1st Quarter 2020 Earnings Call

May 6, 2020

Quad

Call Participants & Forward-Looking Statements

Joel Quadracci
Chairman, President & Chief Executive Officer

Dave Honan
Executive Vice President & Chief Financial Officer

Forward-Looking Statements

This communication contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements regarding, among other things, our current expectations about the Company's future results, financial condition, revenue, earnings, free cash flow, margins, objectives, goals, strategies, beliefs, intentions, plans, estimates, prospects, projections and outlook of the Company and can generally be identified by the use of words or phrases such as "may," "will," "expect," "intend," "estimate," "anticipate," "plan," "foresee," "project," "believe," "continue" or the negatives of these terms, variations on them and other similar expressions. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results to be materially different from those expressed in or implied by such forward-looking statements. Forward-looking statements are based largely on the Company's expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control.

The factors that could cause actual results to materially differ include, among others: the uncertain negative impacts the coronavirus (COVID-19) will have on the Company's business, financial condition, cash flows, results of operations and supply chain, as well as the global economy in general; the impact of decreasing demand for printed materials and significant overcapacity in the highly competitive environment creates downward pricing pressures and potential under-utilization of assets; the impact of digital media and similar technological changes, including digital substitution by consumers; the impact of fluctuations in costs (including labor and labor-related costs, energy costs, freight rates and raw materials) and the impact of fluctuations in the availability of raw materials; the inability of the Company to reduce costs and improve operating efficiency rapidly enough to meet market conditions; the impact of the various restrictive covenants in the Company's debt facilities on the Company's ability to operate its business, as well as the uncertain negative impacts COVID-19 may have on the Company's ability to continue to be in compliance with these restrictive covenants; the impact of increased business complexity as a result of the Company's transformation into a marketing solutions partner; the failure to successfully identify, manage, complete and integrate acquisitions, investment opportunities or other significant transactions, as well as the successful identification and execution of strategic divestitures; the failure of clients to perform under contracts or to renew contracts with clients on favorable terms or at all; the impact of changing future economic conditions; the fragility and decline in overall distribution channels, including newspaper distribution channels; the impact of changes in postal rates, service levels or regulations; the failure to attract and retain qualified talent across the enterprise; the impact of regulatory matters and legislative developments or changes in laws, including changes in cyber-security, privacy and environmental laws; significant capital expenditures may be needed to maintain the Company's platforms and processes and to remain technologically and economically competitive; the impact of risks associated with the operations outside of the United States, including costs incurred or reputational damage suffered due to improper conduct of its employees, contractors or agents; the impact of an other than temporary decline in operating results and enterprise value that could lead to non-cash impairment charges due to the impairment of property, plant and equipment and other intangible assets; and the impact on the holders of Quad's class A common stock of a limited active market for such shares and the inability to independently elect directors or control decisions due to the voting power of the class B common stock; and the other risk factors identified in the Company's most recent Annual Report on Form 10-K, which may be amended or supplemented by subsequent Quarterly Reports on Form 10-Q or other reports filed with the Securities and Exchange Commission.

Except to the extent required by the federal securities laws, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

COVID-19

Safe-at-Work *Program*

Learn More >>

Providing for the health and safety of Quad's employees, while continuing to meet the needs of our clients

Crisis Management Team

- Cross-functional centralized team of leaders.
- Executing business continuity plans and procedures.
- Following CDC and local health authorities protocols, including best practices from our healthcare subsidiary QuadMed.

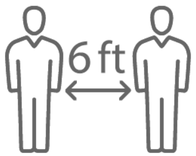
Rapid Response Team

- Team of Quad HR professionals, supported by medical personnel from QuadMed, focused on guiding employees impacted by COVID-19.
- Manages the transition of employees to self-quarantine and conducts contact tracing.
- Communicates regularly with impacted employees on health and status of returning to work.

Communication Strategy

- Frequent and transparent communication to all Quad stakeholders.
- Regular video updates from the Executive Leadership team to share perspective and insights.
- Consistent repetition of the steps we are taking to keep all employees safe and well.

