



DONNELLEY FINANCIAL REPORTS FIRST-QUARTER 2018 RESULTS

Chicago, May 2, 2018 – Donnelley Financial Solutions (NYSE: DFIN) today reported financial results for the first quarter 2018.

Highlights:

- First-quarter net sales of \$255.2 million declined 4.5% from the first quarter of 2017
- First-quarter GAAP net earnings of \$7.7 million, or \$0.23 per diluted share, compared to GAAP net earnings in the first quarter of 2017 of \$9.3 million, or \$0.28 per diluted share
- First-quarter non-GAAP net earnings⁽¹⁾ of \$15.2 million, or \$0.45 per diluted share, compared to non-GAAP net earnings in the first quarter of 2017 of \$13.9 million, or \$0.42 per diluted share
- Non-GAAP adjusted EBITDA⁽¹⁾ in the quarter was \$40.3 million, or 15.8% of net sales, compared to non-GAAP adjusted EBITDA in the first quarter of 2017 of \$44.2 million, or 16.5% of net sales
- Company reaffirms full-year 2018 guidance

(1) Non-GAAP net earnings and non-GAAP adjusted EBITDA are non-GAAP measures that exclude the impact of items noted in the reconciliation tables below. See the tables below for amounts and reconciliations to the most comparable GAAP measures.

“I am pleased with our first-quarter results, which were in line with our expectations,” said Daniel N. Leib, Donnelley Financial’s President and Chief Executive Officer. “We continued to see double-digit growth in our SaaS revenue, driven by Venue and ActiveDisclosure, and remain excited about the future growth opportunities in our SaaS offerings. The growth in these areas partially offset declines in the transactional portion of U.S. Capital Markets and the funds portion of U.S. Investment Markets, against our most challenging quarter from a year-over-year comparison perspective. Given our first-quarter performance and outlook for the balance of the year, our full-year 2018 guidance remains unchanged.”

Leib continued, “Capital spending in the first quarter was slightly lower than we expected. We continue to be excited about growth-oriented investment opportunities, but at the same time remain committed to our disciplined approach toward capital deployment, as well as to our targeted gross leverage range of 2.25x to 2.75x.”

Net Sales

Net sales in the first quarter of 2018 were \$255.2 million, a decrease of \$12.1 million, or 4.5%, from the first quarter of 2017. After adjusting for changes in foreign exchange rates and the impact of the adoption of the new revenue recognition standard⁽²⁾, organic sales decreased 6.0% from the first quarter of 2017. This decline was primarily due to the non-recurring special proxy volume that positively impacted U.S. Investment Markets in the first quarter of 2017, as well as lower transactional and compliance volume within U.S. Capital Markets, which was partially offset by growth in our SaaS and global Language Solutions offerings.

(2) On January 1, 2018, the Company adopted the Accounting Standards Update No. 2014-09 "Revenue from Contracts with Customers (Topic 606)" ("the new revenue recognition standard") using the modified retrospective approach applied to contracts that were not completed as of January 1, 2018.

GAAP Earnings

First-quarter 2018 net earnings were \$7.7 million, or \$0.23 per diluted share, compared to net earnings of \$9.3 million, or \$0.28 per diluted share, in the first quarter of 2017. The first-quarter net earnings included after-tax charges of \$7.5 million and \$4.6 million in 2018 and 2017, respectively.

Non-GAAP Adjusted EBITDA and Net Earnings

Non-GAAP adjusted EBITDA in the first quarter of 2018 was \$40.3 million, compared to \$44.2 million in the first quarter of 2017. Non-GAAP adjusted EBITDA margin in the first quarter of 2018 was 15.8%, 70 basis points lower than in the first quarter of 2017. The decrease in non-GAAP adjusted EBITDA and non-GAAP adjusted EBITDA margin was primarily driven by lower mutual funds proxy volume and lower capital markets transactional volume as well as higher investments, partially offset by company-wide cost reductions and higher volume in International.

Non-GAAP net earnings totaled \$15.2 million, or \$0.45 per diluted share, in the first quarter of 2018 compared to non-GAAP net earnings of \$13.9 million, or \$0.42 per diluted share, in the first quarter of 2017. Reconciliations of net earnings to non-GAAP adjusted EBITDA and non-GAAP net earnings, as well as non-GAAP adjusted EBITDA margin, are presented in the attached schedules.

