

# 1<sup>st</sup> Quarter 2024 Earnings Call

May 1, 2024

Quad ®

# Call Participants & Forward-Looking Statements



**Joel Quadracci**

Chairman, President & Chief Executive Officer



**Tony Staniak**

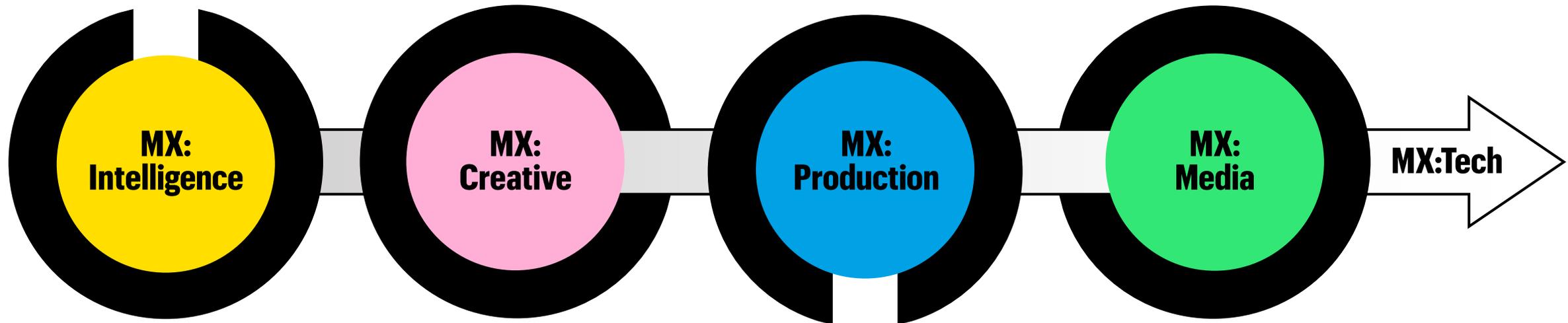
Chief Financial Officer

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 printing services and significant overcapacity in a highly competitive environment creates downward pricing pressures and potential under-utilization of assets; the impact of increased business complexity as a result of the Company’s transformation to a marketing experience company; the impact of changes in postal rates, service levels or regulations, including delivery delays; 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, high interest rates and recessionary concerns, as well as cost and labor pressures, distribution challenges and the price and availability of paper, 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 inability of the Company to reduce costs and improve operating efficiency rapidly enough to meet market conditions; 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 failure to attract and retain qualified talent across the enterprise; the impact of digital media and similar technological changes, including digital substitution by consumers; 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 (“U.S.”), 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 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 impact negative publicity could have on our business and brand reputation; significant capital expenditures and investments may be needed to sustain and grow 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 cybersecurity, 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.

# MX solutions span every facet of the marketing journey

End-to-end and everywhere in between



- Unique data
- Audience analytics
- Campaign measurement
- Research & testing

- Brand design
- Campaign ideation
- Premedia & adaptive design
- Content creation

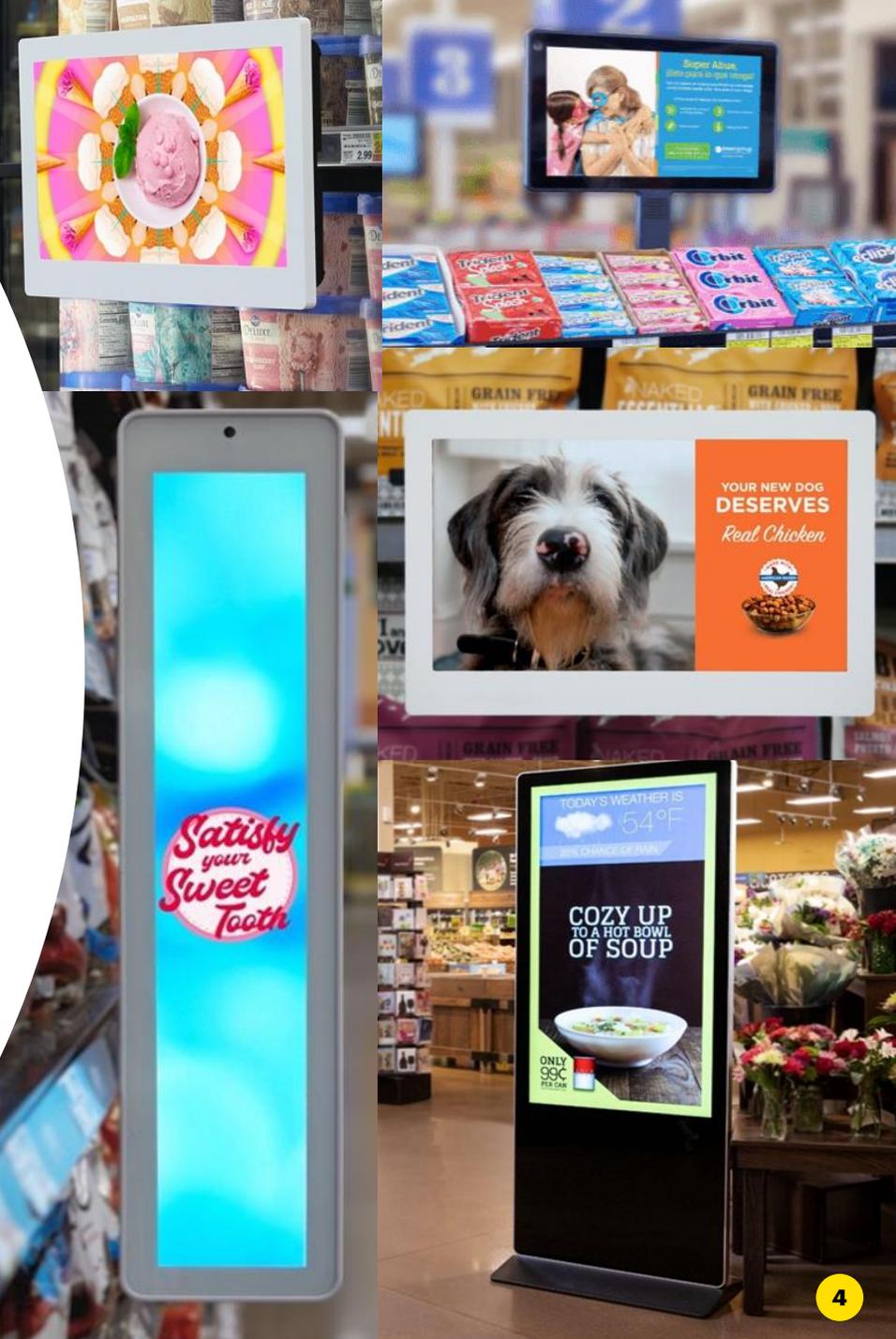
- Managed services
- In-Store
- Packaging
- Print & postal logistics

