

FOURTH QUARTER 2019 RESULTS

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February 26, 2020

SAFE HARBOR & NON-GAAP



USE OF FORWARD LOOKING STATEMENTS

This presentation contains “forward-looking statements” within the meaning of, and subject to the safe harbor created by, Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the business, strategy and plans of the Company and its expectations relating to future financial condition and performance. These statements include all those on the page under the heading “Full Year 2020 Guidance.” Readers are cautioned not to place undue reliance on these forward-looking statements and any such forward-looking statements are qualified in their entirety by reference to the following cautionary statements. All forward-looking statements speak only as of the date of this presentation and are based on current expectations and involve a number of assumptions, risks and uncertainties that could cause the actual results to differ materially from such forward-looking statements. Words such as “believes”, “anticipates”, “estimates”, “expects”, “intends”, “aims”, “potential”, “will”, “would”, “could”, “may”, “considered”, “likely”, and variations of these words and similar future or conditional expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Such forward-looking statements are only predictions and involve known and unknown risks and uncertainties. The Company does not undertake to and specifically disclaims any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect future events or circumstances after the date of such statement or to reflect the occurrence of anticipated or unanticipated events. These factors include such risks and uncertainties detailed in the Company’s periodic public filings with the SEC, including but not limited to, those discussed under the “Risk Factors” section in the Company’s Form 10-K for the fiscal year ended December 31, 2019 and other filings with the SEC and in other investor communications from the Company from time to time.



NON-GAAP FINANCIAL INFORMATION

This document contains non-GAAP financial measures, including non-GAAP adjusted income from operations, non-GAAP adjusted operating margin, non-GAAP effective tax rate, non-GAAP adjusted diluted EPS and net organic sales growth rate. The Company believes that these non-GAAP measures, when presented in conjunction with comparable GAAP measures, provide useful information about its operating results and enhance the overall ability to assess the Company’s financial performance. Internally, the company uses this non-GAAP information as an indicator of business performance, and evaluates management’s effectiveness with specific reference to these indicators. These measures should be considered in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. A reconciliation of GAAP to non-GAAP financial measures can be found in our periodic filings with the Securities and Exchange Commission and in the investors section of our website, www.rrd.com.

2019 – YEAR IN REVIEW



Strengthen core

- Sold UK-based GDS business and R&D business
- Exited Brazil market
- Consolidated Commercial Print facilities
- Executed cost reduction initiatives, including SG&A



Drive revenue

- Delivered revenue growth in key strategic product offerings
- Continued to expand existing client relationships and add new logos
- Introduced new technological innovations that integrate print and digital



Improve financial flexibility

- Reduced total debt by \$273 million; total reduction from 2016 is \$569 million
- Availability on credit facility at highest level since the spin in 2016
- Repatriated \$327 million of international cash
- Collected two additional non-refundable deposits related to China building sale
- Sold three U.S. facilities

Firmly on our strategic path to advance RRD as a leading provider of customer communications

FOURTH QUARTER OVERVIEW

Highlights

- Fourth quarter results were in line with expectations excluding \$6.4 million tax charge
- Full year adjusted income from operations improves 1.1% from the prior year and adjusted operating margin improves 34 bps
- Total debt down \$273 million from prior year; total reduction since 2016 of \$569 million
- Year-end availability under credit facility of \$634 million, highest level since 2016
- Repatriated an additional \$71 million of international cash in the quarter bringing the full year total to \$327 million



Sales

- Consolidated
 - Reported: **(7.8%)**
 - Organic: **(3.0%)**
- Organic by segment
 - Business Services: **(6.6%)**
 - Marketing Solutions: **12.4%**



Profitability

- Income (Loss) from operations:
 - GAAP: **(\$19.4m)**, includes **\$98.5m for goodwill impairment charge**
 - Non-GAAP adjusted: **\$93.8m**
- Operating margin:
 - GAAP: **(1.2%)**
 - Non-GAAP adjusted: **5.8%**
- Effective tax rate:
 - GAAP: **(83.1%)**
 - Non-GAAP adjusted: **50.2%**
- Diluted EPS:
 - GAAP: **(\$1.26)**
 - Non-GAAP adjusted: **\$0.44**, includes **\$0.09 tax charge**

