Quad/Graphics, Inc.

1st Quarter 2017 Earnings Call

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May 3, 2017

Performance through Innovation

Forward-Looking Statements

- To the extent any statements in this investor presentation contain information that is not historical, these statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to, 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 Quad/Graphics, Inc. (the "Company" or "Quad/Graphics"), and can generally be identified by the use of words 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. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements.
- These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of Quad/Graphics. These risks, uncertainties, and other factors could cause actual results to differ materially from those expressed or implied by those forward-looking statements. Among risks, uncertainties and other factors that may impact Quad/Graphics are: the impact of decreasing demand for printed materials and significant overcapacity in the highly competitive commercial printing industry creates downward pricing pressures; the impact of electronic media and similar technological changes, including digital substitution by consumers; the inability of the Company to reduce costs and improve operating efficiency rapidly enough to meet market conditions; the impact of changing future economic conditions; the failure of clients to perform under contracts or to renew contracts with clients on favorable terms or at all; the failure to attract and retain qualified production personnel; the impact of increased business complexity as a result of the Company's entry into additional markets; 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 failure to successfully identify, manage, complete and integrate acquisitions and investments; 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 changes in postal rates, service levels or regulations; the impact of regulatory matters and legislative developments or changes in laws, including changes in cyber-security, privacy and environmental laws; the fragility and decline in overall distribution channels, including newspaper distribution channels; the impact of the various restrictive covenants in the Company's debt facilities on the Company's ability to operate its business; significant capital expenditures may be needed to maintain the Company's platform and processes and to remain technologically and economically competitive; the impact on the holders of Quad/Graphics 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; 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 other risk factors identified in the Company's most recent Annual Report on Form 10-K, as such may be amended or supplemented by subsequent Quarterly Reports on Form 10-Q or other reports filed with the Securities and Exchange Commission.
- Quad/Graphics cautions that the foregoing list of risks, uncertainties and other factors is not exhaustive and you should carefully consider the other factors detailed from time to time in Quad/Graphics' filings with the United States Securities and Exchange Commission and other uncertainties and potential events when reviewing Quad/Graphics' forward-looking statements.
- Because forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. You are cautioned not to place undue reliance on such statements, which speak only as of the date of this investor presentation. Except to the extent required by the federal securities laws, Quad/Graphics undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

1st Quarter 2017 Results

$1.0 billion
Net Sales (QTD)

$122 million
Adjusted EBITDA(1) (QTD)

$40 million
Free Cash Flow(1) (YTD)

2.29x
Debt Leverage Ratio(1)

(1) See slides 9 — 15 for definitions and reconciliations of non-GAAP measures.

Creating a Better Way

Sustainable Free Cash Flow

Drive EBITDA Enhancement

Strengthen the Balance Sheet

Provide Long Term Shareholder Returns

Accelerate Transformative Growth

Financial Overview – First Quarter

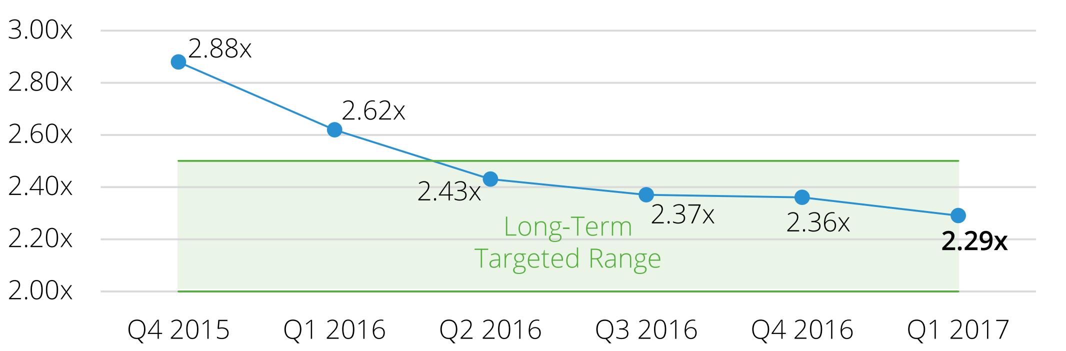
($ in millions)	March 31, 2017	March 31, 2016
Statement of Operations		
Net Sales	$ 999	$ 1,043
Cost of Sales	781	804
SG&A	96	119
Adjusted EBITDA(1)	122	120
Adjusted EBITDA Margin(1)	12.2%	11.5%
Statement of Cash Flows		
Cash from Operating Activities	$ 63	$ 112
Capital Expenditures	23	26
Free Cash Flow(1)	40	86

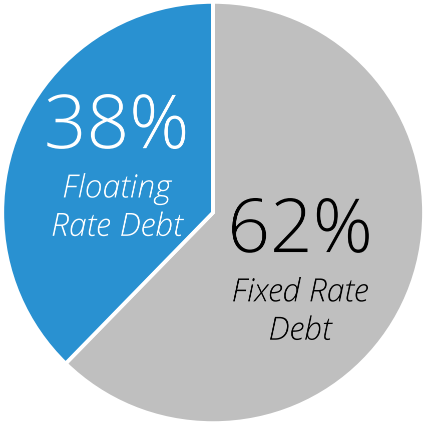
Q1 2017 results were in line with our expectations and
we remain on track for delivering our 2017 financial guidance.

