



ACCO Brands Q4 2018 Earnings Conference Call

February 13, 2019



Forward-Looking Statements

Statements contained in this presentation, other than statements of historical fact, particularly those anticipating future financial performance, business prospects, growth, operating strategies and similar matters are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which are generally identifiable by the use of the words "will," "believe," "expect," "intend," "anticipate," "estimate," "forecast," "project," "plan," and similar expressions, are subject to certain risks and uncertainties, are made as of the date hereof, and we undertake no duty or obligation to update them. Because actual results may differ materially from those suggested or implied by such forward-looking statements, you should not place undue reliance on them when deciding whether to buy, sell or hold the company's securities.

Our 2019 guidance is based on certain assumptions, which we believe to be reasonable under the circumstances. These include, without limitation, assumptions regarding the timing, cost and synergies expected from integration of acquisitions; impact of changes in U.S. tax laws and trade policies; changes in the macro environment; fluctuations in foreign currency rates and share count; changes in the competitive landscape, including ongoing uncertainties driven by the consolidation in the traditional office products channels, and consumer behavior; as well as other factors described below.

Among the factors that could cause actual results to differ materially from our forward-looking statements are: a relatively limited number of large customers account for a significant percentage of our sales; risks associated with foreign currency fluctuations; challenges related to the highly competitive business environments in which we operate, including ongoing uncertainties driven by the consolidation in the traditional office products channels; risks associated with shifts in the channels of distribution for our products; our ability to develop and market innovative products that meet consumer demands; our ability to grow profitably through acquisitions and expand our product assortment into new and adjacent categories; our ability to successfully integrate acquisitions and achieve the financial and other results anticipated at the time of acquisition, including synergies; the failure, inadequacy or interruption of our information technology systems or supporting infrastructure; risks associated with a cybersecurity incident or information security breach; our ability to successfully expand our business in emerging markets which generally expose us to greater financial, operational, regulatory and compliance and other risks; risks associated with raw material, labor and transportation availability and cost fluctuations; the effects of the U.S. Tax Cuts and Jobs Act; risks associated with changes to U.S. government policies, including increased import tariffs and other changes in trade relations and policies; the impact of litigation or other legal proceedings; consumer spending decisions during periods of economic uncertainty or weakness; the risks associated with outsourcing production of certain of our products, our information technology systems and other administrative functions; the continued decline in the use of certain of our products; risks associated with seasonality; our failure to comply with applicable laws, rules and regulations and self-regulatory requirements and the costs of compliance; the sufficiency of investment returns on pension assets and risks related to actuarial assumptions; any impairment of our intangible assets; risks associated with our indebtedness, including our debt service obligations, limitations imposed by restrictive covenants and our ability to comply with financial ratios and tests; the bankruptcy or financial instability of our customers and suppliers; our failure to comply with customer contracts; our ability to secure, protect and maintain our intellectual property rights; product liability claims or regulatory actions; our ability to attract and retain key employees; the volatility of our stock price; material disruptions at one of our or our suppliers' major manufacturing or distribution facilities resulting from circumstances outside our control; and other risks and uncertainties described in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017, in "Part II, Item 1A. Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 and in other reports we file with the SEC.

Reg. G – Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures, including comparable net sales, adjusted gross profit, adjusted gross profit margin, adjusted selling, general and administrative expenses, adjusted selling, general and administrative expense margin, adjusted operating income, adjusted operating income margin, adjusted net income, adjusted net income per share, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), free cash flow, free cash flow yield, net leverage ratio, and normalized tax rate. We have included a description of each of these measures and a reconciliation to the most directly comparable GAAP financial measure in the tables attached to this presentation and on page 4 in the case of free cash flow yield. We sometimes refer to comparable net sales as comparable sales, adjusted gross profit margin as adjusted gross margin, adjusted operating income margin as adjusted operating margin and adjusted net income per share as adjusted earnings per share.

We use the non-GAAP financial measures both in the internal evaluation and management of our business and to explain our results to stockholders and the investment community. Senior management's incentive compensation is derived, in part, using certain of these measures. We believe these measures provide management and investors with a more complete understanding of our underlying operational results and trends, facilitate meaningful comparisons and enhance an overall understanding of our past financial performance and our future prospects. The non-GAAP results are an indication of our baseline performance before gains, losses or other charges that we considered to be outside our core operating results.

The non-GAAP financial measures exclude certain items that may have a material impact upon our reported financial results such as unusual income tax items, restructuring and integration charges, acquisition-related expenses, the impact of foreign currency fluctuation and acquisitions, and other one-time or non-recurring items. These measures should not be considered in isolation or as a substitute for, or superior to, the directly comparable GAAP financial measures and should be read in connection with the company's financial statements presented in accordance with GAAP.

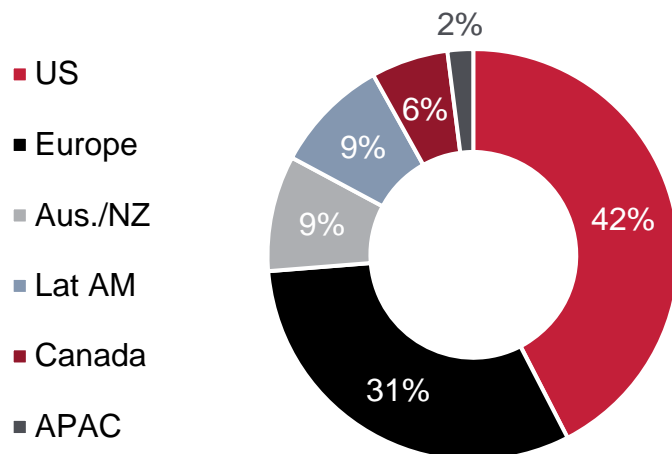
This presentation also provides forward-looking non-GAAP adjusted earnings per share, free cash flow, normalized tax rate and net leverage ratio. We do not provide a reconciliation of forward-looking adjusted earnings per share, free cash flow, normalized tax rate or net leverage ratio to GAAP because the GAAP financial measure is not accessible on a forward-looking basis and reconciling information is not available without unreasonable effort due to the inherent difficulty of forecasting and quantifying certain amounts that are necessary for such a reconciliation, including adjustments that could be made for restructuring, integration and acquisition-related expenses, the variability of our tax rate and the impact of foreign currency fluctuation and acquisitions, and other charges reflected in our historical numbers. The probable significance of each of these items is high and, based on historical experience, could be material.