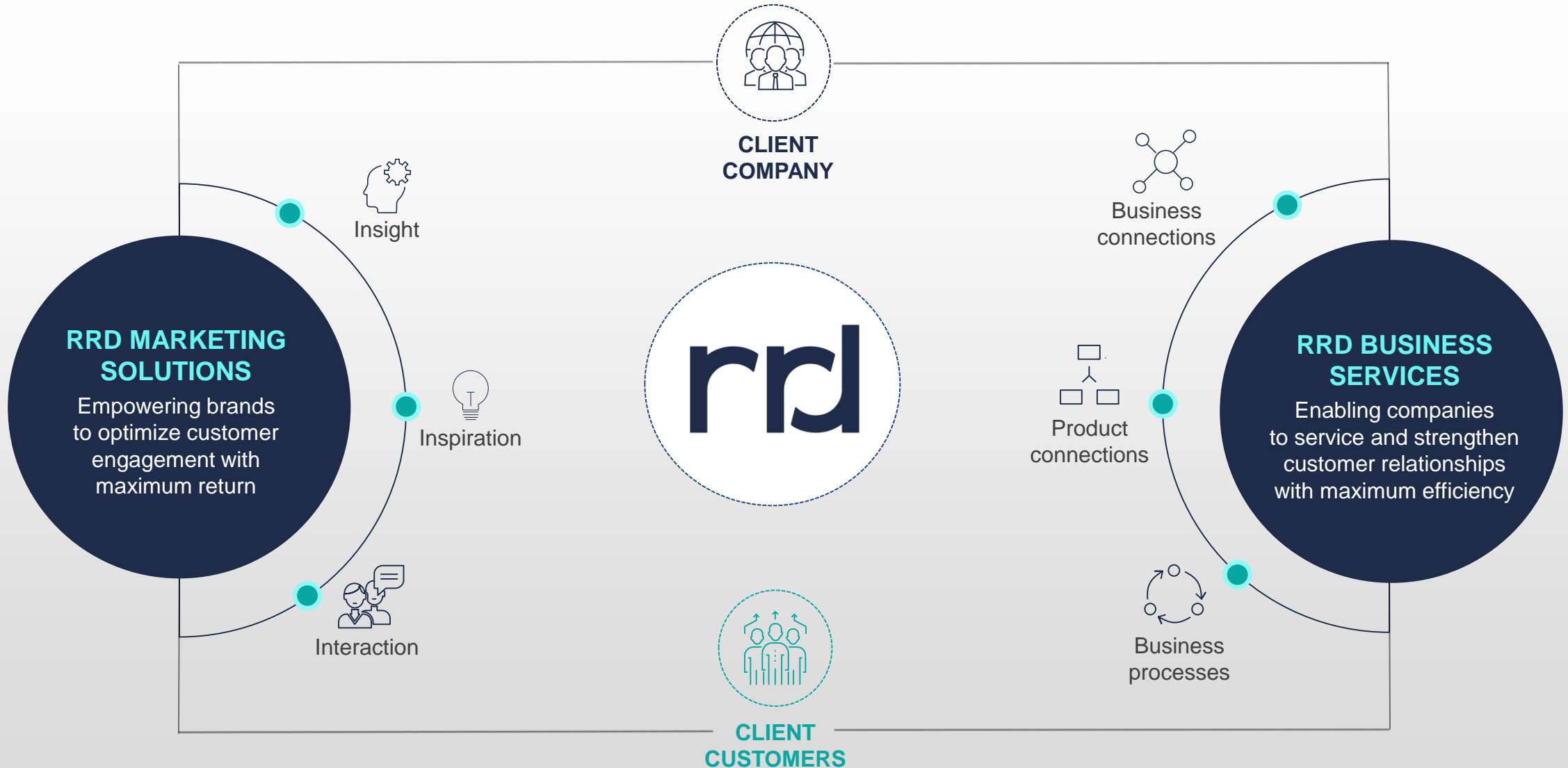


Cash/Debt

- Cash provided by operating activities: **\$227.1m**
- CapEx: **\$31.4m**
- Total debt: **\$1.82b**
- Interest expense: **\$35.0m**
- Cash and cash equivalents: **\$190.8m**

A reconciliation of GAAP to non-GAAP financial measures can be found in our periodic filings with the SEC and in the investors section of our website, www.rrd.com, including in the Form 8-K furnished with the SEC on February 25, 2020.

RRD – A MARKETING AND BUSINESS COMMUNICATIONS COMPANY



AWARDS AND RECOGNITION



Rank	Agency/company	Headquarters	2018 U.S. revenue
1	Cognizant Interactive Cognizant	New York	53,672.0
2	Accenture Interactive Accenture	New York	3,925.4
3	Deloitte Digital Deloitte	New York	2,812.0
4	PwC Digital Services PwC	New York	2,490.0
5	Epsilon-Comcast Alliance Data Systems	Irving, Texas	1,878.3
6	IBM iX IBM Corp.	Armonk, N.Y.	1,750.7
7	Advantage Marketing Partners Advantage Solutions	Irvine, Calif.	1,286.5
8	RRD Marketing Solutions R.R. Donnelley	Chicago	1,181.1
9	Publicis Sapient Publicis	Boston	1,100.8
10	Wunderman Thompson WPP	New York	1,034.9
11	Ogilvy WPP	New York	729.0
12	Merkle Dentsu	Columbia, Md.	699.0
13	BDO Worldwide Omnicom	New York	641.0
14	Academy Interpublic	Cooney, Ark.	631.4
15	McCann Interpublic	New York	610.6
16	Publicis Health Publicis	New York	545.9
17	Edelman DSE Holdings	Chicago	545.3
18	Rapp Omnicom	New York	517.4
19	Spark Foundry/Blue 449 Publicis	Chicago/New York	499.1
20	Digitas Publicis	Boston	470.9