- Omnichannel media
- Addressable media anywhere
- Commerce & retail media
- Content & creator marketing

# In-Store Connect by Quad

*The*  
**SAVE MART**  
COMPANIES

- Gives retailers and consumer packaged goods companies the ability to deliver **engaging brand messages** and **promotions** at the store shelf
- Partnering with The Save Mart Companies to **launch** its in-store retail media network
- Leverages growth opportunities in **omnichannel Retail Media Networks**, where ad spending is expected to exceed **\$100 billion** by 2027<sup>(1)</sup>



(1) Source: EMARKETER, March 2024

# Household Fusion™

- Combines various marketing mail from **different brands** or various magazines from **different publishers** into a single package delivered to one address
- Leverages our print **production volume** and **operational scale** to create efficiencies
- Results in **significant postage savings** for participating clients

From

## Singles

Sent separately to multiple individuals at the same household



To

## Multi-Piece Package

Sent together to the household



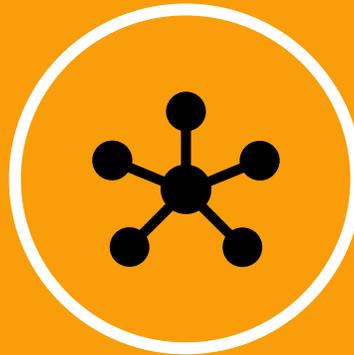
# Rise<sup>®</sup>

a Quad agency



## **Connected Teams**

Brings together our full range of media and data services under one brand



## **Modern Integrated Data Stack**

Privacy at its core and resilient to industry challenges



## **Radical Transparency**

No hidden charges and minimizes the tech tax paid to data onboarding platforms

# Recent Campaign Results

## Nielsen-Massey Vanillas



**13% increase**  
in loyalty and  
**1.8 million**  
website visits

## CLR Brands



**124% increase**  
in store locator  
visits and **18%**  
**sales increase**

# Success Story

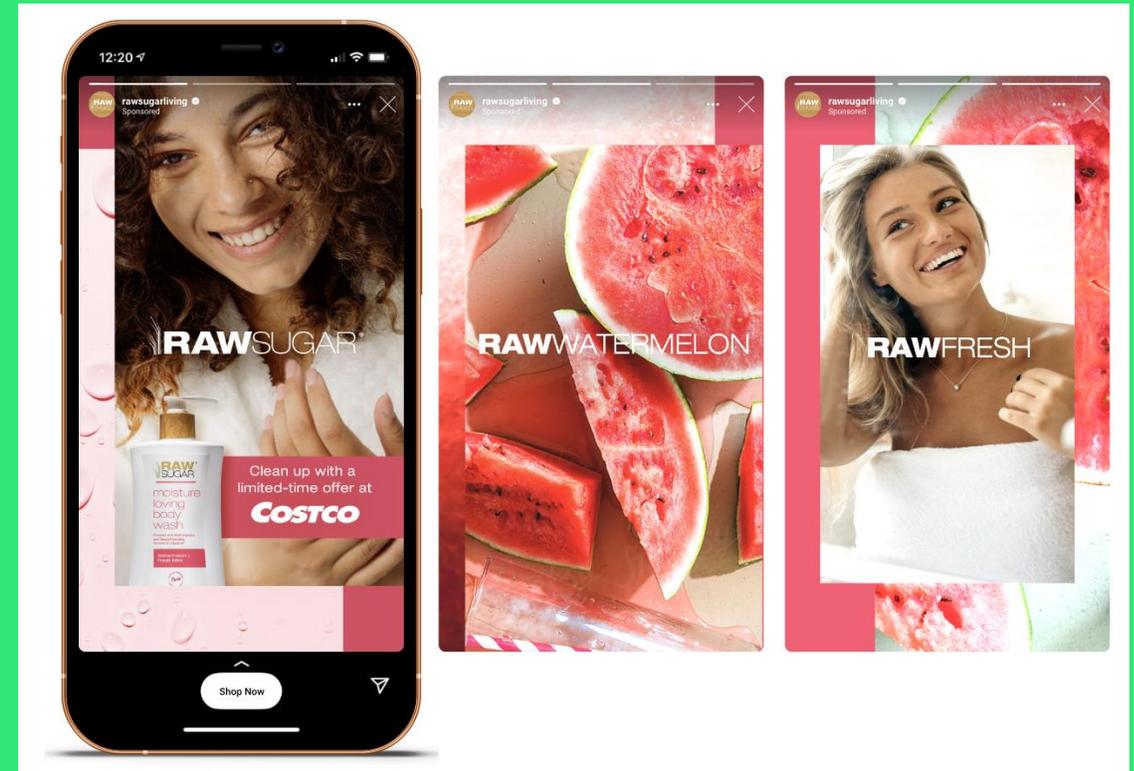


## Opportunity

- Help Raw Sugar Living facilitate next phase of brand growth through engaging creative campaigns and strategic consumer connection points

