



**First Quarter 2015
GAAP to Non-GAAP
Reconciliations**

May 4, 2015



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,	
	2015	2014
Net Income (GAAP) to EBITDA (Non-GAAP) to Adjusted EBITDA (Non-GAAP):		
Net income (GAAP)	\$ 26,100	\$ 32,099
Interest expense, net	6,413	9,229
Amortization of debt issuance costs	-	-
Provision for income taxes	13,951	16,766
Depreciation and amortization	35,121	32,709
EBITDA (Non-GAAP)	\$ 81,585	\$ 90,803
Acquisition, start up and other expenses	1,207	1,814
Stock-based compensation expense	3,780	2,918
Adjusted EBITDA (Non-GAAP)	\$ 86,572	\$ 95,535
Net Income (GAAP) to Adjusted Net Income (Non-GAAP):		
Net income (GAAP)	\$ 26,100	\$ 32,099
Acquisition, start up and other expenses	794	1,188
Stock-based compensation expense	2,485	1,911
Adjusted Net Income (Non-GAAP)	\$ 29,379	\$ 35,198
Basic EPS (GAAP) to Adjusted Basic EPS (Non-GAAP):		
Basic EPS (GAAP)	\$ 0.27	\$ 0.34
Acquisition, start up and other expenses	0.01	0.01
Stock-based compensation expense	0.03	0.02
Adjusted Basic EPS (Non-GAAP)	\$ 0.31	\$ 0.37
Diluted EPS (GAAP) to Adjusted Diluted EPS (Non-GAAP):		
Diluted earnings per share (GAAP)	\$ 0.27	\$ 0.33
Acquisition, start up and other expenses	0.01	0.01
Stock-based compensation expense	0.02	0.02
Adjusted Diluted EPS (Non-GAAP)	\$ 0.30	\$ 0.36

KapStone Paper and Packaging Corporation
Supplemental Information
Net Debt and Debt to Equity Ratio
(In thousands)
(unaudited)

Calculation of Net Debt

	Quarter Ended				
	<u>3/31/2015</u>	<u>12/31/2014</u>	<u>9/30/2014</u>	<u>6/30/2014</u>	<u>3/31/2014</u>
Current portion of LT debt	\$ 10,000	\$ -	\$ -	\$ 25,075	\$ 15,013
Other borrowings	6,615	-	1,162	2,898	4,627
Long term debt, net	1,055,014	1,046,063	1,200,278	1,172,073	1,182,579
Unamortized debt issuance costs	15,223	16,175	19,959	24,265	24,996
	1,086,852	1,062,238	1,221,399	1,224,311	1,227,215
Less cash and cash equivalents	(10,545)	(28,467)	(105,649)	(49,352)	(23,949)
Total Net Debt (non GAAP)	<u>\$ 1,076,307</u>	<u>\$ 1,033,771</u>	<u>\$ 1,115,750</u>	<u>\$ 1,174,959</u>	<u>\$ 1,203,266</u>
Decrease (increase) during the quarter	<u>\$ (42,536)</u>	<u>\$ 81,979</u>	<u>\$ 59,209</u>	<u>\$ 28,307</u>	<u>\$ 7,530</u>
<u>Net Debt to Capital ratio calculation</u>					
Net debt	\$ 1,076,307	\$ 1,033,771	\$ 1,115,750	\$ 1,174,959	\$ 1,203,266
Capital (Equity plus Long term debt, net)	\$ 1,853,551	\$ 1,824,190	\$ 2,012,331	\$ 1,927,564	\$ 1,884,705
Ratio	<u>58.1%</u>	<u>56.7%</u>	<u>55.4%</u>	<u>61.0%</u>	<u>63.8%</u>

KapStone Paper and Packaging Corporation
Supplemental Information
Cash Flow From Operations and Adjusted Free Cash Flow
(In thousands)
(unaudited)

	Quarter Ended				
	<u>3/31/2015</u>	<u>12/31/2014</u>	<u>9/30/2014</u>	<u>6/30/2014</u>	<u>3/31/2014</u>
Cash flow from operations (GAAP)	\$ (3,912)	\$ 107,149	\$ 97,395	\$ 69,703	\$ 38,951
Less capital expenditures	<u>(28,762)</u>	<u>(24,865)</u>	<u>(38,691)</u>	<u>(41,256)</u>	<u>(32,420)</u>
Adjusted free cash flow (Non-GAAP)	<u>\$ (32,674)</u>	<u>\$ 82,284</u>	<u>\$ 58,704</u>	<u>\$ 28,447</u>	<u>\$ 6,531</u>
Average diluted shares outstanding	97,662,608	97,562,816	97,515,901	97,418,941	97,315,766
Adjusted free cash flow per share	<u>\$ (0.33)</u>	<u>\$ 0.84</u>	<u>\$ 0.60</u>	<u>\$ 0.29</u>	<u>\$ 0.07</u>

