3rd Quarter 2020 Earnings Call

November 4, 2020

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, sales, 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 negative impacts the coronavirus (COVID-19) has had and will continue to have on the Company’s business, financial condition, cash flows, results of operations and supply chain, as well as the global economy in general (including future uncertain impacts); the impact of decreasing demand for printed materials and significant overcapacity in the highly competitive environment creates downward pricing pressures and potential underutilization 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 to a marketing solutions partner; the impact negative publicity could have on our business; 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 intangible assets; 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, as such were previously supplemented and amended in the Company’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020, and which may be further 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.

Our Focused Response to the Pandemic

Maintain the health and well-being of our employees

Provide high quality, on-time delivery for our clients

Ensure the long-term financial health of the company

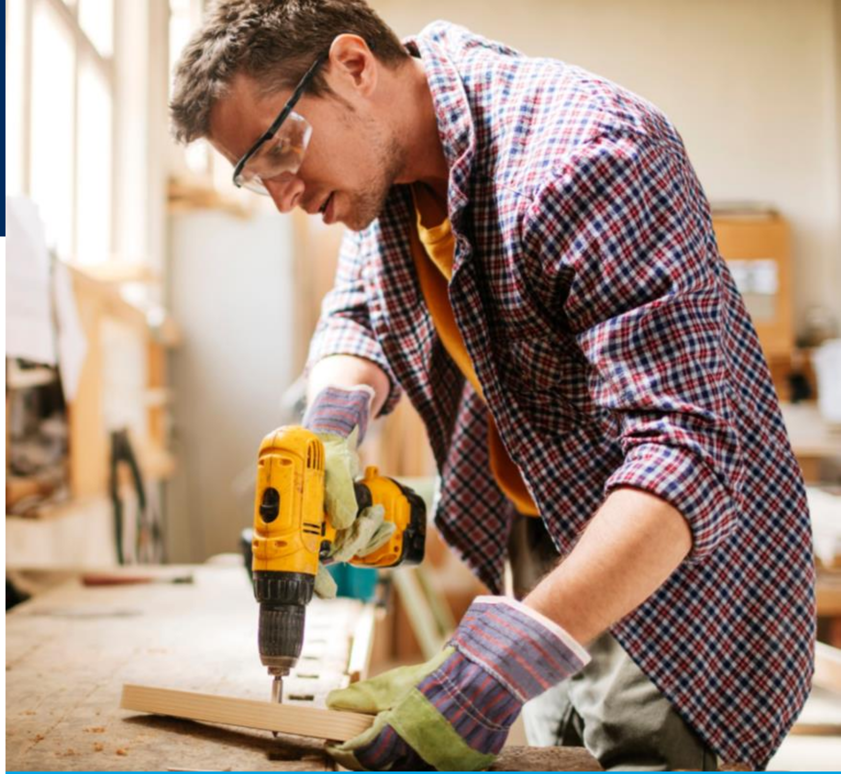
Key Actions to Advance our Strategic Transformation

1. *Optimize* our product portfolio to focus the company on the greatest revenue-generating opportunities

2. *Invest* in talent and technology to drive new business and further expand our offerings

3. *Innovate* new integrated solutions that help our clients simplify their executional requirements to deliver content and campaigns more efficiently and effectively

Recent Success Story



NORTHERN TOOL & EQUIPMENT

OPPORTUNITY

- Expanded our content and media relationship to include additional marketing products and services