ACCO Brands at a Glance

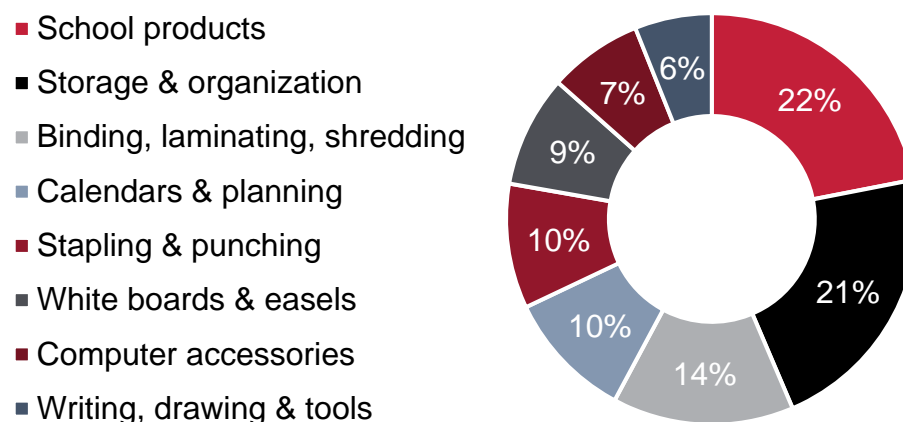
Designer, marketer and manufacturer of recognized consumer and end-user demanded brands used in businesses, schools, and homes

Founded 1903	HQ Lake Zurich, IL	Products Sold in 100+ Countries	Employees ~6,800
2018 Revenue \$1.94B	2018 Adj. Net Income \$122.0M	2018 Adj. EPS \$1.14	Dividend Yield ² 2.7%
2018 FCF \$160.9M	2018 FCF Yield ¹ 16.7%	2018 Adj. EBITDA \$291.6M	2018 Adj. Gross Margin 32.3%

2018 Revenue by Region



2018 Revenue by Category



1. Represents FCF divided by market capitalization. Operating cash flow yield is 20.2% (\$195M, including \$34M of cap ex / (107M shares x \$9 stock price). FCF yield is 16.7% (\$161M FCF / (107M shares x \$9 stock price)).
 2. \$0.24 dividend per share / \$9 stock price

Executing For Long-term Profitable Growth

Fourth Quarter and Full Year Highlights

Challenging quarter and year in North America; managing through channel consolidation, inflation and adverse mix in the U.S. while driving sales to end-users

- Consolidation of commercial customers continues with two big customers in merger talks through most of the year; annual sales down 6%
- Investing in growing channels of mass, e-tail and tech
- 4Q18 and 1Q19 pricing actions expected to offset current inflation and tariffs
- Cost reductions expected to restore profitability from adverse product and customer mix

Great year in EMEA; realizing sales and cost synergies from Esselte acquisition

- Broad growth with comparable sales up 2% for the year
- Ahead of plan for acquisition cost synergies
- Executing well and gaining market share

Mixed results in International; currency headwinds offsetting organic improvements and acquisition

- High-single-digit growth in Brazil; strong 4Q sell-in for back to school
- Improving trends in Australia, but sales still down in 4Q and 2018
- Strong initial performance from GOBA acquisition in Mexico

Solid financial footing

- Significant FCF generation; \$161M for 2018; 16.7% FCF yield¹
- Strong balance sheet: balance between fixed and floating rate debt; no near-term debt maturities

Positioned for improved profitability in 2019

- Momentum outside of U.S.
- Solid innovation pipeline for 2019
- Expect profit recovery in U.S. through pricing and cost reductions

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Strategic Overview

Shifting Portfolio to Stronger Brands, Categories, Geographies And Channels

Expanded global presence with three acquisitions in the last three years

- Strong end-user demanded brands, complementary categories, additional distribution
 - Fundamentally changed EMEA and International segments from 2015 to 2018:
 - EMEA sales increased from \$200M to \$605M; Adj. operating income margin increased from 5.5% to 11.1%
 - International sales increased from \$285M to \$395M; Adj. operating income margin increased from 10.2% to 12.8%
-

Managing North America through a difficult channel transition

- Innovative products to fuel growth in faster growing channels and offset secular declines in mature channels and categories
 - Focusing on back-to-school products with strong end-user demand
 - Investing in mass, e-tail and tech channels to offset expected declines in commercial channels
 - Enabling independent dealers to increase direct purchases, increasing their competitiveness
 - Funding investments through cost reductions and productivity improvements
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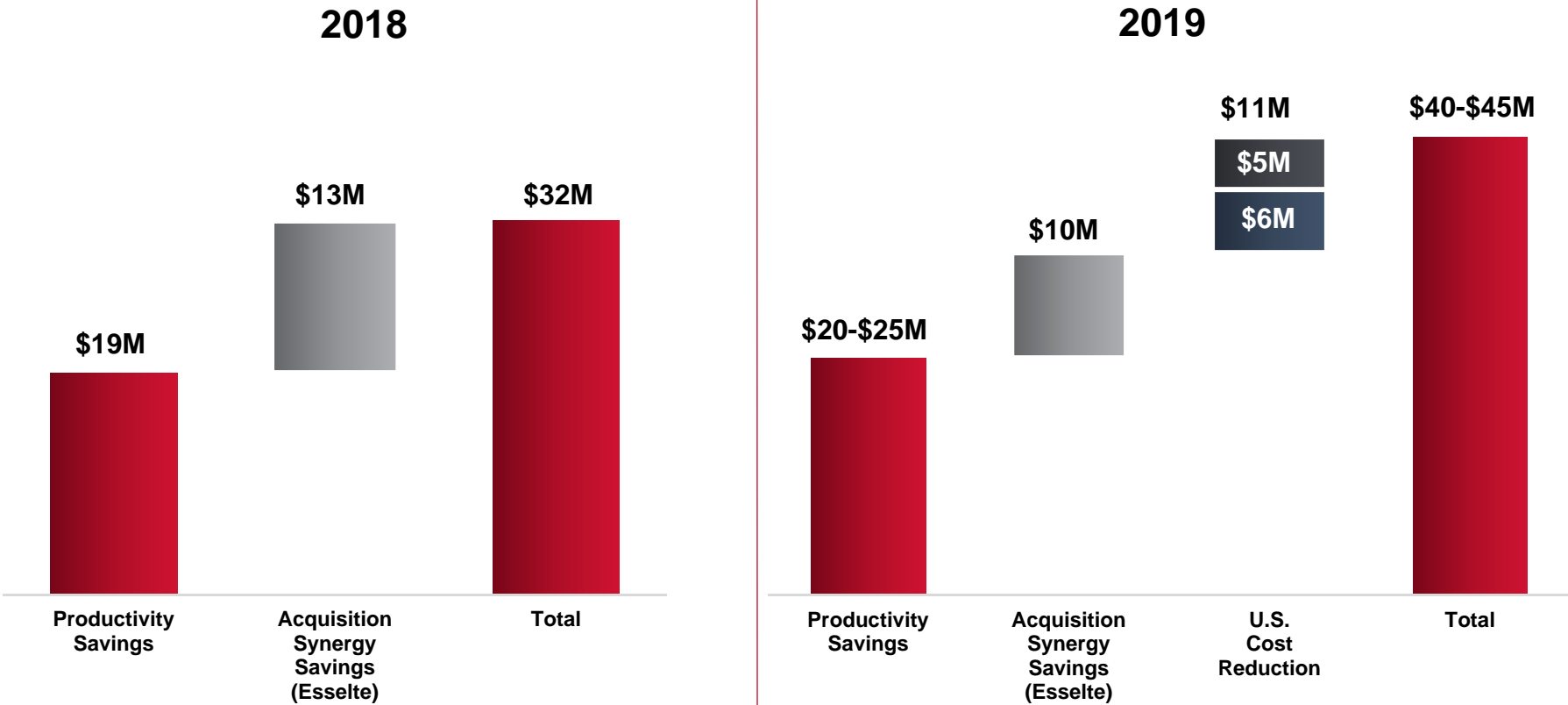
Balanced capital allocation

