

United Stationers Inc.

Earnings Presentation
Third Quarter 2013

Forward Looking Statements and Non-GAAP Measures



This presentation contains forward-looking statements, including references to goals, plans, strategies, objectives, projected costs or savings, anticipated future performance, results or events and other statements that are not strictly historical in nature. These statements are based on management's current expectations, forecasts and assumptions. This means they involve a number of risks and uncertainties that could cause actual results to differ materially from those expressed or implied here. These risks and uncertainties include, but are not limited to the following: prevailing economic conditions and changes affecting the business products industry and the general economy; United's ability to effectively manage its operations and to implement growth, cost-reduction and margin-enhancement initiatives; United's reliance on key customers, and the risks inherent in continuing or increased customer concentration; United's reliance on key suppliers and the supplier allowances and promotional incentives they offer; United's reliance on independent resellers for a significant percentage of its net sales and, therefore, the importance of the continued independence, viability and success of these resellers; continuing or increasing competitive activity and pricing pressures within existing or expanded product categories, including competition from product manufacturers who sell directly to United's customers; the impact of a loss of, or substantial decrease in, the availability of products or services from key vendors at competitive prices; United's ability to maintain its existing information technology systems and the systems and eCommerce services that it provides to customers, and to successfully procure, develop and implement new systems and services without business disruption or other unanticipated difficulties or costs; the creditworthiness of United's customers; United's ability to manage inventory in order to maximize sales and supplier allowances while minimizing excess and obsolete inventory; United's success in effectively identifying, consummating and integrating acquisitions; the risks and expense associated with United's obligations to maintain the security of private information provided by United's customers; the costs and risks related to compliance with laws, regulations and industry standards affecting United's business; the availability of financing sources to meet United's business needs; United's reliance on key management personnel, both in day-to-day operations and in execution of new business initiatives; and the effects of hurricanes, acts of terrorism and other natural or man-made disruptions.

Shareholders, potential investors and other readers are urged to consider these risks and uncertainties in evaluating forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. For additional information about risks and uncertainties that could materially affect United's results, please see the company's Securities and Exchange Commission filings. The forward-looking information in this news release is made as of this date only, and the company does not undertake to update any forward-looking statement. Investors are advised to consult any further disclosure by United regarding the matters discussed in this release in its filings with the Securities and Exchange Commission and in other written statements it makes from time to time. It is not possible to anticipate or foresee all risks and uncertainties, and investors should not consider any list of risks and uncertainties to be exhaustive or complete.

* This is non-GAAP information. A reconciliation of these items to the most comparable GAAP measures is presented on the company's Website (www.unitedstationers.com) under the Investor Information section. Except as noted, all references within this presentation to financial results are presented in accordance with U.S. Generally Accepted Accounting Principles.

Certain prior-period amounts have been reclassified to conform to the current presentation.

Headlines For the Three Months Ended September 30, 2013



- ◆ Sales were up 2.1% to \$1.3 billion compared with Q3 2012, after adjusting for one more work day in the current quarter.
- ◆ Earnings per diluted share were \$1.01, up 11% compared with Q3 2012 EPS of \$0.91.
- ◆ Gross margin of \$203.7 million, or 15.2% of sales, was down from \$203.8 million, or 15.8% of sales, in the prior-year quarter.
- ◆ Operating expenses in Q3 2013 were \$136.3 million, or 10.2% of sales, compared with \$140.1 million, or 10.9% of sales, in Q3 2012.
- ◆ Operating income was up 6% to \$67.4 million, or 5.0% of sales, compared to \$63.6 million, or 4.9% of sales, in the prior-year quarter.
- ◆ Net income in the current quarter was \$40.5 million, up 10% compared with \$36.8 million in Q3 2012.

