

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **May 9, 2019 (May 9, 2019)**



VERITIV CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-36479

(Commission File Number)

46-3234977

(I.R.S. Employer Identification No.)

**1000 Abernathy Road NE
Building 400, Suite 1700**

Atlanta, Georgia

(Address of principal executive offices)

30328

(Zip Code)

Registrant's telephone number, including area code: **(770) 391-8200**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, \$0.01 par value	VRTV	New York Stock Exchange



Item 2.02. Results of Operations and Financial Condition.

On May 9, 2019, Veritiv Corporation (the “Company”) issued a press release containing certain financial results of the Company and its direct and indirect wholly-owned subsidiaries for the three months ended March 31, 2019. A copy of this press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Item 7.01. Regulation FD Disclosure.

The Company is furnishing herewith additional information in conjunction with the May 9, 2019 earnings release. This additional information includes general Company information and highlights of financial results of the Company and its direct and indirect wholly-owned subsidiaries for the three months ended March 31, 2019. The additional information, attached as Exhibit 99.2 to this Current Report on Form 8-K, is being furnished and will not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section.

The information in this Current Report on Form 8-K will not be incorporated by reference into any registration statement or other document filed by the Company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are filed with this report:

<u>Exhibit No.</u>	<u>Exhibit Description</u>
99.1	<u>Press Release of Veritiv Corporation issued May 9, 2019.</u>
99.2	<u>Additional Information of Veritiv Corporation issued May 9, 2019.</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VERITIV CORPORATION

Dated: May 9, 2019

/s/ Mark W. Hianik

Mark W. Hianik

Senior Vice President, General Counsel & Corporate Secretary

News Release



Veritiv Announces First Quarter 2019 Financial Results

***Reports First Quarter Net Sales of \$1.9 Billion,
Net Loss of \$(26.7) Million,
Basic and Diluted Loss per Share of \$(1.68), and
Adjusted EBITDA of \$20.4 Million***

ATLANTA (May 9, 2019) — Veritiv Corporation (NYSE: VRTV), a North American leader in business-to-business distribution solutions, today announced financial results for the first quarter ended March 31, 2019.

“In the first quarter we generated a significant improvement in cash flow. However, volume declines in our Print segment and general market softness impacted our revenues and earnings,” said Mary Laschinger, Chairman and CEO of Veritiv Corporation. “Given the challenging market conditions in certain parts of our business, we are lowering our 2019 guidance for Adjusted EBITDA from the previous range of \$190 to \$200 million, to a range of \$165 to \$180 million. Looking ahead, we expect to see a significant improvement in free cash flow for 2019 when compared to 2018, and, as a result, we now expect free cash flow of at least \$85 million for the year, up from our previous guidance of at least \$55 million.”

For the three months ended March 31, 2019, compared to the three months ended March 31, 2018:

- Net sales were \$1.9 billion, a decrease of 7.6% from the prior year. Net sales decreased 5.7% from the prior year, excluding the negative effect of foreign currency (0.4%) and one less shipping day (1.5%) in the first quarter of 2019.
- Net loss was \$(26.7) million, compared to net loss of \$(15.8) million in the prior year. Net integration, acquisition and restructuring charges were \$6.7 million in the first quarter of 2019 compared to \$20.2 million in the prior year.
- Basic and diluted loss per share were \$(1.68) compared to \$(1.00) in the prior year.
- Adjusted EBITDA was \$20.4 million, a decrease of 31.3% from the prior year.
- Adjusted EBITDA as a percentage of net sales was 1.1%, a decrease of 30 basis points from the prior year.

“Our positive cash flow performance in the first quarter was driven by our revenue pattern, as well as post-integration process improvements including a lowering of accounts receivable and inventory,” said Stephen Smith, Senior Vice President and Chief Financial Officer of Veritiv Corporation.

Veritiv Corporation will host a live conference call and webcast today, May 9, 2019, at 10 a.m. (ET) to discuss its first quarter 2019 financial results. To participate, callers within the U.S. and Canada can dial (833) 241-7249, and international callers can dial (647) 689-4213, both using conference ID number 6291658. Interested parties can also listen online at ir.veritivcorp.com. A replay of the call and webcast will be available online for a limited period of time at ir.veritivcorp.com shortly after the live webcast is completed.