- Acquisitions, debt reduction, dividend growth, share repurchases
 - Maintaining debt ratios while making acquisitions and rewarding shareholders
 - \$471M for acquisitions and \$216M to shareholders since 2014
-

Driving productivity

- Lean Six Sigma-based productivity improvements to fund investments, improve profits and grow FCF
- Driving supply chain improvements: supplier consolidation, volume-based negotiations, alternative countries of supply (Vietnam, Taiwan, India, Brazil), increasing insourcing to owned manufacturing sites
- Expecting to exceed our \$23M target in acquisition cost synergies (Esselte)

Continuing To Execute Upon Our Cost Savings Track Record



Savings will be largely reinvested back into the business

Broad Geographic Reach with Long-term Growth Opportunities

Flat to +2%

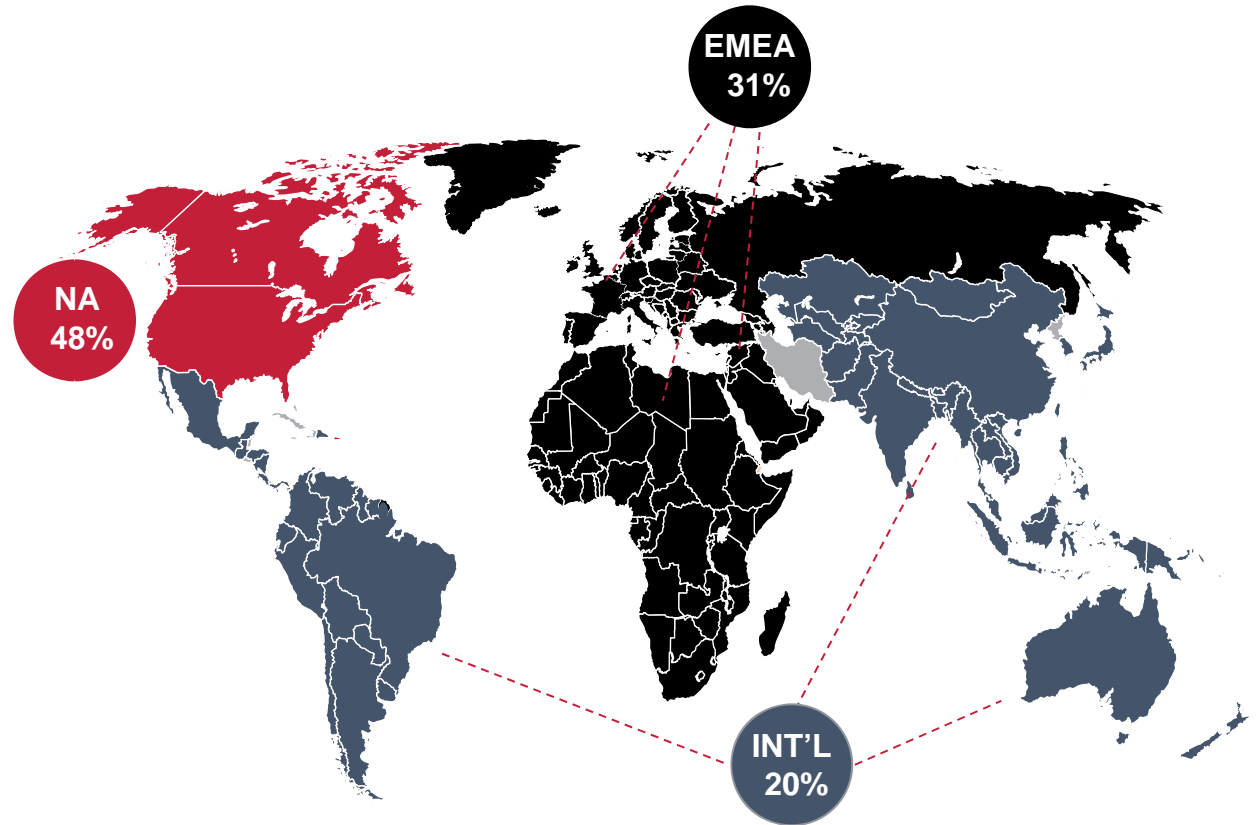
Revenue CAGR 2019-2021

- We expect growth in **faster growing markets of 5%+** over the next 3 years in aggregate
- We expect **North America** to be flat to slightly down, with growth originating from EMEA and International regions

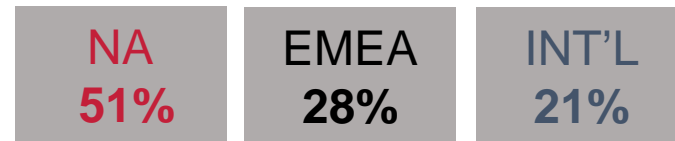
Revenue CAGR Estimate 2019-2021

NA	EMEA	INT'L
-2% – 0%	0% – 2%	3% – 5%

Our Global Reach (% of 2018 Revenue)



Segment Income (% of 2018 Adj. OI)



Fourth Quarter Results

	\$ in M (except per share data)	Trends Versus Prior-Year Period
Sales	\$529.3	-7%, or -5% on a comparable basis, as growth from acquisitions was offset by foreign currency and lower sales in the U.S.
Reported Operating Income	\$66.0	-15% driven by lower U.S. sales, adverse mix, inflation in U.S. and FX, partially offset by lower incentive compensation expense
Adjusted Operating Income	\$70.1	-17% driven by lower U.S. sales, adverse mix, inflation in U.S. and FX, partially offset by lower incentive compensation expense
Reported EPS	\$0.34	-50% due to the non-repeat of a one-time tax benefit in the prior year, as well as the above factors, partly offset by lower charges in the current year
Adjusted EPS	\$0.41	-15% due to lower U.S. sales, adverse mix, inflation and adverse FX

Q4 2018 Margin Reconciliation

\$M	Q4 2018 Adjusted (non-GAAP)	Change vs. Prior Year Adjusted	Items of Significant Impact on Adjusted Results	Bps
Gross Profit	\$177.2	\$(22.2)	Acquisition	(10)
Gross Margin	33.5%	-170 bps	Product cost / Inflation, net	(50)
			Cost savings	50
			Mix	(160)
SG&A	\$97.6	\$(7.9)	Incentive compensation expense	(120)
SG&A Margin	18.4%	-20 bps	Net cost savings / Synergies	(30)
			Investment / Lower volume / Other	110
			FX	20

