Quad

4th Quarter 2022 Earnings Call

February 22, 2023

Call Participants & Forward-Looking Statements

Joel Quadracci

Chairman, President & Chief Executive Officer

Tony Staniak

Chief Financial Officer

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 impact of decreasing demand for printed materials and significant overcapacity in a highly competitive environment creates downward pricing pressures and potential under-utilization of assets; the impact of fluctuations in costs (including labor and labor-related costs, energy costs, freight rates and raw materials, including paper and the materials to manufacture ink) and the impact of fluctuations in the availability of raw materials, including paper, parts for equipment and the materials to manufacture ink; the impact macroeconomic conditions, including inflation, rising interest rates and recessionary concerns, as well as ongoing supply chain challenges, labor availability and cost pressures, distribution challenges and the COVID-19 pandemic, have had, and may continue to have, on the Company’s business, financial condition, cash flows and results of operations (including future uncertain impacts); the impact of increased business complexity as a result of the Company’s transformation to a marketing experience company; the inability of the Company to reduce costs and improve operating efficiency rapidly enough to meet market conditions; the impact of changes in postal rates, service levels or regulations, including delivery delays; the failure to attract and retain qualified talent across the enterprise; the impact of a data-breach of sensitive information, ransomware attack or other cyber incident on the Company; the fragility and decline in overall distribution channels; the impact of digital media and similar technological changes, including digital substitution by consumers; the impact negative publicity could have on our business and brand reputation; the failure of clients to perform under contracts or to renew contracts with clients on favorable terms or at all; the impact of risks associated with the operations outside of the United States, including trade restrictions, currency fluctuations, the global economy, costs incurred or reputational damage suffered due to improper conduct of its employees, contractors or agents, and geopolitical events like war and terrorism; the COVID-19 pandemic continues to negatively affect the Company’s business, financial condition, cash flows, results of operations, supply chain and raw materials availability, as well as client demand (including future uncertain impacts); 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; significant investments may be needed to maintain the Company’s platforms, processes, systems, client and product technology, marketing and talent, and to remain technologically and economically competitive; 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 macroeconomic conditions may have on the Company’s ability to continue to be in compliance with these restrictive covenants; 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; the impact of regulatory matters and legislative developments or changes in laws, including changes in cyber-security, privacy and environmental laws; 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.

2022 Results

11%

Net Sales Growth

We achieved Net Sales of $3.2 billion, up 11% from 2021 when excluding divestitures

2.16x

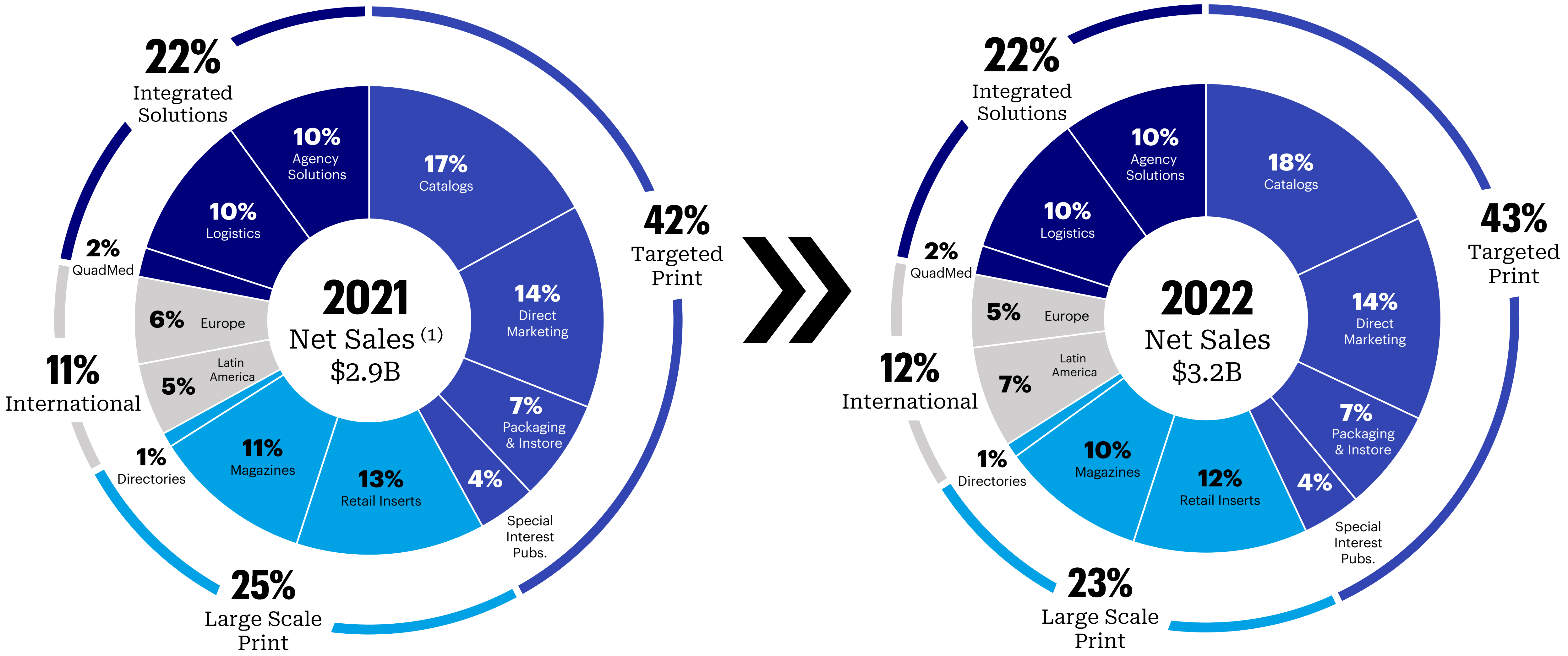
Debt Leverage Ratio[1]