Ranked among top global advertising and marketing services agencies in **Ad Age's Annual Agency Report**



8 Gold Ink Awards
from Printing Impressions Magazine for creative, high-quality packaging and commercial print projects



Ranked Gold in the annual Pentawards competition
based on work with YUNJIANG, a private label liqueur in China



#15 on 2019 Crain's Chicago List of the Most Innovative Companies



North American Supplier of the Year
in the Foundational Principles category for showing exceptional commitment to FCA and providing innovative and quality products and services



Spirit of Excellence Award
for work on Hormel's labeling throughout the year



2019 Supplier Quality Award
from Cisco for delivery of stellar marketing and communications support



Global Impact Sourcing Award from IAOP and the Rockefeller Foundation
for work completed in partnership with India-based B2R Technologies to create new employment opportunities in underserved areas and promote environmental sustainability

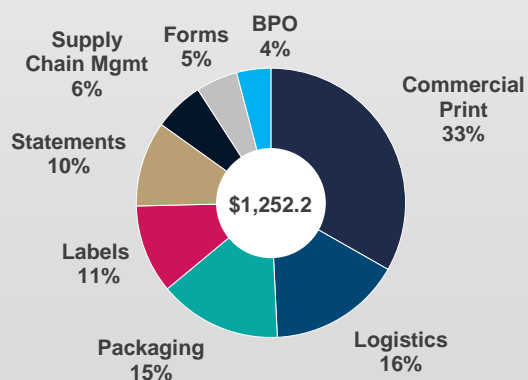
FOURTH QUARTER NET SALES PERFORMANCE (AS REPORTED)

(\$ In millions)

Business Services⁽¹⁾

	Q4 2019	YOY Change
Commercial Print	\$415.7	(19.2%)
Logistics	\$200.3	(12.5%)
Packaging	\$184.3	(6.9%)
Labels	\$133.3	5.9%
Statements	\$128.3	(13.2%)
Supply Chain Management	\$76.3	(3.2%)
Forms	\$62.7	(12.9%)
Business Process Outsourcing	\$51.3	(21.1%)
Total - Reported⁽¹⁾	\$1,252.2	(12.5%)
Total - Organic⁽²⁾		(6.6%)

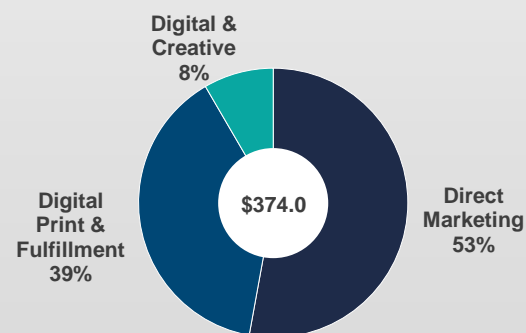
By Products and Services



Marketing Solutions

	Q4 2019	YOY Change
Direct Marketing	\$197.7	25.5%
Digital Print & Fulfillment	\$144.9	2.2%
Digital & Creative Solutions	\$31.4	(5.7%)
Total - Reported	\$374.0	12.4%
Total - Organic⁽²⁾		12.4%

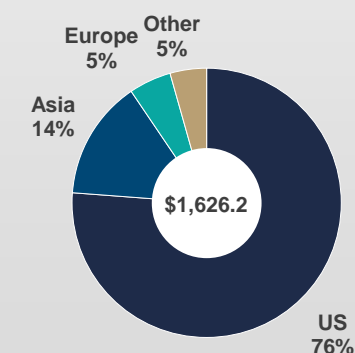
By Products and Services



Consolidated⁽¹⁾

	Q4 2019	YOY Change
US	\$1,239.1	(3.2%)
Asia	\$233.1	(10.1%)
Europe	\$82.7	(30.2%)
Other	\$71.3	(32.0%)
Total - Reported⁽¹⁾	\$1,626.2	(7.8%)
Total - Organic⁽²⁾		(3.0%)

