



Depot.Different!

Office Depot, Inc.

Sidoti & Company
Fall 2019 Investor Conference

Tim Perrott – VP, IR

September 25, 2019

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 available 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 2019 includes non-GAAP measures, such as adjusted EBITDA, adjusted operating income, and Free Cash Flow 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. Guidance and outlook statements related to 2019 guidance is as of May 8, 2019. Guidance has not been updated to reflect any information subsequent to that date and the company is not currently reaffirming the earlier guidance.

Office Depot

Leading B2B Integrated Distribution Company Providing Business Services and Supplies, Products & Technology Solutions

- ✓ **Valuable asset base and extensive market reach**
- ✓ **Transforming business and driving improvements in core operations**
 - Leveraging proven distribution assets to deliver business services and products
 - B2B driving the business
 - Growing services business
- ✓ **Strong balance sheet; low leverage; strong cash flow profile**
- ✓ **Executing upon Business Acceleration Program**
 - Operational improvements; cost savings; additional fuel for growth

POSITIONED TO DRIVE SHAREHOLDER VALUE

Strong Market Presence & Reach

[ASSETS]

20TH LARGEST



SUPPLY CHAIN IN NORTH AMERICA

BALANCE SHEET



Low Leverage
\$1.4B AVAILABLE LIQUIDITY

COMPELLING

TÜL

PRIVATE LABEL BRANDS

40,000+



DEDICATED EMPLOYEES

[CUSTOMERS]

~ 29 M



ANNUAL ACTIVE CUSTOMERS

~10 MILLION



SMALL & MEDIUM SIZED BUSINESSES

200K+



ENTERPRISE ACCOUNTS
SERVE HALF OF FORTUNE 500

50+%



OF SCHOOL DISTRICTS IN USA

[REACH]

1,800+



SALES PROFESSIONALS

~ 6 MILLION



SMALL & MEDIUM
BUSINESSES ARE WITHIN
3 MILES OF OUR STORES

DELIVER TO
98.5%



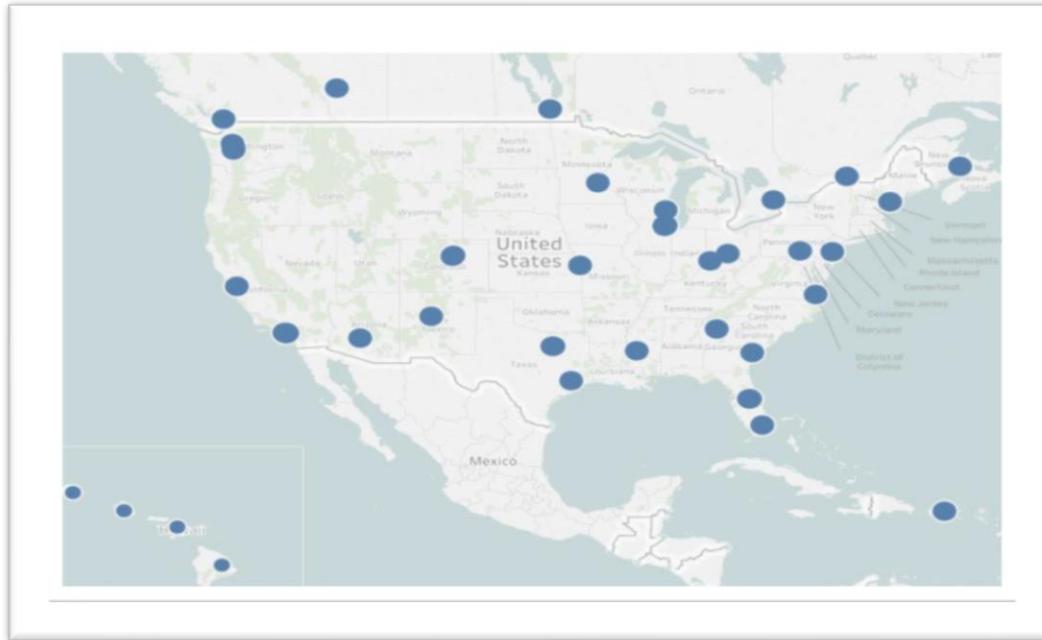
OF US POPULATION NEXT-DAY

~1,320 RETAIL



LOCATIONS IN NORTH AMERICA

Unique Supply Chain and Distribution Network



- ✓ ~20th largest in U.S.
- ✓ 98.5% -- US population delivered next day
- ✓ Desktop delivery capability
- ✓ Nearly 40 distribution centers
- ✓ Over 9 million sq. ft. of space
- ✓ Dedicated fleet of over 1000 vehicles

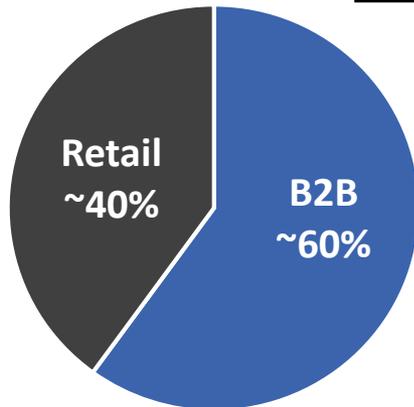
Investments

- ✓ New tools, visibility & optimization
- ✓ Expanded distribution reach
- ✓ Non-traditional use opportunities

