

A red geometric pattern of overlapping squares and rectangles, creating a 3D effect, occupies the left side of the slide. A white diagonal line separates this pattern from the white background on the right.

Office Depot, Inc.

Fourth Quarter 2017 Financial Results

February 28, 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

2017 Accomplishments

- Launched long-term strategy to create a powerful omni-channel business services company built for the future
- Built world-class management team with proven retail, technology and services expertise
- Acquired CompuCom and their world-class IT services capabilities to create a unique omni-channel tech services offering
- Launched BizBox small business services platform online and in stores
- FY 2017 GAAP operating income of \$341 million and diluted EPS from continuing operations of \$0.27
 - ✓ Adjusted operating income (AOI)⁽¹⁾ of \$446 million exceeded most recent outlook
 - ✓ AOI down slightly versus \$456 million in 2016 on a 52-week basis – despite significant sales pressure
 - ✓ Adjusted diluted EPS* from continuing operations of \$0.45 versus \$0.46 YoY
- Generated \$326 million of free cash flow⁽²⁾ from continuing operations

(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.

Long-Term Growth Strategy

Deliver customer focused value through the integration of business services and products via an omni-channel platform

Strategic Pillars	TRANSFORM our business to a services-driven company	DISRUPT for our future by developing new business models	STRENGTHEN our core by focusing on customer experience and value
Key Initiatives	<ul style="list-style-type: none">✓ CompuCom Expansion✓ Services-Led Store Experience	<ul style="list-style-type: none">✓ BizBox Subscriptions and Services Platform	<ul style="list-style-type: none">✓ Drive Demand Generation and Retention✓ Buying For Growth Delivering Value

OMNICHANNEL PLATFORM

Our Vision of the Future

FROM

Multi-Channel



Traditional Media



Products



Transactional



TO

Omni-Channel

Digital Marketing

Products & Services

Recurring Solutions

CompuCom – Award Winning IT Services

Just announced!

2018 Leader

Gartner Magic Quadrant

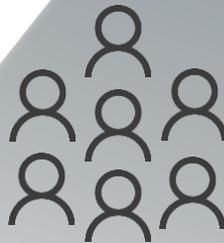
Managed Workplace Services, North America

Gartner

Unique Omni-Channel Offering for Customers



Broad Set of
WORLD CLASS
Services



Access to **MILLIONS**
of customers via:

- Retail
- Online
- Field Sales
- Inside Sales
- **CompuCom.**



Scale
Tech Services
in Retail

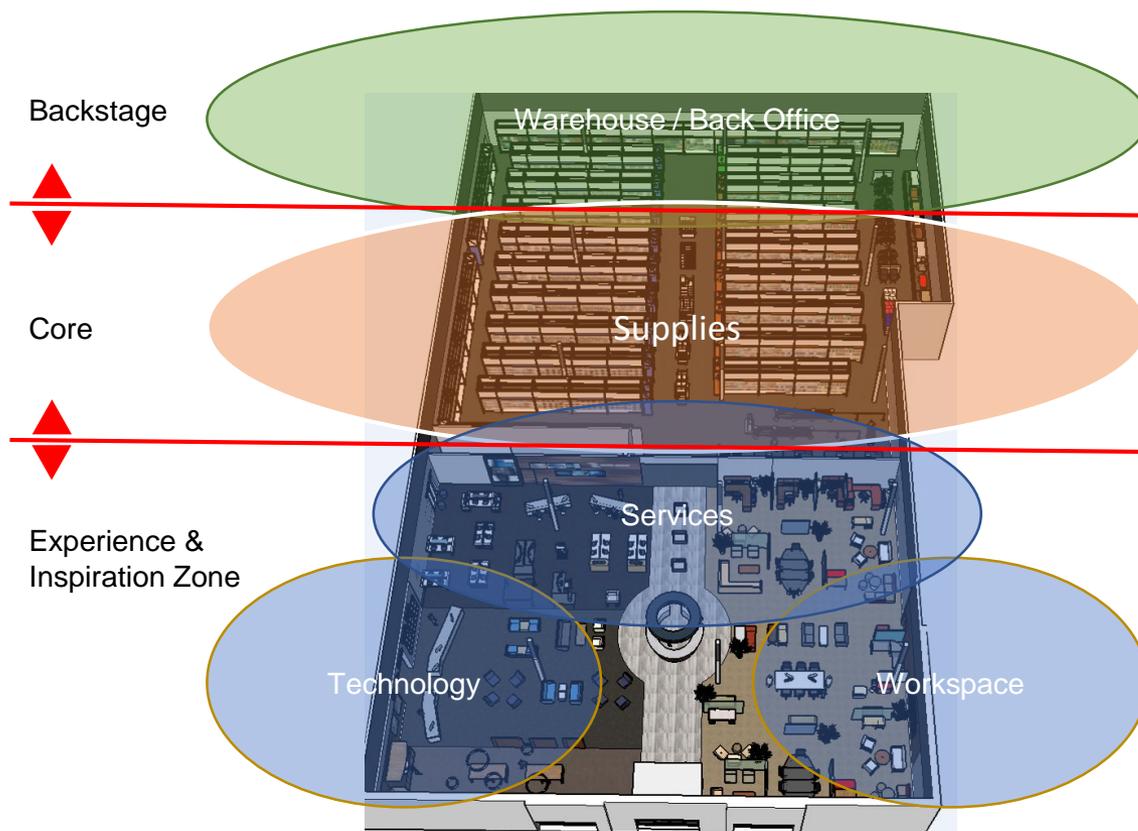


Cross-Selling
FULL SUITE
of Products & Services

Launched New IT Service/Subscription Offerings

Device Managed Services	<ul style="list-style-type: none"> • Subscription-based device support; multiple tiers • Agent installed on device as gateway to support team 	Live Now
Tech Support	<ul style="list-style-type: none"> • On-demand, transaction-based device support • Leverages DMS agent to proactively monitor • Complementary diagnostics 	Live Now
Managed IT Services	<ul style="list-style-type: none"> • Customized IT support for more complex needs • Remote and Field Service Team • Longer sales cycle, higher revenue per account 	Live Now
Tech Dispatch Services	<ul style="list-style-type: none"> • Field tech dispatch to home/office to perform services (e.g. printer installation) 	Testing Now Expected Launch in Q1
Security Services	<ul style="list-style-type: none"> • Security offering using mix of internal and third-party capabilities geared at 1-100 person(s) SMB companies 	Coming Soon

Creating a Services-Led Experience in Stores



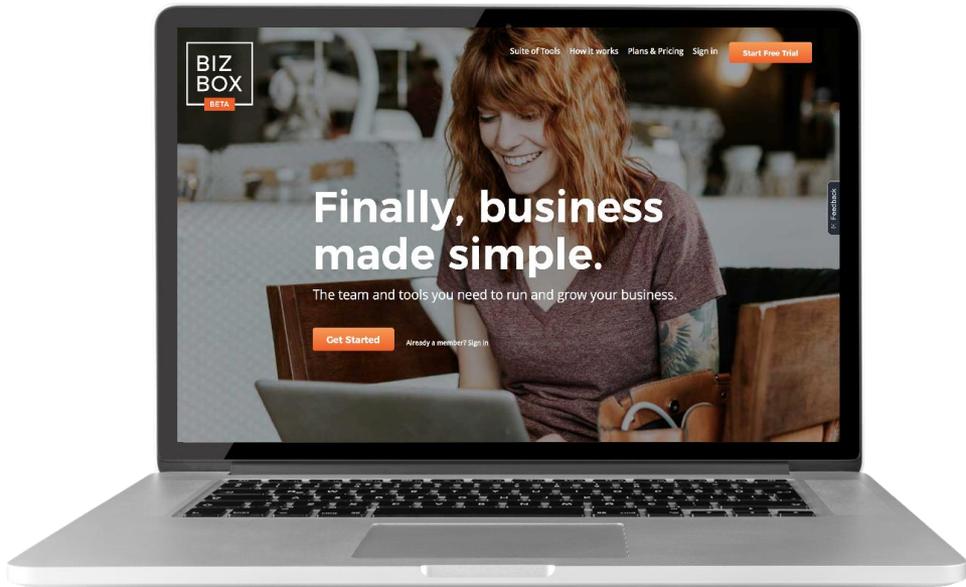
- ✓ Engage and inspire customers
- ✓ Focus on service offerings
- ✓ Clean and modern look
- ✓ Focus on interactivity
- ✓ Centered around local business community
- ✓ Empowered and passionate associates providing solutions