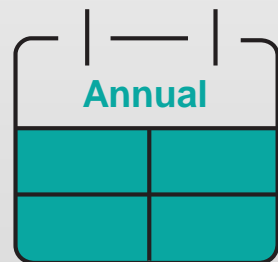
By Geography



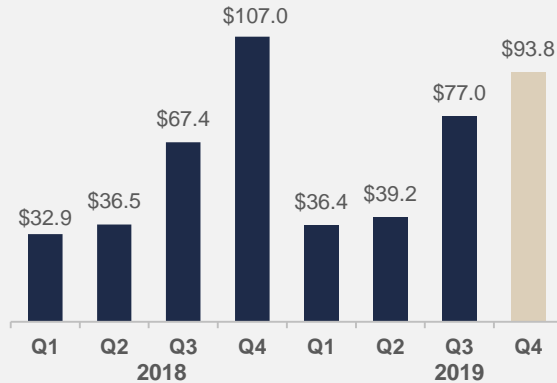
(1) Individual products, services and geographical categories YOY change are as reported and do not reflect the impact of business dispositions and FX.

(2) A reconciliation of GAAP to non-GAAP financial measures can be found in our periodic filings with the SEC and in the investors section of our website, www.rrd.com, including in the Form 8-K furnished with the SEC on February 25, 2020.

FINANCIAL TRENDS – PROFITABILITY



Non-GAAP Adjusted Income from Operations⁽¹⁾ (\$ In millions)

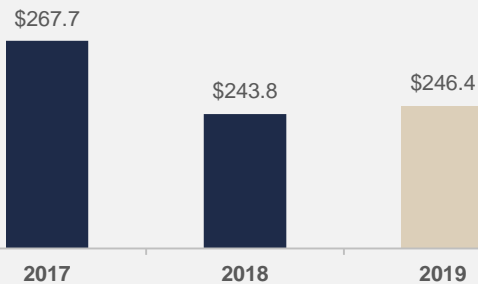


Non-GAAP Adjusted EPS⁽¹⁾



Comments on Q4 Performance

- Adjusted income from operations and margins decreased vs. prior year period primarily due to:
 - Lower sales
 - Inflationary cost increases
 - Higher variable compensation expense
 - Lower by-product recoveries
 - Partially offset by productivity improvements including lower SG&A
- Interest expense lower by \$7.6 million
- 2019 adjusted effective tax rate – 50.2%
 - Higher primarily due to a \$6.4 million valuation reserve charge and discrete benefits recorded in 2018
- Adjusted SG&A down \$17.1 million vs. prior year period



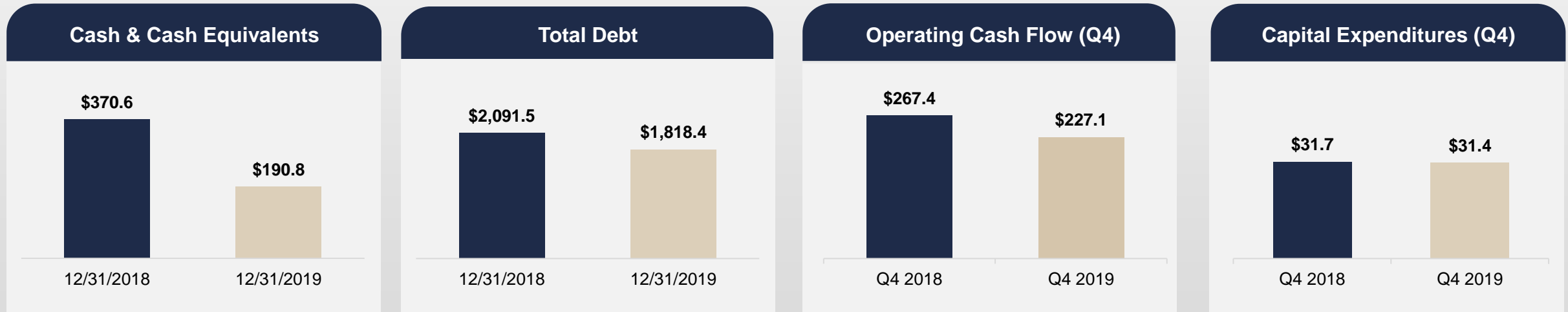
(1) A reconciliation of GAAP to non-GAAP financial measures can be found in our periodic filings with the SEC and in the investors section of our website, www.rrd.com, including in the Forms 8-K furnished with the SEC on February 27, 2018, April 18, 2018, May 1, 2018, August 1, 2018, October 30, 2018, February 26, 2019, April 30, 2019, July 30, 2019, October 30, 2019, and February 25, 2020.

