**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): November 3, 2021 (November 3, 2021)**



**VERITIV CORPORATION**

(Exact name of registrant as specified in its charter)



**Delaware**

**(State or other jurisdiction of incorporation)**

|  |  |
| --- | --- |
| **001-36479** | **46-3234977** |
| **(Commission File Number)** | **(I.R.S. Employer Identification No.)** |
| **1000 Abernathy Road NE** |  |
| **Building 400, Suite 1700** |  |
| **Atlanta, Georgia** | **30328** |
| (Address of principal executive offices) | (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))

**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** |
|  |  |  |

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. ☐



**Item 2.02.** **Results of Operations and Financial Condition.**

On November 3, 2021, 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 and nine months ended September 30, 2021. 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 November 3, 2021 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 and nine months ended September 30, 2021. 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.**

1. Exhibits.

The following exhibits are included with this report:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Exhibit No. | | | Exhibit Description | | |
| [99.1](#page4) |  |  | [Press Release of Veritiv Corporation issued November 3, 2021.](#page4) |  | |
| [99.2](#page17) |  |  | [Additional Information of Veritiv Corporation issued November 3, 2021.](#page17) | |  |
| 104 |  |  | Cover Page Interactive Data File (embedded within the Inline XBRL document). | | |
|  |  |  |  |  |  |

**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: November 3, 2021 | | | /s/ Mark W. Hianik |
|  |  |  | Mark W. Hianik |
|  |  |  | Senior Vice President, General Counsel & Corporate Secretary |
|  |  |  |  |

**Exhibit 99.1**



**Veritiv Announces Record Third**

**Quarter 2021 Net Income, Adjusted EBITDA**

**and Adjusted EBITDA Margin;**

**Raises Guidance**

***Reports Net Sales of $1.8 Billion,***

***Net Income of $40.0 Million,***

***Basic and Diluted Earnings per Share of $2.69 and $2.54, respectively,***

***Adjusted EBITDA of $93.7 Million,***

***Adjusted EBITDA Margin1 of 5.3% and***

***Net Leverage Ratio of 1.5x***

**ATLANTA (November 3, 2021) –** Veritiv Corporation (NYSE: VRTV), a full-service provider of business-to-business distribution solutions, todayannounced financial results for the third quarter ended September 30, 2021.

“Double-digit Packaging sales growth contributed to our best earnings and Adjusted EBITDA margin performance of any quarter in company history,” said Sal Abbate, Chief Executive Officer. “The third quarter of 2021 marks the tenth consecutive quarter of year-over-year improvement in our Packaging segment Adjusted EBITDA margin performance. Demand and disciplined pass-through of supplier-driven inflationary price increases led to sales growth across most of our segments. The ongoing benefits of our 2020 Restructuring Plan, as well as commercial and supply chain productivity, drove significant financial improvement throughout the business resulting in net income nearly doubling in the third quarter compared to prior year.”

For the three months ended September 30, 2021, compared to the three months ended September 30, 2020:

* Net sales were $1.8 billion, an increase of 11.1% from the prior year.
* Net income was $40.0 million, compared to $21.1 million in the prior year. Net restructuring charges were $2.5 million, compared to $7.9 million in the prior year.
* Basic and diluted earnings per share were $2.69 and $2.54, respectively, compared to $1.33 and $1.30, respectively in the prior year.
* Adjusted EBITDA was $93.7 million, an increase of 87.8% from the prior year.
* Adjusted EBITDA as a percentage of net sales was a record 5.3%, an increase of 220 basis points from the prior year.

For the nine months ended September 30, 2021, compared to the nine months ended September 30, 2020:

* Net sales were $5.0 billion, an increase of 6.0% from the prior year.
* Net income was $87.7 million, compared to $2.2 million in the prior year. Net restructuring charges were $12.0 million, compared to $40.4 million in the prior year.



* Basic and diluted earnings per share were $5.68 and $5.40, respectively, compared to $0.14 for both basic and diluted earnings per share in the prior year.
* Adjusted EBITDA was $226.7 million, an increase of 80.1% from the prior year.
* Adjusted EBITDA as a percentage of net sales was 4.5%, an increase of 180 basis points from the prior year.