Retail Transformation – Austin Pilot Launch

- Objective – Increase sales, brand perception and omni-channel customer engagement through a customer-centric full-market rejuvenation
- Scope – 14 store locations in Austin, TX
 - ✓ 1 Downtown Flagship
Completely new store design, including tech services, commercial grade furniture showroom, virtual reality office designer, 3D printing, Dell store-within-a-store
 - ✓ 13 “Hybrid” Locations
Create new services-led landing experience, integrating BizBox, Tech and Copy & Print
- Local Marketing & Community Building
 - ✓ Develop hyper-local marketing program centered on local business community



BizBox: One-Stop Services Platform for Small Business



- Launched BizBox platform online and inside select retail stores
- Variety of end-to-end services for SMBs to start and grow their businesses
- Integrated and flexible architecture allows for additional future service offerings
- Experiencing positive customer feedback in early stages

Focus on the Customer



Redefine customer experience & offerings to attract and retain high-value business customers



DIRECT+INTERACTIVE+DIGITAL

Drive demand generation and retention with shift in marketing mix toward digital and direct marketing



Select Item(s)



Quantity and Schedule



Subscribe

Activate subscription-based focus

- ✓ Launched ink & toner in Q4'17 - over 145K subscriptions
- ✓ Introducing paper offering in Q1
- ✓ Accelerating launch of additional innovative subscription offerings across omni-channel platform
- ✓ Builds recurring customer relationships



Expanding Categories and Customer Value



Continue expansion into new categories, channels and industry vertical markets



Optimize assortment and reduce non-productive SKUs



Accelerate “Buying for Growth” initiative to drive lowest net cost



Drive value and simplicity for our customers with competitive pricing across all of our key offerings



Working with suppliers to design new and innovative private label products exclusive to Office Depot



Joe Lower
Chief Financial Officer

Fourth Quarter 2017 Summary

(\$ in millions, except per share amounts)	Fourth Quarter	
	2017	2016
Sales	\$2,581	\$2,725
Operating Income (GAAP)	\$59	\$57
Adjusted Operating Income ⁽¹⁾⁽²⁾	\$95	\$96
Net Income (Loss) from Continuing Operations (GAAP)	\$(48)	\$55
Adjusted Net Income from Continuing Operations ⁽¹⁾	\$45	\$59
Earnings (Loss) Per Share from Continuing Operations (GAAP)	\$(0.09)	\$0.10
Adjusted Diluted EPS from Continuing Operations ⁽¹⁾	\$0.08	\$0.11

- Total reported Company sales declined 5% compared to Q4 2016
 - ✓ Down 4% adjusted for store closures, foreign currency, CompuCom acquisition and 53rd week in 2016⁽¹⁾
 - ✓ Impacted by lower transaction volume in both the Retail and Business Solutions Divisions
- 4Q17 adjusted operating income⁽¹⁾ of \$95 million, flat to 4Q16 excluding 53rd week in prior year
 - ✓ Excludes \$36 million in merger, restructuring, acquisition costs and asset impairment charges
- 4Q17 adjusted EPS⁽¹⁾ from continuing operations of \$0.08 vs. \$0.11 in 4Q16
 - ✓ Excludes \$68 million change in deferred income tax liability and special items above

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

(2) 4Q 2016 adjusted operating income excludes the benefit of \$15 million from the additional 53rd week