Over the past three years, we reduced Net Debt[1] by $489 million or 47%

We achieved or exceeded our 2022 financial guidance across all metrics

(1) See slide 18 for definitions of our Non-GAAP measures and slide 22 for a reconciliation of Net Debt and Debt Leverage Ratio as Non-GAAP measures

Net Sales Breakdown



(1) Net sales for all periods presented have been adjusted to exclude the QuadExpress divestiture

Welcome Beth-Ann Eason

Appointed to Quad's Board of Directors, effective January 31, 2023

Eason most recently served as Managing Director and Senior Digital Transformation Executive at Accenture

We look forward to leveraging Eason's expertise to enhance our competitive position and drive continued revenue growth as a marketing experience company

Beth-Ann Eason

Quad Board of Directors

Quad's Competitive Advantages

Our key competitive advantages power our strategic priorities and distinguish Quad as a marketing experience—or MX—company

Our commitment to
Integrated Marketing Platform Excellence

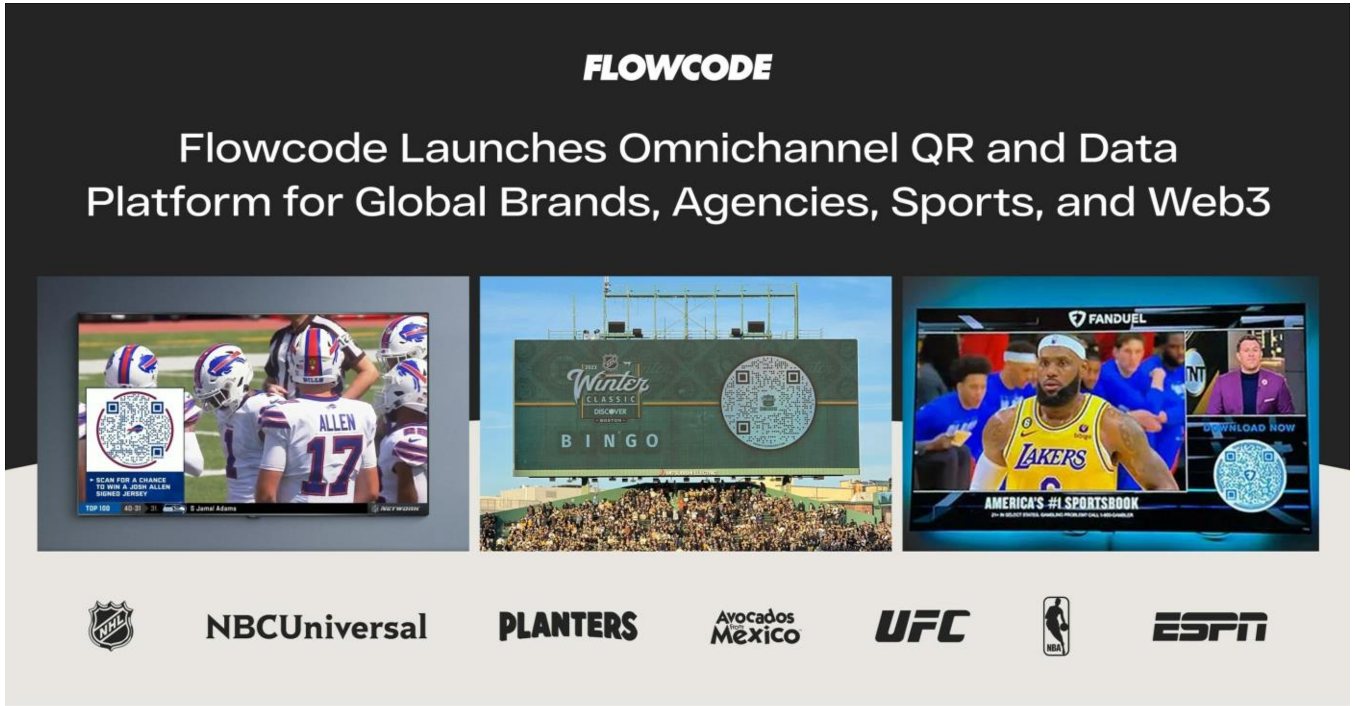
+

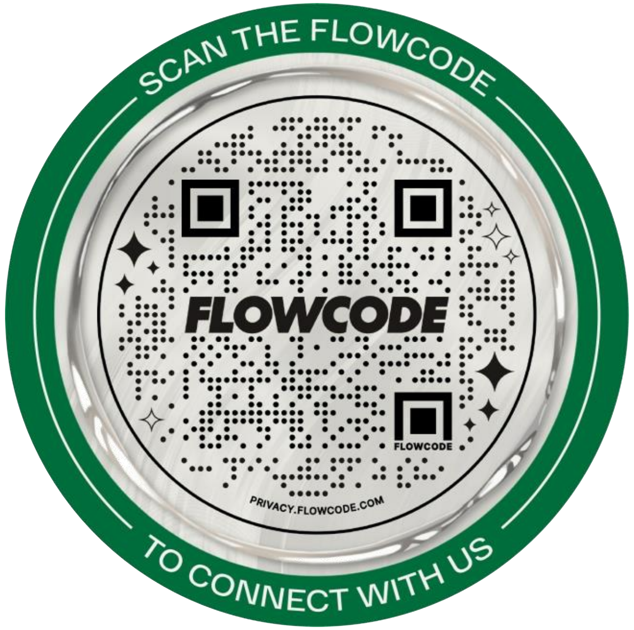
Our commitment to
Ongoing Innovation

+

Our commitment to
Culture & Social Purpose

Commitment to Ongoing Innovation





We are proud to invest in and partner with Flowcode, the leading offline-to-online QR solution for building powerful connections and measurable conversions for brands and consumers