## Quad Solution

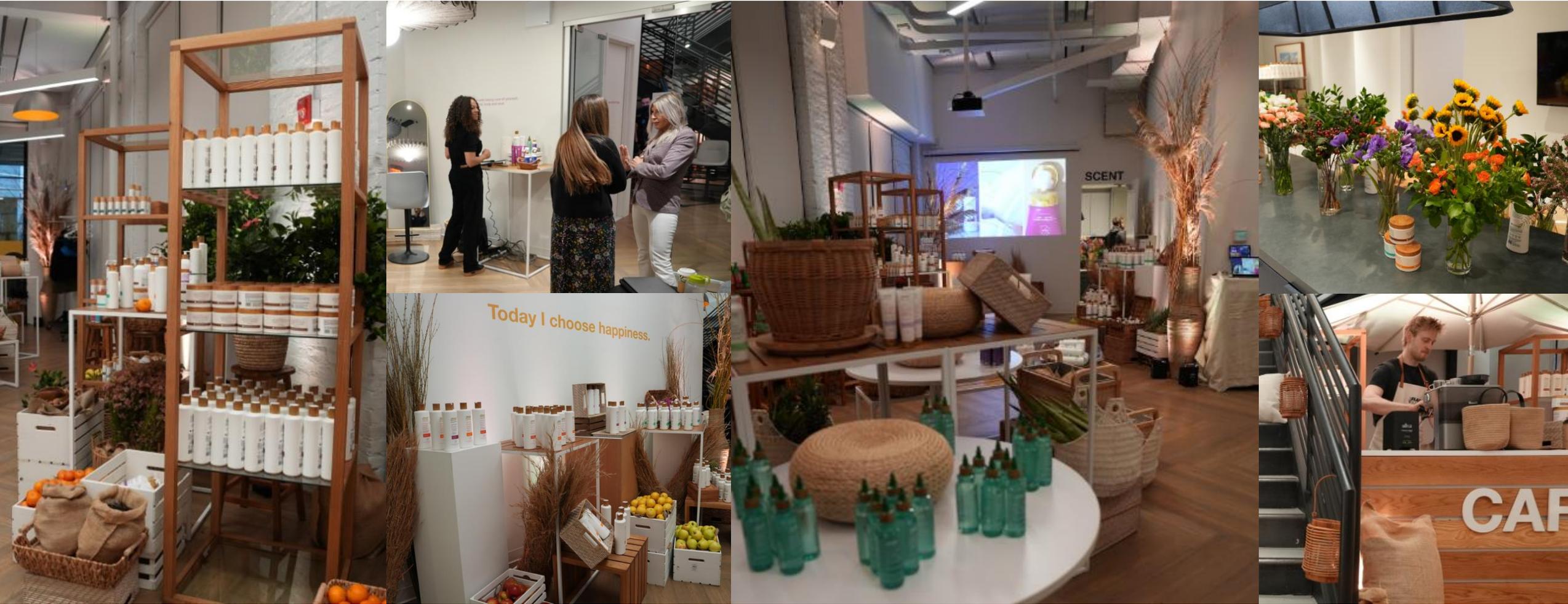
- Brand strategy
- Integrated campaign development
- Content production
- Media strategy
- Connections planning
- Media execution and optimization



## Outcome

- Named Raw Sugar Living's Creative Agency of Record
- Launching first-ever direct-to-consumer campaign
- Supported 2024 product launch with a pop-up event for influencers and media representatives at Quad's New York City location
- Received referral and are now providing integrated work for a large health and wellness company

# RAW SUGAR® Pop-up Market at Quad NYC



# Success Story



## Opportunity

- Help strengthen SpinLife's consumer connections to increase its response rates and revenue

## Quad Solution

- High-impact creative for print, web and digital
- Catalog printing and distribution
- Data-backed media solutions, including:
  - Paid search
  - Paid social
  - Marketplace media
  - Affiliate media
  - SEO support