2018 Guidance

The Company reaffirms its previous full-year guidance for 2018:

	2018 Guidance
Net sales	Approximately \$1 billion, representing organic growth in the range of 1% to 2%
Non-GAAP adjusted EBITDA ⁽¹⁾	\$165 to \$175 million
Depreciation and amortization	Approximately \$50 million
Interest expense	Approximately \$37 million
Non-GAAP effective tax rate	29% to 31%
Diluted share count	Approximately 34 million
Capital expenditures	\$40 to \$45 million
Free cash flow ⁽²⁾	\$55 to \$60 million

(1) Pension income excluded from non-GAAP adjusted EBITDA beginning in 2018; prior periods have also been restated in the tables below

(2) Defined as operating cash flow less capital expenditures. 2018 free cash flow guidance includes approximately \$15 million for spinoff-related transition expenses.

Certain components of the guidance given 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 that are not indicative of the Company’s ongoing operations. Such items include, but are not limited to, restructuring charges, impairment charges, spinoff-related transaction expenses, acquisition-related expenses, gains or losses on investments and business disposals and other similar gains or losses not reflective of the Company’s ongoing operations. The Company does not believe that this information is likely to be significant to an assessment of the Company’s ongoing operations, given that it is not an indicator of business performance.

Conference Call

Donnelley Financial will host a conference call and simultaneous webcast to discuss its first-quarter results today, Wednesday, May 2, at 9:00 a.m. Eastern Time (8:00 a.m. Central Time). The live webcast will be accessible on Donnelley Financial’s web site: www.dfsc.com. Individuals wishing to participate on the call **must register in advance** at <http://www.meetme.net/DFIN>. After registering, participants will receive dial-in numbers, a passcode, and a personal identification number (PIN) that is used to uniquely identify their presence and automatically join them into the audio conference. A webcast replay will be archived on the Company’s web site for 30 days after the call. In addition, a telephonic replay of the call will be available for seven days at 630.652.3042, passcode 7739939#.

About Donnelley Financial

With the right solutions in moments that matter, Donnelley Financial Solutions (NYSE: DFIN) delivers risk and compliance solutions that fuse deep industry experience, unparalleled service, and elegant technologies to provide our clients with insights that power their decisions and shape global markets. The company has 3,400 employees in 61 locations across 18 countries, serving thousands of clients globally. For more information about Donnelley Financial Solutions, visit www.dfsco.com or follow us on Twitter @DonnelleyFin or on LinkedIn.

Investor Contact:

Sloan Bohlen
Solebury Communications Group
investors@dfsco.com

Use of non-GAAP Information

This news release contains certain non-GAAP measures, including non-GAAP SG&A, non-GAAP SG&A as % of total net sales, non-GAAP income from operations, non-GAAP operating margin, non-GAAP adjusted EBITDA, non-GAAP adjusted EBITDA margin, non-GAAP effective tax rate, non-GAAP net earnings, non-GAAP diluted earnings per share, free cash flow and organic net sales. The Company believes that these non-GAAP measures, when presented in conjunction with comparable GAAP measures, provide useful information about the Company's operating results and liquidity and enhance the overall ability to assess the Company's financial performance. The Company uses these measures, together with other measures of performance under GAAP, to compare the relative performance of operations in planning, budgeting and reviewing the performance of its business.

Our non-GAAP statement of operations measures, non-GAAP SG&A, non-GAAP SG&A as % of total net sales, non-GAAP income from operations, non-GAAP operating margin, non-GAAP adjusted EBITDA, non-GAAP adjusted EBITDA margin, non-GAAP effective tax rate, non-GAAP net earnings and non-GAAP diluted earnings per share, are adjusted to exclude the impact of certain costs, expenses, gains and losses and other specified items that management believes are not indicative of our ongoing operations. These adjusted measures exclude the impact of expenses associated with the Company's acquisition activities, spin-off related expenses, share-based compensation and eliminate potential differences in results of operations between periods caused by factors such as depreciation and amortization methods, historic cost and age of assets, financing and capital structures, taxation positions or regimes, restructuring, impairment and other charges and gain or loss on certain equity investments and asset sales.

