



Fourth Quarter and Full Year 2019 Financial Results

February 27, 2020



Tom Morabito
Director of Investor Relations

Safe Harbor Provision

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Factors that could cause actual results to differ materially from current expectations include risks and other factors described under "Risk Factors" in our Annual Report on Form 10-K and elsewhere in the Company's publicly available reports filed with the Securities and Exchange Commission ("SEC"), which contain a discussion of various factors that may affect the Company's business or financial results. Such risks and other factors, which in some instances are beyond the Company's control, include: the industry-wide decline in demand for paper and related products; increased competition from existing and non-traditional sources; adverse developments in general business and economic conditions as well as conditions in the global capital and credit markets impacting our Company and our customers; foreign currency fluctuations; our ability to attract, train and retain highly qualified employees; the effects of work stoppages, union negotiations and labor disputes; the loss of any of our significant customers; changes in business conditions in our international operations; procurement and other risks in obtaining packaging, facility products and paper from our suppliers for resale to our customers; changes in prices for raw materials; increases in the cost of fuel and third-party freight and the availability of third-party freight providers; changes in trade policies and regulations; inclement weather, widespread outbreak of an illness or responses thereto, anti-terrorism measures and other disruptions to our supply chain, distribution system and operations; our dependence on a variety of information technology and telecommunications systems and the Internet; our reliance on third-party vendors for various services; cyber-security risks; costs to comply with laws, rules and regulations, including environmental, health and safety laws, and to satisfy any liability or obligation imposed under such laws; regulatory changes and judicial rulings impacting our business; adverse results from litigation, governmental investigations or audits, or tax-related proceedings or audits; our ability to adequately protect our material intellectual property and other proprietary rights, or to defend successfully against intellectual property infringement claims by third parties; our pension and health care costs and participation in multi-employer pension, health and welfare plans; increasing interest rates; our ability to generate sufficient cash to service our debt; our ability to comply with the covenants contained in our debt agreements; our ability to refinance or restructure our debt on reasonable terms and conditions as might be necessary from time to time; changes in accounting standards and methodologies; and other events of which we are presently unaware or that we currently deem immaterial that may result in unexpected adverse operating results. The Company is not responsible for updating the information contained in this presentation beyond the published date, or for changes made to this document by wire services or Internet service providers. This presentation is being furnished to the SEC through a Form 8-K. The Company's Annual Report on Form 10-K for the year ended December 31, 2019 to be filed with the SEC may contain updates to the information included in this presentation.

We reference non-GAAP financial measures in this presentation. Please see the appendix for reconciliations of non-GAAP measures to the most comparable U.S. GAAP measures.



Mary Laschinger
Chairman & CEO

Financial Results (Unaudited)



	FY19 Actual	YOY % Change
Net Sales	\$7.7B	(11.9)%
Net Loss	\$(29.5)M	(87.9)%
Adjusted EBITDA¹	\$155.9M	(15.9)%
Free Cash Flow²	\$246.9M	NM³

1. Please see the appendix for reconciliations of non-GAAP measures to the most comparable U.S. GAAP measures.

2. Cash flow from operations less capital expenditures.

3. Year-over-year comparison not meaningful because 2018 had negative Free Cash Flow of \$(30.4) million.

2019 Highlights:

Packaging:

- Adjusted EBITDA relatively flat due to the decline in revenues, and higher storage costs during the first half of the year, partially offset by strong margin management

Facility Solutions:

- Adjusted EBITDA positively impacted by lower supply chain and selling expenses, as well as improved margins from our strategic repositioning

Print and Publishing:

- Adjusted EBITDA negatively impacted by the revenue decline and margin pressure, partially offset by lower expenses

2020 Outlook:

- Adjusted EBITDA expected to be \$140 to \$155 million
- Free Cash Flow expected to be at least \$60 million
- Total Capital Expenditures expected to be approximately \$40 million



Gui Nebel
Vice President, FP&A and
Treasurer

Financial Results¹ Fourth Quarter and Full Year 2019



(Unaudited, Dollars In Millions, Except Per Share Amounts)

	4Q19		FY19	
	<i>Three Months Ended December 31</i>	YOY % Change	<i>Year Ended December 31</i>	YOY % Change
Net sales	\$1,835.2	(17.7)%	\$7,659.4	(11.9)%
Net sales per shipping day	—	(17.7)%	—	(11.9)%
Cost of products sold	\$1,479.7	(19.2)%	\$6,206.2	(13.3)%
Net sales less cost of products sold	\$355.5	(10.9)%	\$1,453.2	(5.7)%
Net income (loss)	\$3.4	(63.4)%	\$(29.5)	(87.9)%
Basic earnings (loss) per share	\$0.21	(64.4)%	\$(1.84)	(85.9)%
Diluted earnings (loss) per share	\$0.21	(63.2)%	\$(1.84)	(85.9)%
Adjusted EBITDA	\$47.2	(18.1)%	\$155.9	(15.9)%
Adjusted EBITDA as a % of net sales	2.6%	0 BPS	2.0%	-10 BPS

1. Please see the appendix for reconciliations of non-GAAP measures to the most comparable GAAP measures.

Segment Financial Results

Fourth Quarter and Full Year 2019

(Unaudited, Dollars In Millions)



Packaging

	4Q19 Three Months Ended December 31	YOY % Change	FY19 Year Ended December 31	YOY % Change
Net sales	\$848	(7.4)%	\$3,446	(2.8)%
Net sales per shipping day		(7.4)%		(2.8)%
Adjusted EBITDA	\$62.4	(3.6)%	\$243.5	(1.3)%
Adj. EBITDA as a % of net sales	7.4%	30 BPS	7.1%	10 BPS