Social Distancing



Daily Disinfecting

Good Hygiene

Protective Equipment

Temperature Checks

Innovation

To Help Our *Employees*

Hand Sanitizer	Face Masks

Quad's CRT ink manufacturing division applied their chemistry knowledge to formulate hand sanitizer, which we are producing and using in our facilities across the country.

Quad's Direct Marketing group designed disposable, non-medical face masks that are being mass-produced on our existing printing press equipment.

Innovation

To Help Our *Clients*

Stand-Alone Displays	Floor Graphics	Shopping Cart Wraps	Checkout Register Shield & Signs

Decisive Actions to Control Costs, Conserve Cash & Protect Liquidity

- Suspended international and domestic travel.
- Delayed most capital expenditures and expect 2020 capital expenditures to be approximately $60 million, a 45% decrease from 2019.
- Implemented a hiring freeze.
- Established COVID-19 temporary furlough program with Company-paid medical benefits.
- Implemented temporary salary reductions for more than 750 leaders, including 50% reduction for our CEO and 35% reductions for Named Executive Officers.

We temporarily reduced costs by over

$250 million

on an annualized basis

- Temporarily reduced Board of Directors fees by 50%.
- Suspended use of vacations and vacation payouts.
- Suspended production at several manufacturing facilities.
- Increased borrowings by $100 million to increase cash on hand to $208 million, providing near term liquidity.
- Temporarily suspended the quarterly dividend of $0.15 per share, conserving approximately $8 million of cash each quarter.

Financial Overview

US $ Millions	First Quarter March 31, 2020	March 31, 2019
STATEMENT OF OPERATIONS *(excluding discontinued operations)*		
Net Sales	$ 822.5	$ 961.0
Cost of Sales	647.7	788.3
Selling, General and Administrative Expenses	99.6	94.5
Adjusted EBITDA(1)	**$ 75.4**	**$ 78.4**
Adjusted EBITDA Margin(1)	**9.2%**	**8.2%**
STATEMENT OF CASH FLOWS *(including discontinued operations)*		
Net Cash Provided By (Used In) Operating Activities	$ 44.7	$ (58.6)
Capital Expenditures	(29.0)	(45.3)
LSC-Related Payments	—	3.3
Free Cash Flow(1)	**$ 15.7**	**$ (100.6)**

(1) See slide 11 for definitions of our non-GAAP measures, slide 12 for reconciliations of Adjusted EBITDA and Adjusted EBITDA Margin and slide 13 for a reconciliation of Free Cash Flow as non-GAAP measures.

Debt Capital Structure as of March 31, 2020

We believe our available liquidity, strength of banking relationships, agile approach to cost management, and our ability to help our clients pre- and post-pandemic provides substantial financial flexibility to adjust to the current uncertainty in our operating environment.

3.00x

Net Debt Leverage Ratio[1] as of March 31, 2020

43%

Floating

57%

Fixed

4.8%

Blended Interest Rate as of March 31, 2020

$208 million

Cash on Hand as of March 31, 2020

$636 million

Unused Capacity under Revolver as of March 31, 2020, Subject to Certain Covenants

May 2022

Next Significant Debt Maturity

(1) See slide 11 for definitions of our Non-GAAP measures and slide 14 for a reconciliation of Debt Leverage Ratio as a Non-GAAP measure.