Important information regarding U.S. generally accepted accounting principles (“U.S. GAAP”) and related reconciliations of non-GAAP financial measures to the most comparable U.S. GAAP measures can be found in the schedules to this press release, which should be thoroughly reviewed.

A reconciliation of the forecasted full year 2019 Adjusted EBITDA guidance range cannot be provided without unreasonable efforts due to the uncertainty and variability on a forward-looking basis of certain items that impact net income including, but not limited to, restructuring charges, LIFO reserves, fair value adjustment on contingent liabilities and taxes, any of which may be significant. In addition, the Company believes such a reconciliation would imply a degree of precision that would be confusing or misleading to investors.

About Veritiv

Veritiv Corporation (NYSE: VRTV), headquartered in Atlanta and a Fortune 500® company, is a leading North American business-to-business distributor of packaging, facility solutions, print and publishing products and services; and also a provider of logistics and supply chain management solutions. Serving customers in a wide range of industries, the Company has approximately 160 operating distribution centers throughout the U.S., Canada and Mexico, and employs approximately 8,700 team members that help shape the success of its customers. For more information about Veritiv and its business segments visit www.veritivcorp.com.

Safe Harbor Provision

Certain statements contained in this press release regarding Veritiv Corporation’s (the “Company”) future operating results, performance, business plans, prospects, guidance and any other statements not constituting historical fact are “forward-looking statements” subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. Where possible, the words “believe,” “expect,” “anticipate,” “continue,” “intend,” “should,” “will,” “would,” “planned,” “estimated,” “potential,” “goal,” “outlook,” “may,” “predicts,” “could,” or the negative of such terms, or other comparable expressions, as they relate to the Company or its business, have been used to identify such forward-looking statements. All forward-looking statements reflect only the Company’s current beliefs and assumptions with respect to future operating results, performance, business plans, prospects, guidance and other matters, and are based on information currently available to the Company. Accordingly, the statements are subject to significant risks, uncertainties and contingencies, which could cause the Company’s actual operating results, performance, business plans, prospects or guidance to differ materially from those expressed in, or implied by, these statements.

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, paper and facility products 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, 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 press release beyond the published date, or for changes made to this document by wire services or Internet service providers. This press release 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, 2019 to be filed with the SEC may contain updates to the information included in this release.

VERITIV CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data, unaudited)

	Three Months Ended March 31,	
	2019	2018
Net sales	\$ 1,941.5	\$ 2,101.0
Cost of products sold (exclusive of depreciation and amortization shown separately below)	1,591.4	1,729.5
Distribution expenses	130.4	133.1
Selling and administrative expenses	216.1	222.7
Depreciation and amortization	12.8	14.4
Integration and acquisition expenses	4.3	8.3
Restructuring charges, net	2.4	11.9
Operating loss	(15.9)	(18.9)
Interest expense, net	11.4	9.3
Other (income) expense, net	6.2	(10.5)
Loss before income taxes	(33.5)	(17.7)
Income tax benefit	(6.8)	(1.9)
Net loss	<u>\$ (26.7)</u>	<u>\$ (15.8)</u>
Loss per share:		
Basic and diluted	\$ (1.68)	\$ (1.00)
Weighted-average shares outstanding:		
Basic and diluted	15.94	15.76

VERITIV CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in millions, except par value, unaudited)

