Veritiv Corporation First Quarter 2018 Financial Results

May 8, 2018

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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; 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, paper and facility products from our suppliers for resale to our customers; changes in prices for raw materials; fuel cost increases; inclement weather, anti-terrorism measures and other disruptions to the transportation network; our dependence on a variety of IT 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 inability to renew existing leases on acceptable terms, negotiate rent decreases or concessions and identify affordable real estate; 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; our ability to realize the full benefit of the anticipated synergies, cost savings and growth opportunities from the merger transaction and our ability to integrate the xpedx business with the Unisource business; the possibility of incurring expenditures in excess of those currently budgeted in connection with the integration; 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 Quarterly Report on Form 10-Q for the three months ended March 31, 2018 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 GAAP measures.

Mary Laschinger

Chairman & CEO

Financial Results

(Unaudited)

	1Q18 Actual	YOY% Change
Net Sales	$2.1B	5.3%
Net Loss	$(15.8)M	NM[1]
Adjusted EBITDA[2]	$29.7M	(0.3)%

1. Year-over-year comparison not meaningful because 1Q17 had net loss of $(2.2) million.
2. Please see the appendix for reconciliations of non-GAAP measures to the most comparable GAAP measures.

1Q18 Highlights and 2018 Outlook

1Q18 Highlights:

- Packaging: strong 1Q sales
  - Core revenues increased more than 16% quarter-over-quarter in 1Q; 8% of which was from the All American Containers (AAC) acquisition
- Facility Solutions: improved 1Q sales
- Print: secular challenges expected to continue
- Publishing: stable 1Q results
- Print restructuring

2018 Outlook:

- Third multi-state operating system conversion completed as planned
- 2018 Adjusted EBITDA is expected to be $180-190 million
- 2018 Free Cash Flow is expected to be at least $30 million

Stephen Smith

CFO

Veritiv Financial Results[1]
First Quarter 2018

(Unaudited, Dollars In Millions, Except Per Share Amounts)	**1Q18** *Three Months Ended March 31*	**YOY % Change**
Net sales	$2,101.0	5.3%
Net sales per shipping day	–	5.3%
Cost of products sold	$1,729.5	6.1%
Net sales less cost of products sold	$371.5	1.7%
Net loss	$(15.8)	NM[2]
Basic and diluted loss per share	$(1.00)	NM[2]
Adjusted EBITDA	$29.7	(0.3)%
Adjusted EBITDA as a % of net sales	1.4%	-10 BPS

1. Please see the appendix for reconciliations of non-GAAP measures to the most comparable GAAP measures.
2. Year-over-year comparison not meaningful because 1Q17 had net loss and basic and diluted loss per share of $(2.2) million, and $(0.14) respectively.

Veritiv Segment Financial Results First Quarter 2018

(Unaudited, Dollars In Millions)

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Packaging

	1Q18 *Three Months Ended March 31*	**YOY % Change**
Net sales	$845	17.1%
Net sales per shipping day	_	17.1%
Adjusted EBITDA	$53.6	6.1%
Adj. EBITDA as a % of net sales	6.3%	(70) BPS

Facility Solutions

	1Q18 *Three Months Ended March 31*	**YOY % Change**
Net sales	$321	4.5%
Net sales per shipping day	_	4.5%
Adjusted EBITDA	$4.1	(18.0)%
Adj. EBITDA as a % of net sales	1.3%	(30) BPS

Print

	1Q18 *Three Months Ended March 31*	**YOY % Change**
Net sales	$661	(5.4)%
Net sales per shipping day	_	(5.4)%
Adjusted EBITDA	$13.7	(2.8)%
Adj. EBITDA as a % of net sales	2.1%	10 BPS

Publishing

	1Q18 *Three Months Ended March 31*	**YOY % Change**
Net sales	$238	1.8%
Net sales per shipping day	_	1.8%
Adjusted EBITDA	$6.8	11.5%
Adj. EBITDA as a % of net sales	2.9%	30 BPS

Asset Based Loan Facility & Capital Allocation

Capital Structure

- At the end of March 2018:
  - The borrowing base availability for the ABL facility was ~ $1.2B
  - $945M drawn against the ABL facility
  - $259M of available borrowing capacity
  - Net debt to Adj. EBITDA: 5.0x for the trailing 12 months[1]

1. Includes borrowings for All American Containers Acquisition

Capital Allocation

- Capital Allocation Priorities:
  - Invest in the Company
    - YTD: CapEx totaled ~ $10M, with ~ $6M related to integration
      - Expect 2018 incremental CapEx for integration projects of $10M - $20M
      - Ordinary course 2018 CapEx expected to be $20M - $30M
  - Pay down debt
  - Invest in growth (organic and inorganic)

Questions

Mary Laschinger

Chairman & CEO

Appendix: Reconciliation of Non-GAAP Financial Measures

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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, 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 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

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

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Net loss	$ (15.8)	$ (2.2)
Interest expense, net	9.3	6.4
Income tax benefit	(1.9)	(1.4)
Depreciation and amortization	14.4	13.1
EBITDA	6.0	15.9
Restructuring charges, net	11.9	4.1
Stock-based compensation	5.6	3.7
LIFO reserve increase (decrease)	5.7	(2.5)
Non-restructuring asset impairment charges	—	0.7
Non-restructuring severance charges	1.3	0.5
Non-restructuring pension charges, net	(0.7)	—
Integration and acquisition expenses	8.3	6.4
Fair value adjustment on Tax Receivable Agreement contingent liability	(0.2)	0.9
Fair value adjustment on contingent consideration liability	(8.3)	—
Other	0.1	0.1
Adjusted EBITDA	$ 29.7	$ 29.8
Net sales	$ 2,101.0	$ 1,994.6
Adjusted EBITDA as a % of net sales	1.4%	1.5%

Appendix: Reconciliation of Non-GAAP Financial Measures

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

	Three Months Ended March 31, 2018
Net cash flows used for operating activities	$ (21.7)
Less: Capital expenditures	(9.6)
Free cash flow	(31.3)
Add back:	
Cash payments for restructuring expenses	3.8
Cash payments for integration and acquisition expenses	10.7
Cash payments for integration-related capex	5.7
Adjusted free cash flow	$ (11.1)

Appendix: Reconciliation of Non-GAAP Financial Measures

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

		March 31, 2018
Amount drawn on ABL Facility	$	945.3
Less: Cash		(70.8)
Net debt		874.5
Last Twelve Months Adjusted EBITDA	$	176.3
Net debt to Adjusted EBITDA		5.0x

		Last Twelve Months March 31, 2018
Net loss	$	(26.9)
Interest expense, net		34.1
Income tax expense		10.9
Depreciation and amortization		55.5
EBITDA		73.6
Restructuring charges, net		24.5
Stock-based compensation		17.6
LIFO reserve increase		15.3
Non-restructuring asset impairment charges		7.7
Non-restructuring severance charges		4.3
Non-restructuring pension charges, net		1.5
Integration and acquisition expenses		38.4
Fair value adjustments on Tax Receivable Agreement contingent liability		(10.5)
Fair value adjustment on contingent consideration liability		(6.3)
Escheat audit contingent liability		7.5
Other		2.7
Adjusted EBITDA	$	176.3

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