Free cash flow is a non-GAAP financial measure and is defined by the Company as net cash flow provided by operating activities less capital expenditures. By adjusting for the level of capital investment in operations, the Company believes that free cash flow can provide useful additional basis for understanding the Company's ability to generate cash after capital investment and provides a comparison to peers with differing capital intensity.

Organic net sales is a non-GAAP financial measure and is defined by the Company as reported net sales adjusted for the impact of changes in foreign exchange rates and acquired and disposed businesses.

These non-GAAP measures should be considered in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. In addition, these measures are defined differently by different companies in our industry and, accordingly, such measures may not be comparable to similarly-titled measures of other companies.

Use of Forward-Looking Statements

This news release includes certain "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 Donnelley Financial and its expectations relating to future financial condition and performance. Statements that are not historical facts, including statements about Donnelley Financial management's beliefs and expectations, are forward-looking statements. Words such as "believes," "anticipates," "estimates," "expects," "intends," "aims," "potential," "will," "would," "could," "considered," "likely," "estimate" 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. While Donnelley Financial believes these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond Donnelley Financial's control. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur. Actual results may differ materially from Donnelley Financial's current expectations depending upon a number of factors affecting the business and risks associated with the performance of the business. These factors include such risks and uncertainties detailed in Donnelley Financial's periodic public filings with the SEC, including but not limited to those discussed under "Risk Factors" in Donnelley Financial's Form 10-K for the fiscal year ended December 31, 2017, those discussed under "Cautionary Statement" in Donnelley Financial's quarterly Form 10-Q filings, and in other investor communications of Donnelley Financial's from time to time. Donnelley Financial does not undertake to and specifically declines 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.

Donnelley Financial Solutions, Inc.
Condensed Consolidated Balance Sheets
As of March 31, 2018 and December 31, 2017
(UNAUDITED)
(in millions, except per share data)

	March 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	\$ 12.1	\$ 52.0
Receivables, less allowances for doubtful accounts of \$7.7 in 2018 (2017 - \$7.3)	239.0	165.2
Inventories	18.5	23.3
Prepaid expenses and other current assets	28.2	29.6
Total Current Assets	297.8	270.1
Property, plant and equipment - net	33.1	34.7
Goodwill	447.3	447.4
Other intangible assets - net	36.5	39.9
Software-net	41.8	41.1
Deferred income taxes	21.0	22.2
Other noncurrent assets	37.7	38.1
Total Assets	\$ 915.2	\$ 893.5
Liabilities		
Accounts payable	\$ 87.7	\$ 67.8
Accrued liabilities	91.5	119.2
Total Current Liabilities	179.2	187.0
Long-term debt	478.8	458.3
Deferred compensation liabilities	21.8	22.8
Pension and other postretirement benefits plan liabilities	51.0	52.5
Other noncurrent liabilities	22.8	23.5
Total Liabilities	753.6	744.1
Equity		
Common stock, \$0.01 par value		
Authorized: 65.0 shares;		
Issued: 34.0 shares in 2018 (2017 - 33.8 shares)	0.3	0.3
Treasury stock, at cost: 0.1 shares in 2018 (2017 - less than 0.1 shares)	(1.7)	(0.9)
Additional paid-in capital	208.9	205.7
Retained earnings	17.5	8.9
Accumulated other comprehensive loss	(63.4)	(64.6)
Total Equity	161.6	149.4
Total Liabilities and Equity	\$ 915.2	\$ 893.5

Donnelley Financial Solutions, Inc.
Condensed Consolidated Statements of Operations
For the Three Months Ended March 31, 2018 and 2017
(UNAUDITED)
(in millions, except per share data)