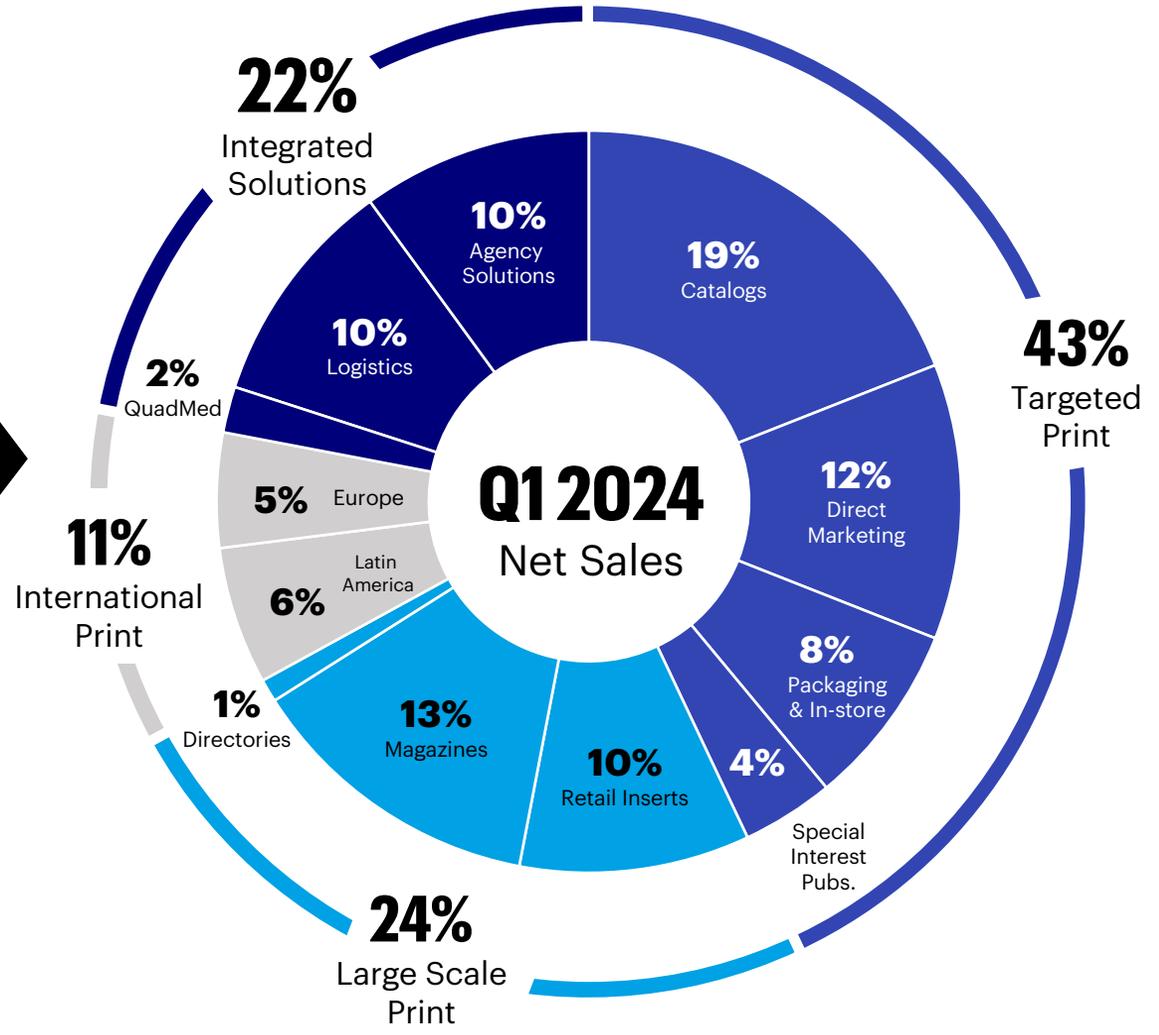
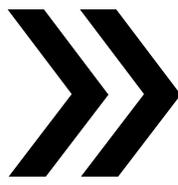
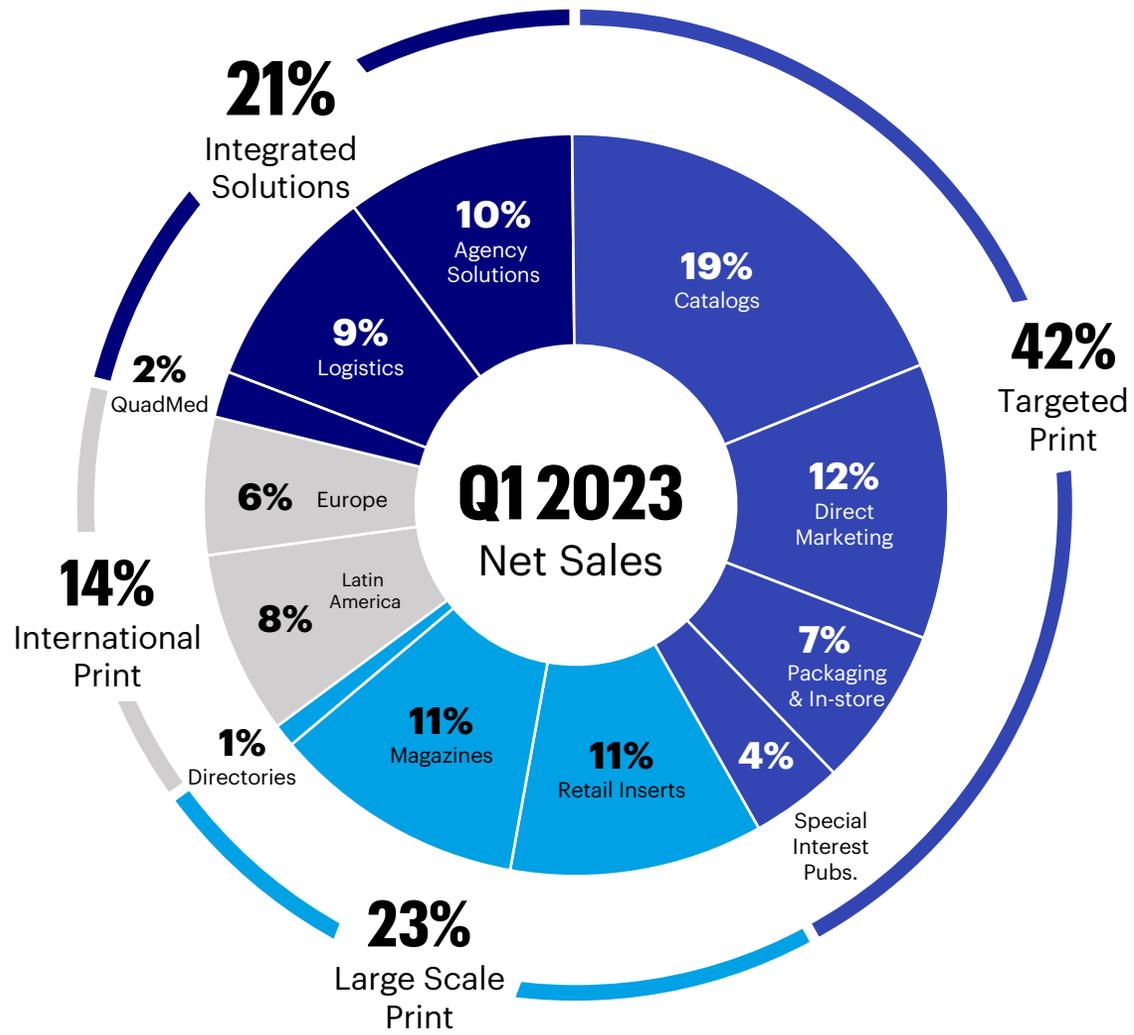


Credit: SpinLife

## Outcome

- Named SpinLife's Marketing Agency of Record
- Providing a frictionless marketing experience through integrated account management across creative, production and media
- Establishing a client-dedicated team integrated within client's marketing operations