Consolidated Statement of Income

For the Three Months Ended September 30, 2013 and 2012



\$ thousands (except EPS)	\$		% to Sales		\$ change Fav (Unfav)	% change Fav (Unfav)	% to sales change Fav (Unfav) basis points
	QTD Q3 2013	QTD Q3 2013	QTD Q3 2012	QTD Q3 2012			
Net Sales	<u>\$ 1,336,676</u>		<u>\$ 1,288,675</u>		<u>\$ 48,001</u>	3.7%	
Workday Adjusted Sales Growth						2.1%	
Gross Margin	203,661	15.23%	203,758	15.81%	(97)	(0.0%)	(58)
Operating Expense	136,265	10.19%	140,117	10.87%	3,852	2.7%	68
Operating Income	67,396	5.04%	63,641	4.94%	3,755	5.9%	10
Interest & Other	2,734		4,708		1,974		
Taxes	24,161		22,169		(1,992)		
Net Income	<u>\$ 40,501</u>		<u>\$ 36,764</u>		<u>\$ 3,737</u>		
Diluted Shares (000s)	40,031		40,530		499	1.2%	
Diluted EPS	\$ 1.01		\$ 0.91		\$ 0.10	11.0%	

Headlines For the Nine Months Ended September 30, 2013

- ◆ Sales were \$3.9 billion, up slightly compared with the prior-year period.
- ◆ Adjusted earnings per diluted share increased 20.9% to \$2.43*, compared with an adjusted YTD September 2012 EPS of \$2.01*.
- ◆ Gross margin rate of 15.4% was up from 14.9% last year.
- ◆ Adjusted operating expenses YTD September 2013 were \$428.1 million*, or 11.1%* of sales, compared with an adjusted \$421.1 million*, or 11.0%* of sales, in the prior-year period.
- ◆ Adjusted operating income was \$166.0 million*, or 4.3%* of sales, up from an adjusted \$151.8 million*, or 4.0%* of sales, in the prior-year period.
- ◆ Adjusted net income was \$98.0 million*, compared with an adjusted \$82.8 million* in the same period last year.
- ◆ Net cash provided by operating activities was \$79.4 million versus \$155.7 million in the prior-year period.
- ◆ During the year, the Company repurchased 1.3 million shares for \$47.0 million and paid cash dividends of \$16.8 million to common shareholders.

Consolidated Statement of Income

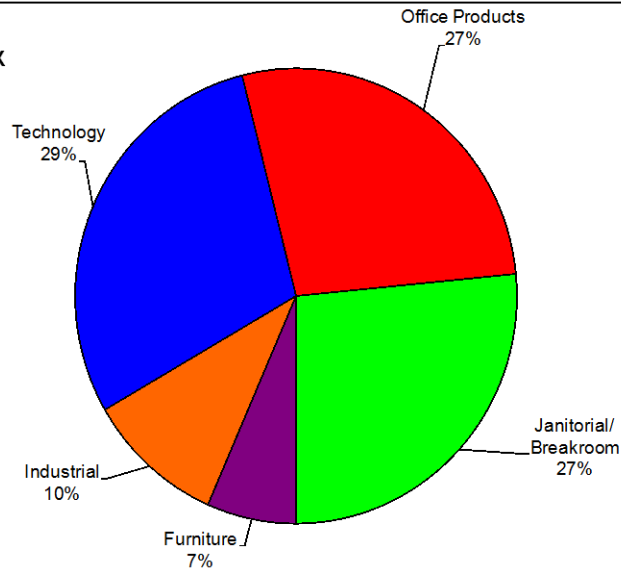
For the Nine Months Ended September 30, 2013 and 2012