(1) See slide 9 for definitions of our non-GAAP measures and slide 11 for reconciliations of Adjusted EBITDA and Adjusted EBITDA Margin and slide 12 for a reconciliation of Free Cash Flow as non-GAAP measures.

Capital Structure as of March 31, 2017

Debt Leverage Ratio[1]





$685 million
Available Liquidity Under Revolver

January 2021
Next Significant Maturity

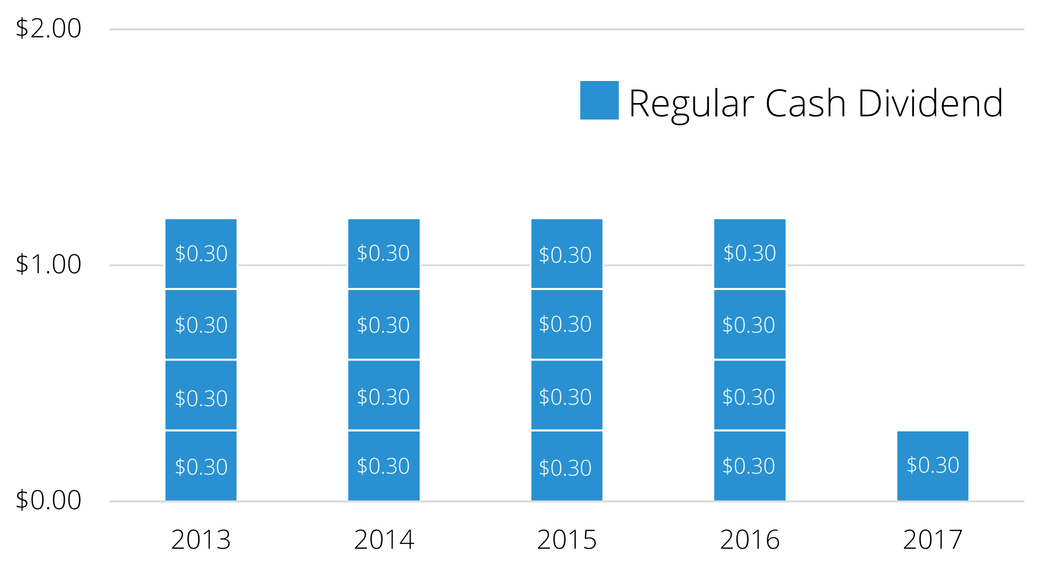
5.0%
Blended Interest Rate

$247 million, or 18%, reduction of debt since December 2015

(1) See slide 9 for definitions of our non-GAAP measures and slide 13 for a reconciliation of Debt Leverage Ratio as a non-GAAP measure.

Shareholder Value

Commitment to Dividend



4.5%
Dividend Yield[(1)]

25%
Dividend as % of Free Cash Flow

Declared dividend of $0.30 per share to be payable on June 2, 2017,
to shareholders of record as of May 22, 2017

(1) Dividend Yield is calculated as an annualized dividend of $1.20 per share divided by Quad/Graphics closing stock price on May 1, 2017 of $26.64.

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Supplemental Information

Use of 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 Per Share. The Company believes that these Non-GAAP measures, when presented in conjunction with comparable GAAP measures, provide additional information for evaluating Quad/Graphics' performance and are important measures by which Quad/Graphics' 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 11 – 15.
- Adjusted EBITDA is defined as net earnings (loss) excluding interest expense, income tax expense (benefit), depreciation and amortization, restructuring, impairment and transaction-related charges, loss (gain) on debt extinguishment, and equity in loss of unconsolidated entity.
- 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.
- Debt Leverage Ratio is defined as total debt and capital lease obligations divided by the last twelve months of Adjusted EBITDA.
- Adjusted Diluted Earnings Per Share is defined as net earnings (loss) excluding restructuring, impairment and transaction-related charges, loss (gain) on debt extinguishment, equity in loss of unconsolidated entity and discrete income tax items, divided by diluted weighted average number of common shares outstanding.

2017 Annual Guidance[(1)]

US $ Millions	2017
Net Sales	$4.1 to $4.3 billion
Adjusted EBITDA[(2)]	$440 to $480 million
Free Cash Flow[(2)]	$225 to $275 million
Depreciation and Amortization	$225 to $235 million
Interest Expense	$70 to $80 million
Restructuring and Transaction-Related Cash Expenses	$30 to $40 million
Capital Expenditures	$75 to $90 million
Cash Taxes	$10 to $20 million
Pension Cash Contributions[(3)]	Approximately $10 million

(1) No change in annual 2017 guidance from ranges provided on February 22, 2017.
(2) See slide 9 for definitions of our non-GAAP measures.
(3) Includes single employer pension plans and multi-employer pension plans.