For the three months ended September 30, 2021, net cash provided by operating activities was $41.5 million and free cash flow was $36.5 million. For the nine months ended September 30, 2021, net cash provided by operating activities was $91.6 million and free cash flow was $77.5 million.

“Our record earnings performance and corresponding free cash flow drove our net leverage ratio to 1.5x, a record low. This improvement in our leverage ratio includes the impact of the completion of our $100 million share repurchase program during the third quarter," said Steve Smith, Chief Financial Officer. "We repurchased 1.7 million shares over the course of our share repurchase program, which reflects an 11% reduction in shares outstanding, at an average price of $58 per share."

**2021 Revised Guidance**

Given the strong financial performance so far this year, the Company is increasing guidance for full year 2021. Diluted earnings per share and net income for full year 2021 are expected to be in the range of $8.00 to $9.00 and $130 to $145 million, respectively. Adjusted EBITDA is estimated to be in the range of $315 to $330 million. Capital expenditures are now estimated to be approximately $25 million and free cash flow for 2021 is expected to be at least $120 million.

1Adjusted EBITDA Margin is defined as Adjusted EBITDA as a percentage of net sales.

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Veritiv Corporation will host a conference call and webcast today, November 3, 2021, at 9 a.m. (ET) to discuss its third quarter financial results and full year 2021 guidance. To participate, callers within the United States (U.S.) and Canada can dial (833) 968-2031, and international callers can dial (236) 714-2130, both using conference ID number 4715619. 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 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.

**About Veritiv**

Veritiv Corporation (NYSE: VRTV), headquartered in Atlanta and a Fortune 500® company, is a full-service provider of packaging, JanSan and hygiene products, services and solutions. Additionally, Veritiv provides print and publishing products, and logistics and supply chain management solutions. Serving customers in a wide range of industries both in North America and globally, Veritiv has distribution centers throughout the U.S., Canada and Mexico, and team members around the world helping 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, the 2020 Restructuring Plan and any other restructuring, statements related to the impact of COVID-19 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" and elsewhere 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: adverse impacts of the COVID-19 pandemic; the industry-wide decline in demand for paper and related products; increased competition from existing and non-traditional sources; procurement and other risks in obtaining packaging, facility products and paper from our suppliers for resale to our customers; changes in prices for raw materials; changes in trade policies and regulations; increases in the cost of fuel and third-party freight and the availability of third-party freight providers; the loss of any of our significant customers; uncertainties as to the structure, timing, benefits and costs of the 2020 Restructuring Plan or any future restructuring plan that the Company may undertake; adverse developments in general business and economic conditions that could impair our ability to use net operating loss carryforwards and other deferred tax assets; 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 ability to attract, train and retain highly qualified employees; our pension and health care costs and participation in multi-employer pension, health and welfare plans; the effects of work stoppages, union negotiations and labor disputes; our ability to generate sufficient cash to service our debt; increasing interest rates; our ability to refinance or restructure our debt on reasonable terms and conditions as might be necessary from time to time; our ability to comply with the covenants contained in our debt agreements; 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; changes in tax laws; adverse results from litigation, governmental investigations or audits, or tax-related proceedings or audits; regulatory changes and judicial rulings impacting our business; the impact of adverse developments in general business and economic conditions as well as conditions in the global capital and credit markets on demand for our products and services, our business including our international operations, and our customers; foreign currency fluctuations; inclement weather, widespread outbreak of an illness, anti-terrorism measures and other disruptions to our supply chain, distribution system and operations; our dependence on a variety of information technology and telecommunications systems and the Internet; our reliance on third-party vendors for various services; cybersecurity risks; 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 and nine months ended September 30, 2021 to be filed with the SEC may contain updates to the information included in this release.



