



First Quarter 2014 GAAP to Non-GAAP Reconciliations

April 30, 2014



KapStone Paper and Packaging Corporation
Supplemental Information
GAAP to Non-GAAP Reconciliations
(\$ in thousands, except share and per share amounts)
(unaudited)

	Quarter Ended March 31,	
	2014	2013
Net Income (GAAP) to EBITDA (Non-GAAP) to Adjusted EBITDA (Non-GAAP):		
Net income (GAAP)	\$ 32,099	\$ 18,459
Interest expense, net	7,779	1,875
Amortization of debt issuance costs	1,450	726
Provision for income taxes	16,766	9,426
Depreciation and amortization	32,709	17,224
EBITDA (Non-GAAP)	\$ 90,803	\$ 47,710
Acquisition, start up and other expenses	1,814	611
Stock-based compensation expense	2,918	2,345
Adjusted EBITDA (Non-GAAP)	\$ 95,535	\$ 50,666
Net Income (GAAP) to Adjusted Net Income (Non-GAAP):		
Net income (GAAP)	\$ 32,099	\$ 18,459
Acquisition, start up and other expenses	1,188	404
Stock-based compensation expense	1,911	1,552
Adjusted Net Income (Non-GAAP)	\$ 35,198	\$ 20,415
Basic EPS (GAAP) to Adjusted Basic EPS (Non-GAAP):		
Basic EPS (GAAP)	\$ 0.34	\$ 0.19
Acquisition, start up and other expenses	0.01	-
Stock-based compensation expense	0.02	0.02
Adjusted Basic EPS (Non-GAAP)	\$ 0.37	\$ 0.21
Diluted EPS (GAAP) to Adjusted Diluted EPS (Non-GAAP):		
Diluted earnings per share (GAAP)	\$ 0.33	\$ 0.19
Acquisition, start up and other expenses	0.01	-
Stock-based compensation expense	0.02	0.02
Adjusted Diluted EPS (Non-GAAP)	\$ 0.36	\$ 0.21

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Net Debt and Debt to Equity Ratio
(In thousands)
(unaudited)

Calculation of Net Debt

	Quarter Ended				
	<u>3/31/2014</u>	<u>12/31/2013</u>	<u>9/30/2013</u>	<u>6/30/2013</u>	<u>3/31/2013</u>
Current portion of LT debt	\$ 15,013	\$ 4,950	\$ 44,950	\$ 5,313	\$ -
Short-term borrowings	-	-	36,500	13,700	52,200
Other borrowings	4,627	-	1,376	1,703	2,719
Long term debt, net	1,182,579	1,192,413	1,202,213	290,323	294,973
Unamortized debt issuance costs	24,996	26,400	27,837	9,677	10,340
	<u>1,227,215</u>	<u>1,223,763</u>	<u>1,312,876</u>	<u>320,716</u>	<u>360,232</u>
Less cash and cash equivalents	<u>(23,949)</u>	<u>(12,967)</u>	<u>(12,187)</u>	<u>(8,404)</u>	<u>(7,618)</u>
Total Net Debt (non GAAP)	<u>\$ 1,203,266</u>	<u>\$ 1,210,796</u>	<u>\$ 1,300,689</u>	<u>\$ 312,312</u>	<u>\$ 352,614</u>
Decrease (increase) during the quarter	<u>\$ 7,530</u>	<u>\$ 89,893</u>	<u>\$ (988,377)</u>	<u>\$ 40,302</u>	<u>\$ (289)</u>
<u>Net Debt to Capital ratio calculation</u>					
Net debt	\$ 1,203,266	\$ 1,210,796	\$ 1,300,689	\$ 312,312	\$ 352,614
Capital (Equity plus Long term debt, net)	\$ 1,884,705	\$ 1,858,493	\$ 1,812,072	\$ 856,148	\$ 834,668
Ratio	<u>63.8%</u>	<u>65.1%</u>	<u>71.8%</u>	<u>36.5%</u>	<u>42.2%</u>

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Cash Flow From Operations and Adjusted Free Cash Flow
(In thousands)
(unaudited)

	Quarter Ended				
	<u>3/31/2014</u>	<u>12/30/2013</u>	<u>9/30/2013</u>	<u>6/30/2013</u>	<u>3/31/2013</u>
Cash flow from operations (GAAP)	\$ 38,951	\$ 129,811	\$ 98,211	\$ 55,035	\$ 15,637
Less capital expenditures	<u>(32,420)</u>	<u>(40,435)</u>	<u>(23,558)</u>	<u>(15,881)</u>	<u>(16,832)</u>
Adjusted free cash flow (Non-GAAP)	<u>\$ 6,531</u>	<u>\$ 89,376</u>	<u>\$ 74,653</u>	<u>\$ 39,154</u>	<u>\$ (1,195)</u>
Average diluted shares outstanding	97,315,766	97,112,699	96,957,140	96,435,670	96,452,418
Adjusted free cash flow per share	<u>\$ 0.07</u>	<u>\$ 0.92</u>	<u>\$ 0.77</u>	<u>\$ 0.41</u>	<u>\$ (0.01)</u>