BALANCE SHEET AND CASH FLOW

Key capital allocation priorities include strategic investments, debt pay down and dividends

- Management's capital priorities:
 - Invest in the business/pursue growth opportunities
 - Pay down debt/reduce leverage and increase flexibility
 - Continue to return capital through modest dividend
- Accelerated cash repatriation used primarily to reduce debt outstanding
- Asset based lending agreement:
 - \$800 million facility with maturity in 2022
 - \$42 million drawn; \$634 million available as of December 31, 2019, highest level available since 2016

(\$ In millions)



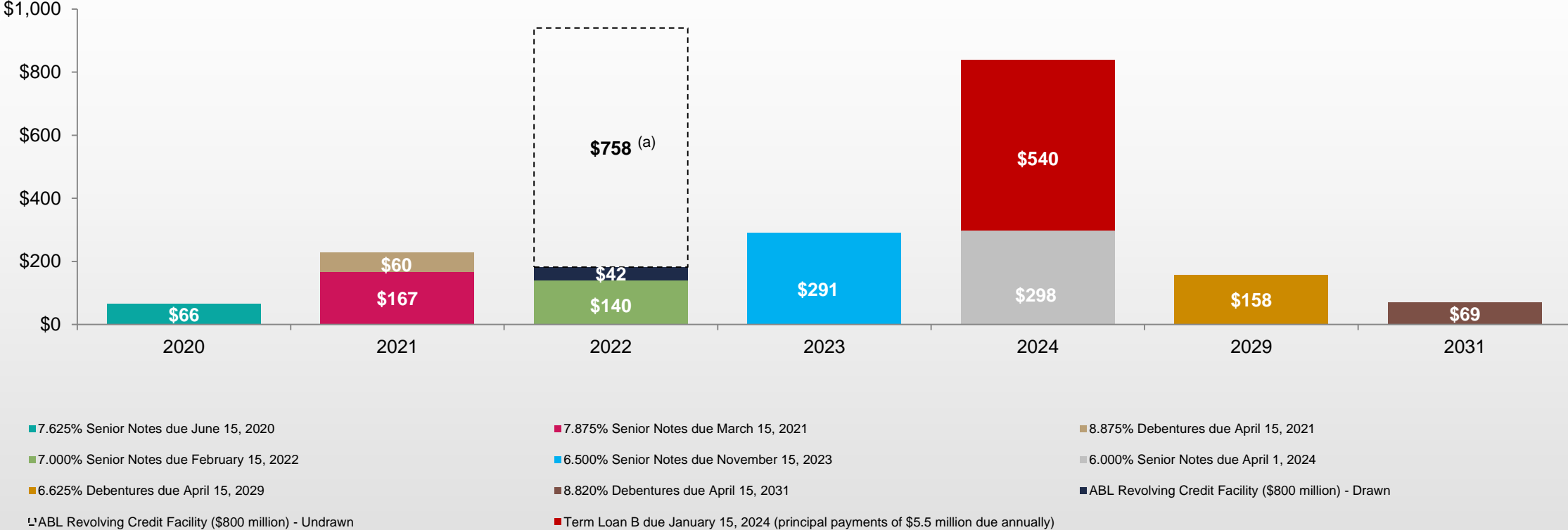
CUMULATIVE EFFORTS TO IMPROVE BALANCE SHEET FLEXIBILITY

Business Dispositions	<ul style="list-style-type: none"> ▪ Sale of GDS business in October 2019 – \$47.3 million ▪ Sale of R&D business in Q2 2019 – \$11.6 million ▪ Sale of Print Logistics in Q3 2018 - \$43.9 million
Accelerated Cash Repatriation	<ul style="list-style-type: none"> ▪ Repatriated \$71 million in Q4 of 2019; total repatriation in 2019 was \$327 million ▪ Expects to repatriate an additional \$50 million to \$75 million of international cash in 2020
Sale of Properties & Investments	<ul style="list-style-type: none"> ▪ Planned sale of Shenzhen, China printing facility for approximately \$250 million in 2021; non-refundable deposits of \$98.2 million collected through December 31, 2019 including \$53.6 million collected in 2019 ▪ Since January 2017 sold seven facilities totaling approximately \$27 million, including three facilities sold in 2019 for \$10.1 million ▪ Sold investment in LSC in 2017 - \$121.4 million ▪ Completed non-cash debt to equity exchange of investment in DFS in 2017 - \$111.6 million ▪ Sale of other investments in 2017 and 2018 – Approximately \$13 million
Cash Flow	<ul style="list-style-type: none"> ▪ Delivered full year 2019 Operating Cash Flow of \$139.3 million ▪ Reduced annual interest expense \$30.4 million from 2016 to 2018; reduced \$17.7 million in 2019; executed interest rate swaps to lower interest expense on term loan ▪ Reduced dividend mid-2018 - annual savings of approximately \$31 million ▪ Working capital improvements

Debt outstanding down \$569 million from December 31, 2016 to December 31, 2019

CURRENT DEBT MATURITY PROFILE

(\$ In millions)



(a) \$633.7 million available as of December 31, 2019

Plan to repay 2020 maturity using availability on the ABL revolving credit facility; availability also sufficient to retire both 2021 maturities