# Net Sales Breakdown



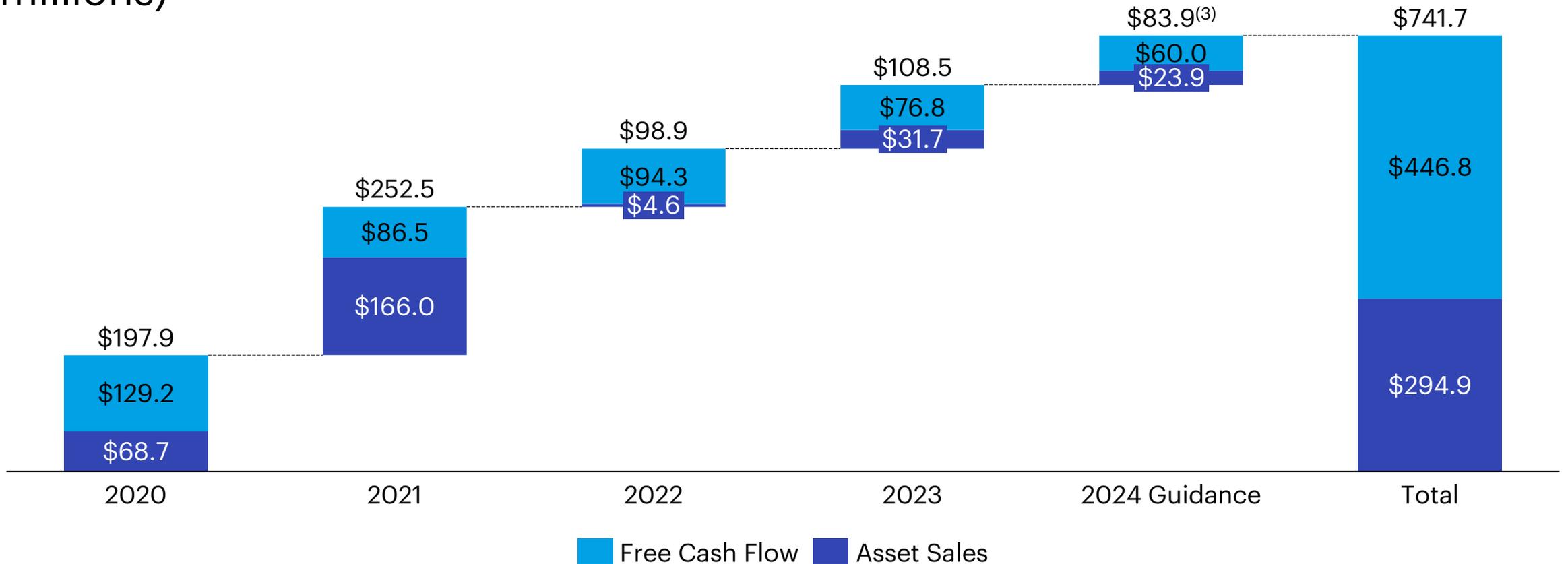
# Financial Overview

US \$ Millions (Except Per Share Data)	First Quarter	
	March 31, 2024	March 31, 2023
<b>STATEMENT OF OPERATIONS</b>		
<b>Net Sales</b>	<b>\$ 654.8</b>	<b>\$ 766.5</b>
Cost of Sales	521.3	617.5
Selling, General and Administrative Expenses	83.1	89.2
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$ 50.6</b>	<b>\$ 60.2</b>
<b>Adjusted EBITDA Margin<sup>(1)</sup></b>	<b>7.7%</b>	<b>7.9%</b>
<b>Adjusted Diluted Earnings Per Share<sup>(1)</sup></b>	<b>\$ 0.10</b>	<b>\$ 0.15</b>
<b>STATEMENT OF CASH FLOWS</b>		
Net Cash Used In Operating Activities	\$ (52.2)	\$ (50.6)
Capital Expenditures	(17.9)	(28.7)
<b>Free Cash Flow<sup>(1)</sup></b>	<b>\$ (70.1)</b>	<b>\$ (79.3)</b>
<b>Share Repurchases</b>	<b>\$ —</b>	<b>\$ 0.3</b>

(1) See slide 20 for definitions of our non-GAAP measures, slide 21 for a reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin, slide 22 for a reconciliation of Free Cash Flow, and slide 25 for a reconciliation of Adjusted Diluted Earnings Per Share as non-GAAP measures

# Strong Cash Generation

(\$ millions)



**We expect to generate over \$740 million from 2020 to 2024 through our Free Cash Flow<sup>(1)</sup> and proceeds from asset sales<sup>(2)</sup> including the sale of our minority investment in Manipal Technologies for \$22.2 million**

(1) See slide 20 for definitions of our non-GAAP measures and slide 22 for a reconciliation of Free Cash Flow as a non-GAAP measure

(2) Includes proceeds from the sale of property, plant and equipment and proceeds from the sale of non-core businesses

(3) Proceeds from asset sales in 2024 will be added to total 2024 Cash Generation as they occur

# Debt Capital Structure

**\$544 million**

Net Debt<sup>(1)</sup>  
as of March 31, 2024

**7.6%**

Blended Interest Rate as of March 31, 2024  
Including the Impact of the April 30, 2024  
Interest Rate Swap