\$ thousands (except EPS)	\$		\$		\$ change Fav (Unfav)	% to sales change	
	YTD Q3 2013	% to Sales YTD Q3 2013	YTD Q3 2012	% to Sales YTD Q3 2012		% change Fav (Unfav)	Fav (Unfav) basis points
Net Sales	<u>\$ 3,861,655</u>		<u>\$ 3,836,032</u>		<u>\$ 25,623</u>	0.7%	
Gross Margin	594,122	15.39%	572,946	14.94%	21,176	3.7%	45
Operating Expense	<u>442,558</u>	<u>11.46%</u>	<u>427,389</u>	<u>11.14%</u>	<u>(15,169)</u>	<u>(3.5%)</u>	<u>(32)</u>
Operating Income	151,564	3.93%	145,557	3.80%	6,007	4.1%	13
Interest & Other	8,703		18,944		10,241		
Taxes	<u>53,816</u>		<u>47,708</u>		<u>(6,108)</u>		
Net Income	<u>\$ 89,045</u>		<u>\$ 78,905</u>		<u>\$ 10,140</u>		
Diluted Shares (000s)	40,331		41,229		898	2.2%	
Diluted EPS	\$ 2.21		\$ 1.91		\$ 0.30	15.7%	
Adjusted to exclude non-operating items *							
Adjusted Operating Expense	\$ 428,126	11.09%	\$ 421,142	10.98%	\$ (6,984)	(1.7%)	(11)
Adjusted Operating Income	165,996	4.30%	151,804	3.96%	14,192	9.3%	34
Adjusted Net Income	97,993		82,778		15,215	18.4%	
Adjusted Diluted EPS	\$ 2.43		\$ 2.01		\$ 0.42	20.9%	

Sales by Product Category – Q3 2013

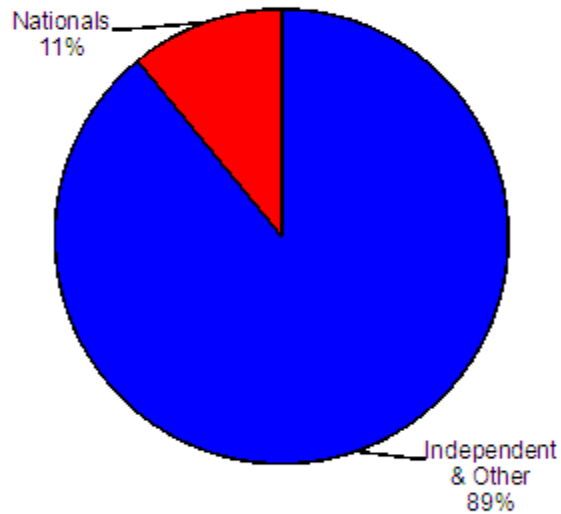
**Q3 2013
Sales Mix**



Category	Sales growth (decline) Q3 2013 vs Q3 2012	Sales growth (decline) Q2 2013 vs Q2 2012	Sales growth (decline) Q1 2013 vs Q1 2012	Sales growth (decline) Q4 2012 vs Q4 2011	Sales growth (decline) Q3 2012 vs Q3 2011
Technology	(1.6%)	(6.3%)	(5.9%)	(0.1%)	(4.5%)
Office Products	(3.3%)	(4.0%)	(6.5%)	1.2%	1.2%
Janitorial/ Breakroom	3.8%	2.6%	3.0%	1.9%	2.3%
Industrial	30.4%	31.5%	35.7%	30.3%	7.0%
Furniture	(2.8%)	(5.0%)	(3.1%)	3.9%	(2.9%)