Full Year 2017 Summary

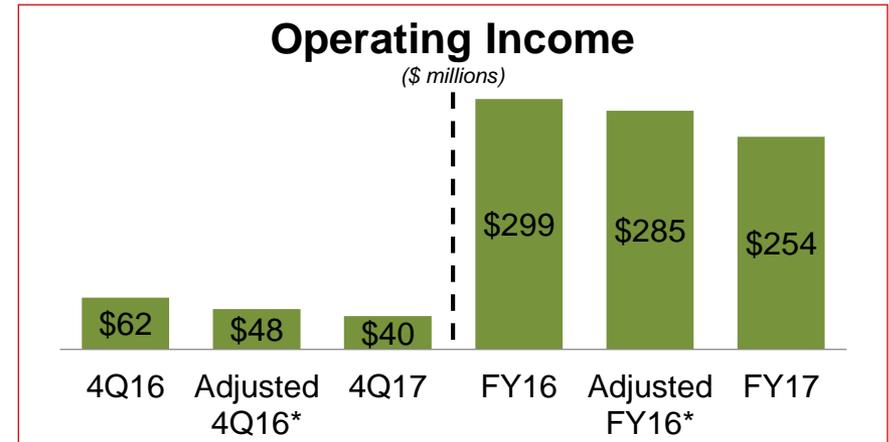
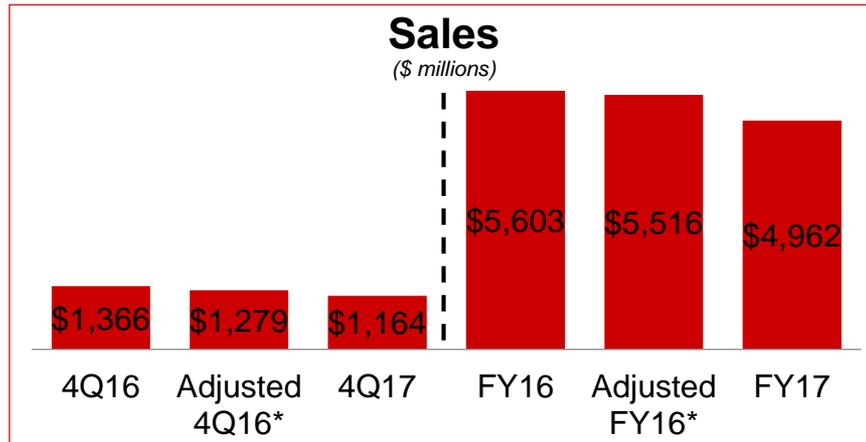
(\$ in millions, except per share amounts)	Full Year	
	2017	2016
Sales	\$10,240	\$11,021
Operating Income (GAAP)	\$341	\$531
Adjusted Operating Income ⁽¹⁾⁽²⁾	\$446	\$456
Net Income from Continuing Operations (GAAP)	\$146	\$679
Adjusted Net Income from Continuing Operations ⁽¹⁾	\$241	\$251
Earnings Per Share from Continuing Operations (GAAP)	\$0.27	\$1.24
Adjusted Diluted EPS from Continuing Operations ⁽¹⁾	\$0.45	\$0.46

- Total reported Company sales declined 7% compared to 2016
 - ✓ Down 5% adjusted for store closures, foreign currency, CompuCom acquisition and 53rd week in 2016⁽¹⁾
 - ✓ Impacted by lower transaction volume in both the Retail and Business Solutions Divisions
- FY17 adjusted operating income⁽¹⁾ of \$446 million, down \$10 million versus 2016 on a comparable 52-week basis
- FY17 adjusted EPS⁽¹⁾ from continuing operations of \$0.45, roughly flat to prior year

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(2) FY2016 adjusted operating income excludes the benefit of \$15 million from the additional 53rd week