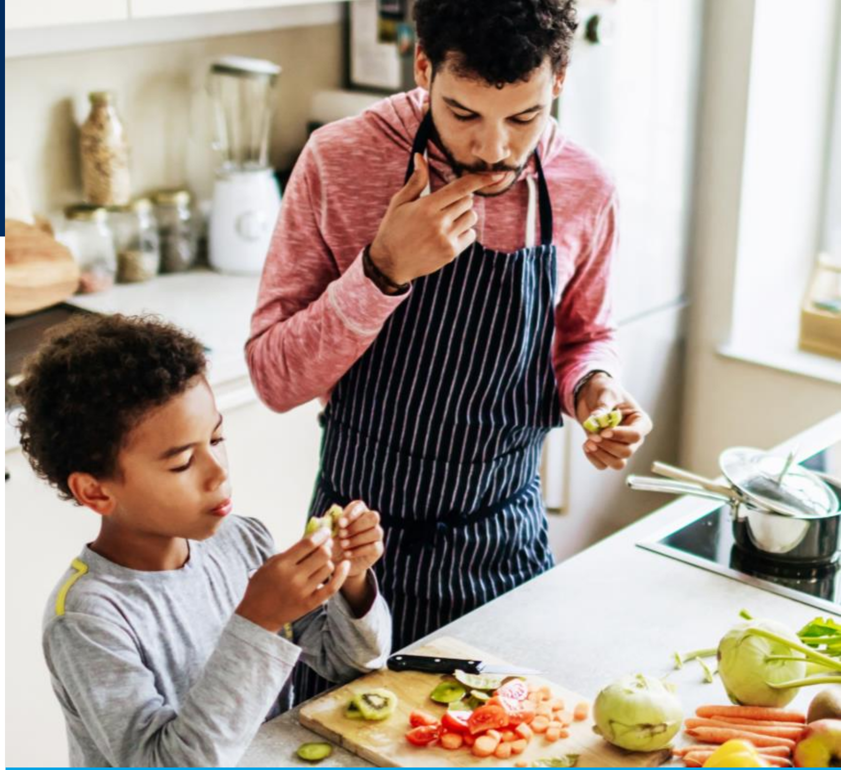
QUAD SOLUTION

- Engaged Business Process Optimization services to ensure efficiency and speed to market
- Introduced Accelerated Insights virtual testing platform to measure the effectiveness of marketing programs across multiple channels

IMPACT

- Won **100%** of print work including catalogs, direct mail and retail inserts
- Continuing to help Northern Tool & Equipment with **brand strategy, in-store marketing, and digital and out-of-home advertising**

Recent Success Story



REGIONAL GROCER

OPPORTUNITY

- Expanded weekly print circular relationship to become Agency of Record
- Includes content production, technology, print and digital media

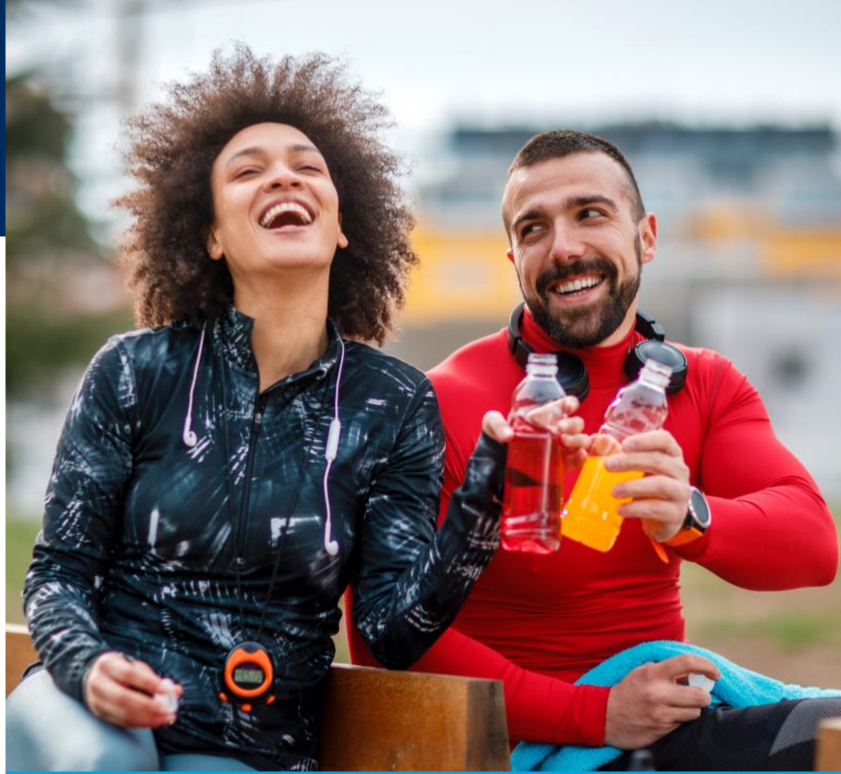
QUAD SOLUTION

- Conducted a media mix modeling study and recommended increased digital ad spending
- Provided an integrated approach for content creation, production and media placement