	March 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash	\$ 58.0	\$ 64.3
Accounts receivable, less allowances of \$55.4 and \$62.0, respectively	1,061.8	1,181.4
Related party receivable	2.7	3.2
Inventories	681.4	688.2
Other current assets	143.6	147.2
Total current assets	1,947.5	2,084.3
Property and equipment (net of accumulated depreciation and amortization of \$332.1 and \$320.7, respectively)	211.9	206.7
Goodwill	99.6	99.6
Other intangibles, net	55.9	57.2
Deferred income tax assets	62.7	56.5
Other non-current assets	443.2	25.4
Total assets	<u>\$ 2,820.8</u>	<u>\$ 2,529.7</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 607.4	\$ 641.9
Related party payable	4.7	9.3
Accrued payroll and benefits	35.1	56.5
Other accrued liabilities	211.4	134.7
Current maturities of long-term debt	8.5	6.7
Financing obligations, current portion	—	0.6
Total current liabilities	867.1	849.7
Long-term debt, net of current maturities	944.2	963.6
Financing obligations, less current portion	—	23.6
Defined benefit pension obligations	21.1	21.1
Other non-current liabilities	464.8	128.6
Total liabilities	<u>2,297.2</u>	<u>1,986.6</u>
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$0.01 par value, 10.0 million shares authorized, none issued	—	—
Common stock, \$0.01 par value, 100.0 million shares authorized; shares issued - 16.4 million and 16.2 million, respectively; shares outstanding - 16.1 million and 15.9 million, respectively	0.2	0.2
Additional paid-in capital	607.7	605.7
Accumulated (deficit) earnings	(32.5)	(8.5)
Accumulated other comprehensive loss	(38.2)	(40.7)
Treasury stock at cost - 0.3 million shares at March 31, 2019 and December 31, 2018	(13.6)	(13.6)
Total shareholders' equity	<u>523.6</u>	<u>543.1</u>
Total liabilities and shareholders' equity	<u>\$ 2,820.8</u>	<u>\$ 2,529.7</u>

VERITIV CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions, unaudited)

	Three Months Ended March 31,	
	2019	2018
Operating activities		
Net loss	\$ (26.7)	\$ (15.8)
Depreciation and amortization	12.8	14.4
Amortization of deferred financing fees	0.6	0.7
Net losses (gains) on dispositions of property and equipment	0.1	(0.1)
Provision for allowance for doubtful accounts	3.8	3.6
Deferred income tax (benefit)	(7.3)	(2.5)
Stock-based compensation	4.7	5.6
Other non-cash items, net	1.8	(8.5)
Changes in operating assets and liabilities		
Accounts receivable and related party receivable	118.3	4.3
Inventories	8.6	10.3
Other current assets	6.2	(9.3)
Accounts payable and related party payable	(57.8)	(11.3)
Accrued payroll and benefits	(21.5)	(23.8)
Other accrued liabilities	(6.4)	12.9
Other	6.6	(2.2)
Net cash provided by (used for) operating activities	43.8	(21.7)
Investing activities		
Property and equipment additions	(7.5)	(9.6)
Proceeds from asset sales	0.1	0.0
Net cash used for investing activities	(7.4)	(9.6)
Financing activities		
Change in book overdrafts	17.1	(10.0)
Borrowings of long-term debt	1,767.9	1,295.6
Repayments of long-term debt	(1,815.2)	(1,246.8)
Payments under right-of-use finance leases and capital leases, respectively	(2.1)	(1.6)
Payments under financing obligations (including obligations to related party of \$3.8 in the prior year period)	—	(4.0)
Payments under Tax Receivable Agreement	(7.8)	(9.9)
Other	(2.7)	(2.0)
Net cash (used for) provided by financing activities	(42.8)	21.3
Effect of exchange rate changes on cash	0.1	0.5
Net change in cash	(6.3)	(9.5)
Cash at beginning of period	64.3	80.3
Cash at end of period	\$ 58.0	\$ 70.8
Supplemental cash flow information		
Cash paid for income taxes, net of refunds	\$ 0.7	\$ 1.0
Cash paid for interest	10.6	8.4
Non-cash investing and financing activities		
Non-cash additions to property and equipment for right-of-use finance leases and capital leases, respectively	\$ 2.1	\$ 23.5
Non-cash additions to other non-current assets for right-of-use operating leases	46.4	—

Non-GAAP 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 as a key financial metric 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 LOSS TO ADJUSTED EBITDA; ADJUSTED EBITDA MARGIN
(in millions, unaudited)

	Three Months Ended March 31,	
	2019	2018
Net loss	\$ (26.7)	\$ (15.8)
Interest expense, net	11.4	9.3
Income tax benefit	(6.8)	(1.9)
Depreciation and amortization	12.8	14.4
EBITDA	(9.3)	6.0
Restructuring charges, net	2.4	11.9
Stock-based compensation	4.7	5.6
LIFO reserve increase	3.4	5.7
Non-restructuring severance charges	1.3	1.3
Non-restructuring pension charges, net	0.0	(0.7)
Integration and acquisition expenses	4.3	8.3
Fair value adjustment on Tax Receivable Agreement contingent liability	0.9	(0.2)
Fair value adjustment on contingent consideration liability	5.4	(8.3)
Escheat audit contingent liability	7.0	—
Other	0.3	0.1
Adjusted EBITDA	\$ 20.4	\$ 29.7
Net sales	\$ 1,941.5	\$ 2,101.0
Adjusted EBITDA as a % of net sales	1.1%	1.4%