Sales by Channel – Q3 2013

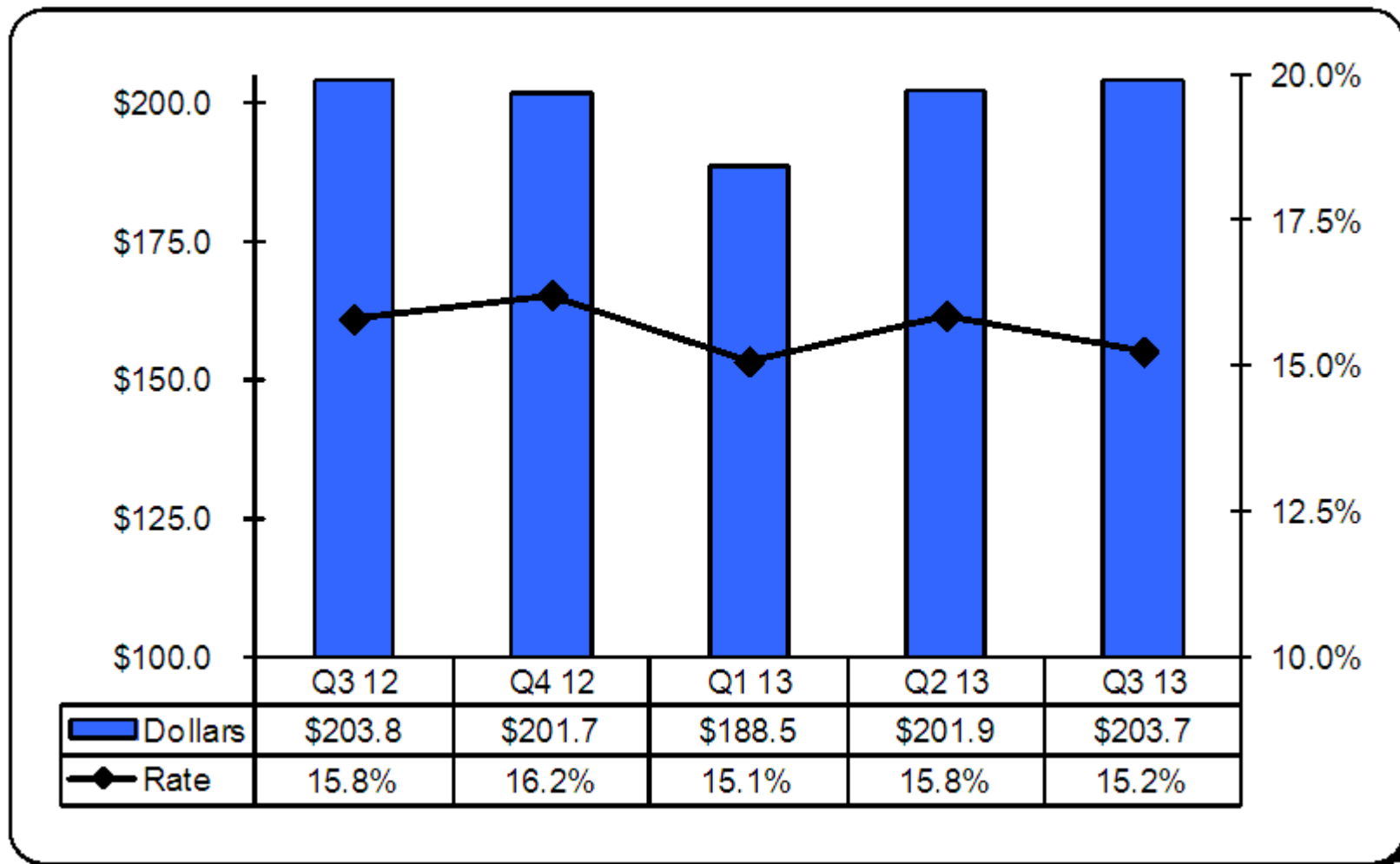
Q3 2013



Channel	Sales growth (decline) Q3 2013 vs Q3 2012	Sales growth (decline) Q2 2013 vs Q2 2012	Sales growth (decline) Q1 2013 vs Q1 2012	Sales growth (decline) Q4 2012 vs Q4 2011	Sales growth (decline) Q3 2012 vs Q3 2011
Independent & Other	2.8%	0.0%	0.1%	3.8%	1.0%
Nationals	(3.3%)	(0.9%)	(1.3%)	1.9%	(7.4%)