Recent Success Story

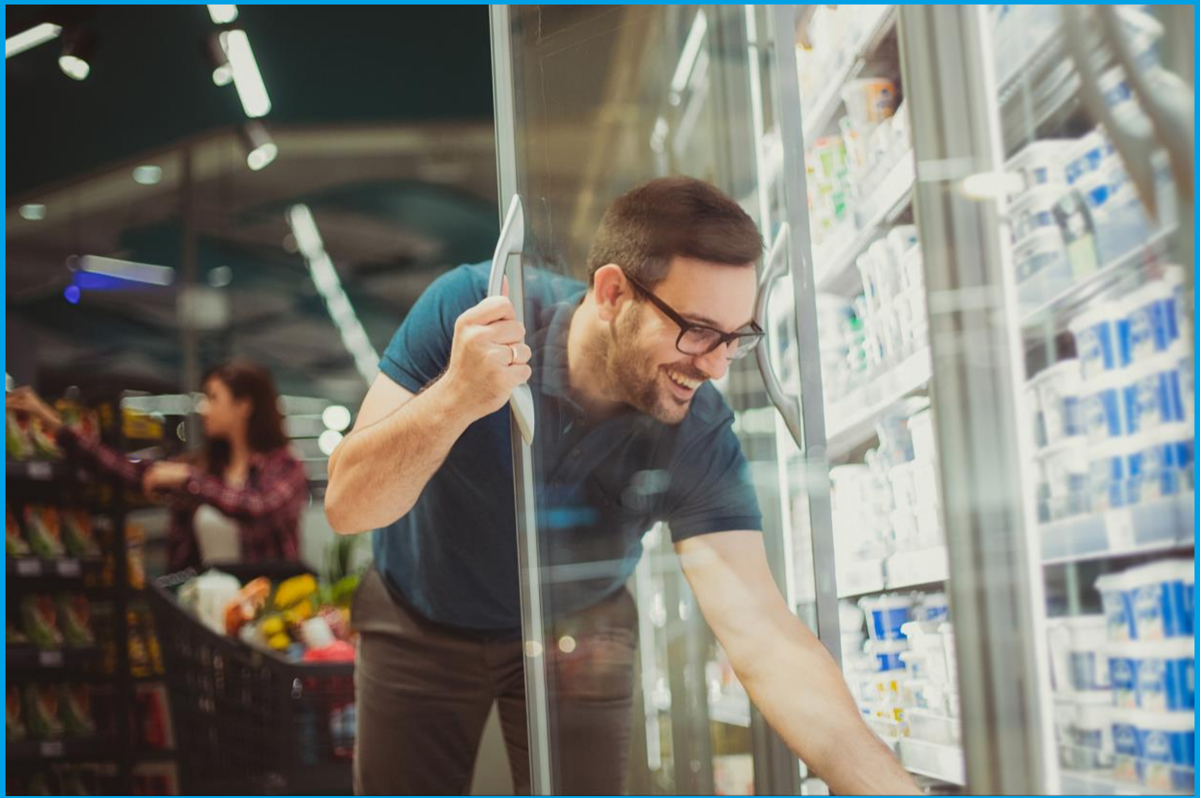
meijer

Opportunity

- Meijer, a leading regional retailer, sought a better way to manage its traditional and digital media spend

Quad Solution

- The Quad Media team presented integrated media planning and placement across all channels—online and offline
- A key feature of our solution included advanced cross-channel performance management via our proprietary Connex technology
- We also leveraged our cloud-based SaaS platform for managing workflow and personalization at scale



Outcome

- With Connex, Meijer can uncover performance trends by audience, creative, product, location, etc.; identify specific growth opportunities; and take immediate actions to accelerate media performance
- With our SaaS platform for managing workflow, Meijer can streamline and scale personalization across multiple media channels

Recent Success Story

Opportunity

- A national health insurance client needed to create and execute nationally consistent and locally relevant provider and product marketing for new-member acquisition

Quad Solution

- We introduced an automated, data-driven and scalable solution that leverages our cloud-based SaaS platform — connecting remote teams; streamlining marketing execution, including dynamic messaging; and optimizing media across all channels

Outcome

