

A large red graphic on the left side of the slide, composed of a grid of squares. Each square is slightly offset from the others, creating a 3D effect of overlapping planes. The pattern is cut off by a diagonal line on the right side.

Office Depot, Inc.

First Quarter 2018 Financial Results

May 9, 2018

Office DEPOT® OfficeMax® CompuCom®

Safe Harbor Statement

The Private Securities Litigation Reform Act of 1995, as amended, (the “Act”) provides protection from liability in private lawsuits for “forward-looking” statements made by public companies under certain circumstances, provided that the public company discloses with specificity the risk factors that may impact its future results. The company wants to take advantage of the “safe harbor” provisions of the Act. Certain statements made during this presentation are forward-looking statements under the Act. Except for historical financial and business performance information, statements made during this presentation should be considered forward-looking as referred to in the Act. Much of the information that looks towards future performance of the company is based on various factors and important assumptions about future events that may or may not actually come true. As a result, operations and financial results in the future could differ materially and substantially from those discussed in the forward-looking statements made during this presentation. Certain risks and uncertainties are detailed from time to time in the company’s filings with the United States Securities and Exchange Commission (“SEC”). You are strongly urged to review all such filings for a more detailed discussion of such risks and uncertainties. The company’s SEC filings are readily obtainable at no charge at www.sec.gov and at the company’s website at investor.officedepot.com.

During portions of today’s presentation, the company may refer to results which are not GAAP numbers. A reconciliation of GAAP to non-GAAP measures is available on the Office Depot website at investor.officedepot.com. The company’s outlook for 2018 includes non-GAAP measures, such as adjusted operating income and adjusted diluted earnings per share, which excludes charges or credits not indicative of core operations, which may include but not be limited to merger integration expenses, restructuring charges, acquisition-related costs, asset impairments, and other significant items that currently cannot be predicted. The exact amount of these charges or credits are not currently determinable, but may be significant. Accordingly, the company is unable to provide equivalent reconciliations from GAAP to non-GAAP for these financial measures.



Gerry Smith
Chief Executive Officer

First Quarter 2018 Summary

- Sales of \$2.8 billion, up 6% versus Q1'17
- Company's mix of service revenue increases to over 14% of total sales
- GAAP operating income of \$77 million and diluted EPS from continuing operations of \$0.06
 - ✓ Adjusted operating income (AOI)⁽¹⁾ of \$93 million exceeded our expectations
 - ✓ Adjusted diluted EPS⁽¹⁾ from continuing operations of \$0.08
- Generated \$170 million of free cash flow⁽²⁾ in the quarter
- Increasing 2018 full-year outlook for sales, adjusted operating income and free cash flow

(1) Non-GAAP measure. A reconciliation of GAAP to non-GAAP measures can be found at investor.officedepot.com.

(2) Free Cash Flow is defined as cash flows from operating activities of continuing operations less capital expenditures.

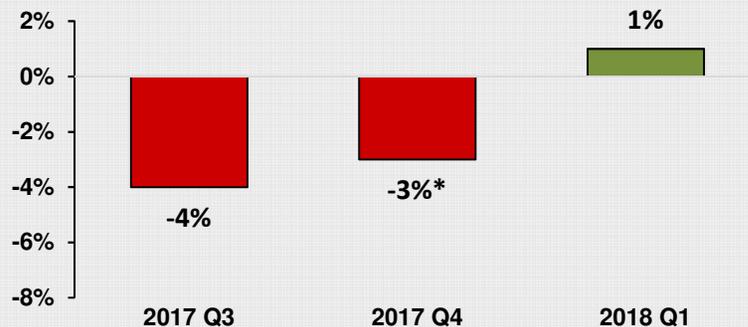
Stability in B2B Focused Businesses

BSD and CompuCom Together Represent Nearly 60% of Total Sales

Business Solutions Division (BSD)

- Positive Q1 sales growth in BSD for first time since 2012
- Completed OfficeMax customer migration as planned
- Continued success growing adjacency categories

