



Depot.Different!

Office Depot, Inc.

Baird's 2020 Global
Consumer, Technology &
Services Conference

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During portions of today’s presentation, the company may refer to results which are non-GAAP numbers. A reconciliation of GAAP to non-GAAP financial measures is available on the Office Depot website at investor.officedepot.com. These measures exclude charges or credits not indicative of core operations and the tax effects of these items, which may include but not be limited to merger integration, restructuring, acquisition costs, asset impairments and executive transition costs. The exact amount of these charges or credits are not currently determinable but may be significant. Accordingly, the company is unable to provide GAAP measures or equivalent reconciliations from GAAP to non-GAAP for these financial measures.

Investing in Growth & Driving B2B

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

✓ **B2B-focused Business**

- Global sourcing; extensive supply chain and distribution network
- ~10M business customers and over 200K large enterprise accounts
- Expanding product and service categories – PPE, Cleaning and Breakroom, Technology, Services

✓ **Drive Low Cost Business Model**

- Restructuring plan and BAP; Operational improvements; Retail footprint optimization
- Additional resources to invest in B2B growth

✓ **Expand Product and Service offerings**

- Drive adjacencies; Grow CompuCom; Capture cross-selling opportunities; Supply Chain as a service

✓ **Leverage Valuable Asset Base and Extensive Market Reach**

- Proven distribution assets; Supply Chain; Business customer base and market reach

✓ **Remain Shareholder Focused**

- Restructuring plan; Corporate holding company reorganization

POSITIONED TO DRIVE SHAREHOLDER VALUE

Strong Market Presence & Reach

[ASSETS]

SUPPLY CHAIN



ONE OF LARGEST SUPPLY CHAINS IN N.A.

BALANCE SHEET



~\$200M NET CASH
\$1.7B AVAILABLE LIQUIDITY

GLOBAL SOURCING



BUSINESS PRODUCTS,
ADJACENCIES, PPE

60% B2B



~60% REVENUE FROM B2B

[CUSTOMERS]

~ 29 M



ANNUAL ACTIVE CUSTOMERS

~10 MILLION



SMALL & MEDIUM SIZED BUSINESSES

200K+



ENTERPRISE ACCOUNTS

50+%



OF SCHOOL DISTRICTS IN USA

[REACH]

1,500+



SALES PROFESSIONALS

~ 6 MILLION



SMALL & MEDIUM
BUSINESSES ARE WITHIN
3 MILES OF OUR STORES

DELIVER TO
98.5%



OF US POPULATION NEXT-DAY

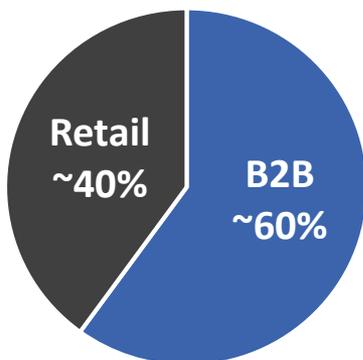
~1,250



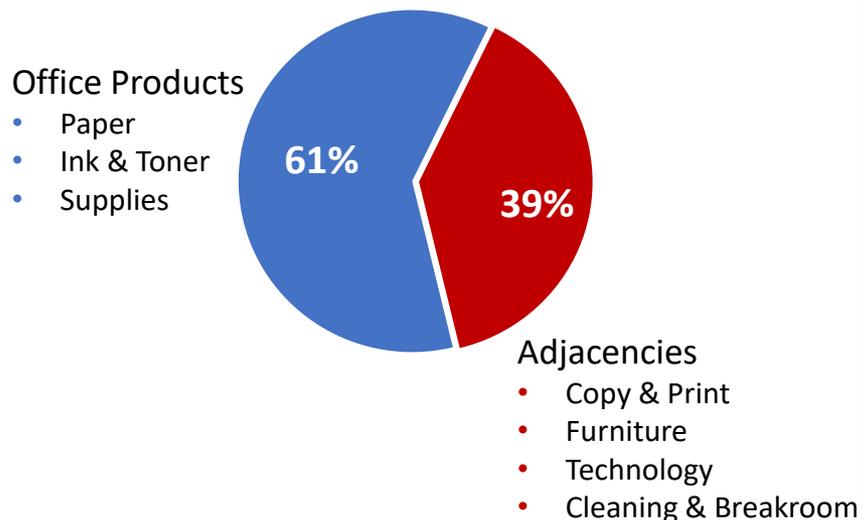
RETAIL LOCATIONS IN NORTH AMERICA

Serving B2B Customers/Expanding Value Proposition

1Q20
B2B Drives Revenue



1Q20
Expanding Beyond
Traditional Office Products



Driving Next Phase of Growth

- ✓ Value proposition for customers evolving; Adjacency growth; PPE
- ✓ Targeted growth approach to improve sales efficiency and enhance value proposition
- ✓ Expand distribution presence and increase business customer base
- ✓ Leverage powerful combination with CompuCom