FY 2018 Results

	\$ in M (except per share data)	Trends Versus Prior Year
Sales	\$1,941.2	Down modestly as growth from acquisitions and EMEA was offset lower sales in the U.S. and International and adverse foreign currency
Reported Operating Income	\$187.0	+1% due to lower charges
Adjusted Operating Income	\$203.4	-8% due to lower U.S. sales, adverse mix, inflation in U.S. and FX, partially offset by lower incentive compensation expense
Reported EPS	\$1.00	-16% due to the non-repeat of a one-time tax benefit in the prior year, as well as the above factors, partially offset by lower charges
Adjusted EPS	\$1.14	-4% due to lower U.S. sales, adverse mix, inflation and adverse FX

FY 2018 Margin Reconciliation

\$M	FY 2018 Adjusted (non-GAAP)	Change vs. Prior Year Adjusted	Items of Significant Impact on Adjusted Results	Bps
Gross Profit	\$627.9	\$(30.3)	Acquisition	(10)
Gross Margin	32.3%	-150 bps	Product cost / Inflation, net	(40)
			Cost savings	80
			Mix	(180)
SG&A	\$387.8	\$(12.8)	Incentive compensation expense	(100)
SG&A Margin	20.0%	-60 bps	Net cost savings / Synergies	(50)
			Investment / Lower volume / Other	80
			FX	10

Segment Results

Segment Financial Metrics	4Q18	4Q17	Y/Y Change	2018	2017	Y/Y Change
ACCO Brands North America						
Sales	\$228.9	\$253.2	-9.6%	\$940.7	\$999.0	-5.8%
Comparable Sales	-9.2%	-1.4%		-5.9%	-3.2%	
Adjusted Operating Income	\$31.6	\$46.2	-31.6%	\$122.8	\$158.2	-22.4%
Adjusted Operating Margin	13.8%	18.2%	-440bps	13.1%	15.8%	-270bps
ACCO Brands EMEA						
Sales	\$167.1	\$177.5	-5.9%	\$605.2	\$542.8	11.5%
Comparable Sales	-1.7%	-9.9%		1.6%	-10.2%	
Adjusted Operating Income	\$23.0	\$25.0	-8.0%	\$67.4	\$49.5	36.2%
Adjusted Operating Margin	13.8%	14.1%	-30bps	11.1%	9.1%	200bps
ACCO Brands International						
Sales	\$133.3	\$136.1	-2.1%	\$395.3	\$407.0	-2.9%
Comparable Sales	0.1%	-1.6%		-2.5%	-2.7%	
Adjusted Operating Income	\$24.3	\$25.7	-5.4%	\$50.7	\$57.1	-11.2%
Adjusted Operating Margin	18.2%	18.9%	-70bps	12.8%	14.0%	-120bps

FY 2018 Cash Flow

\$M	Q1'18	Q2'18	Q3'18	Q4'18	FY '18	Change vs. FY'17
Adjusted EBITDA	\$42	\$79	\$77	\$94	\$292	\$(27)
Interest and taxes	(12)	(27)	(8)	(25)	(72)	1
Capital expenditures	(8)	(9)	(9)	(8)	(34)	(3)
Working capital and other	35	(113)	29	46	(3)	6
Cash restructuring costs	(3)	(4)	(4)	(4)	(15)	(2)
Transaction and integration expenses	(2)	(2)	(2)	(1)	(7)	8
Free cash flow	\$52	\$(76)	\$83	\$102	\$161	\$(17)
FX impact on cash balance	--	(7)	--	--	(7)	(13)
Gross debt incr/(decr)	19	119	(58)	(131)	(51)	(287)
Debt issuance cost	--	--	(1)	--	(1)	3
Cost of Acquisition	--	--	(37)	(1)	(38)	254
Share repurchases	(11)	(40)	(25)	--	76	(34)
Dividends Paid	(6)	(7)	(6)	(6)	(25)	(25)
FX impact on Debt	(8)	26	1	8	27	75
Incr/(decr) in cash on hand	\$46	\$16	\$(44)	\$(28)	\$(10)	\$(44)

Capital Structure

- ❑ Capital structure as of Dec. 31, 2018
- ❑ No maturities until 2022

Facility	(\$M) Balance ¹	Interest Rate Methodology	Rate
\$500M multicurrency revolver	\$ 181	LIBOR+150 bps, 30 bps unused	3.76%
EUR Term Loan A	\$ 289	Euro LIBOR+150bps (LIBOR floor 0%)	1.50%
AUD Term Loan A	<u>\$ 43</u>	Australian BBSR+150bps	3.56%
Subtotal Senior secured credit facilities	\$ 513	Weighted average	2.47%
Senior unsecured notes	<u>\$ 375</u>	5.25% fixed	5.25%
Total Debt	\$ 888	Weighted average interest rate	3.64%

¹ Currencies converted at December 31, 2018 using closing spot rates.

Executing On Capital Allocation Strategy

Priorities

Capital Allocation	<ul style="list-style-type: none">• Disciplined capital allocation strategy• Prioritizes growth initiatives• Deploying FCF to strategic acquisitions, debt reduction, dividends, share repurchases
Debt Reduction	<ul style="list-style-type: none">• In 2018, repaid gross debt by \$62M• 2018 FYE Net Leverage of 2.8x
Shareholder Returns	<ul style="list-style-type: none">• In 2018, paid \$25M in dividends• In 2018, repurchased 6.0M shares for \$75M

2019 Guidance

As of 2/13/2019

Sales Growth	-3% to 0%
Adj. EPS¹	\$1.10 – \$1.20
Free Cash Flow	\$165M – \$175M

¹ Includes assumption for a \$(0.03) Fx impact, based on current spot rates, and a tax rate of 30-31%.

2019 Modeling Assumptions

\$M	2018 Actual	2019 Estimate¹
Capital Expenditures	\$34	\$35
Cash Restructuring / Integration Expenses²	\$21	\$8
Cash Interest, net	\$33	\$34
Book Interest Expense, net	\$37	\$36
Net Working Capital	Source \$17	Source
Pension	\$21	\$21
Depreciation	\$34	\$35
Amortization	\$37	\$35
Stock Comp Expense	\$9	\$13
Cash Taxes	\$34	\$48
Normalized Tax Rate	30%	30% – 31%
Diluted Shares (ex. future repurchases)	107	105

¹ Assumptions based on foreign exchange spot rates as of 12/31/2018.

² 2018 includes \$6M of cash costs for the Esselte acquisition and \$15M of cash restructuring costs; 2019 includes cash restructuring costs of \$8M.

Invest With Us as We Transform Our Company

Leading branded supplier of consumer and business products

Focused on increasing sales concentration in faster growing, consumer products categories

More than 75% of net sales from brands that occupy the #1 and #2 positions within their respective product categories

Scale, strategies, and capabilities to grow sales and EPS



More globally diversified business creates more stable financial performance

Acquisitive company skilled at integrating businesses and brands into portfolio

Strong cash flow generation that supports growth, innovation, and improved shareholder returns

Potential for more significant value creation over the next several years



Q&A

Reg G Reconciliations

ACCO Brands Corporation and Subsidiaries Reconciliation of GAAP to Adjusted Non-GAAP Information (Unaudited) (In millions, except per share data)

The following table sets forth a reconciliation of certain Income Statement information reported in accordance with GAAP to adjusted Non-GAAP Information.