Thank You

Supplemental Information

Non-GAAP Financial Measures

- In addition to financial measures prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), this presentation also contains Non-GAAP financial measures, specifically EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Debt Leverage Ratio, and Adjusted Diluted Earnings (Loss) Per Share. The Company believes that these Non-GAAP measures, when presented in conjunction with comparable GAAP measures, provide additional information for evaluating Quad's performance and are important measures by which Quad's management assesses the profitability and liquidity of its business. These Non-GAAP measures should be considered in addition to, not as a substitute for or superior to, net earnings (loss) as a measure of operating performance or to cash flows provided by (used in) operating activities as a measure of liquidity. These Non-GAAP measures may be different than Non-GAAP financial measures used by other companies. Reconciliations to the GAAP equivalent of these Non-GAAP measures are contained on slides 12 – 16.
- Adjusted EBITDA is defined as net earnings (loss) attributable to Quad common shareholders excluding interest expense, income tax expense (benefit), depreciation and amortization, restructuring, impairment and transaction-related charges, earnings (loss) from discontinued operations, net of tax, net pension income, employee stock ownership plan contribution, (gain) loss on debt extinguishment, equity in (earnings) loss of unconsolidated entity, the Adjusted EBITDA for unconsolidated equity method investments (calculated in a consistent manner with the calculation for Quad) and net earnings (loss) attributable to noncontrolling interests.
- Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by net sales.
- Free Cash Flow is defined as net cash provided by (used in) operating activities less purchases of property, plant and equipment, plus LSC-related payments, which includes payments for transaction-related costs associated with the now terminated acquisition of LSC Communications, Inc. and the incremental interest payments associated with the 2019 amended debt refinancing.
- Debt Leverage Ratio is defined as total debt and finance lease obligations divided by the last twelve months of Adjusted EBITDA.
- Adjusted Diluted Earnings (Loss) Per Share is defined as earnings (loss) from continuing operations before income taxes and equity in (earnings) loss of unconsolidated entity excluding restructuring, impairment and transaction-related charges, employee stock ownership plan contribution, (gain) loss on debt extinguishment, and adjusted for income tax expense at a normalized tax rate, divided by diluted weighted average number of common shares outstanding.

Adjusted EBITDA

First Quarter

	Three Months Ended March 31,	
US $ Millions	**2020**	**2019**
Net loss attributable to Quad common shareholders	$ (12.4)	$ (22.5)
Interest expense	18.1	21.8
Income tax benefit	(1.2)	(7.2)
Depreciation and amortization	47.4	54.2
EBITDA [Non-GAAP]	$ 51.9	$ 46.3
EBITDA Margin [Non-GAAP]	6.3%	4.8%
Restructuring, impairment and transaction-related charges	22.8	7.6
Loss from discontinued operations, net of tax	3.8	10.1
Net pension income	(2.7)	(1.5)
(Gain) loss on debt extinguishment	(0.6)	15.9
Other(1)	0.2	—
Adjusted EBITDA [Non-GAAP]	**$ 75.4**	**$ 78.4**
Adjusted EBITDA Margin [Non-GAAP]	**9.2%**	**8.2%**

(1) *Other includes the following items: (a) the equity in (earnings) loss of unconsolidated entity, which includes the results of operations for an investment in an entity where Quad has the ability to exert significant influence, but not control, and is accounted for using the equity method of accounting; (b) the Adjusted EBITDA for unconsolidated equity method investments, which was calculated in a consistent manner with the calculation above for Quad; and (c) the net earnings (loss) attributable to noncontrolling interests, which is the portion of the net earnings (loss) not owned by Quad for an investment where Quad has a controlling financial interest.*

Free Cash Flow

First Quarter

	Three Months Ended March 31,	
US $ Millions	**2020**	**2019**
Net cash provided by (used in) operating activities	$ 44.7	$ (58.6)
Less: purchases of property, plant and equipment	(29.0)	(45.3)
Plus: LSC-related payments[1]	—	3.3
Free Cash Flow [Non-GAAP]	**$ 15.7**	**$ (100.6)**

(1) LSC-related payments include transaction-related costs associated with the proposed, but now terminated, acquisition of LSC Communications, Inc., and incremental interest payments associated with the 2019 amended debt refinancing.