Unique Supply Chain & Distribution Network



- ✓ ~20th largest in U.S.
- ✓ 98.5% -- US population delivered next day
- ✓ Desktop delivery capability
- ✓ ~ 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

Well Positioned to Navigate Crisis

<p>Strong Balance Sheet</p>	 <p>\$1.7 B Available Liquidity</p>	 <p>\$842 M In Cash</p>	 <p>~\$200M Net Cash</p>	 <p>Credit Facility Extended to 2025</p>
<p>Low Cost Business Model/ Conserve Cash</p>	<ul style="list-style-type: none"> • Term loan paydown expected to result in ~\$90 million in annual savings • Low cost business model approach/variable cost model • Temporarily suspending share buybacks and quarterly dividend 			
<p>Pursue Growth Opportunities</p>	<ul style="list-style-type: none"> • Global sourcing/supply chain: essential products; PPE • Support work-from-home and learn-from-home opportunities • CompuCom well positioned to support distributed work forces • Expand value proposition to customers 			
<p>Strategic Plan On-Track</p>	<ul style="list-style-type: none"> • Continued focus on growing B2B; wider range of products; services • Board approved holding company reorganization to be completed by end of 2Q20 			

Accelerating B2B Pivot/Driving Low Cost Model

Restructuring Plan – Leaner organization; Increasing B2B focus

- 3.5 year plan
- Drives low cost business model and accelerates B2B pivot
- Improves competitiveness on B2B platform; Reduces retail exposure
- Contemplates accelerated retail store and distribution facility consolidations
- Anticipates approximately \$860M in net savings by the end of 2023

Business Acceleration Program (BAP)

- Announced in May 2019; Company-wide profit improvement plan
- Leaner/more competitive enterprise; Cost discipline; Future growth
- Drive cost efficiencies; Enhance service delivery; Enable investment for future growth
- Expected annual run-rate cost savings of at least \$100 million at maturity

Holding Company Reorganization

- Simplifies legal and tax structure
- Improves operating asset alignment
- Increases operational flexibility

Balance Sheet / Cash Flow Highlights*

Net Cash Position	<ul style="list-style-type: none"> • Total available liquidity of approximately \$1.7 billion at end of 1Q20 ✓ \$842 million in cash and cash equivalents ✓ \$851 million available credit under asset-based lending facility • Total debt of \$652 million
Refinanced ABL Subsequent to Quarter	<ul style="list-style-type: none"> • New \$1.3 billion asset-based credit facility matures April 2025 • Retired the Term Loan Credit Agreement due 2022 (“term loan”) • Expected savings of approximately \$14 million in annual cash interest expense and \$75 million in required annual amortization payments
Operating Cash Flow	<ul style="list-style-type: none"> • Operating cash flow of \$188 million in 1Q20 and included cash outflows related to: <ul style="list-style-type: none"> ✓ \$10 million in restructuring costs, primarily associated with the BAP ✓ \$4 million in acquisition and integration-related costs
Capital Expenditures & Other	<ul style="list-style-type: none"> • Capital expenditures of \$25 million in 1Q20 • Investments in services platform, distribution network, eCommerce • Business Acceleration Program cash expenditures of \$10 million
Adjusted Free Cash Flow*	<ul style="list-style-type: none"> • Adjusted Free Cash Flow of \$173 million

* Balance sheet and cash flow financial measures are for continuing operations only; Free Cash Flow is a non-GAAP financial measure and is defined as cash flows from operating activities less capital expenditures. A reconciliation of GAAP to non-GAAP financial measures can be found at investor.officedepot.com. Adjusted Free Cash Flow excludes cash changes associated with the Company’s Business Acceleration Program of \$10 million in the first quarter of 2020.

Committed to Driving Long-Term Value

- ✓ Drive B2B and Low Cost Business Model
- ✓ Expand B2B Platform and Value Proposition to Customers
- ✓ Leverage Valuable Asset Base
- ✓ Remain Shareholder Focused

POSITIONED TO DRIVE SHAREHOLDER VALUE