



**NON-GAAP RECONCILIATIONS
THIRD QUARTER 2020**

November 5, 2020

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) 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 (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 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.

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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	\$ 21.1	\$ 5.1	\$ 2.2	\$ (32.9)
Interest expense, net	5.5	8.9	19.7	30.5
Income tax expense (benefit)	(0.1)	7.6	(0.2)	0.2
Depreciation and amortization	15.0	13.3	43.1	39.5
EBITDA	41.5	34.9	64.8	37.3
Restructuring charges, net	7.9	7.6	40.4	16.9
Facility closure charges, including (gain) loss from asset disposition	(7.4)	—	(5.4)	—
Stock-based compensation	4.8	3.4	14.9	12.4
LIFO reserve (decrease) increase	(0.4)	(3.9)	(4.6)	(1.0)
Non-restructuring severance charges	0.8	1.3	3.2	4.0
Non-restructuring pension charges, net	—	0.0	7.2	6.6
Integration expenses	—	4.5	—	13.3
Fair value adjustment on Tax Receivable Agreement contingent liability	2.0	0.3	1.0	1.8
Fair value adjustment on contingent consideration liability	—	(2.5)	1.0	10.6
Escheat audit contingent liability	—	(1.0)	—	6.0
Other	0.7	0.4	3.4	0.8
Adjusted EBITDA	\$ 49.9	\$ 45.0	\$ 125.9	\$ 108.7
Net sales	\$ 1,591.2	\$ 1,924.5	\$ 4,703.3	\$ 5,824.2
Adjusted EBITDA as a % of net sales	3.1 %	2.3 %	2.7 %	1.9 %

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	
	September 30, 2020	June 30, 2020
Net income (loss)	\$ 21.1	\$ (18.5)
Interest expense, net	5.5	7.2
Income tax expense (benefit)	(0.1)	(0.5)
Depreciation and amortization	15.0	14.3
EBITDA	41.5	2.5
Restructuring charges, net	7.9	32.5
Facility closure charges, including (gain) loss from asset disposition	(7.4)	0.6
Stock-based compensation	4.8	0.7
LIFO reserve (decrease) increase	(0.4)	1.7
Non-restructuring severance charges	0.8	0.7
Non-restructuring pension charges, net	—	0.1
Fair value adjustment on Tax Receivable Agreement contingent liability	2.0	(0.3)
Other	0.7	1.3
Adjusted EBITDA	\$ 49.9	\$ 39.8
Net sales	\$ 1,591.2	\$ 1,404.8
Adjusted EBITDA as a % of net sales	3.1 %	2.8 %

Appendix

Reconciliation of Non-GAAP Financial Measures

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

	<u>Three Months Ended September 30, 2020</u>	
Net cash provided by (used for) operating activities	\$	54.2
Less: Capital expenditures		<u>(5.1)</u>
Free cash flow	\$	<u>49.1</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)

	September 30, 2020
Amount drawn on ABL Facility	\$ 521.0
Less: Cash and cash equivalents	(112.5)
Net debt	<u>408.5</u>
Last Twelve Months Adjusted EBITDA	\$ 173.1
Net debt to Adjusted EBITDA	2.4x
	Last Twelve Months
	September 30, 2020
Net income (loss)	\$ 5.6
Interest expense, net	27.3
Income tax expense (benefit)	0.3
Depreciation and amortization	57.1
EBITDA	<u>90.3</u>
Restructuring charges, net	52.3
Facility closure charges, including (gain) loss from asset disposition	(5.4)
Stock-based compensation	17.1
LIFO reserve (decrease) increase	(7.3)
Non-restructuring severance charges	7.6
Non-restructuring pension charges, net	7.2
Integration expenses	4.2
Fair value adjustment on Tax Receivable Agreement contingent liability	(0.5)
Fair value adjustment on contingent consideration liability	3.5
Escheat audit contingent liability	(2.3)
Other	6.4
Adjusted EBITDA	<u>\$ 173.1</u>