**Financial Statements**

**VERITIV CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in millions, except per share data, unaudited)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** | | | | |  | **Nine Months Ended** | | | | |
|  |  |  | **September 30,** | | |  |  |  | **September 30,** | | |  |  |
|  |  |  | **2021** |  |  | **2020** |  |  | **2021** |  |  | **2020** |  |
| Net sales |  | $ | 1,767.8 |  | $ | 1,591.2 |  | $ | 4,985.7 |  | $ | 4,703.3 |  |
| Cost of products sold (exclusive of depreciation and amortization shown |  |  |  |  |  |  |  |  |  |  |  |  |  |
| separately below) |  |  | 1,402.1 |  |  | 1,262.4 | |  | 3,959.2 | |  | 3,728.8 | |
| Distribution expenses |  |  | 103.4 |  |  | 100.6 | |  | 308.9 | |  | 323.9 | |
| Selling and administrative expenses |  |  | 189.7 |  |  | 177.4 | |  | 533.9 | |  | 545.4 | |
| Depreciation and amortization |  |  | 13.3 | |  | 15.0 | |  | 42.1 | |  | 43.1 | |
| Restructuring charges, net |  |  | 2.5 |  |  | 7.9 | |  | 12.0 | |  | 40.4 | |
| **Operating income (loss)** |  |  | 56.8 |  |  | 27.9 |  |  | 129.6 |  |  | 21.7 |  |
| Interest expense, net |  |  | 3.8 |  |  | 5.5 | |  | 13.4 | |  | 19.7 | |
| Other (income) expense, net |  |  | (1.1) | |  | 1.4 | |  | (3.8) | |  | 0.0 | |
| **Income (loss) before income taxes** |  |  | 54.1 |  |  | 21.0 |  |  | 120.0 |  |  | 2.0 |  |
| Income tax expense (benefit) |  |  | 14.1 | |  | (0.1) | |  | 32.3 | |  | (0.2) | |
| **Net income (loss)** |  | $ | 40.0 |  | $ | 21.1 |  | $ | 87.7 |  | $ | 2.2 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Earnings (loss) per share: |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic | $ | | 2.69 | | $ | 1.33 | | $ | 5.68 | | $ | 0.14 | |
| Diluted | $ | | 2.54 | | $ | 1.30 | | $ | 5.40 | | $ | 0.14 | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted-average shares outstanding: |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  |  | 14.86 |  |  | 15.89 | |  | 15.44 | |  | 15.99 | |
| Diluted |  |  | 15.76 |  |  | 16.21 | |  | 16.24 | |  | 16.18 | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**VERITIV CORPORATION**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

(dollars in millions, except par value, unaudited)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **September 30, 2021** | | |  | **December 31, 2020** | | | |  |
| **Assets** |  |  |  |  |  |  |  |  |  |
| Current assets: |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | $ | 43.4 | | $ | | 120.6 | |  |  |
| Accounts receivable, less allowances of $37.8 and $41.6, respectively |  | 958.2 | |  |  | 849.5 | |  |  |
| Inventories |  | 482.7 | |  |  | 465.4 | |  |  |
| Other current assets |  | 128.2 | |  |  | 119.5 | |  |  |
| **Total current assets** |  | 1,612.5 |  |  |  | 1,555.0 |  |  |  |
| Property and equipment (net of accumulated depreciation and amortization of $323.6 and $375.9, |  |  |  |  |  |  |  |  |  |
| respectively) |  | 164.9 | |  |  | 194.7 | |  |  |
| Goodwill |  | 99.6 | |  |  | 99.6 | |  |  |
| Other intangibles, net |  | 43.9 | |  |  | 47.4 | |  |  |
| Deferred income tax assets |  | 60.3 | |  |  | 60.0 | |  |  |
| Other non-current assets |  | 371.8 | |  |  | 378.3 | |  |  |
| **Total assets** | $ | 2,353.0 |  |  | $ | 2,335.0 |  |  |  |
| **Liabilities and shareholders' equity** |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Current liabilities: |  |  |  |  |  |  |  |  |  |
| Accounts payable | $ | 564.7 | | $ | | 471.9 | |  |  |
| Accrued payroll and benefits |  | 90.8 | |  |  | 80.6 | |  |  |
| Other accrued liabilities |  | 172.9 | |  |  | 182.2 | |  |  |
| Current portion of debt |  | 15.5 | |  |  | 14.7 | |  |  |
| **Total current liabilities** |  | 843.9 |  |  |  | 749.4 |  |  |  |
| Long-term debt, net of current portion |  | 533.6 | |  |  | 589.1 | |  |  |
| Defined benefit pension obligations |  | 15.7 | |  |  | 18.2 | |  |  |
| Other non-current liabilities |  | 392.8 | |  |  | 395.2 | |  |  |
| **Total liabilities** |  | 1,786.0 |  |  |  | 1,751.9 |  |  |  |
| 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 - 17.0 million and 16.6 |  |  |  |  |  |  |  |  |  |
| million, respectively; shares outstanding - 14.6 million and 15.9 million, respectively |  | 0.2 | |  |  | 0.2 | |  |  |
| Additional paid-in capital |  | 632.2 | |  |  | 634.9 | |  |  |
| Accumulated earnings (deficit) |  | 86.3 | |  |  | (1.4) | | |  |
| Accumulated other comprehensive loss |  | (34.6) | |  |  | (33.5) | | |  |
| Treasury stock at cost - 2.4 million shares in 2021 and 0.7 million shares in 2020 |  | (117.1) | |  |  | (17.1) | | |  |
| **Total shareholders' equity** |  | 567.0 |  |  |  | 583.1 |  |  |  |
| **Total liabilities and shareholders' equity** | $ | 2,353.0 |  |  | $ | 2,335.0 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