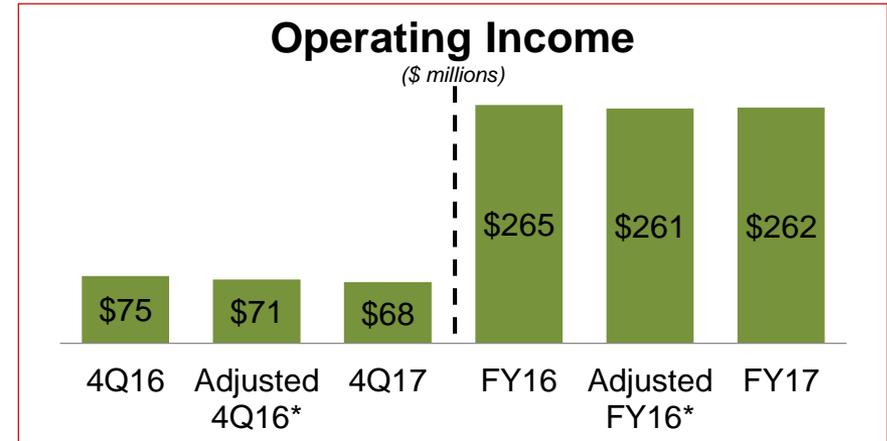
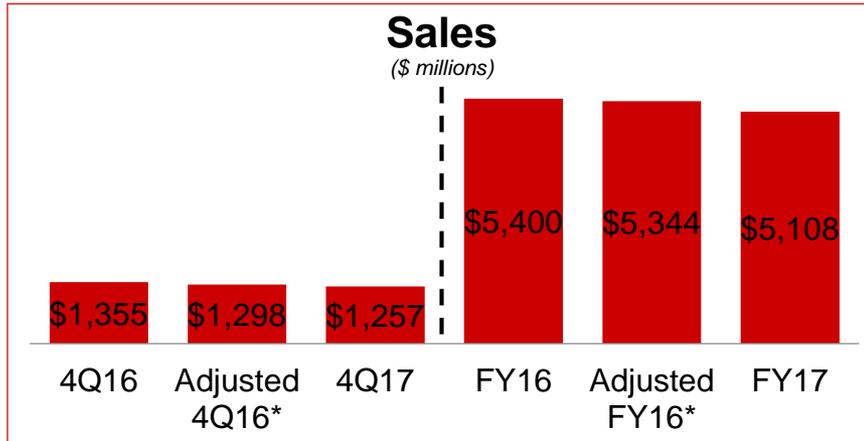
Retail Division – Q4 and FY 2017



- 4Q17 reported sales declined 15% due to comparable store sales decline of 4%, impact from planned store closures and extra week in 2016
 - ✓ Fewer transactions and lower average order values
 - ✓ Sales increased in our cleaning and breakroom category, remained flat to prior year in supplies and furniture and declined within technology products
- 4Q17 operating income decreased \$8 million compared to prior year, excluding 53rd week benefit in 2016
 - ✓ Negative flow-through impact from lower sales and lower gross margin rate more than offset reduced SG&A expenses from cost reduction initiatives

* Adjusted 4Q16 and adjusted FY16 amounts exclude the benefit of \$87 million in sales and \$14 million in operating income from the additional 53rd week

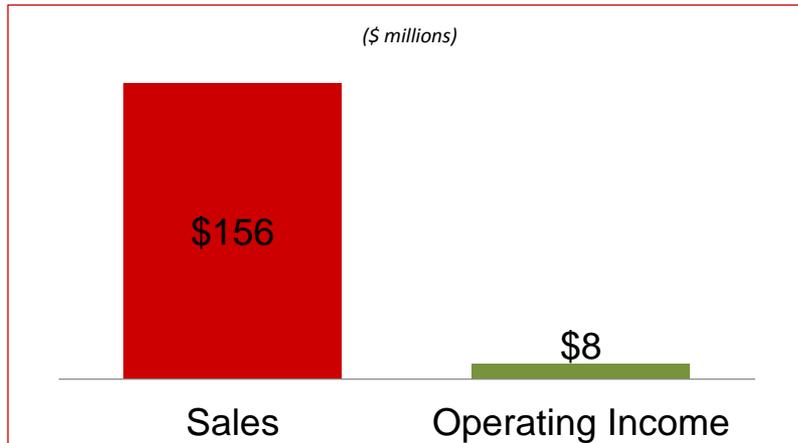
Business Solutions Division – Q4 and FY 2017