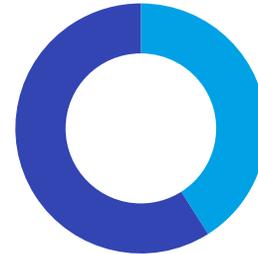
**\$239 million**

Unused Capacity Under Revolver and  
Cash on Hand as of March 31, 2024

**2.43x**

Debt Leverage Ratio<sup>(1)</sup>  
as of March 31, 2024

**59%**  
Floating



**41%**  
Fixed

Including the Impact of the April 30, 2024  
Interest Rate Swap

**November 2026**

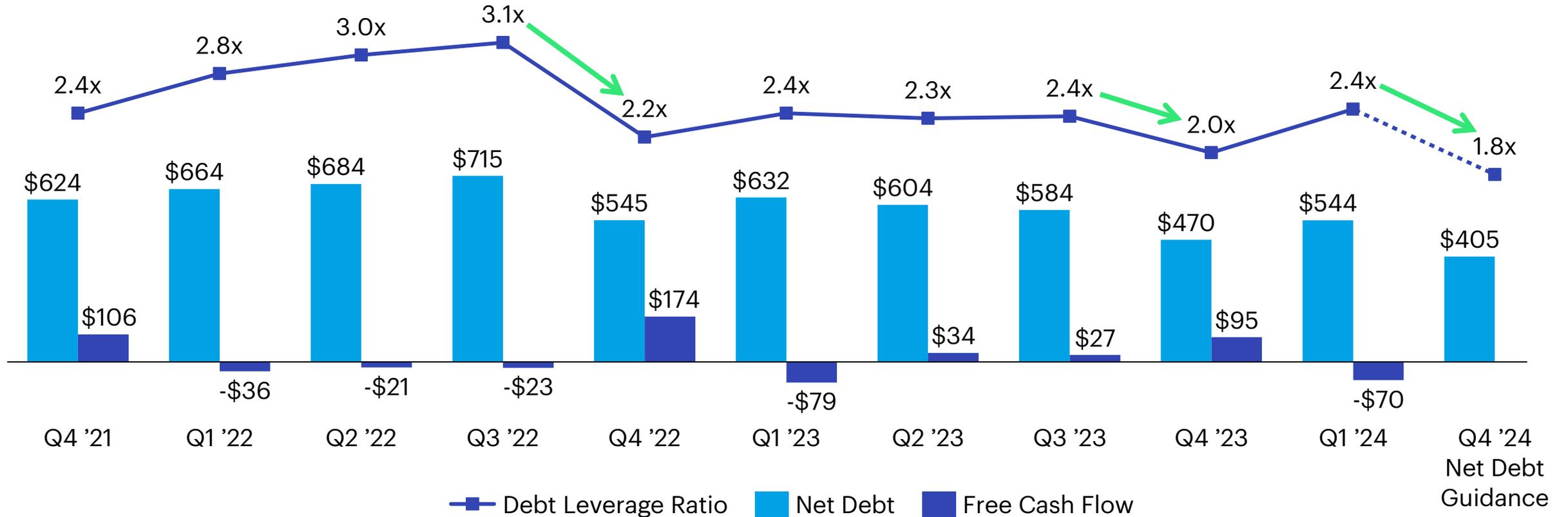
Next Significant Debt Maturity  
of \$245 Million

**Effective April 30<sup>th</sup>, we entered into an interest rate swap converting \$50 million of our variable rate debt to fixed rate**

(1) See slide 20 for definitions of our non-GAAP measures and slide 23 for a reconciliation of Net Debt and Debt Leverage Ratio as non-GAAP measures

# Free Cash Flow and Net Debt Seasonality

(\$ millions)



**Due to the seasonality of our business, the majority of our Free Cash Flow Generation and Debt Reduction<sup>(1)</sup> occurs in the fourth quarter**

(1) See slide 20 for definitions of our non-GAAP measures, slide 22 for a reconciliation of Free Cash Flow and slide 23 for a reconciliation of Net Debt and Debt Leverage Ratio as non-GAAP measures

# 2024 Guidance

<b>Financial Metric</b>	<b>2024 Guidance</b>
Annual Net Sales Change	5% to 9% decline
Full-Year Adjusted EBITDA <sup>(1)</sup>	\$205 to \$245 million
Free Cash Flow <sup>(1)</sup>	\$50 to \$70 million
Capital Expenditures	\$60 to \$70 million
Year-End Debt Leverage Ratio <sup>(1)(2)</sup>	Approximately 1.8x

**We remain focused on investing in our growth as a marketing experience company, debt reduction and returning capital to shareholders**

(1) See slide 20 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 2,700 clients across growing verticals such as retail, publishing, consumer packaged goods, finance and insurance, health and direct-to-consumer

3

## Transformation Momentum

- Winning new clients and diversifying revenue and client mix through strategic investments in innovative data and media solutions, agency talent, business development and marketing