BSD Year-over-Year Sales Growth %

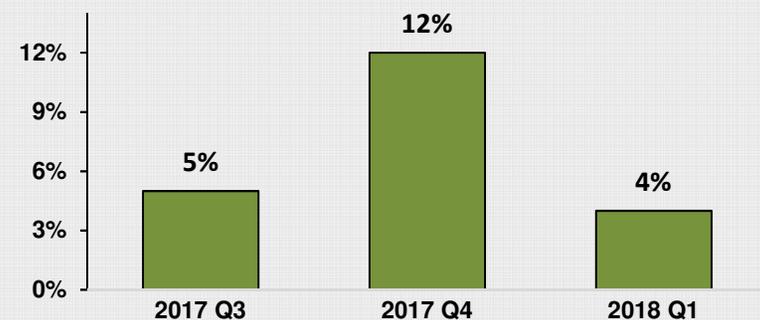


* Excludes impact of 53rd week

CompuCom Division ⁽¹⁾

- Maximizing cross-selling opportunities across business
- 3rd consecutive quarter of year-over-year growth in service orders
- Continuing retail roll-out and capturing cost synergies

CompuCom Year-over-Year Service Order Growth %



(1) The CompuCom unaudited historical results for Q3 and Q4 of 2017 have been adjusted for historical restructuring and acquisition costs and have been presented for reference purposes only and have not been subject to audit or the Company's internal review process. As such, adjusted historical results may not be comparable to current year results nor indicative of the results of future operations of the CompuCom division or the results that would have been attained had the acquisition been completed on January 1, 2017.

Demand Generation Efforts Underway

- Continued shift in marketing toward digital and away from traditional inserts
- Demand generation gaining traction
 - ✓ Online traffic up +9%
 - ✓ Loyalty enrollments up +27%
 - ✓ New business customer acquisition doubled in Q1'18 compared to the growth in Q4'17
- Improved customer acquisition efficiency
- Subscriptions growing and exceed 245K
- Partnered with WPP marketing agency to bring best-in-class solutions



Transforming to a Business Services Platform

Technology Services

- CompuCom Managed Services & Installation
- Setup, Break Fix & Repair
- Device Managed Services
- Software as a Service & Device as a Service



Print & Digital Marketing Services

- Print Marketing
- Signage
- Logo & Website Design
- Managed Print - MPS



**Office
DEPOT**

Services
>14%
\$400M+
in Q1'18



- Shredding & Document Management
- Packing / Shipping
- Point of Sale, HR & Payroll