Debt Leverage Ratio

US $ Millions	March 31, 2020	December 31, 2019
Total debt and finance lease obligations on the balance sheets	$ 1,192.5	$ 1,112.2
Divided by: Trailing twelve months Adjusted EBITDA [Non-GAAP] (1)	$ 331.9	$ 334.9
Debt Leverage Ratio [Non-GAAP]	**3.59x**	**3.32x**
Debt Leverage Ratio — Net of Excess Cash [Non-GAAP](2)	**3.00x**	**3.12x**

(1) The calculation of Adjusted EBITDA for the trailing twelve months ended March 31, 2020, and December 31, 2019, was as follows:

		Add	**Subtract**	
	Year Ended	**Three Months Ended**		**Trailing Twelve Months Ended**
	December 31, 2019	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**
Net loss attributable to Quad common shareholders	$ (156.3)	$ (12.4)	$ (22.5)	$ (146.2)
Interest expense	90.0	18.1	21.8	86.3
Income tax benefit	(24.4)	(1.2)	(7.2)	(18.4)
Depreciation and amortization	209.5	47.4	54.2	202.7
EBITDA [Non-GAAP]	$ 118.8	$ 51.9	$ 46.3	$ 124.4
Restructuring, impairment and transaction-related charges	89.4	22.8	7.6	104.6
Loss from discontinued operations, net of tax	100.6	3.8	10.1	94.3
Net pension income	(6.0)	(2.7)	(1.5)	(7.2)
(Gain) loss on debt extinguishment	30.5	(0.6)	15.9	14.0
Other	1.6	0.2	—	1.8
Adjusted EBITDA [Non-GAAP]	**$ 334.9**	**$ 75.4**	**$ 78.4**	**$ 331.9**

(2) The Company had $208 million and $79 million in cash and cash equivalents at March 31, 2020, and December 31, 2019, respectively. Based on the Company's typical year-end cash balance of approximately $10 million, Quad had $198 million and $69 million of excess cash at March 31, 2020, and December 31, 2019, respectively. If the excess cash was used to further pay down debt, the Debt Leverage Ratio would have been 3.00x and 3.12x at March 31, 2020 and December 31, 2019, respectively.

Balance Sheet

US $ Millions	March 31, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	$ 207.8	$ 78.7
Receivables, less allowances for doubtful accounts	401.8	456.1
Inventories	188.9	210.5
Prepaid expenses and other current assets	66.8	109.0
Property, plant and equipment—net	1,006.7	1,036.5
Operating lease right-of-use assets—net	91.5	97.9
Goodwill	103.0	103.0
Intangible assets—net	131.9	137.2
Other long-term assets	117.9	131.1
Assets of discontinued operations	52.3	57.1
Total assets	**$ 2,368.6**	**$ 2,417.1**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 418.4	$ 416.7
Accrued liabilities	222.0	292.9
Current portion of debt and finance lease obligations	49.8	47.7
Current portion of operating lease obligations	29.0	30.2
Long-term debt and finance lease obligations	1,142.7	1,064.5
Operating lease obligations	65.0	70.4
Deferred income taxes	3.2	2.8
Single and multi-employer pension obligations	115.0	122.9
Other long-term liabilities	112.7	108.3
Liabilities of discontinued operations	14.5	16.4
Total liabilities	**$ 2,172.3**	**$ 2,172.8**
Total Shareholders' equity and noncontrolling interests	**$ 196.3**	**$ 244.3**
Total liabilities and shareholders' equity	**$ 2,368.6**	**$ 2,417.1**

Adjusted Diluted Earnings (Loss) Per Share

First Quarter

	Three Months Ended March 31,	
US $ Millions (Except Per Share Data)	**2020**	**2019**
Loss from continuing operations before income taxes and equity in loss of unconsolidated entity	$ (9.8)	$ (19.8)
Restructuring, impairment and transaction-related charges	22.8	7.6
(Gain) loss on debt extinguishment	(0.6)	15.9
Adjusted net earnings from continuing operations, before income taxes [Non-GAAP]	12.4	3.7
Income tax expense at 25% normalized tax rate	3.1	0.9
Adjusted net earnings from continuing operations [Non-GAAP]	$ 9.3	$ 2.8
Basic weighted average number of common shares outstanding	50.5	49.6
Plus: effect of dilutive equity incentive instruments [Non-GAAP]	0.6	1.1
Diluted weighted average number of common shares outstanding [Non-GAAP]	51.1	50.7
Adjusted Diluted Earnings Per Share from continuing operations [Non-GAAP]	**$ 0.18**	**$ 0.06**
Diluted loss per share from continuing operations [GAAP]	$ (0.17)	$ (0.25)