4

## Strong Cash Generation Supporting Growth

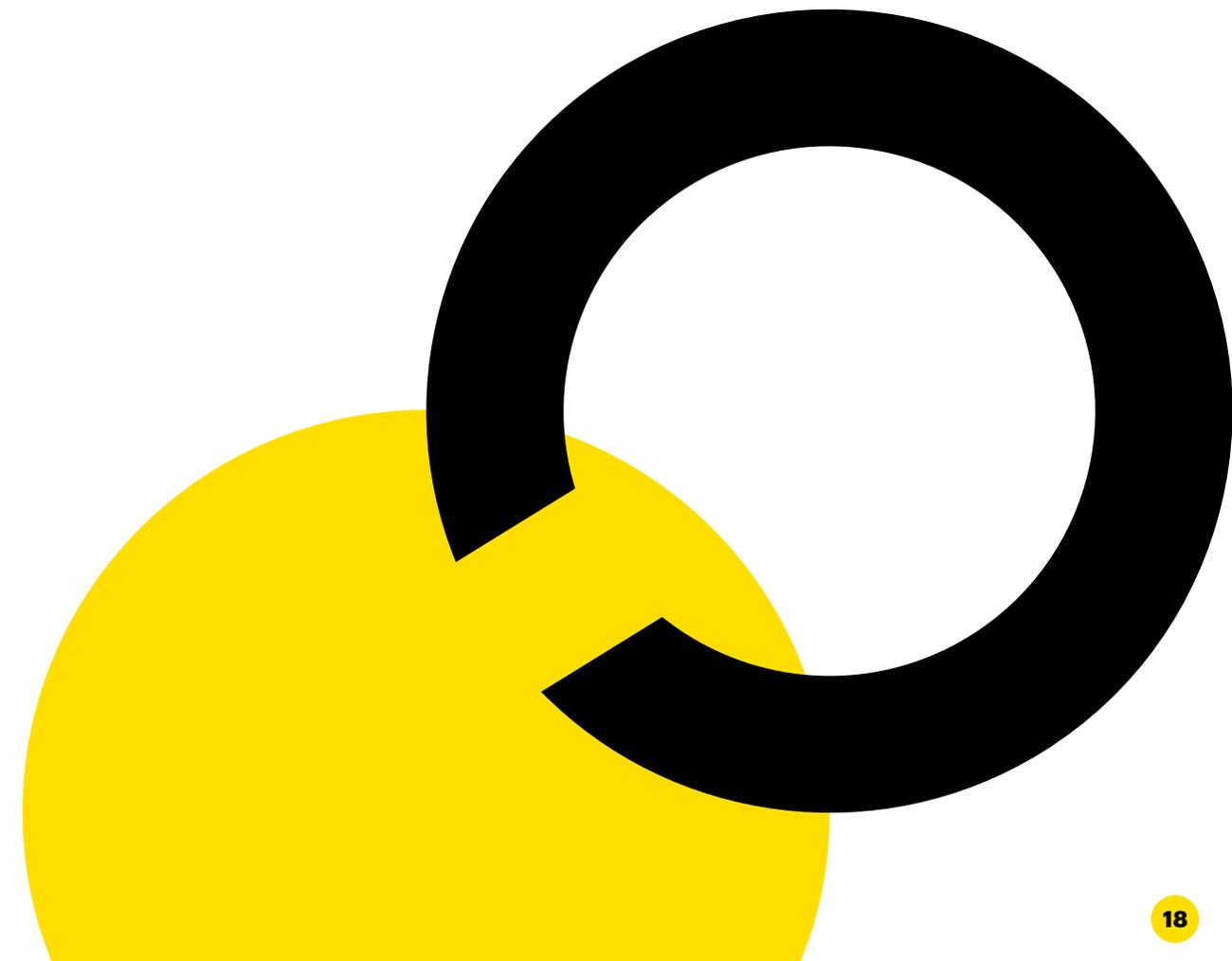
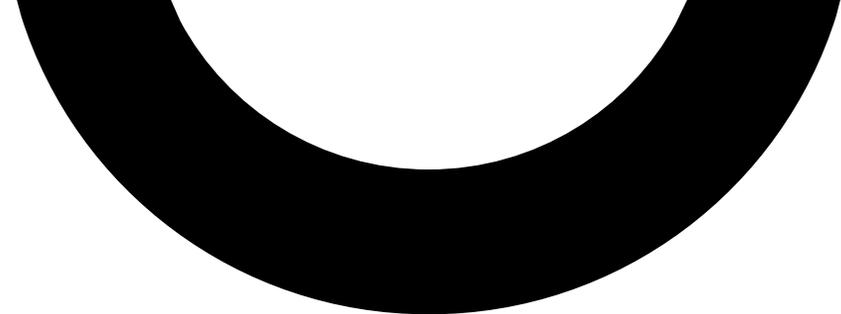
- Proven ability to execute and scale costs driving Free Cash Flow generation
- Divesting non-core assets and generating cash to fuel growth strategy