- Our client can now create consistently branded, customized advertisements in mere minutes versus weeks, allowing them to focus on more value-driving marketing efforts

- Named Agency of Record for our client's provider program

Commitment to Culture & Social Purpose

Improved the representation among our U.S. employees and U.S. management team in both gender, and race and ethnicity

Incorporated diversity, equity and inclusion competencies into performance reviews for U.S. leaders

Achieved an 18% increase in annual spend with diverse suppliers

Partnered with clients to increase certified paper usage to 80%

Quad 2022 ESG Update

Financial Overview

US $ Millions (Except Per Share Data)	Fourth Quarter December 31, 2022	Fourth Quarter December 31, 2021	Full-Year December 31, 2022	Full-Year December 31, 2021
STATEMENT OF OPERATIONS				
Net Sales	**$ 885.2**	**$ 854.6**	**$ 3,217.0**	**$ 2,960.4**
Cost of Sales	707.6	701.8	2,618.8	2,389.9
Selling, General and Administrative Expenses	101.8	96.7	358.6	326.0
Adjusted EBITDA (1)	**$ 78.9**	**$ 59.9**	**$ 252.2**	**$ 260.5**
Adjusted EBITDA Margin (1)	**8.9%**	**7.0%**	**7.8%**	**8.8%**
Adjusted Diluted Earnings Per Share (1)	**$ 0.41**	**$ 0.10**	**$ 0.89**	**$ 0.60**
STATEMENT OF CASH FLOWS				
Net Cash Provided By Operating Activities			$ 154.6	$ 136.5
Capital Expenditures			(60.3)	(50.0)
Free Cash Flow (1)			**$ 94.3**	**$ 86.5**
Share Repurchases			**$ 10.0**	—