	Three Months Ended December 31, 2018						Three Months Ended December 31, 2017					
	Reported GAAP	% of Sales	Adjusted Items	Adjusted Non-GAAP	% of Sales		Reported GAAP	% of Sales	Adjusted Items	Adjusted Non-GAAP	% of Sales	% Change Adjusted
Gross profit	\$ 177.1	33.5%	\$ 0.1 (A.1)	\$ 177.2	33.5%		\$ 199.4	35.2%	\$ —	\$ 199.4	35.2%	(11)%
Selling, general and administrative expenses	97.8	18.5%	(0.2) (A.2)	97.6	18.4%		107.3	18.9%	(1.8) (A.2)	105.5	18.6%	(7)%
Restructuring charges	3.8		(3.8) (A.3)	—			5.6		(5.6) (A.3)	—		NM
Operating income	66.0	12.5%	4.1	70.1	13.2%		77.3	13.6%	7.4	84.7	14.9%	(17)%
Income before income tax	58.8	11.1%	4.1	62.9	11.9%		70.1	12.4%	7.4	77.5	13.7%	(19)%
Income tax expense	23.8		(3.8) (A.7)	20.0			(3.9)		28.7 (A.7)	24.8		(19)%
Income tax rate	40.5%			32.0%			(5.6)%			32.0%		
Net income	\$ 35.0	6.6%	\$ 7.9	\$ 42.9	8.1%		\$ 74.0	13.1%	\$ (21.3)	\$ 52.7	9.3%	(19)%
Diluted income per share	\$ 0.34		\$ 0.08	\$ 0.41			\$ 0.68		\$ (0.20)	\$ 0.48		(15)%
Weighted average number of shares outstanding:	104.0			104.0			109.2			109.2		

Notes for Reconciliation of GAAP to Adjusted Non-GAAP Information (Unaudited)

- A. "Adjusted" results exclude restructuring charges, amortization of the step-up in value of finished goods, transaction and integration expenses associated with the acquisitions of Esselte Group Holdings AB ("Esselte"), Pelikan Artline and GOBA Internacional, S.A. de C.V. ("GOBA"). In addition, "Adjusted" results exclude other one-time or non-recurring items and all unusual income tax items, including income taxes related to the aforementioned items; in addition, income taxes have been recalculated at a normalized tax rate of 30% for 2018 and 32% for 2017.
1. Represents the adjustment related to the amortization of step-up in the value of finished goods inventory associated with the acquisition of Esselte in 2017.
 2. Represents the elimination of transaction and integration expenses associated with the acquisitions of Esselte (in 2018 and 2017), Pelikan Artline (in 2017 only) and GOBA (in 2018 only) and \$1.5 million gain on the sale of a distribution center (in 2017) related to the Pelikan Artline integration.
 3. Represents the elimination of restructuring charges.
 4. Represents the elimination of forward points on a hedged intercompany loan for the GOBA acquisition.
 5. Represents the elimination of a pension curtailment gain related to a restructuring project for the integration of Esselte.
 6. Represents the foreign currency gain of \$2.3 million related to the settlement of certain intercompany transactions in the second quarter of 2017, and the write-off of \$0.3 million in debt issuance costs and other costs associated with the Company's refinancing in the first quarter of 2017 related to the Esselte acquisition.
 7. Primarily reflects the tax effect of the adjustments outlined in items A.1-4 above and adjusts the company's effective tax rate to a normalized rate of 30% for 2018 (the Company adjusted the rate in the fourth quarter of 2018 to 30% from 29%, due to lower U.S. income; the impact for the quarter and year-to-date was \$1.8 million) and 32% for 2017. The lower normalized tax rate for 2018 is primarily due to the restructuring of our European legal entities following the acquisition of Esselte. The Company's estimated long-term rate remains subject to variations from the mix of earnings across the Company's operating jurisdictions and changes in tax laws.

Reg G Reconciliations

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The following table sets forth a reconciliation of certain Income Statement information reported in accordance with GAAP to adjusted Non-GAAP Information.

	Twelve Months Ended December 31, 2018					Twelve Months Ended December 31, 2017					% Change
	Reported GAAP	% of Sales	Adjusted Items	Adjusted Non-GAAP	% of Sales	Reported GAAP	% of Sales	Adjusted Items	Adjusted Non-GAAP	% of Sales	
Gross profit	\$ 627.8	32.3%	\$ 0.1 (A.1)	\$ 627.9	32.3%	\$ 657.3	33.7%	\$ 0.9 (A.1)	\$ 658.2	33.8%	(5)%
Selling, general and administrative expenses	392.4	20.2%	(4.6) (A.2)	387.8	20.0%	415.5	21.3%	(14.9) (A.2)	400.6	20.6%	(3)%
Restructuring charges	11.7		(11.7) (A.3)	—		21.7		(21.7) (A.3)	—		NM
Operating income	187.0	9.6%	16.4	203.4	10.5%	184.5	9.5%	37.5	222.0	11.4%	(8)%
Interest expense	41.2		(0.6) (A.4)	40.6		41.1		—	41.1		(1)%
Non-operating pension income	(9.3)		0.6 (A.5)	(8.7)		(8.5)		—	(8.5)		2 %
Other expense (income), net	1.6		—	1.6		(0.4)		2.0 (A.6)	1.6		— %
Income before income tax	157.9	8.1%	16.4	174.3	9.0%	158.1	8.1%	35.5	193.6	9.9%	(10)%
Income tax expense	51.2		1.1 (A.7)	52.3		26.4		35.6 (A.7)	62.0		(16)%
Income tax rate	32.4%			30.0%		16.7 %			32.0%		
Net income	\$ 106.7	5.5%	\$ 15.3	\$ 122.0	6.3%	\$ 131.7	6.8%	\$ (0.1)	\$ 131.6	6.8%	(7)%
Diluted income per share	\$ 1.00		\$ 0.14	\$ 1.14		\$ 1.19		\$ —	\$ 1.19		(4)%
Weighted average number of shares outstanding:	107.0			107.0		110.9			110.9		

Notes for Reconciliation of GAAP to Adjusted Non-GAAP Information (Unaudited)

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 5. Represents the elimination of a pension curtailment gain related to a restructuring project for the integration of Esselte.
 6. Represents the foreign currency gain of \$2.3 million related to the settlement of certain intercompany transactions in the second quarter of 2017, and the write-off of \$0.3 million in debt issuance costs and other costs associated with the Company's refinancing in the first quarter of 2017 related to the Esselte acquisition.
 7. Primarily reflects the tax effect of the adjustments outlined in items A.1-4 above and adjusts the company's effective tax rate to a normalized rate of 30% for 2018 (the Company adjusted the rate in the fourth quarter of 2018 to 30% from 29%, due to lower U.S. income; the impact for the quarter and year-to-date was \$1.8 million) and 32% for 2017. The lower normalized tax rate for 2018 is primarily due to the restructuring of our European legal entities following the acquisition of Esselte. The Company's estimated long-term rate remains subject to variations from the mix of earnings across the Company's operating jurisdictions and changes in tax laws.