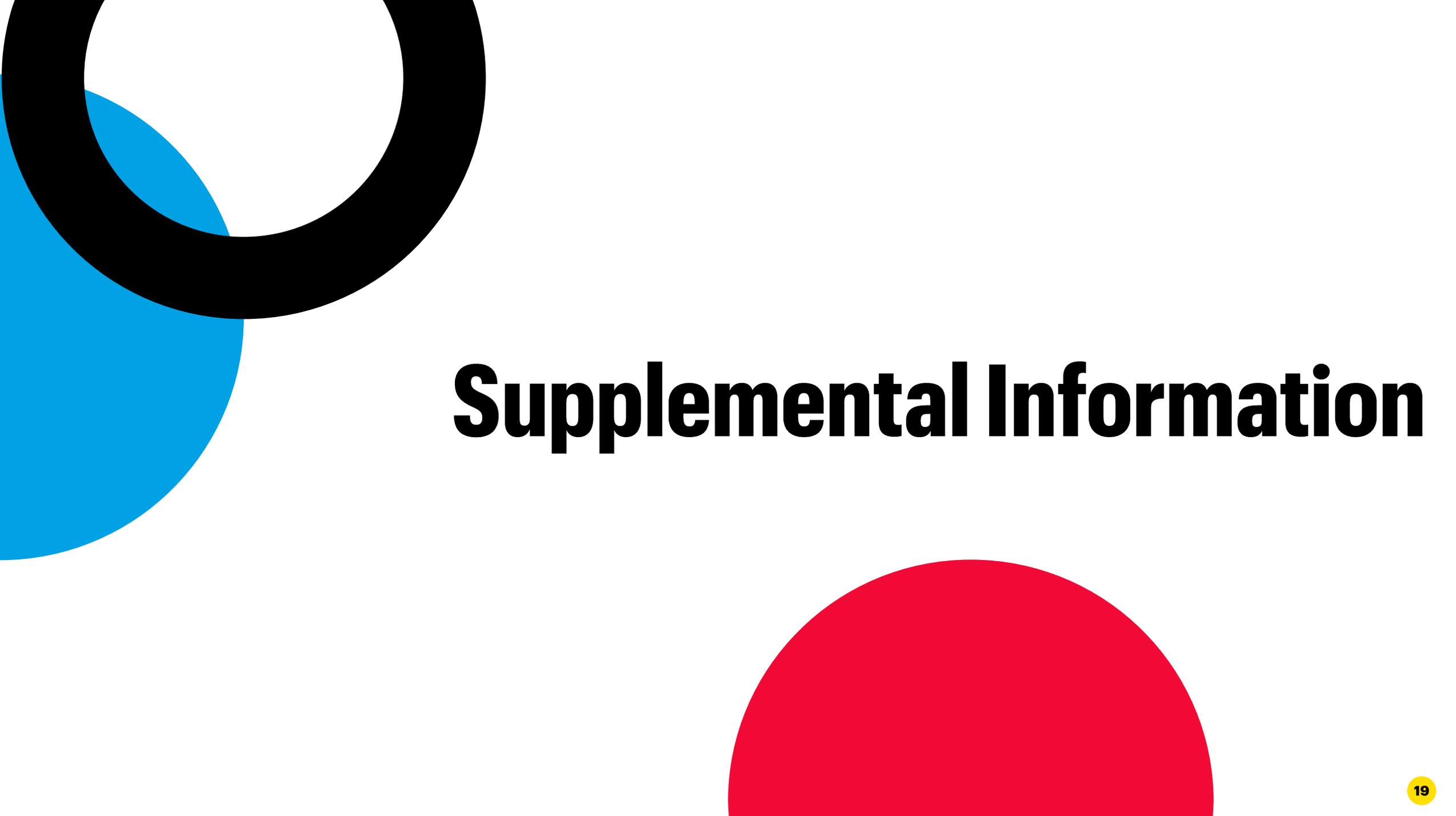
5

## Industry Leading Financial Foundation

- Targeting approximately 1.8x Debt Leverage by the end of 2024, a reduction of over \$600M or 60% since 1/1/20
- Supports investments in growth businesses and shareholder returns including dividends and share buybacks

**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 (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 21 - 25.
- Adjusted EBITDA is defined as net earnings (loss) excluding interest expense, income tax expense, depreciation and amortization (“EBITDA”) and restructuring, impairment and transaction-related charges.
- 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 (used in) 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 excluding restructuring, impairment and transaction-related charges 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

US \$ Millions	Three Months Ended March 31,	
	2024	2023
Net loss	\$ (28.1)	\$ (24.6)
Interest expense	15.2	16.3
Income tax expense	2.4	8.8
Depreciation and amortization	28.6	33.7
<b>EBITDA (non-GAAP)</b>	<b>\$ 18.1</b>	<b>\$ 34.2</b>
EBITDA Margin (non-GAAP)	2.8%	4.5%
Restructuring, impairment and transaction-related charges	32.5	26.0
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ 50.6</b>	<b>\$ 60.2</b>
<b>Adjusted EBITDA Margin (non-GAAP)</b>	<b>7.7%</b>	<b>7.9%</b>

# Free Cash Flow

## First Quarter

US \$ Millions	Three Months Ended March 31,	
	2024	2023
Net cash used in operating activities	\$ (52.2)	\$ (50.6)
Less: purchases of property, plant and equipment	17.9	28.7
<b>Free Cash Flow (non-GAAP)</b>	<b>\$ (70.1)</b>	<b>\$ (79.3)</b>

# Net Debt and Debt Leverage Ratio

US \$ Millions	March 31, 2024	December 31, 2023
Total debt and finance lease obligations on the balance sheets	\$ 553.8	\$ 522.7
Less: Cash and cash equivalents	10.2	52.9
Net Debt (non-GAAP)	\$ 543.6	\$ 469.8
Divided by: trailing twelve months Adjusted EBITDA (non-GAAP) <sup>(1)</sup>	\$ 224.1	\$ 233.7
<b>Debt Leverage Ratio (non-GAAP)</b>	<b>2.43x</b>	<b>2.01x</b>

(1) The calculation of Adjusted EBITDA for the trailing twelve months ended March 31, 2024, and December 31, 2023, was as follows:

	Year Ended	Three Months Ended		Trailing Twelve Months Ended
	December 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024
		Add	Subtract	
Net loss	\$ (55.4)	\$ (28.1)	\$ (24.6)	\$ (58.9)
Interest expense	70.0	15.2	16.3	68.9
Income tax expense	12.8	2.4	8.8	6.4
Depreciation and amortization	128.8	28.6	33.7	123.7
EBITDA (non-GAAP)	\$ 156.2	\$ 18.1	\$ 34.2	\$ 140.1
Restructuring, impairment and transaction-related charges	77.5	32.5	26.0	84.0
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ 233.7</b>	<b>\$ 50.6</b>	<b>\$ 60.2</b>	<b>\$ 224.1</b>

# Balance Sheet

US \$ Millions	March 31, 2024	December 31, 2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10.2	\$ 52.9
Receivables, less allowances for credit losses	302.7	316.2
Inventories	180.6	178.8
Prepaid expenses and other current assets	56.3	39.8
Property, plant and equipment—net	601.8	620.6
Operating lease right-of-use assets—net	91.8	96.6
Goodwill	100.3	103.0
Other intangible assets—net	17.7	21.8
Other long-term assets	62.3	80.0
<b>Total assets</b>	<b>\$ 1,423.7</b>	<b>\$ 1,509.7</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable	\$ 359.8	\$ 373.6
Other current liabilities	174.0	237.6
Current portion of debt and finance lease obligations	73.9	154.2
Current portion of operating lease obligations	23.6	25.4
Long-term debt and finance lease obligations	479.9	368.5
Operating lease obligations	74.6	77.2
Deferred income taxes	5.9	5.1
Other long-term liabilities	142.8	148.6
<b>Total liabilities</b>	<b>1,334.5</b>	<b>1,390.2</b>
<b>Total shareholders' equity</b>	<b>89.2</b>	<b>119.5</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,423.7</b>	<b>\$ 1,509.7</b>

# Adjusted Diluted Earnings Per Share

First Quarter

US \$ Millions (Except Per Share Data)	Three Months Ended March 31,	
	2024	2023
Loss before income taxes	\$ (25.7)	\$ (15.8)
Restructuring, impairment and transaction-related charges	32.5	26.0
Adjusted net earnings, before income taxes (non-GAAP)	6.8	10.2
Income tax expense at 25% normalized tax rate	1.7	2.6
Adjusted net earnings (non-GAAP)	\$ 5.1	\$ 7.6
Basic weighted average number of common shares outstanding	47.2	49.2
Plus: effect of dilutive equity incentive instruments (non-GAAP)	2.6	2.1
Diluted weighted average number of common shares outstanding (non-GAAP)	49.8	51.3
<b>Adjusted Diluted Earnings Per Share (non-GAAP)</b>	<b>\$ 0.10</b>	<b>\$ 0.15</b>
Diluted loss per share (GAAP)	\$ (0.60)	\$ (0.50)