	For the Three Months Ended March 31,					
	2018 GAAP	ADJUSTMENTS TO NON-GAAP	2018 NON-GAAP	2017 GAAP	ADJUSTMENTS TO NON-GAAP	2017 NON-GAAP
Services net sales	\$ 159.5	\$ —	\$ 159.5	\$ 154.0	\$ —	\$ 154.0
Products net sales	95.7	—	95.7	113.3	—	113.3
Total net sales	255.2	—	255.2	267.3	—	267.3
Services cost of sales (1)	85.9	—	85.9	77.7	—	77.7
Services cost of sales with R.R. Donnelley affiliates (1) (2)	—	—	—	9.9	—	9.9
Products cost of sales (1)	72.7	—	72.7	63.0	—	63.0
Products cost of sales with R.R. Donnelley affiliates (1) (2)	—	—	—	18.8	—	18.8
Total cost of sales (1)	158.6	—	158.6	169.4	—	169.4
Selling, general and administrative expenses (SG&A) (1) (3)	66.1	(9.8)	56.3	57.5	(3.8)	53.7
Restructuring, impairment and other charges - net	0.7	(0.7)	—	3.8	(3.8)	—
Depreciation and amortization	10.4	—	10.4	10.2	—	10.2
Income from operations	19.4	10.5	29.9	26.4	7.6	34.0
Interest expense-net	9.0	—	9.0	11.1	—	11.1
Investment and other income - net (3)	(0.8)	—	(0.8)	(0.8)	—	(0.8)
Earnings before income taxes	11.2	10.5	21.7	16.1	7.6	23.7
Income tax expense	3.5	3.0	6.5	6.8	3.0	9.8
Net earnings	\$ 7.7	\$ 7.5	\$ 15.2	\$ 9.3	\$ 4.6	\$ 13.9
Net earnings per share:						
Basic net earnings per share	\$ 0.23		\$ 0.45	\$ 0.29		\$ 0.43
Diluted net earnings per share	\$ 0.23		\$ 0.45	\$ 0.28		\$ 0.42
Weighted average number of common shares outstanding (2):						
Basic	33.7		33.7	32.6		32.6
Diluted	33.9		33.9	32.8		32.8
Additional information:						
Gross margin (1)	37.9%		37.9%	36.6%		36.6%
SG&A as a % of total net sales (1)	25.9%		22.1%	21.5%		20.1%
Operating margin	7.6%		11.7%	9.9%		12.7%
Effective tax rate	31.3%		30.0%	42.2%		41.4%

(1) Exclusive of depreciation and amortization

(2) Beginning in the quarter ended June 30, 2017, LSC Communications, Inc (“LSC”) no longer qualified as a related party, therefore the amounts disclosed related to LSC are only presented for the three months ended March 31, 2017. Beginning in the quarter ended September 30, 2017, R.R. Donnelley & Sons Company (“RRD”) no longer qualified as a related party, therefore the amounts disclosed related to RRD are only presented for the three months ended March 31, 2017

(3) During the three months ended March 31, 2018, the Company adopted Accounting Standards Update No. 2017-07 “Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost” (“ASU 2017-07”), which resulted in the presentation of net pension income within investment and other income in the condensed consolidated statement of operations instead of selling, general and administrative expenses. Prior period net pension income was also reclassified.

The Company believes that certain non-GAAP measures, when presented in conjunction with comparable GAAP measures, are useful because that information is an appropriate measure for evaluating the Company’s operating performance. Internally, the Company uses this non-GAAP information as an indicator of business performance, and evaluates management’s effectiveness with specific reference to this indicator. These measures should be considered in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

Donnelley Financial Solutions, Inc.
Reconciliation of GAAP to Non-GAAP Measures
For the Three Months Ended March 31, 2018 and 2017
(UNAUDITED)
(in millions, except per share data)

For the Three Months Ended March 31, 2018

	SG&A	Income from operations	Operating margin	Net earnings	Net earnings per diluted share
GAAP basis measures	\$ 66.1	\$ 19.4	7.6%	\$ 7.7	\$ 0.23
Non-GAAP adjustments:					
Restructuring, impairment and other charges - net	—	0.7	0.3%	0.5	0.01
Spin-off related transaction expenses	(7.8)	7.8	3.0%	5.6	0.17
Share-based compensation expense	(1.8)	1.8	0.7%	1.3	0.04
Acquisition-related expenses	(0.2)	0.2	0.1%	0.1	0.00
Total Non-GAAP adjustments	(9.8)	10.5	4.1%	7.5	0.22
Non-GAAP measures	<u>\$ 56.3</u>	<u>\$ 29.9</u>	<u>11.7%</u>	<u>\$ 15.2</u>	<u>\$ 0.45</u>