Reg G Reconciliations

ACCO Brands Corporation and Subsidiaries Reconciliation of Net Income to Adjusted EBITDA and Net Leverage Ratio (Unaudited) (In millions)

"Adjusted EBITDA" represents net income after adding back depreciation; stock-based compensation expense; amortization of intangibles; interest expense, net; other expense (income), net; and income tax expense. Adjusted EBITDA also excludes the amortization of the step-up in value of finished goods inventory, transaction, integration, and restructuring charges and a pension curtailment gain related to a restructuring project for the integration of Esselte within the ACCO Brands EMEA segment. The following table sets forth a reconciliation of net income reported in accordance with GAAP to Adjusted EBITDA. "Net Leverage Ratio" represents total debt less cash and cash equivalents divided by Adjusted EBITDA.

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2018	2017	% Change	2018	2017	% Change
Net income	\$ 35.0	\$ 74.0	(53)%	\$ 106.7	\$ 131.7	(19)%
Inventory step-up amortization	0.1	—	NM	0.1	0.9	(89)%
Transaction and integration expenses	0.2	1.8	(89)%	4.6	14.9	(69)%
Restructuring charges	3.8	5.6	(32)%	11.7	21.7	(46)%
Pension curtailment gain	—	—	NM	(0.6)	—	NM
Depreciation	8.5	9.3	(9)%	34.0	35.6	(4)%
Stock-based compensation	2.8	5.1	(45)%	8.8	17.0	(48)%
Amortization of intangibles	9.5	9.2	3%	36.7	35.6	3%
Interest expense, net	9.4	8.9	6%	36.8	35.3	4%
Other expense (income), net	—	0.6	(100)%	1.6	(0.4)	NM
Income tax expense	23.8	(3.9)	NM	51.2	26.4	94%
Adjusted EBITDA (non-GAAP)	<u>\$ 93.1</u>	<u>\$ 110.6</u>	<u>(16)%</u>	<u>\$ 291.6</u>	<u>\$ 318.7</u>	<u>(9)%</u>
Adjusted EBITDA as a % of Net Sales	17.6%	19.5%		15.0%	16.4%	

Net Leverage Ratio (Net Debt/Adjusted EBITDA):

	2018	2017
Total debt (gross debt)	\$ 888.0	\$ 939.5
Cash and cash equivalents	67.0	76.9
Net Debt (non-GAAP)	<u>\$ 821.0</u>	<u>\$ 862.6</u>
Net Leverage Ratio (non-GAAP)	2.8	2.7

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow (Unaudited) (In millions)

"Free Cash Flow" represents cash flow from operating activities less cash used for additions to property, plant and equipment, plus cash proceeds from the disposition of assets. The following table sets forth a reconciliation of net cash provided by operating activities reported in accordance with GAAP to Free Cash Flow.

	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2017
Net cash provided by operating activities	\$ 194.8	\$ 204.9
Net cash (used) provided by:		
Additions to property, plant and equipment	(34.1)	(31.0)
Proceeds from the disposition of assets	0.2	4.2
Free cash flow (non-GAAP)	<u>\$ 160.9</u>	<u>\$ 178.1</u>

Reg G Reconciliations

ACCO Brands Corporation and Subsidiaries Supplemental Business Segment Information and Reconciliation (Unaudited) (In millions)

	2018					2017					Changes					
	Reported Operating		Adjusted	Adjusted	Adjusted	Reported Operating		Adjusted	Adjusted	Adjusted	Net Sales	Net Sales	Adjusted	Adjusted	Margin	
	Income	Income	Income	Operating	Income	Income	Income	Operating	Operating	Income	Income	Operating	Operating	Income	Points	
Reported	Adjusted	Adjusted	Adjusted	Adjusted	Reported	Adjusted	Adjusted	Adjusted	Adjusted	Net Sales	Net Sales	Operating	Operating	Income	Points	
Net Sales	(Loss)	Items	(Loss) (B)	Margin (B)	Net Sales	(Loss) (A)	Items	(Loss) (B)	Margin (B)	\$	%	(Loss) \$	(Loss) %			
Q1:																
ACCO Brands North America	\$ 165.6	\$ 2.9	\$ 1.8	\$ 4.7	2.8%	\$ 174.9	\$ 5.8	\$ 1.4	\$ 7.2	4.1%	\$ (9.3)	(5.3)%	\$ (2.5)	(34.7)%	(130)	
ACCO Brands EMEA	154.5	14.1	3.3	17.4	11.3%	96.5	3.6	1.9	5.5	5.7%	58.0	60.1%	11.9	216.4%	560	
ACCO Brands International	85.7	5.8	0.8	6.6	7.7%	88.4	10.1	0.6	10.7	12.1%	(2.7)	(3.1)%	(4.1)	(38.3)%	(440)	
Corporate	—	(11.1)	0.4	(10.7)		—	(12.3)	2.9	(9.4)		—		(1.3)			
Total	\$ 405.8	\$ 11.7	\$ 6.3	\$ 18.0	4.4%	\$ 359.8	\$ 7.2	\$ 6.8	\$ 14.0	3.9%	\$ 46.0	12.8%	\$ 4.0	28.6%	50	
Q2:																
ACCO Brands North America	\$ 282.8	\$ 51.5	\$ 1.6	\$ 53.1	18.8%	\$ 280.6	\$ 51.7	\$ 2.8	\$ 54.5	19.4%	\$ 2.2	0.8%	\$ (1.4)	(2.6)%	(60)	
ACCO Brands EMEA	140.5	8.4	1.8	10.2	7.3%	128.5	(0.6)	8.5	7.9	6.1%	12.0	9.3%	2.3	29.1%	120	
ACCO Brands International	75.5	3.3	0.3	3.6	4.8%	80.9	4.0	3.9	7.9	9.8%	(5.4)	(6.7)%	(4.3)	(54.4)%	(500)	
Corporate	—	(11.4)	0.3	(11.1)		—	(11.8)	0.8	(11.0)		—		(0.1)			
Total	\$ 498.8	\$ 51.8	\$ 4.0	\$ 55.8	11.2%	\$ 490.0	\$ 43.3	\$ 16.0	\$ 59.3	12.1%	\$ 8.8	1.8%	\$ (3.5)	(5.9)%	(90)	
Q3:																
ACCO Brands North America	\$ 263.4	\$ 33.7	\$ (0.3)	\$ 33.4	12.7%	\$ 290.3	\$ 49.6	\$ 0.7	\$ 50.3	17.3%	\$ (26.9)	(9.3)%	\$ (16.9)	(33.6)%	(460)	
ACCO Brands EMEA	143.1	14.6	2.2	16.8	11.7%	140.3	7.8	3.3	11.1	7.9%	2.8	2.0%	5.7	51.4%	380	
ACCO Brands International	100.8	16.1	0.1	16.2	16.1%	101.6	11.2	1.6	12.8	12.6%	(0.8)	(0.8)%	3.4	26.6%	350	
Corporate	—	(6.9)	—	(6.9)		—	(11.9)	1.7	(10.2)		—		3.3			
Total	\$ 507.3	\$ 57.5	\$ 2.0	\$ 59.5	11.7%	\$ 532.2	\$ 56.7	\$ 7.3	\$ 64.0	12.0%	\$ (24.9)	(4.7)%	\$ (4.5)	(7.0)%	(30)	
Q4:																
ACCO Brands North America	\$ 228.9	\$ 28.5	\$ 3.1	\$ 31.6	13.8%	\$ 253.2	\$ 45.3	\$ 0.9	\$ 46.2	18.2%	\$ (24.3)	(9.6)%	\$ (14.6)	(31.6)%	(440)	
ACCO Brands EMEA	167.1	22.3	0.7	23.0	13.8%	177.5	21.2	3.8	25.0	14.1%	(10.4)	(5.9)%	(2.0)	(8.0)%	(30)	
ACCO Brands International	133.3	24.0	0.3	24.3	18.2%	136.1	25.6	0.1	25.7	18.9%	(2.8)	(2.1)%	(1.4)	(5.4)%	(70)	
Corporate	—	(8.8)	—	(8.8)		—	(14.8)	2.6	(12.2)		—		3.4			
Total	\$ 529.3	\$ 66.0	\$ 4.1	\$ 70.1	13.2%	\$ 566.8	\$ 77.3	\$ 7.4	\$ 84.7	14.9%	\$ (37.5)	(6.6)%	\$ (14.6)	(17.2)%	(170)	
YTD:																
ACCO Brands North America	\$ 940.7	\$ 116.6	\$ 6.2	\$ 122.8	13.1%	\$ 999.0	\$ 152.4	\$ 5.8	\$ 158.2	15.8%	\$ (58.3)	(5.8)%	\$ (35.4)	(22.4)%	(270)	
ACCO Brands EMEA	605.2	59.4	8.0	67.4	11.1%	542.8	32.0	17.5	49.5	9.1%	62.4	11.5%	17.9	36.2%	200	
ACCO Brands International	395.3	49.2	1.5	50.7	12.8%	407.0	50.9	6.2	57.1	14.0%	(11.7)	(2.9)%	(6.4)	(11.2)%	(120)	
Corporate	—	(38.2)	0.7	(37.5)		—	(50.8)	8.0	(42.8)		—		5.3			
Total	\$1,941.2	\$ 187.0	\$ 16.4	\$ 203.4	10.5%	\$1,948.8	\$ 184.5	\$ 37.5	\$ 222.0	11.4%	\$ (7.6)	(0.4)%	\$ (18.6)	(8.4)%	(90)	

