



Non-GAAP Reconciliations

Second Quarter 2017
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Appendix: Reconciliation of Non-GAAP Financial Measures



We supplement our financial information prepared in accordance with GAAP with certain non-GAAP measures including Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, restructuring charges (income), integration 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, fair value adjustments on the contingent liability associated with the Tax Receivable Agreement ("TRA") 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 GAAP. Non-GAAP measures do not have definitions under 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 GAAP. We caution investors not to place undue reliance on such non-GAAP measures and to consider them with the most directly comparable 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 GAAP. Please see the following tables for reconciliations of non-GAAP measures to the most comparable 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 June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income (loss)	\$ (9.1)	\$ 7.9	\$ (11.3)	\$ 11.2
Interest expense, net	7.4	6.4	13.8	12.9
Income tax expense (benefit)	(7.7)	6.2	(9.1)	10.4
Depreciation and amortization	13.7	13.6	26.8	27.1
EBITDA	4.3	34.1	20.2	61.6
Restructuring charges (income)	23.2	(0.3)	27.3	1.4
Stock-based compensation	4.1	3.1	7.8	5.1
LIFO reserve decrease (increase)	2.2	2.2	(0.3)	(3.1)
Non-restructuring asset impairment charges	—	0.6	0.7	1.0
Non-restructuring severance charges	0.5	1.4	1.0	2.2
Non-restructuring pension charges	(1.1)	—	(1.1)	—
Integration expenses	7.5	6.1	13.9	12.3
Fair value adjustment on TRA contingent liability	1.1	2.0	2.0	3.8
Other	0.7	0.9	0.8	0.7
Adjusted EBITDA	\$ 42.5	\$ 50.1	\$ 72.3	\$ 85.0
Net sales	\$ 2,028.9	\$ 2,060.8	\$ 4,023.5	\$ 4,080.6
Adjusted EBITDA as a % of net sales	2.1%	2.4%	1.8%	2.1%

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

	Three Months Ended June 30, 2017
Net cash flows provided by operating activities	\$ 36.9
Less: Capital expenditures	(9.9)
Free cash flow	27.0
Add back:	
Cash payments for restructuring expenses	7.4
Cash payments for integration expenses	6.4
Cash payments for integration-related capex	4.4
Free cash flow excluding cash impact of restructuring and integration-related items	\$ 45.2

Appendix: Reconciliation of Non-GAAP Financial Measures



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

	<u>June 30, 2017</u>
Amount drawn on ABL Facility	\$ 789.9
Less: Cash	(55.3)
Net debt	<u>734.6</u>
Last Twelve Months Adjusted EBITDA	\$ 179.5
Net debt to Adjusted EBITDA	4.1x
	<u>Last Twelve Months</u>
	<u>June 30, 2017</u>
Net loss	\$ (1.5)
Interest expense, net	28.4
Income tax expense	0.3
Depreciation and amortization	54.4
EBITDA	<u>81.6</u>
Restructuring charges	38.3
Stock-based compensation	11.0
LIFO reserve increase	6.4
Non-restructuring asset impairment charges	8.4
Non-restructuring severance charges	1.9
Non-restructuring pension charges	1.3
Integration expenses	27.5
Fair value adjustments on TRA contingent liability	3.1
Adjusted EBITDA	<u>\$ 179.5</u>