For the Three Months Ended March 31, 2017

	SG&A	Income from operations	Operating margin	Net earnings	Net earnings per diluted share
GAAP basis measures	\$ 57.5	\$ 26.4	9.9%	\$ 9.3	\$ 0.28
Non-GAAP adjustments:					
Restructuring, impairment and other charges - net	—	3.8	1.4%	2.3	0.07
Spin-off related transaction expenses	(2.7)	2.7	1.0%	1.6	0.05
Share-based compensation expense	(1.1)	1.1	0.4%	0.7	0.02
Total Non-GAAP adjustments	(3.8)	7.6	2.8%	4.6	0.14
Non-GAAP measures	<u>\$ 53.7</u>	<u>\$ 34.0</u>	<u>12.7%</u>	<u>\$ 13.9</u>	<u>\$ 0.42</u>

Donnelley Financial Solutions, Inc.

Segment GAAP to Non-GAAP Operating Income and Non-GAAP Adjusted EBITDA and Margin Reconciliation
For the Three Months Ended March 31, 2018 and 2017

(UNAUDITED)

(in millions)

	U.S.	International	Corporate	Consolidated
<u>For the Three Months Ended March 31, 2018</u>				
Net sales	\$ 213.1	\$ 42.1	\$ —	\$ 255.2
Income (loss) from operations	26.4	2.5	(9.5)	19.4
Operating margin %	12.4%	5.9%	nm	7.6%
<u>Non-GAAP Adjustments</u>				
Restructuring, impairment and other charges - net	0.7	(0.1)	0.1	0.7
Spin-off related transaction expenses	6.3	—	1.5	7.8
Share-based compensation expense	—	—	1.8	1.8
Acquisition-related expenses	—	—	0.2	0.2
Total Non-GAAP adjustments	7.0	(0.1)	3.6	10.5
Non-GAAP income (loss) from operations	\$ 33.4	\$ 2.4	\$ (5.9)	\$ 29.9
Non-GAAP operating margin %	15.7%	5.7%	nm	11.7%
Depreciation and amortization	8.9	1.4	0.1	10.4
Non-GAAP Adjusted EBITDA	\$ 42.3	\$ 3.8	\$ (5.8)	\$ 40.3
Non-GAAP Adjusted EBITDA margin	19.8%	9.0%	nm	15.8%
<u>For the Three Months Ended March 31, 2017</u>				
Net sales	\$ 230.4	\$ 36.9	\$ —	\$ 267.3
Income (loss) from operations	37.0	0.2	(10.8)	26.4
Operating margin %	16.1%	0.5%	nm	9.9%
<u>Non-GAAP Adjustments</u>				
Restructuring, impairment and other charges - net	2.5	0.7	0.6	3.8
Spin-off related transaction expenses	—	—	2.7	2.7
Share-based compensation expense	—	—	1.1	1.1
Total Non-GAAP adjustments	2.5	0.7	4.4	7.6
Non-GAAP income (loss) from operations	\$ 39.5	\$ 0.9	\$ (6.4)	\$ 34.0
Non-GAAP operating margin %	17.1%	2.4%	nm	12.7%
Depreciation and amortization	8.8	1.4	—	10.2
Non-GAAP Adjusted EBITDA	\$ 48.3	\$ 2.3	\$ (6.4)	\$ 44.2
Non-GAAP Adjusted EBITDA margin	21.0%	6.2%	nm	16.5%

Donnelley Financial Solutions, Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2018 and 2017
(UNAUDITED)
(in millions)

