



# Non-GAAP Reconciliations

Second Quarter 2018  
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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, 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



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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss	\$ (10.6)	\$ (9.1)	\$ (26.4)	\$ (11.3)
Interest expense, net	10.2	7.4	19.5	13.8
Income tax benefit	(2.7)	(7.7)	(4.6)	(9.1)
Depreciation and amortization	14.0	13.7	28.4	26.8
EBITDA	10.9	4.3	16.9	20.2
Restructuring charges, net	11.4	23.2	23.3	27.3
Stock-based compensation	5.1	4.1	10.7	7.8
LIFO reserve increase (decrease)	8.7	2.2	14.4	(0.3)
Non-restructuring asset impairment charges	0.0	0.0	0.0	0.7
Non-restructuring severance charges	0.5	0.5	1.8	1.0
Non-restructuring pension charges, net	0.0	(1.1)	(0.7)	(1.1)
Integration and acquisition expenses	8.4	7.5	16.7	13.9
Fair value adjustment on Tax Receivable Agreement contingent liability	(0.2)	1.1	(0.4)	2.0
Fair value adjustment on contingent consideration liability	(3.0)	—	(11.3)	—
Other	3.6	0.7	3.7	0.8
Adjusted EBITDA	\$ 45.4	\$ 42.5	\$ 75.1	\$ 72.3
Net sales	\$ 2,171.9	\$ 2,028.9	\$ 4,272.9	\$ 4,023.5
Adjusted EBITDA as a % of net sales	2.1%	2.1%	1.8%	1.8%

# 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)

	<b>Six Months Ended June 30, 2018</b>
Net cash flows provided by operating activities	\$ 8.0
Less: Capital expenditures	(21.5)
Free cash flow	(13.5)
Add back:	
Cash payments for restructuring expenses	16.3
Cash payments for integration and acquisition expenses	15.9
Cash payments for integration-related capex	11.3
Adjusted free cash flow	\$ 30.0

# Appendix: Reconciliation of Non-GAAP Financial Measures



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

	<b>June 30, 2018</b>
Amount drawn on ABL Facility	\$ 926.8
Less: Cash	(69.5)
Net debt	857.3
Last Twelve Months Adjusted EBITDA	\$ 179.2
Net debt to Adjusted EBITDA	4.8x
	<b>Last Twelve Months</b>
	<b>June 30, 2018</b>
Net loss	\$ (28.4)
Interest expense, net	36.9
Income tax expense	15.9
Depreciation and amortization	55.8
EBITDA	80.2
Restructuring charges, net	12.7
Stock-based compensation	18.6
LIFO reserve increase	21.8
Non-restructuring asset impairment charges	7.7
Non-restructuring severance charges	4.3
Non-restructuring pension charges, net	2.6
Integration and acquisition expenses	39.3
Fair value adjustments on Tax Receivable Agreement contingent liability	(11.8)
Fair value adjustment on contingent consideration liability	(9.3)
Escheat audit contingent liability	7.5
Other	5.6
Adjusted EBITDA	\$ 179.2