other	4.1	3.8
Adjusted EBITDA	\$ 187.6	\$ 155.9