FULL YEAR 2020 GUIDANCE

	Full Year 2020 Guidance
Net sales	\$5.85 billion to \$6.05 billion
Adjusted income from operations - non-GAAP ⁽¹⁾	\$210 million to \$250 million
Adjusted diluted EPS - non-GAAP ⁽¹⁾	\$0.65 to \$0.95
Cash flow from operations	\$150 million to \$180 million
Depreciation and amortization	\$160 million to \$165 million
Interest expense – net	Approximately \$140 million
Adjusted effective tax rate - non-GAAP ^{(1),(2)}	Approximately 48%
Capital expenditures	\$85 million to \$95 million
Proceeds from facility sale ⁽³⁾	Approximately \$24 million

(1) Certain components of the guidance given in the table above are provided on a non-GAAP basis only, without providing a reconciliation to guidance provided on a GAAP basis. Information is presented in this manner, consistent with SEC rules, because the preparation of such a reconciliation could not be accomplished without "unreasonable efforts." The Company does not have access to certain information that would be necessary to provide such a reconciliation, including non-recurring items and other items that are not indicative of the Company's ongoing operations. Such items include, but are not limited to, restructuring charges, impairment charges, pension settlement charges, acquisition-related expenses, gains or losses on investments and business disposals, losses on debt extinguishment, OPEB curtailments and other similar gains or losses not reflective of the Company's ongoing operations. The Company does not believe that excluding such items is likely to be significant to an assessment of the Company's ongoing operations, given that such excluded items are not believed to be indicators of business performance.

(2) 2020 adjusted effective tax rate - non-GAAP guidance reflects a significantly higher rate than the statutory domestic rate primarily due to continued limitations on the Company's domestic interest expense deduction. As earnings grow and interest expense is reduced, the Company expects the effective tax rate to improve over time.

(3) 2020 proceeds from facility sale guidance reflects one additional non-refundable deposit expected to be collected related to the planned sale of the facility in China. The sale is expected to close in 2021 with an estimated selling price of \$250 million, subject to foreign exchange rates. Through December 31, 2019, the Company has collected \$98.2 million of non-refundable deposits associated with this sale.

KEY TAKEAWAYS

- Total debt down \$273 million from year ago period; cumulative reduction since 2016 totals \$569 million
- Year end availability under credit facility of \$634 million sufficient to repay upcoming 2020 and 2021 maturities; highest level of availability since 2016 spin
- Several actions taken to reduce debt and increase flexibility:
 - Repatriated \$71 million of international cash in Q4; \$327 million total in 2019
 - Expects to repatriate an additional \$50 million to \$75 million of international cash in 2020
- Census production expected to continue through April 2020
- Issues 2020 full year guidance – midpoint would reflect significant improvement in EPS and cash flow

APPENDIX

FULL YEAR OVERVIEW

Highlights

- Reported net sales, including the impact of dispositions and FX, declined 7.7%; organic net sales declined 2.3%
- GAAP loss per share of \$1.31 includes a fourth quarter goodwill impairment charge of \$1.38 per share; Non-GAAP adjusted earnings per share of \$0.66 includes a fourth quarter charge of \$0.09 cents per share for a state tax valuation allowance
- Non-GAAP adjusted income from operations improves 1.1% from prior year and adjusted operating margin improves 34 bps
- Repatriated \$327 million of international cash; reduced total debt by \$273 million from prior year while increasing investments for strategic projects; total liquidity, including availability on credit facility and cash on hand, exceeds \$800 million



Sales

- Consolidated
 - Reported: **(7.7%)**
 - Organic: **(2.3%)**
- Organic by segment
 - Business Services: **(4.6%)**
 - Marketing Solutions: **8.4%**



Profitability

- Income (Loss) from operations:
 - GAAP: **\$98.6m, includes \$98.5m for goodwill impairment charge**
 - Non-GAAP adjusted: **\$246.4m**
- Operating margin:
 - GAAP: **1.6%**
 - Non-GAAP adjusted: **3.9%, favorable 34bps**
- Effective tax rate:
 - GAAP: **(156.8%)**
 - Non-GAAP adjusted: **58.4%**
- Diluted EPS:
 - GAAP: **(\$1.31)**
 - Non-GAAP adjusted: **\$0.66, includes \$0.09 tax charge**



Cash/Debt

- Cash provided by operating activities: **\$139.3m**
- CapEx: **\$138.8m**
 - Includes additional investments for the 2020 Census project and relocation of the Shenzhen, China printing facility
- Total debt: **\$1.82b**
- Interest expense: **\$150.6m**
- Cash and cash equivalents: **\$190.8m**

A reconciliation of GAAP to non-GAAP financial measures can be found in our periodic filings with the SEC and in the investors section of our website, www.rrd.com, including in the Form 8-K furnished with the SEC on February 25, 2020.