(A) 2017 historical data has been restated for ASU No. 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which is effective for the Company in the first quarter of 2018. This new standard requires presentation of all components of net periodic pension and postretirement benefit costs, other than service costs, in an income statement line item outside of a subtotal of income from operations. This has resulted in the reclass of \$8.5 million of income out of operating income into the account "non-operating pension income/costs" for the annual period ended December 31, 2017.

Reg G Reconciliations

ACCO Brands Corporation and Subsidiaries Supplemental Net Sales Change Analysis (Unaudited)

	% Change - Net Sales				\$ Change - Net Sales (in millions)			
	GAAP	Non-GAAP		Comparable Net Sales Change (A)	GAAP	Non-GAAP		Comparable Net Sales Change (A)
	Net Sales Change	Currency Translation	Acquisition		Net Sales Change	Currency Translation	Acquisition	
Q1 2018:								
ACCO Brands North America	(5.3)%	0.5%	0.5%	(6.3)%	\$(9.3)	\$0.9	\$0.9	\$(11.1)
ACCO Brands EMEA	60.1%	14.2%	44.2%	1.7%	58.0	13.7	42.7	1.6
ACCO Brands International	(3.1)%	2.7%	0.7%	(6.5)%	(2.7)	2.4	0.6	(5.7)
Total	12.8%	4.7%	12.3%	(4.2)%	\$46.0	\$17.0	\$44.2	\$(15.2)
Q2 2018:								
ACCO Brands North America	0.8%	0.5%	—%	0.3%	\$2.2	\$1.3	\$—	\$0.9
ACCO Brands EMEA	9.3%	6.5%	—%	2.8%	12.0	8.3	—	3.7
ACCO Brands International	(6.7)%	(1.9)%	—%	(4.8)%	(5.4)	(1.5)	—	(3.9)
Total	1.8%	1.7%	—%	0.1%	\$8.8	\$8.1	\$—	\$0.7
Q3 2018:								
ACCO Brands North America	(9.3)%	(0.5)%	—%	(8.8)%	\$(26.9)	\$(1.4)	\$—	\$(25.5)
ACCO Brands EMEA	2.0%	(2.7)%	—%	4.7%	2.8	(3.8)	—	6.6
ACCO Brands International	(0.8)%	(10.1)%	9.8%	(0.5)%	(0.8)	(10.3)	10.0	(0.5)
Total	(4.7)%	(2.9)%	1.9%	(3.7)%	\$(24.9)	\$(15.5)	\$10.0	\$(19.4)
Q4 2018:								
ACCO Brands North America	(9.6)%	(0.4)%	—%	(9.2)%	\$(24.3)	\$(1.1)	\$—	\$(23.2)
ACCO Brands EMEA	(5.9)%	(4.2)%	—%	(1.7)%	(10.4)	(7.4)	—	(3.0)
ACCO Brands International	(2.1)%	(9.3)%	7.1%	0.1%	(2.8)	(12.6)	9.7	0.1
Total	(6.6)%	(3.7)%	1.7%	(4.6)%	\$(37.5)	\$(21.1)	\$9.7	\$(26.1)
2018 YTD:								
ACCO Brands North America	(5.8)%	—%	0.1%	(5.9)%	\$(58.3)	\$(0.3)	\$0.9	\$(58.9)
ACCO Brands EMEA	11.5%	2.0%	7.9%	1.6%	62.4	10.8	42.7	8.9
ACCO Brands International	(2.9)%	(5.4)%	5.0%	(2.5)%	(11.7)	(22.0)	20.3	(10.0)
Total	(0.4)%	(0.6)%	3.3%	(3.1)%	\$(7.6)	\$(11.5)	\$63.9	\$(60.0)

(A) Comparable net sales represents net sales excluding acquisitions and with current-period foreign operation sales translated at prior-year currency rates.