Administrative Services

- Interior Office Design
- Furniture Installation
- Co-Working Spaces



Workplace/Space Services

Office DEPOT OfficeMax CompuCom



Joe Lower
Chief Financial Officer

First Quarter 2018 Summary

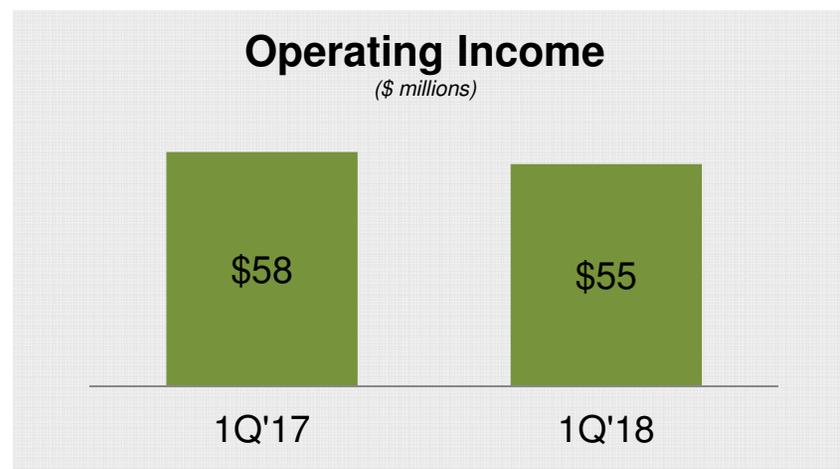
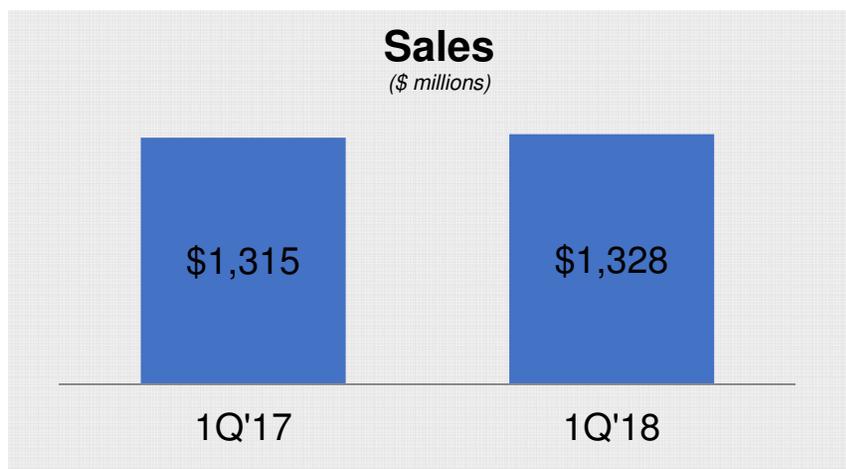
(\$ in millions, except per share amounts)	<u>First Quarter</u>	
	2018	2017
Sales	\$2,830	\$2,676
Operating Income (GAAP)	\$77	\$124
Adjusted Operating Income ⁽¹⁾	\$93	\$148
Earnings Per Share from Continuing Operations (GAAP)	\$0.06	\$0.14
Adjusted Diluted EPS from Continuing Operations ⁽¹⁾	\$0.08	\$0.16
Operating Cash Flow from Continuing Operations	\$207	\$88
Free Cash Flow from Continuing Operations ⁽²⁾	\$170	\$58

- Total reported Company sales increased 6% compared to Q1'17
 - ✓ Addition of CompuCom's 1Q'18 results which were not part of company in Q1'17
 - ✓ Growth in BSD's eCommerce and contract channels
- 1Q'18 adjusted operating income⁽¹⁾ of \$93 million vs. \$148 million in prior year
 - ✓ Excludes \$17 million in merger, restructuring and acquisition-related costs in Q1'18
- 1Q'18 Operating Cash Flow of \$207 million vs. \$88 million in Q1'17
 - ✓ Strong emphasis on working capital initiatives to drive incremental free cash flow

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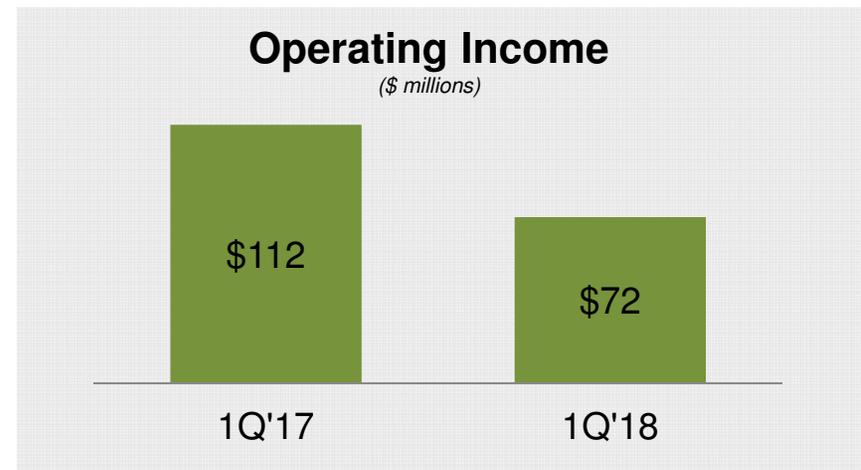
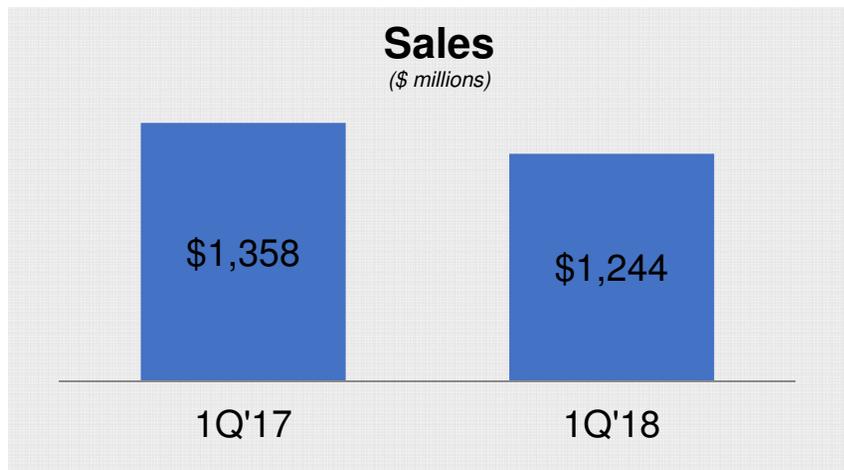
(2) Free Cash Flow is defined as operating cash flow from continuing operations less capital expenditures.