**VERITIV CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in millions, unaudited)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Nine Months Ended September 30,** | | | | | | |
|  | **2021** |  |  |  |  | **2020** |  |
| **Operating activities** |  |  |  |  |  |  |  |
| Net income (loss) | $ | 87.7 | | $ | | 2.2 | |
| Depreciation and amortization |  | 42.1 | |  |  | 43.1 | |
| Amortization and write-off of deferred financing fees |  | 1.1 | |  |  | 1.8 | |
| Net losses (gains) on disposition of assets and sale of a business |  | (9.1) | |  |  | (8.1) | |
| Provision for expected credit losses |  | 4.6 | |  |  | 11.2 | |
| Deferred income tax provision (benefit) |  | (0.3) | |  |  | (0.6) | |
| Stock-based compensation |  | 5.7 | |  |  | 14.9 | |
| Other non-cash items, net |  | 1.3 | |  |  | 8.4 | |
| Changes in operating assets and liabilities |  |  |  |  |  |  |  |
| Accounts receivable and related party receivable |  | (120.1) | |  |  | 58.1 | |
| Inventories |  | (20.4) | |  |  | 65.3 | |
| Other current assets |  | (5.8) | |  |  | 0.6 | |
| Accounts payable and related party payable |  | 97.7 | |  |  | 52.8 | |
| Accrued payroll and benefits |  | 10.3 | |  |  | 12.6 | |
| Other accrued liabilities |  | (11.6) | |  |  | 1.6 | |
| Other |  | 8.4 | |  |  | 16.8 | |
| Net cash provided by (used for) operating activities |  | 91.6 |  |  |  | 280.7 |  |
| **Investing activities** |  |  |  |  |  |  |  |
| Property and equipment additions |  | (14.1) | |  |  | (19.8) | |
| Proceeds from asset sales and sale of a business |  | 15.8 | |  |  | 12.0 | |
| Net cash provided by (used for) investing activities |  | 1.7 |  |  |  | (7.8 | ) |
| **Financing activities** |  |  |  |  |  |  |  |
| Change in book overdrafts |  | (0.9) | |  |  | (30.1) | |
| Borrowings of long-term debt |  | 4,353.6 | |  |  | 4,100.6 | |
| Repayments of long-term debt |  | (4,401.1) | |  |  | (4,252.0) | |
| Payments under right-of-use finance leases |  | (10.2) | |  |  | (9.5) | |
| Deferred financing fees |  | (3.3) | |  |  | (3.4) | |
| Purchase of treasury stock |  | (100.0) | |  |  | (3.5) | |
| Payments under Tax Receivable Agreement |  | — | |  |  | (0.3) | |
| Other |  | (8.2) | |  |  | (0.3) | |
| Net cash provided by (used for) financing activities |  | (170.1 | ) |  |  | (198.5 | ) |
| Effect of exchange rate changes on cash |  | (0.4 | ) |  |  | 0.1 |  |
| Net change in cash and cash equivalents |  | (77.2) | |  |  | 74.5 |  |
| Cash and cash equivalents at beginning of period |  | 120.6 | |  |  | 38.0 | |
| Cash and cash equivalents at end of period | $ | 43.4 |  |  | $ | 112.5 |  |
| **Supplemental cash flow information** |  |  |  |  |  |  |  |
| Cash paid for income taxes, net of refunds | $ | 37.2 | | $ | | 2.8 | |
| Cash paid for interest |  | 11.9 | |  |  | 17.2 | |
| **Non-cash investing and financing activities** |  |  |  |  |  |  |  |
| Non-cash additions to property and equipment for right-of-use finance leases | $ | 1.9 | | $ | | 13.4 | |
| Non-cash additions to other non-current assets for right-of-use operating leases |  | 59.3 | |  |  | 18.3 | |
|  |  |  |  |  |  |  |  |