Reg G Reconciliations

ACCO Brands Corporation and Subsidiaries Supplemental Net Sales Change Analysis (Unaudited)

	Percent Change - Sales						
	GAAP	Non-GAAP					
	Net Sales Change	Currency		Comparable Net Sales Change \$(A) (In millions of dollars)	Comparable Net Sales Change (A)	Price	\$ Volume/Mix
	Translation	Acquisitions					
Q1 2017:							
ACCO Brands North America	(2.5)%	0.3%	1.6%	\$(7.9)	(4.4)%	1.7%	(6.1)%
ACCO Brands EMEA	148.0%	(5.4)%	165.8%	(4.8)	(12.4)%	3.3%	(15.7)%
ACCO Brands International	47.6%	6.0%	42.9%	(0.8)	(1.3)%	3.2%	(4.5)%
Total	29.4%	0.8%	33.5%	\$(13.5)	(4.9)%	2.2%	(7.1)%
Q2 2017:							
ACCO Brands North America	(5.0)%	(0.5)%	1.3%	\$(17.2)	(5.8)%	(0.3)%	(5.5)%
ACCO Brands EMEA	211.1%	(5.1)%	224.5%	(3.4)	(8.3)%	2.4%	(10.7)%
ACCO Brands International	10.2%	1.4%	12.4%	(2.6)	(3.6)%	0.7%	(4.3)%
Total	19.5%	(0.6)%	25.7%	\$(23.2)	(5.6)%	0.1%	(5.7)%
Q3 2017:							
ACCO Brands North America	0.4%	0.5%	1.3%	\$(3.9)	(1.4)%	2.7%	(4.1)%
ACCO Brands EMEA	244.7%	2.9%	251.8%	(4.1)	(10.0)%	0.2%	(10.2)%
ACCO Brands International	0.1%	2.7%	1.5%	(4.1)	(4.1)%	(0.4)%	(3.7)%
Total	23.4%	1.2%	25.0%	\$(12.1)	(2.8)%	1.8%	(4.6)%
Q4 2017:							
ACCO Brands North America	0.4%	0.6%	1.2%	\$(3.5)	(1.4)%	1.3%	(2.7)%
ACCO Brands EMEA	248.7%	7.5%	251.1%	(5.0)	(9.9)%	4.1%	(14.0)%
ACCO Brands International	1.3%	1.7%	1.2%	(2.2)	(1.6)%	0.4%	(2.0)%
Total	29.5%	1.7%	30.3%	\$(10.7)	(2.5)%	1.4%	(3.9)%
2017 YTD:							
ACCO Brands North America	(1.7)%	0.2%	1.3%	\$(32.5)	(3.2)%	1.3%	(4.5)%
ACCO Brands EMEA	215.9%	0.5%	225.6%	(17.3)	(10.2)%	2.6%	(12.8)%
ACCO Brands International	10.2%	2.6%	10.3%	(9.7)	(2.7)%	0.7%	(3.4)%
Total	25.2%	0.8%	28.2%	\$(59.5)	(3.8)%	1.3%	(5.1)%

(A) Comparable net sales represents net sales excluding acquisitions and with current period foreign operation sales translated at prior year currency rates.

Reg G Reconciliations

ACCO Brands Corporation and Subsidiaries
Supplemental Business Segment Information and Reconciliation
(Unaudited)
(In millions)

	2016					2015				
	Net Sales	Reported OI	Adjusted Charges	Adjusted OI (A)	Adjusted OI Margin (A)	Net Sales	Reported OI	Adjusted Charges	Adjusted OI (A)	Adjusted OI Margin
YTD:										
ACCO Brands North America.....	1,016.1	\$ 149.8	\$ 1.2	\$ 151.0	14.9%	\$ 1,025.7	\$ 150.1	\$ (0.3)	\$ 149.8	14.6%
ACCO Brands Europe.....	171.8	8.0	-	8.0	4.7%	199.7	11.1	(0.1)	11.0	5.5%
ACCO Brands International.....	369.2	49.4	6.8	56.2	15.2%	285.0	29.1	-	29.1	10.2%
Corporate.....	-	(48.1)	10.6	(37.5)		-	(35.2)	-	(35.2)	
Total.....	\$ 1,557.1	\$ 159.1	\$ 18.6	\$ 177.7	11.4%	\$ 1,510.4	\$ 155.1	\$ (0.4)	\$ 154.7	10.2%

(A) "Adjusted" results exclude restructuring charges (credits), amortization of the step-up in value of finished goods, transaction and integration expenses associated with the acquisitions. In addition, "Adjusted" results exclude other one-time or non-recurring items.

Reg G Reconciliations

ACCO Brands Corporation
Reconciliation of Net Income to Adjusted EBITDA (Unaudited)
(In millions)

"Adjusted EBITDA" represents net income after adding back depreciation; stock-based compensation expense; amortization of intangibles; interest expense, net; other expense (income), net; and income tax expense. Adjusted EBITDA also excludes the amortization of the step-up in value of finished goods inventory, transaction, integration, restructuring charges and a pension curtailment gain related to a restructuring project for the integration of Esselte within the ACCO Brands EMEA segment. The following table sets forth a reconciliation of net income reported in accordance with GAAP to Adjusted EBITDA.

	Year ended December 31, 2018				
	Q1	Q2	Q3	Q4	YTD
Net income	\$ 10.4	\$ 25.7	\$ 35.6	\$ 35.0	\$106.7
Inventory step-up amortization	—	—	—	0.1	0.1
Transaction and integration expenses	1.6	1.9	0.9	0.2	4.6
Restructuring charges (credits)	4.7	2.1	1.1	3.8	11.7
Pension curtailment gain	—	—	(0.6)	—	(0.6)
Depreciation	9.0	8.5	8.0	8.5	34.0
Stock-based compensation	3.2	4.0	(1.2)	2.8	8.8
Amortization of intangibles	9.3	8.5	9.4	9.5	36.7
Interest expense, net	8.4	8.5	10.5	9.4	36.8
Other expense (income), net	(0.6)	1.6	0.6	—	1.6
Income tax expense	(4.3)	18.3	13.4	23.8	51.2
Adjusted EBITDA (non-GAAP)	\$ 41.7	\$ 79.1	\$ 77.7	\$ 93.1	\$291.6

Reg G Reconciliations

ACCO Brands Corporation Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow (In millions)

“Free Cash Flow” represents cash flow from operating activities less additions to property, plant and equipment, net of proceeds from the disposition of assets and other investing. The following table sets forth a reconciliation of reported net cash provided (used) by operating activities in accordance with GAAP to Free Cash Flow.

	Year ended December 31, 2018				
	Q1	Q2	Q3	Q4	YTD
Net cash provided by operating activities	\$ 60.4	\$ (66.9)	\$ 91.2	\$ 110.1	\$ 194.8
Net cash (used) provided by:					
Additions to property, plant and equipment	(8.0)	(9.0)	(9.3)	(7.8)	(34.1)
Proceeds from the disposition of assets	—	—	0.2	—	0.2
Free cash flow (non-GAAP)	\$ 52.4	\$ (75.9)	\$ 82.1	\$ 102.3	\$ 160.9