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

	Forecast for Year Ending December 31, 2019	
Net cash flows provided by operating activities	at least \$	130
Less: Capital expenditures		(45)
Free cash flow	at least \$	85

Veritiv Contacts:

Investors: Tom Morabito, 770-391-8451 Media: Kristie Madara, 770-391-8471



Veritiv Corporation First Quarter 2019 Financial Results

May 9, 2019





Tom Morabito
Director of Investor Relations

Safe Harbor Provision

Certain statements contained in this presentation regarding Veritiv Corporation's (the "Company") future operating results, performance, business plans, prospects, guidance and any other statements not constituting historical fact are "forward-looking statements" subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. Where possible, the words "believe," "expect," "anticipate," "continue," "intend," "should," "will," "would," "planned," "estimated," "potential," "goal," "outlook," "may," "predicts," "could," or the negative of such terms, or other comparable expressions, as they relate to the Company or its business, have been used to identify such forward-looking statements. All forward-looking statements reflect only the Company's current beliefs and assumptions with respect to future operating results, performance, business plans, prospects, guidance and other matters, and are based on information currently available to the Company. Accordingly, the statements are subject to significant risks, uncertainties and contingencies, which could cause the Company's actual operating results, performance, business plans, prospects or guidance to differ materially from those expressed in, or implied by, these statements.

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, paper and facility products 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, 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, 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)



	1Q19 Actual	YOY% Change
Net Sales	\$1.9B	(7.6)%
Net Loss	\$(26.7)M	(69.0)%
Adjusted EBITDA ¹	\$20.4M	(31.3)%
Free Cash Flow ²	\$36.3M	NM ³

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 as 1Q18 Free Cash Flow was \$(31.3) million.

1Q19 Highlights and 2019 Outlook

1Q19 Highlights:

- Packaging:
 - * Slight increase in core¹ 1Q19 revenues; Adjusted EBITDA decreased \$5 million due to increased storage costs, one less shipping day, and softness in certain non-U.S. markets
- Facility Solutions:
 - * Core revenue decline in 1Q19; Adjusted EBITDA positively impacted by improved operating efficiencies and lower selling costs
- Print:
 - * Core revenue decline in 1Q19; Adjusted EBITDA negatively impacted by the revenue decline
- Publishing:
 - * Core revenue decline in 1Q19; Adjusted EBITDA negatively impacted by the revenue decline

2019 Outlook:

- Adjusted EBITDA is now expected to be \$165 to \$180 million (down from \$190 to \$200 million)
- Free Cash Flow is now expected to be at least \$85 million (up from at least \$55 million)
- Total Capital Expenditures expected to be approximately \$45 million (unchanged)

1. Reported net sales excluding the impact of foreign exchange and adjusting for any day count differences



Stephen Smith
CFO

Veritiv Financial Results¹ First Quarter 2019

(Unaudited, Dollars In Millions, Except Per Share Amounts)	1Q19	YOY % Change
	Three Months Ended March 31	
Net sales	\$1,941.5	(7.6)%
Net sales per shipping day	—	(6.1)%
Cost of products sold	\$1,591.4	(8.0)%
Net sales less cost of products sold	\$350.1	(5.8)%
Net loss	\$(26.7)	(69.0)%
Basic and diluted loss per share	\$(1.68)	(68.0)%
Adjusted EBITDA	\$20.4	(31.3)%
Adjusted EBITDA as a % of net sales	1.1%	-30 BPS

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

Veritiv Segment Financial Results First Quarter 2019

(Unaudited, Dollars In Millions)



Packaging

	1Q19 Three Months Ended March 31	YOY % Change
Net sales	\$845	0.0%
Net sales per shipping day		1.6%
Adjusted EBITDA	\$48.2	(10.1)%
Adj. EBITDA as a % of net sales	5.7%	(60) BPS