Business Solutions Division – Q1



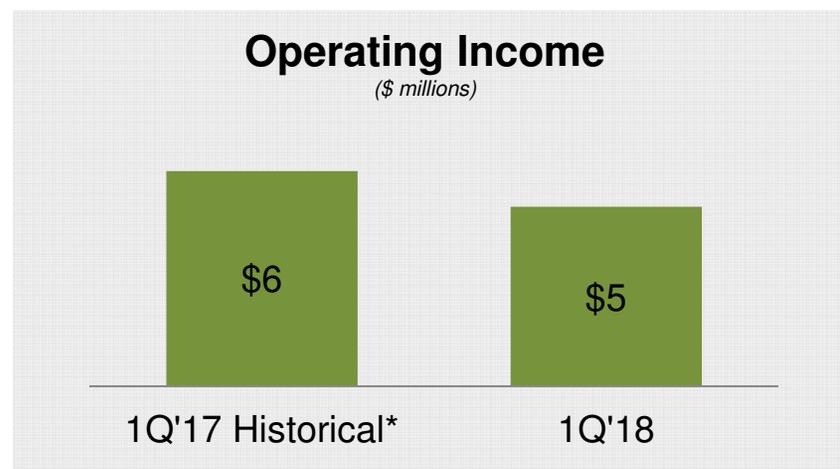
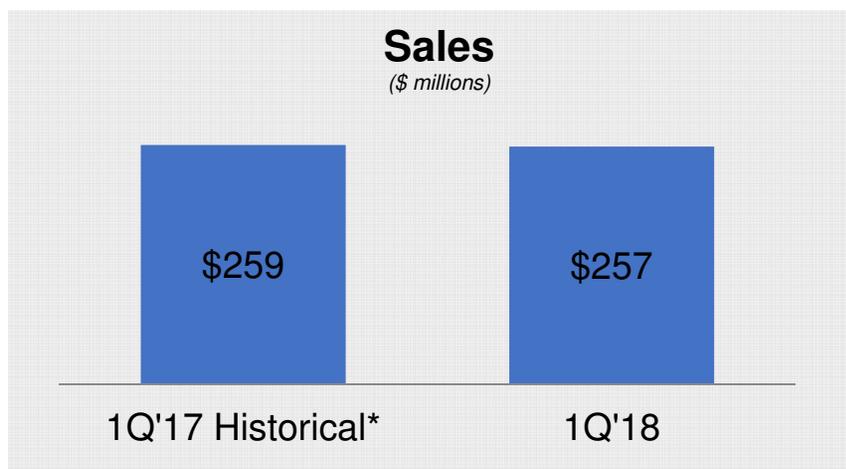
- 1Q'18 reported sales increased 1% versus 1Q'17
- Sequential improvement of 400 bps over 4Q'17
 - ✓ Growth in adjacency categories, eCommerce business and acquisitions
 - ✓ Growth included furniture and cleaning & breakroom
- 1Q'18 operating income decreased \$3 million compared to prior year
 - ✓ Conversion costs associated with final OfficeMax customer migrations and higher online marketing investments more than offset cost reductions