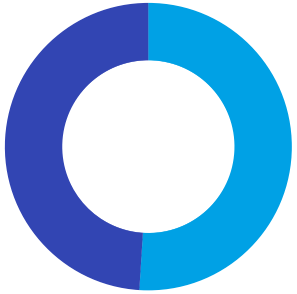
(1) See slide 18 for definitions of our Non-GAAP measures, slides 19 and 20 for reconciliations of Adjusted EBITDA and Adjusted EBITDA Margin, slide 21 for a reconciliation of Free Cash Flow, and slides 24 and 25 for a reconciliation of Adjusted Diluted Earnings Per Share as Non-GAAP measures

Debt Capital Structure

2.16x

Debt Leverage Ratio (1)
as of December 31, 2022

49%
Floating



51%
Fixed

Pro-Forma as of December 31, 2022

6.2%

Pro-Forma Blended Interest Rate
as of December 31, 2022

$25 million

Cash on Hand
as of December 31, 2022

$400 million

Unused Capacity under Revolver
as of December 31, 2022
Subject to Certain Covenants

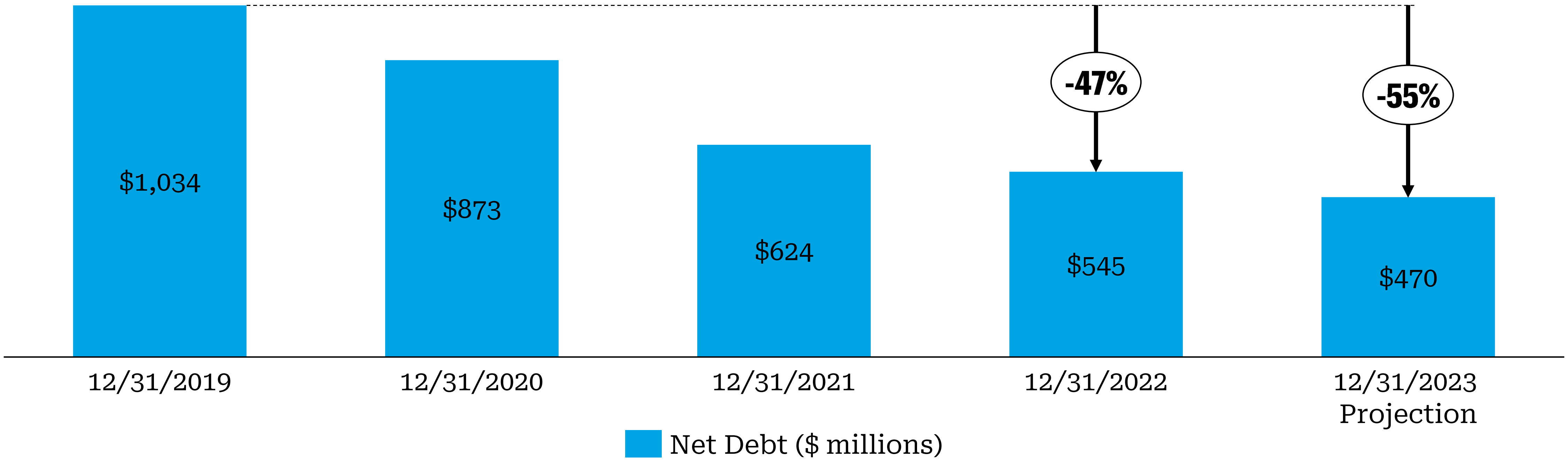
January 2024

Next Significant Debt Maturity
of $88 Million

Effective February 1st, we entered into two $75 million interest rate collar contracts to reduce the variability of cash flows from interest payments and to give us greater protection in the rising interest rate environment

(1) See slide 18 for definitions of our Non-GAAP measures and slide 22 for a reconciliation of Debt Leverage Ratio as a Non-GAAP measure

Net Debt Reduction



By the end of 2023, we expect to reduce Net Debt[(1)] by $564 million, representing a 55% reduction since January 1st, 2020

(1) See slide 18 for definitions of our Non-GAAP measures and slide 22 for a reconciliation of Net Debt as a Non-GAAP measure