- 4Q17 reported sales decreased 7% versus 4Q16; down 3% excluding extra week in 2016; sequential improvement of 150 bps over 3Q17
 - ✓ Sales decline primarily driven by lower average sales volume in the contract channel, shift in holiday calendar and impact of sales from omni-channel programs recorded in Retail division
 - ✓ Sales increased in furniture and our copy & print business, remained flat to prior year in cleaning and breakroom and declined within supplies and technology product categories
- 4Q17 operating income decreased \$3 million YoY, excluding 53rd week benefit
 - ✓ Negative flow-through impact from lower sales and lower gross margin rate more than offset reduced SG&A expenses from cost savings and efficiencies

* Adjusted 4Q16 and adjusted FY16 amounts exclude the benefit of \$56 million in sales and \$4 million in operating income from the additional 53rd week

CompuCom – Q4'17*



- Reported sales of \$156 million in post-acquisition period
 - ✓ Strong sales performance during the quarter
 - ✓ Project order volumes achieved record levels in Q4 2017
 - ✓ Service orders up and reached highest level in last two years
- Operating income of \$8 million in post-acquisition period
 - ✓ Gross margin rate up and continues to improve sequentially
 - ✓ Cost reductions and efficiencies driving lower SG&A expenses

* Results for CompuCom are for reported stub period only subsequent to the acquisition on November 8, 2017

Balance Sheet / Cash Flow Highlights*

<p>Net Cash Position</p>	<ul style="list-style-type: none"> • Total liquidity of approximately \$1.5 billion at end of 2017 <ul style="list-style-type: none"> ✓ \$0.6 billion of cash & equivalents ✓ \$0.9 billion available on asset-based lending facility • Debt of \$1.0 billion at end of 2017, excluding non-recourse timber notes
<p>Operating Cash Flow</p>	<ul style="list-style-type: none"> • Operating cash flow provided \$467 million in 2017, driven by working capital improvements and included cash outflows related to: <ul style="list-style-type: none"> ✓ \$53 million in OfficeMax merger integration costs ✓ \$53 million in restructuring activities ✓ \$15 million in acquisition-related costs
<p>Capital Expenditures</p>	<ul style="list-style-type: none"> • Capital expenditures of \$141 million in 2017 <ul style="list-style-type: none"> ✓ Includes merger integration capex of \$19 million
<p>Free Cash Flow</p>	<ul style="list-style-type: none"> • Generated strong free cash flow of \$326 million in 2017
<p>Shareholder Return</p>	<ul style="list-style-type: none"> • Repurchased approximately 14 million shares for \$56 million in 2017 • Paid cash dividends totaling \$0.10 per share or approximately \$53 million in 2017

* 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.

Building for Long-Term Value



Stability in the Core



Shift to Recurring / Service Based Model



“Green Shoots” of Improvement



Free Cash Flow Generation

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

Q & A

Appendix

2018 Projected Outlook*

	Fiscal 2018
Combined Company Full-Year Sales	~ \$10.6 billion
Adjusted Operating Income	~ \$350 million
Adjusted Diluted Earnings Per Share	~ \$0.30
Free Cash Flow	~ \$325 million