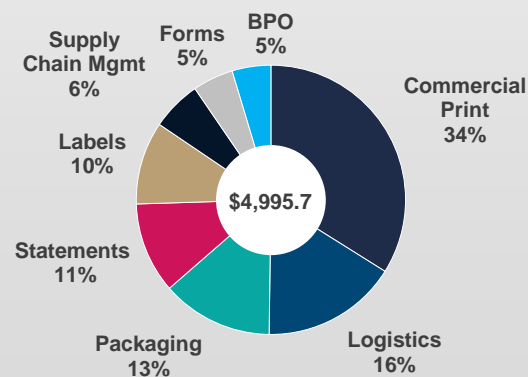
FULL YEAR NET SALES PERFORMANCE (AS REPORTED)

(\$ In millions)

Business Services⁽¹⁾

	FY 2019	YOY Change
Commercial Print	\$1,694.5	(12.5%)
Logistics	\$814.6	(26.6%)
Packaging	\$668.5	(0.5%)
Statements	\$545.4	(6.6%)
Labels	\$497.4	3.3%
Supply Chain Management	\$298.7	(6.9%)
Forms	\$244.3	(8.7%)
Business Process Outsourcing	\$232.3	(6.4%)
Total - Reported⁽¹⁾	\$4,995.7	(11.1%)
Total - Organic⁽²⁾		(4.6%)

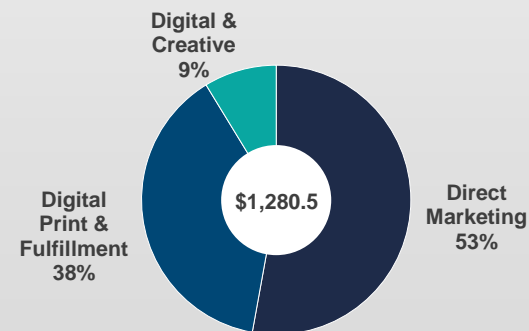
By Products and Services



Marketing Solutions

	FY 2019	YOY Change
Direct Marketing	\$676.7	16.4%
Digital Print & Fulfillment	\$492.1	3.7%
Digital & Creative Solutions	\$111.7	(10.7%)
Total - Reported	\$1,280.5	8.4%
Total - Organic⁽²⁾		8.4%

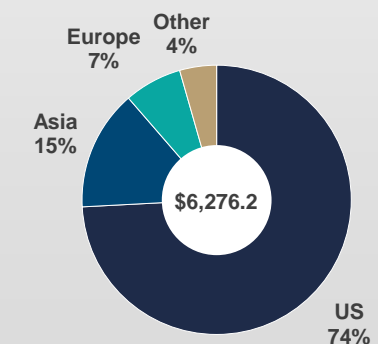
By Products and Services



Consolidated⁽¹⁾

	FY 2019	YOY Change
US	\$4,654.9	(6.7%)
Asia	\$907.8	(6.3%)
Europe	\$435.2	(10.4%)
Other	\$278.3	(21.7%)
Total - Reported⁽¹⁾	\$6,276.2	(7.7%)
Total - Organic⁽²⁾		(2.3%)