2023 Guidance

Financial Metric	2023 Guidance
Annual Net Sales Change	0% to 5% decline
Full-Year Adjusted EBITDA [(1)]	$210 to $250 million
Free Cash Flow [(1)]	$50 to $90 million
Capital Expenditures	$65 to $75 million
Year-End Debt Leverage Ratio [(1)(2)]	Approximately 2.0x

We remain committed to debt reduction, investing in our growth as a marketing experience company and seeking opportunities to return capital to shareholders

(1) See slide 18 for definitions of our Non-GAAP measures
(2) Debt Leverage Ratio is calculated at the midpoint of the Adjusted EBITDA guidance

Key Investment Highlights

1 One-of-a-Kind Integrated Marketing Platform

- Featuring through-the-line marketing solutions deployed across offline and online channels
- Accessing additional revenue opportunity in advertising and marketing services industry

2 Trusted by Leading Global Brands

- Serving 2,900 clients across growing verticals such as retail, publishing, consumer packaged goods, financial services, healthcare, insurance and direct-to-consumer

3 Transformation Momentum

- Winning segment share and diversifying revenue and client mix through strategic investments in agency talent, business development and marketing

4 Strong Cash Generation Supporting Growth

- Proven ability to execute and scale costs, supporting Free Cash Flow generation ($310 million of Free Cash Flow since 2020) to fuel growth strategy

5 Industry Leading Financial Foundation

- Targeting approximately 2.0x Debt Leverage by the end of 2023, a 55% reduction in debt since 1/1/20
- Supports investments in growth businesses and shareholder returns

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 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 19 - 25.
- Adjusted EBITDA is defined as net earnings (loss) excluding interest expense, income tax expense, depreciation and amortization ("EBITDA"), restructuring, impairment and transaction-related charges, gains from sale and leaseback, loss on debt extinguishment, equity in earnings of unconsolidated entity, and the Adjusted EBITDA for unconsolidated equity method investments (calculated in a consistent manner with the calculation for Quad).
- EBITDA Margin and Adjusted EBITDA Margin are defined as EBITDA or 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.
- Debt Leverage Ratio is defined as total debt and finance lease obligations less cash and cash equivalents ("Net Debt") divided by the last twelve months of Adjusted EBITDA.
- Adjusted Diluted Earnings Per Share is defined as earnings (loss) before income taxes and equity in earnings of unconsolidated entity excluding restructuring, impairment and transaction-related charges, gains from sale and leaseback, 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

Fourth Quarter

	Three Months Ended December 31,	
US $ Millions	**2022**	**2021**
Net loss	$ (8.7)	$ (21.1)
Interest expense	16.1	14.5
Income tax expense	4.4	5.4
Depreciation and amortization	34.7	38.0
EBITDA [Non-GAAP]	$ 46.5	$ 36.8
EBITDA Margin [Non-GAAP]	5.3%	4.3%
Restructuring, impairment and transaction-related charges	32.4	22.3
Loss on debt extinguishment	—	0.7
Other (1)	—	0.1
Adjusted EBITDA [Non-GAAP] (2)	**$ 78.9**	**$ 59.9**
Adjusted EBITDA Margin [Non-GAAP]	**8.9%**	**7.0%**

(1) Other includes the following items: (a) the equity in earnings 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; and (b) the Adjusted EBITDA for unconsolidated equity method investments, which was calculated in a consistent manner with the calculation above for Quad.

(2) The Company made a change in its definition of Adjusted EBITDA to include net pension income. This change is reflected in both periods presented.

Adjusted EBITDA
Full-Year

	Year Ended December 31,	
US $ Millions	**2022**	**2021**
Net earnings	$ 9.3	$ 37.8
Interest expense	48.4	59.6
Income tax expense	8.4	9.5
Depreciation and amortization	141.3	157.3
EBITDA [Non-GAAP]	$ 207.4	$ 264.2
EBITDA Margin [Non-GAAP]	6.4%	8.9%
Restructuring, impairment and transaction-related charges	44.8	18.9
Gains from sale and leaseback	—	(24.5)
Loss on debt extinguishment	—	0.7
Other (1)	—	1.2
Adjusted EBITDA [Non-GAAP] (2)	**$ 252.2**	**$ 260.5**
Adjusted EBITDA Margin [Non-GAAP]	**7.8%**	**8.8%**

(1) Other includes the following items: (a) the equity in earnings 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; and (b) the Adjusted EBITDA for unconsolidated equity method investments, which was calculated in a consistent manner with the calculation above for Quad.