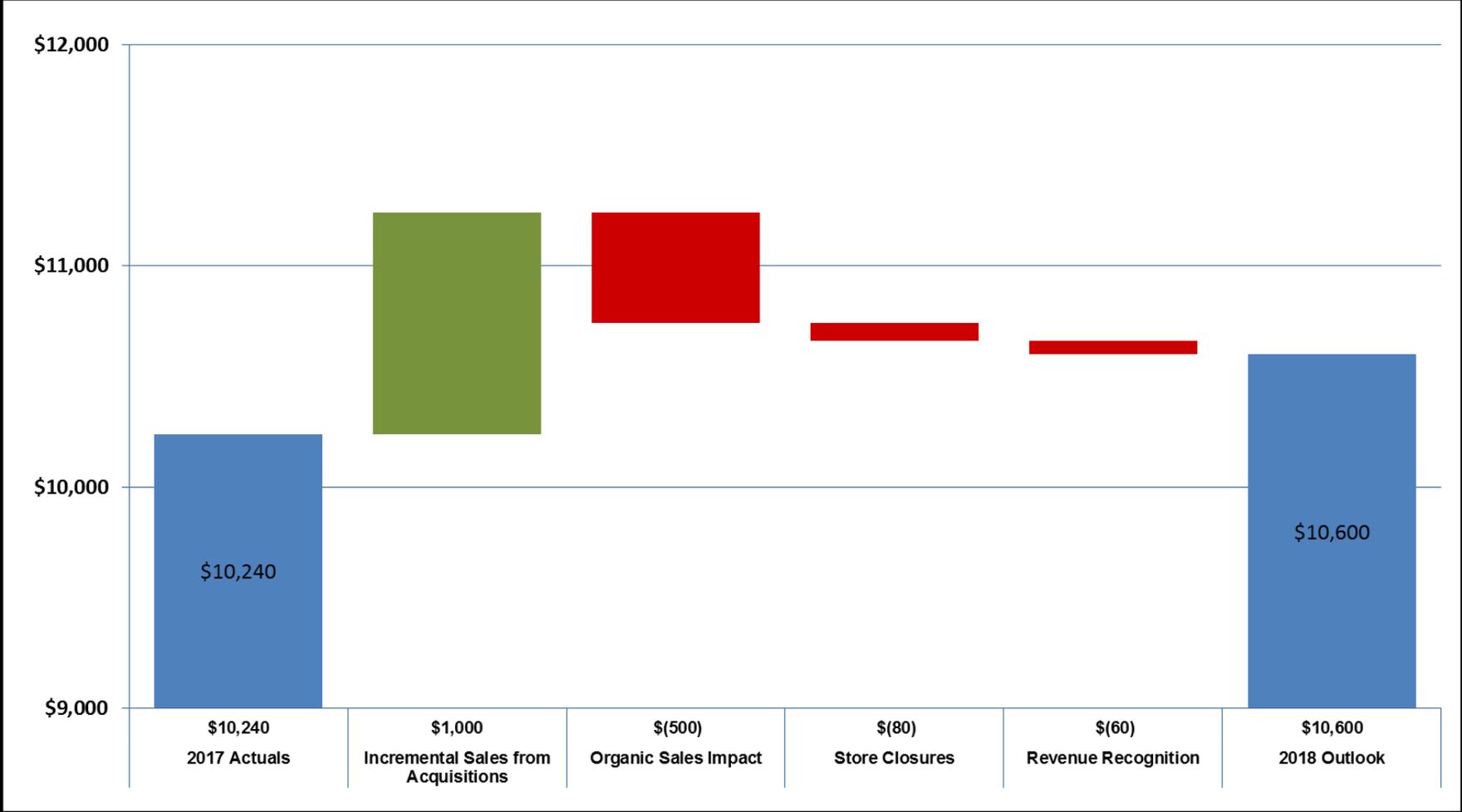
Other underlying assumptions include:

Net Interest Expense	~ \$100 million
Non-GAAP Effective Tax Rate	~ 31%
Full-Year Weighted-Average Diluted Share Count	~ 570 million
Depreciation and Amortization Expense	~ \$175 million
Capital Expenditures	~ \$175 million
Cash Tax Rate	< 10%

* The Company's 2018 outlook is for continuing operations only and includes non-GAAP measures, which excludes charges or credits not indicative of core operations. The exact amount of these charges or credits are not currently determinable and as such, the Company is unable to provide equivalent reconciliations from GAAP to non-GAAP for these financial measures.