Adjusted EBITDA

First Quarter (US $ Millions)

	Three Months Ended March 31,	
	2017	2016
Net earnings	$ 25.4	$ 3.8
Interest expense	18.2	20.7
Income tax expense	6.7	1.7
Depreciation and amortization	58.7	78.1
EBITDA [Non-GAAP]	$ 109.0	$ 104.3
EBITDA Margin [Non-GAAP]	10.9%	10.0%
Restructuring, impairment and transaction-related charges	9.2	28.9
Loss (gain) on debt extinguishment	2.6	(14.1)
Equity in loss of unconsolidated entity	0.7	0.9
Adjusted EBITDA [Non-GAAP]	**$ 121.5**	**$ 120.0**
Adjusted EBITDA Margin [Non-GAAP]	**12.2%**	**11.5%**

Free Cash Flow

(US $ Millions)

	Three Months Ended March 31,	
	2017	2016
Net cash provided by operating activities	$ 63.3	$ 112.6
Less: purchases of property, plant and equipment	(23.4)	(26.2)
Free Cash Flow [Non-GAAP]	**$ 39.9**	**$ 86.4**

Debt Leverage Ratio

(US $ Millions, Except Ratio Data)

	March 31, 2017	December 31, 2016
Total debt and capital lease obligations on the balance sheets	$ 1,102.8	$ 1,130.8
Divided by: Trailing twelve months Adjusted EBITDA [Non-GAAP]	481.6	480.1
Debt Leverage Ratio [Non-GAAP]	**2.29x**	**2.36x**

(1) The calculation of Adjusted EBITDA for the trailing twelve months ended March 31, 2017 and December 31, 2016, was as follows:

	Year Ended	Add	Subtract	Trailing Twelve Months Ended
		Three Months Ended		
	December 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017
Net earnings	$ 44.9	$ 25.4	$ 3.8	$ 66.5
Interest expense	77.2	18.2	20.7	74.7
Income tax expense	13.0	6.7	1.7	18.0
Depreciation and amortization	277.1	58.7	78.1	257.7
EBITDA [Non-GAAP]	$ 412.2	$ 109.0	$ 104.3	$ 416.9
Restructuring, impairment and transaction-related charges	80.6	9.2	28.9	60.9
Loss (gain) on debt extinguishment	(14.1)	2.6	(14.1)	2.6
Equity in loss of unconsolidated entity	1.4	0.7	0.9	1.2
Adjusted EBITDA [Non-GAAP]	**$ 480.1**	**$ 121.5**	**$ 120.0**	**$ 481.6**

Balance Sheet

(US $ Millions)

	March 31, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	$ 6.5	$ 9.0
Receivables	505.1	563.6
Inventories	269.0	265.4
Other current assets	54.7	64.6
Property, plant and equipment—net	1,487.2	1,519.9
Other intangible assets	55.4	59.7
Other long-term assets	93.0	87.9
Total assets	**$ 2,470.9**	**$ 2,570.1**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 304.4	$ 323.5
Other current liabilities	283.0	346.6
Current debt and capital leases	78.8	92.1
Long-term debt and capital leases	1,024.0	1,038.7
Deferred income taxes	38.6	35.3
Single and multi-employer pension obligations	154.0	162.3
Other long-term liabilities	127.4	130.1
Total liabilities	**$ 2,010.2**	**$ 2,128.6**
Shareholders' equity	**$ 460.7**	**$ 441.5**
Total liabilities and shareholders' equity	**$ 2,470.9**	**$ 2,570.1**

Adjusted Diluted Earnings Per Share

First Quarter (US $ Millions, Except Per Share Data)

	Three Months Ended March 31,	
	2017	**2016**
Earnings before income taxes and equity in loss of unconsolidated entity	$ 32.8	$ 6.4
Restructuring, impairment and transaction-related charges	9.2	28.9
Loss (gain) on debt extinguishment	2.6	(14.1)
	44.6	21.2
Income tax expense at 40% normalized tax rate	17.8	8.5
Adjusted net earnings [Non-GAAP]	$ 26.8	$ 12.7
Basic weighted average number of common shares outstanding	49.1	47.6
Plus: effect of dilutive equity incentive instruments [Non-GAAP]	2.4	0.9
Diluted weighted average number of common shares outstanding [Non-GAAP]	51.5	48.5
Adjusted Diluted Earnings Per Share [Non-GAAP]	**$ 0.52**	**$ 0.26**
Diluted Earnings Per Share [GAAP]	$ 0.49	$ 0.08