	For the Three Months Ended March 31,	
	2018	2017
Net earnings	\$ 7.7	\$ 9.3
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	10.4	10.2
Provision for doubtful accounts receivable	1.0	1.8
Share-based compensation	1.8	1.1
Deferred income taxes	0.6	(2.2)
Net pension plan income	(0.8)	(0.8)
Other	0.5	0.4
Changes in operating assets and liabilities - net of acquisitions:		
Accounts receivable - net	(65.4)	(66.7)
Inventories	(5.8)	(3.4)
Prepaid expenses and other current assets	(0.2)	(4.4)
Accounts payable	20.3	15.0
Income taxes payable and receivable	0.6	7.7
Accrued liabilities and other	(23.1)	(6.1)
Pension and other postretirement benefits plan contributions	(1.2)	(0.1)
Net cash used in operating activities	\$ (53.6)	\$ (38.2)
Capital expenditures	(6.4)	(4.3)
Purchase of investment	—	(3.4)
Other investing activities	—	0.2
Net cash used in investing activities	\$ (6.4)	\$ (7.5)
Revolving facility borrowings	88.0	57.0
Payments on revolving facility borrowings	(68.0)	(37.0)
Debt issuance costs	—	(1.5)
Net transfers related to the Separation	—	3.1
Proceeds from issuance of common stock	1.2	—
Treasury stock repurchases	(0.8)	—
Net cash provided by financing activities	\$ 20.4	\$ 21.6
Effect of exchange rate on cash and cash equivalents	(0.3)	0.2
Net decrease in cash and cash equivalents	(39.9)	(23.9)
Cash and cash equivalents at beginning of year	52.0	36.2
Cash and cash equivalents at end of period	\$ 12.1	\$ 12.3

Additional Information:

	2018	2017
<i>For the Three Months Ended March 31:</i>		
Net cash used in operating activities	\$ (53.6)	\$ (38.2)
Less: capital expenditures	6.4	4.3
Free cash flow	\$ (60.0)	\$ (42.5)

Donnelley Financial Solutions, Inc.
Reconciliation of Reported to Organic Net Sales
For the Three Months Ended March 31, 2018 and 2017
(UNAUDITED)
(in millions)

	U.S.					
	Capital Markets	Investment Markets	Language Solutions and other	Total U.S.	International	Consolidated
Reported Net Sales:						
For the Three Months Ended March 31, 2018	\$ 117.5	\$ 84.6	\$ 11.0	\$213.1	\$ 42.1	\$ 255.2
For the Three Months Ended March 31, 2017	119.1	100.1	11.2	230.4	36.9	267.3
Net sales change	(1.3%)	(15.5%)	(1.8%)	(7.5%)	14.1%	(4.5%)
Supplementary non-GAAP information:						
Year-over-year impact of changes in foreign exchange (FX) rates	—%	—%	—%	—%	6.8%	0.9%
Year-over-year impact of the adoption of the new revenue recognition standard (1)	5.8%	(5.9%)	—%	0.4%	1.6%	0.6%
Net organic sales change (2)	(7.1%)	(9.6%)	(1.8%)	(7.9%)	5.7%	(6.0%)

(1) Adjusted for the adoption of the new revenue recognition standard

(2) Adjusted for the impact of changes in FX rates and the adoption of the new revenue standard.

Donnelley Financial Solutions, Inc.
Reconciliation of GAAP Net Earnings (Loss) to Non-GAAP Adjusted EBITDA
For the Three and Twelve Months Ended March 31, 2018 and 2017
(UNAUDITED)
(in millions)

	For the Twelve Months Ended		For the Three Months Ended		
	March 31, 2018	March 31, 2017	December 31, 2017	September 30, 2017	June 30, 2017
GAAP net earnings (loss)	\$ 8.1	\$ 7.7	\$ (23.7)	\$ 5.3	\$ 18.8
Adjustments					
Income tax expense	43.2	3.5	24.5	2.1	13.1
Interest expense-net	40.8	9.0	10.2	10.6	11.0
Investment and other income-net (1)	(3.4)	(0.8)	(0.9)	(0.8)	(0.9)
Depreciation and amortization	44.7	10.4	12.8	10.6	10.9
Restructuring, impairment and other charges-net	4.0	0.7	0.7	(0.6)	3.2
Share-based compensation expense	7.5	1.8	1.6	1.7	2.4
Spin-off related transaction expenses	21.6	7.8	6.7	2.6	4.5
Acquisition-related expenses	0.4	0.2	0.2	—	—
Total Non-GAAP adjustments	158.8	32.6	55.8	26.2	44.2
Non-GAAP adjusted EBITDA	\$ 166.9	\$ 40.3	\$ 32.1	\$ 31.5	\$ 63.0
Net sales	\$ 992.8	\$ 255.2	\$ 224.8	\$ 222.6	\$ 290.2
Non-GAAP adjusted EBITDA margin %	16.8%	15.8%	14.3%	14.2%	21.7%