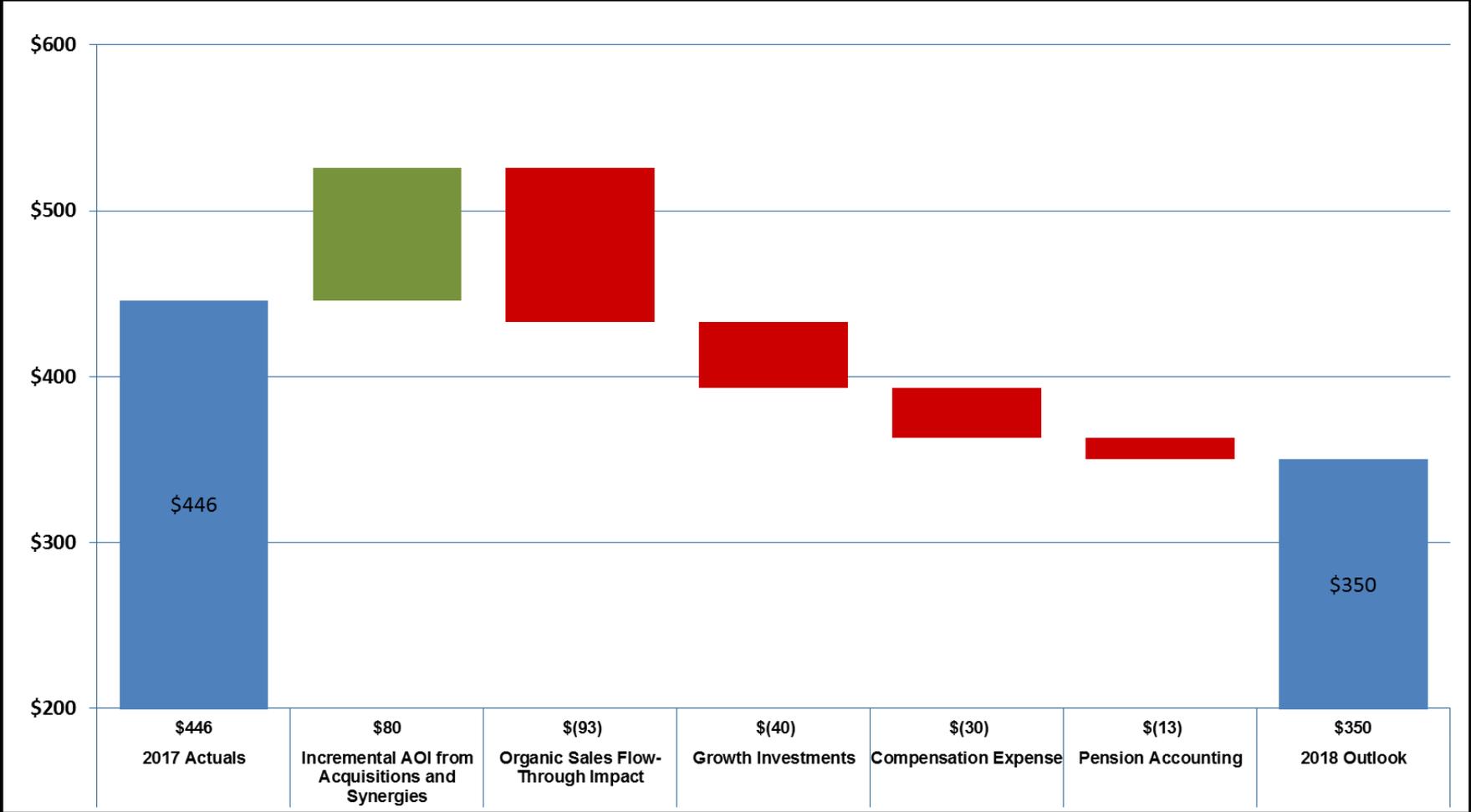
2018 Sales Walk

\$ in Millions



2018 Adjusted Operating Income* Walk

\$ in Millions



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