Gross Margin

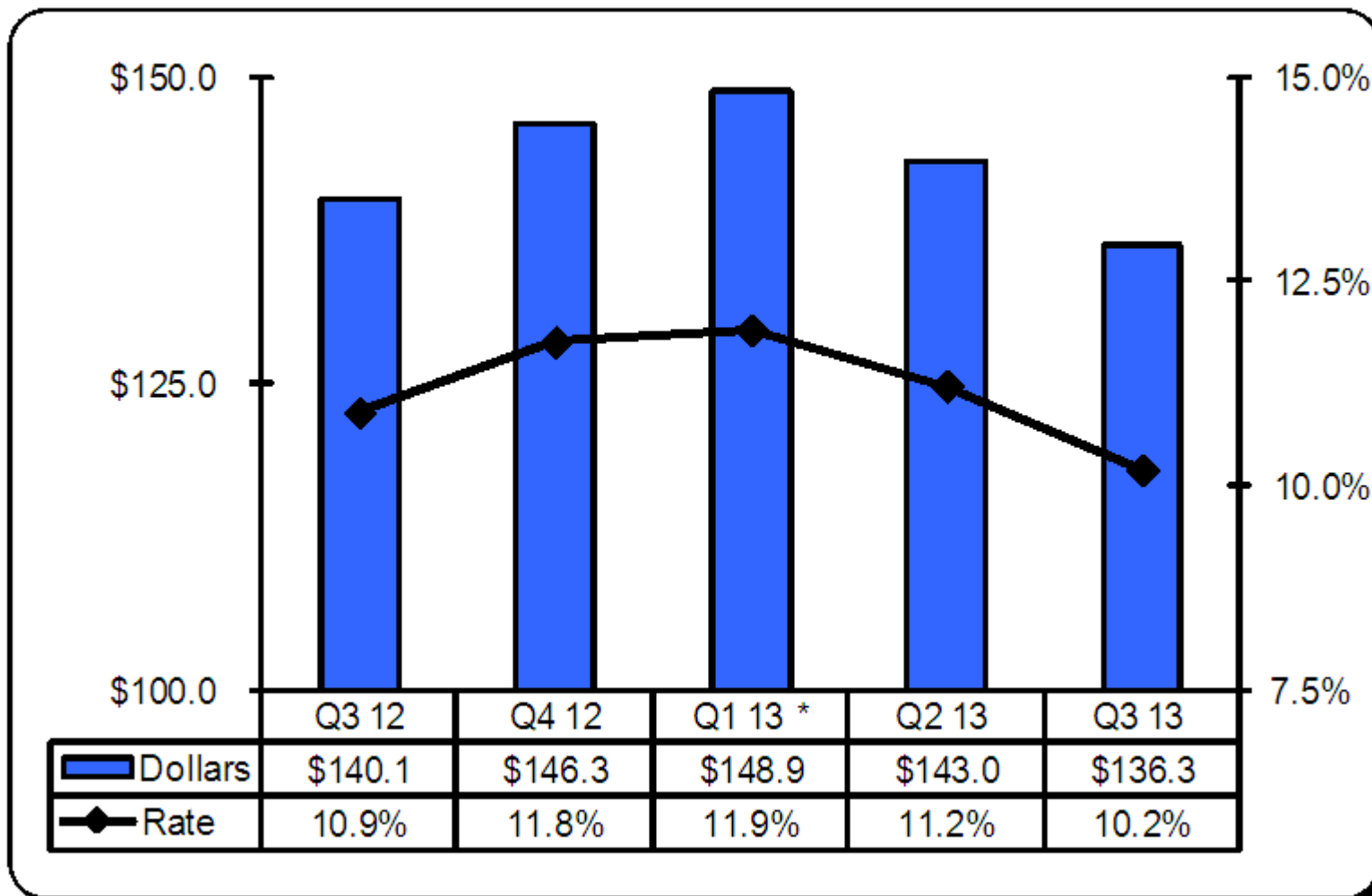
dollars in millions



Adjusted Operating Expense*



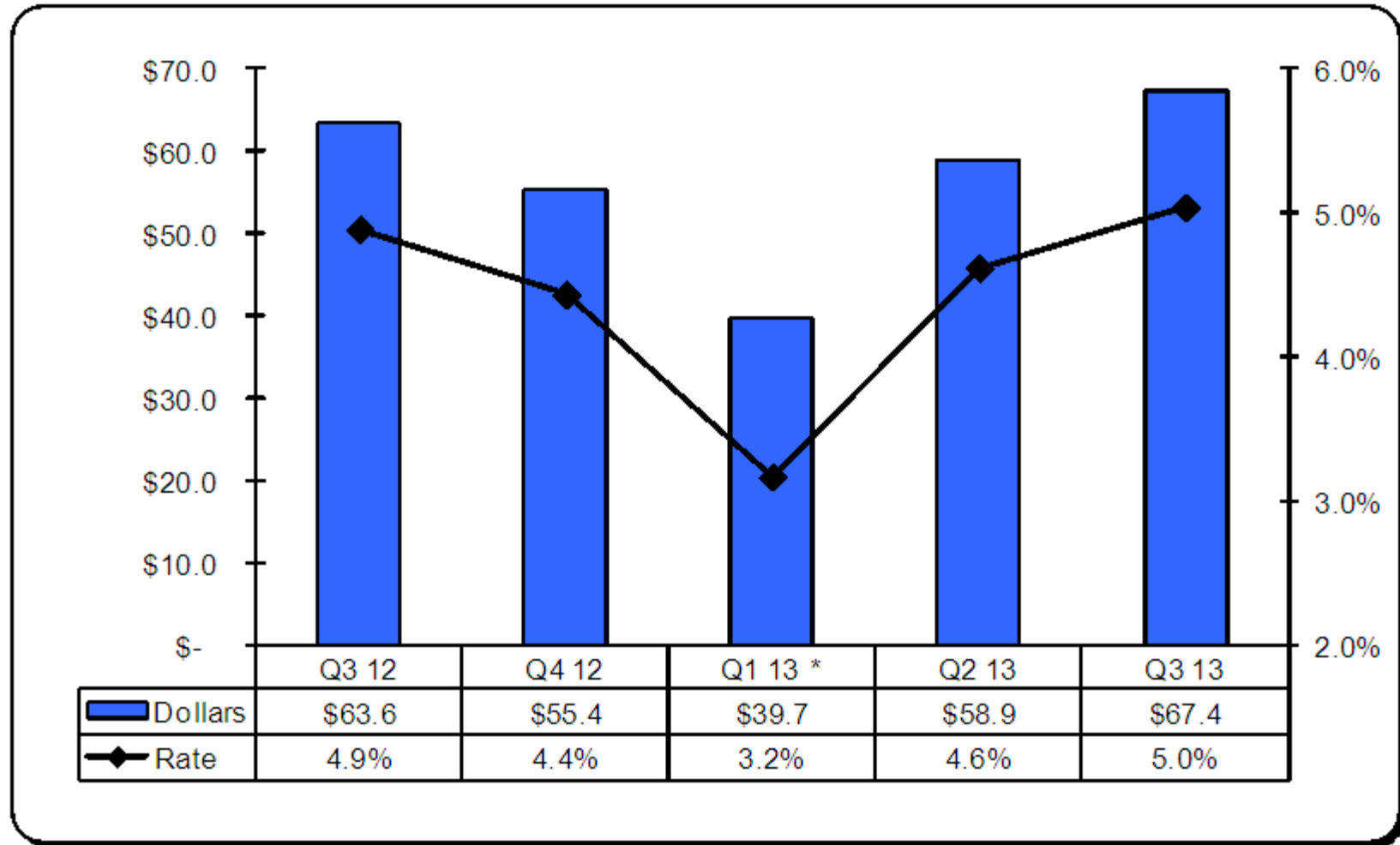
dollars in millions



Adjusted Operating Income*

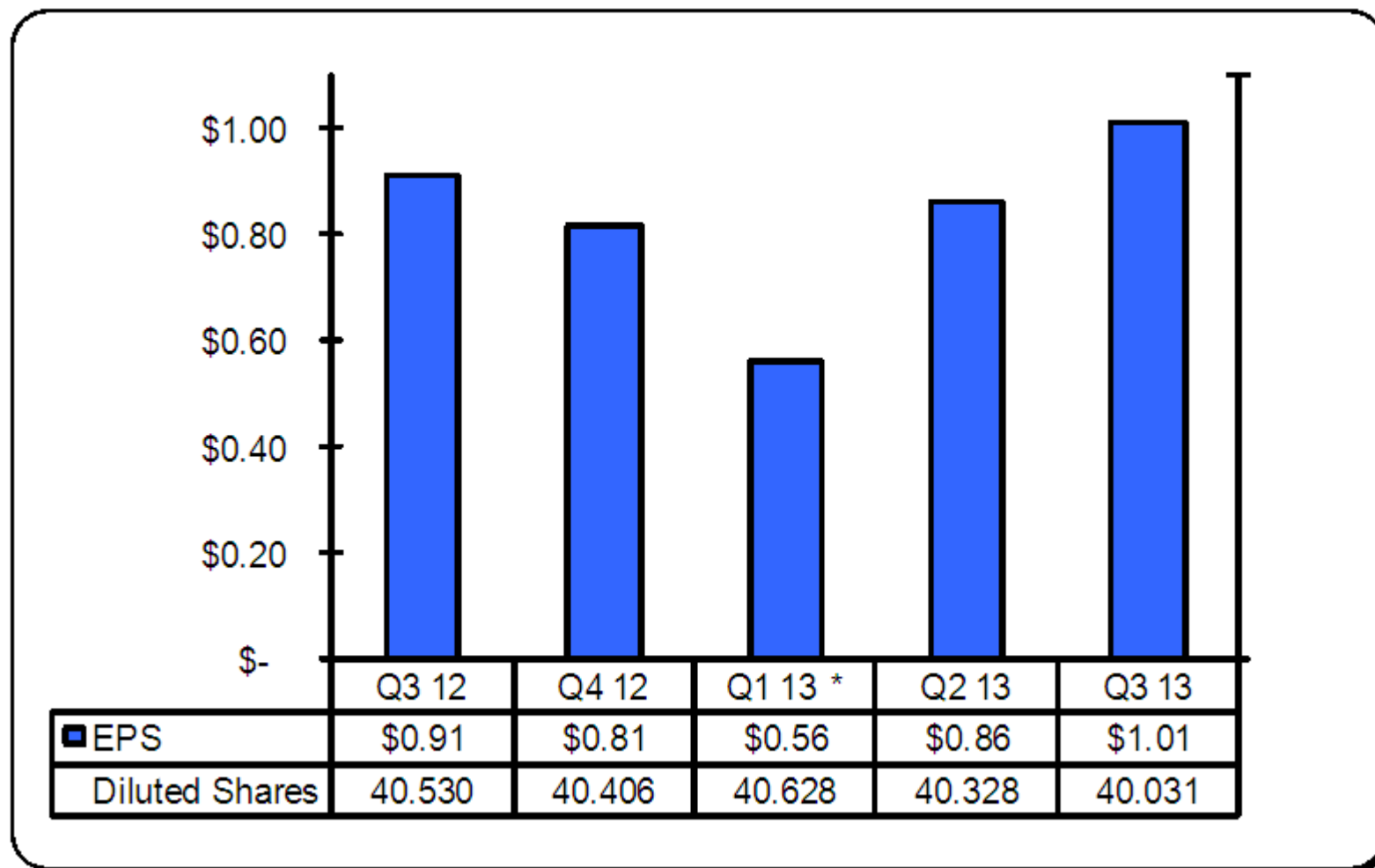


dollars in millions



Adjusted Earnings per Share*

shares in millions



Working Capital Summary



\$ Millions	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013
Accounts Receivable	\$ 642.0	\$ 655.0	\$ 669.0	\$ 658.8	\$ 632.2	\$ 662.2	\$ 695.0
Inventories (LIFO)	672.3	692.9	643.6	767.2	726.2	732.2	722.8
Accounts Payable	433.7	446.6	443.0	495.3	431.9	475.2	469.9