IMPACT

- Named Agency of Record for **all media** and managing **$40 million** in annual spend for **1,100 stores**
- Building **media plans** based on what will deliver the **highest return** for the client

Recent Success Story



ALL-NATURAL ENERGY DRINK BRAND

OPPORTUNITY

- Quad was highly recommended to client based on the strength of our integrated and expansive marketing solutions offering

QUAD SOLUTION

- Consulted and conceptualized a brand campaign in six days
- Launched advertising campaign at a national drugstore chain
- Campaign included strategy, digital advertising creative, and 1,800 in-store displays

IMPACT

- Successfully launched campaign **from idea to execution**
- Leveraging our existing relationships with other retailers and merchandisers **to help grow** this brand

Our Goal

Diversity + *Equity* + *Inclusion*

Achieve a workforce that reflects the communities where we live / work and the clients who trust us with their business

Ensure that our procedures, processes and distribution of resources create equal opportunities and fair and just outcomes

Create a safe and open environment where all Quad employees can bring their truest and best selves to work every day

Financial Overview

US $ Millions	Third Quarter September 30, 2020	Third Quarter September 30, 2019	Year-to-Date September 30, 2020	Year-to-Date September 30, 2019
STATEMENT OF OPERATIONS *(excluding discontinued operations)*				
Net Sales	$ 679.3	$ 943.6	$ 2,086.3	$ 2,853.5
Cost of Sales	543.3	764.5	1,651.9	2,324.3
Selling, General and Administrative Expenses	75.1	99.6	238.0	290.5
Adjusted EBITDA(1)	**$ 60.7**	**$ 79.7**	**$ 196.0**	**$ 239.1**
Adjusted EBITDA Margin(1)	**8.9%**	**8.4%**	**9.4%**	**8.4%**
STATEMENT OF CASH FLOWS *(including discontinued operations)*				
Net Cash Provided By (Used In) Operating Activities	$ 40.2	$ (12.2)	$ 107.4	$ 4.1
Capital Expenditures	(12.7)	(23.9)	(50.7)	(98.5)
LSC-Related Payments	—	51.3	—	59.8
Free Cash Flow(1)	**$ 27.5**	**$ 15.2**	**$ 56.7**	**$ (34.6)**

(1) See slide 14 for definitions of our non-GAAP measures, slides 15 & 16 for reconciliations of Adjusted EBITDA and Adjusted EBITDA Margin and slide 17 for a reconciliation of Free Cash Flow as non-GAAP measures.

Agile Approach to Cost Management

We temporarily reduced costs by

$325 million

on an annualized basis

as reported in the Second Quarter 2020

We converted approximately

40%

of these temporary savings into permanent savings

during the Third Quarter 2020

Debt Capital Structure

3.22x

Debt Leverage Ratio – Net Debt(1)
as of September 30, 2020

4.8%

Blended Interest Rate
as of September 30, 2020

$93 million

Cash on Hand
as of September 30, 2020

$465 million

Unused Capacity under $500 Million
Revolver as of September 30, 2020
Subject to Certain Covenants

May 2022

Next Significant Debt Maturity of
$239 Million

(1) See slide 14 for definitions of our Non-GAAP measures and slide 18 for a reconciliation of Debt Leverage Ratio – Net Debt 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, Net Debt, 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 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 15 - 21.
- 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, (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 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.
- Net Debt is defined as total debt and finance lease obligations less cash and cash equivalents.
- Debt Leverage Ratio is defined as total debt and finance lease obligations divided by the last twelve months of Adjusted EBITDA.
- Debt Leverage Ratio – Net Debt is defined as Net Debt divided by the last twelve months of Adjusted EBITDA.
- Adjusted Diluted Earnings (Loss) Per Share From Continuing Operations 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, (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