Retail Division – Q1



- 1Q'18 comparable store sales declined 4% compared to prior year
 - ✓ Fewer transactions and lower average order values
 - ✓ Negative impact from store closures and new revenue recognition treatment
 - ✓ Cleaning & breakroom sales increased, copy & print was flat and technology, supplies and furniture sales declined
- 1Q'18 operating income decreased \$40 million compared to prior year
 - ✓ Negative flow-through impact from lower sales and higher advertising investments more than offset lower payroll and other cost reduction initiatives

CompuCom Division – Q1



- 1Q'18 sales approximately flat versus historical sales in prior year
 - ✓ Sales growth within SMB customer market
 - ✓ Third consecutive quarter of year-over-year growth in service orders
- 1Q'18 operating income down slightly versus adjusted historical prior year results
 - ✓ Investments to support growth initiatives, as well as incremental depreciation and amortization expense offset cost reduction initiatives

* The CompuCom unaudited historical results for the first quarter of 2017 have been adjusted for historical restructuring and acquisition costs and have been presented for reference purposes only and have not been subject to audit or the Company's internal review process. As such, adjusted historical results may not be comparable to current year results nor indicative of the results of future operations of the CompuCom division or the results that would have been attained had the acquisition been completed on January 1, 2017.

Balance Sheet / Cash Flow Highlights*

Net Cash Position	<ul style="list-style-type: none"> • Total liquidity of approximately \$1.6 billion at end of 1Q'18 <ul style="list-style-type: none"> ✓ \$0.7 billion of cash & equivalents ✓ \$0.9 billion available under asset-based lending facility • Debt of \$1.0 billion at end of 1Q'18, excluding non-recourse timber notes
Operating Cash Flow	<ul style="list-style-type: none"> • Operating cash flow of \$207 million in 1Q'18, driven by working capital improvements and included cash outflows related to: <ul style="list-style-type: none"> ✓ \$12 million in OfficeMax merger costs ✓ \$10 million in acquisition and integration-related costs ✓ \$5 million in restructuring costs
Capital Expenditures	<ul style="list-style-type: none"> • Capital expenditures of \$37 million in 1Q'18
Free Cash Flow	<ul style="list-style-type: none"> • Generated strong free cash flow of \$170 million in 1Q'18
Capital Allocation	<ul style="list-style-type: none"> • Paid cash dividend of \$0.025 per share or approximately \$14 million • Made scheduled debt repayment of \$19 million under Term Loan

* Balance sheet and cash flow financial measures are for continuing operations only; Free Cash Flow is defined as operating cash flow from continuing operations less capital expenditures.

2018 Full-Year Updated Outlook*

	Prior Outlook	Change	Updated Outlook
Sales	~ \$10.6 billion	+ \$200 million	~ \$10.8 billion
Adjusted Operating Income	~ \$350 million	+ \$10 million	~ \$360 million
Free Cash Flow	~ \$325 million	+ \$25 million	~ \$350 million

* The Company's outlook for 2018 included in this release is for continuing operations only and includes non-GAAP measures, such as adjusted operating income, which excludes charges or credits not indicative of core operations, which may include but not be limited to merger integration expenses, restructuring charges, acquisition-related costs, executive transition costs, asset impairments and other significant items that currently cannot be predicted. The exact amount of these charges or credits are not currently determinable, but may be significant. Accordingly, the Company is unable to provide equivalent reconciliations from GAAP to non-GAAP for these financial measures.

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2018 Pivot to Drive Long-Term Value



Stability in the Core



“Green Shoots” of Demand Improvement



Shift to Recurring / Service Based Model



Free Cash Flow Generation

Creating a unique omni-channel business services platform to drive long-term sustainable growth and shareholder value

Q & A