**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), free cash flow and other non-GAAP measures such as the Net Debt to Adjusted EBITDA ratio. We believe investors commonly use Adjusted EBITDA, free cash flow 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.

Adjusted EBITDA, free cash flow and these other non-GAAP measures are not alternative measures of financial performance or liquidity 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, free cash flow 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 INCOME (LOSS) TO ADJUSTED EBITDA; ADJUSTED EBITDA MARGIN**

(in millions, unaudited)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Three Months Ended** | | | | | |  |  | **Nine Months Ended** | | | | | |
|  |  |  | **September 30,** | | | |  |  |  |  | **September 30,** | | | |  |  |
|  |  |  | **2021** |  |  |  | **2020** |  |  |  | **2021** |  |  |  | **2020** |  |
| Net income (loss) |  | $ | 40.0 |  |  | $ | 21.1 |  |  | $ | 87.7 |  |  | $ | 2.2 |  |
| Interest expense, net |  |  | 3.8 | |  |  | 5.5 | |  |  | 13.4 | |  |  | 19.7 | |
| Income tax expense (benefit) |  |  | 14.1 | |  |  | (0.1) | |  |  | 32.3 | |  |  | (0.2) | |
| Depreciation and amortization |  |  | 13.3 | |  |  | 15.0 | |  |  | 42.1 | |  |  | 43.1 | |
| EBITDA |  |  | 71.2 |  |  |  | 41.5 |  |  |  | 175.5 |  |  |  | 64.8 |  |
| Restructuring charges, net |  |  | 2.5 | |  |  | 7.9 | |  |  | 12.0 | |  |  | 40.4 | |
| Facility closure charges, including (gain) loss from asset disposition |  |  | 0.2 | |  |  | (7.4) | |  |  | (1.0) | |  |  | (5.4) | |
| Stock-based compensation |  |  | 1.0 | |  |  | 4.8 | |  |  | 5.7 | |  |  | 14.9 | |
| LIFO reserve (decrease) increase |  |  | 15.1 | |  |  | (0.4) | |  |  | 31.2 | |  |  | (4.6) | |
| Non-restructuring severance charges |  |  | 3.6 | |  |  | 0.8 | |  |  | 5.5 | |  |  | 3.2 | |
| Non-restructuring pension charges, net |  |  | — | |  |  | — | |  |  | — | |  |  | 7.2 | |
| Fair value adjustment on Tax Receivable Agreement contingent liability |  |  | — | |  |  | 2.0 | |  |  | — | |  |  | 1.0 | |
| Fair value adjustment on contingent consideration liability |  |  | — | |  |  | — | |  |  | — | |  |  | 1.0 | |
| Other |  |  | 0.1 | |  |  | 0.7 | |  |  | (2.2) | |  |  | 3.4 | |
| Adjusted EBITDA |  | $ | 93.7 |  |  | $ | 49.9 |  |  | $ | 226.7 |  |  | $ | 125.9 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net sales | $ | | 1,767.8 |  | $ | | 1,591.2 | | $ | | 4,985.7 | | $ | | 4,703.3 | |
| Adjusted EBITDA as a % of net sales |  |  | 5.3% | |  |  | 3.1% | |  |  | 4.5% | |  |  | 2.7% | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Net income (loss)**