Third Quarter

	Three Months Ended September 30,	
US $ Millions	**2020**	**2019**
Net earnings (loss) attributable to Quad common shareholders	$ 1.6	$ (126.5)
Interest expense	17.9	22.0
Income tax benefit	(12.0)	(17.6)
Depreciation and amortization	44.8	52.2
EBITDA [Non-GAAP]	$ 52.3	$ (69.9)
EBITDA Margin [Non-GAAP]	7.7%	(7.4)%
Restructuring, impairment and transaction-related charges	9.8	56.7
Loss from discontinued operations, net of tax	1.1	79.4
Net pension income	(2.7)	(1.5)
Loss on debt extinguishment	—	14.6
Other[(1)]	0.2	0.4
Adjusted EBITDA [Non-GAAP]	**$ 60.7**	**$ 79.7**
Adjusted EBITDA Margin [Non-GAAP]	**8.9%**	**8.4%**

(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.

Adjusted EBITDA
Year-to-Date

	Nine Months Ended September 30,	
US $ Millions	**2020**	**2019**
Net loss attributable to Quad common shareholders	$ (34.3)	$ (163.8)
Interest expense	52.2	69.6
Income tax benefit	(17.5)	(28.0)
Depreciation and amortization	138.9	159.3
EBITDA [Non-GAAP]	$ 139.3	$ 37.1
EBITDA Margin [Non-GAAP]	6.7%	1.3%
Restructuring, impairment and transaction-related charges	49.0	73.7
Loss from discontinued operations, net of tax	13.6	101.1
Net pension income	(8.0)	(4.5)
Loss on debt extinguishment	1.8	30.5
Other[(1)]	0.3	1.2
Adjusted EBITDA [Non-GAAP]	**$ 196.0**	**$ 239.1**
Adjusted EBITDA Margin [Non-GAAP]	**9.4%**	**8.4%**

(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

Year-to-Date

	Nine Months Ended September 30,	
US $ Millions	**2020**	**2019**
Net cash provided by operating activities	$ 107.4	$ 4.1
Less: purchases of property, plant and equipment	(50.7)	(98.5)
Plus: LSC-related payments(1)	—	59.8
Free Cash Flow [Non-GAAP]	**$ 56.7**	**$ (34.6)**

(1) LSC-related payments include transaction-related costs associated with the proposed, but now terminated, acquisition of LSC, including the $45 million reverse termination fee and incremental interest payments associated with the 2019 amended debt refinancing.

Debt Leverage Ratio

US $ Millions	September 30, 2020	December 31, 2019
Total debt and finance lease obligations on the balance sheets	$ 1,031.2	$ 1,112.2
Divided by: trailing twelve months Adjusted EBITDA [Non-GAAP] (1)	$ 291.8	$ 334.9
Debt Leverage Ratio [Non-GAAP]	**3.53x**	**3.32x**
Debt Leverage Ratio — Net Debt [Non-GAAP](2)	**3.22x**	**3.09x**

(1) The calculation of Adjusted EBITDA for the trailing twelve months ended September 30, 2020, and December 31, 2019, was as follows:

		Add	**Subtract**	
	Year Ended	**Nine Months Ended**		**Trailing Twelve Months Ended**
	December 31, 2019	**September 30, 2020**	**September 30, 2019**	**September 30, 2020**
Net loss attributable to Quad common shareholders	$ (156.3)	$ (34.3)	$ (163.8)	$ (26.8)
Interest expense	90.0	52.2	69.6	72.6
Income tax benefit	(24.4)	(17.5)	(28.0)	(13.9)
Depreciation and amortization	209.5	138.9	159.3	189.1
EBITDA [Non-GAAP]	$ 118.8	$ 139.3	$ 37.1	$ 221.0
Restructuring, impairment and transaction-related charges	89.4	49.0	73.7	64.7
Loss from discontinued operations, net of tax	100.6	13.6	101.1	13.1
Net pension income	(6.0)	(8.0)	(4.5)	(9.5)
Loss on debt extinguishment	30.5	1.8	30.5	1.8
Other	1.6	0.3	1.2	0.7
Adjusted EBITDA [Non-GAAP]	**$ 334.9**	**$ 196.0**	**$ 239.1**	**$ 291.8**

(2) The Company had $92.9 million and $78.7 million in cash and cash equivalents at September 30, 2020, and December 31, 2019, respectively. If all cash had been used to pay down debt, the Net Debt would have been $938.3 million and $1,033.5 million at September 30, 2020, and December 31, 2019, respectively, and the Debt Leverage Ratio would have been 3.22x and 3.09x at September 30, 2020, and December 31, 2019, respectively.