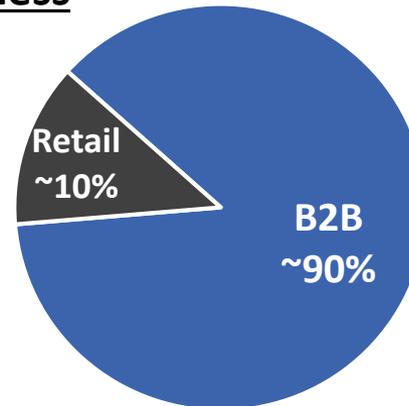
ODP: B2B Drives the Business

- ✓ BSD Revenue & Profitability UP
 - ✓ CompuCom Sequential Quarterly Turnaround
 - ✓ Business Acceleration Program (“BAP”) Delivering Cost Savings
- B2B Business**
- 

B2B Driving Our Business



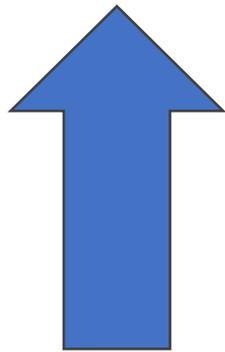
Total Revenue ⁽¹⁾



**Division Level
Operating Income**

BSD: B2B Distribution Platform Drives Core Growth

Revenue Growth



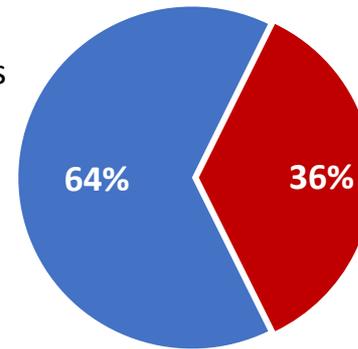
+ 2%

2Q 2019 % Change in Sales YOY

Expanding Beyond Traditional Office Products

Office Products

- Paper
- Ink & Toner
- Supplies



Adjacencies

- Copy & Print
- Furniture
- Technology
- Cleaning & Breakroom

- ✓ Adjusted operating income⁽¹⁾ up 28% vs. 2Q18; up 87% vs. 1Q19
 - ✓ Tuck-in acquisition strategy delivering results
 - ✓ Strong sales funnel plus winning new business
 - ✓ Leveraging cross-selling opportunities

Business Acceleration Program

- ✓ **Company-wide, multi-year, profit improvement plan**
 - Leaner/more competitive enterprise; Cost discipline; Future growth
- ✓ **Improves position to deliver long-term profitable growth**
 - Drive cost efficiencies; Enhance service delivery; Enable investment for future growth
- ✓ **Leverages use of technology and automation**
- ✓ **Organizational realignments**
 - Sales & field force; Operating structure, Centralization
- ✓ **Footprint optimization**
 - Potential closure of underperforming retail stores and other facilities
- ✓ **Significant cost savings repositions enterprise for future growth**
 - Expected cost savings of at least \$40 million in 2019
 - Expected annual run-rate cost savings of at least \$100 million at maturity

Balance Sheet / Cash Flow Highlights*

<p>Net Cash Position</p>	<ul style="list-style-type: none"> Total available liquidity of approximately \$1.4 billion at end of 2Q19 <ul style="list-style-type: none"> ✓ \$444 million in cash and cash equivalents ✓ \$1 billion available credit under asset-based lending facility Total debt of \$712 million, excluding non-recourse Timber Notes <ul style="list-style-type: none"> ✓ Net debt of \$268 million
<p>Operating Cash Flow</p>	<ul style="list-style-type: none"> Operating cash outflow of \$58 million in 2Q19 <ul style="list-style-type: none"> ✓ Building inventory for Back-to-School ✓ Increased stocking units to reduce distribution costs ✓ \$4 million in acquisition and integration-related costs ✓ \$33 million in restructuring costs
<p>Capital Expenditures & Other</p>	<ul style="list-style-type: none"> Capital expenditures of \$45 million in 2Q19, up from \$37 million in 2Q18 Investments in services platform, distribution network, eCommerce Federal Trade Commission cash settlement of \$25 million Business Acceleration Program cash expenditures of \$30 million
<p>Adjusted Free Cash Flow*</p>	<ul style="list-style-type: none"> Adjusted Free Cash Flow of \$(48) million

2019 Priorities to Drive Long-Term Value



Drive B2B Business and Leverage Valuable Asset Base

BSD & CompuCom

Optimize Retail Business

Distribution & Supply Chain Network

Large Customer Base & Sales Force

eCommerce Platform



Continued Investment in Business Platform



Driving Profitable Growth

DRIVE TO CREATE SHAREHOLDER VALUE