Facility Solutions

	1Q19 Three Months Ended March 31	YOY % Change
Net sales	\$299	(6.9)%
Net sales per shipping day		(5.4)%
Adjusted EBITDA	\$4.2	2.4%
Adj. EBITDA as a % of net sales	1.4%	10 BPS

Print

	1Q19 Three Months Ended March 31	YOY % Change
Net sales	\$554	(16.2)%
Net sales per shipping day		(14.8)%
Adjusted EBITDA	\$7.2	(47.4)%
Adj. EBITDA as a % of net sales	1.3%	(80) BPS

Publishing

	1Q19 Three Months Ended March 31	YOY % Change
Net sales	\$210	(11.8)%
Net sales per shipping day		(10.3)%
Adjusted EBITDA	\$4.8	(29.4)%
Adj. EBITDA as a % of net sales	2.3%	(60) BPS

Asset-Based Lending Facility & Capital Allocation



Capital Structure

- At the end of March 2019:
 - The borrowing base availability for the ABL facility was ~ \$1.1B
 - \$886M drawn against the ABL facility
 - \$252M of available borrowing capacity
 - Net debt to Adj. EBITDA: 4.7x for the trailing 12 months

Capital Allocation

- Capital Allocation Priorities:
 - Invest in the Company
 - * 2019 total CapEx expected to be approximately \$45M
 - Pay down debt
 - Invest in growth (organic and inorganic)





Mary Laschinger
Chairman & CEO

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 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.

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 March 31,	
	2019	2018
Net loss	\$ (26.7)	\$ (15.8)
Interest expense, net	11.4	9.3
Income tax benefit	(6.8)	(1.9)
Depreciation and amortization	12.8	14.4
EBITDA	(9.3)	6.0
Restructuring charges, net	2.4	11.9
Stock-based compensation	4.7	5.6
LIFO reserve increase	3.4	5.7
Non-restructuring severance charges	1.3	1.3
Non-restructuring pension charges, net	0.0	(0.7)
Integration and acquisition expenses	4.3	8.3
Fair value adjustment on Tax Receivable Agreement contingent liability	0.9	(0.2)
Fair value adjustment on contingent consideration liability	5.4	(8.3)
Escheat audit contingent liability	7.0	—
Other	0.3	0.1
Adjusted EBITDA	\$ 20.4	\$ 29.7
Net sales	\$ 1,941.5	\$ 2,101.0
Adjusted EBITDA as a % of net sales	1.1%	1.4%

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, 2019
Net cash flows provided by operating activities	\$ 43.8
Less: Capital expenditures	(7.5)
Free cash flow	36.3
Add back:	
Cash payments for restructuring expenses	5.3
Cash payments for integration and acquisition expenses	5.2
Cash payments for integration-related capex	1.6
Adjusted free cash flow	\$ 48.4

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

	<u>Forecast for Year Ending December 31, 2019</u>
Net cash flows provided by operating activities	at least \$ 130
Less: Capital expenditures	<u>(45)</u>
Free cash flow	<u>at least \$ 85</u>

Appendix: Reconciliation of Non-GAAP Financial Measures



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

	March 31, 2019
Amount drawn on ABL Facility	\$ 885.6
Less: Cash	(58.0)
Net debt	<u>827.6</u>
Last Twelve Months Adjusted EBITDA	\$ 176.1
Net debt to Adjusted EBITDA	4.7x
	Last Twelve Months March 31, 2019
Net loss	\$ (26.6)
Interest expense, net	44.4
Income tax expense	0.6
Depreciation and amortization	51.9
EBITDA	<u>70.3</u>
Restructuring charges, net	11.8
Stock-based compensation	17.2
LIFO reserve increase	17.6
Non-restructuring asset impairment charges	0.4
Non-restructuring severance charges	4.9
Non-restructuring pension charges, net	12.0
Integration and acquisition expenses	27.8
Fair value adjustment on Tax Receivable Agreement contingent liability	(0.1)
Fair value adjustment on contingent consideration liability	1.4
Escheat audit contingent liability	9.5
Other	3.3
Adjusted EBITDA	<u>\$ 176.1</u>



Veritiv Corporation First Quarter 2019 Financial Results

May 9, 2019