	For the Twelve Months Ended		For the Three Months Ended		
	March 31, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
GAAP net earnings (loss)	\$ 55.0	\$ 9.3	\$ (0.8)	\$ 10.2	\$ 36.3
Adjustments					
Income tax expense (benefit)	33.2	6.8	(4.1)	7.9	22.6
Interest expense (income)-net	22.5	11.1	11.4	(0.1)	0.1
Investment and other income-net (1)	(1.6)	(0.8)	(0.6)	(0.2)	—
Depreciation and amortization	44.0	10.2	13.2	9.8	10.8
Restructuring, impairment and other charges-net	8.6	3.8	1.8	1.7	1.3
Share-based compensation expense	3.3	1.1	1.3	0.2	0.7
Spin-off related transaction expenses	7.6	2.7	4.9	—	—
Total Non-GAAP adjustments	117.6	34.9	27.9	19.3	35.5
Non-GAAP adjusted EBITDA	\$ 172.6	\$ 44.2	\$ 27.1	\$ 29.5	\$ 71.8
Net sales	\$ 1,010.7	\$ 267.3	\$ 221.0	\$ 224.4	\$ 298.0
Non-GAAP adjusted EBITDA margin %	17.1%	16.5%	12.3%	13.1%	24.1%

(1) During the three months ended March 31, 2018, the Company adopted ASU 2017-07, which resulted in the presentation of net pension income within investment and other income in the condensed consolidated statement of operations instead of selling, general and administrative expenses. Prior period net pension income was also reclassified.

Donnelley Financial Solutions, Inc.
Debt and Liquidity Summary
As of March 31, 2018 and 2017 and December 31, 2017
(UNAUDITED)
(in millions)

Total Liquidity	March 31, 2018	December 31, 2017	March 31, 2017
Availability			
Stated amount of the Revolving Facility	\$ 300.0	\$ 300.0	\$ 300.0
Less: availability reduction from covenants	80.2	—	107.5
Amount available under the Revolving Facility ⁽¹⁾	219.8	300.0	192.5
Usage			
Borrowings under the Revolving Facility ⁽¹⁾	20.0	—	20.0
Impact on availability related to outstanding letters of credit	—	—	2.2
	20.0	—	22.2
Availability under the Revolving Facility	199.8	300.0	170.3
Cash ⁽²⁾	12.1	52.0	12.3
Net Available Liquidity	<u>\$ 211.9</u>	<u>\$ 352.0</u>	<u>\$ 182.6</u>
Debt			
Short-term debt	\$ —	\$ —	\$ —
Long-term debt	478.8	458.3	607.5
Total debt	<u>\$ 478.8</u>	<u>\$ 458.3</u>	<u>\$ 607.5</u>
Non-GAAP adjusted EBITDA for the twelve months ended March 31, 2018 and 2017, and the year ended December 31, 2017			
	\$ 166.9	\$ 170.8	\$ 172.6
Non-GAAP Gross Leverage (defined as total debt divided by non-GAAP adjusted EBITDA)			
	2.9x	2.7x	3.5x

- (1) The Company has a \$300.0 million senior secured revolving credit facility (the “Revolving Facility”). The Revolving Facility is subject to a number of covenants, including a minimum Interest Coverage Ratio and a maximum Leverage Ratio, both as defined and calculated in the Credit Agreement. There was \$20.0 million of outstanding borrowings under the Revolving Facility as of March 31, 2018. Based on the Company’s results of operations for the twelve months ended March 31, 2018 and existing debt, the Company would have had the ability to utilize \$199.8 million of the \$300.0 million Revolving Facility and not have been in violation of the terms of the agreement.
- (2) Approximately 71% of cash as of March 31, 2018, 30% of cash as of December 31, 2017 and 84% of cash as of March 31, 2017 was located outside of the U.S. Certain cash balances of foreign subsidiaries may be subject to U.S. or local country taxes if repatriated to the U.S. In addition, repatriation of some foreign cash balances is further restricted by local laws.