(2) The Company made a change in its definition of Adjusted EBITDA to include net pension income. This change is reflected in both periods presented.

Free Cash Flow

Full-Year

	Year Ended December 31,	
US $ Millions	**2022**	**2021**
Net cash provided by operating activities	$ 154.6	$ 136.5
Less: purchases of property, plant and equipment	(60.3)	(50.0)
Free Cash Flow [Non-GAAP]	**$ 94.3**	**$ 86.5**

Net Debt and Debt Leverage Ratio

US $ Millions	December 31, 2022	December 31, 2021
Total debt and finance lease obligations on the balance sheets	$ 570.2	$ 803.7
Less: Cash and cash equivalents	25.2	179.9
Net Debt [Non-GAAP]	$ 545.0	$ 623.8
Divided by: Adjusted EBITDA for the year ended [Non-GAAP] (1)	$ 252.2	$ 260.5
Debt Leverage Ratio [Non-GAAP]	**2.16x**	**2.39x**

(1) The Company made a change in its definition of Adjusted EBITDA to include net pension income. This change is reflected in all periods presented.

Balance Sheet

US $ Millions	December 31, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 25.2	$ 179.9
Receivables, less allowances for credit losses	372.6	362.0
Inventories	260.7	226.2
Prepaid expenses and other current assets	46.0	41.0
Property, plant and equipment—net	672.1	727.0
Operating lease right-of-use assets—net	111.1	125.7
Goodwill	86.4	86.4
Other intangible assets—net	46.9	75.3
Other long-term assets	80.8	66.5
Total assets	**$ 1,701.8**	**$ 1,890.0**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 456.6	$ 367.3
Other current liabilities	249.1	314.3
Current portion of debt and finance lease obligations	61.9	247.4
Current portion of operating lease obligations	27.8	28.1
Long-term debt and finance lease obligations	508.3	556.3
Operating lease obligations	87.1	99.8
Deferred income taxes	9.3	11.9
Other long-term liabilities	128.8	128.1
Total liabilities	**1,528.9**	**1,753.2**
Total shareholders' equity	**172.9**	**136.8**
Total liabilities and shareholders' equity	**$ 1,701.8**	**$ 1,890.0**

Adjusted Diluted Earnings Per Share

Fourth Quarter

	Three Months Ended December 31,	
US $ Millions (Except Per Share Data)	**2022**	**2021**
Loss before income taxes and equity in earnings of unconsolidated entity	$ (4.3)	$ (15.9)
Restructuring, impairment and transaction-related charges	32.4	22.3
Loss on debt extinguishment	—	0.7
Adjusted net earnings, before income taxes [Non-GAAP]	28.1	7.1
Income tax expense at 25% normalized tax rate	7.0	1.8
Adjusted net earnings [Non-GAAP]	$ 21.1	$ 5.3
Basic weighted average number of common shares outstanding	49.1	51.3
Plus: effect of dilutive equity incentive instruments [Non-GAAP]	1.8	2.2
Diluted weighted average number of common shares outstanding [Non-GAAP]	50.9	53.5
Adjusted Diluted Earnings Per Share [Non-GAAP]	**$ 0.41**	**$ 0.10**
Diluted loss per share [GAAP]	$ (0.18)	$ (0.41)

Adjusted Diluted Earnings Per Share

Full-Year

	Year Ended December 31,	
US $ Millions (Except Per Share Data)	**2022**	**2021**
Earnings before income taxes and equity in earnings of unconsolidated entity	$ 17.7	$ 47.0
Restructuring, impairment and transaction-related charges	44.8	18.9
Gains from sale and leaseback	—	(24.5)
Loss on debt extinguishment	—	0.7
Adjusted net earnings, before income taxes [Non-GAAP]	62.5	42.1
Income tax expense at 25% normalized tax rate	15.6	10.5
Adjusted net earnings [Non-GAAP]	$ 46.9	$ 31.6
Basic weighted average number of common shares outstanding	50.7	51.3
Plus: effect of dilutive equity incentive instruments	1.8	1.7
Diluted weighted average number of common shares outstanding	52.5	53.0
Adjusted Diluted Earnings Per Share [Non-GAAP]	**$ 0.89**	**$ 0.60**
Diluted earnings per share [GAAP]	$ 0.18	$ 0.71