	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13
Net Trade A/R DSO	40	40	40	40	39	39	39
Inventory Turns	6.2	6.4	6.5	5.9	5.7	5.9	6.2
A/P as % Inventory (LIFO)	65%	64%	69%	65%	59%	65%	65%
A/P as % Inventory (FIFO)	56%	56%	59%	57%	52%	56%	56%

Cash Flows



\$ Millions	QTD Q1 12	QTD Q2 12	QTD Q3 12	QTD Q4 12	2012 YTD	QTD Q1 13	QTD Q2 13	QTD Q3 13	2013 YTD
Net Income	\$ 15.1	\$ 27.0	\$ 36.8	\$ 32.9	\$ 111.8	\$ 13.8	\$ 34.7	\$ 40.5	\$ 89.0
Depreciation & Amortization	8.8	9.0	9.2	10.1	37.1	9.7	10.1	10.1	29.9
Share-based compensation	1.9	1.3	2.0	3.5	8.7	2.4	3.1	2.0	7.5
Change in Accounts Receivable	17.6	(13.2)	(13.7)	31.1	21.8	26.3	(30.3)	(32.9)	(36.9)
Change in Inventory	70.0	(21.1)	49.7	(88.2)	10.4	40.8	(9.2)	9.3	40.9
Change in Accounts Payable	(65.3)	12.8	(3.5)	40.3	(15.7)	(63.2)	43.1	(5.4)	(25.5)
Change in Other Working Capital	(2.4)	5.4	19.4	(0.5)	21.9	(30.6)	11.8	13.7	(5.1)
Change in Working Capital	19.9	(16.1)	51.9	(17.3)	38.4	(26.7)	15.4	(15.3)	\$ (26.6)
Other	(17.8)	(0.8)	7.5	4.9	(6.2)	(12.6)	(4.6)	(3.2)	(20.4)
Cash provided by operating activities	27.9	20.4	107.4	34.1	189.8	(13.4)	58.7	34.1	79.4
Capital Expenditures	(4.5)	(5.8)	(10.0)	(12.5)	(32.8)	(9.1)	(7.9)	(5.8)	(22.8)
Proceeds from disposition of fixed assets	0.1	0.0	0.1	0.6	0.8	0.1	3.4	-	3.5
Net cash used for capital expenditures *	(4.4)	(5.8)	(9.9)	(11.9)	(32.0)	(9.0)	(4.5)	(5.8)	(19.3)
Free Cash Flow *	\$ 23.5	\$ 14.6	\$ 97.5	\$ 22.2	\$ 157.8	\$ (22.4)	\$ 54.2	\$ 28.3	\$ 60.1

Debt and Capitalization



\$ Millions	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013
Debt	\$ 512.2	\$ 527.1	\$ 455.0	\$ 524.4	\$ 537.0	\$ 518.5	\$ 507.5
Equity	682.6	689.2	710.8	738.1	755.1	760.5	796.2
Total capitalization	\$ 1,194.8	\$ 1,216.3	\$ 1,165.8	\$ 1,262.5	\$ 1,292.1	\$ 1,279.0	\$ 1,303.7
Debt-to-total capitalization	42.9%	43.3%	39.0%	41.5%	41.6%	40.5%	38.9%