Interest expense, net

Income tax expense (benefit)

Depreciation and amortization

Other reconciling items

**Adjusted EBITDA**

**Table I.a.**

**VERITIV CORPORATION**

**RECONCILIATION OF NON-GAAP MEASURES**

**NET INCOME (LOSS) TO ADJUSTED EBITDA GUIDANCE**

(in millions, unaudited)

**Forecast for Year Ending December 31,**

**2021**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Low** | |  |  | **High** |  |
| **$** | **130** |  |  | **$** | **145** |  |
|  | 20 | |  |  | 20 | |
|  | 50 | |  |  | 55 | |
|  | 55 | |  |  | 55 | |
|  | 60 | |  |  | 55 | |
| **$** | **315** |  |  | $ | 330 | |
|  |  |  |  |  |  |  |



**Table II**

**VERITIV CORPORATION**

**RECONCILIATION OF NON-GAAP MEASURES**

**FREE CASH FLOW**

(in millions, unaudited)

Net cash provided by (used for) operating activities



Less: Capital expenditures

Free cash flow



|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Three Months** | |  |  |  |  |  |
|  | **Ended** | |  | **Nine Months Ended** | | | |
| **September 30, 2021** | | |  | **September 30, 2021** | | | |
| $ | 41.5 |  |  | $ | 91.6 |  |  |
|  | (5.0) | |  |  | (14.1) | | |
| $ | 36.5 |  |  | $ | 77.5 | |  |
|  |  |  |  |  |  |  |  |

**Table II.a**

**VERITIV CORPORATION**

**RECONCILIATION OF NON-GAAP MEASURES**

**FREE CASH FLOW GUIDANCE**

(in millions, unaudited)

Net cash provided by (used for) operating activities



Less: Capital expenditures

**Free cash flow**



**Forecast for Year Ending December 31, 2021**

at least $145

(25)

**at least $120**



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Table III** | |  |  |
|  | **VERITIV CORPORATION** | |  |  |
|  | **RECONCILIATION OF NON-GAAP MEASURES** | |  |  |
|  | **NET DEBT TO ADJUSTED EBITDA** | |  |  |
|  | (in millions, unaudited) | |  |  |
|  |  |  | **September 30, 2021** | |
| Amount drawn on ABL Facility |  | $ | 473.4 |  |
| Less: Cash and cash equivalents |  |  | (43.4) | |
| Net debt |  | $ | 430.0 |  |
|  |  |  |  |  |
| Last Twelve Months Adjusted EBITDA | $ | | 288.4 | |
|  |  |  |  |  |
| Net debt to Adjusted EBITDA |  |  | 1.5x | |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **Last Twelve Months** | | |
|  |  |  | **September 30, 2021** | | |
| Net income (loss) |  | $ | 119.7 |  |  |
| Interest expense, net |  |  | 18.8 | |  |
| Income tax expense (benefit) |  |  | 41.3 | |  |
| Depreciation and amortization |  |  | 56.7 | |  |
| EBITDA |  |  | 236.5 |  |  |
| Restructuring charges, net |  |  | 23.8 | |  |
| Facility closure charges, including (gain) loss from asset disposition |  |  | 0.7 | |  |
| Stock-based compensation |  |  | 8.5 | |  |
| LIFO reserve (decrease) increase |  |  | 34.3 | |  |
| Non-restructuring severance charges |  |  | 6.4 | |  |
| Fair value adjustment on Tax Receivable Agreement contingent liability |  |  | (20.1) | | |
| Escheat audit contingent liability |  |  | (0.2) | | |
| Other |  |  | (1.5) | | |
| Adjusted EBITDA |  | $ | 288.4 |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

**Veritiv Contacts:**

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