Facility Solutions

	4Q19 Three Months Ended December 31	YOY % Change	FY19 Year Ended December 31	YOY % Change
Net sales	\$264	(19.2)%	\$1,182	(9.9)%
Net sales per shipping day		(19.2)%		(9.9)%
Adjusted EBITDA	\$9.6	4.3%	\$33.1	14.1%
Adj. EBITDA as a % of net sales	3.6%	80 BPS	2.8%	60 BPS

Print

	4Q19 Three Months Ended December 31	YOY % Change	FY19 Year Ended December 31	YOY % Change
Net sales	\$499	(25.4)%	\$2,105	(21.4)%
Net sales per shipping day		(25.4)%		(21.4)%
Adjusted EBITDA	\$13.0	(20.7)%	\$43.1	(32.7)%
Adj. EBITDA as a % of net sales	2.6%	10 BPS	2.0%	(40) BPS

Publishing

	4Q19 Three Months Ended December 31	YOY % Change	FY19 Year Ended December 31	YOY % Change
Net sales	\$194	(31.7)%	\$798	(21.7)%
Net sales per shipping day		(31.7)%		(21.7)%
Adjusted EBITDA	\$6.4	(13.5)%	\$21.4	(13.0)%
Adj. EBITDA as a % of net sales	3.3%	70 BPS	2.7%	30 BPS

Capital Structure

At the end of December 2019:

- The borrowing base availability for the ABL facility was ~ \$1.0B
- \$673M drawn against the ABL facility
- \$282M of available borrowing capacity
- Net debt to Adj. EBITDA: 4.1x for the trailing 12 months

Capital Allocation

Capital Allocation Priorities:

- Invest in growth:
 - 2020 total CapEx expected to be approximately \$40M
 - Optimization activities
- Pay down debt
- Return value to shareholders





Mary Laschinger
Chairman & CEO

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) because we believe investors commonly use Adjusted EBITDA and these other non-GAAP measures as key financial metrics for valuing companies. In addition, the credit agreement governing our asset-based lending facility permits us to exclude the foregoing and other charges in calculating “Consolidated EBITDA”, as defined in the 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 and these other non-GAAP measures are not alternative measures of financial performance 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 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.

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,	
	2019	2018	2019	2018
Net income (loss)	\$ 3.4	\$ 9.3	\$ (29.5)	\$ (15.7)
Interest expense, net	7.6	11.8	38.1	42.3
Income tax expense (benefit)	0.5	6.6	0.7	5.5
Depreciation and amortization	14.0	12.0	53.5	53.5
EBITDA	25.5	39.7	62.8	85.6
Restructuring charges, net	11.9	(7.4)	28.8	21.3
Stock-based compensation	2.2	2.9	14.6	18.1
LIFO reserve (decrease) increase	(2.7)	1.5	(3.7)	19.9
Non-restructuring asset impairment charges	—	0.2	—	0.4
Non-restructuring severance charges	4.4	2.6	8.4	4.9
Non-restructuring pension charges, net	0.0	12.1	6.6	11.3
Integration and acquisition expenses	4.2	7.2	17.5	31.8
Fair value adjustment on Tax Receivable Agreement contingent liability	(1.5)	(0.9)	0.3	(1.2)
Fair value adjustment on contingent consideration liability	2.5	(1.3)	13.1	(12.3)
Escheat audit contingent liability	(2.3)	1.7	3.7	2.5
Other	3.0	(0.7)	3.8	3.1
Adjusted EBITDA	\$ 47.2	\$ 57.6	\$ 155.9	\$ 185.4
Net sales	\$ 1,835.2	\$ 2,230.8	\$ 7,659.4	\$ 8,696.2
Adjusted EBITDA as a % of net sales	2.6%	2.6%	2.0%	2.1%

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

	<u>Year Ended December 31, 2019</u>
Net cash flows provided by operating activities	\$ 281.0
Less: Capital expenditures	(34.1)
Free cash flow	246.9
Add back:	
Cash payments for restructuring expenses	24.3
Cash payments for integration and acquisition expenses	16.8
Cash payments for integration-related capex	11.4
Adjusted free cash flow	<u>\$ 299.4</u>

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

	<u>Forecast for Year Ending December 31, 2020</u>
Net cash flows provided by operating activities	at least \$100
Less: Capital expenditures	<u>(40)</u>
Free cash flow	<u>at least \$60</u>

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

	December 31, 2019
Amount drawn on ABL Facility	\$ 673.2
Less: Cash	(38.0)
Net debt	<u>635.2</u>
Last Twelve Months Adjusted EBITDA	\$ 155.9
Net debt to Adjusted EBITDA	4.1x
	Last Twelve Months
	December 31, 2019
Net loss	\$ (29.5)
Interest expense, net	38.1
Income tax expense	0.7
Depreciation and amortization	<u>53.5</u>
EBITDA	62.8
Restructuring charges, net	28.8
Stock-based compensation	14.6
LIFO reserve decrease	(3.7)
Non-restructuring severance charges	8.4
Non-restructuring pension charges, net	6.6
Integration and acquisition expenses	17.5
Fair value adjustment on Tax Receivable Agreement contingent liability	0.3
Fair value adjustment on contingent consideration liability	13.1
Escheat audit contingent liability	3.7
Other	3.8
Adjusted EBITDA	<u>\$ 155.9</u>



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