Balance Sheet

US $ Millions	September 30, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	$ 92.9	$ 78.7
Receivables, less allowance for credit losses	370.1	456.1
Inventories	218.3	210.5
Prepaid expenses and other current assets	49.0	109.0
Property, plant and equipment—net	953.6	1,036.5
Operating lease right-of-use assets—net	83.5	97.9
Goodwill	103.0	103.0
Other intangible assets—net	113.3	137.2
Other long-term assets	96.9	131.1
Assets of discontinued operations	20.8	57.1
Total assets	**$ 2,101.4**	**$ 2,417.1**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 320.6	$ 416.7
Accrued liabilities	277.0	292.9
Current portion of debt and finance lease obligations	59.8	47.7
Current portion of operating lease obligations	27.1	30.2
Long-term debt and finance lease obligations	971.4	1,064.5
Operating lease obligations	58.4	70.4
Deferred income taxes	3.7	2.8
Single and multi-employer pension obligations	105.4	122.9
Other long-term liabilities	107.5	108.3
Liabilities of discontinued operations	6.0	16.4
Total liabilities	**$ 1,936.9**	**$ 2,172.8**
Total shareholders' equity and noncontrolling interests	**$ 164.5**	**$ 244.3**
Total liabilities and shareholders' equity	**$2,101.4**	**$ 2,417.1**

Adjusted Diluted Earnings Per Share

Third Quarter

	Three Months Ended September 30,	
US $ Millions (Except Per Share Data)	**2020**	**2019**
Loss from continuing operations before income taxes and equity in loss of unconsolidated entity	$ (8.9)	$ (64.5)
Restructuring, impairment and transaction-related charges	9.8	56.7
Loss on debt extinguishment	—	14.6
Adjusted net earnings from continuing operations, before income taxes [Non-GAAP]	0.9	6.8
Income tax expense at 25% normalized tax rate	0.2	1.7
Adjusted net earnings from continuing operations [Non-GAAP]	$ 0.7	$ 5.1
Basic weighted average number of common shares outstanding	50.7	50.1
Plus: effect of dilutive equity incentive instruments [Non-GAAP]	0.4	0.9
Diluted weighted average number of common shares outstanding [Non-GAAP]	51.1	51.0
Adjusted Diluted Earnings Per Share from continuing operations [Non-GAAP]	**$ 0.01**	**$ 0.10**
Diluted earnings (loss) per share from continuing operations [GAAP]	$ 0.05	$ (0.94)

Adjusted Diluted Earnings Per Share

Year-to-Date

	Nine Months Ended September 30,	
US $ Millions (Except Per Share Data)	**2020**	**2019**
Loss from continuing operations before income taxes and equity in loss of unconsolidated entity	$ (37.5)	$ (89.9)
Restructuring, impairment and transaction-related charges	49.0	73.7
Loss on debt extinguishment	1.8	30.5
Adjusted net earnings from continuing operations, before income taxes [Non-GAAP]	13.3	14.3
Income tax expense at 25% normalized tax rate	3.3	3.6
Adjusted net earnings from continuing operations [Non-GAAP]	$ 10.0	$ 10.7
Basic weighted average number of common shares outstanding	50.6	50.0
Plus: effect of dilutive equity incentive instruments [Non-GAAP]	0.4	0.9
Diluted weighted average number of common shares outstanding [Non-GAAP]	51.0	50.9
Adjusted Diluted Earnings Per Share from continuing operations [Non-GAAP]	**$ 0.20**	**$ 0.21**
Diluted loss per share from continuing operations [GAAP]	$ (0.41)	$ (1.26)