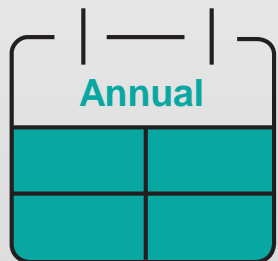
By Geography



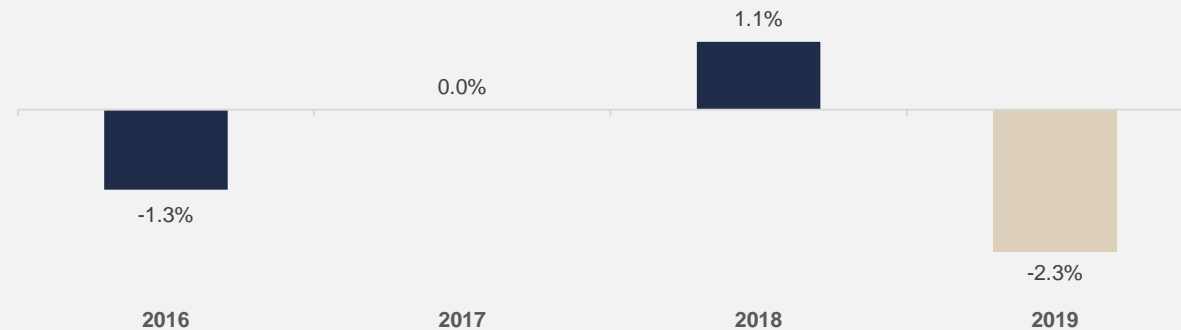
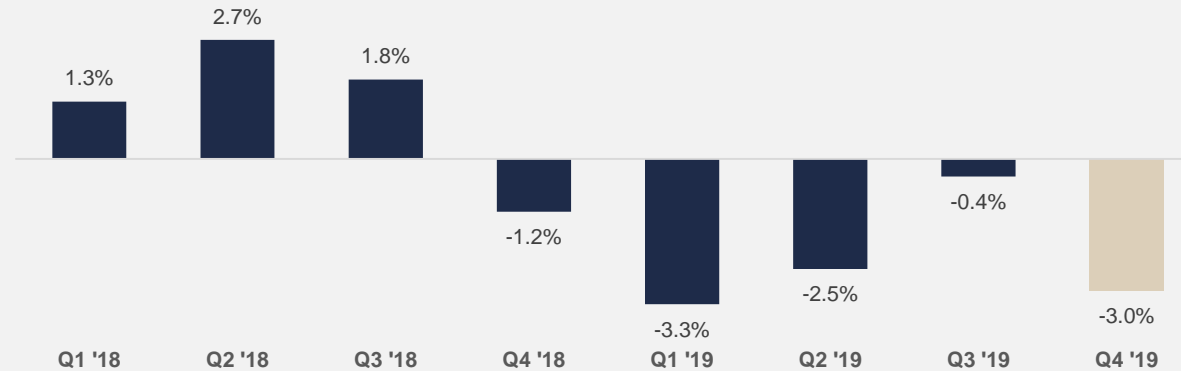
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FINANCIAL TRENDS – ORGANIC SALES



Organic Sales Growth Rates⁽¹⁾



Comments on Performance

- Q4 Organic growth/(decline) by segment
 - Business Services: (6.6%)
 - Marketing Solutions: 12.4%
 - Commercial Print ongoing secular decline, exit of unprofitable business
 - Logistics previously reported industry declines accelerated in the fourth quarter
-
- Full Year Organic growth/(decline) by segment
 - Business Services: (4.6%)
 - Marketing Solutions: 8.4%

⁽¹⁾ A reconciliation of GAAP to non-GAAP financial measures can be found in our periodic filings with the SEC and in the investors section of our website, www.rrd.com, including in the Forms 8-K furnished with the SEC on April 30, 2019, July 30, 2019, October 30, 2019 and February 25, 2020 and the Safe Harbor & Non-GAAP presentation available on our website.

FOURTH QUARTER OPERATING PERFORMANCE

(\$ In millions)	Q4 2019	Q4 2018	Better/(Worse)		Organic Sales Change ⁽¹⁾
			\$	%	
Net Sales	\$1,626.2	\$1,763.4	(\$137.2)	(7.8%)	(3.0%)
<i>Business Services</i>	\$1,252.2	\$1,430.8	(\$178.6)	(12.5%)	(6.6%)
<i>Marketing Solutions</i>	\$374.0	\$332.6	\$41.4	12.4%	12.4%
Adjusted Income from Operations⁽¹⁾	\$93.8	\$107.0	(\$13.2)	(12.3%)	
<i>Business Services</i>	\$81.3	\$104.5	(\$23.2)	(22.2%)	
<i>Marketing Solutions</i>	\$28.9	\$22.1	\$6.8	30.8%	
<i>Corporate</i>	(\$16.4)	(\$19.6)	\$3.2	16.3%	
Adjusted Operating Margins⁽¹⁾	5.8%	6.1%		-30 bps	
<i>Business Services</i>	6.5%	7.3%		-80 bps	
<i>Marketing Solutions</i>	7.7%	6.6%		110 bps	

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FULL YEAR OPERATING PERFORMANCE

(\$ In millions)	FY 2019	FY 2018	Better/(Worse)		Organic Sales Change ⁽¹⁾
			\$	%	
Net Sales	\$6,276.2	\$6,800.2	(\$524.0)	(7.7%)	(2.3%)
<i>Business Services</i>	\$4,995.7	\$5,619.1	(\$623.4)	(11.1%)	(4.6%)
<i>Marketing Solutions</i>	\$1,280.5	\$1,181.1	\$99.4	8.4%	8.4%
Adjusted Income from Operations⁽¹⁾	\$246.4	\$243.8	\$2.6	1.1%	
<i>Business Services</i>	\$254.0	\$264.4	(\$10.4)	(3.9%)	
<i>Marketing Solutions</i>	\$68.6	\$58.5	\$10.1	17.3%	
<i>Corporate</i>	(\$76.2)	(\$79.1)	\$2.9	3.7%	
Adjusted Operating Margins⁽¹⁾	3.9%	3.6%		34 bps	
<i>Business Services</i>	5.1%	4.7%		40 bps	
<i>Marketing Solutions</i>	5.4%	5.0%		40 bps	

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